

## Press release

Changé, France, July 28, 2020

### Activity as of June 30, 2020

**Revenue down slightly, -5% (reported data)**  
**Business activity confirmed resilient in France**  
**Contrasting situations abroad**  
**Business targets maintained**

<b>Limited impact from COVID-19 pandemic</b>	Contributed revenue: €314m, i.e. -4.9% vs. 6/30/2019
	Revenue - France: €237m, i.e. -5.0% vs. 6/30/2019
	Revenue - International: €77m, i.e. -4.6% vs. 6/30/2019
<b>Business confirmed resilient</b>	Hazardous W. revenue: €198m, down slightly -6.2%
	Non Hazardous W. revenue: €116m, stable at +0.1%
<b>Outlook differs by region</b>	France: Big bounce in HW and NHW businesses
	International: cycles postponed and negative Forex impact

#### **Business targets maintained for 2020<sup>1</sup>**

2020 contributed revenue target to low end of the initial range of €650m to €700m.

#### **EBITDA target adjusted for 2020<sup>1</sup>**

Accounting for crisis effects during Q2 and International uncertainties, leading to anticipate a one-off impact up to 1% of contributed revenue on the 2020 EBITDA target.

#### **Confidence in the 2022 trajectory**

Contributed revenue targeted between €750m and €800m and EBITDA between 21% and 22% of 2022 contributed revenue.

<sup>1</sup> See Investor Day, June 26, 2018: targeted EBITDA at 20% of contributed revenue for 2020

## First-half 2020 highlights

The first half of 2020 was marked by the COVID-19 pandemic, which affected Séché Environnement's businesses and the geographical regions where the Group is present, albeit in different ways.

With contributed revenue of €313.6m as of June 30, 2020, slightly down -4.9% compared to June 30, 2019, Séché Environnement has demonstrated the resilience of its waste recovery and treatment businesses, particularly in France.

This was because Séché Environnement carries on essential business in environmental and health risk management, and addresses a non-cyclical core industrial clientèle with strategic businesses (energy, health, pharmaceuticals, chemistry, etc., amounting to 35% of 2019 revenue) which continued to operate during the crisis, while Local Authorities and Environmental Services (36% of consolidated revenue in 2019) are characterized by the durability of their markets.

However, the symmetry between changes by scope (France revenue: -5.0% and International revenue: -4.6%) conceals contrasting situations between regions and businesses over the period:

- ✚ In France (75% of revenue in 2019), the crisis primarily affected services (stoppage of decontamination sites), sorting and recovery (lower WEA<sup>2</sup> volumes) and final waste management (particularly polluted land treatment); meanwhile, materials recovery (chemical purification), and incineration (particularly hazardous waste) benefited from a good starting level of activity and the continuation of industrial clients' activities.

At the end of the period, a sharp rebound in waste volumes and the resumption of worksites led to a return to growth in this scope in June compared to June 2019 (+2.8%).

- ✚ Internationally (25% of revenue in 2019), the crisis had varying impacts on the subsidiaries' business, with a sharp decline for Solarca (industrial maintenance sites) while Mecomer (Italy) maintained a good level of growth over the period, and Spain and South Africa saw moderate business contraction.

In some places (South Africa, LatAm), the unfavorable shift in foreign exchange rates beginning in March compounded the decline in business.

Finally, the cycle shift, between the late arrival of the health crisis in Latin America and the implementation of strict lockdowns particularly in Chile and Peru, has heavily impacted business in those areas, and hindered the overall recovery of the International scope.

The continuation of current trends in France should spell a good second half and, in that scope, the contraction in business seen in the first half would at least partially be made up.

Internationally, uncertainties as to the strength of the recovery in some geographical areas presage a 2020 revenue figure below that of 2019.

These forecasts have allowed Séché Environnement to adjust its business expectations for 2020, with a contributed revenue target adjusted to low end of its initial range of €650m-€700m<sup>3</sup>.

<sup>2</sup> WEA: Waste from Economic Activities

<sup>3</sup> See "Investor Day", June 26, 2018 and "Investor Day", December 17, 2019

Given the business resilience seen in the first half of the year but also the one-off costs due to the health crisis in Q2 and the persistent uncertainties as to the scale of the International recovery in the second half, the Group is anticipating a negative one-off impact up to 1% of contributed revenue on the EBITDA of 20% of revenue targeted for fiscal year 2020.

Séché Environnement remains confident in its ability to meet its 2022 goals, which include a target consolidated revenue of between €750m and €800m, of which 30% will come from International, and EBITDA of between 21% and 22% of contributed revenue.

