

BEFESA ZINC

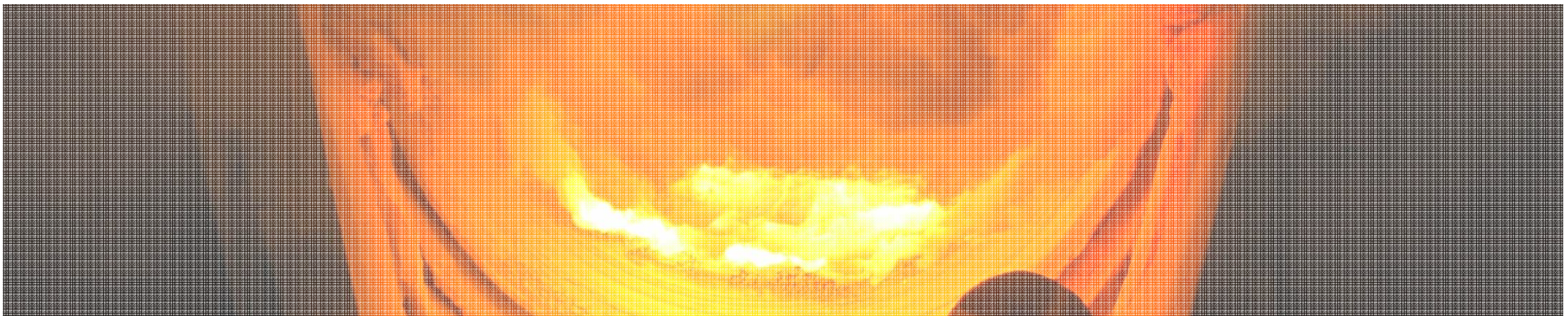
BEFESA ZINC

First Half 2013 Earnings Presentation

5th September 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.

- ① H1 Business Highlights
- ② H1 Financial Highlights
- ③ Outlook
- ④ Appendix

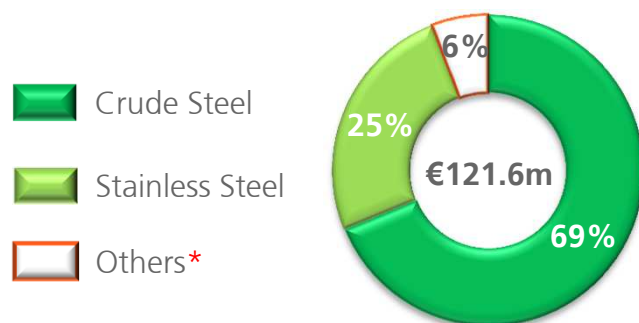


Profitable growth despite a continuously challenging environment

Revenues

121.6 M€

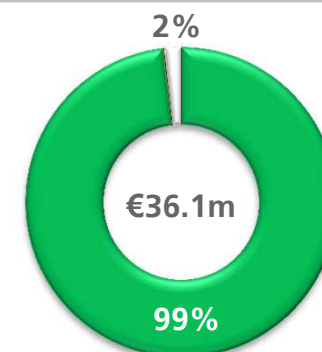
↑ **0.6 %** (120.9 M€ H1 2012)



EBITDA

36.1 M€

↓ **12.3 %** (41.2 M€ H1 2012)



Net Income

10.1 M€

↓ **31.9 %** (14.9 M€ H1 2012)

Leverage

3.04x**

from 2.96x at H1 2012

* 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

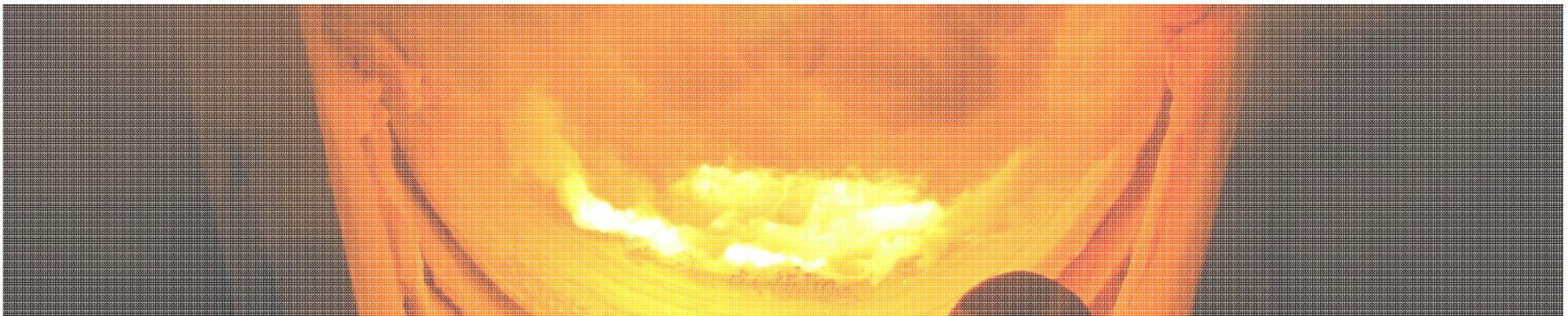
** Assumes LTM Ebitda of €78.2m

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We continue to deliver high profitable results in a continuous challenging macro environment in crude steel

