



PRESS AND INVESTOR ANNOUNCEMENT

Second quarter results 2018

Befesa continues earnings growth in Q2 2018 in line with annual guidance

- Strong steel dust volume development at record levels up 14.4% from H1 2017
- Adjusted EBITDA grew by 6.8% to €44.3m in Q2 (H1: +6.9% to €88.9m); adjusted EBIT grew by 7.9% to €37.0m in Q2 (H1: +7.5% to €74.3m)
- EPS significantly improved to €0.68 in Q2 (H1: €1.32)
- Extended zinc hedges to cover H1 2021 at €2,230/t
- Growth initiatives being implemented and on track

Luxembourg, 30 August 2018 – Befesa S.A. (“Befesa”), the European market leader for steel dust and aluminium salt slags recycling services, achieved another quarter of YoY earnings growth and continued delivery of growth targets. The main drivers behind this earnings growth were the increased volume of steel dust treated, largely originating from Befesa’s South Korean operations, alongside favourable average zinc and aluminium alloy prices during Q2.

Revenues in Q2 2018 decreased by 7.3% to €187.0m compared to the same period in 2017. This decrease was due to accounting amendments implemented January 1, 2018, decreasing revenue by €29m. Adjusted EBITDA grew by 6.8% to €44.3m and adjusted EBIT grew by 7.9% to €37.0m compared to Q2 2017. Accordingly, Befesa’s Q2 2018 adjusted EBITDA margin increased to 23.7%, up 3.1 percentage points and adjusted EBIT margin grew to 19.8%, up 2.8 percentage points compared to the same period in 2017.

Overall revenues for H1 2018 were up by 2.1% to €382.4m compared to H1 2017. Adjusted EBITDA grew 6.9% to €88.9m and adjusted EBIT rose 7.5% to €74.3m compared to the first half of 2017. Correspondingly, margins also improved over last year, with adjusted EBITDA margin and EBIT margin both increasing by 1.0 percentage point to 23.2% and 19.4% respectively.

In Q2 2018, net profit increased by 101% to €24.8m, bringing earnings per share (EPS) to €0.68 in the quarter. For H1, cumulated net income increased by 55.4% to €44.8m representing H1 2018 EPS of €1.32. This was largely driven by a decrease in financial expenses by approximately 60% under the new capital structure in place since December 7, 2017. Operating cash flow in Q2 2018 was €26.8m and cash on hand at the end of the quarter amounted to €104.4m after having distributed the annual dividend for 2017 of €0.73 per share or €25m during the quarter.

Javier Molina, CEO of Befesa, commented: “Despite the challenging macro-economic market dynamics that we are seeing recently in many areas of the markets where we operate, we have delivered another strong quarter of earnings growth, with steel dust volumes increasing according to our expectations. The H1 2018 results are in line with the guidance we provided at the beginning of the year of single digit earnings growth and we are focusing on our organic growth initiatives. With our efficient capital structure and financial expenses reduced to less than half, full year 2018 Net Income and EPS will be significantly higher compared to 2017.”

Key figures

in €m	Q2 2017	Q2 2018	Change	H1 2017	H1 2018	Change
Revenues	201.6	187.0	-7.3 %	374.4	382.4	2.1%
Adj. EBITDA	41.5	44.3	6.8%	83.1	88.9	6.9%
Adj. EBIT	34.3	37.0	7.9%	69.1	74.3	7.5%

in €m	Q2 2017	Q2 2018	Change	H1 2017	H1 2018	Change
Financial expenses	12.4	5.1	-58.9%	24.7	10.1	-59.1%
Operating cash flow	3.9	26.8	>100%	32.4	36.7	13.2%

EPS (in €)	(0.01)	0.68	-	(0.01)	1.32	-
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Webcast

Befesa will host a webcast on its second quarter results at 9am CEST on 30 August 2018. Further details, a replay and other events are available on the company's website: 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

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