5 June 2020

Biffa plc

RESULTS FOR THE 52 WEEKS ENDED 27 MARCH 2020

PROVIDING CRITICAL, SUSTAINABLE INFRASTRUCTURE AND SERVICES
STRONG PERFORMANCE IN LINE WITH EXPECTATIONS

Biffa plc ('Biffa', 'the Group' or 'the Company') (LSE: BIFF), the UK's leading sustainable waste management company, announces its results for the 52 weeks ended 27 March 2020.

Michael Topham, Chief Executive of Biffa, said:

"Events since March have, for obvious reasons, completely overshadowed what was otherwise a very successful year for Biffa. We delivered a strong set of financial results, continued to execute our exciting growth strategy, and committed to an ambitious 10-year Sustainability Strategy, 'Resourceful, Responsible' which will see the Group unlock £1.25bn of investment in green economy infrastructure by 2030.

"We continued to make good progress in our I&C business, through a combination of organic growth, a number of acquisitions and a standout performance in our Specialist Services business. The Municipal business stabilised with some excellent new business wins and contract extensions. In Resources & Energy, a strong performance in our Biffa Polymers business offset some weakness in the recycling facilities that arose from ongoing softness in commodity prices.

"Whilst the COVID-19 pandemic has brought unprecedented challenges, I am very proud of the way Biffa has responded with a series of swift and decisive measures focused on protecting our people, continuing to serve our customers and maintaining our financial strength. Proactive steps to conserve cash have included temporarily suspending M&A activity and dividends; reducing capex, operating costs, pay and bonuses; utilising Government assistance where appropriate and securing the necessary support from our lenders and suppliers.

"These actions have placed us in a strong position to withstand the immediate impact of the crisis as we continue to provide critical and sustainable infrastructure and services.

"I would like to offer my thanks and appreciation to all of Biffa's stakeholders, in particular our employees, for their exceptional response to the COVID-19 crisis. Although the crisis will continue to be tough for everyone and the short-term outlook remains uncertain, we are confident that the measures we have taken ensure we are able to be clearly focused on making sure Biffa emerges a stronger and better business."

Financial Summary

Group Results	FY20 £m	FY19 £m	Change £m	Change %
Statutory Revenue[11]	**1,163.1**	1,091.2	71.9	6.6%
Net Revenue[1, 11]	**1,102.8**	1,030.8	72.0	7.0%
Underlying EBITDA[2]	**174.0**	150.7	23.3	15.5%
Underlying EBITDA Margin[3]	***15.0%***	13.8%	-	-
Underlying Operating Profit[4,10]	**90.5**	81.7	8.8	10.8%
Underlying Operating Profit Margin[3]	***7.8%***	7.5%	-	-
Underlying Profit before Tax[5]	**71.7**	64.0	7.7	12.1%
Other items before tax	**(15.3)**	(42.5)	-	-
Statutory Profit before Tax	**56.4**	21.5	-	-
Tax	**(10.8)**	(3.5)	-	-
Statutory Profit after Tax	**45.6**	18.0	27.6	153.3%

Underlying EPS[6]	**23.1p**	20.6p	2.5	12.1%
Statutory EPS	**18.3p**	7.2p	-	-
Total dividend per share	**2.47pps**	7.20pps	(4.7)pps	(65.7%)
Underlying Free Cash[7] Flow	**53.6**	47.7	5.9	12.4%
Reported Net Debt[8]	**425.5**	310.7	(114.8)	(36.9)%
Reported Net Debt: EBITDA[9]	**2.4x**	2.1x	(0.3x)	(14.3%)

** FY20 results are prepared incorporating IFRS16; FY19 results have not been restated.*
The impact of IFRS16 on FY20 results has been to increase Underlying EBITDA by £18.9m, Underlying Operating Profit by £2.8m. Net debt has increased by £141m.

Financial Performance Highlights

- Strong net revenue growth of 7.0% (organic 2.5%, acquired 4.5%) versus prior year growth of 4.4%
- Underlying Operating Profit up 10.8% driven by a strong Collections performance; with Operating Margin up to 7.8%. On a pre-IFRS 16 basis, margins were flat year on year at 7.5%
- Ongoing progress in terms of Quality of Earnings:
  - Strong Industrial & Commercial (I&C) and Specialist Services revenue and profit performance;
  - Further progress across Recycling activities; and
  - Inerts, Organics, Municipal and Landfill Gas all solid
- Underlying EPS up 12.1% to 23.1 pence reflecting reduced financing costs
- As part of our COVID-19 cash conservation package of measures, no final dividend recommended for FY20
- Leverage increased due to IFRS16; on a like for like basis leverage reduced to 1.8x

COVID-19 Response

- The Group has taken swift and decisive action since the start of the crisis focusing on the following three immediate priorities:
    - Protecting the health, safety and wellbeing of our employees and the communities we serve
    - Ensuring our business operations are able to continue with minimal disruption and that customers continue to receive the essential services that we provide
    - Protecting the financial strength of the Group
- Swift and clear engagement with stakeholders enabled Biffa to endure the challenging circumstances in the best way possible
- I&C and landfill businesses most severely impacted with revenues initially down around 50% and since beginning to recover to 40% down

Operating Performance

Collections division

	FY20*	FY19	Change %
Statutory Revenue	870.8	797.3	9.2%
Net Revenue	870.8	797.3	9.2%
- I&C	603.7	560.2	7.8%
- Specialist Services	89.8	72.5	23.9%
- Municipal	177.3	164.6	7.7%
Underlying EBITDA	126.4	106.5	18.7%
Underlying Operating Profit	72.2	61.5	17.5%
Underlying Operating Profit Margin	8.3%	7.7%	-

** FY20 results are prepared incorporating IFRS16; FY19 results have not been restated.*
The impact of IFRS16 on FY20 results has been to increase Underlying EBITDA by £11.2m and Underlying Operating Profit by £1.7m.

I&C

- Organic net revenue growth 1.0%[12]; Acquisition net revenue growth 8.3%[12]
- New customer wins include Transport for London, Barratt Homes and Center Parcs
- Key customer renewals include John Lewis Partnership, B&Q, Greene King and Mitchells & Butlers
- Acquisition revenue growth 8.3%. Full year benefit of SWR acquisition. Integration of all prior year acquisitions on track; five small bolt-on acquisitions completed in year
- Fully mitigated Dutch tax on refuse derived fuel (RDF) exports and soft commodity prices
- Low customer churn and unit operating costs kept flat

Specialist Services

- Strong IRM revenue and profit growth
- Continuing Hazardous waste improvement

Municipal

- Strong year of contract wins and renewals: Cornwall, Winchester and Tandridge
- Ongoing stabilisation of the underlying business performance and successful mobilisation of East Sussex, Waverley and Melton contracts

Resources & Energy division

	FY20*	FY19	Change %
Statutory Revenue	292.3	293.9	(0.5)%
Net Revenue	232.1	233.5	(0.6)%
- Recycling	79.5	79.2	0.4%
- Organics	56.9	61.7	(7.8%)
- Inerts	52.4	47.1	11.3%
- Landfill Gas	43.3	45.5	(4.8%)
Underlying EBITDA	63.4	59.1	7.3%
Underlying Operating Profit	37.7	37.1	1.6%
Underlying Operating Profit Margin	12.9%	12.6%	-

** FY20 results are prepared incorporating IFRS16; FY19 results have not been restated.*
The impact of IFRS16 on FY20 results has been to increase Underlying EBITDA by £5.6m and Underlying Operating Profit by £0.8m.

Recycling

- Polymers benefited from a robust plastics market and strong operational performance. £13m of PRN revenues are now being reflected in Biffpack within Specialist Services.
- Materials Recycling Facilities (MRFs) delivered year-on-year progress despite Q4 commodity weakness
- Phase 1 of the new Seaham PET plant became fully operational just after the year-end

Organics

- Poplars AD / WSCC MBT both had lower energy generation in H1 with improvement during the second half
- Leicester has had a good year of operational improvement

Inerts

- Landfill has achieved a 5% volume increase with steadily increasing supply from the rail hubs across the year

Landfill Gas

- Yield decline particularly well managed. Year on year decline down to 4%
- Export power prices 93% hedged through FY21 @ £52.18 per MwH

PRESENTATION OF RESULTS

A live audio webcast of the results presentation will be available at 09.30 hrs today (5 June 2020) at www.biffa.co.uk/investors An on-demand version of the webcast, as well as the RNS and presentation documents will also be available at: www.biffa.co.uk/investors.

PUBLICATION OF ANNUAL REPORT

The Company will publish its Annual Report and Accounts 2020 on 17 June 2020. This document will be available to view on the Company's website at www.biffa.co.uk/investors and is also being submitted to the National Storage Mechanism for inspection at:
https://data.fca.org.uk/#/nsm/nationalstoragemechanism.

