

BEFESA

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Second Quarter 2017 Earnings Presentation

3rd August 2017

Wolf Lehmann

Chief Financial Officer

This presentation contains forward-looking statements and information relating to Befesa and its affiliates that are based on the beliefs of its management as well as assumptions made and information currently available to Befesa and its affiliates.

Such statements reflect the current views of Befesa and its affiliates with respect to future events and are subject to risks, uncertainties and assumptions.

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

Javier Molina

Chief Executive Officer

Strong 1H revenues of €374m / +24% YoY and Earnings Growing to Adj EBITDA of €83m / +54% as well as Adj EBIT of €69m / +77% ...

Continued Run Rate Growth ... LTM^(*) 1H'17 Revenue of €685m, Adj. EBITDA of €162m (24% margin) & Adj. EBIT of €133m (19% margin)



Strong core business volume⁽¹⁾

- Steel Dust 1H +14% YoY
- Alu Salt Slags 1H +5% YoY



Alu metal margins recovering but still lower than historical average



Zinc & Alu Alloy prices recovery on track



Capacity utilization in Korea ramping up fast but still opportunity for further volume growth



Operational Excellence / Cost savings on track



Continued Earnings Growth ... 3rd Consecutive Quarter with Adj. EBITDA between €41 to €43m



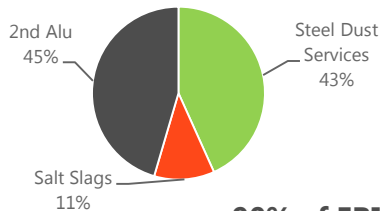
Completed non core divestitures



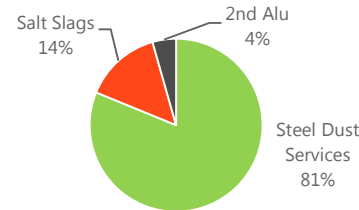
Improved leverage further down from x3,6 at YE'16 to x2,8 at 2Q'17 close

Befesa is the market leader in providing hazardous waste recycling services to the steel and aluminium recycling industries

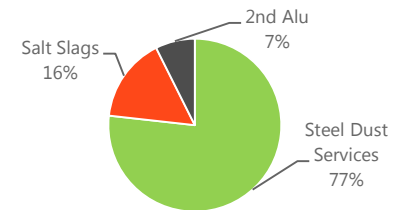
LTM 1H '17 Revenues: €685m



LTM 1H '17 Adj. EBIT: €133m



LTM 1H '17 Adj. EBITDA: €162m



>90% of EBITDA coming from +30% EBITDA margin business

Steel Dust Recycling Services



Position in Europe (c. 45-50% Market Share)

34%
(39%)

Adj. EBIT(DA) Margin LTM 1H 2017¹; Niche Market

695kt

Steel Dust Vol. Collected and Treated in LTM 1H '17¹

Relationship
>15yrs



Business
Model

Service Provider to Steel Producers

Maint.
Capex

Low Maintenance Capex

Strategy

Attractive Organic Growth Expansion

Aluminium Salt Slag Recycling Services



Position in Europe in Salt Slag (c. 45% Market Share)

23%
(31%)

Adj. EBIT(DA) Margin in Salt Slag LTM 1H 2017²; Niche Market

506kt

Salt Slag Volume Recycled in LTM 1H 2017²

Relationship
>15yrs



Business
Model

Service Provider to Aluminium Recyclers

Maint.
Capex

Low Maintenance Capex

Strategy

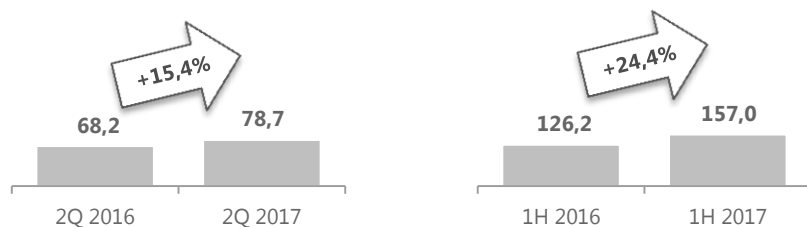
Attractive Organic Growth Expansion

Asier Zarraonandia

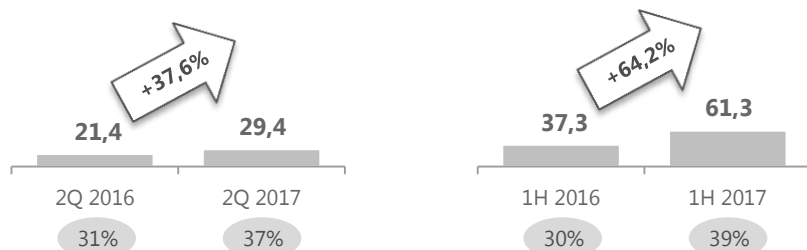
Managing Director of Steel Dust Recycling Services

YoY increase in revenues and earnings driven by higher volumes as well as operational excellence and higher prices

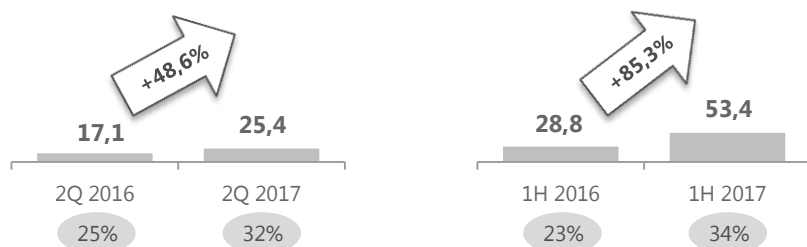
Steel Dust Services – Revenues (€m)



Steel Dust Services – Adj. EBITDA (€m)



Steel Dust Services – Adj. EBIT (€m)



Revenues Highlights

- YoY 2Q '17 vs. '16 revenues **increased** by **€11** million or **+15%** mainly driven by:
 - the **increase** of **EAF dust throughput** by **+15,1%** and **WOX tons sold** by **+12,1%**, partially offset by lower volumes of stainless steel dust treated (-54%)
 - increase** in the **zinc blended price** from ~€1.837/t in 2Q'16 to ~€2.054/t in 2Q'17 and **favorable treatment charges** YoY (Escalators eliminated in 2017).
- LTM revenue growth to €312** million driven by higher volumes and prices.

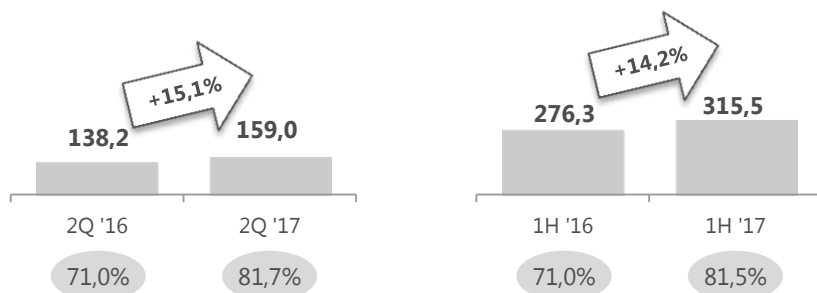
Adj. EBITDA & EBIT Highlights

- The **earnings increase YoY** during 2Q is mainly driven by the combined **favorable impact** of **higher volume**, the **zinc price** increase as well as **operational excellence** gains.
- LTM earnings growth to €123** million Adj. **EBITDA** and **€106** million of Adj. **EBIT** driven by **higher volumes, prices and operational excellence**.

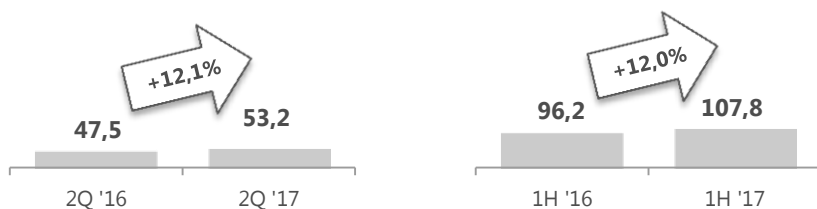
Strong 2Q EAF Dust and WOX volumes ... Growing +15% / +12% YoY respectively ... Growth initiatives on track

Volumes & Capacity Utilization (K tons)

■ EAF Dust Throughput



■ WOX Sales



Highlights

- **Solid 2Q EAF dust throughput up +15% YoY global**
 - **Strong throughput increase in Turkey and Korea;** with strong domestic growth as well as in addition in Korea by expanding collection services to neighbor countries in South East Asia (e.g. Thailand, Taiwan).
- **LTM 2Q'17 EAF dust throughput** grew to **new record level of 628 thousand tons ... increasing capacity utilization** of 2nd kiln at **Korea** as well as **Turkey ... growth initiatives on track**. Approx. 82% utilization in 2Q 2017 with further upside.
- **2Q WOX sales up +12% YoY global** lead by Turkey and Korea.
- 2Q Stainless steel throughput down YoY due to ScanDust shutdown; Operations successfully restarted end of May.

Blended zinc prices incl. hedging up to €2.054 in 2Q'17 or +12% YoY

Zinc Prices

- During 2Q '17 LME zinc prices traded on average \$679/t above 2Q '16 (\$2.596/t vs \$1.918/t), and approx. \$184/t above 1Q '17 avg level.
- LME zinc prices ended the 2Q '17 at \$2.754/€2.415 ... approx. +\$64/(€72) vs the average level seen so far in the year.
- Positive LME Zinc price YoY evolution in 2Q additionally favored by favorable €/ \$ FX rate ... US Dollar appreciated against Euro (1,10 in 2Q '17 vs 1,13 in 2Q '16, on average).
- Effective **avg. zinc prices incl. hedging** for Befesa were up to **€2.054** vs. €1.837 YoY.

