ArdaghGroup

ARD Finance S.A. Interim Report

For the three and nine months ended September 30, 2020

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Management Report

PRELIMINARY INFORMATION

ARD Finance S.A. (the “Company”) was incorporated in Luxembourg on May 6, 2011. The Company’s registered office is 56, rue Charles Martel, L-2134, Luxembourg, Luxembourg.

The Company is a holding company whose assets as of September 30, 2020 consist mainly of its direct and indirect interest in the share capital of Ardagh Group S.A., a company incorporated and existing under the laws of Luxembourg, and certain related party receivables. Ardagh Group S.A. has Class A common shares listed on the New York Stock Exchange.

All of the business of the group of companies controlled by the Company (the “Group”) is conducted by Ardagh Group S.A. (“Ardagh”) and its subsidiaries (together, the “Ardagh Group”). All of the financing of the Group other than the $1,130 million 6.500%/7.250% Senior Secured Toggle Notes due 2027, and the €1,000 million 5.000%/5.750% Senior Secured Toggle Notes due 2027 (the “Toggle Notes”, as described in note 9) are liabilities of the Ardagh Group. The Company and those of its subsidiaries who are above Ardagh Group S.A. in the corporate structure are referred to as the “ARD Finance Group”.

Any description of the business of the Group is a description of the business of the Ardagh Group.

The unaudited consolidated interim financial statements reflect the consolidation of the legal entities forming the Group for the periods presented.

As used herein, “we”, “our” and “us” refer to the Ardagh Group and its consolidated subsidiaries, unless the context requires otherwise.

SELECTED FINANCIAL INFORMATION

The following discussion should be read together with, and is qualified in its entirety by, reference to the Unaudited Consolidated Interim Financial Statements for the three and nine months ended September 30, 2020, including the related notes thereto.

On October 31, 2019, Ardagh completed the combination of its Food & Specialty Metal Packaging business ("Food & Specialty") with the business of Exal Corporation ("Exal") to form Trivium Packaging B.V. ("Trivium"). As a result, Food & Specialty has been reported as a discontinued operation in the three and nine months ended September 30, 2019 in accordance with IFRS 5. Ardagh holds a stake of approximately 42% in Trivium.

The following table sets forth summary consolidated financial information for ARD Finance S.A..

Income statement data	**Three months ended September 30, 2020**	**Three months ended September 30, 2019**	**Nine months ended September 30, 2020**	**Nine months ended September 30, 2019**
	(in $ millions, except ratios and percentages)			
Revenue	1,800	1,728	5,028	5,079
Adjusted EBITDA[1]	**330**	**320**	**874**	**906**
Depreciation and amortization	(173)	(161)	(509)	(485)
Exceptional items[2]	(11)	(33)	(19)	(40)
Net finance expense[3]	(106)	(294)	(339)	(601)
Share of post-tax loss in equity accounted joint venture	(2)	—	(22)	—
Profit/(loss) before tax	**38**	**(168)**	**(15)**	**(220)**
Income tax (charge)/credit	(23)	4	(27)	5
Profit/(loss) from continuing operations	**15**	**(164)**	**(42)**	**(215)**
Profit from discontinued operation	—	68	22	134
Profit/(loss) for the period	**15**	**(96)**	**(20)**	**(81)**
Other data				
Adjusted EBITDA margin[1]	18.3%	18.5%	17.4%	17.8%
Net interest expense[4]	109	141	306	423
Capital expenditure[5]	122	124	352	404

Balance sheet data	**At September 30, 2020**	**At December 31, 2019**
	(in $ millions, except ratios)	
Cash and cash equivalents[6]	1,260	663
Total assets	9,799	9,069
Total equity	(2,269)	(2,087)
Net debt[7]	7,802	7,516
Ratio of net debt to Adjusted EBITDA[1] [7] [8]	6.8x	6.4x

All footnotes are on page 9 of this document

OPERATING AND FINANCIAL REVIEW

Review of the three months ended September 30, 2020

Bridge of 2019 to 2020 reported Revenue

Revenue	Metal Beverage Packaging Europe	Metal Beverage Packaging Americas	Glass Packaging Europe	Glass Packaging North America	Group
	$'m	$'m	$'m	$'m	$'m
Revenue 2019	**412**	**464**	**414**	**438**	**1,728**
Organic	(6)	14	41	(9)	40
FX translation	15	—	17	—	32
Revenue 2020	**421**	**478**	**472**	**429**	**1,800**

Bridge of 2019 to 2020 reported Adjusted EBITDA

Adjusted EBITDA	Metal Beverage Packaging Europe	Metal Beverage Packaging Americas	Glass Packaging Europe	Glass Packaging North America	Group
	$'m	$'m	$'m	$'m	$'m
Adjusted EBITDA 2019	**68**	**67**	**108**	**77**	**320**
Organic	2	11	(1)	(10)	2
FX translation	3	—	5	—	8
Adjusted EBITDA 2020	**73**	**78**	**112**	**67**	**330**
2020 margin	**17.3%**	**16.3%**	**23.7%**	**15.6%**	**18.3%**
2019 margin	**16.5%**	**14.4%**	**26.1%**	**17.6%**	**18.5%**

Revenue

Revenue in the three months ended September 30, 2020 increased by $72 million to $1,800 million, compared with $1,728 million in the three months ended September 30, 2019. Excluding favourable foreign currency translation effects of $32 million, revenue increased by $40 million.

Revenue in Metal Beverage Packaging Europe increased by $9 million, or 2%, to $421 million in the three months ended September 30, 2020, compared with $412 million in the three months ended September 30, 2019. Excluding favorable foreign currency translation effects of $15 million, revenue decreased by $6 million, with volume/mix growth of 1% offset by the pass through of lower metal costs.

Revenue in Metal Beverage Packaging Americas increased by $14 million, or 3%, to $478 million in the three months ended September 30, 2020, compared with $464 million in the three months ended September 30, 2019. The increase in revenue principally reflected favorable volume/mix effects of 6%, partly offset by the pass through of lower input costs.

Revenue in Glass Packaging Europe increased by $58 million, or 14%, to $472 million in the three months ended September 30, 2020, compared with $414 million in the three months ended September 30, 2019. Excluding favorable foreign currency translation effects of $17 million, revenue increased by $41 million, or 10%, mainly due to favorable volume/mix effects of 8%, partly as a result of increased customer demand as the relaxation of COVID-19 restrictions showed early signs of translating to a recovery in “on-premise” consumption, in addition to selling price increases including related to the pass through of higher input costs.

Revenue in Glass Packaging North America decreased by $9 million, or 2%, to $429 million in the three months ended September 30, 2020, compared with $438 million in the three months ended September 30, 2019. The decrease in revenue reflected unfavorable volume/mix effects of 2%, including a continued impact of COVID-19 on demand.

Adjusted EBITDA

Adjusted EBITDA in the three months ended September 30, 2020 increased by $10 million, or 3%, to $330 million, compared with $320 million in the three months ended September 30, 2019.

Adjusted EBITDA in Metal Beverage Packaging Europe increased by $5 million, or 7%, to $73 million in the three months ended September 30, 2020, compared with $68 million in the three months ended September 30, 2019. Excluding favorable foreign currency translation effects of $3 million, Adjusted EBITDA increased by $2 million, principally due to favorable volume/mix effects, partly offset by increased operating costs.

Adjusted EBITDA in Metal Beverage Packaging Americas increased by $11 million, or 16%, to $78 million in the three months ended September 30, 2020, compared with $67 million in the three-month period ended September 30, 2019. The increase was mainly driven by favorable volume/mix effects, partly offset by higher operating costs.

Adjusted EBITDA in Glass Packaging Europe increased by $4 million, or 4%, to $112 million in the three months ended September 30, 2020, compared with $108 million in the three months ended September 30, 2019. Excluding favorable foreign currency translation effects of $5 million, Adjusted EBITDA was almost unchanged, as favorable volume/mix effects were offset by unfavorable fixed cost absorption as a result of lower production.

