EDISON

Renewi

Virtuous circular economy

FY18 results

Industrial support services

FY18 results confirmed that the merger integration process is being well controlled and on track to deliver the synergy benefits flagged at the outset. Renewi is well positioned from a number of perspectives and has a clear path to achieving a good earnings uplift from current levels. Our headline estimates are unchanged and we expect the recent de-rating to reverse, resulting in a positive share price performance.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
03/17	779.2	26.0	3.7	3.1	20.9	3.9
03/18	1,565.7	52.1	4.9	3.1	15.9	3.9
03/19e	1,589.9	70.6	6.6	3.1	11.7	3.9
03/20e	1,622.2	86.7	8.2	3.5	9.5	4.5

Note: *PBT and EPS (fully diluted) are normalised, excluding pension net finance costs, amortisation of acquired intangibles and exceptional items.

Positive post-merger progress in the first year

FY18 PBT came in just over £1m better than we had anticipated and was double the prior year level, while earnings (+30% y-o-y) and DPS (unchanged) were in line. Against our expectations, net finance and central costs had more favourable outturns, while Hazardous waste profitability was lower in comparison. Divisionally, Commercial and Monostreams both delivered good y-o-y growth versus their previous year pro forma comparative, and group merger synergies of €15m were achieved in the year, exceeding the original €12m target. Core net debt at the year-end was £439m, more than 10% lower than we had anticipated – partly due to investment and working capital timing effects, we believe – and was equivalent to 2.9x EBITDA generated in the year.

Well positioned for favourable trends

Renewi's divisions and individual operating companies all have their own opportunities and challenges. They are positioned at the heart of the circular and sustainable economy model – as endorsed by new Green Framework finance facilities – and stand to benefit from a positive economic backdrop, ongoing group integration activity and favourable market drivers. This feeds into expected margin improvement including associated synergy gains, with unchanged management targets of €30m by FY19 and €40m by 2020. In due course, further strategic expansion building on the enhanced business platform is another stated goal.

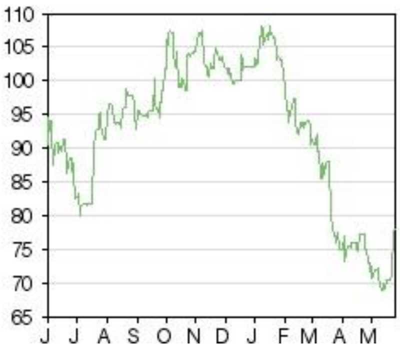
Valuation: De-rating to reverse

Underlying earnings estimates have been robust, but investor sentiment regarding Municipal division newsflow appears to have affected Renewi's share price (down almost 25% ytd). Latest results underpin existing expectations and the current year P/E and EV/EBITDA (adjusted for pensions cash) of 11.7x and 6.1x respectively. There are further synergy benefits to come beyond this with supportive economic conditions and long-term market trends. Consequently, we believe that the de-rating seen in the last six months is unwarranted and the reversal phase is underway.

30 May 2018

Price	**77.3p**
Market cap	**£619m**
	£/€ 1.14
Net debt (£m) at end March 2018 Core group net debt (ex PPP/PFI finance)	438.7
Shares in issue	800.1m
Free float	99.5%
Code	RWI
Primary exchange	LSE
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	7.0	(13.8)	(14.8)
Rel (local)	(0.8)	(22.2)	(20.2)
52-week high/low		108.2p	69.0p

Business description

Renewi is a waste-to-product company with operations primarily in the UK, the Netherlands and Belgium and was formed from the merger between Shanks Group and Van Gansewinkel Group in 2017. Its activities span the collection, processing and resale of industrial, hazardous and municipal waste.

Next events

FY18 final DPS 2.1p ex dividend	28 June 2018
AGM	12 July 2018

Analyst

Toby Thorrington +44 (0)20 3077 5721

industrials@edisongroup.com

Edison profile page

Renewi is a research client of Edison Investment Research Limited

FY18 results overview

In the first full year of the enlarged Renewi business, PBT came in slightly ahead of raised expectations and included post-merger synergy benefits above the original €12m target. The Commercial division delivered strong y-o-y underlying profit progress in addition to synergy benefits realised. Year-end net debt and cash flow performance were better than we had anticipated, partly due to timing effects. Overall, our headline estimates for FY19 and FY20 are unchanged.

