Compartment B – ISIN: FR 0000039139 – Bloomberg: SCHP.FP – Reuters: CCHE.PA
CAC MID & SMALL Index and ENTERNEXT PEA-PME 150 Index

Press release

Changé, March 11, 2019

FY 2018 Consolidated results

Solid sales, operational and financial performance in 2018
Growth trend and targets confirmed for 2020

Solid sales and operational performance in a promising environment

- Contributed revenue +10% to €560m
- EBITDA +11% to €109m, i.e. 19.4% of contributed revenue (vs. 19.2% in 2017)
- COI +11% to €44m, i.e. 7.9% of contributed revenue (vs. 7.8% in 2017)

Financial performance in line with initial targets

- Generating free cash flow with a cash conversion rate of 35% of EBITDA (vs. 31% in 2017)
- Net financial debt reduced with leverage of 2.9x EBITDA (vs. 3.3x in 2017)
- Good liquidity situation at €262m (vs. €112m in 2017).

Proposed dividend of €0.95 per share

Dynamic acquisition strategy bolstered by two strategic transactions carried out in early 2019

- Majority control takeover of Kanay (Peru)
- Successful acquisition of Interwaste (South Africa)

2020 targets[1] bolstered by 2018 performance

- Contributed revenue (2017 scope) between €550m and €600m
- Contribution from the International scope at 20% of consolidated contributed revenue
- EBITDA at 20% of contributed revenue
- Mid-cycle financial leverage of about 3x EBITDA

At the Board of Directors' meeting held on March 5, 2019 to approve the consolidated financial statements, Chairman & CEO Joël Séché said the following about the results:

"2018 was a year of solid performance, commercially, operationally, and financially, which confirms the relevance of our profitable growth strategy in France and abroad. By reaching in advance some of our medium-term targets early, the past year's achievements strengthen our confidence in our ability to meet the main primary goals that the Group has set for itself for the medium term.

[1] *Based on 2017 scope - See press release of June 26, 2018*

In France, the positioning of Séché Environnement in its regulated markets with barriers to entry has enabled it to benefit fully from strong industrial demand and from positive effects stemming from the rise of the circular economy. For this reason, the Group experienced steady growth in its recovery and treatment businesses in 2018, for both hazardous and non-hazardous waste. Internationally, the sales dynamic has been particularly strong in subsidiaries recently incorporated into the scope, a sign of the quality and potential of our positions in these markets. This sales performance now puts the Group within its target revenue range for 2020.

In 2018, Séché Environnement also achieved strong operational and financial performance by substantially growing its gross and current operating margins, particularly abroad, which generated positive free cash flow allowing for a reduction in net debt and substantial reduction in financial leverage, beyond the initial target.

2019 should see continued strength in our businesses in France and Internationally. Within that scope, significant external growth operations carried out since the start of the year in Peru and especially in South Africa will bolster the Group's presence in high-potential markets, and contribute to its accretive growth. The July 2018 refinancing also gives the Group the solid balance sheet and financial means to continue this proactive acquisition strategy in the future.

With its strong position in growing markets and value-added activities, a strong financial structure, and abundant liquidity, Séché Environnement is starting off 2019 with confidence to develop its growth strategy and to increase its earnings by 2020, as stated at Investor Day 2018[2]. "

Presentation of consolidated results as at December 3&, 2018

The analysts' meeting will be broadcasted live

on Tuesday, March 12, 2019 at exactly 8:30 a.m.

as a webcast on the Séché Environnement website.

To attend, please click on the link:

https://www.groupe-seche.com/en/investors/webcast

[2] *See press release from June 26, 2018*

Summary of 2018 activity and income

In 2018, Séché Environnement experienced a strong level of activity, both in France and Internationally, and saw a steady increase in its gross and current operating income.

The Group improved its financial flexibility and expanded its financing in support of its internal and external growth.

Finally, Séché Environnement continued its International development ambitions by presenting an offer to acquire the South African company Interwaste Holdings Limited.

