

BEFESA

BEFESA

Third Quarter 2016 Earnings Presentation

22nd November 2016

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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 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 3Q revenues of €171 million, up 3% YoY.

- Steel results improving with LME zinc prices improving to max. levels reached in 2015.
- Aluminum operational performance good but LME prices down (~9%) YoY and metal margin still depressed.
- IES in line with expectations.

Consolidated 3Q EBITDA of €37 million, up 8% YoY with strong EBITDA% of Sales at 21% ... Managing through down cycle.

Stable consolidated financing position. Leverage at x4,5 at 3Q '16 and solid liquidity of €61 million. Compliant with covenants.

Befesa successfully closed Non Zinc refinancing and acquired remaining 20% stake of Korea Steel operations in July 2016.

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

- 153.516 tons of crude steel dust treated in 3Q 2016 (+**1,6%** vs 3Q 2015); 429.803 tons treated in 9M 2016 (+0,1% vs 9M 2015)

▪ WOX Sales

- 52.075 tons of WOX sold in 3Q 2016 (+**1,4%** vs 3Q 2015); 148.278 tons sold in 9M 2016 (+1,3% vs 9M 2015)

▪ Stainless Steel Throughput:

- 21.563 tons of stainless steel dust treated in 3Q 2016 (+**30,5%** vs 3Q 2015); 70.063 tons treated in 9M 2016 (+8,9% vs 9M 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 3Q'16 maintained the upward trend seen since begin of the year ... 3Q average at ~€2.000 or +22% higher YoY

Zinc Prices

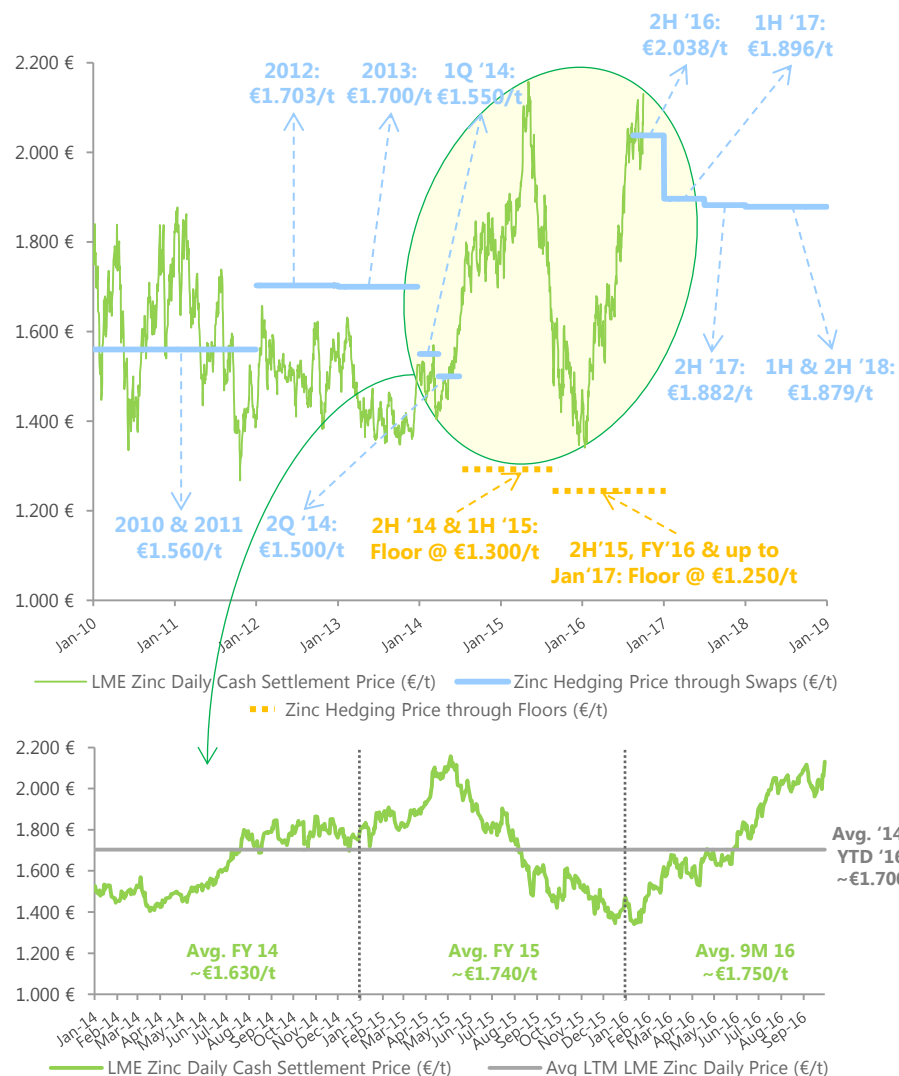
- During the **3Q '16** LME zinc prices **traded on average \$410/t above 3Q' 15 (\$2.255/t vs \$1.847/t), and approx. \$335/t above 2Q '16 average level.**
- LME zinc prices **ended the 3Q '16** at approx. the **maximum level seen in May '15** (approx. **\$2.378/t or €2.131/t**).
- Higher LME Zinc average price compared to 2Q '16 slightly offset by a unfavorable €/ \$ FX rate. US Dollar slightly appreciated against Euro** (1,12 in 3Q '16 vs 1,13 in 2Q '16, on average).

	3Q 2015	3Q 2016	% Var.	9M 2015	9M 2016	% Var.
Befesa blended zinc price (€/t)	1.659	2.017	+22%	1.831	1.745	-4,7%

Hedging

- Hedged through swaps until and including December 2018 ... ~60% of volume hedged for remaining 2016, 2017 and 2018 at record high € levels**

Period	Swaps avg. price €/t	Zinc content tons hedged
2H 2016	€2.038	30.500 tons
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



Javier Molina

Chief Executive Officer

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

Operational Performance

▪ Salt Slag/SPLs Recycled

- 110.632 tons of salt slag/SPL recycled in 3Q 2016 (+**8,1%** vs 3Q 2015); 360.710 tons recycled in 9M 2016 (+**5,1%** vs 9M 2015)

▪ Secondary Aluminum Alloys

- 39.608 tons of alloys produced in 3Q 2016 (+**2,6%** vs 3Q 2015); 137.171 tons produced in 9M 2016 (+**9,2%** vs 9M 2015)

Highlights

- **Strong salt slag and SPLs volumes over the 3Q 2016** versus same period of 2015.
- **Good secondary aluminum volumes** over the **3Q 2016** thanks to successful ramp up of our **plant in Bernburg**.
- **LME aluminum alloys prices still weak ... YoY average down** from ~€1.580 (avg 9M'15) to ~€1.395 (avg 9M'16) ... **~€185/t below** on average or **12% decrease YoY**.



