Norsk Gjenvinning

4th Quarter Interim Financial Report 2014

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DISCLAIMER

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.

PRESENTATION OF THE GROUP

The Norsk Gjenvinning Group is Norway's leading recycling company offering a wide range of sustainable waste management services and providing secondary raw materials.

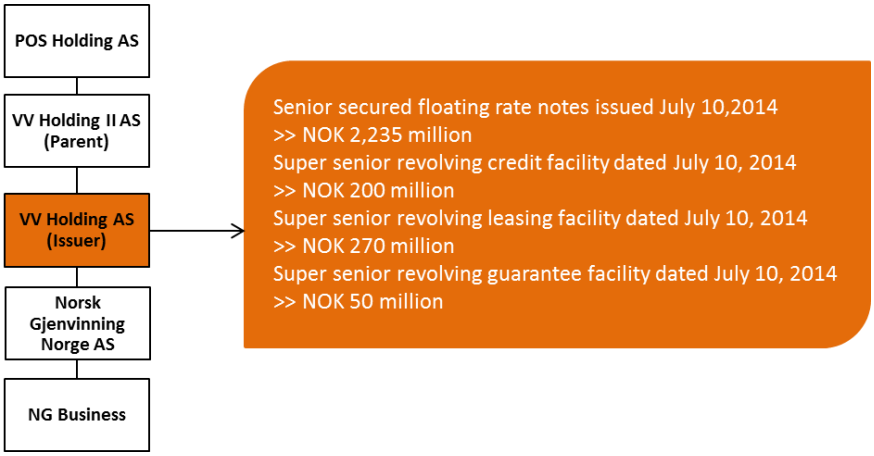
Norsk Gjenvinning is present in two markets; upstream and downstream;

- In the upstream market, Norsk Gjenvinning provides waste management services to local businesses, the municipal sector and private households in Norway, Sweden, Denmark and the United Kingdom
- The downstream markets consist of production/pre-treatment and sales of (i) secondary raw materials, such as recovered paper, plastic and metals to commodity producers in Scandinavia, Europe and Asia and (ii) fuels to waste-to-energy customers in Norway and Sweden

The Group's vision is to turn waste into the resources needed for the future - supporting the circular economy. The Group's mission is to work tirelessly to become the most influential recycling company in the Nordic region. Four key values constitute the base of this effort. These four are team spirit, responsibility, proactivity and salesmanship.

The Group has 1,500 employees, 40,000 customers and handles 1.7 million tonnes of waste per year – 40% of which goes to material recycling, 45% to energy recycling and 15% to landfill.

The following illustrates the Group Structure:



The Group's businesses consist of the following divisions:

- **Division Recycling:** Operations include collection, sorting and treatment/recycling of mixed industrial waste, paper, plastics, wood chips and other non-hazardous waste fractions, and operation of municipal recycling stations
- **Division Metal:** Operations include collection, sorting and treatment/recycling of all kinds of ferrous and non-ferrous metals, including vehicles, cables, and electrical waste
- **Division Industry & Offshore:** Operations include (i) Collection and treatment of hazardous waste, (ii) Industrial services, including tank cleaning, plant maintenance stops, cleaning of sand traps and oil separators, pipe inspection and high pressure suction, and (iii) Emergency services (oil spills, etc.)
- **Division Downstream:** Operations consist of downstream sales of processed waste and trading
- **Other Business areas:** Operations include (i) Collection of household waste on behalf of Norwegian and Swedish municipalities, (ii) Secure handling and destruction of documents, (iii) Development and operation of Landfill projects for low level contaminated soil, (iv) Demolition and restoration of buildings and (v) all other businesses

Norsk Gjenvinning Norge AS (formerly Veolia Miljø AS) is owned by VV Holding AS, and POS Holding AS as the ultimate parent. POS Holding AS is controlled by Altor Fund III.

In this report, the Norsk Gjenvinning business has been consolidated at the VV Holding level. Consolidation of financial statements at this level, with compiled comparative figures for 2013, has only been performed since Q3 2014.

Consolidated companies:

VV Holding AS (Issuer)
Norsk Gjenvinning Norge AS 100%
Norsk Gjenvinning AS 100%
Norsk Gjenvinning Downstream AS 100%
Norsk Gjenvinning Fellestjenester AS 100% (1)
Norsk Gjenvinning Industri AS 100%
Norsk Gjenvinning Metall AS 100%
Norsk Gjenvinning Miljøeiendommer AS 100%
Norsk Gjenvinning Miljøprosjekt AS 100%
Norsk Gjenvinning Offshore AS 100%
Norsk Gjenvinning Plast 100%
Norsk Gjenvinning Renovasjon AS 100%
Norsk Makulering AS 100% (2)
Nordisk Genanvendelse AS (DK) 100%
Nordisk Återvinning Holding AB (SE) 100%
Nordisk Återvinning Service AB (SE) 100%
NG Startup V AS 100%
NG Startup VI AS 100%
NG Vekst AS 100%
Eivind Koch Rørinspeksjon AS 100%
Humlekjær og Ødegaard AS 100%
Hurum Energigjenvinning AS 100%
IBKA A/S (DK) 100%
IBKA AB (SE) 100%
IBKA UK Ltd (UK) 100%
Løvås Transportfirma AS 100%
Metall & Gjenvinning AS 100%
Metodika Gjenvinning AS 100%
R3 Entrepenør AS 100%
Tomwil Miljø AS 100%
Tomwil Transport AS 100%
Wilhelmsen Containerservice AS 100 %
Ødegaard Gjenvinning AS 100%