Adjusted EBITDA in Glass Packaging North America decreased by $10 million, or 13%, to $67 million in the three months ended September 30, 2020, compared with $77 million in the three months ended September 30, 2019. The decrease was mainly as a result of unfavorable volume/mix effects and higher operating and other costs.

Review of the nine months ended September 30, 2020

Bridge of 2019 to 2020 reported Revenue

Revenue	Metal Beverage Packaging Europe	Metal Beverage Packaging Americas	Glass Packaging Europe	Glass Packaging North America	Group
	$'m	$'m	$'m	$'m	$'m
Revenue 2019	**1,215**	**1,359**	**1,218**	**1,287**	**5,079**
Organic	(6)	(2)	11	(41)	(38)
FX translation	(8)	—	(5)	—	(13)
Revenue 2020	**1,201**	**1,357**	**1,224**	**1,246**	**5,028**

Bridge of 2019 to 2020 reported Adjusted EBITDA

Adjusted EBITDA	Metal Beverage Packaging Europe	Metal Beverage Packaging Americas	Glass Packaging Europe	Glass Packaging North America	Group
	$'m	$'m	$'m	$'m	$'m
Adjusted EBITDA 2019	**209**	**184**	**292**	**221**	**906**
Organic	(11)	24	(15)	(29)	(31)
FX translation	(1)	—	—	—	(1)
Adjusted EBITDA 2020	**197**	**208**	**277**	**192**	**874**
2020 margin	**16.4%**	**15.3%**	**22.6%**	**15.4%**	**17.4%**
2019 margin	**17.2%**	**13.5%**	**24.0%**	**17.2%**	**17.8%**

Revenue

Revenue in the nine months ended September 30, 2020 decreased by $51 million to $5,028 million, compared with $5,079 million in the nine months ended September 30, 2019. Excluding unfavourable foreign currency translation effects of $13 million, revenue decreased by $38 million.

Revenue in Metal Beverage Packaging Europe decreased by $14 million, or 1%, to $1,201 million in the nine months ended September 30, 2020, compared with $1,215 million in the nine months ended September 30, 2019. Excluding unfavorable foreign currency translation effects of $8 million, revenue was $6 million lower than prior year as the pass through of lower input costs was partly offset by favorable volume/mix effects of 1%.

Revenue in Metal Beverage Packaging Americas decreased by $2 million to $1,357 million in the nine months ended September 30, 2020, compared with $1,359 million in the nine months ended September 30, 2019. The decrease in revenue principally reflected the pass through of lower input costs, partly offset by favorable volume/mix effects of 4%.

Revenue in Glass Packaging Europe increased by $6 million to $1,224 million in the nine months ended September 30, 2020, compared with $1,218 million in the nine months ended September 30, 2019. Excluding unfavorable foreign currency translation effects of $5 million, revenue increased by $11 million, or 1%, mainly driven by selling price increases including related to the pass through of higher input costs, partly offset by unfavorable volume/mix effects of 1%, primarily as a result of COVID-19 impacts on demand, principally in the second quarter.

Revenue in Glass Packaging North America decreased by $41 million, or 3%, to $1,246 million in the nine months ended September 30, 2020, compared with $1,287 million in the nine months ended September 30, 2019. The decrease in revenue primarily reflected unfavorable volume/mix effects of 3%, which includes the impact of COVID-19 on demand, principally in the second quarter.

Adjusted EBITDA

Adjusted EBITDA in the nine months ended September 30, 2020 decreased by $32 million, or 4%, to $874 million, compared with $906 million in the nine months ended September 30, 2019.

Adjusted EBITDA in Metal Beverage Packaging Europe decreased by $12 million, or 6%, to $197 million in the nine months ended September 30, 2020, compared with $209 million in the nine months ended September 30, 2019. Excluding unfavorable foreign currency translation effects of $1 million, Adjusted EBITDA decreased by $11 million, principally due to the impact of a prior year pension credit and increased operating costs.

Adjusted EBITDA in Metal Beverage Packaging Americas increased by $24 million, or 13%, to $208 million in the nine months ended September 30, 2020, compared with $184 million in the nine-month period ended September 30, 2019. The increase was mainly driven by favorable volume/mix effects and operating cost savings.

Adjusted EBITDA in Glass Packaging Europe decreased by $15 million, or 5%, to $277 million in the nine months ended September 30, 2020, compared with $292 million in the nine months ended September 30, 2019. The decrease primarily reflected unfavorable fixed cost absorption arising as a result of lower production and unfavorable volume/mix effects, partly offset by selling price increases, productivity gains and operating cost savings.

Adjusted EBITDA in Glass Packaging North America decreased by $29 million, or 13%, to $192 million in the nine months ended September 30, 2020, compared with $221 million in the nine months ended September 30, 2019. The decrease was principally due to unfavorable volume/mix effects and lower production resulting in unfavorable fixed cost absorption and increased other costs.

Footnotes to the Selected Financial Information

(1) Adjusted EBITDA consists of profit/(loss) for the year before income tax charge/(credit), net finance expense, depreciation and amortization, exceptional operating items and share of profit or loss in equity accounted joint venture. We use Adjusted EBITDA to evaluate and assess our segment performance. Adjusted EBITDA is presented because we believe that it is frequently used by securities analysts, investors and other interested parties in evaluating companies in the packaging industry. However, other companies may calculate Adjusted EBITDA in a manner different from ours. Adjusted EBITDA is not a measure of financial performance under IFRS and should not be considered an alternative to profit/(loss) as indicators of operating performance or any other measures of performance derived in accordance with IFRS.

(2) Exceptional items are shown on a number of different lines in the Unaudited Consolidated Interim Income Statements for the three and nine months ended September 30, 2020, presented in the subsequent pages in this report.

(3) Includes exceptional finance income and expense.

(4) Net interest expense is as set out in note 5 to the Unaudited Consolidated Interim Financial Statements.

(5) Capital expenditure is the sum of purchase of property, plant and equipment and software and other intangibles, net of proceeds from disposal of property, plant and equipment, as per the Unaudited Consolidated Interim Statement of Cash Flows.

(6) Cash and cash equivalents includes restricted cash.

(7) Net debt is comprised of net borrowings and derivative financial instruments used to hedge foreign currency and interest rate risk, net of cash and cash equivalents.

(8) Net debt to Adjusted EBITDA ratio at September 30, 2020 of 6.8x, is based on net debt at September 30, 2020 of $7,802 million and reported LTM Adjusted EBITDA for the twelve months ended September 30, 2020 of $1,141 million. Net debt to Adjusted EBITDA ratio at December 31, 2019 of 6.4x, is based on net debt at December 31, 2019 of $7,516 million and LTM Adjusted EBITDA for the twelve months ended December 31, 2019 of $1,173 million.

Unaudited Consolidated Interim Financial Statements

ARD FINANCE S.A.
CONSOLIDATED INTERIM INCOME STATEMENT

		Unaudited Three months ended September 30, 2020			Unaudited Three months ended September 30, 2019		
	Note	**Before exceptional items $'m**	**Exceptional items $'m**	**Total $'m**	**Before exceptional items $'m**	**Exceptional items $'m**	**Total $'m**
			Note 4			**Note 4**	
Revenue	3	1,800	—	1,800	1,728	—	1,728
Cost of sales		(1,499)	(3)	(1,502)	(1,430)	(5)	(1,435)
Gross profit		**301**	**(3)**	**298**	**298**	**(5)**	**293**
Sales, general and administration expenses		(85)	(8)	(93)	(80)	(28)	(108)
Intangible amortization		(59)	—	(59)	(59)	—	(59)
Operating profit		**157**	**(11)**	**146**	**159**	**(33)**	**126**
Net finance expense	5	(106)	—	(106)	(182)	(112)	(294)
Share of post-tax profit/(loss) in equity accounted joint venture	7	2	(4)	(2)	—	—	—
Profit/(loss) before tax		**53**	**(15)**	**38**	**(23)**	**(145)**	**(168)**
Income tax (charge)/credit		(24)	1	(23)	(13)	17	4
Profit/(loss) from continuing operations		**29**	**(14)**	**15**	**(36)**	**(128)**	**(164)**
Profit from discontinued operation, net of tax	13	—	—	—	70	(2)	68
Profit/(loss) for the period		**29**	**(14)**	**15**	**34**	**(130)**	**(96)**
Profit/(loss) attributable to:							
Equity holders				12			(94)
Non-controlling interests				3			(2)
Profit/(loss) for the period				**15**			**(96)**

The accompanying notes to the unaudited consolidated interim financial statements are an integral part of these unaudited consolidated interim financial statements.

