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# VPS Program Quarter 3 2019 Review

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Q3 2019 VPS Summary  
Anthony Cline



# Agenda

- Program Update
- Quarterly Overview of Results
- Q4 2019 Forecast
- Financials
- All meetings conducted under Antitrust Guidelines and Roberts Rules of Order



# VPS Program Update

- 47 CSEs participate in the VPS Program in 2019
  - 35 CSEs requested funds in Q3 2019
  - 37 CSEs requested funds in Q2 2019
- End-market issues in the marketplace persist
  - Limited outlets for all fiber types
  - Demand for certain PCC fiber types 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
  - October slowdown as a result of the UAE strike
    - Demand has recently recovered
  - CSEs in the Southeast are concerned about potential EPR in Illinois
    - They do not want it as it would have a negative impact on their recycling activities
- AUPs are currently being conducted on 3 CSEs
- All CSEs that requested funds are members in good standing



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# VPS Summary Results



# Q3 2019 Summary Results

- 35 CSEs Requested Funds for Q3 2019
  - 47 CSEs participate in program (74% response rate)
- Output Eligible for Funding: 30 M lbs.
  - Total Output: 48 M lbs.
    - Landfilled: 12 M lbs.
    - Ending Inventory: 6 M lbs.
- Total \$ Disbursed to CSEs: \$508K
  - 1 CSE reached cap limit in Q3 2019
- Total Q3 Payout(including admin expenses): \$537K

