



# The Envipco Opportunity Investor Presentation

# ENVIPCO POTENTIAL



- ◆ ENVIPCO (ENVI) is a leading global provider of recycling systems and Reverse Vending Machine (RVM) technology since 1986
- ◆ Envipco is the #2 supplier and operator of RVM Systems in the USA market
- ◆ 6,000 machines installed to date
- ◆ Customer base includes world's largest retailer; largest retail chain in upstate New York; largest retail chain in the Northeast
- ◆ Most cost-effective provider with reputation for superior service and customer-first focus
- ◆ Envipco's breakthrough bulk feed technology, QUANTUM, disrupts the "RVM Single Feed" paradigm

# ENVIPCO POTENTIAL (cont'd)



- ◆ Complete range of products covering convenience, retail, supermarkets and recycling centers for handling one-way containers
  - QUANTUM (Bulk feed; Deposit and non-deposit)
    - Revolutionary customer experience
  - ULTRA Product Line (Flexible, high speed, single feed)
    - Fully competitive with current state-of-art
  - FLEX (Low cost, premium performance)
    - Competitive cost breakthrough
- ◆ The most experienced management team in the space: Business development, Sales, Operations, Technology that is...
  - Gaining market share in the USA against the market leader
  - Launching disruptive bulk feed technology against the dominant leader in Sweden, setting up European expansion
  - Developing new market opportunities in France, Greece and Australia

# ENVIPCO PRODUCT RANGE





# THE EVOLUTION OF REVERSE VENDING



System

**MANUAL**



**OBSTRUCTED FEED**



**OPEN FEED**



**BULK FEED**



**Work**

Store employee

Consumer

Consumer

Machine

**Convenience**

Costly and inaccurate

Saves cost and accurate

Faster, but not consumer-friendly

Fastest and most consumer-friendly

**Speed**

10/min

20/min

40/min

100/min

**System Cost**

Very high

Low

Low

Lowest

**TIMELINE**

→ **1985**

**1986-2005**

**2005** →

**2015** →

# ENVIPCO PRODUCT RANGE



## FLEX

- ◆ Simple, low-cost RVM
  - ◆ Barcode up reading function
  - ◆ Deposit/Non-deposit
  - ◆ Optional shape system
- Convenience stores
  - Gas stations
  - Schools/canteens
  - Drug stores



## ULTRA

- ◆ State-of-the-art RVM
  - ◆ Market leading compaction
  - ◆ 320° barcode reading
  - ◆ Optional shape system
- Supermarket
  - Hypermarket
  - Redemption centers



## QUANTUM

- ◆ Breakthrough bulk feed
  - ◆ 100 containers/min
  - ◆ Maximum convenience
  - ◆ Deposit/Non-deposit
  - ◆ In-store/Outdoor
- Large Supermarkets
  - Hypermarkets
  - Municipal recycling centers

# THE QUANTUM CONCEPT – A BREAKTHROUGH TECHNOLOGY



- ◆ Means a **Quantum** Leap in RVMs
  - Great enhancement of consumer experience, empty bags into machine
  - Premium and Innovative technology (iPhone vs Nokia)
- ◆ Means efficient return of containers in Quantities
  - Enhanced store operations,
  - >100 Cans and Plastic bottles/ minute
  - More time for shopping



# ON A 1M<sup>2</sup> FOOTPRINT THE QUANTUM DOES



- ◆ Pre-sort and singulation
- ◆ Recognition by
  - Shape
  - Barcode
  - Metal
- ◆ Elevation
- ◆ Sorting into 2 fractions
  - Can
  - PET
- ◆ Rejection of unwanted containers
  - Unknown barcode
  - Not read barcodes
  - Too much liquid/ Too heavy



# QUANTUM HIGHLIGHTS



## Convenience

*Just empty the bag  
of cans and plastic  
bottles into the tray*

## Sorting accuracy

*Guided Air Jet Array sorting;  
Container tracking by cameras;  
Tracked reject of full containers*

## Performance

*> 100 containers/  
minute*

## Easy to use

*Large 17" screen;  
Ergonomic and  
logic user area;  
ADA compliant*



## Capacity

*Outdoor: 60,000  
Indoor: 6-10,000*

## Recognition Accuracy

*2 High Speed Barcode cameras;  
Shape system matching size; Metal  
recognition*

