



## PRESS AND INVESTOR ANNOUNCEMENT

First quarter 2020 results

### **Befesa announces Q1 2020 results and FY 2020 outlook**

- Q1 2020 EBITDA at €34m, down 22% yoy due to depressed metal prices in the wake of Covid-19 pandemic
- Increased steel dust volume throughput by 10% with Turkey back in operation and overall plant utilization at  $\geq 90\%$
- Strong balance sheet and high available liquidity position of ~€200m
- Business outlook: FY 2020 EBITDA expected within range of €100m to €135m
- Dividend distribution of €15m (€0.44 per share) proposed for July; additional dividend in November to be reviewed after Q3 earnings to balance dividend stability, cash flow and visibility on Covid-19 impact

*Luxembourg, 30 April 2020* – Befesa S.A. (“Befesa”), the European market leader for steel dust and aluminium salt slags recycling services, performed in line with expectations as Covid-19 further pressured metal prices in the first quarter 2020. While Befesa’s Q1 revenues remained stable at around €179.0m, Q1 EBITDA decreased by 22% to €33.6m.

Higher volumes of steel dust throughput (+10% yoy) driven by the completed expansion project in Turkey could only partially offset unfavourable Q1 zinc prices which were down 19% yoy. Including higher treatment charges (TC), zinc prices per ton were down 28% yoy. Aluminium alloy prices decreased 6% over the same period. Salt slags & Spent Pot Lining (SPL) volumes decreased slightly (-3%) due to a precautionary, Covid-19-related two-week downtime at the plant in Valladolid, Spain. Overall plant utilization across segments continued to be at a high 90%+ on average.

Befesa is facing the challenging Covid-19 crisis with a strong balance sheet and high liquidity of ~€200m, including €120m cash on hand at the end of Q1, a €75m undrawn Revolving Credit Facility (RCF), and a long-term €526m covenant lite Term Loan B (TLB), maturing in July 2026. Befesa is allowed to operate across all its markets despite lockdown restrictions in various countries as the company is providing critical hazardous waste management services.

For FY 2020, Befesa expects the global macroeconomic environment to remain challenging, with risks particularly related to the follow-on effects from the Covid-19 pandemic. The development of metal prices is expected to have the largest impact on Befesa’s earnings in 2020. Given the unprecedented and unpredictable nature of the crisis, Befesa’s financial outlook for 2020 takes into account the company’s resilient performance during the last global severe crisis in 2009.

- Earnings are expected to be burdened by weaker metal prices due to lower global demand and higher TC at around \$300/ton compared to \$245/ton in 2019.
- Taking into account Befesa’s solid capacity utilisation, resilient business model and performance in 2009, FY 2020 EBITDA is estimated to come in between €100m and €135m.
- The final result will depend on the duration and severity of Covid-19 related government measures, the pace of global recovery and a potential sustained recovery of base metal prices in the second half of the year.
- Business continuity, including funding the China expansion, are assured even at the lower end of the range.

Aiming to balance both dividend stability and cash flow, Befesa will propose to the AGM on 18 June 2020 to distribute a dividend of €15m (€0.44 per share) to shareholders to be paid in July. Furthermore, an additional dividend distribution in November will be reviewed once the company has better visibility on the impact of Covid-19 on the earnings and cash flow development over the first three quarters of 2020.

*Javier Molina, CEO of Befesa:* "I'm confident that our strong balance sheet, high liquidity, and resilient business model will help us continue to deliver solid operational performance even as Covid-19 disrupts the global economy. We have prioritised the wellbeing, health and safety of our employees during these unprecedented times and will continue to do our part to slow the spread of the virus while ensuring business and service continuity to our customers to minimise the economic impact. Our focus for 2020 remains on pursuing our organic growth roadmap, executing our expansion in China, which will set the foundation for accelerated volume and earnings growth in the coming years."

Befesa's expansion in China is progressing as expected: After a temporary stop caused by the Covid-19 outbreak in China, Befesa was allowed to return and restart construction in Changzhou on 10 March. It was also allowed to reopen its office on 25 February. Preparatory works at Befesa's construction site in Henan, where the company is developing the second Chinese EAF steel dust recycling project, also resumed on 10 March. Completion of both constructions is expected by the beginning of and mid-2021, respectively.

### Key figures

in €m	Q1 2019	Q1 2020	Change
Revenues	179.1	179.0	-0.1%
EBITDA	43.0	33.6	-22.0%
Net profit	22.1	14.7	-33.5%
EPS (€)	0.65	0.43	-33.5%
Operating cash flow	17.6	8.4	-52.5%
Net debt	383.0	422.6	+10.3%
Leverage	x2.2	x2.8	

### Webcast

Befesa will host a webcast on its first quarter 2020 results at 09:00 am CEST on 30 April 2020. Further details, a replay and other events are available on the company's website: [www.befesa.com](http://www.befesa.com)

### Financial Calendar 2020

The Annual General Meeting is scheduled for 18 June 2020. The financial calendar for 2020 is available in the Investor Relations / Investor's Agenda section on Befesa's website. For more information, please visit [www.befesa.com](http://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 around 1.5 million tonnes of residues annually, with a production of around 1.2 million tonnes 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](http://www.befesa.com)

**Investor Relations**

Rafael Pérez

Email: [irbefesa@befesa.com](mailto:irbefesa@befesa.com)

Phone: +49 2102 1001 0

**Media Relations**

Maximilian Karpf

Email: [maximilian.karpf@kekstcnc.com](mailto:maximilian.karpf@kekstcnc.com)

Phone: +44 7970 716 953