

BEFESA



Befesa Presentation

Berenberg US Conference 2020

18 - 20 May 2020

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Business Update

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Q1 2020 Results

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Befesa Overview

- **Q1 EBITDA €34m**, down €9m / 22% YoY; main driver is **Covid-19 pressuring metal prices** with **zinc LME -19% and incl. treatment charges (TC)⁽¹⁾ even -28% YoY**; Limited impact on volume with **capacity utilisation at ≥ 90%**

- **Continued strong ~€200m available liquidity at Q1**: €120m cash + €75m Revolving Credit Facility (RCF); Efficient **long-term** cap. structure; **No covenant nor maturities to Jul'26**; Term loan B (TLB) at **2% interest Hedged until Oct'21** between 60%-70% of zinc vol. output (~€64m value vs. ~€1,720/t Mar avg. LME spot)

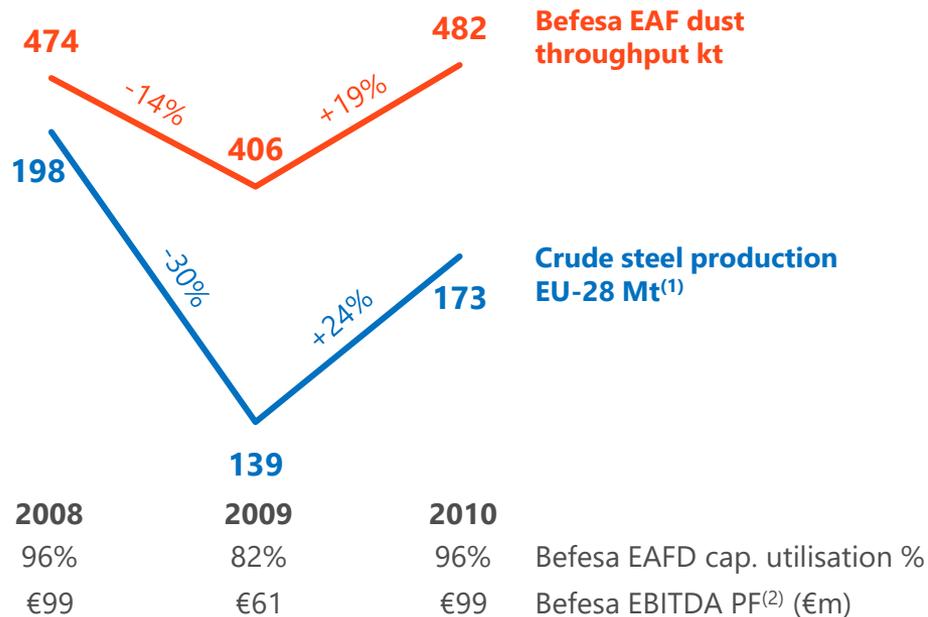
- **Full year EBITDA guidance range** ... considering **Covid-19** and performance during **severe 2009 crisis**:
 - **Lower-end at €100m**: Zinc down to ~\$1,800/€1,640/t Q2 to Q4; Treatment charges (TC) at \$300/t; Combined -35% YoY price decrease; Prolonged lockdown; EU steel market -30% YoY; Sum of remaining 3 quarters only €66m EBITDA ... Similar '09 crisis **-38% YoY**
 - **Upper-end at €135m**: EU exits lockdown Q2; Some zinc price recovery H2

- **Reducing discretionary cost & non-vital capex** ~€20m to protect its core **growth roadmap**; China expansion ~€50m and ~€20m Maintenance for **a total of ~€70m capex**; leading to a **pre-dividend total cash flow range** between approx. +/-€5m (lower-end) –&– approx. +€25 to €35m (upper-end)

- Balancing dividend stability and cash flow, Befesa **proposes to**:
 - (1) **distribute €15m ordinary dividend in July**; -and-
 - (2) review an **additional dividend in Nov** (post Q3 earnings release) **depending on earnings & cash flow Q3 2020 YTD** and more visibility about the impact from Covid-19

(1) In 2020, the \$300 TC per tonne of WOX, divided by ~68% zinc content in WOX and divided by 85% zinc payable after 15% free-metal deduction, is equivalent to ~\$519 per tonne of zinc payable; Similarly, in 2019, the \$245 TC per tonne of WOX is equivalent to ~\$424 per tonne of zinc payable.

