

Changé, April 22, 2013

### Consolidated results at December 31, 2012

#### Stake in HIME fully provisioned

- ✚ Booking of HIME share of income ended from July 1, 2012
- ✚ Financial income strongly impacted by the provision for HIME convertible: €(156.1)m
- ✚ Group consolidated net income: €(82.4)m

#### Low point of operating profitability confirmed: COI at 8.8% of revenue excluding IFRIC 12

- ✚ Low growth macro-economic context: sluggishness of some industrial markets
- ✚ Mix effects accentuated: storage, PCB, etc.
- ✚ Importance of specific factors: lower availability of some facilities ...

#### Financial position preserved

- ✚ Selective investment and sound operating cash flow
- ✚ Financial ratios maintained at a corporate level : gearing at 0.70 and leveraging at 2.74

#### Good level of activity in Q1 2013: Revenue up 6.6% –excluding IFRIC 12 and at constant scope

- ✚ Haz. Waste division: Revenue +7.6% at constant scope
- ✚ Non Haz. Waste division: Revenue +4.9% excluding IFRIC 12 and at constant scope

#### Confidence in the future

- ✚ Dividend maintained at €0.95 per share
- ✚ Improved operating profitability: COI target around 10% of revenue excl. IFRIC 12 in 2013
- ✚ Return to a high after-tax ROCE: around 10% by 2016

Commenting on the statements for the period ended<sup>1</sup>, Joël Séché put these results in perspective.

*“In many respects, 2012 was an exercise in financial and operational transition.*

*First of all, from a financial standpoint.*

*As HIME broke one of its banking covenants on June 30, 2012, and is now undergoing a debt restructuring process, I deemed it necessary to provision all our commitments in that group.*

*This provision is taking a heavy toll on the accounts for the period, but, from that date on, Séché Environnement will no longer be paying for the impact of the losses from HIME either in its income statement or on its balance sheet.*

*However, Séché Environnement will continue to manage its stake in HIME in the best interests of its shareholders.*

<sup>1</sup> The consolidated accounts at December 31, 2012 were closed by the Board of Directors' meeting of April 16, 2013.

Secondly, in terms of operations.

Against a sluggish economic backdrop, most of our business lines have demonstrated resilience. However, as announced, our operating margins have bottomed out due to the further increase in unfavorable mix effects but also to the combined effect of specific negative factors.

With our Group's sales strategy, our increased geographical coverage, the relevance of our positioning in the high added-value businesses of waste recovery and treatment, 2013 will see an improvement in our operating indicators.

The level of activity in our divisions as we start out the year is already showing the results of our recent business developments, confirming the soundness of our businesses in most of our markets.

This is a lasting improvement, in line with the objectives I set for the medium term, which will crown the success of our strategy aimed at profitable and lasting value creation for the shareholder."

### **Condensed consolidated financial statements at December 31, 2012**

Audited consolidated figures in €m under IFRS

<b>At December 31</b>	<b>2011</b>	<b>2012</b>	<b>2012/2011</b>
Reported revenue	424.2	441.9	+4.2%
Revenue excluding IFRIC 12	422.9	425.0	+0.5%
EBITDA	97.4	79.6	- 18.3%
Current operating income	57.4	37.3	-35.0%
Financial income	8.3	(156.1)	NA
Net income from consolidated companies	44.0	(73.2)	NA
Group net income	15.9	(82.4)	NA
Cash flow	86.8	68.0	-21.7%
Industrial investments - excluding IFRIC 12-	48.6	32.8	32.8%
Net debt	191.9	223.1	+16.3%

The consolidated results at December 31, 2012 show a net loss of €(82.4)m resulting from the impact net of tax of €(97.7)m from the provision set up on all of Séché Environnement's commitments with respect to HIME.

