



Proposed Merger with van Ganswinkel Groep

7 July 2016

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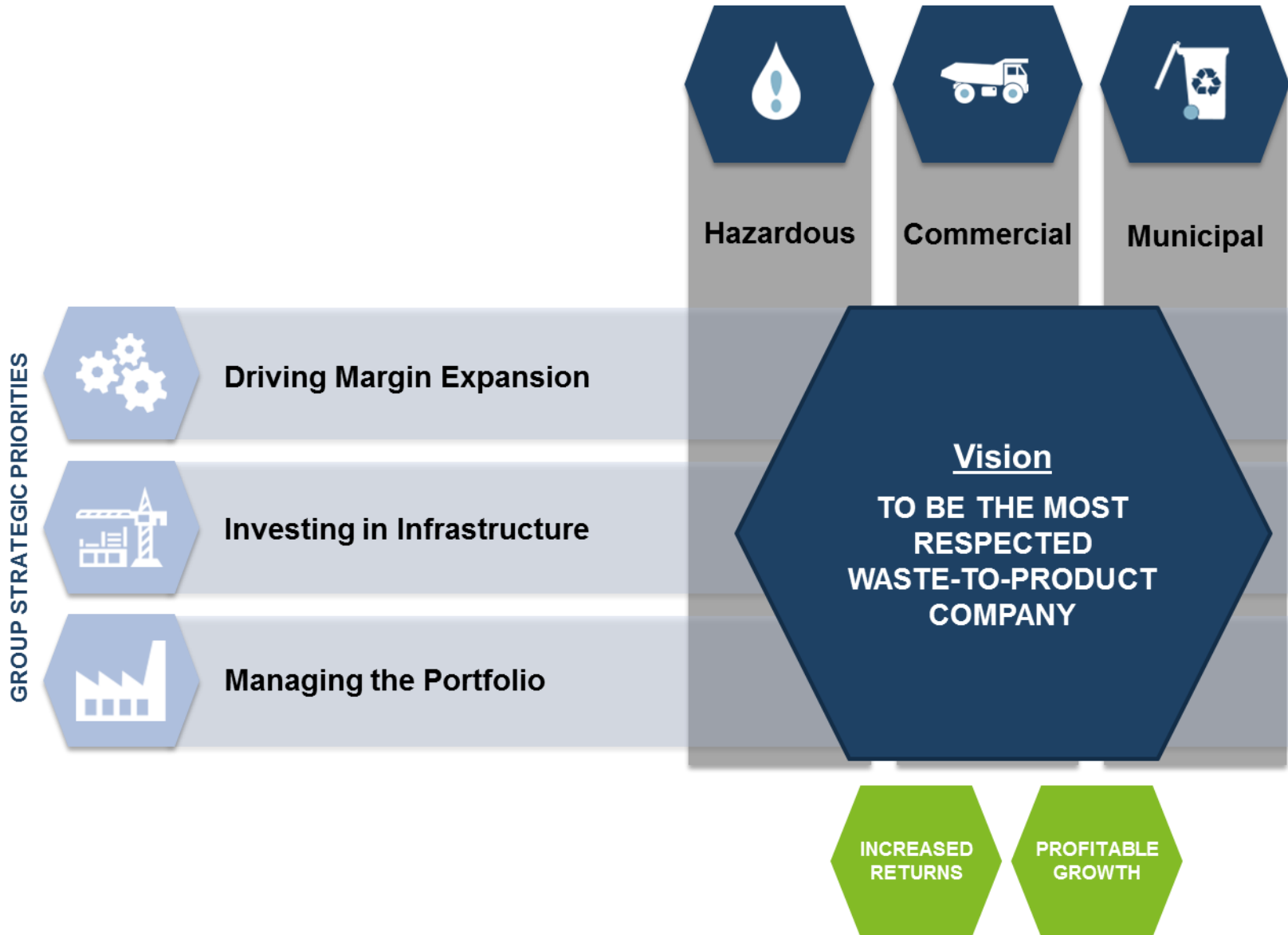
- Shanks has a stated strategy to acquire businesses that create competitive advantage and can generate attractive returns
- van Gansewinkel (VGG) has been our #1 candidate for four years due to its transformational nature, unique strategic fit and significant synergy potential
- We have assessed a potential VGG transaction closely since 2013 and have consistently maintained strong capital discipline
- We have now negotiated the opportunity to merge with VGG on terms that seek to create value for our shareholders
- A 'merger' with VGG will result in the creation of a new market-leading enterprise well-positioned for future growth
- Exclusivity and non-binding terms agreed pending DD and deal process; Dealings in Shanks shares to be restored on 7 July with target deal signing in mid-September

