

2013 FINANCIAL RESULTS

- Operating performance dragged down by unfavorable market conditions and scheduled maintenance shutdowns
- Underachievement in the Lead segment owing to the surge in the prices of scrap batteries to record levels
- Payment of the 8th installment of the continuation plan expiring in 2015
- Target of receiving firm financing proposals by June 30, 2014

Suresnes, March 27, 2014: the Recylex Group (NYSE Euronext Paris: FR0000120388 - RX) today published its financial results for 2013, as approved by the Board of Directors on March 27, 2014.

Consolidated key figures (audited figures):

<i>(in millions of euros)</i>	For the year ended December 31, 2013	For the year ended December 31, 2012	Change
Sales	438.2	471.1	(32.9)
EBITDA ¹ (LIFO ²)	(13.6)	19.6	(33.2)
EBITDA ¹ (IFRS)	(18.3)	16.0	(34.3)
Operating income before non-recurring items (LIFO ²)	(24.5)	9.7	(34.2)
Operating income before non-recurring items (IFRS)	(30.2)	7.9	(38.1)
Net income (IFRS)	(39.6)	(6.6)	(33.0)

<i>(in millions of euros)</i>	At December 31, 2013	At December 31, 2012	Change
Cash flow from operating activities before non-recurring items and tax	(1.9)	19.9	(21.8)
Net cash ³	6.9	29.8	(22.9)
Financial debts	8.5	1.9	6.6
Rescheduled liabilities ⁴	14.2	17.4	(3.2)

¹ Earnings before interest, taxes, depreciation and amortization.

² Method not permitted under IFRS, See Note 19 to the consolidated financial statements.

³ Net of bank overdraft facilities.

⁴ Recylex SA's financial liabilities (excluding intragroup debts) under the continuation plan and liabilities deferred until 2019.

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

“ 2013 brought with it some historical tough conditions, particularly in the Lead segment, resulting in the decision to close the lead smelting activity of FMM in Belgium but nevertheless we have decided to strengthen our investments in order to improve our productivity notably in the Lead and Plastics segment. Recylex is currently working on new projects, such as the possibility to treat and valorize some by-products of the Nordenham smelter. ”

1. Metal prices in the year to December 31, 2013

Lead and zinc prices experienced some large swings during 2013. Compared with the previous year, the average lead price remained stable (up 1%) in 2013 while the average zinc price recorded a decrease (down 5%).

The price of both lead and zinc moved steadily lower during the first half of 2013. Trends during the second half were also far more volatile, with short-lived spikes during July and August and a sharp increase in late December 2013.

Average prices for the year were as follows:

(€ per tonne)	1 st half 2013	2 nd half 2013	At December 31, 2013	At December 31, 2012	Change (%)
Lead price	1,657	1,569	1,612	1,603	+1%
Zinc price	1,474	1,402	1,437	1,514	-5%

2. Consolidated financial statements at December 31, 2013

Consolidated sales during the 2013 financial year came to €438.2 million, down 7% compared with 2012 (see press release dated February 13, 2014).

The Group posted an operating loss before non-recurring items of €30.2 million in 2013, compared with income of €7.9 million in 2012. This steep deterioration in the Group's operating performance was chiefly attributable to:

- Around €8 million in costs arising from the scheduled maintenance shutdowns in the Lead and Zinc segments, as well as the associated contraction in volumes,
- A shortfall of around €8 million associated with an unfavorable materials mix (relative increase in lead concentrates compared with secondary materials giving rise to thinner margins) in the Lead segment following difficulties in obtaining secondary materials,
- €8 million in additional scrap lead battery procurement costs,
- A €4.7 million difference between the selling price of lead and the figure derived from use of inventories for accounting purposes,
- A write-down in the value of silver and sulfuric acid inventories in the Lead segment, leading to a charge that was €3.2 million higher than in 2012,
- A €1.3 million increase in the operating loss before non-recurring items in Special Metals owing to a contraction in its sales chiefly because global demand for arsenic and germanium continued to decrease,
- A €1 million operating loss attributable to the definitive closure of FMM SA's smelter in Belgium.

