



Exit from UK Solid Waste

Delivering Our Strategy

15 October 2013



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.

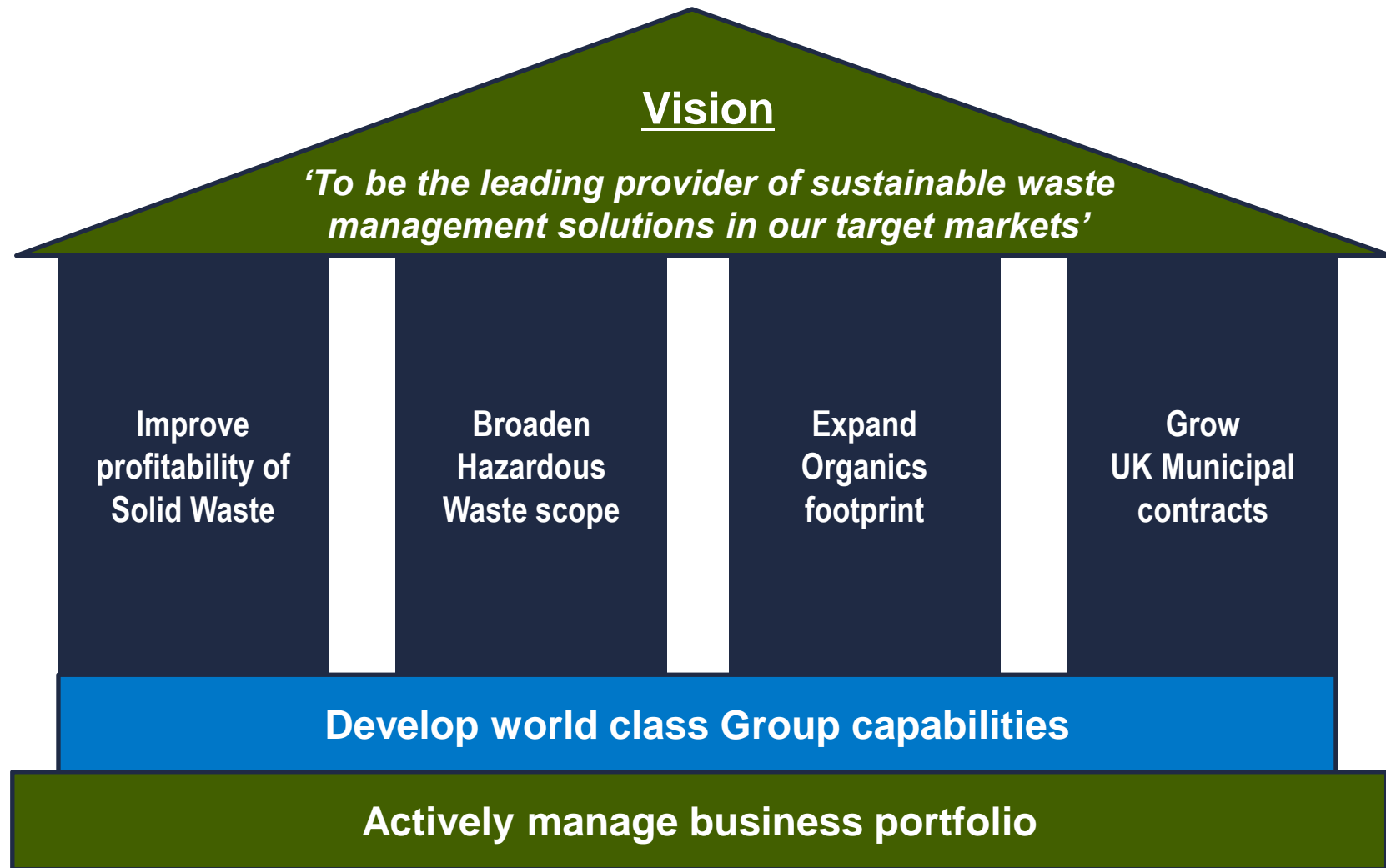
Exit from UK Solid Waste

Executive Summary

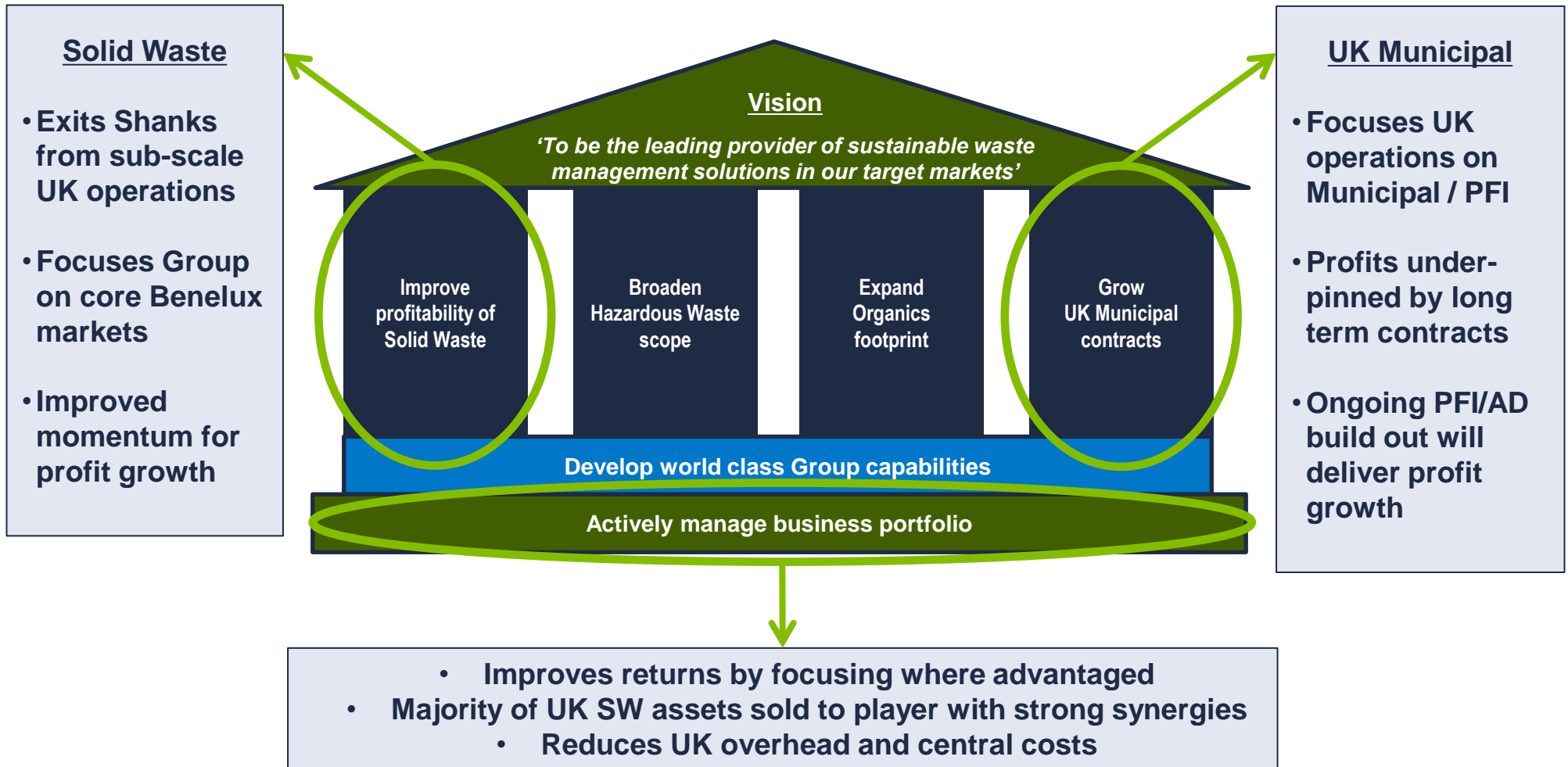
- 1 Delivers our strategy of focusing where we can generate attractive returns
- 2 Represents effective exit from loss-making UK Solid Waste operations
- 3 Cash generative transactions providing net cash inflow of £14m
- 4 Delivers £3m uplift in pro forma annualised underlying PBT, 11% up on 12/13
- 5 Creates UK business with long-term contracts and growth momentum
- 6 Shanks Group well positioned for future profitable growth