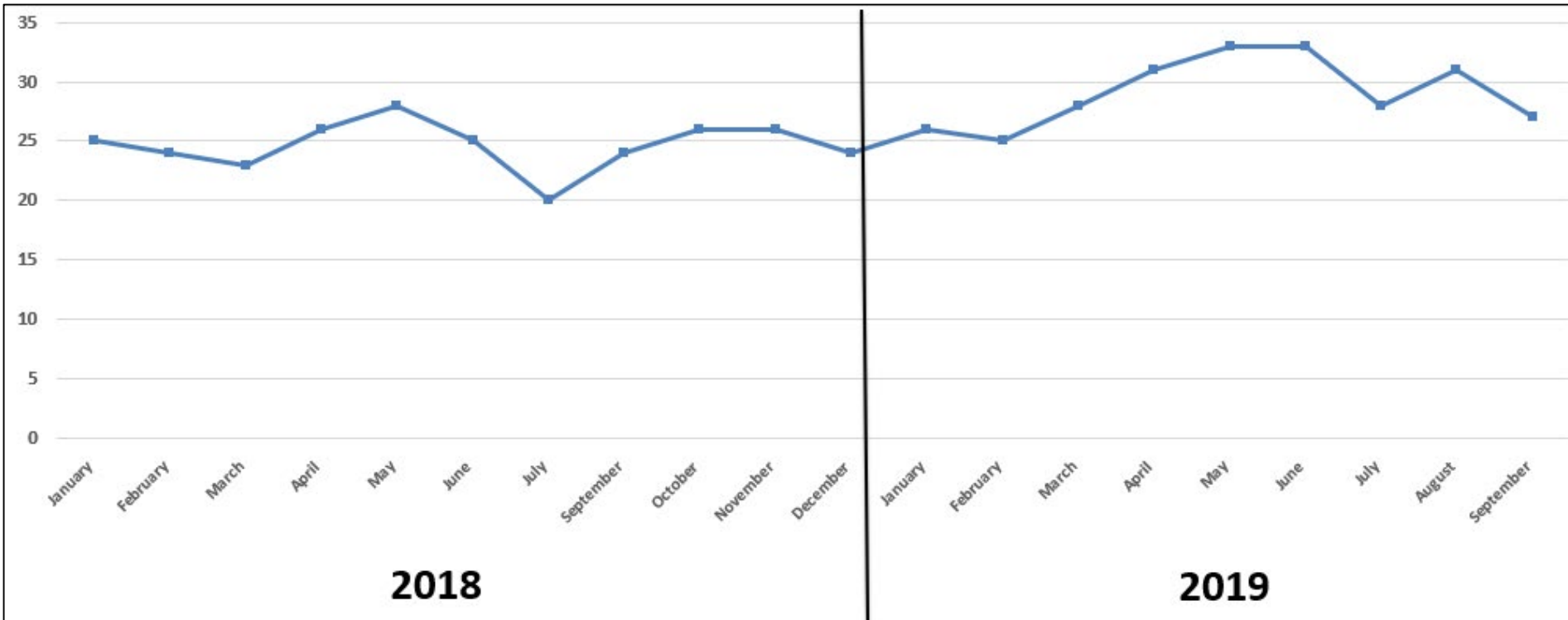


# 2018 & '19 Fund Requests Per Month

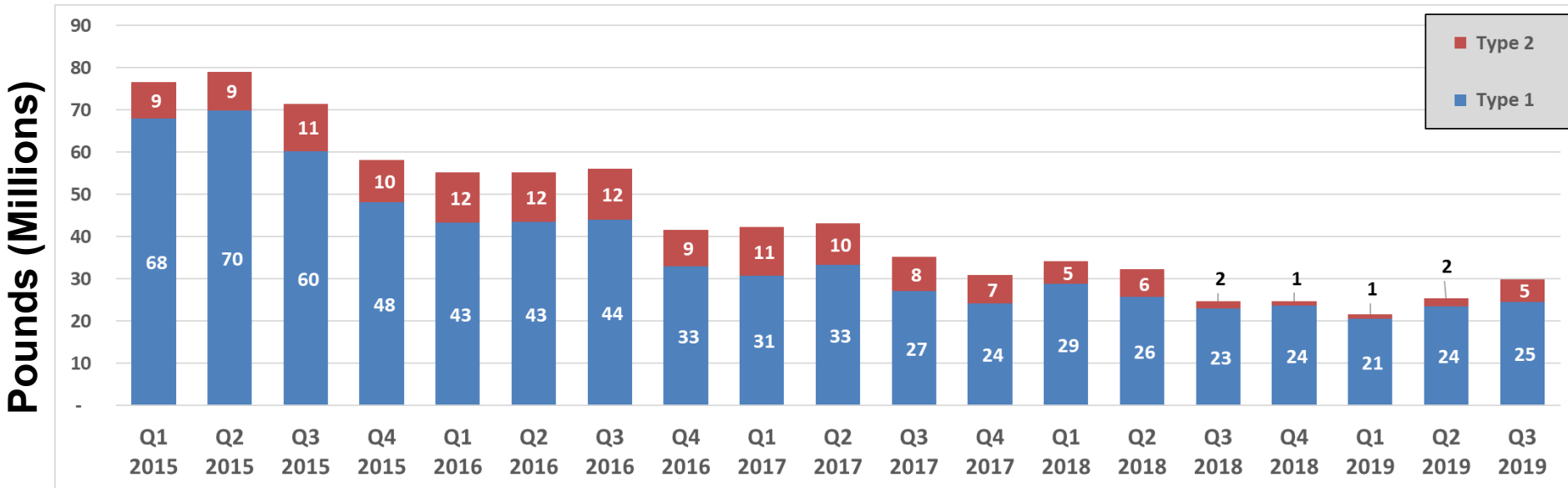
<b>CSE Reports Per Month</b>	
<b>2018</b>	
<b>September</b>	24
<b>October</b>	26
<b>November</b>	26
<b>December</b>	24
<b>2019</b>	
<b>January</b>	26
<b>February</b>	25
<b>March</b>	28
<b>April</b>	31
<b>May</b>	33
<b>June</b>	33
<b>July</b>	28
<b>August</b>	31
<b>September</b>	27



