

# Macquarie's Possible Offer for Renewi plc

28 September 2023



# Possible offer to acquire Renewi

## Background and summary

Macquarie Asset Management – on behalf of one or more of its managed funds – (“Macquarie”) has been evaluating a possible offer for Renewi plc (“Renewi”) and on 25 September made a proposal (the “Proposal”) to the Board of Renewi (the “Board”) at 775 pence per Renewi share. The Proposal was rejected by the Board

The Proposal represents:

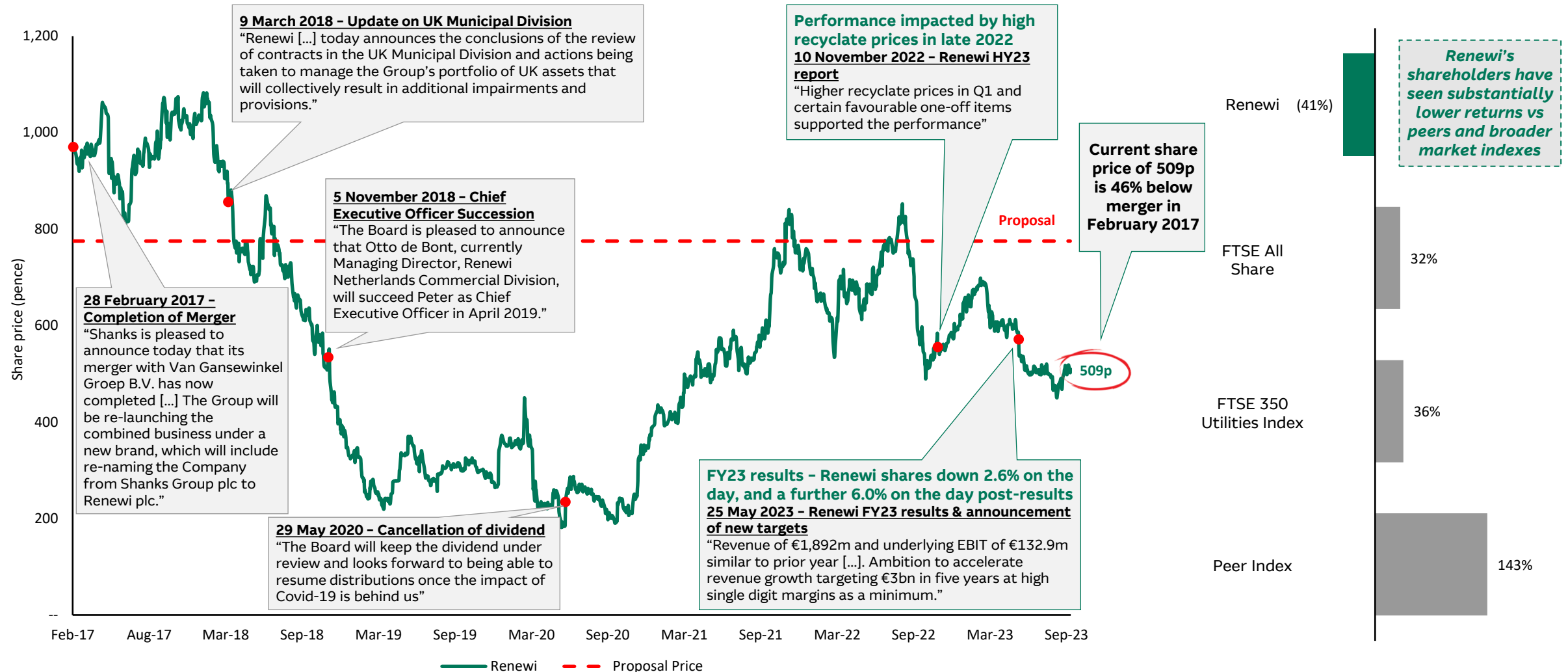
- a premium of approximately 52 per cent. to the closing price of 509 pence per Renewi share on 27 September 2023;
- a premium of approximately 53 per cent. to the one-month volume-weighted average price of 507 pence on 27 September 2023; and
- a premium of approximately 54 per cent. to the three-month volume-weighted average price of 503 pence on 27 September 2023

The Proposal values the entire issued and to be issued share capital of Renewi at £636 million and represents a multiple of 8.4x EBITDA for the year ended 31 March 2023 (pre IFRS-16 and adjusted for one-offs, rental expense and balance sheet provisions)

**The Proposal provides a compelling opportunity for Renewi’s shareholders to realise their investment for cash at a very significant premium and at an attractive multiple**

# The Proposal is at a material premium to Renewi's share price

Share price and total shareholder return performance since merger with Van Gansewinkel Groep B.V.



