

Capital Markets Day

Rotterdam, Netherlands
September 2014

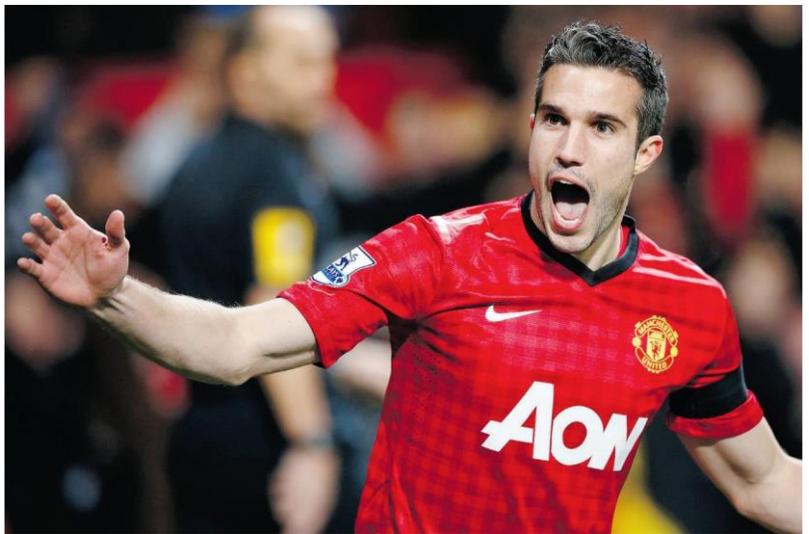


Welcome

CMD Objectives

- 1 Introduce our new vision**
- 2 Update on the implementation of our Group growth strategy**
- 3 Explain NL SW market dynamics and our activities**
- 4 Showcase our differentiated growth business at ATM**
- 5 Provide an opportunity to meet the Shanks team**
- 6 Listen and learn from your perspectives**

Rotterdam



**Europe's largest port
with access globally
and deep into the
continent**



Executive Committee



Toby Woolrych
Group Finance Director

Joined Shanks in Aug 12

- *Consort Medical plc & Acta SpA*
- *Johnson Matthey plc*



Michael van Hulst
MD, Benelux Solid Waste

New Role in Jul 12

- *Shanks Excom since 08*
- *20+ years waste experience*



Jonny Kappen
MD, Hazardous Waste

Joined Excom in Jul 12

- *Hazardous Waste leader since 07*
- *30+ years waste experience*



Michelle Cummins
Group HR Director

Joined Shanks in Sep 12

- *Inchcape plc*
- *BAE Systems plc*



Peter Eglinton
MD, UK

Joined Shanks in Apr 13

- *Iron Mountain Inc*
- *Christian Salvesen, DHL and Exel Plc*



Henk Kaskens
MD, Organics

Joined Excom in Jul 12

- *Founded Orgaworld in 01*
- *20+ years waste experience*

Our CMD Team



George Slade
Group ICT Director



Bob Cartwright
Group Treasurer



Rick Van Vliet
Director,
Solid Waste Benelux



Dieter Avonds
Business Development Manager,
Solid Waste Benelux



Pim te Riele
Head of Shared Services,
Solid Waste Benelux



Henk Rogiers
Finance Director,
Solid Waste Benelux



David Mulligan
Finance Director, UK



Lindert Verhagen
Finance Director, Organics



Aad van Marrewijk
Finance Director,
Hazardous Waste



Ron Grobecker
Commercial Director,
Hazardous Waste



Fred Muller,
Sales and Marketing
Director, Hazardous Waste



Jacques de Jong
Compliance Director,
Hazardous Waste

Capital Markets Day

Vision and Strategy Update

Peter Dilnot, Group Chief Executive



Key Messages

- 1 We have refocused our Shanks vision to reflect and harness our competitive advantages**
- 2 NL SW continues to face extremely tough market headwinds, but positive medium-term recovery drivers remain**
- 3 Our three growth divisions continue to perform robustly**
- 4 Our growth strategy is robust, differentiated and being implemented successfully**
- 5 We continue to invest in infrastructure that will deliver high-quality earnings growth in the years ahead**

Agenda

Context

Revised Shanks Vision

Our Growth Strategy

Divisional Updates

Division	Update	Outlook
<p>Solid Waste</p> 	<ul style="list-style-type: none"> • Extremely tough market conditions due to depressed end markets, intense competition and lower recyclate values • Commercial effectiveness initiative is focusing us where we can win profitably • On-going cost programme to deliver further structural gains, plus continuous improvement • Staying close to market developments in light of likely consolidation 	<ul style="list-style-type: none"> • Likely to remain challenging and will impact 14/15 performance • Management actions will not offset market headwinds in short-term • Medium-term drivers increasingly positive
<p>Hazardous</p> 	<ul style="list-style-type: none"> • Investment plans on track to increase capacity in soil and water treatment, plus expand range of waste inputs • Construction started at new Theemsweg site in Rotterdam, plus expanding commercial reach • Continuing to increase commercial reach and • Legislation continues to support domestic treatment – including degassing, TAG and water • NL petrochemical market for industrial cleaning under strain, but offsetting through productivity 	<ul style="list-style-type: none"> • Some impact on 14/15 performance from capex commissioning • Likely broadly flat year on year • On track to deliver sustained profitable growth thereafter

Divisional Updates

Division	Update	Outlook
<p>Organics</p> 	<ul style="list-style-type: none"> • Successfully secured Dutch Flevoland tender to underpin Dry AD operations • Record results at Cumbernauld AD in Scotland, new investment planned to increase capacity • Good progress with Canada commercial funnel, including final bidding stage for two large projects • Excellent operational performance in Canada, but legal challenges with Ottawa continue 	<ul style="list-style-type: none"> • Performance in line with expectations • Strong long-term growth from new facilities, especially in Canada
<p>UK Municipal</p> 	<ul style="list-style-type: none"> • Achieved Financial Close on 27-year Derby PFI contract and £145M project underway • Excellent progress with BDR and Wakefield construction, on track for commissioning in 2015 • Delivering record diversion levels and supporting clients under budget pressure • Contingency and recovery plans working well to mitigate impact of recent fire at ELWA 	<ul style="list-style-type: none"> • Performance in line with expectations • Projected profit growth from new operational projects on track • Investment in sub-debt will generate financial returns

Shanks Group Context

Strategic Direction

Revised 'market-facing' divisional structure has driven focused and decisive management action

- Structural cost programme in Benelux SW
- Accelerated investment in HW and UK Municipal

Strong emphasis on capital discipline has resulted in successful divestment programme, most notably with UK SW

HW and UK Municipal growth on track, but sustained strong headwinds in NL SW

Trajectory

Combination of growth strategy and market conditions have changed the shape of Shanks Group

- >60% of earnings from higher quality, less cyclical, infrastructure based businesses versus <25% in 10/11 ⁽¹⁾

Growth strategy on-track in UK Municipal, HW and Organics – supported by ongoing investment and future acceleration plans

Shape and timing of NL SW recovery remains key strategic challenge

Need strong grasp on our markets and clear strategy for growth, plus clear future vision

(1) Profit contribution from Hazardous Waste, UK Municipal and Organics in 13/14 versus 10/11

Agenda

Context

Revised Shanks Vision

Our Growth Strategy

Our Current Vision



Our New Vision

What do we want to be?

**“To be the
MOST RESPECTED
waste-to-product
company”**

Reflects our unique competitive position and future direction

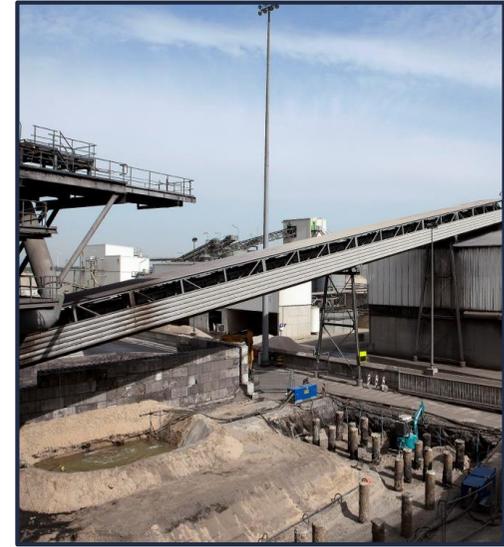
MOST RESPECTED by Customers



MOST RESPECTED by Employees



MOST RESPECTED by Shareholders



MOST RESPECTED by Communities



Our Approach

How will we get there?

**“We will GROW
market-focused, dynamic businesses
supported by
excellent capabilities
from across the group”**

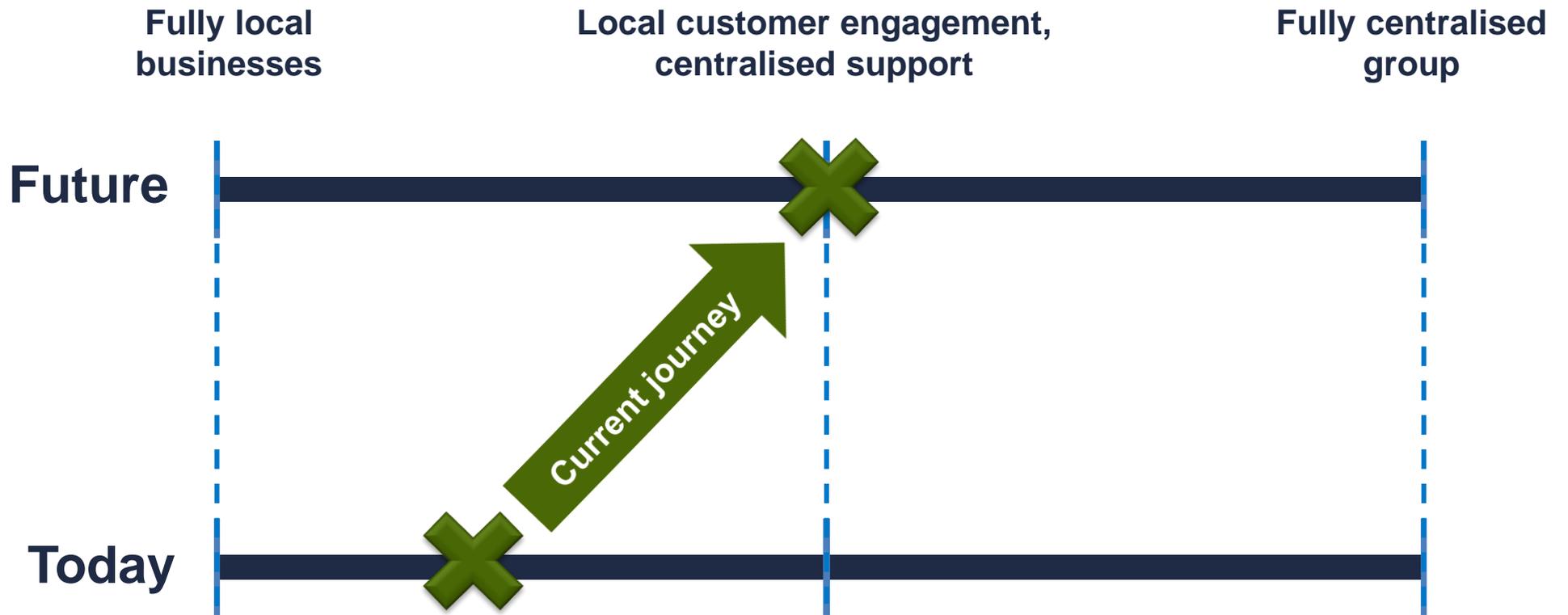
Dynamic Team!



...and excellent support capabilities



Shanks Differentiated Model



Our New Values



making **i**ntegrity
more from waste
passion
accountability
Customer focus
teamwork



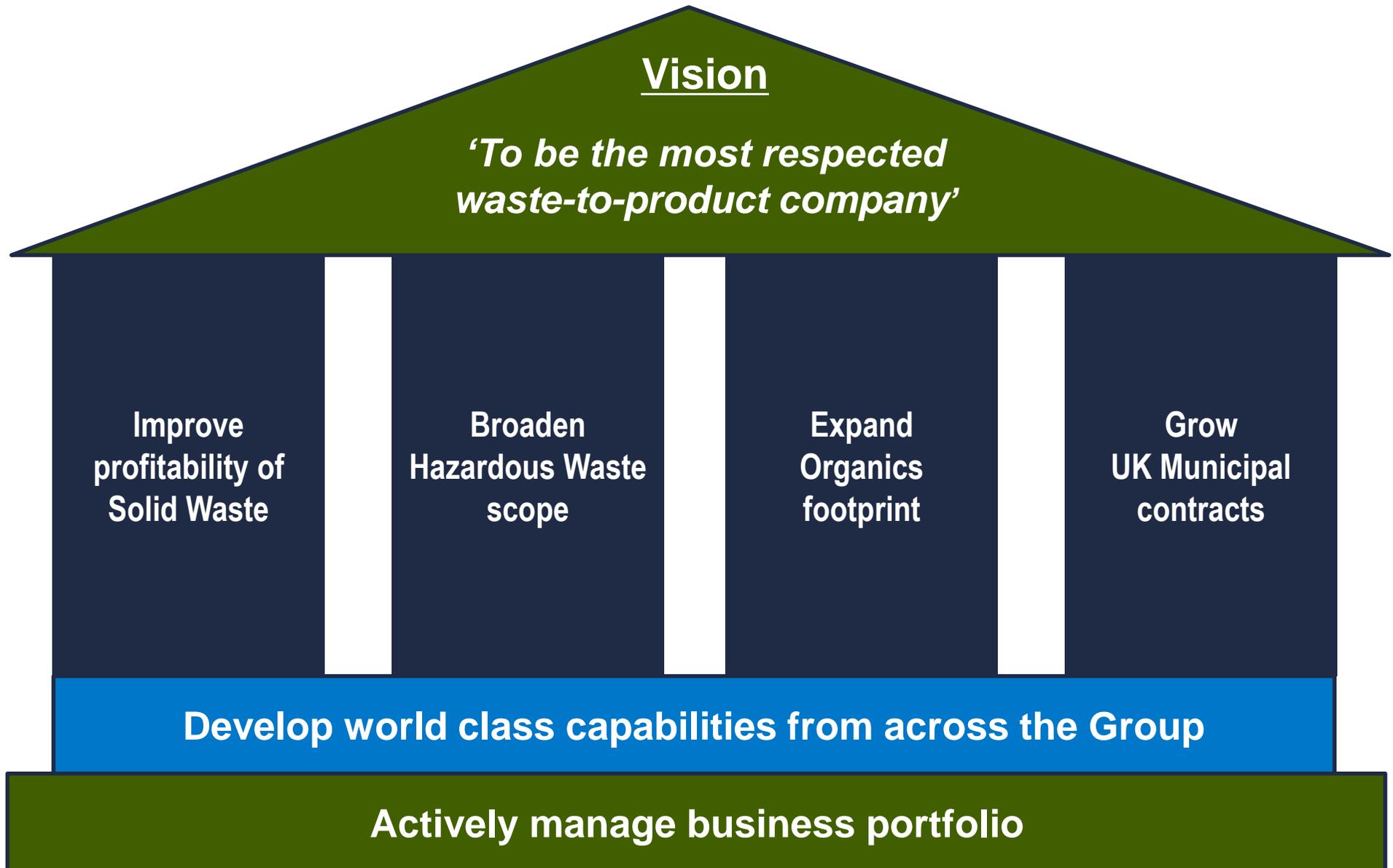
Agenda

Context

Revised Shanks Vision

Our Growth Strategy

Strategy for Growth



Divisional Strategies

Division	Shanks Position	Growth Strategy
Solid 	<ul style="list-style-type: none"> • <u>Market leader</u> in Benelux • Linked to NL construction • Strong commercial presence 	<ul style="list-style-type: none"> • Lowest cost and leading productivity • High quality innovative products • Commercial effectiveness
Hazardous 	<ul style="list-style-type: none"> • <u>Market leader</u> in EU thermal soil treatment • Advantaged water technology • Integrated & synergistic model 	<ul style="list-style-type: none"> • Fast-tracked waterside expansion • Broader range of treatment inputs • Increased regional presence • Further synergies and productivity
Organics 	<ul style="list-style-type: none"> • <u>Market leader</u> in Netherlands • Differentiated operating model • Growth footprint in Canada 	<ul style="list-style-type: none"> • Ramp-up EU assets profitably • Canada growth leveraging NL/UK • Co-processing with EU A-brands • Maintaining technology leadership
UK Municipal 	<ul style="list-style-type: none"> • <u>Market leader</u> in UK MBT • Proven operational excellence • New infrastructure being built 	<ul style="list-style-type: none"> • Sustain operational contract delivery • Commission BDR, Wakefield & Derby • New volumes to utilise capacity

