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# VPS Program Quarter 4 2018 Review

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## Q4 2018 VPS Summary



# Agenda

- Program Update
- Quarterly Overview of Results
- Q1 2019 Forecast
- Financials
- All meetings conducted under Antitrust Guidelines and Roberts Rules of Order



# VPS Program Update

- 48 CSEs participated in the VPS Program in 2018
  - 32 CSEs requested funds in Q4
  - 25 CSEs requested funds in Q3
  
- End-market issues in the marketplace persist
  - Limited outlets for all fiber types
  - Processors have decreased demand
    - The demand for PCC has been inconsistent
    - Processors are deselecting PCC in favor of PI
  - Pad prices remain constant
    - Very little fluctuation, but demand can be inconsistent
  - Strong demand for Nylon 6.6
    - Makes up a small percentage of waste stream
  
- AUPs are currently being conducted on 3 CSEs
  
- All CSEs that requested funds are CARE members in good standing



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# VPS Summary Results



# Q4 2018 Summary Results

- 32 CSEs Requested Funds for Q4 2018
  - 48 CSEs participate in program (67% response rate)
  
- Output Eligible for Funding: 24,751,075 lbs.
  - Total Output: 47,162,353 lbs.
    - Landfilled: 15,933,551 lbs.
    - Ending Inventory: 6,477,727
  
