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INTERIM FINANCIAL REPORT AS OF JUNE 30, 2019

Séché environnement

CON-TENTS

1 Selected financial information

Key financial data at June 30, 2019

In €m	06/30/2018	06/30/2019	Gross change	12/31/2018
Contributed revenue[1]	277.6	**329.8**	+18.8%	560.5
EBITDA	51.8	**63.6**	+22.8%	108.7
Current operating income	20.7	**22.1**	+6.8%	44.2
Net income (Group share)	9.2	**7.6**	-17.4%	15.6
Net industrial CapEx paid (excl. IFRIC)	22.3	**30.2**	+35.4%	46.9
Free cash flow[2]	11.6	**35.0**	+202%	38.4
Net bank debt[3]	318.9	**390.4**	+22.7%	317.4
Financial leverage ratio	3.0x	**3.2x**	-	2.9x

1 - Consolidated revenue net of:

a. IFRIC 12 revenue, representing investments made for assets under concession arrangements booked as revenue in accordance with IFRIC 12.

and,

b. damages and compensation paid to Sénerval, net of variable cost savings to cover costs incurred to maintain continuity of services to local authorities during asbestos removal at the Euro Métropole Strasbourg incinerator.

2 - Available cash before development investments, financial investments, dividends, and financing.

3 - According to the definition provided in the banking contract.

4 - At constant scope and exchange rates and after restatements for the impact of the first-time application of IFRS 16.

Introduction

Chairman’s message

Dear Shareholders,

The first half of 2019 featured a steady pace of acquisitions internationally, and good business volumes and solid operating income across the historical scope, all of which confirm the relevance of Séché Environnement’s sustainable-growth strategy.

Across its historical scope, Séché Environnement pursued quality growth in France and internationally, driven by dynamic circular economy and sustainable development markets, specifically with Industrials, which are its core clientele.

Internationally, Séché Environnement took a leading position in South Africa, gained strength in Peru, and began operating in Italy. These actions align, geographically and industrially, with our existing facilities in those areas of Latin America and Europe. In South Africa, Interwaste and the Séché South Africa holding company, recently created to accelerate the Group’s development in southern Africa, are aspiring to build growth platforms in those regions.

The trend in our operating income over the period demonstrates that our profitability is on target for the medium term, supported by our innovation capacity and our positioning on value-added business lines in waste recovery and treatment.

As such, the second half of 2019 should confirm the economic performance of the first half - internationally, with the ramping up of the subsidiaries recently acquired in Peru and South Africa, and in France, with the return to high business volumes in services.

At the same time, in line with our financial targets, our development investments are preparing for the future, for example with the transformation of the Salaise 2 incinerator, which, from 2020 will make this facility a model in energy recovery from hazardous waste, in a circular economy approach, and the launch of the Eden project, the first PPP in South Africa for the construction of benchmark facilities for waste recovery and treatment in the Mossel Bay region.

This favorable outlook boosts our confidence in Séché Environnement’s ability to improve its results across the board in 2019 compared to 2018 and, starting in 2019, to meet or even exceed some of the economic and financial targets set for 2020.

For this reason, I wanted the new strategic targets for 2022 to be presented in December 2019 in terms of operations, earning power, which will reaffirm our sustainable and value-creating growth.

Joël Séché
Chairman and Chief Executive Officer

2 Activity report

2.1

HIGHLIGHTS OF THE PERIOD

During the first half of 2019, Séché Environnement deployed an active external growth strategy internationally, taking control of Peruvian company Kanay and acquiring Interwaste in South Africa and Mecomer in Italy.

Across its historical scope, the Group has maintained quality organic growth on its main markets in France and internationally. Against this backdrop, the improvement in operating income reflects positive trading effects (volume effect and favorable prices) as well as temporary delays in activity and the increase in local taxes and in one-time expenses related to the Group's international growth.

The second half of 2019 is expected to bring continued high volumes of business and set the stage for further improvement in income in 2019 compared to 2018.

In addition, Séché Environnement, in favorable market conditions, carried out an €80 million bond issue with French and European investors, with the aim of refinancing acquisitions made in the first half of 2019.

2.1.1. Acquisition of a majority stake in Kanay (Peru)

On January 31, 2019, in accordance with its purchase option on Kanay's shares, Séché Environnement acquired an additional 7% stake in Kanay's capital, increasing its holding from 49% to 56%. It subsequently purchased the remaining shares and at June 30, 2019, it held 100% of Kanay's capital.

Kanay is active in medical waste treatment and decontamination in Peru and is actively expanding into the hazardous waste markets, in particular incineration activities.

At December 31, 2018, Kanay Group posted revenue of €14.1 million for EBITDA of €1.8 million and current operating income of €1.3 million. The company had €9.3 million in net financial debt. It employed 246 people.

Kanay has been fully consolidated since January 1, 2019 (previously accounted for under the equity method).

2.1.2. Acquisition of Interwaste Holdings Limited (South Africa)

On January 9, 2019, Interwaste's Annual General Meeting approved Séché Environnement's acquisition plan in a special resolution, with 99.99% of shareholders in favor. The proposed acquisition put forward by Séché Environnement on November 2, 2018 involves a Scheme of Arrangement put to shareholders by the Interwaste Board of Directors at a price of ZAR 1.20 per share, putting the total value of Interwaste shares at around €35.2 million[1] (including 41 million shares held as treasury stock). Following the removal of the outstanding conditions precedent, the Scheme of Arrangement and the delisting of Interwaste from the Johannesburg Stock Exchange were finalized on March 5, 2019.

Interwaste is one of the rare integrated operators managing hazardous and non-hazardous waste in South Africa and is one of the main players serving waste markets across South Africa and neighboring countries.

The Group has a solid base of local and multinational industrial clients, most of which operate in the mining and raw materials sector, as well as a sizeable portfolio of large local authority clients.

Interwaste was founded in 1989 and has a workforce of around 2,000 employees. In 2018 it generated consolidated sales of ZAR 1,164 million

(1) Based on a ZAR/EUR exchange rate of 0.0625.

(around €68.8 million) and EBITDA of ZAR 219 million (around €13.6 million), with current operating income totaling ZAR 109 million (around €7.3 million) and net income of ZAR 10 million (around €0.6 million). Its growth has been led by an experienced, professional, autonomous management team. Boasting ISO 14001 and OHSAS 18001 certification, Interwaste has recent, high quality infrastructure meeting international standards to provide its industrial clients with an integrated offer of waste management solutions.

Interwaste has been fully consolidated since January 1, 2019.

With this acquisition, Séché Environnement aims to build a strong position in South Africa, thus taking advantage of the growth and transformation of waste markets as part of a circular economy approach.

A holding company, Séché South Africa, was created to accelerate the Group's development in the promising regions of southern Africa.

2.1.3. Acquisition of Mecomer (Italy)

Created in 1987, Mecomer is a recognized specialist in the management of solid and liquid industrial waste, in particular waste with high value added, generated by the chemical, pharmaceutical and energy sectors.

With its analysis laboratory and two transfer facilities located in the Milan region, certified to ISO 14001, OHSAS 18001 and ISO 9001, the Company provides its industrial clients with innovative, technology-intensive local solutions for the characterization, grouping, trading and transfer of the most technical waste. Thanks to a high-performing logistics solution in terms of safety and environmental friendliness, Mecomer delivers relevant solutions to the core issues facing its clients in developing a circular economy.

In 2018, Mecomer posted revenue of €32.2 million for adjusted EBITDA (IFRS) of €6.2 million and current operating income of €4.9 million. At year-end 2018, its adjusted net debt (IFRS) totaled €4.5 million and it employed 150 people.

This acquisition brings substantial commercial synergies with facilities that complement each other perfectly from both an industrial and geographical standpoint, allowing the Group to roll out new, local industrial waste management solutions focused on the circular economy to its shared core customers in these regions.
The acquisition of Mecomer also strengthens Séché Environnement's position as an integrated regional player on the European hazardous waste recovery and treatment markets.

The Group acquired 90% of Mecomer's capital. Stefano Ferrante, the son of the Mecomer's founder, kept a minority stake and will continue to support the company's growth alongside Séché Environnement as Chief Executive Officer.

Mecomer has been fully consolidated since April 1, 2019.

2.1.4. New bond issue

On May 20, 2019, Séché Environnement issued a new €80 million bond in two tranches:

- €60 million maturing in 7 years (2026) with a coupon of 2.90%;
- €20 million maturing in 8 years (2027) with a coupon of 3.05%.

The proceeds from this issue refinanced the recent international acquisitions which had been financed by drawing on the syndicated credit facility.

[2] Based on a ZAR/EUR exchange rate of 0.0666 (average exchange rate of 2018).
[3] See the press release of July 11, 2018.

The issue was completed with considerably better terms and conditions than the previous bond issue in July 2018[3] and was subscribed for by French and European investors, illustrating the solidity of Séché Environnement's financial position. It also reflects the financial markets' confidence in Séché Environnement's long-term growth strategy.

2.1.5. ESG impact loan: improvement in all criteria and reduction in interest rate

At the end of the first year of the ESG impact loan set up in July 2018[4], Séché Environnement had improved its performance in all the areas required to obtain a lower cost of borrowing, i.e.:

1. Energy independence: increased from 220% in 2017 to 246% in 2018;
2. Concrete action in support of biodiversity under the Act4Nature scheme: drafting of an action plan with commitments for the future;
3. Ethifinance ESG rating: upgraded in 2018 in relation to 2017.

As a result of these improvements, it benefited from a 0.05% reduction in the interest rate on its bank loan for 12 months from July 1, 2019.

In addition, in June 2019, Séché Environnement made further commitments in favor of sustainable development and biodiversity by signing two new patronage agreements. The first was signed with the National Natural History Museum's Marinarium in Concarneau to reduce pollution, and marine pollution in particular, and the second agreement was signed in support of the "*De la terre et des ailes*" program run by the bird protection association Ligue de Protection pour les Oiseaux, in support of daily life, food choices, cultural techniques, and land occupation.

These patronage initiatives also fulfil the criteria set in the ESG impact loan agreement to obtain lower interest rates.

2.1.6. Summary of the main changes in business activity, results and the consolidated financial position in the first half of 2019

2.1.6.1. Solid organic growth – International scope effect

With consolidated growth up by +18.8% to €329.8 million, the first half of 2019 confirmed the momentum of Séché Environnement's organic growth on its main markets in France and internationally, strengthened by the contribution of acquisitions during the period.
At constant scope and exchange rates, contributed revenue was €286.6 million, an increase of +3.2%, in line with expectations.

In France, the Group benefited from a positive trend in its industrial markets and from the strength of its markets with local authorities, supported by the implementation of regulations relating to the circular economy. Across this scope, contributed revenue was €249.5 million, an increase of +1.3% over the same period the previous year, with the strong growth seen in recovery and treatment being countered by the shortfall in service operations (Decontamination).

Internationally, revenue was up significantly: +156% to €80.3 million, partly reflecting the contribution of the entities acquired over the period, representing +€43.2 million (see above). At constant scope and exchange rates, revenues outside France rose by +18.1%, illustrating the momentum of the international markets. Overall, the subsidiaries turned in a solid performance compared to the first half of 2018, with the exception of Kanay (Peru), which reported significant project delays, which should positively impact the second half of 2019.

2.6.1.2. Operating income

At June 30, 2019, EBITDA reached €63.6 million, or 19.3% of contributed revenue, an increase of +22.8% over the previous year.

[4] See Ibid.

At constant scope, EBITDA came to €57.0 million, up +10.0%, bringing gross operating profitability up to 19.9% of contributed revenue at constant scope (vs. 18.7% at June 30, 2018). This increase reflects the strong levels of activity in the core businesses in France (with positive price effects in particular) and internationally (new business), which were offset by 1/ a reduced contribution from the Services business lines, 2/ changes in the property ownership tax base, which led to the recognition of non-recurring income of +€1.4 million in the first half of 2018 following the government's decision not to raise this tax for 2017 and 2018, and led to an additional expense of -€1.5 million for the first half of 2019, and 3/ one-time expenses linked to the Group's international expansion, for -€1.2 million.

Current operating income stood at €22.1 million, an increase of +6.8% compared to June 30, 2018. At constant scope, current operating income came to €19.4 million, with current operating profitability at 6.8% of contributed revenue at constant scope at June 30, 2019 (vs. 7.4% a year earlier). The rise in EBITDA in France and internationally was offset by higher amortization expenses and provisions, in particular in France with the creation of new storage cells and the amortization of operating leases (application of IFRS 16).

Operating income totaled €21.6 million, or 6.6% of contributed revenue, marking a +15.5% increase compared to June 30, 2018 (€18.7 million, and 6.7%). Note that at June 30, 2018 operating income incurred -€1.7 million in performance plan-related expenses, among other items.

2.6.1.3. Change in Group net income

Taking into account financial income of -€8.4 million (vs. -€6.5 million at June 30, 2018, and recognizing the share of income of associates and minority interests, Group net income stood at €7.6 million at June 30, 2019, or 2.3% of contributed revenue.

Excluding the -€0.2 million impact of the first-time adoption of IFRS 16, Group net income came to €7.8 million (vs. €9.2 million at June 30, 2018).

In addition to the increase in tax expenses (€5.0 million vs. €3.1 million a year earlier), this decline was mainly due to operating income, which had benefited from +€1.4 million in non-recurring income in the first half of 2018 after the government decided not to raise the property ownership tax base for 2017 and 2018, but which incurred an additional expense of +€1.5 million at June 30, 2019 (see above).

2.6.1.4. Solid financial position showing preserved flexibility and a strong liquidity position

Industrial investments totaled €27.3 million at June 30, 2019 (vs. €24.3 million one year earlier). As well as the change in scope, this change reflects the increase in development investments over the period to €9.6 million (vs. €1.7 million at June 30, 2018). Recurring industrial investments were kept under control with regard to changes in scope, at 6.1% of contributed revenue (vs. 7.1% one year ago).

Free cash flow increased very sharply compared to June 30, 2018, to €35.0 million (vs. €11.6 million), reflecting the effects of the good operating performance, the favorable trend in WCR in connection with the improvement in the clients line item and the scope effect, and the containment of recurring industrial investments. The rate of conversion of EBITDA into cash flow, at around 55%, came out ahead of the target of 35% set for 2020.

Available cash amounted to €94.3 million at June 30, 2019 (vs. €46.1 million one year earlier) and contributed to the clear improvement in the Group's liquidity position compared to June 30, 2018, at €289.1 million (vs. €105.9 million at June 30, 2018).

