

Shanks

Making more from waste

Capital Markets Day

Introduction to Hazardous Waste



Agenda

- 1 Introduction to the Hazardous Waste Business
- 2 Watch corporate film ATM
- 3 Suiting up + transfer to ATM plant
- 4 Tour starts in 3 groups
- 5 Transfer to restaurant + unsuit
- 6 **Break**
- 7 Leading the way in soil and water treatment
- 8 Investing in capacity and breadth
- 9 Operating within the changing regulations
- 10 Lunch + Q&A
- 11 Wrap up

What is Hazardous Waste?



Shanks Total Care



Soil

906,891 tonnes



Pyro

143,979 tonnes



Water

417,586 tonnes



Sludge

122,366 tonnes



Ship cleaning

148,696 tonnes

Industrial services

- 600 employees
- 167 trucks/equipment

Total solution

Our Markets

	Current Size	Current Share	Overall Attractiveness to Market	Rating
Soil	€108m (NL) c.€900m (N. Europe)	28% (NL) 5% (N. Europe)	<ul style="list-style-type: none"> • New competitor entry in NL but thermal market stable • Growth in international market access 	3
Pyrolysis	c. €40m (NL)	40% (paint waste)	<ul style="list-style-type: none"> • Market highly competitive but recent bottoming out 	2
Waste Water	c. €75m (NL)	35%	<ul style="list-style-type: none"> • Local market under-capacity • Integrated nature of SHW solution makes it structurally advantaged • Growing end market (>3%) 	4
Ship Cleaning	c. €15m (Port of Rotterdam only)	55%	<ul style="list-style-type: none"> • Integrated nature of SHW solution makes it structurally advantaged • Degassing offers new income 	5
Industrial Cleaning	€300m (Industrial Cleaning only) €500m (Industrial Cleaning and Related Services)	25%	<ul style="list-style-type: none"> • The market is highly commoditised, with no structural growth in demand forecast 	3

Our Customers



The ATM Team

Jonny Kappen	General Director Hazardous Waste
Aad van Marrewijk	Financial Director Hazardous Waste
Rinus van 't Westenende	Director Operations
Jacques de Jong	Director Compliance
Fred Muller	Director Marketing & Sales
Oskar van den Berg	Manager Environment
Teus Brand	Manager Safety
Klaus Somke	Manager International Services
Els Schuijlenburg	Manager HRM
Jac Roovers	Controller



The Reym Team

Jonny Kappen	General Director Hazardous Waste
Aad van Marrewijk	Financial Director Hazardous Waste
Ron Grobecker	Sales Director and Regional Director South
Jan Groot	Regional Director Northwest
Fred van Beusekom	Regional Director Northeast
Frank van Leeuwen	Branch Director Rotterdam
Wil Thien	Branch Director Sittard
Jos Geesing	Manager Customer Relations
Ludy Engwegen	Manager HSE
Stephan Westphal	Senior manager HRM
Peter van Welsum	Senior group controller



Key Financials

Historical Performance

	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue (€m)	144.2	165.8	174.2	170.9	175.8
Revenue growth (%)		15	5	(2)	3
Trading Profit (€m)	14.8	19.2	24.5	23.4	23.5
TP (%)	10.3	11.6	14.1	13.7	13.4
Replacement Capex (€m)	4.2	10.4	6.2	7.6	8.5
Growth Capex (€m)	4.2	6.7	10.8	5.8	9.3
RoA (%)	29	35	42	36	35

Underlying strong profit growth with record treatment volumes and cleaning hours

Our Strategy for Growth

1 Soil

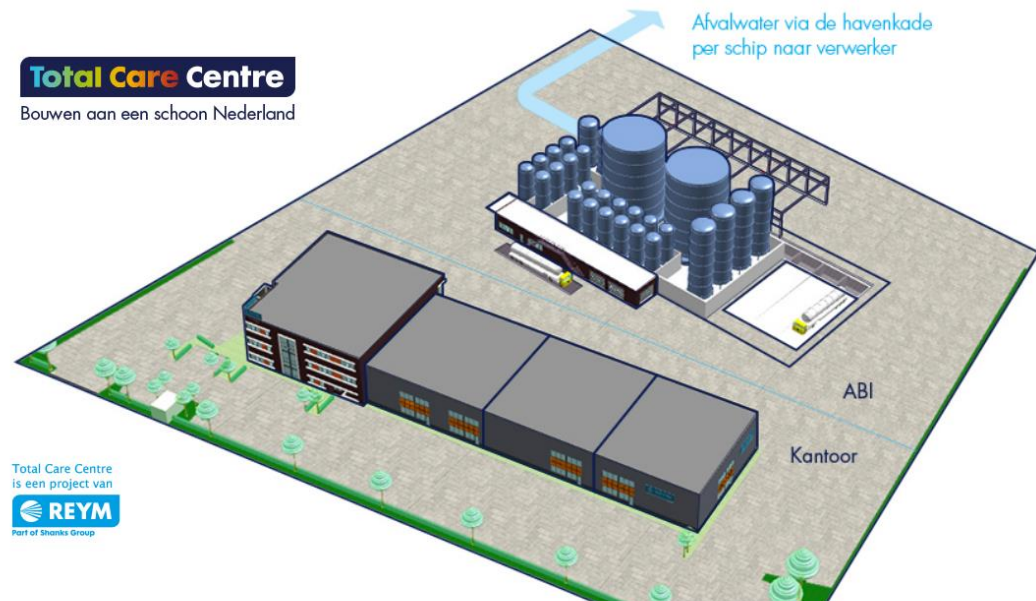
- European expansion
- New input / products
- Tag lobbying

