

Changé, September 8, 2014

Results at June 30, 2014

Revenue slightly down: -4.4% at constant exchange rate

- High comparison base: strong H1 2013.
- Exceptional business conditions in Non-Hazardous Waste incineration.

Solid operating income (excluding exceptional costs)

- Solid EBITDA, at €37.3m (vs. €38.2m at June 30, 2013) and increase in EBITDA margin to 17.5% of revenue excluding IFRIC 12 (vs. 17.1% at June 30, 2013).
- COI change in line with EBITDA at €15.2m (vs. €16.4 million at June 30, 2013).

Net income significantly impacted by exceptional business conditions

- Operating income of €6.4m (vs. €15.6m): one-time charges of €8.4m.
- Net income (Group share): (€3.3m) vs. €5.6m at June 30, 2013.

Outlook

- Resilience of EBITDA, assuming a trend in H2 activity similar to H1.
- Net debt under control: CAPEX of approximately €50m expected in 2014 (vs. announced €60m).

At the Board of Directors' meeting during which the accounts were closed¹, Joël Séché commented on the results:

"While the first half of 2014 is compared to a high comparison base for 2013 and the period saw turbulent business conditions in non-hazardous waste incineration, these results—excluding exceptional items—confirm the solid performance of our main operating items and, beyond that, the resilience of our development model. In the short term, they confirm our expectation that gross operating income will hold up well in the second half, assuming an activity trend similar to the first half.

Our financial structure is stable and well-managed: financial debt is increasing very slowly due to a policy of targeted investments. During the partial refinancing in May, we diversified our financing sources while extending the maturity of our debt and improving its cost. We will continue to manage our net debt by adjusting our investment program in the second half.

In terms of commercial activity, we recently achieved emblematic success with a new public service delegation contract of €100m over 20 years for the management of the City of Laval heating network and a contract of €40m to supply energy from recovered fuel to its heating network, a first time ever in France. This success illustrates our Group's innovative capacity to stay ahead of our customers' expectations in terms of environmental services.

¹ Board of Directors' meeting of September 1, 2013

As a player in ecological and energy transition, Séché Environnement is successfully pursuing its development in rapidly changing markets. Our expertise in the most technical waste businesses and our know-how in the recovery of materials and energy strengthen the relevance of our high value-added services for industrials and local authorities to meet their circular economy and sustainable development needs both in France and internationally."

Comments on consolidated results at June 30, 2014

As at June 30, 2014, Séché Environnement generated consolidated net income (Group share) of (€3.3m) vs. €5.6m a year earlier. This decline mainly reflected the consequences of exceptional business conditions that penalized operations in the second quarter.

In terms of activity, the first half of 2014 is compared with a strong 2013 basis, particularly in the decontamination and platform business lines, and therefore posted a slight decline compared to the first half of 2013².

In this context, operating income for Séché Environnement was solid. In particular, the EBITDA margin posted a slight increase compared to the first half of 2013, the period benefiting from a favorable business mix as well as the positive effects of optimization measures taken by the Group, in water treatment, for example.

The period saw exceptional business conditions in Non-Hazardous Waste incineration related to an industrial action that led to additional costs of up to €8.4m in Operating Income and a net loss in the interim financial statements.

The financial structure is stable, with a well-managed debt of €227.2m (vs. €221.9m one year ago) due to the generation of net operating cash flow maintained despite exceptional costs during the half-year, and managed investment policy, particularly in terms of concession investments, which posted a net decline over the period (€3.2m at June 30, 2014 vs. €15.5m one year earlier).

At June 30 2014, the Group posted stable debt ratios, with gearing of 0.74x equity and leverage of 2.91x EBITDA, with covenants of 1.1x and 3.5x respectively.