Exhibit 1: Renewi divisional and interim splits

£m	H1	H2	2017	H1	H2	2018	H118 y-o-y	FY18 y-o-y	H118 y-o-y	FY18 y-o-y
	Pro forma	Pro forma	Pro forma				vs p forma	vs p forma	CER	CER
Group Revenue	**708.5**	**742.1**	**1,450.6**	**782.9**	**782.8**	**1,565.7**	**10%**	**8%**	**4%**	**3%**
Commercial Waste	446.5	478.9	**925.4**	505.5	€514.1	**1,019.6**	13%	**10%**	5%	**5%**
Hazardous Waste	94.2	93.7	**187.9**	103.0	100.2	**203.2**	9%	**8%**	1%	**3%**
Monostreams	77.5	82.1	**159.6**	90.2	89.9	**180.0**	16%	**13%**	8%	**7%**
Municipal	104.1	103.5	**207.6**	98.7	94.2	**192.9**	(5%)	**(7%)**	(6%)	**(7%)**
Services/Interco	(13.8)	(16.1)	**(29.9)**	(14.5)	(15.5)	**(30.0)**				
Group Operating Profit	**32.9**	**20.2**	**53.1**	**43.6**	**25.6**	**69.1**	**32%**	**30%**	**21%**	**23%**
Commercial Waste	24.4	20.8	**45.2**	36.2	28.5	**64.6**	48%	**43%**	38%	**36%**
Hazardous Waste	12.3	8.4	**20.7**	13.7	3.7	**17.4**	12%	**-16%**	5%	**(20%)**
Monostreams	6.9	5.4	**12.3**	9.5	6.5	**16.0**	38%	**30%**	29%	**24%**
Municipal	1.1	(3.7)	**(2.6)**	(4.9)	(4.4)	**(9.3)**	N/A	**N/A**	N/A	**N/A**
Services/Central	(11.8)	(10.7)	**(22.5)**	(10.9)	(8.7)	**(19.6)**				

Source: Renewi data. Pro forma is presented as if the Shanks/Van Gansewinkel merger had taken place at the beginning of FY17.

Commercial (FY18 Netherlands: Belgium, revenue 64:36, EBIT 61:39)

The leading operator in the collection and treatment of solid waste in the Netherlands and Belgium, following the merger between former Shanks and VGG operations in the region.

Both country networks achieved growth in revenue, operating profit and some margin expansion (increasing by 140bp overall y-o-y to 6.3%). Market dynamics varied, but market volumes were generally firmer with construction (+9% y-o-y) and mixed commercial (+7%) in the Netherlands notably strong. These core commercial and construction waste stream flows were somewhat better than the headline volume performance in the Netherlands and gave rise to some market capacity tightness, supporting better pricing. Of the £19.4m (or 43%) divisional EBIT increase, we estimate that just over £3m was due to more favourable FX translation and the majority therefore was local currency improvement. The latter effect – derived broadly equally from underlying operational improvements and realised post-merger benefits – came through mostly in the Netherlands. Belgian revenue levels were comparable in H1 and H2 and we note that profitability in both periods was ahead y-o-y. Both country operations faced some adverse recyclate conditions over and above normal H2 seasonal effects, which had a dampening effect on divisional profitability, although the actual reported outturn was still clearly a very strong one. The Netherlands' operating margin showed the biggest increase (+220bp to 6.0%), although its Belgian equivalent also improved (+40bp to 6.9%).

Hazardous

Operation of specialised industrial cleaning and waste processing facilities and transport fleet, largely in Holland. Oil and gas/petrochemicals and soil remediation are important client subsectors.