Key Messages

- 1** Transformational deal fully aligned with Shanks strategy
- 2** Highly compelling strategic rationale and industrial fit
- 3** Market and trading trajectory positive
- 4** Creates advantaged new enterprise focused on emerging circular economy
 - Market-leading innovation and service breadth
 - Clear growth drivers and combined trajectory
 - Strong cash generation
- 5** Significant potential synergies and underlying earnings enhancement

Comprehensive plan already in place to conduct diligence, transaction and successful post-merger integration

Shanks Strategy





Waste no more. van Gansewinkel



Both businesses are:

- Uniquely focused on recycling and creating secondary raw materials (no significant incineration)
- Centred in Benelux (92% VGG revenue and 69% SKS revenue)
- Based on core mixed recycling in Industrial, Municipal and Construction markets
- Incorporating specialist EU “mono stream” operations (eg. WEEE at VGG; soil at SKS)
- Shaping the Circular Economy and delivering innovative sustainable solutions



VGG: Summary and Recent History

- **1964:** Founded by van Gansewinkel family
- **2009:** Acquired by KKR/CVC to join with AVR (incineration)
- **2012:** Management and strategy change
- **2013:** AVR was sold to CKI in 2013
- **2014:** CVC & KKR explored options for the business
- **2015:** Business taken over by debt holders; disposal programme to exit Eastern Europe
- **2016:** MoU signed with Shanks

VGG Overview (I)

Division	Description
<p data-bbox="71 474 347 512">Commercial NL</p> 	<ul data-bbox="602 505 1808 736" style="list-style-type: none">● Joint market leader● National business, strong in municipal and commercial waste● Includes KGA and VGIS businesses● Challenged through downturn
<p data-bbox="71 805 347 843">Commercial BE</p> 	<ul data-bbox="602 859 1624 1028" style="list-style-type: none">● Second largest player in market● National business, with major presence in Flanders● Reasonably stable performance through cycle
<p data-bbox="71 1136 194 1175">Maltha</p> 	<ul data-bbox="602 1159 1829 1375" style="list-style-type: none">● Major European glass recycler with plants in Benelux, France, Portugal● 33% owned by glass producer, Owens-Illinois● Glass market has been challenged

VGG Overview (II)

Division	Description
<p data-bbox="69 474 212 509">Coolrec</p> 	<ul data-bbox="605 532 1508 699" style="list-style-type: none">• European recycler of WEEE and white goods• Operations in Benelux, Germany and France• Exposure to commodity prices
<p data-bbox="69 802 390 837">Minerals (Landfill)</p> 	<ul data-bbox="605 833 1561 1061" style="list-style-type: none">• Three landfills (2 BE, 1 NL)• BE landfills to close within 5 years• NL landfill seeking extension• Soil washing, bottom ash and minerals activities
<p data-bbox="69 1130 533 1165">Head Office & Back Office</p> 	<ul data-bbox="605 1215 1657 1319" style="list-style-type: none">• Head Office in Eindhoven, BE SSC• Regional overhead restored under new management

VGG Financial Summary

Summary Historical Financial Information (€m)

	2014	2015
Revenue	961.8	944.9
EBITDA before non-trading and exceptional items ⁽¹⁾	99.4	81.8
EBITA before non-trading and exceptional items ⁽²⁾	32.8	18.2
Operational cash flow ⁽³⁾	77.5	61.5
Capital expenditure ⁽⁴⁾	51.5	66.3

- 2015 performance and profitability was affected by:
 - Decreasing margins in waste collection both in the Netherlands and Belgium
 - Operational delays with the rebuild of a large glass processing factory at Maltha (VGG's glass business).
 - VGG's specialities business – disposed after showing significant losses and towards the end of the year (notably waste collection in Czech Republic, Poland and France)
- For the five month period to 31 May 2016, VGG's trading is ahead of management's expectations and is on track to make further progress during the rest of the year in its top-line revitalisation programme and the delivery of cost improvement projects

Note: (1) VGG's EBITDA before non-trading and exceptional items is a non-IFRS financial measure calculated based on statutory operating profit / (loss), less depreciation, amortisation, impairment charges and other non-recurring costs and exceptional items; (2) VGG's EBITA before non-trading and exceptional items is a non-IFRS financial measure calculated based on statutory operating profit / (loss), less amortisation of intangible assets, impairment charges and other non-recurring costs and exceptional items; (3) Cash flow from operating activities as presented in VGG's Consolidated Statement of Cash Flows; (4) VGG's capital expenditure comprises the sum of the investments in other intangible assets and the investments in property, plant and equipment, as presented in VGG's Consolidated Statement of Cash Flows. As disclosed in the notes to VGG's 2015 Annual Report, VGG's total additions of property, plant and equipment and other intangibles (in €m) were €62.0 in 2014 and €67.8 in 2015, including assets acquired under finance leases