83.7 M€

Revenues in H1 2013, a decrease of 8.5% YoY

35.6 M€

EBITDA in 1H 2013, a decrease of 7.6% YoY

42.5 %

Average EBITDA margin (vs. 42.1% H1 2012)

92.6 %

Average Load Factor (vs. 94.0% H1 2012)

84.7 Kt

WOX sold, a decrease of 6.4% YoY

1,474 €/t

Average LME Zinc Price (vs. 1,523 €/t H1 2012)



Adverse market conditions and commodity prices are affecting our results in stainless steel

30.9 M€

Revenues in H1 2013, an increase of 4.5% YoY

-0.1 M€

EBITDA in H1 2013, a decrease of 102.6% YoY

-0.2 %

Average EBITDA margin (vs. 9.2% H1 2012)

62.1 %

Average Load Factor (vs. 74.6% H1 2012)

53.6 Kt

Stainless steel dust treated, a 17.2% decrease YoY

6.8 Kt

Metal Alloys sold, an increase of 79.6% YoY



Good H1 in general, given the current macro economic turmoil

Steel Dust

- 1 Slight decrease in throughput (-2.1% Y-o-Y) and lower average load factor (93% vs. 94%) due to more planned maintenance shutdowns
- 2 WOX: Lower sales (-6.4% Y-o-Y); Lower production levels (-4.8% Y-o-Y)
- 3 Slightly negative effect in revenues derived from lower volumes of WOX sold (-6.4%), the increase in the treatment charges agreed with zinc smelters for the year 2013, and lower LME spot prices (-3.3%)

Stainless Steel

- 1 Decrease in throughput (-17.2% Y-o-Y) and load factor (62% vs. 75%)
- 2 Strong increase of metal alloys sales (+80% Y-o-Y)
- 3 Decrease in nickel prices (-18% Y-o-Y)

Capex Plan

- 1 Hankook: started operations last March; 2nd step of acquisition made on August 2013
- 2 Adana financing approved by EBRD* last March
- 3 Negotiating EAF dust supply contracts with steel makers

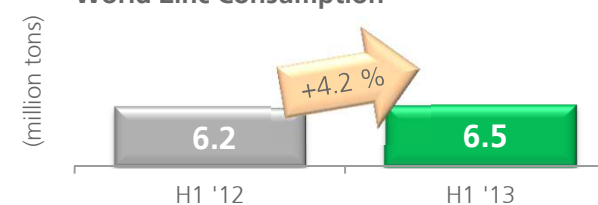
EU Steel Mini-Mill Production & World Zinc Consumption

EU-27 Crude Steel Production



Source: World Steel Association

World Zinc Consumption



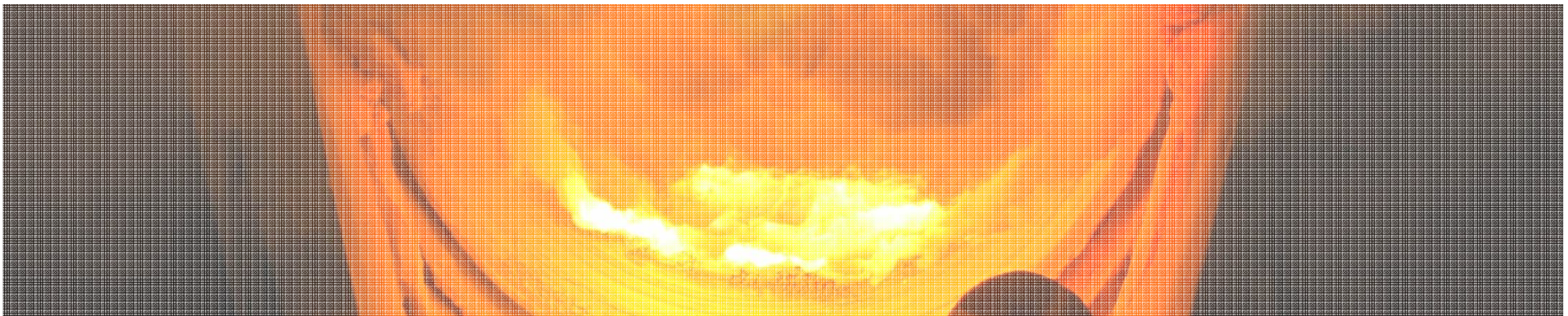
Source: International Lead and Zinc Study Group

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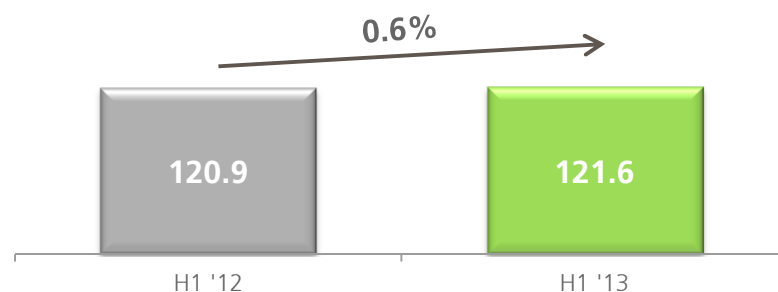


