RECYLEX | PRESS RELEASE

FULL-YEAR 2015 RESULTS

- **Downturn in financial performance with an operating loss before non-recurring items of €19.2 million owing to the impact of maintenance shutdowns and the sharp decrease in lead and zinc prices in the second half of 2015**

- **Strong increase to €7.8 million in cash flow from operating activities before non-recurring items and tax**

- **Further reduction in the working capital requirement**

- **Net loss of €39.4 million, impacted by additional impairment losses**

- **Continuation plan finalized successfully in December 2015, with close to €58 million repaid over 10 years**

- **Priorities for 2016: lifting of conditions for the arrangement of the loan to cover the requirements of the German operations, further efforts to restore profitability and optimize cash utilization**

Suresnes, July 12, 2016: The Recylex Group (Euronext Paris: FR0000120388 - RX) today published its full-year results for 2015, as approved by the Board of Directors on July 12, 2016.

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

"Despite very tough conditions owing to the strong volatility and major correction in metal prices in 2015, we continued our efforts to optimize our working capital requirement by implementing our selective purchasing policy and managing our cash resources as efficiently as possible. Even so, this clear progress did not make up for the strong decline in lead and zinc prices in the second half of 2015 and the impact of the maintenance shutdowns in the first half of 2015. As a result, Recylex recorded a substantial operating loss, and our top strategic priority remains a return to sustainable profitability by going ahead with our new industrial project in the Lead segment. For these reasons, we conducted a review of our assets and decided to recognize impairments that affected the bottom line. Despite these challenging conditions, we successfully completed our continuation plan—a unique achievement given that our path since 2005 has been fraught with difficulties. Our teams are working harder than ever to keep our recovery going."

1. Consolidated key figures (audited figures)

(€ million)	**Year to December 31, 2015**	**Year to December 31, 2014**	***Change in millions of euros***
Sales	**385.4**	421.5	*-36.1*
EBITDA[1] (IFRS)	**(9.2)**	(5.6)	*-3.6*
EBITDA[1] restated[2]	**0.5**	8.2	*-7.7*
Operating income/(loss) before non-recurring items (IFRS)	**(19.2)**	(13.3)	*-5.9*
Restated operating income/(loss) before non-recurring items[2]	**(10.4)**	(1.7)	*-8.7*
Net income (IFRS)	**(39.4)**	(23.9)	*-15.5*

(€ million)	**Year to December 31, 2015**	**Year to December 31, 2014**	***Change in millions of euros***
Cash and cash equivalents	**3.8**	5.4	*-1.6*
Net cash[3]	**(5.0)**	(3.7)	*-1.3*
Equity	**(20.1)**	17.9	*-38.0*

[1] Operating income/(loss) before non-recurring items and before additions to and reversals from amortization, depreciation, provisions and impairment losses (non-IFRS indicator)

[2] To assess the performance of its Lead segment, the Group uses the LIFO ("Last in first out", not permitted under IFRS) method in its internal reporting to measure inventories for its main lead smelter in Nordenham. When assessing the performance of the Zinc segment, the Group continues to consolidate its investment in Recytech SA proportionally, which is not permitted under IFRS. See Note 19 to the condensed consolidated financial statements at December 31, 2015

[3] Cash net of bank overdraft facilities

2. Metal prices and €/$ exchange rate in the year to December 31, 2015

Between January 2, 2015 and December 31, 2015, lead prices rose by 8%, while zinc prices sank 19%. Both lead and zinc prices were highly volatile during the year, with a steep decline in the second half of 2015. Reflecting the strength of this downturn, zinc prices sank in late 2015 to their lowest level since 2009.

Between January 2 and December 31, 2015, the €/$ exchange rate sank from 1.2039 to 1.0883, representing a decrease of around 10% over the period.
What's more, the average €/$ exchange rate in 2015 pulled back 16% to 1.1097 in 2015 from 1.3286 in 2014.

