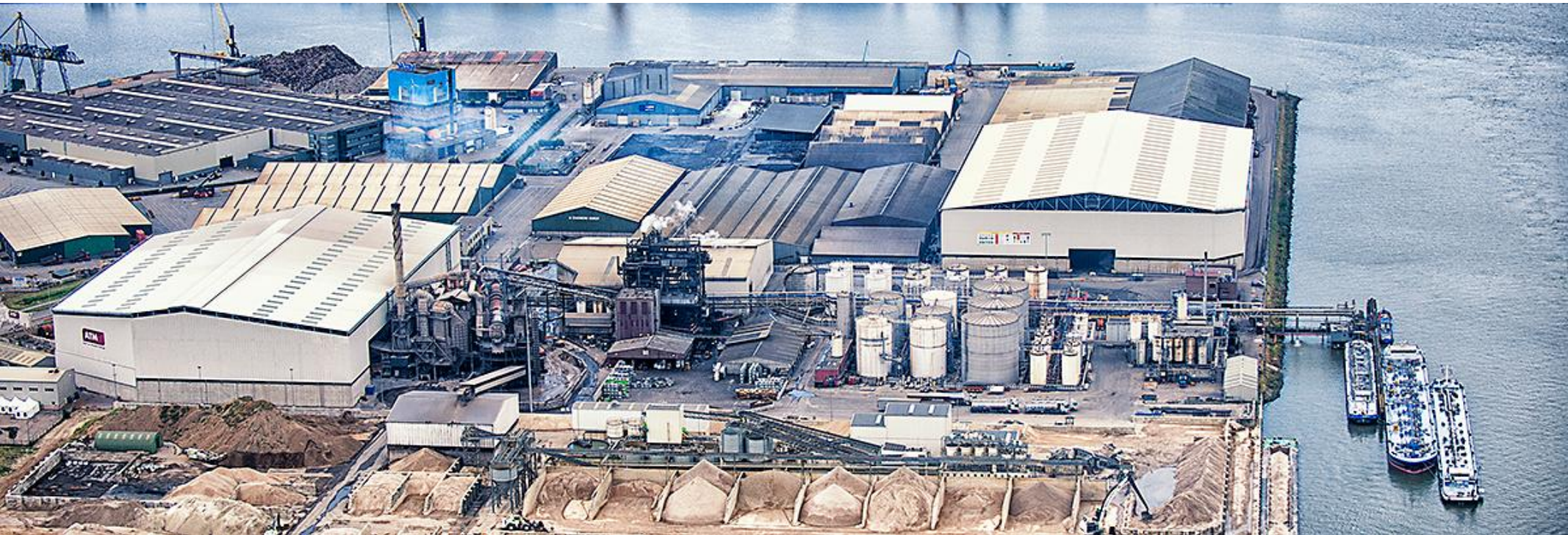




Preliminary Results 2013/14

Delivering our Growth Strategy



Disclaimer Statement

This presentation contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. These forward-looking statements are subject to risks, uncertainties and other factors which as a result could cause Shanks Group's actual future financial condition, performance and results to differ materially from the plans, goals and expectations set out in the forward-looking statements. Such statements are made only as at the date of this presentation and, except to the extent legally required, Shanks Group undertakes no obligation to revise or update such forward-looking statements.

Agenda

Overview

Peter Dilnot
Group Chief Executive

Operational Review

Toby Woolrych
Group Finance Director

Delivering Growth

Peter Dilnot
Group Chief Executive

Agenda

Overview

Peter Dilnot
Group Chief Executive

Operational Review

Toby Woolrych
Group Finance Director

Delivering Growth

Peter Dilnot
Group Chief Executive

Key Messages

- 1 Robust results representing outperformance in challenging markets
- 2 Group profit before tax up 14%, primarily due to exit from UK Solid Waste
- 3 Benelux Solid Waste profits up significantly on lower revenue
- 4 Hazardous Waste and UK growth divisions well on track
- 5 EU organics challenged, but Canada positioned for long-term growth
- 6 Clear strategy to deliver sustained profitable growth and improved returns

2013/14 Prelims Highlights

Revenue & Profits

- Revenue down 5% v 12/13, 1% up on continuing basis
- Underlying PBT up 14% v 12/13, flat on continuing basis

Benelux Solid Waste

- Trading profit up 16% despite revenue down 5%
- Profits up for first time in 5 years

Growth Divisions

- Revenue up 3% in Hazardous and 19% in UK Municipal
- Total of £220m capital projects underway and on track

Portfolio Management

- Exit from UK Solid Waste and other smaller transactions
- £24m cash inflow, £4m annualised profit uplift

Cash flow & Financing

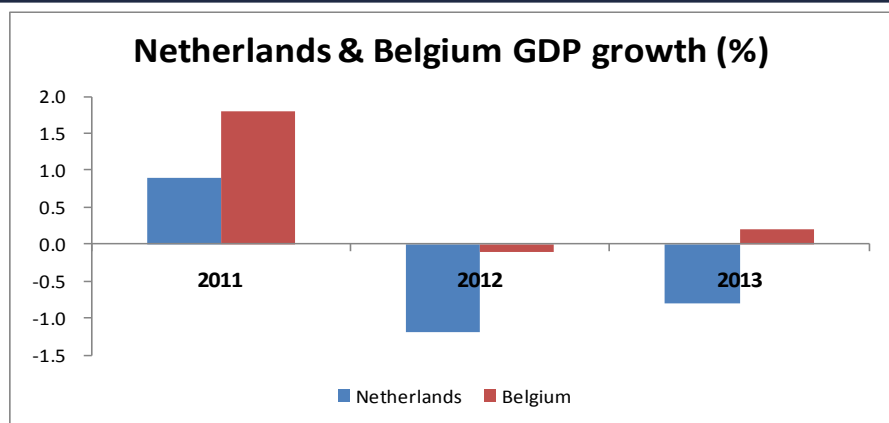
- Excellent cash management leading to UFCF of 136%
- Net debt to EBITDA ratio at 1.9x

Dividend

- Final dividend maintained at 2.35p per share
- Reflects Board's confidence in future growth