EU Crude Steel Production Trend & Befesa's EAF Dust Throughput during 2008-2010



- Befesa operates highly regulated hazardous waste recycling services business model
- Stable experienced management team
- Resilient EAFD volume -14% YoY or ~half of EU steel trend; Respectable ~19% EBITDA margin

Q1 2020 Crude Steel Production⁽¹⁾

Million tonnes	Q1'20	Q1'19	YoY change
▪ EU-28	38.3	42.5	-10%
▪ Turkey	9.0	8.2	+10%
▪ S. Korea	16.9	17.8	-5%
▪ Asia	315	316	-0.3%
▪ China	234	232	+1%

- **Europe:** Q1'20 at -10% YoY
For 2020 to be down 30% as in 2009 crisis requires → Q2, Q3, Q4 down -37% YoY each
- **Turkey:** Steel market up 10% YoY in Q1
- **South Korea** moderately down; Managing Covid-19 rigorously / country recovering
- **China** slightly up 1% YoY in Q1

Analysed severe 2009 crisis and Q1'20 steel production to triangulate 2020 lower & upper –end scenarios

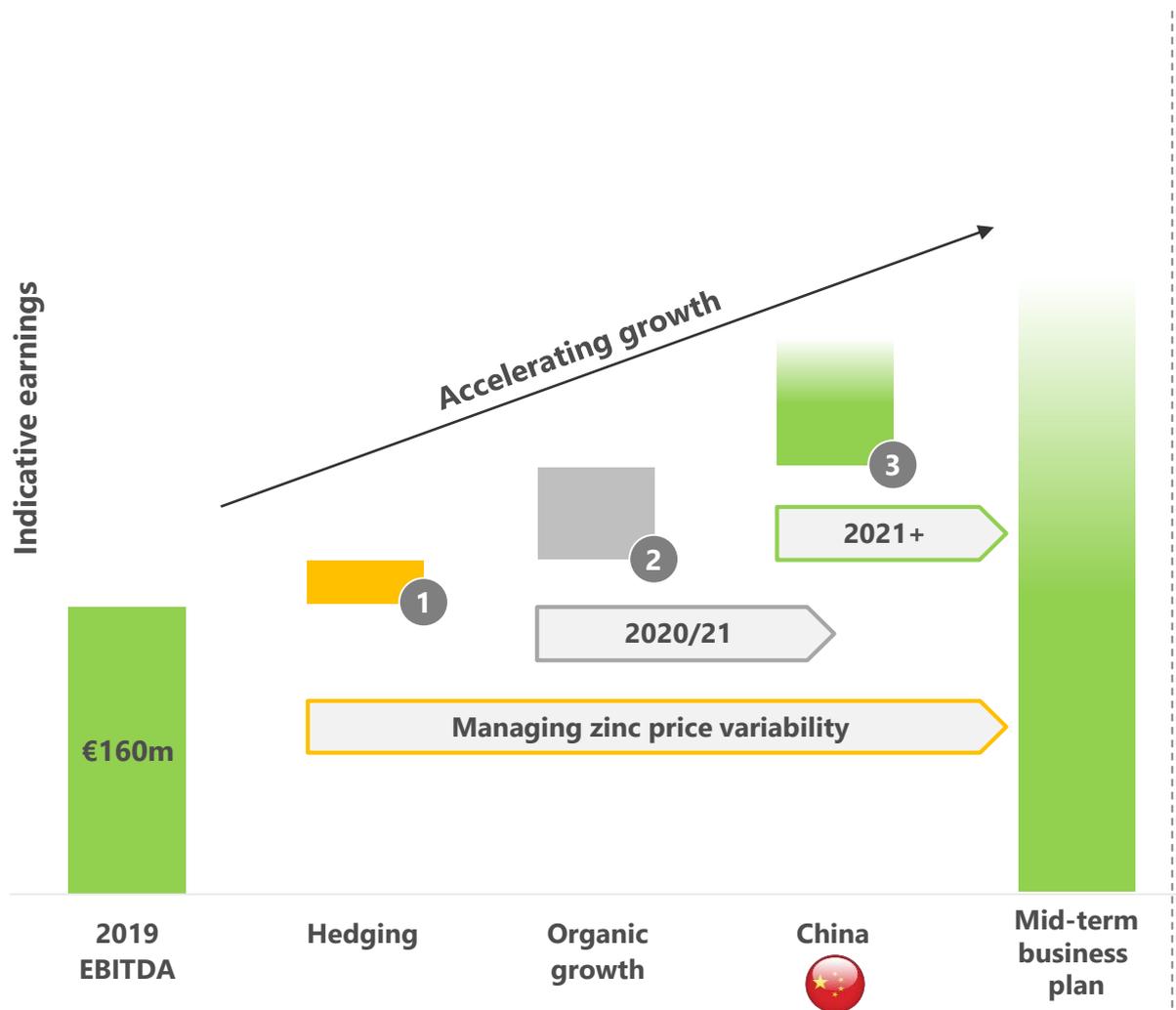
(1) Source: www.worldsteel.org

(2) Total EBITDA is the sum of Steel Dust & Aluminium Salt Slags segments proforma (PF) comparable to Befesa structure in '19/'20; Thus, it excludes divested IES, EPC and Concessions businesses

	Lower-end: €100m EBITDA	Upper-end: €135m EBITDA
EU crude steel market -&- Covid-19	<ul style="list-style-type: none"> After -10% in Q1; Q2 to Q4 each severely down -37% YoY; Annually down ~30% YoY (like 2009 crisis) EU-28 volume No recovery; Prolonged lockdowns 	<ul style="list-style-type: none"> Q2 materially down YoY Lockdown easing by end Q2 Q3 & Q4 recovering and no 2nd pandemic wave causing further lockdowns in H2
Operational performance	<ul style="list-style-type: none"> Overall capacity utilisation at ~80% 	<ul style="list-style-type: none"> Limited impact on volume Overall capacity utilisation at ~90%
Metal prices	<ul style="list-style-type: none"> Q2 to Q4 at ~ Q1 low €1,650-€1,700/t TC at \$300/t Combined price impact (LME & TC) -39% YoY 	<ul style="list-style-type: none"> H2 recovering to €1,750/t to €1,850/t; TC at \$300/t Combined price impact (LME & TC) -30% YoY