# The Proposal represents an attractive multiple

*Units in € million, unless otherwise specified*

<b>Reported EBITDA</b>	<b>256</b>
(-) One-off benefits	(17)
<b>Core EBITDA Post IFRS-16</b>	<b>239</b>
(-) IFRS-16 Rental Expense	(55)
<b>Core EBITDA Pre IFRS-16</b>	<b>184</b>
<b>Proposal Price per Renewi Share (pence)</b>	<b>775</b>
Fully Diluted Shares Outstanding (million)	82
<b>Proposal Equity Value (£ million)</b>	<b>636</b>
<b>Proposal Equity Value</b>	<b>735</b>
<b><u>Equity Value to Enterprise Value Adjustments</u></b>	
(+) Core Net Debt	371
(+) UK PPP Debt	88
(+) Provisions	342
<b>Total</b>	<b>801</b>
<b>Proposal Enterprise Value</b>	<b>1,535</b>
<b>Proposal Enterprise Value / 2023 EBITDA</b>	<b>8.4x</b>

- **Reported FY23 EBITDA was enhanced by €17 million of favourable, non-recurring items**
- **We look at this on a post-rent basis which is comparable with historical transactions prior to the accounting change of IFRS-16**
- **Net of the one-offs and rental expense, Adjusted EBITDA is €184 million**
- **Renewi has a number of provisions in relation to onerous contracts and decommissioning of its landfills that should be included as a liability**
- **The Proposal multiple compares favourably to the trading multiples of Renewi's listed peers in the European waste and resource recovery sector**

# The Proposal provides a compelling opportunity for Renewi's shareholders

Macquarie's Proposal of 775 pence per Renewi share represents:

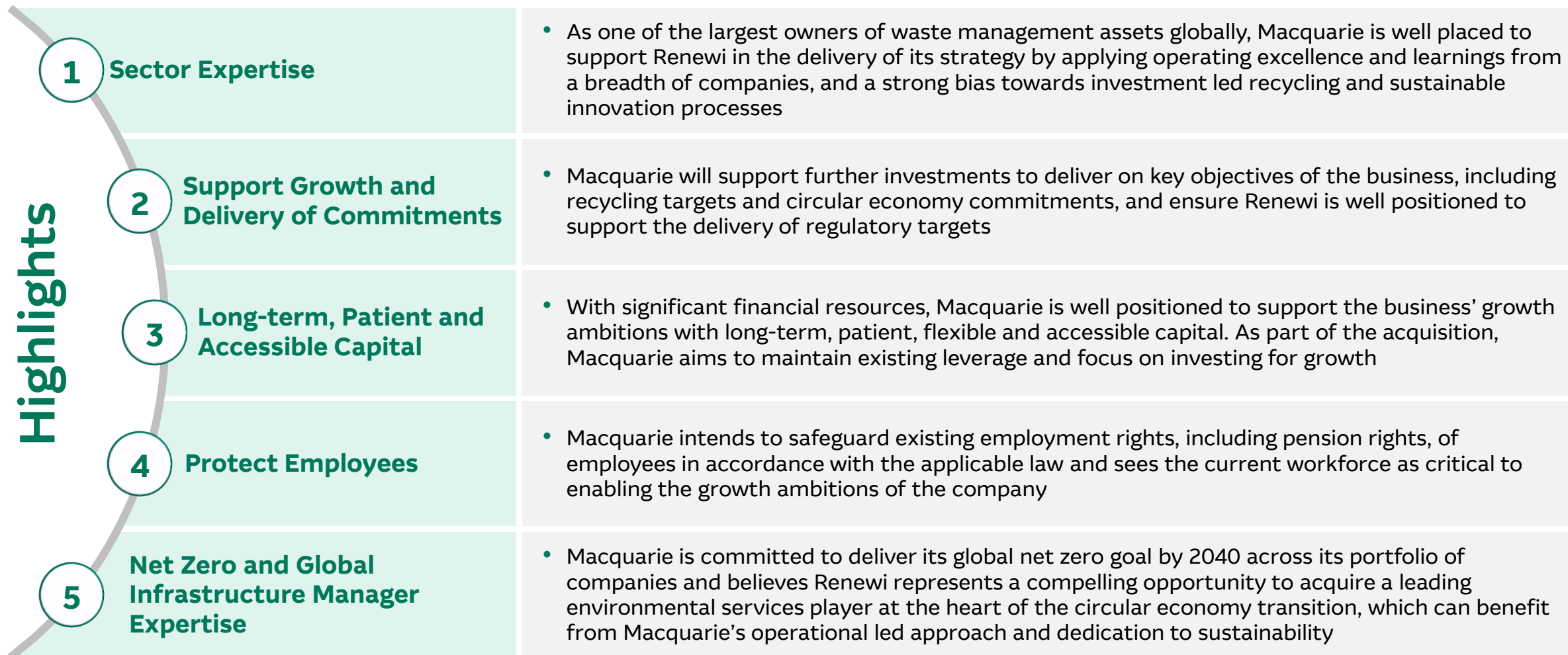
- a **premium of 52 per cent.** to Renewi's closing price of 509 pence on 27 September 2023; and
- a **premium of 54 per cent.** to Renewi's three-month volume-weighted average price of 503 pence

