



PRESS AND INVESTOR ANNOUNCEMENT

Preliminary full-year 2022 results

Befesa delivers record 2022 EBITDA of €215m (+9% yoy) in a challenging year

- **Revenue increased by 38% to €1,136m** (2021: €822m) mainly driven by the US operations and higher metal prices
- **Adjusted EBITDA grew by 9% to €215m** (2021: €198m); Reported EBITDA increased by 24% to €235m (2021: €190m) due to positive acquisition impact
- **Net profit increased by 6% to €106m** (2021: €100m)
- **Operating cash flow grew by 16% to €137m** (2021: €118m)
- **US:** Integrating zinc refining operations acquired on 30 September; Continuing efficiency projects to improve earnings going forward
- **China:** Commissioning of Henan plant completed in December, ramping up; Two plants operating in 2023
- Executing **Sustainable Global Growth Plan (SGGP)**: Preparing refurbishment of US Palmerton plant; Progressing on Guangdong as third Chinese province
- **Dividend proposal for 2022: €1.25 per share** (2021: €1.25)

Luxembourg, 2 March 2023 - Befesa S.A. ("*Befesa*"), the leading provider of hazardous waste recycling services enabling the circular economy within the steel and aluminium industries, reported strong performance and record earnings levels for 2022.

Total **revenue** in 2022 increased by 38% to €1,136m and by 19% to €295m in Q4 2022, driven mainly by the US operations and higher metal prices.

Adjusted **EBITDA** increased in 2022 by 9% to €214.6m (2021: €197.6m) despite a challenging environment that included factors such as the COVID pandemic, the Russian war against Ukraine and the global energy crisis. Results were mainly driven by US zinc operations contributing to the full year in 2022 for the first time. Downward pressure was due to unfavourable zinc treatment charges (TC) and energy inflation, which offset the benefits of yoy higher base metal prices. On a reported basis, EBITDA increased by 24% to €234.9m (2021: €189.6m), including the positive accounting effect from the US zinc refining acquisition. Q4 2022 adjusted EBITDA decreased by 17% to €50.7m (Q4 2021: €60.8m); higher metal prices were offset by unfavourable zinc TC, a minor volume decrease, and predominantly higher energy inflation.

In 2022, Befesa demonstrated resilient volumes and overall capacity utilisation levels. EAF steel dust throughput increased by 35% yoy to 1,194kt, at close to 80% average capacity utilisation, mainly driven by US operations contributing for the full year. Volumes in the Aluminium Salt Slags business were lower yoy due to the Hanover plant being out of operation in 2022; the plant has been restored and operations are ramping up. Salt Slags and SPL recycled decreased by 18% to 322kt; secondary aluminium output came in 14% lower at 161kt. Normalised for Hanover, average capacity utilisation in Salt Slags is over 90%.

In regard to base metal prices, Befesa's zinc blended averaged 15% higher at €2,627/t in 2022 and 9% higher in Q4 2022 at €2,563/t; aluminium alloy market prices averaged 15% higher in 2022 at €2,438/t and 8% lower at €2,312/t in Q4.

Befesa's **net profit** in 2022 increased by €6.5m to a new high of €106.2m, corresponding to earnings per share (EPS) of €2.66 (2021: €2.68). In 2022, Befesa distributed a total **dividend** of €50m (€1.25 per share) and is proposing a stable €50m dividend (€1.25 per share) for 2023, equal to c. 50% of net profit, in line with Befesa's dividend policy.

Operations in the US and China

In the **US**, Befesa is successfully integrating the zinc refining operations acquired on 30 September. The zinc refining plant is centrally located amongst Befesa's four US recycling plants that produce Waelz Oxide (WOX); it processes WOX into Special High Grade (SHG) zinc in a state-of-the-art solvent extraction process. The zinc refining capacity is up to 140kt SHG "green zinc" annually, produced from 100% recycled raw materials.

Befesa's expansion in **China** continued to progress: the commissioning of the second Chinese plant, in Henan, was successfully completed in December 2022 and the site is ramping up operations. Befesa is monitoring the country's recovery from COVID post Chinese New Year. The two existing Chinese plants in Jiangsu and Henan are operating and will contribute to earnings in 2023. Also, Befesa is preparing its next EAFD recycling plant - the third in China and thirteenth globally - in the province of Guangdong, northwest of Hong Kong.