Ownership <100%
Rivningsspesialisten AS 77.5%
Norsk Gjenvinning Entreprenør AS 77.5%
13 Byggentreprenør AS 65.9%
13-Gruppen AS 77.5%
Østfold Gjenvinning AS 66%
iSekk AS 55%

If not explicitly mentioned otherwise, the financial information contained in this report relates to the unaudited financial information on a consolidated basis at the Issuer level for the twelve months ended December 31, 2014 and the unaudited pro forma financial information on a consolidated basis at the Issuer level for the twelve months ended December 31, 2013.

(1) NG Startup IV AS changed name 01.01.2015.
(2) NG Sikkerhet AS changed name 01.01.2015.

COMMENTS BY THE CEO

Our main focus in 2014 was to optimize the operations through a major cost-cut program and to institutionalize our quest to strengthen compliance - both in our own company and in the industry as a whole. On both counts 2014 was a positive year for Norsk Gjenvinning.

HIGHLIGHTS 4Q 2014

- Operating revenue NOK 1,075.5 million, a decrease of 3,2% compared to the same quarter last year
- Increase in gross margins by 1.2 percentage points compared to the same period last year
- Adjusted EBITDA NOK 89.4 million, a reduction of 5.6% compared to the same quarter last year
- Increased market share in the municipal and public segments
- Successful start of production at the new shredder facility in Øra, Fredrikstad
- Launch of NG200 Phase 1 with identified net cost reductions of NOK 147 million
- Solid cash balance

Overall, sales volumes from Division Recycling and Division Metal increased by 20.3 thousand tons year over year, to 1.529 million tons. Operating revenues fell by 0.3% year over year, to NOK 4,136.3 million. Following a good start in 2014, at the end Q2 and during Q3 we experienced unexpected and large reductions in waste volumes from some of our customers. In Q4 we also saw a reduction in volumes from our customers in the Oil and Offshore sector on the south-west coast of Norway. Reduced volumes from building construction, largely an effect of lower residential activity, the retail sector and certain industrial segments were offset by higher volumes from our municipal customers and from civil engineering projects. The shift in volumes reduced high margin fractions' share in the total product mix, leading to a lower gross margin increase in 2014 than we had planned for. In spite of this, and adjusted for gains from sale of real estate and other non-operating assets, the increase in gross profit was NOK 103.0 million yoy, which we consider substantial.

Low growth in volumes coupled with increased operating expenses lead to a drop in twelve month adjusted EBITDA by NOK 28.1 million. Market conditions are soft entering 2015 and we do not expect any significant changes. We have therefore decided to continue our aggressive drive to cut costs, which will also be our major focus in 2015 and 2016.

In September 2014, Norsk Gjenvinning's group management and the board of directors decided to implement a number of cost cutting measures in order to deal with excess capacity in several of Norsk Gjenvinning's businesses. These measures include general cost reductions, reduced workforce and optimization of the plant footprint through a reduction of the number of plants. The goal of the cost-cutting program, called NG200, is a net improvement in the company's results by a minimum of NOK 200 million over the next 24 months. Adjusted for annual cost creeps of NOK 40 million and implementation costs, a NOK 200 million result improvement implies a need for NOK 300 million in cost initiatives. Phase one of NG200 has been finalized, resulting in identified net annual cost savings of NOK 147 million. Initiatives expected to give NOK 81.3 million in annual cost savings have been implemented in Q4 2014. Initiatives expected to give NOK 73.9 million in annual cost savings have been decided and will be implemented in Q1 and Q2 of 2015. Initiatives in the amount of NOK 12 million in expected annual cost savings are still under consideration. Phase 2 of the program will be initiated in Q2 2015. The goal is an additional NOK 150 million in cost savings. A charge of NOK 23.6 million for non-recurring costs in connection with NG200 has been taken in Q4 2014.

The new shredder in Øra has been tested during Q3 and is in full production since medio Q4. The shredder will increase the total production capacity from 150,000 to 300,000 tons per year. Results from Q4 show doubled production volumes at approximately 13% lower costs than at the old premises.

As a company, we continue to see strong results from our research and development efforts focusing on the development of new downstream solutions, supporting the circular economy by turning waste into new resources.

Changes in group management and structure

To increase operating focus we have decided to split the group in two, (i) a core consisting of Division Recycling, Division Metal, Division Industry & Offshore and Division Downstream, and (ii) "Focused business". The core divisions will report directly to the CEO. The "Focused business" are spun-out in separate corporations and will report through their respective boards to the CFO. Changes in group management have also been made to mirror the new organization.

