



BEFESA ZINC

Third Quarter 2012 Earnings Presentation

20th November 2012

- This presentation contains forward-looking statements and information relating to Befesa Zinc that are based on the beliefs of its management as well as assumptions made and information currently available to Befesa Zinc.
- Such statements reflect the current views of Befesa Zinc with respect to future events and are subject to risks, uncertainties and assumptions.
- Many factors could cause the actual results, performance or achievements of Befesa Zinc to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others: changes in general economic, political, governmental and business conditions globally and in the countries in which Befesa Zinc does business; changes in interest rates; changes in inflation rates; changes in prices; decreases in government expenditure budgets and reductions in government subsidies; changes to national and international laws and policies that support renewable energy sources; inability to improve competitiveness of our renewable energy services and products; decline in public acceptance of renewable energy sources; legal challenges to regulations, subsidies and incentives that support renewable energy sources and industrial waste recycling; extensive governmental regulation in a number of different jurisdictions, including stringent environmental regulation; our substantial capital expenditure and research and development requirements; management of exposure to credit, interest rate, exchange rate and commodity price risks; the termination or revocation of our operations conducted pursuant to concessions; reliance on third-party contractors and suppliers; acquisitions or investments in joint ventures with third parties; unexpected adjustments and cancellations of our backlog of unfilled orders; inability to obtain new sites and expand existing ones; failure to maintain safe work environments; effects of catastrophes, natural disasters, adverse weather conditions, unexpected geological or other physical conditions, or criminal or terrorist acts at one or more of our plants; insufficient insurance coverage and increases in insurance cost; loss of senior management and key personnel; unauthorized use of our intellectual property and claims of infringement by us of others intellectual property; our substantial indebtedness; our ability to generate cash to service our indebtedness; changes in business strategy and various other factors.
- Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or targeted.
- Befesa Zinc does not intend, and does not assume any obligations, to update these forward-looking statements.

1

3Q & 9M Business Highlights

2

3Q & 9M Financial Highlights

3

Outlook

4

Appendix



BEFESA ZINC

9M 2012 Key Highlights

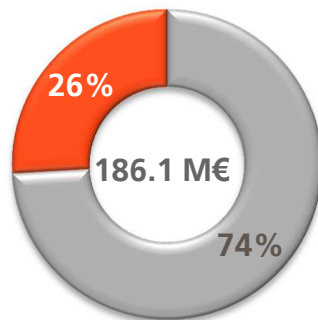
Continued growth despite a continuously challenging environment

Revenues

186.1 M€

↑ **9.2 %** (170.4 M€ 9M 2011)

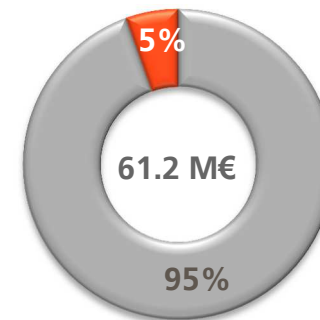
■ Crude Steel
■ Stainless Steel



EBITDA

61.2 M€

↑ **10.2 %** (55.6 M€ 9M 2011)



Net Income

21.4 M€

↓ **3.0 %** (22.0 M€ 9M 2011)

Leverage

2.98x

from 2.91x at Q3 2011

1

3Q & 9M Business Highlights

2

3Q & 9M Financial Highlights

3

Outlook

4

Appendix



Solid results despite challenging environment

137.8 M€ Revenues in 9M 2012, an **increase** of **4 %** Y-o-Y

57.9 M€ EBITDA in 9M 2012, an **increase** of **6 %** Y-o-Y

42.0 % Average EBITDA margin (vs. 41.3 % 9M 2011)

94.5 % Average Load Factor (vs. 96.6 % 9M 2011)

139.0 Kt WOX sold, an increase of 2.7 % Y-o-Y

1,519 €/t Average LME Zinc Price (vs. 1,632 €/t 9M 2011)



Strong performance in adverse market

48.2 M€

Revenues in 9M 2012, an increase of 28 % Y-o-Y

3.4 M€

EBITDA in 9M 2012, an increase of 311 % Y-o-Y

6.9 %

Average EBITDA margin (vs. 2.2 % 9M 2011)

71.3 %

Average Load Factor (vs. 52.6 % 9M 2011)

93.1 Kt

Stainless steel dust treated, a 36% increase Y-o-Y

9.3 Kt

Metal Alloys sold, an increase of 155 % Y-o-Y



Solid performance of steel dust and strong improvement in stainless steel

Steel Dust

- 1 Positive effect in revenues of increase in hedge from €1,560 to €1,703, partially offset by decrease in LME spot price (-6.9 %)
- 2 WOX: Higher sales (+2.7 % Y-o-Y); Production roughly in line (-0.4 % Y-o-Y)
- 3 Improved performance of Turkish plant operations (+7.0 % Y-o-Y)
- 4 Slight decrease in throughput (-1.9 % Y-o-Y) and slightly lower average load factor (95 % vs. 97 %) due to more planned maintenance shutdowns