Cash flow, liquidity and net leverage

In 2022, Befesa's operating **cash** flow improved by 16% to a new record level of €137.3m (2021: €117.9m). Liquidity remained strong at more than €230m, with cash on hand of €162m at year-end 2022 (€224m at year-end 2021). Overall, cash flow in 2022 was approximately balanced compared to 2021, normalised for over €50m zinc refining asset acquisition and related costs. Net **leverage** of x2.56 was reached at year-end 2022 (x2.38 year-end 2021). This change is based on the self-funded US zinc refining asset acquisition.

Sustainable Global Growth Plan

Befesa is executing its Sustainable Global Growth Plan (**SGGP**), as presented at the Capital Markets Day on 8 November 2022. After the completion of the acquisition of the US zinc refining asset on 30 September 2022, Befesa has continued to implement various efficiency projects to improve its US earnings going forward. The US Palmerton plant is currently being prepared for refurbishment, which will take place during 2023 and 2024, to benefit from and support the incremental EAF steel dust volumes expected in the US market over the coming years. At the same time, Befesa is progressing its China expansion. Befesa's SGGP projects will seize the opportunities that megatrends such as decarbonisation and electric vehicle growth are generating in the steel and aluminium industries, enabling Befesa to target double-digit earnings growth on average over the next five years.

Javier Molina, Executive Chair of Befesa, commented: "In 2022, despite a very challenging environment, we delivered the best financial results in the history of Befesa, thanks to our resilient business model and the contribution of the operations in the USA. We expanded our US operations further and acquired the remaining 93% stake in the US zinc refining asset, unique in its kind in the world producing green zinc from 100% recycled raw materials. In November, we held our first Capital Markets Day where we shared our Sustainable Global Growth Plan. The plan is globally balanced, expanding our core businesses in modules where we invest €410-450m through a self-funded capex programme, with attractive shareholder returns over the next five years. Befesa's environmental services play a vital role in the decarbonisation of the steel and aluminium industries and the transition to electric vehicles. We are excited about continuing our global growth journey."

In 2022, Befesa extended its zinc **hedging book** up to July 2025 and will continue to monitor the market to sell further volume forward at fixed prices beyond that date. As in previous years, once treatment charges in the zinc industry are settled around March/April 2023, Befesa will provide its earnings **guidance** for 2023 together with the Q1 2023 results, scheduled for 4 May.

Befesa will report on **ESG** in Q2 2023 including disclosures on taxonomy eligibility and alignment. On health and safety, Befesa reduced its Lost Time Injury Rate (LTIR) by 32% yoy to a new low of 0.55 (2021: 0.81).

Turkey earthquake

Befesa's crude steel dust operations in Turkey, located in İskenderun, in Hatay Province, were impacted by the earthquake on 6 February 2023. Befesa was deeply saddened by the tragic event and has been providing support to its more than 90 employees at the plant, who are all safe and were not directly

harmed. The plant sustained only minor damage and Befesa intends to restart operations, pending an assessment of the severity of the impact of the earthquake on the area, in March.

Key figures

in €m	Q4 2021	Q4 2022	Change	2021	2022	Change
Revenue	247.4	295.5	19%	821.6	1,136.0	38%
Adjusted EBITDA ¹⁾	60.8	50.7	-17%	197.6	214.6	9%
Net profit	38.2	19.0	-50%	99.7	106.2	6%
EPS (€) ²⁾	0.96	0.47	-50%	2.68	2.66	-1%
Operating cash flow	44.0	59.0	34%	117.9	137.3	16%
Net debt	470.6	549.0	17%	470.6	549.0	17%
Net leverage	x2.38	x2.56		x2.38	x2.56	

- 1) Q4 and 2022 EBITDA were adjusted for -€3.0m and -€20.3m, respectively, mainly driven by zinc refining acquisition impacts
 2) 2021 is based on 37,285,313 weighted average shares; Q4 2021, Q4 2022 and 2022 are based on 39,999,998 outstanding shares

Webcast

Befesa will host a webcast on its preliminary 2022 results at 9.00 am CET on 2 March 2023. Further details, a replay and other events are available on Befesa's website: www.befesa.com

Financial calendar 2023

The financial calendar for 2023 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 around 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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