Solid sales and operational performance in France and abroad

With contributed revenue[3] of €560.5m (up 9.5% from 2017), Séché Environnement grew substantially in its consolidated activity, both for the France scope (+8.8%) where the Group benefited from a promising economic environment, and Internationally (+15.1% at current exchange rates), where the subsidiaries acquired in 2017 saw continued robust sales.

In 2018, Séché Environnement exceeded the lower bound of its 2020 contributed revenue target (at constant scope).

Consolidated operating revenue grew strongly, with Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) of €108.7m (+10.9%), i.e. 19.4% of contributed revenue (vs. 19.2% in 2017) and Current Operating Income (COI) of €44.2m (+11.3%), i.e. 7.9% of contributed revenue (vs. 7.8% in 2017).

The operating performance results from:

- within the France scope, primarily volume effects and positive mix effects, which drove the treatment activities and particularly the storage activities in Hazardous Waste;

- within the International scope, primarily the expansion of the subsidiaries acquired in 2017 in treatment activities (storage) in Latin America, and Services activities (industrial maintenance) in the rest of the world.

Operating income accounts for various expenses, particularly in connection with tax disputes, the performance plan, and asset impairment, and stood at €38.0m (i.e. 6.8% of contributed revenue (vs. €37.3m, i.e. 7.3% of contributed revenue in 2017).

After taking into account financial income of €(13.4)m, vs. €(13.6)m one year earlier, and the contribution of companies accounted for by the equity method, equal to €0.4m, vs. €0.0m a year ago, Net income (Group share) reached €15.6m, up slightly from 2017 (+1.5%).

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[3] *Contributed revenue refers to published revenue minus the IFRIC12 revenue and diversion compensation collected by Sénerval (net of variable cost savings on tonnes not incinerated, collected to cover the costs laid out to ensure continuity of public service). The IFRIC 12 revenue corresponds to the amounts of concession investments, booked as intangible fixed assets as well as revenue in accordance with the recommendations of IFRIC 12.*

Greater financial agility, in line with targets

Financially, the Group strengthened its financial flexibility by improving its free cash flow generation and refinanced its bond and bank debt, giving it a longer maturity with improved rate conditions.

Confirming that its industrial investments are under control (€57.4m in 2018 vs. €57.7m one year earlier), Séché Environnement to improve its financial flexibility.

At December 31, 2018, the Group had free cash flow[4] of €38.4m (vs. €68.7m in 2017, a level which incorporated, among other things, €23.0m for the positive effects of active management of WCR).

The cash conversion rate therefore stood at 35% of EBITDA in 2018, the target level set by the Group for 2020, compared to 31% in 2017, after restating the non-recurring effects of the sale of receivables.

Consequently, net financial debt was down overall (€317.4m vs. €328.5m in 2017), with financial leverage of 2.9x EBITDA at the end of 2018 (vs. 3.3x at the end of 2017).

In July 2018, Séché Environnement refinanced €420m in financial debt through the issue of a €150m bond, in the form of a private placement, and took out a €120m bank loan and a €150m revolving credit facility (RCF) which incorporates innovative environmental, social and governance (ESG) criteria.

These transactions mean that Séché Environnement can benefit from more favorable terms on extended maturities and a more flexible, single leverage ratio of 3.95x EBITDA, which can be increased to up to 4.25x EBITDA in the event of an acquisition.

These new financial resources will bolster Séché Environnement's development strategy, in particular its intention to pursue external growth.

External growth strategy confirmed

With respect to strategy, in late 2018 Séché Environnement announced its intent to acquire the South African company Interwaste Holdings Limited[5], an integrated operator of hazardous and non-hazardous waste contracts in South Africa, under a Scheme of Arrangement to acquire 100% of the shares that form Interwaste's capital, at a price of ZAR 1.20 each, representing a total valuation of €32.0m at the time of the offer.