Erik Osmundsen
CEO

KEY FINANCIAL FIGURES

(NOK'000)	**Q4 2013**	**Q4 2014**	**Variance**	**FY 2013**	**FY 2014**	**Variance**
Operating revenue	1 110 774	1 075 504	(35 270)	4 150 582	4 136 315	(14 267)
Gross profit	547 567	542 974	(4 593)	2 036 122	2 109 497	73 375
Gross margin	*49.3 %*	*50.5 %*	*1.2 %*	*49.1 %*	*51.0 %*	*1.9 %*
EBITDA [(1)]	95 385	55 363	(40 022)	422 451	350 934	(71 517)
EBITDA margin	*8.6 %*	*5.1 %*	*(3.4 %)*	*10.2 %*	*8.5 %*	*(1.7 %)*
Adjusted EBITDA [(2)]	94 729	89 431	(5 298)	434 652	406 530	(28 122)
Adjusted EBITDA margin	*8.5 %*	*8.3 %*	*(0.2 %)*	*10.5 %*	*9.8 %*	*(0.6 %)*
Net cash flow from operating activities				301 912	385 878	83 966
Capital expenditures				315 085	258 779	(56 306)
Net interest bearing debt [(3)]				2 222 630	2 309 078	86 448
Total assets				3 544 393	3 567 689	23 296

Consolidated unaudited figures.

(1) EBITDA represents operating results before depreciation and amortization, adjusted for changes in accounting principles.
(2) Adjusted EBITDA represents 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.
(3) Net interest bearing debt includes a shareholder loan from the parent in the amount of NOK 125.5 million as of December 31, 2014. The shareholder loan is subordinated to all secured senior obligations.

RESULTS OF OPERATIONS

Operating revenue decreased by NOK 14.3 million or 0.3% from NOK 4,150.6 in 2013 to NOK 4,136.3 million in 2014. This was primarily due to lack of income from sale of real estate in 2014. Revenues increased in Division Recycling and Division Household Collection. Revenues decreased in Division Metal and Division Industry & Offshore.

Gross profit increased by NOK 73.4 million, or 3.6% from 2,036.1 in 2013 to NOK 2,109.5 million in 2014. Adjusted for gains from sale of real estate and other non-operating assets, the increase in gross profit was NOK 103.0 million. This increase was primarily due to an increase in gross margins from 48.7% to 51.0%, which was achieved through system tweaks, better pricing, more efficient freight solutions to downstream customers and increased sales of auxiliary solutions.

Adjusted EBITDA fell by NOK 28.1 million or 6.5% from NOK 434.7 in 2013 to NOK 406.5 million in 2014. The reduction in EBITDA was entirely due to increased personnel and SG&A costs which are a result of last year's investments in building and strengthening fundamentals. This includes, among other things, hiring to get the right people in place, investing heavily in compliance and point to point traceability and investing in increased capacity. Furthermore, we also experienced softness in some of our markets in the second half of 2014.

The following table reconciles EBITDA to adjusted EBITDA for the periods indicated:

(NOK'000)	**FY 2014 Consolidated unaudited**	**FY 2013 Consolidated unaudited**
EBITDA	**350 934**	**422 451**
Gains from sale of real estate	-	(26 979)
Gains from sale of other non-operating assets	(1 175)	(3 831)
Restructuring costs [(1)]	37 638	30 912
Lawsuit against former employee [(2)]	3 249	-
Costs related to dispute with Scomi [(3)]	3 315	-
Other non-recurring costs [(4)]	12 569	6 041
M&A costs [(5)]	-	6 057
Adjusted EBITDA	**406 530**	**434 652**

(1) 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.
(2) 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.
(3) Incured costs related to legal services in dispute between Norsk Gjenvinning Offshore AS (NGO) and Scomi Oiltools Europe Ltd (Scomi). 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.
(4) Other non-recurring costs in 2013 consist mainly of termination costs of loss bringing contracts in Division Recycling. 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.
(5) 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.

The adjustments reconciling EBITDA and adjusted EBITDA represent an illustration of how underlying operational EBITDA has been effected by, what the company perceives to be one time items. Only adjustments arising from decisions or events taking place up to December 31, 2014 are included.

CAPITAL EXPENDITURES

Capital expenditures decreased by NOK 56.3 million, or 17.9%, from NOK 315.1 million in 2013 to NOK 258.8 million in 2014. The expenditures in 2014 consist of NOK 64.9 in growth capex related to the shredder facility in Øra, NOK 23.7 in growth capex related to new contracts in Division Household Collection and NOK 170.2 million in maintenance capex. Capital expenditures are according to plan.

CASH FLOW

Cash from operating activities in 2014 showed an inflow of NOK 385.9 million. During 2014 there was a positive cash effect from net working capital due to a reduction in trade receivables, slightly offset by a reduction in trade and other payables.

Cash outflow from investing activities in 2014 was NOK 244.2 million entirely due to capital expenditures offset by proceeds from sales of fixed assets.

Cash outflow from financing activities in 2014 was NOK 116.8 million, primarily due to payment of interest and transaction fees related to the bond issue, offset by increased borrowings

Cash and cash equivalents increased by NOK 24.9 million in 2014 from NOK 136.2 million per December 31, 2013 to NOK 161.1 million as of December 31, 2014.

