



# ODDO BHF TECH40 FORUM

Paris, November 24-25, 2020



European **Rising Tech**  
LABEL



# **A resilient business model that provides visibility**

# Company Profile

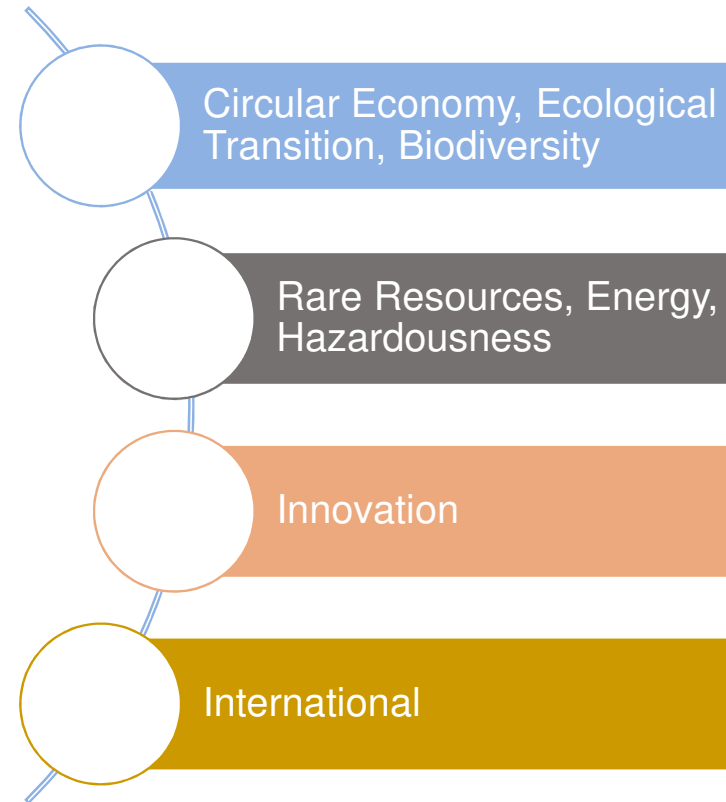
## An Innovative Player of the Circular Economy

### Our business:

- To build **comprehensive answers** to Municipalities' or Industrials' issues about **energy transition, circular economy** with respect to **biodiversity concerns**

### Our positioning:

- A « **pure player** » of **waste recovery** and environmental **risk management**
- An fully-integrated player** in the value chain for the management of all types of waste, from characterization to recovery and safety of ultimate waste
- A **long-term development** based on **tech innovation**
- A dynamic **external growth strategy**, especially internationally



# Company Profile

## Businesses with high technological contents

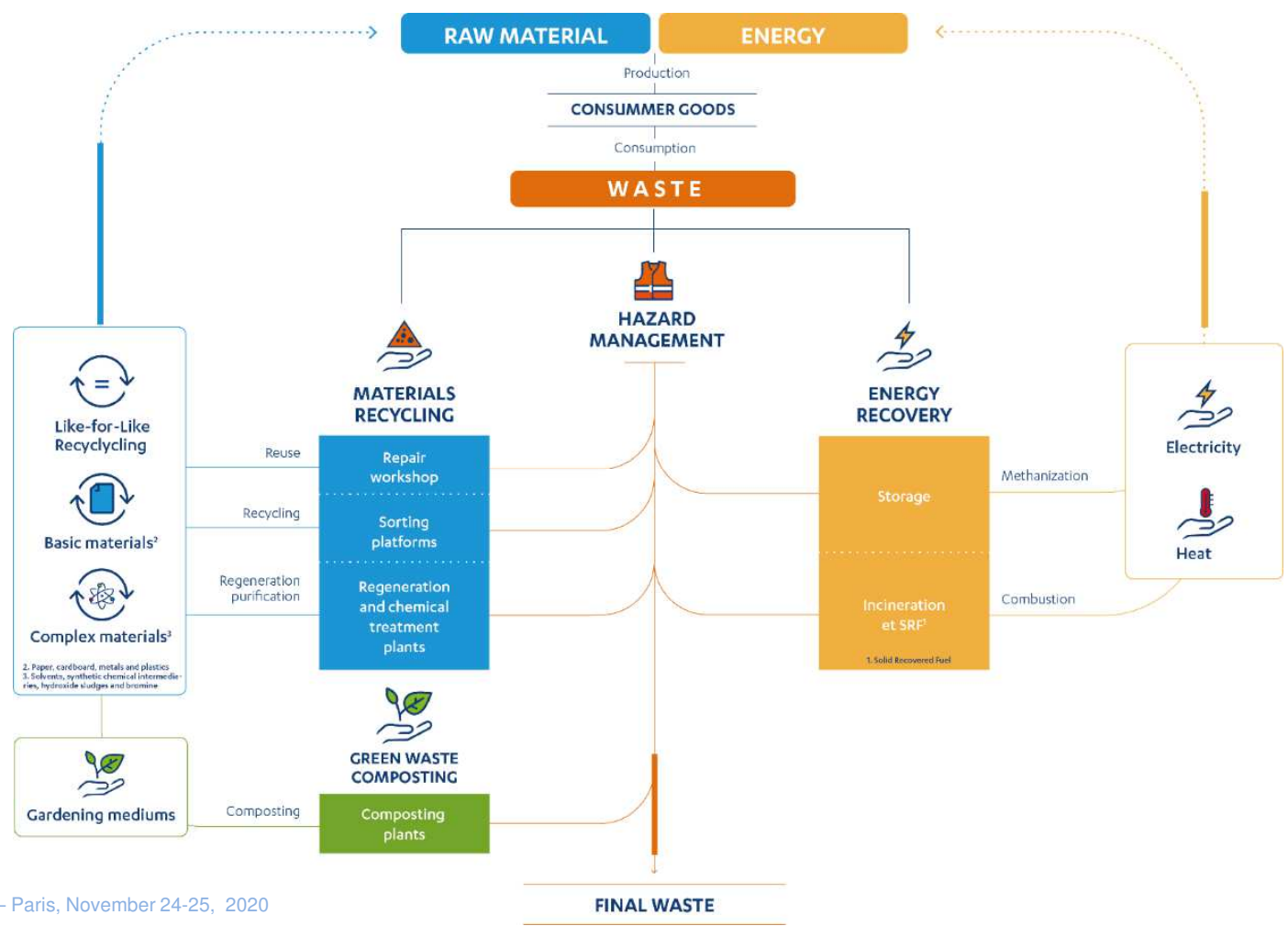
### Our assets:

- A strong focus on **industrial clients (80% of revenue)** and **hazardous waste markets (66% of revenue)**
- A positioning on regulated **high-value added markets** and permitted businesses with **barriers to entry**
- A specialist of **industrial and territorial ecology** with unique achievements in terms of circular economy
- A **family-owned company** with a **long-term vision** and short decision circuits



Chemical purification – Speichim Processing

# Environmental Solutions to Ecological Transition and Circular Economy Issues

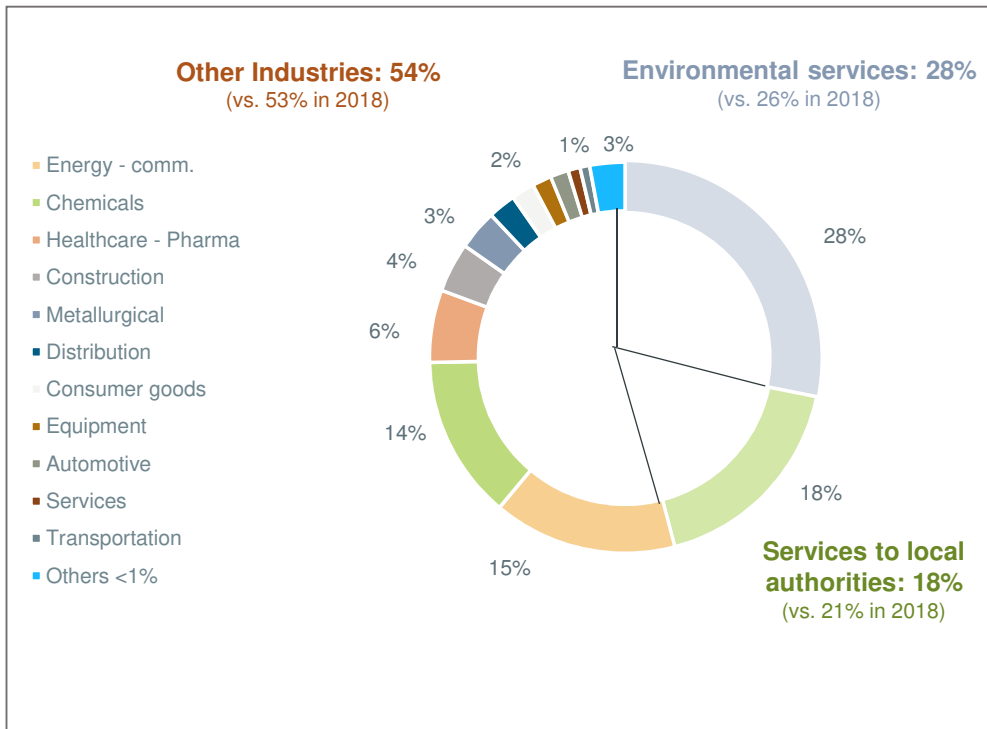


**An optimized Material balance in 2019**  
61% of recycled materials were sold  
39% were re-used

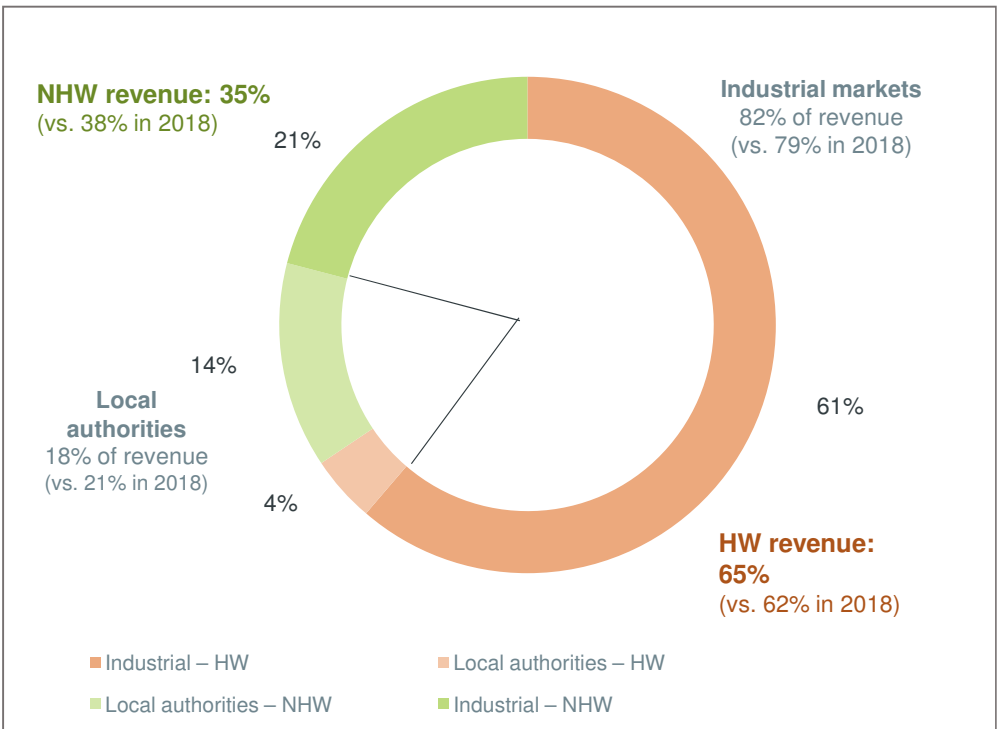
**A positive Energy balance with a 234% self-sufficiency rate in 2019**

