

## Press release

Changé, France, March 9, 2020

### Consolidated results at December 31, 2019

**Confidence in the ability to meet 2020 targets,  
majority of objectives already achieved in 2019**

**Solid level of business  
in France and internationally**

**Contributed revenue up +23%** to €688m  
+4% organic

**Confirmation of the acquisition strategy**

**Earned revenue: €115m** for the full year

**Quality operating performance**

**EBITDA +25%** to €135m or 19.7% of revenue  
+8% (organic) to 20.0% of revenue

**Cash generation up significantly**

**Free operating cash flow: +48%**  
to €57m, i.e. 42% of EBITDA

**Solid balance sheet to support the growth strategy**

**Strong liquidity position** at €287m  
**Controlled financial leverage** of 3.1x (vs. 2.9 x at  
the end of 2018) reflecting acquisition strategy

#### Most 2020 targets have already been achieved in 2019

- 2019 contributed revenue (at constant scope) of €586m (vs. target of between €550m and €600m in 2020)
- 2019 International revenue of 25% of total revenue (vs. target of 25% in 2020)
- 2019 EBITDA (at constant scope) of 20% of contributed revenue (vs. target of 20% in 2020)
- 2019 France EBITDA more than 20% of contributed revenue (vs. target of 20% in 2020)
- Cash conversion rate 42% of EBITDA (vs. target of 35% in 2020)

#### Confidence in the ability to achieve the roadmap through to 2022:

- Revenue (2019 scope) between €750m and €800m
- EBITDA between 21% and 22% of revenue
- Financial leverage ratio below 3x EBITDA

**Proposed dividend of**

**€0.95 per share**

At the Board of Directors' meeting held on March 9, 2020 to approve the consolidated financial statements at December 31, 2019, Chairman Joël Séché stated:

*“2019 was a year of important achievements for Séché Environnement at the strategic level and with respect to operating, financial and non-financial performance.*

*Our Group confirmed its internationalization strategy by adding to its facilities in Latin America and by building strong positions in Southern Africa with the acquisition of Interwaste and in Italy with the purchase of Mecomer. While the income generated outside of France increased to 25% of contributed revenue, Séché Environnement has also positioned itself in buoyant markets which are likely to accelerate our profitable growth strategy.*

*In its circular economy markets and the markets taking part in the fight against climate change and protecting biodiversity, Séché Environnement continues to push most of its financial and non-financial indicators higher. For several years now, the Group has been maintaining a solid pace of organic growth, improving its gross operating income, strengthening its balance sheet position through increased liquidity and flexibility and, lastly, raising the profit of its non-financial accomplishments through renewed governance, its success in generating renewable energy and reducing greenhouse gas emissions and its concrete efforts promoting biodiversity.*

*Indeed, the courses we have charted for our organization, in particular in the direction of greater industrial efficiency, have given us more relevant positioning and increased our commitment to meeting the needs of our customers in the area of industrial and environmental performance.*

*The financial objectives recently unveiled are fully confirmed: in 2019, we achieved a majority of the objectives we identified for 2020.*

*Of course, the current concern about coronavirus leads us to consider the next few months with caution. To date, this health crisis has not had a particular impact on our organization or activity, and we have taken preventive measures to protect our staff very early on.*

*While we remain extremely vigilant about the evolution of this crisis, our expectations for 2020 do not yet include the risk of a long-term and profound coronavirus crisis on the economic growth and industrial production of the regions in which we operate.*

*Despite the present context of uncertainty on the beginning of 2020, I would like to express my confidence in the ability of our Group to successfully complete the roadmap through to 2022 which we outlined last December.*

*This roadmap should present the picture of a more internationalized group over our timeframe, with gross operating income 2% above the current level and substantial reduction in debt, excluding acquisitions.*

*This is a portrait of a group in a strong position to continue its future financial and non-financial value-creating growth in France and internationally by offering concrete solutions to the crucial environmental challenges facing our Earth.”*

---

## *Summary of the Group's activity, income and financial situation at December 31, 2019*

---

During 2019, Séché Environnement confirmed its international acquisition strategy, taking control of Peruvian company Kanay, Interwaste in South Africa, Mecomer in Italy and Ciclo in Chile. These acquisitions represent total full-year revenue of nearly €115m.

Over the period, the Group saw robust organic growth in most of its markets in France and worldwide, in line with its forecasts.

The improvement in gross operating income (EBITDA/revenue) enabled the Group to maintain its financial flexibility at a level in line with objectives, despite a high level of industrial and financial investments.

It should be noted that this excellent operating and financial performance was achieved even though some facilities were partially unavailable in H2 2019 due to investments to modernize some incineration plants, the restarting of the Strasbourg-Sénerval incinerator and the impacts of the Lubrizol factory fire on our Triadis facilities in Rouen.

The Group therefore reiterates that it has the capacity to achieve its economic, operational and financial objectives for 2020<sup>1</sup> and to adhere to the roadmap it has laid down through to 2022<sup>2</sup>.

### *Solid organic growth – International scope effect*

With contributed revenue<sup>3</sup> of €687.8m, up 22.7% compared to 2018, Séché Environnement is reporting strong growth in its consolidated activities, reflecting both the quality of its organic growth across its historic scope of operations (+4.4%) and the contribution of its expanded international scope (+€102.5m).

Across the scope of its historic operations, the Group saw solid growth in France (+4.1%) where it benefited from a buoyant economic environment while its international subsidiaries (up +6.7% at constant scope and exchange rates) confirm the solid performance of its core markets.

In 2019, Séché Environnement came within range of meeting its 2020 contributed revenue target.

---

<sup>1</sup>See the press release of June 26, 2018.

<sup>2</sup>See the press release of December 17, 2019.

<sup>3</sup> Contributed revenue refers to reported revenue minus IFRIC 12 revenue and diversion compensation collected by Sénerval (net of variable cost savings on metric tons not incinerated, collected to cover the costs laid out to ensure continuity of public service). IFRIC 12 revenue corresponds to the amount of investments in service concessions, which are booked as both intangible fixed assets and as revenue in accordance with the recommendations of IFRIC 12.

### *Improved operating income*

Consolidated operating income increased substantially.

