This announcement contains inside information.

23 May 2019

Renewi plc

Renewi plc (LSE: RWI), the leading international waste-to-product business, today announces its results for the year ended 31 March 2019.

UNDERLYING PROGRESS IN CORE COMMERCIAL DIVISION OFFSET BY SIGNIFICANT CHALLENGES ELSEWHERE

Financial Summary

- Revenue from total operations up 1% to €1.8bn
- Cost synergies of €30m delivered and on track to achieve €40m in 2019/20
- Underlying EBIT from total operations up 11% to €87.0m
- Underlying profit before tax from total operations up 9% to €63.8m
- Underlying EPS from total operations up 13% to 6.1 cents per share
- Total non-trading and exceptional items of €146m, €52m of which cash: €69m relate to UK Municipal and €57m to merger related costs, as previously announced, resulting in a statutory loss of €97.7m for the year
- Core net debt, excluding the impact of assets held for sale, in line with expectations at €556m, representing 3.06x EBITDA and below bank covenant of 3.5x
- Total dividend for the year of 1.45p per share, as previously announced

Operational Summary

- Underlying EBIT up 18% in core Commercial Benelux Divisions to €86.5m
- ATM shipments remain suspended but progress being made with new testing regime agreed with regulators
- Restructuring underway in Monostreams Division and Derby project under review
- Previously announced actions to reduce the Group's core net debt and leverage ratio well advanced
- Strategy to benefit from Renewi's unique position in value chain linking waste producers to secondary raw material consumers
- Board evolving to reflect Benelux focus of the business with plans to search for a Benelux based Chairperson in current financial year

Otto de Bont, Chief Executive Officer since 1 April 2019, said:

"Last year was a challenging one for the Group, with the progress in our Commercial Division overshadowed by difficulties elsewhere. We have acted to address the Group's short term challenges and are confident that these will be resolved during the year. Our outlook for FY20 is unchanged. Resuming soil shipments at ATM, executing the Group's non-core disposals and reducing our leverage will strengthen the Group's position.

"Looking forward, Renewi's strategy is to create value by combining our unparalleled collection capability with increasingly advanced sorting and treatment capacity. This includes upgrading existing processing capacity and developing innovative sorting and treatment technologies for waste streams that are landfilled or incinerated today. By producing higher quality recyclates we can increase our margins and differentiate ourselves from competition. Our strategy is aligned with the increasing ambition from governments to develop a circular economy by promoting recycling and the use of secondary raw materials,

and the demand from society for sustainable solutions. As a pure-play waste-to-product company we have a unique position in the value chain, linking waste producers to secondary raw material consumers.

We plan to simplify the organisation, portfolio and processes, focusing on markets and assets that enable us to consistently generate superior returns."

As previously announced, Renewi is now reporting its financial results in Euros reflecting the Group's principal trading currency	2019	2018	Change % Total
TOTAL OPERATIONS (including discontinued operations and assets held for sale)			
Revenue	**€1,799m**	**€1,779m**	**1%**
EBITDA+	**€181.3m**	**€178.3m**	**2%**
Underlying EBIT+	**€87.0m**	**€78.3m**	**11%**
Underlying profit before tax+	**€63.8m**	**€58.2m**	**9%**
Underlying EPS+(cents per share)	**6.1c**	**5.4c**	**13%**
Underlying free cash flow+	**€30.3m**	**€88.4m**	
Exceptional and non-trading items including tax	**€(146.0)m**	**€(97.4)m**	
Core net debt	**€556m**	**€501m**	
Core net debt to EBITDA	**3.06x**	**2.93x**	
STATUTORY			
Revenue from continuing operations	**€1,781m**	**€1,760m**	
Operating loss from continuing operations	**€(56.6)m**	**€(32.6)m**	
Loss before tax from continuing operations	**€(89.0)m**	**€(52.8)m**	
Discontinued operations	**€(21.1)m**	**€(2.5)m**	
Basic earnings per share from continuing operations (cents)	**(9.0)c**	**(6.5)c**	
Cash flow from operating activities	**€86.8m**	**€143.6m**	
Final Dividend (pence per share)	**0.5p**	**2.1p**	

+The definition and rationale for the use of non-IFRS measures are included before the Consolidated Income Statement. Total Operations as presented above include the financial results for the Canada Municipal and Reym businesses which as a result of the ongoing sale processes are presented as held for sale as the criteria set out in IFRS 5 has been met. In addition, the Municipal Canada segment meets the definition of a discontinued operation and is recorded as such with a restatement of the prior year comparatives as appropriate.

For further information contact:

Renewi plc

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Notes:

1. The final dividend of 0.5 pence per share will be paid on 26 July 2019 to shareholders on the register at close of business on 28 June 2019.
2. Renewi will be holding an analyst presentation at 9.30 a.m. today, 23 May in the Entrust Room 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:

UK and International	+44 20 3936 2999
Belgium	078 48 16 83
Netherlands	085 888 7233
Access code:	**310516**

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.

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

Chief Executive Officer's Statement

Overview

I took over as CEO on 1 April 2019, following two years as Managing Director of the Netherlands Commercial Division. Together with our Belgian Commercial business, the Commercial Division, which accounts for two-thirds of Renewi activities, delivered good profit growth year on year, supported by merger cost synergies, and is well positioned for future profitable growth. This good progress was offset by significant challenges elsewhere in the Group.

Group performance

Total Operations	Revenue			Underlying EBIT		
	Year ended			Year ended		
	Mar 19 €m	Mar 18 €m	Variance %	Mar 19 €m	Mar 18 €m	Variance %
Commercial Waste	1,194.4	1,158.2	3%	86.5	73.3	18%
Hazardous Waste	211.3	231.0	-9%	7.0	19.9	-65%
Monostreams	213.3	204.4	4%	12.9	18.2	-29%
Municipal	195.2	200.5	-3%	0.8	(6.6)	N/A
Group central services	-	-		(21.7)	(22.3)	3%
Inter-segment revenue	(33.5)	(33.8)		-	-	
Continuing Operations	**1,780.7**	**1,760.3**	**1%**	**85.5**	**82.5**	**4%**
Discontinued Operations	18.3	18.8		1.5	(4.2)	
Total	**1,799.0**	**1,779.1**	**1%**	**87.0**	**78.3**	**11%**

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

Including discontinued operations, total revenues grew 1% to €1,799m and total underlying EBIT increased 11% to €87m. Total underlying profit before tax was 9% ahead of last year at €64m. Total underlying earnings per share grew 13% to 6.1 cents (2018: 5.4 cents).

Total exceptional items were €146m (2018: €97m), of which €52m were cash. These items included the €57m of planned synergy delivery and merger integration costs. It also included the €64m write-off of our investment in the Derby gasification facility and additional provision for associated costs, due to the failure of our partner, Interserve, to commission the facility. As a result, there was a Group statutory loss for the year of €98m (2018: €54m).

Strong cash management continued through the year despite a material reduction in cash flow as a result of ATM remaining at low output levels. Underlying free cash flow was €30m and benefited from tight control of capital expenditure to mitigate the lower than expected profitability. Cash balances were increased by the disposal of non-core assets including the Energen Biogas anaerobic digestion (AD) facility for €20m in cash. Our core net debt at 31 March 2019, excluding the impact of assets held for sale, was €556m, representing a multiple of 3.06x EBITDA, within our recently extended covenant level of 3.50x and in line with our expectations for the year.

As previously announced, the proposed dividend for the year was reduced to 1.45 pence per share, reflecting the Group's focus on strengthening its balance sheet.

<u>Divisional performance summary – further detail provided in the Operating Review</u>

*Encouraging growth in our core **Commercial Division***

Our Commercial Division, representing around 65% of Group revenues, had a good year, increasing underlying EBIT by 18% to €86.5m on revenues up 3% to €1,194m. Margins increased by a further 90 basis points to 7.2% and returns on operating assets increased 250 basis points to 23.1%. The Netherlands increased underlying EBIT by 21% to €53.2m, while Belgium grew underlying EBIT by 14% to €33.3m. The performance reflected the positive impact of strong price increases for inbound waste introduced in January 2019 to offset lower recyclate income and increasing costs during the year, especially in the disposal of residues. Market share is being maintained and tender renewals continue to be won at improved margins. Divisional synergies amounted to €19.1m during the year in line with our expectations.

***Hazardous Waste Division** lower due to ongoing regulatory suspension of soil shipments*

As previously announced, ATM was significantly impacted by the ongoing suspension of the offset of remediated soil in the Netherlands by the regulators. Revenues reduced 9% to €211m and underlying EBIT reduced 65% to €7.0m, with margins decreasing by 530 basis points to 3.3%. The waterside and packed chemical waste activities at ATM performed as expected and a strong pipeline both of contaminated soil and potential outlets remains for remediated soil once the market reopens.

We are progressing the additional tests required by the Dutch authorities for the resumption of shipments of thermally treated soil from ATM on an interim basis, during the year ending 31 March 2020, which will also be used as an input to a planned new regulatory framework. We maintain a strong order book of domestic and export customers waiting to take the cleaned soil once regulatory clearance is given.

In parallel we are developing a process to treat soil further, separating it into gravel, sand and fly ash for sale into the construction industry as building materials. We have made good progress in recent months, securing planning permission and producing pilot scale quantities. We will invest in full scale production capacity in the coming year, and expect material production to take place during 2020/21.

Reym had a challenging year with fewer customer shutdowns within which to operate and lower productivity due to less predictable scheduling of projects. A series of commercial initiatives implemented in the fourth quarter have resulted in an improved performance and outlook for the current financial year.

*Market and operational challenges impacted the **Monostreams Division***

After a strong first year, our Monostreams Division delivered a disappointing performance. Revenues increased 4% to €213m but underlying EBIT fell 29% to €12.9m. Margins reduced by 290 basis points to 6.0%. Mineralz performed well during the year, including the long-term extension of the permit for the Maasvlakte Class 1 landfill site. Orgaworld also performed well. However, Coolrec and our glass business Maltha were disappointing and are being restructured under new leadership, simplifying the range of geographies served and products recycled.

*Recovery in the **Municipal Division***

The UK Municipal business reported an underlying profit of €0.8m, a €7.4m improvement on the €6.6m loss in the prior year, with revenues 3% lower at €195m. The improvement reflected the reporting of losses at Wakefield as an onerous contract along with improvements achieved through execution of planned portfolio management, improved operational performance and some one-off upsides as previously announced offset by higher incinerator costs and reduced recyclate income.

Following the failure of our partner, Interserve, to commission the new Derby facility, we have now provided for the complete termination of the PPP contract.

The Canadian Municipal business is reported as available for sale and as a discontinued business this year given the advanced state of the disposal process.

Addressing the short term challenges

Strengthening the balance sheet

In view of the continued suspension of soil shipments at ATM, the Board has implemented a series of actions to reduce Renewi's core net debt and leverage ratio, including:

- agreement with our banks to extend the net debt to EBITDA bank covenant of 3.5x for a further year until 30 June 2020;
- the strategic disposals of our Reym and Canada Municipal businesses, which are progressing well. Both processes are now in the second round of due diligence with encouraging levels of interest. The proceeds from the sales are expected to reduce Renewi's leverage ratio by at least 0.5x;
- additional specific projects across Renewi to reduce costs over the next two years, including cost reductions in Commercial, plant and operational performance improvements in Municipal and the restructuring actions reported above in Monostreams; and
- as previously announced, the reduction in the Group's proposed final dividend for the year ended 31 March 2019 to 0.5 pence per share, which will result in a total dividend for the year of 1.45 pence per share. This, together with a similar reduction in the total dividend for the year ending 31 March 2020, will benefit the Group by around €30m.

As a result of these actions, we expect the Group to de-lever significantly over the coming year even if full production is not resumed at ATM. The Group's target leverage is to be below 2.0x.

Ongoing work to improve efficiency

As at the end of March 2019 we had successfully delivered the committed €30m of merger cost savings. We are on track to deliver the remaining committed savings of €40m in FY20.

We continue to focus on enhancing margins in our core businesses, managing the dynamic interface between the price charged for inbound waste and the price receivable or costs incurred for the products we make and the residues we place:

- our commercial effectiveness programme reduces loss-making accounts and increases gross margins on tender renewals;
- we address inflationary cost pressures by implementing appropriate price rises such as those introduced in January 2019;
- we invest in further processing and in identifying new outlets to offset lack of capacity in certain parts of the offtake market; and
- we are now rolling out our continuous improvement programme, increasing efficiency and capacity across our operating assets.

New focus on simplification

Some two years into the merger, we believe Renewi can be more focused and efficient. We will simplify the business, focusing on markets, assets and processes that can consistently generate superior returns. This simplification is expected to deliver further material benefits, including:

- a refined portfolio of businesses;
- a simpler and leaner organisation structure;
- reduced overhead;
- reduced cost-to-serve in core processes;
- reduced risk; and
- greater scalability for future expansion.

Further detail will be provided with our half year results in November.

Our vision and strategy to deliver sustainable long term growth

We are focused on resolving our short term challenges and building a solid base for future growth.

Our vision is to be the leading waste-to-product company in the world's most advanced circular economies. This differentiates Renewi as a company that focuses on extracting value from waste and supplying high quality secondary raw materials. We are positioned higher up the value chain in the segments expected to show the highest structural growth rates such as organics. Our industry is driven by increasing environmental legislation, particularly in the European Union such as the Circular Economy Package.

Renewi has a consistent strategy to deliver long term profitable growth and a higher quality of earnings. This includes completing the integration and driving further margin improvement using our proven tools. Our current core markets are in the Benelux where we can see significant opportunity from the market trends. We will therefore be focusing increasingly on investments and innovation to exploit these growth opportunities in commercial waste treatment. It is also clear that we can do more in making Renewi lean and competitive for the longer term. We will be looking to simplify the organisation, portfolio and processes in order to ensure that we are efficient in the competitive markets we serve.

Secondary listing

As previously indicated, Renewi intends to achieve a secondary listing on Euronext Amsterdam, reflecting closer proximity to the majority of Renewi's business, the strong regional focus on the circular economy and the Group's core operations as a Benelux recycling business. In addition, the secondary listing is expected to increase visibility of Renewi in the region, expand research coverage, widen investor interest in the Group and contribute to liquidity in the Group's shares. We expect that the listing will take place in the second half of this financial year.