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Cautionary statement regarding forward-looking statements
This announcement contains certain forward-looking statements that are subject to the usual risk factors and uncertainties associated with the Company's business. Whilst the Company believes the expectations reflected herein to be reasonable in light of the information available to them at this time, the actual outcome may be materially different owing to factors beyond the Company's control or within the Company's control where, for example, the Company decides on a change of plan or strategy. Accordingly, no reliance may be placed on the figures contained in such forward-looking statements.

The forward-looking statements contained in this document speak only as of the date of this announcement, and Biffa does not undertake to update any forward-looking statement to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

Use of Alternative Performance Measures
Throughout the release we use a number of alternative (or non IFRS) performance measures to provide users with a clearer picture of the performance of the business. This is in line with how management monitor and manage the business day to day. Further definitions and details are provided below.

Technical Notes:

1 Revenue excluding Landfill Tax
2 Profit before depreciation and amortisation, exceptional items, impact of real discount rate changes to landfill provisions, finance costs and taxation
3 Calculated as a percentage of statutory revenue
4 Profit before exceptional items, amortisation of acquisition intangibles, impact of real discount rate changes to landfill provisions, finance costs and taxation
5 Profit before exceptional items, amortisation of acquisition intangibles, impact of real discount rate changes to landfill provisions, non-underlying net interest items and non-underlying taxation
6 Underlying profit after tax divided by weighted average number of shares in the year

7 Net increase/(decrease) in cash and cash equivalents excluding dividends, restructuring and exceptional items, acquisitions, movement in financial assets and movements in borrowings or share capital (but including finance lease principal payments)
8 Net debt excluding the EVP preference instrument of £47.6m,but includes the £6.3m which is the interest payable to preference shareholders
9 Represents 2.4x last 12 months Underlying EBITDA
10 Total Underlying Operating Profit includes central costs of £15.8m (£14.9m in prior year)
11 IFRS15 Revenue from contracts with customers adopted in 2019
12 Excluding impact of lower prices on bulk traded commodities

Chairman's Statement

2019/20 was another good year for Biffa, building on the progress made since our IPO in 2016 and establishing a clear path for future growth against our vision to 'lead the way in UK sustainable waste management'.

It was not until the final couple of weeks of the year that the impacts of COVID-19 became truly apparent. Biffa's management reacted swiftly to the changing economic circumstances and the significant reduction in demand that the business has experienced since the year end, especially in the Industrial and Commercial (I&C) Collections and landfill operations businesses.

Of paramount importance to the Board and management is protecting the health, safety and wellbeing of our employees and the communities we service. I am proud to say that I, and the rest of the Board, are confident that we have taken the right steps to do this whilst ensuring the continuity of the critical services that we provide.

At the end of the financial year, we had over £150m of available liquidity. This strong liquidity position, combined with the decisive action taken to control costs, leaves Biffa well placed to weather these unprecedented trading conditions.

Business and Markets

We understand the increasing scrutiny placed on businesses and households to manage their waste responsibly. That is why we are committed to providing our customers with efficient, reliable and sustainable waste management. Central to our business is the collection of industrial, commercial, and domestic waste which we process, prioritising its recycling and energy recovery, with safe disposal to landfill as a last resort.

The markets in which we operate provide us with a number of opportunities for organic and inorganic growth. Our business spans each area of the waste hierarchy, which means we are well placed to take advantage of these opportunities when they arise.

At the beginning of the last financial year we reorganised the Group into two divisions - Collections and Resources & Energy. This has created a more efficient, focused structure and positioned us for growth in the areas where we have advantaged positions. We have made good progress in both divisions, delivering our plan for the year and performing in line with expectations, despite the initial impact of COVID-19 in the last month of the year.

Strategy and Capital Allocation

Biffa has a clear strategy for growth based on three strategic pillars – grow our market share; develop services and infrastructure; and optimise systems and processes. These are underpinned by a focus on three specific opportunities: growing our collections business; expanding our plastics recycling business Biffa Polymers; and investing in energy from waste (EfW). The strategy fully supports Biffa's purpose to 'change the way people think about waste' and our vision to 'lead the way in UK sustainable waste management' and is underpinned by our Sustainability Strategy, 'Resourceful, Responsible', which we were delighted to launch in March 2020.

One of the highlights of the year for me was attending the official opening of the first phase of Biffa's new 57kt PET recycling facility in Seaham, County Durham, in January 2020. This is progressing well despite the COVID-19 outbreak and we still see significant opportunity for further investment in our Polymers plastics business over the next few years.

We have also continued to commit capital to bolt-on acquisitions in the Collections business, which are central to Biffa's combined organic and inorganic growth strategy.

Shareholder Returns

We had planned to see an increase in the dividend for the year ended 27 March 2020, but due to cash conservation measures in response to COVID-19 the final dividend of 2019/20 has been cancelled. The Board believes this to be prudent in the circumstances and aspires to return to dividend payments as soon as more normal trading conditions allow.

Health & Safety

The waste management industry carries inherent Health & Safety (H&S) risks and we are committed to keeping our people, our customers and the general public safe and well. Protecting the health, safety and wellbeing of our people has been our top priority throughout the COVID-19 pandemic. Biffa has always been an industry leader, setting extremely high safety standards. The Board was delighted to see the achievement of the planned year-on-year reduction in the Lost Time Injury rate as well as the introduction of a new H&S culture change programme, 'Safer Together'.

Corporate Governance

Our approach to corporate governance and compliance is in line with the UK Corporate Governance Code. The increasing cost associated with meeting such requirements must be recognised. We seek to ensure an appropriate balance between pragmatic compliance and the associated cost, whilst upholding the highest governance standards in those areas that truly add value to the business.

The Board

Last year we made a number of changes to the Board. This year we have seen these changes successfully embedded and Board members working and interacting well together and building strong relationships. Inevitably the COVID-19 crisis has challenged the Board and the Group Executive Team, but it is at times of crisis that the high quality of our team and leadership is apparent.

Employees

Our people are the core of our organisation. It is the hard work they put in every day which makes the difference. Identified by the Government as 'key workers', our people have continued to work throughout the COVID-19 crisis, highlighting their commitment, dedication and loyalty. The Board thanks all our employees for this and for the sacrifices they have made to ensure we have been able to continue to operate and support our customers and communities during this time.

It has been regrettable that as a result of the downturn in business, some of our employees have been put into the Government Furlough Scheme. Biffa has provided enhanced benefits, designed to ensure that no employee suffers undue hardship whilst unable to work due to COVID-19. Our executive and senior leadership teams have also taken adjustments to their remuneration and I would like to recognise the contribution they have made at this difficult time.

Employee engagement continues to be of key importance to the organisation. I was delighted that David Martin, our Board member who has responsibility for workforce engagement, attended two employee roadshows, conducted a focus group with a cross section of employees and attended the annual employee awards event, along with several other activities enabling him access to a large number of employees.

Looking to the Future

We are mindful that the immediate future of Biffa is very much affected by the current uncertainty in markets attributed to COVID-19.

However, Biffa is a strong company, built on solid foundations, with a dedicated and committed management team and a clear strategy for growth. The immediate focus of the Board is very much to protect and preserve the fundamental value of the business so that we can return to business as usual and deliver further progress against our strategic growth plans, once we are through these difficult times.

Ken Lever
Chairman
4 June 2020

Chief Executive Officer's Review

Annual Performance Overview

Events since March have, for obvious reasons, completely overshadowed what was otherwise a very successful year for Biffa. We delivered a strong set of financial results, continued to execute our exciting growth strategy, and committed to an ambitious 10-year Sustainability Strategy, 'Resourceful Responsible' which will see the Group unlock £1.25bn of investment in green economy infrastructure by 2030.

We continued to make good progress in our I&C business, through a combination of organic growth, a number of acquisitions and a standout performance in our Specialist Services business. The Municipal business stabilised with some excellent new business wins and contract extensions. In Resources & Energy, a strong performance in our Biffa Polymers business offset some weakness in the recycling facilities that arose from ongoing softness in commodity prices.

We combined strong business performance and strategic delivery, with committed leadership in helping to tackle broader issues affecting our industry including rough sleeping, modern day slavery, managing waste in the developing world, and diversity and inclusion in the workplace. We also delivered our best ever safety performance.

We were admitted to the FTSE 250 Index in March 2020 and I'm proud of what we have achieved in the year, and even more so by our response to the COVID-19 crisis.

Strategic priorities

In September 2019 we held a Capital Markets Day event, our first since the IPO in 2016. The materials presented on the day are available in the Investors section of our website. At the event, along with members of the Group Executive Team, we explored the key themes of our strategy, including the growth of our leading I&C Collections platform, investing to grow our award-winning plastics recycling business Biffa Polymers, and investing in EfW infrastructure.

