

Renewi plc



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Renewi plc: Final results

Renewi plc (RWI)
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4 June 2020

Renewi plc

Renewi plc (LSE: RWI), the leading international waste-to-product business, announces its results for the year ended 31 March 2020.

ROBUST PROGRESS DURING FY20; ACTIONS TAKEN TO MITIGATE IMPACT OF COVID-19; ENHANCED STRATEGY TO DELIVER SUSTAINED LONG-TERM GROWTH

Otto de Bont, Chief Executive Officer, said:

"We made robust progress during the year, delivering financial results in line with our expectations and a number of strategic and financial objectives including: raising €107m through strategic disposals, receiving permission to resume TGG shipments at ATM, delivering our cost synergies and other restructuring projects, and we made good progress with a growing pipeline of circular solutions and partnerships."

"Renewi provides an essential service in the front line of maintaining vital services to hospitals, businesses and communities and our dedicated employees have been able to keep serving our customers whilst we have innovated to ensure a safe working environment. Our specific actions on cost and cash will preserve our liquidity even in an extended crisis and we have secured amendments to our banking covenants until September 2021. As a result of these actions, we are well placed to mitigate the impact of Covid-19."

"Looking forward, the momentum towards a circular economy is unstoppable. Today, we announce our enhanced strategy, which will enable us to capture the growth opportunities from the circular economy, and our Renewi 2.0 programme, which will deliver improved customer service as well as €20m of cost benefits through digitisation and optimised internal processes. Aligned with our enhanced strategy, we have defined our ambitious sustainable development goals."

Financial Summary

Financial performance in line with expectations

Revenue from ongoing businesses up 2% to €1.70bn¹

Underlying EBIT from ongoing businesses down 10% to €72.0m¹

Underlying profit before tax from ongoing businesses down 23% to €44.5m¹

Underlying EPS from ongoing businesses down 25% to 4.1 cents per share¹

Core net debt* of €457m (2019: €552m), representing 2.98x EBITDA and below bank covenant of

3.5x

As previously announced, total non-trading and exceptional items of €120m, €35m of which were cash, resulting in a statutory loss after tax of €77.1m for the year and a basic loss per share of 7.7 cents per share (2019: loss per share 9.0 cents)

As previously announced, no final dividend to be paid due to Covid-19, resulting in a total dividend for the year of 0.45p per share

¹Numbers quoted on an ongoing businesses basis (excluding the results of the businesses sold during the year) and are stated on an IAS 17 basis, excluding the positive impact of the implementation of IFRS 16 the new lease accounting standard to enable meaningful comparisons. The definition and rationale for the use of non-IFRS measures are included in note 18.

*Core net debt excludes the impact of IFRS 16 leases and net debt relating to the UK PFI/PPP contracts.

Operational and Strategic Highlights

Continued growth in core Commercial Division despite weaker markets and Covid-19

Restrictions lifted on TGG soil shipments at ATM and first shipment made; initial capacity installed to make construction materials from TGG

Good performance in Monostreams and Municipal Divisions, with operational improvements and restructuring delivering benefits; lower profits in Municipal as expected

Enhanced strategy announced to capture profitable growth in the circular economy by being the leader in recycling and in secondary materials production

€40m integration cost synergies delivered. New €20m Renewi 2.0 programme to create a simpler, more efficient and more digital business with higher margins and improved cash flows

Divisional structure simplified from five to four, creating commercial synergy and reducing cost and risk

Ambitious new sustainability strategy, closely aligned with core business strategy

Successful secondary listing on Euronext Amsterdam exchange

Covid-19 Update

As previously announced on 29 May 2020, significant actions taken to mitigate the impact of Covid-19 on our people, customers and operations

€252m of liquidity at 31 March 2020 and appropriate bank covenant amendments secured to September 2021

Swift and decisive action taken to reduce operating costs and preserve cash flows, saving €60m during FY21

Executive Directors and Board elected to take a voluntary 20% cut in remuneration during the period of lockdown and the Executive Committee has taken a voluntary 10% cut, executive bonuses for last year will be paid in shares, preserving cash and the bonus scheme for the current year is suspended

Volume reductions during lockdown slightly lower than originally expected, remaining cautious as to shape of economic recovery

Outlook

Based on our experience since the second half of March, we expect Covid-19 to result in a potential reduction in EBIT and cash of up to €20m in the first quarter compared with our previous expectations. This outflow is comfortably contained within our €252m of liquidity as at 31 March 2020 and our revised banking covenants. The outlook for the remainder of the year will be dependent on the nature and timing of the lifting of lockdown restrictions and the speed of economic recovery. Longer term, waste volumes are resilient through cycles and the transition to increased recycling remains a strong long-term structural growth driver for the Group. The recovery of earnings at ATM and our Renewi 2.0 programme are expected to further support sustained future earnings growth.

	March 2020 (IFRS16 basis)	March 2020 (IAS17 basis)	March 2019 (IAS17 basis)	% change (IAS17 basis)

Revenue ⁺ ongoing businesses	€1,697.0m	€1,697.0m	€1,670.9m	2%
EBITDA ⁺ ongoing businesses	€187.6m	€157.5m	€165.5m	-5%
Underlying EBIT ⁺ ongoing businesses	€75.5m	€72.0m	€80.2m	-10%
Underlying profit before tax ⁺ ongoing businesses	€42.5m	€44.5m	€57.5m	-23%
Underlying EPS ⁺ ongoing businesses (cents per share)	3.9c	4.1c	5.5c	-25%
Underlying free cash flow ⁺	€119.9m	€93.0m	€30.3m	
Exceptional and non-trading items including tax	€(120.2)m	€(120.2)m	€(146.0)m	
Core net debt (excluding asset held for sale and IFRS 16)		€457.2m	€552.0m	
Core net debt to EBITDA		2.98x	3.06x	
STATUTORY				
Revenue from continuing operations	€1,775.4m		€1,780.7m	
Operating loss from continuing operations	€(28.1)m		€(56.6)m	
Loss before tax from continuing operations	€(59.4)m		€(89.0)m	
Loss from discontinued operations	€(16.6)m		€(21.1)m	
Basic loss per share from continuing operations (cents)	(7.7)c		(9.0)c	
Cash flow from operating activities	€167.8m		€86.8m	
Final Dividend (pence per share)	-		0.5p	

⁺The definition and rationale for the use of non-IFRS measures are included in note 18. Ongoing businesses as presented exclude the financial results for the Canada Municipal business which was sold on 30 September 2019 and the Reym business which was sold on 31 October 2019. In addition, the Canada Municipal segment meets the definition of a discontinued operation and is recorded as such.

For further information contact:

Renewi plc

Otto de Bont - Chief Executive Officer
Toby Woolrych - Chief Financial Officer

+44 (0)1908 650580

FTI Consulting

Richard Mountain / Susanne Yule

+44 (0)20 3727 1340

Notes:

1. Renewi will be holding an online analyst presentation at 10.30 a.m. today.
Webcast: https://channel.royalcast.com/webcast/renewi/20200604_1/
2. A copy of this announcement is available on the Company's website, (www.renewiplc.com). A copy of the presentation being made today to financial institutions will also be available.

FORWARD-LOOKING STATEMENTS

Certain statements in this announcement constitute "forward-looking statements". Forward-looking statements may sometimes, but not always, be identified by words such as "will", "may", "should", "continue", "believes", "expects", "intends" or similar expressions. These forward-looking statements are subject to risks, uncertainties and other factors which, as a result, could cause Renewi plc'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 announcement and, except to the extent legally required, Renewi plc

undertakes no obligation to revise or update such forward-looking statements.

Chief Executive Officer's Statement

Overview

In this review we will:

Review a successful FY20, with trading in line with expectations and delivery of our key strategic goals;

Summarise the financial and operational impact of Covid-19, and our actions taken in response, highlight our financial robustness and provide some outlook regarding the impact on FY21; and

Launch our enhanced strategy for growth, including our innovation funnel, our €20m Renewi 2.0 programme and our new sustainability strategy

Group financial performance

IFRS 16 is a new reporting standard that has had a material impact on our reported results and the application of the modified retrospective approach has meant that comparative information has not been restated. For the purpose of like for like comparatives, the FY20 results have also been presented in accordance with the previous leasing standard, IAS 17, and all variance analysis shown is on the IAS 17 basis.

Total Operations	Revenue			Underlying EBIT			
	FY20	FY19	Variance	FY20	FY20	FY19	Variance
	IFRS16 basis	IAS17 basis		IFRS16 basis	IAS17 basis	IAS17 basis	
	€m	€m	%	€m	€m	€m	%
Commercial Waste	1,223.6	1,194.4	2%	89.9	87.6	86.5	1%
Hazardous Waste	91.7	95.4	-4%	(0.1)	(1.1)	1.7	N/A
Monostreams	213.6	213.3	0%	14.5	14.1	12.9	9%
Municipal	197.2	195.2	1%	(2.8)	(2.5)	0.8	N/A
Group central services	-	-		(26.0)	(26.1)	(21.7)	-20%
Inter-segment revenue	(29.1)	(27.4)		-	-	-	
Ongoing Businesses	1,697.0	1,670.9	2%	75.5	72.0	80.2	-10%
Reym	78.4	109.8		12.1	10.0	5.3	
Continuing Operations	1,775.4	1,780.7	0%	87.6	82.0	85.5	-4%
Discontinued Operations	10.8	18.3		3.1	2.5	1.5	
Total	1,786.2	1,799.0	-1%	90.7	84.5	87.0	-3%

The underlying figures above are reconciled to statutory measures in note 3 in the consolidated financial statements.

Reym revenue includes inter-segment revenue between Reym and other Group entities and intra-segment revenue between Reym and other Hazardous Waste entities.

Discontinued operations include the results of the Canada Municipal segment which meets the criteria as set out in IFRS 5.

Excluding discontinued and disposed operations and on an IAS 17 basis, revenues grew by 2% to €1,697m and, as expected, underlying EBIT decreased by 10% to €72.0m. Underlying profit before tax from ongoing businesses reduced by 23% to €44.5m and underlying earnings per share fell by 25% to 4.1c (2019: 5.5c).

The Commercial Division grew revenue by 2% to €1,224m and underlying earnings by 1% to €87.6m. This was a positive performance, with stronger inbound pricing and the delivery of synergies more than offsetting weaker markets (including a slowdown in Dutch construction), lower recyclate income and an estimated €4m adverse impact from Covid-19.

The Hazardous Waste Division revenues fell by 4% to €92m and underlying EBIT reduced, as expected, to a loss of €1.1m due to lower soil volumes processed, especially in the first half. The waterside had a good year with robust volumes and pricing.

The Monostreams Division delivered ongoing benefits from its restructuring programmes, with a particularly strong second half performance. Revenues were flat at €213m and underlying EBIT increased by 9% to €14.1m.

Municipal performed as expected. Revenues increased by 1% to €197m and the business made a small underlying loss of €2.5m, reflecting a lower contribution from the Derby contract and one-off items.

Group Central Services increased slightly less than expected to €26m. This was primarily due to the non-recurrence of incentive and other accrual releases in the prior year.

Total exceptional items of €120m (2019: €146m) were incurred in the year, of which €35m were cash. These items included €56m of charges relating to the disposal of Reym and Canada, the majority of which were non-cash. It also included €16m of planned synergy delivery and integration costs. We also recognised a €26m charge at ELWA as a result of additional taxation levied on burnable waste imported into the Netherlands and a €15m legal provision following an EU State Aid claim against the Walloon region in respect of our Cetem facility. As a result, there was a Group statutory loss for the year of €77.1m (2019: loss of €97.7m). We remain focused on reducing the exceptional items incurred by the Group and delivering statutory profits in the future.

The business delivered a positive net cash inflow of €39m before the benefit of disposals and a total net cash inflow of €141m as a result of a strong focus on cash management. Underlying free cash flow on an IAS 17 basis increased from €30m to €93m, with improved working capital and tight control of capital expenditure. Our core net debt at 31 March 2020 was €457m, a 17% reduction on the previous year. Leverage was 2.98x EBITDA (2019: 3.06x), within our covenant of 3.50x.

As previously announced, the total dividend for the year is 0.45p (2019: 1.45p), reflecting our prudent decision not to pay a final dividend in light of the Covid-19 crisis.

Delivering our strategic and operational goals

During the year we delivered on a wide range of strategic and financial objectives that have strengthened and de-risked the Group, including:

the €40m synergies promised when we completed the merger three years ago;

a fifth consecutive year of underlying EBIT growth in the core Commercial Waste Netherlands Division despite numerous market headwinds, including Covid-19;

the reopening of the TGG market by the authorities and the first shipments from ATM in two years as well as the installation of capacity to make building materials from cleaned soil;

the disposal of our Reym and Municipal Canada businesses for €107m in cash, reducing our net debt by 17%;

strengthening the management team, with four important new hires to lead two of the Divisions as well as Human Resources and IT;

transitioning to a new profitable contract with the Derby City and Derbyshire County Councils to manage their waste;

€8m investments in our innovation pipeline and in two niche acquisitions in the growing circular economy, Rotie and RetourMatras; and

the successful secondary listing on Euronext Amsterdam.

Managing the impact of Covid-19

We announced a full update relating to Covid-19 on 29 May 2020. In summary:

we are an essential service and we have continued to provide seamless waste collection and processing throughout the lockdowns, serving communities, businesses and hospitals. We are deeply appreciative of the dedication and determination of our colleagues who have provided this excellent service. We have partnered up with Van Straten Medical and Greencycl for the collection, recycling and returning sanitised PPE to Benelux healthcare workers;

Renewi had liquidity of €252m as at 31 March 2020, sufficient to trade through the Covid-19 crisis with no need for additional funding from governments, banks or shareholders. Appropriate covenant amendments have been agreed with our banks for the period to September 2021;

we have detailed scenarios for the potential economic impact of the lockdowns and subsequent market recovery, and we are currently trading at the positive end of those scenarios; and

we have introduced measures to reduce operating costs (including a voluntary 20% reduction in Board salaries and fees, and 10% reduction in Executive Committee members salaries), capital expenditure and optimise cash flows, which will save over €60m of cash during the next financial year.

Our enhanced strategy for long-term profitable growth

Our purpose is to protect our planet by giving new life to used materials, and our vision is to be the leading waste-to-product company in the world's most advanced circular economies. This differentiates Renewi as a pure play recycler, a company that focuses on supplying high quality secondary materials, which we believe is the best way to extract value from waste.

Our industry is driven by increasing environmental legislation, particularly in the European Union which on 11 March 2020 published "The Circular Economy Action Plan", as a promising continuation of the EU executive's ambition from 2015. The plan acknowledges the need to address the block's resource consumption and to reduce environmental pressures driven by consumption. More recently, on 28 April 2020, the Dutch Government reconfirmed its intent to impose rising tariffs on CO2 emitters to encourage the carbon transition. These taxes, to be imposed over the coming decade, are expected to have a significant positive impact on demand for secondary products and will increase the cost of incineration.

After a year of successful repositioning of the Group, we are pleased to outline our enhanced strategy to ensure that Renewi captures the profitable growth opportunities arising from carbon reduction and the transition to a circular economy. This strategy will transition Renewi from a waste collection company to a company focused on production of secondary raw materials to the highest possible quality.

Our enhanced strategy and innovation funnel

To expand our position as a secondary raw material producer, our strategy is based on three pillars:

- 1. Divert more into products from waste streams currently being incinerated or landfilled.** We will invest to start or expand production of secondary raw materials out of waste streams currently going to incineration or landfill. This will further increase our recycling rate, which we believe is already the highest in the industry at 65%. Over the next five years we intend to decrease our incineration and landfill rate further by a minimum of 25% and convert this waste into new products. Some examples of projects that will fuel our growth are the recycling of mattresses and diapers and the advanced recycling of waste plastics and wood.
- 2. Improve the quality of the products we produce.** To build a circular economy the usage of secondary raw materials must increase. For production companies currently using primary raw

materials, the easiest way to convert is by using high quality secondary raw materials that they can "drop-in". We aim to significantly increase the value of our products by investing in advanced processing of our materials; which we call "spread expansion". Examples include the 4Terra project at ATM to make clean sand and gravel from contaminated soil, to make clean HIPS and ABS plastic from fridges at Coolrec and to manufacture bio-LNG from food waste in Organics.

3. Selectively gain market share. Our primary focus is on driving margin expansion from existing waste flows through the first two pillars of our strategy. In addition, we will continue to selectively increase volumes through net customer gains, niche acquisitions and potentially, in the longer term, through geographic expansion.

Innovation is one of our core values and we are working on a number of initiatives to deliver our growth strategy. Going forward, we will report on this funnel with our results, demonstrating the breadth of opportunities for growth that we are able to pursue. Given that a number of these relate to new products or technologies, we do not expect them all to proceed to commercialisation.

Project	Partner	Opportunity	Status
Sand, gravel & filler at ATM for construction materials	Stand-alone	\$\$\$\$	Successful trials complete and customers engaged. Capacity expansion underway.
Expansion in bio-gas production	Stand-alone	€	Permits awaited to construct expanded food waste processing hall in 2020.
Expansion of mattress recycling	IKEA	€€€	Third facility opening May 2020, increasing capacity to 1 million mattresses.
Upgraded feedstock for chemical recycling of plastics	SABIC	€€ - €\$\$\$\$	Commercial contracts being negotiated with major plastics producer and technology company. Engineering designs being finalised for 30KT line.
Transition bio-gas from electricity to bio-LNG	SHELL	€€	Commercial contracts being finalised with major gas company and technology provider. Gas cleaning upgrade underway.
Upgraded wood flake supply for low-carbon steel	ARCELOR-MITTAL	€€ - €\$\$\$\$	Technical trials and commercial feasibility alongside major steel producer.
Cellulose from diapers and incontinence products	FMCG major	€ - €€€	Transition to new technology and commercial partners. Technical feasibility underway.
Next generation bottom ash conversion to construction materials	Energy-from-waste major	€€€	Engineering feasibility underway with waste-to-energy partner.
Polyurethane recycling	Chemical recycler	€ - €€€	Development project to purify polyurethane from mattresses.

