PRESS ANNOUNCEMENT

Befesa S.A. with double digit growth in the first nine months of 2017

Ratingen, 28 November 2017

- Continued double digit growth in revenue and earnings driven by strong volume development, favorable prices and operational excellence
- Leverage[1] reduced to 2.7x EBITDA and ongoing strong cash generation
- New capital structure to lower interest costs and debt service by approximately 60%
- Strengthened and extended hedging, both in terms of volume percentage and period covered

Befesa S.A. today announced its financial results for the third quarter 2017, reporting continued double digit top and bottom line growth across the Group. Consolidated revenues grew 16% to EUR 173.5 million, up from EUR 149.6 million in Q3 2016. Adjusted EBIT[2] increased by 31% year on year, reaching EUR 36.9 million (Q3 2016: EUR 28.2 million).

Over the nine-month-period, consolidated revenues grew by 21.7% to EUR 547.9 million (9M 2016: EUR 450.4 million). Consolidated adjusted EBIT in the nine months ended 30 September 2017 increased by approximately 57% to EUR 106.0 million. The significant growth came on the back of increased steel dust collection and throughout, higher salt slag' and SPL volumes serviced as well as improved price levels for both Waelz oxide as well as aluminum alloys.

Javier Molina, CEO of Befesa, said: "We are very pleased with the strong double digit growth we have seen over the first nine months of the year. It reflects our effort to significantly increase volumes in steel dust environmental services. In the salt slags' and SPL division, we managed to fulfill high customer demand through increased capacity whilst maintaining high utilization rates. Our results also begin to reflect the now completed ramp-up of our new state-of-the-art secondary aluminum production plant in Bernburg. We are set to continue to improve our leading position in our core markets, increase volumes and maintain the margin levels we have shown to offer our shareholders an attractive dividend."

During the first nine months of 2017, the Group also continued to deliver a solid cash flow performance. At the end of the third quarter, the Group increased its cash & cash equivalents by 44% year on year to EUR 87.9 million. On October 19, 2017, Befesa, S.A. entered into a new financing agreement, priced and syndicated following the successful IPO on 3 November 2017. It includes a term loan B facility of EUR 526 million with an attractive interest rate of three-month Euribor +2.75% floored at zero for the next 5 years. The new capital structure resulting from the agreement is scheduled to become effective on Dec 7, 2017, replacing current PIK and HY Bond and will lower debt service by approximately 60%.

In addition, Befesa further strengthened and extended zinc price hedges both in terms of volume percentage and in terms of period covered. During the month of October, Befesa has extended its zinc hedges covering a period until mid-2020, consistently hedging approximately 70% of the expected volume of zinc contained in Waelz oxide for the respective years.

Wolf Lehmann, CFO of Befesa, said: "By successfully signing a new capital structure and strengthening our hedging program we further improved earnings and cash flow stability and predictability"

In the Steel Dust Recycling Services business, Befesa expects similar volumes across the segment for the remainder of the year 2017. Earnings in the Steel Dust Recycling Services segment are expected to increase gradually in the medium term, driven by higher volumes and utilization rates. The earnings predictability has improved through the expanded hedging program.

With regards to the Aluminium Salt Slags Services business, Befesa expects moderate volume growth on the back of a continued need for lightweight solutions in the transportation industry and the solid

[1] *Leverage calculated as Net Debt / Adjusted EBITDA. Leverage at close of Q3 2017 calculated using adjusted EBITDA of the Last Twelve Months (LTM) as of September 30, 2017.*

[2] *In order to better assess the operational business performance at Group level and for the individual segments, Befesa calculates EBITDA, Adjusted EBITDA and Adjusted EBIT. Adjusted EBITDA/adjusted EBIT is calculated by adjusting EBITDA/operating result to account for the impact of one-time effects (including holding and restructuring efforts).*

outlook for the European economy. Similar to the Steel Dust Recycling Services business, earnings in Aluminium Salt Slags Services business are also expected to benefit from higher volumes and utilization rates with corresponding improved margins.

Befesa will report its preliminary 2017 full-year results during the week commencing February 20, 2018. The 2017 full-year report will be published on March 22, 2018.