	2Q 2016	2Q 2017	% Var.	1H 2016	1H 2017	% Var.
Befesa blended (*) zinc price (€/t)	1.837	2.054	+12%	1.724	2.113	+23%
LME avg price (€/t)	1.699	2.358	+39%	1.611	2.487	+54%

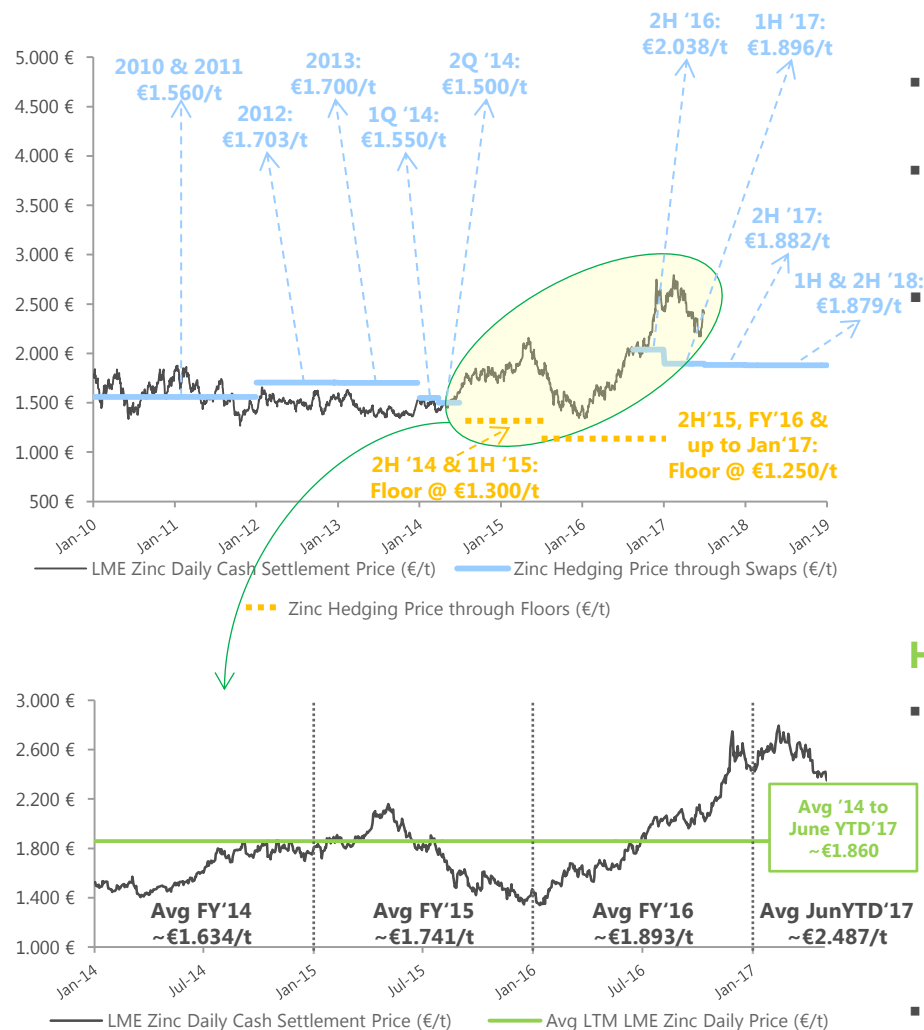
(*) Blended includes impact of hedges as well as impact of volume weighting by month, and reflects the effective price in P&L, not the average LME.

Hedging

- Hedged through swaps until and including Dec '18 ... ~60% of volume hedged for '17 & '18.**

Period	Swaps avg. price €/t	Zinc content hedged
1H 2017	€1.896	36.600 tons
2H 2017	€1.882	36.600 tons
1H 2018	€1.879	36.600 tons
2H 2018	€1.879	36.600 tons

- We are **currently analyzing hedges for 2019 and 2020.**



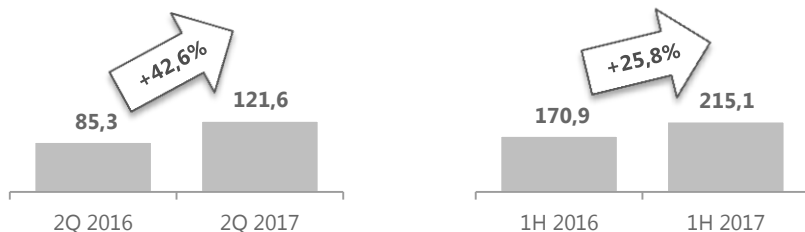
Javier Molina

Chief Executive Officer

BEFESA Consolidated Alu Salt Slags Services – Financial Highlights

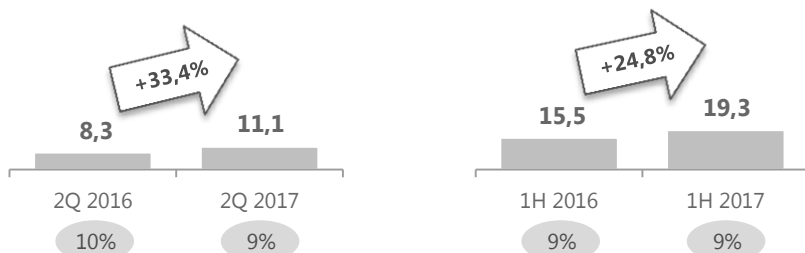
Growth in revenues & earnings driven by good volumes and recovery in alu alloy prices ... Alu metal margin still below historical averages

Alu. Salt Slags Services Revenues(*) (€m)

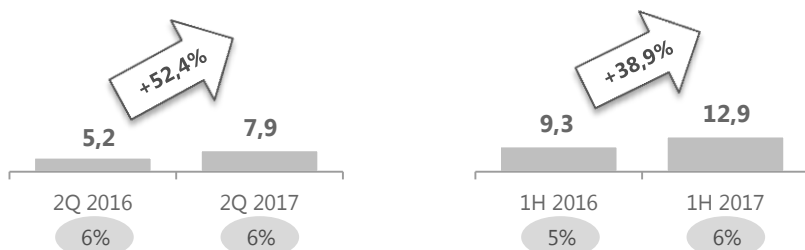


(*) Includes adjustments due to intragroup revenues.

Alu. Salt Slags Services Adj. EBITDA (€m)



Alu. Salt Slags Services Adj. EBIT (€m)



Revenues Highlights

- 2Q '17 revenues grew **43% YoY** mainly due to:
 - Good volumes** in Salt Slags (up **+2%** vs 2Q '16); **Bernburg fully loaded**.
 - a **recovery in LME Alu Alloy average prices** (**+10% or approx. +€137/t increase** ... from avg €1.366 2Q'16 to avg €1.503 in 2Q'17).
- LTM 2Q'17 revenue growth to €369 million on track.**

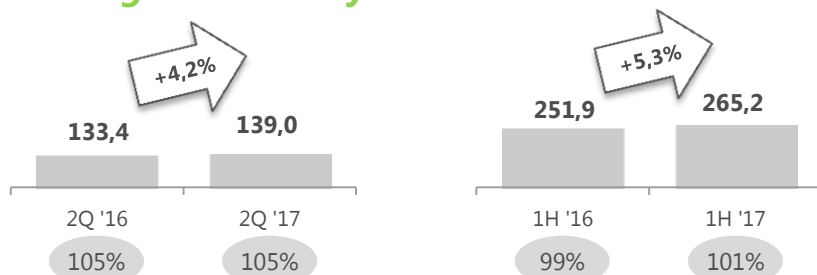
EBITDA & EBIT Highlights

- EBITDA & EBIT increases by +33% / +52% YoY**, respectively, thanks to **higher volume, alu metal margins** and efficiencies vs 2Q'16.
- LTM earnings growth to €37 million Adj. EBITDA and €25 million of Adj. EBIT is driven by Bernburg utilization.**

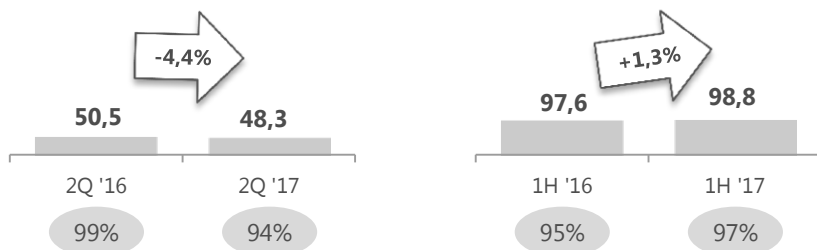
**Good volume in Salt Slags; Growth initiatives on track ...
Bernburg fully loaded ... alu metal margin still room to recover**

Volumes & Capacity Utilization (K tons)

■ Salt Slags & SPL Recycled



■ Secondary Aluminium Alloys Produced



■ Average LME Aluminium Alloy Prices (€/ton)

2Q 2016	2Q 2017	% Var.	1H 2016	1H 2017	% Var.
1.384	1.503	+8,6%	1.402	1.521	8,5%

Highlights

- **2Q with solid volume growth**
 - **Salt slag** and SPL volumes up +4,2% YoY (100% utilization).
 - 2nd alu volumes slightly down by c. 2 ktons or 4% YoY (nearly full capacity utilization rates).
- **Bernburg running at full speed ... 1H average annualized at c. 98% utilization of nominal capacity of 75.000 tons p.a.**
- **LME Aluminium Alloy average prices recovering during 2017 ... 2Q up YoY from c. €1.384 (avg 2Q '16) to ~€1.503 (avg 2Q '17) ... c. €119/t above on average or 8,6% increase YoY**
- **LTM 2Q'17 Salt Slags grew to a new record level of 506 ktons; In Secondary Alu, LTM 2Q'17 volumes of 182 ktons (approx. 1% vs FY'16) ... growth initiatives on track.**