Consolidation of the VGIS business (c 12% of divisional sales) into the former Shanks' Reym operations was the major divisional highlight of the year, allowing exits from some smaller peripheral sites. We would expect that the majority of the €1m merger synergy benefits generated in Hazardous flowed as a result of this action and explained all of the cited 30bp margin increase on otherwise flat/slightly lower underlying profitability for the enlarged Reym entity. Market conditions were mixed here and a combination of keen market pricing and limited visibility/variable utilisation rates hampered margin development in the year. In these circumstances, overhead reduction through site consolidation has improved the competitive position. Sister company ATM (which treats and recycles contaminated materials) saw business disruption arising from an unexpected regulator ruling regarding its washing process which Renewi is disputing. ATM continued to take in soil, which generated revenue but understandably reduced throughput rates as the ruling effectively halted the sale of treated soil in H2, representing a c €6m y-o-y drag on reported profitability. The acquisition of adjacent land and quay facilities positions ATM well strategically, but its near-term focus is on moving soil inventory through to sales. While opening up new end-markets has taken time, management appears confident that shipments will be able to resume from October (ie the beginning of H2).

Monostreams

Four independent specialist recycling operations (comprising three former VGG businesses and one former Shanks business) addressing specific waste flows with inbound and outbound supply partnerships.

Each distinct waste flow has different market drivers, but the common characteristics are deep technical knowledge, a preference for industrial partnerships and agile management to optimise returns in variable market conditions. These were evident at individual company level in FY18 but in aggregate there was healthy overall revenue progress (+7% y-o-y), which was amplified at the EBIT level (+24%). With regard to their respective business models, Maltha and Coolrec generate the majority of their revenues from recyclate, while Mineralz and Orgaworld are more dependent on service/collection fees.

Mineralz (incinerator waste) had a strong year all round with both favourable landfill intake volumes and higher activity levels in converting bottom ash waste into secondary building products. **Maltha** (glass recycling) also saw a good performance arising from expanded inbound and outbound commercial arrangements supported by investment in capacity and capability in two plant locations. Market conditions at **Orgaworld** (organic waste) were also favourable with regard to inbound and processed waste volumes and management took steps to secure access to future streams. However, the benefits of this were offset in the year by necessary remedial plant action in Amsterdam, which briefly restricted the extent to which it could generate electricity revenues. Lastly, **Coolrec** (electrical items) saw unbalanced inbound flows (refrigerators very strong, smaller appliances lower), which affected margins. Together this resulted in a flat revenue performance and lower margins. Overall, before a small FX translation benefit, this division achieved a €3.5m y-o-y EBIT uplift, which we believe implies that both Maltha and Mineralz each saw profitability rise by over €1m.

Municipal

The receipt of local authority waste to which a variety of advanced treatment solutions are applied, generating energy, recovered fuels and recyclates and maximising landfill diversion. There are currently nine operational sites (seven in the UK, two in Canada), plus two at final commissioning stage (Derby UK and Surrey, Canada). Typically operated under PPP/PFI arrangements in a range of ownership structures from 100% consolidated to 20% associate interest.

UK: a modest revenue uplift was achieved in FY18 but the operating loss increased compared to the prior year (ie £5.6m vs £4.2m respectively). The largest contributors to this were lower recyclate income, increased refuse-derived fuel (RDF) export costs and reduction in the Wakefield feed-in tariff together with site optimisation issues. Trading performance was therefore buffeted, largely by exogenous market developments, but steps were taken during the year to improve business resilience. These include:

- Long-term refuse-derived fuel (RDF) supply agreements to improve price visibility;

- investment and operational efficiency improvements at a number of sites; and
- exit from Westcott Park completed in March and negotiations are underway to withdraw from operating the Dumfries and Galloway facility.

Despite lower H2 revenue versus H1, we note that the associated operating loss was smaller than in the first six months, which gives an impression of managed improvement. Additionally, since the year-end the new Derby facility has secured Renewable Obligation Certificate (ROC) status, which will secure subsidies at the expected level once the plant enters full service later in the year.

This active period of UK Municipal portfolio management should have a positive impact on financial performance in FY19. Management does not expect to make any further operating provisions. Some ongoing risk is acknowledged (eg Derby ramp-up phase, possible paper/plastics recyclate market oversupply), but a much-reduced trading loss is anticipated in the new financial year.

