

Paris, May 26, 2020

Results of the first half of 2019-2020

Positive net profit of €22.4 million despite the early effects of lockdown

The Board meeting of May 26, 2020, chaired by Mr. Daniel Derichebourg, approved the half-year financial statements at March 31, 2020. During the meeting, the Chairman and Chief Executive Officer noted the positive effect of the acquisition of Lyrsa on the Environmental Services business as well as the improved results of public sector services and Multiservices. The impact of two weeks' lockdown on the Group's business activity is considerable, despite measures taken to reduce operations. It further exacerbates the economic downturn that was already apparent in Environmental Services.

Revenue amounts to 1.3 billion in the first half

Revenue totaled €1.3 billion, down by 5.3% compared to the previous fiscal year. The growth in revenue of the Multiservices division (+6.1%) does not offset the decline in the Environmental Services division (-10.4%).

<i>(in thousand tons)</i>	03/31/2020	03/31/2019	Change
Ferrous metals	1,654.8	1,737.9	-4.8%
Non-ferrous metals	297.7	268.0	11.1%
Total volumes	1,952.5	2,005.9	-2.7%
<i>(in millions of euros)</i>	03/31/2020	03/31/2019	Change
Ferrous metals	361.0	448.5	-19.5%
Non-ferrous metals	368.7	342.1	7.8%
Services	128.0	166.1	-22.9%
Environmental Services revenue	857.6	956.7	-10.4%
Multiservices revenue	444.4	418.7	6.1%
Holding company revenue	0.4	0.5	-20.9%
Total half-year revenue, Derichebourg Group	1,302.3	1,375.9	-5.3%

Environmental Services

The volumes of ferrous materials processed (-4.8%) were impacted:

- Negatively by the two first months of low activity and by the impact of lockdown on the volumes of the second half of March (-35% at constant scope);
- Positively by the consolidation of Lyrsa's volumes as of January.

The volumes of non-ferrous metals processed are increasing, mainly due to the acquisition of Lyrsa, which markets significant quantities of copper and lead. The month of March saw a decline of 42% compared to the previous year, at constant scope (lockdown during the second half of the month).

In both divisions, the unit margins were slightly affected by negative developments in market conditions.

Multiservices

Revenue has increased by 6.1% as a result of the acquisitions effected last year (Cleaning) or at the beginning of the fiscal year (temporary work) and net organic growth in the Cleaning business. In aerospace services, revenue began to decline (-10%), mainly in March.

Recurring EBITDA¹

Recurring EBITDA stood at €91.5 million. It takes account of the application of IFRS 16, which increased it to €10.4 million in comparison to the amount under application of IAS 17.

In the Environmental Services business, the lower volume of ferrous metals processed, and slightly lower unit margins than the previous year had a negative effect that was not offset by the savings made (staff costs, energy, maintenance), the positive contribution of Lyrsa over a quarter (+€4.9 million) or by the marked improvement in the results of the Public Sector Services business in France (+€4.6 million). Recurring EBITDA stood at €70.7 million compared to €83.9 million last year.

In the Multiservices business, recurring EBITDA stood at €22.3 million compared to €13.5 million last year. This rise amounts to €5.9 million as a result of the application of IFRS 16 and an improvement in the profitability of the Cleaning business. In contrast, the Aerospace business is impacted by the decline in revenue.

Recurring operating profit ²

After taking into account depreciation and amortization, higher than last year due to the investments made, and due to the impact of IFRS 16 (+€10.1 million), the operating profit stands at €33.4 million, down 34.4% in comparison to last year.

Operating profit (loss)

After taking into account the restatement of the investment in Reyfra, historically held at 50% by Derichebourg Environnement as part of the acquisition of Lyrsa (+€7.7 million), the profit linked to the successful outcome of

¹ Recurring EBITDA = Recurring operating profit (loss) + net depreciation and amortization on tangible and intangible assets and usage rights

² Recurring operating profit (loss) = Operating profit (loss) +/- non-recurring items

a dispute initiated by Veolia (+€3.7 million), to a loss from the sale of a subsidiary in Italy (-€2.3 million) and to other elements of lesser importance, the operating income is €41.9 million, down 13.0% in comparison to last year.

Net profit attributable to shareholders

The net profit attributable to shareholders is €22.4 million, down 26.5% in comparison to last year.

Outlook

April 2020 was marked by the lockdown in France for the whole month. From May 11, lockdown was eased, marking the gradual resumption of economic activities.