## Analysis of business in the first half of 2020

As of June 30, 2020, Séché Environnement reported consolidated revenue of €313.8m, compared to €342.3m one year earlier. Reported consolidated revenue includes non-contributed revenue of €0.2m (vs. €12.5m as of June 30, 2019).

Net of non-contributed revenue, contributed revenue totaled €313.6m as of June 30, 2020 (vs. €329.8m one year earlier), marking a -4.9% decline over the period (reported data) and -7.8% in organic terms<sup>4</sup>.

### Breakdown of revenue by geographic region

At June 30	2019		2020		Gross change	Organic change
	In €m	As a %	In €m	As a %		
Subsidiaries in France (contributed revenue)	249.5	75.7%	237.0	75.6%	-5.0%	-5.0%
<i>o/w scope effect</i>	-					
International subsidiaries	80.3	24.3%	76.6	24.4%	-4.6%	-17.0%
<i>o/w scope effect</i>	43.2		13.6			
<b>Total contributed revenue</b>	<b>329.8</b>	<b>100.0%</b>	<b>313.6</b>	<b>100.0%</b>	<b>-5.0%</b>	<b>-7.8%</b>

Non-audited consolidated data

At constant exchange rates, contributed revenue at June 30, 2019 was €325.3m, illustrating a negative foreign exchange effect of €4.5m over the period.

The period was characterized by the COVID-19 crisis, which hurt geographical regions in different ways, with significant foreign exchange effects and cycle delays between France and International outside Europe:

- 🚩 **In France**, contributed revenue totaled €237.0m at June 30, 2020 vs. €249.5m one year earlier, reflecting a decrease of -5.0% for the period.

This scope had a strong start to the fiscal year, particularly in industrial markets. Beginning in the second half of March, the crisis hurt some businesses such as Services (Pollution Remediation & Decontamination sites), final waste management (smaller contaminated soil volumes), and sorting/recovery of Waste from Economic Activity (WEA). At the same time, recovery and incineration, particularly of hazardous waste, were barely affected by the effects of the lockdown.

After hitting a low in April, most businesses saw a sharp rebound, and revenue in France climbed back up, with growth returning in June (+2.8% over June 2019).

Revenue earned in France accounted for 75.6% of contributed revenue in the first half of 2020 (vs. 75.7% in H1 2019).

- 🚩 **Internationally**, revenue totaled €76.6m at June 30, 2020 vs. €80.4m one year earlier, reflecting a decrease of -4.6% for the period. This includes a scope effect of €13.6m from the first quarter, reflecting the contribution of Mecomer, which was consolidated as of April 1, 2019.

**At constant scope**, revenue earned by International subsidiaries totaled €63.0m, down -21.6% at current exchange rates and -17.0% at constant exchange rates.

<sup>4</sup> Organic: at constant scope and exchange rates

Besides producing a cycle delay, the health crisis also revealed contrasting situations between regions and subsidiaries:

- **In Europe** (Italy, Spain, Germany), business at subsidiaries saw a -16% decline over the period, except for Mecomer which posted revenue that was up +4.9%.
- **Outside Europe**, the crisis was accompanied by a very substantial decline in exchange rates beginning in March, particularly in South Africa and to a lesser extent in Peru (€4.5m impact over the first half of the year). As such:
  - Interwaste (South Africa): Revenue at June 30, 2020 was €29.2m, a -9.7% decline at current exchange rates but a +1.2% increase at constant rates.
  - Kanay (Peru): Revenue (€5.5m at June 30, 2020) was down -18.5% at current exchange rates and -18.0% at constant rates.
  - SAN (Chile) suffered a large contraction in its business due to a strong first half of 2019, with revenue of €2.5m, down -43.9% at current exchange rates and -19.1% at constant rates.
  - Solarca (Rest of the World) suspended its worksite operations at the start of the first half, with revenue of €6.2m, down -48.1% (no significant foreign exchange effect).

Revenue earned by international subsidiaries accounted for 24.4% of contributed revenue in the first quarter of 2020 (vs. 24.3% one year earlier).

