Q3 2023 Statement

BEFESA

Befesa at a glance

Key figures

	9M 2023	9M 2022	Change	Q3 2023	Q3 2022	Change
Key operational data (tonnes, unless specified otherwise)						
Electric arc furnace (EAF) steel dust throughput	889,724	897,578	(0.9) %	297,389	267,917	11.0 %
Waelz oxide (WOX) sold	301,048	311,355	(3.3) %	103,815	97,466	6.5 %
Salt slags and Spent Pot Linings (SPL) recycled	257,817	239,840	7.5 %	86,741	66,891	29.7 %
Secondary aluminium alloys produced	125,770	121,941	3.1 %	38,619	37,296	3.5 %
Zinc LME average price (€ / tonne)	2,493	3,422	(27.1) %	2,232	3,245	(31.2) %
Zinc blended price (€ / tonne)	2,448	2,647	(7.5) %	2,385	2,596	(8.1) %
Aluminium alloy FMB average price (€ / tonne)	2,186	2,481	(11.9) %	2,074	2,327	(10.9) %
Key financial data (€ million, unless specified otherwise)						
Revenue	904.2	840.6	7.6 %	288.7	268.0	7.7 %
EBITDA	125.5	181.1	(30.7) %	34.7	65.5	(46.9) %
EBITDA margin	13.9 %	21.5 %	(766) bps	12.0 %	24.4 %	(1,239) bps
Adjusted EBITDA	136.7	163.9	(16.6) %	42.0	45.9	(8.5) %
Adjusted EBITDA margin	15.1 %	19.5 %	(437) bps	14.5 %	17.1 %	(257) bps
EBIT	64.5	126.4	(48.9) %	14.1	46.0	(69.4) %
EBIT margin	7.1 %	15.0 %	(790) bps	4.9 %	17.2 %	(1,229) bps
Adjusted EBIT	77.2	109.1	(29.3) %	22.1	26.5	(16.7) %
Adjusted EBIT margin	8.5 %	13.0 %	(444) bps	7.6 %	9.9 %	(223) bps
Financial result	(24.4)	(20.9)	16.9 %	(4.8)	(8.6)	(44.1) %
Profit before taxes and minority interests	40.2	105.5	(61.9) %	9.3	37.5	(75.1) %
Net profit attributable to shareholders of Befesa S.A.	27.6	87.2	(68.4) %	7.3	37.2	(80.4) %
EPS (in €)	0.69	2.18	(68.4) %	0.18	0.93	(80.4) %
Total assets	1,930.9	2,059.5	(6.2) %	1,930.9	2,059.5	(6.2) %
Capital expenditures	83.0	73.0	13.7 %	29.2	18.8	55.0 %
Cash flow from operating activities	63.7	78.3	(18.7) %	21.7	14.4	51.4 %
Cash and cash equivalents at the end of the period	80.8	139.1	(41.9) %	80.8	139.1	(41.9) %
Net debt	633.4	574.2	10.3 %	633.4	574.2	10.3 %
Net leverage	x3.38	x2.56	x 0.82	x3.38	x2.56	x 0.82
Number of employees (as of end of the period)	1,769	1,880	(5.9) %	1,769	1,880	(5.9) %

Highlights

- **Revenue** increased by 8% to €289 million in Q3 and by 8% to €904m in 9M, mainly driven by the zinc refining operations

- **Adjusted EBITDA** decreased by 8% to €42 million in Q3 and by 17% to €137 million in 9M, mainly driven by lower zinc LME prices and unfavourable zinc treatment charges (TC)

- **US**: Zinc refining plant at high utilisation level and focused on improving profitability; Refurbishment of steel dust plant in Palmerton, Pennsylvania, on track to capture growth in 2025

- **China**: Real estate crisis impacting volume; Plants running at lower-than-expected utilisation; Expansion into third province, Guangdong, adjusted to macro situation

- **Outlook**: Expecting Q4 in line with Q3 and full-year adjusted EBITDA for 2023 to be around €180 million; Expecting to return to the growth path in 2024; Positive mid-term outlook intact

Business review

Results of operations, financial position & liquidity

Revenue

In 9M 2023, total revenue increased by 7.6% yoy to €904.2 million (9M 2022: €840.6 million) and by 7.7% to €288.7 million in Q3 2023 (Q3 2022: €268.0 million). The increase was primarily attributable to the contribution from the zinc refining operation in the US.

