BEFESA

PRESS ANNOUNCEMENT

Full Year 2017 Results:

Befesa focuses on organic growth after record year 2017

- 2017 results: revenue of EUR 725mn (+18%), adj. EBITDA[1] of EUR 172mn (+30%, 24% margin), adj. EBIT[1] of EUR 144mn (+39%, 20% margin)
- Throughput volumes at new record levels across both core segments
- Resilient, low-risk growth through continued strong cash flow, reduced leverage and extended hedging program
- Earnings growth to continue in 2018: expected single-digit growth as capacity remains stable, Turkey taken offline in Q4 2018 to expand capacity

Luxembourg, 15 March 2018. Befesa S.A. *("Befesa"),* the European market leader for steel dust and aluminium salt slags recycling services, expects to grow earnings in 2018 at single-digits following the record 2017 performance. In the financial year 2017, Befesa significantly grew its revenue by 18% to EUR 725mn. Adjusted EBITDA developed in line with Befesa's IPO-guidance, growing 30% to EUR 172mn, while adjusted EBIT increased even more significantly to EUR 144mn, up 39% compared to the previous year. Margins were at 24% and 20% respectively. Befesa finished 2017 with a Net Income of EUR 49mn (prior year: Net Loss EUR 53mn).

Javier Molina, CEO of Befesa, said: "After concluding 2017 with record results across our segments, Befesa is looking forward to continued success in 2018. As we implement our next set of organic growth initiatives, including the capacity increase in our plant in Turkey during the fourth quarter, we will continue our company's successful development in 2018 and beyond."

In 2017, Befesa delivered a strong net Cash Flow from Operating Activities[2] of EUR 91mn (prior year: EUR 56mn), with new record volumes in both core segments. The positive growth momentum is expected to continue in 2018. Befesa furthermore entered into a new financing agreement which became effective on 7 December 2017, replacing the outstanding PIK, HY Bond and other financial facilities. Together with strong cash generation, the company improved its Net Debt[3] / adjusted EBITDA leverage to x2.4 at the end of 2017 (versus x3.5 at year-end 2016).

The company also expanded its disciplined hedging program, extending zinc hedges to year-end 2020. In 2017, Befesa hedged 73kt of zinc (59% of zinc equivalent output volume) at EUR 1,876 per ton and sold an additional 51kt (41% of zinc equivalent output volume) at an average market price of EUR 2,572 per ton. This resulted in a blended average zinc price per ton of EUR 2,160. For 2018, Befesa has extended its zinc hedges to 92kt (approximately 70% of expected total zinc equivalent output volume) at EUR 2,051 per ton. Using the 2017 average LME market price of EUR 2,572 for 2018 for the remaining unhedged approximately 30% volume, the blended average 2018 zinc price would be EUR 2,207 per ton. For 2019 and 2020, Befesa has hedged 92kt each year at EUR 2,306 and EUR 2,245 per ton respectively.

Befesa's strategy for growth initiatives in 2018 includes increasing capacity in the Steel Dust Services segment in Turkey and construction of a washing plant for the Waelz oxide in South Korea. In the Aluminium Salt Slags Services segment, Befesa is upgrading the furnaces at its Barcelona and Bilbao plants as well as expanding capacity at its Hanover plant.

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[1] Adjusted EBITDA and adjusted EBIT excludes one-off effects including IPO and other one-time related non-recurring expenses
[2] Note Total Free Cash Flow measured as Adjusted EBITDA +/- Change in Working Capital – Maintenance CapEx – Taxes is approximately €133mn for the full year 2017.
[3] Net debt as of December 31, 2017 amounted to approximately EUR 406mn

NOTE

The full annual report and earnings presentation for analysts and investors is available on Befesa's Investor Relations website (http://www.befesa.com/web/en/informacion_inversores/informes-presentaciones/index.html). Befesa will hold its Annual General Meeting on 26 April 2018 in Luxembourg. First quarter results will be available on 24 May 2018.

Key Figures

(€ million, unless specified otherwise)

	Full year period ended Dec. 31,		
	2017	**2016**	**Change in %**
Revenue (1)	724.8	611.7	18.5%
EBITDA (2)	153.0	128.8	18.8%
Adjusted EBITDA (3)	172.4	132.8	29.9%
Adjusted EBITDA margin (%) (3)	23.8%	21.7%	2.1 p.p.
EBIT (4)	122.4	84.3	45.2%
Adjusted EBIT (5)	143.9	103.4	39.2%
Adjusted EBIT margin (%) (5)	19.9%	16.9%	3.0 p.p.
Financial result	(48.2)	(49.8)	-3.2%
Income before taxes and minority interests	74.2	34.5	115.2%
Net income (real, non-adjusted)	49.3	(52.9)	-193.1%
Diluted earnings per share from continuing operations (€)	0.87	(2.25)	-138.7%
Total assets	1,010.1	1,028.8	-1.8%
Capital expenditures (6)	27.1	37.3	-27.4%
Cash flow from operating activities	91.5	56.1	63.3%
Cash and cash equivalents at the end of the period	117.6	62.0	89.6%
Net debt	406.4	466.1	-12.8%
Leverage (7)	2.4 x	3.5 x	
Number of employees (as of December 31)	1,107	1,220	-9.3%

Notes on Non-IFRS Measures (Alternative Performance Measures):

This Annual Report includes Alternative Performance Measures (APMs), including EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, EBIT, Adjusted EBIT, Adjusted EBIT margin, net debt and capital expenditures which are not measures of liquidity or financial performance under International Financial Reporting Standards (IFRS). These non-IFRS measures should not be considered in isolation or as an alternative to results from operating activities, cash flow from operating, investing or financing activities, or other financial measures of our results of operations or liquidity derived in accordance with IFRS. We include APMs in this report because we believe that they are useful measures of our performance and liquidity. Other companies, including those in our industry, may calculate similarly titled financial measures differently than we do. Because all companies do not calculate these financial measures in the same manner, our presentation of such financial measures may not be comparable to other similarly titled measures of other companies. These APMs are not audited. A reconciliation of EBITDA, Adjusted EBITDA, and Adjusted EBIT to our IFRS operating result (EBIT) is presented on pages 116 to 119 of the annual report.

(1) Revenue figures are compiled from our accounting records and are unaudited figures.

(2) EBITDA has been calculated based on operating result, adding back charges taken for amortization/depreciation, impairments and provisions.

(3) Adjusted EBITDA is calculated by adjusting EBITDA to account for the impact of one time effects (including holding and restructuring effects). Adjusted EBITDA margin is calculated as the ratio of Adjusted EBITDA to Revenue.

(4) EBIT is equal to operating result as shown in the consolidated income statement. Our operating result is the closest reconcilable line item presented in the financial statements to EBITDA, Adjusted EBITDA and Adjusted EBIT.

(5) Adjusted EBIT has been calculated based on the reported operating result adjusted for holding, restructuring and other one-time effects. Adjusted EBIT margin is calculated as the ratio of Adjusted EBIT to Revenue.

(6) Capital expenditure includes maintenance capital expenditures, growth capital expenditures, and expenditures for IT, productivity, compliance and other. Figures are based on our accounting records and may deviate from cash expenses actually incurred.

(7) Leverage calculated as Net Debt / Adjusted EBITDA.

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, the UK, Turkey and South Korea. Through its two business units, Steel Dust and Aluminium Salt Slags recycling services, Befesa manages and recycles more than 1,300kt 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

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