#### Breakdown of revenue by division

At June 30	2019		2020		Gross change	Organic change
	In €m	As a %	In €m	As a %		
Hazardous Waste division	213.8	64.8%	197.5	63.0%	-7.6%	-12.7%
<i>o/w scope effect</i>	32.5		13.6			
Non-Hazardous Waste division	116.0	35.2%	116.1	37.0%	+0.1%	+1.1%
<i>o/w scope effect</i>	10.7		-			
<b>Total contributed revenue</b>	<b>329.8</b>	<b>100.0%</b>	<b>313.6</b>	<b>100.0%</b>	<b>-4.9%</b>	<b>-7.8%</b>

Non-audited consolidated data

In the first half of 2020, the waste treatment and recovery divisions demonstrated the resilience of Séché Environnement's business. As such, after a substantial contraction in volume and a sharp decline in some service businesses (worksites) in France and abroad, the divisions saw their business recover significantly, particularly the Hazardous Waste division.

The **Hazardous Waste (HW) division**, which accounts for 63.0% of consolidated contributed revenue, recorded revenue of €197.5m at June 30, 2020, down -7.6% from the first half of 2019 at current exchange rates. Subtracting the scope effect and foreign exchange fluctuations, the division's decline was -12.7%, reflecting the fact that markets moved differently from one geographical region to another, with substantially more resilient business in France even as the cycle shifts observed in the International scope led to a greater contraction in its HW business:

- 🇫🇷 **In France**, the division brought in €144.9m in revenue, representing a slight decline of -1.0% compared to the same period last year.

The division had a promising start to the fiscal year, supported by solid industrial markets and the growth of Services businesses (Decontamination). The arrival of the health crisis in mid-March led to the suspension of decontamination work, as well a decline in the volumes of contaminated soil in treatment facilities.

Businesses linked to industrial activity, such as incineration and materials recovery (chemical purification), were substantially less affected given the Group's positioning in favor of a strategic industrial clientèle, which remained operational.

Since May, the division has benefited from the resumption of decontamination work and a sharp rebound in volumes, particularly in final waste treatment facilities.

- ✚ **Internationally**, the division's revenue totaled €52.6m at June 30, 2020 vs. €64.2m one year earlier, a decrease of -22.0% in reported data. Subtracting the scope effect (€13.6m) and foreign exchange fluctuations, the decline in organic terms was -39.3%.

The substantial contraction of International revenue from the HW division, at constant scope and exchange rates, reflects cycle shifts in the health crisis between different geographical regions, as the post-crisis restart of industrial markets has been slower than in France.

With contributed revenue of €116.1m, **the Non Hazardous Waste (NHW) division** is slightly up (+0.1% at constant exchange rates and +1.1% in organic terms) compared to the first half of 2019 (€116.0m), and accounts for 37.0% of contributed revenue:

- ✚ **In France**, the division recorded contributed revenue of €92.1m, down -10.7% from the first half of 2019.

Over the period, the division was affected by the reduced contribution of the energy recovery business (ramp-up of Sénerval), and during the health crisis, by the decline in the Services business (decontamination sites) and by the contraction in WEA volumes.

The sharp jump in volumes and return of site-based work to a normal level enabled the division to rebound at the end of the period to its pre-crisis level of activity.

- ✚ **Internationally**, revenue totaled €24.0m at June 30, 2020 (vs. €12.9m one year earlier).

The strong organic growth in the division (+106%) particularly reflects the large contribution from Interwaste (South Africa), which benefited from spot markets in that period.

#### Breakdown of revenue by activity

At June 30	2019		2020		Gross change	Organic change
	In €m	As a %	In €m	As a %		
Treatment	158.0	47.8%	157.3	50.1%	-0.4%	-8.4%
<i>o/w scope effect</i>	15.1	-	13.6			
Recovery	60.6	18.4%	44.4	14.2%	-26.6%	-26.0%
<i>o/w scope effect</i>	4.5	-	-			
Services	111.2	33.8%	111.8	35.7%	+0.5%	+3.1%
<i>o/w scope effect</i>	23.6	-	-			
<b>Total contributed revenue</b>	<b>329.8</b>	<b>100.0%</b>	<b>313.6</b>	<b>100.0%</b>	<b>-4.9%</b>	<b>-7.8%</b>

Non-audited consolidated data

**Treatment activities** brought in €157.3m at June 30, 2020 vs. €158.0m one year earlier, a slight decline of -0.4% (reported data).

This change incorporates a €13.6m scope effect resulting from the contribution of Mecomer in the first half of 2020 (consolidated effective April 1, 2019). In organic terms, treatment activities were down -8.4%:

- ✚ **In France**, treatment activities contracted -3.0% to €130.2m, benefiting from the resilience of the NHW division, while the decline in contaminated soil (related to the stoppage of decontamination work) hurt the HW division during the health crisis.
- ✚ **Internationally**, these activities saw a sharp organic decline (-40.0%), with contrasting changes between Mecomer, which grew over the period, and non-Europe business which remained persistently affected.

