

March 22, 2012

## 2011 earnings

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### Positive current operating income in all businesses despite severe pressure on margins in the lead sector

The Board of Directors of Recylex SA met on March 21, 2012 to approve the parent company and consolidated financial statements for the year ended December 31, 2011.

Recylex CEO Yves Roche made the following observations:

*In an uncertain economic climate, with highly volatile commodities prices, Recylex increased its lead and plastic production relative to 2010. In our battery recycling business, higher purchasing prices of recycling materials relating to the increase in demand in the sector severely affected the Group's margins. As part of our strategy of refocusing on our core business, we continue with a program of technical trials in order to improve our profitability.*

- Development of commodity prices in euros: yearly average increase of 7% in lead prices and fall of 3% in zinc prices compared to 2010
- Market share maintained in terms of volume of recycled batteries relative to last year, in an increasingly competitive environment
- Consolidated sales of €457.6 million, driven by the lead, special metals and plastics business lines
- Consolidated current operating income of €7.6 million affected by severe pressure on margins in the lead business

## 1. Consolidated key figures for 2011

<i>(Millions of euros)</i>	2011	2010	Change
Sales	457.6	403.6	+54.0
Current operating income (IFRS)	7.6	14.1	-6.5
EBITDA* (IFRS)	20.4	24.3	-3.9
Net income	0.05	-4.3	+4.4
Current operating income (LIFO)**	8.3	10.1	-1.8
EBITDA* (LIFO**)	19.1	20.3	-1.2
Operating cash flow***	9.3	13.9	-4.6
Change in Group cash position	-19.2	7.2	

\* Current operating income before depreciation, provisions and impairment

\*\* The valuation method for the "Lead" operating segment is based on LIFO (Last In First Out) for internal reporting (inadmissible under IFRS), in valuing inventory for the Group's main smelter in Germany (Nordenham). For the effects of restating inventories under the LIFO method at the main German smelter, see note 19 in Notes to the Consolidated Financial Statements

\*\*\* Cash flow after net interest and tax expense

### Consolidated Balance sheet

<i>(Millions of euros)</i>	31/12/2011	31/12/2010	Change
Financial debts	7.4	13.2	-5.8
Provisions	40.8	43.4	-2.6
Rescheduled liabilities under continuation plan*	22.0	25.7	-3.7
Equity	100.2	99.5	+0.7
Cash position**	41.5	60.7	-19.2
Capital expenditure	9.5	9.2	+0.3

\* Before discounting and after elimination of intra-group debts

\*\* After deducting bank overdrafts

Operating cash flow (cash flow after net interest and tax expense) totalled €9.3 million in 2011 compared with €13.9 million in 2010.

The increased working capital requirement relating to the rise in raw materials inventories at the Group's main smelter in Germany had a strong impact on the Group cash position, which decreased by €19.2 million in 2011. Capital expenditure of €9.5 million and payments of the sixth instalment relating to the Recylex SA continuation plan (€3.8 million) also contributed to this reduction in the Group's cash position.

In view of the continuation plan and current legal proceedings, no dividend will be paid in respect of 2011.

## 2. Results by business segment

### ▪ Lead

Lead prices were subject to a very high level of volatility in 2011. The average lead price in 2011 was €1,722 per tonne, compared to the 2010 level of €1,615 per tonne.

- *Battery processing*

In the lead segment, the Group's battery processing plants handled the same volume of batteries in 2011 (around 148,600 tonnes) as in 2010 (around 148,500 tonnes). Despite volatile lead prices, the purchase

price of used batteries rose further as a result of brisk demand from the recycling sector with a high negative impact on margins.

- *Smelting and refining*

The Group's lead production at its two smelters amounted to around 126,000 tonnes in 2011 compared with around 122,000 tonnes in 2010, which was subject to two shut-downs.

Commercial conditions, particularly premiums on lead sales and treatment charges for lead concentrates, were similar to the levels of 2010. Silver prices (a by-product from the Nordenham smelter) rose sharply and were also highly volatile during 2011 relative to 2010. The fall in silver prices in December 2011 resulted in write-downs of silver inventories to December 31, 2011.

The market price of sulphuric acid, another by-product of the Nordenham lead smelter, also increased in 2011 relative to the previous year, contributing to the rise in revenues in 2011

<i>(Millions of euros)</i>	<b>2011</b>	<b>2010</b>	<b>Change</b>
Sales - Lead	332.3	282.0	+17.8%
Current operating income - Lead (IFRS)	0.9	7.8	-88.5%
Current operating income - Lead (LIFO)	1.7	3.8	-55.3%

- **Zinc**

Zinc prices were also highly fluctuating in 2011 with the average for 2011 (€1,574 per tonne) being below the average for 2010 (€1,624 thousand).

