PRESS RELEASE

Paris, 12/4/2019

Net profit for fiscal year 2018-2019

Robust operating profit

The Derichebourg Group Board of Directors' meeting on December 4, 2019, chaired by Daniel Derichebourg, approved the consolidated annual financial statements for the period ended September 30, 2019.

During the meeting, the Chairman and CEO praised the resilience of the Group's pre-tax profit despite business conditions more adverse than last year's. He added that, "*This year we delivered on the growth projections made for our recycling business in Europe. In addition, year to year, our service businesses have grown not only in terms of numbers but in terms of our competitive position with our customers.*". He also noted that significant rotation of the Group's business portfolio (with disposals of businesses in Morocco, of waste collection and treatment businesses in Morocco and of Nuclear Engineering, along with the upcoming acquisition of Lyrsa and several acquisitions made in Multiservices) during the fiscal year refocused operating growth on businesses and/or geographic areas that provide synergy with existing ones.

Revenue: €2.7 billion

Revenue for FY 2018-19 was €2.7 billion, down 7.4 % from the previous year. Environmental Services, hampered by geopolitical factors, fell 12.7%, while Multiservices rose 6.9%.

In millions of euros	**2018/2019**	**2017/2018**	**Change**
Environmental Services	1,846.7	2,116.4	(12.7%)
Multiservices	857.6	802.5	6.9%
Holding companies	0.8	0.8	n/a
Total Group revenue	**2,705.0**	**2,919.7**	**(7.4%)**

12.7% drop in Environmental Services division revenue

(in thousand tons)	2018/2019	2017/2018	Change
Ferrous metals	3,445.8	3,746.0	(8.0%)
Non-ferrous metals	535.1	540.7	(1.0%)
Total volumes	**3,980.9**	**4,286.6**	**(7.1%)**
(in millions of euros)			
Ferrous metals	858.9	1,016.4	(15.5%)
Non-ferrous metals	674.7	760.6	(11.3%)
Services	313.0	339.4	(7.8%)
Total revenue Environmental Services	**1,846.7**	**2,116.4**	**(12.7%)**

Since the decisions by the Trump administration in mid-2018 to put 25% tariffs on steel imports and 10% on aluminum, the retaliatory tariffs by the Chinese a few weeks later on imports of non-ferrous metals from United States and the political tensions between the United States and Turkey in the summer of 2018, the economic conditions in which the Group's Recycling business operates have gradually worsened.

- The retaliatory measures taken by China (imposition of tariffs on imports of non-ferrous metals from the United States) led to the breakdown of a trade flow that had been stable for 20 years, where the majority of American non-ferrous metal waste was exported to China. American recyclers sought to place those products elsewhere in the world, which resulted in a sudden influx of goods, particularly aluminum (the most widely used metal after iron), in Southeast Asia and Europe. Because local demand remained unchanged, markets became unbalanced, with a sustained drop in prices.
  In the case of stainless steel waste, another phenomenon took place: Indonesian exports of cheap ore made recycled stainless steel less competitive, resulting in a fall in volumes and prices.
- Concerning the ferrous scrap metal market, tensions between the United States and Turkey, which arose in August 2018 following the detention of an American pastor on allegations that he had ties with an opponent to Turkey's current regime, resulted in a sudden devaluation of the Turkish lira, an increase in interest rates, and an abrupt economic crisis in the country. Steel production, along with purchases of Turkish ferrous scrap metal, dropped by around 10% over the first 9 months of the 2019 fiscal year, putting downward pressure on ferrous scrap metal prices (down by around $70/t between spring and fall 2019, i.e. -25%), as Turkey is the world's largest importer. At the same time, Turkey's domestic steel

market fell by around 30%, which means that the 20-point difference between the drop in production and Turkish domestic consumption was exported to the Middle East and Europe, where those volumes competed with those produced by the Group's domestic customers, resulting in a drop in their ferrous scrap metal needs.

6.9% increase in Multiservices division revenue

Revenue of the *Multiservices* division grew 6.9% to €857.6 million. This was the tenth consecutive year of revenue growth. The bulk of this growth came from the Services Sector division, especially Cleaning and related services, due to both organic and external growth, though all four main business lines saw increases in revenue.

Recurring EBITDA resilience exceeds expectations

Recurring EBITDA amounted to €191.2 million, down 5.4% compared to the previous fiscal year (€202.1 million), despite the environment described above. This good performance illustrates the responsiveness of the business model developed by Derichebourg to fluctuating economic conditions and its ability to absorb shocks.