Treatment activities accounted for 50.1% of contributed revenue.

**Recovery activities** brought in €44.4m at June 30, 2020 (vs. €60.6m a year earlier, down -26.6% at current exchange rates and -26.0% at constant rates:

- ✚ **In France**, revenue from recovery activities stood at €33.6m (-24.1%), reflecting the lower performance of energy recovery activities, which were hurt by the ramp-up of the Sénerval incinerator in the winter while hazardous waste recovery activities (chemical purification) continued to hold up well.
- ✚ **In the International scope**, revenue fell stood at €10.8m, down -33.5% at current exchange rates and down -31.2% at constant rates, hurt by a sharp decline in PCBs activities in Latin America (spot markets) and to a lesser extent, by 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.

**Services activities** recorded contributed revenue of €111.8m at June 30, 2020 (vs. €111.3m a year earlier, up +0.5% at current exchange rates and +3.1% at constant rates:

- ✚ **In France**, revenue from services activities was €73.2m, up +3.1% over the period, reflecting the bounce in Decontamination activities after the health crisis.
- ✚ **In the International scope**, revenue stood at €38.7m, a -4.1% contraction at current exchange rates and up +2.9% at constant rates, representative of positive movement by Interwaste (South Africa) even as the Solarca project's activities were badly hurt over the period.

Services activities accounted for 35.7% of contributed revenue.

## Business outlook maintained for 2020 - Confidence in the 2022 trajectory

Séché Environnement is growing in promising waste recovery and treatment markets, with solutions that address the challenges of its industrial and governmental clients for the circular economy, fighting climate change, and promoting sustainable development.

These markets are characterized by their resilience, which has as much to do with the inevitable nature of waste output as it does with regulations that support their growth in terms of both volume and value.

For this reason, after a health crisis that has led to an unprecedented GDP contraction in France and many countries where the Group is present, Séché Environnement has observed:

- ✚ **In France**, the return to growth of most of its business, with a rebound in volumes that has been keenly felt in the HW division, while the NHW division is continuing its positive course. The continuation of these trends is strengthening the prospect of a good second half in this scope, compared to a second-half 2019 that saw few challenges given the partial unavailability of some sites (the revamping of Salaise 3; the restart of Sénerval) and the lower contribution from some businesses (Decontamination). For this reason, the second half might allow for the first-half decline in activity within this scope to be partially made up.
- ✚ **In the International scope**, each geographical area and subsidiary is facing a different situation:
  - Solarca (4% of revenue in 2019) is expected to benefit from a high level of billings in the second half of the year, due to the postponement of its projects, and Mecomer (5% of revenue in 2019) is expected to continue its pace of growth observed throughout the first half of the year.
  - Valls Quimica (Spain; 4% of revenue in 2019) and Interwaste (South Africa; 9% of revenue in 2019) have recovered despite a bleak economy.
  - Latin America (4% of revenue in 2019): The current situation still looks uncertain with respect to how long the crisis will last and what impacts it will have on the business of subsidiaries there.

The continuation of these trends, accompanied by persistently unfavorable foreign exchange effects, suggest that this scope will see a lower contribution in the second half of 2020 than in the second half of 2019.

These facts have allowed Séché Environnement to adjust its business expectations for 2020<sup>5</sup>, with a contributed revenue target at low end of its initial range of €650m-€700m.

On this basis, the one-off negative impacts of the health crisis in Q2 (change in waste mix, ...), the lower contribution of energy recovery over the period and the uncertainties as to the strength of the International recovery, could impact up to 1% of revenue the EBITDA of 20% of contributed revenue targeted for 2020.

Séché Environnement is confident in its ability to continue its 2022 trajectory, which includes a target consolidated revenue of between €750m and €800m, including 30% from International operations, and EBITDA of between 21% and 22% of contributed revenue.

<sup>5</sup> See "Investor Day", June 26, 2018 and "Investor Day", December 17, 2019

### Conference call

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

To participate in the conference, please dial **+33 (0)1 70 71 01 59**. Code: **60 17 90 85 #**

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 46 566 #

### Calendar

**Consolidated results at June 30, 2020**

**September 14, 2020 after market close**

### Contacts

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### 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, Enternext PEA-PME 150, and Enternext Tech40 indexes.*

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