2 Water

- Market growth
- Degassing
- Total Care

3 Industrial Services

- Total Care
- Theemsweg



Investing for growth with attractive returns

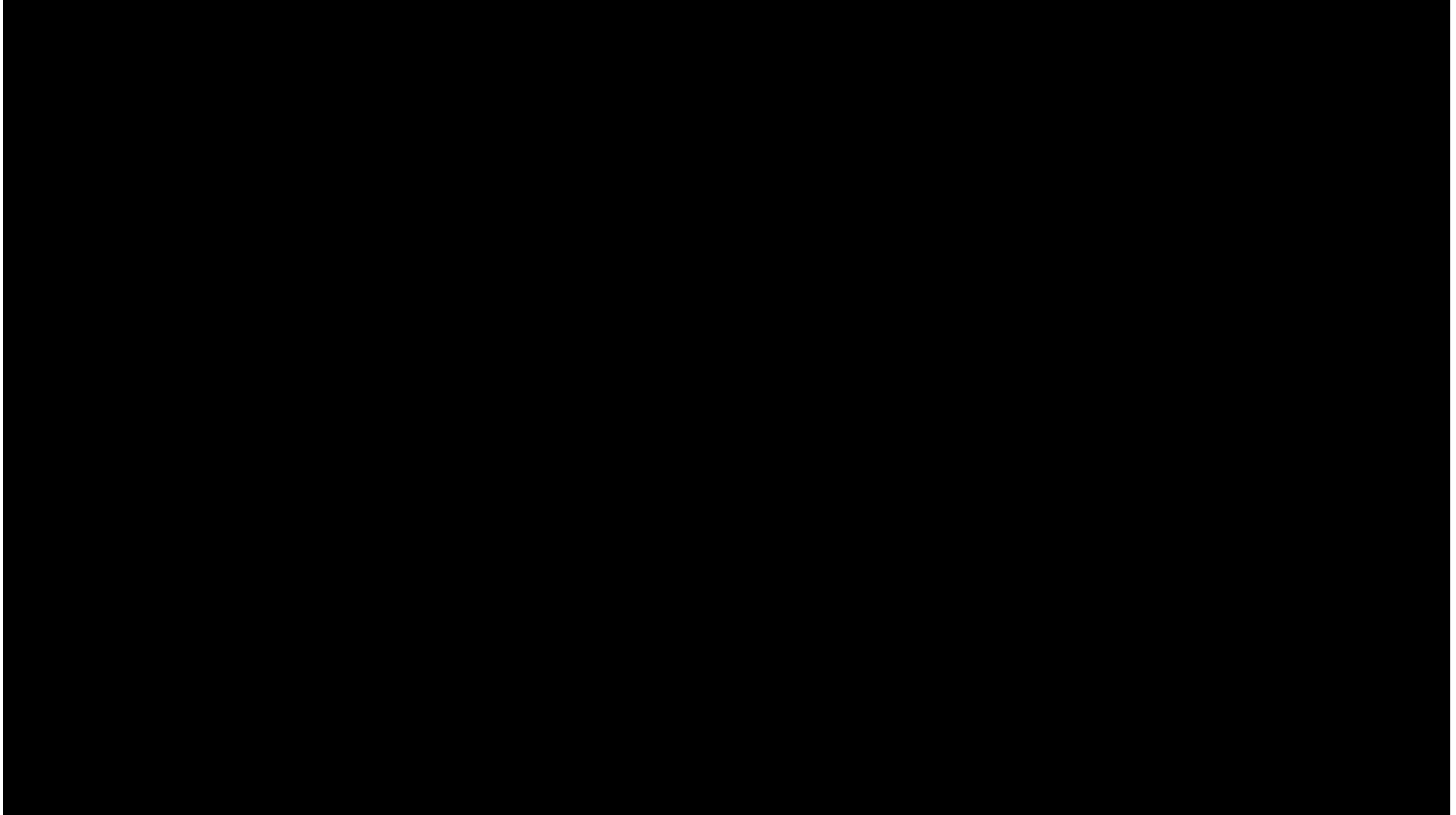
Key Investments For Growth

- 1 Soil: storage shed
- 2 Soil: emission control
- 3 Soil: iron sludge handling equipment
- 4 Water: storage tanks
- 5 Water: jetty expansion
- 6 Degassing
- 7 Theemsweg
- 8 Jetty Extension

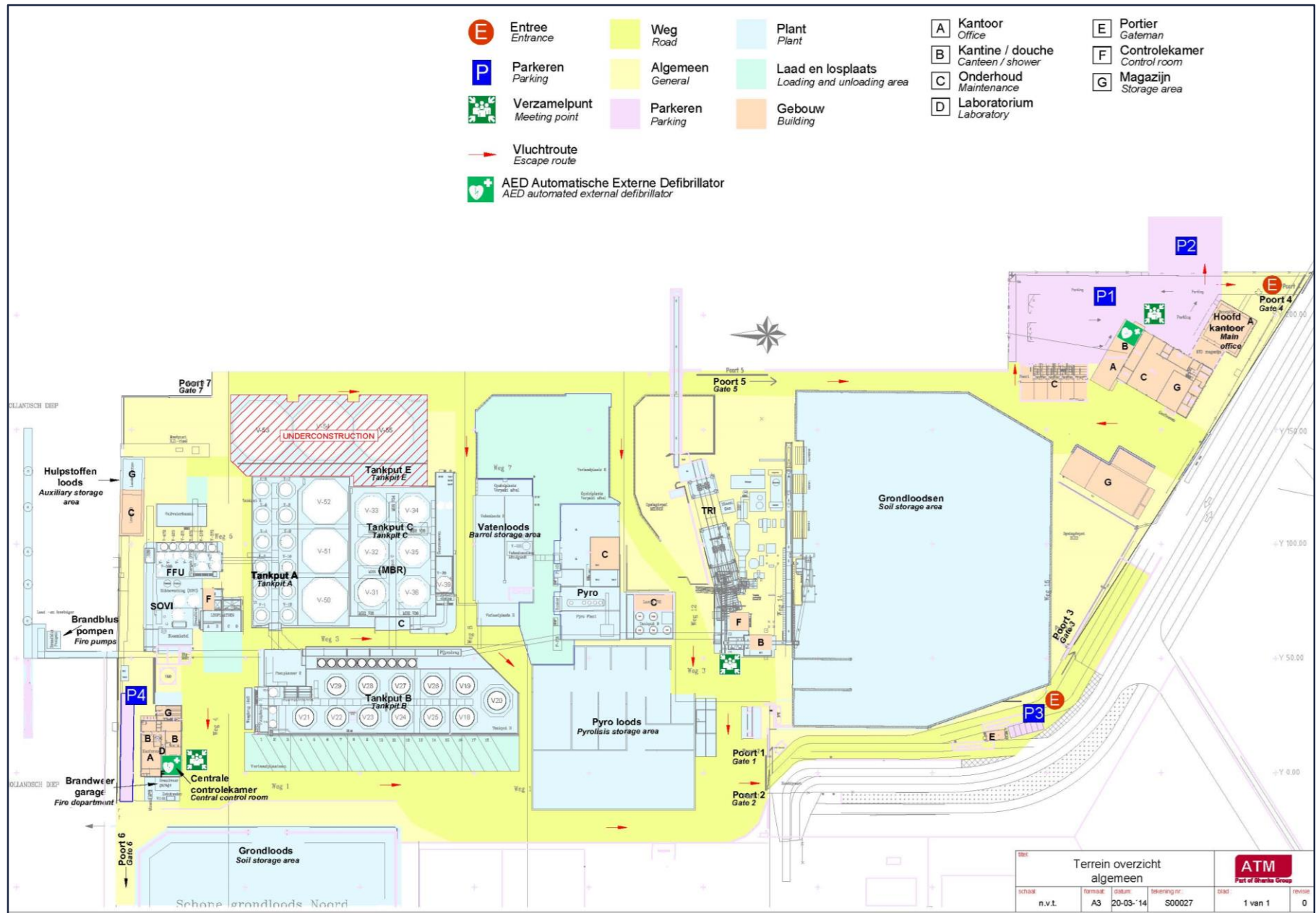




Corporate film ATM



Safety briefing and emergency plan



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Leading the way in soil and water treatment



