

18 June 2020 – 6 pm

Press release

2018 Annual Results and AGM of July 29, 2020

Recylex S.A. (Euronext Paris: FR0000120388 - RX) publishes today its consolidated annual financial results for the full year 2018¹, as approved by the Board of Directors of Recylex S.A. at its meeting on June 12, 2020. For more details, the 2018 Annual Financial Report, filed today with the Autorité des Marchés Financiers, can be consulted on the company's website at www.recylex.eu (Finance - Publications section).

1. Context of the closing of the 2018 annual accounts

The closing of the 2018 financial statements is affected by the uncertainties surrounding the company's ability to continue as a going concern² and the implementation of the assumptions underlying its financial plan, which were used for the closing of the 2018 consolidated and parent company financial statements on a going concern basis.

As the Statutory Auditors are neither in a position to assess the realisation or not of the assumptions and elements used, nor to assess the outcome of the actions currently underway to structure Recylex S.A.'s financial planning, in accordance with their professional standards, they formulated an impossibility to certify the 2018 consolidated and parent company financial statements due to a number of uncertainties relating to the going concern assumption. Recylex S.A. specifies, however, that this is not a refusal to certify.

It should be noted that the publication date for the company's 2019 annual results has not yet been set.

As a reminder³, following the implementation on May 15, 2020 of the “protective shield” procedures for Weser-Metall GmbH, Harz-Metall GmbH, Norzinco GmbH and PPM Pure Metals GmbH and the self-administration” procedures for Recylex GmbH, C2P Germany GmbH and Recylex Grundstücksverwaltungsgesellschaft mbH, Recylex S.A. has definitively lost control of the German entities, resulting in the deconsolidation of the entire German perimeter. The main impacts for Recylex S.A. as of May 14, 2020 of the deconsolidation of the German sub-group on the consolidated financial statements,, were described in Recylex's press release of May 14, 2020.

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The French companies of the Recylex Group are not included in the scope of these proceedings under the German law, but it should be noted that Recylex S.A. capacity to sustainably pursue its activities on a long-term basis is dependent upon Weser-Metall GmbH's capacity to continue its own activity, which is now subject to insolvency proceedings, as well as to continue sourcing secondary materials from Recylex S.A., Weser-Metall GmbH being Recylex SA's main customer. In this respect, Recylex S.A.'s ability to continue its activities depends on the fulfilment of several structuring assumptions which are detailed in Note 39 to the 2018 consolidated financial statements and in the "Subsequent events" Note to the 2018 parent company financial statements.

These structuring assumptions relate not only to the continuation of business operations with Weser-Metall GmbH, but also to the restructuring of Recylex S.A.'s financial and non-financial debt in order to enable the company to maintain its cash balanced and to meet its current and medium-term liabilities in the normal course of its business.

In this context, the trading of the Recylex's ordinary shares remains suspended until the company is in a position to communicate in a reliable manner on its ability to continue its business.

2. Financial information as of December 31, 2018

In order to allow a better assessment of the 2018 consolidated financial figures in the context of the Group's new scope of consolidation³ following the implementation of the insolvency proceedings and the loss of control of the German entities in May 2020, certain key aggregates of the Recylex Group's 2018 financial information have been presented on a "Pro Forma" basis by deconsolidating Weser-Metall GmbH, Harz-Metall GmbH, Norzinco GmbH and PPM Pure Metals GmbH as well as Recylex GmbH, C2P Germany GmbH and Recylex Grundstücksverwaltungsgesellschaft mbH (see column below : Pro Forma as of December 31, 2018).