The improvement since 2 years in the industrial performance of the Nordenham lead smelter in Germany and that of the Harz-Metall GmbH subsidiary in Germany in the Zinc segment, together with the strong momentum in Plastics, failed to offset these negative effects.

The Group posted a net loss for 2013 of €39.6 million, compared with a net loss of €6.6 million in 2012. The consolidated net loss for 2013 primarily reflected:

- The 2013 operating loss before non-recurring items of €30.2 million,
- Other operating income and expenses showing a loss of €2.7 million,
- Net financial expense of €2.9 million mainly reflecting interest expenses and the increase in the fair value of debt arising from the clawback clause.

3. Trends in the Group's financial position and balance sheet at December 31, 2013

The Group's net cash (net of bank overdrafts) stood at €6.9 million at December 31, 2013, compared with €4.3 million at June 30, 2013 and €29.8 million at December 31, 2012.

Its net cash at year-end 2013 decreased compared with its December 31, 2012 level mainly as a result of:

- Investments made during the year (total of €12 million, half financed by medium-term borrowings),
- €6.4 million in costs arising from the rehabilitation of the L'Estaque site and former mines,
- The €3.2 million payment representing the eighth installment due under the continuation plan,

Cash flow from operating activities before non-recurring items and tax was negative at €1.9 million for the year to December 31, 2013, compared to €19.9 million in the year to December 31, 2012.

It was chiefly affected by the poor performance of the Lead segment and to a lesser extent by the contraction in the Zinc segment's margins.

Shareholders' equity totaled €46.4 million at December 31, 2013, compared with €85.8 million at December 31, 2012, representing a decline of €39.4 million. This decrease was entirely attributable to the net loss for the year.

At December 31, 2013, the Group's total consolidated financial debt stood at €21.0 million, consisting of the financial commitments arranged by certain German subsidiaries to finance the increase in working capital requirements and the investments made. The current portion totaled €14.9 million (including €12.5 million in bank overdraft facilities) and the non-current portion €6.1 million.

Following payment of the eighth installment due under the plan in November 2013 and the agreement to defer repayment of the outstanding amount of certain debts until 2019, that is after the scheduled end of the continuation plan in 2015, the total amount of Recylex SA's (parent company of the Group) rescheduled liabilities stood at €14.2 million at December 31, 2013 (excluding intragroup debts and before discounting), consisting of:

- €9.1 million repayable in November 2014 and November 2015 under Recylex SA's continuation plan,
- €5.1 million (excluding intragroup debts) in rescheduled liabilities now repayable in 2019 (see press release of February 13, 2014).

4. Results by business sector (excluding holding company) at December 31, 2013

- **Lead (74% of 2013 sales)**

<i>(in millions of euros)</i>	For the year ended December 31, 2013	For the year ended December 31, 2012	Change
Sales	325.3	353.5	(28.3)
Operating income before non-recurring items (LIFO)	(23.4)	5.2	(28.7)
Operating income before non-recurring items (IFRS)	(29.2)	3.3	(32.5)

In the Lead segment, the scrap battery processing plants recycled 148,200 tonnes in 2013, representing a 5% drop in volumes on the 156,200 tonnes processed in 2012. Amid very strong demand for scrap batteries for recycling, prices surged to record levels. As a result, the Group curbed its scrap battery purchases and instead bought lead concentrates. This highly strained supply situation severely reduced margins.

Owing to the scheduled maintenance shutdown at Weser-Metall GmbH's German smelter for three weeks during the first quarter of 2013 and the definitive closure of FMM's smelting activity in Belgium during the second half of 2013, the Group's lead production totaled 139,700 tonnes in 2013, a decline of 8% compared with 152,300 tonnes in 2012.

Taking these factors into account, the segment's sales declined by 8% to €325.3 million. The Lead segment's 2013 operating loss before non-recurring items totaled €29.2 million, compared with income of €3.3 million in 2012.