EBITDA & EBIT

In 9M 2023, total adjusted EBITDA decreased by 16.6% yoy to €136.7 million (9M 2022: €163.9 million) and by 8.5% to €42.0 million in Q3 2023 (Q3 2022: €45.9 million). Overall, this development was primarily driven by lower zinc LME prices (-27% yoy), the unfavourable increase in zinc TC (19% yoy) and higher coke prices, partially offset by better zinc hedges, lower energy prices and synergies.

Detailed by volume, price, and cost components, the €27 million decrease in 9M 2023 is explained by:

- Volumes (c. €8 million): Solid steel dust volumes in Europe plus the contribution from China, partially offset by lower performance in the remaining geographies of Steel Dust (€5 million); Aluminium Salt Slags with yoy higher volumes driven by Hanover back in operations (€3 million).
- Metal prices (c. -€52 million): 27% lower zinc LME prices (-€45 million), partially offset by higher zinc hedging prices (€10 million); 19% higher zinc treatment charges (TC) at $274 per tonne for the full year 2023 (-€8 million); 12% lower aluminium FMB prices and lower metal margins (-€10 million).
- Cost / other (c. €16 million): Lower costs, mainly through lower gas and electricity prices, and the positive impact from productivity and synergies were partially offset by higher coke price.

Total adjusted EBIT decreased by 29.3% to €77.2 million in 9M 2023 (9M 2022: €109.1 million) and by 16.7% to €22.1 million in Q3 2023 (Q3 2022: €26.5 million).

Total EBITDA and EBIT were adjusted for €11.2 million and €12.6 million, respectively, in 9M and adjusted for €7.3 million and €8.0 million, respectively, in Q3 2023. These adjustments were mainly driven by impacts from the ramp up of some facilities. Total reported EBITDA amounted to €125.5 million in 9M 2023 (-30.7%) and to €34.7 million in Q3 2023 (-46.9%). Total reported EBIT amounted to €64.5 million in 9M 2023 (-48.9%) and to €14.1 million in Q3 2023 (-69.4%).

Financial result & net profit

Total net **financial result** decreased by 16.9% to -€24.4 million in 9M 2023 (9M 2022: -€20.9 million). This decrease was primarily driven by two factors: on the one hand, the higher margin applicable to the Term Loan B (TLB), which increased in December 2022 by 25 bps to Euribor plus 200 bps due to the increase on the leverage ratio. On the other hand, the yoy higher Euribor, increasing from 0% in 9M 2022 to 1%–4% (depending on runtime) applicable in 9M 2023. These negative effects were partially offset by the positive effect from the liquidation of the variable-to-fix-interest rate swap in place for 50% of the €636 million extended TLB notional.

Total **net profit** attributable to shareholders decreased by 68.4% in 9M 2023 to €27.6 million (9M 2022: €87.2 million). This development was primarily due to the aforementioned negative drivers impacting EBITDA and EBIT. As a result, earnings per share (EPS) in 9M 2023 decreased accordingly by 68.4% to €0.69 (9M 2022: €2.18) and in Q3 2023 to €0.18 (Q3 2022: €0.93).

Financial position & liquidity

Gross debt at 30 September 2023 remained stable at €714.3 million (31 December 2022: €710.8 million).

Net debt at 30 September 2023 increased by 15.4% to €633.4 million (31 December 2022: €549.0 million). This is mainly explained by the decrease in cash balance, after the €50 million dividend payment made in July and the €84 million capex spent.

Net leverage of x3.38 at Q3 2023 closing (year-end 2022: x2.56) based on the underlying net debt of €633.4 million and LTM adjusted EBITDA of €187.5 million.

