



PRESS ANNOUNCEMENT

Befesa S.A. plans IPO in Q4 2017

Ratingen, 6 October 2017

- Befesa S.A.¹ (“Befesa” or the “Company”) today announced its intention to pursue an initial public offering of its ordinary shares and listing on the regulated market (Prime Standard) of the Frankfurt Stock Exchange in the fourth quarter of 2017, subject to market conditions
- Befesa is a market leader in providing mission critical environmental services to the steel and aluminium industries in Europe and Asia
- Given Befesa’s strong balance sheet and cash flow profile the planned offering will consist exclusively of existing shares from current shareholder Triton and will allow for sufficient free float
- The Company plans to pay out 40 to 50% of net profits as dividends in the future

Javier Molina, CEO of Befesa, said: “Befesa has grown very successfully under private ownership over the past few years. Going public marks an important next step in the strategic development of our Company, and we are ready for it. The IPO will give us better access to the capital markets, allowing us the flexibility to continue along our growth path and delivering our ambitious plans for years to come.”

Befesa is a leading player for steel dust and aluminium salt slags recycling services in its European core market, with an estimated market share of about 45%-50%. The Company operates plants in Germany, Spain, Sweden, France and the UK, as well as in Turkey and South Korea. Befesa benefits from increasingly strict environmental regulation and macro-economic trends towards greater sustainability and more environmentally friendly solutions, strong and longstanding client relationships and enhanced demand for steel and aluminium production leading to increasing demand for its services.

Befesa provides important services to its customers. Befesa collects and recycles hazardous waste from steel producers and aluminium recyclers for whom recycling is mandatory and strictly regulated in most jurisdictions. Befesa is a critical and integral part of its customer’s value chain. Its two segments are:

- **Steel Dust Recycling Services:** In its Steel Dust Recycling Services segment, Befesa collects and recycles steel dust and other steel residues generated in the production of Electric Arc Furnace (EAF) crude, stainless and galvanized steel. It generates revenues by charging a service fee for the collection and treatment of steel dust from EAF steel producers and by recycling the steel dust to produce zinc-containing Waelz oxide, a highly sought-after input material in the zinc production, which it sells to zinc smelters.
- **Aluminium Salt Slags Recycling Services:** In its Aluminium Salt Slags Recycling Services segment, Befesa mainly recycles salt slags generated by aluminium recyclers and spent pot linings (“SPL”) generated by primary aluminium producers for a service fee, treats these input materials and sells the recovered aluminium concentrates, aluminium oxides and salt to aluminium producers, thereby closing the production cycle and recycling loop.

Befesa is currently owned by funds advised by private equity firm Triton which acquired Befesa from Abengoa S.A. in 2013. Under Triton’s ownership, Befesa has invested substantial funds to grow the business organically and through add-on acquisitions.

In the 12 months ended 30 June 2017, Befesa saw strong growth and high capacity utilization paired with increased profitability. The Company generated revenues of €685 million and an adjusted EBIT of €133 million (19.5% margin) during this period. This represents a significant increase compared to

¹ Current name of the holding company is Bilbao MidCo S.à r.l., which will be renamed to Befesa S.A. prior to the IPO.

the financial year 2016, in which Befesa generated revenues of €612 million and an adjusted EBIT of €103 million (16.9% margin).

Befesa Highlights

Leading position in markets with favorable macro and mega trends supports steel dust and aluminium salt slags recycling services

- Approximately 45-50% market share in the installed European capacity in both segments
- Rising population and industrialization expected to drive steel and aluminium production
- Stricter environmental regulation forcing producers of steel dust and salt slags globally to recycle hazardous waste in a sustainable way
- Increased use of higher quality steel and galvanized materials carrying a higher zinc content increasing the value of steel dust
- Light-weight trends within the automotive industry driving aluminium production and thus demand for Befesa's aluminium-related recycling services

Competitive advantage from facilities close to customers

- Well located footprint across Western Europe, Turkey and South Korea in close proximity to major customers, allowing Befesa to service the vast majority of the regional demand

Provision of critical environmentally regulated services to long-term customers

- Befesa focuses on strictly regulated management of hazardous waste, which is "mission-critical" for its customers to continue operating their facilities
- Long lasting, loyal customer relationships with many customers having trusted Befesa for over 20 years across both segments, providing Befesa with relatively stable collection and Treatment revenues and predictable demand for its services
- Befesa's process technology leadership ensures reliable services to its customers

Services business model with protected competitive positioning

- Only limited risk from new entrants, as the required technical know-how, the ability to make significant upfront investments, as well as licenses and permits form a high barrier to entry
- No competitive pressure from vertical integration of customers observed in the past
- No obvious substitution risk as there is no viable alternative to recycling

Attractive growth and high margins combined with proven resilience and stable cash flows through the cycle

- Robust sales growth underpinned by sustainable increase in volumes since 2013
- Double-digit annual adjusted EBIT growth since 2013; strong momentum in H1 2017 with €69 million adjusted EBIT compared to €39 million over the same period in the previous year
- Low capital intensity exemplified by low, stable depreciation and amortization and attractive adjusted EBIT margin profile (approx. 19.5% in the 12 months ended 30 June 2017)
- Strong and stable free cash flow generation due to low maintenance capex requirements
- Margin resilience ensured through effective long-term hedging

