

BEFESA

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Second Quarter 2016 Earnings Presentation

24th August 2016

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Befesa and its affiliates does not intend, and does not assume any obligations, to update these forward-looking statements.

Rafael Pérez

Head of Strategy & Investor Relations

Javier Molina

Chief Executive Officer

Consolidated 2Q revenues of €182 million, down (11%) YoY.

- Steel results improving but LME zinc prices still (15%) below 2Q'15.
- Aluminum operational performance good but LME prices down (14%) YoY and metal margin still depressed.
- IES in line with expectations.

Consolidated 2Q EBITDA of €35 million, down (18%) YoY with EBITDA% of Sales at 19% but up +€10 million from 1Q at €25 million ... Managing through down cycle.

Stable consolidated financing position. Leverage at x4,6 at 2Q '16 and solid liquidity of €44 million. Compliant with covenants.

Subsequent to 2Q close Befesa successfully closed Non Zinc refinancing and acquired remaining 20% stake of Korea Steel operations in July.

Ongoing implementation of cost reduction and productivity improvement on plan.

Asier Zarraonandia

Managing Director of Zinc Business

Volume in crude steel in line with expectations

Operational Performance

▪ EAF Throughput

- 138.167 tons of crude steel dust treated in 2Q 2016 (+**0,9%** vs 2Q 2015); 276.288 tons treated in 1H 2016 (-0,8% vs 1H 2015)

▪ WOX Sales

- 47.516 tons of WOX sold in 2Q 2016 (+**0,3%** vs 2Q 2015); 96.203 tons sold in 1H 2016 (+1,2% vs 1H 2015)

▪ Stainless Steel Throughput:

- 31.246 tons of stainless steel dust treated in 2Q 2016 (+**12,1%** vs 2Q 2015); 48.500 tons treated in 1H 2016 (+1,5% vs 1H 2015)

Highlights

- **Crude steel dust deliveries in line with expectations**
- Good throughput levels and similar WOX sales YoY.
- **Increase in stainless steel throughput YoY, but still weak** volume, compared to record years.



Zinc prices during 2Q'16 maintained the upward trend seen since begin of the year ... 2Q average at €1.699 still down (15%) YoY

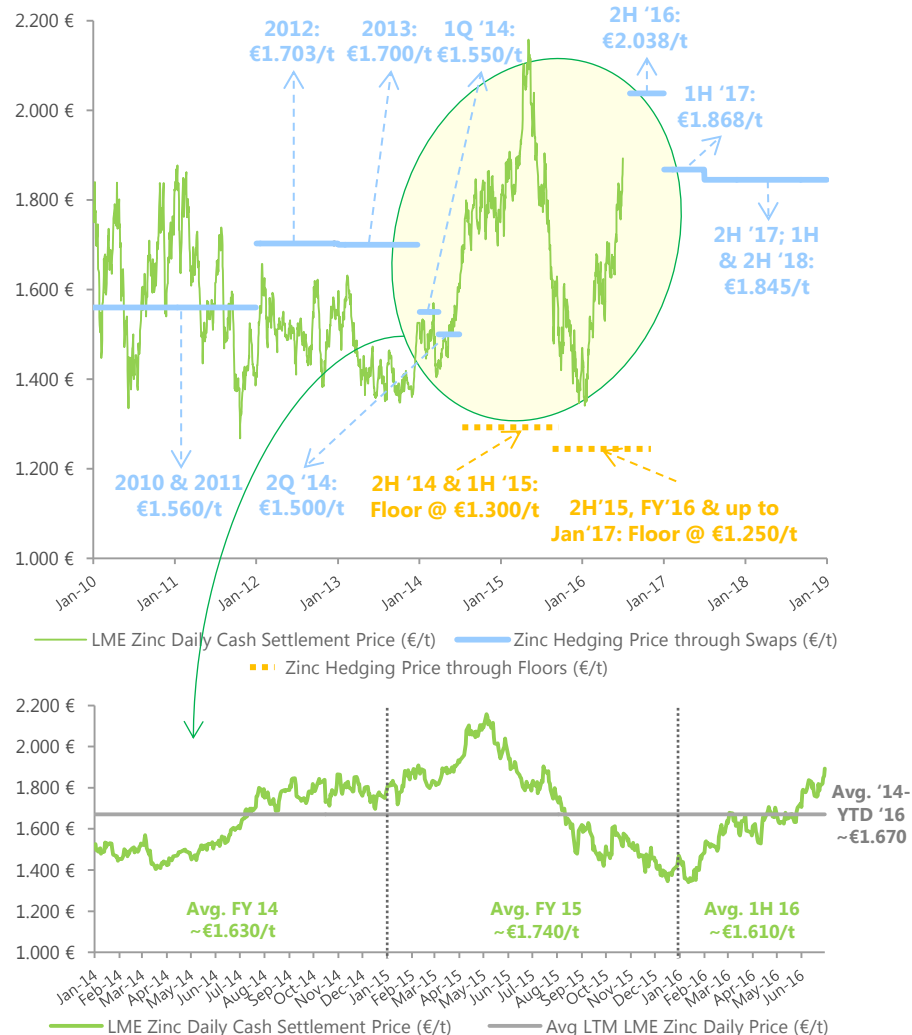
Zinc Prices

- During the 2Q '16 LME zinc prices **traded on average \$270/t below 2Q' 15 (\$1.918/t vs \$2.190/t)**, and approx. \$240/t above 1Q '16 average level.
- LME zinc prices **ended the 2Q '16 at very similar levels to the average level seen during the 1H '15** (approx. \$2.103/t or €1.893/t).
- Higher LME Zinc average price compared to 1Q '16 partially offset by a unfavorable €/ \$ FX rate. US Dollar depreciated against Euro** (1,13 in 2Q '16 vs 1,10 in 1Q '16, on average).

	2Q 2015	2Q 2016	% Var.	1H 2015	1H 2016	% Var.
Befesa Blended Zinc Price (€/t)	1.988	1.699	-15%	1.913	1.611	-16%

Hedging Strategy

- Change in the hedging strategy ... **hedged through swaps for the coming 29 months (until December 2018) ...**
 - swaps @ €2.038/t** covering **30.500 tons of zinc** content for the **2H 2016**.
 - swaps @ €1.868/t** covering **36.600 tons of zinc** content for the **1H 2017**.
 - swaps @ €1.845/t** covering **27.600 tons of zinc** content for the **2H 2017; same quantity and price for the two semesters of 2018 year**.



Javier Molina

Chief Executive Officer

**Good operational performance with stronger secondary alu volumes as well as salt slag volumes mainly driven by new plant in Germany ...
LME aluminum alloy prices and metal margin still depressed**

Operational Performance

▪ Salt Slag/SPLs Recycled

- 132.538 tons of salt slag/SPL recycled in 2Q 2016 (+**6,4%** vs 2Q 2015); 250.078 tons recycled in 1H 2016 (+**3,8%** vs 1H 2015).

▪ Secondary Aluminum Alloys

- 50.493 tons of alloys produced in 2Q 2016 (+**11,3%** vs 2Q 2015); 97.563 tons produced in 1H 2016 (+**12,2%** vs 1H 2015).

