BEFESA

Second Quarter 2018 Presentation

August 30, 2018

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Q2 and H1 2018 figures contained in this presentation have not been audited or reviewed by external auditors.

This presentation includes Alternative Performance Measures (APMs), including EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, EBIT, Adjusted EBIT, Adjusted EBIT margin, net debt and capital expenditures which are not measures of liquidity or financial performance under International Financial Reporting Standards (IFRS). These non-IFRS measures should not be considered in isolation or as an alternative to results from operating activities, cash flow from operating, investing or financing activities, or other financial measures of our results of operations or liquidity derived in accordance with IFRS. We include APMs in this presentation because we believe that they are useful measures of our performance and liquidity. Other companies, including those in our industry, may calculate similarly titled financial measures differently than we do. Because all companies do not calculate these financial measures in the same manner, our presentation of such financial measures may not be comparable to other similarly titled measures of other companies. These APMs are not audited. All amounts are stated in million euros (€ million) unless otherwise indicated.

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Today’s Presenters

CEO since 2000

Javier Molina

CEO

- Leading the company since 1994

CFO since 2014

Wolf Lehmann

CFO; including responsibilities for Operational Excellence and IT

- 20+ years in finance and operational leadership roles
- 50/50 General Electric / Private Equity

Since 2008

Rafael Pérez

Director of Investor Relations & Strategy

- Director of Investor Relations and Strategy of Befesa since 2008

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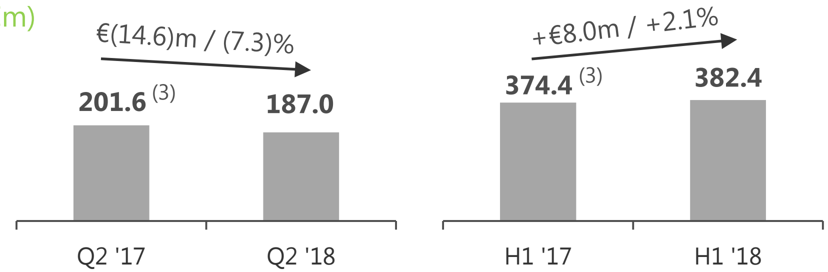
Key Highlights

- Solid Q2 2018 with €44.3m EBITDA / €37.0m EBIT, up +7 / +8% YoY respectively driven mainly by higher volumes and continued favorable price environment
- Profitability improved to 24% / 20% EBITDA / EBIT margins(1), respectively (compared to 21% / 17% in Q2 2017)
- Extended hedges to cover up to H1 2021; Prices secured above €2,200/t Improving visibility of earnings and cash flows for the next ~3 years
- Distributed 2017 dividend on May 3 at upper end of 40-50% target range of reported Net Profit, equal to €0.73 per share
- Net Profit(2) of €44.8m in H1'18, a +€24.8m increase YoY
- Stable capital structure; Leverage(3) of 2.4x (vs. 2.4x at YE 2017 / 3.5x at YE 2016)
- Implementation of the next set of organic growth initiatives on track; Continuing to fund the company's successful development in 2019 & beyond

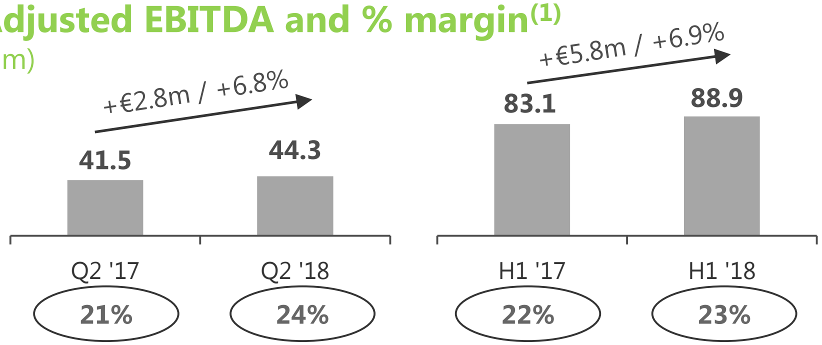
(1) EBIT(DA) / Revenue for the three-month period ended June 30, 2018 (2) Net profit from continuing operations attributable to Parent company owners
(3) Leverage calculated as Net Debt / Adjusted EBITDA. Leverage at June 30, 2018 is calculated using Adjusted EBITDA of the Last Twelve Months (LTM) as of June 30, 2018