Wolf Lehmann

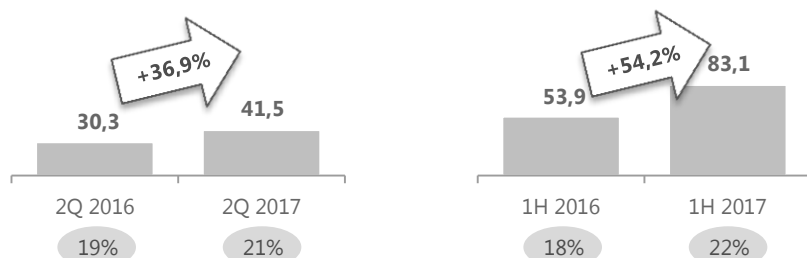
Chief Financial Officer

Strong growth in Revenues & Earnings YoY ... 3rd Consecutive Quarter with Adj. EBITDA c.€41-43 ... LTM 1H Adj. EBITDA €162m (24% margin)

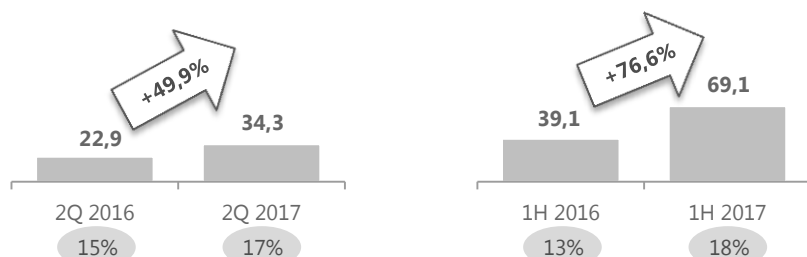
Befesa Consolidated Revenues (€m)



Befesa Consolidated Adj. EBITDA (€m)



Befesa Consolidated Adj. EBIT (€m)

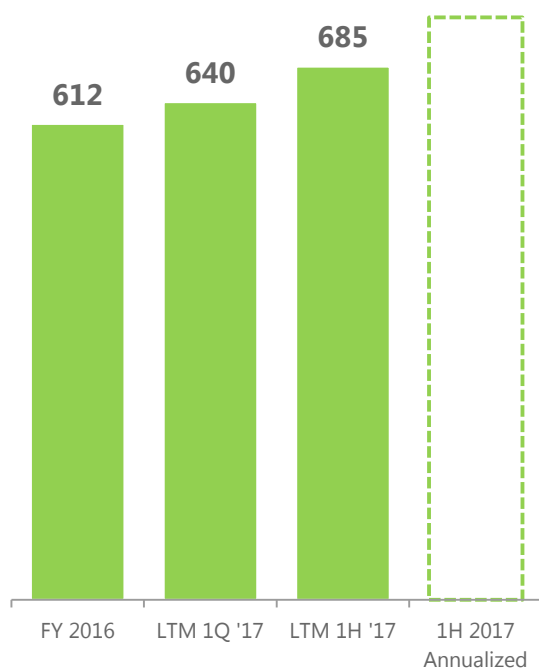


Highlights

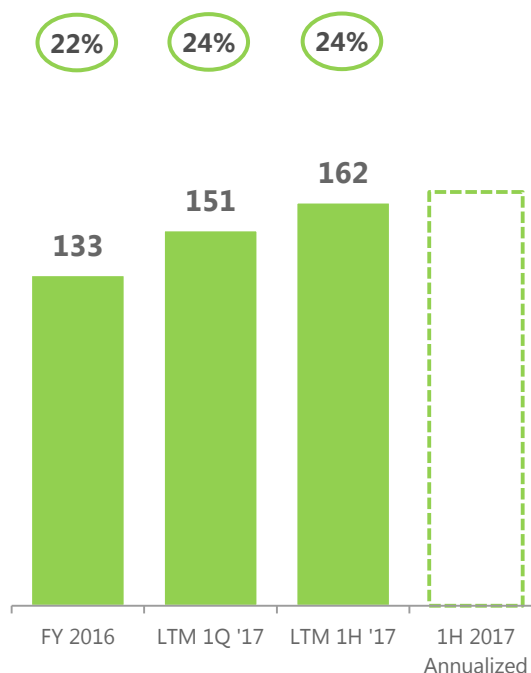
- **2Q '17 consolidated revenues at €202 million, +29% or +€46 million YoY growth ...** mainly driven by +12% **higher steel dust WOX tons**, +4% **higher salt slags tons** recycled, as well as **higher LME zinc prices** and **LME Aluminium Alloy avg prices** vs 2Q'16; Also, **Treatment Charges** have **developed favorably** and in particular TC's were settled without escalators in 2017.
- **2Q '17 consolidated Adj. EBITDA of €41,5 million and 21% of revenue ...** Adj. **EBIT** of **€34 million and 17% of revenue ...** growth initiatives delivering.
- **Growing LTM 2Q'17 Adj. EBITDA of €162m / 24% of revenue, and Adj. EBIT of €133m / 19% of revenue.**
- **Implementation of cost reduction and operational excellence** initiatives on track.

Second quarter performance continues with strong trend with steady revenue growth and stable adjusted earnings margins

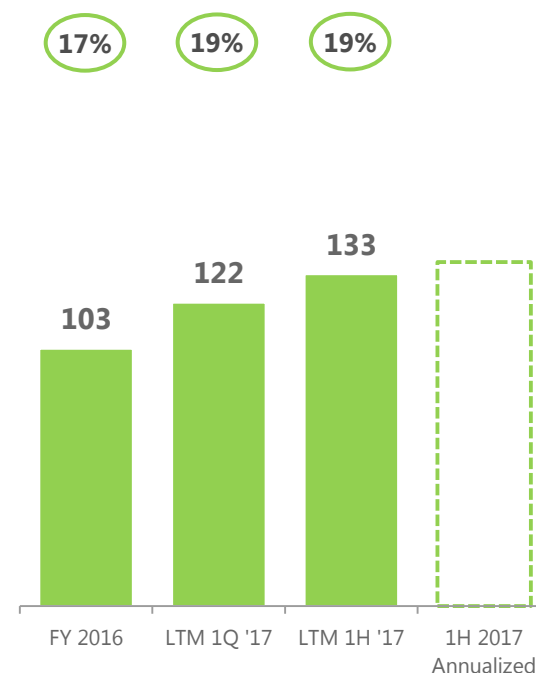
Revenues (€m)



Adj. EBITDA & Margin (€m, %)



Adj. EBIT & Margins (€m, %)



Revenue growth on track to beat guidance thanks to strong volume growth

Stable quarterly performance since 4Q 2016

**2Q Total Revenue up +29%/+€46 YoY; Growth Initiatives Delivering ...
Total EBITDA up +20%/+€6 YoY ... Total EBIT up +32%/+€7 YoY**

Consolidated P&L ('000 euros)

BEFESA Profit & Loss Statement ('000 euros)	Reported(*)			Reported (*)		
	2Q 2016	2Q 2017	Change	1H 2016	1H 2017	Change
Revenue	156.059	201.593	45.534	300.817	374.383	73.566
EBITDA	29.814	35.869	6.055	52.742	71.332	18.590
Depreciation, amortization and impairment provisions	(8.295)	(7.571)	724	(16.537)	(15.111)	1.426
EBIT	21.519	28.298	6.779	36.205	56.221	20.016
Financial result	(9.429)	(12.596)	(3.167)	(19.424)	(23.160)	(3.736)
Earnings Before Taxes	12.090	15.702	3.612	16.781	33.061	16.280
Income tax expense	(4.093)	(4.453)	(360)	(6.088)	(10.053)	(3.965)
Result from continuing operations	7.997	11.249	3.252	10.693	23.008	12.315
Result from discontinuing operations	(383)	1.684	2.067	(1.825)	4.233	6.058
Net income	7.614	12.933	5.319	8.868	27.241	18.373

Comments

- 2Q '17 **revenue** reached €202, increasing +29%/+€46 YoY as well as up +24%/+€74 vs 1H'16. Growth initiatives delivering.
- 2Q '17 reported **EBITDA** at €36 increased +€6 or +20% YoY. Compared to 1H 2016 was €19 above mainly due to higher volumes in WOX sales & salt slags volumes recycled together with higher LME metal average prices, the favorable development of Treatment Charges and, in particular, the fact that TC's were settled without escalators in 2017, as well as Cost Savings/Operational Excellence.
- 2Q '17 **EBIT** at €28 increased +€7 or +32% YoY, as well as up +€20 or +55% vs 1H'16. EBIT drivers are in line with the EBITDA.
- The decrease in **financial result** by €3,2m YoY and c. €3,7m vs 1H'16 is mainly driven by extraordinary financial incomes in 1H 16, linked to the Bernburg loan discount and interests incomes from Central Treasury with the subsidiaries divested.
- The **discontinued operations** result is due to the incomes obtained with the disposal of remaining IES subsidiaries, process started at the end of 2016.

(*) Reported figures at Befesa Holding S.à.r.l. level

Strong Cash Generation ... Cash Up €40 YoY from €44 to €84 after (€5) Taxes, (€23) Interests, (€5) Maintenance & Productivity CapEx ...

