
Stock Pitch



Buy to Hold

Overview

Renewi PLC is a waste-to-product company providing services such as collection, recycling, and treatment of commercial waste, reprocessing and recycling of contaminated soil and materials.

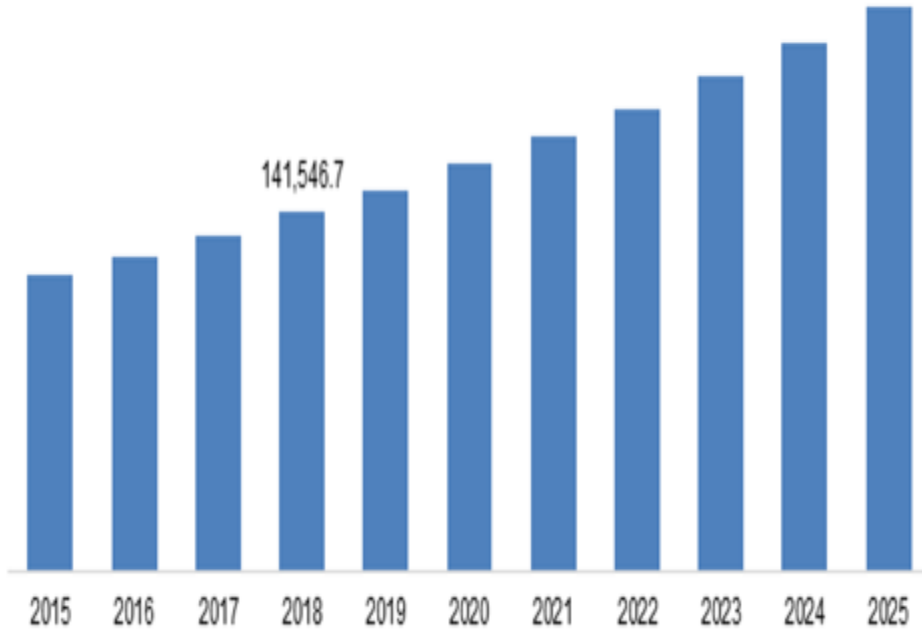
Created in 2017, following the merger of Shanks Group plc with Van Gansewinkel Groep BV, and is listed on the London Stock Exchange.

It generates maximum revenue from the Commercial Waste segment. Geographically, it derives most of the revenue from the Netherlands and also has a presence in Belgium, UK, France, and Other Countries.

#1 and market leader in the Benelux, with revenues of €1.8bn and a market share of c25%



Global Commercial Waste Management Market, 2015-2025 (USD Million)



Source: Adroit Market Research Analysis, 2019

Market Overview

Waste Management set to see long sustained growth.

The market size was \$2,080.0 billion in 2019 with an expected CAGR of 5.5% from 2020 to 2027. 6.6% for hazardous waste.

Good R&D investment for innovative solutions related to sector due to economic/sustainability importance.



1. Structure

Renewi is a pure play business in the recycling sector with three main areas.

→ **Commercial**

The collection, sorting, treatment and recycling of waste materials from a range of sources.

→ **Minerals and Water**

Treatment of contaminated water.

→ **Specialities**

Subsidiaries focused on highly specified areas of recycling.

