This announcement contains inside information.

7 November 2019

Renewi plc

Renewi plc (LSE: RWI), a leading international waste-to-product business, announces its interim results for the six months ended 30 September 2019.

First half trading in line with expectations and full year outlook unchanged

Business Highlights

- Solid first half trading in line with expectations
- Good performance in core Commercial Division, with revenue up 5% and underlying EBIT[1] up 13% on a like for like basis
- Good progress in Hazardous Waste Division as ATM scales up capacity for manufacture of new building materials and awaits final regulatory approval having successfully completed testing of thermally treated soil stocks
- Initial deleveraging actions delivered, with strategic disposals of Canada Municipal and Reym for aggregate cash proceeds of up to €118m
- Planning for next phase of business simplification and efficiency improvements, Renewi 2.0, well underway for implementation following successful delivery of €40m integration synergies by March 2020
- Executive Committee of Renewi strengthened with four key hires

Financial Summary

- Revenue from total operations up 3% to €926.5m[1]
- Underlying EBIT from total operations up 3% to €46.3m[1]
- Underlying profit before tax from total operations down 8% to €31.2m[1]
- Underlying EPS from total operations down 7% to 2.9 cents per share[1]
- Total exceptional items of €60m[1], of which 90% (€54m) relates to the strategic disposals mostly non-cash, resulting in a statutory loss of €35.4m for the period
- On a continuing operations reported basis, revenue up 3% to €916m, loss before tax of €18.8m (2018: €19.3m profit) and basic loss per share of 2.4 cents (2018: earnings 2.4 cents)
- Strong cash flow performance with underlying free cash flow conversion of 129%
- Core net debt* reduced to €514m, representing net debt to EBITDA of 2.88x against a covenant of 3.5x which has been extended to December 2021; IFRS 16 debt impact of €165m
- Interim dividend of 0.45p per share (2018: 0.95p), reflecting previously announced intention for a maintained total dividend of 1.45p for FY20

[1] *Numbers quoted on a total operations basis (including both continuing and discontinued operations) and are stated on an IAS 17 basis, excluding the positive impact of the implementation of IFRS 16 the new lease accounting standard to enable meaningful comparisons*
**Core net debt excludes the impact of IFRS 16 leases and net debt relating to the UK PFI/PPP contracts*

Commenting on the results, Otto de Bont, Chief Executive Officer, said:

"The Group traded well in the first six months. We delivered a good performance in our core Commercial Division and made good progress at ATM in both scaling up capacity for the manufacture of new building materials and in completing the testing for TGG, which now awaits regulatory approval. In addition, we have strengthened the Group's capital structure through the disposals of Canada Municipal and Reym.

"Looking forward, our outlook for the current year is unchanged. We remain focused on cash generation and driving down leverage over time, and we are increasingly confident that ATM will increase production in 2020. While the near-term macroeconomic environment has weakened, the growing circular economy is expected to generate significant opportunities for sustainable growth over the long term."

IFRS 16 is a new reporting standard that has had a material impact on our reported results and the application of the modified retrospective approach has meant that comparative information has not been restated. For the purpose of like for like comparatives, the 2019 results have also been presented in accordance with the previous leasing standard, IAS 17, and all variance analysis shown is on the IAS 17 basis.

	September 2019 (IFRS16 basis)	September 2019 (IAS17 basis)	September 2018 (IAS17 basis)	% change (IAS17 basis)
TOTAL OPERATIONS (including discontinued operations and assets held for sale)				
Revenue	**€926.5m**	**€926.5m**	**€900.4m**	**3%**
EBITDA+	**€104.3m**	**€88.4m**	**€92.6m**	**-5%**
Underlying EBIT+	**€50.9m**	**€46.3m**	**€44.8m**	**3%**
Underlying profit before tax+	**€33.0m**	**€31.2m**	**€33.9m**	**-8%**
Underlying EPS+(cents per share)	**3.1c**	**2.9c**	**3.1c**	**-7%**
Underlying free cash flow+	**€51.8m**	**€59.9m**	**€28.2m**	
Exceptional and non-trading items including tax	**€(60.2)m**	**€(60.2)m**	**€(4.9)m**	
Core net debt (excluding asset held for sale and IFRS 16)		**€514m**	**€496m**	
Core net debt to EBITDA		**2.88x**	**2.99x**	

STATUTORY				
Revenue from continuing operations	**€915.7m**		**€890.6m**	
Operating profit from continuing operations	**€1.0m**		**€32.7m**	
(Loss) profit before tax from continuing operations	**€(17.8)m**		**€21.8m**	
(Loss) profit from discontinued operations	**€(16.6)m**		**€1.2m**	
Basic (loss) earnings per share from continuing operations (cents)	**(2.4)c**		**2.4c**	
Cash flow from operating activities	**€85.4m**		**€68.0m**	
Interim Dividend (pence per share)	**0.45p**		**0.95p**	

+The definition and rationale for the use of non-IFRS measures are included in note 21. Total Operations as presented above include the financial results for the Canada Municipal business which was sold on 30 September 2019 and the Reym business which as a result of the sale process is presented as held for sale at 30 September as the criteria set out in IFRS 5 has been met. In addition, the Canada Municipal segment meets the definition of a discontinued operation and is recorded as such with a restatement of the prior year comparatives as appropriate.

Notes:

1. The interim dividend of 0.45 pence per share will be paid on 10 January 2020 to shareholders on the register at close of business on 29 November 2019.
2. Management will be holding an analyst presentation at 09:30 GMT today, 7 November in the Entrust Room on the fifth floor at etc Venues, Bishopsgate Court, 4-12 Norton Folgate, London E1 6DQ.
3. Webcast details for the presentation at 09:30 GMT.
   - Webcast: www.renewiplc.com
   - Telephone conference:

     Participant dial-in numbers
     Belgium (Local): 078 48 16 83
     Netherlands (Local): 085 888 7233
     United Kingdom (Local): 020 3936 2999
     All other locations: +44 20 3936 2999
     Participant Access Code: 215081

4. A copy of this announcement is available on the Company's website, (www.renewiplc.com). A copy of the presentation being made today to financial institutions will also be available.

For further information contact:

Renewi plc

Otto de Bont – Chief Executive Officer +44 (0)1908 650580
Toby Woolrych – Chief Financial Officer

FTI Consulting

Richard Mountain/ Susanne Yule +44 (0)20 3727 1340

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.

INTRODUCTION

The first half saw solid trading across the Group, with further growth in our core Commercial Division and good progress towards resuming increased production at ATM. We have also made significant progress during the period with our planned actions to reduce the Group's core net debt and leverage ratio with the completion of two strategic disposals.

GROUP RESULTS

IFRS 16 is a new reporting standard that has had a material impact on our reported results and the application of the modified retrospective approach has meant that comparative information has not been restated. For the purpose of like for like comparatives, the 2019 results have also been presented in accordance with the previous leasing standard, IAS 17, and all variance analysis shown is on the IAS 17 basis.

Total Operations	Revenue			Underlying EBIT			
	Six months ended			Six months ended			
	Sep 19 €m	Sep 18 €m	Variance %	Sep 19 IFRS16 basis €m	Sep 19 IAS17 basis €m	Sep 18 IAS17 basis €m	Variance IAS17 basis %
Commercial Waste	617.5	586.3	5%	46.8	45.7	40.5	13%
Hazardous Waste	112.6	108.0	4%	10.5	8.3	5.9	41%
Monostreams	108.0	110.5	-2%	7.6	7.4	8.8	-16%
Municipal	94.3	103.6	-9%	(1.5)	(2.0)	2.5	N/A
Group central services	-	-		(15.6)	(15.6)	(14.7)	-6%
Inter-segment revenue	(16.7)	(17.8)		-	-	-	
Continuing Operations	**915.7**	**890.6**	**3%**	**47.8**	**43.8**	**43.0**	**2%**
Discontinued Operations	10.8	9.8		3.1	2.5	1.8	
Total	**926.5**	**900.4**	**3%**	**50.9**	**46.3**	**44.8**	**3%**

The underlying figures above are reconciled to statutory measures in note 3 in the consolidated financial statements.
Discontinued operations include the results of the Canada Municipal segment which meets the criteria as set out in IFRS 5.

Total Group revenue in the first half increased by 3% to €926.5m and EBIT on an IAS17 basis increased by 3% to €46.3m, including a €6.9m benefit from the suspension of depreciation in Canada Municipal and Reym as both were held for sale at 31 March 2019. On a reported basis, EBIT from total operations increased from €44.8m to €50.9m.

The Commercial Waste Division (67% of Group revenue) grew revenue by 5% to €617.5m and underlying EBIT by 13% to €45.7m. The higher revenue was driven by stronger input pricing offset by further weakness in recyclate prices and by slightly lower overall volumes, particularly from secondary disposers (mainly other waste companies) and construction waste. Underlying EBIT growth was due to a net pricing gain and the realisation of further synergies.

The Hazardous Waste Division reported a 4% increase in revenues and a 41% increase in underlying EBIT to €8.3m. This was impacted by Reym being accounted for as an asset held for sale from 1 April 2019, which requires the suspension of depreciation. Underlying performance at ATM was slightly better than expected, with a good performance from the waterside.

The Monostreams Division saw revenues decline by 2% and underlying EBIT by 16%, with a lower performance from Mineralz as a result of lower project volumes and from Coolrec due to previously reported market and operational challenges. Maltha and Orgaworld performed as expected.

The Municipal Division saw revenues decline by 9% and made a loss of €2.0m in line with expectations. Underlying operational and financial progress has been made, especially in ELWA and BDR.

Group Central Services costs remained tightly controlled, with a slight increase to €15.6m.

Non-trading and exceptional items after tax in the first half were €60.2m (2018: €4.9m), of which 90% (€54m) relates to the strategic disposals which are mostly non-cash. Integration and synergy delivery costs were in line with expectations at €7m and there were a further €2m of costs relating to ATM and a €3m credit provision regarding our outstanding claim for losses from AEB. This resulted in a statutory loss of €35.4m (2018: profit of €20.5m).

The Group delivered a strong underlying free cash inflow of €59.9m (2018: €28.2m). Working capital inflow was strong at €22.9m, mainly as a result of timing of payables and increased efficiency of the sale of receivables programme. Replacement capital expenditure was well controlled at €29.2m. €56.9m was received following the completion of the sale of the Canadian business just prior to the period end.

Core net debt, excluding the impact of IFRS 16 lease liabilities, was €514m, better than our expectations, representing a net debt to EBITDA ratio of 2.88x, well within the Group's covenant of 3.5x. IFRS 16 increases the lease liabilities by €165m in addition to this.

The Board is declaring an interim dividend of 0.45p per share (2018: 0.95p), in line with its previously announced intention for a maintained total dividend of 1.45p per share for the year ending 31 March 2020.

Actions to de-lever and de-risk the Group

We have made progress in strengthening the Group's capital structure, simplifying the portfolio and addressing areas of risk. These actions have included:

- the sale of our Canadian Municipal business for total potential proceeds of €69m (representing over 10x EBITDA), with an initial €57m received on 30 September 2019 and the remainder contingent on the buyer, Convent Capital, securing future project finance for the Surrey PPP contract, which has not been recognised.
- the sale of our Reym business for an enterprise value of €64m (representing 5.4x EBITDA) and gross cash proceeds of €50m. The transaction closed on 31 October 2019 and therefore the receipt of monies from sale will reduce further the net debt position reported as at 30 September 2019
- the issue of a €75m Green Belgian retail bond at a 3% coupon in July 2019, replacing a €100m retail bond with a coupon of 4.23%. This issuance, combined with the proceeds of the disposals, means that the Group has over €250m of available facilities as at 30 September 2019
- the extension of the 3.5x net debt to EBITDA covenant for our main bank facility until December 2021 (from June 2020) to provide additional headroom while the future recovery at ATM is delivered. The Board's target remains to de-lever the Group towards 2.0x net debt to EBITDA over the medium term
- good progress at ATM both in scaling-up the new process to manufacture building materials and progression to awaiting regulatory approval having successfully completed the testing of TGG stocks

- termination of the long-term PPP contract with the Councils of Derby and Derbyshire, as provided for at 31 March 2019. We have now entered into a continuity services contract directly with the Councils which will not require the injection of any capital by Renewi and is on normal commercial terms

Group Outlook

Looking forward, our outlook for the current year is unchanged. We remain focused on cash generation and driving down leverage over time, and we are increasingly confident that ATM will increase production in 2020. While the near-term macroeconomic environment has weakened, the growing circular economy is expected to generate significant opportunities for sustainable growth over the long term.

STRATEGY

Our strategy is focused on meeting the growing long-term demand for recycling and for secondary materials. Renewi is an established leader in some of the most advanced recycling markets in the world and has an extensive range of waste-to-product services. We intend to simplify the business and then build on our leading market positions, deep experience, capabilities and technologies to deliver value for our customers, to have a positive impact on society and to deliver returns for our shareholders.

Renewi 2.0

As previously reported, we have initiated Renewi 2.0, a project to identify additional opportunities to deliver further margin enhancement and efficiencies following the completion of the merger integration. This is focused on simplification of our product portfolio, operating model and core processes and strong deployment of digitisation. Renewi 2.0 is intended to create a more customer-focused, agile and lower cost business. Initial assessment shows a potential for material reduction in our SG&A spend over three years. More details of this project will be announced during the second half of our financial year.

