Statement for the

First Quarter 2020

BEFESA

BEFESA AT A GLANCE

KEY FIGURES – Q1 2020

(€ million, unless specified otherwise)

	Q1 2020	Q1 2019	Change
Key operational data			
Steel dust throughput (tonnes)	185,656	168,968	9.9 %
Waelz oxide (WOX) sold (tonnes)	67,708	53,189	27.3 %
Salt slags and Spent Pot Linings (SPL) recycled (tonnes)	124,697	129,095	(3.4) %
Secondary aluminium alloys produced (tonnes)	47,919	47,965	(0.1) %
LME zinc average price (€ / tonne)	1,930	2,380	(18.9) %
Blended zinc price (€ / tonne)	2,114	2,373	(10.9) %
Aluminium alloy average market price (€ / tonne)	1,433	1,528	(6.2) %
Key financial data			
Revenue	179.0	179.1	(0.1) %
EBITDA	33.6	43.0	(22.0) %
EBITDA margin (% of revenue)	18.7 %	24.0 %	(5.3) p.p.
EBIT	24.1	34.6	(30.3) %
EBIT margin (% of revenue)	13.5 %	19.3 %	(5.8) p.p.
Financial result	(4.3)	(4.1)	3.1 %
Profit before taxes and minority interests	19.8	30.4	(34.8) %
Net profit attributable to shareholders of Befesa S.A.	14.7	22.1	(33.5) %
EPS (in €) based on 34,066,705 shares	0.43	0.65	(33.5) %
Total assets[1]	1,145.0	1,115.8	2.6 %
Capital expenditures	11.7	12.9	(9.0) %
Cash flow from operating activities	8.4	17.6	(52.5) %
Cash and cash equivalents at the end of the period	119.9	154.8	(22.5) %
Net debt[2]	422.6	383.0	10.3 %
Leverage[3]	x 2.8	x 2.2	
Number of employees (as of end of the period)	1,153	1,161	(0.7) %

[1] 2019 figure as of 31 December

[2] Net debt computed as non-current loans and borrowings + non-current lease liabilities + current loans and borrowings + current lease liabilities - cash and cash equivalents - other current financial assets (adjusted by hedging valuation)

[3] Leverage ratio computed as net debt divided by last twelve months (LTM) EBITDA

KEY HIGHLIGHTS

- **Good operational performance and plant utilisation ≥ 90%**;
  Managing impact from Covid-19 in Q1
    - Steel dust throughput at 186 thousand tonnes (+10% yoy); 90% utilisation
    - Salt slags & SPL recycled 125 thousand tonnes (-3% yoy); 94% utilisation
    - Limited Covid-19 related temporary downtimes: One Salt Slags plant due to pre-cautionary quarantine (two weeks, Valladolid); One Secondary Aluminium plant due to lower automotive demand (one week, Erandio)

- **Covid-19 further pressured metal prices, impacting Q1 earnings yoy**;
  EBITDA at €34 million (-22% or €-9 million yoy) primarily driven by:
  ▼ Unfavourable metal prices:
    - Zinc LME prices averaged €1,930 per tonne in Q1 (-19% yoy)
    - Zinc treatment charges (TC) settling at around $300 per tonne (vs. $245 per tonne in 2019)
    - Aluminium alloy FMB prices averaged €1,433 per tonne in Q1 (-6% yoy)

  ▼ Lower zinc hedging prices: €2,244 per tonne in Q1 2020 (vs. €2,327 per tonne in Q1 2019)
  The negative price effects above were partially offset by positive volume and mix/efficiency effects:
  ▲ Electric arc furnace (EAF) dust throughput up 10% yoy; primarily driven by the resumption of operations in Turkey after expanding the plant capacity
  ▲ High-efficiency furnace upgrades in Secondary Aluminium Spanish plants (Erandio and Les Franqueses del Vallès) delivering in 2020

- **Continued strong liquidity** with approximately **€200 million** at Q1 closing: cash on hand stable at **€120 million** plus undrawn **€75 million Revolving** Credit Facility (RCF); Leverage at x2.8