Highlights

- **Strong secondary aluminum volumes** over the **2Q 2016** thanks to successful ramp up of our **plant in Bernburg**.
- **Good salt slag and SPLs volumes** over the **2Q 2016** versus same period of 2015.
- **LME aluminum alloys prices still weak ... YoY average down** from €1.604 (avg 1H'15) to €1.402 (avg 1H'16) or (**-13%**).



Bernburg ramp up completed. Acquisition and integration of Solarca into our IES segment completed.

Aluminum Growth

New Secondary Aluminum Plant in Bernburg (Germany)

- **2Q 2016 annualized run rate above 90% of targeted capacity**
... continue focus during the rest of 2016.



Industry Environmental Solutions (IES) Growth

- **Acquisition of Solarca**, a global leader in the chemical cleaning and air and steam blowing industrial services.
Successful integration into our IES business completed.



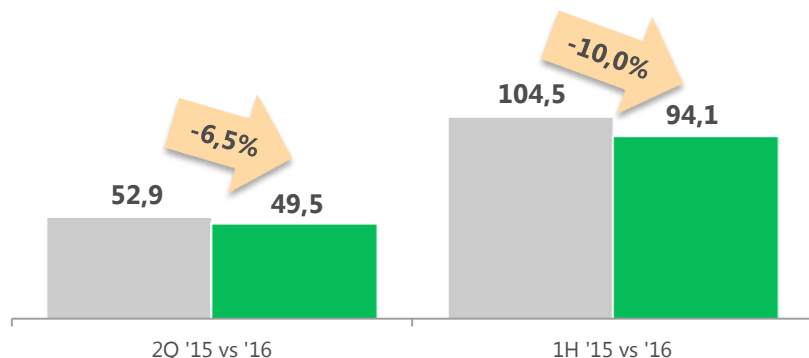
Wolf Lehmann

Chief Financial Officer

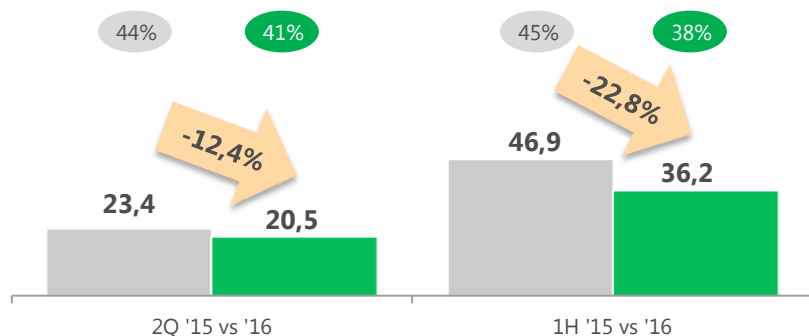
Zinc Financial Highlights

Decrease YoY of crude steel segment EBITDA mainly due to the lower zinc prices compared to the same period of 2015

Crude Steel Revenues (€m)



Crude Steel EBITDA (€m)



% 2015 EBITDA margin % 2016 EBITDA margin

■ 2015 ■ 2016

Revenues Highlights

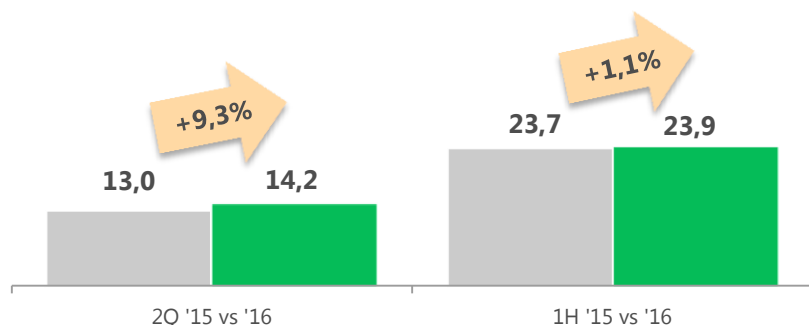
- YoY **2Q'16 vs. '15** the revenues **decreased** by **€3,5** million or **-6,5%** mainly driven by:
 - decrease** in **zinc average price -14,5%**; €1.699 in 2Q'16 vs. €1.988 2Q'15
 - partially offset** by the **slight increase** of **WOX** tons **sold** by **+0,3%**, and **favorable treatment charges** for 2016
- YoY **1H '16 vs '15** revenues **decreased** by **€10,4** million or **-10%** mainly driven by:
 - decrease** in **zinc average price** by **-15,8%**; €1.611 in 1H'16 vs. €1.913 in 1H'15
 - partially offset** by the **increase** of **WOX** tons **sold** by **+1,2%** or +1.124 tons and **favorable treatment charges** for 2016

EBITDA Highlights

- The **EBITDA reduction YoY** during 2Q as well as during 1H compared to the same periods in 2015 are mainly **driven by the zinc price development**.
- YoY EBITDA decreased by 12% vs 2Q'15 and by 23% vs 1H'15 mainly driven by zinc price decrease of 15% and 16%, respectively.

Higher stainless volumes offset by significantly lower nickel prices

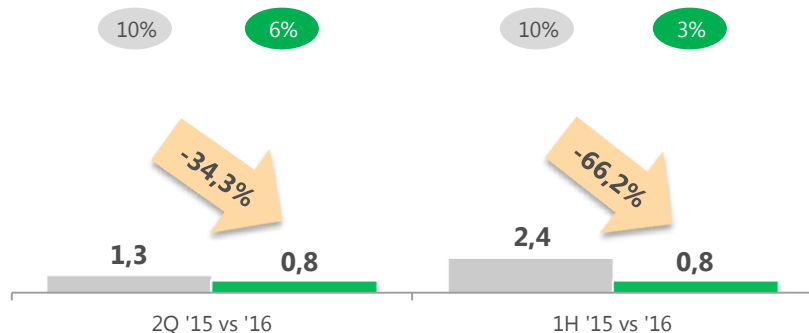
Stainless Revenues (€m)



Revenues Highlights

- The stainless steel segment revenues increased by **+9% vs 2Q'15** and by **+1% vs 1H'15** mainly driven by **higher volumes** of **stainless steel dust treated** of **+12%** and **+1,5%**, respectively.
- The increase in revenues were **partially offset by lower average nickel prices** compared to 2Q'15 (€7.815 vs €11.791, or **-34%**), and compared to 1H'15 (€7.765 vs €12.257, or **-37%**).

