

NEW DISCUSSIONS WITH FINANCIAL PARTNERS

- Improved lead production and additional time required to optimize production: anticipated non-fulfillment of the provisional financial target for the Group's German perimeter set for December 31st 2018 due to current production levels and to 2018 backlog
- New discussions with financial partners to adapt and enlarge the framework of the German sub-group financing to its current cash flow generation and forecasted working capital requirements
- Cash situation closely monitored and remaining € 4 M from existing financing recently drawn
- Launch of a 24-month modernization project for the German group's organization and internal processes, aiming at succeeding in turning around sustainably

Suresnes, December 5th 2018: Recylex S.A. (Euronext Paris: FR0000120388 - RX) announces today having started new discussions with all concerned financial partners in order to adapt the framework of the financing obtained by its German perimeter in December 2016 (and amended in September 2018) to its current and forecasted cash flow generation.

Since the second quarter of 2018, the Group's main lead furnace (BSF) production has experienced an important slow down¹ due to the technical adaptations required for its connection to the new reduction furnace. Improvements have been achieved which resulted in higher lead production in November but the current levels are still sustainably lower than forecasted in December 2016 when the financing was granted. Current financing commitments are no more adapted to the financial performance of the Group's German perimeter. In this context, the Group anticipates its German perimeter will not be able to reach its forecasted financial target at December 31st 2018. Therefore, the financing framework of the German sub-group must be deeply reviewed.

Recylex S.A. will keep its investors informed of the development and the outcome of the ongoing discussions.

Sebastian Rudow, Chairman and Chief Executive Officer of Recylex S.A., commented:

"Whilst the new reduction furnace has started its operations, the main furnace production has been severely impacted for several months by its technical modifications. Teams are particularly committed to fix this situation and improvements are real but come at a slow pace. We are all doing our best efforts and working on sustainable solutions. However, we must also act responsibly and face this change in our horizon. Our lead segment business model is functioning and would be sustainable with an adapted financing: the current one is not anymore in line with the German perimeter's cash flows which are still lower than forecasted in 2016. In this context, we have started to renegotiate current financing with the target to reach arrangements that will give us the frame to focus not only on improvements of lead production, but also on management and organization. We all at Recylex are committed to this key challenge, in the interest of our employees, our shareholders and our business partners. I am dedicated in this context to develop

adapted solutions to enable the Group to face its challenges. In addition, the Group has to modernize its organization and internal processes to succeed in turning around sustainably, we are therefore entering a 24-month internal project in this perspective.”

1. Update on the lead production situation

Since the commissioning of the new lead reduction furnace in June 2018, the Group's lead production has experienced an important slow down¹ and has not yet recovered a satisfactory level. Indeed, since the second quarter of 2018, the availability rate of the main furnace (BSF) has been strongly impacted by the technical adaptations required for its connection to the new reduction furnace. Notably, the operation mode of the main BSF furnace has been modified from “continuous mode” to “batch mode” to be connected with the individual operation mode process of the reduction furnace. This change generated important technical difficulties which had not been fully forecasted during the preparation of the reduction furnace project and its construction phase.

During the last months, further modifications have been made to the BSF furnace to mend this situation both on the industrial equipment (such as the revision of certain pieces sizing or the change in certain processes) and also on the input mix of materials and its preparation. Moreover, due to the change of process of the smelter, the teams of Weser-Metall GmbH have been reinforced by experts and assisted by independent specialists. In the meantime, local management has been changed notably in the aim of giving teams the means to be more focused on their operations.

In parallel, with the reduction furnace production phase being successfully started as scheduled, the Group is gaining experience on managing this new equipment with its innovative technology.

Improvement works and measures are being currently pursued and teams continue their efforts with improvements being recorded since September 2018. More adjustments are planned which will require more time.

The current production of the two furnaces has been raised from 8,245 tonnes in September 2018 to 9,600 tonnes in October 2018 and 11,500 tonnes in November 2018. The next objective is to increase production above 12,000 tonnes per month and above 13,000 tonnes per month on a long term perspective.

Yet, the current production levels and the backlog accumulated in 2018 impact the Group's German perimeter's financial situation and consequently the Group's.

2. Information on the Group's financial situation

In this context, the Group anticipates that its German perimeter will not be able to reach its financial targets at December 31st 2018, as defined in the financing signed in December 2016 and revised in September 2018². Target at December 31st 2018 applicable to the Recylex's German sub-group was a cumulative EBITDA³ for the rolling 12-month period, of at least € - 8.1 million (loss) whilst the German sub-group anticipates to reach € -10.1 million.