This transaction was finalized in the first quarter of 2019, and has no impact on Séché Environnement's financial status as of December 31, 2018.

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[4] *Cash flow before development investments, financial investments, IFRIC 12 investments, dividends, and debt repayment*
[5] *See November 2, 2018 press release*

Recent events and 2019 outlook

Finalization of the Interwaste acquisition

On January 9, 2019, Interwaste's General Meeting of Shareholders approved Séché Environnement's acquisition plan by special resolution with 99.99% of shareholders in favor.[6] The Scheme of Arrangement and the delisting of Interwaste from the Johannesburg Stock Exchange were finalized on March 5, 2019.

Interwaste will be fully consolidated with an effective date of January 1, 2019.

In 2018, Interwaste generated consolidated sales of ZAR 1,164 million (around €72.8m) and EBITDA of ZAR 213 million (around €13.3m), with COI totaling ZAR 113 million (around €7.1m). Interwaste had net debt of ZAR 98.2 million (around €6.1m).

Thanks to this acquisition, Séché Environnement aims to build a strong position at the heart of a highly promising region, spanning South Africa and southern Africa, thus taking advantage of growth and the transformation in waste markets as part of a circular economy approach.

Gaining majority control of Kanay

On January 31, 2019, in accordance with its purchase option agreement for Kanay's shares, Séché Environnement acquired an additional 7% stake, increasing its stake in Kanay's capital from 49% to 56%.

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

Séché Environnement also wants to exercise its other options in the first half of 2019 to bring its stake in Kanay up to 70%.

Outlook for 2019

2019 will be compared to a particularly promising 2018, especially in France.

In France, the fundamentals of the waste recovery and treatment markets will remain positively oriented, and regulatory changes aimed at promoting the development of the circular economy and customer demand for waste recovery will result in new market opportunities for Séché Environnement.

However, the macroeconomic outlook, particularly for industrial output, has led to expectations as of this writing for a more stable 2019 in industrial markets, while markets with Local Authorities are likely to remain solid.

Consequently, the growth in contributed revenue for the France scope in 2019 is likely to prove modest compared to 2018's performance.

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[6] *See press release from January 9, 2019*

Internationally, Séché Environnement expects to continue the strong organic development of its Latin American subsidiaries (Chile and Peru) while the growth of Solarca (Worldwide Industrial Client Services) will be compared in 2019 to a particularly challenging 2018 baseline.

2019 will be marked by significant scope effects related to the integration of International subsidiaries (Kanay, Interwaste, ...).

In 2019, Séché Environnement will strive to integrate and develop Interwaste in South Africa. Séché Environnement will assist Interwaste in innovative projects to grow its business and strengthen its position in the hazardous waste recovery and treatment sectors for industrial firms while looking toward Decontamination markets. 2019 will nonetheless be a year of integration for Interwaste, whose operational performance is expected to remain close to what was achieved in 2018.

In Peru, Séché Environnement will bolster Kanay's rapid development in hazardous waste treatment markets by strengthening industrial synergies with its subsidiary Taris.

Kanay is a leading player in the hazardous waste treatment sector in Peru, most notably with the country's only hazardous waste incineration facility, which meets international standards for smoke treatment. Its business closely complements that of Taris, which specializes in storing hazardous waste in Peru, and which Séché Environnement acquired in 2017. For this reason, Séché Environnement intends to quickly unify these two companies, both industrially and in their capital structure, under the management of its Peruvian partner.

Finally, Séché Environnement confirmed its desire to continue its International development strategy in 2019 through targeted acquisitions of companies with promising business models in high-potential emerging markets, with the goal of maintaining mid-cycle financial leverage of about 3x EBITDA.

This favorable outlook will strengthen Séché Environnement's ability to achieve or even surpass the primary financial goals for 2020 presented at its Investor Day on June 26, 2018[7], as early as 2019.

Note that in 2019, Séché Environnement will be adopting IFRS 16. The first application of this standard in 2019 will be seen in the form of a €24m to €30m rise in gross financial debt on its balance sheet, and an EBITDA increase of €7m to €10m on its income statement, with a small effect on COI.

