This announcement contains inside information.

Renewi plc

Renewi plc (LSE: RWI), a leading international waste-to-product business, today announces its interim results for the six months ended 30 September 2017.

Commenting on the results, Peter Dilnot, Chief Executive Officer, said:

"We are pleased to report a very strong first half performance for Renewi, driven by good operational performance, improving end markets in our Benelux Divisions, and earlier than expected merger benefits. Against this backdrop, we announced on 23 October 2017 that our expectations for the full year ending 31 March 2018 had significantly increased.

We have made good progress with our integration and the transition to one unified operating model. We remain on track with the target synergies and delivering significant value accretion from the merger in the year ending 31 March 2019 and thereafter. Longer term, Renewi is well placed to meet the growing need for recycling with a clear strategy to deliver sustainable growth, margin expansion and attractive returns."

Business Overview*

- Very strong overall trading performance throughout the period with profit growth at constant currency significantly ahead of our expectations, further increased at the reported level by the weakness of Sterling
- Commercial Waste performed particularly strongly, with underlying EBIT up 38% to £36.2m. Netherlands underlying EBIT grew by 73% on revenue up 7% as a result of improving economic growth and construction market recovery, together with securing some merger benefits earlier than anticipated
- Hazardous Waste delivered a good performance, with underlying EBIT up 5% to £13.7m. Increased cleaning activity and merger benefits were supported by a positive first half from ATM despite reduced throughput of soil from mid-August
- Monostreams performed well, with underlying EBIT up 29% to £9.5m. Operational improvements in Maltha are gaining traction and the Mineralz business delivered strong results
- As expected, Municipal recorded an operating loss of £4.9m due to continued market headwinds and contractual constraints. Underlying progress in the UK was offset by the loss of subsidies at Wakefield and lack of feedstock at Westcott Park. Previously reported operational challenges in Canada have impacted performance and will continue to do so in the second half
- Synergy and integration projects are progressing well. Savings of €4.6m were recorded in the first half and we remain on track to deliver the committed €12m for the full year
- Clear long-term growth strategy based on Renewi's unique position to meet increasing recycling demand from both regulatory push and customer pull

**Variances based on constant exchange rates and comparatives use pro forma results for the prior period to include the full performance of Van Gansewinkel as if the merger had been completed at the start of the 2016/17 financial year.*

Financial Summary

- Revenue on a pro forma basis up 4% at constant currency to £782.9m (up 11% at actual rates)
- Underlying EBIT, on a pro forma basis, up 21% at constant currency (up 33% at actual rates)
- Reported underlying profit before tax up 102% at constant currency to £34.2m (up 123% at actual rates)
- Exceptional and non-trading items of £12.0m, £8.2m of which related to the merger as previously advised
- Statutory profit before tax of £22.2m (2016: loss of £0.9m)
- Underlying EPS up 6% at constant currency to 3.2p per share (up 19% at actual rates)
- Core net debt of £435.9m (including adverse currency movement of £11.6m) and core net debt to EBITDA ratio of 2.8x are better than management expectations
- Interim dividend maintained at 0.95p per share

	2017	2016	Change % Total	Change % Constant Currency
PRO FORMA#				
Revenue	**£782.9m**	**£708.5m**	**11%**	**4%**
Underlying EBIT+	**£43.6m**	**£32.9m**	**33%**	**21%**
REPORTED*				
Revenue	**£782.9m**	**£348.4m**	**125%**	**111%**
EBITDA+	**£87.1m**	**£40.2m**	**117%**	**99%**
Underlying EBIT+	**£43.6m**	**£20.7m**	**111%**	**92%**
Operating profit	**£31.6m**	**£7.1m**		
Underlying free cash flow+	**£52.7m**	**£(1.4)m**		
Cash flow from operating activities	**£68.1m**	**£6.0m**		
Underlying profit before tax+	**£34.2m**	**£15.4m**	**123%**	**102%**
Exceptional and non-trading items	**£(12.0)m**	**£(16.3)m**		
Profit (loss) after tax (statutory basis)	**£15.3m**	**£(3.4)m**		
Underlying EPS+	**3.2p**	**2.7p**	**19%**	**6%**
Basic earnings (loss) per share (statutory basis)	**2.0p**	**(0.7)p**		
Interim dividend per share	**0.95p**	**0.95p**		

#Pro forma includes six months of VGG as extracted from management accounts and unaudited as if the merger had been completed in the prior period.
**Reported is as per the prior year Interims release and does not include VGG as the merger completed in the second half.*
+The definitions and rationale for the use of non-IFRS measures are included before the Consolidated Interim Income Statement.

Outlook

Renewi is well placed to meet the growing need for recycling with a clear strategy to deliver sustainable growth, margin expansion and attractive returns over the medium term. The Board is confident of delivering its recently upgraded expectations for the current year and significant value accretion from the merger in the year ending 31 March 2019 and thereafter.

Notes:

1. The interim dividend of 0.95 pence per share will be paid on 5 January 2018 to shareholders on the register at close of business on 1 December 2017.

2. Management will be holding an analyst presentation at 9:30 a.m. today, 9 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 9.30 a.m.
   – Webcast: www.renewiplc.com
   – Telephone conference:

United Kingdom	0800 368 0649
Belgium	0800 392 47
Netherlands	0800 948 067
All other locations	+44 2030 5981 25

   – Confirmation password: **Renewi**

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.

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FORWARD-LOOKING STATEMENTS

Certain statements in this announcement constitute "forward-looking statements". Forward-looking statements may sometimes, but not always, be identified by words such as "will", "may", "should", "continue", "believes", "expects", "intends" or similar expressions. These forward-looking statements are subject to risks, uncertainties and other factors which, as a result, could cause Renewi's actual future financial condition, performance and results to differ materially from the plans, goals and expectations set out in the forward-looking statements. Such statements are made only as at the date of this announcement and, except to the extent legally required, Renewi undertakes no obligation to revise or update such forward-looking statements.

INTRODUCTION

Renewi plc ("Renewi"), created earlier this year by the merger of Shanks Group plc and Van Gansewinkel Groep B.V., is a €1.7bn revenue international waste-to-product business.

We are listed on the London Stock Exchange and are a constituent of the FTSE250 index. With over 8,000 employees in Europe and North America, we have deep expertise of recycling and an extensive breadth of waste management products and services.

Our vision is to be the leading waste-to-product company. We are delivering on a clear long-term strategy for growth through delivery of the merger benefits, sustained margin expansion through self-help initiatives, strategic expansion into growth areas through innovation and investment, and active management of the business portfolio.

We are ideally positioned to be part of the solution to some of the main environmental problems facing society today: reducing waste, avoiding pollution and preventing the unnecessary use of finite natural resources.

We protect our world by giving new life to used materials. We transform a wide range of used materials into useful products and raw materials for our customers, like recycled paper, metal, plastic and glass, woodchips, compost, energy, fuel, and other products.

In the process we protect the world from contamination, preserve finite natural resources, and enable customers to meet their sustainability goals. With our deep international expertise we also provide our customers with an extensive product range, combined with local service and attention.

Above all, our team is committed and passionate about our mission: waste no more.

RESULTS

The results for the six months ended 30 September 2017 were significantly ahead of the Board's expectations. The integration activities following the merger have progressed well. Key organisational changes and management appointments have been made, synergy delivery is on track and integration planning to create a unified operating model is progressing well.

MARKET BACKDROP

Renewi's first half trading results have benefited from an improvement in core markets and underlying cyclical recovery. In particular:

- GDP growth increased in our core Benelux markets, with 3.3% growth in the Netherlands and 1.5% growth in Belgium;
- Dutch construction activity continued its strong recovery, growing 5% during 2017;
- Dutch incinerators remain effectively full, underpinning more stable pricing in the Dutch waste market, albeit resulting in higher costs for our UK Municipal Division;
- Recyclate prices were generally positive compared to the prior year, particularly in metals and paper; and
- The Dutch oil and gas market saw increased refinery cleaning activity, despite oil prices remaining around $50 per barrel in the period.

In the first half, our Belgian Commercial Division experienced challenges placing its solid recovered fuel (SRF) and combustible waste into the local market due to extended customer shutdowns and unplanned maintenance, however these conditions are expected to improve in the second half.

In August the Chinese government announced its National Sword legislation to block imports of recycled paper and plastic in the short-term and to enforce stricter purity standards going forward. As a result, prices for recycled paper and plastics have fallen sharply. Renewi expects to be well-positioned as and when volume exports to China resume but we anticipate some short-term disruption during the second half.

STRATEGY

Our strategy is focused on meeting the growing long-term demand for recycling. As a result of the merger, 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 have a clear plan to build on our 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.

The demand for recycling is driven by the need to address clear environmental challenges: climate change, contamination and the use of finite resources. Against this backdrop, there is an increased determination in society, and from governments and our customers, to increase recycling. This is already resulting in increased regulatory 'push' to recycle additional waste volumes and this trend is expected to continue. For example, the Dutch government has set a target of a 50% reduction in domestic waste being incinerated or landfilled by 2020. In parallel, there is increasing customer 'pull' both to manage waste sustainably and to use secondary raw materials in production processes. We are increasingly seeing sustainability as a significant selection criterion in customer tenders and many leading European businesses have set their own bold recycling targets.

Renewi is well placed to meet this growing demand for recycling and is already partnering with leading European businesses to do so. For example, we are making recycled paint in conjunction with Akzo Nobel in Belgium and we are supporting Philips with using 36% recycled plastic in the production of vacuum cleaners. We are also increasingly using innovation to deliver our waste-to-product vision. This involves new processes across Renewi, for example in the Monostreams Division we make Forz, a branded building material filler, from cleaned incinerator ashes.

We have a clear strategy to deliver sustained growth and attractive returns. This is underpinned by the underlying demand for recycling services and leverages our leading position in our target markets. Our strategy is based on organic growth plans for each of our divisions: Commercial Waste, Hazardous Waste, Monostreams and Municipal. These divisions are all leaders in their respective markets and have specific strategies to deliver growth based on their particular market dynamics. In parallel, we also have the following four over-arching strategic levers that are applied across Renewi:

- **Delivering Merger Benefits:** ensuring that the €40m committed cost synergies are delivered by FY20, that potential margin and revenue synergies are realised, and that the Group fully integrates to one efficient operating model that is positioned for future sustainable growth;
- **Driving Margin Expansion:** using advantaged capabilities and productivity to drive improved operational performance, in particular through commercial effectiveness and continuous improvement;
- **Strategic Expansion:** capturing long-term growth opportunities by maximising our position at the heart of the emerging Circular Economy, investing in innovation and in expansion into adjacent areas; and
- **Managing the Portfolio:** actively managing the business portfolio to improve returns and accelerate growth.

Underpinning these strategic growth levers will be sustained investment in a digitalisation programme, creating strong and capable internal operational systems and increasing our digital presence and capabilities to meet changing customer needs.

Our immediate focus is delivering post-merger integration benefits, while positioning Renewi for longer-term growth. It is expected that over time our strategy will deliver sustained revenue growth, margin expansion in all divisions, increased returns and strong cash generation.

INTEGRATION & ORGANISATION

The integration of Shanks and Van Gansewinkel involves much more than the delivery of the committed €40m in cost synergies by March 2020. Our goal is to create a strong cash generative business with one efficient operating model, robust and scaleable processes, and a widely recognised and appealing brand, underpinned by a skilled and passionate workforce.