FY 2020 EBITDA	<ul style="list-style-type: none"> FY 2020 EBITDA: €100m (-€60m / -38% YoY) Remaining quarters ~reduced €22m run-rate Q2+Q3+Q4 at €66m (-44% YoY vs. €117m '19) 	<ul style="list-style-type: none"> FY 2020 EBITDA: €135m (-€25m / -16% YoY) Assuming Q2 lowest quarter in 2020 and run-rate recovery in H2 Q2+Q3+Q4 at €101m (-14% YoY)
Capex	<ul style="list-style-type: none"> Reducing discretionary cost & non-vital capex ~€20m to protect core growth roadmap; Total capex of ~€70m: ~€50m growth (China); ~€20m regular maintenance; 	
Pre-dividend cash flow & cash	<ul style="list-style-type: none"> Approx. +/- €5m Cash position ~€120m 	<ul style="list-style-type: none"> Approx. +€25 to €35m Cash position ~€150m
Dividend	<ul style="list-style-type: none"> Proposing to distribute an ordinary dividend of €15m or €0.44/share in July Review an additional dividend in November (post Q3 earnings release) depending on earnings & cash flow Q3 2020 YTD and the improved visibility about the impact from Covid-19 → Conservatively balancing dividend stability and cash flow 	

Even at lower-end €100m EBITDA (prolonged Covid-19 lockdowns), operational **continuity assured** incl. **funding China ... Proposing €15m or €0.44/per share ordinary dividend in July** –as well as– considering **additional dividend in November**

Continuing growth roadmap even during Covid-19; Focus 2020: Building two EAF steel dust recycling plants in China



- 1 Hedging**
 - 2019: 92.4kt @ ~€2,310/t
 - 2020: 92.4kt @ ~€2,250/t
 - 9M 2021: 57.3kt @ ~€2,200/t

- 2 Organic growth**

2020 focus – top 5 projects:

 - Steel Dust:
 - ✓ Turkey 65kt → 110kt; Completed
 - ✓ Korea washing; Completed Dec'19
 - Aluminium Salt Slags:
 - ✓ 2 tilting furnaces (Bilbao; Barcelona)
 - Expand Hannover (130kt → 170kt)

- 3 China**

Developing two EAF steel dust recycling plants in two provinces:

 - #1 (Jiangsu): Completion of construction expected by ~begin'21
 - #2 (Henan): Completion of construction expected ~mid of '21

