DERICHEBOURG

PRESS RELEASE

Paris, 5/29/2024

First half 2023-2024

Satisfactory results amid a challenging market environment, more favorable outlook for the second half

On May 29, 2024, the Board of Directors chaired by Mr. Daniel Derichebourg approved the financial statements for the six months ended March 31, 2024.

Satisfactory results, a relative improvement compared to other market players, and a positive outlook:

- An improved performance by Derichebourg Group compared to its competitors amid a challenging market environment during this first half.
- A robust development model underpinned by a solid asset base, the relevance of which has been highlighted by the results.
- A group that is developing its service activities: with a remarkable performance from Elior Group, in which Derichebourg Group holds a 48.3% stake, with a return to profitability and growth less than a year after the Multiservices division was transferred to Elior Group. Derichebourg's stake in Elior Group is valued at €435 million as of May 28, 2024.

Daniel Derichebourg, Chairman of the Derichebourg Board of Directors, said:

"Amid an unfavorable economic environment for the sector as a whole, our results are more than satisfactory. We have improved our relative performance compared to the main market players. The decline in recurring EBITDA over the first half is less severe in percentage terms than that observed among the Group's main listed competitors. This clearly demonstrates the robustness and relevance of our business model. I am confident about our outlook, marked in particular by a buoyant recycling market as part of the ecological transition and the development of the circular economy, experienced, responsive and committed teams and, above all, our model."

Abderrahmane El Aoufir, Chief Executive Officer of Derichebourg Group, said:

"*The Group faced a challenging economic environment in the first half along with an exceptional event that has now been overcome. The momentum is nonetheless positive, with the second quarter up on the previous one, and results that we intend to improve over the long term. Consequently, we can look to the future boasting an exceptionally high-quality fully-owned industrial asset base, including a significant proportion of land assets, a solid financial structure with no significant short-term repayments due, and the* *ability to generate free cash flow. We are confident in our strengths and our long-term strategy."*

Economic environment

All sector players faced a deterioration in economic conditions in their markets during the first half. Against the backdrop of sluggish growth in Europe, a sharp rise in energy costs and high interest rates, the entire sector was impacted. In particular, the Recycling business saw a continuation of the economic climate of the previous half year (second half of the 2022/2023 fiscal year). As a result, demand from steelmaker customers was limited, which in turn was impacted by the economic environment. Across Europe, the construction sector is faring less well than in previous years. European steelmakers and metallurgists are also suffering from higher energy prices than their competitors in other regions, which is impacting their competitiveness, limiting their sales volumes and hence their supply requirements. In the automotive sector, production has not returned pre-Covid-19 levels in terms of quantity, which is limiting supplies of end-of-life vehicles and customer demand for aluminum ingots.

Cyberattack

On November 10, 2023, Derichebourg Group suffered a cyberattack that did not interrupt operations but disrupted progress (until January 2024). The teams' admirable responsiveness allowed us to restore the systems, improving them at the same time, and limit the consequences of this episode, which is luckily now behind the Group.

It became apparent, on the one hand, that purchasing volumes had been lost, and that there had been a delay in the computer entry of flows. Furthermore, once the administrative delay was caught up, the margins generated in November and December 2023 were lower than usual. The financial impact is between €15 million and €20 million.

Satisfactory results and improved performance

Derichebourg Group has improved its performance relative to the market.

Consolidated revenue

First half consolidated revenue was €1.733 billion, down 4.9% year on year, mainly due to the revenue decline in the Recycling division (down 5.5%), partly offset by a 7.8% increase in Public Sector Services revenue.

(in thousands of metric tons)	H1 2023/2024	H1 2022/2023	Change
Ferrous metals	2,204.4	2,307.4	(4.5%)
Non-ferrous metals	352.9	359.2 [1]	(1.8%)
Total volumes	**2,557.3**	**2,666.6**	**(4.1%)**

(1): after deduction of 22.6 kt of low-quality products leaving post-shredding sorting facilities at zero price