- Total \$ Disbursed to CSEs: \$458K
  - One CSE reached cap limit
  
- Total Q4 Payout(including admin expenses): \$479K

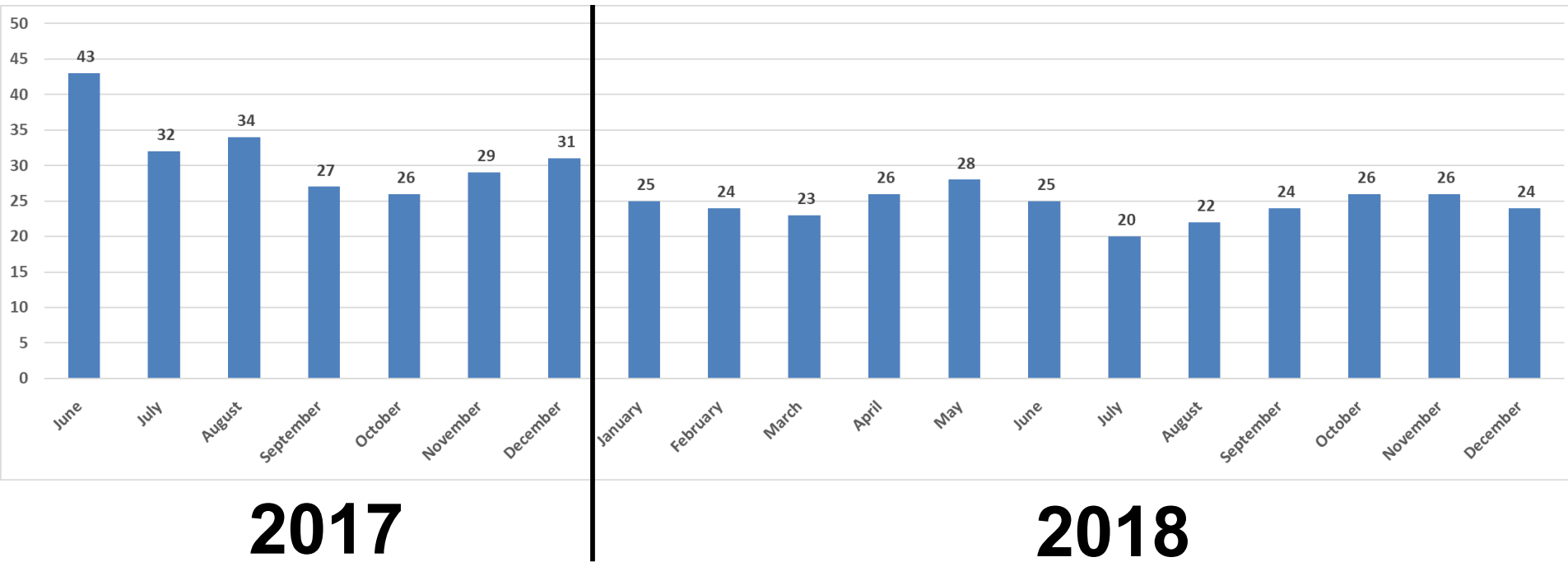


# 2018 VPS Fund Requests Per Month

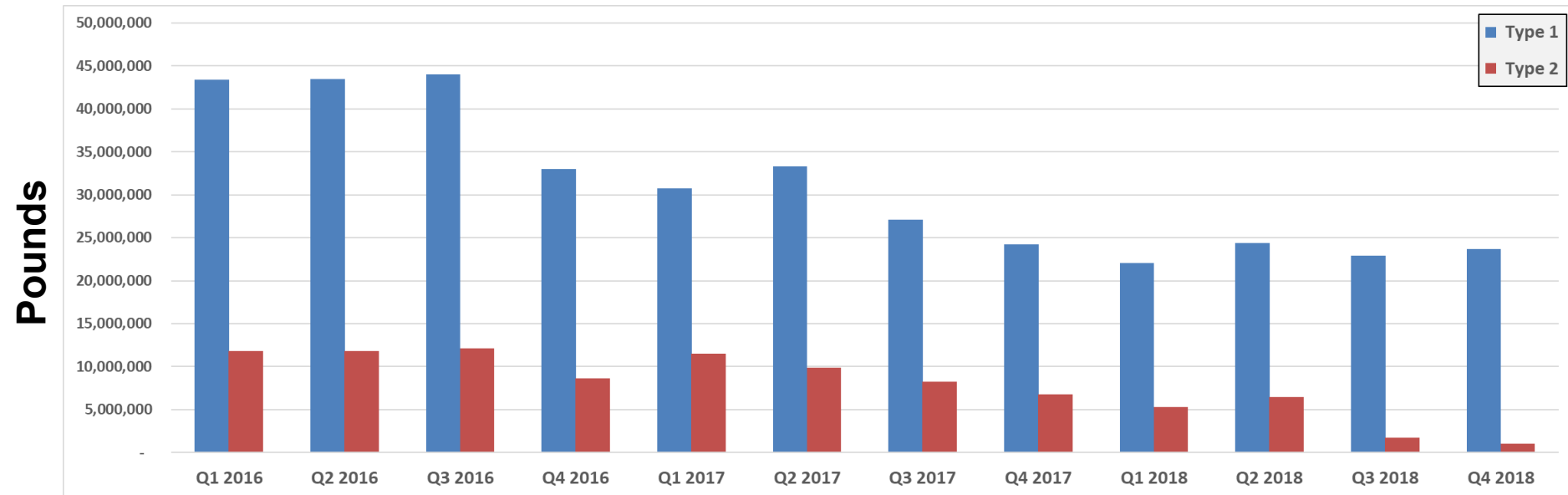
| 2018      |    |
|-----------|----|
| January   | 25 |
| February  | 24 |
| March     | 23 |
| April     | 26 |
| May       | 28 |
| June      | 25 |
| July      | 20 |
| August    | 22 |
| September | 24 |
| October   | 26 |
| November  | 26 |
| December  | 24 |



