Norsk Gjenvinning

Presentation of the Norsk Gjenvinning Group

Fredrikstad/Øra Miljøpark, September 10, 2015

Norsk Gjenvinning

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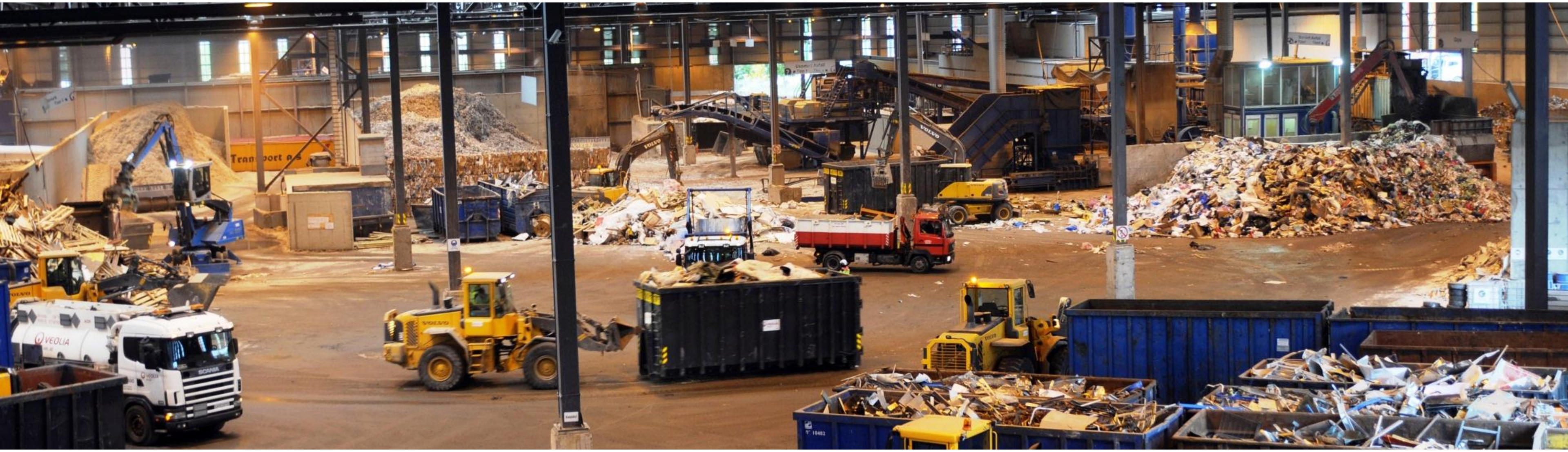
The interim consolidated financial statements in this report, wherever shown, have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the Annual Reports 2014. The condensed consolidated interim financial statements have not been audited or subject to a review by the auditors. Accounting principles applied in the preparation of these condensed consolidated interim financial statements for the period ended June 30, 2015, are consistent with those applied in the annual consolidated financial statements for 2014.

The presentation also includes adjusted EBITDA figures. Adjusted EBITDA figures, when shown, are clearly specified, and represent EBITDA as adjusted for certain non-recurring and/or non-cash costs. Adjusted EBITDA is presented because it may be a relevant measure for assessing underlying performance for a given period. This measure is not a defined financial indicator under IFRS. The adjustments reconciling EBITDA and adjusted EBITDA, shown in the appendix of this presentation, represent an illustration of how underlying operational EBITDA has been affected by, what the company perceives to be one-time items.

Presentation agenda

- **Overview of the Norsk Gjenvinning Group (Erik Osmundsen, CEO)**
- 2nd Quarter 2015 results (Dean Zuzic, CFO)
- Presentation of key operating divisions (Divisional Directors)

The leading waste management company in Norway

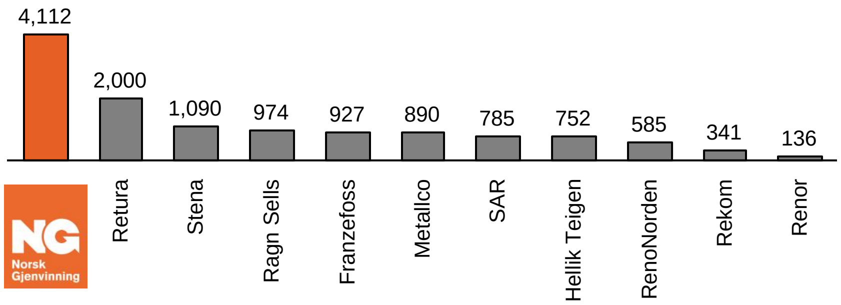


- Norway’s largest waste management company with approximately 1,400 employees, 40,000 customers, 1.8 million tonnes of waste and NOK 4.1 billion in revenues
- A key part of society's infrastructure, handling approximately 25% of Norway’s waste and recycling 85% of this into raw materials and energy to industries globally
- Relentless cost reduction and capex management program well underway to meet challenging market conditions
- High focus on compliance, sustainability and risk management

The Norsk Gjenvinning Group – overview

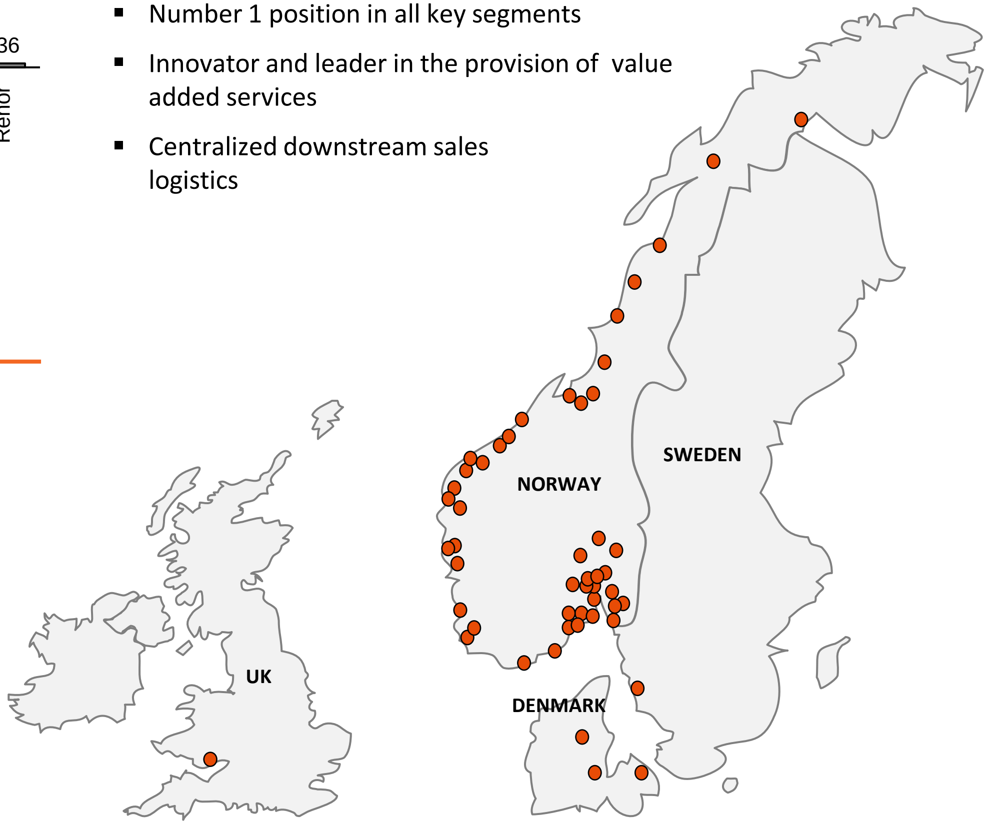
The largest waste management company in Norway

Revenues
MNOK[1]



Broad geographic coverage and strong local presence

- Unparalleled, comprehensive geographic coverage from North to South with a large number of sites across Norway
- Broadest range of services in Norway; the only player with total waste management business model
- Number 1 position in all key segments
- Innovator and leader in the provision of value added services
- Centralized downstream sales logistics



Key facts

- Volumes: 1.8 million tons
- Market share: ~25%
- Recycling rate: 85%
- Number of customers: 40,000
- Number of employees: 1,400
- Number of vehicles: 610[2]
- Number of transports: 3.36 million per year
- ISO-certified operations

1 Source: Proff.no, based on latest available data (2014 and 2013), Retura is a franchise company of which revenue is sourced from the company's website, and is not an exact figure
2 Including subcontractors

Norsk Gjenvinning

Key business areas

Recycling

- Collection, sorting and treatment/ recycling of mixed industrial waste, paper, plastics, wood chips and other non-hazardous waste fractions
- Operation of municipal recycling stations

Key competitors

RAGN SELLS
STENA
RETURA
Franzefoss

Norsk Gjenvinning #1

Metals

- Collection, sorting and treatment/ recycling of all kinds of ferrous and non ferrous materials, including vehicles and electrical waste

Key competitors

STENA
METALLCO
Hellik Teigen AS

Norsk Gjenvinning #1

Industry & Offshore

- Collection and treatment of hazardous waste
- Industrial services, including tank cleaning, maintenance stops, cleaning of oil separators, and high pressure suction
- Emergency services

Key competitors

RAGN SELLS
STENA
Franzefoss
SAR Treatment
Renor HEIDELBERGCEMENT Group

Norsk Gjenvinning #1

Household collection

- Collection of household waste from Norwegian and Swedish municipalities
- Pure logistics service based on public tender contracts with 5-7 year duration

Key competitors

RenoNorden
RAGN SELLS

Norsk Gjenvinning #2

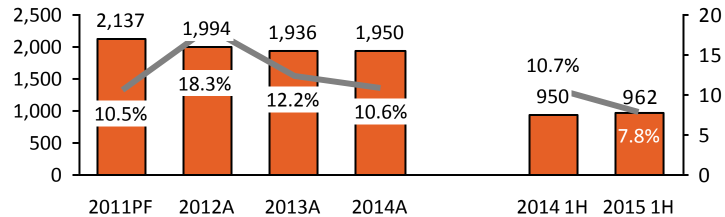
Overview of financials – key business areas

Norsk Gjenvinning

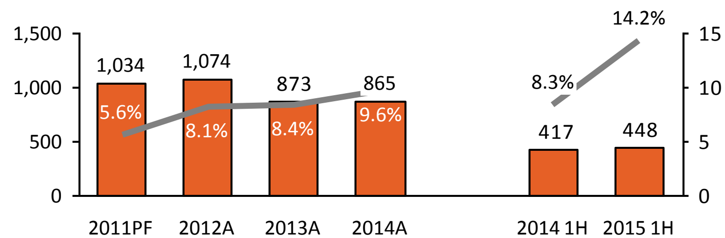
Key financials

Revenue, MNOK — EBITDA %

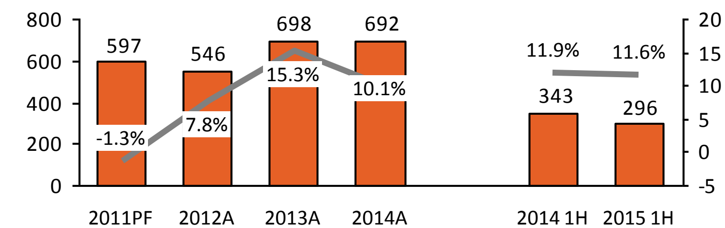
Recycling



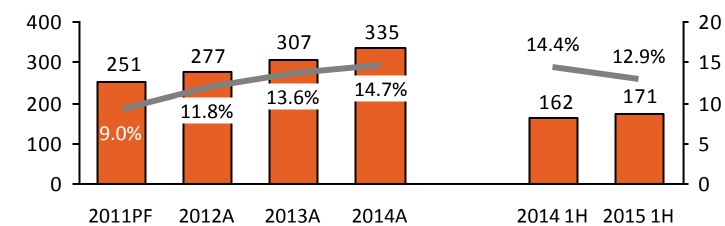
Metals



Industry & Offshore



Household collection



Comments

Recycling

- Benefitted early from integration synergies plus gain from lawsuit in 2012
- Compliance and leadership issues - stable for more than 18 months now
- Margin squeeze lately due to waste mix and unfavorable commodity prices

Metals

- Declining revenues due to int'l commodity prices
- Segment with most dramatic margin squeeze initially
- Focus on gross margin mgmt. – ope. and financial hedge
- Cost cutting through structural consolidation and process improvements

Industry & Offshore

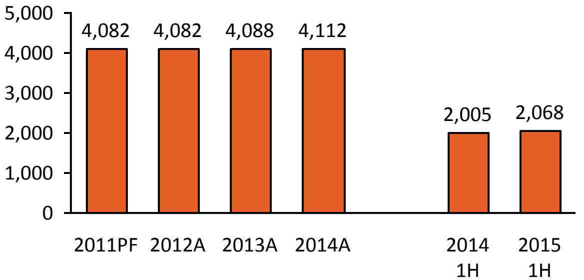
- Initial focus on refocusing to a healthy core
- Continuous improvement on the cost side
- Benefited from build up of offshore activities at Mongstad
- Compliance issue at Mongstad from Aug '14 to April '15
- Challenged by current offshore downturn

Household collection

- Initial focus on closing the gap to focused competitor
- Managed for margin, not market share
- Continuous improvement on the cost side
- Start up of two new contracts pulls on H1/15 EBITDA

Overview of financials – group total adjusted*

Adjusted revenue, MNOK



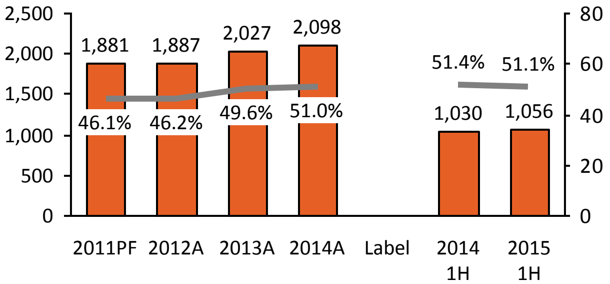
Development 2012-2014

- Volumes grow with GDP - slow volume growth lately due to lower industrial activity
- Falling commodity prices for recyclables and price pressure on mixed waste
- Stable revenues due to focus on ancillary services acquisitions

2015 and the road ahead

- 2015 revenues expected to come in flat compared to 2014
- Focus on organic growth based on improved cost position and sales
- Continued focus on pricing and ancillary services

Adjusted gross margin, MNOK / %



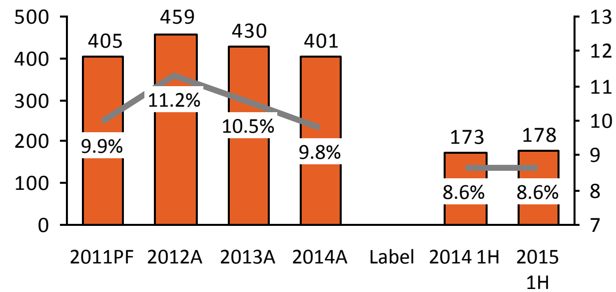
Development 2012-2014

- Increase in gross margin based on:
  - Margin mgmt, including back-to-back pricing and ope and financial hedging
  - Better logistics mgmt
  - Increased ancillary services

2015 and the road ahead

- Overall, we expect downward pressure on gross margins
- Continued focus on margin management, logistics and ancillary services

Adjusted EBITDA, MNOK / %



Development 2012-2014

- Increased cost levels based on:
  - Cost creeps and acquisitions
  - Substantial compliance related costs
- NG 200 cost reductions initiated 2H2014

2015 and the road ahead

- Focus will be on cost reductions going forward
- Goal to establish NG as industry cost leader

NOTE: Adjusted figures. See appendix for details.

