

BEFESA ZINC

Innovative Technology Solutions for
Sustainability



BEFESA ZINC

Fiscal Year 2012 Earnings Presentation

4th March 2013

- 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.

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4Q & FY Business Highlights

2

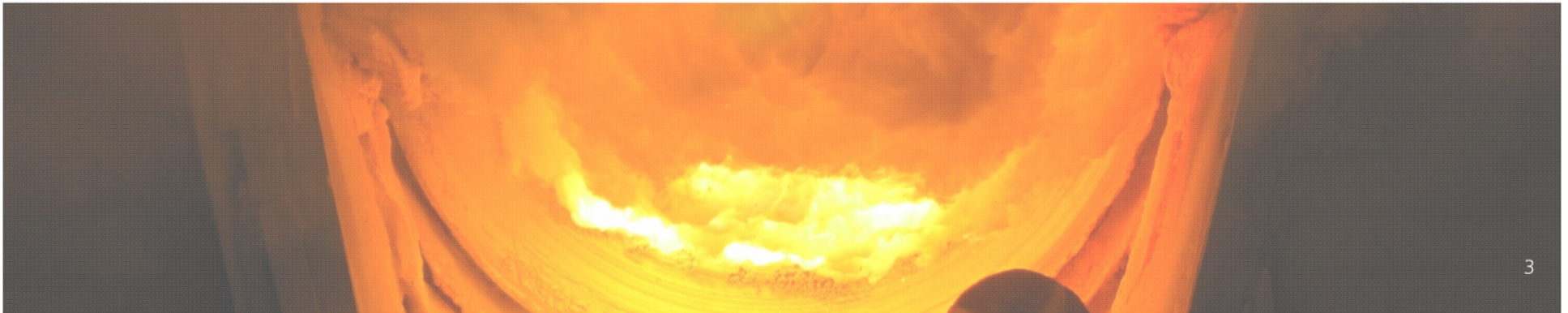
4Q & FY Financial Highlights

3

Outlook

4

Appendix



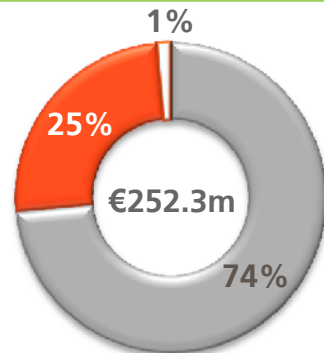
Profitable growth despite a continuously challenging environment

Revenues

252.3 M€

↑ **13.3 %** (222.8 M€ FY 2011)

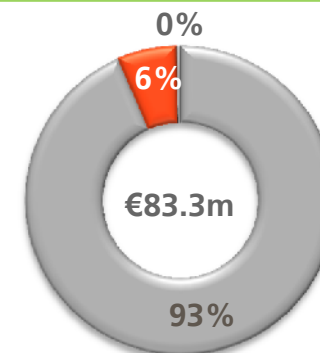
- Crude Steel
- Stainless Steel
- Others*



EBITDA

83.3 M€

↑ **13.6 %** (73.3 M€ FY 2011)



Net Income

25.4 M€

↓ **9.0 %** (27.8 M€ FY 2011)

Leverage

2.77x

from 2.99x at FY 2011

* Galvanization Waste Recycling was included in HYB Perimeter in 4Q 2012. This plant located in Bilbao area recycles waste coming from the galvanization industry. Revenues in Q4 2012 amounted to €3.6m and EBITDA of €0.3m

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4Q & FY Business Highlights

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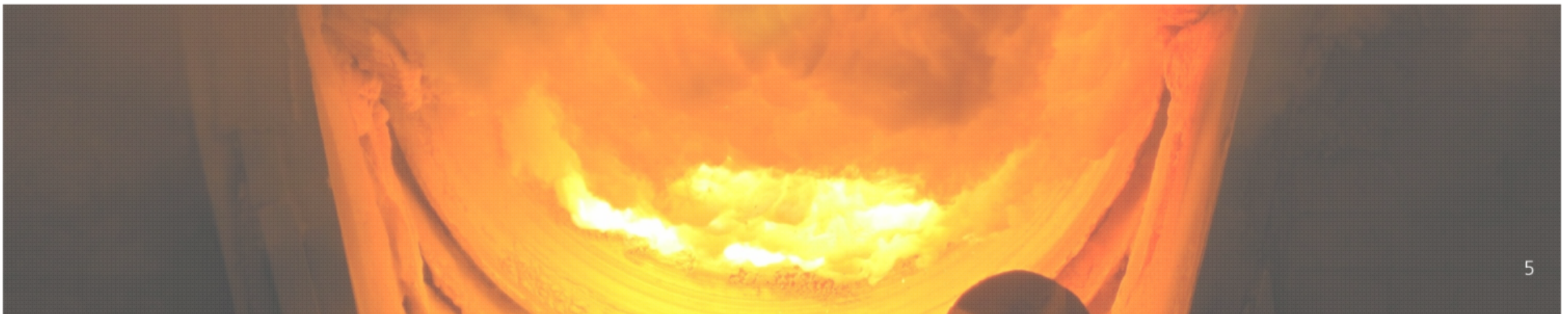
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Solid results despite challenging macro environment in crude steel