ARD FINANCE S.A.
CONSOLIDATED INTERIM INCOME STATEMENT

	Note	Unaudited Nine months ended September 30, 2020			Unaudited Nine months ended September 30, 2019		
		Before exceptional items $'m	Exceptional items $'m	Total $'m	Before exceptional items $'m	Exceptional items $'m	Total $'m
			Note 4			Note 4	
Revenue	3	5,028	—	5,028	5,079	—	5,079
Cost of sales		(4,230)	(5)	(4,235)	(4,248)	2	(4,246)
Gross profit		**798**	**(5)**	**793**	**831**	**2**	**833**
Sales, general and administration expenses		(258)	(14)	(272)	(234)	(42)	(276)
Intangible amortization		(175)	—	(175)	(176)	—	(176)
Operating profit		**365**	**(19)**	**346**	**421**	**(40)**	**381**
Net finance expense	5	(265)	(74)	(339)	(489)	(112)	(601)
Share of post-tax loss in equity accounted joint venture	7	(10)	(12)	(22)	—	—	—
Profit/(loss) before tax		**90**	**(105)**	**(15)**	**(68)**	**(152)**	**(220)**
Income tax (charge)/credit		(56)	29	(27)	(23)	28	5
Profit/(loss) from continuing operations		**34**	**(76)**	**(42)**	**(91)**	**(124)**	**(215)**
Profit from discontinued operation, net of tax	13	–	22	22	144	(10)	134
Profit/(loss) for the period		**34**	**(54)**	**(20)**	**53**	**(134)**	**(81)**
Loss attributable to:							
Equity holders				(25)			(85)
Non-controlling interests				5			4
Loss for the period				**(20)**			**(81)**

The accompanying notes to the unaudited consolidated interim financial statements are an integral part of these unaudited consolidated interim financial statements.

ARD FINANCE S.A.
CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

		Unaudited Three months ended September 30,		Unaudited Nine months ended September 30,	
	Note	2020 $'m	2019 $'m	2020 $'m	2019 $'m
Profit/(loss) for the period		**15**	**(96)**	**(20)**	**(81)**
Other comprehensive expense:					
Items that may subsequently be reclassified to income statement					
Foreign currency translation adjustments:					
-Arising in the period		(83)	118	(90)	143
		(83)	118	(90)	143
Effective portion of changes in fair value of cash flow hedges:					
-New fair value adjustments into reserve		(11)	24	(12)	66
-Movement out of reserve to income statement		27	(17)	25	(29)
-Movement in deferred tax		(6)	2	(4)	1
		10	**9**	**9**	**38**
Gain/(loss) recognized on cost of hedging:					
-New fair value adjustments into reserve		4	—	(1)	(11)
-Movement out of reserve		—	(12)	—	(12)
		4	**(12)**	**(1)**	**(23)**
Share of other comprehensive income in equity accounted joint venture	7	**3**	**—**	**15**	**—**
Items that will not be reclassified to income statement					
-Re-measurement of employee benefit obligations	10	13	(88)	(149)	(171)
-Deferred tax movement on employee benefit obligations		(2)	25	44	46
		11	**(63)**	**(105)**	**(125)**
Share of other comprehensive expense in equity accounted joint venture	7	**(1)**	**—**	**(2)**	**—**
Total other comprehensive (expense)/income for the period		**(56)**	**52**	**(174)**	**33**
Total comprehensive expense for the period		**(41)**	**(44)**	**(194)**	**(48)**
Attributable to:					
Equity holders		(44)	(41)	(191)	(49)
Non-controlling interests		3	(3)	(3)	1
Total comprehensive expense for the period		**(41)**	**(44)**	**(194)**	**(48)**
Attributable to:					
Continuing operations		(41)	(57)	(216)	(112)
Discontinued operation		–	13	22	64
Total comprehensive expense for the period		**(41)**	**(44)**	**(194)**	**(48)**

The accompanying notes to the unaudited consolidated interim financial statements are an integral part of these unaudited consolidated interim financial statements.

ARD FINANCE S.A.
CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	Unaudited At September 30, 2020 $'m	As Reported At December 31, 2019 $'m
Non-current assets			
Intangible assets	6	2,758	2,884
Property, plant and equipment	6	2,736	2,677
Derivative financial instruments		27	4
Deferred tax assets		239	204
Investment in material joint venture	7	381	375
Related party loan receivable	12	332	322
Other non-current assets		69	68
		6,542	**6,534**
Current assets			
Inventories		933	964
Trade and other receivables		911	734
Contract assets		116	151
Derivative financial instruments		16	3
Related party loan receivable	12	21	20
Cash and cash equivalents		1,260	663
		3,257	**2,535**
TOTAL ASSETS		**9,799**	**9,069**
Equity attributable to owners of the parent			
Issued capital	8	—	—
Other reserves		211	242
Retained earnings		(2,460)	(2,320)
		(2,249)	**(2,078)**
Non-controlling interests		(20)	(9)
TOTAL EQUITY		**(2,269)**	**(2,087)**
Non-current liabilities			
Borrowings	9	8,667	7,761
Lease obligations	9	270	291
Employee benefit obligations		859	716
Derivative financial instruments		48	44
Deferred tax liabilities		320	344
Provisions		43	29
		10,207	**9,185**
Current liabilities			
Borrowings	9	20	22
Lease obligations	9	75	73
Interest payable		117	74
Derivative financial instruments		15	17
Trade and other payables		1,452	1,634
Income tax payable		125	97
Provisions		54	54
Dividend payable		3	—
		1,861	**1,971**
TOTAL LIABILITIES		**12,068**	**11,156**
TOTAL EQUITY and LIABILITIES		**9,799**	**9,069**

The accompanying notes to the unaudited consolidated interim financial statements are an integral part of these unaudited consolidated interim financial statements.

ARD FINANCE S.A.
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

	Unaudited								
	Attributable to the owner of the parent								
	Share capital $'m	Capital Contribution $'m	Foreign currency translation reserve $'m	Cash flow hedge reserve $'m	Cost of hedging reserve $'m	Retained earnings $'m	Total $'m	Non-controlling interests $'m	Total equity $'m
At January 1, 2019	**—**	**—**	**123**	**(72)**	**31**	**(3,248)**	**(3,166)**	**(120)**	**(3,286)**
(Loss)/profit for the period	—	—	—	—	—	(85)	**(85)**	4	**(81)**
Other comprehensive income/(expense)	—	—	143	38	(23)	(122)	**36**	3	**39**
Hedging losses transferred to cost of inventory	—	—	—	12	—	—	**12**	—	**12**
Dividends by subsidiary to non-controlling interest	—	—	—	—	—	—	**—**	(8)	**(8)**
At September 30, 2019	**—**	**—**	**266**	**(22)**	**8**	**(3,455)**	**(3,203)**	**(121)**	**(3,324)**
At January 1, 2020	**—**	**—**	**242**	**(11)**	**11**	**(2,320)**	**(2,078)**	**(9)**	**(2,087)**
(Loss)/profit for the period	—	—	—	—	—	(25)	**(25)**	5	**(20)**
Other comprehensive (expense)/income	—	—	(87)	20	—	(99)	**(166)**	(8)	**(174)**
Hedging losses transferred to cost of inventory	—	—	—	26	—	—	**26**	—	**26**
Dividends	—	—	—	—	—	(16)	**(16)**	—	**(16)**
Dividends by subsidiary to non-controlling interest	—	—	—	—	—	—	**—**	(8)	**(8)**
Capital contribution received from parent company	—	10	—	—	—	—	**10**	—	**10**
At September 30, 2020	**—**	**10**	**155**	**35**	**11**	**(2,460)**	**(2,249)**	**(20)**	**(2,269)**

The accompanying notes to the unaudited consolidated interim financial statements are an integral part of these unaudited consolidated interim financial statements.