Net bank debt stood at €390.4m as of June 30, 2019 (vs. €318.9 million one year earlier). This increase reflects +€68.7 million in net financial investments made in the first half in connection with the acquisition policy, as well as non-cash scope effects, for +€25.8 million.

The financial leverage ratio (net financial debt/ EBITDA) was 3.2x, slightly higher than at June 30, 2018 (3.0x), in light of the substantial acquisitions made during the first half of 2019 and their partial contribution to EBITDA for the period.

Following the various refinancing operations carried out over the past 12 months, the Group's debt maturity increased from 3.8 years at June 30, 2018 to 6.0 years at June 30, 2019.

2.2

COMMENTS ON CONSOLIDATED ACTIVITY AND RESULTS AT JUNE 30, 2019

2.2.1. Summary financial statement

Note: Unless expressly stated, the percentages shown in the tables and mentioned in the comments below are calculated using contributed revenue[6].

In millions of euros At June 30		Consolidated		o/w France		o/w International	
		2018	**2019**	**2018**	**2019**	**2018**	**2019**
Revenue (reported)		287.8	342.3	256.4	262.0	31.4	80.3
Contributed revenue		**277.6**	**329.8**	**246.2**	**249.5**	**31.4**	**80.3**
EBITDA		**51.8**	**63.6**	**46.5**	**49.4**	**5.3**	**14.2**
	As a %	**18.7%**	**19.3%**	**18.9%**	**19.8%**	**17.0%**	**17.7%**
Current operating income		**20.7**	**22.1**	**17.4**	**15.0**	**3.3**	**7.1**
	As a %	**7.4%**	**6.7%**	**7.0%**	**6.0%**	**10.6%**	**8.8%**
Operating income		18.7	21.6				
	As a %	6.7%	6.6%				
Financial income		(6.5)	(8.4)				
	As a %	2.3%	2.6%				
Income of consolidated companies		9.2	8.2				
	As a %	3.3%	2.5%				
Share of income of associates		0.3	(0.1)				
Minority interests		(0.3)	(0.5)				
Group net income		9.2	**7.6**				
	As a %	**3.3%**	**2.3%**				

Consolidated data

[6] Contributed revenue: consolidated revenue net of: 1/ IFRIC 12 revenue (investments made for assets under concession arrangements and booked as revenue pursuant to IFRIC 12) and 2/ damages and compensation paid to Séneval, net of variable cost savings to cover costs incurred to maintain continuity of services to local authorities during asbestos removal at the Euro Métropole Strasbourg incinerator.

2.2.2. Comments on first-half 2019 activity

2.2.2.1. Reported consolidated revenue - Consolidated contributed revenue - Scope effect

At June 30, 2019, Séché Environnement reported consolidated revenue of €342.3 million. This includes diversion compensation and other compensation, amounting to €12.5 million (vs. €7.4 million one year earlier).

Contributed revenue totaled €329.8 million at June 30, 2019 (vs. €277.6 million a year earlier, reflecting a gross increase of +18.8% for the period.

Contributed revenue at June 30, 2019 included a €43.2 million scope effect resulting from the consolidation of subsidiaries acquired during the period: Kanay (Peru) and Interwaste (South Africa) as from January 1, 2019, as well as Mecomer (Italy) as from April 1, 2019.

At constant scope and exchange rates, the increase in contributed revenue at June 30, 2019 stood at +3.2% compared to contributed revenue at June 30, 2018, at €286.6 million.

At June 30	2018	2019	Gross change
Contributed revenue (historical scope)	277.6	286.6	3.2%
Revenue – new scope	-	43.2	-
Consolidated contributed revenue	**277.6**	**329.8**	**18.8%**
IFRIC 12 revenue	2.8	0.0	-
Diversion compensation	*7.4*	*12.5*	-
Total reported consolidated revenue	**287.8**	**342.3**	**+18.9%**

Reported consolidated data

At constant exchange rates, contributed revenue at June 30, 2018 would have been €277.7 million, illustrating a negligible foreign exchange effect of +€0.1 million.

2.2.2.2. Breakdown of revenue by geographic region

At June 30	2018		2019		Gross change	Change (organic)
	In €m	As a %	In €m	As a %		
Subsidiaries in France (contributed revenue)	246.2	88.7%	249.5	75.7%	1.3%	1.3%
o/w scope effect	-	-	-	-		
International subsidiaries	31.4	11.3%	80.3	24.3%	155.9%	18.1%
o/w scope effect	-	-	43.2	13.1%		
Total contributed revenue	**277.6**	**100.0%**	**329.8**	**100.0%**	**18.8%**	**3.2%**
IFRIC 12 revenue	2.8	-	0.0			
Diversion compensation	*7.4*	-	*12.5*			
Total reported consolidated revenue	**287.8**	**-**	**342.3**		**+18.9%**	**3.9%**

Reported consolidated data

During the first half of 2019, activity was supported by the positive trend in most businesses in France and the strong internal and external growth internationally:

• **In France**, contributed revenue totaled €249.5 million at June 30, 2019 vs. €246.2 million a year earlier, reflecting an increase of +1.3% for the period.

Within the recovery and treatment sectors, most businesses did well in terms of activity, driven by the solid showing of industrial markets and the stability of contracts with local authorities (see below, Breakdown of revenue by division and Breakdown of revenue by activity). Services, particularly decontamination, showed substantial postponements of project starts to the second half, which undermined consolidated performance.

Revenue earned in France accounted for 75.7% of contributed revenue (vs. 88.7% at June 30, 2018).

• **Internationally**, revenue totaled €80.3 million at June 30, 2019 vs. €31.4 million one year earlier).

This increase included a scope effect of €43.2 million from the inclusion in the consolidation scope of subsidiaries acquired during the period:

- Mecomer: with €10.0 million in revenue in the second quarter of 2019, up +26.2% compared to the same period the previous year, the subsidiary confirmed its strong commercial momentum;
- As expected, Interwaste had a weaker first quarter (-12.2% to €32.3 million) compared to the equivalent period in 2018, which featured especially high business volumes. This base effect will be smoothed across the current financial year thanks to the brisk business anticipated in the second half;
- With €0.9 million in revenue, Kanay recorded a substantial delay in operations resulting from the "spot" nature of a portion of its operations (decontamination sites). This delay will be made up in the second half by the startup of large-volume decontamination contracts.

At constant scope and exchange rates, growth in revenue outside France stood at +18.1% compared to the previous year.

Across the historical scope, international subsidiaries recorded high business volumes, particularly SAN (hazardous waste storage in Chile) and SEM (treatment of PCBs in Mexico), which posted solid business momentum, while Solarca's activity for the period was compared to a strong 2018 baseline.

Revenue earned by international subsidiaries accounted for 24.3% of contributed revenue (vs. 11.3% at June 30, 2018).

2.2.2.3. Breakdown of revenue by division

At June 30	2018		2019		Gross change	Change (organic)
	In €m	As a %	In €m	As a %		
Subsidiaries in France (contributed revenue)	173.5	62.5%	213.8	64.8%	23.2%	4.4%
o/w scope effect	-	-	*32.5*	*9.8%*		
International subsidiaries	104.1	37.5%	116.0	35.2%	11.4%	1.2%
o/w scope effect	--	-	10.7	3.2%		
Total contributed revenue	**277.6**	**100.0%**	**329.8**	**100.0%**	**18.8%**	**3.2%**
IFRIC 12 revenue	2.8	-	0.0			
Diversion compensation	*7.4*	-	*12.5*			
Total reported consolidated revenue	**287.8**	**-**	**342.3**		**+18.9%**	**3.9%**

Reported consolidated data

During the first half of 2019, the waste recovery and treatment business lines benefited from a continued strong macroeconomic environment in France and solid market gains internationally, particularly across the historical scope.

For instance, the Hazardous Waste (HW) division was supported by a solid showing from industrial markets, which drove treatment in France and internationally. The Non-Hazardous Waste (NHW) division continues to be supported in France by the implementation of regulations relating to the circular economy, and internationally by the contribution from the new scope.

The **HW division** (64.8% of consolidated contributed revenue) recorded revenue of €213.8 million at June 30, 2019, up +23.2% on the first half of 2018.

This sharp increase reflects a scope effect (€32.5 million) and strong industrial markets in France and internationally:

- In France, the division brought in €146.4 million in revenue, representing growth of +2.3% compared to the same period last year. Over the period, the division's growth was driven by industrial markets, which are still showing robust volumes and pricing, which benefited waste treatment activities, while there were some temporary project delays (decontamination) in services;
- Internationally, the division's revenue totaled €67.5 million at June 30, 2019 vs. €30.4 million one year earlier.

This revenue included a scope effect of €32.5 million.

At constant scope and exchange rates, international revenue came to €35.0 million, up +14.7% on the first half of 2018. This increase reflects a dynamic market penetration strategy that supports strong growth in treatment volumes, in particular in Latin America (Chile, Mexico, etc.), while Solarca's volumes (services) are weighed against the brisk business it did in the first half of 2018.

The NHW division represented 35.2% of consolidated contributed revenue and recorded contributed revenue of €116.0 million, up +11.4% compared to June 30, 2018 (€104.1 million).

The division's revenue growth included a €10.7 million contribution from subsidiaries acquired internationally during the period.

At constant scope and exchange rates, with contributed revenue of €105.3 million, the division's growth amounted to +1.2% compared to the first half of 2018.

- In France, the NHW division posted €103.1 million in revenue, stable compared to the first half of 2018. While the division benefited fully from the implementation of regulations related to the circular economy, which support its recovery and treatment operations, this stability was due to the delay in service operations, specifically decontamination;
- Internationally, revenue totaled €12.9 million (vs. €1.0 million at June 30, 2018). At constant scope and exchange rates, the division's growth (+19.7%) reflects, in particular, the major increase in the contribution from SAN in Chile and SEM in Mexico.

2.2.2.4. Breakdown of revenue by activity

At June 30		2018		2019		Gross change	Change (organic)
		In €m	As a %	In €m	As a %		
Treatment		137.3	49.5%	158.0	47.9%	15.1%	4.1%
	o/w scope effect	-	-	15.1	4.6%		
Recovery		49.1	17.6%	60.6	18.3%	23.4%	14.4%
	o/w scope effect	-	-	4.5	1.4%		
Services		91.3	32.9%	111.2	33.7%	21.9%	-4.1%
	o/w scope effect	-	-	23.6	7.2%		
Total contributed revenue		**277.6**	**100.0%**	**329.8**	**100.0%**	**18.8%**	**3.2%**
IFRIC 12 revenue		2.8	-	0.0			
Diversion compensation		*7.4*	-	*12.5*			
Total reported consolidated revenue		**287.8**	**-**	**342.3**		**+18.9%**	**3.9%**

Reported consolidated data

During the first half of 2019, recovery and treatment operations were supported by the continued upbeat environment on industrial markets and by the implementation of regulations pertaining to the circular economy, while in services, decontamination recorded significant project delays:

- **Treatment**: revenue from treatment activities totaled €158.0 million at June 30, 2019 (vs. €137.3 million one year earlier).

  This increase includes a scope effect of €15.1 million.

  At constant scope and exchange rates, the increase in treatment volumes over the period amounted to +4.1%;

  - In France, these volumes were up by +1.2% to €134.3 million. They benefited from favorable market conditions in terms of price and volume, consistent with the good health of the industrial markets;
  - Internationally, revenue totaled €23.7 million (vs. €4.7 million one year earlier). This strong growth reflects the scope effect (€15.1 million) as well as the continued momentum in market gains, particularly in Latin America.

Treatment activities accounted for 47.9% of contributed revenue at June 30, 2019 (vs. 49.5% one year earlier).

- **Recovery**: with €60.6 million in revenue as at June 30, 2019, recovery activities were up 23.4% from the first half of 2018 (€49.1 million).

  This sharp increase includes a scope effect of €4.5 million.

  At constant scope and exchange rates, recovery activities were up +14.4% over the period, boosted by the sharp increase in energy recovery within the NHW division (incineration business lines).

  Recovery activities accounted for 18.3% of contributed revenue at June 30, 2019 (vs. 17.6% one year ago).

- **Services**: revenue totaled €111.2 million at June 30, 2019 (vs. €91.3 million one year earlier).

This strong increase includes a scope effect of €23.6 million, tied to the consolidation of Interwaste's (South Africa) logistics operations.

At constant scope and exchange rates, service revenue stood at €87.6 million (-4.1%), a trend which was attributable mainly to one-time lags in project startups (decontamination) in France and internationally.

Services activities accounted for 33.7% of contributed revenue at June 30, 2019 (vs. 32.9% one year ago).

2.2.3. Comments on the consolidated results at June 30, 2019

2.2.3.1. Preamble: Effects of the first-time adoption of IFRS 16[7]

The first-time adoption of IFRS 16 had the following effects on the opening balance sheet:

In millions of euros	12/31/2018	Impact of IFRS 16	01/01/2019 restated
Property, plant and equipment and other non-current assets	12.0	27.3	39.3
Lease liabilities	12.0	27.3	39.3

This had the following effects on the main income statement balances at June 30, 2019:

In millions of euros	06/30/2018	06/30/2019 before IFRS 16	Impact of IFRS 16	06/30/2019 published
EBITDA	51.8	59.3	4.3	63.6
Current operating income	20.7	21.8	0.3	22.1
Operating income	18.7	21.4	0.0	21.4
Financial income	(6.5)	(7.9)	(0.5)	(8.4)
Net income	9.2	7.8	(0.2)	7.6

2.2.3.2. EBITDA

At June 30, 2019, consolidated Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) was up +22.8% from the first half of 2018, at €63.6 million, representing 19.3% of contributed revenue.

This increase in EBITDA at June 30, 2019 reflects:

- A scope effect of +€6.6 million related to the consolidation of subsidiaries acquired during the period;
- In the historical scope:
  - The impact of the first-time adoption of IFRS 16 in the amount of +€4.3 million;
  - Positive trading effects (volume and price effects), net of the change in variable expenses, at +€8.4 million. The operating margin benefited from healthy business volumes, especially from treatment facilities, but it was compromised by the lesser contribution from service operations in France and internationally alike;
  - The impact of the change to the property ownership tax base, for -€3.9 million: in 2018, the government decided not to raise this tax for the 2017 and 2018 financial years, which resulted in non-recurring income of +€1.4 million in the first half of 2018, compared to an additional expense of -€1.5 million in the first half of 2019;
  - The change in fixed expenses (+€4.4 million), which supported the one-time impact of expenses in connection with acquisitions made in the first half, including -€1.2 million in non-recurring expenses.