185.4 M€ Revenues in 2012, an increase of 7 % Y-o-Y

77.9 M€ EBITDA in 2012, an increase of 11 % Y-o-Y

42.0 % Average EBITDA margin (vs. 40.2 % FY 2011)

94.5 % Average Load Factor (vs. 96.9 % FY 2011)

188.7 Kt WOX sold, an increase of 5 % Y-o-Y

1,515 €/t Average LME Zinc Price (vs. 1,576 €/t FY 2011)



Strong performance in adverse market conditions in stainless steel

63.3 M€ Revenues in 2012, an increase of 30 % Y-o-Y

5.2 M€ EBITDA in 2012, an increase of 53 % Y-o-Y

8.2 % Average EBITDA margin (vs. 7.0 % FY 2011)

71.0 % Average Load Factor (vs. 51.0 % FY 2011)

123.6 Kt Stainless steel dust treated, a 39% increase Y-o-Y

12.0 Kt Metal Alloys sold, an increase of 228% 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 (-3.9 %)
- 2 WOX: Higher sales (+5.0 % Y-o-Y); Similar production levels (-0.1 % Y-o-Y)
- 3 Improved performance of Turkish plant operations in terms of WOX produced (+25.0 % Y-o-Y)
- 4 Slight decrease in throughput (-2.5 % Y-o-Y) and slightly lower average load factor (95 % vs. 97 %) due to more planned maintenance shutdowns

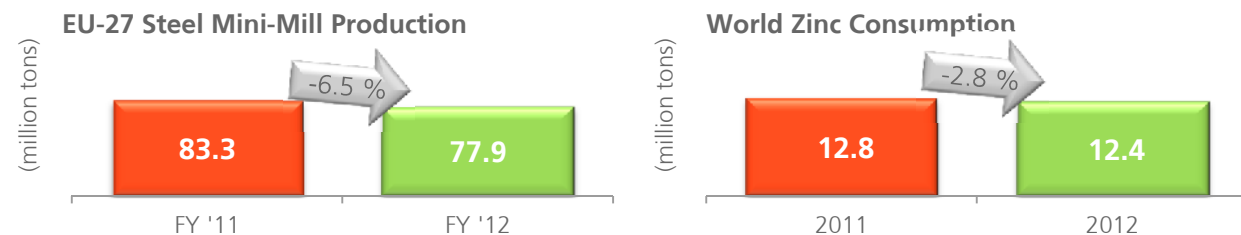
Stainless Steel

- 1 Sharp increase in throughput (+39.4 % Y-o-Y) and load factor (71 % vs. 51 %)
- 2 Strong increase of metal alloys sales (+228 % Y-o-Y)

Capex Plan

- 1 Adana financing expected to be closed by March; Izmir between Q2-Q3 '13
- 2 Hankook: start of operations expected for Q2 2013
- 3 Zinc Sur: project postponed indefinitely

EU Steel Mini-Mill Production & World Zinc Consumption



1

4Q & FY Business Highlights

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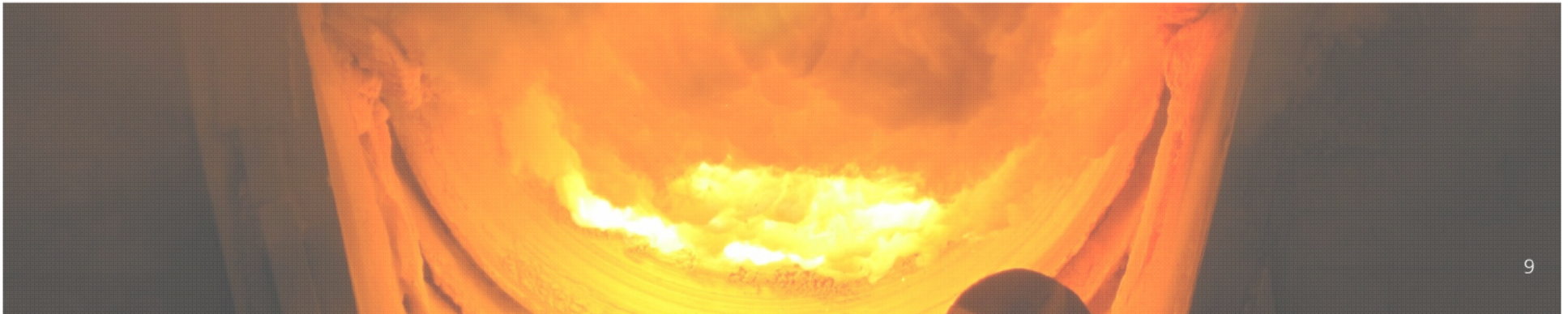
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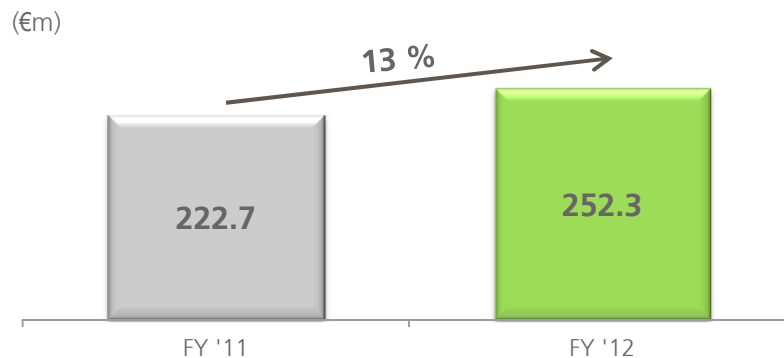
Appendix