The main uncertainty for the coming months concerns the pace of recovery of activities after having been abruptly halted, and the extended shutdown during the lockdown period. The Group has three types of activity in its business portfolio, with different cycles:

- Activities with a very short cycle, such as recycling, in which the volume of activity can pick up within a few days if there is steady demand from steel manufacturers. The level of activity has already risen since its lowest point at the beginning of April. It can certainly rise further still, but it is unlikely that the levels forecast before the COVID-19 crisis can be reached before the month of September at the earliest.
- Activities with a moderately short cycle where the duration of the cycle is close to a month (cleaning activities). The resumption of these activities should follow a similar pace to that of overall economic activity.
- Activities with a long cycle, based on programs whose speed is established in advance and which change slightly from one month to the next. This is the case for aerospace activities, which have a negative outlook for the next few months as the speed of assembly for the principal client has declined and may decrease further. In this business, avoiding significantly reducing the number of employees over the next few months is dependent upon the almost immediate implementation of internal competitiveness measures and business support activities that also benefit subcontractors.

In general, the scope of recovery is dependent on the speed and ease with which national and/or European recovery plans are implemented, whether they be general or sector-specific.

In the context of all these activities, the Group will be attentive to the financial health of its clients, a significant number of which have been affected by the economic impacts of the pandemic.

INCOME STATEMENT

in millions of euros	03/31/2020	03/31/2019	Change
Revenue	1,302.3	1,375.9	(5.3%)
<i>of which Environmental Services</i>	857.6	956.7	(10.4%)
<i>of which Multiservices</i>	444.4	418.7	6.1%
Recurring EBITDA	91.5	93.4	(2.1%)
<i>of which Environmental Services</i>	70.7	83.9	(15.7%)
<i>of which Multiservices</i>	22.3	13.5	65.6%
Recurring operating profit (loss)	33.4	50.9	(34.4%)
<i>of which Environmental Services</i>	26.6	48.0	(44.5%)
<i>of which Multiservices</i>	9.7	8.0	20.8%
Net non-current items	8.5	(2.8)	
Operating profit (loss)	41.9	48.1	(13.0%)
Net financial expenses	(5.7)	(5.2)	
Other financial items	(0.3)	(1.2)	
Profit before tax	35.9	41.7	(14.0%)
Income tax	(13.1)	(10.9)	
Income from associates	0.2	0.8	
Income from discontinued or held-for-sale activities			
Net profit (loss) attributable to non-controlling interests	(0.7)	(1.1)	
Net profit (loss) attributable to shareholders	22.4	30.4	(26.5%)

BALANCE SHEET

<i>(in millions of euros)</i>	03/31/2020	09/30/2019	Variation (%)
Goodwill	285.0	227.7	
Intangible assets	7.6	8.0	
Property, plant and equipment	489.3	539.2	
Usage rights	187.6		
Financial assets	17.7	8.8	
Equity interests in associates and joint ventures	11.8	18.5	
Deferred taxes	29.8	26.5	
Total non-current assets	1,028.9	828.7	24.2%
Inventories	100.9	67.8	
Trade receivables	312.5	284.1	
Tax receivables	5.1	3.8	
Other assets	85.1	62.5	
Financial assets	12.7	20.2	
Cash and cash equivalents	298.7	284.6	
Financial instruments		0.0	
Total current assets	815.0	723.0	12.7%
Total non-current assets and groups of assets held for sale		5.8	
Total assets	1,843.9	1,557.4	18.4%

<i>(in millions of euros)</i>	03/31/2020	09/30/2019	Variation (%)
Group shareholders' equity	525.2	523.1	
Non-controlling interests	3.8	2.9	
Total shareholders' equity	529.0	526.0	0.6%
Loans and financial debts	553.4	324.8	
Provisions for pensions and similar benefits	49.5	49.6	
Other provisions	24.0	23.7	
Deferred taxes	16.3	17.1	
Other liabilities	6.3	3.2	
Total non-current liabilities	649.5	418.4	55.2%
Loans and financial debts	166.9	84.8	
Provisions	5.0	2.6	
Trade payables	238.5	257.1	
Tax payables	9.4	7.7	
Other liabilities	243.6	252.7	
Financial instruments	2.1	2.7	
Total current liabilities	665.4	607.6	9.5%
Total liabilities related to a group of assets held for sale		5.4	
Total liabilities	1,843.9	1,557.4	18.4%

Passage of net financial debt from September 30, 2019 to March 31, 2020

Net financial debt 09/30/2019	124.9
Recurring EBITDA	-91.5
Investments	59.3
Net financial expenses	5.7
Corporate income taxes	12.4
Other	-3.2
Subtotal	107.6
Change in working capital requirement	32.7
Dividends	17.5
Acquisitions	192.6
First application of IFRS 16 vs IAS 17	65.3
New usage rights	5.9
Net financial debt 03/31/2020	421.6

About Derichebourg

The Derichebourg Group is a major player working for companies and local authorities on an international scale. It offers a comprehensive and integrated range of services in two complementary business segments: environmental services (recycling, recovery, collection of household waste, urban cleaning, management of waste reception centers, etc.) and business services (cleaning, energy, temporary employment, aeronautics, etc.). The Group is present today in 12 countries, on 3 continents, and has approximately 36,800 employees worldwide. In 2019, the Derichebourg Group's revenue totaled 2.7 billion Euros. For more information: www.derichebourg.com

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