

## Press Release

Changé, March 7, 2016

### Consolidated results at December 31, 2015

**Business growth in line with targets**  
**Significant rise in operating profitability indicators**  
**Confirmed financial stability**

### 2016

**Acquisition of HPS Nuclear Services**

**Organic growth bolstered by external growth**  
**Confirmed increase in net income**

#### Dynamic 2015

- 🌱 Solid activity in most business lines, particularly in treatment markets
- 🌱 Targeted developments in technical waste markets in France and abroad: medical waste, weakly radioactive waste (VLL), etc.
- 🌱 Early refinancing of senior bank debt: increased financial flexibility and lower debt costs
- 🌱 Changes in governance: higher percentage of family-held shares; increased independence of the Board of Directors

#### Consolidated results up sharply

🌱 Growth in line with expectations:	Contributed revenue:	up +2% to €440.0m
🌱 Good operating performance	COI:	up +14% to €40.6m
🌱 Significant rise in net income	Group net income	up +72% to €16.8m

#### Outlook: continuing the growth strategy in high value-added markets

- 🌱 External growth in the VLL market: acquisition of HPS Nuclear Services, which specializes in radiation protection (March 2016)
- 🌱 Sustained, strong organic growth in profitability confirmed for 2016.

At the Board of Directors meeting on February 29, 2016 which approved the accounts as of December 31, 2015, Joël Séché stated:

*“Fiscal 2015 was characterized by satisfactory growth in most of our business lines and by a strong rise in all of our profitability indicators. Business was sustained by the solidity of the treatment markets and by a favorable business environment.*

*The good operating performance and significant improvement in financial income, following the early refinancing of our bond and bank debt in 2014 and 2015, enabled a very sizable increase in net income; our financial position is strengthened by it, and is putting up reasonable balance-sheet ratios.*

*Furthermore, the Group was able to seize on external growth opportunities in medical waste markets: Creating Séché Healthcare, taking control of Sodicode in the Brittany region, and acquiring Moringa in Martinique all strengthen the Group's positions in this value-added market in France, while the stake acquired in Kanay in Peru gives it new international prospects.*

*With the creation of Séché Energies in early 2015, the Group demonstrated its desire to grow in low-level radioactive waste markets in France and elsewhere. This approach is now bolstered by the acquisition of HPS Nuclear Services, which gives us a foothold in the radiation protection markets that are so essential in the field of nuclear power.*

*As an active participant in the green economy, Séché Environnement will continue its growth in markets that support the circular economy and sustainable development for regular organic growth bolstered by targeted external growth operations.*

*This growth strategy in high-expertise waste management markets in France and elsewhere allows the Group to confidently pursue growth in its net income in 2016.”*

<b>At December 31 (€m)</b>	<b>2014 reported</b>	<b>2014 pro forma</b>	<b>%</b>	<b>2015</b>	<b>%</b>	<b>Gross change</b>
<b>Contributed revenue</b>	<b>433.2</b>	<b>433.2</b>	<b>100%</b>	<b>440.0</b>	<b>100%</b>	<b>+1.6%</b>
EBITDA	82.3	82.1	19.0%	88.1	20.0%	+7.3%
Current operating income	35.7	35.6	8.2%	40.6	9.2%	+14.1%
Operating income	32.9	32.8	7.6%	38.5	8.8%	+17.4%
Financial income	(14.0)	(14.0)	-	(12.1)	-	-13.7%
Net income of consol. Companies	11.8	11.7	2.7%	17.9	4.1%	+53.3%
<b>Net income (Group)</b>	<b>9.8</b>	<b>9.8</b>	<b>2.3%</b>	<b>16.8</b>	<b>3.8%</b>	<b>+72.2%</b>

*Pro forma 2014: The IFRIC 21 interpretation has been retroactively applied to C3S 2014 and 2013*

- Impact on 2014 EBITDA: €(0.2)m
- Impact on opening shareholders' equity 2015: +€0.5m

## Comments on the consolidated financial statements at December 31, 2015

As of December 31, 2015, Séché Environnement generated a **sharply increased consolidated net income (Group share): up +72% to €16.8m** (vs. €9.8m a year earlier).