Befesa continues to be compliant with all debt covenants.

	30 September 2023	31 December 2022
Non-current financial indebtedness	676.6	677.4
+ Current financial indebtedness	37.7	33.3
Financial indebtedness	**714.3**	**710.8**
- Cash and cash equivalents	(80.8)	(161.8)
- Other current financial assets[1]	(0.1)	(0.1)
Net debt	**633.4**	**549.0**
LTM Adjusted EBITDA	187.5	214.6
Net leverage ratio	**x3.38**	**x2.56**

1 Other current financial assets adjusted by hedging valuation and restricted deposits

Operating cash flow in 9M 2023 decreased by 18.7% to €63.7 million (9M 2022: €78.3 million).

The change in working capital impacted operating cash flow by €36 million in 9M 2023. The higher working capital consumption was very much driven by seasonality/timing impact, similar to last year, the majority of which is expected to reduce by the end of 2023. Interests paid in 9M 2023 increased by 26.7% to €21.2 million (9M 2022: €16.7 million) and taxes paid in 9M 2023 decreased by 23.4% to €15.7 million (9M 2022: €20.5 million).

In 9M 2023, Befesa's cash capex was €84.0 million (9M 2022: €120.7 million) to fund regular maintenance capex, the recovery of the Hanover plant and US operational excellence / synergies, as well as growth investments. The latter are mainly related to the Palmerton plant refurbishment and the remaining expenditures in the Henan plant.

Dividends of €50.0 million or €1.25 per share were distributed in July 2023.

After funding working capital, interests, taxes, capex and dividends, total cash flow in 9M 2023 amounted to -€80.9 million. Cash on hand stood at €80.8 million, which together with the €75.0 million RCF, entirely undrawn, provides Befesa with more than €150 million liquidity.

Segment information

Steel Dust Recycling Services

In 9M 2023, volumes of **EAF steel dust recycled** decreased by 0.9% to 889,724 tonnes (9M 2022: 897,578 tonnes). The performance across Befesa's markets was mixed: in Europe, EAF steel dust treated volumes grew at solid levels despite the challenging steel production levels. In China, volumes increased but lower than expected affected by the real estate crisis. In Q3 2023, volumes of EAF steel dust recycled increased by 11.0% to 297,389 tonnes (Q3 2022: 267,917 tonnes) primarily driven by the solid performance in Europe and the contribution from China. With these volumes, Befesa's EAF steel dust recycling plants ran at an average load factor of 70% in 9M and Q3 2023.

The volume of Waelz oxide (WOX) sold decreased by 3.3% to 301,048 tonnes in 9M 2023 (9M 2022: 311,355 tonnes), primarily driven by the US operations and the earthquake in Turkey. In Q3 2023, the volumes of WOX sold increased by 6.5% to 103,815 tonnes in Q3 2023 (Q3 2022: 97,466 tonnes).

The zinc refining plant in North Carolina ran at high utilisation levels with a focus on gradually improving profitability.

Revenue in the Steel Dust business increased by 13.5% to €605.3 million in 9M 2023 (9M 2022: €533.3 million) and by 12.7% to €202.3 million in Q3 2023 (Q3 2022: €179.5 million). This development was primarily attributed to the contribution from the US zinc refining operation.

Adjusted **EBITDA** in the Steel Dust business decreased by 22.3% to €101.8 million in 9M 2023 (9M 2022: €131.0 million) and by 3.9% to €34.6 million in Q3 2023 (Q3 2022: €36.0 million).

In 9M 2023, adjusted EBITDA decreased by 29.2 million due to the lower zinc LME prices (-27% yoy), partially offset by higher zinc hedging prices, the unfavourable zinc TC at $274 per tonne (+19% yoy), the higher coke prices (+14% yoy), partially offset by the positive impact from productivity and synergies as well as from the solid steel dust volumes in Europe plus the contribution from China. Consequently, adjusted EBITDA as a percent of revenue stands at 17% in 9M 2023 compared to 25% in 9M 2022. The yoy profitability decrease was due to two effects: firstly, the impact of the items affecting EBITDA as explained above, and secondly, a change in the business mix with the incorporation of the zinc refining operation which bring high volume of revenue and lower EBITDA margin.