**CMD will focus on Solid and Hazardous,
so quick update on Organics and UK Municipal strategy now**

Organics Strategy

Strategy

- 1 Ramp-up new EU assets profitably
- 2 Capture NA opportunity
- 3 Co-processing with NL A-brands
- 4 Maintaining technology leadership

Future Growth Drivers

Increased returns from AD assets ramping-up or being commissioned

- Amsterdam and Cumbernauld gains
- Westcott electricity under ROCs

New business in NL to offset current price erosion, plus access to longer-term growth markets

Additional secure income streams from new NA facilities

- Good investment returns (selective bids)
- Underpinned by long-term contracts



UK Municipal Strategy

Strategy

- 1 Sustain margin with authority partnership
- 2 Commission assets under construction
- 3 Achieve Financial Close on new contracts
- 4 Win new volume to utilise full capacity

Future Growth Drivers

Additional secure income streams from new operational contracts

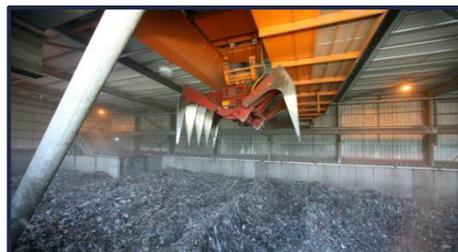
- BDR and Wakefield facilities
- Derby PFI including gasification

Further financial income due to attractive returns from subordinated debt investments

- BDR and Wakefield 2015, Derby 2017

Incremental margin from continuous improvement and improving productivity

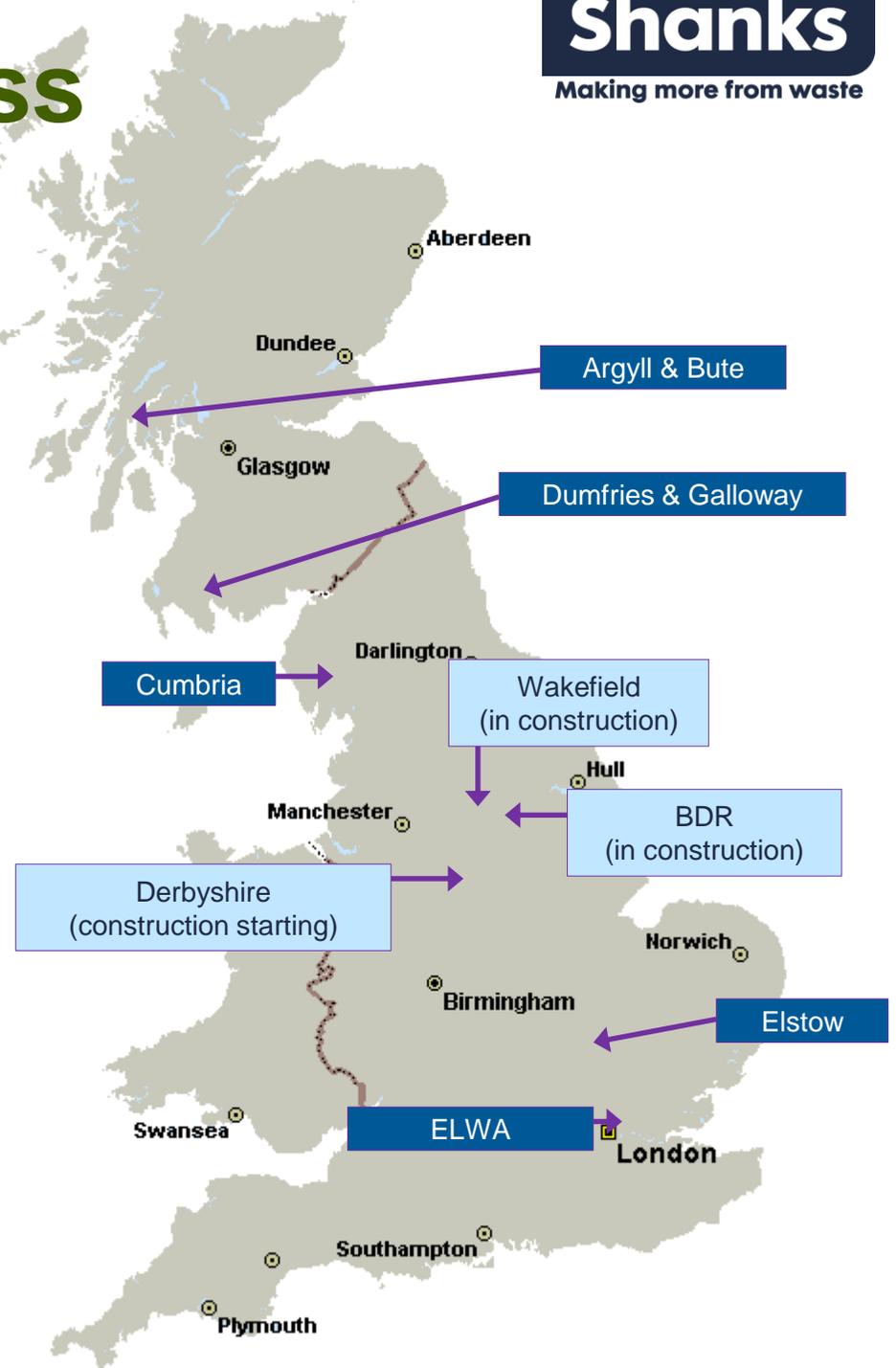
- Improved value from fuel production
- Impact of incremental volumes



UK Municipal Progress

	Financial Close	Build Phase	Comm- issioning	Full Operation	Contract duration
Derby	Aug 14			Mar 17	2041
Wakefield		Jun 13	Nov 14	Sep 15	2038
BDR		Feb 13	Nov 14	Jul 15	2040
Cumbria					2034
A&B					2026
D&G					2029
ELWA					2027
Elstow					2021

	= Major changes in H1 14/15		= Achieved
			= To start



UK Municipal Investment

	FC Date	GMT	Technology	Capital Spend	Funding Banks	FSC Date	Notes
BDR	Mar 2011	180kt	Residual <ul style="list-style-type: none"> Biodrying Dry AD 	£69m	Lloyds SMBC	Jul 2015	190kt plant; 3SE is SPV (75% Shanks/25% SSE); Shanks act as EPC Contractor
Wakefield	Jan 2012	120kt	Residual <ul style="list-style-type: none"> Presort MRF Autoclave & AD Mixed Dry Recyclates <ul style="list-style-type: none"> Dry MRF Composting <ul style="list-style-type: none"> Enclosed windrow 	£97m	Barclays Bayern LB SMBC GIB	Sep 2015	145kt plant; Shanks are SPV and EPC Contractor
Derby	Aug 2014	149kt	Residual <ul style="list-style-type: none"> Biodrying Gasification 	£145m	Bayern LB SMBC GIB	Mar 2017	190kt plant; RRS is SPV (50% Shanks/50% ICL) ICL is EPC Contractor

UK Municipal Investment

Aerial Photo of Wakefield – Aug 14



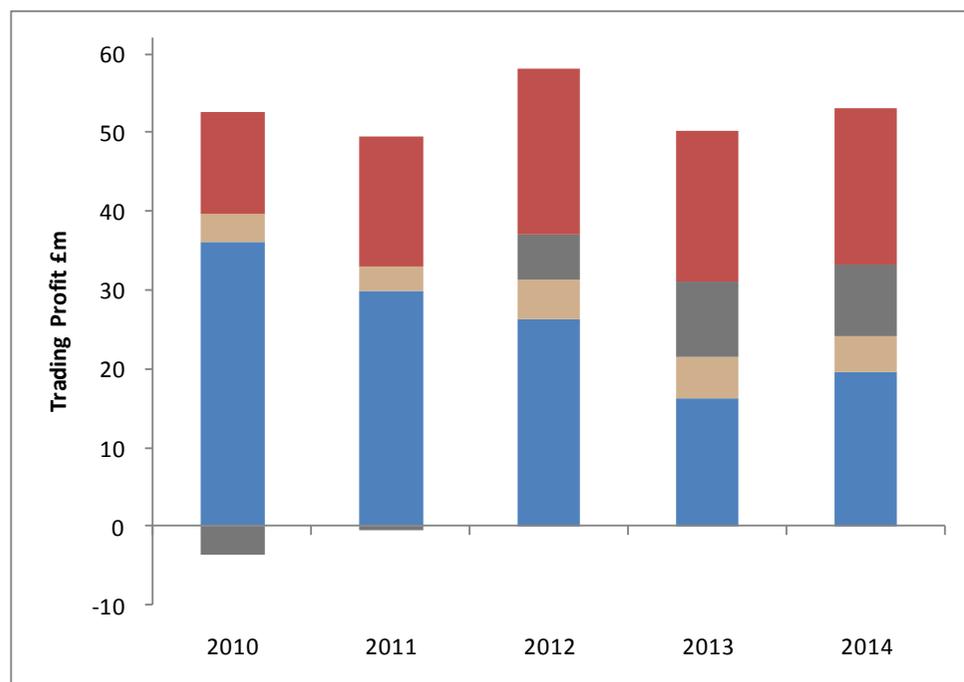
UK Municipal Investment

[BDR Video – Aug 14](#)



Group Trajectory

Recent Profit Evolution...



- = Hazardous Waste
- = UK Municipal
- = Organics
- = Solid Waste Benelux

...Future Profit Trajectory

Continued growth in high-quality earnings from Hazardous Waste and UK Municipal

- More long-term contract based
- Higher returns on assets
- Reduced cyclicality

Organics set for strong mid-term growth from new assets

Solid Waste profit on track for sustained mid-term growth

- Commercial gains
- Structural cost action
- Macro recovery

Key Messages

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Appendices

Strategy in Action

Organics

Strategic Lever	Recent Progress (H1 15)
1 Ramp-up new EU assets profitably	<ul style="list-style-type: none"> Record results at Cumbernauld AD, planning to invest ~£4M in additional capacity (H2 15) Westcott Park now operational (Sep 14)
2 Capture NA opportunity	<ul style="list-style-type: none"> Preparing final bids with large city projects in H2 (ongoing) Good progress on other major opportunities (ongoing)
3 Co-processing with NL – A-brand customers	<ul style="list-style-type: none"> Albert Heijn contract now fully operational (Apr 14) New funnel of opportunities progressing (ongoing)
4 Maintaining technology leadership	<ul style="list-style-type: none"> Received EU subsidy to support breakthrough bio-ethanol conversion (Aug 14) Assessed rubber organic processing (Jul 14)



Outlook: step-down due to NL price, new facilities provide mid-term profit growth

Strategy in Action

UK Municipal

Strategic Lever	Recent Progress (H1 15)
<p>1 Sustain margin in partnership with local authorities</p>	<ul style="list-style-type: none"> • Delivered record diversion levels to reduce landfill costs • Instigated lean initiatives on transport and procurement • Ongoing programmes with authorities for mutual gains
<p>2 Commission assets under construction</p>	<ul style="list-style-type: none"> • Good progress at BDR and Wakefield with both construction projects on track (ongoing) • Hiring operational and commissioning teams, with key leaders now appointed (Aug 14)
<p>3 Achieve Financial Close on new contracts</p>	<ul style="list-style-type: none"> • Derby PFI deal reached Financial Close with Interserve Plc providing EPC wrap (20 Aug 14) • ROC application now submitted and construction underway
<p>4 Win new volume to utilise full capacity</p>	<ul style="list-style-type: none"> • Current capacity in core contracts fully utilised • Negotiating deals to “top-up” capacity at BDR/Wakefield and Derby (ongoing)



Outlook: on track to double profit as contracts ramp-up over next 5 years*

* Excluding win fees

Wakefield

- Financial Close: 14 January 2013
- Technology:
 - MRF
 - Autoclave
 - AD facility
 - Composting plant
 - HWRCs
- Funding banks:

- 145kt Residual Plant
- GMT: 120kt Residual Waste
- Capital spend: £97m
- FSC date: 1 September 2015



Shanks are SPV and EPC Contractor

BDR

- **Financial Close: 2 April 2012**
- **Technology:**
 - **MBT**
 - **AD**
- **Funding banks:**

- **190kt Residual Plant**
- **GMT: 180kt Residual Waste**
- **Capital spend: £69m**
- **FSC date: 1 July 2015**



3SE is a SPV (75% Shanks, 25% SSE) - Shanks are EPC Contractor

Derby

- **Financial Close: 21 August 2014**
- **Residual Waste Treatment:**
 - **MBT**
 - **Gasification**
- **Funding banks:**



- **190kt Residual Plant**
- **GMT: 149kt Residual Waste**
- **Capital spend: £145m**
- **FSC date: 1 April 2017**



RRS is a SPV (50% Shanks, 50% Interserve) - Interserve are EPC Contractor

Capital Markets Day

Introduction to Solid Waste Netherlands



Shanks Main Focus

I&C

- Collection and processing of industrial and commercial waste
- #3 in market: Sita and VGG major competitors
- Linked to GDP
- Proportion goes to incineration

C&D

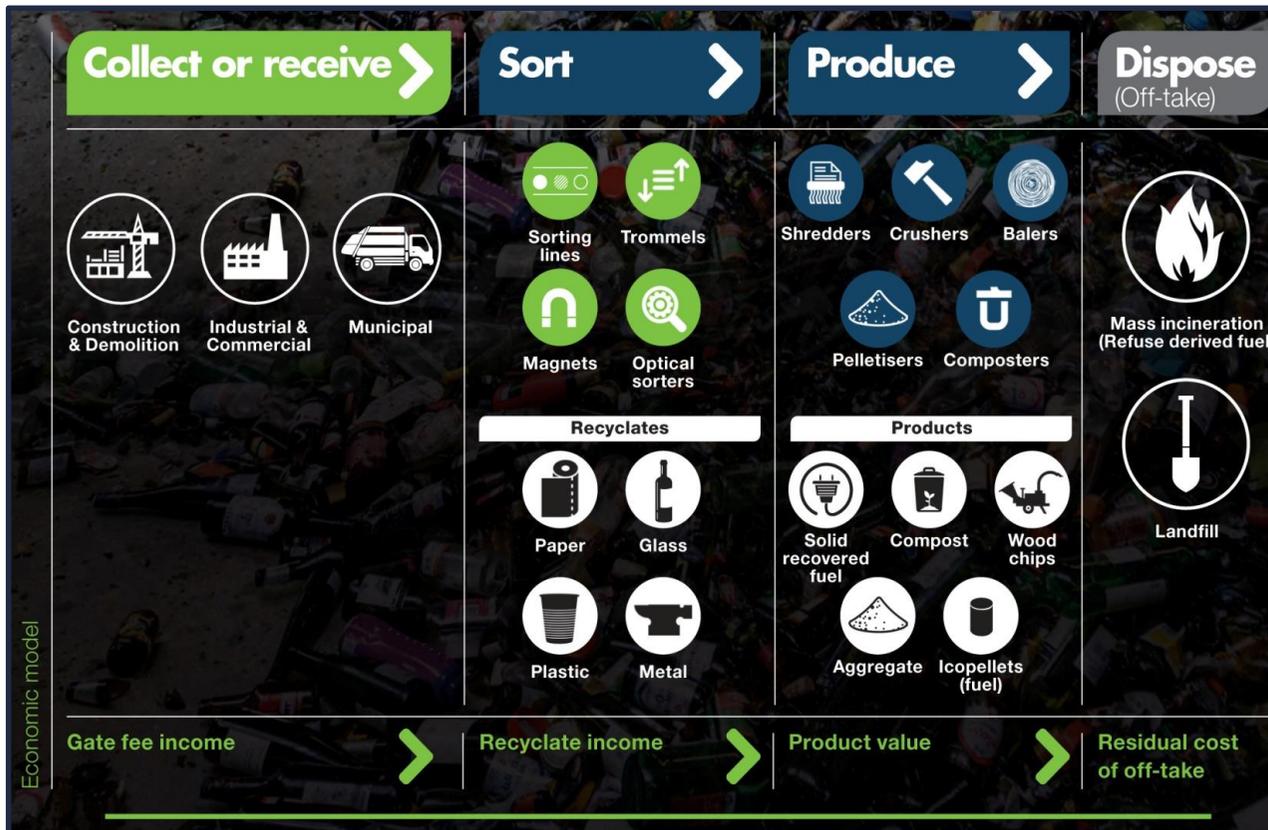
- Collection and processing of rubble, soil, green waste, wood and metal
- #3 in market: Sita and VGW major competitors
- Linked to construction activity
- Mostly recycled or sorted

Municipal

- Municipal waste “owned” by municipalities
- Collection partly privatised: VGG and Sita leading providers
- Low margin and often linked directly to incinerators

