For Immediate Release **29 July 2020**

DEVRO

Devro plc

HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

Good progress despite Covid-19 impact, dividend reinstated

Devro plc ("Devro" or the "Group"), one of the world's leading manufacturers of collagen products for the food industry, announces its unaudited half year results for the six months ended 30 June 2020.

	Underlying results*		Statutory results	
	H1 2020	**H1 2019**	**H1 2020**	**H1 2019**
Revenue (£m)	119.0	119.2	119.0	119.2
Operating profit (£m)	18.5	17.8	17.2	17.4
Operating profit margin	15.5%	14.9%	14.5%	14.6%
Profit before tax (£m)	15.6	14.9	13.5	13.6
Basic earnings per share (pence)	7.5p	7.0p	6.6p	6.5p
Interim dividend per share (pence)	2.7p	2.7p	2.7p	2.7p
Second interim dividend per share (pence)	6.3p	-	6.3p	-

* *Underlying figures are stated before exceptional items and net finance cost on pensions (see Alternative Performance Measures section of the Half Year Results Update for definition, explanation and reconciliation to equivalent statutory measures).*

Financial Highlights

- Volumes of edible collagen casings up 1.4%, good underlying momentum adversely affected by Covid-19 in Q2
  - First half Covid-19 impact estimated at (1.5%)
  - Emerging market volume up 19% driven by our growth agenda in Latin America, Russia and South East Asia
  - Mature markets volume down 6% impacted by European distributor destocking (as previously highlighted) and Covid-19 headwinds seen during May and June in North America, the UK & Ireland and Australia, particularly in food service
- Group revenue marginally lower than prior year due to other products
- Improved underlying operating profit of £18.5m (H1 2019: £17.8m) and operating margin increased to 15.5% (H1 2019: 14.9%) benefiting from cost savings
- Underlying basic earnings per share up 7% to 7.5p (H1 2019: 7.0p)
- Improved free cash flow generation of £7.2m (H1 2019: £4.3m)
- Covenant net debt [i] of £121.5m (H1 2019: £148.2m, FY 2019 £123.8m), representing net debt to EBITDA [ii] of 1.9x (H1 2019: 2.3x, FY 2019: 1.9x)
- Given the Group's financial position, trading performance and outlook the Board has resolved to declare the postponed 2019 final dividend of 6.3p, in the form of an interim dividend paid in October 2020, in addition to the 2020 interim dividend of 2.7p, flat on the prior year.

Strategic Highlights

- Continued progress on 3Cs strategy including:
  - Three-year plans delivering underlying growth
  - Bellshill closed on time and on budget
  - Continued delivery of cost savings and operational improvements
  - Integrated business planning now operational
  - Further building on ESG policies and plans

<u>Covid-19 response</u>

- Priority remains the health and safety of our colleagues and the communities we live in
- Continue to contribute positively to the food supply chain
- Temporary additional costs to manage and maintain supply in Q2
- Cash mitigation actions taken to retain a robust financial position
- All sites have operated throughout the pandemic – production maintained at planned levels

Rutger Helbing, Chief Executive Officer of Devro, commented:

"I would like to express my gratitude to all my colleagues who, in these challenging circumstances, have ensured that our sites continued to operate, servicing our customers and fulfilling our role in the food supply chain.

Our H1 2020 performance demonstrates the robust nature of our business and the progress made on our strategic priorities. We generated strong growth in emerging markets by leveraging our product and service strengths through our structured approach, underpinned by our three-year commercial plans. The business continues to deliver cost savings and operational improvements which have offset the impact of additional Covid-19 related costs; and the closure of the Bellshill site is on track.

Whilst trading conditions remain uncertain due to Covid-19, the Board expects, based on underlying growth momentum and supported by cost savings actions, and FX at current rates, to make progress during 2020.

We are also pleased to declare both an interim dividend, as well as the postponed 2019 final, reflecting our financial position and robust trading performance."

Contacts

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The audiocast and presentation will be available from 7:00am on Wednesday 29 July 2020 and will be accessible using the link: https://streamstudio.world-television.com/943-1289-24809/en

The presentation will also be available on the company's website.

www.devro.com

[i] *Covenant net debt is shown before the impact of IFRS 16; see Alternative Performance Measures section of the Financial Review for definition and explanation.*

[ii] *EBITDA for covenant purposes is shown on underlying basis (before exceptional items) and before the impact of IFRS 16; see Alternative Performance Measures section of the Financial Review for definition and explanation.*

HALF YEAR REVIEW

CEO REVIEW

Our first half priorities, in the face of Covid-19, were to support our employees and the communities in which we live, to contribute positively to the food supply chain and to maintain a robust financial position. It is through the dedication and response of our people that we have been able to deliver on these priorities.

Following the outbreak of the pandemic we introduced strict protective measures including health and safety rules and guidelines for quarantine processes. The early learnings we gained from our site in China were rolled out to our other locations as soon as the pandemic started to spread around the world. As a minimum, we followed the protective measures laid out in government guidelines and, in many cases, applied more stringent measures. With these measures in place we were able to operate our sites at normal capacity and fulfill our customers' demands.

At this moment these measures remain in place and, indeed, some we intend to integrate into our normal operating procedures going forward.

At the end of Q1 2020 we saw Covid-19 related elevated demand due to a surge in sales of sausages in the retail channel. As expected in Q2 2020 demand in retail stabilised, however, the adverse impact of lower food service demand became more pronounced as lockdowns were deployed in many parts of the world. We also saw an adverse impact of temporary customer production interruptions in North America as a result of Covid-19 issues in parts of the meat supply chain. We estimate that our volumes in the first half were negatively impacted by 1.5%.

In Q2 2020 we also faced some supply issues, mainly related to hides, but due to our global base and long-standing relationships with suppliers we were able to maintain supply. This was at a temporary higher cost which was offset by additional cost savings.

With the robust nature of our business and our strong financial position we decided not to take advantage of any Covid-19 UK Government support schemes.

Despite the Covid-19 related challenges in the half year we continued to make good progress on our 3Cs strategy, supporting delivery of a good overall performance for the first half.