# A Focus on Industrial Clients and Hazardous Waste Resilience by Nature

**Breakdown of contributed revenue at 12/31/2019  
by division and by client type**



**Breakdown of contributed revenue at 12/31/2019  
by sector of activity**



# Production of Resources and Hazardousness Management

## Technological Infrastructures and Services



# Innovation and R&D

## Differentiation through Expertise

### Proprietary know-hows with high technological contents

#### Material recovery

Bromine regeneration



#### Energy Recovery



SFR energy  
recovery

#### Hazardousness management



Industrial Gas treatment

### Anticipating the future

#### Material recovery



Bio-based plastics



Recovery of molecules of interest

#### Energy Recovery



Pyro-gasification  
of non-organic ultimate waste

#### Hazardousness management



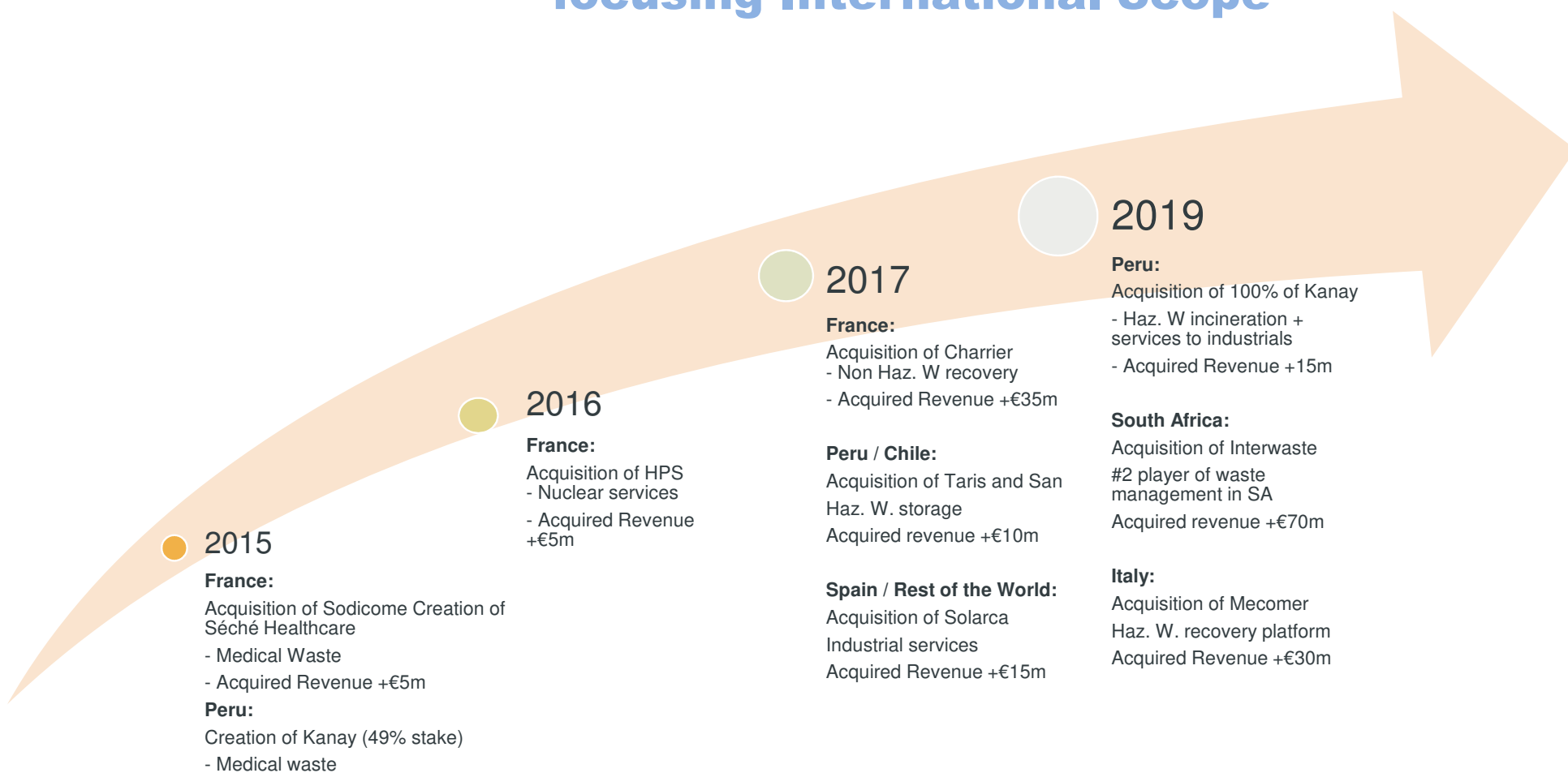
Recovery of low-radioactivity waste



Control of mercury pollution



# Since 2017: Acceleration of External Growth Strategy, focusing International Scope



# SDG Performance

## included in our Environmental Impact Credit

### New governance in line with best practices

- **Separation of the roles** of Chairman and Chief Executive Officer
- **Reform of the Board of Directors** concentrating on the principles of **complementary skills**, **gender parity** and **independence**



### Measures to counter **climate change**

- **Impact of activities:** 0.9m tCO<sub>2</sub>eq o/w 37% biogenic emissions (id. 2018)
- **Action for the planet:**
  - **Emissions avoided:** 0.1m. tCO<sub>2</sub>eq (id. 2018)
  - **GHGs abated:** 4.0 m tCO<sub>2</sub>eq (vs. 2.6m tCO<sub>2</sub>eq in 2018)

### Measures taken with respect to **energy transition**

- **Energy production:** 734 GWH (impact of Salaise 2) (vs. 769 GWH in 2018)
- **Proportion of renewable energy:** 31% (vs. 30% in 2018)
- **Energy self-sufficiency rate:** 234% (vs. 246% in 2018)

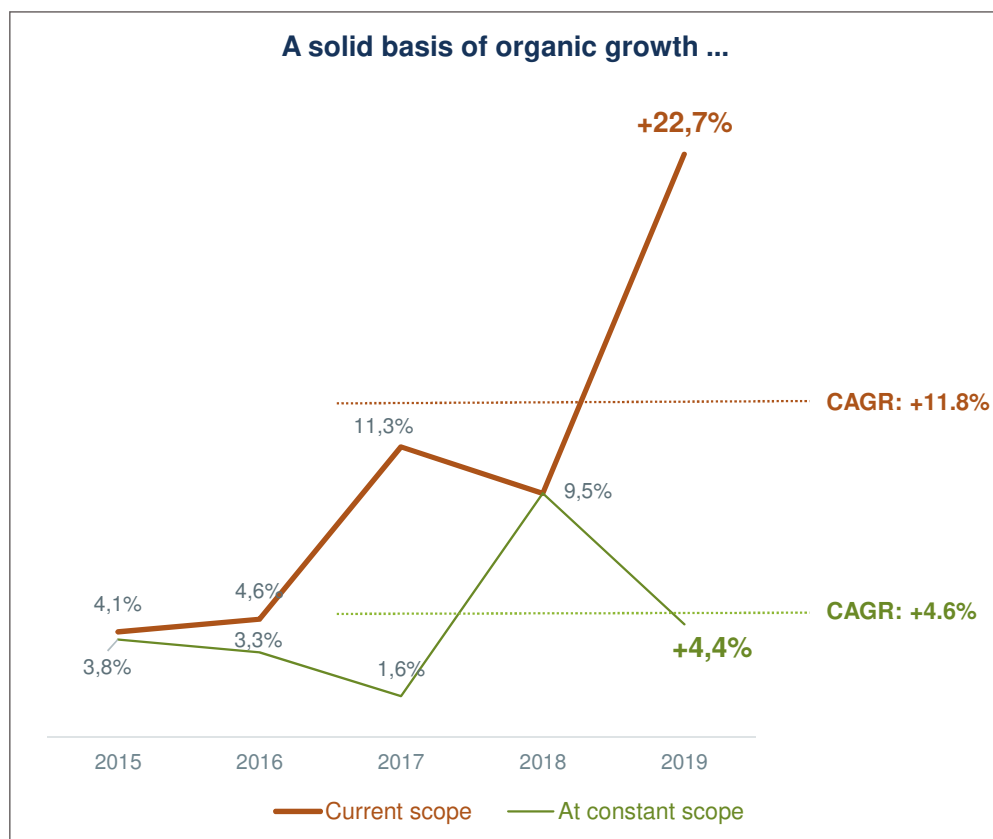


### Measures in favor of **biodiversity**

- Self-applied ecological policy and **1<sup>st</sup> company in France to obtain double certification Ecocert Climate / Biodiversity**
- **“DNA” internal effort:** integration of 2 international sites in 2019
- Joining the effort led by the French Ministry of Ecological Transition (MTES), *Entreprises Engagées pour la Nature – Act4Nature*, **now one of the 11 French Members of Act4Nature International**

# Resilient Activities on Sustainable Markets

## Solid Medium-term Organic Growth



- ... driven by **positive trends in the waste treatment and recovery markets** (66% of 2019 contributed revenue)
  - **In France and in Europe:** healthy industrial markets underpinned by positive volume and price effects (excluding Spain) and by the implementation of the circular economy
  - **Internationally (excluding Europe):** the needs of industrial customers in the field of environmental solutions consistent with the highest standards (increasingly strict regulatory requirements)
- ... and by the **potential of Services** with a broader and internationalized range of solutions (34% of 2019 contributed revenue)
  - **Positioning in added value services**
    - Technical decontamination and environmental emergencies
    - Chemical cleaning
    - Outsourcing
  - **Strong strategic priority**
    - Industrial integration upstream of our core business
    - Supporting clients: an ability to respond adapted for international needs (Europe/LatAm/Africa)

## A Profitable Growth Strategy

### Economic and Financial Performance

At December 31 In €m	2018	<i>As a % of contributed revenue</i>	2019	<i>As a % of contributed revenue</i>		Gross change
<b>Contributed revenue</b>	560.5	100%	687.8	100%		+23%
<b>EBITDA</b>	108.7	19.4%	135.4	19.7%		+25%
<b>Current operating income</b>	44.2	7.9%	47.8	7.0%		+8%
Operating income	38.0	6.8%	46.8	6.8%		+23%
Net financial income	(13.4)	-	(17.5)	-		
Net income	16.2	2.9%	18.9	2.8%		+17%
<b>Net income (group share)</b>	15.6	2.8%	17.8	2.6%		+14%
Recurring operating cash flow	92.7	16.5%	121.4	17.7%		+31%
Net industrial CapEx paid (excl. IFRIC)	46.9	8.4%	69.1	10.1%		+47%
<b>Net banking debt</b>	317.4	-	399.4	-		+26%

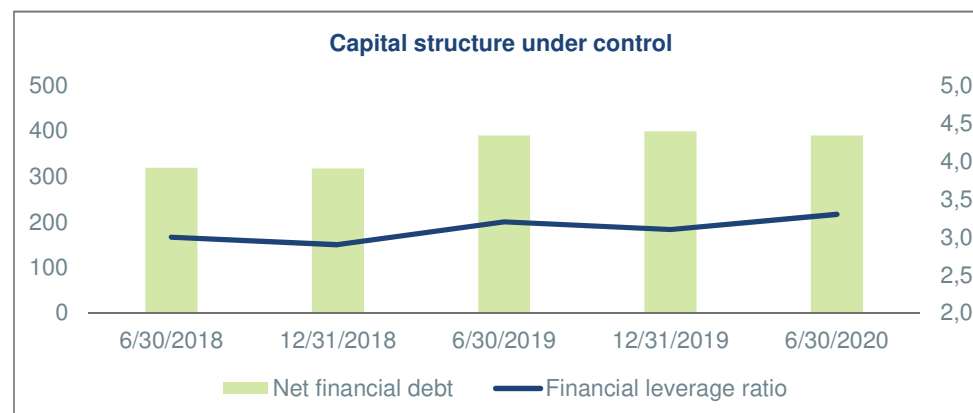
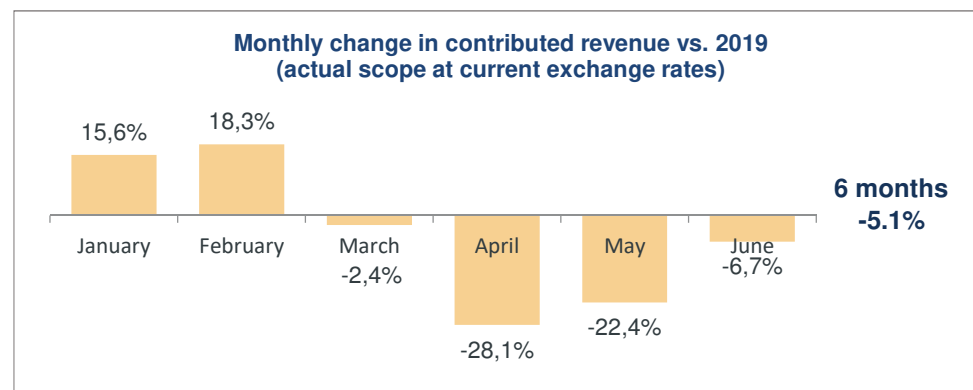


# Limited impact of the Covid-19 crisis 2020 outlook confirmed

## Limited impact of Covid-19 in the first half of the year

### A very responsive organization

- Excellent response to the global health crisis
  - Adapted organization
  - Business continuing in France and internationally
  - Cash prioritized
  
- Limited impact of the health crisis on the H1 financial statements
  - Moderate decline in activity (excl. energy recovery)
  - Agile organization and operational impact under control
  - Financial strength preserved
  
- Sharp decline in the contribution from energy recovery, reducing EBITDA by €(7.6)m in H1
  
- Positive trends in H2 and 2020 targets confirmed



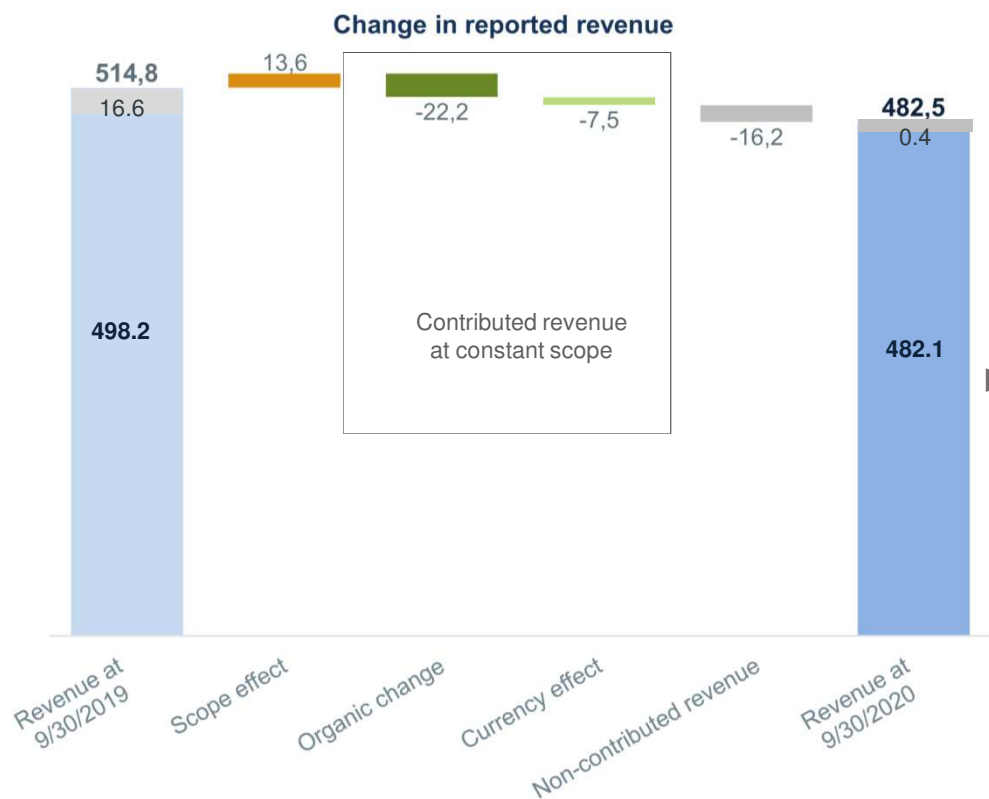
## Key indicator trends at June 30, 2020

