

Tox-Free Solutions

A few bumps along the way



Wilson HTM
INVESTMENT GROUP

28 August 2009

\$2.08

BUY

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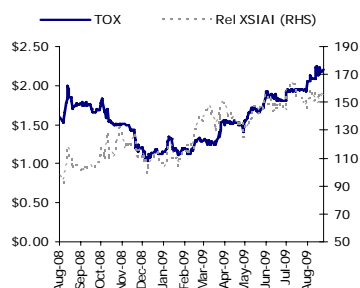
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Price Performance



Security/Capital Details

ASX Code	TOX
Market Cap	\$172 M
Issued Shares	79.2 M
Avg Mth T'over	2.17 M
12 Mth High – Low	\$2.25 - \$1.03

Key Data/Ratios – FY 2010

EBITDA / Sales	28.7%
EBIT / Sales	19.0%
Net Debt / Equity	31.8%
Interest Cover	8.1 x
ROE	20.0%
EPS Growth	51.6%
PEG Ratio	x
NTA / Share	\$ 0.52
DCF	\$ 2.45
12 Mth Price Target	\$ 2.51

Recommendation

The Karratha facility remains the jewel in the TOX stable which is starting to be unveiled. Positive news flow from the Gorgon contract and an expectation of near term news flow around the opportunity to obtain work for RIO has the ability to add sizeable leverage to the P & L. The summary of our valuation tools updated for market movements suggests value in the order of \$2.23 and a price target in 12 months time of \$2.51. We retain our BUY recommendation; however we note that our forecasts, investment view and valuation are all subject to review post hosting TOX's road show in the coming days.

Key Points

- TOX is somewhat of a conundrum at current levels; the last two results have been somewhat disappointing in both quality and delivery. Yet the business itself remains poised to win sizeable contracts on the back of 'non replicable' assets in locations which will benefit from oil and gas expenditure plus a strong mining environment. An investment today requires belief that Management can both win these contracts and also deliver the requisite earnings to the bottom line. We are prepared to give them the benefit of the doubt but recognise that the road to a much larger business may be at times bumpy. These bumps will provide the buying opportunities.
- Outlook:** No specific outlook statement has been provided by Management, other than indicating that the opportunities moving forward are extremely positive for TOX, with growth coming through both acquisition and Greenfield development and the securing of further total waste management and industrial services contracts.
- On a divisional basis, the FY09 result is not comparable to comparative segmentals provided in the prior period financial reports. In this regard we note that until we obtain more information on the "real" performance of TOX on a divisional basis it is difficult for us to have a view. On an overall basis the result was broadly in line with expectations.
- Our preliminary forecasts have been increased slightly on this result due to a reduction in interest expense (as a result of no dividend being paid in our forecasts). Other than this, our forecasts remain unchanged.

FORECAST CHANGES	2010	2011	2012
NPAT BEFORE	11.60	13.30	15.53
NPAT AFTER	11.97	13.97	16.58
% CHANGE	3.1%	5.0%	6.7%
EPS BEFORE	14.46	16.48	19.11
EPS AFTER	14.94	17.41	20.65
% CHANGE	3.3%	5.7%	8.0%
DPS BEFORE	3.00	3.00	3.44
DPS AFTER	-	-	-
% CHANGE	-100.0%	-100.0%	-100.0%

Source: WHTM and Company Accounts

BUY: Total return +10% or more over a 12 month period

HOLD: Total return expected to be between +10% to -10% over a 12-month period

SELL: Total return expected to be -10% or more over a 12 month period

TOTAL RETURN OR TSR = capital growth in share price + expected dividend yield in that period

June	NPAT (Rep) \$M	EPS (Norm) c	EPS Growth %	PER x	P/CF x	EV/EBITDA x	DPS c	Div Yld %	Franking %
2009a	7.6	9.9	24.6	21.1	16.4	9.2	0.0	0.0	0
2010e	12.0	15.0	51.6	13.9	7.7	6.7	0.0	0.0	0
2011e	14.0	17.4	16.6	11.9	7.0	5.6	0.0	0.0	0
2012e	16.6	20.7	18.6	10.1	6.2	4.6	0.0	0.0	0



Result Detail

Profit and Loss

FULL YEAR RESULT	2009	2008	% Change	WHTM Exp	% Change	Consensus	% Change
Sales	88.2	33.7	162.1%	81.3	8.4%	85.4	3.3%
EBITDA	21.4	12.9	65.9%	23.4	-8.6%	23.1	-7.2%
<i>EBITDA Margin</i>	24.3%	38.4%	-36.7%	28.8%	-15.7%	27.0%	-10.2%
EBIT	13.8	10.1	37.3%	14.9	-7.0%	14.8	-6.2%
<i>EBIT Margin</i>	15.7%	29.9%	-47.6%	18.3%	-14.2%	17.3%	-9.2%
EBT	10.3	8.8	16.8%	11.2	-8.1%	11.5	-10.6%
NPAT (Normalised)	7.6	5.7	34.9%	7.8	-2.8%	8.1	-5.9%
<i>NPAT Margin</i>	8.6%	16.8%	-48.5%	9.6%	-10.4%	9.5%	-8.9%
NPAT Reported	7.6	5.7	34.9%	7.8	-2.8%	8.1	-5.9%
EPS	10.1	7.9	26.9%	10.3	-1.9%	11.0	-8.6%
DPS	-	-	-	2.0	-100.0%	1.0	-100.0%
Payout	-	-	-	20%	-100.0%	9%	-100.0%

