

Press release, 8 March 2016, 09:00

EKOKEM CORPORATION: PRELIMINARY INFORMATION ON FINANCIAL STATEMENTS FOR 1 JANUARY – 31 DECEMBER 2015

This press release contains a summary of Ekokem Corporation's financial statements. The information is unaudited. Full audited financial statements will be published in April, and they will then be available at Ekokem's website at www.ekokem.com. The Danish NORD Group has been consolidated into Ekokem's financial figures as of 1 February 2015, which was the date when the acquisition was closed. The comparison information given in brackets refers to the corresponding period of the previous year, unless otherwise stated.

Last quarter of 2015:

- Net sales grew by 16% compared to the corresponding period of the previous year, and amounted to EUR 72.6 million (EUR 62.6 million). The growth was primarily driven by the acquisition concluded in Denmark at the beginning of 2015.
- EBITDA was EUR 18.3 million (EUR 18.9 million), and the EBITDA margin was 25.2% (30.2%).

Year 2015:

- Net sales grew by 29% compared to the year 2014, and amounted to EUR 258.3 million (EUR 200.8 million).
- EBITDA was EUR 54.6 million (EUR 58.6 million), and the EBITDA margin was 21.1% (29.2%). The reasons for the decline in profitability included, among others, lower energy prices compared to the previous year, the costs associated with the acquisition in Denmark and the resulting integration process, and expenses incurred from the efficiency programme launched in the autumn. Adjusted EBITDA¹ amounted to EUR 56.6 million, i.e. 21.9% of net sales.
- Earnings per share decreased to EUR 2.96 (EUR 7.52) due to lower profitability, the aforementioned costs, and increased depreciation resulting from the business acquisition. Adjusted earnings per share amounted to EUR 4.10.

Ekokem's CEO Karri Kaitue:

"Ekokem's profitability fell short of our expectations in 2015. Profitability was affected, for example, by the decline in the prices of electricity and thermal energy sold compared to the previous year, and by the periodic downtime at Ekokem's plants. This level of profitability is not satisfactory to us, which is why we launched an efficiency programme in the autumn to boost our profitability. The considerable costs associated with the programme also impacted our profitability in 2015. We have also taken actions to improve the operating rates of our facilities.

¹ Adjusted EBITDA and adjusted earnings per share for 2015 are presented to enhance comparability as the adjusting items are not considered to incur as part of the normal business operations. Adjustments to EBITDA and earnings per share consist of the following items: costs associated with termination benefits as a result of the efficiency programme (EUR 1.5 million) and other closure costs (EUR 0.5 million) as part of operating expenses as well as impairment losses and write-offs of fixed assets (EUR 3.0 million). After tax, the net amount of the adjustments to 2015 profit is EUR 4.0 million.

Nevertheless, our net sales grew steadily, and the business we acquired in Denmark was successfully integrated into Ekokem Group. In addition to the positive impact that the business acquisition had on our net sales, our environmental construction business in particular also developed favourably. Another positive aspect is the fact that, despite the decline in profitability, cash flows from Ekokem's operations improved from the previous year.

In February, Ekokem announced the initiation of a capital structure assessment, which is aimed at securing resources for developing the company in the future as well. We have in recent years grown from a Finnish company into a Group that provides environmental management services across the Nordic countries, and our goal is to continue on this growth path."

Key figures (EUR million)

Ekokem Group	Q4/2015	Q4/2014	FY 2015	FY 2014
Net sales	72.6	62.6	258.3	200.8
EBITDA	18.3	18.9	54.6	58.6
<i>% of net sales</i>	<i>25.2%</i>	<i>30.2%</i>	<i>21.1%</i>	<i>29.2%</i>
Operating profit	4.3	12.2	17.4	35.2
<i>% of net sales</i>	<i>5.9%</i>	<i>19.4%</i>	<i>6.8%</i>	<i>17.5%</i>
Net profit	2.0	9.1	10.5	26.7
Earnings per share, EUR	0.59	2.55	2.96	7.52
Return on capital invested, %			6.9%	16.5%
Net interest-bearing liabilities			106.7	33.5
Equity ratio, %			39.1%	56.6%
Net gearing, %			66.0%	20.6%
Net cash flow from operating activities			59.9	52.4
Investments			117.0	16.6
Average number of personnel			677	465

The total number of Ekokem's shares is 3,520,800.