In particular, **Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)** totaled €135.4m (+24.6%), reflecting a further increase in gross operating profit, which rose to 19.7% of contributed revenue (vs. 19.4% in 2018).

The good operating performance was due to:

- ◉ primarily volume effects in France combined with favorable pricing effects that buoyed the treatment activities of two divisions. However, these same divisions had to contend with a loss of €(7.2)m related to one-time effects stemming from the unavailability of certain processing facilities and the non-renewal of the partial property tax exemption secured in 2018;
- ◉ mainly the contribution from the entities acquired in 2019, which came to €18.4m, for international business.

At constant scope, EBITDA reached €117.0m, i.e. 20% of contributed revenue, thereby achieving the objective set in 2019 for 2020.

**Current operating income (COI)** stood at €47.8m (+8.1%), or 7.0% of contributed revenue (vs. 7.9% in 2018).

The increase in COI reflects the positive EBITDA trend, but some charges were incurred:

- ◉ in France, a non-recurring amortization expense of €2.8m in connection with the startup of the new landfill sites;
- ◉ Internationally, amortization expenses of €3.0m on intangible assets relating to the entities acquired in 2019<sup>4</sup>.

Operating income came to €46.8m, i.e. 6.8% of contributed revenue (vs. €38.0m, i.e. 6.8% of contributed revenue in 2018).

### *Increase in net income, Group share*

**Financial income** came out to €(17.5)m vs. €(13.4)m in 2018. On the one hand, this change reflects the increase in the cost of net debt (sharp increase in average net financial debt for the period in conjunction with the financing of acquisitions, and the increase in the cost of gross debt, reflecting recent refinancing and its effect on the extension of debt maturity) and, on the other, the impact of miscellaneous financial expenses of €(1.7)m.

After recognizing the minority interests booked at €(1.1)m vs. €(0.6)m a year ago, **net income** (Group share) was €17.8m, vs. €15.6m in 2018 (+14.1%).

---

<sup>4</sup> Amortization of intangible assets by IFRS 3.

*Solid financial position showing preserved flexibility and an improved liquidity position*

At December 31, 2019, the Group had **free operating cash flow**<sup>5</sup> of €56.7m (vs. €38.4m in 2018, reflecting an increase of 47.7% for the period).

As a result, the cash conversion rate came out to 42% of EBITDA, a level substantially higher than the objective of 35% set for 2020.

Free cash totaled €92,3m at December 31, 2019 (vs. €66.8m one year earlier) and help to strengthen the group's liquidity position to €287.3m (vs. €261.6m at December 31, 2018).

**Industrial investments** reached €72.5m in 2019 (vs. €65.1m the previous year), i.e. 10.5% of contributed revenue, in line with the Group's medium-term objectives (between 10% and 11%)<sup>6</sup>.

After financial investments of €69,8m representing acquisitions made in 2019 and the integration of €26.9m representing the net financial debt of the acquired entities, the **net consolidated financial debt** (according to the banking definition) came to €399.4m at December 31, 2019 (vs. €317.4m one year ago).

The financial leverage ratio was brought to the manageable level of 3.1x EBITDA (vs. 2.9x one year ago), a level substantially below the 3.95x set out in the financial covenant –which could be raised to 4.2x in the event of any acquisitions.

---

<sup>5</sup> Cash flow before development investments, financial investments, IFRIC 12 investments dividends, and debt repayment  
<sup>6</sup>See the press release of December 17, 2019.

---

## *Outlook for 2020 confirmed<sup>7</sup>*

### *Confidence in the ability adhere to the roadmap through to 2022<sup>8</sup>*

---

#### *Outlook for 2020 confirmed*

Ongoing positive trends in France and the main international markets allow Séché Environnement to expect consolidated growth to remain at its current level, with quality growth in France and a strong increase in international activity.

In this lasting favorable environment, the first effects of the industrial efficiency plan and the cost savings plan should take gross operating margin (EBITDA / contributed revenue) higher in 2020 compared to 2019, to 20% of contributed revenue in both France and internationally (at constant scope).

Séché Environnement has a major investment program for 2020, with projects to expand international capacity in South Africa (Interwaste), Italy (Mecomer) and Chile (Ciclo project).

In organizational terms, it will invest in a new ERP solution over three years from 2020, which, among other benefits, will better structure oversight of its operations in line with the Group's operational optimization policy.

All of these development projects should total around €30m in 2020, in addition to the Group's standard maintenance and development investments (estimated at around 11% of contributed revenue). Investments will be made in line with the objective of free cash flow generation (35% of EBITDA) and financial flexibility, with the financial leverage ratio maintained at around 3.0x EBITDA at the end of 2020 (at constant scope).

#### *Confidence in the ability to achieve the roadmap through to 2022*

Séché Environnement presented its basic strategic guidelines regarding market positioning, development, and its industrial and organizational policies, which translate into the following outlook:

##### Development strategy:

**In France**, Séché Environnement intends to continue expanding in the high added value businesses of the circular economy, in particular in the recovery of scarce resources from hazardous waste and energy recovery from non-hazardous waste, as well as in added value service activities.


---

<sup>7</sup>See the press release of June 26, 2018.


*These forecasts do not take into account the potential risk of a significant and long-lasting impact on growth and industrial output of a coronavirus-related crisis in regions where the Group operates.*

<sup>8</sup>See the press release of December 17, 2019.

**Internationally**, the Group plans to take significant positions in emerging economies offering solid growth prospects in terms of volume and value, buoyed by the tightening of local environmental standards and rising barriers to entry. To achieve this, the strong organic growth expected on these markets could be enhanced by small-scale acquisitions if opportunities arise.

 Growth prospects:

Séché Environnement expects contributed revenue to amount to between €750m and €800m at the end of 2022, with around 30% generated internationally (compared with around 25% in 2019) – at constant scope.

 Prospects for operating income and cash flow generation:

Profitable growth, industrial efficiency and productivity gains enable Séché Environnement to set a target EBITDA of between 21% and 22% of contributed revenue.

The free cash flow generation<sup>9</sup> target of 35% of 2022 EBITDA is fully confirmed, with an improved financial leverage ratio (net financial debt / EBITDA) of below 3.0x 2022 EBITDA – excluding acquisitions – (vs. a mid-cycle ratio of around 3.0x).