Board Planning

Following the merger of Shanks and Van Gansewinkel, Renewi has been undergoing a major transformation. As the two recently announced disposals complete, we secure regulatory alignment at ATM, and we achieve a secondary listing in Amsterdam, Renewi will focus on creating value in our core Benelux markets. Our Board structure and governance will continue to evolve accordingly, and we expect to launch a search for a new Chairperson based within the Benelux region during the current financial year.

Outlook

The Group outlook is unchanged, with a prudent assumption of no shipments of thermally treated soil from ATM for the purposes of forecasts for the year ending 31 March 2020. We expect to see year on year progress in the Commercial and Monostreams Divisions offset by a reduced performance in Municipal due to Derby and higher central costs.

Looking forward, the Group is well positioned as an established leader in the European recycling market which is set for sustained, structural growth.

Otto de Bont
Chief Executive Officer

Chief Financial Officer's Review

Introduction

On a total operations basis (including Canada Municipal now reported as discontinued), we saw revenue growth of 1% and underlying EBIT growth of 11% despite the loss of expected EBIT at ATM of around €13m. Group underlying EBIT margins grew by 40 bps, and by 90 bps in the Commercial Division. We also saw an increase in the Group return on operating assets on a total operations basis from 15.9% to 20.7%. Non-trading and exceptional items of €146.0m after tax resulted in a statutory loss for the year of €97.7m.

Financial Review

The Group reports in Euros from 1 April 2018 to reflect the fact that the majority of our revenues and costs are Euro denominated. The impact of currency is much reduced and as such no comparisons at constant currency are required.

Financial Performance	Year ended Mar 19 €m	Mar 18 €m
Continuing operations		
Revenue	1,780.7	1,760.3
Underlying EBIT	85.5	82.5
Underlying profit before tax	62.5	62.3
Non-trading and exceptional items	(151.5)	(115.1)
Loss before tax	(89.0)	(52.8)
Total tax credit for the year	12.4	1.4
Loss for the year from continuing operations	(76.6)	(51.4)
Loss for the year from discontinued operations	(21.1)	(2.5)
Total operations: loss for the year	(97.7)	(53.9)

On 8 November 2018 the Group announced its intention to sell Canada Municipal and Reym. Active disposal programmes are underway and have reached a stage whereby we consider that the assets and liabilities of both businesses should be presented as assets held for sale.

The Canada disposal meets the definition of a discontinued operation as stated in IFRS 5 Non-current assets held for sale and discontinued operations, therefore the net results are presented as discontinued operations in the Income Statement and the Income Statement and Cash Flow Statement prior year comparatives have been restated.

Non-trading and exceptional items

The Group reported significant non-trading and exceptional items, under three main headings:

- merger and integration costs: items that were known, planned for and previously communicated in relation to the costs of integrating Renewi. These costs are one-off and exceptional in nature;
- portfolio costs: items associated with the acquisition or disposal of assets, generally only communicated close to the completion of the related transaction. These include profit or loss on sale, goodwill impairments and transaction costs;
- other items: this category includes impairments and provisions.

Total non-trading and exceptional items amounted to €146.0m (2018: €97.4m) as set out in the table below.

Non-trading & exceptional items	Mar 19 €m	Mar 18 €m
Merger related costs	56.8	25.0
Portfolio management activity	8.7	26.1
Other items	70.2	57.3
Amortisation of acquisition intangibles	6.4	6.7
Exceptional finance costs	9.4	-
Non-trading & exceptional items in loss before tax	151.5	115.1
Tax on non-trading & exceptional items	(12.4)	(9.3)
Exceptional tax	(15.6)	(7.8)
Discontinued operations	22.5	(0.6)
Total	146.0	97.4

Other items primarily comprise €64.3m relating to impairments and onerous contract provisions in UK Municipal, of which €59.3m relates to the Derby contract, and €6.5m relates to ATM. The exceptional finance costs include interest receivable impairments and ineffectiveness of interest rate derivatives.

The portfolio management activity charge of €8.7m includes a profit on sale of €11.4m from the sale of Energen Biogas and the transfer of 50% of an ATM subsidiary to a joint venture partner, together with a fair value adjustment relating to Reym as it has now been classified as an asset held for sale.

At merger completion we announced total expected merger related cash costs of €50m for synergy delivery, €20m for other integration costs and €12m for rebranding capital spend. The table below shows how this has been incurred over the last three years and what is expected in FY20. Total spend is expected to be in line with initial indications. Branding spend is now expensed rather than capitalised. The additional costs for Monostreams relate to restructuring activities in Coolrec and the glass businesses and are expected to deliver €1.4m of additional synergy benefits.

Merger related P&L charges	FY17 €m	FY18 €m	FY19 €m	FY20 €m	Total €m	Original €m	Difference €m
Integration costs *	3.4	8.5	12.5	3.0	27.4	20.0	(7.4)
Synergy delivery	5.3	13.4	22.1	13.4	54.2	50.0	(4.2)
Branding capex	-	-	-	-	-	12.0	12.0
Initial merger programme	8.7	21.9	34.6	16.4	81.6	82.0	0.4
Monostreams restructuring	-	0.5	10.0	-	10.5		
Non-cash costs	-	2.6	12.2	-	14.8		
Total	8.7	25.0	56.8	16.4	106.9		

** Includes branding capex now expensed rather than capitalised.*

The discontinued operations charge of €22.5m reflects a fair value adjustment as the business has now been classified as an asset held for sale.

Including disposal proceeds, non-trading and exceptional charges resulted in a net cash outflow of €52m. These items are explained further in note 5 to the financial statements.

Net finance costs
Net finance costs, excluding the exceptional items, were €0.6m higher year on year at €23.4m (2018: €22.8m). The charge for discount unwind on provisions has increased in the current year as a result of the onerous contract provisions recorded at 31 March 2018. This increase in cost has been compensated by savings in other areas as shown in note 6 to the consolidated financial statements. Exceptional and non-trading finance charges of €9.4m include interest receivable impairments due to Derby, interest rate swap ineffectiveness and a change in fair value of derivatives.

Share of results from associates and joint ventures
The lower income compared to last year is a result of the disposal of Energen Biogas which was disposed of in August 2018.

Loss before tax
Statutory loss before tax from continuing operations, including the impact of non-trading and exceptional items, was €89.0m (2018: €52.8m).

Taxation
Total taxation for the year on continuing operations was a credit of €12.4m (2018: €1.4m). The effective tax rate on underlying profits from continuing operations was 25.0% at €15.6m, slightly lower than last year's 25.1%. The tax credit arising on the non-trading and exceptional items of €151.5m was €28.0m given a significant proportion of these are non-taxable.

Both the Dutch and Belgian governments have recently implemented a number of corporate tax reforms, including lower corporate tax rates. These changes were substantively enacted in Belgium in early 2018 which resulted in a tax credit of €7.8m due to lower deferred tax liabilities at 31 March 2018. In the Netherlands the lower rates were enacted in late 2018 and a tax credit of €6.3m has been reflected in the current year. In addition there has been an exceptional tax credit of €10.5m in relation to the recognition of a significant proportion of legacy VGG Netherlands fiscal unity losses given utilisation of these is now more certain.

Looking forward, we anticipate the underlying tax rate to fall to around 24% in the next few years, reflecting the recently enacted rates in Belgium and the Netherlands.

The Group statutory loss after tax, including all discontinued and exceptional items, was €97.7m (2018: €53.9m).

Earnings per share (EPS)
Underlying EPS from continuing operations, excluding non-trading and exceptional items, increased by 1.7% to 5.9 cents per share (2018: 5.8 cents) and including the Canadian discontinued operations increased by 13% to 6.1 cents per share. Basic EPS from total operations was 11.6 cents loss per share compared to a loss of 6.8 cents per share in the prior year.

Dividend
As announced previously, the Board is recommending a final dividend of 0.5 pence per share making a full year dividend of 1.45 pence per share (2018: 3.05 pence per share). Subject to shareholder approval, the final dividend will be paid on 26 July 2019 to shareholders on the register at close of business on 28 June 2019. Total dividend cover, based on earnings before non-trading and exceptional items from total operations, is 3.8 times (2018: 1.6 times).

Cash flow performance

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

Cash Flow	Mar 19 €m	Mar 18 €m
EBITDA	181.3	178.3
Working capital movement	(22.2)	28.0
Movement in provisions and other	(9.8)	(6.6)
Net replacement capital expenditure	(88.1)	(86.2)
Interest, loan fees and tax	(30.9)	(25.1)
Underlying free cash flow	**30.3**	**88.4**
Growth capital expenditure	(11.7)	(3.5)
UK PFI funding	2.4	(2.5)
Canada Municipal funding	6.8	(11.5)
Acquisitions and disposals	24.1	(7.2)
Dividends paid	(27.4)	(27.6)
Restructuring spend	(0.2)	(1.3)
Synergy & integration spend	(38.5)	(20.4)
Transaction related spend	(0.2)	(12.5)
UK Municipal onerous contracts	(21.4)	(7.1)
Other	(16.1)	(8.6)
VGG acquisition - net cash	-	0.8
Net core cash flow	**(51.9)**	**(13.0)**
Free cash flow conversion	**35%**	**113%**

All numbers above include both continuing and discontinued operations.
Free cash flow conversion is underlying free cash flow as a percentage of underlying EBIT.
Net core cash flow is reconciled to the movement in net debt in note 18.

Free cash flow was impacted by the suspension of ATM soil shipments which was mitigated by continuing tight Group capital spend. Working capital was adverse due to €11.6m unrecovered delay damages at Derby and higher accounts receivable in Commercial Netherlands as the January price increases briefly delayed invoicing. In the prior period there was positive working capital at ATM and from improved factoring of receivables. Replacement capital expenditure at €88.1m represents 91% of depreciation (2018: 88%) showing tight control and integration related expenditure has been spent later than originally forecast. Tax paid was €5.6m higher than last year following the utilisation of brought forward tax losses in Belgium.

The growth capital expenditure of €11.7m relates to the extension at the Maasvlakte landfill and the extension of the Ottawa site in Canada Municipal.

The Canada Municipal funding includes the one-off cash payment from the City of Surrey municipality as this facility entered into full service.

The acquisitions and disposals inflow in the current year includes €20m for the sale of our 50% share in Energen Biogas and €4m from the sale of 50% of the shareholding in a Hazardous Waste subsidiary.

Synergy and integration related expenditure includes €24.1m for synergy delivery costs and €14.4m for costs incurred in the merger and integration of the two businesses with the latter including non-capitalised branding expenditure of c.€7m. Transaction related spend in the current year includes some initial transaction costs relating to the Reym and Canada disposal processes.

Other cash flows include the onerous contract provision spend in UK Municipal of €21m which includes the €12m termination payments relating to the exit of the Dumfries and Galloway contract in October, the ATM spend on additional logistics and other associated costs of €5m, €3m funding for the closed UK defined benefit pension scheme and €9m relating to the purchase of short term investments in the insurance captive and own shares for incentive funding.

Net cash generated from operating activities decreased from €136.0m in the prior year to €73.6m in the current year. A reconciliation to the underlying cash flow performance as referred to above is included in note 18 in the consolidated financial statements.

Integrating the finance function to deliver enhanced value

Our finance integration programme has progressed well over the year, delivering a wide range of projects to reduce cost or to support the integration:

Reduced transaction costs through shared services
We successfully closed a second shared service centre (SSC) during the year on time and without disruption, transferring activities from Amersfoort to the main SSC in Lommel.

Treasury programmes to increase liquidity and reduce cost
Our treasury programmes are reducing our financing cost and increasing headroom. They include a cash management transformation project, which creates one single way of working including instructing payments using the Group treasury management system and concentration of cash via a new cash pooling structure. Other programmes focus on optimisation of our covenants, guarantees, leasing and hedging, as well as further Green accreditation which has included establishing an EUPP programme with a €25m issuance in the period.

Enhanced capabilities in Risk Management, Internal Control and Internal Audit
We have continued our investment in Risk Management, Internal Control and Internal Audit, reflecting the requirements of the enlarged Group. This has included further expansion of the team and investment in additional risk and control framework capabilities.

Consolidation and upgrade of finance systems
We have been working during the year to prepare a new consolidation system that has gone live in April 2019. This will standardise and enhance visibility of financial performance across the Group, replacing two separate legacy systems. Our Netherlands Commercial business has also consolidated its financial transactions onto one accounting system in April 2019.

Investment projects

Expenditure in 2019/20

The Group's ongoing expectations for replacement capital expenditure remain around 75% to 80% of depreciation. This level may from time to time be supplemented with larger scale replacement projects. Given 2019/20 is another year of catch up with a few larger projects and the continuation of the investment in new IT platforms, the ratio is therefore expected to be around 95% this year. Total capital spend estimated at c€110m. Over the next two to three years we expect to spend €15m to replace and upgrade major components of ATM's soil treatment line and €2m for the digestate dryer at Roeselare. Growth capital expenditure will continue next year with the completion of the Maasvlakte landfill extension and the upgrade of the Ottawa site.

Group return on assets

The Group return on operating assets (excluding debt, tax and goodwill) from total operations increased from 15.9% at 31 March 2018 to 20.7% at 31 March 2019. The Group post-tax return on capital employed was 6.6% compared with 5.6% at 31 March 2018.

Treasury and cash management

Core net debt and gearing ratios

The net core cash outflow of €51.9m, along with an adverse exchange effect of €5.9m 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 €556.2m. Core net debt excludes the consolidated UK PFI/PPP contract debt asset backed finance with no recourse to the Group. This was in line with expectations and resulted in a net debt to EBITDA ratio of 3.06x, within our covenant limit of 3.5x which was extended until 30 June 2020. Given the actions already taken and the planned disposal programme for Canada and Reym we expect net debt to fall in the coming year. The Group's target leverage is to be below 2.0x.

Debt structure and strategy

Core borrowings are mainly long term as set out in the table below. The Group's main banking facility is a €575m multicurrency Green Loan including a €550m combined term loan and revolving credit facility with pricing linked to leverage and to CSR measures. These facilities have two one-year extension options. In December 2018 a €25m Green European private placement facility was incorporated into the main banking facility and was fully drawn.