Source: WHTM and Company Accounts

Operating revenue was \$88m, an increase of 162% on pcp, and 8.4% ahead of WHTM expectations.

On an EBITDA level, guidance was between \$22m and \$24m. On straight calculation, EBITDA came in at \$21.4m and adding back one-offs, it was \$22.6m, suggesting a result at the lower end of expectations. This was below WHTM's expectation of \$23.4m, and an increase of 65% on pcp.

Depreciation and amortisation costs were \$7.6m, below WHTM's expectation of \$8.6m. Management indicated that during the year they revised the useful lives of motor vehicles, resulting in a decrease in depreciation expense for the group of ~\$0.3m.

Interest costs were \$3.5m versus WHTM's expectation of \$3.7m.

Tax rate for the year was 26.0%, with the second half tax rate coming in at 23.5%.

Normalised NPAT came in at \$7.6m, inline with WHTM's forecast of \$7.8m. This represents a 35% increase on pcp.

No final dividend has been declared. This was below WHTM's expectation of a 2cps dividend, and consensus estimates of a 1cps dividend.

Second Half

HALF YEARS	FY	1H	2H	FY	1H	2H	FY
DATE	2007	2008	2008	2008	2009	2009	2009
PROFIT AND LOSS							
Revenue							
Hazardous Waste	8.23	4.25	4.96	9.21	5.38	5.28	10.66
Liquid Waste Treatment	6.19	4.94	5.71	10.66	6.04	8.07	14.11
Industrial Solutions	3.91	3.29	3.35	6.65	25.51	29.00	54.51
Solid Waste Management	1.69	3.36	3.78	7.14	4.58	4.34	8.91
Total sales revenue	20.01	15.84	17.81	33.65	41.5	46.69	88.20
Other revenue	0.01	0.07	(0.07)	-	-	0.18	0.18
Total Revenue	20.02	15.91	17.74	33.65	41.50	46.88	88.38
<i>Sales Split</i>		47.3%	52.7%		47.0%	53.0%	
<i>Sales Growth (pcp)</i>	69.5%	100.5%	47.1%	68.2%	162.1%	162.1%	162.1%
EBITDA	8.92	6.50	6.41	12.91	10.00	11.41	21.41
<i>EBITDA Margin</i>	44.6%	41.1%	36.0%	38.4%	24.1%	24.4%	24.3%
<i>EBITDA Split</i>		50.4%	49.6%		46.7%	53.3%	
<i>EBITDA Growth (pcp)</i>	82.2%	67.6%	27.1%	44.7%	53.8%	78.1%	65.9%
Depreciation	1.68	1.42	1.42	2.83	4.03	3.54	7.58
EBIT							
Hazardous Waste	3.96	1.65	2.36	4.01	1.95	1.60	3.55
Liquid Waste Treatment	2.56	1.91	2.68	4.59	2.10	1.78	3.88
Industrial Solutions	1.08	1.21	1.47	2.68	3.27	2.37	5.64
Solid Waste Management	0.39	0.76	2.01	2.77	0.93	0.47	1.40
Unallocated	(0.75)	(0.44)	(3.54)	(3.98)	(2.28)	1.65	(0.63)
EBIT	7.24	5.09	4.99	10.07	5.97	7.87	13.83
<i>EBIT Margin</i>	36.2%	32.1%	28.0%	29.9%	14.4%	16.8%	15.7%
<i>EBIT Split</i>		50.5%	49.5%		43.1%	56.9%	
<i>EBIT Growth (pcp)</i>	75.0%	67.3%	18.8%	39.1%	17.3%	57.7%	37.3%
Interest received	0.09	-	0.11	0.11	0.12	0.11	0.23
Interest paid	0.42	0.61	0.75	1.36	2.07	1.68	3.75
Net Interest (income)/Expense	0.33	0.61	0.64	1.25	1.95	1.58	3.53
EBT	6.91	4.47	4.35	8.82	4.02	6.29	10.31
Tax	0.84	1.39	1.78	3.17	1.20	1.48	2.68
NPAT (before extraordinary)	6.07	3.09	2.57	5.65	2.81	4.82	7.63
<i>NPAT Margin</i>	30.3%	19.5%	14.4%	16.8%	6.8%	10.3%	8.6%
<i>NPAT Split</i>		54.6%	45.4%		36.9%	63.1%	
<i>NPAT Growth (pcp)</i>	56.7%	7.1%	-19.4%	-6.8%	-8.8%	87.4%	34.9%
<i>Tax rate</i>	12.1%	31.0%	40.9%	35.9%	30.0%	23.5%	26.0%

Source: WHTM and Company Accounts

Divisionals

The table below highlights the half yearly performance of each of the divisions with the TOX Group.

