



## PRESS AND INVESTOR ANNOUNCEMENT

First half 2022 results

### **Befesa continues to deliver with +25% yoy EBITDA growth and €118m in H1, despite volatile market environment**

- H1'22 adjusted EBITDA at record €118m, +25% or +€24m yoy (H1'21: €94m); Q2'22 adjusted EBITDA at €57m, +26% yoy (Q2'21: €45m)
- Record cash on hand at €239m & >€300m liquidity; net leverage further reduced to x2.09
- US operations delivering as planned, driving progress on integration and synergies
- China expansion: Progress continued with operational disruptions due to COVID managed; Working on new projects
- Finalising new 5-year Sustainable Global Growth Plan (SGGP) with details to be shared at Capital Markets Day in Q4

*Luxembourg, 28 July 2022* - Befesa S.A. ("*Befesa*"), the leading provider of hazardous waste recycling services enabling the circular economy within the steel and aluminium industries, reported another set of strong double-digit earnings growth. Befesa delivered adjusted EBITDA of €118.0m in H1'22 (H1'21: €94.1m) and €56.9m in Q2'22 (Q2'21: €45.3m), representing an increase of 25% and 26% yoy respectively. The yoy positive earnings development in H1'22 and Q2'22 was primarily driven by good volume performance in Steel Dust, including the contribution from the US zinc operations. The yoy higher base metal prices offset the energy inflation and higher zinc treatment charges (TC) at \$230/t.

Overall plant utilisation levels remained high, with both Steel Dust and Aluminium Salt Slags at around 80%. Despite the recent decreases, base metal prices remain strong compared to last year's levels: Zinc LME prices averaged at €3,510/t in H1'22 and €3,683/t in Q2'22, up 49% and 52% yoy, respectively; Zinc TC were considered at \$230/t with price escalators applied retroactively from Jan'22 and for full year 2022 (2021: \$159/t). Aluminium alloy FMB prices averaged at €2,558/t in H1'22 and €2,488/t in Q2'22, up 30% and 28% yoy, respectively.

During Q2'22, Befesa continued its hedging rigour and sold further zinc volume forward. Befesa's hedge book is now fully extended up to Jan'25 at the latest hedging volume run rate or around 38,000 tonnes of zinc sold forward per quarter or around 152,000 tonnes per year.

Befesa closed Q2'22 with record cash on hand of €239m, up €15m from year-end 2021. 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 x2.09 (from x2.16 at year-end 2021).

With regard to Befesa's credit ratings, on 9 June, Moody's improved its outlook to 'positive' from 'stable', and affirmed its 'Ba2' rating. On 22 June, S&P maintained the 'BB+', outlook stable' rating. This reinforces Befesa's financial strength and highlights the success of management's prudent cash management and discipline through the cycle.

Befesa's expansion in China continued to progress while the company managed operational disruptions due to COVID: The first plant, in Jiangsu, is in commercial production and has >80% of EAFD contracted with customers but supply and operations are COVID-constrained. The commissioning of the second plant, in Henan, is being prolonged due to COVID constraints with ramp-up expected to be finalised in H2. Befesa continues to work on new projects and further expansion.

On 29 June 2022, Befesa published its ESG Report 2021 including climate goals and EU Taxonomy eligibility disclosures. Using a CO<sub>2</sub> holistic approach, Befesa prevents >2.4 mtpa CO<sub>2</sub>eq and, furthermore, is committed to 20% CO<sub>2</sub> emission intensity reduction by 2030. The ESG Report 2021 can be downloaded through the following [link](#)

Javier Molina, Executive Chair of Befesa, commented: “In H1, we continued to deliver 25% yoy EBITDA growth in a challenging market environment. In the medium to long term, decarbonisation and electric vehicles are favourable trends for the secondary steel and aluminium markets, benefitting our customers. Our environmental services are a key enabler of this transition. We have enhanced our organisational structure and are finalising our 5-year Sustainable Global Growth Plan to seize these opportunities. We are looking forward to sharing this globally-balanced investment programme of around €500m with our shareholders and analysts at our Capital Markets Day in Q4.”

### Five-year Sustainable Global Growth Plan (SGGP) and Organisational Changes

As part of the SGGP, Befesa aims to invest around €500m in growth projects to seize the opportunities that decarbonisation and the growing electric vehicle trends are generating in the steel and aluminium industries.

This investment programme represents the largest in Befesa’s history after the acquisition of AZR in August 2021, and will enable Befesa to target double-digit earnings growth on average over the next five years, from 2022 to 2027, globally balanced across Asia/China, the US and Europe. The investment programme is expected to be organically funded while keeping Befesa’s net leverage at moderate levels.

The changes in Befesa’s organisational structure announced on 12 July are intended to seize this ambitious growth plan. In particular, Javier Molina was appointed Executive Chair and Asier Zarraonandia CEO of Befesa.

Befesa plans to hold a **Capital Markets Day** in Q4 2022 to share the final SGGP with its shareholders and analysts.

### Key figures

in €m	H1 2021	H1 2022	Change	Q2 2021	Q2 2022	Change
Revenues	384.2	572.5	49.0%	191.6	311.1	62.4%
Adjusted EBITDA <sup>1)</sup>	94.1	118.0	25.3%	45.3	56.9	25.6%
Net profit	45.6	50.0	9.7%	20.8	23.0	10.7%
EPS (€) <sup>2)</sup>	1.32	1.25	-5.3%	0.60	0.58	-3.2%
Operating cash flow	70.2	64.0	-8.9%	43.7	38.3	-12.5%
Net debt	371.4	470.9	26.8%	371.4	470.9	26.8%
Net leverage	x2.24	x2.09		x2.24	x2.09	

1) H1 and Q2 2022 EBITDA were adjusted for AZR acquisition-related costs of €2.3m and €1.1m, respectively

2) H1 and Q2 2021 are based on 34,525,634 and 34,979,519 weighted average shares, respectively, after the capital increase of 5,933,293 new shares to partly fund the AZR acquisition, whilst H1/Q2 2022 are based on 39,999,998 outstanding shares

### Webcast

Befesa will host a webcast on its half year 2022 results at 9:00 am CEST on 28 July 2022. Further details, a replay and other events are available on the Company’s website: [www.befesa.com](http://www.befesa.com)

### **Financial Calendar 2022**

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](http://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](http://www.befesa.com)

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