## **Position with respect to HIME**

### **Stake in HIME fully provisioned**

#### **Booking of portion of losses from HIME ended from July 1, 2012**

On June 30, 2012, HIME was accused of breaking one of its banking covenants and since that date has entered a debt restructuring phase. Because of this situation, Séché Environnement is uncertain as to whether or not it will be able to recover its assets invested in HIME.

Owing to uncertainty regarding the outcome of the financial restructuring process, on the closing date of the 2012 accounts, Séché Environnement deemed it necessary to provision all its commitments in HIME.

The net tax effect of this decision on the net income of consolidated companies is €(97.7)m.

The Group also ended the booking of its share in the losses from HIME generated from July 1, 2012 both in its income statement and on its balance sheet insofar as the commitments by Séché Environnement with respect to HIME are limited to the sums already contributed (securities and convertible bonds).

Séché Environnement will continue to manage its stake in HIME in the best interests of its shareholders.

## **Operating performance: operating profitability bottoms out**

### **Sluggishness of the macro-economic environment**

#### **Accentuated unfavorable mix effects**

#### **Combination of one-off and/or exogenous factors**

The Group proved its ability to withstand a low growth macro-economic environment characterized by weak demand, reporting revenue as of December 31, 2012 of €441.9m, up 4.2% over 2011.

Restated for revenue under IFRIC 12 (€16.9m vs. €1.3m in 2011) representing investments made in asset disposals, particularly the work performed on the Strasbourg incinerator, revenue excluding IFRIC 12 stood at €425.0m, showing an increase of 0.5%.

This slight increase illustrates Séché Environnement strategy, which, by expanding its line of services and its positive sales strategy, offset the change in some of its markets (PCB, storage).<sup>2</sup>

However, owing to differing changes in the business lines, some unfavorable mix effects were exacerbated in terms of gross operating income (EBITDA) while the combined effect of one-off and/or exogenous factors penalized the change in this margin.

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<sup>2</sup> Cf. January 29, 2012 press release.

**Thus, EBITDA stood at €79.6m, or 18.7% of revenue excluding IFRIC 12**, a decline of 18.3% compared to 2011 (€97.4m or 23.0% of revenue excluding IFRIC 12), owing to the following:

- ✚ Accentuated unfavorable mix effects amounting to €9.4m, owing mainly to the decline in stored volume, the weakness of some industrial markets and the decline in PCB contracts, etc.
- ✚ Combined one-off and/or exogenous effects in the amount of €8.4m, related to the reduced availability of some incineration tools, including the Strasbourg-Senerval incinerator, because of the conversion work performed in accordance with the contractual commitments made to the municipality.

**Current Operating Income (COI) stood at €37.3m, or 8.8% of revenue excluding IFRIC 12**, (vs. €57.4m or 13.6% of revenue excluding IFRIC 12 in 2011), marking, as announced, the low point of current operating profitability. This decline reflects mainly the contraction in EBITDA.

**Operating Income (OI) stood at €28.9m or 6.8% of revenue excluding IFRIC 12** (vs. €55.2m or 13,1% of revenue excluding IFRIC 12 in 2011) because of a provision for risk set up in the amount of €6.8m for a tax dispute involving the Valls Quimica subsidiary in Spain.

### **Net income impacted by the provision for HIME**

**Financial income down substantially**

**Portion of the accounting loss from HIME limited to the loss as of June 30, 2012**

**Financial income stood at €(156.1)m** versus €8.3m in 2011, affected by the following:

- ✚ The impact of the provision set up for the full hedging of the assets held in HIME for €(161.1)m;
- ✚ To a lesser extent, €(3.3)m, the increase in the average cost of debt associated with the refinancing carried out in April 2012.

As a result, after the booking of tax revenues of €54.0m, **Net income from consolidated companies was down at €(73.2)m** compared with €44.0m in 2011.

After the group share of income from HIME was booked on June 30, 2012, i.e. €(9.6)m, **Group net income showed a loss of €(82.4)m**.