# QUANTUM FEATURES



Large 17" screen for  
User Guidance and  
Advertising

Optional Touch  
Screen

Receipt printer  
with paper chute  
and button

Inviting and robust  
design

Convenient  
Bulk feed tray

Highly visible  
chute for Rejects

Easy to clean tray insert





# ULTRA PRODUCT LINE HIGHLIGHTS



- ◆ State of the art RVM
  - For US, EU and Non-deposit market
  - In regular deliveries for 4 years from Envipco US factory
- ◆ High speed ring scanner (320 degrees)
  - Fewer moving parts reduces cost of service
  - 40/min per container reduces queuing and improves service
  - PET can be inserted bottom and top first
- ◆ Ultra 48 free standing platform
  - Single commodity – High capacity
- ◆ High capacity HDS version:
  - Dual commodity – Maximum capacity
  - Feeds Logistics container (Returpack Bins, Michigan Gaylords or Iowa Totes)
- ◆ Market leading patented compaction
  - Pin-Pet for Plastics and Wave for Cans
- ◆ Optional
  - Shape system (dimension measurement)

# FLEX HIGHLIGHTS



- ◆ Convenience
  - Accept containers as fast as the user can feed them
- ◆ State-of-the-art recognition
  - Wide Barcode reading field ( $\approx 120^\circ$  upwards)
  - Materials (PET, Metal) and Shape (Size matching) recognition
- ◆ Capacity
  - 285 Plastic bottles and 600 cans
  - On Small footprint – 60 x 85 cm
- ◆ Easy to install
  - Roll in and run on 120 V single phase
- ◆ Options
  - Full Reward/Incentive system on same Linux Core as other RVMs
  - Touch screen, Side cabinet for glass





# COMPACTION

## *PIN-PET Flattener™ for Plastic Containers*



- ◆ The PIN-PET Flattener™ for plastic containers features high compression dual steel rollers overlaid with hardened roll pins that perforate the plastic container as well as destroy the neck and base of the bottle, preventing it from regaining its original size over time
- ◆ The patented roll pin design destroys the neck and punches holes in the plastic, creating a staple effect to hold the container in its new flattened form

This **revolutionary design** is capable of crushing **1,790 units** per cubic meter, yielding a **30-40 percent** increase in compaction over other PET flatteners



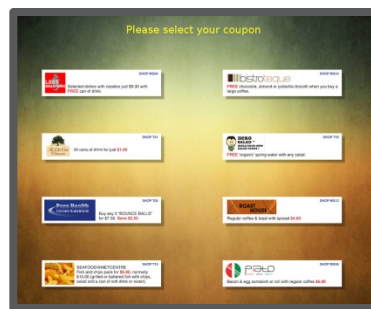
# RVM Digital Platform

## Transforming RVMs into a digital platform

- ◆ Introduction of ePort
  - RVM status directly to store personnel
  - Request pickup / supplies / upc additions
  - Send / receive e-mail with Envipco personnel
  - Validator – receipt authentication
- ◆ Capturing captive recyclers through interactive platform
  - Loyalty / donations
  - Consumer interaction
  - Marketing / couponing / digital media platform
  - Direct electronic payment choices