Continued solid growth similar to Q1; H1 Earnings up +7% YoY

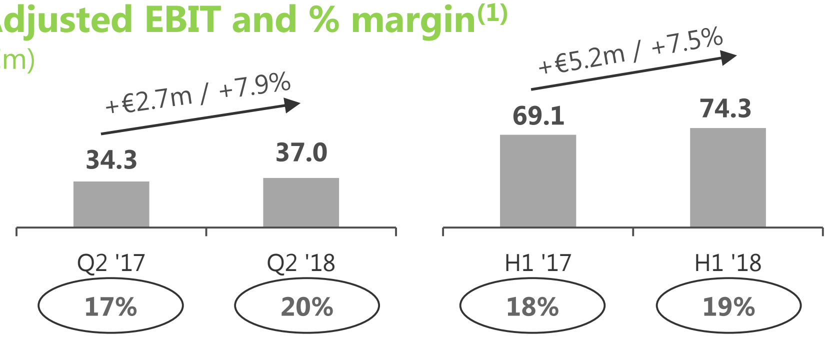
Revenue
(€m)



Adjusted EBITDA and % margin[1]
(€m)



Adjusted EBIT and % margin[1]
(€m)



Highlights

- **Q2 '18 Revenue** decreased to **€187.0m / (7.3)% YoY** primarily due to:

  a) **Lower revenues in Aluminium Salt Slags** services due to an amendment to IFRS 15 affecting the revenue recognition of non-operating sales, see Annual Report, YoY €29m decrease

  b) **Lower volumes in Aluminium Salt Slags** services
  - (6)% Secondary aluminium alloys produced (plant stoppage to implement new furnace / operational excellence project)
  - (4)% Salt Slags & SPL recycled

  c) **Partially offset by**:
  - **higher volumes in Steel Dust** services +9% steel dust throughput
  - **higher prices** for both **zinc** (Avg. blended +8% YoY); **aluminium alloys** (Avg. market prices +2% YoY)

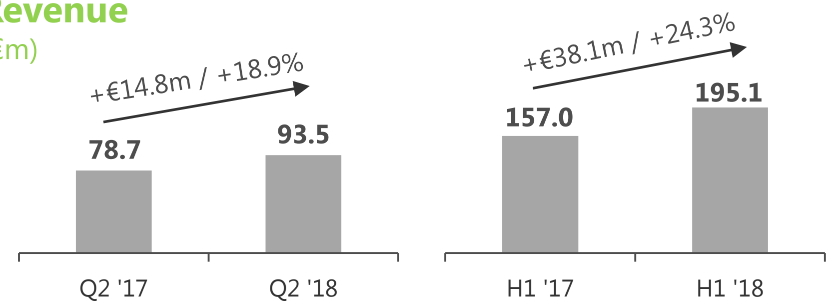
- **Q2 '18 earnings** increased to **€44.3m / +6.8% YoY Adjusted EBITDA (24% of revenue)**, and **to €37.0m / +7.9% YoY Adj. EBIT (20% of revenue)** driven by strong volumes in Steel services, favorable zinc & aluminium prices and aluminium metal margin recovering

- **Consecutive LTM[2] run rate growth** to **€733m Revenue**, **€178m** Adj. **EBITDA**, **€149m** Adj. **EBIT** driven by higher run rate volumes and favorable prices