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

Strategy for Growth



Delivering our Strategy



Our Solid Waste Businesses

Benelux SW: Advantaged market leader

Market leader in integrated Netherlands construction and demolition waste

Leading processor of industrial and commercial waste in Belgium & Netherlands

Collection fleet of 800 vehicles operating high density routes

Strong cost position through local scale and productivity

Markets remain tough, but structural cost actions remain on track

Cash generative business with momentum to recover profits

UK SW: Undifferentiated and sub-scale

Regional player with presence in Scotland and Northern Home Counties only

Limited processing capacity: most waste exported or sub-contracted for treatment

Collection fleet of 100 vehicles with uneconomic route coverage

Structural challenges in UK for recycling assets with closures continuing

Significant cost action taken and limited further scope under our ownership

Loss-making business with no clear path to acceptable returns

UK Solid Waste Business

Scotland: Central Belt

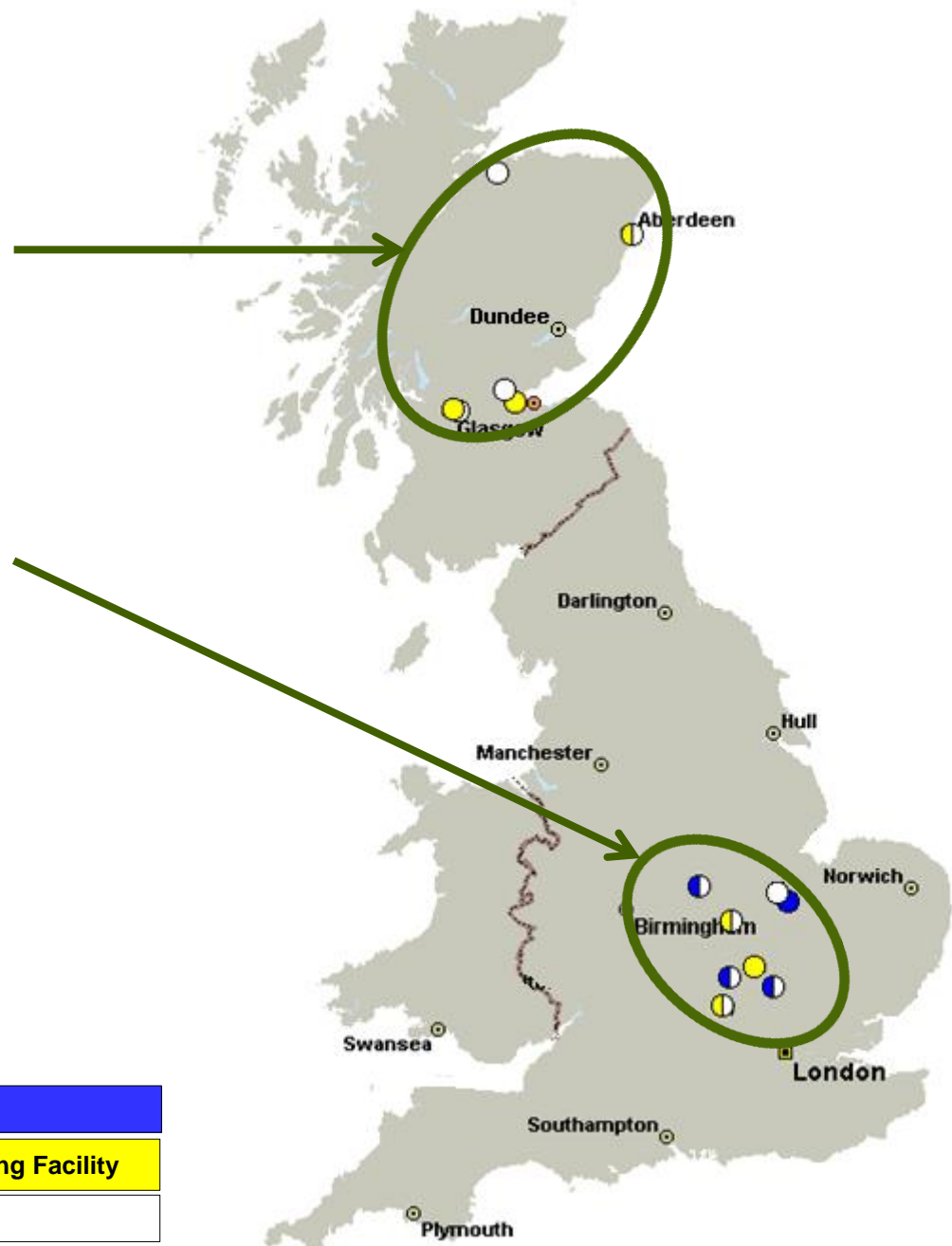
- Operations in Glasgow, Edinburgh, Aberdeen, Evanton
- MRF at Blochairn, Glasgow

