

Suresnes, 22 March 2010

2009 EARNINGS

Sharp rebound in the second half led to positive 2009 net earnings

- **A significant improvement in current operating income in the second half of 2009**
- **2009 net income: €9.1m**
- **Settlement reached to rehabilitate certain industrial sites in Germany**
- **Labour Tribunal rulings awarding compensation to former non-management employees of Metaleurop Nord SAS partially upheld in appeal proceedings**

In the rebound from very poor conditions for the recycling and base metals industries, the Recylex group improved current operating results in the second half of 2009 with a sharp increase in its industrial activities.

The Group was confronted with a shortage of scrap materials to recycle in the first half of the year, but rapidly adapted its operations to the new economic circumstances and streamlined its supply sources. In the second half of 2009, higher metal prices and scrap volumes led to a substantial improvement for the Group.

Recylex CEO Yves Roche issued the following statement:

" Recylex, with the involvement of all its employees, reacted quickly and surely to a particularly morose economic climate in the first half of the year . A rigorous approach to cash and balance sheet management preserved the Group's financial solidity and enabled it to capitalise fully on the volume increase in the second half of 2009, now confirmed in early 2010. At the same time, non-ferrous metals prices continue to rise, as do the price of used batteries. As industry shows only weak signs of recovery, the Group's priorities for 2010 are still preserving its cash position, postponing non-core expenditure and developing our supplies."

1. Key figures for 2009

<i>Millions of euros</i>	FY 2008	H1 2009	H2 2009	FY 2009
Revenues	367.1	103.5	177.3	280.8
Current operating income (loss) (IFRS)	(27.9)	(6.5)	10.4	3.9
Current operating income (loss) (LIFO)	(7.5)	(12.9)	5.2	(7.7)
Other operating income and (expense)	(22.6)	11.9	2.7	14.6
Interest income (expense)	(2.4)	(1.9)	(2.0)	(3.9)
Net income (loss) (IFRS)	(49.7)	0.1	9.0	9.1
Change in cash position	(1.7)	(18.6)	(5.3)	(23.9)

<i>Millions of euros</i>	FY 2008	FY 2009
Financial debts	15.6	13.4
Provisions	53.9	37.3
Rescheduled liabilities under continuation plan	16.0	26.9
Equity	96.1	103.2
Cash position	77.4	53.5
Capital expenditure	15.1	7.8

2. 2009 consolidated figures

- Revenues decreased by 23.5% on 2008 to €280.8 million.** After a 49.2% downturn in the first half, revenues increased by 8.7% in the second half due to higher metals prices and better market conditions.
- Current operating income was €3.9 million for 2009, compared to €27.9 million loss in 2008.** Evaluating lead inventories according to the LIFO method¹ would have led to a current operating loss of €7.7 million in 2009 compared to a loss of €7.5 million in 2008..
 The lead and zinc businesses moved into operating profit in the second half of 2009. Only lead activity was profitable for the full year.
- Other operating income and expense for 2009 was a positive €14.6 million compared to a negative €22.6 million in 2008.** In the first half of 2009 the Group's two German subsidiaries, Harz-

¹ In assessing the performance of its "Lead" business, the Group uses the LIFO method (Last In First Out--not accepted under IFRS), for estimating inventory at its main smelter in Germany (Nordenham). Note 19 in the notes to the consolidated financial statements explains the effects of restating inventories in the main German smelter according to LIFO.

Metall GmbH and PPM GmbH, and the TUI Group reached a settlement agreement concerning the rehabilitation of certain of those subsidiaries' sites in Germany. The effect on the Recylex Group's consolidated results was a positive €11 million booked to "Other Operating Income and Expense" at 31 December 2009.

