

NG

Norsk
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Norsk Gjenvinning Group 4th Quarter 2015

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VV Holding AS is providing the following interim financial statements for Q4 2015 to holders of its NOK 2,235,000,000 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 that 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.

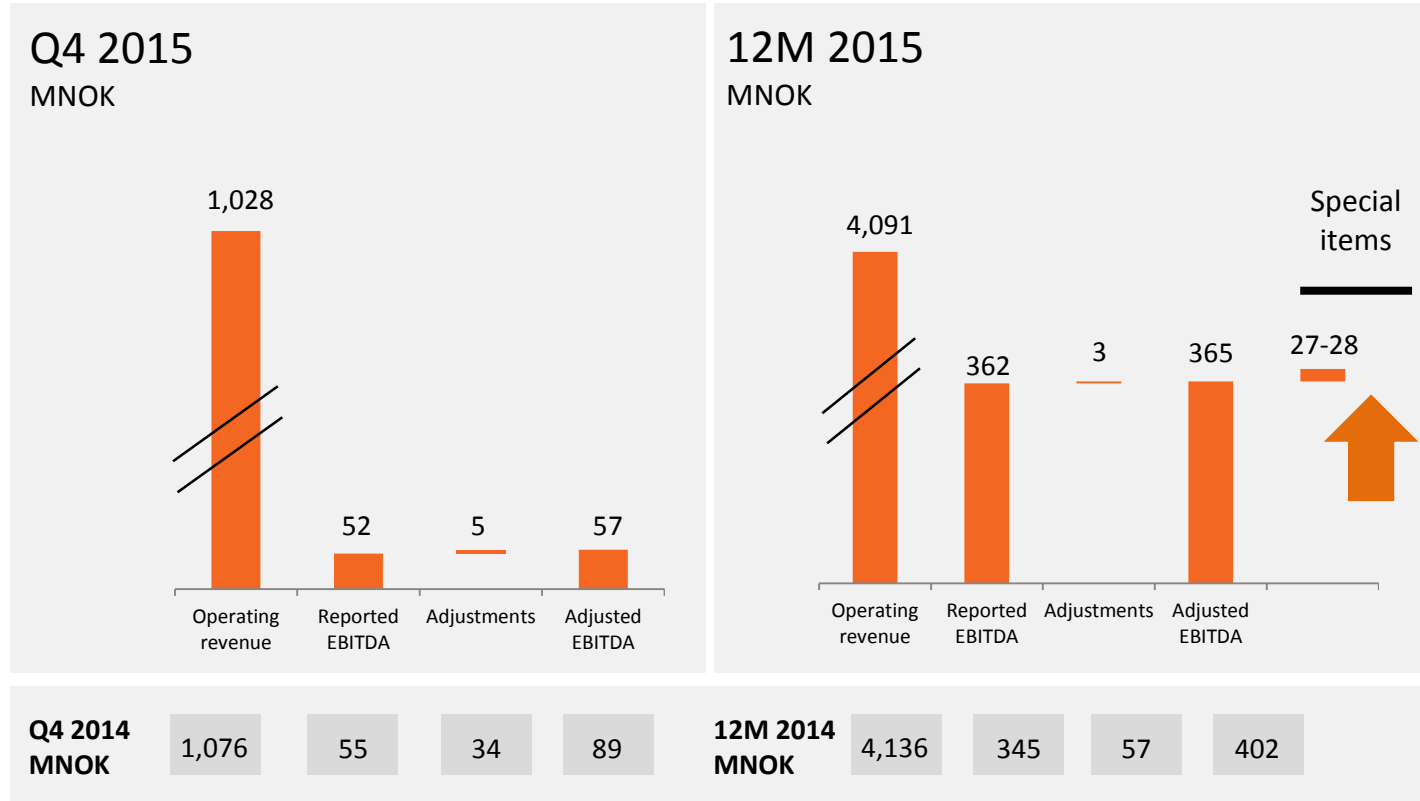
You should not place undue reliance on these forward-looking statements. In addition, any forward-looking statements are made only as of the date of this notice, and we do not intend and do not assume any obligation to update any statements set forth in this notice.