# VPS Fund Requests Per Month



# VPS Q4 Output Destinations (lbs.)



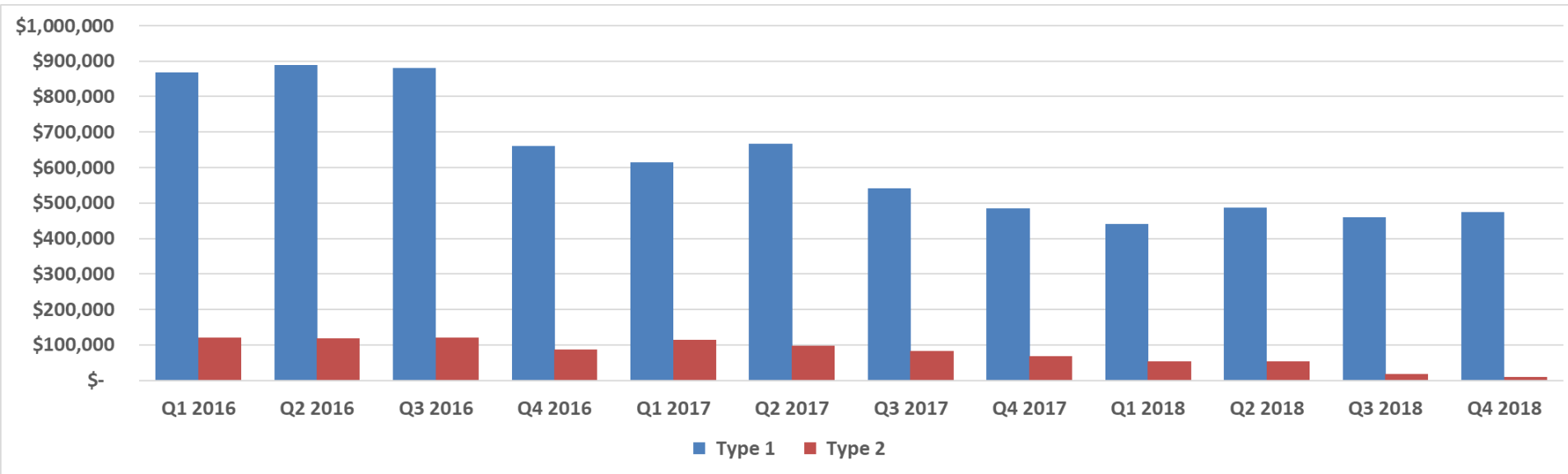


# VPS Q4 Output Destinations (lbs.)

| Pounds of Output                       |                   |                   |                |
|--|-------------------|-------------------|----------------|
|  | Q3 2018           | Q4 2018           | % +/- (Q3v.Q4) |
| <b>Broadloom Re-Used (\$.02)</b>       | 68,144            | 66,707            | -2%            |
| <b>Carpet Tile Re-used (\$.02)</b>     | 76,751            | 538,584           | 602%           |
| <b>Shipped Internationally (\$.02)</b> | 259,642           | -                 |                |
| <b>Shipped inside U.S. (\$.02)</b>     | 22,537,978        | 23,080,689        | 2%             |
| <b>Waste-to-Energy (\$.01)</b>         | 1,620,618         | 494,636           | -69%           |
| <b>Pyrolysis (\$.01)</b>               | -                 | -                 | -              |
| <b>Cement Kiln (\$.01)</b>             | 130,322           | 570,459           | 338%           |
| <b>CAAF (\$.01)</b>                    | -                 | -                 | 0%             |
| <b>Total</b>                           | <b>24,693,455</b> | <b>24,751,075</b> | <b>0%</b>      |



# VPS Q4 Output (\$s)



# VPS Q4 Output (\$s)

| Output in \$s                          |                   |                   |                |
|--|-------------------|-------------------|----------------|
|  | Q3 2018           | Q4 2018           | % +/- (Q3v.Q4) |
| <b>Broadloom Re-Used (\$.02)</b>       | \$1,363           | \$1,334           | -2%            |
| <b>Carpet Tiles Re-used (\$.02)</b>    | \$1,535           | \$10,772          | 86%            |
| <b>Shipped Internationally (\$.02)</b> | \$5,193           | \$0               |                |
| <b>Shipped inside U.S. (\$.02)</b>     | \$450,760         | \$461,614         | 2%             |
| <b>Waste-to-Energy (\$.01)</b>         | \$16,206          | \$4,946           | -228%          |
| <b>Pyrolysis (\$.01)</b>               | \$ -              | \$ -              |                |
| <b>Cement Kiln (\$.01)</b>             | \$1,303           | \$5,705           | 77%            |
| <b>CAAF (\$.01)</b>                    | \$ -              | \$ -              |                |
| <b>Total Uncapped</b>                  | <b>\$ 476,360</b> | <b>\$ 484,371</b> | 2%             |
| <b>Cap Correction</b>                  | \$ (27.47)        | \$ (2,142.93)     |                |
| <b>Overpayment Correction</b>          | \$ (18,201)       | \$ (24,236)       |                |
| <b>Grand Total Payout for Total</b>    | <b>\$ 458,132</b> | <b>\$ 457,992</b> | 0%             |

