This announcement contains inside information

10 November 2020

Renewi plc

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

Resilient first half trading and positive outlook

Renewi plc (LSE: RWI), the leading international waste-to-product business, announces its interim results for the six months ended 30 September 2020 ("H1").

Summary

- Resilient financial and operational performance through Covid-19
- Q2 volumes in Netherlands and Belgium Commercial recovered well to 97% and 91% of prior year volumes respectively
- Revenue and underlying EBITDA from ongoing businesses down 3%[1]
- Underlying EBIT from ongoing businesses down 25% to €28.3m[1]
- Total exceptional items reduced by 86% to €8.1m
- Statutory profit of €3.5m up €38.9m from the prior year
- Cost savings of €10m in H1 and expect to exceed the €15m target for the full year. Cash savings expect to exceed the target of €60m for the full year
- Free cash flow up 89% to €97.8m, aided by significant government tax deferrals
- Core net debt* reduced to €381m from €457m at March 2020, representing net debt to EBITDA of 2.69x
- Liquidity remains strong at €325m (March 2020: €252m)

Drivers for sustained future earnings growth remain strong

- ATM earnings recovery on track
- Renewi 2.0 programme progressing well
- Innovation pipeline progressing, especially with bio-LNG, construction materials and RetourMatras
- Continuing supportive regulation and increasing market demand for circular solutions
- Full year outlook: the Board now anticipates a performance materially ahead of previous expectations

[1]*Numbers quoted on an ongoing business basis (excluding our Reym and Canadian businesses which were disposed of in the prior year) and are stated on a consistent IFRS 16 basis*
**Core net debt, which is used for banking leverage calculations, excludes the impact of IFRS 16 lease liabilities and net debt relating to the UK PPP contracts*

Commenting on the results, Otto de Bont, Chief Executive Officer, said:
"We delivered a resilient performance in the first half, materially ahead of our Covid-19 adjusted expectations, thanks to the determined efforts of our people. We delivered seamless service to our customers and communities, introducing important innovations in products, services and operational measures to keep our people safe. Strong actions on cost and cash resulted in positive cash flows and a reduction in both net debt and leverage. I would like to thank our 6,800 employees for their ongoing commitment and flexibility to support our customers and continually make more from waste in these challenging times.

"The Board remains cautious about the macroeconomic outlook, in particular any potential future slowdown in the later-cycle Dutch construction market. Whilst further lockdown measures to contain Covid-

19 have recently been reintroduced in the Benelux and could persist during the rest of the second half, our resilient trading in the first half, which included a period of extensive lockdown measures in the first quarter, allows us to anticipate a full year performance which is materially ahead of our previous expectations.

"Longer term, whilst the speed and extent of economic recovery will influence our performance, waste volumes have historically been resilient through cycles and the transition to increased recycling will continue to support our business model. The sustainability agenda and the potential for a "green recovery" supported by the EU and national governments are expected to present attractive opportunities for Renewi to convert waste into a wider range of high-quality secondary materials. We remain confident that our three strategic growth initiatives – recovery of earnings at ATM, the Renewi 2.0 programme and our innovation pipeline – will deliver significant additional earnings over the next three years and beyond."

Financial Highlights

	Sep 2020	Sep 2019	% change
UNDERLYING NON STATUTORY			
Revenue[1] ongoing businesses	€821.4m	€850.7m	-3%
Underlying EBITDA[1] ongoing businesses	€88.5m	€91.2m	-3%
Underlying EBIT[1] ongoing businesses	€28.3m	€37.8m	-25%
Underlying profit before tax[1] ongoing businesses	€15.3m	€20.2m	-24%
Underlying EPS[1] ongoing businesses (cents per share)	1.5c	1.9c	-21%
Free cash flow[1]	€97.8m	€51.8m	+89%
Core net debt*	€381m	€514m	
STATUTORY			
Revenue from continuing operations	€821.4m	€915.7m	
Operating profit from continuing operations	€17.0m	€1.0m	
Profit/(loss) before tax from continuing operations	€4.4m	€(17.8)m	
Loss from discontinued operations	-	€(16.6)m	
Basic EPS from continuing operations (cents)	0.5c	(2.4)c	
Cash flow from operating activities	€133.9m	€85.4m	

[1]The definition and rationale for the use of non-IFRS measures are included in note 18. Ongoing businesses as presented for the prior year 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 as set out on page 4. The Canada Municipal segment met the definition of a discontinued operation and is recorded as such.
** Core net debt, which is used for banking leverage calculations, excludes the impact of IFRS 16 lease liabilities and net debt relating to the UK PPP contracts.*

The results for both this year and the prior year comparative period are reported applying IFRS 16. Where appropriate, we also disclose certain metrics on an IAS 17 basis as this is relevant particularly for the calculation of leverage with regard to banking covenants.

Notes:

1. Management will be holding a virtual analyst presentation at 09:30 GMT today, 10 November
2. To watch and listen, join the webcast through the following link:
   https://channel.royalcast.com/renewi/#!/renewi/20201110_1
3. A copy of this announcement is available on the Company's website, (www.renewiplc.com). A copy of the presentation being made today and an on-demand webcast will also be available.

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

GROUP RESULTS

Total Operations	Revenue			Underlying EBIT		
	Sep 20 €m	Sep 19 €m	Variance %	Sep 20 €m	Sep 19 €m	Variance %
Commercial Waste	595.0	630.8	-6%	29.4	40.7	-28%
Mineralz & Water	90.4	74.6	21%	2.3	2.5	-8%
Specialities	149.4	159.1	-6%	-	(0.2)	N/A
Group central services	-	-		(3.4)	(5.2)	35%
Inter-segment revenue	(13.4)	(13.8)		-	-	
Ongoing Businesses	**821.4**	**850.7**	**-3%**	**28.3**	**37.8**	**-25%**
Reym	-	65.0		-	10.0	
Continuing Operations	**821.4**	**915.7**	**-10%**	**28.3**	**47.8**	**-41%**
Discontinued Operations	-	10.8		-	3.1	
Total	**821.4**	**926.5**	**-11%**	**28.3**	**50.9**	**-44%**

Renewi made two strategic disposals in the prior year, generating €107m gross cash proceeds. The table above includes the contribution that they made in the first half of last year prior to their disposal: discontinued operations include the results of the Canada Municipal segment, which was sold on 30 September 2019, and Reym is shown separately and was sold on 31 October 2019. Renewi subsequently changed the divisional and reporting structure from 1 April 2020 and the prior year comparatives for the ongoing businesses have been restated. The underlying figures above are reconciled to statutory measures in note 3 in the consolidated interim financial statements. These results hereafter report on ongoing businesses as we believe that this gives a clearer comparator unless otherwise stated.

Stronger than expected volumes and effective cost action enabled Renewi to materially outperform its Covid-19 adjusted expectations in the first half. Group revenue from ongoing businesses fell by just 3% to €821.4m, with growth in the Mineralz & Water Division partially offsetting a fall in Commercial and Specialities Divisions. Underlying EBITDA fell by 3% to €88.5m and underlying EBIT fell by 25% to €28.3m. Non-trading and exceptional items after tax in the first half were reduced by 86% to €8.1m (2019: €60.2m), resulting in a statutory profit after tax of €3.5m (2019: loss of €35.4m).

The Group delivered an 89% increase in free cash inflow to €97.8m (2019: €51.8m). Working capital inflow was €58.8m, reflecting €54.1m of government tax deferrals in the period and no adverse movement in days sales outstanding in the first half. The total taxation deferral of €60.1m principally relates to the Netherlands and is now expected to be repaid in 36 equal monthly instalments from July 2021 onwards. Cash outflow on onerous Municipal contracts was reduced to €8.2m from €21.2m, as anticipated. Replacement capital expenditure was well controlled at €23.7m (2019: €29.2m) and the Group is on track to deliver the committed €60m of cash savings for the full year as set out later in this review. The Group generated net core cash of €87.6m during the period.

Core net debt, excluding IFRS 16 lease liabilities, was reduced to €381m, representing a net debt to EBITDA ratio of 2.69x (September 2019: 2.88x), well within the Group's temporarily amended covenant of 5.5x. IFRS 16 increases the lease liabilities by €210m in addition to this. There are no facility or bond redemptions until mid-2022.

The Board will not be declaring an interim dividend, taking into account the ongoing uncertainty around Covid-19 and a primary focus on further leverage reduction.

Commercial Division

	Sep 20 €m	Sep 19 €m	Variance %
Netherlands Commercial	396.8	408.5	-3%
Belgium Commercial	198.5	222.9	-11%
Intra-segment revenue	(0.3)	(0.6)	
Total revenue	595.0	630.8	-6%
Netherlands Commercial	50.3	52.3	-4%
Belgium Commercial	22.6	28.2	-20%
Total underlying EBITDA	72.9	80.5	-9%
Netherlands Commercial	21.1	26.1	-19%
Belgium Commercial	8.3	14.6	-43%
Total underlying EBIT	29.4	40.7	-28%
Netherlands Commercial	5.3%	6.4%	
Belgium Commercial	4.2%	6.6%	
Total underlying EBIT margin	4.9%	6.5%	
Netherlands Commercial	12.0%	14.7%	
Belgium Commercial	21.3%	29.8%	
Total return on operating assets	14.1%	18.2%	

Following the change in the composition of the reporting segments from 1 April 2020, Netherlands Commercial now includes Orgaworld, previously in Monostreams, and includes a proportion of group central costs. All prior year comparatives have been restated. The return on operating assets for Belgium excludes all landfill related provisions.

Our Commercial Waste division is the market leader in the Benelux, collecting and processing waste into product from almost every sector of the economy. It has therefore been inevitable that the measures taken by governments to manage Covid-19, especially in the first quarter, had a negative impact on volumes.

In the Netherlands, volumes recovered from 94% of prior year in the first quarter to 97% in the second quarter, with strong construction and bulky waste activity offsetting weakness in commercial roller bin collection, especially in Covid-affected sectors such as hospitality. Revenues were down 3% to €397m. Recyclate income fell 20%, with prices weak compared to prior year, although not as weak as expected. This was offset by price increases successfully implemented on 1 January 2020 and by our dynamic pricing which passes much of the impact of weak recyclate prices on to the waste producing customer. EBITDA only reduced by 4% to €50.3m, although EBIT was 19% lower at €21.1m, with a 110 bps fall in EBIT margin to 5.3%. Return on operating assets remained accretive at 12.0% despite the weak markets.

In Belgium, government measures to manage Covid-19 were significantly more stringent than in the Netherlands and accordingly volume falls during lockdown were greater. Volumes fell to 76% of prior year in the first quarter, recovering to 91% in the second quarter. Two processing lines in Belgium are being permanently closed in order to manage the reduced activity as part of the structural cost programme described in detail below. Revenues fell by 11% to €198m, EBITDA fell by 20% to €22.6m and EBIT by 43% to €8.3m. Margins fell to 4.2% but return on operating assets remained accretive at 21.3%.

