

This announcement contains inside information



**28 September 2018**

**Renewi plc**

**(“Renewi”, the “Company” or, together with its subsidiaries, the “Group”)**

### **Pre Close Trading Update**

Renewi plc (LSE: RWI), the international waste-to-product business, announces its pre close trading update for the six months ending 30 September 2018, ahead of its interim results which will be released on 8 November 2018.

#### **Trading performance**

Trading has continued broadly in line with management’s expectations. Our merger integration projects are progressing well and we remain on track to deliver the committed €30m of cost synergies for the year ending 31 March 2019.

In the Commercial Division, volumes have been slightly up on last year, with a good first quarter followed by a slower second quarter compared with the particularly strong summer last year. Pricing of inbound waste has been strong with price increases successfully implemented earlier in the year. Recyclate prices have continued to be relatively stable, albeit at lower levels compared with prior year; and our dynamic pricing in customer contracts continues to mitigate the impact. A shortage of capacity for our residues, including at incinerators for burnable waste, has increased some disposal costs in the first half. Action is being taken to address this issue going forward.

The Hazardous Waste and Monostreams Divisions have performed in line with management expectations, with the exception of two Dutch glass reprocessing sites which have seen operational challenges and weak powder markets.

The Municipal Division has performed ahead of expectations in both UK and Canada. The previously announced profitable sale of our EBG facility in Cumbernauld and the on schedule exit from the Dumfries and Galloway PFI operating contract demonstrate ongoing effective management of the UK portfolio.

Our integration activities remain on track and on budget. Activities have been focused on merging IT platforms and operational processes ahead of route optimisation and planned site rationalisation synergies in the second half.

#### **ATM update**

As previously reported, Dutch regulators have temporarily suspended permits for the use of thermally treated soil. We are confident our treated soil meets the required specification and that our operations are amongst the best in the industry. We have also maintained a strong order book with customers ready to take our soil product as soon as regulatory approval is restored. Our constructive discussions with the regulators are ongoing and a further update will be provided at our interim results.

ATM’s prospects are positive given the demand for secondary products and the Dutch government’s objective to increase the use of recycled construction materials. During the period Renewi has made good progress with trials of an innovative new soil treatment process which will create secondary products for

cement, concrete and asphalt production. This new market would open up a potential new revenue stream during the next financial year and reduce ATM's reliance on the current outlet types.

### **Growth drivers**

Renewi is positioned as a market leader in the Benelux at a time when government policy and business strategies are focused on increasing recycling and the use of secondary materials. For example, the Dutch government has just announced a 140% increase in domestic incineration tax from 1 January 2019 in order to promote and incentivise further recycling activities. The Board is confident that Renewi remains uniquely well placed to serve these structural growth markets and to provide profitable solutions to current and future customers.

Following the successful initial phases of our merger integration and the implementation of common systems, we are now assessing the potential for securing additional synergies above the committed annual €40M target in the period post FY20. This assessment will be in conjunction with identifying areas of Renewi where additional growth and attractive returns can be delivered. We also continue to review our portfolio of assets and businesses actively, with a view to enhancing overall returns and growth, and an update on this will be provided at the interim results.

### **Cash and borrowings**

Group net debt is in line with management expectations. Working capital and capital expenditure have been better than planned and cash flow also benefited from the profitable sale of our EBG joint venture in August 2018.

### **Outlook**

Assuming ATM resumes full soil production by the end of October 2018, the Board expects Renewi to deliver full year results in line with its expectations.

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## About Renewi plc

Renewi, created in 2017 by the merger of Shanks Group plc and Van Gansewinkel Groep B.V., is a leading waste-to-product business ideally positioned to be part of the solution to some of the main environmental problems facing society today: reducing waste, avoiding pollution, and preventing the unnecessary use of finite natural resources.

We are listed on the London Stock Exchange and have over 8,000 employees across nine countries in Europe and North America, we have deep expertise and an extensive breadth of waste management products and services.

For us, waste is a state of mind, an opportunity. When we take away someone's waste, we then give it new life. We transform a wide range of used materials into useful products and raw materials for our customers, like recycled paper, metal, plastic and glass, woodchips, compost, energy, fuel, and other products.

In the process we protect the world from contamination, preserve finite natural resources, and enable customers to meet their sustainability goals. With our deep international expertise we also provide our customers with an extensive product range, combined with local service and attention.

Above all, our team is committed and passionate about our mission: waste no more. Renewi operates across five divisions:

- Netherlands Commercial – Collecting, sorting, treating and recycling commercial and household waste in the Netherlands
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- Hazardous Waste – Treating soil, water and packed chemical waste at our flagship ATM facility and conducting specialist industrial cleaning in the Netherlands
- Monostreams – Managing a range of waste streams which focus on specific end markets such as glass, electronic goods, organics and minerals in Europe
- Municipal – Operating long-term waste management contracts with local authorities in the UK and Canada

For more information, please visit: [www.renewiplc.com](http://www.renewiplc.com)

Images are available to download at: [www.renewiplc.com/imagelibrary](http://www.renewiplc.com/imagelibrary)

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