(in millions of euros)	H1 2023/2024	H1 2022/2023 [2]	Change
Ferrous metals	774.0	829.2	(6.7%)
Non-ferrous metals	775.9	803.7	(3.5%)
Services	84.9	97.2	(12.6%)
Recycling revenue	**1,634.9**	**1,730.1**	**(5.5%)**
Public Sector Services revenue	**97.2**	**90.1**	**7.8%**
Holding company revenue	**0.6**	**0.9**	**(29.4%)**
Total Group	**1,732.7**	**1,821.1**	**(4.9%)**

(2): Reclassification of Derichebourg Environnement from the Holding segment to the Recycling segment

Recycling

Volumes of ferrous scrap metal sold in the first half were down 4.5%. 46% of this drop was due to the sale of eight recycling centers, as required by the European Commission. Demand for ferrous scrap metal was mixed over the half year. Steel production in the European Union, the Group's main market, was down 1.6% over the half year, while it rose sharply in Turkey (up approximately 21%), with a particularly low comparison base with the previous year. This high level of demand in Turkey prevented ferrous scrap metal prices from falling too much, even on the domestic market. The average price of ferrous scrap metal sold by the Group was €351/t, down 2.3% on the previous year. Overall, revenue from the Ferrous Metals business amounted to €774 million, down 6.7%.

Volumes of non-ferrous metals sold by the Group were down 1.8% on the previous year. Trends varied from one metal to another (higher sales of copper and aluminum excluding ingots, lower sales of aluminum ingots and stainless steel scrap). Overall, the average price of NFM sold was 1.7% lower than last year, resulting in a 3.5% drop in revenue for the NFM business, to €776 million.

Public Sector Services

Revenue rose 7.8% over the first half, driven by the start of new contracts and the full-year impact of contracts commenced last year:

- Start of Civis contract on Réunion Island;
- Start of contract in Montreal Ahuntsic (Canada);
- Full-year impact of waste collection contracts started last year in Guérande, and the management contract for the Biopôle sorting center in Angers.

Recurring EBITDA[1]

First half recurring EBITDA stood at €142.0 million, down 20.8% year on year. A slight drop in volumes, and a decline in unit margins partly attributable to the cyberattack, account for most of this trend in the Recycling business, while recurring EBITDA in the Collection business was up.

Derichebourg Group recurring EBITDA amounted to €297.6 million on a rolling 12-month basis. Adjusted for the exceptional impact of the disruption to its activities on the first-half financial statements, recurring EBITDA would amount to between €313 million and €318 million.

Recurring operating profit (loss)[2]

After allowing for €77 million in depreciation over the half year, recurring operating profit came to €65 million, down 38.8% year on year.

Operating profit (loss)

Only one non-recurring item (excluding the impact of the exceptional event) is to be noted for the first half: a €3.8 million gain following a ruling in the Group's favor by the Paris Court of Appeal in a dispute between a Veolia subsidiary and Collection business subsidiaries over the past ten years, in which Veolia contested the terms and conditions for transferring employees following a change of public contract holder. After March 31, 2024, Veolia appealed to the Court of Cassation.

After taking this item into account, operating profit amounted to €68.7 million, down 39.0% year on year.

Profit (loss) before tax

After €18.8 million in financial expenses (up €5.4 million due to the increase in interest rates and the comparison base) and other financial expenses of €1.9 million, Group profit before tax came to €48.1 million, down 51% year on year.

Income from associates

Income from associates totaled €0.8 million, including a €0.5 million first-half gain generated by Elior Group. As of March 31, 2024, Derichebourg SA holds a 48.31% stake in Elior Group.

[1] Recurring EBITDA = Recurring operating profit + net depreciation and amortization on tangible and intangible assets and right-of-use assets

[2] Recurring operating profit (loss): operating profit (loss) +/- non-recurring items

Net profit (loss) from continuing operations

After taking into account a corporate income tax expense of €16.5 million, entailing an effective tax rate of 34.4%, and income from associates, net profit from continuing operations totaled €32.3 million, down 51.4% year on year.

Consolidated net profit (loss)

Consolidated net profit for the first half of 2023/2024 totaled €32.3 million, down 55.2% year on year. The portion attributable to Derichebourg shareholders was €31.4 million.