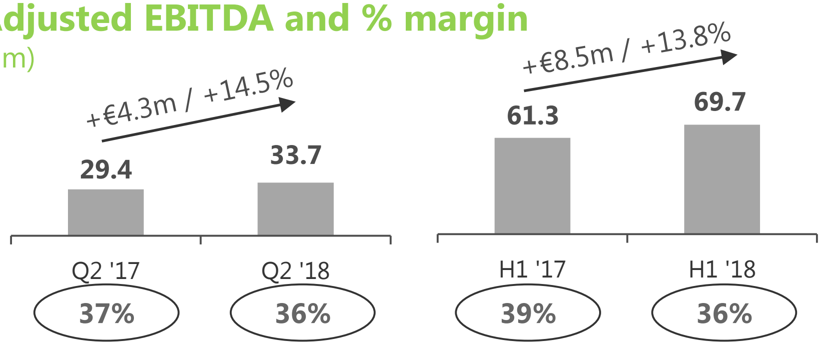
(1) Adjusted EBIT(DA) have been calculated based on the reported operating result adjusted for holding, restructuring and other one-time effects; Adjusted EBIT(DA) margin is calculated as the ratio of Adjusted EBIT(DA) to Revenue (2) LTM: Last Twelve Months (3) In Q2 / H1 2017, €29.4m / €33.2m where recognized in the Secondary Aluminium sub-segment as non-operating sales vs. €0.1m / €0.3m in Q2 / H1 2018, respectively

YoY double-digit increase in revenues & earnings driven by higher EAFD throughput and continued favorable zinc price environment

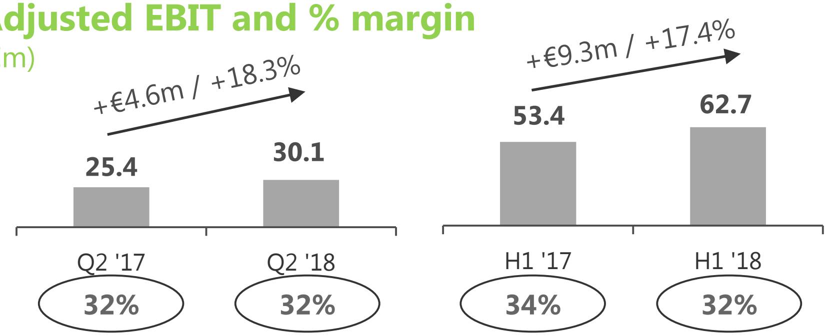
Revenue
(€m)



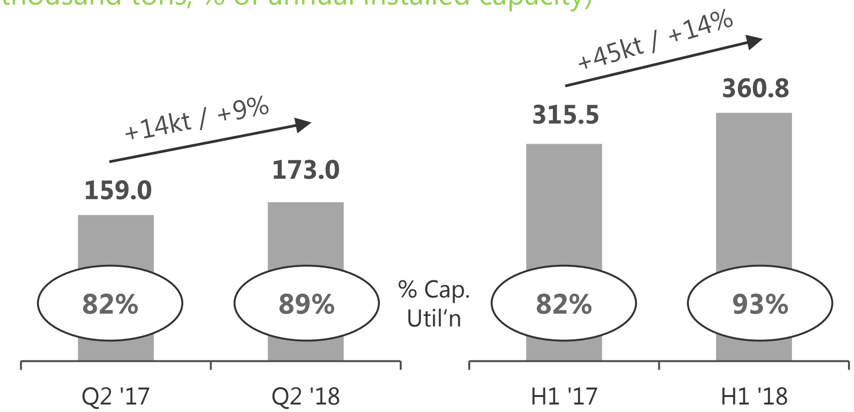
Adjusted EBITDA and % margin
(€m)



Adjusted EBIT and % margin
(€m)



EAFD Throughput & Capacity Utilization
(thousand tons, % of annual installed capacity)



Prices
(€ per ton)