It should be noted that the share of income from HIME accounted for in the Séché Environnement consolidated results is the amount approved on June 30, 2012 insofar as:

- ✚ All of Séché Environnement's commitments in HIME are provisioned;
- ✚ The commitments of Séché Environnement with respect to HIME are limited to its original commitments.

Effective July 1, 2012, Séché Environnement stopped accounting for the impact of losses from HIME both in its income statement and on its balance sheet.

## **Financial position preserved**

### **Control over investments and sound operating cash flows**

#### **Good liquidity position**

#### **Financial ratios maintained at a corporate level**

**Industrial investments amounted to €50.0m**, or 11.3% of reported revenue, or an amount close to last year's. These include €17.2m in concession investments, up sharply over 2011 (€1.6m).

This sharp increase is due to the conversion work done on the furnaces of the Strasbourg incinerator during 2012, in accordance with contractual commitments made to the municipality.

Proprietary industrial investments stood at €32.8m or 7.4% of reported revenue (vs. €48.6m or 11.5% of revenue reported in 2011).

The group was able to control these investments because of the stability of maintenance investments and the selectivity of growth investments, while in 2011 significant investments were made in the sorting centers.

**Cash flow stood at €68.0m** in 2012 compared with €86.8m a year earlier. This change chiefly reflects the change in EBITDA. It illustrates the group's ability to preserve the cash flow from its growth, even in a tenuous financial context.

The Group now has a good liquidity position.

As previously indicated, in April 2012, Séché Environnement refinanced its residual bank debt with a new banking agreement for €163.3m maturing in 2017 and by issuing a €25m bond maturing in 2019.

After the net income for the period was booked, the group share of consolidated shareholders' equity fell from €355.3m to €256.2m.

**The Group maintains balance sheet ratios at a corporate level** with gearing (net debt/shareholders' equity) of 0.70 and leveraging (net debt/EBITDA) of 2.74.

As of December 31, 2012, the Group has an after-tax Return on Capital Employed (ROCE) – **excluding the impact of the consolidation of HIME – of 7.0%** compared with 9.5% a year earlier.

The Board of Directors will propose a dividend of €0.95 per share to the General Shareholders' Meeting of June 7, 2013.

## **2013 off to a good start**

### **Soundness of the business in the recovery and treatment divisions**

#### **Contribution by sales developments**

As of March 31, 2013, Séché Environnement reported **consolidated revenue of €117.3m, an increase of 11.4%** compared with revenue reported in the first quarter of 2012 (€105.3m).

This change includes a scope effect of €0.7m, related 1/ to the consolidation of Tree, from October 1, 2012, and 2/ the booking of Sogad and Gerep according to the equity method on January 1, 2013.

**At constant scope** as of January 1, 2012, the **growth** in consolidated revenue (reported) would have been **+12.2%** in the first quarter of 2013.

Restated for revenue under IFRIC 12, representing concession investments (€7.9m as of March 31, 2013 versus €1.9m a year earlier), **consolidated revenue – excluding IFRIC 12 – stood at €109.4m, up 5.8% over the period (€103.4m as of March 31, 2012) and 6.6% at constant scope.**

In the recovery and treatment divisions, most of the business lines reported positive changes:

- ✚ **Revenue posted by the Hazardous Waste division stood at €69.0m, up 6.1%** compared with March 31, 2012, illustrating that its business lines held up well, particularly eco-services, physical-chemical treatments and chemical purification.

Restated for the scope effect in the amount of €(0.9)m, due to the fact that Gerep was accounted for by the equity method, **the division growth rose to 7.6% at constant scope.**

The PCB markets posted a modest decline (€0.6m to €3.7m), in line with expectations.

Excluding PCB, the growth of the division at constant scope would have stood at 9.1% for the first quarter of 2013, demonstrating the soundness of the toxic waste markets.