In depth review of current market in next presentation

Our Activities



Key Facts

- 3m tons per annum
- 50%: C&D waste
- 45%: I&C, plus other (soil, glass, paper, green)
- 5%: landfill
- 90% of income from gate fee, 10% from recyclates
- 88% recycling rate

We create value by receiving a gate fee, extracting valuable recyclates and then minimising the cost of the residual through making reusable products

Our Locations



Focused on Randstad:

- Shanks' core market
- Majority of NL GDP, 4th biggest urban region in Europe (after Paris, London & Milan)
- Strong position in C&D and I&C
- 22 site locations
- 4 C&D lines: Amsterdam, Rotterdam, The Hague and Utrecht
- Local brands with strong brand identity
- Competitive scale in target regions

Glass:

- National activity, with production line in Gameren

Wood:

- National activity, with production line in Utrecht

Green / Composting:

- The Hague area

Outside Randstad:

- Service via partners

Landfill: Amersfoort

**Market leader in C&D
Concentrated in Randstad area**

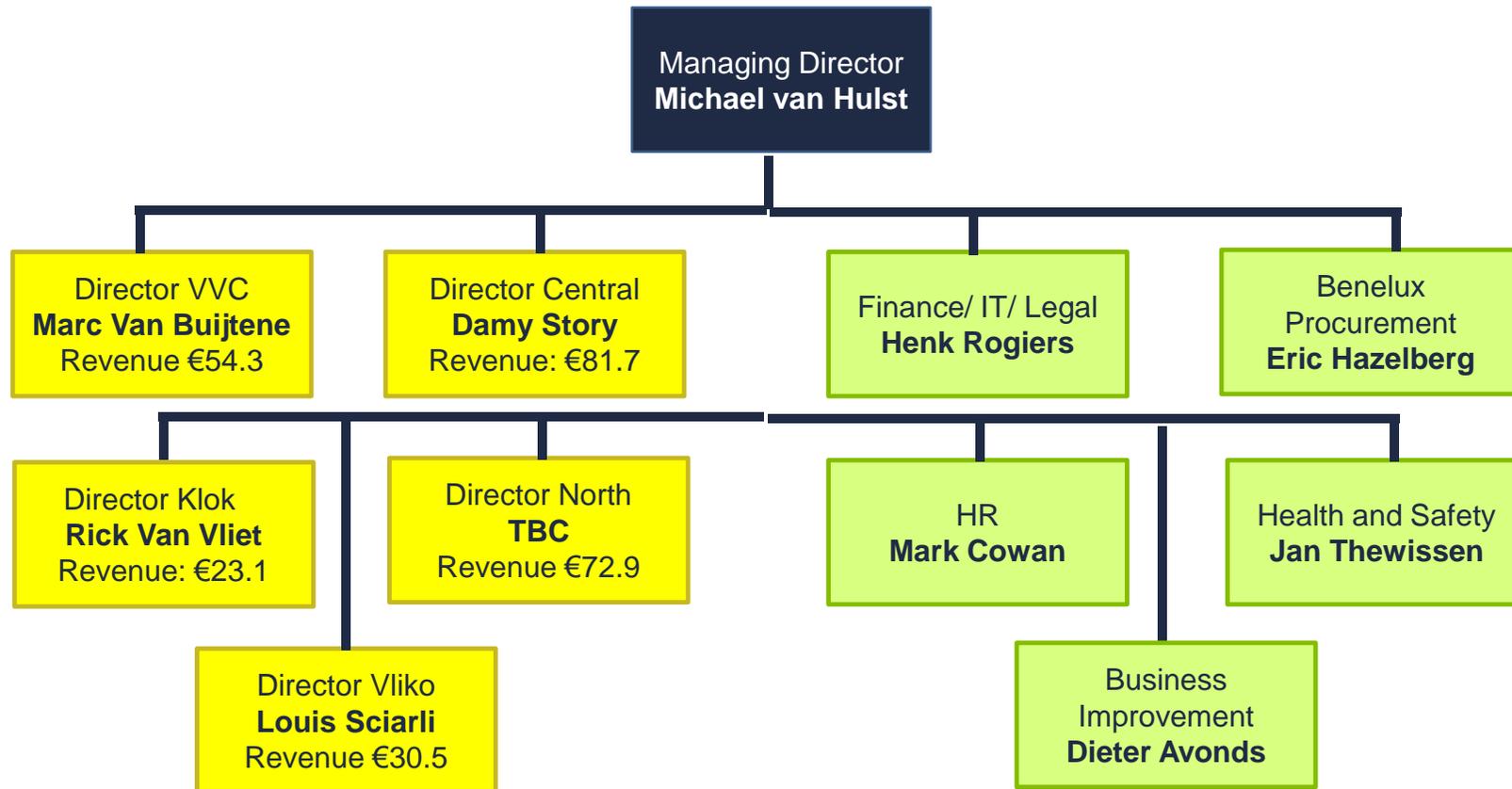
Our Financials

Year ended	Mar 14	Mar 13	Change	
	€m	€m	€m	%
Revenue	223.3	231.0	(7.7)	(3%)
Cost	211.5	222.1		
Trading profit				
Operating units	14.2	11.9	2.3	19%
Central services	(2.4)	(3.0)	0.6	
	11.8	8.9	2.9	33%

- Volume flat (share gain)
- Revenue down (price and mix)
- Cost out (operational and structural)
- Headcount out (structural change)

Fiscal year 15 is very challenging as market conditions have continued to deteriorate

Our Team



Good balance between local autonomy and central functions

Our Strategy

Strategic Lever	Recent Progress (H1 15)
<p>1 Lowest cost position through scale and productivity advantages</p>	<ul style="list-style-type: none"> • Structural cost programme lowering fixed costs (ongoing) • Continuous improvement launched in pilot sites (Sep 14) • Implementation of Shared Service Centres (H1 live)
<p>2 High quality, innovative products for target markets</p>	<ul style="list-style-type: none"> • Renegotiation of key offtake contracts (ongoing) • New contract in final stages for Icopower pellets
<p>3 Commercial effectiveness to increase share and margin</p>	<ul style="list-style-type: none"> • Selective price increases launched (1 Jul) • Action to terminate or fix 'bleeder accounts (ongoing) • New segmentation in Icovia, Klok and VVC (Sep 14)
<p>4 Actively managing portfolio to increase returns</p>	<ul style="list-style-type: none"> • Tuck-in acquisition of Marcelis at VVC (Sep 14) • Actively monitoring markets for value-accretive deals



Our Key Profit Levers



Well positioned to capture value from market recovery

Capital Markets Day 2014

Dutch SW Market Overview

Peter Dilnot, Group Chief Executive



Key Messages

- 1** NL SW market continues to be under significant strain
- 2** Volumes are depressed and not set to rise significantly, except in C&D
- 3** Over-capacity and intense competition has led to sustained price reductions
- 4** Dutch legislation and waste imports are already leading to price increases
- 5** Company rationalisation and consolidation will lead to reduced capacity
- 6** Shanks has unique market position and is well placed to emerge strongly

**We have a clear market oriented strategy
and are focused on its execution**

Agenda

Market Dynamics

Competitive Landscape

Shanks Strategy

NL SW Segments and Drivers

Segment	Vol (1)	Drivers	Destination & Collection	Recycling Rate(2)	Outlook
Municipal 	~5MT	<ul style="list-style-type: none"> Population growth 'Diftar' tariffs to reduce waste Recycling incentives Source segregation schemes (local) 	<ul style="list-style-type: none"> Significant proportion goes direct to EfW Collection through separate contracts 	50% in 2012 65% target	-0.7% CAGR arising --- Higher recycling rate
I&C 	~22MT	<ul style="list-style-type: none"> Linkage to GDP Companies segregating waste to get recyclate value "Producer pays" obligations 	<ul style="list-style-type: none"> Significant proportion goes direct to EfW Collection typically by sorter/recycler or logistics player 	55% in 2012 85% target	+1% CAGR arising ----- Higher recycling rate
C&D 	~25MT	<ul style="list-style-type: none"> Construction activity (household, commercial & infrastructure) Companies segregating waste to get recyclate value 	<ul style="list-style-type: none"> Most waste sorted/recycled or reprocessed Collection typically by sorter/recycler 	90% in 2012 99% target	+3% CAGR arising ----- Stable recycling rate

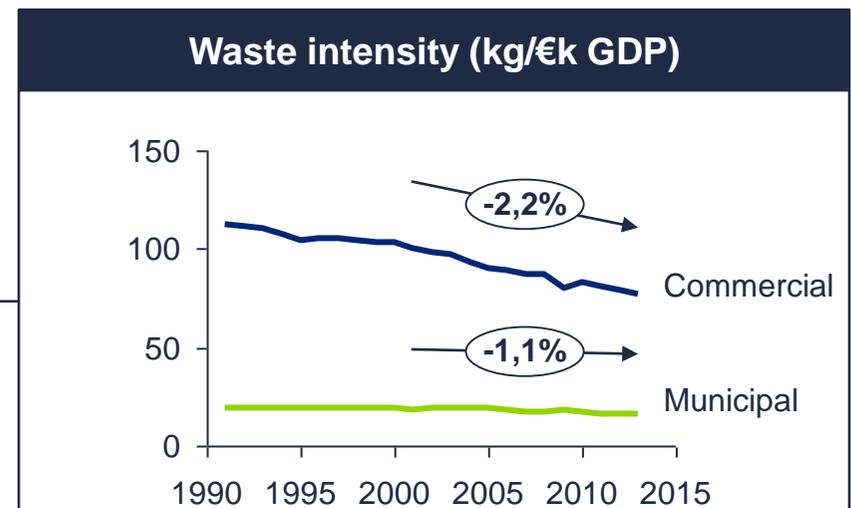
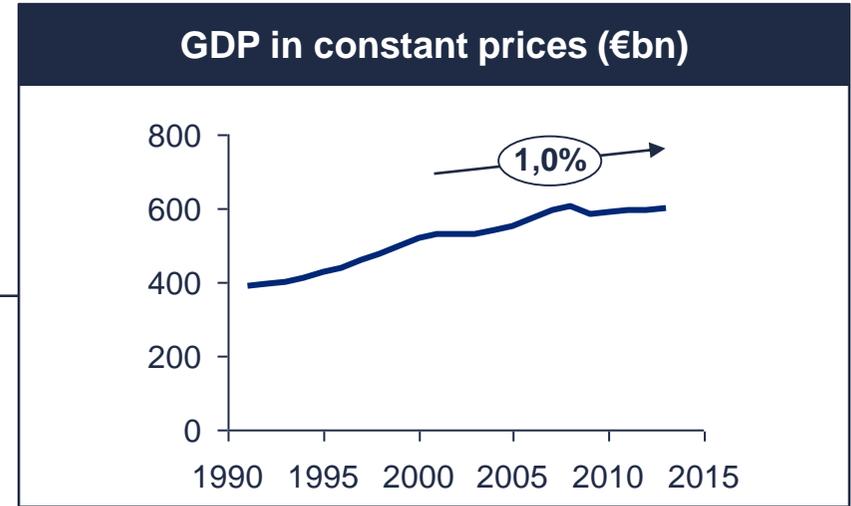
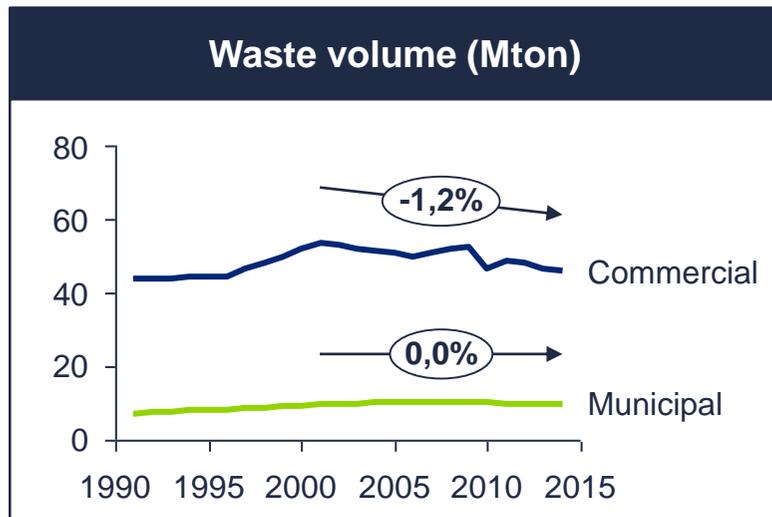
Shanks Focus

(1) Estimated total market volume 2012

(2) Destination that is not incineration or landfill

Stable I&C Outlook

Dutch Waste Volumes

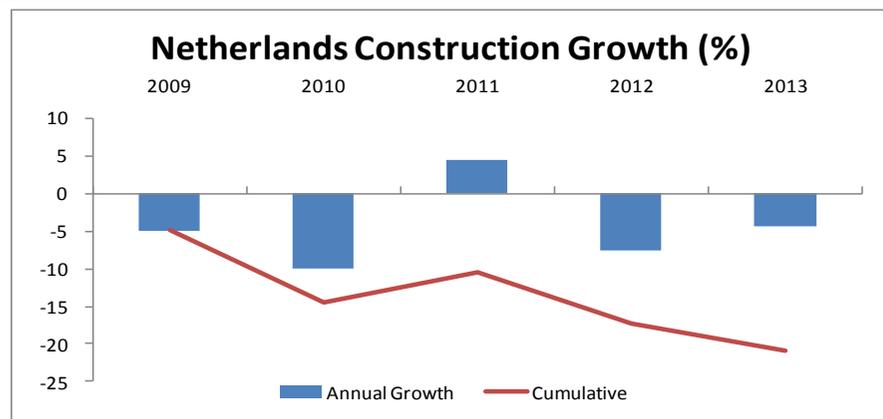


Decoupling of I&C volumes from GDP due to waste prevention efforts

Positive C&D Outlook

Dutch Construction Activity

Currently at 60 year low



Growth forecast (1)

	2013 (EIB)	2014 (Rabo)	2015 (Rabo)	2019 (Rabo)
Homes	-9%	-0.5%	5.0%	6.5%
Utilities	-4%	0.0%	2.0%	2.5%
Infra	-3%	-1.0%	1.5%	2.0%
Sub Con	-4.5%	0.0%	3.0%	3.0%
Total	-4.5%	0.0%	2.5%	3.0%

Three core construction segments all at extremely low levels

- Housing/domestic
- Commercial property
- Infrastructure

Housing construction showing promising signs of growth

- 44% increase in houses sold⁽²⁾
- 30% increase in new homes⁽²⁾
- Greater certainty on mortgage tax relief

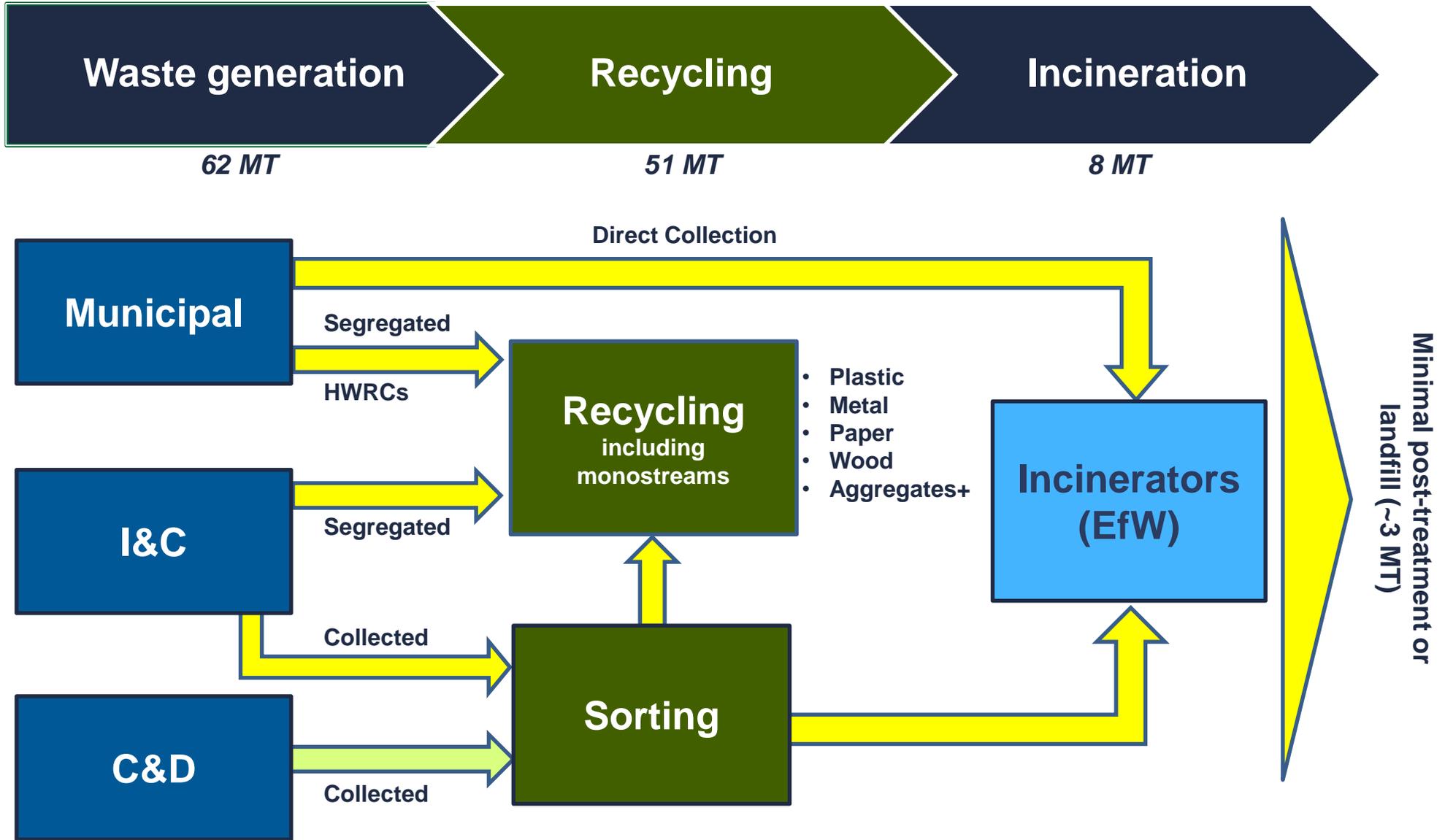
Commercial and infrastructure activity still low with industry overcapacity

- BAM, Ballast Nedam and Volker Wessels poor recent results
- Claims of “irresponsibly low pricing”
- Likely to take two years to unwind due to lead times

(1) EIB data, plus Rabobank number and trends forecast, published 24 Sep 2014.