This performance reflects the positive trend in most of the Group's business lines over the period and significant improvement in operational and financial results.

The **consolidated contributed revenue<sup>1</sup>** experienced **growth in line with goals**, to €440m at December 31, 2015 vs. €433.2m a year earlier, supported by solid performance in treatment activities despite the delay experienced at year's end by the eco-services business lines in starting some major pollution removal projects.

**EBITDA grew strongly to €88.1m, which was 20.0% of contributed revenue** (vs. €82.1m, representing 19.0% of contributed revenue, a year earlier—pro forma data). This favorable change partially reflects (+€3.1m) the contribution of organic growth and the positive mix effects resulting from solid performance in treatment activities, and partially (+€2.9 million), the balance of various components (lower external expenses in connection with a more accurate assessment of large upkeep expenses, effects of activity postponements or the decrease in the price of energy, etc.).

In line with the growth of EBITDA, the **COI rose to €40.6m, i.e. 9.2% of contributed revenue** (vs. €35.7m, representing 8.2% of contributed revenue in 2014—pro forma data).

**Financial income** benefited from the decreased cost of gross financial debt resulting from the bond and bank refinancing that was performed in May 2014 and May 2015, respectively: That balance **significantly improved, to (12.1)m** in 2015 compared to €(14.0)m a year earlier.

The improvement in the net income of consolidated companies and in the share of income from affiliates raised **consolidated net income to €16.8m, or 3.8% of contributed revenue** in 2015 (vs. €9.8m, representing 2.3% of contributed revenue in 2014).

The financial position is solid, and has put up **reasonable balance sheet ratios**. As of December 31, 2015, net financial debt was €258.8m, resulting in **gearing (NFD/equity) of 1.06x** and **leverage (NFD/EBITDA) of 2.94x**.

The Board of Directors will propose the payment of an unchanged dividend of €0.95 per share to the General Shareholders' Meeting of April 28, 2016.

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<sup>1</sup> Reported consolidated revenue less IFRIC 12 revenue and compensation for diverted waste, net of variable fees collected to cover the costs incurred to ensure continuity of public service during asbestos removal at the Strasbourg-Sénerval incinerator.

## Consolidated financial statements at December 31, 2015

### Business growth in line with expectations:

- 🌱 Contributed revenue: up +1.6% to €440.0 million
- 🌱 Insignificant differing trends across divisions

As of December 31, 2015, Séché Environnement generated consolidated revenue of €460.9m, up 3.6% compared to revenue figures published at December 31, 2014 (€444.7m).

Restated for revenue under IFRIC 12, representing investments made in asset disposals on behalf of communities, i.e. €6.6m in 2015 (vs. €8.1m in 2014), revenue excluding IFRIC 12 was €454.3m as of December 31, 2015 (vs. €436.6 million a year earlier) marking growth of 4.1% over the period.

Note that revenue also includes compensation for diverted waste, net of savings on variable fees collected to cover the costs incurred to ensure continuity of public service during asbestos removal at the Strasbourg-Sénerval incinerator.

As of December 31, 2015, the amount of that compensation not contributing to the margin was €14.3m (vs. €3.4m in 2014).

Net of that compensation for diverted waste and of IFRIC 12 revenue, **the contributed revenue** of Séché Environnement as of December 31, 2015 was therefore €440.0 million (vs. €433.2 million a year earlier), marking **growth of 1.6%** in line with expectations.

Consolidated data in €m

At December 31	2014 pro forma	2015	Gross change	Change (organic)
Hazardous Waste (HW) division	271.4	265.7	-2.1%	-2.5%
Non-Hazardous Waste (NHW) division	161.8	174.3	+5.5%	+5.5%
<b>Contributed revenue</b>	<b>433.2</b>	<b>440.0</b>	<b>+1.6%</b>	<b>+1.3%</b>
<i>Compensation for diverted waste</i>	3.4	14.3	-	-
<i>IFRIC 12 revenue</i>	8.1	6.6	-	-
<b>Consolidated revenue (reported)</b>	<b>444.7</b>	<b>460.9</b>	<b>+3.6%</b>	<b>+3.4%</b>

*As of December 31, 2014, contributed revenue at constant exchange rates would be €433.2m, reflecting the absence of any significant change over the period.*

In 2015, the divisions experienced differing trends which were not representative of the resilience of their primary markets and the sales successes produced over the year:

- 🌱 **The Hazardous Waste (HW) division**, as of December 31, 2015, posted revenue of €265.7m, marking a 2.1% decline from 2014 (€271.4m).