On a divisional basis, the FY09 result is not comparable to comparative segmentals provided in the prior period annual reports. In this regard we note that until we obtain more information on the “real” performance on a divisional basis it is difficult for us to have a view.

We are hosting Management for their road show in the week commencing 31 August 2009 and will seek clarity at this time in an attempt to finalise our forecasts.

HALF YEARS	1H	2H	FY	1H	2H	FY
DATE	2008	2008	2008	2009	2009	2009
SEGMENTALS						
Hazardous Waste						
Sales Revenue	4.25	4.96	9.21	5.38	5.28	10.66
<i>Sales revenue growth (pcp)</i>	4.9%	18.8%	11.9%	26.7%	6.4%	15.8%
<i>Split</i>	46.1%	53.9%		50.5%	49.5%	
EBIT	1.65	2.36	4.01	1.95	1.60	3.55
<i>EBIT margin</i>	38.9%	47.5%	43.5%	36.2%	30.3%	33.3%
<i>EBIT growth (pcp)</i>	-6.2%	7.0%	1.2%	17.9%	-32.1%	-11.5%
Liquid Waste Treatment						
Sales Revenue	4.94	5.71	10.66	6.04	8.07	14.11
<i>Sales revenue growth (pcp)</i>	92.0%	58.1%	72.2%	22.2%	41.3%	32.4%
<i>Split</i>	46.4%	53.6%		42.8%	57.2%	
EBIT	1.91	2.68	4.59	2.10	1.78	3.88
<i>EBIT margin</i>	38.6%	46.9%	43.1%	34.7%	22.0%	27.5%
<i>EBIT growth (pcp)</i>	64.3%	91.8%	79.3%	9.9%	-33.6%	-15.5%
Industrial Solutions						
Sales Revenue	3.29	3.35	6.65	25.51	29.00	54.51
<i>Sales revenue growth (pcp)</i>	155.4%	28.0%	70.0%	674.9%	764.9%	720.3%
<i>Split</i>	49.5%	50.5%		46.8%	53.2%	
EBIT	1.21	1.47	2.68	3.27	2.37	5.64
<i>EBIT margin</i>	36.7%	44.0%	40.4%	12.8%	8.2%	10.3%
<i>EBIT growth (pcp)</i>	237.7%	105.6%	149.6%	170.2%	60.9%	110.1%
Solid Waste Management						
Sales Revenue	3.36	3.78	7.14	4.58	4.34	8.91
<i>Sales revenue growth (pcp)</i>	-24071.4%	122.7%	323.7%	36.3%	14.6%	24.8%
<i>Split</i>	47.0%	53.0%		51.3%	48.7%	
EBIT	0.76	2.01	2.77	0.93	0.47	1.40
<i>EBIT margin</i>	22.6%	53.2%	38.9%	20.3%	10.8%	15.7%
<i>EBIT growth (pcp)</i>		412.5%	605.9%	22.5%	-76.7%	-49.5%

Source: WHTM and Company Accounts

Balance Sheet and Cash Flow

FULL YEAR RESULT	2009	2008	% Change	WHTM Exp	% Change	Consensus	% Change
Net Debt	32.9	16.9	94.8%	27.2	21.1%	27.8	18.3%
Net Debt/Equity	59.9%	51.0%	17.4%	49.4%	21.3%		
Working Capital Required	14.5	5.1	184.6%	12.3	17.7%		
% of Sales	16.4%	15.1%	8.6%	15.1%	8.6%		
Operating Cash Flow	9.8	6.8	43.6%	10.3	-5.0%		
Capex	(9.7)	(8.3)	17.0%	(7.7)	26.3%	(6.0)	61.1%

Source: WHTM and Company Accounts

Operating cash flow was \$9.8m versus WHTM expectations of \$10.3m. Cash conversion was 86.6% compared to WHTM expectations of 84.7%.

CASH RECONCILIATION	2004	2005	2006	2007	2008	2009
Operating Cashflow	(0.60)	0.55	5.21	7.37	6.84	9.82
Add: Cash Interest (Net)	(0.41)	(0.30)	0.03	(0.33)	(1.52)	(3.63)
Add: Cash Tax Paid	(0.01)	(0.01)	(0.01)	(0.00)	(2.57)	(5.10)
Adjusted Cashflow	(0.18)	0.85	5.19	7.71	10.93	18.54
EBITDA	0.25	2.26	4.90	8.92	12.91	21.41
Conversion (Ad Cashflow / EBITDA)	-73.7%	37.9%	105.9%	86.4%	84.7%	86.6%

Source: WHTM and Company Accounts

Working capital required as a % of sales was 16.4%, above WHTM expectations of 15.1% and above the 15.1% recorded in the pcp.

