

August 31, 2010

2010 Interim Results

Trend of second half of 2009 confirmed Positive performance for all business lines

- Continuation of the trend seen in the second half of 2009: increased raw materials prices and processing volumes against the backdrop of pressure on margins
- Positive operating profit before non-recurring items for all business lines
- Consolidated EBITDA: €11.6 million
- Consolidated net income: €5.6 million
- Cash position impacted by increase in raw materials inventories

Against the backdrop of significant increases in raw materials prices and processing volumes, the Recylex Group achieved robust growth in operating profit and net profit during the first half of 2010. Up to April 2010, the increase in lead prices was accompanied by a sharp rise in purchasing prices of used batteries, keeping margins under pressure. Since May 2010, lead prices have seen some downwards correction, followed by a reduction in purchasing prices for batteries.

Yves Roche, Chairman and Chief Executive Officer of Recylex, comments: *"The signs of the crisis coming to an end seen in the second half of 2009 have been confirmed. We have made it through this difficult period by maintaining a solid balance sheet and managed to benefit from the increase in processing volumes since the start of 2010. Our margins are expected to remain under pressure during the second half of the year, even though purchasing prices for batteries currently benefit from the impact of the recent correction in lead prices. We expect volumes to remain satisfactory in the second half of 2010."*

1. Market data

The first half of 2010 was subject to a high level of volatility in lead and zinc prices, with average prices for the period remaining well above those observed in the first half of 2009. However, prices have been under pressure since May 2010. The fall in the euro against the dollar compensated partly for the decline in metals prices. The average lead price rose from €995 per tonne in the first half of 2009 to €1,565 per tonne in the first half of 2010, while the average zinc price rose from €990 per tonne in the first half of 2009 to €1,619 per tonne in the first half of 2010.

2. Key figures

In millions of euros	First half 2010 (to June 30, 2010)	First half 2009 (to June 30, 2009)
Consolidated sales	193.6	103.5
EBITDA (IFRS)	11.6	(9.8)
EBITDA (LIFO) ¹	13.1	(9.2)
Operating income (loss) before non-recurring items (IFRS)	4.0	(6.5)
Operating income (loss) before non-recurring items (LIFO) ¹	7.9	(12.9)
Consolidated net income (IFRS)	5.6	0.1

In millions of euros	At June 30, 2010	At December 31, 2009
Equity	110.0	103.2
Cash and cash equivalents	43.8	53.5

3. Results by business line (excluding holding companies and environmental services)

▪ Lead recycling

The sharp increase in battery processing volumes observed at the end of 2009 continued during the first four months of 2010. Despite a slowdown since May 2010, processing volumes are still satisfactory. In addition, purchasing prices for batteries remained very high during the first half of 2010, which reduced margins. The trend reversed following the fall in lead prices at the end of the first half of 2010 and battery purchasing prices started to decrease.

¹ To assess the performance of its Lead operating segment in its internal reporting, the Group uses the LIFO (last in-first out) method - not permitted under IFRS - to measure inventories for its main smelter in Germany (Nordenham). The effects of the adjustment to inventories at the main smelter in Germany under the LIFO method are presented in Note 4 of the notes to the condensed consolidated financial statements for the first half of 2010.

Volumes produced by the lead business increased. However, business conditions as a whole remained not very satisfactory compared with the year-earlier period, particularly in premiums on lead sales, which fell in 2010. The situation has improved since the start of 2010 for sales of sulphuric acid - a by-product produced and sold by the Nordenham plant from the sulphur contained in used batteries and lead concentrates.

The Nordenham plant closed for planned maintenance work for four weeks between April and May 2010.

The Lead business generated operating income before non-recurring items of €0.5 million in the first half of 2010 compared with €1.2 million in the first half of 2009. After the revaluation of lead inventories at the Nordenham smelter using the LIFO method, operating income before non-recurring items was €4.4 million in the first half of 2010 compared with a loss of €5.2 million in the first half of 2009.

- **Zinc recycling**

The steel mill dust recycling plants - Harz Metall GmbH and Recytech SA, of which the Group owns 50% - which were affected by the crisis at the start of 2009, saw a recovery at the end of the second half of 2009. The timid recovery observed in the second half of 2009 was confirmed in the first half of 2010. During the first half of 2010, Harz Metall GmbH plant operated at full capacity. The Recytech SA plant closed for planned maintenance works for three weeks in June 2010.

The zinc recycling business (Norzinco GmbH) enjoyed a satisfactory first half of 2010 thanks to the solid level of orders from the chemicals industry, which is benefiting from a recovery unlike the tyre industry.

