

Compartment B – ISIN: FR 0000039139 – Bloomberg: SCHP.FP – Reuters: CCHE.PA

CAC MID & SMALL Index and ENTERNEXT PEA-PME 150 Index

Press release

Changé, France, April 28, 2020

Consolidated revenue at March 31, 2020: +10%

Effect of Mecomer (Italy) integration

Quality growth maintained

Limited impact of Covid-19 crisis at end-March

Business continuity with differentiated situations by site or geographical area

At March 31, 2020, Séché Environnement reported revenue of €172.9m, up +5.4% compared to one year earlier (€164.1m).

Contributed revenue¹ came out to €172.8m, an increase of **+10.1%** compared to one year earlier (€156.9m).

This solid performance includes a scope effect of €13.6m from principally the contribution of Mecomer, consolidated as from April 1, 2019. **At constant scope and exchange rates**, the first quarter showed strong activity **(+2.5%)**, particularly in France.

With contributed revenue up +4.3%, France benefited from an environment supported by steadily high industrial output and the positive effects of regulations aimed at implementing the Circular Economy. Internationally, the main subsidiaries enjoyed good business in South Africa and Peru, but with revenue down -3.9% at constant scope and exchange rates, international performance suffered a significant setback in PCB import activities (spot markets) and to a less extent, a reduced contribution from site operations.

After a solid January and February, the initial effects of the lockdown due to Covid-19, starting in the second half of March, impacted certain service activities (decontamination sites in France and chemical cleaning internationally), and some processing activities that were affected by a drop in volumes from industrial activity

At present, this decline in Séché's activity seems to have stabilized, assuming that the industrial activity of public and private clients will begin to gradually recover in May and that normalized growth levels will return in the third quarter in the Group's main geographic regions. From this perspective and under this assumption of an economic recovery, the Group also maintains its roadmap through to 2022.²

¹ See the "Definitions" section

² See the press release of March 9, 2020.

Commentary on business in the first quarter of 2020

During the first quarter of 2020, Séché Environnement saw solid business in France across most of its recovery, service, and treatment markets.

Internationally, revenue growth essentially reflected the scope effect of the integration of Mecomer (Italy). At constant scope and exchange rates, the trends were more mixed, depending on geographic regions and activities.

Notably, Séché Environnement finalized the merger in Peru between Taris and Kanay, the new entity which is keeping the Kanay name, and, in Spain, the Group increased its stake in Solarca and now holds 86% of the subsidiary's capital, while Joan Enric Carreres retains 14% and remains as Chief Executive Officer.

Breakdown of revenue by geographic scope

Consolidated data in €m

At March 31	2019	2020	Gross change	Organic change (1)
Subsidiaries in France	121.9	127.1	+4.3%	+4.3%
<i>o/w scope effect</i>	-	-		
International subsidiaries	35.0	45.7	+30.4%	-3.9%
<i>o/w scope effect</i>	16.3	13.6		
Total contributed revenue	156.9	172.8	+10.1%	+2.5%
<i>Diversion compensation (NHW France)</i>	7.2	-	-	-
<i>IFRIC 12 revenue (NHW France)</i>	-	0.1	-	-
Consolidated revenue (reported)	164.1	172.9	+5.4%	-1.3%

(1) At constant scope and exchange rates

At March 31, 2019, contributed consolidated revenue at constant exchange rates would have been €155.3m, reflecting a negative foreign exchange effect of -€1.6m for the period.

In France, contributed revenue amounted to €127.1m, up **+4.3%** on the first quarter of 2019. This noticeable increase illustrates the solid level of business up to early March on most markets, particularly industrial markets; meanwhile, Local Authorities markets confirmed their trend, in connection with implementation of the Circular Economy.

Internationally, revenue stood at €45.7m, up sharply by **+30.3%**, reflecting:

- the scope effect of €13.6m mainly from the integration of Mecomer (not consolidated in the first quarter of 2019). On an annualized basis, Mecomer achieved revenue growth at March 31, 2020 of +26% compared to March 31, 2019, for an increase of +13% in tonnage over the same period;
- at constant scope and exchange rates**, a **-3.9%** decline in activity: the marked contraction of recovery activities in Mexico (PCB spot markets) and a reduced contribution from Solarca (chemical cleanup site operations) obscured solid performances from Peru (revenue: +26.3%) and South Africa (revenue: +10.6%).

Breakdown of revenue by activity

Consolidated data in €m

At March 31	2019	2020	Gross change	Organic change (1)
Recovery	27.6	24.2	-12.4%	-12.0%
<i>o/w scope effect</i>	2.5	0.1		
Treatment	75.6	87.3	+15.5%	-1.9%
<i>o/w scope effect</i>	2.4	13.5		
Services	52.7	61.3	+14.2%	+18.9%
<i>o/w scope effect</i>	11.4	-		
Total contributed revenue	155.8	172.8	+10.1%	+2.5%
<i>Diversion compensation (NHW France)</i>	7.2	-	-	-
<i>IFRIC 12 revenue (NHW France)</i>	-	0.1	-	-
Consolidated revenue (reported)	164.1	172.9	+5.4%	-1.3%

(1) At constant scope and exchange rates

Organic growth in contributed revenue in the first quarter of 2020 was driven by **the momentum in service activities** in France (Decontamination) and internationally (Interwaste).