### Economic and Financial Performances preserved

At June 30 In €m	2019	<i>As a % of contributed revenue</i>	2020	<i>As a % of contributed revenue</i>	Gross change
<b>Contributed revenue</b>	<b>329.8</b>		<b>313.0</b>		<b>-5%</b>
<b>EBITDA</b>	<b>63.6</b>	<b>19.3%</b>	<b>53.8</b>	<b>17.2%</b>	<b>-15%</b>
<b>Current operating income</b>	<b>22.1</b>	<b>6.7%</b>	<b>13.0</b>	<b>4.1%</b>	<b>-41%</b>
Operating income	21.6	6.6%	11.9	3.8%	-45%
Net financial income	(8.4)	-	(10.4)	-	-
Net income	8.1	2.5%	(0.9)	(0.0)%	ns
<b>Net income (Group share)</b>	<b>7.6</b>	<b>2.3%</b>	<b>(0.9)</b>	<b>(0.0)%</b>	<b>ns</b>
Recurring operating cash flow	52.9	16.0%	41.7	13.3%	-21%
Net industrial CapEx paid (excl. IFRIC 12)	30.2	9.1%	35.4	11.3%	+16%
<b>Free cash flow</b>	<b>35.0</b>	<b>10.6%</b>	<b>39.4</b>	<b>12.6%</b>	<b>+13%</b>
<b>Net banking debt</b>	<b>390.4</b>	<b>-</b>	<b>390.1</b>	<b>--</b>	<b>0%</b>

## Over 9M: Contributed revenue down slightly

### Forex impact and cycle effect in International markets



- Non-contributed revenue: €0.4m vs. €16.6m
  - Strasbourg-Sénerval incinerator back to normal operating conditions

- **Contributed revenue: €482.1m** (vs. €498.2m at 09/30/2019)  
i.e. -3.2% (reported data)
  - Scope effect: +€13.6m (contribution from Mecomer in Q1)
  - Significant currency effect: €(7.5)m, i.e. -1.5% of revenue
  - **Organic basis\*: limited -4.5% decline in contributed revenue**
    - Treatment and services activities held up well
    - Situations in different regions still contrasted but recovery is observed in all regions in Q3

\* At constant scope and exchange rates

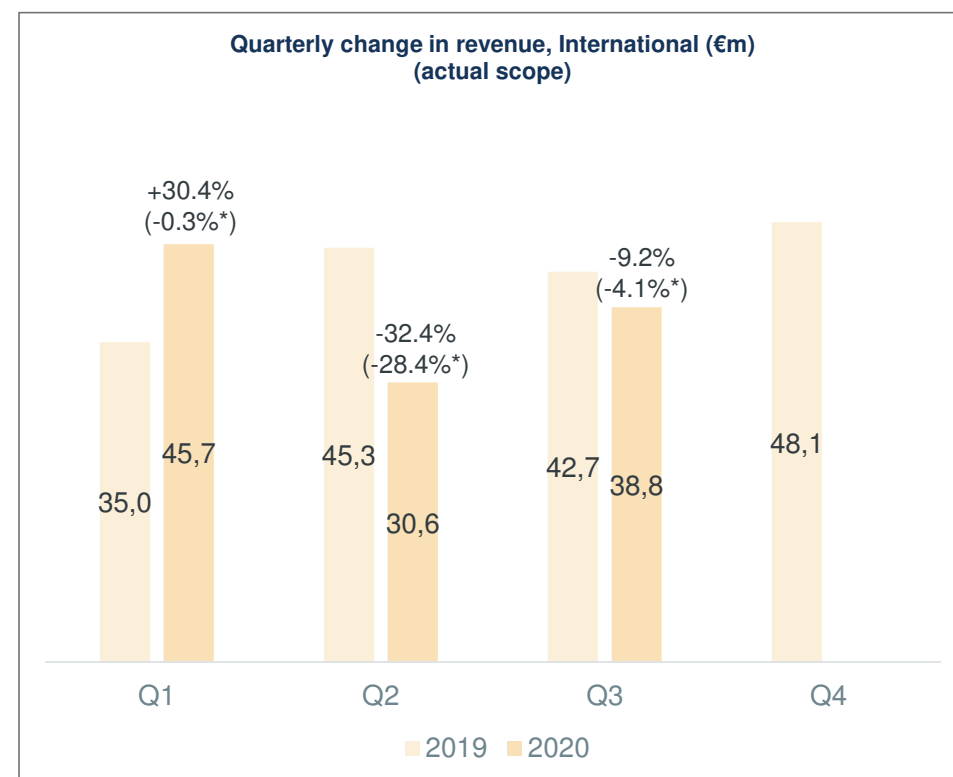
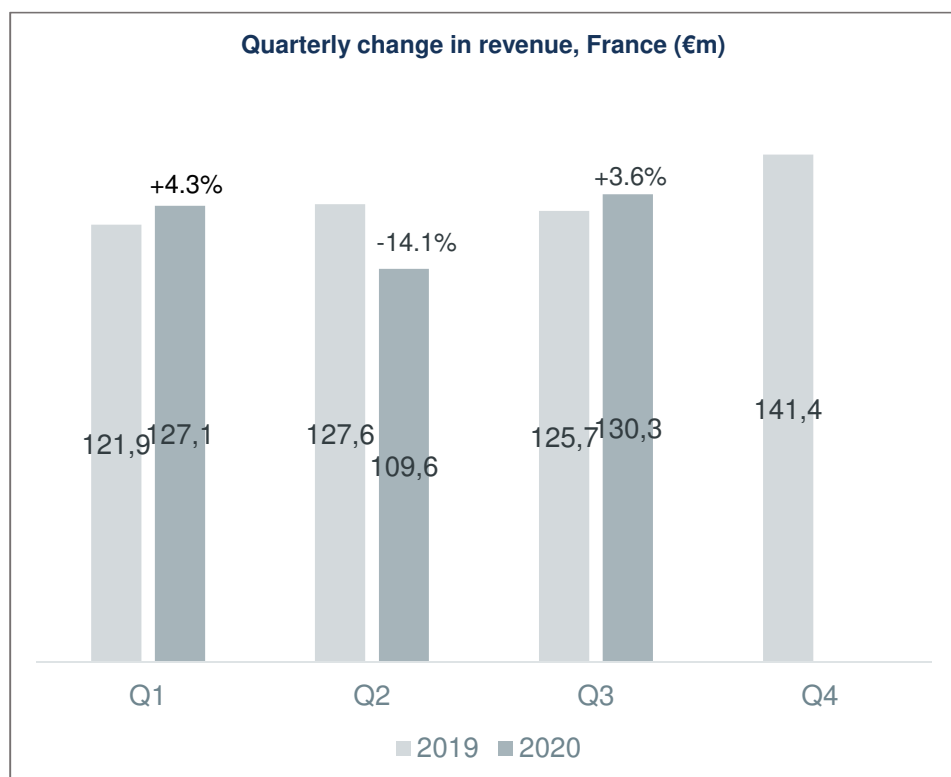
Reported data in €m



