



## PRESS AND INVESTOR ANNOUNCEMENT

First half 2019 results

### **Befesa slows H1 performance due to capacity upgrade in Turkey and lower price environment, while continuing its global expansion**

- H1 2019 EBITDA at €80m, down 10% yoy, mainly due to capacity expansion works in Turkey, accounting for approx. €8m variance, as well as a challenging price environment
- Turkish plant expansion continuing as planned, with operations expected to recommence in August
- Asia expansion on track: construction underway in Jiangsu and ground breaking scheduled for Q4 in Henan, Korean zinc oxide washing plant planned for completion in Q4
- Hedges extended further into Q3 2021, providing extended earnings predictability and refinanced capital structure with maturity up to 2026, 7 years
- Leverage stable at x2.2

*Luxembourg, 25 July 2019* – Following scheduled temporary shutdowns due to capacity increases and maintenance works, Befesa S.A. ("*Befesa*"), the European market leader for steel dust and aluminium salt slags recycling services, expects to achieve a stronger second half of the year. During the first half of the year, earnings decreased by 10%, largely driven by the temporary decrease in treated volume of steel dust from planned capacity upgrade works in Turkey, accounting for approx. €8m of the €8.8m H1 yoy in EBITDA variance. In addition, the scheduled maintenance works in other plants, higher industry-wide Treatment Charges and lower zinc (-10% compared to H1 2018) and aluminium alloy (-20% compared to H1 2018) market prices affected earnings. These were largely offset with better hedged zinc prices, recovered stainless steel operations and higher efficiency furnaces in 2<sup>nd</sup> Alu, delivering results for Befesa.

These factors also impacted revenue, leading to first half 2019 revenues decreasing by 8.7% to €349m. However, Befesa was able to retain a stable EBITDA margin of 23%. By the end of Q2 2019, Befesa's net debt leverage remained at the same level as the previous quarter at x2.2.

At the same time, Befesa continued to execute all its growth projects as planned. The plant expansion in Turkey is expected to be finalised in August, with cold commissioning having started in July and operations expected to resume fully in August. In South Korea, Befesa's new zinc oxide washing plant is progressing as planned, with the ramp-up of operations targeted for the end of 2019. Meanwhile in the Aluminium Salt Slags segment, the final phase of upgrading Befesa's aluminium furnaces in Spain is scheduled for Q3 2019.

In China, Befesa's two plants are progressing in parallel. In Jiangsu province, construction of the plant has started and ramp-up is planned for H2 2020. In Henan, following signing of the agreement with local authorities in Changge Dazhou Industrial Cluster in XuChang City, Befesa expects ground breaking in Q4 2019 and ramp-up during H1 2021.

Javier Molina, CEO of Befesa, said: "We are executing all of our organic and greenfield growth projects in Turkey, South Korea, Spain and China as planned. Despite the challenging price environment, we are delivering the results we expected from an operational point of view. We're on track and remain very positive about the future growth of the company."

Befesa completed the refinancing of the existing capital structure on 9 July in a leverage neutral transaction that extends Befesa's debt maturity to June 2026 with a 7-year tenor and covenant-lite term loan B at attractive interest rates. Further flexibility was built in through increased baskets to accommodate the funding of Befesa's growth roadmap, including its China expansion.

Also, during Q2, zinc hedges were extended by three months to cover up to October 2021 at similar average hedge prices as contracted during the first half of 2021 at ~€2,200 per tonne.

On 6 June 2019, Triton fully divested its remaining stake in Befesa. After this transaction, Befesa's free-float increased to 100%.

On 19 June 2019, Befesa held its Annual General Meeting (AGM) in Luxembourg. The AGM approved a dividend of €1.32 per share which was distributed on 3 July 2019.

### Key figures

in €m	H1 2019	H1 2018	Change	Q2 2019	Q2 2018	Change
Revenue	349.0	382.4	-8.7%	169.9	187.0	-9.1%
EBITDA	80.1	88.9	-9.9%	37.1	44.3	-16.4%
Net profit	41.9	44.8	-6.6%	19.8	23.1	-14.5%
EPS (€)	1.23	1.32	-6.6%	0.58	0.68	-14.5%
Operating cash flow	48.8	36.7	32.8%	31.1	26.8	16.1%
Net debt	373.1	424.1	-12.0%	373.1	424.1	-12.0%
Leverage	x2.2	x2.4		x2.2	x2.4	

### Webcast

Befesa will host a webcast on its first half 2019 results at 9 am CEST on 25 July 2019. Further details, a replay and other events are available on the company's website: [www.befesa.com](http://www.befesa.com)

### Financial Calendar 2019

The financial calendar for 2019 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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