

NG

Norsk
Gjenvinning

Norsk Gjenvinning Group 2nd Quarter 2015

Erik Osmundsen, CEO and Dean Zuzic, CFO



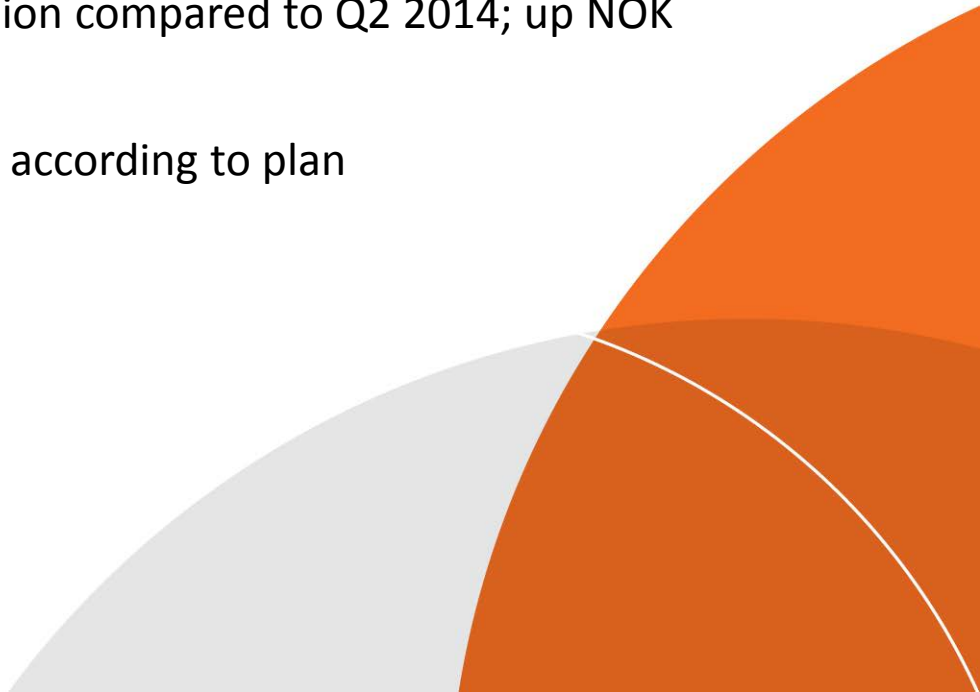
VV Holding AS is providing the following consolidated financial results for Q2 2015 to holders of its NOK 2,325,000,000 Senior Secured Floating Rate Notes due 2019.

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.

