

## RENEWI PLC: CAPITAL MARKETS EVENT & PRE-CLOSE TRADING STATEMENT

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Renewi plc (RWI)

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4 October 2023

### Renewi plc

("Renewi", the "Company" or, together with its subsidiaries, the "Group")

### Capital Markets Event & Pre-Close Trading Statement

Renewi plc (LSE: RWI), the leading international waste-to-product company, today provides a trading update for the six-month period to 30 September 2023, in advance of the Capital Markets Event taking place this afternoon and in advance of the Company's Half Year Results scheduled for 9 November 2023.

### Summary

#### Capital Markets Event

- At its Capital Markets Event today, the Company will set out commercial, operational and financial initiatives to drive higher and more sustainable returns.
- Targets to be achieved over the medium term:
  - Organic revenue growth of >5% per annum;
  - High single digit EBIT margin;
  - Free Cash Flow generation representing at least 40% of EBITDA; and
  - ROCE of over 15%

#### Outlook

- Current and ongoing demand conditions expected to be largely offset by the increasing contribution from cost actions, meaning the Group's full year performance is expected to be broadly in line with the Board's expectations.

**Otto de Bont, CEO of Renewi, commented:** *"We are proud of the critical role Renewi is playing in closing the loop to a circular economy – as a pure play recycling market leader, we are enabling the decarbonisation of our world. Our business has tremendous potential and today we will outline how our strategy is driving both top and bottom line growth, whilst delivering sustainable shareholder returns."*

### Business performance

Group revenue and underlying EBIT in the first half were lower than the prior year, driven by the previously communicated normalisation of recyclate prices from the exceptionally high levels in the early part of the last financial year. Most recyclate prices have now stabilised at lower levels, with the majority of the decline, as well as ongoing inflationary pressures, being offset by dynamic pricing and the margin benefits from the Renewi 2.0 digitisation programme.

Within Commercial Waste, volumes stabilised in Belgium, but saw a continued decline in the Netherlands during Q2 given ongoing demand weakness in particular from Construction and Demolition customers. In response, the Company is implementing a series of divisional and central cost measures that are expected to largely offset the impact of lower volumes.

Mineralz & Water performance in the first half reflected the pull forward of planned maintenance stops, with the second half now anticipated to be stronger than previously expected as a result. The shipping of thermally treated soil under the offtake contract confirmed earlier this

year has started. In addition, a commercial agreement was reached for the offtake of 200kT of Forz sand, signalling its continued recovery.

Within Specialities, our glass recycling business Maltha continued delivering record performance as a result of operational improvements and targeted investments. Coolrec has enjoyed continued strong volumes but was impacted by lower plastics prices. The UK Municipal business performed slightly ahead of expectations in the first half, benefiting from stable operational performance.

With the increasing contribution from cost actions anticipated to largely offset current demand conditions persisting during the second half, the Group's full year performance is expected to be broadly in line with the Board's expectations.

Increased focus on working capital, together with a lower level of capital expenditure, is also benefiting cash performance, with the full year impact of this expected to be EUR 10-15m better than previously guided.

### **Capital Markets Event**

Renewi is uniquely positioned as a pure play market leader in the most advanced recycling markets in Europe. Renewi is at the forefront of sorting, treatment and recycling technology, and has a key role in decarbonising our world. The Company's central role in the circular economy is reflected in its purpose to protect the world by giving new life to used materials.

Renewi's strategy focuses on increasing its share of the long term, structural growth opportunities in its core markets, coupled with higher and more consistent returns to drive significantly enhanced value for all stakeholders.

The Group has an attractive base business with strong growth and margins. In the near term, the Group is taking definitive steps to optimise its portfolio, with a particular focus on two businesses:

- The strategic review of the UK Municipal business, with an outcome targeted for the first half of 2024; and
- Continued performance enhancement in the M&W business

Alongside these portfolio actions, the Group has initiated a number of commercial, operational and financial initiatives to drive higher and more sustainable returns which are reflected in specific targets to be achieved over the medium term:

- Organic revenue growth of >5% per annum;
- High single digit EBIT margin;
- Free Cash Flow generation representing at least 40% of EBITDA<sup>1</sup>; and
- ROCE of over 15%

A return to sustainable free cash generation will enable the Group to operate a capital allocation strategy with increased focus on delivering attractive and sustainable shareholder value whilst maintaining a strong balance sheet, including:

- Reinstatement of the ordinary dividend, with a progressive policy targeting sustainable growth whilst maintaining cover of 3.0-4.0x underlying earnings;
- Investment of c.30% of FCF annually into innovative growth projects;
- In the medium term targeting value accretive acquisitions, with a disciplined approach to meet clear strategic, operational and financial criteria; and
- Where the Board determines there is excess capital beyond the Group's near term investment requirements, supplemental returns to shareholders.

### **Capital Markets Day**

Date: 4<sup>th</sup> October 2023

Time: 15.00-18.00hrs CET

If you would like to join Renewi's Capital Markets Day, please register using the link below [www.renewicapitalmarketsday.com](http://www.renewicapitalmarketsday.com)

### **Appointment of advisors**

Renewi has appointed Goldman Sachs International as financial adviser alongside existing advisers Greenhill, Peel Hunt and Berenberg and has also hired FTI Consulting as Public Relations advisors.

**ENDS**

**For further information, please contact:**

**FTI Consulting**  
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Alex Le May or Richard Mountain

1. Conversion ratio target assumes elimination of legacy cash costs related to UK Municipal business, COVID tax deferrals and shipment of Mineralz & Water thermally treated soil coming to an end.

## About Renewi

Renewi is a pure-play recycling company with a focus on extracting value from waste and used materials rather than disposal through incineration or landfill. The company also plays a key role in limiting resource scarcity through the creation of secondary materials, and by so doing addresses both social and regulatory trends and contributes to creating a cleaner, greener world.

Renewi's vision is to be the leading waste-to-product company in the world's most advanced circular economies. With an industry leading recycling rate of 64%, Renewi puts 7m tonnes of low carbon secondary materials back into reuse. This is a significant contribution to climate change mitigation and the circular economy. Our recycling protects virgin resources and avoids emissions of more than 2.5 million tonnes of CO<sub>2</sub>.

Renewi, which draws on innovation and the latest technology to turn waste into useful materials - paper, metals, plastics, glass, wood, building materials, compost and water - employs over 6,500 people who work on 154 operating sites in 5 countries across Europe and the UK. Renewi is recognised as a market leader in Benelux and a European leader in advanced recycling.

Visit our website for more information: [www.renewi.com](http://www.renewi.com).

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