Shifting from collection to secondary material production

We have a large fleet of trucks collecting commercial waste to supply our recycling operations and today Renewi is the clear market leader in the Benelux. The collection provides an essential service to waste producers and it marks the beginning of Renewi's value chain, as we become the owner of the commercial waste. That waste provides the raw materials for Renewi to generate value from the products it makes. Waste collection is expected to transform in the coming years to reduce carbon emissions and traffic congestion in cities. This will include "white label" collection collaborations between waste companies to share logistics as well as a transition to low and ultimately zero emission collection vehicles. Renewi will actively drive this transition, securing the waste streams with smart and innovative collection methods. This should ultimately lead to a reduced investment in our own fleet, allowing capital to be deployed in the production of secondary materials.

Our strategy is underpinned by the Renewi 2.0 programme.

Renewi 2.0

As previously announced, while we have successfully delivered the €40m of cost synergies following the merger of Shanks and VGG, we have identified the opportunity to drive further improvement through a three-year programme to make the company simpler, more customer-focused, more efficient and a better place to work. This comprises multiple projects, orientated around two key themes:

Digitisation of the business. The waste industry currently lags other industries in providing a fully digital solution for its customers. We are developing a new front-end interface for customers that will allow them to place and amend orders, have full visibility on our services and related cost as well as on the circular benefits their waste is creating. This digitisation will deliver a better 24/7 customer experience, while reducing our cost to serve.

Simplification and harmonisation of processes. Our core processes can be simplified and standardised across our divisions to reduce cost, reduce errors, and improve customer, supplier and employee experiences. We are implementing global process owners for our core processes and centres of excellence to simplify our product offering, improve our core data and eliminate wasted activity.

The programme is expected to deliver a minimum of €20m of annual cost benefits on a run-rate basis after completion of this three year programme (March 2023) for a total cash cost of €40m, which will be split into an exceptional cost (€33m) and capital investment (€7m).

Our focus on a simpler and lower risk business has included a divisional restructuring. We have created three strong divisions, combining similar activities into one division, and we have disbanded the Monostreams Division, reallocating its four business units. From 1 April 2020 our new divisional structure comprises:

Commercial Waste (Belgium and Netherlands): unchanged except that Orgaworld is now included within the combined organics activities of Commercial Waste Netherlands;

Mineralz & Water. This new division comprises ATM and CFS from Hazardous Waste and Mineralz from Monostreams Division. The focus of all these units is on the creation of clean mineral products or water creating commercial and operational synergy; and

Specialities, comprising Municipal, Coolrec and Maltha. All three of these businesses are international in nature and have larger scale process-based facilities focused on operational excellence and recycling. None have collection activities.

In addition, we are centralising group functions further to drive consistency across the Group and leverage expertise and optimise capacity. Central Services costs will be increasingly recharged to the Divisions, reflecting that they are the drivers and causes of these charges. Around €10m of central costs relating to the Board, strategy and investor relations will be retained as a separate reported cost.

Sustainability is at the core of all we do

We are also launching Renewi's first long-term sustainability strategy and our new sustainable development objectives for the next three and five years. These have been developed using current best practice, drawing together our input capital sources and our business strategy to develop three key themes for our SDG policy which contribute towards six of the UN Sustainable Development Goals. These are: Enable the circular economy; Reduce carbon emissions and waste; and Care for people and from these three themes, we have developed six key objectives:

turn our customers' waste into new products. By doing so we reduce carbon emissions and reduce depletion of the world's finite natural resources. The key metric for this is the recycling rate;

be a leader in clean and green waste collection. The collection of waste is essential and we aim to reduce the pollution and carbon emissions it causes through deployment of low and ultimately zero emission trucks, white label collection and route optimisation;

reduce the carbon impact of our operations. By their nature, our operations reduce total carbon emissions elsewhere by returning materials for reuse. Nevertheless, we aim to reduce our own energy consumption where we can and increase use of renewable energy;

positively impact our communities. Providing an essential service to our communities as the national champion of recycling and circularity, we seek a positive impact in the locations where we work, engaging closely with communities, supporting them, and minimising any negative aspects of the work that we do;

deliver people home safe and well, every day. Safety is our first value and we continue to strive to improve our accident rates and to avoid all serious incidents. In addition, we wish to support the health and mental well-being of all our employees; and

make Renewi an even more rewarding, diverse and inclusive working environment. We seek an engaged workforce drawing on a wide range of backgrounds, all with the opportunity to thrive and achieve their potential within our organisation.

Each of these objectives has challenging targets set against them, which are detailed in full in both our forthcoming Annual Report and our Corporate Sustainability Report.

Outlook

Based on our experience in March and April, we expect Covid-19 to cause a potential earnings and cash shortfall of up to €20m in the first quarter against our previous expectations. This outflow is comfortably contained within our €252m of liquidity as at 31 March 2020 and our revised banking covenants. The outlook for the remainder of the year will be dependent on the speed of recovery of the economy and the extent of ongoing restrictions on certain sectors such as hospitality. Longer term, waste volumes are resilient through cycles and the transition to increased recycling is expected to continue to support our business model. The recovery of earnings at ATM and our Renewi 2.0 programme are expected to further support sustained future earnings growth.

Operating Review for the year ended 31 March 2020

The operating review reports on the business using the historic divisional structure. A reconciliation of the historic performance to the new divisional structure, including a reallocation of central services cost, is shown on our website. All percentage comparatives to the prior year in the following section exclude the positive impact of IFRS 16 which amounted to €3.5m EBIT in the year to March 2020 for the ongoing businesses.

Commercial Waste

Divisional strategy

The Commercial Division creates value from its leadership position in waste collection and treatment in the Netherlands and Belgium. Its national coverage, density, operational scale and advantaged technology positions it strongly in its core markets. The division will deliver long-term growth and attractive returns by increasing diversion from incineration and landfill and through increasing demand for its wide range of recycling services and products. This will be reinforced through the delivery of the benefits of Renewi 2.0 and the application of margin enhancing initiatives such as commercial effectiveness and continuous improvement.

Financial performance

The Commercial Division performed well in FY20 given weaker markets and the €4m estimated impact of Covid-19 in the second half of March. Revenues increased by 2% to €1,224m and underlying EBIT increased by 1% to €87.6m. Margins were constant at 7.2% and the return on operating assets rose a further 50 basis points to 23.6% on an IAS 17 basis (19.2% on an IFRS 16 basis).

	Revenue			Underlying EBIT			
	FY20	FY19	Variance	FY20	FY20	FY19	Variance
	IFRS16 basis	IAS17 basis		IFRS16 basis	IAS17 basis	IAS17 basis	
	€m	€m	%	€m	€m	€m	%
Netherlands Commercial	786.0	764.7	3%	56.0	54.3	53.2	2%
Belgium Commercial	439.1	430.8	2%	33.9	33.3	33.3	0%
Intra-segment revenue	(1.5)	(1.1)		-	-	-	
Total	1,223.6	1,194.4	2%	89.9	87.6	86.5	1%
Underlying EBIT Margin			Return on Operating Assets				
	FY20	FY20	FY19	FY20	FY20	FY19	
	IFRS16 basis	IAS17 basis	IAS17 basis	IFRS16 basis	IAS17 basis	IAS17 basis	
Netherlands Commercial	7.1%	6.9%	7.0%	15.9%	19.0%	18.7%	
Belgium Commercial	7.7%	7.6%	7.7%	29.5%	38.8%	37.3%	
Total	7.3%	7.2%	7.2%	19.2%	23.6%	23.1%	

The return on operating assets for Belgium excludes all landfill related provisions.

Revenues in the Netherlands grew by 3% to €786.0m and underlying EBIT by 2% to €54.3m. Margins fell by 10 basis points to 6.9%. Return on operating assets increased by 30 basis points to 19.0% (15.9% on the IFRS 16 basis).

As previously reported, the core market has been softer this year. Dutch construction was slower after four strong growth years and was further impacted from July 2019 by regulatory rulings about the chemical PFAS in soil, an issue partially resolved in December, and by limitations being imposed to manage nitrogen deposition near sites of environmental importance. Recyclate markets have also been weaker with generally lower volumes and prices. The Covid-19 related lockdown in the second half of March has primarily affected roller bins (commercial waste) and food waste. Core volumes fell by 2% in the year, with construction and bulky waste down by 3.5%. Recyclate volumes fell by 1%, with paper down 1.6% and metals down 11%. Other volumes were down by 5%, mainly lower value rubble and soil/sludges. Pricing per tonne for inbound waste increased by over 12% as we successfully passed on significant increases in incinerator taxes, other disposal costs and higher than usual labour cost increases and saw the positive impact of dynamic pricing adjustments to offset lower recyclate income, which fell by 23%.

The stable operating margin was encouraging, particularly given the headwind from lower volumes, lower recyclate prices, the increasing costs of disposal of residues and a €1m year-end provision for potential Covid-19 related bad debts. Total synergies were €17.7m, with additional synergies of €6.4m delivered during the year.

Belgium revenues increased by 2% to €439.1m and underlying EBIT was flat at €33.3m. Margins were broadly flat at 7.6%, which was encouraging given the cost pressures and the closure in the year of the landfill at Cetem. Underlying volumes were flat, in line with the market. Market trends were similar to the Netherlands, with price increases offsetting inflation in disposal and labour costs and a reduction in recyclate income. The impact of Covid-19 in March was greater than in the Netherlands as a result of a more severe lockdown. Total synergies were €10.6m, with additional synergies of €2.8m delivered during the year.

Operational review

Our Commercial Division has made good progress in all its market facing strategies and also in completing integration and preparing for Renewi 2.0.

Clean and green collection

The efficient collection of waste provides an essential service to customers and provides us with the raw materials from which to create new products. However, the process of collection creates pollution and traffic. We expect that waste collection will transform in the coming years to be cleaner, greener and more efficient. Renewi will be a leader in that transformation.

It starts with reducing pollution using today's technologies. During the past year we invested €64m in purchasing 423 trucks with the latest Euro VI emission technologies. Euro VI trucks reduce pollutants by over 90% compared to the older trucks they are replacing, significantly improving the air quality of the cities in which they operate. Over 45% of our fleet is now Euro VI and we are targeting 100% by 2025. Our route optimisation software further minimises the number of collection kilometres driven and in the last year our lifts/km metric improved by 27% in the Netherlands. We expect that governments will soon ban or fine more polluting trucks in inner cities and that our investments will give us a strong operating position.

Over the next decade, we expect a step change in the reduction of carbon emissions from waste collection through two approaches. The first is a requirement that waste companies combine to collect waste in single "white label" truck fleets per town, increasing route efficiency and reducing the number of vehicles. Initial trials in Gouda and Haarlem have now been expanded in the area of Roosendaal/Bergen om Zoom in the Netherlands and Oost-Vlaanderen in Belgium and several projects in other city centres in the Netherlands are in the preparation phase. The second will be a transition to use of zero emission vehicles (ZEV), likely electric or hydrogen powered. During the last year we ordered the first two ZEV waste trucks in the Netherlands for trials. We will continue working with all major truck manufacturers to develop this technology. Given that ZEVs are much more expensive than current diesel models, we anticipate that, once the technology is proven, governments will need to mandate their use in order to stimulate the transition.

Increasing diversion from landfill and incineration

Waste volumes overall are relatively flat, with modest further growth for Renewi expected from share gain or tuck-in acquisitions. We expect to continue to drive our margin expansion by increasing the diversion of waste we collect away from landfill and incineration.

An example of this was our €1.7m investment in June 2019 in RetourMatras, a company that has technology to recycle mattresses. Mattresses are difficult to handle, prone to cause fires, and are expensive to transport and to incinerate. The RetourMatras technology separates mattresses into textiles, foam and metals for recycling, creating a full circular solution. We were pleased to co-invest in this technology with IKEA, a leading seller of mattresses with a strong commitment to sustainability. Our initial goal is to complete coverage in the Netherlands by installing sufficient capacity to recycle all waste mattresses - at which point we anticipate that regulators will mandate that they should no longer be incinerated. In parallel we are assessing international expansion opportunities.

In Belgium we have an unparalleled range of sorting capabilities. In the last year, we have installed a new 60KT sorting line in Liege to cycle waste into eleven different product streams and our wood sorting line at Eeklo is separating up to 35-40% of waste wood for reuse in furniture instead of as biomass.

Investing in added value secondary materials production

Having diverted waste from landfill and incineration, our second strategy is to increase the value we add from the products we make through increased quality. We call this "spread expansion". Examples of spread expansion include the final commissioning of our Wateringen stonecrusher and the wood treatment line in Vlaardingen. We have also consolidated some of our materials processing capabilities to our Gent master plant, including a new higher quality plastics sorting line. A new baling press in Vilvoorde is improving the quality and value of our recycled paper and cardboard streams.

Our innovation funnel contains numerous other projects to increase the value-add from our materials. For example, at RetourMatras we are undertaking research to extract additional value by bonding the foam to create carpet underlay or alternatively reprocessing the foam to create polyurethane. We are in commercial discussions to repurpose part of our anaerobic digestion site in Amsterdam to produce bio-LNG for one of the world's leading petrochemical companies as a higher value-add alternative to green electricity. We are also in commercial discussions to build a sorting line near Eindhoven to produce a high-quality plastics feedstock for chemical plastics recycling in partnership with a leading global plastics manufacturer.

Integration, synergies and Renewi 2.0

FY20 also saw the successful completion of our synergy programme with the €40m target delivered on time. Most of the synergy benefits in the year were the full-year effects of major projects from the year before, especially site rationalisation and route optimisation. New projects that were completed towards the end of the year included the harmonisation of CLA terms and conditions in Belgium, the roll-out of the E-hour time registration system across all employees, and the implementation of digital acceptance of waste. Site migration of the former Shanks construction business onto the Renewi operations platform and the harmonisation of Dutch CLA terms and conditions are expected to take place during 2020, completing the integration with a final further exceptional cost of €4m.

Focus turned in the second half towards projects that would form part of Renewi 2.0, the group-wide programme to modernise Renewi. A large part of Renewi 2.0 focuses on the customer and in Belgium a customer centric project has been rolled out to engage and enthuse our employees in how to look after customers, and to measure customer satisfaction more deeply. At the heart of the new customer experience will be MyRenewi - a portal where customers can place, amend and review orders, and manage their accounts. This meets a clear demand in terms of service, while improving the data quality that flows into our systems. Internally we will be investing in automation of many core processes. We will be implementing a Renewi source-to-pay system, starting with the shared service centre and preparation for Commercial Waste Belgium during the next year. We are also creating a global process management team, centres of excellence for product management and reporting, and a team to improve data quality. These teams, funded by other efficiencies, are expected to transform the efficiency of our core processes over the coming three years, improving customer and employee satisfaction and reducing cost.

Managing headwinds

As reported earlier, the year has contained its headwinds. Recyclate prices hit multi-year lows, especially paper which has fallen by 75% from peak to trough. There have also been significant inflationary pressures from the increased incinerator taxes, higher disposal costs and increased labour costs. We have successfully mitigated these headwinds, passing on these cost pressures in full in the form of higher prices for inbound waste. Dynamic pricing contracts for recyclates provides a mechanism to automatically adjust for changes in paper, plastic and metal prices for up to 75% of our volumes.

The year was also made more complex when AEB, one of the largest incinerators in the Netherlands, closed unexpectedly for four months in the summer of 2019 for technical reasons. This sudden loss of capacity could have caused a severe disruption to our customer service and a material economic loss for Renewi. However, using our crisis protocols, we were able to react swiftly to lobby governments to open new outlets and storage, to communicate with customers and to redirect waste to new locations. A €3m provision for uncovered costs taken at the half year was not required as all additional costs were settled and our business and our customers were unaffected.

Divisional outlook

As reported earlier, during the lockdown period waste volumes have fallen by up to 35% in Belgium and up to 15% in the Netherlands, the latter supported by resilience in construction waste volumes. We anticipate a gradual recovery from these lows as the lockdowns ease through the first quarter. We anticipate that volumes for the remainder of the next financial year will be lower than previously expected, dependent

upon the easing of lockdown restrictions, including in specific sectors such as hospitality, and the speed of economic recovery. Construction may also reduce somewhat in the near term in response to lower GDP. Recyclate prices are expected to remain low as a result of reduced demand and lower oil and commodity prices. Other inbound and outbound pricing has remained stable. Swift cost actions have been taken to reduce the impact and additional plans are in place should volumes reduce further. Longer term, waste volumes are historically resilient, and we expect governments to continue to stimulate recycling and the use of secondary materials.

Hazardous Waste

Divisional strategy

Our initial focus is to return ATM to normal operation on the soil line. In the future we intend to refine soil outputs further into higher value secondary raw materials. Following the successful sale of the Reym industrial cleaning business, we are merging ATM (and the smaller treatment site CFS) with our Mineralz business to create the Mineralz & Water Division from 1 April 2020.

Financial performance

ATM performed as expected as a result of the ongoing restrictions on the shipments of thermally cleaned soil in the Dutch market which ended in December 2019. Revenues fell by 4% to €92m and underlying EBIT fell to a loss of €1.1m. An exceptional item of €3.1m (2019: €6.5m) was additionally reported in relation to the ATM soil issue. Now that the TGG market has been reopened, the cost of storing TGG stocks (currently €3m per annum) will in future be taken in ordinary trading. Reym was sold on 31 October 2019.

	Revenue			Underlying EBIT			
	FY20	FY19	Variance	FY20	FY20	FY19	Variance
	IFRS16 basis	IAS17 basis		IFRS16 basis	IAS17 basis	IAS17 basis	
	€m	€m	%	€m	€m	€m	%
ATM & Others	91.7	95.4	-4%	(0.1)	(1.1)	1.7	N/A
Reym	81.3	115.9	-30%	12.1	10.0	5.3	89%
Total	173.0	211.3	-18%	12.0	8.9	7.0	27%
Underlying EBIT Margin							
	FY20	FY20	FY19	FY20	FY20	FY19	
	IFRS16 basis	IAS17 basis	IAS17 basis	IFRS16 basis	IAS17 basis	IAS17 basis	
ATM & Others	-0.1%	-1.2%	1.8%	-0.2%	-8.6%	9.5%	
Reym	14.9%	12.3%	4.6%				
Total	6.9%	5.1%	3.3%				

Reym revenue includes intra-segment revenue between Reym and other Hazardous Waste entities

Operational review

FY20 has been an important year of turnaround for ATM. During the year ATM worked closely with IL&T and other local regulators such as DCMR to specify and then conduct detailed tests on our stockpiles in order to fully characterise the soil beyond the usual norms of the industrial code (BRL) under which it was shipped. These tests demonstrated clearly that our thermally treated soil (TGG) can be applied in the right industrial locations and poses no risk to health or to the environment. The IL&T confirmed these results and reported in December 2019 that the analytical results of the TGG provide a thorough representation of the TGG quality and that the TGG can be applied in industrial locations, subject to the usual review for the intended application by the local regulators. At the end of the year, we started shipment of 200KT of TGG for a project

in Amsterdam. We maintain an encouraging pipeline of potential customers for TGG, both domestically and internationally, and we are working through permitting requirements with respective local authorities to allow their shipment. At the same time, we are reviving the inbound soil pipeline, which will take some time to recover to historic levels as it is generally project/contract based.