Revised consolidated data in €m

At June 30	2013 restated*	2014	Gross change	As a % of revenues excluding IFRIC 12
Consolidated revenue (reported)	239.2	216.4		
Revenue excluding IFRIC 12	223.7	213.4	- 4.6%	100.0%
EBITDA	38.2	37.3	- 2.4%	17.5%
Current operating income	16.4	15.2	- 7.2%	7.1%
Operating income	15.6	6.4	- 58.6%	3.0%
Net income of consolidated companies	6.4	(1.5)	-	
Net income (Group share)	5.6	(3.3)	-	
Net debt	221.9	227.2	+ 7.1%	-

* In accordance with IFRS 5 related to discontinued operations

² See press release dated July 29, 2014

Details on changes to main operating items over the first half of 2014

Solid operating income (excluding exceptional items)

- 🕒 **Increase in gross operating margin**
- 🕒 **COI trend in line with EBITDA**

Gross operating income (EBITDA) amounted to €37.3m at June 30, 2014 compared to €38.2m one year earlier. EBITDA is solid despite a slight contraction in business thanks to the favorable trend of the business mix and the effects of optimization measures.

As a result, the EBITDA margin increased slightly to 17.5% of revenue excluding IFRIC 12 compared to 17.1% of revenue excluding IFRIC 12 last year.

Current Operating Income (COI) amounted to €15.2m (compared to €16.4m on year ago), reflecting a trend in line with EBITDA.

Consolidated net income (Group share) impacted by temporary factors:

- 🕒 **Exceptional costs dragged down operating income**
- 🕒 **Financial costs associated with partial refinancing expected**
- 🕒 **Provision for GEREP impacting the share of income from associates**

Operating income was impacted by exceptional costs related to exceptional business conditions that prevailed during the second half in Non-Hazardous Waste incineration.

Business conditions led to exceptional additional costs of €8.4m recorded under operating income.

As a result, this produced a significant contraction compared to one year earlier, at €6.4m (compared to €15.6m at June 30, 2013).

Financial income amounted to (€8.2m) at June 30, 2014, compared to (€5.9m) at the same date last year. This change includes the €2.3m temporary impact of partial refinancing carried out in May.

Restated for this temporary impact, the annualized cost of net debt amounts to 4.97% compared to 5.12% in 2013, reflecting the initial favorable effects of new bond conditions.

After accounting for a corporate tax charge greatly improved from the first half of 2013 (booking of €0.3m in tax income versus a tax charge of €3.2m one year ago, related to the change in operating income), the net income of consolidated companies amounted to (€1.5m) versus €6.4m.

The share of income from associates³ amounted to (€1.4m), a €1.2 decline mainly due to the decision to suspend GEREP incineration activity, resulting in the booking of a restructuring provision in this subsidiary's accounts.

As a result, after booking a loss of €0.4m for discontinued operations (Hungaropec, to be sold), net income (Group share) amounted to (€3.3m).

³ This balance essentially consists of the share of Séché Environnement in the income of SOGAD and GEREP, consolidated using the equity method since January 1, 2013 under early application of IFRS 10, 11 and 12.

Stable balance sheet:

- 🌱 **Investments under control and stable net debt**
- 🌱 **Stable financial ratios**

Over the first half of 2014, the Group pursued a sound investment policy, particularly in terms of concession investments with €20.9m in investments—€3.2m of which were concession investments, compared to €31.9m in investments (€15.5m of which were concession investments) one year earlier.

Targeted investments on behalf of the Group reached €16.6m, or 8.0% of revenue excluding IFRIC 12, compared to 6.9% one year earlier. These included €8.1m in growth investments in the sorting and recovery business lines as well as the decontamination business lines.

The change in cash flow mainly reflects the operating income decline in the first half.

Thus, Séché Environnement generated operational cash flow that was slightly up at €15.0m as at June 30, 2014 (compared to €14.3m one year earlier).

Overall, net financial debt changed little, at €227.2 on June 30, 2014 compared to €221.9m a year earlier. Balance sheet ratios remained stable with gearing at 0.74x equity (compared to 0.71x a year earlier) and leverage of 2.91x EBITDA, stable compared to June 30, 2013.

Outlook

A specialist in the recovery and treatment of waste, especially hazardous waste, Séché Environnement's development targets high-growth markets with high entry barriers in environmental services for industrials and local authorities.

In recent years, the Group has expanded its services into new businesses lines related to the emerging circular economy, in which it is now a major player in France.

The Group is positioned to benefit from regulatory incentives related to energy and ecological transition which should have a positive and lasting impact on its waste recovery and energy recovery markets.