In the Environmental Services division, recurring EBITDA amounted to €162.1 million, down 6.3% compared to the previous fiscal year.

In an environment of declining volumes and prices, the Recycling business was able overall to maintain its unit margins and save on direct costs (energy) and personnel costs.

The Services to Local Authorities business recorded a significant improvement in the profitability of its contracts in France for the second year in a row.

In the Multiservices division, recurring EBITDA amounted to €33.0 million, almost stable compared to the previous fiscal year (€33.2 million). The division's *pro forma* EBITDA amounted to nearly €39 million, restated for the negative contribution of the Nuclear Engineering subsidiary (-€3.7 million, sold on October 1, 2019), the loss on a contract finalized on July 1, 2019 (€1 million), and the non-recurring impact (for companies applying the payroll shift) related to the transition, for the December 2018 payroll, between the CICE and the reductions in employer contributions (€1.7 million)

EBITDA for the Holding companies business was -€3.9 million, in line with the previous financial year.

After taking into account €88.5 million in allowances for depreciation (+€4.4 million compared to the previous fiscal year, due to the increase in investments in recent years), recurring operating profit stood at €103.1 million, down 12.8%.

Non-recurring items were much lower than the previous fiscal year: -€5.7 million, compared to -€22 million. The only notable item is an expense of -€5.0 million incurred due to technical and organizational difficulties in the Nuclear Engineering subsidiary, which was sold on October 1, 2019.

In view of the above, operating profit was very slightly higher than the previous fiscal year (+1.3%), standing at €97.5 million.

Pre-tax profit up 4.3%

Given the lower non-recurring expenses and slightly lower financial expenses, the Group's pre-tax profit was 4.3% higher, standing at €87 million.

Net profit attributable to shareholders: €55.6 million

The transformation of the CICE (competitiveness and employment tax credit) into reductions in taxable social charges led to a sharp rise in the corporate income tax expense (+€14 million), even though net profit attributable to shareholders was down 21.8% from the previous year and stood at €55.6 million. Non-recurring income of €3.4 million last year also contributed to the decline.

Financial debt amounted to €124.9 million, up €29.8 million compared to the previous fiscal year. This increase, strictly monitored because the leverage ratio (net financial debt / recurring EBITDA), can be explained in particular by a high reinvestment rate of EBITDA in the Environmental Services business, which is proof of confidence in the business' long-term fundamentals, and by share buybacks over the fiscal year.

At the next shareholders’ meeting, which will be held on January 31, the Board of Directors will propose a dividend of €0.11/share, unchanged from last year, representing a distribution rate of 32% and a return of 3.6% based on the share price as of December 3, 2019.

Outlook

Environmental Services Division

The geopolitical crises of the past few months that have affected recycling activity do not call into question the long-term trends in the steel market, in which steel from electric steel mills and non-ferrous metals from the recycling sector are expected to occupy a growing place:

- Much lower CO2 emissions than primary production, equivalent to a ratio of 1:2.3 for steel,
- Lower energy consumption per ton produced, and
- Locally available resources and preservation of local jobs.

The Group, whose strategy is part of a long-term vision for that market, has adapted its business model to effectively withstand economic fluctuations, as the 2018/2019 fiscal year has demonstrated:

- Low inventory levels to avoid exposure to price fluctuations, and search for satisfactory unit margins
- Dense coverage across France, ensuring the cost effectiveness of specialized sorting lines, and vertical integration that generates added value.

The acquisition of Lyrsa, Spain's leading metal waste recycling company, which is expected to close imminently, is part of this long-term vision of acquiring critical-sized positions in strategic markets where targets are very rare. Spain will become the Group's second-largest country in terms of revenue and assets.

In the shorter term, recycling activity in the first two months of the 2019-2020 fiscal year was relatively calm in terms of volumes. The prices of the different products processed by the Group have risen in relation to the low recorded in October.

The expansionary monetary policies implemented by central banks and the budgetary policies announced by governments could promote a recovery in sectors such as construction and infrastructure, which are consumers of the products processed by the Group's customers.

A trade agreement between the United States and China, and/or an easing of the criteria for the acceptance of solid waste in China, would certainly promote an increase in commodity prices, as well as exported volumes.

Multiservices Division

Multiservices Division business should continue to grow in the 2019-2020 fiscal year, both in terms of revenue and profitability, as a result in particular of the full-year effect of acquisitions made during the previous fiscal year, especially Gruponet – Silnet in Spain in the cleaning business, Immedia Services in temporary work, and ten companies or businesses acquired in France in the cleaning business.