(2) Dutch Land Registry annual date @ July 2014

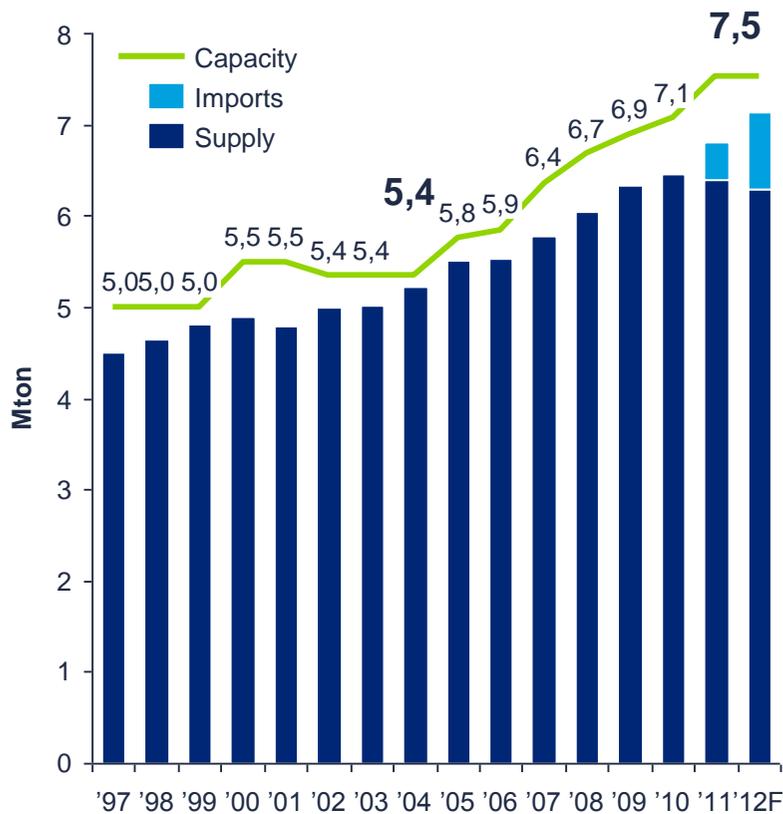
NL SW 'Mass Balance'



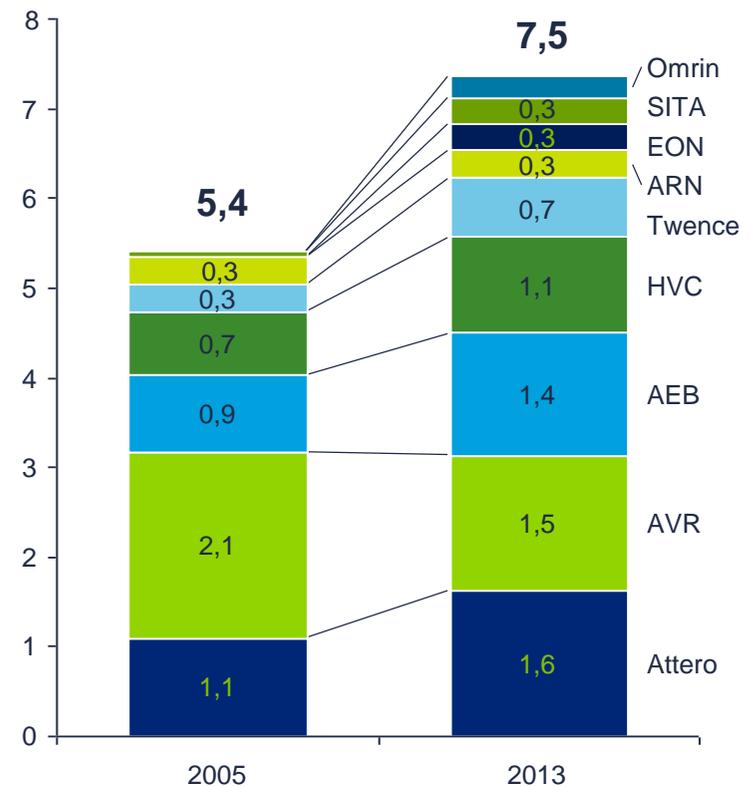
Municipal and I&C closely linked to EfW, while C&D mostly recycled

Excess NL Incinerator Capacity

Dutch Incinerator Market



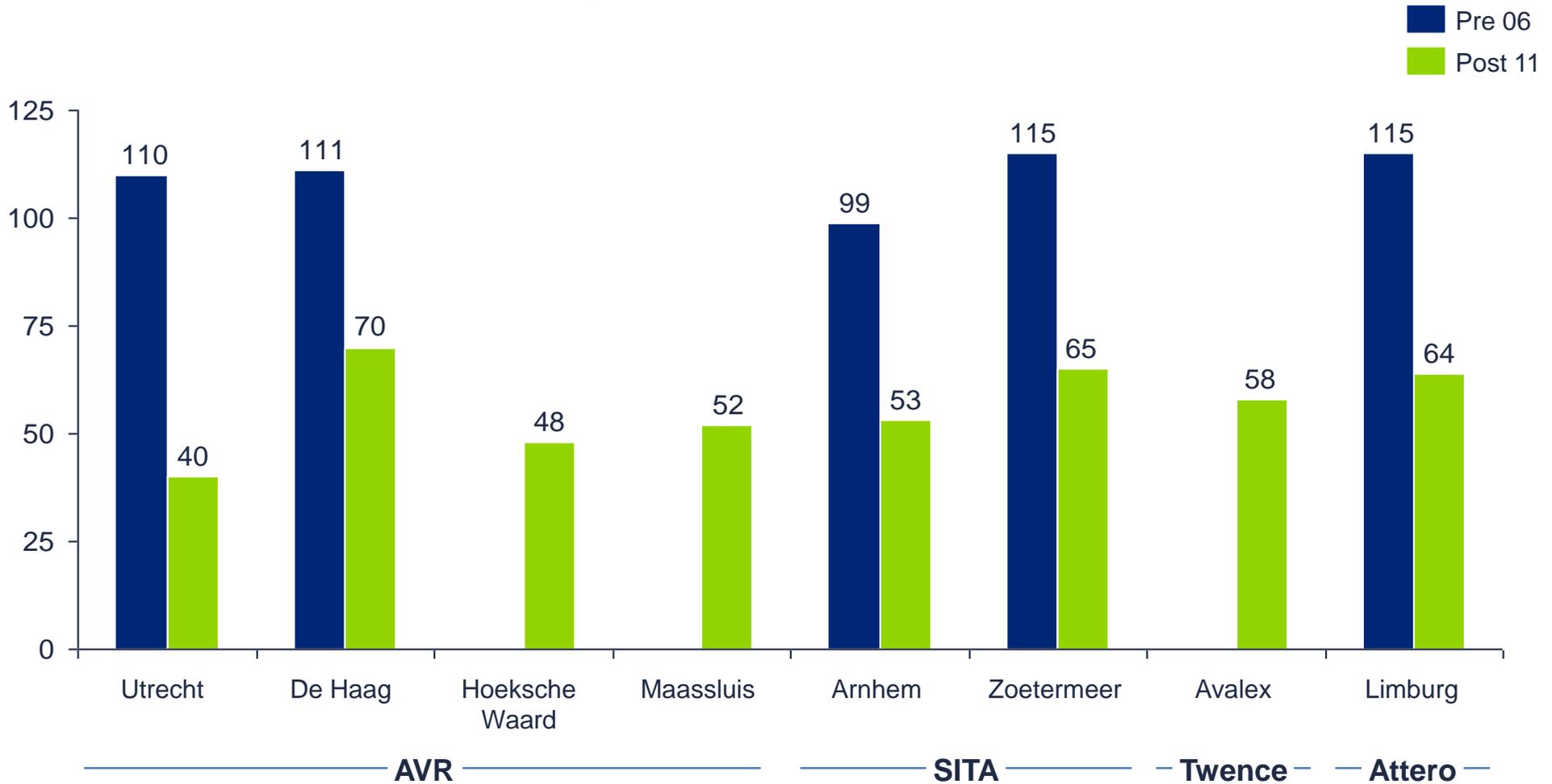
Capacity per Processor



38% increase in capacity while volumes declined

Recent Gate Fees Declines

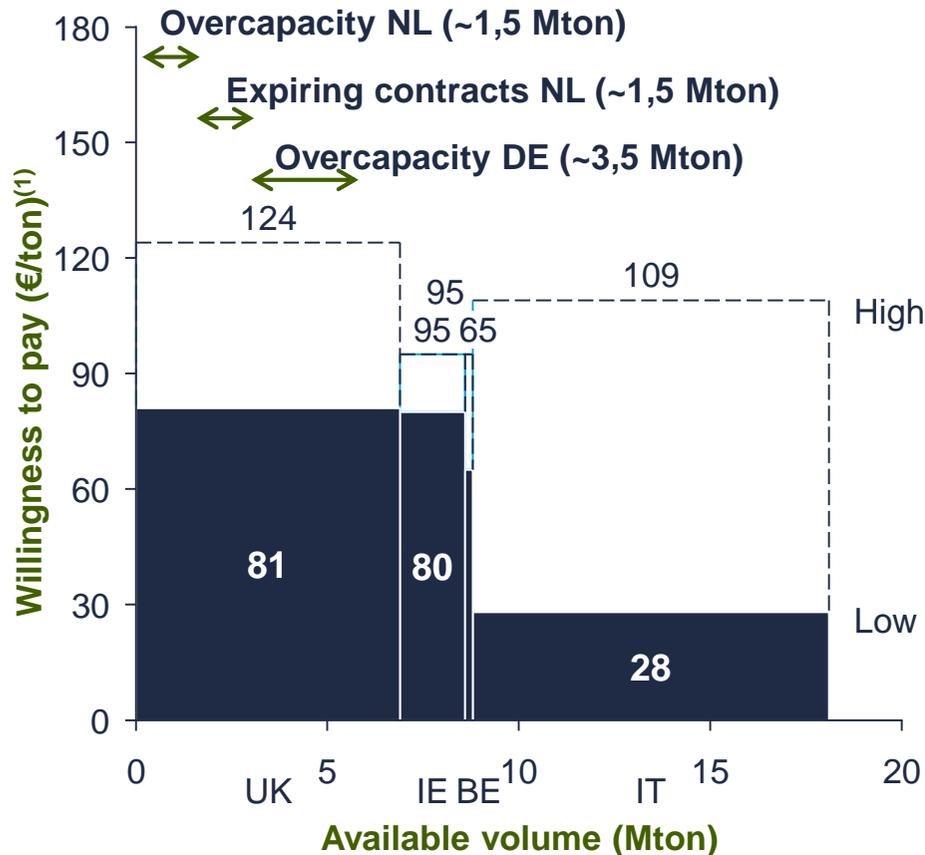
Dutch Incinerator Prices for Municipal Tenders



Overcapacity has led to significantly lower gate fees

Gate Fee Outlook More Positive

EU Demand Curve for Combustible Waste (2017)



Likely Market Developments

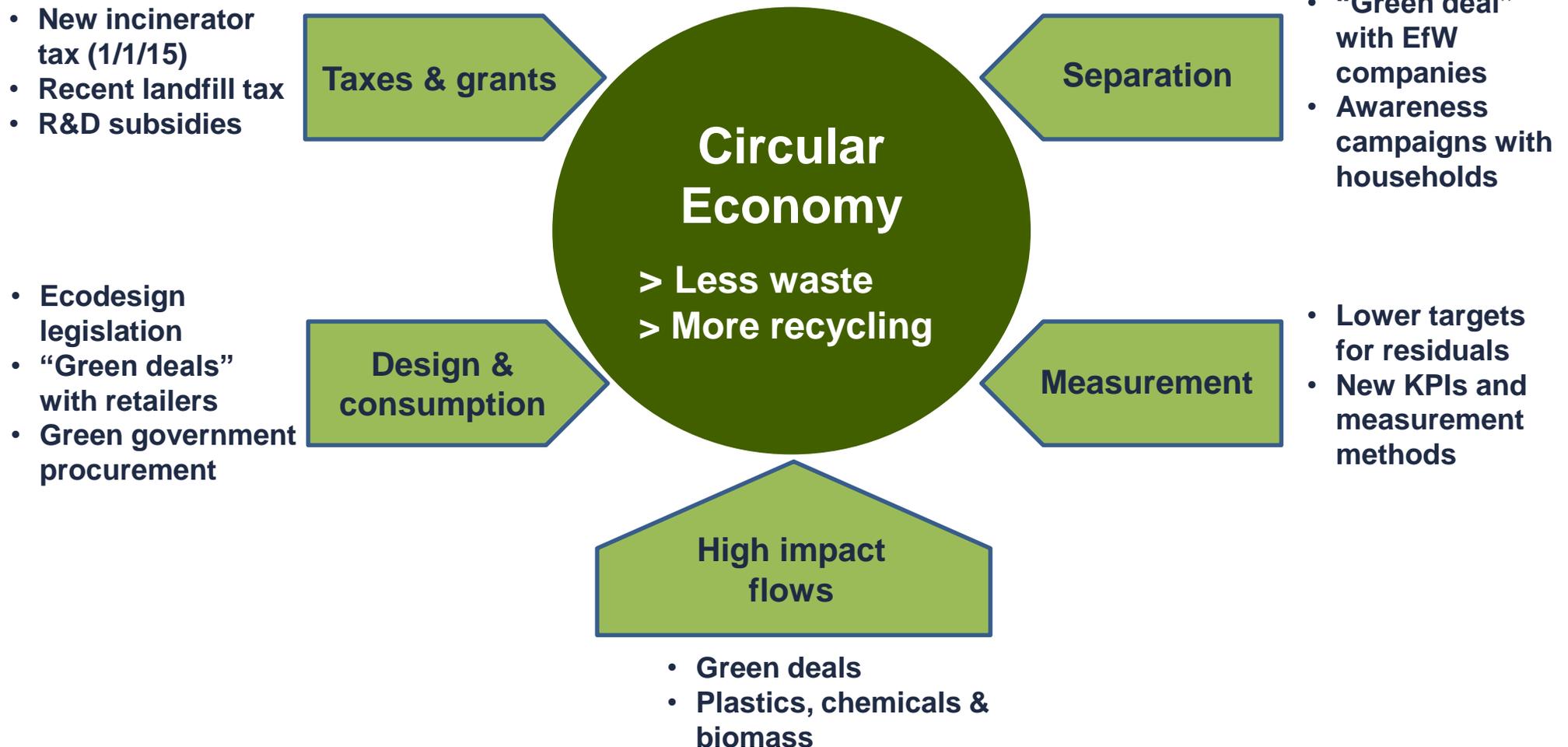
- Under-capacity of c. 18MT in UK, BE, IE & IT
- Overcapacity in NL and DE c. 4.5MT
- Net capacity shortage ~ 13.5MT
- NL more competitive due to water access
- UK EfW capacity under construction, but gradual commissioning and not all accessible
- NL EfW plus transport cost remains less than UK local landfill, so importing attractive
- Gate fees in NL likely to be set by landfill alternative in UK, IE & IT

