

Norsk Gjenvinning Group

4th 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.

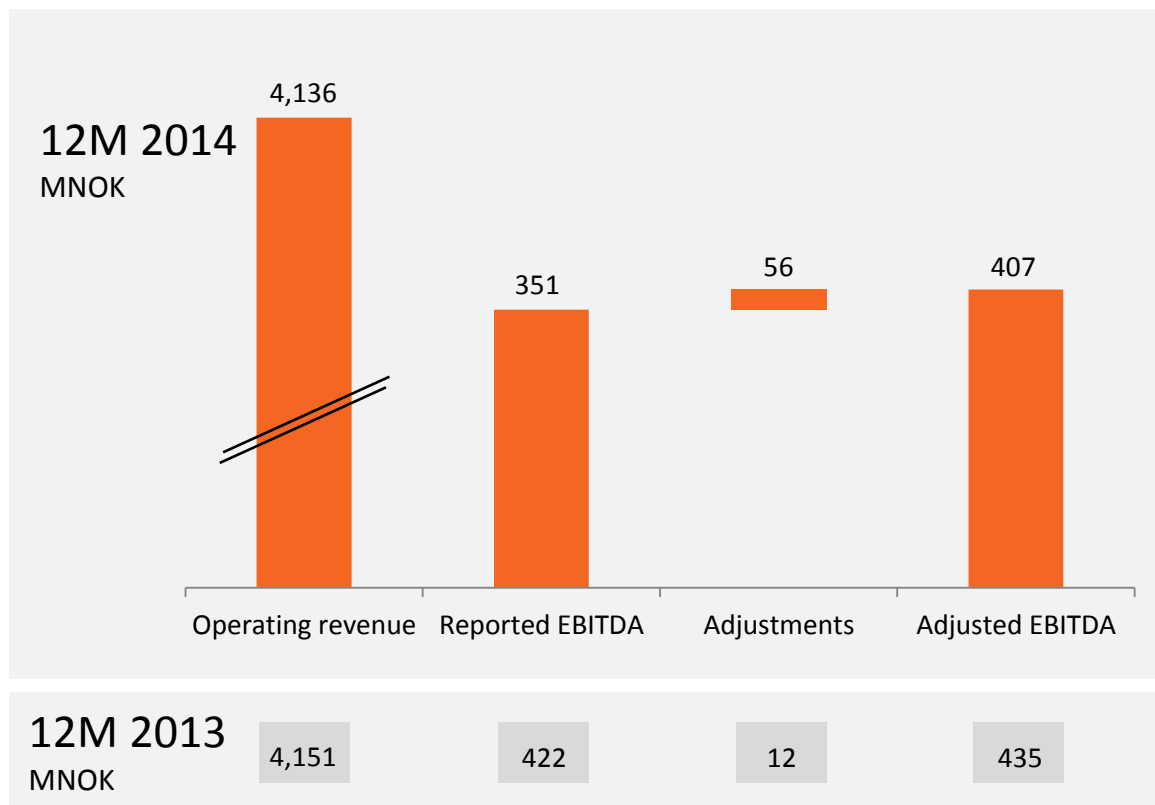
Words such as “believe,” “expect,” “anticipate,” “may,” “assume,” “plan,” “intend,” “will,” “should,” “estimate,” “risk” and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. By their nature, forward-looking statements involve known and unknown 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.

- Stable but soft markets in Q4 :
 - Operating revenues down 3.2% qoq
 - Gross margins up 1.2% qoq
 - Adjusted EBITDA down 5.6% qoq
- Strong YTD operating cash flow, up 27.8% yoy
- Increased market share in the municipal and public segments
- Full production at Division Metal site in Øra, Fredrikstad
- Implementation of improvement program NG200 – Phase 1; kickoff Phase 2