A key part of society's infrastructure



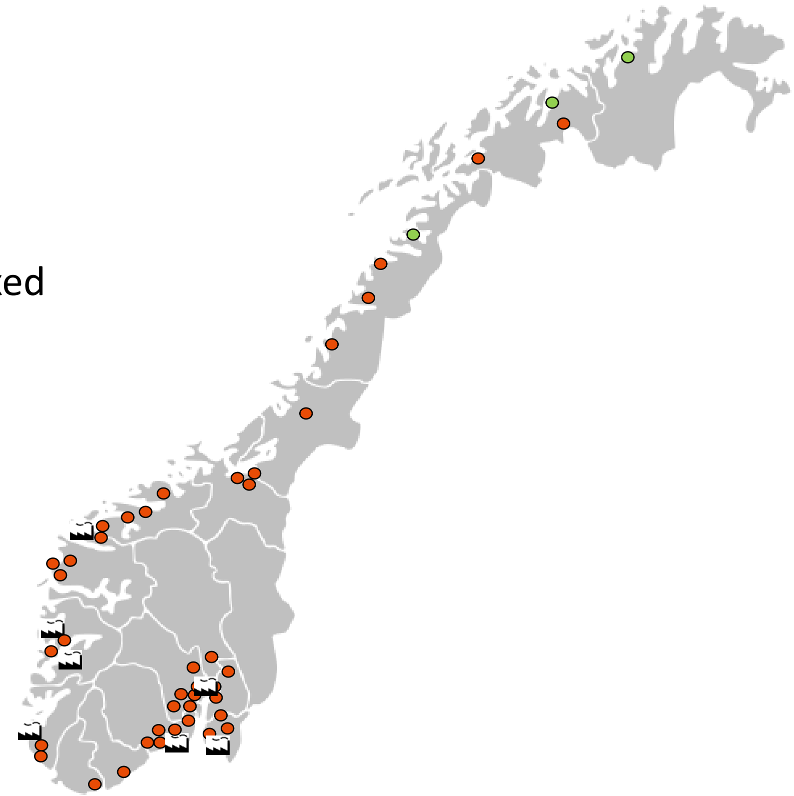
What would happen if we were not here?




A key part of society's infrastructure – processing plants and reloading facilities

Unmatched hub-and-spoke plant infrastructure

- Strategic locations close to urban centers and industrial clusters
- ~NOK 6 billion mark-to-market in properties and fixed infrastructure
- Scale and cost-per-tonne at plant level increasingly important
- Upside potential from further plant consolidation and LEAN operations



Groruddalen Miljøpark

Øra Miljøpark

Mongstad Miljøpark

A key part of society's infrastructure – one of Norway's largest logistics operators

Vehicles

- ~300 own vehicles
  - ~220 waste collection vehicles
  - ~80 specialized vehicles for industrial cleaning services
- ~320 vehicles operated by subcontractors



Containers and bins

- ~34 000 waste containers
- ~56 000 waste bins

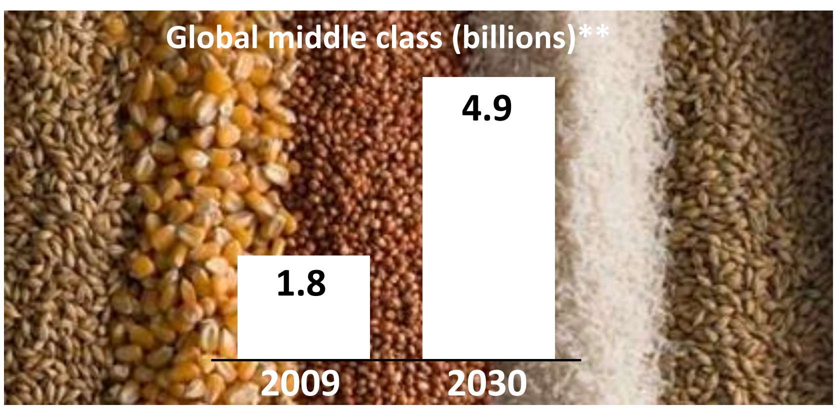


Major logistics operation

- Large fleet of vehicles and containers
- Point-to-point logistics, route collection and specialized service vehicles
- Upside potential from implementing electronic fleet management and general improvement of operations

A key part of society's infrastructure - addressing the global resource squeeze

The squeeze on global resources



- **Fundamental need for resource preservation**
- **Legislators placing increasing requirements on material recycling and resource efficiency**
- **The waste management industry has a critical role to play in ensuring efficient and high quality processing and downstream solutions**

Source: worldbank.org: What a Waste: A Global Review of Solid Waste Management
Source: OECD Yearbook 2012

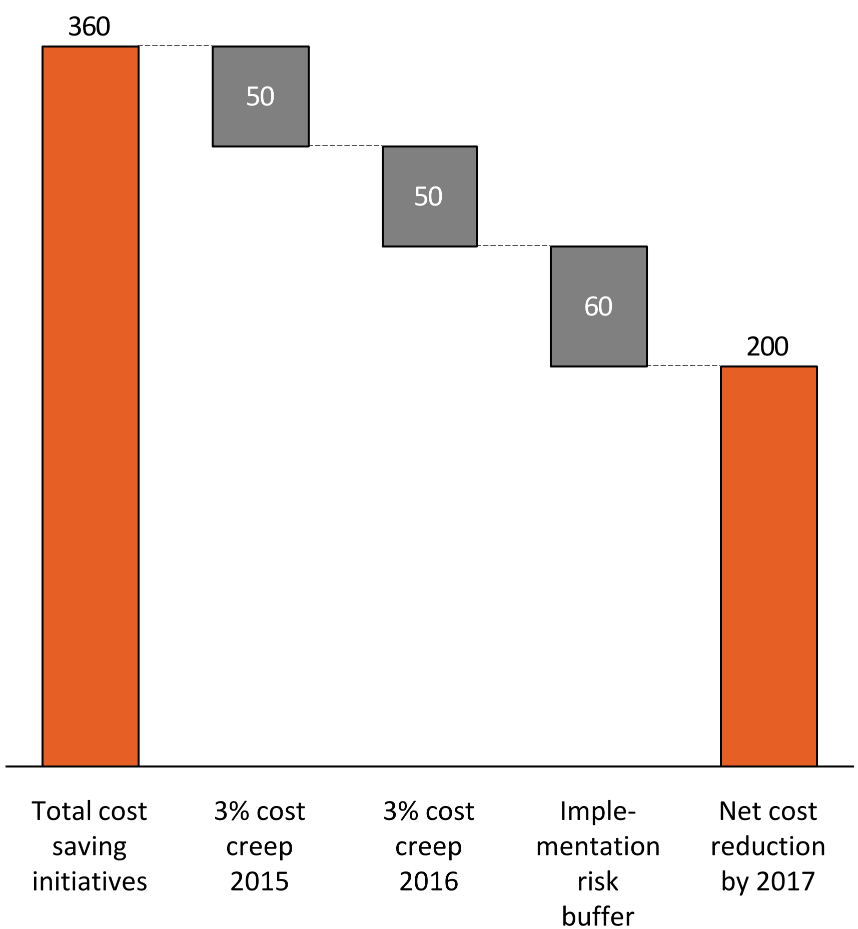
An industrialized and professional value chain is a key success factor going forward

The winners in the waste management industry will be companies that:

- **Have the lowest cost**
  - Scale in production to bring down unit costs and allow for state of the art automation
  - Scale in logistics from purchasing to route optimization
  - Scale in downstream sales
  - Scale to handle compliance costs
- **Are customer centric innovators**
  - Innovative technology to ensure efficient sorting, material recycling and logistics mgmt
  - Innovation in other technology, partnerships and business models
  - Advice and solutions for efficient resource usage and higher recycling levels
- **Manage risk and apply solid standards for compliance and control**
  - Margin management and industrialization vs. commodity price speculation
  - Traceability and control of waste streams
  - Environmental and financial compliance

Cost reduction program NG200

Overall target for the NG200 cost reduction program
MNOK



Overall target to secure NOK 200 million net cost reductions by 2017 versus 2014 base line

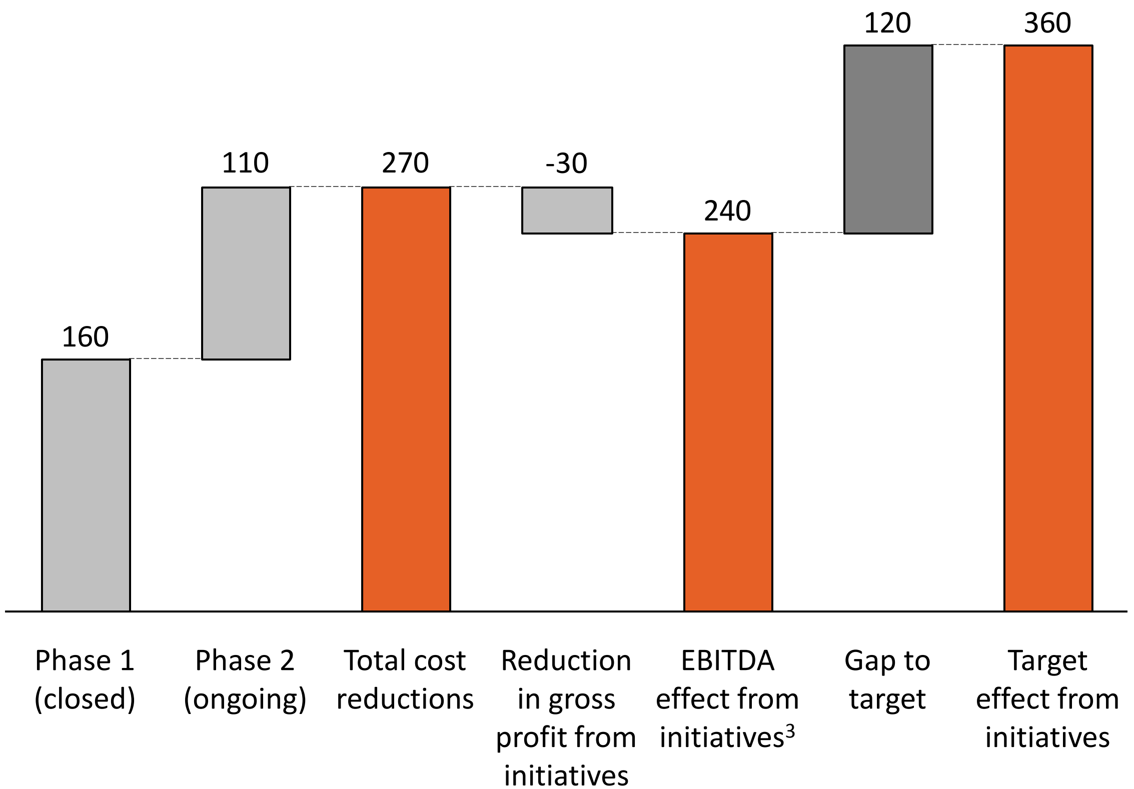
- Program to run over 2 years starting fall 2014 and with full year effect in 2017
- Net cost reduction of NOK 200 million by 2017 may require NOK ~360 million gross effect to account for cost creep and implementation risk
- Target may be increased if gross profits decline

Program divided into phases:

- Phase 1: 2H 2014 (closed)
  - Focus on cost initiatives that could be implemented quickly («low hanging fruit»)
- Phase 2: 2015 (ongoing)
  - Additional more structural initiatives to secure total target
- Phase 3: TBD if initial target not met