Stainless EBITDA (€m)



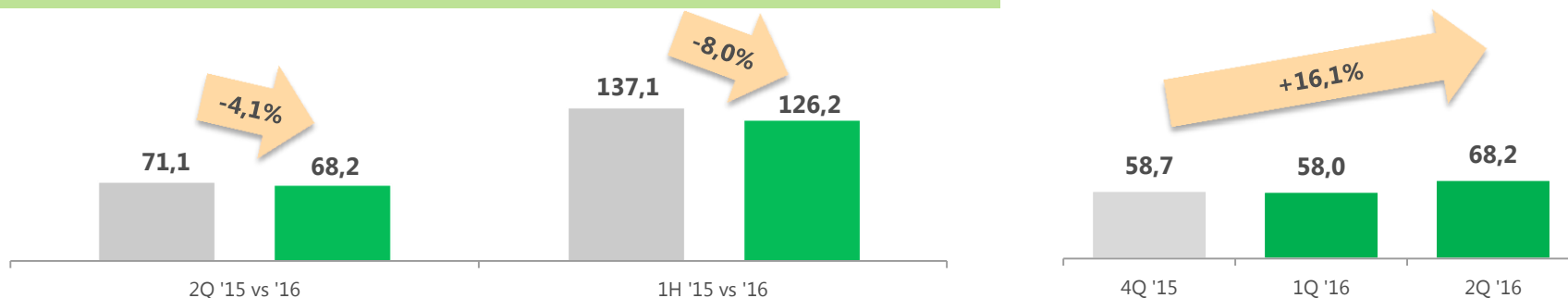
EBITDA Highlights

- Stainless EBITDA in 2Q'16 or 1H'16 decreased compared to prior year periods mainly explained by lower margins in the sale of alloys.

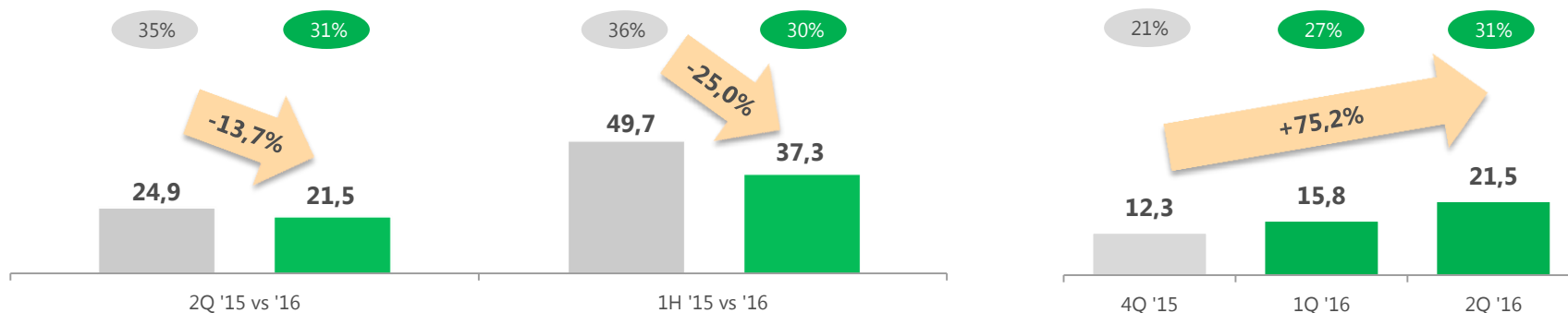
% 2015 EBITDA margin % 2016 EBITDA margin

YoY decrease in revenues and EBITDA in the zinc business unit driven by lower LME zinc and nickel prices compared to same periods of 2015 ... but consecutive quarter over quarter improvement since 4Q'15

Zinc Revenues (€m)



Zinc EBITDA (€m)



% 2015 EBITDA margin

% 2016 EBITDA margin

1H'16 with positive cash flow driven by operating activities

- **Operating activities:** During 1H 2016 the net cash flows generated by operating activities amounted to **€3,4 million** (a €21m decrease vs 1H 2015), **driven by EBITDA decrease** during the first half of the year, and **higher taxes** paid.
- **Investing activities:** During 1H 2016 the net cash flows used in investing activities were **€5,8 million** primarily due to maintenance capex and final payments of investment in the **second kiln in Korea**.
- **Financing activities:** During 1H 2016 the net cash flows used in investing activities were **€5,3 million** primarily due to **dividend paid to its Befesa parent as contribution to the PIK interest payment**.
- **Liquidity:** As of June 30th 2016, our liquidity amounted to **€16,7 million** including cash on hand and short-term financial investments.

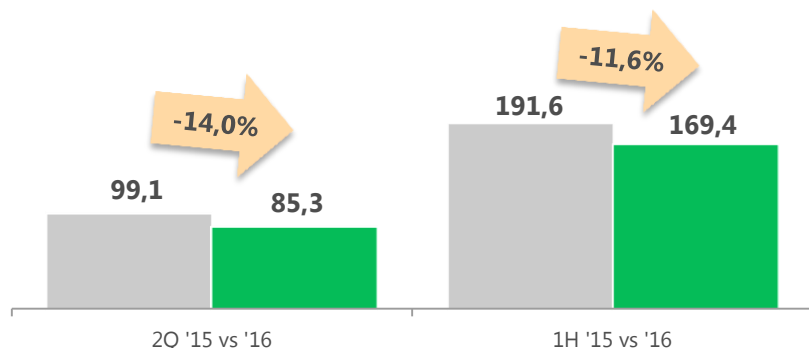
BEFESA ZINC

<i>Cash Flow Statement ('000 euros)</i>	2Q 2015	2Q 2016	Change	1H 2015	1H 2016	Change
Cash generated from operations	26.485	20.020	(6.465)	44.730	27.736	(16.994)
Taxes paid	(2.108)	(6.552)	(4.444)	(3.981)	(9.684)	(5.703)
Interest paid	(14.783)	(14.023)	760	(16.194)	(14.723)	1.471
Interest received	78	42	(36)	119	84	(35)
Net cash flows from operating activities (I)	9.672	(513)	(10.185)	24.674	3.413	(21.261)
Net cash flows from investing activities (II)	(9.080)	(2.832)	6.248	(13.372)	(5.779)	7.593
Net cash flows from financing activities (III)	(27.009)	(5.236)	21.773	(27.804)	(5.250)	22.554
Effect in change of the perimeter (IV)	0	0	0	0	0	0
Net increase in cash and cash equivalents (I+II+III+IV)	(26.417)	(8.581)	17.836	(16.502)	(7.616)	8.886
Cash and cash equivalents BoP	58.916	25.313		49.001	24.348	
Cash and cash equivalents EoP	32.499	16.732		32.499	16.732	

Aluminum Financial Highlights

Good operational performance of the Aluminum business unit ... LME aluminum alloy prices and metal margin still depressed

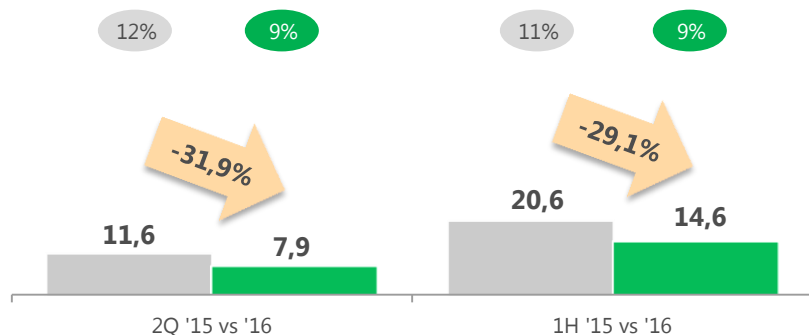
Aluminum Revenues (€m)



Revenues Highlights

- During **2Q 2016** revenues decreased **14%** (compared to 2Q 2015) mainly driven by **lower LME aluminum alloy average prices (-14% or approx. -€225/t decrease ...** from avg. €1.611 during 2Q'15 to avg. €1.385 in 2Q'16).
- Compared to 1H 2015, **revenues** of the business unit **decreased by 12%** mainly explained by **lower LME aluminum alloy average prices (-13% or approx. -€200/t decrease ...** from avg. €1.604 during 1H'15 to avg. €1.402 in 1H'16).