EBITDA snapshot per 4Q 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

Soft general waste
markets; high
operating costs



Division Metal

Strong volumes,
stable production;
high operating costs



Division Industry and Offshore

Reduction in activity
in Q4, high operating
costs



Division Household Collection

Strong operations,
start up of new
contracts



MNOK

12M 2014

12M 2013

Revenues	Adj. EBITDA*
1,812	214
1,800	253

Revenues	Adj. EBITDA*
860	97
867	85

Revenues	Adj. EBITDA*
672	88
673	106

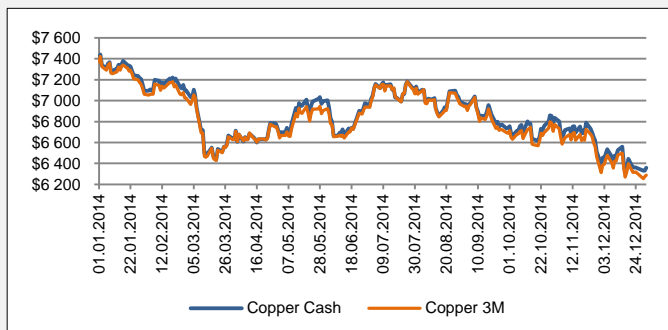
Revenues	Adj. EBITDA*
334	49
306	42

* Before internal charges

Market conditions

Metals

- Weaker demand for aluminum
- Weak copper markets, falling prices
- Falling prices and low demand for Nickel
- Stable ferrous markets; good volumes



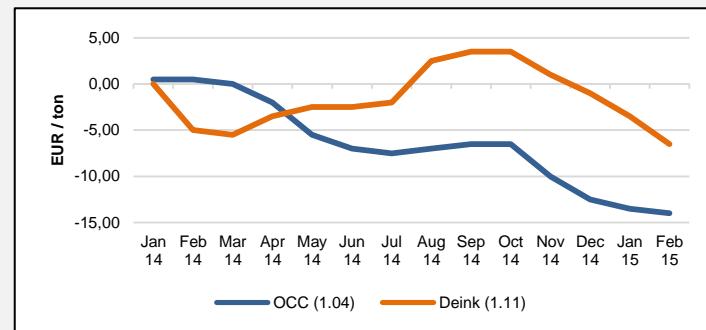
LME Copper, 2014

Woodchips

- Demand somewhat soft YTD due to mild winter temperatures
- Gate fees stable, but price pressure is upwards due to saturated markets
- We are increasing upstream prices

Paper

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



Accumulated change in Recovered paper prices, YTD 2015 Euwid index

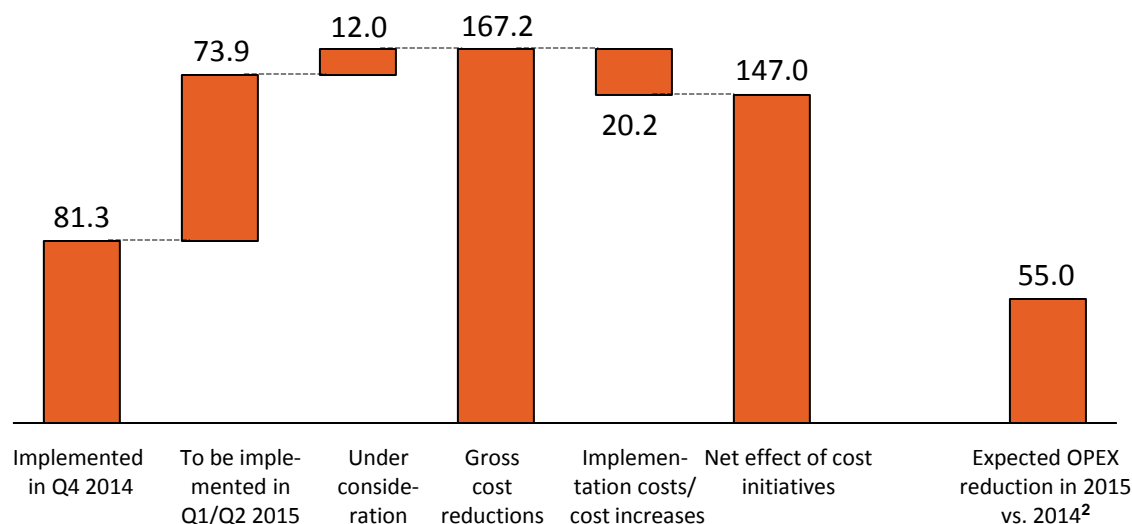
Refuse Derived Fuel

- Demand is good, but changes in pricing principles in Norway and imports from UK putting upward pressure on gate fees
- Full cost ruling in Norway expected to improve competitive landscape – expected to lead to higher upstream prices and less price pressure from municipal companies