We have made significant progress in all areas during the first half:

- Our Executive Committee was completed with the appointment of Otto de Bont in May as Managing Director Netherlands Commercial Division, Francis Schröder in August as HR Director and Baukje Dreimuller in September as General Counsel. The completed Executive Committee comprises deep experience from both legacy businesses as well as increased diversity and new capabilities and skills developed at blue chip companies
- As previously announced, the cost synergy programme is on track. Some €4.6m of savings were delivered in the first half and we remain on track to deliver the €12m of cost savings we committed to for the full year. We have identified over 325 specific projects to meet the €40m target and are confident that we are on track to deliver them on time and on budget
- As expected, margin synergies are also being secured to capitalise on the benefits of combining the scale and logistics strengths of Van Gansewinkel with the processing capability of Shanks. For example, over €3m of waste collected from Van Gansewinkel customers was processed in the first half at former Shanks sites in Belgium rather than using external partners or less efficient facilities
- Feasibility studies have been completed to assess the fastest and lowest risk integration strategies for the core processes and IT platforms of the two Commercial businesses in the Netherlands and Belgium
- Rebranding activity has become highly visible across Renewi. Over 25 sites and more than 600 trucks have been rebranded. In addition, extensive social media and digital campaigns have begun the process of brand building. Feedback from customers and employees continues to be very positive

During the second half we expect to finalise the detailed planning for the larger and more complex synergy projects, for example those relating to site rationalisation and route optimisation. We also expect to complete our planning for the IT migration to a single collaboration platform and to begin a pilot integration in each of Netherlands and Belgium Commercial divisions.

RESULTS OVERVIEW

For the purposes of understanding the underlying business performance, the review primarily compares current year trading with pro forma prior period figures that include the results of Van Gansewinkel as if the latter had been owned throughout the prior year comparative period. The definition of non-IFRS measures is included on page 21.

Continuing Operations	Revenue				Underlying EBIT			
Pro forma	Six months ended				Six months ended			
	Sep 17	Sep 16	Variance %		Sep 17	Sep 16	Variance %	
	£m	£m	Reported	CER	£m	£m	Reported	CER
Commercial Waste	505.5	446.5	13%	5%	36.2	24.4	48%	38%
Hazardous Waste	103.0	94.2	9%	1%	13.7	12.3	11%	5%
Monostreams	90.2	77.5	16%	8%	9.5	6.9	38%	29%
Municipal	98.7	104.1	-5%	-6%	(4.9)	1.1	N/A	N/A
Group central services	-	-			(10.9)	(11.8)	8%	11%
Inter-segment revenue	(14.5)	(13.8)			-	-		
Total (pro forma basis)	**782.9**	**708.5**	**11%**	**4%**	**43.6**	**32.9**	**33%**	**21%**
Total (reported basis)	**782.9**	**348.4**	**125%**		**43.6**	**20.7**	**111%**	

CER = at constant exchange rate.
Pro forma results in the period to September 2016 include Van Gansewinkel as if owned throughout the period rather than from legal completion on 28 February 2017.
The figures above are reconciled to statutory measures in note 3 in the interim financial statements.

Renewi traded very strongly throughout the first half, delivering results significantly ahead of our expectations. Group revenue increased by 4% at constant currency to £782.9m. Underlying EBIT grew by 21% at constant currency to £43.6m and reported underlying profit before tax grew by 102% at constant currency to £34.2m. Reported underlying EPS increased by 6% at constant currency to 3.2p per share.

Core net debt at 30 September was £435.9m. This was better than our expectations, representing a net debt to EBITDA ratio of 2.8x, comfortably within the Group's covenant level of 3.5x despite an adverse exchange movement.

The Commercial Waste Division delivered underlying EBIT of £36.2m, an increase of 38% at constant currency, on revenues up 5%. This result was underpinned by a further strong performance from our Netherlands operations, where underlying EBIT grew by 73% in local currency, and underlying EBIT growth of 5% in local currency in Belgium despite the non-recurrence of one-off benefits in the wood segment in the prior year.

The Hazardous Waste Division delivered a 1% increase in revenue and a 5% increase in underlying EBIT at constant currency to £13.7m, reflecting a positive performance in industrial cleaning and water treatment, offset by the initial impact of the previously reported reduced soil treatment volumes at ATM.

The Monostreams Division delivered an underlying EBIT increase of 29% at constant currency to £9.5m. Maltha and Mineralz showed strong growth, offsetting margin weakness at Coolrec.

The Municipal Division reported a 6% reduction in revenues at constant currency, primarily as a result of reduced construction revenues in Canada, and an operating loss of £4.9m (2016: underlying EBIT of £1.1m), reflecting previously reported challenges in both Canada and the UK. Recovery plans in the UK are gaining traction under the new management team.

Group Central Services costs decreased by 11% at constant currency to £10.9m. Head Office synergies were offset to some extent by planned additional costs for the enlarged business.

As previously advised, non-trading and exceptional items before tax amounted to £12.0m in the first half (2016: £16.3m), £8.2m of which related to the merger and £2.9m being amortisation of acquired intangible assets, resulting in a statutory profit before tax of £22.2m (2016: loss of £0.9m).

The Group delivered in the first half an underlying free cash inflow of £52.7m (2016: outflow of £1.4m on a standalone legacy Shanks basis) driven by strong trading and good working capital performance. Replacement capital spend was £35.5m which represented a ratio of 81% of the depreciation charge.

Reflecting the Board's continuing confidence in the growth prospects for Renewi, we are declaring a maintained interim dividend of 0.95p per share.

Outlook

Renewi is well placed to meet the growing need for recycling with a clear strategy to deliver sustainable growth, margin expansion and attractive returns over the medium term. The Board is confident of delivering its recently upgraded expectations for the current year and significant value accretion from the merger in the year ending 31 March 2019 and thereafter.

DIVISIONAL REVIEW

The divisional review is presented with performance variances in local currency and the translation impact of currency movements excluded unless otherwise stated. For the purposes of understanding the underlying business performance, the review primarily compares current year trading with pro forma prior period figures that include the results of Van Gansewinkel as if the latter had been owned throughout the prior year comparative period.

Commercial Waste

	Revenue				Underlying EBIT			
	Six months ended				Six months ended			
	Sep 17	Sep 16	Variance		Sep 17	Sep 16	Variance	
Netherlands Commercial Waste	363.9	340.9	23.0	7%	25.1	14.5	10.6	73%
Belgium Commercial Waste	211.3	207.6	3.7	2%	16.0	15.2	0.8	5%
Intra-segment revenue	(0.6)	(1.1)	0.5		-	-	-	
Total €m (pro forma)	**574.6**	**547.4**	**27.2**	**5%**	**41.1**	**29.7**	**11.4**	**38%**
Total £m (pro forma at average rate)	**505.5**	**446.5**	**59.0**	**13%**	**36.2**	**24.4**	**11.8**	**48%**
Total £m (as reported)	**505.5**	**158.9**	**346.6**		**36.2**	**9.5**	**26.7**	

	Underlying EBIT Margin		Return on Operating Assets	
Netherlands Commercial Waste	6.9%	4.3%	14.6%	8.8%
Belgium Commercial Waste	7.6%	7.3%	25.2%	24.5%
Total (pro forma)	**7.2%**	**5.4%**	**17.5%**	**12.9%**

Pro forma results in the period to September 2016 include Van Gansewinkel as if owned throughout the period rather than from legal completion on 28 February 2017.
The return on operating assets for Netherlands includes properties rented from the legacy VGG property company and for Belgium excludes all landfill related provisions.

The Commercial Waste Division comprises solid waste collection and treatment activities across the Netherlands and Belgium.

The Commercial Waste Division delivered a particularly strong performance in the first half, with local currency underlying EBIT up 38% to €41.1m on revenues up 5% to €574.6m. At actual rates of exchange underlying EBIT improved by 48% to £36.2m. Margins increased by 180 basis points to 7.2% and return on operating assets increased by 460 basis points to 17.5%. Given the typical seasonal first half weighting in the Commercial Division, these margins are expected to moderate over the full year.

Netherlands

Market conditions in the Netherlands continued to improve and to provide a positive platform for the delivery of our merger benefits as reported above. GDP grew by 3.3% in 2017 and data from ING (Economisch Bureau Sector Building, Construction & Property) showed that the important Dutch construction market continued to show encouraging growth of 5% since the beginning of 2017 and is forecast to grow an additional 3% next year. The commercial market segment was also positive with further growth in recycling volumes in the face of full capacity utilisation at the incinerators.

Revenue in the Netherlands increased by 7% to €363.9m, with a consistent growth rate in both the legacy businesses. Volumes (excluding low margin soil and sludges) grew by 2% in the former Shanks business, with particular strength in the core construction and demolition (C&D) segment (up 9%) and mixed commercial waste (up 7%). Volumes (excluding soil and sludges) were flat in the former Van Gansewinkel business, with around 7% growth in the core commercial waste segment. Pricing was slightly up on the prior period across most waste streams.

Underlying EBIT increased by 73% to €25.1m. Underlying growth in the former Shanks business was 56% driven by volumes, mix and improved capacity utilisation while the former Van Gansewinkel business grew 54% before the €3.3m benefit of purchase price accounting adjustments. Margins increased by 260 basis points to 6.9% and return on operating assets by 580 basis points to 14.6%.

Recyclate markets were positive overall in the first six months. Metal and paper prices in particular were stronger than in the first half last year. However, as reported above, the Chinese National Sword programme to reduce imports of contaminated paper and plastics had a significant impact on prices in September with the price of some recycled paper and plastics falling by 50%. The wood market also continued to be volatile, with significantly reduced profits compared to the prior period.

The former Shanks business has continued to maintain focus on its self-help initiatives of commercial effectiveness and continuous improvement. The former remains of fundamental importance in proactively managing volatile pricing environments. It was also encouraging to see the rapid deployment of continuous improvement techniques to certain former Van Gansewinkel sites, such as the sorting line in Amsterdam, in advance of a more structured roll out of continuous improvement in 2018. The former Van Gansewinkel business has group-wide capabilities in managing product sales and the disposal of its burnable waste which are now additionally benefiting the former Shanks business, for example with the roll out of the use of freight exchange for outbound logistics.

Belgium

The Belgian business performed well in the first six months. Revenues were up slightly at €211.3m but underlying EBIT increased by €0.8m (5%) to €16.0m despite the prior year period having benefited from non-recurring profits of around €5m in the wood segment of the former Van Gansewinkel business. Margins increased by 30 basis points to 7.6% with return on operating assets up 70 basis points to 25.2%.

The inbound waste market was mildly positive in the first half, showing some volume and pricing growth across all industrial and commercial customer segments and municipal revenues have remained stable. Secondary disposers, where other waste companies bring waste to Renewi for further processing, were particularly strong, reflecting to some extent the increasing challenge for smaller players to find outlets for all their residues.

The Belgian market experienced a significant lack of capacity in both incinerators and cement kilns in the first half as a result of extended maintenance and unscheduled closures. This disrupted sales of our solid recovered fuel (SRF) and impregnated sawdust in particular, with our Gent facility temporarily reducing production to one shift. Capacity is expected to return to normal during the second half.

Outlook

The Commercial Division is expected to continue to trade well compared with the prior year in both the Netherlands and Belgium. Moderating recyclate prices as a result of Chinese import restrictions, coupled with the seasonal impact of the construction market which has been particularly strong, means that trading is expected to be more weighted towards the first half than usual.