Turkey, Korea & Barcelona completed on time & budget; Supporting growth in 2020+

Turkey: 65kt to 110kt cap. expansion completed on time & budget



- ✓ EAF dust recycling plant "brownfield" capacity expansion from 65kt to 110kt
- ✓ On time & budget; Overall in ~7 months – Started downtime end Jan'19; back in operations in Aug'19
- ✓ Ramp-up completed in Q4'19; Delivering growth in 2020+

S. Korea: New WOX washing plant completed on time & budget



- ✓ "Greenfield" investment in the 1st WOX washing plant of Befesa at Asia
- ✓ Completed on time and budget
- ✓ Ramp-up completed in Dec'19; Delivering growth in 2020+

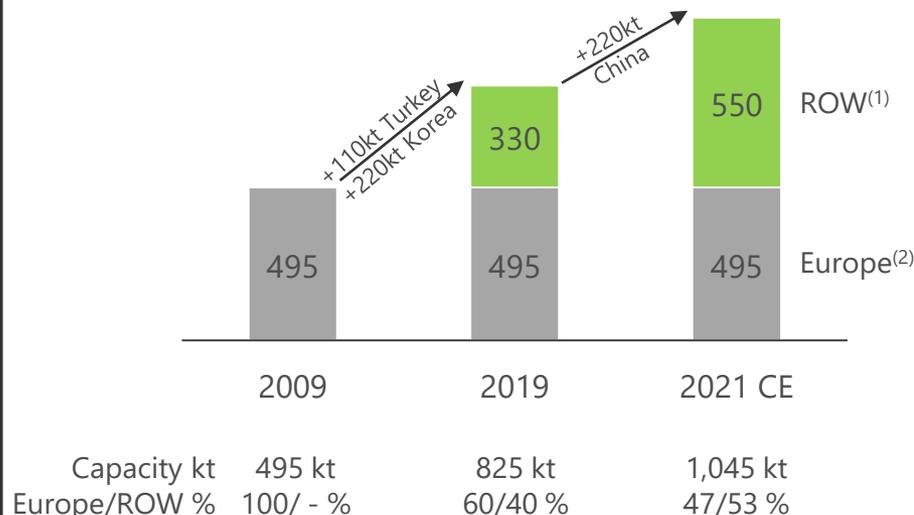
Barcelona: Furnace upgrade completed on time & budget



- ✓ Barcelona 2nd Alu plant refurbishment with high efficiency furnaces; All 2nd Alu production plants now with latest furnace technology
- ✓ Completed on time and budget
- ✓ Delivering growth in 2020+

Portfolio Growth & Diversification

EAF Dust Recycling Capacity (kt)



**Growing to ~50/50 Europe/Rest of World (ROW)
 ... at 6.4% CAGR; ~Twice GDP**

Aerial view of Changzhou construction site (Jiangsu province), 19 April 2020

**Status update:**

- ✓ Nanjing HQ office applied to re-open on 10 Feb, passed inspection 24 Feb and re-opened on 25 Feb
- ✓ Construction site at Changzhou (Jiangsu, 1st plant): re-opened 10 March → Completion expected ~begin '21
- Henan (2nd plant): Preparing site for construction; Estimating to complete by ~mid '21

Befesa is a vital player in the circular economy providing sustainable solutions

- Befesa **recycles annually around 1.5 million tonnes** of hazardous residues, avoiding landfilling and **recovering and reintroducing** around **1.2 million tonnes of valuable new materials**
- Befesa's business model is **vital part** of the **circular economy** ... Befesa's core business is sustainability
- Befesa is deploying its **proven environmental services technologies** in other parts of the world, like **China**, and will contribute to the environmental protection in these **new regions**

Befesa agrees with all 17 **United Nations Sustainable Development Goals** and supports all of them. Based on Befesa's business model it focuses to the contribution and impact on the following five goals:



Available ESG ratings for Befesa



Befesa's Sustainability Report 2019 scheduled for publication in Q2

Financial calendar

✓ **Thursday, 20 February 2020:**
Preliminary Year-End Results 2019 & Analyst Call

✓ **Thursday, 26 March 2020:**
Annual Report 2019

✓ **Thursday, 30 April 2020:**
Q1 2020 Statement & Analyst Call

Thursday, 18 June 2020:
Annual General Meeting

Friday, 31 July 2020:
H1 2020 Interim Report & Analyst Call

Thursday, 29 October 2020:
Q3 2020 Statement & Analyst Call

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Meet Befesa

✓ **04-05 February 2020 – HSBC**
Frankfurt, 15th ESG Conference

✓ **05-06 February 2020 – Santander**
Madrid, XXVI Santander Iberian Conference

✓ **11 March 2020 – Berenberg**
London, Berenberg European Opportunities Conference