Consolidated Cash Flow ('000 euros)

BEFESA Cash Flow Statement ('000)	Reported(*)			Reported (*)		
	2Q 2016	2Q 2017	Change	1H 2016	1H 2017	Change
Cash flows from operating activities	30.187	32.760	2.573	48.138	68.957	20.819
Taxes paid	(7.401)	(4.939)	2.462	(9.801)	(11.812)	(2.011)
Interest paid	(25.734)	(23.462)	2.272	(28.671)	(24.709)	3.962
Net cash flows from operating activities (I)	(2.948)	4.359	7.307	9.666	32.436	22.770
Net cash flows from investing activities (II)	(13.677)	(6.175)	7.502	(18.916)	41.139	60.055
Net cash flows from financing activities (III)	5.256	(6.410)	(11.666)	(3.562)	(50.129)	(46.567)
Net increase in cash and cash equivalents (I+II+III+IV)	(11.350)	(9.032)	2.318	(13.085)	22.640	35.725
Cash and cash equivalents at beginning of year	55.518	93.675	38.157	57.253	62.003	4.750
Cash and cash equivalents at end of year	44.168	84.643	40.475	44.168	84.643	40.475

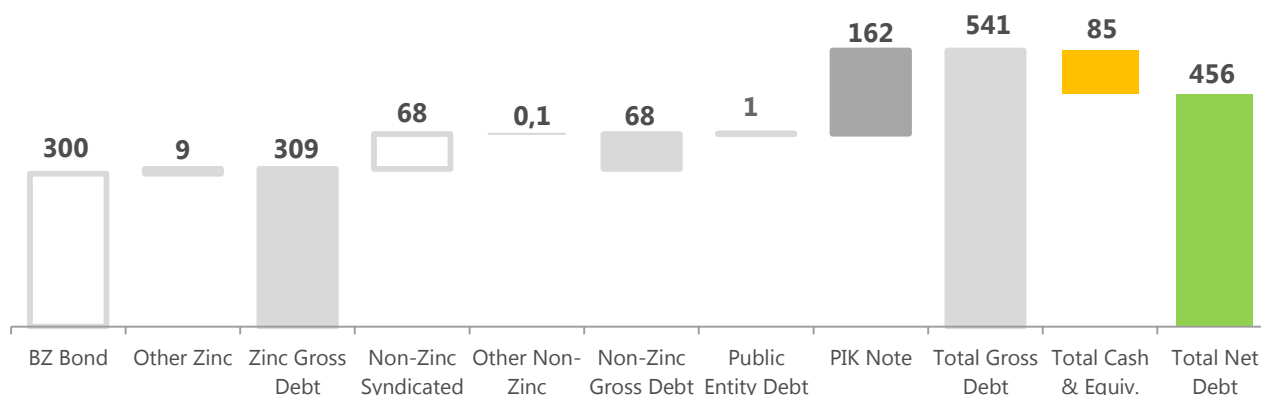
Comments

- 2Q 2017 net cash flows from **operating activities** at **€4,4 million**; **up €7 million YoY** mainly due to the **better operational performance** and **less interest and taxes paid**.
- 2Q 2017 net cash flows used in **investing activities** were **€6,2 million**, mainly driven by **maintenance capex** and capex invested for productivity projects.
- Net cash flows used for **financing activities** were **(€6,4) million** - mainly driven by the non zinc **debt repayment**.
- As of June 30th 2017, **liquidity** amounted to a solid **€85 million** including only **cash on hand**.

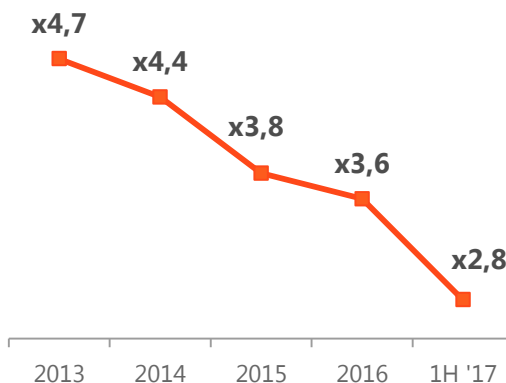
Reduced leverage further to x2.8 with 2Q close ...



Total Net Debt (excl. Factoring/Confirming⁽¹⁾): June YTD 2017 (€m)



Leverage Evolution



Strong liquidity and compliant with all debt covenants

(1) Excludes Non Recourse Factoring and Confirming of €49,9m as of June 30th 2017

(2) Assuming LTM as of June 30th 2017 Consolidated Adjusted EBITDA of €162m

(3) Assuming LTM as of June 30th 2017 Steel Dust Recycling Services Adjusted EBITDA of €123m

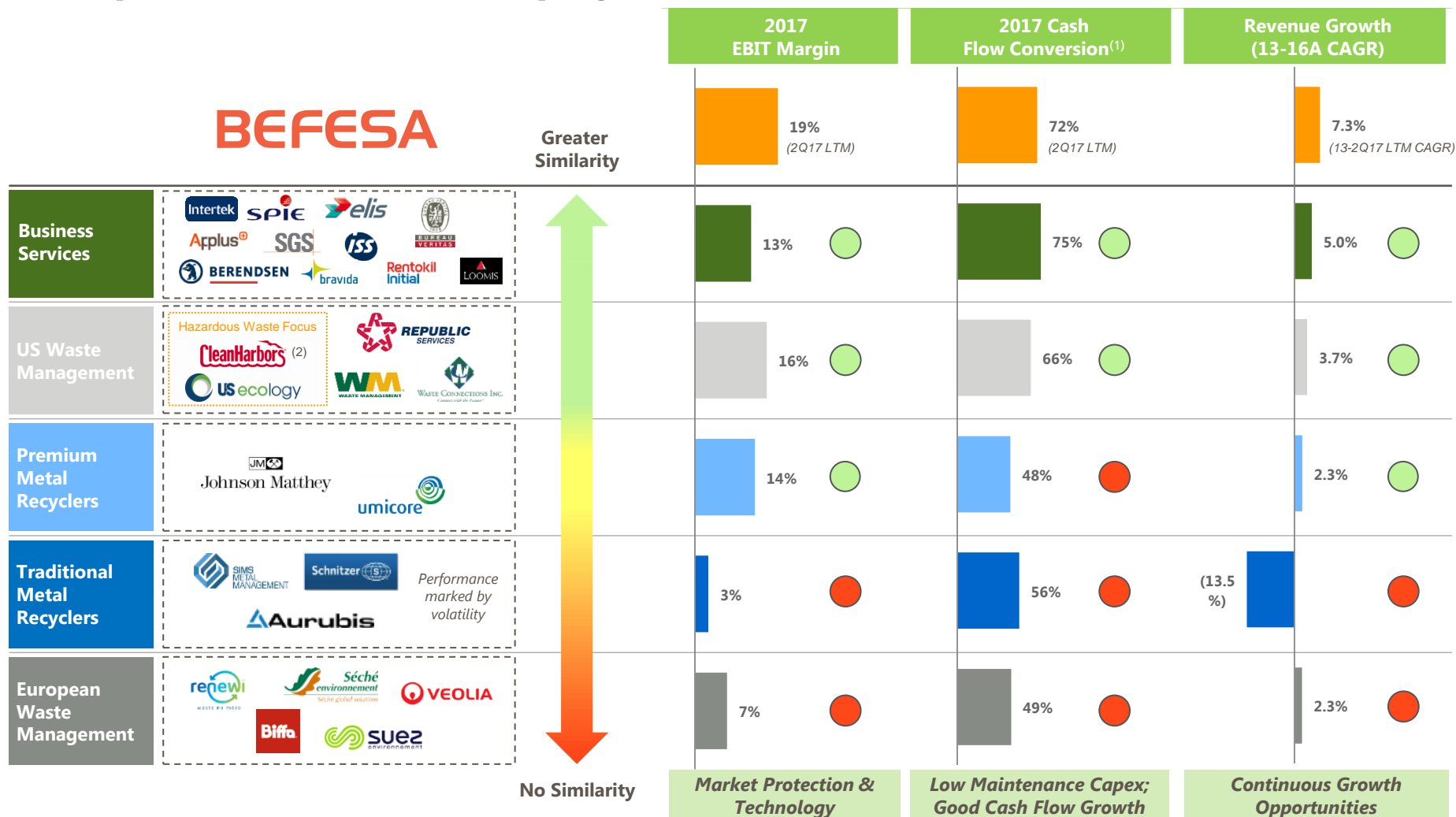
(4) Assuming LTM as of June 30th 2017 Aluminium Salt Slags Services Adjusted EBITDA of €39m (incl. Corporate & Argentina)

(5) Befesa and its shareholders are continuously evaluating all kinds of capital market relevant actions and refinancing options including a recapitalization and / or an initial share listing.

Befesa shows the key characteristics of a premium services and waste management company

	BEFESA	Metal Recyclers	Standard Biz. Services	Premium Biz. Services / Waste Mgmt.
Stability of earnings	✓	✗	✓	✓
Delivering “mission critical” services	✓	✗	✗	✓
High barriers to entry	✓	✗	✗	✓
Market leadership positions	✓	✗	✗	✓
Technological know-how and R&D	✓	✗	✗	✓
Regulatory requirements	✓	✗	✗	✓
Structural leverage to megatrends-led growth	✓	✓	✓	✓
Environmental, HSE necessity	✓	✓	✗	✓
Attractive financial profile, strong margins and cash flows	✓	✗	✓	✓

Befesa's financial performance is closest to Business Services companies and US Waste players ...