# VPS Fund Requests Per Month



# VPS Q3 Output Destinations (lbs.)



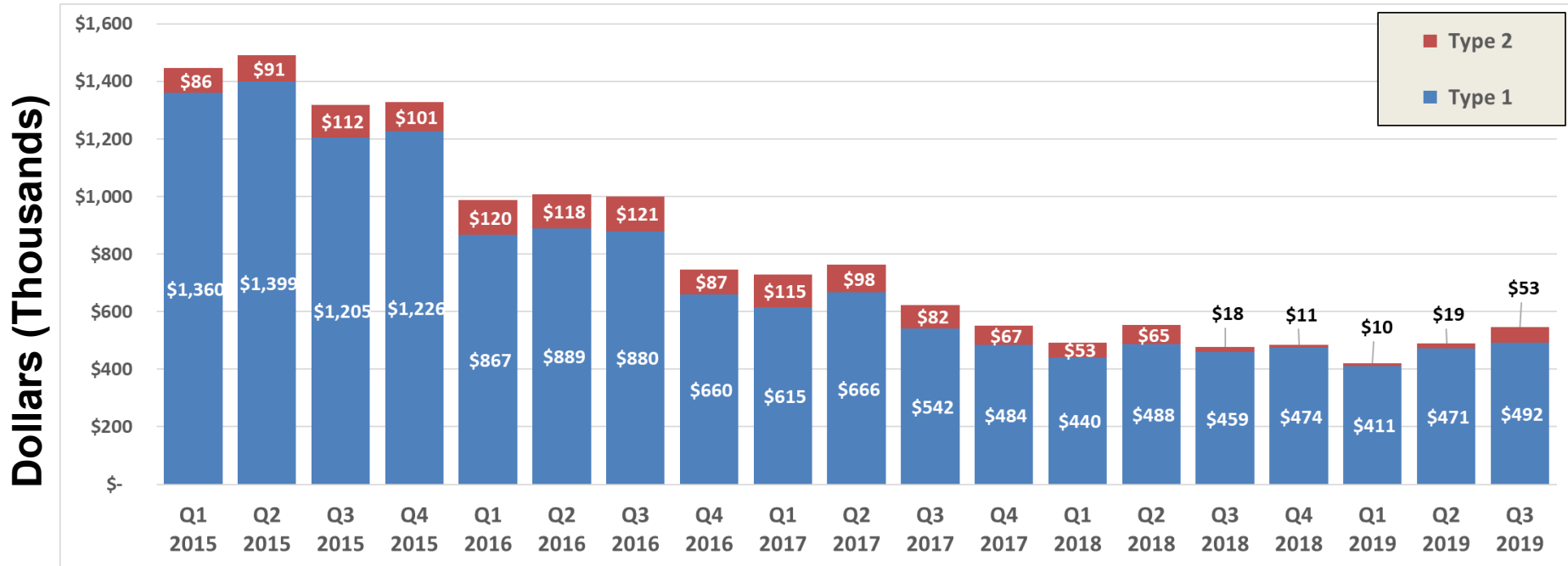


# VPS Q3 Output Destinations (lbs.)

Pounds of Output			
	Q2 2019	Q3 2019	% +/- (Q2v.Q3)
<b>Broadloom Re-Used (\$.02)</b>	43,680	66,448	52%
<b>Carpet Tile Re-used (\$.02)</b>	347,100	499,092	44%
<b>Shipped Internationally (\$.02)</b>	2,916,521	1,292,731	-56%
<b>Shipped inside U.S. (\$.02)</b>	20,264,916	22,756,734	12%
<b>Waste-to-Energy (\$.01)</b>	555,206	1,958,183	253%
<b>Pyrolysis (\$.01)</b>		-	
<b>Cement Kiln (\$.01)</b>	1,353,442	3,389,112	150%
<b>CAAF (\$.01)</b>	-	-	
<b>Total</b>	<b>25,480,865</b>	<b>29,962,300</b>	<b>18%</b>



# VPS Q3 Output (\$s)



# VPS Q3 Output (\$s)

Output in \$s			
	Q2 2019	Q3 2019	% +/- (Q2v.Q3)
Broadloom Re-Used (\$.02)	\$874	\$1,329	34%
Carpet Tiles Re-used (\$.02)	\$6,942	\$9,982	30%
Shipped Internationally (\$0.02)	\$58,330	\$25,855	-126%
Shipped inside U.S. (\$.02)	\$405,298	\$455,135	11%
Waste-to-Energy (\$.01)	\$5,552	\$19,582	72%
Pyrolysis (\$.01)	\$0	\$0	
Cement Kiln (\$.01)	\$13,534	\$33,891	60%
CAAF (\$.01)	\$0	\$0	
<b>Total Uncapped</b>	<b>\$ 490,530</b>	<b>\$ 545,773</b>	<b>10%</b>
Cap Correction	\$ (10,367)	\$ (14,221)	
Overpayment Correction	\$ (25,844)	\$ (22,898)	
<b>Grand Total Payout for Total</b>	<b>\$ 454,318</b>	<b>\$ 508,654</b>	<b>12%</b>