✓ **19 March 2020 – JP Morgan**
London, JPM Pan-European Small/Mid Cap Conf. (virtual)

✓ **23 March 2020 – Citi**
Paris, Citi's Paris Symposium 2020 (virtual)

12 May 2020 – Mainfirst
Frankfurt, 3rd MainFirst SMID CAP One-on-One Forum (virtual)

13-14 May 2020 – Commerzbank
New York & Boston, Northern European Conf. 2020 (virtual)

18 May 2020 – Berenberg
Tarrytown (New York), Berenberg USA Conference 2020 (virtual)

08-10 June 2020 – Stifel
Boston, 3rd Stifel Cross Sector Insights Conference (virtual)

01-03 September 2020 – Commerzbank
Frankfurt, Commerzbank Corporate Conference

17-18 September 2020 – Citi
London, SMID/Growth Conference 2020

21-23 September 2020 – Goldman Sachs & Berenberg
Munich, 9th German Corporate Conference

21-25 September 2020 – Baader
Munich, Baader Investment Conference 2020

11-12 November 2020 – Goldman Sachs
London, Global Natural Resources Conference 2020

30 November – 03 December 2020 – Berenberg
Pennyhill, London, Berenberg European Conference 2020

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Befesa Overview

**Good operational performance & plant utilisation at ≥90%;
Managing impact from Covid-19 in Q1**

- Steel dust throughput 186kt (+10% YoY); 90% utilisation
- Salt slags & SPL recycled 125kt (-3% YoY); 94% utilisation
- Limited temporary Covid-19 downtimes: One Salt Slags plant pre-cautionary quarantine (2 weeks); One 2nd Alu plant due to lower automotive demand (1 week)

Covid-19 further pressured metal prices impacting Q1 earnings YoY:

- Zinc LME Q1 €1,930; -19% YoY, -28% YoY including TC at \$300/t
- Alu Alloy FMB Q1 €1,433; -6% YoY

- EBITDA at €34m (-22% / €-9m YoY); Metal price driven:
 - ▼ Unfavourable metal prices:
 - Zinc LME at €1,930/t (-19%)
 - Zinc reference TC settling at \$300/t (vs. \$245/t in 2019)
 - Alu alloy FMB at €1,433/t (-6%)
 - ▼ Zinc hedges: €2,244/t in Q1'20 (vs. €2,327/t in Q1'19)

EBITDA margin at 19%

Partially offset by:

- ▲ EAF dust throughput up; Turkey operating
- ▲ Alu furnaces high efficiency upgrades delivering

**Continued strong liquidity of ~€200m;
Cash stable at €120m + €75m RCF;
Repriced long-term capital structure;
Reduced interest by 50 bps in Feb'20**

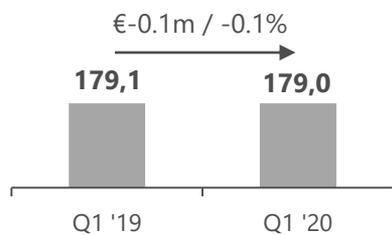
- Continued ~€200m unused liquidity; Stable cash on hand at €120m and €75m RCF undrawn; Leverage at x2.8
- TLB successfully repriced; Interest rate ↓50 bps to E+200 bps for leverage >x2.25; €2.6 savings p.a.; No maturities up to July 2026; No covenants
- Operating cash flow at €93m LTM Q1

**Construction works at both Chinese sites resumed in March & progressing;
Set up well for growth in 2021+**

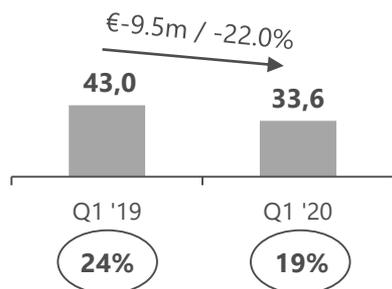
- Jiangsu: construction site re-opened Mar'20; construction progressing; completion expected begin'21
- Henan: Continue preparing site for construction; Expecting completion by about middle of 2021