Debt Structure	Drawn €m	Term
€100m Belgian retail bond	100.0	Jul-19
€100m Belgian Green retail bond	100.0	Jun-22
€550m Green RCF and term loan	347.6	May-23
Green EUPP - 5 year term	15.0	Dec-23
Green EUPP - 7 year term	10.0	Dec-25
	572.6	
Finance leases and other	33.7	
Finance leases transferred to disposal group	4.2	
Loan fees	(3.9)	
Cash	(50.4)	
Core net debt	556.2	

The Group has a debt cost of less than 3% across all facilities, including the effect of hedging instruments. At 31 March 2019, 90% of our core net debt was fixed or hedged. The fixed rate debt includes the two €100m retail bonds and the €25m European Private Placement instruments. The hedging includes a €125m interest rate cap and three cross currency swaps totalling €168m. At 31 March 2019, the Group had guarantees of €238.6m (2018: €235.4m).

As noted above, a €100m Belgian retail bond will mature in July 2019. Based on expected business funding requirements there is sufficient liquidity headroom within existing facilities without further issuance together with the expected proceeds from the disposal processes for Canada and Reym which are well underway.

Debt borrowed in the special purpose vehicles (SPVs) created for the financing of UK PFI/PPP programmes is separate from the Group core debt and is secured over the assets of the SPVs with no recourse to the Group as a whole. Interest rates are fixed by means of interest rate swaps at contract inception. At 31 March 2019, this debt amounted to €95.4m (2018: €94.6m).

Green finance initiative results in reduced finance costs

Last year Renewi refinanced its entire bank borrowings using a green certification. All Green KPIs progressed well year on year and exceeded our FY19 targets in each case, leading to a further reduction in the margin of our main banking facility. Our recycling rate, as well as our recycling and recovery rate, improved to record levels at 66.9% and 90.0% respectively, despite the headwinds from reduced opportunities to export paper and plastics to China and reduced ATM soil processing, which also brought total waste volumes down year on year. These improvements also led to an improved carbon avoidance intensity ratio of 0.218, which is equivalent to 3m tonnes of CO_2 avoided across our 14m tonnes of waste handled. During the year we invested in our fleet with a further 285 Euro VI trucks entering service, this enabled us to reduce emissions and retire older vehicles, and they now account for 34.9% of the total fleet. Our collections efficiency improved in the year to 3.117 supported by the successful migration of systems in the past few months which will deliver a fully annualised route optimisation impact next year. There was a strong focus on safety in the year with multiple group-wide initiatives which contributed to an improved 3-day accident rate of 1,404 per 100,000 employees.

Directors' valuation of UK PFI/PPP portfolio

The Directors provide a valuation of the financial investments in the SPVs used to fund the contracts and into which the Group has often invested in the form of subordinated debt and equity. The benefits of these financial assets are not easily assessed from the financial statements. As at 31 March 2019, the Directors believed that this valuation has reduced to €32m (2018: €51m) as a result of the ongoing challenges faced by the Derby SPV.

Provisions and contingent liabilities

Around 85% of the Group's provisions are long term in nature, with the onerous contract provisions in the UK Municipal being utilised over 20 years and landfill provisions for many decades longer. The current provisions amount to €55m of which we expect around €30m to be spent in the year. Of this €7m relates to exceptional restructuring, €15m relates to Municipal, and €8m relates to landfill. Municipal cash outflows are expected to reduce in subsequent years.

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

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 31 March 2019, the net retirement benefit deficit relating to the UK scheme was €3.1m compared with €13.6m at 31 March 2018. The decrease in the deficit was a result of good asset returns, benefits from the change in mortality assumptions to align with the latest actuarial valuation net of lower discount rate and higher inflation assumptions. Given the conclusion of the High Court case on guaranteed minimum pension (GMP) in October 2018, it has been estimated that the impact of GMP equalisation is 1% of liabilities and as a result past service costs of €2.0m have been recorded as an exceptional charge in the current year. The most recent triennial actuarial valuation of the scheme was carried out at 5 April 2018 and will be finalised in the current year. The Group has agreed that it will aim to eliminate the pension plan deficit with an annual deficit funding of €3.5m for a further period still to be determined.

In addition, there are a number of defined benefit pension schemes for employees in the Netherlands and Belgium which had a net retirement benefit deficit of €6.1m (2018: €6.7m). The principal Dutch legacy scheme acquired as part of the VGG merger has now been closed and a new defined contribution scheme has been set up which has resulted in a curtailment gain of €2.1m which has been recorded as an exceptional credit.

Operating Review for the year ended 31 March 2019

Commercial Waste

Divisional strategy

The Commercial Division creates value from its leadership position in waste collection and treatment in the Netherlands and Belgium. Its national coverage, operational scale and advantaged technology positions it strongly in its core markets. The division will deliver long term growth and attractive returns from the increasing demand for its wide range of recycling services and products. This will be reinforced through the delivery of synergies and the application of margin enhancing initiatives such as commercial effectiveness and continuous improvement.

Financial performance

The Commercial Division performed strongly in 2018/19, delivering an 18% increase in underlying EBIT to €86.5m on revenues up 3% to €1,194m. Margins increased by 90 basis points to 7.2% and the return on operating assets rose 250 basis points to 23.1%.

	Revenue				Underlying EBIT			
	Year ended				Year ended			
	Mar 19	Mar 18	Variance		Mar 19	Mar 18	Variance	
	€m	€m	€m	%	€m	€m	€m	%
Netherlands Commercial	764.7	736.9	27.8	4%	53.2	44.0	9.2	21%
Belgium Commercial	430.8	422.2	8.6	2%	33.3	29.3	4.0	14%
Intra-segment revenue	(1.1)	(0.9)	(0.2)		-	-	-	
Total	**1,194.4**	**1,158.2**	**36.2**	**3%**	**86.5**	**73.3**	**13.2**	**18%**

	Underlying EBIT Margin		Return on Operating Assets	
Netherlands Commercial	7.0%	6.0%	18.7%	18.0%
Belgium Commercial	7.7%	6.9%	37.3%	27.4%
Total	**7.2%**	**6.3%**	**23.1%**	**20.6%**

On 1 April 2018 the Dutch property portfolio entity was transferred to the Netherlands Commercial division from Group central services and the glass activities of van Tuijl were transferred to the Monostreams division.
The return on operating assets for Belgium excludes all landfill related provisions.

Revenues in the Netherlands grew by 4% to €764.7m and underlying EBIT by 21% to €53.2m. Margins improved by 100 basis points to 7.0%. Return on operating assets increased by 70 basis points to 18.7%.

Core volumes increased by around 2%, with bulky waste the strongest segment and construction & demolition waste volumes up slightly less than 1%. Volumes of pure recyclates were up by 1% driven by paper and plastic. Other volumes decreased by 3%, principally rubble, where our main processing line was being rebuilt for much of the year, and in landfill where we have been phasing down volumes to conserve the void. Pricing for inbound waste increased by 7%, particularly in a strong fourth quarter, and outbound pricing for core recyclates was more stable after sharp falls last year.

The ongoing increase in operating margin was encouraging, particularly given the €4m headwind from lower recyclate prices and further increasing costs of disposal of residues. Total synergies were €11.3m with additional synergies of €6.5m delivered during the year.

Belgium revenues increased by 2% to €430.8m and underlying EBIT grew by 14% to €33.3m. Underlying volume growth was flat in line with the market, impacted by the tight outlet market. Pure recyclates were down by 3% driven by paper and metals. The core collection and treatment business was steady, offsetting headwinds from lower recyclate prices and higher outlet costs including solid recovered fuel (SRF). Profitability of the Cetem landfill continued to decline as expected, with volumes reducing prior to its final closure in 2019. Total synergies were €7.8m, with additional synergies of €3.4m delivered during the year.

Operational review

Our principal focus was on delivering the integration, increasing margins and investing in innovation and processing.

<u>Integration and synergies</u>

After a successful first year of integration, the first half of 2018/19 was primarily focused on creating "one way of working" in each of the Netherlands and Belgium. This migration onto one set of core processes and, where possible, one IT platform is essential for synergies such as route optimisation and site rationalisation. Pilot trials were used to reduce the migration risks. In the Netherlands we upgraded our software to the core Clear operating system to establish the required functionality for the integration. Migration of sites onto the Renewi model accelerated through last summer and autumn on schedule such that as at 31 March 2019 almost all of the business migrations have been completed. The final sites in Belgium will complete before the summer and the construction & demolition customers of legacy-Shanks in the Netherlands will be transferred over the coming year. This progress allowed us to accelerate cost synergy initiatives in the second half, increasing run rate savings from €27m as at 30 September 2018 to €35m as at 31 March 2019. The remaining €5m of benefits to reach our €40m cost synergies target are primarily a result of site rationalisation and additional procurement savings.

Brand recognition is important to help win new business and it has increased with very positive association. We have rebranded over 2,100 vehicles, 20,000 containers and 300,000 wheeled containers. All of our sites now show the Renewi brand and our team of over 7,000 employees have new workwear. Renewi brand campaigns have also taken place on national radio and through social media. Brand recognition has improved from below 5% when Renewi was first created to approximately 15% following our extensive rebranding activities.

<u>Improving margins</u>

The recycling industry has historically relied on Asian markets, particularly China, as an end destination for recycled paper and plastics. This end market has been shrinking over the past 18 months and may ultimately close completely. As a consequence, the value of low quality recycled paper and plastic has reduced significantly and some of the lower grades are now being incinerated. Paper and plastics comprise just 0.8m tonnes of the 14m tonnes of waste we take in each year.

By working with our customers to segregate paper and plastic at source, we earn more from the resulting recyclates. We have 14 facilities focusing on the recycling of source segregated paper from which the majority of the output goes to European paper mills. The separation also allows us to implement dynamic pricing for over 70% of these materials.

Over the past two years, our revenue from recycled paper and plastics has fallen by €30m. By focusing on quality and dynamic pricing, the impact on our profits has been restricted to an estimated €8m, during a period in which we have delivered strongly increased divisional profits and margins.

As reported through the year, we have seen inflationary cost pressure in the market including sharp rises in some off-take costs and a tighter labour market. This has been exacerbated by new Dutch legislation regarding holiday pay, which has caused a one-off industry-wide increase in blue collar salaries of around 6%, and above all by the 140% increase in the Dutch incinerator tax from €13 per tonne to €32 per tonne. We responded by introducing significant price increases on 1 January 2019 averaging around 11% in the Netherlands, and around 6% in Belgium. Results in the last quarter show that these price increases have been successful and tender renewals have continued at higher gross margins. Dynamic pricing means that the amount we charge, or pay, the customer for the waste paper or plastic is linked to international price indices, limiting Renewi's commodity exposure.

Investment and innovation

We have invested selectively in the Commercial Division during 2018/19. As previously reported, the collection fleet is being rejuvenated to reduce the growing costs associated with an aged fleet. We are funding this investment in trucks through asset-backed finance which matches the cash costs of running the fleet to the related cash inflows and which allows the fleet to be flexed in size according to evolving market trends in logistics. Renewi is one of the largest fleet operators in the Benelux and during the year we placed an order for over 420 new Euro VI compliant trucks which are coming on stream now. The impact of replacing fully depreciated vehicles with new ones results in an increase in cost, around €3m in each of 2018/19 and 2019/20.

Some of our integration activities also require capital investment. For example, the rationalisation of our Rotterdam region from five sites to three requires €6m in capital investment to expand the Vlaardingen site, offset by €5m from the sale of the two closed sites, one of which completed in 2018/19: a net investment of €0.5m to realise an annual benefit of €1m.

Our net replacement capital is carefully controlled and in 2018/19 amounted to €56m (90% of depreciation), of which the majority was spent on maintaining Renewi's estate of 109 operating sites, replacing obsolete or broken containers and replacing on-site vehicles such as cranes and loaders. Looking forward, we intend selectively to increase investment in our processing footprint and capabilities in order to generate higher returns and more stable earnings.

Our innovation initiatives have also made good progress. During the past year we have celebrated the opening of the PeelPioneers plant at our site in Son. Renewi collects citrus peels from supermarkets and catering companies. PeelPioneers recycles these into essential oils and citrus pulp, for use in products such as detergents and animal feeds. Our project on recovering cellulose from nappies and incontinence products has progressed from lab scale to pilot scale. A large scale test with used products is planned for the beginning of the next financial year, after which a decision will be made for the construction of a full scale plant. We are also partnering with the Purified Metal Company to allow recycling of steel that has been contaminated with asbestos, mercury or other impurities. Pre-collection of these metals has started, meaning that material that is now collected will be recycled in the plant that is currently under construction and will be completed in 2020.

During the next year we expect to innovate in a capital-light way by partnering with universities, start-ups and specialised recycling companies.

Divisional outlook

The Commercial Division is expected to make progress in the current year. We expect our implemented price increases and the final year of synergy delivery from the transformational merger to offset lower growth in the construction market, the previously reported closure of our CETEM landfill in Belgium and ongoing cost pressures.

Hazardous Waste

Divisional strategy

Our initial focus is to return ATM to normal operation during FY20. In the future we intend to refine soil outputs further into higher value secondary raw materials. As previously announced, our Reym industrial cleaning business is currently being marketed in a process expected to complete in the coming months.

Financial performance

Hazardous Waste had a difficult year as a result of the ongoing restrictions on the shipments of thermally cleaned soil in the Dutch market. Revenues fell by 9% to €211m and underlying EBIT fell by 65% to €7.0m. An exceptional item of €6.5m (2018: €2.9m) was additionally reported in relation to the ATM soil issue.

	Revenue				Underlying EBIT			
	Year ended				Year ended			
	Mar 19	Mar 18	Variance		Mar 19	Mar 18	Variance	
	€m	€m	€m	%	€m	€m	€m	%
Total	**211.3**	**231.0**	**(19.7)**	**-9%**	**7.0**	**19.9**	**(12.9)**	**-65%**
	Underlying EBIT Margin				Return on Operating Assets			
Total	**3.3%**	**8.6%**			**10.7%**	**24.1%**		

Overall revenues at ATM fell by 17% to €89m. Revenue at the waterside increased on prior year and pyro throughput was broadly flat. Processing of contaminated soil was around 50% of capacity in the first half, reducing to around 20% of capacity in the final months of the year.

