

Changé, September 3, 2012

### Consolidated results at June 30, 2012

#### **Business drive and new commercial successes**

✚ Major contracts on outsourcing markets: Astrium; Nantes-Métropole; Scherwiller

#### **Broadened services and extended territorial network**

✚ Acquisition and development of two sorting and grouping platforms

#### **External growth on core markets**

✚ Acquisition of Tree, a class-2 storage center and slag platform

#### **Heightened business mix effects**

✚ COI of €19.8m or 9.5% of revenue excluding IFRIC 12 (vs. €29.0m at June 30, 2011)

#### **High profitability of activities under operational control**

✚ ROI of €15.6 million or 7.5% of revenue excluding IFRIC 12

#### **Financial solidity preserved**

✚ Stable financial debt: net debt at €200.7m (vs. €199.6 million at June 30, 2011)

#### **Outlook: improving operational profitability in the mid term**

✚ 2012: adjustment in scenarios for FY 2012<sup>1</sup>: COI around 11% of revenue excluding IFRIC 12, for growth in revenue excluding IFRIC 12 around +2.0%

"corporate" financial leverage around 2.5x EBITDA

✚ 2013: reduction in financial leverage between 2x and 2.5x EBITDA

Commenting on developments in the first half of 2012, Joël Séché stressed the business drive and relevance of the Group's development strategy against a more difficult economic backdrop:

*"In the past half-year, Séché Environnement has shown the resiliency of most of its markets with stable revenue, despite a downturn in the economy that negatively impacted some of its business lines and heightened the changes in its business mix.*

*In this less-promising environment, our Group is still posting high operating profitability and maintaining a solid balance sheet.*

*During the period, large-scale commercial successes confirmed the relevance of its strategy to broaden its available services, and the completion of development transactions is giving it new commercial, technical and logistical resources to leverage the growth of its markets.*

*Within a macroeconomic environment that may be worse for the duration, its markets remain sustained by promising regulations that strengthen barriers to entry and position Séché Environnement as a benchmark actor to meet the growing complexity of its industrial and local authority customers' environmental and sustainable-development issues.*

<sup>1</sup> See press release of April 25, 2012

As an expert in recovering and treating waste, specifically the most technical waste, Séché Environnement is recognized for its management of industrial and environmental risks as well as the technicality of its services – all factors that set it apart and make for its commercial success. This is borne out in landmark contracts such as the one signed with Astrium for the Secoia program.

Every day on the community market, Séché Environnement demonstrates its ability to provide relevant solutions for recovering non-hazardous waste. Thus, the Group is now taking a position in the growth market of slag recovery. On the outsourcing markets, Séché Environnement is scoring new successes: the public service delegation of Nantes-Métropole and the contract signed to manage a mechanical-biological sorting unit at Scherwiller both illustrate its capacity to manage diverse and complex facilities, both technically and environmentally.

In addition, external growth operations performed in the past few months will support its commercial drive and construct a denser territorial network: thus, the sorting and grouping platforms will increase its capacities to catch the waste flows over more extensive territories; likewise, Tree, with its storage center and slag recovery platform, will contribute to the Group's growth in its core business line as well as in new growth markets.

For all these reasons, I am confident in Séché Environnement's prospects, and convinced that its strategy of increasing its line of services will result in profitable growth and value creation."

Consolidated data in € millions (under IFRS)

As of June 30	2011	2012	Change 2012/2011
Published revenue	209.6	212.2	+1.2%
Revenue excluding IFRIC 12	208.8	207.9	-0.5%
EBITDA	49.7	41.6	-16.3%
<b>Current operating income</b>	<b>29.0</b>	<b>19.8</b>	<b>-31.7%</b>
Net income from consolidated companies	23.6	15.6	-33.9%
<b>Group net income</b>	<b>15.9</b>	<b>6.2</b>	<b>-61.0%</b>

Accounts closed by the Board of Directors at their August 28, 2012 meeting

## **Analysis of consolidated results as at June 30, 2012**

### **Operating performance reflecting changes in the business mix and the effects of an economic downturn**

The first half of 2012 was marked by an economic downturn, which Séché Environnement felt in some of its industrial markets (specifically physicochemical treatments and solvent regeneration).