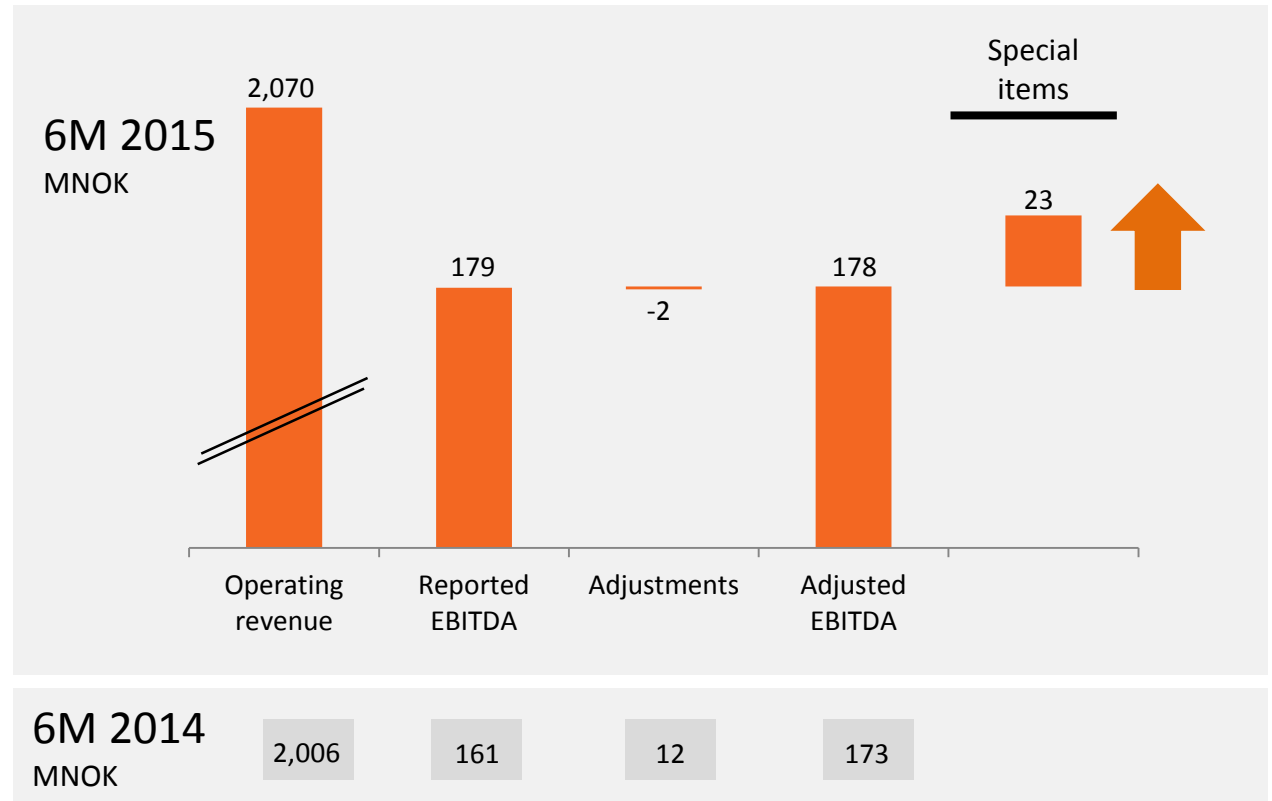
You should not place undue reliance on these forward-looking statements. In addition any forward-looking statements are made only as of the date of this notice, and we do not intend and do not assume any obligation to update any statements set forth in this notice.

- Operating revenue Q2 NOK 1,068.7 million, +2.9% yoy
 - Operating revenue YTD NOK 2,069.5, + 3.2% yoy
 - +2.4% increase in waste volumes YTD
 - Increase in gross margins by 1.1 percentage points compared to Q2 2014
 - EBITDA NOK 109.7 million, up NOK 30 million compared to Q2 2014; up NOK 19.6 million adjusted
 - NG200 cost initiatives being implemented according to plan
- 

EBITDA snapshot for YTD Q2 2015

- Special items in Q1:
 - NOK 13 million related to Mongstad plant clean-up and closure
 - NOK 6 million in NG200 implementation costs

- Special items in Q2:
 - NOK 3.5 million in NG200 implementation costs



Adjusted earnings by segment YTD

Division Recycling

Product mix changes compared to 2014; but improving gross margins in Q2
NG200 initiatives starting to show in Q2



Division Metal

Strong volumes, stable production; opex reductions



Division Industry and Offshore

High operating costs and lower activity due to Mongstad closure and closure at Fredrikstad



Division Household Collection

Negative impact from new contract start ups, increased sick pay



MNOK

6M 2015

6M 2014

	Revenues	Adj. EBITDA ⁽¹⁾	Revenues	Adj. EBITDA ⁽¹⁾	Revenues	Adj. EBITDA ⁽¹⁾	Revenues	Adj. EBITDA ⁽¹⁾
6M 2015	962	75	448	64	296	34	171	22
6M 2014	950	103	417	38	343	43	162	23

⁽¹⁾ Before internal charges

Metals

- Reduced demand as buyers destock; falling prices
- Copper markets started the quarter with improving prices, but prices weakened towards end of Q2
- Falling prices and low demand for Nickel
- Falling prices in ferrous markets; falling demand from oversupplied markets