(NOK'000)	**FY 2014 Consolidated, unaudited**
Net cash flow from operating activities	385 878
Net cash flow from investing activities	(244 234)
Net cash flow from financing activities	(116 772)
Net change in cash and cash equivalents for the period	**(24 872)**
Cash and cash equivalents at the beginning of the period	136 196
Cash and cash equivalents at the end of the period	**161 068**

AQUISITIONS

On October 15, 2014, NG subsidiary Rivningsspesialisten AS completed the acquisition of 13 Gruppen AS. The transaction was designed as a share swap agreement in which the owners of 13 Gruppen received a 22.5% ownership stake in Rivningsspesialisten AS as payment for their shares in 13 Gruppen AS. The transaction valued the shares in 13 Gruppen AS at NOK 10.0 million. 13 Gruppen is fully consolidated in the Q4 accounts.

(NOK'000)	**Business combinations - 13 Gruppen AS**
Equity instruments	10 013
Total consideration	**10 013**

(NOK'000)	**Recognized amounts of identifiable assets acquired and liabilities assumed – 13 Gruppen AS**
Intangible assets	11 316
Property, plant and equipment	2 760
Trade and other receivables	19 669
Deferred income tax liabilities	(289)
Loans and borrowings	(9 343)
Trade and other payables	(18 169)
Total identifiable net assets	**5 944**
Goodwill	4 069
Total consideration	**10 013**

FINANCIAL POSITION

NET INTEREST BEARING LIABILITIES

Net interest bearing debt of the Issuer and its subsidiaries, on a consolidated basis was NOK 2,309.1 million as of December 31, 2014, compared to NOK 2,222.6 as of December 31, 2013. Interest bearing debt has increased during the year due to growth capex and a recap of the group. The group paid NOK 60.1 million in transaction fees related to the bond placement.

NOK 1,900 million of the bond loan is swapped from floating to fixed interest rate. The swap agreement decreases to NOK 1,400 million in July 2015 and remains at that level until maturity of the bond.

CAPITALISATION

The following table sets forth, in each case as of December 31, 2014, the cash and cash equivalents and capitalisation of the Issuer and its subsidiaries, on a consolidated basis. The change in equity from December 31, 2013 to December 31, 2014 is due to the negative total comprehensive income, group contributions and currency translation differences, ref interim financial statements at the end of this report.

(NOK '000)	**As of December 31, 2014**	**As of December 31, 2013**
Cash and cash equivalents	**161 068**	**136 196**
Indebtedness:		
Revolving credit facility [(1)]	483	128 898
Leasing facility [(2)]	64 162	62 302
NOK Senior secured notes [(3)]	2 270 452	-
Senior bank debt	9 575	1 408 404
Total third-party indebtedness	**2 344 672**	**1 599 604**
Shareholder loan	125 474	759 222
Total equity	233 642	337 477
Total capitalisation	**2 703 788**	**2 696 303**

(1) The Issuer has entered into a new Revolving Credit Facility Agreement on July 10, 2014 to provide for a Revolving Credit Facility in the amount of NOK 200.0 million to finance or refinance the general corporate and ongoing working capital needs of the Group. As of December 31, 2014, the Revolving Credit Facility is undrawn. Accrued, unpaid interest amounted to NOK 0.5 million.

(2) The Issuer has entered into a new Leasing Facility Agreement on July 10, 2014 in the amount of NOK 270.0 million to finance the needs of the Group for investments in collection vehicles in Division Household collection. As of December 31, 2014, the Leasing facility is drawn by NOK 64.2 million.

(3) On July 10, 2013 the Issuer conducted a successful placement of a senior secured floating rate note in the amount of NOK 2,235.0 million. As of December 31, 2014 the total amount outstanding, including accrued unpaid interest is NOK 2,270.5 million. The issuer may, provided that an incurrence test is met, at one or more occasions issue additional bonds under the existing bond agreement up to the amount of NOK 500 million.

OPERATING AND FINANCIAL REVIEW

DIVISION RECYCLING

(NOK'000)	Q4 2013	Q4 2014	Variance	FY 2013	FY 2014	Variance
External revenues	462 650	464 428	1 777	1 800 271	1 812 252	11 982
Adjusted EBITDA before internal charges	53 859	43 515	(10 343)	252 713	213 558	(39 154)
Adjusted EBITDA margin (before internal charges)	*11.6 %*	*9.4 %*	*(2.3 %)*	*14.0 %*	*11.8 %*	*(2.3 %)*

	FY 2013	FY 2014	Variance
Collection assignments	3 372 140	3 360 754	(0.3%)
Total waste treated (tons)	1 160 296	1 178 144	1.5%

External operating revenue in Division Recycling increased by NOK 12.0 million, or 0.7%, from NOK 1,800.3 in 2013 to NOK 1,812.3 million in 2014. The increase was primarily due to a slight increase in volumes of waste treated and a slight increase in prices of collection assignments. Collection activity was basically unchanged from the year before. Adjusted EBITDA before internal charges fell by NOK 39.2 million, or 15.5%, from NOK 252.7 in 2013 to NOK 213.6 million in 2014. The reduction in EBITDA was primarily due to higher operating costs. Division Recycling also experienced a slight drop in gross margins in 2014 compared to 2013 due to a reduction of high margin fractions' share in the total product mix.

