

Statement for the
Third Quarter 2020

BEFESA

BEFESA AT A GLANCE

KEY FIGURES – 9M/Q3 2020

(€ million, unless specified otherwise)

	9M 2020	9M 2019	Change	Q3 2020	Q3 2019	Change
Key operational data						
Electric arc furnace dust (EAFD) throughput (tonnes)	501,914	488,758	2.7 %	160,676	171,014	(6.0) %
Waelz oxide (WOX) sold (tonnes)	182,410	163,166	11.8 %	55,948	58,481	(4.3) %
Salt slags and Spent Pot Linings (SPL) recycled (tonnes)	333,008	366,297	(9.1) %	102,570	113,145	(9.3) %
Secondary aluminium alloys produced (tonnes)	123,699	133,004	(7.0) %	44,444	39,009	13.9 %
LME zinc average price (€ / tonne)	1,905	2,313	(17.7) %	1,997	2,112	(5.4) %
Blended zinc price (€ / tonne)	2,089	2,282	(8.5) %	2,214	2,203	0.5 %
Aluminium alloy average market price (€ / tonne)	1,342	1,426	(5.9) %	1,312	1,356	(3.3) %
Key financial data						
Revenue	446.4	496.6	(10.1) %	145.2	147.6	(1.6) %
EBITDA	84.5	117.1	(27.8) %	29.3	37.0	(20.8) %
EBITDA margin (% of revenue)	18.9 %	23.6 %	(4.6) p.p.	20.2 %	25.1 %	(4.9) p.p.
EBIT	41.6	92.1	(54.8) %	21.1	28.6	(26.2) %
EBIT margin (% of revenue)	9.3 %	18.5 %	(9.2) p.p.	14.5 %	19.4 %	(4.8) p.p.
Adjusted EBIT ¹	57.1	92.1	(38.0) %	21.0	28.6	(26.5) %
Adjusted EBIT margin (% of revenue) ¹	12.8 %	18.5 %	(5.7) p.p.	14.5 %	19.4 %	(4.9) p.p.
Financial result	(0.1)	(12.5)	(99.5) %	(6.2)	(4.2)	49.0 %
Profit before taxes and minority interests	41.6	79.6	(47.8) %	14.8	24.4	(39.1) %
Net profit attributable to shareholders of Befesa S.A.	31.4	60.7	(48.3) %	10.8	18.8	(42.4) %
EPS (in €) based on 34,066,705 shares	0.92	1.78	(48.3) %	0.32	0.55	(42.4) %
Total assets ²	1,061.6	1,115.8	(4.9) %	1,061.6	1,115.8	(4.9) %
Capital expenditures	36.2	52.0	(30.3) %	11.9	22.6	(47.6) %
Cash flow from operating activities	37.8	47.7	(20.8) %	26.6	(1.0)	-
Cash and cash equivalents at the end of the period	107.8	100.7	7.0 %	107.8	100.7	7.0 %
Net debt ³	420.3	438.9	(4.2) %	420.3	438.9	(4.2) %
Leverage ⁴	x 3.3	x 2.7		x 3.3	x 2.7	
Number of employees (as of end of the period)	1,156	1,163	(0.6) %	1,156	1,163	(0.6) %

¹ Adjusted for the extraordinary impairment of the UK salt slags plant (€15.5 million impact in Q2 2020)

² 2019 figure as of 31 December

³ 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)

