

Suresnes, 23 March 2009

2008 EARNINGS

Positive cash flow from operating activities¹ at end 2008 despite the sharp decline in metal prices

▪ 2008 Earnings

The Board of Directors of Recylex SA met on 19 March 2009 to approve the parent company and consolidated financial statements for the year ended on 31 December 2008.

The sharp drop in the average prices in euros of lead and zinc over 2008 (25% and 47% respectively) impacted sales and margins. The Group booked 2008 operating losses of 27.9 million euros on sales of 367 million euros, compared to 2007 operating income of 84.4 million euros on sales of 510 million euros (consolidated data) with a net loss of 49.7 million euros in 2008 compared to net income of 67.7 million euros in 2007.

Nonetheless, non-recurring items (with no impact on net cash) had a negative effect on 2008 net income:

- Additional asset impairment (under IAS 36): a negative 5.4 million euros
- New provisions relating to on-going litigation before Labour tribunal: 15.5 million euros (at current value)

Operating activities generated cash flow of 14 million euros compared to 42.2 million euros in 2007. The Group allocated more than 16 million euros to capital expenditure and debt repayment in 2008.

At end 2008 the Group's available net cash remained high at 77 million euros.

¹ The term cash flow from operating activities means Net income +/- Non-cash income and expenses +/- Change in the working capital requirement - Income tax expense +/- Change in deferred tax assets and liabilities (cf. Consolidated statement of cash flow in the 2008 Annual Report).

- Market data

- *Lead: highly volatile market*

The average price of lead fluctuated between USD3,500 per tonne in March 2008 to below USD900 per tonne in December 2008.

Investor fund redemptions led to the precipitous drop in the price of this metal, as for other raw materials, reflecting the loss of market confidence in the world economy.

Warehouse stocks of lead on the London Metal Exchange (LME) at the end of 2008, were similar to that at beginning of the year at 45,000 tonnes in spite of having reached 100,000 tonnes in mid-year.

Supply and demand levels reversed over the year, from a deficit of 67,000 tonnes in 2007 to a 19,000 tonnes surplus in 2008.

- *Zinc: a market affected by the global recession*

Zinc prices underwent sharp peaks and troughs over 2008, with a high of USD2,825 per tonne on 6 March 2008 and a low of USD1,042 per tonne on 12 December 2008.

Warehouse stocks of zinc on the LME rose from some 88,000 tonnes at the beginning of 2008 to 254,000 tonnes at the end of the year.

- **Activities of the Recylex Group over FY 2008**

	Full-year 2008			
	Sales	Income/loss on operating activities before non-recurring items restated for LIFO ²	Difference using weighted average price versus LIFO	Income/loss on operating activities IFRS
<i>(millions of euros)</i>				
Lead	246	3.1	(20.4)	(17.3)
Zinc	82	(3.5)		(3.5)
Special metals	25	2.0		2.0
Plastics	14	0		0
Other		(9.1)		(9.1)
TOTAL	367	(7.5)		(27.9)

For FY 2008, lead accounted for 67% of total Group sales, compared to 22% for zinc, 7% for special metals and 4% for the plastics branch.

² The Recylex Group anticipated "Operating segments" under IFRS 8 at 31/12/2008. This standard provides for publication of sector information based on indicators followed in-house by management to monitor Group performance. To assess the performance of its "Lead" operating segment, the Group uses in-house reporting according to the LIFO method to follow inventories at its main foundry in Germany (Nordenham). Note 20 in the notes to the consolidated financial statements explains the effects of restating the inventories at the main German foundry for LIFO (a method not recognised by IFRS). The consolidated operating loss before non-recurring items according to the LIFO method amounted to 7.5 million euros in 2008.

	Full-year 2007			
	Sales	Income/loss on operating activities before non-recurring items restated for LIFO ²	Difference using weighted average price versus LIFO	Income/loss on operating activities IFRS
<i>(millions of euros)</i>				
Lead	335	64.1	11.3	75.4
Zinc	138	19.7		19.7
Special metals	22	0.1		0.1
Plastics	15	0.2		0.2
Other		(10)		(10)
TOTAL	510	74.1		85.4

In 2007, lead accounted for 66% of total Group sales compared to 27% for zinc, 4% for special metals and 3% for the Group's plastics branch.

- Lead

Following an exceptional year in 2007 with 140,000 tonnes of used batteries recycled, 2008 ended on about 122,000 tonnes processed by the Group's three recycling plants due to lower stocks at battery collection centres. The third quarter of 2008 showed a decline in battery collection attributable to the sharp drop in prices for scrap and metals.

Operating income using the LIFO method for inventory valuation was 3.1 million euros. Under IFRS which requires use of the weighted average valuation method, the Group's Lead segment showed an operating loss of 17.3 million euros, due essentially to the effect of the drop in the lead price in valuing lead inventories and work in progress at the Nordenham plant. This is described in note 20 to the notes to the consolidated financial statements (IFRS 8: Segment data).