ATM has also been investing in a new process to convert TGG, hot from the kiln, into gravel, sand and a filler that can be used in the manufacture of asphalt, concrete and cement. Following successful pilot scale trials, a full-size separator was installed at the end of 2019 which is being progressively commissioned. The quality of the products appears to be good and customer trials have gone well. Product certification is also underway for different grades of product. We believe that a market for these secondary construction materials exists that will over time absorb most or all of ATM's production, at a positive selling price compared to the negative consideration for placing TGG. Production of these construction materials is constrained by a lack of logistics and storage, for the filler in particular, and a lack of space on site pending the shipment of more TGG. We are investing during 2020 to increase functional capacity.

The other core waste treatment processes for the Division performed well. Water intake and treatment at ATM increased slightly compared to the prior year. Treatment of packed chemical waste through the ATM pyro plant was slightly lower than prior year due to significant maintenance activities and the new inbound warehouse was commissioned during the second half of the year. The CFS water treatment facility in the southern part of the Netherlands did well, maintaining flat revenue against lower volumes.

Divisional outlook

We expect to increase throughput on the TRI line from 20% to c40% of capacity, as previously forecast, mainly supported by increased offtake of the new products to construction customers. Capacity will continue to be constrained for these products during FY21 as additional silos and handling capacity are being installed. We expect TGG outlets to be secured during the year which will initially be used to reduce excess inventory, particularly of soil produced before 2018. Following the reopening of the end market, the €3m of annual storage costs for this inventory will now be accounted for in ordinary trading rather than as an exceptional item. Covid-19 has had a lower impact on ATM as water volumes are not directly affected by the lockdown and we have soil stocks sufficient to keep processing. However, the low oil price is expected to reduce water volumes over the year and we anticipate delays in some construction projects, slowing the recovery of inbound contaminated soil volumes. Over the longer term we continue to target a recovery at ATM to historic levels of profitability.

Monostreams

Divisional strategy

Monostreams incorporates Maltha, Coolrec, Mineralz and Orgaworld. All four focus on producing high quality products from specific source segregated input streams. Following acquisitions and disposals during FY20, the Monostreams Division was disbanded on 31 March 2020. Maltha and Coolrec form part of the new Specialities Division, Mineralz joins ATM as the Mineralz & Water Division and Orgaworld becomes part of an Organics business unit in Commercial Waste Netherlands.

Financial performance

	Revenue			Underlying EBIT			
	FY20	FY19	Variance %	FY20	FY20	FY19	Variance %
	IFRS16 basis	IAS17 basis		IFRS16 basis	IAS17 basis	IAS17 basis	
	€m	€m		€m	€m	€m	
Total Monostreams	213.6	213.3	0%	14.5	14.1	12.9	9%

	Underlying EBIT Margin			Return on Operating Assets		
	FY20	FY20	FY19	FY20	FY20	FY19
	IFRS16 basis	IAS17 basis	IAS17 basis	IFRS16 basis	IAS17 basis	IAS17 basis
Total Monostreams	6.8%	6.6%	6.0%	17.9%	21.3%	18.1%

The return on operating assets excludes all landfill related provisions.

Monostreams recovered well in FY20, particularly with a strong second half as restructuring benefits were realised. Underlying EBIT increased by 9% to €14.1m, on flat revenues at €213.6m. Margins increased by 60 basis points to 6.6% with return on operating assets up by 320 basis points from 18.1% to 21.3% (17.9% on an IFRS 16 basis). Coolrec, Maltha and Orgaworld all delivered strong earnings growth, offset by an expected decline in Mineralz due to previously announced margin pressures in the landfill sites.

Operational review

The Coolrec business recycles e-waste and white goods into plastics and metals. As announced last year, we have significantly simplified the business offering, exiting loss-making product lines and territories. Profits increased as a result, while revenues were significantly reduced. We are investing to improve quality and capacity in the core fridge recycling lines and in improving plastic quality at our Waalwijk facility.

Maltha, jointly owned with Owens-Illinois, also made good progress in recovering margin in the year. New management has driven a sustained improvement in commercial and operational performance, especially at the Dintelmond site. The overall glass market is set for growth due to a shift from plastic packaging towards glass products.

Mineralz showed a decline in margins, as expected, following the increased landfill tax in the Netherlands which could not fully be passed on to customers, as well as lower volumes in soil cleaning following the nitrogen deposition concerns in the Netherlands.

Orgaworld had another strong year, with organic revenue growth boosted by the acquisition of Rotie, a collection and depackaging business adjacent to our Amsterdam digester. Good volumes were supported by increased electricity generation at improved prices.

Divisional outlook

All business units were significantly impacted during April by the lockdown, through a mix of lower volumes, lower demand for product or loss of production capacity. Performance is expected to improve through May and thereafter will be driven by the speed of economic recovery and the easing of lockdown restrictions. No long-term impact is expected on any of the business units.

Municipal

Divisional strategy

We have greatly simplified the Municipal portfolio, including the disposal of our Canadian assets during FY20. The core focus is on continuing to improve the operating performance of the remaining assets to reduce cash losses and create a platform for future growth. Municipal has been combined with Coolrec and Maltha to create the new Specialities Division going forward, an international division with a strong focus on operational and margin improvement.

Financial performance

The Municipal Division made a small underlying loss of €2.5m, as expected, compared to a profit of €0.8m in the prior year, on revenues 1% higher at €197m. The prior year included higher profits on the original Derby contract before it was terminated and one-off items such as rates rebates.

	Revenue			Underlying EBIT		
	FY20	FY19	Variance	FY20	FY20	FY19
	IFRS16 basis	IAS17 basis		IFRS16 basis	IAS17 basis	IAS17 basis
	€m	€m	%	€m	€m	€m
Total UK Municipal	197.2	195.2	1%	(2.8)	(2.5)	0.8
	Underlying EBIT Margin					
	FY20	FY20	FY19			
Total UK Municipal	IFRS16 basis	IAS17 basis	IAS17 basis			
	-1.4%	-1.3%	0.4%			

Underlying EBIT includes utilisation of €12.2m (2019: €10.0m) from onerous contract provisions

Current year performance saw underlying improvement, particularly at Cumbria, BDR and ELWA. The introduction of a €32 per tonne import tax on burnable waste to the Netherlands from 1 January 2020 added significantly to the cost base of ELWA, resulting in an exceptional charge of €25.9m reflecting an onerous contract provision of €15.5m and an asset impairment of €10.4m.

Operational review - UK

Municipal delivered significant underlying operational improvements and a successful transition to a new contract directly with Derby City and Derbyshire County Councils. The impact of the Dutch import tax on ELWA cast a shadow over what was otherwise a positive year.

Improving operational performance

Achieving stable operations gives Renewi a platform to drive continuous improvement through all contracts. This includes optimising operating costs, eliminating cost of failure, and reducing exposure to difficult offtake markets. During the past year we have delivered 36 projects across our contracts, including a project increasing the gas generation and performance of our AD composting process in BDR; and in ELWA, a focus on asset maintenance delivered a reduction in spend on parts, decreased our reliance on third party contractors and has improved the condition and performance of our assets. Looking forward, an expanding continuous improvement programme will deliver further improvements.

New contract at Derby

We had for some years a contract to be long-term operator of Sinfon Lane, a gasification facility, as part of a PPP contract between Renewi and the constructor, Interserve, and Derby City and Derbyshire County Councils. Last year, we wrote off our investment in the contract as Interserve were over two years behind schedule delivering the project. In August 2019 the contract was terminated by the lenders. We have continued to work with and support Derby City and Derbyshire County Councils and have entered into a continuity services contract directly with them to manage their waste. This contract no longer carries the long term operational or financial risk associated with the original contracts.

Incinerator taxes, Brexit and ELWA

Our ELWA facility has for many years exported the majority of its 200,000 tonnes of burnable waste per year to the Netherlands. The unexpected introduction of a €32 per tonne import tax on burnable waste from 1 January 2020 has added up to €6m per annum of extra costs, which makes the ELWA contract onerous. An exceptional charge of €25.9m was announced in January to address the increased future costs of disposal. We have also included expected additional future costs of haulage and tariffs relating to Brexit once the transition period ends.

Divisional outlook

Covid-19 is having a moderate impact on Municipal during the lockdown period due to the closure of household waste recycling centres (HWRCs) and lower recyclate income. This loss of profitability should be restored towards prior levels as HWRCs reopen and no long-term impact is expected.

CFO REVIEW

INTRODUCTION

FY20 was a successful year in which we made good progress in strengthening the balance sheet, improving underlying margins and returns and increasing free cash flow.

We successfully strengthened the balance sheet through disposals and the issuance of a new €75m green bond. This resulted in our reducing core net debt from €552m to €457m, and having €252m of liquidity as at 31 March 2020

We delivered underlying growth of 30 bps to 7.4% in our operating margin and 180 bps in our return on operating assets to 24.1% (19.8% on an IFRS16 basis) in our Commercial and Monostreams Divisions (83% of revenue)

We increased our free cash flow by €85m to €96m and, excluding the benefit of the disposals, we generated net positive cash , a year ahead of schedule

We completed our secondary listing on Euronext Amsterdam and we have seen increasing investment by funds with a significant environmental mandate

Exceptional items were again significant. The majority were non-cash such as disposals (€56m) or related to value creating activities like synergy delivery (€13m). The introduction in the Netherlands on 1 January 2020 of a €32 per tonne tax on the import of burnable waste from the UK necessitated a €26m charge at our ELWA municipal contract. We have also taken a provision of €15m following the ruling by the European Union in February 2020 that it will be further investigating alleged state aid provided by the Walloon region of Belgium to our landfill site at Cetem in the period 2010-2015. The Walloon region and Renewi remain confident in our case, which is expected to take several years to resolve.

Looking forward, our financial strategy for Renewi is centred on:

improving margins and returns through increased diversion, higher value products and more efficient processes including through the Renewi 2.0 programme;

increasing free and net cash flows and reducing leverage towards the Board's target of 2x, taking into account the challenge of Covid-19; and

eliminating unplanned exceptional items.

FINANCIAL REVIEW

Financial Performance	FY20 IFRS16 basis €m	FY20 IAS17 basis €m	FY19 IAS17 basis €m
<u>Continuing operations</u>			
Revenue	1,775.4	1,775.4	1,780.7
EBITDA	199.7	167.5	177.4
Underlying EBIT	87.6	82.0	85.5
Underlying profit before tax	54.1	54.3	62.5
Non-trading & exceptional items	(113.5)	(113.5)	(151.5)
Loss before tax	(59.4)	(59.2)	(89.0)
Total tax (charge) credit for the year	(1.1)	(1.1)	12.4
Loss for the year from continuing operations	(60.5)	(60.3)	(76.6)

Loss for the year from discontinued operations	(16.6)	(17.0)	(21.1)
Total operations: loss for the year	(77.1)	(77.3)	(97.7)

IFRS 16 is a new reporting standard that has had a material impact on our reported results: for continuing operations increasing EBITDA by €32.2m, EBIT by €5.6m and interest costs by €5.8m as well as increased year end assets and debt. The full impact is shown in note 19 to the financial statements. As we have applied the modified retrospective approach prior year comparatives are not restated. The above table shows the reported performance on an IFRS 16 basis along with IAS17 to provide a comparative with 2019.

As well as IFRS 16, the performance in the year has been impacted by the disposals. Reym is recorded as part of continuing operations with seven months in FY20 compared to the full year in 2019. The Canadian business however met the definition of a discontinued operation. Group revenue on a continuing operations basis increased marginally to €1,775m. Underlying EBIT from continuing operations decreased by €3.5m or 4% to €82.0m on an IAS 17 basis.

IFRS 16 also has a significant impact on underlying EBITDA given the depreciation on right-of-use assets which amounted to €27m in the year. The table below sets out the EBITDA by division on both an IFRS 16 and IAS 17 basis for the current year.

Underlying EBITDA	FY20		FY19		Variance IAS17 basis %
	IFRS16 basis €m	IAS17 basis €m	IAS17 basis €m	IAS17 basis €m	
Netherlands Commercial	107.3	93.8	92.5	92.5	1%
Belgium Commercial	60.7	53.8	53.6	53.6	0%
Commercial Waste	168.0	147.6	146.1	146.1	1%
Hazardous Waste (excluding Reym)	10.7	7.1	9.9	9.9	-28%
Monostreams	28.1	25.5	24.1	24.1	6%
Municipal	(0.9)	(1.8)	1.9	1.9	N/A
Group central services	(18.3)	(20.9)	(16.5)	(16.5)	-27%
Ongoing Businesses	187.6	157.5	165.5	165.5	-5%
Reym	12.1	10.0	11.9	11.9	
Continuing Operations	199.7	167.5	177.4	177.4	-6%
Discontinued Operations	3.1	2.5	3.9	3.9	
Total	202.8	170.0	181.3	181.3	-6%

As both disposed businesses were reported as assets held for sale at March 2019 the current year results have been favourably impacted by the suspension of depreciation at Reym and Canada for the periods up to sale. The table below bridges the year on year performance excluding IFRS 16. This shows that for the ongoing businesses underlying EBIT fell by €8.2m or 10%, in line with our expectations, primarily due to reduced output at ATM, the profitable legacy Derby contract last year and the reinstatement of bonus and LTIP provisions as forecast.

	FY20 €m	FY19 €m	Variance €m	%
Underlying EBIT: Continuing operations	87.6	85.5	2.1	2%
Impact of Reym	(12.1)	(5.3)	(6.8)	
Underlying EBIT: Ongoing businesses excluding IFRS 16 impact	75.5	80.2	(4.7)	-6%
Impact of IFRS 16	(3.5)	-	(3.5)	

Underlying EBIT: Ongoing businesses	72.0	80.2	(8.2)	-10%
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Non-trading and exceptional items excluded from pre-tax underlying profits

To enable a better understanding of underlying performance, certain items are excluded from underlying EBIT and underlying profit before tax due to their size, nature or incidence. The Group reported significant non-trading and exceptional items, under the main headings as follows:

merger and integration costs: items that were known and planned for in relation to the costs of integrating Renewi. These costs are one-off relating to the merger with VGG and exceptional in nature;

portfolio costs: items associated with the acquisition or disposal of assets, including profit or loss on sale, goodwill impairments and transaction costs;

UK Municipal contract issues: including onerous contract provisions and impairments;

other changes in long- term provisions: including significant legal provisions and changes in discount rates; and

other items.

Total non-trading and exceptional items amounted to €120.2m (2019: €146.0m) as set out in the table below with cash items of €35m. Further details are provided in note 5 to the consolidated financial statements.

Non-trading & exceptional items	FY20 €m	FY19 €m
Merger related costs	16.3	56.8
Portfolio management activity	29.8	8.7
UK Municipal contract issues	25.9	64.3
Other changes in long term provisions	33.0	-
Other items	4.3	5.9
Amortisation of acquisition intangibles	6.4	6.4
Exceptional finance costs	(2.2)	9.4
Non-trading & exceptional items in loss before tax	113.5	151.5
Tax on non-trading & exceptional items	(9.8)	(12.4)
Exceptional tax	(2.4)	(15.6)
Discontinued operations	18.9	22.5
Total	120.2	146.0

The portfolio management activity charge of €29.8m includes the final charge for the loss on disposal of the Reym business. Credits of €6.1m were recorded relating to previous transactions.

As previously announced, €25.9m is relating to an impairment and onerous contract provision for the ELWA contract in UK Municipal, €17.9m relating to the reduction in discount rates used for long term provisions and a €15.1m legal provision for the recent Belgian state aid litigation. The exceptional finance costs include a current year credit for ineffectiveness of interest rate derivatives.

At merger completion we announced total expected merger related cash costs of €50m for synergy delivery, €20m for other integration costs and €12m for rebranding capital spend. The table below shows how this has been incurred since the merger date and is in line with initial indications. As noted previously, branding spend has been expensed rather than capitalised. A final €4m of spend will be incurred in FY21

to complete outstanding IT integration.

Merger related P&L charges	FY17	FY18	FY19	FY20	Total	Original	Difference
	€m	€m	€m	€m	€m	€m	€m
Integration costs*	3.4	8.5	12.5	2.3	26.7	20.0	(6.7)
Synergy delivery	5.3	13.4	22.1	13.8	54.6	50.0	(4.6)
Branding capex	-	-	-	-	-	12.0	12.0
Initial merger programme	8.7	21.9	34.6	16.1	81.3	82.0	0.7
Monostreams restructuring	-	0.5	10.0	(0.5)	10.0		
Non-cash costs	-	2.6	12.2	0.7	15.5		
Total	8.7	25.0	56.8	16.3	106.8		

*Including branding capex now expensed rather than capitalised

The discontinued operations charge of €18.9m reflects the final loss on disposal of the sale of the Municipal Canada business. In line with accounting requirements as a result of uncertainty of receipt, the contingent proceeds from this disposal will only be recognised if more certain.

EBIT from continuing operations, after taking account of all non-trading and exceptional items, was a loss of €28.1m (2019: €56.6m loss).

Net finance costs

Net finance costs from continuing operations, excluding exceptional items, increased by €11.0m to €34.4m (2019: €23.4m). The largest driver was the adoption of IFRS 16 from 1 April 2019 resulting in a €5.8m increase in lease interest. Interest payable on borrowings increased by €2.2m due to higher levels of debt compared to the prior period and a higher margin payable due to higher leverage in the first part of the year. Other finance costs increased by €1.1m principally due to higher interest charges on invoice financing as referenced at the half year.

Share of results from associates and joint ventures

An increased profit of €0.9m (2019: €0.4m) due to one-off income which is not expected to recur.

Loss before tax

Loss before tax from continuing operations on a statutory basis, including the impact of non-trading and exceptional items, was €59.4m (2019: €89.0m).

Taxation

Total taxation for the year on continuing operations was a charge of €1.1m (2019: credit of €12.4m). The effective tax rate on underlying profits from continuing operations was 24.5% at €13.3m, lower than last year's 25.0% and driven by enactment of lower tax rates in Belgium. A tax credit of only €12.2m is attributable to the non-trading and exceptional items of €113.5m given a significant proportion of these are non-taxable.