---

<sup>9</sup> See below

## Summary of activity and consolidated results

### at December 31, 2019

#### Summary financial statement

Note: Unless expressly stated, the percentages shown in the tables and mentioned in the commentaries below are calculated using contributed revenue<sup>10</sup>.

In €m At December 31	Consolidated		France		International	
	2018	2019	2018	2019	2018	2019
Revenue (reported)	585.3	704.4	521.3	533.3	64.0	171.1
<b>Contributed revenue</b>	<b>560.5</b>	<b>687.8</b>	<b>496.5</b>	<b>516.7</b>	<b>64.0</b>	<b>171.1</b>
<b>EBITDA</b>	<b>108.7</b>	<b>135.4</b>	<b>97.0</b>	<b>104.5</b>	<b>11.7</b>	<b>30.9</b>
<i>As a %</i>	19.4%	19.7%	19.5%	20.2%	18.3%	18.1%
<b>Current operating income</b>	<b>44.2</b>	<b>47.8</b>	<b>36.2</b>	<b>32.2</b>	<b>8.0</b>	<b>15.6</b>
<i>As a %</i>	7.9%	7.0%	7.3%	6.2%	12.5%	9.1%
Operating income	38.0	46.8				
<i>As a %</i>	6.8%	6.8%				
Financial income	(13.4)	(17.5)				
Share of income of associates	0.4	ns				
<b>Net income from continuing operations</b>	<b>16.2</b>	<b>18.9</b>				
<i>As a %</i>	2.9%	2.8%				
Minority interests	(0.6)	(1.1)				
<b>Net income (Group share)</b>	<b>15.6</b>	<b>17.8</b>				
<i>As a %</i>	2.8%	2.6%				
<b>Free operating cash flow<sup>11</sup></b>	<b>92.7</b>	<b>121.4</b>				
<i>As a % of contributed revenue</i>	16.5%	17.7%				
<b>Net industrial CapEx paid (excl. IFRIC)</b>	<b>46.9</b>	<b>69.1</b>				
<i>As a % of contributed revenue</i>	8.4%	10.1%				
<b>Net banking debt</b>	<b>317.4</b>	<b>399.4</b>				

Reported consolidated data

<sup>10</sup> 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 Sênerval, net of variable cost savings to cover costs incurred to maintain continuity of services to local authorities during asbestos removal at the Strasbourg incinerator.

<sup>11</sup> Free cash flow: Available operating cash before development investments, financial investments, dividends, and financing



## Comments on 2019 activity

### Reported consolidated revenue - Consolidated contributed revenue - Scope effect

At December 31, 2019, Séché Environnement reported consolidated revenue of €704.4m, up 20.3% compared to revenue reported at December 31, 2018. Reported consolidated revenue includes non-contributed revenue of €16.6m (vs. €24.8m in 2018).

Net of non-contributed revenue, contributed revenue totaled €687.8m at December 31, 2019 (vs. €560.5m a year earlier), an increase of +22.7% over the year at current exchange rates (negligible currency effect).


### Breakdown of revenue by geographic region

At December 31	2018		2019		Gross change	Organic change
	In €m	As a %	In €m	As a %		
Subsidiaries in France (contributed revenue)	496.5	88.6%	516.7	75.1%	+4.1%	+4.1%
<i>o/w scope effect</i>	-	-	-	-		
International subsidiaries	64.0	11.4%	171.1	24.9%	+157.6%	+6.7%
<i>o/w scope effect</i>	-	-	102.5			
<b>Total contributed revenue</b>	<b>560.5</b>	<b>100.0%</b>	<b>687.8</b>	<b>100.0%</b>	<b>+22.7%</b>	<b>+4.4%</b>

Consolidated reported data at current exchange rates


At constant exchange rates, contributed revenue at December 31, 2018 was €560.7m, illustrating a negative foreign exchange effect of €(0.2)m.

During 2019, growth was supported by the positive trend in most business activities in France and solid performances internationally:

-  **In France**, contributed revenue totaled €516.7m at December 31, 2019 vs. €496.5m one year earlier, reflecting an increase of +4.1% for the period.

Within the recovery and treatment sectors, most business lines did well in terms of activity, driven by the solid showing of industrial markets, the stability of contracts with local authorities and the implementation of the circular economy. Treatment businesses are trending particularly well while Services saw higher activity in the second half of the year within the Hazardous Waste Division, with excellent performance turned in by environmental emergency services.

Revenue earned in France accounted for 75.1% of contributed revenue in 2019 (vs. 88.6% in 2018).

-  **Internationally**, revenue totaled €171.1m at December 31, 2019 vs. €64.0m one year earlier. This change reflects the contribution of the subsidiaries incorporated into the consolidation scope over the period, which comes to €102.5m.

**At constant scope**, revenue earned by international subsidiaries totaled €68.6m, up +7.2% at current exchange rates and +6.7% at constant exchange rates. Growth on an organic basis outside France is mainly fueled by the business momentum of the subsidiaries in Chile (+53.0%). Solarca (industrial services) saw business performance decline (-9.8%) compared to a particularly dynamic 2018.

Revenue earned by international subsidiaries accounted for 24.9% of contributed revenue in 2019 (vs. 11.4% in 2019).

*Breakdown of revenue by division*


At December 31	2018		2019		Gross change	Organic change
	In €m	As a %	In €m	As a %		
Hazardous Waste division	349.7	62.4%	450.5	65.5%	+28.8%	+7.2%
<i>o/w scope effect</i>	-		75.1			
Non-Hazardous Waste division	210.6	37.6%	237.3	34.5%	+12.6%	-0.4%
<i>o/w scope effect</i>	-		27.4			
<b>Total contributed revenue</b>	<b>560.5</b>	<b>100.0%</b>	<b>687.8</b>	<b>100.0%</b>	<b>+22.7%</b>	<b>+4.4%</b>

Consolidated reported data at current exchange rates


During the 2019 business year, the waste treatment and recovery subsidiaries in France were boosted by the solid showing of its industrial markets, the stability of contracts with local authorities, and, more broadly, by the favorable regulatory environment related to the development of the circular economy. Outside France, the Group justified its vibrant market penetration strategy, in particular in connection with the entities acquired in 2017 and 2019.