The average lead price in 2015 was still 2% higher than the 2014 average. The average zinc price in 2015 was 6% higher than its level in 2014. Average prices in the year to December 31 were thus as follows:

(€ per tonne)	**At December 31, 2015**	**At December 31, 2014**	**Change (%)**
Lead price	**1,608**	1,579	*+2%*
Zinc price	**1,737**	1,634	*+6%*

In the second half of 2015, commodity prices posted a very steep decline, which appreciation in the dollar against the euro failed to offset, putting the Group's margins under pressure.

3. Consolidated statement of income for the year ended December 31, 2015

Consolidated sales during the 2015 financial year came to €385.4 million, down 9% compared with 2014.

Under IFRSs, the Recylex Group posted a 2015 operating loss before non-recurring items of €19.2 million in 2014, compared to a €13.3 million loss in 2014. The key contributory factors were the major maintenance shutdowns in the Lead and Zinc segments and the strong decrease in lead and zinc prices in the second half of 2015, after an encouraging first six months of the year. The restated operating income/(loss) before non-recurring items[2], an indicator tracked by the Group in its internal reporting, showed a loss of €10.4 million, representing a downturn of €8.7 million on the 2014 loss of €1.7 million for the same reasons.

The net loss for 2015 came to €39.4 million, a strong fall on the loss of €23.9 million recorded in 2014. The consolidated net loss for 2015 primarily reflected:

- A 2015 operating loss before non-recurring items of €19.2 million,
- Net other operating expense of €16.7 million, primarily consisting of €10.3 million in asset impairment losses (€3.4 million in the Lead segment, €4.7 million in the Zinc segment and €2.2 million in the Special Metals segment),
- A share in income from equity affiliates of €4.1 million,
- Net financial expense of €4.7 million, mainly reflecting the interest expense and factoring costs arising from the Group's German businesses,
- €2.8 million in tax expense.

4. Results by segment in the year ended December 31, 2015 (excluding holding company)

- ***Lead segment (73% of 2015 sales)***

(€ million)	Year to December 31, 2015	Year to December 31, 2014	Change
Sales	**281.8**	**311.8**	-30.0
Operating income/(loss) before non-recurring items	**(13,5)**	**(11.6)**	-1.9
Restated operating income/(loss) before non-recurring items[2]	**(11,2)**	**(5.8)**	-5.4

The Group's battery processing plants processed 120,000 tonnes of scrap batteries in 2015, down 12% on the 2014 volume of 136,500 tonnes owing chiefly to the Group's more selective purchasing policy.
Production at the Weser-Metall GmbH's smelter reached 125,506 tonnes in 2015, down nearly 10% from 139,334 tonnes in 2014. This decrease chiefly reflected the impact of the major scheduled maintenance shutdown in the second quarter of 2015 (no scheduled maintenance shutdowns took place in 2014).

Taking into account this factor and also the exclusion of the lead volumes produced under the tolling agreements, the segment's sales came to €281.8 million, down 10% on the 2014 level.

Margins in the segment again fell short of the levels targeted by the Group:

- The IFRS operating loss before non-recurring items stood at €13.5 million in 2015, compared with a loss of €11.6 million in 2014
- The restated operating loss before non-recurring items[2] came to €11.2 million in 2015, compared with a loss of €5.8 million in 2014.

The scrap battery processing business delivered a €4.1 million improvement in its performance in 2015 relative to 2014 thanks to the Group's selective purchasing policy. Nonetheless, this margin improvement did not fully offset the expenses arising from the maintenance shutdown at the Nordenham smelter during 2015 and the associated volume shortfall (overall impact of €5 million, with no such shutdown in 2014).
In addition, operating performance before non-recurring items was held back by non-cash effects arising from a €4.3 million difference between the valuation of lead sales and the amount at which they were recognized in the consumption costs.

Given the economic difficulties affecting this business segment in its current industrial configuration and trends in lead prices during 2015, the Group recognized an additional €3.4 million in impairment losses on its assets in this segment.

This persistently weak performance, exacerbated in 2015 by the impact of the maintenance shutdown, backs up the Group's strategic priority of going ahead with the plan for a new production tool.
To enable the Lead segment to create value again, Weser-Metall GmbH plans to install an additional furnace at its Nordenham smelter, as a complementary production step in order to recover more metals in the materials processed. As things currently stand, the smelter generates around 60,000 tonnes of by-products, which, at present, are sold in the global market.
Financing for this project is included in the overall financing package sought for the Group's German businesses (see paragraph 6 – Search for financing).