Looking at each element of our 3Cs strategy in turn, we demonstrated good progress on the Customer component. Our structured approach to sales cycle management and three-year plans were a major contributor to our strong growth in emerging markets, with volumes up 19%. In our mature markets we saw continued growth in snacking in North America despite some temporary Covid-19 customer supply interruptions. Our structured approach to sales cycle management is at the heart of our delivery of growth opportunities, which we identify based on our category plans and commercial insights. We continue to see good progress on these opportunities. To further support future growth we continued to invest in our emerging markets go-to-market resources, train our commercial colleagues to enhance the account management competencies and upgrade our global commercial organisation where needed including an extended focus on commercial excellence.

For the Core profitability part of the strategy, our focus on ongoing operational improvements and cost savings delivered £4.7m of benefit in the first half, more than offsetting inflationary pressures and temporary additional Covid-19 related costs. We also closed our Bellshill factory at the end of June 2020 and the overall project is on track. While this will generate further cost savings from H2 2020, it will also provide more flexibility in our supply chain and better align available capacity to the Group's growth ambitions, when completed in 2021.

We further strengthened our Competencies, the third part of our strategy, through the successful roll-out of our Integrated Business Planning (IBP). IBP is a global process to deliver our strategy. As part as our response to Covid-19 we also significantly increased our employee communication activities, including a new intranet and regular company progress updates led by senior management. We intend to continue with these activities, as well as increasing our other engagement activities with employees. We continue to deliver against our existing ESG plans and policies and, in addition, we have started a global Sustainability initiative. In this initiative we engage with our employees, as one of the key stakeholder groups, through a ‘crowdsourcing’ approach to help to prioritise our initial ideas for future focus. There is much still to do and we remain committed to our ESG agenda.

While Covid-19 brings uncertainty, the 3Cs strategy underpins our growth ambition and we expect further strategic progress in 2020.

HALF YEAR FINANCIAL RESULTS UPDATE

For the six months ended June 2020 edible collagen casings volumes increased 1.4% with good underlying growth offset by Covid-19 headwinds arising in the second quarter. In line with our 3Cs strategy and growth agenda, volumes in emerging markets grew 19% driven by Latin America, Russia and South East Asia. We are particularly pleased with the strong growth achieved in Brazil, up significantly compared to the prior year, due to new customer wins in that country. Volumes in mature markets were down 6%, due to European distributor destocking (as previously highlighted) and Covid-19 headwinds in May and June, a reversal from the first quarter trend. The North American market suffered from temporary supply chain interruptions in Q2 but, despite that, continued to show good growth in the first half. The UK & Ireland and Australia were impacted from lower demand in the food service industry. We estimate that our volumes in the first half have been negatively impacted by Covid-19 by 1.5%.

Underlying operating profit of £18.5m was 4% higher than the prior year (H1 2019: £17.8m) and the underlying operating profit margin was up 60 basis points to 15.5% (H1 2019: 14.9%), benefiting from continued cost savings and lower depreciation.

As a result, underlying basic earnings per share increased to 7.5 pence (H1 2019: 7.0 pence)

Free cash flow of £7.2m (H1 2019: £4.3m) benefited from lower cash exceptional items and lower tax payments compared to prior year. Covenant net debt reduced to £121.5m and 1.9 times EBITDA.

REVENUE

	H1 2020 £m	H1 2019 £m	Change	Change at constant currency
Revenue	**119.0**	119.2	-0.2%	-1.5%

REVENUE BRIDGE

% change	**H1 2020 vs H1 2019**	H1 2019 vs H1 2018
Volume (EC*)	1.4%	-1.1%
Country/product mix (EC*)	-1.8%	-0.7%
Other products	-1.1%	-1.2%
Foreign exchange	1.3%	2.2%
Total	-0.2%	-0.8%

*EC – Edible Collagen

Reported revenue decreased 0.2%. Whilst edible collagen casings increased 0.9%, revenue from other products fell 1.1%. At constant currency, revenue from edible collagen casings decreased 0.4%. Adverse country and product mix was mainly driven by lower average selling prices in emerging markets and the renewal of long-term sales contracts. The decrease in other products reflected general weakness in the non-edible collagen market in Europe and the negative impact of Covid-19 in bio-medical. Foreign exchange movements positively impacted revenue, mainly due to the strengthening of the JPY and USD.

EDIBLE COLLAGEN VOLUMES

Group volumes were up 1.4% in H1 2020 with 19% growth in emerging markets largely offset by a 6% decline in mature markets.

Emerging markets growth was driven by new business wins in Latin America, specifically Brazil, a recovery in Chile and market share gains with existing customers. In Russia, the Group saw a good recovery, albeit this is likely to moderate in the second half, and in South East Asia new business wins were secured in Singapore and Vietnam. China delivered modest growth in a market disrupted by Covid-19.

Mature markets were impacted by two main factors. The Group has been experiencing distributor de-stocking in Continental Europe since H2 2019 and this continued in the first half. Continental Europe was down 19% due to distributor de-stocking in H1 2020, which represents most of the weakness seen in the region. Elsewhere in mature markets, we experienced Covid-19 headwinds in May and June, which was a reversal of the positive contribution seen during Q1 2020. North America grew 11% in H1 2020 due to strong snacking growth in Q1,but was impacted in Q2 due to temporary customer supply chain interruptions including meat and labour shortages resulting in a flat performance for the quarter. UK & Ireland was down 8% in the period, impacted by lower food service revenues in May and June and a loss of a customer account. For the full year we expect market share in the UK & Ireland to be broadly flat year on year due to a customer win, with supply commencing early in H2. Australia & New Zealand, up 2% in the period, performed satisfactorily although also impacted by lower food service revenues in Q2 due to Covid-19. Japan was marginally down (3%) due to the timing of shipments.

Analysis of emerging and mature markets edible collagen is set out below:

% change	**Volume**	**Price/Mix**	**Foreign exchange**
Mature	-6%	-1%	1%
Emerging	19%	0%	3%

In volume terms mature markets account for circa two thirds and emerging markets account for around one third of Group's volume.