Pressure on profits from challenging markets offset by cost reductions and efforts to increase upstream prices to normalize margins

- 4.6% reduction in waste volumes compared to Q4 2014. Recycling fractions slightly up, while ferrous volumes were down 29.7%
- A reduction in operating revenue of 4.4% compared to Q4 2014
- 1.6% drop in gross margins – from 50.6% in Q4 2014 to 49.0% in Q4 2015
- EBITDA of NOK 51.6 million compared to 55.0 in Q4 2014 (adjusted EBITDA MNOK 57.1 and 89.1 respectively)
- NG200 cost and productivity initiatives being implemented according to plan – operating costs reduced by net NOK 8.0 million

EBITDA snapshot for Q4 and YTD 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
- Special items in Q3:
 - No special items
- Special items in Q4:
 - NOK 4-6 million in disruptions-/waste inventory build up costs



Adjusted earnings by segment 4Q

Division Recycling

- Slightly higher upstream volumes
- Low demand from incineration plants, increasing gate fees
- Falling commodity prices
- Cost and productivity improvements



| | Revenues | Adj. EBITDA ⁽¹⁾ |
|---------|----------|----------------------------|
| 4Q 2015 | 496 | 35 |
| 4Q 2014 | 492 | 43 |

Division Metal

- Very large drop in commodity prices
- Margins protected by hedging metal price risk
- Large drop in volumes and lower production
- Cost and productivity improvements



| | Revenues | Adj. EBITDA ⁽¹⁾ |
|---------|----------|----------------------------|
| 4Q 2015 | 180 | 16 |
| 4Q 2014 | 237 | 39 |

Division Industry and Offshore

- Drop in revenues from the oil and gas sector and sectors influenced by oil and gas
- Cost and productivity improvements
- Capacity reductions decided



| | Revenues | Adj. EBITDA ⁽¹⁾ |
|---------|----------|----------------------------|
| 4Q 2015 | 151 | 5 |
| 4Q 2014 | 170 | 11 |

Division Household Collection

Negative EBITDA from new contract start ups



| | Revenues | Adj. EBITDA ⁽¹⁾ |
|---------|----------|----------------------------|
| 4Q 2015 | 88 | 7 |
| 4Q 2014 | 84 | 11 |

MNOK

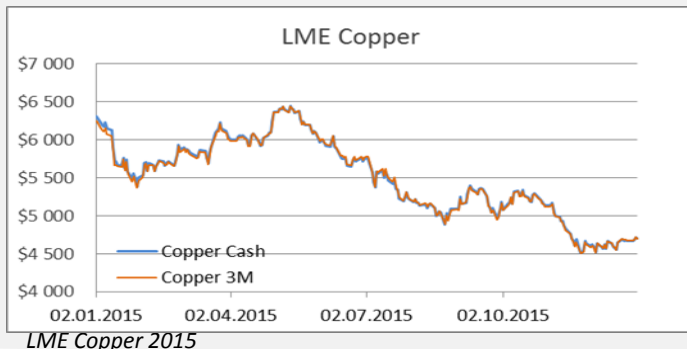
4Q 2015

4Q 2014

⁽¹⁾ Before internal charges

Metals

- Ferrous metal prices fell another 20% during the quarter, and year-end prices ended 36,6% lower than mid-year 2015 and at levels not seen since the Lehman crash in 2008
- Copper and aluminum markets oversupplied; steady demand for aluminum, weak for copper; signs of supply adjustments
- Falling prices and low demand for Nickel; high inventories; supply side adjustments expected

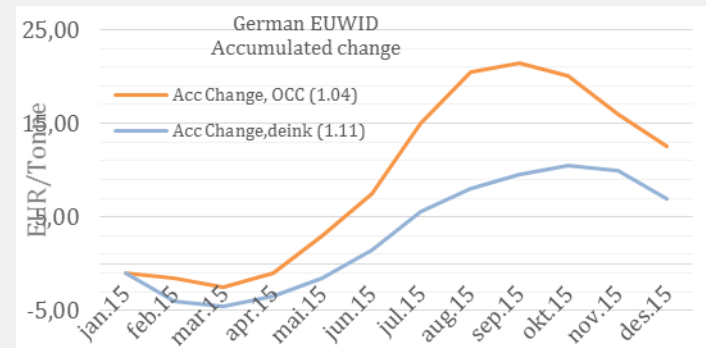


Woodchips

- Demand is still influenced by two mild winters and low demand for heating
- Some negative price pressure downstream, but we have managed to defend prices due to good quality
- We have maintained healthy margins since we have been able to increase our upstream prices

