

Changé, September 2, 2013

Consolidated results for the first half of 2013

Net income (group share) of €5.6m (vs. €6.2m as of June 30, 2012)

Sustained and lasting activity: Revenue +8.2% at comparable scope

- Sharp growth in service businesses
- Contribution of business developments carried out in 2012

Operating income decline: EBITDA of €37.7m (vs. €41.6m as of June 30, 2012)

- Mix effects: development of platform businesses; changes to waste mix
- Weighting of non-recurring factors: delays in Strasbourg-Sénerval; difficulties in Hungary, etc.

Favorable outlook

- Improvement in operating profitability (EBITDA/revenue) beginning in H2 2013 and beyond
- Return to normative Capex level after 2014

Solid financial position

- Strong operating cash flows and net debt under control
- Debt ratios maintained at a corporate level

Commenting on these results for the period ended¹, Joël Séché put the half-year performance in perspective.

"The results from the first half of 2013 are not representative of the quality of Séché Environnement's fundamentals, especially with regard to growth strategy.

The high level of activity over the period, achieved amid a sluggish macroeconomic environment, demonstrates the importance of our development strategy within high-growth markets. This expansion strategy has implemented by rolling out Upstream businesses and new locations, some of which are still in the process of increasing their profitability. At the same time, we continued to make significant concession investments, such as at Strasbourg-Sénerval where the furnaces will not be fully operational again until the second half of fiscal year 2013. These factors, among others, prevented operating results from increasing as expected.

However, cash flows remained high and net debt is under control, confirming our Group's financial solidity.

Priority has been given to optimizing profitability. This means strengthening our global offering in terms of higher value-added waste management and improving the integration of our service and platform businesses, as well as reducing mix effects over the coming months and in 2014. Similarly, the full availability of the Strasbourg-Sénerval incinerator and the startup of its heating network at the end of the year will mean this facility can contribute to increased Group profitability next year.

In the coming years, growth in operational profitability and significant reductions in concession investments should allow a higher return on investment for our Group."

¹ At the Board of Directors' meeting of August 27, 2013 during which the accounts at June 30, 2013 were closed.

Comments on consolidated results at June 30, 2013

Consolidated data in €m

At June 30	2012	2013	Change (1)	As % of revenue
Consolidated revenue (reported)	212.2	239.3	+12.8%	
Revenue excluding IFRIC 12	207.9	223.8	+7.7%	100.0%
EBITDA	41.6	37.7	-9.4%	16.9%
Current operating income	19.8	15.8	-20.2%	7.0%
Group net income	6.2	5.6	-10.0%	2.5%
Cash flow	35.2	30.6	-13.1%	13.7%
Net debt	200.7	223.7	+11.5%	-

(1) At constant scope

As at June 30, 2013, Séché Environnement generated consolidated net income (Group share) slightly down, at €5.6m vs. €6.2m a year earlier.

While the group generated a high level of activity in the first half of 2013 with revenue up by 8.2% at comparable scope, buoyed by growth in platforms businesses and by commercial developments in 2012, operating results appear to have been impacted by transition, penalized by still-significant mix effects and above all by the weight of non-recurring factors such as the delay in increasing the load of the Strasbourg-Sénerval incinerator, suspended activity in Hungary and heavy rainfall in the spring.

Transitional operating income

- 🕒 **Continued negative mix effects**
- 🕒 **Weight of non-recurring factors**

During the first half of 2013, the change in **gross operating income (EBITDA)** was penalized by mix effects of up to €-5.0m:

- Business mix (€-3.0m), related to faster growth of platforms businesses with regard to treatment businesses, especially ultimate waste storage;
- Waste mix (€-2.0m), reflecting the smaller proportion of high value-added waste at some treatment facilities, related to the weak industrial environment.

EBITDA also bore the weight of non-recurring and/or external factors, especially those related to delays in restarting the Strasbourg-Sénerval facilities (€2.3m), to suspended activity at Hungaroproc (€0.7m) and the exceptionally heavy rainfall in the spring, which drove up the cost of leachate treatment (€1m).