Analysis of changes to edible collagen volumes sales per segment is as follows:

% change	**H1 2020**
Americas	24%
EMEA	-10%
Asia Pacific	6%

Furthers details of revenue by segment is available in note 5.

OPERATING PROFIT

	H1 2020 £m	H1 2019 £m	% change
Underlying operating profit	**18.5**	17.8	+3.9%
Exceptional items	(1.3)	(0.4)	
Operating profit	**17.2**	17.4	-1.1%

Underlying operating profit of £18.5m was £0.7m higher than the prior year, comprising a multitude of factors summarised below:

	£m
Underlying operating profit H1 2019	**17.8**
Volume (EC*)	+0.5
Country/product mix (EC*)	-2.2
Contribution from other products	-0.5
Cost savings	+4.7
Cost inflation	-1.2
Temporary additional Covid-19 costs	-1.8
Lower depreciation	+1.4
Foreign exchange	+0.7
Other	-0.9
Underlying operating profit H1 2020	**18.5**

* EC – Edible Collagen

Commentary on volumes, country/product mix and other products is set out in the revenue section above.

Cost savings of £4.7m were ahead of our expectations and across all aspects of the supply chain offsetting salary inflation in China and the Czech Republic and temporary additional Covid-19 costs mainly related to securing hide supply during the second quarter. The temporary Covid-19 costs are expected to reduce substantially in the second half of 2020.

H1 2020 underlying operating profit benefited from a lower depreciation charge (£1.4m) due to the asset impairments in 2019.

Foreign exchange benefited from the strengthening of the JPY and USD.

Reported statutory operating profit of £17.2m was marginally lower than H1 2019 (£17.4m) due to higher income statement exceptional items.

EXCEPTIONAL ITEMS

Income statement exceptional costs totalled £1.3m and related to the closure of the plant in Bellshill (£0.9m) and the final stage of implementation of the new global operating model (H1 2020: £0.4m, H1 2019: £0.4m). Further details of exceptional items are set out in note 6 to these Interim Financial Statements.

FINANCE COSTS

The net finance cost for the period was £2.9m, in line with the prior year. FY 2020 charge is expected to be in line with the previously guided charge of £5.5m.

Net finance cost on pensions for the period reduced to £0.8m (H1 2019: £0.9m), due to lower interest rates.

TAX

The Group's underlying tax charge for the period was £3.0m (H1 2019: £3.2m). The Group expects a full year underlying effective tax rate of between 22% and 25%.

EARNINGS PER SHARE

To provide a better indication of the underlying performance of the Group, underlying earnings per share excludes exceptional items and net finance costs on pensions.

	H1 2020	H1 2019
Underlying basic earnings per share	**7.5p**	7.0p
Basic earnings per share	**6.6p**	6.5p

Underlying basic earnings per share were 7.5 pence, up on H1 2019 due to a higher underlying operating profit in H1 2020.

Basic earnings per share increased slightly due to lower tax charges.

CASH FLOW AND NET DEBT

The Group delivered good cash generation in the first half.

As usual, the Group absorbed working capital in H1 2020 (£6.8m) as inventory was built to support growth in H2 and due to buffer stock being secured in preparation for the closure of the Bellshill site in Scotland. We expect the H1 inventory build to largely unwind in the second half.

As part of the Group's Covid-19 cash mitigation actions all non-essential capital expenditure was deferred to H2. Capital expenditure in H1 2020 was £6.3m with our full year expectations at circa £15.0m to £17.0m.

The H1 2020 cash exceptional costs of £1.5m relate to the closure of our plant in Bellshill and the final stage of the implementation of the new global operating model. We continue to expect cash exceptional costs to be second half weighted given that the closure of Bellshill occurred on 30 June 2020. Full year cash exceptional spend is still expected to be around £9.0m, as previously guided. In 2021 we do not expect material cash exceptional items.

Tax payments of £3.4m were lower than the prior year (H1 2019: £5.0m) due to payment timing differences.

The Group deferred payment of the 2019 final dividend and as such no dividend was paid in H1 2020.

Covenant net debt reduced at 30 June 2020 to £121.5m, from £148.2m at June 2019 and £123.8m at December 2019. The covenant net debt /EBITDA ratio remains at the December 2019 level of 1.9 times compared with 2.3 times at 30 June 2019.

The covenant net debt/EBITDA ratio for December 2020 is expected to be circa 1.9 times, consistent with previous guidance.

DIVIDEND

Further to the announcement on 23 April 2020, and given the Group's financial position and robust trading performance, the Board has resolved to declare the postponed 2019 final dividend of 6.3p per share which will be paid by way of an interim dividend on 2 October 2020 to shareholders on the register as at 21 August 2020. Taken together with the 2019 interim dividend, this results in a total dividend payment for FY 2019 of 9.0p per share (as compared to 9.0p per share for the previous year). In addition, the Board has resolved to declare a 2020 interim dividend of 2.7p, flat on the prior year. This further interim dividend will be paid on 15 January to shareholders on the register at 4 December 2020.

PENSIONS

The Group's net pension obligations increased to £82.2m at 30 June 2020, from £64.1m at 31 December 2019. This primarily related to a decrease in discount rates impacting the valuation of UK and US schemes. The triennial review of the UK scheme is underway and expected to be finalised in early 2021.

Pension deficit funding of £0.6m was lower than £1.1m in H1 2019 due to the deferral of the US deficit payment to the second half of 2020. These payments were deferred as part of the Group's Covid-19 cash mitigation actions. In line with prior guidance total pension deficit payments for 2020 are expected to be circa £7.5m.

Devro plays an active role in managing its pension schemes and related liabilities, ensuring that the assets are appropriately invested and that additional contributions are made where necessary to ensure all obligations are met as they fall due.

SUMMARY & OUTLOOK

Our H1 2020 performance demonstrates the robust nature of our business and the progress made on our strategic priorities. We generated strong growth in emerging markets by leveraging our product and service strengths through our structured approach, underpinned by our three-year commercial plans. The business continues to deliver cost savings and operational improvements which have offset the impact of additional Covid-19 related costs; and the closure of the Bellshill site is on track.