During the year we made good progress in all three areas:

- Our I&C business operates in a fragmented market where scale delivers significant benefits. Our focus on growing, both organically and through synergistic acquisitions, remains central to Biffa's strategy. In the year we delivered strong acquisition growth of 8.3[12]% of revenue, integrating the acquisitions completed in the prior year and completing five further bolt-on acquisitions. We also made good progress in evolving our offering to enable us to drive further organic growth by developing enhanced digital capabilities and launching new products to market.

- Our Polymers business operates in an exciting sector, with demand for the closed-loop, food-grade recycled plastic that we manufacture growing rapidly. In the year we successfully built and commissioned the first phase of our PET plastic bottle recycling plant at Seaham in County Durham. The plant can process the equivalent of 1.3bn plastic bottles each year, turning them into food-grade recycled raw materials for reuse here in the UK. We also announced a £7m investment in nearby Washington, in a plant to process plastic pots, tubs and trays. The Polymers business has again combined the delivery of a strong operational performance with the development and execution of an exciting growth strategy.

- In EfW, the UK continues to have under-capacity to treat non-recyclable waste for energy recovery. Biffa, as one of the UK's largest controllers of waste feedstock through its Collections business, is well placed to unlock the development of this much needed infrastructure. I was delighted that we reached financial close on our Newhurst project in Leicestershire (£45m for 50% equity commitment in February 2020). Plant construction is now under way and scheduled to be completed in 2023. We continue to progress our second opportunity, Protos in Cheshire, and are at an advanced stage of this evaluation.

I am pleased with our strategic progress and remain confident about the future growth opportunities ahead.

Sustainability Strategy
Sustainability isn't new to us – it has been core to our business and investment plans ever since the business and the wider industry began to move away from landfill disposal and into recycling and renewable energy.

We launched 'Resourceful, Responsible', our 10-year Sustainability Strategy, in March 2020. The strategy, which is aligned to the UN's Sustainable Development Goals, is centred around three key pillars: building a circular economy; tackling climate change; and caring for our people and supporting our communities. It includes a commitment to unlock £1.25bn of investment in green economy infrastructure, whilst reducing our CO_2 emissions by a further 50% in the coming decade. When combined with what we've achieved in the last 15 years, that will amount to a reduction in our CO_2 emissions by over 80%.

'Resourceful, Responsible' is inextricably linked to our strategic framework and the investment in green economy infrastructure includes the plans already outlined in our growth strategy, including: plastics recycling – which reduces the carbon intensity of packaging; Collections acquisitions – which reduce the carbon intensity of business collections as well as improving local air quality and reducing traffic congestion; and EfW – which helps reduce the UK's dependence on fossil fuels. In addition to those existing plans we have outlined our ambition to invest in solar energy across our legacy landfill land bank, and our commitment to phase out the purchase of diesel refuse vehicles by 2030.

It's a bold and ambitious plan, but it is grounded in known technologies and solid investment opportunities that we are well positioned to deliver.

Vision and Purpose
I am fortunate to lead such a committed team of individuals, who share a clear vision and purpose for our business.

Our vision is simple – *to lead the way in UK sustainable waste management.* We wish to lead in business performance and returns, innovation, reputation and in how we tackle broader societal issues relevant to our industry. In the year we have proved we are worthy of the mantle, through the delivery of a strong business performance, the ongoing execution of our ambitious strategic growth plans, the articulation of our 10-year Sustainability Strategy, and the exceptional commitment and resilience the team has exhibited through the COVID-19 crisis.

Our purpose – is *to change the way people think about waste*. This embodies what drives us as an organisation. We understand that waste matters to people in a way that it didn't use to. We see the opportunities that exist in our sector and believe that our role is to help people understand them so that together we can make them happen.

I believe that together our vision and purpose are a great embodiment of what life at Biffa is all about and they help to drive our teams to do the best that they can do.

Impact of COVID-19
The COVID-19 crisis is of course unprecedented, and it has had a significant impact on our business. Since the emergence of the crisis we have focused on three priorities: protecting the health, safety and wellbeing of our people and the communities we serve; ensuring our business operations are able to continue with minimal disruption and that customers continue to receive the essential services that we provide; and protecting the financial strength of the Group.

We took swift action to protect our people, including a rapid shift to home working where possible and the introduction of new protocols to ensure that social distancing was observed where practical in our frontline operations. At all times we have been closely involved in the development of, and of course have strictly observed, industry and Government advice and guidelines. In addition to ensuring we kept our people as safe as possible, we offered enhanced financial benefits for those unable to work due to COVID-19-related sickness or absence.

The impact has varied across the range of services we provide. Our most severely impacted business is I&C, where we experienced a significant reduction in demand for our services and a 50% revenue decline during the lockdown period versus pre-COVID levels. Demand for our Municipal services was relatively unaffected however, ensuring services could continue in the face of significant workforce absence has been challenging. Our Resources & Energy business has been most notably affected in our Inerts business, with landfill revenues down c50% versus pre-COVID levels due to reduced volumes particularly from the construction sector. Other parts of the division have been less impacted.

Overall, Group revenues for the period of lockdown were down 30% versus pre-COVID levels. However, the Group saw an early stabilisation of these trends and in recent weeks we have seen increases in revenues, with revenue levels in both I&C and landfill operations now down about 40% from pre-COVID levels.

To support short-term cash preservation we have taken a number of proactive measures, deferring all discretionary capital and operating expenditure and other strategic investments such as acquisitions, settling the majority of earned bonuses from the 2019/20 year in equity, pay reductions for the Board, Executive Team and other leaders, the suspension of bonus schemes for the 2020/21 year and cancelling our year-end dividend. We have benefited from Government support through the deferral of indirect tax payments and furloughed approximately 1,500 people. As outlined in our Chief Financial Officer's Review, we negotiated waivers of lending covenants and secured agreement to £60m of additional headroom financing lines from our existing lending banks, should they be required. When combined, these measures have ensured that the Group is positioned to withstand the impact of the crisis and will help to ensure that we emerge strongly when the crisis passes.

I would like to offer my thanks and appreciation to all of Biffa's stakeholders, in particular our employees, for their exceptional response to the COVID-19 crisis.

Scenario Analysis

As a result of all the actions taken to control costs and enhance liquidity, the Group remains EBITDA positive and is seeing only modest monthly cash burn. As a result of mitigating actions, the Group has taken, we are confident that we can manage through FY21 without seeing a marked increase in debt. Consequently, the Group is in a position to weather the unprecedented operating backdrop and trade through all modelled scenarios.

However, it is clear that COVID-19 is having a very significant impact on some of the Group's markets and the duration of the pandemic's impact and the ongoing effect it may have on the Group's financial performance remains uncertain.

As a result, our balance sheet and liquidity planning is based upon a cautious base case scenario, which assumes lockdown restrictions continue to be imposed for the duration of Q1 FY21 and are followed by a subdued and incomplete recovery over the remainder of the year. Under this scenario:

- The I&C division is expected to recover slowly as customers begin to renew activity, exiting the FY21 year with run rate revenues of ~80-90% of FY20, and remaining at these levels as we enter FY22.
- The Resources & Energy division is expected to experience a continued and more marked decline in Landfill Gas revenues during FY22, based on known volume reductions and current electricity prices. The Group expects its recycling business to continue to grow across FY21 and FY22, with the new Seaham PET plant coming on-line and Material Recycling Facility contract improvements.

The impact of reduced EBITDA would see leverage increase at the end of FY21 to c.3x on the base case and 4x on worst case scenario (both on a pre-IFRS 16 basis).

As a consequence of the covenant amendments agreed with lenders, we have agreed a number of restrictions, relating to levels of capex, M&A and shareholder distributions, which we expect to remain in place for c.12-18 months. The Company is therefore continuing to consider its funding options on an ongoing basis, including raising equity capital, to allow it to continue with all the previously outlined growth investment opportunities across I&C, closed loop plastic recycling and Energy from Waste, without delay.

Outlook and Priorities

Our immediate priorities remain those associated with navigating the COVID-19 crisis. I am however hopeful and confident that as the year continues, and given the extensive measures we have taken, we will be able to refocus on delivering our strategic growth plans, make further progress against our Sustainability Strategy and ensure Biffa emerges as a stronger and better business.

COVID-19 will eventually pass and we will be able to restore underlying profitability over time, but the climate emergency is a continuing global challenge that will still be with us, and we at Biffa understand the vital role we have to play in helping the UK to address it.

Michael Topham
Chief Executive Officer
4 June 2020

Chief Financial Officer's Review

Group Performance

I am pleased to be able to present another strong set of financial results. Compared with the prior year, Statutory Revenue was up 7%, Statutory Operating Profit increased 63% and Statutory Profit before Tax was up 163%, resulting in Earnings per Share (EPS) increasing 154%. Looking at underlying performance measures, Underlying Operating Profit (pre IFRS 16) was up 7.3% and Underlying EPS increased 14.6%.