Working capital movement	2004	2005	2006	2007	2008	2009
Days Inventory	8.5	-	0.3	1.6	0.8	0.6
Days Receivables	47.7	79.0	76.4	92.1	93.1	91.4
Days Trade Creditors	168.3	60.0	76.6	61.8	38.6	32.0
Working Capital Required	(1.1)	0.3	0.0	1.7	5.1	14.5
Working Capital as a % of sales	-30.7%	5.2%	0.0%	8.7%	15.1%	16.4%

Source: WHTM and Company Accounts

Capex was \$9.7m, above WHTM expectations of \$7.7m and above the \$8.3m recorded in the pcp.

Net debt was \$32.9m at period end, above WHTM's expectation of \$27.2m. Net debt to equity is now approximately 60%, with interest cover of around 3.9 times.

SOLVENCY MEASURES	2004	2005	2006	2007	2008	2009
Net debt	2.97	0.53	(4.24)	8.71	16.88	32.89
Total Debt	3.01	2.02	0.12	11.59	18.49	37.46
Interest charge	0.405	0.300	(0.028)	0.333	1.249	3.526
Ave interest rate	13.6%	56.4%	0.7%	3.8%	7.4%	10.7%
Net Debt/Equity	69.9%	8.4%	-30.8%	35.6%	51.0%	61.1%
Net Debt /Debt plus Equity	41.1%	7.7%	-44.4%	26.2%	33.8%	37.9%
Net Debt/EBITDA	10.0	0.2	(0.9)	1.0	1.3	1.5
Interest cover	(2.0)	4.7	(147.7)	21.7	8.1	3.9
Quick ratio	0.3	1.3	1.0	1.5	2.4	2.9

Source: WHTM and Company Accounts

Forecasts

FORECAST CHANGES	2010	2011	2012
NPAT BEFORE	11.60	13.30	15.53
NPAT AFTER	11.97	13.97	16.58
% CHANGE	3.1%	5.0%	6.7%
EPS BEFORE	14.46	16.48	19.11
EPS AFTER	14.94	17.41	20.65
% CHANGE	3.3%	5.7%	8.0%
DPS BEFORE	3.00	3.00	3.44
DPS AFTER	-	-	-
% CHANGE	-100.0%	-100.0%	-100.0%

Source: WHTM and Company Accounts

Our preliminary forecasts have been increased slightly on this result due to a reduction in interest expense (as a result of no dividend being paid in our forecasts). Other than this, our forecasts remain unchanged.



Valuation

On the back of this result, our valuation and target price currently sit at \$2.23 and \$2.51 respectively and at this stage we are retaining our BUY recommendation.

VALUATION SUMMARY	VALUATION	PRICE TARGET
DCF	\$ 2.45	\$ 2.72
PE	\$ 2.10	\$ 2.47
EBIT MULTIPLE	\$ 2.10	\$ 2.32
EBITDA MULTIPLE	\$ 2.29	\$ 2.52
AVERAGE	\$ 2.23	\$ 2.51
CAPITAL UPSIDE	7.4%	20.4%

