



## PRESS AND INVESTOR ANNOUNCEMENT

Third quarter 2019 results

### **Befesa continues growth plans despite earnings affected by weak metal prices**

- 9M 2019 EBITDA at €117m, down 9% yoy, predominantly due to capacity expansion works in Turkey, higher treatment charges (TCs) as well as an unfavourable price environment for metals
- Net profit 9M at €61m, down 3% yoy
- Turkish plant expansion completed with production started in August
- Asia expansion on track: construction in Jiangsu progressing to plan and ground breaking in Henan planned for mid-November. Korean zinc oxide washing plant to start production in December

*Luxembourg, 31 October 2019* – Befesa S.A. (“Befesa”), the European market leader for steel dust and aluminium salt slags recycling services, decreased earnings by 9% during the first nine months of the year, largely driven by the temporary decrease in treated volume of steel dust from planned capacity upgrade works in Turkey, higher TCs as well as lower zinc LME price (-8% compared to 9M 2018) and aluminium alloy FMB (-20% compared to 9M 2018). These were largely offset with better hedged zinc prices, recovered stainless steel operations and Befesa’s higher efficiency furnaces installed during H2 last year in its 2<sup>nd</sup> Aluminium plant in Bilbao, Spain.

These factors also impacted revenue, leading to 9M 2019 revenues decreasing by 8% to €497m. However, Befesa was able to retain a stable EBITDA margin of 24%. Net profit remained at €61m (-3% yoy) while operating cash flow improved to €48m (+4% yoy).

At the same time, Befesa continued to execute all its growth projects as planned. The plant expansion in Turkey was completed on budget and time and production started in August. In South Korea, the construction of Befesa’s first washing plant in Asia is on track and production is expected to start in December. In China, Befesa’s expansion plans are progressing well with two plants in development simultaneously in the provinces of Jiangsu and Henan. The construction of the first steel dust recycling plant in Jiangsu is expected to be completed at the end of 2020. For the second plant in the Chinese province of Henan, ground-breaking is scheduled for the second week of November.

Considering the latest price environment for zinc and aluminium alloy and the sensitivities provided with Befesa’s initial guidance begin of the year, FY 2019 EBITDA is expected at around €160 million.

Javier Molina, CEO of Befesa, said: “Despite the lower earnings level expected for the full year, driven by a weaker metal price environment, we continue to deliver on our plans from the operational and growth point of view and are pleased with our progress. Our cashflow generation will enable us to fund our growth roadmap, pay an attractive dividend and maintain a reasonable leverage level.”

## Key figures

| in €m               | 9M 2019 | 9M 2018 | Change | Q3 2019 | Q3 2018 | Change  |
|---------------------|---------|---------|--------|---------|---------|---------|
| Revenue             | 496.6   | 539.1   | -7.9%  | 147.6   | 156.7   | -5.8%   |
| EBITDA              | 117.1   | 128.9   | -9.2%  | 37.0    | 40.0    | -7.5%   |
| Net profit          | 60.7    | 62.9    | -3.4%  | 18.8    | 18.0    | 4.5%    |
| EPS (€)             | 1.78    | 1.85    | -3.4%  | 0.55    | 0.53    | 4.5%    |
| Operating cash flow | 47.7    | 46.0    | 3.8%   | -1.0    | 9.3     | -111.0% |
| Net debt            | 438.9   | 417.5   | 5.1%   | 438.9   | 417.5   | 5.1%    |
| Leverage            | x2.7    | x2.4    |        | x2.7    | x2.4    |         |

## Webcast

Befesa will host a webcast on its third quarter 2019 results at 9 am CET on 31 October 2019. Further details, a replay and other events are available on the company's website: [www.befesa.com](http://www.befesa.com)

## Financial Calendar

The financial calendar for 2019 and 2020 is available in the Investor Relations / Investor's Agenda section on Befesa's website. For more information, please visit [www.befesa.com](http://www.befesa.com)

## About Befesa

Befesa is a leading international provider of critical environmental, regulated services to the steel and aluminium industries with facilities located in Germany, Spain, Sweden, France and the UK, as well as in Turkey and South Korea. Through its two business units, Steel Dust and Aluminium Salt Slags recycling services, Befesa manages and recycles more than 1,500kt of residues annually, with a production of more than 600kt of new materials, which Befesa reintroduces in the market, reducing the consumption of natural resources. Further information can be found on the company's website: [www.befesa.com](http://www.befesa.com)

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