Adjusted **EBIT** in the Steel Dust business decreased by 38.0% to €55.1 million in 9M 2023 (9M 2022: €88.8 million) and by 8.8% to €18.7 million in Q3 2023 (Q3 2022: €20.5 million), following similar drivers explained referring to the EBITDA development.

Aluminium Salt Slags Recycling Services

Salt Slags subsegment

Salt slags and SPL recycled volumes increased in 9M 2023 by 7.5% to 257,817 tonnes (9M 2022: 239,840 tonnes) and by 29.7% to 86,741 tonnes in Q3 2023 (Q3 2022: 66,891 tonnes). This development was primarily driven by the Hanover plant back in operations in 2023. On average, Salt Slags recycling plants operated at 73% of the latest installed annual recycling capacity of 470,000 tonnes in 9M and Q3 2023.

Revenue in the Salt Slags subsegment increased by 5.3% to €60.4 million in 9M 2023 (9M 2022: €57.4 million) and by 19.4% to €19.1 million in Q3 2023 (Q3 2022: €16.0 million).

EBITDA in the Salt Slags subsegment decreased by 13.8% to €19.0 million in 9M 2023 (9M 2022: €22.0 million) and by 37.0% to €4.6 million in Q3 2023 (Q3 2022: €7.3 million). The positive impact from lower energy prices was offset by lower aluminium alloy FMB prices.

EBIT in the Salt Slags subsegment decreased by 21.7% to €12.1 million in 9M 2023 (9M 2022: €15.4 million) and by 53.0% to €2.5 million in Q3 2023 (Q3 2022: €5.3 million), following similar drivers explained referring to the EBITDA development.

Secondary Aluminium subsegment

Aluminium alloy production volumes increased in 9M 2023 by 3.1% to 125,770 tonnes (9M 2022: 121,941 tonnes) and by 3.5% to 38,619 tonnes in Q3 2023 (Q3 2022: 37,296 tonnes). Secondary Aluminium production plants overall operated at around 82% and 75% utilisation rate on average respectively in 9M and Q3 2023.

Revenue in the Secondary Aluminium subsegment amounted to €271.2 million in 9M 2023, down 5.2% (9M 2022: €286.2 million). In Q3, revenue decreased by 10.9% yoy to €76.0 million (Q3 2022: €68.5 million). Higher volumes were offset with the lower aluminium alloy FMB prices.

EBITDA in the Secondary Aluminium subsegment increased by 35.3% to €16.6 million in 9M 2023 (9M 2022: €12.2 million). The EBITDA improvement was mainly explained by the higher volumes and the lower costs - primarily through the lower gas and electricity prices-, partially offset by the lower aluminium metal margins. In Q3, EBITDA stayed flat at €3.2 million.

EBIT in the Secondary Aluminium subsegment increased in 9M 2023 by 67.4% to €10.9 million (9M 2022: €6.5 million), following similar drivers which impacted the EBITDA development. In Q3, EBIT stayed flat at €1.5 million.

Strategy

Hedging

Befesa’s hedging strategy is unchanged and continues to be a key element of Befesa’s business model, providing zinc price visibility, lowering the impact from zinc price volatility and therefore improving the stability and visibility of earnings and cash flow across the economic cycle. Further details are available in the Befesa Annual Report 2022 (pages 38–39).

Befesa’s current hedging volume run rate is to hedge around 38,000 tonnes of zinc per quarter or around 152,000 tonnes per year.

The combined global hedge book in place as of the date of this Q3 2023 Statement provides Befesa with improved zinc price visibility up to July 2025, therefore for the following two years, at increasing hedging average prices: around €2,400 per tonne in 2023, around €2,500 per tonne in 2024 and around €2,650 per tonne for the first half of 2025.

