

Renewi FY21 results

# On the front foot and targeting strategic progress

Renewi navigated COVID-19-affected FY21 trading well and emerged in a stronger financial position. FY22 has started positively, and the company is progressing its three-pronged programme to improve both the level and quality of earnings. Although it is relatively early days in the delivery of these gains, Renewi is getting little credit for the strategy at this stage, in our view.

Year end	Revenue (€m)	PBT* (€m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
03/20	1,775.4	54.3	5.4	0.5	12.4	0.8
03/21	1,693.6	47.1	4.5	0.0	14.1	N/A
03/22e	1,800.9	55.8	5.2	0.0	12.0	N/A
03/23e	1,847.9	72.2	6.8	1.8	9.3	2.8

Note: \*PBT and EPS (fully diluted) are normalised, excluding pension net finance costs, amortisation of acquired intangibles and exceptional items. FY20- are on an IFRS 16 basis.

# Strong H221 earnings recovery, net debt declines

FY21 results were slightly above our expectations (which were raised twice in H2), with revenue and EBIT c 4% and c 7% higher than anticipated respectively. With lower finance costs also, group PBT of €47m was c €8m above our estimate. In a year-on-year context (and excluding the disposed Reym business), PBT was c €5m higher for ongoing operations, with an H1 shortfall more than recovered in strong H2 trading. Good momentum was seen in Commercial Waste, and the other two divisions faced varied challenges, although both made positive EBIT contributions in the year. Year-end core net debt of €344m (2.2x EBITDA) was significantly lower than end-FY20 levels, driven broadly equally by underlying cash generation and tax payment deferrals permissible under governmental business support schemes during the COVID-19 pandemic. No dividend was declared for the year.

# Estimates raised and focused on growth

Management comments indicated increasing confidence in the FY22 trading outlook. We have increased the Commercial Waste contribution in our estimates with a significant reduction in net finance costs also resulting in a c 21% EPS uplift for the year, with FY23 up by a more modest c 3%. We anticipate a controlled uplift in net debt and for Renewi to restart dividend payments in FY23. Progress with and the appetite for growth capital from the Renewi 2.0 business improvement programme will have a bearing on this decision. As Renewi 2.0 enters its second year of implementation, management has reaffirmed all previously flagged costs and benefits.

### Valuation: FY23 P/E below 10x

After reaching a year high of 57.4p at the beginning of June, Renewi's share price has settled back to current levels, which still represents a c 28% ytd gain. As markets and estimates generally normalise following unprecedented and widespread disruption, Renewi is trading on a current year P/E of 12.0x and 5.2x EBITDA (adjusted for pensions cash), which compress further to 9.3x and 4.8x one year further out under our estimates. To us, the FY23 rating appears to give little credit to a leading player in its markets focused on the circular economy and with a clear roadmap for delivering a significant uplift in group profitability.

## Industrial support services

25 June 2021

Price 54.1p

Market cap

£433m €1.16/£

Core group ongoing net debt (ex-PPP/PFI finance and IFRS 16 leases, €m) at end March 2021

Shares in issue 800.1m
Free float 98.8%

Code RWI

Primary exchange LSE

Secondary exchange Euronext Amsterdam

#### Share price performance



#### **Business description**

Renewi is a leading waste-to-product company in some of the world's most advanced circular economies with operations primarily in the Netherlands, Belgium and the UK. Its activities span the collection, processing and resale of industrial, hazardous and municipal waste.

#### **Next events**

AGM 15 July 2021

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### FY21 results overview

Renewi ended a COVID-19 disrupted FY21 with good trading momentum in Commercial Waste, its largest division. Following a series of H2 upgrades, reported profitability was still ahead of our estimates (by c €5m at the EBIT level and c €8m for PBT). Moreover, core net debt was managed down by €110m to €344m (2.2x EBITDA generated in the year) through a combination of strong underlying cash inflow and temporary tax timing benefits. Our revised estimates show Renewi's earnings exceeding FY20 levels in FY23, returning to paying dividends in that year and making further progress in both regards in FY24 (see Exhibit 4).

€m	H120	H220	FY20	H121	H221	FY21	%	change y-o-y	
							H121	H221	FY21
Group revenue	850.7	846.3	1,697.0	821.4	872.2	1,693.6	-3.4%	3.1%	-0.2%
Commercial Waste	630.8	619.4	1,250.2	595.0	645.6	1,240.6	-5.7%	4.2%	-0.8%
Netherlands	408.5	404.1	812.6	396.8	431.6	828.4	-2.9%	6.8%	1.9%
Belgium	222.9	216.2	439.1	198.5	214.4	412.9	-10.9%	-0.8%	-6.0%
Intra-segment	(0.6)	(0.9)	(1.5)	(0.3)	(0.4)	(0.7)			
Mineralz & Water	74.6	77.0	151.6	90.4	92.4	182.8	21.2%	20.0%	20.6%
Specialities	159.1	164.1	323.2	149.4	151.4	300.8	-6.1%	-7.7%	-6.9%
Inter-company adjustment	(13.8)	(14.2)	(28.0)	(13.4)	(17.2)	(30.6)	-2.9%	21.1%	9.3%
Group operating profit	37.8	37.7	75.5	28.3	44.7	73.0	-25.1%	18.6%	-3.3%
Commercial Waste	40.7	37.9	78.6	29.4	47.4	76.8	-27.8%	25.1%	-2.3%
Netherlands	26.1	23.3	49.4	21.1	32.6	53.7	-19.2%	39.9%	8.7%
Belgium	14.6	14.6	29.2	8.3	14.8	23.1	-43.2%	1.4%	-20.9%
Mineralz & Water	2.5	3.1	5.6	2.3	(2.0)	0.3	-8.0%	-164.5%	-94.6%
Specialities	(0.2)	(1.1)	(1.3)	0.0	2.4	2.4	-100.0%	-318.2%	-284.6%
Group central services	(5.2)	(2.2)	(7.4)	(3.4)	(3.1)	(6.5)			
Group op profit – margins (%)	4.4%	4.5%	4.4%	3.4%	5.1%	4.3%			
Commercial Waste	6.5%	6.1%	6.3%	4.9%	7.3%	6.2%			
Netherlands	6.4%	5.8%	6.1%	5.3%	7.6%	6.5%			
Belgium	6.6%	6.8%	6.6%	4.2%	6.9%	5.6%			
Mineralz & Water	3.4%	4.0%	3.7%	2.5%	-2.2%	0.2%			
Specialities	-0.1%	-0.7%	-0.4%	0.0%	1.6%	0.8%			
Group central services									

Source: Renewi, Edison Investment Research. Ongoing operations only, excludes Reym which was sold during FY20 and treated as a continuing business during that year.

