

2014 INTERIM RESULTS

Losses halved compared with the first half of 2013

Suresnes, August 28, 2014: The Board of Directors of Recylex SA (NYSE Euronext Paris: FR0000120388 - RX) approved on August 27, 2014 the consolidated interim financial statements at June 30, 2014.

Consolidated key figures (figures reviewed by the auditors):

(€ million)	Six months to June 30, 2014	Six months to June 30, 2013 ¹	Change (in € million)
Sales	220.5	202.8	17.7
IFRS EBITDA ²	(5.2)	(9.4)	4.2
Restated ³ EBITDA ²	2.5	(3.8)	6.3
Operating income before non-recurring items (IFRS)	(8.3)	(15.2)	6.9
Restated ³ operating income before non-recurring items	(2.2)	(9.2)	7.0
Net income (IFRS)	(8.0)	(15.9)	7.9

(€ million)	June 30, 2014	December 31, 2013 ¹	Change (in € million)
Gross cash position	7.9	17.8	(9.9)
Net cash and cash equivalents ⁴	(5.5)	5.3	(10.8)
Equity	36.7	46.4	(9.7)

¹ Data restated in accordance with IFRS 10, 11 and 12 (See Note 3 to the condensed consolidated financial statements at June 30, 2014).

² Operating income before non-recurring items and before additions to and reversals from amortization, depreciation, provisions and impairment losses.

³ To assess the performance of its Lead operating segment, the Group uses the LIFO method ("Last in first out", not permitted under IFRS) in its internal reporting to measure inventories for its main lead smelter in Nordenham. To assess the performance of the Zinc operating segment, the Group continues to consolidate its 50% ownership of Recytech SA proportionally. See Note 5 to the condensed consolidated financial statements at June 30, 2014 which shows the effects of these restatements.

⁴ Cash net of credit lines.

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

"The first-half 2014 results reflect the initial benefits of the measures taken and the efforts made by the Group and its teams, but they still need to be kept in perspective given the favorable base of comparison resulting from the 2013 maintenance shutdowns. The Lead segment's margins remained unsatisfactory, but were again depressed by the excessively high purchasing costs. Against this backdrop, Recylex and its subsidiaries continued to unlock efficiency gains. In addition, considering its stretched cash position, the Group aims to improve its working capital requirement from the second half of 2014 onwards and is negotiating the terms and conditions of one of the financing offers it has received. It aims to complete these negotiations by the end of the third quarter of 2014."

1. Trend in metal prices in the first half of 2014

Between January 2 and June 30, 2014, lead prices declined by 4%, while zinc prices moved 6% higher over the same period.

In addition, the average lead price during the first half of 2014 dropped more than 7% below the level recorded in the first half of 2013, while the average zinc price edged just under 2% higher than in the same period of 2013.

Average prices for the six-month period to end-June were as follows:

<i>(€ per tonne)</i>	At June 30, 2014	At June 30, 2013	Change (%)
Lead price	1,533	1,657	-7%
Zinc price	1,497	1,474	+2%

2. Consolidated results and key figures at June 30, 2014

Consolidated sales in the first half of 2014 came to €220.5 million, representing an increase of 9% compared with the same period of 2013.

Consolidated EBITDA under IFRS showed a loss of €5.2 million compared with a loss of €9.4 million in the first half of 2013.

However, restated consolidated EBITDA* came positive at €2.5 million, compared with a loss of €3.8 million in the first half of 2013.

This firmer trend was predominantly attributable to a favorable base of comparison in the Lead and Zinc segments (as there was no maintenance shutdown in the first half of 2014 compared with the first half of 2013) and further efficiency gains at the Nordenham lead smelter.

The Group recorded an operating loss before non-recurring items under IFRS of €8.3 million in the first half of 2014 compared with an operating loss before non-recurring items of €15.2 million in the corresponding period of 2013. As a result, Recylex almost halved the size of its operating loss by comparison with the first half of 2013.

The restated operating loss before non-recurring items* came to €2.2 million in the first half of 2014, compared with a loss of €9.2 million in the same period of 2013.

The strong business performance posted by the Zinc segment did not fully offset the operating loss recorded by the Lead segment, although this narrowed considerably.

Taking these factors into account, Recylex recorded a consolidated net loss attributable to equity holders of the parent of €8.0 million in the first half of 2014 compared with a loss of €15.9 million in the first six months of 2013, representing a 50% reduction in its net loss.

The Group's net cash (net of bank overdrafts) decreased by €10.8 million during the first half of 2014, compared with its level at December 31, 2013, sliding from €5.3 million to negative €5.5 million. At June 30, 2014, the Group had negative net cash because its subsidiaries in Germany drew on their credit lines.

This deterioration during the first half of 2014 compared with December 31, 2013 primarily reflected the following items in decreasing order of significance:

- The €4.0 million increase in the Group's working capital requirement**,
- €3.1 million in net investments,

- Around €2.6 million in further rehabilitation costs at the L'Estaque site, former mines and former industrial sites in Germany.