Growth

Befesa’s Sustainable Global Growth Plan (SGGP) is progressing as planned despite the challenging macroeconomic environment.

In the **US**, the refurbishment of the plant in Palmerton, Pennsylvania, is on track. This will continue for the remainder of 2023 and 2024, and it will allow Befesa to improve the profitability levels and to capture the incremental EAF steel dust volumes expected in the US market for 2025.

In **China**, with regards to the third plant in the province of Guangdong, Befesa continues its negotiations with major steelmakers in the region to secure EAF dust supply. Despite the current market challenges, Befesa sees a strong growth opportunity in China and is optimistic in the midterm.

ESG

As of 30 September 2023, **ESG ratings** from six renowned international ESG rating agencies following Befesa are available:

	30 September 2023
ISS ESG	B / Prime
Sustainalytics	#181 / 430
V.E	#7 / 103
MSCI	BBB
arabesque s-ray	Top 12%
S&P Global	Top 15%

In Q3 2023, Befesa submitted for the first time the CDP (Carbon Disclosure Project) questionnaire, disclosing data regarding environmental performance and risks.

CDP DISCLOSER 2023

Outlook

2023: The current macroeconomic and market-specific challenges have caused a combination of temporary pressures in 2023, including unfavourable high zinc TC, lower zinc prices, all-time-high coke prices, and lower than expected steel dust volumes in China. These headwinds are expected to continue throughout the remainder of the year. Consequently, Befesa expects Q4 to be in line with Q3 and full-year adjusted EBITDA for 2023 to be around €180 million (previously: €200–€230m, which had been forecast on the basis of higher zinc prices).

2024: The return to the growth path is expected in 2024, as many of the headwinds that Befesa is facing in 2023 should subside in 2024 due to the temporary nature of the external pressures. The year 2024 should see a more favourable combination of zinc treatment charges and prices, a normalisation of coke price, coupled with improved zinc hedging prices and the contribution from the US zinc refining and Chinese operations.

Positive mid-term outlook intact: Befesa's diversified growth plan is supported by the favourable macro trends in decarbonisation and electric vehicles over the next few years, across the core businesses and markets in which Befesa holds a leading position. Befesa is rigorously executing and cautiously managing the timing of its growth projects, aligned with macroeconomic and market-specific developments.

Board of Directors

In October 2023, the Board of Directors of Befesa has appointed Mrs Soledad Luca de Tena as Independent Director by co-optation to fill the position on the Board of Directors following the resignation of Mr Romeo Kreinberg earlier this year, subject to ratification by the next General Meeting of Befesa S.A. in June 2024. Mrs Luca de Tena brings extensive executive and governance experience to Befesa and currently serves as Board member in Vocento, one of the largest media groups in Spain. Additionally, Mrs Luca de Tena is Vice Chair of the mutual insurance company Asepeyo and serves in the board of several non-profit organisations. Based on the appointment, the proportion of women on the Befesa Board of Directors has increased up to 38%.

Consolidated financial statements
as of 30 September 2023 (thousands of euros)

Statement of financial position

Assets

	30 September 2023	31 December 2022
Non-current assets:		
Intangible assets		
Goodwill	589,568	587,853
Other intangible assets	105,013	106,114
	694,581	**693,967**
Right-of-use assets	**32,702**	**30,895**
Property, plant and equipment	**715,158**	**682,809**
Non-current financial assets		
Investments in Group companies and associates	45	45
Other non-current financial assets	47,499	44,521
	47,544	**44,566**
Deferred tax assets	**96,792**	**103,647**
Total non-current assets	**1,586,777**	**1,555,884**
Current assets:		
Inventories	**94,129**	**102,539**
Trade and other receivables	**105,599**	**107,591**
Trade receivables from related companies	**342**	**1,039**
Accounts receivables from public authorities	**23,460**	**19,566**
Other receivables	**23,919**	**26,898**
Other current financial assets	**15,846**	**1,342**
Cash and cash equivalents	**80,815**	**161,751**
Total current assets	**344,110**	**420,726**
Total assets	**1,930,887**	**1,976,610**