Increase water treatment capacity

- *New Rotterdam plant & jetty extension*
- *Degassing and ATM water storage*

Expand inputs for thermal treatment

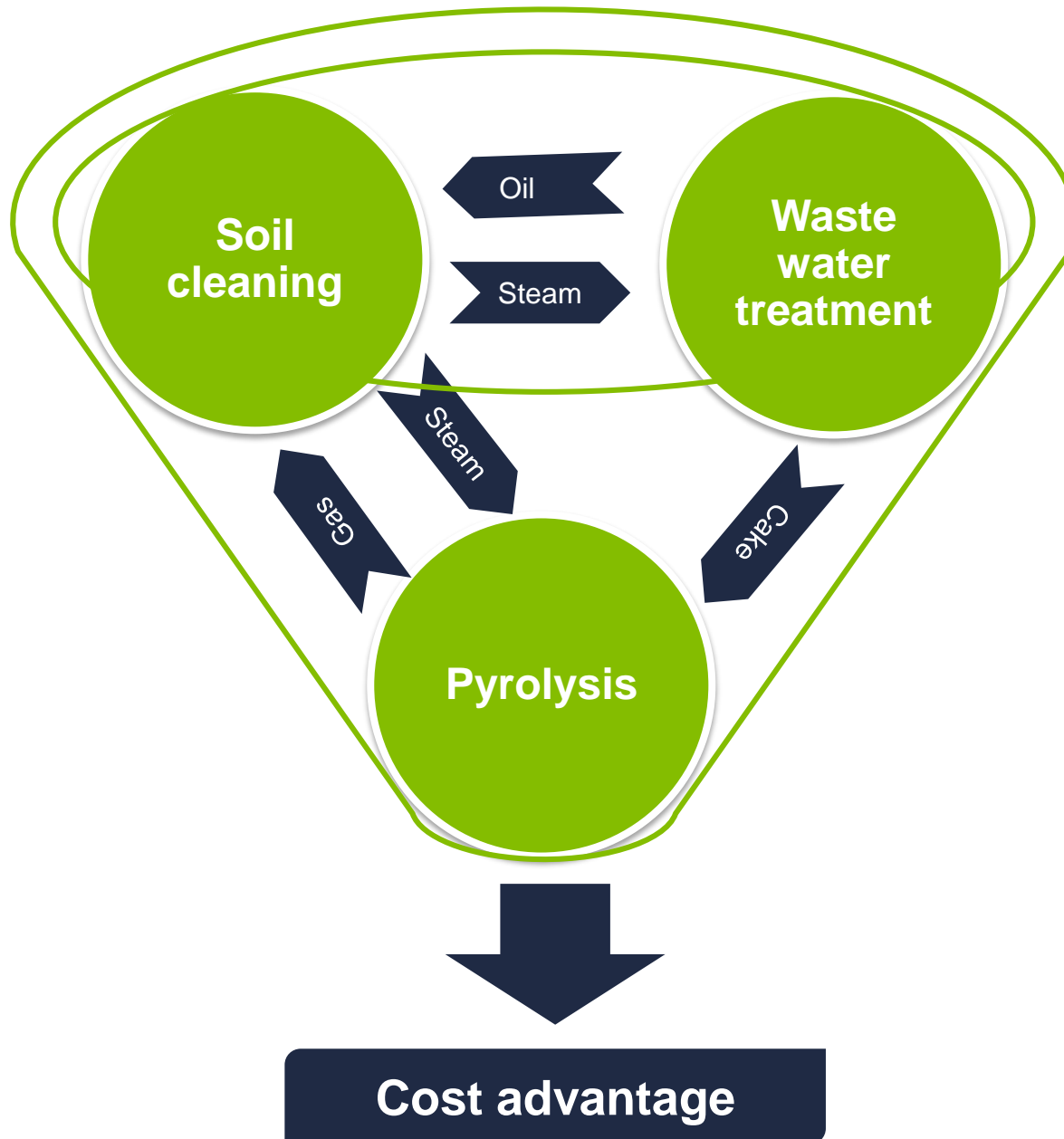
- *Increasing capacity at ATM*
- *Lobbying for ban of TAG export*

Broaden commercial coverage

- *Expanded EU capability and reach*
- *Record volumes plus soil backlog*

Drive further synergies and productivity

Integrated plant lowers cost



Commercial Strategy



Sales orientated
structure
delivers
excellent service



Expand
international
coverage and
use technology
to open new
markets



Lobby to ensure
best practice
and level playing
field



Public relations
and
differentiation



Improved
automation,
expanding
capacity and
cost saving



Domestic soil and TAG market



- Market size: soil: 300,000 tonnes
- Share soil: 200,000 tonnes (65%)
- Market TAG: 1,000,000 tonnes
- Share TAG: 350,000 tonnes (35%)
- Types of contamination:
 - i. oil
 - ii. chemicals
 - iii. pesticides /soil from landfills
- Customers: Remediation and road construction companies
- Competitors: on site solutions and washers/thermal cleaners in NL
- Market dynamic: lower volumes arising, banning TAG exports



Soil washing segment under pressure but we have strong position in thermal soil treatment