Macquarie believes this represents a **full and fair valuation** for the Company's future potential and offers an **attractive alternative to Renewi's shareholders**:

- the share price has **fallen 13 per cent. since the FY23 results** on 25 May 2023
- shareholders continue to face **uncertainty over the outlook for Renewi's dividend**, with the last dividend paid to shareholders in January 2020

Your **support for the Proposal** is needed in order to **encourage the Board to engage to facilitate a transaction**

# Macquarie is able to provide long-term support and patient capital



# About Macquarie Asset Management

# Overview of Macquarie Asset Management (“MAM”)

MAM has been investing in European infrastructure since 1999 and currently has €74.4 billion of assets under management in the region

## Overview of MAM

- MAM is a **leading global asset manager specialising in infrastructure and other real assets**
- **Aims to invest responsibly to generate long-term value** and drive positive outcomes in the communities in which it operates
- **Has been investing for over 24 years**, and currently manages investments across a range of funds including the Macquarie European Infrastructure Fund (“MEIF”) series, and the Macquarie Green Investment Group Renewable Energy Fund (“MGREF”) series
- **Benefits from worldwide in-depth operational expertise**, combined with demonstrated proprietary deal sourcing capability
- **Has been investing in waste management businesses for over fifteen years** and has successfully managed assets through the full investment life cycle, building a wealth of experience in the sector
- Driving **sustainable infrastructure solutions** to help accelerate the green energy transition with **more than 100 GW** in development, construction, and operation globally<sup>1</sup>

## MAM’s European Presence









### Key Highlights

- Present in Europe for 24+ years with investments in 18 countries
- +160 investment professionals
- Current portfolio: 45 assets

### Type of Assets in Europe

- Digital infrastructure, transport, diversified utilities, energy transition and social infrastructure