Statement of financial position (continued)

Equity and liabilities

	30 September 2023	31 December 2022
Equity:		
Parent Company		
Share capital	111,048	111,048
Share premium	532,867	532,867
Hedging reserves	37,788	(2,573)
Other reserves	95,915	37,340
Translation differences	15,957	20,197
Net profit/(loss) for the period	27,552	106,220
Interim dividend	-	-
Equity attributable to the owners of the Company	**821,127**	**805,099**
Non-controlling interests	**24,439**	**14,153**
Total equity	**845,566**	**819,252**
Non-current liabilities:		
Long-term provisions	**17,528**	**18,518**
Loans and borrowings	**658,565**	**663,448**
Lease liabilities	**18,028**	**13,988**
Other non-current financial liabilities	**-**	**12,875**
Other non-current liabilities	**8,753**	**7,831**
Deferred tax liabilities	**105,932**	**107,633**
Total non-current liabilities	**808,806**	**824,293**
Current liabilities:		
Loans and borrowings	**29,022**	**23,038**
Lease liabilities	**8,708**	**10,298**
Other current financial liabilities	**16,005**	**38,223**
Trade payables to related companies	**-**	**1,573**
Trade and other payables	**166,142**	**198,870**
Other payables		
Accounts payable to public administrations	26,610	14,220
Other current liabilities	30,028	46,843
	56,638	**61,063**
Total current liabilities	**276,515**	**333,065**
Total equity and liabilities	**1,930,887**	**1,976,610**

Income statement

	9M 2023	9M 2022	Change	Q3 2023	Q3 2022	Change
Revenue	904,190	840,583	7.6 %	288,698	268,048	7.7 %
Changes in inventories of finished goods and work-in-progress	(7,074)	(7,996)	-	(4,397)	(630)	-
Procurements	(440,055)	(407,600)	8.0 %	(136,107)	(121,359)	12.2 %
Other operating income	8,297	61,226	(86.4) %	700	30,980	(97.7) %
Personnel expenses	(115,137)	(93,215)	23.5 %	(40,654)	(30,867)	31.7 %
Other operating expenses	(224,681)	(211,860)	6.1 %	(73,504)	(80,708)	(8.9) %
Amortisation/depreciation, impairment and provisions	(60,993)	(54,762)	11.4 %	(20,633)	(19,416)	6.3 %
Operating profit/(loss)	**64,547**	**126,376**	**(48.9) %**	**14,103**	**46,048**	**(69.4) %**
Finance income	10,322	2,293	> 100 %	4,343	1,977	> 100 %
Finance expenses	(33,670)	(17,809)	89.1 %	(12,892)	(4,482)	187.6 %
Net exchange differences	(1,042)	(5,356)	-	3,765	(6,053)	-
Net finance income/(loss)	**(24,390)**	**(20,872)**	**16.9 %**	**(4,784)**	**(8,558)**	**(44.1) %**
Profit/(loss) before tax	**40,157**	**105,504**	**(61.9) %**	**9,319**	**37,490**	**(75.1) %**
Corporate income tax	(12,540)	(17,094)	(26.6) %	(1,242)	(2,461)	(49.5) %
Profit/(loss) for the period	**27,617**	**88,410**	**(68.8) %**	**8,077**	**35,029**	**(76.9) %**
Attributable to:						
Parent Company's owners	27,552	87,248	(68.4) %	7,303	37,215	(80.4) %
Non-controlling interests	65	1,162	-	774	(2,186)	-
Earnings/(losses) per share attributable to Parent Company's owners (in euros per share)	**0.69**	**2.18**	**(68.4) %**	**0.18**	**0.93**	**(80.4) %**