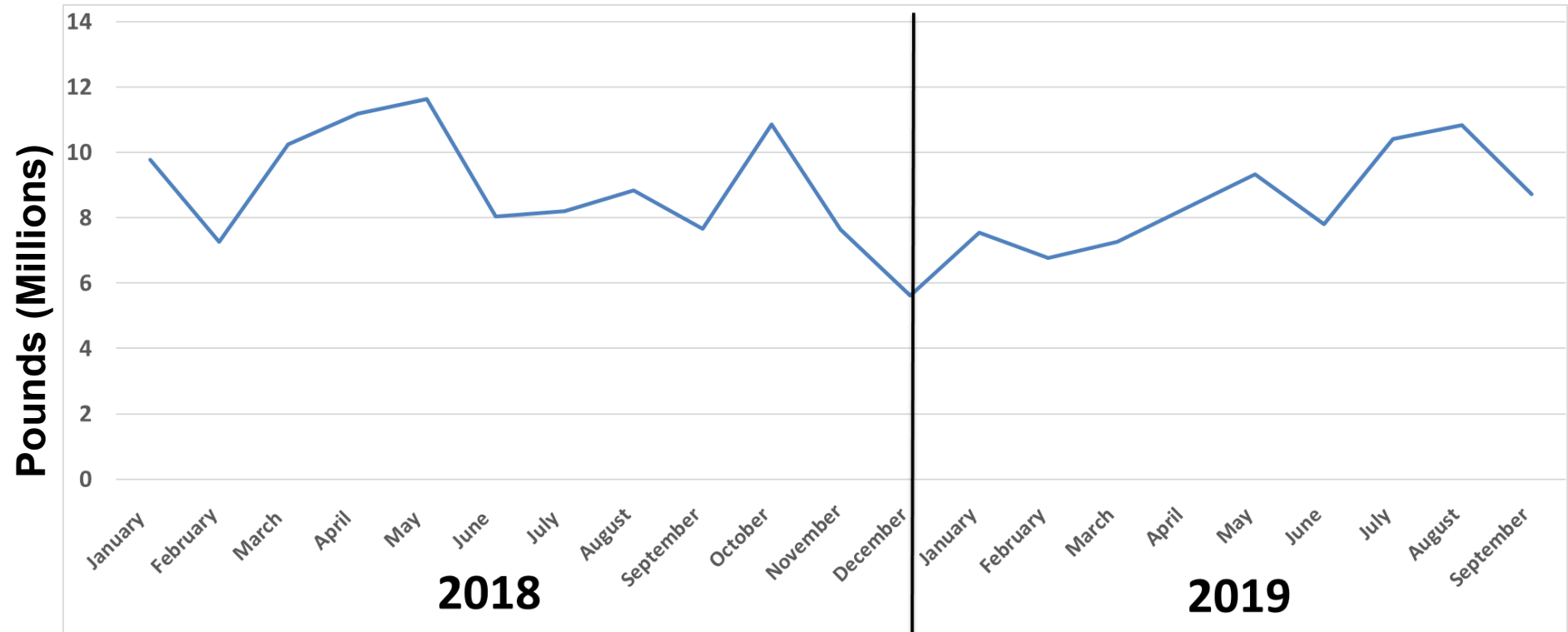


# 2018 & '19 VPS Output Per Month

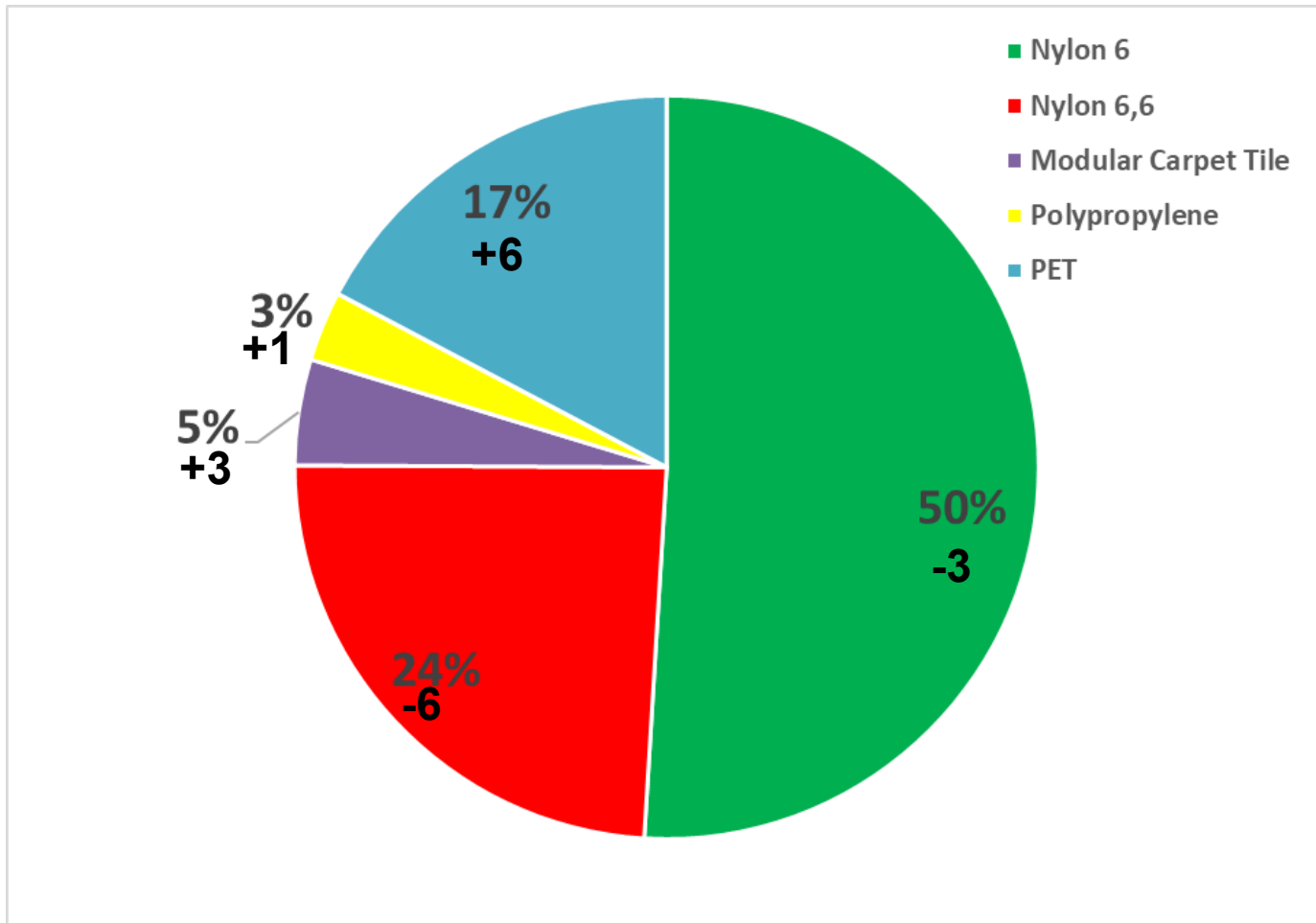
<b>Lbs.</b>	
<b>2018</b>	
<b>September</b>	7,661,340
<b>October</b>	10,854,311
<b>November</b>	7,631,601
<b>December</b>	5,613,683
<b>2019</b>	
<b>January</b>	7,546,895
<b>February</b>	6,779,361
<b>March</b>	7,260,003
<b>April</b>	8,295,711
<b>May</b>	9,332,813
<b>June</b>	7,796,154
<b>July</b>	10,404,231
<b>August</b>	10,825,583
<b>September</b>	8,732,486



