



PRESS AND INVESTOR ANNOUNCEMENT

Preliminary full-year 2023 results

Befesa delivered €182m adjusted EBITDA despite a persistently challenging year 2023

- Total revenue increased in 2023 by 4% to €1,181m (2022: €1,136m)
- Adjusted EBITDA of €182m, in line with guidance (2022: 215m)
- EPS for 2023 came in at €1.45 (2022: €2.66)
- Dividend proposal for 2023: €0.73 per share (2022: €1.25)
- Strong outlook for 2024

Luxembourg, 29 February 2024 - Befesa S.A. ("*Befesa*"), the leading provider of hazardous waste recycling services enabling the circular economy within the steel and aluminium industries, released its preliminary 2023 results.

Total revenue increased by 4% to €1,180.6 million in 2023 (2022: €1,136.0 million) primarily attributable to the contribution from the US zinc refining operation. However, adjusted **EBITDA** decreased by 15% to €182.0 million (2022: €214.6 million), primarily driven by lower zinc LME prices, the unfavourable increase in zinc treatment charges (TC; 19% yoy) and higher coke prices. These factors were partially offset by improved volumes, better zinc hedges, lower energy prices and synergies.

With respect to **volumes**, the throughput of electric arc furnace (EAF) steel dust remained flat at 1,195 kt in 2023 with an average capacity utilisation of around 70%, and a mixed performance across Befesa's markets: In Europe, EAF steel dust treated volumes stayed at solid levels, despite challenging steel production levels. In China, volumes were impacted by the real estate crisis. The zinc refining plant in North Carolina ran at high utilisation levels with a focus on gradually improving profitability. The recycled volumes of aluminium salt slags increased by 12% to 361 kt in 2023, with an average capacity utilisation of around 77%. Secondary aluminium alloys volumes increased by 5% to 168 kt in 2023, with an average capacity utilisation of around 82%. The yoy volume increase in Aluminium Salt Slags was primarily driven by the resumption of operations of the Hannover plant in 2023.

On **base metal prices**, zinc LME prices were persistently low compared to the prior year and averaged €2,450 per tonne in 2023 (-26% yoy). Higher zinc hedging prices partially compensated for the lower zinc LME prices. Zinc **TC** was set at \$274 per tonne for the full year 2023 (2022: \$230 per tonne). Aluminium alloy prices averaged €2,188 per tonne in 2023 (-10% yoy).

Energy prices had a mixed impact on Befesa's performance in 2023. The first half of the year saw Befesa's coke prices reach unprecedented highs, subsequently moderating in the latter half of the year (around -15% vs H1 2023). Despite this moderation, the average coke price in 2023 remained roughly 5% higher yoy and approximately 75% above the average level of 2019–2021. This had an adverse effect on the Steel Dust operations. In contrast, gas and electricity prices in 2023 continued at levels comparable to 2021, registering respective reductions of about 60% and 25% lower yoy, thereby benefiting the Aluminium Salt Slags operations.

In 2023, Befesa's operating **cash flow** amounted to €117.3 million (2022: €137.3 million). Liquidity

remained at more than €180 million, with cash on hand of €106.7 million at year-end 2023 (€161.8 million at year-end 2022). Net **leverage** amounted to x3.32 (x2.56 at year-end 2022).

Earnings per share in 2023 amounted to €1.45 (2022: €2.66). Based on Befesa's dividend policy to distribute 40-50% of earnings, the proposal to the AGM on 20 June 2024 will be to pay a dividend of €0.73 per share (2022: €1.25).

On **health and safety**, Befesa was able to further reduce its LTIR (Lost Time Injury Rate) by 18% yoy to a new low of 0.45 in 2023 (2022: 0.55). Further information on **ESG** at Befesa during 2023 will be provided in the Befesa ESG Report 2023, which will be published in June 2024.

Javier Molina, Executive Chair of Befesa, commented: "2023 has been a perfect storm for Befesa, as we faced a confluence of adverse external factors, ranging from high zinc TC and low zinc prices to all-time-high coke prices. Despite these challenges, our solid EBITDA levels and cashflow demonstrated the resilience of our business model. As we enter 2024, we anticipate favourable tailwinds resulting from the reversal of many of the previous year's headwinds, such as coke price normalisation, improved zinc TC and LME price dynamics, enhanced zinc hedges, growth in our US operations, and a positive contribution from China. Our commitment to rigorously executing our growth projects positions Befesa for robust performance in the years ahead."

Outlook

Year 2024

Strong growth is expected as many of the headwinds that Befesa faced in 2023 should subside in 2024 due to the temporary nature of the external pressures. In particular, the year 2024 should see a more favourable combination of zinc TC and prices, a normalisation of coke price, coupled with improved zinc hedging prices and the contribution from the US zinc refining and Chinese operations.

Once the benchmark TC are settled in the zinc industry for 2024 - around March/April - Befesa will provide its earnings guidance for the full 2024 year. This will be released alongside the Q1 2024 results, which are scheduled for 25 April 2024.

Positive mid-term outlook

Befesa's diversified growth plan is underpinned by the favourable macro trends in decarbonisation and EV over the next few years, across the core businesses and markets in which Befesa holds a leading position. The company is rigorously executing and prudently managing the timing of its growth projects, aligning with macroeconomic and market-specific developments.

In the **US**, the refurbishment of the plant in Palmerton, Pennsylvania, remains on track. Progress will continue during 2024, enabling Befesa to improve profitability levels and to capture the anticipated increase in EAF steel dust volumes in the US market for 2025.

In **China**, with regards to the third plant in the province of Guangdong, Befesa continues its negotiations with major steelmakers in the region to secure EAF dust supply. Despite the current market challenges, Befesa recognises a significant growth opportunity in China and maintains a positive midterm outlook.

Key figures

in €m	2022	2023	Change	Q4 2022	Q4 2023	Change
Revenue	1,136.0	1,180.6	4%	295.5	276.4	-6%
Adj. EBITDA ¹	214.6	182.0	-15%	50.7	45.2	-11%
Net profit	106.2	58.0	-45%	19.0	30.4	60%
EPS (€)	2.66	1.45	-45%	0.47	0.76	60%
Operating cash flow	137.3	117.3	-15%	59.0	53.6	-9%
Net debt	549.0	604.0	10%	549.0	604.0	10%
Net leverage ²	x2.56	x3.32		x2.56	x3.32	

1 2023 and Q4 2023 EBITDA were adjusted for -€6.8m and -€18.0m, respectively.

2 Net leverage calculated as net debt over adjusted EBITDA.

Webcast

Befesa will host a webcast on its preliminary 2023 results at 9.00 CET on 29 February 2024. Further details, a replay and other events are available on Befesa's website: www.befesa.com

Financial calendar

The Befesa Annual Report 2023 will be released on 21 March 2024.

The full 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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