Status NG200

Estimated cost reductions NG200 (full year effect)
MNOK



- Cost reducing initiatives of NOK ~270 million initiated or to be initiated to date
  - ~12 % of 2014A OPEX[1]
  - ~9 % of 2014A Transport Cost[2]
  - Net reduction in FTE's of ~135
- Adjusted for estimated loss of gross profit, another NOK ~120 million of cost reductions needed to reach target of NOK 360 million - further Phase 2 identification underway
- Full year effect of total cost program in 2017
- Expected reduction of cost base in 2015 is NOK ~55 million adjusted for cost creep, of which NOK ~30 million is taken out YTD

[1] OPEX 2014A: NOK ~1.7 billion
[2] Transportation cost (gross margin effect) 2014A: NOK ~0.8 billion, includes NOK ~10 million from phase 1 and NOK ~65 million from phase 2
[3] Before cost creeps and acquired costs

Integrated focus on risk management

In an industry with low operational risk…

- Industry growth linked to Norwegian GDP
- Activity is local and will not be offshored
- Integral part of national infrastructure
- Legislative demands ensure increasing value creation
- Scale effects for leading operators
- Natural diversification through total waste management business model

…we focus on identifying and mitigating intrinsic risk factors

- *Environmental and financial compliance*; mitigated through systematic internal control regime
- *Commodity price risk*; mitigated through continuous and dynamic margin management
- *Exchange rate risk*; mitigated through forward contracts
- *Interest rate risk*; mitigated through swap

Presentation agenda

- Overview of the Norsk Gjenvinning Group (Erik Osmundsen, CEO)
- **2nd Quarter 2015 results (Dean Zuzic, CFO)**
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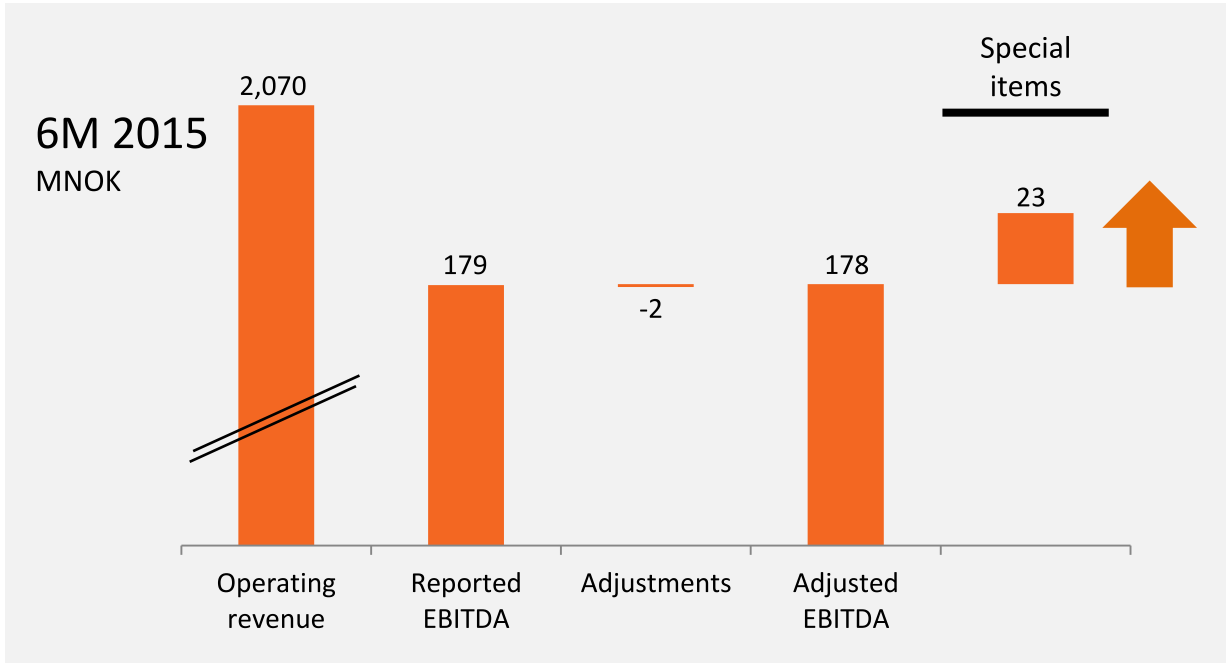
Q2 2015

- 0.9% increase in waste volumes
- Operating revenue NOK 1,068.7 million, +2.9% yoy
- 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



6M 2014 MNOK	Operating revenue	Reported EBITDA	Adjustments	Adjusted EBITDA
	2,006	161	12	173

Adjusted earnings by segment YTD Q2

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 & 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	Recycling		Metal		Industry & Offshore		Household collection	
	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

Q2 Financials - P&L VV Holding

Comments

- Norsk Gjenvinning has since Q3 2013 had a strong focus on increasing margins and reducing operating expenses:
  - 1,1% higher gross margins in Q2 2015 compared to Q2 2014
  - Margin improvements achieved by improved downstream solutions/focus on increasing quality for commercial waste, increased exports, improved logistics and increased sales of auxiliary services
  - NG200 program running according to plan – NOK 28 million in net cost reductions YTD 2015
- Efforts in becoming best in class in compliance with laws, regulations, point to point traceability and environmental profile still a focus operational investment area
- Focus going forwards will be on further margin improvements through system tweaks, operational excellence, cost reductions and optimising plant footprint. Cost initiatives expected to give more than NOK 250 million in cost savings over the next 12-24 months identified and under implementation
- Quarterly depreciation approaching peak in 2015 as a result of conducted investments in the new metals shredder (Øra) and selective investments to growth in the collections business
- Increased finance costs following last year's bond issue

FINANCIALS

(NOK'000)	**Q2 15**	**Q2 14**	**YTD Q2 15**	**YTD Q2 14**
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)**
Reported EBITDA	109 687	79 734	179 447	161 362
Adjusted EBITDA	108 007	88 445	177 767	172 801
Revenue growth	2,7 %		3,1 %	
Gross profit %	52,1 %	50,9 %	51,1 %	51,4 %
Adjusted EBITDA %	10,1 %	8,5 %	8,6 %	8,6 %
Reported EBITDA %	10,3 %	7,7 %	8,7 %	8,0 %
EBIT%	4,4 %	2,2 %	2,8 %	2,3 %

Q2 Financials – Balance sheet VV Holding

ASSETS		
(NOK'000)	**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**

- PP&E consists mainly of hard assets such as machinery, vehicles, real estate and waste containers
- Success in reducing inventory (=reduction in inventory price risk)
- Seasonal increase in working capital
- Sufficient cash position
- Loans and borrowings increase due to increased accrued interest on bond and shareholder loan and increased leasing debt

EQUITY AND LIABILITIES		
(NOK'000)	**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
Provisions for other liabilities and charges	92 245	91 038
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
Provisions for other liabilities and charges	71 074	75 792
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**

Norsk Gjenvinning

Financials – Cash Flow VV Holding

Comments

- Net working capital is expected to remain stable as percentage of revenues. Working capital peaks in June/July and troughs in December, following activity level in seasonal parts of the business
- Normalised maintenance capex levels expected to remain stable in the range of NOK 160-190 million
- Additional investments in renovation trucks related to winning new municipal contracts or the renewal of such contracts.
  - These investments can be covered either through leasing or acquiring trucks
  - Contracts are tailored to cover necessary investments
- The overdraft facility is sufficient to manage intra year cash variations
- The leasing facility sufficient to support growth
- Increased EBITDA expected to fall through to cash as growth investment levels normalize
- Plants with substantial free capacity to handle increased volumes without substantial new investments

CASH FLOW

(NOK'000)	**YTD Q2 15**	**YTD Q2 14**
Profit / (Loss) before income tax	**(49 556)**	**(47 031)**
Adjustments for:		
Income tax paid	(988)	-
Depreciation and amortisation	122 285	114 269
Net financial items reclassified to financing activites	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 period	**79 467**	**79 917**

Norsk Gjenvinning

Presentation agenda

- Overview of the Norsk Gjenvinning Group (Erik Osmundsen, CEO)
- 2nd Quarter 2015 results (Dean Zuzic, CFO)
- **Presentation of key operating divisions (Divisional Directors)**

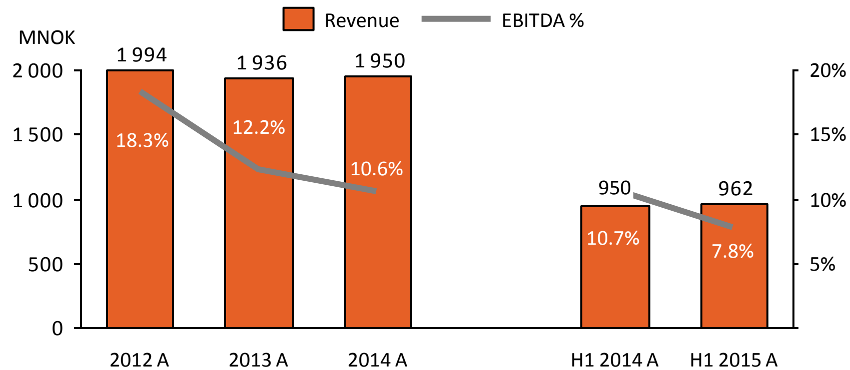
Presentation of Division Recycling

Introduction

The Recycling division

- The recycling division provides optimal waste collection and sorting solutions for all types of non-hazardous waste in Norway (mixed industrial waste, paper, plastics, wood chips)
- NG's competitive advantage lies within its operational and geographical scope, being able to provide standard and tailored made solutions to both local and nationwide clients

Key financials

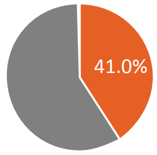


Growth and value drivers

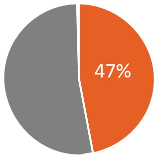
- Industry volume growth driven by GDP and net revenue growth driven by degree of processing
- Key value drivers:
  - Broadest geographical coverage and product range
  - Scale in production and downstream
  - Optimization of profitability trade-offs, e.g. degree of processing to increase value-add
  - Cost effectiveness: Route management, fleet maintenance, plant operations

Overview

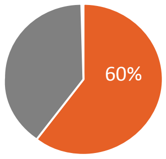
Share of employees



Share of sales



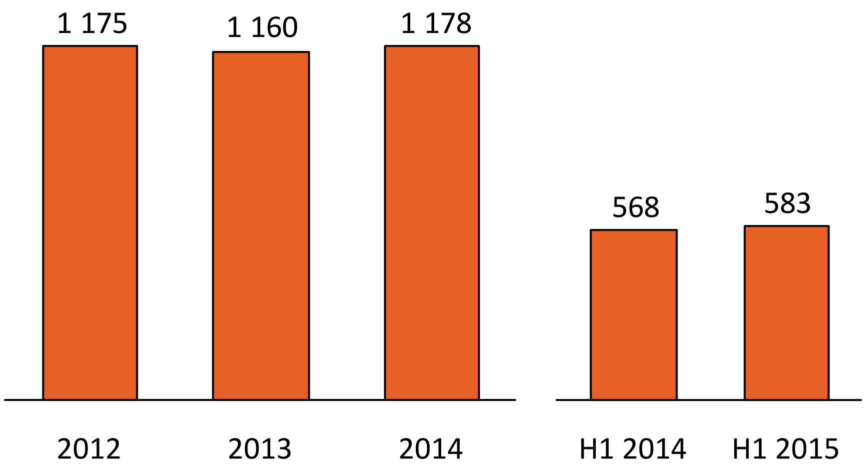
Share of EBITDA



Employees	555
Waste treated (tonnes)	1.18 million
Number of assignments	3.4 million
Number of facilities	5 main processing sites; ~70 reloading sites
Main site	Groruddalen Miljøpark in Oslo, treating 300,000 tonnes annually

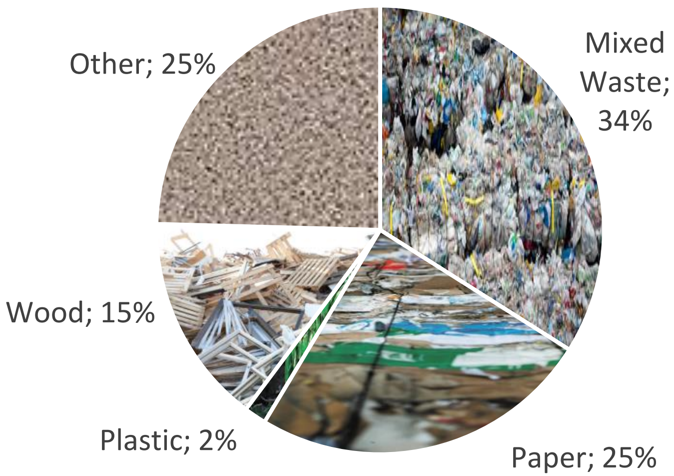
Volumes and waste types

Volume development ('000 tonnes)



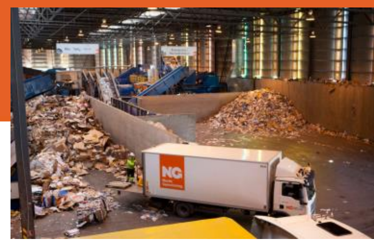
- Total waste volumes grows with GDP
- NG offers a total waste management, with solutions for all waste types

Waste types



- Mixed waste declining as a share of total waste volume as more waste is sorted at source, thereby increasing sorted fractions
- Declining paper volumes especially from household waste (municipal contracts)

Waste management business model – simplified value chain and P&L



Transportation + Mixed waste

Upstream	**NOK/t**
Mixed waste	+1,500
Inbound transport	+1,000
Equipment rental	+150

Processing

Sorting out metals (10% of weight)

