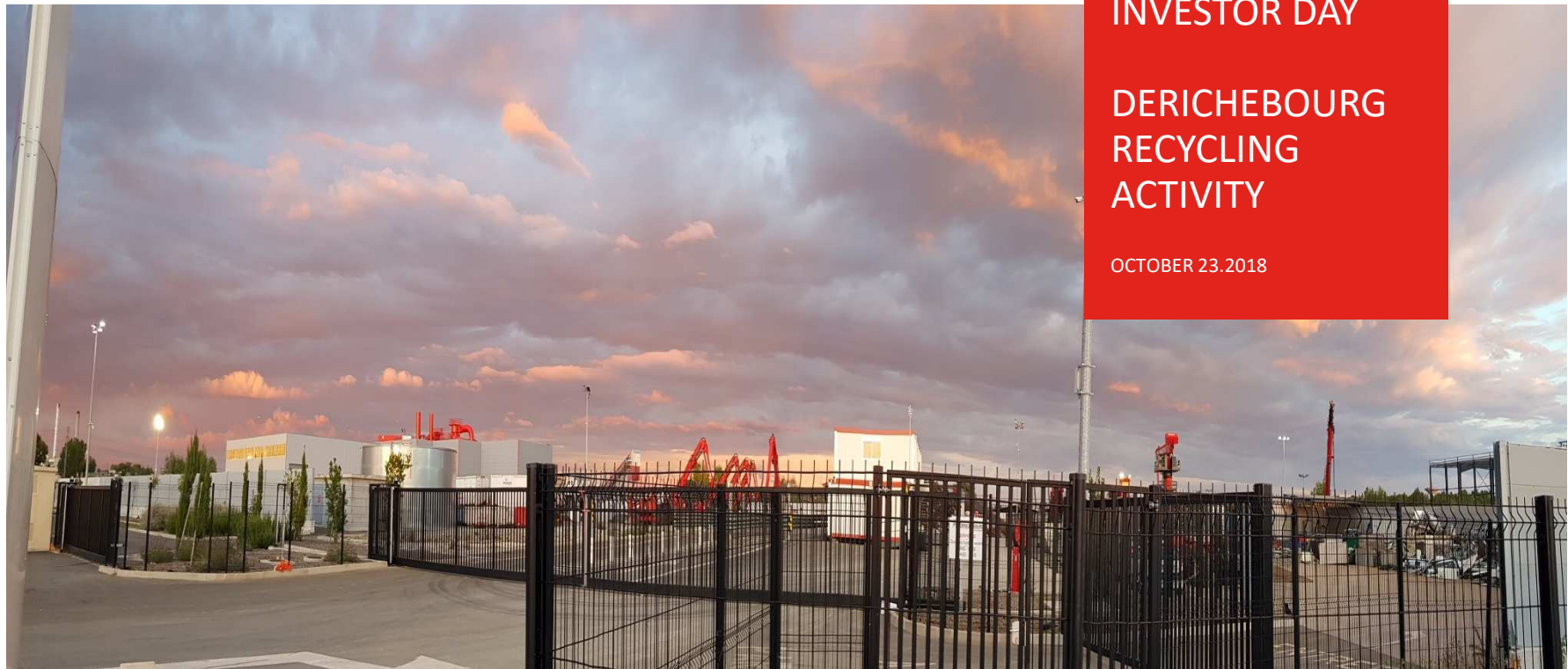




INVESTOR DAY

DERICHEBOURG RECYCLING ACTIVITY

OCTOBER 23.2018



www.derichebourg.com



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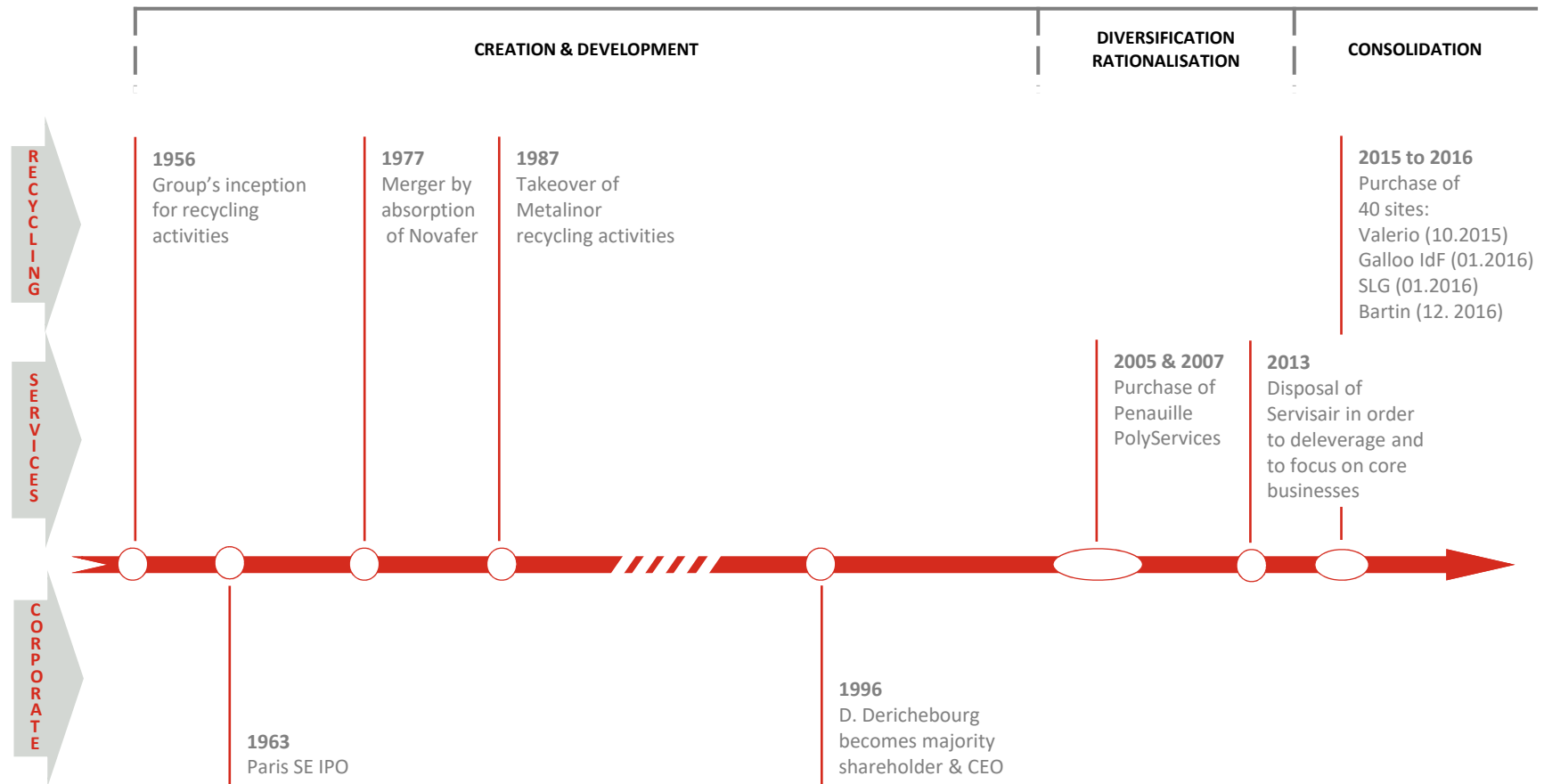
1. Derichebourg at a glance
2. Market drivers
3. CAPEX
4. SRI policy
5. Our strategy
6. Calendar – Next steps

1

DERICHEBOURG AT A GLANCE

1

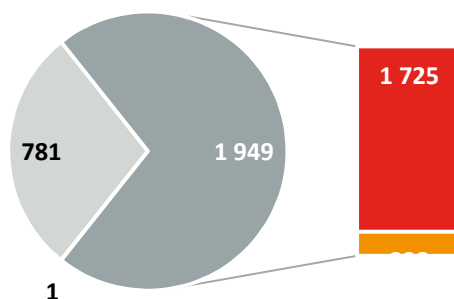
A FRENCH RECYCLING LEGACY PLAYER THAT HAS GAINED CONSIDERABLE STRENGTH IN RECENT YEARS



