

NG

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Norsk Gjenvinning Group

3rd Quarter 2016

Erik Osmundsen, CEO and Dean Zuzic, CFO



VV Holding AS is providing the following interim financial statements for Q3 2016 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.

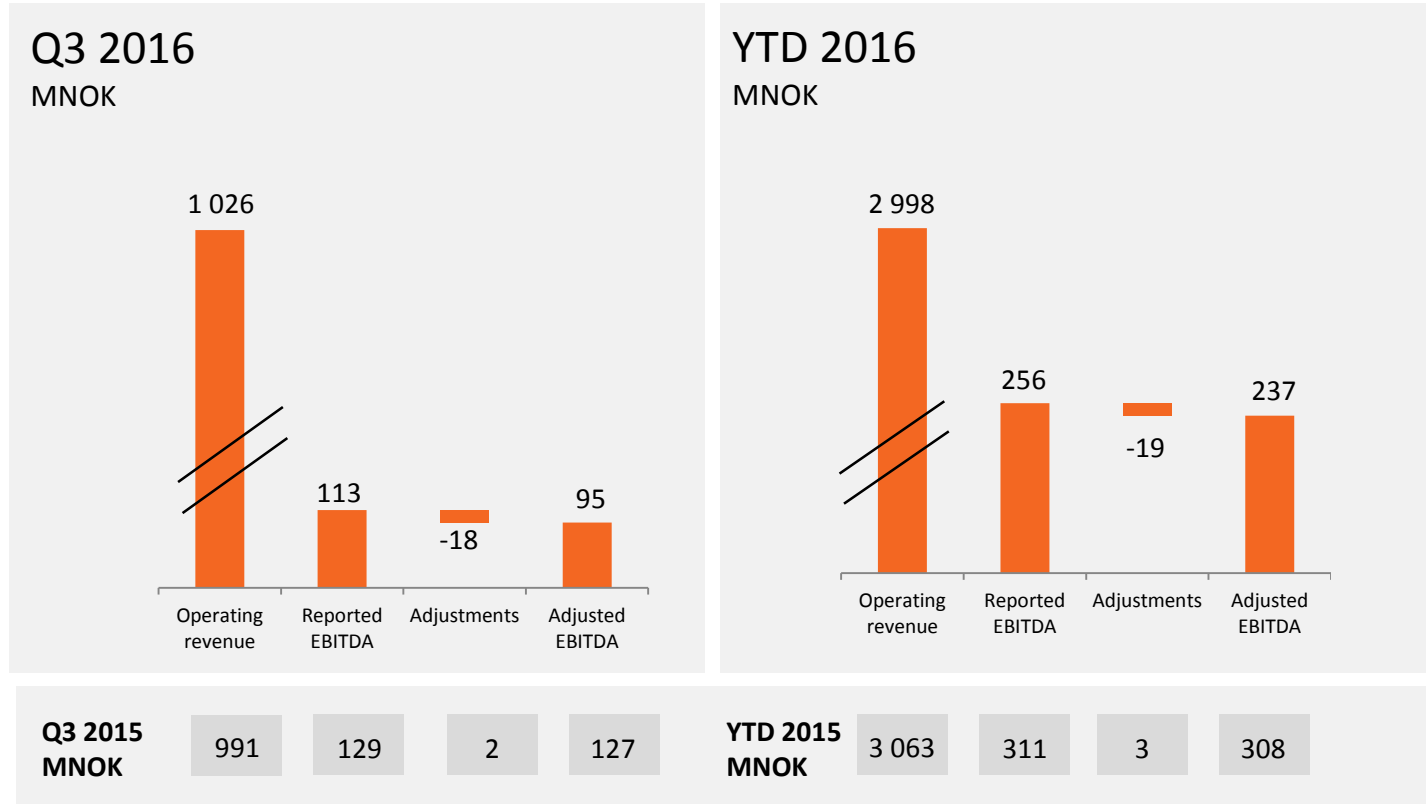
You should not place undue reliance on these forward-looking statements. In addition, any forward-looking statements are made only as of the date of this notice, and we do not intend and do not assume any obligation to update any statements set forth in this notice.