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

Aluminum Growth

New Secondary Aluminum Plant in Bernburg (Germany)

- **3Q 2016 annualized run rate ~75% 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.



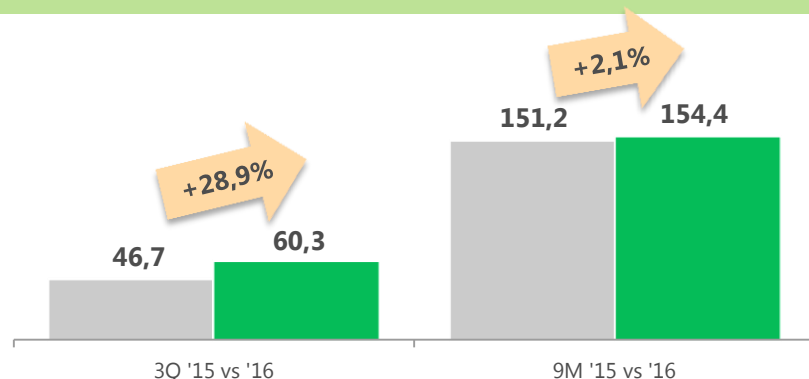
Wolf Lehmann

Chief Financial Officer

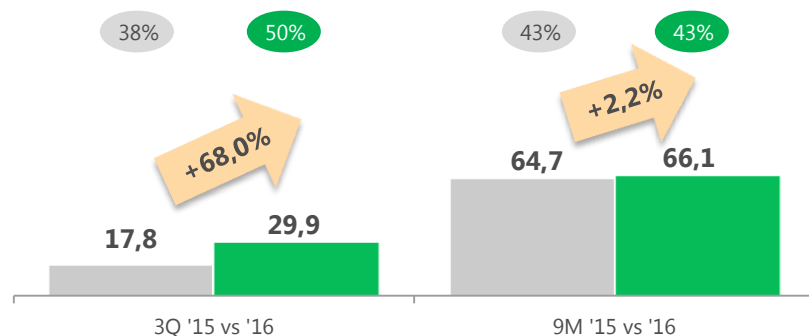
Zinc Financial Highlights

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

Crude Steel Revenues (€m)



Crude Steel EBITDA (€m)



% 2015 EBITDA margin % 2016 EBITDA margin

■ 2015 ■ 2016

Revenues Highlights

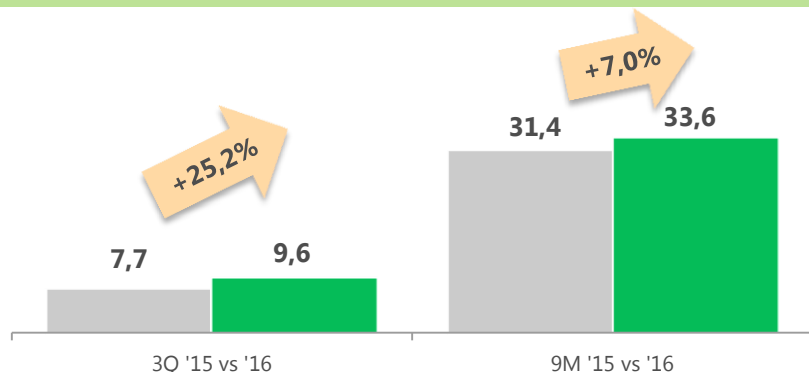
- YoY **3Q'16 vs. '15** the revenues **increased** by **€13,5** million or **+28,9%** mainly driven by:
 - increase** in the **zinc blended price** by **+22%**; ~€2.020 in 3Q'16 vs. ~€1.660 in 3Q'15
 - as well as by a **slight increase** of **WOX** tons **sold** by **+1,4%**, and **favorable treatment charges** for 2016
- YoY **9M '16 vs '15** revenues **increased** by **€3,1** million or **+2,1%** mainly driven by:
 - the **increase of WOX** tons **sold** by **+1,3%** or +1.832 tons, and **favorable treatment charges** for 2016
 - partially offset** by the **decrease** in the **zinc blended price** by **-4,7%**; ~€1.745 in 9M'16 vs. ~€1.830 in 9M'15

EBITDA Highlights

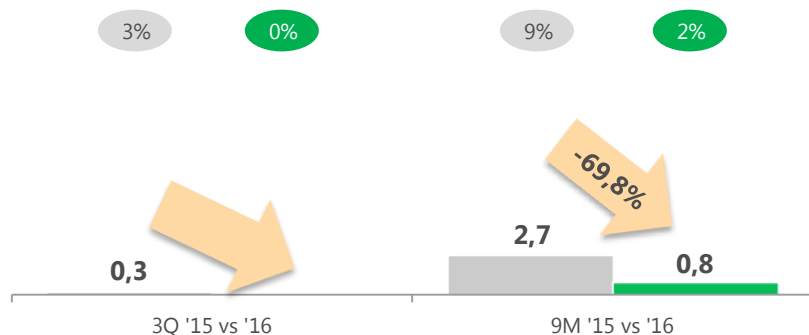
- The **EBITDA increase YoY** during 3Q as well as during 9M compared to the same periods in 2015 are mainly **driven by the zinc price development**.

**Good operational performance with stronger stainless steel volumes ...
LME nickel prices and margin in the sale of alloys still depressed**

Stainless Revenues (€m)



Stainless EBITDA (€m)



% 2015 EBITDA margin % 2016 EBITDA margin

■ 2015 ■ 2016

Revenues Highlights

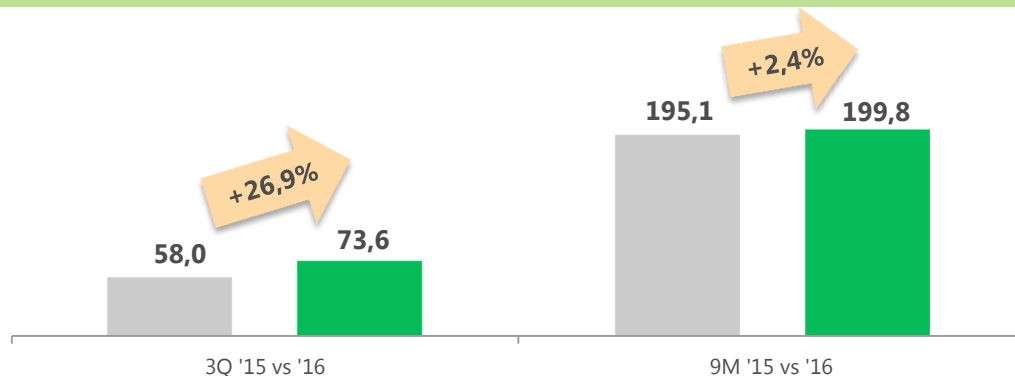
- The stainless steel segment revenues increased by **+25% vs 3Q'15** and by **+7% vs 9M'15** mainly driven by **higher volumes of stainless steel dust treated** of **+30,5%** and **+8,9%**, respectively.
- The increase in revenues were **partially offset by lower average nickel prices** compared to 3Q'15 (~€9.195 vs ~€9.490, or **-3% YoY**), and compared to 9M'15 (~€8.240 vs ~€11.340, or **-27% YoY**).