Hazardous Waste

	Revenue				Underlying EBIT			
	Six months ended				Six months ended			
	Sep 17	Sep 16	Variance		Sep 17	Sep 16	Variance	
Total €m (pro forma)	**117.3**	**115.6**	**1.7**	**1%**	**15.7**	**15.0**	**0.7**	**5%**
Total £m (pro forma at average rate)	**103.0**	**94.2**	**8.8**	**9%**	**13.7**	**12.3**	**1.4**	**11%**
Total £m (as reported)	**103.0**	**80.5**	**22.5**		**13.7**	**11.4**	**2.3**	
	Underlying EBIT Margin				Return on Operating Assets			
Total (pro forma)	**13.4%**	**13.0%**			**28.1%**	**27.1%**		

Pro forma results in the period to September 2016 include Van Gansewinkel as if owned throughout the period rather than from legal completion on 28 February 2017.

The Hazardous Waste Division comprises ATM, one of Europe's largest facilities for the treatment of contaminated soil, water, sludges and packed chemical waste and the small specialist site at Weert, and Reym (incorporating VGIS), one of the leading industrial cleaning businesses in the Netherlands.

The Hazardous Waste Division delivered a good performance in the first half, with revenues up 1% to €117.3m and underlying EBIT up 5% to €15.7m. Margins increased by 40 basis points to 13.4% and return on operating assets increased by 100 basis points to a highly accretive 28.1%.

The core oil and gas market, which represents up to half of the Division's revenues, remained mixed. Oil prices have remained subdued at around $50 per barrel in the period and onshore gas production has continued to fall because of regulatory restrictions. As expected, maintenance and cleaning activity at refineries has recovered despite the flat backdrop and both Reym and VGIS have been fully deployed over the summer, albeit with challenging project margins. Improved performance at the new Theemsweg site has offset weakness in the north where gas production has reduced.

Water intake and treatment at the ATM plant has been stable compared to last year. Inbound volumes by truck and industrial sludge volumes remained weak but ship volumes were significantly stronger, supported by a large offshore project. The pyro facility also delivered an increased performance, overcoming operational restrictions as the new and enlarged inbound warehouse is constructed around the existing activities.

Soil intake was also strong during the first half. However, as previously reported, IL&T, an environmental agency in the Netherlands, carried out a review of our soil treatment process and output which has negatively affected our off-set of treated soil into a market that has been increasingly challenging. Accordingly, we voluntarily reduced soil treatment volumes from the middle of August, which impacted September and will impact our second half performance, while we address the matters raised by IL&T and broaden our range of soil outlets.

Integration of the VGIS business into Reym has progressed well. Five sites were selected for potential closure as the combined footprint was streamlined, and two of those sites had already been exited as at 30 September.

Outlook

As previously reported, our decision to reduce throughput voluntarily in the soil treatment line at ATM until new soil outlets have been secured will have an impact on our performance in the second half. The remainder of the Division is expected to trade well, noting the seasonal weighting towards the first half.

Monostreams

	Revenue				Underlying EBIT			
	Six months ended				Six months ended			
	Sep 17	Sep 16	Variance		Sep 17	Sep 16	Variance	
Total €m (pro forma)	**102.4**	**94.8**	**7.6**	**8%**	**10.8**	**8.4**	**2.4**	**29%**
Total £m (pro forma at average rate)	**90.2**	**77.5**	**12.7**	**16%**	**9.5**	**6.9**	**2.6**	**38%**
Total £m (as reported)	**90.2**	**8.7**	**81.5**		**9.5**	**1.6**	**7.9**	
	Underlying EBIT Margin				Return on Operating Assets			
Total (pro forma)	**10.5%**	**8.9%**			**23.2%**	**16.7%**		

Pro forma results in the period to September 2016 include Van Gansewinkel as if owned throughout the period rather than from legal completion on 28 February 2017.
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; Maltha, a recycler of 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 delivered a good performance in the first half, with revenues up 8% to €102.4m and underlying EBIT up 29% to €10.8m. Margins increased by 160 basis points to 10.5% and return on operating assets increased significantly by 650 basis points to 23.2%.

Coolrec experienced a relatively challenging first half. Revenues increased by 7%, primarily reflecting higher metal prices, with strong volumes of fridges offsetting weaker volumes in some of the other WEEE segments. However, lower volumes on cathode ray tube televisions and lower margins on the flotation line, coupled with fire damage at Dordrecht and Wandre, led to slightly lower profitability.

Mineralz had a strong first half, with a 12% increase in revenues and a 53% increase in underlying EBIT. Encouragingly, growth was led by the new bottom ashes market segment and from the metals recovered as the bottom ashes are converted into construction materials. Good progress has also been made with the plan for the potential extension of the Maasvlakte specialist landfill.

Maltha also made good progress with its operational recovery plan. Revenues increased by 13% and underlying EBIT by 111%. France and Portugal performed particularly well but there was also a profit improvement at Dintelmond following investments to improve quality, yield and product range. Further investment in Portugal is also being made in the third quarter to increase effective capacity and yield.

Orgaworld had a steady first half, with revenues and profits broadly flat. The business would have delivered greater growth except for a leak in one of the digester tanks at Amsterdam. The leak has been resolved and preventive actions implemented but some electricity production has been lost over the last two months.

Outlook

The Monostreams Division has a seasonal bias of earnings towards the first half. It is expected to continue to trade in line with expectations with ongoing strong performance in Mineralz and Orgaworld recovering from the digester leak, and operational recovery in Maltha offsetting reduced performance in Coolrec.

Municipal

	Revenue				Underlying EBIT		
	Six months ended				Six months ended		
	Sep 17	Sep 16	Variance		Sep 17	Sep 16	Variance
UK Municipal	91.8	87.9	3.9	4%	(3.5)	(0.7)	(2.8)
Canada Municipal	6.5	16.2	(9.7)	-60%	(1.3)	1.8	(3.1)
Total £m (at constant currency)	**98.3**	**104.1**	**(5.8)**	**-6%**	**(4.8)**	**1.1**	**(5.9)**
Total £m (at average rate as reported)	**98.7**	**104.1**	**(5.4)**	**-5%**	**(4.9)**	**1.1**	**(6.0)**

	Underlying EBIT Margin	
UK Municipal	-3.8%	-0.8%
Canada Municipal *	-25.5%	23.1%
Total *	**-5.0%**	**0.8%**

All numbers for Canada are shown at a constant exchange rate.
**The Canadian margin excludes Surrey construction revenue and profits.*

The Municipal Division is a UK market leader in providing mechanical biological treatment (MBT) and anaerobic digestion (AD) solutions to divert municipal waste from landfill and is also a leader in Canada in the diversion of municipal organic waste from landfill through composting and AD.

As previously reported, in the six months ended 30 September 2017, the Division experienced ongoing market and operational challenges in the UK and Canada.

UK Municipal

The UK business grew revenues by 4% to £91.8m, with growth in ELWA, Wakefield and Derby. However, as expected, the business reported a trading loss of £3.5m in line with the losses incurred in the second half of last year. Further losses of around £3m were set against onerous contract provisions, broadly in line with expectations.

The business has continued to face the same market challenges, particularly the pressure on output prices for the products produced by our MBT facilities. The available market in the UK for SRF remains constrained and the cost of disposing RDF, the alternative product, has increased with rising gate fees across Europe exacerbated by the ongoing and further weakness of Sterling. A shortage of available inbound organic waste for our Westcott Park facility has continued to result in ongoing operating losses at that facility.

However, against this challenging backdrop, we are encouraged by the good progress made with our underlying recovery plans including:

- Signing a further long-term RDF agreement that will improve fuel pricing from FY19 and FY20;
- Installation of additional emissions control equipment at our Barrow plant in Cumbria where we are making good progress in resolving our environmental disputes;
- Ongoing process efficiency improvement at Barnsley, Doncaster and Rotherham (BDR), including a substantial increase in moisture loss through the MBT halls; and
- Improvements to the end to end process that have enabled the engines to come on line at Wakefield.

Longer term profitability at Wakefield will be materially reduced by the 80% reduction by the government in renewable subsidies for the facility compared to the basis on which the original contract was concluded. This will cost the Group £0.6m - £0.8m per annum against which there is no legal process of redress. We continue to seek alternative means to increase long-term profitability.

As previously reported, we continue to work closely with Interserve PLC to bring the Derby project into full commissioning following the insolvency of one of their major contractors in September 2016. Our financial liability is contractually protected and we recognised the associated liquidated damages of £1.7m in the last financial year. We have been advised to expect the facility to enter full service in mid-2018.

The Energen Biogas (EBG) facility at Cumbernauld in Scotland has continued to perform well, generating profits of £0.7m. This is accounted for as a joint venture in the Income Statement.

Canada Municipal

Revenues in Canada Municipal fell by 60% at constant currency to £6.5m, caused by the lower construction spend on the Surrey build now that the facility is almost finished. Given the levels of risks and rewards borne by the Group, it has been concluded that we act as principal in this contract and as such revenues and costs for the construction are recognised gross in the Income Statement. The business made a loss of £1.3m (2016: profit of £1.8m) reflecting operational challenges at two of the three facilities.

Our London facility experienced a recurrence of issues with the biology in the composting tunnels. A structured improvement programme has resulted in steadily improving performance. However, odour issues during the period of poor performance has led to throughput being restricted by the Canadian regulatory authorities (MOECC). We are working with them to demonstrate that we can operate the facility at full capacity while maintaining odour performance and control. We are pleased to report that all historic odour issues have now been settled with MOECC, with the additional costs of bringing the settlement up to the current date taken through ordinary trading in the half year.

Our Ottawa facility has performed well in the period and negotiations continue with the City with regard to extending the range of services that we can offer.

The Surrey facility entered into cold commissioning early in 2017, at which point it was discovered that a number of matters relating to the engineering and construction required rectification. This has resulted in a delay in commissioning until the end of 2017 and the incurring of operating losses and some additional capital costs to bring the facility to completion. These capital and operating costs are being accounted for within Renewi but we anticipate significant recovery from our partners in due course.

We expect to see profitability from all three facilities in the year ending 31 March 2019.

Outlook

While the previously reported challenges remain, UK Municipal is expected to continue delivering underlying improvements in its operational capability and to secure new contracts to improve future recovered fuel pricing. Scarcity of feedstock at Westcott Park is expected to remain an issue. The Canadian business is expected to stabilise in the second half, which is seasonally impacted by the very cold winter, in preparation for recovery in FY19.

FINANCE REVIEW

	Sep 17 £m	Sep 16 £m	Total Change %	Constant Currency Change %
Pro forma:				
Revenue	782.9	708.5	11%	4%
Underlying EBIT	43.6	32.9	33%	21%
Reported:				
Revenue	782.9	348.4	125%	111%
Underlying EBIT	43.6	20.7	111%	92%
Underlying profit before tax	34.2	15.4	123%	102%
Underlying earnings per share (p)	3.2	2.7	19%	6%

Renewi delivered a very strong overall trading performance throughout the period which was significantly above management's expectations. At the same time, tight control of integration costs, working capital and capital expenditure has led to a positive underlying cash conversion rate of 121%. The combination of strong profit and cash control has resulted in the Group's net debt: EBITDA ratio being significantly better than expected at 2.8x.

The Sterling/Euro exchange rate moved from €1.17:£1 at 31 March 2017 to €1.13:£1 at 30 September 2017, with the average rate for the six month period moving by 7% from €1.22:£1 to €1.13:£1.

