



## Envipco Holding N.V.

Innovative recycling systems  
For a cleaner environment

### Envipco Reports 2017 4Q and Full Year Results Unaudited

## 2017 4Q AND FULL YEAR

### Highlights

(in euro millions)	4Q2017	4Q2016	FY2017	FY2016
<b>Revenues</b>	<b>8.58</b>	<b>7.57</b>	<b>34.05</b>	<b>33.11</b>
Gross profit	2.94	2.58	12.12	11.65
Gross profit %	34%	34%	36%	35%
Operating profit	0.34	(0.27)	0.83	1.38
Profit before taxes	0.25	(0.30)	0.66	1.11
Taxes	(3.14)	4.20	(3.20)	4.14
Profit after taxes after minority	(2.88)	3.90	(2.54)	5.24
EBIT	0.33	(0.24)	0.96	1.36
<b>EBITDA</b>	<b>1.07</b>	<b>0.56</b>	<b>4.25</b>	<b>4.56</b>
EBITDA %	12%	7%	12%	14%

  

	FY2017	FY2016
Earning/(loss) per share (euro)	(0.66)	1.46
Cash and cash equivalents (euro millions)	1.79	1.42
Shareholders equity (euro millions)	20.60	23.45

### 2017 Fourth quarter and Full Year Highlights

- Revenues in the fourth quarter of 2017 increased by 13.3% to €8.58m from €7.57m in 2016. For the full year, revenues increased by 2.8% to €34.05m from €33.11m in 2016. There was a negative currency impact of 2.0% with the Euro to USD exchange rate increasing to 1.13 in 2017 from 1.11 in 2016. This impact was the most significant in the fourth quarter of 2017 which negatively impacted North America revenues as discussed under the Business Review (4Q Report\*).
- Gross profit increased by 13.9% in the fourth quarter of 2017 to €2.94m from €2.58m during the same period in 2016. Gross profit for the full year 2017 increased by 4.0% to €12.12m from €11.65m in 2016. The Gross profit margin in the fourth quarter of 2017 was stable whereas it increased to 36.0% from 35.0% in 2016 for the full year.
- Operating profit in the fourth quarter of 2017 improved to a profit of €0.34m from a loss of €(0.27m) in 2016. For the full year 2017, operating profit declined to €0.83m from €1.38m in 2016. The decline in Operating profit is tied to an overall increase in operating expenses as discussed under the Business Review (4Q report\*).

- For the full year 2017, Taxes increased to an expense of €(3.20m) from an income of €4.14m in 2016. In 2016, the company recognized approximately €4.0m of tax loss carry-forwards based on future business prospects. In October of 2017, the USA passed tax reform legislation that significantly reduced the corporate tax rate. This tax rate change necessitated an overall review of the associated tax asset. As part of this review, we evaluated the tax rate, accelerated depreciation provisions and also timing tied to new container deposit legislation. While we anticipate that the tax loss carry-forwards will be fully realized in the future, we have adjusted the asset carrying value for the tax rate changes and potential timing.
- EBITDA in the fourth quarter of 2017 improved to €1.07m from €0.56m during the same period in 2016. EBITDA in 2017 declined by 6.8% to €4.25m from €4.56m in 2016. This decline is tied to the overall increase in operating expenses associated with European market activities.
- Earnings/(loss) per share was a loss of €(0.66) in 2017 compared to a profit of €1.46 in 2016. The majority of this impact is tied to the recognition of the tax loss carry-forwards in 2016 and the subsequent adjustments in 2017.
- Shareholders' equity declined to €20.6m at year end 2017 compared to €23.5m at year end 2016. Shareholders' equity in 2017 was positively impacted by issuance of 240,000 treasury shares that generated €1.97m in proceeds and by €0.66m from operating performance. Furthermore, Shareholders' equity was negatively impacted by €2.3m in currency translation adjustments and by the tax asset adjustments of €3.2m.

At yearend 2017, the company had USD credit facilities of \$5.5m in term loans and an unused facility of \$3.0m under a revolver.

The company is continuing IP enforcement activities in Germany related to a patent granted by the German Patent office that covers a method for how security labels are created and interpreted. The company has incurred legal cost of €0.68m in 2017 compared to €0.50m in 2016. The company expects to continue to incur cost on this matter as it strongly believes that its IP rights are being infringed.

\*Please refer to our web site [www.envipco.com](http://www.envipco.com) to download a full pdf version of our 4Q Report.

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**About Envipco Holding N.V.**

Envipco Holding N.V. (Envipco), [www.envipco.com](http://www.envipco.com), is a Netherlands-based holding company listed on NYSE Euronext Brussels (new Symbol ENVI). Envipco, with operations in several countries around the globe, is a recognised leader in the development and operation of reverse vending machines (RVMs), automated technological systems for the recovery of used beverage containers. Envipco's turnkey solutions cover all aspects of beverage container recycling - from recovery, validation, compaction, sorting, transportation and logistics, to accounting for every container, to recycling and processing used beverage containers to prepare for conversion into new containers and consumer products. Known for its innovative technology and market leadership, Envipco holds several intellectual property rights for RVM systems, including but not limited to beverage refund deposit markings, material type identification, compaction and accounting.