EBITDA Highlights

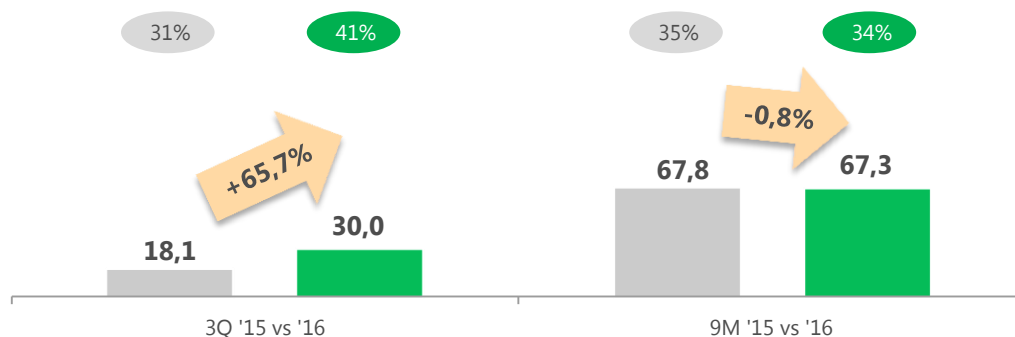
- Stainless EBITDA in 3Q'16 or 9M'16 decreased compared to prior year periods mainly explained by lower margins in the sale of alloys.

YoY increase in revenues and EBITDA in the zinc business unit driven by recovering LME zinc prices to maximum levels reached in 2015

Zinc Revenues (€m)



Zinc EBITDA (€m)



% 2015 EBITDA margin % 2016 EBITDA margin

9M 2016 with positive cash flow driven by operating activities

- **Operating activities:** During 9M 2016 the net cash flows generated by operating activities amounted to **€34,2 million** (a €3m decrease vs 9M 2015), **driven by the EBITDA improvement but offset by the increase in taxes paid.**
- **Investing activities:** During 9M 2016 the net cash flows used in investing activities were **€21,9 million**. During the third quarter of 2016 we acquired the **remaining 20% stake in Befesa Zinc Korea (€15m)**.
- **Financing activities:** During 9M 2016 the net cash flows used in financing activities were **€5,3 million** primarily due to a **dividend paid to its Befesa parent as contribution to the PIK interest payment.**
- **Liquidity:** As of September 30th 2016, our liquidity amounted to **€31,3 million** including cash on hand and short-term financial investments.

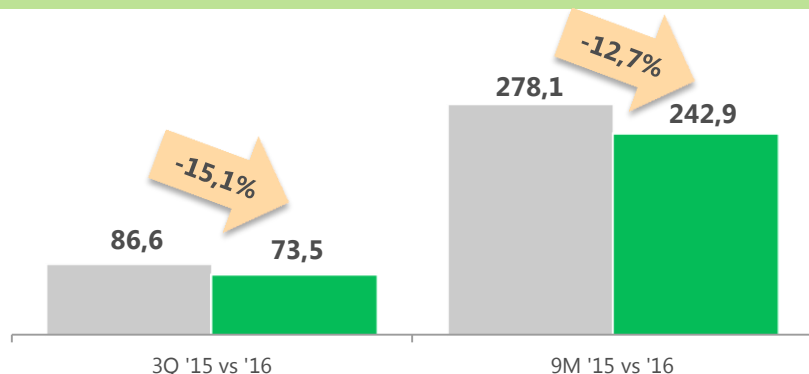
BEFESA ZINC

<i>Cash Flow Statement ('000 euros)</i>	3Q 2015	3Q 2016	Change	9M 2015	9M 2016	Change
Cash generated from operations	15.148	34.390	19.242	59.878	62.126	2.248
Taxes paid	(1.575)	(3.083)	(1.508)	(5.556)	(12.767)	(7.211)
Interest paid	(917)	(587)	330	(17.111)	(15.310)	1.801
Interest received	85	29	(56)	204	113	(91)
Net cash flows from operating activities (I)	12.741	30.749	18.008	37.415	34.162	(3.253)
Net cash flows from investing activities (II)	(5.980)	(16.154)	(10.174)	(19.352)	(21.933)	(2.581)
Net cash flows from financing activities (III)	(39)	(72)	(33)	(27.843)	(5.322)	22.521
Effect in change of the perimeter (IV)	0	0	0	0	0	0
Net increase in cash and cash equivalents (I+II+III+IV)	6.722	14.523	7.801	(9.780)	6.907	16.687
Cash and cash equivalents BoP	32.499	16.732		49.001	24.348	
Cash and cash equivalents EoP	39.221	31.255		39.221	31.255	

Aluminum Financial Highlights

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

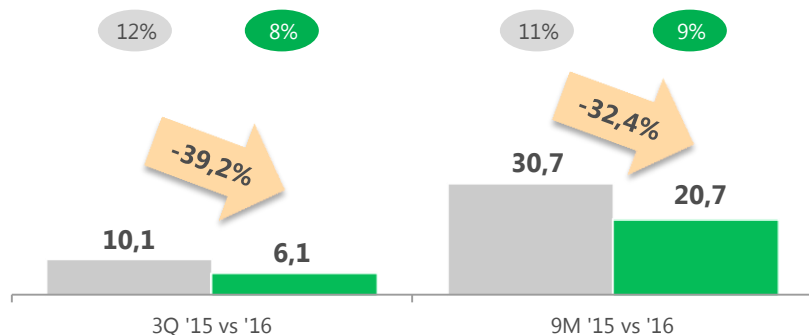
Aluminum Revenues (€m)



Revenues Highlights

- During **3Q 2016 revenues decreased 15%** (compared to 3Q 2015) mainly driven by **lower aluminum alloy average selling prices (-15% or approx. -€294/t decrease ...** from avg. €1.851 during 3Q'15 to avg. €1.558 in 3Q'16).
- Compared to 9M 2015, **revenues of the business unit decreased by 13%** mainly explained by **lower aluminum alloy average selling prices (-13% or approx. -€234/t decrease ...** from avg. €1.819 during 9M'15 to avg. €1.585 in 9M'16).