⁴ Leverage ratio computed as net debt divided by last-twelve-months (LTM) EBITDA

KEY HIGHLIGHTS

- **Q3 operational performance** driven by **continued resilient plant utilisation levels at around 80% in core** businesses despite COVID-19
 - Electric arc furnace dust (EAFD) throughput at 160.7 thousand tonnes (-6% yoy)
 - Salt slags & SPL treated at 102.6 thousand tonnes (-9% yoy)
 - Secondary aluminium alloys produced at 44.4 thousand tonnes, up 14% yoy (increase driven by the recovery in the automotive sector and the furnace upgraded at Barcelona plant)
- **Q3 EBITDA, slightly above market expectations, at €29 million** (-21% yoy); **Continued recovery qoq following COVID-19 induced low of €22 million EBITDA in Q2; Zinc and aluminium prices recovering; Main drivers of Q3 yoy earnings decrease:**
 - (-) Unfavourable metal prices:
 - Zinc LME at €1,997 per tonne (-5% yoy)
 - Zinc treatment charges (TC) at \$300 per tonne (vs. \$245 per tonne in 2019)
 - Aluminium alloy FMB prices averaged €1,312 per tonne (-3% yoy)
 - (-) Lower volumes in Steel Dust Recycling Services
 - (-) Lower salt slags & SPL volumes (-9% yoy)

Negative effects were partially offset by positive volume and efficiency effects in Secondary Aluminium:

 - (+) Secondary aluminium alloys up 14% yoy; efficiency improvements from new tilting furnaces
 - (+) Zinc blended prices (favourable zinc hedging offset LME price decrease)
- **9M EBITDA at €85 million** (-28% yoy) primarily driven by lower metal price levels
- **Q4 results expected to be better than Q3**, indicating around **mid-point of FY EBITDA guidance range** of €100 to €135 million
- **Hedge book extended to April 2022**, providing increased earnings and cash flow visibility
- Total YTD **capex** at €39 million; FY expected to be at around €60 million (FY'19: €80 million)
- **Continued strong and stable liquidity** with **€183 million** at Q3 closing: **€108 million** cash on hand after €15 million (€0.44 per share) dividend distributed in July as well as funding China expansion, plus an **undrawn €75 million Revolving** Credit Facility (RCF)
- **Construction** of both **China plants progressing**; Completion expected **on schedule**
- **ESG:**
 - Ratings agencies Sustainalytics and ISS ESG **improved** Befesa's rating
 - Since 18 September 2020, Befesa is member of the **Global Challenges Index** (GCX)

BUSINESS OVERVIEW

RESULTS OF OPERATIONS, FINANCIAL POSITION & LIQUIDITY

Revenue

Consolidated revenue decreased by 1.6% yoy to €145.2 million in Q3 2020 (Q3 2019: €147.6 million) and by 10.1% to €446.4 million in 9M (9M 2019: €496.6 million). The development was mainly driven by the lower volumes treated in the two core businesses, Steel Dust and Salt Slags/SPL Recycling, impacted by COVID-19-induced demand constraints, unfavourable zinc TC as well as by the lower aluminium alloy prices. These negative effects were partially offset with the improved volumes and efficiencies in the smaller Secondary Aluminium subsegment as well as with the higher zinc blended prices. Consolidated revenue improved by 19% qoq (Q2 2020: €122.2 million) showing a recovery trend.

EBITDA & EBIT

Q3 EBITDA decreased by 20.8% yoy to €29.3 million (Q3 2019: €37.0 million) and by 27.8% to €84.5 million in 9M (9M 2019: €117.1 million). The main drivers of the €8 million Q3 EBITDA decrease yoy were:

- Unfavourable metal prices (zinc TC €2.4 million, aluminium alloy FMB €0.3 million)
- Reduced volumes in Steel Dust Recycling Services (€4.2 million)
- Lower volumes of salt slags and SPL treated (€1.2 million)

These effects were partially offset by the higher volumes of secondary aluminium alloys produced and efficiency improvements from new tilting furnaces (€0.7 million). In addition, the favourable zinc hedging prices compensated the lower zinc LME prices resulting in slightly higher zinc blended prices (€0.3 million).

Similarly, Q3 EBIT declined by 26.2% yoy to €21.1 million (Q3 2019: €28.6 million) and by 54.8% yoy to €41.6 million in 9M (9M 2019: €92.1 million), following the drivers that explain the EBITDA development. 9M EBIT was impacted by a €15.5 million impairment write-down for the salt slags plant in the UK which took place in Q2 2020. 9M adjusted EBIT amounted to €57.1 million (-38.0% yoy).