Processing waste-to-energy product

Downstream	**NOK/t**
Shredded waste	-500
Metals	+1,000

Simplified P&L

Inbound transport	+1,000
Equipment rent	+150
Mixed waste (upstream)	+1,500
Revenue (metals sale)	+100
Cost (waste-to-energy)	-450
Gross margin	**+2,300**

- **Recycling generates revenue and gross margin from transportation, equipment rental and the waste**
- **NG handles all types of waste both negative waste types (NG gets paid for waste) and positive fractions (NG pays for waste)**

Note: All figures are illustrative
Photographer: Marion Haslien

Customers and contracts

Highlights

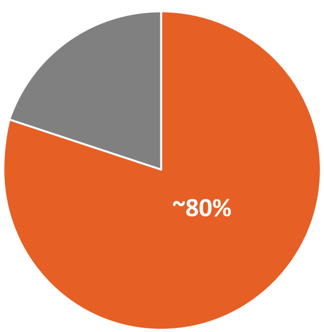
- Customer base contains main Norwegian industrial and service companies, municipalities and other public customers
- Customer base is highly fragmented
  - Top 10 customers account for 12% of total division revenue
  - Customer base is highly diversified from large to medium/small companies, public entities/municipalities and private households
- Large share of revenues is contracted (~80%)
- High level of returning customers/recurring revenues (~90%)[3]

Top 10 upstream customers

NorgesGruppen, Vesar, Ruteretur, Olav Thon Gruppen, AF Gruppen, Bærum Kommune, Oslo kommune Renovasjonsetaten, RfD Renovasjonsselskapet for Drammensregionen IKS, Skanska, Coop

Contracted revenues

Share of division revenue from upstream contracts[1]

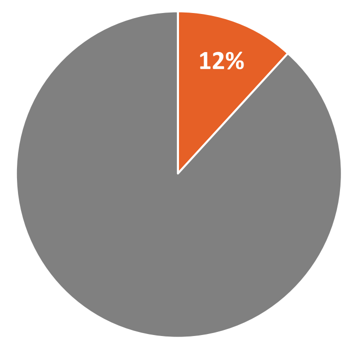


Type:
- Mainly exclusive binding contracts

Duration:
- Usually 1 year (often with extension)

Concentration of customers

Share of division revenue from top 10 upstream customers[2]



[1] Management estimates
[2] Based on Q2 2015 numbers
[3] Based on comparison of customer base H1 2014 and H1 2015

Infrastructure

Where do we come from?

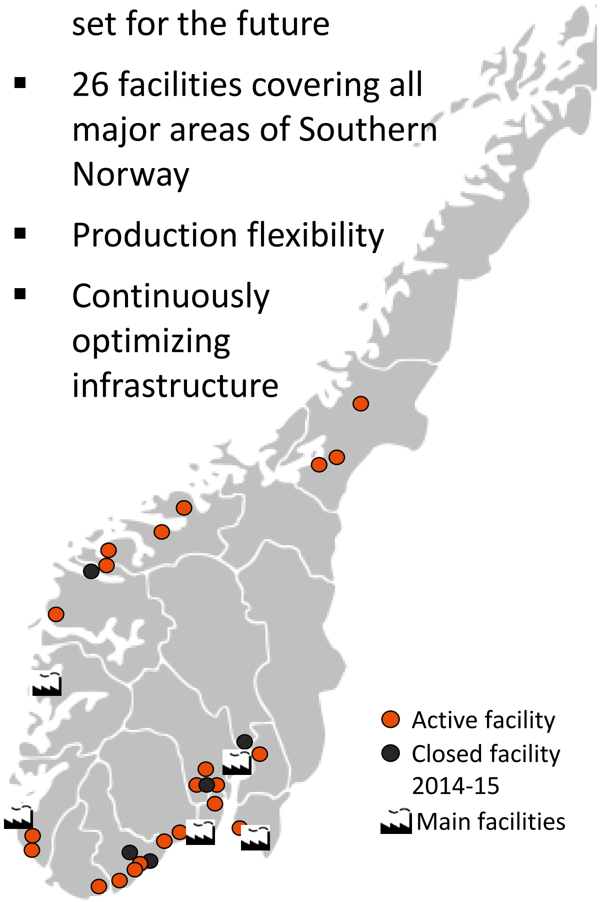
- 85 acquisitions operated as stand alone units
- Suboptimal production and logistics solutions due to focus on local, not regional, profitability
- 2-3 facilities in the same city

What have we done?

- 2014-2015 a number of 6 locations have been shut down
  - Reduced fixed cost
  - Increased efficiency
  - Increased utilization and throughput of remaining facilities
- Through the last three years the main hubs have been upgraded
  - Increase efficiency
  - Improve quality of products
  - Give flexibility to choose the most beneficial downstream solution
- Invested in security and compliance
- Acquired local business from Metal to offer total waste management solutions and optimize production cost for group

Where are we now?

- Important and expensive infrastructure set for the future
- 26 facilities covering all major areas of Southern Norway
- Production flexibility
- Continuously optimizing infrastructure



Logistics

Where do we come from?

- ~300 vehicles
- Price model for subcontractors varies by location
- Operated with paper creating need for manual handling before invoicing

What have we done?

- Created central logistics team to ensure best - practice for outsourcing, operations, contracts and driving technological development
- Implemented mobile order management
- Automated functions and tasks
- Sold transportation unit in Oslo

Where are we now?

- Efficient transportation fleet
- Variable cost
- Rigged for further technological development

Technology development

Technology development along the recycling value chain

Sales upstream

- New web based sales platform reducing cost and increasing customer experience and availability

Logistics

- New mobile-order management system
- Incremental changes to ERP system to reduce manual labor in transportation planning and execution

Production

- Integrating scales and development of control and compliance systems
- Integrated tool for efficient control and classification of good

NG is at the forefront of development new technological solutions for cost efficiency, compliance and control

Cost reduction program NG200

Implemented

- More than 30 people laid off as a result of improved processes, new technical solutions and change of infrastructure
- Renegotiated subcontracting contracts on transportation and removed minimum pay clauses.
- Closed down 5 collection points and redistributed equipment
- Replaced costly rental contracts on trucks and production equipment with new solutions
- Sold unprofitable transportation unit and subcontracted the services
- Several other measures taken in production and logistics

To be implemented 2015 - 2016

- Cost optimization in transportation through implementation of new technology
- Renegotiated purchasing agreements
- Collection point in Drammen to be closed down
- Centralization of support functions in order to increase quality on master data, price adjustments and further standardize key processes

- **NG200 measures reducing fixed cost, increasing quality and efficiency of services.**
- **YTD 2015 reductions of NOK 25 million**

Summary

Division Recycling

- A central part of the infrastructure
- Unparalleled geographical scope
- Strong position on compliance and risk management
- Loyal and low risk customer base
- Major investments taken in main hubs
- Flexible production
- Reduced cost - NG200 starting to show results
- New technology in place – further development will follow

Norsk Gjenvinning

Presentation of the Division Metal

The Metal Business

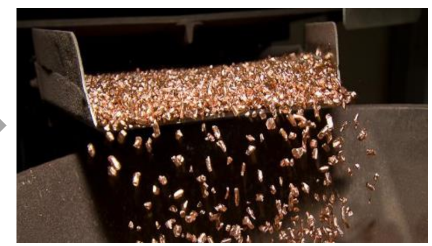
Shredder



- → ~70% Ferrous
- → ~7% Non-Ferrous
- → ~23% Waste

Cable Granulation





- → ~15-95% Non-Ferrous
- → ~5-85% Waste & Plastic

Bottom Ash from incinerators



- → ~9% Ferrous
- → ~1% Non-Ferrous
- → ~90% Landfill

Photo Shredder: Thomas Ekstrøm

Our value chain

Upstream

Commercial waste from large customers
- Mixed metal scrap
- Ferrous metals
- Non-ferrous metals
- Cable
- EE-waste
- End life vehicles

Waste from Municipalities
- Mixed metal scrap
- EE-waste
- Bottom ash

Waste from the NG-group
- Mixed metal scrap
- Ferrous metals
- Non-ferrous metals
- EE-waste
- End life vehicles

Production/Processing

Pre-treatment and reloading
- Pre-Sorting
- Pressing
- Shearing and cutting

Manual processing
- Sorting
- Environmental sanitation

Mechanical processing
- Mixed metal scrap fragmentation
- Metal separation
- Cable granulation
- Bottom ash recycling

Downstream

Ferrous
- Steel scrap

67%

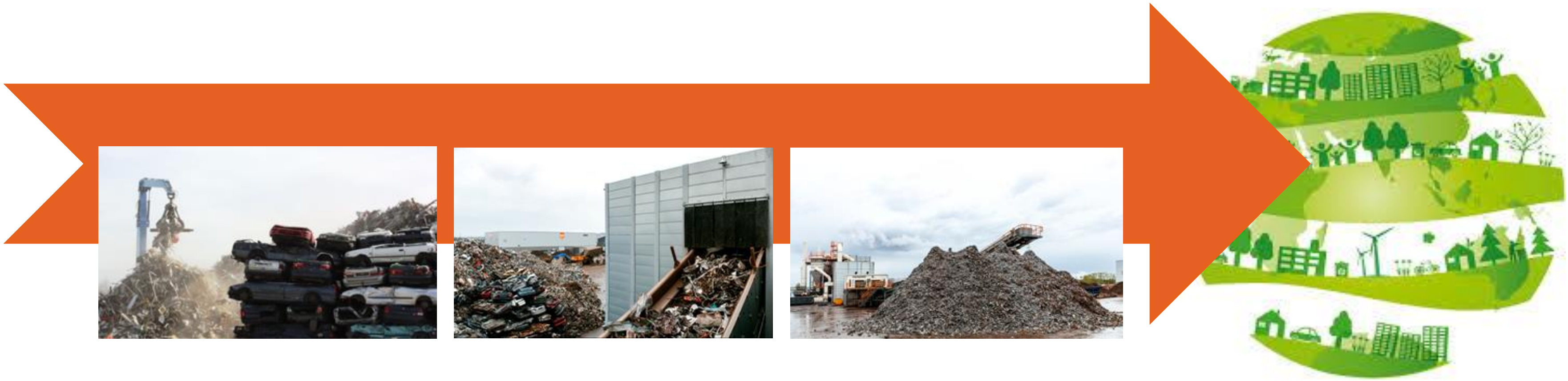
Non-Ferrous
- Zorba and Zürich
- Aluminum granules
- Copper granules
- Various metal alloys

10%

Other
- Residual waste
- Plastic granules
- Bottom ash

23%

Simplified value chain and P&L example



Positive fraction (upstream customers get paid for waste) – shredder material example

Upstream	**NOK/t**
Mixed steel/metals	-825

Processing

Shredding into smaller parts

Sorting into:

- Steel 70% of weight
- Metals 7% of weight
- Waste 23% of weight

Downstream	**NOK/t**
Steel	+1,375
Metals mix	+10,500
Waste	-1,500

Simplified P&L

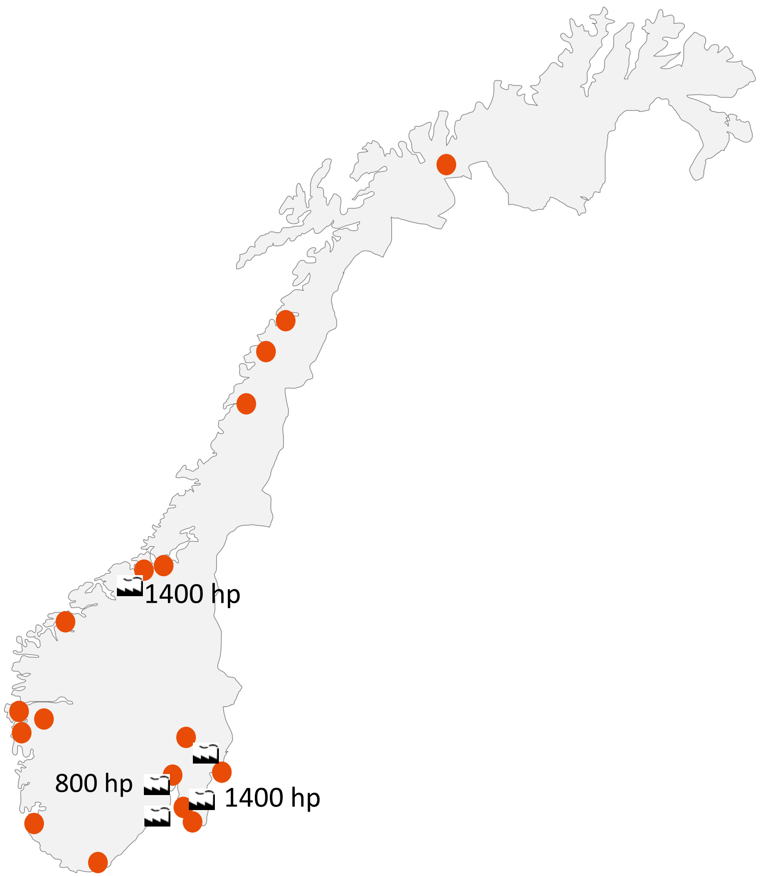
1 ton mixed steel/metals	**NOK**
Revenue (steel sale)	+962,5
Revenue (metals sale)	+735
Cost (upstream purchase)	-825
Cost (waste downstream)	-345
Gross margin	**+527,5**

- **Raw material prices are a key driver for top line revenues; revenues may fluctuate even as volumes remain stable – NG's focus is on the gross margin management!**
- **EBITDA growth is driven by a) maximizing gross margin through optimal degree of sorting and ensuring index pricing of positive fractions, and b) efficient logistics and processing operations along the value chain**