Aluminum EBITDA (€m)



EBITDA Highlights

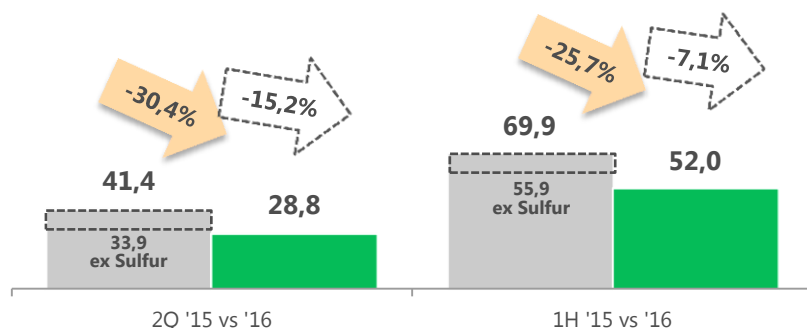
- EBITDA worsened by 32% or -€3,7m** (compared to 2Q 2015) **and by 29% or -€6m** (compared to 1H 2015) driven by the current weak LME price situation which is having a **negative impact** on the **margin of secondary aluminum**.

% 2015 EBITDA margin % 2016 EBITDA margin

IES Financial Highlights

Normalized for the Sulfur divestiture IES down by approx. €1 million EBITDA vs 2Q'15 including the acquisition and integration of Solarca

IES Revenues (€m)



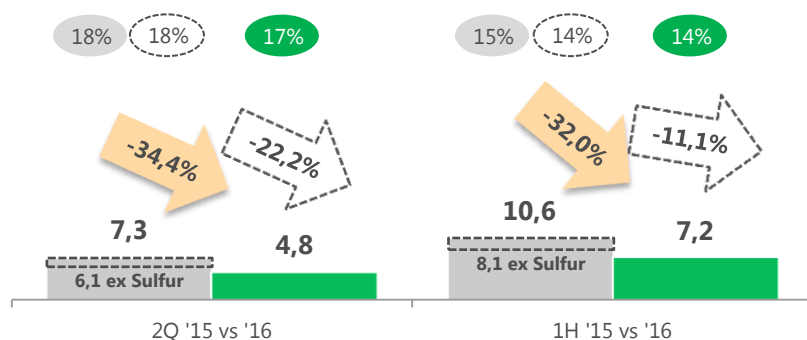
Revenues Highlights

- During 2Q 2016 revenues decreased by 30% (compared to 2Q 2015) to €29 million, mainly driven by €7,4 million of revenue in Sulfur in 2Q'15 (divested in Dec 2015).

EBITDA Highlights

- 2Q 2016 EBITDA decreased by approx. €2,5 million compared to the same period of 2015. Normalized for the sulfur divestiture (€1,1 million EBITDA in 2Q '15) IES EBITDA decreased by approx. €1 million with Solarca fully integrated and delivering results.

IES EBITDA (€m)

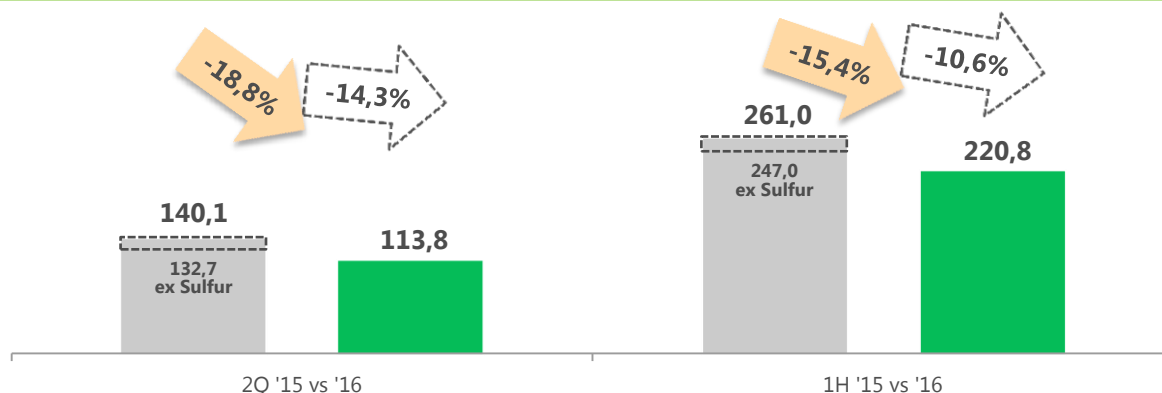


% 2015 EBITDA margin % 2016 EBITDA margin

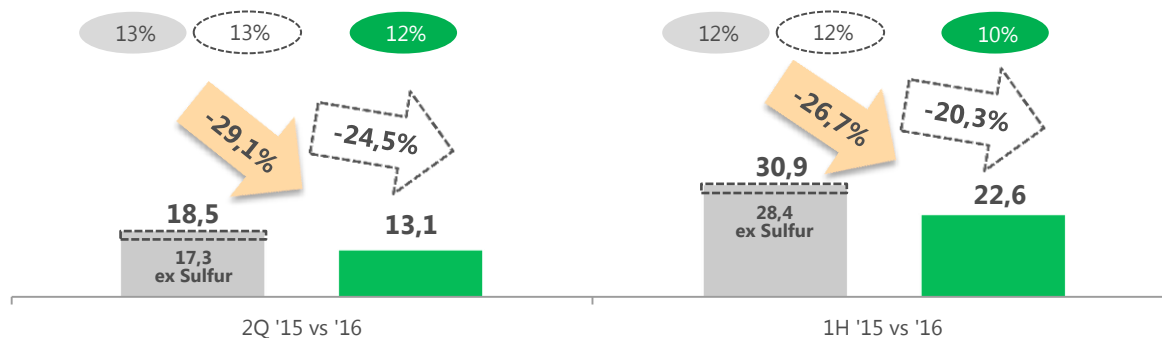
Consolidated Non-Zinc Financial Highlights

Revenues and EBITDA in the non-zinc business impacted by weak LME alu alloy prices & margins ... However, consecutive quarter over quarter EBITDA improvement (from €9,6m in 1Q'16 to €13,1m in 2Q'16)

Non-Zinc Revenues (€m)