On the international market, growth was slightly down (-2.1% to €5.7m) owing to a poorer performance by Spain and Hungary. Note the lack of a significant foreign exchange effect.<sup>3</sup>

- ✚ **Revenue posted by the Non-Hazardous Waste division stood at €48.3m** (vs. €40.2m a year earlier), **marking an increase of 20.1%, and 19.6% at constant scope.**

Restated for revenue under IFRIC 12 (€7.9m vs. €1.9m in the first quarter of 2012), representing investments made in the Strasbourg-Sénerval and Nantes-Alcéa incinerators, **the division's revenue –excluding IFRIC 12- stood at €40.4m, or an increase of 5.5% at current scope** compared with the same period last year.

Excluding the scope effects (+€0.2m) associated with the consolidation of Tree and the change in accounting method for Sogad, the division grew by **4.9% at constant scope excluding IFRIC 12.**

The division's business activity was sustained by the success of the energy recovery business lines with the contribution of the Scherwiller contracts (Household Waste methanization) and the Nantes-Alcéa incinerator.

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<sup>3</sup> At constant exchange rates, the revenue earned abroad as of March 31, 2012, would have been € 5.8m (vs. €5.9m at current exchange rates).

## Outlook

### Sound markets

#### Gradual improvement in operating margins

#### Return to an after-tax ROCE of 10% in 2016

Séché Environnement is the specialist in France in the recovery and treatment of waste; it operates in regulated markets and markets with high entry barriers.

The Group is pursuing a strategy of expanding its line of services in order to take advantage of business opportunities resulting from regulatory changes aimed at meeting the needs of its customers in the growing waste sorting, recovery and treatment markets.

With extensive added-value expertise, Séché Environnement is now emerging as a leading player, both in highly technical market niches such as those in the Hazardous Waste sector and in the high potential markets for outsourcing waste management for major manufacturers or world class cities.

Séché Environnement benefits from regulatory changes that are contributing to the buoyancy of its markets and creating business opportunities.

As an example, the recovery and treatment constraints weighing on the producers of waste are leading to the establishment of dedicated recovery or EPR<sup>4</sup> units, within which Séché Environnement plans to play an active role in developing specific recovery solutions.

In February 2013, Séché Environnement was selected by Valdelia, a new environment organization in charge of managing business waste to treat the business waste collected in the Brittany region.

In 2013, business is expected to improve for Séché Environnement, with a return to the full availability of its treatment facilities, particularly the Strasbourg-Senerval incinerator.

In 2013, consolidated activity is expected to be characterized by the following:

- ✚ A stabilization in PCB recurring activities compared to 2012 in the **Hazardous Waste division**, which, as a result, should post a level of activity comparable to last year's;
- ✚ A level of activity in line with 2012 in the storage business lines in the **Non Hazardous Waste division**, the growth of which will be boosted by the full year contributions of the public service contracts acquired in 2012 and the consolidation of Tree.

These items should help to sustain the Group's growth in a macro-economic environment expected to remain listless in 2013.

Absorbing one-off and/or exogenous items that weighed on operating margins last year, and reducing the unfavorable mix effects (PCB, storage) should lead to **a significant improvement in COI in 2013, amounting to around 10% of revenue excluding IFRIC 12.**

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<sup>4</sup> Enlarged Producers Responsibility

Séché Environnement is planning an investment program of around €70m in 2013, including €36m in concession investments in the Strasbourg-Senerval and Nantes-Alcea incinerators.

