



Innovative recycling systems for a cleaner environment

## Envipco Reports 2016 Q4 and Full Year Results Unaudited

Amersfoort, The Netherlands, 28 February 2017

### 2016 Full Year Highlights – Continuing Operations

- Revenues for the full year 2016 increased 11.7% to €33.11m from €29.63m for 2015. There is negligible impact from currency translation with the average USD to EURO conversion rate of approximately 1.10 in both years.
- Gross profit for the full year 2016 increased to €11.65m from €10.54m in 2015. Gross profit margin remained relatively stable at 35%.
- Operating profit before one-time gain increased 10.4% to €1.38m in 2016 from €1.25m in 2015.
- Net profit after taxes after minority increased substantially in 2016 to €5.24m from €1.42m in 2015. This improvement was the result of recognizing approximately €4.00m of tax loss carry-forwards not previously reflected on the balance sheet. Recognition of this portion of the tax loss carry-forwards is based on positive business developments combined with sustained and improving profit outlook in future years.
- EBITDA increased to €4.42m in 2016 compared to €4.31m in 2015. Excluding the impact of the one-time gain in 2015 of €0.60m, the EBITDA increase for 2016 would have been 18%.
- Earnings per share increased to €1.46 in 2016 compared to €0.39 in 2015. This increase was favorably impacted by recognition of the tax loss carry-forwards as discussed above.
- The shareholders equity increase of €5.97m for 2016 compared to 2015 includes a positive impact of €0.70m from currency translation.
- Renewal of USD 11.0m term and revolver credit facility of which USD 7.6m is utilized.
- Swedish activities continue with launch of our revolutionary “Bulk Feed Quantum” along with introduction of our Flex RVM platform. Significant Swedish investment and cost has been incurred in building the organization, market development activities and ongoing technology upgrades. During 2016, this has negatively impacted profitability by approximately €1.10m. Product upgrades and improvements have been completed whereby the platform is fully meeting performance expectations. Our 2017 order book, combined with sales momentum in the Swedish market is expected to result in significant revenue and profit improvement in 2017.
- Efforts continue with our Australian distributor in preparation for the deposit legislation passed by The Government of New South Wales (NSW). The actual implementation of the law has been delayed until November 2017, but with the requirement that 80% of the infrastructure is in place by this date to accept deposit containers. Consequently, we expect meaningful RVM sales in Q2 and Q3 of 2017.
- On April 28, 2016, the company was granted a full patent by the German Patent office that covers a method for how container security labels are created and interpreted. This patent arises from a previously granted utility model in May 2007. The company is pursuing its IP rights against various infringers in the German market. We have incurred approximately €0.55m of cost during 2016 on this action with regard to legal professionals, experts and court cost. We have a high degree of confidence of the violation of our IP and will continue aggressive pursuit of this matter.
- The 2016 operating profit of €1.38m has been significantly impacted by the Swedish market start-up activities and IP enforcement in the German market as discussed above. Without these cost, the operating profit would have been €3.03m for the full year 2016.

(in euro millions)	4th Quarter		Full Year	
	2016	2015	2016	2015
<b>Revenues</b>	<b>7.57</b>	<b>8.03</b>	<b>33.11</b>	<b>29.63</b>
North America	6.98	7.72	30.14	28.80
Europe	0.59	0.31	2.70	0.60
ROW	-	-	0.27	0.23
<b>Gross profit</b>	<b>2.58</b>	<b>2.92</b>	<b>11.65</b>	<b>10.54</b>
Gross profit in %	34%	36%	35%	36%
Operating expenses	2.89	2.40	10.33	9.40
Net profit /(loss) after taxes*	3.90	0.42	5.24	0.85
<b>EBITDA continuing operations*</b>	<b>0.55</b>	<b>1.23</b>	<b>4.42</b>	<b>3.74</b>
EBITDA Margin	7%	15%	13%	13%

\*Net profit and EBITDA restated to exclude one-time gain in 2015

The following highlights refer to the comparison of 2016 results to the 2015 results:

- North America revenues for the full year 2016 increased by 4.7% to €30.14m from €28.80m in 2015. The increase is mostly attributable to lease, service and container throughput income that result from additional RVM placements in 2016 over 2015. RVM machine sales for the full year 2016 were down by €1.70m compared to 2015. This decrease mainly results from delayed installations with one of our major customers that have been moved out to 2017 and 2018. The fourth quarter 2016 revenues of €6.98m decreased by 9.6% compared to fourth quarter 2015. Revenue increases in our lease, service and container throughput income were more than offset by a €1.35m decrease in RVM machine sales in the fourth quarter 2016 compared to fourth quarter 2015.
- Europe revenues for the full year 2016 increased substantially to €2.70m from €0.60m in 2015. This increase was tied to RVM sales activity in Sweden, Greece and France. In the fourth quarter European revenues were €0.59m compared to €0.31m in the fourth quarter 2015. Our Swedish activity continues to demonstrate strong consumer support for the Quantum bulk feed. For the full year 2016 we have also realised meaningful RVM sales in the Greek and French non-deposit markets through our distributors. Overall, we expect continued momentum in the European markets that will result in significant sales growth in 2017.
- ROW revenue, which currently reflects the Australian market was €0.27m for the full year 2016 compared to €0.23m in 2015. The 2016 ROW revenue was realized in the third quarter as our distributor prepares for implementation of the mandatory deposit law in New South Wales, now effective November 2017. Meaningful RVM sales to our Australian distributor are expected in Q2 and Q3 of 2017.
- Net profit/(loss) for the fourth quarter 2016, excluding the impact of the tax loss carry-forward was a loss of €(0.30m) compared to a profit of €0.43m in the fourth quarter of 2015 excluding the impact of the one-time contract termination gain. This fourth quarter 2016 loss was the result of delayed RVM sales in North America combined with ongoing IP enforcement cost in Germany.

### Outlook

Our investments in the most comprehensive and innovative RVM technology combined with our organizational investments well position the company for sustained market growth and increasing profitability. Demonstrated North America performance, successful entry and expansion in European markets and passage of mandatory deposit legislation in Australia all support a positive outlook for the business.

The company has adequate bank facilities/credit lines in place, along with shareholders' support to fund our ongoing market development plans.

Please refer to our web site [www.envipco.com](http://www.envipco.com) to download a condensed pdf version of our 2016 Q4 and Full Year Unaudited Results to be read in conjunction with our 2015 Annual Report inclusive of our Board of Directors Report on the 2015 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 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.