Stainless Steel

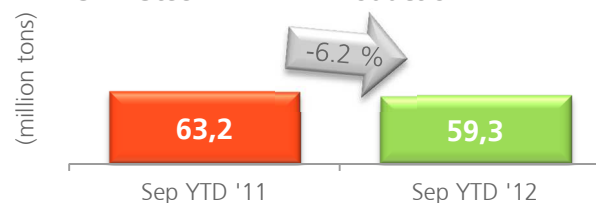
- 1 Sharp increase in throughput (+36.1 % Y-o-Y) and load factor (71 % vs. 53 %)
- 2 Strong increase of metal alloys sales (+155 % Y-o-Y)

Capex Plan

- 1 Izmir and Adana: financing expected to be closed by YE
- 2 Hankook: start of operations expected for Q2 2013
- 3 Zinc Sur: project postponed indefinitely

EU Steel Mini-Mill Production & World Zinc Consumption

EU-27 Steel Mini-Mill Production



World Zinc Consumption



1

3Q & 9M Business Highlights

2

3Q & 9M Financial Highlights

3

Outlook

4

Appendix



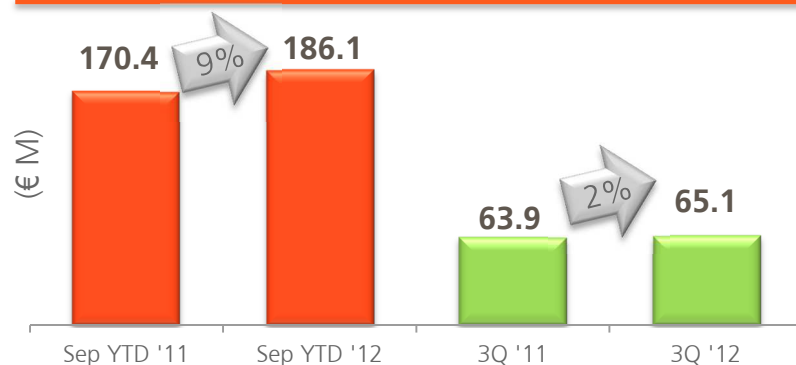
BEFESA ZINC

Consolidated Figures

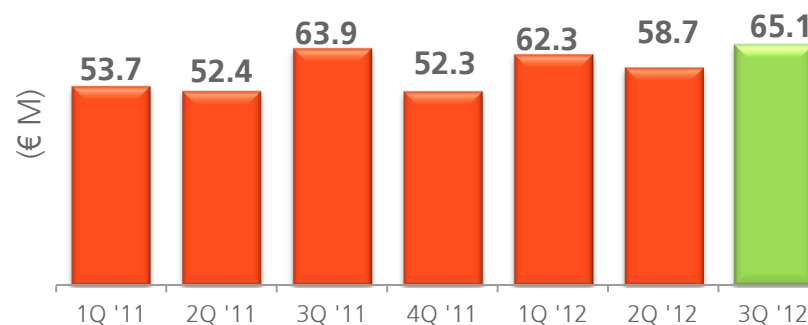
Strong 9M 2012, benefiting from Turkey consolidation, and strong recovery in stainless steel

- 9M 2012 EBITDA reached 61.2 M€, representing an average EBITDA Margin of 33%
- Net Debt is 235.8 M€, representing a Net Debt / EBITDA ratio of 2.98x *

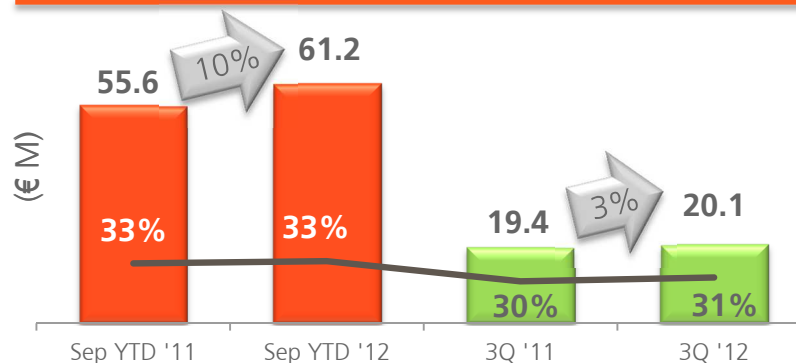
Revenues (YTD and 3Q)