- Still pressure on profits from challenging markets, but positive signs emerging:
 - Core business increase in operating revenue of 1.8 % compared to Q3 2015
 - 6.3% reduction in waste volumes compared to Q3 2015
 - Core business 1.2% drop in gross margins
 - Adjusted EBITDA of NOK 95.4 million
 - NG200¹ cost and productivity initiatives being implemented according to plan operating costs reduced by NOK 35.7 million in NG core divisions
- Continued efforts to increase upstream prices to normalize margins. Successful price increase on woodchips and RDF implemented in September Signs that competitors act correspondingly to pass on increased downstream costs.

¹ Only core divisions included in NG200 program: Division Recycling, Division Metals, Division Industry & Offshore, Division Downstream

EBITDA snapshot for Q3 and YTD 2016

- Special items in Q1:
 - No special items
 - Negative impact from Easter falling in Q1 in 2016 of 12-14 MNOK
- Special items in Q2:
 - No special items
 - Positive impact from Easter falling in Q1 in 2016 of 12-14 MNOK
- Special items in Q3:
 - 6,5 MNOK changes in accounting principles for payroll
 - 5 MNOK in NG200 implementation costs



Adjusted earnings by segment Q3

Division Recycling

- Reduction in paper volumes; other volumes ok
- Reduction in GM (falling commodity prices and increased gate fees)
- Successful price increases upstream
- Cost and productivity



	Revenues	Adj. EBITDA ⁽¹⁾
3Q 2016	560	53
3Q 2015 (pf)	559	77

Division Metal

- Large drop in commodity prices and business cycle influence volumes
- Lower metal content in scrap
- Cost and productivity improvements



	Revenues	Adj. EBITDA ⁽¹⁾
3Q 2016	175	1
3Q 2015 (pf)	177	18

Division Industry and Offshore

- Drop in revenues from the oil and gas sector and sectors influenced by oil and gas
- Cost and productivity improvements
- Closure of Mongstad site



	Revenues	Adj. EBITDA ⁽¹⁾
3Q 2016	75	4
3Q 2015 (pf)	92	10

Division Household Collection

- Stable and steady
- Awarded contract in Asker
- New tender expected in Gothenburg following court ruling



	Revenues	Adj. EBITDA ⁽¹⁾
3Q 2016	88	14
3Q 2015 (pf)	93	14

MNOK

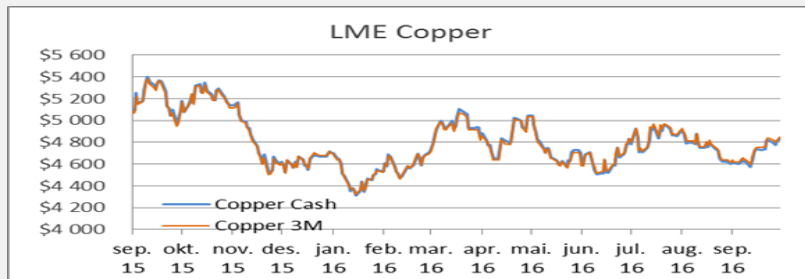
3Q 2016

3Q 2015 (pf)

⁽¹⁾ Before internal charges

Metals

- Ferrous market prices (CELSA index) 13% below Q3 2015 on average; sharp price drop in May and June; prices remained low in Q3
- Copper prices much lower than in Q3 2015, aluminium at approximately 2015 Q3 levels. Physical markets still weak, but fundamentals improving. Steady demand for aluminium, improving for copper
- Nickel prices have been volatile, but picked up in Q3 following supply disruptions. Demand is improving