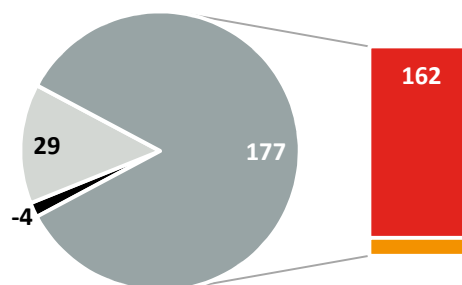
1

AT A GLANCE – THE RECYCLING CORE BUSINESS BASED ON KEY METRICS

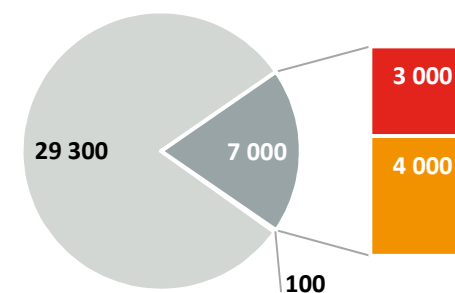
REVENUE 2017
€ 2,731 m



CURRENT EBITDA 2017
€ 203 m



HEAD COUNT 2017
36,400



RECYCLING SHARE

63%

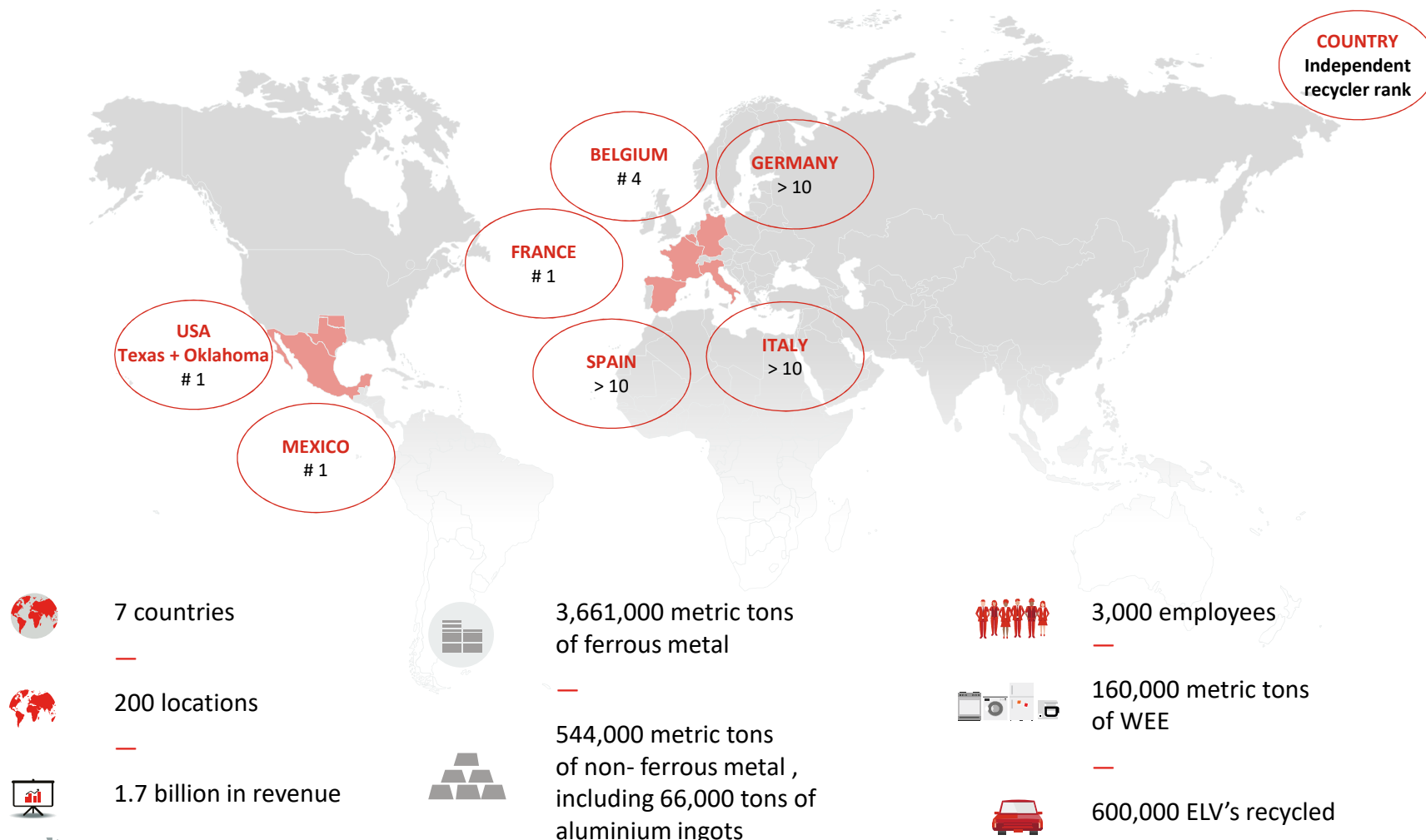
80%

8%

■ HOLDING ■ MULTISERVICES ■ RECYCLING ■ SERVICES TO MUNICIPALITIES ■ ENVIRONNEMENT

1

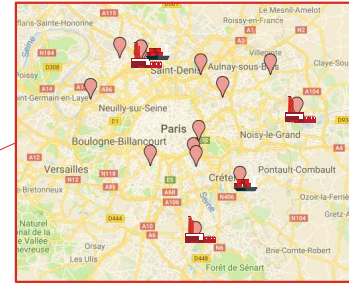
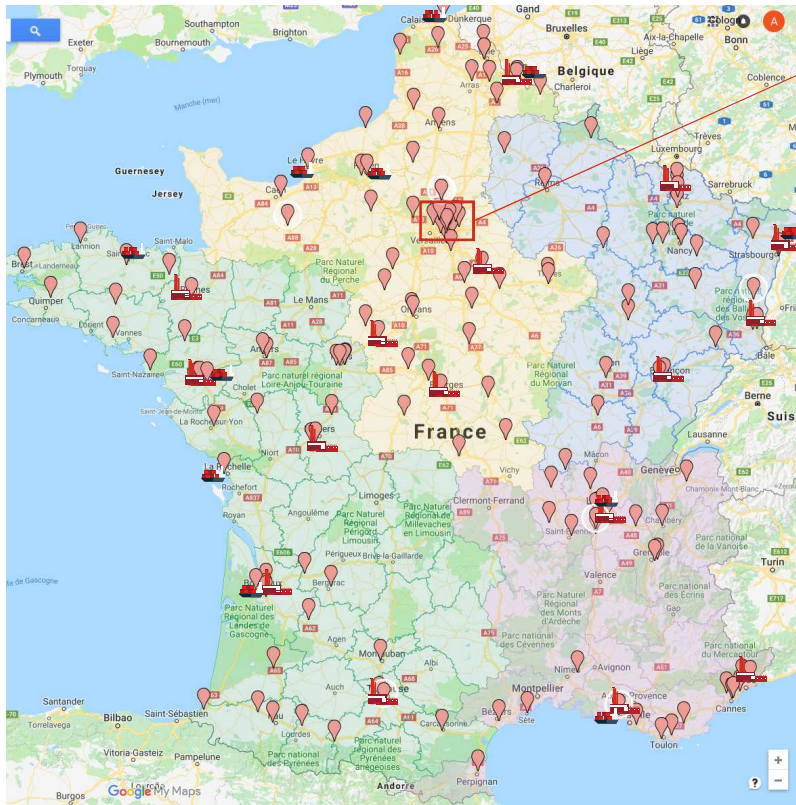
A DOMESTIC LEADER WITH CONSOLIDATION AMBITIONS IN OTHER COUNTRIES



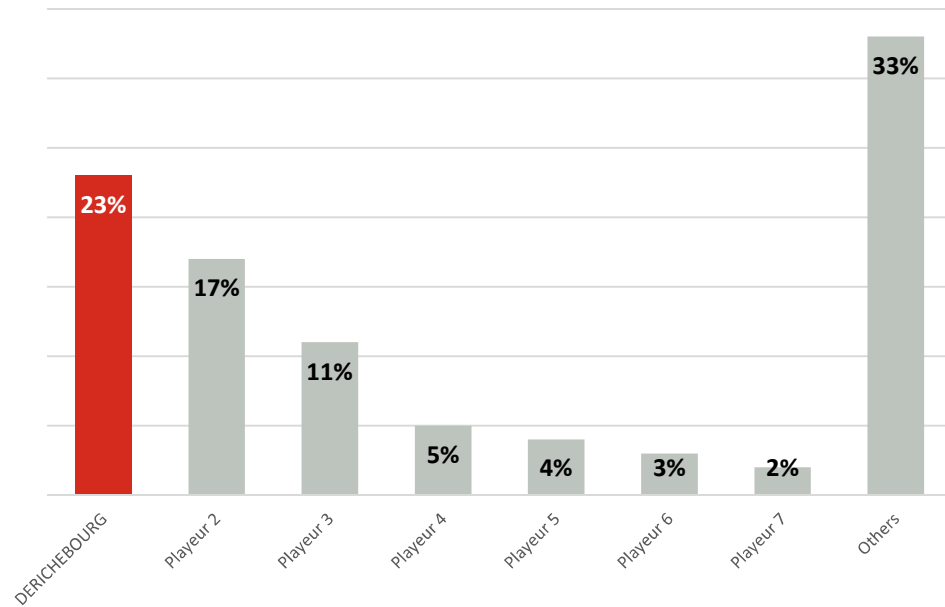
1

AN UNRIVALED NETWORK IN FRANCE IS KEY TO THE BUSINESS MODEL

162 SITES IN FRANCE



MARKET SHARES 2017



19 shredders

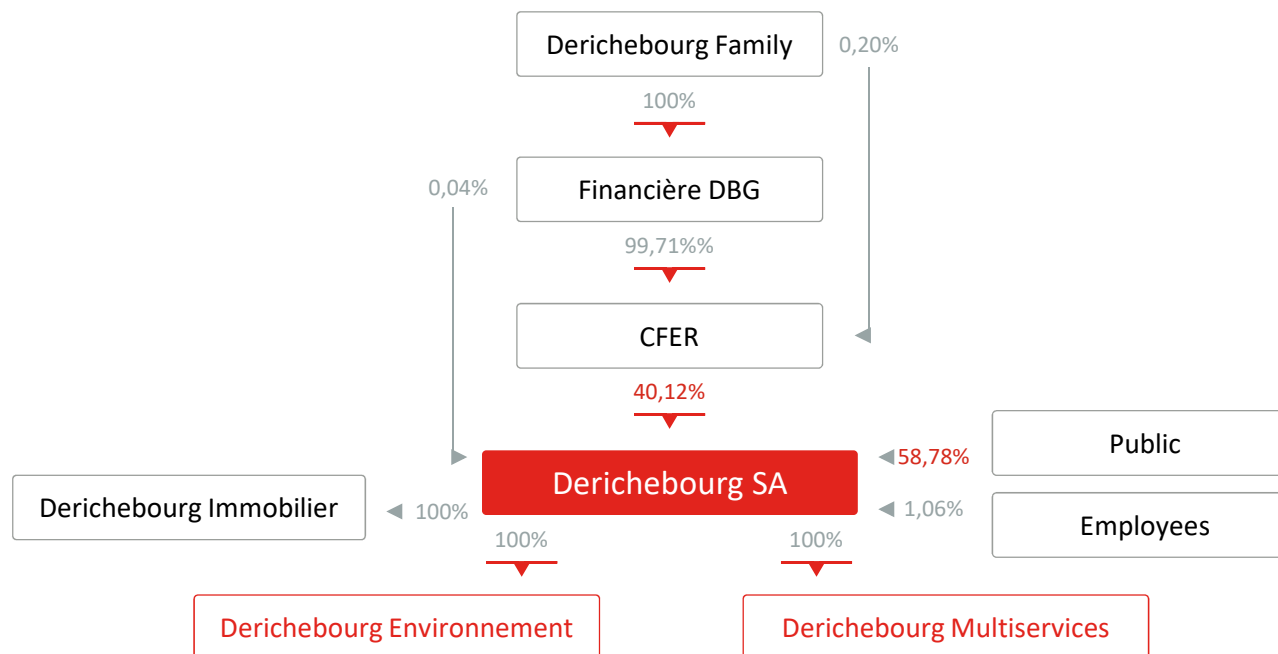
14 possibilities for river or sea shipping