- **Net financial expense** ² **came to €3.9 million in 2009, versus €2.4 million in 2008**, the increase being due to lower yields on short-term investments and charges related to the unwinding of discount on provisions and liabilities.
- **The Group's share of net income amounted to €9.1 million for 2009, versus a net loss of €49.7 million in 2008.**

3. Financial position

- **Provisions were reduced by €16.6 million to €37.3 million at 31 December 2009.** The decrease is attributable mainly to transferring the provision for claims from former Metaleurop Nord SAS employees, amounting to €12.4 million to rescheduled debt under the continuation plan following the decisions handed down by the Court of Appeals of Douai on 18 December 2009. **Rescheduled liabilities under the continuation plan were €26.9 million** (discounted to present value) **at 31 December 2009**, following the above transfer and payment of the fourth annual instalment (€2.3 million in November 2009) under the continuation plan.
- **The Group's cash position was €53.5 million at 31 December 2009** compared to €77.4 million at 31 December 2008. This cash level was maintained during the second half of 2009 with positive cash flows from the operations which rapidly adapted to the economic situation.
- **The Group reduced overall capital expenditure from €15.1 million in 2008 to €7.8 million in 2009** in order to preserve cash, while maintaining core spending for plants and equipment.
- **Group equity increased from €96.1 million at end December 2008 to €103.2 million at 31 December 2009.**

4. Market data

- **Lead prices** rose from €682/tonne at 31 December 2008 to **€1,662/tonne at 31 December 2009**. The average price for lead in 2009 at €1,225/tonne, was lower than the average of €1,404/tonne for 2008.
- **Zinc prices** also rose substantially over the year, from €805/tonne at 31 December 2008 to **€1,783/tonne at 31 December 2009**. The average zinc price for the year 2009 was €1,179/tonne, lower than the €1,260/tonne average for 2008.

² *Interest income (expense) = Cost of net debt + Other interest income and expense*

5. Results by business line

▪ Lead recycling

The economic crisis caused a decrease in secondary materials (used batteries) for the Group to recycle in the first half of 2009, but the shortfall was recovered in the second half. Total volume processed in 2009 was 130,551 tonnes of batteries compared to 121,720 tonnes in 2008. Due to the shortage of used battery feeds in the first half of 2009, the main smelter in Nordenham (Germany) was unable to operate at full capacity over the entire year. Group production totalled some 120,000 tonnes versus 136,000 tonnes in the previous year.

Current operating income in the lead business was €13.9 million in 2009 compared to a loss of €17.3 million in 2008. After evaluating inventories in the lead business according to LIFO, current operating income would have been €2.2 million in 2009 against €3.1 million in 2008.

▪ Zinc recycling

In the zinc segment in the first half of 2009, Harz-Metall GmbH in Germany and Recytech SA (50%-held by Recylex SA) temporarily suspended production of Waëlz oxides from recycling zinc bearing electric arc furnace dust (EAF dust), until May and April respectively. This was done in order to adapt to lower steelworks production, which led to lower volumes of EAF dust and partial and total production stoppages by large zinc-producing clients, which substantially reduced demand for Waëlz oxides. At the end of the first half, positive signs (confirmed in the second half) enabled the plants to revert to production above 85% of capacity.

After the 2008 decision to stop production of zinc oxide at the site in Anzin (Nord region, France), its closure was completed in the first quarter of 2009.

Through its German subsidiary Norzinco GmbH, the Recylex Group operates a zinc oxide plant in Oker, Germany. Confronted with the crisis, this plant had to make temporary production cuts pending a significant market recovery, but managed to maintain a positive level of operating income in 2009.

Current operating losses in the zinc segment were €1.7 million in 2009, compared to the €3.5 million loss in 2008.

▪ Plastic recycling

In a difficult market where automobile manufacturing was considerably reduced in 2009 and polypropylene prices collapsed, the C2P GmbH plant was forced to implement sharp production cutbacks with staff working short time. C2P and C2P GmbH have implemented a strategy based on a more diversified clientele with control of production costs and improved working capital requirements.

Current operating results in plastics, which were at breakeven in 2008, decreased to a loss of €0.2 million in 2009.

▪ Special metals

The direct impact of the crisis on arsenic and germanium demand forced special metals subsidiaries PPM GmbH and RMO GmbH to short time work. However, demand levels of cadmium telluride, used on solar panels, remained stable and still have significant growth potential.

The Special Metals segment posted a current operating loss of €2.0 million in 2009 compared to a current operating profit of €1.9 million in 2008.

6. Other significant events in 2009

▪ Litigation

- Former employees of Metaleurop Nord SAS

- (i) In the appeal against the decisions rendered by the Lens Labour Tribunal (Industrial section) on 27 June 2008, the Court of Appeals of Douai granted a total of €12.4 million, incorporated in the liabilities, in damages to 460 former non-management employees of Metaleurop Nord SAS, on 18 December 2009. The grounds for the judgements were that Recylex SA was deemed to be the co-employer and has failed to fulfil its obligations as such had not sought alternative positions elsewhere in the group for these employees thus causing them damage.