Potential additional  
Revenue generators



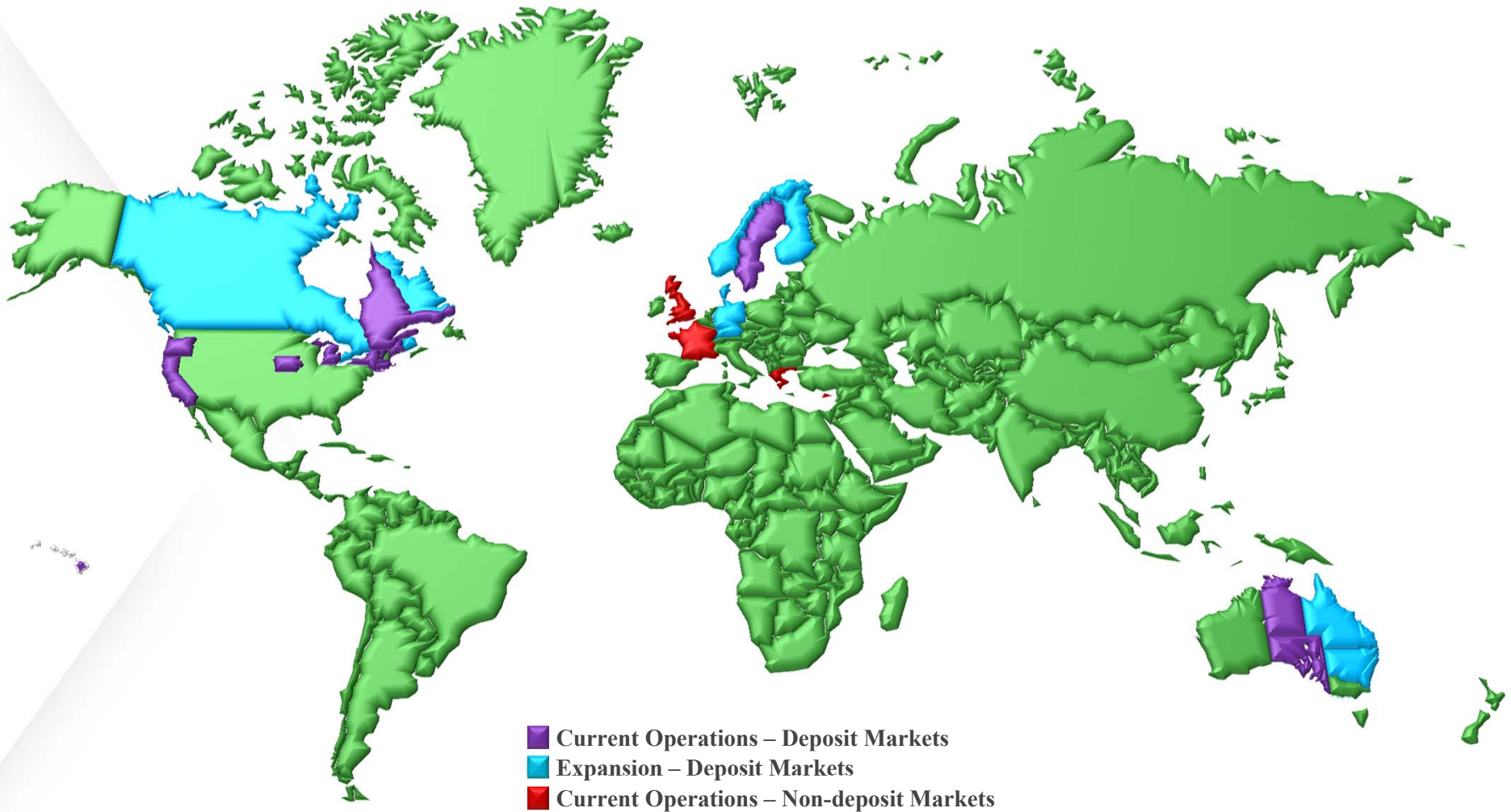
# ULTRA 48 PRODUCT CERTIFICATIONS AND PATENT OVERVIEW



- ◆ North America: ETL Listing certified according to (Report No. 101253044NYM-001)
  - UL 751 – UL standards for Safety for Vending Machines, (8<sup>th</sup> edition, Jul 20,2012)
  - CSA C22 # 128 Vending machines – General Instruction No. 1: 1995 (R2009)(R2013)
  - U.S. CFR DHHS STANDARD 21 CHAPTER I SUBCHAPTER J – Laser Safety
- ◆ Europe: CE Conformity according to EU Machinery Directive 2006/42/EC, Annex II A
  - The following directives and standards have been applied:

‣ EC Machinery Directive	2006/42/EC
‣ Low Voltage Directive	2006/95/EC
‣ EMC Directive	2004/108/EC
‣ ROHS Directive (hazardous Substances)	2011/65/EU
‣ Safety of machinery	EN 12100
‣ Electrical equipment of machines	EN 60204-1
- ◆ Patents
  - Envipco holds over 60 intellectual property rights worldwide covering, among others:
    - Bulk Feed Technology
    - Compactors (i.e., PinPet and Wave technology)
    - Size measurement system
    - Infeed system
    - Infrared Marking System

# ENVIPCO GLOBAL PRIORITIES



# GROWTH STRATEGY – “FOCUS AND EXECUTION”



## ◆ North America

- Continued execution on long-term retailer contracts and competitive opportunities
- Launch of disruptive technology, QUANTUM, in ideal Michigan market
- Opportunistic expansion into Canada around cost advantageous FLEX

## ◆ Europe

- Build on successful entry to Swedish market around QUANTUM and consumer demand for bulk feed
- Leverage Swedish organization to expand to other Nordic markets around proven “Consumer Quantum Demand”
- Support and strengthen our distributors in France, Greece and Cyprus to leverage non-deposit financial mechanisms and ensure market share leadership

# GROWTH STRATEGY – “FOCUS AND EXECUTION”

(cont'd)



## ◆ ROW

- Support our Australian distributor in executing on the NSW deposit scheme and achieving meaningful market share
- Support NSW deposit scheme success in leveraging other Australian territories in deposit expansion (i.e., Queensland)