Consolidated financial data at December 31, 2018

<i>€ million</i>	Year to December 31, 2018	Year to December 31, 2017	2017/2018 change	Pro Forma at December 31, 2018
Sales (IFRS)	364.6	450.3	-85.7	84.7
EBITDA ⁴	(12.1)	22.9	-35.0	0.1

EBITDA ⁴ restated ⁵	3.5	39.6	-36.1	15.4
Operating income/(loss) before non-recurring items (IFRS)	(20.5)	14.6	-35.1	(1.4)
Restated ⁵ operating income/(loss) before non-recurring items	(5.9)	30.4	-36.3	13.0
Net income (IFRS)	(78.7)	18.0	-96.7	ND

€ million	At December 31, 2018	At December 31, 2017	2017/2018 change	Pro Forma at December 31, 2018
Cash and cash equivalents	6.4	5.5	+0.9	2.0
Net cash ⁶	(7.4)	(9.5)	+2.1	2.0
Equity	(79.7)	(4.2)	-75.5	ND
Net debt ⁷	117.5	93.7	+23.8	51.4

3. Key events in 2018

It is reminded that Recylex S.A. reported on February 14, 2019 the Group's consolidated sales (before deconsolidation of the German entities) as of December 31, 2018.

The Group's EBITDA⁴ for 2018 showed a loss of €12.1 million and cash flow from current operations before taxes a surplus of €4.3 million, following a sharp reduction in working capital requirements.

In a context of significantly deteriorated financial performance, the German subgroup was unable to achieve its financial target at December 31, 2018, as defined in the financing agreement concluded in December 2016 and revised in September 2018, was unable to meet the repayment due at December 31, 2018, and repeatedly requested its financial partners in 2018 to waive their early termination rights ("waiver").

In order to finance its operations, the German sub-group obtained two loans from Glencore International AG for a total amount of €16 million as part of the financing put in place in December

2016. In addition to these loans, the subsidiary Weser-Metall GmbH benefited, during the financial year 2018, from credit lines facilities covering its working capital requirement of €9 million, leading to the use of the entire €25 million granted by Glencore International AG under the financing agreement of December 29, 2016.

On February 7, 2019, Glencore International AG granted a bridge financing for €10 million in the benefit of the German subgroup, to enable an agreement on the restructuring of the financial debt of the German entities.

Note 39 of the 2018 consolidated financial statements presents the changes in the financial position of the German sub-group as well as the events subsequent to the balance sheet date (December 31, 2018), including the opening of the insolvency proceedings for the Group's German subsidiaries in May 2020.

4. Results by segment as of December 31, 2018

Evolution of metal prices in Euros as of December 31, 2018

€ per tonne	Average 2018	Average 2017	Change (%)
Lead price	1,895	2,052	-8%
Zinc price	2,468	2,561	-4%

Source : London Metal Exchange.

Results by segment as of December 31, 2018

Technical difficulties following the connection of the new reduction furnace to the main furnace led to a significant reduction in the volume of lead produced. Lead production reached 104,600 tonnes at December 31, 2018 compared to 122,600 tonnes for 2017, a decrease of 14.7% compared to 2017 in a context of reduced battery purchasing throughout 2018. At December 31, 2018, the Group had recycled 112,900 tonnes of used lead batteries, compared to 137,000 tonnes for the same period in 2017, a reduction of 17.6%.

As a result, the Lead segment reported a current operating loss of €24.3 million in 2018 compared to a profit of €7.3 million in 2017.

In this context, taking into account the technical difficulties encountered in 2018, the current performance of the smelter and therefore a less favorable outlook than initially expected for this segment, the Group has written down assets in this segment for €42.3 million.

With 180,500 tons of dust processed in 2018 (compared to 178,200 tonnes in 2017), Waelz oxide production from the Group's two plants (Harz-Metall GmbH in Germany and Recytech S.A., 50%-owned in France) amounted to 74,270 tonnes in 2018 (compared to 73,270 tonnes in 2017).

In a context of declining zinc prices and worsening commercial conditions, Current Operating Income for this segment in 2018 amounted to €11.7 million, down sharply from €16.4 million in 2017.

In order to allow a better assessment of the 2018 consolidated figures by business segment in the context of the Group's new scope of consolidation (after the insolvency proceedings and the loss of control of German entities in May 2020), certain key aggregates of the Recylex Group's 2018 financial information are presented below on a Pro Forma basis by deconsolidating the entities over which Recylex S.A. lost control in May 2020 (see column below : Pro Forma as of December 31, 2018).