Paper

- Prices for recovered paper decreased in Q4; a lot of insecurity in the market
- We expect prices to continue to fall in Q1
- Volumes from our facilities have been stable and high compared to last year



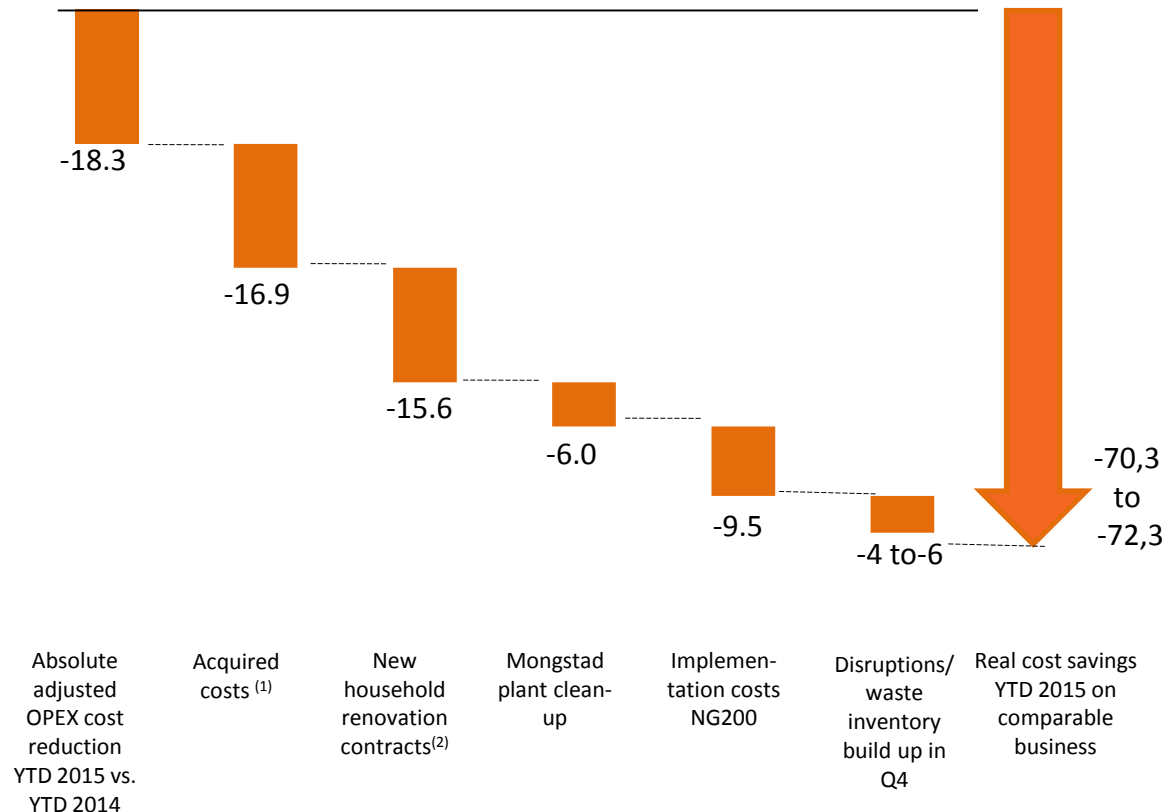
Accumulated change in Recovered paper prices, 2015 Euwid index

Refuse Derived Fuel

- Increased UK exports and lower Scandinavian demand in lieu of three mild winters drove incineration gate fees higher in Q4
- Some incineration plants having extremely large inventories following three mild winters in a row, declined additional deliveries in Q4; situation stabilizing in Q1 2016
- We increased upstream prices in Q4, partly offsetting increased gate fees; competitors following suit to protect industry margins

Development in OPEX

OPEX cost comparison YTD 2015 vs YTD 2014 MNOK



Comment

- Real cost savings of NOK 70-72 million in 2015, which is higher than previously announced NOK 55 million for whole year 2015
- Adjustments for acquired businesses, the Mongstad clean-up, NG 200 implementation costs, and extraordinary costs related to disruptions/waste inventory build up in Q4

⁽¹⁾9M adjustment for acquisition of 13 Gruppen in Q4 2014;

⁽²⁾9M adjustment for ROAF contract that started on September 1st 2014, 10M adjustment for Flekkefjord