This trend incorporates a €1.0m scope effect, essentially reflecting consolidation as of October 1, 2015 of new medical waste activities (addition of Séché Healthcare, Sodicode, and Moringa to the consolidation scope).

**At constant scope, the division's revenue was down -2.5%.**

Though the division experienced good levels of activity in its treatment business lines (particularly incineration), it was hurt by postponements of project starts to 2016 for some important decontamination contracts.

**Internationally, revenue posted sustained growth of 8.7%**, to €23.4m as of December 31, 2015 (vs. €21.5m the previous year), supported by good performance from PCB activities in Latin America and the positive trend in regeneration activities in Spain. Note the lack of a significant foreign exchange effect.

- The reported revenue of the **Non-Hazardous Waste division (NHW)** was €195.2m as of December 31, 2015 (vs. €173.3m in 2014).

Restated for revenue under IFRIC 12 (€6.6m in 2015 vs. €8.1m in 2014) and compensation for diverted waste (€14.3m in 2015 vs. €3.4m in 2014), the division's contributed revenue was €174.3m, generating **significant growth of 5.5%** compared to contributed revenue the previous year (€161.1m).

All business lines contributed to the growth of the division, which is able to rely on the resilience of its contracts with communities, particularly in incineration, while the storage business lines were sustained by positive sales results.

### **Brisk growth in operating profitability**

- EBITDA at 20.0% of contributed revenue (vs. 19.0% pro forma in 2014)
- COI at 9.2% of contributed revenue (vs. 8.2% pro forma in 2014)

**The Group's EBITDA was €88.1m** for 2015, an increase of 7.3% from 2014 EBITDA (€82.1m in pro forma data). It reached **20.0% of contributed revenue** compared to 19.0% in 2014 (pro forma data).

This good performance reflects:

- for +€3.1m: The contribution of organic growth and positive mix effects resulting from solid performance in treatment activities;
- for +€2.9m, the balance of various components like lower external expenses resulting from accounting treatment (€5.8m worth) of large upkeep expenses on HW incinerators as parts of the fixed asset, the negative impact of activity postponements (decontamination, etc.) or the favorable contribution of the fall in energy prices.

**Current operating income increased sharply (+14.1%) to €40.6m** in 2015, i.e. **9.2% of contributed revenue** (as opposed to €35.6m, which was 8.2% of contributed revenue in 2014—pro forma data).

The rise in current operating income was essentially caused by the growth in EBITDA and their return to normal levels after a strong 2014, and provisions for 30-year monitoring of landfill sites.

Consequently, **operating income was €38.5m** compared to €32.8m in 2014, i.e. 8.8% of contributed revenue (vs. 7.6% one year ago). Note that this balance accounts for the elimination of extraordinary items from 2014.

### **Sharp improvement in financial income**

- Cost of gross financial debt down
- Effects of one-off early refinancing costs

Financial income in 2015 was €(12.1)m compared to €(14.0)m in 2014.

It benefited from improved net debt costs, which were 3.86% in 2015 compared to 4.84% in 2014, thanks to the refinancing of bond debt in May 2014 and senior bank debt in May 2015.

The financial income also accounts for the one-off impact of refinancing the senior line of credit, equal to €(1.2)m, while in 2014, it included the impact of refinancing the bond issue, which was €(2.4)m.

### Net income (Group share) up 72%

- Net income of consolidated companies: +53%
- Net income from ongoing activities: +67%

After booking the tax charge (-€8.5m in 2015 compared to -€7.1m in 2014, pro forma data), income from consolidated companies was €17.9m in 2015, vs. €11.7m in 2014 (pro forma data), a 53% rise from the previous year.

Affiliates' share of income improved, given the write-back of the provision taken out in 2014 for restructuring Gerep's activities (€1m).