As reported previously, both the Dutch and Belgian governments implemented a number of corporate tax reforms in recent periods which have resulted in exceptional tax credits from reductions in future tax rates. In the current year the Dutch Government has made further revisions and reversed some of the planned tax rate falls which has resulted in an exceptional tax charge of €1.6m being recorded this year. The total exceptional tax credit of €2.4m also includes a credit for the release of provisions in relation to pre-merger tax issues (€2.5m) and an enacted lower tax rate in the UK (€1.5m).

Looking forward, we anticipate the underlying tax rate may fall slightly to around 24% in the next few years as no further tax rate changes are anticipated.

The Group statutory loss after tax, including all discontinued and exceptional items, was €77.1m (2019: €97.7m).

Earnings per share (EPS)

Underlying EPS from ongoing businesses, excluding non-trading and exceptional items, was 3.9 cents per share, a decrease of 25% on a like for like basis. Basic EPS from continuing operations was 7.7 cents loss per share compared to a loss of 9.0 cents per share in the prior year.

Dividend

As announced previously, and in response to Covid-19, the Board has decided not to pay a final dividend for the year ended 31 March 2020. The interim dividend of 0.45 pence per share was paid on 10 January 2020.

CASH FLOW PERFORMANCE

A summary of the total cash flows is shown below:

Cash Flow	FY20	FY20	FY19
	IFRS16 basis €m	IAS17 basis €m	IAS17 basis €m
EBITDA	202.8	170.0	181.3
Working capital movement	22.9	22.9	(22.2)
Movement in provisions and other	(4.5)	(4.5)	(9.8)
Net replacement capital expenditure	(64.2)	(64.2)	(88.1)
Interest, loan fees and tax	(37.1)	(31.2)	(30.9)
Underlying free cash flow	119.9	93.0	30.3
UK Municipal contracts	(23.6)	(25.2)	(19.0)
Free cash flow	96.3	67.8	11.3
Growth capital expenditure	(10.1)	(10.1)	(11.7)
Synergy, integration & restructuring spend	(24.3)	(24.3)	(38.7)
Other	(8.4)	(9.6)	(9.5)
Disposals net of acquisitions	95.7	95.7	24.1
Dividends paid	(8.6)	(8.6)	(27.4)
Net core cash flow	140.6	110.9	(51.9)
Net debt disposed/acquired	(6.4)	(12.8)	-
Replacement capital expenditure - new IFRS 16 leases	(61.8)	-	-
Total	72.4	98.1	(51.9)
Opening net debt excluding UK PPP net debt	(552.0)	(552.0)	(500.6)
Loan fee amortisation	0.9	0.9	2.2
Transfer to disposal group	-	-	4.2
IFRS 16 transition adjustment	(177.3)	-	-
Net debt movement excluding UK PPP net debt	72.4	98.1	(51.9)
Exchange	(3.9)	(4.2)	(5.9)
Closing net debt excluding UK PPP net debt	(659.9)	(457.2)	(552.0)
Free cash flow conversion	132%	110%	35%

All numbers above include both continuing and discontinued operations.

Free cash flow conversion is underlying free cash flow as a percentage of underlying EBIT.

Free cash flow conversion on an IAS 17 basis was strong at 110% compared to the 35% in FY19. Working

capital was an inflow of €22.9m based on the timing of payables, recovery on receivables delayed in the last quarter last year and increased efficiency on the sale of receivables programme. Some of this benefit is expected to reverse in the new financial year. Replacement capital spend, excluding new IFRS 16 leases, was well controlled at €64.2m (2019: €88.1m) representing c.75% of depreciation. Capital spend was restricted in the first half pending the completion of the disposals of Canada and Reym which has resulted in a lower spend across the full year. In addition, a number of leases previously considered operating leases before the introduction of IFRS 16 totalling €61.8m have been entered into and these are now recorded as right-of-use assets and are shown separately in the above cash flow. As previously reported, we are investing in a rejuvenation of our truck fleet through leases that spread the cash costs of the trucks over a six year period.

UK Municipal contracts reflect the cash spend on UK onerous contracts of €23.6m including a significant amount for the final months of the legacy Derby contract before it was terminated, along with spend on the ELWA contract which is onerous as from 1 January 2020. The cash outflow on all other contracts was as expected.

The growth capital spend includes the Ottawa expansion (now disposed of) and the completion of the expansion of the Maasvlakte landfill site.

Synergy, integration and restructuring spend of €24.3m included €22.3m for synergy delivery and merger related integration costs. In addition, €2m of spend has arisen for initial restructuring and fees relating to Renewi 2.0.

Other cash flows include the ATM spend on additional logistics and other associated costs of €4m, €3.5m funding for the closed UK defined benefit pension scheme and €2.4m relating to the purchase of short term investments in the insurance captive

The disposals and acquisitions inflow includes the net proceeds from the sale of our Canadian and Reym businesses, along with €4.3m spend on the acquisition of the Rotie organic waste collection business and the 32% stake in RetourMatras BV, a mattress recycler, alongside Ikea.

Net cash generated from operating activities increased from €73.6m in the prior period to €157.7m in the current year. A reconciliation to the underlying cash flow performance as referred to above is included in note 18 in the consolidated financial statements.

RENEWI 2.0

As reported in the CEO's review, we have launched our Renewi 2.0 programme which is intended to complete the creation of a modern waste-to-product company with digital interfaces to customers and suppliers, supported by modern, lean and efficient core processes. These include the introduction of a cloud-based source to pay system and the creation of Global Process Owners for core processes to standardise and reduce inefficiency.

We believe that Renewi 2.0 will deliver cost benefits at an annualised run rate of €20m by March 2023. The cost of the programme is expected to be €40m, split between capital and an exceptional charge as follows:

Renewi 2.0: expected costs and benefits	FY21 €m	FY22 €m	FY23 €m	FY24 €m
Net benefit	1	5	12	20
Exceptional costs	(14)	(10)	(6)	-
Capital spend	(1)	(4)	(2)	-
Net cash flow	(14)	(9)	4	20

In addition to the above cash spend certain non-cash impairments of c€3m are anticipated

INVESTMENT PROJECTS

Expenditure in 2020/21

The Group's long-term expectations for replacement capital expenditure remain around 80% of depreciation. This level may from time to time be supplemented with larger scale replacement projects. As a result of the current pandemic total capital spend for FY21 is now estimated to be c.€75m, similar to the previous year and lower than our previous expectations. This spend will include the new infrastructure for the construction materials at ATM and a new de-packaging hall in Organics in Commercial Netherlands.

Return on assets

The Group return on operating assets (excluding debt, tax and goodwill) from ongoing businesses increased from 26.7% at 31 March 2019 to 27.5% at 31 March 2020 on an IAS 17 basis. IFRS 16 adoption has increased assets by c€175m, with a significant proportion reflecting very long-term leaseholds of Dutch waterside locations which cannot be owned under Dutch law. Under IFRS 16 the Group return on operating assets as at 31 March 2020 was 19.0%. The reported Group post-tax return on capital employed from ongoing businesses was 6.6% (31 March 2019: 6.9%).

TREASURY AND CASH MANAGEMENT

Core net debt and gearing ratios

Core net debt excludes the net debt relating to the UK PFI/PPP contracts which is non-recourse to the Group and is secured over the assets of the special purpose vehicles (SPVs) and excludes IFRS 16 related leases. Core net debt at €457.2m (2019: €552.0m) was better than management expectations with working capital and capital expenditure well controlled and cash received from the disposals. Liquidity was also very strong with cash balances of €195m and total liquidity of €252m. Net debt to EBITDA was 2.98x, comfortably within our covenant limit of 3.5x. On 29 May 2020 we announced a new structure of higher covenant test levels to ensure solvency through the Covid-19 crisis. These peak at 6.0x during 2020, falling steadily back to 3.5x in September 2021.

Debt structure and strategy

Borrowings, excluding PFI/PPP non-recourse borrowings, are mainly long-term as set out in the table below.

Debt Structure	Drawn €m	Term
€100m Belgian Green retail bond	100.0	June 2022
€75m Belgian Green retail bond	75.0	July 2024
€495m Green RCF and term loan	437.1	May 2023/2024
Green EUPP	25.0	December 2023/2025
	637.1	
Historic IAS 17 finance leases and other	19.3	
Loan fees	(4.7)	
Cash and Money market funds	(194.5)	
Core net debt (as per covenant definitions)	457.2	
IFRS 16 finance leases	202.7	
Net debt excluding UK PPP net debt (note 11)	659.9	

The facility has been hedged with five cross currency swaps totalling €243.1m at fixed Euro interest rates of

between 1.27% and 1.41% which expire between July 2022 and December 2022.

A €100m retail bond with a coupon of 4.23% was repaid in July 2019 and replaced by a €75m 5-year green retail bond with a coupon of 3.00%. The remaining €100m green retail bond has a coupon of 3.65%. All of our borrowings are now green financed. As at 31 March 2020, 99% of our core net debt was fixed or hedged.

The Group operates a committed invoice discounting programme. The cash received for invoices sold at 31 March 2020 was €88.0m (March 2019: €68.2m).

The introduction of IFRS 16 on 1 April 2019 brought €177.3m of additional lease liabilities onto the balance sheet with an associated increase in assets. Additional leases have been entered into during the year and mostly relating to the truck replacement programme. Covenants on our main bank facilities remain on a frozen GAAP basis.

Debt borrowed in the special purpose vehicles (SPVs) created for the financing of UK PFI/PPP programmes is separate from the Group core debt and is secured over the assets of the SPVs with no recourse to the Group as a whole. Interest rates are fixed by means of interest rate swaps at contract inception. At 31 March 2020 this debt amounted to €90.0m (31 March 2019: €95.4m).

Treasury initiatives

During the year we issued a new €75m bond at 3% to 2024 and repaid the previous €100m 4.23% bond at maturity. This completed our transition to become entirely Green financed across all our main banking facilities. After the year end we adjusted the banking covenants of our facilities to reflect the potential impact from Covid-19. We entered into various cross currency swaps during the year consistent with our hedging strategy to manage both interest cost and fix our exposure to interest rates across a large proportion of the variable rate borrowings. We also extended the use of invoice discounting programme as we integrated the IT systems supporting the Commercial division. We established and utilised additional Green leasing facilities to fund our ongoing investment in our Clean and Green Fleet increasing the proportion of Euro VI trucks substantially, which are right of use assets under IFRS 16.

PROVISIONS AND CONTINGENT LIABILITIES

Around 85% of the Group's provisions are long-term in nature, with the onerous contract provisions in the UK Municipal being utilised over 20 years and landfill provisions for many decades longer. As referenced earlier the Group has completed its detailed triennial review of long-term discount rates this year which has resulted in a decrease of discount rates and an associated increase of €18m in the carrying value of provisions at 31 March 2020. The current provisions amount to €38m, including €4m for exceptional restructuring, €16m for Municipal onerous contracts and €5m for landfill related spend. Municipal cash outflows are expected to reduce in subsequent years.

Details of contingent liabilities are set out in note 17 of the financial statements and the Group does not expect any of these to crystallise in the coming year.

Retirement benefits

The Group operates a defined benefit pension scheme for certain UK employees which has been closed to new entrants since September 2002 and was closed to future benefit accrual on 30 November 2019. At 31 March 2020, the scheme had moved into an accounting surplus of €16.0m (31 March 2019: €3.7m deficit). The move into surplus was a result of a change in the scheme's investment strategy which led to a higher return on assets along with a decrease in the discount rate assumption and lower inflation. During the year pension increase exchange exercises were actioned which resulted in a past service saving of €1.4m. The latest actuarial valuation of the scheme was at 5 April 2018 and the future funding plan has been maintained at the current level of €3.5m per annum until February 2022.

There are also several defined benefit pension schemes for employees in the Netherlands and Belgium which had a retirement benefit deficit of €7.5m at 31 March 2020, a €0.7m decrease from 31 March 2019.

Consolidated Income Statement

For the year ended 31 March 2020

	Note	2020			2019		
		Underlying €m	Non-trading & exceptional items €m	Total €m	Underlying €m	Non-trading & exceptional items €m	Total €m
CONTINUING OPERATIONS							
Revenue	3,4	1,775.4	-	1,775.4	1,780.7	-	1,780.7
Cost of sales	5	(1,467.5)	(72.2)	(1,539.7)	(1,470.4)	(51.3)	(1,521.7)
Gross profit (loss)		307.9	(72.2)	235.7	310.3	(51.3)	259.0
Administrative expenses		(220.3)	(43.5)	(263.8)	(224.8)	(90.8)	(315.6)
Operating profit (loss)	3,5	87.6	(115.7)	(28.1)	85.5	(142.1)	(56.6)
Finance income	6	9.7	2.2	11.9	12.4	-	12.4
Finance charges	6	(44.1)	-	(44.1)	(35.8)	(9.4)	(45.2)
Share of results from associates and joint ventures		0.9	-	0.9	0.4	-	0.4
Profit (loss) before taxation		54.1	(113.5)	(59.4)	62.5	(151.5)	(89.0)
Taxation	5,7	(13.3)	12.2	(1.1)	(15.6)	28.0	12.4
Profit (loss) for the year from continuing operations		40.8	(101.3)	(60.5)	46.9	(123.5)	(76.6)
DISCONTINUED OPERATIONS							
Profit (loss) for the year from discontinued operations	13	2.3	(18.9)	(16.6)	1.4	(22.5)	(21.1)
Profit (loss) for the year		43.1	(120.2)	(77.1)	48.3	(146.0)	(97.7)
Attributable to:							
Owners of the parent		43.0	(120.9)	(77.9)	48.9	(141.7)	(92.8)
Non-controlling interests		0.1	0.7	0.8	(0.6)	(4.3)	(4.9)
		43.1	(120.2)	(77.1)	48.3	(146.0)	(97.7)
Basic earnings (loss) per share attributable to owners of the parent (cent per share)							
Continuing operations	8	5.1	(12.8)	(7.7)	5.9	(14.9)	(9.0)
Discontinued operations	8	0.3	(2.4)	(2.1)	0.2	(2.8)	(2.6)
		5.4	(15.2)	(9.8)	6.1	(17.7)	(11.6)
Diluted earnings (loss) per share attributable to owners of the parent (cent per share)							
Continuing operations	8	5.1	(12.8)	(7.7)	5.9	(14.9)	(9.0)
Discontinued operations	8	0.3	(2.4)	(2.1)	0.2	(2.8)	(2.6)
		5.4	(15.2)	(9.8)	6.1	(17.7)	(11.6)

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2020

		2020 €m	2019 €m
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign subsidiaries		6.3	0.3
Fair value movement on cash flow hedges		(12.2)	2.1
Deferred tax on fair value movement on cash flow hedges		0.3	(0.2)
Share of other comprehensive income of investments accounted for using the equity method		0.2	0.2
		(5.4)	2.4
Items that will not be reclassified to profit or loss:			
Actuarial gain on defined benefit pension schemes		15.2	10.8
Deferred tax on actuarial gain on defined benefit pension schemes		(2.8)	(1.7)
		12.4	9.1

Other comprehensive income for the year, net of tax	7.0	11.5
Loss for the year	(77.1)	(97.7)
Total comprehensive loss for the year	(70.1)	(86.2)

Attributable to:

Owners of the parent	(69.7)	(81.1)
Non-controlling interests	(0.4)	(5.1)
Total comprehensive loss for the year	(70.1)	(86.2)

Total comprehensive loss attributable to owners of the parent arising from:

Continuing operations	(53.1)	(60.1)
Discontinued operations	(16.6)	(21.0)
Total comprehensive loss for the year	(69.7)	(81.1)

Consolidated Balance Sheet

As at 31 March 2020

	Note	31 March 2020 €m	31 March 2019 €m
Assets			
Non-current assets			
Intangible assets	10	610.1	605.6
Property, plant and equipment	10	584.0	629.1
Right-of-use assets	10	206.9	-
Investments		15.6	15.9
Financial assets relating to PPP contracts		141.8	149.8
Trade and other receivables		3.1	0.5
Derivative financial instruments	16	2.1	0.1
Defined benefit pension scheme surplus	15	16.0	-
Deferred tax assets		37.2	38.6
		1,616.8	1,439.6
Current assets			
Inventories		20.7	26.0
Investments		8.1	5.9
Loans to associates and joint ventures		0.9	0.9
Financial assets relating to PPP contracts		6.0	6.0
Trade and other receivables		272.4	278.8
Derivative financial instruments	16	-	2.9
Current tax receivable		0.7	-
Cash and cash equivalents		194.5	50.4
		503.3	370.9
Assets of disposal groups classified as held for sale	13	-	162.4
		503.3	533.3
Total assets		2,120.1	1,972.9
Liabilities			
Non-current liabilities			
Borrowings - PPP non-recourse net debt		(87.2)	(92.6)
Borrowings - Other		(816.1)	(483.7)
Derivative financial instruments	16	(32.4)	(28.4)
Other non-current liabilities		(7.1)	(6.5)
Deferred tax liabilities		(46.9)	(56.1)
Provisions	14	(252.4)	(215.9)
Defined benefit pension schemes deficit	15	(7.5)	(11.9)
		(1,249.6)	(895.1)
Current liabilities			
Borrowings - PPP non-recourse net debt		(2.8)	(2.8)
Borrowings - Other		(38.3)	(118.7)
Derivative financial instruments	16	(5.6)	(4.4)
Trade and other payables		(534.3)	(518.6)
Current tax payable		(16.5)	(17.9)
Provisions	14	(37.7)	(55.4)

Liabilities of disposal groups classified as held for sale	13	(635.2)	(717.8)
			(40.5)
Total liabilities		(635.2)	(758.3)
Net assets		(1,884.8)	(1,653.4)
Equity		235.3	319.5
Share capital		99.5	99.5
Share premium		473.6	473.6
Exchange reserve		(11.6)	(17.9)
Retained earnings		(327.6)	(236.7)
Equity attributable to owners of the parent		233.9	318.5
Non-controlling interests		1.4	1.0
Total equity		235.3	319.5

Consolidated Statement of Changes in Equity

For the year ended 31 March 2020

	Share capital €m	Share premium €m	Exchange reserve €m	Retained earnings €m	Non-controlling interests €m	Total equity €m
Balance at 31 March 2019	99.5	473.6	(17.9)	(236.7)	1.0	319.5
Change in accounting policy (note 19)	-	-	-	(7.5)	-	(7.5)
Restated total equity at 1 April 2019	99.5	473.6	(17.9)	(244.2)	1.0	312.0
(Loss) profit for the year	-	-	-	(77.9)	0.8	(77.1)
Other comprehensive income (loss):						
Exchange gain on translation of foreign subsidiaries	-	-	6.3	-	-	6.3
Fair value movement on cash flow hedges	-	-	-	(11.5)	(0.7)	(12.2)
Actuarial gain on defined benefit pension schemes	-	-	-	15.2	-	15.2
Tax in respect of other comprehensive income items	-	-	-	(2.0)	(0.5)	(2.5)
Share of other comprehensive income of investments accounted for using the equity method	-	-	-	0.2	-	0.2
Total comprehensive income (loss) for the year	-	-	6.3	(76.0)	(0.4)	(70.1)
Share-based compensation	-	-	-	1.2	-	1.2
Non-controlling interest capital injection	-	-	-	-	0.8	0.8
Dividends paid	-	-	-	(8.6)	-	(8.6)
Balance as at 31 March 2020	99.5	473.6	(11.6)	(327.6)	1.4	235.3
Balance at 1 April 2018	99.5	473.6	(18.2)	(124.7)	6.1	436.3
Loss for the year	-	-	-	(92.8)	(4.9)	(97.7)
Other comprehensive income (loss):						
Exchange gain on translation of foreign subsidiaries	-	-	0.3	-	-	0.3
Fair value movement on cash flow hedges	-	-	-	2.3	(0.2)	2.1
Actuarial gain on defined benefit pension schemes	-	-	-	10.8	-	10.8
Tax in respect of other comprehensive income items	-	-	-	(1.9)	-	(1.9)
Share of other comprehensive income of investments accounted for using the equity method	-	-	-	0.2	-	0.2
Total comprehensive income (loss) for the year	-	-	0.3	(81.4)	(5.1)	(86.2)

Share-based compensation	-	-	-	0.8	-	0.8
Movement on tax arising on share-based compensation	-	-	-	(0.6)	-	(0.6)
Own shares purchased by the Employee Share Trust	-	-	-	(3.4)	-	(3.4)
Dividends paid	-	-	-	(27.4)	-	(27.4)
Balance as at 31 March 2019	99.5	473.6	(17.9)	(236.7)	1.0	319.5

The exchange reserve comprises all foreign exchange differences arising since 1 April 2005 from the translation of the financial statements of non-Euro denominated operations as well as from the translation of liabilities that hedge the Group's net investment in foreign operations. The cumulative translation loss of €1.9m in relation to the Canadian operations has been recycled through the Income Statement in the year ended March 2020 with further detail in note 13.