NG200 - effect of identified cost initiatives

Phase 1

Estimate of cost reductions to be rolled out in 2015³
MNOK



Reduction in FTE's¹:

65.5 37.5 6.0 109.0 -10.5 98.5

Effect on gross profit:

-7.0 -13.6 -1.9 -22.5 16.7 -5.8

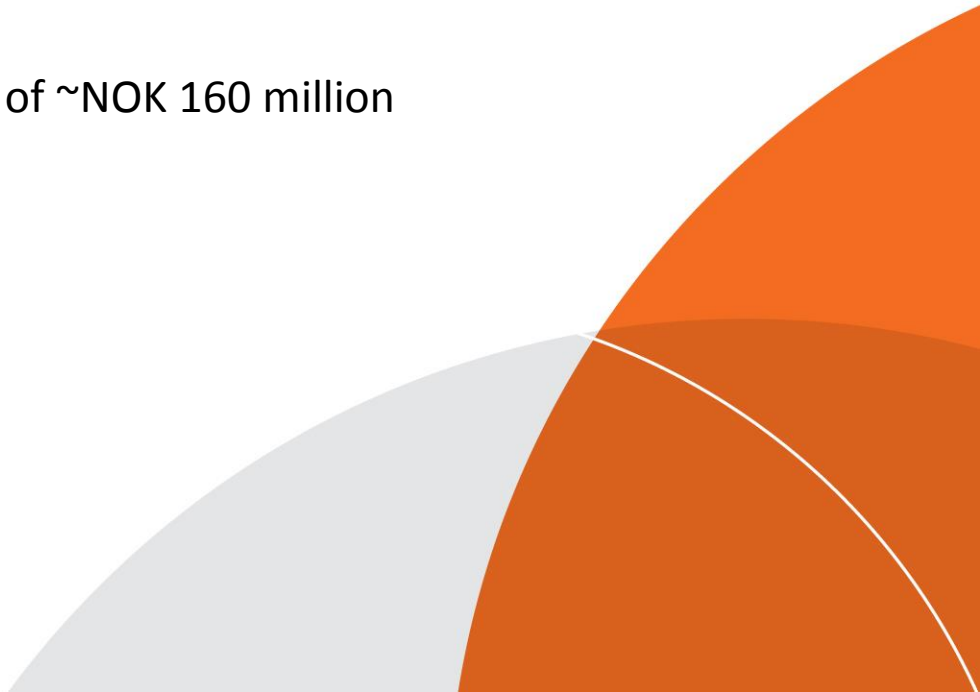
Comment

- The gross effect of NG200 cost initiatives implemented in phase 1 (Q4 2014-Q2 2015) will total NOK ~167 million on an annual basis; net annual effect of NOK ~147 million; effect in 2015 of NOK 55 million; full annual effect in 2016
- The initiatives consist of a net reduction in FTE's of 98.5
- The initiatives are expected to reduce gross profit by NOK 5.8 million
- Phase 2 initiated with goal to reduce cost base with an additional NOK 150 million

1. Total reduction in FTE's in 2015

2. Expected OPEX reductions in 2015 adjusted for cost creeps

3. Excluding Norsk Gjenvinning Entreprenør

- Soft and flat markets expected in 1H 2015
 - 2015 revenues expected to come in flat compared to 2014
 - Overall, we expect a downward pressure on gross margins in 2015
 - Focus will be on cost reductions in 2015
 - FY 2015 Maintenance Capex expectations of ~NOK 160 million
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Financials P&L 12M 2014 ⁽¹⁾