Gate fees increasing due to imports, expected to reach >€80 per ton

(1) Local rates minus transport costs to NL
Source: Wrap Gate Fee report; Deloitte analysis

Legislation to Increase Recycling

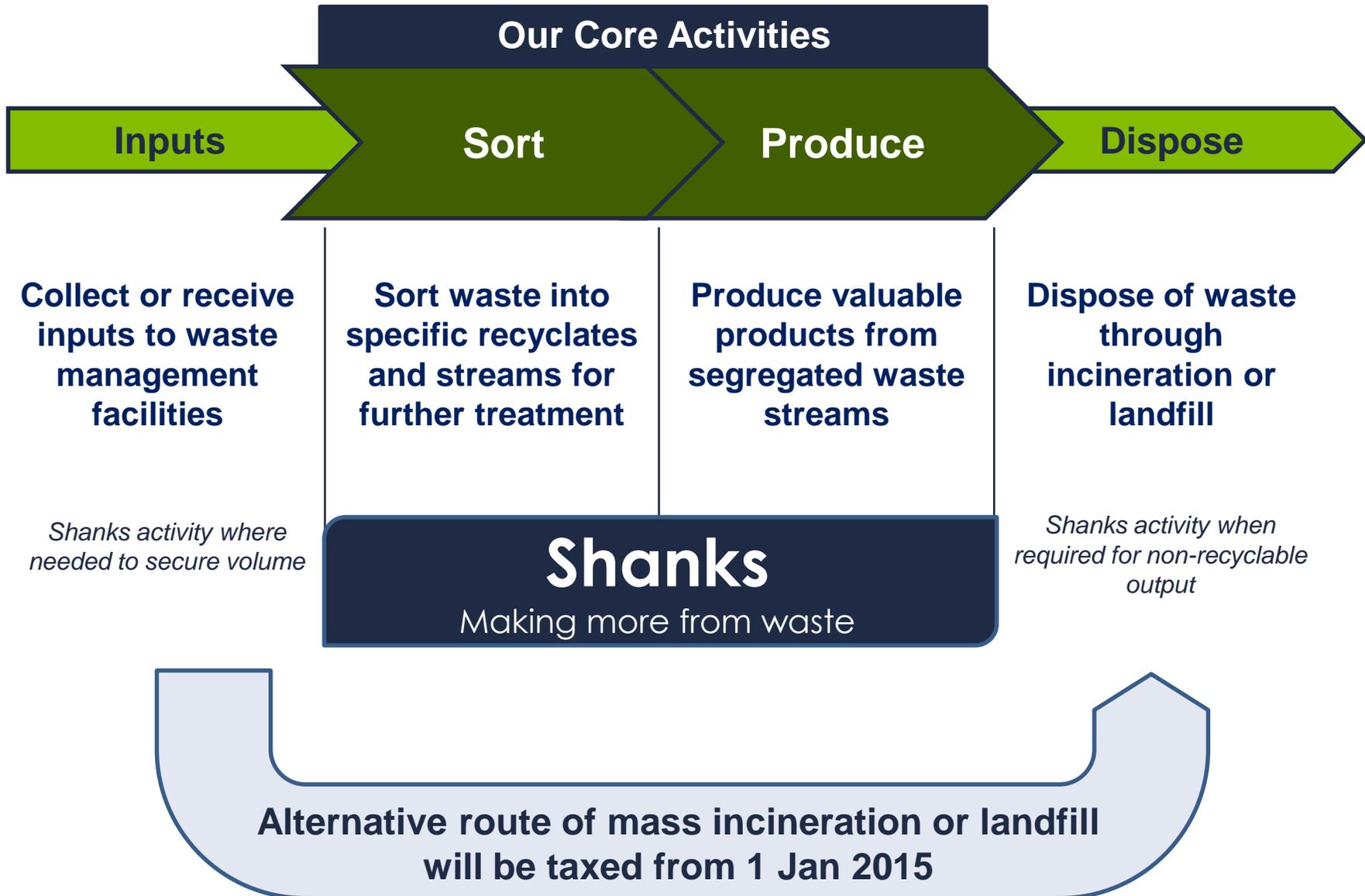
Dutch Policy Measures⁽¹⁾



(1) Source: VANG (2014);

Note: Drive to Circular economy is clear stated objective by Minister Mansveld; with new laws passed in Sep 2014

Shanks Positioned to Benefit



Agenda

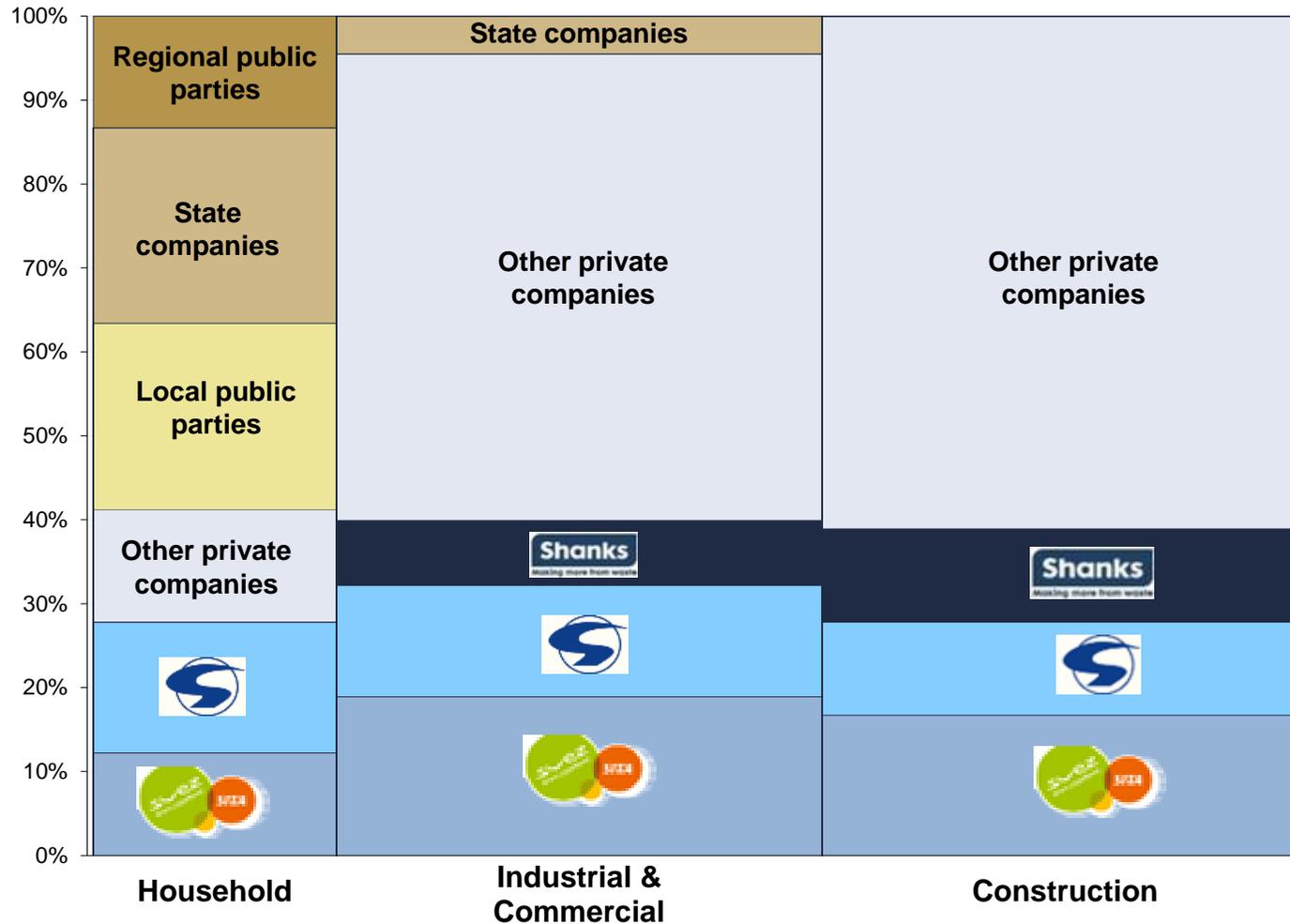
Market Dynamics

Competitive Landscape

Shanks Strategy

NL SW Market Structure

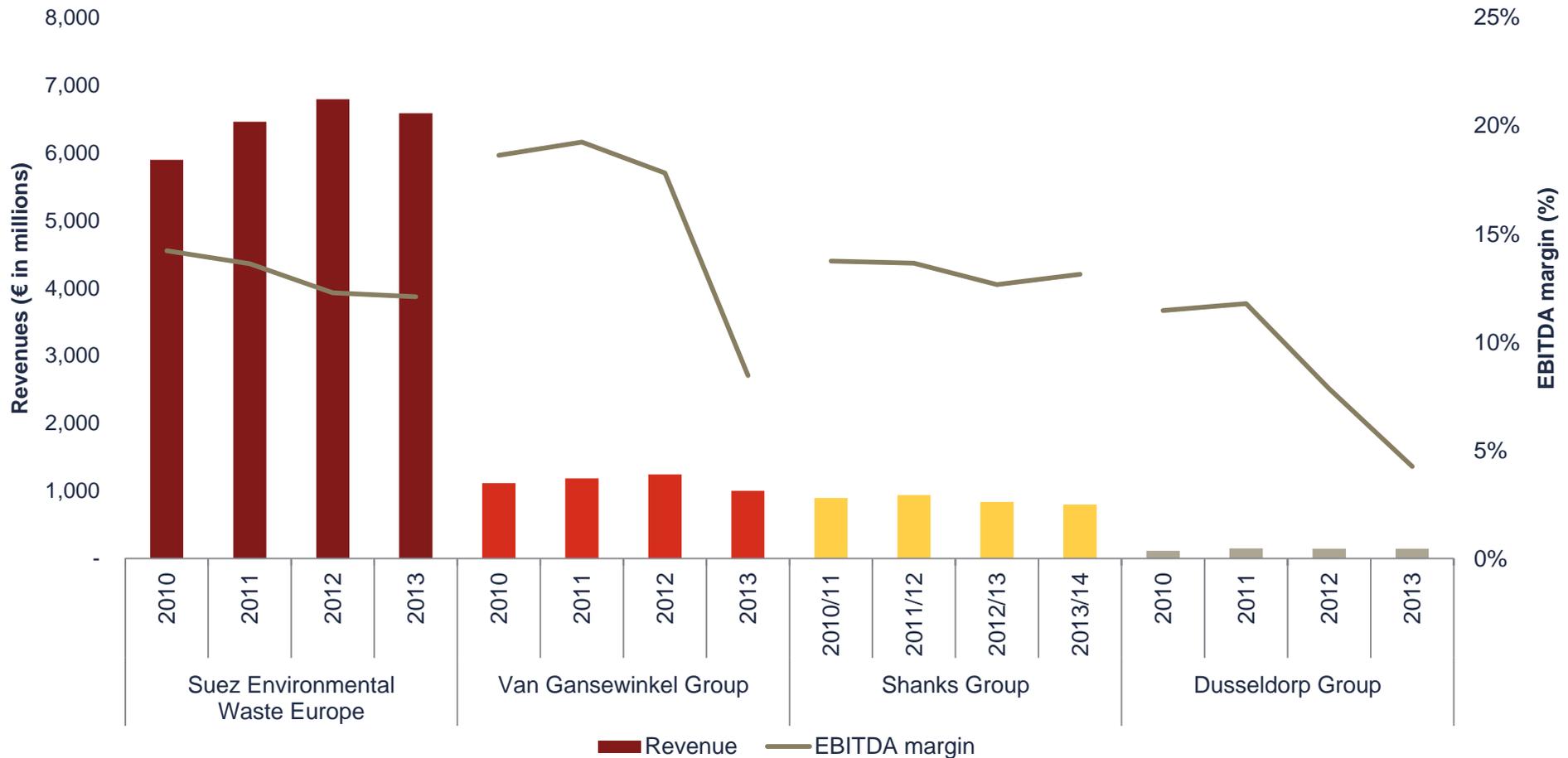
Waste Collection Volumes by Segment and Company (%)



- **Shanks is number 3 nationally in I&C and construction**
- **However, Shanks is market leader in dense Randstad area**
- **Highly fragmented local market beyond Sita, VGW and Shanks**
- **Conditions for consolidation are ripe given pressures**
- **State-linked companies mostly linked to household**

Sustained Margin Pressure

Revenue & EBITDA Margin Development 2010-2013

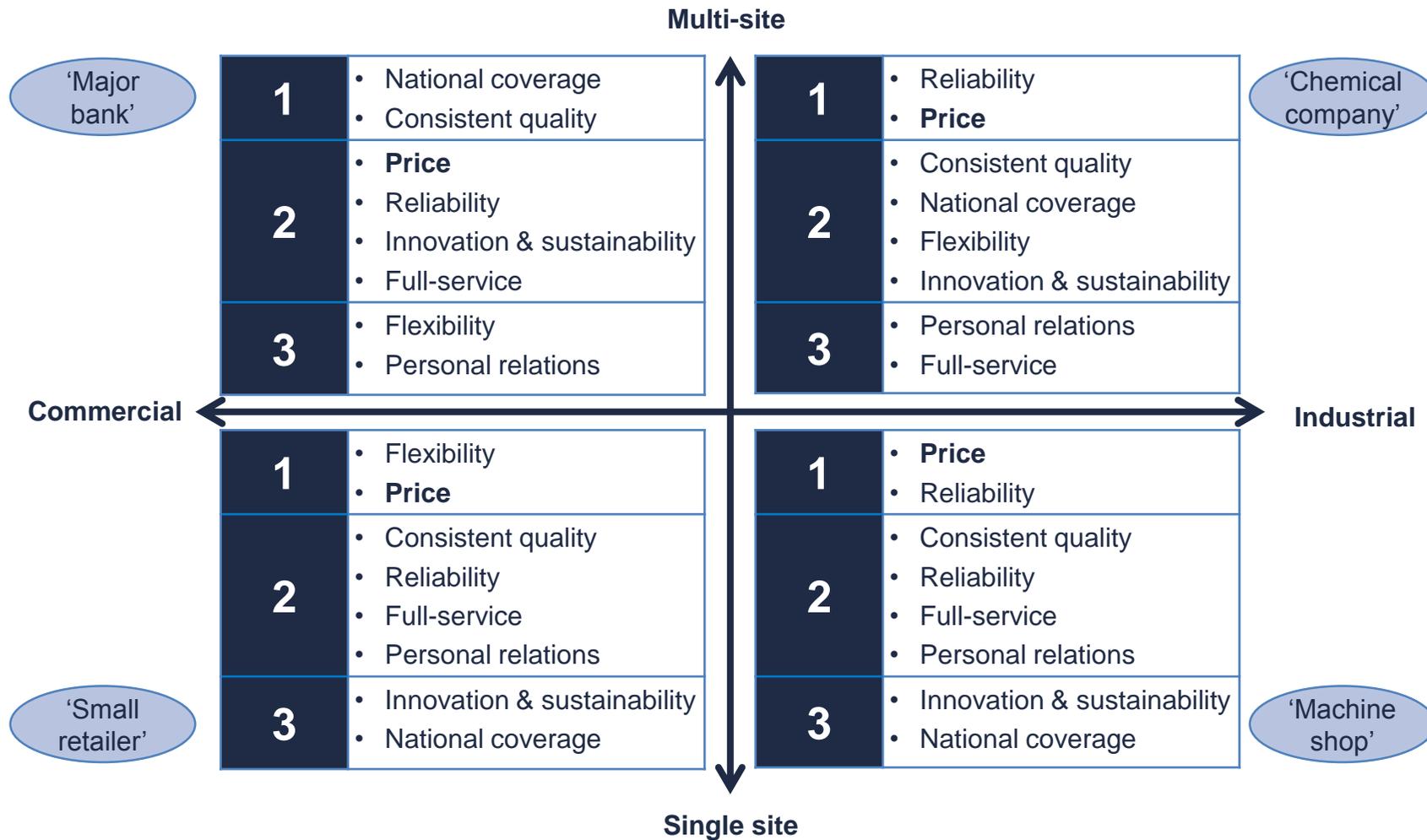


Large players also hampered by long-term incinerator prices above spot fees available to smaller players

