



Befesa achieves record Q3 earnings and strong growth

The company has benefited from its acquisition of American Zinc Recycling within the third quarter of the year.

October 28, 2021



Posted by Megan Smalley (/author/12442)

[International Recycling News \(/news/category/International-Recycling-News\)](/news/category/International-Recycling-News)

Luxembourg-based Befesa S.A., owner of Pittsburgh-based American Zinc Recycling LLC (AZR), has reported continued strong performance on record earnings levels for the third quarter of the year, delivering what it calls strong growth year over year. The company reports that its growth also is above its 2019 earnings figures.

According to the company's latest earnings report, it made what it calls significant progress in China and the U.S.

Befesa's third-quarter adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) was at 42.7 million euros (or almost \$49.9 million) compared with 29.3 million euros (or about \$34.2 million) in the same quarter last year, which is a 46 percent increase. EBITDA also was 15 percent higher than what the company had achieved in the third quarter of 2019.

Befesa (<https://www.befesa.com/>) reports that its year-to-date growth has strengthened—the company achieved adjusted EBITDA of 136.8 million euros (or \$159.8 million) in the first nine months of the year, up by 52 million euros or 62 percent compared with adjusted EBITDA for the first nine months of 2020 and up 17 percent compared with the first nine months of 2019. The company attributes its year-over-year positive earnings development to strong base metals prices and good volume performance. Overall, Befesa reports that plant utilization was solid at pre-pandemic levels, with steel dust at more than 80 percent and aluminum salt slags and spent pot linings at or above 90 percent.

Within the quarter, Befesa successfully acquired AZR (<https://www.recyclingtoday.com/article/befesa-american-zinc-recycling-acquisition-usa-eaf-steel-mill-dust/>). The company renamed that acquired U.S. operation as Befesa Zinc US and appointed Rodrigo Daud as CEO and president of that business unit. Befesa Zinc US is a large provider of electric arc furnace (EAF) dust recycling services, and the company says that business is contributing to its operations as expected and is accelerating the expansion of its global footprint.

Befesa adds that its developments in China are continuing on target and budget, with the official opening event for the first state-of-the-art steel dust recycling plant in Changzhou in China's Jiangsu province scheduled for mid-November. The construction of Befesa's second plant, based in Xuchang in China's Henan province, also is on target, with construction to be completed by the end of the year and commissioning scheduled for the first half of 2022.

Javier Molina, CEO of Befesa, says the third quarter was "exciting" for the company with the global expansion in the U.S. and China. He says, "Our improved full-year guidance of around 195 million euros EBITDA now incorporates the contribution from Befesa Zinc U.S. and highlights our confidence to deliver 2021 at the highest earnings levels. 2021 positions us very well to further accelerate our growth path globally. We are focused on continuing to actively protect the environment by providing environmental services to existing and new customers in the steel and aluminium industries around the world. Finally, we would like to thank our shareholders for their continued support."

Befesa manages and recycles more than 2 million metric tons of residues annually, with a production of about 1.5 million metric tons of new materials.