Outlook

In view of the aforementioned business environment, it is currently unlikely that the Group will be able to make up the first half EBITDA shortfall by the end of the fiscal year and achieve the minimum €350 million EBITDA target for 2024 announced upon publication of 2023 earnings. A full-year recurring EBITDA target of €300 million to €310 million appears more realistic under the present circumstances. Restated for the negative effects of the first half, it would amount to between €315 million and €330 million.

The decline in recurring EBITDA over the first half is less severe in percentage terms than that observed among our main listed competitors. The Group is therefore demonstrating the relevance of its business model and maintaining its performance trajectory amid a challenging economic environment. It expects to reap the benefits in the years ahead of the investments made in new sorting lines over the past 24 months.

Annex 1: INCOME STATEMENT

(in millions of euros)	H1 2023/2024	H1 2022/2023	Change
Revenue	**1,732.7**	**1,821.1**	**(4.9%)**
Recurring EBITDA	**142.0**	**179.2**	**(20.8%)**
▫ *Recycling*	*122.0*	*166.5*	*(26.7%)*
▫ *Public Sector Services*	*20.1*	*14.8*	*35.8%*
Recurring operating profit (loss)	**65.0**	**106.1**	**(38.8%)**
▫ *Recycling*	*52.5*	*102.2*	*(48.6%)*
▫ *Public Sector Services*	*13.1*	*6.5*	*102.3%*
Net non-recurring items	3.8	6.6	
Operating profit (loss)	**68.7**	**112.7**	**(39.0%)**
Net financial expenses	(18.8)	(13.4)	
Other financial items	(1.9)	(1.3)	
Profit (loss) before tax	**48.1**	**98.0**	**(51.0%)**
Income tax	(16.5)	(26.3)	
Income from associates	0.8	(5.2)	
Income from discontinued or held-for-sale activities	-	5.6	
Net profit (loss) attributable to non-controlling interests	(0.8)	(0.5)	
Net profit attributable to shareholders	**31.4**	**71.5**	**(56.1%)**

Annex 2: BALANCE SHEET

Assets *(in millions of euros)*	**3/31/2024**	**9/30/2023**	**Change**
Goodwill	276.1	276.1	
Intangible assets	2.1	2.0	
Property, plant and equipment	870.1	838.5	
Right-of-use assets	280.6	274.5	
Financial assets	5.0	5.0	
Interests in associates and joint ventures	408.5	414.8	
Deferred taxes	19.6	23.2	
Other assets	0.0	0.0	
Total non-current assets	**1,861.9**	**1,834.2**	**1.5%**
Inventories	191.7	158.3	
Trade receivables	267.8	305.8	
Tax receivables	8.6	7.4	
Other assets	103.0	105.7	
Financial assets	16.3	11.4	
Cash and cash equivalents	140.3	161.1	
Financial instruments	0	1.5	
Total current assets	**727.7**	**751.1**	**(3.2%)**
Total non-current assets and asset groups held for sale	**-**	**-**	
Total assets	**2,589.6**	**2,585.3**	**0.2%**

Liabilities *(in millions of euros)*	**3/31/2024**	**9/30/2023**	**Change**
Group shareholders' equity	**994.1**	**990.4**	
Non-controlling interests	2.4	2.4	
Total shareholders' equity	**996.5**	**992.8**	**0.4%**
Loans and financial debts	742.1	773.6	
Provision for pensions and similar benefits	29.0	28.2	
Other provisions	33.7	31.8	
Deferred taxes	35.4	33.4	
Other liabilities	3.9	4.2	
Total non-current liabilities	**844.1**	**871.2**	**(3.1%)**
Loans and financial debts	167.4	160.2	
Provisions	3.9	14.3	
Trade payables	437.7	390.0	
Tax payables	11.8	9.7	
Other liabilities	127.5	144.9	
Financial instruments	0.7	2.2	
Total current liabilities	**749.0**	**721.3**	**3.8%**
Total liabilities related to a group of assets held for sale			
Total equity & liabilities	**2,589.6**	**2,585.3**	**0.2%**

Net financial debt at September 30, 2023	**772.7**
Recurring EBITDA	(142.0)
Change in working capital requirements	(42.8)
Net financial expenses	18.8
Corporate income taxes	12.2
Capital expenditure	116.9
New rights of use from operating leases	5.9
Dividends	25.5
Other	2.0
Net financial debt at March 31, 2024	**769.2**