



Preliminary Results 2015/16

19 May 2016

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

Operating Review

Toby Woolrych
Group Finance Director

Future Growth

Peter Dilnot
Group Chief Executive

Highlights

- 1 Delivered revenue and profit growth at constant currency in tough macro markets
- 2 Self-help initiatives gaining traction, particularly in key NL Commercial business
- 3 Significant new infrastructure commissioned and coming online
- 4 Consistent strategy with even more focus on delivering returns from existing assets
- 5 Well positioned for growth in short and medium term

2015/16 Preliminary Results*

Revenue & Profits

- Revenue up 7% with growth in all divisions
- Trading profit up 4%

Commercial Division

- Commercial Division trading profit up 18% primarily driven by self-help initiatives
- Netherlands trading profit up 37%

Hazardous & Municipal

- Hazardous Waste trading profit up 1% despite oil and gas markets
- Municipal trading profit down 15% due to off-take pressures and insurance costs

Cash Flow & Financing

- Strong cash management
- Year end core net debt better than expectations at £193m, 2.6x net debt: EBITDA

EPS & Dividend

- EPS up 1%
- Final dividend maintained at 2.35p, reflecting confidence in future growth

Market Backdrop

	Market Driver	Example Metric
+	NL C&D recovery	Construction volumes up >3%
-	Commodity price ¹	Metal down 40%
-	Oil & gas market	Oil price down 30%
-	Off-take & insurance	RDF up >20% Insurance up >100%

£10m net impact of macro factors, offset by self-help initiatives

¹ Includes recyclates, off-take and electricity



Operating Review

Toby Woolrych

Income Statement

	Mar 16 £m	Mar 15 £m	Change £m	%	Excluding currency change %
Revenue	614.8	601.4	13.4	2%	7%
Trading Profit	33.4	34.3	(0.9)	-3%	4%
Net Interest	(13.4)	(13.4)			
Income from associates and JVs	1.0	0.8			
Underlying profit before tax	21.0	21.7	(0.7)	-3%	4%
Non-trading and exceptional items	(23.5)	(42.2)	18.7		
Loss before tax	(2.5)	(20.5)	18.0		
Taxation	(1.5)	2.3			
Loss after tax	(4.0)	(18.2)	14.2		
Discontinued operations	0.1	1.3			
Loss for the year	(3.9)	(16.9)	13.0		
Continuing operations:					
Basic earnings per share (p)	(1.0)	(4.6)	3.6		
Underlying earnings per share (p)	4.7	5.0	(0.3)	-6%	1%
Total dividend (pence per share)	3.45p	3.45p	-		

Commercial Waste

	Mar 16 €m	Mar 15 €m	Change €m	%
Revenue				
NL Commercial Waste	253.6	242.2	11.4	5%
BE Commercial Waste	152.8	158.8	(6.0)	-4%
Total Revenue	406.4	401.0	5.4	1%
Total Revenue (£m)	297.3	314.2	(16.9)	-5%

Trading Profit				
NL Commercial Waste	13.7	10.0	3.7	37%
BE Commercial Waste	7.4	7.9	(0.5)	-6%
Total Trading Profit	21.1	17.9	3.2	18%
Total Trading Profit (£m)	15.4	14.0	1.4	10%

Trading Margin		
NL Commercial Waste	5.4%	4.1%
BE Commercial Waste	4.8%	5.0%
Total Trading Margin	5.2%	4.5%

Return on operating assets		
NL Commercial Waste	7.5%	5.0%
BE Commercial Waste	19.8%	16.0%
Total Return on operating assets	9.6%	7.2%

The return on operating assets in Belgium excludes all landfill related provisions

Netherlands

- Growth in construction waste volumes
- Higher commercial waste pricing
- Recyclate pricing falls in second half
- Self-help programmes deliver benefits – commercial effectiveness, cost reduction, continuous improvement and lean conversion at Van Vliet Groep

Belgium

- Roll out of commercial effectiveness and lean conversion at Ghent
- SRF production increased at Ghent in Q4
- 400k tonne extension to Cetem permit
- Active portfolio management of non-core operations – loss-making Industrial Cleaning and Shanks Nord

	Mar 16 €m	Mar 15 €m	Change €m	%
Revenue	185.9	176.2	9.7	6%
Revenue (£m)	136.2	138.0	(1.8)	-1%
Trading Profit	21.2	21.0	0.2	1%
Trading Profit (£m)	15.6	16.4	(0.8)	-5%
Trading Margin	11.4%	11.9%		
Return on operating assets	22.7%	25.7%		

Industrial Cleaning markets tighten

- Fewer major shutdowns and lower productivity
- Capacity reduced in the second half to meet lower expected demand during 2016/17
- New Total Care Centre in Rotterdam's Europoort fully operational along with ultrasonic cleaning unit

Water treatment

- 15% fall in intake of high value industrial sludges
- Record water throughput
- Completion of water storage tanks, enhanced cooling equipment, ship de-gassing and jetty extension

Soil performance

- Additional investment in environmental and emissions control equipment
- Record soil throughput

	Mar 16 £m	Mar 15 £m	Change £m	%
Revenue				
UK Municipal	163.5	144.6	18.9	13%
Canada Municipal	26.2	12.0	14.2	118%
Total Revenue*	189.7	156.6	33.1	21%
Total Revenue (£m)	187.7	156.6	31.1	20%
Trading Profit				
UK Municipal	7.8	9.8	(2.0)	-20%
Canada Municipal	2.2	2.8	(0.6)	-21%
Bid costs	(0.4)	(1.3)	0.9	
Total Trading Profit*	9.6	11.3	(1.7)	-15%
Total Trading Profit (£m)	9.4	11.3	(1.9)	-17%
Trading Margin				
UK Municipal	4.8%	6.8%		
Canada Municipal**	14.5%	23.3%		
Total Trading Margin**	5.2%	7.2%		

* Canada at constant currency

** Trading margins exclude Surrey construction

Existing Contracts

- Off-take market headwinds – reduction of available demand for SRF and increasing RDF pricing
- Cumbria onerous contract provision
- Record diversion from landfill at ELWA and Derby
- Continuous improvement projects delivering cost savings and capacity improvements
- BDR and Wakefield facilities entered full service
- In Canada lower margins from the 2 existing plants due to changing customer demand

Construction

- Construction at Derby waste-to-energy facility on track – due to commission towards end of 2016/17
- Canadian Surrey contract construction on track

