

October 28, 2019 6:30 pm (GMT+1)

Press release

Postponement of the timetable for the discussions with the financial partners of the German subgroup

1. Extension of the timetable for the studies and trials conducted by WMG

Recylex S.A. (Euronext Paris: FR0000120388 - RX) reports today that the technical studies and trials currently conducted by Weser-Metall GmbH (WMG) as well as the resulting update of the German subgroup's financial assumptions and forecasts for the period 2020 to 2024¹ cannot be finalized in the coming weeks.

As a matter of fact, these technical studies and trials aiming at recovering the metals contained in a wider range of materials, in particular electronic waste, as a complement to and not as a substitute for the lead-rich materials usually treated, will require more time than initially planned.

As a reminder³, the results of these studies as well as the resulting update of these financial assumptions and forecasts will be decisive for the Group. These two elements will determine in particular:

- The ability of WMG to restore its profitability and of the German subgroup to support the level of existing and future debts;
- Projected financing requirements for the years 2020 to 2024;
- The conditions required to consider continued financing of the German subgroup by its financial partners.

It is only in the light of these elements that the financial partners will agree to resume discussions in order to determine whether or not to continue the financing of the German subgroup.

In addition, WMG will carry out a short eight-day maintenance shutdown in November 2019 (initially planned² at the end of the second quarter of 2019).

Press & Investor contact: Gabriel Zeitlin | [T +33 \(0\)158 47 29 89](tel:+332158472989) | [E gabriel.zeitlin@recylex.eu](mailto:gabriel.zeitlin@recylex.eu)

Recylex S.A. | Registered office: 6 place de la Madeleine | 75008 Paris | France
Administrative office: 79 rue Jean-Jacques Rousseau | 92158 Suresnes Cedex | France



2. Consequences on the financing of the German subgroup's activities

Considering the extension beyond November 30, 2019 of the timetable necessary for the discussions with the financial partners, the German subgroup has initiated discussions with Glencore International AG in the aim of obtaining a further additional financing to cover its cash requirements identified for the period from December 1, 2019 to January 31, 2020 (estimated to date at €19.2 million).

In addition, the German subgroup is forced to request:

- from Glencore International AG the extension to January 31, 2020 of the maturity date of the bridge financing granted in February 2019 and of the additional financing of €16.0 million granted in July 2019, currently due on November 30, 2019;
- from its financial partners the postponement to 31 January 2020 of their rights of early termination (currently set on 30 November 2019) under the existing financing obtained in December 2016, as well as the postponement to the same date of repayments due on December 31, 2018, March 31, 2019, June 30, 2019, September 30, 2019 and December 31, 2019 for a total amount of €10.0 million.

If this additional financing and postponements were not obtained, the financial situation of the German subgroup would be jeopardised. Considering this risk, Recylex S.A. will examine any alternative option that would allow it to preserve the activities of the Group's various entities. Recylex will keep investors informed of the reaction and position of the German subgroup's financial partners.

Despite the non-fulfilment of the initial timetable, the short-term financings granted by Glencore International AG in February 2019 and July 2019 (currently due on November 30, 2019) are maintained.

3. Update on the cash and debt situation

The cash position of the German subgroup remains very tight to date. Indeed, the activity of the German perimeter is currently highly cash consuming, particularly due to:

- The technical performance at the Nordenham smelter which remains unsatisfactory compared to the forecasts established in July 2019;
- The impact of the decline in zinc prices, which reached an annual low point in the third

quarter of 2019, severely impacting the activities of the entire Zinc segment;

- The slowdown in Norzinco GmbH's activity in the third quarter of 2019 due to unexpected maintenance shutdowns and the temporary “force majeure” incident of one of its main customers.

Thus, over the first nine months of 2019, the German subgroup consumed €39.2 million in cash flow, including approximately €11.0 million for investments aiming at improving its industrial performance, mainly at the Nordenham smelter. These needs were financed by drawings on the two short-term financings provided by Glencore International AG³.

As at October 18, 2019, the German sub-group's net debt amounted to €138.6 million, mainly comprising:

- €43.6 million¹ in bank debt related to the financing obtained in December 2016 to finance mainly the construction of the new WMG reduction furnace;
- The bank credit line obtained in December 2016¹ and fully drawn down for €14.6 million;
- €25.0 million debt to Glencore International AG (including a loan of €16.0 million and a credit facility of €9.0 million) granted in December 2016 as part of the financing of WMG's new reduction furnace project;
- The full drawdown of the bridge financing granted by Glencore International AG in February 2019 for an amount of €27.0 million¹;
- €13.0 million of the additional financing granted by Glencore International AG in July 2019 for a total amount of €16.0 million¹;
- Intra-group debts to Recylex S.A., for a total of €15.7 million.

As at October 18, 2019, the net debt of the parent company Recylex S.A. amounted to €43.9 million and included:

- The loan⁴ granted in 2014 by Glencore International AG for €16.0 million with a maturity date of June 30, 2024;
- €5.1 million debt⁴ from Recylex S.A.'s continuation plan (completed in 2015) to Glencore International AG with a maturity date of 2026;
- The debt⁴ to the European Commission of €25.0 million;
- Intra-group debt⁴ resulting from Recylex S.A.'s continuation plan (completed in 2015) in the amount of €2.8 million;
- The debt resulting from the claw-back clause⁴ under Recylex S.A.'s continuation plan (completed in 2015), valued at €4.1 million;
- A net cash position of €9.1 million (€7.6 million as at October 25, 2019).

As a reminder⁵, since WMG is Recylex S.A.'s main customer regarding its used lead-acid battery treatment operations, any deterioration of the cash position of WMG (which is part of the cash pooling system at the level of the German sub-group) will immediately negatively impact Recylex S.A.'s cash position.

The Group's consolidated net debt as at October 18, 2019 amounted to €162.5 million.

4. Financial agenda

As a reminder, given the significant liquidity risks currently facing the Group, Recylex S.A. is not in a position to close its 2018 annual and consolidated financial statements or close its 2019 half-year financial statements on a going concern basis until a global agreement on the financing of the German subgroup has been reached.

In this context, Recylex S.A. has obtained a postponement from the Chairman of the Paris Commercial Court until February 29, 2020 of the date of its general meeting called to approve the 2018 annual and consolidated financial statements.

Recylex S.A. will publish its quarterly financial information at September 30, 2019 on Thursday, November 7, 2019.

1 See in particular the press releases dated December 5, 2018, March 26, 2019, June 17, 2019, July 15, 2019 and July 31, 2019.

2 See the press release dated July 25, 2019.

3 See the press release dated July 15, 2019.

4 See Note 2.7 of the notes to the parent company financial statements at December 31, 2017.

5 See Note 32 to the consolidated financial statements as at December 31, 2017.

Disclaimer: This press release is a non-official translation into English of the press release of the same date issued in French language and is provided solely for the convenience of English-speaking users. This press release should be read in conjunction with and construed in accordance with French law.

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