



PRESS RELEASE

Paris, 12/06/2023

Results for fiscal year 2022/2023

After a transformative 2022/2023, Derichebourg is confident for the 2023/2024 fiscal year

The Board meeting of December 6, 2023, chaired by Mr. Daniel Derichebourg, approved the parent company and consolidated financial statements for the year ended September 30, 2023. During this meeting, the Chairman of the Board of Directors highlighted the resilience of the Derichebourg Group's results within a more challenging economic environment than the previous two years, and welcomed the CAPEX plan underway to create new value-added niches for the Group. He also highlighted the value creation potential for the Group of the 48.31% stake in Elixir Group, whose results are improving. The Board of Directors will propose to the General Meeting of January 30, 2024 the payment of a dividend payment of €0.16 per share.

The figures in this press release are in accordance with the IFRS 5 classification of the Multiservices business as of September 30, 2023 (comparative balance sheet and income statement) and the new division of operating segments into Recycling and Services to Municipalities. Finally, it should be noted that the Ecore Group acquired on December 17, 2021 was consolidated for 12 months this fiscal year and 9.5 months last fiscal year.

Consolidated revenue

Full-year consolidated revenue was €3.6 billion, down 16.7% year on year, mainly due to the revenue decline in the Recycling division (down 17.8%), partly offset by a 10.9% increase in Services to Municipalities revenue.

<i>(in thousands of metric tons)</i>	FY 2022/2023	FY 2021/2022	Change
Ferrous metals	4,686.6	4,972.7	(5.8%)
Non-ferrous metals	770.4	812.5	(5.2%)
Total volumes	5,457.0	5,785.2	(5.7%)

<i>(in millions of euros)</i>	FY 2022/2023	FY 2021/2022 ⁽¹⁾	Change
Ferrous metals	1,646.2	2,114.9	(22.2%)
Non-ferrous metals	1,605.1	1,877.3	(14.5%)
Services	177.0	179.6	(1.4%)
Recycling revenue	3,428.3	4,171.7	(17.8%)
Services to Municipalities revenue	183.0	165.1	10.9%
Holding company revenue	10.0	11.1	(10.4%)
Total Group	3,621.3	4,348.0	(16.7%)

(1) : Restated for the reclassification of companies from Business Services to "Income from discontinued activities" following their transfer to Elior Group.

Recycling

From May/June 2022 onwards, economic expectations deteriorated in Europe, driven by rising energy costs as a result of reduced supplies of fossil fuels from Russia following the invasion of Ukraine. The rise in gas prices led to a sharp increase in spot and forward electricity prices, due to the European mechanism for setting electricity prices.

The Group's ferrous scrap metal customers, who are electro-intensive, adjusted their production rates downwards from summer 2022, so as not to be overly penalized by these historically high electricity costs. Spot prices only returned to sustainable levels in spring 2023.

Rising energy and food prices triggered an inflationary cycle. The policy pursued by central banks to combat inflation, which was spreading throughout the economy, resulted in a historic rise in interest rates (up 400 bps in 18 months in Europe), provoking the desired effect, namely a slowdown in economic activity. This slowdown came early for the end sectors to which the Group is exposed:

- the automotive sector for ferrous scrap metal supplies and aluminum ingot sales;
- the long steel sector for construction and infrastructure;
- the general economy for non-ferrous metals.

Ferrous scrap metal volumes were down 5.8%. The decline in the underlying business was around 11.5%, in line with that of steel production in the major markets served by the Group. Against this backdrop, the price of ferrous scrap metal fell versus the previous year, a period in which it reached record highs. The average price of ferrous scrap metal sold was down €75/t (around 17%) compared to last year.

Volumes of non-ferrous metals sold were down 5.2%. The downward trend in the economic environment mentioned in the previous paragraph explains this decrease, which is also around 9% after restatement for changes in consolidation scope.

The price of all metals processed by the Group fell sharply compared to last year, by around €225/t or 10%.

Services to Municipalities

Revenue rose 10.9% driven by the commencement of several contracts and the full-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, Guérande, etc.).

Recurring EBITDA¹

Recurring EBITDA for the fiscal year amounted to €334.8 million, down by 27.1% compared to last year, mainly due to falling volumes and unit margins and increasing costs in the Recycling business (electricity from January 2023 in particular).

Recurring operating profit (loss)²

After taking into account €151.3 million in depreciation over the fiscal year, recurring operating profit amounted to €184.9 million, down 43.6% year on year.

Operating profit (loss)

Non-recurring items for the fiscal year 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).
- ❑ a capital gain generated in April 2023 on the transfer of Derichebourg Multiservices to Elixor Group, net of disposal costs of €50.7 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 Services to Municipalities 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 €59.8 million, operating profit amounted to €244.7 million, down 23.5% compared to last year.

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

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

Profit (loss) before tax

After €29.6 million in financial expenses (up €9 million due to the increase in interest rates) and net other financial expenses of €1.6 million, Group profit before tax came to €213.5 million, down 30.0% year on year.

Income from associates

Income from associates (€37.7 million loss) includes a €39.4 million loss generated by Elior Group for the year. In the first half, the share of income was 24.36%. For the second half, it was 48.3%, taking into account the securities-based remuneration for the transfer of the Multiservices division. This €39.4 million expense corresponds to €35.1 million in costs classified as non-recurring by Elior Group.

Net profit (loss) from continuing operations

After taking into account a corporate income tax expense of €44.0 million, entailing an effective tax rate of 27.5% on profit before tax restated for the capital gain on the transfer of Derichebourg Multiservices to Elior Group, and income from associates, net profit from continuing operations totaled €131.8 million, down 40% year on year.