Mineralz & Water Division

	Sep 20 €m	Sep 19 €m	Variance %
Revenue	90.4	74.6	21%
Underlying EBITDA	10.0	8.1	23%
Underlying EBIT	2.3	2.5	-8%
Underlying EBIT margin	2.5%	3.4%	
Return on operating assets	11.7%	20.4%	

Following the change in the composition of the reporting segments from 1 April 2020, this Division includes the previous Hazardous Waste division and Mineralz previously in Monostreams and includes a proportion of group central costs. All prior year comparatives have been restated. The return on operating assets excludes all landfill related provisions.

Mineralz & Water Division is a new division comprising ATM, the hazardous waste treatment facility, and the Mineralz business from our former Monostreams Division which has facilities treating contaminated soils and bottom ashes as well as three landfill sites. At ATM, soil volumes processed on the TRI line increased by 43% to around 30% of capacity and the volume of new construction products sold also increased by 46% at better prices and for lower processing costs per tonne. Water volumes fell by 10% with Covid-19 and low oil prices reducing customer activity. Pyro volumes also fell 5%, with the impact fully offset by higher pricing. At Mineralz the first quarter saw lower volumes at the Braine and Zweekhorst landfills offset by a strong recovery in the second quarter. Revenues increased by 21% to €90.4m. Underlying EBITDA increased by 23% to €10.0m, while underlying EBIT fell by 8% to €2.3m, primarily reflecting increased depreciation at the new Maasvlakte extension.

Specialities Division

	Sep 20 €m	Sep 19 €m	Variance %
Revenue	149.4	159.1	-6%
Underlying EBITDA	4.5	4.4	2%
Underlying EBIT	-	(0.2)	N/A
Underlying EBIT margin	0.0%	-0.1%	
Return on operating assets	1.8%	0.7%	

Following the change in the composition of the reporting segments from 1 April 2020, this Division includes the previous UK Municipal business together with Coolrec and Maltha previously in Monostreams and includes a proportion of group central costs. All prior year comparatives have been restated. Underlying EBIT includes utilisation of €6.1m (2019: €5.9m) from onerous contract provisions. Return on operating assets excludes the UK Municipal business.

Specialities Division is a new division comprising the Municipal PPP contracts in the UK alongside our Coolrec and Maltha businesses. Specialities was significantly impacted in the first quarter with severe disruption to input volumes at Coolrec and output volumes at Maltha and the volume impact of restrictions for HWRCs in the UK. The Division recovered well in the second quarter, with volumes picking up especially strongly in Coolrec. Revenues fell by 6% to €149.4m, while EBITDA increased by 2% to €4.5m and EBIT by €0.2m to break even. Cash spend through the Municipal onerous contracts reduced by 61% from €21.2m to €8.2m, reflecting the cash impact of the exit from the Derby PPP contract last year.

Operational and financial actions to manage Covid-19

As previously reported, our response to Covid-19 focused on maintaining operations and keeping people safe, alongside actions to cut cost, preserve cash and to ensure significant liquidity and covenant headroom.

Thanks to the agility and the determination of our 6,500 people, we have been able to maintain full-service capability across the Group. PPE, including new safety vests and face masks, along with hygiene and social distancing measures have helped to protect the operational workforce as they collect and process the waste. Office workers have been able to transition to working from home with minimal impact on productivity. Wide-ranging training, activities and programmes have focused on protecting mental health as well as physical well-being. We were able to contribute at the height of the first wave to an innovative recycling scheme to recycle used face masks and return them to front line health workers. Our Ecosmart business has now installed over 1,000 Qubic hand sanitising stations to offices in the Netherlands.

Actions across the Group have delivered cost savings of €10m in the first half, on track to be ahead of our previously announced target for the year of €15m with a full year expectation of greater than €18m, comprising €9m from operational cost savings, €8m from staffing cost savings, and €1m from announced structural actions. These have included both operational cost savings, such as route optimisation, reduced maintenance spend, and lower discretionary costs, as well as staffing cost savings, which have included reduction in temporary staff, overtime, hiring freezes, and reductions in Board and executive salaries and incentives.

More structural reductions are also being put in place as part of a specific programme to address Covid-19 volume drops and a potential subsequent recession, including the permanent closure of two lines at Ghent and Houthalen. Depending upon future volumes, further lines and sites may also be closed, reducing our cost base as we enter FY22. The cost of this programme of structural action is being taken to exceptional items and is reported on in the Finance Review below.

Additional strong action has also been taken on cash. Capex was €22m lower than originally expected, and net replacement capital expenditure was restricted to €23.7m, 19% below last year. Other cash spend on Municipal contracts, growth capital projects and restructuring was significantly reduced compared to the prior year. The outlook for the full year cash savings has increased by over 10% to €67m. In addition there has been €60m of cash savings from tax deferrals.

Cost & cash savings	**FY21 Target**	**FY21 H1**	**FY21 Outlook**	**Full Year FY21**
- *Operational costs*	*€8m*	*€6m*	*€9m*	*e.g. route optimisation, reduced maintenance, discretionary costs*
- *Staffing costs*	*€7m*	*€4m*	*€8m*	*e.g. reduced temps, overtime and hiring freezes, executive compensation*
- *Structural costs*	-	-	*€1m*	*e.g. closure of Ghent and Houthalen lines with more under review*
Total Costs	**€15m**	**€10m**	**>€18m**	**Expect full year c20% ahead**
Capex	€35m	€22m	€35m	On track
Dividend	€10m	€10m	€14m	Final FY20 & €4m FY21 Interim
Total Cash	**€60m**	**€42m**	**>€67m**	**Expect full year >10% ahead**

STRATEGIC PROGRESS

End markets positive

The long-term outlook for our core markets and activities remains positive. The EU and national governments continue to progress their circular and low-carbon agendas with a clear focus to "build back better" with a green recovery. Examples of this ongoing supportive progress include consultation in the Netherlands regarding the phased implementation of CO_2 taxes on major carbon emitters, driving the low carbon economy and the associated need for secondary raw materials. These are expected to start from 2021 with a significant impact growing from 2023 towards a peak in 2030. In Belgium, the Flemish government is intending to introduce the next phase of its key recycling legislation, Vlarema 8, from 2023. Vlarema 8 will further require waste producers to sort their waste streams more extensively themselves or to ensure that their waste is collected by a processor who can do it on their behalf. This is expected to drive increased demand for sorting capacity in Flanders. European ambition for the circular economy, including high recycling targets and mandatory recycled content in plastic goods, will further increase pressure for high quality recycling, enhanced by further regulation on exports of plastic by OECD countries and the increasing unwillingness of export markets to take plastic waste. Recycling companies are considered key partners to allow governments to achieve the objectives of the Circular Economy Action Plan.

Strategy and value drivers

Renewi outlined its new strategy with its full year results in June 2020, with three key value drivers to deliver additional earnings of up to €60m in the coming three to five years: our market facing strategy, including our circular innovations pipeline; the recovery of full throughput of our thermal soil line at ATM; and our Renewi 2.0 programme to digitise and simplify our core processes.

The recovery of up to €20m of lost earnings at ATM is on track in the first year of a three-year recovery plan. This is dependent upon reopening the thermally cleaned soil market (TGG), increasing capacity, certification and sales for our new construction materials and refilling the inbound contaminated soil project pipeline. An initial shipment of TGG was completed in May and further outlets of up to 1MT are in late stage discussions with the relevant authorities, some of which are expected to become available in the second half. New silos and other storage equipment to enable the separation of cleaned soil into construction materials, like sand, gravel and filler, are being installed and will be commissioned on time in the fourth quarter. The order book for contaminated soil is building steadily but projects may be subject to delay as a result of Covid-19.

Our Renewi 2.0 programme has also made positive progress during the first half. Secured savings are slightly ahead of plan at €2.5m, despite some elements of the programme deliberately being delayed due to Covid-19. Initial modules of two projects namely the MyRenewi customer interface and the digital procure-to-pay system are expected to go live in the second half.

The market facing strategy focuses on three main objectives:

- increasing diversion from incineration and landfill to recycling from 65% to 75%. This not only meets an important sustainability need, it also offers increased margin potential for Renewi;
- increasing the quality of the products we make, to add additional value for our product customers and higher margins for Renewi; and
- selectively increasing volumes through increasing market share organically and inorganically, addressing new waste streams and through medium-term geographic expansion.

In order to address these market opportunities, we have put in place an innovation process and have a range of innovation opportunities for Renewi to invest in over the coming five years.

Good progress in first half

Good progress has been made with the innovation pipeline, focused on high quality secondary materials for the growing circular economy.

Project	Partner	Opportunity	Status
Sand, gravel & filler at ATM for construction materials	Stand-alone	€€€€€	Initial capacity installation underway, to complete in the second half.
Expansion in bio-gas production	Stand-alone	€	Permits received and ground broken.
Expansion of mattress recycling	IKEA	€€€	Third facility commissioned on schedule and fourth facility in planning.
Upgraded feedstock for chemical recycling of plastics	SABIC	€€ - €€€€€	No material progress. Chemical recycling remains highly promising potential market.
Transition bio-gas from electricity to bio-LNG	SHELL	€€	Agreements signed with Shell and Nordsol. Permits received and due to break ground this month (November).
Upgraded wood flake supply for low-carbon steel	ARCELOR-MITTAL	€€ - €€€€	€75m EU loan awarded to Arcelor-Mittal. Commercial and technical discussions underway.
Cellulose from diapers and incontinence products	FMCG major	€ - €€€	Technical feasibility trials encouraging. Engineering feasibility and commercial discussions ongoing.
Next generation bottom ash conversion to construction materials	Energy-from-waste major	€€€	Engineering feasibility continues with waste-to-energy partner.
Polyurethane recycling	Chemicals major	€ - €€€	Development project to purify polyurethane from mattresses. Also now a separate development project to purify polyurethane from white goods.

Delivering our sustainability objectives

In June we launched our new sustainability strategy, centred around three themes: Enable the circular economy; Reduce carbon emissions and waste; and Care for people.

We are pleased to report good progress in all three themes.

Sustainability theme	Measure	Progress
Enable the circular economy	Recycling and recovery rate	+0.6pp to 65.3%
	Carbon avoidance	to 3.3MT or 261kg pT
Reduce carbon emissions and waste	Reduced emission trucks	+112 trucks / +4pp to 53%
	Carbon impact of operations	New solar & wind power
Care for people	>3 day accident rate	-73 to 1,431

Sustainability highlights

- We have built and commissioned a third facility in our RetourMatras joint venture with IKEA, taking recycling capacity in the Netherlands up to 1 million mattresses per annum.
- Our first fully electric waste collection truck is now operational in Amsterdam and we are shortly to start trials with Volvo's first electric waste truck. In addition, we are now trialling two compressed natural gas trucks in Groningen.