Investing in the manufacture of secondary products

The circular economy is evolving fast and demand for high quality secondary materials is set to continue to show strong growth. Supply chains are preparing to use more secondary materials; meaning that major manufacturers in all sectors are seeking long-term partnerships for the secure supply of consistent materials. We are uniquely placed to provide these materials, and over time we expect to grow the spread and therefore margin on our activities through selected investment in further high-quality sorting and treatment. Our investments at ATM in the production of building materials are a key example; additionally, we are in late stage negotiations with several global brand names to provide secondary products. These will require some investment by Renewi, underpinned by long-term contracts with our customers.

Organisation

We have strengthened our Executive Committee with four key hires: Managing Directors for Commercial Netherlands and Hazardous Waste, Chief Information Officer and Human Resources Director.

Secondary listing

Preparatory work for the Group’s proposed secondary listing on Euronext continues and we expect to list in early 2020. No new shares are expected to be issued at the point of the secondary listing and the Company will remain listed on the premium segment of the Official List in London.

DIVISIONAL REVIEW

All percentage comparatives to the prior year in the following section exclude the positive impact of IFRS 16 which amounted to €4.6m EBIT in the first half of FY20.

Commercial Waste

	Revenue			Underlying EBIT			
	Six months ended			Six months ended			
	Sep 19	Sep 18	Variance	Sep 19 IFRS16 basis	Sep 19 IAS17 basis	Sep 18 IAS17 basis	Variance IAS17 basis
	€m	€m	%	€m	€m	€m	%
Netherlands Commercial	395.2	375.8	5%	29.6	28.8	25.3	14%
Belgium Commercial	222.9	210.9	6%	17.2	16.9	15.2	11%
Intra-segment revenue	(0.6)	(0.4)		-	-	-	
Total	**617.5**	**586.3**	**5%**	**46.8**	**45.7**	**40.5**	**13%**

	Underlying EBIT Margin			Return on Operating Assets		
	Sep 19 IFRS16 basis	Sep 19 IAS17 basis	Sep 18 IAS17 basis	Sep 19 IFRS16 basis	Sep 19 IAS17 basis	Sep 18 IAS17 basis
Netherlands Commercial	7.5%	7.3%	6.7%	18.0%	19.6%	17.0%
Belgium Commercial	7.7%	7.6%	7.2%	34.4%	39.3%	29.5%
Total	**7.6%**	**7.4%**	**6.9%**	**22.0%**	**24.2%**	**20.2%**

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

The Commercial Waste Division, which comprises solid waste collection and treatment activities across the Netherlands and Belgium, performed well, with revenues up by 5% to €617.5m and underlying EBIT up by 13% to €45.7m.

Netherlands

The Dutch business delivered a good performance despite some signs of an economic slowdown and ongoing weakness in recyclate markets. Revenues increased by 5% to €395.2m and underlying EBIT grew by 14% to €28.8m. Margins improved again to 7.3%, up 60 basis points. Underlying EBIT growth was driven by the net price increases and synergy gains of €3.6m. Return on operating assets increased further to 19.6% (an increase of 260 basis points before IFRS 16).

As previously reported, the division introduced significant price increases averaging 11% in January in order to offset cost increases, among them, an increase in the Dutch incinerator tax. These price increases have held, and we continue to renew and win contracts at the higher pricing. We believe that we have maintained our market share. Some secondary disposer volumes from other waste companies have been lost, and we are seeing a modest slowdown in volumes. Core volumes of waste fell 3% versus last year (particularly in construction & demolition and bulky waste), and volumes of recyclates fell by 4% (with a reduction in paper and wood partially offset by growth in hard plastics and metals). Recyclate prices continued to be under pressure with reductions of c15% in each of paper and ferrous metals. Our dynamic pricing contract mechanism continues to recover much of the impact automatically, and additional price increases are put in place as needed to recover the shortfall.

The potential impact relating to the unplanned shutdown of the AEB incinerator in Amsterdam during the summer has been reduced through the contracting of alternative incineration and landfill capacity for the remainder of the year. AEB is contractually liable to compensate the Group in full for these additional costs which we are in the process of recovering.

Belgium

The Belgian business performed well in the first six months. Revenues increased by 6% to €222.9m, while underlying EBIT grew by 11% to €16.9m.

As with the Netherlands business, slightly lower volumes (especially from secondary disposers) and lower recyclate income were offset by higher pricing and synergies (€0.4m). The performance was particularly encouraging as it more than offset the final closure of the Cetem landfill site.

Commercial H2 outlook

The Commercial Division is expected to continue to trade well in the second half with price and cost inflation in balance, and volumes forecast to remain at slightly reduced levels compared with the prior year.

Hazardous Waste

The Hazardous Waste Division comprises: ATM, one of Europe's largest facilities for the treatment of contaminated soil, water, sludges and packed chemical waste; CFS, a small specialist water treatment site at Weert; and Reym (incorporating VGIS), one of the leading industrial cleaning businesses in the Netherlands. The Reym business is accounted for as an asset held for sale and an agreement was signed with Remondis for its disposal, completion of which took place on 31 October 2019.

	Revenue			Underlying EBIT			
	Six months ended			Six months ended			
	Sep 19	Sep 18	Variance	Sep 19 IFRS16 basis	Sep 19 IAS17 basis	Sep 18 IAS17 basis	Variance IAS17 basis
	€m	€m	%	€m	€m	€m	%
Total	**112.6**	**108.0**	**4%**	**10.5**	**8.3**	**5.9**	**41%**

	Underlying EBIT Margin			Return on Operating Assets		
	Sep 19 IFRS16 basis	Sep 19 IAS17 basis	Sep 18 IAS17 basis	Sep 19 IFRS16 basis	Sep 19 IAS17 basis	Sep 18 IAS17 basis
Total	**9.3%**	**7.4%**	**5.5%**	**15.0%**	**14.4%**	**14.0%**

Revenues grew by 4% to €112.6m and underlying EBIT by 41% to €8.3m. This is principally due to the €5.1m effect of the suspension of depreciation of Reym as an asset held for sale, supported by a stronger underlying performance following price recovery actions put in place in January. Revenues at ATM fell by 11%, with a 44% reduction in revenue on the soil line as expected due to lower throughput volumes than those processed during the equivalent period last year. The waterside performed in line with last year, and better than expected due to some favourably-priced contracts. The pyro line performed in line with last year.

Customer trials of our new building materials have been successful. Each of the gravel, sand and filler (dust) require specific product certification in order to be sold at volume and at the right pricing. We are targeting product certification for each by the end of the current financial year. New equipment currently being installed is expected to increase capacity, and over time align it with ATM's total TGG capacity of 1MT per annum. In November 2019, we ended our joint venture set up to produce and sell these materials. Accordingly, future profits and investment will be fully consolidated in our results. Ramp up is expected from early 2020.

TGG testing, according to a protocol agreed with the regulators, is complete and has confirmed that ATM's current stock production does not contain any substances at levels which prevent its use. We are therefore discussing with the regulators how and when the market can be re-opened following which, approval from local regulators would need to be sought.

Hazardous H2 outlook

ATM is expected to continue to perform slightly better in the second half with volumes being used for customer trials of the new products. We cannot provide a certain date for a lifting of the ban on shipments of TGG by the central IL&T regulator. Assuming that this is achieved in the coming months, we will then require permits for specific locations from individual regional regulators such as DCMR or OMWB. We have customers who are keen to receive the products once permitted. We are therefore confident that we will be increasing production as we enter our next financial year.

Monostreams

	Revenue			Underlying EBIT			
	Six months ended			Six months ended			
	Sep 19	Sep 18	Variance	Sep 19 IFRS16 basis	Sep 19 IAS17 basis	Sep 18 IAS17 basis	Variance IAS17 basis
	€m	€m	%	€m	€m	€m	%
Total	**108.0**	**110.5**	**-2%**	**7.6**	**7.4**	**8.8**	**-16%**

	Underlying EBIT Margin			Return on Operating Assets		
	Sep 19 IFRS16 basis	Sep 19 IAS17 basis	Sep 18 IAS17 basis	Sep 19 IFRS16 basis	Sep 19 IAS17 basis	Sep 18 IAS17 basis
Total	**7.0%**	**6.9%**	**8.0%**	**15.2%**	**16.5%**	**22.8%**

The return on operating assets excludes all landfill related provisions.

The Monostreams Division comprises four businesses focused on creating materials from specially segregated waste streams: Coolrec, a recycler of waste, electrical and electronic equipment (WEEE) including white goods; Mineralz, a specialist landfill and recycler of incinerator residues and other materials into construction materials; glass activities at Maltha recycling flat and container glass into glass cullet and powder; and Orgaworld, processor of waste food and other organic waste into compost and green energy.

The Monostreams Division performed broadly as expected in the first half. Revenues fell by 2% to €108.0m and underlying EBIT decreased 16% to €7.4m.

Coolrec continued to experience challenging market conditions, with falling prices for ferrous metals, aluminium and rigid plastics. The restructuring programme has made good progress with the exit from Germany complete and a rationalised product range. Mineralz saw lower profits due to previously announced legislative changes and lower project volumes in immobilisation and soil cleaning. The Maasvlakte expansion project completed on time and on budget in the first quarter. The turnaround of performance at Maltha has made good progress. Orgaworld has also had a good first half, continuing to show revenue and earnings growth based on strong volumes and increased electricity output.

Monostreams H2 outlook

The Monostreams Division has a seasonal bias of earnings towards the first half. It is expected to trade in line with our expectations in the second half.

Municipal

	Revenue			Underlying EBIT		
	Six months ended			Six months ended		
				Sep 19	Sep 19	Sep 18
	Sep 19	Sep 18	Variance	IFRS16 basis	IAS17 basis	IAS17 basis
	€m	€m	%	€m	€m	€m
UK Municipal	94.3	103.6	-9%	(1.5)	(2.0)	2.5
Canada Municipal (discontinued)	10.8	9.8	10%	3.1	2.5	1.8
Total	**105.1**	**113.4**	**-7%**	**1.6**	**0.5**	**4.3**

	Underlying EBIT Margin		
	Sep 19	Sep 19	Sep 18
	IFRS16 basis	IAS17 basis	IAS17 basis
UK Municipal	-1.6%	-2.1%	2.4%
Canada Municipal (discontinued)	28.7%	23.1%	18.4%
Total	**1.5%**	**0.5%**	**3.8%**

The Canada business meets the criteria of a discontinued operation and the disposal was completed on 30 September 2019.

The Municipal Division is a UK market leader in providing mechanical biological treatment (MBT) and other solutions to divert municipal waste from landfill. The Canadian business has been accounted for as discontinued and the sale was completed on 30 September 2019. The above performance includes a €1.8m benefit from the suspension of depreciation in Canada Municipal.

UK Municipal

The UK business reported revenues down 9% at €94.3m. There was also a €4.5m reduction in profitability as expected, primarily due to the legacy Derby contract which was profitable in the first half of last year and then became onerous in March 2019. Outside the contractual impact of the legacy Derby contract, there have been ongoing underlying operational and financial improvements in most contracts and particularly in ELWA and BDR. There is also potential future risk at ELWA due to Brexit and an announcement by the Dutch government that they may levy the Dutch incinerator tax on imported volumes from 1 January 2020. This is covered in more detail in the risk section on page 16.

Municipal H2 outlook

The Municipal Division is expected to deliver a result for the year in line with our expectations.

FINANCE REVIEW

IFRS 16 is a new reporting standard that has had a material impact on our reported results: for continuing operations increasing EBITDA by €15.3m, EBIT by €4.0m and interest costs by €2.7m as well as increased period end assets and debt. The full impact is shown in note 11 to the financial statements. The following table shows the reported performance on an IFRS 16 basis along with the values, using the original leasing standard to provide a comparative with 2018. Group revenue on a continuing operations basis increased by 3% to €916m. Underlying EBIT from continuing operations increased 2% to €43.8m on an IAS 17 basis.

Financial Performance	Six months ended		
	Sep 19 IFRS16 basis €m	Sep 19 IAS17 basis €m	Sep 18 IAS17 basis €m
Continuing operations			
Revenue	915.7	915.7	890.6
Underlying EBIT	47.8	43.8	43.0
Underlying profit before tax	29.8	28.5	32.2
Non-trading & exceptional items	(47.6)	(47.6)	(10.4)
(Loss) profit before tax	(17.8)	(19.1)	21.8
Total tax charge for the period	(1.0)	(0.7)	(2.5)
(Loss) profit for the period from continuing operations	(18.8)	(19.8)	19.3
(Loss) profit for the period from discontinued operations	(16.6)	(17.0)	1.2
Total operations: (loss) profit for the period	(35.4)	(36.8)	20.5

As well as IFRS 16, the performance in the six months has been favourably impacted by the suspension of depreciation at Reym and Canada as both businesses were reported as assets held for sale at March 2019. The table below bridges the year on year performance excluding IFRS 16, reduced depreciation and then the disposed businesses. This shows that for the ongoing businesses underlying EBIT fell by €4.0m or 10%, in line with our expectations, primarily due to reduced output at ATM and the profitable legacy Derby contract last year. The core Commercial Division saw good growth, as reported above on page 7.

