



## PRESS AND INVESTOR ANNOUNCEMENT

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### **Befesa to acquire American Zinc Recycling (AZR) to enter the US market and become a global leader in steel dust recycling**

- Befesa has signed the acquisition of 100% of AZR's recycling assets for a purchase price of \$450 million
- Befesa's total steel dust recycling capacity to increase by c. 40% to c. 1.7 million tonnes across 12 facilities in Europe, Asia and the US; becoming a global leader in steel dust recycling
- The transaction is highly accretive and will deliver strong shareholder returns, providing increased growth potential and near-term synergies
- Acquisition funded by capital increase from existing authorized capital and pre-approved term loan B add-on, maintaining Befesa's leverage ratio and continued financial strength
- Offering up to c. 5.9 million shares to institutional investors by way of an accelerated book building process commencing immediately
- The transaction also includes the acquisition of a 6.9% minority stake in AZR's zinc refining business for \$10 million, securing an option to acquire the remaining 93.1% stake if certain operational and financial milestones are met
- Transaction expected to close in Q3 2021

*Luxembourg, 16 June 2021* – Befesa S.A. ("*Befesa*"), a leading provider of hazardous waste recycling services enabling the circular economy within the steel and aluminium industries, today announced the signing of an agreement to acquire American Zinc Recycling Corp. ("*AZR*"), a US market leader in providing electric arc furnace steel dust (EAFD) recycling services. As part of the agreement, Befesa will acquire 100% of AZR's recycling assets for a purchase price of \$450 million and a minority stake in AZR's zinc refining business for \$10 million with the option to acquire the remaining business once certain operational and financial performance milestones have been fulfilled. Through the acquisition of AZR's recycling assets, Befesa will become a global leader in EAFD recycling with a balanced footprint across Europe, Asia and the US with 12 facilities offering c. 1.7 million tonnes of steel dust processing capacity per year.

Electric arc furnace (EAF) is a prevailing steelmaking method in the US, representing more than 70% of the total steel produced. As such, the US has one of the largest and growing markets of EAF steelmakers globally driven by the decarbonization trend. Headquartered in Pittsburgh, PA, AZR is a leading provider of environmental hazardous waste recycling services to the US steel industry with a processing capacity of c. 620,000 tonnes of EAFD per year. AZR operates four EAFD recycling plants located in South Carolina, Tennessee, Illinois and Pennsylvania, near the major US EAF steel mini-mills.

AZR also has a zinc refining facility in North Carolina, centrally located between AZR's recycling assets, which applies new solvent extraction technology to process Waelz Oxide (WOX) into special high-grade zinc (SHG). AZR's zinc refining business provides Befesa with a strategic vertical integration opportunity to support its EAFD recycling operations in the US. As part of this transaction, Befesa secured an option for the acquisition of the remaining 93.1% stake in AZR's zinc refining business for a total consideration of \$135 million, only upon fulfilment of two-phased operational and financial performance milestones

by the new refining plant, prior to 31 December 2023. The Sellers have a corresponding put option against Befesa. In addition, a potential earn-out of up to \$29 million would be paid by Befesa only in the case of outstanding performance achieved by the zinc refining plant at the time of the second milestone payment. The milestone consideration as well as the earn out will be payable in cash or Befesa ordinary shares at the option of the Sellers.

*Javier Molina, CEO of Befesa, said: "This transaction represents a great step forward in executing our strategy and in accelerating our growth globally. It brings together the two most established leaders in our respective markets to create a global EAFD recycling leader under the Befesa name. The terms of the deal are very attractive for all stakeholders and reflect our commitment to excellent capital allocation and cash management while diversifying the highest margin business unit and improving Befesa's overall profitability. We are excited to continue contributing to the protection of the environment and delivering accelerated volume and earnings growth for our shareholders, with a globally well-balanced footprint across Europe, Asia and the US."*

The acquisition will be financed through a capital increase of up to 5,933,293 new ordinary shares from the existing authorized capital and a term loan B (TLB) add-on of €90 million, maintaining Befesa's leverage ratio at similar levels post acquisition. The new shares will be offered to institutional investors in a private placement by way of an accelerated book building process that will commence immediately after the publication of this announcement. The TLB add-on process will be launched tomorrow with commitments being due on 28 June 2021. For more information, please refer to the ad hoc announcement issued today.

The transaction is expected to close in Q3 2021, subject to antitrust approval and other customary closing conditions. Citigroup is acting as global coordinator and sole bookrunner for the private placement of the New Shares.

### **Webcast**

Befesa will host a webcast to provide further information on the transaction at 10:00 am CEST on 17 June 2021. Further details, a replay and other events are available on the Company's website: [www.befesa.com](http://www.befesa.com)

Separately, on 18 June 2021 Befesa will host a lender presentation to provide further information to its term loan B lenders at 11:00 am CEST.

### **Financial Calendar**

The AGM and EGM are 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](http://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](http://www.befesa.com)

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