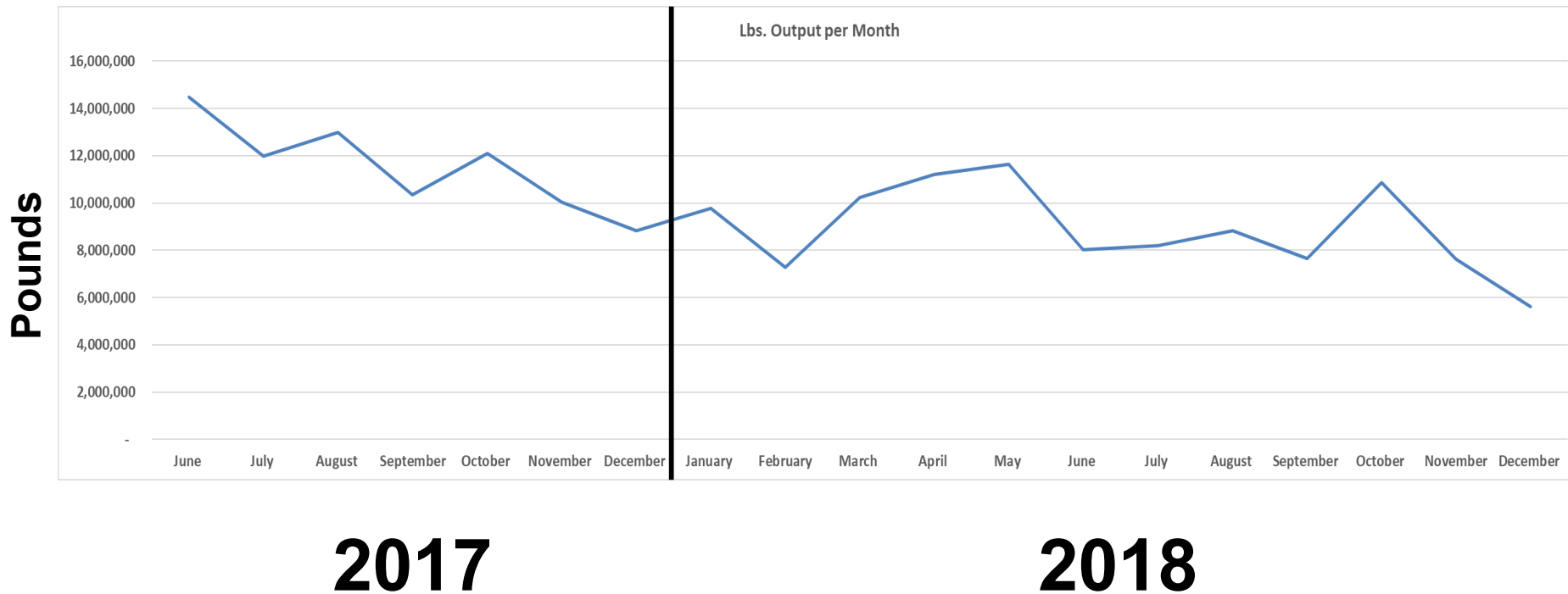


# 2018 VPS Output Per Month

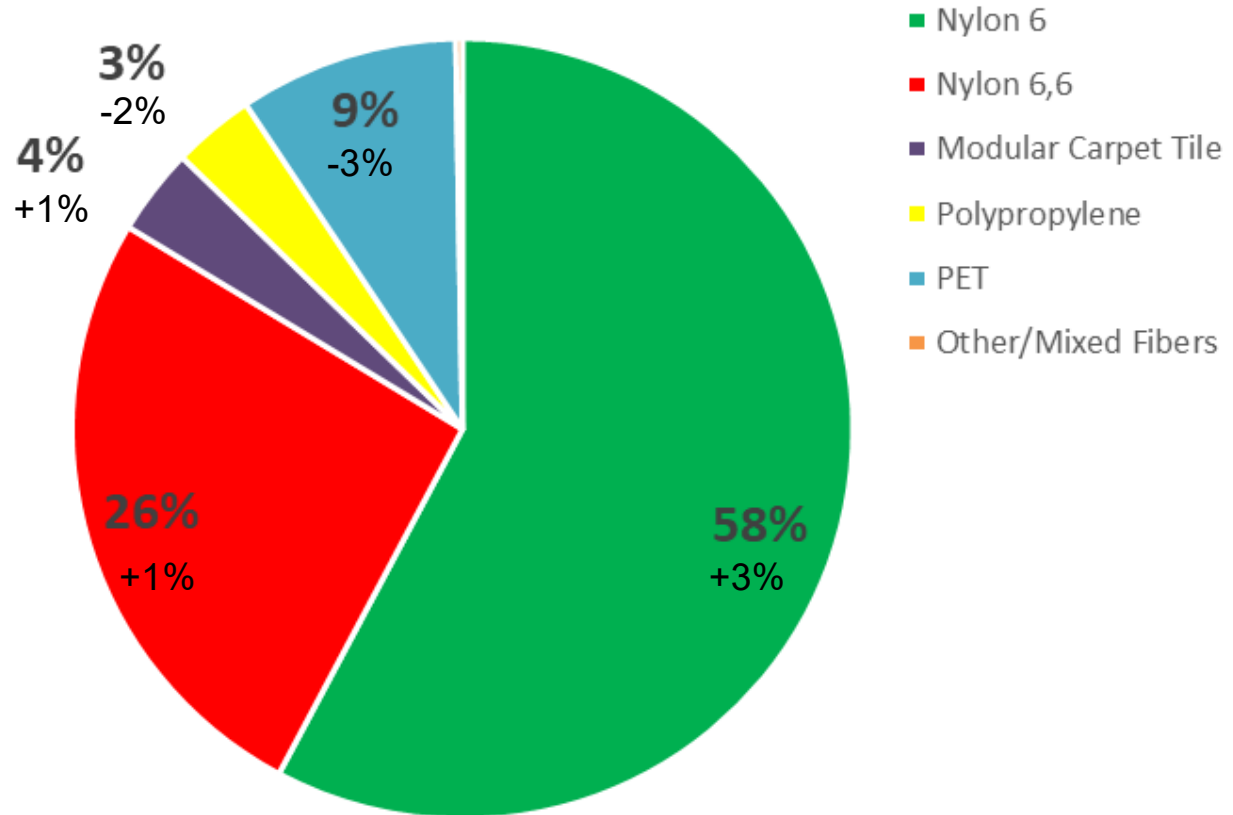
| 2018      |            |
|-----------|------------|
| January   | 9,784,309  |
| February  | 7,276,344  |
| March     | 10,245,063 |
| April     | 11,197,511 |
| May       | 11,641,394 |
| June      | 8,035,632  |
| July      | 8,203,747  |
| August    | 8,828,368  |
| September | 7,661,340  |
| October   | 10,854,311 |
| November  | 7,631,601  |
| December  | 5,613,683  |