Commercial

COMMERCIAL BUSINESS MODEL

COLLECT OR RECEIVE



Industrial & Commercial
Construction & Demolition
Domestic

SORT



PRODUCE



DISPOSE



RECYCLATES AND PRODUCTS



Customers pay us to take their waste



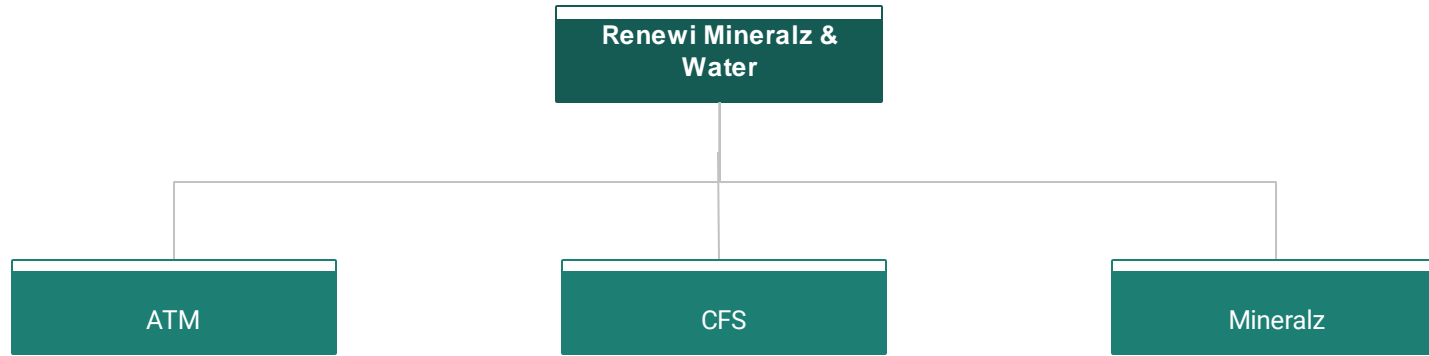
Customers purchase our products



We minimise the cost of disposing of the residues

We aim to process, sort and make products from waste but there is a small residual amount which has to be landfilled or sent to incineration

Minerals and Water

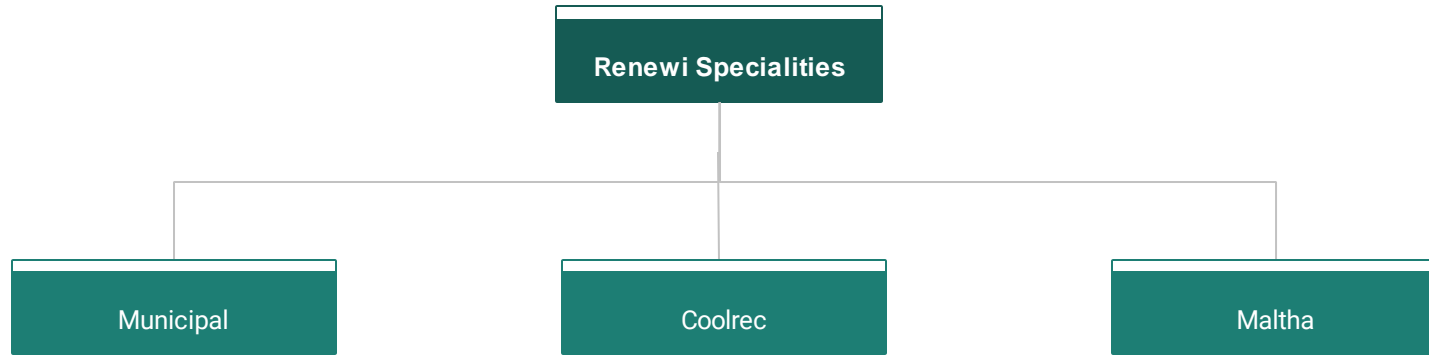


- ATM- is one of Europe's largest companies in handling contaminated soil, wastewater and oily sludge and in removing hazardous waste substances including packaged chemical waste.

- CFS- is a specialist company that processes contaminated water and sludge using a physico-chemical separation process to produce clean water and sludge which can be used as fuel for power stations.

Mineralz - is a specialist company that processes contaminated water and sludge using a physico-chemical separation process to produce clean water and sludge which can be used as fuel for power stations.

Specialities



- **Municipal** - Municipal operates waste treatment facilities for UK city and county councils. These contracts are established primarily to divert waste away from landfill in a cost-effective and sustainable way.

- **Coolrec** - is a Renewi Specialty subsidiary and a key European player in the circular economy when it comes to the processing of discarded electrical appliances and electronic products.





Maltha - is a joint venture between the waste-to-product company and glass manufacturer Owens-Illinois, and is one of the largest glass recycling businesses in Europe.

Differentiation + Catalysts

- In the final stages of setting up Sand, Gravel and Filler production.
 - Market lead in Benelux zone (25%).
 - Strong moat of diversification within recycling, constantly innovating.
 - Strong sustainability within business, less spending pressure in the future.
1. ATM on target for good recovery.
 2. Close to securing new outlets for soil production. (1 million tonnes)
 3. Renewi 2.0
 4. Well positioned for increasing investor interest in ESG
 5. Revenues connected to growth of circular economy.
 6. Debt set to be less than profits in a few years.



