

# Norsk Gjenvinning Group

## 3rd Quarter 2014

Erik Osmundsen, CEO and Dean Zuzic, CFO



**VV Holding AS is providing the following consolidated financial results for the first nine months of 2014 to holders of its NOK 2,325,000,000 Senior Secured Floating Rate Notes due 2019.**

This report is for information purposes only and does not constitute an offer to sell or the solicitation of an offer to buy the notes or any other security.

This report includes forward-looking statements which are based on our current expectations and projections about future events. All statements other than statements of historical facts included in this notice, including statements regarding our future financial position, risks and uncertainties related to our business, strategy, capital expenditures, projected costs and our plans and objectives for future operations, including our plans for future costs savings and synergies may be deemed to be forward-looking statements.

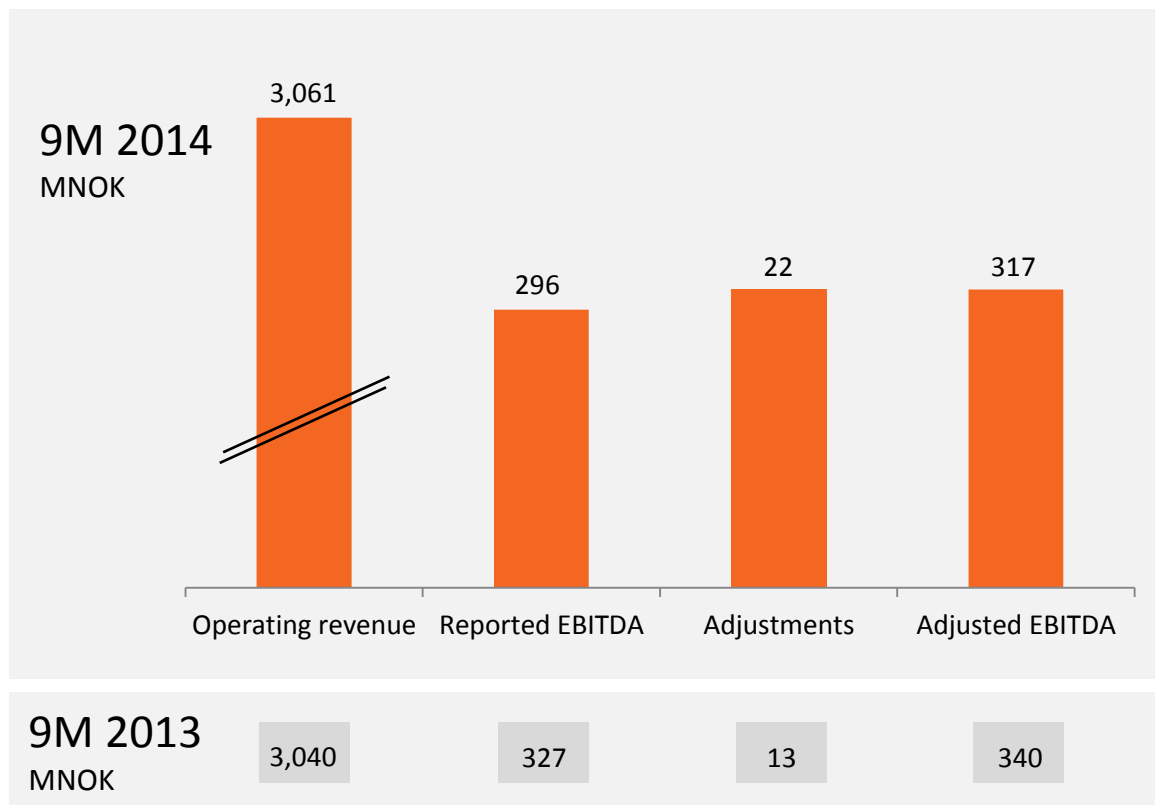
Words such as “believe,” “expect,” “anticipate,” “may,” “assume,” “plan,” “intend,” “will,” “should,” “estimate,” “risk” and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance.