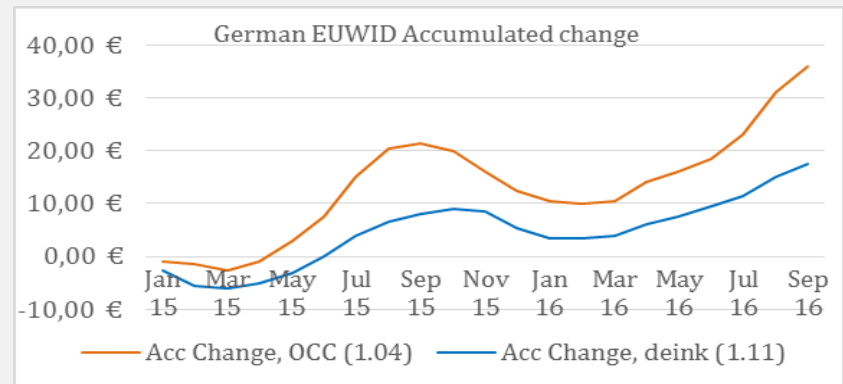
LME Copper 2015, 2016

Woodchips

- Demand influenced by mild winters and low demand for heating - large inventories in the industry (competitors and incineration plants)
- Negative price pressure downstream in Q3; expected to remain challenging for the remainder of the heating season
- Our inventories are at satisfactory levels and we have secured contracts for the inventory and next heat seasons' production
- We are increasing upstream prices to maintain healthy margins

Paper

- Prices for recovered paper increased in Q3 and demand has been strong for all paper grades
- We expect stable demand and relatively high price levels to continue, albeit we do expect a slight price reduction in Europe
- Freight costs expected to increase in Q4