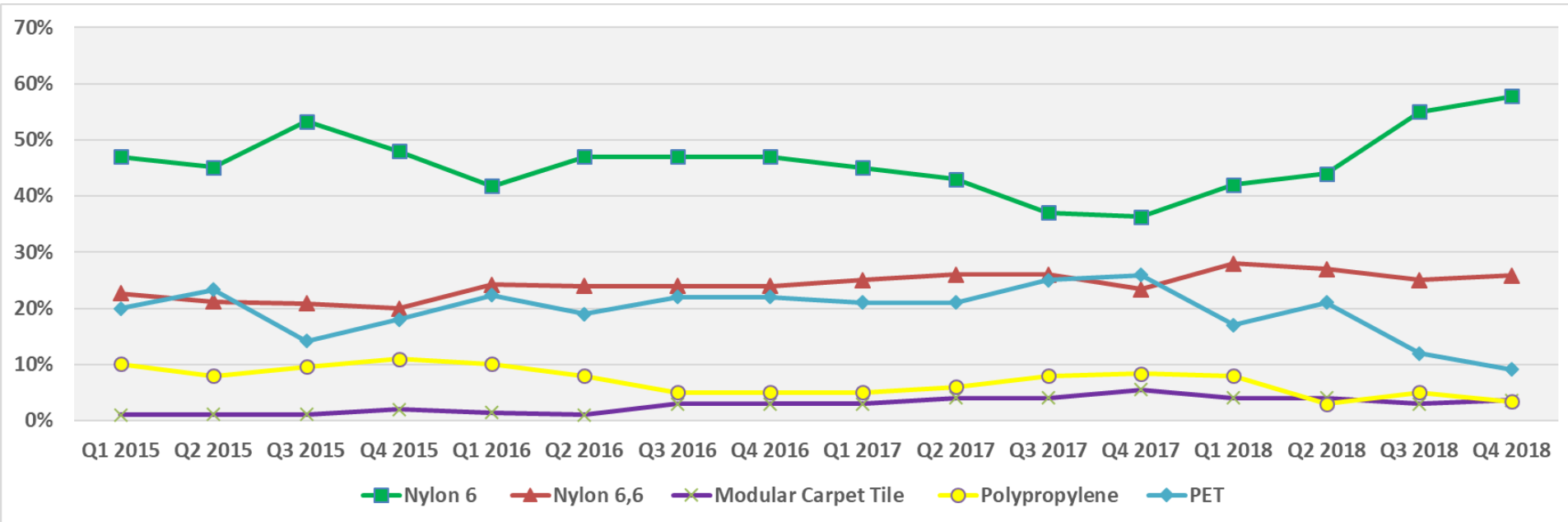
# VPS Output Over Time



# Face Fiber Breakdown of Sorted Output



# Face Fiber Breakdown % - Shipped and Sold



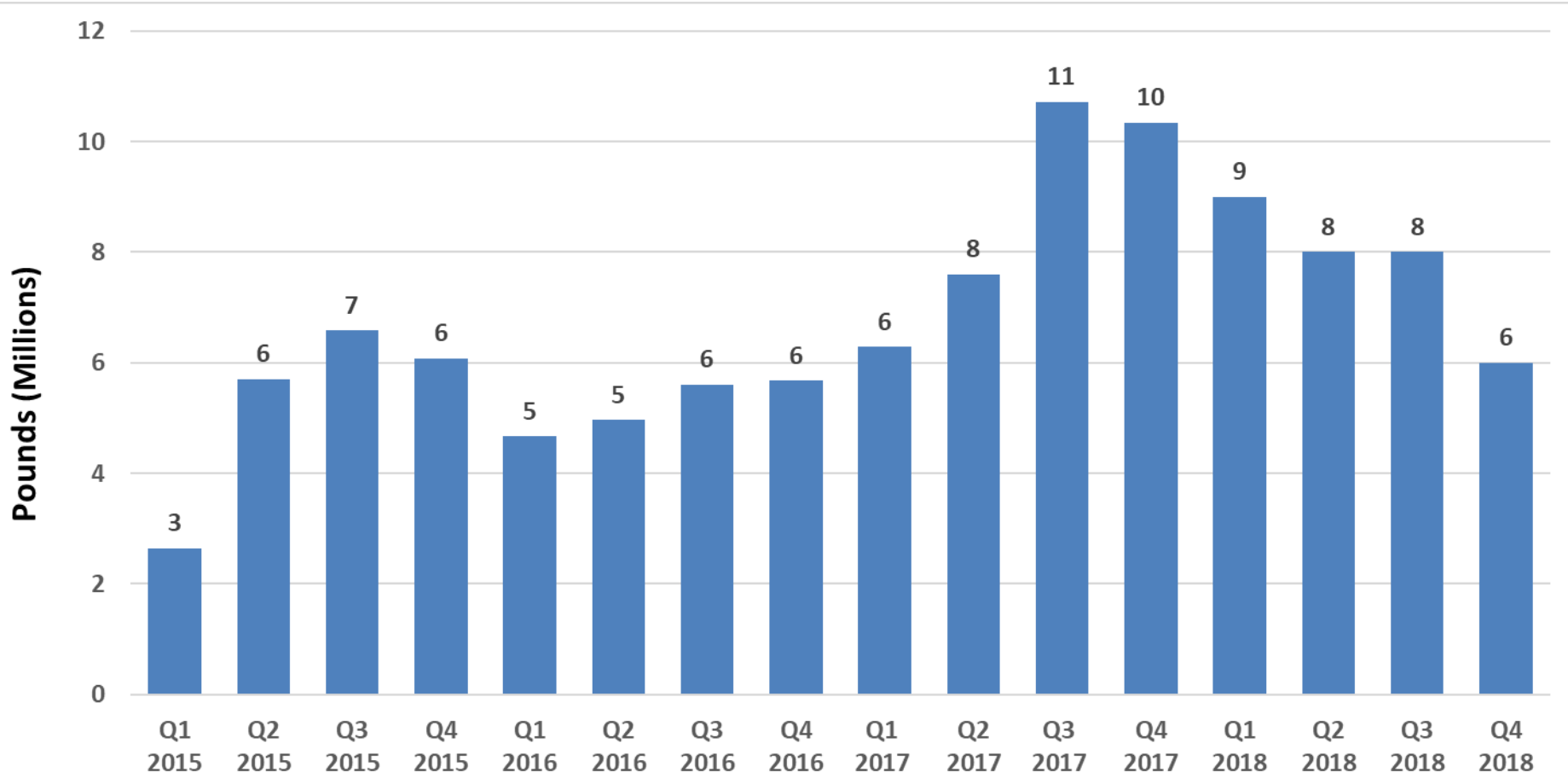
# Q4 Face Fiber Breakdown(%)