Source: WHTM and Company Accounts

Profit and Loss Statement

PROFIT AND LOSS	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	30-Jun-05	30-Jun-06	30-Jun-07	30-Jun-08	30-Jun-09	30-Jun-10	30-Jun-11	30-Jun-12	30-Jun-13	30-Jun-14
Revenue										
Hazardous Waste	1.72	5.60	8.23	9.21	10.66	14.26	15.59	17.13	18.90	20.95
Liquid Waste Treatment	4.48	5.27	6.19	10.66	14.11	15.37	16.89	18.63	20.61	22.88
Industrial Solutions	0.41	0.94	3.91	6.65	54.51	53.47	56.13	59.23	62.84	67.07
Solid Waste Management			1.69	7.14	8.91	13.92	15.38	17.07	19.02	21.30
Total sales revenue	6.61	11.80	20.01	33.65	88.20	97.02	104.00	112.05	121.37	132.20
Other revenue	0.09	0.04	0.01	-	0.18	0.19	0.19	0.20	0.20	0.21
Total Revenue	6.70	11.84	20.02	33.65	88.38	97.20	104.19	112.25	121.57	132.40
<i>Sales growth</i>	80.9%	78.6%	69.5%	68.2%	162.1%	10.0%	7.2%	7.7%	8.3%	8.9%
COGS (ex wages)	3.55	5.72	9.10	16.43	50.25	55.27	59.25	63.84	69.15	75.32
<i>Gross Profit Margin</i>	46.3%	51.5%	54.5%	51.2%	43.0%	43.0%	43.0%	43.0%	43.0%	43.0%
Occupancy	0.09	0.10	0.21	0.41	1.77	1.95	2.09	2.25	2.44	2.65
<i>% to Sales</i>	1.4%	0.9%	1.1%	1.2%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Research and Development	-	-	-	-	-	-	-	-	-	-
<i>R&D % to Sales</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Administrative & Other Expense	0.78	1.11	1.78	3.31	14.16	12.59	13.26	14.15	15.18	16.40
<i>% to Sales</i>	11.8%	9.4%	8.9%	9.8%	16.1%	13.0%	12.7%	12.6%	12.5%	12.4%
EBITDA	2.28	4.90	8.92	12.91	21.41	27.87	30.09	32.55	35.37	38.64
<i>EBITDA Margin</i>	34.5%	41.5%	44.6%	38.4%	24.3%	28.7%	28.9%	29.0%	29.1%	29.2%
<i>EBITDA Growth</i>	668.4%	114.6%	82.2%	44.7%	65.9%	30.2%	8.0%	8.1%	8.7%	9.2%
Depreciation	0.84	0.76	1.68	2.83	7.58	9.43	10.24	10.55	10.93	11.40
EBIT										
Hazardous Waste	(0.66)	1.93	3.96	4.01	3.55	5.16	5.65	6.17	6.75	7.42
Liquid Waste Treatment	2.01	2.27	2.56	4.59	3.88	4.99	5.44	6.01	6.66	7.39
Industrial Solutions	(0.68)	(0.11)	1.08	2.68	5.64	5.38	5.55	6.18	6.91	7.76
Solid Waste Management			0.39	2.77	1.40	2.91	3.21	3.63	4.12	4.68
Unallocated	0.74	0.05	(0.75)	(3.98)	(0.63)	-	-	-	-	-
EBIT	1.42	4.14	7.24	10.07	13.83	18.44	19.86	22.00	24.44	27.24
<i>EBIT Margin</i>	21.4%	35.0%	36.2%	29.9%	15.7%	19.0%	19.1%	19.6%	20.1%	20.6%
<i>EBIT Growth</i>	-273.7%	192.1%	75.0%	39.1%	37.3%	33.3%	7.7%	10.8%	11.1%	11.5%
Net Interest (income)/Expense	0.300	(0.028)	0.333	1.249	3.526	2.265	0.984	(0.405)	(0.860)	(1.495)
EBT	1.116	4.164	6.906	8.824	10.307	16.172	18.871	22.401	25.300	28.736
Tax	-	0.293	0.839	3.170	2.679	4.203	4.905	5.823	6.576	7.469
NPAT (before extraordinary)	1.116	3.871	6.067	5.654	7.628	11.968	13.966	16.579	18.724	21.267
Extraordinary before tax	-	(0.40)	-	-	-	-	-	-	-	-
Extraordinary - tax	-	-	-	-	-	-	-	-	-	-
NPAT Reported	1.116	3.471	6.067	5.654	7.628	11.968	13.966	16.579	18.724	21.267
<i>NPAT Margin</i>	16.9%	32.8%	30.3%	16.8%	8.6%	12.3%	13.4%	14.8%	15.4%	16.1%
<i>NPAT Growth</i>	-191.5%	246.9%	56.7%	-6.8%	34.9%	56.9%	16.7%	18.7%	12.9%	13.6%
EPS CALC										
Weighted Ord shares	36.4	57.7	66.2	68.8	75.8	79.2	79.2	79.2	79.2	79.2
Free Shares	13.3	-	3.1	2.5	1.5	0.9	0.9	1.0	1.1	1.2
Weighted Ord Share inc Free shares	49.7	57.7	69.3	71.4	77.3	80.0	80.1	80.2	80.3	80.4
Normalised EPS Calculation										
- BASIC	0.03	6.71	7.55	8.22	10.06	15.12	17.64	20.94	23.65	26.87
- DILUTED	0.02	6.71	7.22	7.92	9.87	14.96	17.44	20.67	23.32	26.47
Reported EPS Calculation										
- BASIC	0.03	6.01	9.16	8.22	10.06	15.12	17.64	20.94	23.65	26.87
- DILUTED	0.02	6.01	9.16	8.22	10.06	15.12	17.64	20.94	23.65	26.87