You should not place undue reliance on these forward-looking statements. In addition any forward-looking statements are made only as of the date of this notice, and we do not intend and do not assume any obligation to update any statements set forth in this notice.

- Solid adjusted earnings in Q3:
  - Operating revenues up 1.2% YOY
  - Gross margins up 0.5% YOY
  - Adjusted EBITDA up 9.8% YOY
- Strong YTD cash flow, up 26.7% YOY
- Increased market share in the municipal and public segments
- Testing and start of production at NG Metal site in Øra, Fredrikstad
- Launch of improvement program NG200
- Completed successful refinancing of the Group

# EBITDA snapshot per 3Q 2014

- Solid adjusted results, but EBITDA effected by increased costs due to last years investments in building and strengthening fundamentals
- Stable, but somewhat soft markets



# Adjusted earnings by segment

## Division Recycling

Drop in gross margins; high operating costs



## Division Metal

Strong non ferrous volumes, stable production



## Division Industry and Offshore

High activity levels, high operating costs



## Division Household Collection

Strong operations, start up of new contracts



### MNOK

9M 2014

9M 2013

Revenues	Adj. EBITDA*
1,348	170
1,338	199

Revenues	Adj. EBITDA*
624	66
617	60

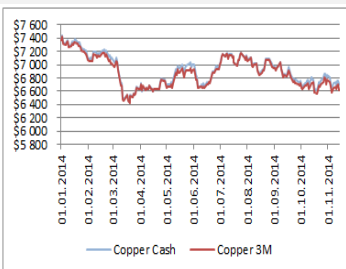
Revenues	Adj. EBITDA*
516	77
466	80

Revenues	Adj. EBITDA*
250	39
230	34

# Market conditions

## Metals

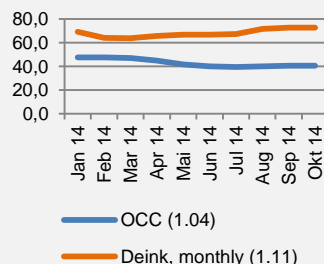
- Strong demand for aluminum
- Stable copper markets, stable prices
- Falling prices and low demand for Nickel
- Stable ferrous markets; good volumes



Copper, YTD 2014 LME

## Paper

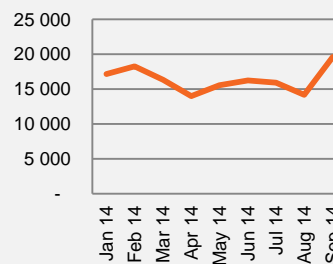
- Stable prices for recovered paper
- Volumes from our facilities have been stable, but we expect softer markets going forward, especially for de ink



Recovered paper prices,  
YTD 2014 Euwid index

## Woodchips

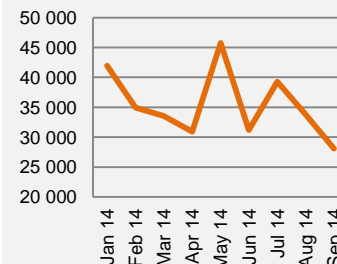
- Demand somewhat soft YTD due to high temperatures
- Stable gate fees, but price pressure is upwards due to saturated markets
- We are increasing upstream prices