- **Efficient long-term capital structure** with **no covenant nor maturities up to July 2026;** Term loan B (**TLB**) successfully **repriced in February; Interest rate reduced** by 50 bps **to Euribor+200 bps** (for leverage >x2.25) which represents **€2.6 million annual savings**

- **Managing cash and cost rigorously; Reducing discretionary costs and non-vital capex; Continuing to fund China expansion**

- **Construction works at both Chinese sites resumed in March 2020** and progressing;
  Set up well for growth in 2021 and beyond

- **Full year 2020 EBITDA guidance between €100 and €135 million, factoring in Covid-19** impact and **considering Befesa's performance during** last **2008/09** severe global financial crisis

- **Dividend 2020**: Proposing to (1) **distribute a €15 million or €0.44 per share ordinary dividend** in **July**; and (2) review an **additional dividend** in November (post Q3 earning release) **depending on** the **earnings and cash flow** reached by **Q3 2020** and improved visibility about the impact from Covid-19.

BUSINESS OVERVIEW

RESULTS OF OPERATIONS, FINANCIAL POSITION & LIQUIDITY

Revenue

In Q1 2020, consolidated revenue remained flat at €179.0 million (Q1 2019: €179.1 million). The revenue development was primarily driven by the increased EAF dust throughput in Steel Dust Recycling Services mainly due to the plant in Turkey fully operating in Q1 2020 (compared to only one month during Q1 2019 as it was shut down to expand its capacity). The revenue development was offset by the reduced zinc and aluminium alloys market prices, the lower zinc hedging prices, the unfavourable zinc reference TC and the slight decrease in salt slags and SPL volumes.

EBITDA & EBIT

In Q1 2020, EBITDA decreased by 22.0% to €33.6 million (Q1 2019: €43.0 million). The main drivers and impacts that explain the €9 million EBITDA decrease yoy were: Lower metal prices (zinc LME €-6 million; Unfavourable zinc reference TC €-2.5 million; Aluminium alloy FMB €-0.5 million); Lower zinc hedging prices (€-2 million); Slightly lower salt slags volumes due to Covid-19 downtimes in Spain (€-0.5 million). These effects were partially offset by the higher EAF dust throughput in Steel Dust Recycling Services (€+3 million) and the furnace upgraded in 2019 in the Secondary Aluminium plant in Les Franqueses del Vallès (Spain) delivering results in 2020 (€+0.5 million).
Similarly, EBIT declined by 30.3% to €24.1 million (Q1 2019: €34.6 million), following the drivers that explain the EBITDA development.

Financial result & net profit

In Q1 2020, the consolidated **financial result** amounted to €-4.3 million, at similar level compared to the same period of prior year (Q1 2019: €-4.1 million). The reduction in financial expenses was driven by lower interest rates (Euribor+225 bps on average in Q1 2020 vs. Euribor+250 bps on average in Q1 2019) as a result of the refinancing of the capital structure in July 2019 and repricing in February 2020, was offset by the negative effect from net exchange differences.

Q1 2020 consolidated **net profit** attributable to the shareholders decreased by 33.5% to €14.7 million (Q1 2019: €22.1 million), primarily due to the commented drivers impacting EBITDA and EBIT.

Financial position & liquidity

Financial indebtedness as of 31 March 2020 amounted to €542.5 million, relatively flat compared to year-end 2019. Compared to year-end 2019, **net debt** increased slightly in Q1 2020 by €5.7 million to €422.6 million.