**The HW division** (65.5% of contributed consolidated revenue) recorded revenue of €450.5m at December 31, 2019, up +28.8% compared to last year.

This strong increase reflects a scope effect (€75.1m) and, across the historic scope, healthy industrial markets in France and Internationally:

-  **In France**, the division brought in €310.4m in revenue, representing growth of +7.9% compared to last year.

Over the period, the subsidiary's growth was driven by still buoyant industrial markets in terms of volume and prices. These positive commercial effects benefited waste treatment activities while services, in particular Decontamination services, made up for the project delays incurred early in the year in H2 thanks to the excellent performance turned in by the SUI subsidiary's environmental emergency intervention services;

-  **Internationally**, the division's revenue totaled €140.1m at December 31, 2019 vs. €62.1m one year earlier).

This revenue figure factors in a **scope effect** of €75.1m linked to the full-year integration of Kanay and Interwaste and the nine-month integration of Mecomer.

**Across the historic scope**, revenue from subsidiaries outside France stood at €65.0m, up +4.7% compared to 2018 at current exchange rates (+4.1% at constant exchange rates). This increase reflects a dynamic market penetration strategy that supports strong growth in treatment volumes, in particular in Latin America (Chile, etc.), while Solarca's volumes (services) are weighed against the brisk business it did in 2018.

With contributed revenue of €237.3m, up +12.6% compared to December 31, 2018 (€210.8m), the **NHW Division** accounted for 34.5% of contributed revenue.

The increase in revenue of this subsidiary included a **scope effect** of €27.4m, reflecting the contribution from Interwaste.

**Across the historic scope**, the division's contributed revenue at December 31, 2019 stood at €209.9m, a slight -0.5% decline compared to 2018:

- 🌍 **In France**, the division brought in revenue of €206.3m, a small drop of -1.3% compared to last year. While the division benefited fully from the implementation of regulations related to the circular economy, which support its recovery and treatment operations (+7.0%), Decontamination activities were down sharply (-25.9%) compared to 2018;
- 🌍 **Internationally**, revenue totaled €3.6m at December 31, 2019 (vs. €1.9m one year earlier). The division's organic growth reflects, in particular, the major increase in the contribution from SAN in Chile.

#### Breakdown of revenue by activity

At December 31	2018		2019		Gross change	Organic change
	In €m	As a %	In €m	As a %		
Treatment	280.2	50.0%	339.8	49.4%	+21.2%	+4.8%
<i>o/w scope effect</i>	-		46.1			
Recovery	94.0	16.8%	102.4	14.9%	+8.9%	+6.2%
<i>o/w scope effect</i>	-		2.5			
Services	186.2	33.2%	245.6	35.7%	+31.9%	+2.8%
<i>o/w scope effect</i>	-		54.0			
<b>Total contributed revenue</b>	<b>560.5</b>	<b>100.0%</b>	<b>687.8</b>	<b>100.0%</b>	<b>+22.7%</b>	<b>+4.4%</b>

Consolidated reported data at current exchange rates

**Treatment activities** brought in €339.8m at December 31, 2019 (vs. €280.2m one year earlier).

This change reflects a scope effect of €46.1m attributable to the consolidation of the waste treatment activities of Kanay, Mecomer and Interwaste.

**At constant scope**, revenue from treatment activities was €293.7m, reflecting organic growth of +4.8% for the period:

- 🌍 **In France**, this activity grew +2.7%. It benefited from favorable price and volume effects in connection with a good level of industrial output, which supported the hazardous waste incineration businesses, while the non-hazardous waste recovery and treatment businesses were supported by a favorable market environment and the enactment of regulations associated with the circular economy;
- 🌍 **Internationally**, treatment activities were up significantly (+53.8%) due to the profitable growth registered in Chile.

Treatment activities accounted for 49.4% of contributed revenue (vs. 50.0% in 2018).

**Recovery activities** brought in €102.4m in contributed revenue at December 31, 2019 (vs. €94.0m in 2018).

This increase included a **scope effect** of €2.5m linked to the consolidation of Interwaste's recovery activities.

**At constant scope**, revenue was up +6.2% to €99.9m:

- 🌍 **In France**, the revenue brought in by recovery activities stands at €78.7m (+9.3%) buoyed by positive developments in hazardous waste recovery activities (chemical purification) and by the contribution of energy recovery activities, which are benefiting from the upgrading of the SFR furnace-boiler in Changé;
- 🌍 **Internationally**, revenue fell slightly (-1.2%) to €21.2m, hurt by changes at Valls Quimica (Regeneration) whose activities are increasingly focused on businesses with higher value added against a backdrop of less buoyant economic conditions in Spain.

Recovery activities accounted for 14.9% of contributed revenue (vs. 16.8% in 2018);

**Services activities** recorded contributed revenue of €245.6m at December 31, 2019 (vs. €186.2m one year earlier).

**The scope effect** amounted to €54.0m due to the consolidation of Interwaste's service activities.

**At constant scope**, services activities were stable compared to the previous period (+0.7%) but their performance reflects sharp disparities from division to division (see above):

- 🌍 **In France**, the revenue brought in by services stood at €161.6m, up +3.9% over the period. Furthermore, the lower revenue generated by Decontamination activities at the beginning of the year was offset by a higher level of activity in the second half of the year, in particular that of the Séché Urgences Interventions Division, which specializes in environmental emergencies;
- 🌍 **Internationally**, revenue came in at €30.1m, showing a modest decline of -2.0% attributable to Solarca (chemical purification) whose 2019 performance compares unfavorably to 2018's very high level of activity.

Services activities accounted for 35.7% of contributed revenue (vs. 33.2% in 2018).

## Comments on consolidated results at December 31, 2019

### Change in EBITDA

As at December 31, 2019, consolidated Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) rose +24.6% from 2018, to €135.4m, representing 19.7% of contributed revenue (vs. €108.7m, or 19.4% of contributed revenue, one year earlier).