Non-trading and Exceptional Items

	Mar 16 £m	Mar 15 £m
Restructuring charges	2.4	6.5
Portfolio management	9.5	0.8
Impairment of assets and goodwill	0.5	23.5
Others	9.4	9.6
Amortisation of acquisition intangibles	1.8	1.9
Fair value derivatives	(0.1)	(0.1)
Total non-trading and exceptional items	23.5	42.2

Continuing operations only

- **Restructuring:** Additional cost actions in response to market
- **Portfolio management:** generates £27m net cash and exits from losses, including Wakefield and exit from Wallonia Industrial Cleaning
- **Impairments:** no material impairments
- **Others:** includes Cumbria onerous contract provision in addition to the previously announced Wakefield liquidated damages, ATM waterside contamination and soil stock adjustment

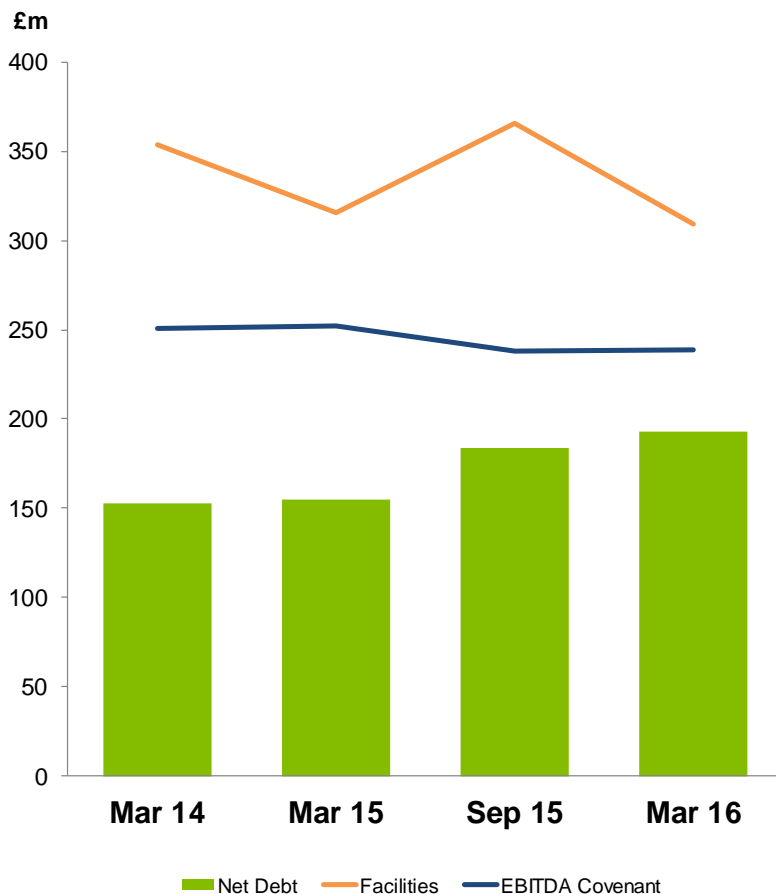
Cash Flow Performance

	Mar 16 £m	Mar 15 £m
EBITDA	68.2	72.8
Working capital movement and other	24.8	(1.7)
Net replacement capital expenditure	(18.6)	(29.3)
Interest and tax	(17.6)	(18.4)
Underlying free cash flow	56.8	23.4
Growth capital expenditure	(9.9)	(12.8)
Acquisitions and disposals	27.8	(1.5)
Restructuring spend	(2.6)	(7.6)
Dividends paid	(13.7)	(13.7)
UK PFI funding	(53.9)	(7.3)
Canada Municipal funding	(10.3)	-
Other	(15.2)	(5.2)
Net core cash flow	(21.0)	(24.7)
Free cash flow conversion	172%	69%

- EBITDA flat at constant currency
- Strong working capital performance
- Ratio of replacement capital expenditure to depreciation of 52% (2015: 75%) impacted by sale of Vliko land
- Growth capital mostly in Hazardous Waste
- Acquisitions and disposals include the Wakefield sale proceeds
- UK PFI funding includes the sub-debt injections and additional costs of commissioning
- Canada Municipal is the Surrey build cost
- Other includes pension deficit funding, Wakefield LDs, onerous contract and provision spend

Strong free cash conversion and high investment levels as forecast

Movement in Core Net Debt



- €100m Green Retail Bond issue at 3.65% in June 2015
- €40m Pricoa notes redeemed in June 2015
- €100m 2010 Retail Bond redeemed in October 2015
- Covenant amendments in March 2016 to provide flexibility & currency protection

	Mar 14	Mar 15	Sep 15	Mar 16
Headroom (facilities plus cash)	£201m	£154m	£169m	£116m
Headroom (leverage)	£98m	£97m	£54m	£46m
Net debt / EBITDA	1.9x	2.3x	2.7x	2.6x
Interest cover	3.7x	3.6x	3.6x	5.0x
Total net worth headroom	£66m	£42m	£22m	£25m

Headroom remains comfortable through period of high investment

- 1** 2016/17 guidance at exchange rate of €1.35 to £1 and CA\$2.0 to £1
- 2** Volatile exchange rates: impact of 1 cent movement in Euro FX on reported results: Revenue £3.5m, Trading Profit £0.3m, underlying PBT £0.2m
- 3** Capex expectations: replacement capex rate of c75% (£30m). Canada Municipal net funding of £10m. Derby subordinated debt investment £17.5m.
- 4** Tax rate of 21.4% as per 2015/16
- 5** Non-trading items to include £3m for additional structural cost programme, £1.8m of amortisation of acquired intangible assets
- 6** Ongoing pension deficit cash funding of £3m



Future Growth

Peter Dilnot

Strong Long-term Growth Drivers

Global Goals

- 1 Reduce greenhouse gases
- 2 Move to renewable energy
- 3 Save valuable virgin resources
- 4 Improve air quality