Note: All figures are illustrative

Our journey

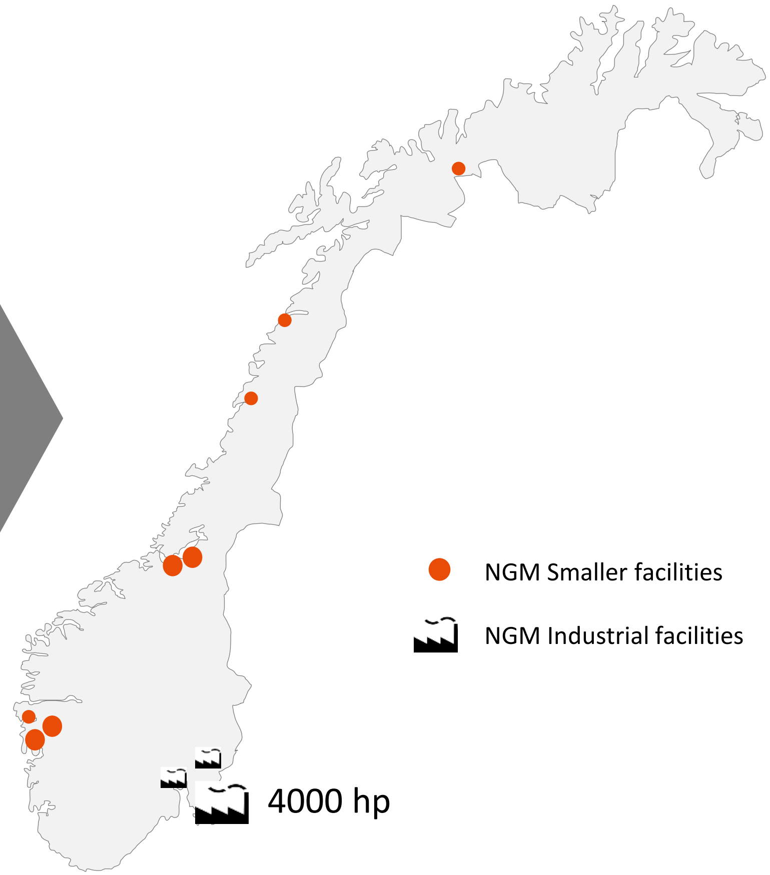
From scrap dealer with many small facilities...



FTEs reduced:
23.5

Cost reduced YTD 2015: NOK 18.7 million

...to industrial player

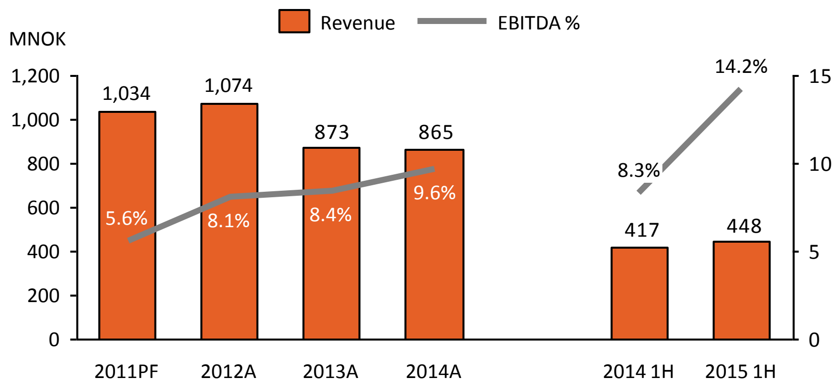


Key financials and growth and value drivers

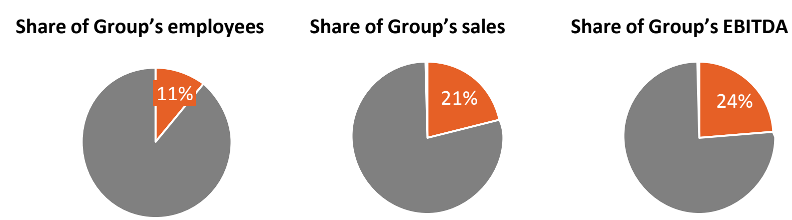
Growth and value drivers

- Industry growth driven by international demand for steel and metals and increased sorting at source
- Key value drivers:
  - Hedging inventories based on LME
  - Operational efficiency and plant utilization
  - Ability to separate out high value fractions/materials
  - Geographical presence for scale

Key financials



General data



Employees	150
Metals treated (tonnes)	260,000 (+90,000 bottom ash)
Number of facilities	2 main processing sites; 9 reloading sites
Main site	Shredder and metal separating facility at Øra; capacity 250,000 tonnes

Risk management

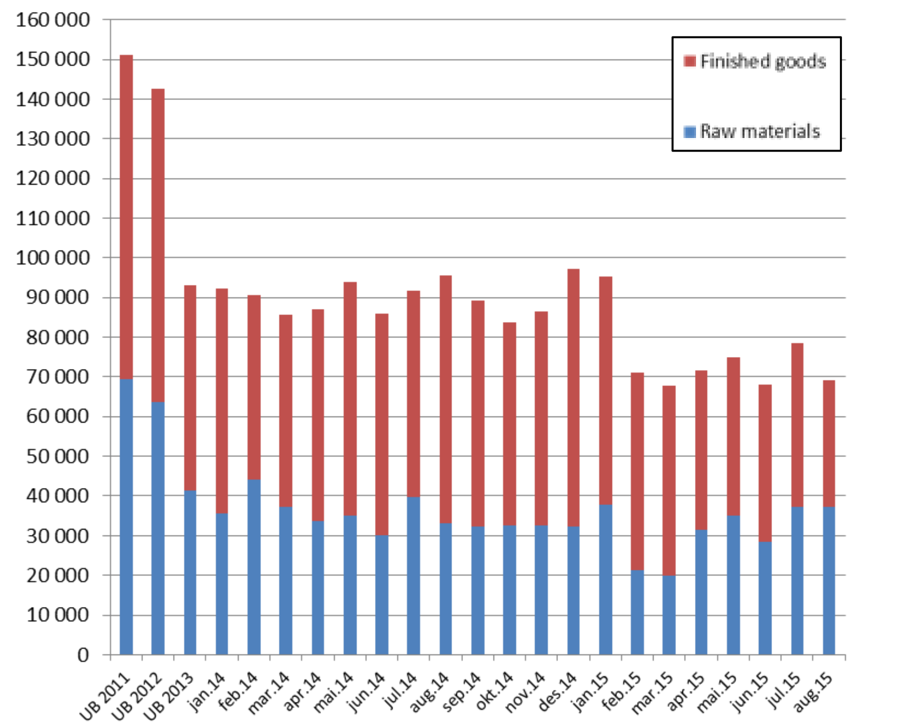
Operational

- Stock reduction from NOK 150 million 2011 to NOK < 70 million August 2015
  - Lean management production
  - Sales strategy
  - Stock control
- Both upstream and downstream volumes are price based on LME and Celsa Index
- Compliance

Financial

- Hedging towards LME based on stock levels
- Continuously review of market conditions and hedging strategy
- Up front payments on high risk customers
- Closely monitoring of payment and payment delays
- Monitoring solidity of downstream customers

Stock reduction (NOK '000)



Competition

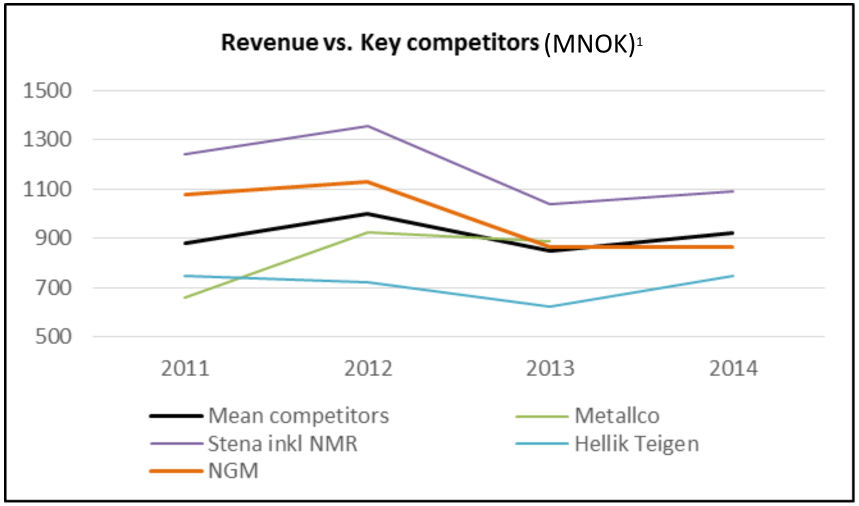
Competitive landscape

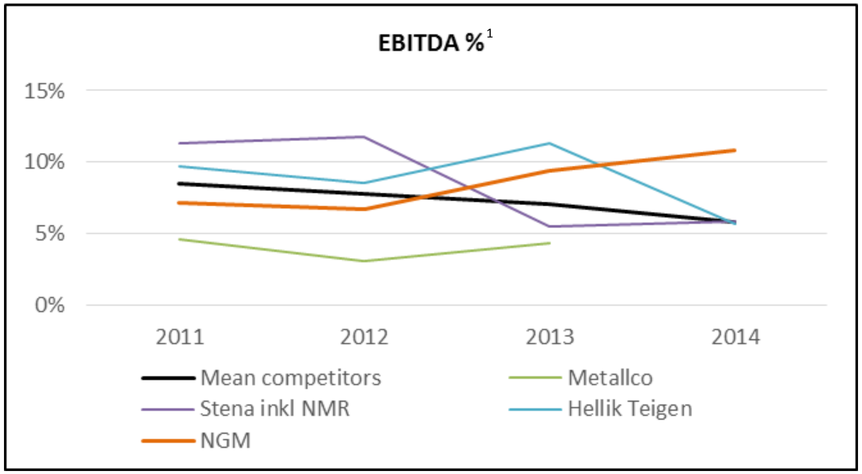
Large integrated players

Specialized niche players

- 4 equal sized players with approx. 80% of the market shared between them
- Overcapacity for shredder production when isolating the Norwegian upstream market
- Lack of Industrialization in the shredder production area. Too many small sites and machines

NG performance vs. Key competitors





[1] Revenue and EBITDA% for NGM are adjusted for non-recurring items for better comparison.
Source: Company information, Proff.no

Ferrous metals

Main customers

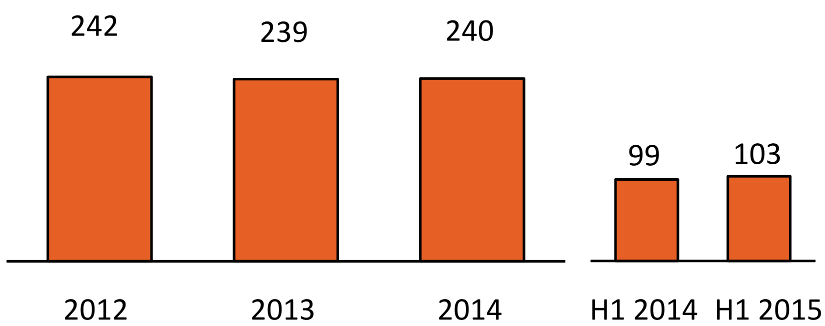
Upstream

- NG Group
- Stena Recycling AS
- Retura TRV AS
- Franzefoss Gjenvinning AS
- Municipalities

Downstream

- Celsa Armeringsstål AS
- Euro Scrap Alliance B V
- Sysav (Residual waste)

Volume development ('000 tonnes)



Growth and value drivers

- Stable volumes with small increase from 2014
- Increased volumes in Q2 from Q1
- Decreasing prices in the down stream market throughout Q1 and Q2 2015

Risk management

- Stock reduction (Level NOK 150 million in 2012 to NOK 70 million Q2 2015)
- Higher volumes sold up front
- System for stock control (SAP based) implemented in the main sites (Drammen and Øra) 2014-2015
- Alternative down stream channels opened towards European market

Non-Ferrous metals

Main Customers

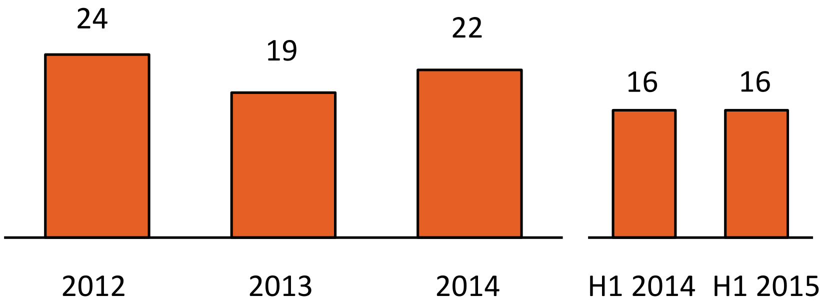
Upstream

- Nexans Norway
- NG Group
- Revac
- Frank Mohn
- Other industries

Downstream

- Outokumpu Stainless AB
- Asian markets (Zorba/Zürich)
- Nordox AS

Volume development (‘000 tonnes)