At the Annual General Meeting to be held on April 26, 2019, the Board of Directors will propose an unchanged dividend of 0.95 euro per share for fiscal year 2018.

[7] *See press release from June 26, 2018*

Calendar

Consolidated revenue at March 31, 2019	**April 18, 2019 after market close**
Shareholders' General Meeting	**April 26, 2019**

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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.*
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:

- *the material and energy recovery of 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.*

Leveraging its extensive expertise, Séché Environnement has successfully developed its environmental services business lines in waste management outsourcing markets for its clientele of large communities and major industrial companies both in France and abroad.

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 Enternext PEA-PME 150 indexes.

Important notice

Comments on activity, income, and financial situation as of December 31, 2018

Summary financial statement

At December 31	2017		2018		Change (gross)
	In €m	*As a % of contributed revenue*	In €m	*As a % of contributed revenue*	
Contributed revenue	511.9	-	560.5	-	+10%
EBITDA	98.1	*19.2%*	108.7	*19.4%*	+11%
Current operating income	39.7	*7.8%*	44.2	*7.9%*	+11%
Operating income	37.3	*7.3%*	38.0	*6.8%*	+2%
Financial income	(13.6)	-	(13.4)	-	
Net income (Group share)	15.4	*3.0%*	15.6	*2.8%*	+2.0%
Recurring operating cash flow	83.4	*16.3%*	92.7	*16.5%*	+11%
Net industrial CapEx paid (excl. IFRIC)	52.9	*10.3%*	46.9	*8.4%*	-11%
Net banking debt	325.8	-	317.4	-	-3%

Comments on consolidated activity

At December 31, 2018, Séché Environnement reported consolidated revenue of €585.3m, up 9.5% compared to revenue reported at December 31, 2017.

Net of IFRIC 12 revenue and diversion compensation, contributed revenue stood at €560.5m at December 31, 2018 (vs. €511.9m a year earlier), an increase of 9.5% over the year at current exchange rates (and +9.8% at constant exchange rates).

Unless explicitly stated otherwise, the analyses and comments relate to contributed revenue.

Breakdown of revenue by geographic region

At December 31	2017		2018		Change (gross)
	In €m	As a %	In €m	As a %	
Subsidiaries in France	456.4	89.1%	496.5	88.6%	+8.8%
o/w scope effect	*13.4*	*2.5%*	-	-	
International subsidiaries	55.6	10.9%	64.0	11.4%	+15.1%
o/w scope effect	*31.0*	*5.8%*	-	-	
Total contributed revenue	511.9	100.0%	560.5	100.0%	+9.5%

Consolidated data at current exchange rates

During 2018, growth was supported by the positive trend in most business in France and the strong sales dynamic Internationally:

- In France, contributed revenue totaled €496.5m at December 31, 2018 vs. €456.4m once year earlier, reflecting an increase of +8.8% 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 and the stability of contracts with Local Authorities.
  Revenue earned in France accounted for 88.6% of contributed revenue (vs. 89.1% in 2017);

- Internationally, revenue totaled €64.0m at December 31, 2018 vs. €55.6m a year earlier, an increase of +15.1% over the period at current exchange rates and +18.6% at constant exchange rates (negative exchange rate effect of -€1.6m). Over the period, growth was primarily boosted by the sales momentum of the subsidiaries acquired in 2017 in Hazardous Waste treatment in Latin America, and Industrial Client Services in the rest of the world.

  Revenue earned by International subsidiaries accounted for 11.4% of contributed revenue in 2018 (vs. 10.9% in 2017).