Revenue on a reported basis increased by 125% to £782.9m. On a pro forma basis, revenue grew by 4% at constant currency (an increase of 11% at actual rates), with growth across all divisions except Municipal. Underlying EBIT increased by 111% on a reported basis. On a pro forma basis, underlying EBIT improved 21% to £43.6m at constant currency (an increase of 33% at actual rates). The Commercial, Hazardous and Monostreams Divisions performed strongly whilst the Municipal Division was affected by previously reported challenges in both the UK and Canada.

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.

As previously advised, total non-trading and exceptional items from continuing operations amounted to £12.0m (2016: £16.3m), of which £8.2m (2016: £10.2m) related directly to the merger and synergy delivery costs and £2.9m (2016: £0.8m) to the amortisation of acquired intangible assets. Other charges of £0.9m included two significant fires in the Commercial Division. Of these non-trading and exceptional items, £5.8m were non-cash. These items are explained further in note 4 to the interim financial statements.

The expected total transaction related costs to be incurred over the next two to three years remain unchanged at €50m for the cash cost of synergy delivery and €20m for other integration costs. As previously reported, we expect to incur non-cash impairment costs arising from our site closure programme and will advise as to the extent of this once we have finalised the list of sites that are expected to be impacted by the integration.

Operating profit, after taking account of all non-trading and exceptional items, was £31.6m (2016: £7.1m).

Net finance costs
Net finance costs, excluding exceptional transaction related finance costs and the change in the fair value of derivatives, were £4.2m higher period on period at £10.4m (2016: £6.2m). The current period charges are higher due to the completion of the merger and the increased funding requirements along with a six month charge for VGG finance lease costs and the discount unwind on provisions not included in the prior period reported comparative. Total finance income is higher this year as it includes six months of income from the subordinated debt funding of £17.5m into the Derby PFI project which was injected on 31 March 2017. The non-trading and exceptional item charge of £2.7m in the prior year included the obligation to settle a deferred premium to the holders of the private placement notes as a result of the 2016 equity issue.

Share of results from associates and joint ventures
The principal return comes from our joint venture in the anaerobic digestion facility in Scotland where operational performance remains strong following recent investments.

Profit (loss) before tax
Profit before tax from continuing operations on a statutory basis, including the impact of non-trading and exceptional items, was £22.2m (2016: loss of £0.9m).

Taxation
The effective tax rate on underlying profits from continuing operations was 25.5% (2016: 22.0%) based on management's best estimate of the weighted average annual tax rate expected for the full financial year. The period on period increase is in line with our original expectations given the increasing profits in regions with relatively higher tax rates. Both the Dutch and Belgian governments have indicated recently that they are considering a number of corporate tax reforms, including lower corporate tax rates. Nothing has been enacted at the balance sheet date and so it is not applicable for the current year estimated effective tax rate.

Earnings per share (EPS)
Underlying EPS from continuing operations, excluding non-trading and exceptional items, increased by 19% to 3.2p per share (2016: 2.7p). Basic EPS from continuing operations was 2.0p per share compared to a loss of 0.7p per share in the prior period.

Dividend
The Board has approved an unchanged interim dividend of 0.95 pence per share that will be paid on 5 January 2018 to shareholders on the register at the close of business on 1 December 2017.

Discontinued operations
The loss from discontinued operations of £0.1m (2016: £nil) relates to residual UK solid waste related activities.

Cash Flow Performance

A summary of the total cash flows in relation to core funding is shown below. The prior period is as reported last year, that is on a pre-merger basis, and as such is not comparable to the current period.

	Sep 17 £m	Sep 16 £m
EBITDA	87.1	40.2
Working capital movement and other	14.1	(17.5)
Net replacement capital expenditure	(35.5)	(14.7)
Interest and tax	(13.0)	(9.4)
Underlying free cash flow	**52.7**	**(1.4)**
Growth capital expenditure	(1.2)	(2.9)
UK PFI funding	(1.8)	(4.2)
Canada Municipal funding	(5.9)	(9.9)
Acquisitions and disposals	-	4.0
Dividends paid	(16.8)	(9.4)
Restructuring spend	(0.8)	(0.9)
Synergy & integration spend	(7.3)	-
Transaction related spend	(9.1)	(1.2)
Other	(11.1)	(5.4)
Net core cash flow	**(1.3)**	**(31.3)**
Free cash flow conversion	**121%**	**-7%**

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 reconciles to the movement in net debt of £9.7m in note 16 after taking into account movements in PFI/PPP non-recourse net debt, capitalisation and amortisation of loan fees and foreign exchange.

Free cash flow conversion in the current period benefited from a strong working capital performance across the Divisions enhanced by good collection activities. In the prior period there were a number of incidences of adverse timing of receipts from customers in the Commercial and Hazardous Waste businesses which were then recovered in the second half. Replacement capital expenditure at £35.5m represents 81% of deprecation, which is slightly lower than our original estimate of c.90% for this first post-merger year (2016: 74% on a legacy Shanks basis). Capital spend across all Divisions has remained tightly controlled in the first half, with increased planned expenditure and further compliance spend expected in the second half. The cash interest spend in the period was significantly higher than the prior period due to increased borrowings related to the merger. In addition, £1.0m of loan fees have been paid to secure the one year extension option for the main credit facility.

The growth capital expenditure of £1.2m is principally in Municipal and relates to operator enhancements which are classified as an intangible asset. The Canada Municipal funding reflects the construction spend on the Surrey facility.

For acquisitions and disposals, the receipt in the prior period includes the monies received from the sale of 49.99% of the equity in the Wakefield SPV which was completed in August 2016 and other disposals net of the acquisition of the commercial waste activities of the City of Leiden.

Synergy and integration related expenditure includes the settlement of charges in the year ended 31 March 2017 for advisers' fees and initial redundancy settlements. Transaction related spend is significantly higher than the current period charge as a number of fees and charges were not paid by 31 March given that the merger only legally completed on 28 February.

The other category includes the £1.5m funding for the closed UK defined benefit pension scheme and onerous contract provision spend in UK Municipal of £6.0m.

Following the merger, net cash generated from operating activities increased from £5.0m in the prior period to £67.2m in the six months ended 30 September 2017. A reconciliation to the underlying cash flow performance as referred to above is included in note 16 in the interim financial statements.

Investment activities and performance

Purchase price accounting
As reported on in the 2017 Annual Report, the merger with VGG was accounted for in accordance with IFRS 3 (Revised) Business Combinations including a fair value review of all assets and liabilities acquired at 28 February 2017 with the exception of the real estate assets. The valuation of these real estate assets has now been concluded and has resulted in an increase in the carrying value of land and buildings of £31.5m with a corresponding decrease in intangible assets of £8.2m and goodwill of £19.1m and an increased deferred tax liability of £4.9m compared to that disclosed in the 2017 Annual Report. These adjustments have been accounted for at the date of acquisition and consequently the amounts reported at 31 March 2017 have been restated. This fair value exercise remains provisional at this stage as permitted under accounting standards and will be further reviewed in the period up to the 12 month anniversary in February 2018.

Investment programme
The investment in the Municipal programme has continued with progress in construction at the Canadian plant in Surrey and delays at Derby following the insolvency of a principal contractor. For the period ended 30 September 2017, the PFI financial assets increased by £1.5m to £180.3m due to further construction spend in Surrey net of repayments on other contracts. There will be further modest investment in the Surrey plant in the second half as reported above. The investment under the Derby contract is not reflected in financial assets as we hold our interest in this contract in a joint venture.

The Group's underlying expectation for replacement capital remains around 75-80% of depreciation, however as communicated in May 2017 this first period is expected to be higher due to rebranding and some other large projects. The full year capital spend is estimated at £100m. This level may from time to time be supplemented with larger scale replacement projects. Over the next two to three years we expect to spend €5m on a new stone crushing line near Rotterdam, €2m to complete a new packed chemicals warehouse at ATM , €15m to replace and upgrade major components of ATM's soil treatment line, €2m for the digestate dryer at Roeselare and €5m for the drying project at Gent. In addition, as reported previously, we also expect investment in rebranding and truck replacement within the relatively older VGG fleet and investment in new IT platforms for growth in the merged business.

Group return on assets – pro forma basis
The Group return on operating assets (excluding debt, tax and goodwill) from continuing operations increased from 11.5% at 31 March 2017 to 13.9% at 30 September 2017. The Group post-tax return on capital employed was 4.9% compared with 4.2% at 31 March 2017.

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). The net core cash outflow of £1.3m, along with an adverse exchange effect of £11.6m on the translation into Sterling of the Group's Euro and Canadian Dollar denominated debt and loan fee amortisation, has resulted in core net debt increasing to £435.9m. Core net debt, excluding currency movements, was significantly better than management expectations at the half year with both integration costs and capital expenditure well controlled. Net debt to EBITDA was 2.8x, comfortably within our covenant limit of 3.5x. We continue to expect net debt to rise as integration costs and capital expenditure are incurred over the next eighteen months. However, the slower rate of expenditure when compared to the increase in EBITDA will likely make the leverage peak lower and slightly later than previously indicated.

Debt structure and strategy
Core borrowings, excluding PFI/PPP non-recourse borrowings, are all long term as set out in the table below.

All figures in £m	Drawn	Term
€100m Belgian retail bond	88.1	Jul-19
€100m Belgian Green retail bond	88.1	Jun-22
€575m Main credit facility	292.3	Sep-22
Total debt and facilities	468.5	
Finance leases and other	42.1	
Loan fees	(1.7)	
Cash	(73.0)	
Core net debt	435.9	

At the time of the announcement of the proposed merger on 29 September 2016, the Group entered into a new five year €600m multi-currency facility with a syndicate of banks, comprising both a term and revolving credit facility. During the period €25m of the revolving credit facility was cancelled and the first one year extension option was exercised such that the facility matures in five years on 29 September 2022. A further one year extension option remains in place. At the end of September 2017, some £292.3m was drawn at a margin of 2.15%. The new facility has been hedged with a €125m interest rate cap and two cross currency swaps totalling £75m at fixed Euro interest rates of 2.2%. Subsequent to the half year end, the Group entered into a further cross currency swap of £75m at a fixed Euro interest rate of 1.71%. The two retail bonds each of €100m have an annual coupon of 4.23% and 3.65% respectively. As at 30 September 2017, 67% of our core banking facility borrowings were fixed rising to c.77% subsequent to the period end.

Debt borrowed in the 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 the start of the contract. At 30 September 2017 this debt amounted to £84.8m (31 March 2017: £87.1m). In the event of the contractor for the Derby PFI project being unable to complete the project, the impact on the Group would be limited to the loss of the subordinated debt and non-cash impairment of intangibles with no further cash calls on the Group.

Directors' valuation of PFI/PPP portfolio

As previously communicated and given that almost all assets are now commissioned, there is no benefit to continuing to provide a valuation of the operating contracts, a valuation which is in any case subject to volatility in the current market environment. However, there is still a purpose in providing a valuation of the financial investments in the SPVs used to fund the contracts and into which the company 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 2017 the Directors believed that this valuation amounted to £45m, unchanged from 31 March 2017.

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 2017, the net retirement benefit deficit relating to the UK scheme was £15.7m compared with £15.5m at 31 March 2017. The small increase in the deficit was a result of the asset returns being lower than expected which were partially offset by lower liabilities due to higher corporate bond yields. The most recent actuarial valuation of the scheme was carried out at 5 April 2015 and a funding plan of £3.1m per annum for a further five years was agreed with the trustees. VGG also operates a number of defined benefit pension schemes for employees in the Netherlands and Belgium which had a net retirement benefit deficit of £6.6m at 30 September 2017, up £0.5m from 31 March 2017 due to an increase in discount rate.