Other Items

To enable a better understanding of business performance, certain items are excluded when calculating the Group's underlying measures of performance. These items are explained further in Note 3 to the consolidated Financial Statements and include:

(i) Exceptional items; and
(ii) Other non-underlying items that recur most years but that the Group feels will aid the user by excluding from underlying performance – amortisation of acquisition intangibles and movement on landfill provisions as a result of discount rate changes.

These Alternative Performance Measures (APMs) are also used to enhance the comparability of information between reporting periods and the Group's divisions, by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, to aid the user in understanding the underlying performance.

A reconciliation from Underlying Profit After Tax to Statutory Profit After Tax is set out below:

	FY20 £m	**IFRS 16 Adj's £m**	**Pre IFRS 16 £m**	FY19 £m
Underlying Profit After Tax	57.4	1.1	58.5	51.5
Acquisition-related costs	(1.1)	-	(1.1)	(2.8)
Amortisation of acquisition intangibles	(16.9)	-	(16.9)	(16.5)
Impact of changes in real discount rate on landfill provisions	4.9	-	4.9	(1.6)
Strategy & restructuring costs	(4.8)	-	(4.8)	(2.1)
Onerous contracts	1.5	-	1.5	(10.2)
Pensions GMP equalisation	-	-	-	(3.1)
Finance charges	1.1	-	1.1	(6.2)
Taxation impact on other items	3.5	-	3.5	9.0
Statutory Profit After Tax	45.6	1.1	46.7	18.0

Finance Charges

Underlying financing costs fell significantly compared with the prior year, as a result of renegotiated loan borrowing and bonding facilities and the natural decline of the number of older, more expensive lease liabilities. A breakdown in net finance charges is below:

	FY20 £m	IFRS 16 Adj's £m	Pre IFRS 16 £m	FY19 £m
Interest on net borrowings	**9.0**	-	9.0	9.9
Interest on lease liabilities	**4.2**	-	4.2	5.0
IFRS 16 leases	**4.2**	(4.2)	-	n/a
Bond premiums	**1.6**	-	1.6	1.8
Provision discount unwind / other	**(0.3)**	-	(0.3)	1.0
Net underlying finance charges	**18.7**	(4.2)	14.5	17.7
Discount unwind on EVP instrument and IPO costs	**(1.1)**	-	(1.1)	2.4
Unamortised arrangement fees on old facility	**-**	-	-	3.8
Net finance charges	**17.6**	(4.2)	13.4	23.9

Taxation

The Group's tax strategy is approved annually by the Board and is available on the Group's website. The Group remains committed to fully discharging its responsibilities in respect of all relevant tax legislation in a clear and transparent manner based on a collaborative relationship with all tax agencies.

The statutory effective tax rate was 19.2%, slightly higher than the prevailing rate due to certain charges being disallowed for UK corporation tax. Payments in respect of corporation tax in the year were (£0.2m) (prior year £0.2m). The Group's deferred tax balance of (£17.3m) includes balances totalling (£39.9m) in respect of Accelerated Capital Allowances, previously written off goodwill and losses which will continue to moderate tax payments in future years.

Earnings per Share

Underlying Earnings per Share rose by 12.1% to 23.1 pence from 20.6 pence in the prior year. In addition, Total Earnings per Share increased to 18.3 pence, over 154% higher than the prior year 7.2 pence, as a result of improved trading performance and lower exceptional, non-underlying items.

Retirement Benefits

The Group operates defined pension schemes for certain employees. These are closed to new members and to future accrual (except for a small number of members who have protected entitlements under local Government contracts). At 27 March 2020, the net retirement surplus was £124.7m (prior year £79.0m). The Biffa Pension Scheme had an actuarial deficit of £29.2m at the time of the last valuation in March 2018 (compared with £66.7m in March 2015), and an inflation-linked annual payment of £4.3m has been agreed with the Trustee of the scheme.

Capital Allocation

The Group seeks to balance the allocation of its discretionary capital between shareholder returns, acquisitions and organic growth opportunities.

Due to the impacts of COVID-19, and the prudent prioritisation of cash conservation, the Board is not recommending a final dividend for the FY20 year. As a result, the only dividend for the period was the interim dividend of 2.47 pence per share.

Prior to putting all M&A activity into abeyance, due to the impending impacts of COVID-19, the Group had continued to deliver against its growth strategy by completing five small acquisitions for £5.1m during the year. As the SWR business was acquired on 12 March 2019, the integration of this business, and the other six acquisitions last year, has been a significant focus for the Group.

Cash Flow
Another year of focus on strong cash flow delivery in the year enabled the Group to exit the year with a further strengthened balance sheet and reduced leverage.

A summary of the Group's cash flows is shown below:

	FY20 £m	**IFRS 16 Adj's £m**	**Pre IFRS 16 £m**	FY19 £m
Underlying EBITDA	174.0	(18.9)	155.1	150.7
Working capital movement	12.8	-	12.8	(3.2)
Net capital expenditure	(55.8)	-	(55.8)	(45.2)
Net interest paid	(16.9)	4.2	(12.7)	(16.0)
Lease principal payments	(50.2)	14.7	(35.5)	(33.0)
Pension deficit payments	(4.1)	-	(4.1)	(4.0)
Advance for purchase of own shares for share awards	(6.0)	-	(6.0)	(1.4)
Tax paid re acquisitions	(0.2)	-	(0.2)	(0.2)
Underlying Free Cash Flow	53.6	-	53.6	47.7
Restructuring and exceptional items	(14.2)	-	(14.2)	(4.5)
Acquisitions	(5.1)	-	(5.1)	(41.5)
Investment in associates	(5.0)	-	(5.0)	-
Changes in borrowings	0.5	-	0.5	45.1
Movement in financial assets	10.1	-	10.1	(4.4)
Dividends	(18.3)	-	(18.3)	(17.0)
Net increase/(decrease) in cash and cash equivalents	21.6	-	21.6	25.4

Underlying Free Cash Flow increased by £5.9m in the year, driven by working capital inflow and reduced interest costs, which offset increased capital expenditure and purchase of own shares for share awards. Net cashflow (excluding movement in borrowings) is stronger than last year as a result of lower M&A spend, offset by the hazardous waste landfill tax payment to HMRC (detailed further below) and the initial equity investment in the Newhurst EfW facility.

Systems Replacement Programme
We have made some substantial changes to 'Project Fusion', the Group's systems replacement programme, during the year. We were not satisfied with the progress to date and as a result, we paused the programme in May 2019 in order to reassess the constituent elements, ordering and project milestones. The increased costs associated with this pause are included in Other Items: Strategy and restructuring costs. We replaced the Systems Integration delivery partner and recommenced the programme with a new partner in November 2019. The programme has been paused again in April 2020 as a result of COVID-19.

Net Debt and Financing Facilities
In March 2019, the Group refinanced its bank borrowings with a new unsecured revolving credit facility (RCF) of £350m. This facility had an initial five-year term and was extended by a further year to March 2025 during the period. The RCF provided the Group with a lower than average cost of debt compared with the prior year, an increased maturity profile and improved covenants. As previously reported, after the year end an agreement was reached with the Group's banks to revise covenants and increase liquidity headroom for FY21 to provide appropriate flexibility to cope with the impacts of COVID-19 in order to cater for all modelled scenarios:

• An amended pre-IFRS16 Net debt: EBITDA covenant for FY21 H1 of 5.5x (compared to the previous covenant of 3.5x) and an interest cover covenant unchanged at 4x;

• An agreement that in relation to FY21 H2, the Group will be afforded a 30% covenant headroom over and above Biffa's forecast profit run rate as calculated in September 2020, to cater for the current lack of visibility around the post lockdown run rate of profitability; and

• In addition, whilst the Group has sufficient liquidity to cover the various modelled scenarios, its banks have agreed in principle, to an additional £60m committed liquidity headroom facility, should it be required.

Reported Net Debt at year-end breaks down as:

Reported Net Debt (£m)	**FY20 £m**	IFRS 16 adj's £m	Pre IFRS 16 £m	FY19 £m
Cash	**87.8**	-	87.8	66.2
Loans	**(249.0)**	-	(249.0)	(248.0)
Lease liabilities	**(258.0)**	141.0	(117.0)	(122.6)
EVP preference instrument	**(6.3)**	-	(6.3)	(6.3)
Total	**(425.5)**	141.0	(284.5)	(310.7)

Reported Net Debt excludes £41.3m (prior year £42.3m) of EVP preference instrument liability in respect of the EVP Dispute (see Note 33). £6.3m of these costs is included in Reported Net Debt as it will be payable irrespective of the outcome of the dispute and is therefore considered core debt.