# NORTH AMERICA MARKET REPORT



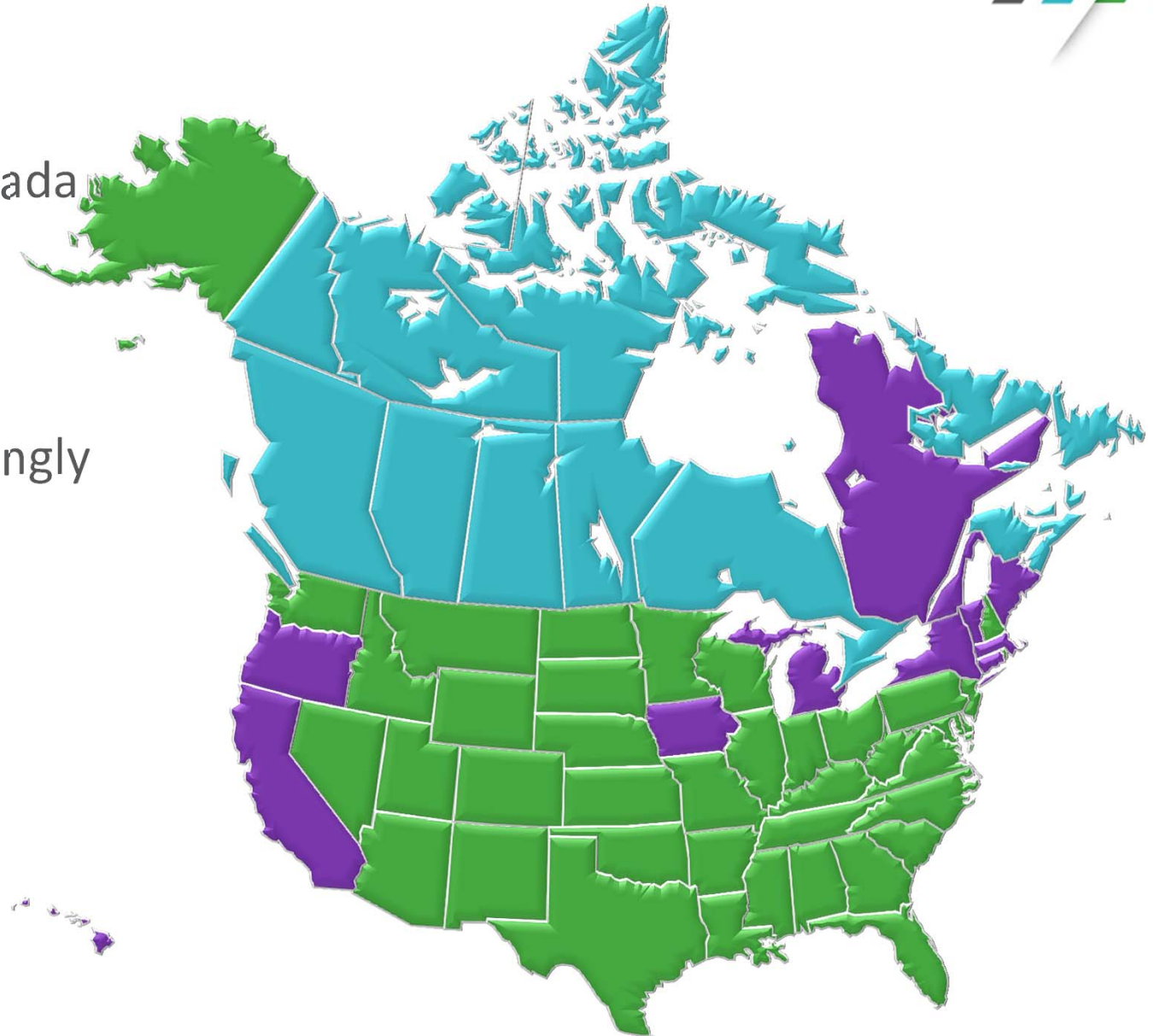


# ENVIPCO NORTH AMERICA - DEPOSIT



## ◆ RVM

- USA and Canada
- Over 6,000 placements - projected to increase strongly by 2019





# NORTH AMERICAN RVM - DEPOSIT



## RVM Sales and Lease



## Administration



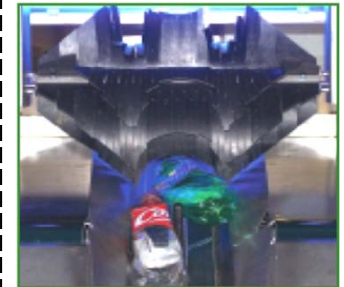
## Service and Maintenance



## Pickup and Processing



## Sort After Program



# COMPETITIVE LANDSCAPE



- ◆ Competition
  - 2 Players market
- ◆ ENVIPCO
  - Clearly established and capable competitor
  - ULTRA product line positions the company for success
  - Recent market gains have won over new loyal customers
  - Quantum concept clearly resonating with Michigan Retailers
  - Reputation as a superior service provider with strong technology, execution and market understanding