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. The 2017 Annual Report (pages 68 to 75) provides a discussion of the Group's principal risks and uncertainties and these are as follows:

- Input volumes - that incoming waste volumes in the market may fall
- Input pricing competition – that market pricing may put pressure on our margins
- Output pricing – that the value we receive for recycled and recovered product falls
- Output recyclate / recovered product volumes - that the volumes of products we place to market falls
- Investment and growth: cash risk - that funding sources are available but that cash generation is insufficient to allow access to funding
- Investment and growth: financing risk - that funding is not available
- Environmental permit risk – that our environmental permits to operate are restricted or removed
- Health and safety risk - that we incur reputational loss or civil and criminal costs
- IT failure - that IT failure causes business interruption or loss
- Talent development/leadership - that we may lack the required management capabilities
- Long-term contracts - that we enter into long-term contracts at disadvantageous terms or we rely on a small number of large contracts
- Fire and business continuity planning - business interruption and other costs as the result of a disaster such as fire
- Operational failure - operational failure at a key facility leading to business interruption and other costs
- Project execution - that we fail to deliver our investment and cost reduction programmes
- Changes in law and policy – adverse impacts from changes in law and policy including environmental, tax and similar legal and policy regimes
- Integration risks – that integration of the two companies is ineffective and/or fails to deliver anticipated synergies

The Board has monitored and considered the potential impact on the Group of Brexit. Through the Brexit process, we expect the export of waste from the UK to continue for some time, as there is a strong economic incentive for both the Netherlands and the UK to do so. Longer term, we believe the impact on the Dutch market is likely to remain limited. This is because an ultimate reduction in UK imports was already expected due to the commissioning of incinerator capacity in the UK and also new waste imports into the Dutch incinerators are being identified to take up any vacated capacity. Providing that there is no significant degradation in Dutch incinerator utilisation and pricing, the impact of Brexit on our Benelux Divisions is therefore likely to be limited. We also believe that the UK Government will continue to drive environmental policies that will encourage recycling after the exit from the European Union. We further expect the impact on our Municipal Division to reduce progressively as we are de-risking the operating model by seeking to agree longer term contracts for the fuels that we produce.

There is an ongoing negative trading impact on the Municipal Division relating to increased costs of exporting RDF to Europe at the current weaker rate of Sterling. However, this is more than offset by the positive impact on reported earnings arising from translation of our Euro denominated profits. At current exchange rates we do not anticipate material changes to our markets but we remain vigilant and review potential scenarios periodically.

Over the remainder of the financial year, the biggest areas of risk focus for the Group concerns the delivery of merger benefits as forecast, the migration of core IT platforms and processes onto a single way of working in the Commercial Division, the opening of new soil outlets for ATM and successful implementation of the Municipal recovery plan. Fire remains a significant risk in waste treatment but we continue to implement improvements to mitigate this risk.

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.

As advised in the 2017 Annual Report, following the 2017 AGM, Stephen Riley and Eric van Amerongen retired from the Board of Directors. On 1 September 2017 Luc Sterckx was appointed to the Board as a Non-Executive Director and also became a member of Renewi's Audit, Remuneration and Nomination Committees. A list of current Directors is maintained on the Renewi plc website: www.renewiplc.com.

By order of the Board

P Dilnot
Chief Executive Officer
9 November 2017

T Woolrych
Chief Financial Officer
9 November 2017

Explanation of non-IFRS measures

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 (previously referred to as trading profit)	Operating profit from continuing 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 (previously referred to as trading profit margin)	Underlying EBIT as a percentage of revenue	Provides insight into ongoing margin development and trends
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
Underlying profit before tax	Profit before tax from continuing operations before non-trading and exceptional items, amortisation of intangible assets arising on acquisition and fair value remeasurements	Facilitates underlying performance evaluation
Underlying EPS	Earnings per share before non-trading and exceptional items, amortisation of intangible assets arising on acquisition and fair value remeasurements	Facilitates underlying performance evaluation
Return on operating assets	Last 12 months underlying EBIT divided by a 13 month average of total net assets excluding core net debt, derivatives, tax balances, goodwill and acquisition intangibles	Provides a measure of the return on assets across the Divisions and the Group excluding historic goodwill and acquisition intangible balances
Post-tax return on capital employed	Last 12 months underlying EBIT as adjusted by the Group effective tax rate divided by a 13 month average of total net assets excluding core net debt and derivatives	Provides a measure of the Group return on assets taking into account the historic 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
Core net debt	Core net debt includes cash and cash equivalents but excludes the net debt relating to the UK PFI/PPP contracts	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
Net debt to EBITDA	Core 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	Commonly used measure of financial leverage and consistent with covenant definition
Pro forma information	6 months to 30 September 2016 for VGG as extracted from management accounts	Provides a comparable measure of performance across both periods
Underlying effective tax rate	The effective tax rate on underlying profit before tax	Provides a more comparable basis to analyse our tax rate

Consolidated Interim Income Statement (unaudited)

First half ended 30 September 2017

		First half 2017/18			First half 2016/17		
	Note	**Trading £m**	**Non-trading & exceptional items £m**	**Total £m**	Trading £m	Non-trading & exceptional items £m	Total £m
Revenue	3	**782.9**	-	**782.9**	348.4	-	348.4
Cost of sales		**(627.2)**	**(3.7)**	**(630.9)**	(289.3)	(1.5)	(290.8)
Gross profit (loss)		**155.7**	**(3.7)**	**152.0**	59.1	(1.5)	57.6
Administrative expenses		**(112.1)**	**(8.3)**	**(120.4)**	(38.4)	(12.1)	(50.5)
Operating profit (loss)	3,4	**43.6**	**(12.0)**	**31.6**	20.7	(13.6)	7.1
Finance income	5	**6.2**	-	**6.2**	5.0	-	5.0
Finance charges	5	**(16.6)**	-	**(16.6)**	(11.2)	(2.7)	(13.9)
Share of results from associates and joint ventures		**1.0**	-	**1.0**	0.9	-	0.9
Profit (loss) before taxation	3	**34.2**	**(12.0)**	**22.2**	15.4	(16.3)	(0.9)
Taxation	4,6	**(8.7)**	**1.8**	**(6.9)**	(3.4)	0.9	(2.5)
Profit (loss) for the period from continuing operations		**25.5**	**(10.2)**	**15.3**	12.0	(15.4)	(3.4)
Discontinued operations							
Loss for the period from discontinued operations		**(0.1)**	**-**	**(0.1)**	-	-	-
Profit (loss) for the period		**25.4**	**(10.2)**	**15.2**	12.0	(15.4)	(3.4)
Attributable to:							
Owners of the parent		**25.8**	**(10.2)**	**15.6**	12.1	(15.4)	(3.3)
Non-controlling interests		**(0.4)**	**-**	**(0.4)**	(0.1)	-	(0.1)
		25.4	**(10.2)**	**15.2**	12.0	(15.4)	(3.4)

Continuing operations

Earnings (loss) per share attributable to owners of the parent (pence per share)							
Basic	8	**3.2**	**(1.2)**	**2.0**	2.7	(3.4)	(0.7)
Diluted	8	**3.2**	**(1.2)**	**2.0**	2.7	(3.4)	(0.7)

Consolidated Interim Statement of Comprehensive Income (unaudited)

First half ended 30 September 2017

	First half 2017/18 £m	First half 2016/17 £m
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign subsidiaries	**11.9**	16.3
Fair value movement on cash flow hedges	**4.9**	(5.5)
Deferred tax on fair value movement on cash flow hedges	**(0.9)**	0.5
Share of other comprehensive income of investments accounted for using the equity method	**0.4**	(0.2)
	16.3	11.1
Items that will not be reclassified to profit or loss:		
Actuarial loss on defined benefit pension schemes	**(1.7)**	(17.8)
Deferred tax on actuarial loss on defined benefit pension schemes	**0.3**	2.9
	(1.4)	(14.9)
Other comprehensive income (loss) for the period, net of tax	**14.9**	(3.8)
Profit (loss) for the period	**15.2**	(3.4)
Total comprehensive income (loss) for the period	**30.1**	(7.2)
Attributable to:		
Owners of the parent	**30.1**	(6.1)
Non-controlling interests	**-**	(1.1)
Total comprehensive income (loss) for the period	**30.1**	(7.2)
Total comprehensive income (loss) attributable to owners of the parent arising from:		
Continuing operations	**30.2**	(6.1)
Discontinued operations	**(0.1)**	-
	30.1	(6.1)

Consolidated Interim Balance Sheet (unaudited)

As at 30 September 2017

	Note	**30 September 2017 £m**	30 September 2016 £m	Restated* 31 March 2017 £m
Assets				
Non-current assets				
Intangible assets	9	**589.3**	216.2	576.0
Property, plant and equipment	9	**629.6**	314.0	618.9
Investments		**17.3**	11.9	15.8
Loans to associates and joint ventures		**13.9**	1.2	14.2
Financial assets relating to PFI/PPP contracts		**167.3**	156.1	165.5
Trade and other receivables		**3.0**	1.7	3.1
Derivative financial instruments	15	**0.2**	-	0.3
Deferred tax assets		**31.3**	23.8	31.3
		1,451.9	724.9	1,425.1
Current assets				
Inventories		**22.9**	7.4	19.9
Loans to associates and joint ventures		**5.9**	0.8	5.7
Financial assets relating to PFI/PPP contracts		**13.0**	12.8	13.3
Trade and other receivables		**241.6**	135.1	234.7
Derivative financial instruments	15	**0.6**	0.3	-
Current tax receivable		**0.1**	-	0.1
Cash and cash equivalents		**73.0**	31.8	74.9
		357.1	188.2	348.6
Assets classified as held for sale	10	**0.3**	-	0.3
		357.4	188.2	348.9
Total assets		**1,809.3**	913.1	1,774.0
Liabilities				
Non-current liabilities				
Borrowings - PFI/PPP non-recourse net debt		**(83.5)**	(86.2)	(85.0)
Borrowings - Other		**(495.6)**	(271.6)	(482.4)
Derivative financial instruments	15	**(28.6)**	(35.6)	(30.0)
Other non-current liabilities		**(5.3)**	(5.9)	(5.1)
Deferred tax liabilities		**(82.0)**	(33.1)	(78.5)
Provisions	13	**(144.7)**	(44.4)	(142.7)
Defined benefit pension schemes deficit	14	**(27.8)**	(27.1)	(26.9)
		(867.5)	(503.9)	(850.6)
Current liabilities				
Borrowings - PFI/PPP non-recourse net debt		**(1.3)**	(2.5)	(2.1)
Borrowings - Other		**(13.3)**	(3.8)	(16.4)
Derivative financial instruments	15	**(0.5)**	(1.2)	(0.8)
Trade and other payables		**(417.2)**	(208.2)	(409.3)
Current tax payable		**(16.6)**	(10.0)	(11.2)
Provisions	13	**(40.1)**	(17.9)	(45.5)
		(489.0)	(243.6)	(485.3)
Total liabilities		**(1,356.5)**	(747.5)	(1,335.9)
Net assets		**452.8**	165.6	438.1
Equity				
Share capital		**79.9**	39.8	79.9
Share premium		**377.2**	100.2	377.2
Exchange reserve		**51.0**	40.7	39.1
Retained earnings		**(60.5)**	(12.0)	(63.3)
Equity attributable to owners of the parent		**447.6**	168.7	432.9
Non-controlling interests		**5.2**	(3.1)	5.2
Total equity		**452.8**	165.6	438.1

*The balance sheet as at 31 March 2017 has been restated for acquisition accounting adjustments in relation to the Van Gansewinkel Group acquisition.