How to win and keep our share



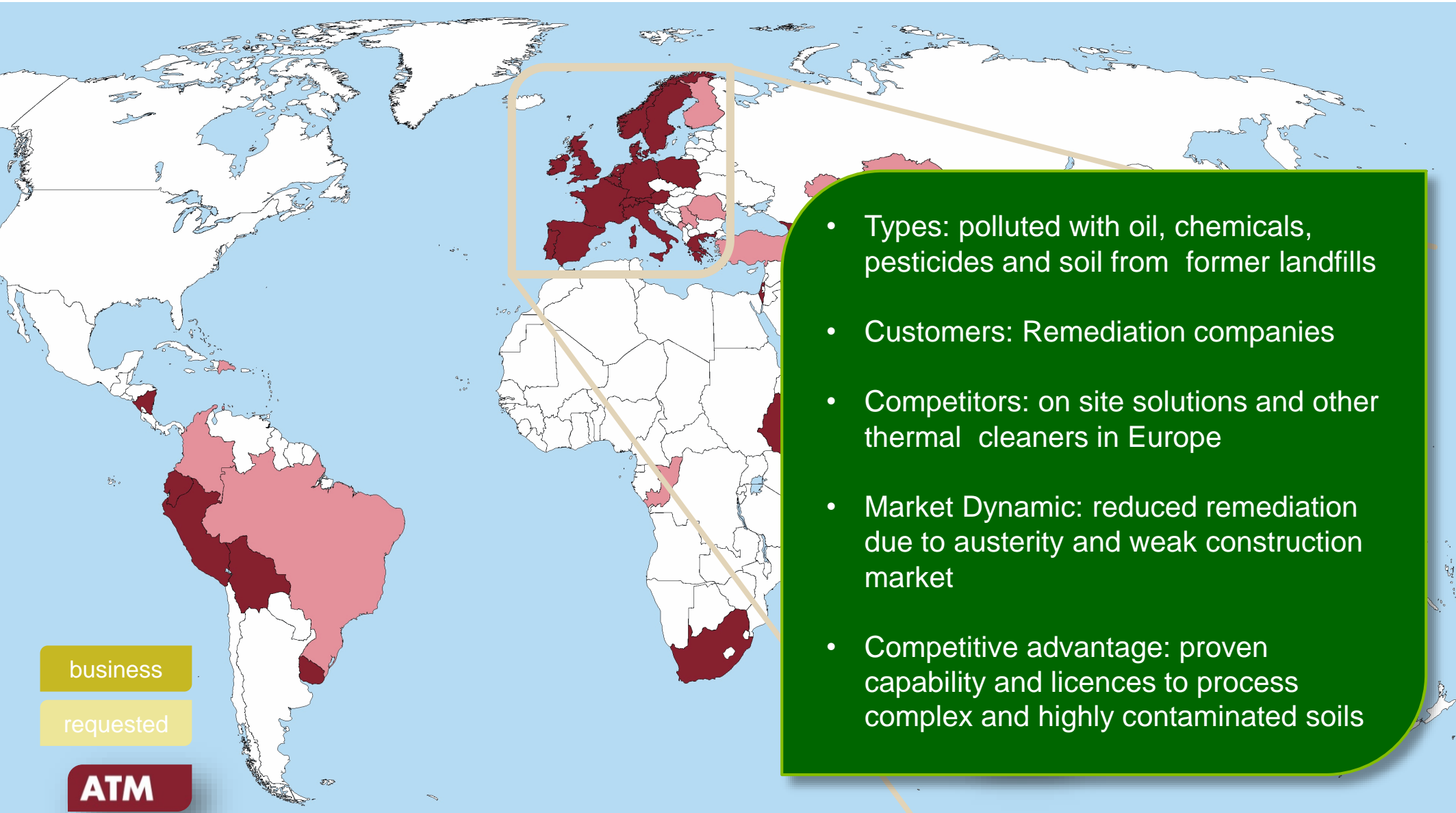
Lobbying

- Environmentally best to process TAG in a thermal facility like ATM
- Treat waste domestically instead of exporting
- Landfill tax favours thermal solution

Pricing

- Maximise volume through pricing to minimise competition
- Superior scale and optimised throughput increases cost advantage

International soil market



Expanding our new range of inputs

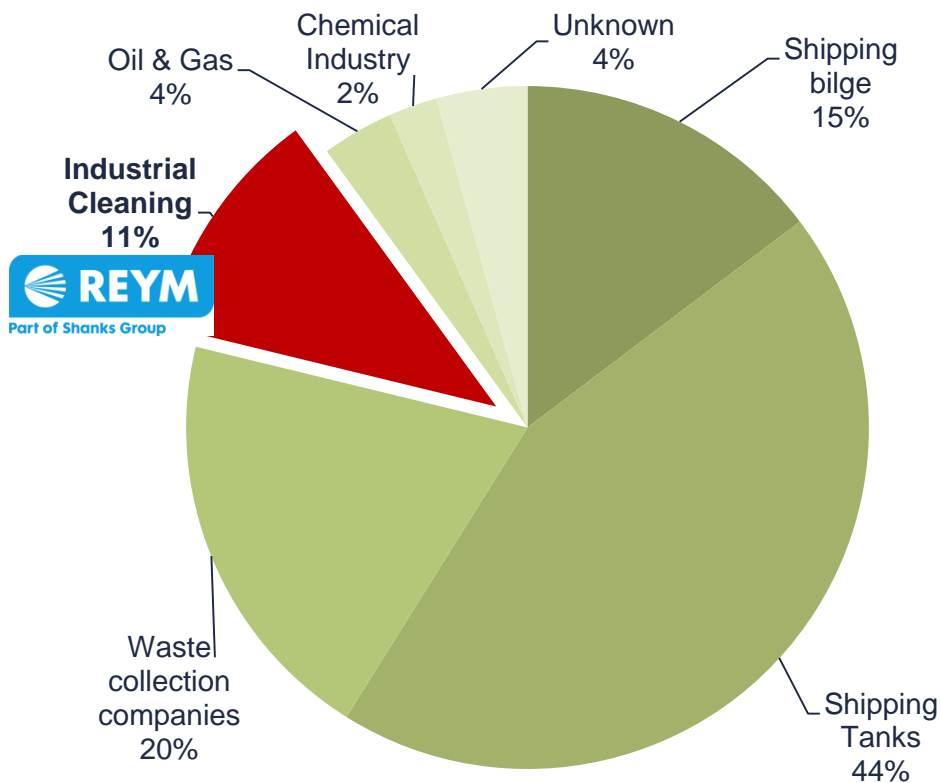
- **Iron sludge**
 - Opportunity: Steel companies recycling their iron sludge
 - Market size: 70kT a year
 - Status: first processing in 2013, expanding in 2014
- **Blasting grit**
 - Opportunity: Reuse as a building material
 - Market size: 20kT a year
 - Status: first processing in 2013, expanding in 2014
- **Bleaching clay**
 - Food industry: Reuse as a building material
 - Market size: 12kT a year
 - Status: only the highly polluted clay
- **To investigate streams**
 - Sludges, catalyst, appx. 20kT a year