This increase of +€26.7m compared to 2018 was primarily due to:

- 🕒 the impact of the first-time adoption of IFRS 16 in the amount of +€8.3m;
- 🕒 **a scope effect** of +€18.4m tied to the integration of companies acquired over the period was recognized, i.e. 18.1% of earned revenue.  
It should be noted that except for Kanay, whose activity was hurt in 2019 by less profitable decontamination contracts, gross operating income within the scope is expected to reach 20.2% of revenue;
- 🕒 **like-for-like**<sup>12</sup>:
  - ✓ the growth in operating margin, equal to +€7.2m, due to volume effects and positive price effects related to a solid level of business, particularly in treatment tools;
  - ✓ The recognition of non-recurring charges of €(7.2)m, of which €(3.2)m related to the non-renewal of the property tax exemption which the Group enjoyed in 2018 and €(4.0)m due to the partial unavailability of facilities in the second half of the year.  
Excluding these one-offs, gross operating profitability stood at 19.8% of contributed revenue.

### Breakdown of EBITDA by geographic scope

In €m	December 31, 2018			December 31, 2019		
	Consolidated	France	International	Consolidated	France	International
Contributed revenue	560.5	496.5	64.0	687.8	516.7	171.1
EBITDA	108.7	97.0	11.7	135.4	104.5	30.9
% of contributed revenue	19.4%	19.5%	18.3%	19.7%	20.2%	18.1%

Consolidated reported data at current exchange rates

For each geographic scope, the main changes to gross operating performance were:

- 🕒 **In France**, EBITDA totaled €104.5m, or 20.2% of contributed revenue (vs. €97.0m, i.e. 19.5% of contributed revenue in 2018), which places the profitability of this area of operations in a range above the level set for 2020 (20%). This +€7.5m increase for the period mainly reflects:
  - ✓ the impact of the first-time adoption of IFRS 16 in the amount of €6.4m;
  - ✓ positive volume and price effects, which have helped treatment activities, all divisions combined;
  - ✓ the one-time effects of partial unavailability due to the shutdown of Salaise 2, the restarting of the Strasbourg-Sénerval incinerator and the partial closing of Triadis facilities in Rouen (Lubrizol factory fire) in the amount of €(4.0)m;
  - ✓ the impacts of the non-renewal of an exemption of a portion of property tax in the amount of €(3.2)m.
 Excluding these one-time effects, the gross operating income of French operations came out at 21.6% of contributed revenue.

<sup>12</sup> At constant scope and except IFRS 16 impact

- 🌐 **Internationally**, EBITDA totaled €30.9m, or 18.1% of contributed revenue (vs. €11.7m, i.e. 18.3% of contributed revenue in 2018).

This increase (+€19.2m) is due to:

- ✓ the impact of the first-time adoption of IFRS 16 in the amount of €1.9m;
- ✓ **the scope effect** of €18.4m attributable to the integration of the companies acquired in 2019 into the consolidation scope. Gross operating income brought in by the acquired entities came to 18.0% of earned revenue;
- ✓ **like-for-like**: there was a slight decline of €(1.2)m due to the lower contribution by Solarca's activities (Services) and the PCB markets in Mexico, which compares unfavorably to the high level of activity and profitability in 2018.

Gross operating income across the historic scope of operations came to 18.1% of revenue at December 31, 2019.

### Change in Current Operating Income

At December 31, 2019, current operating income stood at €47.8m, or 7.0% of contributed revenue (vs. €44.2m, i.e. 7.9% of contributed revenue in 2018).

This increase is due to:

- 🌐 the impact of the first-time adoption of IFRS 16 in the amount of +€0.5m;
- 🌐 the +€10.5m **scope effect** resulting in current operating margin of 10.2% for the acquired entities.

It should be noted that this contribution includes the amortization of intangible asset in the amount of €(3.0)m, recognized when Interwaste and Mecomer were acquired. These intangible assets will be amortized as required by IFRS 3, over a period of five years for Interwaste and seven years for Mecomer.

Adjusted for these amortization expenses, the current operating income of the acquired entities stands at 13.2% of earned revenue;

- 🌐 **like-for-like**, EBITDA totaled €36.8m, or 6.3% of contributed revenue (vs. €44.2m the previous year). This difference reflects the lower contribution of EBITDA at constant scope and the increase (+€7.4m) in net depreciation and amortization expenses, of which €2.8m represents a non-recurring amortization charge linked to the construction of new landfill sites in France.

### Breakdown of current operating income by geographic scope

In €m	December 31, 2018			December 31, 2019		
	Consolidated	France	International	Consolidated	France	International
Contributed revenue	560.5	496.5	64.0	687.8	516.7	171.1
COI	44.2	36.2	8.0	47.8	32.2	15.6
% of contributed revenue	7.9%	7.3%	12.5%	7.0%	6.2%	9.1%

Consolidated reported data at current exchange rates

For each geographic scope, the main changes were:

- 🌐 **In France**, current operating income totaled €32.2m, or 6.2% of contributed revenue (vs. €36.2m, i.e. 7.3% of contributed revenue in 2018).

This change is attributable to:

- ✓ the impact of the first-time adoption of IFRS 16 in the amount of +€0.4m;
- ✓ the contribution of EBITDA (+€1.2m) less the increase in amortization and depreciation expenses of €(5.6)m, of which €(2.8)m relates to the non-recurring amortization of investments in the creation of new landfill sites.

- 🌍 **Internationally**, COI totaled €15.6m, or 9.1% of contributed revenue (vs. €8.0m, i.e. 12.5% of contributed revenue in 2018).

This +€7.6m difference includes:

- ✓ the impact of the first-time application of IFRS 16 in the amount of +€0.1m;
- ✓ a €10.5m **scope effect**, i.e. current operating income representing 10.2% of the revenue brought in by the entities incorporated into the consolidation scope.  
It should be noted that this total includes, in the amount of €(3.0)m, the amortization of intangible assets following the acquisition of Interwaste and Mecomer (application of IFRS 3). Excluding these amortization charges, the current operating income of the acquired entities stands at 13.2% of earned revenue;
- ✓ **like-for-like**, the contribution of EBITDA, namely €(1.2)m, less amortization charges and provisions in the amount of €(1.8)m. Across the historic scope of operations, COI came out to 7.1% of revenue in 2019.

### *Change in Operating Income*

At December 31, 2019, operating income totaled €46.8m, i.e. 6.8% of contributed revenue (vs. €38.0m, or 6.8% of contributed revenue one year earlier).