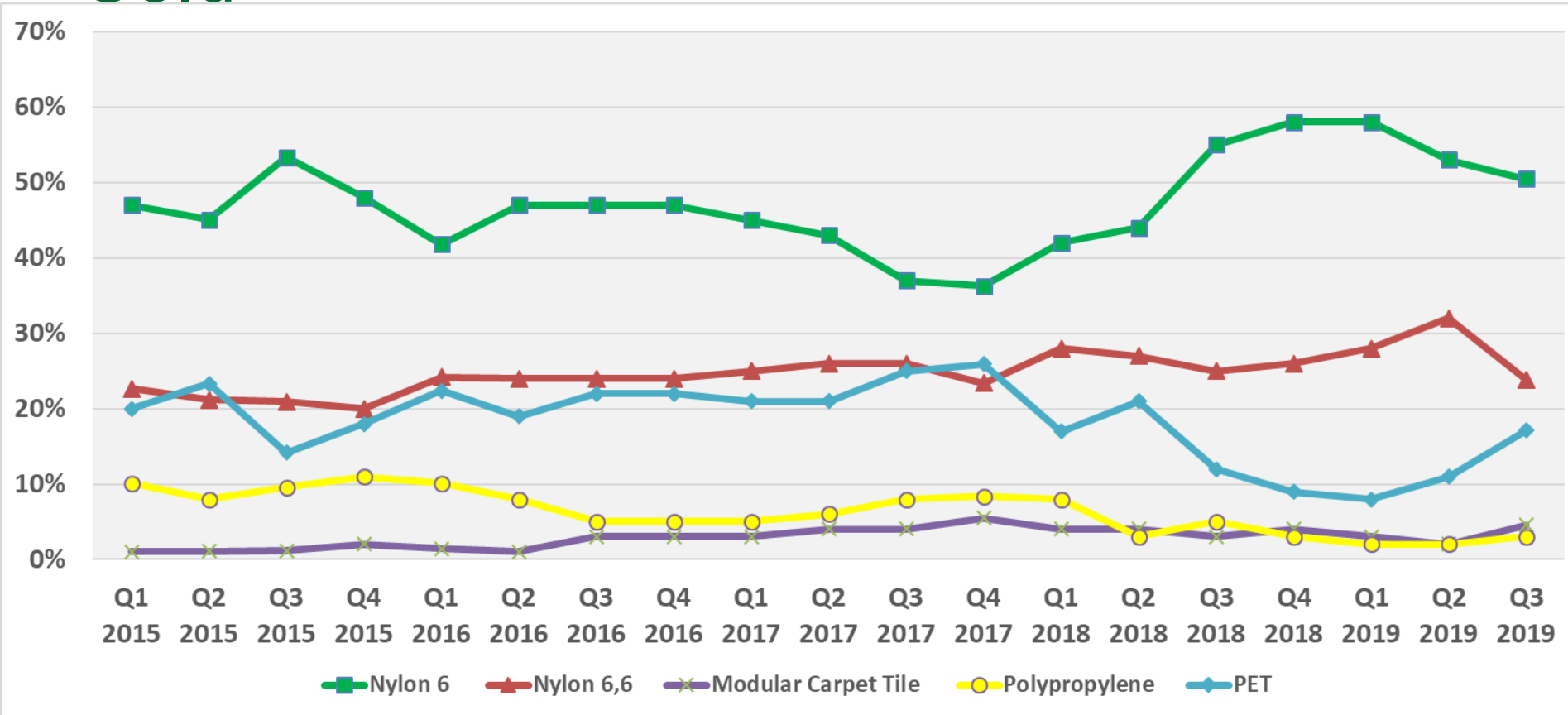
# VPS Output by Month



# Face Fiber Breakdown of Sorted Output



# Face