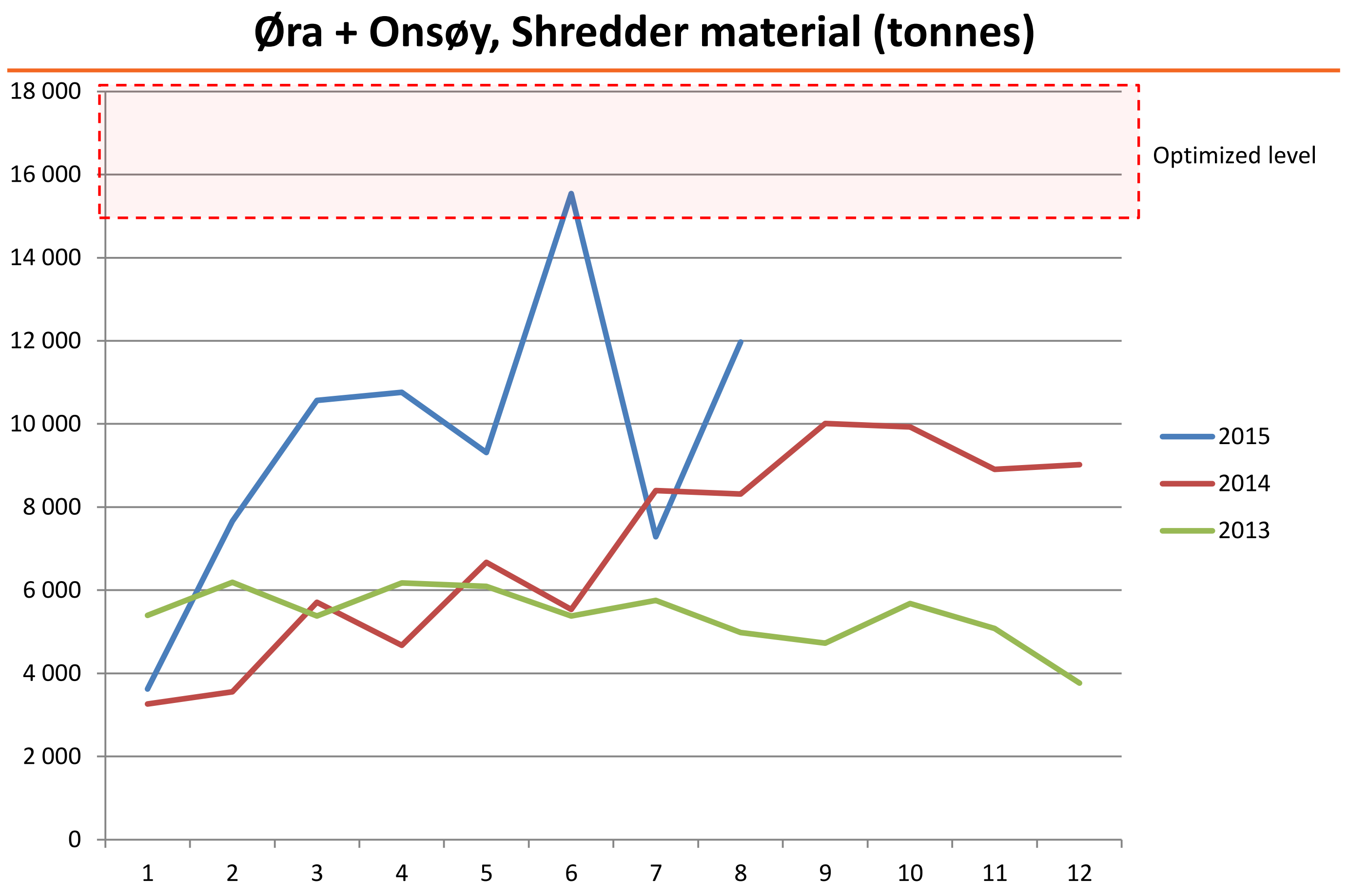
Growth and value drivers

- Main value driver shredder production and Non-Ferrous volumes from shredder
- Stena’s closure of cable granulation plant in Skien has given increased volumes into facility in Drammen
- Stable market position in the upstream market

Risk management

- New financial hedging strategy implemented by Division Donwstream in the period 2014-2015
- System for stock control (SAP based) implemented in the main sites (Drammen and Øra) 2014-2015
- Stock reduction in Non-Ferrous products

Input Shredder Onsøy/Øra



Norsk Gjenvinning

Focus 2016-2018

Status today

- One of the market leaders and the most professional player in the industry
- Robust profitability with significant upside potential
- Major infrastructure and platform investments made

Focus areas 2016-2018

- Industrial development in processing
- Find industrial partners in downstream market for residual waste from shredder (mix of plastic, rubber, waste and metals)
- Prepare for larger structural changes in the industry (Development from scrap dealership to industrial leadership)

Goal

- Largest net added value per tonne (lowest cost and highest value added)
- Return on capital employed according to investors expectations

Norsk Gjenvinning

Presentation of Division Industry & Offshore

Business Areas

Industrial Service

- Cleaning of industrial tanks, incl. removal of residue waste i.e. oil contaminated water etc.
- Providing high pressure jetting and vacuum suction
- Cleaning sand traps and oil separators

Hazardous Waste

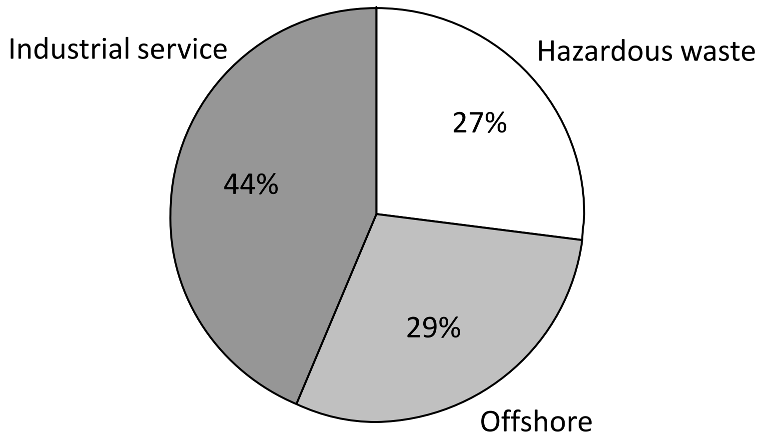
- Collection, sorting, and treatment of hazardous waste
- Safe treatment of NORM (Natural Organic Radioactive Material)
- Secure safe downstream solutions for hazardous waste

Offshore

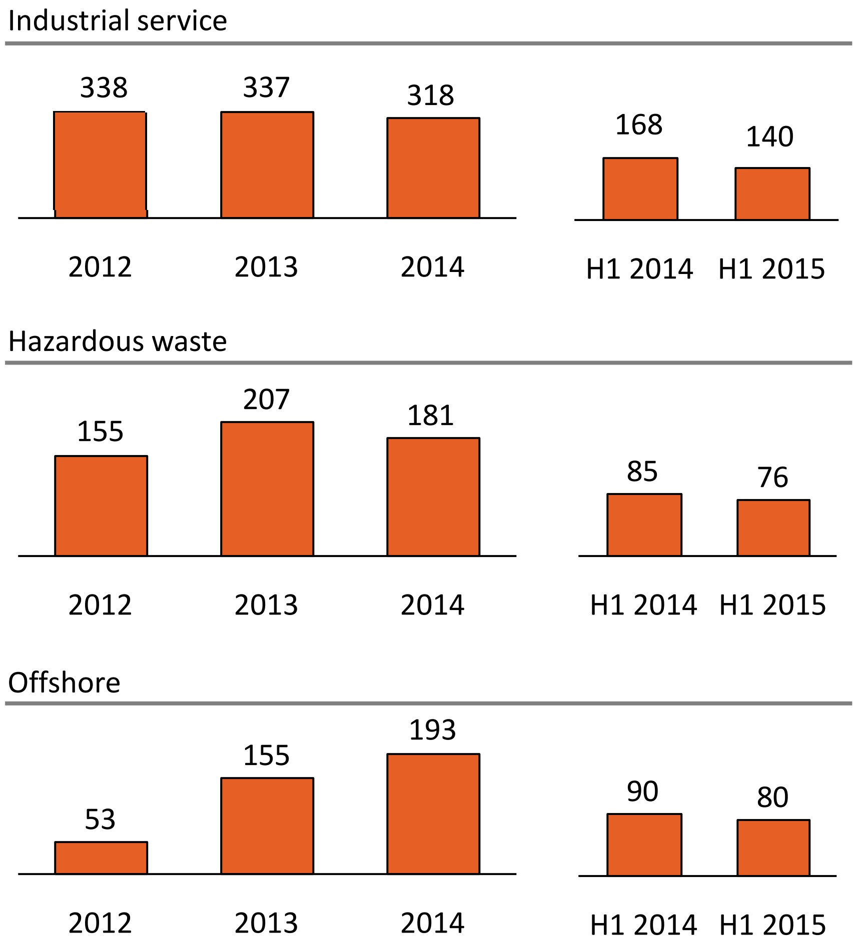
- Receiving and handling of all waste (hazardous and industrial) arriving at offshore bases at Mongstad and in Kristiansund
- Cleaning of tanks on supply vessels, incl. removal and handling of residue waste

Business Areas: Revenue split

Revenue split



Revenue development per business area (MNOK)



Division Industry & Offshore: Overview

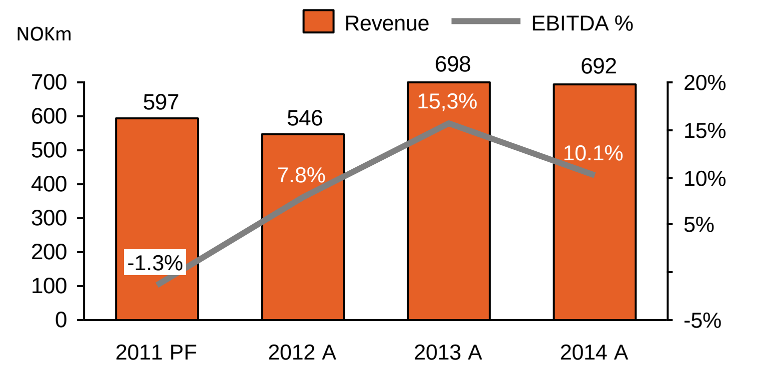
The Industry & Offshore division

- Collection and treatment of hazardous waste, incl. offshore slop, contaminated water, NORM waste
- Industrial services, incl. tank cleaning, plant maintenance shutdowns, cleaning sand traps and oil separators, pipe inspection, catalyst handling, high pressure jetting and vacuum suction
- Emergency services (oil spills, etc.)
- Consulting services based on highly skilled personnel
- Leading Norwegian player with an emerging position in Denmark, Sweden and the UK through IBKA subsidiary

Growth and value drivers

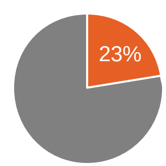
- Growth driven by wider regulatory definition of hazardous waste and increased offshore activities
- Key value drivers:
  - Project and project pipeline management
  - Specialized equipment and highly skilled personnel
  - Capacity utilization and project margins
  - Ability to offer “total waste management” solutions
  - Plant technology and operations
  - Capacity tailored to handling seasonal demand and larger “one-off” projects

Key financials

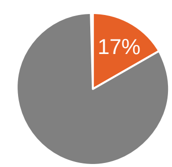


Overview

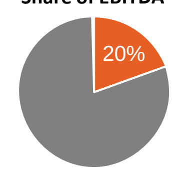
Share of employees



Share of sales



Share of EBITDA



Employees	320
Hazardous waste (tonnes) treated at facilities	74,000
Assignment hours	410,000
Number of facilities	11 receiving facilities, 2 base facilities
Main asset	Base facility at Mongstad

Focus: Mongstad status and strategy

- **Business Mongstad 2014 - 2015**
  - Compliance challenges October 2014 to April 2015
    - Now solved - Purification plant upgraded and new management
  - 2015 Turnover strongly reduced

- **Potential new offshore contract**
  - Contract out for tender – 6+2+2 years
  - NG attractively positioned
  - Decision latest 13. December 2015

- **Cost reduction program established for Division Industry & Offshore**
  - Initiatives in Norway and Sweden
  - Cost reductions 2015: NOK 41 million (annual effect)
  - Cost reduction goal 2016: NOK 24 million

Main facilities

Main facilities

1	**Vestbase**		
	Employees	▪	19
	Hazardous waste/Total waste	▪	14 476/16 813 tonnes
	Industrial Service hours	▪	7 820
2	**Mongstad**		
	Employees	▪	42
	Hazardous waste/Total waste	▪	20 206/25 685 tonnes
	Industrial Service hours	▪	14 372
3	**Herøya**		
	Employees	▪	96
	Hazardous waste/Total waste	▪	10 009/18 664 tonnes
	Industrial Service hours	▪	49 141
4	**IBKA**		
	Employees	▪	63
	Hazardous waste/Total waste	▪	NA
	Industrial Service hours	▪	57 739

Industry & Offshore: Customers and contracts

Highlights

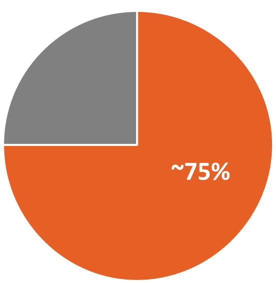
- Customer portfolio mainly contains large Norwegian industrial companies (oil & gas sector and other industries), and public entities
- Customer base is semi-fragmented with top 10 customers representing 37% of the Division's total revenue
- Large share of revenue is contracted (~75%), mainly with binding exclusive agreements, and a smaller fraction of frame agreements
- **Majority of revenue is recurring/from same customer base (>85%)**[3]

Top 10 customers

MILJØ-DIREKTORATET
Statoil
Oslo kommune
Esso
Shell
YARA
PORSGRUNN KOMMUNE
Hafslund
INEOS
noretyl

Contracted revenues

Share of division revenue from contracts[1]