Market Context

GDP remained suppressed



Recession in NL and flat GDP in Belgium

Dutch construction down 5% in 2013, cumulatively 20% over last 4 years

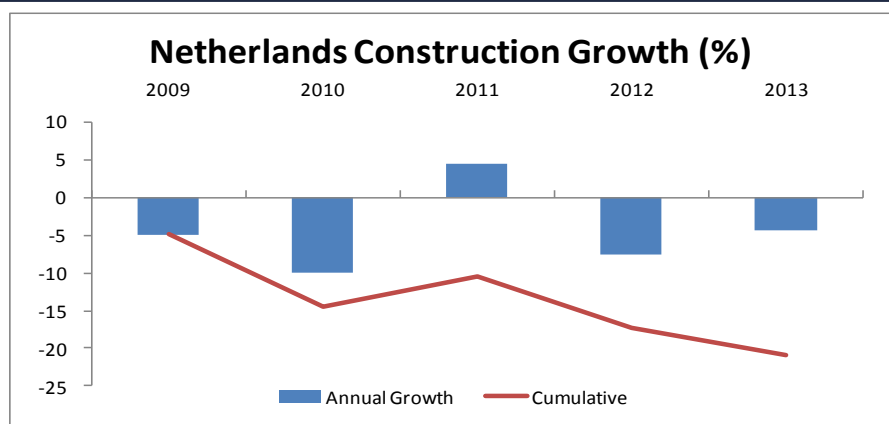
Recyclate prices flat or declining

Over-capacity and prices under pressure in core markets

Some market growth in target segments

- EU water treatment
- Soil and TAG
- Canada organics

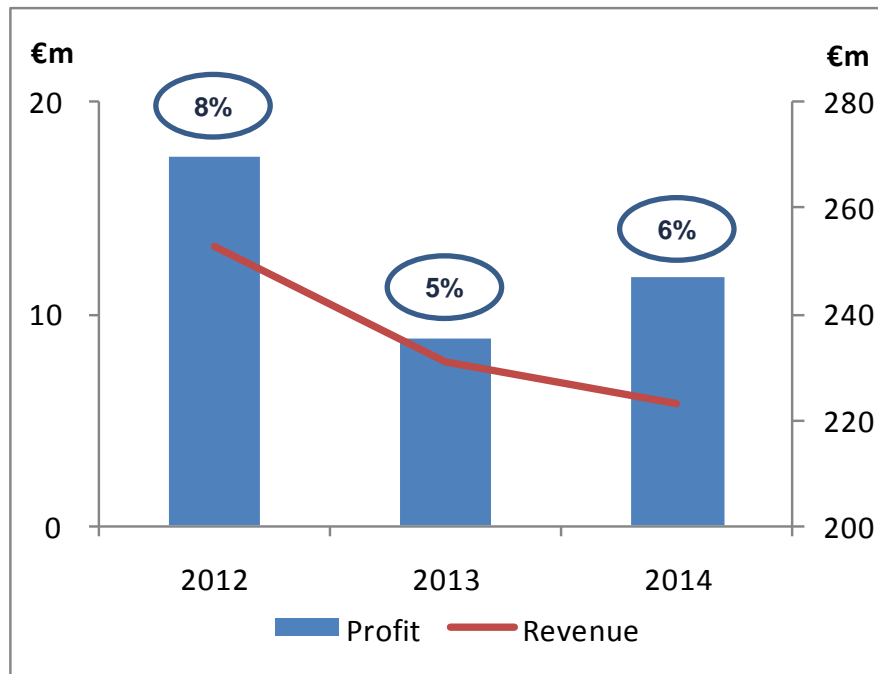
NL construction at 60 year low



Shanks is outperforming in tough markets

Market Outperformance

NL SW Profit Up



Trading margin before central services

Increasing Share in Target Segments



Calendar year revenues for NL SW

Volume growth delivered in all four Shanks divisions

Agenda

Overview

Peter Dilnot
Group Chief Executive

Operational Review

Toby Woolrych
Group Finance Director

Delivering Growth

Peter Dilnot
Group Chief Executive

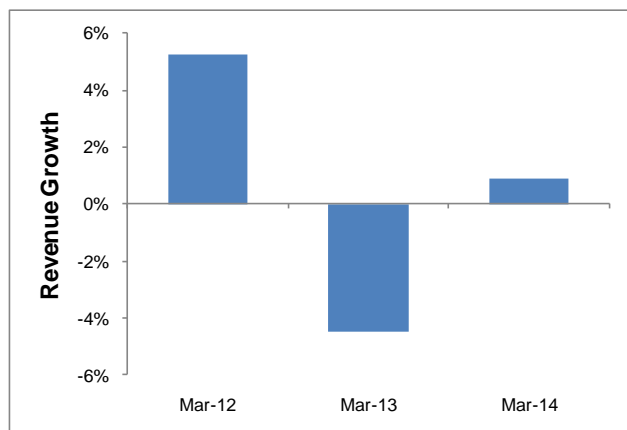
Income Statement

Year ended March 2014

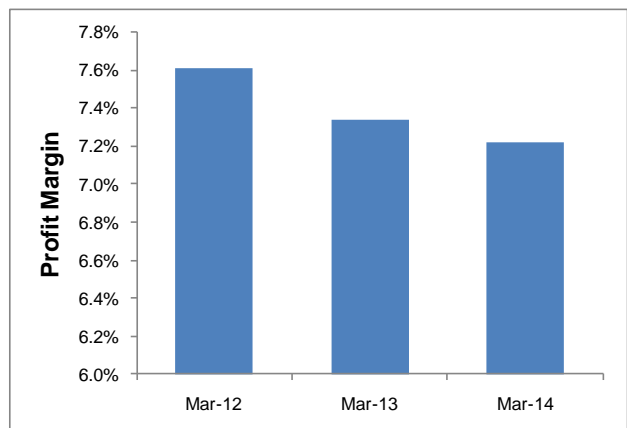
| | Mar 14 £m | Mar 13 £m | Change £m | % | Excluding currency change % | 2013 as reported * £m | Change reported % |
|--|--------------|--------------|--------------|-----------|-----------------------------------|-----------------------------|-------------------------|
| Revenue | 636.4 | 614.6 | 21.8 | 4% | 1% | 670.0 | -5% |
| Trading Profit | 45.9 | 44.9 | 1.0 | 2% | -1% | 41.3 | 11% |
| Net Interest | (16.0) | (15.0) | | | | (15.1) | |
| Associate Income | 0.3 | 0.3 | | | | 0.3 | |
| Underlying profit before tax | 30.2 | 30.2 | - | 0% | -4% | 26.5 | 14% |
| Non-trading and exceptional items | (22.5) | (40.3) | 17.8 | 44% | 46% | (61.8) | 63% |
| Profit (loss) before tax | 7.7 | (10.1) | 17.8 | | | (35.3) | |
| Taxation | (5.9) | (1.0) | | | | 0.1 | |
| Profit (loss) after tax | 1.8 | (11.1) | 12.9 | | | (35.2) | |
| Discontinued operations | (30.0) | (24.1) | | | | - | |
| Loss after tax | (28.2) | (35.2) | 7.0 | 20% | | (35.2) | 20% |
| Continuing operations: | | | | | | | |
| Underlying earnings per share (p) | 5.7 | 5.7 | - | 0% | -3% | 5.0 | 14% |
| Basic earnings per share (p) | 0.4 | (2.8) | 3.2 | 115% | 114% | | |
| Dividend (pence per share) | 3.45p | 3.45p | - | | | 3.45p | |

* including discontinued operations

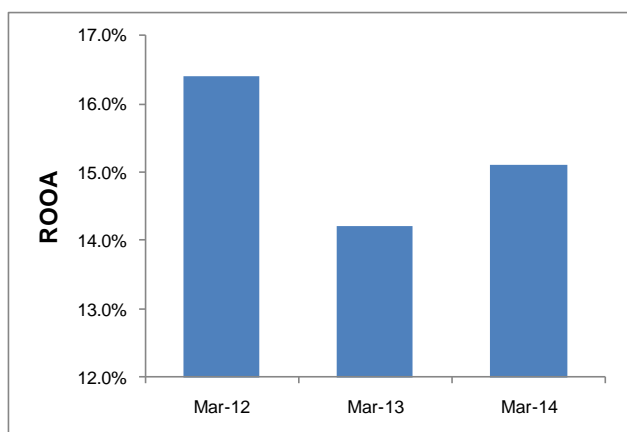
Encouraging Financial KPIs



- **Revenue up 1% after 4.5% decline in prior year**
 - Growth in UK Municipal
 - Growth in Hazardous Waste
 - Growth in Organics
 - Decline in Solid Waste Benelux as expected



- **Trading margin down slightly to 7.2% due to mix**
 - 25% growth in Solid Waste Benelux on cost savings
 - Reduction in UK Municipal as expected
 - Slight decline in Hazardous Waste due to favourable contract last year



- **Return on Operating Assets up 90bps to 15.1%**
 - 11.4% as at March 13 before portfolio management
 - Organics down due to challenging trading
 - Strong growth in Solid Waste Benelux
 - Stable superior returns in Hazardous Waste

Financial Impact of Portfolio Actions

| £m | Biffa transaction | Other UK SW assets | UK Solid Waste exit | Benelux actions | Total |
|--------------------------------|-------------------|--------------------|---------------------|-----------------|--------|
| Anticipated sale proceeds | 9.5 | 7.8 | 17.3 | 9.1 | 26.4 |
| Working capital movements | 3.1 | - | 3.1 | - | 3.1 |
| Restructuring charges | (2.9) | - | (2.9) | - | (2.9) |
| Transaction costs | (1.9) | (0.3) | (2.2) | (0.4) | (2.6) |
| Cash inflow on sale | 7.8 | 7.5 | 15.3 | 8.7 | 24.0 |
| Expected (loss) profit on sale | (12.3) | (13.6) | (25.9) | 0.7 | (25.2) |

- **Net cash inflow of £24m**
 - £19m received in 2013/14
 - £5m expected to be received in 2014/15
- **Total loss on discontinued operations of £30m**
 - Goodwill & intangibles £12m
 - Kettering MRF £11m
 - Trading loss for UK Solid Waste £4m
 - Pension scheme curtailment & other charges

Divisional Performance

Solid Waste Benelux

| Year ended | Mar 14 €m | Mar 13 €m | Change €m % | |
|---|--------------|--------------|----------------|------------|
| Revenue | | | | |
| Netherlands Solid Waste | 223.3 | 231.0 | (7.7) | -3% |
| Belgium Solid Waste | 108.7 | 109.4 | (0.7) | -1% |
| Belgium Others | 70.9 | 84.1 | (13.2) | -16% |
| Intra-segment | (18.3) | (18.3) | - | |
| Total Revenue | 384.6 | 406.2 | (21.6) | -5% |
| Total Revenue (£m) | 324.2 | 330.9 | (6.7) | -2% |
| Trading Profit | | | | |
| Netherlands Solid Waste | 14.2 | 11.9 | 2.3 | 19% |
| Belgium Solid Waste | 6.7 | 8.4 | (1.7) | -20% |
| Belgium Others | 11.5 | 9.3 | 2.2 | 24% |
| Divisional central services | (9.1) | (9.5) | 0.4 | |
| Total Trading Profit | 23.3 | 20.1 | 3.2 | 16% |
| Total Trading Profit (£m) | 19.7 | 16.3 | 3.4 | 21% |
| Trading Margin | | | | |
| Netherlands Solid Waste | 6.4% | 5.2% | | |
| Belgium Solid Waste | 6.2% | 7.7% | | |
| Belgium Others | 16.2% | 11.1% | | |
| Total Trading Margin | 6.1% | 4.9% | | |
| Return on operating assets | | | | |
| Netherlands Solid Waste | 6.5% | 4.3% | | |
| Belgium | 47.1% | 24.7% | | |
| Total Return on operating assets | 11.3% | 8.1% | | |

• Netherlands Solid Waste

- Dutch construction market down ~5%, industrial/commercial market flat
- Metal recyclates drop 13% v last year
- Volumes increased despite market but prices 1-3% down

• Belgium Solid Waste

- 4% volume growth but prices down 2-3%
- Margins impacted due to price, mix and Gent

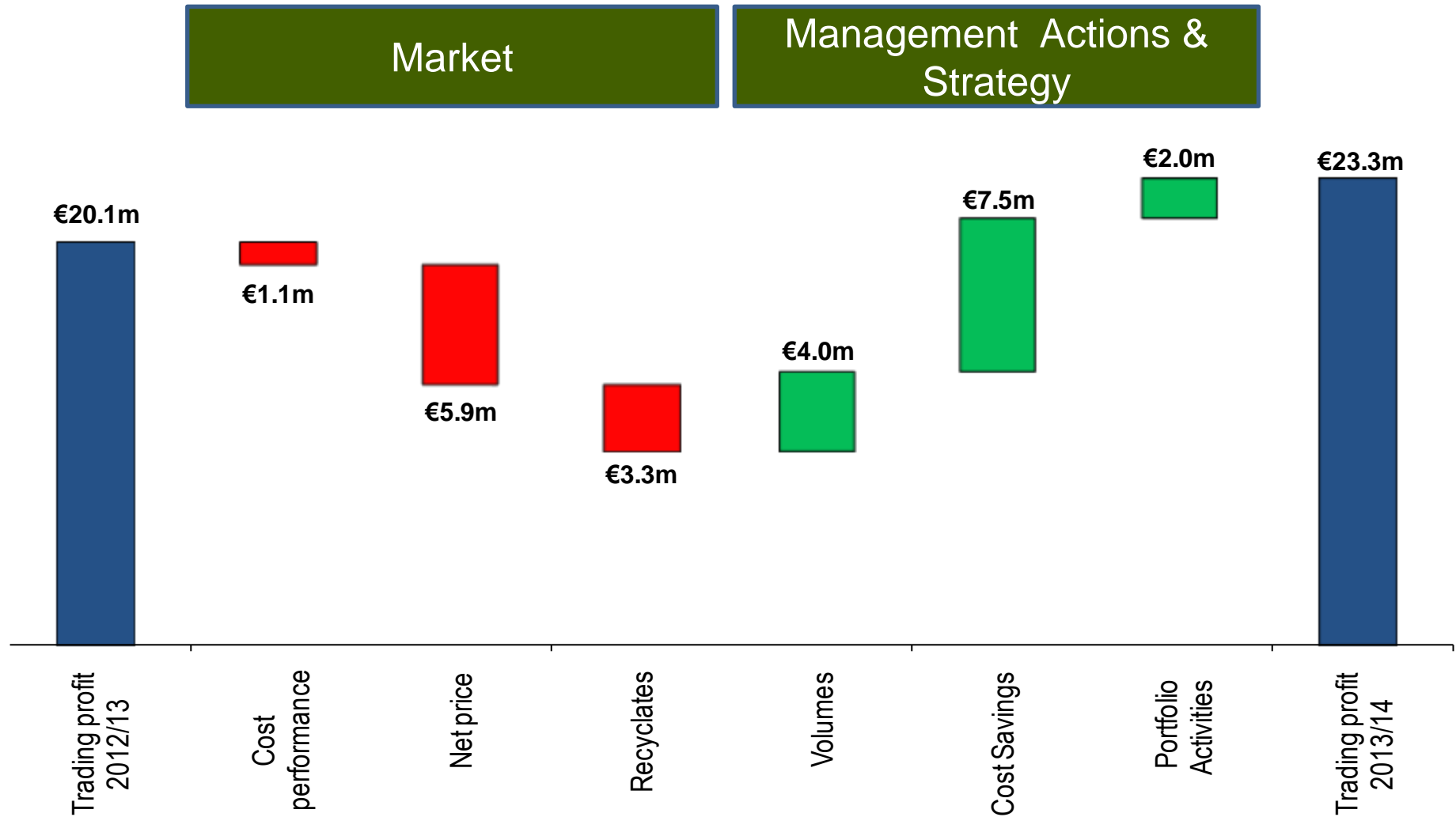
• Belgium Others

- Good performance Shanks Wood Products
- Good volumes into Cetem landfill
- Industrial cleaning impacted by recession