	Sep 19 €m	Sep 18 €m	Variance €m	 %
Underlying EBIT: Total operations as reported	**50.9**	**44.8**	**6.1**	**14%**
Impact of IFRS 16	(4.6)	-	(4.6)	
Underlying EBIT: Excluding IFRS 16 impact	**46.3**	**44.8**	**1.5**	**3%**
Impact of no depreciation in Reym	(5.1)	-	(5.1)	
Impact of no depreciation in Canada	(1.8)	-	(1.8)	
Underlying EBIT: Excluding depreciation savings	**39.4**	**44.8**	**(5.4)**	**-12%**
Residual EBIT relating to Reym & Canada	(3.8)	(5.2)	1.4	
Ongoing underlying EBIT: Excluding disposed businesses	**35.6**	**39.6**	**(4.0)**	**-10%**

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 amounted to €60.2m (2018: €4.9m), of which €54.4m relates to the strategic disposals mostly non-cash. In line with accounting requirements as a

result of uncertainty of receipt, the contingent proceeds from the Canadian disposal will only be recognised once more certain. Credits were recorded relating to previous transactions amounting to €4.0m. Following the completion of the Reym disposal, the loss on sale will increase to reflect profits in October. Merger related costs reduced to €6.5m (2018: €16.9m) in line with the reducing scope of the remaining integration activities. Other items include ongoing logistics and storage costs of €1.5m (2018: €1.3m) at ATM prior to the market reopening, a credit provision against recovery of our contractually due damages from AEB of €3.0m and a restructuring charge of €1.0m relating to Renewi 2.0. Amortisation of acquired intangible assets was €3.3m (2018: €3.2m).

EBIT from continuing operations, after taking account of all non-trading and exceptional items, was €1.0m (2018: €32.7m).

Non-trading and exceptional items are further disclosed in note 5 of the financial statements.

Net finance costs

Net finance costs from continuing operations, excluding exceptional items, increased by €6.3m to €17.7m (2018: €11.4m). The largest driver of the increase was a €2.7m increase in lease interest due to IFRS 16. Interest payable increased by €1.9m due to higher levels of debt compared to the prior period and a higher margin payable due to the leverage being over 3.0x in the first six months. Other finance costs increased by €0.7m principally due to higher interest charges on invoice financing.

Share of results from associates and joint ventures

A small loss of €0.3m was recorded, primarily due to the 50% share of losses made in the AP4 Terra joint venture at ATM to develop new building materials. In the prior period, a profit of €0.6m was made which included earnings from the EBG joint venture that was sold in August 2018.

Profit before tax

Loss before tax from continuing operations on a statutory basis, including the impact of non-trading and exceptional items, was €17.8m (2018: profit of €21.8m).

Taxation

The effective tax rate on underlying profits from continuing operations was 24.5% (2018: 25.0%) based on management's best estimate of the weighted average tax rate expected for the full financial year. The period-on-period decline is attributable to the enactment of lower tax rates in Belgium.

Cash flow performance

A summary of the total cash flows in relation to core funding is shown below:

Cash Flow	Sep 19 IFRS16 basis €m	Sep 19 IAS17 basis €m	Sep 18 IAS17 basis €m
EBITDA	104.3	88.4	92.6
Working capital movement	22.9	22.9	(2.8)
Movement in provisions and other	(3.3)	(3.3)	(2.0)
Net replacement capital expenditure	(29.2)	(29.2)	(44.5)
Replacement capital expenditure - IFRS16	(21.2)	-	-
Interest, loan fees and tax	(21.7)	(18.9)	(15.1)
Underlying free cash flow	**51.8**	**59.9**	**28.2**
Growth capital expenditure	(10.5)	(10.5)	(2.2)
UK PFI funding	(1.6)	(1.6)	(0.5)
Canada Municipal funding	(0.2)	(0.2)	7.4
Acquisitions and disposals	51.1	51.1	22.9
Dividends paid	(4.4)	(4.4)	(18.9)
Restructuring spend	(0.5)	(0.5)	(0.1)
Synergy & integration spend	(12.6)	(12.6)	(19.2)
UK Municipal onerous contracts	(19.6)	(19.6)	(3.7)
Other	(5.7)	(5.7)	(9.0)
	47.8	**55.9**	**4.9**
Net debt disposal re Canada	4.4	0.3	-
Net core cash flow	**52.2**	**56.2**	**4.9**
Free cash flow conversion	**102%**	**129%**	**63%**

All numbers above include both continuing and discontinued operations.
Free cash flow conversion is underlying free cash flow as a percentage of underlying EBIT.
Net core cash flow is reconciled to the movement in net debt in note 21.

Free cash flow conversion on an IAS 17 basis in the current period was strong at 129%. Working capital was an inflow of €22.9m based on the timing of payables and increased efficiency of the sale of receivables programme. Replacement capital spend was well-controlled at €29.2m (2018: €44.5m) at 68% of depreciation. This includes an element of timing as capital spend was restricted pending the disposals. Investments in new trucks under leases previously considered operating leases of €21.2m are recorded as right of use assets. As previously reported, we are investing in a rejuvenation of our truck fleet through leases that spread the cash costs of the trucks over a six year period.

The growth capital spend includes the Ottawa expansion (now disposed of) and the completion of the expansion of the Maasvlakte landfill site. Total capital spend for the year is now estimated at c€95m.

The acquisitions and disposals inflow includes €56.9m initial payment on the sale of our Canadian business, along with €4.3m spend on the acquisition of the Rotie organic waste collection business and the 32% stake in RetourMatras BV, a mattress recycler, alongside Ikea.

Synergy and integration related spend of €12.6m included €11.4m for synergy delivery costs and €1.2m incurred in the merger and integration of the businesses.

UK Municipal contract spend was €19.6m, of which €11.7m related to the final months of the legacy Derby contract, now terminated. Cash outflow on BDR and Wakefield was as expected.

Other included UK pension deficit funding of €1.7m along with €2.0m spend on storage and logistic costs at ATM.

Net cash generated from operating activities increased from €66.5m in the prior period to €81.2m in the six months ended 30 September 2019. A reconciliation to the underlying cash flow performance as referred to above is included in note 21 in the interim financial statements.

Return on assets

The Group return on assets (excluding debt, tax and goodwill) from continuing operations reduced from 24.6% at 31 March 2019 to 22.0% at 30 September 2019. This includes a negative impact from IFRS 16 increasing assets by €150m, over half of which reflects very long-term leaseholds of Dutch waterside locations which cannot be owned under Dutch law. Excluding IFRS 16, the Group return on assets would have increased to 25.2%. The reported Group post-tax return on capital employed from continuing operations was 7.0% (31 March 2019: 6.9%).

Treasury and cash management

Core net debt and gearing ratios

Core net debt excludes the net debt relating to the UK PFI/PPP contracts which is non-recourse to the Group and is secured over the assets of the special purpose vehicles (SPVs) and excludes IFRS 16 leases. Core net debt at €513.9m was better than management expectations at the half year with working capital and capital expenditure well controlled and cash received from the sale of Canada. Net debt to EBITDA was 2.88x, comfortably within our covenant limit of 3.5x. Looking forward, the receipt of monies from the sale of Reym will further reduce debt. Whilst the leverage ratio will remain relatively stable in the second half given the exclusion of EBITDA of the disposed businesses and other cash outflows, it is expected to reduce steadily during FY21 and FY22 as a result of underlying business growth, including from ATM, reducing exceptional cash costs, and further proceeds from the sale of Municipal Canada.

Debt structure and strategy

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

Debt Structure	Drawn €m	Term
€100m Belgian Green retail bond	100.0	Jun-22
€75m Belgian Green retail bond	75.0	Jul-24
€550m Green RCF and term loan	402.2	May-23
Green EUPP - 5 year term	15.0	Dec-23
Green EUPP - 7 year term	10.0	Dec-25
	602.2	
Finance leases and other	23.4	
Loan fees	(3.8)	
Cash	(107.9)	
Core net debt	513.9	
IFRS 16 finance leases	164.8	
Net debt (note 12)	678.7	

On 1 November 2019 we agreed with our banks to maintain the net debt to EBITDA covenant on the main Green RCF and term loan at 3.5x from June 2020 to December 2021, ensuring that

we maintain good headroom against the covenant as the disposals reduce EBITDA before returning to growth through business progress, including at ATM. Additionally, at the same time, the term loan facility was reduced by €55.0m, to €82.5m, and €247.5m of the remaining facilities were extended by a year to May 2024. The facility has been hedged with a €125.0m interest rate cap and three cross currency swaps totalling €159.0m at fixed Euro interest rates of 2.18%, 2.17% and 1.41%. In October 2019 an additional €83.2m of cross currency swaps were taken out at a rate of 1.28%.

A €100m retail bond with a coupon of 4.23% was repaid in July 2019 and replaced by a €75m 5-year green retail bond with a coupon of 3.00%. The remaining €100m green retail bond has a coupon of 3.65%. All of our borrowings are now green financed. As at 30 September 2019, 97% of our core net debt was fixed or hedged.

The Group operates a committed invoice discounting programme. The cash received for invoices sold, excluding Reym, at 30 September 2019 was €95.2m (March 2019: €68.2m).

Debt borrowed in the special purpose vehicles (SPVs) created for the financing of UK PFI/PPP programmes is separate from the Group core debt and is secured over the assets of the SPVs with no recourse to the Group as a whole. Interest rates are fixed by means of interest rate swaps at contract inception. At 30 September 2019 this debt amounted to €89.3m (31 March 2019: €95.4m).

Directors' valuation of UK PFI/PPP portfolio

The Directors provide a valuation of the financial investments in the SPVs used to fund the contracts and into which the Group has often invested in the form of subordinated debt and equity. The benefits of these financial assets are not easily assessed from the financial statements. As at 30 September 2019, the Directors believed that this valuation has reduced by €4m to €28m (31 March 2019: €32m) due to changes in volumes at the BDR SPV.

Retirement benefits

The Group operates a defined benefit pension scheme for certain UK employees which has been closed to new entrants since September 2002. At 30 September 2019, the scheme had moved into an accounting surplus of €5.1m (31 March 2019: €3.7m deficit). The move into surplus was a result of a change in the scheme's investment strategy which led to a higher return on assets. The actuarial valuation of the scheme at 5 April 2018 has been completed and the future funding plan has been maintained at the current level of £3.05m per annum for at least the next three years. Consultations have recently been completed with the remaining active members in the scheme, and the scheme will be closed to future benefit accrual on 30 November 2019.

There are also several defined benefit pension schemes for employees in the Netherlands and Belgium which had a retirement benefit deficit of €10.1m at 30 September 2019, a €1.9m increase from 31 March 2019.

Provisions and contingent liabilities

Around 85% of the Group's provisions are long term in nature, with the onerous contract provisions in the UK Municipal being utilised over 20 years and landfill provisions for many decades longer. The current provisions amount to €36m of which we anticipate spending over the next 12 months €3m related to exceptional restructuring, €15m related to Municipal, and €6m related to landfill. Municipal cash outflows are expected to reduce in subsequent years. The Group will undertake its triennial review of long-term discount rates in the second half of the year.

The Group does not expect other contingent liabilities to crystallise in the coming year.

Principal risks and uncertainties

Renewi operates a risk management framework to identify, assess and control the most serious risks facing the Group. The Board believes that the key risks and associated mitigation strategies have not changed in the period.

Changes in law and policy are generally positive for our business. However, changes can have an adverse impact for us. Over the past six months ongoing evolution in Dutch government policy has increased two particular risks:

- The first relates to nitrogen deposition and the current interpretation of EU regulations relating to the impact of nitrogen in protected areas. A previous interpretation has been declared unsafe and both government and regulators are hampered in their routine approval of permits for construction, agriculture and industrial investment pending new advice. This has the potential to slow the Dutch economy in the coming months, in particular the construction sector, reducing waste volumes arising;
- The second relates to a proposal to levy the incineration tax of €32 per tonne on imports from 1 January 2020. If this should be enacted, then it will have an impact for a period of time on our ELWA business which exports 200,000 tonnes per annum to the Netherlands. We estimate the annual impact as being c€4m until alternative outlets may be located outside the Netherlands to reduce this cost. This risk would likely require an impairment of the right of use asset in ELWA, and the creation of an onerous contract provision.

The 2019 Annual Report (pages 68 to 75) provides a discussion of the Group's principal risks and uncertainties and these are as follows:

- Product pricing, demand and quality – That the value we receive for recycled product falls, the markets contract reducing demand for our product or we become unable to produce to the required quality
- Residue pricing, capacity and specification – Lack of capacity at outlets and/or inability to produce in specification, resulting in increased price of disposal of burnable waste and other residues
- Changes in law and policy – Adverse impacts from changes in law and policy, including environmental, tax and similar legal and policy regimes. Including changes in regulatory attitude and behaviours as a result of shifts in public opinion
- Environmental compliance – That we fail to comply with environmental permits and/or environmental laws and regulations
- Long-term contracts – That we enter into long-term contracts at disadvantageous terms or we rely on a small number of large contracts
- Unsustainable debt – That funding is not available or that funding sources are available, but that cash generation is insufficient to allow access to funding
- Labour availability and costs – That there are shortages of certain labour types leading to unavailability or severe wage inflation
- Brexit – That a hard Brexit disrupts the export of waste and recyclates internationally, creating offtake costs in the UK and over-capacity of incineration in the Benelux
- Input pricing – That market pricing may put pressure on our margins
- Digitalisation – That a disruptive technology or business model deployed by a competitor or new entrant impacts our ability to compete
- Talent development, leadership and diversity – That we fail to meet the (future/anticipated) required management capabilities
- Health and safety risk – Injury or loss of life. That we incur reputational loss, or civil and criminal costs

- Major plant failure or fire – Operational failure and/or fire at a key facility leading to business interruption and other costs
- Integration – That integration of the two companies, including the creation of a strong corporate culture and migration of IT systems, is ineffective and/or fails to deliver anticipated synergies
- Input volumes – That incoming waste volumes in the market may fall should macro-economic conditions reverse
- ICT failure and cyber threat – That ICT failure and/or cyber-crime causes business interruption or loss.