England: Northern Home Counties

- Operations in Leicester, Milton Keynes, Peterborough, Aylesbury and Hitchin
- Facility at Elstow primarily focused on municipal contract
- MRF at Kettering

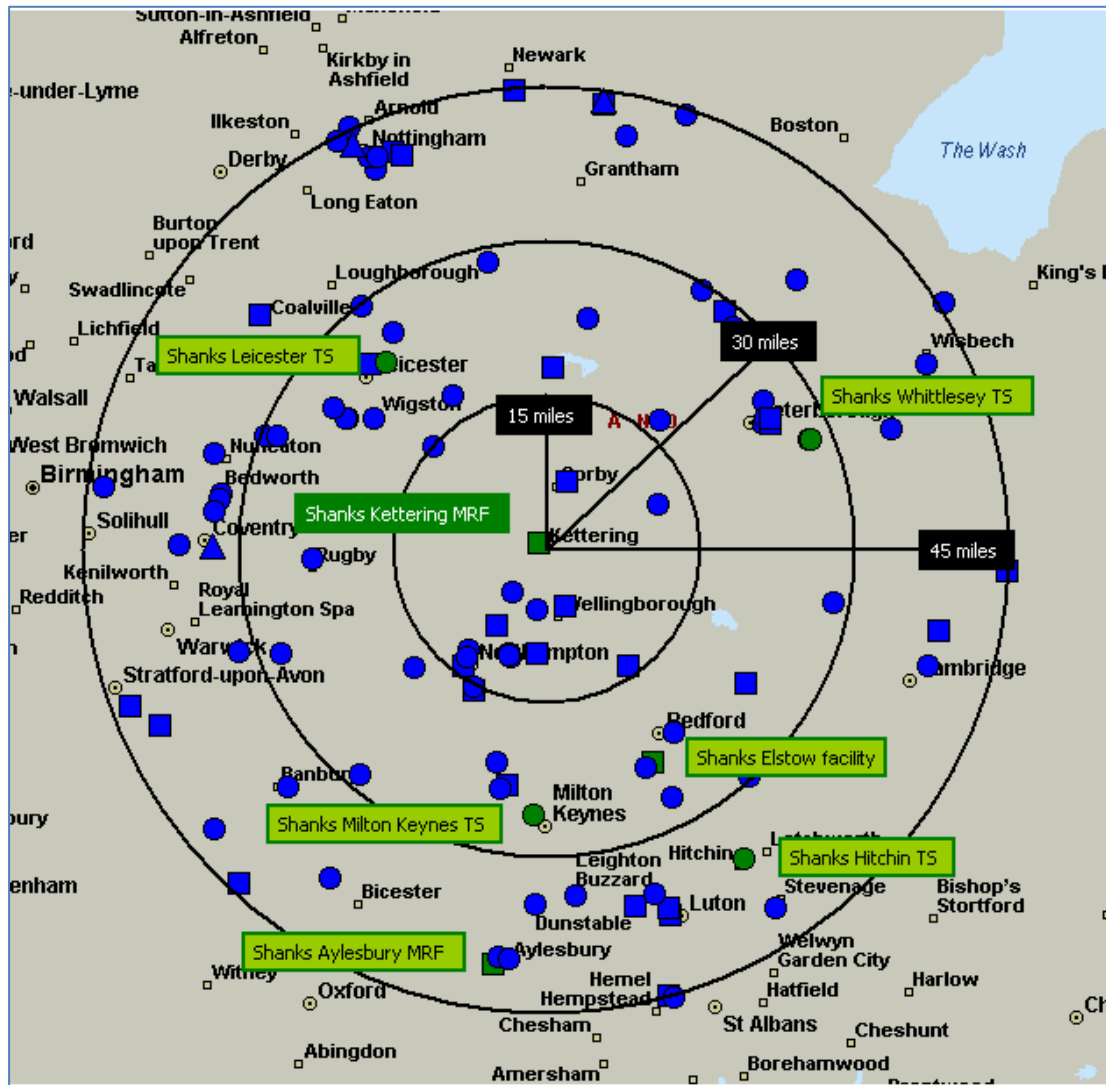
Divisional Central Services (shared with UK Municipal)

- Shared service centre in Nursling, Southampton
- Divisional Head Office in Milton Keynes