Financial result & net profit

Consolidated **financial result** in 9M improved by €12.4 million yoy to €-0.1 million (9M 2019: €-12.5 million). This improvement is primarily driven by a one-time impact from the term loan B (TLB) repricing and related accounting for financial instruments per IFRS 9 (€14.2 million impact to financial result).

9M 2020 consolidated **net profit** attributable to the shareholders decreased by 48.3% to €31.4 million (9M 2019: €60.7 million), primarily due to the negative drivers impacting EBITDA and EBIT. Furthermore, the impairment write-down of the salt slags plant in UK (€-11.7 million impact at net profit level) was mostly offset by the positive effect from the TLB repricing (€10.8 million impact at net profit level). These one-time effects together resulted in a net €-0.9 million impact at the consolidated net profit level.

Financial position & liquidity

Financial indebtedness as of 30 September 2020 amounted to €528.2 million, down €14.2 million compared to year-end 2019. **Net debt** continued stable with €420.3 million at Q3 closing (year-end 2019: €416.9 million; Q2 2020 closing: €423.5 million).

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

	30 September 2020	31 December 2019
Non-current financial indebtedness	516.8	530.2
+ Current financial indebtedness	11.4	12.2
Financial indebtedness	528.2	542.4
- Cash and cash equivalents	(107.8)	(125.5)
- Other current financial assets ¹	(0.1)	(0.1)
Net debt	420.3	416.9
EBITDA LTM	127.0	159.6
Leverage ratio	x 3.3	x 2.6

¹ Other current financial assets adjusted by hedging valuation

9M 2020 operating **cash flow** amounted to €37.8 million, down €9.9 million yoy (Q3 2019: €47.7 million), driven by the earnings reduction. Working capital in Q3 showed a positive effect of €6.5 million primarily due to improved receivable and payable balances driven by the moderately recovered operations compared to low Q2. After investing

€8.6 million to fund regular maintenance capex and growth investments (China), and distributing a €15 million dividend in July, Befesa closed Q3 with solid €107.8 million cash on hand. Considering the €75 million RCF entirely undrawn to date, Befesa continued with a strong liquidity of €182.8 million available at Q3 closing.

Q3 closed at a leverage of x3.3 EBITDA (compared to end of 2019: x2.6). Befesa continues to be compliant with all debt covenants.

SEGMENT INFORMATION

Steel Dust Recycling Services

Volumes of **EAFD recycled** in Q3 2020 amounted to 160,676 tonnes, a 6.0% decrease yoy (Q3 2019: 171,014 tonnes), primarily impacted by COVID-19-induced demand constraints offsetting the positive effect from Turkey expanded operations. However, EAFD throughput improved by 3.3% qoq (Q2 2020: 155,581 tonnes) showing a recovery trend.

In 9M 2020, 501,914 tonnes of EAFD were recycled, up 2.7% yoy (9M 2019: 488,758 tonnes), mainly driven by the incremental volumes from the plant in Turkey after the capacity expansion in 2019. With these volumes, Befesa's steel dust recycling plants have been running at resilient average load factors of 77.2% and 81.0% of the expanded latest installed annual recycling capacity of 825 thousand tonnes, respectively in Q3 and 9M (Q3 2019: 93.7%; 9M 2019: 89.5%). As a result, the volume of WOX sold decreased by 4.3% yoy to 55,948 tonnes in Q3 (Q3 2019: 58,481 tonnes) and increased by 11.8% to 182,410 tonnes in 9M (9M 2019: 163,166 tonnes).

Revenue in Q3 2020 decreased by 6.9% yoy to €81.8 million, primarily impacted by the lower EAFD throughput. 9M revenue came in 6.4% lower at €257.3 million. The development in 9M was primarily driven by the lower average zinc spot prices (-17.7% yoy) and lower hedging prices (9M 2020: €2,235 per tonne vs. €2,325 per tonne in 9M 2019). These resulted in lower zinc effective average prices (blended rate between hedged volume and non-hedged volume), which declined by 8.5% yoy to €2,089 per tonne in 9M. The revenue was further pressured due to the unfavourable zinc TC settled at \$300 per tonne for the

entire 2020 (\$245 per tonne in 2019). Combined, the net price effect (LME and TC) was -11% and -26% yoy, in Q3 and 9M respectively.