**Potential
opportunities**

Water Market

Waste water origins

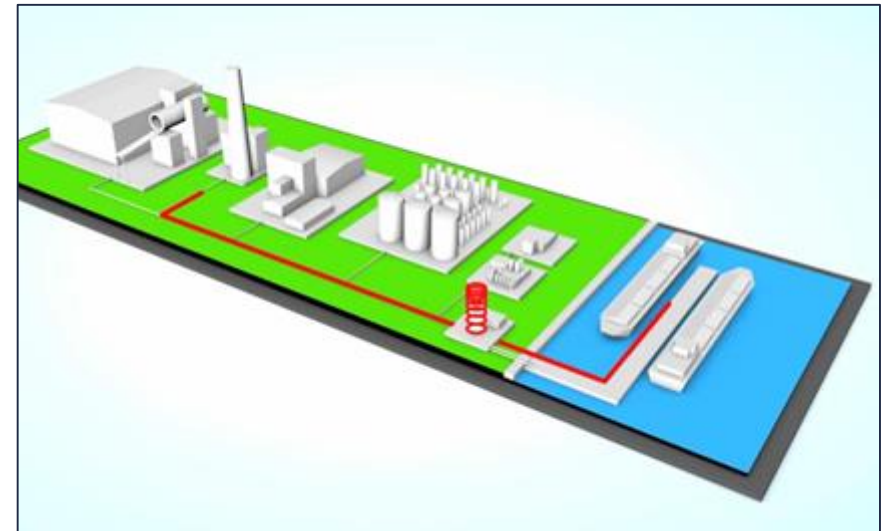


- **Waterside waste: high volume, low value, low contamination**
- **Industrial waste: low volume, high value waste**
- **Combination of high/ low contamination optimises biological treatment and gives a competitive advantage**
- **Competition: incinerators (AVR)**
- **Market Dynamic: growing market, driven by Rotterdam expansion**

Degassing

A New Waterside Market

- Gasses in ships' tanks are harmful to public health and safety
- Prohibited to degas vessels by ventilation to air from 1 January 15
- ATM offers “one stop shop” for vessels to combine cleaning and degassing
- The flammable gasses extracted are used as fuel for the soil cleaner



Summary

- 1 ATM is a leader in soil and water treatment**
- 2 Our unique integrated plant gives us a competitive edge**
- 3 We are exploring new markets to continue to grow this business**

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Investing in Capacity and Breadth



Agenda

- 1 Introduction to Hazardous Waste Investment plan
- 2 Strategy to expand capacity ATM
- 3 Soil market investments
- 4 Water market investments
- 5 Total Care investments
- 6 Theemsweg

