

2013 INTERIM RESULTS

Operating income severely impacted by scheduled maintenance shutdowns as well as high scrap metals prices

Suresnes, August 29, 2013: the Board of Directors of Recylex SA (NYSE Euronext Paris: FR0000120388 – RX) today approved the consolidated financial statements for the first half of 2013.

Consolidated simplified income statement and balance sheet highlights (reviewed by the auditors):

<i>(in millions of euros)</i>	Six months to June 30, 2013	Six months to June 30, 2012	Change
Sales	209.4	232.4	(23.0)
EBITDA¹ (IFRS)	(7.0)	4.7	(11.7)
EBITDA¹ (LIFO²)	(3.8)	7.1	(10.9)
Operating income before non-recurring items (IFRS)	(13.3)	(0.4)	(12.9)
Operating income before non-recurring items (LIFO)	(9.2)	1.7	(10.9)
Net income (IFRS)	(15.9)	(1.6)	(14.3)

<i>(in millions of euros)</i>	At June 30, 2013	At December 31, 2012	Change
Net cash and cash equivalents³	4.3	29.8	(25.6)
Equity	70.0	85.8	(15.8)

¹ Operating income before non-recurring items, depreciation, amortization, provisions and impairment losses.

² To assess the performance of the Lead operating segment, in its internal reporting the Group uses the LIFO (last in first out) method, which is not permitted under IFRS, to measure inventories for the Nordenham smelter in Germany. The effects of adjusting these inventories using the LIFO method are shown in Note 4 to the condensed consolidated interim financial statements.

³ Cash net of bank overdrafts.

Yves Roche, Chairman and Chief Executive Officer of Recylex, commented:

"The Group's interim results were impacted by scheduled maintenance shutdowns at the two major plants in the Lead and Zinc segments which had a severe impact on earnings, as well as intense competition in scrap supplies which penalized margins in the Lead business in particular. The Group's industrial performance as a whole remained solid during the first half of the year, capitalizing on the lasting improvements made over the last two years, which Recylex will continue to develop. In the second half of 2013, the Group intends to benefit from this period with no maintenance shutdowns, with production at an encouraging level at present. The Group is continuing working on the different options for financing its future needs in 2014-2015."

1. Metals prices evolution in the first half of 2013

Lead and zinc prices fluctuated sharply during the first half of 2013, falling almost continuously between January 1, 2013 and June 30, 2013 (-12%). However, on average, lead prices were up 6% and zinc prices were down 3% in the first half of 2013 relative to the first half of 2012. Average prices were as follows at end-June:

<i>(in euros per ton)</i>	Six months to June 30, 2013	Six months to June 30, 2012	2012
Lead price	1,657	1,568	1,603
Zinc price	1,474	1,524	1,514

2. Consolidated results by segment to June 30, 2013 (excluding holding companies and environment)

Sales for the first half of 2013 amounted to €209.4 million versus €232.4 million in the year-earlier period.

- The Lead business results were severely affected by the scheduled shutdown for maintenance at the Nordenham smelter in Germany during the first quarter of 2013, as well as deterioration in margins following the relative increase over the period in purchase prices for scrap batteries compared with the evolution of lead prices. Against this difficult backdrop, lasting gains made in productivity were unable to make up for these factors during the first half of 2013.
- The Zinc business also sustained a fall in operating income relative to the first half of 2012, mainly due to the scheduled shutdown for maintenance of the Waelz oxide production furnace at Harz-Metall GmbH, the German subsidiary specializing in the treatment of zinc from electric arc furnaces dust.

As a reminder, these two production plants (Nordenham for Lead and Oker for Zinc) did not have shutdowns for maintenance during the first half of 2012, which constitutes an unfavorable comparison base for both business segments.

- The Special Metals business was unable to achieve operating breakeven in the first half of 2013 due to the increase in prices of raw materials. However, sales achieved an increase in the first half of 2013 relative to the same period in 2012.
- The Plastics business achieved growth in sales and operating income during the first half of 2013 thanks to its robust business momentum, particularly in France.