- ***Zinc segment (17% of 2015 sales)***

(€ million)	**Year to December 31, 2015**	**Year to December 31, 2014**	**Change**
Sales	**66.0**	**68.1**	-2.1
Restated sales[2]	**81.5**	**83.3**	-1.8
Operating income/(loss) before non-recurring items	**0.2**	**3.3**	-3.1
Restated operating income/(loss) before non-recurring items[2]	**6.7**	**9.2**	-2.5

The Group's Waelz oxide production facilities (Harz-Metall GmbH in Germany and 50%-owned Recytech SA in France) processed 164,300 tonnes of electric arc furnace dust, with production of Waelz oxides totaling 65,969 tonnes in 2015, a stable level compared with 2014 (170,000 tonnes of dust processed and 70,650 tonnes of Waelz oxides produced in 2014).
The zinc-bearing scrap recycling business at Norzinco GmbH's plant in Germany recorded a very small decline in zinc oxide production to 22,941 tonnes in 2015, down 2% from 24,282 tonnes in 2014.

Owing to the impact of the Harz-Metall GmbH plant's scheduled shutdown for maintenance in the first half of 2015 (no such shutdowns in 2014) and the strong decrease in zinc prices in the second half of 2015, the segment recorded:

- IFRS sales of €66.0 million, down 3% on the €68.1 million recorded in 2014,

- Restated sales[2] of €81.5 million in 2015, down 2% on the €83.3 million posted in 2014.

For the same reasons, the segment's restated operating income before non-recurring items[2] came to €6.7 million in 2015, down from €9.2 million in 2014. IFRS operating income before non-recurring items stood at €0.2 million in 2015, compared with €3.3 million in 2014.

In addition, the Group recognized a €4.7 million impairment loss on the segment's assets owing to further weak performance by Norzinco GmbH's business and trends in zinc prices.

- ***Special Metals segment (5% of 2015 sales)***

(€ million)	**Year to December 31, 2015**	**Year to December 31, 2014**	**Change**
Consolidated sales	**20.5**	**23.6**	-3.1
Operating income/(loss) before non-recurring items	**(0.6)**	**(1.1)**	+0.5

The Special Metals segment recorded a 13% decline in its sales in 2015 compared with 2014 to €20.5 million. The key factor behind this fall in sales was the drop in germanium sales with the ramp-up in the industrial tolling policy for this metal, which accounted for a large proportion of the segment's business.

It posted an operating loss before non-recurring items of €0.6 million in 2015, an improvement on the loss of €1.1 million in 2014.
Despite the improvement in profitability, an additional asset impairment loss of €2.2 million was recognized.

- ***Plastics segment (5% of 2015 sales)***

(€ million)	**Year to December 31, 2015**	**Year to December 31, 2014**	**Change**
Consolidated sales	**17.2**	**18.0**	-0.8
Operating income/(loss) before non-recurring items	**0.3**	**0.5**	-0.2

C2P SAS in France and C2P GmbH in Germany produced 16,500 tonnes of polypropylene, a comparable volume to that recorded in the previous year (16,600 tonnes).

The segment's sales came to €17.2 million, down 5% on 2014. With selling prices moving lower in France owing to their indexation to oil prices, the growth in volumes sold in Germany helped to offset part of the small decline in sales volumes in France.

The segment's operating income before non-recurring items was stable at €0.3 million in 2015 compared with €0.5 million in 2014.

5. Trends in the Group's consolidated financial position and balance sheet at December 31, 2015

In 2015, Recylex generated positive cash flow from operating activities before non-recurring items and tax of €7.8 million, significantly better than the 2014 cash flow of €3.8 million.

The Group reduced its working capital requirement by extending the tolling arrangements for the processing of lead concentrates put in place by Weser-Metall GmbH. Volumes processed under this agreement are no longer included in the Lead segment’s purchases used or in its sales.