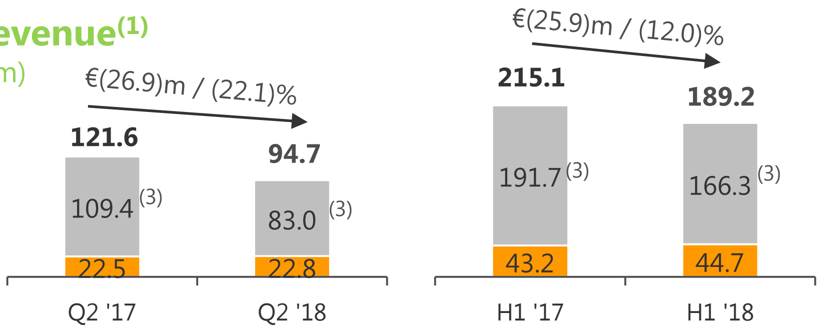
	Q2 2017	Q2 2018	% Var.	H1 2017	H1 2018	% Var.
Befesa blended (*)zinc price (€/t)	2,054	2,214	**+8%**	2,113	2,240	**+6%**
LME avg. price (€/t)	2,358	2,611	**+11%**	2,487	2,698	**+8%**

(*) Blended rate between hedged prices and average spot prices, weighted by the respective hedged and non-hedged volumes, reflecting the effective price to Befesa.

YoY slight decrease in earnings driven by lower Aluminium Salt Slags volumes partially offset by higher prices

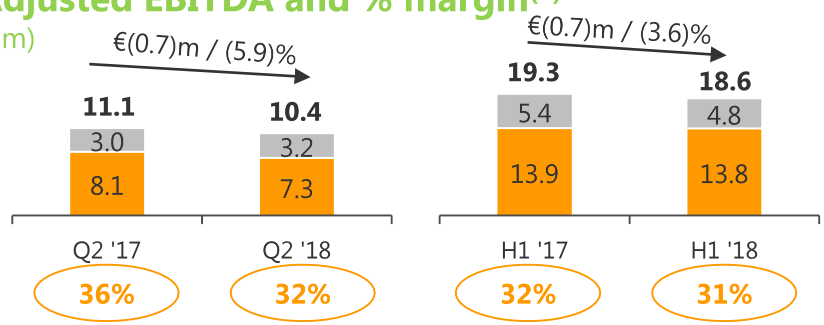
Revenue[1]

(€m)



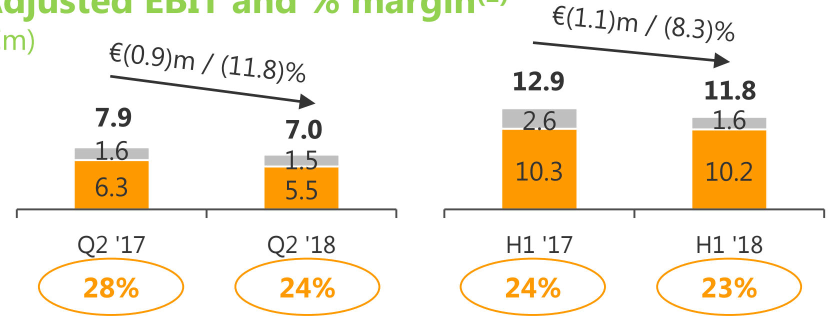
Adjusted EBITDA and % margin[2]

(€m)



Adjusted EBIT and % margin[2]

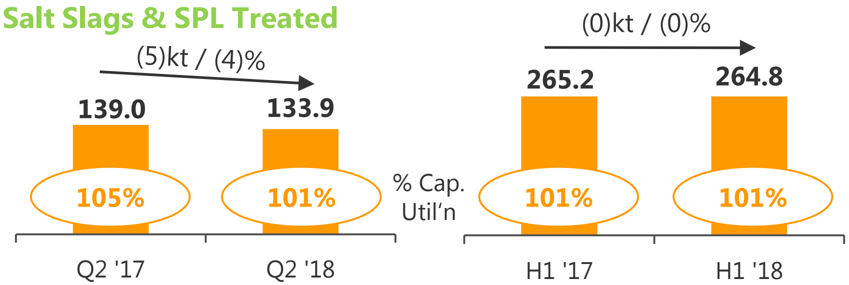
(€m)



