



PRESS AND INVESTOR ANNOUNCEMENT

Third quarter 2021 results

Befesa reports record level 9M EBITDA of €137m up 62% YoY

- **Q3 2021** delivers strong growth, with adjusted EBITDA up 46% YoY to €42.7m, also growing 15% compared to pre-pandemic Q3 2019 levels
- **9M 2021** adjusted EBITDA grew by 62% YoY to €136.8; up 17% or €20m over pre-pandemic 9M 2019
- Improved **leverage** of x2.3, down from x3.3 in Q3 2020; Continued strong **liquidity** of more than €275m including a new high level of €201m **cash on hand**, post-dividend and acquisition funding
- **China** on target: 1st plant, Jiangsu province, opening event in mid-November; 2nd plant, Henan, on track for construction completion by year end, with commissioning and ramp up in H1 2022
- Successfully closed **acquisition** of American Zinc Recycling (“AZR”) and consolidating since 17 August; **US** operations delivering as expected
- **Revised guidance** upwards to reflect record earnings and acquisition of AZR, targeting 2021 FY adjusted EBITDA of around €195m

Luxembourg, 28 October 2021 - Befesa S.A. (“Befesa”), the global market leader for steel dust and aluminium salt slags recycling services, reported continued strong performance on record earnings levels, for both Q3 and 9M of 2021, delivering strong growth YoY, which is also well above the pre-COVID periods of 2019. Significant progress was made in China and the US, as 2021 continues to become an inflection point in the Company’s accelerated global growth trajectory.

Adjusted EBITDA for Q3 stood at €42.7m, compared to €29.3m in the same quarter last year, an increase of 46%. EBITDA was also 15% above the €37.0m of Q3 2019, pre-pandemic. Year-to-date growth was even stronger, as Befesa achieved €136.8 in the first nine months, up €52m or 62% compared to 9M 2020 and 17% more than the pre-pandemic 9M 2019 figure of €117.1m. The YoY positive earnings development in 9M was mainly driven by strong base metal prices and good volume performance. Overall plant utilization was solid at pre-pandemic levels, with Steel Dust at above 80% and Aluminium Salt Slags & SPL at or above 90%.

Leverage of x2.33 was reported at Q3 closing, following a €47m dividend distribution, the funding of the China expansion and the acquisition of AZR in the US during Q3. Leverage decreased from x3.31 in Q3 2020, x3.10 at year end 2020 to x2.33 in Q3 2021. Similarly liquidity in Q3 2021 remained very strong at more than €275m, with cash on hand reaching a new high level of €201m.

Befesa also revised its guidance upwards for the full year, based on the achieved earnings year-to-date and the inclusion of the acquired operations in the US. The initial guidance of adjusted EBITDA in the range of €165 to €190m has been revised to a new record of around €195m, highlighting an expected strong remainder of the year.

US acquisition successfully closed and operations contributing as expected

Befesa successfully acquired Pennsylvania-based American Zinc Recycling (AZR) on 17 August 2021. Befesa renamed its acquired US operations to Befesa Zinc US and appointed Rodrigo Daud as CEO and president. As one of the US market leaders in electric arc furnace dust (EAFD) recycling services, Befesa Zinc US is contributing to Befesa’s operations as expected and is accelerating the expansion of Befesa’s global footprint.

China expansion on target

The Company's developments in China continued on target and budget, with the official opening event for the first state-of-the-art steel dust recycling plant in Changzhou, province of Jiangsu, scheduled for mid-November. The construction of the second plant, based in Xuchang, province of Henan, is also on target, with construction due to be completed by the end of 2021 and ramp up, including commissioning, scheduled during H1 2022.

Javier Molina, CEO of Befesa, commented: "Q3 was an exciting quarter for Befesa: On the one hand we continued operating at record levels, well ahead of those pre-COVID, and on the other we achieved significant strategic progress accelerating our global expansion. In the US, we successfully completed the acquisition of AZR and are driving progress on the integration of our US operations. In China, the customer feedback we have been receiving is very supportive, we are going live with our first plant and completing the construction of our second. Our improved full-year guidance of around €195m EBITDA now incorporates the contribution from Befesa Zinc US and highlights our confidence to deliver 2021 at the highest earnings levels. 2021 positions us very well to further accelerate our growth path globally. We are focused on continuing to actively protect the environment by providing environmental services to existing and new customers in the steel and aluminium industries around the world. Finally, we would like to thank our shareholders for their continued support. Following our IPO in 2017, we became a SDAX company in 2018 and now, as of 20 September 2021, we are proud to have established ourself as a member of the MDAX."

Key figures

in €m	9M 2020	9M 2021	Change	Q3 2020	Q3 2021	Change
Revenue	446.4	574.2	+28.6%	145.2	190.0	+30.9%
Adjusted EBITDA ¹⁾	84.5	136.8	+61.8%	29.3	42.7	+45.7%
Net profit	31.4	61.5	+95.8%	10.8	15.9	+46.8%
EPS ²⁾ (€)	0.92	1.69	+83.4%	0.32	0.40	+25.0%
Operating cash flow	37.8	73.9	+95.7%	26.6	3.7	-86.1%
Net debt	420.3	482.1	+14.7%	420.3	482.1	+14.7%
Net leverage ³⁾	x3.31	x2.33		x3.31	x2.33	

Notes:

1) 9M/Q3 2021 EBITDA adjusted for €8.1m non-recurring AZR acquisition-related costs

2) Earnings Per Share (EPS) for 9M 2021 is based on 36,370,474 weighted average shares after the capital increase of 5,933,293 new shares to partly fund the AZR acquisition; EPS for Q3 2021 is based on 39,999,998 outstanding shares

3) Net leverage of x2.33 at 30 Sept 2021 computed based on €207.2m LTM Q3 2021 EBITDA adjusted for €8.1m non-recurring AZR acquisition-related costs and including Zinc US operations

Webcast

Befesa will host a webcast on its third quarter 2021 results at 9:00 am CEST on 28 October 2021. Further details, a replay and other events are available on the Company's website: www.befesa.com

Financial Calendar 2022

The financial calendar for 2022 is available 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 player in the circular economy, providing environmental, regulated services to the steel and aluminium industries with facilities located in Germany, Spain, Sweden, France, as well as in

Turkey, South Korea, China and the US. Through its two business units, Steel Dust and Aluminium Salt Slags recycling services, which are a critical part of the circular economy, Befesa manages and recycles more than 2 million tonnes of residues annually, with a production of around 1.5 million tonnes of new materials, which Befesa reintroduces in the market, reducing the consumption of natural resources. Further information is available on the Company's website: www.befesa.com

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