The Group’s net cash position stood at negative €5.0 million at December 31, 2015, compared with negative €0.1 million at June 30, 2015. Starting out from a negative cash balance of €3.7 million at December 31, 2014, the Group used €1.3 million in cash predominantly for non-operating purposes in 2015, including €2.1 million in plant remediation expenses and €4.6 million in repayments of borrowings (inclusive of interest expense). Even so, €5.6 million in net investments were financed by the Group’s operating activities, chiefly the positive €7.8 million in cash flow generated by operating activities before non-recurring items and tax.

Shareholders’ equity stood at negative €20.1 million at December 31, 2015, compared with €17.9 million at December 31, 2014, representing a decline of €38.0 million.
This decline was attributable to the loss for the year and the recognition in equity of €1.2 million in actuarial gains and losses on pension liabilities.

The Group’s net debt totaled €29.8 million at December 31, 2015, unchanged on its December 31, 2014 level. Recylex SA paid the 10th and final installment due under the continuation plan in November 2015 by drawing down €4.3 million on the loan facility granted to it for this purpose.
On December 15, 2015, the Paris Commercial Court confirmed that the Company’s continuation plan had been duly executed, with Recylex SA having repaid a total of €58 million since 2005.
As a reminder, certain creditors under the plan agreed in 2013 to defer repayment until November 24, 2019—i.e. beyond the term of the plan—of the balance of liabilities under this plan. At December 31, 2015, Recylex SA’s debt in respect of these rescheduled liabilities came to €7.9 million.

6. <u>Search for financing</u>

On July 6, 2016, a conditional loan offer for the Group’s German subsidiaries was issued by a banking pool. The loan proposal covers the entire amount of the financing package requested of €67 million and would cover:

- The €17 million working capital requirement for the Recylex Group’s German subsidiaries (€10 million to refinance existing credit lines, €5 million to extend these lines and €2 million to renew the bank guarantees needed for their production activities);
- The €50 million in projected investment spending required for the Group’s German subsidiaries, which is strategically important to keep their activities on a sustainable footing. It chiefly comprises €40 million plans for the new reduction furnace at Weser-Metall GmbH to restore the Lead segment’s profitability by recovering the lead contained in its input materials more efficiently.

Under these plans, a specific guarantee intended to cover a significant portion of the projected capital expenditures financing has been requested from the Lower Saxony region in Germany.

The conditions imposed by the banking consortium with respect to the financing plan also include the creation of a German-law security trust relating to shares in the German subsidiaries Recylex GmbH, Weser-Metall GmbH and Harz-Metall GmbH.

The aforementioned refinancing of the existing credit lines includes a €3 million credit line provided by a bank that does not intend to join the future banking pool and the deadline for repayment of this line has been postponed until August 31, 2016, the aim being to obtain its postponement until the funds relating to the existing lines refinancing are made available.

The Recylex Group's aim is to satisfy all of the conditions, including the award of Weser-Metall GmbH's amended operating permit and obtain the funds during the fourth quarter of 2016.
Even though no event likely to prevent the realization of the conditions is known to date, it is important to note that in the absence of finalization of the contemplated financing with the funds being made available during the fourth quarter 2016, the going concern of the Company could be called into question.

** See Notes 1 & 32 to the consolidated financial statements at December 31, 2015 and the Report of the board of directors concerning the draft resolutions for the September 15, 2016 Annual General Meeting*

7. Ongoing legal proceedings concerning Metaleurop Nord SAS and Recylex SA

The document summarizing developments in legal proceedings concerning Recylex SA, with the latest hearing dates, is available from the Recylex Group's website (*www.recylex.fr* - *News* - *Legal proceedings schedule* (*see also Note 1 to the 2015 consolidated financial statements*).

8. Environmental remediation work by Recylex SA

By December 31, 2015, Recylex had released 18 mining concessions since 2005 out of its original portfolio of 28 mines. At present, another 7 former mines are pending release with the relevant authorities now that the relevant remediation work has been completed, with work yet to be finalized at 3 mines.

Furthermore, Recylex SA secured in February 2016 the deferral by the relevant authorities until December 31, 2018 of the deadline for rehabilitation work at the L'Estaque site. Recylex SA continues its search for dedicated financing to finalize this remediation work of the site.