Legislation and Regulation

EU

- EU Circular Economy
- EfW Package

National

- Landfill and incinerator taxes
- Green Certificates

Regional

- Municipal recycling targets
- Segregated collections

Shanks Unique Position



Waste hierarchy

1. PREVENT

2. REUSE

3. RECYCLE

4. ENERGY

5. BURN

6. DUMP



NL



BE



UK



CA



3%¹

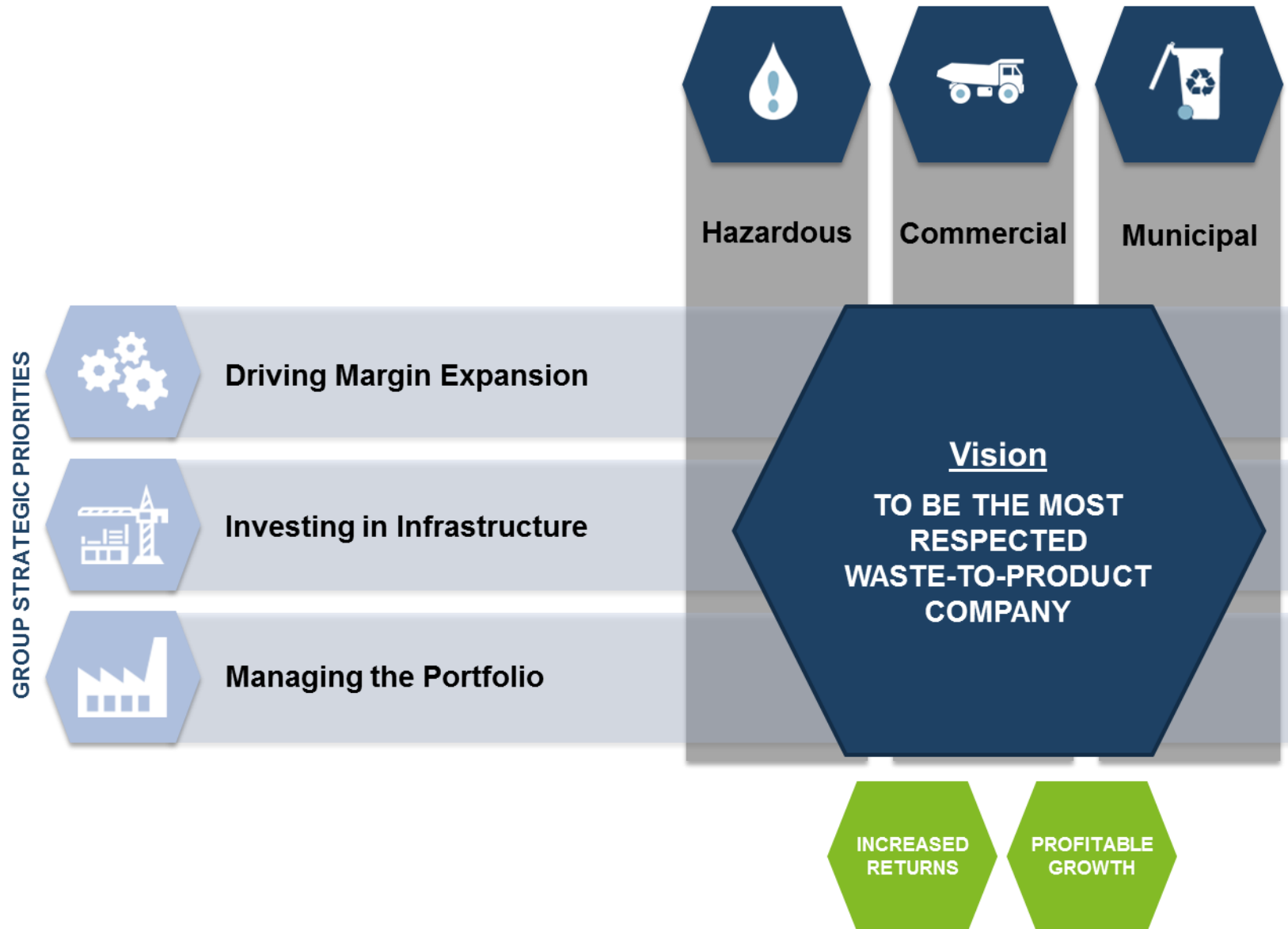
15%¹

25%¹

70%¹

¹ Approximate percentage of total waste sent to landfill

Our Strategy



Our Strategy

Strategic priorities are clear and consistent ...

... emphasis shift as investments come online

GROUP STRATEGIC PRIORITIES



Driving Margin Expansion

Current

Future



- Driving continuous improvement and commercial effectiveness



Investing in Infrastructure



- Ramp-up new plants and sweat assets



Managing the Portfolio



- Potential accretive acquisitions and non-core disposals

Even more focus on margin expansion and managing the portfolio



Margin Expansion Initiatives

Input

Processing

Products

Commercial effectiveness

Continuous improvement

Group Off-take initiative

FY16 Examples

- Significant margin expansion in NL Commercial from volume/ price
- €600k from Belgium growth segment focus and bleeder management

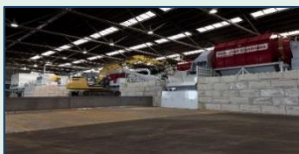


- £1m benefit at ELWA from higher throughput
- Ghent utilisation up 15% leading to 5 extra shifts per week
- Contrans C&D line up from 25 tonnes to >45 tonnes per hour

- €800k annualised margin from Group trading of paper volumes
- New UK/ NL trading link established on RDF/ EfW

Initiatives gaining traction and rolling-out more widely within Group



Infrastructure Investment Returns

Division	Divisional ROA	Investment Return ⁽¹⁾	Future Spend
Commercial 	9.6%	15.9%	<ul style="list-style-type: none"> Vliko new facility
Hazardous 	22.7%	37.2%	<ul style="list-style-type: none"> Targeted investment in extending capability, capacity and storage
Municipal 	9.6%	13.5%	<ul style="list-style-type: none"> Surrey Bio-fuels facility Derby PPP project
Total	12.0%	19.5%	

New assets generate high quality earnings growth and meet target returns

⁽¹⁾ Returns from investment programme since 2008



Portfolio Management

Strategy

- **Actively manage business portfolio to build focused Group with improved returns**
- **Dispose of assets where unclear path to generating target returns**
- **Acquire businesses that reinforce Shanks and deliver accretive returns**

FY16 Progress

- **Disposal of non-core assets at Industrial Cleaning Wallonia, Shanks Nord and Wakefield PFI ⁽¹⁾**
- **Tuck-in acquisition of PRA**
- **Continuing review of M&A opportunities as market consolidates**

⁽¹⁾ Sub-debt (closed in Mar 16) and equity (signed deal, close in FY17)

Divisional Strategies



Hazardous



**Growth while
maintaining
attractive
returns**

- 1 Invest in environmental excellence
- 2 Ramp-up new capacity
- 3 Broaden scope of inputs and treatments
- 4 Expand geographic footprint



