

Changé, August 30, 2010

## **Consolidated financial statements at June 30, 2010**

### **Significant growth in activity: Revenues of EUR 193.0 million, up 8%**

- Healthier industrial markets
- Balanced growth of the different divisions

### **Solid results**

- Healthy EBITDA growth, up 7% to EUR 47.4 million, or 24.5% of revenues
- COI maintained at a high level of EUR 29.8 million or 15.4% of revenues
- ICC representing 9.2% of revenues after applying revised IFRS 3  
(non-cash and non-recurring effect: EUR (5) million before corporation tax)

### **Stronger capital position**

- Increase in cash flow (up 8%) and strong cash generation
- Debt reduction confirmed and improved balance sheet ratios

### **Prospects reinforced and targets upgraded for 2010**

- 2010 targets: Revenues up 7% close to EUR 390m– COI close to EUR 65m<sup>1</sup>
- Market opportunities and commercial dynamism: signing of a public services contract with the Urban Community of Strasbourg, worth EUR 420 million over 20 years

### **Hime – Saur:**

- Return to growth: Revenues up 2% to EUR 759.8 million
- Further increase in EBITDA: up 6% to EUR 86.9 million
- Slight improvement in net income to EUR (28.2) million vs. EUR (29.5) million

Commenting on these results, Joël Séché underlined the following: “*Séché Environnement has provided further evidence of its robust, profitable and cash-generating growth model. Within healthier markets, the Group has experienced the sustained, balanced growth of its waste treatment and reprocessing divisions.*

*Once again, it has published high operating results. If the impact of non-recurring and non-cash expenses related to the application of revised accounting standards is stripped out, Group net income would have jumped by 19%, to EUR 11.9 million.*

*The increase in self-financing capacity has made it possible to continue with the debt reduction process and generate abundant cash, while maintaining an optimized investment level, especially in the field of renewable energies which offer strong potential.*

*Séché Environnement has benefited from the regulatory dynamics of its markets, which are rich in growth opportunities. This is illustrated by the signing of the contract to manage and improve the energy efficiency of the household waste incinerator for the Urban Community of Strasbourg, a major public services contract won by the Group and which significantly strengthens its commercial positions in Eastern France, particularly in the Non-Hazardous Waste recovery markets. The contribution of this contract in 2010 and the performance of the past six months have enabled Séché Environnement to upgrade its revenue growth targets to +7% for the current financial year and as soon as this year, to post levels of activity comparable to those of before the crisis.”*

<sup>1</sup> vs. “stable revenues and current operating income in value terms”, announced on 15th March, 2010.

## Significant and balanced growth of the different divisions

Séché Environnement benefited from healthier markets in France during H1 2010. Compared to a weak 2009 comparison, business during the past six months also benefits from the full contribution of the energy recovery activities within the Non-Hazardous Waste division.

In this context, the Group posted significant and balanced growth in its waste treatment divisions in H1 2010.

The growth of the Hazardous Waste division (70% of consolidated revenues) amounted to 8.2%, with revenues of EUR 134.1 million.

This good performance reflects:

- ✚ the dynamism of all the businesses in France (95% of consolidated revenues), underpinned by the robustness of the regulated markets (treatment of PCBs, decontamination activities, etc.) and the health of businesses involved in industrial activity (incineration, chemical purification, etc.). The division also benefited from commercial successes with its industrial customers, in its waste management outsourcing offerings, so-called “global offerings”. Accordingly, the division’s business in France rose by 8.6%, to EUR 123.5 million;
- ✚ a better performance by the main international markets (5% of consolidated revenues), notably in Europe (Spain and Hungary), whereas activity remained depressed in Latin America. Overall, international revenues grew by 3.6% over the period, to EUR 10.6 million.