Landfill Tax Matters
The Group is currently engaged in the following disputes with HMRC:

- **EVP:** The Group is engaged in a dispute with HMRC concerning historical landfill tax. Biffa was successful in its appeal at the Upper Tax Tribunal hearing held in November 2019. HMRC has appealed this decision to the Court of Appeal. This is covered in more detail in note 34 of the accounts.
- **Hazardous Waste:** As previously disclosed, HMRC assessed Biffa for £8.5m of landfill tax relating to the period 2012 to 2016. Biffa paid these monies to HMRC in December 2019 and is appealing the assessment. The cash payment is within exceptional cash flows and is held on the balance sheet within prepayments as we expect to successfully defend this case.

Financial Reporting Council (FRC) Information Request
In February 2019, the Group received a request for information on the reporting treatment of certain areas from the FRC, following a review of the Group's 2018 Annual Report and Accounts. The request focused on four main areas – APMs, landfill restoration and aftercare provisions, pension schemes, and service concession arrangements. The

Group responded fully and on a timely basis to the FRC, enabling it to close its enquiry in early May 2019. As a result of the enquiry, the Group made a number of small disclosure changes in the prior year Financial Statements, which have also been incorporated this year.

IFRS 16

The Group has adopted IFRS 16 with effect from the start of this year. It has not restated the prior year Financial Statements. Adoption of IFRS 16 has no effect on how the business is run, nor on the cash flows for the Group.

The Balance Sheet impact of IFRS 16 is:

(£m)	**FY20 £m**	IFRS 16 adj's £m	Pre IFRS 16 £m	FY19 £m
Property, plant and equipment	**527.7**	(139.4)	388.3	365.4
Lease Liability	**(258.0)**	141.0	(117.0)	(142.9)
Working Capital & other	**(62.8)**	(0.5)	(63.3)	(46.5)
Net Assets	**411.00**	1.1	412.1	360.1

The impact to the trading statement of IFRS16 is:

(£m)	**FY20 £m**	IFRS 16 adj's £m	Pre IFRS 16 £m	FY19 £m
Underlying EBITDA	**174.0**	(18.9)	155.1	150.7
Depreciation	**(83.5)**	16.1	(67.4)	(69.0)
Underlying Operating Profit	**90.5**	(2.8)	87.7	81.7
Underlying Profit before tax	**71.7**	1.4	73.1	64.0
Underlying profit after tax	**57.4**	1.1	58.5	51.5

Richard Pike
Chief Financial Officer
4 June 2020

BASIS OF PREPARATION AND DEFINITIONS

The results are based on the Group Financial Statements, which have been prepared in accordance with International Financial Reporting Standards ('IFRS') and interpretations of the International Financial Reporting Interpretations Committee ('IFRIC') as adopted by the European Union ('EU'), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

These results are presented in pounds Sterling and all values are rounded to the nearest one hundred thousand pounds (£0.1m) except where otherwise indicated.

The Group's income statement and segmental analysis separately identify financial results before exceptional and other items. The Directors believe that the presentation of the results in this way is relevant to an understanding of the Group's financial performance. Presenting financial results before exceptional and other items is consistent with the way that the financial performance is measured by management and reported to the Board and aids the comparability of reported results from year to year in this context. The Group's income statement and segmental analysis separately identify a number of Alternative Performance Measures (APMs) in addition to those reported under IFRS. The Directors believe that the presentation of the results in this way, which is not meant to be a substitute for or superior to IFRS measures, is relevant to an understanding of the Group's underlying trends, financial performance and position. These APMs are also used to enhance the comparability of information between reporting periods and the Group's divisions, by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, to aid the user in understanding the underlying performance. Our APMs and KPIs are aligned to our strategy and together form the basis of the performance measures for remuneration. Consequently, APMs are consistent with how the business performance is planned and reported internally to the Board and Operating Committees to aid their decision making. Additionally, some of these measures are used for the purpose of setting remuneration targets.

Accounting Basis	• Prepared in accordance with IFRS • FY20 represents the 52 weeks ended 27 March 2020; FY19 represents the 52 weeks ended 29 March 2019
Net Revenue	• Statutory revenue excluding landfill tax, unless stated otherwise, 'revenue' refers to statutory revenue. Landfill tax is excluded as the rate is outside the Group's control
Organic Net Revenue Growth	• The increase/(decrease) in net revenue in the period excluding net revenue from acquisitions completed in the period and net revenue from acquisitions completed in the prior period up to theanniversary of the relevant acquisition date, to the extent such net revenue falls in the current period • Organic net revenue growth can be expressed both as anabsolute financial value and as a percentage of prior period revenue
Acquisition Net Revenue Growth	• Acquisition Net Revenue Growth in any period represents the Net Revenue Growth in the relevant period from (i) acquisitions completed in the relevant period and (ii) acquisitions completed in the twelve months ended to the start of the relevant period up tothe twelve-month anniversary of the relevant acquisition date (to the extent such Net Revenue falls in the current period). Acquisition Revenue Growth is calculated on the same basis, using revenuein place of Net Revenue.
Acquisition Net Revenue Growth Rate	• Acquisition Net Revenue Growth Rate in any period represents the Acquisition Net Revenue Growth for the period expressed as a percentage of the prior period's Net Revenue. Acquisition Revenue Growth Rate is calculated on the same basis, using revenue inplace of Net Revenue
Underlying EBITDA	• Profit before depreciation and amortisation, exceptional items, impact of real discount rate changes to landfill provisions,finance costs and taxation • Divisional underlying EBITDA is stated after allocation of shared services costs

Underlying Operating Profit	• Profit before exceptional items, amortisation of acquisition intangibles, impact of real discount rate changes tolandfill provisions, finance costs and taxation • Divisional underlying operating profit is stated after allocation of shared service costs
Reported Net Debt	• Net debt excluding contingent balances relating to EVP preference shares
Return on Capital Employed (ROCE)	• Operating Profit excluding exceptional items and impact of real discount rate changes to landfill provisions divided by average of opening and closing shareholder's equity plus net debt (including finance leases), pensions and environmental provisions
Return on Operating Assets (ROOA)	• Underlying Operating Profit divided by average of opening and closing Property, Plant & Equipment, plus net working capital
Underlying Free Cash Flow	• Net increase/(decrease) in cash and cash equivalents excluding dividends, restructuring and exceptional items, acquisitions, movement in financial assets and movements in borrowings orshare capital (but including finance lease principal payments)

CONSOLIDATED INCOME STATEMENT

	52 weeks ended 27 March 2020			52 weeks ended 29 March 2019		
	Underlying activities £m	**Other items £m (Note 3)**	**Total £m**	**Underlying activities £m**	**Other items £m (Note 3)**	**Total £m**
Revenue	**1,163.1**	**–**	**1,163.1**	1,091.2	–	1,091.2
Cost of sales	**(1,012.7)**	**(11.6)**	**(1,024.3)**	(959.0)	(34.5)	(993.5)
Gross profit	**150.4**	**(11.6)**	**138.8**	132.2	(34,5)	97.7
Operating costs	**(57.7)**	**(4.8)**	**(62.5)**	(50.1)	(1.8)	(51.9)
Expected credit loss recognised	**(2.2)**	**–**	**(2.2)**	(0.4)	–	(0.4)
Operating profit	**90.5**	**(16.4)**	**74.1**	81.7	(36.3)	45.4
Finance income	**2.3**	**1.1**	**3.4**	1.5	–	1.5
Finance charges	**(21.0)**	**–**	**(21.0)**	(19.2)	(6.2)	(25.4)
Share of results in joint venture	**(0.1)**	**–**	**(0.1)**	–	–	–
Profit/(loss) before taxation	**71.7**	**(15.3)**	**56.4**	64.0	(42.5)	21.5
Taxation	**(14.3)**	**3.5**	**(10.8)**	(12.5)	9.0	(3.5)
Profit/(loss) for the period	**57.4**	**(11.8)**	**45.6**	51.5	(33.5)	18.0
Profit/(loss) attributable to shareholders of the parent Company	**57.4**	**(11.8)**	**45.6**	51.5	(33.5)	18.0
Basic earnings/(loss) per share (pence)	**23.1**	**(4.8)**	**18.3**	20.6	(13.4)	7.2
Diluted earnings/(loss) per share (pence)	**22.5**	**(4.6)**	**17.9**	19.9	(13.0)	7.0