- Our partner Purified Metals Company has started commissioning of their innovative facility to recycle up to 25KT of contaminated steel per annum. Commercial shipments are expected to begin in November 2020.
- We have installed three further solar panel roofs in the Benelux, adding to the 13 sites that have solar panel roofs already and collectively generating 2000 MWh annually.
- We have secured a permit for a wind turbine at Ghent, which is expected to generate between 3MW to 6MW and detailed engineering is now underway.
- Although our safety rate (> 3 day accident rate) has improved to 1,431, serious incidents remain too common across our business and we aim to accelerate progress.

Reinstated remuneration schemes

As previously announced, the Board and Executive Directors took a voluntary 20% reduction in income during the first quarter and the Executive Committee took a 10% reduction. Bonus payments relating to the prior year were also made in shares, saving around €1.5m in cash. At the same time, we announced that the annual bonus scheme for FY21 would be suspended until further notice. The remuneration committee has, following consultation with advisers as to good practice, now put in place a reduced revised scheme for FY21.

OUTLOOK

The Board remains cautious about the macroeconomic outlook, in particular any potential future slowdown in the later-cycle Dutch construction market. Whilst further lockdown measures to contain Covid-19 have recently been reintroduced in the Benelux and could persist during the rest of the second half, our resilient trading in the first half, which included a period of extensive lockdown measures in the first quarter, allows us to anticipate a full year performance which is materially ahead of our previous expectations.

Longer term, whilst the speed and extent of economic recovery will influence our performance, waste volumes have historically been resilient through cycles and the transition to increased recycling will continue to support our business model. The sustainability agenda and the potential for a “green recovery” supported by the EU and national governments are expected to present attractive opportunities for Renewi to convert waste into a wider range of high-quality secondary materials. We remain confident that our three strategic growth initiatives – recovery of earnings at ATM, the Renewi 2.0 programme and our innovation pipeline – will deliver significant additional earnings over the next three years and beyond.

FINANCE REVIEW

As reported above, we are presenting our underlying performance of ongoing businesses using comparatives that exclude the prior year contributions of Reym, which was reported in continuing business until its disposal on 31 October 2019, and our Canadian business which was accounted for as a discontinued business until its disposal on 30 September 2019.

Financial Performance	Sep 20 €m	Sep 19 €m
Continuing operations		
Revenue	821.4	915.7
Underlying EBITDA	88.5	101.2
Underlying EBIT	28.3	47.8
Underlying profit before tax	15.3	29.8
Non-trading & exceptional items	(10.9)	(47.6)
Profit (loss) before tax	4.4	(17.8)
Total tax charge for the period	(0.9)	(1.0)
Profit (loss) for the period from continuing operations	3.5	(18.8)
Loss for the period from discontinued operations	-	(16.6)
Total operations: profit (loss) for the period	3.5	(35.4)

Performance in the first six months ending 30 September 2020 was materially ahead of our initial Covid-19 expectations, with a strong recovery in the second quarter as the lockdowns eased in all territories. Revenue and underlying EBITDA for the ongoing businesses fell by 3% and underlying EBIT fell by 25% to €28.3m. EBITDA add backs increased by €6.8m, primarily driven by depreciation on IFRS 16 truck investments and the new Maasvlakte extension. A lower level of interest and exceptional charges in the current period has resulted in a profit before tax of €4.4m compared to a loss of €17.8m in the prior year.

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. Total non-trading and exceptional items were reduced by 84% to €10.9m (2019: €47.6m plus €18.9m from discontinued operations), of which €4.5m relates to non-cash asset impairments and amortisation. We have two ongoing programmes to deliver value to Renewi, the costs of which are accounted for as exceptional due to their size and nature. These are the Renewi 2.0 programme, as launched with our year end results in June 2020, and the other is a cost action programme to reduce capacity.

As previously announced, the Renewi 2.0 programme 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. This includes around €4m of IT integration costs carried over from the original integration programme and now merged with the digitisation plans of Renewi 2.0. Secured benefits of €2.5m are slightly ahead of plan, while costs relating to Renewi 2.0 were €3.6m in the period, in line with expectations.

As reported earlier in the Group Results section, we are taking structural cost action to reduce capacity in the light of Covid-19 and ongoing lower economic activity. €2.8m of cash costs and €3.2m of asset impairments have been reflected following the decision to close two processing lines in Belgium. We anticipate further actions will be taken in the second half, depending on forecast volumes. While not yet fully quantified, the cash cost is likely to be less than €5m.

Further details are provided in note 5 to the consolidated interim financial statements.

Operating profit from continuing operations, after taking account of all non-trading and exceptional items, was €17.0m (2019: €1.0m).

Net finance costs

Net finance costs from continuing operations, excluding exceptional items, decreased by €4.2m to €13.5m (2019: €17.7m). The key drivers relate to changes to the Group borrowings which benefit from lower debt following the €107m gross disposal proceeds received in September and October 2019, a lower rate secured by new cross currency swaps, and the impact of the 123 bps lower coupon on the retail bonds taken out in July 2019 compared to the previous bonds. The reduction in rates for discount unwind of provisions as reflected in March has resulted in the charge for the current period being €0.6m lower than last year. Adjusting for the disposal of Reym, lease interest costs have increased by €0.5m from the same period last year as a result of new IFRS 16 lease contracts entered into. Further details are provided in note 6 to the consolidated interim financial statements.

Taxation

Total taxation for the year on continuing operations was a charge of €0.9m (2019: €1.0m). The effective tax rate on underlying profits from continuing operations at 24.5% was unchanged from the prior year. A tax credit of €2.8m is attributable to the non-trading and exceptional items of €10.9m as the majority of these are taxable.

The Group statutory profit after tax, including all discontinued and exceptional items, was €3.5m (2019: €35.4m loss).

Earnings per share (EPS)

Underlying EPS from ongoing businesses, excluding non-trading and exceptional items, was 1.5 cents per share, a decrease of 21% on a like for like basis. Basic EPS from continuing operations was 0.5 cents per share compared to a loss of 2.4 cents per share in the prior year.

Dividend

As announced previously, and taking into account the ongoing uncertainty around Covid-19, the Board has decided not to pay an interim dividend for the period to September.

CASH FLOW PERFORMANCE

The cash performance table is derived from the statutory cash flow statement and reconciliations are included in note 18 in the consolidated interim financial statements.

	Sep 20 €m	Sep 19 €m
EBITDA	88.5	104.3
Working capital movement	58.8	22.9
Movement in provisions and other	-	(3.3)
Net replacement capital expenditure	(23.7)	(29.2)
Interest, loan fees and tax	(17.6)	(21.7)
Underlying free cash flow	**106.0**	**73.0**
UK Municipal contracts	(8.2)	(21.2)
Free cash flow	**97.8**	**51.8**
Growth capital expenditure	(3.3)	(10.5)
Synergy, integration & restructuring spend	(5.6)	(13.1)
Other	(1.3)	(6.0)
Disposals net of acquisitions	-	51.1
Dividends paid	-	(4.4)
Net core cash flow	**87.6**	**68.9**
Net debt disposed/acquired	-	2.3
Replacement capital expenditure - new IFRS 16 leases	(24.7)	(21.2)
Total	**62.9**	**50.0**
Opening net debt excluding UK PPP net debt	(659.9)	(552.0)
Loan fee amortisation	(0.5)	(0.1)
IFRS 16 transition adjustment	-	(177.3)
Net debt movement excluding UK PPP net debt	62.9	50.0
Exchange	6.3	0.7
Closing net debt excluding UK PPP net debt	**(591.2)**	**(678.7)**
Free cash flow conversion	**346%**	**102%**

The numbers for the prior period include both continuing and discontinued operations.
Free cash flow conversion is free cash flow as a percentage of underlying EBIT.

Free cash flow was strong at €97.8m, an increase of €46m from the prior period boosted by a strong working capital performance. Working capital was an inflow of €58.8m benefitting from the Covid-19 tax deferrals, which increased from €6m at March to €60.1m at September. Customer collections have remained strong in the first six months despite Covid-19, with minimal impact on days sales outstanding. We continue to expect a deterioration in this area in the second half if governmental support starts to fall away.

Replacement capital spend, excluding new IFRS 16 leases, was well controlled at €23.7m (2019: €29.2m) as capital spend was restricted given the pandemic. In addition, €24.7m of new leases have been entered into, principally relating to the continuation of the truck replacement programme. Total replacement capital spend of €48.4m represents c.80% of depreciation. The growth capital spend includes the new silos and infrastructure for construction materials at ATM and final payments relating to the expansion of the Maasvlakte landfill site.

In line with expectations, spend on UK Municipal contracts at €8.2m was significantly lower than in prior periods. Synergy, integration and restructuring spend of €5.6m related to the Renewi 2.0 programme together with carry forward costs from the original integration programme. Other cash flows include €1.7m funding for the closed UK defined benefit pension scheme.

Net cash generated from operating activities increased from €81.2m in the prior period to €129.4m in the current year. A reconciliation to the underlying cash flow performance as referred to above is included in note 18 in the consolidated interim financial statements.

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 previously announced the total capital spend for FY21 was lowered as a result of the pandemic and remains at c.€75m. This spend will include the new infrastructure for the construction materials at ATM which is well underway in the first half 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, ongoing businesses only) decreased from 19.0% at 31 March 2020 to 17.0% at 30 September 2020. The Group post-tax return on capital employed was 5.3% (31 March 2020 ongoing businesses only: 6.0%).

TREASURY AND CASH MANAGEMENT

Core net debt and leverage ratios

Core net debt excludes IFRS 16 lease liabilities and the net debt relating to the UK PPP contracts which is non-recourse to the Group and secured over the assets of the special purpose vehicles. Core net debt was better than management expectations at €381.1m (31 March 2020: €457.2m) with working capital and capital expenditure well controlled and the benefit of Covid-19 related tax deferrals principally in the Netherlands. Net debt to EBITDA was 2.69x, comfortably within our amended covenant limit for the period of 5.5x. Adjusting for the Covid-19 tax deferral of €60.1m would result in an adjusted net debt to EBITDA ratio of 3.10x; these deferrals are now expected to be repaid in 36 monthly instalments from July 2021 onwards. In May 2020 we secured a new structure of higher covenant test levels to ensure solvency through the Covid-19 crisis. Leverage covenant peaks at 6.0x for March 2021, falling back to 3.5x in September 2021. Liquidity was also very strong with cash balances of €136m and total liquidity, including undrawn facilities, of €325m.

Debt structure and strategy

Borrowings, excluding 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	306.1	May 2023/2024
Green EUPP	25.0	December 2023/2025
	506.1	
Historic IAS 17 finance leases and other	15.6	
Loan fees	(4.3)	
Cash and Money market funds	(136.3)	
Core net debt (as per covenant definitions)	381.1	
IFRS 16 lease liabilities	210.1	
Net debt excluding UK PPP net debt (note 11)	591.2	

All of our core borrowings of bonds and loans are green financed. The main facility has been hedged with five cross currency swaps totalling €237.0m at fixed Euro interest rates of between 1.27% and 1.41% which expire between July 2022 and December 2022. As at 30 September 2020, 86% of our core debt was fixed or hedged.

