



PRESS AND INVESTOR ANNOUNCEMENT

First quarter 2019 results

Befesa expects 2019 earnings to grow 3% to 5% supported by continued global expansion

- FY 2019 EBITDA expected to grow 3% to 5%
- Q1 2019 EBITDA at €43m, down 3% yoy, as anticipated due to capacity expansion works in Turkey as well as higher treatment charges
- Expansion roadmap, including two plants in China, on track
- Leverage expected to remain stable around current x2.2 levels for FY 2019

Luxembourg, 8 May 2019 – Befesa S.A. (“Befesa”), the European market leader for steel dust and aluminium salt slags recycling services, expects 2019 to be another growth year with EBITDA expected to increase between 3% and 5%. This is based on improved blended zinc prices supported by the company’s hedging programme, contributions from organic growth projects and the recovery of stainless steel operations. This guidance already reflects higher reference treatment charges (TC) levied for zinc in 2019. Befesa plans to spend approximately €85m in capex in 2019, covering Befesa’s first plant in China among other projects, to secure additional profitable growth for 2020 and beyond. At the same time, leverage is expected to remain stable at around the current x2.2.

In the first quarter of 2019, Befesa’s revenues decreased by 8% to €179m. This was mainly due to lower volumes in Turkey given the temporary plant shutdown, higher TCs and a lower LME price for aluminium alloys compared to the same period of 2018. The plant shutdown in Turkey will last until the end of H1 2019 and will increase plant capacity to 110kt. Correspondingly, Q1 EBITDA decreased by 3.4% to €43m. By the end of Q1 2019, Befesa’s net debt leverage stood at x2.2 compared to x2.3 in Q1 2018.

Javier Molina, CEO of Befesa, commented: “2019 is a very important year for Befesa. We are on track with all our growth initiatives, including the capacity upgrade of our plant in Turkey and our new washing plant in Korea which we are completing in 2019. In China we have agreements in place for two Steel Dust plants, with ground breaking completed on the first, which will secure profitable earnings growth for the coming years.”

Befesa is expanding operations of its Turkish plant from 65kt to 110kt, expecting to ramp operations back up at the beginning of Q3 2019, which will contribute to a stronger H2 2019 compared to H1. At the same time, Befesa’s Waelz oxide (WOX) washing facility in South Korea is under development and is expected to start operations at the end of 2019. Additionally, ground breaking at Befesa’s first plant in Jiangsu province in China, designed to recycle 110kt of electric arc furnace (EAF) dust per year, occurred in April. The ramp-up of operations in Jiangsu is expected during the second half of 2020. Lastly, Befesa also signed an agreement to develop its second plant in China in the province of Henan and expects to break ground in Q4 2019 with ramp-up of operations scheduled for H1 2021.

Key figures

in €m	Q1 2018	Q1 2019	Change
Revenues	195.4	179.1	(8.3%)
EBITDA	44.5	43.0	(3.4%)

Net Profit	21.7	22.1	1.9%
EPS (€)	0.64	0.65	1.9%
Operating Cash Flow	9.9	17.6	77.8%
Net Debt	407.1	383.0	(5.9%)
Leverage	x2.3	x2.2	(x0.1)

Webcast

Befesa will host a webcast on its first quarter 2019 results at 9am CEST on 8 May 2019. Further details, a replay and other events are available on the company's website: www.befesa.com

Financial Calendar 2019

The Annual General Meeting is scheduled for 19 June 2019 and will be held in Luxembourg. The financial calendar for 2019 is available in the Investor Relations / Investor's Agenda section on Befesa's website. For more information, please visit www.befesa.com

About Befesa

Befesa is a leading international provider of critical environmental, regulated services to the steel and aluminium industries with facilities located in Germany, Spain, Sweden, France and the UK, as well as in Turkey and South Korea. Through its two business units, Steel Dust and Aluminium Salt Slags recycling services, Befesa manages and recycles more than 1,500kt of residues annually, with a production of more than 600kt of new materials, which Befesa reintroduces in the market, reducing the consumption of natural resources. Further information can be found on the company's website: www.befesa.com

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