Revenues for the Non-Hazardous Waste division (30% of consolidated revenues) amounted to EUR 58.8 million, representing an increase of +8.6% vs. H1 2009:

- ✚ over the period, the division experienced the full contribution of energy recovery activities, which were still coming on stream a year ago. Accordingly, revenues from the sale of electricity originating from biogas recovery rose to EUR 3.7 million at June 30, 2010 vs. EUR 2.5 million a year earlier;
- ✚ moreover, business for the period compares with a low point reached during H1 2009. Accordingly, if the contribution of energy recovery activities is stripped out, the division’s revenues are up 6.8% compared with the same period last year. The division has benefited from the return of volume growth, in conjunction with the improved performance of industrial activity and regulatory and fiscal incentives (*French TGAP, general tax on polluting activities*) which favor sites that are certified and have an optimum energy efficiency rate.

## Solid operating results

On the back of this good level of activity, Séché Environnement posted a 6.7% rise in EBITDA to EUR 47.4 million, or 24.5% of revenues. This positive trend is due primarily to the contribution of organic growth (EUR +3.4 million).

In terms of scope of activity, the gross operating margin remained at a high level in France (25.5% of revenues vs. 25.7% of revenues a year ago) whereas it contracted at international level linked to activity slowdown in Latin America (8,4% of revenues vs. 11,9% of revenues at June 30, 2009).

The increase in current operating income (+3.8% to EUR 29.8 million or 15.4% of revenues) reflects the growth in EBITDA. It also includes the one-off impact of provisions in connection with operating risks, which are fully provisioned to the tune of EUR 1.4 million.

### **Impact of non-recurring expenses related to the application of revised accounting standards**

Operating income amounted to EUR 24.5 million, or 12.7% of revenues. The trend compared with H1 2009 is negatively impacted by EUR 5 million, due to the effects of the application of revised IFRS 3, resulting in the booking under expenses of the acquisition costs involved in the merger with the Hime Group.

If this non-recurring and non-cash item is stripped out, H1 2010 operating income would have risen in line with current operating income, to EUR 29.5 million.

### **Net income of consolidated companies amounts to 9.2% of revenues**

Financial income is positive and higher over the period, at EUR 1.5 million vs. EUR 0.6 million a year ago. This favorable trend reflects:

- ✚ the reduction in the cost of debt, in conjunction with the reduction in net debt and the quality of hedging. The cost of net debt amounted to 3.2% over the period vs. 3.7% in H1 2009;
- ✚ the increased income on Hime convertible bonds (capitalization of outstanding interest), representing EUR 0.7 million.

Accordingly, the trend in the net income of consolidated companies (EUR 17.8 million vs. EUR 19.8 million) is primarily affected by the one-off effects of applying revised IFRS 3 (EUR 3.2 million after corporation tax).

### **Slight improvement in Hime's contribution to consolidated net income (Group share)**

The variation in the share of associate companies (EUR -9.4 million vs. EUR -9.7 million a year ago) reflects the slightly positive trend in Hime's contribution (EUR -9.3 million vs. EUR -9.7 million at June 30, 2009).

Net income (Group share) amounted to EUR 8.7 million or 4.5% of revenues (vs. EUR 10.0 million for H1 2009).

If the application of revised IFRS 3 is stripped out, Group net income would have risen by 19% to EUR 11.9 million, or 6.1% of revenues.

## Increase in self-financing capacity, controlled growth in investments, ongoing debt reduction and strong cash generation

During the period, net operating cash flow rose by 13.4% to EUR 34.6 million or nearly 18% of revenues. This significant increase reflects improved operating flows, mainly characterized by the increase in cash flow, and includes the growth in net investments (6.6% of revenues), in conjunction with activity and the ongoing investment in the renewable energy sector (representing EUR 3.3 million).

Net debt declined to EUR 225.9 million (vs. EUR 265.4 million a year earlier), reducing the net debt/EBITDA ratio to 2.26 and the net debt/equity ratio to 0.66 (vs. respectively 2.70 and 0.76 a year ago).

### 2010 outlook reinforced – Strasbourg contract takes effect – Growth targets upgraded

Against the backdrop of a still uncertain economic environment, Séché Environnement has benefited from its specialist positioning in regulated markets and markets with high entry barriers for waste treatment and recovery.

The strengthening of regulatory incentives in these markets has proved to be a source of growth opportunities, underpinning the company's commercial momentum with both its local authority and industrial customers, as testified by the signature of a public services contract to manage and improve the energy efficiency of the household waste incinerator for the Urban Community of Strasbourg (*CUS*). The contract is worth EUR 420 million over 20 years.