(1) Defined as (EBITDA – Capex) / EBITDA. (2) 2018E Margin used for CleanHarbors given ongoing restructuring.

Source: Factset, as of 19-July-2017. Figures represent median of peers for each of the segments. The financial data presented with respect to other companies has been compiled by Factset from the publicly available information of the respective companies. Befesa has not independently verified the financial information of such other companies and these companies may calculate similarly titled financial measures differently than Befesa does. Befesa's presentation of such financial measures may therefore not be comparable to other companies' similarly titled measures and analysts should use caution when making such comparisons.

Javier Molina

Chief Executive Officer

Main Priorities for 2017

**Focus on profitable growth in core markets (Steel Dust & Alu Salt Slags)
... Continuing operational excellence**

- **Maintain a leading** position in **steel dust & alu salt slag** services in **Europe**
- **Cash focus** by managing capex, WC and operating cash flows adequately
- Sustain & further improve our **EH&S** performance across our global operations
- Continue growth initiatives to further **increase and secure plant utilization** of our steel dust and salt slags plants incl. emerging markets
- Continue the **operational excellence culture** and rigor

Business & Market Overview

2017 expected to be another strong year for Befesa based on current market trends ...


- **Strong volume** expected in **steel dust** driven by **positive steel industry** in **Europe** as well as higher volume in **emerging** markets of **Korea and Turkey**
- **Volume increase** expected in **aluminium** mainly driven by **higher production** in **Bernburg** -&- supported by **good expectations** in the **auto industry** in **Europe**
- **Good zinc price fundamentals** and **hedging policy** in place to **secure a good blended price**
- New businesses perimeter (i.e. IES divested) allows management to **focus on core businesses** and **execute strategy**

Q&A

Appendix

Financial Reporting by Segments adjusted to reflect new business perimeter after divestitures ...

Previous Financial Segmentation

- **Zinc Business**
 - Crude Steel
 - Stainless Steel
- **Non Zinc Business**
 - Aluminium
 - IES 
- **Total Befesa Consolidated**

New Financial Segmentation

- **Steel Dust Recycling Services(*)**
- **Aluminium Salt Slags Services**
 - Salt Slags
 - Secondary Aluminium
- **Total Befesa Consolidated(**)**

(*) Simplified to reflect both Crude Steel and Stainless Steel given limited financial contribution of the latter;

(**) Including Corporate and Argentina in Befesa Consolidated.

		2Q	2Q	2Q 2017 vs 2016		1H	1H	1H 2017 vs 2016	
		2016	2017	Change		2016	2017	Change	
				(tons)	(%)			(tons)	(%)
Crude steel dust recycling									
Installed capacity ¹	tons	780.300	780.300	0	0,0%	780.300	780.300	0	0,0%
Crude steel dust processed	tons	138.167	159.012	20.845	15,1%	276.288	315.549	39.261	14,2%
Waelz oxide produced	tons	48.210	53.104	4.894	10,2%	95.711	106.984	11.273	11,8%
Waelz oxide sold	tons	47.516	53.247	5.731	12,1%	96.203	107.770	11.567	12,0%
Zinc content in sale	tons	31.734	35.852	4.118	13,0%	64.328	72.145	7.817	12,2%
Annual average zinc LME price ²	EUR / ton	1.699	2.358	659	38,8%	1.611	2.487	876	54,4%
Avg effective zinc blended price incl. Hedging ³	EUR / ton	1.837	2.054	217	11,8%	1.724	2.113	389	22,6%
Utilization ⁴	%	71,0%	81,7%			71,0%	81,5%		
Stainless steel dust recycling									
Installed capacity	tons	174.000	174.000	0	0,0%	174.000	174.000	0	0,0%
Stainless steel dust processed	tons	31.246	14.503	(16.743)	-53,6%	48.500	24.015	(24.484)	-50,5%
Sale of alloys	tons	894	3.441	2.546	284,7%	4.021	3.655	(365)	-9,1%
Annual average nickel LME price	EUR / ton	7.815	8.385	570	7,3%	7.765	9.031	1.267	16,3%
Utilization ⁴	%	72,0%	33,4%			55,9%	27,8%		

1 The installed crude steel dust recycling capacity consolidates 100% of the total annual recycling capacity of BZ Korea (since July 2016 we have a 100% stake in BZ Korea).

2 LME Zinc daily cash settlement average prices.

3 Blended includes impact of hedges as well as impact of volume weighting by month, and reflects the effective price in P&L, not the average LME.

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

		2Q 2016	2Q 2017	2Q 2017 vs 2016 Change		1H 2016	1H 2017	1H 2017 vs 2016 Change	
				(tons)	(%)			(tons)	(%)
Salt slags and SPLs recycling									
Installed capacity ⁵	tons	609.000	630.000	21.000	3,4%	609.000	630.000	21.000	3,4%
Salt slags recycled	tons	126.854	129.598	2.744	2,2%	236.268	247.557	11.289	4,8%
SPLs recycled	tons	6.527	9.432	2.905	44,5%	15.653	17.665	2.012	12,9%
Aluminium concentrate produced	tons	10.376	10.229	(147)	-1,4%	19.329	19.767	438	2,3%
Aluminium salt produced	tons	45.537	47.672	2.135	4,7%	81.534	92.726	11.192	13,7%
Utilization ⁶	%	105,1%	105,2%			99,3%	100,9%		
Secondary aluminium production									
Installed capacity ⁵	tons	205.000	205.000	0	0,0%	205.000	205.000	0	0,0%
Scrap aluminium recycled	tons	72.688	68.909	(3.779)	-5,2%	141.486	140.481	(1.005)	-0,7%
Secondary aluminium alloys produced	tons	50.493	48.280	(2.213)	-4,4%	97.563	98.835	1.272	1,3%
Annual avg. aluminium alloy LME price ⁷	EUR / ton	1.366	1.503	137	10,1%	1.392	1.521	129	9,3%
Annual avg. high-grade aluminium LME price ⁸	EUR / ton	1.392	1.734	342	24,6%	1.384	1.736	352	25,5%
Utilization ⁶	%	98,8%	94,5%			95,4%	97,2%		

5 Salt Slags Recycling Capacity includes the 100.000 tons of recycling installed capacity at our Töging (Germany) plant, which is currently idle. Salt Slags Recycling Capacity in 2017 includes additional capacity thanks to de-bottlenecking at Valladolid. Secondary Aluminium Production Capacity includes Bernburg with 75.000 tons of annual production capacity.

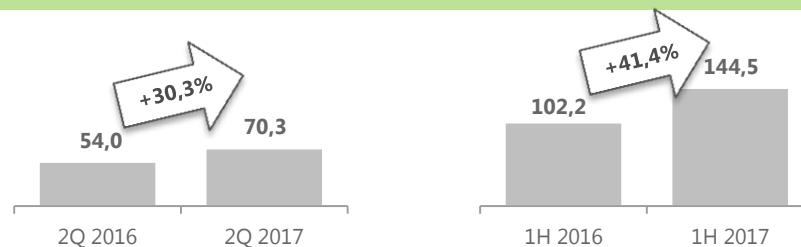
6 Utilization represents the volume of salt slag and SPLs received by our plants for recycling against annual installed recycling capacity (not including the 100.000 tons of capacity at our Töging (Germany) plant, which is currently idle), or secondary aluminium produced against annual installed production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

7 LME Aluminium Alloy daily cash settlement average prices.

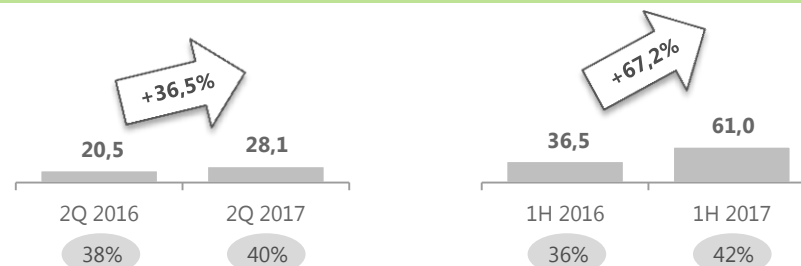
8 LME Aluminium High Grade daily cash settlement average prices.

Higher EBITDA and EBIT YoY in our crude steel segment mainly due to recovering zinc prices and higher WOX volumes sold

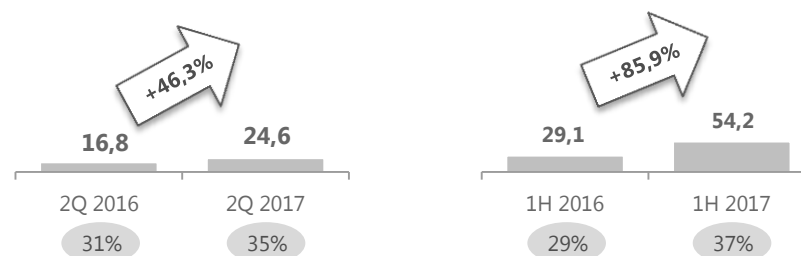
Crude Steel Revenues (€m)



Crude Steel Adj. EBITDA (€m)

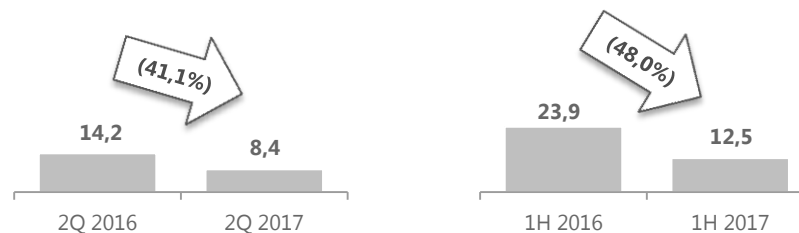


Crude Steel Adj. EBIT (€m)