[7] The effects of the first-time adoption of IFRS 16 are described in Note 6.2.2. to the consolidated financial statements.

Breakdown of EBITDA by geographic scope

In millions of euros	June 30, 2018			June 30, 2019		
	Consolidated	France	International	Consolidated	France	International
Contributed revenue	277.6	246.2	31.4	329.8	249.5	80.3
EBITDA	51.8	46.5	5.3	63.6	49.4	14.2
% of contributed revenue	*18.7%*	*18.9%*	*17.0%*	*19.3%*	*19.8%*	*17.7%*
Reported consolidated data						

For each geographic scope, the main changes were:

- **In France**, EBITDA totaled €49.4 million, or 19.8% of contributed revenue (vs. €46.5 million, or 18.9% of contributed revenue, a year earlier).

This change is mainly attributable to:

- The impact of the first-time adoption of IFRS 16 in the amount of +€3.3 million;
- Positive trading effects (see above);
- The application of the new property ownership tax base, representing an additional expense of +€1.5 million in the first half of 2019 compared with non-recurring income of +€1.4 million in the first half of 2018;
- The increase in holding company expenses, some of which were one-time charges, for -€1.2 million, in connection with the Group's international expansion.

- **Internationally**, EBITDA totaled €14.2 million, or 17.7% of contributed revenue (vs. €5.3 million at June 30, 2018, i.e. 17.0% of contributed revenue).

This change is attributable to:

- A scope effect of +€6.6 million, reflecting consolidation of the subsidiaries acquired in the first half, with gross profitability representing 15.6% of revenue for this scope at June 30, 2019. Mecomer's strong contribution was partially offset by the weaker performance by Kanay and, to a lesser extent, Interwaste, both of which were hampered by activity postponed to the second half;
- In the historical scope:
  - The impact of the first-time application of IFRS 16 in the amount of +€1.0 million;
  - The distinct improvement in the contribution by SAN (Chile) and SEM (Mexico).

2.2.3.3. Current operating income

At June 30, 2019, current operating income stood at €22.1 million, or 6.7% of contributed revenue.

This increase reflects:

- A scope effect of +€2.7 million reflecting the contributions of Kanay, Interwaste and Mecomer;

- In the historical scope:

  - The impact of the first-time application of IFRS 16 in the amount of +€0.3 million;
  - The rise in net depreciation, amortization and provisions in the amount of +€2.6 million, in connection with the creation of new storage cells in France and operating lease amortization for +€4.0 million (application of IFRS 16).

Breakdown of current operating income by geographic scope

In millions of euros	June 30, 2018			June 30, 2019		
	Consolidated	France	International	Consolidated	France	International
Contributed revenue	277.6	246.2	31.4	329.8	249.5	80.3
Current operating income	20.7	17.3	3.3	22.1	15.0	7.1
% of contributed revenue	*7.4%*	*7.0%*	*10.6%*	*6.7%*	*6.0%*	*8.8%*
Reported consolidated data						

For each geographic scope, the main changes were:

- In France, current operating income totaled €15.0 million, or 6.0% of contributed revenue (vs. €17.3 million, or 7.0% of contributed revenue, a year earlier).

This amount includes the impact of the first-time adoption of IFRS 16 in the amount of +€0.2 million.

Excluding that impact, the change in current operating income reflects the increase in EBITDA in France (+€2.7 million) offset by the increase in depreciation, amortization and provisions across this scope in connection with the creation of new storage cells in the first half (+€1.9 million) and the amortization of operating leases under IFRS 16.

- **Internationally**, current operating income totaled €7.1 million, or 8.8% of revenue (vs. €3.3 million at June 30, 2018, i.e. 10.6% of contributed revenue).

This sharp increase (+€3.8 million) mainly reflects the following:

- The scope effect (+€2.7 million), i.e. a current operating performance of 6.4% of revenue, which reflects the differentiated contribution of the newly acquired subsidiaries over the period;
- In the historical scope:
  - The impact of the first-time application of IFRS 16 in the amount of +€0.1 million;
  - The distinct improvement in the contribution by most subsidiaries, in particular SAN (Chile) and SEM (Mexico).

2.2.3.4. Operating income

At June 30, 2019, operating income came to €21.6 million, 6.6% of contributed revenue (vs. €18.7 million, or 6.7% of contributed revenue, a year earlier).

This change mainly reflects:

- The increase in current operating income (+€1.4 million);
- Asset impairment on property, plant and equipment equal to -€0.7 million;
- The effects of business combinations in the amount of -€0.7 million;
- The lack of significant expenses related to the performance plan, which had been assessed at -€1.7 million at June 30, 2018.

2.2.3.5. Financial income

At June 30, 2019, financial income came to -€8.4 million compared to -€6.5 million one year earlier.

The change in financial income reflects, in part, the impact of the first-time adoption of IFRS 16 in the amount of -€0.5 million and, for the balance, the increase in average net financial debt for the period, along with the 0.21% increase in the average cost of gross debt compared to June 30, 2018, to 3.07%.

Note that the rise in the cost of debt comes with a significant extension of its maturity, stemming from the refinancing conducted over the past 12 months, from 3.8 years one year ago to 6.0 years at June 30, 2019.

2.2.3.6. Income tax

At June 30, 2019, the income tax expense was €5.0 million (vs. €3.1 million one year earlier). The change in the tax expense partly reflects the consolidation of the recently acquired subsidiaries that are not part of the tax consolidation scope.

2.2.3.7. Share of income of associates

The share of net income of associates was primarily composed of the Group's share in the income of GEREP and SOGAD.

At June 30, 2019, this totaled -€0.1 million (vs. +€0.3 million a year earlier). Note that at June 30, 2018, this balance included a contribution of +€0.5 million from Kanay, which has been fully consolidated since January 1, 2019.

2.2.3.8. Consolidated net income

At June 30, 2019, consolidated net income was €8.1 million (vs. €9.2 million at June 30, 2018).

After recognizing minority interests in net income, in the amount of -€0.5 million vs. +€0.3 million in 2017, Group net income stood at €7.6 million (vs. €9.2 million in the first half of 2018).

Excluding the negative impact of the first-time adoption of IFRS 16 in the amount of -€0.2 million, Group net income amounted to €7.8 million.

2.3

COMMENTS ON THE CONSOLIDATED FINANCIAL POSITION

2.3.1. Simplified consolidated balance sheet

In millions of euros	12/31/2018	06/30/2019
Non-current assets	648.3	752.0
Current assets (excluding cash and cash equivalents)	202.4	234.4
Cash and cash equivalents	67.4	94.3
Assets intended for sale	-	-
Total assets	**918.1**	**1,080.7**
Shareholders' equity (including minority interests)	254.8	254.4
Non-current liabilities	402.1	514.5
Current liabilities	261.2	311.8
Liabilities held for sale	-	-
Total liabilities	**918.1**	**1,080.7**

Reported consolidated data

2.3.2. Non-current assets

Non-current assets are primarily fixed assets (property, plant and equipment and intangible assets – including goodwill – and long-term investments) and deferred tax assets.

Total non-current assets increased by +€103.7 million, mainly due to:

- Property, plant and equipment and intangible assets: +€103.8 million, primarily reflecting:
  - The impact of the first-time adoption of IFRS 16 for +€27.3 million;
  - Net investments during the period totaling +€100.6 million, including €31.9 million in net industrial investments and €68.8 million in net financial investments;
  - Net depreciation, amortization and provisions for -€26.8 million
- Non-recurring tax receivables: -€1.3 million due to the use of deferred tax assets;
- Non-current financial assets and investments in associates: -€3.0 million.

2.3.3. Current assets (excl. cash and cash equivalents)

Current assets excluding cash amounted to €234.4 million, up by €32.0 million on December 31, 2018. This increase incorporates a sale of receivables for €21.7 million.

2.3.4. Shareholders' equity

The change in shareholders' equity (Group share) over the period breaks down as follows:

In millions of euros	Group	Minority interests
Shareholders' equity at January 1, 2019	**251.3**	**3.5**
Dividends paid	(7.5)	(0.6)
Net income (Group share)	7.6	0.5
Translation difference	0.9	
Hedging instruments	(1.1)	
Actuarial gain (loss)	(0.1)	
Fair value of assets available for sale		
Treasury stock	(0.2)	
Disposal of securities without loss of control	(1.2)	
Change in consolidation scope		1.4
Other changes		
Shareholders' equity at June 30, 2019	**249.6**	**4.8**

Reported consolidated data

2.3.5. Current and non-current liabilities

Current liabilities cover all liabilities with a maturity of less than one year. Non-current liabilities therefore represent all liabilities with a maturity of more than one year. Current and non-current liabilities break down as follows:

	12/31/2018			06/30/2019		
In millions of euros	**Non-current**	**Current**	**TOTAL**	**Non-current**	**Current**	**TOTAL**
Hedging instruments	0.6	-	**0.6**	0.3	0.1	**0.4**
Provisions	20.5	2.0	**22.5**	22.7	4.8	**27.6**
Other liabilities	0.4	221.2	**221.6**	5.8	247.7	**253.5**
Income tax payable	-	1.6	**1.6**	-	4.5	**4.5**
TOTAL (excl. financial debt)	**21.5**	**197.5**	**246.3**	**28.9**	**257.1**	**286.0**
Financial debt	380.6	36.4	**417.0**	485.6	54.7	**540.2**
TOTAL	**402.1**	**261.2**	**663.3**	**514.4**	**311.8**	**826.2**

Current and non-current liabilities excluding financial debt amounted to €286.0 million, up +€39.6 million, reflecting mainly:

- A change in provisions, for +€3.6 million;
- Other liabilities, for +€41.6 million, mostly reflecting "Trade payables".

Consolidated net financial debt evolved as follows over the period:

In millions of euros, at June 30	**2018**	**2019**
Bank debt (excl. non-recourse bank loans)	307.0	206.6
Non-bank debt	30.1	28.3
Bonds	49.5	255.0
Lease finance liabilities	8.5	9.5
Miscellaneous financial debt	1.5	3.6
Short-term bank borrowings	1.5	8.4
Equity investments	-	-
Total financial debt (current and non-current)	**398.2**	**511.4**
Cash balance	(47.6)	(94.3)
Net financial debt	**350.6**	**417.1**
o/w due in less than one year	28.1	54.7
o/w due in more than one year	322.5	391.3
Net financial debt (bank definition)	**318.9**	**390.4**

Reported consolidated data

2.4 COMMENTS ON CONSOLIDATED CASH FLOWS

2.4.1 Consolidated cash flow statement

In millions of euros	**12/31/2018**	**06/30/2018**	**06/30/2019**
Cash flows from operating activities	86.2	39.5	64.8
Cash flows from investment activities	(52.0)	(24.6)	(100.6)
Cash flows from financing activities	(19.4)	(20.9)	55.7
Change in cash flow from ongoing operations	*14.8*	*(6.0)*	*20.0*
Change in cash flow for discontinued operations	-	-	-
Change in cash and cash equivalents	**14.8**	**(6.0)**	**20.0**

Reported consolidated data

2.4.2. Cash flows from operating activities

Over the period, the Group generated €64.8 million in cash flows from operating activities (vs. €39.5 million in the first half of 2018).

This change primarily reflects the combined effect of:

- The change in cash flow from operating activities (+€12.3 million) due to the change in EBITDA;
- The +€8.2 million change in the WCR over the half-year, reflecting the improvement in the clients line item and the scope effect;
- -€0.8 million in taxes paid compared to -€1.7 million one year ago (a cash flow gain of +€0.9 million).

2.4.3. Cash from investments

Investment expenses (net of sales proceeds collected) amounted to €100.6 million for the period and included the financial disbursements for external growth and industrial investments:

In millions of euros	12/31/2018	06/30/2018	06/30/2019
Industrial investments	65.2	24.3	27.3
Financial investments	1.0	0.4	92.8
INVESTMENTS RECORDED	**66.1**	**24.7**	**120.1**
Industrial investments	53.1	24.2	31.9
Financial investments			
Subsidiary acquisition - Net cash flow (**)	(1.1)	0.4	ns
Subsidiary acquisition - Net cash flow	-	-	68.8
INVESTMENTS PAID OUT	**52.0**	**24.6**	**100.6**

Reported consolidated data

2.4.5. Net cash from financing activities

The Group's financing requirement derives from its debt (new borrowings, loan repayments, interest paid) and the remuneration of its shareholders via dividends. Over the period, the Group took out €65.7 million in new borrowings (net of repayments), essentially to refinance acquisitions made in the first half of 2019 (see above, "Highlights of the period").

2.5

MAIN TRANSACTIONS WITH RELATED PARTIES

Séché Environnement Group's main transactions with related parties are presented in Note 2.4 to the interim financial statements.

2.6
OUTLOOK

2.6.1 Risks and uncertainties

Séché Environnement Group's assessment of the main risks and uncertainties to which its businesses are exposed has not changed from that detailed on pages 25-38 of the 2018 Registration Document filed with the French Financial Markets Authority on March 22, 2019.

2.6.2. Outlook for the second half of 2019

Séché Environnement is positioned in France and internationally on the bullish circular economy and sustainable development markets, where increasing regulatory requirements and the growing needs of industrial and government clients are development opportunities for the Group, which specializes in material and energy recovery from waste and hazard containment.

In these markets, which are positively oriented over the medium term, the 2019 financial year will nonetheless be compared to an especially strong 2018 financial year, specifically in France, and is part of a more uncertain macroeconomic environment in France and internationally.
However, the Group remains confident about the solidity of its markets, especially industrial markets, and, in the coming months, the continuation of positive trends from the first half of 2019, in France and internationally.

In France, Séché Environnement should continue to benefit from solid and buoyant industrial markets in the second half of the year, with business volumes in line with the first half.

In hazardous waste management, the renovation work on the Salaise 2 incinerator, which started in August 2019 for a three-month period, will reduce its contribution to the Group's results in 2019. Fully operational in 2020, this treatment and energy recovery facility will be more available and its energy production capacity will be tripled to enable deployment of the Osiris project, an industrial ecology project aimed at recovering energy from waste generated by businesses in the Osiris Roussillon GIE, the largest chemicals platform in France, in a circular economy approach.

In non-hazardous waste, the second half will be marked by the gradual ramp-up of the Séneval incinerator following its restart after a four-year shutdown for asbestos abatement and its return to normal operating conditions and profitability.