• Cost action drives growth

- Structural programme (detail in Appendix)
- Operational actions
- Continuous improvement

Benelux Trading Profit Progression



Divisional Performance

Hazardous Waste

| Year ended | Mar 14 €m | Mar 13 €m | Change €m % | |
|-----------------------------------|--------------|--------------|----------------|-----------|
| Revenue | 175.8 | 170.9 | 4.9 | 3% |
| Total Revenue (£m) | 148.2 | 139.4 | 8.8 | 6% |
| Trading Profit | | | | |
| Hazardous Waste | 25.7 | 25.3 | 0.4 | 2% |
| Divisional central services | (2.2) | (1.9) | (0.3) | |
| Total Trading Profit | 23.5 | 23.4 | 0.1 | 0% |
| Total Trading Profit (£m) | 19.9 | 19.1 | 0.8 | 4% |
| Trading Margin | 13.4% | 13.7% | | |
| Return on operating assets | 34.7% | 36.2% | | |

- **Good trading performance in mixed end markets, due to advantaged position**
- **Strong soil intake in challenging market**
 - Strong international soil and TAG volumes
 - Soil shed completion builds inventory, operating at capacity
 - Thermal soil more resilient than soil washing
- **Record water treatment performance**
 - Growth in waterside business and intake of industrial waste water and sludges
 - Favourable mix helps margins
- **Industrial Cleaning stable**
 - Pricing pressure at key accounts
 - All key tenders renewed
 - Shanks Total Care growth: 5 contracts
- **Underlying double digit profit growth**



Divisional Performance Organics

| Year ended | Mar 14 €m | Mar 13 €m | Change €m % | |
|---|--------------|--------------|----------------|-------------|
| Revenue | | | | |
| Netherlands | 18.9 | 17.8 | 1.1 | 6% |
| Canada | 17.3 | 18.4 | (1.1) | -6% |
| Other Organics | 8.2 | 7.8 | 0.4 | 5% |
| Total Revenue | 44.4 | 44.0 | 0.4 | 1% |
| Total Revenue (£m) | 36.2 | 35.9 | 0.3 | 1% |
| Trading Profit | | | | |
| Netherlands | 2.9 | 3.3 | (0.4) | -12% |
| Canada | 3.5 | 4.4 | (0.9) | -20% |
| Other Organics | 0.3 | - | 0.3 | n/a |
| Divisional central services | (1.2) | (1.2) | - | |
| Total Trading Profit | 5.5 | 6.5 | (1.0) | -16% |
| Total Trading Profit (£m) | 4.4 | 5.3 | (0.9) | -17% |
| Trading Margin | | | | |
| Netherlands | 15.3% | 18.5% | | |
| Canada | 20.2% | 23.9% | | |
| Other Organics | 3.7% | 0.0% | | |
| Total Trading Margin | 12.4% | 14.8% | | |
| Return on operating assets | | | | |
| Netherlands | 5.1% | 6.4% | | |
| Canada | 8.3% | 10.3% | | |
| Other Organics | 0.9% | 0.2% | | |
| Total Return on operating assets | 5.2% | 6.7% | | |

Netherlands

- Good performance from composting plants
- Amsterdam AD impact of new assets offset by trading conditions

Canada

- Ottawa volumes strong: cost impact
- London limited by MOE: new odour management equipment installed
- Increased bid costs as funnel develops

Other

- Record performance from Cumbernauld AD
- Westcott Park AD taking waste and generating gas

Divisional Performance UK Municipal

| Year ended | Mar 14 £m | Mar 13 £m | Change £m | % |
|-----------------------------|--------------|--------------|--------------|------------|
| Revenue | 137.5 | 115.3 | 22.2 | 19% |
| Trading Profit | | | | |
| UK Municipal | 13.1 | 14.4 | (1.3) | -8% |
| Divisional central services | (3.9) | (4.8) | 0.9 | |
| Total Trading Profit | 9.2 | 9.6 | (0.4) | -4% |
| Trading Margin | 6.7% | 8.3% | | |

Existing contracts

- Good performance from existing contracts except Barrow (Cumbria)
- Wakefield interim contract performing well, modest margins on HWRC operations
- D&G contract improved
- £11.3m investment in Cumbria subordinated debt

Pipeline

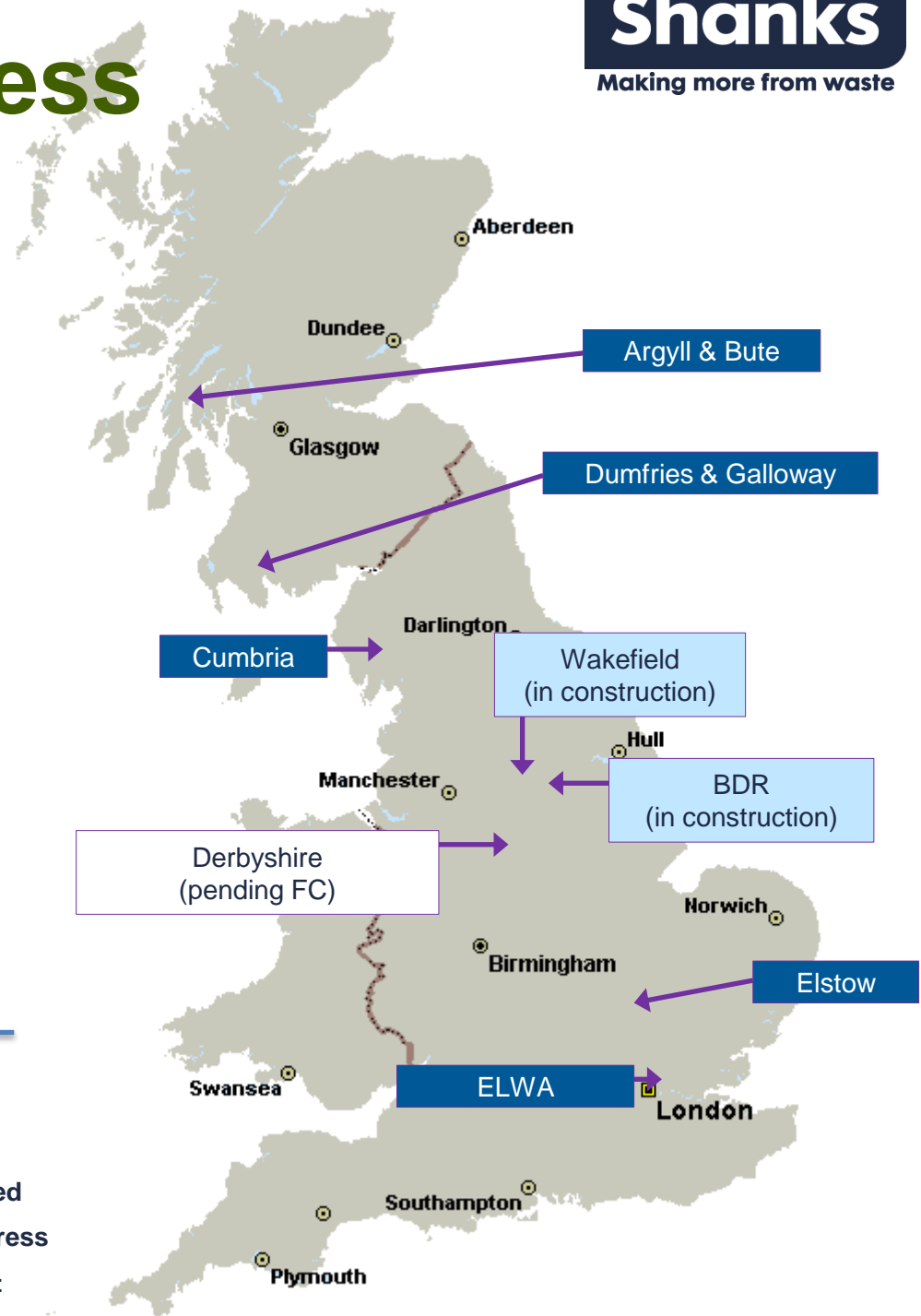
- BDR and Wakefield build programmes on track
- Derby planning permission granted and moving towards Financial Close



UK Municipal Progress

| | Financial Close | Build Phase | Comm-issioning | Full Operation | Contract duration |
|-----------|-----------------|-------------|----------------|----------------|-------------------|
| Derby | TBC | | | 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 |

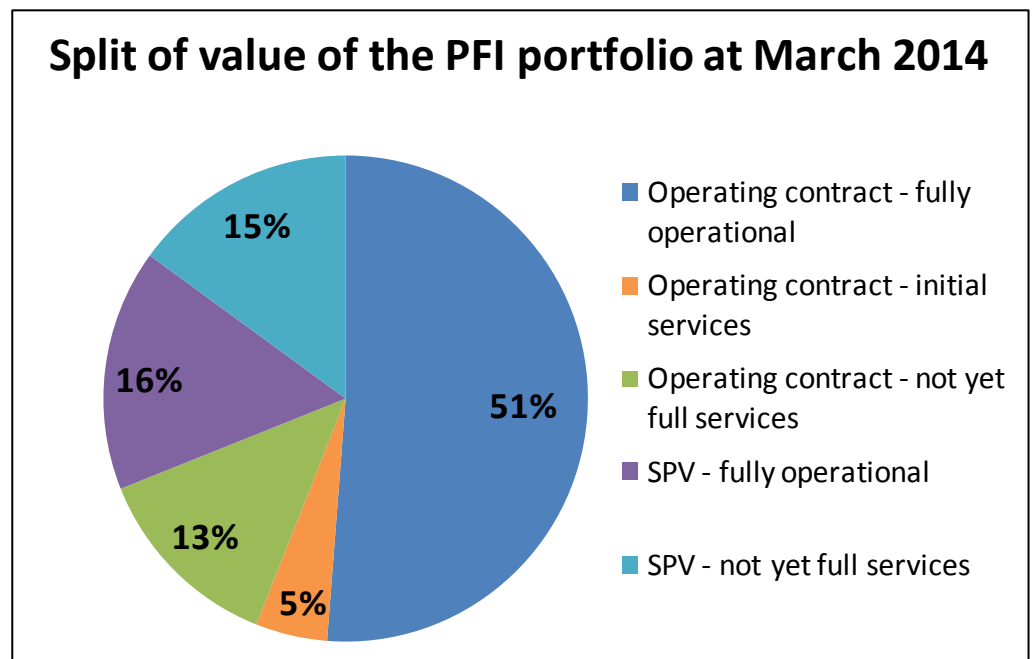
= Major changes in 13/14
 = Achieved
 = In progress
 = To start



