

Paris, 5/24/2023

First half 2022-2023 results

Derichebourg confirms the strength of its model

2nd highest EBITDA in group's history

On May 24, 2023, the Board of Directors chaired by Mr. Daniel Derichebourg approved the financial statements for the six months ended March 31, 2023. During this meeting, the Chairman of the Board of Directors displayed serenity. He highlighted the robustness of the results of the Recycling business notably through its external growth operations and the resilience of the results of the Public Sector Services business. He also welcomed the favorable vote by the Elior Group shareholders allowing the transfer of the Multiservices division on April 18, 2023, thereby giving Derichebourg a 48.3% stake in Elior Group. The transaction will generate synergies over the coming years that will also benefit Derichebourg's shareholders.

The figures in this press release are in accordance with the IFRS 5 classification of the Multiservices business as of March 31, 2023 (balance sheet and income statement) and the new division of operating segments into Recycling and Public Sector Services. Finally, it should be noted that the Ecore Group acquired on December 17, 2021 was consolidated for six months during first half 2022-2023 and 3.5 months during the same period last year.

Consolidated revenue

First half consolidated revenue was €1.8 billion, down 12.7% year on year, mainly due to the revenue decline in the Recycling division (down 13.9%), partly offset by a 16% increase in Public Sector Services revenue.

<i>(in thousands of metric tons)</i>	H1 2022- 2023	H1 2021- 2022	Change
Ferrous scrap metals	2,307.4	2,395.5	-3.7%
Non-ferrous metals	381.8	396.0	-3.6%
Total volumes	2,689.1	2,791.5	-3.7%

<i>(in millions of euros)</i>	H1 2022- 2023	H1 2021- 2022 ¹	Change
Ferrous scrap metals	829.2	1,003.7	-17.4%
Non-ferrous metals	803.7	916.3	-12.3%
Services	92.6	83.0	+11.6%
Recycling revenue	1,725.5	2,003.0	-13.9%
Public Sector Services revenue	90.1	77.7	+16.0%
Holding company revenue	5.4	5.2	+4.1%
Total Group	1,821.1	2,085.9	-12.7%

Recycling

Ferrous scrap metal volumes were down 3.7%. The decline in the underlying business was 15% and 16%, in line with the decline in steel production in the major markets served by the Group. Against this backdrop, the price of ferrous scrap metal fell versus the first half of 2021-2022, a period in which it reached record highs. The average price of ferrous scrap metal sold was down €50-60/t (around 14%) compared to the first half of last year.

Volumes of non-ferrous metals sold were down 3.6%. The downward trend in the economic environment mentioned in the previous paragraph explains this decrease, which is also around 15% after restatement for changes in consolidation scope.

The price of all metals processed by the Group fell sharply compared to last year, by around €205/t or 9%.

Public Sector Services

Revenue rose 16% driven by the commencement of several contracts and the full half-year impact of contracts commenced last year, including:

- ❑ waste collection contracts for Paris districts, renewed under new economic terms in September 2022;
- ❑ the management contract for the recently commissioned sorting center in Angers;
- ❑ various other waste collection contracts (Nantes, etc.).

Recurring EBITDA¹

First half recurring EBITDA stood at €179.2 million, down 21.1% year on year mainly due to falling volumes and unit margins and increasing costs in the Recycling business (energy in particular).

On a rolling 12-month basis excluding Multiservices, Derichebourg Group recurring EBITDA amounted to €412 million.

¹ Recurring EBITDA = Recurring operating profit + net depreciation and amortization on tangible and intangible assets and right-of-use assets

Recurring operating profit (loss)²

After €73.2 million in depreciation over the half year, recurring operating profit came to €106.1 million, down 35.2% year on year.

Operating profit (loss)

Non-recurring items for the period include:

- ▣ the net capital gain realized on the sale of eight recycling centers to the Riva Group in fulfillment of the commitments made by Derichebourg Environnement to the European Commission to obtain authorization to acquire the Ecore Group (€12.6 million);
- ▣ the costs of transferring the Multiservices business to Elior Group (€2.3 million);
- ▣ the financial consequences of a ruling by the French Supreme Court against the Group in a dispute between Veolia and various subsidiaries of the Public Sector Services business following the takeover of staff assigned to waste collection contracts in 2014 (€3.7 million).

Allowing for these items, which had an overall positive net impact of €6.6 million, operating profit amounted to €112.7 million, down 29.8% compared to last year.

Profit (loss) before tax

After €13.4 million in financial expenses (up €3 million due to the increase in interest rates) and other financial income of €1.3 million, Group profit before tax came to €98.0 million, down 35.8% year on year.

Income from associates

Income from associates (€5.2 million loss) includes a €5.6 million first half loss generated by Elior Group. As of March 31, 2023, Derichebourg SA held a 24.3% stake in Elior Group.

Net profit (loss) from continuing operations

After taking into account a corporate income tax expense of €26.3 million, entailing an effective tax rate of 26.9%, and income from associates, net profit from continuing operations totaled €66.4 million, down 40.5% year on year.

Income net of tax from discontinued activities

First half income net of tax from the Multiservices business was €5.6 million.