Internationally, the second half is expected to feature higher volumes within some subsidiaries that were hampered early in the year by operating delays, specifically:

- Kanay (Peru): the startup of significant decontamination sites and renewed sales initiatives after the management transition mean that economic and financial performance for the 2019 financial year should be comparable to that of 2018;
- Interwaste (South Africa): the 2019 financial year is a year of consolidation and strategic positioning. In the second half, Interwaste should benefit from the implementation of new waste management contracts with large industrial clients. For Interwaste, these positive factors confirm the outlook for a 2019 financial year that is comparable to the previous financial year, in terms of both operations and income. Because of the startup, in the second half of 2019, of the Eden Project, a public-private partnership for creating waste recovery and treatment infrastructure in the Mossel Bay region, as well as the strategic repositioning of this subsidiary, we anticipate that growth will resume in 2020;

- Mecomer (Italy): the second half of 2019 will be marked by continued sales momentum on still-promising industrial markets.

2.6.3. Business targets confirmed

With these excellent prospects, Séché Environnement can confirm its targets for 2019[8]:

- Revenue at constant scope:
  - France: quality growth following a particularly strong performance in 2018;
  - International: steady organic growth, even though operations in certain subsidiaries (Solarca) have a high basis for comparison in 2018;
- Financial leverage ratio (Net financial debt/ EBITDA) of about 3x in mid-cycle;
- Capacity to achieve, or even exceed in 2019, the main financial targets set for 2020 at the Investor Day held on June 26, 2018[9].

Séché Environnement is confident in its ability to improve all of its results in 2019 compared to 2018.

At its Investor Day on December 17, 2019, Séché Environnement will present its new strategic outlook through to 2022 in terms of business, earning power.

(8) See the press release of March 12, 2019.
(9) See the press release of June 26, 2018.

2.7

OWNERSHIP STRUCTURE

At June 30, 2019	Shares	As a %	Voting rights	As a %
Joël Séché	1	0.00%	2	0.00%
Séché Group SAS (1)	4,639,483	59.04%	6,748,216	66.51%
Sub-total, Séché family	**4,639,484**	**59.04%**	**6,748,218**	**66.51%**
ICM	787,593	10.02%	787,593	7.76%
Treasury stock (2)	57,784	0.74%	57,784	0.57%
Employee share ownership	34,819	0.44%	67,638	0.67%
Free float	2,338,052	29.75%	2,484,902	24.49%
Total	**7,857,732**	**100.00%**	**10,146,135**	**100.00%**

(1) Mr. Guillaume Séché and Mr. Maxime Séché control the majority stake in Séché Group SAS.
(2) Treasury stock is stripped of voting rights. However, the table here presents the calculation of voting rights as recommended by the AMF for shareholding notification requirements.

In a letter to the AMF dated May 6, 2019, ICM reported a previous increase in its holding:

- Above the notification threshold of 5% of voting rights in Séché Environnement, on May 6, 2015. As of this date, it held 528,093 shares representing the same number of voting rights, equal to 6.12% of the share capital and 5.02% of the voting rights in the Company;
- Above the notification threshold of 10% of the share capital in Séché Environnement, on March 31, 2019. As of this date, it held 787,593 Séché Environnement shares representing the same number of voting rights, equal to 10.02% of the share capital and 7.90% of the voting rights in the Company.

On June 28, 2019, Caisse des Dépôts sold to Séché Group SAS its entire holding in Séché Environnement, equal to 710,617 shares representing 9.04% of the share capital and 7.00% of voting rights at this date and taking Séché Group SAS' holding in Séché Environnement from 50.00% to 59.04% of the share capital and from 57.80% to 66.51% of voting rights at this date.

3 Consolidated financial statements at June 30, 2019

3.1

CONSOLIDATED BALANCE SHEET

(In thousands of euros)	06/30/2018	12/31/2018	06/30/2019	Notes
Goodwill	265,485	265,220	300,608	1
Intangible fixed assets under concession arrangements	50,525	53,588	51,719	1
Other intangible fixed assets	16,413	16,879	25,973	1
Property, plant and equipment	228,805	235,907	297,138	1
Investments in associates	3,238	3,276	387	2
Non-current financial assets	9,292	8,886	8,799	3
Non-current derivatives - assets	0	210	0	3
Non-current financial operating assets	41,362	40,551	45,073	3
Deferred tax assets	27,820	23,729	22,275	
NON-CURRENT ASSETS	*642,941*	*648,245*	*751,971*	
Inventories	12,556	12,920	14,316	3
Trade and other receivables	153,429	157,184	187,541	3
Current financial assets	2,148	3,597	2,113	3
Current derivatives - assets	0	32	0	3
Current financial operating assets	28,962	28,680	30,377	3
Cash and cash equivalents	47,594	67,425	94,326	3.1.4
CURRENT ASSETS	*244,689*	*269,839*	*328,673*	
Assets held for sale	-	-	-	
TOTAL ASSETS	**887,630**	**918,083**	**1,080,643**	
Share capital	1,572	1,572	1,572	6.1
Additional paid-in capital	74,061	74,061	74,061	6.2
Reserves	160,531	160,042	166,376	6.3
Net income	9,249	15,580	7,574	
Shareholders' equity (Group share)	**245,413**	**251,255**	**249,583**	
Minority interests	3,199	3,515	4,831	
TOTAL SHAREHOLDERS' EQUITY	*248,612*	*254,769*	*254,414*	
Non-current financial debt	322,510	380,599	485,560	3.2.1
Non-current derivatives - assets	466	630	331	3.2.2
Employee benefits	6,210	6,217	7,760	4
Non-current provisions	14,040	14,203	14,982	4
Non-current financial liabilities	566	430	2,139	3
Deferred tax liabilities	50	60	3,660	
NON-CURRENT LIABILITIES	*343,843*	*402,138*	*514,431*	
Current financial debt	75,671	36,377	54,673	3.2.1
Current derivatives - liabilities	53	74	100	3.2.2
Current provisions	3,685	1,973	4,815	4
Tax liabilities	1,349	1,562	4,549	
Current financial operating liabilities	214,418	221,189	247,662	3
CURRENT LIABILITIES	*295,176*	*261,176*	*311,798*	
Liabilities held for sale	-	-	-	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**887,630**	**918,083**	**1,080,643**	

3.2

CONSOLIDATED INCOME STATEMENT

In thousands of euros	Notes	06/30/2018	06/30/2019	Notes
Revenue	**7**	**287,726**	**342,286**	**1**
Other operating income		2,706	3,429	1
Transfers of expenses		510	298	1
Purchases used for operational purposes		(35,813)	(44,249)	1
External expenses		(113,176)	(130,262)	2
Taxes other than on income		(23,378)	(24,249)	3
Employee expenses		(66,828)	(83,659)	3
EBITDA	**8**	**51,801**	**63,595**	**3**
Expenses for rehabilitation and/or maintenance of sites under concession arrangements		(5,513)	(5,804)	
Operating income		888	226	
Operating expenses		(343)	(2,051)	3
Net allocations to provisions and impairment		(1,982)	116	3
Depreciation		(24,182)	(33,977)	3
CURRENT OPERATING INCOME	**8**	**20,669**	**22,105**	**3**
Income on sales of fixed assets		59	(681)	3
Impairment of assets		(6)	(38)	3.1.4
Impact of changes in consolidation scope		(328)	(663)	
Other operating income and expenses		(1,656)	915	
OPERATING INCOME	**9**	**18,738**	**21,639**	
Income from cash and cash equivalents		32	349	6.1
Cost of gross financial debt		(5,866)	(8,150)	6.2
COST OF NET FINANCIAL DEBT		(5,835)	(7,801)	6.3
Other financial income		871	1,680	
Other financial expenses		(1,487)	(2,310)	
FINANCIAL INCOME	**10**	**(6,450)**	**(8,432)**	
Income tax	11	(3,094)	(4,994)	
NET INCOME OF CONSOLIDATED COMPANIES		**9,194**	**8,214**	**3.2.1**
Share of income of associates		322	(118)	3.2.2
NET INCOME FROM CONTINUING OPERATIONS		**9,516**	**8,095**	**4**
Income from discontinued operations		-	-	4
NET INCOME		**9,516**	**8,095**	**3**
o/w minority interests		*266*	*521*	
o/w Group share		9,249	7,574	
				3.2.1
Group share				**3.2.2**
Non-diluted earnings per share		€1.19	€0.96	4
Diluted earnings per share		€1.19	€0.96	

3.3

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

In thousands of euros	06/30/2018	12/31/2018	06/30/2019
Other comprehensive income not reclassified to profit or loss in a subsequent period:			
Actuarial gains/losses on employee benefit liabilities	(266)	102	(200)
Income tax effects	78	(50)	56
Change in fair value of equity instruments	(234)	-	-
Amount before income tax (A)	**(422)**	**52**	**(144)**
o/w share of income of associates	-	(30)	-
Other comprehensive income reclassified to profit or loss in a subsequent period:			
Change in net investments [1]	(159)	(409)	(1,105)
Change in fair value of derivatives	(221)	(212)	(30)
Tax effect on the items listed above	76	73	30
Foreign exchange rate adjustments	(156)	(666)	911
Amount before income tax (B)	**(460)**	**(1,214)**	**(194)**
o/w share of income of associates	-	-	-
TOTAL OTHER COMPREHENSIVE INCOME	**(883)**	**(1,162)**	**(338)**
Net income	9,516	16,230	8,095
TOTAL COMPREHENSIVE INCOME	**8,633**	**15,068**	**7,757**
o/w Group share	*8,340*	*14,384*	*7,217*
o/w minority interests	*292*	*684*	*540*

[1] o/w -€0.9 million linked to the net investment for the acquisition of Interwaste group at June 30, 2019.

3.4

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

In thousands of euros	Share capital	Additional paid-in capital	Treasury stock	Consolidated reserves	Foreign exchange rate adjustments	Fair value reserves	Group share	Share of non-controlling interests	TOTAL shareholders' equity
Shareholders' equity at 12/31/2017	**1,572**	**74,061**	**(3,355)**	**183,607**	**(6,093)**	**(5,422)**	**244,370**	**2,832**	**247,203**
Other comprehensive income	-	-	-	(422)	(183)	(304)	(909)	26	(883)
Net income				9,249			9,249	266	9,516
Total comprehensive income				**8,827**	**(183)**	**(304)**	**8,340**	**292**	**8,633**
Dividends paid				(7,465)			(7,465)	(22)	(7,486)
Treasury stock			12				12		12
Other changes				156			156	95	251
Shareholders' equity at 06/30/2018	**1,572**	**74,061**	**(3,343)**	**185,126**	**(6,276)**	**(5,726)**	**245,414**	**3,199**	**248,613**
Shareholders' equity at 12/31/2018	1,572	74,061	(3,260)	185,861	(6,516)	(462)	251,255	3,515	254,770
Other comprehensive income				(144)	892	(1,105)	(357)	19	(338)
Net income				7,574			7,574	521	8,095
Total comprehensive income				**7,430**	**892**	**(1,105)**	**7,217**	**540**	**7,757**
Dividends paid				(7,465)			(7,465)	(605)	
Treasury stock			(216)				(216)		(216)
Business combinations [(1)]							-	1,381	1,381
Transactions between shareholders [(2)]				(1,202)			(1,202)		(1,202)
Other changes				(6)			(6)		(6)
Shareholders' equity at 06/30/2019	**1,572**	**74,061**	**(3,476)**	**184,618**	**(5,624)**	**(1,567)**	**249,583**	**4,831**	**254,414**

[(1)] Concerns the Group's acquisition of a majority stake in the South African group Interwaste and the Italian subsidiaries Mecomer and Depo.
[(2)] Concerns the buyout of 7% of non-controlling interests without obtaining control in the subsidiary Taris in Peru.

3.5

CONSOLIDATED STATEMENT OF CASH FLOWS

In thousands of euros	06/30/2018	06/30/2019	Notes
NET INCOME	**9,516**	**8,095**	
Share of income of associates	(322)	118	
Dividends from joint ventures and associates	71	-	
Amortization, depreciation and provisions	26,611	35,304	
Income from disposals	(31)	709	
Deferred taxes	953	1,702	
Other income and expenses	716	1,068	
CASH FLOW	**37,514**	**46,995**	
Income tax	2,141	3,292	
Cost of gross financial debt before long-term investments	5,486	7,195	
CASH FLOW before tax and financial expenses	**45,141**	**57,482**	
Change in working capital requirement	(3,969)	8,152	
Tax paid	(1,662)	(792)	
NET CASH FLOW FROM OPERATING ACTIVITIES	**39,509**	**64,842**	
Investments in property, plant and equipment and intangible assets	(24,486)	(32,988)	
Disposals of property, plant and equipment and intangible assets	276	1,147	
Increase in loans and financial receivables	(607)	(337)	
Decrease in loans and financial receivables	56	357	
Takeover of subsidiaries net of cash and cash equivalents	(2)	(68,797)	6.3.1
Loss of control over subsidiaries net of cash and cash equivalents	144	-	
CASH FLOWS FROM INVESTMENT OPERATIONS	**(24,618)**	**(100,618)**	
Dividends paid to equity holders of the parent	-	-	
Dividends paid to holders of non-controlling interests	(22)	(590)	
Capital increase or decrease from controlling company	-	-	
Cash and cash equivalents without loss of control	(14)	-	
Cash and cash equivalents without gain of control		(1,580)	
Change in shareholders' equity	14	(228)	
New loans and financial debt	5,387	85,541	6.3.3
Repayment of loans and financial debt	(20,762)	(19,832)	
Interest paid	(5,479)	(7,570)	
NET CASH FLOW FROM FINANCING ACTIVITIES	**(20,876)**	**55,741**	
TOTAL CASH FLOW FOR THE PERIOD, CONTINUING OPERATIONS	**(5,985)**	**19,964**	
Net cash flow from discontinued operations	-	-	
CASH FLOW FOR THE PERIOD	**(5,985)**	**19,964**	
Cash and cash equivalents at beginning of year	52,278	66,806	
- o/w in continuing operations		52,278	66,806
- o/w in discontinued operations		-	-
Cash and cash equivalents at end of year	46,131	85,895	
- o/w in continuing operations[1]		46,131	85,895
- o/w in discontinued operations		-	-
Effect of changes in foreign exchange rates	(162)	(876)	
- o/w in continuing operations		(162)	(876)
- o/w in discontinued operations		-	-
[1] *Of which:*			
Cash and cash equivalents	*47,594*	*94,326*	
Short-term bank borrowings (current financial debt)	*(1,463)*	*(8*	*431)*

3.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2019

3.6.1. Basis for preparing the financial statements

The summary interim financial statements of Séché Environnement Group covering the interim period to June 30, 2019 were prepared in accordance with IAS 34 on Interim Financial Reporting. They do not contain all the information required by IFRS for the preparation of annual financial statements, but a selection of the most significant notes. These interim financial statements should be read in conjunction with Séché Environnement's annual financial statements for the year ended December 31, 2018, published on March 22, 2019, which were prepared in accordance with IFRS as adopted by the European Union and are available at http://www.groupe-seche.com.