Consolidated Statement of Cash Flows

For the year ended 31 March 2020

	2020 €m	2019 €m
Loss before tax	(59.4)	(89.0)
Finance income	(11.9)	(12.4)
Finance charges	44.1	45.2
Share of results from associates and joint ventures	(0.9)	(0.4)
Operating loss from continuing operations	(28.1)	(56.6)
Operating loss from discontinued operations	(15.8)	(21.0)
Amortisation and impairment of intangible assets	12.8	31.9
Depreciation and impairment of property, plant and equipment	74.8	99.5
Depreciation and impairment of right-of-use assets	42.8	-
Exceptional loss on disposal of subsidiaries/remeasurement of assets held for sale	56.2	42.0
Gain on disposal of property, plant and equipment	(1.7)	(2.3)
Exceptional loss allowance of loans to associates and joint ventures	-	20.4
Exceptional gain on disposal of joint venture	(1.4)	(11.1)
Outflows in respect of PPP arrangements under the financial asset model	(0.2)	(1.7)
Capital received in respect of PPP financial assets	0.1	8.6
Exceptional gain on disposal of subsidiaries	-	(0.3)
Exceptional charge on reassessment of discount rates for long term provisions	17.9	-
Net decrease in provisions	(2.8)	(16.9)
Exceptional past service cost in relation to defined benefit pension schemes	(1.4)	(0.1)
Payment related to committed funding of the defined benefit pension scheme	(3.5)	(3.4)
Other non-cash items	(0.1)	(2.2)
Share-based compensation	1.2	0.8
Operating cash flows before movement in working capital	150.8	87.6
Decrease in inventories	5.0	0.1
Increase in receivables	(5.7)	(5.3)
Increase in payables	17.7	4.4
Cash flows from operating activities	167.8	86.8
Income tax paid	(10.1)	(13.2)
Net cash inflow from operating activities	157.7	73.6
Investing activities		
Purchases of intangible assets	(6.7)	(5.7)
Purchases of property, plant and equipment	(77.8)	(101.8)
Proceeds from disposals of property, plant and equipment	11.1	8.1
Acquisition of subsidiary, net of cash acquired	(3.8)	-
Acquisition of business assets	(2.6)	(0.1)
Proceeds from disposal of subsidiaries, net of cash disposed of and disposal costs paid	88.2	7.4
Purchase of associates and joint ventures	(1.7)	(3.8)
Net receipt of deferred consideration	0.3	0.3
Purchase of other short-term investments	(2.4)	(5.9)
Proceeds from disposal of joint venture	-	20.2
Dividends received from associates and joint ventures	0.6	0.7
Net repayment of loans granted to associates and joint ventures	-	1.6
Outflows in respect of PPP arrangements under the financial asset model	(1.7)	(1.4)
Capital received in respect of PPP financial assets	4.7	4.4
Finance income	10.9	11.7
Net cash inflow (outflow) from investing activities	19.1	(64.3)

Financing activities		
Finance charges and loan fees paid	(37.9)	(29.4)
Investment in own shares by the Employee Share Trust	-	(3.4)
Capital injection from non-controlling interest	0.8	-
Dividends paid	(8.6)	(27.4)
Proceeds from retail bonds	75.0	-
Repayment of retail bonds	(100.0)	-
Proceeds from bank borrowings	78.3	40.3
Repayment of PPP net debt	(2.9)	(0.6)
<u>Repayments of obligations under leases*</u>	<u>(38.5)</u>	<u>(11.8)</u>
Net cash outflow from financing activities	(33.8)	(32.3)
Net increase (decrease) in cash and cash equivalents	143.0	(23.0)
Effect of foreign exchange rate changes	1.1	0.4
Cash and cash equivalents at the beginning of the year	50.4	73.0
Cash and cash equivalents at the end of the year	194.5	50.4

*Repayments of obligations under leases of €38.5m includes €1.8m in relation to assets of disposal groups classified as held for sale during the year which have now been disposed of, €0.5m in relation to discontinued operations which have now been disposed of and €36.2m as set out in note 11. Included in the €38.5m is €29.7m in relation to additional leases arising upon the adoption of IFRS 16.

Notes to the Consolidated Financial Statements

1. General information

Renewi plc is a public limited company listed on the London Stock Exchange and from 30 January 2020 with a secondary listing on Euronext Amsterdam. Renewi plc is incorporated and domiciled in Scotland under the Companies Act 2006, registered number SC077438. The address of the registered office is 16 Charlotte Square, Edinburgh, EH2 4DF. The nature of the Group's operations and its principal activities are set out in note 3.

2. Basis of preparation

The figures and financial information for the year ended 31 March 2020 are extracted from but do not constitute the statutory financial statements for that year. The figures and financial information are audited. The Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year ended 31 March 2019 and the Consolidated Balance Sheet as at 31 March 2019 have been derived from the full Group accounts published in the Annual Report and Accounts 2019. These have been delivered to the Registrar of Companies and on which the report of the independent auditors was unqualified and did not contain a statement under section 498 of the Companies Act 2006. The statutory accounts for the year ended 31 March 2020 will be filed with the Registrar of Companies in due course.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and related interpretations issued by the IFRS Interpretations Committee (IFRS IC) adopted by the European Union (EU) and therefore comply with Article 4 of the EU IAS Regulation and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Group has applied all accounting standards and interpretations issued relevant to its operations and effective for accounting periods beginning on 1 April 2019. The IFRS accounting policies have been applied consistently to all periods presented and throughout the Group for the purpose of the consolidated financial statements.

Going concern

As detailed in the CEO and CFO reviews, in relation to the Covid-19 pandemic our business is an essential service, in the front line of maintaining vital services to hospitals, businesses and communities and has been able to maintain all required services and protect our employees in recent times. There has been an adverse impact to volumes coming into our commercial divisions in particular in the last weeks of March and during April and May. We have undertaken revised modelling for the new financial year and beyond to reflect these changes and have taken cost and cash actions to preserve liquidity even in an extended crisis. The Group has recently announced that amendments to our banking covenants until September 2021 have been secured as a result of the impact of Covid-19. Having assessed the revised forecasts and the principal risks and other matters in connection with the viability statement, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing these consolidated financial statements.

Covid-19

Management used judgement to determine the expected impact on financial instruments as a result of the Covid-19 pandemic. Management have adjusted the future cash flows of cash generating units when undertaking impairment reviews, specifically with regard to a reduction in input volumes, reassessment of costs and a deferral of non-urgent maintenance and capital expenditure. In addition the expected impact of Covid-19 has been taken into account when assessing the recoverability of deferred tax assets.

Changes in accounting policies

The Group adopted IFRS 16 Leases from 1 April 2019 and has applied the modified retrospective approach. The comparative information has not been restated however the reclassifications and adjustments on the opening Balance Sheet on 1 April 2019 have been recognised and disclosed. The accounting policies, judgements, impact and practical expedients taken in relation to right-of-use assets and lease liabilities are detailed in note 19.

The Group also adopted IFRIC 23 Uncertainty over income tax treatments, no changes were needed to the Groups tax provisions as at the initial application date of 1 April 2019.

2. Basis of preparation - continued

The Group has elected to early adopt the Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform (IBOR) issued in September 2019 and EU endorsed on 15 January 2020. In accordance with the transition provisions, the amendments have been adopted retrospectively to hedging relationships that existed at the start of the reporting period or were designated thereafter. The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR reform and set out triggers for when the relief will end which include the uncertainty arising from interest rate benchmark reform no longer being present. The reliefs mean that this reform should not generally cause the termination of hedge accounting and the Group has no plans to discontinue hedge accounting during the period solely due to this IBOR related uncertainty. However, any hedge ineffectiveness will continue to be recorded in the Income Statement as a non-trading item. The Group has limited exposure to changes in the GBP LIBOR benchmark with a notional principal amount of €243.1m of forward cross-currency interest rate swaps and €104.7m of interest rate swaps relating to PPP contracts. The Group's transition programme anticipates that the areas of greatest change will be amendments of the contractual terms of LIBOR referenced interest rate swaps and cross-currency interest rate swaps and their related cashflows. In assessing whether the hedge is expected to be highly effective on a forward-looking basis, the Group has therefore assumed that these future cash payments are not altered by IBOR. The Group has also determined that the hedged GBP LIBOR risk component is not separately identifiable at hedge designation.

New standards and interpretations not yet adopted

Standards and interpretations issued by the International Accounting Standards Board (IASB) are only applicable if endorsed by the European Union.

At the date of approval of these financial statements, there are no IFRSs or IFRS IC interpretations not yet effective that would be expected to have a material impact on the Group and there were no other new IFRSs or IFRS IC interpretations which were early adopted by the Group.

Exchange Rates

The most significant currency for the Group is Sterling with the closing rate on 31 March 2020 of €1:£0.884 (2019: €1:£0.862) and an average rate for the year ended 31 March 2020 of €1:£0.872 (2019: €1:£0.895).

Underlying business performance

The Group uses alternative performance measures as we believe these measures provide additional useful information on the underlying trends, performance and position of the Group. These underlying measures are used by the Group for internal performance analysis and incentive compensation arrangements for employees. The term 'underlying' refers to the relevant measure being reported for continuing operations excluding non-trading and exceptional items. These include underlying earnings before interest and tax (underlying EBIT), underlying profit before tax, underlying profit after tax, underlying free cash flow, underlying earnings per share and EBITDA (earnings before interest, tax, depreciation and amortisation). The terms 'EBIT', 'exceptional items' and 'underlying' are not defined terms under IFRS and may therefore not be comparable with similarly titled profit measures reported by other companies. These measures are not intended to be a substitute for, or superior to, GAAP measurements of profit. A full list of alternative performance measures and non-IFRS measures together with reconciliations are set out in note 18.

Non-trading and exceptional items

Items classified as non-trading and exceptional are disclosed separately due to their size or incidence to enable a better understanding of performance. These include, but are not limited to, significant impairments, significant restructuring of the activities of an entity including employee associated severance costs, acquisition and disposal related transaction costs, integration costs, synergy delivery costs, significant fires, onerous contracts arising from restructuring activities or if significant in size, profit or loss on disposal of properties or subsidiaries as these are irregular, the change in fair value of non-hedged derivatives, ineffectiveness of derivative financial instruments, the impact of changing the discount rate on provisions and amortisation of acquisition intangibles. The Group incurs costs each year in maintaining intangible assets which include acquired customer relationships, permits and licences and excludes amortisation of these assets from underlying EBIT to avoid double counting such costs within underlying results. A full listing of those items presented as non-trading and exceptional is shown in note 5.

3. Segmental reporting

The Group's chief operating decision maker is considered to be the Board of Directors. The Group's reportable segments are determined with reference to the information provided to the Board of Directors in order for it to allocate the Group's resources and to monitor the performance of the Group and are set out below:

Commercial Waste	Collection and treatment of commercial waste in the Netherlands and Belgium.
Hazardous Waste	Treatment of hazardous waste in the Netherlands and industrial cleaning until 31 October 2019.
Monostreams	Production of materials from waste streams in specific end markets such as glass, electrical and electronic equipment, organics and minerals in the Netherlands, Belgium, France, Hungary and Portugal.
Municipal	Operation of waste management facilities under long-term municipal contracts in the UK.
Group central services	Head office corporate function.

The Commercial Waste reportable segment includes the Netherlands Commercial Waste and Belgium Commercial Waste operating segments which have been aggregated and reported as one reportable segment as they operate in similar markets in relation to the nature of the products, services, processes and type of customer.

The profit measure the Board of Directors uses to evaluate performance is underlying EBIT. The Group accounts for inter-segment trading on an arm's length basis.

Revenue	2020 €m	2019 €m
Netherlands Commercial Waste	786.0	764.7
Belgium Commercial Waste	439.1	430.8
Intra-segment	(1.5)	(1.1)
Commercial Waste	1,223.6	1,194.4
 Hazardous Waste	 173.0	 211.3
 Monostreams	 213.6	 213.3
 Municipal	 197.2	 195.2
 Inter-segment revenue	 (32.0)	 (33.5)
Total revenue from continuing operations	1,775.4	1,780.7
 Results	 2020 €m	 2019 €m
Netherlands Commercial Waste	56.0	53.2
Belgium Commercial Waste	33.9	33.3
Commercial Waste	89.9	86.5
 Hazardous Waste	 12.0	 7.0
 Monostreams	 14.5	 12.9
 Municipal	 (2.8)	 0.8
 Group central services	 (26.0)	 (21.7)
 Total underlying EBIT	 87.6	 85.5
Non-trading and exceptional items (note 5)	(115.7)	(142.1)
Total operating loss from continuing operations	(28.1)	(56.6)
Finance income	9.7	12.4
Finance charges	(44.1)	(35.8)
Finance income - non trading and exceptional items	2.2	-
Finance charges - non trading and exceptional items	-	(9.4)
Share of results from associates and joint ventures	0.9	0.4
Loss before taxation and discontinued operations	(59.4)	(89.0)

4. Revenue

The following tables show the Group's continuing revenue by type of service delivered and by primary geographic markets:

Revenue by type of service	Commercial Waste €m	Hazardous Waste €m	Monostreams €m	Municipal €m	Inter-segment €m	Total €m
2020						
Inbound	1,037.2	94.6	79.0	185.9	(27.8)	1,368.9
Outbound	116.8	5.4	131.8	4.8	(2.4)	256.4
On-Site	39.2	72.9	-	-	(0.2)	111.9
Other	30.4	0.1	2.8	6.5	(1.6)	38.2
Total revenue	1,223.6	173.0	213.6	197.2	(32.0)	1,775.4
2019						
Inbound	969.2	91.5	71.7	167.3	(23.5)	1,276.2
Outbound	151.5	4.1	138.9	5.9	(2.2)	298.2
On-Site	44.2	115.7	-	-	(6.3)	153.6
Other	29.5	-	2.7	22.0	(1.5)	52.7
Total revenue	1,194.4	211.3	213.3	195.2	(33.5)	1,780.7
Revenue by geographic market	Commercial Waste €m	Hazardous Waste €m	Monostreams €m	Municipal €m	Inter-segment €m	Total €m
2020						
Netherlands	785.1	173.0	116.0	-	(30.2)	1,043.9
Belgium	438.5	-	64.7	-	(1.8)	501.4
UK	-	-	-	197.2	-	197.2
France	-	-	22.7	-	-	22.7
Other	-	-	10.2	-	-	10.2
Total revenue	1,223.6	173.0	213.6	197.2	(32.0)	1,775.4
2019						
Netherlands	764.0	211.3	113.9	-	(31.2)	1,058.0
Belgium	430.4	-	62.6	-	(2.3)	490.7
UK	-	-	-	195.2	-	195.2
France	-	-	24.2	-	-	24.2
Other	-	-	12.6	-	-	12.6
Total revenue	1,194.4	211.3	213.3	195.2	(33.5)	1,780.7

Revenue recognised at a point in time amounted to €1,611.8m (2019: €1,576.8m) with the remainder recognised over time. The majority of the Commercial, Municipal and Monostreams revenue is recognised at a point in time, whereas for Hazardous Waste the majority is recognised over time.

5. Non-trading and exceptional items

To improve the understanding of the Group's financial performance, items which are not considered to reflect the underlying performance are presented in non-trading and exceptional items.