Treatment activities reflected mainly Mecomer's contribution (€13.5m scope effect). At constant scope and exchange rates, these activities held up well in France (apart from incineration), while internationally, revenue growth was choked by weaker performance from Chile (HW storage).

Recovery activities hit a slump, mainly because of a lower contribution from the International PCB markets, which are suffering from an unfavorable comparison basis with their peak from one year ago (spot markets); while in France, the decline in energy recovery overshadowed the success of the materials recovery (chemical purification) business lines.

Breakdown of revenue by division

Consolidated data in €m

At March 31	2019	2020	Gross change	Organic change (1)
HW division	100.6	113.5	+12.8%	+0.4%
<i>o/w scope effect</i>	11.8	13.6		
NHW division	56.3	59.3	+5.4%	+6.3%
<i>o/w scope effect</i>	4.5	-		
Total contributed revenue	156.9	172.8	+10.1%	+2.5%
<i>Diversion compensation (NHW France)</i>	7.2	-	-	-
<i>IFRIC 12 revenue (NHW France)</i>	-	0.1	-	-
Consolidated revenue (reported)	164.1	172.9	+5.4%	-1.3%

(1) At constant scope and exchange rates

The HW division recorded revenue of €113.5m, up **+12.8%** on a reported basis and up **+3.3%** at constant scope and exchange rates:

- 🌍 **In France**, the revenue generated by the division amounted to €78.5m, which represents a **+9.1%** increase from the first quarter of 2019. The division has industrial markets that are still sound, supporting treatment operations (excluding incineration). The period featured an increase in medical waste (MW) treatment in connection with the start of the Covid-19 epidemic. The materials recovery business lines (chemical purification) also did well, while services experienced a high level of activity compared to the same period one year ago.
- 🌍 **Internationally**, revenue totaled €35.0m (vs. €28.7m one year earlier). This includes a scope effect of €13.6m, reflecting the contribution of Mecomer, which was consolidated as of April 1, 2019. **At constant scope and exchange rates**, the trend in the division (**-22.5%** over the period) was mixed, based on activity and geographic area, the pronounced slowdown in PCB activities in Mexico (-93%), and, to a lesser extent, operations in Chile (storage), offsetting the return to satisfactory activity in Peru.

The NHW division posted contributed revenue of €59.3m, up **+5.4%** (reported data) and up **+6.3%** (at constant exchange rates) from the first quarter of 2019. The division's growth was driven by the services and treatment businesses:

- 🌍 **In France**, the division's revenues amounted to €48.7m, a slight decline of **-2.4%** compared to the same period in 2019. This can be attributed to the lower contribution from energy recovery (-16.3%, while materials and treatment activities held up well, boosted by the implementation of the circular economy and good performance from the industrial markets. Services, especially decontamination, experienced a robust level of activity that contrasted with the same period last year.
- 🌍 **Internationally**, the NHW division generated revenue of €10.7m, up **+66.9%** (reported data) and **+81.4%** at constant exchange rates compared to the same period last year, mainly due to a strong growth trend in NHW business at Interwaste in South Africa.

Cash management under control, financial strength maintained

2020 projections confirmed, to-date, based on the assumption of still-limited impact of the Covid-19 crisis on activity and a return to normal in the third quarter of 2020

2022 roadmap confirmed

Séché Environnement's commitments and business continuity plans

Séché Environnement is in command of the hazards of waste, which is a strategic concern for the continuity of economic and social life. As such, it operates in business lines that are critical to public sanitation, protection of human health, and remediation of environmental risks.

Its positioning on the waste markets, particularly hazardous waste, makes it essential to the continuity of its industrial customers' output. The majority of these customers operate in the strategic sectors of energy, chemicals, health care, or pharmaceuticals. This also means Séché Environnement is a committed partner to its Local Authority and Hospital customers, enabling them to continue their public service missions.

As such, very early on, Séché Environnement set up enhanced protective measures for its staff, particularly the teams most directly exposed to waste, and "barrier actions" were adopted for all Group employees the minute the first cases of contamination on French soil were confirmed. Since then, organizational initiatives promoting work from home or on-site team rotation have been mainstreamed.

Séché Environnement is pleased to have helped protect its employees' health – which is the number one reason for implementing these measures – and to have kept its human resources intact and its equipment available. The Group can count on the daily, courageous, and exemplary commitment of its teams to keep its operations up and running for its customers.

As a result, from the moment that lockdown measures were implemented in France and other countries where the Group operates, Séché Environnement has proceeded with its customers' waste recovery and treatment activities as part of the continuity plans developed across all its sites, with limited impact thus far on volumes or operations and therefore on the Group's profitability.

