

Willow Bidco Limited

UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 30 JUNE 2019

Willow Bidco Limited

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Willow Bidco Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS:

A. Petrie
B. Pahari
J.B. Auger
A. Mercado
R. Vidanaarachchi
M. Jamai (resigned 21/05/2019)
P. Larsen (appointed 21/05/2019)
L. Pisco (appointed 21/05/2019)
M. Brown (resigned 23/07/2019)
N. McBreen (appointed 23/07/2019)

COMPANY SECRETARY:

Soditic Secretaries Limited

REGISTERED OFFICE:

27 Hill Street
St Helier
Jersey JE2 4UA

AUDITORS:

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Willow Bidco Limited

Registered Number. 100255

**GROUP INCOME STATEMENT
FOR THE 6 MONTHS ENDED 30 JUNE 2019**

	Group 6 months ended 30 June 2019	Group 6 months ended 30 June 2018
	£'m	£'m
Revenue	243.0	270.7
Cost of sales	<u>(97.1)</u>	<u>(100.0)</u>
Gross profit	145.9	170.7
Administrative expenses	<u>(11.3)</u>	<u>(13.4)</u>
Operating profit	134.6	157.3
Finance income	0.2	0.1
Other (losses)/gains	(28.6)	23.2
Finance costs	<u>(62.4)</u>	<u>(65.6)</u>
Profit before income tax	43.8	115.0
Income tax expense	<u>(9.1)</u>	<u>(22.4)</u>
Profit attributable to equity holders of the parent	<u>34.7</u>	<u>92.6</u>

All profit and loss items relate to continuing operations of the Group.

**GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS ENDED 30 JUNE 2019**

	Group 6 months ended 30 June 2019	Group 6 months ended 30 June 2018
	£'m	£'m
Profit for the 6 months	34.7	92.6
Other comprehensive (expense)/income		
<i>Items that are or may be subsequently reclassified to profit or loss:</i>		
(Loss)/gain on cash flow hedge taken to equity	(50.8)	23.9
Recycling of amounts from cash flow hedge to profit or loss	6.3	8.7
Income tax on these items	<u>7.5</u>	<u>(6.1)</u>
Other comprehensive (expense)/income for the 6 months	<u>(37.0)</u>	<u>26.5</u>
Total comprehensive (expense)/income for the 6 months attributable to owners of the parent	<u>(2.3)</u>	<u>119.1</u>

Willow Bidco Limited

Registered Number. 100255

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS ENDED 30 JUNE 2019

	Called up share capital	Cash flow hedge reserve	Accumulated losses	Total equity
	£'m	£'m	£'m	£'m
At 1 January 2018 (as previously reported)	-	(72.2)	(187.7)	(259.9)
Adjustments (see Note 1 & 2)	-	-	(0.2)	(0.2)
At 1 January 2018	-	(72.2)	(187.9)	(260.1)
Profit for the period	-	-	92.6	92.6
Other comprehensive income				
Gain on cash flow hedge taken to equity	-	23.9	-	23.9
Recycling of amounts from cash flow hedge to profit or loss	-	8.7	-	8.7
Income tax on these items	-	(6.1)	-	(6.1)
Total comprehensive income	-	26.5	92.6	119.1
Dividends paid	-	-	(97.0)	(97.0)
At 30 June 2018	-	(45.7)	(192.3)	(238.0)
At 1 January 2019	-	(53.5)	(182.4)	(235.9)
Profit for the period	-	-	34.7	34.7
Other comprehensive expense				
Loss on cash flow hedge taken to equity	-	(50.8)	-	(50.8)
Recycling of amounts from cash flow hedge to profit or loss	-	6.3	-	6.3
Income tax on these items	-	7.5	-	7.5
Total comprehensive expense	-	(37.0)	(34.7)	(2.3)
Dividends paid	-	-	(19.7)	(19.7)
At 30 June 2019	-	(90.5)	(167.4)	(257.9)

The called up share capital of the Company is £12,360 (2018: £12,360).