The following table reconciles net debt to the relevant balance sheet line items:

Net debt
(€ million)

	31 March 2020	31 December 2019
Non-current financial indebtedness	531.4	530.2
+ Current financial indebtedness	11.2	12.2
Financial indebtedness	**542.5**	**542.4**
- Cash and cash equivalents	(119.9)	(125.5)
- Other current financial assets[1]	(0.1)	(0.1)
Net debt	**422.6**	**416.9**
EBITDA LTM	150.1	159.6
Leverage ratio	**x 2.8**	**x 2.6**

[1] Other current financial assets adjusted by hedging valuation

Q1 2020 operating **cash flow** amounted to €8.4 million, down €9.2 million yoy (Q1 2019: €17.6 million), driven by the commented earnings reduction, which were partially offset by improved working capital. Operating cash flow during the last-twelve-months period as of 31 March 2020 remained solid at €93.3 million. After investing €16.2 million to fund regular maintenance capex and growth investments (China), Befesa closed Q1 with stable €120.0 million cash on hand. Considering the €75 million RCF entirely undrawn to date, Befesa continued with a strong liquidity of about €200 million available at Q1 closing.

Q1 2020 closed at a leverage of x2.8 EBITDA and Befesa continues to be compliant with all debt covenants.

SEGMENT INFORMATION

Steel Dust Recycling Services

Steel dust recycling volumes processed in Q1 2020 amounted to 185,656 tonnes, representing a 9.9% yoy increase (Q1 2019: 168,968 tonnes). This increase is driven by the incremental volumes from the plant in Turkey after the capacity expansion in 2019. The European plants as well as the plant in South Korea operated at high utilisation levels. With these volumes, steel dust recycling plants have been running in Q1 2020 at an average load factor of 90.2% of the expanded latest installed annual capacity of 825 thousand tonnes (Q1 2019: 92.7%). As a result, the volume of WOX sold increased by 27.3%, to 67,708 tonnes in Q1 2020 (Q1 2019: 53,189 tonnes).

In Q1 2020, **revenue** increased by 6.4% to €101.2 million (Q1 2019: €95.1 million). This was primarily due to the mentioned 9.9% increase in EAF dust throughput. The revenue increase was partially offset by the lower average zinc spot (-19% yoy) and hedging prices (Q1 2020: €2,244 per tonne; Q1 2019: €2,327 per tonne), both resulting in lower zinc effective average prices (blended rate between hedged volume and non-hedged volume), which decreased during Q1 by 10.9% yoy to €2,114 per tonne (Q1 2019: €2,373 per tonne). In addition, the revenue increase was also partially offset by the more unfavourable zinc TC referenced at around $300 per tonne in 2020 (2019: $245 per tonne). Combined, the price effect (zinc LME and TC) in Q1 amounted to 28% yoy.

EBITDA decreased by 23.4%, to €26.0 million in Q1 2020 (Q1 2019: €33.9 million). Similarly, **EBIT** decreased by 29.5% to €20.9 million in Q1 2020 (Q1 2019: €29.6 million). Earnings in Q1 were impacted by the mentioned lower zinc spot and hedging prices as well as by the unfavourable zinc reference TC, partially offset by the commented improvement in EAF dust throughput.

Aluminium Salt Slags Recycling Services

Salt Slags subsegment

Salt slags and SPL recycled volumes in Q1 2020 amounted to 124,697 tonnes, a slight decrease of 3.4% yoy (Q1 2019: 129,095 tonnes). Capacity utilisation levels remained very high at 94%.

In Q1 2020, **revenue** in the Salt Slags subsegment decreased by 0.8% to €22.1 million (Q1 2019: €22.3 million) and was primarily driven by the 6.2% decrease in prices for aluminium alloys (Q1 2020: €1,433 per tonne; Q1 2019: €1,528 per tonne, on average) paired with the slightly lower salt slags and SPL recycled volumes.

EBITDA in the Salt Slags subsegment decreased by 8.3% to €5.9 million in Q1 2020 (Q1 2019: €6.4 million). Similarly, **EBIT** in Q1 2020 declined by 15.9% to €3.6 million (Q1 2019: €4.3 million).

Secondary Aluminium subsegment

Aluminium alloy production volumes in Q1 2020 amounted to 47,919 tonnes, flat yoy.

In Q1 2020, **revenue** decreased by 8.6% to €65.4 million (Q1 2019: €71.6 million), primarily driven by lower aluminium alloy average prices.