² Recurring operating profit (loss): operating profit (loss) +/- non-recurring items

Consolidated net profit (loss)

Consolidated net profit for the first half of 2022-2023 totaled €72.0 million, down 39.1% year on year. The portion attributable to Derichebourg shareholders was €71.5 million.

Outlook

In the medium term, the Group is convinced of the role and future of recycled raw materials due to the benefits they provide in terms of greenhouse gas emissions and energy consumption compared to primary metal production. This confidence is corroborated by the multiple projects expected to materialize in Europe over the coming years for transforming blast furnaces into electric steel mills that can consume ferrous scrap metal. Due to be commissioned between 2027 and 2030, these projects will generate additional demand for several million metric tons. The Group is also investing in cutting-edge technologies in order to meet the future expectations of customers seeking to obtain raw materials derived from high-quality recycling.

In the nearer future, against a backdrop of war between Russia and Ukraine, inflation, rising interest rates and questions about economic situation in Europe and the United States, the Group remains confident in the future of its activity and business model, which has always allowed it to increase both market share and profitability. The Group will continue to implement its development CAPEX plan in order to continue to create more value-added while exploring opportunities for acquisitions that make industrial and economic sense.

In the Public Sector Services business, which is based on contracts allowing a certain predictability of earnings, revenue is expected to continue to grow, albeit more slowly. Profit margins are expected to remain stable.

Annex 1: INCOME STATEMENT

(in millions of euros)

	H1 2022- 2023	H1 2021- 2022 ¹	Change
Revenue	1,821.1	2,085.9	-17.4%
Recurring EBITDAⁱ	179.2	227.2	-21.1%
□ <i>Recycling</i>	170.8	219.8	-22.3%
□ <i>Public Sector Services</i>	14.8	12.2	+21.8%
Recurring operating profit (loss)	106.1	163.8	-35.2%
□ <i>Recycling</i>	107.2	165.4	-35.2%
□ <i>Public Sector Services</i>	6.5	4.6	+40.9%
Net non-recurring items	6.6	(3.2)	
Operating profit (loss)	112.7	160.5	-29.8%
Net financial expenses	(13.4)	(10.4)	
Other financial items	(1.3)	2.7	
Profit (loss) before tax	98.0	152.7	-35.9%
Income tax	(26.3)	(42.4)	
Income from associates	(5.2)	1.3	
Income from discontinued activities	5.6	6.7	
Net profit (loss) attributable to non-controlling interests	(0.5)	(0.5)	
Net profit (loss) attributable to shareholders	71.5	117.8	-35.9%

¹ Restated for the reclassification of companies from Business Services to "Income from discontinued activities" in view of their transfer to Elixir Group.

Annex 2: BALANCE SHEET

Assets <i>(in millions of euros)</i>	3/31/2023	9/30/2022	Change
Goodwill	274.2	473.8	
Intangible assets	2.0	5.3	
Tangible assets	784.8	766.3	
Rights of use	243.0	259.0	
Financial assets	8.1	10.7	
Interests in associates and joint ventures	190.5	208.0	
Deferred taxes	22.9	32.0	
Other assets	0.0	0.5	
Total non-current assets	1,525.5	1,755.6	(13.1%)
Inventories	238.4	185.1	
Trade receivables	279.5	462.2	
Tax receivables	11.6	6.7	
Other assets	84.0	86.9	
Financial assets	13.8	15.5	
Cash and cash equivalents	196.3	323.2	
Financial instruments	3.8	3.0	
Total current assets	827.4	1,082.7	-23.6%
Total non-current assets and asset groups held for sale	507.1	40.6	
Total assets	2,860.0	2,878.9	-0.7%

Liabilities <i>(in millions of euros)</i>	3/31/2023	9/30/2022	Change
Group shareholders' equity	920.4	918.8	
Non-controlling interests	2.9	5.0	
Total shareholders' equity	923.3	923.8	-0.1%
Loans and financial debt	751.3	807.9	
Provision for pensions and similar benefits	32.6	43.2	
Other provisions	27.1	34.8	
Deferred taxes	33.7	32.7	
Other liabilities	4.3	5.0	
Total non-current liabilities	849.0	923.6	-8.1%
Loans and financial debt	180.1	168.7	
Provisions	16.3	16.3	
Trade payables	439.3	503.0	
Tax payables	6.7	6.2	
Other liabilities	144.2	318.6	
Financial instruments	0.0	2.3	
Total current liabilities	786.6	1,015.1	-22.5%
Total liabilities related to a group of assets held for sale	301.2	16.4	
Total liabilities	2,860.0	2,878.9	-0.7%

Annex 3: CHANGE IN NET FINANCIAL DEBT FROM September 30, 2022 TO March 31, 2023

Net financial debt at September 30, 2022	653.4
Recurring EBITDA	(179.2)
Change in working capital	47.8
Net financial expenses	14.2
Corporate income taxes	31.1
Investments	121.6
New rights of use from operating leases	11.4
Asset disposals	(37.9)
Dividends	51.0
Other (incl. IFRS 5 impact)	21.6
Net financial debt at March 31, 2023	735.0