After taking into account the income from abandoned activities (-€0.4m in 2015 vs. -€0.6m in 2014 in pro forma data), net income has put up strong growth: up +72% to €16.8 million (vs. €9.8 million in 2014, pro forma data) marking a **brisk rise in net profitability, to 3.8% of contributed revenue** (vs. 2.3% pro forma in 2014)

### Solid financial structure

- Sustained industrial growth CAPEX
- Cash flow growing
- Balance sheet ratios maintained

In 2015, **booked industrial investments represented €49.5m**, including €6.7m for IFRIC 12 investments (vs. €42.4m and €8.4m respectively in 2014).

Booked proprietary investments totaled 9.7% of contributed revenue in 2015 (vs. 7.8% in 2014). It should be noted that in 2015, Séché Environnement invested €10.6m in rebuilding the Changé sorting facility that was damaged in 2014.

**Cash flow has grown substantially**, in line with operating performance, to €75.7m (vs. €62.9m in 2014, pro forma data) and represents 153% of investment outlays (€49.3m, including €6.2m in financial investments).

Financial investments chiefly reflect external growth investments in the medical waste market (€5.9m).

**Net bank debt<sup>2</sup> was €258.8m** as of December 31, 2015 (vs. €210.2m at the end of 2014, pro forma data). The net bank debt trend chiefly reflects the non-recurring change in WCR and the effects of the share buyback that took place in May 2015.

**Balance-sheet ratios are under control**, with **gearing** (Net Financial Debt/Equity) equal to **1.06x** –vs. 0.81x as of December 31, 2014 (pro forma data) and **leverage** (Net Financial Debt/EBITDA) equal to **2.94x** –vs. 2.56x as of December 31, 2014 (pro forma data).

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<sup>2</sup> Net bank debt: calculated based on the terms of the senior bank contract

## Recent developments and future prospects

### External growth in the VLL waste market: acquisition of HPS Nuclear Services

Séché Environnement has strengthened its positions in the radioactive waste market through the acquisition of HPS Nuclear Services in early March 2016.

Through its **research office**, (design-build, modeling, earthquake resistance calculations, etc.) **and its production and smelting facility** (particularly in lead), HPS Nuclear Services serves a client base in the energy and industrial sectors, in the fields of nuclear maintenance and logistics, biological protection, decontamination, decommissioning, waste treatment, asbestos removal, and nuclear training.

**As a radiation protection specialist** (mitigation and shielding calculations related to radiation issues, **HPS Nuclear Services designs, produces, and installs biological protection suitable for the structures and equipment at nuclear facilities.** The company is therefore growing on a high value-added niche market with strong potential, because it is essential for all nuclear stakeholders.

HPS Nuclear Services holds **many certifications**, including AREVA Domaines 3 and 4, CEA Domaines D3-1 / D3-2 / D4.2-E, EDF, and Confidentiel Défense Certificat #9002487, in addition to those already obtained by Séché Energies for intervening in ionized radiation environments.

With two sites, HPS Nuclear Services has 40 employees and earned revenue of around €4m in 2015.

This acquisition strengthens Séché Environnement's position in the French and international radioactive waste markets, and is in line with the Group's development strategy in high-potential, high-expertise niche markets.

### Model solid

**In 2016**, Séché Environnement will rely on the solidity of its industrial markets and the repeatability of its contracts with communities to continue its development in high-expertise business lines like waste recovery and energy recovery markets in France, and also internationally where the Group is more specifically targeting high value-added niche markets.

Against this backdrop, the Group anticipates **slight growth in its contributed revenue** for the current year, at constant scope, and is seeking to **maintain or improve the current level of operating profitability achieved in 2015** (COI/contributed revenue).

Séché Environnement is planning **industrial investment** (excluding IFRIC investment) **of around €50m** in 2016. This amount, which is greater than that of 2015, is particularly the result of investments needed to build infrastructure related to the implementation of the LEN project (providing energy from SRF to the heating system of Laval), for a total of about €11m in 2016.