Highly Compelling Strategic Rationale (I)

- 1 Creates a **leading waste-to-product business in Benelux** - one of the most advanced recycling markets in the world - with a clear vision to meet the growing needs of the Circular Economy;
- 2 Results in **enhanced geographical coverage** within the Benelux market and greater access to adjacent EU markets, especially for specialised recycling technologies;
- 3 Brings together two groups with **complementary portfolios**, such as Shanks' focus on the construction and demolition segment and VGG's services in the municipal collection segment;

Highly Compelling Strategic Rationale (II)

4

Provides customers of the Combined Group with a broader range of **complementary technologies and services**, for example with Shanks' proven capabilities in hazardous and organic waste and VGG's in recycling glass and electronic goods;

5

Accelerates the **commercial development** of the two businesses through the sharing of best practice in the areas of commercial effectiveness, continuous improvement, procurement and marketing;

6

Generates **significant synergies** through economies of scale and efficiencies that would deliver attractive returns for shareholders in the Combined Group; and

7

Creates an enterprise with **enhanced growth prospects** and the scale, capabilities and resources to remain at the forefront of recycling technology for the benefit of all stakeholders

Potential Cost Synergies

Direct

- Route optimisation to increase logistic efficiency and reduce costs
- Site rationalisation where the combined entity has depots or processing sites in the same geographic region

Scale

- Improved procurement, including scale gains and using VGG's procurement capabilities across Shanks
- Improved recyclate income, including the benefits of scale and the sharing of best practices
- Reduced off-take costs and optimised application of combined off-take contracts

Indirect

- Rationalisation of the headquarters and regional overheads of the combined entity
- Cost reductions from more efficient combined back-office processes and systems

Potential Additional Synergies

- 1 Further potential synergy opportunities through the cross-selling and internalisation of treatment and in outbound logistics management
- 2 Revenue synergies from the application of Shanks' successful commercial effectiveness programme to VGG, including greater segmental focus
- 3 Long term cash savings from reduced capital expenditure, and capital procurement at scale, as well as in reduced landfill aftercare costs

All synergies are being carefully evaluated based on gross opportunity, implementation costs and risks, and resulting net impact

Transaction cost synergies will be specified in a Quantified Financial Benefits Statement to be published in due course

Integration Principles

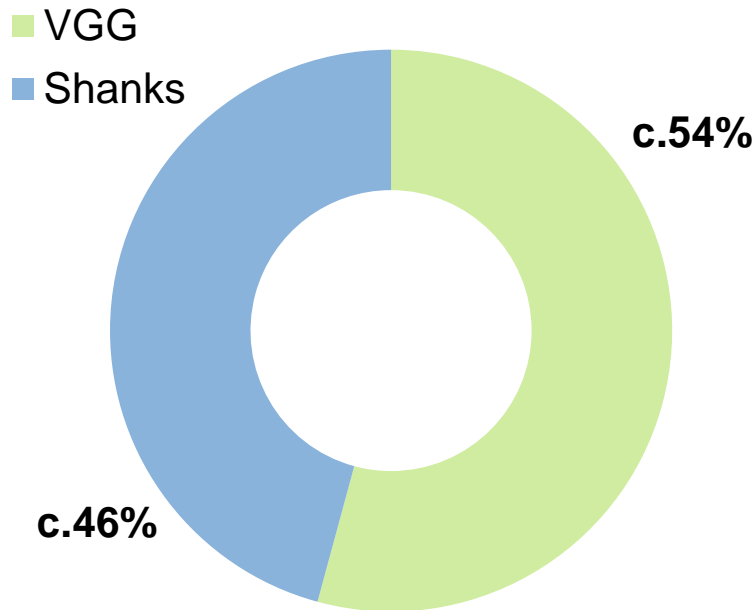
- **Merger of equals** – Balanced senior management team reflecting strengths of Shanks and VGG leadership
- **New brand** – creation of new entity and brand to underpin full integration, synergy delivery and collaborative culture
- **Fast start** – new business launched from Day 1 with organisation to n-3 agreed around deal close allowing the commencement of integration effectively immediately following completion
- **Strong management** – key leaders selected from existing teams with additional targeted new hires (from within and outside industry)
- **Integration resources** – full time Integration Director reporting to Group CEO



