



PRESS AND INVESTOR ANNOUNCEMENT

First quarter 2021 results

Befesa delivers best quarter in history and announces strong FY 2021 outlook

- Q1 2021 EBITDA of €48.8m, up 46% from Q1 2020 at €33.6m, delivering strongest quarter in the company's history
- Volumes at pre-COVID-19 levels with strong plant utilization levels at $\geq 90\%$
- High cash flows continued in Q1, leverage reduced back to x2.8 from x3.1 at year end
- China expansion on track: construction of first plant completed; commissioning in process; second plant on schedule for ramp-up in H2 2021
- Dividend distribution of €40m (€1.17 per share) proposed for 2021, equal to 84% of 2020 net profit
- Outlook: FY 2021 EBITDA expected to be between €165m and €190m, equal to 30 to 50% yoy growth

Luxembourg, 27 April 2021 – Befesa S.A. ("*Befesa*"), the leading provider of hazardous waste recycling services enabling the circular economy within the steel and aluminium industries, has delivered its strongest quarterly results in the company's history, with Q1 EBITDA of €48.8m, up 46% versus Q1 2020, supporting a positive business outlook for the rest of the year.

Befesa delivered high pre-COVID-19 plant utilization levels and benefited from a favorable market price environment in Q1 2021. Zinc LME prices averaged at €2,279/t in Q1 (up 18% yoy) and zinc reference treatment charges settled at \$159/t for full year 2021 (\$300/t in 2020), resulting in a combined price effect of ca. 41% yoy. Aluminum alloy FMB prices also recovered and were up 38% over the same period at €1,982/t. In Q1 2021, Befesa extended its hedging book further up to January 2024.

Operating cash flow increased by €18m yoy to €27m in Q1 2021. Befesa closed the quarter with cash on hand of €164m, up €9m from year end. Together with the entirely undrawn Revolving Credit Facility (RCF) of €75.0m, Befesa maintains a strong financial position of around €240m liquidity. Befesa's leverage ratio improved from x3.1 at year end back to pre-COVID levels of x2.8 on a L12M basis and x2.2 on a L6M basis.

Expansion in China has continued to progress on schedule and on budget. The construction of the first state-of-the-art EAF steel dust recycling plant in the Jiangsu province is complete, with commissioning in process. The construction of the second plant in the province of Henan is also progressing on schedule and expected to be completed after the summer of 2021, with ramp-up in H2 2021.

Looking ahead, Befesa expects to see continued recovery and growth in 2021, supported by the resilience of its business, robust cash management, and the execution of its expansion projects. More specifically:

- Befesa expects FY 2021 EBITDA to be between €165m and €190m, equal to 30 to 50% yoy growth
- Assumes volumes will continue to increase on the back of a moderate to a strong recovery from COVID-19 and corresponding capacity utilization levels of 85–95%
- Expects metal prices to be moderately lower or remain at the currently favorable Q1 2021 levels in H2 of this year

- China expansion expected to complete on schedule delivering commercial output in H2 2021
- Continued focus on cash management, expected to decrease net debt/EBITDA leverage from x3.1 at year end 2020 to c. x2.1 to x2.5 at year end 2021
- Board proposing a €40m dividend (€1.17 per share) at the Annual General Meeting (AGM), equal to 84% of 2020 net profit of €47.6m, equal to 50% on a two-year basis, at the upper end of Befesa's dividend policy.

Javier Molina, CEO of Befesa, said: "Today's quarterly results are our strongest ever, and give us confidence in the outlook for the rest of the year. Befesa is fully back on track and we remain very positive about our ability to deliver against our commitments, strategically and financially. Our focus for 2021 remains on excellent cash management while investing in organic growth and ramping up our new plants in China, the largest steel market globally. We are excited to continue contributing to the protection of the environment and delivering accelerated volume and earnings growth for our shareholders."

Following the publication of the 2020 Annual Report in March, Befesa today published its 2020 ESG Progress Update, which provides an insight into the performance achieved against the company's ESG performance indicators.

Key figures

in €m	Q1 2020	Q1 2021	Change
Revenue	179.0	192.6	+7.6%
EBITDA	33.6	48.8	+45.6%
Net profit	14.7	24.8	+68.7%
EPS (€)	0.43	0.73	+68.7%
Operating cash flow	8.4	26.5	Favorable
Net debt	422.6	394.7	-6.6%
Leverage	x2.82	x2.77	-x0.04

Webcast

Befesa will host a webcast on its first quarter 2021 results at 09:00 am CEST on 27 April 2021. Further details, a replay and other events are available on the Company's website: www.befesa.com

Financial Calendar

The AGM is scheduled for 30 June 2021. The financial calendar for 2021 is available in the Investor Relations / Investor's Agenda section of Befesa's website. For more information, please visit www.befesa.com

About Befesa

Befesa is a leading player in the circular economy, providing environmental, regulated services to the steel and aluminium industries with facilities located in Germany, Spain, Sweden, France, as well as in Turkey, South Korea and China. Through its two business units, Steel Dust and Aluminium Salt Slags recycling services, which are a critical part of the circular economy, Befesa manages and recycles around 1.5 million tonnes of residues annually, with a production of around 1.3 million tonnes of new materials,

which Befesa reintroduces in the market, reducing the consumption of natural resources. Further information is available on the Company's website: www.befesa.com

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