



PRESS AND INVESTOR ANNOUNCEMENT

First quarter 2022 results

Befesa delivers record €61m EBITDA up +25% in Q1 and guides towards strong full-year growth, despite volatile market environment

- Q1'22 adjusted EBITDA at record €61.1m, +25% or +€12m yoy (Q1'21: €48.8m)
- US operations delivering as planned, driving progress on integration and synergies
- China expansion on track: First plant in Jiangsu in commercial production and selling Waelz Oxide (WOX) at high-capacity loading; Second plant in Henan ramping up in Q2 with commercial output in H2
- Capacity utilisation and volumes continued at high pre-pandemic levels
- Net leverage improved further to x2.13, down from x2.16 at YE'21; Continued strong liquidity of more than €300m including record €237m cash on hand
- Dividend distribution of €50m (€1.25/share) proposed for FY'22, equal to 50% of FY'21 net profit
- Outlook: FY'22 EBITDA expected to be between €220m and €270m, +11 to +37% yoy growth

Luxembourg, 26 April 2022 - Befesa S.A. ("*Befesa*"), the leading provider of hazardous waste recycling services enabling the circular economy within the steel and aluminium industries, has delivered its strongest quarterly results in the Company's history, with Q1 adjusted EBITDA of €61.1m (+25% versus Q1 2021) supporting a positive business outlook for the financial year 2022.

The yoy positive earnings development in Q1'22 was primarily driven by the strong base metal prices and good volume performance. This included the contribution from US zinc operations and initial volume from the first China plant, more than offsetting energy inflation and higher zinc treatment charges (TC) considered at \$230/t. Overall plant utilisation was high at pre-pandemic levels, with Steel Dust at around 88% and Aluminium Salt Slags & SPL at around 80%. Zinc LME prices averaged at €3,337/t in Q1 (up 46% yoy); Zinc TC were considered at \$230/t with escalators retroactively from Jan'22 and for full year 2022 (2021: \$159/t). Aluminium alloy FMB prices also traded at the highest levels on record and were up 33% over the same period at €2,627/t.

During the first three months of 2022, Befesa continued its hedging rigour and sold further zinc volume forward, up to and including January 2025.

Befesa closed the quarter with record cash on hand of €237m, up €13m from year end. Together with the entirely undrawn Revolving Credit Facility (RCF) of €75m, Befesa maintains a strong financial position of more than €300m liquidity. Befesa's net leverage ratio further improved to x2.13 (from x2.16 at YE'21).

Befesa's expansion in China continued to progress while managing COVID restrictions: The first plant in Jiangsu has been in commercial production since Dec'21, selling WOX. The commissioning of the second plant in Henan started in January 2022; ramp up is expected in Q2 with the first commercial output scheduled for H2.

Looking ahead, Befesa expects to deliver double-digit earnings growth again in 2022, driven by the execution of its expansion projects and supported by the resilience of its business, diversified global footprint and robust cash management. More specifically:

- Befesa expects FY'22 EBITDA between €220m and €270m, delivering +11 to +37% yoy growth; the midpoint of €245m is aligned with the annualised Q1 €61.1m quarterly run rate
- The wide guidance range is mainly driven by market (volume), energy and base metal price volatility
- Continuing to fund the global expansion Befesa expects total capex of €55m to €65m
- Total cash flow is expected to be within an approximately €40m to €80m range, further decreasing net leverage at or below x2 and below x1.75 by YE'22

- Board proposing a €50m dividend (€1.25 per share) at the Annual General Meeting (AGM), equal to 50% of FY'21 net profit of €99.7m, at the upper end of Befesa's dividend policy.

Javier Molina, CEO of Befesa, said: "Our customers and our company face a market environment of very high volatility. Befesa fortunately entered this challenging year in the best financial and strategic shape. Our key growth initiatives in the US and China are delivering. Our conservative hedging approach and long-term capital structure safeguard the proposed dividends and funding of our growth roadmap. As a result, even in this volatile environment, we expect to achieve between +11 and 37% yoy growth and deliver another record year to our shareholders. We continue to work diligently on expanding our state-of-the-art environmental service solutions and contributing to protecting the environment."

Following the publication of the 2021 Annual Report in March and the publication of the Q1 2022 results, Befesa will publish its 2021 ESG Report in Q2 2022, including disclosures on taxonomy eligibility. The report will also define Befesa's 2030 and 2050 CO₂ reduction plan.

Key figures

in €m	Q1 2021 ¹⁾	Q1 2022	Change
Revenue	192.6	261.4	+35.7%
Adjusted EBITDA	48.8	61.1 ²⁾	+25.1%
Net profit	24.8	27.0	+8.9%
EPS (€) ³⁾	0.73	0.67	-7.2%
Operating cash flow	26.5	25.7	-3.0%
Net debt	394.7	473.5	+20.0%
Net leverage	x2.77	x2.13	-x0.64

1) Q1 2021 as reported; AZR acquisition closed and consolidated only from mid-Aug '21 onwards

2) Q1 2022 EBITDA was adjusted for €1.1m AZR acquisition-related costs

3) Q1 2021 with 34,066,705 and Q1 2022 with 39,999,998 outstanding shares. 5,933,293 shares were emitted to partially fund the acquisition of AZR.

Webcast

Befesa will host a webcast on its first quarter 2022 results at 9:00 am CEST on 26 April 2022. Further details, a replay and other events are available on the Company's website: www.befesa.com

Financial Calendar

The AGM is scheduled for 16 June 2022 and will be held virtually. The financial calendar for 2022 is available in the Investor Relations / Investor's Agenda section of 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, China and the US. 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 more than 2 million tonnes of residues annually, with a production of around 1.5 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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