## Recovery confirmed in all regions

### Return to growth confirmed in France

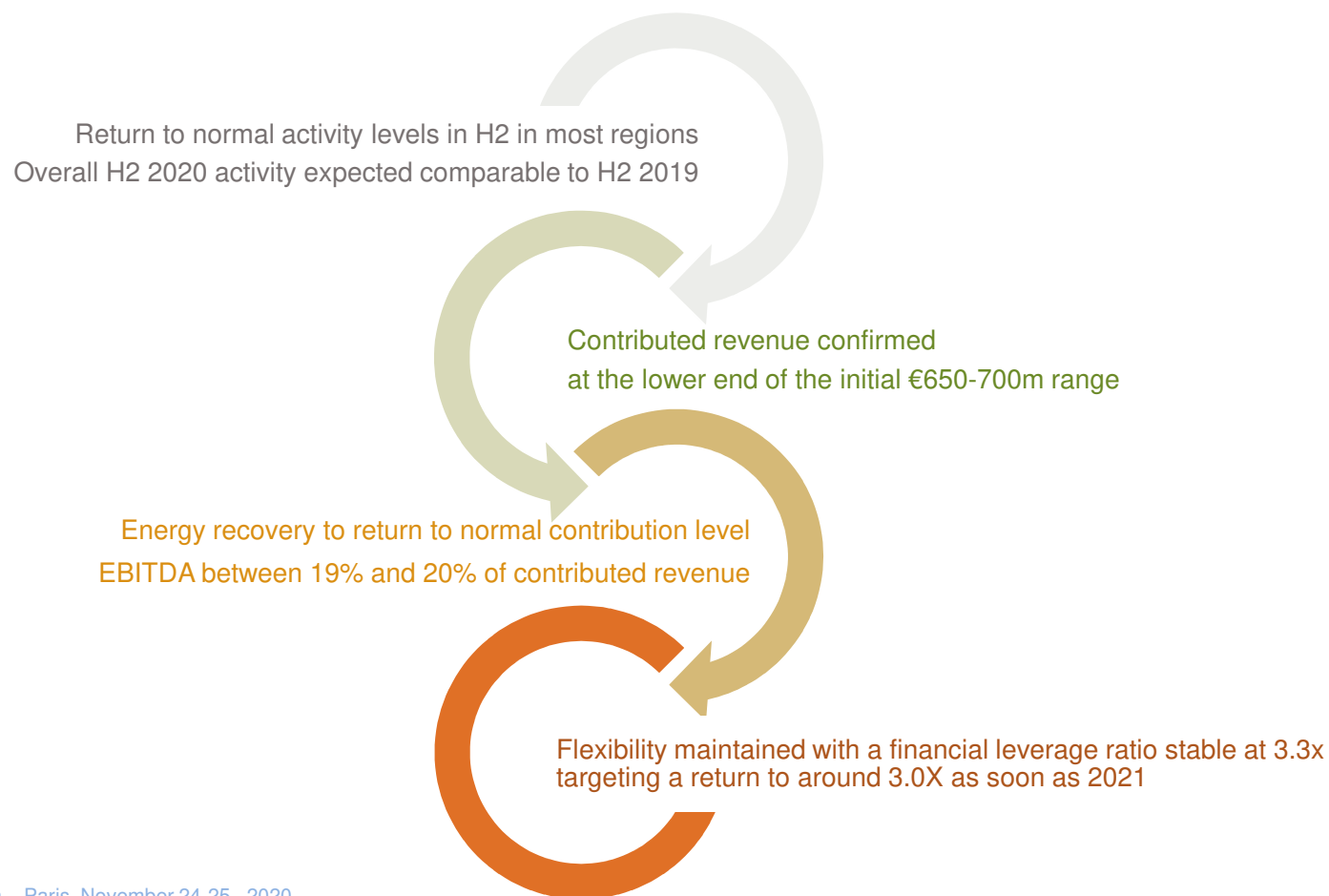
### Sharp improvement internationally



\* At constant scope and exchange rates

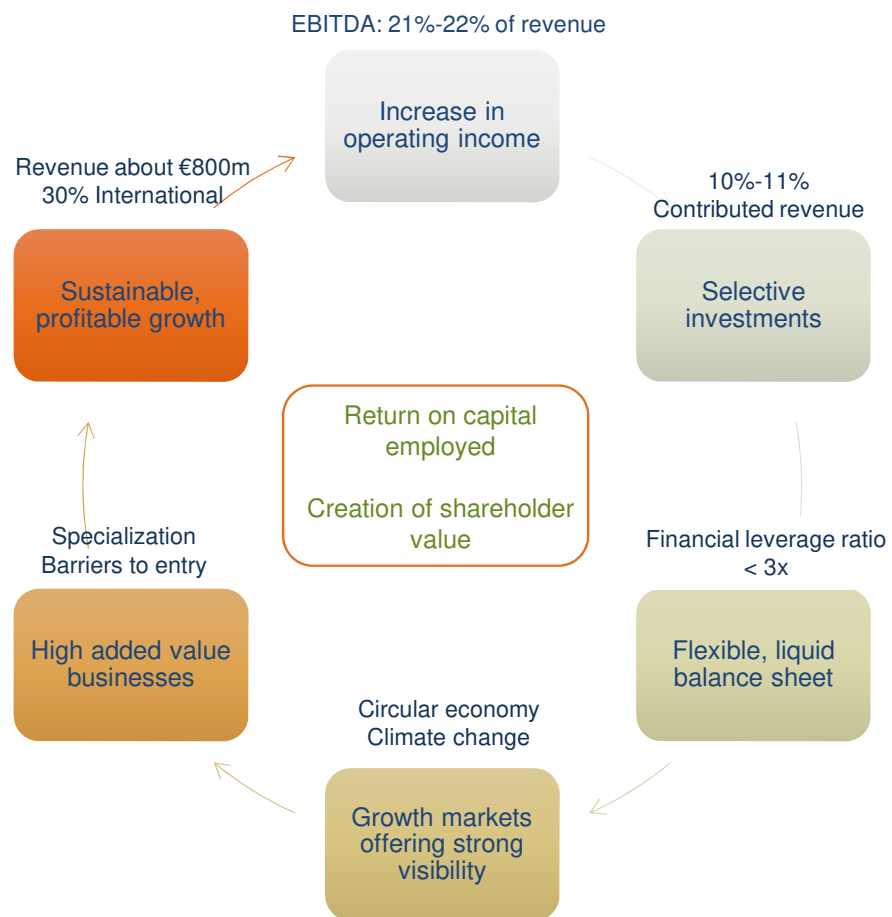
## 2020 outlook confirmed

### Impacts of the health crisis spread out until the end of the year



# Economic and financial trajectory

## Confidence in the 2022 road map

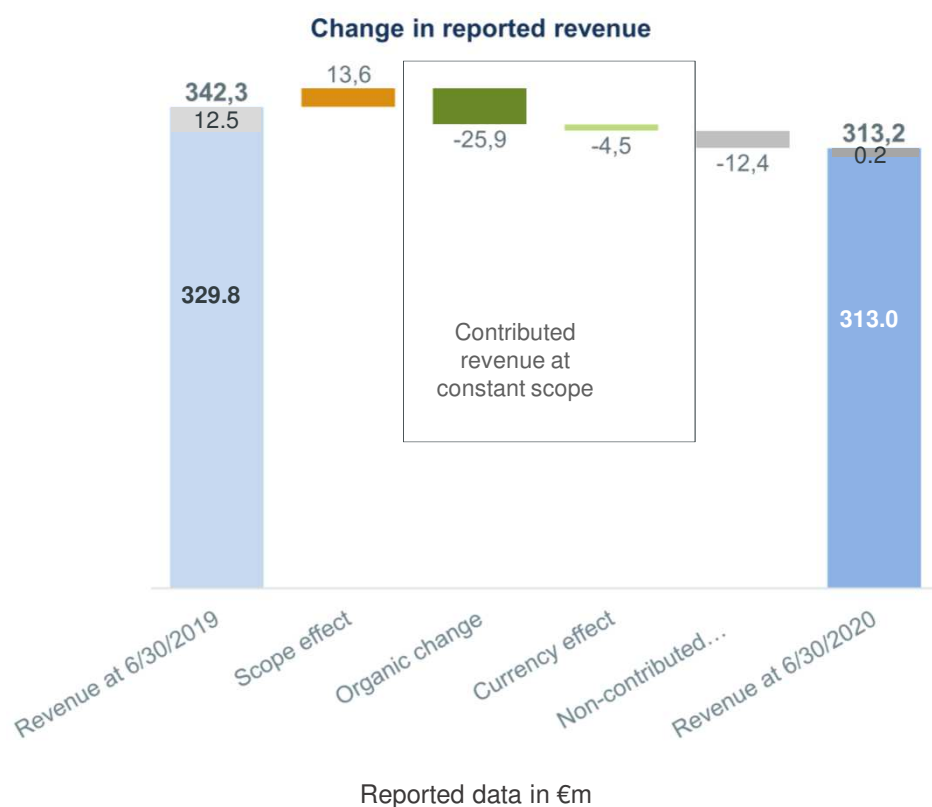




# **Consolidated financial statements at June 30, 2020**

## Contributed revenue down slightly: -5%

### Contrasting trends between different activities and regions



#### Contributed revenue: €313.0m (vs. €329.8m at 6/30/2019)

- 5.1% (reported data)
- 8.0% (like-for-like\*)

#### Differing activity trends

- Continuation of recovery and treatment activities (chemical purification and incineration)
- Decline in Services and certain treatment activities (final waste management)

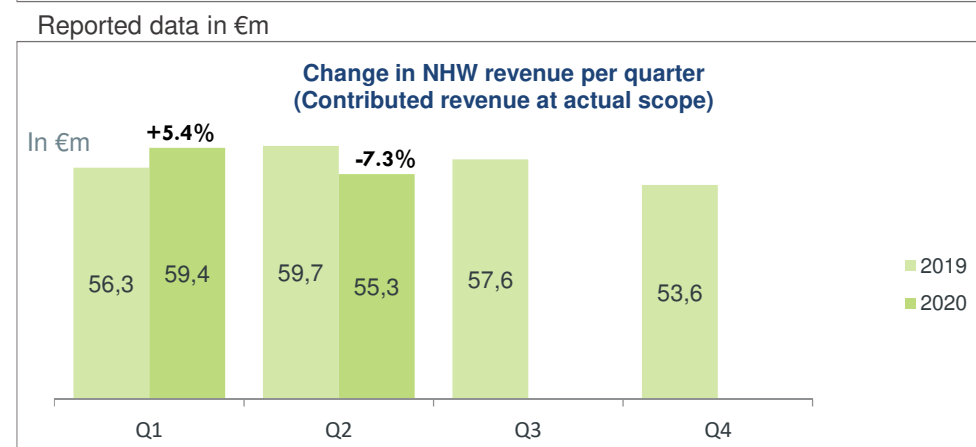
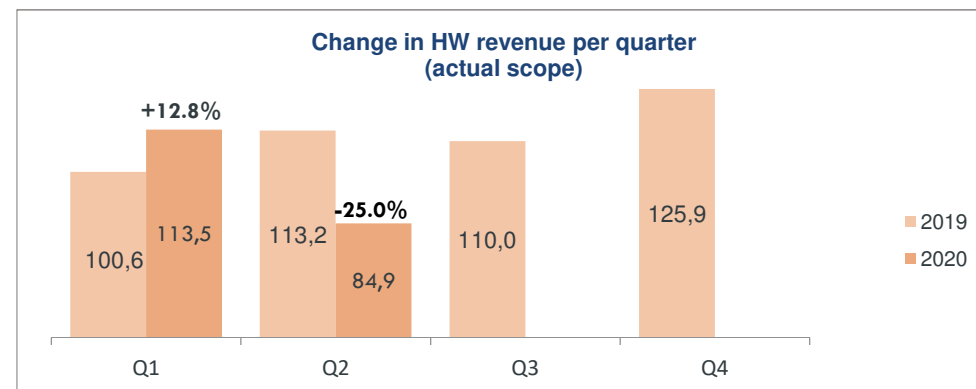
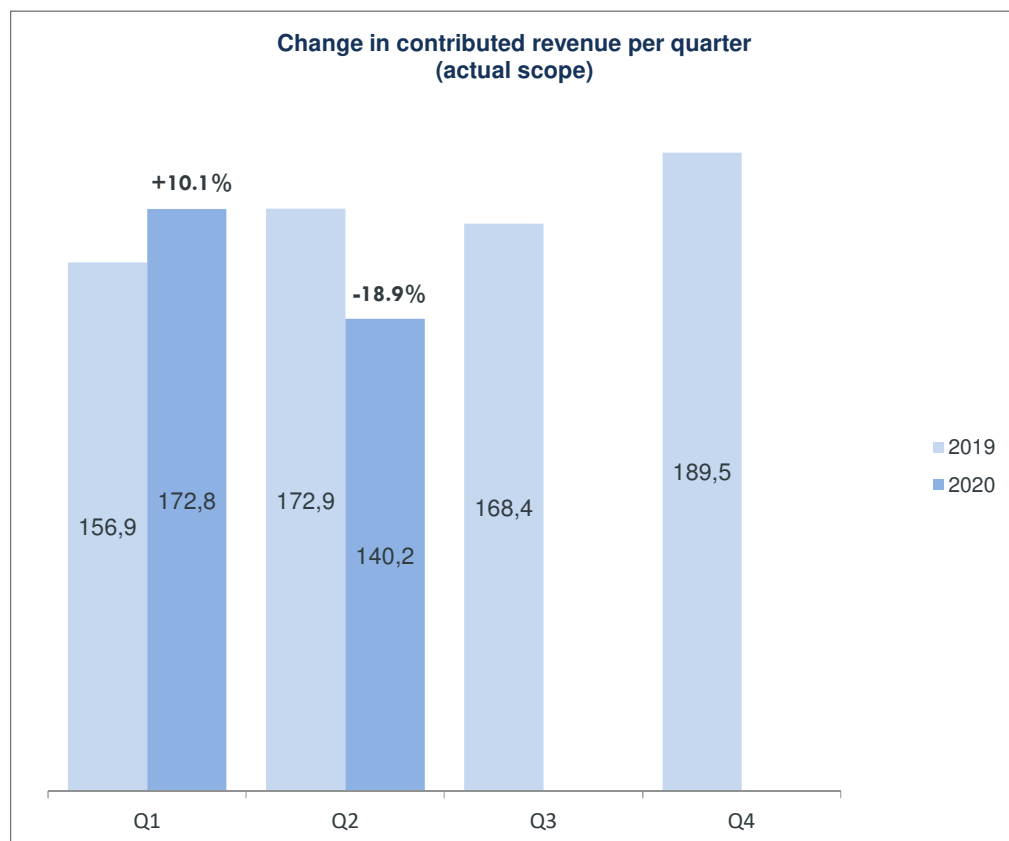
#### Contrast between geographic regions:

- More resilient business activity in France
- Significant currency effects in March 2020
  - ZAR (South Africa): -18% vs. Euro
  - CLP (Chile): -15% vs. Euro
  - PEN (Peru): -8% vs. Euro

\*At constant scope and exchange rates

## Impact of the health crisis in Q2

### Differing trends between divisions



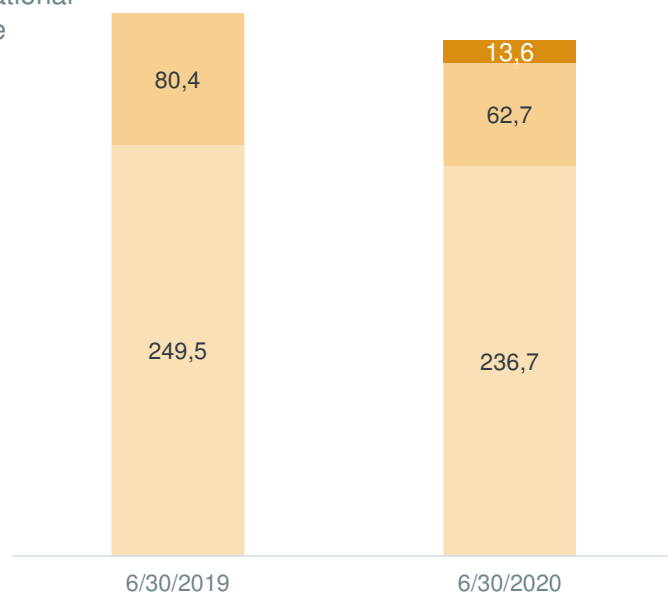
## Differing trends between regions

### Resilient markets in France

### Contrasting situations internationally

Change in contributed revenue  
per geographic scope

- Scope effect
- International
- France



Reported data in €m

**International:** Revenue of €76.3m i.e. -5.0% (reported data)  
-17.4% (like-for-like\*)

- Scope effect: +€13.6m (contribution from Mecomer in Q1)
- Extremely negative currency effect: -€4.5m
- On a like-for-like basis\*:
  - Sharp spot market decline: PCBs in LatAm, chemical cleaning sites (World)
  - Contrast between regions: cycle lags during the health crisis

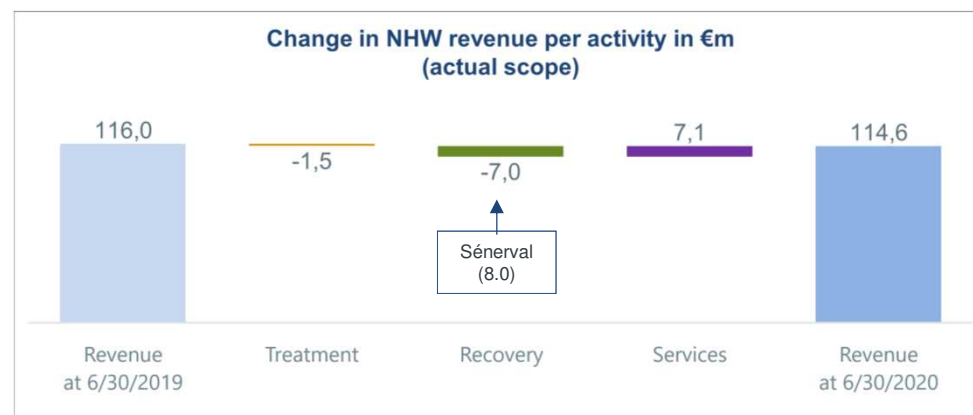
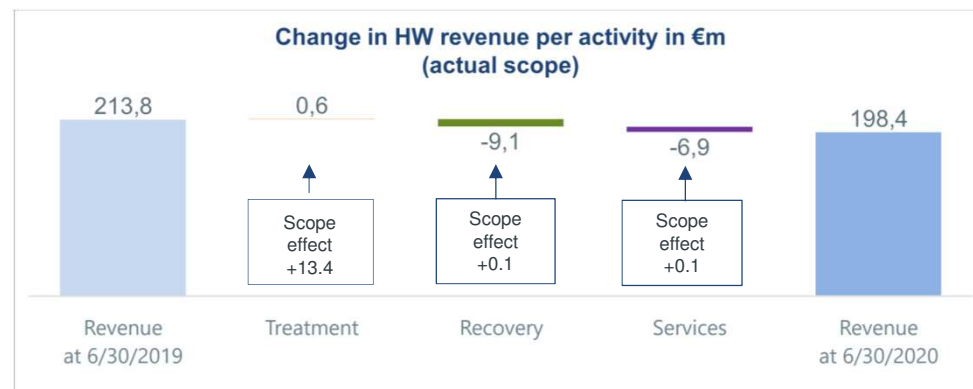
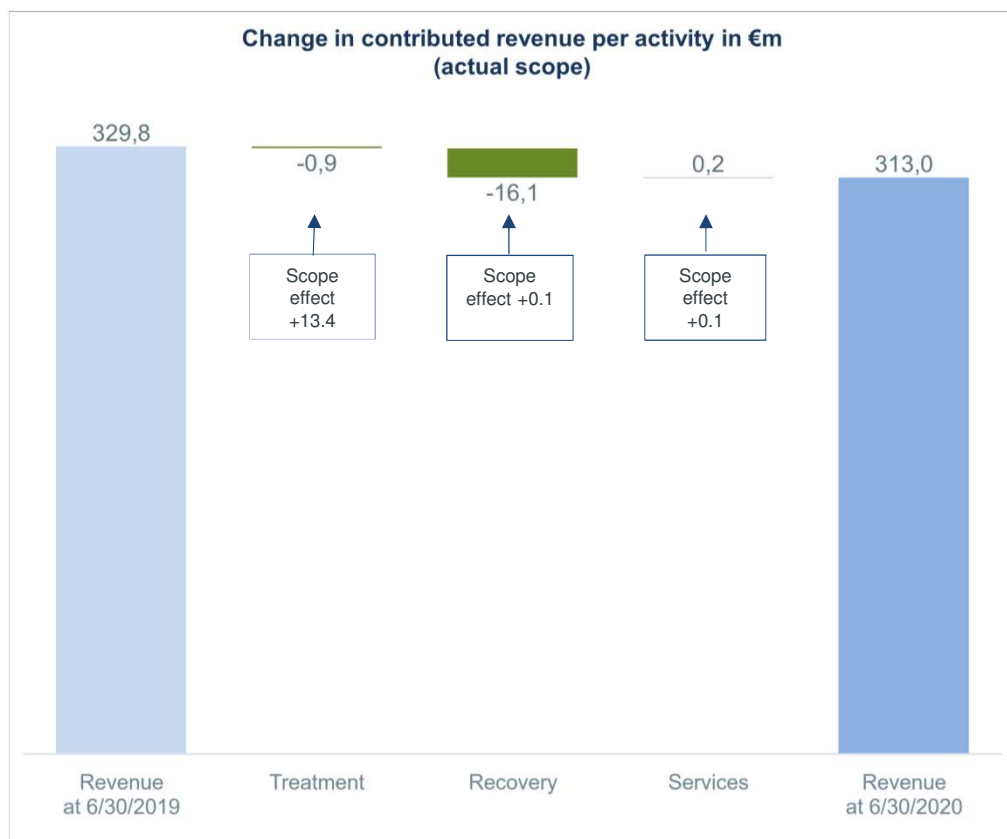
**France:** €236.7m in contributed revenue, or -5.1% (reported data)