## Track Record in Waste Management

Example of Current Investments					
					
<ul style="list-style-type: none"> <li>▪ <b>Southeast US</b></li> <li>▪ <b>Acquired: Jun-23</b></li> <li>▪ Large provider of hauling and waste processing services with a footprint of 17 facilities concentrated in Southeast Florida</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Pacific Northwest US</b></li> <li>▪ <b>Acquired: Dec-22</b></li> <li>▪ Waste platform company with highly-developed processing facilities for a regulation-heavy and C&amp;D-driven environment</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>West Coast US</b></li> <li>▪ <b>Acquired: Dec-21</b></li> <li>▪ Recycling and waste diversion company serving 300k+ residential and commercial customers, diverting over one million tonnes of waste from landfill</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Ireland, UK and small presence in Netherlands</b></li> <li>▪ <b>Acquired: Aug-21</b></li> <li>▪ Leading “waste-to-resource” business in Ireland with strong regional position in waste processing in the UK</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Midwest US</b></li> <li>▪ <b>Acquired: Aug-21</b></li> <li>▪ Vertically integrated solid waste and recycling Company operating 70+ facilities across 9 states, with rapid ongoing growth through bolt-on activity &amp; capital investments</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Australia</b></li> <li>▪ <b>Acquired: Aug-21</b></li> <li>▪ <b>Public to Private</b></li> <li>▪ Fully-integrated, recycling and waste management company with 19 recycling facilities and 3 landfills across New South Wales, Victoria and Queensland</li> </ul>



# MAM's global net zero commitment

MAM has committed to investing and managing its portfolio in line with global net zero emissions by 2040, ten years ahead of the Paris goal

## MAM is one of the first large asset managers in the world to make a commitment to 2040



### Control or significant influence

In portfolio companies where MAM has significant influence in the management of the company, MAM's goal is to have global net zero Paris-aligned business plans in place across all assets within two years of acquisition. MAM will aim to:

- Measure GHG emissions
- Identify pathways to reduce emissions
- Develop business plans that contribute to net zero by 2040, or sooner
- For new investments, target completion business plan within 24 months of close
- Work with portfolio companies with the aim that they will be meeting their Paris-aligned/net zero emissions reduction pathways by 2030
- Report on its progress annually.



### Other investments

In public securities and alternative investments where MAM does not have significant influence, MAM will endeavour to support the Paris goals consistent with its client-guided fiduciary and regulatory responsibilities.

- **Assessment capability:** Data systems to support analysis of carbon intensity
- **New products:** Several products aligned to the UN Sustainable Development Goals and sustainability
- **Proxy guidance:** Support shareholder resolutions that promote climate disclosures when aligned with fiduciary obligation
- **Direct engagement:** Have direct dialogues with companies on pertinent sustainability issues, such as through Climate Action 100+.

# Appendix

# Sources and Bases

## Page 2

- 1) The premia calculations have been calculated by reference to:
  - the closing share price of 509 pence per Renewi share on 27 September 2023 (being the last business day before the date of this announcement);
  - the volume-weighted average price of 507 pence per Renewi share for the one-month period ended 27 September 2023 (being the last business day before the date of this announcement); and
  - the volume-weighted average price of 503 pence per Renewi share for the three-month period ended 27 September 2023 (being the last business day before the date of this announcement).
- 2) The value attributed to Renewi's entire issued and to be issued share capital ("Renewi Equity Value") of £636 million is based on:
  - the Proposal of 775 pence per Renewi share;
  - multiplied by Renewi's entire issued and to be issued share capital of 82,098,309 shares, comprising 80,255,720 Renewi shares in issue as at 27 September 2023 (the "Latest Practicable Date"), plus 1,842,589 interests in shares held under share-based incentive plans outstanding (as set out on page 236 of Renewi's Annual Report and Accounts 2023) and assuming full dilution for these indicative purposes.
- 3) The implied enterprise value multiple of approximately 8.4x EBITDA (pre IFRS-16 and adjusted for one-offs, rental expense and balance sheet provisions) for the year ended 31 March 2023 is based on an enterprise value of €1,535 million (pre-IFRS 16 and including balance sheet provisions) and Renewi's EBITDA of €184 million (pre IFRS-16 and adjusted for one-offs and rental expense).
  - Enterprise value of €1,535 million is calculated as Renewi Equity Value of €735 million (being £636 million converted at an exchange rate of 0.86623 euros to 1 pound sterling derived from Bloomberg as at the Latest Practicable Date);
    - plus core net debt of €371 million;
    - plus UK PPP debt of €88 million;
    - plus provisions of €342 millionin each case as at 31 March 2023 sourced from Renewi's Annual Report and Accounts 2023.
  - EBITDA of €184 million is calculated as Reported EBITDA for the year ended 31 March 2023 of €256 million;
    - less one-off favourable items of €17 million;
    - less repayment of lease liability obligations of €48 million and payment of interest on lease liabilities of €8 millionin each case for the year ended 31 March 2023 sourced from Renewi's Annual Report and Accounts 2023.