The introduction of IFRS 16 on 1 April 2019 brought additional lease liabilities onto the balance sheet with an associated increase in assets. Covenants on our main bank facilities remain on a frozen GAAP basis.

The Group operates a committed invoice discounting programme. The cash received for invoices sold at 30 September 2020 was €74.7m (March 2020: €88.0m).

Debt borrowed in the special purpose vehicles (SPVs) created for the financing of UK 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 30 September 2020 this debt amounted to €84.2m (31 March 2020: €90.0m).

PROVISIONS AND CONTINGENT LIABILITIES

Around 85% of the Group's provisions are long-term in nature, with the onerous contract provisions against the PPP contracts being utilised over 20 years and landfill provisions for many decades longer. The provisions balance classified as due within one year amounts to €45m, including €7m for restructuring, €21m for Municipal onerous contracts and €6m for landfill related spend.

Details of contingent liabilities are set out in note 16 of the financial statements and the Group does not expect any of these to crystallise in the coming year.

Retirement benefits

The Group has 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 from 1 December 2019. At 30 September 2020, the scheme had moved back to a deficit of €0.8m from a surplus of €16.0m at 31 March 2020. The move in the period was due to a significant decrease in the discount rate assumption from March together with an increase in inflation which was only partially offset by an increase in asset returns.

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 30 September 2020, unchanged from March.

PRINCIPAL RISKS AND UNCERTAINTIES

Renewi operates a risk management framework to identify, assess and control the most serious risks facing the Group. The 2020 Annual Report (pages 80 to 83) provides a discussion of the Group's principal risks and uncertainties. The Board believes that the key risks and associated mitigation strategies have not changed in the period.

The principal risk event that Renewi, like all companies, has been addressing is the short and longer term impact of Covid-19. The health and wellbeing of our people is our key priority. We have put in place a full range of measures to mitigate the impact of Covid-19 on our people, customers and operations. These are aligned with guidance given by national governments. To date we have seen low levels of infection in the workforce, an ongoing ability to serve customers, and an effective transition of office-based workers to work from home with high productivity and appropriate support for their well-being.

To address the economic impacts of Covid-19, we have implemented effective cost reduction measures and plans to preserve cash. The ongoing risk factors related to the pandemic are being monitored and are included in our key strategic risks. They are primarily related to: health and safety; product pricing, demand and quality; residue pricing and capacity; labour availability; input volumes; and cyber threat.

GOING CONCERN

The Directors have adopted the going concern basis in preparing these consolidated interim financial statements after assessing the Group's principal risks including the risks arising from the Covid-19 pandemic. Further details of the modelling and scenarios prepared are set out in note 2 of the financial statements. Having considered all the elements of the financial projections, sensitivities and mitigating actions, the Directors confirm they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and to meet its covenants.

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES

The Directors confirm that these condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting as adopted by the European Union, and that the interim management report includes a fair review of the information required by DTR 4.2.7 R and DTR 4.2.8 R, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last Annual Report.

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

By order of the Board

O de Bont
Chief Executive Officer
9 November 2020

T Woolrych
Chief Financial Officer
9 November 2020

Consolidated Interim Income Statement (unaudited)

First half ended 30 September 2020

	Note	**First half 2020/21** Underlying €m	Non-trading & exceptional items €m	Total €m	First half 2019/20 Underlying €m	Non-trading & exceptional items €m	Total €m
CONTINUING OPERATIONS							
Revenue	3,4	**821.4**	**-**	**821.4**	915.7	-	915.7
Cost of sales	5	**(687.1)**	**(7.7)**	**(694.8)**	(756.2)	(9.7)	(765.9)
Gross profit (loss)		**134.3**	**(7.7)**	**126.6**	159.5	(9.7)	149.8
Administrative expenses	5	**(106.0)**	**(3.6)**	**(109.6)**	(111.7)	(37.1)	(148.8)
Operating profit (loss)	3	**28.3**	**(11.3)**	**17.0**	47.8	(46.8)	1.0
Finance income	5,6	**5.6**	**0.4**	**6.0**	4.9	0.2	5.1
Finance charges	5,6	**(19.1)**	**-**	**(19.1)**	(22.6)	(1.0)	(23.6)
Share of results from associates and joint ventures		**0.5**	**-**	**0.5**	(0.3)	-	(0.3)
Profit (loss) before taxation	3	**15.3**	**(10.9)**	**4.4**	29.8	(47.6)	(17.8)
Taxation	5,7	**(3.7)**	**2.8**	**(0.9)**	(7.3)	6.3	(1.0)
Profit (loss) for the period from continuing operations		**11.6**	**(8.1)**	**3.5**	22.5	(41.3)	(18.8)
DISCONTINUED OPERATIONS							
Profit (loss) for the period from discontinued operations	15	**-**	**-**	**-**	2.3	(18.9)	(16.6)
Profit (loss) for the period		**11.6**	**(8.1)**	**3.5**	24.8	(60.2)	(35.4)
Attributable to:							
Owners of the parent		**11.9**	**(8.1)**	**3.8**	24.7	(60.3)	(35.6)
Non-controlling interests		**(0.3)**	**-**	**(0.3)**	0.1	0.1	0.2
		11.6	**(8.1)**	**3.5**	24.8	(60.2)	(35.4)
Basic earnings (loss) per share attributable to owners of the parent (cent per share)							
Continuing operations	9	**1.5**	**(1.0)**	**0.5**	2.8	(5.2)	(2.4)
Discontinued operations	9	**-**	**-**	**-**	0.3	(2.4)	(2.1)
		1.5	**(1.0)**	**0.5**	3.1	(7.6)	(4.5)
Diluted earnings (loss) per share attributable to owners of the parent (cent per share)							
Continuing operations	9	**1.5**	**(1.0)**	**0.5**	2.8	(5.2)	(2.4)
Discontinued operations	9	**-**	**-**	**-**	0.3	(2.4)	(2.1)
		1.5	**(1.0)**	**0.5**	3.1	(7.6)	(4.5)

Consolidated Interim Statement of Comprehensive Income (unaudited)

First half ended 30 September 2020

	First half 2020/21 €m	First half 2019/20 €m
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign subsidiaries	**1.8**	5.1
Fair value movement on cash flow hedges	**2.0**	(5.3)
Deferred tax on fair value movement on cash flow hedges	**(0.6)**	1.1
Share of other comprehensive income of investments accounted for using the equity method	**0.1**	-
Net other comprehensive income to be reclassified to profit and loss in subsequent periods	**3.3**	0.9
Items that will not be reclassified to profit or loss in subsequent periods:		
Actuarial (loss) gain on defined benefit pension schemes	**(18.4)**	5.0
Deferred tax on actuarial (loss) gain on defined benefit pension schemes	**3.5**	(0.8)
Net other comprehensive (loss) income not being reclassified to profit and loss in subsequent periods	**(14.9)**	4.2
Other comprehensive (loss) income for the period, net of tax	**(11.6)**	5.1
Profit (loss) for the period	**3.5**	(35.4)
Total comprehensive loss for the period	**(8.1)**	(30.3)
Attributable to:		
Owners of the parent	**(7.8)**	(29.9)
Non-controlling interests	**(0.3)**	(0.4)
	(8.1)	(30.3)
Total comprehensive loss attributable to owners of the parent arising from:		
Continuing operations	**(7.8)**	(13.3)
Discontinued operations	**-**	(16.6)
	(7.8)	(29.9)

Consolidated Interim Balance Sheet (unaudited)

As at 30 September 2020

	Note	**30 September 2020 €m**	30 September 2019 €m	31 March 2020 €m
Assets				
Non-current assets				
Goodwill and intangible assets	10	**609.6**	602.1	610.1
Property, plant and equipment	10	**562.1**	580.3	584.0
Right-of-use assets	10	**211.8**	181.9	206.9
Investments		**14.8**	17.1	15.6
Financial assets relating to PPP contracts		**135.7**	143.5	141.8
Derivative financial instruments	14	**-**	0.3	2.1
Defined benefit pension scheme surplus	13	**-**	5.1	16.0
Trade and other receivables		**2.5**	3.4	3.1
Deferred tax assets		**39.7**	37.9	37.2
		1,576.2	1,571.6	1,616.8
Current assets				
Inventories		**20.6**	25.0	20.7
Investments	14	**8.5**	9.2	8.1
Loans to associates and joint ventures		**0.9**	0.9	0.9
Financial assets relating to PPP contracts		**6.2**	5.7	6.0
Trade and other receivables		**250.4**	270.2	272.4
Derivative financial instruments	14	**-**	0.2	-
Current tax receivable		**-**	-	0.7
Cash and cash equivalents		**136.3**	107.9	194.5
		422.9	419.1	503.3
Assets of disposal groups classified as held for sale	15	**-**	101.4	-
		422.9	520.5	503.3
Total assets		**1,999.1**	2,092.1	2,120.1
Liabilities				
Non-current liabilities				
Borrowings - PPP non-recourse net debt	11	**(81.7)**	(87.1)	(87.2)
Borrowings - Other	11	**(687.0)**	(750.7)	(816.1)
Derivative financial instruments	14	**(35.5)**	(32.7)	(32.4)
Other non-current liabilities		**(60.9)**	(6.8)	(7.1)
Defined benefit pension schemes deficit	13	**(8.3)**	(10.1)	(7.5)
Provisions	12	**(238.9)**	(211.9)	(252.4)
Deferred tax liabilities		**(44.4)**	(52.8)	(46.9)
		(1,156.7)	(1,152.1)	(1,249.6)
Current liabilities				
Borrowings - PPP non-recourse net debt	11	**(2.5)**	(2.2)	(2.8)
Borrowings - Other	11	**(40.5)**	(35.9)	(38.3)
Derivative financial instruments	14	**(3.2)**	(4.3)	(5.6)
Trade and other payables		**(509.7)**	(512.4)	(534.3)
Current tax payable		**(14.5)**	(15.0)	(16.5)
Provisions	12	**(45.3)**	(35.6)	(37.7)
		(615.7)	(605.4)	(635.2)
Liabilities of disposal groups classified as held for sale	15	**-**	(55.4)	-
		(615.7)	(660.8)	(635.2)
Total liabilities		**(1,772.4)**	(1,812.9)	(1,884.8)
Net assets		**226.7**	279.2	235.3
Issued capital and reserves attributable to the owners of the parent				
Share capital		**99.5**	99.5	99.5
Share premium		**473.6**	473.6	473.6
Exchange reserve		**(9.9)**	(12.9)	(11.6)
Retained earnings		**(337.6)**	(282.4)	(327.6)
		225.6	277.8	233.9
Non-controlling interests		**1.1**	1.4	1.4
Total equity		**226.7**	279.2	235.3

Consolidated Interim Statement of Changes in Equity (unaudited)