Breakdown of revenue by division

At December 31	2017		2018		Change (gross)
	In €m	As a %	In €m	As a %	
Hazardous Waste division	325.9	63.7%	349.7	62.4%	+7.3%
Non-Hazardous Waste division	186.0	36.3%	210.8	37.6%	+13.3%
Total contributed revenue	511.9	100.0%	560.5	100.0%	+9.5%

Consolidated data at current exchange rates

During 2018, the waste recovery and treatment business lines benefited from a strong macroeconomic environment in France and a solid sales dynamic Internationally, particularly from recently acquired subsidiaries.

For instance, the Hazardous Waste (HW) division was supported by a solid showing from industrial markets, which drove treatment in France and services Internationally. Meanwhile, the Non-Hazardous Waste (NHW) division had a particularly productive year in the recovery and services businesses.

The HW division (62.4% of contributed consolidated revenue) recorded revenue of €349.7m at December 31, 2018, up +7.3% on last year (+7.8% at constant exchange rates).

- In France, the division brought in €287.6m in revenue, representing growth of +5.7% compared to 2017. Over the course of the year, growth in the division was driven by the positive orientation of industrial markets, which supported the treatment business (particularly storage, incineration, and platforms) and the services business (decontamination). The recovery business grew slightly, supported by the stability of materials recovery businesses.

- Internationally, the division's revenue totaled €62.1m at December 31, 2018 vs. €53.7m one year earlier. This strong growth (+15.6% at current exchange rates and +19.1% at constant exchange rates) reflects the growth dynamic of the subsidiaries' treatment business in Latin America and Industrial Client Services business in the Rest of the World, while the recovery business in Spain maintained its level of activity.

The NHW division contributed revenue of €210.8m, up +13.3% from 2017:

- In France, where the division does nearly all of its business, growth came from services (Decontamination) and recovery, particularly energy, in connection with the expansion of the SRF recovery facility in Changé and the biogas recovery facility in La Gabarre. The treatment business experienced a solid level of activity, particularly with respect to storage, strengthened by a favorable market environment;

- Internationally (SAN in Chile), the division posted revenue of €1.9m, which was comparable to last year (€1.9m). The forex effect is negligible in this scope.

Breakdown of revenue by activity

At December 31	2017		2018		Change (gross)
	In €m	As a %	In €m	As a %	
Treatment	258.0	50.4%	280.2	50.0%	+8.6%
Recovery	91.1	17.8%	94.1	16.8%	+3.3%
Services	162.8	31.8%	186.2	33.2%	+14.3%
Total contributed revenue	511.9	100.0%	560.5	100.0%	+9.5%

Consolidated data at current exchange rates

In 2018, growth was driven by the services and treatment businesses:

- Treatment: revenue from treatment activities totaled €280.2m at December 31, 2018 vs. €258.0m one year earlier, an increase of +8.6% at current exchange rates over the period (+8.9% at constant exchange rates).

  - In France, this activity grew +7.1%. It benefited from volume effects in connection with a good level of industrial output, which supported the hazardous waste storage and incineration businesses, while the non-hazardous waste storage businesses were supported by a favorable market environment;

  - Internationally, treatment activities were up sharply (+63.6% at current exchange rates and +79.0% at constant rates). They reflect the growth dynamic of recently acquired subsidiaries in Latin America (hazardous waste storage).

  Treatment activities accounted for 50.0% of contributed revenue in 2018 (vs. 50.4% in 2017);

- Recovery: With €94.1m in revenue as at December 31, 2018, recovery activities were up +3.3% from 2017 (€91.1m).

  This growth primarily reflects the contribution of energy recovery activities, including the expansion of the SRF boiler oven in Changé and the biogas recovery activities in La Gabarre, Guadeloupe.

  Recovery activities accounted for 16.8% of contributed revenue in 2018 (vs. 17.8% in 2017);

- Services: With €186.2m in revenue as at 2018, vs. €162.8m one year earlier, the Services activities were up sharply from the previous year (+14.3% at current exchange rates and +14.8% at constant rates) reflecting good performance by the Decontamination business in France and substantial International growth in Industrial Client Services.

  Service activities accounted for 33.2% of contributed revenue in 2018 (vs. 31.8% in 2017).