## Commercial Waste: Essential service, resilient performance

Renewi's FY20 ended as the commercial implications of the developing COVID-19 pandemic were beginning to be felt and the start of FY21 was similarly affected. Local lockdown conditions had a more marked impact in Belgium compared to the Netherlands, although the collection and processing of waste was declared an essential service at an early stage. Renewi kept its depot infrastructure fully operational throughout and received only modest income from the Belgian government under its temporary unemployment scheme.

<b>Exhibit 2: Commercial waste quart</b>	erly volume pro	ogression in F	Y21 (% change	y-o-y)
	Q1	Q2	Q3	Q4
Netherlands	-6%	-3%	-2%	-5%
Belgium	-24%	-9%	-8%	-3%
Source: Renewi				

Exhibit 2 shows the scale of the volume reductions felt in Q1 (April being particularly hard hit) followed by generally narrowing year-on-year shortfalls as FY21 progressed. In both countries, revenues saw less year-on-year impact than volumes – in fact Netherlands' sales rose modestly – and we discuss the mix effects behind this in the following sections.



Income generated from inbound waste (ie collection and gate fees) dominates Commercial revenues and was pretty stable in both half years, being down just 2% for FY21 as a whole. The other three categories showed fairly sharp contractions in H1, which were more than compensated for by strong rebounds in H2. The most material of these to the overall divisional outturn was the recovery in outbound revenues driven by strong recyclate prices (particularly paper and metals). Otherwise, on-site activity (eg hospitality industry) was understandably constrained at the beginning of H1 and freed up again in H2, while the other category (eg industrial) ultimately made the most progress over the year. These effects are summarised in Exhibit 3.

Exhibit 5. Commercial V	laste division – FY21 revenue	Stream Spirt &	progression	
	% of total	% change y-o-y		
Revenue type	FY21 revenue	H121	H221	FY21
Inbound	83%	-3%	-1%	-2%
Outbound	11%	-21%	33%	4%
On-site	3%	-7%	17%	5%
Other	3%	-21%	70%	21%
Total revenue		-6%	4%	-1%

The improved second-half momentum is shown clearly in this table, and drove several upgrades to guidance and our estimates during the period. As a result, divisional EBIT was only c 3% below the prior year in FY21 and, against our expectations, EBIT in both the Netherlands and Belgium came in c €3m better than we had anticipated ahead of the results.

**Netherlands:** country revenue rose by 1.9% in FY21 on total volumes that were down c 5% for the year (including 1.4% in waste streams considered to be core¹). Construction sector activity remained firm across the year and bulky (residential) waste was particularly strong for the first three quarters before settling back in Q4. In general, the other core sectors recovered well after a weak Q1, although traded largely below prior year levels. Increased home working and restrictions placed on the leisure/hospitality industry meant that commercial and roller bin waste streams respectively were the weaker segments. Overall, the Netherlands' top line was modestly ahead year-on-year in FY21, but the country EBIT margin improved by 40bp to 6.5%. Operational gearing was visible in both half years – negative in H1 and strongly positive in H2 – so we conclude that the favourable volume mix as H2 progressed was responsible for the improving profit expectation and ultimate outcome in the Netherlands. Firming recyclate prices contributed to this outturn.

Belgium: initial lockdown conditions were more severe in Belgium, as clearly seen in the H1 revenue and EBIT contraction. The H2 recovery was more muted than the Netherlands, although broad parity with the prior year was achieved at both revenue and EBIT levels. For the year as a whole, country revenue declined by 6% with total waste volumes down 12%. With one exception, waste stream subsector activity was similar to that seen in the Netherlands, including slightly better year-on-year outturns in commercial, recyclates and construction/ demolition volumes in Q4. In contrast, bulky waste volumes remained well below FY20 levels for the whole of FY21, although we believe that it is typically a smaller subsector than in the Netherlands under normal circumstances anyway. Renewi responded to the contraction in activity and profitability in H1 by announcing the closure of two sorting lines, and cost reductions here contributed to the EBIT recovery in H2. It should be noted that investment in capacity in plastics (commissioned) and sand (ongoing) also took place to improve the quality of processed materials for resale. Overall, Belgian revenue declined by 6% in FY21 with an EBIT margin 100bp lower at 5.6%, and this was substantially due to lockdown effects in Q1/H1.

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Core waste streams are: commercial, roller bins, recyclate materials, bulk items and construction & demolition waste.



## Mineralz & Water: Platform prepared for recovery

This division processes contaminated soil, water, sludge and mineral residues and generates the highest proportion of recycled materials (82% of volume) and also the highest proportion of landfilled materials (17%) of Renewi's three divisions. Including a specialist metal extraction facility (transferred from Coolrec/Specialities) for the full year meant that inbound income accounted for three-quarters and outbound one-quarter of divisional revenues in FY21. In underlying terms, we estimate that inbound and outbound revenues were broadly flat year on year.

Divisional trading performance has been dominated by restrictions on reusing thermally treated soil (TGG) in the Netherlands; this pre-dated the COVID-19 pandemic and, although the block was lifted in December 2019, the issuance of local, application-based activity permits has been slow to kick in. **ATM** did ship 140,000 tonnes of TGG in H121 but inventories of inbound and processed soil have restricted further intake/processing activity, affecting revenue generation. The intake of contaminated water, sludges and chemical waste at ATM's waterside facility is not affected in the same way, although COVID did affect volume activity levels at the beginning of the year. Consequently, we estimate that ATM performed at a similar level to FY20 in revenue terms while underlying EBIT – after taking c €4m external storage costs above the line and incurring disposal costs on the TGG shipments that did take place during FY21 – was slightly lower year-on-year and a small operating loss. In addition, a new €3.5m provision for higher expected disposal costs – also above the line – further reduced reported profitability.