Well defined growth strategy

- Future growth expected to be supported by higher utilization rates at existing plants, increasing zinc content in steel dust, continued implementation of operational improvement measures and well defined and accretive growth projects
- Five compelling growth projects across segments already identified and budgeted for; targeted financial impact with fast payback periods in line with previous projects

Experienced and disciplined management team with a strong growth track record

- Experienced management team with long standing industry expertise – Javier Molina (CEO) 20+yrs with Befesa, Wolf Lehmann (CFO) joined in 2014 and has 20+yrs in financial and

operational leadership roles, Asier Zarraonandia (Vice President of Steel Dust Recycling Services) 15+yrs with Befesa, Federico Barredo (Vice President of Aluminium Salt Slags Recycling Services) 25+yrs with Befesa

- Successful re-focusing and expansion of the business through a balanced program of organic growth and acquisitions, and the disposal of non-core businesses
- Track record of international growth and disciplined capital allocation

Overview of the Offering

Befesa plans to list its shares on the regulated market of the Frankfurt Stock Exchange (Prime Standard). The Offering of secondary shares currently owned by Triton will consist of a public offering in Germany as well as private placements in certain other jurisdictions, and will allow for sufficient free float after listing.

Triton plans to provide additional secondary shares for a potential over-allotment in the amount of up to 15% of the original offering.

As of the date of this release, Triton indirectly holds a stake of over 90% in Befesa and intends to remain significantly invested post-IPO in order to participate in the Company's long-term development. Befesa plans a lock-up period of 6 months for Triton and the Company as well as 12 months for the Company's top management.

Citigroup, Goldman Sachs International and J.P. Morgan are acting as Joint Global Coordinators and Joint Bookrunners on the Offering. Berenberg, Commerzbank, Santander and Stifel are acting as additional Joint Bookrunners.

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

Media Relations

Max Hohenberg
E-mail: max.hohenberg@cnc-communications.com
Mobil: +49 172 899 6264

Maximilian Karpf
E-mail: maximilian.karpf@cnc-communications.com
Mobil: +44 7970 716 953

Investor Relations

Rafael Pérez
E-mail: irbefesa@befesa.com
Befesa Management Services GmbH
Balcke-Dürr-Allee 1
40882 Ratingen
Deutschland (Germany)

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, CANADA, AUSTRALIA OR JAPAN OR ANY OTHER JURISDICTION IN WHICH THE DISTRIBUTION OR RELEASE WOULD BE UNLAWFUL.

Disclaimer

This communication does not constitute or form part of an offer of securities for sale or solicitation of an offer to purchase securities in the United States, Canada, Australia, Japan or in any other jurisdiction in which such offer may be restricted. The securities referred to in this communication have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States, except on the basis of an applicable exemption from registration or in a transaction not subject to registration under the Securities Act. There will be no public offering of securities in the United States or anywhere else, except for Germany.

In the United Kingdom, this communication is directed only at persons who: (i) are qualified investors within the meaning of the Financial Services and Markets Act 2000 (as amended) and any relevant implementing measures and/or (ii) are outside the United Kingdom or (iii) have professional experience in matters relating to investments and fall within the definition of "investment professionals" contained in article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the "Order") or are persons falling within article 49 (2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Order, or fall within another exemption to the Order (all such persons referred to in (i) to (iii) above together being referred to as "Relevant Persons"). Any person who is not a Relevant Person must not act or rely on this communication or any of its contents. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

This communication constitutes neither an offer to sell nor a solicitation to buy securities. The public offering in Germany will be made solely by means of, and on the basis of, a securities prospectus for the purposes of Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003, as amended (the "Prospectus Directive"), which is to be published. An investment decision regarding the publicly offered securities of the Company should only be made on the basis of the securities prospectus. The securities prospectus will be published promptly upon approval by the Commission de Surveillance du Secteur Financier (CSSF) and notification to the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and will be available free of charge from the Company, Befesa Management Services GmbH, Balcke-Dürr-Allee 1, 40882 Ratingen, Germany, or on www.befesa.com.

Statements contained herein may constitute "forward-looking statements." Forward-looking statements are generally identifiable by the use of the words "may", "will", "should", "plan", "expect", "anticipate", "estimate," "believe", "intend", "project", "goal" or "target" or the negative of these words or other variations on these words or comparable terminology.

Forward-looking statements are based on current expectations and involve a number of known and unknown risks, uncertainties and other factors that could cause the Company's or its industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. You should not place undue reliance on forward-looking statements and the Company does not undertake publicly to update or revise any forward-looking statement that may be made herein, whether as a result of new information, future events or otherwise.

The Joint Bookrunners are acting exclusively for Befesa and Triton in connection with the Offering. They will not regard any other person as their respective client in relation to the Offering and will not be responsible to anyone other than Befesa and Triton for providing the protections afforded to their respective clients, nor for providing advice in relation to the Offering, the contents of this announcement or any other matter referred to herein.