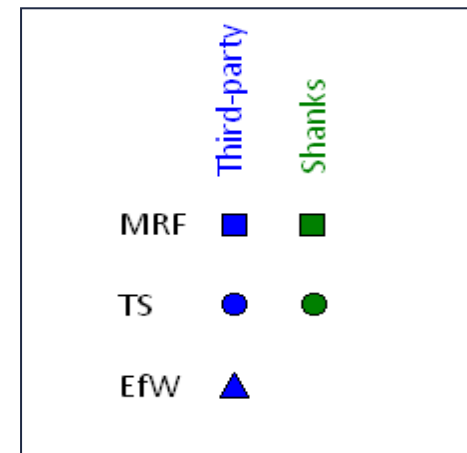


Transfer station
Materials Recycling Facility
Vehicles depot

UK SW Competitive Intensity



- High concentration of local transfer stations and MRFs
- Large scale EFW (incinerators) now operational or planned
- Scale and route density required
- Clear drivers for industry rationalisation



Exit from UK Solid Waste



Biffa Transaction

Sale announced today & complete Dec 13
 c300 transferring employees
 £9.5m consideration
 £3m working capital inflow

Sold to Biffa



Kettering MRF

Consultation initiated for closure
 Sale as MRF or for site & asset value
 £0.5m restructuring charge
 £14m non-cash impairment

£6m expected cash proceeds from sale



Blochairn MRF

Consultation initiated for closure
 In negotiations for sale of site and some assets
 £0.5m restructuring charge



Elstow Facility

Transferred to UK Municipal division
 Primarily serves contract for Bedfordshire CC to 2021
 24 employees based locally

Assets remain with Shanks



Support Services

Currently shared with UK Municipal
 Consultation initiated regarding rationalisation
 Target £2m overhead cost reduction

Coordinated action to refocus UK business on growth

Biffa Transaction

Assets

- **Collection fleet and transfer stations in Scotland and Northern Home Counties**
- **Localised MRFs in Edinburgh, Aberdeen, Milton Keynes and Aylesbury**
- **Total of 11 sites and around 300 direct employees**

Not included: Kettering and Glasgow MRFs, plus municipally-linked Elstow operation

Key Terms

- **Initial consideration of £9.5m debt free, working capital free**
- **Completion adjustment for prepayments and accruals**
- **Completion following TUPE consultation: expected in Dec 2013**
- **Rapid integration plan in Q3 to ensure smooth transition & accelerate savings**
- **Limited Transitional Services Agreement for up to six months post completion**

Financial Impact of UK SW Exit

- **Delivers a £3m uplift in pro forma annualised underlying PBT, representing 11% uplift on FY 12/13**
- **Cash inflow of £14m on completion of process**
- **Exceptional charge of approximately £26m**
 - **loss on disposal, asset impairment, transaction costs & restructuring**
 - **non cash costs of approximately £20m**
- **Further details will be given at Interim Results on 7 November 2013**

