

Paris, May 22, 2019

Results of the first half of 2018-2019

Derichebourg confirms the resilience of its economic model

The Board meeting of May 22, 2019, chaired by Mr. Daniel Derichebourg, approved the half-year financial statements at March 31, 2019. During the meeting, the Chairman and Chief Executive Officer noted the soundness of the Group's economic model and the robustness of its results, despite slowing economic growth and an environment beset by considerable uncertainties. In this context, which reflects a decline in financial performance by all players in the recycling industry, the Group has managed to limit the negative effects thanks to substantive work done on scaling its production facilities, continued attention to unit margins and the level of inventories, and to its dense territorial network, which ensures it has a regular supply, and makes it possible to monetize specialized facilities whose profitability is better than the average in the business.

Revenue amounts to 1.38 billion

Revenue for the first half of the year amounted to €1.38 billion, a decrease by 5.7%. Revenue growth for the Multiservices business did not offset the decline in the Environmental Services business.

<i>(in thousand tons)</i>	03/31/2019	03/31/2018	Change
Ferrous metals	1,737.9	1,912.8	-9.1%
Non-ferrous metals	268.0	271.7	-1.4%
Total volumes	2,005.9	2,184.5	-8.2%
<i>(in millions of euros)</i>	03/31/2019	03/31/2018	Change
Ferrous metals	448.5	511.7	-12.4%
Non-ferrous metals	342.1	382.4	-10.5%
Services	166.1	166.8	-0.4%
Environmental Services revenue	956.7	1,060.8	-9.8%
Multiservices revenue	418.7	397.4	5.4%
Holding company revenue	0.5	0.3	53.1%
Total half-year revenue, Derichebourg Group	1,375.9	1,458.5	-5.7%

Environmental Services

Volumes of ferrous metals processed were negatively impacted by:

- a less favorable economic environment overall than last year, reflected in particular in the decline in steel production in Europe and a decline in selling prices;
- a sharp fall in steel production in Turkey (-10% as compared to the same period of the previous fiscal year due to the country's economic crisis), this country having seldom supported the world market for ferrous metals, with the exception of the month of February;
- The two-month shutdown over the winter of the Carros (06) shredder due to difficulties in removing shredding residues.

Volumes of non-ferrous metals have been maintained, notably thanks to the increased strength of the second aluminum refining unit at Prémery. Nevertheless, a deterioration of business in the automotive sector has been noticeable since last fall, which is pulling prices down. Stainless steel waste is in significant decline (-25%), waste copper has grown (+4.3%).

Revenue for Services has declined slightly (-0.4%), because revenue from waste collection activities in Italy has not been consolidated since February, following divestiture on January 30, 2019.

Multiservices

Revenue for each of the four segments of activity (Services, Industry, HR Sourcing Solution, Urban Areas) have seen sustained growth. Overall, growth is at 5.4%.

Recurring EBITDA¹, €93.4 million

Recurring EBITDA amounted to €93.4 million, down 7% compared to last year. It represents 6.8% of revenue, a similar ratio to that of last year (6.9%).

In the Environmental Services business, the lower volume of ferrous metals processed, and to a lesser extent slightly lower unit margins for non-ferrous metals, partially offset by a fall in expenses, essentially explain this €4.6 million fall.

In the Multiservices business, the apparent €1.2 million fall is explained by:

- problems with contracts in the nuclear engineering business, which is currently being shut down, and contributed negatively (-€2.6 million);
- the transition between the CICE (tax credit to improve competitiveness) and the reduction in employer contributions meant, for companies practicing deferred pay, a one-time shortfall of €1.7 million.

After restating these two effects, recurring EBITDA from the Multiservices business would be up and represent 4.2% of revenue.

¹ Recurring EBITDA = Recurring operating profit (loss) + net depreciation and amortization on tangible and intangible assets

Recurring operating profit (loss) = Operating profit (loss) +/- non-recurring items

An operating profit close to that of last year

Operating profit amounted to €48.1 million, close to that of last year (€49.8 million).

The Multiservices business is seeking to terminate a certain number of engineering contracts in the nuclear sector, and recognized the remaining costs to be incurred on these contracts, in an amount of €2.8 million. Last year, non-current items recorded the cost of two transactions to end litigation in Italy in the amount of €10 million.

Consolidated net income down 16.3%

After taking into account financial expenses, corporate income tax and profit (loss) from discontinued operations, consolidated net income amounted to €31.6 million, down 16.3% in comparison to the first half of last year.

Outlook for the second half of the fiscal year

In the Environmental Services business, the Group notes that trade (China – USA) and geopolitical tensions have been exacerbated rather than reduced. There appears to be more downside (automotive sector, and European steel sector) than upside in economic conditions. In the short term, the high price of iron ore may serve to support that of ferrous metals. Structural difficulties related to the evacuation of shredding residue cannot be resolved in a few months, even if temporary solutions have been found. The Group will continue to prove the resilience of its business model, and its responsiveness. This situation should make it possible for the Group to strengthen its competitive position in its markets, where its leadership is already on display. An investment policy that allows for constant improvement of its online production facilities with an evolution in sorting techniques and environmental constraints will continue. This strategy, combined with a very solid financial structure and the long-term strategic vision of its family shareholders, confers the status of a structural consolidator, which will allow the company to profit from this situation in order to make strategic acquisitions when valuations in the sector become attractive again.

