

24 April 2019

## Press release

### Financial Information at March 31st 2019

- Consolidated sales of €75.8 million, down 20% mainly due to the contraction in the Lead and Zinc segments' activity
- Lead segment affected by changes in the smelter's input and sales mix, and by the fall in lead prices
- Zinc segment adversely affected by its HMG subsidiary's major maintenance shutdown and by the fall in zinc prices
- Small sales increase in the Special Metals segment and small contraction in the Plastics segment's sales
- Continuation of discussions with financial partners, in the aim to reach a global financing agreement by mid-May 2019

The Recylex group (Euronext Paris: FR0000120388 - RX) has today released its financial information for the first quarter of 2019 which totaled €75.8 million, down 20% on the same period of 2018.

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

*"In the first quarter of 2019, our sales declined significantly. The key contributing factors were the fall in metals prices and the impact of the major maintenance shutdowns in the Lead and Zinc segments. Although overall operations levels in the Lead segment are not yet completely satisfactory, the reduction furnace confirmed its good start of operations and posted an increase in its output. Furthermore, the main furnace's performance has started to stabilize as a result of hard work and additional corrective actions. Naturally, it is still too soon to consider the issue resolved, and we will maintain our efforts in the second quarter. We are actively continuing our discussions with our financial partners and aim to complete a global financing agreement by mid-May. Lastly, we have launched a new group website and introduced a refreshed corporate visual identity as part of our transformation plan out to 2022. Our goal is to rally all our teams together around a common vision for the future, transform not only our corporate culture but also energize our industrial, commercial, social and environmental performance."*

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Consolidated sales by segment in the quarter ended March 31<sup>st</sup> 2019 break down as follows (unaudited IFRS data):

in millions of euros	Q1 2019	Q1 2018	Change (%)
Lead	45.8	59.6	-23%
Zinc	21.8	27.6	-21%
Special Metals	4.6	4.4	+6%
Plastics	3.6	3.8	-5%
Total	75.8	95.3	-20%

### 1. Trend in metals prices to March 31<sup>st</sup> 2019 (in euros)

During the first quarter of 2019, lead prices averaged €1,793. That represented a steep decline of 13% on the average price in the first quarter of 2018—a challenging comparative base of comparison since it was the highest quarterly average in 2018. Lead prices were highly volatile between January 2<sup>nd</sup> 2019 and March 31<sup>st</sup> 2019. Over this period, they recorded a small overall increase of 4%, mainly as a result of the upturn recorded since the beginning of March 2019.

In the first quarter of 2019, the average zinc price declined 14% compared to the first quarter of 2018 to €2,380. Prices started to increase again between January 2<sup>nd</sup> and March 31<sup>st</sup> 2019. They rose almost continuously, finishing the quarter up 24% relative to their January 1<sup>st</sup> 2019 level.

The average €/€ exchange rate declined 8% from 1.2292 in the first quarter of 2018 to 1.1358 in the first quarter of 2019. Between January 2<sup>nd</sup> and March 31<sup>st</sup> 2019, the €/€ exchange rate fell 2%.

(€ per tonne)	First-quarter 2019 average	First-quarter 2018 average	Change (%)
Lead price	1,793	2,053	-13%
Zinc price	2,380	2,783	-14%
€/€ exchange rate	1.1358	1.2292	-8%

Source: London Metal Exchange 2019

## 2. Breakdown of consolidated sales to March 31<sup>st</sup> 2019 relative to March 31<sup>st</sup> 2018

Consolidated sales in the first quarter of 2019 came to €75.8 million, down 20% on the same period of 2018.

Restated\* first-quarter 2019 consolidated sales came to €82.7 million, down 19% compared to the same period of 2018.

### 2.1 *Lead: sales down 23%*

The Lead segment accounted for 60% of the Group's consolidated sales in the first quarter of 2019.

Its sales totaled €45.8 million in the first quarter of 2019, down 23% from €59.6 million in the same period of 2018. The main factors leading to the sales contraction were the fall in lead prices and changes in the production process compared to the first quarter of 2018, resulting in a change in the base of comparison.

Following the commissioning of the new reduction furnace in the second half of 2018, by-products from the main BSF furnace are now processed internally instead of being sold. At a comparable scope of production, the changes during the first quarter of 2019 in the smelter's input and sales mix, as well as the technical difficulties affecting the main furnace\*\*, reduced needs for secondary materials and had a negative impact on the Lead segment's sales. As a result, the Group scaled down its scrap battery purchases.

The three-week maintenance shutdown during January 2019 (to replace the BSF's refractory bricks) was shorter than the four-week shutdown in the first quarter of 2018 (to prepare for the connection of the BSF to the new reduction furnace and to conduct the usual maintenance).

Largely because of this favorable base of comparison, production at the Weser-Metall GmbH (WMG) smelter increased 17% compared to the first quarter of 2018, totaling over 24,600 tonnes.

### 2.2 *Zinc segment: sales down 21%*

The Zinc segment accounted for 29% of consolidated sales in the first quarter of 2019.

Its first-quarter 2019 sales came to €21.8 million, down 21% compared to the same period of 2018. Restated\* sales totaled €28.6 million, down 15% on the same period of 2018.

Electric arc furnace dust recycling sales fell back 30% owing to the strong decline in zinc prices over the period and an unfavorable base of comparison. Indeed, Harz-Metall GmbH's (HMG) scheduled major maintenance shutdown, originally scheduled for the third quarter of 2018, began in March 2019 and is expected to last for around six weeks in all (there was no major maintenance shutdown in the first quarter of 2018).