Reym saw revenues fall by 2% to €129m, with fewer large shutdowns at customer sites as expected. Profitability was impacted by ongoing late rescheduling of client projects with a consequent impact on productivity.

Operational review

ATM and CFS

Historically, ATM disposed of treated soil to a neighbouring building services company, which placed the treated soil into the market. End uses for treated soil include landscaping, industrial and infrastructure developments. As previously reported, our ATM soil treatment facility has been operating at reduced output as a result of the nationwide ban from mid-2018 in the issuing of approvals for the use of thermally treated soil pending further review. This review, the detail of which was announced in the Dutch parliament in December 2018, is looking at how a range of secondary materials, with a focus on cleaned soil and dredging soil, should be used safely in the Dutch market in the future.

We have been working closely with the authorities to provide extensive data on a wide range of parameters on the cleaned soil stored at ATM. All parties intend that this data should provide a new basis to define the conditions in which thermally treated soil can be used. The data gathering process is expected to complete in the summer, although we cannot say how long it will take for new permits to be issued thereafter. There remains a strong pent-up supply of inbound contaminated soil and TAG requiring treatment and we have maintained a pipeline of domestic and international customers for the cleaned soil.

In addition, we have over the past year continued our development project to further refine thermally treated soil into three secondary materials: gravel, sand and fly ash. We expect these can be sold for a positive consideration into the building materials market for use in asphalt, concrete and cement. We have been progressing the trials in a joint venture with a third party with around €0.8m of losses reported in results from joint ventures. We have received planning permission for the new process and we are developing our capability using a pilot line. The current production can be used to develop the customer base and to gain product certifications. A full size line capable of refining all the output from the thermal treatment process would then potentially be commissioned in early 2020. The economics of the new process are expected to be at least as good as the historic thermally treated soil outlet.

As a result of the soil offset issues, the Group incurred an exceptional charge of €6.5m relating to the logistics and storage off-site of around 760,000 tonnes of soil along with testing and legal costs.

The other core waste treatment processes for the Division performed well. Water intake and treatment at ATM increased compared to the prior year. Inbound volumes by truck and industrial sludge volumes remained weak but ship volumes were significantly stronger. Waste water throughput was over 804,000 tonnes, with a further 84,000 tonnes of sludges. Treatment of packed chemical waste through the pyro plant was broadly flat and the new inbound warehouse was installed during the second half of the year. The CFS water treatment facility in the southern part of the Netherlands did well, increasing profits by 17%.

Reym

The industrial cleaning market for our Reym business was challenging during the year while the ongoing recovery of the oil price is positive over time and helpful for volumes. However, there were fewer large customer shutdowns, as expected, and the ordering patterns of customers remained prone to late changes with a consequent impact on productivity.

We have introduced a range of pricing and initiatives in all our new contracts to counter changes in customer ordering patterns. Performance was stronger in the fourth quarter as a result and is expected to continue in 2019/20.

Divisional outlook

As previously announced, whilst we expect to resume shipments from ATM under an interim regime during the year, the timing of this is uncertain and therefore we have prudently assumed no such shipments for the purposes of the Group's financial forecasts for the year.

Monostreams

Divisional strategy

Monostreams incorporates Maltha, Coolrec, Mineralz and Orgaworld. All four focus on producing high quality products from specific source segregated input streams.

Financial performance

Monostreams had a disappointing 2018/19 after a successful first year. Revenue increased by 4% to €213m with strong revenue growth delivered at Mineralz and Orgaworld offset by a contraction at Coolrec. However, underlying EBIT fell by 29% to €12.9m. Both Maltha and Coolrec saw significant profit declines on prior year as a result of margin pressure from material price movements and operational issues. Margins fell by 290 basis points to 6.0% and return on operating assets by 750 basis points to 18.1%.

	Revenue				Underlying EBIT			
	Year ended				Year ended			
	Mar 19	Mar 18	Variance		Mar 19	Mar 18	Variance	
	€m	€m	€m	%	€m	€m	€m	%
Total	**213.3**	**204.4**	**8.9**	**4%**	**12.9**	**18.2**	**(5.3)**	**-29%**

	Underlying EBIT Margin		Return on Operating Assets	
Total	**6.0%**	**8.9%**	**18.1%**	**25.6%**

From 1 April 2018 the activities of van Tuijl have been transferred from Netherlands Commercial.
The return on operating assets excludes all landfill related provisions.

Operational review

The Coolrec business recycles e-waste and white goods into plastics and metals. Over the past year the business saw a sharp reduction in profitability due to changes in incoming waste streams, such as volume reduction in televisions, and rapid shifts in the value of certain recyclates, in particular non-ferrous aluminium. Two sites in Germany have been closed around year end and we have closed two underutilised production lines in Belgium. New management has been appointed to drive the reorganisation and future growth.

Our glass businesses saw operational challenges in two facilities in the Netherlands. We closed one on 1 April 2019 and we are working with Owens-Illinois, our 33% partner in Maltha, to improve performance at the other. The overall glass market is set for growth due to a shift from plastic towards glass products. We have put in place new management.

Mineralz delivered a solid year of profits with increased volumes from projects, regular landfill and soil-cleaning. Volumes and pricing from bottom ashes offset the positive volume growth.

Orgaworld delivered growth in volumes treated, in addition to growth in inbound green waste. Improved electricity productions and prices at the two anaerobic digesters also boosted profitability. Orgaworld is well placed in a dynamic market and provides important services to Renewi commercial clients such as the large supermarkets.

Divisional outlook

We expect progress at Monostreams, with some recovery in Coolrec and Maltha offset by a decline in Mineralz where increases in landfill tax cannot be passed on into the market because they compete with outlets not subject to tax.

Municipal

Divisional strategy

We are de-risking the business, simplifying the portfolio and delivering operational excellence in the remaining assets. As previously announced, the planned strategic disposal of our Canadian business is on track and progressing well.

Financial performance

The Municipal Division turned a loss of €10.6m in 2017/18 into an underlying EBIT of €2.3m during 2018/19 on revenues 3% lower at €213.5m. The drivers of performance were operational improvement, effective portfolio management to exit loss-making activity and the reporting of Wakefield as an onerous contract in 2018/19.

	Revenue				Underlying EBIT		
	Year ended				Year ended		
	Mar 19	Mar 18	Variance		Mar 19	Mar 18	Variance
	€m	€m	€m	%	€m	€m	€m
UK Municipal	195.2	200.5	(5.3)	-3%	0.8	(6.6)	7.4
Canada Municipal (discontinued)	18.3	18.8	(0.5)	-3%	1.5	(4.0)	5.5
Total	**213.5**	**219.3**	**(5.8)**	**-3%**	**2.3**	**(10.6)**	**12.9**

	Underlying EBIT Margin	
UK Municipal	0.4%	-3.3%
Canada Municipal (discontinued)	8.2%	-21.3%
Total	**1.1%**	**-4.8%**

Given the disposal process, the Canada business is held for sale at 31 March 2019 and meets the criteria of a discontinued operation.

The UK business reported revenues down 3% to €195m and made an underlying EBIT of €0.8m (2018: loss of €6.6m) as reported above. The key drivers of this were improvement in underlying operational performance of Cumbria, reduced losses from the sale of Westcott Park in March 2018 and one-off benefits from a rates rebate, offset by a €1.4m impact of lower recyclate prices and off-take challenges at East London (ELWA). These were supplemented by the impact of reporting the losses at Wakefield as an onerous contract. Performance at Barnsley, Doncaster and Rotherham (BDR) stabilised and improved with the contract reducing losses year on year despite underlying cost pressures with no impact on underlying EBIT. The exit from Dumfries and Galloway (D&G) has reduced ongoing onerous contract losses.

The Canadian business reported revenues down by 3% to €18.3m. A strong operational improvement resulted in an underlying EBIT of €1.5m compared to a loss of €4.0m in the prior year. All three facilities generated a profit and we were particularly pleased with the performance of the Surrey advance bio-fuel facility in its first year of operation.

Operational review - UK

The UK Municipal business has delivered an improved performance based on operational execution and portfolio management. This has been offset this year by issues at Derby and ELWA. We believe that all issues at UK Municipal have been provided for following the provisions and impairments taken this year.

Improving operational performance

Achieving stable operations gives Renewi a platform to drive continuous improvement through all contracts. This includes optimising operating costs, eliminating cost of failure, and reducing exposure to difficult offtake markets. Looking forward, an expanding continuous improvement programme will deliver further improvements.

Managing the portfolio

In March 2018, we sold our loss-making facility at Westcott Park saving annual losses of around c. €2m per annum going forward. In September 2018 we sold our 50% stake in Energen Biogas in Scotland for €20m, generating a profit on sale of €11m. In November 2018 we exited the loss-making and deteriorating operating contract held between Renewi and Shanks Dumfries and Galloway Limited regarding the D&G PFI contract for a cash cost of €12m.

Commissioning problems with the Derby PPP contract

In 2014, Renewi signed a contract to become the long term operator of a gasification facility at Derby as part of a PPP contract between Resource Recovery Solutions (Derbyshire) Limited (RRS), a joint venture between Renewi and the constructor, Interserve, and Derby City and Derbyshire County Councils. As previously reported, the facility is two years late in commissioning. We have supported our customer and insisted on not accepting the facility until it has properly passed acceptance tests such that it can be safely and profitably operated. Recognising the significant risks that the facility cannot be commissioned in a timely way, we have written off our historic €40m investment in the Derby project, taken a €7.6m provision for ongoing losses and assumed termination costs in the event that the contract comes to an end, and have provided €11.6m against delay damages which we believe are owed to us by Interserve but which remain outstanding.

ELWA and Brexit

We have therefore taken an impairment charge against our assets of €4m in ELWA as no longer considered recoverable. As previously announced, the only significant direct impact of Brexit on Renewi is at ELWA from where around 200,000 tonnes of refuse derived fuel (RDF) is exported to the Netherlands each year.

Operational review - Canada

Our Canadian business delivered a much improved performance over the prior year. The Surrey facility made an encouraging profit in its first full year of operation. Local market dynamics are moving favourably and improved industrial and commercial organic inputs and offtake contracts have been negotiated. London returned to full production after operational challenges in the prior year and made good progress in filling the facility with short and longer term contracts in a growing local market. At Ottawa planning is underway to amend the facility following successful resolution of a longstanding commercial dispute with the customer that will result in the enlarged facility being able to process a wider range of inputs that should increase diversion rates in the City.

Divisional outlook

We expect a reduced performance in the UK Municipal Division as a result of the anticipated loss of income from Derby. The Canadian business is now reported as discontinued operations.

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	Operating profit from continuing and discontinued operations excluding amortisation of intangible assets arising on acquisition, fair value remeasurements, non-trading and exceptional items	Provides insight into ongoing profit generation and trends
Underlying EBIT margin	Underlying EBIT as a percentage of revenue	Provides insight into ongoing margin development and trends
EBITDA	Underlying EBIT before depreciation, amortisation and profit or loss on disposal of plant, property and equipment for both continuing and discontinued operations	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 (including assets and liabilities of disposal groups classified as held for sale) 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 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 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
Net core cash flow	Cash flow from core net debt excluding loan fee amortisation and capitalisation, exchange movements and movements in PFI/PPP non-recourse net debt	Provides an understanding of total cash flow of the Group
Core net debt or core funding	Core net debt includes cash and cash equivalents but excludes the net debt relating to the UK PFI/PPP contracts	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
Non-trading and exceptional cash flow items	Synergy, integration, restructuring and transaction cash flows are presented in cash flows from operating activities and are included in the categories in note 5, net of opening and closing balance sheet positions.	Provides useful information on non-trading and exceptional cash flow spend
Underlying effective tax rate	The effective tax rate on underlying profit before tax	Provides a more comparable basis to analyse our tax rate

Consolidated Income Statement

For the year ended 31 March 2019

		2019			2018 Restated*		
	Note	**Underlying €m**	**Non-trading & exceptional items €m**	**Total €m**	Underlying €m	Non-trading & exceptional items €m	Total €m
CONTINUING OPERATIONS							
Revenue	3,4	**1,780.7**	**-**	**1,780.7**	1,760.3	-	1,760.3
Cost of sales	5	**(1,470.4)**	**(51.3)**	**(1,521.7)**	(1,430.0)	(79.6)	(1,509.6)
Gross profit (loss)		**310.3**	**(51.3)**	**259.0**	330.3	(79.6)	250.7
Administrative expenses		**(224.8)**	**(90.8)**	**(315.6)**	(247.8)	(35.5)	(283.3)
Operating profit (loss)	3,5	**85.5**	**(142.1)**	**(56.6)**	82.5	(115.1)	(32.6)
Finance income	6	**12.4**	**-**	**12.4**	12.6	-	12.6
Finance charges	6	**(35.8)**	**(9.4)**	**(45.2)**	(35.4)	-	(35.4)
Share of results from associates and joint ventures		**0.4**	**-**	**0.4**	2.6	-	2.6
Profit (loss) before taxation		**62.5**	**(151.5)**	**(89.0)**	62.3	(115.1)	(52.8)
Taxation	5,7	**(15.6)**	**28.0**	**12.4**	(15.7)	17.1	1.4
Profit (loss) for the year from continuing operations		**46.9**	**(123.5)**	**(76.6)**	46.6	(98.0)	(51.4)
DISCONTINUED OPERATIONS							
Profit (loss) for the year from discontinued operations	13	**1.4**	**(22.5)**	**(21.1)**	(3.1)	0.6	(2.5)
Profit (loss) for the year		**48.3**	**(146.0)**	**(97.7)**	43.5	(97.4)	(53.9)
Attributable to:							
Owners of the parent		**48.9**	**(141.7)**	**(92.8)**	43.0	(97.2)	(54.2)
Non-controlling interests		**(0.6)**	**(4.3)**	**(4.9)**	0.5	(0.2)	0.3
		48.3	**(146.0)**	**(97.7)**	43.5	(97.4)	(53.9)
Basic earnings (loss) per share attributable to owners of the parent (cent per share)							
Continuing operations	8	**5.9**	**(14.9)**	**(9.0)**	5.8	(12.3)	(6.5)
Discontinued operations	8	**0.2**	**(2.8)**	**(2.6)**	(0.4)	0.1	(0.3)
		6.1	**(17.7)**	**(11.6)**	5.4	(12.2)	(6.8)
Diluted earnings (loss) per share attributable to owners of the parent (cent per share)							
Continuing operations	8	**5.9**	**(14.9)**	**(9.0)**	5.8	(12.3)	(6.5)
Discontinued operations	8	**0.2**	**(2.8)**	**(2.6)**	(0.4)	0.1	(0.3)
		6.1	**(17.7)**	**(11.6)**	5.4	(12.2)	(6.8)