Variable impact depending on region, but still limited on a Group scale

Séché Environnement has nonetheless seen declines in activity in some of its business lines, such as services in France and Internationally (Decontamination; Chemical Cleaning), which have suffered project delays, or sorting/recovery operations and storage equipment that have faced lower levels of Waste from Economic Activity (WEA) in conjunction with the slowdown in certain industrial activities and the service sector, particularly distribution.

Situations are also varied in the different countries where the Group operates. For example, Peru, Spain and South Africa are seeing downturns that are quite a bit more significant than in France and Italy.

However, the drop in activity seems stabilized for now.

Note that in March, the global spread of the pandemic resulted in significantly worsening exchange rates for certain currencies against the euro, specifically in South Africa and Chile, which reduced the contributions of subsidiaries in those countries to consolidated activity.

Cash management under control, financial position preserved

Since the lockdown began, Séché Environnement has paid close attention to preserving its liquidity position.

At December 31, 2019, the Group had a liquidity position of €287m, which comprised €93m in free cash, €19m in overdraft facilities, a €25m term line of credit, and €150m in revolving credit facilities (RCF).

Séché Environnement strives to control its working capital requirement through an active billing and collection policy. In addition, the Group has obtained six-month extensions of loan terms on its current bank loans and overdrafts. Finally, the Group does not have any major financial debt repayment deadlines until 2023.

As a precaution, Séché Environnement has decided to suspend certain development investments in France and internationally, such the roll-out of the Eden project in South Africa (€11m planned in 2020), or the start-up of the Ciclo project in Chile (€6m in 2020).

At present, the sound liquidity position that prevailed at the start of the financial year is generally unchanged.

Scenario of a short-term impact followed by a significant recovery, with 2020 projections and the 2022 roadmap upheld

Séché Environnement is estimating a short-lived impact, followed by renewed activity in France starting in the second half of May, and in the other countries sometime in May. This revival could be accompanied by a rebound in waste volumes, particularly on the WEA markets, once industrial output recovers, major retailers reopen, and inventories are replenished. In services, some subsidiaries in France and internationally are already planning for site restarts and anticipating a gradual return to normal operations as early as May.

However, post-crisis situations may develop very differently in the geographic regions where the Group operates. That is why Séché Environnement is keeping a close watch on the situation in Europe, in Latin America and even more in South Africa, where the economy is highly cyclical and the exchange rate with the euro can fluctuate substantially.

In light of first-quarter achievements, and assuming a short-lived impact in France and the main countries where it operates, Séché Environnement believes that it could catch up on any scheduling delays in certain business lines in the second quarter, following a low point in terms of operations and results in the second quarter of 2020.

For these reasons, Séché Environnement is currently maintaining its expectations for 2020³, with:

- 🌱 Contributed revenue of between €650m and €700m;
- 🌱 Consolidated EBITDA at 20% of contributed revenue;
- 🌱 An EBITDA to cash conversion rate of 35%;
- 🌱 Financial leverage around 3x EBITDA.

Séché Environnement notes that the majority of its targets for 2020 were already achieved in 2019.

These targets factor in the effects of the end of the public service delegation contract for management of the Béarn incinerator in the first half of 2020. This contract represented revenues of approximately €8.8m, EBITDA of around €2.7m and COI of around €0.5m in 2019.

However, Séché Environnement is staying vigilant on developments in its markets and its customers' situations, and is watching carefully for any factor that would require it to adjust the projections set out above. As such, achieving these targets in 2020 remains contingent on a “strong increase in international activity”, in particular “a greater contribution from Interwaste”.⁴

Under these same scenarios, Séché Environnement is also confirming its roadmap through to 2022¹, with:

- 🌱 Contributed revenue of between €750m and €800m;
- 🌱 EBITDA of between 20% and 22% of contributed revenue;
- 🌱 An EBITDA to cash conversion rate of 35%;
- 🌱 Financial leverage ratio below 3x EBITDA.

³ See the press release of December 17, 2019.

⁴ See press release of March 9, 2020 and presentation to analysts of March 10, 2020

Definitions

Contributed revenue: reported revenue minus IFRIC 12 revenue and diversion compensation.

IFRIC 12 revenue: investments made for disposed assets and booked as revenue in accordance with IFRIC 12.

Diversion compensation: compensation used, net of variable charges, to cover the additional costs incurred by Séché Environnement to ensure the continuity of public service during asbestos removal at the Strasbourg-Sénéval incinerator.

Conference call

A conference call to describe the business activity for the first quarter of 2020 will be held (in French only) on April 28, 2020 at 6:00 p.m. Paris time.

To participate in the conference, please dial **+33 (0)1 70 71 01 59**. Code: **51 12 94 61 #**

Material to accompany the presentation will be available from 5:45 p.m. on Séché Environnement's website:

<https://www.groupe-seche.com/en/investors/home>

The conference recording will be available at +33 (0)1 72 72 74 02 – Code: 41 89 18 358 #

Calendar

Combined General Meeting

April 30, 2020

Revenue at June 30, 2020

July 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

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). 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), 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.