EBITDA in Q3 2020 decreased by 19.3% yoy to €24.4 million (Q3 2019: €30.2 million) mainly driven by lower volumes due to COVID-19 impacted demand, as well as by the unfavourable zinc TC. EBITDA recovered by 29.9% or €5.6 million over Q2 2020 (€18.8 million).

9M EBITDA came in at €69.1 million, down by 24.7% yoy (9M 2019: €91.8 million) primarily impacted by the lower zinc spot and hedging prices as well as by the unfavourable zinc TC.

Similarly, **EBIT** decreased by 22.5% to €20.2 million in Q3 (Q3 2019: €26.0 million) and by 31.0% to €54.7 million in 9M (9M 2019: €79.3 million).

Aluminium Salt Slags Recycling Services

Salt Slags subsegment

Salt slags and SPL recycled volumes decreased by 9.3% yoy to 102,570 tonnes in Q3 (Q3 2019: 113,145 tonnes) and by 9.1% to 333,008 tonnes in 9M (9M 2019: 366,297 tonnes). Q3 operations continued to be impacted by the COVID-19 pandemic lowering demand.

Capacity utilisation levels remained resilient at around 80% on average.

Revenue in the Salt Slags subsegment decreased in Q3 2020 by 10.8% yoy to €16.4 million. In 9M, revenue came in 10.6% lower at €54.3 million. This development was primarily driven by volume decreases as well as by the lower prices for aluminium alloys (-3.3% yoy to €1,312 per tonne average in Q3; -5.9% yoy to €1,342 per tonne average in 9M). Aluminium alloy FMB prices recovered from the trough in Q2 and are currently trading at pre-COVID-19 levels of above €1,500 per tonne.

EBITDA in Q3 2020 decreased by 35.5% yoy to €2.6 million (Q3 2019: €4.1 million). 9M EBITDA came in at €11.5 million, down 28.9% yoy (9M 2019: €16.1 million).

EBIT decreased by €1.2 million yoy to €0.6 million in Q3 (Q3 2019: €1.9 million) and by €20.4 million yoy to €-10.7 million in 9M (9M 2019: €9.7 million). Earnings in the Salt

Slags subsegment were impacted by the same drivers that explain the revenue development.

9M EBIT was impacted by the impairment write-down of €15.5 million in Q2 for the UK plant. 9M adjusted EBIT amounted to €4.8 million (€-4.9 million yoy).

Secondary Aluminium subsegment

Aluminium alloy production volumes in Q3 2020 improved by 13.9% yoy to 44,444 tonnes (Q3 2019: 39,009 tonnes) mainly driven by the Barcelona plant which was down seven weeks of Q3 2019 to upgrade its second furnace.

9M volumes in Secondary Aluminium came in at 123,699 tonnes, -7.0% yoy (9M 2019: 133,004 tonnes) primarily impacted in Q2 by the COVID-19-related demand constraints.

Capacity utilisation levels remained resilient at or above 80% on average (Q3 2020: 86.0%; 9M 2020: 80.4%).

Revenue in the Secondary Aluminium subsegment increased by 7.8% yoy to €54.0 million in Q3 2020 following the volume increase.

9M revenue registered a 16.1% yoy drop to €159.2 million, mainly impacted by pressured aluminium alloy prices and reduced demand from end-use sectors impacted by follows of the COVID-19 pandemic.

EBITDA in Q3 2020 increased by 57.0% yoy to €3.1 million (Q3 2019: €2.0 million) primarily due to the improvement in volumes as well as the positive efficiency effects from the new tilting furnaces in place since year-end 2019.

9M EBITDA came in at €6.5 million, a 24.6% decrease yoy (9M 2019: €8.6 million) primarily driven by the revenue development and by pressured aluminium metal margins which moderately recovered in Q3.