Statement of cash flows

	9M 2023	9M 2022	Q3 2023	Q3 2022
Profit/(loss) for the period before tax	**40,157**	**105,504**	**9,319**	**37,490**
Adjustments for:	**83,843**	**33,267**	**27,882**	**(13,288)**
Depreciation and amortisation	60,993	53,111	20,633	17,765
Impairment losses	-	1,651	-	1,651
Changes in provisions	(990)	(1,787)	2,650	(1,047)
Interest income	(10,322)	(2,293)	(4,343)	(1,977)
Finance costs	33,670	17,809	12,892	4,482
Other profit/(loss)	(550)	(40,580)	(185)	(40,215)
Exchange differences	1,042	5,356	(3,765)	6,053
Changes in working capital:	**(23,418)**	**(23,220)**	**(3,483)**	**(429)**
Trade receivables and other current assets	9,181	(32,546)	(11,655)	24,313
Inventories	7,613	2,434	9,125	5,035
Trade payables	(40,212)	6,892	(953)	(29,777)
Other cash flows from operating activities:	**(36,894)**	**(37,231)**	**(11,982)**	**(9,412)**
Interest paid	(21,181)	(16,722)	(7,747)	(4,804)
Taxes paid	(15,713)	(20,509)	(4,235)	(4,608)
Net cash flows from/(used in) operating activities (I)	**63,688**	**78,320**	**21,736**	**14,361**
Cash flows from investing activities:				
Investments in intangible assets	(236)	(525)	(123)	(218)
Investments in property, plant and equipment	(83,740)	(75,216)	(30,608)	(18,007)
Collections from disposal of Group and associated companies, net of cash	113	-	-	-
(Acquisition)/Disposal of new subsidiaries	-	(44,965)	-	(44,965)
Net cash flows from/(used in) investing activities (II)	**(83,863)**	**(120,706)**	**(30,731)**	**(63,190)**
Cash flows from financing activities:				
Cash inflows from bank borrowings and other liabilities	3,842	21,787	(227)	1,908
Cash outflows from bank borrowings and other liabilities	(13,599)	(14,024)	(3,559)	(2,347)
Dividends paid to shareholders	(50,000)	(50,000)	(50,000)	(50,000)
Net cash flows from/(used in) financing activities (III)	**(59,757)**	**(42,237)**	**(53,786)**	**(50,439)**
Effect of foreign exchange rate changes on cash & cash equivalents (IV)	**(1,004)**	**(337)**	**133**	**(305)**
Net increase/(decrease) in cash and cash equivalents (I+II+III+IV)	**(80,936)**	**(84,960)**	**(62,648)**	**(99,573)**
Cash and cash equivalents at the beginning of the period	161,751	224,089	143,463	238,702
Cash and cash equivalents at the end of the period	80,815	139,129	80,815	139,129

Additional information

Segmentation overview – key metrics

Steel Dust Recycling Services

	9M 2023	9M 2022	Change	Q3 2023	Q3 2022	Change
Key operational data (tonnes, unless specified otherwise)						
EAF steel dust throughput	889,724	897,578	(0.9) %	297,389	267,917	11.0 %
WOX sold	301,048	311,355	(3.3) %	103,815	97,466	6.5 %
Zinc blended price (€ / tonne)	2,448	2,647	(7.5) %	2,385	2,596	(8.1) %
Total installed capacity	1,693,026	1,555,300	8.9 %	1,693,026	1,555,300	8.9 %
Utilisation (%)	70.3 %	77.2 %	(690) bps	69.7 %	68.3 %	135 bps
Key financial data (€ million, unless specified otherwise)						
Revenue	605.3	533.3	13.5 %	202.3	179.5	12.7 %
EBITDA	94.5	151.3	(37.6) %	31.1	56.3	(44.8) %
EBITDA margin	15.6 %	28.4 %	(1,277) bps	15.4 %	31.4 %	(1,602) bps
Adjusted EBITDA	101.8	131.0	(22.3) %	34.6	36.0	(3.9) %
Adjusted EBITDA margin	16.8 %	24.6 %	(775) bps	17.1 %	20.1 %	(295) bps
EBIT	46.3	109.2	(57.6) %	14.5	40.8	(64.5) %
EBIT margin	7.7 %	20.5 %	(1,282) bps	7.2 %	22.7 %	(1,558) bps
Adjusted EBIT	55.1	88.8	(38.0) %	18.7	20.5	(8.8) %
Adjusted EBIT margin	9.1 %	16.7 %	(756) bps	9.2 %	11.4 %	(217) bps

