Séché environnement
Séché global solutions

ELIGIBLE PEA PME

Press release

Changé, March 9, 2015

Results at December 31, 2014

Revenue excluding IFRIC 12: **stable** at €436.6m
- High comparison base over the first nine months
- Strong growth in the fourth quarter

EBITDA: **up 5%** to €82.3m, or 18.8% of revenue excl. IFRIC 12 (vs. 17.7% in 2013)
- Public service delegation contracts back to a normative contribution
- Favorable business mix

Net income (Group share): **up 13%** to €9.8m, or 2.3% of revenue excl. IFRIC 12 (vs. 2.0% in 2013)

Improved financial capacity
- Growth in cash flow and controlled Capex: Cash flow/ Capex ratio of 151% vs. 117% in 2013
- Gearing (net fin. debt/equity) of 0.66x (vs. 0.71x in 2013) and leverage (net fin. debt/EBITDA) of 2.56x (vs. 2.85x in 2013)

Strong outlook in 2015
- Slight improvement in activity
- Fresh rise in net income
- Increase in growth investments and financial position maintained

Unchanged dividend: €0.95 per share[1]

At the Board of Directors' meeting that approved financial statements[2], Joël Séché commented on these results:

"Over the past year, we continued to develop and strengthen our positioning as a high value-added specialist in waste markets and, more generally, as a key player in the circular economy and the industrial ecology, underpinned in France by first-class infrastructures.

In 2014, our Group benefited from strong business activity, which boosted the performance of its treatment businesses. But it was in service activities that we experienced the most vigorous growth, illustrating the appropriateness of our new growth strategy, based on new and general approaches that add value for our clients. I would take as an example the major contracts we signed this year with large new industrial clients, such as chemicals group Dupont, or the flagship contract to supply recovered energy to the heating network of French town Laval.

Our results grew sharply in 2014: this is the fruit of the business momentum of treatment activities, as well as efforts made at some of our sites and at our public service delegation facilities whose contribution to current operating income is now closer to normal. As a result, cash generation grew significantly and our Group was able to strengthen its financial solidity, with a significant improvement in balance-sheet ratios.

All the conditions are therefore in place to enter the current year with confidence and to forecast a strong 2015, both in terms of revenue and results. »

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[1] *To be approved by the Shareholders' General Meeting of April 28, 2015*
[2] *Board of Directors' meeting of March 2, 2015*

Comments on results at December 31, 2014

As at December 31, 2014, Séché Environnement **reported a sharp increase in net income (group share) of 13.3%** to €9.8m vs. €8.7m a year earlier.

Since activity was flat in 2014, the improvement in operating results mainly explained the increase in net income.

EBITDA (earnings before interest, taxes, depreciation and amortization) **grew significantly (+4.6%)** to €82.3m, or 18.8% of revenue excluding IFRIC 12 (vs. €78.6m, or 17.7% of revenue excluding IFRIC 12 a year earlier), mainly thanks to the more normative contribution of the public service delegation contracts and the favorable business mix.

Current operating income rose by 9.2% to €35.7m, in line with growth in EBITDA adjusted from the increase in amortization.

Even though financial income was temporarily dented by the cost of a bond refinancing in May and a decrease in the contribution of affiliated companies compared with a year earlier, net income grew significantly (+13.3%) to €9.8m, or 2.3% of revenue excluding IFRIC 12 (versus €8.7m, or 2.0% of revenue, excluding IFRIC 12).

The balance sheet is solid and has become flexible**: net banking debt fell to €210.2m** (vs. €223.9m at December 31, 2013) thanks to stable cash generation and tight control of investments.

At December 31, 2014, the Group's **debt ratios were much improved** compared with December 31, 2013, with gearing of 0.66x (net bank financial debt/ equity) – vs. 0.71x - and leverage of 2.56x (net bank financial debt/ EBITDA) vs. 2.85x a year earlier.

Audited consolidated data in €m

At December 31	**2013**	**2014**	**Gross change**	**As a % of revenue excluding IFRIC 12**
Consolidated revenue (reported)	469.1	444.7		
Revenue - excluding IFRIC 12-	**444.0**	**436.6**	**- 1.7%**	**100.0 %**
EBITDA	78.6	82.3	+ 4.6%	18.8%
Current operating income	**32.7**	**35.7**	**+ 9.2%**	**8.2 %**
Operating income	31.8	32.9	+ 3.6%	7.5 %
Net income of consolidated companies	13.1	11.8	- 10.2%	2.7%
Net income (Group share)	8.7	9.8	+ 13.3%	2.3%

Cash flow	66.0	63.3	- 4.1%	14.5%
Recorded Capex	57.2	42.4	- 25.9%	9.0%
Net financial debt*	**223.9**	**210.2**	**- 6.1%**	**-**

**Calculated using the methodology set down in the bank contract*

Details of changes in the main operating items in 2014

Growth in operating results

- More normative contribution of public service delegation contracts
- Favorable business mix
- Partial neutralization of exceptional items in operating income (OI)

Gross operating income (EBITDA) improved sharply (+4,6%) to €82.3m at December 31, 2014, compared with €78.6m a year earlier.