Source: WHTM and Company Accounts

Cash Flow Statement

CASH FLOW	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	30-Jun-05	30-Jun-06	30-Jun-07	30-Jun-08	30-Jun-09	30-Jun-10	30-Jun-11	30-Jun-12	30-Jun-13	30-Jun-14
Cash flow from operations										
EBIT	1.42	4.14	7.24	10.07	13.83	18.44	19.86	22.00	24.44	27.24
Interest Charge (Incl Cap leases)	(0.30)	(0.10)	(0.42)	(1.63)	(3.85)	(2.52)	(1.37)	-	-	-
Interest on cash balance	-	0.13	0.09	0.11	0.23	0.25	0.39	0.40	0.86	1.49
Total int rec'd /(paid)	(0.30)	0.03	(0.33)	(1.52)	(3.63)	(2.26)	(0.98)	0.40	0.86	1.49
Depreciation & Amort	0.87	0.76	1.68	2.83	7.58	9.43	10.24	10.55	10.93	11.40
Share based payments	-	-	0.15	1.06	0.41	-	-	-	-	-
Other (incl share based payts exp)	0.02	(0.33)	(1.03)	(0.35)	7.90					
	2.00	4.60	7.71	12.09	26.09	25.61	29.11	32.95	36.23	40.13
(Increase)/Decrease in Working Capital	(1.50)	0.36	(1.36)	(3.34)	(9.41)	(1.45)	(1.15)	(1.32)	(1.53)	(1.78)
(Increase)/Decrease in provisions	(0.01)	0.33	0.96	0.78	(0.11)	0.22	0.17	0.20	0.23	0.27
(Increase)/Decrease in other assets/liabs	0.06	(0.08)	0.06	(0.14)	(1.66)	(0.20)	(0.16)	(0.18)	(0.21)	(0.25)
Tax Paid	(0.01)	(0.01)	(0.00)	(2.57)	(5.10)	(2.68)	(4.20)	(4.91)	(5.82)	(6.58)
Research and Development	-	-	-	-	-	-	-	-	-	-
Operating Cash Flow	0.55	5.21	7.37	6.84	9.82	21.49	23.77	26.74	28.89	31.80
Capital Expenditure - Maintenance	(0.20)	(2.80)	(9.35)	(8.32)	(9.73)	(9.52)	(7.03)	(7.65)	(8.37)	(9.20)
NET GENERATED CASH FLOW	0.35	2.40	(1.98)	(1.48)	0.09	11.97	16.74	19.09	20.53	22.60
Dividends Paid	-	-	-	-	-	-	-	-	-	-
RETAINED CASH FLOW	0.35	2.40	(1.98)	(1.48)	0.09	11.97	16.74	19.09	20.53	22.60
Disposals	0.02	-	-	0.03	-	-	-	-	-	-
Capital Expenditure - Growth	-	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	(15.07)	(6.81)	(10.43)	-	-	-	-	-
Other investing cash flows	-	-	(0.39)	-	-	-	-	-	-	-
Net Cash Flow For Investing	0.02	-	(15.46)	(6.79)	(10.43)	-	-	-	-	-
Equity issued /(bought back)	2.06	2.36	4.49	0.29	12.62	-	-	-	-	-
Net debt (repaid)/borrowed	(0.60)	(1.90)	11.47	6.70	0.70	(11.97)	(16.74)	(19.09)	(20.53)	(22.60)
Other financing cash flows	-	-	-	-	-	-	-	-	-	-
Financing Cash Flows	1.45	0.46	15.96	6.99	13.32	(11.97)	(16.74)	(19.09)	(20.53)	(22.60)
NET MOVT IN CASH	1.82	2.87	(1.48)	(1.28)	2.97	-	-	-	-	-
CASH POSITION										
Opening balance	(0.35)	1.48	4.36	2.88	1.60	4.58	4.58	4.58	18.51	39.03
Cash in acquisition	-	-	-	-	-	-	-	-	-	-
Foreign exchange	-	-	-	-	-	-	-	-	-	-
Increase in cash	1.84	2.87	(1.48)	(1.28)	2.97	-	-	13.93	20.53	22.60
Closing balance	1.48	4.36	2.88	1.60	4.58	4.58	4.58	18.51	39.03	61.63

