

Renewi

FY22 results

Strong FY22, raising guidance for FY23

Industrial support services

Renewi's FY22 results reflect a strong performance across the group. The results came in ahead of FY21 comparatives and our FY22 forecasts. Management guided that it expects FY23 to be ahead of previous guidance. Driving this performance were price increases that outpaced inflation in waste and recyclates, coupled with volume gains (which are still below pre-COVID levels) and cost savings. There was a shift in tone, with the group now transitioning its focus on margin recovery to growth. Growth is expected to come from both organic and acquisitions. The group is targeting €60m in additional EBIT from circular innovations, continued recovery at ATM and the Renewi 2.0 programme. A further €100m in investment is planned to support this growth, and yesterday the acquisition of Paro, an Amsterdam-based commercial waste and recycling business, was announced for an enterprise value of €67m, funded from existing group facilities. The focus on the circular economy to meet net zero targets is a key investment theme for the years ahead, and Renewi is an example of the growth and improving financial results being achieved from the circular economy tailwinds. We are reviewing our forecasts in light of the strong FY22 results.

Year end	Revenue (€m)	PBT* (€m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
03/20	1,775.4	54.3	53.6	5.2	15.0	0.6
03/21	1,693.6	47.1	44.7	0.0	17.9	N/A
03/22	1,869.2	105.2	98.0	0.0	8.2	N/A
03/23e	1,862.8	78.5	72.5	17.9	11.1	2.2

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

Renewi's FY22 results showed revenues up 10% to €1,869m, underlying EBIT up 83% to €133.6m with margins at 7.1% and underlying EPS up 118% to 98 cents. Core net debt reduced to €303m (FY21: €344m) and net debt to EBITDA reduced to 1.4x from 2.2x. The numbers came in ahead of our forecasts: reported adjusted PBT of €105.2m compares to our FY22 forecast of €104m, while adjusted EPS of 98 cents was ahead of our FY22 forecast of 96.5 cents.

The group is shifting its narrative from margin recovery to growth. The results were accompanied by the announcement that Renewi is making its first acquisition since the creation of Renewi in 2017. The group is paying €67m for Paro, an Amsterdam-based commercial waste and recycling business, funded from existing group facilities. For the year ended 31 December 2021, Paro reported revenues of €43m, EBITDA of €9.9m and EBIT of €7.3m, implying a valuation of 1.6x sales and 9.2x EBIT.

25 May 2022

Price **685p**

Market cap **£548m**

€1.17/£

Core group ongoing net debt (ex-PPP/PFI finance and IFRS 16 leases, €m) at 31 March 2022 **303**

Shares in issue **80.0m**

Free float **98.8%**

Code **RWI**

Primary exchange **LSE**

Secondary exchange **Euronext Amsterdam**

Share price performance



% **1m 3m 12m**

Abs **0.7 12.5 31.7**

Rel (local) **2.1 9.5 28.4**

52-week high/low **840p 500p**

Business description

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

Next events

Site visit **July 2022**

Analyst

Neil Shah **+44 (0)20 3077 5721**

industrials@edisongroup.com

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

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

New York +1 646 653 7026
1185 Avenue of the Americas
3rd Floor, New York, NY 10036
United States of America

Sydney +61 (0)2 8249 8342
Level 4, Office 1205
95 Pitt Street, Sydney
NSW 2000, Australia