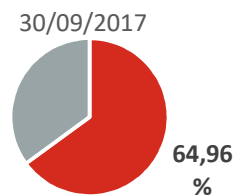
1

A LISTED COMPANY CONTROLLED BY THE DERICHEBOURG FAMILY

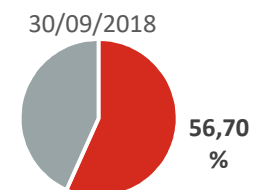
AS OF SEPT 30, 2018



CFER VOTING RIGHTS



■ CFER
■ OTHERS



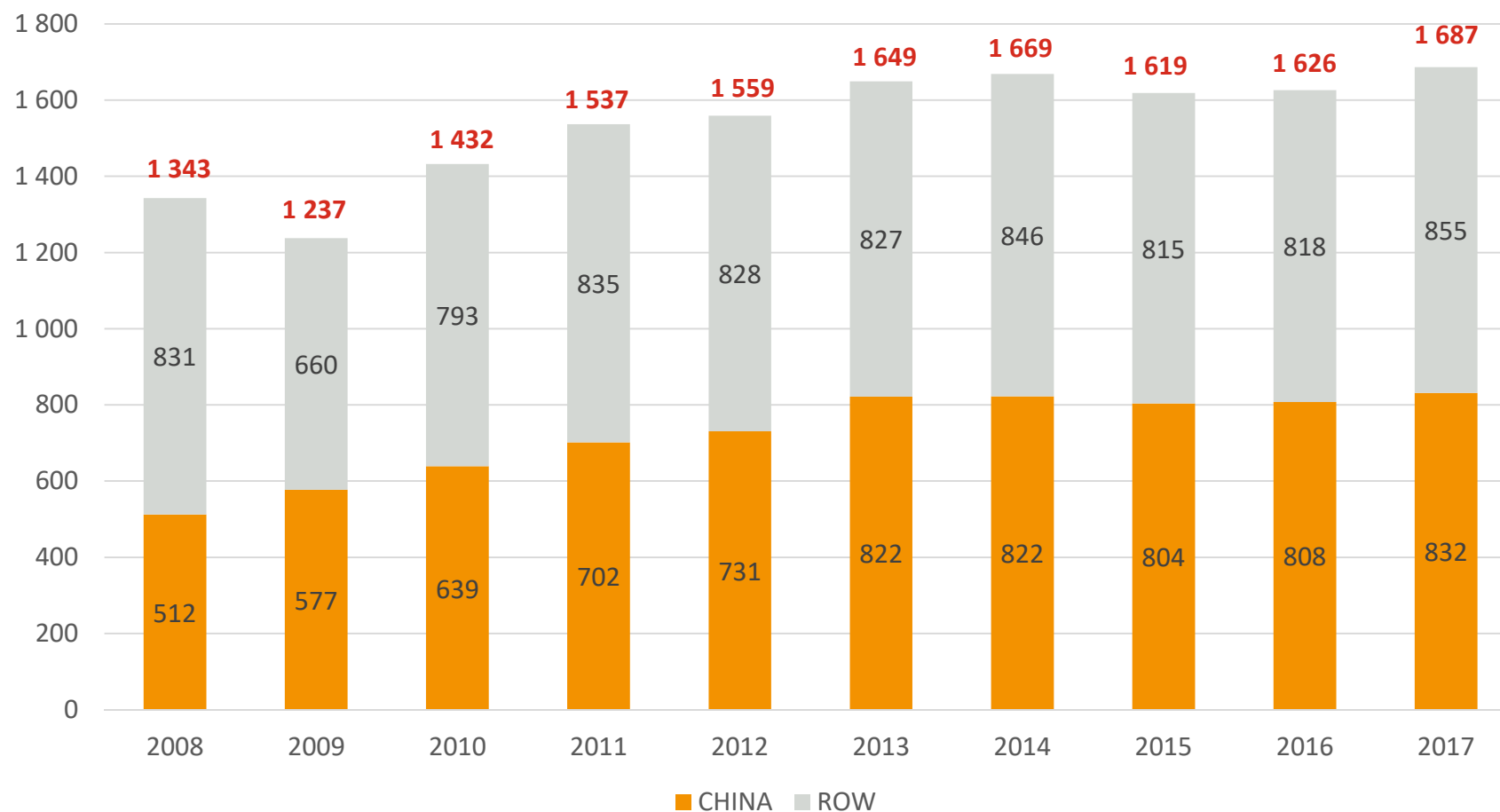
2

MARKET DRIVERS

- FERROUS SCRAP
- NON-FERROUS METALS
- REGULATION
- COMPETITORS
- COMMODITY PRICES

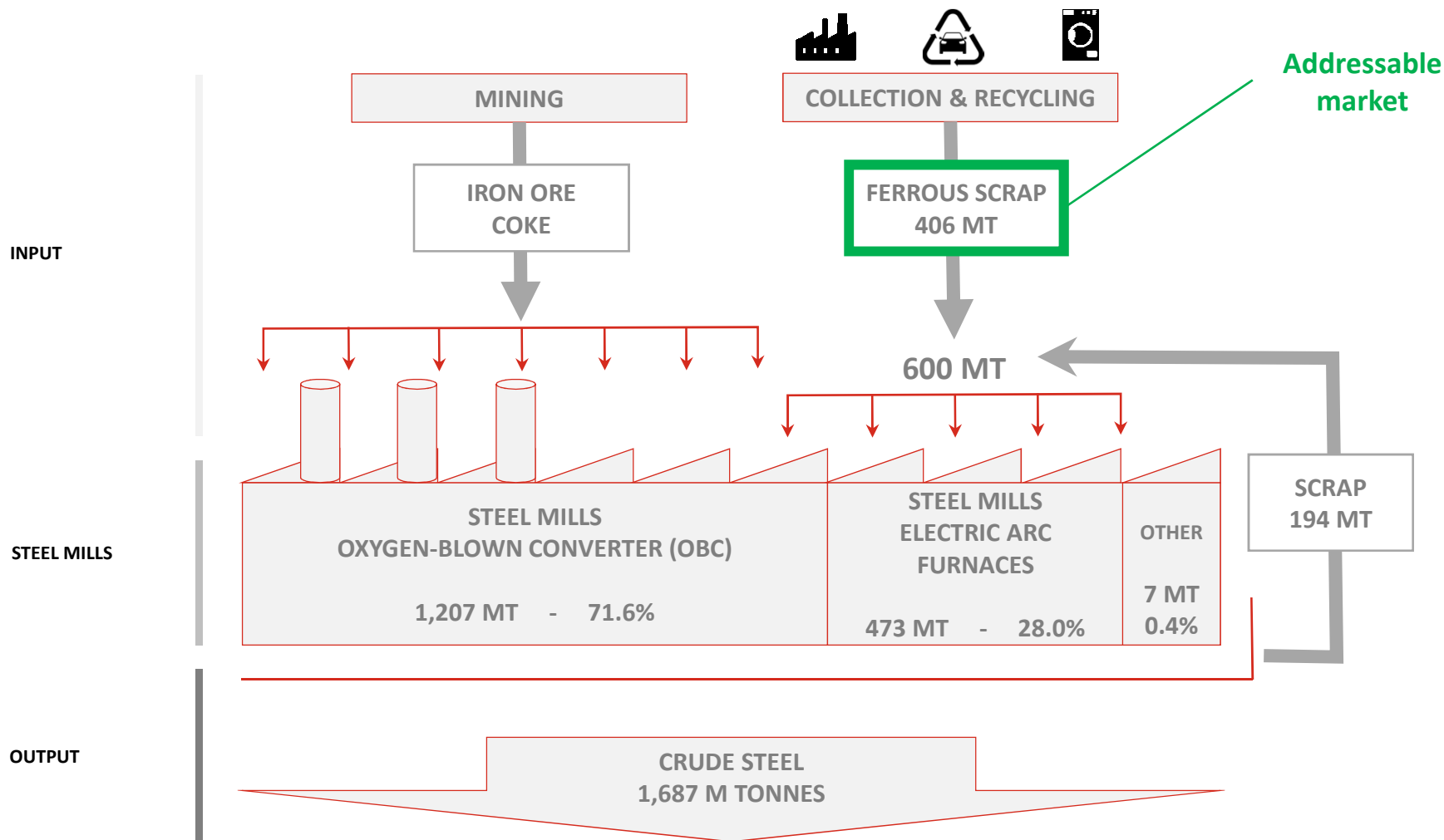
2.1

GLOBAL CRUDE STEEL PRODUCTION



2.1

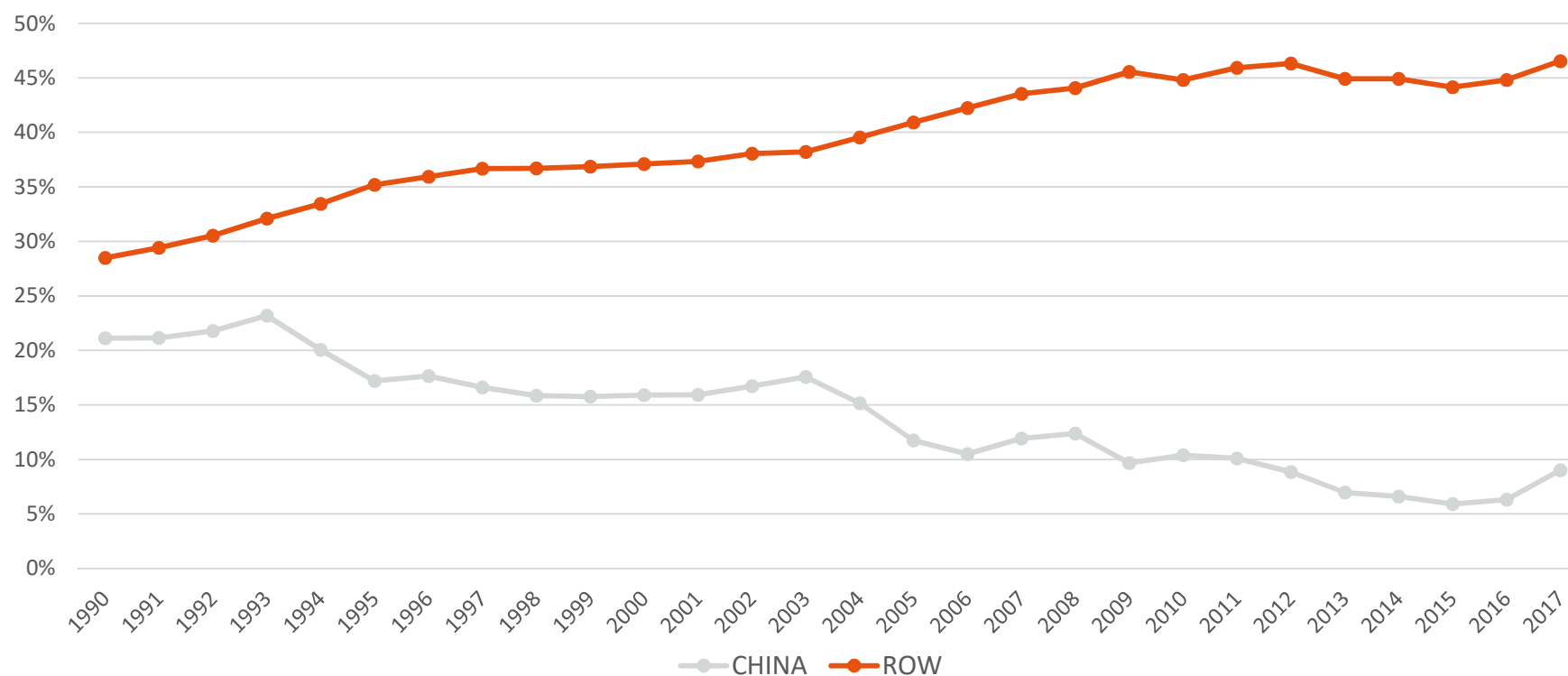
FERROUS SCRAP NEEDS DEPENDS ON RELATIVE SHARE OF ELECTRIC ARC FURNACE (EAF) TECHNOLOGY IN STEEL PRODUCTION



2.1

TREND IN ELECTRIC ARC FURNACE SHARE IS FAVORABLE FOR THE RECYCLING INDUSTRY

ELECTRIC ARC FURNACE STEEL SHARE HAS BEEN INCREASING ON A REGULAR BASIS WORLDWIDE EXCEPT IN CHINA. 2016 IS THE TURNING POINT IN CHINA FOR THE STEEL INDUSTRY, WHICH BEGAN DEPLOYING ELECTRIC ARC FURNACE TECHNOLOGY.