Similarly, **EBIT** in Q3 2020 improved by €1.0 million yoy to €1.2 million (Q3 2019: €0.3 million), recovering from the Q2 trough (€-1.5 million). 9M EBIT dropped by €2.9 million yoy to €0.5 million (9M 2019: €3.4 million).

STRATEGY

Hedging strategy

Hedging strategy is unchanged and continues to be a key element of Befesa's business model to manage the zinc price volatility and therefore improve the stability and visibility of earnings and cash flow across the economic cycle. Further details are available in Befesa's Annual Report 2019 (page 32).

During Q3, zinc hedges were further extended taking advantage of the favourable zinc market environment witnessed in August and September. In early September, Befesa extended its hedge book for another six months. The hedging currently in place provides Befesa with improved pricing visibility through 2020 and up to April 2022.

The average hedged prices and volumes for each of the periods are approximately 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	€2,230	92,400
2021	€2,130	92,400
Q1 2022	€2,150	23,100

China expansion

The construction of the two new steel dust recycling plants in China is on track.

Jiangsu province: Construction works at the Changzhou site progress on track and its completion is expected during Q1 2021. The long-term financing for this plant was secured on 30 July 2020.

Henan province: Foundation works at the Xuchang site continue progressing on schedule. The construction of the plant is expected to be finalised after the summer of 2021.

The two plants in development are designed to recycle 110,000 tonnes of EAFD per year each and will be Befesa's seventh and eighth global EAFD recycling sites globally, alongside the existing sites in Europe, Turkey and South Korea.

ESG

Sustainability is a crucial topic for Befesa as its business model has been based on the circular economy and sustainability already for the last three decades. In the Sustainability Report, which was released in June 2020, more disclosure on ESG topics as well as better performance is shown.

As a result of the report, two important ESG ratings agencies upgraded their ratings of Befesa.

1. **Sustainalytics** provided Befesa a significant ESG improvement on their rating. This ESG rating agency measures the risk of a company and based on this risk assessment they assign a score. The lower the risk, the lower the score and the better the rating. Befesa's rating improved by 6.7 points to 14.8 points. The result is that Befesa is now a "low risk" instead of a "medium risk" company.
2. **ISS ESG** updated and reduced the number of industries which they use to categorise companies. Here, Befesa is now part of the Metals & Mining industry. In total, more than 200 companies belong to this industry. Befesa is now one of the three industry leaders. This is also reflected in the received Prime status which makes Befesa investable for investors following the results from this rating agency.

In addition, Befesa is now part of an important ESG index. Effective since 18 September 2020, Befesa is member of the **Global Challenges Index (GCX)**. Very strict criteria are used to choose 50 members out of more than 6,000 companies worldwide.

OUTLOOK 2020

Full year guidance confirmed.

Q4 results expected to be better than Q3, indicating around **mid-point of FY EBITDA guidance range of €100 to €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 months of the year.

CONSOLIDATED FINANCIAL STATEMENTS

as at 30 September 2020 (€ Thousand)

BALANCE SHEET**Assets**

	30 September 2020	31 December 2019
Non-current assets:		
Intangible assets		
Goodwill	335,564	335,564
Other intangible assets	86,045	86,912
	421,609	422,476
Right-of-use asset	21,308	17,409
Property, plant and equipment		
Property, plant and equipment in use	247,294	263,357
Property, plant and equipment under construction	45,861	45,235
	293,155	308,592
Non-current financial assets		
Investments in Group companies and associates	118	118
Other non-current financial assets	5,073	18,507
	5,191	18,625
Deferred tax assets	72,014	70,913
Total non-current assets	813,277	838,015
Current assets:		
Inventories	37,480	54,739
Trade and other receivables	59,392	42,786
Trade receivables from related companies	766	751
Accounts receivables from public authorities	14,302	10,771
Other receivables	16,781	18,557
Other current financial assets	11,881	24,737
Cash and cash equivalents	107,764	125,460
Total current assets	248,366	277,801
Total assets	1,061,643	1,115,816