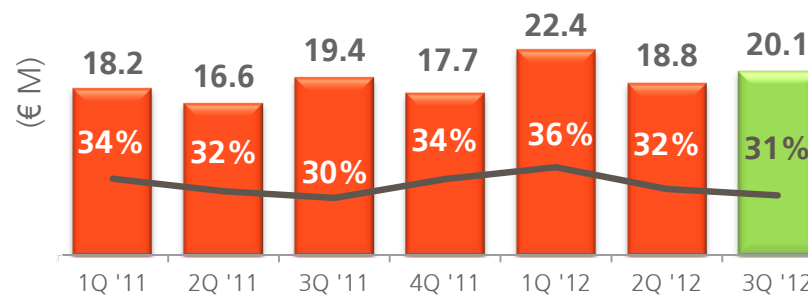
Revenues by quarter



EBITDA (YTD and 3Q)



EBITDA by quarter



* Assumes LTM EBITDA of 78.98 M€

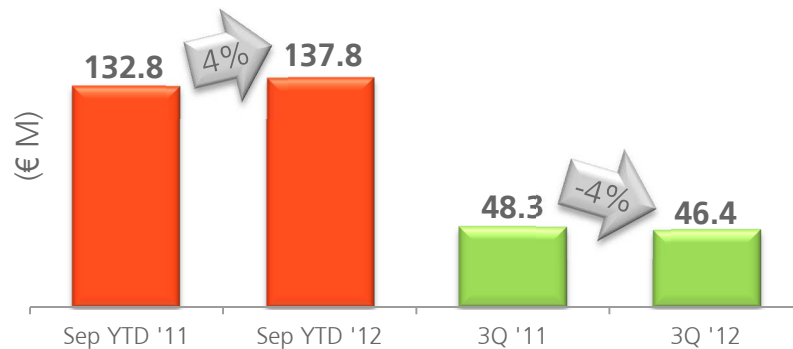
BEFESA ZINC

Steel Dust Segment

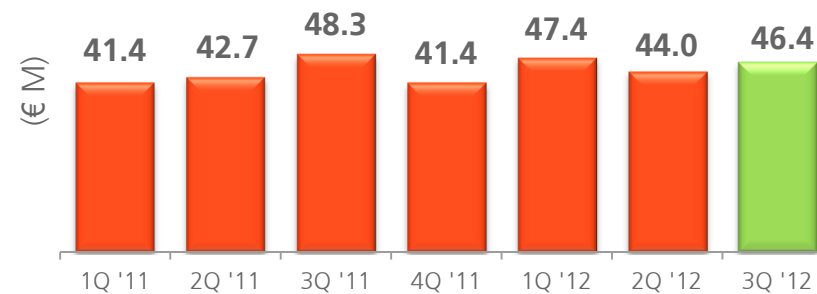
Solid results in steel dust despite decline in EU mini-mill production and Turkey providing growth

- Throughput in 9M 2012 decreased by 1.9 % Y-o-Y due to more maintenance stops than in 2011
- 9M 2012 revenues increased by +3.8% vs. 9M 2011 due to higher volumes of WOX sold (+2.7%), and lower LME Zinc price (-6.9%) partly offset by hedge

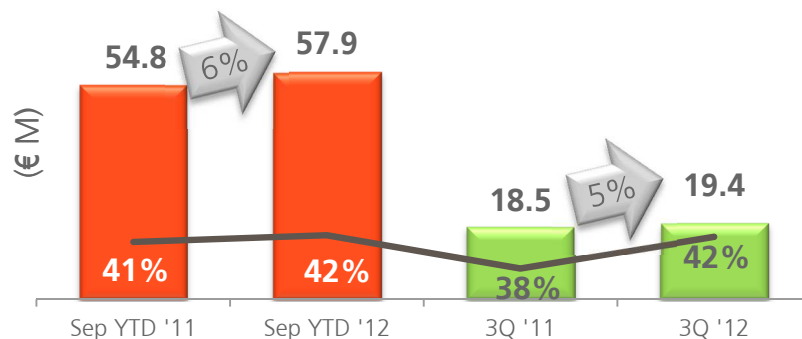
Revenues (YTD and 3Q)



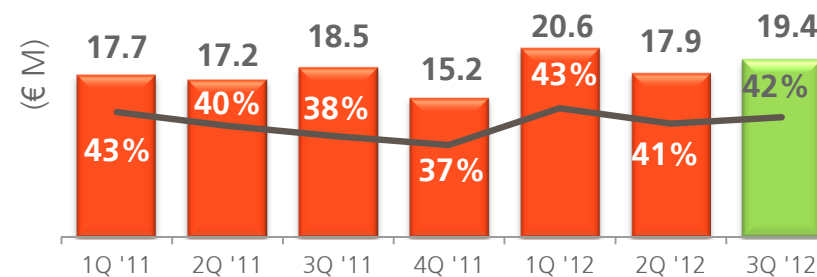
Revenues by quarter



EBITDA (YTD and 3Q)