Mineralz (soil washing, mineral/metal extraction, secondary building materials production and landfill operations) saw some disruption to landfill activities in Q1, with COVID affecting volumes here. Also, in H2, the Braine-le-Château site ceased intake operations, leaving Maasvlakte and Zweekhorst (both in the Netherlands) as the only operational landfill sites now. Otherwise, volumes were generally stable to slightly better year-on-year, and the inclusion of Coolrec's Tisselt metal extraction facility (c €29m revenue and modest profit) would have benefited the top line directly and through improving metals pricing towards the year end. This is also reflected in the sharp increase in outbound revenues seen in the year (from c €16m in FY20 to c €46m in FY21).

We will continue to monitor progress in both inbound and outbound revenue streams in future periods as they will provide important markers of success emanating from internal actions, especially at ATM, in our view. In the first instance, any material pick-up in inbound revenues is likely to signify that soil inventory has reduced, freeing up production and storage capacity for fresh intake. Renewi's management has commented that ATM has rebuilt its inbound soil pipeline (to more than 0.5m tonnes) and has signed contracts for the minimum placement of 0.5m tonnes of TGG, which – subject to successful placement – provides a marker of potential activity levels. Secondly, ATM's investment in secondary processing facilities (to separate treated soil into graded sand, gravel and filler to be used as recycled production materials) should translate into an uptick in outbound revenues subject to a) successfully restarting soil intake, and b) market acceptance/certification of processed materials.

Overall, in underlying terms, we believe that the Mineralz & Water division achieved a similar revenue and trading profit performance to that seen in FY20. This is after adjusting for the inclusion of the transferred metal recycling facility and ATM's additional provision, which had primary impacts on divisional revenue and profitability respectively.

# Specialities: Self-help in tough markets

This division comprises three independent specialist companies including UK Municipal (the largest in revenue terms, operating multi-factor waste facilities), Coolrec (recycling of white goods and small electrical appliances) and Maltha (glass recycling)

Taking geographic revenue splits as a proxy, **UK Municipal** activity levels appeared to improve modestly in FY21, with revenue at or above €200m (c £180–190m). Volumes exceeded prior year



levels in all four quarters, materially so during H1 with an increase in working from home generating residential black bin waste. Management also commented that recyclate volumes were down, which both amplifies the first point but also probably represents a mix change that adversely affected underlying profitability. After taking into account full year effects from revised arrangements at the Derby recycling facility (which moved onto a short-term management-only contract in August 2019) and cost savings from self-help actions, UK Municipal profitability improved to around the break-even level, we believe. There was no additional net impact on reported results from movements in provisions.

Adjusting for the metal extraction facility transferred to Mineralz & Water, and after a COVID-19-affected Q1, **Coolrec** activity levels recovered well to slightly above FY20-equivalent levels for the remainder of the year. With a consolidated footprint after prior year restructuring, the company's EBIT contribution more than doubled. Furthermore, investment to expand capabilities in Belgium led to a contract (six years with options for a further three years) to process 100% of the country's fridge recycling requirements, providing both a volume uplift from 75% previously and improved business visibility in this area.

Renewi's glass recycling JV **Maltha** (67:33 ownership with O-I, consolidated P&L with minority adjustment) was clearly and directly affected by the COVID pandemic with much reduced endmarket activity in the leisure and hospitality sectors. While some recovery was seen from Q1 lows, the remaining quarters of FY21 were still c 10–15% below prior year levels in volume terms and revenues were likely to have been down by c 20%. While the business remained modestly profitable, this was at substantially lower levels than in FY20 and Renewi took a partial goodwill impairment charge of €9.5m in FY21.

## Positive underlying cash flow confirms debt reduction trend

As reported as FY21 progressed, Renewi successfully managed cash flows throughout the year and reduced core net debt by c €114m to €344m by the year end. Around half of this improvement came from earnings generated and close control over outflow line items and half from temporary tax payment timing benefits (see below). FX translation represented a c €7m adverse movement at year-end exchange rates.

On a pre-IFRS 16 basis, EBITDA of c  $\le$ 160m was slightly below the prior year and a creditable outturn given market challenges arising from the COVID-19 pandemic. In underlying terms, Renewi achieved a working capital inflow of c  $\le$ 35m, principally driven by good receivables collection. As referenced earlier, the deferral of cash tax payments permissible under business support initiatives by national governments also allowed for the retention of  $\le$ 54m cash within Renewi in the year, with a clear timetable for subsequent payment (see below). These features were the primary components of **c**  $\le$ 258m cash generated from operations in FY21. In addition, on a net basis, the recognition of  $\le$ 43m right of use asset depreciation as operating cash inflow under IFRS 16 exceeded provision-related outflows of c  $\le$ 32m (c 60% for Municipal onerous contracts, c 40% for spending on restructuring/integration/synergy capture under strategic initiatives) and smaller other outflows (eg pensions recovery cash).

Net financing costs of c €19m (after minority dividend receipts) and actual tax payments of €15m together absorbed €34m of cash, while Renewi spent c €62m on net capital expenditures. Set against c €80m of owned asset depreciation, the corporate emphasis was clearly on cash preservation and necessary spending only. Around €7m of capex was applied to growth projects including silos for graded materials at ATM and food waste recycling in Commercial. After all of the above items, **free cash flow generated in the year was €162m**. Leaving the tax deferral benefit to one side, the underlying c €108m generated was approaching double the level seen in FY20.

No dividends were declared or paid during FY21 and net PPP cash inflows meant that corporate investment was modestly positive overall also. After taking into account equity purchases (for the



Employee Share Trust), repayment of PPP debt and c €40m of lease principal repayments, **net** underlying cash generated by Renewi in FY21 was c €117m (prior to FX translation effects).

**IFRS 16 leases** on hand rose by c €21m to c €248m at the year end (with €234m right of use assets recorded on the balance sheet). In broad terms, this was the net result of c €40m principal repayments and c €61m new leases taken out with an ongoing renewal of fleet vehicles, targeting progressively improving emissions and carbon footprint characteristics. For completeness, **non-recourse PPP debt** relating to UK Municipal operations was reduced slightly at €88m. Together with the core net debt and lease liabilities outlined above, total financing sums to the reported overall group net debt of €668m.