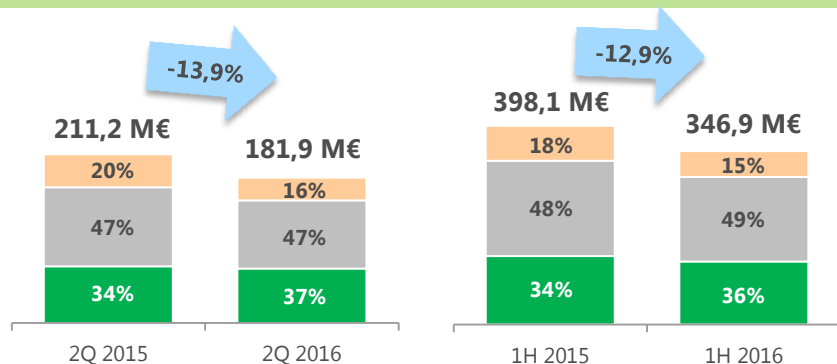
Non-Zinc EBITDA (€m)



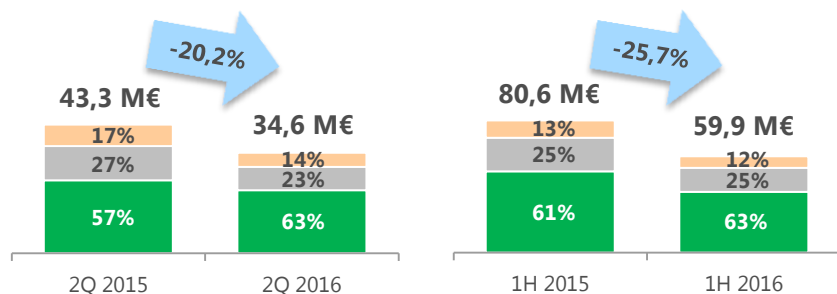
Consolidated Financial Highlights

2Q'16 revenues down 14% and EBITDA down 20% vs. 2Q'15 ...
But quarter over quarter improved from 1Q at €25m to 2Q'16 at €35m

Consolidated Revenues (€m)



Consolidated EBITDA (€m)



EBITDA Margin (% Revenues)

BEFESA	20,5%	19,0%
Steel	35,0%	31,5%
Alu	11,7%	9,3%
IES	17,6%	16,6%

	20,2%	17,3%
	36,3%	29,6%
	10,7%	8,6%
	15,1%	13,8%

Highlights

- 2Q 2016 consolidated revenues at €182 million, -14% or €29 million decrease compared to 2Q 2015, mainly driven by lower LME zinc and aluminum alloy prices compared to the same period of 2015.
- 2Q 2016 consolidated EBITDA amounted to €35 million, -20% or €9 million decrease vs 2Q 2015 following the revenue line and negative metal price trends YoY.
- Managing through down cycle ... 2Q 2016 EBITDA margin at 19% ... EBITDA improved from 1Q'16 at €25m to 2Q'16 at €35m.
- Ongoing implementation of cost reduction and productivity improvement initiatives.

2Q'16 EBITDA down 20% or €9 million vs. 2Q'15 ... Net income down 8% or €0,6 million.

Consolidated P&L ('000 euros)

BEFESA

Profit & Loss Statement ('000 euros)	2Q 2015	2Q 2016	Change	1H 2015	1H 2016	Change
Revenue	211.196	181.942	(29.254)	398.149	346.937	(51.212)
EBITDA	43.328	34.561	(8.767)	80.606	59.924	(20.682)
Depreciation, amortisation and impairment provisions	(10.704)	(10.460)	244	(20.158)	(20.885)	(727)
Financial result	(19.291)	(11.968)	7.323	(30.442)	(23.637)	6.805
Earnings before taxes	13.356	12.172	(1.184)	30.173	15.483	(14.690)
Net income	8.257	7.614	(643)	19.864	8.868	(10.996)

Highlights

- During 2Q 2016 the revenue of the Group amounted to €182 million (€211 million in 2Q '15) and the EBITDA amounted to €35 million (€43 million in 2Q '15). A 20% EBITDA YoY decrease and a 14% revenue YoY decrease.
- Depreciation, amortization and impairment provisions in 2Q 2016 are in line with historical quarterly levels of around 10 million euros.
- The decrease of the financial costs are mainly driven by the reduction of the interest rates applies to our loans (non zinc loan, Bernburg loan..) and the reduction of the debt due to the cancellation of the Korea Loan in 2015.

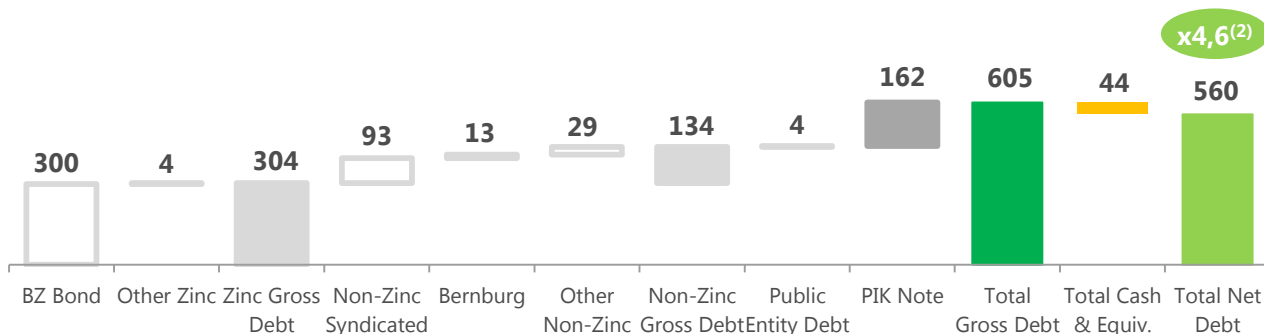
- **Operating activities:** During 1H 2016 the net cash flows generated by operating activities amounted to **€10,4 million** (a €33,6 million decrease compared to 1H 2015), mainly due to lower metal LME prices and higher taxes paid compared to the first half of 2015.
- **Investing activities:** During 1H 2016 the net cash flows used in investing activities were **€19,6 million**, mainly driven by the yearly **maintenance capex** invested.
- **Financing activities:** During 1H 2016 the net cash flows used in financing activities were **€3,6 million** coming basically from the repayment of the principal of the Non Zinc Loan.
- **Liquidity:** As of June 30th 2016, our liquidity amounted to **€44 million** including only cash on hand. Befesa is **compliant with its debt covenants**.