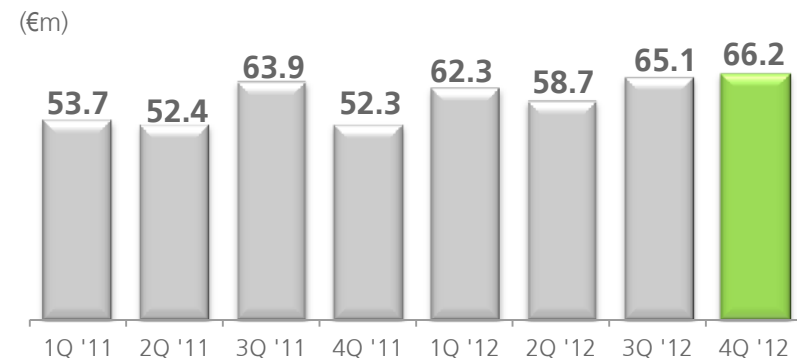
In summary strong 2012, benefiting from Turkey consolidation, recovery in stainless steel and hedging policy

- 2012 EBITDA reached €83.3m, representing an average EBITDA margin of 33%
- Net Debt is €231.1m, representing a Net Debt / EBITDA ratio of 2.77x

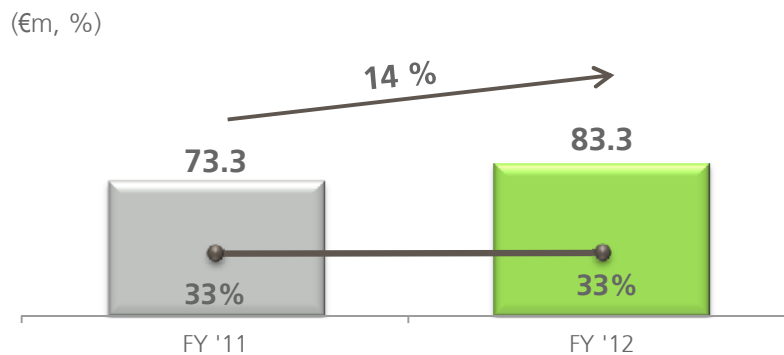
Full Year Revenues (€m)



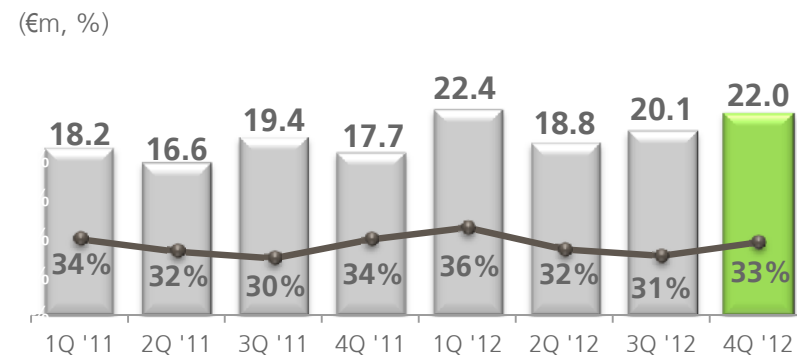
Revenues by Quarter (€m)



Full Year EBITDA (€m)



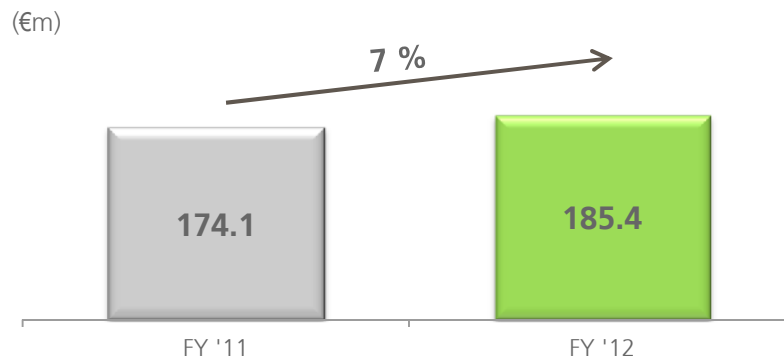
EBITDA by Quarter (€m)



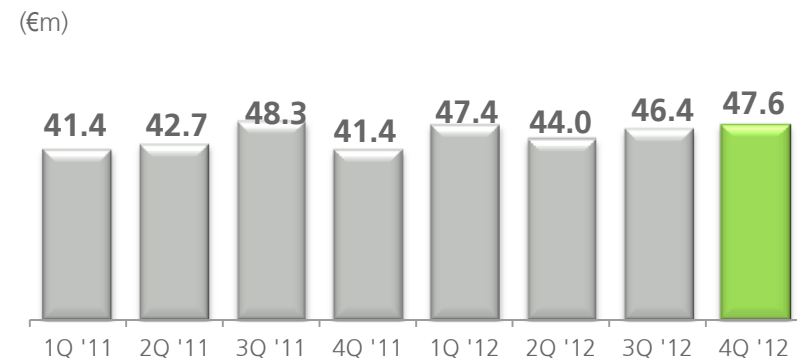
Very robust results in steel dust despite minor decline in EU mini-mill production