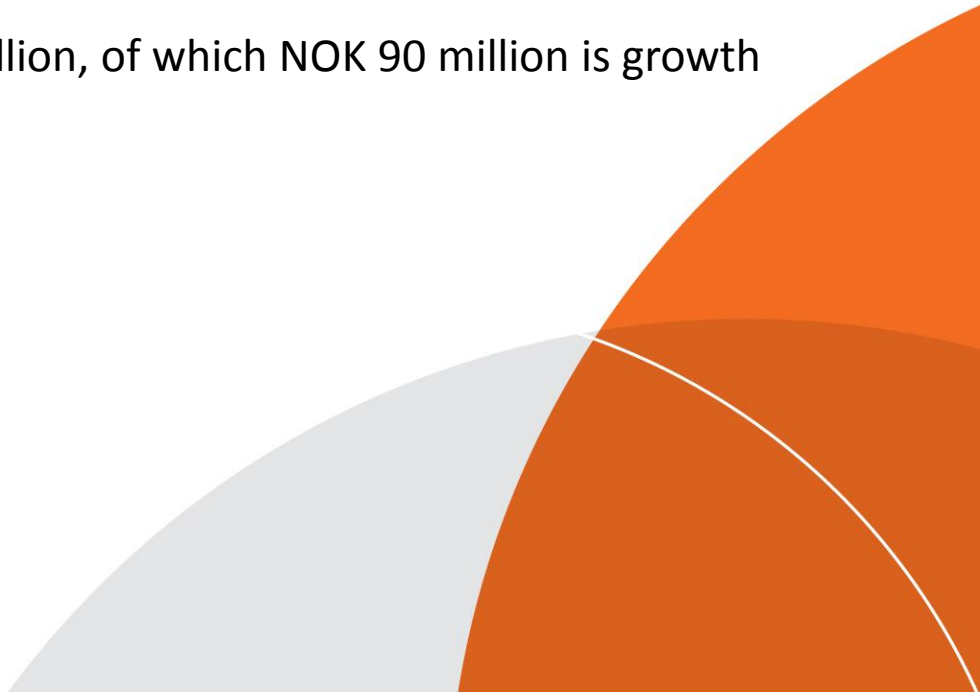
Woodchips, YTD 2014 tonnes

## Refuse Derived Fuel

- Demand is good, but imports from UK putting upward pressure on gate fees
- Full cost ruling in Norway expected to improve competitive landscape



RFD, YTD 2014 tonnes

- Stable to slight increase in Q4 volumes compared to Q4 2013; stable prices
  - FY 2014 revenue expectations ~ 4.2 bln NOK
  - FY 2014 Gross margin expectations ~ 50.5%
  - FY 2014 Adjusted EBITDA expectations NOK 400-420 million
  - FY 2014 Capex expectations NOK ~240 million, of which NOK 90 million is growth Capex
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# Financials P&L 9M 2014 <sup>(1)</sup>

(NOK'000)	Q3 2014	YTD 2014	Q3 2013	YTD 2013
Revenue	1 053 897	3 059 177	1 016 680	3 007 904
Other income	797	1 634	25 590	31 904
<b>Total operating revenue</b>	<b>1 054 694</b>	<b>3 060 811</b>	<b>1 042 270</b>	<b>3 039 807</b>
Cost of goods sold	519 895	1 494 288	519 273	1 551 253
Employee benefits expense	220 956	710 364	203 639	642 017
Depreciation and amortization expense	56 161	170 430	58 404	171 545
Other expenses	183 261	560 588	175 501	519 470
Other gains and losses	1 269	3 578	(205)	(8 592)
<b>Operating profit</b>	<b>73 152</b>	<b>121 563</b>	<b>85 658</b>	<b>164 114</b>
Finance income	3 196	5 629	681	1 713
Finance costs	130 507	225 333	49 257	141 120
Share of profit of investments accounted for using the equity method	(196)	(196)	875	2 625
<b>Profit / (loss) before income tax</b>	<b>(54 355)</b>	<b>(98 337)</b>	<b>37 957</b>	<b>27 333</b>
Income tax expense	(32 986)	(49 553)	11 405	10 102
<b>Profit for the year from continuing operations</b>	<b>(21 369)</b>	<b>(48 784)</b>	<b>26 552</b>	<b>17 231</b>