Commercial



**Delivering
previous
profitability
and returns**

- 1 Ensure lowest cost position
- 2 Focus commercial activity on profitable segments
- 3 Gain share through cycle
- 4 Create quality products for target markets



Municipal



**Growth from
new assets
and further
wins**

- 1 Sustain current contracts
- 2 Ramp-up new assets (UK & Canada)
- 3 Secure incremental volumes to maximise utilisation
- 4 Win new long-term contracts in target growth areas

Drivers of Growth 2016/17

- +** Increase volumes from NL C&D recovery
- +** New capacity coming online
- +** Margin expansion from self-help initiatives
 - Commercial effectiveness / price
 - Continuous improvement / productivity
- +** Read through of cost programmes
- Full year impact of lower product prices⁽¹⁾
- No recovery in oil & gas market

Positive drivers continue in future years

¹ Recyclates, off-take fuels, electricity

Highlights

- 1 Delivered revenue and profit growth at constant currency in tough macro markets
- 2 Self-help initiatives gaining traction, particularly in key NL Commercial business
- 3 Significant new infrastructure commissioned and coming online
- 4 Consistent strategy with even more focus on delivering returns from existing assets
- 5 Well positioned for growth in short and medium term

Appendices – Group Introduction



Our Strategy

Our divisional structure

- **Hazardous**

Industrial cleaning and treatment of hazardous waste.

- **Municipal**

Operation of waste management facilities under long-term municipal contracts.

- **Commercial**

Collection and treatment of commercial waste.

Group strategic priorities

- **Driving margin expansion**

Developing world-class capabilities such as Continuous Improvement and Commercial Effectiveness.

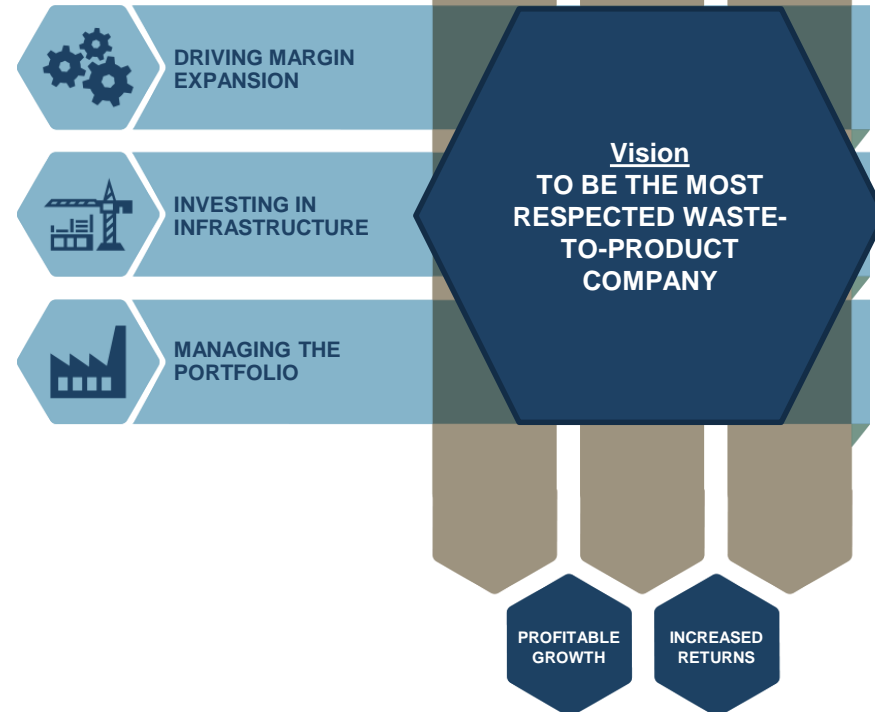
- **Investing in infrastructure**

Expanding the footprint and capability with selective investment in new infrastructure.

- **Managing the portfolio**

Continuing to actively manage the portfolio to improve the quality of our earnings.

GROUP STRATEGIC PRIORITIES



OUR DIVISIONS



Commercial: Growth Strategy

Markets

- Dutch construction and demolition (C&D)
- Benelux industrial & commercial (I&C waste)
- Selective municipal Benelux contracts
- Recycling monostreams (glass & wood)



Macro recovery plus increased demand due to legislation



Position

- Market leader in Dutch C&D collection and treatment
- I&C scale and advantage route density in selected Benelux regions
- Strong local presence and respected brands
- Excellent product quality and certifications⁽¹⁾



Current market leadership and growth platform in recovering markets



Strategy

- 1 Ensure lowest cost position through productivity & scale
- 2 Focus commercial activity on profitable segments
- 3 Gain share through cycle
- 4 Create quality products for target markets



Leverage market position to deliver previous profitability and returns



⁽¹⁾ Icopellets, SRF, wood pellets +



Hazardous: Growth Strategy

Markets

- Contaminated soil remediation
- Waste water and industrial sludge treatment
- Industrial ship cleaning and degassing
- Industrial cleaning and services



Increasingly stringent legislation
plus macro recovery



Position

- EU market leadership in thermal soil treatment
- Advantaged water technology and harbour location
- Proven excellence in Dutch industrial services
- Integrated and synergistic operations



Market leadership and scale in
attractive linked niches



Strategy

- 1 Invest in environmental excellence
- 2 Ramp-up new capacity
- 3 Broaden scope of inputs and treatments
- 4 Expand geographic footprint



Grow business while maintaining
attractive returns





Municipal: Growth Strategy

Markets

- UK PFI/PPP waste treatment contracts
- EU waste-derived fuel for industrial applications⁽¹⁾
- Organics waste treatment for Canadian cities
- Integrated municipal waste treatment contracts in NA



Long-term growth markets as North America and UK increasingly divert waste from landfill



Position

- Market leader in UK MBT (mechanical biological treatment)
- Deep experience (over 15 years) of long-term contracts
- Leading quality and volume producer of SRF
- Established provider of robust organics treatment in NA



Clear UK and Canadian leadership in sustainable waste solutions⁽²⁾ for municipalities



Strategy

- 1 Sustain current contracts in partnership with local authorities
- 2 Ramp-up new assets under construction in UK and Canada
- 3 Secure incremental volumes to maximise utilisation
- 4 Win new long-term contracts in target growth areas