On 9 February 2010, these judgements have been referred to the Supreme Court (*Cour de cassation*) but this does not suspend enforcement. In accordance with the continuation plan, the first four instalments, about €3 million, were paid out by Recylex SA on 18 February 2010. The balance is to be paid in instalments in accordance with the payment procedures of the continuation plan.

- (ii) In the proceedings brought by former management employees, the Lens Labour Tribunal (Management section), on 15 and 30 September 2009, granted damages of approximately €2.7 million to 90 former managers, recorded as liabilities in the accounts of Recylex SA and payable in instalments. Recylex SA has appealed such decisions, the effect of which suspends enforcement of the said decisions.

The hearing before the Court of Appeals of Douai is set to 30 June 2010 to 90 former managers.

- Court-appointed liquidators of Metaleurop Nord SAS

Regarding the proceedings brought by the liquidators of Metaleurop Nord SAS, Recylex SA argued on the grounds of inadmissibility (*exception d'irrecevabilité*) before the Court of Appeals of Douai on 18 November 2008. The Court of Appeals stayed the proceedings and referred the parties to the French administrative Supreme Court (*Conseil d'Etat*). Recylex SA therefore submitted the case to the *Conseil d'Etat* on 12 February 2009 to review the legality of legal provision of the French Commercial Code.

▪ Execution of the continuation plan

The Group's priority remains Recylex SA's compliance with its obligations under the continuation plan, as well as the objectives of pursuing its business activities with the retention of the Group's 659 employees, respecting its environmental responsibilities and paying down the outstanding balance of frozen liabilities amounting to about €34.8 million (€29.9 million after subtraction of the intra-group receivables) over six years. In accordance with the environmental commitments under the continuation plan, Recylex SA returned two mining concessions to the French government in 2009.

7. Outlook for 2010

▪ Recent developments and future prospects for the Group's businesses

Metal prices began another sharp upwards swing in the first quarter of 2010, fluctuating between €1,850/tonne and €1,400/tonne for lead and €1,750/tonne and €1,400/tonne for zinc.

The battery recycling business remained stable in the first quarter of 2010 with volumes similar to those of the last quarter of 2009. Demand for zinc is still tenuous, but the Group's EAF dust recycling plants operated well over the first quarter of 2010.

On the other hand, recovery is not yet in sight for the plastics segment. For special metals, new orders for arsenic compounds appear to be the first signs of improving markets.

▪ Startup in Algeria

In January 2010, Eco-Recyclage, a company 33.33%-owned by Recylex SA, obtained its operating licence and began production.

This battery recycling plant designed by the Recylex engineers will have sufficient capacity to recycle 20,000 tonnes of batteries per year.

▪ Litigation

Liability of the creditors' representative

In the court supervised recovery procedures (*redressement judiciaire*) for the company leading up to the continuation plan adopted by Recylex SA on 24 November 2005, the creditors' representative proposed, that a debt, subject of proceedings before the Paris Commercial Court, was to be included in the list of uncontested liabilities. As a result, Recylex SA had to pay it in the absence of any court decision as to the substance of whether or not such debt was to be included. The Company therefore brought liability proceedings against the creditors' representative. By a decision rendered on 20 January 2010, the Tribunal de Grande Instance of Paris ordered the creditors' representative to pay to the Company €3 million in damages, €1 million of which was payable immediately. On 22 February 2010, the decision was appealed by the creditors' representative.

8. Financial reporting schedule *

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|---------------------------------------------|---------------|
| ▪ Annual Financial Report made available | 22 March 2010 |
| ▪ Quarterly report (Q1 2010) | 3 May 2010 |
| ▪ Annual General Shareholders' Meeting 2010 | 7 May 2010 |

* Schedule subject to modifications.

Recycle, transform, create added value

Operating in France, Germany and Belgium, Recylex is a European specialist in recycling lead and plastic (from car batteries and industry), recycling zinc from arc steel dust plants, and producing zinc oxides and special metals for the electronics industry.

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