

This announcement contains inside information



26 March 2020

Renewi plc

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

Trading update and Coronavirus

The Company announces its trading update for the year ending 31 March 2020 prior to announcing its full year results on 4 June 2020. The Company is also providing its current view of the Covid-19 (coronavirus) situation.

Trading update

The Board remains confident that Renewi will deliver full year results in line with its expectations. The Commercial Division has traded broadly as expected with other divisions in line or ahead of expectations.

ATM is making encouraging progress and expects to increase production progressively during the next financial year. We have developed our capacity to produce building materials (gravel, sand, filler) made from thermally treated soil (TGG) and have produced 175KT this year. Following the December 2019 reopening of the traditional market for TGG, we are working with local authorities for site specific permits. We have started to ship 150-200KT of TGG to the first project, freeing up space to increase production. We are pursuing further opportunities both domestic and international.

Year-end core net debt, excluding IFRS16 liabilities, is expected to be below €500m and the leverage ratio to be around 3.0x. We have debt facilities of €695m and a leverage covenant of 3.5x until 2022. We have increased cash liquidity to €100m and therefore the remaining undrawn facilities total €95m. Our next debt maturity of €100m is in 2022.

Coronavirus

The health and wellbeing of our people is our key priority. We have initiated a full range of measures based on national government advice to mitigate the impact of coronavirus on our people, customers and operations.

- Relevant national governments have introduced significant measures to reduce the spread of coronavirus and to support companies affected. They have defined waste management as an essential service, which helps us to maintain a full service. Significant additional government measures such as wage and VAT tax payment deferrals as well as additional support to maintain employment levels are being put in place which will have a material positive impact in offsetting the impact of reduced volumes.
- We are tracking incoming volumes and other leading indicators daily. Volumes have only just begun to reduce and so there is expected to be little impact on our March results.
- We do expect a negative impact next year: the extent will depend on the duration and severity of the measures.
- We have prepared cost reduction and cash preservation plans for progressive implementation. These include reductions in discretionary expenditure and capital expenditure, placing employees on temporary leave using schemes available in the Netherlands and Belgium, and not paying a final dividend for the current year.

- These initial actions are expected to save over €40m during the next financial year.
- Further information will be provided with our full year results on 4 June 2020, two weeks later than previously scheduled.

Outlook

We are monitoring the potential impact of coronavirus on the Group. We expect a negative impact in the next financial year on waste volumes in the Benelux, but it is too early to assess the potential operational and financial consequences.

Faced with coronavirus uncertainties and a potential resultant slowdown in the macro economy for the medium term, the Board is adopting a prudent approach to planning and investment. Long-term fundamental market drivers remain positive. We see increasing opportunities to expand margins through further diversion away from incineration and through the manufacture and sale of high-quality secondary materials. We expect a sustained recovery at ATM. The Board is confident that the Renewi 2.0 programme will deliver further profit improvement over the next three years.

Year end items

On 6 February 2020 the European Commission ("EC") announced its decision to initiate a formal investigation in which it alleges that the Walloon Region of Belgium provided state aid to Renewi in relation to the Cetem landfill. An adverse judgement would require the Walloon Region to seek repayment from Renewi and we will support their vigorous defence of the EC case. Judgement typically takes three years followed by appeal and any subsequent contested claim against Renewi. Therefore, any future cash liability is distant however we now provide €15m against this risk.

Renewi will be undertaking its triennial review of discount rates for use in calculating very long-term liabilities for landfill liabilities and onerous contracts. Long term interest rates, which are the basis for calculating discount rates, have fallen during the last three years and we are therefore likely to reduce our discount rates by 100 to 150 basis points. This is expected to increase our long-term provisions by c€17m. These provisions are settled over up to sixty years.

Both items will be recorded as non-trading items in the accounts for the current year ending 31 March 2020.

Simplified organisation structure and reallocation of central costs

We aim to simplify our strategy, portfolio, organisation and processes. From 1 April 2020, we will reduce the number of divisions from five to four. Monostreams will be no more, its businesses reallocated as follows:

- Orgaworld will become part of Commercial Waste Netherlands where it will be merged with Semler, to create a vertically integrated Renewi Organics business.
- Mineralz will be merged with ATM to create a new Mineralz and Water Division. Mineralz has been producing building materials from bottom ashes for many years and has synergies and expertise to share with ATM as it converts from TGG to building materials manufacture.
- Coolrec and Maltha will join with Municipal to create the Specialities Division. All three units are focusing on business transformation and continuous improvement to deliver enhanced performance.

To provide a clearer picture of divisional margins, we will increase the allocation of central costs that directly support the businesses. These include IT, product sales, SHEQ, and HR. Around €10m will remain as Group central costs.

Financial schedules showing the historic impact of these changes for each of the past two financial years will be available on the Group's website shortly (www.renewi.com).

Capital Markets Webcast

With the markets understandably focused overwhelmingly on coronavirus and the shorter term, we have decided to postpone our capital markets webcast, scheduled for 31 March 2020. Further information on the recovery at ATM, Renewi 2.0 and our strategy for long term growth will be given with our results on 4 June 2020.

For further information:

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About Renewi

Renewi is a leading waste to product company that gives new life to used materials every day. We have around 7,000 employees working at 174 operating sites across Europe. Our extensive operational network means we are always close to our customers.

For Renewi, waste is a state of mind, and an opportunity. Our many years of knowledge and experience, combined with a broad range of services, allow us to offer sustainable, practical recycling solutions. We use innovation and the latest technology to turn waste into useful materials such as paper, metal, plastic, glass, wood, building materials, compost and energy. In other words, we turn today's waste into tomorrow's raw materials.

The result of our work is less waste and contamination, a smarter use of scarce raw materials, and a reduction in carbon emissions. This means that we are contributing towards a cleaner, circular world in which we "waste no more".

Visit our website for more information: www.renewiplc.com.

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