Comments on consolidated results.

EBITDA

As at December 31, 2018, consolidated Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) was up +10.9% from 2017, to €108.7m of contributed revenue (vs. €98.1m, 19.2% of contributed revenue one year earlier).

This increase of €10.6m compared to 2017 was primarily due to:

- the growth in operating margin, equal to +€13.2m, due to volume effects and positive price effects related to a solid level of business, particularly in treatment tools;
- changes to fixed expenses and the booking of various one-time proceeds, equal to €(2.6)m, particularly in France for personnel expenses within support functions that assisted growth.

Analysis of EBITDA by geographic scope

In €m	2017			2018		
	Consolidated	France	International	Consolidated	France	International
Contributed revenue	511.9	456.6	55.6	560.5	496.5	64.0
EBITDA	98.1	89.4	8.7	108.7	97.0	11.7
% of contributed revenue	*19.2%*	*19.6%*	*15.7%*	*19.4%*	*19.5%*	*18.3%*

Consolidated data at current exchange rates

For each geographic scope, the main changes were:

- Within the France scope, EBITDA reached €97.0m, at 19.5% of contributed revenue, compared to €89.4m (19.6% of contributed revenue in 2017).

  This +8.5% growth over the year primarily reflects favorable business mix effects, due to the high level of activity in treatment tools, within the Hazardous Waste and Non-Hazardous Waste divisions, and a greater contribution from the energy recovery business (full-year contribution of the RCU Changé and the La Gabarre facilities).

  The France scope has borne most of the growth in support function personnel expenses (see above).

- In the International scope, EBITDA rose to €11.7m, or 18.3% of contributed revenue (vs. €8.7m, or 15.7% of contributed revenue in 2017). This growth is related to the strong contribution of the service business lines (high level of activity from Solarca), the streamlining of storage activities in Latin America which benefit from the Group's expertise, and positive price effects in recovery activities in Spain (Valls Quimica).

Current operating income

At December 31, 2018, Current Operating Income (COI) stood at €44.2m, i.e. 7.9% of contributed revenue vs. €39.7m, i.e. 7.8% of contributed revenue in 2017.

This growth essentially reflects the increase in EBITDA (+€10.6m) partially offset by the increase in net provisions for amortization (+€5.2m), stemming from the recent investments needed to implement new authorizations and with the increase in the volumes buried in the storage business lines.

This balance also supports various expenses equal to €(0.9)m, of which €(1.3)m is for disputes.

Analysis of COI by geographic scope

In €m	2017			2018		
	Consolidated	France	International	Consolidated	France	International
Contributed revenue	511.9	456.6	55.6	560.5	496.5	64.0
COI	39.7	34.7	5.0	44.2	36.2	8.0
% of contributed revenue	*7.8%*	*7.6%*	*9.0%*	*7.9%*	*7.3%*	*12.5%*

Consolidated data at current exchange rates

For each geographic scope, the main changes were:

- In the France scope, COI stood at €36.2m up +4.3% over 2017, to 7.3% of contributed revenue (vs. €34.7m, i.e. 7.6% of contributed revenue in 2017). This change reflects the increase in EBITDA minus the increase in provisions for depreciations in the storage business, and non-recurring expenses for disputes (see above).

- Internationally, COI stood at €8.0m up +60.0%, to 12.5% of contributed revenue (vs. €5.0m, i.e. 9.0% of contributed revenue in 2017). This increase (+€3.0m) mainly reflects the increase in EBITDA over the period.

Operating income

At December 31, 2018, COI totaled €38.0m, i.e. 6.8% of contributed revenue) (vs. €37.3m, i.e. 7.3% of contributed revenue one year earlier). This change mainly reflects:

- the contested amount of a tax dispute related to the tax on polluting activities, equal to €(1.8)m;

- asset depreciations for tangible fixed assets, equal to €(1.7)m;

- expenses incurred under the performance plan aimed at optimizing oversight functions, equal to €(1.6)m;

- the impacts of the business combination, in the context of the acquisition of Interwaste Holding Limited, equal to €(1.0)m.