Canada: operating performance is distorted by the inclusion of construction revenues for the new Surrey facility, where Renewi acted as the main contractor. At the headline level, revenues halved and the region moved from profit to a £3.4m loss in FY18. (Underlying operational revenue was down c 10% y-o-y.)

Renewi now has three operational waste treatment facilities in Canada, as follows:

- London – affected by primary processing and secondary plant issues that restricted waste throughput. Now resolved but will need to replace some lost customer revenue in FY19.
- Ottawa – lower profitability y-o-y due to higher residual waste disposal costs.
- Surrey – after commissioning delays, processed its first waste in December. A gradual ramp-up is expected during FY19.

Looking ahead, the region is expected to return to profit in FY19 with Surrey and London performance likely to be the primary swing factors.

Merger integration – tracking well against plan

At the time of the Shanks/VGG merger management clearly set out targeted synergy benefits and quantified their expected realisation over a three-year period. After the first year of integration activity, the scorecard reads as follows:

- **FY18 €15m realised** (split €9.2m Commercial, €1m Hazardous and c €5m central services) exceeding the originally anticipated €12m. The cash cost incurred was €23m, but we note that some of the benefits will be realised in the following year.
- **FY19e €30m unchanged** (ie €15m incremental gain versus FY18); annualised run rate of €24m at the end of FY18 based on actions already taken, with incremental gains to be biased towards divisional aspects. Anticipated FY19 cash costs are €30m.
- **FY20e €40m unchanged** (ie €10m incremental gain versus FY19e); this represents the original total merger target.

To provide an indication of activity levels, management notes that of an identified 320 quick-win projects, 220 have been completed and feed into the €24m annualised synergy benefit run rate at the end of FY18. There are a further 100 projects (60 medium, 40 large), which will be progressively executed over the next two years. The cash cost of synergy delivery and integration was c €20m in FY18 and a further €30m is currently planned for FY19, with a primary focus on process (especially for Commercial route optimisation) and IT migration.

Investment and integration activity driving cash performance

Year-end group core net debt (excluding non-recourse debt associated with Municipal activities, see below) of £438.7m was slightly above end-H118 levels and c £15m higher than a year earlier, but much better than we had anticipated. Around £9m of this y-o-y movement related to actual financing changes (split broadly evenly between core operations and repayment of PFI/PPP debt) and £6m was attributable to adverse year-end FX translation effects.

From normal trading activities, the enlarged group generated unadjusted EBITDA of c £157m (almost double the level in FY17, which only included one month's VGG contribution). This was supplemented by a £19m working capital inflow; the large creditor increase (including soil disposal revenue accruals) drove this outturn, but was partly offset by debtor increases also, both of which effects occurred substantially in H2. Cash interest and tax outflows, net of a small (but increased year-on-year) minority dividend receipt, together came in at c £23m. Net capex on tangible fixed assets was c £71m (slightly ahead of the £69m depreciation charge) and focused on replacement items. Intangible spend was a further £8m (just under half of which came in the Municipal division), which was again just ahead of the amortisation charge relating to organically generated assets.

Normal, non-trading cash applications of £31m were simply split between acquisition spend (c £6m, largely for Martens en van Oord's (MvO) land and facilities adjacent to ATM), dividend payments of just over £24m and c £1m own shares purchased.

N**on-underlying cash outflows** of £50m were substantially related to the VGG merger, being £10m transaction fees outstanding at the end of FY17 and £19m synergy, integration and restructuring activity undertaken during FY18. A £3m pension deficit cash recovery payment, £4m PFI/PPP debt repayment, £11m to fund construction of the new Canadian Municipal facility and a number of small other items made up the remaining cash calls.