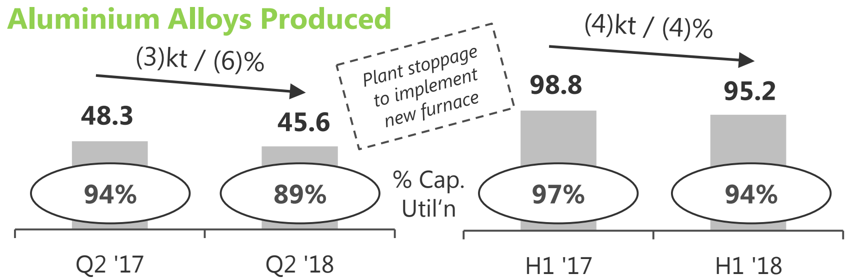
Volumes & Capacity Utilization

(thousand tons, % of annual installed capacity)

Salt Slags & SPL Treated



Aluminium Alloys Produced



Prices

(€ per ton)

	Q2 2017	Q2 2018	% Var.	H1 2017	H1 2018	% Var.
Aluminium alloy avg. price (*) (€/t)	1,785	1,828	+2.4%	1,775	1,831	+3.2%

(*) Aluminium Scrap and Foundry Ingots Aluminium pressure diecasting ingot DIN226/A380 European Metal Bulletin Free Market Duty paid delivered works.

Salt Slags sub-segment

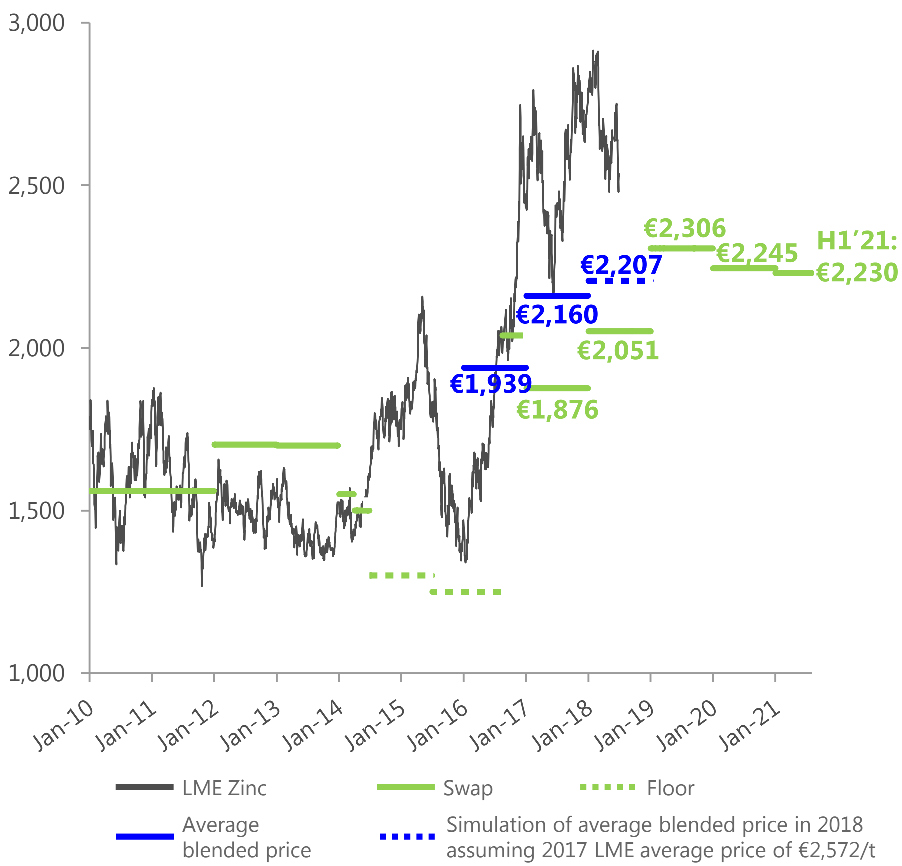
Secondary Aluminium sub-segment

(1) Total revenue after inter-segment eliminations (2) Adjusted EBIT(DA) margins refer to the Salt Slags sub-segment