**Cash flow outlook:** after an understandably restrained year with regard to investment, we expect to see a more overt front-foot agenda in FY22 with capex guidance of c £120m (around one-fifth of which is for growth projects and some catch-up spending within maintenance capex). There are also flagged discrete outflows expected for:

- costs relating to the Renewi 2.0 strategic improvement programme of c €11m (plus some capex spend included above).
- the cost of placing TGG inventory we have modelled a c €24m outflow relating to this over our forecast horizon with some front-end loading in FY22,
- UK Municipal onerous contract provisions (c €10m, and trending down), and
- deferred tax of c €54m to be repaid in equal instalments over a three-year period (from October 2021)

We expect to see a further recovery in activity levels across Renewi's business – which should be especially visible in year-on-year terms in H122 – have upgraded our profit expectations (see below) with progress anticipated in all three forecast years. This said, the above factors will restrict free cash flow generation to modest levels in FY22 in our opinion and although improving in the following two years will result in core net debt sitting between end FY21 levels and €400m in our model. There is clearly some discretion in the capex line as there is with regard to dividend payments. We anticipate Renewi resuming dividend payments in FY23 and core net debt of c €400m (2.1x EBITDA) at the end of this year and FY24.

## Upgrades driven by updated Commercial view

The upgrades to our group estimates shown in Exhibit 4 are chiefly driven by our expectations for the Commercial Waste division in both the Netherlands and Belgium. It should be noted that the positive end to FY21 trading was progressively reflected in successive upgrades to estimates during that year but those for subsequent years were left largely unchanged. So, to some extent, changes to FY22 and FY23 reflect a catch-up on momentum previously noted. Other changes are comparatively minor on a net basis, though we have tempered the projected rate of profit recovery in Mineralz & Waste, which also captures the dampening effect of rising TGG soil placements by ATM.

Exhibit	4: Renewi r	evised e	stimates						
	EPS, fully dil	uted, norma	lised* (€)	PBT,	normalised*	(€m)	E	BITDA** (€m	)
	Old	New	% chg.	Old	New	% chg.	Old	New	% chg.
FY21	3.6	4.5	+22.7%	39.2	47.1	+20.2%	149.3	159.8	+7.0%
FY22e	4.3	5.2	+20.7%	46.4	55.8	+20.3%	159.0	171.1	+7.6%
FY23e	6.6	6.8	+3.4%	69.8	72.7	+3.3%	182.9	189.0	+3.3%
FY24e	N/A	7.4	N/A	N/A	78.6	N/A	N/A	195.9	N/A

Source: Edison Investment Research. Note: FY21 Old = expected, New = actual. \*IFRS 16 basis, \*\*pre-IFRS 16.



# Strategy: A quick reprise and update

After COVID-19 related challenges in FY21, Renewi has emerged in a stronger financial position and has reaffirmed ambitions to rebuild and grow group profitability. We have covered this in a <u>previous note</u>, but as a short re-cap, the company's roadmap to achieve this is through three primary routes:

- Renewi 2.0 business process improvement programme.
- ATM's return to processing and shipping TGG and building sales of graded building materials.
- **Higher recycling targets** that both increase the proportion of waste recycled (from 65% to 75%, now titled Mission 75) and improve the quality of secondary materials.

Each of these strands aims to add €20m to group EBIT over a three- to five-year period (FY20 baseline). We consider there to be some overlap between points two and three but the extent depends on how much of ATM's recovery is driven by graded building materials sales. However, our updated estimates only include a c €30m uplift between FY20 and FY24 (from c €75m to c €105m), so successful implementation on a broad number of fronts would still represent earnings upside potential in our view.

It is still comparatively early days in this strategic cycle, but the delivery of Renewi 2.0 is underway and we include an updated financial summary on management's expected costs and benefits in Exhibit 5.

Exhibit 5: Renewi 2.0 - expe	cted costs and be	nefits		
€m	FY21	FY22e	FY23e	FY24e
Net benefit	2	5	12	20
Exceptional costs	(7)	(11)	(12)	
Capex	(5)	(2)		
Net cash flow	(10)	(8)	0	20
Source: Renewi				

Updating this table from a year ago, FY21 is now actual rather than expected and we note that c €2m P&L benefit was delivered in this financial year (versus the €1m originally anticipated). Higher capex spend and lower exceptional costs charged in FY21 suggest a slightly different phasing to the execution, though the total expected spend in each category is unchanged in aggregate as is the annualised benefit target for FY24.

We have covered FY21 trading and the immediate outlook for ATM earlier in this note, but Renewi has also updated its 'Innovation pipeline', which supports the qualitatively higher recycling target in bullet point three above. A mattress recycling JV in conjunction with IKEA (Retour Matras) has quickly expanded to three sites in the Netherlands, with a further one to open later this year and prospectively one in Belgium to follow. We believe that this JV is being independently funded, but other projects − such as expansion in organics/food waste processing, with expected capex of €20m − will require capital spending. Other projects are at different development stages and new ones are being added (such as in plastic recycling and residual waste sorting). We have modelled capex in excess of €100m in each of our estimate years to reflect the likelihood of some of these growth projects reaching the commercialisation stage. From the outside, we cannot determine the composition at this stage and, indeed, absolute levels so our estimates should be treated as indicative. It should be noted that the appetite for material investment and the returns that are expected to be generated will also inform Renewi's dividend trajectory as part of the company's capital allocation process.