Renewi's FY18 cash flow performance was well ahead of where we had anticipated to the tune of c £50m. The largest contributors to this were a more favourable working capital position (£20m), lower capex (by £18m) and exceptional/non-underlying (c £13m) outflows. This was partly offset by the MvO purchase, but the combined consequence of these items was also a much lower cash interest charge. Some of these aspects may be attributable to timing effects on merger activity (see below). That said, Renewi still maintained investment levels and managed to exceed he FY18 synergy target during a very busy planning and implementation period. This is a very creditable outturn, which reinforces the impression that the bedding down of a significant business merger has been executed in a controlled manner to date without distracting from underlying operational performance.

Group cash flow outlook: we anticipate a cash flow outflow approaching £30m in FY19 after a comparable level of merger integration outflows to the prior year, other exceptional items (relating to Municipal and ATM), increased net capex and cash tax, and a partial reversal of the working capital inflow seen in FY18. Beyond FY19, on our estimates free cash flow before dividend payments improves markedly in FY20 – as profitability continues to rise while integration costs taper down – with a further step-up in FY21 on our estimates. Over our forecast period, net debt/EBITDA trends down steadily from 2.9x for FY18 to c 2x by FY21.

Debt facilities updated: at the end of FY18, Renewi had core banking facilities of €575m (comprising c €431m RCF and c €144m term loan), together with €200m retail bonds and some other smaller ones, including finance leases. Given that c €240m of the RCF was undrawn at this time, this represented significant funding headroom available to the group.

As announced on 22 May,[1] Renewi has converted its core facilities to a €550m 'green loan' with an additional year's duration (to May 2023) and options to extend by a further two years, with all six of its existing lenders participating. This designation was permissible due to Renewi's focus on waste reduction and based on established Green Bond and Green Loan principles. Renewi may improve the lending margin by achieving stated sustainability targets (to be published in the CSR Report) and is able to issue other funding instruments under the same Green Framework. This is a clear external endorsement of the company's sustainability credentials with an aligned financing structure that rewards incremental improvements. Note that the first €100m tranche of retail bonds matures in July 2019 (coupon 4.23%), which is above the group's current average cost of finance.

Positive macro backdrop, further Commercial uplift expected

Currently all of Renewi's profitability before central costs is generated in eurozone countries in mainland Europe. The OECD's November outlook contained positive economic projections for Renewi's two leading country exposures, with GDP growth expectations (at current prices, for 2018 and 2019) of +3.4% then +3.6% in Belgium and +4.8% followed by +4.4% in the Netherlands. While individual markets will have their own internal characteristics and external influences, the macroeconomic picture clearly provides a favourable business backdrop.

At divisional level, we expect Commercial (the largest division) to contribute another significant profit uplift and Municipal to generate a much reduced operating loss. Monostreams and Hazardous are anticipated to be at similar and slightly lower levels to the previous year in FY19. Against our previously published forecasts, the primary changes are higher Commercial and lower Hazardous divisional profitability which, together with reduced group financing costs, leave our FY19 and FY20 estimates effectively unchanged at the headline level. In context, the PBT uplifts shown in Exhibit 2 (ie FY19 +£18.5m, FY20 +£16.1m) are modestly higher than management's flagged incremental synergy expectations for these years (ie FY19 + €15m, FY20 +€10m). We have included FY21 estimates for the first time.

Exhibit 2: Renewi estimate revisions

	EPS FD Edison norm (p)			PBT Edison norm (£m)			EBITDA (£m)		
	Old	New	% chg.	Old	New	% chg.	Old	New	% chg.
2018	4.8	4.9	+0.5	51.0	52.1	+2.2	161.2	156.9	(2.7)
2019e	6.6	6.6	---	70.6	70.6	---	186.3	181.7	(2.5)
2020e	8.1	8.2	+0.7	86.7	86.7	---	201.3	201.3	---
2021e	N/A	8.7	N/A	N/A	92.3	N/A	N/A	207.9	N/A

Source: Edison Investment Research

Valuation observations

Given Renewi's share price is c 25% lower YTD, even after a partial rebound following the FY18 results, on unchanged estimates there has implicitly been a significant valuation de-rating. Over the same period, the FTSE All-Share Index is broadly unchanged. Newsflow relating to Municipal division onerous contracts (see our March update note) may have softened sentiment; in context the gross c £57m provisions – which are expected to flow out over the period to 2040 – compares to a c £200m market cap reduction since December.