Ekokem Group's financial performance in 2015

Ekokem Group's net sales amounted to EUR 258.3 million in 2015 (EUR 200.8 million). Approximately 45% of net sales was derived from Detoxification business, approximately 30% from Recycling and Energy, and the remaining approximately 25% from Environmental Construction. Ekokem's net sales consist of revenues from selling various kinds of environmental management services and waste management services (approximately 82% of net sales in 2015) as well as revenues from selling electricity, thermal energy and recycled raw materials (approximately 18% of net sales).

Net sales grew by 29% compared to the previous year. This was mostly due to the acquisition of the Danish environmental management services company NORD. Without the impact of the NORD acquisition, the sales grew by 5%. In 2015, approximately 63% of Ekokem's net sales were attributable to operations in Finland, approximately 19% to operations in Denmark, and approximately 18% to operations in Sweden.

Ekokem Group's EBITDA was EUR 54.6 million in 2015 (EUR 58.6 million), and the EBITDA margin was 21.1% (29.2%). Adjusted EBITDA amounted to EUR 56.6 million, i.e. 21.9% of net sales, in 2015. The reasons for the decline in profitability included, among others, a decline in the market prices of energy and raw materials sold, the costs associated with the business acquisition in Denmark and the resulting integration process (EUR 2.4 million in total), as well as periodic downtime at Ekokem's plants. Expenses incurred from the efficiency programme launched in the autumn of 2015 also affected profitability negatively. The programme was launched in response to the decline in profitability and the challenging market conditions, and its aim is to achieve a total of EUR 10 million of annual savings by the end of the year 2018. Adjusted EBITDA is presented to enhance comparability as the adjusting items including termination benefits resulting from the efficiency programme (EUR 1.5 million) and closure costs (EUR 0.5 million) are not considered to incur as part of the normal business operations. Successful sales especially in the field of environmental construction, as well as certain larger environmental construction projects, had a positive impact on Ekokem's business.

Ekokem's operating profit decreased clearly, to EUR 17.4 million (EUR 35.2 million). In addition to the drop in profitability, this was due to the considerable increase in depreciation and amortisation resulting from the acquisition in Denmark in particular. Operating profit was also affected by the impairment losses and write-offs of fixed assets during the last quarter of the year, which totalled EUR 3.0 million. The write-offs related to an extensive review of assets carried out in connection with the efficiency programme launched in the autumn.

Cash flow, investments and financing

The Group's net cash flow from operations in 2015 was very strong at EUR 59.9 million (EUR 52.4 million). Investments in 2015 totalled EUR 117.0 million (EUR 16.6 million). The biggest investments of the year were the acquisition of the Danish company NORD and investments relating to the construction of the Eco Refinery and the Plastic Refinery in the Circular Economy Village in Riihimäki, Finland.

At the end of 2015, the Group's net interest-bearing liabilities totalled EUR 106.7 million (EUR 33.5 million). In connection with the NORD acquisition, Ekokem raised debt amounting to EUR 90 million from new credit arrangements that mature in 2020.

The Group's cash and cash equivalents amounted to EUR 29.0 million at the end of 2015 (EUR 30.9 million). The equity ratio stood at 39.1% (56.6%) and net gearing at 66.0% (20.6%). The ratio of net interest-bearing liabilities to EBITDA (net debt / EBITDA) was 2.0 (0.6).

Market developments

The economic uncertainty that continued in 2015 affected Ekokem Group's operating environment. The continued low prices of electricity, district heating and recycled materials had a negative impact on profitability. Mid-year, the international market for hazardous waste turned more challenging than expected, which resulted temporarily in low capacity utilisation during the summer of 2015. Industrial activity in Ekokem's most important customer industries has nevertheless remained at a healthy level in all market areas. The environmental construction market strengthened during 2015.