BEFESA						
Cash Flow Statement ('000)	2Q 2015	2Q 2016	Change	1H 2015	1H 2016	Change
Cash flows from operations	57.238	30.899	(26.339)	79.239	48.850	(30.389)
Taxes paid	(3.286)	(7.401)	(4.115)	(4.994)	(9.801)	(4.807)
Interests paid	(28.317)	(25.734)	2.583	(30.293)	(28.671)	1.622
Net cash flows from operating activities (I)	25.635	(2.236)	(27.871)	43.952	10.378	(33.574)
Net cash flows from investing activities (II)	(19.942)	(14.389)	5.553	(27.741)	(19.628)	8.113
Net cash flows from financing activities (III)	(32.972)	5.256	38.228	(28.294)	(3.562)	24.732
Net increase in cash and cash equivalents (I+II+III+IV)	(27.279)	(11.350)	15.929	(12.083)	(13.085)	(1.002)
Cash and cash equivalents at beginning of year	93.811	55.518	(38.293)	78.615	57.253	(21.362)
Cash and cash equivalents at end of year	66.532	44.168	(22.364)	66.532	44.168	(22.364)

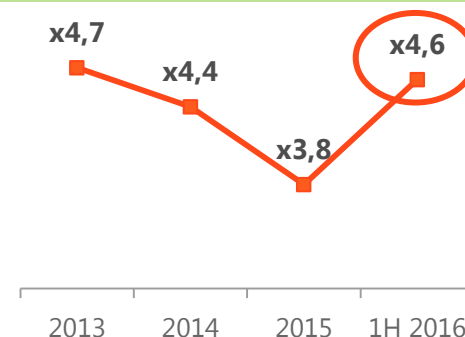
Solid and stable financing position at 3 levels (Zinc, Non-Zinc and Corporate) with total leverage at x4,6



Total Net Debt (excl. Factoring/Confirming ⁽¹⁾): June YTD 2016 (€m)



Leverage Evolution



Managing through commodity down cycle with stable financing, leverage ~x4,6 and solid €44 million liquidity ... Compliant with all covenants.

(1) Excludes Factoring and Confirming of 54 M€

(2) Assuming LTM as of June 30th 2016 Consolidated EBITDA of 121,6 M€

(3) Assuming LTM as of June 30th 2016 Zinc EBITDA of 67,6 M€

(4) Assuming LTM as of June 30th 2016 Non Zinc EBITDA of 53,9 M€

Javier Molina

Chief Executive Officer

Main priorities for 2016 focused on parallel path of profitable growth for the next years and operational excellence

Main priorities for 2016 on track

- Sustain and improve our **Health & Safety** performance across the entire organization
- **Preserve the cash position** by managing properly operating cash flows, working capital and capex
- Ensure we **maintain our leadership** position in **steel dust & salt slag in Europe**
- Sustain **full capacity** in our new secondary aluminum plant in **Bernburg**
- **Increase and secure the volume** of our plant in **South Korea**
- **Grow** our services in **IES organically** in the Americas and MENA incl. Gulf
- **Maintain** the **operational excellence culture**

Questions

Introduction

Business
Highlights

Zinc Business
Performance

Non-Zinc Business
Performance

Financials

Business
Outlook

Q&A

Appendix

		1Q 2015	2Q 2015	1H 2015	1Q 2016	2Q 2016	1H 2016	2Q 2016 vs 2015 Change		1H 2016 vs 2015 Change	
								(tons)	(%)	(tons)	(%)
Crude steel dust recycling											
Installed capacity ¹	tons	670.300	670.300	670.300	780.300	780.300	780.300	110.000	16,4%	110.000	16,4%
Crude steel dust processed	tons	141.535	136.916	278.452	138.121	138.167	276.288	1.250	0,9%	(2.164)	-0,8%
Waelz oxide produced	tons	48.461	47.969	96.430	47.502	48.210	95.711	240	0,5%	(719)	-0,7%
Waelz oxide sold	tons	47.715	47.364	95.079	48.687	47.516	96.203	152	0,3%	1.124	1,2%
Zinc content in sale	tons	32.049	32.101	64.150	32.594	31.734	64.328	(367)	-1,1%	178	0,3%
Annual average zinc LME price	EUR / ton	1.847	1.988	1.913	1.522	1.699	1.611	(288)	-14,5%	(302)	-15,8%
Utilization ²	%	85,6%	81,9%	83,3%	71,0%	71,0%	70,6%	n.a.	n.a.	n.a.	n.a.
Stainless steel dust recycling											
Installed capacity	tons	174.000	174.000	174.000	174.000	174.000	174.000	0	0,0%	0	0,0%
Stainless steel dust processed	tons	19.924	27.881	47.805	17.254	31.246	48.500	3.365	12,1%	695	1,5%
Sale of alloys	tons	319	1.444	1.763	3.126	894	4.021	(549)	-38,1%	2.258	128,1%
Annual average nickel LME price	EUR / ton	12.733	11.791	12.257	7.714	7.815	7.765	(3.976)	-33,7%	(4.492)	-36,6%
Utilization ²	%	46,4%	64,3%	55,1%	39,8%	72,0%	55,6%	n.a.	n.a.	n.a.	n.a.

1 The installed crude steel dust recycling capacity consolidates 100% of the total annual recycling capacity of BZ Korea (since 3Q 2014 our current stake owned in BZ Korea amounts to 80%).

2 Utilization represents crude steel or stainless steel dust, as applicable, processed against annual installed recycling capacity.

		1Q 2015	2Q 2015	1H 2015	1Q 2016	2Q 2016	1H 2016	2Q 2016 vs 2015 Change		1H 2016 vs 2015 Change	
								(tons)	(%)	(tons)	(%)
Salt slags and SPLs recycling											
Installed capacity ⁶	tons	609.000	609.000	609.000	609.000	609.000	609.000	0	0,0%	0	0,0%
Salt slags recycled	tons	110.644	119.897	230.541	108.414	126.011	234.425	6.114	5,1%	3.884	1,7%
SPLs recycled	tons	5.631	4.691	10.322	9.126	6.527	15.653	1.836	39,1%	5.331	51,6%
Aluminium concentrate produced	tons	9.360	10.548	19.908	8.953	10.376	19.329	(172)	-1,6%	(579)	-2,9%
Aluminium salt produced	tons	41.214	44.809	86.023	35.997	45.537	81.534	728	1,6%	(4.489)	-5,2%
Utilization ⁷	%	92,6%	98,2%	95,4%	92,6%	104,4%	98,5%	n.a.	n.a.	n.a.	n.a.
Secondary aluminium production											
Installed capacity ⁹	tons	195.000	195.000	195.000	195.000	195.000	195.000	0	0,0%	0	0,0%
Scrap aluminium recycled ¹⁰	tons	61.118	65.523	126.641	68.798	72.688	141.486	7.165	10,9%	14.845	11,7%
Secondary aluminium alloys produced ¹¹	tons	41.611	45.348	86.959	47.070	50.493	97.563	5.145	11,3%	10.604	12,2%
Annual avg. aluminium alloy LME price	EUR / ton	1.598	1.611	1.604	1.420	1.384	1.402	(226)	-14,1%	(203)	-12,6%
Annual avg. high-grade aluminium LME price	EUR / ton	1.604	1.601	1.599	1.376	1.392	1.384	(209)	-13,0%	(215)	-13,4%
Utilization ⁷	%	86,5%	93,3%	89,9%	96,8%	103,9%	100,3%	n.a.	n.a.	n.a.	n.a.

⁶ Includes the 100.000 tons of recycling installed capacity at our Töging (Germany) plant, which is currently idle.

⁷ Utilization represents the volume of salt slag and SPLs received by our plants for recycling against annual installed recycling capacity (not including the 100.000 tons of capacity at our Töging (Germany) plant, which is currently idle), or secondary aluminum produced against annual installed production capacity.