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
7 November 2019

T Woolrych
Chief Financial Officer
7 November 2019

Consolidated Interim Income Statement (unaudited)

First half ended 30 September 2019

		First half 2019/20			First half 2018/19 Restated*		
	Note	**Underlying €m**	**Non-trading & exceptional items €m**	**Total €m**	Underlying €m	Non-trading & exceptional items €m	Total €m
Revenue	3,4	**915.7**	**-**	**915.7**	890.6	-	890.6
Cost of sales		**(756.2)**	**(9.7)**	**(765.9)**	(723.7)	(9.6)	(733.3)
Gross profit (loss)		**159.5**	**(9.7)**	**149.8**	166.9	(9.6)	157.3
Administrative expenses		**(111.7)**	**(37.1)**	**(148.8)**	(123.9)	(0.7)	(124.6)
Operating profit (loss)	3,5	**47.8**	**(46.8)**	**1.0**	43.0	(10.3)	32.7
Finance income	6	**4.9**	**0.2**	**5.1**	6.2	-	6.2
Finance charges	5,6	**(22.6)**	**(1.0)**	**(23.6)**	(17.6)	(0.1)	(17.7)
Share of results from associates and joint ventures		**(0.3)**	**-**	**(0.3)**	0.6	-	0.6
Profit (loss) before taxation	3	**29.8**	**(47.6)**	**(17.8)**	32.2	(10.4)	21.8
Taxation	5,7	**(7.3)**	**6.3**	**(1.0)**	(8.0)	5.5	(2.5)
Profit (loss) for the period from continuing operations		**22.5**	**(41.3)**	**(18.8)**	24.2	(4.9)	19.3
Discontinued operations							
Profit (loss) for the period from discontinued operations	15	**2.3**	**(18.9)**	**(16.6)**	1.2	-	1.2
Profit (loss) for the period		**24.8**	**(60.2)**	**(35.4)**	25.4	(4.9)	20.5
Attributable to:							
Owners of the parent		**24.7**	**(60.3)**	**(35.6)**	25.1	(4.9)	20.2
Non-controlling interests		**0.1**	**0.1**	**0.2**	0.3	-	0.3
		24.8	**(60.2)**	**(35.4)**	25.4	(4.9)	20.5

Basic earnings (loss) per share attributable to owners of the parent (cents per share)							
Continuing operations	9	**2.8**	**(5.2)**	**(2.4)**	3.0	(0.6)	2.4
Discontinued operations	9	**0.3**	**(2.4)**	**(2.1)**	0.1	-	0.1
		3.1	**(7.6)**	**(4.5)**	3.1	(0.6)	2.5

Diluted earnings (loss) per share attributable to owners of the parent (cents per share)							
Continuing operations	9	**2.8**	**(5.2)**	**(2.4)**	3.0	(0.6)	2.4
Discontinued operations	9	**0.3**	**(2.4)**	**(2.1)**	0.1	-	0.1
		3.1	**(7.6)**	**(4.5)**	3.1	(0.6)	2.5

*The comparatives have been restated to classify the Canada Municipal segment as a discontinued operation as set out in note 15.

Consolidated Interim Statement of Comprehensive Income (unaudited)

First half ended 30 September 2019

	First half 2019/20 €m	First half 2018/19 €m
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign subsidiaries	**3.2**	2.2
Exchange difference relating to foreign business sold and recycled to the income statement	**1.9**	-
Fair value movement on cash flow hedges	**(5.3)**	5.8
Deferred tax on fair value movement on cash flow hedges	**1.1**	(1.2)
Share of other comprehensive income of investments accounted for using the equity method	**-**	0.2
	0.9	7.0
Items that will not be reclassified to profit or loss:		
Actuarial gain on defined benefit pension schemes	**5.0**	4.8
Deferred tax on actuarial gain on defined benefit pension schemes	**(0.8)**	(0.8)
	4.2	4.0
Other comprehensive income for the period, net of tax	**5.1**	11.0
(Loss) profit for the period	**(35.4)**	20.5
Total comprehensive (loss) income for the period	**(30.3)**	31.5
Attributable to:		
Owners of the parent	**(29.9)**	30.9
Non-controlling interests	**(0.4)**	0.6
Total comprehensive (loss) income for the period	**(30.3)**	31.5
Total comprehensive (loss) income attributable to owners of the parent arising from:		
Continuing operations	**(13.3)**	29.7
Discontinued operations	**(16.6)**	1.2
	(29.9)	30.9

Consolidated Interim Balance Sheet (unaudited)

As at 30 September 2019

	Note	**30 September 2019 €m**	30 September 2018 €m	31 March 2019 €m
Assets				
Non-current assets				
Intangible assets	10	**602.1**	680.6	605.6
Property, plant and equipment	10	**580.3**	701.1	629.1
Right-of-use assets	11	**181.9**	-	-
Investments		**17.1**	16.1	15.9
Loans to associates and joint ventures		**-**	13.9	-
Financial assets relating to PFI/PPP contracts		**143.5**	187.2	149.8
Trade and other receivables		**3.4**	5.0	0.5
Derivative financial instruments	18	**0.3**	0.3	0.1
Defined benefit pension scheme surplus	17	**5.1**	-	-
Deferred tax assets		**37.9**	24.4	38.6
		1,571.6	1,628.6	1,439.6
Current assets				
Inventories		**25.0**	29.0	26.0
Investments	18	**9.2**	5.9	5.9
Loans to associates and joint ventures		**0.9**	6.8	0.9
Financial assets relating to PFI/PPP contracts		**5.7**	8.9	6.0
Trade and other receivables		**270.2**	288.7	278.8
Derivative financial instruments	18	**0.2**	3.9	2.9
Current tax receivable		**-**	0.1	-
Cash and cash equivalents		**107.9**	105.2	50.4
		419.1	448.5	370.9
Assets of disposal groups classified as held for sale	14	**101.4**	-	162.4
		520.5	448.5	533.3
Total assets		**2,092.1**	2,077.1	1,972.9
Liabilities				
Non-current liabilities				
Borrowings - PFI/PPP non-recourse net debt	12	**(87.1)**	(88.9)	(92.6)
Borrowings - Other	12	**(750.7)**	(489.1)	(483.7)
Derivative financial instruments	18	**(32.7)**	(28.7)	(28.4)
Other non-current liabilities		**(6.8)**	(7.6)	(6.5)
Deferred tax liabilities		**(52.8)**	(69.9)	(56.1)
Provisions	16	**(211.9)**	(212.7)	(215.9)
Defined benefit pension schemes deficit	17	**(10.1)**	(19.1)	(11.9)
		(1,152.1)	(916.0)	(895.1)
Current liabilities				
Borrowings - PFI/PPP non-recourse net debt	12	**(2.2)**	(1.6)	(2.8)
Borrowings - Other	12	**(35.9)**	(112.2)	(118.7)
Derivative financial instruments	18	**(4.3)**	(1.0)	(4.4)
Trade and other payables		**(512.4)**	(519.1)	(518.6)
Current tax payable		**(15.0)**	(22.7)	(17.9)
Provisions	16	**(35.6)**	(56.5)	(55.4)
		(605.4)	(713.1)	(717.8)
Liabilities of disposal groups classified as held for sale	14	**(55.4)**	-	(40.5)
		(660.8)	(713.1)	(758.3)
Total liabilities		**(1,812.9)**	(1,629.1)	(1,653.4)
Net assets		**279.2**	448.0	319.5
Equity				
Share capital		**99.5**	99.5	99.5
Share premium		**473.6**	473.6	473.6
Exchange reserve		**(12.9)**	(16.0)	(17.9)
Retained earnings		**(282.4)**	(115.8)	(236.7)
Equity attributable to owners of the parent		**277.8**	441.3	318.5
Non-controlling interests		**1.4**	6.7	1.0
Total equity		**279.2**	448.0	319.5

Consolidated Interim Statement of Changes in Equity (unaudited)

First half ended 30 September 2019

	Share capital €m	Share premium €m	Exchange reserve €m	Retained earnings €m	Non-controlling interests €m	Total equity €m
Balance at 31 March 2019	**99.5**	**473.6**	**(17.9)**	**(236.7)**	**1.0**	**319.5**
Change in accounting policy (note 11)	**-**	**-**	**-**	**(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	**-**	**-**	**-**	**(4.4)**	**-**	**(4.4)**
Balance as at 30 September 2019	**99.5**	**473.6**	**(12.9)**	**(282.4)**	**1.4**	**279.2**
Balance at 1 April 2018	99.5	473.6	(18.2)	(124.7)	6.1	436.3
Loss for the year	-	-	-	(92.8)	(4.9)	(97.7)
Other comprehensive income (loss)						
Exchange gain on translation of foreign subsidiaries	-	-	0.3	-	-	0.3
Fair value movement on cash flow hedges	-	-	-	2.3	(0.2)	2.1
Actuarial gain on defined benefit pension schemes	-	-	-	10.8	-	10.8
Tax in respect of other comprehensive income items	-	-	-	(1.9)	-	(1.9)
Share of other comprehensive income of investments accounted for using the equity method	-	-	-	0.2	-	0.2
Total comprehensive income (loss) for the year	-	-	0.3	(81.4)	(5.1)	(86.2)
Share-based compensation	-	-	-	0.8	-	0.8
Movement on tax arising on share-based compensation	-	-	-	(0.6)	-	(0.6)
Own shares purchased by the Employee Share Trust	-	-	-	(3.4)	-	(3.4)
Dividends	-	-	-	(27.4)	-	(27.4)
Balance as at 31 March 2019	99.5	473.6	(17.9)	(236.7)	1.0	319.5
Balance at 1 April 2018	99.5	473.6	(18.2)	(124.7)	6.1	436.3
Profit for the period	-	-	-	20.2	0.3	20.5
Other comprehensive income						
Exchange gain on translation of foreign subsidiaries	-	-	2.2	-	-	2.2
Fair value movement on cash flow hedges	-	-	-	5.5	0.3	5.8
Actuarial gain on defined benefit pension schemes	-	-	-	4.8	-	4.8
Tax in respect of other comprehensive income items	-	-	-	(2.0)	-	(2.0)
Share of other comprehensive income of investments accounted for using the equity method	-	-	-	0.2	-	0.2
Total comprehensive income for the period	-	-	2.2	28.7	0.6	31.5
Share-based compensation	-	-	-	0.8	-	0.8
Movement on tax arising on share-based compensation	-	-	-	(0.6)	-	(0.6)
Own shares purchased by the Employee Share Trust	-	-	-	(1.1)	-	(1.1)
Dividends	-	-	-	(18.9)	-	(18.9)
Balance as at 30 September 2018	99.5	473.6	(16.0)	(115.8)	6.7	448.0

The exchange reserve comprises all foreign exchange differences arising since 1 April 2005 from the translation of the financial statements of non-Euro denominated operations as well as from the translation of liabilities that hedge the Group's net investment in foreign operations. The cumulative translation loss of €1.9m in relation to the Canadian operations has been recycled through the Income Statement in the period to September 2019.

