

30 July 2020 – 6 pm

## Press Release

### Financial information at June 30, 2019

The Recylex Group (Euronext Paris: FR0000120388 - RX) today released its financial information at June 30, 2020.

Following the insolvency procedures opened on May 15, 2020 under the German law<sup>1</sup> for the companies previously forming the German subgroup of Recylex, these entities<sup>2</sup> have been fully deconsolidated as of the date of the opening of these procedures. The published consolidated sales at June 30, 2020 therefore include the sales generated by these entities up to the same date.

In order to allow comparison with the 2020 figures, Recylex Group's consolidated sales for the six months ended June 30, 2019 is also presented on a pro forma basis, by restating the consolidated sales of the German entities for the same period as for the first half of 2020.

<i>In million of euros</i>	At June 30, 2020	At June 30, 2019	Pro forma <sup>2</sup> at 30 June 30, 2019	Change (%)	Change on a pro forma basis (%)
Lead	72.1	94.1	71.1	-23%	+1%
Zinc	20.6	43.4	28.5	-53%	-28%
Special metals	5.5	9,1	5.8	-40%	-5%
Plastic	3.8	6.9	7.2	-45%	-47%
Total	102.0	153.5	112.6	-34%	-9%

*IFRS data, figures unaudited.*

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

*“Operations in the first half of 2020 were marked by the effects of the SARS-CoV-2 pandemic, the consequences of which are still being felt today. While there has been a very slight improvement in zinc prices recently, lead prices remain at a historically low level. However, during this period, the prices of used lead-acid batteries did not decrease. In addition, demand for recycled polypropylene is still weak. The Group's activities therefore continue to be penalized by these deteriorated general conditions. Recylex S.A. is today still in a difficult and uncertain situation: the continuation of its activities depends particularly on the future of Weser-Metall GmbH, currently the main customer for secondary materials sold by Recylex. Although Recylex S.A. has no control over Weser-Metall's insolvency procedure under German law nor over its timetable, we are keeping a very close eye on its development and progress. At*

*this stage of the procedure, we are also aware that it is still premature to know what potential solutions will be put in place by Weser-Metall; it is a process that will take several months. In the meantime, we are focusing our efforts on developing a sustainable future in the interest of our employees, shareholders and partners. Our current priorities are to expand our customer base and to stabilize our operational activities.”*

## 1. Trend in metal prices to June 30, 2020 (in euros)

In euros per tonne	First half 2020 average	First half 2019 average	Change (%)
Lead price	1,598	1,736	-8%
Zinc price	1,857	2,419	-23%
€/€ exchange rate	1.1022	1.1298	-2%

Source: London Metal Exchange.

The average lead price in the first half of 2020 was €1,598, down 8% compared to the average for the first half of 2019. Between January 2, 2020 and June 30, 2020, lead prices fell by 6%.

The average zinc price in the first half of 2020 was €1,857, down 23% from the average in the first half of 2019. Between January 2, 2020 and June 30, 2020, the zinc price fell by 11%, with a very sharp drop from January to March 2020.

The average €/€ exchange rate was down slightly by 2% compared to the first half of 2019 to reach 1.1022. Between January 2, 2020 and June 30, 2020, the €/€ exchange rate remained stable.

## 2. Breakdown of consolidate sales to June 30, 2020 relative to June 30,2019

Consolidated sales at June 30, 2020 amounted to €102.0 million. Restated consolidated sales<sup>3</sup> at June 30, 2020 amounted to €108.0 million.

### 2.1 Lead segment

The Lead segment accounted for 71% of consolidated sales at June 30, 2020.

Its sales totaled €72.1 million at June 30, 2020, down 23% compared to June 30, 2019 on a reported basis due to the deconsolidation of the German entities. The evolution of sales on a comparable consolidation scope (pro forma basis) was stable: the decline in Weser-Metall's lead production due to the maintenance shutdown in March-April 2020 was offset by the increase in sales of by-products from the smelter as well as the tolling carried out by the lead-acid battery recycling plant in Germany.

Consolidated sales for the second quarter of 2020 reached €18.1 million, down 63% on a reported basis, again mainly due to the deconsolidation of the activities of the former subsidiaries Weser-Metall GmbH and Harz-Metall GmbH, and down 29% on a pro forma basis, mainly due to the maintenance shutdown at Weser-Metall GmbH.