First half ended 30 September 2020

	Share capital €m	Share premium €m	Exchange reserve €m	Retained earnings €m	Non-controlling interests €m	Total equity €m
Balance at 1 April 2020	**99.5**	**473.6**	**(11.6)**	**(327.6)**	**1.4**	**235.3**
Profit (loss) for the period	**-**	**-**	**-**	**3.8**	**(0.3)**	**3.5**
Other comprehensive income (loss):						
Exchange gain on translation of foreign subsidiaries	**-**	**-**	**1.7**	**-**	**0.1**	**1.8**
Fair value movement on cash flow hedges	**-**	**-**	**-**	**2.1**	**(0.1)**	**2.0**
Actuarial loss on defined benefit pension schemes	**-**	**-**	**-**	**(18.4)**	**-**	**(18.4)**
Tax in respect of other comprehensive income items	**-**	**-**	**-**	**2.9**	**-**	**2.9**
Share of other comprehensive income of investments accounted for using the equity method	**-**	**-**	**-**	**0.1**	**-**	**0.1**
Total comprehensive income (loss) for the period	**-**	**-**	**1.7**	**(9.5)**	**(0.3)**	**(8.1)**
Share-based compensation	**-**	**-**	**-**	**0.7**	**-**	**0.7**
Own shares purchased by the Employee Share Trust	**-**	**-**	**-**	**(1.2)**	**-**	**(1.2)**
Balance as at 30 September 2020	**99.5**	**473.6**	**(9.9)**	**(337.6)**	**1.1**	**226.7**
Balance at 31 March 2019	99.5	473.6	(17.9)	(236.7)	1.0	319.5
Change in accounting policy (IFRS 16 transition)	-	-	-	(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 31 March 2019	99.5	473.6	(17.9)	(236.7)	1.0	319.5
Change in accounting policy (IFRS 16 transition)	-	-	-	(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 period	-	-	-	(35.6)	0.2	(35.4)
Other comprehensive income (loss):						
Exchange gain on translation of foreign subsidiaries	-	-	5.0	-	0.1	5.1
Fair value movement on cash flow hedges	-	-	-	(4.6)	(0.7)	(5.3)
Actuarial gain on defined benefit pension schemes	-	-	-	5.0	-	5.0
Tax in respect of other comprehensive income items	-	-	-	0.3	-	0.3
Total comprehensive income (loss) for the period	-	-	5.0	(34.9)	(0.4)	(30.3)
Share-based compensation	-	-	-	1.1	-	1.1
Non-controlling interest capital injection	-	-	-	-	0.8	0.8
Dividends paid	-	-	-	(4.4)	-	(4.4)
Balance as at 30 September 2019	99.5	473.6	(12.9)	(282.4)	1.4	279.2

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, excluding those disposed of, as well as from the translation of liabilities that hedge the Group's net investment in foreign operations.

Consolidated Interim Statement of Cash Flows (unaudited)

First half ended 30 September 2020

	First half 2020/21 €m	First half 2019/20 €m
Profit (loss) before tax	**4.4**	(17.8)
Finance income	**(6.0)**	(5.1)
Finance charges	**19.1**	23.6
Share of results from associates and joint ventures	**(0.5)**	0.3
Operating profit from continuing operations	**17.0**	1.0
Operating loss from discontinued operations	**-**	(15.8)
Amortisation and impairment of intangible assets	**5.0**	6.1
Depreciation and impairment of property, plant and equipment	**40.8**	37.7
Depreciation and impairment of right-of-use assets	**19.5**	14.1
Exceptional loss on disposal of subsidiaries/remeasurement of assets held for sale	**-**	53.2
Gain on disposal of property, plant and equipment	**(0.4)**	(2.0)
Net outflow in respect of PPP arrangements under the financial asset model	**-**	(0.1)
Net decrease in provisions	**(6.1)**	(21.1)
Payment related to committed funding of the defined benefit pension scheme	**(1.7)**	(1.7)
Share-based compensation	**0.7**	1.1
Operating cash flows before movement in working capital	**74.8**	72.5
Decrease in inventories	**-**	0.8
Decrease (increase) in receivables	**21.3**	(1.5)
Increase in payables	**37.8**	13.6
Cash flows from operating activities	**133.9**	85.4
Income tax paid	**(4.5)**	(4.2)
Net cash inflow from operating activities	**129.4**	81.2
Investing activities		
Purchases of intangible assets	**(4.5)**	(1.7)
Purchases of property, plant and equipment	**(24.6)**	(43.7)
Proceeds from disposals of property, plant and equipment	**2.1**	6.9
Acquisition of business assets	**-**	(2.6)
Proceeds from disposal of subsidiaries, net of cash disposed of and disposal costs paid	**-**	56.0
Purchase of associates and joint ventures	**-**	(1.7)
Net receipt of deferred consideration	**0.4**	0.2
Purchase of other short-term investments	**-**	(3.2)
Dividends received from associates and joint ventures	**1.1**	0.3
Outflows in respect of PPP arrangements under the financial asset model	**(0.7)**	(0.3)
Capital received in respect of PPP financial assets	**2.5**	2.3
Finance income	**4.8**	5.8
Net cash (outflow) inflow from investing activities	**(18.9)**	18.3
Financing activities		
Finance charges and loan fees paid	**(18.0)**	(23.2)
Investment in own shares by the Employee Share Trust	**(1.2)**	-
Capital injection from non-controlling interest	**-**	0.8
Dividends paid	**-**	(4.4)
Proceeds from retail bonds	**-**	75.0
Repayment of retail bonds	**-**	(100.0)
(Repayment) proceeds from bank borrowings	**(125.7)**	49.1
Repayment of PPP net debt	**(3.7)**	(3.6)
Repayment of obligations under lease liabilities	**(19.9)**	(17.7)
Net cash outflow from financing activities	**(168.5)**	(24.0)
Net (decrease) increase in cash and cash equivalents	**(58.0)**	75.5
Effect of foreign exchange rate changes	**(0.2)**	0.1
Cash and cash equivalents at the beginning of the period	**194.5**	50.4
Cash and cash equivalents at the end of the period*	**136.3**	126.0

*Cash and cash equivalents at 30 September 2019 represented €107.9m as shown on the balance sheet and €18.1m included in assets of disposal groups classified as held for sale as set out in note 15.

Notes to the Consolidated Financial Statements

1. General information

Renewi plc is a public limited company listed on the London Stock Exchange 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

This condensed set of consolidated interim financial statements for the six months ended 30 September 2020 has been prepared in accordance with the Disclosure and Transparency Rules of the United Kingdom Financial Conduct Authority and with IAS 34 Interim Financial Reporting as adopted by the European Union (EU). They should be read in conjunction with the 2020 Annual Report and Accounts, which have been prepared in accordance with International Financial Reporting Standards (IFRS) and related interpretations adopted by the EU and comply with Article 4 of the EU IAS Regulation and with those parts of the Companies Act 2006 applicable for companies reporting under IFRS. The 2020 Annual Report and Accounts are available from the Company's website www.renewiplc.com.

These primary statements and selected notes comprise the unaudited consolidated interim financial statements of the Group for the six months ended 30 September 2020 and 2019, together with the audited results for the year ended 31 March 2020. These interim financial results do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. The comparative figures as at 31 March 2020 have been extracted from the Group's statutory Annual Report and Accounts for that financial year, but do not constitute those accounts. Those statutory accounts for the year ended 31 March 2020 were approved by the Board of Directors on 4 June 2020 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498 of the Companies Act 2006.

The Board of Directors approved, on 9 November 2020, these consolidated interim financial statements which have been reviewed by BDO LLP but not been audited.

Going concern

The Directors have adopted the going concern basis in preparing these consolidated interim financial statements after assessing the Group's principal risks including the risks arising from the Covid-19 pandemic.

The Directors have carried out an assessment on the Group's ability to continue as a going concern. This assessment has involved the review of medium-term cash flow modelling over an 18 month period to 31 March 2022 which includes estimates of the impact of Covid-19 on the Group's operations together with other factors that may affect its performance and financial position. These factors include governments' categorisation of the activities of the Group as an essential service in all its key markets, actual trading performance in the period since the outbreak of Covid-19, expectations on the future economic environment, the impact of mitigating actions, available liquidity as well as other principal risks associated with the Group's ongoing operations.

The assessment has included a base case scenario setting out the Directors' current expectations of future trading and a plausible downside scenario applying mitigating actions where appropriate to assess the potential impact on the Group's future financial performance. The key judgement in both scenarios is the severity, extent and duration of the disruption caused by the Covid-19 pandemic.

In light of further restrictions now in place in the Benelux and the UK, the base case modelling includes a six week Covid-19 lockdown from November 2020 followed by ongoing weaker macro-economic conditions throughout the year ending March 2022. The downside scenario assumes an increased length and severity of second lockdown, further weakening of macro-economic conditions throughout the year ending March 2022, as well as other downside risks which are not linked to Covid-19. Appropriate cost and cash mitigating actions, such as deferral of capital expenditure, site rationalisations, reduction in indirect headcount and reduced discretionary spend, have been applied to generate a plausible and mitigated downside position. For the year ending March 2021 the downside scenario assumes a further month of decline in volumes of up to 25% over and above the base case together with other factors which reduces underlying EBIT by 20% prior to mitigations and 5% after mitigations. In the downside modelling for the year ending March 2022 it has been assumed that there will be an ongoing reduction in volumes due to the macro economic environment together with other factors with a deterioration on underlying EBIT of 36% which reduces to 19% after mitigations. In the base case and plausible downside scenarios the Group has sufficient liquidity and headroom in its existing facilities and no covenants are breached at any of the forecast testing dates.

In addition the downside case has been used to perform a reverse stress test to consider the point at which the covenants may be breached. This test indicates that only a significant reduction in volumes, beyond what is considered likely would be required in order to breach covenants. The mitigating actions noted above have been included in this reverse stress test. The likelihood of this scenario is considered to be remote.

Having considered all the elements of the financial projections, sensitivities and mitigating actions, the Directors confirm they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and to meet its covenants.

2. Basis of preparation – continued

Changes in presentation

The Group changed the composition of its reporting segments from 1 April 2020. This was announced on 26 March 2020 and detailed in the 2020 Annual Report and Accounts. The new structure is a logical step after recent disposals and the reorganisation simplifies the Group's strategy, portfolio, organisation and processes. The segmental information presented in this condensed set of consolidated interim financial statements reflects the information now provided to the chief operating decision maker in order to assess performance and to make decisions on allocating resources. The following changes have been made to the Group's segments as previously reported at 31 March 2020:

- The Commercial Waste reportable segment comprises Netherlands and Belgium Commercial Waste. The Netherlands Commercial Waste operating segment now includes the Orgaworld organic waste processing activities previously included within the Monostreams reportable segment. There is no change to Belgium Commercial Waste.
- The Mineralz & Water reportable segment comprises ATM previously included in the Hazardous Waste reportable segment and Mineralz previously included within the Monostreams reportable segment.
- The Specialities reportable segment comprises the Municipal, Maltha and Coolrec business lines. Maltha and Coolrec were previously included within the Monostreams reportable segment and Municipal was a separate reportable segment.
- The Group central services reportable segment is unchanged however all costs except those related to investors, the Board and strategy are now allocated to the divisions.