Good first half of 2013, however affected by commodity prices

- H1 2013 EBITDA reached €36.1m, representing an average EBITDA Margin of 30%
- Net Debt is €237.7m, representing a Net Debt / EBITDA ratio of 3.0x *

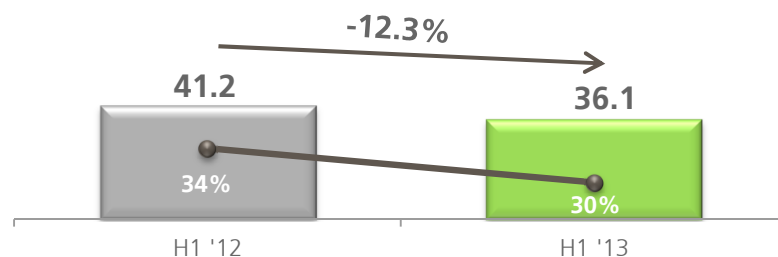
H1 Revenues (€m)

(€m)



H1 EBITDA (€m)

(€m, %)

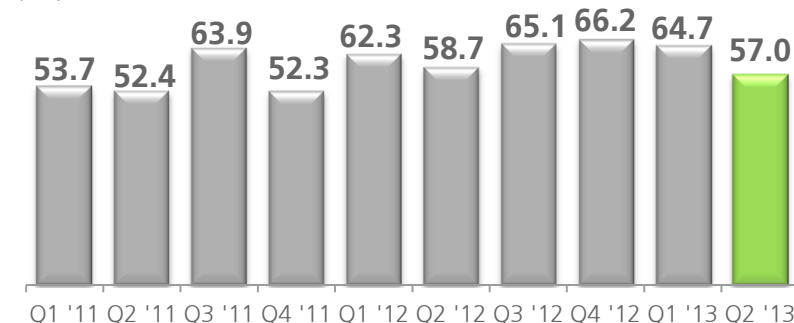


● Ebitda margin (%)

* Assumes LTM Ebitda of €78.2m

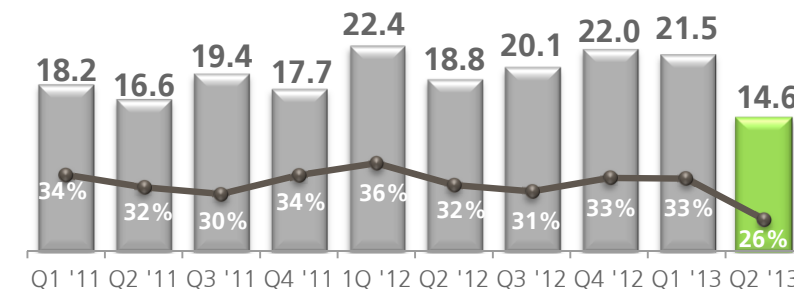
Revenues by Quarter (€m)

(€m)



EBITDA by Quarter (€m)

(€m, %)

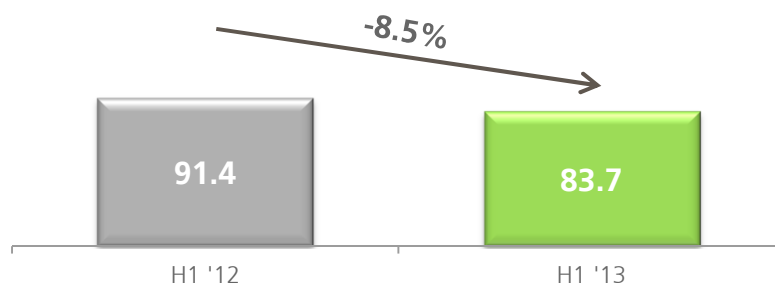


High and stable margin in steel dust despite a decline in WOX sold

- Throughput in H1 2013 decreased by 2.1% Y-o-Y due to more maintenance stops than in H1 2012
- H1 2013 revenues decreased by 8.5% Y-o-Y in line with the EBITDA decrease, mainly due to lower volumes of WOX sold (-6.4%), the increase in the treatment charges agreed with zinc smelters for the year 2013, as well as the lower average LME zinc price (-3.3%)

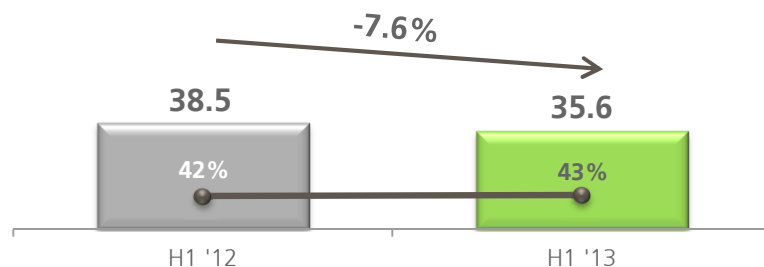
H1 Revenues (€m)

(€m)



H1 EBITDA (€m)