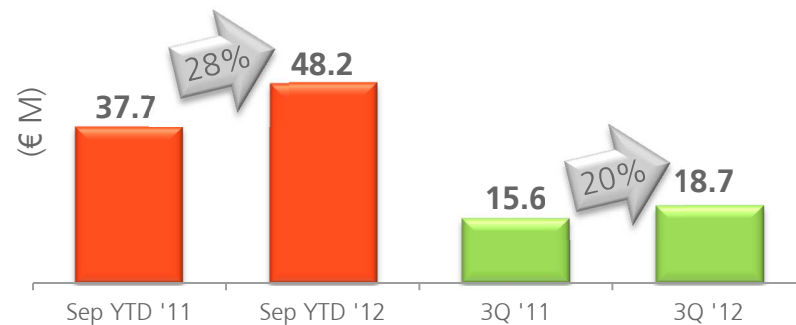
EBITDA by quarter



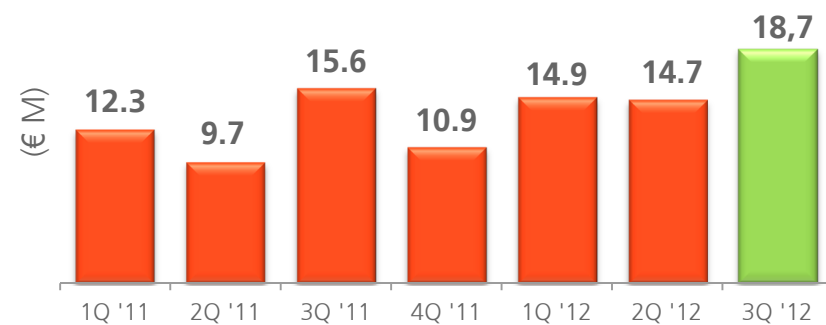
Good 3Q confirms momentum shown during the first half of 2012

- 9M 2012 revenues increased 28.1% Y-o-Y, mainly due to the sharp increase in alloys sold during this period (+155%), and the increase by 36.1 % in the stainless steel throughput
- 9M 2012 load factor from 52.6 % to current 71.3 %

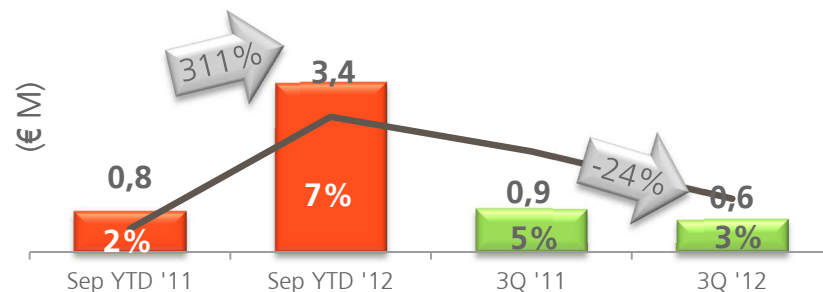
Revenues (YTD and 3Q)



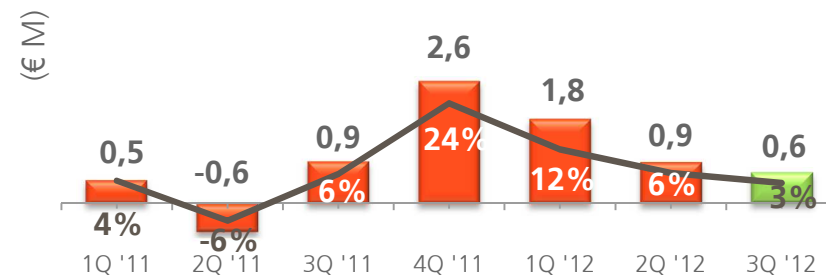
Revenues by quarter



EBITDA (YTD and 3Q)



EBITDA by quarter



Stable cash flow generation and strong liquidity position

- **Operating activities:** During 9M 2012, cash generated from operating activities increased 3.7 M€ and taxes were 4.8 M€ lower, while interests paid increased mainly due to the bond interests (13.3 M€)
- **Investing activities:** During 9M 2012, the increase was mainly due to 12 M€ construction of Gravelines washing facility, while 15 M€ correspond to first payment of South Korean investment

Figures in € '000

	September YTD			3Q		
	2012	2011	Variation	2012	2011	Variation
Cash generated from operations	51,143	47,410	3,733	23,417	17,482	5,935
Taxes paid	(11,194)	(16,003)	4,809	(3,427)	(2,580)	(848)
Interest paid	(13,993)	(2,969)	(11,025)	(200)	(746)	546
Interest received	2,829	1,149	1,680	958	735	223
Net cash flows from Op. Activities (I)	28,785	29,587	(802)	20,748	14,891	5,857
Net cash flows from Inv. Activities (II)	(39,825)	(13,146)	(26,679)	(23,912)	(7,455)	(16,457)
Net cash flows from Fin. Activities (III)	773	19,549	(18,776)	773	(981)	1,754
Effect in change of the perimeter (IV)	-	5,541	(5,541)	-	3,969	(3,969)
Net increase (I+II+III+IV)	(10,267)	41,531	(51,798)	(2,391)	10,424	(12,815)
Balance at beginning of period	75,916	40,926	34,990	68,040	72,033	(3,993)
Balance at end of the period	65,649	82,457	(16,808)	65,649	82,457	(16,808)