As required under IFRS 8 Operating Segments, the Group has restated the corresponding segment information for the prior period to enable comparison to the new structure.

Accounting policies

The results have been prepared applying the accounting policies that were used in the preparation of the 2020 Annual Report and Accounts except taxes on income in the interim periods are accrued using the estimated tax rate that is expected for the full financial year. 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 interim financial statements, there are no standards or interpretations not yet effective that would be expected to have a material impact on the Group and there were no new standards or interpretations which were early adopted by the Group.

Exchange Rates

The most significant foreign currency for the Group is Sterling with the closing rate on 30 September 2020 of €1:£0.907 (30 September 2019: €1:£0.885, 31 March 2020: €1:£0.884) and an average rate for the period ended 30 September 2020 of €1:£0.891 (30 September 2019: €1:£0.886).

Significant judgements and estimates

The preparation of consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported values of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated interim financial statements, the nature of the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were the same as those that were applied to the financial statements for the year ended 31 March 2020 and which are set out on pages 147 and 148 of the 2020 Annual Report and Accounts.

Impact of Covid-19
For the year ended 31 March 2020 management adjusted the future cash flows of cash generating units to reflect the expected impact of Covid-19 when undertaking impairment reviews and in assessing the recoverability of deferred tax assets. Overall trading in the first half has been materially ahead of these original Covid-19 adjusted expectations. The full impact of the global pandemic on medium and long term forecasts continues to be difficult to predict, however as the performance in the first half shows no adverse indicators to those year end estimates there has been no requirement to update goodwill impairment modelling. The pandemic is an inherently uncertain event and the Group continues to monitor the impact on the business.

As a result of Covid-19 the outstanding trade receivables have been reviewed on a detailed customer by customer basis taking into account the sector in which they operate, the available government support and the likelihood of default in order to assess the expected credit loss. The Group has taken advantage of Government support to delay the payment of VAT and payroll taxes in both the Netherlands and the UK.

2. Basis of preparation – continued

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 underlying 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:

Following the implementation of the new divisional structure on 1 April 2020 the Group's reportable segments are:

Commercial Waste	Collection and treatment of commercial waste in the Netherlands and Belgium.
Mineralz & Waste	Decontamination, stabilisation and re-use of highly contaminated materials to produce certified secondary products for the construction industry in the Netherlands and Belgium.
Specialities	Processing plants focusing on recycling and diverting specific waste streams. The operations are in the UK, the Netherlands, Belgium, France, Portugal and Hungary.
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.

The segmental information under the new structure at 30 September 2020 is set out below. The 2019/20 numbers are presented on a consistent basis with 2020/21 as explained in the changes in presentation section in note 2.

3. Segmental reporting - continued

Revenue	First half 2020/21 €m	First half 2019/20 €m
Netherlands Commercial Waste	**396.8**	408.5
Belgium Commercial Waste	**198.5**	222.9
Intra-segment	**(0.3)**	(0.6)
Commercial Waste	**595.0**	630.8
Mineralz & Water	**90.4**	74.6
Specialities	**149.4**	159.1
Inter-segment revenue	**(13.4)**	(13.8)
Revenue from ongoing businesses	**821.4**	850.7
Operations disposed of in the prior year	**-**	65.0
Revenue from continuing operations	**821.4**	915.7

Results	First half 2020/21 €m	First half 2019/20 €m
Netherlands Commercial Waste	**21.1**	26.1
Belgium Commercial Waste	**8.3**	14.6
Commercial Waste	**29.4**	40.7
Mineralz & Water	**2.3**	2.5
Specialities	**-**	(0.2)
Group central services	**(3.4)**	(5.2)
Underlying EBIT from ongoing businesses	**28.3**	37.8
Operations disposed of in the prior year	**-**	10.0
Underlying EBIT from continuing operations	**28.3**	47.8
Non-trading and exceptional items (note 5)	**(11.3)**	(46.8)
Operating profit from continuing operations	**17.0**	1.0
Finance income	**5.6**	4.9
Finance charges	**(19.1)**	(22.6)
Finance income – non trading and exceptional items	**0.4**	0.2
Finance charges – non trading and exceptional items	**-**	(1.0)
Share of results from associates and joint ventures	**0.5**	(0.3)
Profit (loss) before taxation and discontinued operations	**4.4**	(17.8)

Net assets	Commercial Waste €m	Mineralz & Water €m	Specialities €m	Group central services €m	Tax, net debt and derivatives €m	Total €m
30 September 2020						
Gross non-current assets	**1,029.9**	**251.7**	**228.2**	**26.7**	**39.7**	**1,576.2**
Gross current assets	**179.7**	**26.6**	**69.0**	**11.3**	**136.3**	**422.9**
Gross liabilities	**(387.6)**	**(207.0)**	**(180.4)**	**(88.1)**	**(909.3)**	**(1,772.4)**
Net assets (liabilities)	**822.0**	**71.3**	**116.8**	**(50.1)**	**(733.3)**	**226.7**
31 March 2020						
Gross non-current assets	1,040.6	252.3	243.4	41.2	39.3	1,616.8
Gross current assets	190.2	32.7	73.0	12.2	195.2	503.3
Gross liabilities	(379.8)	(209.4)	(191.7)	(58.1)	(1,045.8)	(1,884.8)
Net assets (liabilities)	851.0	75.6	124.7	(4.7)	(811.3)	235.3

4. Revenue

The following tables show the Group's continuing revenue by type of service delivered and by primary geographic markets. The 2019/20 numbers are presented on a consistent basis with 2020/21 as explained in the changes in presentation section in note 2:

By type of service	Commercial Waste €m	Mineralz & Water €m	Specialities €m	Inter-segment €m	**Sub total €m**	Prior period disposals €m	**Total €m**
30 September 2020							
Inbound	**510.1**	**73.0**	**104.2**	**(11.3)**	**676.0**	**-**	**676.0**
Outbound	**53.9**	**17.4**	**43.1**	**(1.2)**	**113.2**	**-**	**113.2**
On-Site	**18.2**	**-**	**-**	**(0.1)**	**18.1**	**-**	**18.1**
Other	**12.8**	**-**	**2.1**	**(0.8)**	**14.1**	**-**	**14.1**
Total revenue	**595.0**	**90.4**	**149.4**	**(13.4)**	**821.4**	**-**	**821.4**
30 September 2019*							
Inbound	526.9	63.2	94.2	(11.7)	672.6	6.3	678.9
Outbound	68.1	11.4	59.8	(1.2)	138.1	-	138.1
On-Site	19.5	-	-	(0.1)	19.4	58.7	78.1
Other	16.3	-	5.1	(0.8)	20.6	-	20.6
Total revenue	630.8	74.6	159.1	(13.8)	850.7	65.0	915.7

*The 2019 comparatives have been realigned for more consistent disclosure.

By geographic market	Commercial Waste €m	Mineralz & Water €m	Specialities €m	Inter-segment €m	**Sub total €m**	Prior period disposals €m	**Total €m**
30 September 2020							
Netherlands	**396.6**	**69.7**	**20.5**	**(12.7)**	**474.1**	**-**	**474.1**
Belgium	**198.4**	**20.7**	**13.0**	**(0.7)**	**231.4**	**-**	**231.4**
UK	**-**	**-**	**102.5**	**-**	**102.5**	**-**	**102.5**
France	**-**	**-**	**9.2**	**-**	**9.2**	**-**	**9.2**
Other	**-**	**-**	**4.2**	**-**	**4.2**	**-**	**4.2**
Total revenue	**595.0**	**90.4**	**149.4**	**(13.4)**	**821.4**	**-**	**821.4**
30 September 2019							
Netherlands	408.1	66.8	21.4	(12.8)	483.5	65.0	548.5
Belgium	222.7	7.8	25.2	(1.0)	254.7	-	254.7
UK	-	-	94.3	-	94.3	-	94.3
France	-	-	12.2	-	12.2	-	12.2
Other	-	-	6.0	-	6.0	-	6.0
Total revenue	630.8	74.6	159.1	(13.8)	850.7	65.0	915.7

Revenue recognised at a point in time amounted to €767.3m (2019/20: €802.1m) with the remainder recognised over time. The majority of the Commercial and Specialities revenue is recognised at a point in time, whereas for Mineralz & Water it 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.

	First half 2020/21 €m	First half 2019/20 €m
Renewi 2.0 improvement programme	**3.6**	-
Merger related costs	**-**	6.5
Portfolio management activity:		
Loss on remeasurement of assets held for sale	**-**	35.5
Prior year disposals	**-**	(2.2)
2017 merger related	**-**	(1.8)
	-	31.5
Other items:		
Restructuring charges - cash	**2.8**	1.0
Restructuring charges - non-cash	**3.2**	-
Provision against AEB incinerator receivable	**-**	3.0
ATM soil issues	**-**	1.5
	6.0	5.5
Ineffectiveness on cash flow hedges	**(0.4)**	0.8
Amortisation of acquisition intangibles	**1.7**	3.3
Non-trading and exceptional items in profit (loss) before tax (continuing operations)	**10.9**	47.6
Tax on non-trading and exceptional items	**(2.8)**	(3.8)
Exceptional tax credit	**-**	(2.5)
Non-trading and exceptional items in profit (loss) after tax (continuing operations)	**8.1**	41.3
Discontinued operations	**-**	18.9
Total non-trading and exceptional items in profit (loss) after tax	**8.1**	60.2

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

Renewi 2.0 improvement programme
Renewi 2.0 improvement programme is a new significant one-off project with expected capital and one-off costs of €40m over a three year period and as a result is considered to be exceptional. Following the transformational merger three years ago, the goal of the Renewi 2.0 improvement programme is to make the Group more streamlined and more efficient in order to improve customer experience and increase employee engagement. The programme also includes around €4m of IT integration costs carried over from the original integration programme and now merged with the Renewi 2.0 digitisation plans. This is the first year of the programme and the costs incurred of €3.6m are all recorded in administrative expenses.

Merger related costs
The prior year costs of €6.5m related to the merger of Shanks Group and Van Gansewinkel Groep (VGG) in 2017 and the associated synergy delivery projects. The total cost of €6.5m was recorded in administrative expenses.

Portfolio management activity
The prior year costs related to the Reym disposal, release of a warranty provision in relation to prior year disposals and a warranty settlement related to the 2017 merger. The total cost of €31.5m was recorded in administrative expenses.

Other items
The restructuring charges in the current period relate to a Covid-19 cost action programme started in the first half to address the challenges of the pandemic. These costs are considered to be exceptional due to the total expected cost of the programme and the one-off nature of the circumstances. The costs of €6.0m in the current year relate to the closure of two production lines at Ghent and Houthalen in the Belgium Commercial division including €3.2m of impairment of assets. The total cost was recorded in cost of sales.

