

Press release

Eindhoven, 4 May 2011

2010 annual results of Van Gansewinkel Groep

Improved cost structure and financial position

Market characterised by price pressure on processing rates

- Turnover €1.1 billion (-2%)
- EBITDAE €249 million (-4%)
- Net loss reduced from €188 million to €22 million
- Net cash flow up from €10 million to €86 million
- Operating result up from €73 million negative to €50 million positive
- Equity at €154 million at year-end 2010
- Slight improvement of results forecast for 2011
- Improved financial position
- Basis for future growth reinforced

Thanks to continued savings, efficiency improvements and recovering prices for raw materials, the 2010 turnover of Van Gansewinkel Groep (a waste service provider and supplier of raw materials and energy) was stable. EBITDAE (earnings before interest, taxes, amortisation, depreciation and extraordinary items) dropped slightly, while the cash flow remained solid. Considering the pressure on the prices at all divisions, the company is pleased with its results.

Ruud Sondag, Chairman of the Board of Directors: “*Van Gansewinkel Groep was not left untouched by the after-effects of the recession. The overcapacity in the incineration market caused prices to drop sharply in 2009. We succeeded in renewing several important long-term processing contracts from 2010 and 2011 onward, though at significantly reduced rates. To compensate for this loss of margin, totalling approximately €80 million, well-timed efficiency programmes were initiated across the whole group. This meant that the drop in EBITDAE was limited and allowed us to reinforce our starting position. We emerged from the crisis with a better cost structure and a more focused vision of the future. We see 2011 as the first year of growth after the crisis. A large part of the efficiency programmes will be completed this year and we can start on the road to recovery.*”

Key financial figures		
<i>in € million</i>	2010	2009
Turnover	1,115	1,137
EBITDAE	249	259
Operating profit/loss	50	-73
Net loss	-22	-188
Equity	154	179
Operational cash flow	230	245
Repayments on borrowings	-83	-71
Net cash flow	86	10

The Collection & Services and Recycling divisions recorded higher and more stable results, respectively, primarily as a result of efficiency improvements and higher prices for raw materials.

The group's results were adversely affected by the pressure on prices and the loss of volume in the Energy from Waste (waste incineration) division. Van Gansewinkel Groep closed its energy-from-waste plant in Rotterdam on 1 January 2010, to match its capacity to the demand from the market. In 2010, for the first time the company was also faced with the new contractual conditions within the Energy from Waste division that had been concluded in 2009. As a result of these developments, the Energy from Waste division's turnover dropped from €356 million in 2009 to €277 million in 2010, while its EBITDAE dropped from €164 million to €134 million.

The net loss diminished sharply, from €188 million to €22 million. The loss was caused by, among other factors, the non-recurring costs of €32 million, stemming primarily from the reorganisation of the Energy from Waste operations and the implementation of the various efficiency programmes. In addition, the company incurred a €29 million loss on its interest hedge portfolio, caused by the lower market interest rates. The net loss in 2009 was adversely affected by non-recurring costs of €170 million relating to the closing of the energy-from-waste plant in Rotterdam.

Despite the difficult market conditions, capital expenditure totalled €76 million, and the debt position was reduced further by €83 million.

Van Gansewinkel Groep has initiated a series of efficiency programmes with which, by the end of 2011, it intends to have structurally reduced its costs by at least €100 million compared with 2008. By the end of 2010 approximately €60 million of that reduction had been realised, by such measures as the centralisation of various back-office activities, the combination of regions, the reorganisation at the energy-from-waste plant in Rozenburg and savings on procurements.

Improved financial position

Van Gansewinkel Groep has improved its financial position. The company has reached an arrangement with its banks to expand the covenants within the scope of the existing financing agreement. The leverage and interest covenants will be expanded by 20%. The most significant repayment obligations have also been pushed back to September 2014 and March 2015. The financing, totalling 6 times Van Gansewinkel Groep's EBITDAE, is from now on subject to an average interest mark-up of 3.75%. Under the previous conditions, that mark-up was 2.25%.