Comprehensive integration planning already well underway

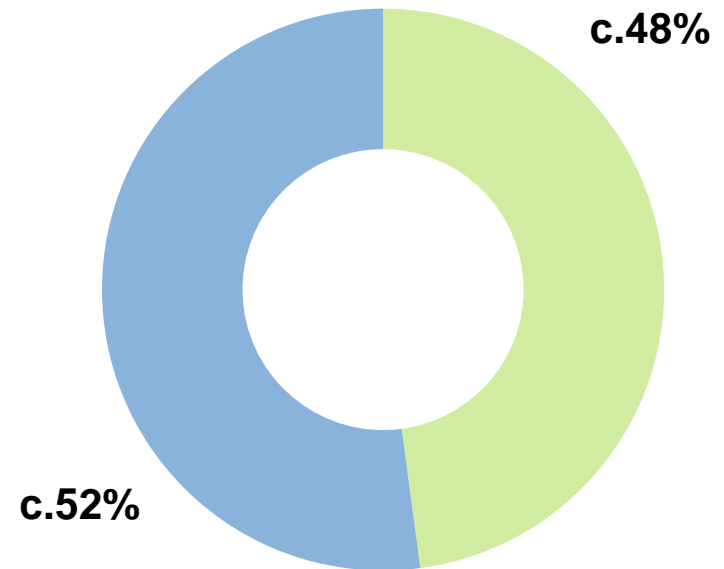
Pro Forma Combined Group

Combined Revenue



> €1.7 billion of revenue

Combined EBITDAE⁽¹⁾



> €170m EBITDAE

Transaction Overview

- Shanks has entered into exclusive discussions with VGG, supported by its two largest shareholders
- Non-binding terms agreed for Proposed Merger, with proposed consideration of approximately €440 million on a debt-free cash-free basis
- Proposed Merger conditional upon, inter alia, the satisfactory completion of financial, commercial and legal due diligence, the negotiation of a sale and purchase agreement, financing, anti-trust clearance, conclusion of relevant works councils advice proceedings and the approval of Shanks and VGG shareholders
- Intention to restore dealings in Shanks ordinary shares and publicly traded debt on 7 July 2016

Proposed Structure

- Proposed consideration of approximately €440m, to be satisfied by:
 - Cash consideration from Shanks of approximately €236m, to be financed through new debt facilities for the Combined Group and an equity issue currently envisaged to be approximately £90m⁽¹⁾; and
 - Share consideration with a current value of up to €204m based on Shanks' closing share price of 81 pence per share on the business day immediately prior to the suspension of its listing
- VGG shareholders would in aggregate receive initial value of approximately €510m
 - €306m in cash (inclusive of the underlying net cash in the VGG business); and
 - New Shanks shares which, in aggregate, currently represent a pro forma ownership of the Combined Group of approximately 29%⁽¹⁾, based on an enlarged issued share capital following completion of the transaction and the equity issue
- New Shanks shares issued to VGG shareholders would be subject to appropriate lock-up undertakings

Financial Implications

- Significant enhancement to underlying earnings by second full year after completion
- Post synergies return on investment expected to exceed Shanks' weighted average cost of capital by second full year after completion
- Net debt / EBITDA for the Combined Group, pre synergies, to be broadly similar to Shanks' current standalone leverage expectations
 - New banking facilities for the Combined Group
 - Supportive discussions with lending banks
- Leverage to reduce with realisation of synergies and application of Shanks' strategy, including active portfolio management
- Post-completion, Shanks' current dividend per share will be adjusted to take account of the equity issue, with a move to a progressive dividend policy linked to its dividend coverage ratio thereafter

Shanks Trading Update

- Trading for the year to date slightly ahead of our expectations
- Commercial Division: strong start, supported by higher construction and demolition activity, a modest recovery in recyclate prices and ongoing operational self-help initiatives
- Hazardous Waste: encouraging start, with good volumes of soil and water processed
- Municipal Division: challenging opening period due to the previously reported market and operational headwinds
- Overall, Group on track to deliver full year result in line with management's expectations
- Recent weakening of Sterling – if sustained – would be net positive for the Group

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Appendix

VGG Pro Forma Ownership

- Based on envisaged equity issuance of c.£90m, and current GBP/EUR rate

GBP value of €204m (to be fixed at signing)

c.£170m

$$\frac{\text{c.£170m}}{\text{c.£323m} + \text{c.£90m} + \text{c.£170m}} = \text{c.29\%}$$

Shanks' market cap. based on closing price of 81 pence per share⁽¹⁾

GBP value of €204m (to be fixed at signing)

Proceeds from the envisaged equity issuance