Against this backdrop, the Group posted an operating loss before non-recurring items (IFRS) of €13.3 million in the first half of 2013, compared with a loss of €0.4 million in the first half of 2012. On a LIFO² basis, the Group sustained an operating loss before non-recurring items of €9.2 million in the first half of 2013 compared with operating income before non-recurring items of €1.7 million in the first half of 2012.

The consolidated net loss amounted to €15.9 million in the first half of 2013 compared with €1.6 million in the first half of 2012.

Net cash and cash equivalents fell by €25.6 million in the first half of 2013 relative to December 31, 2012, from €29.8 million to €4.3 million. This sharp fall was mainly as a result of the following factors, in order of importance:

- A significant increase of €10.3 million in the working capital requirement following the shutdown for maintenance at the Nordenham lead smelter in Germany;
- An IFRS EBITDA¹ loss of €7 million following the shutdowns for maintenance in Germany at the Nordenham smelter (Lead) and at the Waelz oxide kiln (Zinc) in Oker;
- Self-financed investment in production equipments (€5.7 million);
- Use of environmental provisions (€2 million), primarily for the rehabilitation of the L'Estaque site.

▪ **Lead**

<i>(in millions of euros)</i>	Six months to June 30, 2013	Six months to June 30, 2012
Sales	150.7	174.8
Operating income before non-recurring items (IFRS)	(13.1)	(2.0)
Operating income before non-recurring items (LIFO)	(9.0)	0.1

With a lower production, the Lead segment sustained a 14% drop in sales relative to the first half of 2012, with €150.7 million.

The Group's plants processed a slightly smaller volume of scrap batteries in the first half of 2013 compared with the year-earlier period (-3%, 74,072 tons compared with 76,275 tons in the first half of 2012).

Due to ongoing intense competition, scrap battery prices were higher than during the same period in 2012. This very tight supply situation continued to reduce margins for this business segment.

The Nordenham smelter underwent a three-week scheduled shutdown for maintenance during the first quarter of 2013. There were no shutdowns for maintenance in 2012. Consequently, production volumes in the first half of 2013 were lower than in the year-earlier period. However, thanks to the efforts and investments in productivity made since the end of 2011, the Nordenham smelter managed to produce a similar volume of lead to that achieved during previous half-year periods during which no shutdowns for maintenance took place.

The Group produced 69,973 tons of lead in the first half of 2013 compared with 78,836 tons in the first half of 2012, a 12% decrease.

The Lead segment sustained an operating loss before non-recurring items of €13.1 million in the first half of 2013, compared with a loss of €2 million in the first half of 2012. This sharp fall was mainly due to:

- Costs relating to the shutdown for maintenance and associated losses in volumes (€6.5 million);
- Rising supply prices for scrap batteries;
- Deterioration in business conditions, particularly for lead production sub-products such as sulfuric acid;
- Write-downs of silver and lead inventories due to lower metal prices, primarily at the Nordenham smelter in Germany.

■ Zinc

<i>(in millions of euros)</i>	Six months to June 30, 2013	Six months to June 30, 2012
Sales	39.1	40.4
Operating income before non-recurring items (IFRS)	1.9	3.2

The Zinc segment generated sales of €39.1 million, down 3% relative to the first half of 2012.

Against the background of a lower price for zinc than in the first half of 2012 (3% lower), the performance in this segment varied from one business to the next:

- The scrap zinc recycling business (zinc oxide production at Norzinco GmbH) achieved a slight increase in sales as a result of more robust demand in the automotive and chemicals sectors. Sales rose by 2.3% relative to the first half of 2012.
- In the production of Waelz oxides from the treatment of electric arc furnace dust, subsidiary Harz-Metall GmbH carried out its major six-week scheduled shutdown for maintenance in the second quarter of 2013. There were no shutdowns for maintenance at this subsidiary in 2012. As a result, the Group's production volumes decreased by 5% relative to the first half of 2012. However, improvement in its production facilities, allowing for the recycling of more zinc in the materials treated, partly made up for this decline in volumes.