Key Figures (€ million, unless specified otherwise)

	Three-month period ended Sep. 30, (*)			Nine-month period ended Sep. 30, (*)		
	2017	2016	Change in %	2017	2016	Change in %
Revenue (1)	173.5	149.6	16.0%	547.9	450.4	21.7%
EBITDA (2)	41.3	35.4	16.8%	112.1	88.1	27.2%
Adjusted EBITDA (3)	43.1	35.8	20.5%	126.2	89.7	40.8%
Adjusted EBITDA margin (%) (3)	24.8%	23.9%	0.9 p.p.	23.0%	19.9%	3.1 p.p.
EBIT (4)	34.6	27.0	28.4%	90.2	63.1	43.0%
Adjusted EBIT (5)	36.9	28.2	30.9%	106.0	67.4	57.4%
Adjusted EBIT margin (%) (5)	21.3%	18.9%	2.4 p.p.	19.4%	15.0%	4.4 p.p.
Financial result	(12.5)	(13.8)	-9.3%	(35.7)	(33.3)	7.4%
Income before taxes and minority interests	22.1	13.1	68.1%	54.5	29.9	82.6%
Net income (real, non-adjusted)	6.6	3.7	77.4%	41.7	12.5	233.5%
Total assets (as of September 30 for 2017; as of December 31 for 2016)	1,019.0	1,028.8	-0.9%	1,019.0	1,028.8	-0.9%
Capital expenditures (6)	6.3	3.8	66.7%	17.5	14.0	25.6%
Cash flow from operating activities	21.5	27.0	-20.4%	53.9	36.5	47.7%
Cash and cash equivalents at the end of the period	87.9	61.2	43.6%	87.9	61.2	43.6%
Net debt (as of September 30 for 2017; as of December 31 for 2016)	450.7	470.6	-4.2%	450.7	470.6	-4.2%
Leverage (7)	2.7 x	3.5 x		2.7 x	3.5 x	
Number of employees (as of September 30)	1,130	1,141	-1.0%	1,130	1,141	-1.0%

Notes on Non-IFRS Measures (Alternative Performance Measures):

This report includes Alternative Performance Measures (APMs), including EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, EBIT, Adjusted EBIT, Adjusted EBIT margin, net debt and capital expenditures which are not measures of liquidity or financial performance under International Financial Reporting Standards (IFRS). These non-IFRS measures should not be considered in isolation or as an alternative to results from operating activities, cash flow from operating, investing or financing activities, or other financial measures of our results of operations or liquidity derived in accordance with IFRS. We include APMs in this report because we believe that they are useful measures of our performance and liquidity. Other companies, including those in our industry, may calculate similarly titled financial measures differently than we do. Because all companies do not calculate these financial measures in the same manner, our presentation of such financial measures may not be comparable to other similarly titled measures of other companies. These APMs are not audited. A reconciliation of EBITDA, Adjusted EBITDA, and Adjusted EBIT to our IFRS operating result (EBIT) is presented on page 5 of this report.

(1) Revenue figures are compiled from our accounting records and are unaudited figures.

(2) EBITDA has been calculated based on operating result, adding back charges taken for amortization/depreciation, impairments and provisions.

(3) Adjusted EBITDA is calculated by adjusting EBITDA to account for the impact of one time effects (including holding and restructuring effects).
Adjusted EBITDA margin is calculated as the ratio of Adjusted EBITDA to Revenue.

(4) EBIT is equal to operating result as shown in the consolidated income statement (page 11) for the respective period.
Our operating result is the closest reconcilable line item presented in the financial statements to EBITDA, Adjusted EBITDA and Adjusted EBIT.

(5) Adjusted EBIT has been calculated based on the reported operating result adjusted for holding, restructuring and other one-time effects.
Adjusted EBIT margin is calculated as the ratio of Adjusted EBIT to Revenue.

(6) Capital expenditure includes maintenance capital expenditures, growth capital expenditures, and expenditures for IT, productivity, compliance and other.
Figures are based on our accounting records and may deviate from cash expenses actually incurred.

(7) Leverage calculated as Net Debt / Adjusted EBITDA. Leverage in 2017 is calculated using Adjusted EBITDA of the Last Twelve Months (LTM) as of September 30, 2017

(*) Except for Total assets and Net debt figures, which are as of September 30th, 2017 compared to as of December 31, 2016.

About Befesa

Befesa is a leading international provider of critical environmental 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 core services, steel dust and aluminium salt slags recycling services, Befesa manages and recycles more than 1,300, 000 tons of residues annually, with a production of more than 600,000 tons 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

Rafael Pérez
Email: irbefesa@befesa.com
Befesa S.A.
Balcke-Dürr-Allee 1
40882 Ratingen
Deutschland (Germany)