## Page 3

- 1) The share price data has been derived from FactSet.
- 2) The following total shareholder returns have been derived from Bloomberg and include the reinvestment of dividends. Returns are calculated from 28 February 2017 until 27 September 2023 (being the last business day before the date of this announcement):
  - Renewi total shareholder return: (41%)
  - FTSE All-Share total shareholder return: 32%
  - FTSE 350 Utilities Index total shareholder return: 36%
  - 'Peer Index' total shareholder return: 143%, calculated as an average of:
    - Veolia Environnement S.A. ("Veolia") total shareholder return: 142%;
    - Lassila & Tikanoja Oyj ("L&T") total shareholder return: (29%); and
    - Séché Environnement S.A. ("Séché") total shareholder return: 317%.
- 3) The discount of the current share price to the share price as at the time of the merger is calculated by reference to:
  - the opening share price of 940 pence per Renewi share on 28 February 2017 (being the date of the completion of the merger between Shanks Group plc and van Gansewinkel Groep B.V.); and
  - the closing share price of 509 pence per Renewi share on 27 September 2023 (being the last business day before the date of this announcement).

# Sources and Bases (cont'd)

- 1) The value attributed to Renewi's entire issued and to be issued share capital, and the implied enterprise value / EBITDA multiple are as sourced and based for page 2.
- 2) The reference to the Proposal multiple comparing favourably to the trading multiples of Renewi's listed peers in the European waste and resource recovery sector is based on:
  - Veolia's LTM EBITDA multiple of 7.8x, based on:
    - enterprise value of €44,175 million, calculated as equity value of €19,829 million, based on (a) Veolia's closing share price of €27.62 on 27 September 2023 (derived from Bloomberg), multiplied by (b) Veolia's entire issued and to be issued share capital of 717,919,191 shares, comprising Veolia's 715,383,875 total voting rights that may be exercised as at the Latest Practicable Date, plus 2,535,316 interests in shares held under share-based incentive programmes outstanding (as set out on page 182 of Veolia's Annual Report and Accounts 2022) and assuming full dilution for these indicative purposes;
      - plus borrowings of €26,752 million, derivative liabilities of €1,060 million, liabilities directly associated with assets classified as held for sale of €2 million, equity attributable to non-controlling interests of €2,687 million, and provisions of €3,928 million;
      - less cash and cash equivalents of €7,900 million, derivative assets of €306 million, investments in joint ventures and associates of €1,693 million, non-consolidated investments of €91 million, and assets classified as held for sale of €93 million
    - in each case as at 30 June 2023 sourced from Veolia's Half Year Report 2023.
    - LTM EBITDA of €5,676 million, based on (a) reported EBITDA of €3,162 million (H1 2023), plus €6,196 million (FY 2022), less €2,953 million (H1 2022); less (b) repayment of lease liability obligations and payment of interest on lease liabilities of €729 million, based on €348 million (H1 2023), plus €750 million (FY 2022), less €370 million (H1 2022) sourced from Veolia's Annual Report and Accounts 2022 and Half Year Report 2023.
  - Séché's LTM EBITDA multiple of 7.9x, based on:
    - enterprise value of €1,444 million, calculated as equity value of €864 million, based on (a) Séché's closing share price of €110.00 on 27 September 2023 (derived from Bloomberg), multiplied by (b) Séché's entire issued and to be issued share capital comprising 7,857,732 Séché shares in issue as at the Latest Practicable Date;
      - plus borrowings of €627 million, derivative liabilities of €10 million, equity attributable to non-controlling interests of €7 million, employee benefits of €19 million, and provisions of €33 million;
      - less cash and cash equivalents of €116 million, investments in associates of €1 million, and derivative assets of €1 million
    - in each case as at 30 June 2023 sourced from Séché's Half Year Report 2023.
    - LTM EBITDA of €204 million, based on (a) reported EBITDA of €102 million (H1 2023), plus €202 million (FY 2022), less €100 million (H1 2022); less (b) repayment of lease liability obligations and payment of interest on lease liabilities of €22 million, based on €12 million (H1 2023), plus €21 million (FY 2022), less €10 million (H1 2022) sourced from Séché's Annual Report and Accounts 2022 and Half Year Report 2023.
  - L&T's LTM EBITDA multiple of 6.1x, based on:
    - enterprise value of €471 million, calculated as equity value of €374 million, based on (a) L&T's closing share price of €9.56 on 27 September 2023 (derived from Bloomberg), multiplied by (b) L&T's entire issued and to be issued share capital of 39,119,974 shares, comprising 38,798,874 L&T shares in issue as at the Latest Practicable Date, plus 321,100 interests in shares held under share-based incentive programmes outstanding (as set out on page 33 of L&T's Annual Report and Accounts 2022) and assuming full dilution for these indicative purposes;
      - plus borrowings of €134 million, retirement benefit obligations of €1 million, provisions of €8 million;
      - less cash and cash equivalents of €30 million, shares in associated companies and joint ventures of €16 million, and other shares and holdings of €0.2 million
    - in each case as at 30 June 2023 sourced from L&T's Half Year Report 2023.
    - LTM EBITDA of €78 million, based on (a) reported EBITDA of €39 million (H1 2023), plus €98 million (FY 2022), less €38 million (H1 2022); less (b) repayment of lease liability obligations and payment of interest on lease liabilities of €22 million, based on €11 million (H1 2023), plus €21 million (FY 2022), less €10 million (H1 2022) sourced from L&T's Annual Report and Accounts 2022 and Half Year Report 2023.