The Zinc business generated operating income before non-recurring items of €4.1 million in the first half of 2010 compared with a loss of €3.0 million in the first half of 2009.

- **Plastic recycling**

Despite sales growth of 14% in the first half of 2010 compared with the first half of 2009, recovery is yet to be seen in this sector.

The Plastics business generated operating income before non-recurring items of €0.5 million in the first half of 2010 compared with a loss of €0.3 million in the first half of 2009.

- **Special metals**

This business was severely affected by the crisis in 2009. Since the start of 2010, encouraging signs of recovery in the high purity arsenic and cadmium telluride sectors have allowed for a 59% increase in sales in the first half of 2010 compared with the year-earlier period.

The Special metals business generated operating income before non-recurring items of €0.9 million in the first half of 2010 compared with a loss of €1.7 million in the first half of 2009.

4. Financial position

- **The Group's cash position was reduced due to a sharp increase in the working capital requirement and in particular lead inventories at the Nordenham smelter.** The rise in the level of lead inventories was caused by the closure of the plant for maintenance work between April and May

2010, as well as the higher purchasing volume of raw materials. The majority of physical stock built up in the Nordenham plant will be worked off during the second half of 2010, particularly that which was built up as a result of the maintenance stop.

- In February 2010, Recylex paid out about €3 million in execution of rulings from the Douai Appeal Court, which partly confirmed the rulings of the Lens Labour Tribunal, awarding damages to 460 former non-managerial employees of Metaleurop Nord. As these damages were incorporated into the liabilities of Recylex's continuation plan, the amount paid corresponds to the first four instalments of the plan - payable from 2006 to 2009 - or 24% of the total amount payable. The remainder will be paid in instalments according to the terms of the continuation plan between now and 2015.
- **Capital Expenditure was maintained at €4.2 million.**

5. Other significant events

- **Legal proceedings**

- **Former employees of Metaleurop Nord SAS**

On February 9, 2010, the Company lodged an appeal against the rulings of the Douai Appeal Court awarding compensation to 460 former non-managerial employees of Metaleurop Nord. The appeal does not suspend enforcement of the rulings.

As part of the legal proceedings concerning former managerial employees of Metaleurop Nord, the hearing before the Douai Appeal Court has been adjourned to October 27, 2010.

- **Action for the repayment of liabilities brought by the liquidators of Metaleurop Nord SAS**

The Douai Appeal Court issued a stay of proceedings on November 18, 2008 and invited the parties to bring the matter before the Conseil d'État on the basis of a review of the legality of a regulatory provision. Recylex SA applied to the Conseil d'État for a preliminary ruling on legality on February 12, 2009. The preliminary ruling from the Conseil d'État is awaited before the Douai Appeal Court can rule on either the admissibility or the merits of the case. To date, the schedule of hearings before the Conseil d'Etat is not known.

- **Civil liability claim against the creditors' representative**

As part of the civil liability lawsuit initiated by Recylex SA against the creditors' representative, who wrongly included amongst uncontested debts a debt which was subject to an on-going lawsuit, the Paris Regional Court has ordered the creditors' representative to pay Recylex SA the sum of €3 million in damages and interest. On February 22, 2010, the decision was appealed by the creditors' representative.

On June 15, 2010, Recylex SA signed a settlement agreement with the creditors' representative providing for the latter's withdrawal from the appeal procedure and the payment to Recylex SA of an amount of €1.5 million by way of settlement.

6. Outlook for the second half of 2010

- **Recent changes in market data**

Metals prices have stabilised at the levels seen in June 2010. While lower than at the start of the first quarter of 2010, these levels are still above the averages for 2009.

- **Outlook by business line**

In the Lead business, battery purchasing prices began to fall at the end of the first half of 2010. This is still to be confirmed for the first few months of the second half of 2010. Processing volumes are expected to remain satisfactory. The Group's three battery processing plants closed for annual maintenance works at the start of the second half of 2010.

In the recycling of Electric Arc Furnace dust, the recovery seen in the first half of the year should be confirmed in the second half of 2010. Steel dust processing volumes should allow for the Group to use over 90% of its capacity over the full year in 2010.

In the Plastics business, the Group is still waiting for signs of recovery.

Lastly, in Special metals, the positive trend of the first half of 2010 looks set to continue.

7. Investor relations calendar

- *Quarterly financial information (third quarter of 2010)*

November 10, 2010

Recycle, Transform, Enhance

With operations in France, Germany and Belgium, Recylex is a pan-European company specialising in recycling lead and plastic (from automobile and industrial batteries), recycling zinc from particles from electric steel plants, and producing zinc oxides and special high purity metals.

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