9. Outlook for 2016

- ***Metal prices and €/$ exchange rate***

After an encouraging first half of 2015, metal prices were highly volatile in the second, suffering a dramatic correction. They sank to their lowest level in several years. This downtrend continued into January 2016. While the averages recorded at the end of the first quarter of 2016 were below those for the first quarter of 2015, the outlook is still brighter given the firmer fundamentals seen with the recovery in prices since mid-February 2016.
In addition, fluctuations in the euro/US dollar exchange rate are likely to reflect the measures taken by central banks in support of their respective economies. Accordingly, it is hard to predict the impact on lead and zinc prices converted into euros (quoted in US dollars on the London Metal Exchange).

- ***Lead segment***

According to industry analysts, supply and demand in the global lead industry were in equilibrium in 2015, compared with the forecast of a slight shortfall previously. For 2016 and 2017, the main industry watchers forecast that global consumption will exceed production, giving rise to a supply shortfall. This is likely to push up lead prices slightly during the year.

Even so, since the 2015/2016 winter was again very mild in western Europe, the Group anticipates a temporarily low level of availability of batteries for recycling, leading to further strong purchasing demand around the world for these materials.
Taking into account these factors and also the current unsatisfactory level of margins in the Lead segment, the Group's strategic priorities for 2016 are to continue pursuing the selective purchasing policy and to bring further the plan to install a new production tool at the Weser-Metall GmbH smelter. The project aims to return the segment to sustainable profitability by maximizing the internal recovery of the metals contained in the materials processed by the Nordenham smelter.
Lastly, the Lead segment's performance in 2016 should benefit from a favorable base of comparison as no major maintenance shutdown is scheduled at the smelter.

- ***Zinc segment***

After a year in 2015 shaped by a violent correction triggered by the slowdown in Chinese growth, industry analysts now forecast a brighter outlook for zinc prices. A supply shortfall is anticipated in the global market in 2016 owing to the decisions made by leading players to shut down mines and scale down their production. As a result, production volumes are likely to decline significantly, paving the way for a recovery in zinc prices.
In zinc oxide production, the Group will continue in 2016 its initiatives to develop and diversify its sources of supply and also to make improvements to its manufacturing base to achieve its aim of restoring its margins.
In Waelz oxide production, the Group should continue to operate at full capacity and will pursue further efficiency improvements. The business should benefit from a favorable base of comparison in 2016 as no major maintenance shutdown is scheduled at the Harz-Metall GmbH plant.

- ***Special Metals segment***

Trends in the Special Metals segment during 2016 will depend on the strength of demand in the semiconductors sector, especially in south-east Asia and in Japan, and also on the direction of the euro/yen exchange rate.
PPM Pure Metals GmbH will continue to pursue its expansion strategy for the recycling business and its initiatives to improve the production performance, and it aims to reverse trends in its selling prices in a fiercely competitive environment.

- ***Plastics segment***

Given the high volatility and decline in oil prices seen in 2015, the Plastics segment's performance in 2016 will hinge on its ability to pass on the effects of this decrease, primarily by paying lower input costs, so that it can keep its margins at the same level.
For C2P, the operational priorities in 2016 are to consolidate its sales volumes in the automotive sector, expand its customer portfolio and diversify the range of the materials it recycles, including by studying new processes.

10. Financial agenda

- First-half 2016 sales: Thursday, August 4, 2016 (after the market close)

Disclaimer: This press release may contain forward-looking statements that do not constitute forecasts regarding results or any other performance indicator, but rather trends or targets. These statements are by their nature subject to risks and uncertainties as described in the Company's annual report available on its website (www.recylex.fr). Further information about Recylex is available on its website (www.recylex.fr). Unless otherwise indicated, all comparisons made in this press release are on a year-on-year basis (2015/2014).

****

Regenerating the urban mines

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 zinc scrap) 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 680 employees in Europe and generated consolidated sales of €385 million in 2015.

For more information about Recylex Group: www.recylex.fr and on twitter: @Recylex

****

Press/Investor contact:

Gabriel ZEITLIN

+ 33 (0)1 58 47 29 89

gabriel.zeitlin@recylex.fr

RX LISTED EURONEXT