(3) Lower revenues in Aluminium Salt Slags services due to an amendment to IFRS 15 - see 2017 Annual Report (page 84) - affecting the revenue recognition of non-operating sales. In Q2 / H1 '17, €29.4m / €33.2m where recognized in the Secondary Aluminium sub-segment as non-operating sales vs. €0.1m / €0.3m in Q2 / H1 2018, respectively. These sales have limited margin contribution

Hedging program in place covering up to mid 2021: improving visibility of earnings and cash flows for the next 3 years

Market Zinc Price vs. Zinc Hedge
(€/ton)



Source: London Metal Exchange (LME) Zinc daily cash settlement prices

- **Extended** hedging period **to cover up to mid 2021**
- **Increased volume coverage**
  Higher volume of 7.7 kt/month or 92.4 kt/year (vs previous 6.1 kt/month or 73.2 kt/year)
  approx. 70% of zinc equivalent payable output
- **Strong hedge price levels** of €2,306/t in 2019, €2,245/t in 2020, and €2,230/t in H1 2021

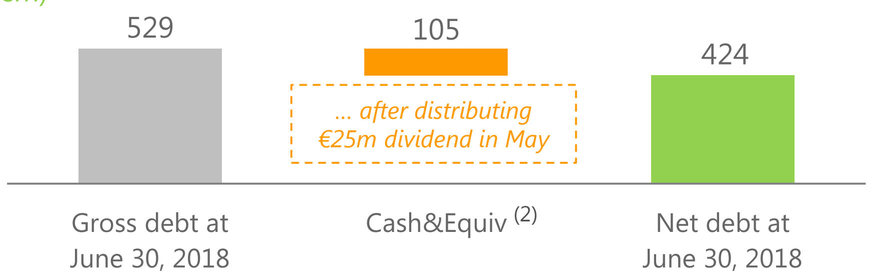
Period	Average hedged price €/t	Zinc content hedged (tons)
2017	€1,876	73,200
2018	€2,051	92,400
2019	€2,306	92,400
2020	€2,245	92,400
H1 2021	€2,230	46,200

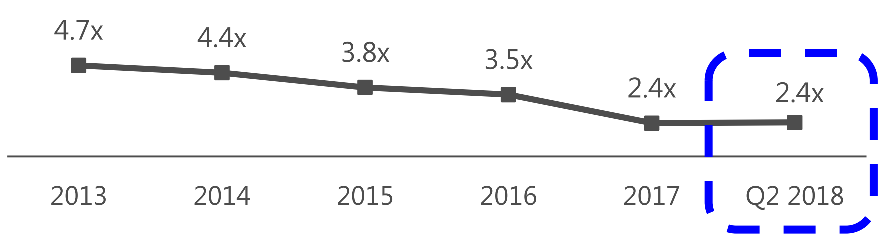
- Using the 2017 average LME market price (€2,572) for **2018** for the un-hedged expected volumes (~30%), the **blended** average zinc price **would translate in 2018 to ~€2,207**;
  vs. blended avg. zinc price of €2,160 in 2017
- Hedging **without** Befesa providing **collateral / no margin calls**

Stable capital structure; Leverage of 2.4x at June 30, 2018

Net Debt and Leverage Rate Evolution[1]

(€m)



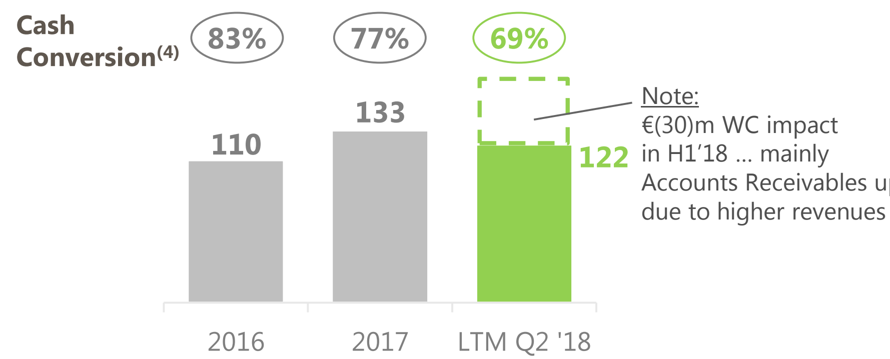


Credit Ratings for Befesa S.A.