To prepare its interim financial statements at June 30, 2019, Séché Environnement Group applied the same standards as for the preparation of its consolidated annual financial statements at December 31, 2018, with the exception of IFRS 16 "Leases", which applied for the first time for the six month period ended on June 30, 2019 and the impact of which is described in Note 6.2.2, and IFRIC 23, which had no impact on the financial statements at June 30, 2019.

The financial statements were approved by the Board of Directors on September 5, 2019.

Figures are expressed in thousands of euros with no decimal point. Figures rounded up to the nearest million may, in some cases, lead to insignificant disparities with respect to the totals and sub-totals presented in the tables.

Standards applicable from January 1, 2019

Subject to any regulatory changes, the following standards applied as of January 1, 2019:

Standards	Applicable from	Subject
IFRS 16	January 1, 2019	Leases
Amendment to IFRS 9	January 1, 2019	Prepayment Features With Negative Compensation
Amendments to IAS 28	January 1, 2019	Long-term Interests in Associates and Joint Ventures
Amendment to IAS 19	January 1, 2019	Plan Amendment, Curtailment or Settlement
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019	Annual improvements to standards, 2015-2017 cycle
IFRIC 23	January 1, 2019	Uncertainty Over Income Tax Treatments

The impact of the first-time adoption of IFRS 16 is described in Note 6.2.2.

Standards adopted by the IASB but not yet applicable as at January 1, 2019

Standards	Applicable from	Subject
IFRS 14	January 1, 2016	Regulatory Deferral Accounts
IFRS 17	January 1, 2021	Insurance Contracts
Amendments to IFRS 10 and IAS 28	Postponed indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020	Amendments to References to the Conceptual Framework in IFRS Standards
Amendments to IFRS 3	January 1, 2020	Definition of a Business
Amendments to IAS 1 and IAS 8	January 1, 2020	Definition of Material

An assessment of the impact of applying these standards and amendments is under review.

3.6.2. Other accounting principles

3.6.2.1. Measurement method

The summary consolidated financial statements at June 30, 2019 are presented using the historical cost method, with the exception of the following assets and liabilities which are reported at fair value: derivatives, financial assets and liabilities measured at fair value through profit or loss and those measured at fair value through other comprehensive income and not subsequently reclassified to profit or loss.

3.6.2.2. Comparability

- Change of consolidation method, measurement method and presentation

The Group has applied IFRS 16 on Leases since January 1, 2019.

IFRS 16 provides a single lessee accounting model, requiring lessees to recognize an asset representing their right to use the leased asset for the duration of the lease term and an associated liability for lease payments. In the income statement, the lease expense is replaced by the amortization of the asset and by interest on the lease liability.

The Group has a dedicated IT solution to collect contractual data and perform the calculations required by the standard.

It followed the “modified retrospective” approach to apply the new standard, under which it recognizes a lease liability on the date of initial application measured at the present value of remaining lease payments, and a right-of-use asset adjusted by the amount of any prepaid or accrued lease payments; all the impacts of the transition are recognized in equity.

In accordance with the provisions of the standard, on the transition date and after its application, the Group has excluded short-term leases and contracts involving assets of low value for the purposes of simplification.

During analysis, the following assumptions were also used:

The lease term used for each contract is determined on the basis of the non-cancellable period established contractually and any option to extend or cancel the lease if the Group is reasonably certain to exercise that option. For leases for which there is no contractual duration, the term used is that of the probable duration of use. For conventional “3/6/9” leases, a term of nine years was used in accordance with the conclusions of the ANC (French accounting standards authority) relating to commercial leases in France published on February 16, 2018.

The discount rate used is the average rate of the Group’s debt for the France-Europe area and a rate determined country by country for the rest of the world.

The following table shows the impact of the first-time adoption of IFRS 16 on the opening and interim closing balance sheet:

In thousands of euros	12/31/2018	Impact of IFRS 16 transition	01/01/2019 restated	06/30/2019
Property, plant and equipment	12,182	27,344	39,526	42,657
o/w land	-	*1,644*	*1,644*	*1,900*
o/w buildings	-	*16,373*	*16,373*	*22,037*
o/w technical facilities	-	*6,627*	*6,627*	*11,995*
o/w fixtures and fittings	-	-	-	*1,677*
o/w transportation equipment	-	*2,661*	*2,661*	*5,017*
o/w office equipment	-	*39*	*39*	*32*
Non-current financial operating assets	(177)	(93)	(270)	(264)
TOTAL ASSETS	**12,005**	**27,251**	**39,256**	**42,393**
Shareholders' equity (Group share)	2,413	-	2,413	2,864
Minority interests	204	-	204	-
Non-current lease liabilities	6,312	19,657	25,969	29,938
Current lease liabilities	3,076	7,594	10,670	9,591
TOTAL LIABILITIES	**12,005**	**27,251**	**39,256**	**42,393**

Lease liabilities amounted to €36.6 million at January 1, 2019, broken down as follows:

- Lease liabilities newly recognized as operating leases at January 1, 2019 totaling €27.3 million, including €19.7 million in long-term liabilities;
- Finance lease liabilities totaling €9.3 million, which were recognized as financial debt at December 31, 2018, including €6.3 million in long-term liabilities.

The Group applied a single rate of 3.26% for all French and European entities (the Group's average cost of debt). For countries outside Europe, each country's average cost of debt was applied. Restatements outside Europe are not material.

The impact of the application of IFRS 16 on income at June 30, 2019 breaks down as follows:

In thousands of euros	Finance leases	Operating leases	06/30/2019
EBITDA	1,869	4,339	6,208
Current operating income	(1,806)	(4,011)	(5,817)
Operating income	-	(69)	(69)
Financial income	(168)	(466)	(634)
TOTAL	**(105)**	**(206)**	**(312)**

■ Other items affecting comparability

To enhance its financial disclosures, from the financial year beginning on January 1, 2019, the Group opted to deduct government investment grants from the gross amount of the investment concerned, as provided for in IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance". This option, which is already used by other European companies in the waste recovery sector, better reflects the Group's business model in terms of its industrial investments.

Government investment grants, which were previously recognized in deferred income, are now deducted from the gross carrying amount of the asset and are recognized in income over the useful life of the depreciable asset as a reduced depreciation expense.

The impact of this change in method on the Group's financial statements is shown below:

In thousands of euros	12/31/2018	Impact of change in accounting method	01/01/2019 restated
Property, plant and equipment	235,907	(12,751)	223,156
Current financial operating liabilities	221,189	(12,751)	208,438

3.6.2.3. Use of estimates

To prepare the summary interim financial statements in accordance with IFRS as adopted by the European Union, Management is required to make estimates and assumptions that impact the application of the Group's accounting methods and the amounts recognized in its financial statements.
These estimates and their underlying assumptions are based on past experience and other factors considered reasonable under the circumstances. They serve as the basis for any judgment required for determining the carrying amounts of assets and liabilities when such amounts cannot be obtained directly from other sources. The real amounts may differ from the estimates.

For the preparation of the summary interim financial statements, the judgment exercised by Management in applying the accounting methods and analyzing the main sources of uncertainty in its estimates was the same as described in the financial statements for the year ended December 31, 2018, with the exception of the application of IFRS 16 (see Note 6.2.2).

3.6.3. Change in consolidation scope and other significant events

3.6.3.1. Main changes in the consolidation scope

The list of the Group's subsidiaries and associates is presented in Note 6.3.2 "Consolidation scope".

Acquisition of Interwaste group:

On January 9, 2019, Séché South Africa Proprietary Limited took full control of the South African group Interwaste Holdings Limited and its subsidiaries.

With this acquisition, Séché Environnement aims to build a strong position in South Africa and southern Africa, thus taking advantage of the growth and transformation of waste markets as part of a circular economy approach.

Interwaste Holdings Limited and its subsidiaries were fully consolidated in the Group's consolidated financial statements from January 1, 2019, with the exception of Interwaste Industrial Cleaning Pty Ltd, which was consolidated under the equity method.

The acquisition price was €32 million, paid on February 27, 2019.

The provisional breakdown of the acquisition price at June 30, 2019 is provided in the table below:

In thousands of euros	On the acquisition date (at the ZAR/EUR exchange rate as of January 1, 2019)
Net assets and liabilities acquired (1)	32,344
Goodwill arising from the acquisition (see 6.4.1 Note 1)	117
Fair value of the transferred group	32,462
Cash and cash equivalents acquired	4,949

For the allocation of the purchase price the gross fair value of client contracts was measured at €4 million, which will be amortized over an average of four years from January 1, 2019 (see 6.4.1 Note 1).

In the first half of 2019, the Group completed all the work needed to allocate the acquisition price pursuant to the requirements of amended IFRS 3 on Business Combinations. This allocation remains provisional and may be adjusted slightly until December 31, 2019.

Acquisition of Mecomer group:

On April 17, 2019, Séché Environnement acquired 90% of the Italian group Mecomer, which comprises the companies Mecomer S.r.l. and Depo S.r.l. An option to purchase the remaining stake was set up, allowing Séché Environnement the possibility of acquiring the remaining 10% over a renewable period of five years from April 30, 2019.

Through this acquisition, Séché Environnement is now at the forefront of the Italian hazardous waste management market with an established local presence at the center of one of the most industrialized regions in Southern Europe.

Mecomer group was fully consolidated in the Group's consolidated financial statements from April 1, 2019.

The provisional breakdown of the acquisition price at June 30, 2019 is provided in the table below:

In thousands of euros	On the acquisition date
Net assets and liabilities acquired	8,138
Goodwill arising from the acquisition (see 6.4.1 Note 1)	30,671
Fair value of the transferred group	38,809
Cash and cash equivalents acquired	190

The amount of goodwill was provisional at June 30, 2019 as the estimate of the acquisition price and its breakdown were ongoing at the closing date.

Acquisition of an additional controlling stake in the Peruvian company Kanay:

On March 29, 2019, Séché Environnement exercised its purchase options to acquire the remaining 51% stake in Kanay. This purchase of a controlling stake led to the revaluation of the stake previously held at fair value, in the amount of -€0.7 million, impacting operating income under "Other operating income and expenses" (see Note 9).

Goodwill of €4 million was recognized on this acquisition (see 6.4.1 Note 1).

The company is now wholly owned by the Group and is fully consolidated. This acquisition changed the consolidation method applied for Kanay, which was previously accounted for by the equity method.

New subsidiaries:

- **January 2019:** Séché Health Arequipa, a fully consolidated Peruvian company. This company was established on August 29, 2018 and began operating in the first half of 2019.
- **May 2019:** Creation of Séché Urgences Intervention, a fully consolidated French company. This company will begin operations in the second half of 2019.

The contribution of the material acquisitions described above to the main income statement items was as follows:

In thousands of euros	06/30/2019 Reported	Impact of acquisitions	Interwaste group (1)	Mecomer group (2)	Kanay (3)	06/30/2019 pro forma
REVENUE	**342,286**	43,205	32,346	9,964	896	**299,081**
EBITDA	**63,595**	7,902	5,656	3,303	(1,057)	**55,693**
CURRENT OPERATING INCOME	**22,105**	3,974	1,900	3,264	(1,190)	**18,131**
OPERATING INCOME	**21,639**	3,892	1,885	3,196	(1,190)	**17,748**
FINANCIAL GAIN OR LOSS	**(8,432)**	(1,113)	(607)	(44)	(462)	**(7,319)**
NET INCOME	**8,095**	1,877	917	2,614	(1,653)	**6,217**
o/w share of minority interests	**521**	303	155	148	-	**218**
o/w Group share	**7,574**	1,575	762	2,466	(1,653)	**5,999**

(1) Consolidated from January 1, 2019.
(2) Consolidated from April 1, 2019.
(3) Consolidated from 01/01/2019.