As revenue was flat over the year, this growth mainly reflected the return of the public service delegation contracts to a more normative contribution, as well as the stronger contribution by treatment activities, especially storage, to the business mix in the second half of the year.

As a result, the EBITDA margin increased significantly to 18.8% of revenue excluding IFRIC 12, compared with 17.7% of revenue excluding IFRIC 12 a year earlier.

Current operating income (COI) rose by 9.2% to €35.7m, or 8.2% of revenue excluding IFRIC 12 (compared with €32.7m, or 7.4% of revenue, excluding IFRIC 12 a year earlier), despite an increase in amortization resulting, among other things, from the amortization of concession investments made in recent years.

Operating income (OI) grew by 3.6% to €32.9m (7.5% of revenue excluding IFRIC 12), compared with €31.8m in 2013 (7.2% of revenue excluding IFRIC 12).

This growth mainly stemmed from the improvement in current operating income and the partial offsetting of the impact of the industrial dispute at Strasbourg-Sénerval (-€8.4m) by various compensation payments (+€6.4m) received in connection, among other things, with the fire at the Changé sorting center.

Sharp increase in consolidated net income (Group share): +13.3%

- Temporary decline in financial income
- Improvement in the income of discontinued operations

Financial income came to (€14.0m) at December 31, 2014, compared with (€11.9m) at the same date a year earlier. This change includes the €2.4m one-off impact of the partial refinancing in May. Restated for this impact, the annualized cost of debt amounted to 4.84%, compared with 5.10% in 2013, reflecting the initial favorable effects of new bond conditions.

After accounting for a higher corporate tax charge (€7.1m vs. €6.7m at December 2013), the net income of consolidated companies came to €11.8m versus €13.1m.

The improvement in the income of discontinued operations (+€3.2m) more than offset the slight fall in the share of income from associates (€0.8m provision for the restructuring of the GEREP incineration activity), driving a **sharp improvement in net income of 13.3% to €9.8m** at December 31, 2014 (versus €8.7m a year earlier).

Strengthened balance sheet

- Controlled investments and reduction in net financial debt
- Improved financial capacity

In 2014, the Group pursued a sound investment policy, especially in concession investments, with €42.4m of industrial investments - of which €8.4m were concession investments - versus €56.6m (€25.4m of which were concession investments) a year earlier.

Investments on behalf of the Group remained targeted at €34.4m, or 7.9% of revenue excluding IFRIC 12 (versus €31.2m, or 7.0%, a year earlier). These included €14.6m of growth investments in waste recovery activities, as well as in thermal treatment activities.

Cash flow came to €63.3m, or 14.5% of revenue excluding IFRIC 12 (versus 14.9% of revenue excluding IFRIC 12 at December 31? 2013), despite the one-off cash impact of industrial action at Strasbourg-Sénerval in the second quarter. Thus, operating cash flow increased to 151% of investments, compared with 117% a year earlier.

As a result, net financial debt[3] decreased to €210.2m at December 31, 2014, compared with €223.9m a year earlier.

Balance-sheet ratios improved, with **gearing of 0.66x equity** (versus 0.71x a year earlier) and **leverage of 2.56x EBITDA** versus 2.85x EBITDA at December 31, 2013[4], illustrating the pronounced improvement in the Group's financial capacity over the year.

Strong outlook in 2015

Following a significant improvement in its principal operational metrics and financial capacity in 2014, Séché Environnement will focus in 2015 on maintaining this positive trend by making growth in profitability a priority.

Séché Environnement foresees a slight improvement in its consolidated revenue and a stable operating margin (EBITDA/revenue excluding IFRIC 12) close to the level recorded in 2014.

To this end, Séché Environnement will capitalize on its business developments in the second half of 2014, notably in treatment activities (storage), to maintain the solid contribution of these activities to the business mix in 2015. The Group will also continue measures to optimize the productive of certain facilities, such as its platforms.

[3] as calculated using the methodology set down in the bank contract, which excludes non-recourse debt from the calculation of net debt.
[4] Covenants: gearing <1.1x equity and leverage < 3.5x EBITDA

Regarding the Strasbourg-Sénerval incinerator, the agreement reached with Euro-Métropole Strasbourg (ex-CUS) on January 30, 2015, is set to result in the municipal authority covering all the consequences for Séché Environnement of the removal of asbestos from the facility until it becomes fully available again. These include operating losses (energy sales) and additional operating costs linked to the use of alternative treatment solutions.

Séché Environnement expects to maintain in 2015 a gross operating margin (EBITDA/revenue excluding IFRIC 12) in line with that recorded in 2014.

Net income is expected to show another marked improvement, driven by increases in both operating results (growth in COI and the disappearance of exceptional items that impacted operating income in 2014) and financial income, all else being equal.

The contribution of the share of affiliated companies to net income should also improve, though without reaching breakeven.