The modified conditions will offer the company greater financial security during the coming years, as well as further possibilities for implementing its growth strategy. Going public is the option preferred by the Board of Directors. However, it is impossible to estimate a timeframe.

The timing of an IPO will depend on the conditions in the capital market, economic developments and the development of the financial results.

Developments in the markets & operations

The Benelux is Van Gansewinkel Groep's home market. However, the company's Collection & Services and Recycling divisions also operate in France, the Czech Republic, Poland, Germany, Portugal and Hungary.

Three different phases can be distinguished in the waste market in Europe: countries that use landfills to dispose of their waste; countries that use landfills and, on a limited scale, incineration or recycling; and countries that focus largely on recycling, with little incineration and barely any landfilling, like in the Benelux countries. The countries in which Van Gansewinkel Groep operates are divided across these three phases. Van Gansewinkel Groep is one of the few waste service providers in Europe that possess the necessary knowledge and expertise about the entire waste chain.

Geographical breakdown of turnover		
<i>In € million</i>	2010	2009
Netherlands	821	883
Belgium	215	191
Other countries	79	63
Total	1,115	1,137

Owing to the developments at Energy from Waste, turnover in the Netherlands dropped by 7%, while in Belgium it rose by 13%. The level of economic activity was higher in Belgium during 2010 than in the Netherlands. Another factor was that in April 2010 Van Gansewinkel Groep acquired Flemish waste service provider Leysen from Thenergo. At the time of the takeover, Leysen had 45 vehicles and a workforce of more than 80, with which it realised turnover of around €18 million.

Breakdown of turnover and EBITDAE				
<i>In € million</i>	2010		2009	
	Turnover	EBITDAE	Turnover	EBITDAE
Collection & Services	832	119	783	110
Recycling	109	17	112	17
Energy from Waste	277	134	356	164
Other	-103	-21	-114	-32
Total	1,115	249	1,137	259

Collection & Services

Van Gansewinkel, which is part of Van Gansewinkel Groep, specialises in waste management, flows of materials and logistics systems. The company collects waste from businesses, institutions and households and transports the flows of waste to specific treatment and processing locations. The object is to ensure that as much waste as possible is given a second life in the form of raw materials for new products.

In Van Gansewinkel's home market (the Benelux), 2010 saw a slight economic recovery and an increase in industrial production. Waste volumes rose slightly during the last six months of the year. One negative exception was the construction and demolition industry, which saw barely any activity during the year. The overcapacity in the incineration market had a downward impact on collection rates, particularly during the first six months of the year; they stabilised during the latter half, though.

The rising prices for raw materials and the efficiency measures initiated in 2009 had a positive impact on the financial results in all countries in which Van Gansewinkel operates.

Acquisitions

Van Gansewinkel Groep acquired eight businesses in 2010, seven of them in the Collection & Services segment. The largest acquisition in the Netherlands was Over Milieu, with turnover of €6 million and 25 employees. The acquisition of that business (which collects, treats and processes various waste flows) allowed Van Gansewinkel to strengthen its strategic position in the northern part of the Netherlands. Van Gansewinkel's largest acquisition in 2010 was in Belgium, where it took over Flemish waste service provider Leysen.

Recycling

Coolrec and Maltha, which are part of Van Gansewinkel Groep, give waste a second life in the form of raw materials. Coolrec specialises in recycling combinations of metal and synthetics and plastic, such as from electrical appliances and ICT. Maltha specialises in glass recycling. On 1 May 2010, A&G (soil decontamination, supplier of sustainable building materials) moved from the Energy from Waste division to Recycling. This change reflects Van Gansewinkel Groep's growth strategy, which focuses on reclaiming raw materials from residues.

In 2010, the recycling market was characterised by recovering prices for raw materials across a broad front. The prices for non-ferros (aluminium, copper), iron, synthetics and plastic and paper returned to the levels from before the crisis. On the other hand, there was pressure on the prices for recycling products in the market in which Coolrec operates.

