

## FINANCING FINALIZED

- **€67 million in financing raised for the Group's German subsidiaries, including a €40 million investment in the new reduction furnace**
- **Recylex SA's equity line financing in France renewed**

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**Suresnes, December 29, 2016:** the Recylex Group (Euronext Paris: FR0000120388 - RX) is announcing today that it has finalized the €67 million financing package for its German subsidiaries with a consortium of German banks by satisfying all the requisite conditions precedent.

The funds to be made available to the Group's German operations will cover their working capital requirements and enable them to begin construction work on the Lead segment's new reduction furnace.

In addition, Recylex SA, the Group's parent company, has arranged a new equity line with Kepler Cheuvreux of up to 2,400,000 shares following expiration of the previous line. Recylex's objective in France is to increase the cover of the cash requirements arising from its ongoing operations.

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

*"The closing of the financing agreements in Germany represents a major step forward in our strategy to put the Lead segment's business model on a sustainable footing. The purpose of the new furnace is to improve our profitability in the Lead segment and across the Group as a whole. In addition, it will give us greater flexibility on the procurement front, enabling us to source materials producing higher margins. Construction work can now begin. I would like to congratulate all our financial and operational teams. They have been working hard for many months on this project, which is crucial for our future. Furthermore, the renewal of the equity line financing in France aims to restore Recylex SA's financial flexibility. In particular, it will support the current favorable trend of scrap battery purchases."*

### **1. Financing for the Recylex Group's German subsidiaries**

Following the award of the amended operating permit for the smelter operated by its German subsidiary Weser-Metall GmbH, the Recylex Group has completed the process of satisfying the conditions precedent for the financing proposal for its German subsidiaries.

The €67 million in borrowings arranged with a German bank consortium comprise:

- €15 million in credit lines (€10 million to refinance existing credit lines, €5 million to extend these lines) and €2 million to renew the bank guarantees required for industrial activities, repayable by October 31, 2021,
- The €50 million in investment spending projected by the Group's German subsidiaries, which is strategically important to put their activities on a sustainable footing. Of this amount, €40 million will be devoted to the new reduction furnace at Weser-Metall GmbH to restore the Lead segment's profitability by recovering more efficiently the lead contained in its input materials. These amounts are repayable in quarterly installments from June 30, 2018 through to June 30, 2024.

All the conditions set by the consortium of German banks\* have been satisfied, chiefly including:

- The establishment of security interests in borrowing companies' assets,
- The arrangement of a guarantee mechanism (German-law trusteeship),
- The award of a specific guarantee by the Lower-Saxony regional authorities in Germany covering a significant proportion of the financing for the investment spending planned,
- Recylex SA's undertaking to maintain its trade receivable vis-à-vis its Weser-Metall GmbH subsidiary at no less than €10.7 million for the entire duration of the loan,
- During the construction and start-up phase of the new reduction furnace, the issuance of undertakings by Glencore International AG to the Recylex Group's German subsidiaries, to cover notably reduction furnace's potential budget overruns (up to €10 million) and potential specific liquidity needs (up to maximum €25 million),
- Recylex SA's best-efforts undertaking to compensate the Group's German subsidiaries in the event of a penalty imposed as part of the proceedings underway before the European Commission.

Furthermore, the refinancing of the existing credit lines includes the repayment of the now expired €3 million credit line, since the bank that provided this line is not part of the new bank consortium.

\*: See the Press release of August 24, 2016 and the [Report of the Board of Directors to the Combined General Meeting of September 15, 2016 on the draft resolutions](#) – available at [www.recylex.fr](http://www.recylex.fr).

## **2. Presentation of the Lead segment's new reduction furnace**

The large-scale industrial project is part of the Recylex Group's strategic program, aiming at creating the right conditions for the Lead segment to achieve sustainable profitability. It will do so by significantly increasing the proportion in which materials' metal content can be recovered internally.

The purpose of the new reduction furnace is to recover internally the lead and silver contained in certain by-products from the smelter. To date, these are sold to third parties for recovery outside the Group.

This should improve the lead smelter's industrial flexibility, as it will be able to handle primary and secondary materials that have a lower lead content but are more profitable, thereby optimizing and expanding its sourcing opportunities.

This reduction furnace, the first of its kind in Europe, represents an initial investment of €40 million and is expected to create 30 new jobs at the Weser-Metall GmbH subsidiary. It

should also increase the Recylex Group's annual lead production by at least 30,000 tonnes, replacing the volumes of by-products currently sold outside the Group.

Construction work is due to begin in the first quarter of 2017, and the objective is to begin operational testing during the first half of 2018, ahead of a ramp-up process.

### **3. Renewal of the equity line financing**

Recylex SA has decided to put in place a new equity line with Kepler Cheuvreux, following authorization by the Combined General Meeting of Recylex SA's shareholders on September 15, 2016 (5<sup>th</sup> resolution) and the decision by the board of directors on November 30, 2016, following the expiry of the previous line.

Recylex SA's objective is to increase the cover of the cash requirements arising from its ongoing operations by being able to raise small amounts of funds on a regular basis, through a facility that is flexible and cost-effective as well as results in limited dilution for shareholders.

In accordance with the agreement signed, Kepler Cheuvreux, as financial intermediary and underwriter of the transaction, has undertaken to subscribe up to 2,400,000 shares over a period of up to 30 months, by hand of Kepler Cheuvreux, through multiple drawings, provided that the contractual terms are met. The shares will be issued on the basis of the weighted average share price prior to each issue, less a maximum discount of 6.5%.

Assuming that the equity line is used in full, the issue of Recylex shares would represent a potential indicative amount of around €9.0 million at the current share price\*\*, representing up to 9.9% of the current capital. In this context, a shareholder owning 1.0% of Recylex SA's capital before the equity line was set up would see its stake fall to 0.91% on a non-diluted basis\*\*\*.

The number of shares issued under the equity line and admitted for trading will be disclosed through a notice by Euronext and through communication on the Recylex group website. The issue does not involve the preparation of a Autorité des Marchés Financiers-approved prospectus.

Recylex reserves the right to suspend or terminate the contract at any time.

\*\* Based on Recylex's share price on December 28, 2016 (closing price).

\*\*\* Based on the 24,110,982 shares making up Recylex's share capital at September 30, 2016.

### **4. Update on legal proceedings**

- *European Commission inquiry into the lead recycling sector\*\*\*\**

Following the European Commission's statement of objections issued on June 24, 2015, in the fourth quarter of 2016 the Company and its subsidiaries involved in this procedure received requests for additional information from the European Commission, to which they responded within the specified timeframes. The European Commission's decision, both on the merits and regarding the requests for leniency, is likely to be announced in the first quarter of 2017.

\*\*\*\* A description of these proceedings and the related risks is contained in Note 1 of the notes to the consolidated financial statements for the year ended December 31, 2015.

- *Legal proceedings concerning Metaleurop Nord SAS*

The document summarizing developments in proceedings concerning Recylex SA and Metaleurop Nord SAS is available from the Recylex Group's website ([www.recylex.fr](http://www.recylex.fr) - News - [Legal proceedings schedule](#)) - See also the press releases dated October 17, 2016 and October 18, 2016.

## 5. **Financial agenda**

- 2016 revenues: Wednesday February 22, 2017 (after the market close)

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### ***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](http://www.recylex.fr) and on twitter: [@Recylex](#)*

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