2.1

UPSIDES TO THE EAF PROCESS

ADVANTAGES ELECTRIC ARC FURNACES (EAF)

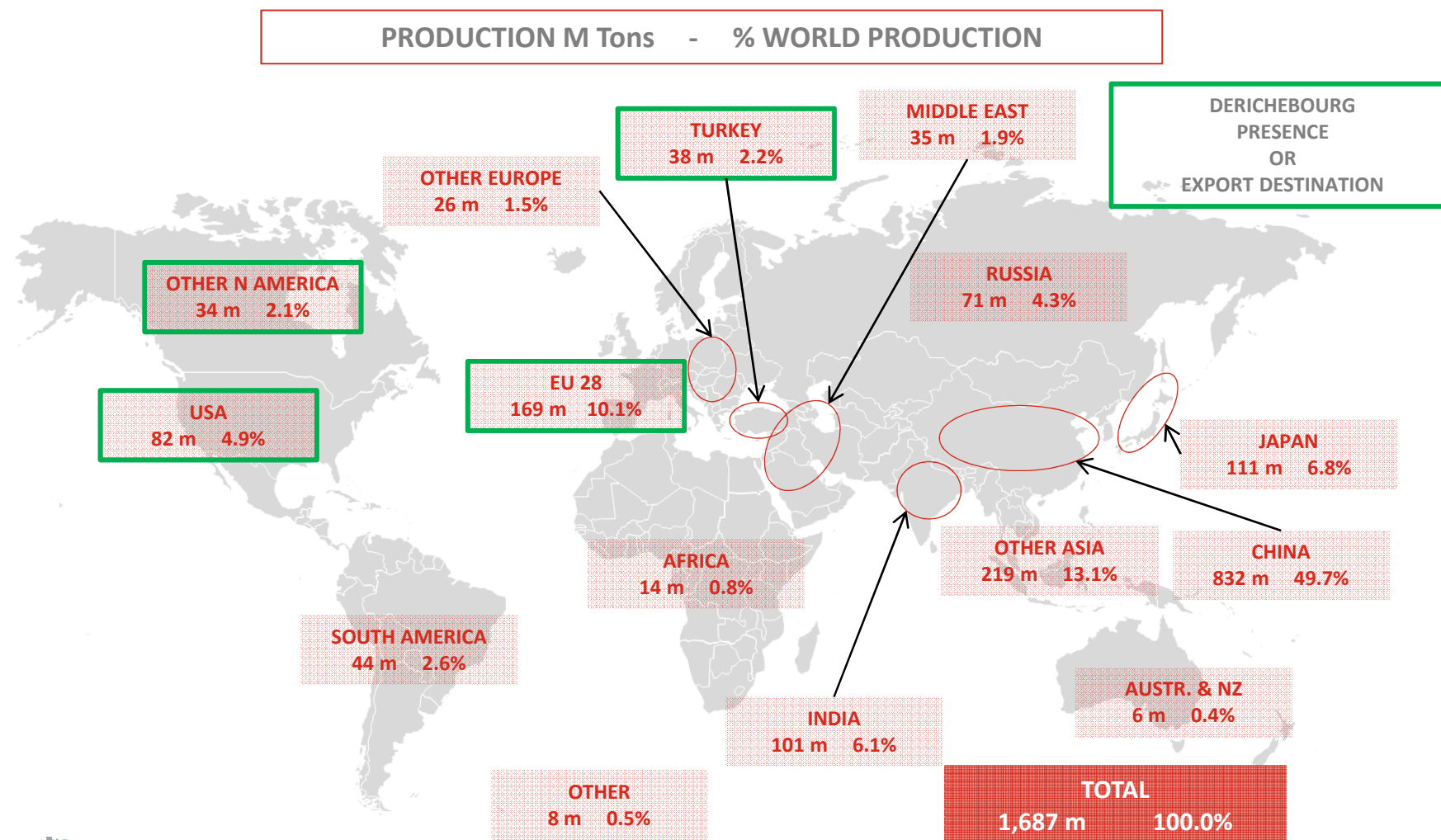
- Lower capex
- More flexible production tool
- Feeding with local resources
- 74% energy saving
- CO₂ emissions divided by 5
- Easy access to crude steel production for developing countries

ADVANTAGES BLAST OXYGEN CONVERTER (BOF)