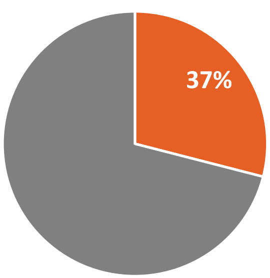


Type:
- Mainly exclusive binding contracts and a smaller fraction general agreements

Duration:
- Usually 1-2 years

Concentration of customers

Share of division revenue from top 10 customers[2]



1 Management estimate
2 Based on 2013 numbers
3 Based on comparison of customer base Q1 2013 and Q1 2014

NG Norsk Gjenvinning

Position and opportunities

	Industrial service	Hazardous waste	Offshore
Large integrated players	Franzefoss; Ragn-Sells (En del av kretsloppet); NG Norsk Gjenvinning	Stena; Franzefoss; Ragn-Sells (En del av kretsloppet); NG Norsk Gjenvinning	Franzefoss; NG Norsk Gjenvinning
Specialized niche players	Johny Birkeland Transport (septik24.no); Valedo; SJT Miljø (– på lag med naturen!); TT-Teknikk (Spesialtjenester innen miljø, vann og avløp)	Renor (HeidelbergCement Group)	MWM Maritime Waste Management; SAR
General	▪ Few national players and several small and medium sized local/regional players ▪ Price sensitive business	▪ Few and major players ▪ Less price sensitive, higher focus on HSEQ and compliance	▪ Few players, mix of companies similar to NG covering the full waste range, and Offshore niche players

Focus 2016-2018

Status today

- Solid position in all 3 business areas. Met by non-compliant competitors in some niches
- Highly improved profitability. Now challenged by downturn and fixed cost structure
- Focus on NG200 program and renewal of Statoil contract

Focus areas 2016-2018

- All 3 business areas with refocused, efficient and lean organizations
- More flexible cost structure to mitigate cyclicality and seasonality
- Focus on effective, compliant and most competitive value chains for hazardous waste

Goal

- Nr. 1 position as the most competitive supplier on industrial services Norway
- Number one in Norway in hazardous waste both in volume and quality
- Best performance on offshore base services

Norsk Gjenvinning

Presentation of the Downstream Division

Introduction to our market activity

Norsk Gjenvinning Downstream

- Modelled after Oil & Gas downstream organization
- Trading team of 35 persons
- Key focus is scale, margin management and compliance
  - Covering all commodity markets we are exposed to
  - Handling transportation and sales from our upstream divisions
  - Key competencies - full control downstream and important role vs. upstream org

Market Position

#1	**VOLUME**
#1	**COMPLIANCE**
#2	**COST / TONNE**

Overview

Broad presence – Key Markets

Nordic

Europe

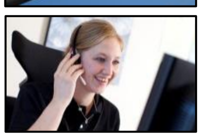
Asia

Diversified Customer Base

outokumpu, NORDIC BRASS GUSUM, MAX MOUNT, Smurfit Kappa, NORDOX, WINMEX, SKJERN PAPIRFABRIK, efo, ECONOVA, Aurubis, BIR, Norske Skog, Oslo kommune, storaenso, PETERSON packaging, Lidköpings kommun, JEONJU PAPER, m2Biobränsle

Organized for scale benefits

Sales



Backoffice

Transportation

- Control of key risk factors such as export, counterparties and compliance
- Portfolio optimization of all flows and gross margin management
- 5th largest transportation purchaser in Norway

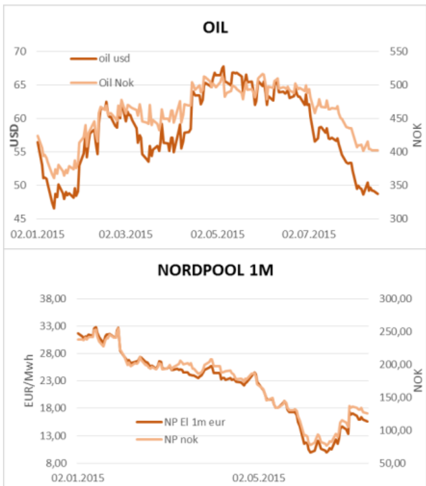
Risk Management I: Compliance

- **From local solutions (94 sites) to a centralized model where compliance is a key focus**
  - Approx. 25,000 trucks border crossing/year
  - Approx. 4,000 containers/year to Asia

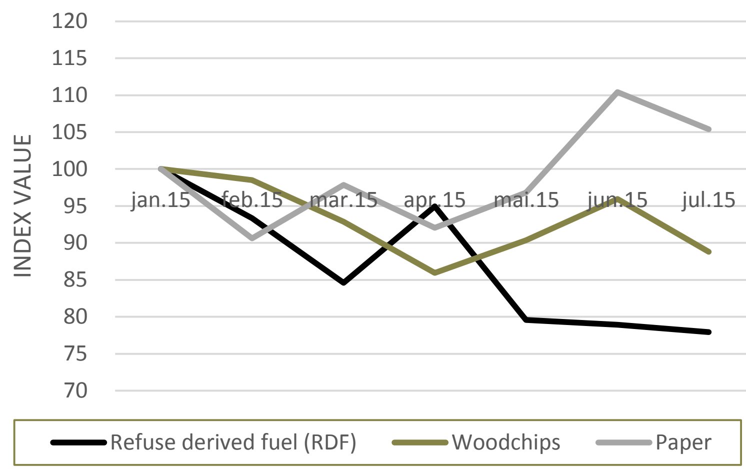
- **Mitigating key risk (export risk, compliance) in downstream market**
  - Integrity Due Diligence check of all Agents and Traders
  - Improved knowledge of the entire export chain
  - Compliance with the United Nation's Global Compact Principles in the areas of human rights, environment, labor, anti-corruption
  - Knowledge of international waste trade agreements and legal requirements
  - Compliance audits

Risk Management II: Margins

Declining commodity prices



NG gross margin development

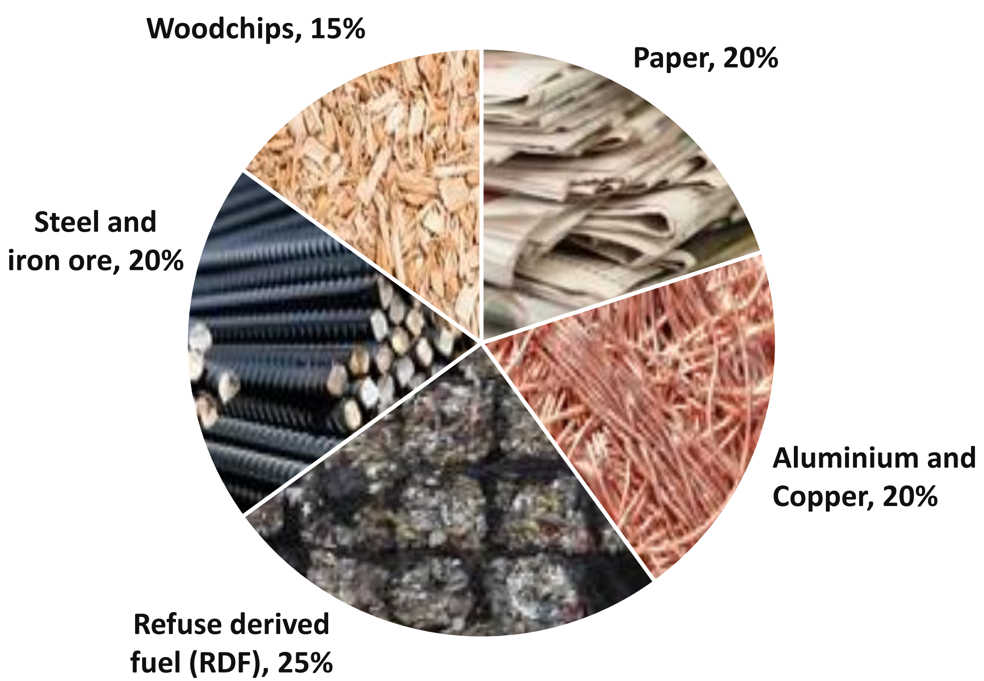


Risk Management

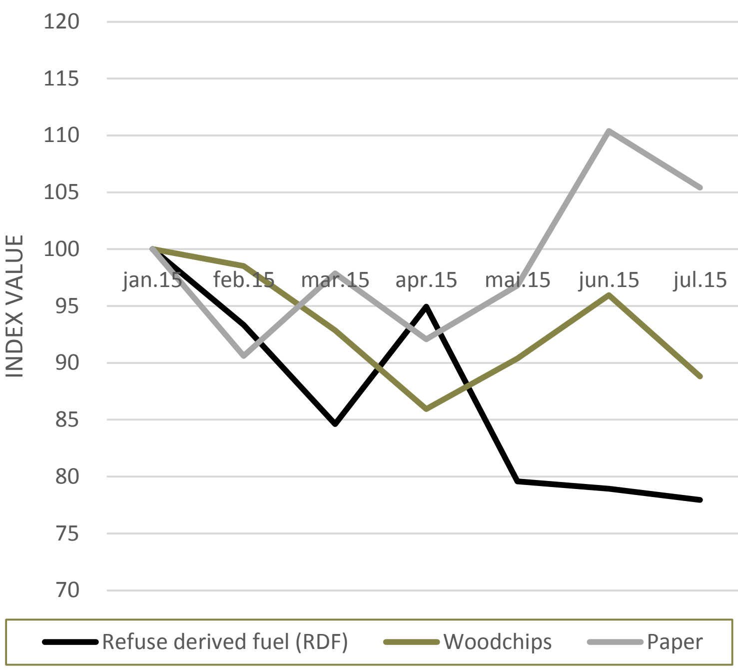
- Market prices (downstream) have been falling but we seek to mitigate commodity price changes through margin management in our value chain
- Focus on securing gross margin
- Cost focus through effectiveness in own operations
- Geographic diversification of portfolio. Present in all key markets – Nordic, Europe and Asia
- Long term contracts with industrial players

Waste types managed by us

Waste types in Downstream Division (tot. 1.5 million tonnes)



NG gross margin development



Refuse derived fuel (RDF), challenging market

Market comment

- "Market" prices (downstream) have fallen with 25% from 2014 to 2015
- Market has changed from demand driven to supply surplus
- Increased competition with RDF from UK
- Summer/winter pricing effect
- Expect market to remain challenging

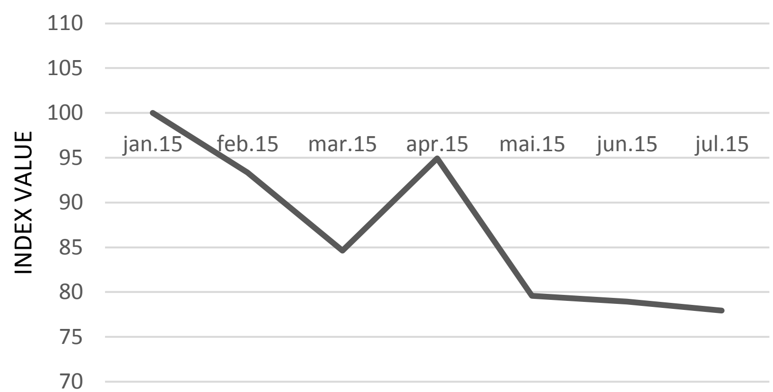
Risk Management

- We have secured long term downstream contracts with industrial players
- Focus on efficiency and improvement of overall margin capture
  - Upstream pricing
  - Transportation
  - Weight on vehicle
- Inventory management

Main customers

- Oslo Kommune
- Linköpings Värmverk AB
- BIR
- Cultrix
- Jönköpings Varmeverk

Gross margin development



Woodchips, challenging market but improved positions

Market comment

- “Market” prices (downstream) have fallen with 15% from 2014 to 2015
- Supply overhang from another mild winter
- Historical high stock levels among some market participants
- Expect market to remain challenging

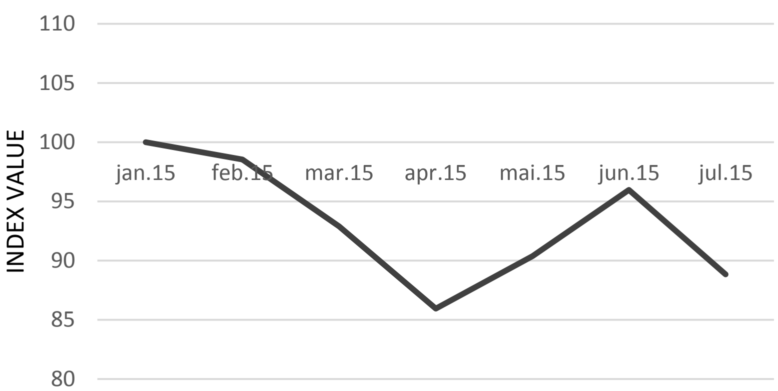
Risk Management

- We have secured long term downstream contracts with industrial players
- Reduction of our inventories Q1-2015
- Focus on efficiency and improvement of overall margin capture
  - Transportation
  - Weight on vehicle
  - Improved quality

Main customers

- Econova
- EFO
- M2
- Norske Skog
- Elverum Fjernvarme

Gross margin development



Paper, positive market YTD

Market comment

- Market prices (Euwid) have increased in 2015
- The recovered paper market has not yet been influenced by the deterioration of China and Europe's macroeconomic health
- Could see a short term correction in prices