Conversely, the cash held by Recylex SA, the Group's parent company, remained positive at €6.1 million, compared with €8.9 million at December 31, 2013.

** Using the LIFO method to measure the lead inventories (not permitted under IFRS) and continuing to consolidate its investment in Recytech SA proportionally. (See Note 5 to the condensed consolidated financial statements at June 30, 2014).*

*** Measurement of inventories at the Nordenham smelter using the LIFO method (not permitted under IFRS). See Note 5 to the condensed consolidated financial statements at June 30, 2014.*

3. Consolidated first-half 2014 results by segment (excluding holding companies and environment)

- *Lead segment*

(€ million)	Six months to June 30, 2014	Six months to June 30, 2013
Sales	167.0	150.7
Operating income before non-recurring items (IFRS)	(7.4)	(13.1)
Operating income before non-recurring items (LIFO)	(3.4)	(9.0)

Against weaker lead prices, the Lead segment's first-half 2014 sales totaled €167.0 million, up 11% compared with the first half of 2013.

The plants in France and Germany processed a total of 71,700 tonnes of scrap batteries, down just 3% on the 74,072 tonnes processed in the first six months of 2013. Given the very mild weather conditions during the past winter and the persistent overcapacity in the European scrap battery processing market, there was no let-up in the fierce competition between recycling companies. As a result, scrap battery prices held up at too high prices levels and the Recylex Group decided to introduce a more selective policy for its purchases of materials for recycling.

The Group's first-half 2014 output totaled 71,001 tonnes of lead compared with 67,973 tonnes in the first half of 2013, representing an increase of 4.5%.

Even so, the Group's lead production during the first half of 2013 included 5,400 tonnes produced by its FMM subsidiary in Belgium. FMM shut down its smelting operations in late 2013. In addition, unlike in the first half of 2013, no major maintenance shutdown took place at the Nordenham smelter during the first half of 2014 and it continued its efficiency gains.

To summarize, notwithstanding a significant improvement in its industrial performance compared with the first half of 2013, the segment failed to break even owing chiefly to:

- The steep decline in lead prices compared with the first half of 2013,
- Scrap battery prices, which held up at too high levels,
- The reduction in treatment charge per tonne of lead concentrate received by the smelter from miners,
- The steep fall in selling prices of the smelter's by-products (sulfuric acid and silver).

As a result, the Lead segment's first-half 2014 operating loss before non-recurring items reflected:

- An IFRS operating loss before non-recurring items of €7.4 million, compared with an operating loss before non-recurring items of €13.1 million in the first half of 2013, representing a reduction in the loss of around €6 million;
- An operating loss before non-recurring items of €3.4 million, compared with an operating loss before non-recurring items of €9.0 million in the first half of 2013 (measurement of inventory using the LIFO method, not permitted under IFRS).

- *Zinc segment*

(€ million)	Six months to June 30, 2014	Six months to June 30, 2013*
Sales	33.7	32.6
Operating income before non-recurring items (IFRS)	1.4	(0.1)

*Data restated in accordance with IFRS 10, 11 and 12 (See Note 3 to the condensed consolidated financial statements at June 30, 2014).

The Zinc segment's first-half 2014 sales came to €33.7 million, representing a rise of 4% compared with the first half of 2013.

The production of zinc oxides (Norzinco GmbH subsidiary in Germany) posted a small increase of 3% in its sales compared with the first half of 2013 owing primarily to a slight increase in sales volumes.

The two electric arc furnace dust recycling plants in France and Germany processed 79,500 tonnes of dust, representing a small increase of 2% compared with the first half of 2013.

As a reminder, the Harz-Metall GmbH subsidiary underwent a major maintenance shutdown in the first half of 2013, making for a favorable base of comparison.

The Zinc segment recorded operating income before non-recurring items of €1.4 million in the first half of 2014, compared with a loss of €0.1 million in the equivalent period of 2013.

Restated for the impact of IFRS 10 and 11, the Zinc segment's first-half 2014 operating income before non-recurring items came to €3.5 million, compared with €1.9 million in the first six months of 2013.

The improvement in the segment's performance during the first half of 2014 chiefly reflected the upturn in zinc prices and a favorable base of comparison.

- *Special Metals segment*

(€ million)	Six months to June 30, 2014	Six months to June 30, 2013
Sales	10.7	11.3
Operating income before non-recurring items (IFRS)	(0.3)	(0.5)

The Special Metals segment recorded a 5% decline in its first-half 2014 sales to €10.7 million.

The fall in sales volumes is mainly due to high-purity arsenic and germanium sales, a consequence of the persistently challenging conditions in the global semiconductor industry.

As a result, the segment's operating loss before non-recurring items contracted to €0.3 million in the first half of 2014, compared with a loss of €0.5 million in the first six months of 2013.

- *Plastics segment*

(€ million)	Six months to June 30, 2014	Six months to June 30, 2013
Sales	9.1	8.3
Operating income before non-recurring items (IFRS)	0.2	0.7

The Plastics segment's first-half 2014 sales totaled €9.1 million, representing a strong increase of 10% on the level posted in the first half of 2013.