	2020 €m	2019 €m
Merger related costs:		
Synergy delivery costs - cash	13.3	32.1
Synergy delivery costs - non-cash	0.7	12.1
Integration costs - cash	2.3	12.5
Integration costs - non-cash	-	0.1
	16.3	56.8
Portfolio management activity:		
Loss on disposal of subsidiaries/prior year remeasurement of assets held for sale	37.3	19.5
Acquisition of 100% of shares in a joint venture	(1.4)	-
Prior year disposals	(2.2)	(11.0)
2017 merger related	(3.9)	0.2
	29.8	8.7
UK Municipal contract issues	25.9	64.3

Other changes in long-term provisions	33.0	-
Other items:		
ATM soil issues	3.1	6.5
Restructuring charges	2.7	-
Income relating to fires	(0.1)	(0.5)
IAS 19 Employee benefits pensions net credit	(1.4)	(0.1)
	4.3	5.9
Exceptional finance charges - Derby contract issues		
Ineffectiveness on cash flow hedges	(2.2)	4.3
Change in fair value of derivatives at fair value through profit or loss	-	0.1
Amortisation of acquisition intangibles	6.4	6.4
Non-trading and exceptional items in loss before tax (continuing operations)	113.5	151.5
Tax on non-trading and exceptional items	(9.8)	(12.4)
Exceptional tax credit	(2.4)	(15.6)
Non-trading and exceptional items in loss after tax (continuing operations)	101.3	123.5
Discontinued operations	18.9	22.5
Total non-trading and exceptional items in loss after tax	120.2	146.0

The above non-trading and exceptional items include the following:

Merger related costs

Due to the significance of the merger of Shanks Group and Van Gansewinkel Groep (VGG) in 2017 and the associated synergy delivery projects, these costs are considered to be exceptional. Synergy delivery costs of €14.0m (2019: €44.2m) and integration costs of €2.3m (2019: €12.6m) were incurred as the Group executes merger plans for generating value. Synergy delivery costs include non-cash impairments of €0.7m relating to the simplification of the range of products at Coolrec and the prior year cost of €12.1m principally related to the restructuring of the Monostreams glass operations in the Netherlands. The total cost of €16.3m (2019: €56.8m) was split €4.0m (2019: €29.5m) in cost of sales and €12.3m (2019: €27.3m) in administrative expenses.

Portfolio management activity

The Municipal Canada sale completed in September 2019 and is shown as a discontinued operation. The sale of the Hazardous Waste Reym industrial cleaning business completed in October 2019 with a loss on disposal of €37.3m (2019: €19.5m loss on remeasurement) and further details are set out in note 12.

In November 2019 the Group acquired the 50% holding in AP4 Terra B.V. from the joint venture partner and this resulted in a profit of €1.4m and further details are set out in note 12.

5. Non-trading and exceptional items - continued

The credit for prior year disposals of €2.2m relates to the release of a warranty provision for a UK disposal as it is now no longer required. The prior year credit of €11.0m includes the profit on the sale of the Group's share in the UK joint venture, Energen Biogas and the profit on sale of transferring 50% of a Hazardous Waste ATM subsidiary to a joint venture net of initial fees relating to the disposal process for the Canada and Reym businesses.

The 2017 merger related credit of €3.9m (2019: €0.2m charge) includes a final warranty settlement relating to the 2017 merger of VGG, a release of provisions in relation to pre-merger legal matters net of further legal and other advisory transaction costs incurred. These are considered exceptional as part of the overall total transaction costs.

The total cost of €29.8m (2019: €8.7m) was all recorded in administrative expenses.

UK Municipal contract issues

The UK Municipal contract issues of €25.9m (2019: €64.3m) relate to the ELWA contract which has become onerous from 1 January 2020 as a result of a new Dutch tax on the import of burnable waste which has and will continue to increase off-take costs until new outlets can be found together with an expected impact of Brexit which will increase haulage and tariff costs. This charge is split between an onerous contract provision of €15.5m and impairment of €10.4m of right-of-use assets. In the prior year €59.3m was reflected in relation to the UK Municipal Derby contract including a provision against the original subordinated debt investment of €20.4m along with impairment of goodwill and other intangible assets of €14.9m, onerous contract provision of €7.6m to cover ongoing losses and termination costs, a loss allowance against €11.6m of unpaid delay damages and acceleration of a prepayment of €4.8m. The contract was subsequently terminated in August 2019. In addition the prior year charge included a €1.8m onerous contract provision increase and €4.1m of impairments of contract right intangibles and plant and equipment relating to the ELWA contract net of a release of a provision of €0.9m for the Elstow contract. The charge of €25.9m (2019: €64.3m) was split €25.9m (2019: €9.4m) in cost of sales and €nil (2019: €54.9m) in administrative expenses.

Other changes in long-term provisions

Other changes in long-term provisions includes an increase in provisions of €17.9m due to the reduction in discount rates,

principally landfill related and onerous contracts, as a result of the fall in Government bond yields. As announced in March 2020, on 6 February the European Commission announced its decision to initiate a formal investigation in which it alleges that the Walloon Region of Belgium provided state aid to the Group in relation to the Cetem Landfill. An adverse judgement would require the Walloon Region to seek repayment from the Group. While we are vigorously defending the case, we have considered it appropriate at this stage to recognise a provision of €15.1m which has been based on the most likely outcome from our legal advisers. The charge of €33.0m is all recorded in cost of sales.

Other items

The charge for ATM soil issues of €3.1m (2019: €6.5m) relates to the soil offset market issue and includes additional costs of logistics, off-site storage, testing and legal advice. These issues are now resolved and no further exceptional charges are expected.

Other restructuring of €2.7m (2019: €nil) includes advisor fees relating to Renewi 2.0, a project to enhance margins and efficiencies through digitisation and optimising internal processes.

The net credit in income relating to fires of €0.1m (2019: €0.5m) was the result of final insurance settlements relating to significant fires in the Commercial division in prior years.

The IAS 19 Employee benefits net credit of €1.4m (2019: €0.1m) relates to a past service credit for the UK defined benefit pension scheme which was closed to future benefit accrual during the year together with a reduction in liabilities as a result of pension increase exchange exercises. The prior year credit included a past service charge of €2.0m for the UK defined benefit pension scheme as a result of the impact of the 2018 Court ruling for guaranteed minimum pension equalisation along with a curtailment gain of €2.1m which arose as the principal Dutch legacy VGG defined benefit pension scheme was closed.

The total charge of €4.3m (2019: €5.9m) was split €2.9m (2019: €6.0m) in cost of sales and €1.4m (2019: €0.1m credit) in administrative expenses.

Items recorded in finance charges and finance income

The exceptional finance charges in the prior year include a €5.0m loss allowance against the interest receivable on the subordinated debt in relation to the Derby UK Municipal contract as described above. The €2.2m credit (2019: €4.3m charge) for ineffectiveness on cash flow hedges is principally in relation to the Cumbria PPP project interest rate swaps as a result of a revised repayment programme for the PPP non-recourse debt.

Amortisation of acquisition intangibles

Amortisation of intangible assets acquired in business combinations of €6.4m (2019: €6.4m) is all recorded in cost of sales.

5. Non-trading and exceptional items - continued

Exceptional tax credit

The exceptional tax credit of €2.4m (2019: €15.6m) relates to a release of provisions in relation to pre-merger tax issues in Belgium and the Netherlands and changes in tax rates in the UK and the Netherlands. The prior year credit related to the change in tax rates in Belgium and the Netherlands and the recognition of tax losses in the Netherlands and further details are given in note 7.

Discontinued operations

The sale of the Canadian disposal group was completed on 30 September 2019 which resulted in a loss on disposal of €18.9m (2019: €22.5m loss on remeasurement) and further details are set out in note 13. As a result of uncertainty of receipt, the contingent proceeds from this disposal will only be recognised once more certain.

6. Net finance charges

	2020 €m	2019 €m
Finance charges		
Interest payable on borrowings	18.5	16.3
Interest payable on PPP non-recourse net debt	7.8	7.8
Lease interest*	6.4	0.8
Unwinding of discount on provisions (note 14)	7.7	8.4
Interest charge on the retirement benefit schemes	0.2	0.6
Amortisation of loan fees	1.3	0.8
Other finance costs	2.2	1.1
Total finance charges before non-trading and exceptional items	44.1	35.8
Finance income		
Interest receivable on financial assets relating to PPP contracts	(9.5)	(9.5)
Unwinding of discount on deferred consideration receivable	(0.2)	(0.2)
Interest receivable on other loans and receivables	-	(2.7)
Total finance income before non-trading and exceptional items	(9.7)	(12.4)
Non-trading and exceptional items		
Change in fair value of derivatives at fair value through profit or loss	-	0.1

Ineffectiveness on cash flow hedges	(2.2)	4.3
Exceptional finance charges	-	5.0
Non-trading and exceptional items	(2.2)	9.4
Net finance charges	32.2	32.8

*The lease interest comparatives have been restated to reclassify the prior year charge for IAS 17 finance leases from interest payable on borrowings. Lease interest for the year ended March 2020 includes €5.8m interest in relation to the increase in lease liabilities as a result of IFRS 16 with further details in note 19.

7. Taxation

The tax charge (credit) based on the loss for the year from continuing operations is made up as follows:

	2020 €m	2019 €m
Current tax		
UK corporation tax		
- Current year	1.5	1.5
Overseas tax		
- Current year	11.4	10.1
- Adjustment in respect of the prior year	(1.0)	(0.4)
- Exceptional tax credit	(2.5)	-
Total current tax charge	9.4	11.2
Deferred tax		
- Origination and reversal of temporary differences in the current year	(8.3)	(23.8)
- Adjustment in respect of the prior year	-	0.2
Total deferred tax credit	(8.3)	(23.6)
Total tax charge (credit) for the year	1.1	(12.4)

7. Taxation - continued

The standard Netherlands corporate income tax rate was 25% (2019: 25%). Under the corporate tax reform enacted by the Dutch government on 18 December 2018, it was stated that the rate would reduce to 22.55% for the period ending 31 March 2021 and 20.50% for the period ending 31 March 2022 and subsequent periods. However, in September 2019 the Dutch government announced amendments to the rates so that the rate will remain at 25% for the period ending 31 March 2021 and 21.7% for the period ending 31 March 2022 and subsequent periods. These amendments were enacted by the Dutch government on 17 December 2019. As a result, Netherlands deferred tax has been calculated at the substantively enacted rates depending on when the timing differences are expected to reverse. This resulted in an exceptional tax charge of €1.6m in the current year and a credit of €6.3m in the prior year.

The rate of UK corporation tax rate changed from 20% to 19% on 1 April 2017 and legislation was included in Finance Act 2016 to reduce the rate to 17% on 1 April 2020. However, it was announced in the Chancellor's Budget of 11 March 2020 that the rate will remain at 19% and this was substantively enacted on 17 March 2020. As a result, the UK deferred tax for the year has been calculated based on the substantively enacted rate of 19%. This has resulted in an exceptional tax credit of €1.5m in the current year.

The other exceptional tax credit of €2.5m relates to a release of provisions in relation to pre-merger tax issues in Belgium and the Netherlands.

In the prior year in view of the performance of the integrated Netherlands Commercial business and the Group's forecasts for future profitability of the Netherlands business, an exceptional tax credit of €10.5m was recognised in relation to the utilisation of tax losses of the legacy Van Gansewinkel Netherlands businesses included in the Dutch fiscal unity that can reasonably be expected in the coming years. In addition, there was an exceptional tax charge of €1.2m for the impairment of the deferred tax asset brought forward in respect of Malta Netherlands fiscal unity losses.

8. Earnings per share

Continuing operations	2020			2019		
	Basic	Dilutions	Diluted	Basic	Dilutions	Diluted
Weighted average number of shares (million)	794.9	0.9	795.8	796.7	0.1	796.8
Loss after tax (€m)	(60.5)	-	(60.5)	(76.6)	-	(76.6)
Non-controlling interests (€m)	(0.8)	-	(0.8)	4.9	-	4.9
Loss after tax attributable to ordinary shareholders (€m)	(61.3)	-	(61.3)	(71.7)	-	(71.7)
Basic loss per share (cents)	(7.7)	-	(7.7)	(9.0)	-	(9.0)

The reconciliation between underlying earnings per share and basic loss per share is as follows:

	2020		2019	
	Cents	€m	Cents	€m
Underlying earnings per share/Underlying profit after tax attributable to ordinary shareholders	5.1	40.7	5.9	47.5
Adjustments:				
Non-trading and exceptional items	(14.3)	(114.2)	(18.5)	(147.2)
Tax on non-trading and exceptional items	1.2	9.8	1.6	12.4
Exceptional tax	0.3	2.4	2.0	15.6
Basic loss per share/Loss after tax attributable to ordinary shareholders	(7.7)	(61.3)	(9.0)	(71.7)
Diluted underlying earnings per share/Underlying profit after tax attributable to ordinary shareholders	5.1	40.7	5.9	47.5
Basic loss per share/Loss after tax attributable to ordinary shareholders	(7.7)	(61.3)	(9.0)	(71.7)
Discontinued operations	2020	2019		
	Cents	€m	Cents	€m
Underlying earnings per share/Underlying profit after tax attributable to ordinary shareholders	0.3	2.3	0.2	1.4
Basic loss per share/Loss after tax attributable to ordinary shareholders	(2.1)	(16.6)	(2.6)	(21.1)

8. Earnings per share - continued

The weighted average number of shares excludes ordinary shares held by the Employee Share Trust. The Directors believe that adjusting earnings per share for the effect of the non-trading and exceptional items, amortisation of acquisition intangibles and the change in fair value of derivatives enables comparison with historical data calculated on the same basis. Non-trading and exceptional items are those items that need to be disclosed separately on the face of the Income Statement, because of their size or incidence, to enable a better understanding of performance.

9. Dividends

	2020 €m	2019 €m
Amounts recognised as distributions to equity holders in the year:		
Final dividend paid for the year ended 31 March 2019 of 0.5 pence per share (2018: 2.1 pence)	4.4	18.9
Interim dividend paid for the year ended 31 March 2020 of 0.45 pence per share (2019: 0.95 pence)	4.2	8.5
	8.6	27.4
Total dividend per share (pence)	0.45p	1.45p

The Directors have not recommended a final dividend for the year ended March 2020 (2019: 0.5p per share) therefore the aggregate amount of the proposed dividend is €nil (2019: expected to be €4.6m), the actual amount paid for the year ended March 2019 final dividend was €4.4m due to exchange translation as the dividends were paid in Sterling.

10. Goodwill, intangible assets, property, plant and equipment and right-of-use assets

	Goodwill €m	Intangible assets €m	Property, plant and equipment €m	Right-of-use assets* €m	Total €m
Net book value at 1 April 2018	619.3	80.0	710.8	-	1,410.1
Additions	-	4.9	103.6	-	108.5
Acquisition through business combinations	-	0.1	-	-	0.1
Disposals	(5.1)	(0.2)	(13.5)	-	(18.8)
Transfer to disposal groups classified as held for sale	(57.3)	(4.9)	(73.9)	-	(136.1)
Amortisation and depreciation charge	-	(13.3)	(89.7)	-	(103.0)
Impairment	(4.3)	(14.3)	(10.3)	-	(28.9)
Reversal of prior year impairment charge	-	-	0.5	-	0.5
Exchange	0.1	0.6	1.6	-	2.3
Net book value at 31 March 2019	552.7	52.9	629.1	-	1,234.7

Adjustment for change in accounting policy*	-	-	(35.5)	35.5	-
Right-of-use assets on transition*	-	-	-	139.8	139.8
Net book value at 1 April 2019 - restated	552.7	52.9	593.6	175.3	1,374.5
Additions	-	8.5	65.6	61.8	135.9
Acquisition through business combinations	8.4	0.7	8.9	13.5	31.5
Disposals	-	-	(9.3)	(0.9)	(10.2)
Amortisation and depreciation charge	-	(12.8)	(73.1)	(32.4)	(118.3)
Impairment	-	-	(1.7)	(10.4)	(12.1)
Exchange	-	(0.3)	-	-	(0.3)
Net book value at 31 March 2020	561.1	49.0	584.0	206.9	1,401.0

*The accounting policy change relates to the adoption of IFRS 16 Leases from 1 April 2019 resulting in finance lease assets with a net book value of €35.5 previously classified as property, plant and equipment being transferred to right-of-use assets. In addition on transition €139.8m of right-of-use assets were recognised, see note 19 for further details.

At 31 March 2020, the Group had property, plant and equipment capital commitments of €12.0m (2019: €15.7m), right-of-use asset commitments of €12.3m and intangible assets of €3.5m (2019: €0.1m).

11. Borrowings

Borrowings are analysed as follows:

	2020 €m	2019 €m
Non-current borrowings		
Retail bonds	174.3	99.6
European private placements	24.6	24.5
Term loans	81.5	132.4
Revolving credit facility	352.0	212.2
Lease liabilities*	181.2	15.0
Other loans	2.5	-
Borrowings - Other	816.1	483.7
Borrowings - PPP non-recourse net debt	87.2	92.6
	903.3	576.3
Current borrowings		
Retail bonds	-	100.0
Bank overdrafts	0.7	5.4
Lease liabilities*	36.4	8.3
Other loans	1.2	5.0
Borrowings - Other	38.3	118.7
Borrowings - PPP non-recourse net debt	2.8	2.8
	41.1	121.5

*The Group adopted IFRS 16 Leases from 1 April 2019 which resulted in an increase in lease liabilities with details set out in note 19. The impact on the 31 March 2020 borrowings is an addition of €202.7m.

Movement in net debt

	At 1 April 2019 €m	Adjustment for change in accounting policy €m	Cash flows €m	Other non-cash changes €m	Acquired/ Disposed of €m	Exchange movements €m	At 31 March 2020 €m
Cash and cash equivalents*	50.4	-	156.0	-	(13.0)	1.1	194.5
Bank loans and overdrafts	(355.0)	-	(78.3)	0.7	-	(5.3)	(437.9)
European private placements	(24.5)	-	-	(0.1)	-	-	(24.6)
Retail bonds	(199.6)	-	25.0	0.3	-	-	(174.3)
Lease liabilities	(23.3)	(155.4)	36.2	(61.8)	(13.7)	0.4	(217.6)
	(552.0)	(155.4)	138.9	(60.9)	(26.7)	(3.8)	(659.9)
PPP non-recourse net debt	(95.4)	-	2.9	-	-	2.5	(90.0)
Total net debt	(647.4)	(155.4)	141.8	(60.9)	(26.7)	(1.3)	(749.9)

*Cash and cash equivalents includes €100.0m (2019: €nil) of Money market funds.