Whilst trading conditions remain uncertain due to Covid-19, the Board expects, based on underlying growth momentum and supported by cost savings actions, and FX at current rates, to make progress during 2020.

PRINCIPAL RISKS

The Group operates a structured risk management process, which identifies and evaluates risks that could impact its performance, as well as reviewing mitigation activity. The principal risks identified in the Group's 2019 Annual Report and Accounts were: loss of market share/profit margins due to increased competitive pressures, disruption to supply or increase in price of key raw materials, food regulatory risk, downturn in consumer demand, IT systems/cyber risk, development of non-casing technologies, foreign exchange risk, Brexit, shortage of people with relevant expertise and failure by management to engage with all employees risks obstacles to the delivery of the company's strategy, increased funding requirements of pension schemes, operational disruption and product contamination. No new key risks have been identified since the 2019 Annual Report was published but all risks have been reviewed in the light of Covid-19 and the following risks were identified as having a materially greater impact on the business for the duration of the pandemic:

- *Operational disruption:* We have protected all our production facilities by removing all non-critical employees (to set them up to work from home) and visitors from the manufacturing sites, and by imposing social distancing and entry checks.
- *Disruption to supply or increase in price of key raw materials: We* have re-assessed our raw material supply vulnerabilities and developed mitigation plans for our hide and glycerol supply which have been most impacted.
- *Sales downturn due to disruption to the businesses of some of our customers:* We have assessed the impact on our customers and markets following lock down measures, primarily due to operational difficulties experienced by some of them, the closure of food service and increase in retail demand.

So far all of our sites have continued to manufacture product to meet our customer demands with no shortages. Covid-19 impact has eased at all of our sites, except US. We continue to maintain Covid-19 controls at all of our sites.
Given the current situation, these risks are carefully monitored and managed. Further details are set out on pages 32 to 36 of the 2019 Annual Report and Accounts which is available on the Devro plc website: www.devro.com.

ALTERNATIVE PERFORMANCE MEASURES

In addition to statutory financial measures, management uses certain alternative performance measures (which are not defined by IFRS) to assess the operating performance and financial position of the Group. These measures are anticipated to provide stakeholders with additional useful information to better assess the underlying trading performance of the Group. The alternative performance measures that Devro uses are ‘constant exchange rates’, ‘underlying’, ‘non-recurring items’, ‘earnings before interest, tax, depreciation and amortisation (EBITDA)’, covenant EBITDA, ‘net debt’, ‘covenant net debt’ and ‘return on capital employed (ROCE)’.

Constant exchange rates

The Group has worldwide operations transacting in multiple currencies and is exposed to foreign exchange rate fluctuation risks. As a result, the Group’s reported revenue will be impacted by movements in actual exchange rates. The Group presents revenue growth on a constant currency basis in order to eliminate the effect of foreign exchange rate movements, enabling investors to better understand the underlying performance of the Group.

Revenue growth at constant currency is calculated by presenting both the current and prior year local currency amounts using the prior period average exchange rates.

Underlying

Underlying figures are stated before exceptional items and net finance cost on pensions. In the second half of 2019 the Group undertook a review of its global manufacturing footprint which resulted in a decision to close Bellshill site. In 2018, a restructuring programme was initiated to implement the new global operating model to align the operating cost base with the global structure. The costs associated with both programmes are significant and incremental to on-going business, and as a result have been classified as exceptional items.

Net finance cost of pensions have been excluded on the basis that these costs are volatile, given that they are dependent upon the pension position at 31 December each year which is subject to market fluctuations.

A reconciliation from the underlying figures to the equivalent reported figures is presented below:

£’m unless stated otherwise	H1 2020 **Underlying**	 **Exceptional items**	 **Net finance cost on pensions**	 **Reported**
Operating profit	18.5	(1.3)	-	17.2
Operating profit margin %	15.5%	(1.0)%	-	14.5%
Profit before tax	15.6	(1.3)	(0.8)	13.5
Profit after tax	12.6	(0.9)	(0.6)	11.1
Basic earnings per share (p)	7.5	(0.5)	(0.4)	6.6

£'m unless stated otherwise	H1 2019 Underlying	 Exceptional items	 Net finance cost on pensions	 Reported
Operating profit	17.8	(0.4)	-	17.4
Operating profit margin %	14.9%	(0.3)%	-	14.6%
Profit before tax	14.9	(0.4)	(0.9)	13.6
Profit after tax	11.7	(0.3)	(0.6)	10.8
Basic earnings per share (p)	7.0	(0.1)	(0.4)	6.5

Earnings before interest, tax, depreciation and amortisation (EBITDA)

EBITDA is defined as operating profit excluding depreciation and amortisation. This measure is used by management to assess operational efficiency and, given that it excludes non-cash depreciation and amortisation, it is a useful approximation for cash generation from operations. This measure is in common use elsewhere and a reconciliation from reported figures is shown below:

£'m unless stated otherwise	**H1 2020**			H1 2019		
	Underlying	**Exceptional items**	**Reported**	Underlying	Exceptional items	Reported
Operating profit	**18.5**	**(1.3)**	**17.2**	17.8	(0.4)	17.4
Depreciation & amortisation	**11.0**	**-**	**11.0**	12.8	-	12.8
EBITDA	**29.5**	**(1.3)**	**28.2**	30.6	(0.4)	30.2
EBITDA margin (%)	***24.8%***		***23.7%***	*25.7%*		*25.3%*
Less: impact of IFRS 16	**(0.3)**			(0.3)		
Covenant EBITDA	**29.2**			30.3		

Net debt

Net debt is defined as the excess of total borrowings over cash and cash equivalents. It is a measure that provides additional information on the Group's financial position and is a measure in common use elsewhere. A reconciliation from reported figures is presented below:

	June 2020 £'m	December 2019 £'m	June 2019 £'m
Current borrowings	**(21.8)**	(1.2)	(5.3)
Non-current borrowings	**(134.4)**	(148.1)	(157.9)
Total borrowings	**(156.2)**	(149.3)	(163.2)
Cash and cash equivalents	**34.1**	24.7	14.0
Net debt	**(122.1)**	(124.6)	(149.2)
Add back impact of IFRS 16	**0.6**	0.8	1.0
Covenant net debt	**(121.5)**	(123.8)	(148.2)

Rutger Helbing
Chief Executive Officer

Jackie Callaway
Chief Financial Officer

28 July 2020

CONSOLIDATED INCOME STATEMENT (UNAUDITED)
for the six months ended 30 June 2020

		6 months ended 30 June 2020			6 months ended 30 June 2019		
		Underlying	**Non-underlying items**	**Reported**	Underlying	Non-underlying items	Reported
	Note	**£'m**	**£'m**	**£'m**	£'m	£'m	£'m
Revenue	5	**119.0**	**-**	**119.0**	119.2	-	119.2
Operating profit	5	**18.5**	**(1.3)**	**17.2**	17.8	(0.4)	17.4
Finance cost		**(2.9)**	**-**	**(2.9)**	(2.9)	-	(2.9)
Net finance cost on pensions		**-**	**(0.8)**	**(0.8)**	-	(0.9)	(0.9)
Profit before tax		**15.6**	**(2.1)**	**13.5**	14.9	(1.3)	13.6
Tax	7	**(3.0)**	**0.6**	**(2.4)**	(3.2)	0.4	(2.8)
Profit for the period attributable to owners of the Company		**12.6**	**(1.5)**	**11.1**	11.7	(0.9)	10.8
Earnings per share							
Basic	8			**6.6p**			6.5p
Diluted	8			**6.6p**			6.4p

All results relate to continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
for the 6 months ended 30 June 2020

	6 months ended 30 June 2020 £'m	6 months ended 30 June 2019 £'m
Profit for the period attributable to the owners of the Company	**11.1**	10.8
Other comprehensive income/(expense) for the period		
Items that will not be reclassified to the profit or loss		
Pension obligations:		
- re-measurements	**(15.1)**	(6.1)
- movement in deferred tax	**3.6**	1.1
	(11.5)	(5.0)
Items that are or may be reclassified subsequently to profit or loss		
Cash flow hedges:		
- net fair value (losses)/gains	**(0.8)**	0.9
- tax on fair value movements	**0.2**	(0.1)
Net investment hedges:		
- fair value (losses)/gains	**(6.3)**	0.6
- tax on fair value movements	**(0.6)**	(0.1)
Net exchange adjustments	**10.1**	1.2
	2.6	2.5
Other comprehensive expense for the period, net of tax	**(8.9)**	(2.5)
Total comprehensive income for the period attributable to the owners of the Company	**2.2**	8.3

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
as at 30 June 2020

	Note	**30 June 2020 £'m**	31 December 2019 £'m	30 June 2019 £'m
ASSETS				
Non-current assets				
Property, plant and equipment	10	**215.5**	213.8	272.9
Intangible assets		**10.7**	10.5	10.5
Deferred tax assets		**31.9**	25.5	37.6
Trade and other receivables		**3.7**	3.9	5.2
		261.8	253.7	326.2
Current assets				
Inventories		**46.8**	39.1	45.5
Trade and other receivables		**30.3**	27.9	34.4
Derivative financial instruments	4	**1.2**	1.4	0.5
Current tax assets		**-**	-	0.7
Cash and cash equivalents	14	**34.1**	24.7	14.0
		112.4	93.1	95.1
Total assets		**374.2**	346.8	421.3
LIABILITIES				
Current liabilities				
Trade and other payables		**(27.0)**	(29.4)	(25.1)
Current tax liabilities		**(3.1)**	(1.6)	-
Borrowings	14	**(21.8)**	(1.2)	(5.3)
Derivative financial instruments	4	**(1.5)**	(0.6)	(0.8)
Provisions for other liabilities and charges		**(5.1)**	(5.6)	(1.6)
		(58.5)	(38.4)	(32.8)
Non-current liabilities				
Borrowings	14	**(134.4)**	(148.1)	(157.9)
Pension obligations	11	**(82.2)**	(64.1)	(60.5)
Deferred tax liabilities		**(16.2)**	(16.0)	(18.8)
Other payables		**(2.5)**	(2.5)	(3.1)
Provisions for other liabilities and charges		**(2.8)**	(2.8)	(3.7)
		(238.1)	(233.5)	(244.0)
Total liabilities		**(296.6)**	(271.9)	(276.8)
Net assets		**77.6**	74.9	144.5
EQUITY				
Ordinary shares		**16.7**	16.7	16.7
Share premium		**9.3**	9.3	9.3
Other reserves		**75.1**	72.2	79.1
Retained earnings		**(23.5)**	(23.3)	39.4
Equity attributable to the owners of the Company		**77.6**	74.9	144.5

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
for the six months ended 30 June 2020

	Ordinary shares £'m	Share premium £'m	Other reserves £'m	Retained earnings £'m	Total equity £'m
Balance at 1 January 2020	**16.7**	**9.3**	**72.2**	**(23.3)**	**74.9**
Comprehensive income/(expense)					
Profit for the period	-	-	-	11.1	11.1
Other comprehensive income/(expense)	-	-	2.6	(11.5)	(8.9)
Total comprehensive income/(expense)	-	-	2.6	(0.4)	2.2
Transactions with owners of the Company					
Performance Share Plan charge, net of tax	-	-	0.5	-	0.5
Performance Share Plan credit in respect of awards lapsed	-	-	(0.2)	0.2	-
Total transactions with owners of the Company	-	-	0.3	0.2	0.5
Balance at 30 June 2020	**16.7**	**9.3**	**75.1**	**(23.5)**	**77.6**