DIVISION METAL

(NOK'000)	Q4 2013	Q4 2014	Variance	FY 2013	FY 2014	Variance
External revenues	249 362	235 456	(13 906)	867 173	859 652	(7 521)
Adjusted EBITDA before internal charges	24 810	30 805	5 995	84 864	96 860	11 996
Adjusted EBITDA margin (before internal charges)	*9.9 %*	*13.1 %*	*3.2 %*	*9.8 %*	*11.3 %*	*1.5 %*

	FY 2013	FY 2014	Variance
Ferrous volumes (tons)	238 711	240 065	0.6 %
Non-ferrous volumes (tons)	19 409	21 937	13.0 %
Others	90 355	88 891	(1.6 %)

In spite of increased volumes, external operating revenue in Division Metal decreased by NOK 7.5 million, from NOK 867.2 in 2013 to NOK 859.7 million in 2014. This was due to a reduction in downstream commodity prices, and a change in the product mix within non ferrous volumes (less high value copper content). The mix of ferrous and non-ferrous products in the total product mix remained stable from 2013 to 2014. Adjusted EBITDA before internal charges increased by NOK 12.0 million, or 14.1% from NOK 84.9 million in 2013 to NOK 96.9 million in 2014. This was due to gross margin improvements and a favourable NOK exchange rate towards the end of the year. Upstream volumes and production throughput increased towards the end of Q3 and throughout Q4 of 2014,increasing inventory of finished goods YE 2014.

The new shredder in Øra has been tested during Q3 and is in full production since medio Q4. The shredder will increase the total production capacity from 150,000 to 300,000 tons per year. Division Metal expects the Øra shredder to significantly reduce production costs per ton. Results have been seen already in Q4 2014 with doubled production volumes at approximately 13% lower costs than at the old premises.

DIVISION INDUSTRY & OFFSHORE

(NOK'000)	Q4 2013	Q4 2014	Variance	FY 2013	FY 2014	Variance
External revenues	206 801	155 886	(50 915)	673 206	672 024	(1 182)
Adjusted EBITDA before internal charges	26 440	11 199	(15 241)	106 043	87 882	(18 161)
Adjusted EBITDA margin (before internal charges)	*12.8 %*	*7.2 %*	*(5.6 %)*	*15.8 %*	*13.1 %*	*(2.7 %)*

External operating revenue in Division Industry & Offshore experienced a large decrease in Q4 2014 compared to Q4 2013. The reduction in revenue was almost 25.0%, from NOK 206.8 million to NOK 155.9. The decrease was due to a large non-recurring cleaning project in south-east of Norway in Q4 2013 and lower activity in the offshore sector on the south-west coast of Norway in Q4 2014. Furthermore, the site in Fredrikstad was shut down and its' business discontinued. Adjusted EBITDA before internal charges fell by NOK 18.2 million for the year, or 17.1%, from NOK 106.0 million in 2013 to NOK 87,9 million in 2014. The reduction in EBITDA was due to general cost increases, primarily personnel.

DIVISION HOUSEHOLD COLLECTION

(NOK'000)	Q4 2013	Q4 2014	Variance	FY 2013	FY 2014	Variance
External revenues	76 630	84 111	7 481	306 380	334 244	27 864
Adjusted EBITDA before internal charges	7 702	10 395	2 693	41 591	49 142	7 551
Adjusted EBITDA margin (before internal charges)	*10.1 %*	*12.4 %*	*2.3 %*	*13.6 %*	*14.7 %*	*1.1 %*

The household collection division has had an increase in external operating revenues of NOK 27.9 million or 9.1% comparing YTD December 2013 and YTD December 2014, and NOK 7.5 million or 9.8% comparing Q4 2013 and Q4 2014. The increase in external revenues relates to higher activity due to start-up of new contracts: IRS Miljø IKS (September 2013), Falkenberg/ Varberg (October 2013) and Romerike Avfallsforedling IKS (September 2014), as well as revenue growth following index adjustments of existing contracts. These effects are reduced by the expiration of the Hadeland og Ringerike Avfallsselskap AS (May 2013) and Ålesundregionen interkommunale miljøselskap IKS (September 2013) contracts. The net effect of the changes in the contract portfolio give a positive contribution to the adjusted EBITDA both YTD 2014 and Q4 2014 compared to the relevant periods in 2013.

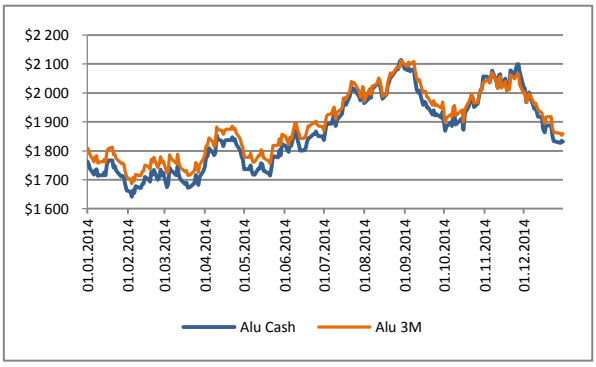
MARKET CONDITIONS

The inventory price risk is related to paper and metals that are discovered in the sorting process of waste (it is not possible to predict these volumes) and the estimation of throughput timing. Inventory positions on Aluminium, Copper and Nickel are being hedged.

DEVELOPMENT IN METAL PRICES

ALUMINIUM

Aluminum LME was down 5% in Q4. A weaker demand did also bring the premiums down at the end of the quarter. This applies for most of our aluminum qualities. Only pure aluminum has kept the same premium. There are no indications of a quick recovery for aluminum. There are however two big consumers that are changing to more use of secondary aluminum in their production.



