

Envipco Holding N.V.

Innovative recycling systems
For a cleaner environment

Envipco Reports 2013 Audited Annual Results

Amersfoort, The Netherlands, 30 April 2014

All Figures in EURO thousands**Consolidated Statement of Comprehensive Income**

	Audited	*Audited
	Year to 31/12/13	Year to 31/12/12
Operating revenues	23,145	25,865
Cost of revenue	(14,641)	(16,278)
Leasing depreciation	(1,264)	(1,231)
Gross profit	7,240	8,356
Operating expenses	(7,579)	(7,759)
Other income/(expenses)		
- Development costs impaired	(2,121)	-
- Impaired joint venture investment	(827)	-
- Miscellaneous income/(expenses)	65	(91)
Operating results	(3,222)	506
Net financial items	(245)	(108)
Profit / (loss) before tax	(3,467)	398
Taxes	134	319
Net profit / (loss) after tax from continuing operations	(3,333)	717
Net profit / (loss) after tax from discontinued operations	(3,407)	(4,845)
	(6,740)	(4,128)
Other comprehensive income		
Exchange differences on translating foreign operations	(397)	(283)
Other movements/minority	(18)	16
Cash flow hedges: Gains/(losses) recognised on hedging instrument	25	97
Total other comprehensive income	(390)	(170)
Total comprehensive income	(7,130)	(4,298)
Net results attributable to : Owners of the parent	(6,640)	(4,092)
: Non-controlling interest	(100)	(36)
	(6,740)	(4,128)
EBITDA (earnings before interest, taxes, depreciation and amortisation)	286	279
Earnings/(loss) per share (EPS) - Continuing operations	(€ 1.170)	€ 0.289
Earnings/(loss) per share (EPS) - Discontinued operations	(€ 1.162)	(€ 1.944)
Number of weighted average shares used in calculation of EPS (in thousands) (excluding treasury shares)	2,848	2,473
Consolidated Balance Sheet		
	Audited	Audited
	31/12/13	31/12/12
ASSETS		
Fixed assets and investments	10,820	24,144
Cash and cash equivalents	1,089	714
Other current assets	11,618	15,673
Assets of business 'Held for Sale'	11,435	-
TOTAL ASSETS	34,962	40,531
LIABILITIES & EQUITY		
Shareholders equity	8,950	11,462
Non-controlling interest	38	156
Long term liabilities	5,447	9,141
Current liabilities	9,092	19,772
Liabilities of business 'Held for Sale'	11,435	-
TOTAL LIABILITIES & EQUITY	34,962	40,531

*Certain figures have been restated for comparative purposes.

Results

The Group's principal activities during the year changed significantly with the Board's decision to exit the plastics recycling business in France (Sorepla). The Sorepla business was put under "procedure de sauvegarde" in October 2012. The court accepted a restructuring plan in December 2013 and the company is now operating accordingly. Management is currently actively working on a sale of Sorepla and an outside advisor has been retained to oversee this process. Accordingly, for 2013 and for the results of 2012, the Sorepla recycling business is being reported as discontinued operations.

Continuing operations

The RVM segment 2013 revenue declined 10.5% to €23,145,000 from €25,865,000 in 2012. The decline was impacted by strengthening of the Euro in 2013. In local currency, the decline was 6.2% in 2013 from 2012. The 2013 net profit/(loss) before tax was €(3,467,000) compared to a profit of €398,000 in 2012. The 2013 results were significantly impacted by several additional write-offs. These write-offs included €1,700,000 of incremental charge for capitalised Development cost at the Group level and a €827,000 charge for capitalised Closed Loop Recycling System (CLRS) cost. Without these charges, the RVM loss would have been €(940,000) for 2013 compared to a profit of €398,000 in 2012. The reduced profitability is attributable to increased R&D expenses of €100,000, increased SG&A of €500,000 associated with market expansion activities and a reduction of €700,000 in RVM machine throughput revenues tied to lower beverage consumption and unusually poor weather in early 2013. The results also include ongoing CLRS development cost of €395,000 in 2013 and €449,000 in 2012. In local currency, our US machine sales increased 11.0% over 2012 to \$3,700,000. Our service revenue declined 9.0% to \$17,200,000 from \$18,900,000 in 2012. Of this decline, \$1,400,000 was attributable to reduced commodity management services and lower commodity prices. The remaining decline of \$300,000 was tied to an overall container volume reduction of 6.0% which was somewhat offset by an increase of \$400,000 in machine service agreements. The machine leasing revenue declined 5.9% to \$9,060,000 from \$9,630,000 in 2012. This reduction is entirely attributable to the overall reduced container volumes for the year. Our European RVM revenue declined to €860,000 in 2013 from €1,400,000 in 2012. This 2013 decline is tied to reduced sales of our OEM compactor in the German market. Compactor sales in Germany were stopped due to an unfavorable intellectual property ruling on an action filed by a German competitor. Envipco appealed this ruling and received a favorable non-infringement ruling in October 2013. The company is currently evaluating how to best re-establish the OEM business in Germany.

EBITDA for the RVM business declined to €2,241,000 from €2,797,000 in 2012. This reduction is tied to increased organisational investments and reduced profitability for the year.

Discontinued operations

As previously discussed, the plastic recycling business in France (Sorepla) is being reported as discontinued operations. Accordingly, it is reflected as "Held for Sale" in 2013. The net profit (loss) before taxes is €(3,498,000) in 2013 compared to a loss of €(4,845,000) in 2012. Included in the loss for 2013 was a €3,642,000 gain tied to the current fair value of €6,900,000 in restructured debt and an impaired valuation of €2,013,000. Without these adjustments, the Sorepla loss for 2013 would have been €(5,127,000). At the Group level, all provisions related to the discontinued operations have been provided for.

Following are the financial highlights:

	2013	2012
Continuing operations		
Revenues	€23.15m	€25.87m
Gross profit margin	31.28%	32.31%
Net profit (loss) before taxes	€(3.47m)	€0.40m
Net profit (loss) after taxes after minority	€(3.33m)	€0.72m
EBITDA	€2.24m	€2.80m
Earnings (loss) per share	€(1.170)	€0.289
Discontinued operations		
Net profit (loss) before taxes	€(3.50m)	€(4.85m)
Net profit (loss) after taxes after minority	€(3.31m)	€(4.81m)
EBITDA	€(1.96m)	€(2.52m)
Earnings (loss) per share	€(1.162)	€(1.944)
Equity		
Shareholder's equity	€8.95m	€11.46m
Liquidity ratio (current assets / current liabilities)	1.18	0.83
Total assets (including Held for Sale)	€34.96m	€40.53m

Please refer to our web site www.envipco.com to download a full pdf version of our 2013 Annual Report inclusive of our Board of Directors report on the 2013 results and the future outlook.

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About Envipco Holding N.V.

Envipco Holding N.V. (Envipco), 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. It also owns and operates the largest independent bottle-to-bottle PET recycling plant in Europe.

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