Willow Bidco Limited

Registered Number. 100255

GROUP BALANCE SHEET AS AT 30 JUNE 2019

	30 June 2019	31 December 2018
	£'m	£'m
Assets		
Non-current assets		
Goodwill	616.8	616.8
Property, plant and equipment	2,215.1	2,258.6
Derivative financial instruments	2.8	23.0
Right-of-use assets *	4.4	-
	<u>2,839.1</u>	<u>2,898.4</u>
Current assets		
Inventories	0.6	0.6
Trade and other receivables	4.6	25.2
Contract assets	21.6	29.9
Cash and cash equivalents	73.6	14.8
	<u>100.4</u>	<u>70.5</u>
Current liabilities		
Trade and other payables	(76.8)	(97.3)
Contract liabilities	(30.8)	(19.8)
Lease liabilities *	(0.9)	-
Current tax liabilities	(14.9)	(9.5)
Loans payable	(42.8)	(66.7)
	<u>(166.2)</u>	<u>(193.3)</u>
Net current liabilities	<u>(65.8)</u>	<u>(122.8)</u>
Total assets less current liabilities	<u>2,773.3</u>	<u>2,775.6</u>
Non-current liabilities		
Trade and other payables	3.6	5.9
Loans payable	2,514.4	2,535.6
Retirement benefit obligation	11.7	12.0
Lease liabilities *	4.0	-
Preference shares	0.1	0.1
Deferred tax liabilities	239.3	252.7
Derivative financial instruments	258.1	205.2
	<u>3,031.2</u>	<u>3,011.5</u>
Equity attributable to owners of the parent		
Called up share capital	-	-
Cash flow hedge reserve	(90.5)	(53.5)
Accumulated losses	(167.4)	(182.4)
Total equity	<u>(257.9)</u>	<u>(235.9)</u>
Total equity and non-current liabilities	<u>2,773.3</u>	<u>2,775.6</u>

* See Note 3.

Certified as fairly representing the position of the Group by Adam Petrie.

All equity is attributable to equity holders of the parent.

Willow Bidco Limited

Registered Number. 100255

GROUP STATEMENT OF CASH FLOW FOR THE 6 MONTHS ENDED 30 JUNE 2019

	6 months ended 30 June 2019	6 months ended 30 June 2018
	£'m	£'m
Cash flows from operating activities		
Cash receipts from customers	265.6	262.3
Cash paid to suppliers and employees	(33.8)	(42.7)
Cash generated from operations	231.8	219.6
Income tax paid	(9.6)	(17.0)
Interest paid	(64.8)	(66.3)
Net cash generated from operating activities	157.4	136.3
Cash flows from investing activities		
Interest received	0.2	0.1
Purchase of property, plant and equipment	(32.5)	(336.7)
Proceeds from disposal of property, plant and equipment	-	252.7
Net cash used in investing activities	(32.3)	(83.9)
Cash flows from financing activities		
Equity dividend paid	(19.7)	(97.0)
Repayment of loans	(46.2)	(85.6)
Receipt of new loans	-	119.8
Repayments of lease liabilities	(0.4)	-
Net cash used in financing activities	(66.3)	(62.8)
Net increase/(decrease) in cash and cash equivalents	58.8	(10.4)
Cash and cash equivalents at the beginning of the period	14.8	20.7
Cash and cash equivalents at the end of the period		
Bank balances and cash	73.6	10.3

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Registered Number. 100255

**COMPANY INCOME STATEMENT
FOR THE 6 MONTHS ENDED 30 JUNE 2019**

	6 months ended 30 June 2019	6 months ended 30 June 2018
	£'m	£'m
Revenue (Dividend income)	20.0	112.0
Operating profit before tax	20.0	112.0
Finance income	10.2	12.6
Other (losses)/gains	(3.7)	11.9
Finance costs	(29.2)	(31.7)
(Loss)/profit before income tax	(2.7)	104.8
Income tax credit	4.2	1.4
Profit attributable to equity holders of the parent	1.5	106.2

All profit and loss items relate to continuing operations of the Company.

**COMPANY STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS ENDED 30 JUNE 2019**

	6 months ended 30 June 2019	6 months ended 30 June 2018
	£'m	£'m
Profit for the period	1.5	106.2
Other comprehensive (expense)		
<i>Items that are or may be subsequently reclassified to profit or loss</i>		
Cash flow hedges		
Recycling of amounts to profit or loss	(0.1)	-
Other comprehensive (expense) for the 6 months	(0.1)	-
Total comprehensive income for the period attributable to owners of the parent	1.4	106.2

Willow Bidco Limited

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COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS ENDED 30 JUNE 2019

	Called up share capital	Cash flow hedge reserve	Retained earnings	Total equity
	£'m	£'m	£'m	£'m
At 1 January 2018	-	6.4	15.6	22.0
Profit for the period	-	-	106.2	106.2
Other comprehensive income				
Recycling of amounts from cash flow hedge to profit or loss	-	-	-	-
Total comprehensive income	-	-	106.2	106.2
Dividends paid	-	-	(97.0)	(97.0)
At 30 June 2018	-	6.4	24.8	31.2
At 1 January 2019	-	6.4	19.3	25.7
Profit for the period	-	-	1.5	1.5
Other comprehensive income				
Recycling of amounts from cash flow hedge to profit or loss	-	(0.1)	-	(0.1)
Total comprehensive income	-	-	1.5	1.4
Dividends paid	-	-	(19.7)	(19.7)
At 30 June 2019	-	6.3	1.1	7.4

The called up share capital of the Company is £12,360 (2018: £12,360).