LME Aluminium - 2014

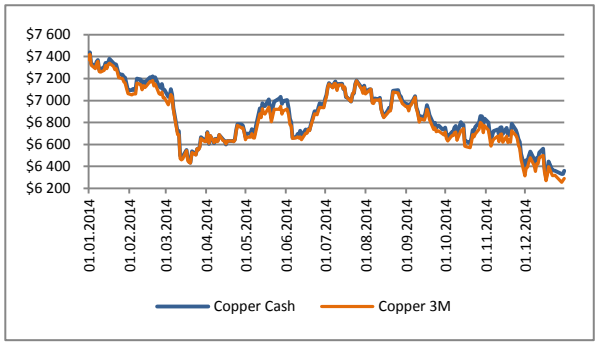
COPPER

Copper LME was down 6% in Q4 from end Q3. There was low demand for copper at the end of the quarter. All consumers were well supplied and wanted to reduce their inventories entering 2015. LME has continued to decline in 2015. Some buyers in China are expecting the copper LME to be as low as USD 5000 in mid-March.

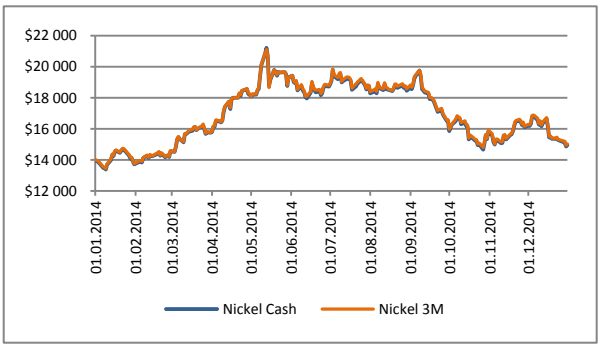
Average market discounts to LME started to increase in September, and this continued the rest of 2014.[1]

NICKEL

Nickel LME was down 9% in the Q4 from end Q3. All consumers of stainless steel increased their discounts during the last quarter of 2014. The biggest threat for our stainless steel price today is probably the weak steel prices. [2]



LME Copper - 2014



LME Nickel - 2014

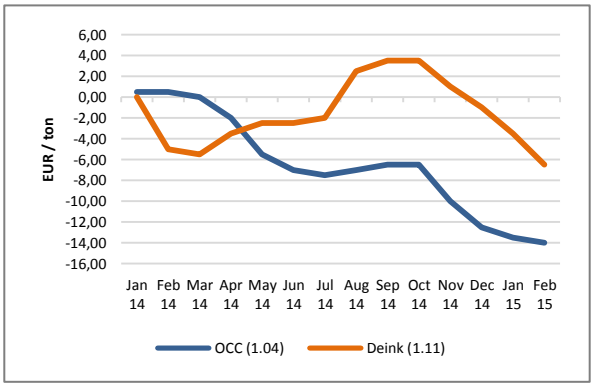
(1) We have seen some decrease in the discounts so far in 2015. Deductions for No1 Copper per 24th February 2015 are EUR 50 per MT and EUR 180 for No2 Copper.

(2) The LME has continued to go down in 2015, but the deductions have stabilized.

DEVELOPMENT IN PAPER PRICES

Prices for recovered paper were relatively stable until the beginning of Q4 2014. Since then, prices for both deink and OCC decreased by around EUR 6 per ton until year-end and the trend has continued into 2015.

Volumes have been relatively stable from our facilities. From Q1 in 2015 we will start collecting household paper from the municipalities of Drammen and the Grenland area. In general the collection of deink is declining, but the new contracts will keep our deink volumes on a high level also in 2015.



Accumulated change in Recovered paper prices, YTD 2015 Euwid index

DEVELOPMENT WASTE-TO-ENERGY

WOODCHIPS

The market for woodchips has been and still is characterized by the previous mild winters. In Q4 overall we saw relatively stable prices for our woodchips portfolio. During the second part of Q4 we saw reductions in the general large inventories (in Scandinavia) of woodchips. However, the market is well supplied, which normally tends to make woodchip prices decline.

REFUSE DERIVED FUEL (RDF)

The Norwegian market for combustible waste fuel has had a price rise at year change 2014-2015, this especially for new contracts applicable from 2015 onwards. The principle of full cost for some Norwegian incinerators is now a fact and is resulting in higher gate fees for municipal companies handling commercial waste. For some municipal incinerators this principle is resulting in higher prices for industrial waste fuel too. Competition from imported volumes of refused derived fuels (RDF) is also pushing prices up.

The Swedish market is influenced by imports from the UK. Combined with more efficient logistics than before, the import is forcing margins down. Prices are especially increasing at incinerators located close to the ports. The Swedish market expects price stabilization due to new capacity (Västerås 550,000 tons/year + other projects), but some of these incinerators have had startup problems, so the price effect is yet to come. Linköping will start up a new capacity of 180,000 tons/year from the end of 2015 and possibly some price declines in some regions will occur in 2016.

The markets both nationally and internationally are characterized by strong focus on quality, and contracts are being handled more professionally than before.