Income net of tax from discontinued activities

First-half 2022/2023 income net of tax from the Multiservices business was €5.6 million, it came to €19.2 million for the full 2021/2022 fiscal year.

Consolidated net profit (loss)

Consolidated net profit for the 2022/2023 fiscal year totaled €137.4 million, down 42.5% year on year. The portion attributable to Derichebourg SA shareholders was €136.9 million.

Update on the cyberattack of November 10, 2023

Following the cyberattack on November 10, 2023, the Group's IT activities are gradually being restored. Its operational activities have not been interrupted, although they have been slowed down.

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 numerous projects expected to materialize in Europe over the coming years for the construction of 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 optimistic for the 2023/2024 fiscal year for the following reasons:

- The first few months of the year were in line with the last few months of the previous year: the Group seems to have reached a plateau in terms of volumes processed, which are now comparable with the same months of the previous year, with limited fluctuation.
- Despite sluggish economic growth, recent increases in ferrous scrap metal prices, albeit limited, reflect a shortage of collected materials in relation to steel mill requirements, particularly for export markets.
- During the 2023/2024 fiscal year, several production facilities invested in during the 2022/2023 fiscal year will come on stream, helping to boost the Group's added value.
- From January 2024, the Group will benefit from new electricity prices in France, which will translate into full-year savings of around €15 million, at equivalent volumes.
- In Services to Municipalities, revenue is expected to rise slightly, as is profitability measured in terms of EBITDA.
- Derichebourg will also benefit from Elixir Group's improved results.

Against this backdrop, the Group has set itself the target of generating recurring EBITDA in excess of €350 million for the 2023/2024 fiscal year, with tangible investments representing less than 50% of recurring EBITDA.

Annex 1: INCOME STATEMENT

(in millions of euros)

	FY 2022/2023	FY 2021/2022 ¹	Change
Revenue	3,621.3	4,348.0	(16.7%)
Recurring EBITDAⁱ	334.8	459.3	(27.1%)
□ <i>Recycling</i>	315.8	445.8	(29.2%)
□ <i>Services to Municipalities</i>	30.5	25.2	20.7%
Recurring operating profit (loss)	184.9	328.0	(43.6%)
□ <i>Recycling</i>	184.9	332.1	(44.3%)
□ <i>Services to Municipalities</i>	13.9	10.4	33.9%
Net non-recurring items	59.8	(8.1)	
Operating profit (loss)	244.7	319.9	(23.5%)
Net financial expenses	(29.6)	(20.2)	
Other financial items	(1.6)	5.5	
Profit (loss) before tax	213.5	305.1	(30.0%)
Income tax	(44.0)	(83.3)	
Income from associates	(37.7)	(2.1)	
Income from discontinued or held-for-sale activities	5.6	19.2	
Net profit (loss) attributable to non-controlling interests	(0.5)	(1.4)	
Net profit attributable to shareholders	136.9	237.6	(42.3%)

¹ Restated for the reclassification of companies from Business Services to "Income from discontinued activities" following their transfer to Elior Group.

Annex 2: BALANCE SHEET

Assets <i>(in millions of euros)</i>	9/30/2023	9/30/2022	Change
Goodwill	276.1	473.8	
Intangible assets	2.0	5.3	
Property, plant and equipment	838.5	766.3	
Right-of-use assets	274.5	259.0	
Financial assets	5.0	10.7	
Interests in associates and joint ventures	414.8	208.0	
Deferred taxes	23.2	32.0	
Other assets	0.0	0.5	
Total non-current assets	1,834.2	1,755.6	4.5%
Inventories	158.3	185.1	
Trade receivables	305.8	462.2	
Tax receivables	7.4	6.7	
Other assets	105.7	86.9	
Financial assets	11.4	15.5	
Cash and cash equivalents	161.1	323.2	
Financial instruments	1.5	3.0	
Total current assets	751.1	1,082.7	(30.6%)
Total non-current assets and asset groups held for sale	-	40.6	
Total assets	2,585.3	2,878.9	(10.3%)
Liabilities <i>(in millions of euros)</i>	9/30/2023	9/30/2022	Change
Group shareholders' equity	990.4	918.8	
Non-controlling interests	2.4	5.0	
Total shareholders' equity	992.8	923.8	7.5%
Loans and financial debts	773.6	807.9	
Provision for pensions and similar benefits	28.2	43.2	
Other provisions	31.8	34.8	
Deferred taxes	33.4	32.7	
Other liabilities	4.2	5.0	
Total non-current liabilities	871.2	923.6	(5.7%)
Loans and financial debts	160.2	168.7	
Provisions	14.3	16.3	
Trade payables	390.0	503.0	
Tax payables	9.7	6.2	
Other liabilities	144.9	318.6	
Financial instruments	2.2	2.3	
Total current liabilities	721.3	1,015.1	(22.5%)
Total liabilities related to a group of assets held for sale	-	16.4	
Total equity & liabilities	2,585.3	2,878.9	(0.7%)

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

Net financial debt at September 30, 2022	653.4
Recurring EBITDA	(334.8)
Non-recurring costs	9.2
Change in working capital requirements	61.5
Net financial expenses	29.6
Corporate income taxes	44.6
Capital expenditure	260.5
New rights of use from operating leases	25.7
Asset disposals	(37.9)
Dividends	51.0
Acquisitions	7.1
Other (incl. IFRS 5 impact)	2.9
Net financial debt at September 30, 2023	772.7