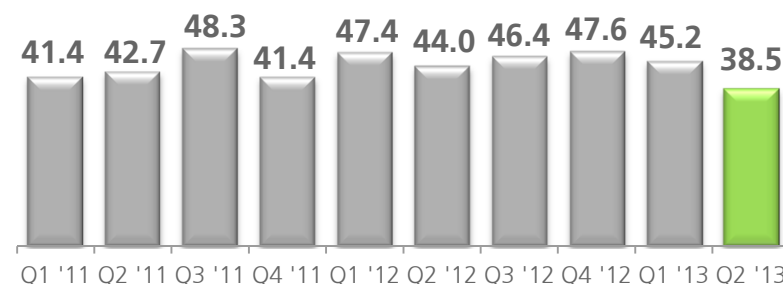
(€m, %)



● Ebitda margin (%)

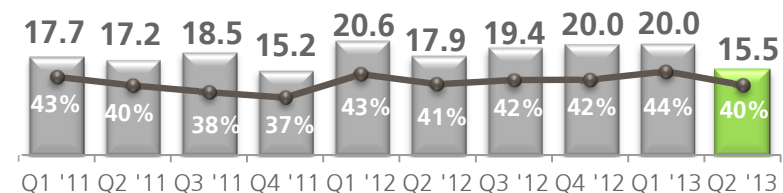
Revenues by Quarter (€m)

(€m)



EBITDA by Quarter (€m)

(€m, %)

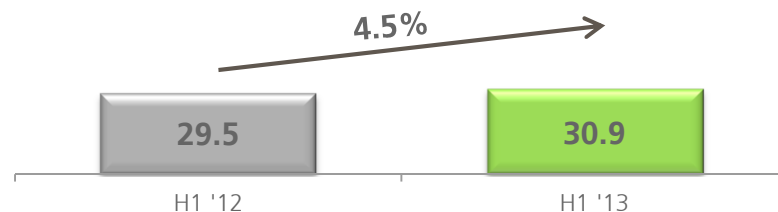


Stainless steel heavily affected by commodity prices

- H1 2013 revenues increased by 4.5% Y-o-Y and the EBITDA decreased to almost zero mainly due to the decrease of the throughput by 17%, the increase in alloys sold by 80% (partly offset by the nickel price reduction), and a decrease in the average tolling fees charged to customers due to the mix of tons treated
- Decrease in load factor Y-o-Y from 74.6% in H1 2012 to current 62.1%

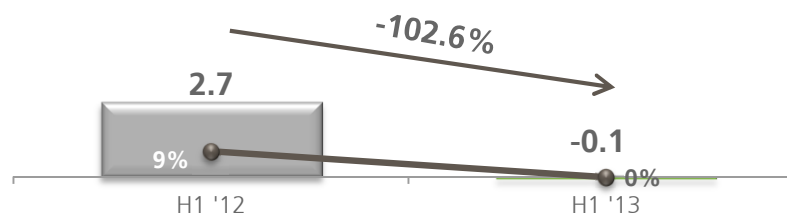
H1 Revenues (€m)

(€m)



H1 EBITDA (€m)

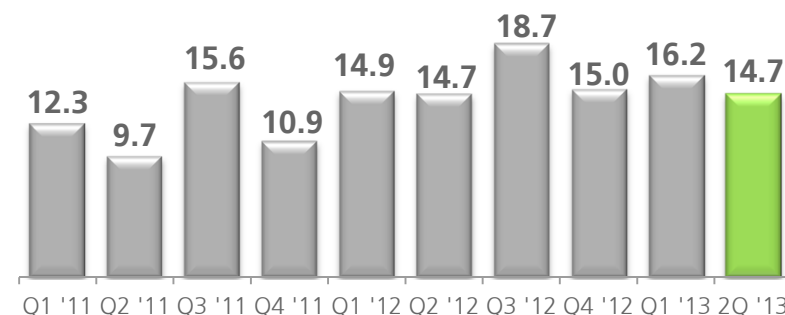
(€m, %)



● Ebitda margin (%)

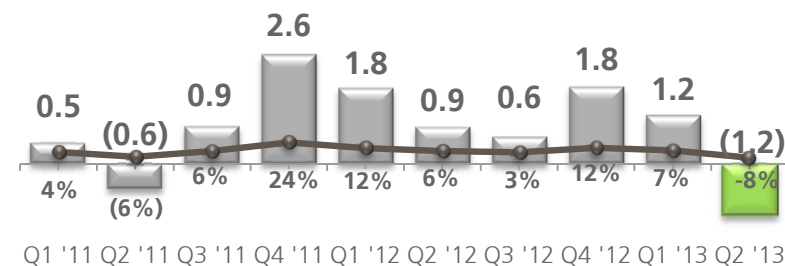
Revenues by Quarter (€m)

(€m)



EBITDA by Quarter (€m)

(€m, %)



Cash flow generation affected by the results of the operations

- **Operating activities:** During H1 2013 the net cash flows used in operating activities increased in €3.6m, which represents a €4.4m decrease compared to H1 2012 mainly due to the reduction in the cash generated from operations partly offset by the reduction of the taxes paid
- **Investing activities:** During H1 2013 the net cash flows used in investing activities were €9.2m, which represents a reduction of €6.7m compared to H1 2012 (in 2012 we paid almost €11m coming from Gravelines' washing facility investment)
- **Liquidity:** As of June 30th 2013, our liquidity amounted to €62.2m including not only the cash in hands but also the short-term financial investments