- Throughput in 2012 decreased by 2 % Y-o-Y due to more maintenance stops than in 2011
- 2012 revenues increased by +6.5% vs. 2011 due to higher volumes of WOX sold (+5%), and lower LME average zinc price (-3.9%) partly offset by the increase in the hedging price

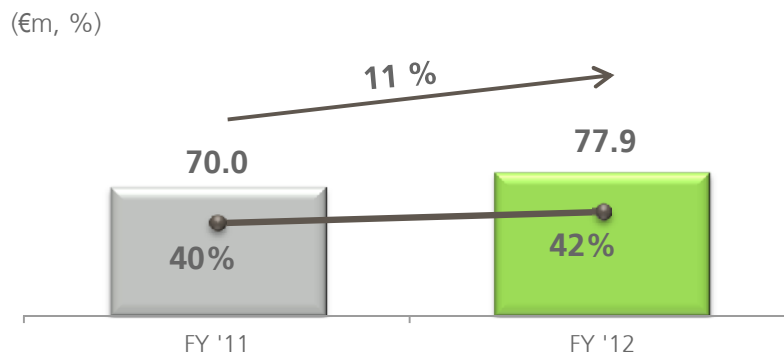
Full Year Revenues (€m)



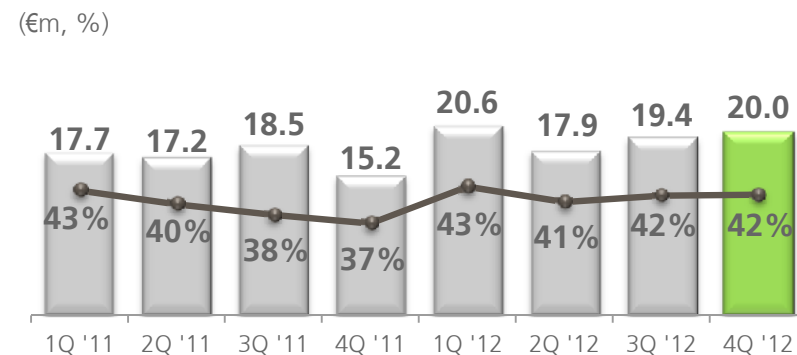
Revenues by Quarter (€m)



Full Year EBITDA (€m)



EBITDA by Quarter (€m)

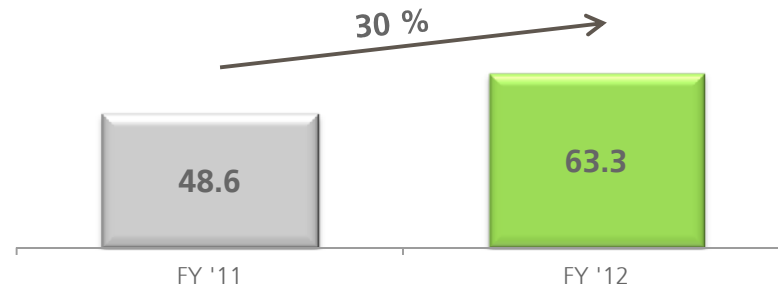


Good 2012 compared to 2011, but still far from pre-crisis levels

- 2012 revenues increased 30% Y-o-Y, mainly due to the sharp increase in alloys sold during this period (+228%), and the increase by 39 % in the stainless steel throughput
- 2012 load factor from 51 % to current 71.0 %

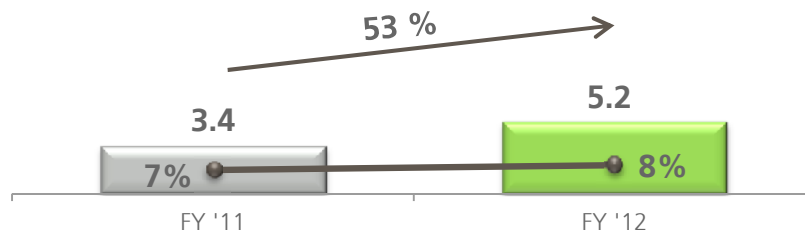
Full Year Revenues (€m)

(€m)



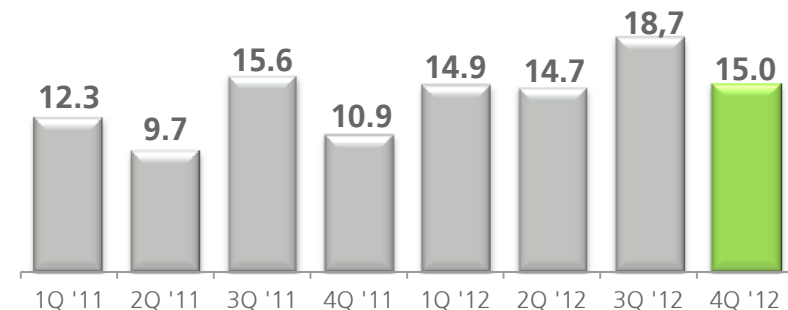
Full Year EBITDA and EBITDA Margin

(€m, %)