	Ordinary shares £'m	Share premium £'m	Other reserves £'m	Retained earnings £'m	Total equity £'m
Balance at 1 January 2019	**16.7**	**9.3**	**77.1**	**43.5**	**146.6**
Comprehensive income/(expense)					
Profit for the period	-	-	-	10.8	10.8
Other comprehensive income/(expense)	-	-	2.5	(5.0)	(2.5)
Total comprehensive income/(expense)	-	-	2.5	5.8	8.3
Transactions with owners					
Performance Share Plan charge, net of tax	-	-	0.1	-	0.1
Performance Share Plan credit in respect of awards lapsed	-	-	(0.6)	0.6	-
Dividends paid	-	-	-	(10.5)	(10.5)
Total transactions with owners of the Company	-	-	(0.5)	(9.9)	(10.4)
Balance at 30 June 2019	**16.7**	**9.3**	**79.1**	**39.4**	**144.5**

INTERIM CONSOLIDATED CASH FLOW STATEMENTS (UNAUDITED)
for the six months ended 30 June 2020

	Note	**6 months ended 30 June 2020 £'m**	6 months ended 30 June 2019 £'m
Cash flows from operating activities			
Cash generated from operations	13	**20.5**	18.6
Interest paid		**(2.8)**	(2.7)
Tax paid		**(3.4)**	(5.0)
Net cash generated from operating activities		**14.3**	10.9
Cash flows from investing activities			
Purchase of property, plant and equipment		**(6.0)**	(5.4)
Purchase of intangible assets		**(0.3)**	(0.5)
Net cash used in investing activities		**(6.3)**	(5.9)
Cash flows from financing activities			
Proceeds from borrowings		**1.0**	10.1
Payment on settlement of derivatives		**(0.7)**	(0.5)
Payment of lease liabilities		**(0.3)**	(0.3)
Dividends paid		**-**	(10.5)
Net cash used in financing activities		**-**	(1.2)
Net increase in cash and cash equivalents		**8.0**	3.8
Net cash and cash equivalents at 1 January		**23.9**	5.2
Net increase in cash and cash equivalents		**8.0**	3.8
Exchange gain on cash and cash equivalents		**1.1**	0.1
Net cash and cash equivalents at 30 June		**33.0**	9.1
Cash and cash equivalents		**34.1**	14.0
Bank overdrafts		**(1.1)**	(4.9)
Net cash and cash equivalents at 30 June		**33.0**	9.1

Notes to the condensed interim consolidated Financial Statements (unaudited)
for the six months ended 30 June 2020

1. General Information

Devro plc (the Company) and its subsidiaries (the Group) is one of the world's leading manufacturers of collagen products for the food industry. Collagen is one of the most common forms of protein, which is transformed into strong but flexible edible casings and other related products by highly sophisticated biochemical processing technologies.

The Company is a public limited company which is listed on the London Stock Exchange and is incorporated and domiciled in Scotland. The address of its registered office is Moodiesburn, Chryston, Scotland, G69 0JE.

These condensed interim consolidated Financial Statements were approved for issue on 28 July 2020.

These condensed interim consolidated Financial Statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. The condensed interim consolidated Financial Statements are unaudited but have been reviewed by our auditors and their report is set out on page 24. Statutory accounts for the year ended 31 December 2019 were approved by the Board of Directors on 3 March 2020 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain a material uncertainty related to going concern and did not contain any statement under Section 498 of the Companies Act 2006.

2. Basis of Preparation

These condensed interim consolidated Financial Statements for the six months ended 30 June 2020 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with International Accounting Standard ("IAS") 34, "Interim financial reporting" as adopted by the European Union. The condensed interim consolidated Financial Statements should be read in conjunction with the annual Financial Statements for the year ended 31 December 2019 which have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

Critical estimates and judgments

The preparation of Financial Statements in conformity with IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best assessments of amounts, events or actions, actual results ultimately may differ from those estimates. The key uncertainties that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next six months relate to accounting for the carrying value of property, plant and equipment and deferred tax asset. Taking into account Covid-19, management does not consider that any reasonably foreseeable change in the source of estimation would have a material impact on the carrying value of plant, property and equipment and deferred tax asset in the Group's financial statements.

Going concern basis

This Half Year Results Update sets out the Group's performance for the period and financial position at period end, together with factors likely to affect its future development, performance and position. The 2019 Annual Report outlines the business activities of the Group and note 23 describes the Group's objectives and procedures for managing its capital, its financial risk management policies, details of financial instruments and exposure to market, credit and liquidity risk.

At 30 June 2020 the Group was operating within the banking covenants related to its revolving credit facility and US private placement facilities. The Group's detailed financial forecasts indicate that there is sufficient headroom in the facilities for the 18 months from the date of approval of this statement and that they can be repaid in line with the expected terms. The Directors have a reasonable expectation that the Group has adequate resources to continue in operation for the 18 months from the date of approval of this statement. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

In making this assessment the impact of Covid-19 has been considered and a range of possible scenarios have been analysed which model different levels of impact on revenue, profit and cash, and the offsetting effect of controllable mitigating actions over the course of 18 months from the end of July 2020. These include a range of estimated impacts primarily based on the length of time various levels of restrictions will be in place and the severity of the consequent impact of those restrictions on most exposed areas: raw material inflation (primarily hides), disruption to supply chain and lower food service demand.

For each of our businesses we have sensitised the revenue (circa 2% - 3% reduction in year on year revenues), profit and cash flow impact of reduced trading activity. In line with the impacts noted above, the scenarios are most sensitive to the assumptions made predominantly in food services markets. We have not assumed any uplift in any market under any level of restrictions for the purpose of the scenario modelling.

The scenarios include an assumption of economic recession lasting until the end of 2021. This conservative view assumes slow decline in our market during this time. While Covid-19 is anticipated to impact our profits and cash generation, as the economies come out of recession, so should the profits and cash recover. As we exit both lockdown and our busiest trading periods, the forecasted Covid-19 impact should also reduce.

Under each scenario, mitigating actions are all within management control, can be initiated as they relate to discretionary spend, and do not impact our ability to meet demand. These actions include reduced opex spend and stopping all non-essential and non-committed capex in the forecasted period. We believe that the risk of enforced factory closure is low and have implemented additional health and safety measures in each of our factories to reduce the risk of a major supply disruption. Please refer to principal risks section for further details. We have assumed no significant structural changes to the business will be needed in any of the scenarios modelled.