# ULTRA HDS – COMSTOCK PARK, MI



# US QUANTUM MI LAUNCH

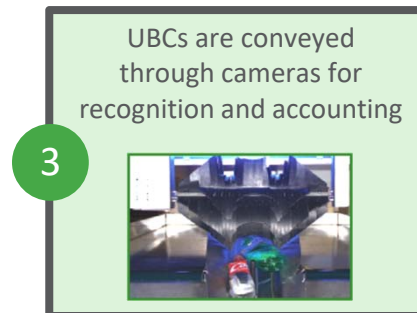
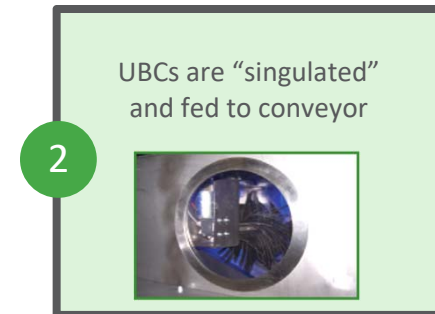
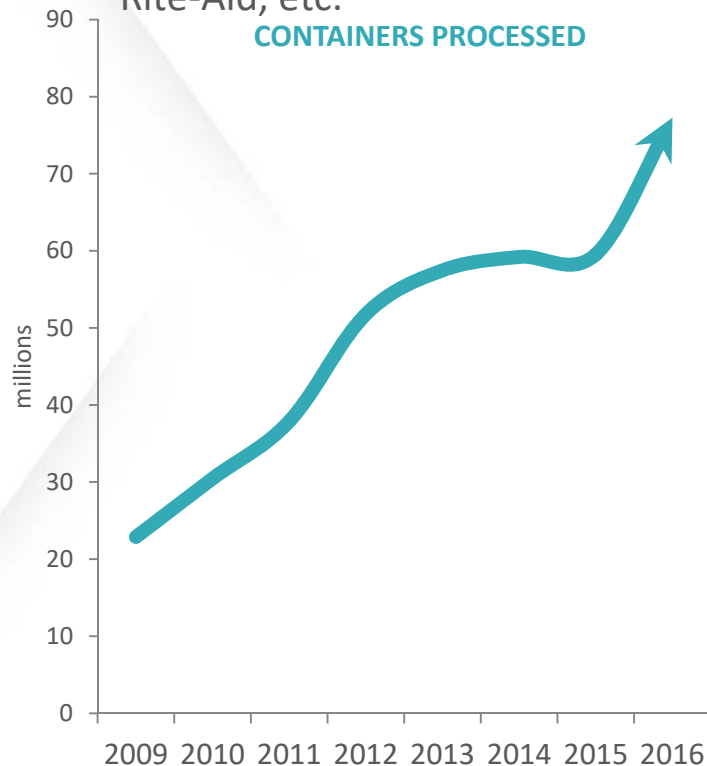


- ◆ Michigan market ideally suited to Quantum
- ◆ High container volumes and large footprint bottle rooms
- ◆ A major Retailer has 85 stores and is a committed launch partner
- ◆ Retail launch partner's ambition is to use Quantum to drive foot traffic into their stores and create a competitive point of difference
- ◆ First installation scheduled 8/15/17

# SORT-AFTER



- ◆ Redemption program in NYC
- ◆ Utilizes Envipco's industrial, high-speed BulkMaster counting machines
- ◆ Volume up 70% from 2009 to 2016 (see graph)
  - Sort-After is a compliance solution for NYC drug store retailers: Walgreens, CVS , Rite-Aid, etc.



# SWEDEN MARKET REPORT



# SWEDEN OVERVIEW - DEPOSIT



- ◆ Envipco market entry supported by technology agreement with Returpack (Swedish deposit system operator)
- ◆ Significant number of Quantum Outdoor locations installed
- ◆ Dedicated sales & services force for Swedish retailers on Flex and Quantum product lines
- ◆ Quantum Indoor trials at 4 locations provide proof of consumer preference for bulk feed technology
- ◆ Flex proving to meet market opportunity for low cost combi machines



# RETURPACK RELATIONSHIP



- ◆ Proven to be very supportive partner
- ◆ Concept of converting manual volume to QUANTUM outdoor solution is viewed as a success
- ◆ Opportunity to machine the costly low volume container channel with FLEX
- ◆ Showcases Envipco technology leadership with government-supported deposit system operators