EBITDA in the Secondary Aluminium subsegment grew 8.8% yoy to €2.7 million in Q1 2020. **EBIT** slightly decreased by 5.5% to €0.7 million. The increase in EBITDA was primarily driven by higher margins due to the more efficient secondary aluminium furnaces upgraded in 2019 which are delivering results. These improvements partially offset the slightly reduced volumes of salt slags and SPL recycled and the lower prices for aluminium alloys.

STRATEGY

Hedging strategy

A key element of Befesa's business model is its hedging strategy to manage the zinc price volatility and increase the visibility of its earnings and cash flow going forward.

The hedging currently in place provides Befesa with improved pricing visibility through 2020 and the first ten months of 2021. The average hedged prices and volumes for each of the periods are as follows:

Period	Average hedged price (€ per tonne)	Zinc content hedged (tonnes)
2017	€1,876	73,200
2018	€2,051	92,400
2019	€2,310	92,400
2020	€2,250	92,400
October YTD 2021	€2,200	57,300

Befesa will continue its hedging strategy, targeting stability even if foregoing short-term upside from higher zinc prices. In light of the current zinc market environment Befesa is closely monitoring to hedge the remaining 50% targeted hedge tonnage of Q3 2021, as well as the volume for Q4 2021 and beyond. Befesa's strategy is to hedge 60% to 75% of the expected volume of zinc contained in WOX for a period of around one to four years going forward.

Expansion/upgrades of existing sites (organic growth projects)

In 2019, Befesa successfully completed three organic growth projects which are delivering results in 2020, namely:

1. Turkey plant capacity expansion (Steel Dust)
2. New WOX washing plant in South Korea (Steel Dust)
3. Furnace upgrades in Les Franqueses del Vallès (Secondary Aluminium)

In 2020, another major organic growth project has top priority: Befesa continues working on expanding the capacity of its existing salt slags recycling plant in Hannover (Germany) by 40,000 tonnes to 170,000 tonnes. After having presented the full detailed project to the German environmental authorities, Befesa is currently providing technical-related details as requested by the authorities and expects to obtain the final permission by the end of 2020. The improved capacity will help to meet the increase in existing and new customer demand.

Greenfield projects in China

The expansion of the Steel Dust Recycling Services operations into China is progressing in both provinces – Jiangsu and Henan.

With regards to the first EAF dust recycling plant in the province of **Jiangsu**: After the temporary shutdown due to the Covid-19 pandemic, the construction site (located in Changzhou) reopened on 10 March 2020. The construction progresses and its completion is expected by the beginning of 2021.

Regarding the first EAF dust recycling plant in the province of **Henan** (Befesa's second EAF dust recycling plant in China): During Q1, Befesa continued preparing the site (located in XuChang) for construction, which is expected to be finalised by the middle of 2021.

The two plants in development are designed to each recycle 110,000 tonnes of EAF steel dust per year and will represent Befesa's seventh and eighth crude steel dust recycling sites globally, along with existing sites in Europe, Turkey and South Korea.

OUTLOOK

The year 2020 is expected to be a period of solid operating performance benefiting from the executed projects of 2019. The impact from the Covid-19 crisis on Befesa is expected to come mainly through depressed metal prices and lower secondary steel and aluminium production volumes at its customers plants leading to lower hazardous waste generation.

Befesa expects **2020 EBITDA to range between €100 and €135 million**. The position within the range depends mainly on how the Covid-19 pandemic impacts the European crude steel and automotive markets and the base metal prices in the remaining quarters of the year.

The **lower-end case** (2020 EBITDA: €100 million) assumes a second pandemic wave prolonging lockdowns, with the European crude steel production market (in Q1 -10% yoy) decreasing severely during the remaining quarters by 37% yoy each (for the 2020 full year -30% yoy, similar to the latest severe global crisis in 2008/09). In this scenario, Befesa's plants would be expected to run overall at approximately 80% capacity utilisation levels. With regards to metal prices, LME zinc spot prices are assumed to decrease in the remaining quarters to the Q1 low levels of around €1,650 to €1,700 per tonne. The combined price impact (Zinc LME and TC) would be around -39% yoy. In EBITDA terms, the remaining quarters would be assumed at a run-rate of approximately €22 million per quarter, resulting in €100 million EBITDA for the full year 2020.