Source: WHTM and Company Accounts

**Balance Sheet**

BALANCE SHEET	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
	30-Jun-05	30-Jun-06	30-Jun-07	30-Jun-08	30-Jun-09	30-Jun-10	30-Jun-11	30-Jun-12	30-Jun-13	30-Jun-14
Current Assets										
Cash	1.48	4.36	2.88	1.60	4.58	4.58	4.58	18.51	39.03	61.63
Receivables	1.43	2.47	5.05	8.58	22.08	24.29	26.04	28.06	30.39	33.10
Inventories	-	0.01	0.09	0.07	0.14	0.16	0.17	0.18	0.20	0.21
Other current assets	0.08	0.15	0.22	0.35	2.02	2.22	2.38	2.56	2.78	3.02
Total Current Assets	2.99	6.99	8.23	10.61	28.82	31.24	33.16	49.30	72.39	97.97
Non Current Assets										
Investments	0.01	0.01	0.01	0.04	-	-	-	-	-	-
PPE	5.89	7.57	15.31	23.37	46.66	46.74	43.53	40.64	38.07	35.87
Goodwill	0.60	2.18	17.24	23.29	25.02	25.02	25.02	25.02	25.02	25.02
Net Other Intangibles	-	-	-	-	-	-	-	-	-	-
Net Other Intangibles (back out)	-	-	-	-	-	-	-	-	-	-
Net R & D	-	-	-	-	-	-	-	-	-	-
Tax Assets	-	-	0.28	0.157	0.790	0.79	0.79	0.79	0.79	0.79
Brandnames/mastheads	-	-	-	-	-	-	-	-	-	-
Other non-current assets	0.06	0.06	0.07	0.002	-	-	-	-	-	-
Total Non-Current Assets	6.56	9.82	32.90	46.86	72.47	72.56	69.35	66.45	63.88	61.68
Total Assets	9.55	16.81	41.13	57.47	101.29	103.80	102.51	115.75	136.28	159.65
Current Liabilities										
Trade creditors	1.09	2.48	3.39	3.56	7.72	8.49	9.11	9.81	10.63	11.57
Borrowings	0.79	0.04	0.04	1.93	3.60	3.60	3.60	3.60	3.60	3.60
Provisions	0.10	0.43	1.56	2.29	2.07	2.28	2.45	2.63	2.85	3.11
Total Current Liabilities	1.98	2.94	4.98	7.77	13.39	14.37	15.15	16.04	17.08	18.28
Other Liabilities										
Borrowings	1.22	0.08	11.55	16.56	33.87	21.90	5.16	-	-	-
Deferred Tax Liabilities	-	-	0.11	0.05	0.06	1.58	2.28	3.20	3.95	4.84
Total Non-Current Liabilities	1.22	0.08	11.66	16.61	34.03	23.59	7.56	3.33	4.10	5.00
Total liabilities	3.20	3.03	16.64	24.37	47.42	37.96	22.71	19.37	21.17	23.28
Net Assets	6.35	13.78	24.49	33.09	53.87	65.84	79.80	96.38	115.10	136.37
Shareholders' Equity										
Equity	18.95	22.91	27.40	29.29	42.03	42.03	42.03	42.03	42.03	42.03
Retained earnings	(12.59)	(9.12)	(3.06)	3.19	9.54	21.51	35.48	52.06	70.78	92.05
FX, Share payments etc reserves	-	-	0.15	0.62	2.30	2.30	2.30	2.30	2.30	2.30
Accum other comp income	-	-	-	-	-	-	-	-	-	-
Total shareholders' equity	6.35	13.78	24.49	33.09	53.87	65.84	79.80	96.38	115.10	136.37
Checksum	-	-	-	-	-	-	-	-	-	-

Source: WHTM and Company Accounts

Tox-Free Solutions (TOX : \$2.08)

INVESTMENT FUNDAMENTALS

Yr Ending June	2008A	2009A	2010E	2011E	2012E
EPS Reported (c)	7.9	9.9	15.0	17.4	20.7
EPS Normalised (c)	7.9	9.9	15.0	17.4	20.7
EPS Growth (%)	N/A	24.6%	51.6%	16.6%	18.6%
PER Normalised (x)	26.3	21.1	13.9	11.9	10.1
DPS (c)	0.0	0.0	0.0	0.0	0.0
Payout (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Franking (%)	0%	0%	0%	0%	0%

VALUATION DATA

Yr Ending June	2008A	2009A	2010E	2011E	2012E
EV / EBITA (x)	16.2	14.3	10.1	8.5	6.8
EV / EBITDA (x)	12.6	9.2	6.7	5.6	4.6
CFPS (c)	9.6	12.7	26.9	29.7	33.3
Price / CF	21.7	16.4	7.7	7.0	6.2
Book Value / Share (\$)	0.5	0.7	0.8	1.0	1.2
Price / Book (x)	4.4	3.1	2.5	2.1	1.7

PROFIT & LOSS (\$m)

Yr Ending June	2008A	2009A	2010E	2011E	2012E
Sales Revenue	33.7	88.2	97.0	104.0	112.1
EBITDA	12.9	21.4	27.9	30.1	32.5
Depreciation	2.8	7.6	9.4	10.2	10.6
EBITA	10.1	13.8	18.4	19.9	22.0
Amortisation	0.0	0.0	0.0	0.0	0.0
EBIT	10.1	13.8	18.4	19.9	22.0
Net Interest Expense	1.2	3.5	2.3	1.0	-0.4
Pre-tax Profit	8.8	10.3	16.2	18.9	22.4
Tax	3.2	2.7	4.2	4.9	5.8
Tax rate (%)	35.9%	26.0%	26.0%	26.0%	26.0%
Minorities / pref divs	0.0	0.0	0.0	0.0	0.0
Equity accounted NPAT	0.0	0.0	0.0	0.0	0.0
Net Profit	5.7	7.6	12.0	14.0	16.6
Abn's / Extraord's	0.0	0.0	0.0	0.0	0.0
Reported Net Profit	5.7	7.6	12.0	14.0	16.6
Revenue Growth (%)	N/A	162.1%	10.0%	7.2%	7.7%
EBIT Growth (%)	N/A	37.3%	33.3%	7.7%	10.8%
NPAT Growth (%)	N/A	34.9%	56.9%	16.7%	18.7%

