



**DERICHEBOURG**

**PRESS RELEASE**

**Paris, April 10, 2020,**

**Update on the impact of the COVID-19 crisis on  
Derichebourg Group's business activity**

Through March 17, 2020, when the widespread confinement of the population in France was introduced to cope with the health fall-out from the Covid-19 crisis, there had been little impact on the Group's activities. Since that date, given the restrictions on travel and the very significant slowdown in global economic activity, the consequences have been more acute and have varied depending on the activities. Detailed explanations on the different activities can be found below, although the financial impacts remain difficult to assess at the present time. It is important to note that only the second half of March was affected, and that the month of April will be more significantly impacted.

**Environmental Services**

For Recycling, the situation varies according to country:

- In France, activity fell significantly, but gradually, from March 17, 2020 onward and under the combined effect of the closure of several ferrous metal-consuming plants and a scarcity in the supply of metal waste (automotive sector shut down, lower consumer activity, a ban on individual travel), levels have stabilized at around 15-20% of usual volumes. The Group was forced to close most of its small individual collection sites, given the absence of intakes. All of the industrial sites have stayed open by resorting to the reduced working hours compensation scheme.
- In Spain, activity declined more slowly than in France, but the decrease was accentuated once the government drew up the list of essential activities. The current level of activity is around 25% of the usual figure.
- Germany has fared better, both in health terms and economically. The reduction in business has been limited, at around 60% of usual levels.

In March 2020, the group, as usual, had very low inventories of goods. Moreover, these are basically covered by sales contracts, and so any decrease in prices that may occur during April would have a relatively low impact on the division's results.

In the Public Sector Services business, the overall volume of business has not been affected as it is rated an essential service for the population.

Given the half-month of "normal" activity, the remainder of March is positive. However, that of April should be significantly negative.

## **Multiservices Activity**

The business situation varies depending on the activities:

- Cleaning (around 50% of the revenue for the Multiservices division): This activity is conducted at thousands of customer sites. The percentage of "open" sites is around 55% in France, 70% in Spain and Portugal. In France, Derichebourg Propreté uses the reduced working hours compensation scheme for closed sites and the support services where activity has fallen. The Company is able to meet its customers' additional requirements in terms of hydro-alcoholic gel and gloves.
- Industry business (for the aeronautical industry): the activity rate is around 30%, with assembly plants gradually reopening.
- Temporary Work Business: the agencies are closed and permanent employees telecommute or work with reduced hours. Business for the Retail sector has disappeared. The distribution, logistics and bank sectors have resisted. Their rate of activity is around 30%.
- Urban Areas: most of this business is the outsourcing of advertising billboards. The sector is at a virtual halt. Clients for this business contractually pay a share of the fixed costs whatever the level of activity. An increase in payment terms for this business would call for the utmost caution from the Group.

This situation will obviously impact results in March and April, the scale of which will be mitigated by the massive use of the reduced hours compensation scheme, but the net impact is difficult to assess at this stage.

## **Financial position**

The Group has satisfactory liquidity.

A new syndicated loan was negotiated during Q1 2020 and made available on March 31, 2020. The balance of the previous syndicated loan (a refinancing loan of €31.8m and an undrawn Revolving Credit Facility of €100m) was repaid at the same date.

The new syndicated loan includes a Refinancing Loan for €240m (drawn) and a Revolving Credit Facility of €100m (not drawn to date). The loan's term is 5 years with the option of extending by two times a year, subject to agreement from the lenders.

## **Employee commitment**

The Group operates in several business lines that are essential for countries to operate correctly in times of crisis; for instance, the collection of household waste, recycling of waste used for producing raw materials for packaging, cleaning of professional environments. We wish to highlight the exceptional commitment of our employees working during this difficult period, and are doing our maximum to provide individual protective equipment in line with the directives given by the public authorities.

## **Outlook**

The Group expects that this very significant slowdown in economic activity will continue up to the peak of the pandemic, and that business will very gradually recover afterwards. Major industrial groups such as Peugeot, Renault and Michelin plan to restart business just after the Easter holiday.

In a situation where business activity resumes, shortages of raw materials from recycling may occur, from which the Group could benefit to partially offset the impact of the health crisis.

The Group remains very confident in the future of its business model, with the majority of the services provided being essential to economic activity; the Group's sound business structure will allow us to continue to play a consolidating role in our business sectors.

The results for the first half of the 2019-2020 fiscal year will be published on May 26, 2020 after stock market closure.

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