ARD FINANCE S.A.
CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

		Unaudited Three months ended September 30,		Unaudited Nine months ended September 30,	
		2020	2019	2020	2019
	Note	$'m	$'m	$'m	$'m
Cash flows from operating activities					
Cash generated from continuing operations	11	481	386	585	717
Interest paid		(32)	(196)	(270)	(472)
Interest received (i)		2	18	17	26
Income tax paid		(11)	(5)	(34)	(38)
Net cash generated from operating activities - continuing operations		**440**	**203**	**298**	**233**
Net cash generated from operating activities - discontinued operation (ii)		—	139	—	159
Net cash generated from operating activities		**440**	**342**	**298**	**392**
Cash flows used in investing activities					
Purchase of property, plant and equipment		(119)	(123)	(345)	(397)
Purchase of software and other intangibles		(3)	(2)	(8)	(8)
Proceeds from disposal of property, plant and equipment		—	1	1	1
Loan issued to related party		—	—	(25)	—
Loan repaid by related party		—	—	17	—
Investing cash flows used in continuing operations		**(122)**	**(124)**	**(360)**	**(404)**
Proceeds from disposal of discontinued operation		—	—	32	—
Investing cash flows used in discontinued operation		—	(28)	—	(96)
Net cash used in investing activities		**(122)**	**(152)**	**(328)**	**(500)**
Cash flows from financing activities					
Proceeds from borrowings		—	1,706	4,068	1,923
Repayment of borrowings		(502)	(1,652)	(3,255)	(1,652)
Early redemption premium paid		—	(90)	(61)	(90)
Deferred debt issue costs paid		(9)	(12)	(33)	(12)
Lease payments		(23)	(19)	(68)	(55)
Dividends paid		—	(3)	(21)	(8)
Capital contribution received from parent company		—	—	10	—
Consideration received on extinguishment of derivative financial instruments		—	23	—	9
Financing cash flows (used in)/from continuing operations		**(534)**	**(47)**	**640**	**115**
Financing cash flows from discontinued operation		—	15	—	—
Net cash (outflow)/inflow from financing activities		**(534)**	**(32)**	**640**	**115**
Net (decrease)/increase in cash and cash equivalents		**(216)**	**158**	**610**	**7**
Cash and cash equivalents at beginning of period		1,477	411	663	565
Foreign exchange losses on cash and cash equivalents		(1)	(22)	(13)	(25)
Cash and cash equivalents at end of period		**1,260**	**547**	**1,260**	**547**

(i) Interest received for the three and nine months ended September 30, 2020, includes related party interest received of $nil and $13 million respectively.

(ii) Operating cash flows from the discontinued operation for the three and nine months ended September 30, 2019, include interest and income tax payments of $3 million and $11 million, and $5 million and $16 million respectively.

The accompanying notes to the unaudited consolidated interim financial statements are an integral part of these unaudited consolidated interim financial statements.

Notes to the Unaudited Consolidated Interim Financial Statements

1. Statement of directors' responsibilities

The directors are responsible for preparing the unaudited consolidated interim financial statements. The directors are required to prepare financial information for each financial period on the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing the unaudited consolidated interim financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in business.

The directors confirm that they have complied with the above requirements in preparing the unaudited consolidated interim financial statements. Changes to accounting policies applied in the three and nine months ended September 30, 2020 are outlined in note 2.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website at: www.ardholdings-sa.com.

The unaudited consolidated interim financial statements were approved for issue by the board of directors of ARD Finance S.A. (the "Board") on November 26, 2020.

2. Summary of significant accounting policies

Basis of preparation

The unaudited consolidated interim financial statements of the Group for the three and nine months ended September 30, 2020 and 2019, have been prepared in accordance with IAS 34 "Interim Financial Reporting". The unaudited consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Annual Report for the year ended December 31, 2019 which was prepared in accordance with International Financial Reporting Standards ("IFRS").

The unaudited consolidated interim financial statements are presented in U.S. dollar rounded to the nearest million.

Income tax in interim periods is accrued using the effective tax rate expected to be applied to annual earnings.

The accounting policies, presentation and methods of computation followed in the unaudited consolidated interim financial statements are consistent with those applied in the Group's latest Annual Report.

Recent changes in accounting pronouncements

The impact of new standards, amendments to existing standards and interpretations issued and effective for annual periods beginning on or after January 1, 2020 have been assessed by the directors and as a result, no new standards or amendments to existing standards effective January 1, 2020 have had a material impact for the Group. The directors' assessment of the impact of new standards, which are not yet effective and which have not been early adopted by the Group, on the consolidated interim financial statements is on-going.

3. Segment analysis

The Ardagh Group's operating and reportable segments, which are set out below, reflect the basis on which the Ardagh Group's performance is reviewed by management and presented to the Board, which has been identified as the Chief Operating Decision Maker ("CODM") for the Group.

- Metal Beverage Packaging Europe
- Metal Beverage Packaging Americas
- Glass Packaging Europe
- Glass Packaging North America.

Performance of the business is assessed based on Adjusted EBITDA. Adjusted EBITDA is the profit or loss for the period before income tax charge or credit, net finance expense, depreciation and amortization, exceptional operating items and share of profit or loss in equity accounted joint venture. Other items are not allocated to segments, as these are reviewed by the CODM on a group-wide basis. Segmental revenues are derived from sales to external customers. Inter-segment revenue and revenue with joint ventures is not material.

Reconciliation of profit/(loss) for the period to Adjusted EBITDA

	Three months ended September 30,		Nine months ended September 30,	
	2020 $'m	2019 $'m	2020 $'m	2019 $'m
Profit/(loss) from continuing operations	15	(164)	(42)	(215)
Income tax charge/(credit)	23	(4)	27	(5)
Net finance expense	106	294	339	601
Depreciation and amortization	173	161	509	485
Exceptional operating items	11	33	19	40
Share of post-tax loss in equity accounted joint venture	2	—	22	—
Adjusted EBITDA	**330**	**320**	**874**	**906**

Segment results for the three months ended September 30, 2020 and 2019 are:

	Revenue		Adjusted EBITDA	
	2020 $'m	2019 $'m	2020 $'m	2019 $'m
Metal Beverage Packaging Europe	421	412	73	68
Metal Beverage Packaging Americas	478	464	78	67
Glass Packaging Europe	472	414	112	108
Glass Packaging North America	429	438	67	77
Group	**1,800**	**1,728**	**330**	**320**

Segment results for the nine months ended September 30, 2020 and 2019 are:

	Revenue		Adjusted EBITDA	
	2020 $'m	2019 $'m	2020 $'m	2019 $'m
Metal Beverage Packaging Europe	1,201	1,215	197	209
Metal Beverage Packaging Americas	1,357	1,359	208	184
Glass Packaging Europe	1,224	1,218	277	292
Glass Packaging North America	1,246	1,287	192	221
Group	**5,028**	**5,079**	**874**	**906**

No customer accounted for greater than 10% of total revenue from continuing operations in the nine months ended September 30, 2020 (2019: none).

Within each reportable segment our respective packaging containers have similar production processes and classes of customers. Further, they have similar economic characteristics, as evidenced by similar profit margins, similar degrees of risk and similar opportunities for growth. Based on the foregoing, we do not consider that they constitute separate product lines and therefore additional disclosures relating to product lines is not necessary.