*The 2018 comparatives have been restated to reclassify discontinued operations and details are given in note 2 Basis of preparation.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2019

	2019 €m	Restated* 2018 €m
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign subsidiaries	**0.3**	(4.6)
Fair value movement on cash flow hedges	**2.1**	8.1
Deferred tax on fair value movement on cash flow hedges	**(0.2)**	(1.6)
Share of other comprehensive income of investments accounted for using the equity method	**0.2**	0.7
	2.4	2.6
Items that will not be reclassified to profit or loss:		
Actuarial gain on defined benefit pension schemes	**10.8**	3.4
Deferred tax on actuarial gain on defined benefit pension schemes	**(1.7)**	(0.7)
	9.1	2.7
Other comprehensive income for the year, net of tax	**11.5**	5.3
Loss for the year	**(97.7)**	(53.9)
Total comprehensive loss for the year	**(86.2)**	(48.6)
Attributable to:		
Owners of the parent	**(81.1)**	(49.5)
Non-controlling interests	**(5.1)**	0.9
Total comprehensive loss for the year	**(86.2)**	(48.6)
Total comprehensive loss attributable to owners of the parent arising from:		
Continuing operations	**(60.1)**	(46.7)
Discontinued operations	**(21.0)**	(2.8)
	(81.1)	(49.5)

*The 2018 comparatives have been restated to reclassify discontinued operations and details are given in note 2 Basis of preparation.

Consolidated Balance Sheet

As at 31 March 2019

	Note	**31 March 2019 €m**	Restated* 31 March 2018 €m	31 March 2017 €m
Assets				
Non-current assets				
Intangible assets	10	**605.6**	699.3	684.9
Property, plant and equipment	10	**629.1**	710.8	720.2
Investments		**15.9**	19.1	18.5
Loans to associates and joint ventures		**-**	15.7	16.6
Financial assets relating to PFI/PPP contracts		**149.8**	189.9	193.5
Trade and other receivables		**0.5**	5.3	3.6
Derivative financial instruments	16	**0.1**	0.6	0.4
Deferred tax assets		**38.6**	28.5	36.6
		1,439.6	1,669.2	1,674.3
Current assets				
Inventories		**26.0**	26.6	23.2
Investments		**5.9**	-	-
Loans to associates and joint ventures		**0.9**	6.8	6.7
Financial assets relating to PFI/PPP contracts		**6.0**	15.4	15.6
Trade and other receivables		**278.8**	294.1	274.6
Derivative financial instruments	16	**2.9**	1.6	-
Current tax receivable		**-**	0.1	0.1
Cash and cash equivalents		**50.4**	73.0	87.5
		370.9	417.6	407.7
Assets of disposal groups classified as held for sale		**162.4**	0.4	0.4
		533.3	418.0	408.1
Total assets		**1,972.9**	2,087.2	2,082.4
Liabilities				
Non-current liabilities				
Borrowings - PFI/PPP non-recourse net debt		**(92.6)**	(93.3)	(99.4)
Borrowings - Other		**(483.7)**	(558.9)	(564.1)
Derivative financial instruments	16	**(28.4)**	(33.3)	(35.1)
Other non-current liabilities		**(6.5)**	(7.7)	(6.0)
Deferred tax liabilities		**(56.1)**	(71.2)	(90.6)
Provisions	14	**(215.9)**	(230.1)	(171.9)
Defined benefit pension schemes deficit	15	**(11.9)**	(25.4)	(31.5)
		(895.1)	(1,019.9)	(998.6)
Current liabilities				
Borrowings - PFI/PPP non-recourse net debt		**(2.8)**	(1.3)	(2.4)
Borrowings - Other		**(118.7)**	(14.7)	(19.2)
Derivative financial instruments	16	**(4.4)**	(0.1)	(1.0)
Trade and other payables		**(518.6)**	(547.1)	(480.4)
Current tax payable		**(17.9)**	(20.9)	(16.8)
Provisions	14	**(55.4)**	(46.9)	(52.5)
		(717.8)	(631.0)	(572.3)
Liabilities of disposal groups classified as held for sale		**(40.5)**	-	-
		(758.3)	(631.0)	(572.3)
Total liabilities		**(1,653.4)**	(1,650.9)	(1,570.9)
Net assets		**319.5**	436.3	511.5
Equity				
Share capital		**99.5**	99.5	99.5
Share premium		**473.6**	473.6	473.4
Exchange reserve		**(17.9)**	(18.2)	(13.5)
Retained earnings		**(236.7)**	(124.7)	(53.1)
Equity attributable to owners of the parent		**318.5**	430.2	506.3
Non-controlling interests		**1.0**	6.1	5.2
Total equity		**319.5**	436.3	511.5

*The 2018 comparatives have been restated with details given in note 2 Basis of preparation.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2019

	Share capital €m	Share premium €m	Exchange reserve €m	Retained earnings €m	Non-controlling interests €m	Total equity €m
Balance at 1 April 2018	**99.5**	**473.6**	**(18.2)**	**(124.7)**	**6.1**	**436.3**
Loss for the year	**-**	**-**	**-**	**(92.8)**	**(4.9)**	**(97.7)**
Other comprehensive income (loss):						
Exchange gain on translation of foreign subsidiaries	**-**	**-**	**0.3**	**-**	**-**	**0.3**
Fair value movement on cash flow hedges	**-**	**-**	**-**	**2.3**	**(0.2)**	**2.1**
Actuarial gain on defined benefit pension schemes	**-**	**-**	**-**	**10.8**	**-**	**10.8**
Tax in respect of other comprehensive income items	**-**	**-**	**-**	**(1.9)**	**-**	**(1.9)**
Share of other comprehensive income of investments accounted for using the equity method	**-**	**-**	**-**	**0.2**	**-**	**0.2**
Total comprehensive income (loss) for the year	**-**	**-**	**0.3**	**(81.4)**	**(5.1)**	**(86.2)**
Share-based compensation	**-**	**-**	**-**	**0.8**	**-**	**0.8**
Movement on tax arising on share-based compensation	**-**	**-**	**-**	**(0.6)**	**-**	**(0.6)**
Own shares purchased by the Employee Share Trust	**-**	**-**	**-**	**(3.4)**	**-**	**(3.4)**
Dividends	**-**	**-**	**-**	**(27.4)**	**-**	**(27.4)**
Balance as at 31 March 2019	**99.5**	**473.6**	**(17.9)**	**(236.7)**	**1.0**	**319.5**
Balance at 1 April 2017	99.5	473.4	(13.5)	(53.1)	5.2	511.5
(Loss) profit for the year	-	-	-	(54.2)	0.3	(53.9)
Other comprehensive (loss) income:						
Exchange gain on translation of foreign subsidiaries	-	-	(4.7)	-	0.1	(4.6)
Fair value movement on cash flow hedges	-	-	-	7.6	0.5	8.1
Actuarial gain on defined benefit pension schemes	-	-	-	3.4	-	3.4
Tax in respect of other comprehensive income items	-	-	-	(2.3)	-	(2.3)
Share of other comprehensive income of investments accounted for using the equity method	-	-	-	0.7	-	0.7
Total comprehensive loss (income) for the year	-	-	(4.7)	(44.8)	0.9	(48.6)
Share-based compensation	-	-	-	2.1	-	2.1
Movement on tax arising on share-based compensation	-	-	-	(0.2)	-	(0.2)
Proceeds from exercise of employee options	-	0.2	-	-	-	0.2
Own shares purchased by the Employee Share Trust	-	-	-	(1.1)	-	(1.1)
Dividends	-	-	-	(27.6)	-	(27.6)
Balance as at 31 March 2018	99.5	473.6	(18.2)	(124.7)	6.1	436.3

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

Consolidated Statement of Cash Flows

For the year ended 31 March 2019

	2019 €m	Restated* 2018 €m
Loss before tax	**(89.0)**	(52.8)
Finance income	**(12.4)**	(12.6)
Finance charges	**45.2**	35.4
Share of results from associates and joint ventures	**(0.4)**	(2.6)
Operating loss from continuing operations	**(56.6)**	(32.6)
Operating loss from discontinued operations	**(21.0)**	(3.6)
Amortisation and impairment of intangible assets	**31.9**	18.2
Depreciation and impairment of property, plant and equipment	**99.5**	93.0
Loss on remeasurement of assets held for sale	**42.0**	-
(Gain) loss on disposal of property, plant and equipment	**(2.3)**	2.4
Exceptional loss allowance of loans to associates and joint ventures	**20.4**	-
Impairment of investments	**-**	1.1
Exceptional gain on disposal of joint venture	**(11.1)**	-
Outflows in respect of PPP arrangements under the financial asset model	**(1.7)**	(11.5)
Capital received in respect of PPP financial assets	**8.6**	-
Exceptional loss on disposal of property, plant and equipment	**-**	13.1
Exceptional gain on disposal of subsidiaries	**(0.3)**	-
Exceptional gain on insurance proceeds in relation to fires in the Netherlands and Belgium	**-**	(5.7)
Net (decrease) increase in provisions	**(16.9)**	51.7
Exceptional curtailment net of past service cost in relation to defined benefit pension schemes	**(0.1)**	-
Payments to fund defined benefit pension schemes deficit	**(3.4)**	(3.5)
Other non-cash items	**(2.2)**	-
Share-based compensation	**0.8**	2.1
Operating cash flows before movement in working capital	**87.6**	124.7
Decrease (increase) in inventories	**0.1**	(3.5)
Increase in receivables	**(5.3)**	(20.6)
Increase in payables	**4.4**	43.0
Cash flows from operating activities	**86.8**	143.6
Income tax paid	**(13.2)**	(7.6)
Net cash inflow from operating activities	**73.6**	136.0
Investing activities		
Purchases of intangible assets	**(5.7)**	(9.0)
Purchases of property, plant and equipment	**(101.8)**	(87.9)
Disposals of property, plant and equipment	**8.1**	4.8
Exceptional disposal of property, plant and equipment	**-**	(4.2)
Insurance proceeds in relation to fires in the Netherlands and Belgium	**-**	4.0
Acquisition of subsidiary, net of cash acquired	**-**	(6.4)
Acquisition of business assets	**(0.1)**	(0.2)
Proceeds from disposal of subsidiary	**7.4**	-
Purchase of joint venture	**(3.8)**	-
Net receipt (payment) of deferred consideration	**0.3**	(0.6)
Purchase of other short-term investments	**(5.9)**	-
Proceeds from disposal of joint venture	**20.2**	-
Dividends received from associates and joint ventures	**0.7**	1.4
Net repayment of loans granted to associates and joint ventures	**1.6**	0.2
Outflows in respect of PFI/PPP arrangements under the financial asset model	**(1.4)**	(2.3)
Capital received in respect of PFI/PPP financial assets	**4.4**	4.5
Finance income	**11.7**	11.3
Net cash outflow from investing activities	**(64.3)**	(84.4)
Financing activities		
Finance charges and loan fees paid	**(29.4)**	(30.4)
Proceeds from share issues	-	0.3
Investment in own shares by the Employee Share Trust	**(3.4)**	(1.1)
Dividends paid	**(27.4)**	(27.6)
Proceeds from bank borrowings	**40.3**	12.6
Repayment of PFI/PPP net debt	**(0.6)**	(4.7)
Repayments of obligations under finance leases	**(11.8)**	(15.1)
Net cash outflow from financing activities	**(32.3)**	(66.0)
Net decrease in cash and cash equivalents	**(23.0)**	(14.4)
Effect of foreign exchange rate changes	**0.4**	(0.1)
Cash and cash equivalents at the beginning of the year	**73.0**	87.5
Cash and cash equivalents at the end of the year	**50.4**	73.0

* The 2018 comparatives have been restated to reclassify discontinued operations and details are given in note 2 Basis of preparation.

Notes to the Consolidated Financial Statements

1. General information

Renewi plc is a public limited company listed on the London Stock Exchange and is incorporated and domiciled in Scotland under the Companies Act 2006, registered number SC077438. The address of the registered office is 16 Charlotte Square, Edinburgh, EH2 4DF. The nature of the Group's operations and its principal activities are set out in note 3.

2. Basis of preparation

The figures and financial information for the year ended 31 March 2019 are extracted from but do not constitute the statutory financial statements for that year. The figures and financial information are audited. The Income Statement, Statement of comprehensive income, Statement of changes in equity and Statement of cash flows for the year ended 31 March 2018 and the Balance sheet as at 31 March 2018 have been derived from the full Group accounts published in the Annual Report and Accounts 2018 and restated into Euros as explained below. These have been delivered to the Registrar of Companies and on which the report of the independent auditors was unqualified and did not contain a statement under section 498 of the Companies Act 2006. The statutory accounts for the year ended 31 March 2019 will be filed with the Registrar of Companies in due course.

The consolidated financial statements are 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 therefore comply with Article 4 of the EU IAS Regulation and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Group has applied all accounting standards and interpretations issued relevant to its operations and effective for accounting periods beginning on 1 April 2018. The IFRS accounting policies have been applied consistently to all periods presented and throughout the Group for the purpose of the consolidated financial statements.

Changes in presentational currency

On 12 July 2018, the Group announced that from the beginning of the current financial year the currency in which it presents its consolidated financial results and consolidated financial statements would change from Sterling to Euros to reflect that the majority of the Group's revenues and costs are Euro denominated. The comparative information has been restated in Euros in accordance with the guidance in IAS 21 The effects of changes in foreign exchange rates.