The Zinc business generated operating income before non-recurring items of €1.9 million compared with €3.2 million in the first half of 2012. This fall was mainly due to the shutdown for maintenance at Harz-Metall GmbH.

■ Special Metals

<i>(in millions of euros)</i>	Six months to June 30, 2013	Six months to June 30, 2012
Sales	11.3	10.5
Operating income before non-recurring items (IFRS)	(0.5)	0

Special Metals sales rose by 7% in the first half of 2013 to €11.3 million as a result of stronger demand in the germanium sector and a very slight increase in sales of arsenic.

Margins were nevertheless reduced by sharp rises in purchasing prices of raw materials.

Against this backdrop, the segment sustained a slight operating loss before non-recurring items of €0.5 million, having reached breakeven in the first half of 2012.

■ Plastics

<i>(in millions of euros)</i>	Six months to June 30, 2013	Six months to June 30, 2012
Sales	8.3	6.7
Operating income before non-recurring items (IFRS)	0.7	0.6

Plastics sales increased by a robust 25% in the first half of 2013 relative to the first half of 2012, reaching €8.3 million. This growth reflects primarily the significant increase in sales volumes in France. In Germany, sales growth was moderate.

Against this backdrop, the Plastics segment recorded a strong performance, with operating income before non-recurring items of €0.7 million, up 15% compared with the first half of 2012.

3. Development of litigation relating to Metaleurop Nord* at June 30, 2013

▪ Former employees of Metaleurop Nord SAS

The total amount claimed within the context of the legal proceedings initiated in 2010 by 192 former employees of Metaleurop Nord for redundancy without due and just cause comes to €9.96 million, which is provisioned in Recylex SA's accounts.

- On January 15, 2013, the Management section of the Lens labor court decided to include around €2.4 million in Recylex SA's liabilities for the benefit of 49 unprotected former managerial employees of Metaleurop Nord. The Company has appealed against these decisions but the timetable is not yet known. However, the Lens labor court has rejected the claims of 6 protected former managerial employees who had filed an appeal. A hearing has been set for September 13, 2013, before the Douai Appeal Court concerning these six protected former employees.
- The decision of the Industry section of the Lens labor court concerning the claims from 137 former non-managerial employees shall be handed down on September 10, 2013.

▪ Liquidators of Metaleurop Nord SAS

Within the framework of the claim for the repayment of liabilities initiated by the liquidators of Metaleurop Nord and rejected by the Douai Appeal Court on September 19, 2012, the case will be reviewed by the *Cour de Cassation* at its hearing of October 15, 2013. The ruling should be given four to six weeks later.

In addition, Recylex SA has initiated a liability claim against Metaleurop Nord SAS's liquidators for the personal fault Recylex SA believes was committed by them within the framework of making former employees of Metaleurop Nord SAS redundant, resulting in damages being awarded to these employees.

* A document summarizing the development of legal proceedings relating to Recylex SA and Metaleurop Nord SAS can be founded on the Recylex website (www.recylex.fr – News – Legal proceedings schedule).

4. Key subsequent events

On July 1 and 23, 2013, Recylex SA received summonses to appear before the Lens labor court within the framework of claims for damages formulated by 350 former employees of Metaleurop Nord SAS for alleged prejudice of anxiety and disruption to living conditions. The total amount claimed comes to around €11.4 million, for which provisions have not been booked in the condensed consolidated financial statements to June 30, 2013 (the number of claims and the total amount claimed have been rectified relative to those stated in the press release of July 3, 2013). A hearing has been set for 333 claims for damages on November 12, 2013 before the adjudication panels ("*bureaux de jugement*") of the Industry and Management sections of the Lens labor court and a hearing for 17 claims has been set for October 10, 2013 before the conciliation panels ("*bureaux de conciliation*") of the Industry and Management sections of the Lens labor court.