Aluminum EBITDA (€m)



EBITDA Highlights

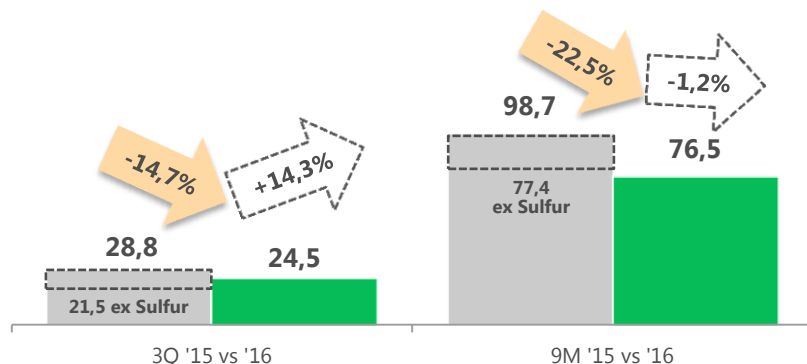
- EBITDA decreased by 39% or -€4,0m** (compared to 3Q 2015) **and by 32% or -€10m** (compared to 9M 2015) driven by the current weak LME price situation which is having a **negative impact** on the **margin of secondary aluminum**.

% 2015 EBITDA margin % 2016 EBITDA margin

IES Financial Highlights

Normalized for the Sulfur divestiture IES down by approx. €3,4 million EBITDA vs 3Q'15 including the acquisition and integration of Solarca

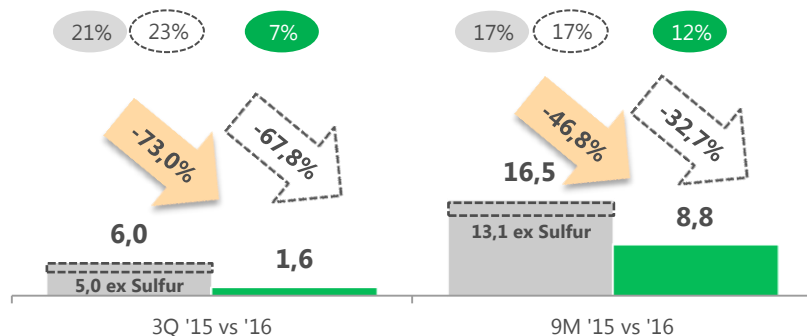
IES Revenues (€m)



Revenue Highlights

- During 3Q 2016 revenues decreased by ~15% or €4,2m (compared to 3Q 2015) to €25 million. Normalized for the sulfur divestiture (€7,3 million revenue in 3Q '15) IES revenue increased by approx. €3 million with Solarca fully integrated and delivering results.

IES EBITDA (€m)



EBITDA Highlights

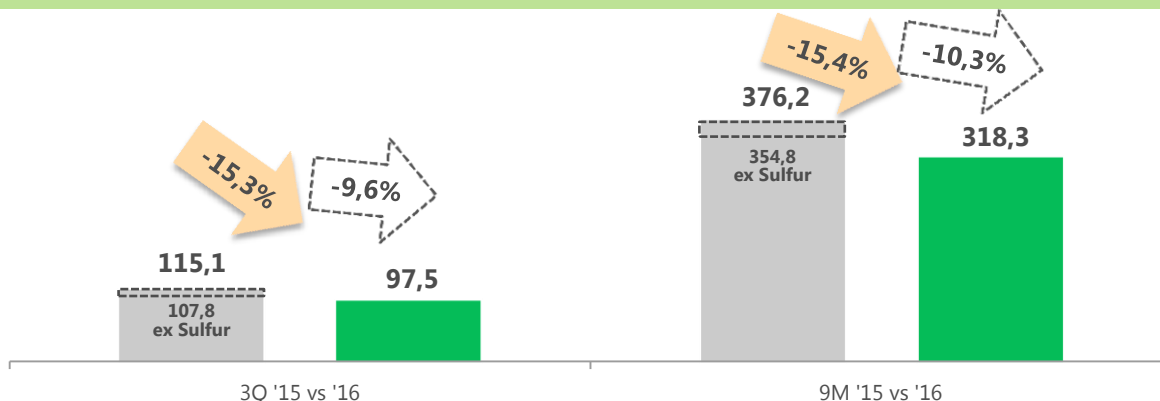
- 3Q 2016 EBITDA decreased by approx. €4,4 million compared to the same period of 2015. Normalized for the sulfur divestiture (€1 million EBITDA in 3Q '15) IES EBITDA decreased by approx. €3,4 million.
- Main reasons behind the current weak financial performance in IES are the low oil prices impacting the delay of maintenance works as well as the expansion in new geographies like MENA and USA.

% 2015 EBITDA margin % 2016 EBITDA margin

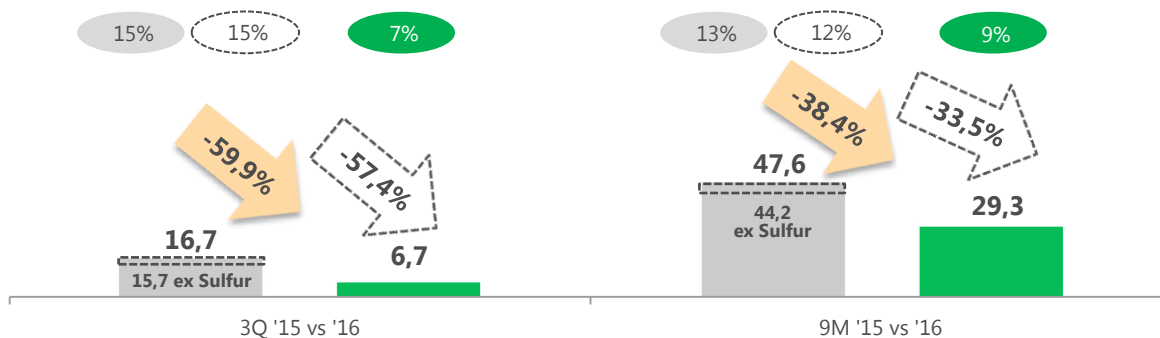
Consolidated Non-Zinc Financial Highlights

Revenues and EBITDA in the non-zinc business mainly impacted by weak LME alu alloy prices & margins, as well as slow industry environment in the IES business

Non-Zinc Revenues (€m)