The **upper-end case** (2020 EBITDA: €135 million) assumes that the European crude steel production market in Q2 would be materially down yoy, with lockdowns easing by the end of Q2, and no second pandemic wave in H2. As a result, Befesa's impact on volumes would be limited, with plants overall running at around 90% capacity utilisation levels. With regards to metal prices, LME zinc spot prices are assumed to recover in H2 to €1,750 to €1,850 per tonne. With zinc TC at around $300 per tonne, the combined price impact (Zinc LME and TC) would be around -30% yoy. In EBITDA terms, Q2 is assumed to be the lowest quarter in 2020 with H2 EBITDA run-rate levels recovering.

China: during Q1 Befesa experienced, due to the Covid-19 outbreak, a one-month delay in terms of the construction of its two plants under development. However, Nanjing HQ office reopened on 25 February and the construction site in Changzhou (Jiangsu province) reopened on 10 March. In the mid-term, Befesa's expectations about the business opportunity in China remains unchanged. The Chinese Government is strongly committed to environmental protection and the EAF steel market in China is already the largest worldwide. These two facts highlight the need for the recycling service solutions that Befesa provides. Befesa **continues to fund its China expansion** as part of the 2020 capex guidance.

By reducing its discretionary cost and non-vital capital expenditures, Befesa targets for 2020 €70 million total capex. Approximately €20 million will be used to maintain Befesa's assets at their usual operational levels and €50 million would be invested mostly on developing the two steel dust recycling plants in China.

This level of investments would lead to a **pre-dividend cash flow** ranging between **-/+€5 million (lower-end)** and **+€25 to €35 million (upper-end)**. Respectively, **cash on hand** pre-dividend is expected to be around **€120 million (lower-end)** and **€150 million (upper-end)**.

With regards to **dividend payment for financial year 2019**, to conservatively balance dividend stability and cash flow, Befesa will propose in the AGM on 18 June 2020 to:

(1) distribute a €15 million ordinary dividend (€0.44 per share) in July; and
(2) review an additional dividend in November (post Q3 earnings release) depending on the earnings and cash flow reached by Q3 2020 and the improved visibility about the impact from Covid-19.

Despite the temporary challenges that the Covid-19 pandemic poses, Befesa remains fully confident about its future growth prospects thanks to its strong leading position in an attractive industrial services field supported by mega trends.

Even at the lower-end €100 million EBITDA (-38% yoy and similar to the severe 2008/09 global financial crisis levels), the **continuity of Befesa's operations is assured**, including **funding** its **China expansion**.

Befesa's strong and conservative backbone, represented by its long-term capital structure with no covenants nor maturities up to July 2026, its proven hedging strategy, as well as its resilient underlying business model and resulting cash flow, serves the Company well to weather the challenging quarters ahead.

For an **overview of the lower- and upper- end guidance framework**, please refer to the table on the following page.

Finally, in 2020 Befesa will continue to improve its **communication** regarding **sustainability and ESG** with its investors and other stakeholders. This ensures that the **vital position** of Befesa **within the circular economy** and its contribution to a more **sustainable world** are clearly understood. Befesa's **Sustainability Report 2019** is scheduled for publication in Q2 2020.