	m's 2018	2018	2019	2020	2021	2022e	2023e	202
March	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IF
PROFIT & LOSS	Sterling	Euros	Euros	Euros	Euros	Euros	Euros	Eur
Revenue	1,565.7	1,760.3	1,780.7	1,775.4	1,693.6	1,800.9	1,847.9	1,90
Cost of Sales	(1,276.9)	(1,419.2)	(1,470.4)	(1,467.5)	(1,408.5)	(1,493.2)	(1,527.6)	(1,570
Gross Profit	288.8	341.1	310.3	307.9	285.1	307.7	320.3	33
EBITDA	156.9	176.3	179.7	167.1	159.8	171.1	189.0	19
Operating Profit (before GW and except.)	69.1	82.5	85.5	87.6	73.0	82.8	99.2	10
Net Interest	(14.2)	(15.0)	(14.4)	(18.5)	(14.0)	(13.5)	(13.5)	(13
Other Finance	(5.1)	(7.1)	(8.4)	(15.7)	(13.5)	(13.5)	(13.5)	(13
JV/Associates	2.3	2.6	0.4	0.9	1.6	0.0	0.0	
ntangible Amortisation	(5.8)	(6.7)	(6.4)	(6.4)	(3.3)	(3.3)	(3.3)	(;
Non Trading & Exceptional tems	(95.7)	(108.4)	(145.1)	(107.1)	(25.9)	(10.0)	(6.0)	(
Profit Before Tax (Edison norm)	52.1	63.0	63.1	54.3	47.1	55.8	72.2	7
Pension net finance costs	(0.6)	(0.7)	(0.6)	(0.2)	0.3	0.0	0.0	
Profit Before Tax (Renewi norm)	51.5	62.3	62.5	54.1	47.4	55.8	72.2	7
Profit Before Tax (statutory)	(50.0)	(52.8)	(89.0)	(59.4)	18.2	42.5	62.9	
Tax - headline	2.6	1.4	12.4	(1.1)	(7.2)	(13.4)	(17.3)	(1
Profit After Tax (norm)	39.1	47.2	47.5	41.0	35.5	42.4	54.9	
Profit After Tax	(47.4)	(51.5)	(76.6)	(60.5)	11.0	29.1	45.6	
Average Number of Shs Outstanding (m)	799.9	799.9	796.7	794.9	795.2	795.2	795.2	79
EPS - Edison norm (p/c) FD	4.9 4.8	5.9 5.4	6.0	5.4* 5.4*	4.5	5.2	6.8	
EPS - Renewi norm (p/c) FD EPS - (p/c)	(5.9)	(6.8)	(11.7)	(9.8)	4.5 1.4	5.2 3.6	6.8 5.6	
Dividend per share (p/c)	3.05	3.46	1.68	0.52	0.00	0.00	1.76	2
Gross Margin (%)	18.4	19.4	17.4	17.3	16.8	17.1	17.3	
EBITDA Margin (%)	10.0	10.0	10.1	9.4	9.4	9.5	10.2	
Operating Margin (before GW and except.) (%)	4.4	4.7	4.8	4.9	4.3	4.6	5.4	
BALANCE SHEET								
Fixed Assets	1,456.3	1,669.2	1,439.6	1,616.8	1,617.8	1,641.8	1,671.0	1,68
ntangible Assets	606.3	699.3	605.6	610.1	602.2	594.8	587.4	58
Tangible Assets (inc RoU assets)	623.0	710.8	629.1	790.9	794.5	832.6	869.2	8
nvestments	227.0	259.1	204.9	215.8	221.1	214.4	214.4	2
Current Assets	366.2	418.0	533.3	503.3	338.4	318.4	307.9	20
Stocks	22.2	26.6	26.0	20.7	20.6	21.8	20.0	30
	23.3					21.0	22.3	2
Debtors	23.3 279.0	318.4	456.9	288.1	266.3	278.7	285.5	- 2
Debtors					266.3 51.5			29
	279.0	318.4	456.9	288.1		278.7	285.5	29
Debtors Cash Current Liabilities	279.0 63.9	318.4 73.0	456.9 50.4	288.1 194.5	51.5	278.7 17.8	285.5 0.1	29 ( (65 (63
Debtors Cash	279.0 63.9 (545.8)	318.4 73.0 (631.0)	456.9 50.4 (758.3)	288.1 194.5 (635.2)	51.5 (644.6)	278.7 17.8 (638.7)	285.5 0.1 (645.3)	29 (65 (63
Debtors Cash Current Liabilities Creditors	279.0 63.9 (545.8) (532.9) (12.9) (894.3)	318.4 73.0 (631.0) (616.3)	456.9 50.4 (758.3) (639.6)	288.1 194.5 (635.2) (618.4)	51.5 (644.6) (632.3)	278.7 17.8 (638.7) (626.4)	285.5 0.1 (645.3) (633.0)	29 (65 (63 (1
Debtors Cash Current Liabilities Creditors Short term borrowings Long Term Liabilities Long term borrowings	279.0 63.9 (545.8) (532.9) (12.9) (894.3) (489.7)	318.4 73.0 (631.0) (616.3) (14.7) (1,019.9) (558.9)	456.9 50.4 (758.3) (639.6) (118.7) (895.1) (483.7)	288.1 194.5 (635.2) (618.4) (16.8) (1,249.6) (634.9)	51.5 (644.6) (632.3) (12.3) (1,068.6) (382.8)	278.7 17.8 (638.7) (626.4) (12.3) (1,049.3) (382.8)	285.5 0.1 (645.3) (633.0) (12.3) (1,020.6) (382.8)	29 (65 (63 (1 (99 (38
Debtors Cash Current Liabilities Creditors Short term borrowings .ong Term Liabilities .ong term borrowings Other long term liabilities	279.0 63.9 (545.8) (532.9) (12.9) (894.3) (489.7) (404.6)	318.4 73.0 (631.0) (616.3) (14.7) (1,019.9) (558.9) (461.0)	456.9 50.4 (758.3) (639.6) (118.7) (895.1) (483.7) (411.4)	288.1 194.5 (635.2) (618.4) (16.8) (1,249.6) (634.9) (614.7)	51.5 (644.6) (632.3) (12.3) (1,068.6) (382.8) (685.8)	278.7 17.8 (638.7) (626.4) (12.3) (1,049.3) (382.8) (666.5)	285.5 0.1 (645.3) (633.0) (12.3) (1,020.6) (382.8) (637.8)	(65 (63 (1) (99 (38