UPDATE OF MATERIAL RISK FACTORS AND EVENTS AFTER REPORTING PERIOD

With the exception of the update below, no significant changes in risk factors have been identified which will affect the Group through the coming quarter. For additional explanations regarding risks and uncertainties, please refer to the Board of Directors Report section Risk and Risk Management and Note 6 Financial Risk Management in the 2013 Annual Report for POS Holding Group.

SCOMI RECEIVABLE CASE

As disclosed in the 2013 Annual report and the Q3 2014 report, Norsk Gjenvinning Offshore (NGO) has been involved in a debt collection case against one of its former partners, Scomi Oiltools Europe Ltd. (Scomi). 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 in the process of 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 outstanding amount. NOK 11 million of the claim is recognized in the balance sheet per December 31, 2014.

LITIGATION PROCEEDINGS VS. KLP SKADEFORSIKRING AS

As disclosed in the 2013 Annual report and the Q3 2014 report, Norsk Gjenvinning AS (NG) has been involved in litigation proceedings in connection with a fire in NG's Stavanger facility. The insurer (KLP) notified NG that it would use its right of recourse for payment to the landlord for building damages in the amount of NOK 9.9 million. KLP argued that NG had an objective responsibility for the fire according to the lease agreement. NG had not taken provisions for the claim in its annual accounts based on a legal opinion that the claim was unjustified. In October 2014, the District Court in Stavanger found in favour of KLP and ordered NG to pay the sum of NOK 10.7 million including legal costs and interest to KLP. NG has decided to submit an appeal to the higher court. Following the District Court's ruling, NG has taken a one time non-recurring charge of NOK 10.9 million including legal costs in Q4, pending final court judgement.

MONGSTAD SPILL

As disclosed in the Q3 2014 report, Norsk Gjenvinning Norge engaged DNV-GL to investigate the operation in Norsk Gjenvinning Industri (NGI) at our Mongstad Base. A final report in December 2014 showed three different uncontrolled spills of hazardous waste from the processing plant. The spills took place in 2013 and 2014. The company immediately stopped all controlled disposal of hazardous waste from the plant until further notice. The handling of the situation has received credit from the authorities, but may still be fined due to the incidents. Disposals of hazardous waste have not yet been initiated.

MATERIAL CHANGES IN LIQUIDITY AND CAPITAL RESOURCES

The Group continually analyses its liquidity and capital resources position. The Group has assessed its currently available capital resources and its current liquidity position as satisfactory and not noted any material changes in the current period.

CONDENSED INCOME STATEMENT

(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		(85 990)	(137 808)	(13 640)	4 501
Non-controlling interests		4 340	7 375	(346)	(1 256)
		(81 650)	**(130 433)**	**(13 986)**	**3 245**

The interim financial information has not been subject to audit.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(NOK'000)	Note	Q4 2014	FY 2014	Q4 2013	FY 2013
Profit for the year		**(81 649)**	**(130 433)**	**(13 986)**	**3 245**
Items that will not be reclassified to profit and loss					
Actuarial gain / (loss) on post-employment benefit obligations		(319)	(319)	(964)	(964)
Items that may be subsequently reclassified to profit and loss					
Currency translation differences		4 235	3 474	1 102	1 102
Interest rate swaps - cash flow hedges		(23 729)	23 344	(5 825)	(9 185)
Other comprehensive income / (loss) for the year, net of income tax		**(19 813)**	**26 499**	**(5 687)**	**(9 047)**
Total comprehensive income / (loss) for the year		**(101 461)**	**(103 934)**	**(19 673)**	**(5 802)**
Attributable to:					
Owners of the parent		(105 801)	(111 309)	(19 327)	(4 546)
Non-controlling interests		4 340	7 375	(346)	(1 256)
Total comprehensive income attributable to owners of the parent arises from:					
Continuing operations		(101 461)	(103 934)	(19 673)	(5 802)

The interim financial information has not been subject to audit.

CONDENSED BALANCE SHEET

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**

The interim financial information has not been subject to audit.

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**

The interim financial information has not been subject to audit.

CONDENSED STATEMENT OF CASH FLOWS

(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)	(64 889)
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**

The interim financial information has not been subject to audit.

CONDENSED STATEMENT OF CHANGES IN EQUITY

CONDENSED STATEMENT OF CHANGES IN EQUITY - 2013

(NOK'000)	Attributable to the owners of the parent	Non-controlling interest	Total equity
At 1 January	**343 004**	**275**	**343 279**
Profit for the financial year	4 501	(1 256)	3 245
Net income/(-loss) OCI	(9 047)	-	(9 047)
Adjusted NCI acquisition 13 Gruppen	-	-	-
Group contributions	-	-	-
At end of period	**338 458**	**(981)**	**337 477**

CONDENSED STATEMENT OF CHANGES IN EQUITY – 2014

(NOK'000)	Attributable to the owners of the parent	Non-controlling interest	Total equity
At 1 January	**338 458**	**(981)**	**337 477**
Profit for the financial year	(137 808)	7 375	(130 433)
Net income/(-loss) OCI	26 499	-	26 499
Adjusted NCI acquisition 13 Gruppen	(7 824)	7 824	-
Group contributions	99	-	99
At end of period	**219 424**	**14 218**	**233 642**

The interim financial information has not been subject to audit.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

NOTE 1 - ACCOUNTING PRINCIPLES

VV Holding AS is a wholly owned subsidiary of POS Holding AS (and is part of the Norsk Gjenvinning-group).