Thus, the stable revenue figures mask a greater-than-expected decline in the business mix, resulting in an unequal contribution from the sectors to consolidated business, and differentiated developments of the business lines within the sectors.

At the same time, unfavorable occasional and/or outside factors have also weighed on the generation of operating income.

As such, operating margins are still high, but lower than last year's levels:

- ✚ **EBITDA** (earnings before interest, taxes, depreciation and amortization) totaled **€41.6 million**, or **20.0% of revenue excluding IFRIC 12** (vs. 23.8% of revenue excluding IFRIC 12 at June 30, 2011).

The mechanical effects resulting from the slight contraction in business and the effect of the TGAP (general tax on polluting activities) (-€0.7 million) were heightened by:

- the -€6.1 million decline in the business mix, substantial both within the NHW<sup>2</sup> and the HW<sup>3</sup> sectors.

Indeed, the period combined a decline in the volumes of waste put in storage (impact: -€3.0 million) with the decline in the PCB markets (impact: -€1.7 million) and the impact of the economic slowdown on the solvent regeneration and physicochemical treatment businesses (impact: -€1.4 million);

- a range of occasional and/or outside factors, for a total of -€1.3 million, primarily February's inclement weather, which led to additional maintenance expenses.

- ✚ **Current operating income (COI)** stands at **€19.8 million** or **9.5% of revenue excluding IFRIC 12** (compared to 13.9% of revenue excluding IFRIC 12 one year ago).

The change in COI essentially reflects the change in EBITDA (-€8.1 million) but also, for -€1.5 million, the impacts of the change in management method for the Pau incinerator on concession charges ("GER"). This balance also includes the favorable outcome of previously-provisioned litigation (+€0.4 million).

- ✚ In line with the change in COI, **OI (Operating Income)** stands at **€19.2 million** or **9.2% of revenue excluding IFRIC 12** (compared to 13.8% of revenue excluding IFRIC 12 in H1 2011).

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<sup>2</sup> NHW: non-hazardous waste

<sup>3</sup> HW: hazardous waste

## High profitability of business under operational control

**Financial income is positive at €3.1 million**, but down €1.8 million from H1 2011.

This trend reflects the expected change in the cost of debt following the refinancing of bank debt in April 2012<sup>4</sup>. Thus, the cost of debt rose from 3.41% in H1 2011 to 4.66% over the same period this year.

It no longer benefits, as it did last year, from the income that came from the liquidation of some deconsolidated companies (€1.1 million in 2011).

It posted a €0.5 million increase in the proceeds from interest on the Hime Convertible Bond.

As such, **net income from consolidated companies**, which measures the performance of business under operational control, is evolving in line with the downturn in operating income and the slight decline in financial income.

Nonetheless, it is still high, **at €15.6 million or 7.5% of revenue excluding IFRIC 12** (compared to 11.3% of revenue excluding IFRIC 12 at June 30, 2011).

After entering the negative share of associated companies, which is €(9.6) million, vs. €(7.8) million in the first half of 2011 due to the decline in Hime's results, **Group net income** stands at **€6.2 million or 3.0% of revenue excluding IFRIC 12** (compared to 7.6% of revenue excluding IFRIC 12 at June 30, 2011).

## Managing investments and preserving financial position

**Cash flow from operations** stands at **€35.2 million or 16.9% of revenue excluding IFRIC 12**, and more than covers industrial investments, which were well-managed during the period.

**Industrial investments** - before concession investments - rose to **€16.8 million or 8.1% of revenue excluding IFRIC 12** compared to 10.3% of revenue excluding IFRIC 12 one year ago.

Concession investments, which are entered as revenue under IFRIC 12 standard, stood at €4.3 million in H1 2012 compared to €0.8 million one year ago, bringing total investments by the Group to €21.1 million in H1 2012, compared with €22.4 million one year earlier.

Consolidated **net debt** is stable at €200.7 million compared with €199.6 million one year earlier.

Financial ratios, calculated using the new banking contract method, are, for "gearing" (Net Debt/Equity), at **0.49 x Eq**, and for financial leverage (Net Debt / EBITDA), at **2.23x EBITDA** (vs. 0.41 x Eq and 1.88 x EBITDA one year ago).