Consolidated Interim Statement of Cash Flows (unaudited)

First half ended 30 September 2019

	Note	**First half 2019/20 €m**	Restated* First half 2018/19 €m
(Loss) profit before tax		**(17.8)**	21.8
Finance income		**(5.1)**	(6.2)
Finance charges		**23.6**	17.7
Share of results from associates and joint ventures		**0.3**	(0.6)
Operating profit from continuing operations		**1.0**	32.7
Operating (loss) profit from discontinued operations		**(15.8)**	1.8
Amortisation and impairment of intangible assets		**6.1**	6.7
Depreciation and impairment of property, plant and equipment		**37.7**	44.9
Depreciation of right-of-use assets		**14.1**	-
Gain on disposal of property, plant and equipment		**(2.0)**	(0.6)
Increase in service concession arrangement receivable		**(0.2)**	(1.2)
Repayment of service concession arrangement receivable		**0.1**	8.6
Exceptional gain on disposal of joint venture		**-**	(10.9)
Exceptional loss (gain) on disposal of subsidiaries		**18.9**	(0.3)
Loss on remeasurement of assets held for sale	14	**34.3**	-
Net decrease in provisions		**(21.1)**	(12.2)
Payments to fund defined benefit pension schemes		**(1.7)**	(1.7)
Share-based compensation		**1.1**	0.8
Operating cash flows before movement in working capital		**72.5**	68.6
Decrease (increase) in inventories		**0.8**	(2.2)
(Increase) decrease in receivables		**(1.5)**	6.5
Increase (decrease) in payables		**13.6**	(4.9)
Cash flows from operating activities		**85.4**	68.0
Income tax paid		**(4.2)**	(1.5)
Net cash inflow from operating activities		**81.2**	66.5
Investing activities			
Purchases of intangible assets		**(1.7)**	(2.3)
Purchases of property, plant and equipment		**(43.7)**	(46.4)
Disposals of property, plant and equipment		**6.9**	2.2
Proceeds from disposal of subsidiary, net of cash disposed of and disposal costs paid	13	**56.0**	7.4
Purchase of associates and joint ventures		**(1.7)**	(3.8)
Proceeds from disposal of joint venture		**-**	19.4
Purchase of business assets		**(2.6)**	-
Purchase of other short-term investments		**(3.2)**	(5.9)
Receipt of deferred consideration		**0.2**	0.1
Dividends received from associates and joint ventures		**0.3**	0.5
Repayment of loans granted to associates and joint ventures		**-**	1.5
Outflows in respect of PFI/PPP arrangements under the financial asset model		**(0.3)**	(0.1)
Capital received in respect of PFI/PPP financial assets		**2.3**	2.2
Finance income		**5.8**	5.8
Net cash inflow (outflow) from investing activities		**18.3**	(19.4)
Financing activities			
Finance charges and loan fees paid		**(23.2)**	(19.4)
Investment in own shares by the Employee Share Trust		**-**	(1.1)
Dividends paid	8	**(4.4)**	(18.9)
Capital injection from non-controlling interest		**0.8**	-
Proceeds from retail bonds		**75.0**	-
Repayment of retail bonds		**(100.0)**	-
Proceeds from bank borrowings		**49.1**	33.3
Repayment of PFI/PPP net debt		**(3.6)**	(2.6)
Repayments of obligations under leases[#]		**(17.7)**	(6.1)
Net cash outflow from financing activities		**(24.0)**	(14.8)
Net increase in cash and cash equivalents		**75.5**	32.3
Effect of foreign exchange rate changes		**0.1**	(0.1)
Cash and cash equivalents at the beginning of the period		**50.4**	73.0
Cash and cash equivalents at the end of the period[+]		**126.0**	105.2

*The comparatives have been restated to classify the Canada Municipal segment as a discontinued operation as set out in note 15.
[#]Repayments of obligations under leases includes €13.1m in relation to additional leases arising upon the adoption of IFRS 16. The €17.7m includes €1.7m in relation to assets of disposal groups classified as held for sale, €0.5m in relation to discontinued operations and €15.8m as set out in note 12.
[+]Cash and cash equivalents represents €107.9m as shown on the balance sheet and €18.1m included in assets of disposal groups classified as held for sale.

Notes to the Consolidated Interim Financial Statements (unaudited)

1. General information

Renewi plc is a public limited company listed on the London Stock Exchange and 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 2019 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 2019 Annual Report and Accounts, which have been prepared in accordance with International Financial Reporting Standards (IFRS) and related interpretations issued by the IFRS Interpretations Committee (IFRS IC) 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 2019 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 2019 and 2018, together with the audited results for the year ended 31 March 2019. 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 2019 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 2019 were approved by the Board of Directors on 23 May 2019 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.

Having reassessed the principal risks, the directors consider it appropriate to adopt the going concern basis of accounting in preparing the consolidated interim financial statements. The Finance Review includes consideration of the principal risks and uncertainties affecting the Group in the remaining six months of the year.

The Board of Directors approved, on 7 November 2019, these consolidated interim financial statements which have been reviewed by PricewaterhouseCoopers LLP but not been audited (see page 47).

Changes in presentation

On 8 November 2018, the Group announced its intention to exit Municipal Canada and the Hazardous Waste Reym industrial cleaning business and the criteria for asset held for sale were met at 31 March 2019 therefore the assets and liabilities were presented as held for sale. The Municipal Canada disposal which, completed on 30 September 2019, meets the definition of a discontinued operation as stated in IFRS 5 Non-current assets held for sale and discontinued operations, consequently the net results are presented as discontinued operations in the Income Statement and the prior year Income Statement and Cash flow statement comparatives have been restated.

Accounting policies and principal risks

The results have been prepared applying the accounting policies that were used in the preparation of the 2019 Annual Report and Accounts except for the adoption of new standards as set out below. Taxes on income in the interim period are accrued using the estimated tax rate that is expected for the full financial year.

IFRS 16 Leases

The Group adopted IFRS 16 Leases from 1 April 2019 and has applied the modified retrospective approach. The comparative information has not been restated however the reclassifications and adjustments on the opening balance sheet on 1 April 2019 have been recognised and disclosed. Full details of the changes to the Group's accounting policies, the judgements taken and the impact are set out in note 11.

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

2. Basis of Preparation – continued

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 2019 and which are set out on pages 129 and 130 of the 2019 Annual Report and Accounts.

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. They 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 21.

Non-trading and exceptional items
Items are classified as non-trading and exceptional to improve the understanding of the Group's financial performance as they are not considered to reflect the underlying performance. Items classified as non-trading and exceptional are disclosed separately due to their size or incidence. 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, significant onerous contracts or if significant in size, profit or loss on disposal of properties or subsidiaries, as these items 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.

Exchange rates
The assets and liabilities of operations in foreign currencies are translated into Euros at the exchange rate at the reporting date. Income and expense items and cash flows are translated into Euros at average rates of exchange during the period. Share capital and share premium are translated at historic rates prevailing at the dates of transactions. The exchange reserve was set to nil at the transition date to IFRS and subsequent differences resulting from the retranslation to Euros have been taken to the exchange reserve.

The most significant currencies for the Group were translated at the following exchange rates:

Closing rates

Value of €1	**30 September 2019**	30 September 2018	Change	31 March 2019	Change
Sterling	**0.885**	0.891	(0.7%)	0.862	2.7%
Canadian dollar	**1.443**	1.501	(3.9%)	1.500	(3.8%)

Average rates

Value of €1	**30 September 2019**	30 September 2018	Change
Sterling	**0.886**	0.880	0.7%
Canadian dollar	**1.481**	1.527	(3.0%)

3. Segmental reporting

The Group's chief operating decision maker is considered to be the Board of Directors. The Group's reportable segments 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 are set out below.

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

The Commercial Waste reportable segment includes the Netherlands and Belgium 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, production processes and type of customer. The Municipal Canada disposal meets the definition of a discontinued operation as stated in IFRS 5 Non-current assets held for sale and discontinued operations and the net results are presented as discontinued operations.

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

Revenue	**First half 2019/20 €m**	Restated* First half 2018/19 €m
Netherlands Commercial Waste	**395.2**	375.8
Belgium Commercial Waste	**222.9**	210.9
Intra-segment revenue	**(0.6)**	(0.4)
Commercial Waste	**617.5**	586.3
Hazardous Waste	**112.6**	108.0
Monostreams	**108.0**	110.5
Municipal	**94.3**	103.6
Inter-segment revenue	**(16.7)**	(17.8)
Total revenue from continuing operations	**915.7**	890.6

*The comparatives have been restated to classify the Canada Municipal segment as a discontinued operation as set out in note 15.

3. Segmental reporting - continued

Results	First half 2019/20 €m	Restated* First half 2018/19 €m
Netherlands Commercial Waste	**29.6**	25.3
Belgium Commercial Waste	**17.2**	15.2
Commercial Waste	**46.8**	40.5
Hazardous Waste	**10.5**	5.9
Monostreams	**7.6**	8.8
Municipal	**(1.5)**	2.5
Group central services	**(15.6)**	(14.7)
Total underlying EBIT	**47.8**	43.0
Non-trading and exceptional items	**(46.8)**	(10.3)
Total operating profit from continuing operations	**1.0**	32.7
Finance income	**4.9**	6.2
Finance charges	**(22.6)**	(17.6)
Finance income – non-trading and exceptional items	**0.2**	-
Finance charges – non-trading and exceptional items	**(1.0)**	(0.1)
Share of results from associates and joint ventures	**(0.3)**	0.6
(Loss) profit before taxation and discontinued operations	**(17.8)**	21.8

*The comparatives have been restated to classify the Canada Municipal segment as a discontinued operation as set out in note 15.

Net assets	Commercial Waste €m	Hazardous Waste €m	Mono-streams €m	Municipal €m	Group central services €m	Tax, net debt and derivatives €m	Total continuing operations €m	Dis-continued operations €m	Total €m
30 September 2019									
Gross non-current assets	**967.3**	**177.2**	**197.0**	**166.6**	**25.3**	**38.2**	**1,571.6**	**-**	**1,571.6**
Gross current assets	**189.4**	**124.1**	**45.0**	**37.7**	**16.2**	**108.1**	**520.5**	**-**	**520.5**
Gross liabilities	**(348.8)**	**(121.7)**	**(156.8)**	**(147.6)**	**(57.3)**	**(980.7)**	**(1,812.9)**	**-**	**(1,812.9)**
Net assets (liabilities)	**807.9**	**179.6**	**85.2**	**56.7**	**(15.8)**	**(834.4)**	**279.2**	**-**	**279.2**
31 March 2019									
Gross non-current assets	880.6	163.4	183.8	159.0	14.1	38.7	1,439.6	-	1,439.6
Gross current assets	210.1	114.7	43.3	34.6	9.8	53.3	465.8	67.5	533.3
Gross liabilities	(353.4)	(102.6)	(166.6)	(166.0)	(55.4)	(804.6)	(1,648.6)	(4.8)	(1,653.4)
Net assets (liabilities)	737.3	175.5	60.5	27.6	(31.5)	(712.6)	256.8	62.7	319.5

4. Revenue

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

Revenue by type of service	Commercial Waste €m	Hazardous Waste €m	Monostreams €m	Municipal €m	Inter-segment €m	**Total €m**
30 September 2019						
Inbound	**526.6**	**52.6**	**35.0**	**87.8**	**(16.7)**	**685.3**
Outbound	**63.7**	**1.3**	**71.5**	**2.8**	**-**	**139.3**
On-Site	**19.5**	**58.7**	**-**	**-**	**-**	**78.2**
Other	**7.7**	**-**	**1.5**	**3.7**	**-**	**12.9**
Total revenue	**617.5**	**112.6**	**108.0**	**94.3**	**(16.7)**	**915.7**
30 September 2018* restated						
Inbound	488.5	49.1	29.6	89.1	(17.7)	638.6
Outbound	70.9	3.0	79.6	3.0	(0.1)	156.4
On-Site	24.3	55.9	-	-	-	80.2
Other	2.6	-	1.3	11.5	-	15.4
Total revenue	586.3	108.0	110.5	103.6	(17.8)	890.6

*The comparatives have been restated to classify the Canada Municipal segment as a discontinued operation as set out in note 15.

Revenue by geographic market	Commercial Waste €m	Hazardous Waste €m	Monostreams €m	Municipal €m	Inter-segment €m	**Total €m**
30 September 2019						
Netherlands	**394.8**	**112.6**	**56.8**	**-**	**(15.7)**	**548.5**
Belgium	**222.7**	**-**	**33.0**	**-**	**(1.0)**	**254.7**
UK	**-**	**-**	**-**	**94.3**	**-**	**94.3**
France	**-**	**-**	**12.2**	**-**	**-**	**12.2**
Other	**-**	**-**	**6.0**	**-**	**-**	**6.0**
Total revenue	**617.5**	**112.6**	**108.0**	**94.3**	**(16.7)**	**915.7**
30 September 2018* restated						
Netherlands	375.5	108.0	55.3	-	(12.6)	526.2
Belgium	210.8	-	34.1	-	(3.1)	241.8
UK	-	-	-	103.6	-	103.6
France	-	-	13.2	-	(1.1)	12.1
Other	-	-	7.9	-	(1.0)	6.9
Total revenue	586.3	108.0	110.5	103.6	(17.8)	890.6

*The comparatives have been restated to classify the Canada Municipal segment as a discontinued operation as set out in note 15.

Revenue recognised at a point in time amounted to €793.9m (2018/19: €778.1m) with the remainder recognised over time. The majority of the Commercial, Municipal and Monostreams revenue is recognised at a point in time, whereas for Hazardous Waste the majority is recognised over time.

5. Non-trading and exceptional items

The following items are presented in non-trading and exceptional items.

	First half 2019/20 €m	First half 2018/19 €m
Merger related costs:		
Synergy delivery costs - cash	**5.1**	8.9
Synergy delivery costs - non-cash	**0.5**	-
Integration costs	**0.9**	8.0
	6.5	16.9
Portfolio management activity:		
Loss on remeasurement of assets held for sale	**35.5**	-
Prior year disposals	**(2.2)**	(11.2)
2017 merger related	**(1.8)**	0.1
	31.5	(11.1)
Other items:		
Provision against AEB incinerator receivable	**3.0**	-
ATM soil issue	**1.5**	1.3
Restructuring	**1.0**	-
	5.5	1.3
Amortisation of acquisition intangibles	**3.3**	3.2
Finance charges – non trading and exceptional (note 6)	**0.8**	0.1
Non-trading and exceptional items in profit before tax (continuing operations)	**47.6**	10.4
Tax on non-trading and exceptional items	**(3.8)**	(5.5)
Exceptional tax credit	**(2.5)**	-
Total non-trading and exceptional items in profit after tax (continuing operations)	**41.3**	4.9
Discontinued operations	**18.9**	-
	60.2	4.9

Merger related costs
Due to the significance of the merger on the Group and the associated synergy delivery projects, these costs are considered to be exceptional. Synergy delivery costs of €5.6m (2018/19: €8.9m) and integration costs of €0.9m (2018/19: €8.0m) were incurred as the Group continues to execute its merger plans for generating value. Synergy delivery costs include €0.5m of non-cash impairments relating to the closure of activities at one of the glass operations in the Monostreams division. The total cost of €6.5m (2018/19: €16.9m) was split €2.0m (2018/19: €5.1m) in cost of sales and €4.5m (2018/19: €11.8m) in administrative expenses.