Deliver growth from assets under construction and new contract wins

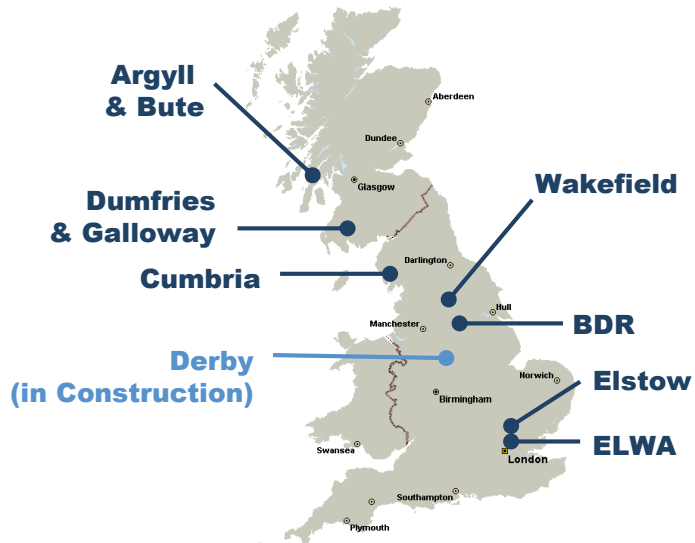
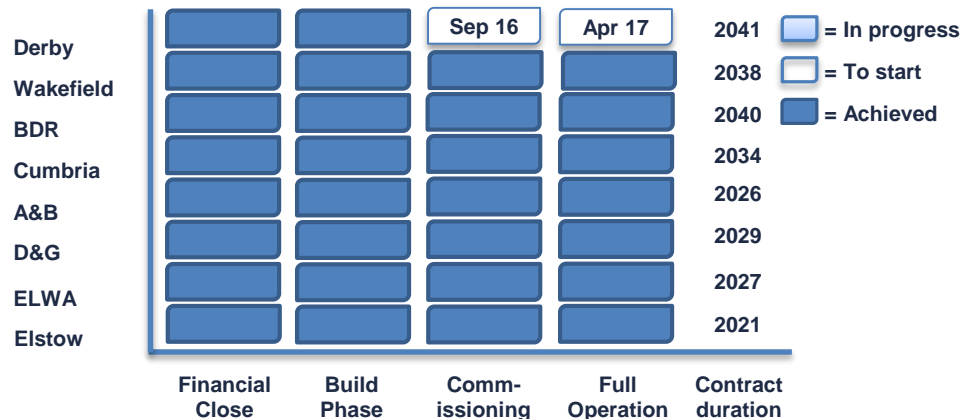


⁽¹⁾ Includes RDF and SRF for use in EfW and cement production

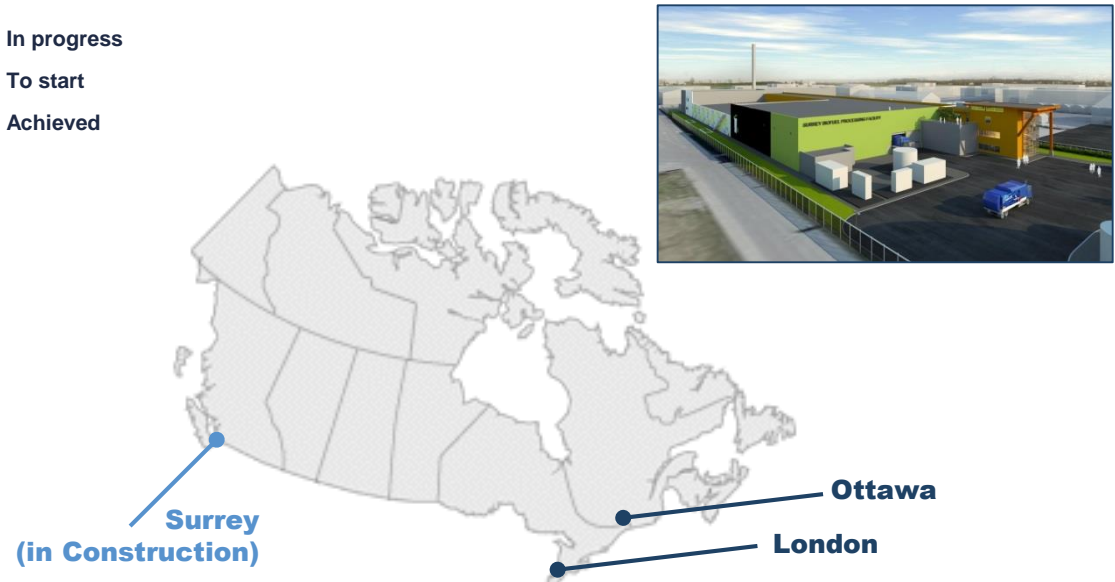
⁽²⁾ Sustainable municipal waste treatment = MBT in the UK and Organics in Canada

Municipal Infrastructure Progress

United Kingdom



Canada



Site	Input	Throughput	Technology	Operational
London	Organic food waste	150 KT	Tunnel composting	2006
Ottawa	Organic food waste, 'leaf & yard' waste	150 KT	Tunnel composting	2010
Surrey	Organic food waste	90 KT	AD & composting	2017

Flow through to earnings as new asset developments are de-risked and come online

Group Strategic Levers



Deliver Margin Improvement

Strategy

- 1 Develop capabilities where excellence creates advantage and has direct profit impact – examples:
 - Commercial effectiveness
 - Continuous improvement
- 2 Embed capabilities with new processes and training to ensure sustained ongoing improvement

Execution

- 1 Run pilot improvement projects in key businesses using Shanks expertise and input from other industries
- 2 Roll-out “piloted” capabilities across Group with PMO support and training
- 3 Track and drive profit impact



Investment in Infrastructure

Strategy

- 1 Deploy capital where Shanks advantaged and can generate attractive returns
- 2 Reinforce market leadership positions to ensure sustained advantage
- 3 Use non-recourse debt to maximise growth potential where appropriate

Execution

- 1 Target 15-20% pre-tax returns
- 2 Strong preference for secure inputs, often under long-term contract
- 3 Rigorous structured process to filter, test, implement and review



Manage Portfolio

Strategy

- 1 Actively manage business portfolio to build focused Group with improved returns
- 2 Dispose of assets where unclear path to generating target returns
- 3 Acquire businesses that reinforce Shanks and deliver accretive returns

Execution

- 1 Develop register of non-core assets, sweat, and then sell when value can be realised
- 2 Cultivate funnel of acquisition targets based on strategic fit and synergies
- 3 Acquire assets while maintaining strong capital discipline