### Upcoming communications

**Consolidated revenue at March 31, 2016**  
**General Shareholders' Meeting**

**April 25, 2016 (after market close)**  
**April 28, 2016**

## Contact

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## About Séché Environnement

*Séché Environnement is one of the leading players in the recovery and treatment of all types of 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 the 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 treatments for solid, liquid or gaseous waste (thermal, physical-chemical or biological treatment);*
- *storage of final hazardous and non-hazardous waste;*
- *eco-services such as pollution remediation, decommissioning, asbestos removal 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 both in France and abroad.*

*Séché Environnement has been listed on Eurolist by Euronext 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 Euronext PEA-PME 150 indexes.*

## Important notice

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## APPENDICES:



## Income statement

	December 2014 pro forma		December 2015	
REPORTED REVENUE	444,737	-5.2%	460,910	3.6%
REVENUE EXCLUDING IFRIC 12	436,623	-1.7%	454,329	4.1%
EBITDA	82,135	18.8%	88,106	19.4%
CURRENT OPERATING INCOME (COI)	35,554	8.2%	40,580	8.9%
OPERATING INCOME (OI)	32,829	7.5%	38,528	8.5%
FINANCIAL INCOME	(14,035)	-3.2%	(12,116)	-2.7%
Tax	(7,092)	-1.6%	(8,472)	-1.9%
<b>INCOME OF CONSOLIDATED COMPANIES</b>	<b>11,703</b>	<b>2.7%</b>	<b>17,940</b>	<b>3.9%</b>
Share of income of affiliates	(1,332)	-0.3%	(664)	-0.1%
Discontinued operations	(550)		(417)	
Minority interests	(54)	0.0%	(38)	0.0%
<b>NET INCOME (Group share)</b>	<b>9,767</b>	<b>2.3%</b>	<b>16,822</b>	<b>3.7%</b>

## Balance sheet

	December 2014 PF	December 2015
NON-CURRENT ASSETS	504,148	550,021
CURRENT ASSETS (excl. cash and cash equivalents)	180,716	182,597
Cash and cash equivalents	38,756	30,640
Assets held for sale	351	352
<b>TOTAL ASSETS</b>	<b>723,971</b>	<b>763,610</b>
SHAREHOLDERS' EQUITY	258,281	243,726
OTHER EQUITY CAPITAL	131	146
FINANCIAL LIABILITIES	271,653	321,077
HEDGING INSTRUMENTS (LIABILITIES)	1,143	580
PROVISIONS	12,775	14,932
OTHER LIABILITIES	179,133	182,796
Liabilities intended for sale	351	352
<b>TOTAL LIABILITIES</b>	<b>723,971</b>	<b>763,610</b>

## Statement of cash flows

	December 2014 PF	December 2015
CASH FLOW FROM OPERATING ACTIVITIES before tax and financial expenses	62,919	75,667
Change in WCR	-8,503	-31,758
Income tax paid	-224	-2,761
<b>CASH FLOW GENERATED BY OPERATING ACTIVITIES</b>	<b>54,192</b>	<b>41,148</b>
Investments in property, plant and equipment and intangible assets	-46,877	-48,233
Proceeds from disposal of fixed assets	9,036	5,177
Net financial investments	-1,413	-603
Net cash flow on acquisition and disposal of subsidiaries	-175	-5,647
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-39,429</b>	<b>-49,306</b>
Dividends paid to equity holders of the parent	-8,145	-7,413
Proceeds and repayment of borrowings	17,031	44,069
Interest paid	-12,373	-13,011
Other cash flows	-70	-23,374
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-3,557</b>	<b>271</b>
<b>CHANGE IN CASH FLOW FROM ONGOING OPERATIONS</b>	<b>11,205</b>	<b>-7,888</b>
<b>CHANGE IN CASH FLOW FROM DISCONTINUED ACTIVITIES</b>	<b>-182</b>	<b>-5</b>
<b>CHANGE IN CASH FLOW</b>	<b>11,023</b>	<b>-7,893</b>
Impact of exchange rate fluctuations	-127	-283
<b>CASH, BEGINNING OF PERIOD</b>	<b>27,733</b>	<b>38,629</b>
<b>CASH, END OF PERIOD</b>	<b>38,629</b>	<b>30,453</b>