- Production of all steel ranges
- Lower production cost driven by high volumes

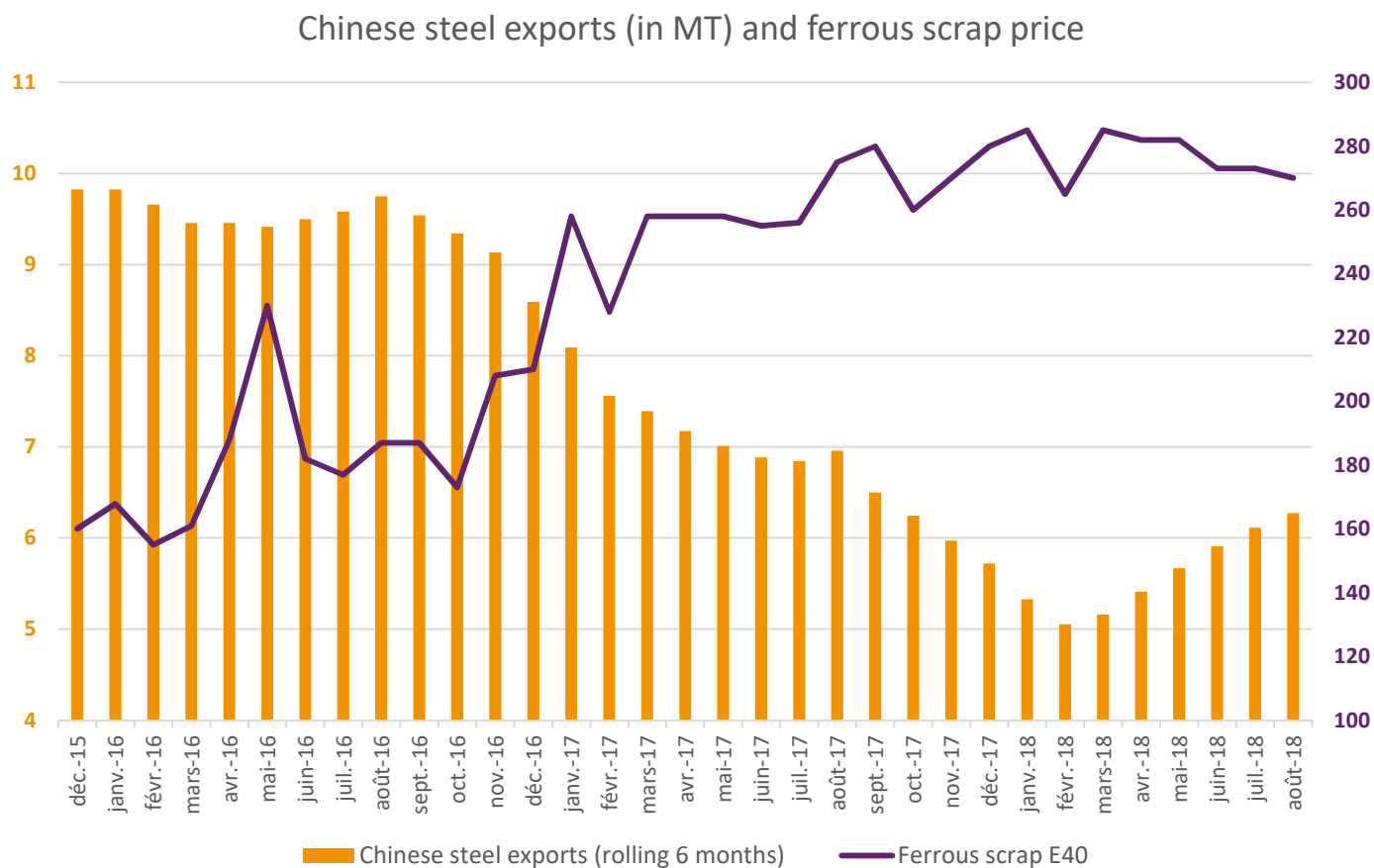
2.1

CRUDE STEEL PRODUCTION BY AREA



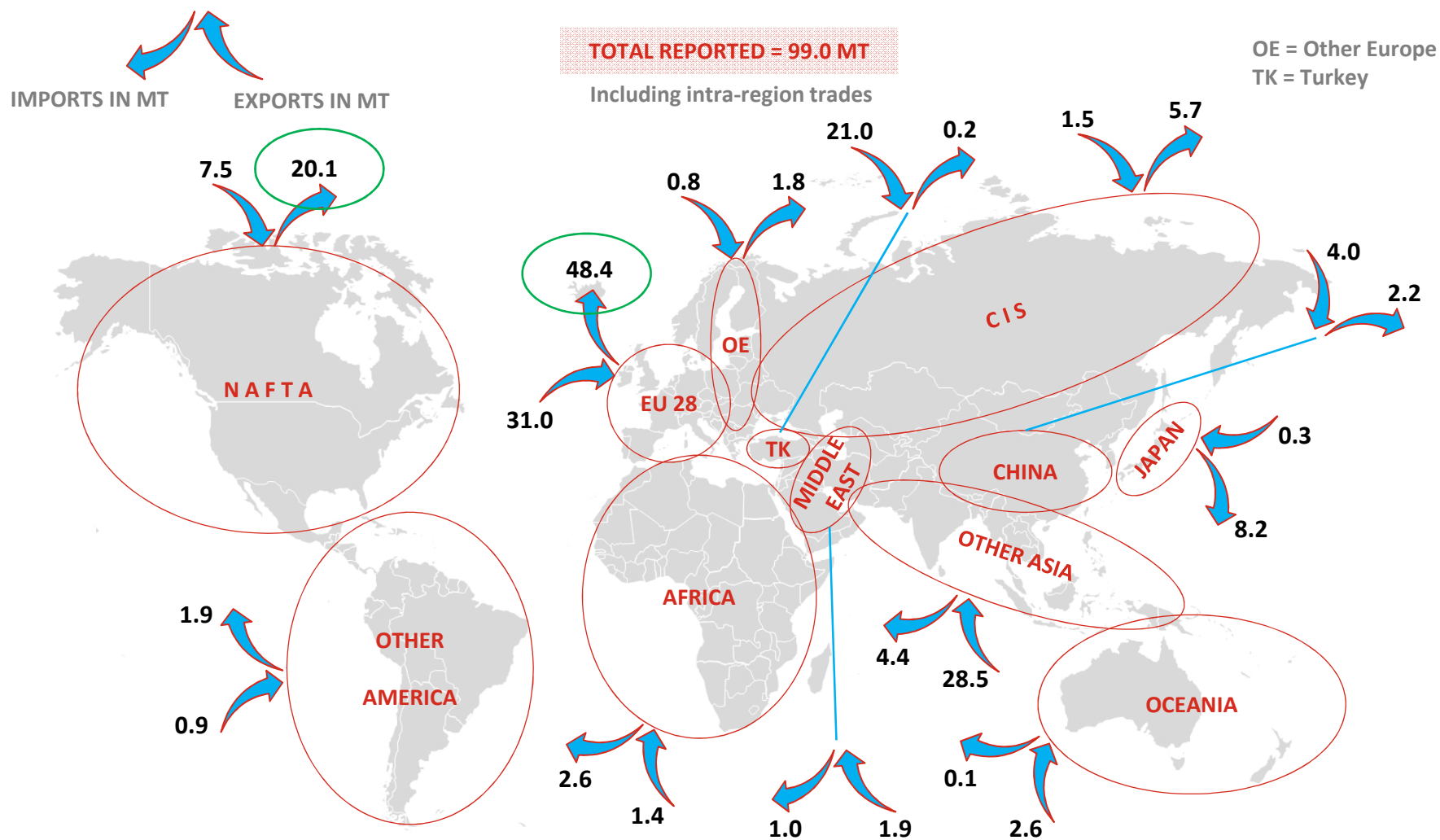
2.1

IMPACT OF CHINESE STEEL EXPORTS ON SCRAP PRICES



2.1

MAIN SCRAP FLOWS WORLDWIDE

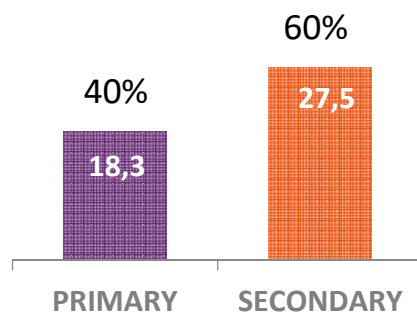


2.2

THE MAIN NON-FERROUS METALS PROCESSED BY THE GROUP ARE ALUMINIUM, COPPER, STAINLESS STEEL (NICKEL)

STAINLESS STEEL

WORLD MARKET 2017 (M TONNES)

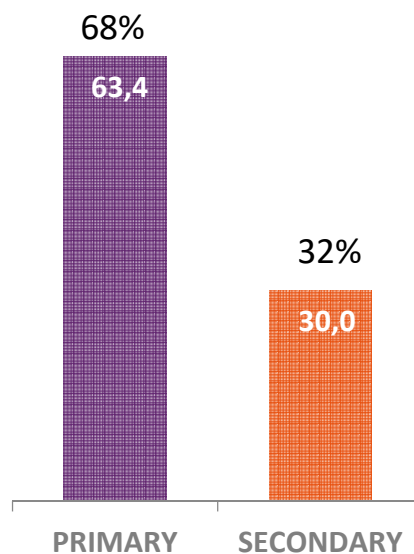


TOTAL WORLD MARKET = 45.8 MT

Industry
Chemicals
Transportation

ALUMINIUM

WORLD MARKET 2017 (M TONNES)

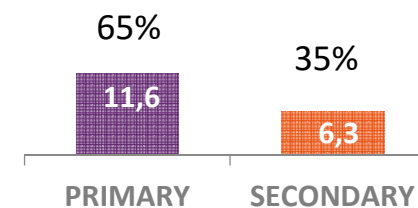


TOTAL WORLD MARKET = 93.4 MT

Transportation
Electricity
Building
Packaging

COPPER

WORLD MARKET 2013 (M TONNES)

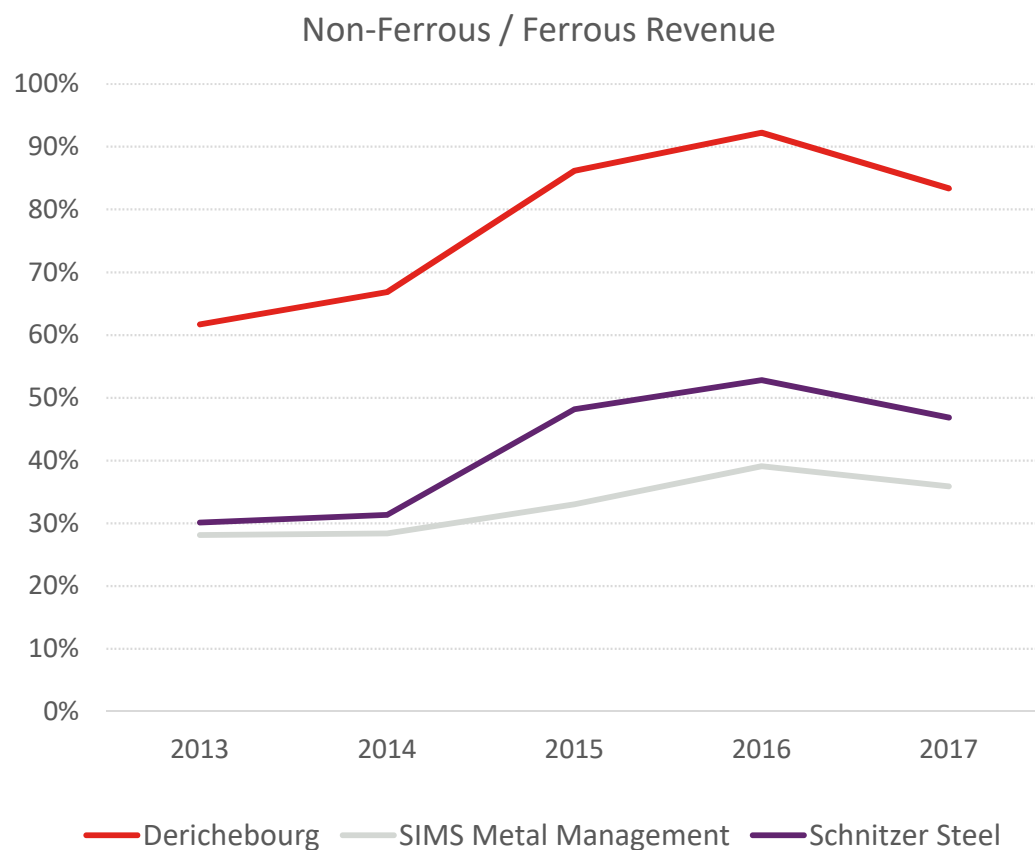


TOTAL WORLD MARKET = 17.9 MT

Electricity
Building

2.2

HIGHER NON-FERROUS REVENUE SHARE COMPARED TO PEERS



This higher share of non-ferrous metals is due to:

- ▶ Less trading of ferrous scrap
- ▶ Vertical integration (for non-ferrous metals arising from shredder)

2.3

INCREASING SOCIETAL DEMAND FOR RECYCLING AND ENVIRONMENTALLY FRIENDLY POLICIES TRANSLATES INTO NEW REGULATIONS

CURRENT REGULATIONS



ICPE RULES:
Reduction in pollution potentially generated by recycling



BASEL CONVENTION:
Regulation of waste exports



SCRAPPING PREMIUM:
Current incentive for replacing old cars with hybrid or electric cars has a visible impact on the amount of end of life vehicles.



END OF LIFE VEHICLES (ELV) DIRECTIVE:
Improvement in ELV recycling and materials recovery rates



ECO-ORGANISM:
Organization of collection & appropriate treatment of 16 types of waste

CHANGES IN REGULATIONS TO COME

ISSUE



TGAP (Taxes Générales sur les Activités Polluantes):
Significant increase to come when fluff is sent to landfill



INDUSTRIAL EMISSION DIRECTIVE (IED):
Limitation of shredder emissions of dust and noise



R&D and CAPEX to reduce % of fluff sent to landfill



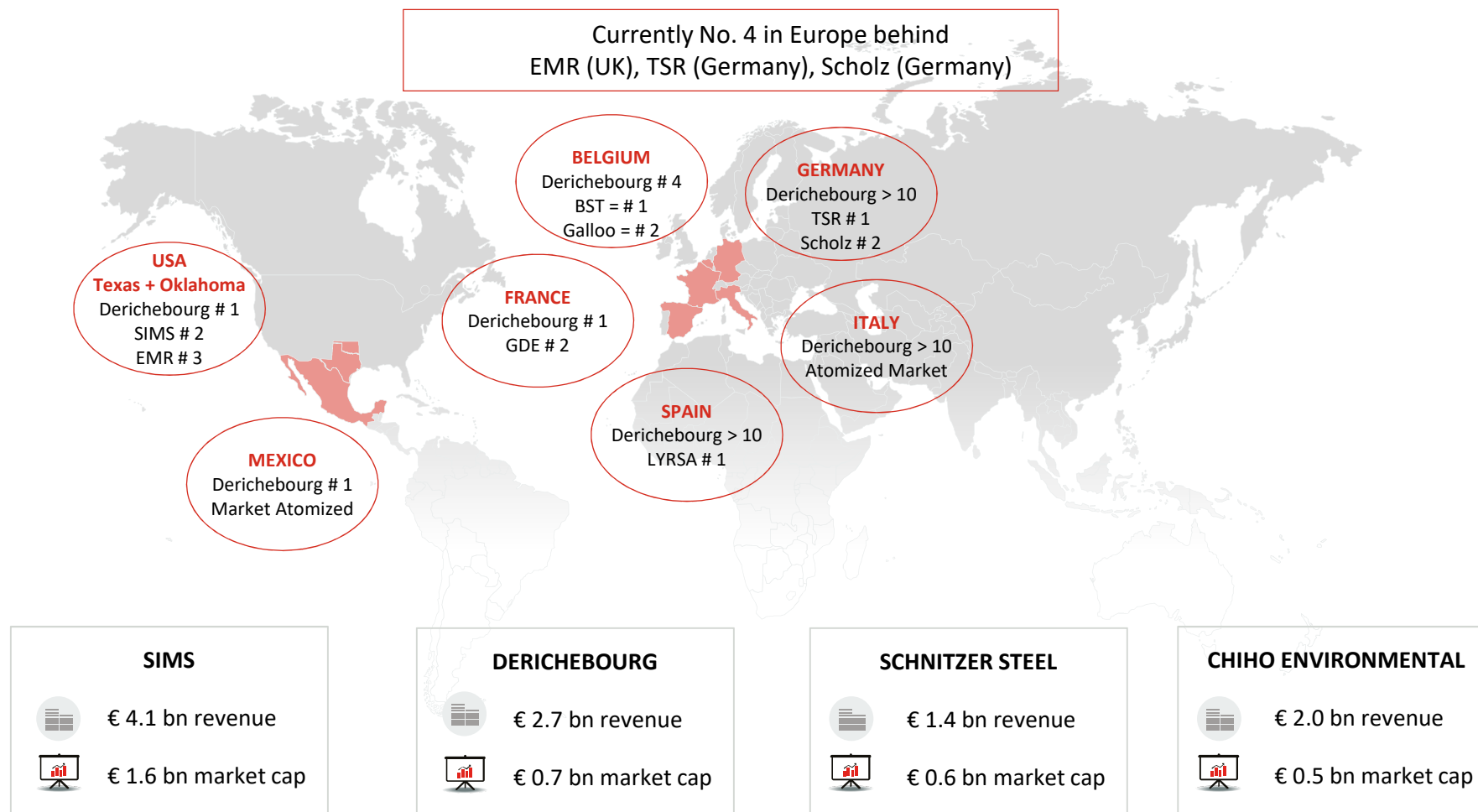
Capex over the next 5 years to adapt existing equipment