- Treatment and recovery markets holding up well
  - Solid industrial markets driving material recovery and incineration (core clientèle) in the HW division
  - Local authority markets resilient by nature, underpinning treatment (household waste), but decline in WEA volume in the NHW division
- Sharp decline in Decontamination markets starting in March

\*At constant scope and exchange rates

## Change in activity mix / waste mix

### Solid performances from activities excluding recovery

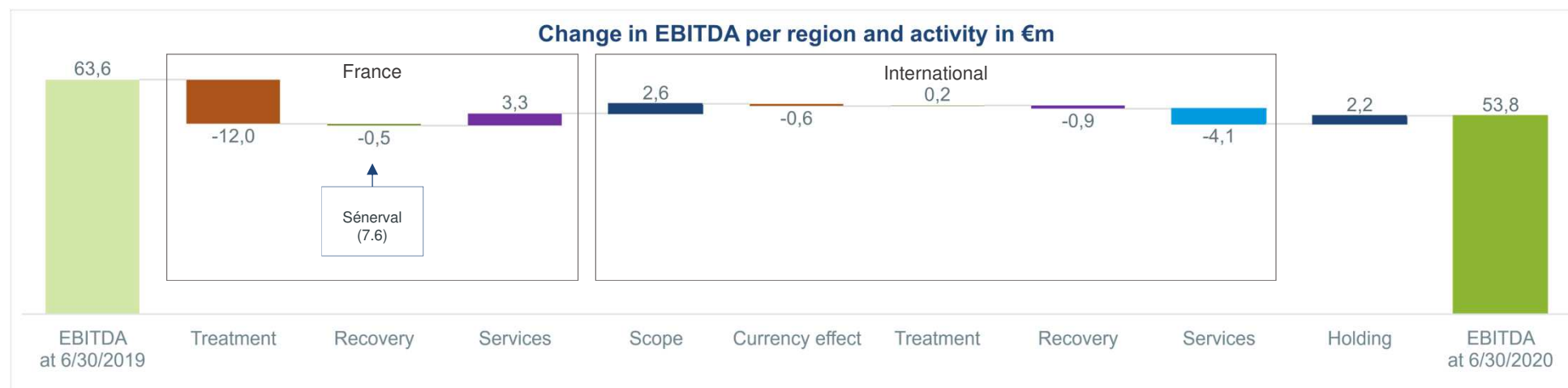




## Change in EBITDA by activity and region

### Positive contribution from Mecomer

At June 30 In €m	2019			2020		
	Consolidated	France	Int'l.	Consolidated	France	Int'l.
Contributed revenue	329.8	249.5	80.4	313.0	236.7	76.3
EBITDA	63.6	49.4	14.2	53.8	42.3	11.5
<i>As a % of contributed revenue</i>	19.3%	19.8%	17.7%	17.2%	17.9%	15.1%

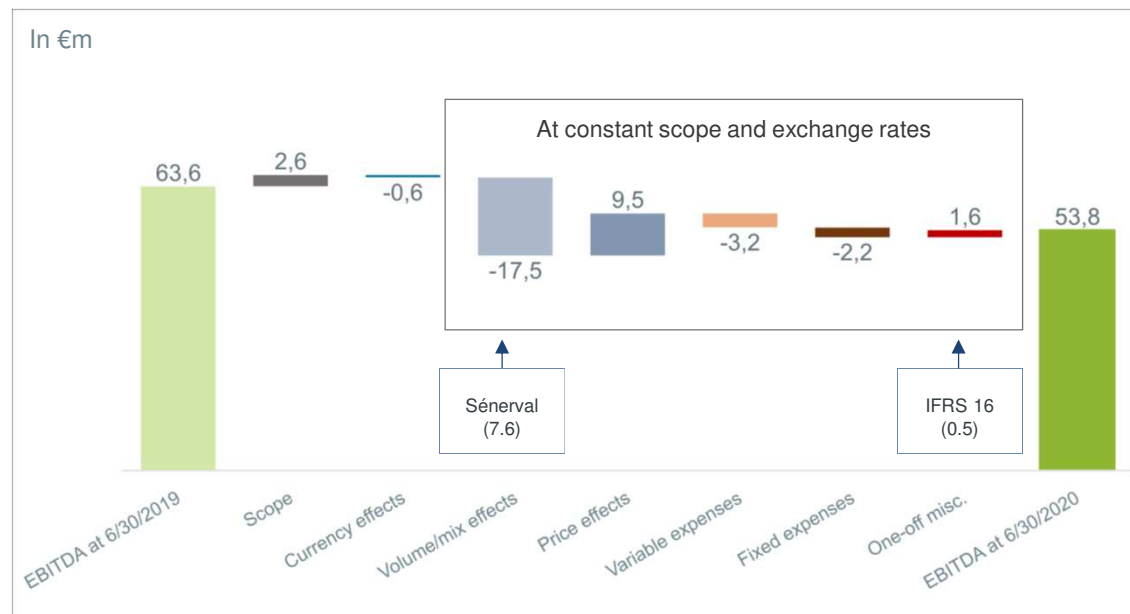


## Change in EBITDA

### One-off decline in energy recovery Limited impacts of the health crisis

**EBITDA** down -15.4% to €53.8m, i.e. 17.2% of contributed revenue (vs. 19.3% at 6/30/2019)

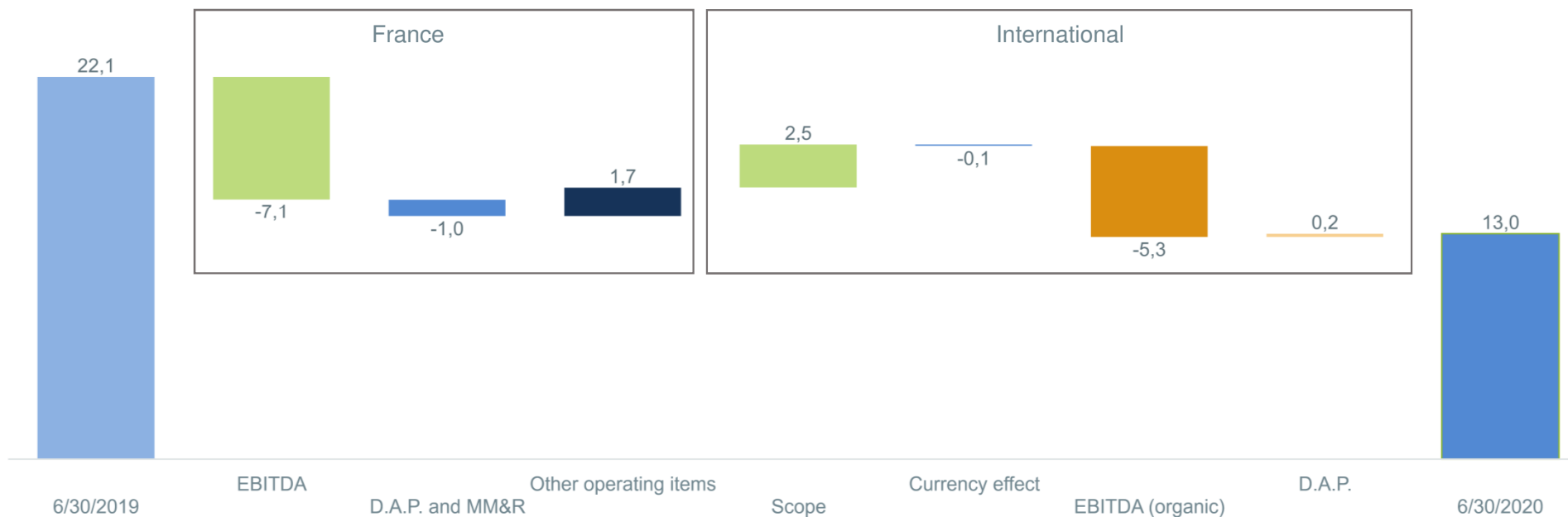
- Scope effect: +€2.6m
- Currency effect: €(0.6)m
- At constant scope and exchange rates:
  - Positive price effects
  - Lower contribution from recovery businesses, especially energy recovery
  - Impacts of the Covid-19 crisis:
    - Negative trading effects: lower volumes, activity/waste mix effects
    - One-off organizational costs



## Change in COI

### Depreciation, amortization and provisions under control

In €m



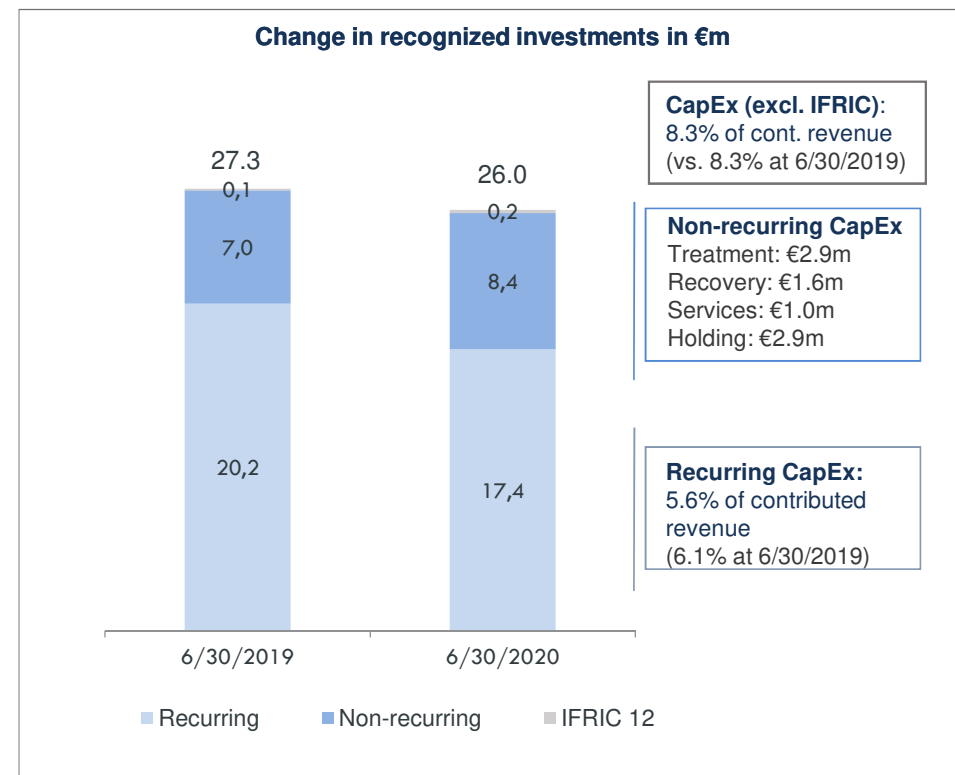
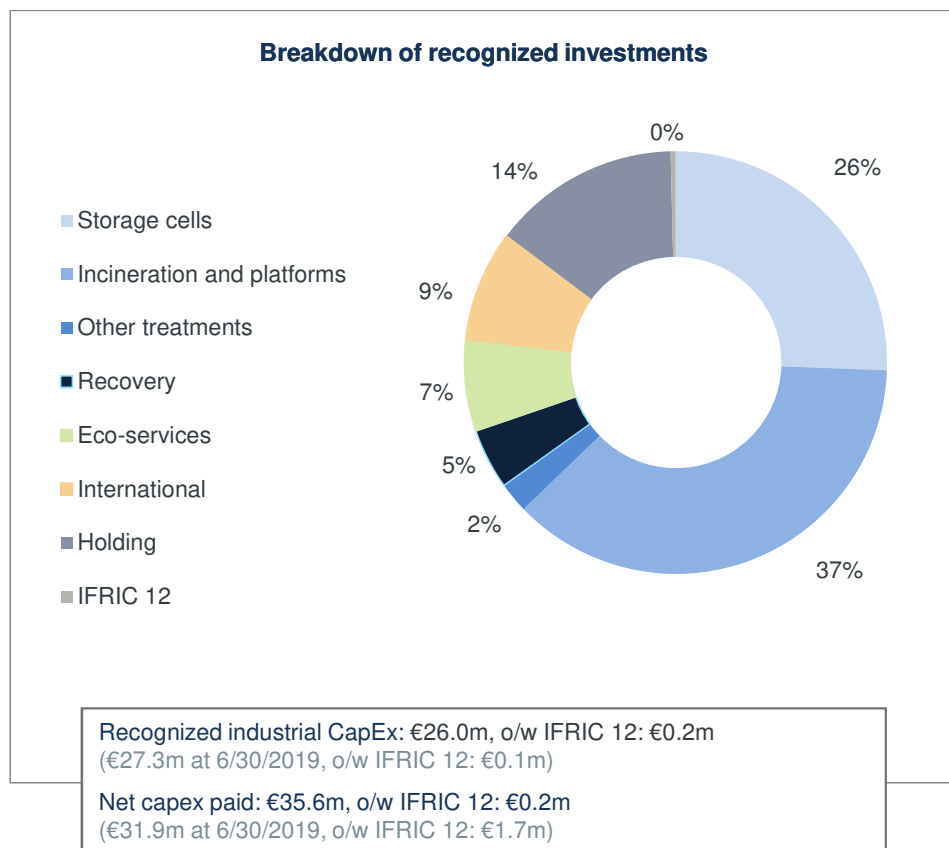
## From Current Operating Income to Group net income

