



## Nine Months 2018 Announcement

Regulated Information

### Highlights

(in euro millions)

	Nine Months to 30/09/2018	Nine Months to 30/09/2017	% Change	Full Year to 31/12/2017
<b>Continuing operations:</b>				
Revenues	27.02	25.47	+6.1	34.05
Gross profit	10.56	9.18	+15.0	12.12
Gross profit %	39.1%	36.0%	+ 310 bps	35.6%
Operating profit	2.33	0.56	+316.1	0.83
Net profit after taxes after minority	2.04	0.41	+397.6	(2.54)
EBITDA*	4.53	3.24	+39.8	4.25
Earnings per share (in euro)	0.53	0.11	+381.8	(0.69)
Cash and cash equivalents	1.44	0.40	+260.0	1.79
Net working capital	9.11	7.24	+25.8	8.44
Shareholders' equity	23.25	22.29	+4.3	20.60

EBITDA\* – Earnings Before Interest, Taxes, Depreciation and Amortisation

### 2018 Nine Months Highlights: Consolidated Results

- Revenues increased by 6% to €27.02m during the 9 months ending September 30, 2018, when compared to the similar period in 2017. Without any currency translation adjustment, the increase is 13.3%. The increase is attributable to higher throughput volumes of containers redeemed via our RVMs from our North American operations, coupled with stronger sales in Greece and France. Consequently reported net profit increased to €2.04m in 2018 compared to €0.41m in 2017.
- Gross margin improved to 39% due to better sourcing of raw materials, resulting in gross profit of €10.56m compared to €9.18m.
- Operating profit for the first nine months of 2018 increased 316.1% to a profit of €2.33m from a profit of €0.56m in 2017. On a constant currency basis this improvement was 515.8% for 2018. The nine month operating profit in 2018 was favorably impacted by the one-time settlement payment of €0.62m reported in Q2 of this year. The nine month 2018 operating profit was negatively impacted by €0.30m new market development expense incurred in

Europe during Q3. Adjusting to exclude the one-time payment, market development expense and using a constant currency, the nine month 2018 improvement over 2017 would have been €1.63m or 428.8%.

- Operating expenses increased from €8.6m to €8.9m in 2018 due to New market development expenses.
- EBITDA for the first nine months of 2018 increased 39.8% to €4.53m from €3.24m in 2017. On a constant currency basis, the improvement in the nine months 2018 over 2017 was 53.0%. Adjusting to exclude the one-time payment, but including new market development expense, the nine month 2018 EBITDA would have been €3.90m representing a 31.8% improvement over 2017 on a constant currency basis. EBITDA margin increased from 13% to 17% in 2018.
- Earnings per share increased to €0.53 in the 9 months ending September 30, 2018 versus €0.11 in the same period in 2017.
- The Company raised €2.86m by issuing new shares in October 2018; to finance new market development activities, adaptation of our technology to suit new market requirements and working capital needs.
- As mentioned during 1H2018 results announcement, our Swedish activities have been slowed down intentionally while we complete the modular design of our bulk feed machines. Such machines will be easily adapted to all new markets as it provides a lot of flexibility. It is anticipated that commercial production will resume in Q1-2019. Marketing activities around the new design has already been started.
- The company did not record any RVM sales to its distributor in Australia in 2018, due to delays in getting planning and zoning permissions to install RVMs at their redemption center kiosks around Queensland, Australia. While progress is being made, RVM delivery is expected to resume in Q1-2019. The Deposit Refund Scheme started on November 1, 2018 with redemptions being handled manually, in the interim.
- The company continues its IP infringement proceedings in the German court, as it still believes that several parties have been allegedly infringing its patents, for the last 12 years, on security markings on labels to prevent counterfeiting the deposits placed on beverage containers. The company incurred €0.5m legal cost during 2018, compared to €0.4m in 2017. Court hearings have been scheduled throughout 1H2019.
- It is now expected that the Scottish parliament will introduce a Deposit Refund Scheme by 1H2019, as part of its circular economy strategy to address a low recycling rate and plastics pollution in waterways in Scotland and elsewhere. England, Wales and Ireland have also indicated that they would implement such schemes, although the timing is not certain. As a result of its imminent introduction, Envipco is recruiting a UK managing director and other personnel, while setting up an operational center in Scotland, incorporating a technology showroom to support sales and marketing activities, as well as launching pilot programs in partnership with several stakeholders. €0.30m has already been spent during the 9 months of 2018. The Scottish RVM market is approximately between 3500 and 4500, while UK wide the market is estimated to be between 35,000 and 40,000, potentially making it the biggest single market for RVMs.

- The EU has recently enacted legislation requiring 90% recovery rate of packaging entering the market of its member states with a mandatory 35% recycling content on all packaging by 2025. Envipco believes that there is no other cost-effective way other than introduction of Deposit Refund Schemes, to meet this target. Several EU member states are considering such initiatives.

“We are now at a tipping point, where explosive growth of our industry is expected within the next five years” exclaimed Mr. Gool Santchurn, CEO of Envipco Group. “I am convinced that the introduction of Deposit Refund Schemes is the best way to meet recycling targets as set by the EU, which are indeed currently actively being considered by several EU member states. Envipco is preparing to quickly ramp up its production facilities, increase its market development activities and adapt its technology to meet the various market needs in time to be able to capitalize on the market opportunities.”

Please refer to our website [www.envipco.com](http://www.envipco.com) to download a full pdf version of our 2018 Financial Report for 3Q and nine months to be read in conjunction with our 2017 Annual Report inclusive of our Board of Directors Report on the 2017 results and the future outlook.

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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 Euronext Amsterdam and Brussels (Symbol: ENVI). Envipco, with operations in several countries around the globe, is a recognized leader in the development and operation of reverse vending machines (RVMs), automated technological systems for the recovery of used beverage containers. 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.

*This announcement contains forward-looking statements concerning the condition and business of Envipco. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among other things, statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions. All forward-looking statements contained in this announcement are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward-looking statements.*