UK Growth Strategy

Building on established UK Municipal



Proven-track record of PFI operations

Leading player in UK MBT technology

BDR, Wakefield and Derby in progress

Opportunities with bolt-on contracts

Growth pipeline of UK Organic Assets



Ramping-up output at Cumbernauld

Commissioning new facility at Westcott Park

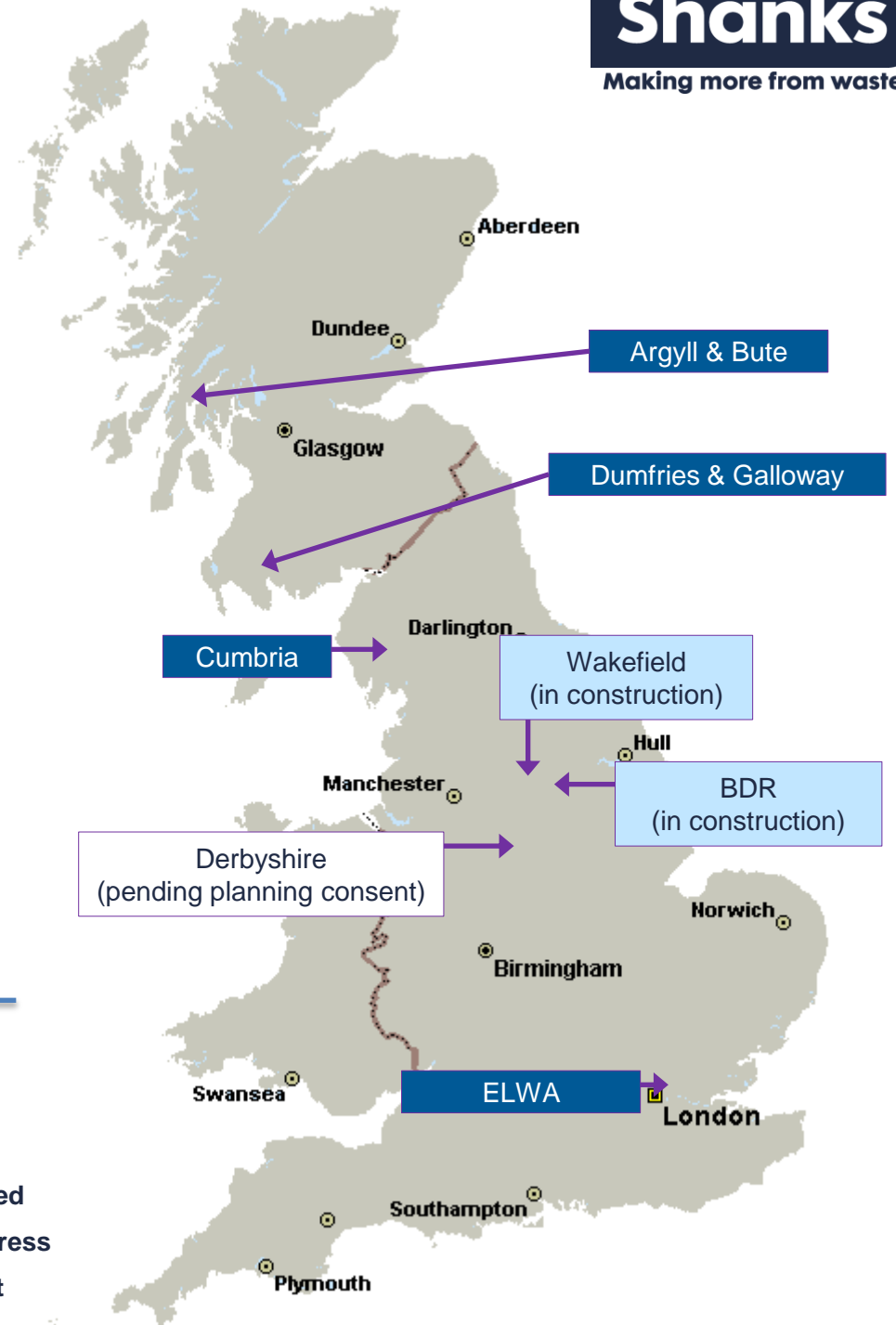
AD assets being built at BDR and Wakefield

Preferred bidder in SW Wales municipal AD

UK Municipal Assets

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

= Achieved
 = In progress
 = To start



UK Municipal Investment



~£200M investment underway, funded through non-recourse debt

Shanks: Positioned for Growth

Division	Shanks Position	Growth Drivers
<p>Solid</p> 	<ul style="list-style-type: none"> • Market leader in Benelux • Linked to NL construction • Strong commercial presence 	<ul style="list-style-type: none"> • Structural cost programme on track • Gaining share through downturn • Macro recovery in due course
<p>Hazardous</p> 	<ul style="list-style-type: none"> • Market leader in EU thermal soil treatment • Advantaged water technology 	<ul style="list-style-type: none"> • Fast-tracked waterside expansion • Broader range of treatment inputs • Increased regional presence
<p>Organics</p> 	<ul style="list-style-type: none"> • Market leader in Netherlands • Differentiated operating model • Growth footprint in Canada 	<ul style="list-style-type: none"> • Ramp-up EU assets profitably • Canada growth by leveraging NL/UK • Co-processing with EU A-brands
<p>UK Municipal</p> 	<ul style="list-style-type: none"> • Market leader in UK MBT • Proven operational excellence • New infrastructure being built 	<ul style="list-style-type: none"> • Partnership with local authorities • Ramp-up BDR, Wakefield and Derby • Win new volumes to utilise capacity

Clear growth trajectory for each division

Exit from UK Solid Waste

Executive Summary

- 1 Delivers our strategy of focusing where we can generate attractive returns
- 2 Represents effective exit from loss-making UK Solid Waste operations
- 3 Cash generative transactions providing net cash inflow of £14m
- 4 Delivers £3m uplift in pro forma annualised underlying PBT, 11% up on 12/13
- 5 Creates UK business with long-term contracts and growth momentum
- 6 Shanks Group well positioned for future profitable growth

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