As from May 2020 (following the loss of control of the German entities), the Group's business segments are now made up as follows:

- The "Lead" segment consists solely of the used lead-acid batteries recycling activities in France (Recylex S.A.);
- The "Zinc" segment consists solely of Recytech S.A.'s dust recycling activities (production of Waelz oxides) in France. Recytech S.A. is 50%-owned and is included in the Group's consolidated financial statements using the proportionate consolidation method method⁴;
- The "Plastics" segment consists solely of the activities of the C2P S.A.S. entity in France (polypropylene recycling).

The "Special Metals" segment, which included the custom manufacturing of very high-purity metals by PPM Pure Metals GmbH, disappeared from the Group's business portfolio after the loss of control of this entity.

Lead segment (65% of 2018 sales)

€ million	Year to December 31, 2018	Year to December 31, 2017	2017/2018 change	Pro Forma at December 31, 2018
Sales (IFRS)	236.2	324.1	-87.9	73.8
Operating income before non-recurring items (IFRS)	(24.3)	7.3	-31.6	3.9
Restated ⁵ operating income before non-recurring items	(24.1)	7.3	-31.4	3.9

Zinc segment (26% of 2018 sales)

€ million	Year to December 31, 2018	Year to December 31, 2017	2017/2018 change	Pro Forma at December 31, 2018
Sales (IFRS)	96.3	98.4	-2.1	0
Restated ⁵ sales	122.5	125.6	-3.1	25.3
Operating income before non-recurring items (IFRS)	11.7	16.4	-4.7	0
Restated ⁵ operating income before non-recurring items	26.1	32.2	-6.1	14.4

Special Metals segment (5% of 2018 sales)

€ million	Year to December 31, 2018	Year to December 31, 2017	2017/2018 change	Pro Forma at December 31, 2018
Consolidated sales	19.2	14.2	+5.0	0
Operating income before non-recurring items (IFRS)	0.2	(1.9)	+2.1	0

Plastics segment (4% of 2018 sales)

€ million	Year to December 31, 2018	Year to December 31, 2017	2017/2018 change	Pro Forma at December 31, 2018
Consolidated sales	12.9	13.6	-0.7	10.9
Operating income before non-recurring items (IFRS)	(0.7)	0.1	-0.8	(0.2)

5. Cash flow and financial structure

In 2018, despite a significant drop in EBITDA⁴ generated in the Lead segment, cash flow from current operations remained positive at €4.3 million compared to €0.9 million in 2017 thanks to a very sharp decrease in the Group's working capital requirement (down €15.1 million), mainly at the Nordenham

plant.

Cash flow from operating activities amounted to €7.1 million for fiscal year 2018 (compared to a negative cash-flow of €5.7 million for fiscal year 2017). This positive cash flow includes in particular:

- €10.4 million in dividends from companies accounted by the equity method⁴;
- €4.6 million for the rehabilitation of closed sites, mainly the continuation of rehabilitation works at the L'Estaque site;
- payments to the European Commission in accordance with the payment plan for the fine imposed on February 8, 2017 for €1.4 million.

Cash flow from investing activities in 2018 amounted to €25.1 million, compared to €36.6 million in 2017, mainly due to capital expenditure at the Nordenham lead smelter for €17.2 million related to the construction of the reduction furnace and the new configuration of the smelter.

Cash flow from financing activities amounted to €20.1 million in 2018 compared to €39.8 million in 2017, and mainly includes the drawdown of available bank loans for €15.4 million and the drawdown of two loans from Glencore International A.G. for a total amount of €16 million.

The Group' net cash position, after deduction of drawn credit lines, was -€7.4 million as of December 31, 2018, compared to -€9.5 million as of December 31, 2017.

The Group's net financial debt reached €117.5 million at December 31, 2018 compared to €93.7 million at December 31, 2017.

This increase was mainly due to the drawdown of €15.4 million on the available bank loans set up in December 2016 for the German sub-group and the obtaining of two loans by Weser-Metall GmbH and Recylex GmbH from Glencore International AG for a total amount of €16 million.