Portfolio management activity
As announced on 8 November 2018 the Group decided to sell the Municipal Canada and Hazardous Waste Reym industrial cleaning business. The Canada disposal was completed in September 2019 and is shown as a discontinued operation. The Reym business was classified as held for sale at March 2019 and on 10 September a binding agreement was reached to sell this business and as a result, the carrying value of the Reym disposal group has been re-assessed which has resulted in a loss on remeasurement of assets held for sale of €35.5m. This remeasurement has been allocated against goodwill and other non-current assets and has been recorded in administrative expenses.

The credit for prior year disposals relates to the release of a warranty provision for a UK disposal which is now no longer required. The prior year credit included the profit on sale of the Group's share in the UK joint venture Energen Biogas and the profit on sale of transferring 50% of a subsidiary to a joint venture.

The 2017 merger related credit of €1.8m includes a final warranty settlement relating to the 2017 merger of Van Gansewinkel Groep BV net of further legal and other advisory transaction costs incurred in the period.

The total cost of €31.5m (2018/19: credit of €11.1m) was recorded in administrative expenses.

Other items
As a result of the unplanned shutdown of the AEB incinerator at Amsterdam during the summer additional costs for outlets, logistics and handling were incurred. Discussions on reimbursement of costs from AEB are progressing well and full recovery is expected. As recovery is not certain at the balance sheet date an impairment provision of €3m has been reflected and it is hoped that this will be reversed in the second half of the year. The full charge has been recorded in cost of sales.

5. Non-trading and exceptional items - continued

The charge for the ATM soil issue of €1.5m (2018/19: €1.3m) relates to the soil offset market issue and includes additional costs of off-site storage and legal advice.

Other restructuring and initial fees relating to Renewi 2.0 of €1.0m (2018/19: €nil).

The total charge of €5.5m (2018/19: €1.3m) was split €4.4m (2018/19: €1.3m) in cost of sales and €1.1m (2018/19: €nil) in administrative expenses.

Amortisation of acquisition intangibles
Amortisation of intangible assets acquired in business combinations of €3.3m (2018/19: €3.2m) is all recorded in cost of sales.

Items recorded in finance costs
The exceptional finance costs include ineffectiveness on cash flow hedges.

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

Discontinued operations
The disposal of the Canadian business was completed on 30 September 2019 which resulted in a loss on disposal of €18.9m and further details are set out in note 13.

6. Net finance charges

Continuing operations	**First half 2019/20 €m**	Restated* First half 2018/19 €m
Finance charges		
Interest payable on borrowings	**9.9**	8.0
Interest payable on PFI/PPP non-recourse net debt	**3.9**	3.9
Lease interest[#]	**3.1**	0.4
Unwinding of discount on provisions	**3.7**	4.2
Interest charge on the retirement benefit schemes	**0.1**	0.3
Amortisation of loan fees	**0.7**	0.3
Other finance costs	**1.2**	0.5
Total finance charges before non-trading and exceptional items	**22.6**	17.6
Finance income		
Interest receivable on financial assets relating to PFI/PPP contracts	**(4.7)**	(4.7)
Unwinding of discount on deferred consideration receivable	**(0.1)**	(0.1)
Interest receivable on other loans and receivables	**(0.1)**	(1.4)
Total finance income before non-trading and exceptional items	**(4.9)**	(6.2)
Non-trading and exceptional finance charges		
Ineffectiveness charge on cash flow hedges	**1.0**	-
Ineffectiveness credit on cash flow hedges	**(0.2)**	-
Change in fair value of derivatives at fair value through profit or loss	**-**	0.1
Non-trading and exceptional items	**0.8**	0.1
Net finance charges	**18.5**	11.5

*The comparatives have been restated to classify the Canada Municipal segment as a discontinued operation and the lease interest costs have been reclassified from interest payable on borrowings to the lease interest classification.

#Lease interest for 2019/20 includes €2.7m interest in relation to the increase in lease liabilities as a result of IFRS 16, details are set out in note 11.

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 2020. The estimated average underlying annual tax rate on continuing operations for the year to 31 March 2019 is 24.5% (2018/19: 25.0%).

The rate of UK corporation tax changed from 20% to 19% on 1 April 2017 and will change to 17% on 1 April 2020. As a result, the UK deferred tax for the period has been calculated based on the enacted rates.

Under the corporate tax reform enacted by the Dutch government on 18 December 2018, the standard Netherlands corporate income tax rate is scheduled to reduce to 22.55% for the period ending 31 March 2021 and 20.50% for the period ending 31 March 2022 and subsequent periods. As a result, Netherlands deferred tax has been 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 17 September 2019, including an amendment of the corporate income tax rate to 25% for the period ending 31 March 2021 and 21.7% 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 2019.

Under the corporate income tax reform as enacted by the Belgian government on 22 December 2017, the Belgian corporate income tax rate has reduced to 29.58% for accounting periods starting on or after 1 January 2018 and furthermore 25% for accounting periods starting on or after 1 January 2020. As a result, the Belgian deferred tax has been calculated at the substantively enacted rates depending on when the timing differences are expected to reverse.

8. Dividends

An interim dividend of 0.45 pence (2018/19: 0.95 pence) per ordinary share was approved by the Board on 7 November 2019 and will be paid on 10 January 2020 to shareholders on the register at close of business on 29 November 2019.

The final dividend for the year ended March 2019 was €4.4m (2018: €18.9m) being 0.5 pence (2018: 2.1 pence) per share.

9. Earnings per share

Continuing operations	First half 2019/20			First half 2018/19 Restated*		
	Earnings €m	**Weighted average number of shares million**	**Earnings (loss) per share cents**	Earnings €m	Weighted average number of shares million	Earnings per share cents
Underlying profit after tax	**22.5**			24.2		
Non-controlling interests	**(0.1)**			(0.3)		
Underlying earnings per share	**22.4**	**794.6**	**2.8**	23.9	798.7	3.0
Adjustments:						
Non-trading and exceptional items	**(47.6)**			(10.4)		
Tax on non-trading and exceptional items	**6.3**			5.5		
Non-controlling interests	**(0.1)**			-		
Basic (loss) earnings per share	**(19.0)**	**794.6**	**(2.4)**	19.0	798.7	2.4
Dilutions	**-**	**0.9**	**-**	-	0.6	-
Diluted (loss) earnings per share	**(19.0)**	**795.5**	**(2.4)**	19.0	799.3	2.4
Underlying earnings per share	**22.4**	**794.6**	**2.8**	23.9	798.7	3.0
Dilutions	**-**	**0.9**	**-**	-	0.6	-
Underlying diluted earnings per share	**22.4**	**795.5**	**2.8**	23.9	799.3	3.0

Discontinued operations						
Basic (loss) profit per share attributable to owners of the parent	**(16.6)**	**794.6**	**(2.1)**	1.2	798.7	0.1
Diluted (loss) profit per share attributable to owners of the parent	**(16.6)**	**795.5**	**(2.1)**	1.2	799.3	0.1
Underlying profit per share attributable to owners of the parent	**2.3**	**794.6**	**0.3**	1.2	798.7	0.1
Underlying diluted profit per share attributable to owners of the parent	**2.3**	**795.5**	**0.3**	1.2	799.3	0.1

*The comparatives have been restated to classify the Canada Municipal segment as a discontinued operation as set out in note 15.

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

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

10. Goodwill, intangible assets and property, plant and equipment

	Goodwill €m	Intangible assets €m	Property, plant and equipment €m	Total €m
Net book value at 31 March 2018	619.3	80.0	710.8	1,410.1
Additions	-	4.9	103.6	108.5
Acquisition through business combinations	-	0.1	-	0.1
Disposals	(5.1)	(0.2)	(13.5)	(18.8)
Transfer to disposal groups classified as held for sale	(57.3)	(4.9)	(73.9)	(136.1)
Amortisation and depreciation charge	-	(13.3)	(89.7)	(103.0)
Impairment	(4.3)	(14.3)	(10.3)	(28.9)
Reversal of prior year impairment charge	-	-	0.5	0.5
Exchange	0.1	0.6	1.6	2.3
Net book value at 31 March 2019	552.7	52.9	629.1	1,234.7
Adjustment for change in accounting policy (note 11)	-	-	(35.8)	(35.8)
Restated net book value at 1 April 2019	552.7	52.9	593.3	1,198.9
Additions	-	1.8	27.8	29.6
Acquisition through business combinations	-	0.7	1.9	2.6
Disposals	-	-	(4.7)	(4.7)
Amortisation and depreciation charge	-	(6.1)	(37.2)	(43.3)
Impairment	-	-	(0.5)	(0.5)
Reclassifications	-	0.3	(0.3)	-
Exchange	-	(0.2)	-	(0.2)
Net book value at 30 September 2019	**552.7**	**49.4**	**580.3**	**1,182.4**

Following the adoption of IFRS 16 Leases, finance leased assets of €35.8m previously classified as property, plant and equipment have been transferred to right-of-use assets on 1 April 2019, with further details in note 11.

At 30 September 2019 the Group had property, plant and equipment capital commitments of €11.5m (2017/18: €24.8m).

11. IFRS 16 Leases

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied.

The Group has applied IFRS 16 Leases from the transition date of 1 April 2019. This standard has a material impact on the financial statements as it leads to most leases being recognised on the balance sheet as a right-of-use asset and a lease liability. Operating lease costs under the principle of IAS 17 Leases are now recognised as a depreciation charge of the right-of-use asset and as an interest expense on the lease liability.

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

The Group has applied the modified retrospective approach and has not restated the comparative amounts for the prior year. The reclassifications and the adjustments arising from the new standard are therefore recognised in the opening balance sheet on 1 April 2019.

For the majority of the leases the Group has measured the right-of-use asset on transition date to be equal to the lease liability. For a limited number of real estate lease contracts the Group has recalculated the right-of-use asset, as if IFRS 16 was applied from the beginning of the lease. The cumulative effect of that recalculation has been recognised in equity as an adjustment to the opening balance of retained earnings for the current period.

Significant judgements and estimates

The Group has made specific significant judgements and estimates in applying IFRS 16 on transition date and going forward:

11. IFRS 16 Leases - continued

- For a limited number of specific real estate contracts the calculation of the right-of-use asset and the lease liability on transition date was determined as if IFRS 16 was applied from the beginning of the lease with the cumulative effect of that recalculation being recognised in equity as an adjustment to the opening balance of retained earnings.

- Extension and termination options are included in a number of real estate and plant and machinery leases across the Group. In determining the lease term, management has considered all facts and circumstances that create an economic incentive to exercise such options. Extension options are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

- The appropriate discount rate for specific components of the total lease portfolio of the Group (by type of related right-of-use asset, lease term, country) is estimated based on the incremental borrowing rate the Group may agree with third parties for such components.

- At IFRS 16 transition date the Group has identified right-of-use assets for which an onerous lease provision of €6.0m was provided for at 31 March 2019. This onerous lease provision was reclassified in the right-of-use asset on 1 April 2019.

Practical expedients applied

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

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

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

- Instead of performing an impairment review on the right-of-use assets at the date of transition, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16. This is applicable on a lease by lease basis and the Group has not taken the practical expedient for some leases.

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

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

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

Accounting policy applicable from 1 April 2019

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Previously leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases were charged to the Income Statement on a straight-line basis over the period of the lease.

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

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

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

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

11. IFRS 16 Leases - continued

Fixed assets financed by leasing agreements, which give rights approximating to ownership, are treated as if they had been purchased and the capital element of the leasing commitments are shown as leases. Assets acquired under leases are initially recognised at the present value of the minimum lease payments. The rentals payable are apportioned between interest, which is charged to the income statement, and a repayment which reduces the outstanding obligation.

Adjustments recognised on adoption of IFRS 16

Lease liabilities:
The Group recognised additional lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's specific incremental borrowing rates for groups of leases in the portfolio with reasonably similar characteristics as of 1 April 2019. The weighted average incremental borrowing rate applied by the Group to the lease liabilities on 1 April 2019 was 3.3%.

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

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

Right-of-use assets:
Right-of-use assets have generally been measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments and any onerous contract provision relating to that lease recognised in the balance sheet as at 31 March 2019. For certain specific property leases the associated right-of-use assets in land and buildings were measured on the date of initial application on a retrospective basis as if the new rules had always been applied. The right-of-use assets are depreciated over the remaining term of the lease.

