



PRESS AND INVESTOR ANNOUNCEMENT

H1 2024 results

Befesa delivers strong Q2 EBITDA up 22% to €55m and third consecutive growth quarter

- **Adjusted EBITDA:** Q2 2024 Adj. EBITDA at €55m, +22% yoy. H1 2024 Adj. EBITDA of €103m, +9% yoy.
- **Refinancing:** signed on 18 July 2024, extending the maturity of debt until July 2029
- **Outlook 2024:** narrowed guidance with an EBITDA range of €205m to €235m, +13% to +29% year-over-year
- **Growth expansion plan:** acquisition of the remaining 50% of Recytech French joint venture for €40m
- **Hedging:** zinc price hedges extended until Q1 2026

Luxembourg, 25 July 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 H1 2024 results. Befesa reports its third consecutive quarter of growth, achieving €55m adjusted EBITDA in the second quarter of 2024 (Q2 2023: €45m). This robust performance was driven by lower treatment charges, improved zinc hedging prices, reduced coke prices, strong volumes in Europe, and solid performance in US recycling plants.

In H1 2024, **total revenue** increased by 1% year-over-year to €621m (H1 2023: €615m). **Adjusted EBITDA** increased by 9% year-over-year to €103m (H1 2023: €95m). Befesa benefited from a combination of positive factors, including robust volumes, favourable decreases in zinc treatment charges (TC), advantageous zinc hedges, lower energy prices, and improved overall operating costs.

Operational highlights

Throughput of electric arc furnace (EAF) **steel dust volumes** increased by 3% year-on-year to 610 kt, with an average capacity utilisation of 71%. **In Europe**, EAF steel dust volumes remained solid despite challenging steel production levels. **In China**, volumes continued to be impacted by the ongoing real estate crisis. **In the US**, steel dust volume in the recycling business remained strong. The zinc refining plant in North Carolina operated at stable utilisation levels and focused on cost-cutting to improve profitability.

Recycled volumes of **aluminium salt slags** increased by 29% to 221 kt, with an average capacity utilisation of 94%, primarily driven by the resumption of operations at the Hanover plant. **Secondary aluminium alloys** volumes increased by 4% to 91 kt, with an average capacity utilisation of 89%.

Zinc LME prices averaged €2,444/t in H1 2024 (-7% year-on-year) compared to €2,624/t in H1 2023. Zinc TC for 2024 was set at \$165/t, 40% lower than the previous year (2023: \$274/t). Befesa capitalised on zinc price trends to extend hedging from July 2025 to Q1 2026 at a level of €2,650. **Aluminium alloy prices** increased, averaging €2,327/t in H1 2024 (4% year-on-year).

Energy prices in H1 2024 decreased year-on-year compared to 2023, positively impacting Befesa's operating cost. The average coke price continued its trend towards normalisation in Q2 2024 to levels below the 2022 average price (-27% yoy; -5% vs Q1 2024).

In H1 2024, Befesa's **operating cash flow** improved to €70.4m (H1 2023: €55.4m). Liquidity remained strong at over €142.9m, with cash on hand of €107.9m at the end of H1 2024 (€90.3m at the end of Q1 2024). **Net leverage** in H1 was x3.4 (x2.96 in H1 2023). Befesa targets a net leverage of x3.0 by the end of 2024, with a focus on achieving a long-term goal of x2.5.

Debt maturity extension

On 18 July 2024, Befesa successfully completed the refinancing of its existing debt consisting of a €650 million senior secured Term Loan B with a three-year extension due July 2029, a €100 million revolving credit facility due July 2028, and a €35 million guarantee facility due July 2028.

The refinancing extends the maturity of Befesa's debt with no effect on its current leverage ratio and with the same covenant-lite terms as the previous debt. The Term Loan B has a new margin of Euribor +275 bps and includes two margin ratchets, which allows for up to a further 50bps margin reduction when leverage ratio gets below x2.5.

Growth in France

On 21 June 2024, Befesa acquired the remaining 50% stake in Recytech, S.A., a French steel dust recycling joint venture with Recylex, S.A., for €40 million, including €11 million in cash or cash equivalents, reducing the net payment to €29 million. Located in the Pas-de-Calais department, Recytech processes steel dust from electric arc furnaces (EAF) to produce Waelz oxide (WOX). With 50 employees, it recycles up to 110,000 tonnes of EAF steel dust annually, producing about 45,000 tonnes of WOX. The acquisition, aligned with Befesa's Sustainable Global Growth Plan, strengthens Befesa's European market leadership, leveraging Recytech's strategic location within the European steel industry.

Javier Molina, Executive Chair of Befesa, commented: "Befesa has delivered its third consecutive quarter of growth, demonstrating the resilience of our business model and our ability to navigate challenging market conditions. Our strong performance in Europe and strategic hedging activities, will underpin our growth. We have also benefited from favourable energy prices and a focused approach to cost management, particularly in the US. As we look to the second half of 2024, we are confident in achieving our full-year guidance which we have narrowed and continuing to deliver sustainable value for our stakeholders. Our recent acquisition of the remaining stake of Recytech in France further strengthens our market leadership in Europe, and the refinancing of our debt positions us well for future growth."

Outlook

Overall, Befesa expects a stronger overall second half of the year. This confidence is mainly based on better commodity price environment supported by robust performance of the business across the regions Befesa operates. As a result, Befesa tightened its full year guidance with an adjusted EBITDA range of €205m to €235m (previous guidance: €195m - €235m, stated at the Q1 earnings release in April 2024). The updated guidance represents an increase in adjusted EBITDA of +13% to +29% year-over-year.

ESG

On 30 June 2024, Befesa published its ESG Report 2023, highlighting its commitment to sustainable development and reporting. The report covers key areas such as employee development, community engagement, ethical behaviour, compliance, health and safety, diversity, equity and inclusion, human rights, environmental operations, and circularity. It also includes details of alignment with the EU taxonomy, and materiality assessments. Detailed information on Befesa's ESG strategy, performance, and targets can be found in the report, available on www.befesa.com.

Board of Directors

In July 2024, the Board of Directors of Befesa appointed Mr Javier Petit as Independent Director by co-optation to fill the position on the Board of Directors following the sad decease of Mr José Dominguez Abascal in June, subject to ratification by the next General Meeting of Befesa S.A. in June 2025. Mr Petit brings extensive executive and governance experience to Befesa and currently serves as in the financial arena, and has been CEO of Banco Cooperativo, and former Managing Director of Banco Urquijo.

Key figures

in €m	H1 2023	H1 2024	Change	Q2 2023	Q2 2024	Change
Revenue	615.5	621.2	0.9%	293.5	322.8	10.0%
Adj. EBITDA	94.7	103.1	8.8%	44.6	54.5	22.1%
Net profit	20.2	20.0	-1.0%	5.1	10.6	>100%
EPS (€)	0.51	0.50	-2.0%	0.13	0.26	100%
Operating cash flow ¹	55.4	70.4	27.1%	35.6	55.8	57.0%
Net debt	567.0	645.6	13.9%	567.0	645.6	13.9%
Net leverage ²	x2.96	x3.39		x2.96	x3.39	

1 Operating cash flow calculated as adjusted EBITDA +/- working capital change - taxes paid

2 Net leverage calculated as net debt over adjusted EBITDA

Webcast

Befesa will host a webcast on its H1 2024 results at 9.00 CEST on 25 July 2024. Further details, a replay and other events are available on Befesa's website: www.befesa.com

Financial calendar

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

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

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