SIGNIFICANT BARRIERS TO ENTRY

2.4

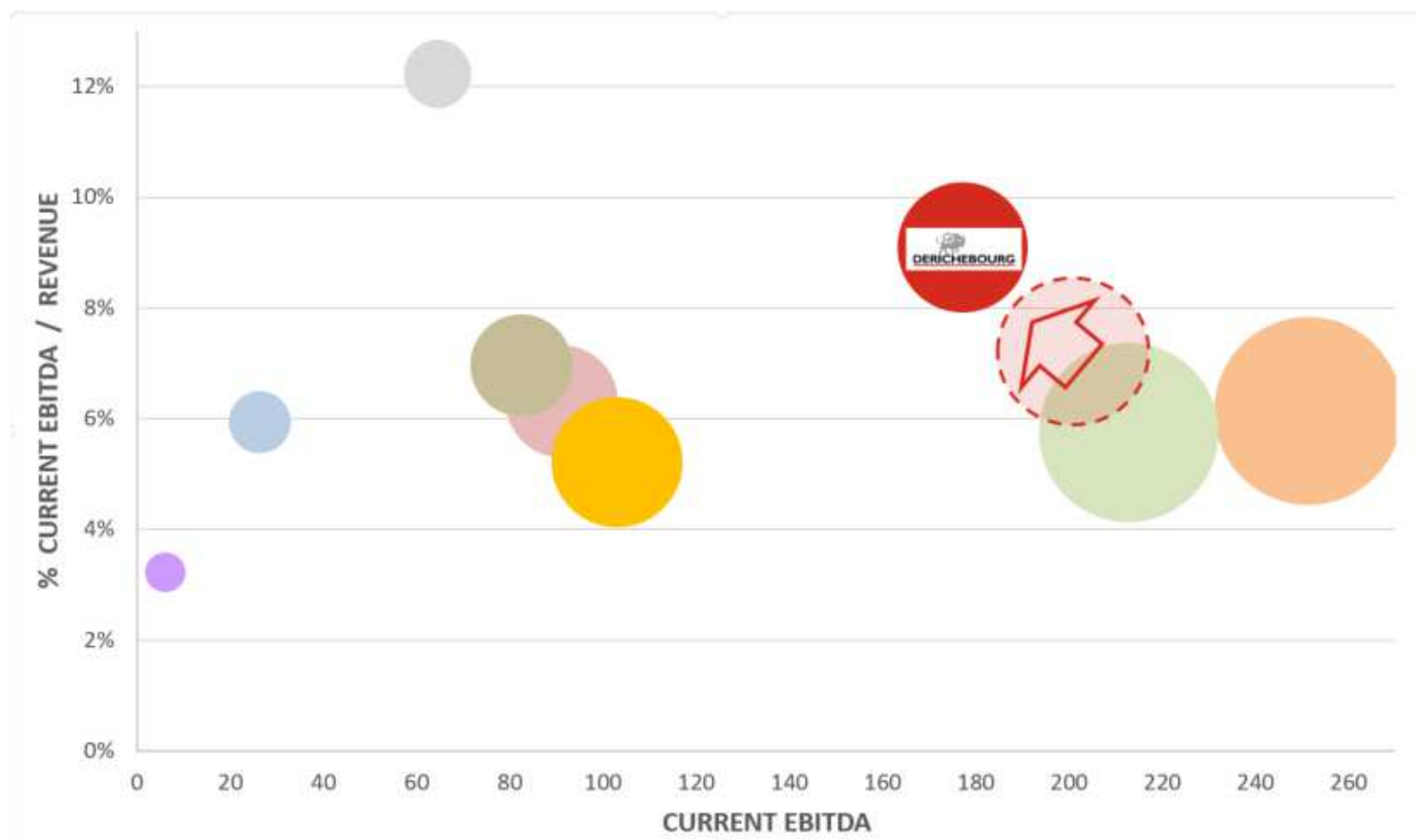
A DOMESTIC LEADER WITH AMBITIONS OF BECOMING A MAJOR PLAYER IN OTHER COUNTRIES



Note: Revenue from the last FY available (SIMS 30/06/2018, CHIHO 31/12/2017, SCHNITZER 31/08/2017).
Market cap on 18/10/2018, converted into €

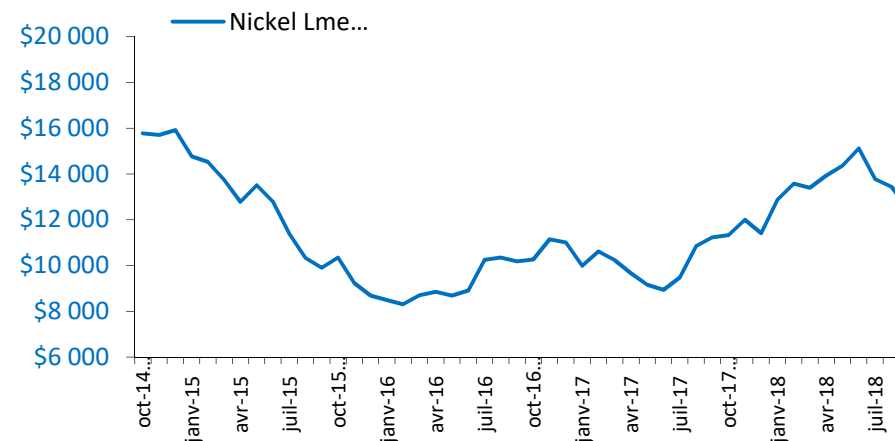
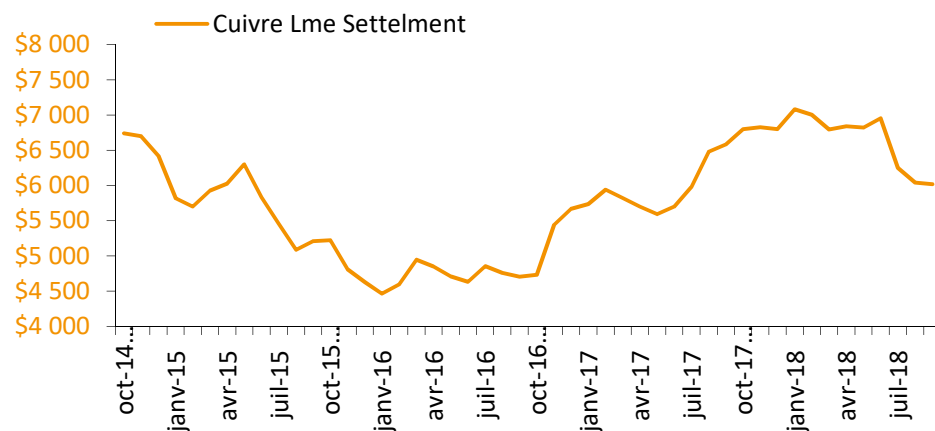
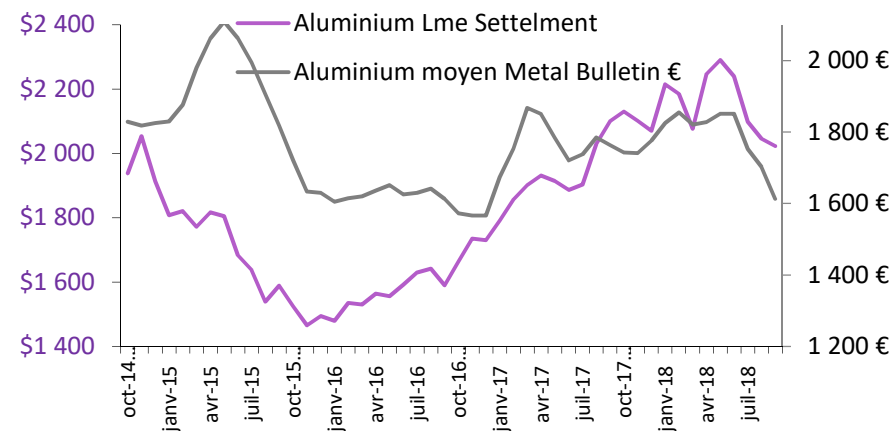
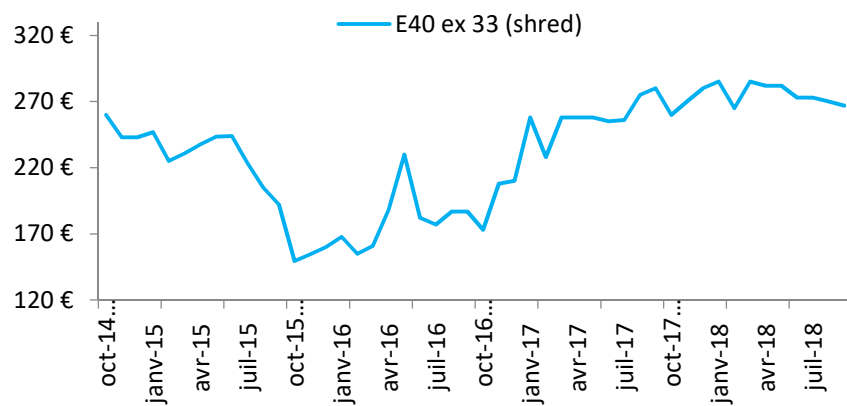
2.4