Other items includes exceptional items, the impact of real discount rate changes to landfill provisions and amortisation of acquisition intangibles.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	52 weeks ended 27 March 2020 £m	52 weeks ended 29 March 2019 £m
Profit for the period	**45.6**	18.0
Other comprehensive income/(loss)		
Items that will not be reclassified subsequently to profit or loss:		
Actuarial gain on defined benefit pension scheme	**40.9**	27.3
Share of other comprehensive income of joint ventures		
Tax relating to items that will not be reclassified subsequently to profit or loss	**(8.3)**	(4.9)
	32.6	22.4
Items that may be reclassified subsequently to profit or loss:		
Net loss on cash flow hedge	**(0.6)**	(0.4)
Net loss on cash flow hedge in joint venture	**(1.8)**	–
Other comprehensive income for the period, net of income tax	**30.2**	22.0
Total comprehensive income for the period	**75.8**	40.0
Attributable to shareholders of the parent Company	**75.8**	40.0

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 27 March 2020 £m	As at 29 March 2019 £m
Assets		
Non-current assets		
Goodwill	**132.2**	128.2
Other intangible assets	**197.0**	213.0
Property, plant and equipment	**527.7**	365.4
Investment in joint venture	**3.0**	–
Long-term receivables	**68.2**	68.9
Deferred tax assets	**–**	2.1
Retirement benefit surplus	**124.7**	79.0
	1,052.8	856.6
Current assets		
Inventories	**16.1**	14.4
Trade and other receivables	**165.3**	142.0
Contract assets	**56.2**	54.2
Financial assets	**6.7**	15.7
Current tax assets	**–**	0.5
Cash and cash equivalents	**87.8**	66.2
Assets held for sale	**0.1**	0.1
	332.2	293.1
Current liabilities		
Borrowings	**(43.6)**	(31.7)
Derivative financial instruments	**(1.2)**	(0.7)
Trade and other payables	**(274.2)**	(232.0)
Contract liabilities	**(17.8)**	(17.6)
Provisions	**(10.2)**	(16.0)
Total current liabilities	**(347.0)**	(298.0)
Net current liabilities	**(14.8)**	(4.9)

Non-current liabilities		
Borrowings	**(511.0)**	(387.5)
Trade and other payables	**(13.0)**	(13.0)
Contract liabilities	**(0.6)**	(0.7)
Provisions	**(85.1)**	(90.3)
Deferred tax liability	**(17.3)**	–

Total non-current liabilities	**(627.0)**	(491.5)
Net assets	**411.0**	360.2
Equity		
Called up share capital	**2.5**	2.5
Share premium	**235.3**	235.3
Hedging reserves	**(2.8)**	(0.4)
Merger reserve	**74.4**	74.4
Retained earnings	**101.6**	48.4
Total equity attributable to shareholders	**411.0**	360.2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Called up share capital £m	Share premium £m	Merger reserve £m	Hedging and other reserves £m	Retained earnings £m	Total equity £m
As at 30 March 2018	2.5	235.3	74.4	–	22.8	335.0
Profit for the period	–	–	–	–	18.0	18.0
Other comprehensive (loss)/income	–	–	–	(0.4)	22.4	22.0
Total comprehensive (loss)/income	**–**	**–**	**–**	**(0.4)**	**40.4**	**40.0**
Value of employee service in respect of share option schemes (net of tax)	–	–	–	–	2.2	2.2
Dividends paid	–	–	–	–	(17.0)	(17.0)
As at 29 March 2019	**2.5**	**235.3**	**74.4**	**(0.4)**	**48.4**	**360.2**
Profit for the period	–	–	–	–	45.6	45.6
Other comprehensive (loss)/income	–	–	–	(2.4)	32.6	30.2
Total comprehensive (loss)/income	**–**	**–**	**–**	**(2.4)**	**78.2**	**75.8**
Value of employee service in respect of share option schemes (net of tax)	–	–	–	–	2.4	2.4
Shares purchased by employee benefit trust					(9.1)	(9.1)
Dividends paid	–	–	–	–	(18.3)	(18.3)
As at 27 March 2020	**2.5**	**235.3**	**74.4**	**(2.8)**	**101.6**	**411.0**

CONSOLIDATED STATEMENT OF CASH FLOWS

	52 weeks ended 27 March 2020 £m	52 weeks ended 29 March 2019 Restated £m
Cash flows from operating activities		
Cash generated from operations	**193.8**	133.0
Restructuring and exceptional costs	**(14.0)**	(4.5)
Receipt of funds held on long-term deposit	**–**	6.1
Net cash from operating activities	**179.8**	134.6
Income tax paid	**(0.2)**	(0.2)
Net cash inflow from operating activities	**179.6**	134.4
Cash flows from investing activities		
Purchases of property, plant and equipment	**(56.8)**	(42.4)
Purchases of intangible assets	**(3.8)**	(3.7)
Compensation	**4.4**	-
Purchase of business, net of cash acquired	**(5.1)**	(41.5)
Investment in joint venture	**(5.0)**	–
Loan to joint venture	**(2.4)**	-
Proceeds from the sale of property, plant and equipment	**1.6**	0.9
Interest received	**0.3**	0.3
Net cash used in investing activities	**(66.8)**	(86.4)
Cash flows from financing activities		
Interest paid	**(17.2)**	(16.3)
Employee share scheme purchase	**(6.0)**	(1.4)
Drawdown of borrowings	**1.0**	45.1
Fees payable on 1 year extension to RCF	**(0.5)**	-
Lease liabilities principal payments	**(50.2)**	(33.0)
Dividends paid	**(18.3)**	(17.0)

Net cash flow used in financing activities	**(91.2)**	(21.2)
Net increase in cash and cash equivalents	**21.6**	25.4
Cash and cash equivalents at the beginning of the period	**66.2**	40.8
Cash and cash equivalents at the end of the period	**87.8**	66.2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

ACCOUNTING POLICIES TO THE GROUP FINANCIAL STATEMENTS

BASIS OF PREPARATION

The consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and related interpretations as issued by the IASB and IFRS adopted by the European Union (EU) and therefore comply with Article 4 of the EU IAS regulations and the parts of the Companies Act 2006 applicable to entities reporting under IFRS. The comparative financial information has also been prepared on this basis.

The Consolidated Financial Statements have been prepared on a historical cost basis, except for the recording of pensions assets and liabilities and the revaluation of certain derivative financial liabilities instruments.

The Financial Statements for 2020 have been prepared for the 52-week period ended 27 March 2020. The prior year was a 52-week period, to 29 March 2019. The upcoming year will also be a 52-week period, to 26 March 2021. The Notes to the accounts refer to 2020 and 2019 meaning 52-week period ended 27 March 2020 and 52-week period ended 29 March 2019 respectively.

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

1. General information

Biffa plc (the "Company") is incorporated and resident in the United Kingdom. The Company is a public limited company, limited by shares, whose shares are listed on the London Stock Exchange. The Company is registered in England and Wales under the Companies Act 2006 (registration number 10336040) with the address of the registered office being; Biffa Plc, Coronation Road, Cressex, High Wycombe, HP12 3TZ, United Kingdom.

The unaudited financial information for the 52 week period ended 27 March 2020 has been based on the Company's financial statements which are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the EU. Whilst the financial information contained in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of IFRS, this announcement does not itself contain sufficient information to comply with those standards. The company expects to publish full financial statements that comply with IFRS in June 2020. The financial information presented herein has been prepared in accordance with the accounting policies expected to be used in preparing the Biffa Plc Annual Report 2020, which are the same as those used in preparing the Biffa Plc Annual Report 2019, with the exception of the implementation of IFRS 16 'Leases', the impact of which is referred to throughout.

A copy of the full Group financial statements for the period ended 27 March 2020 that comply with IFRSs will be made available at biffa.co.uk

IFRS 16 Leases was adopted by the Group on 30 March 2019 and replaces IAS 17 Leases. IFRS 16 removes the distinction between operating leases and finance leases. The result is that the majority of leases are capitalised on the statement of financial position as a right-of-use asset within property, plant and equipment, with a corresponding finance creditor. The cost of leasing these assets in the income statementis recognised as a depreciation charge and an interest charge, opposed to the operating lease charge previously reflected under IAS 17. The exception to this is the leasing of assets for a period of less than 12 months and the leasing of low-value assets which do not require the recognition of a right of use asset or corresponding creditor. At implementation the Group recognised right of use assets of £134.9m and the corresponding lease liability of £134.9m.

Going concern

The Group meets its day-to-day working capital requirements through its bank facilities. The current economic and political conditions create uncertainty; however, the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the current level of its facilities. Having assessed the principal risks and other matters discussed in connection with the Viability Statement, the Directors consider it appropriate to adopt the going concern basis in preparing the Consolidated Financial Statements.