- Zinc

The Zinc segment reported an operating loss of 3.5 million euros.

Steelworks' electric arc furnace dust recycling (Harz Metall GmbH (Zinc) and Recytech SA, 50%-held by the Group) were adversely affected by the sharp fall in zinc prices. Starting from the third quarter of 2008, steelworks and other suppliers reduced production, which led to a decrease in materials to be processed. The plant stoppages for maintenance planned for the course of 2009 were therefore advanced to end December 2008 for Harz Metall GmbH (Germany) and early January 2009 for Recytech SA (50%-held by the Recylex Group).

- Special metals

Sales in special metals for 2008 increased by 16% over 2007 as a result of the successful start-up of the German plant of RMO (Reinstmetalle Osterwieck GmbH), specialised in arsenic tetrachloride following the purchase of assets of the company Astron.

- Plastics

The C2P S.A.S. plant at Villefranche-sur-Saône had an excellent first half in 2008 before the decline in orders from the automotive sector in the second half of the year. Total sales remained unchanged from 2007 through 2008.

- Other segments

Other segments include those of the Group's holding companies, as well as expenses for remediation of closed sites. In 2008, total expenses for this item amounted to 9.1 million euros.

- **Significant events of 2008**

The year 2008 was affected by a world-wide economic recession, which led to a decline in consumer demand and as a consequence a downturn in commodities prices, lead and zinc in particular. The average prices in euros of lead and zinc fell by 25% and 47% respectively compared to 2007. The magnitude and duration of this global economic recession beyond 31 December 2008 are difficult to predict. Recylex anticipates a deterioration of market conditions in 2009.

- Norzinco SA

In October 2008 Norzinco SA, a subsidiary of the Recylex Group, began the process of discontinuing its zinc recycling activities located in Anzin. Significant investment in the past had been devoted to relaunching and maintaining production facilities, but the technologies employed at Anzin ultimately proved too outdated to sustain a profitable business in a declining European market for zinc oxides and the move by zinc scrap suppliers to export the scrap. Sharp fluctuations in the international market price for zinc generated substantial additional costs for Norzinco SA's business, which had been structurally loss-making since 1995, with the exception of 2006, when zinc prices hit record levels. The process of discontinuing activities is ongoing at Anzin, with the help of a reduced staff, concentrated in particular on the mitigation of any environmental impact caused by its business activities prior to final discontinuation. Environmental audits carried out in 2002 and 2007 and a programme of testing in December 2008, revealed no pollution since Recylex took an indirect share in Anzin operations in 2002.

- Harz-Metall GmbH

In December 2008, Harz-Metall GmbH, a subsidiary of Recylex GmbH, announced the temporary suspension of waelz oxide production produced from the recycling of zinc-rich steel mill dust. This measure was the result of general market trends, which saw a reduction of production by steel makers and partial or full production stoppages at major zinc refining clients, leading to a fall in the volume of materials to be recycled and a contraction in demand for waelz oxides.

- Algeria

During 2008, Recylex announced its first step towards international development beyond the borders of its current countries of activity (France, Germany and Belgium), through the creation in Algeria of an automotive battery recycling centre in partnership with a complementary French metals recycling company and an expert in the Algerian recycling and procurement market. This centre will be operated by Eco-Recyclage, an Algerian company in which Recylex holds a 33.33% stake.

Construction of the plant at Aïn Ouassara (200km south of Algiers) has fallen behind the original schedule due to unexpected developments during construction, relating to the configuration of the site and the administrative procedures in force.

The plant will be in compliance with ISO 14001 and the initial tests of battery processing are scheduled for the end of the first quarter of 2009.

- Pending litigation

The legal claims lodged against Recylex SA by former employees of Metaleurop Nord S.A.S. on the one hand and by the liquidators of Metaleurop Nord S.A.S. on the other hand are still on-going.

- Former employees of Metaleurop Nord S.A.S. :

- (i) On 27 June 2008, the Industry section of the Lens labour tribunal considered that the Company was co-employer of 493 former non-managerial staff of Metaleurop Nord SAS and awarded each plaintiff damages of €30,000 plus €300 in costs, representing a total of €14.9 million. It also decided that these amounts should be incorporated into the liabilities of the Company's continuation plan, paid off in instalments. The Company has appealed these decisions, thus suspending execution. The next hearing before the Douai Appeal Court is due to take place on 26 June 2009.
- (ii) On 30 September 2008, the Management section of the Lens labour tribunal could not reach a decision on the claims from 91 former managerial staff of Metaleurop Nord SAS for damages of €30,000 plus €300 in costs, representing a total of €2.8 million. The cases shall be heard again on 20 May 2009 by the Management section of the Lens labour tribunal under the presidency of a judge from Lens District Court.