- **Zinc (18% of 2013 sales)**

<i>(in millions of euros)</i>	For the year ended December 31, 2013	For the year ended December 31, 2012	Change
Sales	77.6	81.5	(3.9)
Operating income before non-recurring items	5.2	8.5	(3.3)

With zinc prices 5% below their 2012 level during 2013, the performance in the Zinc segment varied from one business to the next.

- In Waelz oxide production, the Group's two facilities (Harz-Metall GmbH in Germany and 50%-owned Recytech SA in France) recycled 168,500 tonnes of electric arc furnace dust and produced 69,800 tonnes of Waelz oxides in 2013, representing a fall of 6% on the 181,500 tonnes of dust processed and 74,100 tonnes of Waelz oxides produced in 2012 mainly due to scheduled maintenance shutdowns.
- Sales improved at the zinc-bearing waste recycling business (zinc oxide production at the Norzinco GmbH plant in Germany) owing to stronger demand in the automotive and chemicals sectors despite the downtrend in zinc prices over the period. Zinc oxide production totaled 25,200 tonnes in 2013 compared with 22,600 tonnes in 2012.

The Zinc segment recorded an overall sales contraction of 5% on the previous year during 2013 to €77.6 million from €81.5 million in 2012.

The Zinc segment's operating income before non-recurring items totaled €5.2 million in 2013, compared with €8.5 million in the previous year for these reasons.

- **Special Metals (5% of 2013 sales)**

<i>(in millions of euros)</i>	For the year ended December 31, 2013	For the year ended December 31, 2012	Change
Consolidated sales	19.9	23.1	(3.2)
Operating income before non-recurring items	(2.5)	(1.2)	(1.3)

The Special Metals segment experienced a steep decline in demand, affecting its high-purity arsenic and germanium production activities in particular, reflecting softer demand from the semiconductors industry.

Its sales decline 14% during 2013 on their 2012 level.

Given this contraction, the segment posted an operating loss before non-recurring items of €2.5 million in 2013, compared with a loss of €1.2 million in 2012.

- **Plastics (3% of 2013 sales)**

<i>(in millions of euros)</i>	For the year ended December 31, 2013	For the year ended December 31, 2012	Change
Consolidated sales	15.4	13.0	2.4
Operating income before non-recurring items	0.9	1.1	(0.2)

In the Plastics segment, the Group's two subsidiaries—C2P SAS in Villefranche-sur-Saône, France and C2P GmbH in Oker, Germany—produced 13,900 tonnes of polypropylene, 15% more than the 12,100 tonnes produced in the previous year.

C2P SAS in France continued its policy of diversifying its sources of scrap polypropylene and its efforts to expand in the automotive and construction industry in France.

As a result, its sales grew by 19% compared with 2012 to reach €15.4 million.

The segment's operating income before non-recurring items came to €0.9 million in 2013, compared to €1.1 million in 2012.

5. Ongoing litigation relating to Metaleurop Nord SAS*

- **Former employees of Metaleurop Nord SAS**

As part of the claims lodged in 2010 by 192 former Metaleurop Nord employees for dismissal without fair cause (aggregate amount of €9.96 million claimed, provisioned in full in Recylex SA's financial statements):

- On May 10, 2013 and September 10, 2013, the Industry section of the Lens Labor Court ruled that Recylex SA was a co-employer of 137 former non-managerial employees and decided to add damages for dismissal without fair cause totaling around €4.7 million to Recylex SA's liabilities. Recylex SA appealed against these rulings, which are not immediately enforceable. The next hearing of the Douai Appeal Court concerning the case of a former non-managerial employee has been scheduled for July 1, 2014. The schedule for the 136 other cases is not yet known.
- On January 15, 2013, the Management Section of the Lens Labor Court ruled that Recylex SA was a co-employer of 49 non-protected former managerial employees and decided to add damages for dismissal without fair cause totaling around €2.4 million to Recylex SA's liabilities. Recylex SA has decided to appeal against these decisions. In January 2014, 20 of these former managerial employees lodged their first claims in the appeal court for damages for prejudice of anxiety and loss of pension rights amounting to a total of €920,000 (not provisioned in Recylex SA's financial statements). The next hearing of the Douai Appeal Court is scheduled for July 1, 2014.
- Conversely, the Management Section of the Lens Labor Court rejected claims from six protected former managerial employees. Following the procedure for raising a question of jurisdiction lodged by these former protected employees, the Douai Appeal Court confirmed these decisions in rulings on February 21, 2014.