This is the first significant public services contract that the Group has won from a major local authority and strengthens Séché Environnement's commercial positions in Eastern France, especially in the Non-Hazardous Waste treatment and reprocessing markets where the Group had little presence.

In keeping with the pattern of the Grenelle de l'Environnement Round Table policy (reduction of volumes of waste treated, improvement of energetic output and power production), this operation illustrates the growth opportunities for the Group resulting from the regulatory dynamics originating from the regulatory dynamism.

This contract will contribute to the growth in H2 2010 revenues, to the tune of around EUR 9 million.

The good level of activity recorded in H1 2010 reinforces the growth outlook for the current financial year. As a result of these very favorable factors, Séché Environnement has upgraded its revenue growth target to +7% for the current financial year (i.e. total revenues close to EUR 390m) and expects, in these conditions, recurring operating income of close to EUR 65 million.

Audited consolidated data in EUR m (IFRS)

At June 30	2009	2010	Change 2010/2009
Revenue	178.2	193.0	+8.3%
EBITDA	44.4	47.4	+6.7%
<b>Current operating income</b>	<b>28.7</b>	<b>29.8</b>	<b>+3.8%</b>
Financial income	0.6	1.5	-
Net income from consolidated companies	19.8	17.8	-10.1%
Share of affiliates	(9.7)	(9.4)	-
<b>Group net income</b>	<b>10.0</b>	<b>8.7</b>	<b>-13.0%</b>

Financial statements approved by the Board of Directors on August 24, 2010

## Hime – Saur

### Further growth in operating profitability

#### EBITDA up 6% at EUR 87 million or 11.4% of revenues

At June 30, 2010, Hime's consolidated net income (Group share) showed a slight improvement, at EUR (28.2) million vs. EUR (29.5) million a year ago.

The reduction in the net loss reflects:

- ✚ An improved level of activity, with consolidated revenues up 2.0% at EUR 759.8 million (vs. EUR 745.2 million at June 30, 2009):
  - Water (EUR 603.8 million, up 1.1%): the business has benefited from the robustness of activities in France and the return to growth of the international operation (Spain);
  - Cleanliness (EUR 156.0 million, up 5.3%): the business has benefited mainly from the favorable price trend for secondary raw materials.
- ✚ A further rise in EBITDA to EUR 86.9 million, (+6%), representing 11.4% of revenues (vs. 11.0% a year ago) due to the rise in the prices of secondary raw materials in the Cleanliness business and the recovery of margins in the international operation;
- ✚ Current operating income up 19%, at EUR 30.2 million, in line with the growth in EBITDA;
- ✚ Control of financial income at EUR (64.8) million, with the reduction in the cost of net debt partially absorbing the higher interest expenses on convertible bonds;
- ✚ The reduction in tax income, in conjunction with the trend in pre-tax income.

Consolidated data in EUR m (IFRS)

At June 30	2009	2010	Change 2009/2008
Revenue	745.2	759.8	+2.0%
<b>EBITDA</b>	<b>82.0</b>	<b>86.9</b>	<b>+6.0%</b>
Current operating income	25.4	30.2	+18.9%
Financial income	(64.1)	(64.8)	-
Tax income	9.7	7.4	-23.7%
Group consolidated net income	(29.5)	(28.2)	-

The results presentation will be available  
from August 31, 2010 (11.30am Paris time) at:

<http://www.groupe-seche.com/majic/pageServer/1b0100000m/fr/Presentations-SFAF.html>

#### APPENDICES:

Consolidated income statement at June 30, 2010  
Consolidated balance sheet at June 30, 2010  
Consolidated cash flow statement at June 30, 2010

#### Next results announcement:

Publication of consolidated revenues at September 30, 2010 on **October 28, 2010** (after market closes)

#### About Séché Environnement

**Séché Environnement** is one of the leading players in the treatment and storage of all types of non-radioactive industrial and household waste in France. Its facilities enable it to offer high-quality global solutions that incorporate all environmental requirements.

It is the leading independent operator in the country with a unique positioning at the hub of the high value-added waste recovery, treatment and storage markets.