At the same time, the contraction in restated sales\* was not as important owing to a more favorable base of comparison, since Recytech S.A.'s annual maintenance shutdown was brought forward in 2018 to the first quarter (rather than taking place in the second quarter, as it normally does). As a result, the decline in zinc prices was more than offset by the higher production levels.

All in all, the Group's total Waelz oxide production (HMG and Recytech) totaled 17,197 tonnes in the first quarter of 2019, up 5% relative to the first quarter of 2018.

The sales recorded by scrap zinc recycling specialist Norzinco GmbH (HZO) recorded a contraction of 17%.

Its business trends were hit by the strong fall in zinc prices over the period (down 14%) and, to a lesser extent, by weaker customer demand (down 10%).

As a result, HZO's zinc oxide production totaled 5,596 tonnes in the first quarter of 2019, down 10% from the first-quarter 2018 level.

### *2.3 Special Metals: sales up 6%*

The Special Metals segment contributed 6% of Recylex's consolidated sales in the first quarter of 2019.

PPM Pure Metals GmbH's (PPM) sales totaled €4.6 million, up 6% compared to the first quarter of 2018.

This new increase in sales was chiefly driven by a very small increase in high-purity arsenic sales (supported by firmer sales prices despite very slightly lower volumes) and by the strong rise in germanium sales (the small volume contraction was more than offset by the upturn in prices over the period).

### *2.4 Plastics: sales down 5%*

Plastics sales accounted for 5% of consolidated sales in the first quarter of 2019.

Its first-quarter 2019 sales came to €3.6 million, down a modest 5% compared to the same period of 2018.

Total production of recycled polypropylene compounds dropped to 3,236 tonnes, a 5% decline relative to the first quarter of 2018.

The sales recorded by C2P in France declined slightly compared to the same period of 2018 due to persistently tough conditions (lower sales volumes and near-stable prices). In addition, C2P Germany posted a very small increase in its sales. However, the impact of this was not material given its very modest contribution to the segment.

Moreover, as the Plastics segment in Germany was over years struggling in an extremely difficult environment and creating losses, it was decided to optimize its industrial strategy with the aim to improve future results.

C2P Germany will no longer carry out any extrusion and will refocus its business on processing and crushing plastics with remaining lead content. It will process the lead-containing plastics wastes produced by HMG's lead-acid battery breaking operations, converting those wastes into alternative feed for the Group's lead smelter as a direct replacement for coal. C2P Germany is firmly committed to maintaining its role as a player in the circular economy. These changes, which will be implemented in the second quarter of 2019, will have no overall social impact as the concerned employees have been allocated to other jobs internally.

### 3. Update on the discussions with financial partners

The German subgroup is actively continuing its discussions with its financial partners. A term sheet summarizing the new terms of the global financing has already been agreed by the parties involved. The aim is to reach a final financing agreement by mid-May 2019.

In this respect, the German sub-group will request from its financial partners a postponement until May 31<sup>st</sup> 2019 of the date on which they would be entitled to exercise their right of early termination of the existing financing, which is currently set on April 30<sup>th</sup> 2019.

In the context of the financing discussions, the Group is studying complementary strategic options including the examination of potential non-core businesses divestures (HZO in the zinc oxides production and PPM in the special metals production). This strategic review process is at a very early stage and in this regard no decision, whatsoever, has been taken concerning any potential divesture.

#### 4. Update on the remediation of the L'Estaque site

Recylex S.A. has requested the deferral by the relevant authorities until December 31<sup>st</sup> 2022 of the deadline for remediation work at the inactive L'Estaque site. An additional prefectural order dated April 11<sup>th</sup> 2019 has confirmed this new deadline.

#### 5. Ongoing legal proceedings involving Recylex S.A. and Metaleurop Nord S.A.S.

A summary of the proceedings concerning Metaleurop Nord S.A.S. and Recylex S.A. updated on March 26<sup>th</sup> 2019 is available from the Recylex Group's website.

*\* To assess the performance of the Zinc segment, the Group includes the contribution from 50%-owned Recytech SA consolidated proportionately, even though this method is not permitted under IFRS. See Note 19 to the 2017 consolidated financial statements.*

*\*\* See the press releases dated July 26<sup>th</sup> 2018, August 29<sup>th</sup> 2018, September 28<sup>th</sup> 2018, October 30<sup>th</sup> 2018, January 8<sup>th</sup> 2019 and February 14<sup>th</sup> 2019.*

**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.eu](http://www.recylex.eu)). Further information about Recylex is available from its website ([www.recylex.eu](http://www.recylex.eu)).

## Raw materials from urban mines

The Recylex Group, based in France and Germany, is a European specialist in the recycling of lead, zinc, polypropylene and in the production of high-purity special metals. As a key player in the circular economy and thanks to its long-standing know-how, Recylex achieved consolidated sales of € 365 million in 2018 and employs more than 730 employees.

For more information about the Recylex Group: [www.recylex.eu](http://www.recylex.eu)

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APPENDIXRecylex S.A.'s sales

in millions of euros	Q1 2019	Q1 2018	Change (%)
Lead segment	15.5	21.4	-28%
Services to Group companies	0.2	0.4	-
Total sales	15.7	21.8	-28%