- *Waelz oxides*

The Group's two Waelz oxide production plants processed around 182,400 tonnes of electric steel mill dust, allowing for the production of around 75,500 tonnes of Waelz oxides during 2011, compared with around 182,000 tonnes of dust processed and production of around 73,800 tonnes of Waelz oxides in 2010.

- *Zinc oxides*

Zinc oxide production totalled approximately 24,800 tonnes in 2011 compared with around 25,800 tonnes in 2010. This decline in production relates primarily to more extensive planned shut-downs for maintenance in 2011 than during the previous year, as well as a fall in demand in 2011, mainly in the tyre industry.

<i>(Millions of euros)</i>	<b>2011</b>	<b>2010</b>	<b>Change</b>
Sales - Zinc	83.8	86.1	-2.7%
Current operating income - Zinc	7.0	9.0	-22.2%

- **Plastics**

The Group's two subsidiaries increased their polypropylene production by 15% in 2011 relative to 2010, with a total volume of around 12,700 tonnes. The higher sales volume of polypropylene in Germany and the enlarged client portfolio in France allowed each of these subsidiaries to achieve considerable revenue growth in 2011 relative to 2010.

<i>(Millions of euros)</i>	<b>2011</b>	<b>2010</b>	<b>Change</b>
Sales - Plastics	12.3	9.5	+29.5%
Current operating income - Plastics	0.9	0.5	+80.0%

- **Special metals**

The special metals segment had sales growth of 12% in 2011 to €29.2 million compared with €26 million in 2010 due to a sharp rise in selling prices of germanium and an increase in sales volumes for arsenic, driven by growth in mobile telephone applications and opto-electronic devices (LEDs).

<i>(Millions of euros)</i>	<b>2011</b>	<b>2010</b>	<b>Change</b>
Sales - Special metals	29.2	26.0	+12.3%
Current operating income - Special metals	2.7	1.4	+92.9%

- **Others**

Other unallocated income and expenses (holding business and environmental expenses) came to €4.0 million in 2011 compared with €4.6 million in 2010.

### **3. Outlook for 2012**

Lead and zinc prices were still below USD 2,000 per tonne (€1,560 per tonne) at the start of 2012. In the battery collection market, continuing brisk demand from the recycling sector results in continuing high prices of materials for recycling.

As part of the refocusing of its activities on its recycling of lead, zinc and plastic core businesses, the Group continues to explore the best strategic opportunities for its special metals division, in collaboration with Berenberg Bank appointed as financial advisor. The production assets and staff of its two German subsidiaries PPM and RMO were merged into the same entity with effect from January 1, 2012.

The Group also continued at the start of 2012 with technical trials at its two lead smelters in order to improve their utilisation rates. In addition, subsidiary Harz-Metall GmbH has invested in a process allowing it to process more zinc contained in steel mills' electric arc furnace dust.

At the start of 2012, processing volumes in the lead segment remained at the same level as at the end of 2011. The volume of electric arc furnace dust processed in the zinc division was satisfactory, with the Group starting 2012 at full capacity. The upward trend in sales volumes observed in the plastics business at the end of 2011 continued at the start of 2012.

Lastly, the Douai Appeal Court's deliberation concerning the appeal against the Tribunal de Grande Instance de Béthune's rejection of the claim, initiated by the liquidators of Metaleurop Nord SAS, for payment of liabilities should be given in 2012. The hearings have been set for April 12, 2012. Information

about the development of legal proceedings against the Company can be found on the Company's website ([www.recylex.fr](http://www.recylex.fr) – News – Legal proceedings schedule).

In the event of an unfavourable outcome to the legal proceedings currently facing Recylex SA, successful execution of the continuation plan could be called into question.

Complete information on the Company's results for FY 2011 is available on the Company's web site ([www.recylex.fr](http://www.recylex.fr) – Heading Shareholders / Investors – Regulated Information – Annual Financial Report – 2011).

#### 4. Financial reporting calendar\*

<i>2011 Annual Financial Report</i>	<i>March 22, 2012</i>
<i>Quarterly Financial Information (Q1 2012)</i>	<i>May 3, 2012</i>
<i>Annual Shareholders' Meeting 2012</i>	<i>May 9, 2012</i>

\* *This calendar might be changed if needed*

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*Recycle, Transform, Enhance*

*With operations in France, German and Belgium, Recylex is a pan-European company specialising in recycling lead and plastic (from automobile and industrial batteries), recycling zinc from electric arc furnace dust, and producing zinc oxides and special metals for the electronics industry.*

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