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

The recognised right-of-use assets (excluding assets held for sale) can be specified as follows:

	Land and buildings €m	Plant and machinery €m	Total €m
Reclassifications from property, plant and equipment	3.9	31.9	35.8
Right-of-use assets on transition	101.1	45.8	146.9
Impairment of right-of-use assets on transition	(6.3)	(1.1)	(7.4)
Right-of-use assets at 1 April 2019	98.7	76.6	175.3
Additions/modification of leases	-	21.0	21.0
Depreciation charge*	(4.6)	(9.5)	(14.1)
Exchange	(0.3)	-	(0.3)
Net book value at 30 September 2019	**93.8**	**88.1**	**181.9**

*The depreciation charge of €14.1m includes €11.3m of new IFRS 16 leases and €2.8m in relation to leases which were previously finance leases under IAS 17.

The plant and machinery right-of-use assets at 30 September 2019 include €5.0m plant/installations, €74.3m machinery, €8.2m personnel cars and €0.6m of others.

11. IFRS 16 Leases - continued

Impact on Financial Statements:

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

	Note	As reported 31 March 2019 €m	IFRS 16 adoption effect €m	1 April 2019 opening balance €m
Property, plant and equipment	10	629.1	(35.8)	593.3
Right-of-use assets		-	175.3	175.3
Deferred tax asset		38.6	0.6	39.2
Assets of disposal groups classified as held for sale		162.4	22.0	184.4
Accruals		(160.4)	0.7	(161.1)
Lease liabilities		(23.3)	(155.4)	(178.7)
Deferred tax liability		(56.1)	1.1	(55.0)
Liabilities of disposal groups classified as held for sale		(40.5)	(22.0)	(62.5)
Onerous contract provisions	16	(94.9)	6.0	(88.9)
Impact on net assets			**(7.5)**	

The impact of the changes to the Consolidated Interim Income Statement for the first half year of 2019/20 due to the adoption of IFRS 16 can be summarised as follows:

Continuing operations	**€m**
Decrease in operating expenses	15.3
Increase in depreciation charge	(11.3)
Operating profit	4.0
Increase in finance charges	(2.7)
Impact on profit before tax	1.3

The impact of the changes to the Cash Flow Statement for the first half year of 2019/20 due to the adoption of IFRS 16 can be summarised as follows:

Continuing operations	**€m**
Decrease in operating expenses	15.3
Impact on cash flow from operating activities	15.3
Increase in finance charges	(2.7)
Repayment of leases	(12.6)
Impact on cash flow from financing activities	(15.3)
Impact on cash and cash equivalents at the end of the period	-

12. Borrowings

On 19 July 2019 the Group successfully issued new Green retail bonds for €75m at a gross coupon of 3.00% for a period of 5 years maturing on 19 July 2024. On 31 July 2019 the 4.23% €100m July 2019 retail bonds were repaid in full.

The Group's borrowings are analysed as follows:

	As at 30 September 2019 €m	As at 30 September 2018 €m	As at 31 March 2019 €m
Current borrowings			
Retail bonds	**-**	99.9	100.0
Bank overdrafts	**0.4**	1.4	5.4
Lease liabilities*	**31.1**	10.3	8.3
Other loans	**4.4**	0.6	5.0
Borrowings - Other	**35.9**	112.2	118.7
Borrowings - PFI/PPP non-recourse net debt	**2.2**	1.6	2.8
	38.1	113.8	121.5
Non-current borrowings			
Retail bonds	**174.2**	99.5	99.6
European private placements	**24.6**	-	24.5
Term loan	**137.5**	132.5	132.4
Revolving credit facility	**262.1**	230.0	212.2
Lease liabilities*	**152.3**	22.7	15.0
Other loans	**-**	4.4	-
Borrowings - Other	**750.7**	489.1	483.7
Borrowings - PFI/PPP non-recourse net debt	**87.1**	88.9	92.6
	837.8	578.0	576.3

*The Group adopted IFRS 16 Leases from 1 April 2019 which resulted in an increase in lease liabilities with details set out in note 11. The impact on September 2019 borrowings is an addition of €164.8m.

The maturity of the lease liabilities can be specified as follows, these are the undiscounted cash flows, including interest and principal at the balance sheet date:

	As at 30 September 2019 €m	As at 30 September 2018 €m	As at 31 March 2019 €m
Within one year	**36.3**	10.4	8.7
Between one year and five years	**99.6**	19.7	14.4
Over five years	**116.6**	7.1	1.4
	252.5	37.2	24.5

12. Borrowings - continued

Movement in net debt

	At 1 April 2019 €m	Adjustment for change in accounting policy €m	Net cash flows €m	Other non-cash changes €m	Transferred to asset held for sale or disposed of €m	Exchange movements €m	**At 30 September 2019 €m**
Cash and cash equivalents	50.4	-	75.5	-	(18.2)	0.2	**107.9**
Bank loans and overdrafts	(355.0)	-	(49.1)	(0.4)	-	0.1	**(404.4)**
EU private placements	(24.5)	-	-	(0.1)	-	-	**(24.6)**
Retail bonds	(199.6)	-	25.0	0.4	-	-	**(174.2)**
Lease liabilities	(23.3)	(155.4)	15.8	(20.9)	-	0.4	**(183.4)**
	(552.0)	(155.4)	67.2	(21.0)	(18.2)	0.7	**(678.7)**
PFI/PPP non-recourse net debt	(95.4)	-	3.6	-	-	2.5	**(89.3)**
Total net debt	(647.4)	(155.4)	70.8	(21.0)	(18.2)	3.2	**(768.0)**

Analysis of movement in net debt

	First half 2019/20 €m	First half 2018/19 €m	Full year 2018/19 €m
Net increase (decrease) in cash and cash equivalents	**75.5**	32.3	(23.0)
Net increase in borrowings and leases	**(4.7)**	(24.6)	(27.9)
Cash sold as part of the business disposal	**(0.1)**	-	-
Capitalisation of loan fees	**0.5**	1.8	3.0
Total cash flows in net debt	**71.2**	9.5	(47.9)
Adjustment for change in accounting policy (note 11)	**(155.4)**	-	-
Leases entered into during the period	**(20.9)**	(0.2)	(0.4)
Amortisation of loan fees	**(0.6)**	(0.3)	(0.8)
Transferred to disposal groups classified as held for sale	**(18.1)**	-	4.2
Exchange loss	**3.2**	(0.4)	(7.3)
Movement in net debt	**(120.6)**	8.6	(52.2)
Net debt at beginning of period	**(647.4)**	(595.2)	(595.2)
Net debt at end of period	**(768.0)**	(586.6)	(647.4)

13 Acquisitions and disposals

Acquisitions

In May 2019 the Monostreams division completed a small tuck in business combination which included plant and equipment and customer relations for a consideration of €2.6m.

In June 2019 the Netherlands Commercial division acquired for a consideration of €1.7m 32% of RetourMatras BV which is held as an associate.

Disposal

On 30 September 2019 the Group completed the sale of Municipal Canada which was disclosed as held for sale at 31 March 2019 with an impairment charge of €22.5m reflected at that time. The provisional loss on disposal of Canada (net of disposal costs) totalled €18.9m. Under the Sale and Purchase agreement, the cash consideration may be adjusted based upon finalisation of the net assets disposed of and the potential receipt of contingent consideration. Upon disposal we have recycled the cumulative currency translation reserve of €1.9m through the Income Statement in accordance with IAS 21 The effects of changes in foreign exchanges rates.

The assets and liabilities disposed were:

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

Loss on disposal	
Net cash consideration	56.8
Net assets disposed of	(69.1)
Loss on disposal before disposal costs	(12.3)
Cumulative currency translation loss	(1.9)
Disposal costs and others	(4.7)
Discontinued non-trading loss (note 15)	(18.9)

Cash flow	
Cash consideration	56.9
Cash and cash equivalents disposed	(0.1)
Net cash consideration	56.8
Disposal costs paid	(0.8)
Cash inflow per cash flow statement	56.0

14. Assets held for sale

On 8 November 2018 the Group announced its intention to exit Municipal Canada and the Hazardous Waste Reym industrial cleaning business resulting in the assets and related liabilities being held for sale at 31 March 2019. The Canada disposal completed on the 30 September as set out in note 13. On 10 September the Group announced that it had reached a binding agreement to sell Reym and the assets classified as held for sale and the related liabilities at 30 September are shown below.

	Carrying value under IFRS 5 at 31 March 2019 €m	Disposed of assets based on carrying value as at 31 March 2019 €m	Change in value to 30 September 2019 €m	Remeasurement under IFRS 5 €m	Carrying value under IFRS 5 at 30 September 2019 €m
Goodwill	23.8	-	-	(23.8)	-
Other Intangible assets	3.3	-	-	(0.5)	2.8
Right-of-use assets	-	-	21.6	(3.4)	18.2
Property, plant and equipment	67.0	(21.7)	(2.9)	(6.6)	35.8
Financial assets relating to PFI/PPP contracts	44.0	(44.0)	-	-	-
Trade and other receivables	23.6	(1.7)	4.0	-	25.9
Inventories	0.7	(0.1)	-	-	0.6
Cash	-	-	18.1	-	18.1
Total assets held for sale	**162.4**	**(67.5)**	**40.8**	**(34.3)**	**101.4**
Trade and other payables	(30.6)	3.8	(2.9)	-	(29.7)
Provisions	(0.8)	-	0.1	-	(0.7)
Lease liabilities	(4.2)	-	(16.0)	-	(20.2)
Tax	(4.9)	1.0	(0.9)	-	(4.8)
Total liabilities relating to assets held for sale	**(40.5)**	**4.8**	**(19.7)**	-	**(55.4)**
Net assets held for sale	**121.9**	**(62.7)**	**21.1**	**(34.3)**	**46.0**

The carrying value of the disposal group has been assessed against the anticipated proceeds less the disposal costs and this has resulted in a remeasurement charge of €35.5m. The remeasurement of €34.3m has been allocated against goodwill, other intangibles, property plant and equipment and right of use assets and €1.2m of disposal related costs have been paid in cash in the period. The charge has been recognised in the Income Statement as an exceptional administrative expense.

15. Discontinued operations

The Municipal Canada disposal meets the definition of a discontinued operation as stated in IFRS 5 Non-current assets held for sale and discontinued operations. As a result the net results are presented as discontinued operations in the Income Statement and the prior year Income Statement and Cash Flow Statement comparatives have been restated. As stated in note 13 the disposal of this discontinued operation was completed on 30 September 2019 and the net assets and liabilities disposed of are set out in note 13.

Income Statement in relation to the discontinued operations:

	First half 2019/20 €m	First half 2018/19 €m
Revenue	**10.8**	9.8
Cost of sales	**(6.8)**	(7.9)
Gross profit	**4.0**	1.9
Administrative expenses	**(0.9)**	(0.1)
Operating profit before non-trading and exceptional items	**3.1**	1.8
Non-trading and exceptional items (note 13)	**(18.9)**	-
Operating (loss) profit after non-trading and exceptional items	**(15.8)**	1.8
Finance income	**0.6**	0.7
Finance charges	**(0.5)**	(0.8)
(Loss) profit before tax on discontinued operations	**(15.7)**	1.7
Taxation	**(0.9)**	(0.5)
(Loss) profit after tax on discontinued operations	**(16.6)**	1.2

Cash flow information in relation to the discontinued operations:

	First half 2019/20 €m	First half 2018/19 €m
Net cash inflow from operating activities	**38.6**	9.8
Net cash (outflow) inflow from investing activities	**(3.7)**	0.1
Net cash outflow from financing activities	**(36.3)**	(10.3)
Net movement in cash	**(1.4)**	(0.4)

16. Provisions

	Site restoration and aftercare €m	Restructuring €m	Onerous contracts €m	Other €m	Total €m
At 1 April 2018	133.6	9.0	109.5	24.9	277.0
Provided in the year	2.1	6.0	11.3	10.0	29.4
Released in the year	-	(0.1)	(0.9)	(0.5)	(1.5)
Finance charges – unwinding of discount	4.5	-	3.7	0.2	8.4
Utilised in the year	(4.3)	(7.3)	(27.0)	(4.0)	(42.6)
Transfer to disposal groups classified as held for sale	-	-	-	(0.8)	(0.8)
Transfers between provisions	2.8	-	(2.8)	-	-
Exchange	0.2	-	1.1	0.1	1.4
At 31 March 2019	**138.9**	**7.6**	**94.9**	**29.9**	**271.3**
Adjustment for change in accounting policy (note 11)	-	-	(6.0)	-	(6.0)
Restated at 1 April 2019	**138.9**	**7.6**	**88.9**	**29.9**	**265.3**
Provided in the period	0.1	0.1	-	3.0	3.2
Released in the period	-	(0.1)	(0.1)	(2.7)	(2.9)
Finance charges – unwinding of discount	2.2	-	1.4	0.1	3.7
Utilised in the period	(1.2)	(4.6)	(11.6)	(1.9)	(19.3)
Exchange	-	(0.1)	(2.3)	(0.1)	(2.5)
At 30 September 2019	**140.0**	**2.9**	**76.3**	**28.3**	**247.5**
Current	**5.5**	**2.7**	**16.1**	**11.3**	**35.6**
Non-current	**134.5**	**0.2**	**60.2**	**17.0**	**211.9**
At 30 September 2019	**140.0**	**2.9**	**76.3**	**28.3**	**247.5**
Current	8.2	7.6	26.1	13.5	55.4
Non-current	130.7	-	68.8	16.4	215.9
At 31 March 2019	138.9	7.6	94.9	29.9	271.3
Current	6.4	6.0	32.5	11.6	56.5
Non-current	131.6	-	65.7	15.4	212.7
At 30 September 2018	138.0	6.0	98.2	27.0	269.2

Site restoration and aftercare
The site restoration provision as at 30 September 2019 related to the cost of final capping and covering of the landfill sites. These costs are expected to be paid over a period of up to 32 years from the balance sheet date and may be impacted by a number of factors including changes in legislation and technology.