At June 30 In €m	2019	As a % of contributed revenue	2020	As a % of contributed revenue	Gross change
<b>Current operating income</b>	<b>22.1</b>	<b>6.7%</b>	<b>13.0</b>	<b>4.1%</b>	<b>-41.2%</b>
Operating income	21.6	6.6%	11.9	3.8%	-44.9%
Net financial income	(8.4)		(10.4)		
Income tax expense	(5.0)		(2.3)		
Companies accounted for by the equity method	(0.1)		0.0		
Minority interests	(0.5)		ns		
<b>Net income (Group share)</b>	<b>7.6</b>	<b>2.3%</b>	<b>(0.9)</b>	<b>0.0%</b>	<b>ns</b>

■ Change in Net Financial Income due to increased average Net Financial Debt over the period and to the forex charges of €(0.9)m vs. €0.1m at June 30,2020

# Industrial investments under control

## Certain capex investments deferred



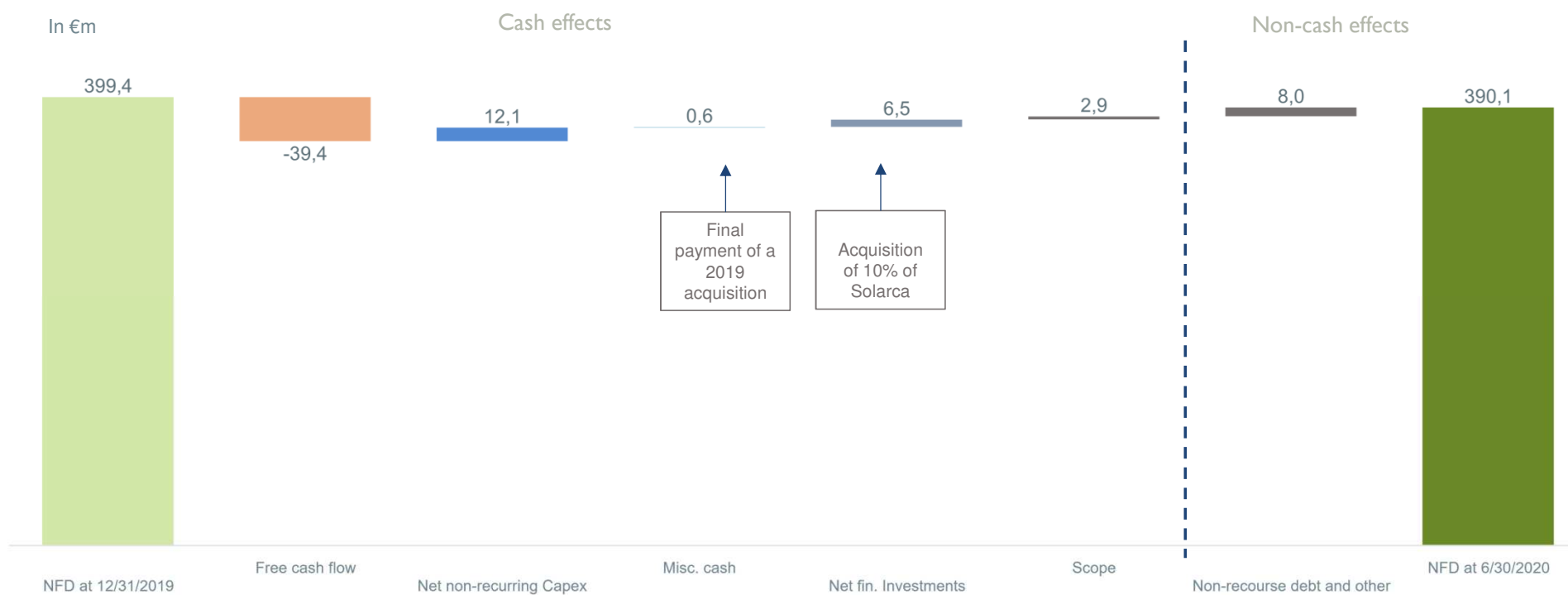
## Agility

### Generation of free cash flow maintained

In €m At June 30	2019	2020
<b>EBITDA</b>	<b>63.6</b>	<b>53.8</b>
Income and expenses calculated in EBITDA	0.1	(1.0)
Other current and non-current operating income and expenses	(0.4)	0.8
Costs of rehabilitation and maintenance on sites and disposed assets (incl. IFRIC 12)	(10.4)	(11.9)
<b>Recurring operating cash flow</b>	<b>52.9</b>	<b>41.7</b>
Net recurring CapEx paid (excl. IFRIC 12)	(17.7)	(19.2)
Change in WCR	8.2	31.7
Tax paid	(0.8)	(6.3)
Net interest payments	(7.6)	(8.5)
<b>Free cash flow</b>	<b>35.0</b>	<b>39.4</b>
<b>Cash conversion rate (Free cash flow/EBITDA)</b>	<b>55%</b>	<b>73%</b>

## Flexibility

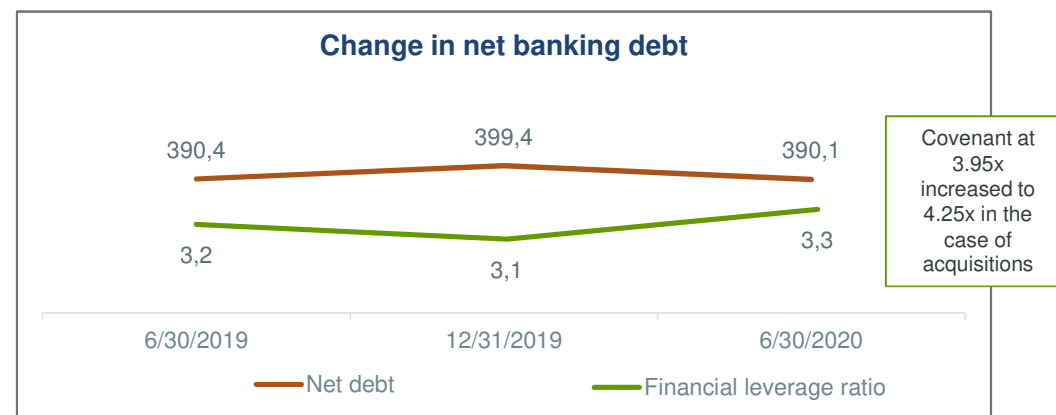
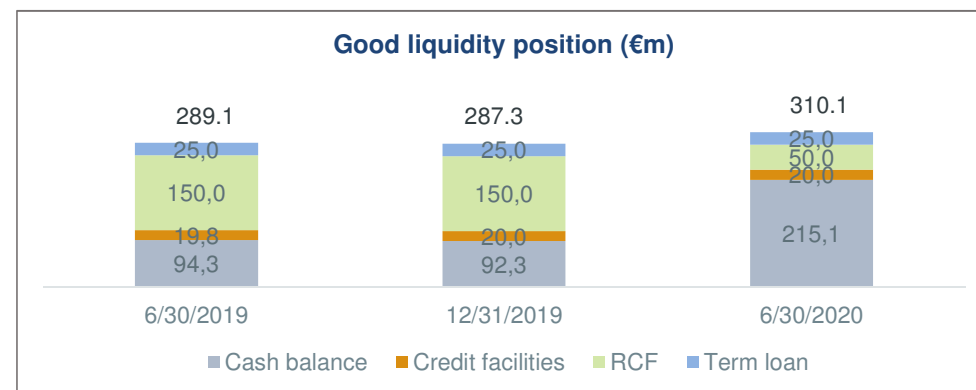
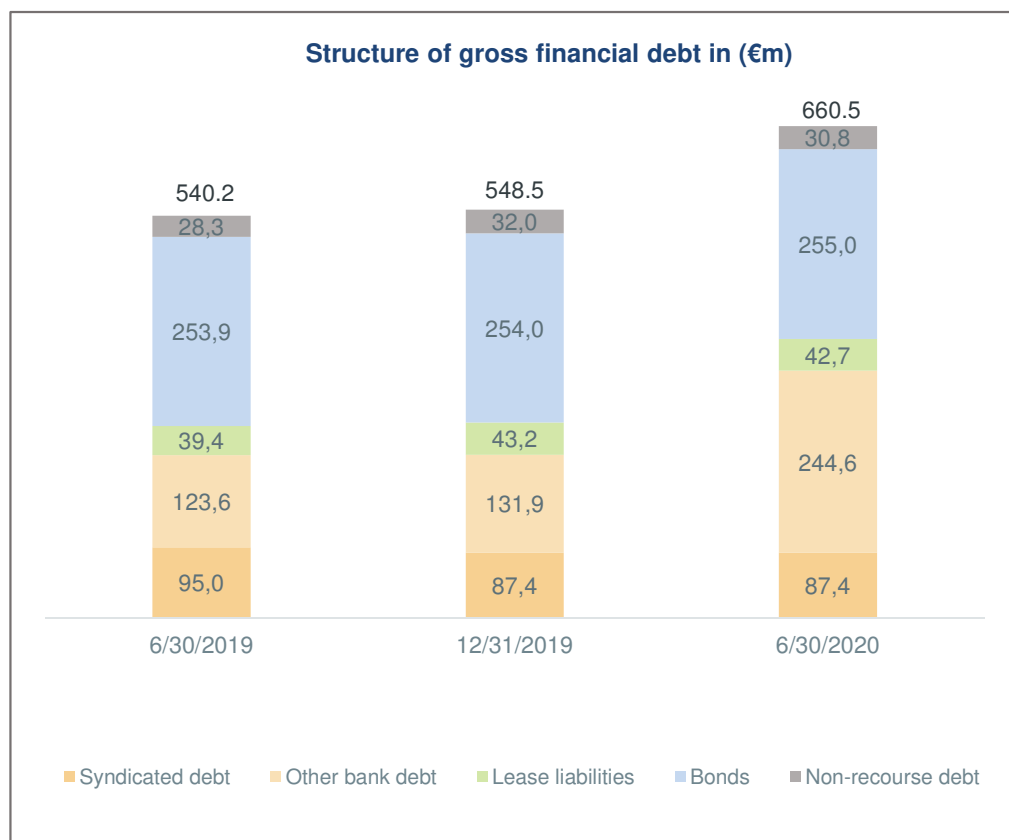
### Stable net banking debt\*



\* Excluding certain debts, including non-recourse debt and the impacts of IFRS 16

# Liquidity

## Liquidity position maintained Financial leverage under control





## 2020 outlook confirmed

### A solid second half



#### Business

- **France**
  - Sharp rebound in volumes
  - Recovery of Services activities (worksites)
  - Improved contribution of energy recovery
- **International:**
  - Europe: contribution from Mecomer
  - South Africa: return to normal economic performance
  - LatAm: return to growth expected at the end of the year
  - Rest of the World (Solarca): return to normal activity at the end of H2



#### Operating results

- **EBITDA** between 19% and 20% of contributed revenue
  - **France:** sharp increase in EBITDA in H2 vs. H1
  - **International:** lower contribution from South Africa (currency effects) offset by Mecomer
- **COI:**
  - Trend reflecting the growth in EBITDA
  - Stable depreciation, amortization and provisions



#### Capital structure

- **Industrial capex** under control at between €65m and €70m
- **Liquidity:** free cash flow target of above 35% of EBITDA
- **Flexibility:** leverage target stable at 3.3x with a target to return to around 3.0x as of 2021\*

\*At constant scope and exchange rates



# Appendices

## Appendix 1

### Definition of contributed revenue

In €m at June 30	2019	2020
Revenue (reported)	342.3	313.2
<i>IFRIC 12 revenue</i>	<i>0.0</i>	<i>0.2</i>
<i>Compensation</i>	<i>12.5</i>	<i>0.0</i>
<b>Contributed revenue</b>	<b>329.8</b>	<b>313.0</b>

- IFRIC 12 revenue: investments made for disposed assets and booked as revenue in accordance with IFRIC 12
- Damages: damages and compensation paid to Sénerval, net of variable cost savings, to cover operating losses sustained by Sénerval during the asbestos removal work and/or costs incurred to ensure public service continuity