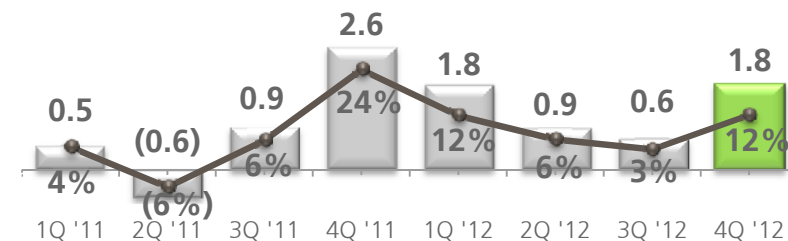
Revenues by Quarter (€m)

(€m)



EBITDA and EBITDA Margin by Quarter

(€m, %)



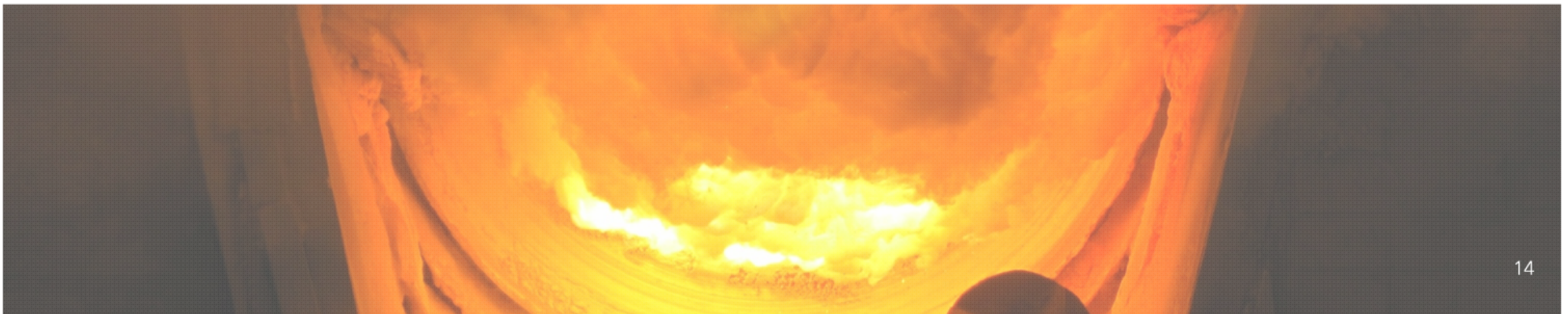
Continue with stable cash flow generation and strong liquidity position

- **Operating activities:** During 2012, cash generated from operating activities increased €6.9m and taxes were €6.9m lower, while interests paid increased mainly due to the bond interests (€11.1m)
- **Investing activities:** During 2012, the increase was mainly due to €12.7m construction of Gravelines washing facility, while €15.0m correspond to first payment of South Korean investment

Figures in € '000

	FY			4Q		
	2012	2011	Variation	2012	2011	Variation
Cash generated from operations	73,617	66,689	6,928	22,474	19,279	3,195
Taxes paid	(13,882)	(20,758)	6,876	(2,688)	(4,755)	2,067
Interest paid	(27,588)	(16,587)	(11,001)	(13,595)	(13,619)	24
Interest received	3,787	1,808	1,979	958	659	299
Net cash flows from Op. Activities (I)	35,934	31,152	4,782	7,149	1,565	5,584
Net cash flows from Inv. Activities (II)	(43,674)	(13,754)	(29,920)	(3,849)	(608)	(3,241)
Net cash flows from Fin. Activities (III)	248	17,553	(17,305)	(525)	(1,996)	1,471
Effect in change of the perimeter (IV)	-	39	(39)	-	(5,502)	5,502
Net increase (I+II+III+IV)	(7,492)	34,990	(42,482)	2,775	(6,541)	9,316
Balance at beginning of period	75,916	40,926	34,990	65,649	82,457	(16,808)
Balance at end of the period	68,424	75,916	(7,492)	68,424	75,916	(7,492)

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- 2 4Q & FY Financial Highlights
- 3 Outlook**
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In general we have a positive outlook 2013, with no major changes in European mini-mill steel production

Steel Dust

- 1 2013 load factor will not be affected at current levels of EAF production
- 2 Similar levels of EAF production expected for 2013 than for 2012
- 3 Strong demand for WOX from Zinc smelters

Stainless Steel

- 1 The performance of the business for 2013 expected to be in line with 2012
- 2 Similar or slightly 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 South Korea and Turkey steel dust recycling projects

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 2013
- 4 Start of operations by end of 2014



Hankook

- 1 Construction finalized in Q1 2013
- 2 Commissioning and ramp-up on-going according to schedule
- 3 Start of operations by Q2 2013