Considering the lenders rights under the existing financing agreement, in the event of non-compliance with any financial targets, the lenders could in theory suspend their financing and request immediate repayment of the amounts borrowed, which totaled € 59.6 million, as of October 31st 2018. Moreover, this situation could generate the activation of the trusteeship arrangement put in place as a condition to the granting of the loan agreement to the German subsidiaries signed on December 29th 2016⁴, which would lead to the deconsolidation of the Group's German perimeter with the Trustees being able to exercise full shareholders' rights of

the Group's companies Recylex GmbH, Weser-Metall GmbH and Harz-Metall GmbH. Finally, this breach of fulfilment of obligations by the German companies of their obligations under said loan agreement, would constitute an event of default within the framework of the € 16 million loan⁴ contracted by Recylex S.A. with Glencore International AG. In this case, the lender could request the immediate repayment of the fully drawn amount⁵.

Although the Group needs more time to solve its current industrial issues in order to optimize its lead production levels, from a metallurgical perspective, Weser-Metall GmbH smelter's process, with its two furnaces, is operational. Its business model would be sustainable in the future with a financing framework in line with its current and forecasted cash flow generation.

In this context, the Group has started new discussions with all its financial partners in order to adapt and enlarge the financing framework (granted in December 2016 and amended in September 2018), to its German perimeter's financial performance.

As already disclosed in its previous press releases, measures have been taken to adjust the Group's working capital requirements to the lower lead production. As a reminder, Weser-Metall GmbH being currently Recylex S.A.'s sole client, its cash flow is highly dependent on that of Weser-Metall GmbH. In this context, the Group's cash situation is tight and is being closely monitored.

As a reminder, in accordance with the conditions for the granting of the 2016 financing, Glencore International AG gave commitments to the Group's German subsidiaries to cover notably their specific cash requirements (up to maximum € 25 million). Given the forecasted need of cash by the end of December 2018, the Group's German perimeter has drawn the remaining € 4 million on this available financing commitment⁴ which is now fully used.

In this context, the consolidated net debt⁶ amounted to € 101.4 million as of October 31st 2018 compared to € 101.2 million at June 30th 2018 and the Group's net cash position⁷ stood at € -7.1 million as of November 30th 2018 compared to € - 8.8 million as at June 30th 2018.

3. 24-month modernization project for German group organization and internal processes

Considering the context described above and willing to anticipate the challenges ahead, the Group has launched a 24-month modernization project for management organization and internal processes in Germany, aiming at succeeding in turning around sustainably.

The objective is to bring the Group to more modern operations notably in terms of industrial, management and administration efficiencies.

In order to develop more synergies between the Group's companies, all departments and processes have started to be reinforced.

4. Pursuance of the L'Estaque site rehabilitation

Recylex S.A. is pursuing the rehabilitation works of its inactive L'Estaque site in Marseille. Remaining works amount to € 8.3 million as of June 30th 2018 (compared to € 9.9 million as of December 31st 2017).

Recylex S.A. does not anticipate any potential future sale of this site before its rehabilitation works are completely finalized.

5. Information of Weser-Metall GmbH regarding potential misbehaviour of a Nigerian lead acid battery treatment plant

Weser-Metall GmbH has become recently aware of potential misbehaviour, regarding Health, Safety & Environment, of some Nigerian companies.

Weser-Metall GmbH has only identified one of its suppliers based in the U.K which has sourced lead secondary materials from one of the Nigerian concerned companies. Weser-Metall GmbH had no direct commercial purchases from this Nigerian company and has not been informed by its supplier of any legal infringement or misbehaviour by this company. All deliveries of concerned secondary materials to Weser-Metall GmbH were validated by the environmental authorities. Weser-Metall GmbH decided to stop all deliveries of secondary materials from this source and is carrying out further analysis.

Weser-Metall GmbH produces lead ingots in an environmental sound manner and is certified with ISO 14001, ISO 9001, and ISO 50001 and as a waste management company (Entsorgungsfachbetrieb).

Weser-Metall GmbH as such contributes to worldwide circular economy in accordance with European standards and the most advanced recycling expertise.

Regenerating the urban mines

With operations in France and Germany, Recylex is a European group specialized in lead, plastics and zinc recycling, as well as a producer of special metals. A key player in the circular economy with long-standing expertise in urban waste recovery, the Group has more than 660 employees in Europe and generated consolidated sales of € 450 million in 2017. For more information about Recylex Group: www.recylex.fr, on Linkedin and twitter: [@Recylex](https://twitter.com/Recylex)

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¹ See press releases dated July 26th 2018, September 28th 2018 and 30th October 2018.

² See press release dated September 24th 2018 and note 10 to the condensed interim financial statements at June 30th 2018.

³ Operating income plus depreciation of property, plant and equipment, and amortization of intangible and financial assets and of goodwill.

⁴ See notes 30 and 32 to the 2017 financial consolidated statements.

⁵ See note 10 to the condensed interim financial statements at June 30th 2018 as well as notes 30 and 32 to the 2017 consolidated financial statements.

⁶ Excluding contingent liabilities - See note 1.F to the condensed interim financial statements at June 30th 2018.

⁷ Cash net of bank overdraft facilities and credit lines used.