Figures in € '000

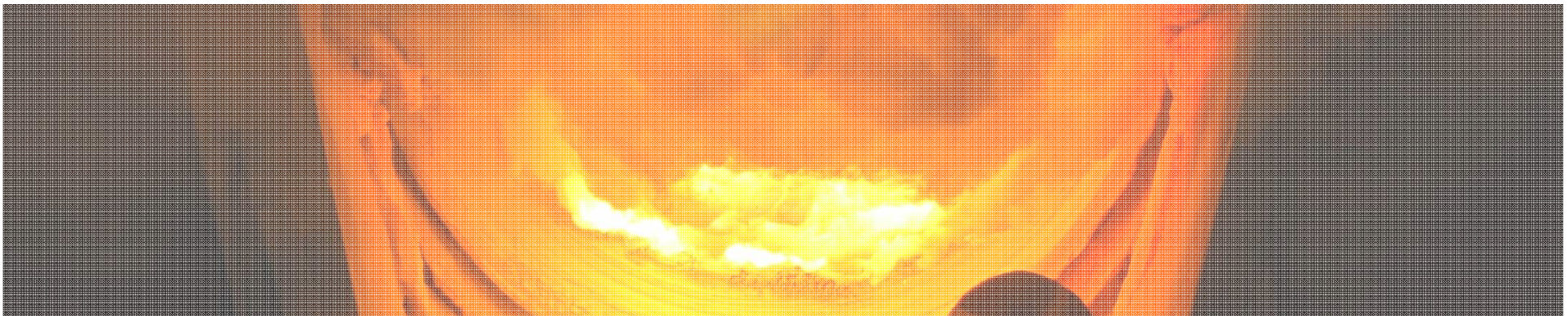
	H1			Q2		
	2013	2012	Variation	2013	2012	Variation
Cash generated from operations	20,172	27,726	(7,554)	11,976	14,765	(2,789)
Taxes paid	(3,434)	(7,767)	4,333	(3,241)	(2,513)	(728)
Interest paid	(15,639)	(13,793)	(1,846)	(15,361)	(13,611)	(1,750)
Interest received	2,473	1,871	602	1,249	1,019	230
Net cash flows from Op. Activities (I)	3,572	8,037	(4,465)	(5,377)	(340)	(5,037)
Net cash flows from Inv. Activities (II)	(9,192)	(15,913)	6,721	(6,394)	(7,886)	1,492
Net cash flows from Fin. Activities (III)	(568)	-	(568)	(568)	84	(652)
Effect in change of the perimeter (IV)	-	-	-	-	-	-
Net increase (I+II+III+IV)	(6,188)	(7,876)	1,688	(12,339)	(8,142)	(4,197)
Balance at beginning of period	68,424	75,916		74,575	76,182	
Balance at end of the period	62,236	68,040		62,236	68,040	

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We maintain a positive outlook for the rest of 2013

Steel Dust

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

Stainless Steel

- 1 No major changes expected for the rest of the year compared to H1
- 2 Still challenging due to volatile nickel prices and stainless steel demand

Hedging Update

- 1 Continue hedging strategy to mitigate zinc price fluctuations through swaps, and now also opened to options
- 2 Lower and more volatile LME Zinc prices than in 2012
- 3 Hedging closed for H2 2014: floor @ 1,300 €/t
- 4 Actively looking for pricing to hedge 2015

Other

- 1 A €20m loan was obtained (under the bond permitted conditions) to pay 2nd step of S. Korea

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



Turkey



- 1 New 110kt plant in Adana (near Iskenderun): Lands obtained and partially paid; permits and authorizations process currently ongoing
- 2 Financing for Adana approved by EBRD*. EAF dust supply contracts ongoing
- 3 Ending detailed engineering: receiving offers from bidders almost completed
- 4 Start of operations expected by 2Q 2015



Hankook



- 1 Construction finalized in Q1 2013
- 2 Operations started last March 2013
- 3 2nd step of acquisition made on August 2013 (€20m reaching a 55% stake)