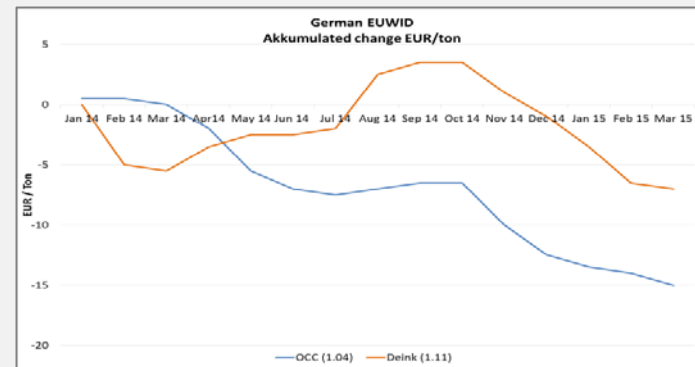
LME Copper, YTD 2015

Woodchips

- Demand still influenced by mild winters and low demand
- Gate fees stable, but price pressure is upwards due to saturated markets
- We have increased upstream prices, and improved our woodchip quality maintaining healthy margins

Paper

- Increased prices for recovered paper, but from low levels. Prices improving further as we enter Q3, but a lot of insecurity in the market.
- Volumes from our facilities have been stable and high compared to last year, and we expect them to remain so in Q3



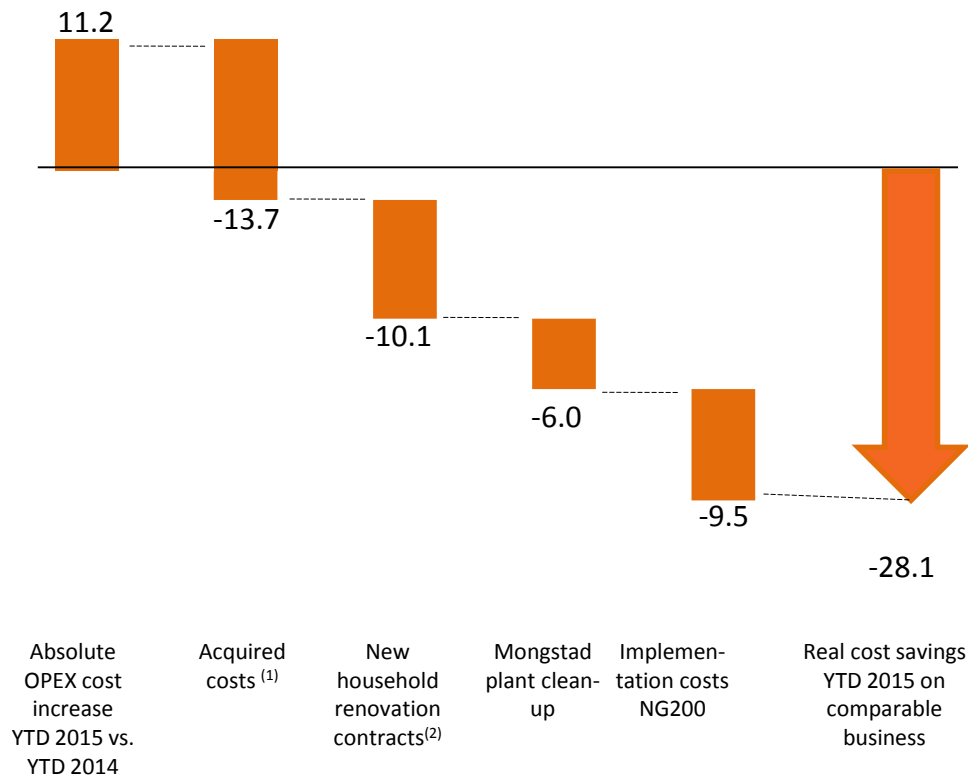
Accumulated change in Recovered paper prices, YTD 2015 Euwid index