BALANCE SHEET**Equity and liabilities**

	30 September 2020	31 December 2019
Equity:		
Parent Company		
Share capital	94,576	94,576
Share premium	263,875	263,875
Hedging and revaluation reserves	7,872	26,951
Other reserves	(53,867)	(117,286)
Translation differences	(17,918)	(4,396)
Net profit/(loss) for the period	31,420	82,713
Equity attributable to the owners of the Company	325,958	346,433
Non-controlling interests	9,457	13,785
Total equity	335,415	360,218
Non-current liabilities:		
Long-term provisions	7,220	8,759
Loans and borrowings	505,533	519,210
Lease liabilities	11,285	11,013
Deferred tax liabilities	64,152	68,053
Other non-current liabilities	8,409	9,265
Total non-current liabilities	596,599	616,300
Current liabilities:		
Loans and borrowings	7,874	8,621
Trade payables to related companies	743	835
Trade and other payables	77,013	90,916
Lease liabilities	3,542	3,572
Short-term provisions	118	124
Other payables		
Accounts payable to public administrations	18,184	17,033
Other current liabilities	22,155	18,197
	40,339	35,230
Total current liabilities	129,629	139,298
Total equity and liabilities	1,061,643	1,115,816

INCOME STATEMENT

	9M 2020	9M 2019	Change	Q3 2020	Q3 2019	Change
Revenue	446,371	496,605	(10.1) %	145,176	147,578	(1.6) %
Changes in inventories of finished goods and work in progress	(11,155)	5,838	-	(921)	1,978	-
Procurements	(171,706)	(207,706)	(17.3) %	(56,584)	(56,710)	(0.2) %
Other operating income	3,287	4,093	(19.7) %	1,013	1,695	(40.2) %
Personnel expenses	(61,526)	(56,998)	7.9 %	(20,429)	(17,668)	15.6 %
Other operating expenses	(120,728)	(124,775)	(3.2) %	(38,967)	(39,876)	(2.3) %
Amortisation/depreciation, impairment and provisions	(42,910)	(24,978)	71.8 %	(8,197)	(8,421)	(2.7) %
Operating profit (EBIT)	41,633	92,079	(54.8) %	21,091	28,576	(26.2) %
Finance income	15,623	217	> 100 %	35	74	(52.7) %
Finance expenses	(14,484)	(13,592)	6.6 %	(5,468)	(4,824)	13.3 %
Net exchange differences	(1,199)	906	-	(812)	560	-
Net finance income/(loss)	(60)	(12,469)	(99.5) %	(6,245)	(4,190)	49.0 %
Profit/(loss) before tax	41,573	79,610	(47.8) %	14,846	24,386	(39.1) %
Corporate income tax	(12,044)	(14,165)	(15.0) %	(4,602)	(3,961)	16.2 %
Profit/(loss) for the period	29,529	65,445	(54.9) %	10,244	20,425	(49.8) %
Attributable to:						
Parent Company owners	31,420	60,725	(48.3) %	10,846	18,839	(42.4) %
Non-controlling interests	(1,891)	4,720	-	(602)	1,586	-
Earnings/(losses) per share attributable to owners of the Parent (expressed in euros per share)						
Basic earnings per share	0.92	1.78	(48.3) %	0.32	0.55	(42.4) %