The following illustrates the disaggregation of revenue by destination for the three months ended September 30, 2020:

	Europe $'m	North America $'m	Rest of the world $'m	Total $'m
Metal Beverage Packaging Europe	419	1	1	421
Metal Beverage Packaging Americas	1	388	89	478
Glass Packaging Europe	451	2	19	472
Glass Packaging North America	1	427	1	429
Group	**872**	**818**	**110**	**1,800**

The following illustrates the disaggregation of revenue by destination for the three months ended September 30, 2019:

	Europe $'m	North America $'m	Rest of the world $'m	Total $'m
Metal Beverage Packaging Europe	407	1	4	412
Metal Beverage Packaging Americas	—	379	85	464
Glass Packaging Europe	404	2	8	414
Glass Packaging North America	—	438	—	438
Group	**811**	**820**	**97**	**1,728**

The following illustrates the disaggregation of revenue by destination for the nine months ended September 30, 2020:

	Europe $'m	North America $'m	Rest of the world $'m	Total $'m
Metal Beverage Packaging Europe	1,192	2	7	1,201
Metal Beverage Packaging Americas	2	1,121	234	1,357
Glass Packaging Europe	1,169	9	46	1,224
Glass Packaging North America	2	1,243	1	1,246
Group	**2,365**	**2,375**	**288**	**5,028**

The following illustrates the disaggregation of revenue by destination for the nine months ended September 30, 2019:

	Europe $'m	North America $'m	Rest of the world $'m	Total $'m
Metal Beverage Packaging Europe	1,203	4	8	1,215
Metal Beverage Packaging Americas	2	1,075	282	1,359
Glass Packaging Europe	1,180	5	33	1,218
Glass Packaging North America	—	1,287	—	1,287
Group	**2,385**	**2,371**	**323**	**5,079**

The following illustrates the disaggregation of revenue based on the timing of transfer of goods and services:

	Three months ended September 30,		Nine months ended September 30,	
	2020 $'m	2019 $'m	2020 $'m	2019 $'m
Over time	672	668	1,942	1,966
Point in time	1,128	1,060	3,086	3,113
Group	**1,800**	**1,728**	**5,028**	**5,079**

4. Exceptional items

	Three months ended September 30,		Nine months ended September 30,	
	2020 $'m	2019 $'m	2020 $'m	2019 $'m
Start-up related costs	2	4	4	8
Restructuring and other costs	1	—	1	7
Legal matter	—	—	—	15
Impairment	—	1	—	5
Past service credit	—	—	—	(37)
Exceptional items – cost of sales	**3**	**5**	**5**	**(2)**
Transaction-related and other costs	5	28	11	42
Restructuring and other costs	3	—	3	—
Exceptional items – SGA expenses	**8**	**28**	**14**	**42**
Debt refinancing and settlement costs	—	105	74	105
Loss on termination of derivative financial instruments	—	7	—	7
Exceptional items – finance expense	**—**	**112**	**74**	**112**
Share of exceptional items in material joint venture	4	—	12	—
Exceptional items from continuing operations	**15**	**145**	**105**	**152**
Exceptional income tax credit	(1)	(17)	(29)	(28)
Exceptional items from continuing operations, net of tax	**14**	**128**	**76**	**124**
Exceptional items from discontinued operation, net of tax	—	2	(22)	10
Total exceptional items, net of tax	**14**	**130**	**54**	**134**

Exceptional items are those that in management's judgment need to be disclosed by virtue of their size, nature or incidence.

2020

Exceptional items of $54 million have been recognized in the nine months ended September 30, 2020, primarily comprising:

- $4 million start-up related costs.
- $4 million restructuring and other costs.
- $11 million transaction-related and other costs.
- $74 million debt refinancing and settlement costs related to the redemption of notes in May and June 2020 as described in note 9, including premium payable on the early redemption of the notes of $61 million, accelerated amortization of deferred finance costs and interest charges from the call date to date of redemption.
- $12 million from the share of exceptional items in the Trivium joint venture.
- $29 million from tax credits primarily relating to U.S. tax reform and debt refinancing and settlement costs incurred in the period.
- $22 million credit in relation to the disposal of Food & Specialty including the finalization of the completion accounts process.

2019

Exceptional items of $134 million have been recognized in the nine months ended September 30, 2019 primarily comprising:

- $20 million related to the Group's capacity realignment programs, including restructuring costs ($7 million), property, plant and equipment impairment charges ($5 million) and start-up related costs ($8 million). These costs were incurred in Glass Packaging North America ($12 million), Glass Packaging Europe ($4 million), Metal Beverage Packaging Americas ($2 million) and Metal Beverage Packaging Europe ($2 million).
- $37 million pension service credit recognized in Glass Packaging North America following amendments to a pension scheme.
- $15 million related to a provision for a court award and related interest, net of the tax adjusted indemnity receivable in respect of the Group's U.S. glass business legal matter.

- $42 million transaction-related costs, primarily comprising costs relating to the combination of Food & Specialty with the business of Exal.
- $112 million debt refinancing and settlement costs related to the notes repaid in August 2019, including premium payable on the early redemption of the notes of $90 million, accelerated amortization of deferred finance costs, interest charges from the call date to date of redemption and a charge related to the termination of derivative financial instruments.
- $28 million from tax credits primarily related to debt refinancing and settlement costs, in addition to the provision for a court award and related interest in respect of the Group’s U.S glass business legal matter.
- $10 million related to exceptional items from the discontinued operation.

5. Net finance expense

	Three months ended September 30,		Nine months ended September 30,	
	2020 $'m	2019 $'m	2020 $'m	2019 $'m
Senior Secured and Senior Notes	103	128	289	389
Other interest expense	12	13	33	34
Related party interest income	(6)	—	(16)	—
Net interest expense	**109**	**141**	**306**	**423**
Net pension interest costs	3	4	11	13
Foreign currency translation (gains)/losses	(6)	41	(40)	51
Losses/(gains) on derivative financial instruments	1	(3)	(8)	4
Other finance income	(1)	(1)	(4)	(2)
Finance expense before exceptional items	**106**	**182**	**265**	**489**
Exceptional finance expenses (note 4)	—	112	74	112
Net finance expense	**106**	**294**	**339**	**601**

6. Intangible assets and property, plant and equipment

	Intangible assets $'m	Property, plant and equipment $'m
Net book value at January 1, 2020	**2,884**	**2,677**
Additions	7	370
Disposals	—	(1)
Charge for the period	(175)	(334)
Foreign exchange	42	24
Net book value at September 30, 2020	**2,758**	**2,736**

At September 30, 2020, the carrying amount of goodwill included within intangible assets was $1,650 million (December 31, 2019: $1,624 million).

At September 30, 2020, the carrying amount of the right-of-use assets included within property, plant and equipment was $300 million (December 31, 2019: $315 million).

The Group recognized a depreciation charge of $334 million in the nine months ended September 30, 2020 (2019: $309 million), of which $65 million (2019: $52 million) relates to right-of-use assets.

Impairment test for goodwill

Goodwill is not subject to amortization and is tested annually for impairment following the approval of the annual budget (normally at the end of the financial year), or more frequently if events or changes in circumstances indicate a potential impairment.

Management has considered whether any impairment existed at the reporting date, or subsequently to the date that the unaudited consolidated interim financial statements were approved for issue by the board of directors, including assessing whether any cash-generating units (“CGU”) had experienced or are expected to experience prolonged cessation of operations or had suffered or are expected to suffer either a prolonged decline in demand or prices and profitability as a result of COVID-19. In addition, management assessed the likely impact of potential reduced economic activity in the markets in which the Group operates. The results of this assessment are that management concluded goodwill is fully recoverable as at September 30, 2020.

7. Investment in material joint venture

Investment in material joint venture is comprised of the Group's approximate 42% investment in Trivium Packaging B.V. incorporated in the Netherlands, with corporate offices in Amsterdam. The remaining approximate 58% is held by Ontario Teachers' Pension Plan Board ("Ontario Teachers"). As the Group jointly controls both the financial and operating policy decisions of Trivium, the investment is accounted for under the equity method. The shareholders of Trivium have entered into a Shareholders Agreement, dated October 31, 2019, which governs their relationship as owners of Trivium, including in respect of the governance of Trivium and its subsidiaries, their ability to transfer their shares in Trivium and other customary matters.

