



## PRESS AND INVESTOR ANNOUNCEMENT

Q1 2024 results

### Befesa builds momentum quarter-on-quarter and forecasts full-year EBITDA between €195m and €235m for 2024

- Revenue of €298m, -7% yoy (Q1 2023: €322m) but up 8% versus previous quarter (Q4 2023: €276m)
- Adjusted EBITDA of €49m, -3% yoy (Q1 2023: €50m) and up 7% versus previous quarter (Q4 2023: €45m)
- Outlook 2024: EBITDA expected between €195m and €235m, +7% to +29% yoy

*Luxembourg, 25 April 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 Q1 2024 results.

In Q1 2024, **total revenue** decreased by 7% yoy to €298.3m (Q1 2023: €322.0m). Adjusted **EBITDA** decreased by 3% yoy to €48.6m (Q1 2023: €50.1m). The improved volumes, the favourable decrease in zinc treatment charges (TC), better zinc hedges, lower energy prices and synergies were offset by lower zinc LME prices.

With respect to **volumes** in Q1 2024, the throughput of electric arc furnace (EAF) steel dust increased by 6% yoy to 303 kt, with an average capacity utilisation of around 71%. Performance across Befesa's markets was mixed: In Europe, EAF steel dust treated volumes stayed at solid levels, despite challenging steel production levels. In China, volumes continued to be impacted by the real estate crisis. The zinc refining plant in North Carolina ran at stable utilisation level, with a focus on cost cutting to gradually improve profitability. The recycled volumes of aluminium salt slags increased by 35% to 111 kt, with an average capacity utilisation of around 95% primarily driven by the resumption of operations of the Hanover plant. Secondary aluminium alloys volumes increased by 2% to 44 kt, with an average capacity utilisation of around 87%.

On **base metal prices**, zinc LME prices averaged \$2,450/t in Q1 2024 (-23% yoy) compared to an average of \$3,130/t in Q1 2023. The impact of this decrease was partially offset by higher zinc hedging prices, as well as lower zinc TC, which for 2024 was set at \$165/t (2023: \$274/t). Aluminium alloy prices decreased slightly, averaging €2,277/t in Q1 2024 (-1% yoy).

**Energy prices** in Q1 2024 decreased yoy and compared to the previous quarter, having a positive impact on Befesa's results. Befesa's main source of energy is coke. Befesa's average coke price continued its trend towards normalisation in the first quarter (-25% yoy and -3% vs Q4 2023). Despite this positive trend, the average coke price in Q1 2024 was still approximately 45% above the average level of 2019–2021. Gas and electricity prices in Q1 2024 decreased further (42% and 28% lower yoy, respectively), stabilising at levels similar to those of 2021.

In Q1 2024, Befesa's operating **cash flow** amounted to €14.5m (Q1 2023: €19.8m). Liquidity remained at more than €150m, with cash on hand of €90.3m at Q1 2024 closing (€106.7m at year-end 2023). Net **leverage** amounted to x3.45 (x3.32 at year-end 2023).

**Earnings per share** in Q1 2024 came in at €0.24 (Q1 2023: €0.38).

**Javier Molina, Executive Chair of Befesa**, commented: “The consistent quarter-on-quarter improvement since Q3 of the previous year bolsters our confidence in achieving robust EBITDA growth in 2024. This growth will primarily be fuelled by solid volumes, improved zinc TC, and more advantageous hedges. Furthermore, we anticipate beneficial tailwinds from the normalisation of coke prices, enhancements to the efficiency of our US recycling operations, and a positive contribution from China. We continue progressing on our European growth plan projects as part of our commitment to meticulously executing our growth strategy. This will position Befesa for robust performance in the years ahead.”

## Outlook

### Year 2024

Befesa expects the full year 2024 EBITDA at between €195m and €235m, +7% to +29% yoy (2023: €182m). Earnings in 2024 will be positively impacted by the significantly lower zinc TC, set at \$165/t for 2024 (2023: \$274/t), coupled with improved zinc hedging prices. Moreover, the year should see also a normalisation of coke price, and the improvement in operational efficiency in the US recycling operations as well as China. The guidance range is mainly driven by the metal price volatility, the recovery pace of coke price and the contribution from the US and Chinese operations.

### 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. Befesa 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 continues 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.

In **Europe**, with regards to the expansion of the secondary aluminium production capacity in the existing plant of Bernburg, Germany, Befesa is moving forward with the permits and commercial contracts. This project is in line with the expected growth of the demand for aluminium in Europe in the coming years driven by the EV penetration. Light-weight solutions are required to reduce emissions and, as a result, the aluminium content in cars will increase.

## Key figures

in €m	Q1 2023	Q1 2024	Change
Revenue	322.0	298.3	-7%
Adj. EBITDA <sup>1</sup>	50.1	48.6	-3%
Net profit	15.2	9.4	-38%
EPS (€)	0.38	0.24	-38%
Operating cash flow <sup>2</sup>	19.8	14.5	-27%
Net debt	571.6	621.7	9%
Net leverage <sup>3</sup>	x2.81	x3.45	

1 Q1 2023 and Q1 2024 EBITDA were adjusted for €0.8m and €3.3m, respectively.

2 Operating cash flow calculated as adjusted EBITDA +/- WC change - taxes paid.

3 Net leverage calculated as net debt over adjusted EBITDA.

**Webcast**

Befesa will host a webcast on its Q1 2024 results at 9.00 CEST on 25 April 2024. Further details, a replay and other events are available on Befesa's website: [www.befesa.com](http://www.befesa.com)

**Financial calendar**

The AGM is scheduled for 20 June 2024.

The financial calendar for 2024 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 around 1.9 million tonnes of residues annually, with a production of around 1.7 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)

**Investor Relations**

Email: [irbefesa@befesa.com](mailto:irbefesa@befesa.com)

Phone: +49 2102 1001 0

**Media Relations**

Richard Rigby

Email: [richard.rigby@kekstcnc.com](mailto:richard.rigby@kekstcnc.com)

Phone: +44 7970 767607