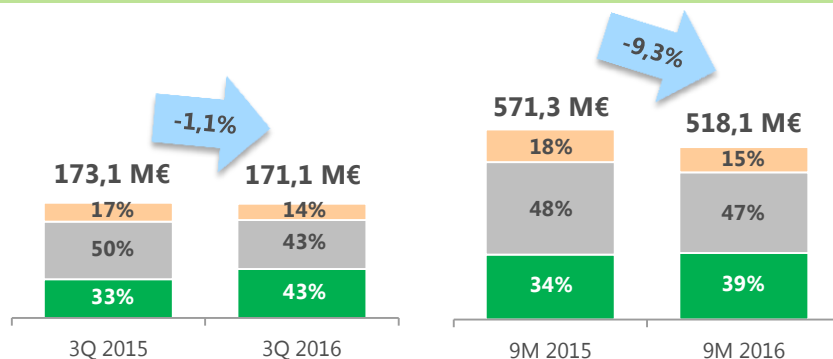
Non-Zinc EBITDA (€m)



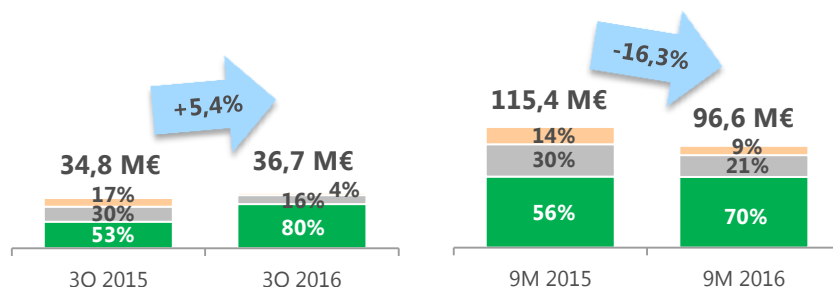
Consolidated Financial Highlights

3Q'16 revenues slightly down 1% but EBITDA up 5% vs. 3Q'15 ...
QoQ EBITDA improved from 1Q at €25m, 2Q at €35m to 3Q'16 at €37m

Revenues (€m)



EBITDA (€m)



EBITDA Margin (% Revenues)

BEFESA	20,1%	21,4%
Steel	31,2%	40,7%
Alu	11,7%	8,4%
IES	20,7%	6,5%

	20,2%	18,7%
	34,8%	33,7%
	11,0%	8,5%
	16,7%	11,5%

Highlights

- 3Q 2016 consolidated revenues at €171 million, -1% or €2 million decrease compared to 3Q 2015, mainly driven by lower LME aluminum alloy prices compared to the same period of 2015.
- Although **managing through down cycle** ... 3Q 2016 consolidated EBITDA amounted to €37 million (+5% or €2 million increase vs 3Q 2015) ... **3Q 2016 EBITDA margin at 21%** ... **EBITDA improved from 1Q'16 at €25m to 3Q'16 at €37m.**
- Ongoing implementation of cost reduction and productivity improvement initiatives.

3Q'16 EBITDA up 5% or €2 million vs. 3Q'15 ... Net income up 90% or €1,8 million.

Consolidated P&L ('000 euros)

BEFESA

Profit & Loss Statement ('000 euros)	3Q 2015	3Q 2016	Change	9M 2015	9M 2016	Change
Revenue	173.128	171.139	(1.989)	571.277	518.076	(53.201)
EBITDA	34.824	36.705	1.881	115.430	96.629	(18.801)
Depreciation, amortisation and impairment provisions	(14.158)	(12.367)	1.791	(34.316)	(33.252)	1.064
Financial result	(15.879)	(16.112)	(233)	(46.321)	(39.749)	6.572
Earnings before taxes	4.880	8.226	3.346	35.053	23.709	(11.344)
Net income	1.968	3.739	1.771	21.832	12.607	(9.225)

Highlights

- During 3Q 2016 the revenue of the Group amounted to €171 million (€173 million in 3Q 2015) and the EBITDA amounted to €37 million (€35 million in 3Q '15). A 5% EBITDA YoY increase and a slight decrease of 1% in revenue YoY.
- Depreciation, amortization and impairment provisions in 3Q 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 positive net impact of exchange rates vs 9M 15.

- **Operating activities:** During 9M 2016 the net cash flows generated by operating activities amounted to **€36,7 million** (a €18,7 million decrease compared to 9M 2015), mainly due to lower metal LME prices and higher taxes paid compared to the first nine months of 2015.
- **Investing activities:** During 9M 2016 the net cash flows used in investing activities were **€40,1 million**, mainly driven by the yearly **maintenance capex** invested and the **acquisition of remaining 20% stake** in Befesa Zinc Korea (€15m in 3Q'16).
- **Financing activities:** During 9M 2016 the net cash flows generated by financing activities were **€7,9 million** coming basically from the additional **drawing** of revolving credit facility.
- **Liquidity:** As of September 30th 2016, our liquidity amounted to **€61,2 million** including only cash on hand. Befesa is **compliant with its debt covenants**.

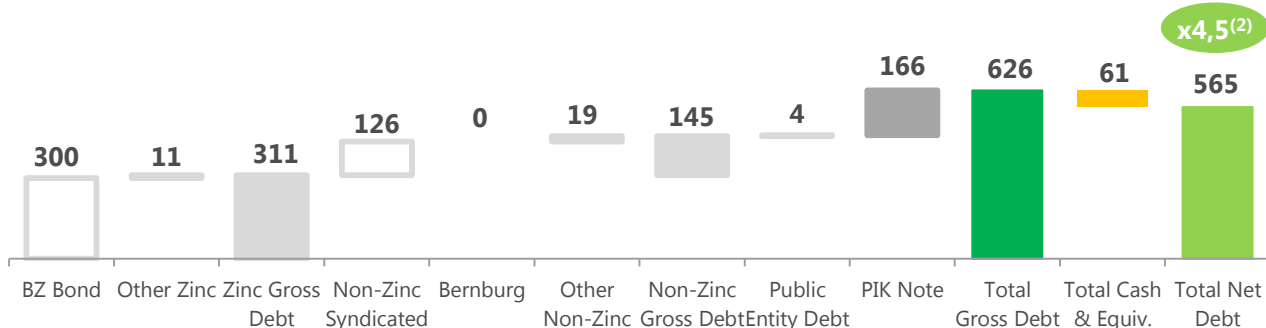
BEFESA

Cash Flow Statement ('000)	3Q 2015	3Q 2016	Change	9M 2015	9M 2016	Change
Cash flows from operations	15.658	34.262	18.604	94.897	83.112	(11.785)
Taxes paid	(2.434)	(5.225)	(2.791)	(7.428)	(15.026)	(7.598)
Interest paid	(1.822)	(2.726)	(904)	(32.115)	(31.397)	718
Net cash flows from operating activities (I)	11.402	26.311	14.909	55.354	36.689	(18.665)
Net cash flows from investing activities (II)	(11.427)	(20.477)	(9.050)	(39.168)	(40.105)	(937)
Net cash flows from financing activities (III)	7.975	11.446	3.471	(20.319)	7.884	28.203
Net increase in cash and cash equivalents (I+II+III)	7.950	16.983	9.033	(4.133)	3.898	8.031
Cash and cash equivalents at beginning of year	66.532	44.168	(22.364)	78.615	57.253	(21.362)
Cash and cash equivalents at end of year	74.482	61.151	(13.331)	74.482	61.151	(13.331)