BENCHMARK REVENUE & EBITDA MARGIN IN THE RECYCLING INDUSTRY



2.5

COMMODITY PRICES





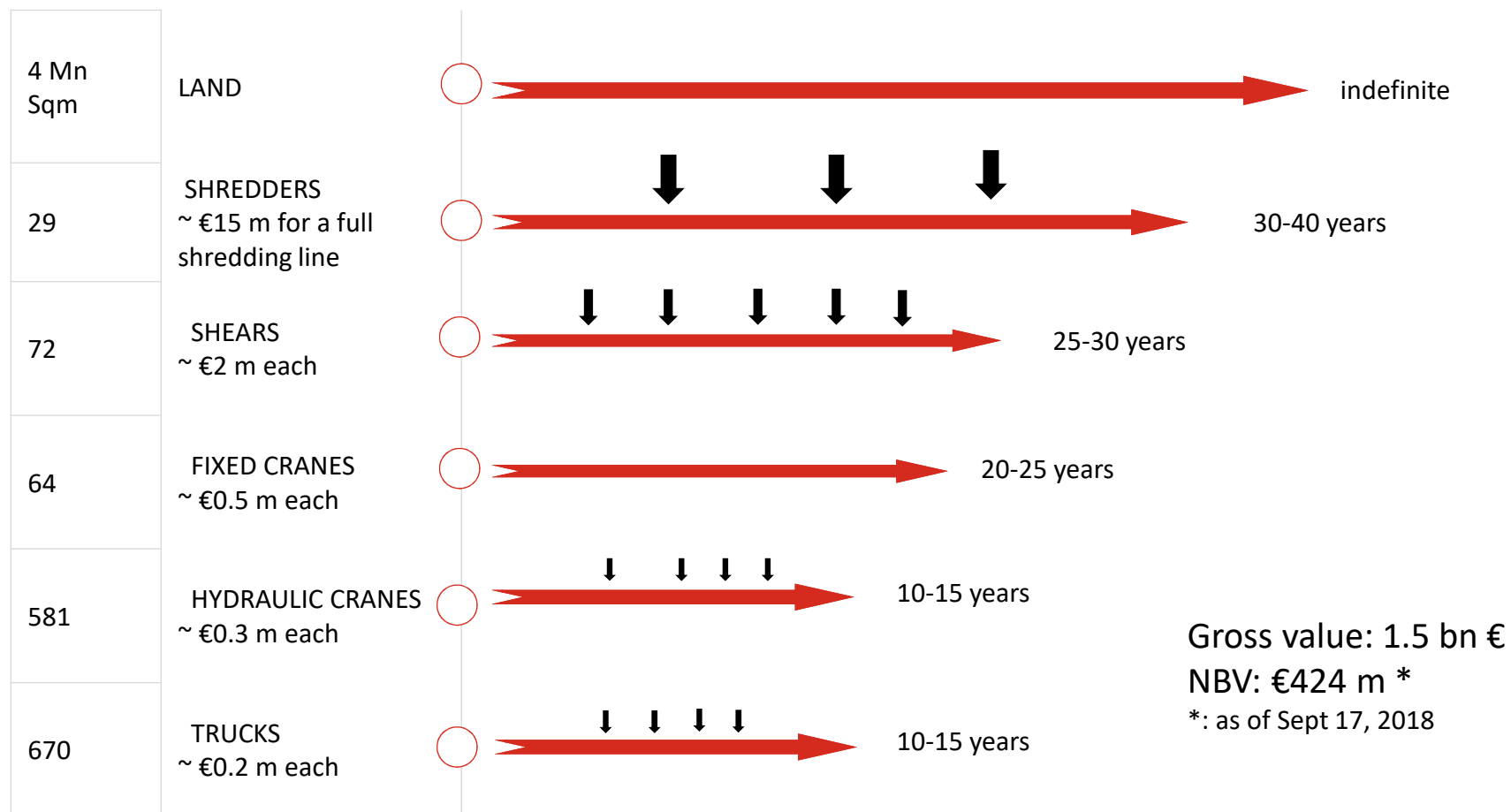
CAPEX: A LONG-TERM PATRIMONIAL
APPROACH AIMED AT DELIVERING
HIGHER RETURNS

3

3

WE OWN MOST OF THE LONG-TERM ASSETS WE USE FOR PATRIMONIAL AND FLEXIBILITY REASONS

Most of our assets are long term and can be extended with regular maintenance



3

CAPEX POLICY IS DRIVEN BY EBITDA GENERATION (1/2)

- ▶ Costs related to properties and equipment represent 45% of our total costs.

- Depreciation
- Maintenance costs
- Energy costs
- Properties costs



Capex often enables to reduce these costs

- ▶ Yearly CAPEX amount is driven by EBITDA generation

Recycling	2016	2017	2018
Capex / EBITDA	~ 53%	~ 40%	~ 60%

CAPEX drivers:

- ▶ Maintenance of our assets. Breakdown of recycling CAPEX

- ~ 25% Development (including acquisition of lands),
- 75% maintenance.



Increased production, improved production cost, mutualisation of spare parts and knowledge

- ▶ Standardization of assets :

- 3,000 HP shredders.
- 1,000 T shears.
- 2 to 3 suppliers for trucks, hydraulic cranes: new equipment reduce significantly gazole consumption (up to 30%).

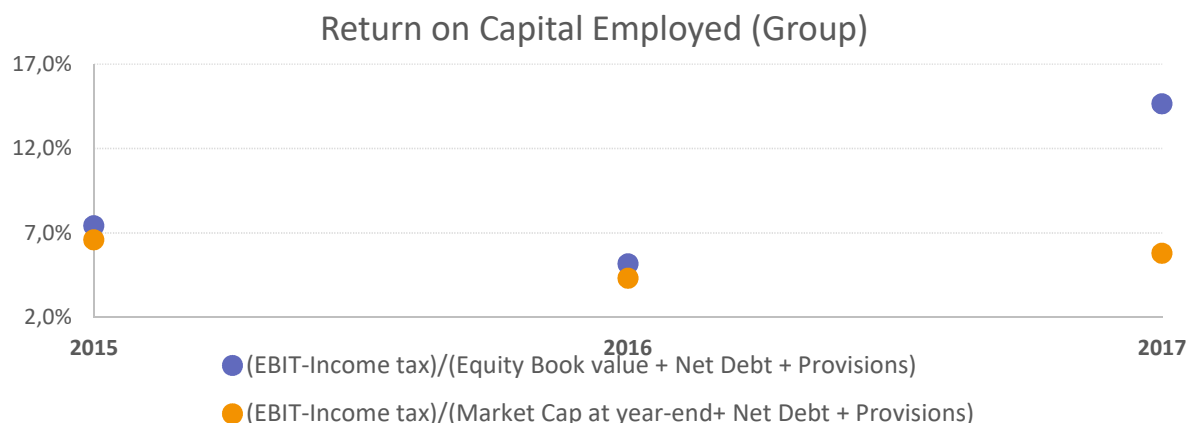
CAPEX drivers (tbc):

- ▶ Ongoing internal transportation initiative in order to improve daily rotations of our trucks.
 - IT in order to control gazole consumption
 - New trucks, with up to 30% in consumption saving

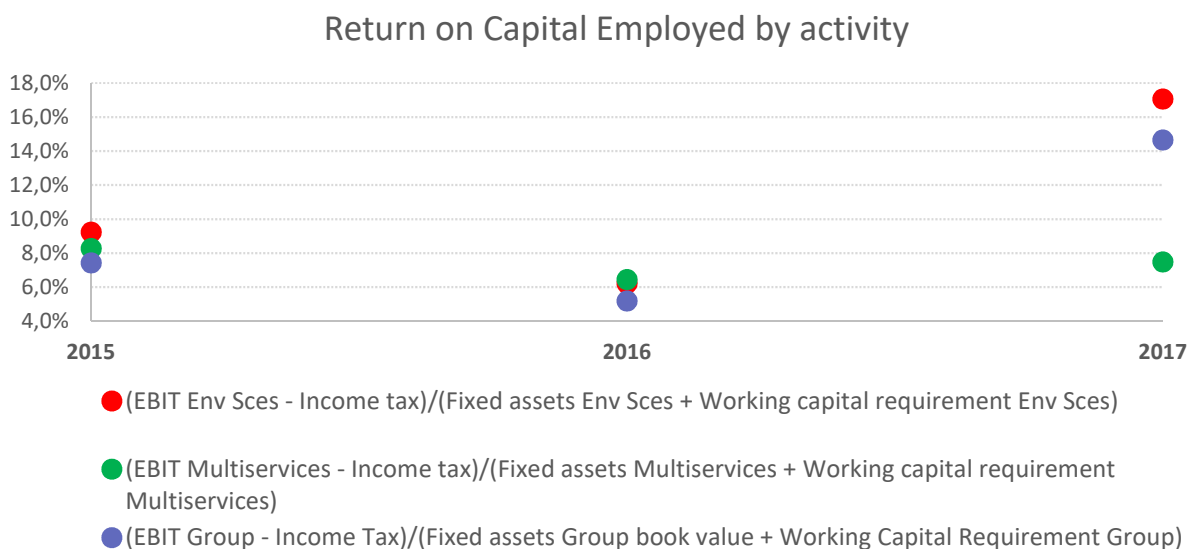
- ▶ R&D state of the art sorting solutions to separate :
 - every single metal : finder, combisens, X-tract, which allow to sell these materials worldwide and not limited to China.
 - Shredder residues in different families, in order to improve recovery or energy valorization

3

THE AIM OF OUR CAPEX POLICY IS TO DELIVER AT LEAST 11% ROCE ON A REGULAR BASIS AT THE GROUP LEVEL



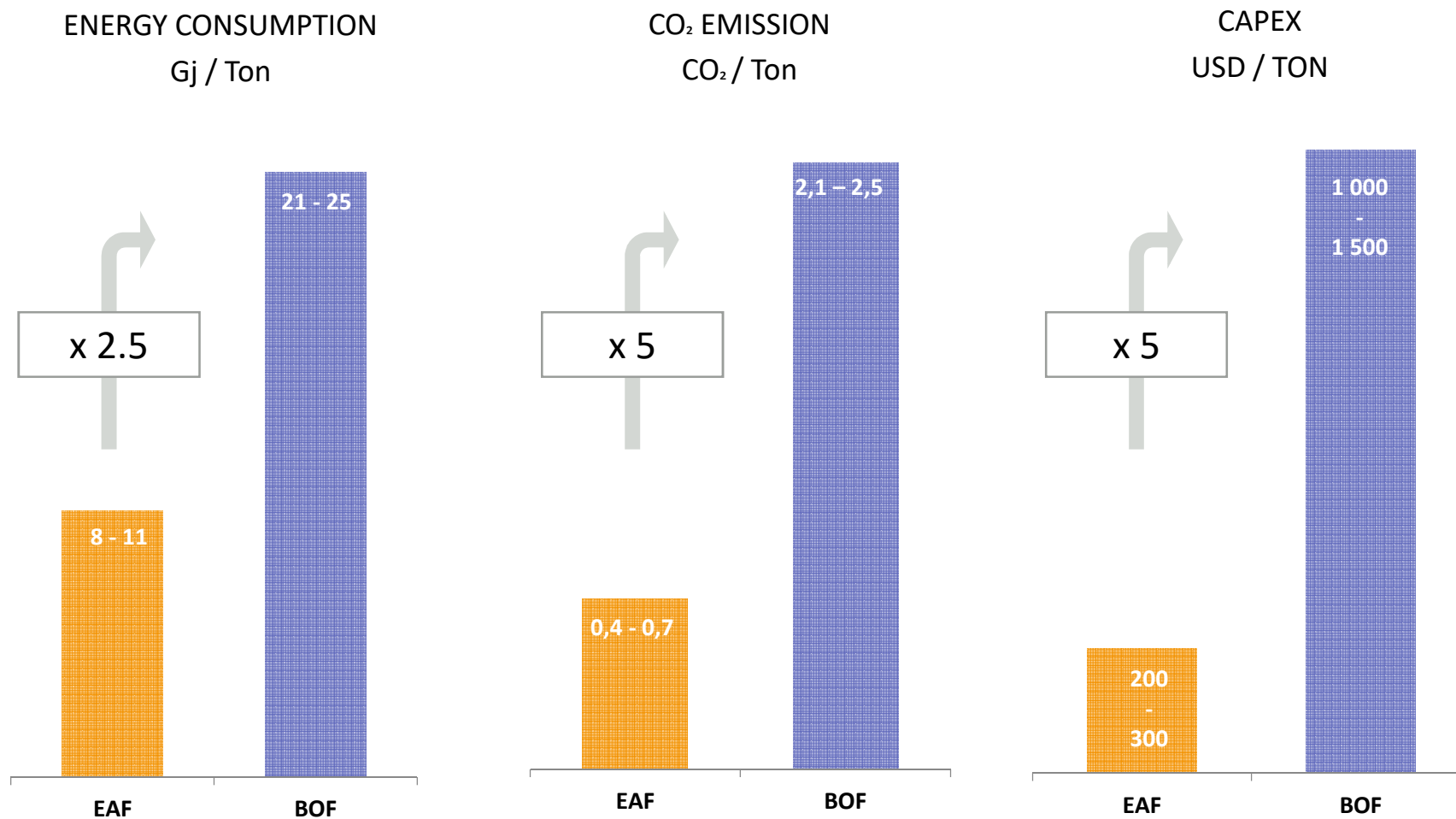
2017 figures are boosted by continuous increases in ferrous scrap and non-ferrous metal prices in the recycling business.