Consolidated Interim Statement of Changes in Equity (unaudited)

First half ended 30 September 2017

	Share capital £m	Share premium £m	Exchange reserve £m	Retained earnings £m	Non-controlling interests £m	Total equity £m
Balance at 1 April 2017	**79.9**	**377.2**	**39.1**	**(63.3)**	**5.2**	**438.1**
Profit (loss) for the period	**-**	**-**	**-**	**15.6**	**(0.4)**	**15.2**
Other comprehensive income	**-**	**-**	**11.9**	**2.6**	**0.4**	**14.9**
Total comprehensive income for the period	**-**	**-**	**11.9**	**18.2**	**-**	**30.1**
Share-based compensation	**-**	**-**	**-**	**1.4**	**-**	**1.4**
Dividends	**-**	**-**	**-**	**(16.8)**	**-**	**(16.8)**
Balance as at 30 September 2017	**79.9**	**377.2**	**51.0**	**(60.5)**	**5.2**	**452.8**
Balance at 1 April 2016	39.8	100.2	24.4	20.4	(2.0)	182.8
Loss for the year	-	-	-	(61.1)	(0.3)	(61.4)
Other comprehensive income (loss)	-	-	14.7	(7.9)	(0.2)	6.6
Total comprehensive income (loss) for the year	-	-	14.7	(69.0)	(0.5)	(54.8)
Share-based compensation	-	-	-	0.5	-	0.5
Movement on tax arising on share-based compensation	-	-	-	(0.1)	-	(0.1)
Proceeds from share issues, net of transaction costs	21.1	115.2	-	-	-	136.3
Issue of ordinary shares in consideration for a business combination	19.0	161.7	-	-	-	180.7
Proceeds from exercise of employee options	-	0.1	-	-	-	0.1
Non-controlling interests on acquisition of a subsidiary	-	-	-	-	7.7	7.7
Dividends	-	-	-	(15.1)	-	(15.1)
Balance as at 31 March 2017	79.9	377.2	39.1	(63.3)	5.2	438.1
Balance at 1 April 2016	39.8	100.2	24.4	20.4	(2.0)	182.8
Loss for the period	-	-	-	(3.3)	(0.1)	(3.4)
Other comprehensive income (loss)	-	-	16.3	(19.1)	(1.0)	(3.8)
Total comprehensive income (loss) for the period	-	-	16.3	(22.4)	(1.1)	(7.2)
Share-based compensation	-	-	-	(0.3)	-	(0.3)
Movement on tax arising on share-based compensation	-	-	-	(0.3)	-	(0.3)
Dividends	-	-	-	(9.4)	-	(9.4)
Balance as at 30 September 2016	39.8	100.2	40.7	(12.0)	(3.1)	165.6

The exchange reserve comprises all foreign exchange differences arising since 1 April 2005 from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the Group’s net investment in foreign operations.

Consolidated Interim Statement of Cash Flows (unaudited)

First half ended 30 September 2017

	Note	**First half 2017/18 £m**	First half 2016/17 £m
Cash flows from operating activities	16	**68.1**	6.0
Income tax paid		**(0.9)**	(1.0)
Net cash inflow from operating activities		**67.2**	5.0
Investing activities			
Purchases of intangible assets		**(3.4)**	(4.0)
Purchases of property, plant and equipment		**(34.7)**	(15.6)
Acquisition of business assets		**-**	(1.1)
Disposals of property, plant and equipment		**1.0**	2.0
Insurance proceeds for property, plant and equipment in relation to a fire		**0.8**	-
Proceeds from disposal of subsidiaries		**-**	0.7
Receipt of deferred consideration		**0.1**	4.5
Payment of deferred consideration		**(0.6)**	(0.1)
Outflows in respect of PFI/PPP arrangements under the financial asset model		**(1.6)**	(3.6)
Capital received in respect of PFI/PPP financial assets		**2.0**	1.8
Finance income		**4.9**	4.9
Repayments of loans granted to associates and joint ventures		**0.1**	-
Dividends received from associates and joint ventures		**0.1**	0.1
Investment in associates and joint ventures		**-**	(0.8)
Net cash used in investing activities		**(31.3)**	(11.2)
Financing activities			
Finance charges and loan fees paid		**(17.7)**	(13.3)
Dividends paid	7	**(16.8)**	(9.4)
Proceeds from bank borrowings		**5.9**	27.8
Repayment of PFI/PPP net debt		**(2.3)**	(2.4)
Repayments of obligations under finance leases		**(8.0)**	(1.3)
Net cash (outflow) inflow from financing activities		**(38.9)**	1.4
Net decrease in cash and cash equivalents		**(3.0)**	(4.8)
Effect of foreign exchange rate changes		**1.1**	1.9
Cash and cash equivalents at the beginning of the period		**74.9**	34.7
Cash and cash equivalents at the end of the period		**73.0**	31.8

Notes to the Consolidated Interim Financial Statements (unaudited)

1. General information

Renewi plc (previously Shanks Group 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 2017 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. They should be read in conjunction with the 2017 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 European Union (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 2017 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 results of the Group for the six months ended 30 September 2017 and 2016, together with the audited results for the year ended 31 March 2017 which have been restated as explained below. 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 2017 have been extracted from the Group's statutory Annual Report and Accounts for that financial year and restated as explained below, but do not constitute those accounts. Those statutory accounts for the year ended 31 March 2017 were approved by the Board of Directors on 25 May 2017 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 interim financial statements.

The Board of Directors approved, on 9 November 2017, this condensed set of consolidated interim financial statements which have been reviewed by PricewaterhouseCoopers LLP but not been audited (see page 41).

Comparative information
The comparative information for March 2017 has been restated for acquisition accounting adjustments in relation to the Van Gansewinkel Groep BV (VGG) acquisition in accordance with IFRS 3 Business Combinations. The updated fair value of the assets acquired remains provisional at 30 September 2017. See note 12 for further details.

Changes in presentation
The Group changed the composition of its reporting segments from 1 April 2017. This has been undertaken following the creation of a new divisional structure as a result of the merger of Shanks and VGG. The new structure is both market facing and customer-focused. Accordingly, the segmental information presented in this condensed set of consolidated interim financial statements reflects the information now provided to the chief operating decision maker in order to assess performance and to make decisions on allocating resources. The following changes have been made to the Group's reportable segments as reported at 31 March 2017:

- The Commercial Waste reportable segment broadly comprises the former Shanks Commercial Divisions in the Netherlands and Belgium and the former VGG Collections Division in Netherlands and Belgium.
- The Hazardous Waste reportable segment comprises the former Shanks Hazardous Waste Division and now includes Van Gansewinkel Industrial Services and Van Gansewinkel CFS.
- Monostreams is a new reportable segment which includes the three former businesses of the Recycling Division of VGG and the former Shanks Dutch Orgaworld business previously included in the Commercial Waste reportable segment.
- The Group Central Services reportable segment comprises the former Shanks and former VGG Corporate head office functions.
- The Municipal reportable segment is unchanged.

As required under IFRS 8 Operating Segments, the Group has restated the corresponding segment information for earlier periods to enable comparisons to the new structure.

2. Basis of Preparation – continued

Prior to 31 March 2017, loans to joint ventures and associates were disclosed within investments on the balance sheet. From 1 April 2016 they have been presented separately to provide greater clarity of the nature of these assets and as a result the 30 September 2016 comparatives have been represented to reflect this change.

Accounting policies and principal risks
The results have been prepared applying the accounting policies that were used in the preparation of the 2017 Annual Report and Accounts except taxes on income in the interim periods are accrued using the estimated tax rate that would be applicable to expected total annual profit or loss.

At the date of approval of these financial statements, the following standards and interpretations were in issue but not yet effective:

- IFRS 9 Financial Instruments, effective for annual periods beginning on or after 1 January 2018. This standard addresses the classification, measurement and recognition approaches for financial assets and liabilities and requires additional disclosures in relation to hedging activities. The Group is yet to assess the full effect of the standard, however it is not expected to have a significant impact on the recognition and measurement of its financial instruments.

- IFRS 15 Revenue from contracts with customers, effective for annual periods beginning on or after 1 January 2018. The standard addresses revenue recognition and establishes principles for reporting information about the nature, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Following the acquisition of Van Gansewinkel Groep (VGG) the Group is working on the impact of this new standard on the Group's financial statements. The Group will make an assessment of the impact in the coming months.

- IFRS 16 Leases, effective for annual periods beginning on or after 1 January 2019, subject to EU endorsement. The standard is expected to have a material impact for the Group as it requires almost all operating leases to be recognised as a liability together with a corresponding "right of use asset". The Group has not yet quantified the impact given the recent acquisition as it will depend on leases held in the future.

There are no other 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.

The Financial Review includes consideration of the principal risks and uncertainties affecting the Group in the remaining six months of the year.

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

In preparing these condensed 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 2017 and can be found on pages 119 to 129 of the 2017 Annual Report and Accounts.

Underlying business performance
The Group believes that underlying EBIT (underlying earnings before interest and tax), underlying profit before tax, underlying profit after tax, underlying free cash flow, underlying earnings per share and EBITDA (underlying earnings before interest, tax, depreciation and amortisation) provide useful information on underlying trends to shareholders. These measures are used by the Group for internal performance analysis and incentive compensation arrangements for employees.

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. It is not intended to be a substitute for, or superior to, GAAP measurements of profit.

The term 'underlying' refers to the relevant measure being reported for continuing operations excluding non-trading and exceptional items, fair value remeasurements and amortisation of acquisition intangibles. Underlying EBIT is defined as continuing operating profit before amortisation of acquisition intangibles and exceptional items. The Group incurs costs each year in maintaining intangible assets acquired such as customer relationships, permits and licences and excludes amortisation of these assets from underlying EBIT to avoid potentially double counting such costs within underlying results. Fair value remeasurements are irregular and are not considered to impact the underlying performance. EBITDA comprises underlying EBIT from continuing operations before depreciation, amortisation and profit or loss on disposal of plant, property and equipment, as shown in note 4. Landfill related expenses and provisioning are no longer an adjusting item in determining the Group's EBITDA as it is part of the underlying business.

A full list of alternative performance measures and non-IFRS measures is set out on page 21.

Non-trading and exceptional items

Items classified as non-trading and exceptional are disclosed separately due to their size or incidence to enable better understanding of performance. These include, but are not limited to, significant impairments, significant restructuring of the activities of an entity including employee associated severance costs, acquisition and disposal related transaction costs, integration costs, synergy delivery costs, significant fires, onerous contracts, profit or loss on disposal of properties or subsidiaries, as these items are irregular and amortisation of acquisition intangibles. A full listing of those items presented as non-trading and exceptional is shown in note 4.

Exchange rates

The assets and liabilities of foreign operations, including goodwill arising on acquisition, are translated to sterling at foreign exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated into sterling at the average rate of exchange during the period.

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

Closing rates

Value of £1	**30 September 2017**	30 September 2016	Change	31 March 2017	Change
Euro	**1.13**	1.16	(1.8)%	1.17	(3.0)%
Canadian dollar	**1.68**	1.71	(1.8)%	1.67	0.5%

Average rates

Value of £1	**30 September 2017**	30 September 2016	Change
Euro	**1.13**	1.22	(7.3)%
Canadian dollar	**1.66**	1.77	(6.1)%

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.

Following the implementation of the new divisional structure on 1 April 2017 the Group's reportable segments are:

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 and Canada.
Group central services	Head office corporate function.