Q1 EBITDA at €33.6m (-22.0% YoY): Impacted by lower metal prices; Partially offset by higher EAF dust throughput (Turkey) & upgraded alu furnaces

Revenue (€m)



EBITDA and % margin (€m)

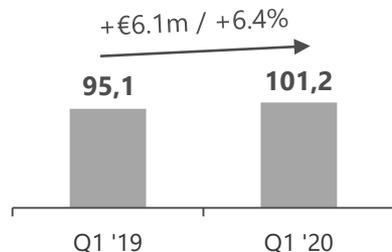


Highlights

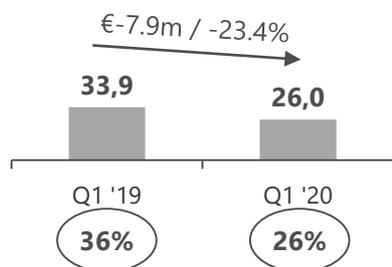
- Q1 revenue flat at €179.0m** (€-0.1 / -0.1% YoY) primarily due to:
 - + EAF dust throughput +10% higher YoY (mainly due to Turkey)
 Offset by:
 - Slightly lower salt slags & SPL vol. (-3% YoY) due to Covid-19 related pre-cautionary quarantine downtime at Spanish plant
 - Lower market prices YoY:
 - Zinc LME price -19% (Q1'20: €1,930/t; Q1'19: €2,380/t);
 - Unfavourable zinc reference TC for 2020 at ~\$300/t (2019: \$245/t)
 - Alu alloy FMB price -6% (Q1'20: €1,433/t; Q1'19: €1,528/t)
 - Zinc hedging prices -€83/t (Q1'20: €2,244/t vs. Q1'19: €2,327/t) →
 - Zinc blended prices -11% (Q1'20: €2,114/t; Q1'19: €2,373/t)
- Q1 EBITDA at €33.6m** (€-9.5m / -22.0% YoY); EBITDA margin at 19%;
 Main drivers:
 - Lower **metal prices** (Zinc LME ~€-7; Alu alloy FMB ~€-0.5);
 - Unfavourable zinc reference **TC** (~€-2.5);
 - Lower **zinc hedging prices** (~€-2);
 - Slightly lower **salt slags vol.** due to Covid-19 downtimes in Spain (~€-0.5)
 Partially offset by:
 - + Higher **EAF dust throughput** (~€+3);
 - + **2nd Aluminium upgraded furnaces** delivering results (~€+0.5)

Q1 EBITDA at €26.0m (-23.4% YoY): Driven by lower zinc prices; Partially offset by higher EAF dust throughput (Turkey)

Revenue (€m)



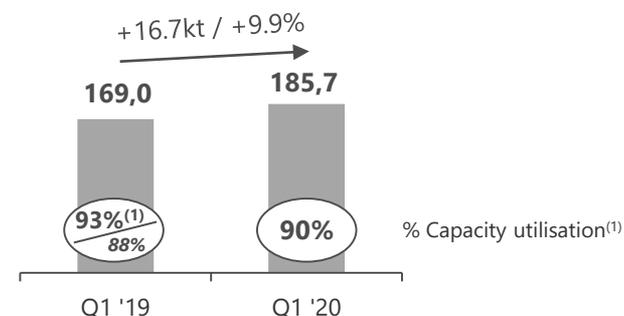
EBITDA and % margin (€m)



Highlights

- **Q1 revenue up 6% YoY** mainly driven by:
 - + Higher EAF dust throughput (Turkey operating)
 Partially offset by:
 - Lower hedging and spot zinc prices;
 - Unfavourable zinc ref. TC at ~\$300/t (vs. \$245/t in '19)
- **Q1 EBITDA down €8m / 23% YoY** primarily driven by:
 - Lower zinc blended prices, ~€-9 (LME €-7; Hedging €-2);
 - Unfavourable zinc ref. TC (~€-2.5); Partially offset by:
 - + Higher EAF dust throughput (~€+3)

EAF dust throughput & capacity utilisation⁽¹⁾ (thousand tonnes, % of annual installed capacity)



- **Throughput up +10% YoY** mainly due to Turkey back in operations after annual capacity expanded in '19 to 110kt
- Overall plant **utilisation continued at high 90%**

Prices

(€ per tonne)

	Q1 2019	Q1 2020	% Var.	2019
Befesa blended⁽²⁾ average zinc price	2,373	2,114	-11%	2,280
LME average price	2,380	1,930	-19%	2,274