PFI Directors' Valuation

- Portfolio valuation includes the four fully operational contracts, plus BDR and Wakefield under construction and Derby
- Valuation based on the cash flows of the financing vehicles and the operating contracts - discounted at 8% and risk adjusted
- Valuation at £110m – up 25% from March 13, mainly due to investment in Cumbria

| Portfolio split | £m |
|--|-------|
| Operating contract - fully operational | 56 |
| Operating contract - initial services | 5 |
| Operating contract - not yet full services | 14 |
| SPV - fully operational | 18 |
| SPV - not yet full services | 16 |
| | <hr/> |
| | 110 |



Non-trading & Exceptional Items

| Year ended | Mar 14 £m | Mar 13 £m |
|--|---------------|---------------|
| Impairment of goodwill and acquisition intangibles | (15.3) | (16.3) |
| Restructuring charge | (8.7) | (10.8) |
| Impairment of assets | (3.1) | (9.0) |
| Aborted bid costs | (2.9) | - |
| Amortisation of acquisition intangibles | (2.3) | (2.5) |
| Belgium waste disposal costs | (1.7) | - |
| Belgium litigation provision | (1.2) | - |
| Change in fair value of derivatives | 0.3 | 0.1 |
| Reassessment of contingent consideration | 1.0 | - |
| Hazardous Waste net litigation recovery | 1.4 | 6.0 |
| Net insurance settlement for Netherlands fire | 2.3 | - |
| Net onerous contract provisions | 7.7 | (5.8) |
| Aborted project costs | - | (2.0) |
| Exit from Foronex transport activities | - | 1.4 |
| UK Municipal unprocessed waste disposal costs | - | (1.4) |
| Total non-trading and exceptional items | (22.5) | (40.3) |

- Ongoing exceptional items an effect of active management but reduced from prior year
- Non-cash impairment of Solid Waste Benelux goodwill due to market conditions
- Restructuring charges below forecast, benefits are on track
- Good execution causes releases of onerous contract provisions

Continuing operations only

Cash Flow Performance

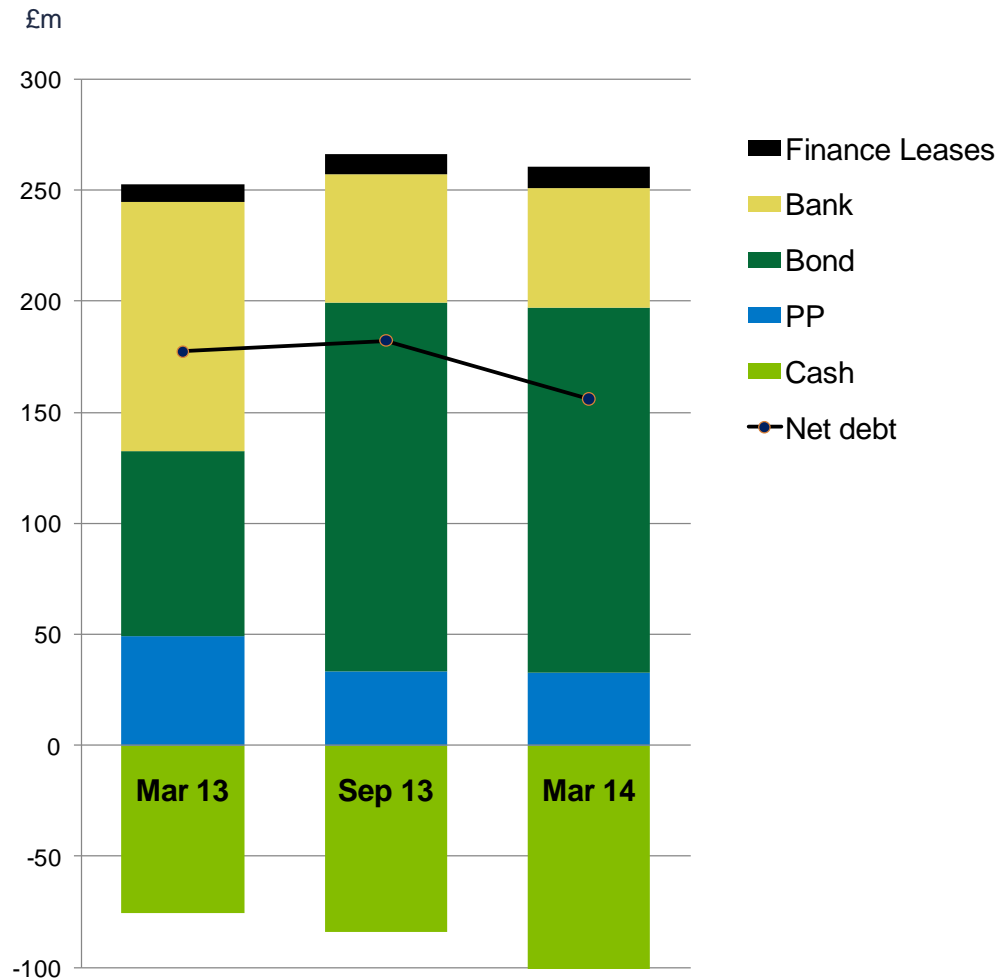
- Strong free cash flow conversion of 136%
- Working capital boosted by UK SW exit
- Ratio of replacement capital expenditure to depreciation of 48% (2013: 54%) controlled below trend
- £19m proceeds to date from business divestments
- PFI funding includes investment in Cumbria (£11m)
- Other includes pension deficit payment (£3m), offset by sale of Netherlands Head Office (£6m)

| | Mar 14 £m | Mar 13 £m |
|-------------------------------------|--------------|---------------|
| EBITDA | 83.6 | 84.8 |
| Working capital movement and other | 8.8 | (1.8) |
| Net replacement capital expenditure | (20.9) | (24.6) |
| Interest and tax | (15.0) | (9.6) |
| Underlying free cash flow | 56.5 | 48.8 |
| Growth capital expenditure | (18.6) | (28.3) |
| Acquisitions and disposals | 12.1 | (7.0) |
| Restructuring spend | (9.3) | (7.0) |
| Dividends paid | (13.7) | (13.7) |
| PFI funding | (19.3) | 1.9 |
| Other | 2.5 | (7.4) |
| Net core cash flow | 10.2 | (12.7) |
| Free cash flow conversion | 136% | 118% |

*FCF conversion is defined as underlying free cash flow divided by trading profit
Cash flow includes both continuing and discontinued operations*

Strong cash performance

Movement in Core Net Debt



- Core net debt reduced by £21m and debt maturity largely extended to 2018/19
- €100m new Belgian Retail Bond at 4.23% to July 2019
- Refinancing of Bank facilities to Jan 2019 at improved rates

| | Mar 14 | Mar 13 |
|-------------------|--------|--------|
| Debt Headroom | £97m | £82m |
| Net debt / EBITDA | 1.9x | 2.0x |
| Interest cover | 3.7x | 3.7x |

Long term debt from multiple sources and increased headroom

Financial Highlights

- **Robust trading performance in challenging markets: revenue growth in three divisions, core margins improved**
- **Improving returns: Group ROOA increased from 11.4% to 15.1%, investment programme delivers 18.6% pre-tax**
- **Strong financial position: good cash generation, debt maturities extended, significant headroom, reduced borrowing rates**