In the prior year an impairment provision of €3.0m was reflected relating to the Amsterdam AEB incinerator unplanned shutdown which was reimbursed in full by March 2020. Following the reopening of the end market for ATM soil no further charges for logistics or storage are recorded as exceptional. The total charge of €5.5m was split €4.4m in cost of sales and €1.1m in administrative expenses.

5. Non-trading and exceptional items – continued

Items recorded in finance charges and finance income
The current period €0.4m credit for ineffectiveness on cash flow hedges is principally in relation to the cross-currency interest rate swaps. The prior year charge of €0.8m related 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 €1.7m (2019/20: €3.3m) is all recorded in cost of sales.

Exceptional tax credit
The prior year exceptional tax credit of €2.5m related to a release of provisions in relation to pre-merger tax issues in Belgium and the Netherlands.

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 and further details are set out in note 15. As a result of uncertainty of receipt, the contingent proceeds from this disposal will only be recognised once more certain.

6. Net finance charges

	First half 2020/21 €m	First half 2019/20 €m
Finance charges		
Interest payable on borrowings	**7.6**	9.9
Interest payable on PPP non-recourse net debt	**3.7**	3.9
Lease liabilities interest	**3.2**	3.1
Unwinding of discount on provisions (note 12)	**3.1**	3.7
Interest charge on the retirement benefit schemes	**-**	0.1
Amortisation of loan fees	**0.7**	0.7
Other finance costs	**0.8**	1.2
Total finance charges before non-trading and exceptional items	**19.1**	22.6
Finance income		
Interest receivable on financial assets relating to PPP contracts	**(4.5)**	(4.7)
Unwinding of discount on deferred consideration receivable	**(0.1)**	(0.1)
Interest income on the retirement benefit schemes	**(0.2)**	-
Other finance income	**(0.8)**	(0.1)
Total finance income before non-trading and exceptional items	**(5.6)**	(4.9)
Non-trading and exceptional items		
Ineffectiveness charge on cash flow hedges	**-**	1.0
Ineffectiveness credit on cash flow hedges	**(0.4)**	(0.2)
Non-trading and exceptional items	**(0.4)**	0.8
Net finance charges	**13.1**	18.5

7. Taxation

Tax expense is recognised based on management's best estimate of the full year effective tax rate on expected full year profits to March 2021. The estimated average underlying annual tax rate on continuing operations for the year to 31 March 2021 is 24.5% (2019/20: 24.5%).

In December 2019, the Dutch government enacted amendments to the Netherlands corporate income tax rate so that the rate remains at 25% for the period ending 31 March 2021 and then reduces to 21.7% for the period ending 31 March 2022 and subsequent periods. As a result, Netherlands deferred tax is calculated at the substantively enacted rates depending on when the timing differences are expected to reverse. Further tax changes were proposed by the Dutch government in the Budget announcement of 15 September 2020 including an amendment of the corporate income tax rate to 25% for the period ending 31 March 2022 and subsequent periods. However, these rates have not as yet been enacted so are not reflected in the deferred tax balances at 30 September 2020.

8. Dividends

The Directors have not recommended an interim dividend for the current year (2019: 0.45 pence per ordinary share). The Directors did not recommend a final dividend for the year ended March 2020 (2019: 0.5 pence per share).

9. Earnings per share

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.

Continuing operations	First half 2020/21			First half 2019/20		
	Basic	**Dilutions**	**Diluted**	Basic	Dilutions	Diluted
Weighted average number of shares (million)	**795.2**	**-**	**795.2**	794.6	0.9	795.5
Profit (loss) after tax (€m)	**3.5**	-	**3.5**	(18.8)	-	(18.8)
Non-controlling interests (€m)	**0.3**	-	**0.3**	(0.2)	-	(0.2)
Profit (loss) after tax attributable to ordinary shareholders (€m)	**3.8**	-	**3.8**	(19.0)	-	(19.0)
Basic earnings (loss) per share (cents)	**0.5**	-	**0.5**	(2.4)	-	(2.4)

The weighted average number of shares excludes ordinary shares held by the Employee Share Trust.

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

	First half 2020/21		First half 2019/20	
	Cents	**€m**	Cents	€m
Underlying earnings per share/Underlying profit after tax attributable to ordinary shareholders	**1.5**	**11.9**	2.8	22.4
Adjustments:				
Non-trading and exceptional items	**(1.4)**	**(10.9)**	(6.0)	(47.7)
Tax on non-trading and exceptional items	**0.4**	**2.8**	0.5	3.8
Exceptional tax	**-**	**-**	0.3	2.5
Basic earnings (loss) per share/Profit (loss) after tax attributable to ordinary shareholders	**0.5**	**3.8**	(2.4)	(19.0)
Diluted underlying earnings per share/Underlying profit after tax attributable to ordinary shareholders	**1.5**	**11.9**	2.8	22.4
Diluted basic earnings (loss) per share/Profit (loss) after tax attributable to ordinary shareholders	**0.5**	**3.8**	(2.4)	(19.0)

Discontinued operations	First half 2020/21		First half 2019/20	
	Cents	**€m**	Cents	€m
Underlying earnings per share/Underlying profit after tax attributable to ordinary shareholders	**-**	**-**	0.3	2.3
Basic loss per share/Loss after tax attributable to ordinary shareholders	**-**	**-**	(2.1)	(16.6)

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 31 March 2019	552.7	52.9	629.1	-	1,234.7
IFRS 16 transition accounting policy change	-	-	(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 charge	-	-	(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
Additions	-	4.5	20.5	24.7	49.7
Disposals	-	-	(1.6)	(0.1)	(1.7)
Amortisation and depreciation charge	-	(5.0)	(37.2)	(19.4)	(61.6)
Impairment charge	-	-	(3.6)	(0.1)	(3.7)
Exchange	-	-	-	(0.2)	(0.2)
Net book value at 30 September 2020	**561.1**	**48.5**	**562.1**	**211.8**	**1,383.5**

At 30 September 2020, the Group had property, plant and equipment commitments of €16.6m (2019/20: €11.5m), right-of-use asset commitments of €23.3m (2019/20: €25.1m) and intangible asset commitments of €2.4m (2019/20: €0.2m).

11. Borrowings

Borrowings are analysed as follows:

	As at 30 September 2020 €m	As at 30 September 2019 €m	As at 31 March 2020 €m
Non-current borrowings			
Retail bonds	**174.4**	174.2	174.3
European private placements	**24.6**	24.6	24.6
Term loans	**80.4**	137.5	81.5
Revolving credit facility	**222.4**	262.1	352.0
Lease liabilities	**183.3**	152.3	181.2
Other loans	**1.9**	-	2.5
Borrowings – Other	**687.0**	750.7	816.1
Borrowings – PPP non-recourse net debt	**81.7**	87.1	87.2
	768.7	837.8	903.3
Current borrowings			
Bank overdrafts	**0.7**	0.4	0.7
Lease liabilities	**38.6**	31.1	36.4
Other loans	**1.2**	4.4	1.2
Borrowings – Other	**40.5**	35.9	38.3
Borrowings – PPP non-recourse net debt	**2.5**	2.2	2.8
	43.0	38.1	41.1

11. Borrowings – continued

Movement in net debt

	As at 1 April 2020 €m	Cash flows €m	Other non-cash changes €m	Exchange movements €m	**As at 30 September 2020 €m**
Cash and cash equivalents*	194.5	(58.0)	-	(0.2)	**136.3**
Bank loans and overdrafts	(437.9)	125.7	(0.4)	6.0	**(306.6)**
European private placements	(24.6)	-	-	-	**(24.6)**
Retail bonds	(174.3)	-	(0.1)	-	**(174.4)**
Lease liabilities	(217.6)	19.9	(24.7)	0.5	**(221.9)**
	(659.9)	87.6	(25.2)	6.3	**(591.2)**
PPP non-recourse net debt	(90.0)	3.7	-	2.1	**(84.2)**
Total net debt	(749.9)	91.3	(25.2)	8.4	**(675.4)**

*Cash and cash equivalents include money market funds of €60.8m (1 April 2020: €100.0m).

Analysis of movement in total net debt

	First half 2020/21 €m	First half 2019/20 €m	Full year 2019/20 €m
Net (decrease) increase in cash and cash equivalents excluding cash sold or acquired relating to disposals and acquisitions	**(58.0)**	75.5	156.0
Cash sold as part of business disposals, net of cash acquired as part of acquisitions	**-**	(0.1)	(13.0)
Net (decrease) increase in cash and cash equivalents	**(58.0)**	75.4	143.0
Net decrease (increase) in borrowings and repayments under lease liabilities	**149.3**	(4.7)	(14.2)
Lease liabilities acquired as part of acquisitions	**-**	-	(13.7)
Capitalisation of loan fees	**0.2**	0.5	2.2
Total cash flows in net debt	**91.5**	71.2	117.3
Adjustment for change in accounting policy (IFRS 16 transition)	**-**	(155.4)	(155.4)
Leases liabilities entered into during the period	**(24.7)**	(20.9)	(61.8)
Amortisation of loan fees	**(0.7)**	(0.6)	(1.3)
Transferred to disposal groups classified as held for sale	**-**	(18.1)	-
Exchange gain (loss)	**8.4**	3.2	(1.3)
Movement in net debt	**74.5**	(120.6)	(102.5)
Total net debt at beginning of period	**(749.9)**	(647.4)	(647.4)
Total net debt at end of period	**(675.4)**	(768.0)	(749.9)

12. Provisions

	Site restoration and aftercare €m	Onerous contracts €m	Legal and warranty €m	Restructuring €m	Other €m	Total €m
At 31 March 2019	138.9	94.9	-	7.6	29.9	271.3
IFRS 16 transition accounting policy change	-	(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	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
Provided in the period	-	-	0.5	3.9	0.4	4.8
Released in the period	-	-	(0.1)	-	-	(0.1)
Finance charges - unwinding of discount	1.8	1.2	-	-	0.1	3.1
Utilised in the period	(1.5)	(7.2)	(0.3)	(1.6)	(0.6)	(11.2)
Exchange	(0.1)	(2.2)	(0.2)	-	-	(2.5)
At 30 September 2020	**153.0**	**81.5**	**25.1**	**6.6**	**18.0**	**284.2**
Current	**6.3**	**20.6**	**8.2**	**6.6**	**3.6**	**45.3**
Non-current	**146.7**	**60.9**	**16.9**	**-**	**14.4**	**238.9**
At 30 September 2020	**153.0**	**81.5**	**25.1**	**6.6**	**18.0**	**284.2**
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	5.5	16.1	-	2.7	11.3	35.6
Non-current	134.5	60.2	-	0.2	17.0	211.9
At 30 September 2019	140.0	76.3	-	2.9	28.3	247.5

Site restoration and aftercare
The site restoration provision at 30 September 2020 relates to the cost of final capping and covering of the landfill sites and mineral extractions sites. These site restoration costs are expected to be paid over a period of up to 31 years from the balance sheet date. Aftercare provisions cover post-closure costs of landfill sites which include such items as monitoring, gas and leachate management and licensing. The timing of payments for 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. All site restoration and aftercare costs have been estimated by management based on current best practice and may be impacted by a number of factors including changes in legislation and technology.