Changes in presentation

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

Comparative information

In accordance with IFRS 3 Business Combinations the comparative information in the consolidated balance sheet for the year ended March 2018 has been restated for acquisition accounting adjustments in relation to the Hazardous Waste acquisition in the prior year and the impacts of the restatement are set out in note 12.

2. Basis of preparation - continued

Changes in accounting policies

There were two new standards adopted for the first time for the Group's financial year that had an impact on the Group's financial statements.

Accounting standard	Requirements
IFRS 15 Revenue from Contracts with Customers and IFRS 15 (amendment)	The Group has adopted IFRS 15 from 1 April 2018 and no prior year restatements are required as the impact is immaterial. The Group has amended its accounting policies which are explained in note 4.
IFRS 9 Financial Instruments	The Group has adopted IFRS 9 from 1 April 2018 which introduces new requirements for the classification and measurement of financial assets and financial liabilities, impairments for financial assets and hedge accounting. The Group has adopted the new rules retrospectively but has not identified any material amendments to the prior period therefore no restatement is required.

New standards and interpretations not yet adopted

Standards and interpretations issued by the International Accounting Standards Board (IASB) are only applicable if endorsed by the European Union. At the date of approval of these financial statements, the following standard was endorsed and effective for annual periods beginning on or after 1 January 2019:

Accounting standard	Transition	Impact on financial statements
IFRS 16 Leases	The Group will apply IFRS 16 from its mandatory adoption date of 1 April 2019. The Group intends to apply the modified retrospective approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for certain leases will be measured on transition as if the new rules have always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption, adjusted for any prepaid or accrued lease expenses and onerous contracts. In addition, the Group will elect the following main practical expedients and will apply these consistently to all of our leases: • to exempt short-term leases and low value items; and • to not separate lease and non-lease components.	The most significant changes are the recognition of right-of-use assets and lease liabilities for operating leases. Based on the information currently available the Group expects to recognise on 1 April 2019 right-of-use assets of €171m and lease liabilities of €177m, the current part of the lease liability is €25m.

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.

Exchange Rates

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

	Closing rates			Average rates		
Value of €1	**31 March 2019**	31 March 2018	Change	**2019**	2018	Change
Sterling	0.862	0.876	(1.6)%	0.895	0.879	1.8%
Canadian Dollar	1.500	1.586	(5.4)%	1.530	1.520	0.7%

2. Basis of preparation - continued

Underlying business performance

The Group uses alternative performance measures as we believe these measures provide additional useful information on the underlying trends, performance and position of the Group. These underlying measures are used by the Group for internal performance analysis and incentive compensation arrangements for employees. The term 'underlying' refers to the relevant measure being reported for continuing operations excluding non-trading and exceptional items. These include underlying earnings before interest and tax (underlying EBIT), underlying profit before tax, underlying profit after tax, underlying free cash flow, underlying earnings per share and EBITDA (earnings before interest, tax, depreciation and amortisation). The terms 'EBIT', 'exceptional items' and 'underlying' are not defined terms under IFRS and may therefore not be comparable with similarly titled profit measures reported by other companies. They are not intended to be a substitute for, or superior to, GAAP measurements of profit. A full list of alternative performance measures and non-IFRS measures together with reconciliations are set out on page 24 and note 18.

Non-trading and exceptional items

Items classified as non-trading and exceptional are disclosed separately due to their size or incidence to enable a better understanding of performance. These include, but are not limited to, significant impairments, significant restructuring of the activities of an entity including employee associated severance costs, acquisition and disposal related transaction costs, integration costs, synergy delivery costs, significant fires, onerous contracts arising from restructuring activities or if significant in size, profit or loss on disposal of properties or subsidiaries as these are irregular, the change in fair value of non-hedged derivatives, ineffectiveness of derivative financial instruments, the impact of changing the discount rate on provisions and amortisation of acquisition intangibles. The Group incurs costs each year in maintaining intangible assets which include acquired customer relationships, permits and licences and excludes amortisation of these assets from underlying EBIT to avoid double counting such costs within underlying results. A full listing of those items presented as non-trading and exceptional is shown in note 5.

3. Segmental reporting

The Group's chief operating decision maker is considered to be the Board of Directors. The Group's reportable segments are determined with reference to the information provided to the Board of Directors in order for it to allocate the Group's resources and to monitor the performance of the Group are set out below.

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

The Commercial Waste reportable segment includes the Netherlands and Belgium operating segments which have been aggregated and reported as one reportable segment as they operate in similar markets in relation to the nature of the products, services, processes and type of customer.

The Municipal Canada disposal meets the definition of a discontinued operation as stated in IFRS 5 Non-current assets held for sale and discontinued operations, the net results are presented as discontinued operations.

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, non-trading and exceptional items. The Group accounts for inter-segment trading on an arm's length basis.

3. Segmental reporting – continued

Revenue	2019 €m	Restated* 2018 €m
Netherlands Commercial Waste	**764.7**	736.9
Belgium Commercial Waste	**430.8**	422.2
Intra-segment	**(1.1)**	(0.9)
Commercial Waste	**1,194.4**	1,158.2
Hazardous Waste	**211.3**	231.0
Monostreams	**213.3**	204.4
Municipal	**195.2**	200.5
Inter-segment revenue	**(33.5)**	(33.8)
Total revenue from continuing operations	**1,780.7**	1,760.3

* The comparatives have been restated to classify the Canada Municipal segment as a discontinued operation.

Results	2019 €m	Restated* 2018 €m
Netherlands Commercial Waste	**53.2**	44.0
Belgium Commercial Waste	**33.3**	29.3
Commercial Waste	**86.5**	73.3
Hazardous Waste	**7.0**	19.9
Monostreams	**12.9**	18.2
Municipal	**0.8**	(6.6)
Group central services	**(21.7)**	(22.3)
Total underlying EBIT	**85.5**	82.5
Non-trading and exceptional items (note 5)	**(142.1)**	(115.1)
Total operating loss from continuing operations	**(56.6)**	(32.6)
Finance income	**12.4**	12.6
Finance charges	**(35.8)**	(35.4)
Finance charges – non trading and exceptional items	**(9.4)**	-
Share of results from associates and joint ventures	**0.4**	2.6
Loss before taxation and discontinued operations	**(89.0)**	(52.8)

* The comparatives have been restated to classify the Canada Municipal segment as a discontinued operation.

4. Revenue

The Group has adopted IFRS 15 Revenue from Contracts with Customers from 1 April 2018 and has amended its accounting policies. In accordance with the new rules the Group elected to apply the cumulative effect method and after a detailed assessment the Group has identified no material impact. Under IFRS 15 revenue is defined as income arising in the course of the Group's ordinary activities and is recognised when control of goods or services transfer to the customer and is allocated to individual performance obligations.

In the Commercial segment where the contract with a customer includes the collection of waste with a positive value, the transaction price includes an element of non-cash consideration. This has resulted in a change in accounting policy which increases revenue with a corresponding increase in cost of sales for the value of the waste collected with no impact on or change to operating profit.

Revenue recognition criteria for the key types of services have been examined, determined and documented on a divisional level, based on the general and specific contracts with customers and applicable revenue types for each division and are as follows:

Inbound revenue relates to the collection and/or processing of waste. The transaction price is based on contractually agreed prices for collecting and processing the waste and differs depending upon the nature of the contract – contracts can be an all-in-tariff, split between rent, processing and transport or on a price per tonne basis. Due to the very short time period between the start and completion of the performance obligations (usually on the same day), the revenue recognition and the allocation of the transaction price over performance obligations is usually straightforward and dependent on the daily collection and processing of the waste.

- **Waste collection services**: revenue is recognised at the point in time when the waste is delivered to our transfer stations or to a third party processing facility.
- **Waste processing services:** where the Group's revenue contracts include an obligation to process waste, revenue is recognised over time as processing occurs.

Outbound revenue relates to the sale of recyclate materials and products from waste and the generation of power from gas. The transaction price is agreed with the customer either in a contract or in relation to a market index and is charged based on tonnage or kilowatt hour and in some situations will include an additional charge for transport services.

- **Sale of recyclate materials and products from waste:** revenue is based on contractually agreed prices and is recognised at a point in time when the risks and rewards related to the goods have passed to the buyer.
- **Income from power generation revenue:** from gas produced by processes at anaerobic digestion facilities and landfill sites is recognised at a point in time based on the volumes of energy produced and an estimation of the amount to be received.

On-site revenue relates to activities and services provided to the customer on their own site, mainly cleaning services at customer installations. The transaction price can be a contracted lump-sum or is charged by applying a fixed price by hour, litre or item depending on the nature of the contract.

- **Hazardous waste industrial cleaning:** revenue is recognised over time by reference to the stage of completion based on services performed to date.

Other includes delayed damages in the Municipal Division and other sundry items.

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

Revenue by type of service	Commercial Waste €m	Hazardous Waste €m	Monostreams €m	Municipal €m	Inter-segment €m	**Total €m**
2019						
Inbound	**969.2**	**91.5**	**71.7**	**167.3**	**(23.5)**	**1,276.2**
Outbound	**151.5**	**4.1**	**138.9**	**5.9**	**(2.2)**	**298.2**
On-Site	**44.2**	**115.7**	**-**	**-**	**(6.3)**	**153.6**
Other	**29.5**	**-**	**2.7**	**22.0**	**(1.5)**	**52.7**
Total revenue	**1,194.4**	**211.3**	**213.3**	**195.2**	**(33.5)**	**1,780.7**
2018						
Inbound	919.9	110.5	60.8	163.8	(27.4)	1,227.6
Outbound	179.3	19.1	141.2	7.6	(2.7)	344.5
On-Site	44.1	101.4	-	-	(3.7)	141.8
Other	14.9	-	2.4	29.1	-	46.4
Total revenue	1,158.2	231.0	204.4	200.5	(33.8)	1,760.3

4. Revenue - continued

Revenue by geographic market	Commercial Waste €m	Hazardous Waste €m	Monostreams €m	Municipal €m	Inter-segment €m	**Total €m**
2019						
Netherlands	**764.0**	**211.3**	**113.9**	**-**	**(31.2)**	**1,058.0**
Belgium	**430.4**	**-**	**62.6**	**-**	**(2.3)**	**490.7**
UK	**-**	**-**	**-**	**195.2**	**-**	**195.2**
France	**-**	**-**	**24.2**	**-**	**-**	**24.2**
Other	**-**	**-**	**12.6**	**-**	**-**	**12.6**
Total revenue	**1,194.4**	**211.3**	**213.3**	**195.2**	**(33.5)**	**1,780.7**
2018						
Netherlands	736.3	231.0	97.5	-	(29.4)	1,035.4
Belgium	421.9	-	71.7	-	(4.4)	489.2
UK	-	-	-	200.5	-	200.5
France	-	-	23.1	-	-	23.1
Other	-	-	12.1	-	-	12.1
Total revenue	1,158.2	231.0	204.4	200.5	(33.8)	1,760.3

Revenue recognised at a point in time amounted to €1,576.8m (2018: €1,540.3m) with the remainder recognised over time. The majority of the Commercial, Municipal and Monostreams revenue is recognised at a point in time, whereas for Hazardous Waste the majority is recognised over time.

5. Non-trading and exceptional items

To improve the understanding of the Group's financial performance, items which are not considered to reflect the underlying performance are presented in non-trading and exceptional items.

	2019 €m	2018 €m
Merger related costs:		
Synergy delivery costs – cash	**32.1**	13.9
Synergy delivery costs – non-cash	**12.1**	2.6
Integration costs – cash	**12.5**	8.5
Integration costs – non-cash	**0.1**	-
	56.8	25.0
Portfolio management activity:		
Disposals	**(11.0)**	-
Loss on remeasurement of assets held for sale	**19.5**	-
Acquisition costs	**0.2**	0.5
UK Municipal	**-**	25.6
	8.7	26.1
Other items:		
UK Municipal – Derby contract issues	**59.3**	-
ATM soil issues	**6.5**	2.9
UK Municipal – Other contract issues	**5.0**	56.9
IAS 19 Employee benefits pension curtailment and past service costs	**(0.1)**	-
Income relating to fires	**(0.5)**	(2.6)
Restructuring charges	**-**	0.1
	70.2	57.3
Exceptional finance charges – Derby contract issues	**5.0**	-
Ineffectiveness on cash flow hedges	**4.3**	-
Change in fair value of derivatives at fair value through profit or loss	**0.1**	-
Amortisation of acquisition intangibles	**6.4**	6.7
Non-trading and exceptional items in loss before tax (continuing operations)	**151.5**	115.1
Tax on non-trading and exceptional items	**(12.4)**	(9.3)
Exceptional tax credit	**(15.6)**	(7.8)
Non-trading and exceptional items in loss after tax (continuing operations)	**123.5**	98.0
Discontinued operations	**22.5**	(0.6)
Total non-trading and exceptional items in loss after tax	**146.0**	97.4

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

Merger related costs
Due to the significance of the merger on the Group and the associated synergy delivery projects, these costs are considered to be exceptional. Synergy delivery costs of €44.2m (2018: €16.5m) and integration costs of €12.6m (2018: €8.5m) were incurred as the Group executes merger plans for generating value. Synergy delivery costs include €12.1m of non-cash impairments principally relating to businesses in the Monostreams division due to underperformance of the glass operations in the Netherlands and the simplification of the range of products at Coolrec. The total cost of €56.8m (2018: €25.0m) was split €29.5m (2018: €4.9m) in cost of sales and €27.3m (2018: €20.1m) in administrative expenses.

Portfolio management activity
The disposals credit includes the profit on the sale of the Group's share in the UK joint venture, Energen Biogas of €11.1m, the profit on sale of transferring 50% of a Hazardous Waste ATM subsidiary to a joint venture net of initial fees relating to the ongoing disposal process for the Canada and Reym businesses.

As announced on 8 November 2018 the Municipal Canada and Hazardous Waste Reym industrial cleaning business are being sold. Active disposal programmes are underway and the criteria as set out for assets held for sale have been met. As a result, the carrying value of the Reym disposal group has been assessed which has resulted in a loss on remeasurement of assets held for sale of €19.5m. This remeasurement has been allocated against goodwill and has been recorded in administrative expenses.