For these reasons, the EBITDA amounted to €37.7m, representing 16.9% of revenue excluding IFRIC 12, versus €41.6m or 20.0% of revenue excluding IFRIC 12 at June 30, 2012.

Reflecting the change in EBITDA, the **Current Operating Income (COI)** came out to **€15.8m or 7.0% of revenue excluding IFRIC 12**, at June 30, 2013, versus €19.8m or 9.5% of revenue excluding IFRIC 12 a year earlier.

Financial income

- 🕒 **Absence of interest income on HIME convertible**
- 🕒 **Increased cost of gross financial debt**

Financial income stood at €(5.9)m versus €3.1m at June 30, 2012

This change reflects:

- absence of interest income on the Hime convertible bond, which totaled €7.7m in the first half of 2012. We recall that Séché Environnement stopped accounting for interest income from the Hime convertible as of the second half of 2012, and that since then it has completely divested from the Hime-Saur Group;
- the increased cost of gross financial debt, related to the increase in average net financial debt over the period and refinancing in April 2012 (rise in the cost of debt to 5.12% versus 4.66% in the first half of 2012).

Consolidated net income

- 🕒 **Reduction in income tax accounted for**
- 🕒 **Disappearance of negative share of associated companies**

As at June 30, 2013, **consolidated net income (Group share) was slightly down, at €5.6m** vs. €6.2m a year earlier.

Consolidated net income benefited particularly from the favorable effects of:

- the reduction of income tax recognized, related to the operating performance
- a reduction in the share of associated companies to €(0.2)m, versus €(9.6)m at June 30, 2012, essentially representing the Group's share of Hime-Saur losses.

Solid financial structure

- 🕒 **Net debt under control despite strong concession investments**
- 🕒 **Financial ratios maintained at a corporate level**

During the first half of 2013, Séché Environnement invested €31m, including €15.5m under concession investments ("IFRIC 12 investments"). Excluding IFRIC 12 investments, **Capex** (maintenance and growth) **accounted for €15.5m, or 6.9% of revenue excluding IFRIC 12** (versus €16.8m or 8.1% of revenue excluding IFRIC 12 a year earlier), illustrating a policy of targeted investments.

While cash flow declined in correlation with EBITDA growth, at €30.6m versus €35.2m at June 30, 2012, **operational cash flow increased substantially to €14.2m** versus €7.6m in the first half of 2012, impacted by the reduced working capital requirement (€4.3m) and reimbursement of advanced payments of 2012 income tax made in 2012.

As a result, **net debt is well under control at €223.7m** versus €223.1m at December 31, 2012. The Group has maintained ratios at a corporate level with gearing (net debt/shareholders' equity) stable at 0.71x shareholders' equity (versus 0.70x at December 31, 2012) whereas leverage (net debt/EBITDA), at 2.91x EBITDA (versus 2.74x at December 31, 2012), is temporarily impacted by the decline in EBITDA.

ROCE after taxes and at constant scope increased to 7.0% versus 3.0% a year earlier reflecting the divestment from Hime-Saur.

Outlook

A central player in regulated and rapidly-changing markets, Séché Environnement continues its growth strategy to strengthen its positioning as a player in the circular economy.

As such, in a persistently sluggish macroeconomic environment, Séché Environnement is successfully developing an integrated range of services, recovery and treatment to meet the overall needs of its customers, whether industrials or municipalities, in terms of both hazardous and non-hazardous waste.

The Group relies on its expertise in highly technical waste and the extent of its services to win over major industrial companies and large communities.

Moreover, Séché Environnement invests in new businesses and in new regions to expand its work flow management and develop its local solutions. For example, the launch of platform businesses, through acquisitions or by starting a new business, achieves these goals while at the same time strengthening the Group's logistical efficiency and optimizing treatment facilities.

In terms of operations, this growth strategy is accompanied by mix effects that are characterized by, among other things, an increasing relative contribution of service and recovery business compared to historical businesses (such as waste storage).

Over the coming months and in 2014, Séché Environnement will likely benefit from favorable factors such as the increased capacity of some facilities, including the Strasbourg-Sénéral incinerator, and platform businesses.