Delivering Sustainability

2010 – 2015 Trajectory

	<u>2015 Target</u>	<u>2015 Performance</u>
RIDDOR accident reduction	25%	39%
Recycling & recovery rate	80%	82%
Carbon avoidance (tonnes)	1.3m	1.41m

2015 - 2020 Objectives

	<u>Primary Metric</u>	<u>2020 Target</u>	<u>FY16 Performance</u>
Safety	RIDDOR accidents	25% reduction	13% reduction
Sustainability	Recycling & recovery rate	85%	84%
Environment	Community Feedback	+25%	+14%
Employees	Engagement scores	+10%	+1.4%

Strong year one performance against industry-leading objectives

Appendices – Financial Information



Segmental Analysis

	Mar 16 £m	Mar 15 £m	Change %	Excluding currency change %		Mar 16 £m	Mar 15 £m	Change %	Excluding currency change %
	Revenue					Trading Profit			
Commercial Waste	297.3	314.2	(5)	1		15.4	14.0	10	18
Hazardous Waste	136.2	138.0	(1)	6		15.6	16.4	(5)	1
Municipal	187.7	156.6	20	21		9.4	11.3	(17)	(15)
Group central services	-	-				(7.0)	(7.4)	5	5
Inter-segment revenue	(6.4)	(7.4)				-	-		
	614.8	601.4	2	7		33.4	34.3	(3)	4

Trading profit = operating profit before amortisation of acquisition intangibles and exceptional items
Comparatives for 2015 have been restated to reflect the new reportable segments post the 1 April 2015 divisional restructuring

Wakefield Disposal

Transaction Summary

- Sale of 49.99% of equity and 100% of sub debt to Equitix on 30 March
- £25.8m received in March
- £4.2m to be received during FY17

Profit/loss on sale £m

Sale proceeds	30
Net assets sold	(14)
Profit on sale	16
Write off financial assets	(20)
Deal costs	(1)
Loss on sale	(5)

Impact on FY17 P&L £m

Trading Profit	(0.4)
Interest	(0.7)
Underlying PBT	(1.1)

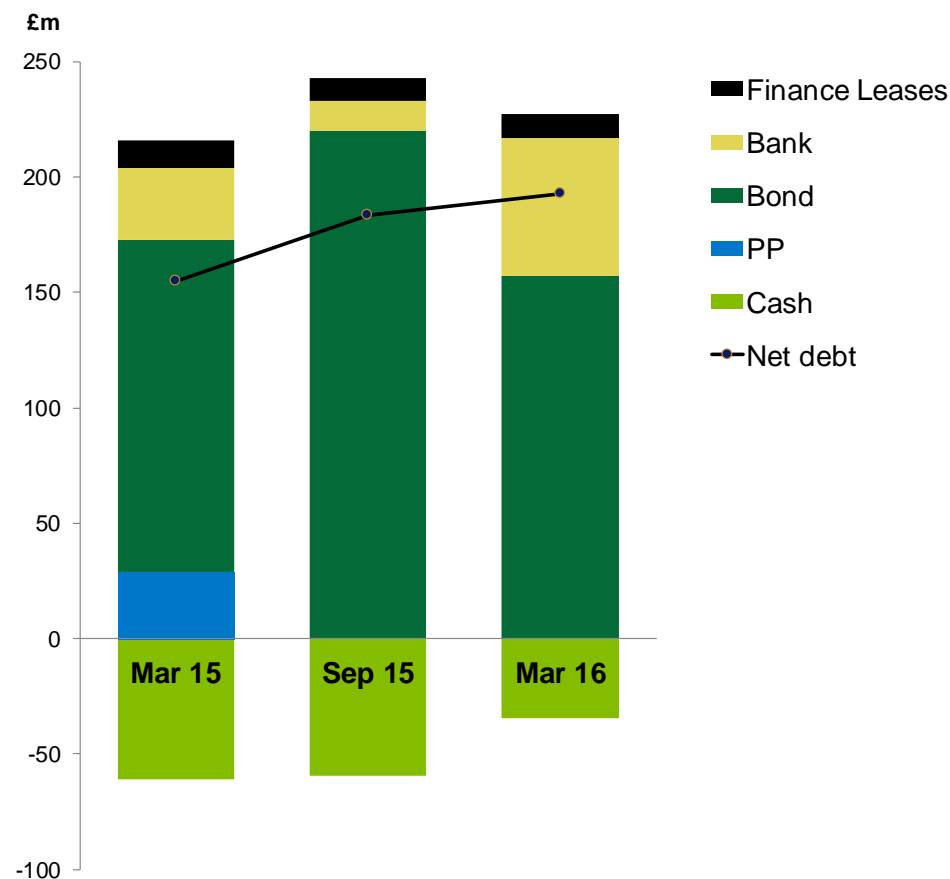
Impact on balance sheet £m

Elimination of Financial Assets	(134)
Elimination of PFI net debt	80
Elimination of derivatives re swaps	18
Others – working capital & tax	2

Balance Sheet




	Mar 16 £m	Mar 15 £m
Tangible fixed assets	297.0	282.9
Goodwill & other intangibles	194.5	173.8
Non current PF/PPP financial assets	145.8	246.6
Trade and other receivables	1.1	2.2
Investments	12.1	10.1
Non current assets	650.5	715.6
Working capital	(74.1)	(59.1)
Current PF/PPP financial assets	12.8	31.6
Assets classified as held for sale	-	3.5
Pension deficit	(10.7)	(16.4)
Taxation	(17.8)	(14.7)
Provisions and other liabilities	(63.3)	(49.8)
Net core debt	(192.6)	(155.0)
PFI non recourse net debt	(91.1)	(222.6)
Derivative financial liabilities	(30.9)	(44.0)
Net Assets	182.8	189.1

Analysis of Core Net Debt £m





Infrastructure Investment Update

Division	FY 14/15	FY 16 Completion	In Construction	Future
Commercial 	<ul style="list-style-type: none"> C&D sorting line (Contrans) 	<ul style="list-style-type: none"> ICOVA storage shed and quay 	<ul style="list-style-type: none"> Vliko new facility⁽¹⁾ 	Focus on investing in capability and capacity at our existing facilities
Hazardous 	<ul style="list-style-type: none"> ATM emissions equipment 	<ul style="list-style-type: none"> Rotterdam 'Total Care' Centre Water tanks and coolers Jetty extension 	-	
Municipal 	<ul style="list-style-type: none"> Cumbernauld expansion 	<ul style="list-style-type: none"> BDR facility Wakefield facility 	<ul style="list-style-type: none"> Derby facility Surrey Organics (Canada)⁽¹⁾ 	