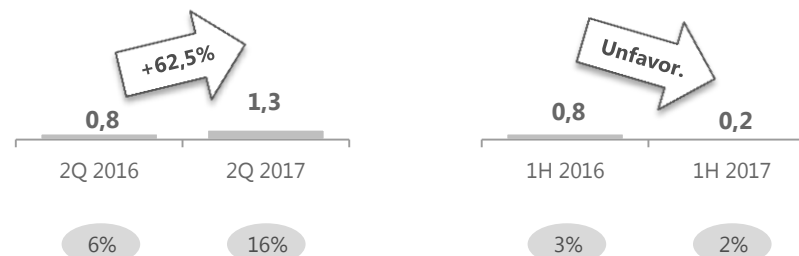


Lower stainless steel volumes paired with margin in the sale of alloys still depressed ... ScanDust shutdown resolved end of May

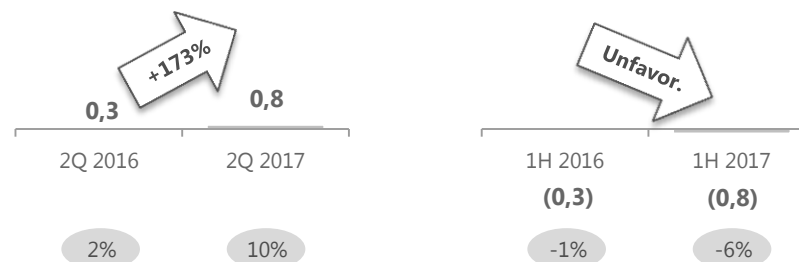
Stainless Revenues (€m)



Stainless Adj. EBITDA (€m)



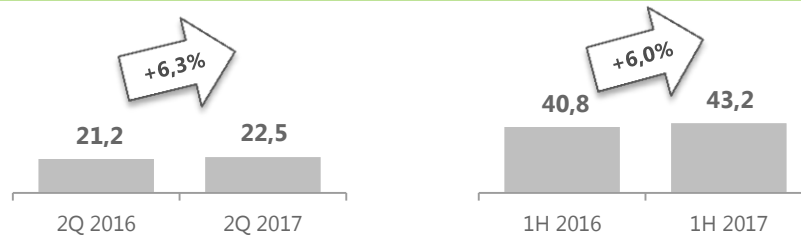
Stainless Adj. EBIT (€m)



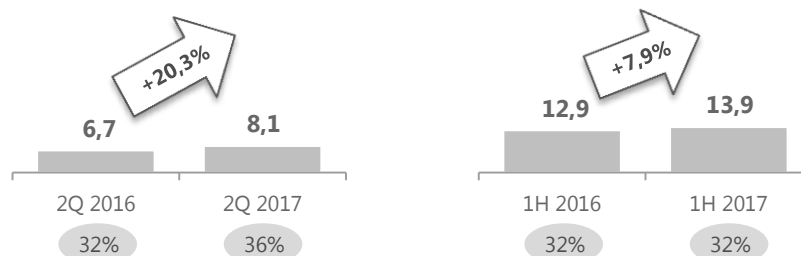
Higher volumes of salt slags ...

Aluminium alloy LME prices recovering but still room to improve

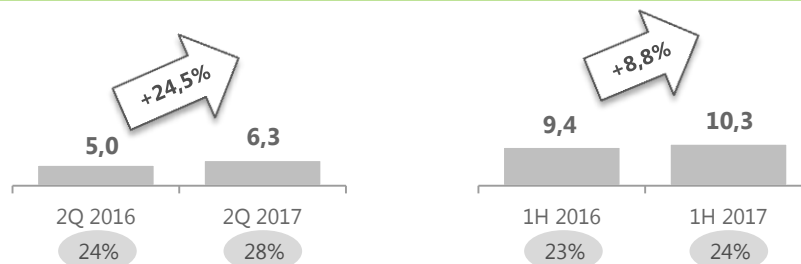
Salt Slags Revenues (€m)



Salt Slags Adj. EBITDA (€m)

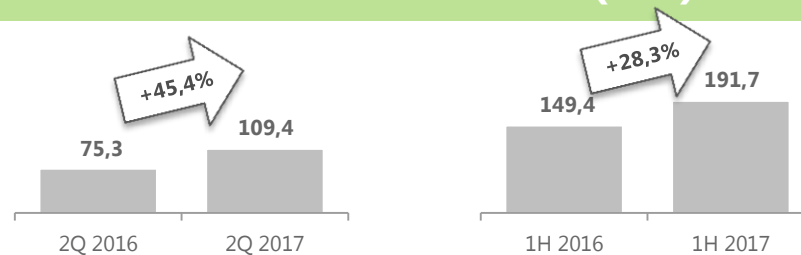


Salt Slags Adj. EBIT (€m)

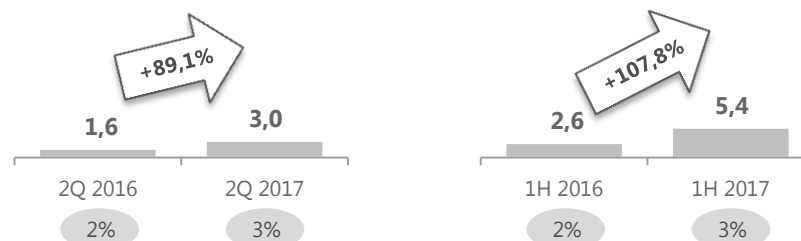


Volumes of aluminium alloys produced in line with 1H 2016 ...
But aluminium metal margin still room to improve further

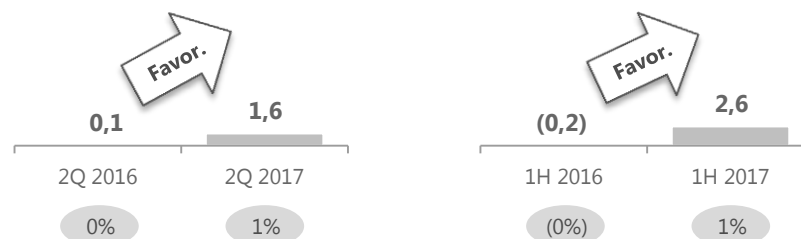
Sec. Aluminium Revenues (€m)



Sec. Aluminium Adj. EBITDA (€m)



Sec. Aluminium Adj. EBIT (€m)



Steel Dust Recycling Services

Operational data (Kt)	2013			2014			2015			2016		
Financial data (M€)	Crude	Stainless	Total	Crude	Stainless	Total	Crude	Stainless	Total	Crude	Stainless	Total
Steel dust treated	548	106	654	606	89	695	580	94	674	589	92	680
WOX sold	191	--	191	209	--	209	200	--	200	203	--	203
Zinc content in sale	127	--	127	140	--	140	134	--	134	136	--	136
Revenue reported	198	55	253	215	47	262	210	44	254	238	43	281
EBITDA reported	78	(1)	76	90	3	93	75	5	80	97	(1)	97
EBIT reported	66	(26)	40	73	(0)	73	59	(7)	52	82	(9)	73
EBITDA adjusted	70	(1)	69	85	2	87	75	3	78	98	1	99
EBIT adjusted	59	(6)	53	72	(1)	71	61	0	61	83	(2)	81
Operating cash flow (*)	--	--	--	--	--	68	--	--	62	--	--	76
Maintenance capex (**)	--	--	7	--	--	5	--	--	6	--	--	5

1H 2016			1H 2017		
Crude	Stainless	Total	Crude	Stainless	Total
276	48	325	316	24	340
96	--	96	108	--	108
64	--	64	72	--	72
102	24	126	145	12	157
36	1	37	61	(7)	54
29	(1)	29	54	(8)	47
36	1	37	61	0	61
29	(0)	29	54	(1)	53
--	--	15	--	--	39
--	--	3	--	--	4

Aluminium Salt Slags Services

Operational data (Kt)	2013			2014			2015			2016		
Financial data (M€)	SS/SPL	2nd Alu	Total	SS/SPL	2nd Alu	Total	SS/SPL	2nd Alu	Total	SS/SPL	2nd Alu	Total
Salt Slag / SPL treated	437	--	437	432	--	432	465	--	465	492	--	492
2nd alu alloys produced	--	114	114	--	126	126	--	170	170	--	181	181
Revenue reported	68	231	263	69	246	283	84	321	360	79	285	324
EBITDA reported	18	5	23	21	9	30	29	14	42	24	8	32
EBIT reported	12	2	14	15	6	21	22	9	31	12	1	13
EBITDA adjusted	18	5	23	21	10	31	30	14	44	25	9	33
EBIT adjusted	12	2	14	15	7	22	23	9	32	18	3	21
Operating cash flow (*)	--	--	--	--	--	20	--	--	36	--	--	27
Maintenance capex (**)	--	--	7	--	--	2	--	--	6	--	--	5

1H 2016			1H 2017		
SS/SPL	2nd Alu	Total	SS/SPL	2nd Alu	Total
252	--	252	265	--	265
--	98	98	--	99	99
41	149	170	43	192	215
13	2	15	14	5	19
9	(1)	8	10	3	13
13	3	15	14	5	19
9	(0)	9	10	3	13
--	--	16	--	--	18
--	--	2	--	--	2

Befesa Consolidated (***)

Operational data (Kt)	2013		2014		2015		2016	
Financial data (M€)	Total		Total		Total		Total	
Revenue proforma	535		554		631		612	
EBITDA proforma	84		125		128		129	
EBIT proforma	38		88		83		84	
EBITDA adjusted	95		123		123		133	
EBIT adjusted	70		97		95		103	
Operating cash flow (*)	--		88		101		110	
Maintenance capex (**)	15		9		12		10	

1H 2016		1H 2017	
Total		Total	
301		374	
53		71	
36		56	
54		83	
39		69	
35		64	
4		6	

(*) Operating cash flow calculated as Adjusted EBITDA +/- WC change - maintenance capex - taxes

(**) Maintenance capex figures as per B/S include only maintenance (not productivity, IT, or regulatory/compliance capex).