	Oct '17 (Pre-IPO)	Latest (YE '17)[5]
Moody's	B2	**Ba3 (outlook positive)**
S&P	B	**BB- (outlook stable)**

Free Cash Flow[3]

(€m)



- **Cash flow performance in Q2:** After paying taxes of €6.2m, interests of €1.0m, funding maintenance, productivity and compliance capex of €6.4m
- After distributing €25 million dividend, cash on hand increased by +€19.8m / +23% YoY; **€104.4m cash position at June 30, 2018**
- **Solid free cash flow generation run rate due to low maintenance requirements providing funds for growth**

(1) Leverage calculated as Net Debt / Adjusted EBITDA
(2) Cash&Equiv. of €105m includes €0.4m of Other current financial assets
(3) Free Cash Flow is based on management accounts and is calculated as EBIT + Depreciation & Amortization (D&A) +/- WC change – maintenance capex – taxes
(4) Cash conversion = FCF / (Reported Adjusted EBIT + Adjusted D&A) (5) Credit ratings assigned by Moody's and S&P on December 13, 2017

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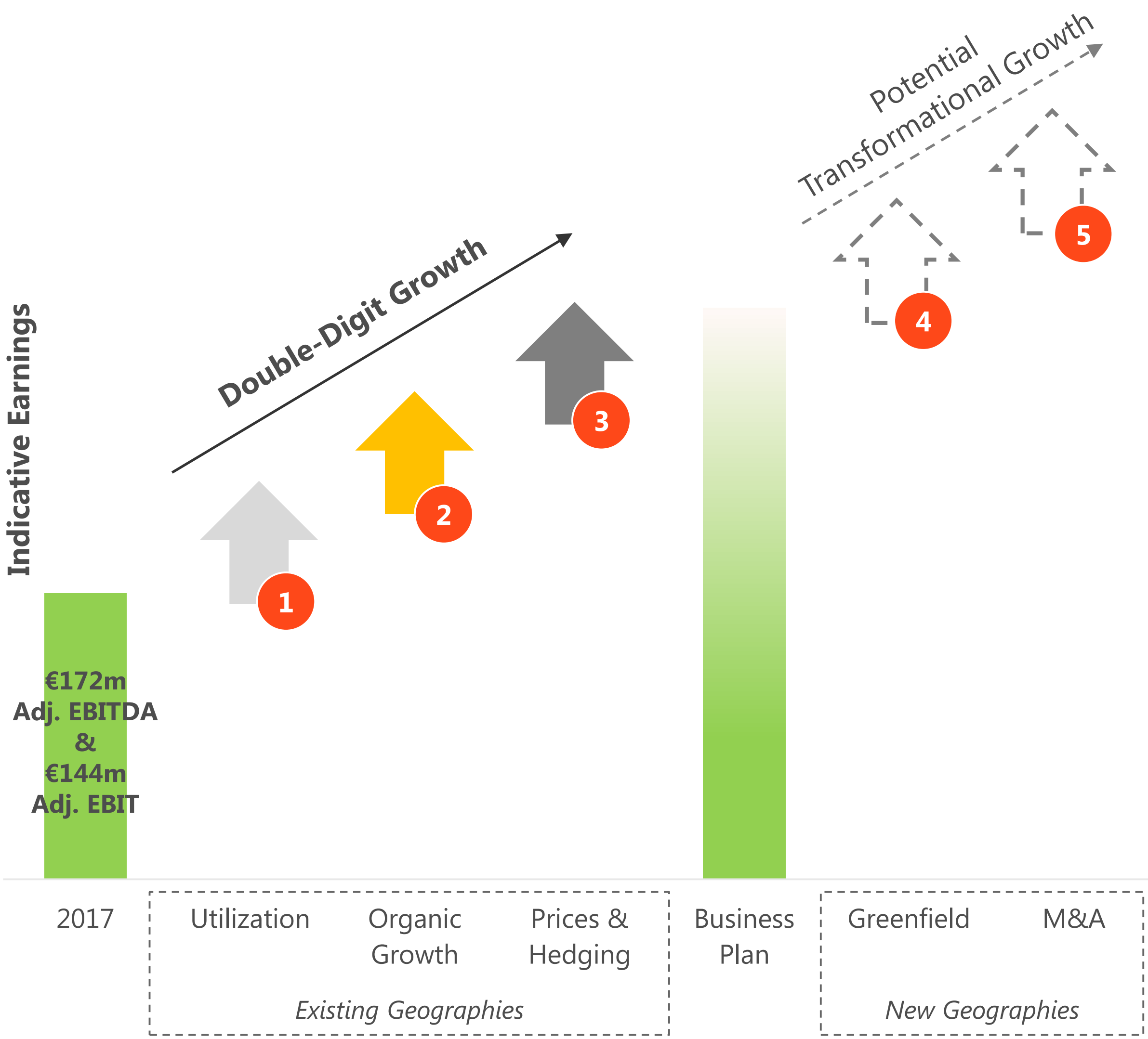
Accelerated top- and bottom-line growth through a well-defined strategy