Total returns in line with target

⁽¹⁾ Vliko: due operational in H2 17; Surrey: Commissioning from H2 17

UK PFI Directors' Valuation

- Portfolio valuation includes the six fully operational contracts, plus Derby under construction
- Valuation based on the cash flows of the financing vehicles and the operating contracts - discounted at 8% and risk adjusted
- Valuation based on current disposal prices at £100m but at 2014 prices is £150m
- Directors' valuation maintained at £115m

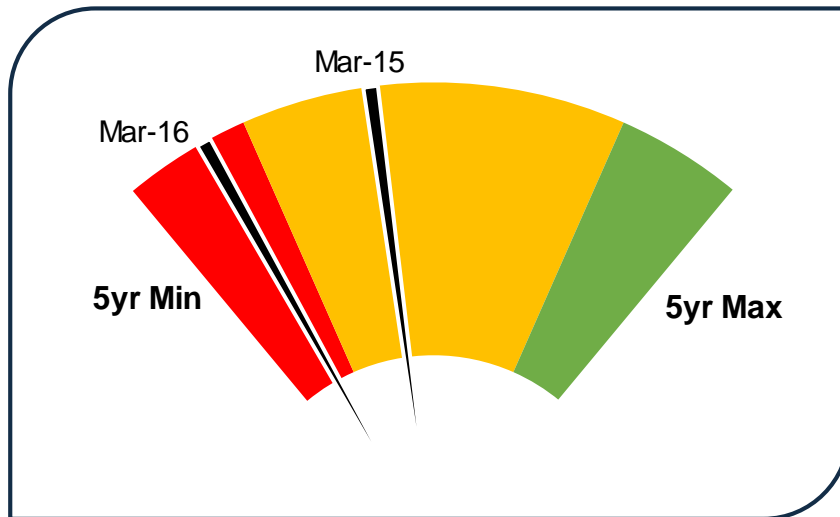
Current pricing £m	Mar-16
Operating contract - fully operational	42
Operating contract - initial services	6
Operating contract - not yet full services	17
SPV - fully operational	29
SPV - not yet full services	6
	<hr/> 100 <hr/>

FY14 pricing £m	Mar-16
Operating contract - fully operational	92
Operating contract - initial services	6
Operating contract - not yet full services	17
SPV - fully operational	29
SPV - not yet full services	6
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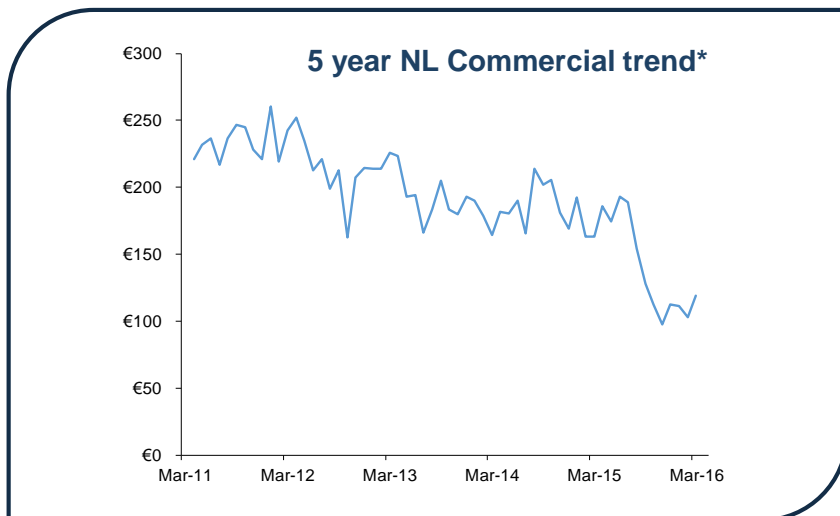
Return on Capital

	Mar 16	Sep 15	Mar 15
Post tax ROIC (on depreciated capital base including goodwill)	6.3%	6.3%	6.0%
Return on operating assets – continuing operations (trading profit on depreciated operating assets excluding debt, tax and goodwill)	12.0%	12.4%	12.2%
Pre-tax project returns – fully operational projects (on the original invested capital)	19.5%	17.9%	18.1%

Market Drivers – Metal Prices



- Price down 40% in H2
- NL Commercial impact €2m
- Estimated other inputs at £0.5m
- Some volume uplift as offset
- Some offset through gate fee pricing

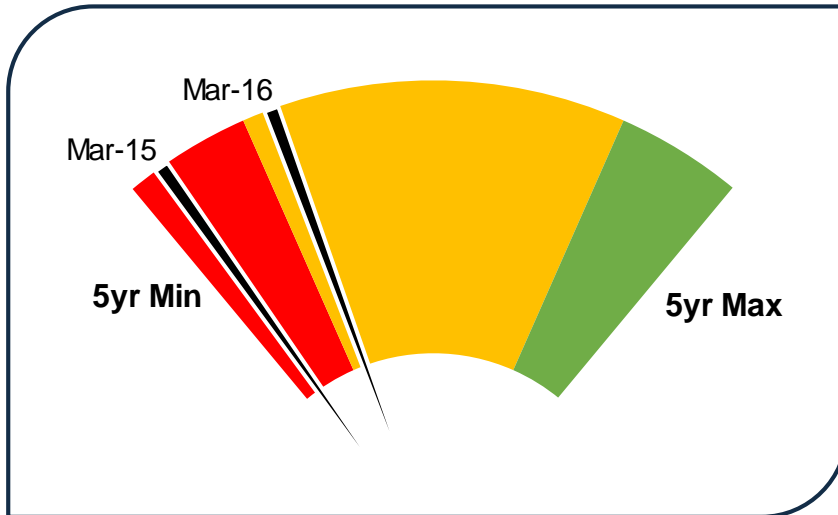


Impact of 10% movement

NL Commercial	£0.4m
BE Commercial	NM
Hazardous Waste	N/A
Municipal	£0.1m
	<hr/>
	£0.5m

Metal prices fell in H2 to five year lows

Market Drivers – Paper Prices



- Prices remain toward five year lows
- Stronger recovery in H1 was off-set by sharp fall in H2
- Some offset through input pricing in Commercial Division

