

Press release

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Annual Press Conference 2015

ALBA SE delivers further sharp increase in operating income

- + EBITDA up 22.5 percent to EUR 41.2 million with slight decrease in sales revenues by EUR 0.2 billion to EUR 1.4 billion
- + EBT improved by EUR 44.2 million despite impairments and – after two negative years – back in positive figures at EUR 9.9 million

Cologne. The publicly quoted environmental services and raw materials provider ALBA SE together with its subsidiaries once again generated stronger earnings in financial year 2015 than in the previous year. Earnings before interest, taxes, depreciation and amortisation (EBITDA) went up by EUR 7.6 million or 22.5 percent to EUR 41.2 million. Earnings before taxes climbed even more strongly: After two years of negative EBT, the figure shot up by EUR 44.2 million and as announced was back in positive figures at EUR 9.9 million. “The figures prove that we are right on course with our restructuring. With regard to the operating result our plans have been confirmed,” said **Dr Axel Schweitzer, Chairman of the Administrative Board of ALBA SE**, on presentation of the annual financial statements for 2015. “The services segment performed positively, but we faced an exceptionally difficult operating environment in steel and metals recycling. Therefore we have to continue our restructuring process and realise every started and planned measure.” As a result of this operating environment, earnings before taxes (EBT) were heavily impacted by impairments on goodwill and other intangible assets recognised in accordance with financial reporting standards. EBT for 2015 was nonetheless in positive figures. Sales revenues decreased from EUR 1.6 billion in 2014 to EUR 1.4 billion in the financial year 2015.

New projects in Germany – progress in China

In Germany, ALBA SE is intensifying activities to close the loop in production processes and to meet special customer requirements with innovative detailed solutions. INTERSEROH Dienstleistungen GmbH, for example, has just launched a custom-tailored recycling service for online retailers of electrical and electronic equipment. This simplifies the management of waste electrical and electronic equipment in compliance with the country’s new Electrical and Electronic Equipment Act (ElektroG). As part of the service, Interseroh takes on all types and sizes of waste equipment from retailers at a flat rate. The take-back scheme is supported by a newly established network of dedicated acceptance points. The service includes the necessary verification system for compliance with all statutory requirements.

To improve environmental performance in connection with plastic one-way deposit bottles, Interseroh has developed a mobile counting centre. Until now, retail chains and drinks wholesalers had to transport empty bottles at significant cost to stationary counting centres. Now, an Interseroh truck counts, crushes and compacts plastic bottles on site. The crushed material can be transported directly to the recycler, making unnecessary numerous journeys between retailers, wholesalers and counting centres. That is good both for the environment and for the cost base of the companies involved. The mobile counting centre is currently being made available to initial customers on a trial basis for a week at a time.

The ALBA Group achieved further progress in its Chinese activities. In late summer 2016 the ground-breaking ceremony for the green fuel facility in Jieyang will take place. Using a process developed by the ALBA Group this facility will separate hazardous materials and extract recyclables from household waste. The left-over waste is converted into pellets that power stations can use in place of fossil fuels.

Work proceeds in Hong Kong to plan on construction of South East Asia's most advanced waste electrical and electronic equipment (WEEE) treatment and recycling facility. The ground-breaking ceremony was held in January and the facility is scheduled for completion in mid-2017. The contract also includes providing the metropolis of seven million people with a collection scheme for large discarded household appliances.

Falling prices create challenges for both segments of ALBA SE

ALBA SE countered the overcapacity in global steel production, further decline in iron ore prices and excess capacity in German scrap recycling thanks to its successful restructuring, enabling it to continuously increase EBITDA in the steel and metals recycling segment to EUR 16.3 million in the first three quarters of the year. It was not possible to make up for the collapse in scrap prices in the fourth quarter, however, resulting in EBITDA of EUR -8.4 million in that quarter. Scrap prices went down by some 30 percent in just 12 months. With the implementation and realisation of all planned adjustment measures ALBA SE will succeed in compensating these falling prices.

"The reporting year in the services segment was marked by fierce competition with discounts and a sharp decline in selling terms for specific fractions," Axel Schweitzer reported. In plastics recycling, for example, the average price of transparent PET fell by 44.2 percent relative to the previous year, and the average price of coloured PET by no less than 85.3 percent. However, the system launch in Austria and the seventh amendment of the Packaging Ordinance in force since the beginning of the financial year made for an increase in sales packaging recycling revenue. The system is now on a stable foundation ready for the 25th anniversary of Germany's Packaging Ordinance and of Interseroh.

The success of the restructuring undertaken within ALBA SE is shown by EBT adjusted for impairments. This came to EUR 24.0 million, an improvement of EUR 20.1 million on the previous year's adjusted EBT of EUR 3.9 million. Adjusted EBT thus exceeded the expectations set at the beginning of the year.

"The past financial year shows that we are on the right track with the restructuring of the ALBA SE and the entire ALBA Group. We are extending our value chains and consequently improving the quality of the materials we process," Schweitzer continued. This successful strategy is being continued in 2016.

About ALBA SE:

ALBA SE is a subsidiary of the recycling services provider and raw material supplier ALBA Group. With its two brands – ALBA and Interseroh – and a total of about 7,500 employees ALBA Group operates within Germany, Europe and Asia. With an annual turnover of 2.45 billion Euros (2014) ALBA Group is one of the leading recycling and environmental services companies as well as raw material providers worldwide. In 2014 alone ALBA Group saved about 6.6 million tonnes of greenhouse gases compared to primary production and at the same time more than 48.3 million tonnes of primary raw materials through its recycling activities.

Further information on ALBA SE can be found at www.alba-se.com. Information on ALBA Group can be found at www.albagroup.de. All press releases of the ALBA Group may be subscribed to via RSS feed at www.albagroup.de/presse.

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