1

3Q & 9M Business Highlights

2

3Q & 9M Financial Highlights

3

Outlook

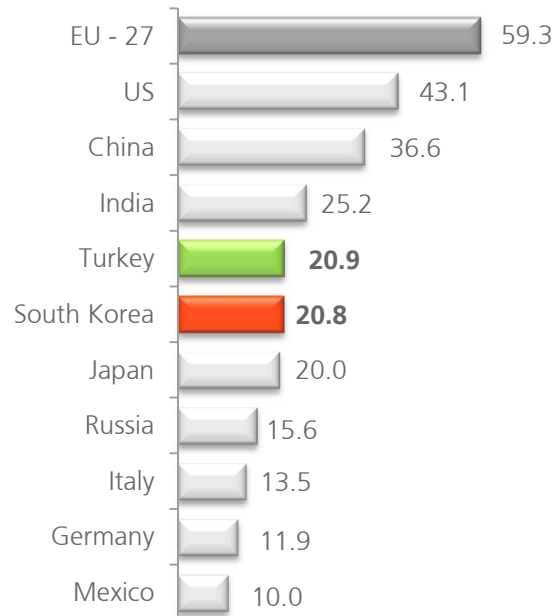
4

Appendix



Attractiveness of Turkey and South Korea

EAF Steel Production: Sep YTD 2012 (Top-10) Total = 305.1 million tons



From leadership position in EU-27 markets,
next step is consolidating our position in two
of the top five EAF steel production markets



Turkey

EAF steel market

- 4th largest EAF steel producer
- 20-30 % Zinc in EAF dust
- Regulation adjusting to meet EU



Financials

- 100 M€ investment in 2 EAFD recycling plants: 110k t capacity each
- Land acquired, permits and engineering ongoing
- Start operations **by end of 2014**



South Korea

EAF steel market

- 5th largest EAF steel producer
- 20-30 % Zinc in EAF dust
- Strict landfill regulation



● Plant's location in Gyeongju

Financials

- 60 M€ planned investment in 1 EAFD recycling plant with 120k t capacity
- Start operations in **2Q 2013**
- A **three-step process** to acquire 100 % of Hankook. 20 M€ paid and 15 M€ committed upon satisfactory completion

We maintain a positive outlook for the rest of 2012

Steel Dust

- 1 2012 load factor will not be affected at current levels of EAF production
- 2 Similar levels of EAF production expected for 2012 than for 2011
- 3 Strong demand for WOX from Zinc smelters

Stainless Steel

- 1 The performance of the business for the rest of H2 2012 expected to be in line with positive H1 2012
- 2 Higher load factor than 2011 expected as volumes recover

Hedging Update

- 1 Q2 2014: 18,000 tons hedged @ €1,500 per ton
- 2 Continue hedging strategy to mitigate zinc price fluctuations
- 3 Actively looking for pricing to hedge H2 2014

Growth strategy focused on Turkey, benefiting from flexible and uncommitted capex plan

Turkey

- 1 Attractiveness of the market and expansion constrains in existing facility drives new growth strategy in Turkey
- 2 New 110kt plant in Adana (near Iskenderun): Land already acquired, and permits and authorizations process currently on going. Another land acquired for another 110kt plant in Izmir
- 3 Detailed engineering and preliminary works will be carried out through 2012
- 4 Start of operations expected for 1Q 2015

Hankook

- 1 Construction on-going according to schedule
- 2 Start of operations by 2Q 2013