- Outlook for Q1 2016:
 - We expect normalized RDF inventories and metals volumes
 - Q1 revenues expected to be 3-4% lower than in Q1 2015 due to slowing of Norwegian economy and extremely low metals prices
 - Q1 gross margins expected to be 0.5-1% lower than in Q1 2015 due to low metal prices and increased gate fees
 - Our focus will still be on cost reductions and productivity improvements to meet the negative effects mentioned above
- FY 2016 Maintenance Capex expectations of 140-150 MNOK
- Comfortable liquidity position
- We will continue to increase upstream prices to protect margins. As we have seen competitors following suit with similar price increases, we remain positive for a normalization of industry margins
- The NG group is now repositioned in a very positive way and when market conditions improve we expect to be able to ripe the full benefits of our reduced cost base and strong position

Financials P&L 12M 2015 ⁽¹⁾

CONDENSED INCOME STATEMENT

| (NOK'000) | Q4 2015 | Q4 2014 | YTD Q4 2015 | YTD Q4 2014 |
|--|------------------|------------------|------------------|------------------|
| Revenue | 1 026 926 | 1 069 326 | 4 084 582 | 4 128 503 |
| Other income | 1 459 | 6 178 | 6 412 | 7 812 |
| Total operating revenue | 1 028 385 | 1 075 504 | 4 090 994 | 4 136 315 |
| Cost of goods sold | 524 308 | 531 719 | 2 026 665 | 2 029 452 |
| Employee benefits expense | 263 432 | 287 976 | 978 833 | 998 340 |
| Depreciation and amortization expense | 71 116 | 86 184 | 255 815 | 256 614 |
| Other operating expenses | 187 932 | 211 069 | 726 370 | 775 407 |
| Other (gains)/losses - net | 1 073 | (10 239) | (3 242) | (12 819) |
| Operating profit | (19 476) | (31 205) | 106 552 | 89 321 |
| Finance income | 484 | (1 007) | 2 190 | 4 072 |
| Finance costs | 53 743 | 50 944 | 221 302 | 278 990 |
| Net income from associated companies | 7 579 | 2 727 | 9 599 | 2 531 |
| Profit / (loss) before income tax | (65 156) | (80 429) | (102 962) | (183 066) |
| Income tax expense | (17 515) | (4 470) | (36 081) | (55 036) |
| Profit / (loss) for the period from continuing operations | (47 642) | (75 959) | (66 881) | (128 030) |
| Profit / (loss) attributable to: | | | | |
| Owners of the parent | (48 476) | (80 299) | (70 476) | (135 405) |
| Non-controlling interests | 834 | 4 340 | 3 596 | 7 375 |

Balance sheet 12M 2015⁽¹⁾

ASSETS

| <i>(NOK'000)</i> | Restated | | |
|-------------------------------------|------------------|------------------|------------------|
| | 31.12.2015 | 31.12.2014 | 31.12.2014 |
| Non-current assets | | | |
| Property, plant & equipment | 1 031 968 | 1 089 001 | 1 089 001 |
| Intangible assets | 152 007 | 195 688 | 195 688 |
| Goodwill | 1 229 559 | 1 229 559 | 1 221 812 |
| Deferred tax assets | 76 226 | 61 684 | 61 684 |
| Investments in associated companies | 12 393 | 12 802 | 12 802 |
| Other non-current receivables | 28 338 | 27 829 | 27 829 |
| Total non-current assets | 2 530 492 | 2 616 563 | 2 608 816 |
| Current assets | | | |
| Inventories | 87 536 | 120 475 | 120 475 |
| Trade and other receivables | 596 309 | 633 913 | 635 778 |
| Derivative financial instruments | - | 1 818 | 1 818 |
| Cash and cash equivalents | 219 819 | 161 068 | 161 068 |
| Total current assets | 903 664 | 917 274 | 919 139 |
| Total assets | 3 434 157 | 3 533 837 | 3 527 955 |

