



PRESS AND INVESTOR ANNOUNCEMENT

S&P raised Befesa's rating to BB with stable outlook

Luxembourg, 14 December 2018 – Befesa S.A. (“Befesa”), the European market leader for steel dust and aluminium salt slags recycling services, received an upgrade for its long-term issuer credit rating by S&P Global Ratings, from “BB-” to “BB”, with a stable outlook. Ratings on the €526m term loan B and a €75m revolving credit facility were raised from “BB-” to “BB+”.

S&P pointed out that the upgrade reflects Befesa's robust results in the first nine months of 2018, and S&P's expectation that results will continue to improve over the next few years. The rating action also reflects the track record Befesa has established under its new financial policy, which supports further deleveraging. Under the updated base-case scenario, S&P Global Ratings' adjusted debt to EBITDA is projected between 2x-2.5x in 2018 and 2019, compared with a level of 3x that S&P consider commensurate with a “BB” rating.

Befesa's operating and financial performance has been strong in the last few years, supported by higher volumes, favourable prices, and operational excellence in both businesses – steel dust and aluminium salt slags recycling services.

In September 2018, Befesa announced its entry into the Chinese market, developing the first steel dust recycling dust plant in the country. The expected increase in the use of electric arc furnaces technology in China to produce steel, replacing some of the existing blast furnace technology, as well as adding new capacity, would materially increase the availability of steel dust in the country and consequently Befesa's opportunity to grow.

The stable outlook reflects Befesa's ability to expand its portfolio, while increasing its earnings, and at the same time maintaining a supportive financial policy, notable long-term hedge book, dividend policy, and leverage objectives.

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

Since 3 November, 2017, shares of Befesa have been traded at the Frankfurt Stock Exchange. Befesa's shares are traded under the International Securities Identification Number (ISIN) LU1704650164 and the German securities identification number (WKN) A2H5Z1. Their ticker symbol is BFSA.

Investor Relations

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