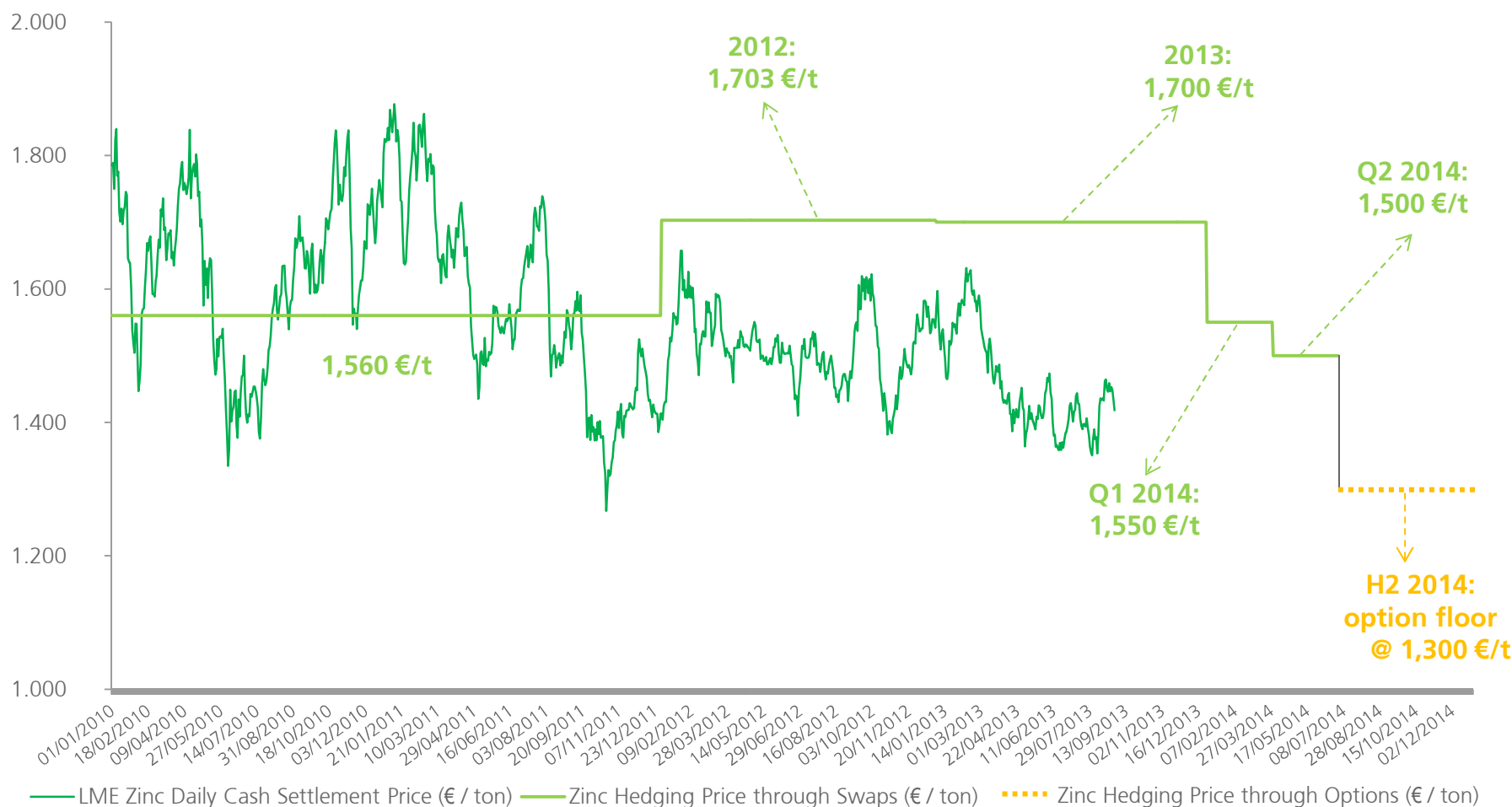
Growth strategy focused on South Korea and Turkey steel dust recycling projects

	 Turkey	 South Korea
EMF Steel Market	<ul style="list-style-type: none"> 5th largest EMF steel producer 20-30% Zinc in EMF dust 	<ul style="list-style-type: none"> 4th largest EMF steel producer 20-30% Zinc in EMF dust
Regulation	<ul style="list-style-type: none"> Relatively strict and catching-up with EU regulation Slight hardening expected in medium term 	<ul style="list-style-type: none"> Requirement to treat EMFD from plants of a certain capacity or with a density of hazardous wastes over a certain level Government restricting landfills for hazardous waste
Financing	<ul style="list-style-type: none"> €100m investment in 2 EMFD recycling plants Non-recourse loan 2+7 years 70/30 Debt to Equity Adana Financing approved by EBRD last March A similar financing package is expected for Izmir Lands obtained and partially paid ✓ 	<ul style="list-style-type: none"> €60m investment in 1 EMFD 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 paid on August 20th 2013, reaching 55% ✓ €13m to reach 80% 1 year after (call option) €12m to reach 100% between 2 & 5 year of operation (put option)
Operational & Technical Data	<ul style="list-style-type: none"> 2 EMFD recycling plants (110 KTn capacity each) Engineering: ending detailed engineering; receiving offers from bidders almost completed Steel makers contracts ongoing Starts operation by 2Q 2015 	<ul style="list-style-type: none"> 1 EMFD recycling plant (110 KTn capacity) Started operations last March 2013: ending last open issues (main feeding line and wet dust feeding line). Started up the furnace again ✓

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



Hedging policy compensating for pressures in zinc prices and providing visibility to the cash flows for the next 16 months