Accumulated change in Recovered paper prices, 2015,2016 Euwid index

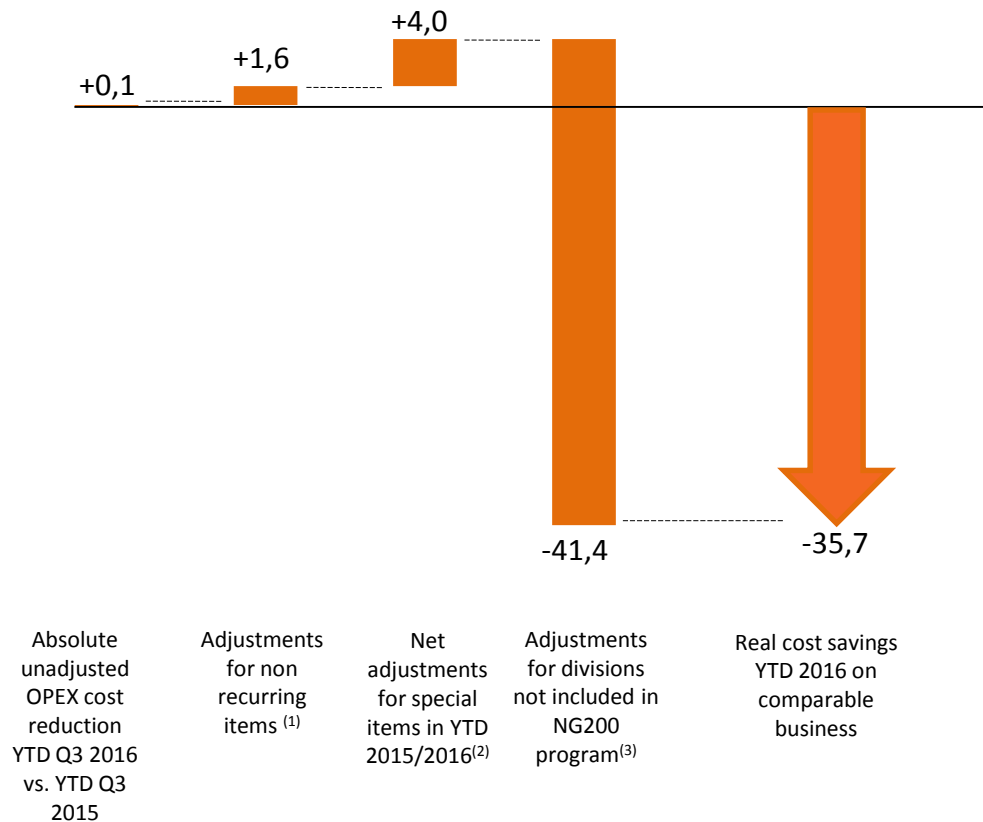
Refuse Derived Fuel

- During Q3 the market for RDF in Scandinavia was stable with flat gate fees
- Inventories remain high throughout the value chain going into the winter season, but we do expect stable prices in Q4 due to lower UK supply
- NG inventories low compared to last year
- We continue our efforts to increase upstream prices to offset increased gate fees; competitors following suit

Development in OPEX

OPEX cost comparison YTD 2016 vs YTD 2015

MNOK



Comment

- Real cost savings of NOK 35,7 million YTD 2016
- Adjustments for:
 - (1) Reversal of charges for onerous contract in Division Household collection; one-off legal fees
 - (2) Net adjustments for:
 - Mongstad clean-up and NG 200 implementation costs in Q1 and Q2 2015
 - adjustments for changes in accounting principles for payroll and NG 200 implementation costs in Q3 2016
 - (3) Adjustments for non core divisions; Costs increased due to increased activity levels and insourcing (moves costs from COGS to OPEX)

- Outlook for 2016:
 - 2016 revenues expected to be 2-3% lower than in 2015
 - Expect gross margins to be lower in 2016 than 2015 by 0.3 - 0.4%
 - We expect normal RDF and woodchips inventories, and metals volumes remainder of the year
 - Focus will be on cost reductions, productivity improvements, and efforts to increase upstream prices to normalize margins - to level off the negative effects mentioned above

- FY 2016 Maintenance Capex expectations of 140 MNOK

- Growth capex, i.e. investment in vehicles for the Household Collection business of 50 MNOK

- Comfortable liquidity position

Financials P&L 9M 2016 ⁽¹⁾

INTERIM CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(NOK'000)	Q3 2016	Q3 2015	YTD Q3 2016	YTD Q3 2015
Revenue	1 007 271	990 067	2 977 077	3 057 656
Other income	18 457	691	20 637	4 952
Total operating income	1 025 728	990 759	2 997 714	3 062 609
Cost of goods sold	513 259	490 834	1 485 148	1 502 357
Employee benefits expense	222 915	205 253	722 221	715 401
Depreciation and amortization expense	55 658	62 415	170 138	184 700
Other operating expenses	175 398	168 123	531 732	538 438
Other (gains)/losses - net	701	(2 399)	2 663	(4 315)
Operating profit	57 799	66 533	85 812	126 028
Finance income	14 988	397	24 344	1 706
Finance costs	51 825	57 200	154 649	167 559
Net income from associated companies	1 381	2 020	2 815	2 020
Profit / (loss) before income tax	22 343	11 750	(41 678)	(37 806)
Income tax expense	7 765	(5 187)	(16 158)	(18 567)
Profit / (loss) for the period from continuing operations	14 578	16 937	(25 520)	(19 239)
Profit / (loss) attributable to:				
Owners of the parent	13 148	15 702	(29 768)	(22 001)
Non-controlling interests	1 430	1 235	4 248	2 762