BEFESA

Profit & Loss Statement ('000 euros)	2Q 2015	2Q 2016	Change:	1H 2015	1H 2016	Change
From continuing operations:						
Revenue	211.196	181.942	(29.254)	398.149	346.937	(51.212)
+/- Changes in inventories of finished goods and work in progress	(38)	(1.597)	(1.559)	(558)	(2.911)	(2.353)
Cost of sales (Note 24)	(102.473)	(87.050)	15.423	(194.312)	(168.748)	25.564
Other income	2.134	3.192	1.058	3.383	5.256	1.873
Employee benefits expense (Note 24)	(29.775)	(26.893)	2.882	(54.179)	(51.996)	2.183
Other expenses	(37.716)	(35.033)	2.683	(71.877)	(68.614)	3.263
Depreciation, amortisation and impairment provisions	(10.704)	(10.460)	244	(20.158)	(20.885)	(727)
EBIT	32.624	24.101	(8.523)	60.448	39.039	(21.409)
Finance income	(2.210)	695	2.905	1.124	1.295	171
Finance costs	(16.073)	(13.382)	2.691	(31.369)	(25.162)	6.207
Exchange differences	(1.008)	719	1.727	(197)	230	427
Financial result	(19.291)	(11.968)	7.323	(30.442)	(23.637)	6.805
Share of profit of companies carried using the equity method (Note 11)	23	39	16	167	81	(86)
EBT	13.356	12.172	(1.184)	30.173	15.483	(14.690)
Income tax expense	(5.099)	(4.558)	541	(10.309)	(6.615)	3.694
Result from continuing operations	8.257	7.614	(643)	19.864	8.868	(10.996)
From discontinuing operations:						
Profit for the year from discontinued operations	-	-	-	-	-	-
Net income	8.257	7.614	(643)	19.864	8.868	(10.996)
Attributable to:						
Owners of the parent	7.649	7.128	(521)	18.457	8.440	(10.017)
Non-controlling interests	608	486	(122)	1.407	428	(979)

BEFESA

Balance Sheet ('000 euros)

Assets	30.06.16	31.12.15	Equity and liabilities	30.06.16	31.12.15
Non-current assets			Equity:		
Intangible assets			Attributable to owners of the parent -		
Goodwill	379.990	379.990	Share capital	13	13
Other intangible assets	15.930	18.009	Reserve for valuation adjustments deferred in equity	8.199	9.261
	395.920	397.999	Share premium	450.092	450.092
Property, plant and equipment -			Other reserves	(265.447)	(229.788)
Property, plant and equipment in use	334.675	346.536	Translation differences	(4.474)	(2.857)
Property, plant and equipment in progress	20.186	16.188	Net profit for the period	8.440	(33.303)
	354.861	362.724		196.823	193.418
Investments carried under the equity method	1.607	1.526	Non-controlling interests	32.775	32.762
Non-current assets -			Total equity	229.598	226.180
Securities portfolio	2.719	2.702			
Other financial assets	25.167	24.346	Non-current liabilities:		
	27.886	27.048	Provisions	12.934	12.928
Deferred income tax assets	81.589	81.400	Finance debt	510.426	523.185
Total non-current assets	861.863	870.697	Finance lease payables	8.687	7.535
			Deferred income tax liabilities	39.668	40.765
Current assets:			Other non-current liabilities	29.646	33.034
Inventories	45.213	48.489	Total non-current liabilities	601.361	617.447
Trade and other receivables	97.168	87.045			
Trade receivables, related parties	4.017	2.856	Finance debt	82.202	74.951
Tax receivables	19.455	13.935	Finance lease payables	2.367	2.621
Other receivables	9.205	8.538	Trade payables, related parties	2.008	1.688
Other current financial assets	3.850	4.005	Trade and other accounts payable	119.088	115.898
Cash and cash equivalents	44.168	57.253	Provisions	145	139
Total current assets	223.076	222.121	Other payables -		
			Taxes payable	17.564	19.441
			Other current liabilities	30.606	34.453
				48.170	53.894
			Total current liabilities	253.980	249.191
Total Assets	1.084.939	1.092.818	Total equity and liabilities	1.084.939	1.092.818

BEFESA

Cash Flow Statement ('000)	2Q 2015	2Q 2016	Change	1H 2015	1H 2016	Change
Cash flows from operating activities:						
Profit (loss) for the period before tax	13.356	12.172	(1.184)	30.173	15.483	(14.690)
Adjustments due to:						
Depreciation and amortisation charge	10.704	10.460	(244)	20.158	20.885	727
Share of profit (loss) of associates	(23)	(39)	(16)	(167)	(81)	86
Changes in long-term provisions	287	21	(266)	132	21	(111)
Interest income	3.021	(925)	(3.946)	(1.124)	(1.525)	(401)
Finance costs	16.270	12.893	(3.377)	31.566	25.162	(6.404)
Other income/expenses	(161)	(663)	(502)	(328)	(1.062)	(734)
Changes in working capital:						
Trade receivables and other current assets	6.676	(2.799)	(9.475)	(18.491)	(10.911)	7.580
Inventories	(3.206)	(1.744)	1.462	(3.980)	3.276	7.256
Trade payables	10.314	1.523	(8.791)	21.300	(2.398)	(23.698)
Other cash flows from operating activities:						
Interest paid	(28.317)	(25.734)	2.583	(30.293)	(28.671)	1.622
Taxes paid	(3.286)	(7.401)	(4.115)	(4.994)	(9.801)	(4.807)
Net cash flows from operating activities (I)	25.635	(2.236)	(27.871)	43.952	10.378	(33.574)
Cash flows from investing activities:						
Investments in intangible assets	-	(339)	(339)	-	(437)	(437)
Investments in property, plant and equipment	(15.094)	(10.616)	4.478	(21.950)	(16.469)	5.481
Proceeds from disposal of assets	-	-	-	-	-	-
Investments in subsidiaries and other non-current financial assets	(5.000)	(2.950)	2.050	(5.000)	(2.950)	2.050
Investments in other current financial assets	152	-	(152)	(791)	-	791
Disbursement due to other current financial assets	-	(712)	(712)	-	-	-
Dividends	-	228	228	-	228	228
Net cash flows from investing activities (II)	(19.942)	(14.389)	5.553	(27.741)	(19.628)	8.113
Cash flows from financing activities:						
Net financial account with Group companies	-	-	-	-	-	-
Bank borrowings and other non-current borrowings	(4.417)	1.331	5.748	1.109	15.000	13.891
Repayment of bank borrowings and other long term debt	(28.555)	3.925	32.480	(29.403)	(18.562)	10.841
Net cash flows from financing activities (III)	(32.972)	5.256	38.228	(28.294)	(3.562)	24.732
Effect of foreign exchange rate changes on cash and cash	-	19	19	-	(273)	(273)
Net increase in cash and cash equivalents (I+II+III+IV)	(27.279)	(11.350)	15.929	(12.083)	(13.085)	(1.002)
Cash and cash equivalents at beginning of year	93.811	55.518	(38.293)	78.615	57.253	(21.362)
Cash and cash equivalents at end of year	66.532	44.168	(22.364)	66.532	44.168	(22.364)

BEFESA ZINC

Balance Sheet ('000 Euros)