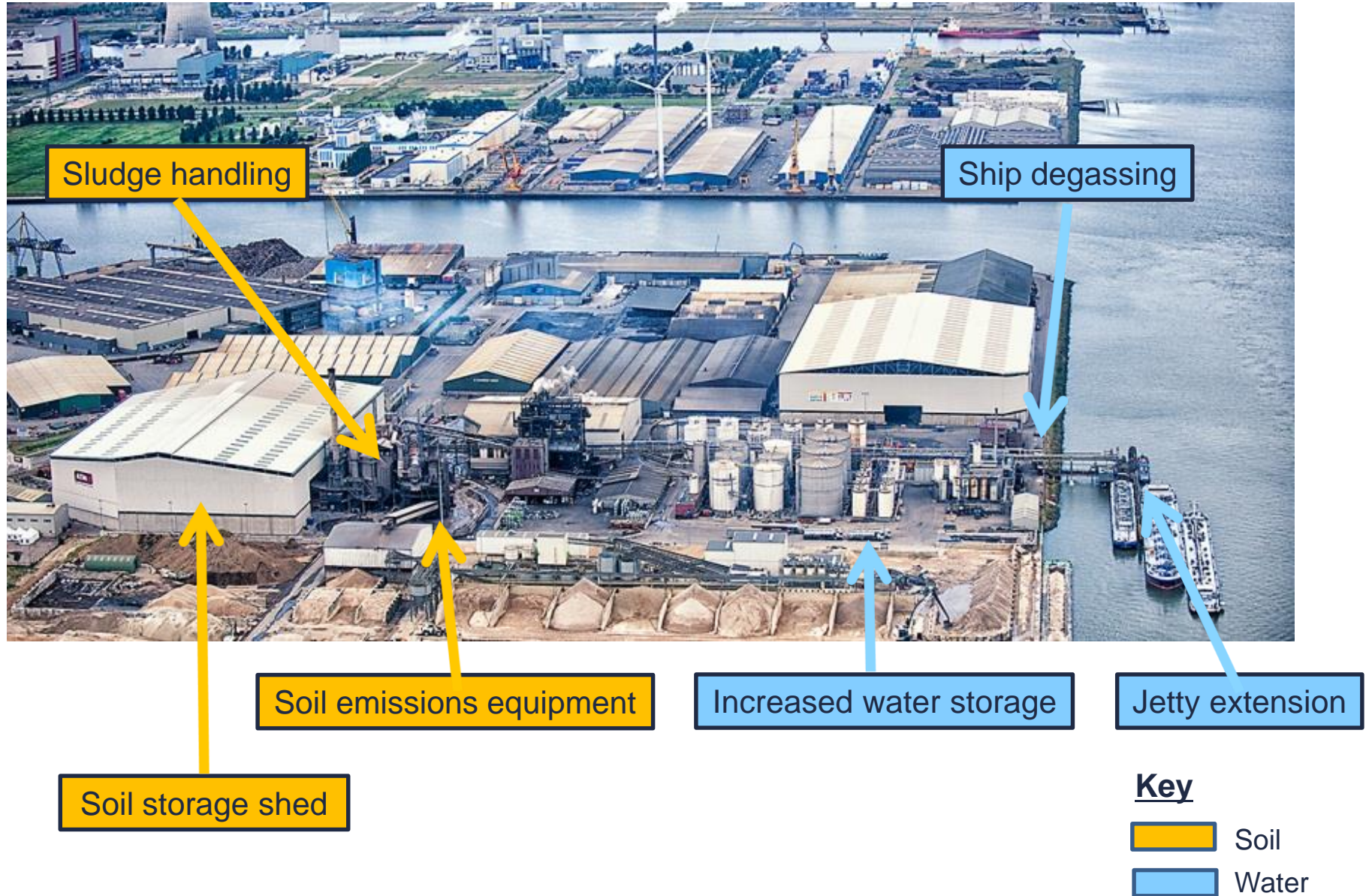
Hazardous Waste Investment Plan

Market	Demand Generation	Regulation	Shanks Position	Investments
Thermal Soil Treatment	<ul style="list-style-type: none"> Continued slow NL construction Steady EU flow of clean-up projects 	<ul style="list-style-type: none"> Momentum on banning Dutch TAG export Environmental permits tighter 	<ul style="list-style-type: none"> Largest scale thermal plant in NL Proven technology leadership Environmental excellence 	<ul style="list-style-type: none"> <u>Enhanced emissions control</u> increases kiln capacity by 10% - from H2 15 <u>Iron sludge capability</u> opens up new niche market – from H2 15
Waste Water Treatment	<ul style="list-style-type: none"> Higher ship traffic in Rotterdam Steady industrial cleaning volumes 	<ul style="list-style-type: none"> More enforcement of existing ship regulations Imminent controls on degassing 	<ul style="list-style-type: none"> Advantaged proven technology Waterside locations Integrated ATM/Reym processes 	<ul style="list-style-type: none"> <u>Increased water storage capacity</u> maximises volume throughput at ATM – H1 16 <u>Equipment to degas ships</u> meets regulatory need – from H1 16
Industrial Cleaning & Total Care	<ul style="list-style-type: none"> Steady base volumes in NL Growing need for integrated services 	<ul style="list-style-type: none"> Continued tight safety regulation No major changes expected 	<ul style="list-style-type: none"> Market leader in NL industrial cleaning (including offshore) Unparalleled range of businesses in Group 	<ul style="list-style-type: none"> <u>New facility in Rotterdam</u> supports 'Total Care' growth close to growing market – from H1 16 <u>Ultrasonic cleaning equipment</u> maintains technology leadership – from H2 15