In all the scenarios, significant liquidity headroom under our existing debt facilities remains at each month end, including the assumption that repayment of the US dollar private placement tranche of $25.0m in April 2021 will be made out of existing facilities. At the half year, the net debt position was £121.1m and our covenant net debt to EBITDA ratio was 1.9 times with a covenant EBITDA to net interest payable ratio of 11 times. Undrawn facilities were £37m with £34.1m of cash holdings as at 30 June 2020. Since the half year date there were no changes to our borrowing facilities. Covenants are set at less than 3.0 times Net debt to EBITDA and more than 4.0 times EBITDA to Net Interest Payable in all our lending agreements.

As part of cashflow modelling, we tested the possibility of the debt covenants being breached in December 2020, June 2021, and December 2021. June 2021 is the most sensitive test point as the EBITDA modelling assumes a full 12 months of reduced trading and supply chain impacts, the usual seasonal working capital peak and normal dividend payment. Under all the scenarios modelled, after taking mitigating actions as required, forecasts did not indicate breach on any of those dates.

3. Accounting Policies

The accounting policies adopted are consistent with those of the annual Financial Statements for the year ended 31 December 2019, as described in those annual Financial Statements.

4. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and foreign exchange risk), credit risk and liquidity risk.

The condensed interim consolidated Financial Statements do not include all financial risk management information and disclosures required in annual Financial Statements and should be read in conjunction with the Group's annual Financial Statements for the year ended 31 December 2019.

Fair value of derivative financial instruments

The fair values of derivative financial instruments are as follows:

	Assets £'m	Liabilities £'m
At 30 June 2020		
Forward foreign currency contracts		
- cash flow hedge	**1.2**	**(1.3)**
- net investment hedge	**-**	**(0.2)**
	1.2	**(1.5)**
At 30 June 2019		
Forward foreign currency contracts		
- cash flow hedge	0.4	(0.8)
- net investment hedge	0.1	-
	0.5	(0.8)

Derivative financial instruments that are measured at fair value are disclosed by level of the following fair value measurement hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices)
Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

All of the Group's derivative financial instruments that are measured at fair value are classified as Level 2 at 30 June 2020 (31 December 2019: Level 2) and comprise forward foreign exchange contracts as disclosed in the table above. The valuation techniques employed are consistent with the year-end annual report. There are no financial instruments measured as Level 3. The carrying value of non-derivative financial assets and liabilities, comprising cash and cash equivalents, trade and other receivables, trade and other payables and borrowings is considered to materially equate to their fair value.

5. Segment information

The chief operating decision maker has been identified as the Board. The Board reviews the Group's financial results on a geographical segment basis because they require different products and marketing strategies, with three identifiable operating segments:

- Americas: includes North America and Latin America
- Asia Pacific: includes Australia & NZ, Japan, China and the rest of South East Asia
- EMEA: includes Continental EU, Russia & East, UK & Ireland, Middle East & Africa

The Board assesses the performance of the operating segments based on revenue generated from sales to external customers. Each manufacturing site produces product for multiple sales areas and performance cannot be allocated to operating segments; the Board reviews performance by manufacturing plant regularly and manages underlying operating profit before exceptional items at Group level. Finance income and cost, and net finance cost of pensions, are not included in the segment results that are reviewed by the Board. Information provided to the Board is consistent with that in the Financial Statements.

In the second half of 2020, the Board will also review Group revenue and edible collagen volume between emerging markets and mature markets where emerging markets include Latin America, Russia & East, Middle East & Africa, South East Asia and China and mature markets include North America, Continental EU, UK & Ireland, Japan and Australia & NZ.

Segment information for the six months ended:

	Americas		Asia Pacific		EMEA		Total Group	
	30 June 2020 £'m	30 June 2019 £'m	**30 June 2020 £'m**	30 June 2019 £'m	**30 June 2020 £'m**	30 June 2019 £'m	**30 June 2020 £'m**	30 June 2019 £'m
Revenue								
Sales to external customers	**34.2**	29.1	**39.3**	38.4	**45.5**	51.7	**119.0**	119.2
Underlying operating profit							**18.5**	17.8
Exceptional items							**(1.3)**	(0.4)
Operating profit							**17.2**	17.4
Finance cost							**(2.9)**	(2.9)
Net finance cost on pensions							**(0.8)**	(0.9)
Profit before tax							**13.5**	13.6

Recognition of sales to emerging and mature markets:

	30 June 2020 £'m	30 June 2019 £'m
Mature	**85.9**	91.4
Emerging	**33.1**	27.8
	119.0	119.2

6. Exceptional items

Exceptional charges included in operating profit for the six months ended 30 June 2020 were £1.3m (six months ended 30 June 2019: £0.4m). The 2020 costs relate to the closure of our plant in Bellshill (£0.9m) and the final stage of implementing the new global operating model (£0.4m). This involves restructuring the business support activities into global functions to realign the cost base for operating expenses with strategic priorities. The 2019 half year costs related to restructuring activities associated with the new global operating model (£0.4m).

Costs associated with implementation of these transformation programmes are significant and incremental to the usual business activities, and as a result have been classified as exceptional items. Exceptional charges comprise redundancy costs and other incremental external cost, including professional fees.

7. Tax

The charge for tax for the six months ended 30 June 2020 corresponds to a rate of tax of 19% on underlying profit (six months ended 30 June 2019: 22%). This is lower than the expected tax rate for the full year due to the full impact of the change in the UK tax rate from 19% to 17% reflected in the first half of 2020 and some other factors. The charge for tax comprises a UK corporation tax credit for six months ended 30 June 2020 of £0.9m (six months ended 30 June 2019: £nil) and a foreign tax charge for six months ended 30 June 2020 of £3.8m (six months ended 30 June 2019: £2.8m).