The following tables provide aggregated financial information for Trivium as it relates to the amounts recognized in the income statement, statement of comprehensive income and statement of financial position.

	Three months ended September 30,	Nine months ended September 30,
	2020	**2020**
	$'m	**$'m**
Loss for the period	(2)	(22)
Other comprehensive income	2	13
Total comprehensive expense	**—**	**(9)**

	At September 30,	At December 31,
	2020	**2019**
	$'m	**$'m**
Investment in joint venture	381	375

The reconciliation of summarized financial information presented to the carrying amount of the Group's interest in Trivium is set out below.

	2020
	$'m
Group's interest in net assets of joint venture - January 1, 2020	375
Share of total comprehensive expense	(9)
Foreign exchange	15
Carrying amount of interest in joint venture - September 30, 2020	**381**

In respect of the Group's equity accounted investment in Trivium, management has considered the carrying amount of the investment and concluded that it is fully recoverable as at September 30, 2020.

During the nine months ended September 30, 2020, Trivium management has updated the provisional fair values and useful lives for property, plant and equipment and intangible assets acquired upon formation of Trivium on October 31, 2019, resulting in measurement period adjustments that require recognition by Ardagh. As a result, the reported share of post-tax loss in equity accounted joint venture for the nine months ended September 30, 2020, includes adjustments for the two months ended December 31, 2019 related to depreciation and amortization, net of tax, arising from the revised fair values and useful lives determined for property, plant and equipment and intangible assets acquired. The impacts of these adjustments, on the reported share of post-tax loss in equity accounted joint venture is $5 million for the nine months, ended September 30, 2020.

The Ardagh Group is party to a Mutual Services Agreement ("MSA") with Trivium, pursuant to which the Ardagh Group and Trivium provide services to each other. The services generally relate to administrative support in respect of treasury activities, tax reporting, procurement and logistics, R&D and certain IT services. The MSA provides for the sharing of certain facilities leased by the Ardagh Group in connection with the provision of services, with appropriate segregation in place between the Ardagh Group's entities, on the one hand, and Trivium, on the other hand.

The Ardagh Group recognized income of $4 million and $15 million in respect of the MSA in the three and nine months ended September 30, 2020 respectively (September 30, 2019: $nil and $nil).

The Ardagh Group had balances outstanding with Trivium reflected within trade and other receivables of $2 million (December 31, 2019: $40 million) and trade and other payables of $1 million (December 31, 2019: $9 million).

In May 2020, the Ardagh Group, as lender, entered into a credit facility (the "Trivium Credit Facility") with Trivium, as borrower. The amount under the Trivium Credit Facility is $57 million, which steps down to $36 million on December 15, 2020. The Trivium Credit Facility matures on April 30, 2021, with an option to extend to October 31, 2021. At September 30, 2020, the amount outstanding under the Trivium Credit Facility was $nil.

8. Issued capital and reserves

Issued and fully paid shares:

	Number of shares (millions)	$'m
Ordinary shares (par value €0.01)	10.3	—
At September 30, 2020 and December 31, 2019	**10.3**	**—**

There were no share transactions in the nine months ended September 30, 2020.

9. Financial assets and liabilities

At September 30, 2020 the Group's net debt and available liquidity was as follows:

Facility	Currency	Maximum amount drawable	Final maturity date	Facility type	Amount drawn		Undrawn amount
		Local currency m			Local currency m	$'m	$'m
Liabilities guaranteed by the ARD Finance Group							
6.500%/7.250% Senior Secured Toggle Notes	USD	1,130	30-Jun-27	Bullet	1,130	1,130	–
5.000%/5.750% Senior Secured Toggle Notes	EUR	1,000	30-Jun-27	Bullet	1,000	1,171	–
Liabilities guaranteed by the Ardagh Group							
5.250% Senior Secured Notes	USD	700	30-Apr-25	Bullet	700	700	–
4.125% Senior Secured Notes	USD	1,215	15-Aug-26	Bullet	1,215	1,215	–
2.125% Senior Secured Notes	EUR	439	15-Aug-26	Bullet	439	514	–
2.125% Senior Secured Notes	EUR	790	15-Aug-26	Bullet	790	925	–
6.000% Senior Notes	USD	800	15-Feb-25	Bullet	800	826	–
4.750% Senior Notes	GBP	400	15-Jul-27	Bullet	400	513	–
5.250% Senior Notes	USD	800	15-Aug-27	Bullet	800	800	–
5.250% Senior Notes	USD	1,000	15-Aug-27	Bullet	1,000	1,000	–
Global Asset Based Loan Facility	USD	660	07-Dec-22	Revolving	–	–	660
Lease obligations	Various	–	–	Amortizing	–	345	–
Other borrowings/credit lines	Various	–	Rolling	Amortizing	–	20	1
Total borrowings / undrawn facilities						**9,159**	**661**
Deferred debt issue costs and bond discounts and bond premium						(127)	–
Net borrowings / undrawn facilities						**9,032**	**661**
Cash and cash equivalents						(1,260)	1,260
Derivative financial instruments used to hedge foreign currency and interest rate risk						30	–
Net debt / available liquidity						**7,802**	**1,921**

Net debt includes the fair value of associated derivative financial instruments that are used to hedge foreign exchange and interest rate risks relating to Group borrowings.

The fair value of the Group's total borrowings excluding lease obligations at September 30, 2020 is $8,819 million (December 31, 2019: $8,068 million).

At December 31, 2019, the Group's net debt and available liquidity was as follows:

Facility	Currency	Maximum amount drawable	Final maturity date	Facility type	Amount drawn		Undrawn amount
		Local currency m			Local currency m	$'m	$'m
Liabilities guaranteed by the ARD Finance Group							
6.500%/7.250% Senior Secured Toggle Notes	USD	1,130	30-Jun-27	Bullet	1,130	1,130	–
5.000%/5.750% Senior Secured Toggle Notes	EUR	1,000	30-Jun-27	Bullet	1,000	1,123	–
Liabilities guaranteed by the Ardagh Group							
2.750% Senior Secured Notes	EUR	741	15-Mar-24	Bullet	741	832	–
4.250% Senior Secured Notes	USD	695	15-Sep-22	Bullet	695	695	–
2.125% Senior Secured Notes	EUR	439	15-Aug-26	Bullet	439	493	–
4.125% Senior Secured Notes	USD	500	15-Aug-26	Bullet	500	500	–
4.750% Senior Notes	GBP	400	15-Jul-27	Bullet	400	528	–
6.000% Senior Notes	USD	1,700	15-Feb-25	Bullet	1,700	1,708	–
5.250% Senior Notes	USD	800	15-Aug-27	Bullet	800	800	–
Global Asset Based Loan Facility	USD	663	07-Dec-22	Revolving	–	–	663
Lease obligations	Various	–	–	Amortizing	–	364	–
Other borrowings/credit lines	EUR/USD	–	Rolling	Amortizing	–	22	1
Total borrowings / undrawn facilities						**8,195**	**664**
Deferred debt issue costs and bond premium						(48)	–
Net borrowings / undrawn facilities						**8,147**	**664**
Cash and cash equivalents						(663)	663
Derivative financial instruments used to hedge foreign currency and interest rate risk						32	–
Net debt / available liquidity						**7,516**	**1,327**

Maturity profile

The maturity profile of the Group's Senior Secured Toggle Notes, Senior Secured Notes and Senior Notes is as follows:

	At September 30, 2020	At December 31, 2019
	$'m	$'m
Within one year or on demand	—	—
Between one and three years	—	695
Between three and five years	1,526	832
Greater than five years	7,268	6,282
Total Senior Secured Toggle Notes, Senior Secured Notes and Senior Notes	**8,794**	**7,809**

The maturity profile of the Group's net borrowings is as follows:

	At September 30, 2020	At December 31, 2019
	$'m	$'m
Within one year or on demand	95	95
Between one and three years	109	802
Between three and five years	1,589	900
Greater than five years	7,366	6,398
Total borrowings	**9,159**	**8,195**
Deferred debt issue costs and bond discounts and bond premium	(127)	(48)
Net borrowings	**9,032**	**8,147**

A number of the Group's borrowing agreements contain certain covenants that restrict the Group's flexibility in areas such as incurrence of additional indebtedness (primarily maximum secured borrowings to Adjusted EBITDA and a minimum Adjusted EBITDA to interest expense), payment of dividends and incurrence of liens. The Global Asset Based Loan Facility is subject to a springing fixed charge coverage ratio covenant. The facility also includes cash dominion, representations, warranties, events of default and other covenants that are generally of a nature customary for such facilities.