They confirm the Group's corporate financial position.

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<sup>4</sup> See press release of April 12, 2012

## Significant market positions and confirmation of business drive

Over the period, Séché Environnement had commercial success that reinforced its growth strategy in the waste business lines, both for the industrial world and for large communities.

Thus, in the first half-year, a landmark contract began, making Séché Environnement a key partner of **Astrium** (EADS group) within the "Secoia" program of the Directorate General of Armaments, for the purpose of destroying chemical weapons from World War I.

According to this €25 million contract over 20 years, Séché Environnement, thus recognized for its expertise in chemical hazards, will be in charge of operating the site (specifically the detonation and laboratory facility), as well as treating gaseous, liquid and solid waste released by the destruction process.

In addition, during the period, Séché Environnement was awarded a contract by **Nantes Métropole** to manage its energy recovery and household waste treatment center. This €144 million contract over 12 years will begin in October 2012.

Thus, in addition to its expertise in managing large energy-recovery facilities, Séché Environnement was recognized once more by a top-ranked community for its skill in sorting and recovery of non-hazardous waste and for the quality of its environmental approach.

Likewise, in **Scherwiller** (Bas-Rhin), Séché Environnement was chosen by SMICTOM Alsace Centrale to operate its MBS unit (mechanical-biological sorting of household waste and compost production) with a capacity of 30,000 tons per year. This five-year contract is worth around €6 million.

Séché Environnement was selected for the quality of its technical services, while the financial offer was virtually identical to the outgoing operator's. Indeed, the development project and proposed outlook combine guaranteed technical performance with improved environmental performance (launch of the ISO 50001 certification procedure).

This new development market is part of the Group's development and completes its network in Alsace, where Séché Environnement is already doing substantial business in recovery and treatment of both non-hazardous waste (management and modernization of the UIOM of Strasbourg) and hazardous waste, via its Strasbourg and Homburg units.

This contract is a first and major reference in a new and promising business for the Group, the mechanical-biological sorting of household and the compost production.

## Expansion of services and geographic development External growth

In the past few months, Séché Environnement has successfully carried out several developments to extend its territorial network and expand its available services.

Specifically, the Group has acquired and is working to develop two new sorting and grouping platforms:

- ✚ **Villeneuve-lès-Béziers:** an authorized 14,000-ton platform for grouping, sorting and recovering TWDQ<sup>5</sup>. In this way, Séché Environnement is extending its capacity to capture hazardous waste flows throughout southwestern France and the Mediterranean region.
- ✚ **Lacq:** an authorized 40,000-ton platform for the treatment of polluted soil (bio-center), located close to zones previously used by the petrochemical industry and currently in conversion.

Séché Environnement continues to develop its service line and expand its territorial network, by external growth as well.

As such, under a protocol signed in August 2012, the Group has committed to acquiring Tree, a class-2 storage center located in La Dominelais (Ille-et-Vilaine), with an authorized capacity of 70,000 tons per year.

This acquisition reinforces the Group's business drive in its storage business, by extending its logistical resources for grouping and pretreating NHW in France's Departments Ille-et-Vilaine and Loire Atlantique.

It also enables Séché Environnement to take a significant position on the growth market of slag recovery (authorized platform of 70,000 t/yr).

This acquisition will be consolidated as of October 1, 2012. Expected contribution to revenue is about €1 million in 2012.

## Strategy and outlook

Séché Environnement is positioned as a waste recovery and treatment specialist, whether the waste is industrial or municipal, hazardous or non-hazardous.

Its markets are bound by stricter and stricter regulations on the environment, the protection of health and the preservation of natural resources (materials and energy).

These regulatory changes are all business opportunities for the Group, because they expose new waste, reduce the acceptability thresholds of certain pollutants, and create new obligations for both industrial operators and communities that increasingly compel them to outsource the management of these issues.

Thus, the regulatory deadline of July 1, 2012 for reducing the acceptability thresholds for using slag in road engineering is opening up this promising recovery market for slag generated by the incineration of household waste, on which the Group plans to position itself via the acquisition of Tree, among others.