3.6.3.2. Consolidation scope

Company name 06/30/2019	Town, Country	% holding at 06/30/2019	Consolidation method
Séché Environnement	Changé (France)	Parent	Parent
Alcéa	Changé (France)	100.00	Full
Béarn Environnement	Pau (France)	100.00	Full
Depo	Milan (Italy)	90.00	Full
Drakenstein Energy Pty	Johannesburg (South Africa)	100.00	Full
Drimm	Montech (France)	100.00	Full
Earth 2 Earth Pty Ltd	Johannesburg (South Africa)	100.00	Full
East Gauteng Energy Pty Ltd	Johannesburg (South Africa)	100.00	Full
Écosite de La Croix-Irtelle	Changé (France)	100.00	Full
Eden Waste Construction Ltd	Johannesburg (South Africa)	75.00	Full
Eden Waste Management Ltd	Johannesburg (South Africa)	75.00	Full
Eden Waste Operations Ltd	Johannesburg (South Africa)	75.00	Full
Énergécie	Changé (France)	74.60	Full
Envirowaste SA Pty Ltd	Johannesburg (South Africa)	100.00	Full
Gabarre Energies	Les Abymes (France)	51.00	Full
Greens Scrap Recycling Pty Ltd	Johannesburg (South Africa)	100.00	Full
IberTrédi Medioambiental	Barcelona (Spain)	100.00	Full
Interwaste Environmental Solutions Ltd	Johannesburg (South Africa)	100.00	Full
Interwaste Environmental Solutions Pty Ltd	Johannesburg (South Africa)	99.00	Full
Interwaste Holding Ltd	Johannesburg (South Africa)	100.00	Full
Interwaste On-site Pty Ltd	Johannesburg (South Africa)	49.00	Full
Interwaste Properties Pty Ltd	Johannesburg (South Africa)	100.00	Full
Interwaste Pty	Johannesburg (South Africa)	100.00	Full
IWE Fleet Sales Pty	Johannesburg (South Africa)	100.00	Full
Kanay	Lima (Peru)	100.00	Full
Limpopo Platinum Waste Pty Ltd	Johannesburg (South Africa)	70.00	Full
Masakhane Interwaste Pty Ltd	Johannesburg (South Africa)	65.00	Full
Mecomer	Milan (Italy)	90.00	Full
Moz Environmental Limitada	Johannesburg (South Africa)	100.00	Full
Opale Environnement	Calais (France)	100.00	Full
Platinum Waste Resources Pty Ltd	Johannesburg (South Africa)	51.00	Full
Sabsco Asia	Singapore (Singapore)	76.00	Full
Sabsco Limited	Kent (United Kingdom)	76.00	Full
Sabsco Malaysia	Petaling Jaya (Malaysia)	76.00	Full
Séché Alliance	Changé (France)	99.94	Full
Séché Développement	Changé (France)	100.00	Full
Séché Éco-services		Changé (France)	99.98
Séché Eco-Industries		Changé (France)	99.99
Séché Health Arequipa	Lima (Peru)	100.00	Full
Séché Énergies	Changé (France)	100.00	Full
Séché Environnement Ouest	Changé (France)	100.00	Full
Séché Healthcare	Changé (France)	100.00	Full
Séché South Africa	Johannesburg (South Africa)	100.00	Full
Séché Transports	Changé (France)	99.50	Full
Séché Urgences Interventions	La Guerche-de-Bretagne (France)	100.00	Full
Sénergies	Changé (France)	80.00	Full
SCI LCDL		Changé (France)	99.80
SCI Les Chênes Secs	Changé (France)	99.80	Full
SCI Mézerolles	Changé (France)	99.99	Full
Sem Trédi		(Mexico)	100.00
Sotrefi	Étupes (France)	100.00	Full
Sénerval	Strasbourg (France)	99.90	Full
Singapore MTT	Singapore (Singapore)	76.00	Full
Sodicome	Saint-Gilles (France)	100.00	Full
Solena	Viviez (France)	60.00	Full
Solarca SL	Selva Del Camp, Tarragona (Spain)	76.00	Full
Solarca Castilla	Puertollano (Spain)	76.00	Full
Solarca France	Marseille (France)	71.03	Full
Solarca Portugal	Setubal (Portugal)	76.00	Full
Solarca Qatar	Doha (Qatar)	37.24	Full
Solarca Russia	Moscow (Russia)	76.00	Full
Solarca USA	La Porte Texas (United States)	76.00	Full
Soluciones Ambientales Del Norte	(Chile)	100.00	Full
Speichim Processing		Saint-Vulbas (France)	100.00
Taris	(Peru)	100.00	Full
Trédi Argentina	Buenos Aires (Argentina)	100.00	Full
Trédi SA	Saint-Vulbas (France)	100.00	Full
Triadis Services	Etampes (France)	100.00	Full
UTM	Lübeck (Germany)	100.00	Full
Valls Quimica	Valls (Spain)	100.00	Full
Interwaste Industrial Cleaning Pty Ltd	Johannesburg (South Africa)	50.00	Equity
La Barre Thomas	Rennes (France)	40.00	Equity
Karu Energy SAS	Baie-Mahault (France)	24.00	Equity
SAEM Transval	St Georges les Baillargeaux (France)	35.00	Equity
Gerep	Paris (France)	50.00	Equity
Sogad	Le Passage (France)	50.00	Equity

3.6.3.3. Other significant events

In May 2019, Séché Environnement refinanced its financial debt over the medium term with an €80 million bond issue in two tranches:

- €60 million maturing in 7 years (2026) with a coupon of 2.90%;
- €20 million maturing in 8 years (2027) with a coupon of 3.05%.

These transactions enabled Séché Environnement to refinance its recent international acquisitions, which were previously financed by drawing on the syndicated credit facility.

3.6.4. Explanatory notes to the financial statements

3.6.4.1. Notes to the balance sheet

Note 1 – Goodwill, intangible assets and property, plant and equipment

	Goodwill	Software, patents	Intangible fixed assets under concession arrangements	Other intangible fixed assets	Property, plant and equipment	TOTAL
12/31/2017	**290,620**	**10,512**	**61,837**	**20,784**	**792,690**	**1,176,444**
Change in consolidation scope	561					561
Increases		1,513	7,759	1,793	54,075	65,140
Decreases		(381)	(100)	(940)	(40,819)	(42,240)
Other changes	(68)	73	-	(35)	(762)	(792)
12/31/2018	**291,113**	**11,717**	**69,496**	**21,603**	**805,184**	**1,199,113**
Change in consolidation scope	34,725	61	-	9,149	81,285	125,220
Increases	-	741	-	1,324	26,914	28,979
Decreases	-	(466)	-	(685)	(6,608)	(7,759)
Other changes	663	29	-	(68)	16,811	17,434
06/30/2019	**326,501**	**12,082**	**69,496**	**31,322**	**923,585**	**1,362,986**
AMORTIZATION						
12/31/2017	**-**	**(9,370)**	**(12,219)**	**(5,713)**	**(561,631)**	**(588,934)**
Change in consolidation scope	-					-
Allowances	-	(1,053)	(3,774)	(734)	(46,032)	(51,933)
Write-backs	-	369	85	60	39,566	40,080
Other changes	-	-	-	-	146	146
12/31/2018	**-**	**(10,054)**	**(15,908)**	**(6,387)**	**(567,952)**	**(600,301)**
Change in consolidation scope	-	(6)	-	(275)	(32,118)	(32,399)
Allowances	-	(490)	(1,869)	(1,408)	(30,239)	(34,007)
Write-backs	-	467	-	698	5,988	7,153
Other changes	-	(1)	-	24	(824)	(800)
06/30/2019	**-**	**(10,084)**	**(17,777)**	**(7,348)**	**(625,144)**	**(660,354)**
IMPAIRMENT						
12/31/2017	**(25,894)**	**-**	**-**	**-**	**(846)**	**(26,739)**
Change in consolidation scope	-	-	-	-	-	-
Allowances	-	-	-	-	(879)	(879)
Write-backs	-	-	-	-	399	399
Other changes	-	-	-	-	-	
12/31/2018	**(25,894)**	**-**	**-**	**-**	**(1,326)**	**(27,220)**
Change in consolidation scope	-	-	-	-	-	-
Allowances	-	-	-	-	-	-
Write-backs	-	-	-	-	23	23
Other changes	-	-	-	-	-	-
06/30/2019	(25,894)	-	-	-	(1,303)	(27,197)
NET VALUE						
12/31/2017	264,727	1,142	49,618	15,071	230,213	560,771
Change in consolidation scope	561					561
Increases	-	461	3,985	1,059	7,165	12,670
Decreases	-	(12)	(15)	(880)	(855)	(1,762)
Other changes	(68)	73	-	(35)	(616)	(646)
12/31/2018	265,220	1,663	53,588	15,215	235,907	571,593
Change in consolidation scope	34,725	55	-	8,874	49,166	92,820
Increases	-	251	(1,869)	(84)	(3,325)	(5,028)
Decreases	-	1	-	13	(597)	(584)
Other changes	663	28	-	(44)	15,987	16,634
06/30/2019	**300,607**	**1,998**	**51,719**	**23,974**	**297,138**	**675,435**

Goodwill:

The line "Change in consolidation scope" over the period to June 30, 2019, for €34.7 million, breaks down as follows (see Note 6.3.1).

- €30.7 million following the acquisition of Mecomer group;
- €3.9 million following the acquisition of Kanay;
- €0.1 million following the acquisition of Interwaste group.

The Group examined its interim results in terms of its expectations and previous interim results. It concluded that the profitability achieved is in line with expectations.

The Group believes that its results show no evidence of impairment and it did not perform an impairment test.

Other intangible fixed assets: This item includes the fair value measurement of client contracts for €4 million, and intangible rights relative to the non-compete clause for €4 million following the acquisition of Interwaste group (see Note 6.3.1).

Property, plant and equipment: The impacts of the first-time adoption of IFRS 16 and the reclassification of grants, which are now deducted from the corresponding asset (see Note 6.2.2) are recorded in "Other changes".

Note 2 – Investments in associates

Note 2.1Summary of investments in associates

The investments held by the Group in associate companies are as follows:

In thousands of euros	% held by Group	Shareholders' equity	Income from past year	Investments in associates
La Barre Thomas	40%	63	(47)	23
Gerep	50%	(388)	(140)	0
Interwaste Industrial Cleaning Pty Ltd	50%	0	0	0
Karu Energy SAS	24%	(28)	(9)	0
Sogad	50%	672	136	320
Transval	35%	128	22	45
TOTAL				**387**

Note 2.2 Change in investments in associates

The changes in the Group's investments in associate companies were as follows:

In thousands of euros	Value at 06/30/2018	Value at 12/31/2018	Income	Change in fair value through OCI	Dividends	Change in consolida-tion scope	Other changes	Value at 06/30/2019
La Barre Thomas	121	44	(21)	-	-	-	-	23
Gerep	0	0	(140)	-	-	-	140	0
Interwaste Industrial Cleaning Pty Ltd	0	0	0	-	-	-	-	0
Kanay	2,887	2,590	-	-	-	(2,590)	-	0
Karu Energy SAS	0	2	(7)	-	-	-	4	0
Sogad	204	593	51	-	(325)	-	-	320
Transval	26	47	(2)	-	-	-	-	45
TOTAL	**3,238**	**3,276**	**(118)**	**-**	**(325)**	**(2,590)**	**144**	**387**

Note 3 – Financial instruments

Financial instruments in the balance sheet break down as follows:

In thousands of euros	06/30/2018			12/31/2018			06/30/2019		
	Non-current	Current	TOTAL	Non-current	Current	TOTAL	Non-current	Current	TOTAL
Equity instruments	1,469	(0)	1,469	1,213	(0)	1,213	883	(0)	883
Financial loans and receivables	7,823	1,183	9,006	7,672	1,144	8,816	7,915	711	8,626
Financial assets	**9,292**	**1,183**	**10,476**	**8,886**	**1,144**	**10,030**	**8,799**	**711**	**9,509**
Trade and other receivables	41,163	153,429	194,592	39,480	157,184	196,664	44,298	187,541	231,839
Other financial operating assets	199	29,926	30,126	1,070	31,134	32,204	775	31,780	32,555
Operating loans and receivables at amortized cost	**41,362**	**183,355**	**224,718**	**40,551**	**188,317**	**228,868**	**45,073**	**219,320**	**264,394**
Derivatives - Assets	-	-	-	210	32	242	-	-	-
Other instruments at FV through profit or loss	-	-	-			-			-
Financial instruments at FV through profit or loss	**-**	**-**	**-**	**210**	**32**	**242**	**-**	**-**	**-**
Cash and cash equivalents	**-**	**47,594**	**47,594**		**67,425**	**67,425**		**94,326**	**94,326**
TOTAL FINANCIAL ASSETS	**50,654**	**232,133**	**282,787**	**49,646**	**256,919**	**306,564**	**53,872**	**314,357**	**368,229**
Financial debt	322,510	75,671	398,181	380,599	36,377	416,976	485,560	54,673	540,232
Derivatives - Liabilities	466	53	520	630	74	705	331	100	431
Other financial operating liabilities	566	215,767	216,333	430	222,751	223,181	2,139	252,211	254,349
TOTAL FINANCIAL LIABILITIES	**323,542**	**291,491**	**615,033**	**381,659**	**259,203**	**640,862**	**488,029**	**306,984**	**795,013**

Note 3.1 Financial assets

Note 3.1.1 Loans and receivables at amortized cost

In thousands of euros	06/30/2018			12/31/2018			06/30/2019		
	Non-current	Current	TOTAL	Non-current	Current	TOTAL	Non-current	Current	TOTAL
Deposits and guarantees	3,563	432	3,995	3,222	409	3,630	3,573	255	3,828
Loans	1,471	71	1,542	1,911	55	1,966	1,761	78	1,839
Concession operating receivables	2,788	680	3,468	2,540	680	3,220	2,582	378	2,959
Financial loans and receivables	**7,823**	**1,183**	**9,006**	**7,672**	**1,144**	**8,816**	**7,915**	**711**	**8,626**
Trade and other receivables	41,163	153,429	194,592	39,480	157,184	196,664	44,298	187,541	231,839
Government	-	19,187	19,187	-	18,407	18,407	-	21,829	21,829
Tax receivables	179	964	1,143	1,055	2,453	3,508	764	1,403	2,167
Prepayments	-	2,373	2,373	-	2,554	2,554	-	2,354	2,354
Social insurance receivables	-	335	335	-	182	182	-	413	413
Amounts receivable on disposal of fixed assets	-	1,815	1,815	-	2,668	2,668	-	1,222	1,222
Other receivables	20	4,631	4,651	16	4,245	4,260	11	4,261	4,272
Current account receivables	-	623	623	-	624	624	-	298	298
Other operating assets	199	29,928	30,127	1,070	31,134	32,204	775	31,780	32,555
Operating loans and receivables	41,362	183,357	224,719	40,551	188,317	228,868	45,073	219,320	264,394
Loans and receivables at amortized cost	**49,185**	**184,540**	**233,725**	**48,223**	**189,461**	**237,684**	**52,989**	**220,031**	**273,020**

On December 26, 2018, the Group sold, without recourse, receivables totaling €22.9 million, with accompanying insurance. It completed a similar transaction for €21.7 million on June 28, 2019.