# Sources and Bases (cont'd)

- 1) The premia calculations are as sourced and based for page 2.
- 2) The share price change since the FY23 results has been calculated by reference to:
  - the closing share price of 586 pence per Renewi share on 24 May 2023 (being the last business day prior to the FY23 results); and
  - the closing share price of 509 pence per Renewi share on 27 September 2023 (being the last business day before the date of this announcement).

- 
- **Unless otherwise stated, all prices and volume-weighted average prices for Renewi shares have been derived from Bloomberg.**
  - **Certain figures included in this announcement have been subject to rounding adjustments.**

# Important Notice

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION.**

**MACQUARIE RELEASED AN ANNOUNCEMENT FALLING UNDER RULE 2.4 OF THE CITY CODE ON TAKEOVERS AND MERGERS (THE "CODE") REGARDING A POSSIBLE CASH OFFER FOR THE ENTIRE ISSUED AND TO BE ISSUED SHARE CAPITAL OF RENEWI PLC ON 28 SEPTEMBER 2023 (THE "2.4 ANNOUNCEMENT"). THE 2.4 ANNOUNCEMENT IS A PUBLIC ANNOUNCEMENT PURSUANT TO THE PROVISIONS OF SECTION 4 PARAGRAPH 3 OF THE DECREE ON PUBLIC TAKEOVER BIDS (BESLUIT OPENBARE BIEDINGEN WFT) OF THE NETHERLANDS IN CONNECTION WITH A POTENTIAL VOLUNTARY PUBLIC OFFER FOR THE ENTIRE ISSUED AND TO BE ISSUED SHARE CAPITAL OF RENEWI PLC.**

**THIS PRESENTATION IS INTENDED TO BE READ ALONGSIDE THE 2.4 ANNOUNCEMENT AND DOES NOT CONSTITUTE AN ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.7 OF THE CODE. THIS PRESENTATION DOES NOT CONSTITUTE AN OFFER, OR ANY SOLICITATION OF AN OFFER, TO BUY OR SUBSCRIBE FOR ANY SECURITIES. THERE CAN BE NO CERTAINTY THAT ANY FIRM OFFER WILL BE MADE. ANY FIRM OFFER WOULD BE MADE IN ACCORDANCE WITH APPLICABLE LAW.**

The name Macquarie in this presentation refers to Macquarie Asset Management ("MAM") acting on behalf of one or more funds managed by it. MAM is a division of the Macquarie Group, which comprises Macquarie Group Limited ABN 94 122 169 279 and its worldwide affiliates. Macquarie Group comprises two separate sub groups, a banking group (including Macquarie Bank Limited ABN 46 008 583 542) and an asset management group which includes MAM, a full-service fund manager. MAM provides fund management services in relation to real assets, including infrastructure and real estate. This presentation has been prepared for information purposes only.