In the Multiservice business, revenue should grow moderately in the second half of the year, and the second half will be better than the first in terms of income. Catching up with the backlog recorded in the first half of the year is foreseeable, all things being equal.

Treasury shares cancellation

The Board of Directors also exercised the delegation granted by the Extraordinary General Meeting of February 5th 2019, and cancelled 4,481,291 treasury shares representing 2.73% of the share capital. The company's share capital now comprises 159,397,489 shares.

INCOME STATEMENT

In millions of euros	03/31/2019	03/31/2018	Change
Revenue	1,375.9	1,458.5	(5.7%)
<i>of which Environmental Services</i>	956.7	1,060.8	(9.8%)
<i>of which Multiservices</i>	418.7	397.4	5.4%
Recurring EBITDA	93.4	100.5	(7.0%)
<i>of which Environmental Services</i>	83.9	88.5	(5.2%)
<i>of which Multiservices</i>	13.5	14.7	(8.3%)
Recurring operating profit	50.9	61.0	(16.6%)
<i>of which Environmental Services</i>	48.0	55.5	(13.5%)
<i>of which Multiservices</i>	8.0	9.7	(17.1%)
Net non-current items	(2.8)	(11.3)	
Operating Profit	48.1	49.8	(3.3%)
Net financial expenses	(5.2)	(5.3)	
Other financial items	(1.2)	0.1	
Profit before tax	41.7	44.5	(6.3%)
Income tax	(10.9)	(10.9)	
Income from associates	0.8	0.7	
Income from discontinued or held-for-sale activities		3.4	
Net profit (loss) attributable to non-controlling interests	(1.1)	(0.6)	
Net profit (loss) attributable to shareholders	30.5	37.1	(18.0%)

BALANCE SHEET

<i>(in millions of euros)</i>	03/31/2019	09/30/2018	Variation (%)
Goodwill	220.0	217.9	
Intangible assets	7.5	6.2	
Property, plant and equipment	507.9	480.9	
Financial assets	14.9	10.5	
Equity interests in associates and joint ventures	17.5	17.1	
Deferred taxes	25.9	22.0	
Total non-current assets	793.7	754.6	5.2%
Inventories	76.3	76.7	
Trade receivables	301.2	286.6	
Tax receivables	3.1	11.4	
Other assets	63.6	82.7	
Financial assets	13.4	13.8	
Cash and cash equivalents	131.5	145.6	
Total current assets	589.1	616.9	(4.5%)
Total non-current assets and groups of assets held for sale		41.4	
Total assets	1,382.8	1,412.9	(2.1%)

<i>(in millions of euros)</i>	03/31/2019	09/30/2018	Variation (%)
Group shareholders' equity	500.7	507.9	
Non-controlling interests	4.3	3.8	
Total shareholders' equity	505.0	511.7	(1.3%)
Loans and financial debts	157.6	156.2	
Provisions for pensions and similar benefits	42.8	42.6	
Other provisions	23.7	25.3	
Deferred taxes	16.4	17.5	
Other liabilities	1.7	1.7	
Total non-current liabilities	242.1	243.4	(0.5%)
Loans and financial debts	82.5	84.5	
Provisions	7.4	4.8	
Trade payables	283.1	281.2	
Tax payables	14.7	3.3	
Other liabilities	246.3	255.0	
Financial instruments	1.8	1.1	
Total current liabilities	635.8	629.9	0.9%
Total liabilities related to a group of assets held for sale		27.9	
Total liabilities	1,382.8	1,412.9	(2.1%)

Passage of net financial debt from September 30, 2018 to March 31, 2019

Net financial debt at September 30, 2018	95.1
Recurring EBITDA	(93.4)
Net financial expenses	5.2
Corporate income taxes	(3.2)
Change in working capital requirement	8.6
Tangible and intangible capital investments	59.7
Own shares	16.9
Dividends	22.4
Acquisitions	4.2
Disposals of companies	(8.2)
Other	1.2
Net financial debt at March 31, 2019	108.5

About Derichebourg

The Derichebourg Group is a major player working for companies and local authorities on an international scale. It offers a comprehensive and integrated range of services in two complementary business segments: environmental services (recycling, recovery, collection of household waste, urban cleaning, management of waste reception centers, etc.) and business services (cleaning, energy, interim, aeronautics, etc.). The Group is present today in 15 countries, on 3 continents, and has some 39,400 employees worldwide. In 2018, the Derichebourg Group's revenue amounted to €2.9 billion. For more information: www.derichebourg.com

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