This encouraging performance arises from a strong increase in sales volumes, particularly in France.

During the second quarter of 2014, C2P-France continued the ramping-up phase of its new extrusion line, which temporarily dragged down its business performance.

As a result, the Plastics segment recorded first-half 2014 operating income before non-recurring items of €0.2 million, compared with €0.7 million in the first half of 2013.

4. Latest developments in litigation relating to Metaleurop Nord SAS and Recylex SA

The legal claims lodged against Recylex SA by former employees of Metaleurop Nord SAS - a Recylex SA subsidiary in liquidation - and by Recylex SA against the liquidators of Metaleurop Nord SAS are still ongoing (*see the section D of the Note 1 to the condensed consolidated half-year financial statements*).

In July 2014, Recylex SA received 15 additional claims for damages from former protected employees of Metaleurop Nord for prejudice arising from the cancellation of dismissal authorization, which they asked the Lens Labor Court to establish, and for dismissal without fair cause, in an global aggregate amount of around €1.8 million. These 15 former protected employees of Metaleurop Nord saw their claims for damages for the loss of opportunity to keep a job lodged in 2005 rejected at first instance, at appeal and by the *Cour de Cassation*.

The Company intends to strongly defend its interests against these latest claims which will be examined at the hearing of the *Bureau de jugement* of the Lens Labor Court scheduled for February 6, 2015.

The [document](#) summarizing developments in legal proceedings concerning Recylex SA and Metaleurop Nord SAS is available from the Recylex Group's website (www.recylex.fr - *News - Legal proceedings schedule*).

5. Outlook for the second half of 2014

During the second half of 2014, the Group's objective is to continue implementing measures to reduce its working capital requirement and chiefly that of its Nordenham lead smelter.

- *Lead segment*

Lead prices started the second half of 2014 on a firm footing at above \$2,200 per tonne. Furthermore, the US dollar appreciated against the euro over the same period (1.32 USD/1 EUR as at August 25, 2014). However, it is too early to say whether this trend will hold up for the rest of the second half.

Given the current level of scrap battery prices, the Group continues to be more selective in its purchases of materials for recycling.

The next major maintenance shutdown of the Nordenham smelter, originally programmed during the third quarter of 2014, is scheduled for the first half of 2015.

- *Zinc segment*

Zinc prices have continued to increase since June 30, 2014 owing to the prospect of solid global consumption and forthcoming closures of large mining facilities. As a result, zinc is currently close to \$2,390 per tonne followed by the appreciation in the US dollar against the euro (1.32 USD/1 EUR as at August 25, 2014).

In the scrap zinc recycling sector (production of zinc oxides), Norzinco GmbH's business should get a boost from the current strength of the chemicals industry, especially in Germany, albeit in a challenging environment for purchases of materials for recycling.

The second-half 2014 performance of Harz-Metall GmbH and Recytech SA in recycling electric arc furnace dust is expected to improve, provided that the availability of materials for recycling remains comparable to the current situation.

- *Special Metals segment*

The Special Metals segment potential recovery will be determined by trends in demand from the semiconductor industry and to a lesser extent by trends in the euro/yen exchange rate, which are currently favoring PPM Pure Metals GmbH's competitors.

- *Plastics segment*

Based on the order backlog at June 30, 2014, this segment is expected to maintain its current momentum.

As every year, the annual 3-week maintenance shutdown took place at the Group's two plants in July and August 2014.

During the second half of 2014, C2P-France's production facilities are expected to run at full capacity, unlike the situation during the first half of 2014, when performance was dragged down by the gradual ramping-up of the renewed extrusion line.

6. Search for financing

Recylex SA started searching during 2013 for external financing with a view to covering its projected cash requirements during 2014 and 2015 as identified to date, which stand at €16 million.

Recylex SA has received several conditional offers. To date, the Company is negotiating the terms and conditions of one of the offers it received. Recylex SA aims to finalize these negotiations by the end of the third quarter of 2014.

As a reminder, the amount being sought does not cover the cash needed to finalize the rehabilitation works at the L'Estaque site by December 31, 2015, for which a dedicated search is underway. While pursuing this search, the company will formally file in September 2014 a request with the relevant authorities to postpone the completion deadline for the rehabilitation work at this site.

The adjustments to the Group's cash forecasts also brought to light a financing requirement arising from its working capital requirement and its investments at its operations in Germany. Therefore, the Group's German subsidiaries launched a search for financing and a cost reduction program.

In this context, in order to reduce its working capital requirement, subsidiary Weser-Metall GmbH entered into a tolling agreement in late July 2014 with its main supplier to produce lead ingots from the latter's own lead concentrates. In addition, Weser-Metall GmbH initiated

negotiations about fixed costs reduction with its work council and representatives of the trade union of the metallurgical branch (see sections E and F of the Note 1 to the condensed consolidated half-year financial statements).

7. Financial agenda

- Third-quarter 2014 sales: November 6, 2014

Regenerating the urban mine

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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