



PRESS AND INVESTOR ANNOUNCEMENT

Third quarter results 2018

Befesa increases earnings in 9M 2018 and confirms 2018 guidance

- 9M 2018 EBITDA increases 2%
- Guidance confirmed; FY18 EBITDA of €174m – €176m
- EPS significantly improved to €0.53 in Q3 2018 and €1.85 for 9M 2018
- Market entry into China announced with operations expected to start within H2 2020
- Befesa entered SDAX, ten months after being listed on the Frankfurt Stock Exchange

Luxembourg, 22 November 2018 – Befesa S.A. (“Befesa”), the European market leader for steel dust and aluminium salt slags recycling services, continued to deliver on its growth targets, increasing earnings over the first nine months of 2018 despite a challenging market environment during the third quarter. Based on the development from January to September 2018, Befesa confirms its guidance of low single digit earnings growth.

In the nine-month period ended 30 September, Befesa increased its EBITDA by 2.1% to €128.9m. EBIT grew by 1.8% to 107.9m. Consolidated revenues for 9M 2018 increased by 8.2% to €539.1m on a comparable basis.

Q3 revenues remained flat at €156.7m on a comparable basis, primarily driven by lower volumes in the Secondary Aluminium sub-segment, which were mainly due to the scheduled stoppages to upgrade the furnaces of the two Spanish plants and lower prices for both zinc and aluminium alloys. However, the volume increase in Steel Dust Recycling Services offset these decreases. Q3 EBITDA decreased by 7.2% to €40.0m and EBIT dropped by 9.0% to €33.6m year-over-year, mainly driven by lower zinc and aluminium alloy prices. Q3 is the 8th consecutive quarter with at least €40m EBITDA.

For the nine-month period 2018, net profit increased by almost 60%, reaching €66.5m and bringing earnings per share (EPS) to €1.85. Net profit in Q3 2018 almost tripled to €18.5m compared to the same period in 2017, representing Q3 EPS of €0.53. The strong improvement was largely driven by decreasing financial expenses by around 60% under Befesa’s new capital structure. Due to the reduced leverage of x2.4, the financial expenses of Befesa’s term loan B will ease further, dropping 25 bps to Euribor +250 bps versus the current +275 bps from the end of November.

Javier Molina, CEO of Befesa, commented: “We are developing our business in line with our targets and are pleased to deliver on our guidance, despite the challenging market environment in the third quarter. Our hedging strategy continues to be successful and we are able to grow volumes, particularly in the Steel Dust Recycling Services segment.”

Befesa expects its EBITDA for 2018 to reach between €174m and €176m (2017: €172m). Net profit is expected to come in significantly higher at €83m to €85m compared to €49m in 2017. This would result in a significant increase in 2018 earnings per share (EPS) as well as a higher dividend.

Other developments in Q3

Befesa announced its Chinese market entry in September. The company will develop its steel dust recycling business, starting with a first plant in Changzhou, northwest of Shanghai, and designed to recycle 110,000 tons of EAF dust per year. This plant, which is currently under development, will be Befesa’s seventh EAF steel dust recycling site globally, alongside its existing sites in Europe, Turkey and

South Korea. The ramp-up of operations is expected for the second half of 2020. Also in September, Befesa was included in the SDAX.

Key figures

in €m	Q3 2018	Q3 2017	Change	9M 2018	9M 2017	Change
Revenues	156.7	156.9	-0.1%	539.1	498.1	8.2%
EBITDA	40.0	43.1	-7.2%	128.9	126.2	2.1%
EBIT	33.6	36.9	-9.0%	107.9	106.0	1.8%
Net Profit	18.0	14.6	23.5%	62.9	34.7	81.4%
EPS (in €)	0.53	-0.01		1.85	-0.01	

Note: The revenues shown in the table above are comparable revenues after the IFRS 15 amendment. EBITDA and EBIT are on an adjusted basis. Net profit shown is from continuing operations attributable to Befesa S.A..

Webcast

Befesa will host a webcast on its third quarter results at 9am CET on 22 November 2018. Further details, a replay and other events are available on the company's website: www.befesa.com

Financial Calendar 2019

The financial calendar for 2019 has been posted 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 1,300kt 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

Investor Relations

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