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

Balance sheet 12M 2015⁽¹⁾

EQUITY AND LIABILITIES

Restated

| <i>(NOK'000)</i> | 31.12.2015 | 31.12.2014 | 31.12.2014 |
|--|------------------|------------------|------------------|
| Equity attributable to owners of the parent | | | |
| Ordinary shares | 45 348 | 45 348 | 45 348 |
| Share premium | 330 011 | 330 011 | 330 011 |
| Additional paid in capital | 7 970 | 7 970 | 7 970 |
| Retained earnings | (232 009) | (176 930) | (176 930) |
| Total equity attributable to owners of the parent | 151 321 | 206 399 | 206 399 |
| Non-controlling interest | 14 765 | 14 218 | 14 218 |
| Total equity | 166 086 | 220 617 | 220 617 |
| Non-current liabilities | | | |
| Loans and borrowings | 2 380 419 | 2 360 610 | 2 360 610 |
| Derivative financial instruments | 59 635 | 73 360 | 73 360 |
| Deferred income tax liabilities | 41 174 | 56 697 | 56 697 |
| Post-employment benefits | 7 265 | 5 658 | 5 658 |
| Provisions for other liabilities and charges | 102 312 | 109 408 | 109 408 |
| Total non-current liabilities | 2 590 804 | 2 605 733 | 2 605 733 |
| Current liabilities | | | |
| Trade and other payables | 602 335 | 621 958 | 616 076 |
| Current income tax | 1 960 | 3 240 | 3 240 |
| Loans and borrowings | 60 519 | 58 737 | 58 737 |
| Derivative financial instruments | 3 999 | 6 379 | 6 379 |
| Provisions for other liabilities and charges | 8 454 | 17 173 | 17 173 |
| Total current liabilities | 677 267 | 707 487 | 701 605 |
| Total liabilities | 3 268 071 | 3 313 220 | 3 307 338 |
| Total equity and liabilities | 3 434 157 | 3 533 837 | 3 527 955 |

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

Consolidated cash flow statement 12M 2015⁽¹⁾

INTERIM CONSOLIDATED STATEMENT OF CASH FLOW

| <i>(NOK'000)</i> | YTD Q4 2015 | YTD Q4 2014 |
|--|------------------|------------------|
| Profit / (Loss) before income tax | (102 962) | (183 066) |
| Adjustments for: | | |
| Income tax paid | (10 101) | (2 106) |
| Depreciation and amortization charges | 255 815 | 256 614 |
| Items reclassified to investing and financing activities | 171 475 | 177 080 |
| Other P&L items without cash effect | 16 360 | 100 306 |
| Changes in other short term items | 51 531 | 37 050 |
| Net cash flow from operating activities | 382 118 | 385 878 |
| Proceeds from sale of share in associates | 10 008 | 5 670 |
| Payments for purchases of non-current assets | (164 683) | (258 779) |
| Proceeds from sale of non-current assets | 10 982 | 8 875 |
| Proceeds from sale of subsidiaries | 7 449 | - |
| Net cash flow from investing activities | (136 244) | (244 234) |
| Proceeds from borrowings | - | 2 235 000 |
| Repayment of borrowings | (3 250) | (2 198 209) |
| Transaction fees | - | (60 117) |
| Net change in credit facility | (2 808) | 1 860 |
| Dividend paid to non-controlling interest | (1 575) | - |
| Net group contributions received / (paid) | 2 458 | - |
| Net interest paid | (182 896) | (95 306) |
| Net cash flow from financing activities | (188 071) | (116 772) |
| Net increase in cash and cash equivalents | 57 803 | 24 872 |
| Effect of exchange rate changes | 948 | - |
| Cash and cash equivalents at beginning of period | 161 068 | 136 196 |
| Cash and cash equivalents at end of period | 219 819 | 161 068 |

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

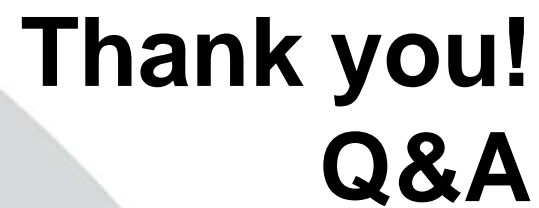
Events after reporting period

- None

The logo for Norsk Gjenvinning (NG) is located in the top left corner. It consists of the letters 'NG' in a bold, white, sans-serif font, set against a solid orange square background. Below the 'NG' text, the words 'Norsk' and 'Gjenvinning' are stacked vertically in a smaller, white, sans-serif font.

NG

Norsk
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The text 'Thank you! Q&A' is positioned in the upper right quadrant of the slide. It is rendered in a large, bold, black, sans-serif font. The background behind the text is a white area that tapers into a large, abstract graphic of overlapping orange and grey shapes that fills the rest of the slide.

Thank you!
Q&A