Financing activity

2020

On April 8, 2020, the Ardagh Group issued $500 million 5.250% Senior Secured Notes due 2025 and on April 9, 2020, the Ardagh Group issued $200 million add-on 5.250% Senior Secured Notes due 2025. Net proceeds from the issuance of the notes were used to redeem in full a $300 million term loan credit facility on April 8, 2020 and for general corporate purposes.

On June 2, 2020, the Ardagh Group issued $1,000 million 5.250% Senior Notes due 2027. The notes are non-fungible mirror notes to the $800 million 5.250% Senior Notes due 2027, issued in August, 2019. The net proceeds from the issuance of the notes were used to repurchase, by means of a tender and consent offer, approximately $900 million of the $1,700 million 6.000% Senior Notes due 2025, together with applicable redemption premium and accrued interest.

On June 4, 2020, the Ardagh Group issued $715 million add-on 4.125% Senior Secured Notes due 2026. The notes are an add-on to the $500 million 4.125% Senior Secured Notes due 2026, issued in August, 2019. Proceeds from the issuance of the notes, net of expenses, were used to redeem in full the $695 million 4.250% Senior Secured Notes due 2022, together with applicable redemption premium and accrued interest.

On June 10, 2020, the Ardagh Group issued €790 million 2.125% Senior Secured Notes due 2026. The notes are non-fungible mirror notes to the 2.125% Senior Secured Notes due 2026, issued in August, 2019. Proceeds from the issuance of the notes, net of expenses, were used to redeem in full the €741 million 2.750% Senior Secured Notes due 2024, together with applicable redemption premium and accrued interest.

Lease obligations at September 30, 2020, of $345 million primarily reflect $49 million of new leases and offset by $68 million of principal repayments in the nine months ended September 30, 2020.

During the third quarter the Ardagh Group repaid in full the drawings on its Global Asset Based Loan Facility. At September 30, 2020 the Ardagh Group had $660 million available under the Global Asset Based Loan Facility.

Cross currency interest rate swaps

The Group hedges certain of its external borrowings and interest payable thereon using cross-currency interest rate swaps ("CCIRS"), with a net liability position at September 30, 2020 of $30 million (December 31, 2019: $32 million net liability).

Fair value methodology

There has been no change to the fair value hierarchies for determining and disclosing the fair value of financial instruments.

Fair values are calculated as follows:

(i) Senior secured and senior notes - the fair value of debt securities in issue is based on valuation techniques in which all significant inputs are based on observable market data and represent Level 2 inputs.
(ii) Global Asset Based Loan Facility and other borrowings – the estimated value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity and represents Level 2 inputs.
(iii) CCIRS - the fair value of the CCIRS are based on quoted market prices and represent Level 2 inputs.
(iv) Commodity and foreign exchange derivatives - the fair value of these derivatives are based on quoted market prices and represent Level 2 inputs.

10. Employee benefit obligations

Employee benefit obligations at September 30, 2020 have been reviewed in respect of the latest discount rates and asset valuations. A re-measurement gain of $13 million and a loss of $149 million (2019: loss of $88 million and loss of $171 million) has been recognized in the unaudited consolidated interim statement of comprehensive income for the three and nine months ended September 30, 2020 respectively.

The re-measurement gain of $13 million recognized for the three months ended September 30, 2020 consisted of an increase in asset valuations of $20 million (2019 increase: $45 million), partly offset by an increase in the obligations of $7 million (2019 increase: $133 million).

The re-measurement loss of $149 million recognized for the nine months ended September 30, 2020 consisted of a decrease in the asset valuations of $3 million (2019 increase: $210 million) and an increase in obligations of $146 million (2019 increase: $381 million).

11. Cash generated from operating activities

	Three months ended September 30,		Nine months ended September 30,	
	2020 $'m	2019 $'m	2020 $'m	2019 $'m
Profit/(loss) from continuing operations	**15**	**(164)**	**(42)**	**(215)**
Income tax charge/(credit)	23	(4)	27	(5)
Net finance expense	106	294	339	601
Depreciation and amortization	173	161	509	485
Exceptional operating items	11	33	19	40
Share of post-tax loss in equity accounted joint venture	2	—	22	—
Movement in working capital	162	78	(210)	(152)
Transaction-related, start-up and other exceptional costs paid	(9)	(11)	(76)	(28)
Exceptional restructuring paid	(2)	(1)	(3)	(9)
Cash generated from continuing operations	**481**	**386**	**585**	**717**

12. Related party transactions

At September 30, 2020, ARD Finance S.A. had related party loan receivable balances of $353 million (December 31, 2019: $342 million) with ARD Securities Finance SARL.

With the exception of the above and the transactions in the Statement of Changes in Equity, the Statement of Cash Flows, note 5 ‘Net finance expense’, note 7 ‘Investment in material joint venture’ and note 13 ‘Discontinued operation’, there have been no transactions in the nine months ended September 30, 2020 with related parties, as disclosed in the Group’s Annual Report, that had a material effect on the financial position or performance of the Group.

13. Discontinued operation

On October 31, 2019, the Ardagh Group completed the combination of Food & Specialty with the business of Exal to form Trivium. Therefore, in accordance with IFRS 5, Food & Specialty was classified and reported as a discontinued operation in the three and nine months ended September 30, 2019.

Results from discontinued operation 2020

As indicated in note 4, during the nine months ended September 30, 2020, the Ardagh Group recognized a credit of $22 million primarily as a result of a gain arising from the remeasurement of the consideration for the disposal of Food & Specialty.

Results from discontinued operation 2019

	Three months ended September 30, 2019 $'m	Nine months ended September 30, 2019 $'m
Revenue	649	1,786
Expenses	(555)	(1,597)
Profit before tax	**94**	**189**
Income tax charge	(26)	(55)
Profit from discontinued operation	**68**	**134**
Total comprehensive income from discontinued operation	13	64

14. Contingencies

Environmental issues

The Ardagh Group is regulated under various national and local environmental, occupational health and safety and other governmental laws and regulations relating to:

- the operation of installations for manufacturing of metal packaging and surface treatment using solvents;
- the operation of installations for manufacturing of container glass;
- the generation, storage, handling, use and transportation of hazardous materials;
- the emission of substances and physical agents into the environment;
- the discharge of waste water and disposal of waste;
- the remediation of contamination;
- the design, characteristics, collection and recycling of its packaging products; and
- the manufacturing, sale and servicing of machinery and equipment for the container glass and metal packaging industry.

The Ardagh Group believes, based on current information that it is in substantial compliance with applicable environmental laws and regulations and permit requirements. It does not believe it will be required, under existing or anticipated future environmental laws and regulations, to expend amounts, over and above the amounts accrued, which will have a material effect on its business, financial condition or results of operations or cash flows. In addition, no material proceedings against the Ardagh Group arising under environmental laws are pending.

Legal matters

In 2015, the German competition authority (the Federal Cartel Office) initiated an investigation of the practices in Germany of metal packaging manufacturers, including the Food & Specialty Metal Packaging business of the Ardagh Group which was sold to Trivium. In 2018, the European Commission took over this investigation and the German investigation is, as a result, at an end. Ardagh Group S.A. has agreed to provide an indemnity in respect of certain losses that Trivium might incur in connection with this investigation. The European Commission's investigation is ongoing, and there is, at this stage no certainty as to the extent of any charge which may arise. Accordingly, no provision or indemnification liability has been recognized.