The Group has significant financial resources including unutilised bank facilities of £98m and net cash of £87.8m at 27 March 2020. These funds, together with the Group's long-term customer contract portfolio, flexible cost base coupled with the geographically diverse operating footprint of the Group and breadth of customer industry groupings, means that the Group is well placed to manage the direct business impacts and the current global economic uncertainty arising from the COVID-19 pandemic. This view is underpinned by sensitivity analysis which has been carried out to model the potential financial impact on the Group of the pandemic over 2020. The Directors have assessed the principal risks by modelling a reasonable worst-case scenario. This scenario covers the cash fl ow impact associated with an extended lockdown for a period of 3 months and a gradual recovery in the remainder of the year. The main cash flow impacts identified in the reasonable worst-case scenario are:

- a significant reduction in the collections business and landfill businesses driven by lower demand;
- a reduction in capital expenditure across the Group;
- a reduction in discretionary spend across all areas;
- no payment of the final FY20 dividend;
- the FY20 annual bonus will not be paid in cash;
- the exec are taking a 20% pay cut with senior management (85 employee's) taking a 10% pay reduction for the duration of the
- furloughing period;
- there is a recruitment freeze in place; and

- an intensive furloughing program me involving both operational and central support services. This consists of approx. 1200 employees
- As part of their analysis the Board also considered the following potential levers at their discretion to improve the position identified by the reasonable worst-case scenario including:
- a number of further reductions in operating expenditure across the Group primarily related to workforce cost options; and
- further reduction in capital expenditure

Having considered the reasonable worst-scenario and further levers at the Board's discretion, the Group continues to have headroom against the Group's committed facilities. The Bank of England CCFF scheme is being explored by the Group in order to increase headroom in the case of an extreme downside scenario. Other factors considered by the Board as part of their going concern assessment included the potential impact of Brexit trade talks, alongside inherent uncertainties in cash flow forecasts.

Based on the above, the Directors have concluded the Group is well placed to manage its financing and other business risks satisfactorily, and have a reasonable expectation that the Group will have adequate resources to continue in operation for at least twelve months from the signing date of these Consolidated Financial Statements. They therefore consider it appropriate to adopt the going concern basis of accounting in preparing the Financial Statements.

2. Segmental Information

The Group is managed by type of business and is organised into two operating divisions. With effect from the start of the 52 weeks ended 27 March 2020, the Group has been re-organised into two operating divisions. The divisions were merged according to type of service offered. Collections comprises of Waste and recycling collections and related services to industrial, commercial, municipal and household customers. Resources & Energy consists of Waste and recycling treatment and energy generation services. The historic Municipal and Industrial & Commercial divisions have been merged into the Collections division. The Resource Recovery & Treatment and Energy divisions have been merged into the Resources & Energy division. The Hazardous Waste business was transferred from the Resource Recovery & Treatment division into the new Collections division. The prior period results have therefore been restated for comparison purposes.

These divisions represent the business segments in which the Group reports its primary segment information and are consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Executive Team.

The Group's segmental results are as follows:

Revenue within segments is eliminated on consolidation.

	52 weeks ended 27 March 2020 £m	**52 weeks ended 29 March 2019 Restated £m**
Revenue		
Collections	**870.8**	797.3
Resources & Energy	**292.3**	293.9
Statutory Revenue	**1,163.1**	1,091.2

	52 weeks ended 27 March 2020 £m	**52 weeks ended 29 March 2019 Restated £m**
Revenue reconciliation		
Statutory Revenue	**1,163.1**	1,091.2
Landfill Tax	**(60.3)**	(60.4)
Net Revenue	**1,102.8**	1,030.8

	£m	Growth factor
FY19 Net Revenue	**1,030.8**	
Acquisition revenue growth	**46.7**	4.5%
Organic revenue growth	**25.3**	2.5%
FY20 Net Revenue	**1,102.8**	

Sales between operating divisions are carried out at arm's length. All trading activity and operations are in the United Kingdom and there is therefore no secondary reporting format by geographical segment. There is no single customer that accounts for more than 10% of Group revenue (2019: none).

	2020 Post IFRS 16 £m	IFRS 16 Adoption £m	2020 Pre IFRS 16 £m	2019 restated £m
Underlying EBITDA				
Collections	126.4	(11.2)	115.2	106.5
Resources & Energy	63.4	(5.6)	57.8	59.1
Group Costs	(15.8)	(2.1)	(17.9)	(14.9)
Underlying EBITDA	**174.0**	**(18.9)**	**155.1**	**150.7**
Depreciation and amortisation	(83.5)	16.1	(67.4)	(69.0)
Underlying Operating Profit	**90.5**	**(2.8)**	**87.7**	**81.7**
Exceptional items (Note 3)	(4.4)	-	(4.4)	(18.2)
Amortisation of acquisition intangibles	(16.9)	-	(16.9)	(16.5)
Impact of real discount rate changes to landfill provisions	4.9	-	4.9	(1.6)
Operating Profit	**74.1**	**(2.8)**	**71.3**	**45.4**
Finance Income	3.4	-	3.4	1.5
Finance charges	(21.0)	4.2	(16.8)	(25.4)
Share of joint venture	(0.1)	-	(0.1)	
Profit before taxation	**56.4**	**1.4**	**57.8**	**21.5**

The 52-week period ended 29 March 2019 has been restated to reflect the Group re-organisation into two operating divisions. The historical Municipal and Industrial & Commercial divisions have been merged into the Collections division. The Resource Recovery & Treatment and Energy divisions have been merged into the Resources & Energy division. The Hazardous Waste business was transferred from the Resource Recovery &Treatment division into the new Collections division.

Group costs represent those components of shared services and corporate costs (including, inter alia, board and corporate costs, finance, HR, IT, legal and insurance, external affairs and SHEQ) that cannot be meaningfully allocated to the operating segments.

Underlying EBITDA represents the underlying profit earned by each segment without allocation of the share of depreciation and amortisation, exceptional items, finance costs, material impacts of changes in real discount rate applied to the Group's long-term landfill provisions and income tax expense. Underlying Operating Profit recognises the impact of depreciation and amortisation excluding the amortisation of acquisition intangibles. These measures are both reported to the Group Executive Team for the purpose of resource allocation and assessment of segment performance.

The exceptional costs of £4.4m (2019: £18.2m). below.

	52 weeks ended 27 March 2020 £m	52 weeks ended 29 March 2019 Restated £m
Underlying Operating Profit		
Collections	**72.2**	61.5
Resource & Energy	**37.7**	37.1
Group Costs	**(19.4)**	(16.9)
	90.5	81.7

The 52-week period ended 29 March 2019 has been restated to reflect the Group reorganisation into two operating divisions. The historical Municipal and Industrial & Commercial divisions have been merged into the Collections division. The Resource Recovery & Treatment and Energy divisions have been merged into the Resources & Energy division. The Hazardous Waste business was transferred from the Resource Recovery &Treatment division into the new Collections division.

	2020 Post IFRS 16 £m	IFRS 16 Adoption £m	2020 Pre IFRS 16 £m	2019 restated £m
Tangible and Intangible asset net book value				
Collections	325.6	(77.6)	248.0	247.0
Resources & Energy	309.6	(47.4)	262.2	256.5
Shared services and corporate	89.4	(14.4)	75.0	74.9
Total	**724.6**	**(139.4)**	**585.2**	**578.4**

The 52-week period ended 29 March 2019 has been restated to reflect the Group reorganisation into two operating divisions. The historical Municipal and Industrial & Commercial divisions have been merged into the Collections division. The Resource Recovery & Treatment and

Energy divisions have been merged into the Resources & Energy division. The Hazardous Waste business was transferred from the Resource Recovery &Treatment division into the new Collections division.

	2020 Post IFRS 16 £m	IFRS 16 Adoption £m	2020 Pre IFRS 16 £m	2019 restated £m
Capital Expenditure				
Collections	65.4	(13.2)	52.2	79.8
Resources & Energy	48.1	(8.5)	39.6	19.5
Shared services and corporate	6.4	-	6.4	7.1
Total	**119.9**	**(21.7)**	**98.2**	**106.4**

Capital expenditure comprises additions to intangible assets and property, plant and equipment including leased assets.

The 52-week period ended 29 March 2019 has been restated to reflect the Group reorganisation into two operating divisions. The historical Municipal and Industrial & Commercial divisions have been merged into the Collections division. The Resource Recovery & Treatment and Energy divisions have been merged into the Resources & Energy division. The Hazardous Waste business was transferred from the Resource Recovery & Treatment division into the new Collections division.

The Industrial & Commercial division expenditure includes £3.2m of acquired assets.

	2020 Post IFRS 16 £m	IFRS 16 Adoption £m	2020 Pre IFRS 16 £m	2019 restated £m
Depreciation and amortisation				
Collections	54.2	(9.5)	44.7	45.0
Resources & Energy	25.7	(4.9)	20.8	22.0
Shared services and corporate	3.7	(1.7)	2.0	2.0
	83.5	(16.1)	67.4	69.0
Amortisation of acquisition intangibles	16.9	-	16.9	16.5
Total	**100.5**	**(16.1)**	**84.4**	**85.5**

Depreciation and amortisation relate to the write down of both intangible and tangible fixed assets over their estimated useful economic lives. Amortisation of acquisition intangibles is disclosed separately in line with the segmental Underlying Operating Profit.