Post-closure costs of landfill sites, including such items as monitoring, gas and leachate management and licensing, have been estimated by management based on current best practice and technology available. The dates of payments of these aftercare costs are uncertain but are anticipated to be over a period of at least 30 years from closure of the relevant landfill site.

Restructuring
The restructuring provision relates to redundancy and related costs incurred as part of restructuring initiatives including the delivery of merger related synergies. During the period a further €4.6m has been utilised (2018/19: €7.3m).

Onerous contracts
Onerous contracts are provided at the net present value of the net cost 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.

Other
Other provisions principally cover dilapidations, long-service employee awards, legal claims, warranties and indemnities.

17. Retirement benefit schemes

The Group has the legacy Shanks UK defined benefit scheme which covers UK employees and is closed to new entrants and 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 2019/20 €m	First half 2018/19 €m
Current service (credit) charge	**(0.4)**	1.4
Interest expense on scheme net liabilities	**0.1**	0.3
Net retirement benefit (credit) charge before tax	**(0.3)**	1.7

The amounts recognised in the balance sheet were as follows:

	As at 30 September 2019 €m	As at 30 September 2018 €m	As at 31 March 2019 €m
Present value of funded obligations	**(301.9)**	(255.4)	(267.1)
Fair value of plan assets	**296.9**	236.3	255.2
Net pension scheme deficit	**(5.0)**	(19.1)	(11.9)
Related deferred tax asset	**1.3**	4.1	2.7
Net pension deficit	**(3.7)**	(15.0)	(9.2)
Analysed as:			
Defined benefit pension scheme surplus – included in non-current assets	**5.1**	-	-
Defined benefit pension schemes deficit – included in non-current liabilities	**(10.1)**	(19.1)	(11.9)
Net pension scheme deficit	**(5.0)**	(19.1)	(11.9)

The legacy Shanks UK defined benefit scheme deficit reduced by €8.8m from 31 March 2019 to be an asset of €5.1m. This is a result of a change in the scheme's investment strategy by increasing the hedging component to protect against falling interest rates which was only partly off-set by the reduction in the discount rate which increased the liability. The liability for the Netherlands and Belgium defined benefit schemes increased by €1.9m from 31 March 2019 principally as a result of the reduction in discount rates.

18. Financial instruments at fair value

The Group holds certain financial instruments on the balance sheet at their fair values. The following hierarchy classifies the 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.

The Group does not hold any financial instruments at fair value which are valued using Level 1 or Level 3 techniques and there have been no transfers between categories in the current or preceding periods.

Valuation techniques used to derive Level 2 fair values

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

18. Financial instruments at fair value - continued

The table below presents the Group's financial instruments measured at fair value:

	As at 30 September 2019 €m	As at 30 September 2018 €m	As at 31 March 2019 €m
Assets			
Unlisted non-current Investments	**4.3**	4.3	4.7
Short term investments	**9.2**	5.9	5.9
Derivative financial instruments	**0.5**	4.2	3.0
	14.0	14.4	13.6
Liabilities			
Derivative financial instruments	**37.0**	29.7	32.8
Retail bonds	**180.2**	203.5	203.6
	217.2	233.2	236.4

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

19. 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, we do not consider it appropriate at this stage nor is it possible to quantify a provision in relation to this.

There is an ongoing environmental investigation in relation to two sites in Belgium Commercial and a hearing before the advisory committee has taken place. 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. Renewi will defend its conduct vigorously in such an event and we do not consider it appropriate at this stage nor is it possible to quantify a provision in relation to this.

The nature of the Group's contingent liabilities remains consistent with those as listed in the 2019 Annual Report and Accounts.

20. Related party transactions

The Group's significant related parties remain as disclosed in note 8.2 of the 2019 Annual Report and Accounts. There were no material differences in related parties or related party transactions in the period compared to the prior year.

21. Explanation of non-IFRS measures and reconciliations

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

Financial Measure	How we define it	Why we use it
Underlying EBIT	Operating profit from either continuing operations or total operations (continuing and discontinued operations) excluding amortisation of intangible assets arising on acquisition, fair value remeasurements non-trading and exceptional items	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 and profit or loss on disposal of plant, property and equipment	Measure of earnings and cash generation to assess operational performance

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

Financial Measure	How we define it	Why we use it
Underlying profit before tax	Profit before tax from either continuing operations or total operations (continuing and discontinued operations) before non-trading and exceptional items, amortisation of intangible assets arising on acquisition and fair value remeasurements	Facilitates underlying performance evaluation
IAS 17 basis	Calculated using previous lease accounting standard IAS 17	Enables like for like comparison with prior year
Underlying EPS	Earnings per share before non-trading and exceptional items, amortisation of intangible assets arising on acquisition and fair value remeasurements	Facilitates underlying performance evaluation
Underlying effective tax rate	The effective tax rate on underlying profit before tax	Provides a more comparable basis to analyse our tax rate
Return on operating assets on an IFRS 16 basis	Last 12 months underlying EBIT divided by a 13 month average of total net assets (including assets and liabilities of disposal groups classified as held for sale) excluding core net debt, IFRS 16 lease liabilities, derivatives, tax balances, goodwill and acquisition intangibles	Provides a measure of the return on assets across the Divisions and the Group excluding goodwill and acquisition intangible balances
Return on operating assets on an IAS 17 basis	Last 12 months underlying EBIT adjusted for the impact of IFRS 16 divided by a 13 month average of total net assets (including assets and liabilities of disposal groups classified as held for sale) excluding right of use assets under IFRS 16, core net debt, IFRS 16 lease liabilities, derivatives, tax balances, goodwill and acquisition intangibles	Provides a measure of the return on assets across the Divisions and the Group excluding goodwill and acquisition intangible balances and to enable a like for like comparison with those previously reported
Post-tax return on capital employed	Last 12 months underlying EBIT as adjusted by the Group effective tax rate divided by a 13 month average of total net assets excluding core net debt, lease liabilities and derivatives	Provides a measure of the Group return on assets taking into account the goodwill and acquisition intangible balances
Underlying free cash flow	Net cash generated from operating activities principally excluding non-trading and exceptional items and including interest, tax and replacement capital spend	Measure of cash available after regular replacement capital expenditure to pay dividends, fund growth capital projects and invest in acquisitions
Free cash flow conversion	The ratio of underlying free cash flow to underlying EBIT	Provides an understanding of how our profits convert into cash
Non-trading and exceptional cash flow items	Synergy, 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
Core net debt or core funding	Core net debt includes cash and cash equivalents but excludes the net debt relating to the UK PFI/PPP contracts, lease liabilities as a result of IFRS 16 and cash and borrowings in assets and liabilities of disposal groups classified as held for sale	The borrowings relating to the UK PFI/PPP contracts are non-recourse to the Group and excluding these gives a suitable measure of indebtedness for the Group and excluding the IFRS 16 leases this enables a more meaningful comparison to the prior year
Net debt to EBITDA	Covenant net debt divided by an annualised EBITDA with a net debt value based on the terminology of financing arrangements and translated at an average rate of exchange for the period. This includes the cash and leases which were finance leases under IAS 17 as included in assets and liabilities of disposal groups classified as held for sale	Commonly used measure of financial leverage and consistent with covenant definition

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

Reconciliations of non-IFRS measures are set out below:

Reconciliation of underlying EBIT to EBITDA	**First half 2019/20 €m**	First half 2018/19 €m
Operating profit	**1.0**	32.7
Non-trading and exceptional items	**46.8**	10.3
Underlying EBIT from continuing operations	**47.8**	43.0
Depreciation of property, plant and equipment and right-of-use assets	**51.3**	43.7
Amortisation of intangible assets (excluding acquisition intangibles)	**2.8**	3.5
Non-exceptional gains on property, plant and equipment	**(0.7)**	(0.6)
EBITDA from continuing operations	**101.2**	89.6
EBITDA from discontinued operations	**3.1**	3.0
Total EBITDA	**104.3**	92.6

Reconciliation of underlying free cash flow as presented in the Finance Review

	First half 2019/20 IFRS 16 basis €m	**First half 2019/20 IAS 17 basis €m**	First half 2018/19 IAS 17 basis €m
Net cash generated from operating activities	**81.2**	**81.2**	66.5
Exclude IFRS 16 adjustment to operating expenses	**-**	**(15.3)**	-
Exclude non-trading and exceptional, provisions, working capital and restructuring spend	**35.8**	**35.8**	25.5
Exclude exceptional proceeds from disposal of property, plant and equipment	**0.8**	**0.8**	-
Exclude payments to fund UK defined benefit pension scheme	**1.7**	**1.7**	1.7
Exclude increase (decrease) in Municipal Canada PPP financial asset	**0.1**	**0.1**	(7.4)
Exclude IFRS 16 adjustments relating to discontinued operations	**-**	**(0.5)**	-
Include finance charges and loan fees paid (excluding exceptional finance charges)	**(23.2)**	**(20.5)**	(19.4)
Include finance income received	**5.8**	**5.8**	5.8
Include purchases of replacement items of intangible assets	**(1.7)**	**(1.7)**	(2.3)
Include purchases of replacement items of property, plant and equipment	**(33.6)**	**(33.6)**	(44.4)
Include right-of-use asset additions	**(21.2)**	**-**	-
Include proceeds from disposals of property, plant and equipment	**6.1**	**6.1**	2.2
Underlying free cash flow	**51.8**	**59.9**	28.2

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 2019/2020 replacement spend shown above totalling €35.3m (being €1.7m intangible assets and €33.6m property, plant and equipment) plus the growth capital expenditure in the cash flow of €10.5m as shown in the Finance review less additions for new leases which would have been finance leases under IAS 17 of €0.4m (included in the €15.8m total lease additions as shown in note 12) reconciles to the purchase of property, plant and equipment and intangible assets cash outflow of €45.4m within investing activities in the consolidated statement of cash flows.

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

Reconciliation of net core cash flow as presented in the Finance Review	**First half 2019/20 IFRS 16 basis €m**	**First half 2019/20 IAS 17 basis €m**	First half 2018/19 IAS 17 basis €m
Net core cash flow	**52.2**	**56.2**	4.9
Movement in PFI/PPP non-recourse net debt	**6.1**	**6.1**	4.1
Capitalisation of loan fees net of amortisation	**(0.1)**	**(0.1)**	1.5
Exchange movements	**0.7**	**0.7**	(1.9)
Exchange movements - discontinued	**(0.1)**	**(0.1)**	-
IFRS 16 transition movements - excluding assets held for sale	**(155.4)**	**(155.4)**	-
IFRS 16 transition movements - assets held for sale	**(21.9)**	**(21.9)**	-
IFRS 16 decrease in operating expenses - continuing	**-**	**15.3**	-
IFRS 16 increase in finance charges - continuing	**-**	**(2.7)**	-
IFRS 16 discontinued operations	**-**	**0.5**	-
IFRS 16 right-of-use asset additions	**-**	**(21.2)**	-
Disposal of IFRS 16 finance leases	**-**	**4.1**	-
IFRS 16 leases included in liabilities of disposal groups classified as held for sale	**16.0**	**16.0**	-
Cash transferred to assets of disposal groups classified as held for sale	**(18.1)**	**(18.1)**	-
Movement in net debt (note 12)	**(120.6)**	**(120.6)**	8.6

Reconciliation of total net debt to net debt under core net debt	**First half 2019/20 €m**	Year ended 31 March 2019 €m
Total net debt	**(768.0)**	(647.4)
Less PFI/PPP non-recourse net debt	**89.3**	95.4
Less IFRS 16 lease liabilities	**164.8**	-
Core net debt	**(513.9)**	(552.0)

22. Post balance sheet events

The sale of the Reym industrial cleaning business to REMONDIS Maintenance & Services completed on 31 October 2019.

On 1 November 2019 the term loan was reduced by €55.0m from €137.5m to €82.5m and €247.5m of the term and RCF facilities were extended by a year to May 2024.

On 5 November 2019 ATM acquired the 50% holding in AP4Terra BV from the joint venture partner and from that date AP4 Terra BV will be accounted for as a wholly owned subsidiary.

Independent review report to Renewi plc

Report on the Condensed Consolidated Interim Financial Statements

Our conclusion

We have reviewed Renewi plc's Condensed Consolidated Interim Financial Statements (the "interim financial statements") in the interim results of Renewi plc for the six-month period ended 30 September 2019. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the Consolidated Interim Balance Sheet as at 30 September 2019;
- the Consolidated Interim Income Statement and Consolidated Interim Statement of Comprehensive Income for the period then ended;
- the Consolidated Interim Statement of Changes in Equity for the period then ended;
- the Consolidated Interim Statement of Cash Flows for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the interim results have been prepared in accordance with the International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The interim results, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the interim results based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

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 Auditing Practices Board 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.

We have read the other information contained in the interim results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
7 November 2019

Notes:

(i) The maintenance and integrity of the Renewi plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the interim financial statements since they were initially presented on the website.
(ii) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.