



PRESS AND INVESTOR ANNOUNCEMENT

First quarter 2023 results

Befesa delivers €50m EBITDA in Q1, stable versus the previous quarter

- **Revenue increased by 23% to €322m** (Q1 2022: €261m) mainly driven by US operations
- **Adjusted EBITDA at €50.1m**, stable compared to Q4 at €50.7m, down 18% yoy (Q1 2022: €61.1m) mainly driven by 13% lower zinc market prices, 19% rise in zinc treatment charges (TC) and continued record high coke prices
- **Outlook:** 2023 EBITDA expected to be between €200m and €230m, -7% to +7% yoy
- **Dividend proposal for 2023: €1.25 per share** (2022: €1.25)
- **US:** Integrating zinc refining operations acquired on 30 September 2022; Driving synergies through focus on Palmerton, Pennsylvania, plant refurbishment
- **China:** Henan plant ramping up operations; Two plants operating in 2023; Progressing in third Chinese province, Guangdong

Luxembourg, 4 May 2023 - Befesa S.A. ("*Befesa*"), the leading provider of hazardous waste recycling services enabling the circular economy within the steel and aluminium industries, delivered an adjusted EBITDA of €50.1m in Q1, stable compared to Q4 at €50.7m, in a challenging environment with unfavourable zinc TC and coke prices.

Total **revenue** increased in Q1 2023 by 9% QoQ and by 23% yoy to €322.0m, driven mainly by the US operations.

Adjusted **EBITDA** in Q1 2023 came in at €50.1m, roughly stable from the preceding quarter (Q4 2022: €50.7m) and down 18% yoy (Q1 2022: €61.1m). This was mainly due to lower zinc LME market prices, unfavourable higher TC, up 19% yoy, and continued record high coke prices. Zinc TC was set at \$274/t for the full year 2023 (2022: \$230/t) and retroactively effective from 1 January 2023. Gas and electricity prices eased and stabilised in Q1, positively impacting the Aluminium Salt Slags operations. At the same time, coke prices continued the inflationary trend and reached a new high, up 6% QoQ and 41% yoy, negatively impacting the Steel Dust operations.

Volumes and capacity utilisation levels were lower overall yoy. EAF steel dust throughput decreased by 8% QoQ, including the impact of the earthquake in Turkey; yoy down 19% to 274 kt, at around 70% average capacity utilisation, mainly driven by the US operations as well as the earthquake. Salt Slags and SPL recycled volumes were stable QoQ and decreased by 6% yoy to 82 kt due to the Hanover plant ramp-up in Q1 2023. Secondary aluminium output increased by 13% QoQ and by 3% yoy to 44 kt. Normalised for Hanover, average capacity utilisation in Salt Slags is over 90%.

In regard to base metal prices, Befesa's zinc LME market prices were approximately stable QoQ, but decreased by 13% or more than €400 per tonne yoy to average €2,916/t in Q1 2023, partially offset by higher zinc hedging prices. Aluminium alloy market prices were stable QoQ and 12% down yoy to average €2,301/t.

In Q1 2023, Befesa's operating **cash flow** amounted to €13.0m (Q1 2022: €25.7m). Normalised for the pending final Hanover fire insurance proceeds, expected in Q2 2023, the yoy performance was approximately stable. Liquidity remained strong at more than €215m, with cash on hand of €143m at Q1 closing (€162m at year-end 2022). Net **leverage** amounted to x2.81 (from x2.56 at year-end 2022).

Outlook

Due to unfavourable zinc TC which settled at \$274/t, 19% higher yoy, and ongoing high coke prices, Q1 2023 EBITDA stands at €50m, in line with the preceding quarter. Befesa continues to rigorously execute

its expansion projects while closely monitoring the development of energy and base metal prices, especially coke and zinc. As a result, Befesa expects the full year 2023 EBITDA at between €200m and €230m, -7% to +7% yoy.

In 2022, Befesa distributed a total **dividend** of €50m (€1.25 per share). Befesa's Board is proposing a stable €50m dividend (€1.25 per share) for 2023, equal to 47% of 2022 net profit, in line with Befesa's dividend policy.

Sustainable Global Growth Plan (SGGP)

Befesa's Sustainable Global Growth Plan is progressing successfully. In the **US**, Befesa continues to integrate and ramp up the zinc refining operations acquired on 30 September 2022. 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.

Befesa's expansion in **China** continued to progress, with operations ramping up at the second Chinese plant, in Henan. The two existing Chinese plants in Jiangsu and Henan are operating and will contribute to earnings in 2023. Furthermore, Befesa is preparing its next EAFD recycling plant - the third in China and thirteenth globally - in the province of Guangdong, northwest of Hong Kong.

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 successfully restarted operations in March.

Javier Molina, Executive Chair of Befesa, commented: "In Q1 2023, we delivered €50m EBITDA, at a similar level to Q4 2022, despite a 19% hike in zinc TC and ongoing record coke prices. As such, we expect €200m to €230m EBITDA for the full year. We continue to rigorously execute our expansion projects, focusing on the US zinc refining and recycling operations and China, which will serve us well over the coming years. We are passionate about serving our customers globally as a vital player in the circular economy."

Following the publication of the 2022 Annual Report in March and the publication of the Q1 2023 results, Befesa will publish its 2022 ESG Report in Q2 2023.

Key figures

in €m	Q1 2022	Q1 2023	Change
Revenue	261.4	322.0	23%
Adjusted EBITDA ¹⁾	61.1	50.1	-18%
Net profit	27.0	15.2	-44%
EPS (€)	0.67	0.38	-44%
Operating cash flow	25.7	13.0	-50%
Net debt	473.5	571.6	21%
Net leverage ²⁾	x2.26	x2.81	

1) Q1 2023 and Q1 2022 EBITDA were adjusted for €0.8m and €1.1m, respectively, mainly driven by zinc refining acquisition impacts.

2) Net leverage calculated as Net debt over Adjusted EBITDA.

Webcast

Befesa will host a webcast on its first quarter 2023 results at 14.00 CEST on 4 May 2023. Further details, a replay and other events are available on Befesa's website: www.befesa.com

Financial calendar 2023

The AGM is scheduled for 15 June 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 1.8 million tonnes of residues annually, with a production of above 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

Investor Relations

Rafael Pérez

Email: irbefesa@befesa.com

Phone: +49 2102 1001 0

Media Relations

Richard Rigby

Email: richard.rigby@kekstcnc.com

Phone: +44 7970 767607