| Face Fiber Breakdown - Shipped and Sold |         |         |
|---|---------|---------|
|   | Q3 2018 | Q4 2018 |
| Nylon 6                                 | 55%     | 58%     |
| Nylon 6,6                               | 25%     | 26%     |
| Modular Carpet Tile                     | 3%      | 4%      |
| Polypropylene                           | 5%      | 3%      |
| PET                                     | 12%     | 9%      |
| Other/Mixed Fibers                      | 0%      | 0%      |





# Inventory Levels

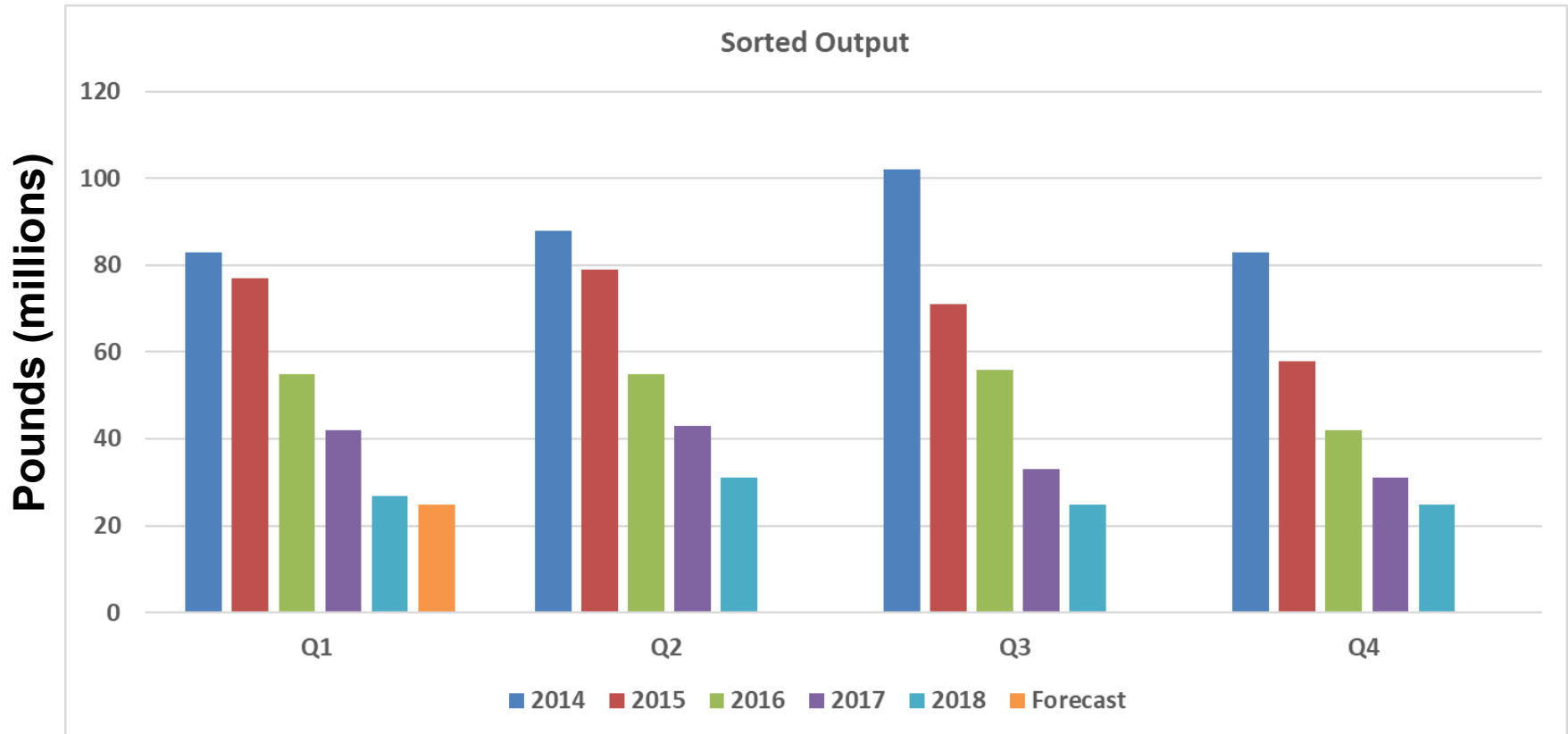


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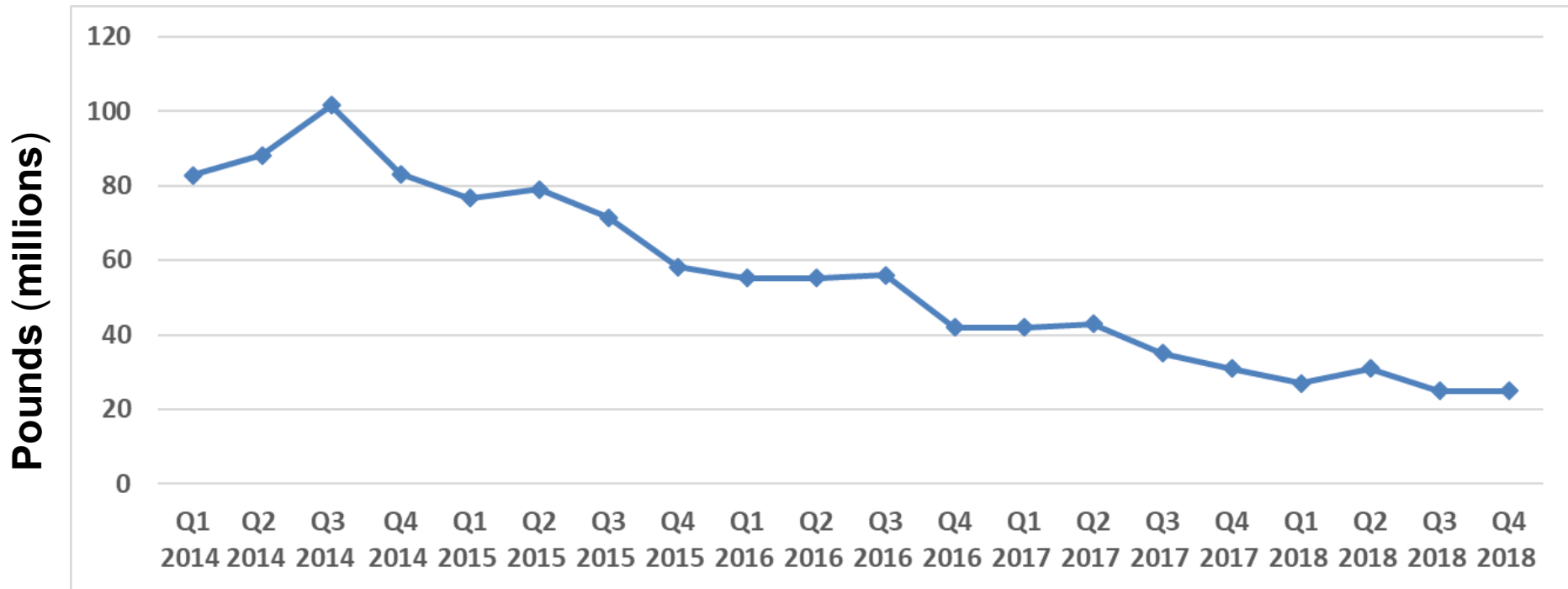
# VPS Q1 2019 Forecast



# Results and Forecasts



# Sorted Output Trend



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# VPS Financials



# VPS AUP Tracking

| VPS CSE AUP Tracking |          |           |  |
|----------------------|----------|-----------|--|
|                      | Selected | Completed | Note   |
| Q1 2015              | 3        | 3         |  |
| Q2 2015              | 3        | 3         |  |
| Q3 2015              | 3        | 3         | 1 finding: Overpayment of \$49K to be paid back to VPS program in instalments.                         |
| Q4 2015              | 3        | 3         |  |
| Q1 2016              | 3        | 3         |  |
| Q2 2016              | 3        | 3         |  |
| Q3 2016              | 3        | 3         |  |
| Q4 2016              | 3        | 3         |  |
| Q1 2017              | 3        | 3         |  |
| Q2 2017              | 3        | 3         |  |
| Q3 2017              | 3        | 3         |  |
| Q4 2017              | 3        | 3         |  |
| Q1 2018              | 3        | 3         |  |
| Q2 2018              | 3        | 3         | One Finding: Overpayment for lbs. of PET claimed as sold. Payback scheduled agreed to by VPS Committee |
| Q3 2018              | 3        | 3         |  |
| Q4 2018              | 3        | -         |  |



# Accounting Details for Quarter

| Q4 2018         |    |         |
|-----------------|----|---------|
| <b>October</b>  | \$ | 206,725 |
| <b>November</b> | \$ | 156,210 |
| <b>December</b> | \$ | 116,859 |
| <b>Q4</b>       | \$ | 479,794 |