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

Balance sheet 9M 2016⁽¹⁾

ASSETS

<i>(NOK'000)</i>	30.09.2016	31.12.2015
Non-current assets		
Property, plant & equipment	1 014 651	1 031 968
Intangible assets	126 599	152 007
Goodwill	1 235 986	1 229 559
Deferred tax assets	90 426	76 226
Investments in associated companies	15 558	12 393
Other non-current receivables	37 775	28 338
Total non-current assets	2 520 995	2 530 492
Current assets		
Inventories	90 938	87 536
Trade and other receivables	671 384	596 309
Derivative financial instruments	16 197	-
Cash and cash equivalents	90 215	219 819
Total current assets	868 734	903 664
Total assets	3 389 729	3 434 157

Balance sheet 9M 2016⁽¹⁾

EQUITY AND LIABILITIES

<i>(NOK'000)</i>	30.09.2016	31.12.2015
Equity attributable to owners of the parent		
Ordinary shares	45 348	45 348
Share premium	330 011	330 011
Additional paid in capital	9 314	7 970
Retained earnings	(256 327)	(232 009)
Total equity attributable to owners of the parent	128 346	151 321
Non-controlling interest	16 256	14 765
Total equity	144 601	166 086
Non-current liabilities		
Loans and borrowings	2 413 317	2 380 419
Derivative financial instruments	36 163	59 635
Deferred income tax liabilities	46 085	41 174
Post-employment benefits	8 001	7 265
Provisions for other liabilities and charges	96 923	102 312
Total non-current liabilities	2 600 489	2 590 804
Current liabilities		
Trade and other payables	555 656	602 335
Current income tax	-	1 960
Loans and borrowings	80 481	60 519
Derivative financial instruments	436	3 999
Provisions for other liabilities and charges	8 066	8 454
Total current liabilities	644 639	677 267
Total liabilities	3 245 128	3 268 071
Total equity and liabilities	3 389 729	3 434 157

Consolidated cash flow statement 9M 2016⁽¹⁾

INTERIM CONSOLIDATED STATEMENT OF CASH FLOW

<i>(NOK'000)</i>	YTD Q3 2016	YTD Q3 2015
Profit / (Loss) before income tax	(41 678)	(37 806)
Adjustments for:		
Income tax paid	(2 457)	(2 693)
Depreciation and amortization charges	170 138	184 700
Items reclassified to investing and financing activities	135 302	134 748
Other P&L items without cash effect	(24 928)	14 812
Changes in other short term items	(132 939)	(67 779)
Net cash flow from operating activities	103 438	225 982
Payments for purchases of shares and businesses	(12 600)	-
Payments for purchases of non-current assets	(140 596)	(129 907)
Proceeds from sale of non-current assets	37 303	6 289
Proceeds from sale of subsidiaries	-	7 962
Net cash flow from investing activities	(115 893)	(115 656)
Repayment of borrowings	(834)	(882)
Net change in credit facility	27 048	(3 376)
Dividend paid to non-controlling interest	(2 757)	(1 575)
Net group contributions received/(paid)	-	2 546
Net interest paid	(136 315)	(134 372)
Net cash flow from financing activities	(112 858)	(137 659)
Net increase in cash and cash equivalents	(125 313)	(27 332)
Effect of exchange rate changes	(4 291)	-
Cash and cash equivalents at beginning of period	219 819	161 068
Cash and cash equivalents at end of period	90 215	133 736

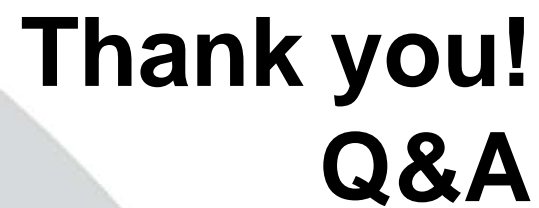
Events after reporting period

- No significant events

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 area of the slide. It is rendered in a large, bold, black, sans-serif font. The background behind the text is a white space, which is partially overlaid by a large, light grey curved shape that originates from the top left and extends towards the center of the slide. Below this grey shape, there are several overlapping orange shapes of various shades and sizes, including a large semi-circle and a smaller circle, creating a dynamic, abstract background design.

Thank you!
Q&A