5. Non-trading and exceptional items – continued

Further transaction costs of €0.2m (2018: €0.5m) relating to the merger of Van Gansewinkel Groep BV (VGG) have been incurred in the year, principally comprising legal and other advisory costs. These are considered exceptional as part of the overall total transaction costs

The prior year UK Municipal charge of €25.6m included the exit of its loss-making anaerobic digestion facility at Westcott Park and the decision to initiate the termination of the D&G PFI operating contract which was completed on 10 September 2018.

The total cost of €8.7m (2018: €26.1m) was split €nil (2018: €9.4m) in cost of sales and €8.7m (2018: €16.7m) in administrative expenses.

Other items

As previously communicated the Derby facility is two years late in commissioning and recognising the significant risk that the facility cannot be commissioned in a timely manner with the possibility of termination as subsequent to year end an intention to terminate was received, there has been an impact on the historic investment in this project which includes the original subordinated debt investment of €20.4m, goodwill of €4.3m and other intangible assets of €10.6m. In addition, we have set up an onerous contract provision for €7.6m to cover ongoing losses and assumed termination costs in the event that the project fails, a loss allowance against €11.6m of delay damages which we believe are owed to us by the constructor Interserve but have remained unpaid for a period of time and accelerated the charge in relation to a prepayment of €4.8m.

The charge for ATM soil issues of €6.5m (2018: €2.9m) relates to the soil offset market issue and includes additional costs of logistics, off-site storage, testing and legal advice.

The charge for UK Municipal other contract issues includes an onerous contract provision of €1.8m in relation to the ELWA contract due to anticipated additional costs net of a release of €0.9m for the Elstow contract where a renegotiation has resulted in the provision set up in a prior year being no longer required. In addition, €4.1m (2018: €2.2m) of historic contract right intangibles and plant and equipment relating to the ELWA contract have also been impaired as these are no longer considered recoverable over the remaining life of the contract. The prior year charge of €59.7m related to additional provisions of €30.7m and €33.5m at BDR and Wakefield respectively given the financial and operational performance of these assets.

The net IAS 19 Employee benefits credit includes a past service charge of €2.0m for the UK defined benefit pension scheme as a result of the impact of the 2018 Court ruling for guaranteed minimum pension equalisation along with a curtailment gain of €2.1m which arose as the principal Dutch legacy VGG defined benefit pension scheme was closed.

The net credit of €0.5m was the result of final insurance settlements relating to significant fires at two Commercial sites in the prior year.

The total charge of €70.2m (2018: €57.3m) was split €15.4m (2018: €58.6m) in cost of sales and €54.8m (2018: €1.3m credit) in administrative expenses.

Items recorded in finance costs

The exceptional finance costs include a loss allowance against the interest receivable on the subordinated debt in relation to the Derby UK Municipal contract as described above. A revised repayment programme for the Cumbria PFI project borrowings has led to ineffectiveness being recognised for the related interest rate swap.

Amortisation of acquisition intangibles

Amortisation of intangible assets acquired in business combinations of €6.4m (2018: €6.7m) is all recorded in cost of sales.

Exceptional tax

The exceptional tax credit of €15.6m (2018: €7.8m) relates to the change in tax rates and the recognition of tax losses in in the Netherlands and further details are given in note 7.

Discontinued

The carrying value of the Canadian disposal group has been assessed which has resulted in a loss on remeasurement of assets held for sale of €22.5m. This remeasurement has been allocated against goodwill, intangible assets and property, plant and equipment and has been recorded in discontinued administrative expenses.

6. Net finance charges

	2019 €m	Restated* 2018 €m
Finance charges		
Interest payable on borrowings	**17.1**	17.7
Interest payable on PFI/PPP non-recourse net debt	**7.8**	8.0
Unwinding of discount on provisions	**8.4**	6.3
Interest charge on the retirement benefit schemes	**0.6**	0.7
Amortisation of loan fees	**0.8**	0.4
Other finance costs	**1.1**	2.3
Total finance charges before non-trading and exceptional items	**35.8**	35.4
Finance income		
Interest receivable on financial assets relating to PFI/PPP contracts	**(9.5)**	(9.7)
Unwinding of discount on deferred consideration receivable	**(0.2)**	(0.2)
Interest receivable on other loans and receivables	**(2.7)**	(2.7)
Total finance income before non-trading and exceptional items	**(12.4)**	(12.6)
Non-trading and exceptional items		
Change in fair value of derivatives at fair value through profit or loss	**0.1**	-
Ineffectiveness on cash flow hedges	**4.3**	-
Exceptional finance charges	**5.0**	-
Non-trading and exceptional items	**9.4**	-
Net finance charges	**32.8**	22.8

*The comparatives have been restated to classify the Canada Municipal segment as a discontinued operation.

7. Taxation

The tax credit based on the loss for the year from continuing operations is made up as follows:

	2019 €m	Restated* 2018 €m
Current tax		
UK corporation tax		
- Current year	**1.5**	1.4
Overseas tax		
- Current year	**10.1**	10.4
- Prior year	**(0.4)**	0.2
Total current tax charge	**11.2**	12.0
Deferred tax		
- Origination and reversal of temporary differences in the current year	**(23.8)**	(13.2)
- Adjustment in respect of the prior year	**0.2**	(0.2)
Total deferred tax credit	**(23.6)**	(13.4)
Total tax credit for the year	**(12.4)**	(1.4)

*The comparatives have been restated to classify the Canada Municipal segment as a discontinued operation.

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

In view of the performance of the integrated Netherlands Commercial business in the current year and the Group's forecasts for future profitability of the Netherlands business, an exceptional tax credit of €10.5m has been recognised in relation to the utilisation of tax losses of the legacy Van Gansewinkel Netherlands businesses included in the Dutch fiscal unity that can reasonably be expected in the coming years. In addition, there is an exceptional tax charge of €1.2m for the impairment of the deferred tax asset brought forward in respect of Maltha Netherlands fiscal unity losses.

For the accounting period ended 31 March 2019, the standard Netherlands corporate income tax rate was 25% and this will remain the case for the period ending 31 March 2020. Under the corporate tax reform enacted by the Dutch government on 18 December 2018, the rate will reduce to 22.55% for the period ending 31 March 2021 and 20.50% for the period ending 31 March 2022 and subsequent periods. As a result, Netherlands deferred tax has been calculated at the substantively enacted rates depending on when the timing differences are expected to reverse. This has resulted in an exceptional tax credit of €6.3m in the current year.

8. Earnings per share

	2019			2018 Restated*		
	Earnings €m	**Weighted average number of shares million**	**Earnings per share cent**	Earnings €m	Weighted average number of shares million	Earnings per share cent
Underlying profit after tax	**46.9**			46.6		
Non-controlling interests	**0.6**			(0.5)		
Underlying earnings per share attributable to owners of the parent	**47.5**	**796.7**	**5.9**	46.1	799.9	5.8
Adjustments:						
Non-trading and exceptional items	**(151.5)**			(115.1)		
Tax on non-trading and exceptional items	**12.4**			9.3		
Exceptional tax	**15.6**			7.8		
Non-controlling interests	**4.3**			0.2		
Basic loss per share attributable to owners of the parent	**(71.7)**	**796.7**	**(9.0)**	(51.7)	799.9	(6.5)
Dilutions	**-**	**0.1**	**-**	-	0.5	-
Diluted loss per share attributable to owners of the parent	**(71.7)**	**796.8**	**(9.0)**	(51.7)	800.4	(6.5)
Underlying earnings per share attributable to owners of the parent	**47.5**	**796.7**	**5.9**	46.1	799.9	5.8
Dilutions	**-**	**0.1**	**-**	-	0.5	-
Underlying diluted earnings per share attributable to owners of the parent	**47.5**	**796.8**	**5.9**	46.1	800.4	5.8
Discontinued operations						
Basic loss per share attributable to owners of the parent	**(21.1)**	**796.7**	**(2.6)**	(2.5)	799.9	(0.3)
Diluted loss per share attributable to owners of the parent	**(21.1)**	**796.8**	**(2.6)**	(2.5)	800.4	(0.3)
Underlying loss per share attributable to owners of the parent	**1.4**	**796.7**	**0.2**	(3.1)	799.9	(0.4)
Underlying diluted loss per share attributable to owners of the parent	**1.4**	**796.8**	**0.2**	(3.1)	800.4	(0.4)

*The comparatives have been restated to classify the Canada Municipal segment as a discontinued operation.

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

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

9. Dividends

	2019 €m	2018 €m
Amounts recognised as distributions to equity holders in the year:		
Final dividend paid for the year ended 31 March 2018 of 2.1 pence per share (2017: 2.1 pence)	18.9	19.0
Interim dividend paid for the year ended 31 March 2019 of 0.95 pence per share (2018: 0.95 pence)	8.5	8.6
	27.4	27.6
Proposed final dividend for the year ended 31 March 2019 of 0.5 pence per share (2018: 2.1 pence)	4.6	18.9
Total dividend per share (pence)	1.45p	3.05p

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

	Goodwill €m	Intangible assets €m	Property, plant and equipment €m	Total €m
Net book value at 1 April 2017	597.1	87.8	720.2	1,405.1
Additions	-	10.7	93.9	104.6
Acquisition through business combination	14.1	0.3	8.7	23.1
Disposals	-	-	(15.6)	(15.6)
Amortisation and depreciation	-	(14.5)	(89.7)	(104.2)
Impairment	-	(3.7)	(3.3)	(7.0)
Exchange	(0.1)	(0.6)	(3.4)	(4.1)
Net book value at 31 March 2018	611.1	80.0	710.8	1,401.9
Purchase price allocation adjustment (note 12)	8.2	-	-	8.2
Net book value at 31 March 2018 - restated	619.3	80.0	710.8	1,410.1
Additions	-	4.9	103.6	108.5
Acquisition through business combinations	-	0.1	-	0.1
Disposals	(5.1)	(0.2)	(13.5)	(18.8)
Transfer to disposal groups classified as held for sale (note 13)	(57.3)	(4.9)	(73.9)	(136.1)
Amortisation and depreciation	-	(13.3)	(89.7)	(103.0)
Impairment	(4.3)	(14.3)	(10.3)	(28.9)
Reversal of prior year impairment charge	-	-	0.5	0.5
Exchange	0.1	0.6	1.6	2.3
Net book value at 31 March 2019	**552.7**	**52.9**	**629.1**	**1,234.7**

At 31 March 2019, the Group had property, plant and equipment capital commitments of €15.7m (2018: €19.2m).

11. Borrowings

At 31 March 2019, the Group had a core Euro denominated multicurrency green bank facility of €575m (2018: €575m) including a €137.5m (2018: €143.8m) term loan and a €412.5m (2018: €431.2m) revolving credit facility. The bank facility matures on 18 May 2023 and is subject to two one-year extension options. At 31 March 2019 the term loan was fully drawn and €212.2m (2018: €196.3m) of the revolving credit facility was drawn for borrowings in Euros, Canadian dollars and Sterling. In December 2018 a €25m green Euro private placement facility (EUPP) was incorporated into the main banking facility and was fully drawn. The remaining €202.4m (2018: €233.9m) was available for drawing under the revolving credit facility of which €52.6m (2018: €52.6m) was utilised for ancillary guarantee facilities. In addition, the Group had two issues of retail bonds of €100m each expiring in July 2019 and June 2022.

Movement in net debt	At 1 April 2018	Cash flows	Other non-cash changes	Transferred to disposal groups classified as held for sale	Exchange movements	**At 31 March 2019**
	€m	€m	€m	€m	€m	**€m**
Cash and cash equivalents	73.0	(23.0)	-	-	0.4	**50.4**
Bank loans and overdrafts	(335.4)	(15.3)	2.0	-	(6.3)	**(355.0)**
EU private placement	-	(25.0)	0.5	-	-	**(24.5)**
Retail bonds	(199.3)	-	(0.3)	-	-	**(199.6)**
Finance leases	(38.9)	11.8	(0.4)	4.2	-	**(23.3)**
Total core net debt	(500.6)	(51.5)	1.8	4.2	(5.9)	**(552.0)**
PFI/PPP non-recourse net debt	(94.6)	0.6	-	-	(1.4)	**(95.4)**
Total net debt	(595.2)	(50.9)	1.8	4.2	(7.3)	**(647.4)**

Analysis of movement in net debt	**2019 €m**	2018 €m
Net decrease in cash and cash equivalents	**(23.0)**	(14.4)
Net (increase) decrease in borrowings and finance leases	**(27.9)**	7.2
Capitalisation of loan fees	**3.0**	1.1
Total cash flows in net debt	**(47.9)**	(6.1)
Finance leases entered into during the year	**(0.4)**	(1.1)
Amortisation of loan fees	**(0.8)**	(0.4)
Transferred to disposal groups classified as held for sale	**4.2**	-
Exchange (loss) gain	**(7.3)**	10.0
Movement in net debt	**(52.2)**	2.4
Net debt at beginning of year	**(595.2)**	(597.6)
Net debt at end of year	**(647.4)**	(595.2)

12. Acquisitions and disposals

Prior year acquisitions

In December 2017 ATM in the Hazardous Waste division acquired MVO Moerdijk BV, subsequently renamed ATM Terra BV, for a consideration of €7.2m. At 31 March 2018 the fair values of the total identifiable net liabilities acquired was provisional. These have now been retrospectively adjusted to reflect new information obtained about the facts and circumstances of the acquisition. The impact of the restatement has been to increase the net liabilities by €8.2m resulting in final goodwill of €17.2m for the acquisition representing the possibilities for strategic expansion.

Disposals

On 30 August 2018 the UK joint venture Energen Biogas was sold for €20.2m generating a profit on disposal of €11.1m.

On 27 September 2018 the Hazardous Waste division sold 50% of the shareholding of ATM Terra BV for €3.6m. On that date the entity changed its name to AP4Terra BV.

13. Assets held for sale and discontinued operations

At 31 March 2018 the Group had €0.4m of property, plant and equipment held for sale being a piece of land on the Maarheeze site in the Netherlands which was sold during the year ended March 2019.