Fiber Breakdown % - Shipped and Sold



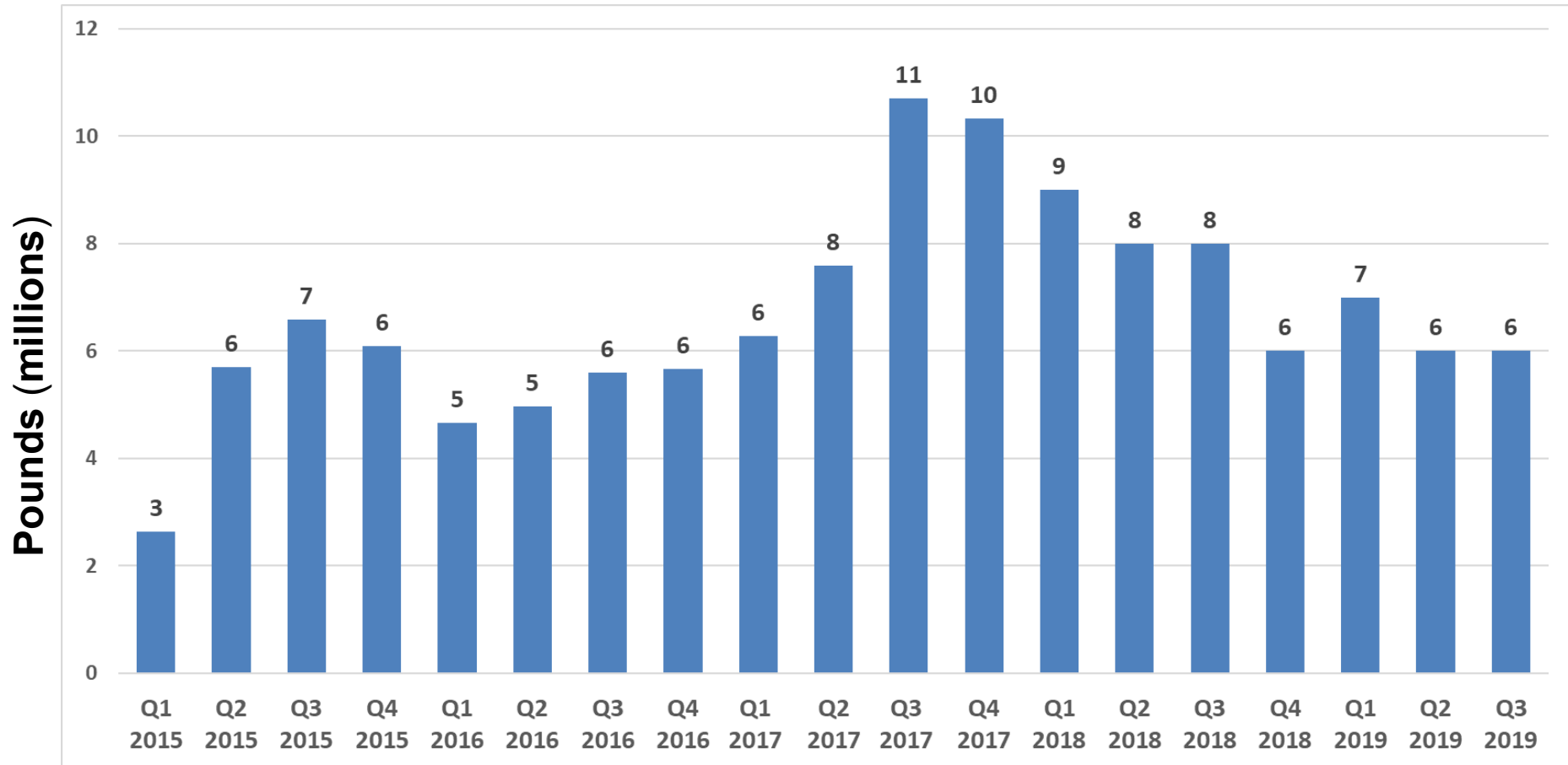
# Q3 Face Fiber Breakdown(%)