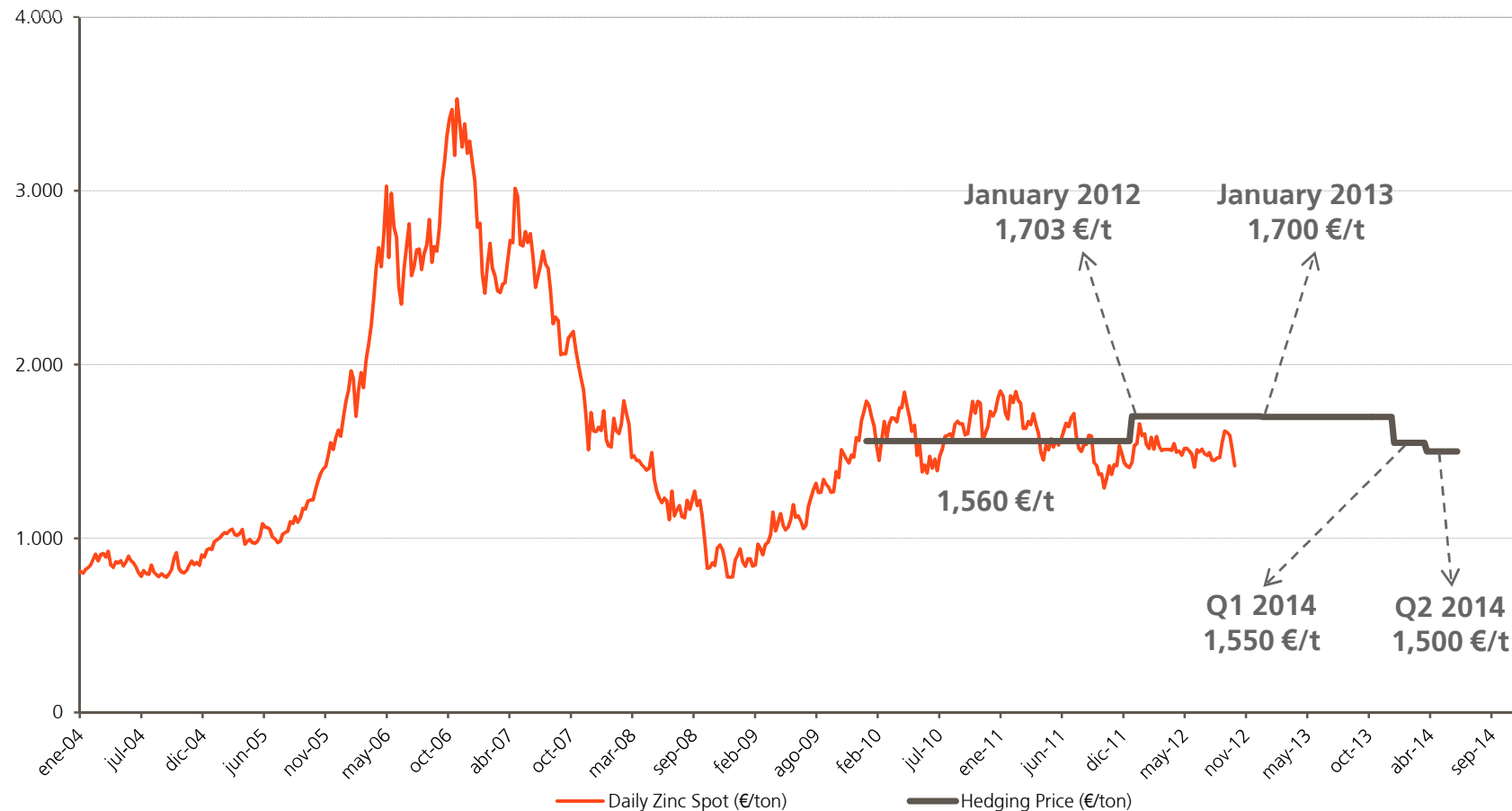
Gravelines

- 1 Fully commissioned and started operating during Q2 2012

BEFESA ZINC

Zinc Prices

Hedging policy compensating for pressures in Zinc Prices and providing visibility to the cash flows for the next 20 months



**Average LME Zinc Price
9M 2011: 1,632 €/t**

**Average LME Zinc Price
9M 2012: 1,519 €/t**

1

3Q & 9M Business Highlights

2

3Q & 9M Financial Highlights

3

Outlook

4

Appendix



BEFESA ZINC

Detailed Balance Sheet

Figures in € '000

Assets	30.09.2012	31.12.2011	Equity and Liabilities	30.09.2012	31.12.2011
Non-current assets:			Equity:		
Intangible assets:			Of the Parent:		
Goodwill	283.618	279.162	Share capital	25.010	25.010
Other intangible assets	5.979	5.208	Unrealised Asset and Liability Revaluation Reserve	4.631	27.510
	289.597	284.370	Other reserves	100.604	72.791
Property, plant and equipment:			Translation differences	829	74
Property, plant and equipment in use	81.380	86.752	Net profit for the year	21.371	27.813
Property, plant and equipment in the course of construction	28.179	16.011		152.445	153.198
	109.559	102.763	Of minority interests	7.274	6.628
Investments accounted for using the equity method			Total Equity	159.719	159.826
Non-current financial assets:			Non-current liabilities:		
Investments securities	16.670	1.670	Provisions for contingences and expenses	18.802	18.807
Other financial assets	98	179	Bank borrowings and finance leases	1.224	0
	16.768	1.849	Non Recourse Finance	294.562	293.919
Derivative financial instruments	0	13.940	Capital Grants	3.053	3.391
Deferred tax assets	29.476	28.183	Other non-current liabilities	293	1.159
Total non-current assets	445.400	431.105	Derivative financial instruments	6.077	0
			Deferred tax liabilities	23.145	31.636
Current Assets:			Total non-current liabilities	347.156	348.912
Inventories	14.813	11.639	Current liabilities:		
Trade and other receivables	33.869	22.548	Non Recourse Finance	9.984	3.328
Trade receivables, related companies	17.794	17.465	Bank borrowings and finance leases	180	0
Tax receivables	5.779	7.551	Trade payables, related companies	18.413	23.833
Other receivables	2.646	3.811	Trade and other payables	38.040	30.041
Derivative financial instruments	3.036	15.653	Derivative financial instruments	0	0
Other current financial assets	41.482	24.636	Other payables:		
Cash and cash equivalents	24.167	51.280	Tax payables	7.853	7.861
Total current assets	143.586	154.583	Other current liabilities	7.641	11.887
				15.494	19.748
Total Assets	588.986	585.688	Total current liabilities	82.111	76.950
			Total Equity and Liabilities	588.986	585.688