Strong financial performance reinforces our platform for growth

Agenda

CEO Perspectives

Peter Dilnot
Group Chief Executive

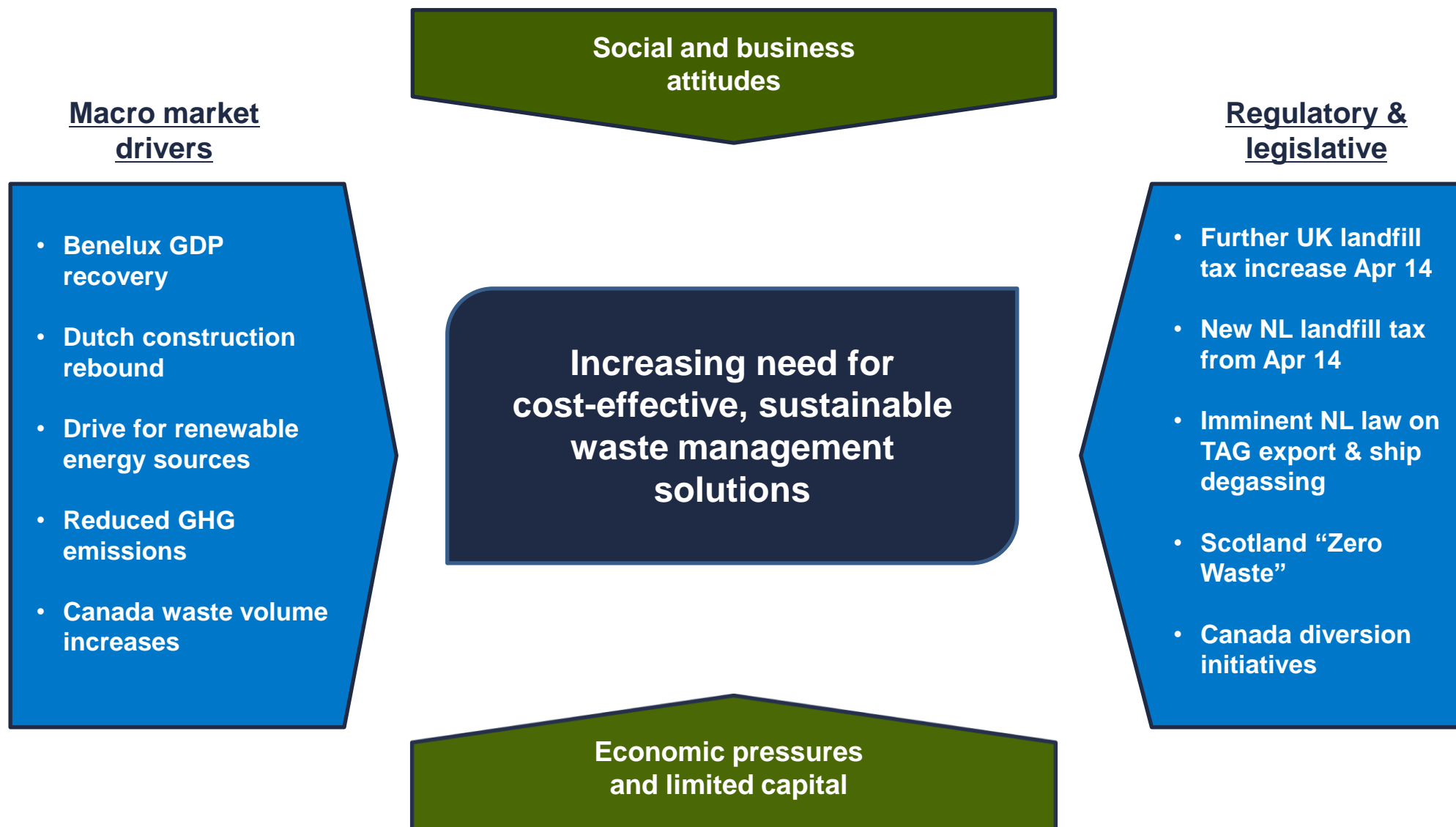
Operational Review

Toby Woolrych
Group Finance Director

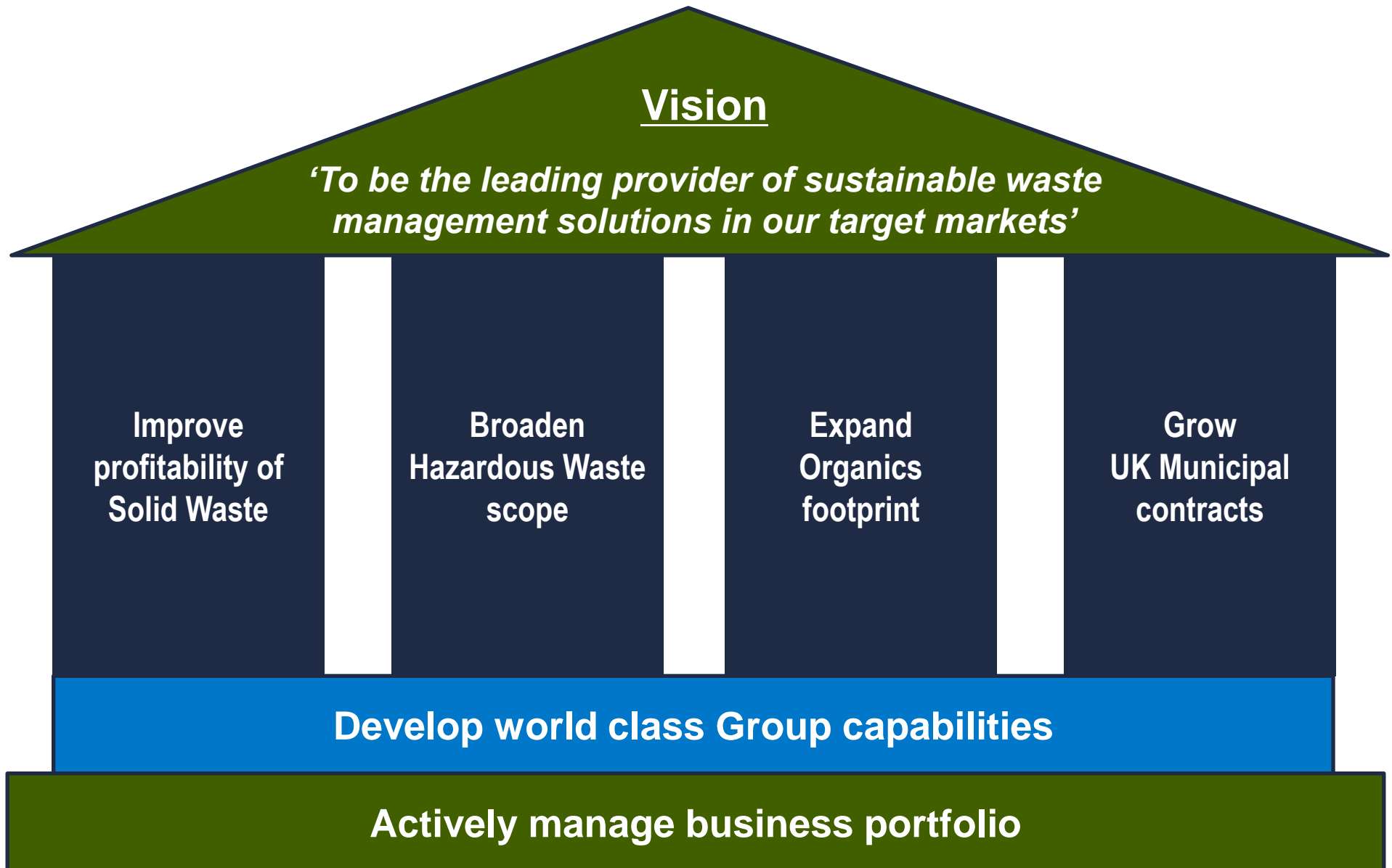
Delivering Growth

Peter Dilnot
Group Chief Executive

Strong Growth Drivers



Strategy for Growth



Strategy in Action

Solid Waste Benelux

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



Outlook: on track to recover 11/12 ROOA, plus impact of macro recovery

Strategy in Action

Hazardous Waste

Strategy and Execution

- 1** Increase water treatment capacity
 - *New Rotterdam plant & jetty extension*
 - *Degassing and ATM water storage*
- 2** Expand inputs for thermal treatment
 - *Increasing capacity at ATM*
 - *Lobbying for ban of TAG export*
- 3** Broaden commercial coverage
 - *Expanded EU capability and reach*
 - *Record volumes plus soil backlog*
- 4** Drive further synergies and productivity

Future Growth Drivers

Revenue and profit flow-through impact of increased volumes

- Waste water and soil capacity up
- Legislative drivers on TAG

Improved capacity utilisation and productivity due to storage facilities

- New waste water storage and satellites
- Soil shed scale

Additional income from new input types

- Ship degassing ramp-up
- Iron sludge and other soil types



Outlook: ongoing revenue growth while sustaining attractive returns

Strategy in Action

Hazardous Waste Investment Update

Thermal Soil Treatment



- Started new treatment of iron sludges
- Increased input of NL TAG (export limits)
- New ESP being built to increase capacity

Waste Water Treatment



- More waste water storage in construction
- New ship degassing line commissioned
- New boiler installed to increase uptime

Industrial Cleaning & Total Care



- New Rotterdam facility construction underway
- Started work with new ultrasonic cleaners
- Delivered significant Total Care gains

Aggregate spend of €16m in 2014/15

Strategy in Action

Organics

Strategy and Execution

- 1** Ramp-up new EU assets profitably
 - *3rd CHP and dryer at Amsterdam*
 - *Record volumes at Cumbernauld*
- 2** Capture NA opportunity
 - *Expanded funnel of opportunities*
 - *Selective bidding underway*
- 3** Co-processing with NL A-brand customers
- 4** Maintaining technology leadership
 - *EU grant for bio-ethanol conversion*
 - *Monitoring insect harvesting*

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



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

Strategy in Action

Organics Canada Funnel Development

Opportunity Filters

Broad commercial funnel is prioritised based on key factors:

- Municipal long-term contracts to underpin volumes for 10 years+
- Principally based on proven composting and Dry AD solutions
- Located within target regions where we can build scale
- Ability to build within appropriately zoned and located sites

Shanks Competitive Advantages

- 1 Proven process technology from advanced Dutch market (Orgaworld)
- 2 Deep long-term contract and PPP experience from Shanks UK Municipal
- 3 Well-established Canadian footprint with leading municipal clients
- 4 Increasing network of local partners in target regions

Funnel advancing including projects in British Columbia and Ontario at shortlist stage

Strategy in Action

UK Municipal

Strategy and Execution

- 1** Sustain margin with authority partnership
 - *Delivered solutions given austerity*
 - *Renegotiations in Cumbria and D&G*
- 2** Commission assets under construction
 - *Wakefield interim contract started*
 - *BDR and Wakefield builds on track*
- 3** Achieve Financial Close on new contracts
 - *Progress towards Derby FC in 2014*
- 4** Win new volume to utilise full capacity
 - *Highly selective bidding underway*

Future Growth Drivers

Additional secure income streams from new operational contracts

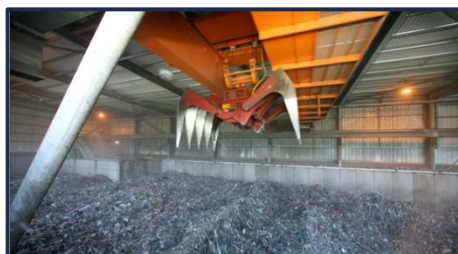
- BDR and Wakefield facilities
- Derby PFI including gasification

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



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

Divisional Strategies

| Division | Shanks Position | Growth Strategy | Profit FY15 | Profit FY16+ |
|--|--|--|---|---|
| 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 |  |  |

Clear growth trajectory for each Division

Strategy in Action

Group Capabilities: Total Care



- New Shanks customer
- Value single point of contact
- Seek operational process tracking
- Exceeds government standards
- Expanding concept to new areas



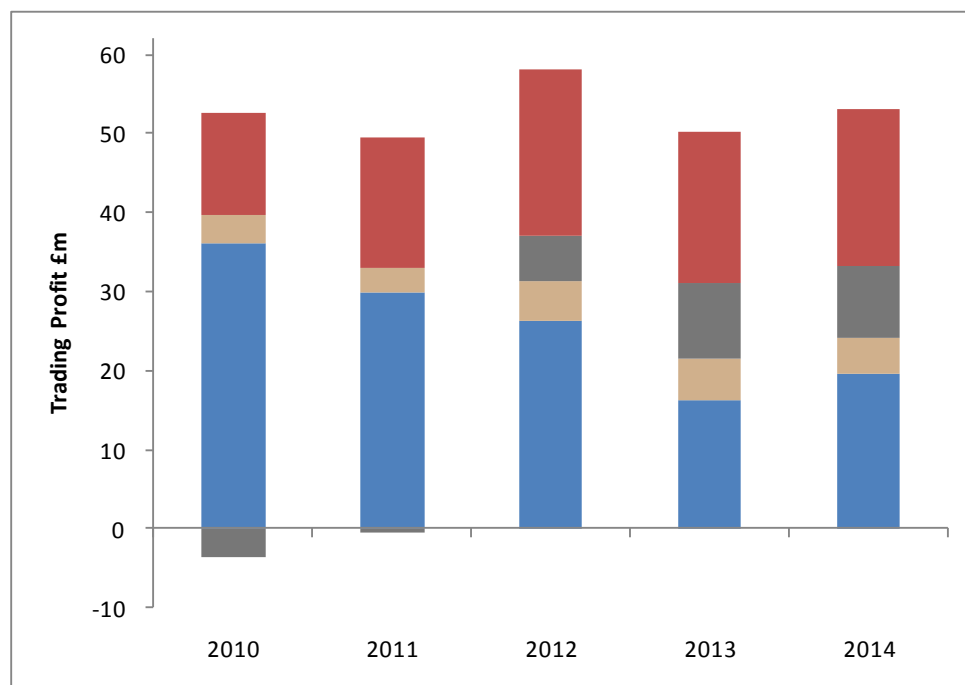
- Reym customer for 35 years
- Expanded range of services
- Value quarterly review process
- Partnership on productivity gains
- Strengthens relationship



Leveraging combined Group expertise to accelerate growth

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 cyclical

Organics remains challenged in short-term, but strong mid-term growth from new assets