Going forward, operating margins should continue to improve, raising **COI to above 12% of revenue excluding IFRIC 12 by 2016.**

By then, the return on investment should lead to a significant reduction in financial debt, with leverage of around two, while the **ROCE after taxes should amount to around 10%.**

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## APPENDIX

### Condensed consolidated financial statements at December 31, 2012 Data audited under IFRS

#### Income statement

	December		December	
	2011		2012	
Reported revenue	424,158	5.5%	441,881	4.2%
REVENUE EXCLUDING IFRIC 12	422,815	5.2%	424,975	0.5%
EBITDA	97,438	23.0%	79,592	18.7%
CURRENT OPERATING INCOME (COI)	57,362	13.6%	37,255	8.8%
OPERATING INCOME (OI)	55,180	13.1%	28,878	6.8%
FINANCIAL INCOME	8,318	2.0%	(156,052)	-36.7%
Tax	(19,489)	-4.6%	54,007	12.7%
INCOME FROM CONSOLIDATED COMPANIES	44,010	10.4%	(73,167)	-17.2%
Share of income from associates	(28,326)	-6.7%	(9,606)	-2.3%
Minority interests	172	0.0%	396	0.1%
<b>NET INCOME (Group share)</b>	<b>15,856</b>	<b>3.8%</b>	<b>(82,377)</b>	<b>-19.4%</b>

## Balance sheet

	December 2011	December 2012
NON-CURRENT ASSETS	570,128	489,570
CURRENT ASSETS (excluding cash and cash equivalents)	146,411	172,431
Cash and cash equivalents	24,686	23,050
<b>TOTAL ASSETS</b>	<b>741,225</b>	<b>685,051</b>
SHAREHOLDERS' EQUITY	356,093	256,532
FINANCIAL DEBTS	216,640	246,154
HEDGING INSTRUMENTS (LIABILITIES)	3,795	4,051
PROVISIONS	28,393	25,224
OTHER LIABILITIES	136,304	153,060
<b>TOTAL LIABILITIES</b>	<b>741,225</b>	<b>685,021</b>

## Statement of cash flows

	December 2011	December 2012
CASH FLOW before taxes and financial expenses	86,774	68,048
Change in WCR	11,338	(4,878)
Income tax paid	11,338	(10,579)
<b>CASH FLOW RELATED TO OPERATING ACTIVITIES</b>	<b>109,451</b>	<b>52,590</b>
Tangible and intangible investments	(51,754)	(43,934)
Receipt/sale of fixed assets	1,607	2,648
Net financial investments	(91)	(683)
Cash net of acquisitions & sales of subsidiaries	(224)	(16,319)
<b>CASH FLOW RELATED TO INVESTING ACTIVITIES</b>	<b>(50,462)</b>	<b>(58,289)</b>
Dividends paid to parent company shareholders	(11,145)	(11,140)
Loans collected and redeemed	(24,423)	30,421
Interest paid	(6,891)	(15,042)
Other cash flows	(333)	26
<b>CASH FLOW RELATED TO FINANCING ACTIVITIES</b>	<b>(42,793)</b>	<b>4,265</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>16,196</b>	<b>(1,433)</b>
Effect of exchange rate differences	(118)	(57)
<b>OPENING CASH POSITION</b>	<b>42,849</b>	<b>24,005</b>
<b>CLOSING CASH POSITION</b>	<b>24,005</b>	<b>22,516</b>

## About Séché Environnement

Séché Environnement is one of the leading players in the treatment and storage of all types of non-radioactive industrial and household waste in France, whether from industry or from local communities. Its facilities enable it to offer high-quality comprehensive solutions that incorporate all environmental requirements.

**Séché Environnement** is the leading independent operator in the country with a unique positioning at the hub of the high value-added waste recovery, treatment and storage markets.

The Group offers integrated specialized services:

- recovery or energy recovery of hazardous and non-hazardous waste;
- treatment (incineration, physical-chemical, etc.);
- storage of ultimate hazardous and non-hazardous waste,

It is actively developing its business on waste management outsourcing markets for its clientele of large communities and major industrial companies.

In April 2007, Séché Environnement acquired a 33% stake in Saur Group, the No. 3 player in the Water and Environmental Services sector in France.

Séché Environnement has been listed on Eurolist by Euronext since November 27, 1997  
Compartment B – ISIN: FR 0000039139 – Bloomberg: SCHP.FP – Reuters: CCHE.PA)

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