

Acquisition Of Citywide Waste

Key highlights

- Highly complementary acquisition that expands our collections business and our Solid Waste Services infrastructure network in Melbourne.
- The Dynon Road transfer station is a key supplier into our Melbourne Regional Landfill today, making Cleanaway the natural owner of the business.
- Accelerates our Blueprint 2030 strategy with the addition of a strategically located infrastructure asset that extends our network.
- Redevelopment represents an attractive opportunity to grow capacity and earnings over time whilst delivering attractive returns on development capex.

Cleanaway Waste Management Limited (“Cleanaway”) (ASX: CWY) has agreed to acquire the waste and recycling business and assets (“Citywide Waste”) of Citywide Service Solutions Pty Ltd for a total consideration of \$110 million. Cleanaway will concurrently enter into a 35-year lease for the waste transfer station located at 391-395 Dynon Road in West Melbourne (“Dynon Road”).

Citywide Waste provides waste management services to approximately 1,500 municipal, commercial, and industrial customers in Melbourne, including Melbourne City Council. Citywide Waste also operates the Dynon Road waste transfer station, Victoria’s second largest waste transfer station, located approximately five kilometres from the Melbourne central business district. Annually, the transfer station receives over 200,000 tonnes of waste and recycling material.

As part of the transaction, Cleanaway has committed to redevelop the Dynon Road waste transfer station into a larger, efficient, modern post collections facility. This is expected to cost approximately \$35 million with an additional \$10 million contribution from the City of Melbourne over the first four years of Cleanaway's ownership.

Commenting on today’s announcement, Cleanaway CEO & Managing Director Mark Schubert said:

“This transaction represents an attractive opportunity to expand our Solid Waste Services business in metropolitan Melbourne. Integrating Citywide Waste into our network is expected to deliver valuable efficiencies, while facilitating growth through the broadening of our municipal and C&I collections capabilities.

The re-development of Dynon Road will almost double its current operating capacity, unlocking attractive earnings growth for shareholders. It will also support future volume growth into our post collections infrastructure assets.

Securing this site in inner-city Melbourne provides a strategic position in the densely populated Melbourne metropolitan area and aligns with our approach of using M&A to accelerate the delivery of our BluePrint 2030 strategy. We are confident that the acquisition of this unique asset will deliver attractive returns to shareholders over the life of the lease.”

Citywide Waste generated EBITDA of \$10.7 million and EBIT of \$6.4 million in the twelve-month period ending February 2024. Subject to timing of completion, the acquisition is not expected to make a significant EBIT contribution in FY25. The earnings contribution on an integrated basis, including the post collections value of the volumes collected, is significant and expected to grow with the benefit of the additional capacity post redevelopment.

The transaction will be fully debt funded and Cleanaway remains committed to maintaining a strong group credit profile. The acquisition is subject to a range of conditions precedent including ACCC regulatory approval.

This announcement has been authorised for release by the Board of Cleanaway.

ENDS

Investor Enquiries

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Cleanaway Waste Management Limited is Australia's leading total waste management, industrial and environmental services company. Our team of more than 7,600 highly trained staff are supported by a fleet of over 5,900 specialist vehicles working from approximately 335 locations across Australia. With the largest waste, recycling and liquids collections fleets on the road - and supported by a network of recycling facilities, transfer stations, engineered landfills, liquids treatment plants and refineries - we are working hard to deliver on our mission of making a sustainable future possible for all our stakeholders.