CASH FLOW STATEMENT

	9M 2020	9M 2019	Q3 2020	Q3 2019
Cash flow from operating activities:				
Profit / (loss) for the period before tax	41,573	79,610	14,846	24,386
Adjustments due to:	40,644	37,601	15,104	12,283
Depreciation and amortisation	42,910	24,978	8,197	8,421
Changes in long-term provisions	(1,539)	926	928	(35)
Interest income	(15,623)	(217)	(35)	(74)
Finance costs	14,484	13,592	5,468	4,824
Other profit/(loss)	(787)	(772)	(266)	(293)
Exchange differences	1,199	(906)	812	(560)
Changes in working capital:	(14,013)	(34,569)	6,517	(25,049)
Trade receivables and other current assets	(16,606)	(14,768)	(1,790)	(13,406)
Inventories	15,251	233	2,419	(784)
Trade payables	(12,658)	(20,034)	5,888	(10,859)
Other cash flows from operating activities	(30,419)	(34,915)	(9,882)	(12,644)
Interest paid	(15,578)	(17,689)	(5,299)	(8,757)
Taxes paid	(14,841)	(17,226)	(4,583)	(3,887)
Net cash flows from/(used in) operating activities (I)	37,785	47,727	26,585	(1,024)
Cash flows from investing activities:				
Investments in intangible assets	(446)	(1,957)	(321)	(138)
Investments in property, plant and equipment	(39,076)	(46,065)	(8,276)	(22,476)
Collections from disposal of Group and associated companies, net of cash	-	81	-	-
Payments for right-of-use assets	-	(3,180)	-	(16)
Collections from sale of property, plant and equipment	100	-	83	-
Investments in other current financial assets	37	(87)	87	-
Net cash flows from/(used in) investing activities (II)	(39,385)	(51,208)	(8,427)	(22,630)
Cash flows from financing activities:				
Cash inflows from bank borrowings and other liabilities	2,985	1,841	(643)	88
Cash outflows from bank borrowings and other liabilities	(3,344)	(2,674)	(1,085)	(1,265)
Dividends paid to shareholders	(15,000)	(44,968)	(15,000)	(44,968)
Net cash flows from/(used in) financing activities (III)	(15,359)	(45,801)	(16,728)	(46,145)
Effect of foreign exchange rate changes on cash and cash equivalents (IV)	(737)	(649)	(291)	171
Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	(17,696)	(49,931)	1,139	(69,629)
Cash and cash equivalents at the beginning of the period	125,460	150,648	106,625	170,346
Cash and cash equivalents at the end of period	107,764	100,717	107,764	100,717

ADDITIONAL INFORMATION

SEGMENTATION OVERVIEW – KEY METRICS

STEEL DUST RECYCLING SERVICES

	9M 2020	9M 2019	Change	Q3 2020	Q3 2019	Change
Key operational data (tonnes, unless specified otherwise)						
EAFD throughput ¹	501,914	488,758	2.7 %	160,676	171,014	(6.0) %
WOX sold	182,410	163,166	11.8 %	55,948	58,481	(4.3) %
Blended zinc price (€ / tonne)	2,089	2,282	(8.5) %	2,214	2,203	0.5 %
Total installed capacity ²	825,300	780,300	5.8 %	825,300	825,300	0.0 %
Utilisation (%) ²	81.0 %	83.7 %	(2.7) p.p.	77.2 %	82.2 %	(5.0) p.p.
Total installed capacity normalised ³	825,300	729,883	13.1 %	825,300	724,467	13.9 %
Normalised utilisation (%) ³	81.0 %	89.5 %	(8.5) p.p.	77.2 %	93.7 %	(16.4) p.p.
Key financial data (€ million, unless specified otherwise)						
Revenue	257.3	275.0	(6.4) %	81.8	87.9	(6.9) %
EBITDA	69.1	91.8	(24.7) %	24.4	30.2	(19.3) %
EBITDA margin %	26.9 %	33.4 %	(6.5) p.p.	29.8 %	34.4 %	(4.6) p.p.
EBIT	54.7	79.3	(31.0) %	20.2	26.0	(22.5) %
EBIT margin %	21.3 %	28.8 %	(7.6) p.p.	24.7 %	29.6 %	(4.9) p.p.