Entering the second year of the merger integration process has not thrown up any negative surprises and with a better than expected net debt outturn we see a lowering of business risk. Based on our growth expectations out to 2021, we see no reason why Renewi cannot regain post merger share price highs (ie 108p in January this year). On this basis the FY21 P/E and EV/EBITDA (adjusted for pensions cash) would be 12.4x and 6.2x respectively.

[1] Renewi RNS, 22 May 2018.

EDISON

Exhibit 3: Financial summary

£m	2013	2014	2015	2016	2017	2018	2019e	2020e	2021e
March	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS									
Revenue	614.6	633.4	601.4	614.8	779.2	1,565.7	1,589.9	1,622.2	1,659.6
Cost of Sales	(511.6)	(528.3)	(506.1)	(517.8)	(653.3)	(1,276.9)	(1,296.6)	(1,323.0)	(1,353.5)
Gross Profit	103.0	105.1	95.3	97.0	125.9	288.8	293.3	299.2	306.1
EBITDA	88.4	88.5	72.6	69.2	81.6	156.9	181.7	201.3	207.9
Operating Profit (before GW and except.)	44.9	45.6	34.3	33.4	36.5	69.1	92.4	108.5	113.9
Net Interest	(10.8)	(12.6)	(11.4)	(11.2)	(10.3)	(14.2)	(16.2)	(16.2)	(16.0)
Other Finance	(3.9)	(2.9)	(1.5)	(1.6)	(2.2)	(5.1)	(7.9)	(7.9)	(7.9)
JV/Associates	0.3	0.3	0.8	1.0	2.0	2.3	2.3	2.3	2.3
Intangible Amortisation	(2.5)	(2.3)	(1.9)	(1.8)	(2.1)	(5.8)	(5.8)	(5.8)	(5.8)
Non Trading & Exceptional Items	(37.8)	(20.2)	(40.3)	(21.8)	(85.0)	(95.7)	(30.0)	(9.3)	0.0
Profit Before Tax (Edison norm)	30.5	30.4	22.2	21.6	26.0	52.1	70.6	86.7	92.3
Pension net finance costs	(0.3)	(0.3)	(0.5)	(0.5)	(0.3)	(0.6)	(0.6)	(0.6)	(0.6)
Profit Before Tax (Renewi norm)	30.2	30.1	21.7	21.1	25.7	51.5	70.0	86.1	91.7
Profit Before Tax (FRS 3)	(10.1)	7.6	(20.5)	(2.5)	(61.4)	(50.0)	34.2	71.0	85.9
Tax - headine	(1.1)	(5.8)	2.3	(1.5)	0.5	2.6	(17.0)	(20.6)	(21.5)
Profit After Tax (norm)	22.8	23.2	20.5	19.3	20.1	39.1	52.9	65.5	70.1
Profit After Tax (FRS 3)	(11.2)	1.8	(18.2)	(4.0)	(60.9)	(47.4)	17.1	50.4	64.3
Average Number of Shares Outstanding (m)	448.3	448.9	449.1	449.5	536.3	799.9	800.1	800.1	800.1
EPS - Edison norm (p) FD	5.1	5.1	4.5	4.3	3.7	4.9	6.6	8.2	8.7
EPS - Renewi norm (p) FD	5.0	5.1	4.4	4.2	3.7	4.8	6.5	8.1	8.7
EPS - FRS 3 (p)	(7.9)	(6.3)	(3.8)	(0.9)	(11.4)	(5.9)	2.1	6.3	8.0
Dividend per share (p)	3.05	3.05	3.05	3.05	3.05	3.05	3.05	3.45	3.60
Gross Margin (%)	16.8	16.6	15.9	15.8	16.2	18.4	18.4	18.4	18.4
EBITDA Margin (%)	14.4	14.0	12.1	11.3	10.5	10.0	11.4	12.4	12.5
Operating Margin (before GW and except.) (%)	7.3	7.2	5.7	5.4	4.7	4.4	5.8	6.7	6.9
BALANCE SHEET									