Table: Overview of the lower- and upper- end guidance framework

	Lower-end: €100m EBITDA	Upper-end: €135m EBITDA
EU crude steel market -&- Covid-19	▪ After -10% in Q1; **Q2 to Q4 each severely down -37% YoY**; **Annually down ~30%** YoY (like 2009 crisis) EU-28 volume ▪ **No recovery; Prolonged lockdowns**	▪ **Q2 materially down** YoY ▪ **Lockdown easing** by **end Q2** ▪ **Q3 & Q4 recovering** and **no 2nd pandemic wave** causing further lockdowns in H2
Operational performance	▪ Overall **capacity utilisation at ~80%**	▪ **Limited impact on volume** ▪ Overall **capacity utilisation at ~90%**
Metal prices	▪ **Q2 to Q4 at ~ Q1 low €1,650-€1,700/t** ▪ **TC** at **$300/t** ▪ **Combined price impact** (LME & TC) **-39%** YoY	▪ **H2 recovering** to **€1,750/t to €1,850/t**; ▪ **TC** at **$300/t** ▪ **Combined price impact** (LME & TC) **-30%** YoY
FY 2020 EBITDA	▪ FY 2020 **EBITDA: €100m** (-€60m / -38% YoY) ▪ **Remaining quarters** ~reduced **€22m run-rate** ▪ Q2+Q3+Q4 at €66m (-44% YoY vs. €117m '19)	▪ FY 2020 **EBITDA: €135m** (-€25m / -16% YoY) ▪ Assuming **Q2 lowest quarter in 2020** and **run-rate recovery in H2** ▪ Q2+Q3+Q4 at €101m (-14% YoY)
Capex	▪ **Reducing discretionary cost & non-vital capex** ~€20m to **protect core growth roadmap**; ▪ **Total capex of ~€70m**: ~€50m growth (China); ~€20m regular maintenance;	
Pre-dividend cash flow & cash	▪ Approx. **+/- €5m** ▪ **Cash position ~€120m**	▪ Approx. **+€25 to €35m** ▪ **Cash position ~€150m**
Dividend	▪ Proposing to **distribute an ordinary dividend of €15m or €0.44/share** in **July** ▪ Review an **additional dividend** in **November** (post Q3 earnings release) depending on earnings & cash flow Q3 2020 YTD and the improved visibility about the impact from Covid-19 → Conservatively **balancing dividend stability and cash flow**	

CONSOLIDATED FINANCIAL STATEMENTS

as of 31 March 2020 (€ thousand)

BALANCE SHEET

	31 March 2020	31 December 2019
Non-current assets:		
Intangible assets		
Goodwill	335,564	335,564
Other intangible assets	86,633	86,912
	422,197	**422,476**
Right-of-use asset	**23,322**	**17,409**
Property, plant and equipment		
Property, plant and equipment in use	271,901	263,357
Property, plant and equipment under construction	31,353	45,235
	303,254	**308,592**
Non-current financial assets		
Investments in Group companies and associates	118	118
Other non-current financial assets	18,787	18,507
	18,905	**18,625**
Deferred tax assets	**70,298**	**70,913**
Total non-current assets	**837,976**	**838,015**
Current assets:		
Inventories	**50,907**	**54,739**
Trade and other receivables	**56,301**	**42,786**
Trade receivables from related companies	**894**	**751**
Accounts receivables from public authorities	**12,768**	**10,771**
Other receivables	**19,908**	**18,557**
Other current financial assets	**46,289**	**24,737**
Cash and cash equivalents	**119,923**	**125,460**
Total current assets	**306,990**	**277,801**
Total assets	**1,144,966**	**1,115,816**

BALANCE SHEET (continued)

Equity and liabilities	31 March 2020	31 December 2019
Equity:		
Parent Company		
Share capital	94,576	94,576
Share premium	263,875	263,875
Hedging and revaluation reserves	43,895	26,951
Other reserves	(33,276)	(117,286)
Translation differences	(11,137)	(4,396)
Net profit/(loss) for the period	14,690	82,713
Equity attributable to the owners of the Company	**372,623**	**346,433**
Non-controlling interests	**12,251**	**13,785**
Total equity	**384,874**	**360,218**
Non-current liabilities:		
Long-term provisions	**9,981**	**8,759**
Loans and borrowings	**519,158**	**519,210**
Lease liabilities	**12,211**	**11,013**
Deferred tax liabilities	**73,741**	**68,053**
Other non-current liabilities	**7,958**	**9,265**
Total non-current liabilities	**623,049**	**616,300**
Current liabilities:		
Loans and borrowings	**7,125**	**8,621**
Trade payables to related companies	**855**	**835**
Trade and other payables	**94,179**	**90,916**
Lease liabilities	**4,049**	**3,572**
Short-term provisions	**121**	**124**
Other payables		
Accounts payable to public administrations	18,804	17,033
Other current liabilities	11,910	18,197
	30,714	**35,230**
Total current liabilities	**137,043**	**139,298**
Total equity and liabilities	**1,144,966**	**1,115,816**