Debtors Cash Current Liabilities Creditors Short term borrowings Long Term Liabilities Long term borrowings Other long term liabilities Net Assets	279.0 63.9 (545.8) (532.9) (12.9) (894.3) (489.7)	318.4 73.0 (631.0) (616.3) (14.7) (1,019.9) (558.9)	456.9 50.4 (758.3) (639.6) (118.7) (895.1) (483.7)	288.1 194.5 (635.2) (618.4) (16.8) (1,249.6) (634.9)	51.5 (644.6) (632.3) (12.3) (1,068.6) (382.8)	278.7 17.8 (638.7) (626.4) (12.3) (1,049.3) (382.8)	285.5 0.1 (645.3) (633.0) (12.3) (1,020.6) (382.8)	(65 (63 (1) (99 (38
Debtors Cash Current Liabilities Creditors Short term borrowings Long Term Liabilities Long term borrowings Dther long term liabilities Net Assets  CASH FLOW	279.0 63.9 (545.8) (532.9) (12.9) (894.3) (489.7) (404.6) 382.4	318.4 73.0 (631.0) (616.3) (14.7) (1,019.9) (558.9) (461.0) 436.3	456.9 50.4 (758.3) (639.6) (118.7) (895.1) (483.7) (411.4) 319.5	288.1 194.5 (635.2) (618.4) (16.8) (1,249.6) (634.9) (614.7) 235.3	51.5 (644.6) (632.3) (12.3) (1,068.6) (382.8) (685.8) 243.1	278.7 17.8 (638.7) (626.4) (12.3) (1,049.3) (382.8) (666.5) 272.2	285.5 0.1 (645.3) (633.0) (12.3) (1,020.6) (382.8) (637.8) 313.1	29 (65 (63 (11 (99 (38 (60
Debtors Cash Current Liabilities Creditors Short term borrowings Long Term Liabilities Long term borrowings Ong term borrowings Other long term liabilities Let Assets CASH FLOW Deparating Cash Flow	279.0 63.9 (545.8) (532.9) (12.9) (894.3) (489.7) (404.6) 382.4	318.4 73.0 (631.0) (616.3) (14.7) (1,019.9) (558.9) (461.0) 436.3	456.9 50.4 (758.3) (639.6) (118.7) (895.1) (483.7) (411.4) 319.5	288.1 194.5 (635.2) (618.4) (16.8) (1,249.6) (634.9) (614.7) 235.3	51.5 (644.6) (632.3) (12.3) (1,068.6) (382.8) (685.8) 243.1	278.7 17.8 (638.7) (626.4) (12.3) (1,049.3) (382.8) (666.5) 272.2	285.5 0.1 (645.3) (633.0) (12.3) (1,020.6) (382.8) (637.8) 313.1	29 (65 (65 (63 (1 (99 (38 (60 34
Debtors Cash Current Liabilities Creditors Short term borrowings Long Term Liabilities Cong term borrowings Other long term liabilities Net Assets CASH FLOW Operating Cash Flow Net Interest	279.0 63.9 (545.8) (532.9) (12.9) (894.3) (489.7) (404.6) 382.4	318.4 73.0 (631.0) (616.3) (14.7) (1,019.9) (558.9) (461.0) 436.3	456.9 50.4 (758.3) (639.6) (118.7) (895.1) (483.7) (411.4) 319.5	288.1 194.5 (635.2) (618.4) (16.8) (1,249.6) (634.9) (614.7) 235.3	51.5 (644.6) (632.3) (12.3) (1,068.6) (382.8) (685.8) 243.1	278.7 17.8 (638.7) (626.4) (12.3) (1,049.3) (382.8) (666.5) 272.2	285.5 0.1 (645.3) (633.0) (12.3) (1,020.6) (382.8) (637.8) 313.1	29 (65 (65 (63 (11 (99 (38 (60 34
Debtors Cash Current Liabilities Creditors Short term borrowings Cong Term Liabilities Cong term borrowings Cother long term liabilities Deter long term long term liabilities Deter long term long te	279.0 63.9 (545.8) (532.9) (12.9) (894.3) (489.7) (404.6) 382.4	318.4 73.0 (631.0) (616.3) (14.7) (1,019.9) (558.9) (461.0) 436.3	456.9 50.4 (758.3) (639.6) (118.7) (895.1) (483.7) (411.4) 319.5 86.8 (17.7) (13.2)	288.1 194.5 (635.2) (618.4) (16.8) (1,249.6) (634.9) (614.7) 235.3	51.5 (644.6) (632.3) (12.3) (1,068.6) (382.8) (685.8) 243.1	278.7 17.8 (638.7) (626.4) (12.3) (1,049.3) (382.8) (666.5) 272.2	285.5 0.1 (645.3) (633.0) (12.3) (1,020.6) (382.8) (637.8) 313.1	29 (65 (63 (11 (99 (38 (60 34
Debtors Cash Current Liabilities Creditors Short term borrowings Cong Term Liabilities Cong term borrowings Cother long term liabilities Let Assets CASH FLOW Operating Cash Flow Let Interest Cax Let Capex	279.0 63.9 (545.8) (532.9) (12.9) (894.3) (489.7) (404.6) 382.4	318.4 73.0 (631.0) (616.3) (14.7) (1,019.9) (558.9) (461.0) 436.3 143.6 (19.1) (7.6) (92.3)	456.9 50.4 (758.3) (639.6) (118.7) (895.1) (483.7) (411.4) 319.5 86.8 (17.7) (13.2) (99.4)	288.1 194.5 (635.2) (618.4) (16.8) (1,249.6) (634.9) (614.7) 235.3 167.8 (27.0) (10.1) (73.4)	51.5 (644.6) (632.3) (12.3) (1,068.6) (382.8) (685.8) 243.1 258.2 (20.6) (14.8) (62.3)	278.7 17.8 (638.7) (626.4) (12.3) (1,049.3) (382.8) (666.5) 272.2 163.5 (20.7) (13.8) (122.3)	285.5 0.1 (645.3) (633.0) (12.3) (1,020.6) (382.8) (637.8) 313.1 183.8 (20.7) (13.4) (122.3)	29 (65 (63 (11 (99 (38 (60 34