A provision for the total amount claimed by the former employees of Metaleurop Nord SAS, representing approximately €17.7 million (before discounting) has been included in the financial statements.

- The liquidators of Metaleurop Nord S.A.S.:

The liquidators of Metaleurop Nord SAS brought proceedings against the Company for repayment of liabilities of Metaleurop Nord SAS amounting to €50 million. On 27 February 2007, the commercial division of Béthune Regional Court dismissed the claim, considering that the Company was not the de facto manager of Metaleurop Nord SAS. The liquidators appealed the judgment. The Douai Appeal Court issued a stay of proceedings on 18 November 2008 and invited the parties to bring the matter before the Conseil d'Etat for a preliminary ruling on certain legal technicalities.

On 12 February 2009 the Company applied to the Conseil d'Etat for this preliminary ruling, which is awaited before the Douai Appeal Court can rule on either the admissibility or the merits of the case.

No provision has been made in consolidated accounts or the accounts of Recylex SA against the claim by the liquidators of Metaleurop SAS, given the ruling in favour of Recylex SA of the Tribunal de Grande Instance in Béthune.

It should be noted that the sums claimed in these cases were not included in the continuation plan approved by the Paris Tribunal de Commerce on 24 November 2005 and that if these claims result in an unfavourable outcome for Recylex SA, the implementation of the continuation plan could be jeopardised.

- Continuation Plan of Recylex SA

The Group continues to give the highest priority to meeting the commitments made by Recylex SA under its continuation plan, with objectives of equal importance being the maintenance of its 672 employment positions, assumption of its environmental responsibilities and the repayment of outstanding frozen liabilities of some €18.5 million (€25 million before elimination of intra-Group debts) on a 7-year schedule. To this end, the third annual payment under the plan, for a sum of approximately €2 million, was made in November 2008.

The fourth annual payment, due in November 2009, will be about €2 million.

- **Environment**

Recylex SA's continuation plan includes several environmental commitments which the Group pursued over the 2008 financial year:

- Remediation of former mining concessions in France :

Recylex SA is continuing, over several years, to pursue environmental remediation of unexploited mining sites inherited from its long industrial past, in cooperation with the French regional authorities for industry, research and environment (DRIRE) and the relevant ministries, in order to return all mining concessions to the French government by 2011. Of the 29 concessions held by Recylex SA at end 2004, 12 mining concessions have already been returned to the government after having been rehabilitated.

In 2008, Recylex SA has obtained approval from the local environmental authorities (prefectures) attesting that the rehabilitation and securing of four mining concessions to return to the State had been carried out according to regulations.

Provisions set aside for the rehabilitation and securing of the remaining concessions were increased from 5.7 million euros at 31 December 2007 to 6.3 million euros at 31 December 2008.

- Remediation of the former industrial site at l'Estaque, operated by Recylex SA until 2001:

The depollution programme for the site in l'Estaque near Marseille requires the excavation, screening and storage of all pollutants in secure landfills to be built on-site. A Prefectoral Decree of 2002 defines the remediation programme for this site and sets targets for soil quality after treatment. The programme to build waste storage capacity was subject to a firm offer in 2000 from a neighbouring industrial group but the construction contract was called into question by this same group in 2004 which resulted, in 2008, in the definitive cancellation of the contract. In November 2008, the Company was notified of a supplementary Prefectoral Decree, which modified the deadline for remediation works, extending it to 31 December 2011. In accordance with this supplementary decree, the Company submitted an alternative remediation schedule in January 2009, and this is now being considered by the relevant authorities.

At end 2008, provisions to cover the rehabilitation costs undertaken on the l'Estaque site totalled 16.6 million euros.

During 2008, a health, safety and environment (HSE) audit was carried out across all Group sites by an external consultancy, which produced an in-depth risk analysis. Based on this report, which was generally favourable, management of HSE performance indicators at a Group level has been strengthened. An action plan to renew efforts on health and safety risk management will be introduced during 2009 for the Group's French and Belgian plants, as a first stage.

▪ **Recent developments and outlook for the future:**

Metals prices rose slightly in the beginning of 2009 but they remain far below those observed over the past few years.

During January and February 2009, prices for lead and zinc varied between USD1,000 per tonne and USD1,200 per tonne.

As demand for zinc is still flat, the Group's electric arc furnace dust recycling plants continue to be shut down for maintenance over the first quarter of 2009.

"Given the economic slowdown with few prospects of recovery visible in the short term, the Group is strongly focusing on its net cash position by adjusting production to match demand and by reducing capital expenditures, working capital and operating costs" states Mr. Yves ROCHE, CEO of Recylex.

▪ **Financial communication schedule**

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| ▪ 2008 Annual Financial Report | : 23 March 2009 |
| ▪ Quarterly Sales revenues (1st quarter 2009) | : 7 May 2009 |
| ▪ 2009 Annual Shareholders' Meeting | : 12 May 2009 |

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