Solid Waste profit on track for sustained mid-term growth

- Commercial gains
- Structural cost action
- Macro recovery

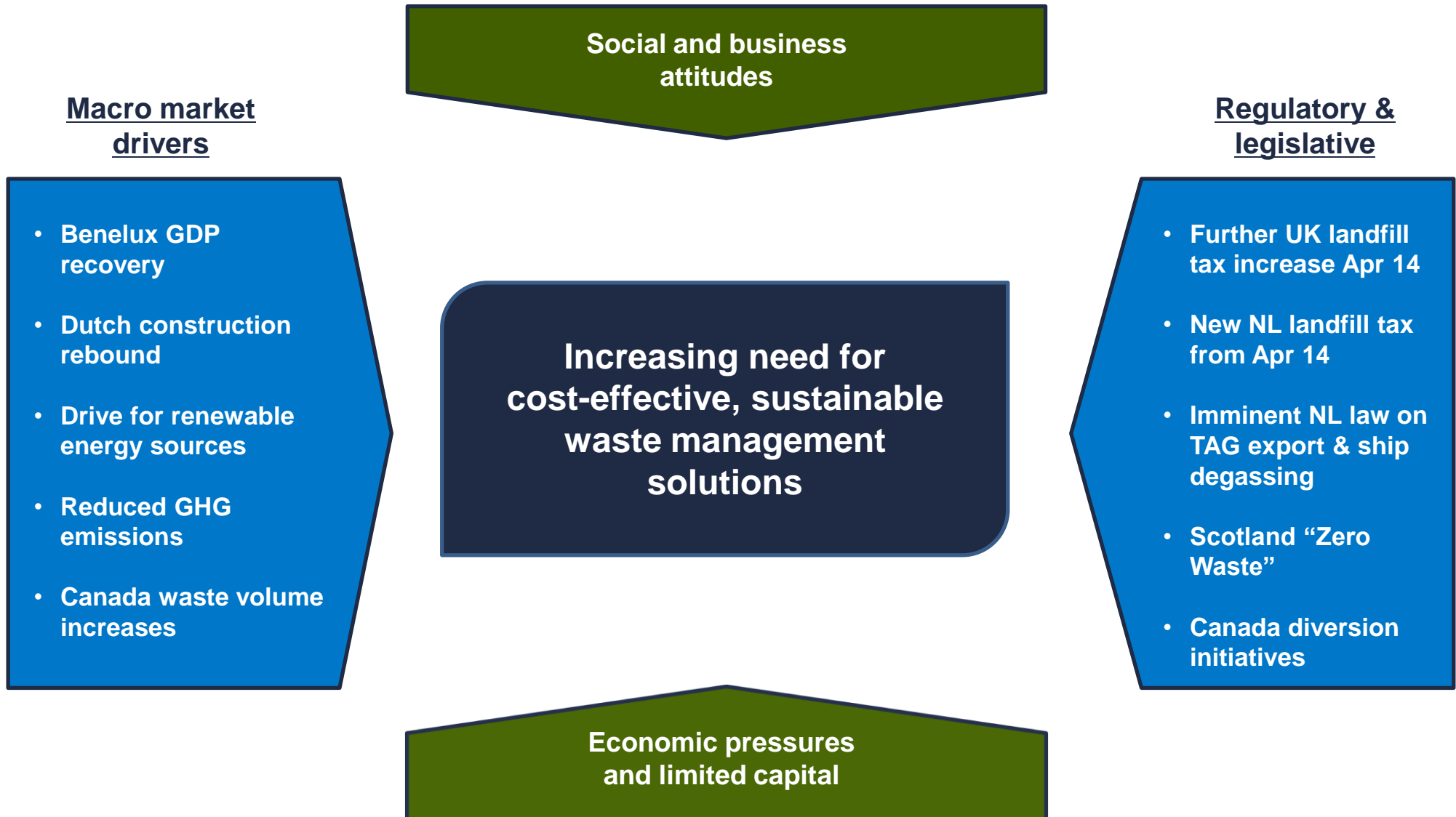
Outlook

- **Continued challenging markets in year ahead**
- **Structural cost and improvement plans on track**
- **Clear investment plans which are well-funded and focused where returns attractive**
- **Actively managing portfolio to improve returns**
- **2014/15 profit in line with Board's expectations**
- **Medium-term growth prospects promising**