<sup>(1)</sup> The interim financial information has not been subject to audit



# Balance sheet 9M 2014 <sup>(1)</sup>

## Assets

(NOK'000)	Q3 2014	31.12.2013
Non-current assets		
Property, plant & equipment	1 049 054	1 031 279
Intangible assets	201 954	246 861
Goodwill	1 217 743	1 217 743
Deferred tax assets	53 676	39 985
Investments in associates	13 884	14 091
Trade and other receivables	26 614	21 608
<b>Total non-current assets</b>	<b>2 562 925</b>	<b>2 571 567</b>
Current assets		
Inventory	106 219	112 798
Trade and other receivables	710 956	723 832
Cash and cash equivalents	90 868	136 196
<b>Total current assets</b>	<b>908 043</b>	<b>972 826</b>
<b>Total assets</b>	<b>3 470 968</b>	<b>3 544 393</b>

## Equity and liabilities

(NOK'000)	Q3 2014	31.12.2013
Equity attributable to owners of the parent		
Ordinary shares	45 348	45 348
Share premium	330 011	330 011
Other equity	7 970	7 970
Retained earnings	(50 278)	(44 871)
<b>Total equity attributable to owners of the parent</b>	<b>333 051</b>	<b>338 458</b>
<b>Non-controlling interest</b>	<b>2 054</b>	<b>(981)</b>
<b>Total equity</b>	<b>335 105</b>	<b>337 477</b>
Non-current liabilities		
Loans and borrowings	2 400 247	2 199 445
Derivative financial instruments	52 150	42 820
Deferred income tax liabilities	49 203	64 879
Post-employment benefits	3 107	3 107
Provisions for other liabilities and charges	87 689	99 631
<b>Total non-current liabilities</b>	<b>2 592 396</b>	<b>2 409 882</b>
Current liabilities		
Trade and other payables	538 540	640 165
Current income tax	4 488	27 971
Other current liabilities	439	128 898
<b>Total current liabilities</b>	<b>543 467</b>	<b>797 034</b>
<b>Total liabilities</b>	<b>3 135 863</b>	<b>3 206 916</b>
<b>Total equity and liabilities</b>	<b>3 470 968</b>	<b>3 544 393</b>

<sup>(1)</sup> The interim financial information has not been subject to audit


# Consolidated cash flow statement <sup>(1)</sup>

(NOK'000)	YTD 2014	YTD 2013
<b>Profit / (Loss) before income tax</b>	<b>(98 337)</b>	<b>27 333</b>
Adjustments for:		
Income tax paid	(2 106)	-
Depreciation and amortization charges	170 430	171 545
Other P&L items without cash effect	166 011	81 320
Interest paid	61 138	59 365
Changes in other short term items	(111 404)	(193 007)
<b>Net cash flow from operating activities</b>	<b>185 732</b>	<b>146 555</b>
Payments for purchases of shares and businesses	-	(108 598)
Payments for purchases of non-current assets	(145 225)	(225 549)
Proceeds from sale of non-current assets	3 191	86 400
<b>Net cash flow from investing activities</b>	<b>(142 034)</b>	<b>(247 747)</b>
Proceeds from borrowings	2 235 000	84 131
Transaction fees	(60 117)	-
Repayment of borrowings	(2 202 206)	(40 458)
Net change in credit facility	(565)	(1 212)
Interest paid	(61 138)	(59 365)
<b>Net cash flow from financing activities</b>	<b>(89 026)</b>	<b>(16 904)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(45 328)</b>	<b>(118 096)</b>
Cash equivalents acquired	-	7 157
Cash and cash equivalents at beginning of period	136 196	204 800
<b>Cash and cash equivalents at end of year</b>	<b>90 868</b>	<b>93 861</b>

<sup>(1)</sup> The interim financial information has not been subject to audit

# Events after reporting period

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- Scomi receivable – arbitration proceedings
  - Litigation proceedings vs. KLP Forsikring
  - Acquisition of 13 Gruppen AS
  - Mongstad Spill
  - Launch of improvement program – NG200
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The logo for NG Norsk Gjenvinning, featuring the letters 'NG' in a bold, white, sans-serif font on an orange square background.

**NG**

Norsk  
Gjenvinning

**Thank you!**  
**Q&A**