3. Other Items

The Group's financial performance is analysed into two components, underlying performance (which excludes other items) and other items. Underlying performance is used by management to monitor financial performance as it is considered it aids comparability of the reported financial performance year to year. The Group's income statement and segmental analysis separately identify a number of Alternative

Performance Measures (APMs) in addition to those reported under IFRS. The Directors believe that the presentation of the results in this way, which is not meant to be a substitute for or superior to IFRS measures, is relevant to an understanding of the Group's underlying trends, financial performance and position. These APMs are also used to enhance the comparability of information between reporting periods and the Group's divisions, by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, to aid the user in understanding the underlying performance. Our APMs and KPIs are aligned to our strategy and together form the basis of the performance measures for remuneration. Consequently, APMs are consistent with how the business performance is planned and reported internally to the Board and Operating Committees to aid their decision making. Additionally, some of these measures are used for the purpose of setting remuneration targets.

Other items include exceptional items, amortisation of acquisition intangibles and the impact of real discount rate changes in landfill provisions.

Management utilises an exceptional item framework that has been approved by the Board. This follows a three-step process which considers the nature of the event, the financial materiality involved and the particular facts and circumstances.

Items of income and expense that are considered by management for designation as exceptional items include items such as significant corporate restructuring costs, acquisition-related costs, write downs or impairments of non-current assets, movements on onerous contract provisions and strategy-related costs, including the implementation of Project Fusion.

	52 weeks ended 2020 £m	**52 weeks ended 2019 £m**
Acquisition related costs	1.1	2.8
Onerous contracts	(1.5)	10.2
Strategy related and corporate restructuring costs	4.8	2.1
Pensions GMP equalisation	-	3.1
Total exceptional items	**4.4**	**18.2**
Other non-underlying items:		
Amortisation of acquisition intangibles	16.9	16.5
Impact of real discount rate changes to landfill provisions	(4.9)	1.6
Total other non-underlying items	**16.4**	**36.2**
Corporate restructuring costs included within finance costs:		
Finance charges	(1.1)	(6.2)
Taxation impact of other items	(3.5)	9.0

	2020 £m	2019 Restated £m
Segmental exceptional items:		
Collections	**0.7**	9.3
Resources & Energy	**(1.5)**	3.7
Group costs	**5.2**	5.2
	4.4	18.2

Acquisition-related costs

Delivery of the Group's strategy includes investment in acquisitions that enhance the quality of its operations. The exclusion of significant items arising from M&A activity is designed by the Board to align short-term operational decisions with this longer-term strategy. Accordingly, amounts arising on acquisitions are excluded from underlying profit measures. The £1.1m of acquisition-related expenditure in the 52 weeks ended 27 March 2020 relates to professional fees and other costs which are directly attributable to acquisitions.

The £2.8m of acquisition-related expenditure in the 52 weeks ended 29 March 2019 relates to professional fees and other costs which are directly attributable to acquisitions. This includes £0.7m in relation to the acquisition of 100% of the issued share capital of Specialist Waste Recycling Limited and £0.9m in relation to the acquisition of Weir Waste Services Limited.

Onerous contracts

Onerous contract costs reflect all movement on onerous service contract provisions. In the prior period the Group identified two contracts which were loss making and not expected to return to profitability; the Directors accordingly provided for these. In the 52-weeks ended 27 March 2020, no further onerous contracts have been identified. Onerous contract costs include the unwinding of provisions recognised on all loss-making contracts in prior periods. Any additional provisions required against these contracts, or unwinding of these provisions, is reflected within exceptional items on the basis that they do not represent the underlying year-on-year trading of each of these contracts.

Strategy-related and corporate restructuring costs

Strategy-related costs arise from Group-wide initiatives to reduce the ongoing cost base and improve efficiency in the business. These costs are substantial in scope and impact, and do not form part of recurring operational or management activities that the Directors would consider part of our underlying performance. Adjusting for these charges provides a measure of operating profitability that is comparable over time. Strategy-related costs primarily relate to the Group's system replacement program me Project Fusion. During the year £3.8m was spent progressing Project Fusion following the project pause and change of advisers. The Project has now been put on hold temporarily due to COVID-19.

Amortisation of acquisition intangibles

Amortisation of acquisition intangibles represents the amount amortised by the Group in each period in respect of intangibles from prior acquisitions, which amounts are reported separately from the Group's depreciation and amortisation charges. The charges are reported separately and performance of the acquired business is assessed through the underlying operational results. The Group uses this alternative performance measure (APM) to improve the comparability of information between reporting periods and its divisions to aid the user of the Annual Report in understanding the activities taking place across the Group's portfolio.

GMP equalisation

As a result of the 2018 High Court ruling that Lloyds Banking Group must amend its pension schemes in order to equalise benefits for men and women. In the prior year an additional past service cost of £3.1m being recognised in the 52-week period ended 29 March 2019. This was reported separately to aid the understanding of the Group's performance as it is a non-operational item.

Impact of real discount rate changes to landfill provisions

Impact of real discount rate changes to landfill provisions reflects the impact on provisions which arises wholly due to the change in discount rate on landfill provisions as this is not reflective of operational performance.

In addition to the Other items disclosed above, the Group uses Return on Operating Assets and Return on Capital Employed as performance measures. These are aligned to the strategy and are reported internally to the Board and Operating Committees to aid their decision making. These are calculated as below:

	2020 Post IFRS 16 £m	2020 IFRS 16 Adoption £m	2020 Pre IFRS 16 £m	2019 £m
Return on Operating Assets				
Underlying operating profit[1]	**90.5**	(2.8)	87.7	**81.7**
Average of property, plant and equipment[2]	**514.0**	(134.9)	379.1	**357.5**
Average net working capital[3]	**(46.7)**	-	(46.7)	(37.6)
Total average of property, plant and equipment plus net working capital[4]	**467.3**	(134.9)	332.4	319.9
Return on Operating Assets[5]	**19.4%**		**26.4%**	**25.5%**

1 Profit before exceptional items, amortisation of acquired intangibles, impact of real discount rate changes to landfill provisions, finance costs and taxation.

2 Average of opening and closing net book value of property, plant and equipment.

3 Average balance in 2020 and 2019 of the closing net of inventories, trade and other receivables and trade and other payables.

4 Average property, plant and equipment has been adjusted for the balance recognised on the adoption of IFRS 16.

5 Return on Operating Assets is determined by Underlying Operating Profit divided by the average of opening and closing PP&E plus net working capital.

	2020 Post IFRS 16 £m	2020 IFRS 16 Adoption £m	2020 Pre IFRS 16 £m	2019 £m
Return on Capital Employed				
Operating profit	**74.1**	(2.8)	71.2	45.4
Exceptional items	**4.4**	-	4.4	18.2
Impact of real discount rate changes to landfill provisions	**(4.9)**	-	(4.9)	1.6
Adjusted operating profit	**73.6**	**(2.8)**	**70.8**	65.2
Average of shareholders' equity[1]	**385.6**	0.5	386.2	350.7
Average net debt[2]	**477.3**	(138.0)	339.4	336.0
Average retirement benefits	**(101.8)**	-	(101.8)	(65.2)
Average environmental provisions	**62.0**	-	62.0	70.8
	823.1	**(137.5)**	**658.8**	692.3
Average Return on Capital Employed[3]	**8.9%**	**-**	**10.3%**	9.4%

1 Average of opening and closing shareholders' equity.

2 Net debt comprises the average net debt in 2020 and 2019

3 Return on Capital Employed is determined by adjusted operating profit divided by the average of opening and closing shareholders equity, plus the average of net debt, pensions and environmental provisions.

4. Cash Flows from Operations

	52 weeks ended 27 March 2020 £m	52 weeks ended 29 March 2019 £m
Profit for the period	**45.6**	18.0
Adjustments for:		
Finance income	**(3.4)**	(1.5)
Finance charges	**21.0**	25.4
Share of result in joint venture	**0.1**	–
Taxation	**10.8**	3.5
Operating profit	**74.1**	45.4
Share-based payments	**3.0**	3.8
Exceptional items	**4.4**	18.2
Amortisation of intangibles	**17.9**	17.8
Depreciation of property, plant and equipment	**82.6**	67.7
Profit on disposal of fixed assets	**(1.0)**	(2.2)
(Increase) in inventories	**(1.7)**	(1.7)
(Increase)in receivables	**(14.7)**	(0.9)
Increase in payables	**32.3**	4.1
(Increase)/decrease in financial asset	**9.2**	(8.2)
(Decrease) in provisions	**(12.3)**	(11.0)
Total cash generated from operations	**193.8**	133.0