4

SRI IN THREE WAYS:
MARKET, PROCESSES, CORPORATE

4

EAF CONTRIBUTES TO REDUCTIONS IN CO₂ EMISSIONS AND ENERGY CONSUMPTION COMPARED TO PRIMARY PRODUCTION

Equipment selection

- ▶ Electric fixed cranes : 90% of our shredders and shears are fed by electric fixed cranes.
 - Competitive maintenance costs
 - Less noise
 - 25-year life span
 - No CO₂ emissions
- ▶ New trucks CAPEX program
 - Latest engines (E6)
 - Gas efficient (30% savings)

Choice of means of transportation

- ▶ 21% of our sales are shipped by vessel or barge. Choose boats whenever possible for shipping.
- ▶ Internal transport initiative designed to improve consumption , implementation of eco-driving soon.

R&D to reduce waste residue sent to landfill

- ▶ R&D team is working to find alternatives (recovery & energy) within 5 years for 20% of our residues currently sent to landfill.

Improve our health and safety ratios

- ▶ Within 5 years, targeting:
 - Accident frequency: 20% below our peers
 - Criticality below our peers.

4

CORPORATE ROADMAP FOR DELIVERING ON SRI GOALS

Embody our role as a committed employer



- ▶ Deploy a risk prevention policy to guarantee employee safety and health
- ▶ Define key skills and develop them for our present and future needs
- ▶ Integrate diversity, promote local employment, and fight against job insecurity

Reduce our environmental footprint



- ▶ Optimize our most energy-intensive industrial tools to save natural resources
- ▶ Improve local impact of our premises

Concrètement
RESPONSABLE!

- ▶ Identify, anticipate, and manage environmental, labour, and ethics risks
- ▶ Ensure excellence in service

- ▶ Improve enhancement of waste treated on our sites
- ▶ Improve environmental performance of our customers

Consolidate trust-based relationships with our stakeholders



Be a leading player in the circular economy



5

OUR STRATEGY

Dense network

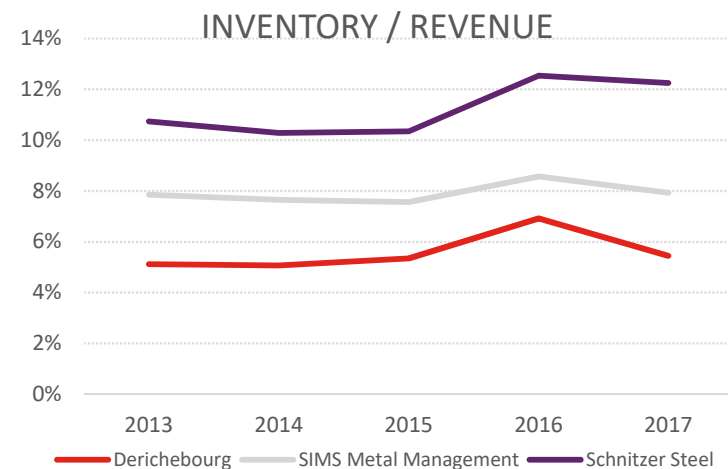
- ▶ To be close to where waste is produced, to reduce transportation costs
- ▶ Optimize use rate of our industrial equipment

Vertical integration in order to keep added value inside the group

- ▶ Thanks to the density of the network, we collect enough tons of each material to economically justify the development of specialized processing lines:
 - Floating of Zorba
 - Aluminium refineries
 - Inox waste blend preparation
 - Aluminium profile shredding
- All these specialized facilities are mostly fed by our own tons.

Long-term management style evidenced by low inventories, which reduce cycle exposure and put us in a good position to consolidate the market

- ▶ We do not benefit as much as our competitors from price increases but generally weather downturns better than they do, as evidenced in 2015 and 2016.
- ▶ Patrimonial approach to asset ownership, with double-digit ROCE ambitions



RECYCLING

- ▶ Be a strong, leading, long-term European player in metallic waste recycling, evidenced by rising at least one spot in the ranking of European players within the next 5 years

SERVICES (including household waste collection)

- ▶ Reach €1 Billion revenue in Multiservices within the next 5 years and achieve EBITDA ratio close to peer average
- ▶ Improve financial performance by focusing on and developing businesses in which we have achieved critical mass in selected geographies

FINANCE

- ▶ Maintain our leverage ratio (Debt/EBITDA) below 3
- ▶ Pay a yearly dividend amounting to around 30% of net income

Consolidate our position of major supplier to steel and metal industry

- ▶ Maintain a consistent level of quality for our products (above average quality)
- ▶ Develop our export customer base, in particular for ferrous scrap

Implement state of the art technologies

- ▶ Implement environmentally friendly technologies and means of transportation
- ▶ Standardize our assets
- ▶ Implement new optic sorting lines

Develop the skills and expertise of our employees

- ▶ Build a focused and dedicated management team with considerable experience in the industry
- ▶ Prepare for the future by recruiting young engineers

Enhance our IT

- ▶ Update our IT without changing its best in class key characteristics
 - Real time inventory (in tons and in €)
 - Actual margins available daily

Specialized activities

- ▶ 20-25% of recycling revenue through specialized activities that our competitors cannot perform under the same economic conditions because they have smaller networks

Densify our network through new site openings or external growth

- ▶ In each country where we operate, be a leading player or at least a regional leader
- ▶ Open feeder yards to increase the use of our industrial equipment
- ▶ Look at external growth opportunities in countries where we already have activity based on a long-term approach (not only top of the cycle). Most of our external growth deals have been made during downturns.

6

CALENDAR – NEXT STEPS

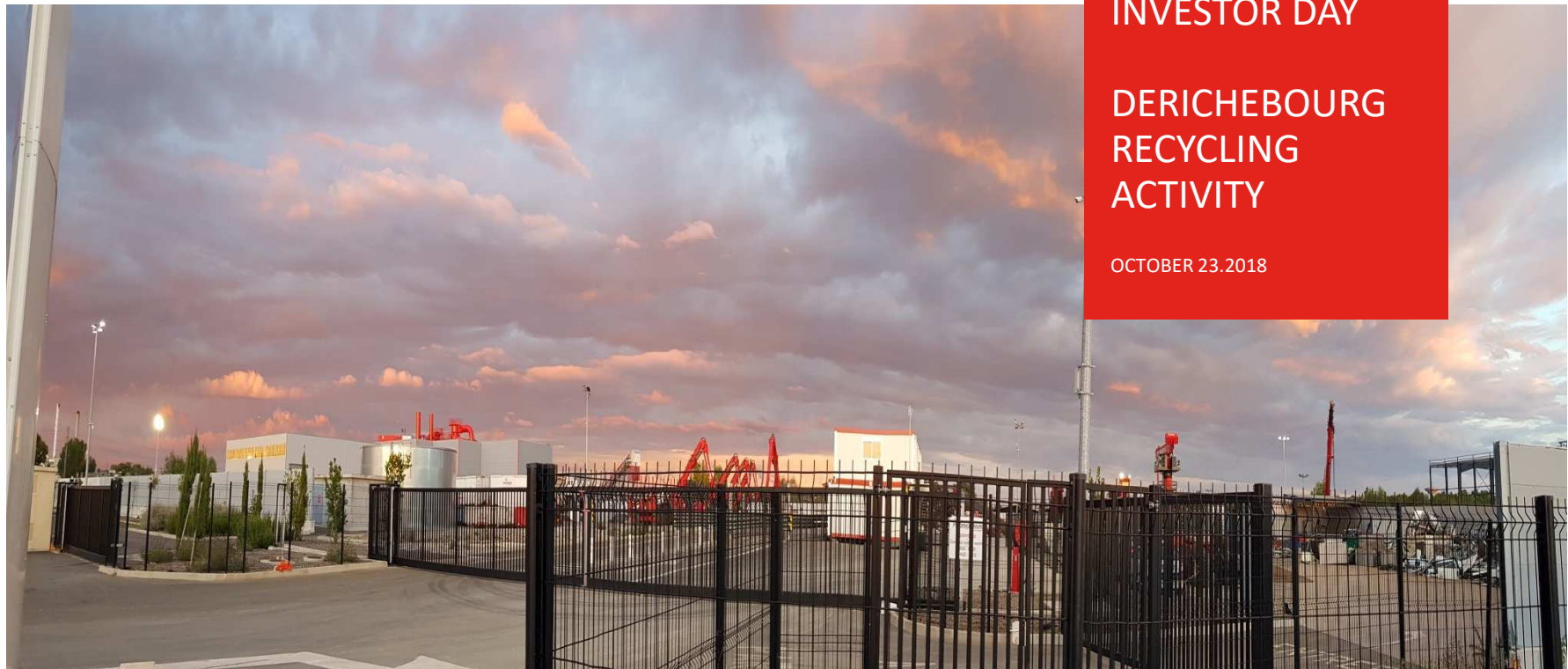
- ▶ November 14, 2018 (after stock exchange close): Annual Revenue Press Release
- ▶ December 4, 2018 (after stock exchange close): Annual Results Press Release
- ▶ December 5, 2018 (morning): Annual Results Meeting



INVESTOR DAY

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RECYCLING
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OCTOBER 23.2018



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