Depreciation and impairment on loans and receivables at amortized cost break down as follows:

In thousands of euros	06/30/2018			12/31/2018			06/30/2019		
	Gross	Dep/ impairments	Net	Gross	Dep/ impairments	Net	Gross	Dep/ impairments	Net
Financial loans and receivables	9,014	(7)	**9,006**	8,904	(88)	**8,816**	8,854	(228)	**8,626**
Trade and other receivables	200,420	(5,828)	**194,592**	202,440	(5,776)	**196,664**	237,496	(5,658)	**231,839**
Other operating assets	**30,151**	**(25)**	**30,126**	**32,232**	**(28)**	**32,204**	**32,583**	**(28)**	**32,555**
Loans and receivables at amortized cost	239,584	(5,861)	**233,724**	243,577	(5,893)	**237,684**	278,934	(5,914)	**273,020**
Other financial operating assets	199	29,926	**30,126**	1,070	31,134	**32,204**	775	31,780	**32,555**
Operating loans and receivables at amortized cost	**41,362**	**183,355**	**224,718**	**40,551**	**188,317**	**228,868**	**45,073**	**219,320**	**264,394**

Note 3.1.2 Cash and cash equivalents

In thousands of euros	06/30/2018	12/31/2018	06/30/2019
Mutual funds	15,198	20,138	25,120
Cash	32,396	47,286	69,205
Total	**47,594**	**67,425**	**94,326**

Note 3.2 Financial liabilities

Note 3.2.1 Financial debt

Changes in debt

In thousands of euros	06/30/2018			12/31/2018			06/30/2019		
	Non-current	Current	TOTAL	Non-current	Current	TOTAL	Non-current	Current	TOTAL
Financial debt liabilities	292,918	45,851	**338,769**	201,409	30,330	**231,740**	202,741	33,884	**236,625**
Effective interest rate impact	(780)	(837)	**(1,617)**	(1,483)	(479)	**(1,962)**	(1,252)	(464)	**(1,716)**
Bank loans	292,139	45,013	**337,152**	199,926	29,852	**229,778**	201,489	33,421	**234,910**
Outstanding bonds	25,000	25,000	**50,000**	175,000	-	**175,000**	255,000	-	**255,000**
Effective interest rate impact	(223)	(244)	**(466)**	(640)	(189)	**(829)**	(867)	(239)	**(1,106)**
Bonds	24,777	24,756	**49,534**	174,360	(189)	**174,171**	254,133	(239)	**253,894**
Lease liabilities	5,571	2,943	**8,514**	6,312	3,076	**9,388**	29,938	9,474	**39,412**
Other financial debt	23	1,495	**1,518**	0	3,019	**3,019**	0	3,586	**3,586**
Short-term bank borrowings	-	1,463	**1,463**	-	619	**619**	-	8,431	**8,431**
TOTAL	**322,510**	**75,671**	**398,181**	**380,599**	**36,377**	**416,976**	**485,560**	**54,673**	**540,232**

Changes in debt over the fiscal year break down as follows:

In thousands of euros	06/30/2018	12/31/2018	Increase	Repayment	Change in consolida-tion scope	Amortized cost	Foreign exchange effect	Other changes	06/30/2019
Bank loans	337,152	229,778	5,530	(14,169)	13,297	246	256	(28)	234,910
Bonds	49,534	174,171	80,000	-	-	(278)	-	-	253,894
Lease liabilities	8,514	9,388	1,741	(5,675)	6,545	-	140	27,272	39,412
Other financial debt	1,518	3,019	303	12	55	-	4	194	3,586
Short-term bank borrowings	1,463	619	1,374	-	5,940	-	175	323	8,431
Total	**398,181**	**416,976**	**88,948**	**(19,832)**	**25,837**	**(32)**	**574**	**27,761**	**540,232**

Bonds: The Group issued an €80 million bond in the first half of the year (see Note 6.3.3.).

Lease liabilities: The impact of the first-time adoption of IFRS 16 (see Note 6.2.2) is recognized in “Other changes”.

Group debt:
At June 30, 2019, the Group's financial debt broke down as follows:

In thousands of euros	Type of interest rate (before hedging)	Amount	Maturity	Hedging
Other bank loans	Floating	12,838	Less than 1 year	Floating rate debt
		100,385	1 to 5 years	Interest rate hedging for €105 million
		-	More than 5 years	
		20,583	Less than 1 year	
	Fixed 0%<rate<10%	65,188	1 to 5 years	
		35,916	More than 5 years	
	Total	**234,910**		
Bonds	Floating	-	Less than 1 year	
		-	1 to 5 years	
		-	More than 5 years	
		(239)		
	Fixed 2%<rate<5%	174,355	Less than 1 year	
		79,777	1 to 5 years	
	Total	**253,893**	**More than 5 years**	
Lease liabilities	Floating	4,309	Less than 1 year	
		3,945	1 to 5 years	
		-	More than 5 years	
		5,441	Less than 1 year	
	Fixed 0%<rate<10%	21,030	1 to 5 years	
		4,687	More than 5 years	
	Total	**39,412**		
Other financial debt	Floating		Less than 1 year	
Other		-	1 to 5 years	
		-	More than 5 years	
	Fixed	3,586	Less than 1 year	
		-	1 to 5 years	
		-	More than 5 years	
	Total	**3,586**		
Short-term bank borrowings	Floating	8,431	Less than 1 year	
	TOTAL	**540,232**		
o/w current		55,188	Less than 1 year	
o/w non-current		485,045	More than 1 year	

Note 3.2.2 Hedging instruments

The financial instruments used by the Group are for hedging cash flows related to its financing. These instruments, which are traded on organized markets, are managed by the Group's Finance Department.

In thousands of euros	06/30/2018			12/31/2018			06/30/2019		
	Non-current	Current	TOTAL	Non-current	Current	TOTAL	Non-current	Current	TOTAL
Hedging instruments – assets	-	-	**-**	210	32	**242**	-	-	**-**
Hedging instruments – liabilities	466	53	**520**	630	74	**705**	331	100	**431**

The breakdown by type of instruments (asset and liabilities) is as follows:

In thousands of euros	06/30/2018		12/31/2018		06/30/2019	
	Nominal transaction amount	Fair value	Nominal transaction amount	Fair value	Nominal transaction amount	Fair value
Swaps	20,000	(163)	20,000	(122)	10,000	(92)
Collars	95,000	(357)	95,000	(341)	165,000	(339)
Hybrid instruments	-					
Total	**115,000**	**(520)**	**115,000**	**(463)**	**175,000**	**(431)**

At June 30, 2019, the maturity of the cash flow hedging instruments as follows:

In thousands of euros	Less than 1 year	1 to 5 years	More than 5 years	TOTAL
Swaps	-	10,000	-	**10,000**
Collars	40,000	125,000	-	**165,000**
Hybrid instruments	-	-	-	-
Total	**40,000**	**135,000**	**-**	**175,000**

Note 4 – Current and non-current provisions

In thousands of euros	06/30/2018	12/31/2018	Change in consolidation scope	Impact on equity	Allow-ances	Write-backs used	Write-backs not used	Other changes	06/30/2019
Employee benefits (1)	6,210	6,217	1,432	200	709	(341)	-	(457)	7,760
Other non-current provisions (2)	14,040	14,203	2,843	-	946	(140)	-	(2,870)	14,982
NON-CURRENT PROVISIONS	**20,250**	**20,419**	**4,275**	**200**	**1,655**	**(482)**	**-**	**(3,327)**	**22,742**
Employee benefits (1)	-	-	-	-	0	-	58	-	58
Provisions for litigation	1,157	1,044	-	-	247	(741)	(156)	-	394
Provisions for other risks	2,176	9	-	-	40	(9)	-	-	40
Provisions for other costs	352	919	-	-	623	(58)	(37)	2,874	4,322
CURRENT PROVISIONS	**3,685**	**1,973**	**-**	**-**	**910**	**(808)**	**(135)**	**2,874**	**4,815**
TOTAL	**23,935**	**22,392**	**4,275**	**200**	**2,565**	**(1,290)**	**(135)**	**(452)**	**27,556**

(1) Provisions for employee retirement benefits and long-service awards are calculated using the method described in the accounting principles and valuation methods.
(2) Including the provision for 30-year post-operation monitoring.

Note 5 - Off-balance sheet commitments

Note 5.1 Off-balance sheet commitments arising from normal operations

In thousands of euros	06/30/2018	12/31/2018	06/30/2019
Loans ceded before maturity (bills, Dailly Act)	**-**	**-**	**-**
Sureties	**133,020**	**131,589**	**147,358**
- Financial guarantees(1)	83,198	90,153	90,214
- Other guarantees	49,822	41,436	57,145
Secured guarantees	-	-	-
- Intangible assets and property, plant and equipment pledged as collateral		-	-
- Securities pledged as collateral	-	-	-
Arising from partners' responsibilities in non-trading property companies	**-**	**-**	**-**
TOTAL off-balance sheet commitments related to normal operations	**133,020**	**131,589**	**147,358**

Including €90 million in sureties issued by financial institutions on the setting up of financial guarantees granted under the Ministerial Order of February 1, 1996.

Note 5.2 Off-balance sheet commitments given or received in connection with Group debt

In thousands of euros	06/30/2018	12/31/2018	06/30/2019
Business loans ceded	**0**	**-**	**-**
Sureties and letters of intent	**46,226**	**34,348**	**41,599**
Secured guarantees	**4,716**	**14,052**	**13,189**
Property, plant and equipment and intangible assets pledged as guarantees and collateral	4,716	14,052	13,189
Securities pledged as guarantees and collateral	-	-	-
Mortgages	-	-	-
Borrowing commitments received	-	-	-
TOTAL off-balance sheet commitments related to debt	**50,942**	**48,400**	**54,788**

As part of its asset financing, the Company signed commitments not to sell the shares that it holds in Sénergies, Séché Éco-Industries and Mézerolles.

All of the above-mentioned off-balance sheet commitments cover liabilities recorded on the balance sheet, with the exception of a €0.8 million guarantee.

In connection with its public service delegation contracts, Séché Environnement issues a performance guarantee to the contracting authorities.

Note 6 – Shareholders' equity

Note 6.1 Dividends

In the first half of 2019, the Annual General Meeting of Séché Environnement approved the payment of €7,464,845.40 in dividends for the 2018 financial year, representing €0.95 per share, for all types of share. Payment was made in July 2019.

3.6.4.2. Notes to the income statement

Note 7 – Income from ordinary activities

In thousands of euros	06/30/2018	06/30/2019
Revenue	**287,780**	**342,286**
o/w sales of goods	34,932	38,314
o/w sales of services	252,848	303,972
Other operating income	**2,706**	**3,429**
Transfers of expenses	**510**	**298**
REVENUE FROM ORDINARY ACTIVITIES	**290,996**	**346,014**

Note 8 – Current operating income

In thousands of euros	06/30/2018	06/30/2019
REVENUE FROM ORDINARY ACTIVITIES	290,996	346,014
PURCHASES USED FOR OPERATIONAL PURPOSES	(35,813)	(44,249)
EXTERNAL EXPENSES	(113,176)	(130,262)
O/W SUBCONTRACTING	(65,928)	(71,577)
TAXES OTHER THAN ON INCOME	(23,378)	(24,249)
EMPLOYEE BENEFIT EXPENSES	(66,828)	(83,659)
EBITDA	51,801	63,595
COST OF RENEWAL OF ASSETS UNDER CONCESSION ARRANGEMENTS	(4,719)	(4,792)
REHABILITATION EXPENSES FOR WASTE TREATMENT SITES	(794)	(1,012)
OTHER OPERATING INCOME AND EXPENSES	545	(1,825)
NET ALLOCATIONS TO PROVISIONS	(1,982)	116
DEPRECIATION	(24,182)	(33,977)
CURRENT OPERATING INCOME	**20,669**	**22,105**

Note 9 – Operating income

In thousands of euros	06/30/2018	06/30/2019
CURRENT OPERATING INCOME	**20,669**	**22,105**
Income on disposal of fixed assets (1)	59	(681)
Impairment of assets	(6)	(38)
Business combination effects (2)	(328)	(663)
Other (3)	(1,656)	915
OPERATING INCOME	**18,738**	**21,639**

(1) Mainly including -€0.7 million on the acquisition of a controlling stake in Kanay, which led to a change in the consolidation method (see Note 6.3.1).

(2) The amounts recorded under "Business combination effects" correspond to the amounts paid to review business combinations.

(3) The amounts booked under the heading, "Other", mainly refer to:

- In 2018:
  - -€1.8 million euros corresponding to the contested GTPA tax reassessment on Séché Éco-industries
  - +€0.7 million corresponding to the net write-back of a provision concerning the contested property ownership tax reassessment on Séché Éco-industries
  - -€0.4 million of expenses incurred or committed under a performance plan to optimize supervisory responsibilities.
- In 2019:
  - +€1.8 million euros corresponding to the contested GTPA tax reassessment on Séché Éco-industries, which was written off by the tax authorities
  - -€0.8 million of expenses incurred or committed under a performance plan to optimize supervisory responsibilities.

Note 10 – Financial income

Note 10.1 Financial income

In thousands of euros	06/30/2018	06/30/2019
Income from cash and cash equivalents	32	349
Cost of gross financial debt	(5,866)	(8,150)
Other financial income and expenses	(616)	(631)
FINANCIAL GAIN OR LOSS	**(6,450)**	**(8,432)**

The cost of gross financial debt changed as follows:

In thousands of euros	06/30/2018	06/30/2019
Financial liabilities at amortized cost	(5,877)	(7,745)
Income on hedging instruments	10	(406)
COST OF GROSS FINANCIAL DEBT	**(5,866)**	**(8,150)**

Note 10.2 Breakdown of other financial income and expenses

In thousands of euros	06/30/2018	06/30/2019
Net income on the sale of financial fixed assets	0	(5)
Accretion of 30-year provisions	(575)	(585)
Impairment of equity instruments	-	(243)
Other impairment losses and provisions	(56)	(58)
Foreign exchange gain (loss)	(41)	140
Other	56	122
Other financial income and expenses	**(616)**	**(631)**

Note 11 - Taxes

In thousands of euros	06/30/2018	06/30/2019
Income before tax	**12,288**	**13,207**
Income tax payable	(2,141)	(3,292)
Deferred tax	(953)	(1,702)
Total	**(3,094)**	**(4,994)**
Nominal tax rate	25.18%	37.81%

The difference between the theoretical tax rate and the nominal tax rate is due to certain non-deductible expenses and the non-recognition of tax losses on certain entities.

Deferred tax assets on tax losses not recognized due to a lack of visibility about the recoverability time horizon amounted to €4.6 million at June 30, 2019).

3.6.4.3. Financial risk management

Note 12 – Exposure to credit risk

Credit risk is the risk of financial loss incurred by the Group in the event a client or counterparty to a given asset fails to meet its contractual obligations. This risk comes mainly from amounts receivable.