PROFITABILITY RATIOS

Yr Ending June	2008A	2009A	2010E	2011E	2012E
EBIT / Sales (%)	29.9%	15.7%	19.0%	19.1%	19.6%
ROA (%)	N/A	18.1%	18.8%	20.1%	22.5%
ROE (%)	N/A	17.5%	20.0%	19.2%	18.8%
ROFE (%)	N/A	20.2%	21.3%	23.3%	26.5%

INTERIMS (\$m)

Half Yr	Dec 08	Jun 09	Dec 09	Jun 10	Dec 10
Yr Ending June	1H A	2H A	1H E	2H E	1H E
Sales Revenue	41.5	46.7	45.5	51.6	48.7
EBIT	6.0	7.9	9.1	9.4	9.7
Net Profit	2.8	4.8	5.9	6.1	6.8
EBIT / Sales (%)	14.4%	16.8%	20.0%	18.2%	20.0%

BALANCE SHEET (\$m)

Yr Ending June	2008A	2009A	2010E	2011E	2012E
Cash	1.6	4.6	4.6	4.6	18.5
Receivables	8.6	22.1	24.3	26.0	28.1
Inventories	0.1	0.1	0.2	0.2	0.2
Other	0.4	2.0	2.2	2.4	2.6
Current Assets	10.6	28.8	31.2	33.2	49.3
Net PPE	23.4	46.7	46.7	43.5	40.6
Investments	0.0	0.0	0.0	0.0	0.0
Intangibles	23.3	25.0	25.0	25.0	25.0
Other	0.2	0.8	0.8	0.8	0.8
Non-current Assets	46.9	72.5	72.6	69.4	66.5
Total Assets	57.5	101.3	103.8	102.5	115.8
Current Payables	3.6	7.7	8.5	9.1	9.8
Current Debt	1.9	3.6	3.6	3.6	3.6
Non-Current Debt	16.6	33.9	21.9	5.2	0.0
Provisions	2.3	2.2	4.0	4.9	6.0
Other	0.0	0.0	0.0	0.0	0.0
Total Liabilities	24.4	47.4	38.0	22.7	19.4
Equity	29.3	42.0	42.0	42.0	42.0
Reserves	0.6	2.3	2.3	2.3	2.3
Retained Profits	3.2	9.5	21.5	35.5	52.1
Minorities	0.0	0.0	0.0	0.0	0.0
Total Equity	33.1	53.9	65.8	79.8	96.4
Total Funds Employed	50.0	86.7	86.7	84.0	81.5

LIQUIDITY & LEVERAGE RATIOS

Yr Ending June	2008A	2009A	2010E	2011E	2012E
Net Debt (Cash) (\$m)	16.9	32.9	20.9	4.2	-14.9
Net Debt / Equity (%)	51.0%	61.0%	31.8%	5.2%	-15.5%
Interest Cover (x)	8.1	3.9	8.1	20.2	-54.4
Debt / CashFlow (x)	2.7	3.8	1.2	0.4	0.1

CASHFLOW (\$m)

Yr Ending June	2008A	2009A	2010E	2011E	2012E
EBIT	10.1	13.8	18.4	19.9	22.0
Dep'n and Amort'n	2.8	7.6	9.4	10.2	10.6
Net Int Rec'd (Paid)	-1.5	-3.6	-2.3	-1.0	0.4
Tax Paid	-2.6	-5.1	-2.7	-4.2	-4.9
Dec / (Inc) W'kg Cap	-3.3	-9.4	-1.5	-1.1	-1.3
Other	0.6	6.6	-0.2	-0.2	-0.2
Operating Cash Flow	6.8	9.8	21.5	23.8	26.7
Capital Expenditure	-8.3	-9.7	-9.5	-7.0	-7.7
Asset Sales	0.0	0.0	0.0	0.0	0.0
Investments	-6.8	-10.4	0.0	0.0	0.0
Other Inv. Flows	0.0	0.0	0.0	0.0	0.0
Investing Cash Flow	-15.1	-20.2	-9.5	-7.0	-7.7
Equity Raised	0.3	12.6	0.0	0.0	0.0
Inc / (Dec) in Loans	6.7	0.7	-12.0	-16.7	-19.1
Dividends Paid	0.0	0.0	0.0	0.0	0.0
Other Fin. Flows	0.0	0.0	0.0	0.0	0.0
Financing Cash Flow	7.0	13.3	-12.0	-16.7	-19.1
Net Cash Flow	-1.3	3.0	0.0	0.0	0.0

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