



PRESS AND INVESTOR ANNOUNCEMENT

First half 2021 results

Befesa reports record H1 EBITDA of €94m, up 70% versus 2020

- H1 2021 EBITDA grew by 70% to the highest recorded level of €94m, up €39m yoy; up 18% or €14m compared to H1 2019
- Record liquidity with €197m cash and improved leverage of x2.2 at H1
- China expansion on track: Plant in Jiangsu in trial production, whilst second plant in Henan is progressing on time and budget with completion scheduled in Q4
- American Zinc Recycling Corp ("AZR") acquisition signed on June 16, with closing expected to take place in August
- Outlook for the remainder of the year remains very positive. Full year guidance for 2021 will be updated after the closing and consolidation of the AZR acquisition

Luxembourg, 29 July 2021 – Befesa S.A. ("*Befesa*"), the global market leader for steel dust and aluminium salt slags recycling services, reported another set of record-breaking financial results for H1, with expansion plans progressing well in China and the US. The Company reported H1 EBITDA of €94m, representing an increase of 70% compared to the previous year as well as 18% or €14m up vs. H1 2019; this underlines the sustained recovery since the COVID-19 induced lows of last year. Q2 stands at EBITDA of €45.3m, more than double at 109% or up €23.6m compared to Q2 2020. The outlook for 2021 remains very positive, annualized H1 and expected strong H2 indicate full year numbers should be at the upper end of the guidance range. Furthermore, Befesa intends to update its guidance after closing and consolidating the AZR acquisition, as part of its Q3 reporting cycle.

Plant utilization levels continued in Q2 at solid pre-COVID levels at $\geq 90\%$, especially considering that multiple of the scheduled annual plant maintenance overhauls were conducted in Q2 2021. Metal prices for both zinc and aluminium continued in Q2 approximately at the favorable Q1 levels (Zinc LME prices averaged at €2,418/t in Q2 and aluminum alloy FMB prices at €1,945/t).

Operating cash flow grew by more than six times yoy to €70m in H1 2021. Befesa closed the period at a record €197m cash on hand, supporting enhanced credit ratings from Moody's, now at "Ba2 stable", and S&P, upgraded to "BB+ stable". This reinforces Befesa's financial strength and highlights the success of management's prudent cash management and discipline through the cycle. Leverage improved from x3.10 at year-end 2020 to x2.24 at Q2 close, triggering the next ratchet, reducing Befesa's term loan B (TLB) interest rate from 2% to 1.75%.

Befesa's expansion in China has continued to progress on schedule and budget. The state-of-the-art electric arc furnace steel dust (EAFD) recycling plant in the Jiangsu province is now complete and in trial production mode, whilst the plant in Henan is progressing on budget and time for completion in Q4 2021.

In the US, as announced on 16 June, Befesa has agreed to acquire 100% of AZR's recycling assets for a purchase price of \$450m and a minority stake in its zinc refining business for \$10m, with an option to acquire the remaining business once certain operational and financial performance milestones are fulfilled. This is a significant milestone for Befesa as AZR is a US market leader in providing EAFD recycling services, and the transaction represents a great step forward in accelerating Befesa's growth globally. The deal is expected to close in August 2021 and is financed through a capital increase of new

ordinary shares from the existing authorized capital of €332m and a TLB add-on of €100m, maintaining Befesa's leverage ratio at similar levels post acquisition.

Javier Molina, CEO of Befesa, commented: "We have built on the success of Q1 and delivered our strongest first half results on record. In the past six months, we have made significant progress operationally and financially, with targeted expansion and financial prudence paving the way for future growth in new and existing markets. Our focus remains on rigorous cash management while investing in growth, organically and inorganically. I am confident that our approach will continue to allow Befesa to play a significant role in protecting the environment and improving the sustainability of the steel and aluminium industry, while also delivering accelerated earnings growth to our shareholders. Our outlook for the remainder of the year remains very positive and after the closing and consolidation of the AZR acquisition we will update our full year guidance for 2021."

Key figures

in €m	H1 2020	H1 2021	Change	Q2 2020	Q2 2021	Change
Revenues	301.2	384.2	27.6%	122.2	191.6	56.8%
EBITDA	55.3	94.1	70.4%	21.7	45.3	108.7%
Net profit	20.6	45.6	121.6%	5.9	20.8	253.7%
EPS (€)	0.60	1.32	118.7%	0.17	0.60	249.0%
Operating cash flow	11.2	70.2	Favorable	2.8	43.7	Favorable
Net debt	423.5	371.4	-12.3%	423.5	371.4	-12.3%
Leverage	x3.1	x2.2		x3.1	x2.2	

Notes:

The cash position of €196.6 million at 30 June 2021 is based on the reported €527.2 million adjusted for the €330.6 million of net funds raised through the capital increase in connection with the AZR acquisition signed on 16 June 2021.

Net debt and leverage figures at 30 June 2021 are based on the adjusted cash position of €196.6 million.

EPS in H1/Q2 2020 is based on 34,066,705 shares, whilst in H1/Q2 2021 is based on 34,525,634 weighted average shares after the capital increase of 5,933,293 new shares to partly fund the AZR acquisition. The number of shares as at 30 June 2021 is 39,999,998 (34,066,705 at 31 December 2020).

Webcast

Befesa will host a webcast on its half year 2021 results at 9:00 am CEST on 29 July 2021. Further details, a replay and other events are available on the Company's website: www.befesa.com

Financial Calendar 2021

The financial calendar for 2021 is available in the Investor Relations / Investor's Agenda section on 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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