Competitor comparisons

				
Revenue (£m) / change*	1,163 / 6.5%	22,530 / -4.34%	107 / 33.75%	1537 / -0.337%
EBITDA / change*	174 / 15.2%	26,010 / -9.5%	28.8 / 56.5%	178 / 11.25%
Enterprise Value / change*	864 / -3.03%	9806 / -52.5%	244 / 259%	849 / 11.1%
P/E Ratio / change*	X9.8 / -68%	X133 / 507%	X14.5 / 68%	X5.3 / 10.9%
EPS (£) / change*	0.18 / 157%	0.19 / -85%	-0.12 / 80%	-0.09 / 10%
Share Price £ / change	2.55 / -6.25%	19.36 / -19.08%	2.01 / -6.25%	0.435 / 12.4%

*Annual Change

Valuation

Revenue and EBITDA										(EUR in millions)					
Fiscal Years Ending	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	FCF	Low	Mid	High		
Revenue	867	1,760	1,781	1,775	1,675	1,781	1,838	2,061	2,110	Mar-21	75	75	75	75	
% Growth		103.00%	1.19%	-0.34%	-5.70%	6.40%	3.20%	12.20%	2.40%	Mar-22	108	102	102	103	
										Mar-23	119	104	105	105	
										Mar-24	158	126	127	129	
EBITDA	€ 88.50	€ 91.10	€ 76.30	157	179	203	228	252	263	Mar-25	139	102	103	105	
% of Revenue		2.94%	-16.25%	105.77%	10.70%	11.40%	12.40%	12.20%	12.50%						
<u>Projected Unlevered Cash Flow</u>										(A) PV of Discrete Cash Flows		482	486	491	
(EUR in millions)					Mar-21	Mar-22	Mar-23	Mar-24	Mar-25 Terminal						
										Selected Perpetuity Growth Rate		2.00%	2.50%	3.00%	
EBITDA	€ 88.50	€ 91.10	€ 76.30	157	179	203	228	252	263	Terminal Free Cash Flow		139	139	139	
		2.94%	-16.25%	105.77%	14.01%	13.41%	12.32%	10.53%	4.37%	Terminal Discount Factor		70.20%	71.50%	72.90%	
D&A	47.2	93.83	92.69	107.35	-87	-92	-95	-107	-109	-111	(B) PV of Terminal Value		1,426	1,704	2,094
EBIT	-84.7	-101.59	-71.96	-31.67	92	111	133	145	154	152					
Pro forma Taxes					-9	-11	-13	-14	-15	-15	(A + B) Enterprise Value		1,908	2,190	2,585
											(EUR in millions)				
												Model			
												Low	Mid	High	Market
Capital Expenditures	-44	-89.16	-94.81	-73.93		-102	-105	-117	-117	-117	Enterprise Value	1,908	2,190	2,585	1,023
											(+) Cash & Short Term Investments	145	145	145	145
											(+) Investments & Other	15	15	15	15
Free Cash Flow	-33.3	23.1	-39.86	46.81	75	108	119	158	139	139	(-) Debt	-812	-812	-812	-812
% Growth		169.3693694	-272.5541126	217.4360261	60.22217475	43%	11%	32%	-12%	1%	(-) Other Liabilities	-1	-1	-1	-1
											(-) Preferred Stock	NA	NA	NA	NA
											(-) Other	0	0	0	0
											Value of Common Equity	1,255	1,537	1,932	370
											(/) Shares Outstanding	800	800	800	800
											Implied Stock Price (EUR)	1.57	1.92	2.41	0.46

Analysis

High upside potential

Bull Case:

- Enterprise Value €1,908
- Implied Equity Value €1.57 (239.4%).

Bear Case:

- Enterprise value €2,585
- Implied Equity Value €2.41 (422.4%)



ESG

- 64.7% recycling rate within business.
- 25.9% of waste turned to energy.
- Strong targets for 2025 (75% recycling rate and produce 5 times as much product from the recycled waste).
- Increasing renewable energy usage at factories with a target of 25% by 2025 as well as having a fleet of electric trucks.
- Strong accountability and active effort towards improving diversity and inclusiveness.
- ESG rating of 75/100 according to S&P Global.

Renewi long-term carbon avoidance performance trend

Carbon avoidance in million tonnes of CO₂ equivalent per million tonnes of waste handled



Expert recognition for sustainability



GREEN ECONOMY MARK



FTSE4Good

FTSE4GOOD INCLUSION

S&P Global
Ratings

S&P ESG REPORT

Management

Otto de Bont, MSC

Chief Executive Officer

Over 20 years experience in waste management/materials production. Worked for United Technologies and the Plastics and Security divisions of General Electric before joining Renewi and ultimately becoming CEO in 2019.



Ben Verwaayen, MSC

Chairman

Appointed in April 2020. He has been the CEO of a number of companies, including Alcatel-Lucent SA and BT plc as well as chairman on boards with industry bodies including the CBI Energy and Climate Change Board in the UK.



Diverse range of board and executive team members with business growth and sustainability the core goals.

Questions