The carrying amount of financial assets represents the Group's maximum exposure to credit risk. On the closing date, the maximum credit risk exposure breaks down as follows:

In thousands of euros	06/30/2018			12/31/2018			06/30/2019		
	Non-current	Current	TOTAL	Non-current	Current	TOTAL	Non-current	Current	TOTAL
Equity instruments	1,469	(0)	1,469	1,213	(0)	1,213	883	(0)	883
Financial loans and receivables	7,823	1,183	9,006	7,672	1,144	8,816	7,915	711	8,626
Financial assets	**9,292**	**1,183**	**10,476**	**8,886**	**1,144**	**10,030**	**8,799**	**711**	**9,509**
Trade and other receivables	41,163	153,429	194,592	39,480	157,184	196,664	44,298	187,541	231,839
Other financial operating assets	199	29,926	30,126	1,070	31,134	32,204	775	31,780	32,555
Operating loans and receivables at amortized cost	**41,362**	**183,355**	**224,718**	**40,551**	**188,317**	**228,868**	**45,073**	**219,320**	**264,394**
Derivatives - Assets	-	-	-	210	32	242	-	-	-
Other instruments at FV through profit or loss	-	-	-			-			-
Financial instruments at FV through profit or loss	**-**	**-**	**-**	**210**	**32**	**242**	**-**	**-**	**-**
Cash and cash equivalents	**-**	**47,594**	**47,594**		**67,425**	**67,425**		**94,326**	**94,326**
Total FINANCIAL ASSETS	**50,654**	**232,133**	**282,787**	**49,646**	**256,919**	**306,564**	**53,872**	**314,357**	**368,229**

The income, expenses, impairment or profits recorded in the financial statements for the first half of 2019 in respect of these financial assets mainly correspond to losses on trade receivables.

.**Note 13 – Exposure to counterparty risk**

Counterparty risk corresponds to the loss that the Group could suffer if one or more counterparties failed to fulfill their contractual obligations. It concerns loans and receivables at amortized cost (financial or operating loans and receivables) and short-term investments of excess cash.

The balance of loans and receivables at amortized cost by maturity breaks down as follows:

In thousands of euros	06/30/2019				
	Net value (C and NC *)	o/w not due	o/w due		
			0-6 months	6 months-1 year	More than 1 year
Financial loans and receivables	9,122	9,122	-	-	-
Trade and other receivables	231,343	178,622	31,623	15,193	5,905
Other assets	32,555	31,473	640	80	362
TOTAL	**273,020**	**219,216**	**32,263**	**15,273**	**6,267**

* Current and non-current

The balance of loans and receivables at amortized cost by maturity at the close of the previous year breaks down as follows:

In thousands of euros	12/31/2018				
	Net value (C and NC *)	o/w not due	o/w due		
			0-6 months	6 months-1 year	More than 1 year
Financial loans and receivables	8,816	8,816	-	-	-
Trade and other receivables	196,664	163,338	28,246	1,888	3,192
Other assets	32,204	31,599	354	43	208
TOTAL	**237,684**	**203,753**	**28,600**	**1,931**	**3,400**

* Current and non-current

The Group considers that it is not exposed to any significant counterparty risk.

Note 14 – Exposure to liquidity risk

Liquidity risk is the risk that the Group may have difficulty honoring its debts when they mature. At June 30, 2019, the remaining contractual maturities of the Group's financial liabilities broke down as follows:

In thousands of euros	Book value	Contractual cash flows	< 1 yr	1 to 5 years	> 5 yrs
Bank loans	488,803	548,472	42,507	233,007	272,957
Lease finance liabilities	39,412	40,899	10,224	25,738	4,937
Other financial debt	3,586	3,586	3,586	-	-
Short-term bank borrowings	8,431	8,431	8,431	-	-
Trade and other payables (incl. income tax liabilities)	245,886	245,886	242,952	2,934	-
Liabilities for renewal of assets under concession arrangements	8,463	8,463	8,463	-	-
TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES	**794,582**	**855,737**	**316,164**	**261,679**	**277,894**
Hedging instruments	431	431	175	256	-
TOTAL DERIVATIVE FINANCIAL LIABILITIES	**431**	**431**	**175**	**256**	**-**

For the sake of comparison, the remaining contractual maturities relating to the Group's financial liabilities broke down as follows on December 31, 2018:

In thousands of euros	Book value	Contractual cash flows	< 1 yr	1 to 5 years	> 5 yrs
Bank loans	403,947	459,693	40,428	226,192	193,075
Lease finance liabilities	9,388	7,391	2,391	4,800	200
Other financial debt	3,021	3,019	3,019	-	-
Short-term bank borrowings	619	619	619	-	-
Trade and other payables (incl. income tax liabilities)	213,990	213,990	213,561	225	204
Liabilities for renewal of assets under concession arrangements	9,191	9,191	9,191	-	-
TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES	**640,157**	**693,903**	**269,209**	**231,217**	**193,479**
Hedging instruments	705	705	74	630	-
TOTAL DERIVATIVE FINANCIAL LIABILITIES	**705**	**705**	**74**	**630**	**-**

Financial leverage covenant:

Further to the debt refinancing completed in July 2018, the Group benefits from a single and more flexible leverage ratio with the constraint raised from 3.5x to 3.95x EBITDA. This limit can be further increased to 4.25x EBITDA should any acquisitions take place. Compliance with these ratios is checked twice a year on an annual basis for the periods ending December 31 and June 30.

Non-compliance with these ratios constitutes default and, in the case of most lenders, makes all debt immediately payable.

The Group's main debt is subject to ratios which must be observed, failing which, the debt will be immediately payable.

RATIOS	Applicable in 2018	Applicable in 2019
Net financial debt/EBITDA	<3.5x	<3.95x

It being understood for the purposes of the covenant that, on a consolidated basis:

- Net financial debt is the aggregate of all financial debt as reported in the consolidated financial statements of Séché Environnement under the heading "Bank loans and other financial debt", less cash and cash equivalents and investment securities, as indicated in the Group's consolidated financial statements, with the exception of non-recourse financing and the impact of IFRS 16 "Leases". Non-recourse financing refers to any financing arranged to finance the acquisition, shortfall, operation, upkeep or maintenance of an asset or project where the entity to which the debt is due has no recourse to any member of the Séché Group for the payment of any sum relative to such financing, and where reimbursement results essentially from the financial flows deriving from the operation of the asset or project in question;
- EBITDA means consolidated operating income before deduction of all depreciation and amortization expenses, provisions and write-downs, and other operating income and expenses.

At June 30, 2019, the Group had a bank leverage ratio of 3.20 vs. 2.98 at June 30, 2018 and 2.92 at December 31, 2018.

Note 15 – Exposure to interest rate risk

Séché Environnement's corporate debt, excluding hedging, is subject to a variable rate of interest.

The Group uses hedging instruments to cover against any rise in interest rates and optimize the cost of its debt. The new credit line requires a minimum of 50% hedging over a three-year period. The instruments used include swaps, caps, floors and collars. Their use is managed directly by the Group Finance Department.

Sensitivity analysis consists of calculating the impact of any upward or downward movement of the interest rate prevailing on the balance sheet date:

- A 1% rise in all interest rate curves would generate a gain in equity of €0.7 million linked to a change in fair value of the derivatives used as cash flow hedges.
- Conversely a 1% drop would generate a loss of €0.2 million.

Note 16 – Exposure to exchange rate risk

The exchange rate risk to which the Group is exposed stems from:

- The conversion of contributions from foreign subsidiaries outside the euro zone to the balance sheet and income statement;
- Bank debt denominated almost exclusively in euros being used to finance the investments of its foreign subsidiaries in local currencies (for subsidiaries not considered as long-term foreign investments).

Changes in foreign exchange income break down as follows:

In thousands of euros	06/30/2018	06/30/2019
Foreign exchange income, Europe	(20)	(96)
Foreign exchange income, Americas	(23)	545
Foreign exchange income, rest of world	2	(310)
TOTAL	**(41)**	**140**

At present, this risk is not subject to separate hedging at the Group level.

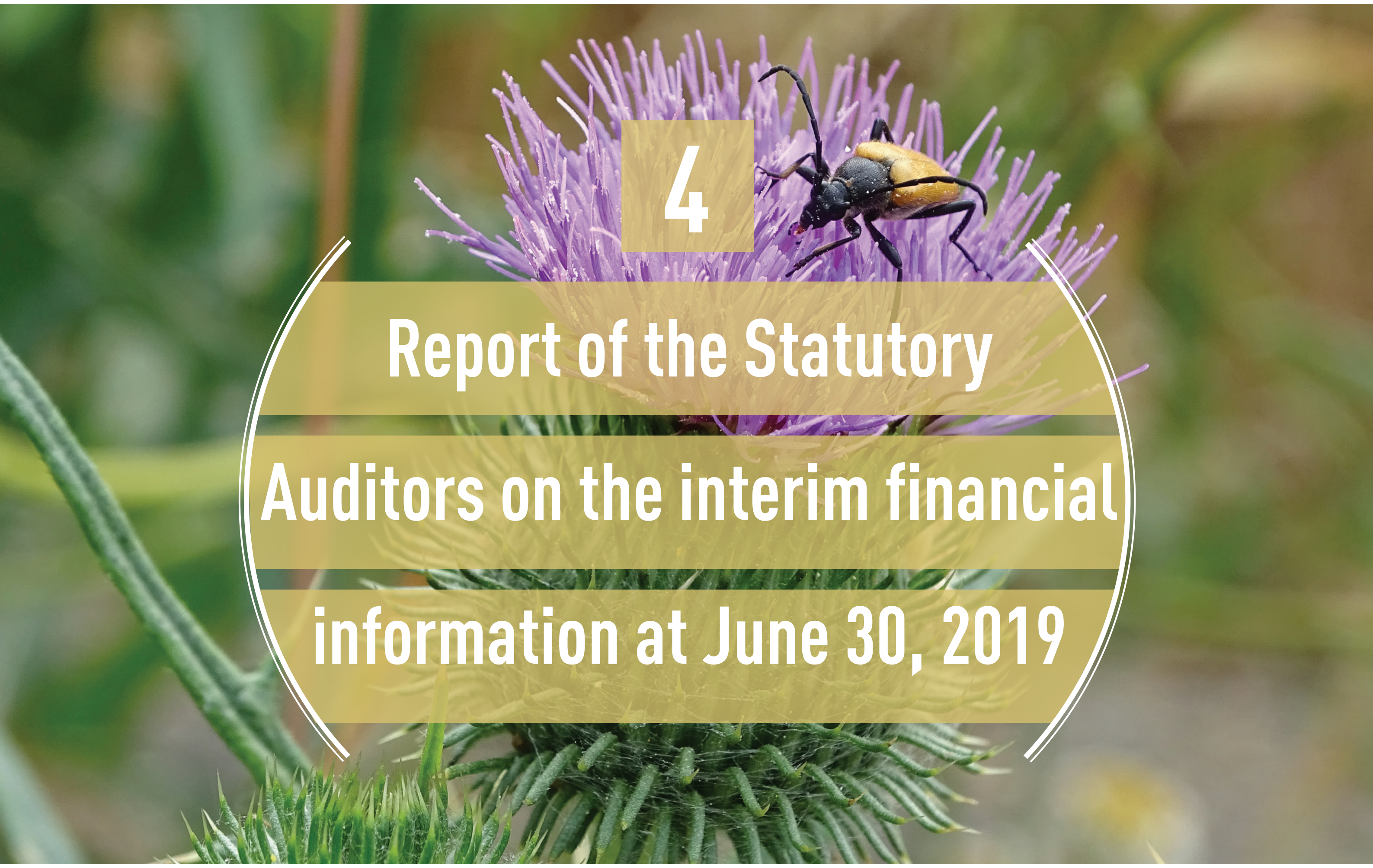
3.6.4.4. Earnings per share

Net earnings per share at the bottom of the income statement is the ratio of net income attributed to the parent company's shareholders to the weighted average number of shares making up the share capital of the parent company which are in circulation over the financial year, i.e. €0.96.

The Group has no dilutive instruments, so diluted EPS is equal to net EPS.

3.6.4.5. Key events since the closing of accounts

The Group is aware of no significant event occurring after the closing of accounts likely to have a significant impact on the Group's assets, financial position or operating results.
As far as the Company is aware, there were no legal disputes, arbitration or exceptional events occurring after the closing date that are liable to have or to have had in the recent past a significant effect on the financial position, earnings, activity or assets of the Company or the Group.



4 Report of the Statutory Auditors on the interim financial information at June 30, 2019

Period running from January 1, 2019 to June 30, 2019

To the Shareholders,

In accordance with the terms of our appointment at the Annual General Meeting and with article L.451-1-2 III of the French Monetary and Financial Code, we have performed:

- a limited review of the summary interim consolidated financial statements of Séché Environnement S.A. for the period from January 1 to June 30, 2019, such as they are appended to this report;
- checks on the information given in the interim activity report.

These summary interim consolidated financial statements were prepared under the responsibility of your Board of Directors. It is our responsibility to express our opinion on these financial statements based on our limited review.

I - Opinion on the financial statements

We performed our limited review in accordance with professional standards applicable in France. A limited review essentially consists in meeting with the members of the company's executive management who are responsible for accounting and financial matters and applying analytical procedures. A review is substantially less extensive than a full audit carried out in accordance with the professional standards applicable in France. As such, the assurance that the financial statements as a whole are free of material misstatement obtained via a limited review is a moderate one and not as high as that obtained through an audit.

On the basis of our limited review, and with regard to IFRSs as applicable in the European Union, we have not observed any material misstatements likely to call into question the fairness and accuracy of the summary interim financial statements or the image they give of the assets, financial position and results at the end of the first half-year period of the group comprised of the entities included in the scope of consolidation.

Without prejudice to the opinion expressed above, we draw your attention to Note 6.1 "Basis for preparing the financial statements" on the changes to the standards and interpretations applied by your company as of January 1, 2019, in particular the change in accounting method arising from the application of IFRS 16 "Leases", the impact of which on the financial statements at January 1, 2019 is described in Note 6.2.2 "Comparability" to the summary consolidated financial statements.

II – Specific verifications

We have also verified the information presented in the interim activity report in respect of the summary consolidated interim financial statements subject to our review. We have no comment to make on the truthfulness of this information or its consistency with the interim summary consolidated financial statements.

Nantes, September 9, 2019	Rennes, September 9, 2019
KPMG Audit	Mazars
Department of KPMG S.A.	*Ludovic Sevestre*
Franck Noël *Gwenaël Chedaleux*	*Partner*
Partner *Partner*	

5

Statement by the person responsible for the interim financial report

5.1

STATEMENT BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

“I hereby certify that, to the best of my knowledge, the consolidated accounts for the half-year reporting period have been prepared in accordance with applicable accounting standards and provide an accurate image of the assets, financial position and results of the Company and the consolidated entities, and that the accompanying interim management report presents an accurate picture of the important events that occurred during the first six months of the year, their impact on the accounts, the main transactions with related parties as well as a description of the principal risks and uncertainties for the remaining six months of the year.”

The Chairman and Chief Executive Officer
Joël Séché

Changé, September 10, 2019

Société Anonyme (French limited company) with share capital of €1,571,546 - registered in the Laval Trade and Companies register under number B 306 915 535
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