INCOME STATEMENT

	Q1 2020	Q1 2019	Change
Continuing operations:			
Revenue	179,028	179,135	(0.1) %
Changes in inventories of finished goods and work in progress	(7,200)	1,903	>(100) %
Procurements	(73,775)	(77,760)	(5.1) %
Other operating income	638	1,027	(37.9) %
Personnel expenses	(21,066)	(20,300)	3.8 %
Other operating expenses	(44,071)	(40,995)	7.5 %
Amortisation/depreciation, impairment and provisions	(9,449)	(8,436)	12.0 %
Operating profit (EBIT)	**24,105**	**34,574**	**(30.3) %**
Finance income	43	89	(51.7) %
Finance expenses	(4,291)	(4,506)	(4.8) %
Net exchange differences	(19)	279	>(100) %
Net finance income/(loss)	**(4,267)**	**(4,138)**	**3.1 %**
Profit/(loss) before tax	**19,838**	**30,436**	**(34.8) %**
Corporate income tax	(5,982)	(7,472)	(19.9) %
Profit/(loss) for the period from continuing operations	**13,856**	**22,964**	**(39.7) %**
Profit/(loss) for the period	**13,856**	**22,964**	**(39.7) %**
Attributable to:			
Parent Company owners	14,690	22,100	(33.5) %
Non-controlling interests	(834)	864	>(100) %
Earnings/(losses) per share from continuing and discontinued operations attributable to owners of the Parent (expressed in euros per share)			
Basic earnings per share			
From continuing operations	0.43	0.65	(33.5) %
From discontinued operations	-	-	
	0.43	0.65	(33.5) %

CASH FLOW STATEMENT

	Q1 2020	Q1 2019
Cash flow from operating activities:		
Profit / (loss) for the period before tax	**19,838**	**30,436**
Adjustments due to:	**14,678**	**13,217**
Depreciation and amortisation	9,449	8,436
Changes in long-term provisions	1,222	841
Interest income	(43)	(89)
Finance costs	4,291	4,506
Other profit/(loss)	(260)	(198)
Exchange differences	19	(279)
Changes in working capital:	**(11,097)**	**(12,932)**
Trade receivables and other current assets	(17,468)	(14,983)
Inventories	3,832	38
Trade payables	2,539	2,013
Other cash flows from operating activities	**(15,042)**	**(13,101)**
Interest paid	(9,482)	(8,063)
Taxes paid	(5,560)	(5,038)
Net cash flows from/(used in) operating activities (I)	**8,377**	**17,620**
Cash flows from investing activities:		
Investments in intangible assets	(96)	(317)
Investments in property, plant and equipment	(16,104)	(12,800)
Collections from disposal of Group and associated companies, net of cash	-	14
Investments in other current financial assets	-	(87)
Net cash flows from/(used in) investing activities (II)	**(16,200)**	**(13,190)**
Cash flows from financing activities:		
Cash inflows from bank borrowings and other liabilities	3,648	-
Cash outflows from bank borrowings and other liabilities	(1,034)	(15)
Net cash flows from/(used in) financing activities (III)	**2,614**	**(15)**
Effect of foreign exchange rate changes on cash and cash equivalents (IV)	**(328)**	**(289)**
Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	**(5,537)**	**4,126**
Cash and cash equivalents at the beginning of the period	125,460	150,648
Cash and cash equivalents at the end of period	**119,923**	**154,774**