In 2015, Séché Environnement should maintain a strong investment policy, both in terms of growth investments (Changé sorting center, preparatory work for the implementation of the LEN contract, etc.) and investments in the Strasbourg-Sénerval incinerator (asbestos removal work). Séché Environnement consequently expects to invest around €60m in 2015, €11m of which relates to the removal of asbestos from the Strasbourg-Sénerval facility ("IFRIC 12 investments") and €15m to the rebuilding of the Changé sorting center.

From 2016 onwards, Séché Environnement's investments should return to more normalized levels (around 9% of revenue excluding IFRIC 12). Given the expected improvement in profitability and cash generation over the period, this allows the Group to aim for leverage of around 2x EBITDA by the end of 2017.

Next communication

Publication of revenue at March 31, 2015	April 27, 2015 after market close

Contacts

Séché Environnement

Manuel Andersen
Head of Investor Relations
+33 (0)1 53 21 53 60
m.andersen@groupe-seche.com

About Séché Environnement

Séché Environnement *is one of the leading players in the recovery and treatment of all types of non-radioactive waste in France, from both industry and from local communities.*

Séché Environnement *is the leading independent operator in the country with a unique positioning specializing in technical risk, at the hub of closed markets with high entry barriers in waste treatment and recovery.*

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:

- *recovery or energy recovery of hazardous and non-hazardous waste;*
- *all types of treatment of solid, liquid or gaseous waste (thermal, physical-chemical or biological treatment);*
- *storage of final hazardous and non-hazardous waste;*
- *eco-services such as decontamination, decommissioning and rehabilitation.*

Based on 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 in France and abroad.

Séché Environnement *has been listed on Eurolist by Euronext since November 27, 1997 and is PEA-PME eligible.*
(Compartment B – ISIN: FR 0000039139 – Bloomberg: SCHP.FP – Reuters: CCHE.PA)

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SIMPLIFIED FULL-YEAR FINANCIAL STATEMENTS

Income statement

	December 2013		December 2014	
Revenue	**469,082**	*6.7%*	**444,737**	*-5.2%*
REVENUE excluding IFRIC12	**443,967**	*5.0%*	**436,623**	*-1.7%*
EBITDA	**78,610**	*17.7%*	**82,251**	*18.8%*
CURRENT OPERATING INCOME (COI)	**32,658**	*7.4%*	**35,670**	*8.2%*
OPERATING INCOME (OI)	**31,803**	*7.2%*	**32,945**	*7.5%*
FINANCIAL INCOME	**(11,933)**	*-2.7%*	**(14,035)**	*-3.2%*
Corporate tax	(6,747)	-1.5%	(7,131)	-1.6%
INCOME FROM INTEGRATED COMPANIES	**13,124**	*3.0%*	**11,779**	*2.7%*
Share of associates	(556)	-0.1%	(1,331)	-0.3%
Results of discontinued operations	(3,855)		(550)	
Minority interests	(28)	0.0%	(54)	0.0%
NET INCOME (Group share)	***8,685***	*2.0%*	***9,844***	*2.3%*

Balance sheet

	December 2013	December 2014
NON-CURRENT ASSETS	503,707	504,397
CURRENT ASSETS (excl. cash and equivalents)	172,067	180,716
Cash and equivalents	28,032	38,756
Assets held for sale	714	351
TOTAL ASSETS	**704,520**	**724,220**
SHAREHOLDERS' EQUITY	257,046	258,281
OTHER EQUITY	102	131
FINANCIAL LIABILITIES	253,418	271,653
HEDGING INSTRUMENTS	1,928	1,143
PROVISIONS	16,695	12,778
OTHER LIABILITIES	174,617	179,883
Liabilities held for sale	714	351
TOTAL LIABILITIES	**704,520**	**724,220**

Cash flow statement

	December 2013	December 2014
CASH FLOW before tax and interest expense	66,023	63,305
Change in working capital	-912	-8,619
Paid taxes	11,093	-224
NET CASH FROM OPERATING ACTIVITIES	**76,204**	**54,462**
Intangible and tangible investments	-56,978	-46,877
Acquisition/ disposal of fixed assets	2,083	9,036
Net financial investments	-1,099	-1,413
Net cash from acquisition/disposal of subsidiaries	-119	-175
NET CASH FROM INVESTMENT ACTIVITIES	**-56,113**	**-39,429**
Dividends paid to the parent company shareholders	-8,148	-8,145
Change in borrowings	5,295	17,031
Paid interest	-11,359	-12,643
Other changes in cash	-60	-70
NET CASH FROM FINANCING ACTIVITIES	**-14,271**	**-3,827**
CHANGE IN CASH OF CONTINUED OPERATIONS	**5,820**	**11,205**
CHANGE IN CASH OF DISCONTINUED OPERATIONS	**-241**	**-182**
CHANGE IN CASH	**5,579**	**11,023**
Impact of changes in foreign exchange rates	-362	-127
CASH AT THE BEGINNING OF THE PERIOD	**22,516**	**27,733**
CASH AT THE END OF THE PERIOD	**27,733**	**38,629**