8. Earnings per share

	6 months ended 30 June 2020 £'m	6 months ended 30 June 2019 £'m
Profit attributable to equity holders	**11.1**	10.8
Underlying profit attributable to equity holders	**12.6**	11.7
Earnings per share		
- Basic	**6.6p**	6.5p
- Underlying basic	**7.5p**	7.0p
- Diluted	**6.6p**	6.4p
Shares in issue		
Weighted average number of shares through the period (millions)	**166.9**	166.9
Adjustments for:		
- Performance Share Plan (millions)	**2.0**	0.9
Weighted average number of shares adjusted for potential dilution (millions)	**168.9**	167.8

Share options are only treated as dilutive in the calculation of diluted earnings per share if their exercise would result in the issue of shares at less than the average market price of the shares during the period. Shares arising from share options, the deferred bonus scheme or the performance share plan are only treated as dilutive where the effect is to reduce earnings per share.

9. Dividends

Further to the announcement on 23 April 2020, and given the Group's financial position and robust trading performance, the Board has resolved to declare the postponed 2019 final dividend of 6.3p per share which will be paid by way of an interim dividend on 2 October 2020 to shareholders on the register as at 21 August 2020. Taken together with the 2019 interim dividend, this results in a total dividend payment for FY 2019 of 9.0p per share (as compared to 9.0p per share for the previous year). In addition, the Board has resolved to declare a 2020 interim dividend of 2.7p, flat on the prior year. This further interim dividend will be paid on 15 January to shareholders on the register at 4 December 2020.

10. Property, plant and equipment

Movements in property, plant and equipment are summarised as follows:

	6 months ended 30 June 2020 £'m	6 months ended 30 June 2019 £'m
Net book value at 1 January	**213.8**	280.0
Additions – right of use assets	**-**	0.1
Additions – other	**3.8**	3.7
Depreciation	**(10.4)**	(12.3)
Exchange differences	**8.3**	1.4
Closing net book value at 30 June	**215.5**	272.9

11. Pension obligations

The net pension obligations disclosed as non-current liabilities in the interim consolidated statement of financial position are as follows:

	30 June 2020 £'m	31 December 2019 £'m	30 June 2019 £'m
Pension obligations	**82.2**	64.1	60.5

The increase in the Group's net pension obligations at 30 June 2020 compared with 31 December 2019 primarily reflects the changes in financial conditions in the period resulting in changes to actuarial assumptions, including a decrease in discount rates in the UK and US.

A summary of the discount rates used in the principal countries is:

	30 June 2020	31 December 2019	30 June 2019
United Kingdom	**1.45%**	1.95%	2.20%
United States	**2.25%**	2.95%	3.25%

The net pension obligations have moved as follows:

	6 months ended 30 June 2020 £'m	6 months ended 30 June 2019 £'m
Opening net liability	**64.1**	54.4
Employer contributions	**(1.5)**	(2.5)
Service cost	**0.6**	0.6
Scheme administrative expenses	**0.6**	0.8
Net finance cost	**0.8**	0.9
Re-measurements	**15.1**	6.1
Exchange losses	**2.5**	0.2
Closing net liability	**82.2**	60.5

12. Equity securities issued

No ordinary shares were issued during the half year period ending 30 June 2020.

13. Reconciliation of profit before tax to cash generated from operations

	6 months ended 30 June 2020 £'m	6 months ended 30 June 2019 £'m
Profit before tax	**13.5**	13.6
Adjustments for:		
Finance cost	**2.9**	2.9
Net finance cost on pensions	**0.8**	0.9
Pension cost adjustment for normal contributions	**0.3**	-
Depreciation of property, plant and equipment	**10.4**	12.3
Amortisation of intangible assets	**0.6**	0.5
Release from capital grants balance	**(0.1)**	-
Pension deficit funding	**(0.6)**	(1.1)
Performance Share Plan	**0.5**	0.1
Changes in working capital:		
Increase in inventories	**(5.5)**	(6.7)
(Increase)/decrease in trade and other receivables	**(0.6)**	2.2
Decrease in trade and other payables	**(1.1)**	(2.5)
Decrease in provisions	**(0.6)**	(3.6)
Cash generated from operations	**20.5**	18.6
Underlying operating cash flows (before pension deficit funding)	**22.6**	23.7
Pension deficit funding	**(0.6)**	(1.1)
Exceptional items	**(1.5)**	(4.0)
Cash generated from operations	**20.5**	18.6

14. Analysis of net debt

	30 June 2020 £'m	**31 December 2019 £'m**	**30 June 2019 £'m**
Cash and cash equivalents	**34.1**	24.7	14.0
Bank overdrafts	**(1.1)**	(0.8)	(4.9)
Net Cash and Cash Equivalents	**33.0**	23.9	9.1
Other bank borrowings	**(73.0)**	(72.0)	(78.6)
US dollar private placement	**(81.5)**	(75.7)	(78.7)
Leases	**(0.6)**	(0.8)	(1.0)
Net debt	**(122.1)**	(124.6)	(149.2)

Included within current borrowings amounting to £21.8m (31 December 2019: £1.2m) are bank overdrafts of £1.1m (31 December 2019: £0.8m), finance leases of £0.3m (31 December 2019: £0.4m) and a tranche of US dollar private placement that expires in April 2021 of $25.0m (£20.4m).

15. Related party transactions

The Group had no related party transactions other than key management compensation during the six months ended 30 June 2020 and 30 June 2019.

Statement of directors' responsibilities

We confirm that to the best of our knowledge:

- the condensed set of Financial Statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;

- the interim management report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The directors of Devro plc are as listed below:
Steve Good
Rutger Helbing
Jackie Callaway
Paul Withers
Malcolm Swift
Jane Lodge (resigned 30 April 2020)
Lesley Jackson (appointed 1 May 2020)
Jeremy Burks (appointed 1 May 2020)

A list of the current directors is maintained on the Company's website: www.devro.com.

By order of the Board

Rutger Helbing	Jackie Callaway
Chief Executive Officer	Chief Financial Officer
28 July 2020	28 July 2020

INDEPENDENT REVIEW REPORT TO DEVRO PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 which comprises Interim Consolidated Income Statement, Interim Consolidated Statement of Comprehensive Income, Interim Consolidated Statement of Financial Position, Interim Consolidated Statements of Changes in Equity, Interim Consolidated Cash Flow Statements and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Mike Barradell
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL
28 July 2020