Over €20M investment in next 3 years, returns at high-end of target range

See: www.shankspc.com/media-centre/video-gallery/tightening-legislation.aspx

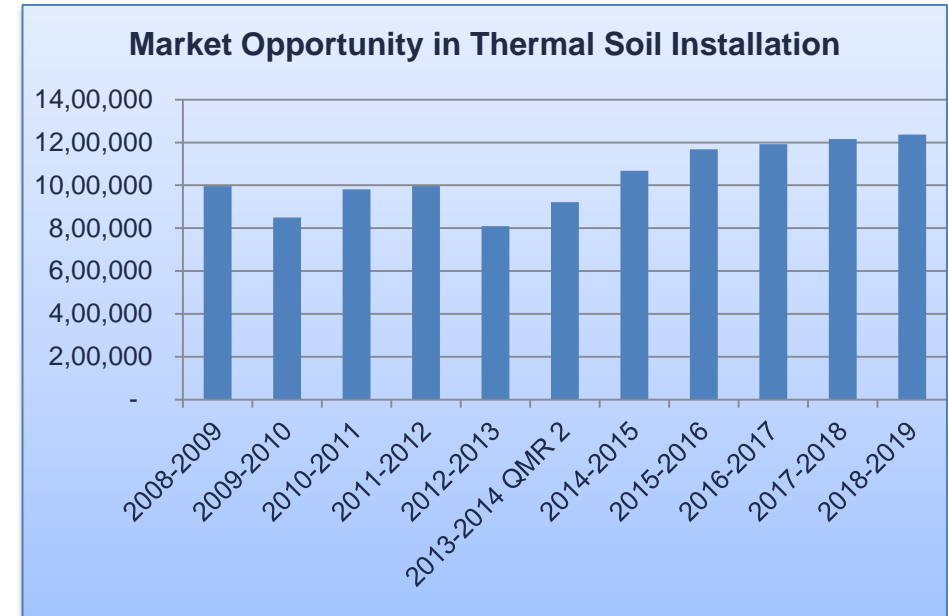
Strategy to expand capacity ATM

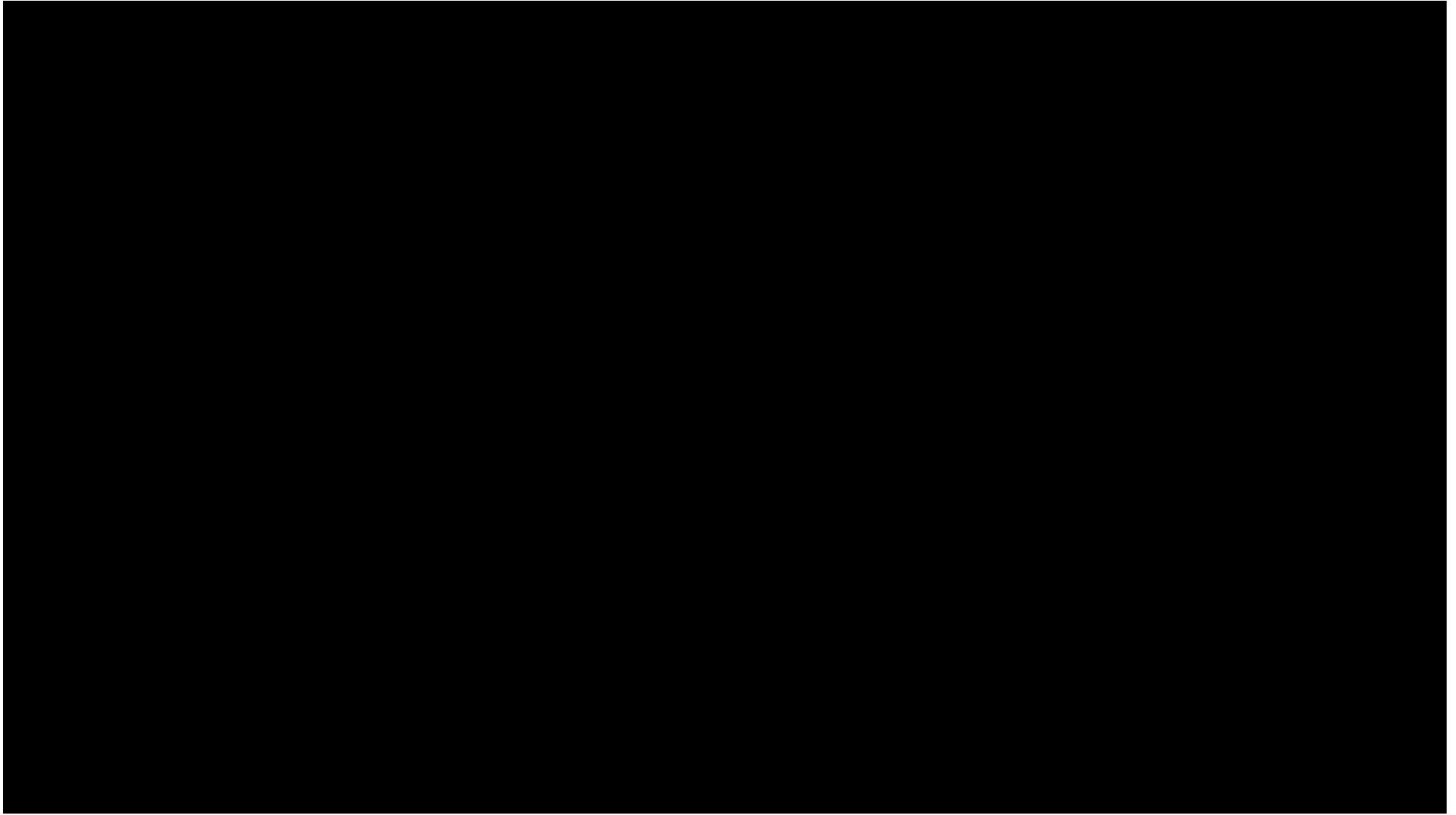


Soil Investments

Increasing throughput in three ways:

- **Soil shed (2013)**
 - Cost: €7m
 - Benefits: optimise throughput, process higher volumes, secure available tons
- **New ESP (2014)**
 - Cost: €8m
 - Benefits: increase capacity, improved emission control
- **Iron Sludge (2014)**
 - Cost: €1.5m
 - Benefits: new market, increase revenue





Water Investments

- **Water tanks (2014/15)**

- Cost: €7m
- Doubling storage capacity (3x 10,000t)
- Enables 20% capacity increase
- Current volume 2,000t p/d: target 2,400t p/d (limit of present license)

- **Degassing/Boiler (2014)**

- Cost: €1.5m
- New market opportunity
- Installation for ships operational
- Boiler for ship cleaning operational

- **Jetty extension (2015)**

- €1m extension to increase operational efficiency



Total Care

- Integrated service concept for Shanks' Customers
- Combination of Cleaning, Transport and Waste management
- Theemsweg 1st Total Care Centre Shanks
 - Services, collection and pre treatment
 - Shipping to and final treatment at ATM in Moerdijk



Theemsweg

Building collection capacity in heart of Rotterdam



Summary

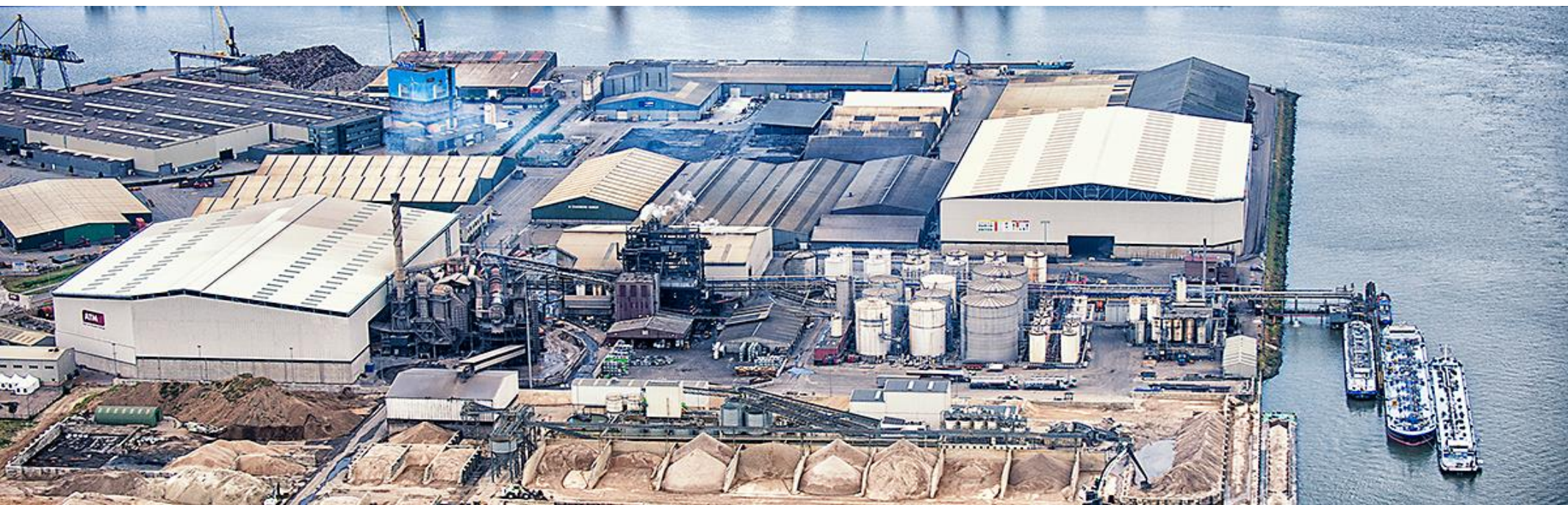
- 1 Three integrated areas of investment: thermal soil, waste water and Total Care**
- 2 We will invest over €20m in the next three years to grow this part of the business**
- 3 Our integrated ATM plant and unique Total Care offering gives us a competitive edge**

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Operating within the changing regulations



Compliance is our biggest competitive

Challenge & Risk

Strictly regulated and inspected by authorities

Over 10,000 requirements to comply with

Permitting takes long time planning.
Lobbying is required

Good relationship with authorities

Certified management system for both environment
and safety (ISO 14001, OHSAS 18001)

Compliance system strongly
integrated into management system

A BARRIER TO ENTRY

Soil: emissions controls and regulation



- Process 3kt per day



- 1kt will enter air system as dust



- Only ½ bucket of dust per day comes out of the stack

Taking contaminants out of soil is easy:
cleaning the flue gases is our competitive advantage

Water: effluent controls

- 1 Metals
- 2 Respiration
- 3 Fenol
- 4 pH
- 5 Nitrogen
- 6 COD



TAG: influencing to protect our market and ensure environmental good practice

- 1 Influence via trade organisation**
- 2 Governmental agreement**
- 3 TAG thermally cleaned in Netherlands**
- 4 European legislation is changing in our benefit**



Fire protection on site

- 1 Private fire-fighting water supply
- 2 Foam extinguishing system in the tank pit
- 3 ATM fire department & crash tender
- 4 Co-operation with fire service



Foam Extinguishing System



Working with the local community

- 1 Local employment
- 2 Local purchases
- 3 Active neighbour liaison
- 4 Social investments
- 5 Relation magazine ATMosfeer