Debtors Cash Current Liabilities Creditors Short term borrowings Long Term Liabilities Cong term borrowings Cong term borrowings Cher long term liabilities Let Assets CASH FLOW Departing Cash Flow Let Interest Cax Let Capex Long Liabilities Lon	279.0 63.9 (545.8) (532.9) (12.9) (894.3) (404.6) 382.4  128.4 (16.9) (6.7) (81.2)	318.4 73.0 (631.0) (616.3) (14.7) (1,019.9) (558.9) (461.0) 436.3 143.6 (19.1) (7.6) (92.3) (4.8)	456.9 50.4 (758.3) (639.6) (118.7) (895.1) (483.7) (411.4) 319.5 86.8 (17.7) (13.2) (99.4) 22.7	288.1 194.5 (635.2) (618.4) (16.8) (1,249.6) (634.9) (614.7) 235.3 167.8 (27.0) (10.1) (73.4) 81.0	51.5 (644.6) (632.3) (12.3) (1,068.6) (382.8) (685.8) 243.1 258.2 (20.6) (14.8) (62.3) 2.4	278.7 17.8 (638.7) (626.4) (12.3) (1,049.3) (382.8) (666.5) 272.2 163.5 (20.7) (13.8) (122.3)	285.5 0.1 (645.3) (633.0) (12.3) (1,020.6) (382.8) (637.8) 313.1 183.8 (20.7) (13.4) (122.3)	29 (65 (65 (63 (11 (99 (38 (60 34
Debtors Cash Current Liabilities Creditors Control term borrowings Cong Term Liabilities Cong term borrowings Cong term borrowings Cong term borrowings Cong term liabilities Cong term liabilities Cong term borrowings Co	279.0 63.9 (545.8) (532.9) (12.9) (894.3) (404.6) 382.4  128.4 (16.9) (6.7) (81.2) (4.1)	318.4 73.0 (631.0) (616.3) (14.7) (1,019.9) (558.9) (461.0) 436.3 143.6 (19.1) (7.6) (92.3) (4.8) 0.6	456.9 50.4 (758.3) (639.6) (118.7) (895.1) (483.7) (411.4) 319.5 86.8 (17.7) (13.2) (99.4) 22.7 (2.7)	288.1 194.5 (635.2) (618.4) (16.8) (1,249.6) (634.9) (614.7) 235.3 167.8 (27.0) (10.1) (73.4) 81.0 0.6	51.5 (644.6) (632.3) (12.3) (1,068.6) (382.8) (685.8) 243.1 258.2 (20.6) (14.8) (62.3) 2.4 0.4	278.7 17.8 (638.7) (626.4) (12.3) (10.49.3) (382.8) (666.5) 272.2 163.5 (20.7) (13.8) (122.3) 0.0 (0.0)	285.5 0.1 (645.3) (633.0) (12.3) (1,020.6) (382.8) (637.8) 313.1 183.8 (20.7) (13.4) (122.3) 0.0	29 (65 (63 (11 (99 (38 (60 3)
Debtors Cash Current Liabilities Creditors Cong Term Liabilities Cong Term Liabilities Cong Term Liabilities Cong term borrowings Cong term borrowings Cong term liabilities Con	279.0 63.9 (545.8) (532.9) (12.9) (894.3) (489.7) (404.6) 382.4  128.4 (16.9) (6.7) (81.2) (4.1) 0.6 (24.4)	318.4 73.0 (631.0) (616.3) (14.7) (1,019.9) (558.9) (461.0) 436.3 143.6 (19.1) (7.6) (92.3) (4.8) 0.6 (27.6)	456.9 50.4 (758.3) (639.6) (118.7) (895.1) (483.7) (411.4) 319.5 86.8 (17.7) (13.2) (99.4) 22.7 (27.4)	288.1 194.5 (635.2) (618.4) (16.8) (1,249.6) (634.9) (614.7) 235.3 167.8 (27.0) (10.1) (73.4) 81.0 0.6 (8.6)	51.5 (644.6) (632.3) (12.3) (1,068.6) (382.8) (685.8) 243.1 258.2 (20.6) (14.8) (62.3) 2.4 0.4	278.7 17.8 (638.7) (626.4) (12.3) (10.49.3) (382.8) (666.5) 272.2 163.5 (20.7) (13.8) (122.3) 0.0 (0.0)	285.5 0.1 (645.3) (633.0) (12.3) (1,020.6) (382.8) (637.8) 313.1 183.8 (20.7) (13.4) (122.3) 0.0 0.0 (4.7)	29 (65 (63 (63 (60 34 (19 (20 (10 (10
Debtors Cash Current Liabilities Creditors Chort term borrowings Cong Term Liabilities Cong term Liabilities Cong term borrowings Other long term liabilities Let Assets  CASH FLOW Operating Cash Flow Let Interest Cax Let Capex Lequisitions/disposals Equity Financing Dividends Let Cash Flow	279.0 63.9 (545.8) (532.9) (12.9) (894.3) (489.7) (404.6) 382.4  128.4 (16.9) (6.7) (81.2) (4.1) 0.6 (24.4) (4.3)	318.4 73.0 (631.0) (616.3) (14.7) (1,019.9) (558.9) (461.0) 436.3 143.6 (19.1) (7.6) (92.3) (4.8) 0.6 (27.6) (7.3)	456.9 50.4 (758.3) (639.6) (118.7) (895.1) (433.7) (411.4) 319.5 86.8 (17.7) (13.2) (99.4) 22.7 (27.4) (50.9)	288.1 194.5 (635.2) (618.4) (16.8) (1,249.6) (634.9) (614.7) 235.3 167.8 (27.0) (10.1) (73.4) 81.0 0.6 (8.6)	51.5 (644.6) (632.3) (12.3) (1,068.6) (382.8) (685.8) 243.1 258.2 (20.6) (14.8) (62.3) 2.4 0.4 0.0	278.7 17.8 (638.7) (626.4) (12.3) (1,049.3) (382.8) (666.5) 272.2 163.5 (20.7) (13.8) (122.3) 0.0 (0.0) 0.0	285.5 0.1 (645.3) (633.0) (12.3) (1,020.6) (382.8) (637.8) 313.1 183.8 (20.7) (13.4) (122.3) 0.0 0.0 (4.7) 22.7	29 (65 (63 (63 (38 (60 3- (11 (10 (10