On 8 November 2018 the Group announced its intention to exit Municipal Canada and the Hazardous Waste Reym industrial cleaning business. Active programmes are underway therefore the assets and liabilities are presented as held for sale at 31 March 2019 as the criteria set out in IFRS 5 Non-current assets held for sale and discontinued operations have been met. Both disposals are expected to be completed within the next 12 months.

Assets classified as held for sale and the related liabilities are as follows:

	Carrying value transferred to disposal groups €m	Remeasurement under IFRS 5 €m	Carrying value under IFRS 5 €m
Goodwill	57.3	(33.5)	23.8
Other Intangible assets	4.9	(1.6)	3.3
Property, plant and equipment	73.9	(6.9)	67.0
Financial assets relating to PFI/PPP contracts	44.0	-	44.0
Trade and other receivables	23.6	-	23.6
Inventories	0.7	-	0.7
Total assets held for sale	**204.4**	**(42.0)**	**162.4**
Trade and other payables	(30.6)	-	(30.6)
Provisions	(0.8)	-	(0.8)
Finance leases	(4.2)	-	(4.2)
Tax	(4.9)	-	(4.9)
Total liabilities relating to assets held for sale	**(40.5)**	-	**(40.5)**
Net assets held for sale	**163.9**	**(42.0)**	**121.9**

The carrying value of the disposal groups has been assessed against the anticipated proceeds less the disposal costs and this has resulted in a loss on remeasurement of the assets held for sale of €42.0m. The remeasurement has been allocated against goodwill, other intangibles and property plant and equipment. The charge has been recognised in the Income Statement as an exceptional administrative expense with €19.5m in continuing operations and €22.5m in discontinued operations.

13. Assets held for sale and discontinued operations - continued

Discontinued operations

The Municipal Canada disposal meets the definition of a discontinued operation as stated in IFRS 5 Non-current assets held for sale and discontinued operations, therefore the net results are presented as discontinued operations in the Income Statement and the prior year Income Statement and Cash Flow Statement comparatives have been restated.

Income statement in relation to the discontinued operations:

	2019	2018 Restated*		
	Canada €m	Canada €m	UK €m	Total €m
Revenue	**18.3**	18.8	-	18.8
Cost of sales	**(16.0)**	(21.0)	-	(21.0)
Gross profit	**2.3**	(2.2)	-	(2.2)
Administrative expenses	**(0.8)**	(1.8)	(0.2)	(2.0)
Operating profit (loss) before exceptional and non-trading items	**1.5**	(4.0)	(0.2)	(4.2)
Exceptional and non-trading items	**(22.5)**	-	0.6	0.6
Operating (loss) profit	**(21.0)**	(4.0)	0.4	(3.6)
Finance income	**1.3**	1.3	-	1.3
Finance charges	**(1.5)**	(1.2)	-	(1.2)
(Loss) profit before tax on discontinued operations	**(21.2)**	(3.9)	0.4	(3.5)
Taxation	**0.1**	1.0	-	1.0
(Loss) profit after tax on discontinued operations	**(21.1)**	(2.9)	0.4	(2.5)

*The comparatives have been restated to classify the Canada Municipal segment as a discontinued operation.

Cash flow information in relation to the discontinued operations:

	2019 €m	2018 €m
Net cash inflow (outflow) from operating activities	**10.5**	(11.9)
Net cash from investing activities	**(1.5)**	(1.0)
Net cash (outflow) inflow from financing activities	**(8.1)**	13.2
Net movement in cash	**0.9**	0.3

14. Provisions

	Site restoration and aftercare €m	Restructuring €m	Onerous contracts €m	Other €m	Total €m
At 1 April 2018	133.6	9.0	109.5	24.9	277.0
Provided in the year	2.1	6.0	11.3	10.0	29.4
Released in the year	-	(0.1)	(0.9)	(0.5)	(1.5)
Finance charges - unwinding of discount	4.5	-	3.7	0.2	8.4
Utilised in the year	(4.3)	(7.3)	(27.0)	(4.0)	(42.6)
Transfer to disposal groups classified as held for sale	-	-	-	(0.8)	(0.8)
Transfers between provision classifications	2.8	-	(2.8)	-	-
Exchange	0.2	-	1.1	0.1	1.4
At 31 March 2019	**138.9**	**7.6**	**94.9**	**29.9**	**271.3**
Current	8.2	7.6	26.1	13.5	55.4
Non-current	130.7	-	68.8	16.4	215.9
At 31 March 2019	138.9	7.6	94.9	29.9	271.3
Current	5.4	9.0	23.1	9.4	46.9
Non-current	128.2	-	86.4	15.5	230.1
At 31 March 2018	133.6	9.0	109.5	24.9	277.0

Site restoration and aftercare
The site restoration provision at 31 March 2019 related to the cost of final capping and covering of the landfill sites and mineral extractions sites. The Group's minimum unavoidable costs have been reassessed at the year end and the net present value fully provided for. These costs are expected to be paid over a period of up to 32 years from the balance sheet date and may be impacted by a number of factors including changes in legislation and technology. Post-closure costs of landfill sites, including such items as monitoring, gas and leachate management and licensing, have been estimated by management based on current best practice and technology available. These costs may be impacted by a number of factors including changes in legislation and technology. The dates of payments of these aftercare costs are uncertain but are anticipated to be over a period of at least 30 years from closure of the relevant landfill site.

Restructuring
The restructuring provision primarily relates to redundancy and related costs incurred as a result of restructuring initiatives including the delivery of merger related synergies. As at 31 March 2019 the provision is expected to be spent in the following year as affected employees leave the business.

Onerous contracts
Onerous contracts are provided at the net present value of either exiting the contracts or fulfilling our obligations under the contracts. The provisions are to be utilised over the period of the contracts to which they relate with the latest date being 2040. Further details of the additions in the year which principally relate to UK Municipal and Monostreams are shown in note 5.

Other
Other provisions principally cover dilapidations, long-service employee awards, legal claims, warranties and indemnities. Under the terms of the agreements for the disposal of certain businesses, the Group has given a number of warranties and indemnities to the purchasers which may give rise to payments.

15. Defined benefit pension schemes

The Group has the legacy Shanks UK defined benefit scheme which provides pension benefits for pensioners, deferred members and eligible UK employees and is closed to new entrants and 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:

	2019 €m	2018 €m
Current service cost	**2.3**	2.8
Past service cost (note 5)	**2.0**	-
Curtailment (note 5)	**(2.1)**	-
Interest expense on scheme net liabilities	**0.6**	0.7
Net retirement benefit charge before tax	**2.8**	3.5

The amounts recognised in the balance sheet were as follows:

	2019 €m	2018 €m
Present value of funded obligations	**(267.1)**	(271.9)
Fair value of plan assets	**255.2**	246.5
Pension scheme deficit	**(11.9)**	(25.4)
Related deferred tax asset	**2.7**	5.1
Net pension liability	**(9.2)**	(20.3)

The legacy Shanks UK defined benefit scheme reduced by €12.7m from 31 March 2018 to €3.7m as a result of good asset returns, benefits from the change in mortality assumptions to align with the latest actuarial valuation net of lower discount rate and higher inflation assumptions. The overseas defined benefit schemes reduced by €0.8m to €8.2m.

16. Financial instruments at fair value

The Group holds certain financial instruments on the balance sheet at their fair values. The following hierarchy classifies the valuation techniques to determine the fair value of financial instruments:

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

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

Valuation techniques used to derive level 2 fair values are:

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

16. Financial instruments at fair value - continued

The table below presents the Group's assets and liabilities measured at fair value:

	Level 2	
	2019 €m	2018 €m
Assets		
Unlisted non-current investments	**4.7**	4.7
Short term investments	**5.9**	-
Derivative financial instruments	**3.0**	2.2
	13.6	6.9
Liabilities		
Derivative financial instruments	**32.8**	33.4
Retail bonds	**203.6**	201.6
	236.4	235.0

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

17. Contingent liabilities

As we announced in January 2019, there is an ongoing investigation into the production of thermally cleaned soil by ATM. This may or may not result in a prosecution and if so, we expect such a process will likely take many years, should it proceed. ATM will defend its conduct vigorously in such an event and, given that it is not even clear whether or what charges might be brought, we do not consider it appropriate at this stage nor is it possible to quantify a provision in relation to this.

Due to the nature of the industry in which the business operates, from time to time the Group is made aware of claims or litigation arising in the ordinary course of the Group's business. Provision is made for the Directors' best estimate of all known claims and all such legal actions in progress. The Group takes legal advice as to the likelihood of success of claims and actions and no provision is made where the Directors consider, based on that advice that the action is unlikely to succeed or a sufficiently reliable estimate of the potential obligation cannot be made. None of these other matters are expected to have a material impact.

Under the terms of sale agreements, the Group has given a number of indemnities and warranties relating to the disposed operations for which appropriate provisions are held.

18. Reconciliations of non-IFRS measures

Reconciliation of underlying EBIT to EBITDA	2019 €m	Restated* 2018 €m
Underlying EBIT from continuing operations	**85.5**	82.5
Depreciation of property, plant and equipment	**87.3**	87.3
Amortisation of intangible assets (excluding acquisition intangibles)	**6.9**	7.9
Non-exceptional (gain) loss on disposal of property, plant and equipment	**(2.3)**	2.4
EBITDA from continuing operations	**177.4**	180.1
EBITDA from discontinued operations	**3.9**	(1.8)
Total EBITDA	**181.3**	178.3

*The comparatives have been restated to classify the Canada Municipal segment as a discontinued operation.

Reconciliation of underlying free cash flow as presented in the CFO Review	2019 €m	2018 €m
Net cash inflow from operating activities	**73.6**	136.0
Exclude non-trading and exceptional provisions, working capital and restructuring spend	**66.0**	40.9
Exclude payments to fund UK defined benefit pension scheme	**3.4**	3.5
Exclude (decrease) increase in Municipal Canada PPP financial assets	**(6.9)**	11.5
Include finance charges and loan fees paid (excluding exceptional finance charges)	**(29.4)**	(28.6)
Include finance income received	**11.7**	11.3
Include purchases of replacement items of intangible assets	**(3.8)**	(6.8)
Include purchases of replacement items of property, plant and equipment	**(92.4)**	(83.6)
Include proceeds from disposals of property, plant & equipment	**8.1**	4.2
Underlying free cash flow	**30.3**	88.4

The Group splits purchases of property, plant and equipment between replacement and growth as shown in the cash flow in the CFO review. The 2019 replacement spend shown above totalling €96.2m (being €3.8m intangible assets and €92.4m property, plant and equipment) plus the growth capital expenditure in the cash flow of €11.7m as shown in the CFO review less additions to finance leases of €0.4m (as shown in note 11) reconciles to the purchase of property, plant and equipment and intangible assets cash outflow of €107.5m within investing activities in the consolidated statement of cash flows.

Reconciliation of net core cash flow as presented in the CFO Review	2019 €m	2018 €m
Net core cash flow	**(51.9)**	(13.0)
Movement in PFI/PPP non-recourse net debt	**(0.8)**	7.2
Capitalisation of loan fees net of amortisation	**2.2**	0.7
Exchange movements	**(5.9)**	7.5
Finance leases transferred to disposal groups classified as held for sale	**4.2**	-
Total cash flows in net debt (note 11)	**(52.2)**	2.4

19. Events after the balance sheet date

On 1 May 2019 the Group acquired for a nominal sum Rotie Organics, a business that collects, sources, de-packages and pre-treats out of date food waste.

APPENDIX

The following additional information, summarised from the Renewi plc Annual Report and Accounts 2019, is disclosed in accordance with Disclosure and Transparency Rule 6.3.5.

1. Principal Risks and Uncertainties affecting the Group

Product pricing, demand and quality – That the value we receive for recycled product falls, the markets contract reducing demand for our product or we become unable to produce to the required quality.

Residue pricing, capacity and specification – Lack of capacity at outlets and/or inability to produce in specification, resulting in increased price of disposal of burnable waste and other residues.

Changes in law and policy – Adverse impacts from changes in law and policy, including environmental, tax and similar legal and policy regimes. Including changes in regulatory attitude and behaviours as a result of shifts in public opinion.

Environmental compliance – That we fail to comply with environmental permits and/or environmental laws and regulations.

Long-term contracts – That we enter into long-term contracts at disadvantageous terms or we rely on a small number of large contracts.

Unsustainable debt – That funding is not available or that funding sources are available, but that cash generation is insufficient to allow access to funding.

Labour availability and costs – That there are shortages of certain labour types leading to unavailability or severe wage inflation.

Brexit – That a hard Brexit disrupts the export of waste and recyclates internationally, creating offtake costs in the UK and over-capacity of incineration in the Benelux.

Input pricing – That market pricing may put pressure on our margins.

Digitalisation – That a disruptive technology or business model deployed by a competitor or new entrant impacts our ability to compete.

Talent development, leadership and diversity – That we fail to meet the (future/anticipated) required management capabilities.

Health and safety risk – Injury or loss of life. That we incur reputational loss, or civil and criminal costs.

Major plant failure or fire – Operational failure and/or fire at a key facility leading to business interruption and other costs.

Integration – That integration of the two companies, including the creation of a strong corporate culture and migration of IT systems, is ineffective and/or fails to deliver anticipated synergies.

Input volumes – That incoming waste volumes in the market may fall should macro-economic conditions reverse.

ICT failure and cyber threat – That ICT failure and/or cyber crime causes business interruption or loss.

2. Directors' Responsibility, financial information and posting of accounts

The 2019 Annual Report which will be published in June 2019 contains a responsibility statement in compliance with DTR 4.1.12. This states that on 23 May 2019, the date of the approval of the Annual Report, the Directors confirm that to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group: and
- the Strategic Report in the Annual Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

The financial information set out above does not constitute the Company's full statutory accounts for the year ended 31 March 2018 or 2019, but is derived from those accounts. Statutory accounts for 2017/18 have been delivered to the Registrar of Companies and those for 2018/19 will be delivered following the Company's Annual General Meeting on 11 July 2019. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under Section 498(2) or (3) of the Companies Act 2006.

The change to the Board of Directors of Renewi plc since the 2019 Annual Report were:

- Otto de Bont joined the Board on 1 April 2019 as Chief Executive Officer

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