Appendices:

Appendix 1: Main income statement aggregates

In millions of euros	**2018-2019**	**2017 - 2018**	**Change (%)**
Revenue	**2,705.0**	**2,919.7**	**(7.4%)**
of which Environmental Services	*1,846.7*	*2,116.4*	*(12.7%)*
of which Multiservices	*856.7*	*802.5*	*6.9%*
of which holding companies	*0.8*	*0.8*	*N/A*
Recurring EBITDA	**191.2**	**202.1**	**(5.4%)**
in % of revenue	*7.1%*	*6.9%*	
of which Environmental Services	*162.1*	*173.1*	*(6.3%)*
of which Multiservices	*33.0*	*33.2*	*(0.6)%*
of which holding companies	*(3.9)*	*(4.2)*	*N/A*
Recurring operating profit (loss)	**103.1**	**118.3**	**(12.8%)**
in % of revenue	*3.8%*	*4.1%*	
of which Environmental Services	*88.2*	*102.9*	*(14.3%)*
of which Multiservices	*21.3*	*22.1*	*(3.5%)*
of which holding companies	*(6.4)*	*(6.7)*	*N/A*
Italy – balance of litigation with Rotamfer		*(9.5)*	
Italy – balance of CRS-Scrap litigation		*(0.6)*	
Italy – impact of the sale of household waste collection and waste treatment businesses		*(7.0)*	
Waste collection – loss against Veolia in first-instance ruling		*(3.7)*	
Nuclear engineering contracts	*(5.0)*		
Provisional negative goodwill, Bartin Recycling			
Gain/loss on disposal of subsidiaries		*(1.2)*	
Other	*(0.7)*		
Operating profit (loss)	**97.5**	**96.3**	**1.3%**
Net financial expenses	(9.7)	(11.7)	
Other financial items	(0.8)	(1.1)	
Income tax	(30.5)	(16.3)	
Income from associates	2.4	2.1	
Income net of discontinued activities		3.4	
Net profit (loss) attributable to shareholders	**55.6**	**71.1**	***(21.8%)***

Appendix 2: Balance sheet

(in millions of euros)	**9/30/2019**	**9/30/2019**	**Change (%)**
Goodwill	227.7	217.9	
Intangible assets	8.0	6.2	
Property, plant and equipment	539.2	480.9	
Financial assets	8.8	10.5	
Equity interests in associates and joint ventures	18.5	17.1	
Deferred taxes	26.5	22.0	
Total non-current assets	**828.5**	**754.6**	**9.8%**
Inventories	67.8	76.7	
Trade receivables	284.1	286.6	
Tax receivables	3.8	11.4	
Other assets	62.5	82.7	
Financial assets	20.2	13.8	
Cash and cash equivalents	284.6	145.6	
Financial instruments	0.0	0.0	
Total current assets	**723.0**	**616.9**	**17.2%**
Total non-current assets and groups of assets held for sale	5.8	41.4	
Total assets	**1,557.4**	**1,412.9**	**10.2%**

(in millions of euros)	**9/30/2019**	**9/30/2018**	**Variation (%)**
Group shareholders' equity	523.1	507.9	
Non-controlling interests	2.9	3.8	
Total shareholders' equity	**526.0**	**511.7**	**2.8%**
Financial borrowings and debts	324.8	156.2	
Provisions for pensions and similar benefits	49.6	42.6	
Other provisions	23.7	25.3	
Deferred taxes	17.1	17.5	
Other liabilities	3.2	1.7	
Total non-current liabilities	**418.4**	**243.4**	**71.9%**
Financial borrowings and debts	84.8	84.5	
Provisions	2.6	4.8	
Trade payables	257.1	281.2	
Tax payables	7.7	3.3	
Other liabilities	252.7	255.0	
Financial instruments	2.7	1.1	
Total current liabilities	**607.6**	**629.9**	**(3.5%)**
Discontinued and liabilities held for sale	5.4	27.9	
Total liabilities	**1,557.4**	**1,412.9**	**10.2%**

Appendix 3: Change in net financial debt from 2018 to 2019

In millions of euros	
2018 net financial debt	**95.1**
Property, plant and equipment and intangible capital investments	144.3
Recurring EBITDA 2018	(191.2)
Financial expenses paid	9.7
Taxes paid	20.7
Change in working capital requirement	(0.9)
Disposals of companies	(8.0)
Acquisitions	17.0
IFRS 5	1.1
Other	2.2
Subtotal	**85.6**
Dividends paid	22.4
Acquisition of own shares	16.9
2019 net financial debt	**124.9**