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.

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.

Restructuring
The restructuring provision primarily relates to redundancy and related costs incurred as a result of restructuring initiatives. As at 30 September 2020 the provision is expected to be spent in the following twelve months 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.

13. Retirement benefit schemes

The Group has the legacy Shanks UK defined benefit scheme which provides pension benefits for pensioners, deferred members and eligible UK employees which is closed to new entrants and from 1 December 2019 closed to future benefit accrual. A bulk pension increase exchange exercise and an at retirement pension increase exchange have recently been introduced.

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:

	First half 2020/21 €m	First half 2019/20 €m
Current service cost (credit)	**0.7**	(0.4)
Interest (income) expense on scheme net liabilities	**(0.2)**	0.1
Net retirement benefit charge (credit) before tax	**0.5**	(0.3)

The amounts recognised in the balance sheet were as follows:

	As at 30 September 2020 €m	As at 30 September 2019 €m	As at 31 March 2020 €m
Present value of funded obligations	**(292.2)**	(301.9)	(266.3)
Fair value of plan assets	**283.9**	296.9	274.8
Pension schemes (deficit) surplus	**(8.3)**	(5.0)	8.5
Related deferred tax	**1.8**	1.3	(1.4)
Net pension (deficit) surplus	**(6.5)**	(3.7)	7.1
Classified as:			
Defined benefit scheme surplus - included in non-current assets	**-**	5.1	16.0
Defined benefit pension schemes deficit - included in non-current liabilities	**(8.3)**	(10.1)	(7.5)
Pension schemes (deficit) surplus	**(8.3)**	(5.0)	8.5

The legacy Shanks UK defined benefit scheme reduced by €16.8m from an asset of €16.0m at 31 March 2020 to a deficit of €0.8m. This was due to a significant decrease in the discount rate assumption on scheme liabilities from 2.40% at 31 March 2020 to 1.65% at 30 September 2020 together with an increase in RPI inflation which was only partly off-set by an increase in asset returns. The overseas defined benefit schemes deficit remained unchanged at €7.5m.

14. 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 period or preceding periods there were no transfers between level 1 and level 2 fair value measurements and no transfers into or out of level 3.

14. Financial instruments at fair value - continued

Valuation techniques used to derive level 2 fair values are:

- Unlisted non-current investments comprise unconsolidated companies where the fair value approximates the book value
- Short term investment valuations are provided by the fund manager
- 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. 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.

	As at 30 September 2020		As at 30 September 2019		As at 31 March 2020	
	Level 1 €m	**Level 2 €m**	Level 1 €m	Level 2 €m	Level 1 €m	Level 2 €m
Assets						
Money market funds	**60.8**	**-**	-	-	100.0	-
Unlisted non-current investments	**-**	**4.7**	-	4.3	-	4.7
Short term investments	**-**	**8.5**	-	9.2	-	8.1
Derivative financial instruments	**-**	**-**	-	0.5	-	2.1
	60.8	**13.2**	-	14.0	100.0	14.9
Liabilities						
Derivative financial instruments	**-**	**38.7**	-	37.0	-	38.0
Retail bonds	**-**	**176.2**	-	180.2	-	174.7
	-	**214.9**	-	217.2	-	212.7

15. Assets classified as held for sale and discontinued operations

Assets classified as held for sale - Reym disposal

On 8 November 2018 the Group announced its intention to exit the Hazardous Waste Reym industrial cleaning business and the disposal completed on 31 October 2019.Therefore the assets and liabilities were presented as held for sale at 30 September 2019 with details as follows:

	September 2019 €m
Intangible assets	2.8
Right-of-use assets	18.2
Property, plant and equipment	35.8
Trade and other receivables	25.9
Inventories	0.6
Cash	18.1
Assets of disposal groups classified as held for sale	**101.4**
Trade and other payables	(29.7)
Provisions	(0.7)
Lease liabilities	(20.2)
Tax	(4.8)
Liabilities of disposal groups classified as held for sale	**(55.4)**
Net assets of disposal groups classified as held for sale	**46.0**

15. Assets classified as held for sale and discontinued operations - continued

Discontinued operations - Canada disposal

The Group disposed of Municipal Canada on 30 September 2019, the 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 were presented as discontinued operations in the Income Statement.

Income Statement in relation to the discontinued operations:

	First half 2020/21 €m	First half 2019/20 €m
Revenue	**-**	10.8
Cost of sales	**-**	(6.8)
Gross profit	**-**	4.0
Administrative expenses	**-**	(0.9)
Operating profit before non-trading and exceptional items	**-**	3.1
Non-trading and exceptional items	**-**	(18.9)
Operating loss	**-**	(15.8)
Finance income	**-**	0.6
Finance charges	**-**	(0.5)
Loss before tax on discontinued operations	**-**	(15.7)
Taxation	**-**	(0.9)
Loss after tax on discontinued operations	**-**	(16.6)

Cash flow information in relation to the discontinued operations:

	First half 2020/21 €m	First half 2019/20 €m
Net cash inflow from operating activities	**-**	38.6
Net cash outflow from investing activities	**-**	(3.7)
Net cash outflow from financing activities	**-**	(36.3)
Net movement in cash	**-**	(1.4)

16. 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 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. The Group 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.

17. Related party transactions

The Group's significant related parties remain as disclosed in note 8.2 of the 2020 Annual Report and Accounts. There were no material differences in related parties or related party transactions in the period compared to the prior year.

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 including determining executive compensation under incentive schemes. These alternative performance measures adopted by the Group are also commonly used in the sectors in which the Group operates. 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 and reconciliation of non-IFRS measures 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
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	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
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, IFRS 16 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 free cash flow, underlying free cash flow including spend on UK Municipal contracts, to underlying EBIT from continuing and discontinued operations	Provides an understanding of how our profits convert into cash
Net core cash flow	Cash flow from core net debt excluding loan fee amortisation, 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	Renewi 2.0, 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 and lease liabilities as a result of IFRS 16	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 IFRS 16 lease liabilities are excluded as financial covenants on the main bank facilities remain on a frozen GAAP basis
Net debt to EBITDA	Core net debt divided by an annualised underlying EBITDA with a net debt value based on the terminology of financing arrangements and translated at an average rate of exchange for the period.	Commonly used measure of financial leverage and consistent with covenant definition

Reconciliation of operating profit to underlying EBITDA

	First half 2020/21 €m	First half 2019/20 €m
Operating profit	**17.0**	1.0
Non-trading and exceptional items	**11.3**	46.8
Underlying EBIT from continuing operations	**28.3**	47.8
Depreciation and impairment of property, plant and equipment and right-of-use assets	**57.3**	51.3
Amortisation of intangible assets (excluding acquisition intangibles)	**3.3**	2.8
Non-exceptional gain on disposal of property, plant and equipment	**(0.4)**	(0.7)
Underlying EBITDA from continuing operations	**88.5**	101.2
Underlying EBITDA from discontinued operations	**-**	3.1
Total underlying EBITDA	**88.5**	104.3

Reconciliation of underlying free cash flow as presented in the first half 2020/21 Finance Review

	First half 2020/21 €m	First half 2019/20 €m
Net cash generated from operating activities	**129.4**	81.2
Exclude non-trading and exceptional provisions, working capital and restructuring spend	**11.8**	35.8
Exclude exceptional proceeds from disposal of property, plant and equipment	**-**	0.8
Exclude payments to fund UK defined benefit pension scheme	**1.7**	1.7
Exclude increase in Municipal Canada PPP financial asset	**-**	0.1
Include finance charges and loan fees paid (excluding exceptional finance charges)	**(18.0)**	(23.2)
Include finance income received	**4.8**	5.8
Include purchases of replacement items of intangible assets	**(4.5)**	(1.7)
Include purchases of replacement items of property, plant and equipment	**(21.3)**	(33.6)
Include proceeds from disposals of property, plant & equipment	**2.1**	6.1
Underlying free cash flow	**106.0**	73.0

The Group splits purchases of property, plant and equipment between replacement and growth as shown in the cash flow in the Finance Review. The first half 2020/21 replacement spend shown above totalling €25.8m (2019/20: €35.3m) (being €4.5m (2019/20: €1.7m) intangible assets and €21.3m (2019/20: €33.6m) property, plant and equipment) plus the growth capital expenditure of €3.3m (2019/20: €10.5m) as shown in the Finance Review less additions to IAS 17 finance leases of €nil (2019/20: €0.4m) reconciles to the purchases of property, plant and equipment and intangible assets cash outflow of €29.1m (2019/20: €45.4m) 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 first half 2020/21 Finance Review

	First half 2020/21 €m	First half 2019/20 €m
Net core cash flow	**87.6**	68.9
Movement in PPP non-recourse net debt	**5.8**	6.1
Capitalisation of loan fees net of amortisation	**(0.5)**	(0.1)
Exchange movements	**6.3**	0.7
Replacement capital expenditure – new IFRS 16 leases	**(24.7)**	(21.2)
Net debt disposed/acquired	**-**	4.4
IFRS 16 transition additions – excluding assets held for sale	**-**	(155.4)
IFRS 16 transition additions – assets held for sale	**-**	(21.9)
IFRS 16 leases sold as part of business disposal – assets held for sale	**-**	16.0
Cash transferred to assets of disposal groups classified as held for sale	**-**	(18.1)
Movement in total net debt (note 11)	**74.5**	(120.6)

Reconciliation of total net debt under covenant definition	**First half 2020/21 €m**	First half 2019/20 €m
Total net debt	**(675.4)**	(768.0)
Less PPP non-recourse net debt	**84.2**	89.3
Less IFRS 16 lease liabilities	**210.1**	164.8
Net debt under covenant definition	**(381.1)**	(513.9)

19. Events after the balance sheet date

On 12 October 2020 the Group acquired the remaining 25% holding in 3SE (Barnsley, Doncaster & Rotherham) Holdings Limited and this entity is now wholly owned by the Group.

Subsequent to the balance sheet date both Belgium and the UK are in national lockdown from early November and the Netherlands has tightened its partial lockdown measures. The Group has determined that this does not lead to any material changes in key estimates or judgements and the impact has been considered in the going concern assessment as further explained in note 2.

INDEPENDENT REVIEW REPORT TO RENEWI PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2020 which comprises Consolidated Interim Income Statement, Consolidated Interim Statement of Comprehensive Income, Consolidated Interim Balance Sheet, Consolidated Statement of Changes in Equity and Consolidated Interim Statement of Cash Flows.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of and has been approved by the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, ''Interim Financial Reporting'', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity'', issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of half-yearly financial reporting in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO LLP
Chartered Accountants
London, UK
9 November 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).