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<sup>5</sup> TWDQ: Toxic waste in dispersed quantities (oils, aerosols, etc.)

Therefore, Séché Environnement is committed to a strategy that will broaden its business mix in the direction of new business lines and new markets, both to meet its customers' growing needs in sorting and recovery, and to extend its territorial network, with the development of platform activities for example.

These changes to the business mix generate short-term impacts on the creation of operating income but also result in improved visibility of revenue by securing waste flows (such as in the case of platforms) and greater contractualization of business (in the case of "complete offers" with industrials and public service delegations with communities).

The combination of negative elements in the first half of the current fiscal year (economic downturn on the industrial markets, reduced activity of the Strasbourg incinerator, shrinking PCB markets, lower volumes in storage business line, etc.) occasionally emphasize the impact of these changes in the business mix on the Group's operating margins, which should therefore reach a low point in 2012.

Séché Environnement is considering these new elements and adjusting its initial growth and profit scenarios for FY 2012<sup>6</sup>.

The Group now anticipates annual growth in revenue excluding IFRIC 12 of around 2% (including contribution of recent developments), which will give it a COI of around 11% of revenue excluding IFRIC 12.

Financial leverage, which should be around 2.5x EBITDA by end 2012, is expected to be between 2x and 2.5x EBITDA at end 2013.

In the mid-term, the Group should see improvement in operating profitability with the gradual easing of negative mix effects (greater availability of the Strasbourg incinerator, stabilization of PCB activity, contribution of acquisitions, etc.).

In Strasbourg, additional investments made in 2013, in view of extending the heat network and improving the energy efficiency of the incinerator in keeping with the rider of July 2012 signed with the Strasbourg Community, should contribute to improving the operating profitability of this unit beginning in 2014.

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<sup>6</sup> See press release of April 25, 2012

## Hime Group

The consolidated results of the Hime Group at June 30, 2012, show:

- ✚ Revenue up 3.3% to €850.5 million, including a scope effect (€9.3 million). As such, growth at a constant scope of consolidation stands at +2.2%;
- ✚ EBITDA down 10.5% at €81.3 million or 9.6% of revenue (vs. €90.8 million or 11.0% of revenue at June 30, 2011).

This decline (-€9.5 million) reflects:

- ✓ in the Water business lines (-€8.7 million), negative business effects not offset by gains in productivity or international development;
  - ✓ in Sanitation (-€0.8 million), the dip in prices and secondary commodities.
- ✚ COI down 49.4% to €20.3 million or 2.4% of revenue (vs. €40.1 million or 4.9% of revenue one year earlier). This decline (-€19.8 million) is essentially tied to the decline in EBITDA as well as the increase in provisions for expenses (+€8.0 million);
  - ✚ Stable financial income at €(69.0) million compared to €(69.6) million in June 2011, in keeping with the stability of net indebtedness in a comparable period;

At June 30, 2012, Hime posted a consolidated net loss of €29.1 million compared with a net loss of €23.6 million one year earlier.

Net financial debt is stable at €1,675.4 million externalizing leverage of 8.83x EBITDA.

### Key figures - H1 2012

Consolidated data in € millions (under IFRS)

As of June 30	2011	2012	Change 2012/2011
Revenue	823.4	850.5	+3.3%
<b>EBITDA</b>	<b>90.8</b>	<b>81.3</b>	<b>-10.5%</b>
Current operating income	40.1	20.3	-49.4%
Financial income	(69.6)	(69.0)	-0.9%
Tax income (expense)	4.5	5.5	+22.2%
Consolidated net income (Group)	(23.6)	(29.1)	+23.3%

The results presentations will be available  
on September 4, 2012 (11.30 a.m. Paris time) at:

[http://www.groupe-seche.com/EN/financial-news\\_41.html](http://www.groupe-seche.com/EN/financial-news_41.html)

The conference can be replayed as of September 5, 2012 at the same address.

## APPENDICES:

Consolidated income statement as of June 30, 2012  
Consolidated balance sheet as of June 30, 2012  
Consolidated cash flow statements as of June 30, 2012

## 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 global solutions that incorporate all environmental requirements.