Refuse Derived Fuel

- In general the overall market was oversupplied in Q2, with some plants having large inventories following the mild winter
- Imports from the UK are still growing, filling up storage space and leading to upward pressure on gate fees
- Upward pressure on gate fees expected to continue in Q3

Development in OPEX

OPEX cost comparison YTD 2015 vs YTD 2014 MNOK

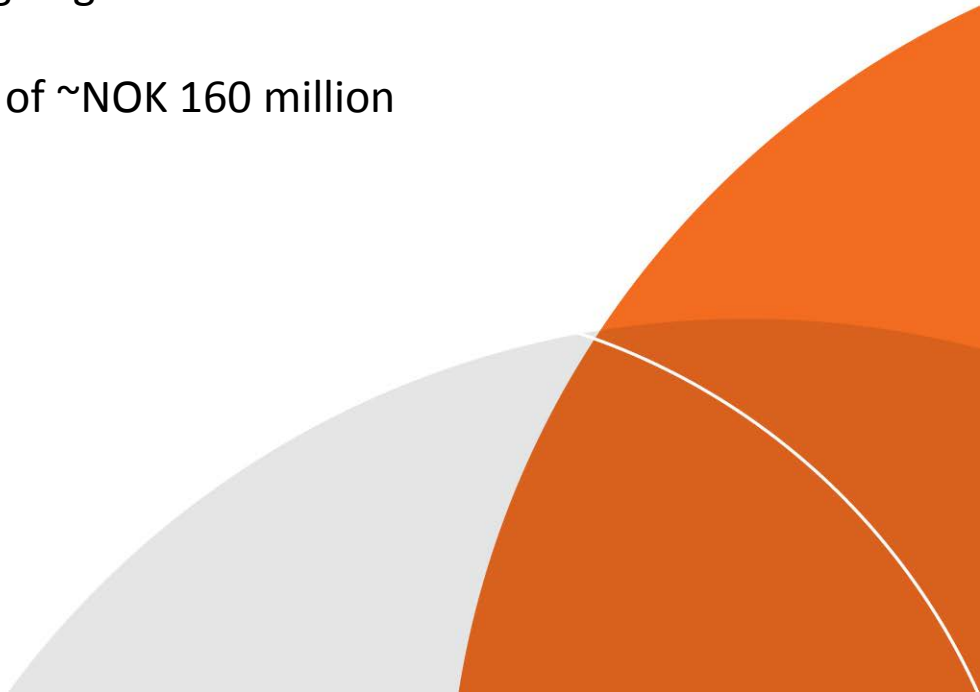


Comment

- Real cost savings of NOK 28.1 million YTD 2015,
- Adjustmenst for acquired businesses, the Mongstad clean-up and NG 200 implementation costs

⁽¹⁾ Acquisition of 13 Gruppen in Q4 2014

⁽²⁾ ROAF contract start on September 1st 2014

- No changes in outlook since Q1 2015 report:
 - 2015 revenues expected to come in flat compared to 2014
 - Overall, we expect the downward pressure on gross margins to continue
 - Focus will still be on cost reductions going forward
 - FY 2015 Maintenance Capex expectations of ~NOK 160 million
 - Comfortable liquidity for operations
- 