Financial income

At December 31, 2018, financial income came out to €(13.4)m compared to €(13.6)m one year earlier.

This slight improvement in financial income accounts for the booking of proceeds of the sale of financial fixed assets equal to €1.8m, while the average cost of net debt was 3.35% in 2018 compared to 3.26% in 2017 in a context of slightly decreasing the average net financial debt over the period.

Corporate tax

In 2018, the Corporate Tax expense was €8.8m (vs. €7.7m in 2017) due to the improvement in the Group's profit-making capacity.

Share of income of affiliates

The share of net income of affiliates was primarily composed of the Group's share in the income of GEREP, SOGAD and Kanay. This share stood at +€0.4m (vs. €0.0m one year earlier) in light of the improvement in the contributions from Sogad and Kanay.

Consolidated net income

At December 31, 2018, Consolidated net income was €16.2m (vs. €15.5m in 2017).

After booking the minority interest share in that income (€0.6m vs. €0.1m in 2017, representing in particular the minority interest share in Solarca), Net income (Group share) stood at €15.6m (vs. €15.4m for 2017).

Comments on the consolidated financial situation

Financing

The table below summarizes the variation in free cash flow and net financial debt[8]:

At December 31	2017	2018
EBITDA	98.1	108.7
Dividends received from affiliates	0.1	0.1
Foreign exchange gain (loss)	(0.8)	(0.5)
Other operating income and expenses	(3.3)	(4.3)
Costs of rehabilitation and maintenance on disposed sites and assets	(10.7)	(11.6)
Recurring operating cash flow	83.4	92.4
Net recurring CAPEX paid	(31.5)	(34.6)
Change in WCR	30.2	(2.0)
Income tax paid	(1.4)	(4.3)
Net interest payments	(12.0)	(13.1)
Free cash flow	68.7	38.4
Net non-recurring CAPEX paid	(21.3)	(12.3)
Net financial CAPEX paid	(70.9)	1.1
Dividends	(7.4)	(7.4)
Net free cash flow	(30.9)	19.8
Net IFRIC 12 CAPEX paid	(4.3)	(6.2)
Non-cash effects	(11.7)	(5.3)
Opening net financial bank debt	279.0	325.8
Closing net financial bank	325.8	317.4

Over the fiscal year, the Group generated €38.4m in free cash flow (vs. €68.7m in 2017). This change reflects the combined effect:

- of the change in recurring operational cash flow (gross cash flow before taxes and financial expenses), correlating to the change in COI excluding calculated expenses and non-recurring expenses;
- of the fluctuation in WCR (fluctuation of -€2.0m over the year, a deterioration of -€32.2m compared to the 2017 fluctuation):
- the 2017 fluctuation in WCR was positively impacted by a sale of receivables in late 2017 for €23.0m;
- of a net tax expense of -€4.3m in 2018 compared to –€1.4m in 2017.

The EBITDA to cash conversion ratio stood at 35% in 2018 (i.e. the initial 2020 target) vs. 31% in 2017 (excluding WCR optimization effects).

[8] *Definition of the banking contract*

Investments

Investments changed as follows:

In €m	2017	2018
Industrial investment (excl. IFRIC 12)	57.7	57.4
Financial investments	0.7	1.0
Investments booked	58.4	58.4
Industrial investment (excl. IFRIC 12)	52.8	46.9
Financial investments	0.8	(1.1)
Subsidiary acquisition - Net cash flow	70.0	-
Net investments paid out	123.6	45.8

Recognized industrial investments (excluding IFRIC 12) are under control, at €57.4m vs. €57.7m one year earlier, and are divided between:

- recurring industrial investments for €38.7m (vs. €37.0m in 2017), mainly comprising €11.2m for maintaining industrial facilities and equipment, and €11.7m for land reserves and cell construction;
- non-recurring industrial investments for €18.7m (vs. €20.7m in 2017), primarily dedicated to the development of storage facility capacity (€5.1m) in connection with the implementation of new permits and energy recovery facilities (€1.8m).

