



## PRESS AND INVESTOR ANNOUNCEMENT

Preliminary full year 2018 results

### **Befesa delivers €176m of EBITDA and increases net profit by 83% to €90m in 2018**

- Record volumes in steel dust and aluminium salt slags recycling services
- FY 2018 EBITDA increases 2.1% to €176m, at the upper end of last 2018 guidance
- Net profit at €90m, significantly up 83% yoy
- Strong dividend increase up to €1.32 per share proposed
- Leverage reduced to new low of x2.1 reflecting strong cash generation
- Expansion plans, including China, on track
- Continued earnings growth expected for 2019

Luxembourg, 26 February 2019 – Befesa S.A. (“Befesa”), the European market leader for steel dust and aluminium salt slags recycling services, delivered a record year in 2018 increasing both EBIT and EBITDA by 2.1%. FY net profit was up significantly by 83% to €90m, corresponding to earnings per share (EPS) of €2.65, on the back of Befesa’s new capital structure which decreased financial expenses by around 60%. Strong cash generation reduced net debt to below €400m at €377m, resulting in a new low leverage of x2.1. Befesa is proposing to pay a dividend of 50% of net profit corresponding to €1.32 per share.

In the financial year 2018, Befesa increased its comparable revenue by 8% to €720m, mainly due to increased volumes recycled in both core segments. Volumes in the steel dust recycling business increased 9% over the period, driven mainly by the increased utilisation of the plant in South Korea, full utilisation of the plant in Turkey and continued high load levels in Befesa’s European plants. In the salt slags recycling business, salt slags and spent pot linings (SPL) volumes grew by 1% yoy to a new record capacity utilisation of 98% in 2018. Consolidated EBITDA grew by 2.1% to €176m and EBIT increased by 2.1% to €147m, achieving margins of 24% and 20% respectively.

Q4 was the strongest quarter in 2018 as revenues increased by 7% to €181m. This was primarily driven by higher volumes of steel dust and aluminium salt slags and partially offset by lower volumes in secondary aluminium, due to the installation of more efficient furnaces in Befesa’s Spanish plants. Q4 EBITDA increased by 1.9% to €47m and EBIT increased by 3.2% to €39m yoy, mainly driven by higher volumes and partially offset by lower LME zinc and aluminium prices.

By the end of 2018, Befesa reduced its net debt leverage to a new low of x2.1 compared to x2.4 at the end of 2017, triggering additional interest rate reduction to Euribor+225bps compared to Euribor +275bps at the end of 2017. In 2018, Befesa delivered strong net cash flow from operating activities of €104m, up 13% compared to €92m during the previous year. Cash on hand at the end of 2018 stood at €151m, up by €33m from €118m at the end of 2017.

*Javier Molina, CEO of Befesa, commented: “We are very pleased with the results achieved in 2018 – our first full year on the Frankfurt Stock Exchange. We have delivered strong financial and strategic progress in a challenging environment, with zinc prices decreasing 25% over the course of the year. We significantly increased net profit, delivering for our shareholders and setting us up to continue our successful growth roadmap. 2019 will be a very important year for Befesa as we expect to continue to grow earnings and achieve key milestones on our expansion initiatives, especially in China.”*

For 2019, Befesa expects to continue growing EBITDA, mainly driven by improved zinc price hedging which could be limited by unfavourable increases in zinc treatment charges. The increase in earnings combined with decreasing interest costs is expected to result in improved net profit and EPS. The capital expenditures dedicated to growth projects are expected to be around €75m in 2019, including the majority of the construction costs for the announced first plant in China. Befesa expects its financial leverage to remain stable in 2019 at approximately current levels.

The first plant that Befesa is developing in the Jiangsu province in China is designed to recycle 110,000 tons of electric arc furnace (EAF) dust per year. The construction is expected to start towards the end of Q2 2019 and the ramp-up of operations is expected during the second half of 2020.

### Key figures

in €m	Q4 2017	Q4 2018	Change	FY 2017	FY 2018	Change
Revenues	169.3	181.0	6.9 %	667.4	720.1	7.9%
EBITDA	46.2	47.1	1.9%	172.4	176.0	2.1%
EBIT	37.9	39.1	3.2%	143.9	147.0	2.1%
Net Profit	11.6	27.3	136%	49.3	90.2	83.1%
EPS (€)	0.31	0.80	>100%	1.02	2.65	>100%
Operating Cash Flow	37.6	57.8	53.8%	91.5	103.8	13.4%
Net Debt	406.4	376.8	(7.3%)	406.4	376.8	(7.3%)
Leverage	x2.4	x2.1	(x0.3)	x2.4	x2.1	(x0.3)

### Notes

All 2018 figures reported in this press release are unaudited and represent preliminary figures. 2017 figures for revenues are stated on a comparable basis after IFRS 15 amendment. 2017 EBITDA and EBIT are stated on an adjusted basis. Net profits shown are attributable to Befesa S.A. excluding non-controlling interests.

### Webcast

Befesa will host a webcast on its preliminary full year 2018 results at 10am CET on 26 February 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

Befesa plans to publish its 2018 full-year financial results on 21 March 2019. The Annual General Meeting is scheduled for 19 June 2019 and will be held in Luxembourg. 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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