Appendices

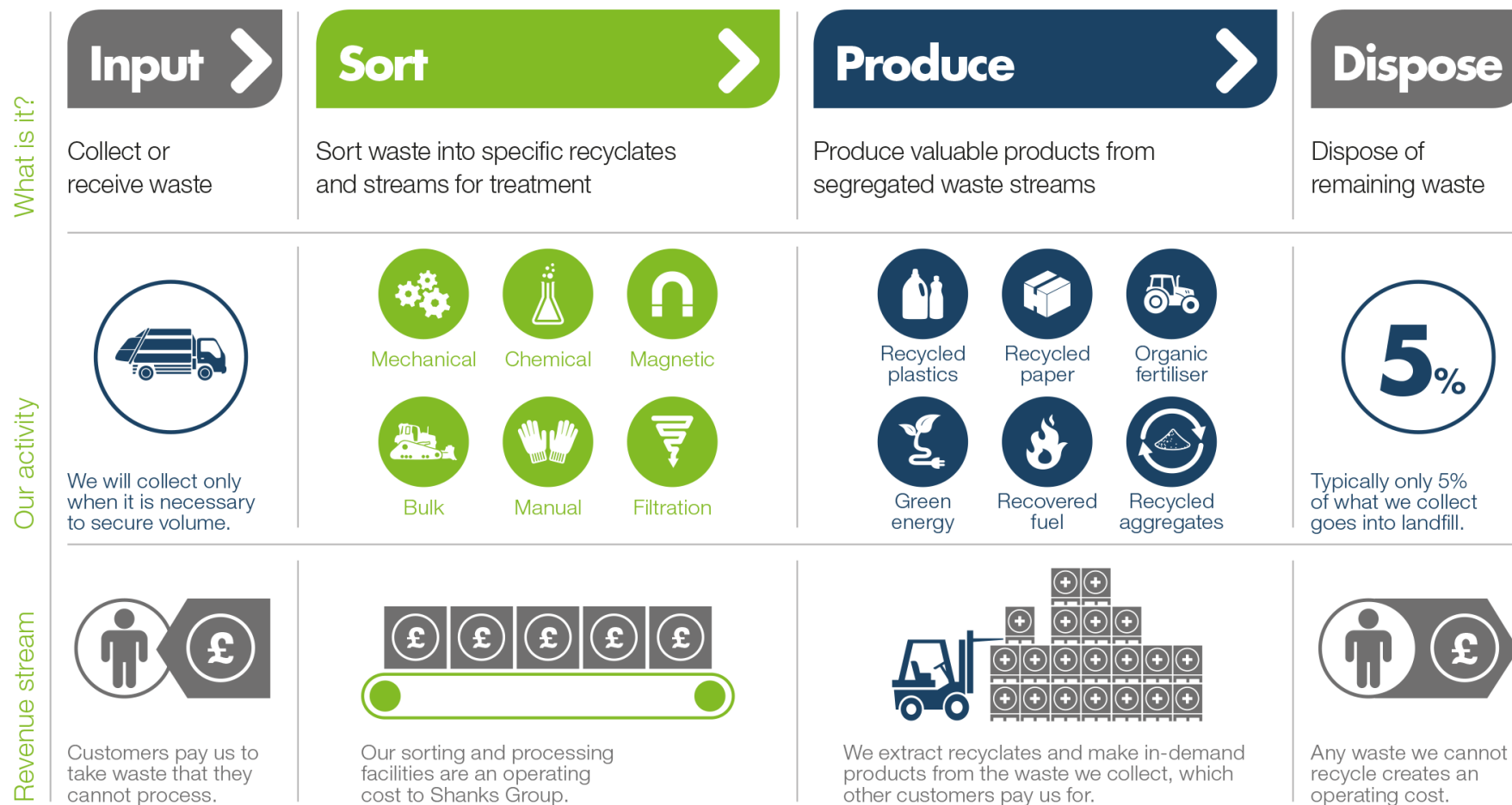
Introduction to Group

Strong Growth Drivers

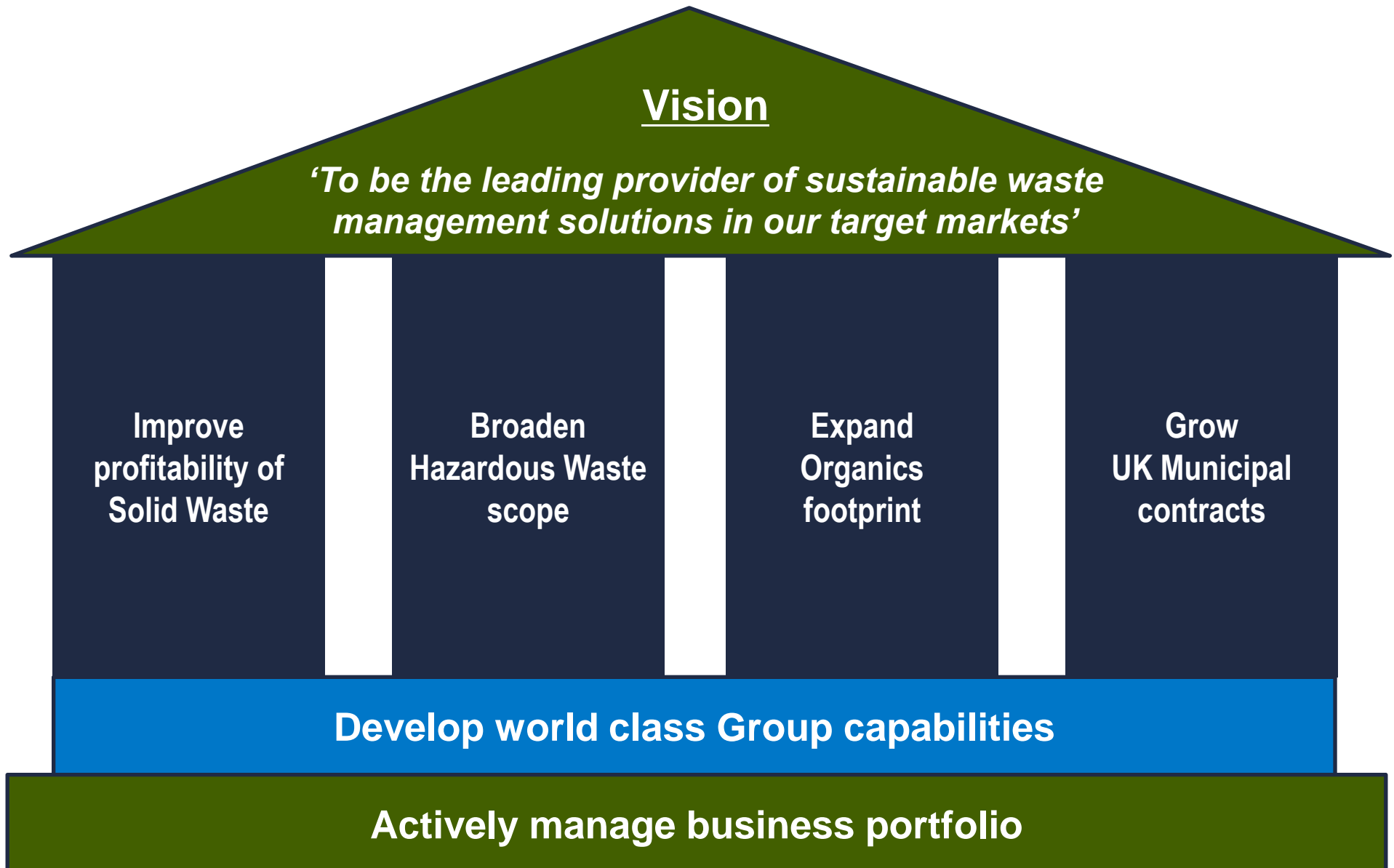


Making More From Waste

Our core activities



Strategy for Growth



Solid Waste Benelux

Market and Position

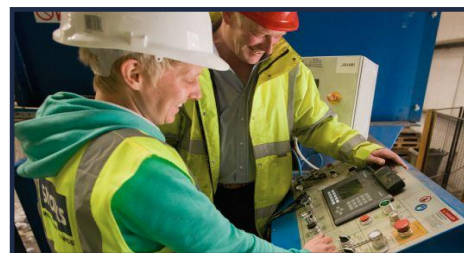
Ongoing macro headwinds and construction depressed
Continued over-capacity, although some being removed
Recyclate prices not set to improve to previous levels
Market leader in Benelux, plus integrated treatment model
Strong local brands and customer bases

Financials

| £m | 10/11 | 11/12 | 12/13 | 13/14 |
|--------|-------|-------|-------|-------|
| Rev | 383 | 388 | 331 | 324 |
| TP | 29.9 | 26.2 | 16.3 | 19.7 |
| Margin | 7.8% | 6.8% | 4.9% | 6.1% |
| ROOA | 18.1% | 12.7% | 8.1% | 11.3% |

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



Outlook: on track to recover 11/12 ROOA, plus impact of macro recovery

Hazardous Waste

Market and Position

Mature market in Northern EU, especially soil remediation
Growth in waste water treatment as regulation enforced
Established EU market leader in thermal soil treatment
Advantaged water technology and harbour location
Synergies between treatment (ATM) and cleaning (Reym)

Financials

| £m | 10/11 | 11/12 | 12/13 | 13/14 |
|--------|-------|-------|-------|-------|
| Rev | 141 | 150 | 139 | 148 |
| TP | 16.3 | 21.2 | 19.1 | 19.9 |
| Margin | 11.6% | 14.2% | 13.7% | 13.4% |
| ROOA | 33.7% | 40.6% | 36.2% | 34.7% |

Strategy and Execution

- 1 Increase water treatment capacity
 - *New Rotterdam plant & jetty extension*
 - *Degassing and ATM water storage*
- 2 Expand inputs for thermal treatment
 - *Increasing capacity at ATM*
 - *Lobbying for ban of TAG export*
- 3 Broaden commercial coverage
 - *Expanded EU capability and reach*
 - *Record volumes plus soil backlog*
- 4 Drive further synergies and productivity



Outlook: ongoing revenue growth while sustaining attractive returns

Organics

Market and Position

Benelux market mature, UK evolving rapidly
Canada/NA diversion plans, but varies at province level
Unique design, build, own and operate model
Market leader in advanced NL market, footprint in Canada
Proven technology for range of input types

Financials

| £m | 10/11 | 11/12 | 12/13 | 13/14 |
|--------|-------|-------|-------|-------|
| Rev | 28 | 34 | 36 | 36 |
| TP | 3.2 | 5.2 | 5.3 | 4.4 |
| Margin | 11.6% | 15.3% | 14.8% | 12.4% |
| ROOA | 5.1% | 7.0% | 6.7% | 5.2% |

Strategy and Execution

- 1 Ramp-up new EU assets profitably**
 - *3rd CHP and dryer at Amsterdam*
 - *Record volumes at Cumbernauld*
- 2 Capture NA opportunity**
 - *Expanded funnel of opportunities*
 - *Selective bidding underway*
- 3 Co-processing with NL A-brand customers**
- 4 Maintaining technology leadership**
 - *EU grant for bio-ethanol conversion*
 - *Monitoring insect harvesting*



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

Market Dynamics

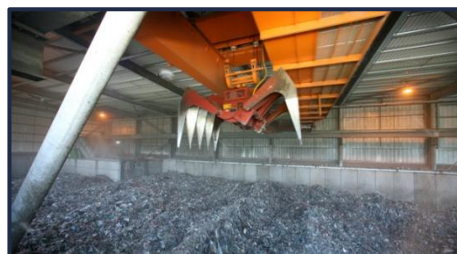
Most authorities have decided on diversion approach
Some smaller scale, medium-term contracts emerging
UK market leader in MBT treatment and SRF production
Established with 5 operational contracts, 2 in development
Proven capability for diversion and operational excellence

Financials

| £m | 10/11 | 11/12 | 12/13 | 13/14 |
|-----------|-------|-------|-------|-------|
| Rev | 91 | 111 | 115 | 137 |
| TP | (0.6) | 5.6 | 9.6 | 9.2 |
| Margin | -0.7% | 5.1% | 8.3% | 6.7% |
| Fin Asset | 48 | 66 | 125 | 196 |

Strategy and Execution

- 1 Sustain margin with authority partnership
 - *Delivered solutions given austerity*
 - *Renegotiations in Cumbria and D&G*
- 2 Commission assets under construction
 - *Wakefield interim contract started*
 - *BDR and Wakefield builds on track*
- 3 Achieve Financial Close on new contracts
 - *Progress towards Derby FC in 2014*
- 4 Win new volume to utilise full capacity
 - *Highly selective bidding underway*



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

* Excluding win fees

Exit from UK Solid Waste

Benelux SW: Advantaged market leader

Market leader in integrated Benelux construction and industrial waste

Collection fleet of 800 vehicles operating high density routes

Strong cost position through local scale and productivity; structural actions on track

UK SW: Undifferentiated and sub-scale

Regional player in Scotland & Northern Home Counties only, limited processing capacity

Collection fleet of 100 vehicles with uneconomic route coverage

Significant cost action taken and limited further scope under our ownership

Strategic Drivers

- Strategy to focus where advantaged and can generate attractive returns
- Actively and decisively manage portfolio where needed

Exit from UK SW

- Biffa deal and MRF sales represent exit from loss-making UK SW
- Provides £15m cash inflow and 14% uplift in annualised PBT

Future UK Business

- Shanks UK now focused on Municipal growth
- Business underpinned by long-term contracts
- Further Organics assets being built with Municipal contracts

**Cash generative, accretive transaction
in line with our strategy**

Market Information

Current Market Context

Benelux Solid Waste

EU slowdown continues to impact volumes

NL construction remains in crisis

Capacity reductions both proactive & forced

Some early signs of stabilisation in NL

Hazardous Waste

Domestic Dutch markets remain challenging

Significant international soil opportunities

Promising regulation on thermal treatment

Water volumes up due to ship regulations

Organics

NL composting mature & contract renewals

UK accelerated AD roll-out continues

Canada/NA growth, but in focused regions

New technology emerging with no subsidies

UK Municipal

Significant capacity being built under PFI

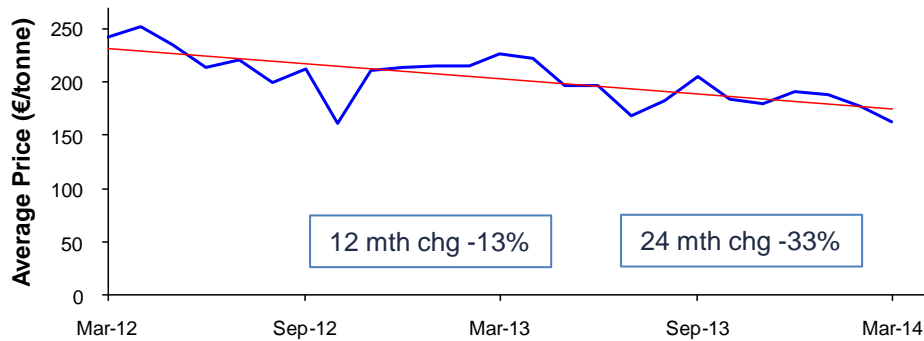
No further PFI credits, some have been pulled

Pressure to reduce costs due to austerity

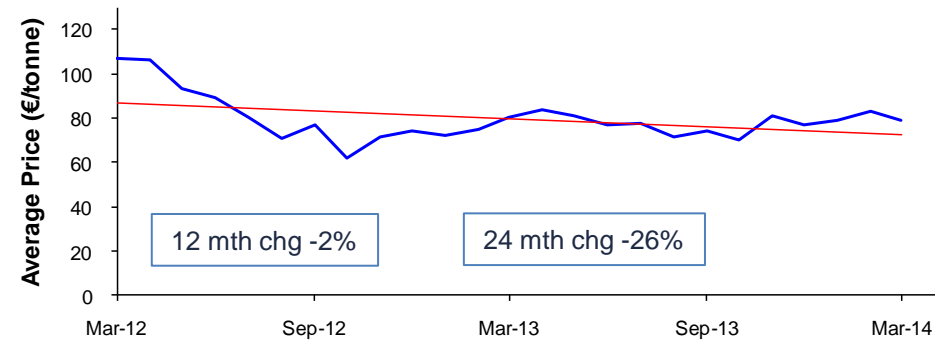
Medium term contracts in some regions

Recyclate Data - Netherlands

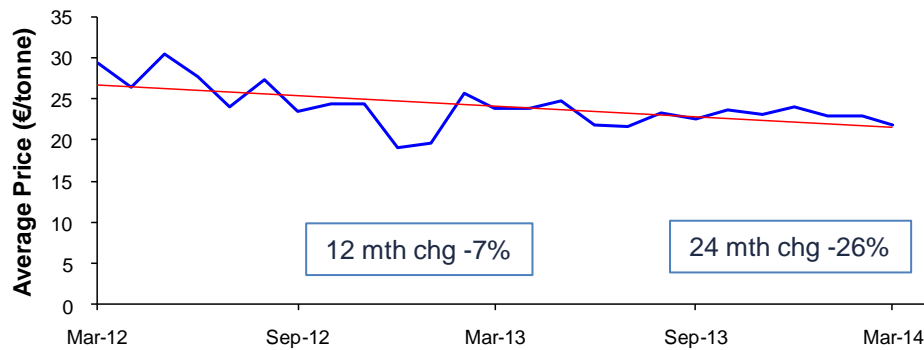
Metal monthly average price



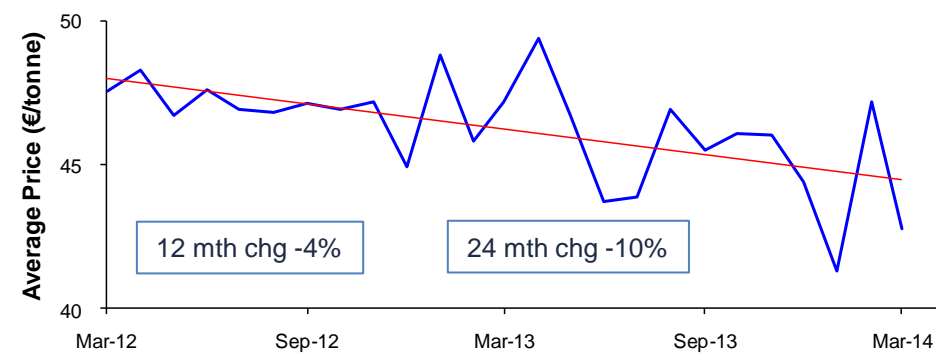
Paper monthly average price



Woodchips monthly average price






Glass monthly average price



Investment Portfolio Performance

Investment Programme by Division

Pre-tax Return on Operating Assets of 16-20% compares to post-tax target of 12-15%