(NOK'000)	Note	Q4 2014	FY 2014	Q4 2013	FY 2013
Revenue		1 069 326	4 128 503	1 110 489	4 118 393
Other income		6 178	7 812	285	32 189
Total operating revenue		1 075 504	4 136 315	1 110 774	4 150 582
Cost of goods sold		532 530	2 026 818	563 207	2 114 460
Employee benefits expense		287 976	998 340	255 722	897 739
Depreciation and amortization expense		86 184	256 614	59 716	231 261
Other expenses		209 819	770 407	211 102	730 572
Other gains and losses		(13 762)	(10 184)	(6 049)	(14 641)
Operating profit		(27 243)	94 320	27 076	191 190
Finance income		8 250	13 879	1 676	3 389
Finance costs		63 463	288 796	51 812	192 932
Share of profit of investments accounted for using the equity method		2 727	2 531	875	3 501
Profit / (loss) before income tax		(79 729)	(178 066)	(22 185)	5 148
Income tax expense		1 920	(47 633)	(8 199)	1 903
Profit for the year from continuing operations		(81 649)	(130 433)	(13 986)	3 245
Profit attributable to:					
Owners of the parent		(89 990)	(137 808)	(13 640)	4 501
Non-controlling interests		4 340	7 375	(346)	(1 256)
		(81 650)	(130 433)	(13 986)	3 245

⁽¹⁾ The interim financial information has not been subject to audit

Balance sheet 12M 2014 ⁽¹⁾

Assets

(NOK'000)	Note	31.12.2014	31.12.2013
Non-current assets			
Property, plant & equipment		1 089 000	1 031 279
Intangible assets		195 688	246 861
Goodwill		1 221 812	1 217 743
Deferred tax assets		99 349	39 985
Investments in associates		12 802	14 091
Trade and other receivables		27 830	21 608
Total non-current assets		2 646 481	2 571 567
Current assets			
Inventory		120 475	112 798
Trade and other receivables		639 665	723 832
Derivative financial instruments		-	-
Cash and cash equivalents		161 068	136 196
Total current assets		921 208	972 826
Total assets		3 567 689	3 544 393

Equity and liabilities

(NOK'000)	Note	31.12.2014	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		(163 905)	(44 871)
Total equity attributable to owners of the parent		219 424	338 458
Non-controlling interest		14 218	(981)
Total equity		233 642	337 477
Non-current liabilities			
Loans and borrowings		2 418 864	2 199 445
Derivative financial instruments		73 360	42 820
Deferred income tax liabilities		105 140	64 879
Post-employment benefits		5 658	3 107
Provisions for other liabilities and charges		81 908	99 631
Total non-current liabilities		2 684 930	2 409 882
Current liabilities			
Trade and other payables		636 946	640 165
Current income tax		5 309	27 971
Other current liabilities		483	128 898
Derivative financial instruments		6 379	-
Provisions for other liabilities and charges		-	-
Total current liabilities		649 117	797 034
Total liabilities		3 334 047	3 206 916
Total equity and liabilities		3 567 689	3 544 393

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Consolidated cash flow statement ⁽¹⁾

(NOK'000)	Note	FY 2014	FY 2013
Profit / (Loss) before income tax		(178 066)	5 148
Adjustments for:			
Income tax paid		(2 106)	503
Depreciation and amortization charges		256 614	231 261
Other P&L items without cash effect		177 080	74 981
Interest paid		95 306	111 061
Changes in other short term items		37 050	(121 042)
Net cash flow from operating activities		385 878	301 912
Payments for purchases of shares and businesses		-	(108 598)
Proceeds from investments		5 670	
Payments for purchases of non-current assets		(258 779)	(315 085)
Proceeds from sale of non-current assets		8 875	97 248
Net cash flow from investing activities		(244 234)	(326 435)
Proceeds from borrowings		2 235 000	128 898
Transaction fees		(60 117)	-
Repayment of borrowings		(2 198 209)	(61 889)
Net change in credit facility		1 860	(4 186)
Interest paid		(95 306)	(111 061)
Net cash flow from financing activities		(116 772)	(51 238)
Net increase in cash and cash equivalents		24 872	(75 761)
Cash equivalents acquired		-	7 157
Cash and cash equivalents at beginning of period		136 196	204 800
Cash and cash equivalents at end of year		161 068	136 196

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Events after reporting period

- Scomi receivable – ongoing arbitration proceedings
- Ongoing litigation proceedings vs. KLP Forsikring
- Mongstad Spill
- Launch of improvement program – NG200

The logo for NG Norsk Gjenvinning, featuring the letters 'NG' in a bold, white, sans-serif font on an orange square background.

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Norsk
Gjenvinning

Thank you!
Q&A