



PRESS AND INVESTOR ANNOUNCEMENT

H1 2023 results

Befesa navigates challenging market conditions, achieving €95m adjusted EBITDA in H1 2023

- **Revenue increased by 8% to €615m** (H1 2022: €573m) mainly driven by the zinc refining operations
- **Adjusted EBITDA at €95m** (H1 2022: €118m) mainly driven by lower zinc LME prices and unfavourable zinc treatment charges (TC)
- **US:** Gradually improving performance of the zinc refining operations; Refurbishment of plant in Palmerton, Pennsylvania, on track
- **China:** Ramp up of Henan plant completed; Progressing in third province: Guangdong
- **Outlook:** Overall expecting stronger H2 versus H1; Guidance confirmed

Luxembourg, 27 July 2023 - Befesa S.A. ("*Befesa*"), the leading provider of hazardous waste recycling services enabling the circular economy within the steel and aluminium industries, delivered a total revenue of €615m and an adjusted EBITDA of €95m in H1 2023. **Total revenue** increased by 8% year-on-year to €615.5 million (H1 2022: €572.5 million), primarily attributable to the contribution from the US zinc refining operations. However, adjusted **EBITDA** 2023 stood at €94.7 million, a 20% decline compared to H1 2022 with €118.0 million. This decrease was primarily driven by lower zinc LME prices, as well as by the unfavourable increase in zinc TC (19% year-on-year). The persistently high coke price was more than offset by lower gas and electricity prices.

Regarding **volumes**, the throughput of electric arc furnace (EAF) steel dust experienced a 6% decline yoy to 592 kt, with an average capacity utilisation of around 71%. This reduction was primarily driven by the US operations and the earthquake in Turkey. The recycled volumes of Salt Slags and SPL (Spent Pot Lining) slightly declined by 1% yoy to 171 kt, with an average capacity utilisation of around 73%. Secondary aluminium alloys volumes saw a 3% increase yoy, reaching 87 kt, with an average capacity utilisation of around 86%.

On **base metal prices**, zinc LME market prices decreased by 25% or more than €880 per tonne yoy to average €2,624 per tonne in H1 2023 but were partially offset by higher zinc hedging prices. Zinc **TC** was set at \$274 per tonne for the full year 2023 (2022: \$230 per tonne). Aluminium alloy market prices were down 12% yoy to average €2,243 per tonne.

With regards to **energy prices**, after reaching an all-time-high level in Q1 2023, Befesa's coke price started to moderate in Q2 2023 (-3% versus Q1 2023). However, the average coke price in H1 2023 is still around 25% above that of H1 2022 and around 90% above the average levels of 2019–2021. This negatively impacted on the Steel Dust operations. Conversely, gas and electricity prices decreased further in Q2 2023, back to 2021 average levels, which had a positive impact on the Aluminium Salt Slags operations.

In H1 2023, Befesa's operating **cash flow** amounted to €42.0m (H1 2022: €64.0m). Liquidity remained at more than €200m, with cash on hand of €143.5m at H1 closing (€161.8m at year-end 2022). Net **leverage** amounted to x2.96 (x2.56 at year-end 2022).

Javier Molina, Executive Chair of Befesa, commented: "We achieved a solid performance in H1, despite a very challenging macroeconomic environment. This demonstrates Befesa's robust business model and supports our confidence in long-term growth. Our performance was affected by various temporary external factors, including unfavourable zinc and aluminium prices, zinc treatment charges, and persistently high coke prices. We expect a stronger H2 based on a recovery in zinc prices, continued

decreased coke prices and better volumes. We are committed to rigorously execute our growth projects, with a focus on refurbishing the Palmerton plant in the USA and our third plant in China which will position us strongly for the years ahead.”

Sustainable Global Growth Plan (SGGP)

Befesa’s Sustainable Global Growth Plan is progressing as planned. In the **USA**, Befesa continues the gradual improvement of the performance of its zinc refining operations in Rutherford County, North Carolina. The refurbishment of the plant in Palmerton, Pennsylvania, is on track, and it will continue during the rest of 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 the start of operations at the second Chinese plant, in Henan. The two existing Chinese plants in Jiangsu and Henan are operating and will contribute to earnings in H2 2023. Furthermore, Befesa is preparing its next EAF steel dust recycling plant - the third in China and thirteenth globally - in the province of Guangdong.

Outlook

Befesa expects a stronger overall second half of the year. This confidence is mainly based on the temporary nature of the external pressures, including an expected recovery in zinc prices, a reduction of coke price, and improved volumes. As a result, Befesa **confirms its full-year guidance**, with 2023 EBITDA expected at between €200m and €230m (-7% to +7% yoy).

ESG

On 30 June 2023, Befesa published its **ESG Progress Report 2022** including progress on climate goals and EU Taxonomy alignment disclosures, as well as new topics such as the disclosure of Scope 3 emissions, production of green metals from 100% recycled material, and Befesa’s contribution to biodiversity. Befesa ESG Progress Report 2022 can be downloaded from the Befesa website.

Key figures

in €m	H1 2022	H1 2023	Change	Q2 2022	Q2 2023	Change
Revenue	572.5	615.5	8%	311.1	293.5	-6%
Adj. EBITDA ¹⁾	118.0	94.7	-20%	56.9	44.6	-22%
Net profit	50.0	20.2	-60%	23.0	5.1	-78%
EPS (€)	1.25	0.51	-60%	0.58	0.13	-78%
Operating cash flow	64.0	42.0	-34%	38.3	29.0	-24%
Net debt	470.9	567.0	20%	470.9	567.0	20%
Net leverage ²⁾	x2.13	x2.96		x2.13	x2.96	

1) H1 2023 and Q2 2023 EBITDA were adjusted for €3.9m and €3.1m, respectively.

2) Net leverage calculated as net debt over adjusted EBITDA.

Webcast

Befesa will host a webcast on its H1 2023 results at 9.00 CEST on 27 July 2023. Further details, a replay and other events are available on Befesa’s website: www.befesa.com

Financial calendar

The financial calendar 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

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