ALUMINIUM SALT SLAGS RECYCLING SERVICES

Salt Slags subsegment

	9M 2020	9M 2019	Change	Q3 2020	Q3 2019	Change
Key operational data (tonnes, unless specified otherwise)						
Salt slags and SPL recycled	333,008	366,297	(9.1) %	102,570	113,145	(9.3) %
Total installed capacity	630,000	630,000	0.0 %	630,000	630,000	0.0 %
Utilisation (%) ⁴	83.7 %	92.4 %	(8.7) p.p.	76.8 %	84.7 %	(7.9) p.p.
Key financial data (€ million, unless specified otherwise)						
Revenue	54.3	60.7	(10.6) %	16.4	18.4	(10.8) %
EBITDA	11.5	16.1	(28.9) %	2.6	4.1	(35.5) %
EBITDA margin %	21.1 %	26.5 %	(5.4) p.p.	16.1 %	22.3 %	(6.2) p.p.
EBIT	(10.7)	9.7	-	0.6	1.9	(65.6) %
EBIT margin %	(19.7) %	16.0 %	(35.7) p.p.	3.9 %	10.2 %	(6.2) p.p.
Adjusted EBIT ⁵	4.8	9.7	(50.9) %	0.6	1.9	(69.8) %
Adjusted EBIT margin % ⁵	8.8 %	16.0 %	-	3.4 %	10.2 %	-

Secondary Aluminium subsegment

	9M 2020	9M 2019	Change	Q3 2020	Q3 2019	Change
Key operational data (tonnes, unless specified otherwise)						
Secondary aluminium alloys produced	123,699	133,004	(7.0) %	44,444	39,009	13.9 %
Aluminium alloy average market price (€ / tonne) ⁶	1,342	1,426	(5.9) %	1,312	1,356	(3.3) %
Total installed capacity ⁷	205,000	205,000	0.0 %	205,000	205,000	0.0 %
Utilisation (%) ⁷	80.4 %	86.7 %	(6.4) p.p.	86.0 %	75.5 %	10.5 p.p.
Total installed capacity normalised ⁸	205,000	194,000	5.7 %	205,000	194,000	5.7 %
Normalised utilisation (%) ⁸	80.4 %	91.7 %	(11.3) p.p.	86.0 %	79.8 %	6.2 p.p.
Key financial data (€ million, unless specified otherwise)						
Revenue	159.2	189.7	(16.1) %	54.0	50.1	7.8 %
EBITDA	6.5	8.6	(24.6) %	3.1	2.0	57.0 %
EBITDA margin (% over revenue)	4.1 %	4.5 %	(0.5) p.p.	5.7 %	3.9 %	1.8 p.p.
EBIT	0.5	3.4	(86.0) %	1.2	0.3	>100 %
EBIT margin (% over revenue)	0.3 %	1.8 %	(1.5) p.p.	2.2 %	0.5 %	1.7 p.p.

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

¹ Steel EAFD throughput does not include stainless steel dust treated volumes

² Total installed capacity in Steel does not include 174kt per year of stainless steel dust recycling operations;

Utilisation represents EAFD processed against annual installed recycling capacity

³ Installed capacity and corresponding utilisation rates in 2019 are normalised for the capacity upgrade in Turkey, from 65,000 to 110,000 tonnes (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 incl. 100,000 tonnes idled capacity at Töging, Germany)

⁵ Adjusted for the extraordinary impairment of the UK salt slags plant (€15.5 million impact in Q2 2020)

⁶ Aluminium Scrap and Foundry Ingots Aluminium pressure diecasting ingot DIN226/A380 European Metal Bulletin Free Market Duty paid delivered works

⁷ Utilisation represents the volume of secondary aluminium alloys produced against annual installed production capacity

⁸ Installed capacity and corresponding utilisation rates in 2019 are normalised for the furnace upgrade in Barcelona (three-month shutdown from mid-Aug to mid-Nov)

FINANCIAL CALENDAR

Tuesday, 23 February 2021	Preliminary Year-End Results 2020 & Conference Call
Thursday, 25 March 2021	Annual Report 2020
Thursday, 29 April 2021	Q1 2021 Statement & Conference Call
Thursday, 29 July 2021	H1 2021 Interim Report & Conference Call
Thursday, 28 October 2021	Q3 2021 Statement & Conference Call

Notes: Befesa's financial reports and statements are published at 7:30 am CET

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

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