With the exception of the above legal matter, the Group is involved in certain other legal proceedings arising in the normal course of its business. The Group believes that none of these proceedings, either individually or in aggregate, are expected to have a material adverse effect on its business, financial condition, results of operations or cash flows.

15. Seasonality of operations

The Ardagh Group's revenue and cash flows are both subject to seasonal fluctuations with the Ardagh Group generally building inventories in anticipation of these seasonal demands resulting in working capital requirements typically being the greatest at the end of the first quarter of the year.

The demand for our metal beverage products is strongest during spells of warm weather and therefore demand typically peaks during the summer months, as well as in the period leading up to holidays in December. Demand for beverage products within our Glass Packaging business is similarly strongest during the summer and during periods of warm weather, as well as the period leading up to holidays in December.

The Ardagh Group manages the seasonality of working capital principally by supplementing operating cash flows with drawings under its Global Asset Based Loan facility.

16. Other information

COVID-19

The outbreak of the COVID-19 pandemic and measures to prevent its spread, including restrictions on travel, imposition of quarantines and prolonged closures of workplaces and other businesses, including hospitality, leisure and entertainment outlets, and the related cancellation of events, has impacted our business in a number of ways. This has included an adverse effect from reduced global economic activity and resulting demand for our customers' products and, therefore, the products we manufacture. It may also adversely affect our ability to operate our business, including potential disruptions to our supply chain and workforce. The COVID-19 impact on capital markets could also impact our cost of borrowing.

The ultimate significance of the impact of these disruptions, including the extent of their adverse impact on our financial and operational results, will be determined by the length of time that such disruptions continue, which will, in turn, depend on the duration of the COVID-19 pandemic, the impact of governmental and other regulations in response to the pandemic and the resulting effect on macroeconomic activity and consumer behavior.

During the three months ended September 30, 2020 the gradual relaxation of governmental measures to prevent the spread of the virus including lockdowns imposed earlier in the year, and in place for most of the second quarter, showed early signs of a recovery in "on-premise" consumption. In the quarter, this resulted in a sequential improvement in customer demand for our Glass packaging products which had experienced reductions in customer demand and therefore revenue as a direct consequence of the various global lockdowns and the related impact to "on-premise" sales during the second quarter. During the three months ended September 30, 2020, incremental COVID-19 related costs, including safety and cleaning costs, continued to be incurred throughout the Ardagh Group.

Our response to the COVID-19 pandemic across our business operations can be summarized as follows:

Business Continuity

The Ardagh Group is a leading supplier of consumer packaging solutions, comprising metal beverage cans and glass containers, primarily for the beverage and food end markets in Europe, North America and Brazil. In the markets it operates in, the Ardagh Group is an essential provider of packaging to the beverage and food supply chain. The Ardagh Group's people are deemed "Essential Critical Infrastructure Workers" under the guidance of the U.S. Department of Homeland Security, as are its customers. Where other governments issued guidance, the Ardagh Group received equivalent designations in all other countries where it operates. The Ardagh Group will continue to manage its capacity in response to the evolution of demand.

Employee health and safety

The health and safety of the Ardagh Group's 16,000 employees and their families and communities, as well as its contractors, suppliers and customers has been its highest priority since the outbreak of the crisis. The Ardagh Group established a Group-wide task force to ensure an effective and consistent response across its business. Regular updates have been issued and a dedicated intranet site established to facilitate effective communication of recommendations, policies and procedures. Communication with all stakeholders has been a core element in its response.

Measures continue to evolve in line with best practice and with recommendations by national health authorities and the World Health Organization. Initiatives introduced to date have included: enhanced hygiene procedures in all locations, including temperature screening and increased cleaning in production facilities; increased investment in personal protective equipment; adapting work practices and routines to ensure social distancing; establishing procedures for self-isolation; travel advisories including restrictions on all non-essential travel, prior to broader restrictions on any travel; restrictions on visitors to production facilities or by employees to external facilities; actively encouraging and ultimately requiring remote working for non-operational personnel, and enhancing our IT capability to facilitate increased remote working.

Available liquidity

The Ardagh Group's long-term liquidity needs primarily relate to the service of our debt obligations. We expect to satisfy our future long-term liquidity needs through a combination of cash flow generated from the Ardagh Group's operations and, where appropriate, to refinance our debt obligations in advance of their respective maturity dates as we have successfully done in the past and in recent months.

The Ardagh Group generates substantial cash flow from its operations on an annual basis. At the outset of the pandemic as a precautionary measure in response to the increased macroeconomic uncertainty related to COVID-19, the Ardagh Group increased its cash on hand, by drawing on its Global Asset Based Loan facility. As outlined in note 9, cash and cash equivalents was increased further during the second quarter and the Ardagh Group also enhanced its capital structure by refinancing certain debt obligations, resulting in the Ardagh Group having no Senior Secured Notes or Senior Notes maturing before 2025.

During the third quarter the Ardagh Group repaid in full the drawings on its Global Asset Based Loan Facility. The Group had $1,260 million in cash and cash equivalents and restricted cash as of September 30, 2020, of which $1,230 million represents cash and cash equivalents and restricted cash at Ardagh Group. The Ardagh Group also has available but undrawn liquidity of $661 million available under its credit facilities.

Going concern

At the date that the unaudited consolidated interim financial statements were approved for issue by the board of directors, the Board has formed the judgment that there is a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, these unaudited consolidated interim financial statements have been prepared on a going concern basis.

In assessing whether the going concern assumption is appropriate, the Board has taken into account all available information about a period, extending to at least, October 31, 2021. In particular, the Board has considered the impact of COVID-19 and measures to prevent its spread being imposed by Governments in the countries in which the Group, its suppliers and its customers operate as previously referred to.

In arriving at its conclusion, the Board has taken account of the Group's current and anticipated trading performance, together with current and anticipated levels of cash and net debt and the availability of committed borrowing facilities. The Board has developed a number of adverse scenarios to reflect potential COVID-19 impacts on the Group's liquidity. These informed the Board's judgment that it is appropriate to prepare the unaudited consolidated interim financial statements using the going concern basis.

Customer credit risk

Ardagh Group policy is to extend credit to customers of good credit standing. Credit risk is managed on an on-going basis, by experienced people within the Ardagh Group. The Ardagh Group's policy for the management of credit risk in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience and other factors and regularly monitoring the utilization of credit limits. The Ardagh Group monitors actual historical credit losses and adjusts for forward-looking information to measure the level of expected losses. Management's assessment includes consideration of adverse changes in the payment status of customers of the Ardagh Group, or national or local economic conditions that correlate with defaults on receivables owing to the Ardagh Group, which may also provide a basis for an increase in the level of provision above historic loss experience.

Management does not expect any significant counterparty to fail to meet its obligations and there is no recent history of default with customers. Significant balances are assessed for evidence of increased credit risk. Examples of factors considered are high probability of bankruptcy, breaches of contract or major concession being sought by the customer. Instances of significant single customer related bad debts are rare and there is no significant concentration of risk associated with particular customers.

17. Events after the reporting period

On October 21, 2020, the board of directors of Ardagh Group S.A. declared a cash dividend of $0.15 per common share, payable on December 16, 2020 to shareholders of record on December 2, 2020.

On October 23, 2020, the Ardagh Group launched a consent solicitation on its £400 million 4.750% Senior Notes due 2027 (the "Notes"), for consents from holders of the Notes to approve certain amendments to the indenture relating to the Notes (the "Amendments"). On November 3, 2020, a majority of the holders of the Notes had delivered valid consents in connection with the consent solicitation and a supplement to the indenture relating to the Notes effecting the Amendments was executed. The Amendments were to conform covenants, definitions and other terms in the indenture with those contained in the indentures governing the existing debt securities of the Ardagh Group, and in doing so result in a uniform set of covenants which enables the Ardagh Group to more efficiently monitor covenant compliance.