The Commercial Waste reportable segment includes the Netherlands and Belgium operating segments and the Municipal reportable segment includes the UK and Canada operating segments, based on geographical location. Operating segments within the Commercial Waste and Municipal divisions have been aggregated and reported as one as they operate in similar markets in relation to the nature of the products, services, production processes and type of customer.

The profit measure the Board of Directors uses to evaluate performance is underlying EBIT. Underlying EBIT is continuing operating profit before the amortisation of acquisition intangibles, fair value remeasurements, non-trading and exceptional items. The Group accounts for inter-segment trading on an arm's length basis.

Revenue	**First half 2017/18 £m**	Restated* First half 2016/17 £m
Netherlands Commercial Waste	**320.1**	99.8
Belgium Commercial Waste	**185.9**	59.1
Intra-segment revenue	**(0.5)**	-
Commercial Waste	**505.5**	158.9
Hazardous Waste	**103.0**	80.5
Monostreams	**90.2**	8.7
UK Municipal	**91.8**	87.9
Canada Municipal	**6.9**	16.2
Municipal	**98.7**	104.1
Inter-segment revenue	**(14.5)**	(3.8)
Total revenue from continuing operations	**782.9**	348.4

*The comparatives have been restated to reflect the new reportable segments for further details see note 2.

3. Segmental reporting - continued

Results	First half 2017/18 £m	Restated* First half 2016/17 £m
Netherlands Commercial Waste	**22.1**	6.5
Belgium Commercial Waste	**14.1**	3.0
Commercial Waste	**36.2**	9.5
Hazardous Waste	**13.7**	11.4
Monostreams	**9.5**	1.6
UK Municipal	**(3.5)**	(0.7)
Canada Municipal	**(1.4)**	1.8
Municipal	**(4.9)**	1.1
Group central services	**(10.9)**	(2.9)
Total underlying EBIT	**43.6**	20.7
Non-trading and exceptional items	**(12.0)**	(13.6)
Total operating profit from continuing operations	**31.6**	7.1
Finance income	**6.2**	5.0
Finance charges	**(16.6)**	(11.2)
Finance charges – non-trading and exceptional items	**-**	(2.7)
Share of results from associates and joint ventures	**1.0**	0.9
Profit (loss) before taxation and discontinued operations	**22.2**	(0.9)

*The comparatives have been restated to reflect the new reportable segments for further details see note 2.

Net assets

	Operating 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 2017									
Gross non-current assets	**666.5**	**193.6**	**211.2**	**247.8**	**100.5**	**31.5**	**1,451.1**	**0.8**	**1,451.9**
Gross current assets	**150.6**	**37.7**	**37.8**	**52.7**	**4.9**	**73.7**	**357.4**	**-**	**357.4**
Gross liabilities	**(284.0)**	**(54.7)**	**(131.0)**	**(101.3)**	**(64.0)**	**(721.4)**	**(1,356.4)**	**(0.1)**	**(1,356.5)**
Net assets (liabilities)	**533.1**	**176.6**	**118.0**	**199.2**	**41.4**	**(616.2)**	**452.1**	**0.7**	**452.8**
31 March 2017 *									
Gross non-current assets	649.7	189.0	209.0	245.6	99.4	31.6	1,424.3	0.8	1,425.1
Gross current assets	152.0	34.7	30.5	51.8	4.9	75.0	348.9	-	348.9
Gross liabilities	(273.4)	(47.2)	(122.4)	(112.4)	(73.9)	(706.4)	(1,335.7)	(0.2)	(1,335.9)
Net assets (liabilities)	528.3	176.5	117.1	185.0	30.4	(599.8)	437.5	0.6	438.1

*The comparative net assets at 31 March 2017 have been restated to reflect the new reportable segments for further details see note 2.

4. Non-trading and exceptional items

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

Continuing operations	**First half 2017/18 £m**	First half 2016/17 £m
Merger related costs:		
Synergy delivery costs - cash	**3.4**	-
Synergy delivery costs - non-cash	**1.1**	-
Integration costs	**3.4**	-
	7.9	-
Portfolio management activity:		
Acquisition costs	**0.3**	10.2
Disposals in the Netherlands	**-**	0.2
	0.3	10.4
Other items:		
Costs relating to fires	**1.0**	1.7
Restructuring charges	**0.1**	0.9
Municipal contract issues	**(0.2)**	2.4
	0.9	5.0
Amortisation of acquisition intangibles	**2.9**	0.8
Change in fair value of derivatives at fair value through profit or loss	**-**	0.1
Non-trading and exceptional items in profit before tax	**12.0**	16.3
Tax on non-trading and exceptional items	**(1.8)**	(0.9)
Total non-trading and exceptional items in profit after tax	**10.2**	15.4

<u>Merger related costs</u>
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 £4.5m (2016/17: £nil) and integration costs of £3.4m (2016/17: £nil) were incurred as the Group executes merger plans for generating value. Synergy delivery costs includes £1.1m of non-cash impairments of assets at the Belgium Commercial Zaventem Shared Service Centre following the announcement to close this facility. The total cost of £7.9m (2016/17: £nil) is recorded in administrative expenses.

<u>Portfolio management activity</u>
Further transaction costs of £0.3m relating to the merger with Van Gansewinkel Groep BV have been incurred in the period (2016/17: £10.2m).The total cost of £0.3m is recorded in administrative expenses (2016/17: £7.8m in administrative expenses and £2.6m in finance charges).

<u>Other items</u>
During the period significant fires occurred at two Commercial sites, one in the Netherlands and one in Belgium. At each site property, plant and equipment has been impaired totalling £1.8m and clean-up costs have been incurred. A part reimbursement of costs has been received from the insurance company but no insurance receivable has been recognised at 30 September 2017 as discussions are ongoing. In addition insurance funds of £0.6m were received in relation to a prior year claim for a fire at a legacy VGG site. Restructuring and associated costs of £0.1m (2016/17: £0.9m) relate to structural cost programmes initiated in prior periods.

Cash of £0.2m was received in the period in relation to an ongoing claim in relation to the Municipal contract issues previously recorded as a non-trading item.

The total charge of £0.9m (2016/17: £5.0m) is recorded as £0.8m (2016/17: £0.7m) cost of sales and £0.1m (2016/17: £4.3m) in administrative expenses.

Amortisation of intangible assets acquired in business combinations of £2.9m (2016/17: £0.8m) is all recorded in cost of sales.

4. Non-trading and exceptional items - continued

Reconciliation of underlying EBIT to EBITDA from continuing operations	**First half 2017/18 £m**	Restated* First half 2016/17 £m
Underlying EBIT	**43.6**	20.7
Depreciation of property, plant and equipment	**40.3**	18.4
Amortisation of intangible assets (excluding acquisition intangibles)	**3.4**	1.4
Non-exceptional gains on property, plant and equipment	**(0.1)**	(0.3)
EBITDA from continuing operations	**87.2**	40.2

*The definition of EBITDA excludes an adjustment for landfill related expense and provisioning and consequently the comparatives have been restated.

5. Net finance charges

Continuing operations	**First half 2017/18 £m**	First half 2016/17 £m
Finance charges		
Interest payable on borrowings wholly repayable within five years	**8.6**	3.7
Interest payable on borrowings repayable after five years	**-**	1.6
Interest payable on PFI/PPP non-recourse net debt	**3.6**	3.7
Unwinding of discount on provisions	**2.6**	1.1
Interest charge on the retirement benefit schemes	**0.3**	0.2
Amortisation of loan fees	**0.1**	0.5
Other finance costs	**1.4**	0.4
Total finance charges	**16.6**	11.2
Finance income		
Interest receivable on financial assets relating to PFI/PPP contracts	**(4.9)**	(4.8)
Unwinding of discount on deferred consideration receivable	**(0.1)**	(0.1)
Interest receivable on other loans and receivables	**(1.2)**	(0.1)
Total finance income	**(6.2)**	(5.0)
Change in fair value of derivatives at fair value through profit or loss	**-**	0.1
Exceptional finance charges	**-**	2.6
Net finance charges	**10.4**	8.9

6. 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 2018. The estimated average underlying annual tax rate on continuing operations for the year to 31 March 2018 is 25.5% (2016/17: 22.0%).

Changes to the UK corporation tax rates were substantially enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the UK corporation tax rate to 19% from 1 April 2017 and to 17% from 1 April 2020. As a result, the UK deferred tax for the period has been calculated based on the enacted rates of 17% and 19% depending on when the timing differences are expected to reverse (2016/17: 17%, 19% and 20%).

7. Dividends

	First half 2017/18 £m	First half 2016/17 £m
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 March 2017 of 2.1p per share (2016: 2.35p)	**16.8**	9.4
Interim dividend per share	**0.95p**	0.95p

The final dividend for 2016/17 of 2.1p per share (2015/16: 2.35p) was approved by the shareholders at the Annual General Meeting on 13 July 2017 and was paid on 28 July 2017. An interim dividend of 0.95p per share was approved by the Board on 9 November 2017 and will be paid on 5 January 2018 to shareholders on the register at close of business on 1 December 2017.

8. Earnings per share

	First half 2017/18	First half 2016/17
Number of shares		
Weighted average number of ordinary shares for basic earnings per share	**799.8m**	449.7m
Effect of share options in issue	**1.3m**	0.4m
Weighted average number of ordinary shares for diluted earnings per share	**801.1m**	450.1m
Continuing operations		
Profit (loss) attributable to owners of the parent used to determine basic and diluted earnings per share (£m)	**15.7**	(3.3)
Non-trading and exceptional items (net of tax) (£m) (see note 4)	**10.2**	15.4
Earnings attributable to owners of the parent for underlying basic and underlying diluted earnings per share (£m)	**25.9**	12.1
Basic and diluted earnings (loss) per share	**2.0p**	(0.7)p
Underlying and underlying diluted earnings per share (see note below)	**3.2p**	2.7p
Discontinued operations		
Loss attributable to owners of the parent used to determine basic and diluted earnings per share (£m)	**(0.1)**	-
Non-trading and exceptional items (net of tax) (£m) (see note 4)	-	-
Loss attributable to owners of the parent for underlying basic and underlying diluted earnings per share (£m)	**(0.1)**	-
Total operations		
Profit (loss) attributable to owners of the parent used to determine basic and diluted earnings per share (£m)	**15.6**	(3.3)
Non-trading and exceptional items (net of tax) (£m) (see note 4)	**10.2**	15.4
Earnings attributable to owners of the parent for underlying basic and underlying diluted earnings per share (£m)	**25.8**	12.1
Basic and diluted earnings (loss) per share	**2.0p**	(0.7)p
Underlying and underlying diluted earnings per share (see note below)	**3.2p**	2.7p

The September 2016 basic, diluted and underlying earnings per share were adjusted by a bonus factor of 1.129 to reflect the firm placing of 45,000,000 shares and rights issue of 166,201,962 shares which were announced on 29 September 2016.