| Division | Div'n ROA | Prog ROA | Spent | Allocated | Comment |
|---|--------------|--------------|--------------|-------------|---|
| Solid  | 11.3% | 17.4% | £29m | £ - | <ul style="list-style-type: none"> Investment returns well above Division average and meet target No new assets under construction |
| Hazardous  | 34.7% | 46.0% | £19m | £15m | <ul style="list-style-type: none"> Investment returns very strong due to impact of soil and water storage Focus for further investment |
| Organics  | 5.2% | 9.1% | £79m | £ - | <ul style="list-style-type: none"> Returns still ramping, diluted by central and bid costs No new assets under construction Focus on Canada bid funnel |
| Total | 15.2% | 18.6% | £132m | £10m | |

Additional £200m investment in BDR and Wakefield underway to add growth to UK Municipal

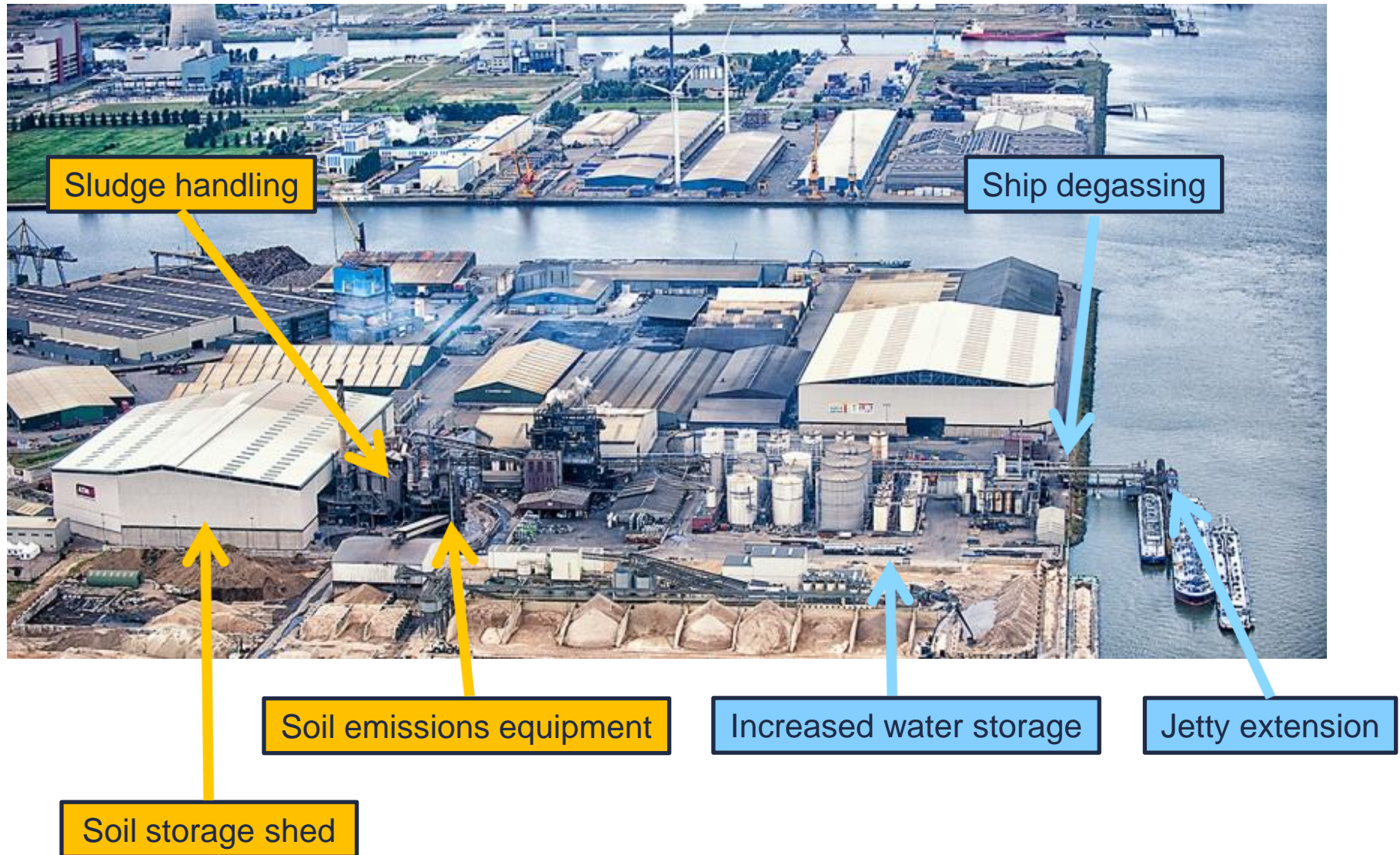
Focused, market based investment programme delivering superior returns

Hazardous Waste Investment

| 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 |

All investments now started, returns expected at high-end of target range

ATM Expansion



Return on Capital

| | Mar 14 | Sep 13 | Mar 13 |
|--|--------|--------|--------|
| Post tax ROIC (on depreciated capital base including goodwill) | 6.0% | 5.8% | 5.4% |
| Return on operating assets – continuing operations (trading profit on depreciated operating assets excluding debt, tax and goodwill) | 15.1% | 14.8% | 14.2% |
| Post tax project returns – fully operational projects in £250m programme (on the original invested capital) | 13.5% | 14.3% | 12.1% |

Other Financial Information

2014/15 Guidance

- 2014/15 guidance given at exchange rate of €1.20 to £1, being the average rate for last year and the rate prevailing at the date of last guidance in March 2014
- Impact of 1 cent movement in Euro FX on reported results: Revenue £4m, Trading Profit £300k, underlying PBT £250k
- Capex expectations: replacement capex rate of 80% (£40m) and growth capex of £25m. Net Financial Asset expenditure of £120m
- Tax rate of 24.2% as per 2013/14
- Non-trading items to include £6m of structural cost programme, £2m of amortisation of acquired intangible assets
- Ongoing pension deficit cash funding of £3m

Segmental Analysis

| | Revenue | | | Trading Profit | | |
|------------------------|--------------|--------|----------|----------------|--------|----------|
| | Year ended | | | Year ended | | |
| | Mar 14 | Mar 13 | Variance | Mar 14 | Mar 13 | Variance |
| | £m | £m | % | £m | £m | % |
| Solid Waste Benelux | 324.2 | 330.9 | (2) | 19.7 | 16.3 | 21 |
| Hazardous Waste | 148.2 | 139.4 | 6 | 19.9 | 19.1 | 4 |
| Organics | 36.2 | 35.9 | 1 | 4.4 | 5.3 | (17) |
| UK Municipal | 137.5 | 115.3 | 19 | 9.2 | 9.6 | (4) |
| Group central services | - | - | | (7.3) | (5.4) | (35) |
| Inter-segment revenue | (9.7) | (6.9) | | - | - | |
| | 636.4 | 614.6 | 4 | 45.9 | 44.9 | 2 |

Trading profit = operating profit before amortisation of acquisition intangibles and exceptional items

Balance Sheet

| | Mar 14 £m | Mar 13 £m |
|--------------------------------------|--------------|--------------|
| Tangible fixed assets | 327.1 | 375.3 |
| Goodwill & other intangibles | 212.7 | 251.8 |
| Non current PFI/PPP financial assets | 187.4 | 117.5 |
| Trade and other receivables | 2.5 | 5.9 |
| Investments | 5.9 | 5.6 |
| Non current assets | 735.6 | 756.1 |
| Working capital | (55.5) | (43.4) |
| Current PFI/PPP financial assets | 8.2 | 8.0 |
| Assets classified as held for sale | 3.2 | - |
| Pension deficit | (13.1) | (8.8) |
| Taxation | (34.9) | (30.6) |
| Provisions and other liabilities | (46.8) | (59.4) |
| Net core debt | (156.0) | (177.3) |
| PFI non recourse net debt | (151.2) | (100.1) |
| Derivative financial liabilities | (16.0) | (30.8) |
| Net Assets | 273.5 | 313.7 |

Structural Cost Programme

- Benelux cost reduction programme on track to deliver €19m of savings in 2015/16
 - €10m delivered in 2013/14
- Cash cost of €23m results in cash payback of 1.2 years
- All non-cash impairments were taken in 2012/13

| Solid Waste Structural Cost Programme | | | | | | | | | | |
|---------------------------------------|------------|----------|-------|------------------|-------|-------|------------------|-------|-------|-------|
| €m | P&L charge | | | Timing of charge | | | Expected benefit | | | |
| | Cash | Non Cash | Total | 12/13 | 13/14 | 14/15 | 12/13 | 13/14 | 14/15 | 15/16 |
| Restructuring | 14 | 3 | 17 | 11 | 2 | 4 | 4 | 8 | 9 | 10 |
| Portfolio Management | 1 | 7 | 8 | 8 | - | - | - | 2 | 2 | 2 |
| Solid Waste shared services | 8 | - | 8 | - | 5 | 3 | - | - | 1 | 3 |
| Procurement | - | - | - | - | - | - | - | - | 2 | 4 |
| | 23 | 10 | 33 | 19 | 7 | 7 | 4 | 10 | 14 | 19 |

- Projected cash out for the total programme including all other divisions now £26m versus £28m originally expected

Glossary

| | |
|----------------|---|
| AD | Anaerobic Digestion |
| C&D | Construction & Demolition |
| CHP | Combined Heat & Power |
| GHG | Greenhouse Gases |
| I&C | Industrial & Commercial |
| MBT | Mechanical Biological Treatment |
| MRF | Material Recycling Facility |
| PFI | Private Finance Initiative |
| PPP | Public Private Partnership |
| RDF | Refuse Derived Fuel |
| ROC | Renewable Obligation Certificate |
| SRF | Solid Recovered Fuel |
| TAG | Tar containing Asphalt Granulate |