Average LME zinc price
H1 2012: 1,523 €/t

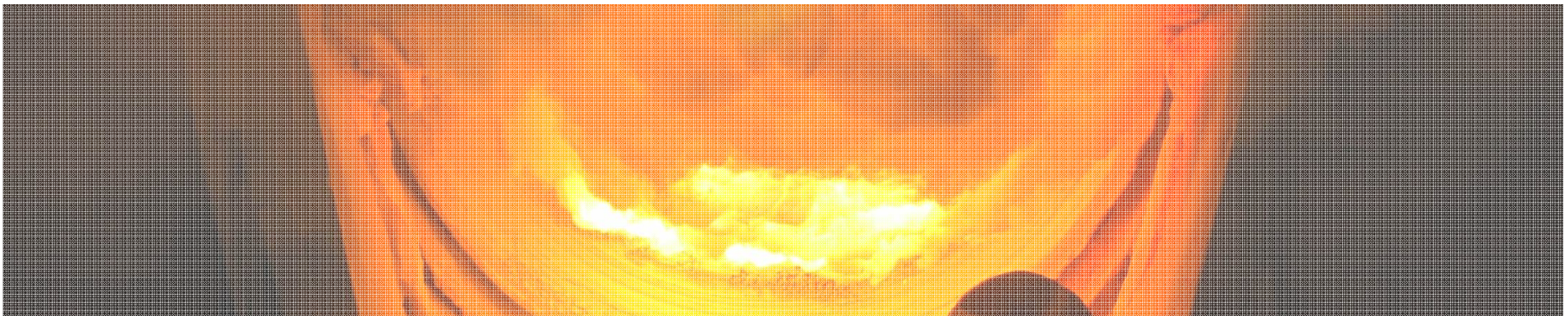
Average LME zinc price
H1 2013: 1,474 €/t

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Figures in € '000

Assets	30.06.2013	31.12.2012	Equity and Liabilities	30.06.2013	31.12.2012
Non-current assets:			Equity:		
Intangible assets:			Of the Parent:		
Goodwill	279,079	279,079	Share capital	25,010	25,010
Other intangible assets	9,183	9,555	Unrealized Asset and Liability Revaluation Reserve	14,164	8,627
	288,262	288,634	Other reserves	124,627	100,604
Property, plant and equipment:			Translation differences	(149)	231
Property, plant and equipment in use	97,736	103,356	Net profit for the year	10,118	25,403
Property, plant and equipment in the course of construction	7,845	5,827		173,770	159,875
	105,581	109,183	Of minority interests	7,339	7,255
Investments accounted for using the equity method			Total Equity	181,109	167,130
Non-current financial assets:			Non-current liabilities:		
Investments securities	17,388	16,961	Provisions for contingences and expenses	15,150	19,710
Other financial assets	193	191	Bank borrowings and finance leases	1,100	1,157
	17,581	17,152	Non-recourse finance	295,287	294,803
Derivative financial instruments	310	-	Capital grants	3,010	3,329
Deferred tax assets	30,378	29,610	Other non-current liabilities	283	283
Total non-current assets	442,112	444,579	Derivative financial instruments	-	4,165
			Deferred tax liabilities	25,594	24,041
Current Assets:			Total non-current liabilities	340,424	347,488
Inventories	16,265	18,585	Current liabilities:		
Trade and other receivables	28,954	30,890	Non-recourse finance	3,328	3,328
Trade receivables, related companies	2,265	1,974	Bank borrowings and finance leases	199	186
Tax receivables	3,219	4,377	Trade payables, related companies	1,257	6,119
Other receivables	4,462	3,436	Trade and other payables	28,266	40,025
Derivative financial instruments	10,239	6,819	Derivative financial instruments	-	-
Other current financial assets	49,684	48,422	Other payables:		
Cash and cash equivalents	12,552	20,002	Tax payables	7,665	6,813
Total current assets	127,640	134,505	Other current liabilities	7,504	7,994
				15,169	14,807
Total Assets	569,752	579,084	Total current liabilities	48,219	64,465
			Total Equity and Liabilities	569,752	579,084

Figures in € '000

	H1			Q2		
	2013	2012	Variation	2013	2012	Variation
Revenue	121,622	120,935	687	56,971	58,688	(1,717)
Cost of sales	(77,673)	(70,879)	(6,794)	(38,594)	(35,443)	(3,151)
Other operating income	3,248	2,466	782	949	1,200	(251)
Gross Profit	47,197	52,522	(5,325)	19,326	24,445	(5,119)
Depreciation & amortization charge	(7,377)	(6,461)	(916)	(3,168)	(3,029)	(139)
General and administrative expenses	(11,104)	(11,346)	242	(4,694)	(5,685)	991
Income From Operations	28,716	34,715	(5,999)	11,464	15,731	(4,267)
Finance income	2,473	1,871	602	1,249	1,019	230
Finance costs	(16,209)	(14,253)	(1,956)	(9,046)	(7,165)	(1,881)
Exchange differences (gains & losses)	231	(152)	383	279	126	153
Financial Loss	(13,505)	(12,534)	(971)	(7,518)	(6,020)	(1,498)
Profit before tax	15,211	22,181	(6,970)	3,946	9,711	(5,765)
Income tax	(4,325)	(6,837)	2,512	(1,548)	(2,974)	1,426
Profit from continuing operations	10,886	15,344	(4,458)	2,398	6,737	(4,339)
Attributable to:						
Shareholders of the parent	10,118	14,864	(4,746)	2,336	6,529	(4,193)
Minority interests	768	480	288	62	208	(146)
EBITDA	36,093	41,176	(5,083)	14,632	18,760	(4,128)

Figures in € '000

Cash Flows from Operating Activities

Profit for the period before tax

Adjustments due to:

	H1			Q2		
	2013	2012	Variation	2013	2012	Variation
Profit for the period before tax	15,211	22,181	(6,970)	3,946	9,711	(5,765)
Amortization/ Depreciation	7,377	6,461	916	3,168	3,029	139
(Profit)/Loss on disposal of non-current assets	26	6	20	20	6	14
Change in provisions	(4,170)	(15)	(4,155)	-	8	(8)
Financial income	(2,473)	(1,871)	(602)	(1,249)	(1,019)	(230)
Financial expense	16,209	14,253	1,956	9,046	7,165	1,881
Income from government grants	(319)	(358)	39	(164)	(177)	13
Exchange differences	(231)	152	(383)	(279)	152	(431)
Change in working capital:						
Change in trade receivables and other receivables	1,936	(7,400)	9,336	3,026	(1,014)	4,040
Change in inventories	940	(4,268)	5,208	1,695	(3,635)	5,330
Change other current assets	(159)	(157)	(2)	(1,281)	(1,529)	248
Change in other current liabilities	(14,175)	(1,258)	(12,917)	(5,952)	2,068	(8,020)
Cash generated from operations	20,172	27,726	(7,554)	11,976	14,765	(2,789)
Taxes paid	(3,434)	(7,767)	4,333	(3,241)	(2,513)	(728)
Interest paid	(15,639)	(13,793)	(1,846)	(15,361)	(13,611)	(1,750)
Interest received	2,473	1,871	602	1,249	1,019	230
Net Cash Flows From Operating Activities (I)	3,572	8,037	(4,465)	(5,377)	(304)	(5,037)

Cash Flows from Investing Activities

Purchase of intangible assets	(4,569)	(2,298)	(2,271)	(3,439)	(1,143)	(2,296)
Purchase of property, plant and equipment	(4,611)	(13,729)	9,118	(2,925)	(6,760)	3,835
Proceeds from disposal of assets	(10)	6	(16)	(29)	(1)	(28)
Acquisition/(disposal) of new subsidiaries	-	-	-	-	-	-
Other non-current financial assets	(2)	108	(110)	(1)	18	(19)
Net Cash Flows From Investing Activities (II)	(9,192)	(15,913)	(6,721)	(6,394)	(7,886)	1,492

Cash Flows from Financing Activities

Repayment of borrowings and other long-term debt	-	-	-	-	97	(97)
Long-term borrowings	(72)	-	(72)	(72)	(13)	(59)
Distribution of dividends/capital reduction	(496)	-	(496)	(496)	-	(496)
Net Cash Flows From Financing Activities (III)	(568)	-	(568)	(568)	84	(652)

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

	-	-	-	-	-	-
Net Increase In Cash and Cash Equivalents (I+II+III+IV)	(6,188)	(7,876)	1,688	(12,339)	(8,142)	(4,197)
Cash and cash equivalents at beginning of the period	68,424	75,916	(7,492)	74,575	76,182	(1,607)
Cash and cash equivalents at end of the period	62,236	68,040	(5,804)	62,236	68,040	(5,804)

Figures in € '000

	H1 2013			Q2 2013		
	Revenue	EBITDA	EBITDA Margin	Revenue	EBITDA	EBITDA Margin
Steel Dust	83,668	35,561	42.5%	38,495	15,534	40.4%
Stainless Steel	30,870	(69)	-0.2%	14,716	(1,228)	-8.3%
Galvanization	7,084	601	8.5%	3,760	326	8.7%
Total	121,622	36,093	29.7%	56,971	14,632	25.7%

Figures in € '000

	H1 2012			Q2 2012		
	Revenue	EBITDA	EBITDA Margin	Revenue	EBITDA	EBITDA Margin
Steel Dust	91,399	38,471	42.1%	44,006	17,879	40.6%
Stainless Steel	29,536	2,705	9.2%	14,682	881	6.0%
Total	120,935	41,176	34.0%	58,688	18,760	32.0%

	% Variation			% Variation	
	Revenue	EBITDA		Revenue	EBITDA
Steel Dust	-8.5%	-7.6%		-12.5%	-13.1%
Stainless Steel	4.5%	-102.6%		0.2%	-239.4%
Total	0.6%	-12.3%		-2.9%	-22.0%

Crude Steel Dust

	H1			Q2		
	2013	2012	Variation	2013	2012	Variation
	(in Dry Metric Tons)					
Throughput Crude Steel Dust	257,174.3	262,616.0	-2.1%	129,751.0	128,383.6	+1.1%
Average Load Factor	92.6%	94.0%		92.9%	91.9%	
Waelz Oxide Production	85,991.4	90,370.5	-4.8%	43,950.3	44,293.5	-0.8%
Zinc contained in Production	57,565.4	59,514.2	-3.3%	29,465.1	29,303.9	+0.6%
Waelz Oxide Sold	84,710.8	90,482.3	-6.4%	43,480.7	42,892.6	+1.4%
Zinc contained in Sales	56,419.3	59,071.5	-4.5%	29,087.1	28,123.1	+3.4%
LME Average Zinc Price (Euro)	1,473.9	1,523.4	-3.3%	1,408.6	1,502.6	-6.3%

Stainless Steel

	H1			Q2		
	2013	2012	Variation	2013	2012	Variation
	(in Dry Metric Tons)					
Throughput Stainless Steel Dust	53,559.7	64,717.8	-17.2%	25,617.0	33,321.3	-23.1%
Average Load Factor	62.1%	74.6%		59.1%	76.8%	
Metal Alloys Sold	6,844.6	3,811.2	+79.6%	2,246.4	2,725.9	-17.6%

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