Debtors Debtors Debtors Description Descri	279.0 63.9 (545.8) (532.9) (12.9) (894.3) (489.7) (404.6) 382.4  128.4 (16.9) (6.7) (81.2) (4.1) 0.6 (24.4) (4.3)	318.4 73.0 (631.0) (616.3) (14.7) (1,019.9) (558.9) (461.0) 436.3 143.6 (19.1) (7.6) (92.3) (4.8) 0.6 (27.6) (7.3) 492.7	456.9 50.4 (758.3) (639.6) (118.7) (895.1) (433.7) (411.4) 319.5 86.8 (17.7) (13.2) (99.4) 22.7 (27.4) (50.9) 500.0	288.1 194.5 (635.2) (618.4) (16.8) (1,249.6) (634.9) (614.7) 235.3 167.8 (27.0) (10.1) (73.4) 81.0 0.6 (8.6) 130.3 552.0	51.5 (644.6) (632.3) (12.3) (1,068.6) (382.8) (685.8) 243.1 258.2 (20.6) (14.8) (62.3) 2.4 0.4 0.0 163.3 457.2	278.7 17.8 (638.7) (626.4) (12.3) (1,049.3) (382.8) (666.5) 272.2 163.5 (20.7) (13.8) (122.3) 0.0 (0.0) 0.0 6.7 343.6	285.5 0.1 (645.3) (633.0) (12.3) (1,020.6) (382.8) (637.8) 313.1 183.8 (20.7) (13.4) (122.3) 0.0 0.0 (4.7) 22.7 377.3	2 (65) (63) (1) (99) (38) (60) 3 1 (2) (1) (10) (11) (11) (11) (11) (11) (11)
Debtors Debtors Debtors Description Descri	279.0 63.9 (545.8) (532.9) (12.9) (894.3) (489.7) (404.6) 382.4  128.4 (16.9) (6.7) (81.2) (4.1) 0.6 (24.4) (4.3) 423.9 0.0	318.4 73.0 (631.0) (616.3) (14.7) (1,019.9) (558.9) (461.0) 436.3 143.6 (19.1) (7.6) (92.3) (4.8) 0.6 (27.6) (7.3) 492.7 0.0	456.9 50.4 (758.3) (639.6) (118.7) (895.1) (483.7) (411.4) 319.5 86.8 (17.7) (13.2) (99.4) 22.7 (2.7) (27.4) (50.9) 500.0 0.0	288.1 194.5 (635.2) (618.4) (16.8) (1,249.6) (634.9) (614.7) 235.3 167.8 (27.0) (10.1) (73.4) 81.0 0.6 (8.6) 130.3 552.0 (38.5)	51.5 (644.6) (632.3) (12.3) (1,068.6) (382.8) (685.8) 243.1 258.2 (20.6) (14.8) (62.3) 2.4 0.4 0.0 163.3 457.2 (40.4)	278.7 17.8 (638.7) (626.4) (12.3) (10,49.3) (382.8) (666.5) 272.2 163.5 (20.7) (13.8) (122.3) 0.0 (0.0) 0.0 6.7 343.6 (40.4)	285.5 0.1 (645.3) (633.0) (12.3) (1,020.6) (382.8) (637.8) 313.1 183.8 (20.7) (13.4) (122.3) 0.0 0.0 (4.7) 22.7 377.3 (40.4)	2 (65 (63 (14 (14 (14 (14 (14 (14 (14 (14 (14 (14
Debtors Debtors Debtors Description Descri	279.0 63.9 (545.8) (532.9) (12.9) (894.3) (489.7) (404.6) 382.4  128.4 (16.9) (6.7) (81.2) (4.1) 0.6 (24.4) (4.3) 423.9 0.0 (10.5)	318.4 73.0 (631.0) (616.3) (14.7) (1,019.9) (558.9) (461.0) 436.3 143.6 (19.1) (7.6) (92.3) (4.8) 0.6 (27.6) (7.3) 492.7 0.0 (0.0)	456.9 50.4 (758.3) (639.6) (118.7) (895.1) (483.7) (411.4) 319.5 86.8 (17.7) (13.2) (99.4) 22.7 (2.7) (27.4) (50.9) 500.0 0.0 (1.1)	288.1 194.5 (635.2) (618.4) (16.8) (634.9) (614.7) 235.3 167.8 (27.0) (10.1) (73.4) 81.0 0.6 (8.6) 130.3 552.0 (38.5) 3.0	51.5 (644.6) (632.3) (12.3) (1,068.6) (382.8) (685.8) 243.1 258.2 (20.6) (14.8) (62.3) 2.4 0.4 0.0 163.3 457.2 (40.4) (10.3)	278.7 17.8 (638.7) (626.4) (12.3) (1,049.3) (382.8) (666.5) 272.2 163.5 (20.7) (13.8) (122.3) 0.0 (0.0) 0.0 6.7 343.6 (40.4)	285.5 0.1 (645.3) (633.0) (12.3) (1,020.6) (382.8) (637.8) 313.1 183.8 (20.7) (13.4) (122.3) 0.0 0.0 (4.7) 22.7 377.3 (40.4) 0.0	2 (65 (63 (63 (65 (65 (65 (65 (65 (65 (65 (65 (65 (65
Debtors Cash Current Liabilities Creditors Short term borrowings Long Term Liabilities Cong term borrowings Cong term borrowings Cher long term liabilities Let Assets CASH FLOW Departing Cash Flow Let Interest Cax Let Capex	279.0 63.9 (545.8) (532.9) (12.9) (894.3) (489.7) (404.6) 382.4  128.4 (16.9) (6.7) (81.2) (4.1) 0.6 (24.4) (4.3) 423.9 0.0	318.4 73.0 (631.0) (616.3) (14.7) (1,019.9) (558.9) (461.0) 436.3 143.6 (19.1) (7.6) (92.3) (4.8) 0.6 (27.6) (7.3) 492.7 0.0	456.9 50.4 (758.3) (639.6) (118.7) (895.1) (483.7) (411.4) 319.5 86.8 (17.7) (13.2) (99.4) 22.7 (2.7) (27.4) (50.9) 500.0 0.0	288.1 194.5 (635.2) (618.4) (16.8) (1,249.6) (634.9) (614.7) 235.3 167.8 (27.0) (10.1) (73.4) 81.0 0.6 (8.6) 130.3 552.0 (38.5)	51.5 (644.6) (632.3) (12.3) (1,068.6) (382.8) (685.8) 243.1 258.2 (20.6) (14.8) (62.3) 2.4 0.4 0.0 163.3 457.2 (40.4)	278.7 17.8 (638.7) (626.4) (12.3) (10,49.3) (382.8) (666.5) 272.2 163.5 (20.7) (13.8) (122.3) 0.0 (0.0) 0.0 6.7 343.6 (40.4)	285.5 0.1 (645.3) (633.0) (12.3) (1,020.6) (382.8) (637.8) 313.1 183.8 (20.7) (13.4) (122.3) 0.0 0.0 (4.7) 22.7 377.3 (40.4)	2 (65 (63 (63 (38 (66 (66 (66 (66 (66 (66 (66 (66 (66 (6

Source: Company data, Edison Investment Research. Note: \*EPS for continuing businesses in FY20 was 5.1c and the 5.4c figure shown includes discontinued operations.



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