BEFESA ZINC

Detailed Consolidated P&L

Figures in € '000

	9M			3Q		
	2012	2011	Variation	2012	2011	Variation
Revenue	186,072	170,428	15,644	65,137	63,921	1,216
Cost of Sales	(111,723)	(101,858)	(9,865)	(40,844)	(40,179)	(665)
Other operating income	3,881	2,870	1,011	1,415	772	643
Gross Profit	78,230	71,440	6,790	25,708	24,514	1,194
Depreciation and amortization charge	(9,694)	(9,741)	47	(3,233)	(3,255)	22
General and Administrative Expenses	(16,987)	(15,840)	(1,147)	(5,641)	(5,123)	(518)
Income From Operations	51,549	45,859	5,690	16,834	16,136	698
Finance income	2,829	1,149	1,680	958	574	384
Finance costs	(21,351)	(13,115)	(8,236)	(7,098)	(7,241)	143
Exchange differences (gains and losses)	(601)	131	(732)	(449)	372	(821)
Financial Loss	(19,123)	(11,835)	(7,288)	(6,589)	(6,295)	(294)
Profit before tax	32,426	34,024	(1,598)	10,245	9,841	404
Income tax	(10,146)	(11,189)	1,043	(3,309)	(3,477)	168
Profit from continuing operations	22,280	22,835	(555)	6,936	6,364	572
Attributable to:						
Shareholders of the parent	21,371	22,037	(666)	6,507	5,929	578
Minority interests	909	798	111	429	435	(6)
EBITDA	61,243	55,600	5,643	20,067	19,391	676

Figures in € '000

Cash Flows from Operating Activities

	9M			3Q		
	2012	2011	Variation	2012	2011	Variation
Profit for the period before tax	32,426	34,024	(1,598)	10,245	10,915	(670)
Adjustments due to:						
Amortization/ Depreciation	9,694	9,741	(47)	3,233	3,445	(212)
(Profit)/Loss on disposal of non-current assets	39	11	28	33	-	33
Change in provisions	(7)	1,583	(1,590)	8	957	(949)
Financial income	(2,829)	(1,149)	(1,680)	(958)	(735)	(223)
Financial expense	21,351	13,115	8,236	7,098	7,255	(157)
Income from government grants	(396)	(561)	165	(38)	(187)	149
Exchange differences	601	-	601	449	-	449
Change in working capital:						
Change in trade receivables and other receivables	(9,844)	(5,796)	(4,048)	(2,444)	(6,653)	4,209
Change in inventories	503	(1,344)	1,847	4,771	4,920	(149)
Change other current assets	1,967	(600)	2,567	2,124	(1,106)	3,230
Change in other current liabilities	(2,362)	(1,615)	(747)	(1,104)	(1,330)	226
Cash generated from operations	51,143	47,410	3,733	23,417	17,482	5,935
Taxes paid	(11,194)	(16,003)	4,809	(3,427)	(2,580)	(848)
Interest paid	(13,993)	(2,969)	(11,025)	(200)	(746)	546
Interest received	2,829	1,149	1,680	958	735	223
Net Cash Flows From Operating Activities (I)	28,785	29,587	(802)	20,748	14,891	5,857

Cash Flows from Investing Activities

Purchase of intangible assets	(3,451)	(12)	(3,439)	(1,153)	(4)	(1,149)
Purchase of property, plant and equipment	(18,334)	(3,524)	(14,810)	(4,605)	(1,617)	(2,988)
Proceeds from disposal of assets	6	88	(82)	-	47	(47)
Acquisition/(disposal) of new subsidiaries	(18,155)	(9,560)	(8,595)	(18,155)	(5,818)	(12,337)
Other non-current financial assets	109	(138)	247	1	(63)	64
Net Cash Flows From Investing Activities (II)	(39,825)	(13,146)	(26,679)	(23,912)	(7,455)	(16,457)