Assets	30.06.2016	31.12.2015	Equity and Liabilities	30.06.2016	31.12.2015
Non-Current Assets:			Equity:		
Intangible assets:			Of the Parent:		
Goodwill	278.357	278.357	Share capital	25.010	25.010
Other intangible assets	3.373	4.038	Unrealized Asset & Liability Revaluation Reserve	5.231	6.767
	281.730	282.395	Other reserves	77.609	78.821
			Translation differences	1.892	2.040
Property, plant and equipment:			Net profit for the year	9.662	4.120
Property, plant and equipment in use	129.273	133.961		119.404	116.758
Property, plant & equipment in course of construction	7.008	6.813	Of Minority Interests	15.448	15.662
	136.281	140.774	Total Equity	134.852	132.420
Investments accounted for using the equity method			Non-Current Liabilities:		
Non-current financial assets:			Provisions for contingences and expenses	4.353	4.351
Investments securities	1.721	1.670	Bank borrowings and finance leases	298.989	298.469
Other financial assets	488	607	Capital Grants	1.720	1.678
	2.209	2.277	Other non-current liabilities	143	152
Derivative financial instruments	0	0	Derivative financial instruments	0	217
Deferred tax assets	36.343	32.592	Deferred tax liabilities	20.772	21.104
Total Non-Current Assets	456.563	458.038	Total Non-Current Liabilities	325.977	325.971
Current Assets:			Current Liabilities:		
Inventories	14.130	13.881	Bank borrowings and finance leases	3.537	3.591
Trade and other receivables	32.952	25.216	Trade payables, related companies	4.496	6.677
Trade receivables, related companies	2.522	2.970	Trade and other payables	26.748	28.813
Tax receivables	3.456	3.447	Derivative financial instruments	2.961	1.392
Other receivables	2.045	2.622	Other payables:		
Derivative financial instruments	0	423	Tax payables	9.422	8.006
Other current financial assets	491	6	Other current liabilities	20.898	24.081
Cash and cash equivalents	16.732	24.348		30.320	32.087
Total Current Assets	72.328	72.913	Total Current Liabilities	68.062	72.560
Total Assets	528.891	530.951	Total Equity and Liabilities	528.891	530.951

BEFESA ZINC

Profit & Loss Statement ('000 euros)	2Q 2015	2Q 2016	Change	1H 2015	1H 2016	Change
Revenue	71.059	68.174	(2.885)	137.106	126.154	(10.952)
Cost of sales	(40.867)	(41.715)	(848)	(76.988)	(78.604)	(1.616)
Other operating income	521	854	333	1.215	1.313	98
Gross Profit	30.713	27.313	(3.400)	61.333	48.863	(12.470)
Depreciation and amortization charge	(4.374)	(4.363)	11	(8.446)	(8.717)	(271)
General and administrative expenses	(5.827)	(5.841)	(14)	(11.652)	(11.591)	61
Impairment losses	0	0	0	0	0	0
Income From Operations	20.512	17.109	(3.403)	41.235	28.555	(12.680)
Finance income	78	42	(36)	119	84	(35)
Finance costs	(8.473)	(6.719)	1.754	(16.419)	(14.239)	2.180
Exchange differences (gains and losses)	(160)	866	1.026	(356)	379	735
Financial Loss	(8.555)	(5.811)	2.744	(16.656)	(13.776)	2.880
Profit Before Tax	11.957	11.298	(659)	24.579	14.779	(9.800)
Income tax	(3.818)	(3.417)	401	(7.671)	(5.337)	2.334
Profit for the year from continuing operations	8.139	7.881	(258)	16.908	9.442	(7.466)
Profit for the year	8.139	7.881	(258)	8.139	9.442	1.303
Attributable to:						
Shareholders of the parent	8.260	7.912	(348)	16.867	9.663	(7.204)
Minority interests	(121)	(31)	90	41	(221)	(262)
EBITDA	24.886	21.472	(3.414)	49.681	37.272	(12.409)

BEFESA ZINC

Cash Flow Statement ('000 euros)	2Q 2015	2Q 2016	Change	1H 2015	1H 2016	Change
Cash Flows From Operating Activities						
Profit for the period before tax	11.957	11.298	(659)	25.579	14.779	(9.800)
Adjustments due to:						
Amortization/ Depreciation	4.374	4.363	(11)	8.446	8.717	271
Impairment test	0	0	0	0	0	0
(Profit)/Loss on disposal of non-current assets	0	(20)	(20)	13	(7)	(20)
Change in provisions	66	(25)	(91)	143	(28)	(171)
Financial income	(78)	(42)	36	(119)	(84)	35
Financial expense	8.473	6.719	(1.754)	16.419	14.239	(2.180)
Income from government grants	(135)	(70)	65	(275)	(149)	126
Exchange differences	160	(866)	(1.026)	356	(379)	(735)
Change in working capital:						
Change in trade receivables and other receivables	3.021	(1.766)	(4.787)	(2.542)	(7.736)	(5.194)
Change in inventories	(253)	(623)	(370)	(2.278)	(406)	1.872
Change other current assets	(1.518)	1.393	2.911	(2.057)	1.016	3.073
Change in other current liabilities	418	(341)	(759)	2.045	(2.226)	(4.271)
Cash generated from operations	26.485	20.020	(6.465)	44.730	27.736	(16.994)
Taxes paid	(2.108)	(6.552)	(4.444)	(3.981)	(9.684)	(5.703)
Interest paid	(14.783)	(14.023)	760	(16.194)	(14.723)	1.471
Interest received	78	42	(36)	119	84	(35)
Net Cash Flows From Operating Activities (I)	9.672	(513)	(10.185)	24.674	3.413	(21.261)
Cash Flows From Investing Activities						
Purchase of intangible assets	(26)	(10)	16	(35)	(10)	25
Purchase of property, plant and equipment	(9.722)	(2.891)	6.831	(14.123)	(6.058)	8.065
Proceeds from disposal of assets	1.085	(45)	(1.130)	1.086	30	(1.056)
Acquisition/(disposal) of new subsidiaries	0	(51)	(51)	0	(51)	(51)
Other non-current financial assets	(417)	(26)	391	(300)	119	419
Capital grants received	0	191	191	0	191	191
Net Cash Flows From Investing Activities (II)	(9.080)	(2.832)	6.248	(13.372)	(5.779)	7.593
Cash flows from financing activities						
Repayment of borrowings and other long-term debt	(20.771)	(95)	20.676	(21.566)	(158)	21.408
Long and short term borrowings	0	109	109	0	158	158
Distribution of dividends/capital reduction	(6.238)	(5.250)	988	(6.238)	(5.250)	988
Net Cash Flows From Financing Activities (III)	(27.009)	(5.236)	21.773	(27.804)	(5.250)	22.554
Effect of change in the perimeter on cash and cash equivalents (IV)	0	0	0	0	0	0
Net Increase In Cash and Cash Equivalents (I+II+III+IV)	(26.417)	(8.581)	17.836	(16.502)	(7.616)	8.886
Cash and cash equivalents at beginning of the period	58.916	25.313	(33.603)	49.001	24.348	(24.653)
Cash and cash equivalents at end of the period	32.499	16.732	(15.767)	32.499	16.732	(15.767)