In this context, Recylex S.A. recycled 31,900 tonnes of used lead-acid batteries in the first half of 2020 (down 16% compared with the first half of 2019). Recylex S.A. continues to supply materials to Weser-Metall GmbH, with prepayments given its ongoing insolvency procedure.

Beyond the very slow and fragile recovery observed in the automotive sector, the activity of the Lead segment in the second half of 2020 will be highly dependent on the evolution of the insolvency procedure of Weser-Metall GmbH, being Recylex S.A.'s main customer as of today. Recylex's level of activity and its going concern<sup>4</sup> prospect are particularly dependent on Weser-Metall GmbH's ability to continue its operations and to continue to source secondary materials from Recylex S.A. It should be noted that Recylex has been informed that production at the Nordenham smelter had been stopped for financial reasons from July 18, 2020 to July 21, 2020.

While Recylex S.A.'s objective is to remain a key supplier of Weser-Metall GmbH in the future, subject to the uncertain development of this process and its business model, Recylex is actively pursuing its development of other commercial outlets, with recent positive marks of interest.

## 2.2 Zinc segment

The Zinc segment accounted for 20% of consolidated sales at June 30, 2020.

Consolidated sales reached €20.6 million at June 30, 2020, down 52% compared to June 30, 2019 on a reported basis due to the deconsolidation of the German entities and the sharp fall in the zinc price over the period. Consolidated sales on a comparable basis (pro forma) were down 28%: the sharp fall in the zinc price combined with deteriorating commercial conditions were offset by the absence of maintenance shutdowns over the period; a scheduled major maintenance shutdown at Harz-Metall GmbH took place between the first and second quarters of 2019 (whereas no major maintenance shutdown took place in the first half of 2020).

In the second quarter of 2020, consolidated sales reached €4.0 million, down 81% on a reported basis, again mainly due to the deconsolidation of the former subsidiaries Harz-Metall GmbH and Norzinco GmbH, and down 41% on a pro forma basis, also due to the very sharp fall in zinc prices and the significant deterioration in commercial conditions despite the absence of any major maintenance shutdown during the period.

It should be noted that following the deconsolidation of the German entities given their insolvency procedures under the German law, the Zinc segment consists now only of the 50% participation in Recytech S.A., whose sales are not included in the consolidated sales under IFRS but only in the restated sales<sup>3</sup>.

Zinc segment's restated sales<sup>3</sup> amounted to €26.5 million at June 30, 2020, down 33% compared with the first half of 2019 on a pro forma basis.

### **2.3 Special Metals segment**

The Special Metals segment represented 5% of consolidated sales at June 30, 2020.

Sales reached €5.5 million at June 30, 2020, down 40% compared to June 30, 2019 on a reported basis and down 5% on a pro forma basis.

In the second quarter of 2020, sales totaled €1.2 million, down 73% on a reported basis, mainly due to the deconsolidation of the activities of PPM Pure Metals GmbH, and stable on a pro forma basis.

It should be noted that following the deconsolidation of PPM Pure Metals GmbH given its insolvency procedure under the German law, the Special Metals segment no longer exists within the scope of the Recylex Group's activities.

### **2.4 Plastics segment**

The Plastics segment accounted for 4% of consolidated sales at June 30, 2020.

Sales totaled €3.8 million in the first half of 2020, down 45% compared with the first half of 2019 on a reported and 47% on a pro forma basis.

In the second quarter of 2020, sales reached €0.8 million, down 76% on a reported basis and 78% on a pro forma basis. Given the very sharp slowdown in global demand for recycled polypropylene, particularly in the automotive sector weakened by the effects of the SARS-CoV-2 pandemic, C2P S.A.S.'s activity in France was drastically reduced in April 2020 and gradually resumed starting from May 2020, without reaching yet a normal level of activity. Short-time working measures were introduced for employees.

It should be noted that following the deconsolidation as of April 30, 2020 of C2P GmbH given its insolvency procedure under the German law, the Plastics segment now consists solely of the activities of C2P S.A.S. in France.