Recylex SA intends to challenge both the merits and admissibility of these claims, which are believed to follow the Douai administrative appeal court's ruling of May 13, 2013, requiring the French Minister for Work to include the Metaleurop Nord plant on the list of facilities giving right to the early retirement pension benefit for asbestos workers for the period from January 1, 1962 to December 31, 1996. Recylex has never been implicated in this listing process and has filed an appeal in third party proceedings against this ruling with a view to cancelling such listing.

On July 19, 2013, the Group's Belgian subsidiary FMM announced its decision to stop its lead smelter business, having looked into all proposals made and responded to all questions from its personnel, thereby ending the information and consultation phase that began on June 24, 2013. Having informed all of its employees of this decision, as well as the relevant authorities, FMM's management has commenced negotiations for a redundancy plan respecting the interests of the 20 employees concerned. On August 29, 2013, FMM SA's management and workers representatives have signed a collective bargaining agreement which provides for social measures accompanying the blue-collar workers impacted by the restructuring. Discussions are still ongoing with the 4 white-collar employees concerned within the framework of individual interviews.

FMM SA shall definitively stop its lead smelter activity during the month of September 2013, whilst it shall continue its scrap battery collection activity at its Anderlecht (Belgium) plant.

5. Outlook by segment for the second half of 2013

In the second half of 2013, the Group aims to work down the level of inventories at the Nordenham lead smelter in Germany in order to reduce the current working capital requirement. Due to the scheduled shutdowns for maintenance that took place in the first half of 2013, industrial activity in the second half of 2013 should increase the Group's net cash and cash equivalents.

▪ Lead

Lead prices started the second half of the year at around \$2,000 per ton (equal to €1,520 per ton). The volume of batteries processed will depend on the price, as well as any economic upturn that could improve waste collection, particularly of batteries.

Since production resumed following the scheduled shutdown for maintenance, the Nordenham lead smelter has achieved excellent production levels. The aim is to produce at least a similar amount of lead as in 2012. Additional quantities produced should be sold without difficulty in view of the high level of demand for refined lead.

▪ Zinc

Zinc prices continued to fluctuate between \$1,800 and \$1,900 per ton (equal to €1,370 and €1,440 per ton) at the start of the second half of 2013.

In zinc waste recycling (zinc oxide production), the upturn in activity seen in the first half of 2013 in the tire industry remains to be confirmed for the second half of the year.

In the recycling of electric arc furnaces dust, the Group's Waelz oxide production is expected to reach close to full capacity in the second half of 2013 with no scheduled shutdowns for maintenance over the period, subject to a similar level of availability of materials for processing to the current level.

▪ Special Metals

The upturn in the germanium segment remains to be confirmed for the second half of 2013. With a lack of tangible recovery in the arsenic segment, production from German subsidiary PPM Pure Metals GmbH's two facilities has been combined at the same site in order to reduce costs without impacting the staff.

▪ Plastics

In the light of orders to end-June 2013, the start of the second half of 2013 looks promising in terms of sales volumes.

However, three-week scheduled annual shutdowns for maintenance are due to take place at both of the Group's plants in July and August 2013.

6. Financial agenda

- Sales for the third quarter of 2013: Thursday, November 7, 2013

Recycle, Transform, Enhance

With operations in France, Germany and Belgium, Recylex is a European group specializing in lead and plastics recycling (mainly from automotive and industrial batteries), zinc recycling (from electric arc furnace dust and scrap zinc) and the production of special metals, primarily for the electronics industry.

The Recylex Group has close to 675 employees and generated consolidated sales of €471 million in 2012.

For more information on the Recylex Group: www.recylex.fr

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In this press release, and unless indicated otherwise, all changes are stated on an annual basis (2013/2012).