Face Fiber Breakdown - Shipped and Sold		
	Q2 2019	Q3 2019
Nylon 6	53%	50%
Nylon 6,6	32%	24%
Modular Carpet Tile	2%	5%
Polypropylene	2%	3%
PET	11%	17%





# Inventory Levels

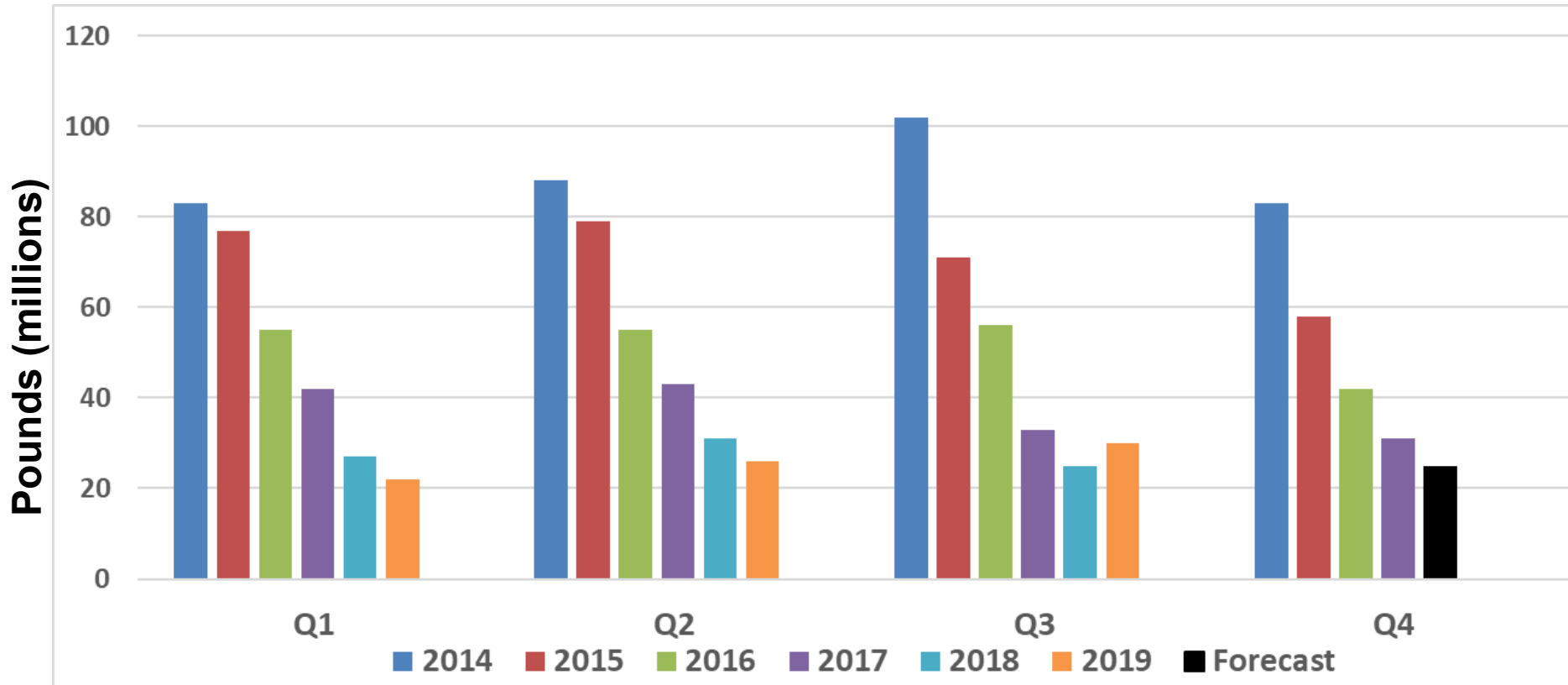


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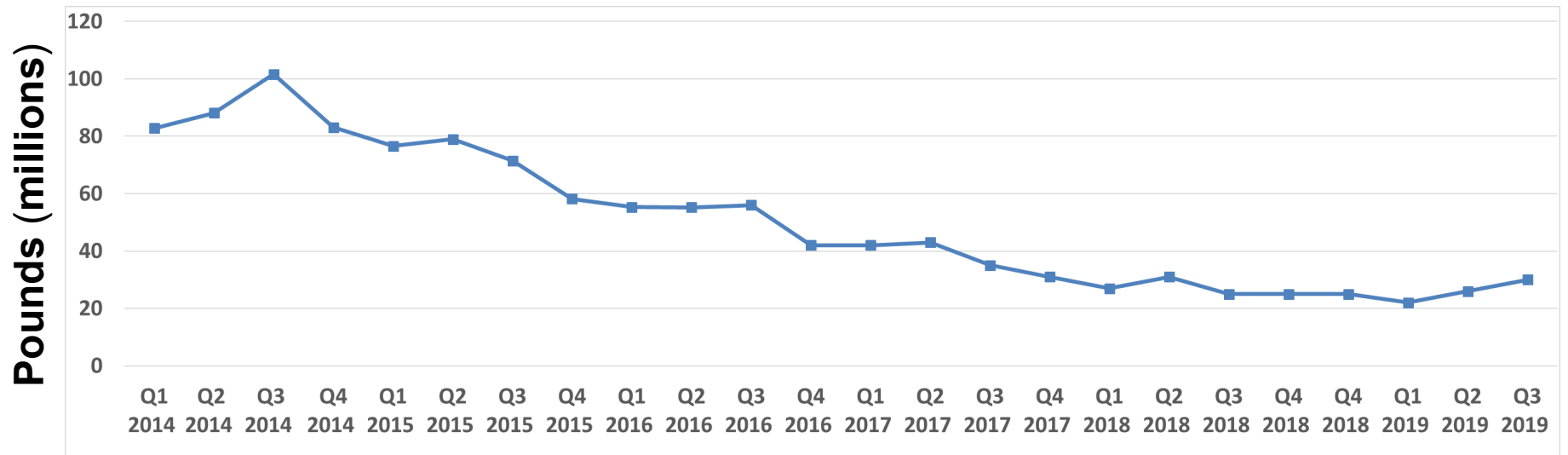
# VPS Q3 2019 Forecast



# 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	One 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 [Settled]
Q3 2018	3	3	
Q4 2018	3	3	
Q1 2019	3	3	
Q2 2019	3	3	
Q3 2019	3		



# Accounting Details for Quarter

<b>Q3 2019</b>	
<b>July</b>	\$ 193,890.26
<b>August</b>	\$ 188,533.57
<b>September</b>	\$ 154,992.87
<b>Q3 Total</b>	\$ 537,416.70



# Detailed Fund Distribution for Quarter

<b>Total \$ Disbursed Q3 2019</b>			
	<b>CSE</b>	<b>Admin</b>	<b>Total</b>
<b>July</b>	\$ 188,138.26	\$ 5,752.00	\$ 193,890.26
<b>August</b>	\$ 181,522.57	\$ 7,011.00	\$ 188,533.57
<b>September</b>	\$ 138,718.87	\$16,274.00	\$ 154,992.87
<b>Total \$ Q3 2019</b>	<b>\$ 508,379.70</b>	<b>\$29,037.00</b>	<b>\$ 537,416.70</b>





# VPS Payout vs. Budget

**Q3 2019: \$537,417**  
**Q2 2019: \$512,216**  
**Q1 2019: \$432,018**