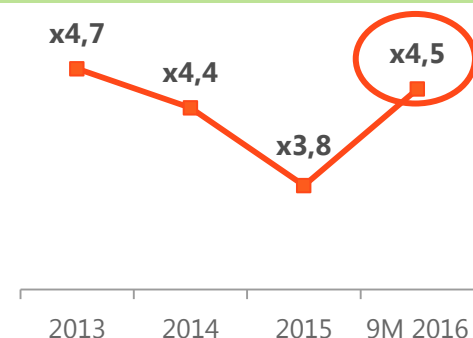
Solid and stable financing position at 3 levels (Zinc, Non-Zinc and Corporate) with total leverage at x4,5



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



Leverage Evolution



Managing through commodity down cycle with stable financing, leverage ~x4,6 and solid €61 million liquidity ... Compliant with all covenants.

(1) Excludes Factoring and Confirming of 50,1 M€

(2) Assuming LTM as of September 30th 2016 Consolidated EBITDA of 124,3 M€

(3) Assuming LTM as of September 30th 2016 Zinc EBITDA of 79,5 M€

(4) Assuming LTM as of September 30th 2016 Non Zinc EBITDA of 44,8 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** and expand in new geographies
- **Maintain** the **operational excellence culture**

Questions

Introduction

Business
Highlights

Zinc Business
Performance

Non-Zinc Business
Performance

Financials

Business
Outlook

Q&A

Appendix

		1Q	2Q	3Q	9M	1Q	2Q	3Q	9M	3Q 2016 vs 2015		9M 2016 vs 2015	
		2015	2015	2015	2015	2016	2016	2016	2016	Change		Change	
										(tons)	(%)	(tons)	(%)
Crude steel dust recycling													
Installed capacity ¹	tons	670.300	670.300	670.300	670.300	780.300	780.300	780.300	780.300	110.000	16,4%	110.000	16,4%
Crude steel dust processed	tons	141.535	136.916	151.038	429.490	138.121	138.167	153.516	429.803	2.478	1,6%	313	0,1%
Waelz oxide produced	tons	48.461	47.969	51.897	148.327	47.502	48.210	52.881	148.593	984	1,9%	265	0,2%
Waelz oxide sold	tons	47.715	47.364	51.367	146.446	48.687	47.516	52.075	148.278	708	1,4%	1.832	1,3%
Zinc content in sale	tons	32.049	32.101	34.491	98.641	32.594	31.734	34.497	98.825	6	0,0%	183	0,2%
Annual average zinc LME price	EUR / ton	1.847	1.988	1.659	1.831	1.520	1.699	2.018	1.745	359	21,7%	(86)	-4,7%
Utilization ²	%	85,6%	81,9%	89,4%	85,7%	71,0%	71,0%	78,1%	73,4%	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	174.000	174.000	0	0,0%	0	0,0%
Stainless steel dust processed	tons	19.924	27.881	16.526	64.331	17.254	31.246	21.563	70.063	5.037	30,5%	5.732	8,9%
Sale of alloys	tons	319	1.444	897	2.660	3.126	894	1.663	5.683	766	85,4%	3.023	113,7%
Annual average nickel LME price	EUR / ton	12.733	11.791	9.487	11.337	7.714	7.815	9.195	8.240	(292)	-3,1%	(3.097)	-27,3%
Utilization ²	%	46,4%	64,3%	37,7%	49,4%	39,8%	72,0%	49,2%	53,6%	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 July 2016 we have a 100% stake in BZ Korea).

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

		1Q	2Q	3Q	9M	1Q	2Q	3Q	9M	3Q 2016 vs 2015		9M 2016 vs 2015	
		2015	2015	2015	2015	2016	2016	2016	2016	Change		Change	
										(tons)	(%)	(tons)	(%)
Salt slags and SPLs recycling													
Installed capacity ⁶	tons	609.000	609.000	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	100.642	331.183	108.414	126.011	104.047	338.472	3.405	3,4%	7.289	2,2%
SPLs recycled	tons	5.631	4.691	1.730	12.052	9.126	6.527	6.585	22.238	4.855	280,6%	10.186	84,5%
Aluminium concentrate produced	tons	9.360	10.548	8.393	28.301	8.953	10.376	8.294	27.623	(99)	-1,2%	(678)	-2,4%
Aluminium salt produced	tons	41.214	44.809	40.393	126.416	35.997	45.537	39.006	120.540	(1.387)	-3,4%	(5.876)	-4,6%
Utilization ⁷	%	92,6%	98,2%	79,8%	90,5%	92,6%	104,4%	86,2%	94,8%	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	195.000	195.000	0	0,0%	0	0,0%
Scrap aluminium recycled ¹⁰	tons	61.118	65.523	55.366	182.007	68.798	72.688	47.372	188.858	(7.994)	-14,4%	6.851	3,8%
Secondary aluminium alloys produced ¹¹	tons	41.611	45.348	38.609	125.568	47.070	50.493	39.608	137.171	999	2,6%	11.603	9,2%
Annual avg. aluminium alloy LME price	EUR / ton	1.598	1.611	1.532	1.579	1.420	1.384	1.394	1.393	(138)	-9,0%	(186)	-11,8%
Annual avg. high-grade aluminium LME price	EUR / ton	1.604	1.601	1.431	1.541	1.376	1.392	1.451	1.407	20	1,4%	(134)	-8,7%
Utilization ⁷	%	86,5%	93,3%	78,6%	86,1%	96,8%	103,9%	80,6%	93,7%	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)	3Q 2015	3Q 2016	Change	9M 2015	9M 2016	Change
From continuing operations:						
Revenue	173.128	171.139	(1.989)	571.277	518.076	(53.201)
+/- Changes in inventories of finished goods and work in progress	(1.053)	1.859	2.912	(1.611)	(1.052)	559
Cost of sales (Note 24)	(82.621)	(78.672)	3.949	(276.933)	(247.420)	29.513
Other income	4.461	1.083	(3.378)	7.844	6.339	(1.505)
Employee benefits expense (Note 24)	(23.117)	(24.621)	(1.504)	(77.296)	(76.617)	679
Other expenses	(35.974)	(34.083)	1.891	(107.851)	(102.697)	5.154
Depreciation, amortisation and impairment provisions	(14.158)	(12.367)	1.791	(34.316)	(33.252)	1.064
EBIT	20.666	24.338	3.672	81.114	63.377	(17.737)
Finance income	808	692	(116)	1.932	1.987	55
Finance costs	(14.813)	(17.055)	(2.242)	(46.182)	(42.217)	3.965
Exchange differences	(1.874)	251	2.125	(2.071)	481	2.552
Financial result	(15.879)	(16.112)	(233)	(46.321)	(39.749)	6.572
Share of profit of companies carried using the equity method (Note 11)	93	-	(93)	260	81	(179)
EBT	4.880	8.226	3.346	35.053	23.709	(11.344)
Income tax expense	(2.912)	(4.487)	(1.575)	(13.221)	(11.102)	2.119
Result from continuing operations	1.968	3.739	1.771	21.832	12.607	(9.225)
From discontinuing operations:						
Profit for the year from discontinued operations	-	-	-	-	-	-
Net income	1.968	3.739	1.771	21.832	12.607	(9.225)
Attributable to:						
Owners of the parent	1.429	2.945	1.516	19.886	11.385	(8.501)
Non-controlling interests	539	794	255	1.946	1.222	(724)