Séché Environnement also intends to build on its recognized expertise in terms of hazardous waste management to seek out international growth drivers, particularly by supporting an industrial clientele and by exporting its expertise.

This development strategy will remain accompanied by a balanced financial structure. In particular, the Group is committed to keeping its investments under control. As such, for 2014, the Group now expects CAPEX of approximately €50m, €7m of which will be concession investments.

After a first half with a high comparison base from the first half of 2013, Séché Environnement expects a lower comparison base in terms of activity in the second half of 2014. Excluding the base effect, activity in the second half will likely see a similar trend compared to the first half of 2014.

In this scenario, the Group expects resilient gross operating income in the second half of 2014 compared to the second half of 2013.

Next communication

Publication of revenue at September 30, 2014

October 28, 2014 after market close

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About Séché Environnement

Séché Environnement is one of the leading players in the recovery and treatment of all types of non-radioactive waste in France, from both industry and from local communities.

Séché Environnement is the leading independent operator in the country with a unique positioning specializing in technical risk, at the hub of the closed markets with high entry barriers in waste treatment and recovery.

Its facilities enable it to provide high value-added solutions to its industrial and public authority clients, targeting the challenges of the circular economy and sustainable development requirements such as:

- *recovery or energy recovery of hazardous and non-hazardous waste;*
- *thermal or physical-chemical treatment;*
- *storage of final hazardous and non-hazardous waste;*
- *Eco-services such as decontamination, decommissioning and rehabilitation.*

Based on its extensive expertise, Séché Environnement has successfully developed its environmental services business lines in waste management outsourcing markets for its clientele of large communities and major industrial companies.

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

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HY ACCOUNTS

Income statement

	June 2013		June 2014	
Total revenue (published)	239 083	13,2%	216 415	-9,5%
Total revenue (excl. IFRIC 12)	223 582	8,1%	213 371	-4,6%
EBITDA	38 175	17,1%	37 254	17,5%
Current operating Income	16 395	7,3%	15 209	7,1%
Operating Income	15 553	7,0%	6 437	3,0%
Financial income	(5 877)	-2,6%	(8 229)	-3,9%
Corporate tax	(3 229)	-1,4%	277	0,1%
Income from integrated companies	6 447	2,9%	(1 515)	-0,7%
Share of associates	(171)	-0,1%	(1 402)	-0,7%
Results of abandoned activities	(642)		(383)	
Minority interests	(29)	0,0%	(35)	0,0%
Net result (share of the group)	5 605	2,5%	(3 335)	-1,6%

Balance sheet

	December 2013	June 2014
Non current assets	503 707	504 768
Current assets (excl. Cash and eq.)	172 067	174 598
Cash and equivalents	28 032	51 850
Assets to be sold	714	497
Total Assets	704 520	731 712
Shareholders's Equity	257 046	245 189
Other Equity	102	131
Financial liabilities	253 418	279 067
Hedge instruments	1 928	1 665
Provisions	16 695	16 597
Other liabilities	174 617	188 568
Liabilities to be sold	714	497
Total Liabilities	704 520	731 712

Cash flow statement

	December 2013	June 2013	June 2014
Cash flow before tax and interests	66 023	30 986	25 823
Change in Working capital	(911)	4 000	13 127
Paid taxes	11 093	11 327	159
Net cash from operating activities	76 204	46 312	39 110
Intangible and tangible investments	(56 978)	(32 498)	(23 942)
Acquisition / Disposal of fixed assets	2 083	448	166
Net financial investments	(1 099)	(846)	(493)
Net cash from acquisition/disposal of subsidiaries	(119)	(60)	()
Net cash from investment activities	(56 113)	(32 956)	(24 268)
Dividends paid to the parent company shareholders	(8 148)	(8 148)	(8 145)
Change in borrowings	5 295	2 188	24 747
Paid interests	(11 359)	(5 628)	(7 029)
Other changes in cash	(60)	124	(49)
Net cash from financing activities	(14 271)	(11 465)	9 524
Change in cash	5 820	1 891	24 365
Impacts of changes in foreign exchange rates	(362)	(56)	(196)
Cash at the beginning of the period	22 516	22 516	27 733
Cash at the end of the period	27 733	24 179	51 846