1 Utilization
- Increase plant utilization of prior year growth investments mainly Steel Dust Korea

2 Organic Growth

2018 Focus:
- Steel Dust:
  - Expand Turkey +45kt
  - Korea washing plant
- Aluminium Salt Slags:
  - Change to tilting furnaces
  - Expand Hannover +40kt

3 Prices & Hedging
- 2018: 92.4kt at €2,051
- 2019: 92.4kt at €2,306
- 2020: 92.4kt at €2,245
- H1 '21: 46.2kt at €2,230

4 Greenfield
- Monitoring growth opportunities and regulatory framework in new geographies, e.g. South East Asia, China, Russia

5 M&A Opportunities

Note: Chart is purely illustrative and size of respective arrows in the chart is not indicative to the underlying growth potential

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Investor Relations

Financial Calendar

- ✓ **Monday, February 19, 2018:**
  Publication of Preliminary Earnings Full Year 2017
- ✓ **Thursday, March 15, 2018:**
  Publication of Report Full Year 2017 & Analyst Call
- ✓ **Thursday, April 26, 2018:**
  Annual General Meeting in Luxembourg
- ✓ **Thursday, May 24, 2018:**
  Publication of Statement Q1 2018 & Analyst Call
- ✓ **Thursday, August 30, 2018:**
  Publication of Interim Report H1 2018 & Analyst Call
- **Thursday, Nov 22, 2018:**
  Publication of Statement Q3 2018 & Analyst Call

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Meet Befesa …

- ✓ **January 8-9, 2018 - Commerzbank**
  New York, German Investment Seminar
- ✓ **March 8, 2018 - Citibank**
  London, Global Resources Conference
- ✓ **March 16, 2018 - Citibank**
  London, Pan-European Business Serv. Conference
- ✓ **June 6-8, 2018 - Deutsche Bank**
  Berlin, dbAccess Berlin Conference
- **September 11-13, 2018 - JP Morgan**
  London, Small and Mid Caps Europe
- **September 24-26, 2018 - Berenberg & Goldman Sachs**
  Munich, German Corporate Conference
- **October 1, 2018 - Berenberg**
  Milan, Berenberg Milan Seminar
- **December 3-6, 2018 - Berenberg**
  London, Pennyhill European Conference
- **January 2019 - Commerzbank**
  New York, German Investment Seminar
- **February 5-6, 2019 - HSBC**
  Frankfurt, 14th ESG Investor Conference
- **Q1 2019 - Santander**
  Madrid, Annual Investor Conference

Note: Befesa's financial reports and statements are published at 7:30 am CEST
We cannot rule out changes of dates. We recommend checking them in the Investor Relations / Financial Calendar section of our website (www.befesa.com)