As part of the claims for damages for prejudice of anxiety and disruption to their livelihood lodged in 2013 and 2014 by 411 former Metaleurop Nord SAS employees, nine of them claiming additional damages for dismissal without fair cause (aggregate amount claimed now

totaling approximately €13 million compared with €11.9 million previously, not provisioned in Recylex SA's financial statements):

- On November 12, 2013 and December 3, 2013, a date was set on September 16, 2014 for 354 claims for damages to be heard by the *bureau de jugement* (decision-making panel) of the Industry and Management sections of the Lens Labor Court.
- Claims for damages by four former non-managerial employees are due to be heard on April 1, 2014 by the *bureau de conciliation* (conciliation service) of the Industry section of the Lens Labor Court.
- In February 2014, the Company received a further 53 claims for damages, with hearings scheduled for April 1, 2014 (52 former non-managerial employees) and April 8, 2014 (1 manager) before the *bureau de conciliation* of the Lens Labor Court.

Furthermore, Recylex SA, which has never been asked to appear or represented in connection with the administrative procedure to add the Metaleurop Nord SAS plant in Noyelles-Godault to the list of asbestos manufacturing, flocking and insulating plants eligible for allocation of the early retirement allocation for asbestos workers, submitted an application to set aside a judgment adversely affecting its interests to the Douai Administrative Appeal court and an application to the Lille Administrative Court to repeal the interministerial order of November 5, 2013 adding the Metaleurop Nord SAS facility in Noyelles-Godault to the aforementioned list.

- ***Liquidators of Metaleurop Nord SAS***

In the claim for repayment of the €50 million in Metaleurop Nord SAS liabilities brought by the liquidators of Metaleurop Nord SAS in 2005, the *Cour de Cassation* dismissed the appeal lodged by the liquidators on November 19, 2013, making definitive the ruling handed by the Douai Appeal Court on September 19, 2012 that upheld the rejection of their action to claim repayment of the liabilities and thereby removing a major source of uncertainty hanging over the Group.

On March 19, 2013, Recylex SA commenced proceedings for damages before the Béthune Regional Court against the liquidators of Metaleurop Nord SAS for the loss that the Company suffered on account of the personal fault committed by the liquidators in connection with the dismissals of the former employees of Metaleurop Nord SAS, which led to damages being granted to the latter.

On February 5, 2014, the Béthune Regional Court set a date of April 2, 2014 for preliminary hearings in the case.

**A document summarizing developments in legal proceedings concerning Recylex SA and Metaleurop Nord SAS can be found on the Recylex Group website (www.recylex.fr - News - Legal proceedings schedule).*

6. Update on the search for financing

In the event of decisions at appeal unfavorable to the Company concerning the legal proceedings launched in 2010 by 192 former Metaleurop Nord SAS employees claiming a total of €9.96 million from Recylex SA (see section 5), the damages granted would be added to the liabilities repayable under Recylex SA's continuation plan and would generate additional expense that would not be compatible with the Group's projected cash position and its projected cash generated from operating activities.

Notably for these reasons, Recylex SA is continuing and progressing in its search for €16 million in external financing to cover its projected cash requirements during 2014 and 2015 and aims to obtain firm offers by June 30, 2014 at the latest.

Recylex SA obtained the deferral until 2019 (i.e. after the expiration date of the continuation plan in 2015) of the repayment of several amounts outstanding under this plan, including around

€5.1 million due to Glencore International AG (€7.9 million before the elimination of intragroup debts).