### 3. Update on the financial situation

At June 30, 2020, the Group's net debt (new scope<sup>1</sup>) amounted to €40 million (€53 million for gross debt) and mainly comprises:

- The €16.0 million loan from Glencore International AG to Recylex S.A. in 2014 and accrued interest of €0.6 million over the period,
- The outstanding balance of the fine imposed on the Group in 2017 by the European Commission in the amount of €24.5 million,
- Rescheduled liabilities from the continuation plan (finalized in 2015) and the amount of the claw back clause, for a total of €12.0 million.

In this context, Recylex S.A.'s ability to continue its operations as a going concern depends on the fulfilment of several structuring assumptions<sup>4</sup>. These assumptions relate not only to the continuation of business with Weser-Metall GmbH, but also to the restructuring of Recylex S.A.'s financial and non-financial debt so that the cost of short and medium-term debt in the future is compatible with the new and smaller scope of consolidation as well as future cash generation. Due to the developments caused by the SARS-CoV-2 pandemic on its financial situation and given all these uncertainties, Recylex S.A. has therefore:

- Obtained from Glencore International AG, the waiver until October 31, 2020 of its right to terminate immediately the €16.0 million loan granted in 2014 (loan fully drawn down). This deferral may be extended under certain conditions beyond October 31, 2020, in particular pending the insolvency procedure of Weser-Metall GmbH insofar as Recylex S.A. continues to sell secondary materials to the Weser-Metall GmbH,
- Solicited from the European Commission, the temporary suspension of the fine staggered payment plan as well as the adaptation of the payment plan,
- Solicited from the relevant authorities the temporary suspension of the rehabilitation works at the l'Estaque site until December 31, 2021 and the postponement of the date of completion of the rehabilitation works until December 31, 2024.

The trading of the Recylex S.A. ordinary shares remains suspended until Recylex S.A. is in a position to reliably communicate on its situation and its capacity to pursue its activities.

### 4. Forecasted financial agenda

- Financial information as of September 30, 2020: Thursday, November 5, 2020 (aftermarket closing).

1 See press releases dated May 14, 2020, May 20, 2020 and June 18, 2020.

2 Weser-Metall GmbH, Harz-Metall GmbH, Norzinco GmbH and PPM Pure Metals GmbH as well as Recylex GmbH, C2P Germany GmbH and Recylex Grundstücksverwaltungsgesellschaft mbH.

3 To assess the performance of the Zinc segment, the Group provides restated financial data including the share of Recytech S.A. (50% interest), using the proportional integration method, although this method is not permitted under IFRS. See Note 19 to the 2018 consolidated financial statements.

4 See Note 39 to the 2018 consolidated financial statements and the Note "Subsequent events" to the 2018 parent company financial statements.

## Raw materials from urban mines

The Recylex Group is a European specialist in the recycling of lead, zinc and polypropylene.

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

***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. 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)).*

*The summary document of the proceedings concerning Metaleurop Nord S.A.S. and Recylex S.A., updated on July 6, 2020, is available on the [Finance](#) section of the Recylex Group's website.*

---

**Press and Investor contact:** T +33 (0)158 47 29 91 | E [info@recylex.eu](mailto:info@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

**RX**  
**LISTED**  
**EURONEXT**

## APPENDICES

### Quarterly evolution of metal prices averages

<i>In euros per tonne</i>	First quarter 2020	Second quarter 2020	First quarter 2019	Second quarter 2019
Lead	1,675	1,518	1,793	1,677
Zinc	1,930	1,780	2,380	2,459

Source: London Metal Exchange.

### Consolidated sales by quarter and segment

<i>In million of euros</i>	First quarter 2020	Second quarter 2020	First quarter 2019	Second quarter 2019 Published data	Second quarter 2019 Pro Forma Data
Lead	54.0	18.1	45.8	48.3	25.2
Zinc	16.7	4.0	21.8	21.6	6.8
Special Metals	4.3	1.2	4.6	4.5	1.2
Plastics	2.9	0.8	3.6	3.3	3.7
Total	77.9	24.1	75.8	77.7	36.9

IFRS data, unaudited figures.

### Recylex S.A.'s sales

<i>In million of euros</i>	Six months to June 30, 2020	Six months to June 30, 2019	Change (%)
Lead segment	22.5	30.8	-27%
Services to Group companies	0.7	1.2	-42%
Total sales	23.2	32.0	-28%

IFRS data, unaudited figures.