

Envipco Reports Fourth-Quarter and 1999

Year-End Results.

Amsterdam, The Netherlands, March 30, 2000

Envipco Holding N.V. (Euro.NM: ENV) to-day announced the financial results for its fourth quarter and financial year ended December 31, 1999.

Consolidated Income Statement

(All Figures in EUROs)

	<u>1st Q/E</u> <u>31.3.99</u>	<u>2nd Q/E</u> <u>30.6.99</u>	<u>3rd Q/E</u> <u>30.9.99</u>	<u>4th Q/E</u> <u>31.12.99</u>	<u>Unaudited</u> <u>12 months</u> <u>to 31.12.99</u>	<u>*Audited</u> <u>from</u> <u>inception</u> <u>at</u> <u>26.6.1998</u> <u>through</u> <u>31.12.1998</u>
Operating revenues	7,347,870	9,262,643	11,611,046	14,278,709	42,500,268	18,297,068
Cost of sales	5,726,588	6,202,764	8,064,444	10,474,711	30,468,507	12,416,753
Leasing depreciation	615,147	681,450	724,090	740,961	2,761,648	1,147,479
Gross profit	1,006,135	2,378,429	2,822,512	3,063,037	9,270,113	4,732,836
Operating expenses	1,961,865	2,396,797	2,135,668	3,221,532	9,715,862	3,528,411
Depreciation – others	431,478	626,089	268,606	1,039,505	2,365,678	1,067,252
Operating income/(loss)	(1,387,208)	(644,457)	418,238	(1,198,000)	(2,811,427)	137,173
Net financial items	561,376	57,066	554,447	681,439	1,854,328	264,498
Extra ordinary expense	-	-	-	2,056,687	2,056,687	-
Loss before tax	(1,948,584)	(701,523)	(136,209)	(3,936,126)	(6,722,442)	(127,325)
Taxes	2,786	101,240	(6,900)	14,376	111,502	6,745
Net loss	(1,951,370)	(802,763)	(129,309)	(3,950,502)	(6,833,944)	(134,070)
Minority	61,118	(68,624)	(51,824)	(56,579)	(115,909)	(81,630)
Net loss after minority	(1,890,252)	(871,387)	(181,133)	(4,007,081)	(6,949,853)	(215,700)

* Audited by Ernest & Young – Amsterdam, Unqualified opinion issued on 16th April 1999. Certain figures have been re-classified for easy comparison.

Audited figures for the year ended 31st December 1999 are expected by 30th April 2000. These are not expected to be materially different from the above.

EBITDA (Earnings before Interest, taxes, depreciation and amortisation) for the year ended December 31, 1999 amounted to \approx 0.145 million on total revenues of \approx 42.5 million.

However, the net loss after minority interest, interest expense, depreciation and amortisation was a disappointing \approx 6.9 million. The results include a provision of \approx 0.750 million for slow moving items of inventory in our Reverse Vending Machines division, as well as losses of \approx 4.26 million, relating to the US plastic business, including its discontinuing costs.

Forecasted sales in other markets like France have been further delayed. The Group invested \approx 2.8 million in marketing and product development costs during 1999 the benefits of which are anticipated as from 2001. However, such expenses during 2000 are expected to be minimum.

The US plastic recycling business losses were due to two main factors. First, a major customer cancelled orders due to technical problems at their plant. Second, the selling price of recycled PET materials has been adversely affected by the continued depressed price of virgin PET.

On the positive note, the newly acquired helicopter maintenance business as well as the French plastic recycling operation are performing well in line with our expectations. Sorepla produced \approx 1.0m net profit before taxes and minority on total revenues of \approx 5.2 million whereas Posada produced a net profit of \approx 0.490 million on revenue of \approx 5.9 million for the four months to December 31, 1999.

Despite the disappointing result during 1999, the Board remains optimistic about the medium to long term growth prospects of this company.

- a. Management is considering an investment to increase the processing capacity of Sorepla from 15,000 to 40,000 metric tons to meet increasing demand of our recycled products and to maintain the advantages of our leadership position.
- b. Market prospects of our recycling machines in Germany and neighbouring countries have improved due to added features of our machines, sold at competitive prices.
- c. Demand for Envipco's competency in its core reverse vending systems

remains high in US. However, moderate growth is expected in the USA unless new deposit legislation is introduced in other states.

d. Results of our pilot tests in using Reverse Vending Machines in non-deposit

markets are very encouraging, opening up a wider market for our products. Now that the loss making factors have been eliminated, Management is confident that the year 2000 will see a fast turnaround in the Company's results. This will be the beginning of a period of sustained growth and profitability.

A net pre-tax profit of around ₦ 1.5 million is anticipated for the year 2000 with EBITDA of around ₦ 8.5 million on total revenues of about ₦ 54 million.

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