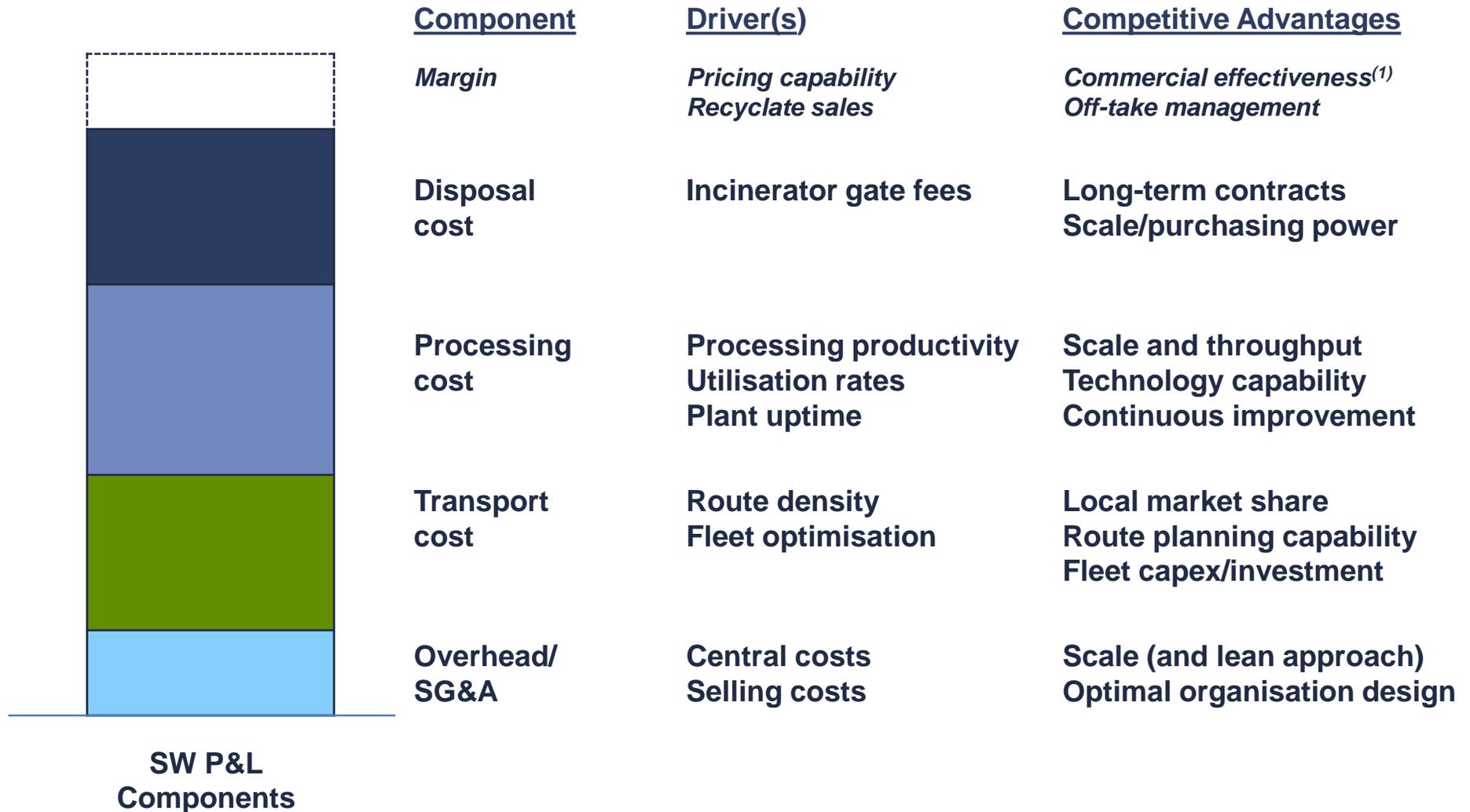
Source: Annual reports; *Note that Shanks' financial year ends 31-March and as a result, 2013 reflects 9 months of 2012 and 3 months of 2013; PWC Analysis

Customers Focus on Price

Waste management key purchasing criteria by type of customer



Cost Structure Critical



⁽¹⁾ Ability to segment market and sell based on waste value and/or differentiated service

Agenda

Market Dynamics

Competitive Landscape

Shanks Strategy

NL SW Strategy

Strategy and Execution

- 1** Lowest cost position through scale and productivity advantages
 - *Structural cost plans on track*
 - *Continuous improvement projects*
- 2** High quality, innovative products for target markets
 - *New export and offtake contracts*
 - *Product developments on track*
- 3** Commercial effectiveness to secure volume and sell product profitably and internationally

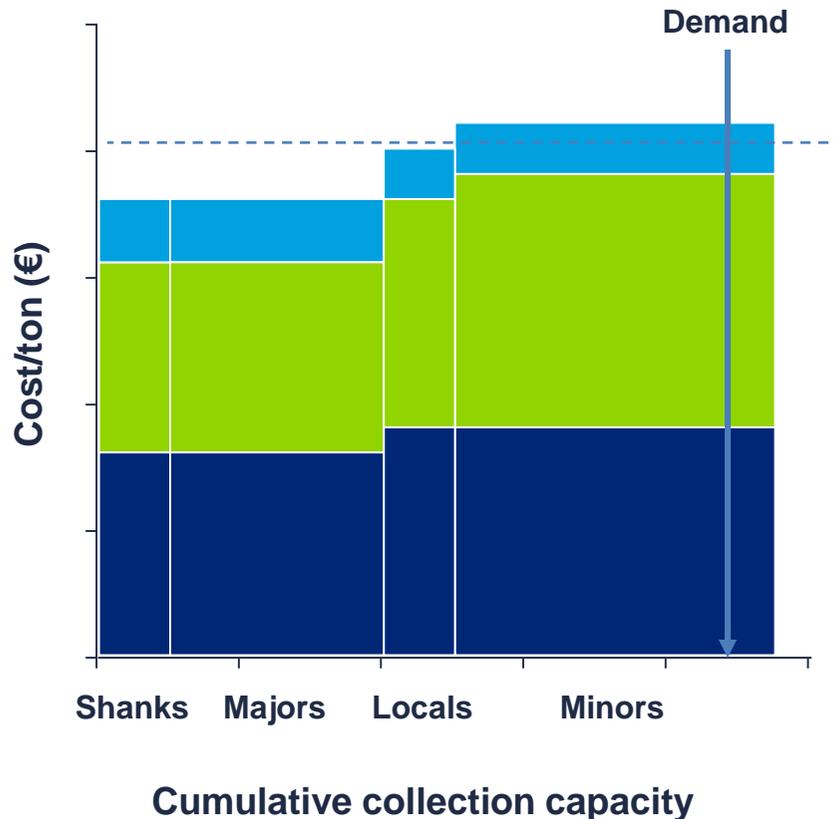
Future Growth Drivers

- Top and bottom line impact from commercial effectiveness & business model advantages
- Share gain in target segments
 - Price improvements
- Operational gearing with any recovery
- Structural cost savings embedded
 - Incremental volume flow-through
- Returns from investment in focused areas where Shanks advantaged
- On-going capital investments
 - Potential bolt-on acquisitions



Shanks Advantaged Cost Position

Indicative Future Supply Structure

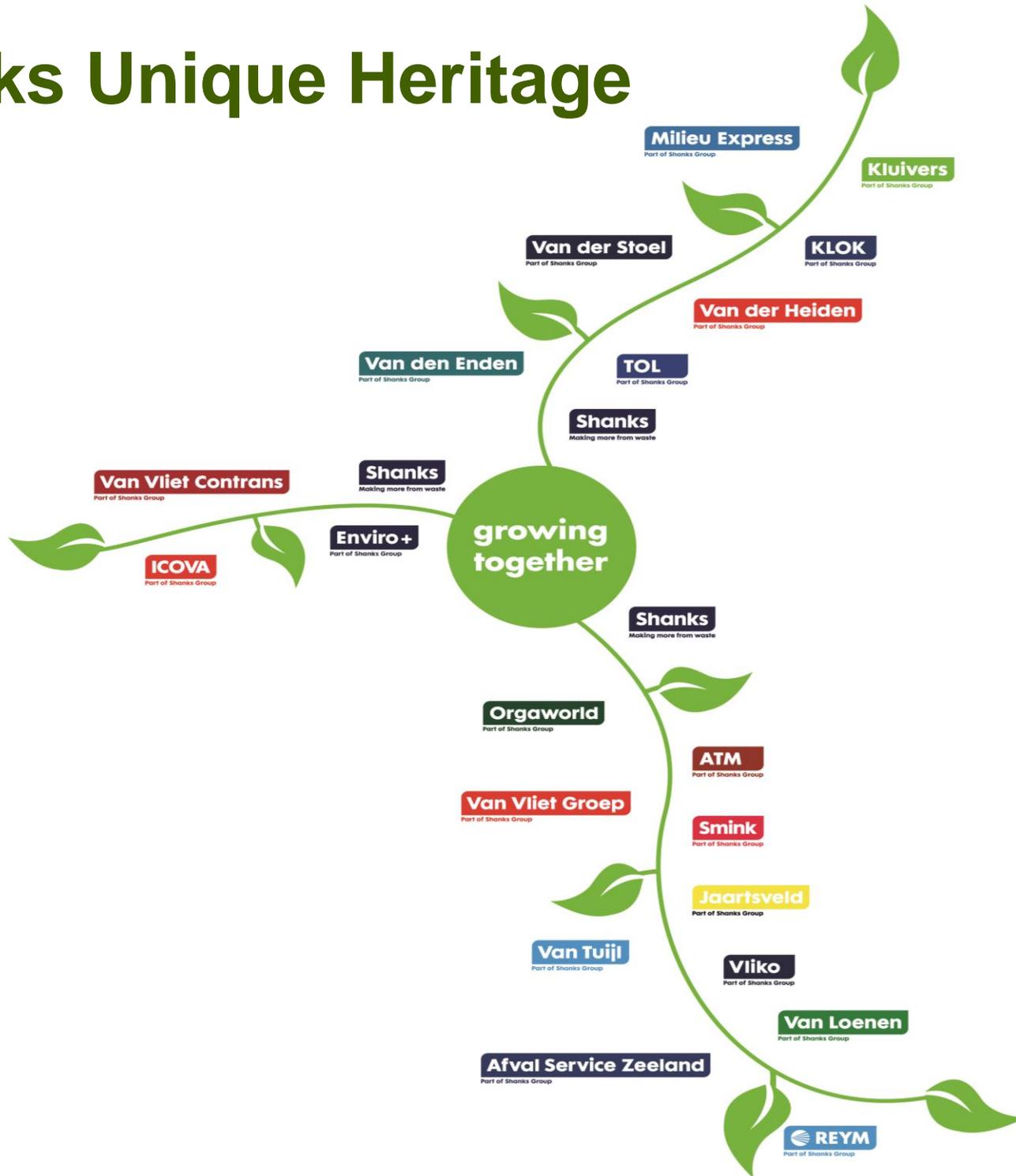


- Incineration rates assumed to go up to € 80 per ton (excluding tax)
- Shanks should be able to contract lower than that price
- Locals will be stuck with higher gate fees to match imports (with no tax)
- Shanks scale will be an advantage, while retaining local intimacy
- Route density matched with smaller players due to concentrated footprint

Overhead Disposal
Collection Profit
--- Price level

Local and minor players will be under sustained pressure as disposal fees no longer an advantage

Shanks Unique Heritage



Shanks Total Care



Key Messages

- 1 NL SW market continues to be under significant strain
- 2 Volumes are depressed and not set to rise significantly, except in C&D
- 3 Over-capacity and intense competition has led to sustained price reductions
- 4 Dutch legislation and waste imports are already leading to price increases
- 5 Company rationalisation and consolidation will lead to reduced capacity
- 6 Shanks has unique market position and is well placed to emerge strongly

**We have a clear market oriented strategy
and are focused on its execution**

Shanks

Making more from waste

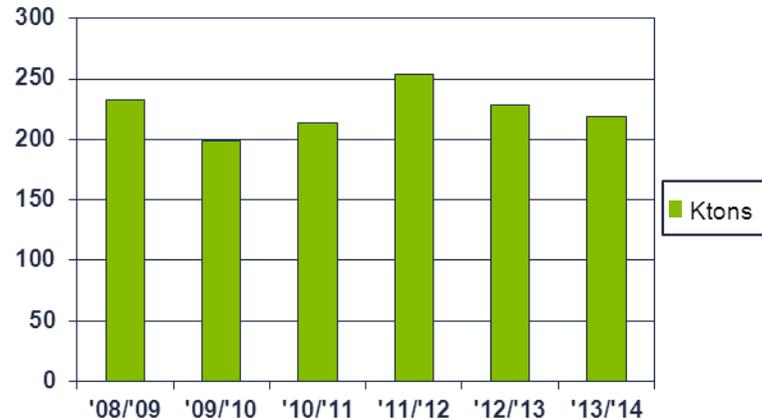
Capital Markets Day



History KLOK Containers

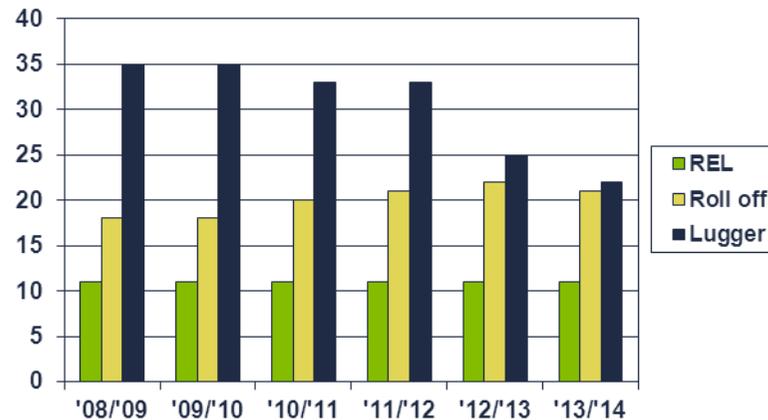
- | | | | | | | | |
|---|---------------|--|--|---|----------------|--|------------------------------------|
| 1 | 1932
start | | Two brothers start a transport company | 5 | 1993
35FTE | | Take over by Waste Management |
| 2 | 1955
3FTE | | Transporting coal and fuel using one truck | 6 | 1995
45FTE | | Aquisition strategy for growth |
| 3 | 1974
20FTE | | Entering the waste business | 7 | 2000
115FTE | | Part of Shanks Group |
| 4 | 1989
30FTE | | Installs one of the first sorting lines in the Netherlands | 8 | 2014
140FTE | | 40th anniversary in waste business |

Activities and key financials KLOK



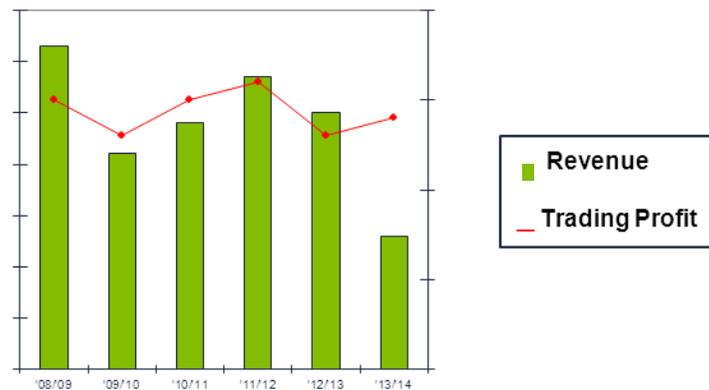
Steady tonnage created by:

- New business
- Focus on bulk waste
- Entering the roof material and wood market



Started up an efficiency program for operations:

- Reduction of trucks
- Creating new transfer hubs
- Connect sales strategy with logistics



Financial performance:

- Significant drop in prices
- Reduction on breakeven by cost savings and efficiency
- Trading profit % up

Sales and customer strategy



4700 active customers;

- 46 A = 50k >
- 52 B = 30-50k
- 352 C = 7,5-30k
- 4250 D = < 7,5k..