The demand for glass fragments as a raw material for producing glass rose during 2010. The glass industry is becoming increasingly aware of the fact that using fragments in the production process helps reduce energy consumption and leads to economic gains. In the future, the industry expects higher energy costs and CO2 emission rights to cause cost to rise considerably. The use of fragments also reflects the increasing awareness of sustainability in the bottling industry.

Coolrec and Maltha's EBITDAE rose by 24% and 5%, respectively, in 2010 while A&G recorded a 30% drop in its EBITDAE.

Energy from Waste

AVR, which is part of Van Gansewinkel Groep, creates 'Energy from Waste' by converting waste into sustainable energy using incineration processes. The business has energy-from-waste plants in Rozenburg and Duiven, and is focusing increasingly on value creation by extracting energy from waste. AVR is undergoing a transformation from a traditional waste incinerator into a supplier of sustainable energy.

In 2010, the waste processing market was again characterised by overcapacity. The demand for waste to use that capacity remained high, meaning that prices continued to be under pressure.

After the Rotterdam Brielselaan energy-from-waste plant (with a volume of 450,000 tons) was closed on 1 January 2010, AVR also reorganised the plant in Rozenburg to strengthen its competitive and cost position. The number of FTEs dropped by 160 in 2010. The focus is now on energy yields and stable operational processes.

Thanks to its long-term contracts, AVR is guaranteed sufficient waste to use as fuel for its energy-from-waste plants during the coming years. The waste processing contract with The Hague (200,000 tons per year) was renewed for ten years during the first quarter of 2010. AVR's plant in Rozenburg also starting converting flows of waste from Ireland, the United Kingdom, Germany and Italy into energy in 2010. Van Gansewinkel Groep is studying the possibilities for importing waste from other European countries as well: waste that would be deposited in landfills abroad, but is reused in Rozenburg.

During 2010, AVR Rozenburg worked to expand the steam pipe with which, starting in 2012, it will supply heat to nearby industrial businesses. The heat pipe between AVR Rozenburg and Rotterdam-Zuid was also given further shape. In 2013, AVR will start providing heat to Rotterdam's Heat Distribution Company (Warmtebedrijf Rotterdam), based on a 30-year contract signed in 2010. The sales of heat and steam will substantially increase AVR's energy yields.

Strategy

Van Gansewinkel Groep's strategy is based on five pillars:

1. Strengthening its position in the Benelux
2. Optimising its Energy from Waste operations
3. Creating a second home market in Central and Eastern Europe
4. Expanding as a supplier of raw materials
5. Developing new services

Van Gansewinkel Groep aims to expand its waste service activities and other services and accelerate the growth of its recycling activities. The focus in the consolidating waste incineration market is on maximised energy yields. The existing portfolio and the existing geographical spread form an ideal platform for expansion. The expansion will be realised both organically and through acquisitions.

Sustainability

- **Further improvements in customer and employee satisfaction**
- **Significant reduction in accidents leading to leave (-23%)**
- **Orders for new 100% electric dustcarts**
- **Increase in amount of waste (77%) converted into raw materials and green energy**
- **GRI A+ status for integrated financial and sustainability report**

As a waste service provider and supplier of raw materials and energy, Van Gansewinkel Groep can help solve issues concerning scarcity of raw materials and climate change. The company's understanding of logistics systems, materials and recycling allows it to balance chains of materials, making it possible for natural raw materials to remain in the environment. As recycling almost always helps reduce CO₂, Van Gansewinkel Groep is also helping in the fight against climate change. The worldwide focus on raw materials, scarcity and sustainability ties in perfectly with Van Gansewinkel Groep's vision of "Waste No More".

Among other innovations, the translation of that vision has led to Van Gansewinkel Office Paper: the world's first Cradle to Cradle office paper for which not a single tree needs to be chopped down. Van Gansewinkel Groep expects further products and partnerships to follow. It is the company's goal to link its flows of materials to relevant and leading manufacturers and market operators.