Analysis of movement in total net debt

	2020 €m	2019 €m
Net increase (decrease) in cash and cash equivalents excluding cash relating to acquisitions and disposals	156.0	(23.0)
Cash sold as part of business disposals, net of cash acquired as part of acquisitions	(13.0)	-
Net increase (decrease) in cash and cash equivalents	143.0	(23.0)
Net increase in borrowings and finance leases	(14.2)	(27.9)
Lease liabilities acquired as part of acquisitions	(13.7)	-
Capitalisation of loan fees	2.2	3.0
Total cash flows in net debt	117.3	(47.9)
Adjustment for change in accounting policy (note 19)	(155.4)	-
Leases entered into during the year	(61.8)	(0.4)
Amortisation of loan fees	(1.3)	(0.8)
Transferred to disposal groups classified as held for sale	-	4.2
Exchange loss	(1.3)	(7.3)
Movement in net debt	(102.5)	(52.2)
Total net debt at beginning of year	(647.4)	(595.2)
Total net debt at end of year	(749.9)	(647.4)

11. Borrowings - continued

At 31 March 2020, the Group had a Euro denominated multicurrency green finance facility of €520m (2019: €575m) including a €82.5m (2019: €137.5m) term loan, €25.0m, (2019: €25.0m) European Private Placement (EUPP) and a €412.5m (2019: €412.5m) revolving credit facility (RCF). Of the term loan and RCF 50% (€247.5m) matures on 18 May 2023 subject to a further two-year extension option and 50% (€247.5m) matures on 18 May 2024 subject to a further one-year extension option in both cases to 18 May 2025. The EUPP has a maturity of December 2023 for €15m and December 2025 for €10m. At 31 March 2020 the term loan was fully drawn and €355.7m (2019: €212.2m) of the RCF was drawn for borrowings in Euros and Sterling. The remaining €56.8m (2019: €202.4m) was available for drawing under the RCF of which €51.7m (2019: €52.6m) was allocated for ancillary overdraft and guarantee facilities. The covenants within the facility have recently been amended.

At 31 March 2020, the Group had two issues of green retail bonds. The green retail bonds maturing June 2022 of €100m (2019: €100m) have an annual gross coupon of 3.65% and the green retail bonds of €75m issued on 19 July 2019 maturing July 2024 have an annual gross coupon of 3.00%. The retail bonds of €100m with a coupon of 4.23% and a maturity date of July 2019 were fully repaid during the year.

12. Acquisitions and disposals**Acquisitions**

In May 2019 the Monostreams division acquired the net assets and operations of Rotie Organics, a business that collects, sources, de-packages and pre-treats out of date food waste. The acquisition enhanced the Group's leading position in the Dutch organics market, strengthening the existing capability to convert out of date food into valuable products and energy. The consideration paid was €2.6m with the provisional fair value of the net assets acquired of €1.9m of plant and equipment and €0.7m acquisition intangible in relation to the customer relationships acquired. The acquired business contributed €5.6m of revenue and €0.1m of operating profit since acquisition. If the acquisition had taken place on 1 April 2019 the full year revenue would have been €6.1m and the full year operating profit would have been €0.1m.

In November 2019 ATM B.V. in the Hazardous Waste division acquired 100% of the share capital of AP4 Terra B.V. Prior to this date 50% of the entity was owned as a Joint Venture with an equity value of €2.6m and a fair value of €4.0m. A gain of €1.4m was recognised in non-trading and exceptional administrative expenses as a result of remeasuring the equity interest to fair value at the acquisition date. The business comprises a waterside quay and warehousing under a long-term lease from the Dutch authorities. The consideration paid in cash was €4.0m net of €0.2m cash held in the entity acquired resulting in a net cash outflow of €3.8m. The provisional fair value of the total identifiable net liabilities acquired was €3.4m being €8.0m of property plant and equipment, €13.5m of right-of use assets, €0.3m trade and other receivables, €0.6m tax receivable, €0.2m cash net of €12.3m trade and other payables and €13.7m of lease liabilities. The resulting goodwill of €8.4m represents the strategic expansion that is already in progress. The acquired business contributed €0.6m of revenue and €0.7m of operating loss since acquisition. If the acquisition had taken place on 1 April 2019 the full year revenue would have been €1.2m and the full year operating loss would have been €2.0m.

Canada disposal

On 30 September 2019 the Group completed the sale of Municipal Canada which was disclosed as held for sale at 31 March 2019 with an impairment charge of €22.5m reflected at that time. The loss on disposal of Canada (net of disposal costs) recorded in the year ended 31 March 2020 totalled €18.9m. Under the Sale and Purchase agreement there is a potential receipt of contingent consideration however there is insufficient certainty to recognise a receivable at this time. Upon disposal the cumulative currency translation reserve of €1.9m has been recycled through the Income Statement in accordance with IAS 21 The effects of changes in

foreign exchanges rates, see note 13 for further details.

12. Acquisitions and disposals - continued

Reym disposal

On 31 October 2019 the Group completed the sale of the Hazardous Waste Reym industrial cleaning business which was disclosed as held for sale at 31 March 2019 with an impairment charge of €19.5m reflected at that time. The final current year loss on disposal of Reym (net of disposal costs) totalled €37.3m, which includes the €34.3m remeasurement recorded at 30 September 2019.

	2020 €m
Loss on disposal	
Net cash consideration	37.0
Net assets disposed of	(34.0)
Disposal costs and others	(6.0)
Loss on disposal	(3.0)
Remeasurement at 30 September 2019	(34.3)
Non-trading loss (note 5)	(37.3)
 Cash flow	
Cash consideration	50.1
Cash and cash equivalents disposed of	(13.1)
Net cash consideration	37.0
Disposal costs paid	(3.0)
Cash inflow per cash flow statement	34.0

13. Assets classified as held for sale and discontinued operations

Assets classified as held for sale - Canada and Reym disposals

On 8 November 2018 the Group announced its intention to exit Municipal Canada and the Hazardous Waste Reym industrial cleaning business therefore the assets and liabilities were presented as held for sale at 31 March 2019 as the criteria set out in IFRS 5 Non-current assets held for sale and discontinued operations had been met. Both disposals completed during the year therefore the carrying value is €nil at 31 March 2020.

The carrying value of assets classified as held for sale and the related liabilities under IFRS 5 were as follows:

	2020 €m	2019 €m
Goodwill	-	23.8
Other intangible assets	-	3.3
Property, plant and equipment	-	67.0
Financial assets relating to PPP contracts	-	44.0
Trade and other receivables	-	23.6
Inventories	-	0.7
Total assets held for sale	-	162.4
 Trade and other payables	-	(30.6)
Provisions	-	(0.8)
Finance leases	-	(4.2)
Tax	-	(4.9)
Total liabilities relating to assets held for sale	-	(40.5)
Net assets held for sale	-	121.9

13. Assets held for sale and discontinued operations - continued

Discontinued operations - Canada disposal

The Municipal Canada disposal met the definition of a discontinued operation as stated in IFRS 5 Non-current assets held for sale and discontinued operations, therefore the net results are presented as discontinued operations in the Income Statement.

Income Statement in relation to the discontinued operations:

	2020 €m	2019 €m
Revenue	10.8	18.3
Cost of sales	(6.8)	(16.0)
Gross profit	4.0	2.3
Administrative expenses	(0.9)	(0.8)
Operating profit before non-trading and exceptional items	3.1	1.5
Non-trading and exceptional items	(18.9)	(22.5)
Operating loss	(15.8)	(21.0)
Finance income	0.6	1.3
Finance charges	(0.5)	(1.5)
Loss before tax on discontinued operations	(15.7)	(21.2)
Taxation	(0.9)	0.1
Loss after tax on discontinued operations	(16.6)	(21.1)

The assets and liabilities disposed were:

	Carrying value under IFRS 5 recorded in asset held for sale at 31 March 2019 €m	Change in value to date of disposal on 30 September 2019 €m	Carrying value of assets and liabilities disposed of at 30 September 2019 €m
Financial asset relating to a PPP contract	44.0	1.2	45.2
Property, plant and equipment	21.7	4.5	26.2
Right-of-use assets	-	4.7	4.7
Trade and other receivables	1.7	1.7	3.4
Inventories	0.1	0.2	0.3
Trade and other payables	(3.8)	(0.4)	(4.2)
Tax	(1.0)	(1.0)	(2.0)
Lease liabilities	-	(4.5)	(4.5)
Net assets disposed of (excluding cash)	62.7	6.4	69.1

Loss on disposal

Net cash consideration	56.8
Net assets disposed of	(69.1)
Loss on disposal before disposal costs	(12.3)
Cumulative currency translation loss	(1.9)
Disposal costs and others	(4.7)
Discontinued non-trading loss	(18.9)

Cash flow

Cash consideration	56.9
Cash and cash equivalents disposed of	(0.1)
Net cash consideration	56.8
Disposal costs paid	(2.6)
Cash inflow per cash flow statement	54.2

Cash flow information in relation to the discontinued operations:

	2020 €m	2019 €m
Net cash inflow from operating activities	38.6	10.5
Net cash outflow from investing activities	(5.5)	(1.5)
Net cash outflow from financing activities	(36.3)	(8.1)
Net movement in cash	(3.2)	0.9

14. Provisions

	Site restoration and aftercare €m	Onerous contracts €m	Legal and warranty €m	Restructuring €m	Other €m	Total €m
At 1 April 2018	133.6	109.5	-	9.0	24.9	277.0

Provided in the year	2.1	11.3	-	6.0	10.0	29.4
Released in the year	-	(0.9)	-	(0.1)	(0.5)	(1.5)
Finance charges - unwinding of discount	4.5	3.7	-	-	0.2	8.4
Utilised in the year	(4.3)	(27.0)	-	(7.3)	(4.0)	(42.6)
Transfer to disposal groups classified as held for sale	-	-	-	-	(0.8)	(0.8)
Reclassifications	2.8	(2.8)	-	-	-	-
Exchange	0.2	1.1	-	-	0.1	1.4
At 31 March 2019	138.9	94.9	-	7.6	29.9	271.3
Adjustment for change in accounting policy (note 19)	-	(6.0)	-	-	-	(6.0)
At 1 April 2019 - restated	138.9	88.9	-	7.6	29.9	265.3
Provided in the year	0.3	16.1	19.8	3.4	3.3	42.9
Released in the year	-	(0.1)	(4.3)	(0.7)	(2.9)	(8.0)
Adjustment as a result of the change in discount rate (note 5)	11.6	5.1	-	-	1.2	17.9
Finance charges - unwinding of discount	4.4	3.2	-	-	0.1	7.7
Utilised in the year	(2.4)	(20.6)	(0.6)	(6.0)	(3.0)	(32.6)
Reclassifications*	-	-	10.4	-	(10.4)	-
Exchange	-	(2.9)	(0.1)	-	(0.1)	(3.1)
At 31 March 2020	152.8	89.7	25.2	4.3	18.1	290.1
Current	5.1	16.5	8.0	4.3	3.8	37.7
Non-current	147.7	73.2	17.2	-	14.3	252.4
At 31 March 2020	152.8	89.7	25.2	4.3	18.1	290.1
Current	8.2	26.1	-	7.6	13.5	55.4
Non-current	130.7	68.8	-	-	16.4	215.9
At 31 March 2019	138.9	94.9	-	7.6	29.9	271.3

*Due to the increase in legal and warranty related provisions during the year ended March 2020 a new provision classification has been created and the value of legal and warranty related provisions at 31 March 2019 has been transferred from other provisions.

Site restoration and aftercare

The site restoration provision at 31 March 2020 relates to the cost of final capping and covering of the landfill sites and mineral extractions sites. The Group's minimum unavoidable costs have been reassessed at the year end and the net present value fully provided for. These costs are expected to be paid over a period of up to 32 years from the balance sheet date and may be impacted by a number of factors including changes in legislation and technology. Post-closure costs of landfill sites, including such items as monitoring, gas and leachate management and licensing, have been estimated by management based on current best practice and technology available. These costs may be impacted by a number of factors including changes in legislation and technology. The dates of payments of these aftercare costs are uncertain but are anticipated to be over a period of at least 30 years from closure of the relevant landfill site.

Onerous contracts

Onerous contracts are provided for at the lower of the net present value of either exiting the contracts or fulfilling our obligations under the contracts. The provisions are to be utilised over the period of the contracts to which they relate with the latest date being 2040. Additions in the year principally relate to the ELWA contract in UK Municipal and details are in note 5.

Legal and warranty

Legal and warranty provisions relate to legal claims, warranties and indemnities. Under the terms of the agreements for the disposal of certain businesses, the Group has given a number of warranties and indemnities to the purchasers which may give rise to payments. The Group has a liability until the end of the contractual terms in the agreements.

On 6 February 2020 the European Commission announced its decision to initiate a formal investigation in which it alleges that the Walloon Region of Belgium provided state aid to the Group in relation to the Cetem Landfill. An adverse judgement would require the Walloon Region to seek repayment from the Group and while we are vigorously defending the case a non-current provision of €15.1m has been recognised with details given in notes 5 and 17.

14. Provisions - continued

Restructuring

The restructuring provision primarily relates to redundancy and related costs incurred as a result of restructuring initiatives. As at 31 March 2020 the provision is expected to be spent in the following year as affected employees leave the business.

Other

Other provisions principally cover dilapidations and long-service employee awards. The provisions will be utilised over the period up to 2065.

15. Retirement pension schemes

The Group has the legacy Shanks UK defined benefit scheme which provides pension benefits for pensioners, deferred members and eligible UK employees and is closed to new entrants. From 1 December 2019 the scheme was closed to future benefit accrual following a formal consultation. A bulk pension increase exchange exercise was carried out and an at retirement pension increase exchange was also introduced at 31 March 2020. The impact of these has led to a reduction in the pension scheme liability and has been reflected as a past service credit.

In addition there are a number of defined benefit schemes eligible for certain employees in both the Netherlands and Belgium.

The amounts recognised in the Income Statement were as follows:

	2020 €m	2019 €m
Current service cost	1.2	2.3
Past service (credit) cost	(1.4)	2.0
Curtailment	-	(2.1)
Interest expense on scheme net liabilities	0.2	0.6
Net retirement benefit charge before tax	-	2.8

The amounts recognised in the balance sheet were as follows:

	2020 €m	2019 €m
Present value of funded obligations	(266.3)	(267.1)
Fair value of plan assets	274.8	255.2
Pension scheme asset (deficit)	8.5	(11.9)
Related deferred tax asset	(1.4)	2.7
Net pension asset (liability)	7.1	(9.2)

Classified as:

Defined benefit scheme surplus - included in non-current assets	16.0	-
Defined benefit pension schemes deficit - included in non-current liabilities	(7.5)	(11.9)
Pension scheme asset (deficit)	8.5	(11.9)

The legacy Shanks UK defined benefit scheme changed by €19.7m from a deficit at 31 March 2019 to an asset of €16.0m as a result of a change in the scheme's investment strategy which led to a higher return on assets along with a decrease in the discount rate assumption and lower inflation. The overseas defined benefit schemes deficit reduced by €0.7m to €7.5m.

16. Financial instruments at fair value

The Group uses the following hierarchy of valuation techniques to determine the fair value of financial instruments:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

During the year ended 31 March 2020 there were no transfers between level 1 and level 2 fair value measurements and no transfers into or out of level 3.

16. Financial instruments at fair value - continued

Valuation techniques used to derive level 2 fair values are:

Short term investment valuations are provided by the fund manager
Unlisted non-current investments comprise unconsolidated companies where the fair value approximates the book value
Derivative financial instruments are determined by discounting the future cash flows using the applicable period-end yield curve
Retail bonds, the fair value is based on indicative market pricing

The table below presents the Group's assets and liabilities measured at fair values:

	2020 Level 1 €m	2019 Level 1 €m	2020 Level 2 €m	2019 Level 2 €m

Assets				
Money market funds	100.0	-	-	-
Unlisted non-current investments	-	4.7	-	4.7
Short term investments	-	8.1	-	5.9
Derivative financial instruments	-	2.1	-	3.0
	100.0	14.9	-	13.6
Liabilities				
Derivative financial instruments	-	38.0	-	32.8
Retail bonds	-	174.7	-	203.6
	-	212.7	-	236.4

The Group considers that the fair value of all other financial assets and financial liabilities was not materially different to their carrying value. The retail bonds are held at their carrying value in the balance sheet.

17. Contingent liabilities

There is an ongoing investigation into the production of thermally cleaned soil by ATM. This may or may not result in a prosecution and if so, we expect such a process will likely take many years, should it proceed. ATM will defend its conduct vigorously in such an event and, given that it is not even clear whether or what charges might be brought and the claim is lower than €1m, we do not consider it appropriate at this stage to provide for this.

There is an ongoing appeal process with the authorised Minister of the Flanders government in respect of an environmental tax levy imposed by the regulator OVAM in respect of the export of combustible waste from two sites in Commercial Waste Belgium. We have submitted our objections to this decision in the administrative appeal process to the Minister. As part of that procedure, there has been an advice issued by the advisory committee to the Minister. This advice supports the decision by OVAM to impose the levy. We expect the Minister to take a decision in June 2020 and that decision is open for appeal at the applicable Belgian courts. We do not believe there are valid grounds to impose the environmental tax levy and accordingly no provision has been made.

There is an ongoing investigation by the European Commission in which it alleges the Walloon region of Belgium provided state aid to the Group in relation to the Cetem landfill. An adverse judgement would require the Walloon region to seek repayment from the Group. Both the Walloon Region and Renewi believe that no state aid was offered and will defend their conduct vigorously. Renewi has provided €15m based on legal advice which management considers to be their best estimate of the potential exposure, noting that the potential maximum claim is €57m, and therefore there is a potential further liability should the Group be wholly unsuccessful in its defence.

Due to the nature of the industry in which the business operates, from time to time the Group is made aware of claims or litigation arising in the ordinary course of the Group's business. Provision is made for the Directors' best estimate of all known claims and all such legal actions in progress. The Group takes legal advice as to the likelihood of success of claims and actions and no provision is made where the Directors consider, based on that advice that the action is unlikely to succeed or a sufficiently reliable estimate of the potential obligation cannot be made. None of these other matters are expected to have a material impact.

Under the terms of sale agreements, the Group has given a number of indemnities and warranties relating to the disposed operations for which appropriate provisions are held.

In respect of contractual liabilities the Group and its subsidiaries have given guarantees and entered into counter indemnities of bonds and guarantees given on their behalf by sureties and banks totalling €222.3m (2019: €238.6m).