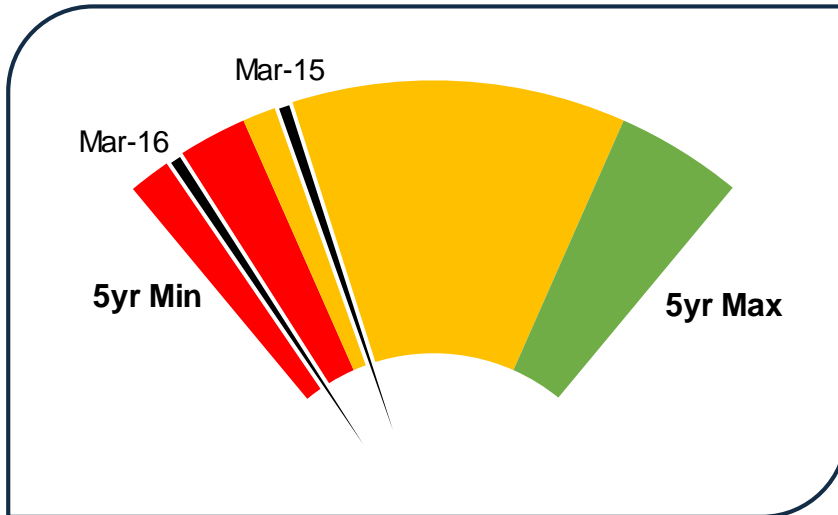


Impact of 10% movement

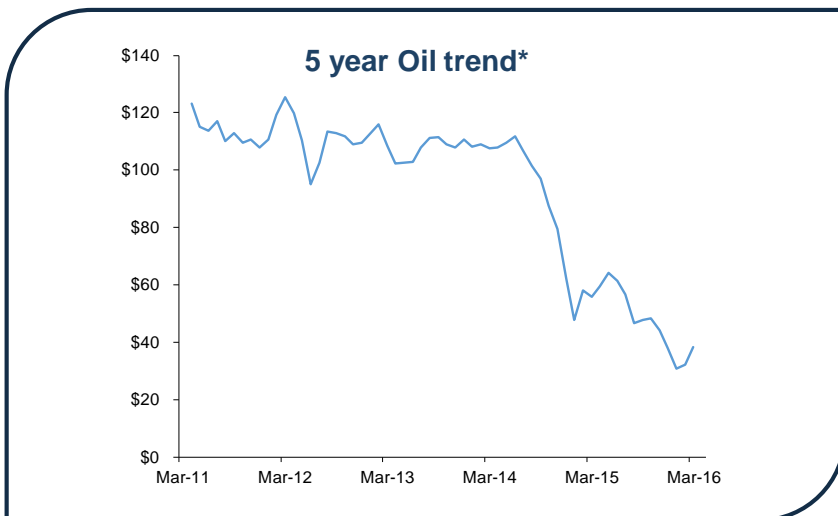
NL Commercial	£0.2m
BE Commercial	£0.2m
Hazardous Waste	N/A
Municipal	£0.1m
	<hr/> £0.5m <hr/>

Paper prices started FY16 well but fell back in H2

Market Drivers – Oil Prices



- Oil price pressures well reported
- March 16 price remained close to five year lows
- Second order impacts on Hazardous Waste as below
- Diesel prices will offset but hedged in FY16 and FY17

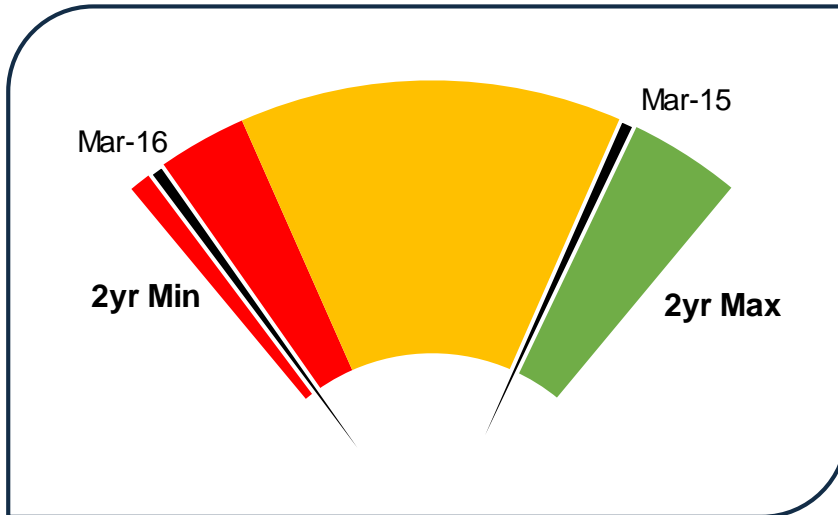


Impact

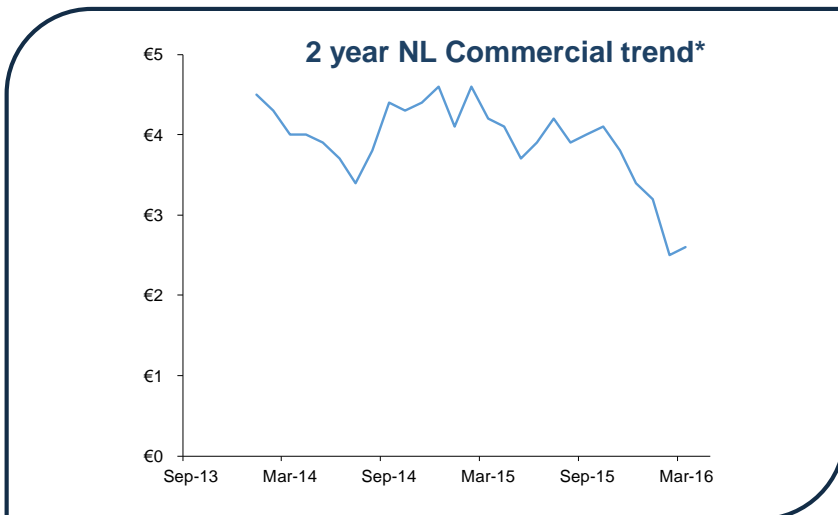
10% production increase	£3.2m
10% sludge movement	£0.9m
20% waste oil price movement	£0.2m
	<hr/>
	£4.3m

Oil prices remain close to five year lows

Market Drivers – Electricity Prices



- Sharp fall in electricity prices impacts landfills energy production and AD plants
- Prices fell in H2 to five year lows
- Can have a follow on impact on subsidies



Impact of 10% movement

NL Commercial	£0.2m
BE Commercial	£0.3m
Hazardous Waste	N/A
Municipal	£0.2m
	<hr/>
	£0.7m

Electricity price fall of c35% in H2