This change mainly reflects:

- the impact of the first-time adoption of IFRS 16 in the amount of +€0.5m;
- various effects, including:
  - ✓ a loss of €(0.7)m on non-consolidated investments;
  - ✓ an expense of €(0.7)m related to the effects of business combination.

### *Change in Financial Income*

At December 31, 2019, financial income came out to €(17.5)m compared to €(13.4)m one year earlier.

This €(4.1)m difference is due to:

- 🌍 the impact of the first-time adoption of IFRS 16 in the amount of €(0.9)m;
- 🌍 a modest increase of €15.7m in the cost of net debt (vs. €13.9m last year) linked to the increase in average net financial debt combined with an increase in the cost of gross debt to 3.04% (vs. 2.86% in 2018), attributable to the longer maturities obtained during the debt refinancing operation in May 2019;
- 🌍 a variation of €(1.7)m in other financial income and expenses (vs. +€0.6m in 2018), of which:
  - ✓ a non-recurring effect of the thirty-year provision in the amount of €(0.5)m;
  - ✓ impairment losses booked for non-consolidated investments of €(0.4)m;
  - ✓ the impact of currency fluctuations in the amount of €(0.3)m.

### *Change in Corporate Tax expense*

In 2019, the Corporate Tax expense was €10.4m (vs. €8.8m in 2018) due to the improvement in the Group's profit-making capacity. The effective tax rate came out to 35.41%, due in particular to the prudent approach to the activation of tax loss carryforwards.

### *Change in the Share of Net Income of Affiliates*

The share of net income of associates was primarily composed of the Group's share in the income of GEREP and SOGAD. It was immaterial as of December 31, 2019 (vs. €0.4m in 2018, with this amount including Kanay).

### *Change in Consolidated net income*

At December 31, 2019, Consolidated net income was €18.9m (vs. €16.2m in 2018), reflecting an increase of +16.7% compared to last year and standing at 2.8% of contributed revenue.

After booking the minority interest share in that income (€1.1m vs. €0.6m in 2018, representing in particular the minority interest shares in Solarca and Mecomer), net income (Group share) stood at €17.8m (vs. €15.6m for 2018).

As a reminder, this includes the impact of the first-time application of IFRS 16 in the amount of €(0.4)m.

Net earnings per share came out to €2.27 compared to €2.20 at December 31, 2018.



**Comments on cash flow and the consolidated financial situation as of December 31, 2019**

*Consolidated statement of cash flows*

In €m	12/31/2018	12/31/2019
Cash flows from operating activities	86.2	110.4
Cash flows from investment operations	(52.0)	(138.8)
Cash flows from financing activities	(19.4)	41.8
<i>Change in cash flow from ongoing operations</i>	<i>14.8</i>	<i>13.4</i>
<i>Change in cash flow for discontinued operations</i>	<i>-</i>	<i>-</i>
<b>Change in cash and cash equivalents</b>	<b>14.8</b>	<b>13.4</b>

Reported consolidated data

*Cash flows from operating activities*

In 2019, the Group generated €110.4m in cash flows from operating activities (vs. €86.2m in 2018), namely an increase of +€24.2m.

This change reflects the combined effect of:

- 🌀 the fluctuation in WCR (€(5.0)m over the year, a deterioration of €(3.0)m compared to the 2018 fluctuation);
- 🌀 €(5.9)m in taxes paid compared to €(4.3)m in 2018 (a cash flow change of €(1.6)m);
- 🌀 the change in gross operating cash flow generated (+€28.9m) correlating to the change in current operating income excluding calculated expenses and non-recurring expenses.

Free operating cash flow<sup>13</sup> rose significantly compared to 2018 (+47.7%) to €56.7m resulting in an EBITDA to cash conversion rate of 42% (vs. 35% in 2018).

At December 31 In €m	2018	2019
EBITDA	108.7	135.4
<b>Recurring operating cash flow</b>	<b>92.4</b>	<b>121.4</b>
Net recurring CapEx paid	(34.6)	(38.0)
Change in WCR	(2.0)	(5.0)
Tax paid	(4.3)	(5.9)
Net interest payments	(13.1)	(15.8)
<b>Free operating cash flow</b>	<b>38.4</b>	<b>56.7</b>
<b>Cash conversion rate (Free cash flow/EBITDA)</b>	<b>35%</b>	<b>42%</b>

*Cash flows from investments*

Investment expenses (net of sales proceeds collected) amounted to €138.8m for the period and included the financial disbursements for external growth and industrial investments:

<sup>13</sup> Cash before development CapEx, financial investments, dividends, and debt repayment.

In €m	12/31/2018	12/31/2019
Industrial investments	65.2	72.5
Financial investments	1.0	1.1
<b>Investments booked</b>	<b>66.1</b>	<b>73.6</b>
Industrial investments	53.1	69.0
Financial investments	(1.1)	-
Subsidiary acquisition - Net cash flow	-	69.8
<b>Net investments paid out</b>	<b>52.0</b>	<b>138.8</b>

Reported consolidated data

Industrial investments amounted to €72.5m in 2019 and included:

- recurring investments of €48.4m, i.e. 7.0% of contributed revenue (vs. €38.7m in 2018, – excluding concession investments of €7.8m– i.e. 6.9% of contributed revenue).
- non-recurring investments of €24.1m, i.e. 3.5% of contributed revenue (vs. €18.6m in 2018, i.e. 3.3% of contributed revenue).

### Cash flows from financing activities

Net cash flow from financing activities came to +€41.8m in 2019. This mainly covers:

- flows from new borrowings: +€111.1m vs. €265.3m in 2018;
- flows from loan repayments: €(43.8)m vs. €(264.1)m in 2018;
- interest expense: €(15.8)m vs. €(13.1)m in 2018;
- flows from dividends paid to shareholders and minority interests: €(8.1)m vs. €(7.4)m in 2018;
- cash flows and cash equivalents without gain of control: €(1.6)m vs. €0.0m in 2018.