Cash Flows from Financing Activities

Repayment of borrowings and other long-term debt	-	(185,197)	185,197	-	-	-
Long Term borrowings	1,185	294,745	(293,560)	1,185	(981)	2,166
Distribution of dividends/capital reduction	(412)	(90,000)	89,588	(412)	-	(412)
Net Cash Flows From Financing Activities (III)	773	19,549	(18,766)	773	(981)	1,754

Effect of change in the perimeter on cash and cash equivalents (IV)

	-	5,541	(5,541)	-	3,969	(3,969)
Net Increase In Cash and Cash Equivalents (I+II+III+IV)	(10,267)	41,531	(51,798)	(2,391)	10,424	(12,815)
Cash and cash equivalents at beginning of the period	75,916	40,926	34,990	68,040	72,033	(3,993)
Cash and cash equivalents at end of the period	65,649	82,457	(16,808)	65,649	82,457	(16,808)

BEFESA ZINC

Detailed Segment Reporting

Figures in € '000

	9M 2012			3Q 2012		
	Revenue	EBITDA	EBITDA Margin	Revenue	EBITDA	EBITDA Margin
Steel Dust	137,839	57,892	42.0 %	46,440	19,421	41.8 %
Stainless Steel	48,233	3,351	6.9 %	18,697	646	3.5 %
Total	186,072	61,243	32.9 %	65,137	20,067	30.8 %

Figures in € '000

	9M 2011			3Q 2011		
	Revenue	EBITDA	EBITDA Margin	Revenue	EBITDA	EBITDA Margin
Steel Dust	132,777	54,784	41.3 %	48,313	18,536	38.4 %
Stainless Steel	37,651	815	2.2 %	15,608	855	5.5 %
Total	170,428	55,600	32.6 %	63,921	19,391	30.3 %

	9M % Variation		3Q % Variation	
	Revenue	EBITDA	Revenue	EBITDA
Steel Dust	3.8%	5.7 %	-3.9 %	4.8 %
Stainless Steel	28.1%	311.1 %	19.8 %	-24.5 %
Total	9.2%	10.2 %	1.9 %	3.5 %

BEFESA ZINC

Detailed Operational Data

Crude Steel Dust

	9M			3Q		
	2012	2011	Variation	2012	2011	Variation
	(in Dry Metric Tons)					
Throughput Crude Steel Dust	397,387.2	404,957.3	-1.9 %	134,755.4	135,723.3	-0.7 %
Average Load Factor	94.5 %	96.6 %		95.4 %	96.1 %	
Waelz Oxide Production	138,050.7	138,585.8	-0.4 %	47,680.2	47,183.0	+1.1 %
Zinc contained in Production	90,666.5	91,371.9	-0.8 %	31,152.3	31,099.8	+0.2 %
Waelz Oxide Sold	138,992.7	135,328.5	+2.7 %	48,510.4	52,357.2	-7.3 %
Zinc contained in Sales	90,772.6	88,722.2	+2.3 %	31,701.0	34,325.7	-7.6 %
LME Average Zinc Price (Euro)	1,518.5	1,631.6	-6.9 %	1,508.9	1,575.4	-4.2 %

Stainless Steel

	9M			3Q		
	2012	2011	Variation	2012	2011	Variation
	(in Dry Metric Tons)					
Throughput Stainless Steel Dust	93.076,7	68.390,0	+36.1 %	28,358.9	30,493.0	-7.0 %
Average Load Factor	71.3 %	52.6 %		64.7 %	69.5 %	
Metal Alloys Sold	9,291.9	3,644.6	+154,9 %	5,480.7	1,657.0	+230,8 %

For a full understanding of this presentation and the Company's activities, please see below a glossary of certain terms used

Electric arc furnace	A type of furnace used by mini-mills to melt recycled steel scrap to produce new steel
Leaching	A hydrometallurgical process that increases the purity of the WOX
Mini-mills	Steel production facilities that use EAF technology, as opposed to integrated furnaces that use iron ore
Scrap steel	Raw material for mini-mill steel production
Stainless steel dust	A hazardous residue in form of powder resulting from the stainless steel production
Steel dust	A hazardous residue in form of a powder, rich in zinc that results from mini-mills steel production
Tolling fee	A fee we charge stainless steel manufacturers to collect and treat stainless steel and then return to them the metals recovered in the process
Waelz kiln process	A technology used for processing steel dust that produces waelz oxide (WOX), used at all our steel dust plants
Waelz oxide	A product with a high concentration of zinc that is generated in the steel dust recycling process and that is used in the production of zinc as a secondary raw material
Zinc smelter	An industrial plant that produces high purity zinc from primary and secondary raw material sources. Primary sourcing are zinc concentrates from the mine and the main secondary sourcing is WOX

BEFESA ZINC

Q&A