Fixed Assets	772.1	744.4	737.3	670.4	1,420.9	1,456.3	1,463.2	1,463.6	1,458.3
Intangible Assets	251.8	211.1	173.8	194.5	603.3	606.3	600.1	590.4	578.5
Tangible Assets	375.3	322.7	282.9	297.0	587.4	623.0	636.1	646.2	652.8
Investments	145.0	210.6	280.6	178.9	230.2	227.0	227.0	227.0	227.0
Current Assets	247.3	265.1	224.0	177.0	348.2	366.2	371.7	353.6	401.4
Stocks	11.0	9.4	6.9	6.8	19.9	23.3	23.1	23.4	23.9
Debtors	160.9	151.5	156.3	135.5	253.4	279.0	284.8	289.1	294.1
Cash	75.4	104.2	60.8	34.7	74.9	63.9	63.9	41.0	83.4
Current Liabilities	(248.9)	(229.6)	(277.4)	(227.2)	(483.2)	(545.8)	(567.5)	(526.1)	(525.1)
Creditors	(230.7)	(226.3)	(202.4)	(224.8)	(466.8)	(532.9)	(525.3)	(526.1)	(525.1)
Short term borrowings	(18.2)	(3.3)	(75.0)	(2.4)	(16.4)	(12.9)	(42.2)	0.0	0.0
Long Term Liabilities	(444.2)	(504.7)	(432.5)	(434.2)	(845.7)	(894.3)	(892.3)	(891.2)	(897.1)
Long term borrowings	(234.5)	(253.8)	(140.8)	(224.9)	(482.4)	(489.7)	(489.7)	(489.7)	(489.7)
Other long term liabilities	(209.7)	(250.9)	(291.7)	(209.3)	(363.3)	(404.6)	(402.6)	(401.5)	(407.4)
Net Assets	326.3	275.2	251.4	186.0	440.2	382.4	375.1	399.9	437.4
CASH FLOW									
Operating Cash Flow	67.7	78.6	55.8	72.2	27.9	128.4	126.4	178.7	200.3
Net Interest	(11.5)	(13.2)	(12.8)	(12.8)	(19.0)	(16.9)	(16.2)	(16.2)	(16.0)
Tax	1.9	(1.6)	(5.7)	(4.8)	(5.3)	(6.7)	(13.0)	(18.6)	(20.5)
Net Capex	(50.1)	(27.1)	(37.2)	(25.8)	(41.2)	(81.2)	(102.0)	(99.0)	(94.5)
Acquisitions/disposals	(59.2)	(54.1)	(67.3)	18.2	39.5	(4.1)	0.0	0.0	0.0
Equity Financing	0.4	0.2	0.1	0.3	136.5	0.6	0.0	0.0	0.0
Dividends	(13.7)	(13.7)	(13.7)	(13.7)	(15.1)	(24.4)	(24.4)	(25.6)	(26.8)
Net Cash Flow	(64.5)	(30.9)	(80.8)	33.6	123.3	(4.3)	(29.3)	19.3	42.4
Opening core net debt/(cash)	206.2	177.3	152.9	155.0	192.6	423.9	438.7	468.0	448.7
HP finance leases initiated	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	93.4	55.3	78.7	(71.2)	(354.6)	(10.5)	0.0	(0.0)	(0.0)
Closing core net debt/(cash)	177.3	152.9	155.0	192.6	423.9	438.7	468.0	448.7	406.3
Closing PPP/PFI non-recourse net debt	100.1	151.2	222.6	91.1	87.1	82.9	82.9	82.9	82.9

Source: Company accounts, Edison Investment Research

EDISON

Frankfurt +49 (0)69 78 8076 960
Schumannstrasse 34b
60325 Frankfurt
Germany

London +44 (0)20 3077 5700
280 High Holborn
London, WC1V 7EE
United Kingdom

New York +1 646 653 7026
295 Madison Avenue, 18th Floor
10017, New York
US

Sydney +61 (0)2 8249 8342
Level 12, Office 1205
95 Pitt Street, Sydney
NSW 2000, Australia