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**COMPANY BALANCE SHEET
AS AT 30 JUNE 2019**

	30 June 2019	31 December 2018
	£'m	£'m
Assets		
<i>Non-current assets</i>		
Investments	1,025.3	1,025.3
Derivative financial instruments	195.4	154.9
	<u>1,220.7</u>	<u>1,180.2</u>
<i>Current assets</i>		
Current tax asset	7.4	4.3
Trade and other receivables	1.5	1.4
Cash and cash equivalents	1.1	-
	<u>10.0</u>	<u>5.7</u>
<i>Current liabilities</i>		
Trade and other payables	<u>(3.0)</u>	<u>(2.2)</u>
Net current assets	<u>7.0</u>	<u>3.5</u>
Total assets less current liabilities	<u>1,227.7</u>	<u>1,183.7</u>
<i>Non-current liabilities</i>		
Loans payable	935.6	916.5
Preference shares	0.1	0.1
Deferred tax liabilities	0.1	1.2
Derivative financial instruments	284.5	240.2
	<u>1,220.3</u>	<u>1,158.0</u>
<i>Capital and reserves</i>		
Called up share capital	-	-
Cash flow hedge reserve	6.3	6.4
Retained earnings	1.1	19.3
Total equity	<u>7.4</u>	<u>25.7</u>
Total equity and non-current liabilities	<u>1,227.7</u>	<u>1,183.7</u>

Certified as fairly representing the position of the Company by Adam Petrie.

All equity is attributable to equity holders of the parent.

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**COMPANY STATEMENT OF CASH FLOW
FOR THE 6 MONTHS ENDED 30 JUNE 2019**

	6 months ended 30 June 2019	6 months ended 30 June 2018
	£'m	£'m
Cash flows from operating activities		
Dividends received from subsidiaries	20.0	112.0
Cash paid to suppliers	-	(0.2)
Cash generated from operations	<u>20.0</u>	<u>111.8</u>
Interest paid	<u>(22.5)</u>	<u>(23.6)</u>
Net cash (used in)/generated from operating activities	<u>(2.5)</u>	<u>88.2</u>
Cash flows from investing activities		
Interest received	10.2	14.1
Cash flows from financing activities		
Equity dividends paid	(19.7)	(97.0)
Repayment of loans	-	(65.0)
Receipt of new loans	<u>13.1</u>	<u>60.6</u>
Net cash used in financing activities	<u>(6.6)</u>	<u>(101.4)</u>
Net increase in cash and cash equivalents	1.1	0.9
Cash and cash equivalents at the beginning of the period	-	-
Cash and cash equivalents at the end of the period		
Bank balances and cash	<u>1.1</u>	<u>0.9</u>

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Application of new and revised International Financial Reporting Standards (IFRSs)

Note 1: IFRS 9 (as revised in 2014) became effective for annual periods beginning 1 January 2018. A key impact to the Group on transition to IFRS 9 was the requirements for the measurement of financial liabilities. Specifically, when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. (IFRS 9, paragraph B5.4.6). IFRS 9 is required to be applied retrospectively, therefore modification gains and losses arising from financial liabilities that are still recognised at 1 January 2018 have been calculated to be £0.8m and adjusted through decreasing opening 'Accumulated losses' on transition. The comparative 2017 results included in these financial statements have not been restated. There has been no material impact to the Company.

Note 2: IFRS 15 (as amended in 2016) became effective for annual periods beginning 1 January 2018. Given the nature of the Group's non-capital income (i.e. predominantly maintenance related income), the adoption of IFRS 15 has had an impact on the timing of recognition of revenue on non-capital income. The Group has applied IFRS 15 in accordance with the modified retrospective transitional approach. The comparative 2017 results included in these financial statements have not been restated, with a cumulative adjustment of £1.0m to equity increasing 'Accumulated losses' as at 1 January 2018 and an increase to net liabilities. There has been no material impact to the Company.

Note 3: IFRS 16 became effective for annual periods beginning 1 January 2019, superseding the leasing guidance under IAS 17. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to classify a lease either as an operating lease or finance lease. For lessee accounting the distinctions of operating leases and finance leases are removed and replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases, except for short-term leases and leases of low value assets. The Group has applied IFRS 16 using the simplified approach resulting in an immaterial cumulative adjustment to equity 'Retained earnings' as at 1 January 2019, an increase to assets of £4.4m, an increase to liabilities £4.9m and a decrease in trade and other payables £0.5m. There has been no material impact to the Company.