It should be noted that the amount being sought does not cover the cash needed to finalize the rehabilitation work at the L'Estaque site by December 31, 2015, for which a separate search is underway (see section 7).

7. Update on environmental rehabilitation programs

Recylex SA is responsible for rehabilitating several discontinued sites, a legacy of Peñarroya's and Metaleurop's industrial and mining past, under the supervision and control of the mining and environmental authorities, with the support of well-known specialized contractors.

By December 31, 2013, Recylex had already released 17 mining concessions out of its original 2005 portfolio of 28 mines. Another eight former mines are pending release with the relevant authorities now that the work has been completed in full. Lastly, rehabilitation work is still underway at three mines.

In addition, rehabilitation work at the discontinued L'Estaque industrial facility in Marseille is continuing. Major earthworks, construction and creation of tracks to facilitate smooth completion of the operation, water management (construction of retention basins upstream and downstream of the site) and construction of the first storage cell were the focus of work during 2013.

The hermetically sealed silos with a capacity of 300,000 cubic meters will house the waste on a permanent basis. The design parameters of this confinement facility is of an identical quality to that of a class 1 storage facility, and the project has been approved by the authorities and by independent experts. The first storage cell is currently being filled.

Recylex SA began a search for additional financing or specialized partnerships, dedicated specifically to completing work by December 31, 2015 and converting the L'Estaque site to another use.

Unless it secures this financing, a request to defer the completion date for the rehabilitation work will have to be made to the relevant authorities during the second half of 2014 so that the Company will have the possibility of doing this rehabilitation work with its own resources at a later stage.

8. Outlook for 2014

• Lead

According to the International Lead and Zinc Study Group, lead consumption exceeded production in 2013, and analysts expect the same trends to continue in 2014. This is likely to drive up premiums on sales of lead ingots during the year.

Even so, the relatively mild winter in Western Europe has raised the prospect of a temporary decline in volumes of batteries for recycling, which would underpin strong purchasing demand for these materials.

Given this steady contraction in the Lead segment's margins, the Group has decided to step up its efforts to improve the segment's profitability. German subsidiary Weser-Metall GmbH, which operates the Nordenham lead smelter, is considering submitting a request for its operating permit to be amended to allow an increase in its lead production capacity as part of a plan, currently at the feasibility study stage, to process and recover part of its by-products which are currently sold.

- **Zinc**

According to the International Lead and Zinc Study Group, the global zinc market recorded a production shortfall of 60,000 tonnes in 2013 after six years of production in excess of demand, and this trend is likely to continue for the next two years at least. The leading analysts anticipate an increase in the price of zinc in the short to medium term. Over the course of 2014, the Group will continue its initiatives in zinc oxide production to develop its sources of supply. In Waelz oxide production, the Group will continue to target efficiency improvements.

- **Special Metals**

Trends in the Special Metals segment during 2014 will be contingent on the performance of the semiconductors sector, especially in south-east Asia and in Japan, and on the direction of the euro/yen exchange rate.

- **Plastics**

Volumes processed in the Plastics segment at the beginning of 2014 have been similar to those at the end of 2013. During 2014, this segment will focus on improving the performance of industrial facilities and continuing the diversification of the client portfolio.

Furthermore, an extrusion line for recycling polypropylene at C2P in France was replaced during the first quarter of 2014 with a new more modern and more efficient line. This investment aims to increase the subsidiary's production capacity by around 25%, while keeping operating costs at a similar level thanks to lower energy consumption. The new line was installed during the first quarter and is currently ramping up to be fully operational.

9. **Financial agenda**

- First quarter 2014 sales: Wednesday April 30, 2014 (after the close)
- Shareholders' Meeting: Monday, May 12, 2014 (10.00am)

Recycle, Transform, Enhance

With operations in France, Germany and Belgium, Recylex is a European group specialized 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.

A key player in the circular economy with long-standing expertise in urban waste recovery, the Group has close to 650 employees in Europe and generated consolidated sales of €438 million in 2013.

For more information about the Recylex Group go to: www.recylex.fr

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