# MARKET OPPORTUNITY

- ◆ Retail market leaders
  - **ICA:** 1,321 stores
  - **COOP:** 713 stores
  - **Axfood:** 731 stores
  - **Bergendahls:** 157 stores
  - **Lidl:** 168 stores
  - **Netto:** 155 stores
  
- ◆ **Current machine base:** 4,312 machines
  - Single Quantum Outdoor equates to 5 standalone RVMs
  - Single Quantum Indoor equates to 3 standalone RVMs

# COMPETITIVE LANDSCAPE



- ◆ Three competitors
  - Dominated by Tomra & two smaller players
- ◆ ENVIPCO
  - Recognized as a credible technology provider and real choice against the market leader
  - QUANTUM has created a reputation for technology leadership
  - Outdoor unit proliferation exposing large numbers of Swedish consumers to the benefits of bulk feed
  - Returpack support and purchase of our technology communicates we are a meaningful and permanent player in the market

# QUANTUM – MALMÖ, SWEDEN



# QUANTUM IN MOTION



# FRANCE MARKET REPORT



# FRANCE OVERVIEW – NON-DEPOSIT



- ◆ The RVM French market, despite previous years' stagnation, had a boost in 2016 due to three main factors:
  - Very low collection rate (around 49% for PET)
  - The support of Eco-Emballage
    - Support is limited and depends on the location and the total number of machines
    - Rates are re-negotiated each year
    - 2016 support:
      - 590 € per ton for PET
      - 278 € per ton for Cans
  - The eco-tax on packaging continues to increase year after year

# FRANCE RVM INSTALLATIONS



## Lemontri (our distributor in France)

- ◆ Current install base includes
  - 50+ ULTRA 48
  - Plans to significantly expand
- ◆ Potential barrier
  - Eco-Emballages has new restrictive policy to limit subsidies





# COMPETITIVE LANDSCAPE – OFFICE SECTOR






Company	Install Base
CANIBAL	120+ machines installed
CFKD	100+ Manual compactor machines installed; distributing the RVMs of Trittech Italy (installed in Paris airports)
PAPREC	20 ENVIPCO Flex machines
LEMONTRI	50 ENVIPCO Flex machines





# COMPETITIVE LANDSCAPE – RETAILER SECTOR



Company	Install Base	Platform	Revenue	Ownership
<p>RECO</p> 	35+ machines	Kiosk with Tomra machine (T63/T9)	Advertising: Nestlé Waters & Danone Subsidy: Eco-Emballages	Owned by SITA/SUEZ (one of the biggest waste mgmt companies in France)
<p>HYPER BOX</p> 	15 machines (partnership with Roxane Cristalline)	Kiosk with multiple RVMs	Commodity from collected bottles feed their B2B plant	Owned by LARBATELIER (provides storage equipment to retailers)
<p>LEMONTRI</p> 	50 machines (expansion plans)	ENVIPCO Ultra 48 machine Kiosk plans using ENVIPCO Flex	Advertising: Nestlé Waters & Danone Subsidy: Eco-Emballages Commodity sales	Self-run Certified B Corporation

# GREECE & CYPRUS MARKET REPORT



# GREECE OVERVIEW – NON-DEPOSIT



- ◆ GREECE has seen a recent revitalization of its market due to 3 main factors:
  - European legislation requiring local authorities to sort the 3 main materials (PET, Cans, Glass) into separate bins
  - Subsidies from the European Community to promote the collection and sorting of these materials
  - HERRCO S.A., the Greek green dot system, cannot currently comply with the European legislation to sort materials at point of collection (it collects all materials into a single blue bin)



# COMPETITIVE LANDSCAPE - GREECE



## ◆ HERRCO

- Has installed only one recycling center (in 2014 using Repant machines)
- Needs to replace blue bins with machines that sort and separate materials - per latest EU Directive, materials must be sorted at point of collection

## ◆ ENVIPCO (TEXAN – our distributor)

- Current installation base, through our distributor TEXAN, includes the following RVM models: **450+ CF1500, 1 Quantum, 2 Ultra HDS, 12 Ultra 48**
- TEXAN in dominant position through Antipoditiki and AB retailer
- TEXAN has Recycling Centers in:
  - Municipalities across Greece (Athens, Thessaloniki, Piraeus, etc.)
  - Supermarket chains (AB Vassilopoulos, Carrefour, etc.)
  - The OLP (Piraeus Port Authority) / Athens College