As a result, Séché Environnement expects very gradual improvement in its operating profitability, beginning in the second half of 2013.

Meanwhile, in terms of concession investments, fiscal years 2013 and 2014 represent a period of significant investments.

For the current fiscal year the Group foresees a program of €30m in concession investments (with total investments of approximately €65m).

In 2014, concession investments will decline to €25m, eventually ending in 2015, although the Group will maintain its own investments at their normative level.

Improved operational profitability, along with the return to a normative Capex level, should help the Group return to debt reduction, beginning in 2015, with target financial leverage of approximately 2.5x EBITDA in 2016.

APPENDICES

CONDENSED INTERIM FINANCIAL STATEMENTS

Income statement

	June 2012		June 2013	
Reported revenue	212,215	1.2%	239,272	12.8%
REVENUE EXCLUDING IFRIC 12	207,866	-0.5%	223,772	7.7%
EBITDA	41,623	20.0%	37,658	16.8%
CURRENT OPERATING INCOME (COI)	19,770	9.5%	15,774	7.0%
OPERATING INCOME (OI)	19,153	9.2%	14,948	6.7%
FINANCIAL INCOME	3,074	1.5%	(5,902)	-2.6%
Tax	(6,586)	-3.2%	(3,241)	-1.4%
INCOME FROM CONSOLIDATED COMPANIES	15,641	7.5%	5,805	2.6%
Share of income from associates	(9,655)	-4.6%	(171)	-0.1%
Minority interests	240	0.1%	(29)	0.0%
NET INCOME (Group share)	6,227	3.0%	5,605	2.5%

Balance sheet

	December 2012	June 2013
NON-CURRENT ASSETS	489,570	498,257
CURRENT ASSETS (excluding cash and cash equivalents)	172,431	166,287
CASH and cash equivalents	23,050	24,210
TOTAL ASSETS	685,051	688,754
SHAREHOLDERS' EQUITY	256,532	254,397
FINANCIAL DEBTS	246,154	247,867
HEDGING INSTRUMENTS (LIABILITIES)	4,051	2,487
PROVISIONS	25,224	24,857
OTHER LIABILITIES	153,060	159,115
TOTAL LIABILITIES	685,021	688,724

Statement of cash flows

	December 2012	June 2012	June 2013
CASH FLOW before taxes and financial expenses	68,047,770	35,178,543	30,565,682
Change in WCR	-4,878,115	-2,163,065	4,295,648
Income tax paid	-10,579,190	-2,163,065	11,315,195
CASH FLOW RELATED TO OPERATING ACTIVITIES	52,590,464	30,852,414	46,176,525
Tangible and intangible investments	-43,934,087	-19,740,291	-32,557,576
Receipt/sale of fixed assets	2,647,925	193,858	481,851
Net financial investments	-683,024	-714,822	-838,092
Cash net of acquisitions & sales of subsidiaries	-16,319,484	0	-60,319
CASH FLOW RELATED TO INVESTING ACTIVITIES	-58,288,671	-20,261,254	-32,974,136
Dividends paid to parent company shareholders	-11,139,673	-11,052,173	-8,148,010
Loans collected and redeemed	30,421,030	29,722,856	2,187,853
Interest paid	-15,042,303	-9,137,818	-5,641,251
Other cash flows	26,364	-143,379	123,593
CASH FLOW RELATED TO FINANCING ACTIVITIES	4,265,419	9,389,486	-11,477,815
CHANGE IN CASH AND CASH EQUIVALENTS	-1,432,788	19,980,645	1,724,574
Effect of exchange rate differences	-56,531	46,902	-56,164
OPENING CASH POSITION	24,005,203	24,005,203	22,515,852
CLOSING CASH POSITION	22,515,852	40,540,151	24,179,376

Next communication

Publication of revenue at September 30, 2013

October 24, 2013 after market close.

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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.

*Séché Environnement has been listed on Euronext since November 27, 1997
(Compartment B – ISIN: FR 000039139 – Bloomberg: SCHP.FP – Reuters: CCHE.PA)*

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