18. Explanation of non-IFRS measures and reconciliations

The Directors use alternative performance measures as they believe these measures provide additional useful information on the underlying trends, performance and position of the Group. These measures are used for internal performance analysis. These terms are not defined terms under IFRS and may therefore not be comparable with similarly titled measures used by other companies. These measures are not intended to be a substitute for, or superior to, IFRS measurements. The alternative performance measures used are set out below.

Financial Measure	How we define it	Why we use it
Underlying EBIT	Operating profit from either continuing operations or ongoing businesses (which excludes all businesses disposed of) excluding non-trading and exceptional items, amortisation of intangible assets arising on acquisition and fair value remeasurements.	Provides insight into ongoing profit generation and trends
Underlying EBIT margin	Underlying EBIT as a percentage of revenue	Provides insight into ongoing margin development and trends
Underlying EBITDA	Underlying EBIT before depreciation, amortisation, impairment and profit or loss on disposal of plant, property and equipment	Measure of earnings and cash generation to assess operational performance

Underlying profit before tax	Profit before tax from either continuing operations or ongoing businesses (which excludes all businesses disposed of) excluding non-trading and exceptional items, amortisation of intangible assets arising on acquisition and fair value remeasurements	Facilitates underlying performance evaluation
IAS 17 basis	Calculated using previous lease accounting standard IAS 17	Enables like for like comparison with prior year
Underlying EPS	Earnings per share from either continuing operations or ongoing businesses (which excludes businesses disposed of) excluding non-trading and exceptional items, amortisation of intangible assets arising on acquisition and fair value remeasurements	Facilitates underlying performance evaluation
Underlying effective tax rate	The effective tax rate on underlying profit before tax	Provides a more comparable basis to analyse our tax rate
Return on operating assets on an IFRS 16 basis	Last 12 months underlying EBIT divided by a 13 month average of net assets excluding core net debt, IFRS 16 lease liabilities, derivatives, tax balances, goodwill and acquisition intangibles	Provides a measure of the return on assets across the Divisions and the Group excluding goodwill and acquisition intangible balances
Return on operating assets on an IAS 17 basis	Last 12 months underlying EBIT adjusted for the impact of IFRS 16 divided by a 13 month average of net assets excluding right-of-use assets under IFRS 16, core net debt, IFRS 16 lease liabilities, derivatives, tax balances, goodwill and acquisition intangibles	Provides a measure of the return on assets across the Divisions and the Group excluding goodwill and acquisition intangible balances and to enable a like to like comparison with those previously reported
Post-tax return on capital employed	Last 12 months underlying EBIT as adjusted by the Group effective tax rate divided by a 13 month average of net assets excluding core net debt, lease liabilities and derivatives	Provides a measure of the Group return on assets taking into account the goodwill and acquisition intangible balances
Underlying free cash flow	Net cash generated from operating activities principally excluding non-trading and exceptional items and including interest, tax and replacement capital spend	Measure of cash available after regular replacement capital expenditure to pay dividends, fund growth capital projects and invest in acquisitions
Free cash flow conversion	The ratio of underlying free cash flow to underlying EBIT	Provides an understanding of how our profits convert into cash
Net core cash flow	Cash flow from core net debt excluding loan fee amortisation and capitalisation, exchange movements, movement in PPP non-recourse net debt, movements in IFRS 16 lease liabilities and acquired/disposed of cash	Provides an understanding of total cash flow of the Group
Non-trading and exceptional cash flow items	Synergy delivery, integration and restructuring cash flows are presented in cash flows from operating activities and are included in the categories in note 5, net of opening and closing Balance Sheet positions	Provides useful information on non-trading and exceptional cash flow spend

18. Explanation of non-IFRS measures and reconciliations - continued

Financial Measure	How we define it	Why we use it
Core net debt or core funding	Core net debt includes cash and cash equivalents but excludes the net debt relating to the UK PPP contracts, lease liabilities as a result of IFRS 16 and cash and borrowings in assets and liabilities of disposal groups classified as held for sale	The borrowings relating to the UK PPP contracts are non-recourse to the Group and excluding these gives a suitable measure of indebtedness for the Group and excluding IFRS 16 leases which enables a more meaningful comparison to the prior year
Net debt to EBITDA	Core net debt divided by an annualised EBITDA with a net debt value based on the terminology of financing arrangements and translated at an average rate of exchange for the period. This includes the cash and leases which were finance leases under IAS 17 as included in assets and liabilities of disposal groups classified as held for sale	Commonly used measure of financial leverage and consistent with covenant definition

Reconciliations of non-IFRS measures are set out below:

Reconciliation of underlying EBIT to EBITDA	2020 €m	2019 €m
Operating loss	(28.1)	(56.6)
Non-trading and exceptional items	115.7	142.1
Underlying EBIT from continuing operations	87.6	85.5
Depreciation and impairment of property, plant and equipment and right-of-use assets	106.5	87.3
Amortisation of intangible assets (excluding acquisition intangibles)	6.4	6.9
Non-exceptional gain on disposal of property, plant and equipment	(0.8)	(2.3)

EBITDA from continuing operations	199.7	177.4
EBITDA from discontinued operations	3.1	3.9
Total EBITDA	202.8	181.3

Reconciliation of underlying free cash flow as presented in the CFO's Review

	2020 IFRS 16 basis €m	2020 IAS 17 basis €m	2019 IAS 17 basis €m
Net cash generated from operating activities	157.7	157.7	73.6
Exclude IFRS 16 adjustment to operating expenses	-	(32.2)	-
Exclude non-trading and exceptional provisions, working capital and restructuring spend	49.0	49.0	66.0
Exclude exceptional proceeds from disposal of property, plant and equipment	0.8	0.8	-
Exclude payments to fund UK defined benefit pension scheme	3.5	3.5	3.4
Exclude increase (decrease) in Municipal Canada PPP financial asset	0.1	0.1	(6.9)
Exclude IFRS 16 adjustments relating to discontinued operations	-	(0.5)	-
Include finance charges and loan fees paid (excluding exceptional finance charges)	(37.9)	(32.1)	(29.4)
Include finance income received	10.9	10.9	11.7
Include purchases of replacement items of intangible assets	(6.7)	(6.7)	(3.8)
Include purchases of replacement items of property, plant and equipment	(67.7)	(67.7)	(92.4)
Include proceeds from disposals of property, plant & equipment	10.2	10.2	8.1
Underlying free cash flow	119.9	93.0	30.3

The Group splits purchases of property, plant and equipment between replacement and growth as shown in the cash flow in the CFO's review. The 2020 replacement spend shown above totalling €74.4m (2019: €96.2m) (being €6.7m (2019: €3.8m) intangible assets and €67.7m (2019: €92.4m) property, plant and equipment) plus the growth capital expenditure of €10.1m (2019: €11.7m) as shown in the CFO's review less additions to IAS 17 finance leases of €nil (2019: €0.4m) reconciles to the purchases of property, plant and equipment and intangible assets cash outflow of €84.5m (2019: €107.5m) within investing activities in the consolidated Statement of Cash Flows.

18. Explanation of non-IFRS measures and reconciliations - continued

Reconciliation of net core cash flow as presented in the CFO's Review

	2020 IFRS 16 basis €m	2020 IAS 17 basis €m	2019 IAS 17 basis €m
Net core cash flow	140.6	110.9	(51.9)
Cash sold as part of business disposals, net of cash acquired as part of acquisitions	(13.0)	(13.0)	-
Lease liabilities acquired as part of acquisitions	(13.7)	(13.7)	-
Movement in PPP non-recourse net debt	5.4	5.4	(0.8)
Capitalisation of loan fees net of amortisation	0.9	0.9	2.2
Exchange movements	(3.8)	(3.8)	(5.9)
Exchange movements - discontinued	(0.1)	(0.1)	-
IFRS 16 Right-of-use asset additions	(61.8)	(61.8)	-
IFRS 16 transition additions - excluding assets held for sale	(155.4)	(155.4)	-
IFRS 16 transition additions - assets held for sale	(21.9)	(21.9)	-
IFRS 16 decrease in operating expenses - continuing	-	32.2	-
IFRS 16 increase in finance charges - continuing	-	(5.8)	-
IFRS 16 discontinued operations	-	0.5	-
IFRS 16 cash flows included in utilisation of onerous contract provisions	-	2.8	-
IFRS 16 leases sold as part of business disposal - assets held for sale	20.1	20.1	-
IFRS 16 finance leases - previously IAS 17 finance leases sold as part of business disposal	0.2	0.2	-
Finance leases transferred to disposal groups classified as held for sale	-	-	4.2
Movement in total net debt (note 11)	(102.5)	(102.5)	(52.2)

	2020 €m	2019 €m
Reconciliation of total net debt under covenant definition		
Total net debt	(749.9)	(647.4)
Less PPP non-recourse net debt	90.0	95.4

Less IFRS 16 lease liabilities	202.7	-
Add debt transferred to disposal group	-	(4.2)
Net debt under covenant definition	(457.2)	(556.2)

19. IFRS 16 Leases

The Group adopted IFRS 16 Leases on 1 April 2019 and this note explains the impact on the financial statements.

IFRS 16 has a material impact on the financial statements as it leads to most leases being recognised on the Balance Sheet as a right-of-use asset and a lease liability. Operating lease costs under the principle of IAS 17 Leases are now recognised as a depreciation charge in relation to the right-of-use asset and as an interest expense on the lease liability.

The Group leases various real estate properties and items of plant and machinery for normal business operations in all divisions. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The Group has applied the modified retrospective approach and has not restated the comparative amounts for the prior year. The reclassifications and the adjustments arising from the new standard are therefore recognised in the opening Balance Sheet on 1 April 2019. For the majority of the leases the Group has measured the right-of-use asset on transition date to be equal to the lease liability. For a limited number of real estate lease contracts the Group has recalculated the right-of-use asset, as if IFRS 16 was applied from the beginning of the lease. The cumulative effect of that recalculation has been recognised in equity as an adjustment to the opening balance of retained earnings for the current year.

19. IFRS 16 Leases - continued

Practical expedients applied

In applying IFRS 16 for the first time, the Group has elected to apply the following practical expedients as permitted by the standard:

No reassessment as to whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the adoption date the Group relied on its assessment made applying IAS 17 and IFRIC 4 (Determining whether an arrangement contains a lease).

The use of a single specific discount rate to categories of leases in the portfolio with reasonably similar characteristics.

Instead of performing an impairment review on the right-of-use assets at the date of transition, for some leases the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

For leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low value assets the Group has applied the optional exemption to not recognise the lease liability and the right-of-use asset but to account for the lease as an expense in the Income Statement on a straight line basis over the remaining term.

Where the contract contains options to extend, the lease term has been determined with the benefit of hindsight

No inclusion of direct lease costs in the measurement of the right-of-use asset.

Lease liabilities

The Group recognised additional lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases.

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. On transition the Group recognised additional lease liabilities in relation to leases which had previously been classified as operating leases under IAS 17. These lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's specific incremental borrowing rates for groups of leases in the portfolio with reasonably similar characteristics as of 1 April 2019. The weighted average incremental borrowing rate applied by the Group to the lease liabilities on 1 April 2019 was 3.3%.

For new contracts entered into on or after 1 April 2019 as a lessee, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are:

The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

The Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate, which is determined based on interest rates from various external financing sources and adjusted to reflect the terms of the lease and type of leased asset, this rate is reassessed on a regular basis.

The lease liability is subsequently measured at amortised cost and remeasured when there is a change in future lease payments arising from a change in an index or rate or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a rise in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the Income Statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

19. IFRS 16 Leases - continued

The following is a reconciliation of total operating lease commitments for continuing operations at 31 March 2019 to the lease liabilities recognised at 1 April 2019:

	2019 €m
Operating lease commitments disclosed as at 31 March 2019	264.1
Discounted using the lessee's incremental borrowing rate at the date of initial application	(85.9)
Finance lease liabilities as at 31 March 2019	27.5
Adjustments as a result of a different treatment of extension and termination options	0.6
Adjustments relating to changes in the index or rate affecting future lease payments	(6.0)
Short-term leases recognised on a straight-line basis as expenses	(1.7)
Other	0.5
Lease liability recognised as at 1 April 2019	199.1
Classified as:	
Current lease liabilities	30.2
Non-current lease liabilities	147.3
Lease liabilities of disposal groups classified as held for sale	21.6
Lease liability recognised as at 1 April 2019	199.1

Right-of-use assets

For assets previously financed from leases classified as finance leases under IAS 17, the Group recognised the carrying amount of these assets immediately before transition as right-of-use assets under IFRS 16 at the date of initial application and the amounts were reclassified to right-of-use assets in the Balance Sheet.

Right-of-use assets are recognised at the lease commencement date and are initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. For the majority of leases the Group has measured the right-of-use asset on transition date to be equal to the lease liability. For a limited number of real estate contracts the Group has recalculated the right-of-use asset, as if IFRS 16 was applied from the beginning of the lease. The cumulative effect of that recalculation has been recognised in equity as an adjustment to the opening balance of retained earnings for the current period.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option, then the right-of-use asset is depreciated over the useful life of the underlying asset, which is determined on the same basis as those in property, plant and equipment. The lease liability is remeasured when there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revision to fixed lease payments. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

The right-of-use assets are reviewed for impairment whenever events or circumstances indicate that the carrying value may not be recoverable following the same approach as property, plant and equipment.

The value on transition and movement to 31 March 2020 are shown in note 10.

Impact on Financial Statements

The impact of the change in accounting policy to the Balance Sheet on adoption of IFRS 16 on 1 April 2019 can be summarised as follows:

	As reported 31 March 2019 €m	IFRS 16 adoption effect €m	1 April 2019 opening balance €m
Property, plant and equipment	629.1	(35.5)	593.6

Right-of-use assets	-	175.3	175.3
Deferred tax asset	38.6	0.7	39.3
Assets of disposal groups classified as held for sale	162.4	21.9	184.3
Accruals	(160.4)	0.4	(160.0)
Lease liabilities	(23.3)	(155.4)	(178.7)
Deferred tax liability	(56.1)	1.0	(55.1)
Liabilities of disposal groups classified as held for sale	(40.5)	(21.9)	(62.4)
Onerous contract provisions	(94.9)	6.0	(88.9)
Impact on net assets		(7.5)	

19. IFRS 16 Leases - continued

The impact of the changes in the Consolidated Income Statement for the year ended March 2020 due to the adoption of IFRS 16 can be summarised as follows:

Continuing operations	€m
Decrease in operating expense	32.2
Increase in depreciation charge	(26.6)
Operating profit	5.6
Increase in finance charges	(5.8)
Impact on profit before tax from continuing operations	(0.2)

The impact of the changes to the Consolidated Cash Flow Statement for the year ended March 2020 due to the adoption of IFRS 16 can be summarised as follows:

	€m
Decrease in operating expense - continuing operations	32.2
Decrease in operating expense - discontinued operations	0.6
Increase in provisions	2.8
Impact on cash flows from operating activities	35.6
Increase in finance charges - continuing operations	(5.8)
Increase in finance charges - discontinued operations	(0.1)
Repayment of leases - continuing operations	(29.2)
Repayment of leases - discontinued operations	(0.5)
Impact on cash flows from financing activities	(35.6)
Impact on cash and cash equivalents at the end of the year	-

20. Events after the balance sheet date

On 28 May 2020 the Group agreed amendments to the leverage and interest covenants in its Euro denominated multicurrency green finance facility.

APPENDIX

The following additional information, summarised from the Renewi plc Annual Report and Accounts 2020, is disclosed in accordance with Disclosure and Transparency Rule 6.3.5.

1. Principal Risks and Uncertainties affecting the Group

Product pricing, demand and quality - That the value we receive for recycled product falls, the markets contract, reducing demand for our product, or we become unable to produce to the required quality.

Residue pricing, capacity and specification - Lack of capacity at outlets and/or inability to produce in specification, resulting in increased price of disposal of burnable waste and other residues.

Changes in law and policy - Adverse impacts from changes in law and policy, including environmental, tax and similar legal and policy regimes. Including changes in regulatory attitude and behaviours as a result of shifts in public opinion.

Environmental compliance - That we fail to comply with environmental permits and/or environmental laws and regulations.

Long-term contracts - That we enter into long-term contracts at disadvantageous terms or we rely on a small number of large contracts.

Unsustainable debt - That funding is not available or that funding sources are available, but that cash generation is insufficient to allow access to funding.

Labour availability and cost - That there are shortages of certain labour types, leading to unavailability or severe wage inflation.

Brexit - That a hard Brexit disrupts the export of waste and recyclates internationally, creating offtake costs in UK and over-capacity of incineration in the Benelux.

Input pricing - That market pricing may put pressure on our margins.

Digitalisation - That a disruptive technology or business model deployed by a competitor or new entrant impacts our ability to compete.

Talent development, leadership and diversity - That we fail to meet the (future/anticipated) required management capabilities.

Health and safety - Injury or loss of life. That we incur reputational loss, or civil and criminal costs.

Major plant failure or fire - Operational failure and/or fire at a key facility leading to business interruption and other costs.

Input volumes - That incoming waste volumes in the market may fall.

ICT failure and cyber threat - That ICT failure and/or cyber crime causes business interruption or loss.

Covid-19 - That the recent outbreak of Covid-19 has severe consequences for our incoming waste streams and workforce, causing business interruption or loss.

2. Directors' Responsibility, financial information and posting of accounts

The 2020 Annual Report which will be published in June 2020 contains a responsibility statement in compliance with DTR 4.1.12. This states that on 4 June 2020, the date of the approval of the Annual Report, the Directors confirm that to the best of their knowledge:

the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group: and

the Strategic Report in the Annual Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

The financial information set out above does not constitute the Company's full statutory accounts for the year ended 31 March 2019 or 2020, but is derived from those accounts. Statutory accounts for 2018/19 have been delivered to the Registrar of Companies and those for 2019/20 will be delivered following the Company's Annual General Meeting on 16 July 2020. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under Section 498(2) or (3) of the Companies Act 2006.

The change to the Board of Directors of Renewi plc since the 2019 Annual Report were:

Otto de Bont joined the Board on 1 April 2019 as Chief Executive Officer

Jacques Petry retired from the Board on 31 December 2019

Colin Matthews retired from the Board on 31 March 2020

Ben Verwaayen joined the Board on 1 April 2020 as Chairman

A list of current directors is maintained on the Renewi plc website: www.renewiplc.com.

ISIN:	GB0007995243
Category Code:	FR
TIDM:	RWI
LEI Code:	213800CNEIDZBL17KU22
OAM Categories:	2.2. Inside information
Sequence No.:	67836
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