ADDITIONAL INFORMATION

SEGMENTATION OVERVIEW – KEY METRICS

STEEL DUST RECYCLING SERVICES

	Q1 2020	Q1 2019	Change
Key operational data (tonnes, unless specified otherwise)			
Steel dust throughput[1]	185,656	168,968	9.9 %
Waelz oxide sold	67,708	53,189	27.3 %
Blended zinc price (€ / tonne)	2,114	2,373	(10.9) %
Total installed capacity[2]	825,300	780,300	5.8 %
Utilisation (%)[2]	90.2 %	87.8 %	2.4 p.p.
Total installed capacity normalised[3]	825,300	739,050	11.7 %
Normalised utilisation (%)[3]	90.2 %	92.7 %	(2.5) p.p.
Key financial data (€ million, unless specified otherwise)			
Revenue	101.2	95.1	6.4 %
EBITDA	26.0	33.9	(23.4) %
EBITDA margin %	25.6 %	35.6 %	(10.0) p.p.
EBIT	20.9	29.6	(29.5) %
EBIT margin %	20.6 %	31.1 %	(10.5) p.p.

ALUMINIUM SALT SLAGS RECYCLING SERVICES

Salt Slags subsegment

	Q1 2020	Q1 2019	Change
Key operational data (tonnes, unless specified otherwise)			
Salt slags and SPL recycled	124,697	129,095	(3.4) %
Total installed capacity	630,000	630,000	0.0 %
Utilisation (%)[4]	94.4 %	98.8%	(4.4) p.p.
Key financial data (€ million, unless specified otherwise)			
Revenue	22.1	22.3	(0.8) %
EBITDA	5.9	6.4	(8.3) %
EBITDA margin %	26.5 %	28.7 %	(2.2) p.p.
EBIT	3.6	4.3	(15.9) %
EBIT margin %	16.2 %	19.1 %	(2.9) p.p.

Secondary Aluminium subsegment

	Q1 2020	Q1 2019	Change
Key operational data (tonnes, unless specified otherwise)			
Secondary aluminium alloys produced	47,919	47,965	(0.1) %
Aluminium alloy average market price (€ / tonne)[5]	1,433	1,528	(6.2) %
Total installed capacity[6]	205,000	205,000	0.0 %
Utilisation (%)[6]	93.8 %	94.9 %	(1.1) p.p.
Key financial data (€ million, unless specified otherwise)			
Revenue	65.4	71.6	(8.6) %
EBITDA	2.7	2.5	8.8 %
EBITDA margin (% over revenue)	4.2 %	3.5 %	0.7 p.p.
EBIT	0.7	0.8	(5.5) %
EBIT margin (% over revenue)	1.1 %	1.1 %	0.0 p.p.

Note: Segment splits, revenue and earnings contributions do not take into account corporate nor the inter-segment eliminations.

[1] Steel dust throughput does not include stainless steel dust volumes

[2] Total installed capacity in Steel does not include 174,000 tonnes per year of stainless steel dust recycling capacity; Utilisation represents crude steel dust processed against annual installed capacity

[3] Installed capacity and corresponding utilisation rates in 2019 are normalised for the capacity upgrade in Turkey, from 65kt to 110kt (Turkish plant was shutdown from end of January to mid of August 2019)

[4] Utilisation represents the volume of salt slags & SPL recycled by Befesa's plants against annual installed capacity (not including the 100kt of capacity at Töging, Germany, currently idle)

[5] Aluminium Scrap and Foundry Ingots Aluminium pressure diecasting ingot DIN226/A380 European Metal Bulletin Free Market Duty paid delivered works

[6] Utilisation represents the volume of secondary aluminium produced against annual installed capacity

FINANCIAL CALENDAR

Thursday, 18 June 2020	Annual General Meeting
Friday, 31 July 2020	Publication of H1 2020 interim report & analyst call
Thursday, 29 October 2020	Publication of Q3 2020 statement & analyst call

Notes: Befesa's financial reports and statements are published at 7:30 am CEST
Befesa cannot rule out changes of dates and recommends checking them in the Investor Relations / Investor's Agenda section of its website www.befesa.com

IR CONTACT

Rafael Pérez
Director of Investor Relations & Strategy
Phone: +49 (0) 2102 1001 340
email: irbefesa@befesa.com

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L 1330 Luxembourg,
Grand Duchy of Luxembourg
www.befesa.com