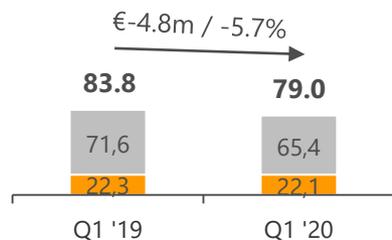
(1) Installed capacity and corresponding utilisation rates in 2019 are normalised for the capacity upgrade in Turkey, from 65kt to 110kt (plant was shutdown from end of Jan to mid-Aug 2019)

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

Q1 EBITDA at €8.6m (-3.5% YoY) mainly driven by lower aluminium alloy prices and slightly lower salt slags volumes (Covid-19 related plant downtimes); Partially offset by alu furnace upgrades delivering results; >90% plant utilisation

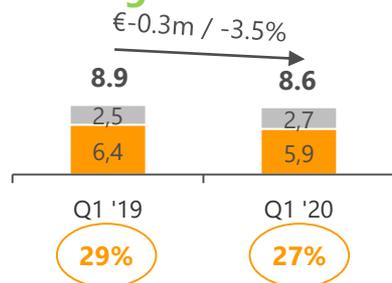
Revenue⁽¹⁾

(€m)



EBITDA and % margin⁽²⁾

(€m)



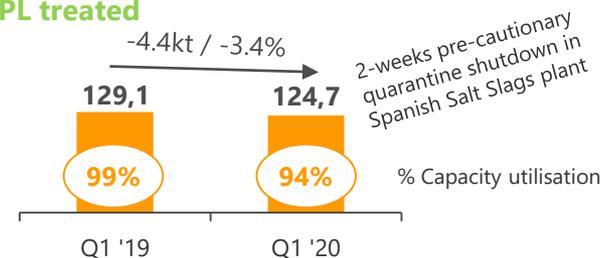
Highlights

- **2nd Aluminium:** Q1 EBITDA up €0.2m / 9% mainly driven by higher margins (due to more efficient furnaces delivering results); partially offset by lower prices
- **Salt Slags & SPL:** Q1 EBITDA down €0.5m YoY mainly due to 6% decrease in alu alloy prices (~€-0.5); Slightly lower salt slags & SPL volumes (~€-0.5); Partially offset by improved efficiencies & other (~€+0.5)

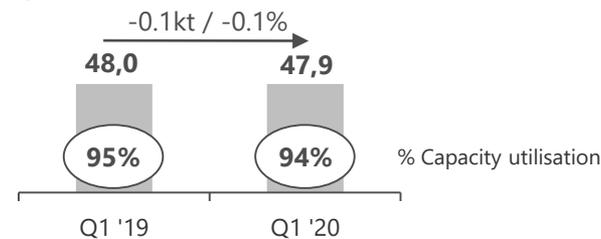
Volumes & capacity utilisation

(thousand tonnes, % of annual installed capacity)

Salt Slags & SPL treated



Aluminium alloys produced



Prices

(€ per tonne)

	Q1 2019	Q1 2020	% Var.	2019
Aluminium alloy average price ⁽³⁾	1,528	1,433	-6%	1,397

■ Salt Slags subsegment
■ Secondary Aluminium subsegment

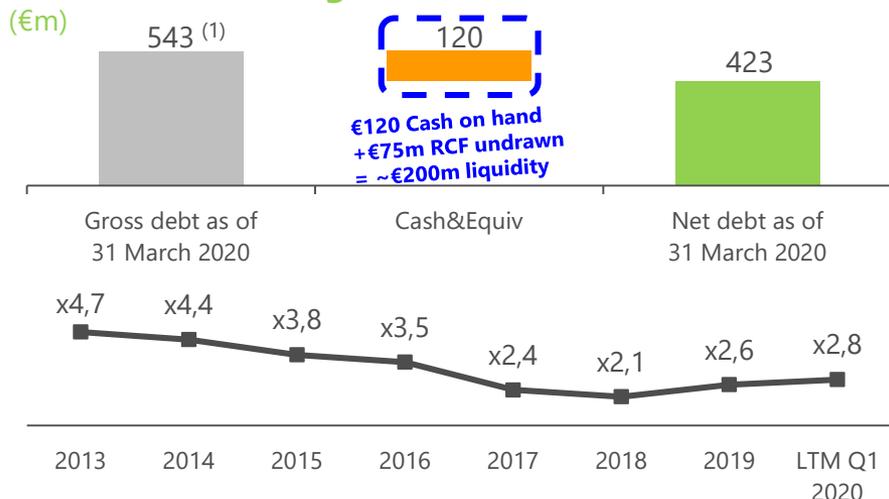
(1) Total revenue is after intersegment eliminations (€8.5m in Q1 2020; €10.0m in Q1 2019)