BEFESA

Balance Sheet ('000 euros)

Assets	30.09.16	31.12.15	Equity and liabilities	30.09.16	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	14.772	18.009	Reserve for valuation adjustments deferred in equity	(8.755)	9.261
	394.762	397.999	Share premium	450.092	450.092
Property, plant and equipment -			Other reserves	(259.004)	(229.788)
Property, plant and equipment in use	330.115	346.536	Translation differences	(3.421)	(2.857)
Property, plant and equipment in progress	19.518	16.188	Net profit for the period	11.385	(33.303)
	349.633	362.724		190.310	193.418
Investments carried under the equity method	1.607	1.526	Non-controlling interests	24.028	32.762
Non-current assets -			Total equity	214.338	226.180
Securities portfolio	2.720	2.702			
Other financial assets	27.981	24.346	Non-current liabilities:		
	30.701	27.048	Provisions	12.944	12.928
Deferred income tax assets	89.554	81.400	Finance debt	558.229	523.185
Total non-current assets	866.257	870.697	Finance lease payables	8.406	7.535
			Deferred income tax liabilities	39.551	40.765
Current assets:			Other non-current liabilities	44.714	33.034
Inventories	45.428	48.489	Total non-current liabilities	663.844	617.447
Trade and other receivables	79.201	87.045			
Trade receivables, related parties	4.310	2.856	Finance debt	53.317	74.951
Tax receivables	24.275	13.935	Finance lease payables	2.207	2.621
Other receivables	10.348	8.538	Trade payables, related parties	2.088	1.688
Other current financial assets	2.834	4.005	Trade and other accounts payable	108.444	115.898
Cash and cash equivalents	61.151	57.253	Provisions	125	139
Total current assets	227.547	222.121	Other payables -		
			Taxes payable	21.082	19.441
			Other current liabilities	28.359	34.453
				49.441	53.894
			Total current liabilities	215.622	249.191
Total Assets	1.093.804	1.092.818	Total equity and liabilities	1.093.804	1.092.818

BEFESA

Cash Flow Statement ('000)	3Q 2015	3Q 2016	Change	9M 2015	9M 2016	Change
Cash flows from operating activities:						
Profit (loss) for the period before tax	4.880	8.226	3.346	35.053	23.709	(11.344)
Adjustments due to:						
Depreciation and amortisation charge	14.158	9.925	(4.233)	34.316	30.810	(3.506)
Impairment losses	-	2.442	2.442	-	2.442	2.442
Share of profit (loss) of associates	(93)	-	93	(260)	(81)	179
Changes in long-term provisions	(55)	(21)	34	77	-	(77)
Interest income	(808)	(943)	(135)	(1.932)	(2.468)	(536)
Finance costs	16.687	17.055	368	48.253	42.217	(6.036)
Other income/expenses	(148)	(330)	(182)	(476)	(1.392)	(916)
Changes in working capital:						
Trade receivables and other current assets	(3.101)	6.597	9.698	(21.592)	(4.314)	17.278
Inventories	(2.406)	(215)	2.191	(6.386)	3.061	9.447
Trade payables	(13.456)	(8.474)	4.982	7.844	(10.872)	(18.716)
Other cash flows from operating activities:						
Interest paid	(1.822)	(2.726)	(904)	(32.115)	(31.397)	718
Taxes paid	(2.434)	(5.225)	(2.791)	(7.428)	(15.026)	(7.598)
Net cash flows from operating activities (I)	11.402	26.311	14.909	55.354	36.689	(18.665)
Cash flows from investing activities:						
Investments in intangible assets	(466)	(226)	240	(466)	(663)	(197)
Investments in property, plant and equipment	(11.912)	(6.045)	5.867	(33.862)	(22.514)	11.348
Proceeds from disposal of assets	1.051	35	(1.016)	1.051	35	(1.016)
Investments in subsidiaries and other non-current financial assets	(100)	(14.953)	(14.853)	(5.100)	(17.903)	(12.803)
Investments in other current financial assets	-	-	-	(791)	-	791
Disbursement due to other current financial assets	-	712	712	-	712	712
Dividends	-	-	-	-	228	228
Net cash flows from investing activities (II)	(11.427)	(20.477)	(9.050)	(39.168)	(40.105)	(937)
Cash flows from financing activities:						
Net financial account with Group companies	-	-	-	-	-	-
Bank borrowings and other non-current borrowings	6.570	(580)	(7.150)	7.679	14.420	6.741
Repayment of bank borrowings and other long term debt	1.405	12.026	10.621	(27.998)	(6.536)	21.462
Net cash flows from financing activities (III)	7.975	11.446	3.471	(20.319)	7.884	28.203
Effect of foreign exchange rate changes on cash and cash	-	(297)	(297)	-	(570)	(570)
Net increase in cash and cash equivalents (I+II+III+IV)	7.950	16.983	9.033	(4.133)	3.898	8.031
Cash and cash equivalents at beginning of year	66.532	44.168	(22.364)	78.615	57.253	(21.362)
Cash and cash equivalents at end of year	74.482	61.151	(13.331)	74.482	61.151	(13.331)