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Turkey and South Korea

Growth strategy focused on South Korea and Turkey steel dust recycling projects

	 Turkey	 South Korea
EAF Steel Market	<ul style="list-style-type: none"> 5th largest EAF steel producer 20-30% Zinc in EAF dust 	<ul style="list-style-type: none"> 4th largest EAF steel producer 20-30% Zinc in EAF dust
Regulation	<ul style="list-style-type: none"> Relatively strict & catching-up with EU regul. Slight hardening expected in medium term 	<ul style="list-style-type: none"> Requirement to treat EAFD from plants of a certain capacity or with a density of hazardous wastes over a certain level Government restricting landfills for hazard. waste
Financing	<ul style="list-style-type: none"> €100m investment in 2 EAFD recycling plant (110 ktn) Non recourse loan 2+7 years 70/30 Debt to Equity Financing closed by Q1 '13 (Adana); Q2-Q3 '13 (Izmir) Land acquired ✓ Permits and engineering ongoing 	<ul style="list-style-type: none"> €60m investment in 1 EAFD recycling plant (110 ktn) A 4-step process to acquire 100% of Hankook: <ul style="list-style-type: none"> €15m already paid to acquire 25% stake ✓ €20m to reach 55% once the plant is in operation €13m to reach 80% 1 year after (call option) €12m to reach 100% between 2 & 5 year of operation (put option)
Operational	<ul style="list-style-type: none"> 2 EAFD recycling plants (110 Ktn capacity each) Starts operation by end of 2014 	<ul style="list-style-type: none"> 1 EAFD recycling plant (110 Ktn capacity) Starts operation in 2Q 2013

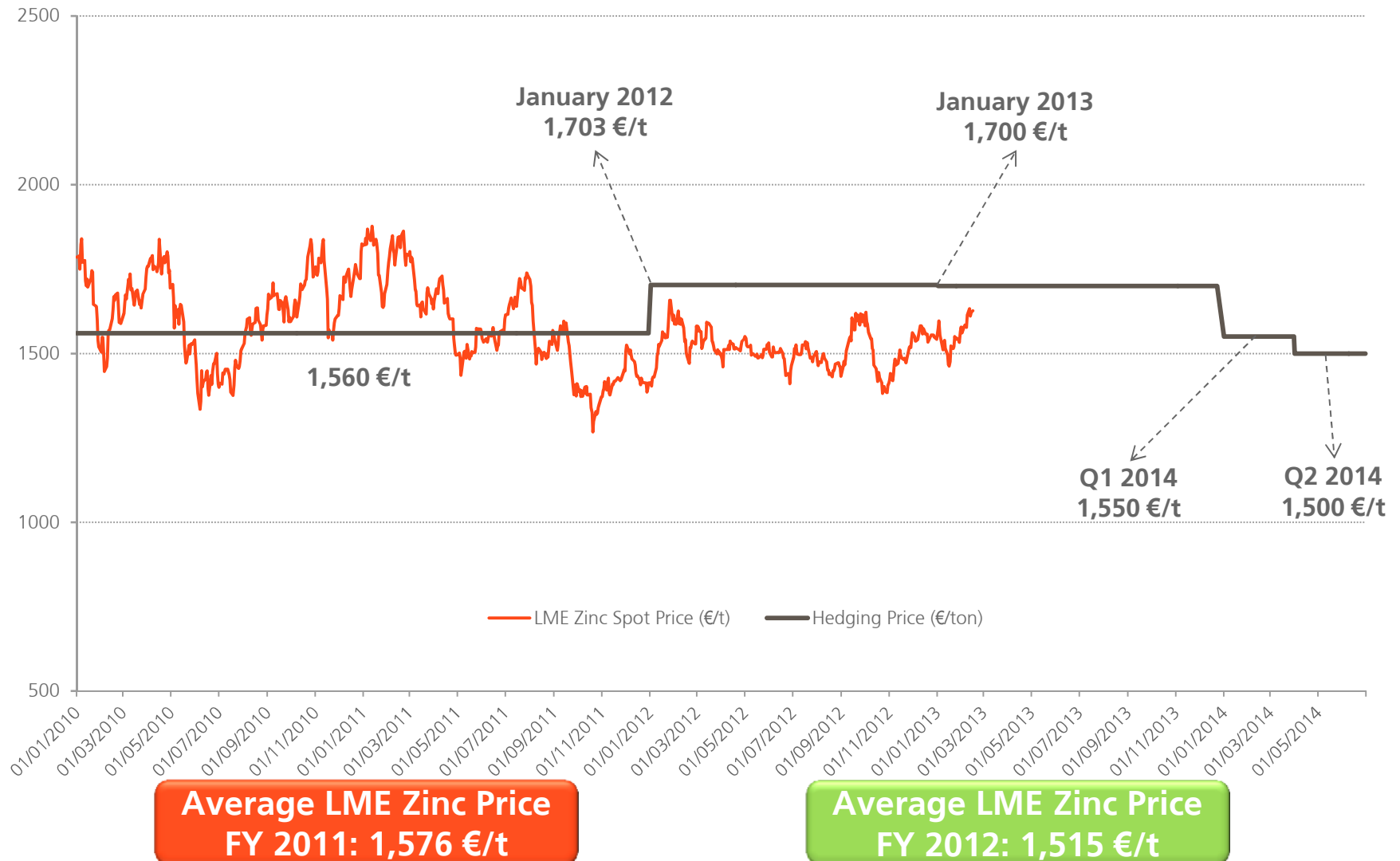
...Will drive substantial near-term growth and improved operating performance of BZ