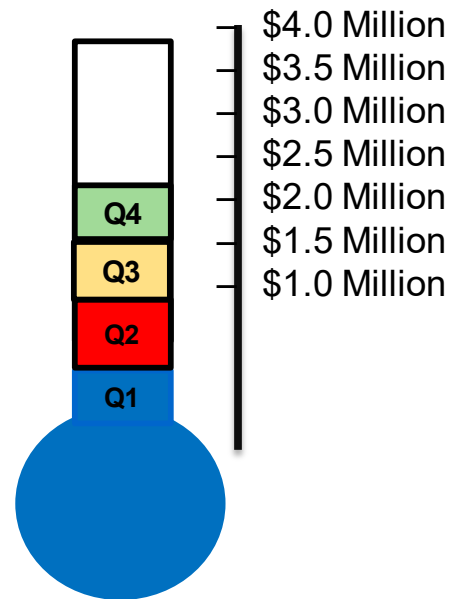
# VPS Payout vs. Budget

Q4 2018: \$480,000

Q3 2018: \$503,057

Q2 2018: \$591,964

Q1 2018: \$510,229

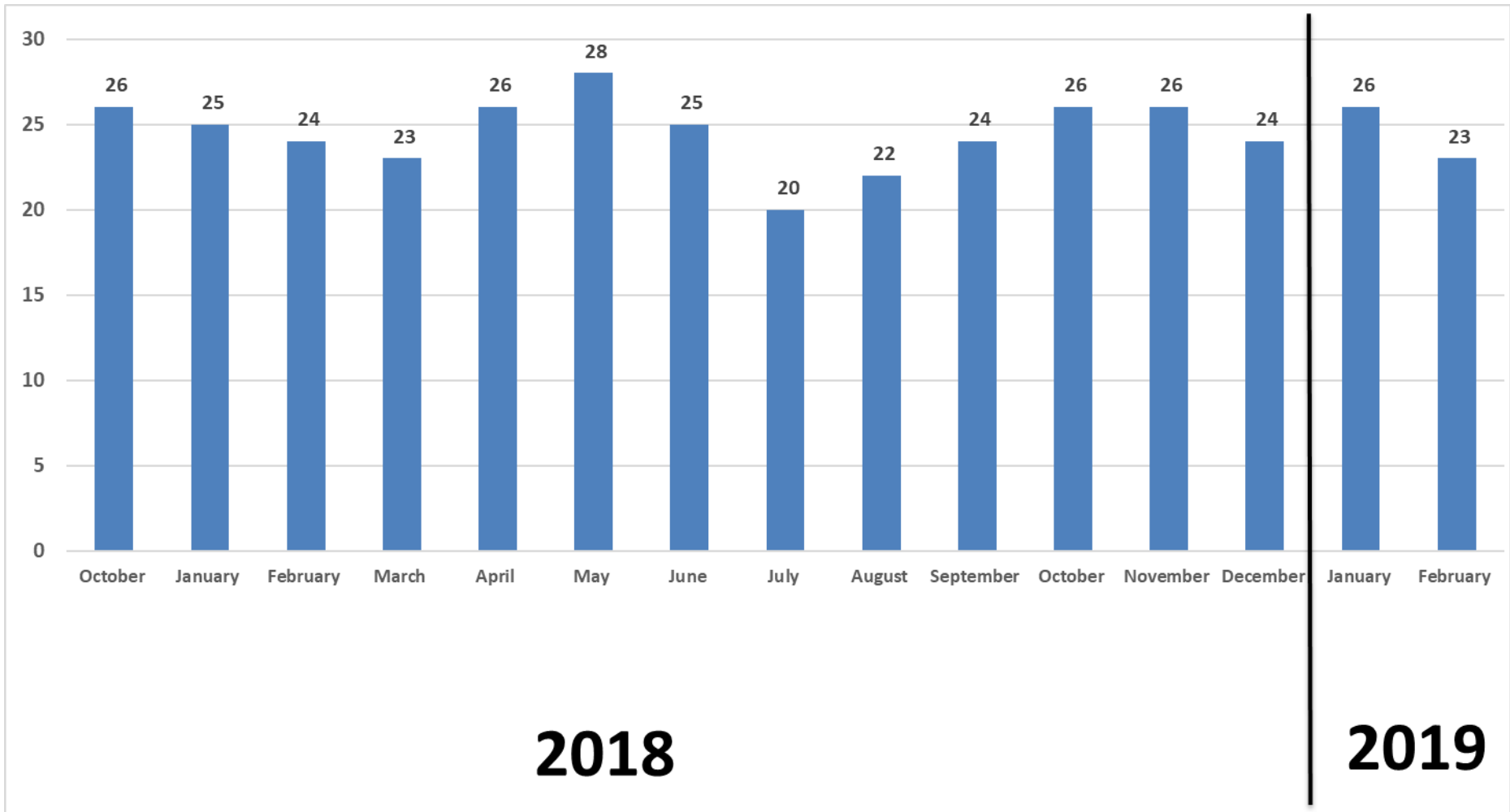


- **Total Funds Used for 2018: \$2M**
  - **\$950K used from 2017**
- **\$2 MM remained after Q4 2018 Payout**
  - **Remaining funds will be rolled over and fund 2019 Program**





# Fund Requests By Month



# Output By Month (Type 1 and 2)