BEFESA ZINC

Balance Sheet ('000 Euros)

Assets	30.09.2016	31.12.2015	Equity and liabilities	30.09.2016	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	3.011	4.038	Unrealized asset & liability revaluation reserve	(12.998)	6.767
	281.368	282.395	Other reserves	85.293	78.821
			Translation differences	4.298	2.040
Property, plant and equipment:			Net profit for the year	20.752	4.120
Property, plant and equipment in use	128.459	133.961		122.355	116.758
Property, plant & equipment in course of construction	6.503	6.813	Of minority interests	7.673	15.662
	134.962	140.774	Total equity	130.028	132.420
Investments accounted for using the equity method			Non-current liabilities:		
Non-current financial assets:			Provisions for contingences and expenses	4.404	4.351
Investments securities	1.721	1.670	Bank borrowings and finance leases	299.183	298.469
Other financial assets	492	607	Capital grants	1.619	1.678
	2.213	2.277	Other non-current liabilities	125	152
Derivative financial instruments	0	0	Derivative financial instruments	15.345	217
Deferred tax assets	40.940	32.592	Deferred tax liabilities	20.673	21.104
Total non-current assets	459.483	458.038	Total non-current liabilities	341.349	325.971
Current assets:			Current liabilities:		
Inventories	13.872	13.881	Bank borrowings and finance leases	11.785	3.591
Trade and other receivables	31.020	25.216	Trade payables, related companies	6.454	6.677
Trade receivables, related companies	2.064	2.970	Trade and other payables	27.497	28.813
Tax receivables	4.027	3.447	Derivative financial instruments	13.211	1.392
Other receivables	2.183	2.622	Other payables:		
Derivative financial instruments	0	423	Tax payables	6.826	8.006
Other current financial assets	0	6	Other current liabilities	6.754	24.081
Cash and cash equivalents	31.255	24.348		13.580	32.087
Total current assets	84.421	72.913	Total current liabilities	72.527	72.560
Total assets	543.904	530.951	Total equity and liabilities	543.904	530.951

BEFESA ZINC

Profit & Loss Statement ('000 euros)	3Q 2015	3Q 2016	Change	9M 2015	9M 2016	Change
Revenue	58.021	73.639	15.618	195.127	199.793	4.666
Cost of sales	(37.133)	(39.234)	(2.101)	(114.121)	(117.838)	(3.717)
Other operating income	2.703	1.212	(1.491)	3.918	2.525	(1.393)
Gross profit	23.591	35.617	12.026	84.924	84.480	(444)
Depreciation and amortization charge	(4.580)	(4.601)	(21)	(13.026)	(13.318)	(292)
General and administrative expenses	(5.491)	(5.618)	(127)	(17.143)	(17.209)	(66)
Impairment losses	0	0	0	0	0	0
Income from operations	13.520	25.398	11.878	54.755	53.953	(802)
Finance income	85	29	(56)	204	113	(91)
Finance costs	(7.300)	(7.724)	(424)	(23.719)	(21.963)	1.756
Exchange differences (gains and losses)	(74)	325	399	(430)	704	1.134
Financial loss	(7.289)	(7.370)	(81)	(23.945)	(21.146)	2.799
Profit before tax	6.231	18.028	11.797	30.810	32.807	1.997
Income tax	(2.067)	(5.757)	(3.690)	(9.738)	(11.094)	(1.356)
Profit for the year from continuing operations	4.164	12.271	8.107	21.072	21.713	641
Profit for the year	4.164	12.271	8.107	21.072	21.713	641
Attributable to:						
Shareholders of the parent	3.742	11.089	7.347	20.609	20.752	143
Minority interests	422	1.182	760	463	961	498
EBITDA	18.100	29.999	11.899	67.781	67.271	(510)

BEFESA ZINC

Cash Flow Statement ('000 euros)

	3Q 2015	3Q 2016	Change	9M 2015	9M 2016	Change
Cash flows from operating activities						
Profit for the period before tax	6.231	18.028	11.797	30.810	32.807	1.997
Adjustments due to:						
Amortization / depreciation	4.580	4.601	21	13.026	13.318	292
(Profit) / loss on disposal of non-current assets	1	4	3	14	(3)	(17)
Change in provisions	27	72	45	170	44	(126)
Financial income	(85)	(29)	56	(204)	(113)	91
Financial expense	7.300	7.724	424	23.719	21.963	(1.756)
Income from government grants	(106)	(101)	5	(381)	(250)	131
Exchange differences	74	(325)	(399)	430	(704)	(1.134)
Change in working capital:						
Change in trade receivables and other receivables	490	2.914	2.424	(2.052)	(4.822)	(2.770)
Change in inventories	(702)	332	1.034	(2.980)	(74)	2.906
Change other current assets	(4.542)	(23)	4.519	(6.599)	993	7.592
Change in other current liabilities	1.880	1.193	(687)	3.925	(1.033)	(4.958)
Cash generated from operations	15.148	34.390	19.242	59.878	62.126	2.248
Taxes paid	(1.575)	(3.083)	(1.508)	(5.556)	(12.767)	(7.211)
Interest paid	(917)	(587)	330	(17.111)	(15.310)	1.801
Interest received	85	29	(56)	204	113	(91)
Net cash flows from operating activities (I)	12.741	30.749	18.008	37.415	34.162	3.253
Cash flows from investing activities						
Purchase of intangible assets	(41)	(2)	39	(76)	(12)	64
Purchase of property, plant and equipment	(5.873)	(1.229)	4.644	(19.996)	(7.287)	12.709
Proceeds from disposal of assets	(35)	5	40	1.051	35	(1.016)
Acquisition / (disposal) of new subsidiaries	0	(14.924)	(14.924)	0	(14.975)	(14.975)
Other non-current financial assets	(31)	(4)	27	(331)	115	446
Capital grants received	0	0	0	0	191	191
Net cash flows from investing activities (II)	(5.980)	(16.154)	(10.174)	(19.352)	(21.933)	(2.581)
Cash flows from financing activities						
Repayment of borrowings and other long-term debt	(39)	(72)	(33)	(21.605)	(230)	21.375
Long-term borrowings	0	0	0	0	158	158
Distribution of dividends / capital reduction	0	0	0	(6.238)	(5.250)	988
Net cash flows from financing activities (III)	(39)	(72)	(33)	(27.843)	(5.322)	22.521
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)	6.722	14.523	7.801	(9.780)	6.907	16.687
Cash and cash equivalents at beginning of the period	32.499	16.732	(15.767)	49.001	24.348	(24.653)
Cash and cash equivalents at end of the period	39.221	31.255	(7.966)	39.221	31.255	(7.966)