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Zinc Prices

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



- 1 4Q & FY Business Highlights
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Figures in € '000

Assets	31.12.2012	31.12.2011	Equity and Liabilities	31.12.2012	31.12.2011
Non-current assets:			Equity:		
Intangible assets:			Of the Parent:		
Goodwill	279,079	279,162	Share capital	25,010	25,010
Other intangible assets	9,555	5,208	Unrealised Asset and Liability Revaluation Reserve	8,627	27,510
	288,634	284,370	Other reserves	100,604	72,791
			Translation differences	231	74
Property, plant and equipment:			Net profit for the year	25,403	27,813
Property, plant and equipment in use	103,356	86,752		159,875	153,198
Property, plant & equipment in the course of construction	5,827	16,011	Of minority interests	7,255	6,628
	109,183	102,763	Total Equity	167,130	159,826
Investments accounted for using the equity method			Non-current liabilities:		
Non-current financial assets:			Provisions for contingences and expenses	19,710	18,807
Investments securities	16,931	1,670	Bank borrowings and finance leases	1,157	-
Other financial assets	191	179	Non Recourse Finance	294,803	293,919
	17,152	1,849	Capital Grants	3,329	3,391
Derivative financial instruments	-	13,940	Other non-current liabilities	283	1,159
Deferred tax assets	29,610	28,183	Derivative financial instruments	4,165	-
Total non-current assets	444,579	431,105	Deferred tax liabilities	24,041	31,636
			Total non-current liabilities	347,488	348,912
Current Assets:			Current liabilities:		
Inventories	18,585	11,639	Non Recourse Finance	3,328	3,328
Trade and other receivables	30,890	22,548	Bank borrowings and finance leases	186	-
Trade receivables, related companies	19,214	17,465	Trade payables, related companies	23,360	23,833
Tax receivables	4,377	7,551	Trade and other payables	40,025	30,041
Other receivables	3,436	3,811	Derivative financial instruments	-	-
Derivative financial instruments	6,819	15,653	Other payables:		
Other current financial assets	48,422	24,636	Tax payables	6,813	7,861
Cash and cash equivalents	20,002	51,280	Other current liabilities	7,994	11,887
Total current assets	151,745	154,583		14,807	19,748
			Total current liabilities	81,706	76,950
Total Assets	596,324	585,688	Total Equity and Liabilities	596,324	585,688

Figures in € '000

	FY			4Q		
	2012	2011	Variation	2012	2011	Variation
Revenue	252,280	222,748	29,532	66,208	52,320	13,888
Cost of Sales	(150,432)	(135,334)	(15,098)	(38,709)	(33,476)	(5,233)
Other operating income	4,809	6,949	(2,140)	928	4,079	(3,151)
Gross Profit	106,657	94,363	12,294	28,427	22,923	5,504
Depreciation & amortization charge	(13,305)	(12,892)	(413)	(3,611)	(3,151)	(460)
General and Administrative Expenses	(23,369)	(21,025)	(2,344)	(6,382)	(5,185)	(1,197)
Impairment losses	(4,539)	-	(4,539)	(4,539)	-	(4,539)
Income From Operations	65,444	60,446	4,998	13,895	14,587	(692)
Finance income	3,787	1,808	1,979	958	659	299
Finance costs	(28,576)	(20,144)	(8,432)	(7,225)	(7,029)	(196)
Exchange differences (gains & losses)	(219)	119	(338)	382	(12)	394
Financial Loss	(25,008)	(18,217)	(6,791)	(5,885)	(6,382)	497
Profit before tax	40,436	42,229	(1,793)	8,010	8,205	(195)
Income tax	(13,610)	(13,187)	(423)	(3,464)	(1,998)	(1,466)
Profit from continuing operations	26,826	29,042	(2,216)	4,546	6,207	(1,661)
Attributable to:						
Shareholders of the parent	25,403	27,813	(2,410)	4,032	5,776	(1,744)
Minority interests	1,423	1,229	194	514	431	83
EBITDA	83,288	73,338	9,950	22,045	17,738	4,307