### Change in net financial debt reflecting the financing of acquisitions and the impact of the first-time application of IFRS 16

Consolidated net financial debt evolved as follows over the period:

In €m, at December 31	2018	2019
Bank debt (excl. non-recourse bank loans)	200.7	203.6
Non-bank debt	29.1	32.0
Bond debt	174.2	254.0
Lease finance liabilities	9.4	43.2
Miscellaneous financial debt	3.0	4.2
Short-term bank borrowings	0.6	11.5
Equity investments	-	-
<b>Total financial debt (current and non-current)</b>	<b>417.0</b>	<b>548.5</b>
Cash balance	(67.4)	(92.3)
<b>Net financial debt</b>	<b>349.6</b>	<b>456.2</b>
<i>o/w due within one year</i>	<i>31.0</i>	<i>61.0</i>
<i>o/w due in more than one year</i>	<i>380.6</i>	<i>395.1</i>
<b>Net financial debt (bank definition<sup>14</sup>)</b>	<b>317.4</b>	<b>399.4</b>

Reported consolidated data

At December 31, 2019, gross financial debt stood at €548.5m, compared to €417.0m in 2018.

<sup>14</sup> According to the definition of the term in the banking contract, net debt excludes some categories of debt, including non-recourse debt, and the impacts of IFRS 16.

This +€131.5m increase mainly reflects the financing of external growth operations and the integration of the financial debt of acquired entities into the consolidation scope, i.e.:

- New borrowings of +€119.6m;
- Loan repayments of €(43.8)m;
- A scope effect of +€26.9m resulting from the consolidation of the financial debt of the entities acquired in 2019;
- Miscellaneous in the amount of +€28.8m, including +€27.3m linked to the first-time application of IFRS 16.

At December 31, 2019, the cash balance stood at €92.3m, up +36.9% compared to the previous period, reflecting a further improvement in cash and cash equivalents reported on the balance sheet.

On that date, the Group's **net financial debt** (per IFRS) came out to €456.2m.

According to the definition of the term in the banking contract, which specifically excludes some categories of debt (including non-recourse debt) and the effects of the first-time application of IFRS 16, net debt stood at €399.4m at December 31, 2019, demonstrating controlled financial leverage of 3.1x EBITDA (vs. 2.9x one year earlier).

## Calendar

Revenue at March 31, 2020

April 28, 2020 after market close

## Contacts

Séché Environnement  
Manuel Andersen  
Head of Investor Relations  
+33 (0)1 53 21 53 60  
[m.andersen@groupe-seche.com](mailto:m.andersen@groupe-seche.com)

## About Séché Environnement

*Séché Environnement is one of France's leading players in the recovery and treatment of all types of waste, from both industry and local communities.*

*Séché Environnement is the leading independent operator in France. It is uniquely positioned as a specialist in highly complex waste, operating within regulated waste recovery and treatment markets with high barriers to entry, and develops cutting edge hazardous and non-hazardous waste recovery and treatment solutions.*

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

- *material or energy recovery from hazardous and non-hazardous waste;*
- *a comprehensive range of treatment solutions for solid, liquid and gaseous waste (thermal, physical-chemical and radiation treatment, etc.);*
- *the storage of final hazardous and non-hazardous waste;*
- *eco-services such as decontamination, decommissioning, asbestos removal and rehabilitation;*
- *the global management of environmental services under outsourcing agreements.*

*Leveraging its extensive expertise, Séché Environnement operates in more than 15 countries around the world and is developing rapidly internationally through organic growth and acquisitions. Already operating in Europe (Spain and Germany, and now Italy) Séché Environnement has recently taken a leading position in Latin America (Peru and Chile) and in South Africa.*

*The Group currently employs around 4,500 people worldwide (including about 2,000 in France).*

*Séché Environnement has been listed on Eurolist by Euronext (Compartment B) since November 27, 1997.*

*It is eligible for equity savings funds dedicated to investing in SMEs and is listed in the CAC Mid&Small and Einternext PEA-PME 150 indexes.*

## Important notice

*This press release may contain information of a provisional nature. This information represents either trends or targets as of the date of publication of the press release and may not be considered as results forecasts or as any other type of performance indicator. This information is by nature subject to risks and uncertainties which are difficult to foresee and are usually beyond the Company's control, which may imply that expected results and developments differ significantly from announced trends and targets. These risks notably include those described in the Company's Registration Document, which is available on its website ([www.groupe-seche.com](http://www.groupe-seche.com)). This information therefore does not reflect the Company's future performance, which may differ considerably, and no guarantee can be given as to the achievement of these forward-looking figures. The Company makes no commitment on the updating of this information. More detailed information on the Company can be obtained on its website ([www.groupe-seche.com](http://www.groupe-seche.com)), in the Regulated Information section. This press release does not constitute an offer of shares or a solicitation in view of an offer of shares in any country, including the United States. Distribution of this press release may be subject to the laws and regulations in force in France or other countries. Persons in possession of this press release must be aware of these restrictions and observe them.*

## Appendix 1: Effects of the first-time application of IFRS 16

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

In €m	12/31/2018	Impact of IFRS 16	1/1/2019 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 December 31, 2019:

In €m	12/31/2018	12/31/2019 before IFRS 16	Impact of IFRS 16	12/31/2019 (reported)
EBITDA	108.7	127.4	8.3	135.4
COI	44.2	47.3	0.5	47.8
Operating income	38.0	46.3	0.5	46.8
Financial income	(13.4)	(16.6)	(0.9)	(17.5)
Net income	15.6	19.3	(0.4)	18.9