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

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

	Goodwill £m	Intangible assets £m	Property, plant and equipment £m	Total £m
Net book value at 1 April 2016	169.0	25.5	297.0	491.5
Acquisition through business combination - VGG	337.2	53.1	285.1	675.4
Acquisition through business combination - other	0.2	0.8	-	1.0
Additions	-	11.1	34.3	45.4
Disposals	-	-	(3.5)	(3.5)
Depreciation and amortisation	-	(5.4)	(41.8)	(47.2)
Impairment	-	(3.2)	(6.8)	(10.0)
Exchange	13.6	1.4	23.1	38.1
Net book value at 31 March 2017	520.0	83.3	587.4	1,190.7
Purchase price allocation adjustment (note 12)	(19.1)	(8.2)	31.5	4.2
Net book value at 31 March 2017 restated	500.9	75.1	618.9	1,194.9
Additions	-	3.6	36.4	40.0
Disposals	-	-	(0.8)	(0.8)
Depreciation and amortisation	-	(6.3)	(40.3)	(46.6)
Impairment	-	(0.9)	(2.0)	(2.9)
Exchange	15.1	1.8	17.4	34.3
At 30 September 2017	**516.0**	**73.3**	**629.6**	**1,218.9**

At 30 September 2017 the Group had property, plant and equipment capital commitments of £22.1m (2016/17: £8.3m).

10. Assets classified as held for sale

The assets classified as held for sale consists of a piece of land on the Maarheeze site in the Netherlands which was formerly a VGG waste collection site.

11. Borrowings

The main credit facility of €575m currently matures on 29 September 2022. During the period €25m of the revolving credit facility was cancelled and the first one year extension option was exercised. At 30 September 2017 £292.3m was drawn at a margin of 2.15%. In addition the Group has two retail bonds of €100m each expiring in July 2019 and June 2022.

12. Acquisitions

On 28 February 2017, the Group acquired 100% of the share capital of Van Gansewinkel Groep BV (VGG). The accounting for the acquisition including the purchase price allocation was reported on a provisional basis at 31 March 2017. Subsequently in accordance with IFRS 3 the purchase price allocation has been revised following an external market appraisal of the value of the land and buildings acquired. In addition the purchase price has been revised in accordance with the terms of the Purchase agreement. The revised provisional fair values of assets acquired are shown below:

	£m
Intangible assets: Customer relationships	21.3
Intangible assets: Licenses	7.2
Intangible assets: Permits	5.5
Intangible assets: Software	9.1
Intangible assets: Leasehold title	1.7
Property, plant and equipment	316.6
Investments	2.6
Trade and other receivables	107.8
Assets held for sale	0.3
Inventory	11.1
Deferred taxation	5.6
Current tax receivable	0.1
Cash and cash equivalents	78.2
	567.1
Trade and other payables	(186.9)
Provisions	(96.5)
Defined benefit pension schemes deficit	(8.1)
Deferred tax liability	(45.3)
Current tax payable	(4.6)
Derivatives	(12.6)
Borrowings – Syndicated facility	(276.9)
Borrowings – Finance leases, overdraft and other loans	(41.7)
	(672.6)
Net identifiable assets acquired	(105.5)
Less: Non-controlling interests	(7.7)
Add: Goodwill arising on acquisition	318.1
Net assets acquired	204.9

The impact of the adjustments made to the acquisition accounting has been to increase property plant and equipment by £31.5m, decrease intangibles assets by £8.2m with a corresponding decrease in goodwill by £19.1m. The impact on deferred tax liability is an increase of £4.9m. Amounts reported at 31 March 2017 have been restated.

13. Provisions

	Site restoration and aftercare £m	Restructuring £m	Onerous contracts £m	Other £m	Total £m
At 1 April 2017	115.2	6.4	40.6	26.0	188.2
Provided in the period	0.1	2.3	-	1.9	4.3
Finance charges – unwinding of discount	1.9	-	0.7	-	2.6
Utilised in the period	(1.7)	(3.7)	(6.6)	(2.6)	(14.6)
Reclassifications	-	-	(0.3)	0.3	-
Exchange	3.5	0.5	0.1	0.2	4.3
At 30 September 2017	**119.0**	**5.5**	**34.5**	**25.8**	**184.8**
Current	**5.0**	**5.5**	**19.8**	**9.8**	**40.1**
Non-current	**114.0**	**-**	**14.7**	**16.0**	**144.7**
At 30 September 2017	**119.0**	**5.5**	**34.5**	**25.8**	**184.8**
Current	6.8	6.4	21.7	10.6	45.5
Non-current	108.4	-	18.9	15.4	142.7
At 31 March 2017	115.2	6.4	40.6	26.0	188.2
Current	2.4	1.3	6.6	7.6	17.9
Non-current	38.6	-	3.9	1.9	44.4
At 30 September 2016	41.0	1.3	10.5	9.5	62.3

Site restoration and aftercare
The site restoration provision as at 30 September 2017 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 34 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 approximately 30 years from closure of the relevant landfill site.

Restructuring
The restructuring provision relates to redundancy and related costs incurred as part of the recent structural cost programmes along with restructuring initiatives including the delivery of merger related synergies. During the period a further £3.7m has been utilised (2016/17: £0.9m).

Onerous contracts
Onerous contracts are provided at the net present value of the least 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, lifecycle expenditure obligations, legal claims, indirect tax, warranties and indemnities.

14. Retirement benefit schemes

The Group has the legacy Shanks UK defined benefit scheme which covers UK employees and is closed to new entrants and the legacy VGG defined benefit schemes eligible to certain employees in both the Netherlands and Belgium.

The amounts recognised in the Income Statement were as follows:

	First half 2017/18 £m	First half 2016/17 £m
Current service cost	**1.2**	0.1
Interest expense on scheme net liabilities	**0.3**	0.2
Net retirement benefit charge before tax	**1.5**	0.3

The amounts recognised in the balance sheet were as follows:

	As at 30 September 2017 £m	As at 30 September 2016 £m	As at 31 March 2017 £m
Present value of funded obligations	**(241.4)**	(203.9)	(245.5)
Fair value of plan assets	**213.6**	176.8	218.6
Pension scheme deficit	**(27.8)**	(27.1)	(26.9)
Related deferred tax asset	**5.5**	4.6	5.3
Net pension liability	**(22.3)**	(22.5)	(21.6)

The legacy Shanks UK defined benefit scheme deficit increased by £0.2m from 31 March 2017 as a result of asset returns being lower than expected which were partially offset by lower liabilities due to higher corporate bond yields. The legacy VGG defined benefit schemes deficit increased by £0.7m from 31 March 2017 as a result of an increase in discount rate.

15. Financial instruments at fair value

The Group holds derivative financial instruments used for hedging which are measured at fair value. The Group uses the following hierarchy of valuation techniques to determine the fair value of financial instruments:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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
The fair values of interest rate swaps, interest rate caps, cross-currency interest rate swaps, forward foreign exchange contracts and fuel derivatives are determined by discounting the future cash flows using the applicable period-end yield curve. For the retail bonds, the fair value is based on indicative market pricing.

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

	As at 30 September 2017 £m	As at 30 September 2016 £m	As at 31 March 2017 £m
Assets			
Derivative financial instruments	**0.8**	0.3	0.3
	0.8	0.3	0.3
Liabilities			
Derivative financial instruments	**29.1**	36.8	30.8
Retail bonds	**182.1**	181.0	177.4
	211.2	217.8	208.2

The Group considers that the fair value of all other financial assets and financial liabilities was not materially different to their carrying value.

16. Notes to the statement of cash flows

	First half 2017/18 £m	First half 2016/17 £m
Profit (loss) before taxation	**22.2**	(0.9)
Finance income	**(6.2)**	(5.0)
Finance charges	**16.6**	13.9
Share of results from associates and joint ventures	**(1.0)**	(0.9)
Operating profit from continuing operations	**31.6**	7.1
Operating profit from discontinued operations	**(0.1)**	-
Amortisation of intangible assets	**6.3**	2.2
Depreciation of property, plant and equipment	**40.3**	18.4
Impairment of intangible assets	**0.9**	-
Impairment of property, plant and equipment	**2.0**	-
Exceptional gain on disposal of property, plant and equipment	**-**	(0.5)
Exceptional loss on disposal of subsidiaries	**-**	0.7
Non-exceptional gain on disposal of property, plant and equipment	**(0.1)**	(0.3)
Net decrease in provisions	**(10.0)**	(2.1)
Payments to fund defined benefit pension scheme deficit	**(1.5)**	(1.5)
Share-based compensation	**1.4**	(0.3)
Increase in service concession arrangement receivable	**(5.9)**	(9.9)
Other non-cash exceptional items	**-**	0.1
Operating cash flows before movement in working capital	**64.9**	13.9
Increase in inventories	**(2.4)**	(0.2)
Decrease (increase) in receivables	**0.5**	(10.9)
Increase in payables	**5.1**	3.2
Cash flows from operating activities	**68.1**	6.0

Movement in net debt

	At 1 April 2017 £m	Cash flows £m	Other non-cash changes £m	Exchange movements £m	**At 30 September 2017 £m**
Cash and cash equivalents	74.9	(3.0)	-	1.1	**73.0**
Bank loans and overdrafts	(283.4)	(5.9)	1.0	(6.2)	**(294.5)**
Retail bonds	(170.2)	-	(0.1)	(5.2)	**(175.5)**
Finance leases	(45.2)	8.0	(0.4)	(1.3)	**(38.9)**
Total core net debt	(423.9)	(0.9)	0.5	(11.6)	**(435.9)**
PFI/PPP non-recourse net debt	(87.1)	2.3	-	-	**(84.8)**
Total net debt	(511.0)	1.4	0.5	(11.6)	**(520.7)**

Consolidated movement in net debt

	First half 2017/18 £m	First half 2016/17 £m	Full year 2016/17 £m
Net decrease in cash and cash equivalents	**(3.0)**	(4.8)	(40.4)
Net decrease (increase) in borrowings and finance leases	**4.4**	(24.1)	72.9
Cash and borrowings acquired through the VGG business combination	**-**	-	(240.4)
Total cash flows in net debt	**1.4**	(28.9)	(207.9)
Finance leases entered into during the period	**(0.4)**	-	(1.1)
Capitalisation of loan fees	**1.0**	-	-
Amortisation of loan fees	**(0.1)**	(0.6)	(1.8)
Exchange loss	**(11.6)**	(19.1)	(16.5)
Movement in net debt	**(9.7)**	(48.6)	(227.3)
Net debt at beginning of period	**(511.0)**	(283.7)	(283.7)
Net debt at end of period	**(520.7)**	(332.3)	(511.0)

16. Notes to the statement of cash flows – continued

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

	First half 2017/18 £m	First half 2016/17 £m
Net cash generated from operating activities	**67.2**	5.0
Exclude reclassification for provisions and working capital	**25.7**	5.3
Exclude payments to fund defined benefit pension scheme	**1.5**	1.5
Exclude increase in service concession arrangement	**5.9**	9.9
Include finance charges and loan fees paid (excluding exceptional finance charges)	**(17.0)**	(13.3)
Include finance income received	**4.9**	4.9
Include purchases of replacement items of intangible assets	**(3.4)**	(1.3)
Include purchases of replacement items of property, plant and equipment	**(33.1)**	(15.4)
Include proceeds from disposals of property, plant and equipment	**1.0**	2.0
Underlying free cash flow	**52.7**	(1.4)

17. Contingent liabilities

The nature of the Group's contingent liabilities remains consistent with those as listed in the 2017 Annual Report and Accounts.

18. Related party transactions

The Group's significant related parties remain as disclosed in note 34 of the 2017 Annual Report and Accounts. There were no material differences in related parties or related party transactions in the period compared to the prior year.

Independent review report to Renewi plc

Report on the Consolidated Interim Financial Statements

Our conclusion

We have reviewed Renewi plc's Consolidated Interim Financial Statements (the "interim financial statements") in the interim financial report of Renewi plc for the six month period ended 30 September 2017. 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 2017;
- 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 financial report 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 financial report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report 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 financial report 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 financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
9 November 2017

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.