Figures in € '000

	FY			4Q		
	2012	2011	Variation	2012	2011	Variation
Cash Flows from Operating Activities						
Profit for the period before tax	40,436	42,229	(1,793)	8,010	8,205	(195)
Adjustments due to:						
Amortization/ Depreciation	13,305	12,892	413	3,611	3,151	460
Impairment Test	4,539	-	4,539	4,539	-	4,539
(Profit)/Loss on disposal of non-current assets	324	149	175	285	138	147
Change in provisions	62	2,359	(2,297)	69	776	(707)
Financial income	(3,787)	(1,808)	(1,979)	(958)	(659)	(299)
Financial expense	28,576	20,144	8,432	7,225	7,029	196
Income from government grants	(695)	(745)	50	(299)	(184)	(115)
Exchange differences	219	(119)	338	(382)	(119)	(263)
Change in working capital:						
Change in trade receivables and other receivables	(6,877)	(7,174)	297	2,967	(1,378)	4,345
Change in inventories	(2,969)	(4,396)	1,427	(3,472)	(3,052)	(420)
Change other current assets	1,646	5,235	(3,589)	(321)	5,835	(6,156)
Change in other current liabilities	(1,162)	(2,077)	915	1,200	(462)	1,662
Cash generated from operations	73,617	66,689	6,928	22,474	19,279	3,195
Taxes paid	(13,882)	(20,758)	6,876	(2,688)	(4,755)	2,067
Interest paid	(27,588)	(16,587)	(11,001)	(13,595)	(13,619)	24
Interest received	3,787	1,808	1,979	958	659	299
Net Cash Flows From Operating Activities (I)	35,934	31,152	4,782	7,149	1,565	5,584
Cash Flows from Investing Activities						
Purchase of intangible assets	(4,715)	(12)	(4,703)	(1,264)	(0)	(1,264)
Purchase of property, plant and equipment	(20,713)	(6,623)	(14,090)	(2,379)	(3,099)	720
Proceeds from disposal of assets	-	1,070	(1,070)	(6)	982	(988)
Acquisition/(disposal) of new subsidiaries	(18,446)	(7,507)	(10,939)	(291)	2,053	(2,344)
Other non-current financial assets	16	(682)	698	(93)	(544)	451
Capital grants received	184	-	184	184	-	184
Net Cash Flows From Investing Activities (II)	(43,674)	(13,754)	(29,920)	(3,849)	(608)	(3,241)
Cash Flows from Financing Activities						
Repayment of borrowings and other long-term debt	(10)	(185,197)	185,187	(10)	(1)	(10)
Long Term borrowings	1,156	293,264	(292,108)	(29)	(1,481)	1,452
Distribution of dividends/capital reduction	(898)	(90,514)	89,616	(486)	(514)	28
Net Cash Flows From Financing Activities (III)	248	17,553	(17,305)	(525)	(1,996)	(1,471)
Effect of change in the perimeter on cash and cash equivalents (IV)	-	39	(39)	-	(5,502)	5,502
Net Increase In Cash and Cash Equivalents (I+II+III+IV)	(7,492)	34,990	(42,482)	2,725	(6,541)	9,316
Cash and cash equivalents at beginning of the period	75,916	40,926	34,490	65,649	82,457	(16,808)
Cash and cash equivalents at end of the period	68,424	75,916	(7,492)	68,424	75,916	(7,492)

	FY 2012			4Q 2012		
	Revenue	EBITDA	EBITDA Margin	Revenue	EBITDA	EBITDA Margin
<i>Figures in € '000</i>						
Steel Dust	185,443	77,862	42.0 %	47,604	19,970	41.9 %
Stainless Steel	63,282	5,183	8.2 %	15,049	1,832	12.2 %
Others*	3,555	243	6.8 %	3,555	243	6.8 %
Total	252,280	83,288	33.0 %	66,208	22,045	33.2 %

	FY 2011			4Q 2011		
	Revenue	EBITDA	EBITDA Margin	Revenue	EBITDA	EBITDA Margin
<i>Figures in € '000</i>						
Steel Dust	174,148	69,953	40.2 %	41,371	15,169	36.7 %
Stainless Steel	48,600	3,385	7.0 %	10,949	2,570	23.5 %
Total	222,748	73,338	32.9 %	52,320	17,738	33.9 %

	FY % Variation		4Q % Variation	
	Revenue	EBITDA	Revenue	EBITDA
Steel Dust	6.5 %	11.3 %	15.1 %	31.7 %
Stainless Steel	30.2 %	53.1 %	37.4 %	-28.7 %
Others*	n/a	n/a	n/a	n/a
Total	13.3 %	13.6 %	26.5 %	24.3 %

* Galvanization Waste Recycling was included in HYB Perimeter in 4Q 2012. This plant located in Bilbao area recycles waste coming from the galvanization industry. Revenues in Q4 2012 amounted to €3.6m and EBITDA of €0.3m

Crude Steel Dust

	FY			4Q		
	2012	2011	Variation	2012	2011	Variation
	(in Dry Metric Tons)					
Throughput Crude Steel Dust	529,432.1	543,070.8	-2.5 %	135,296.1	138,113.5	-2.0 %
Average Load Factor	94.5 %	96.9 %		95.8 %	97.8 %	
Waelz Oxide Production	188,313.6	188,420.1	-0.1 %	50,262.9	49,834.3	+0.9 %
Zinc contained in Production	123,485.5	124,247.6	-0.6 %	32,819.0	32,875.6	-0.2 %
Waelz Oxide Sold	188,705.5	179,722.2	+5.0 %	49,714.8	44,393.6	+12.0 %
Zinc contained in Sales	123,358.4	117,961.3	+4.6 %	32,585.8	29,239.1	+11.4 %
LME Average Zinc Price (Euro)	1,514.8	1,575.8	-3.9 %	1,503.7	1,408.0	+6.8 %

Stainless Steel Dust

	FY			4Q		
	2012	2011	Variation	2012	2011	Variation
	(in Dry Metric Tons)					
Throughput Stainless Steel Dust	123,617.7	88,658.4	+39.4 %	30,541.0	20,268.5	+50.7 %
Average Load Factor	71.0 %	51.0 %		69.6 %	46.2 %	
Metal Alloys Sold	11,961.8	3,644.6	+228.2 %	2,669.9	-	+100.0 %

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