Key events during the financial year

The most important events during the 2015 financial year for Ekokem included the acquisition of the Danish environmental management company NORD, the several important environmental construction contracts won, the completion of the treatment of hazardous waste resulting from the disposal of Syria's chemical weapons at the Riihimäki plant, the progress of the Circular Economy Village investment, the appointment of a new CEO and group management board as well as restructuring of the organisational model, the adoption of the Ekokem brand across all countries in which Ekokem operates, the setting up of Ekokem AS in Norway and the efficiency programme launched in the autumn.

Environment, health and safety

Ekokem seeks to operate in compliance with the terms of environmental permits and without exceeding the limit values specified in the environmental permits for emissions or causing damage to the environment. Environmental emissions from Ekokem Group's operations complied, in all material respects, with the regulations at all production plants. Ekokem Group recorded two instances where flue gas emissions exceeded permit limits in 2015 (9 in 2014). Concentration and load limits for wastewater discharges were exceeded on a total of 18 (9) occasions. No serious environmental incidents giving rise to liability for damages occurred at Ekokem Group's production plants in 2015. Ekokem invested almost EUR 2 million in a flue gas treatment system in Riihimäki. The new electronic filter improves the reliability of the plant and helps to lower the environmental impact of the operations.

Ekokem Group has set a common goal of zero accidents for all Ekokem employees and subcontractors. Success in meeting the goal is measured per incident and per injury as well as annually on the basis of the combined accident frequency of Ekokem and its partners. Ekokem's personnel were involved in 11 (5) lost-time accidents in 2015. Partners were involved in 11 (10) lost-time accidents. One serious accident occurred in 2015, when an employee was seriously injured in an explosion at Ekokem's oily water treatment plant in Fredericia, Denmark in March.

Decisions of the 2015 Annual General Meeting

Ekokem's Annual General Meeting was held in Helsinki on 24 April 2015. The Annual General Meeting adopted the company's financial statements for the financial year of 1 January – 31 December 2014 and discharged the Board of Directors and the CEO from liability. The Annual General Meeting decided, according to the Board of Directors' proposal, to pay a total of EUR 11.3 million in dividends, i.e. EUR 3.20 per share. In accordance with the shareholders' Nomination Board's proposal, the Annual General Meeting decided to appoint six members to the Board of Directors. Juha Vanhainen, Leena Karessuo, Pia Björk, Karri Kaitue, Jukka Ohtola and Tiina Tuomela were re-appointed as members of the Board of Directors as per the Nomination Board's proposal. The Annual General Meeting appointed Juha Vanhainen as Chairman of the Board of Directors and Leena Karessuo as Vice Chairman. Karri Kaitue was appointed the CEO of Ekokem as of 8 August 2015, at which time he resigned from the Board.

Outlook

Ekokem's net sales are expected to grow in 2016. According to the company's view the prerequisites for its business are good and supported by, among others, the expected positive impact from the efficiency measures carried out as well as the expected completion of the Circular Economy Village investment, although pressure from the low prices of oil and energy will continue. No costs are expected to be incurred during year 2016 from the acquisition and integration project carried out in 2015, or from the measures relating to the efficiency program initiated in autumn 2015. Additional costs are expected to be recorded during 2016 relating to the capital structure assessment initiated by the company, which is also expected to weigh reported profit.

Ekokem will continue to develop its operations and to actively evaluate opportunities for expanding its business primarily in the Nordic countries. The aim is to ensure a sufficiently extensive service portfolio to enable Ekokem to be a comprehensive partner in waste management for its industrial clients.

Publication of the financial statements and General Meeting

Ekokem Corporation's financial statements and corporate social responsibility report will be published during the week beginning on 11 April 2016 at the latest. The Annual General Meeting is due to be held on Friday, 29 April 2016 at 11:00 in Helsinki. The company's Board of Directors will convene the General Meeting in due course.

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This press release contains certain forward-looking statements. These forward-looking statements involve risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward-looking statements. Due to these uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date of this press release. Ekokem disclaims any obligation to update any forward-looking statements contained in this press release, except as required pursuant to applicable law.