Norsk
Gjenvinning

Financials P&L 6M 2015 ⁽¹⁾

CONDENSED INCOME STATEMENT

<i>(NOK'000)</i>	Q2 2015	Q2 2014	YTD 2015	YTD 2014
Revenue	1 067 140	1 038 649	2 067 589	2 005 280
Other income	1 598	356	1 928	837
Total operating revenue	1 068 739	1 039 005	2 069 518	2 006 117
Cost of goods sold	512 339	509 772	1 011 523	974 393
Employee benefits expense	257 109	250 943	510 148	489 408
Depreciation and amortization expense	62 321	56 927	122 285	114 269
Other expenses	188 758	198 790	370 315	379 827
Other gains and losses	846	(232)	(1 916)	1 128
Operating profit	47 366	22 807	57 162	47 093
Finance income	2 809	1 215	3 642	1 883
Finance costs	52 635	46 676	110 359	96 007
Profit / (loss) before income tax	(2 461)	(22 654)	(49 556)	(47 031)
Income tax expense	(971)	(9 975)	(13 380)	(17 242)
Profit / (loss) for the period from continuing operations	(1 490)	(12 679)	(36 176)	(29 789)
Profit / (loss) attributable to:				
Owners of the parent	(2 975)	(13 982)	(37 703)	(31 689)
Non-controlling interests	1 485	1 303	1 527	1 900

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

Balance sheet 6M 2015⁽¹⁾

Assets

<i>(NOK'000)</i>	30.06.2015	31.12.2014
Non-current assets		
Property, plant & equipment	1 072 572	1 089 001
Intangible assets	167 220	195 688
Goodwill	1 221 812	1 221 812
Deferred tax assets	75 064	61 684
Investments in associates	12 802	12 802
Trade and other receivables	27 939	27 829
Total non-current assets	2 577 409	2 608 816
Current assets		
Inventory	93 141	120 475
Trade and other receivables	689 759	635 778
Derivative financial instruments	-	1 818
Cash and cash equivalents	79 467	161 068
Total current assets	862 367	919 139
Total assets	3 439 775	3 527 955

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

Balance sheet 6M 2015⁽¹⁾

Equity and liabilities

<i>(NOK'000)</i>	30.06.2015	31.12.2014
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	(191 473)	(176 930)
Total equity attributable to owners of the parent	191 857	206 399
Non-controlling interest	12 925	14 218
Total equity	204 782	220 617
Non-current liabilities		
Loans and borrowings	2 378 571	2 360 610
Derivative financial instruments	41 366	73 360
Deferred income tax liabilities	65 336	56 697
Post-employment benefits	6 865	5 658
Provisions for other liabilities and charges	85 380	109 408
Total non-current liabilities	2 577 517	2 605 733
Current liabilities		
Trade and other payables	584 151	616 076
Current income tax	2 252	3 240
Other current liabilities	57 290	58 737
Derivative financial instruments	3 108	6 379
Provisions for other liabilities and charges	10 676	17 173
Total current liabilities	657 477	701 605
Total liabilities	3 234 994	3 307 338
Total equity and liabilities	3 439 775	3 527 955

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

Consolidated cash flow statement 6M 2015⁽¹⁾

(NOK'000)	YTD 2015	YTD 2014
Profit / (Loss) before income tax	(49 556)	(47 031)
Adjustments for:		
Income tax paid	(988)	-
Depreciation and amortization charges	122 285	114 269
Net financial items	102 718	85 528
Other P&L items without cash effect	(2 614)	(782)
Changes in other short term items	(88 972)	(89 551)
Net cash flow from operating activities	82 874	62 432
Payments for purchases of non-current assets	(75 567)	(97 941)
Proceeds from sale of non-current assets	2 000	2 343
Net cash flow from investing activities	(73 567)	(95 598)
Proceeds from borrowings	-	75 000
Repayment of borrowings	(5 674)	(35 000)
Net change in credit facility	3 397	(7 201)
Dividend paid to non controlling interest	(1 575)	-
Net group contributions received / (paid)	2 546	2 799
Net interest paid	(89 602)	(58 711)
Net cash flow from financing activities	(90 907)	(23 112)
Net increase in cash and cash equivalents	(81 601)	(56 279)
Cash and cash equivalents at beginning of period	161 068	136 196
Cash and cash equivalents at end of year	79 467	79 917

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

Events after reporting period

- Death accident at Division Recycling's Oslo plant

The logo for Norsk Gjenvinning (NG) features the letters 'NG' in a bold, white, sans-serif font. The 'N' and 'G' are connected at the top. The logo is set against a solid orange square background.

NG

Norsk
Gjenvinning

Thank you!
Q&A