(***) Befesa Consolidated includes Argentina and Corporate. Befesa proforma financial metrics are normalized of IES discontinued businesses.

(Figures in million euros)	2013	2014	2015	2016	1H 16	1H 17	LTM 1H17
EBITDA Proforma-Adjusted							
Revenues	535,2	554,5	631,2	611,7	300,8	374,4	685,3
EBITDA Proforma	84,0	124,9	128,0	129,0	52,7	71,3	147,6
Adjustments to EBITDA:							
Steel Dust Recycling Services	(7,2)	(5,5)	(1,8)	2,3	0,0	6,8	9,1
Aluminium Salt Slags Services	0,0	0,6	1,5	1,7	0,9	0,2	1,0
Corporate	18,0	2,8	(4,9)	(0,2)	0,2	4,7	4,3
Total Adjustments to EBITDA	10,8	(2,1)	(5,1)	3,8	1,2	11,8	14,4
EBITDA Proforma Adjusted	94,9	122,8	122,9	132,7	53,9	83,1	161,9
EBIT Proforma-Adjusted							
EBIT Proforma	38,3	87,6	83,1	84,5	36,2	56,2	104,5
Adjustments to EBIT							
Steel Dust Recycling Services	20,4	3,3	11,1	5,6	0,2	0,0	5,4
Aluminium Salt Slags Services	0,0	0,3	0,1	6,7	0,1	0,0	6,5
Corporate	0,6	8,3	5,9	2,9	1,4	1,1	2,5
Total Adjustments to EBIT	21,0	11,8	17,0	15,1	1,8	1,1	14,4
Total Adjustments to EBITDA	10,8	(2,1)	(5,1)	3,8	1,2	11,8	14,4
EBIT Proforma Adjusted	70,1	97,4	95,0	103,3	39,1	69,1	133,3

BEFESA Consolidated Steel Dust Recycling Services – Detailed P&L

BEFESA ZINC

Profit & Loss Statement ('000 euros)	2Q 2016	2Q 2017	Change	1H 2016	1H 2017	Change
Revenue	68.174	78.686	10.512	126.154	156.997	30.843
Cost of sales	(41.715)	(47.914)	(6.199)	(78.604)	(93.686)	(15.082)
Other operating income	854	3.233	2.379	1.313	3.518	2.205
Gross profit	27.313	34.005	6.692	48.863	66.829	17.966
Depreciation and amortization charge	(4.363)	(3.974)	389	(8.717)	(7.894)	823
General and administrative expenses	(5.841)	(6.191)	(350)	(11.591)	(12.403)	(812)
Impairment losses	-	-	-	-	-	-
Income from operations	17.109	23.840	6.731	28.555	46.532	17.977
Finance income	42	75	33	84	111	27
Finance costs	(6.719)	(7.306)	(587)	(14.239)	(14.441)	(202)
Exchange differences (gains and losses)	866	(853)	(1.719)	379	(70)	(449)
Financial loss	(5.811)	(8.084)	(2.273)	(13.776)	(14.400)	(624)
Profit before tax	11.298	15.756	4.458	14.779	32.132	17.353
Income tax	(3.417)	(4.091)	(674)	(5.337)	(10.204)	(4.867)
Profit for the year from continuing operations	7.881	11.665	3.784	9.442	21.928	12.486
Profit for the year	7.881	11.665	3.784	9.442	21.928	12.486
Attributable to:						
Shareholders of the parent	7.912	11.026	3.114	9.663	19.606	9.943
Minority interests	(31)	639	670	(221)	2.322	2.543
EBITDA	21.472	27.814	6.342	37.272	54.426	17.154

BEFESA ZINC

Balance Sheet ('000 Euros)

Assets	30.06.2017	31.12.2016	Equity and liabilities	30.06.2017	31.12.2016
Non-current assets:			Equity:		
Intangible assets:			Of the Parent:		
Goodwill	278.357	278.357	Share capital	25.010	25.010
Other intangible assets	2.018	2.684	Unrealized asset & liability revaluation reserve	(27.877)	(40.477)
	280.375	281.041	Other reserves	87.486	74.536
			Translation differences	(113)	2.089
Property, plant and equipment:			Net profit for the year	19.606	21.220
Property, plant and equipment in use	113.248	120.696		104.112	82.378
Property, plant & equipment in course of construction	10.867	5.386	Of minority interests	7.841	7.819
	124.115	126.082	Total equity	111.953	90.197
Investments accounted for using the equity method			Non-current liabilities:		
Non-current financial assets:			Provisions for contingences and expenses	4.243	4.560
Investments securities	1.721	1.721	Bank borrowings and finance leases	575	299.333
Other financial assets	1.065	523	Capital grants	1.454	1.619
	2.786	2.244	Other non-current liabilities	96	115
Derivative financial instruments	0	0	Derivative financial instruments	14.019	30.987
Deferred tax assets	46.393	52.380	Deferred tax liabilities	19.824	20.347
Total non-current assets	453.669	461.747	Total non-current liabilities	40.211	356.961
Current assets:			Current liabilities:		
Inventories	14.271	13.126	Bank borrowings and finance leases	307.925	7.819
Trade and other receivables	42.291	36.760	Trade payables, related companies	11.862	14.122
Trade receivables, related companies	2.546	2.441	Trade and other payables	34.184	30.935
Tax receivables	4.431	3.471	Derivative financial instruments	35.304	36.397
Other receivables	5.943	4.248	Other payables:		
Derivative financial instruments	0	0	Tax payables	9.272	8.874
Other current financial assets	12	0	Other current liabilities	8.327	9.360
Cash and cash equivalents	35.875	32.872		17.599	18.234
Total current assets	105.369	92.918	Total current liabilities	406.874	107.507
Total assets	559.038	554.665	Total equity and liabilities	559.038	554.665

Hedging accounting:

€49.3m	Total Derivative Financial Instruments
(€34.6m)	Net of Taxes (incl. under "Unrealized Asset & Liability Revaluation Reserve")
€14.7m	Difference included under "Deferred Tax Assets"

2Q 2017 with positive cash flow driven by operating activities

- **Operating activities:** During 2Q 2017 net cash flows generated by operating activities amounted to **€3,8 million** (a €4m increase vs 2Q 2016), **driven by the EBITDA improvement and lower taxes paid.**
- **Investing activities:** During 2Q 2017 net cash flows used in investing activities were **€4,7 million**, mainly driven by the annual **maintenance capex as well as some environmental investments to comply with regulations.**
- **Financing activities:** During 2Q 2017 net cash flows used in financing activities were **€8,0 million due to a distribution of dividends.**
- **Liquidity:** As of June 30th 2017, our liquidity amounted to **€35,9 million** including cash on hand and short-term financial investments.

BEFESA ZINC

<i>Cash Flow Statement ('000 euros)</i>	2Q 2016	2Q 2017	Change	1H 2016	1H 2017	Change
Cash generated from operations	20.020	20.924	904	27.736	44.622	16.886
Taxes paid	(6.552)	(3.467)	3.085	(9.684)	(10.479)	(795)
Interest paid	(14.023)	(13.718)	305	(14.723)	(14.173)	550
Interest received	42	75	33	84	111	27
Net cash flows from operating activities (I)	(513)	3.814	4.327	3.413	20.081	16.668
Net cash flows from investing activities (II)	(2.832)	(4.746)	(1.914)	(5.779)	(6.465)	(686)
Net cash flows from financing activities (III)	(5.236)	(8.018)	(2.782)	(5.250)	(9.807)	(4.557)
Effect of foreign exchange rate changes on cash and cash equivalents (IV)	0	(806)	(806)	0	(806)	(806)
Net increase in cash and cash equivalents (I+II+III+IV)	(8.581)	(9.756)	(1.175)	(7.616)	3.003	10.619
Cash and cash equivalents BoP	25.313	45.631		24.348	32.872	
Cash and cash equivalents EoP	16.732	35.875		16.732	35.875	

BEFESA ZINC

Cash Flow Statement ('000 euros)