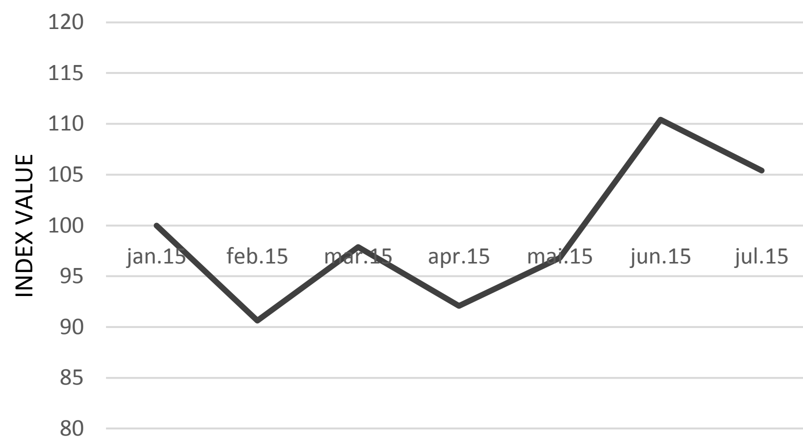
Risk management

- Geographic diversification of portfolio. Present in all key markets – Nordic, Europe and Asia
- Reduced price risk exposure by linkage of Euwid pricing upstream and downstream
- Secured long term partnership and local knowledge
- Good operational performance and positive effect from weak NOK

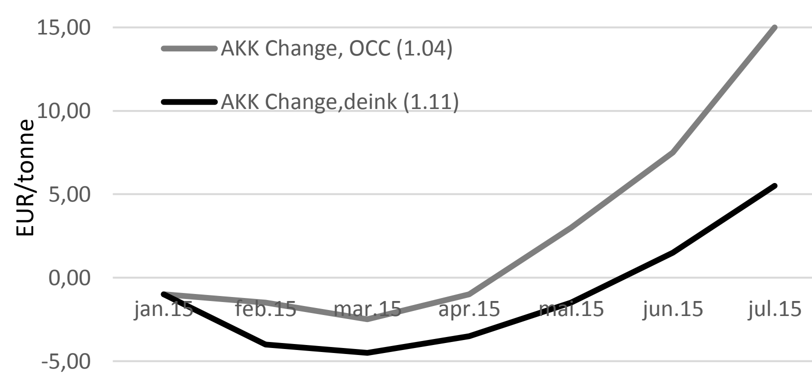
Main customers

- Smurfit Kappa
- Peterson Packaging
- Stora Enso Hylte
- Jeonju Paper Corp

Gross margin development



Market development (German EUWid, acc. Change)

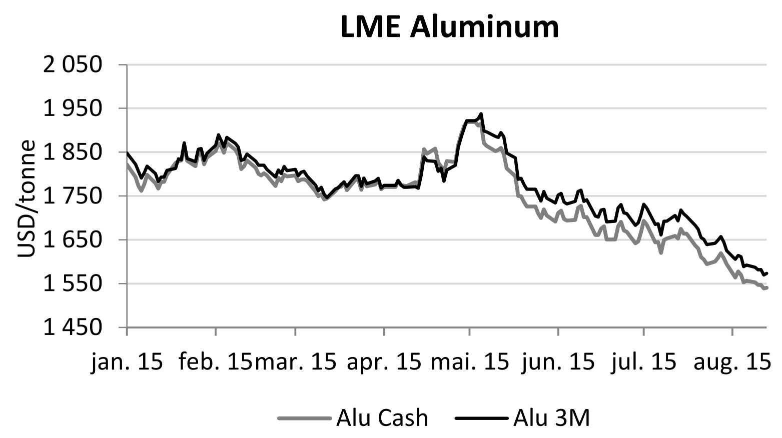


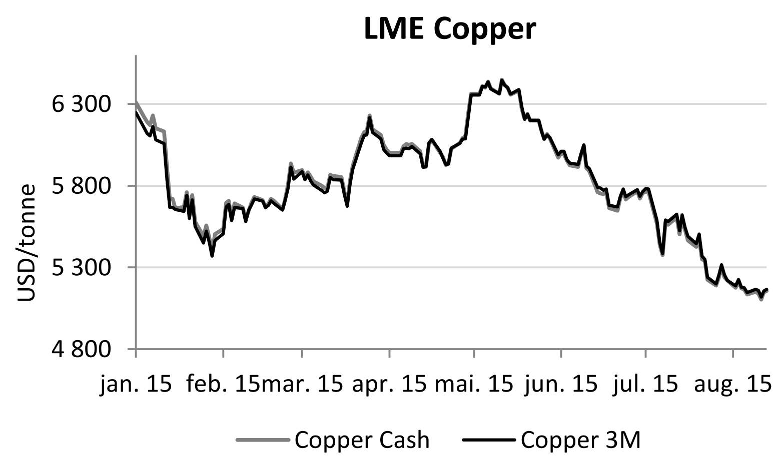
Aluminium and Copper (Non-Ferrous)

Market comment

- **LME Aluminum** remains volatile but the market is trending downwards. The rapid drop in physical premiums sent buyers into destocking mode, which lead to a reduction of scrap prices of approximately 5% for some qualities
- **LME Copper** prices are stuck in a downward channel. The market is affected by the Chinese economic slowdown and weakening global sentiment. The market is expected to continue in supply surplus and pressure remains on the downside

Market development





Risk management

- Geographic diversification of portfolio. Present in all key markets – Nordic, Europe and Asia
- Reduced price risk exposure by linkage of London Metal Exchange pricing upstream and downstream[1]
- Reduction of inventories
- Secured long term partnership and local knowledge
- Positive effect from weak NOK

1 Shredded Non-Ferrous metals – upstream contracts priced basis Celsa and downstream contracts are priced on LME Aluminium

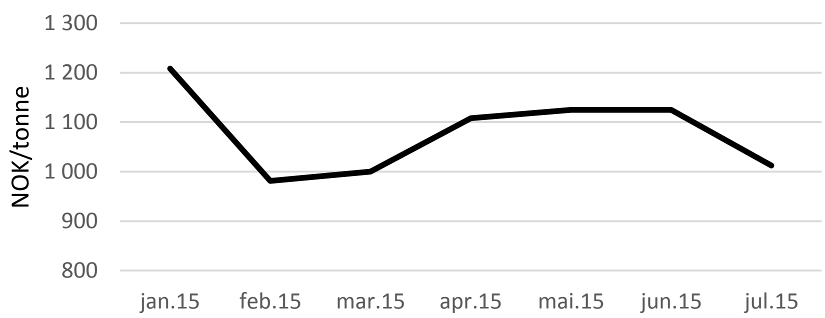
Steel (Ferrous)

Market comment

- Iron ore markets fundamentals remains weak, demand is suffering and global growth is slow
- China has become one of the world's largest iron consumers and the slowdown in the Chinese economy combined with steadily growing supply will continue to put pressure on prices
- Steel prices are relying more and more on Chinese exports rather than iron ore prices

Market development

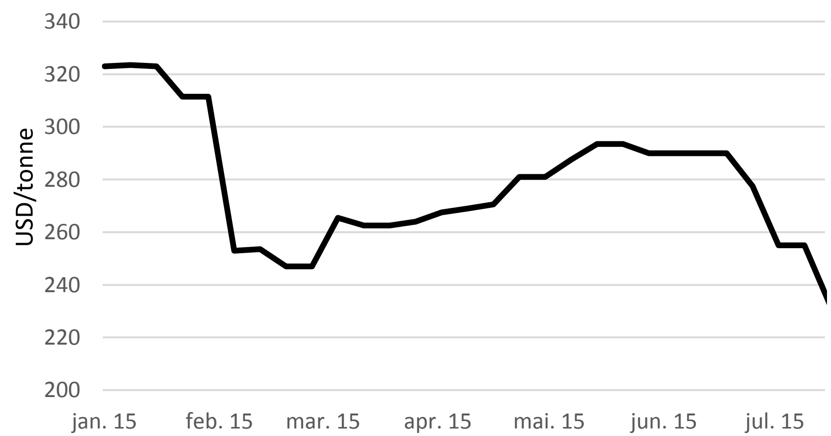
Celsa basis



Risk management

- Reduced price risk exposure by linkage of Celsa pricing upstream and downstream[1]
- Reduction of inventories
- Flexible downstream contracts
- Increased export

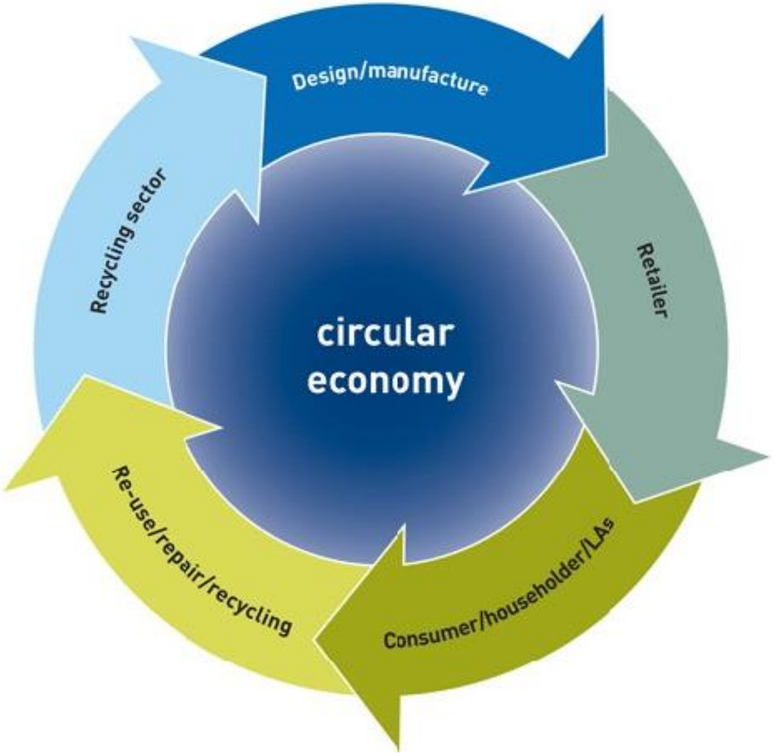
Turkey import ferrous scrap shredded



[1] Export volumes are linked to other indices

NG holds a key to a global issue – the world needs more raw materials

- NG closes the loop by bringing secondary raw materials to the world!
- Is key to important aspects of NG's risk management program: export risk, gross margin risk, compliance risk
- Drives effectiveness downstream: scale advantages in sales and logistics, scale of backoffice and compliance, etc.



Appendix

Reconciliation of EBITDA to adjusted EBITDA for the periods indicated in the presentation

	January - December				January-June	
	2011	2012	2013	2014	2014	2015
	Pro forma					
	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated	Consolidated
(NOK in millions)	unaudited	unaudited	audited	audited	unaudited	unaudited
EBITDA	**209,7**	**425,6**	**417,5**	**345,9**	**161,4**	**179,4**
Gains from sale of real estate			-27,0		6,5	
Gains from sale of other assets (i)		-18,3	-3,8	-1,2	-0,8	-1,7
Restructuring costs (ii)	192,7	43,2	30,9	37,6		
Other non recurring costs (iii)	2,7	8,5	6,0	19,1	5,8	
M&A costs (iv)			6,1			
Adjusted EBITDA	**405,1**	**459,0**	**429,7**	**401,5**	**172,8**	**177,8**

(i) Sale of other assets include: (i) 2012-Gjøvik and Elverum facilities to Østlandet Gjenvinning AS; Eurovironment AS; Namdal Bilopphuggeri AS; (ii) 2013, 2014 and 2015 – Sales of PPE

(ii) Restructuring costs in 2011 include severance payments, rebranding and other costs in relation to the set up of the group. 2012 restructuring costs include severance payments, costs related to compliance clean-ups in Division Metal and other restructuring initiatives at HQ. Restructuring costs in 2013 include severance payments, costs related to compliance clean-ups in Norsk Gjenvinning Plast AS, Norsk Gjenvinning Metal AS - Kongsvinger, Metall og Gjenvinning AS and other restructuring initiatives at HQ. Restructuring costs in 2014 include severance payments, closure of Norsk Gjenvinning Metall AS's shredder in Onsøy, costs for discontinuing operations and other charges related to the NG200 cost initiatives.

(iii) Other non recurring costs in 2012 consist mainly of costs related to environmental clean-ups in Division Recycling.
Other non-recurring costs in 2013 consist mainly of termination costs of loss bringing contracts in Division Recycling and costs in connection with a lawsuit against a former employee. After first winning in District Court (Salten Tingrett), the Court of Appeal (Hålogaland Lagmannsrett) ordered Norsk Gjenvinning Metall AS to pay NOK 3.2 million in severance and legal costs for unlawful dismissal to Arnold Midthun, former CEO of Metall og Gjenvinning AS.
Other non- recurring costs in 2014 are mainly non-cash one-time pension cost accruals for group management and a non-cash charge for litigation proceedings vs. KLP Skadeforsikring AS. Furthermore, Incured costs related to legal services in dispute between Norsk Gjenvinning Offshore AS (NGO) and Scomi Oiltools Europe Ltd (Scomi) adding up to NOK 3.3 million were booked in 2014. NGO and Scomi were parties to a contract which was terminated in February 2012. Following the termination of that contract, NGO raised arbitration proceedings against Scomi in June 2012. In March 2014, the arbitral tribunal found in favour of NGO and ordered Scomi to pay to NGO the sum of NOK 56.6 million plus legal costs and the tribunal's costs. NGO is contesting potentially challengable transactions conducted by Scomi in the period from May 2012 to June 2014 in an attempt to recover as much as possible of the claim. NOK 11 million of the claim is recognized per December 31, 2014.

(iv) NOK 6 million in M&A costs are related to the acquisition of Metodika Gjenvinning AS, Løvås Transportfirma AS, Ødegaard Gjevinning AS, iSEKK AS and IBKA Group.


metso
SL2
TB02