As the leading independent operator in France, **Séché Environnement** is uniquely positioned in activities, concentrating on the higher added-value end of the recovery, treatment, and storage markets.

The Group offers integrated specialized services:

- Material or energy recovery from hazardous and non-hazardous waste
- Treatment (thermal, physical-chemical, etc.)
- Storage of ultimate hazardous and non-hazardous waste

It is actively developing 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 000039139 – Bloomberg: SCHP.FP – Reuters: CCHE.PA)

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## APPENDICES

### Consolidated income statement as of June 30, 2012

	Juin 2011		Juin 2012	
Revenue as published	209,603	8.6%	212,215	1.2%
Revenue excluding IFRIC12	208,832	8.2%	207,866	-0.5%
EBITDA	49,659	23.8%	41,623	20.0%
<b>CURRENT OPERATING INCOME</b>	<b>28,979</b>	<b>13.9%</b>	<b>19,770</b>	<b>9.5%</b>
<b>OOPERATING INCOME</b>	<b>28,728</b>	<b>13.8%</b>	<b>19,153</b>	<b>9.2%</b>
<b>FINANCIAL INCOME</b>	<b>4,880</b>	<b>2.3%</b>	<b>3,074</b>	<b>1.5%</b>
Taxes	(10,007)	-4.8%	(6,586)	-3.2%
<b>NET INCOME FROM CONSOLIDATED COMPANIES</b>	<b>23,601</b>	<b>11.3%</b>	<b>15,641</b>	<b>7.5%</b>
Share in the Income of Associated Companies	(7,786)	-3.7%	(9,655)	-4.6%
Minority interests	99	0.0%	240	0.1%
<b>NET RESULTS (Group share)</b>	<b>15,915</b>	<b>7.6%</b>	<b>6,227</b>	<b>3.0%</b>

### Consolidated balance sheet as of June 30, 2012

	12/31/2011	6/30/2012
NON-CURRENT ASSETS	570,128	575,843
CURRENT ASSETS (excluding cash and cash equivalents)	146,411	158,579
Cash and cash equivalents	24,686	41,383
<b>TOTAL ASSETS</b>	<b>741,225</b>	<b>775,804</b>
SHAREHOLDERS' EQUITY	356,093	346,069
FINANCIAL DEBT	216,640	242,105
HEDGING INSTRUMENTS	3,795	4,377
PROVISIONS	28,393	41,981
OTHER LIABILITIES	136,304	141,272
<b>TOTAL LIABILITIES</b>	<b>741,225</b>	<b>775,804</b>

Consolidated cash flow statement as of June 30, 2012

	12/31/2011	6/30/2011	6/30/2012
CASH FLOW before tax and financial expenses	86,774	45,433	35,179
CHANGE IN WORKING CAPITAL REQUIREMENT	11,338	4,636	(2,163)
Income tax paid	(23,584)	(13,839)	(5,656)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>74,529</b>	<b>36,230</b>	<b>27,360</b>
Investments in tangible and intangible assets	(51,754)	(26,273)	(19,740)
Proceeds from fixed asset disposals	1,607	187	194
Net financial investments	(91)	32	(715)
Net cash from acquisition and disposal of subsidiaries	(224)	2	0
<b>NET CASH FROM INVESTMENTS</b>	<b>(50,462)</b>	<b>(26,053)</b>	<b>(20,261)</b>
Dividends paid to equity holders of the parent company	(11,145)	(11,146)	(11,052)
Proceeds and repayment of borrowings	(24,423)	(14,000)	29,723
Interest paid	(6,891)	(3,340)	(9,138)
Other cash flows	(333)	(10)	(143)
<b>NET CASH FROM FINANCING</b>	<b>(42,793)</b>	<b>(28,497)</b>	<b>9,389</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(18,726)</b>	<b>(18,320)</b>	<b>16,488</b>
Foreign exchange fluctuation	(118)	(34)	47
<b>CASH FLOW AT OPENING</b>	<b>42,849</b>	<b>42,849</b>	<b>24,005</b>
<b>CASH FLOW AT CLOSING</b>	<b>24,005</b>	<b>24,496</b>	<b>40,540</b>