VV Holding AS has not previously prepared preliminary annual group accounts. The interim condensed consolidated financial statement contains income statement, statement of comprehensive income, statement of financial position, statement of changes in equity and statement of cash flow in accordance with IAS 34 and selected explanatory notes. The interim consolidated financial statements do not include all the information and disclosures required for full annual financial statements. The accounting principles used for the interim financial statements are based on the provisions of the Norwegian Accounting Act on simplified IFRS issued in a separate regulation appended to the Norwegian Accounting Act, § 3-9, fifth paragraph. The condensed financial statements have not been audited or subject to a review by the auditors.

All figures refer to thousands of Norwegian kroner (NOK'000) unless otherwise specified.

NOTE 2 - FINANCIAL ITEMS

(NOK'000)	**Q4 2014**	**FY 2014**	**Q4 2013**	**FY 2013**
Interest income	10 176	13 122	1 557	3 124
Other financial income	(1 926)	752	119	265
Financial income	**8 250**	**13 879**	**1 676**	**3 389**
Non cash Interest expenses	15 205	87 610	11 685	74 828
Cash Interest expenses	47 870	145 153	39 259	114 777
Other financial expenses	388	56 034	869	3 329
Financial expenses	**63 463**	**288 796**	**51 812**	**192 932**
Net financial items income (expenses)	**(55 213)**	**(274 917)**	**(50 136)**	**(189 543)**

NOTE 3 - SUPER SENIOR FLOATING RATE NOTES

On July 10 (the Issue Date), 2014 VV Holding AS (the Issuer) issued Senior Secure Floating Rate Notes (the Bond) in the amount of NOK 2,235 million. The Bond matures on July 10, 2019 (the Maturity Date) and is to be repaid in full at the Maturity Date. Interest is set quarterly at NIBOR + 525 bp. The Issuer may, provided that the incurrence test is met, at one or more occasions issue additional bonds under the Bond agreement, in the amount of up to NOK 500 million, up to five (5) business days prior to the Maturity Date. The incurrence test is met if the ratio of Net Interest Bearing Debt to EBITDA, as defined in the Bond agreement, is not greater than:

- 5.00 prior to the date falling 18 months after the Issue Date
- 4.50 from and including the date falling 18 months after the Issue Date to, but not including, the date falling 48 months after the Issue Date
- 4.00 from and including the date falling 48 months after the Issue Date to, but not including the Maturity Date.

The Issuer will apply for listing on the Oslo Stock Exchange in Q2, 2015. For further information about the Bond, we refer to the Bond agreement.

NOTE 4 - SEGMENT NOTE

Specification of segment information for full year 2014:

REVENUES – 2014

	External revenues		Inter segment revenues		Total segment revenues	
(NOK'000)	**Q4 2014**	**FY 2014**	**Q4 2014**	**FY 2014**	**Q4 2014**	**FY 2014**
Recycling	464 428	1 812 252	35 802	137 508	500 230	1 949 760
Metal	235 456	859 652	1 957	5 633	237 413	865 285
Household collection	84 111	334 244	264	597	84 375	334 840
Industry & Offshore	155 886	672 024	5 243	20 021	161 129	692 045
Other businesses	127 964	443 915	76 473	265 751	204 436	709 666
HQ and eliminations	1 483	6 417	(119 739)	(429 511)	(118 256)	(423 094)
Total	**1 069 327**	**4 128 503**	**0**	**0**	**1 069 327**	**4 128 503**

REVENUES – 2013

	External revenues		Inter segment revenues		Total segment revenues	
(NOK'000)	**Q4 2013**	**FY 2013**	**Q4 2013**	**FY 2013**	**Q4 2013**	**FY 2013**
Recycling	462 650	1 800 271	35 010	135 939	497 660	1 936 210
Metal	249 362	867 173	1 085	5 976	250 447	873 148
Household collection	76 630	306 380	75	137	76 705	306 517
Industry & Offshore	206 801	673 206	10 347	24 206	217 147	697 413
Other businesses	114 314	468 676	71 943	256 740	186 258	725 416
HQ and eliminations	730	2 686	(118 460)	(422 997)	(117 730)	(420 311)
Total	**1 110 488**	**4 118 392**	**0**	**0**	**1 110 488**	**4 118 392**

EBITDA BEFORE INTERNAL CHARGES

(NOK'000)	**Q4 2014**	**FY 2014**	**Q4 2013**	**FY 2013**
Recycling	41 479	207 293	51 337	237 080
Metal	25 055	83 076	24 810	72 966
Household collection	10 395	49 142	7 702	41 591
Industry & Offshore	(3 776)	69 825	26 463	106 978
Other businesses	1 178	31 335	2 332	24 062
HQ and eliminations	(18 969)	(89 737)	(17 260)	(60 229)
Total	**55 363**	**350 933**	**95 383**	**422 450**
Depreciation and amortization expense	(86 184)	(256 614)	(59 716)	(231 261)
Other gains and losses	3 578	0	(8 592)	0
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 before tax	**(79 729)**	**(178 066)**	**(22 185)**	**5 148**

NOTE 5 - EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period have been described on page 13 and 14 under the heading “Update of material risk factors and events after the reporting period”.

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