

Proactive Group

03:54 12 Feb 2018

Renewi shares gain as it maintains full year outlook after 'positive' second half trading

Waste Management company, Renewi PLC(LON:RWI) said trading in the seasonally quieter second half has been "positive" and in line with expectations, sending its shares higher on Monday.

The group, which was spun out of a merger between Shanks Group and Van Gansewinkel Groep last year, said it was on track to deliver at least €12mIn of savings for the financial year to March 31 2018.

Renewi expects total cost synergies of €40mIn on the back of the merger.

Shares rose 1.65% to 98.8p in morning trade.

Trading meets expectations

The performance of its commercial division in the Netherlands and Belgium was well ahead of the prior year despite a decline in volume growth in the third quarter due to a seasonal slowdown in the construction and demolition (C&D) sector.

Renewi said margins fell as it was forced to find alternative outlets for its products due to an import ban on paper and plastic recyclates in China.

The company has increased prices since the start of 2018 to offset cost pressures on wages, insurance and waste outlets.

The hazardous waste and municipal divisions have both performed in line with expectations while the monostreams unit is trading well.

Renewi reviews onerous contracts

However, operating contracts of Wakefield and Barnsley, Doncaster and Rotherham (BDR) in the municipal division continue to be loss-making despite operational improvements.

The group reviewing onerous contracts and other items, which will result in increased exceptional charges for the year.

Yet "the board remains confident that the trading outturn for the full year ending 31 March 2018 will be in line with its expectations", Renewi said.

Share Information

Code: PROAC

Listing: PRIVATE-UK

Sector: Media

Website: www.proactiveinvestors.co.uk

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