## Appendix 2

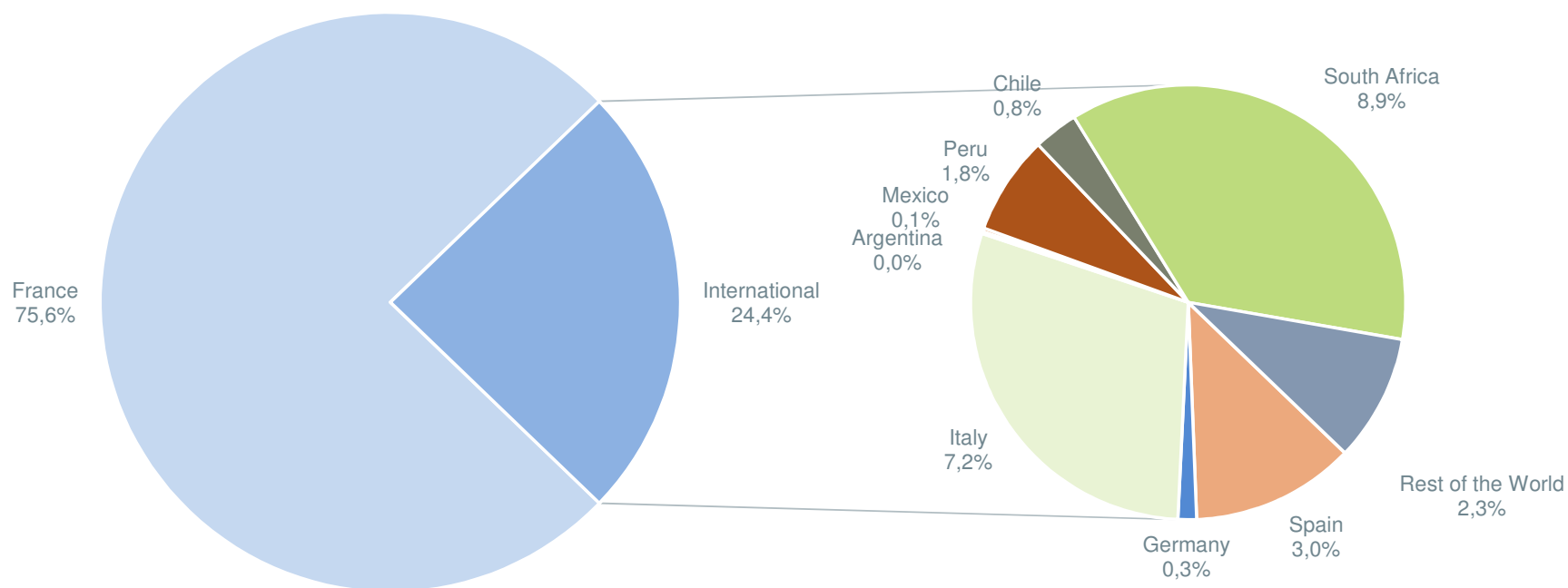
### Breakdown of scope effect by activity and division

At 6/30/2020 in €m

Mecomer (Q1 2020)	HW division	NHW division	Total
Treatment	13.4	0.0	13.4
Recovery	0.1	0.0	0.1
Services	0.1	0.0	0.1
<b>Total</b>	<b>13.6</b>	<b>0.0</b>	<b>13.6</b>

## Appendix 3

### Contributed revenue by geographic area

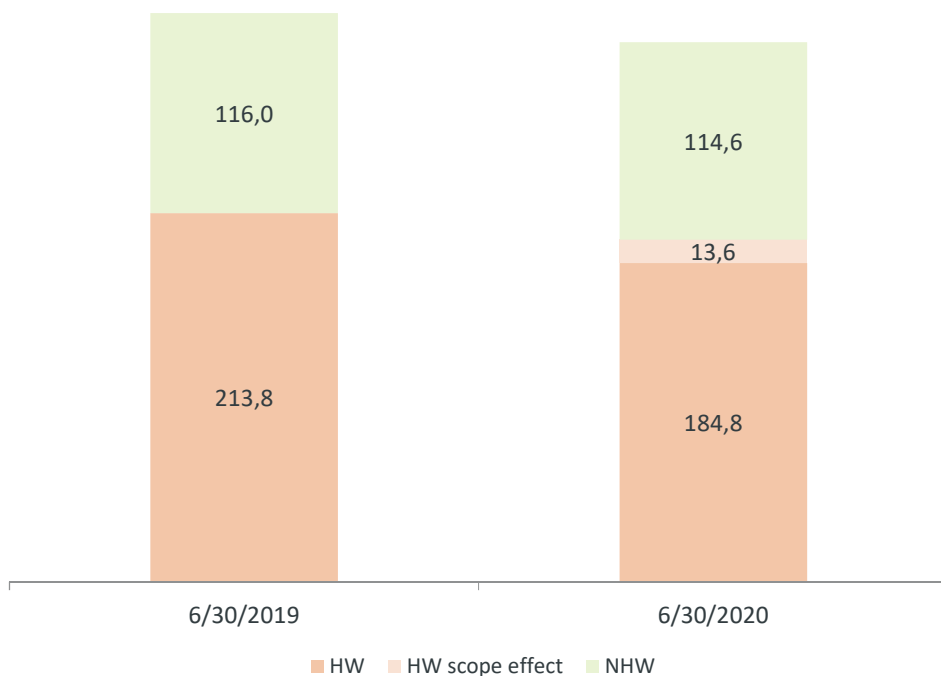


Breakdown of contributed revenue at 6/30/2019

## Appendix 4

### Breakdown of contributed revenue by division

Reported data in €m



**NHW division:** Contributed revenue of €114.6m (vs. €116.0m at 6/30/2019) i.e. +0.1% (reported data) and +1.1% (like-for-like\*)

■ On a like-for-like basis:

- Treatment: -1.8% to €62.6m - Resilient volumes
- Recovery: -32.3% to €14.6m - Sharp decline in energy recovery (Sénerval revenue down €5.5m)
- Services: +23.5% to €37.4m – Momentum at Interwaste

**HW division:** Revenue €198.4m (vs. €213.8m at 6/30/2019) i.e. -7.2% (reported data) and -12.2% (like-for-like\*)

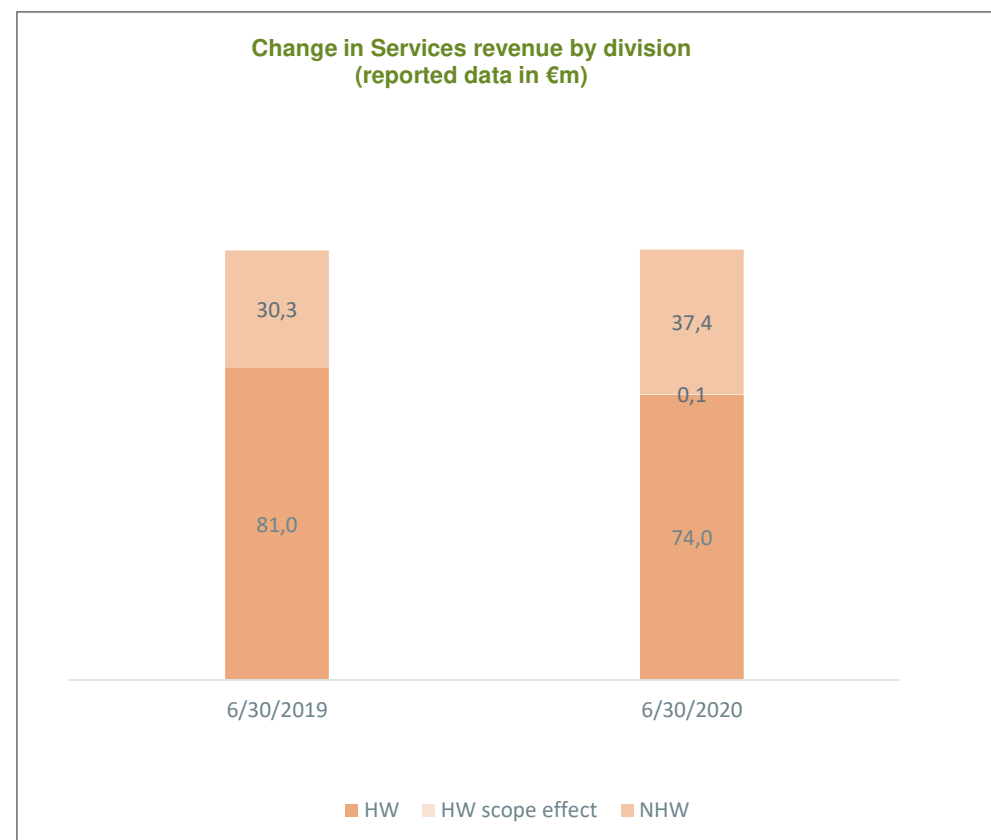
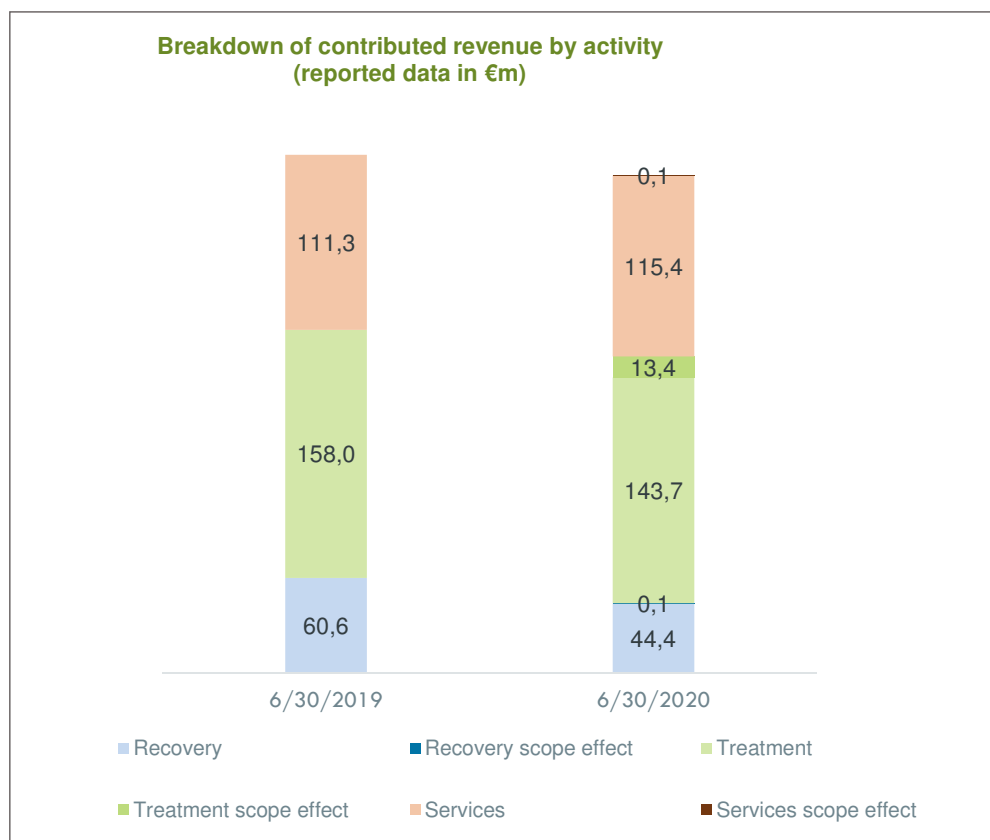
■ On a like-for-like basis\*:

- Treatment: -12.8% to €81.1m - Sharp decline in LatAm
- Recovery: -22.7% to €29.7m – PCB markets declining (LatAm)
- Services: -6.6% to €74.0m – Shutdown of worksites in France and abroad