In 2010, Van Gansewinkel Groep gave more waste a second life in the form of raw materials (from 56.5% to 56.7%) or a useful application as green energy (from 20.4% to 20.6%). A total of 14% of the waste was converted into grey energy. No sustainable solution is yet available for the remaining 9%, most of which is sent to landfills in Central and Eastern Europe.

Despite and thanks to all our measures, changes and efforts in 2010, both customer satisfaction and employee satisfaction improved in 2010. Customer satisfaction rose from 8.1 to 8.2, while the general satisfaction among employees rose from 7.3 to 7.4.

Van Gansewinkel Groep continually works to improve its own footprint, for example by reducing its energy consumption and so lowering the emission of CO₂. In 2010 the company worked to improve its route optimisation and the number of clean vehicles (Euro 5 and EEVs) in the local fleet rose from 24% in 2009 to 26% in 2010.

In 2009, Van Gansewinkel introduced the first 100% electric compactor trucks for collecting industrial waste in the centre of Rotterdam. That successful pilot led to orders for a further eight new electrical dustcarts. The first of those was deployed at Schiphol in 2010, and The Hague followed in January 2011. The remaining vehicles will be delivered during the course of 2011, and will be deployed in as yet unspecified major cities in the Netherlands and Belgium.

The focus on safety is reflected in the safety figures for 2010. No fatal incidents occurred, and the number of accidents leading to leave dropped by 23%.

Sustainable development is an integral part of Van Gansewinkel Groep's business management. With its integrated financial and sustainability report, over the course of three years the company has gone from C+ status to A+ status according to the guidelines of the Global Reporting Initiative (GRI). This status means that the report on key figures must be broader in scope and

leads to improved transparency. Both the financial and the non-financial information has been verified by an external auditor.

Forecasts for 2011

Van Gansewinkel Groep's projections are based on a minor economic recovery in its home market of the Benelux and the assumption that the current market conditions will stabilise.

The price concessions for contracts of Energy from Waste that were renewed in 2010 and 2011 will have a considerable downward impact on Van Gansewinkel Groep's results in 2011. By implementing cost-cutting and efficiency programmes across the whole group and achieving further growth at Collection & Services and Recycling, Van Gansewinkel Groep expects to realise slightly better results in 2011 compared with 2010.

By year-end 2011, the price concessions at Energy from Waste will have been fully compensated and no major Energy from Waste contracts that are currently in Van Gansewinkel Group's hands will be opened up to the market until 2019. By the end of 2011, the company intends to structurally reduce the costs by more than €100 million, primarily as a result of improvements in quality and efficiency. This will make the company *Fit for the Future*.

2010 financial statements

This press release is based on the 2010 financial statements of Van Gansewinkel Groep bv as adopted by the General Meeting of Shareholders. The integrated financial and sustainability report and the full financial statements are also available on the company's website (www.vangansewinkelgroep.com). The external auditor (PricewaterhouseCoopers Accountants N.V.) has issued an unqualified auditor's report on the 2010 financial statements. In addition, the sustainability information in the annual report has been declared A+-compliant.

Further information

Van Gansewinkel Groep
Frank Janssen, Director of Corporate Communications
Telephone: +31 40 751 4522.
frank.janssen@vangansewinkel.com

About Van Gansewinkel Groep

Van Gansewinkel Groep is not only a waste service provider but is also active as a raw material and energy supplier. The waste and environmental management group operates in 9 countries (the three Benelux countries, Poland, the Czech Republic, Hungary, France, Germany and Portugal). With its subsidiaries – Van Gansewinkel, Coolrec, Maltha and AVR – Van Gansewinkel Groep is active across the entire waste chain. The organisation employs approximately 7,000 people, together generating annual turnover of €1.1 billion. 'Waste no more'. That is the credo of Van Gansewinkel Groep. The company's vision is that waste products should serve as raw material for new products.