	2Q 2016	2Q 2017	Change	1H 2016	1H 2017	Change
Cash flows from operating activities						
Profit for the period before tax	11.298	15.756	4.458	14.779	32.132	17.353
Adjustments due to:						
Amortization / depreciation	4.363	3.974	(389)	8.717	7.894	(823)
Impairment test	0	0	0	0	0	0
(Profit) / loss on disposal of non-current assets	(20)	7	27	(7)	24	31
Change in provisions	(25)	(252)	(227)	(28)	(283)	(255)
Financial income	(42)	(75)	(33)	(84)	(111)	(27)
Financial expense	6.719	7.306	587	14.239	14.441	202
Income from government grants	(70)	(82)	(12)	(149)	(165)	(16)
Exchange differences	(866)	853	1.719	(379)	70	449
Change in working capital:						
Change in trade receivables and other receivables	(1.766)	(611)	1.155	(7.736)	(5.532)	2.204
Change in inventories	(623)	238	861	(406)	(2.175)	(1.769)
Change other current assets	1.393	(476)	(1.869)	1.016	(2.760)	(3.776)
Change in other current liabilities	(341)	(5.714)	(5.373)	(2.226)	1.087	3.313
Cash generated from operations	20.020	20.924	904	27.736	44.622	16.886
Taxes paid	(6.552)	(3.467)	3.085	(9.684)	(10.479)	(795)
Interest paid	(14.023)	(13.718)	305	(14.723)	(14.173)	550
Interest received	42	75	33	84	111	27
Net cash flows from operating activities (I)	(513)	3.814	4.327	3.413	20.081	16.668
Cash flows from investing activities						
Purchase of intangible assets	(10)	0	10	(10)	(1)	9
Purchase of property, plant and equipment	(2.891)	(4.519)	(1.628)	(6.058)	(6.429)	(371)
Proceeds from disposal of assets	(45)	17	62	30	507	477
Acquisition / (disposal) of new subsidiaries	(51)	0	51	(51)	0	51
Other non-current financial assets	(26)	(244)	(218)	119	(542)	(661)
Capital grants received	191	0	(191)	191	0	(191)
Net cash flows from investing activities (II)	(2.832)	(4.746)	(1.914)	(5.779)	(6.465)	(686)
Cash flows from financing activities						
Repayment of borrowings and other long-term debt	(95)	(68)	27	(158)	(137)	21
Transactions with non controlling interest	0	0	0	0	0	0
Long-term borrowings	109	0	(109)	158	0	(158)
Distribution of dividends / capital reduction	(5.250)	(7.950)	(2.700)	(5.250)	(9.670)	(4.420)
Net cash flows from financing activities (III)	(5.236)	(8.018)	(2.782)	(5.250)	(9.807)	(4.557)
Effect of foreign exchange rate changes on cash and cash equivalents (IV)	0	(806)	(806)	0	(806)	(806)
Net increase in cash and cash equivalents (I+II+III+IV)	(8.581)	(9.756)	(1.175)	(7.616)	3.003	10.619
Cash and cash equivalents at beginning of the period	25.313	45.631	20.318	24.348	32.872	28.842
Cash and cash equivalents at end of the period	16.732	35.875	19.143	16.732	35.875	39.461

BEFESA

Profit & Loss Statement ('000 euros)	2Q 2016	2Q 2017	Change	1H 2016	1H 2017	Change
From continuing operations:						
Revenue	156.059	201.593	45.534	300.817	374.383	73.566
+/- Changes in inventories of finished goods & work in progress	(807)	(29)	778	(3.022)	712	3.734
Cost of sales	(78.496)	(115.699)	(37.203)	(152.420)	(203.601)	(51.181)
Other income	2.238	4.020	1.782	3.598	5.799	2.201
Employee benefits expense	(19.481)	(19.698)	(217)	(37.514)	(38.272)	(758)
Other expenses	(29.699)	(34.318)	(4.619)	(58.717)	(67.689)	(8.972)
Depreciation, amortisation and impairment provisions	(8.295)	(7.571)	724	(16.537)	(15.111)	1.426
EBIT	21.519	28.298	6.779	36.205	56.221	20.016
Finance income	1.930	686	(1.244)	3.711	1.722	(1.989)
Finance costs	(12.327)	(12.357)	(30)	(23.595)	(24.646)	(1.051)
Exchange differences	968	(925)	(1.893)	460	(236)	(696)
Financial result	(9.429)	(12.596)	(3.167)	(19.424)	(23.160)	(3.736)
Share of profit of companies carried using the equity method	-	-	-	-	-	-
EBT	12.090	15.702	3.612	16.781	33.061	16.280
Income tax expense	(4.093)	(4.453)	(360)	(6.088)	(10.053)	(3.965)
Result from continuing operations	7.997	11.249	3.252	10.693	23.008	12.315
From discontinuing operations:						
Profit for the year from discontinued operations	(383)	1.684	2.067	(1.825)	4.233	6.058
Net income	7.614	12.933	5.319	8.868	27.241	18.373
Attributable to:						
Owners of the parent	7.128	11.488	4.360	8.440	23.306	14.866
Non-controlling interests	486	1.445	959	428	3.935	3.507

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Balance Sheet ('000 euros)

Assets	30.06.17	31.12.16	Equity and liabilities	30.06.17	31.12.16
Non-current assets			Equity:		
Intangible assets			Attributable to owners of the parent -		
Goodwill	319.143	319.143	Share capital	13	13
Other intangible assets	8.086	10.153	Reserve for valuation adjustments deferred in equity	(22.955)	(34.748)
	327.229	329.296	Share premium	450.092	450.092
Property, plant and equipment -			Other reserves	(340.423)	(255.362)
Property, plant and equipment in use	227.680	240.183	Translation differences	(7.070)	(4.320)
Property, plant and equipment in progress	20.714	12.352	Net profit for the period	23.306	(84.160)
	248.394	252.535		102.963	71.515
Investments carried under the equity method	-	-	Non-controlling interests	18.627	17.205
Non-current assets -			Total equity	121.590	88.720
Securities portfolio	1.311	1.309			
Other financial assets	22.036	20.523	Non-current liabilities:		
	23.347	21.832	Provisions	4.507	5.245
Deferred income tax assets	86.377	93.626	Finance debt	212.587	552.411
Total non-current assets	685.347	697.289	Finance lease payables	134	166
			Deferred income tax liabilities	33.182	36.154
			Other non-current liabilities	27.640	53.040
			Total non-current liabilities	278.050	647.016
Current assets:					
Assets held for sale	-	65.797	Liabilities related to assets held for sale	-	7.209
Inventories	30.485	30.410	Finance debt	325.681	29.137
Trade and other receivables	69.524	62.113	Finance lease payables	118	170
Trade receivables, related parties	2.146	2.246	Trade payables, related parties	1.413	1.598
Tax receivables	19.543	10.358	Trade and other accounts payable	109.559	98.052
Other receivables	13.931	10.441	Provisions	1.147	2.971
Other current financial assets	311	1.758	Other payables -		
Cash and cash equivalents	84.643	59.048	Taxes payable	19.834	14.720
Total current assets	220.583	242.171	Other current liabilities	48.538	49.867
				68.372	64.587
			Total current liabilities	506.290	203.724
Total Assets	905.930	939.460	Total equity and liabilities	905.930	939.460

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Cash Flow Statement ('000)	2Q 2016	2Q 2017	Change	1H 2016	1H 2017	Change
Cash flows from operating activities:						
Profit (loss) for the period before tax	12.172	15.702	3.530	15.483	36.973	21.490
From continuing operations:	12.090	15.702	3.612	16.781	33.061	16.280
From discontinuing operations:	82	-	(82)	(1.298)	3.912	5.210
Adjustments due to:						
Depreciation and amortisation charge	10.460	7.571	(2.889)	20.885	15.111	(5.774)
Share of profit (loss) of associates	(39)	-	39	(81)	-	81
Changes in long-term provisions	21	-	(21)	21	-	(21)
Profit from disposals	-	-	-	-	(3.912)	(3.912)
Interest income	(925)	3	928	(1.525)	(1.722)	(197)
Finance costs	12.893	12.593	(300)	25.162	24.882	(280)
Other income/expenses	(663)	(311)	352	(1.062)	(615)	447
Changes in working capital:						
Trade receivables and other current assets	(3.511)	5.063	8.574	(11.623)	(8.816)	2.807
Inventories	(1.744)	827	2.571	3.276	(75)	(3.351)
Trade payables	1.523	(7.927)	(9.450)	(2.398)	8.955	11.353
Other cash flows from operating activities:						
Interest paid	(25.734)	(23.462)	2.272	(28.671)	(24.709)	3.962
Taxes paid	(7.401)	(4.939)	2.462	(9.801)	(11.812)	(2.011)
Other payments	-	(761)	(761)	-	(1.824)	(1.824)
Net cash flows from operating activities (I)	(2.948)	4.359	7.307	9.666	32.436	22.770
Cash flows from investing activities:						
Investments in intangible assets	(339)	-	339	(437)	-	437
Investments in property, plant and equipment	(10.616)	(5.431)	5.185	(16.469)	(8.923)	7.546
Proceeds from disposal of assets	-	(490)	(490)	-	52.445	52.445
Investments in subsidiaries and other non-current financial assets	(2.950)	-	2.950	(2.950)	(1.868)	1.082
Investments in other current financial assets	-	(254)	(254)	-	(515)	(515)
Disbursement due to other current financial assets	-	-	-	712	-	(712)
Dividends collected	228	-	(228)	228	-	(228)
Net cash flows from investing activities (II)	(13.677)	(6.175)	7.502	(18.916)	41.139	60.055
Cash flows from financing activities:						
Bank borrowings and other non-current borrowings	1.331	-	(1.331)	15.000	-	(15.000)
Repayment of bank borrowings and other long term debt	3.925	(5.699)	(9.624)	(18.562)	(47.699)	(29.137)
Dividends paid	-	(711)	(711)	-	(2.430)	(2.430)
Net cash flows from financing activities (III)	5.256	(6.410)	(11.666)	(3.562)	(50.129)	(46.567)
Effect of foreign exchange rate changes on cash and cash	19	(806)	(825)	(273)	(806)	(533)
Net increase in cash and cash equivalents (I+II+III+IV)	(11.350)	(9.032)	2.318	(13.085)	22.640	35.725
Cash and cash equivalents at beginning of year	55.518	93.675	38.157	57.253	62.003	4.750
Cash and cash equivalents at end of year	44.168	84.643	40.475	44.168	84.643	40.475

Note: reported figures at Befesa Holding S.à.r.l. level