\* At constant scope and exchange rates

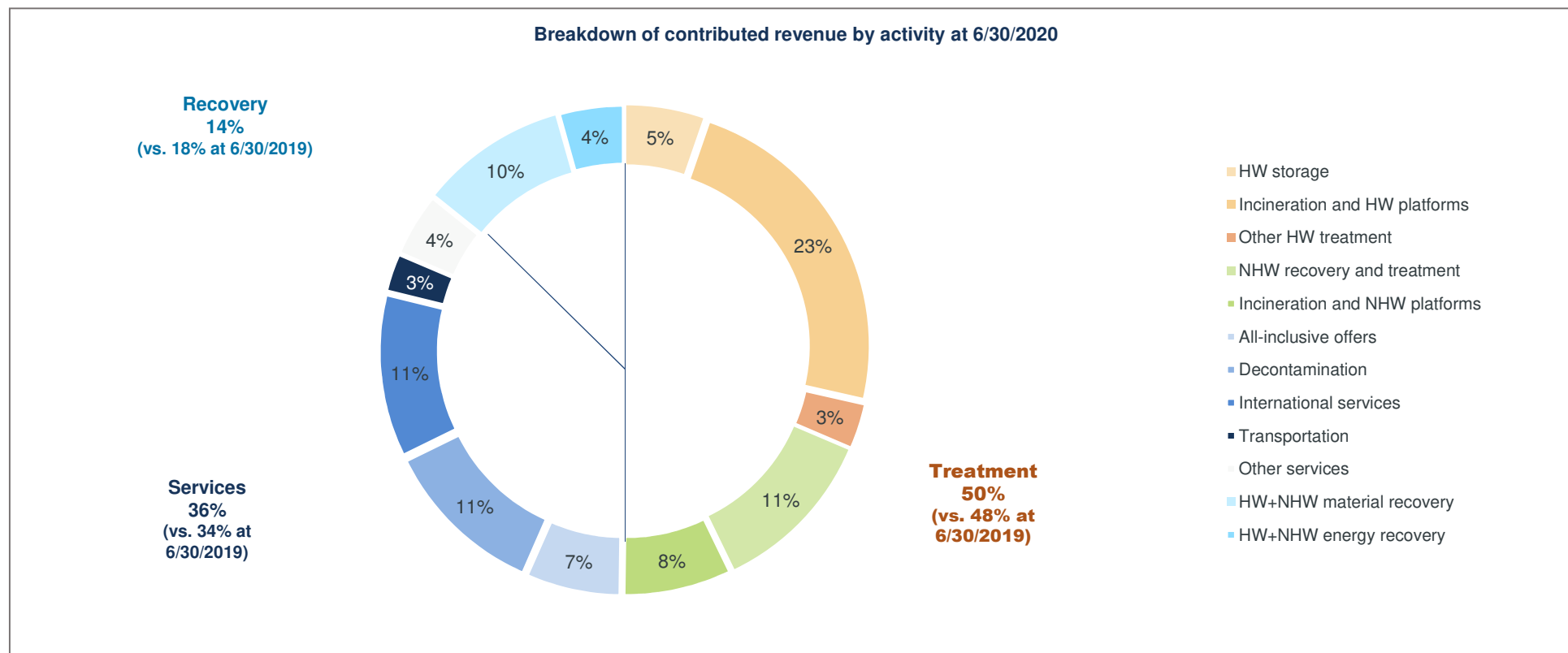
## Appendix 5

### Change in contributed revenue by activity



## Appendix 6

### Breakdown of contributed revenue by activity

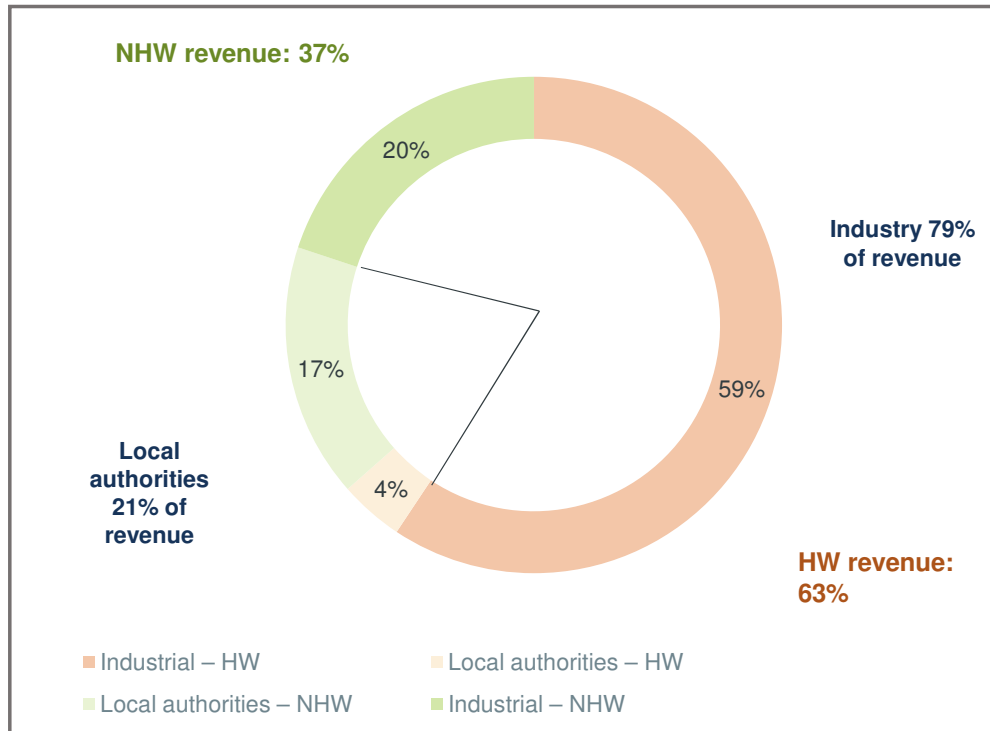




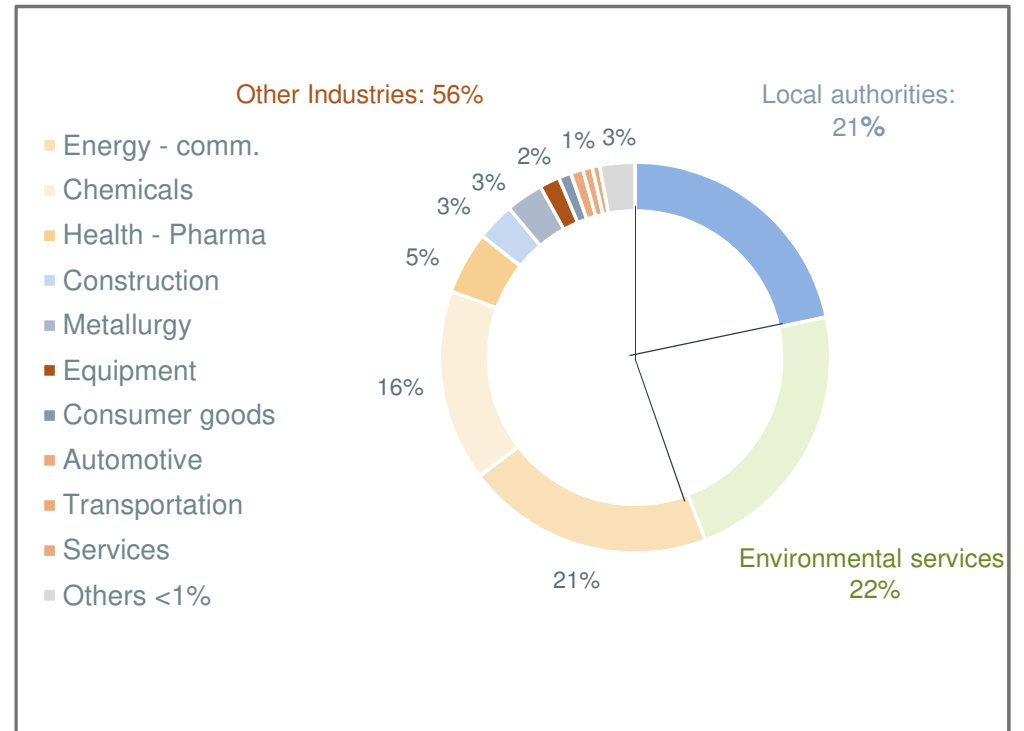
# Appendix 7

## Breakdown of contributed revenue by client

Breakdown of contributed revenue by division and client at 6/30/2020



Breakdown of contributed revenue by sector of activity at 6/30/2020



## Appendix 8

### Operating income by region

At June 30	2019			2020		
	Consolidated	France	International	Consolidated	France	International
Contributed revenue	329.8	249.5	80.4	313.0	236.7	76.3
EBITDA	63.6	49.4	14.2	53.8	42.3	11.5
<i>As a % of revenues</i>	<i>19.3%</i>	<i>19.8%</i>	<i>17.7%</i>	<i>17.2%</i>	<i>17.9%</i>	<i>15.1%</i>
COI	22.1	15.0	7.1	13.0	11.0	2.0
<i>As a % of revenues</i>	<i>6.7%</i>	<i>6.0%</i>	<i>8.8%</i>	<i>4.4%</i>	<i>4.7%</i>	<i>2.6%</i>

## Appendix 9

### Change in Operating Income

At June 30	2019		2020		Change change
	€m	% of contributed revenue	€m	% of contributed revenue	
Contributed revenue	329.8		313.0		-5.1%
EBITDA	63.6	19.3%	53.8	17.2%	-15.4%
COI	22.1	6.7%	13.0	4.4%	-41.2%
Operating income	21.6	6.6%	11.9	3.8%	-44.9%

- Operating income at €11.9m, i.e. 3.8% of contributed revenue (vs. €21.6m, i.e. 6.6% of contributed revenue as of 6/30/2019)
  - Changes in COI: €(9.1)m
  - Losses on investments in subsidiaries €(0.6)m

## Appendix 10

### Change in net financial income

At June 30	2019	2020
Cost of gross financial debt	(8.2)	(8.8)
Income from cash and cash equivalents	0.3	0.2
Other financial income and expenses	(0.6)	(1.8)
<b>Financial income</b>	<b>(8.4)</b>	<b>(10.4)</b>

- Change in the gross cost of debt
  - Average cost of gross debt at 2.91% (vs. 3.07% in H1 2019)
  - Increase in average gross debt over the period
  
- Other financial income and expenses, including:
  - Net income on sales of financial fixed assets: €(1.0)m
  - Impact of currency fluctuations: €(0.9)m
  - Discounting of 30-year provisions: €(0.7)m
  - Impairment of equity instruments: €0.9m

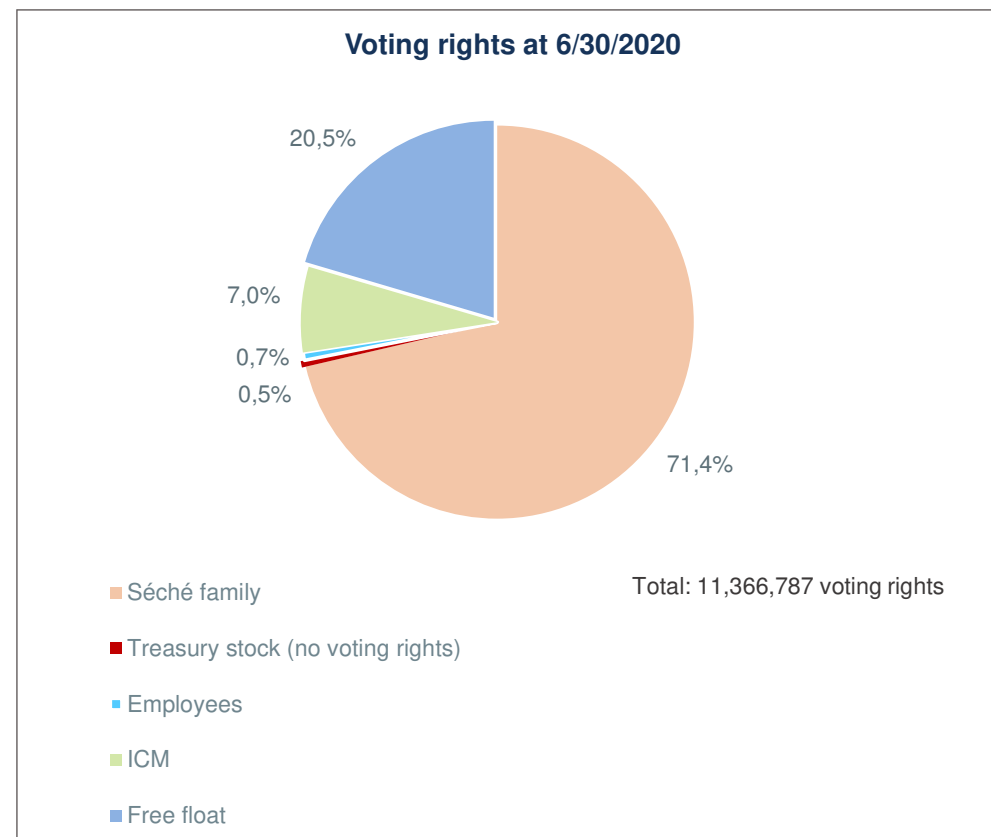
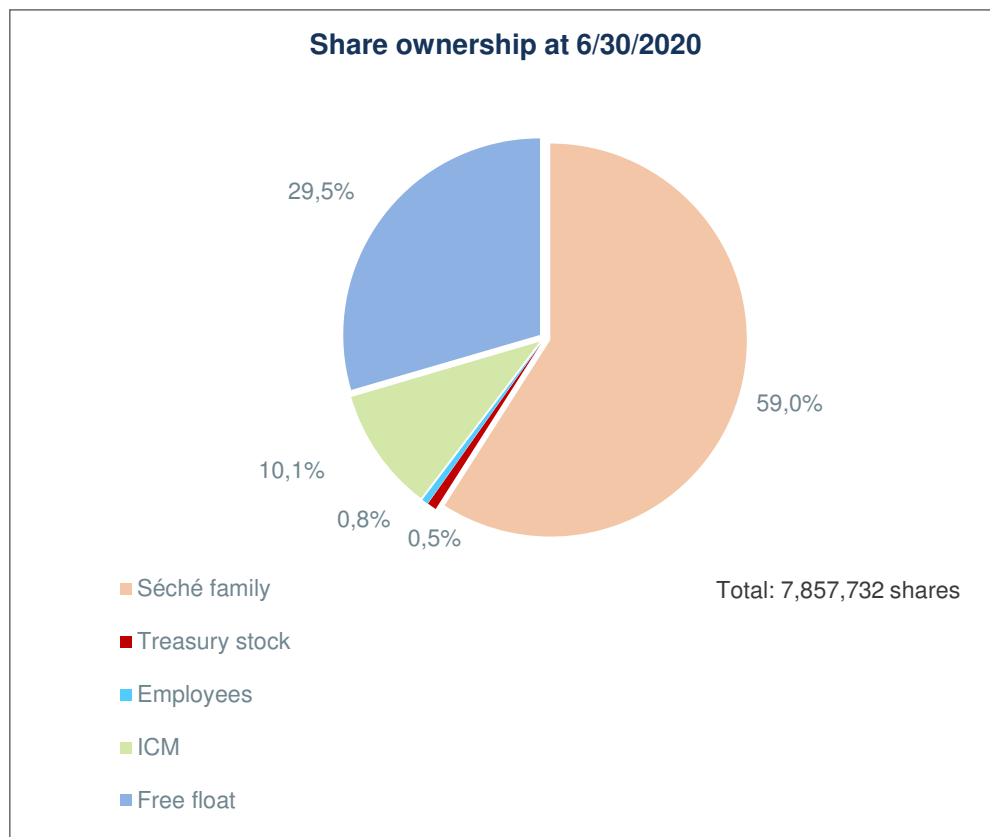
## Appendix 11

### From gross financial debt under IFRS to net bank debt

In €m at June 30	2019	2020
Gross bank debt (IFRS)	540.2	660.6
Cash and cash equivalents	94.3	215.1
<b>Net financial debt under IFRS</b>	<b>445.9</b>	<b>445.4</b>
Non-recourse debt and other miscellaneous debt	51.2	50.3
Finance leases (impact of IFRS 16)	4.3	5.1
<b>Net financial debt (banking debt)</b>	<b>390.4</b>	<b>390.1</b>
<b>Financial leverage ratio</b>	<b>3.2x</b>	<b>3.3x</b>

## Appendix 12

### Breakdown of shareholders and voting rights



# Appendix 13

## An extensive Network to provide Local Solutions



## Appendix 14

# International Expansion: a Global Response Capacity







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