The Group offers integrated specialized services:

- treatment (by incineration, physical-chemical treatment and solvent regeneration) and processing for energy recovery of hazardous and non-hazardous industrial waste (HIW and NHIW);
- storage of final residue comprised of hazardous or non-hazardous industrial waste (HIW and NHIW).

In April 2007, **Séché Environnement** acquired a 33% stake in Saur Group, the No. 3 player in the Water and Environmental Services sector in France. Since May 2008, Séché Environnement has held an option to purchase an 18% stake in Hime, the parent holding company of Saur Group, allowing Séché Environnement to assume ownership of Saur Group by May 2012.

**Séché Environnement** has been listed on Eurolist by Euronext since November 27, 1997.

Eurolist - Compartment B – ISIN: FR 0000039139 – Bloomberg: SCHP.FP – Reuters: CCHE.PA)

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## APPENDICES

### Consolidated income statement at June 30, 2010

En K€	30/06/2009	30/06/2010
<b>REVENUES</b>	<b>178 168</b>	<b>192 994</b>
<b>EBIDTA</b>	<b>44 398</b>	<b>47 368</b>
<b>CURRENT OPERATING INCOME</b>	<b>28 693</b>	<b>29 779</b>
<b>OPERATING INCOME</b>	<b>28 378</b>	<b>24 503</b>
<b>FINANCIAL INCOME</b>	<b>610</b>	<b>1 509</b>
Taxes	(9 218)	(8 185)
<b>INCOME OF CONSOLIDATED COMPANIES</b>	<b>19 771</b>	<b>17 827</b>
Share of income of affiliates	(9 745)	(9 360)
Minority interests	59	(274)
<b>NET INCOME (group share)</b>	<b>9 967</b>	<b>8 742</b>

### Consolidated balance sheet at June 30, 2010

EN K€	31/12/2009	30/06/2010
NON-CURRENTS ASSETS	591 928	567 868
CURRENT ASSETS (excl. cash and cash equivalents)	136 406	132 163
Cash and cash equivalents	19 108	25 006
<b>TOTAL ASSETS</b>	<b>747 441</b>	<b>725 038</b>
SHAREHOLDER'S EQUITY	359 685	340 010
Financial Debt	264 346	250 896
Hedging instruments	5 251	5 396
Provisions	17 235	19 134
Other non-current liabilities (> 1 an)	100 924	109 601
<b>TOTAL LIABILITIES</b>	<b>747 441</b>	<b>725 038</b>

Consolidated statement of cash flows at June 30, 2010

En K€	31/12/09	30/06/09	30/06/10
CASH FLOW before tax and financial expenses	94 570	43 814	47 294
CHANGE IN WORKING CAPITAL REQUIREMENT RELATED TO THE ACTIVITY	-4 423	6 369	5 062
Tax paid	-18 051	-8 884	-4 286
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>72 096</b>	<b>41 299</b>	<b>48 069</b>
Cost of acquisition of fixed assets	-30 757	-21 365	-14 192
Income from disposals of fixed assets	5 560	450	1 321
Net cash flow on acquisitions & disposals of subsidiaries	96	807	-11
<b>NET CASH FLOW FROM INVESTMENTS</b>	<b>-25 100</b>	<b>-20 107</b>	<b>-12 881</b>
Dividends paid to equity holders of the parent co.	-11 130	-11 143	-11 154
Receipts and repayments of borrowings	-4 584	1 671	-13 493
Interests paid	-10 726	-5 219	-4 522
Other cash	1	-197	-3
<b>NET CASH FLOW FINANCING ACTIVITIES</b>	<b>-26 440</b>	<b>-14 691</b>	<b>-29 169</b>
<b>VARIATION IN CASH</b>	<b>20 556</b>	<b>6 501</b>	<b>6 019</b>
Impact of changes in foreign exchange rates	-102	-74	110
<b>OPENING CASH POSITION</b>	<b>-1 832</b>	<b>-1 832</b>	<b>18 622</b>
<b>CLOSING CASH POSITION</b>	<b>18 622</b>	<b>4 397</b>	<b>24 747</b>