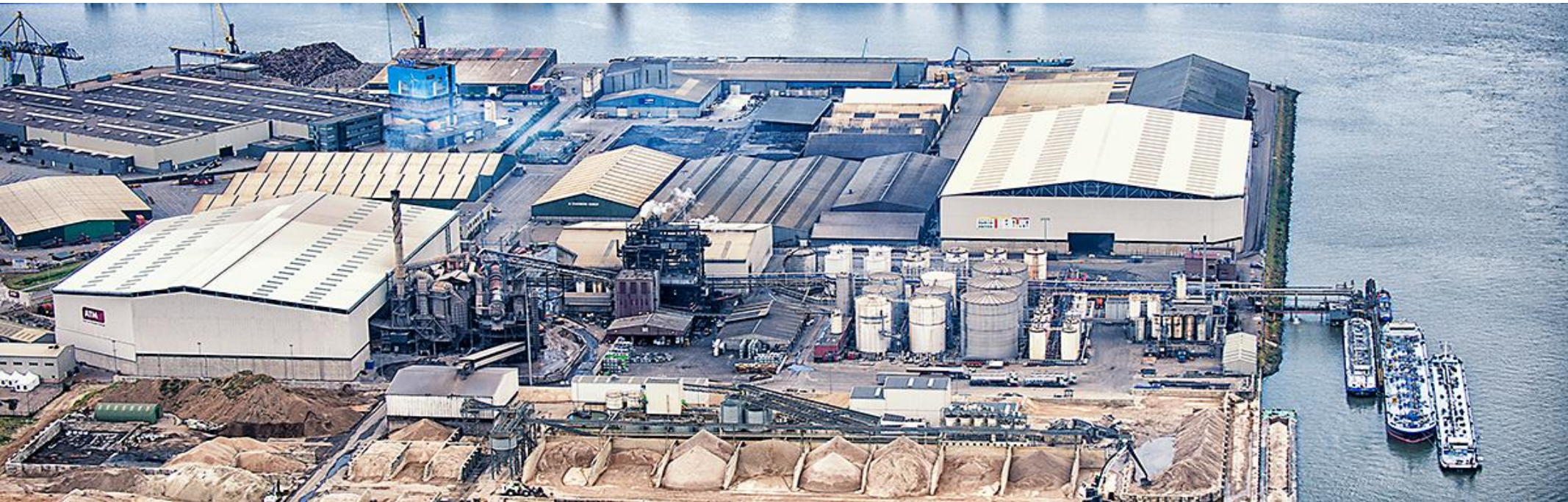
Summary

- 1 We have a strict compliance system integrated into our management system**
- 2 We are using our powers of influence to protect our market and ensure good environmental practice**
- 3 Protecting the environment and engaging with our neighbouring communities gives us our licence to operate**



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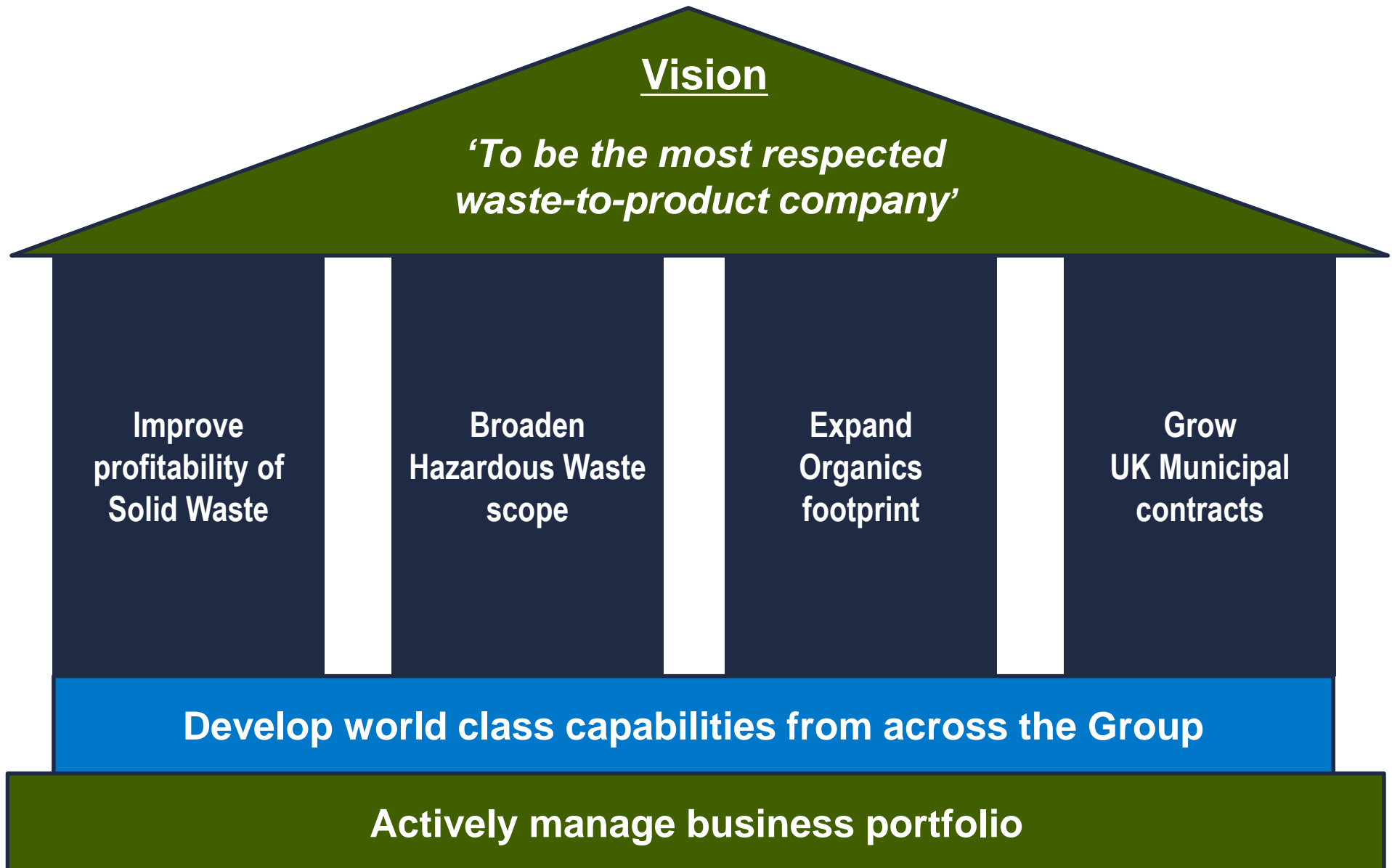
Wrap Up



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**

Strategy for Growth



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**

Thank You!