Total Care

- Joint venture solid and hazardous waste
- Petrochemical industry
- Total Cost of ownership



New business 2013-14

- 980 new clients
- €1,055k revenue
- Focus on profitability
- Defined segments



Added value

- Long- term partnership
- Trust and knowledge
- Close to the customer
- Operational performance

Focus on commercial and operational delivery

Site KLOK Containers



Summary

- 1 Klok has grown over the years into a professional, safety conscious organisation**
- 2 We have steady tonnage, an efficient programme of operations and the ability to maintain our results in a highly competitive market**
- 3 Our sales and customer strategy utilises our deep local knowledge and part in Shanks Group through the Total Care offering**

Capital Markets Day

Commercial Effectiveness



Changing role of the waste provider

From waste handler to trusted partner

- Advise the clients on new technology and optimisation
- Consultancy on reducing waste at source, supporting our customers' business efficiency
- Total Cost of Ownership
- Alternative is commoditisation

Waste-to-product company

- Energy pellets as a substitute for fuel
- Wood chips for the plywood industry
- Compost for local farmers and growers
- New paper streams out of waste

Leading role in sustainability

- Innovation to reduce energy and optimize the process handling
- Socially responsible by creating work for the local community
- Open with the communities around our sites and being in contact with them
- Pride in our socially and legislative responsibilities

Our historic strength in a dynamic and highly competitive market

Operational strengths

- Experienced colleagues
- Dedicated and willing workforce, working hard in a demanding market
- Strong skills in operational effectiveness and continued operational cost reduction

Commercial edge

- Knowledge of the local market: waste is a very local market.
- Using our operational distinctiveness to our advantage
- Close and intimate contact with the customers
- Long-term relationships
- Leveraging the strength and capabilities of other Shanks businesses

Knowledgeable and experienced colleagues

We have a new opportunity
We now need to LEAP in



Commercial Effectiveness

Goals:

- To grow existing revenue streams and target new revenue segments with strong margins
- To blend our businesses' deep industry knowledge and experience with a data approach to target segments with highest potential opportunity and margin.
- To implement processes, procedures and key performance indicators to embed and manage ongoing improvements

Key levers:

- Existing customer analysis
- Waste stream margin analysis
- Market potential
- Sectors customer product demands
- Customer's service profile
- Customers revenue profile



Introducing excellent capabilities to support local teams

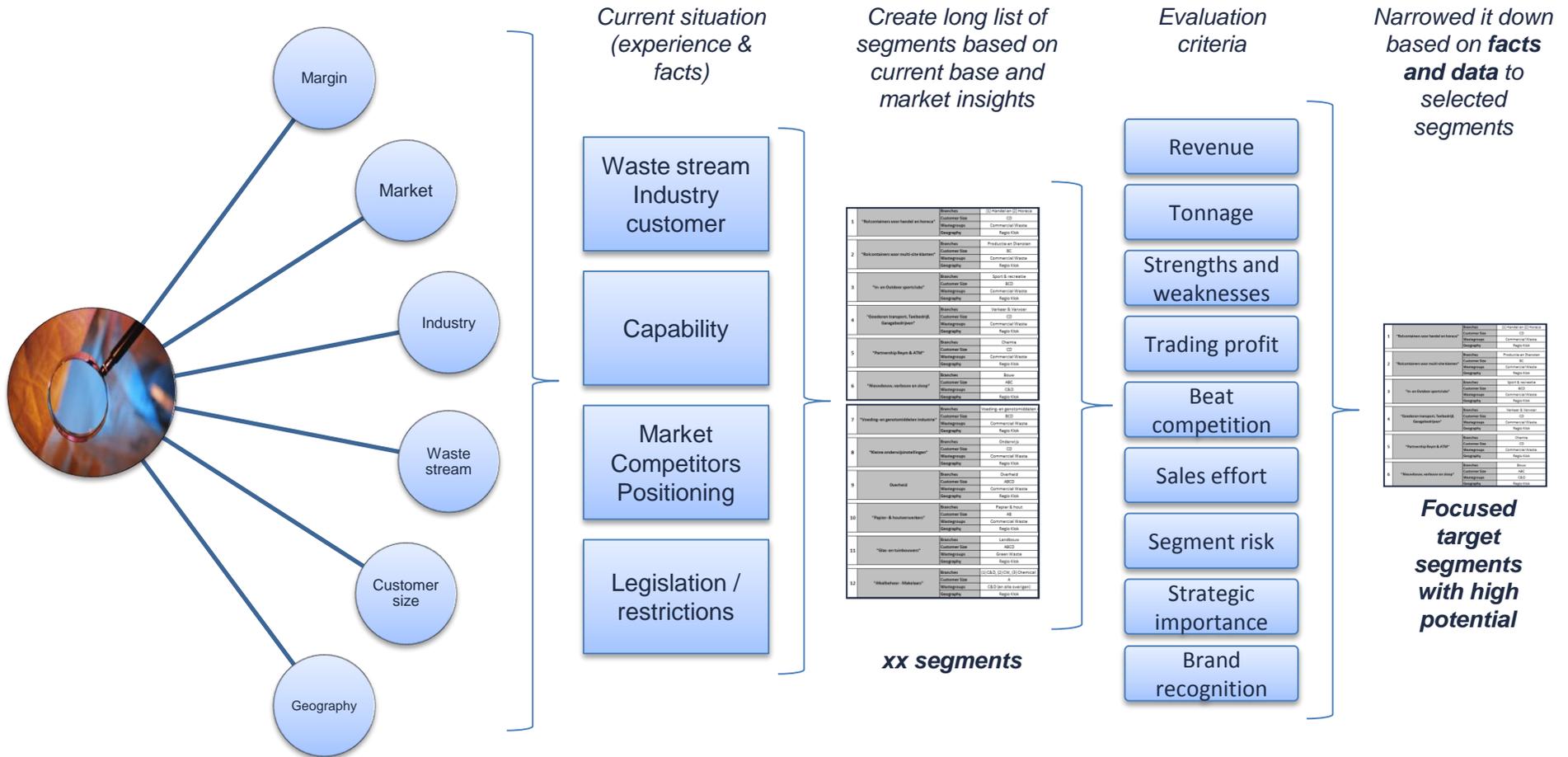
- 1 Build segmentation profiles and prospect lists for each OpCo
- 2 Implement sales key performance indicators
- 3 Pricing and product restructure and realignment
- 4 Construct target prospect lists, marketing plans and organisational options
- 5 Improved sales processes and procedures
- 6 Tools to identify and rectify outliers (negative margin customers)

Executing on knowledge and data to improve our business

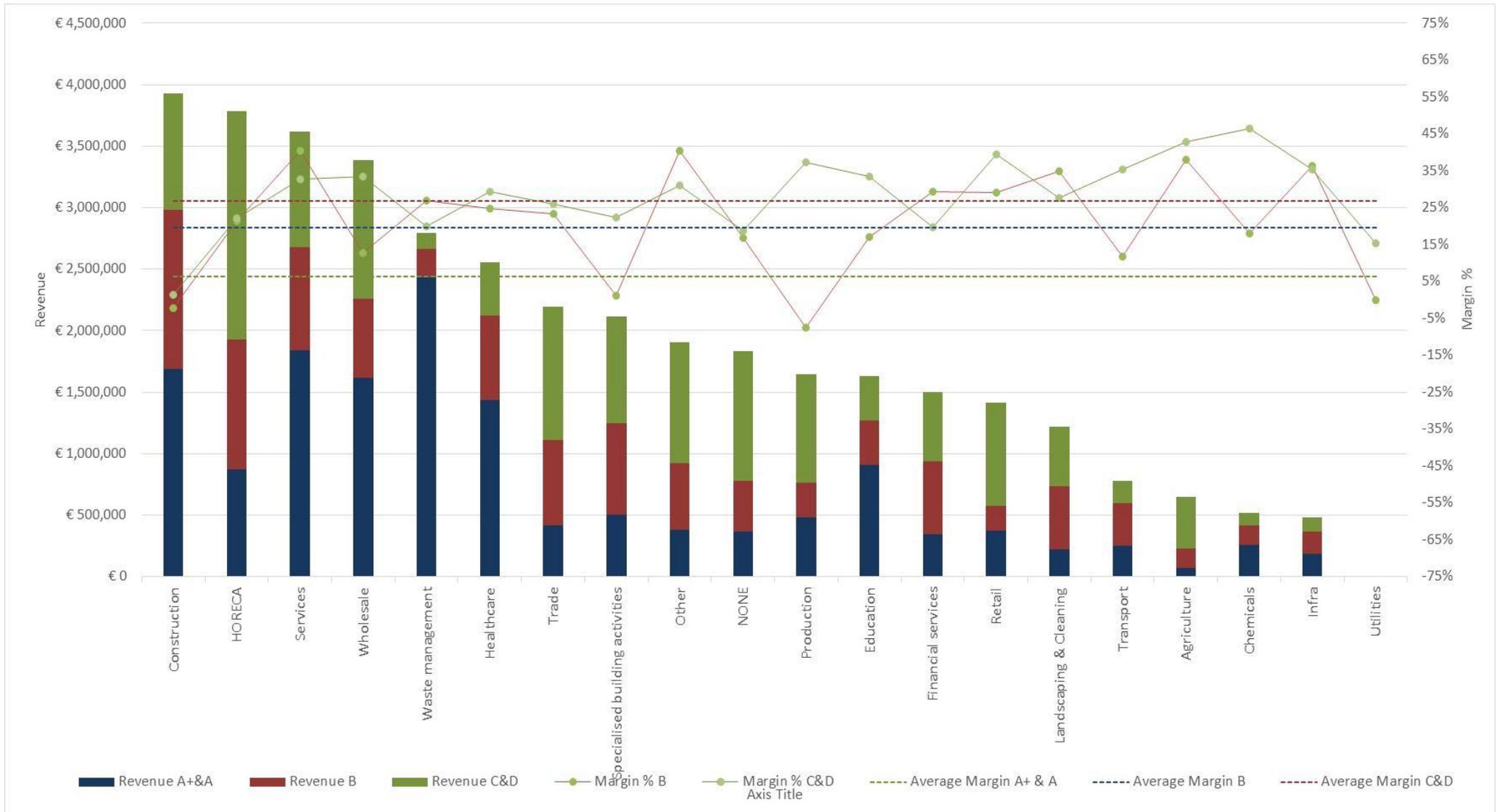
Segmentation and Sales Strategy

Segmentation strategy:

- Identify segments with strong margins and growth with product and service needs matched to our regional Opco's
- Increase focus on targeted segments to maximise revenue and margins for Opco's



Customer Profitability Analysis



Pricing Tool

Pricing and Margin tool:

- Provides analysis of current customer base from various groupings to individual customer analysis
- Identification of outlier customers and deep dive analysis to quickly target customers to move to higher margins

The screenshot displays the 'Price analysis' dashboard in the Shanks system. At the top, there are navigation tabs: Dashboard, Commerce, New business, Lost business, Quotes, Activities, Complaints, and Price analysis. The main header shows 'Shanks' and 'Price analysis' with a 'Last refresh: Jun 3, 2014 (08:55h)' timestamp. Below this, there are filters for Group (Van Vliet/Smink R.), Team, Acc. man., and Customer. A 'Waste type' filter is highlighted with a red circle.

The central table provides a detailed breakdown of waste types, including columns for Price per ton, Revenue, Margin, Margin %, and Tonnage. A 'Deep dive options' callout box points to the table. Below the table, there are tabs for 'Customer distribution below average', 'Customer distribution above average', and 'Trend - 12 mths'. A scatter plot titled 'Customer distribution over price & Tonnage below average' shows Price on the y-axis and Tonnage on the x-axis, with an average tonnage of 178.96. Two outliers are circled in red, with a 'Potential outliers' callout box pointing to them.

On the right side, there are several control panels:

- Customer type:** Shanks
- Switch to fiscal year:** 2012, 2013, 2014
- Metric:** Tonnage, Numbers, Volume
- Dimension:** Waste type
- Current Selections:** Van Vliet Groep, Van Vliet/Smink R., Customer, 176 of 49949, Bedrijfsafval, 2014

Waste type	Price per ton	Revenue	Margin	Margin %	Tonnage
30.00-Bedrijfsafval (Brandbaar)		520,827.57	-202,772.49	-38.9%	7,145.84
30.14-Frituurvet, Cat. 3, Niet Geschikt Voor Menselijke Consumptie		461,493.39	-228,610.34	-49.5%	5,015.90
30.11-Swill, Cat. 3, Niet Geschikt Voor Menselijke Consumptie		-7,838.64	-17,105.68	218.2%	32.13
30.17-Frituurvet, Plantaardig (Cat. 3, Niet Geschikt Voor Menselijke Consumptie)		1,778.37	-9,168.50	-515.6%	38.59
30.25-Bedrijfsafval, Cat. 3, Niet Geschikt Voor Menselijke Consumptie	72.82	-1,911.41	-3,041.12	159.1%	8.24
30.01-Bedrijfsafval (Sorteerbaar)	0.00	214.82	-240.26	-111.8%	2.95
30.16-Spijsolie En -Vetten Uit Vetafscheider	61.73	0.00	0.00	-	2.88
30.73-Minerale Afvalstoffen Na Scheiding	7.80	211.10	211.10	100.0%	3.42
30.10-Afval Uit Voeding En Genot Industrie (Onverpakt)	67.61	1,338.78	1,310.25	97.9%	171.64
30.15-Afval Uit Voeding En Genot Industrie (Verpakt)	51.22	2,620.96	1,892.62	93.6%	29.89
30.60-Standbouwfafval	34.01	2,761.87	2,639.02	95.6%	53.92
		60,758.33	49,340.42	81.2%	1,786.28

Combination of local experience and technology



- Local operating brands in the Netherlands
- Deep sector knowledge
- Embedding data-lead technology in customer and sales tactics
- Analytical insight to categorise and maximise sales approach



Data-lead technology maximises the efficiency of our regional operating model

Summary

- 1 Investing in commercial effectiveness to take advantage of market opportunities in a tough environment**
- 2 Using local knowledge and experience, with data and analytics to maximise higher margin new business and retention of high value customers.**
- 3 Embedding repeatable processes to grow overall revenue and retain valuable customers.**

Capital Markets Day

Profit & Continuous Improvement



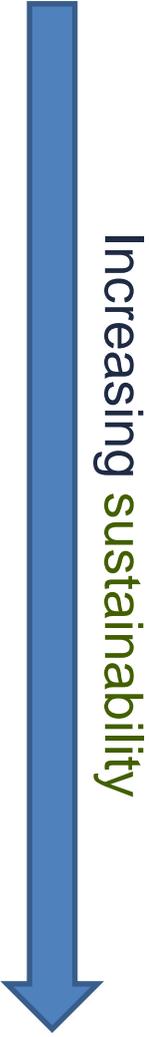
Strategic Levers

- 1** Lowest cost position through scale and productivity advantages
- 2** High quality, innovative products for target markets
- 3** Commercial effectiveness to increase share and margin
- 4** Actively managing portfolio to increase returns



Different Cost Levers

Lever	Cost/ Effort	€ benefit	Comment
Structural	Med	€10m	Delivered: one off action, recurring savings
Profit improvement plans	Low	€1-2m pa	Ongoing business: harder to achieve without different approach
Procurement I	Med	€1-3m pa	Complex cross-trading and long term contracts limits short term gains
Lean/systematic projects	Med	€1-2m pa	Quick wins based on data driven analytical projects
Shared Service Centres	High	€3-4m	Control improvements, enabler of other projects, long term CI
Procurement II	High to Med	>€2m pa	Next generation supply chain management
Full lean conversion: "The Shanks Way"	High	€??	Embedded sustainable world-class processes and efficiency drivers



Transitioning effort to programmes that will build sustainable advantage

Agenda

1. Profit Improvement Plans – Henk Rogiers

2. Shared Service Centres – Pim te Riele

3. Continuous Improvement - Dieter Avonds

Strategy to be a cost leader

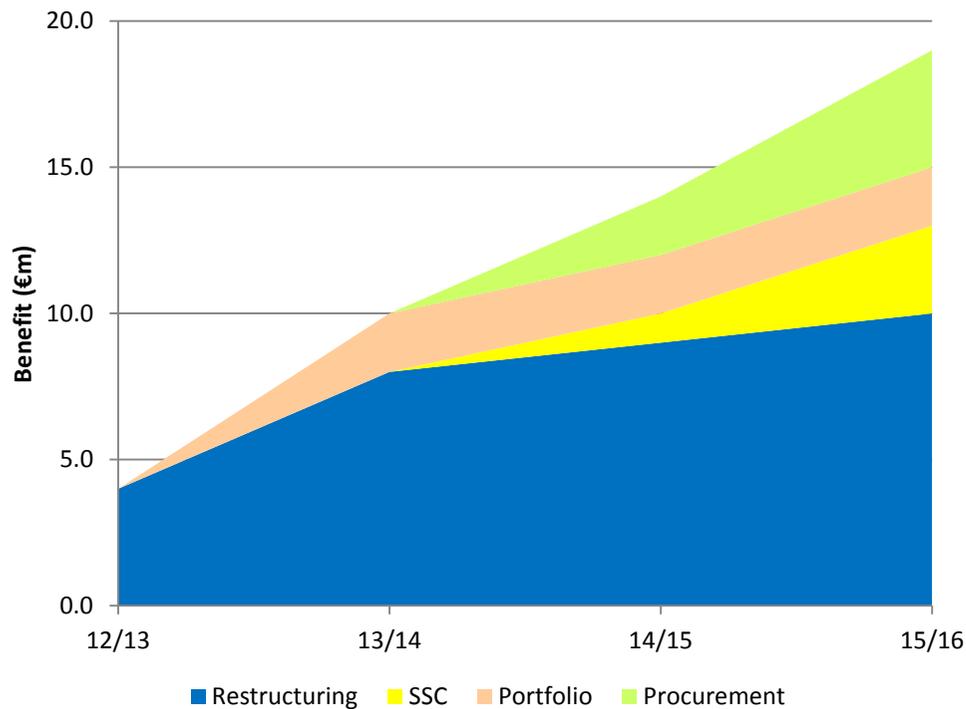
We have a strategy to position ourselves as lowest cost operator in our core markets. We do that by:

- 1 Managing our offtake costs (fuel and Icopower)
- 2 Optimising recyclate income (volume, price & quality)
- 3 Installing central procurement
- 4 Rolling-out Shared Service Centres (SSCs)
- 5 Business Portfolio Management
- 6 Cost management programmes: rightsizing, increase asset utilisation, route management, cost reduction programmes (financial grip, benchmarking, cut overhead), capital allocation improvement, closing sites

**We take structural costs out by planned measures & processes
and install a cost awareness culture**

Progress update

Savings Targets



Delivered

- **218 heads out**
- **All facilities to be closed now complete**
- **Portfolio actions completed**
- **Offtake rebalanced**
- **SSC's live & stabilising, performance improvement initiated**
- **Procurement fundamentals in place**

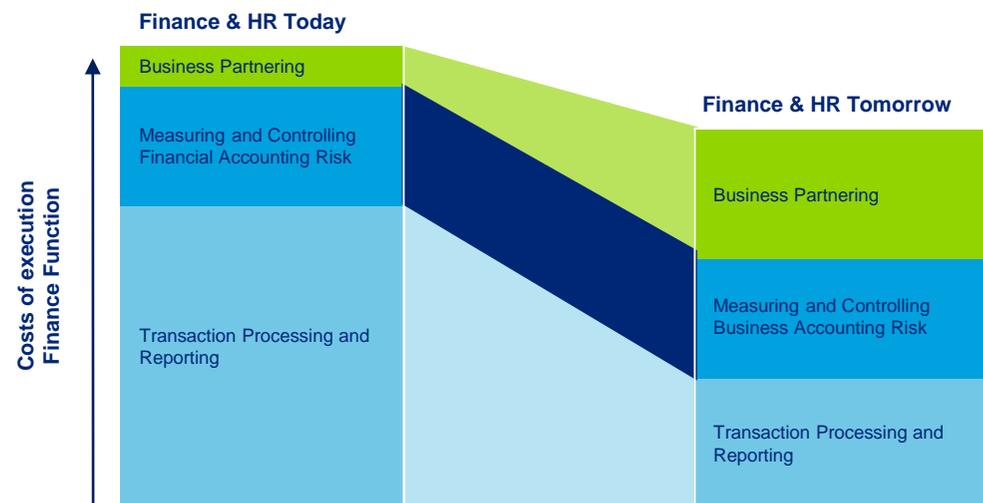
**Structural cost programme progressing well → 10€m cost out yearly (achieved 13/14), excluding continuous improvement projects.
Quick wins done, back office processes being simplified**

Introducing the SSCs

SSC will enable Shanks to focus on their core business and safeguard the entrepreneurial spirit, keep close to the customer while performing administrative processes more efficiently

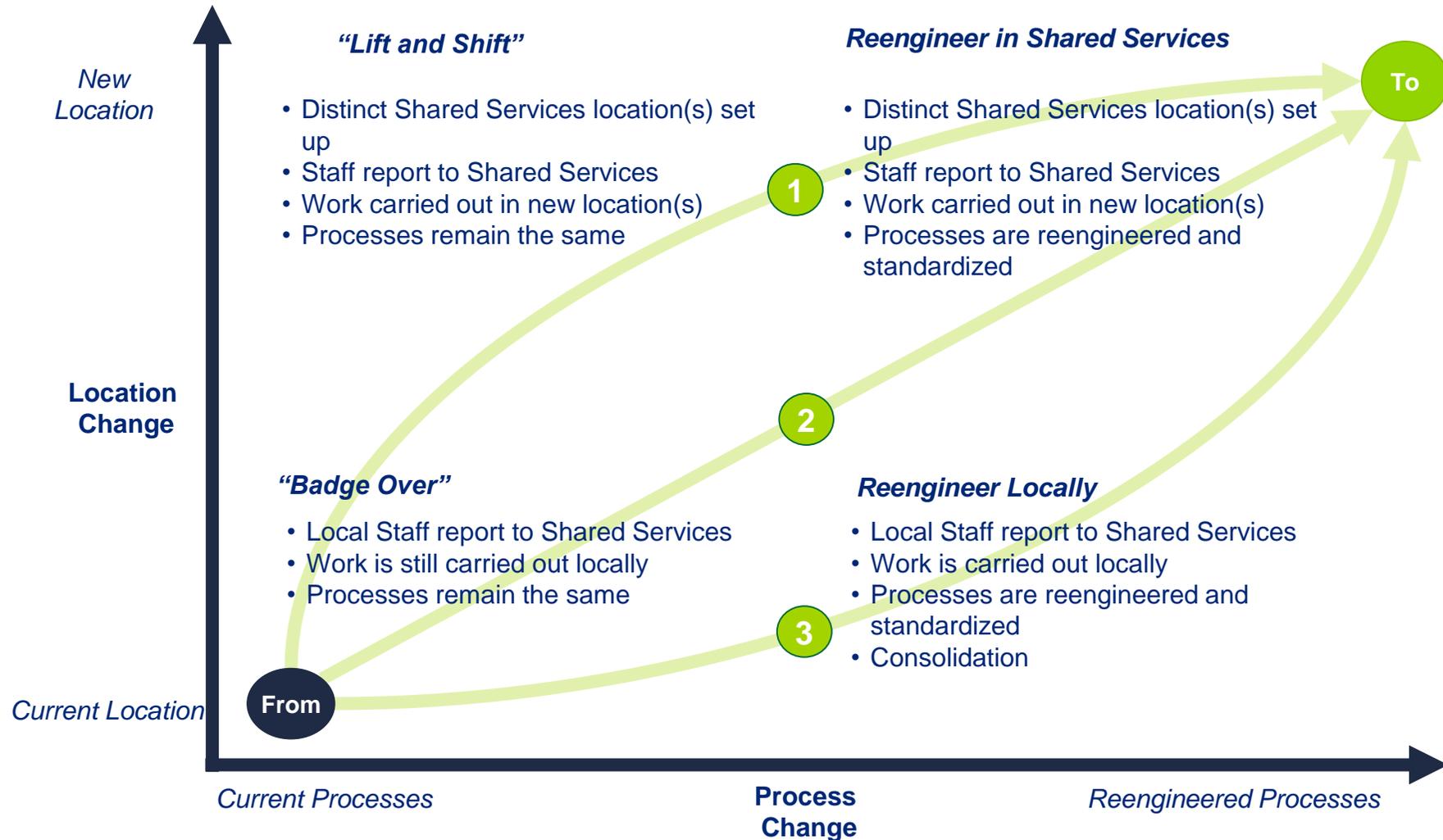
- 1 Shared Services allows to shift towards business partnering, while reducing overall cost → structurally improving performance
- 2 Successful SSC is created by ensuring the right mix between quality and cost via:
 - Centralisation (e.g. economies of scale) and
 - Decentralisation (e.g. customer focus)
- 3 Governance board to ensure the right balance between quality of service having lower cost

“Adding more value at a lower cost”



Lift & Shift: the transition process

Several transition strategies can be used:

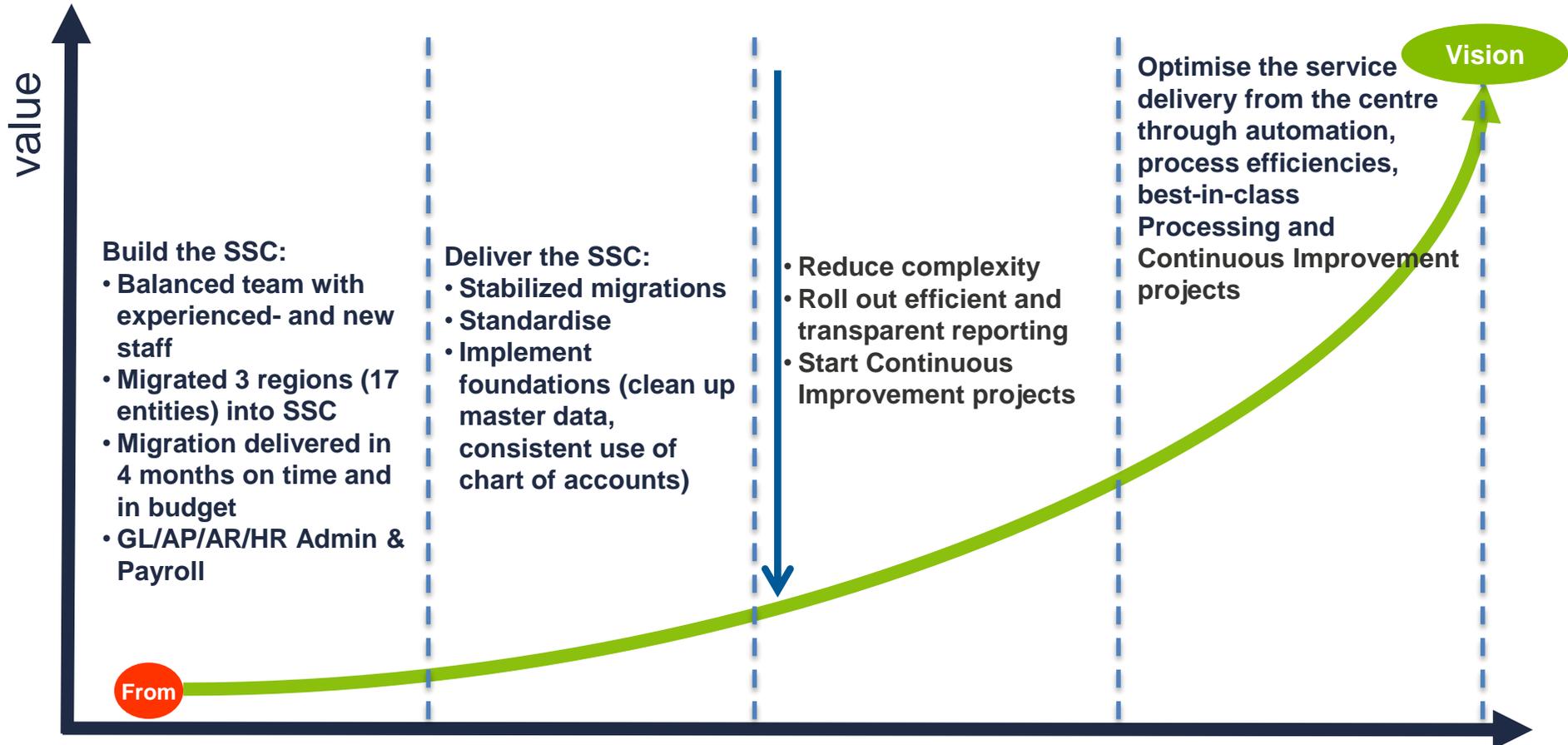


Lift & Shift: the transition process



The journey to first class SSC

The SSC forms a major part of our transformational journey which will maximise efficiency and economies of scale. We have brought these key business functions together, we will drive more efficient people and technology processes to create a first-class SSC which brings real benefit to our business.



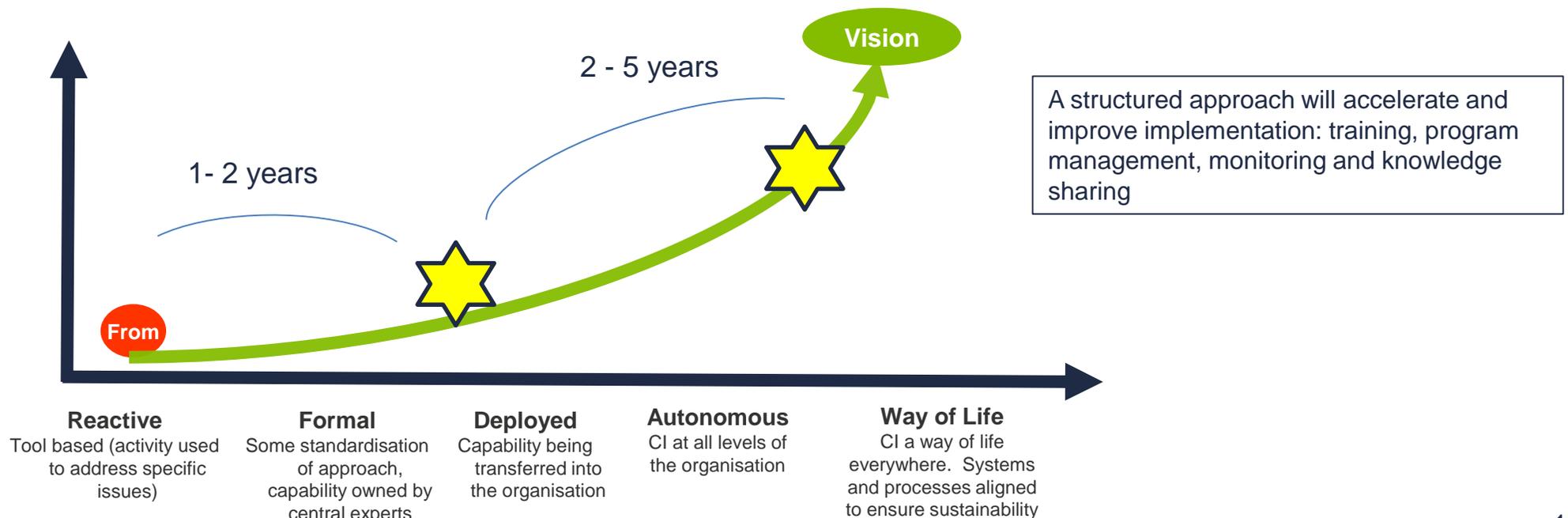
Introducing CI to SKS

- Research shows that company's with CI programs have better growth, operating income and cash flow. Continuous Improvement (CI) is a **value creator**.
- Shanks believes that a CI program creates a **competitive advantage**: improved communication – faster problem solving based on data – understanding customer – long term focus – better enterprise understanding.
- Shanks perceives CI not as a new buzz-word for cost- cutting. It can support cost cutting but is about: **customer value** and satisfaction, quality, speed to market, flexibility and **reduced cost/waste**.
- Shanks is convinced that CI program can **unlock energy** at all levels of the organisation
- It is our **ambition** to grow to a higher level of maturity and **make CI part of our DNA**.

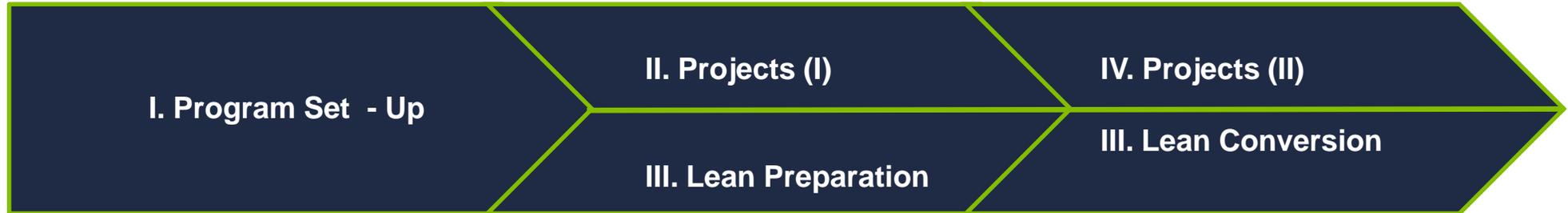
Change is not an option in our market – it's essential

Current CI programmes

- Currently 28 projects in BeNeLux division of different scale and functionality are ongoing and could be categorised as CI
 - e.g. Lean manufacturing review Icopower plant; Route density Van Vliet Contrans; Improve operational efficiency Van Tuijl production line; Optimisation clients waste flows; Flanders maintenance...
- Lot of opportunities where we can unlock significant benefits: fuel efficiency, energy audit, sharing of assets, recycles, ...
- Shanks phased approach:



Benelux CI Approach



- Prioritise projects
- Identify project leaders
- Create project charter
- Select consulting partners/support
- Set-up cascade

- Drive results & progress from initial projects
- Capture lessons and approaches/tools to share
- Train key sponsors/leaders (visits)
- Initial diagnostics
- Launch at target sites

- Transition initial projects into daily work
- Start second wave of projects (II)
- Lean conversion at two initial sites
- Roll out “Shanks Way”

Idea management: top down – bottom up

Building on Team Capabilities - Celebrate Successes

Steerco’s – Leadership support – Performance measurement

Summary

- 1 We have a structured programme of cost reduction with a clear trajectory for medium-term ongoing savings**
- 2 Our Shared Service Centres will drive operational excellence, cost savings and efficiencies**
- 3 Continuous Improvement Programme will transform our business, creating a competitive advantage, customer value and unlocking energy at all levels of the business**