**Other than Macquarie Bank Limited ABN 46 008 583 542 ("Macquarie Bank"), any Macquarie Group entity noted in this presentation is not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of these other Macquarie Group entities do not represent deposits or other liabilities of Macquarie Bank. Macquarie Bank does not guarantee or otherwise provide assurance in respect of the obligations of these other Macquarie Group entities. In addition, if this presentation relates to an investment, (a) the investor is subject to investment risk including possible delays in repayment and loss of income and principal invested and (b) none of Macquarie Bank or any other Macquarie Group entity guarantees any particular rate of return on or the performance of the investment, nor do they guarantee repayment of capital in respect of the investment.**

You should not (and should take reasonable steps to ensure that your Representatives who have received this information will not) use this information in such a way so as to do anything that breaches any applicable U.S. federal, or other securities laws or regulations in relation to any securities of any entity that may be discussed in this presentation, including (a) trading in any securities, derivative instruments or other financial products in relation to such entities, and (b) aiding, abetting, counselling or procuring any other party to trade in the same.

This presentation does not constitute an offer to sell or a solicitation of an offer to subscribe or purchase or a recommendation of any securities and may not be distributed in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. The information contained in this presentation is subject to discussion, completion and amendment. This presentation does not contain all the information necessary to fully evaluate the potential of any investment and does not take into account the investment objectives or financial circumstances of the recipient and, as such, no reliance should be placed on its contents. No person is authorised to give any information or to make any representation not contained in this presentation in connection with the matters described in this presentation, and, if given or made, such information or representation may not be relied upon as having been authorised.

Nothing in this presentation constitutes a commitment from Macquarie to provide or arrange any facility or is otherwise imposing any obligation on Macquarie. Past performance is not an indication of future performance and Macquarie does not guarantee the performance of or return of capital from any investment. No action has been or will be taken which would allow an offering of securities to the public.

Macquarie has prepared this presentation on the basis of sources believed to be reliable. The accuracy of such information (including all assumptions) has been relied upon by Macquarie, and has not been independently verified by Macquarie. Nothing in this presentation constitutes accounting, legal, regulatory, tax or other advice. Recipients should conduct their own independent investigation and assessment and should seek independent advice as to the validity of the information contained in this presentation, and the economic, financial, regulatory, legal, taxation, stamp duty and accounting implications of that information, including the merits of and any risks relating to any investment.

The presentation contains selected information and does not purport to be all-inclusive or to contain all the information that may be relevant. The information in this presentation is presented as of its date. Recipients must rely on their own examination of the legal, tax, financial accounting and other consequences of any investment into a MAM managed product, including the merits of investing and the risks involved. Recipients should not treat the contents of this presentation as advice relating to legal, tax, accounting or investment matters and are strongly advised to conduct their own due diligence including, without limitation, the legal, tax and accounting consequences to them, and to consult their own professional advisers accordingly.

Any specific investments, case studies or sectors identified in this presentation were selected for inclusion in this presentation on the basis of being representative of investments or commitments to investments in a similar sector to Renewi. They do not represent all investments made, sold or recommended in such sector. It should not be assumed that investments identified were or will be profitable or that decisions MAM will make in the future will be profitable.

No third-party firm or company names, brands or logos used in this presentation are Macquarie trademarks or registered trademarks, and they remain the property of their respective holders and not Macquarie. The inclusion of any third party firm and/or company names, brands and/or logos does not imply any affiliation with these firms or companies. None of these firms or companies has endorsed the investment opportunity described herein, Macquarie, any other Macquarie entities, or Macquarie personnel.