6. Annual general meeting of July 29, 2020

In the context of the SARS-CoV-2 pandemic and the fight against its spread, and in accordance with the provisions of Order n°2020-321 of 25 March 2020, adapting notably the rules for meetings and deliberations of general meetings and the related Decree n°2020-418 of 10 April 2020, the Combined General Meeting of shareholders called to approve the consolidated and company financial statements for the 2018 financial year will be held on 29 July 2020, at 10:30 a.m., exceptionally behind closed doors ("huis clos"), without the physical presence of shareholders.

Consequently, shareholders are strongly encouraged to vote by mail using the voting form or to give a proxy to the Chairman of the General Meeting or to any other individual or legal entity of their choice, prior to the General Meeting. The voting form will soon be available on www.recylex.eu/fr/actionnaires and must be returned to Société Générale Securities Services in order to vote by mail or by proxy.

No admission card will be issued to shareholders who request one.

As the General Meeting will be held without the presence of its shareholders, the latter will not be able to ask questions during the meeting. However, in compliance with legal requirements, shareholders are invited to ask written questions beforehand, which will be answered during the meeting. These written questions must be sent to the administrative office of Recylex S.A.: 79, rue Jean-Jacques Rousseau, 92158 Suresnes Cedex, France, by registered letter with acknowledgement of receipt addressed to the Chairman of the Board of Directors or by electronic telecommunication to the following address: assemblee.generale@recylex.eu, no later than July 23, 2020. These questions must imperatively be accompanied by a certificate of account registration.

Recylex S.A. will make the minutes of the Shareholders' Meeting and the related presentation available to its shareholders as soon as possible after the end of the Shareholders' Meeting.

The procedures for holding and voting for this General Meeting as well as its agenda will be detailed in the meeting notice ("avis de reunion") that will be published in the Bulletin des Annonces Légales et Obligatoires (BALO) in the coming days and on Recylex's website (www.recylex.eu) in the section dedicated to the General Meeting on the [Finance page - Shareholders section](#).

7. Provisional financial agenda

Next publication: financial information at June 30, 2020, Thursday, July 30, 2020 (after market close).

1 The closing and publication of the 2018 consolidated and parent company financial statements had been postponed until then due to the Group's going concern uncertainty in the context of discussions with the financial partners of the German subgroup with a view to restructuring the debt related to the December 2016 financing. These discussions ended in May 2020 with the implementation of insolvency proceedings for the German entities. See 2.

2 See press releases of December 5, 2018, March 26, 2019, June 17, 2019, July 15, 2019, July 31, 2019, October 28, 2019, November 7, 2019, November 27, 2019, December 20, 2019, February 21, 2020, March 19, 2020, April 30, 2020, May 7, 2020, May 14, 2020 and May 20, 2020.

3 See press releases of 14 May 2020 and 20 May 2020.

4 Current operating income before depreciation, amortization, provisions and impairment losses (non-IFRS indicator).

5 To assess the performance of the Lead segment, the Group uses in its internal reporting the LIFO or "Last In First Out" method (not allowed under IFRS) to value the inventories of the Nordenham lead smelter. To assess the performance of the Zinc segment, the Group also provides restated financial data including the share of Recytech S.A. (50% interest), using the proportional integration method, although this method is not permitted under IFRS. See Note 19 to the 2018 consolidated financial statements.

6 Net cash of credit lines used.

7 2017 data corrected.

Disclaimer: This press release may contain forward-looking statements that constitute either trends or objectives and should not be construed as forecasts of results or any other performance indicator. This information is by its nature subject to risks and uncertainties, as described in the Company's Annual Report available on its website (www.recylex.fr). More detailed information on Recylex can be found on its website (www.recylex.eu). In this press release, unless otherwise indicated, all changes are expressed on an annual basis (2018/2017). This press release is a non-official translation into English of the press release of the same date issued in French language and is provided solely for the convenience of English-speaking users. This press release should be read in conjunction with and construed in accordance with French law.

Raw materials from urban mines

The Recylex Group is a European specialist in the recycling of lead, zinc and polypropylene. For more information about the Recylex Group: www.recylex.eu