Financial debt and liquidity situation

Gross financial debt was stable between 2017 and 2018, at €417.0m vs. €412.0m and is divided as follows:

In €m - at December 31	2017	2018
Bank loans	319.5	200.7
Bond debt	49.4	174.2
Lease finance debt	9.2	9.4
Miscellaneous financial debt	1.6	3.0
Short-term bank borrowings	1.2	0.6
Non-bank debt	31.1	29.1
Total financial debt	412.0	417.0
Cash balance	(53.5)	(67.4)
Net financial debt	358.5	349.6

As a reminder, net banking debt, which excludes some lines of financial debt in its definition, stood at €317.4m vs. €325.8m.

As at December 31, 2018, Séché Environnement has an improved liquidity situation:

In €m - at December 31	2017	2018
Cash balance	52.3	66.8
Credit facilities	19.8	19.8
Revolving Credit Facility	40.0	150.0
Term loan	-	25.0
Liquidity situation	112.1	261.6

APPENDIX 1:

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

In 2018, the consolidation scope is unchanged compared to 2017.

Simplified consolidated income statement

(in €m)	2017	2018	Change (gross)
Revenues	534.4	585.3	+9.5%
o/w contributed revenue	***511.9***	***560.5***	***+9.5%***
EBITDA	98.1	108.7	+10.9%
% of contributed revenue	*19.2%*	*19.4%*	-
Current operating income	39.7	44.2	+11.3%
% of contributed revenue	*7.8%*	*7.9%*	-
Operating income	37.3	38.0	+1.7%
Financial income	(13.6)	(13.4)	-
Corporate tax	(7.7)	(8.8)	-
Net income from consolidated companies	**16.1**	**15.8**	**-1.5%**
Share of income of affiliates	nm	0.4	-
Net income from discontinued operations	(0.6)	-	-
Net income before minority interests	**15.5**	**16.2**	**+1.2%**
Minority interests..	0.1	(0.6)	-
Net income (group share)	**15.4**	**15.6**	**+1.5%**

Simplified consolidated balance sheet

In €m - at December 31	2017	2018
Non-current assets	644,648	648,245
Current assets (excl. cash and cash equivalents)	179,155	202,414
Cash and cash equivalents	53,459	67,425
Assets held for sale	0	0
Total assets	**877,261**	**918,083**
Shareholders' equity	247,202	254,769
Financial liabilities	411,952	416,976
Hedging instruments – liabilities	493	705
Provisions	21,382	22,453
Other borrowings	196,233	223,181
Liabilities held for sale	0	0
Total liabilities	**877,261**	**918,083**

Simplified statement of cash flows

In €m - at December 31	2017	2018
Cash flow before tax and financial expenses	**83.4**	**92.4**
Change in WCR	30.2	-2.0
Income tax paid	-1.4	-4.3
Net cash flow from operating activities	**112.2**	**86.2**
Investments in tangible and intangible assets	-58.8	-54.6
Proceeds from disposals of fixed assets	1.7	1.5
Net financial investments	-0.9	1.1
Net cash flow on acquisitions and disposals of subsidiaries	-70.1	nm
Net cash flow from investment operations	**-128.0**	**-52.0**
Dividends paid to equity holders of the parent	-7.4	-7.4
Proceeds and repayment of borrowings	72.5	1.1
Interest paid	-12.0	-13.1
Other cash flow	nm	nm
Net cash flow from financing activities	**53.1**	**-19.4**
Change in cash flow from ongoing operations	37.3	14.8
Change in cash flow for discontinued operations	nm	-
Change in cash and cash equivalents	37.3	14.8
Foreign exchange fluctuation	-0.2	-0.2
Opening cash position	15.2	52.3
Closing cash position	52.3	66.8