Aluminium Salt Slags Recycling Services

Salt Slags subsegment

	9M 2023	9M 2022	Change	Q3 2023	Q3 2022	Change
Key operational data (tonnes, unless specified otherwise)						
Salt slags and SPL recycled	257,817	239,840	7.5 %	86,741	66,891	29.7 %
Total installed capacity	470,000	470,000	-	470,000	470,000	-
Utilisation (%)	73.3 %	68.2%	511 bps	73.2 %	56.5%	1,676 bps
Key financial data (€ million, unless specified otherwise)						
Revenue	60.4	57.4	5.3 %	19.1	16.0	19.4 %
EBITDA	19.0	22.0	(13.8) %	4.6	7.3	(37.0) %
EBITDA margin	31.4 %	38.3 %	(695) bps	24.2 %	45.8 %	(2,160) bps
EBIT	12.1	15.4	(21.7) %	2.5	5.3	(53.0) %
EBIT margin	20.0 %	26.9 %	(690) bps	13.0 %	32.9 %	(1,997) bps

Secondary Aluminium subsegment

	9M 2023	9M 2022	Change	Q3 2023	Q3 2022	Change
Key operational data (tonnes, unless specified otherwise)						
Secondary aluminium alloys produced	125,770	121,941	3.1 %	38,619	37,296	3.5 %
Aluminium alloy FMB price (€ / tonne)	2,186	2,481	(11.9) %	2,074	2,327	(10.9) %
Total installed capacity	205,000	205,000	-	205,000	205,000	-
Utilisation (%)	82.0 %	79.5 %	250 bps	74.7 %	72.2 %	256 bps
Key financial data (€ million, unless specified otherwise)						
Revenue	271.2	286.2	(5.2) %	76.0	68.5	10.9 %
EBITDA	16.6	12.2	35.3 %	3.2	3.2	(0.5) %
EBITDA margin	6.1 %	4.3 %	183 bps	4.2 %	4.7 %	(48) bps
EBIT	10.9	6.5	67.4 %	1.5	1.5	(2.9) %
EBIT margin	4.0 %	2.3 %	175 bps	1.9 %	2.2 %	(27) bps

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

Financial calendar

29 February 2024	Preliminary Year-End Results 2023 & Conference Call
21 March 2024	Annual Report 2023
25 April 2024	Q1 2024 Statement & Conference Call
20 June 2024	Annual General Meeting
25 July 2024	H1 2024 Interim Report & Conference Call
31 October 2024	Q3 2024 Statement & Conference 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 at the Investor Relations / Investor's Agenda section of Befesa's website www.befesa.com

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Disclaimer

Third quarter and first nine-month period 2023 figures are unaudited.

This quarterly statement includes Alternative Performance Measures (APM), including EBITDA, EBITDA margin, EBIT, EBIT margin, 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). EBITDA is defined as operating profit for the period (i.e. EBIT) before the impact of amortisation, depreciation, impairment and provisions. EBITDA margin is defined as EBITDA divided by revenue. EBIT is defined as Operating profit for the year. The Company uses EBIT to monitor its financial return after both operating expenses and a charge representing the cost of usage of both its property, plant and equipment and definite-life intangible assets. EBIT margin is defined as EBIT as a percentage of revenue. 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 Befesa's results of operations or liquidity derived in accordance with IFRS. Befesa believes that the APM included in this quarterly statement are useful measures of its performance and liquidity. Other companies, including those in the industry in which Befesa operates, may calculate similarly titled financial measures differently than Befesa does. Because all companies do not calculate these financial measures in the same manner, Befesa's presentation of such financial measures may not be comparable to other similarly titled measures of other companies. These APM are not audited.

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