## Appendix 2: Consolidated balance sheet

(In thousands of euros)	12/31/2018	12/31/2019
Goodwill	265,220	309,714
Intangible fixed assets under concession arrangements	53,588	49,441
Other intangible fixed assets	16,879	35,712
Property, plant and equipment	235,907	316,735
Investments in associates	3,276	431
Non-current financial assets	8,886	7,996
Non-current derivatives - assets	210	0
Non-current financial operating assets	40,551	42,889
Deferred tax assets	23,729	24,300
<b>NON-CURRENT ASSETS</b>	<b>648,245</b>	<b>787,218</b>
Inventories	12,920	14,553
Trade and other receivables	157,184	179,480
Current financial assets	3,597	3,580
Current derivatives - assets	32	0
Current financial operating assets	28,680	40,765
Cash and cash equivalents	67,425	92,276
<b>CURRENT ASSETS</b>	<b>269,839</b>	<b>330,660</b>
Assets held for sale	-	-
<b>TOTAL ASSETS</b>	<b>918,083</b>	<b>1,117,878</b>
Share capital	1,572	1,572
Additional paid-in capital	74,061	74,061
Reserves	160,042	161,918
Net income	15,580	17,825
<b>Shareholders' equity (Group share)</b>	<b>251,255</b>	<b>255,376</b>
Minority interests	3,515	8,096
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>254,769</b>	<b>263,472</b>
Non-current financial debt	380,599	485,238
Non-current derivatives - liabilities	630	189
Employee benefits	6,217	14,358
Non-current provisions	14,203	18,891
Non-current financial liabilities	430	9,681
Deferred tax liabilities	60	6,883
<b>NON-CURRENT LIABILITIES</b>	<b>402,138</b>	<b>535,240</b>
Current financial debt	36,377	63,228
Current derivatives - liabilities	74	83
Current provisions	1,973	5,442
Tax liabilities	1,562	6,439
Current financial operating liabilities	221,189	243,974
<b>CURRENT LIABILITIES</b>	<b>261,176</b>	<b>319,166</b>
Liabilities held for sale	-	-
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>918,083</b>	<b>1,117,878</b>

### Appendix 3: Consolidated income statement

(In thousands of euros)	12/31/2018	12/31/2019
<b>Revenue</b>	<b>585,308</b>	<b>704,419</b>
Income from other activities	6,294	8,137
Transfers of expenses	555	3,644
Purchases used for operational purposes	(70,023)	(95,662)
External expenses	(234,283)	(266,375)
Taxes other than on income	(45,796)	(46,268)
Employee expenses	(133,322)	(172,522)
<b>EBITDA</b>	<b>108,732</b>	<b>135,373</b>
Expenses for rehabilitation and/or maintenance of sites under concession arrangements	(11,569)	(10,855)
Operating income	1,781	191
Operating expenses	(1,543)	(3,848)
Net allocations to provisions and impairment	(2,401)	1,113
Depreciation	(50,794)	(74,171)
Other operating items	239	(3,657)
<b>CURRENT OPERATING INCOME</b>	<b>44,206</b>	<b>47,803</b>
Income on sales of fixed assets	(591)	(764)
Impairment of assets	(1,667)	-
Impact of changes in consolidation scope	(981)	(777)
Other operating income and expenses	(2,980)	501
<b>OPERATING INCOME</b>	<b>37,987</b>	<b>46,763</b>
Income from cash and cash equivalents	65	371
Cost of gross financial debt	(14,023)	(16,107)
<b>COST OF NET FINANCIAL DEBT</b>	<b>(13,958)</b>	<b>(15,736)</b>
Other financial income and expenses	601	(1,737)
<b>FINANCIAL INCOME</b>	<b>(13,353)</b>	<b>(17,473)</b>
Income tax	(8,799)	(10,358)
<b>INCOME OF CONSOLIDATED COMPANIES</b>	<b>15,835</b>	<b>18,932</b>
Share of income of associates	396	(45)
<b>NET INCOME FROM CONTINUING OPERATIONS</b>	<b>16,230</b>	<b>18,888</b>
Income from discontinued operations	-	-
<b>NET INCOME</b>	<b>16,230</b>	<b>18,888</b>
<i>o/w minority interests</i>	(650)	(1,063)
<b><i>o/w Group share</i></b>	<b>15,580</b>	<b>17,825</b>
<b>Group share</b>		
Non-diluted earnings per share	€2.00	€2.27
Diluted earnings per share	€2.00	€2.27

## Appendix 4: Consolidated statement of cash flows

(In thousands of euros)	12/31/2018	12/31/2019
<b>NET INCOME</b>	<b>15,834</b>	<b>18,888</b>
Share of income of associates	-	45
Dividends from joint ventures and associates	71	325
Amortization, depreciation and provisions	53,854	75,239
Income from disposals	(1,025)	835
Deferred taxes	4,904	1106
Other income and expenses	2,914	58
<b>Cash flow</b>	<b>76,551</b>	<b>96,496</b>
Income tax	3,896	9,252
Cost of gross financial debt before long-term investments	11,994	15,611
<b>Cash flow from operating activities before taxes and financing costs</b>	<b>92,440</b>	<b>121,359</b>
Change in working capital requirement	(1,966)	(5,045)
Tax paid	(4,306)	(5,893)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>86,168</b>	<b>110,421</b>
Investments in property, plant and equipment and intangible assets	(54,632)	(71,769)
Disposals of property, plant and equipment and intangible assets	1,515	2,719
Increase in loans and financial receivables	(956)	(1,083)
Decrease in loans and financial receivables	2,019	1,085
Takeover of subsidiaries net of cash and cash equivalents	(109)	(69,794)
Loss of control over subsidiaries net of cash and cash equivalents	144	5
<b>CASH FLOWS FROM INVESTMENT OPERATIONS</b>	<b>(52,020)</b>	<b>(138,837)</b>
Dividends paid to equity holders of the parent	(7,410)	(7,408)
Dividends paid to holders of non-controlling interests	(41)	(710)
Capital increase or decrease from controlling company	-	-
Cash and cash equivalents without loss of control	(27)	-
Cash and cash equivalents without gain of control		(1,593)
Change in shareholders' equity	47	35
New loans and financial debt	265,263	111,078
Repayment of loans and financial debt	(264,115)	(43,822)
Interest paid	(13,093)	(15,795)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>(19,376)</b>	<b>41,785</b>
<b>TOTAL CASH FLOW FOR THE PERIOD, CONTINUING OPERATIONS</b>	<b>14,772</b>	<b>13,369</b>
Net cash flow from discontinued operations	-	-
<b>TOTAL CASH FLOWS FOR THE PERIOD</b>	<b>14,772</b>	<b>13,369</b>
Cash and cash equivalents at beginning of year	52,278	66,806
Cash and cash equivalents at end of year	66,806	80,741
Effect of changes in foreign exchange rates	(244)	566
(1) of which:		
Cash and cash equivalents	67,425	92,276
Short-term bank borrowings (current financial debt)	(619)	(11,535)