# CYPRUS OVERVIEW – NON-DEPOSIT

- ◆ The European Community financed a project in 2015-2016 to install 9 recycling centers in Cyprus – won by TEXAN
- ◆ Second tender for 10 new recycling centers launched at end of 2016 – also financed by European Community (31 RVMs)
- ◆ Cyprus must meet EU directive targets and is far behind



# COMPETITIVE LANDSCAPE - CYPRUS



## ◆ ENVIPCO

- First 9 recycling centers bid won by TEXAN via its Cypriot subsidiary
- Each of the 9 recycling centers contains 3 ENVIPCO Ultra 48 machines (one PET, one can and one glass)

## ◆ Others

- TEXAN is bidding for the second time but in more competitive environment
- Tomra, Repant and DIGI are actively competing via local partners

# AUSTRALIA MARKET REPORT





# NEW SOUTH WALES (NSW) LEGISLATION - DEPOSIT



- ◆ New South Wales implementing “Container Refund” legislation to commence December 1, 2017

Government to appoint Scheme Coordinator, by June 2017, responsible the financial management, auditing, validating and awareness of the Scheme

Government to appoint Network Operators, by July 2017, responsible for the establishment and managing networks of collection points

Refundable deposit of 10 cents on each eligible containers on redemption

Collections points include Reverse Vending Machines

85% coverage required by December 1, 2017

# COMPETITIVE LANDSCAPE



- ◆ Potential competitors:

- Tomra
- 1-2 RVM players

- ◆ ENVIPCO

- Well established distributor of RVMS in Australia with the highest number of RVMs
- Envirobank has proven itself in Australia as a coordinator in the Northern Territory and has deployed 100+ RVM's in NSW
- Envirobank is positioned as a successful local company with strong not-for-profit and strategic partners with a proven track record of performance
- Existing and leverage-able digital rewards platform

# ENVIPCO ROLE AND OPPORTUNITY



- ◆ RVM Provider
  - In partnership with our distributor Envirobank, market based RVM solutions for collection depots and retail redemption centers
  
- ◆ Network Operator (Envirobank)
  - Well positioned to win approvals in key population centers in NSW
  - “Build it first” strategy to showcase Envipco technology and automated collection points (frame orders in place)
  - Refined loyalty platform that can easily be leveraged
  - Key relationships in place with not-for-profit groups (scouts, surf clubs)
  - Australian company that knows the space and the entities running the deposit scheme

# OTHER MARKET OPPORTUNITIES



- ◆ Envipco has extensive experience in non-deposit schemes from technology deployment to consumer attraction
- ◆ Scalable non-deposit schemes demand the most cost-efficient, engineered solutions combined with sustainable financial support systems
- ◆ Legislative mechanisms to support recycling along with discussions of mandatory deposits are in progress in numerous markets
- ◆ Envipco's approach is to remain aware and active in these processes by leveraging our organization and developing local partnerships to participate in viable market opportunities



# ACTIVE DEPOSIT LEGISLATION ACTIVITIES

## List of Potential for RVM Market (next 5 years)

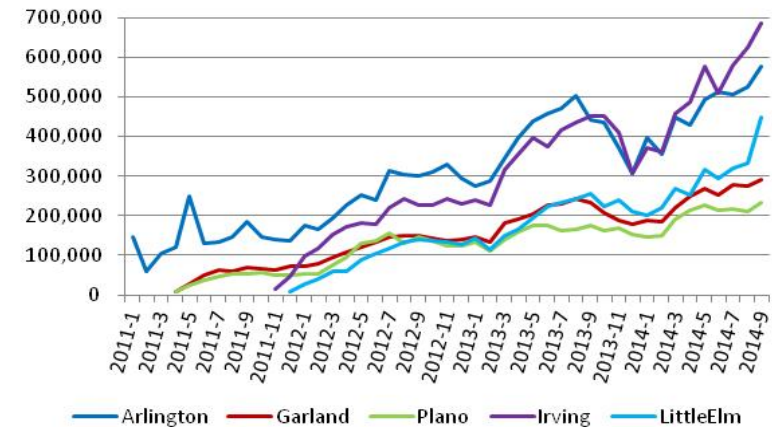
- ◆ UK
  - Scotland: Trial conducted 2 years ago
  - London: Mayor supporting container deposit law
  - Nationwide: Deposit law in manifesto of election of 2 out of 3 major parties
- ◆ Australia
  - Queensland: 2018/2019
  - Victoria: 2018/2019
  - Western Australia: 2019/2020
- ◆ Spain
- ◆ Cyprus: 2018/2019

# CONCEPT PROVEN: REIMAGINE (DALLAS, TX)



- ◆ Concept and operations of bulk feed proven
  - in 5 non-deposit test locations in Texas with up to 700k containers per month per center
- ◆ Envipco has done extensive research
  - into all aspects of user acceptance and usability
- ◆ Key Successes
  - Volumes
  - Consumer sustainability
  - Technology
  - Operations

Monthly Volume - Actual vs. Goal





# NON-DEPOSIT MARKET EXPERIENCE



Australia



UK – Milton Keynes  
Shopping Centre



Brazil



Greece – Carrefour  
Supermarket



Misaki, Japan



Ireland school



# MANUFACTURING HIGHLIGHTS



## Naugatuck, CT USA



- ◆ ULTRA 48, HDS and FLEX (Lean based)
- ◆ 25 years manufacturing experience
- ◆ 75,000 square feet Production (owned)
- ◆ Scalable capacity
- ◆ Repair/refurbishment of all old generation and ULTRA 48, HDS and FLEX platforms for the North America

## Westerkappeln, Germany

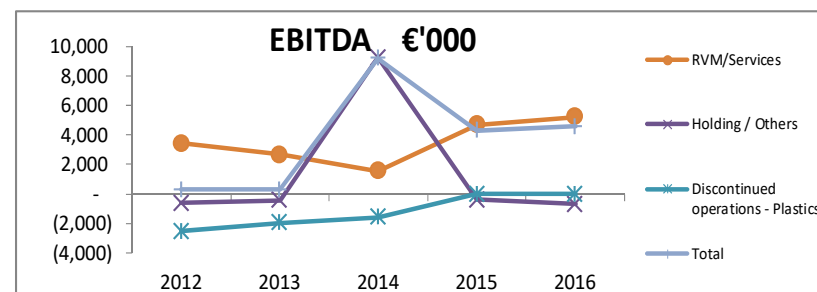
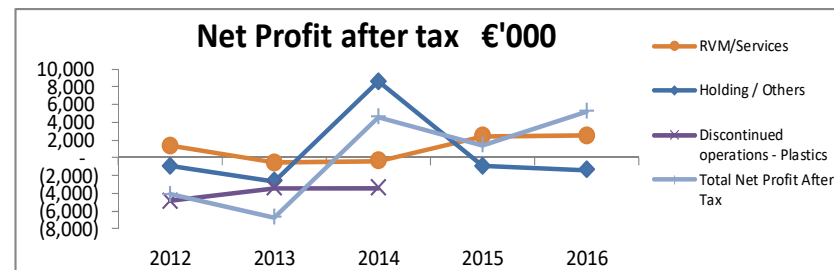
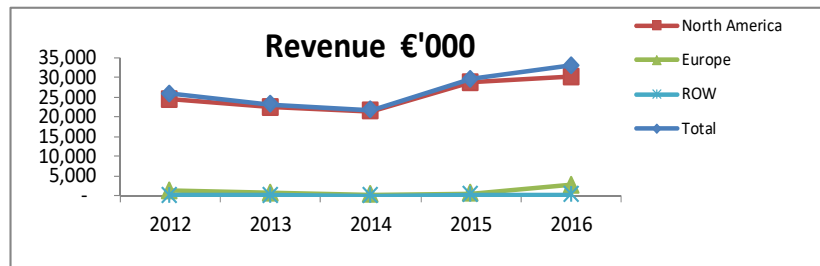


- ◆ QUANTUM
- ◆ Repair (limited) of the compactor business
- ◆ 30,000 square feet leased
- ◆ Scalable productivity

# GROWTH AND PROFITABILITY



# ENVIPCO GROUP SEGMENT ANALYSIS - 2012-2016



# FINANCIAL OVERVIEW



€'000	2014 Audited	2015 Audited	2016 Audited
Fixed assets & Intangibles	10,530	15,604	21,564
Current assets	14,348	17,139	19,181
Current liabilities	6,618	9,934	11,823
Non-current liabilities	3,255	5,192	5,441
Equity	15,005	17,617	23,481
EBITDA - Continued operations	10,779	4,307	4,559

## Shareholding:

Outstanding number of shares (excl treasury shares  
of 240,000)

3,597,607

## Shareholders:

A F Bouri

71.1%

Public

28.9%

100.0%

# INVESTMENT OPPORTUNITY



- ◆ Demonstrated performance against market leader
  - Market share growth in North America
  - Successful entry in Sweden
  - Disruptive technology, QUANTUM, changes the paradigm
  - Successful execution in both deposit and non-deposit market opportunities
- ◆ Strong IP portfolio (Technology Protection) and potential IP infringement upside
- ◆ Well positioned to benefit from longer term trends for new deposits and other legislation supporting package recovery mandates