(2) EBITDA margins refer to the Salt Slags subsegment

(3) Aluminium scrap and foundry ingots aluminium pressure diecasting ingot DIN226/A380 European Metal Bulletin free market duty paid delivered works

**Continued strong ~€200m liquidity (Cash €120m; €75 RCF undrawn);
Long-term capital structure: No maturities to July '26; 2% interest; No covenant;
Managing cash & cost rigorously; Funding China expansion**

Net debt & leverage rate evolution



Capital Structure

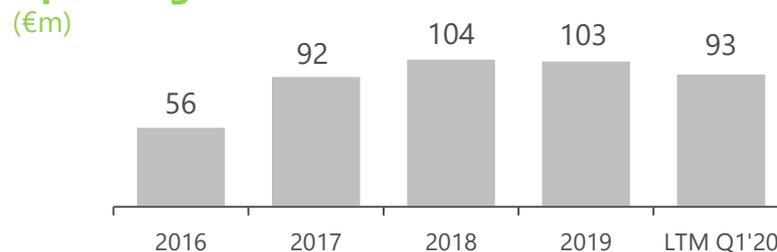
- 17 Feb: TLB **successfully repriced**; Interest rate **down 50 bps** to **E+200 bps** for leverage >x2.25; **€2.6m savings p.a.**; Other terms unchanged
- After a fixed 9-months period, interest rate could be reduced further alongside certain leverage ratchets, e.g. E+125 bps if leverage < x1.75
- Long-term** capital structure, cov-lite TLB, with remaining **>6 years** tenor to **July '26**; Incl. loan baskets to accommodate China growth
- No covenant**; unless $\geq 40\%$ of RCF used; in which case leverage to stay $\leq x4.5$... YE'19 at x2.6; Significant headroom
- Moody's / S&P** corporate ratings unchanged: **Ba2 / BB**; stable

Q1'20 EBITDA to total cash flow – main drivers

(€m)

EBITDA	€34	€-9m / -22% YoY
WC change	€-10	Mainly higher receivables with Q1 vs Q4 +€28m Sales & Q1/Q4 monthly loading
Taxes	€-6	
Interest & other ⁽²⁾	€-7	
Capex & other investing activities	€-16	€4 Maintenance/productivity/compliance €12 Growth: China expansion
Dividends	-	
Total Cash Flow	€-5.5	→ €120m cash on hand

Operating cash flow⁽³⁾



(1) Gross debt at Q1'20 includes €11.2m under current financial indebtedness, primarily explained by the accrued bi-annual interests, leasing (under IFRS 16) and others

(2) "Other" includes cash bank inflows/outflows from bank borrowings and other liabilities, as well as the effect of foreign exchange rate changes on cash

(3) Total operating cash flow per audited consolidated statement of cash flows; after WC, taxes & interest; pre capex & dividend; 2020 figures are unaudited

Hedging up to Oct '21 improves earnings & cash flows visibility for 2020 & 2021



Source: London Metal Exchange (LME) zinc daily cash settlement prices; Company information

Zinc hedges & blended average prices

	2018	2019	Q1 2019	Q1 2020
Unhedged	32% or 44kt @ €2,468/t LME	26% or 33kt @ €2,274/t LME	25% or 8kt @ €2,380/t LME	~40% or 16kt @ €1,930/t LME
Hedged	68% or 92kt @ €2,051 hedge price	74% or 92kt @ €2,310/t hedge price	75% or 23kt @ €2,327/t hedge price	~60% or 23kt @ €2,244/t hedge price
Blended⁽¹⁾	€2,168	€2,280	€2,373	€2,114

- Hedges in place **until & including Oct '21**
- Continuous monitoring of the market to close further hedges
- **Majority** of hedges **Euro based**
- Befesa providing **no collateral**

(1) Zinc blended prices are annual averages computed based on the monthly effective LME zinc and hedging prices weighted with the respective hedged and non-hedged volumes

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Q1 2020 Results

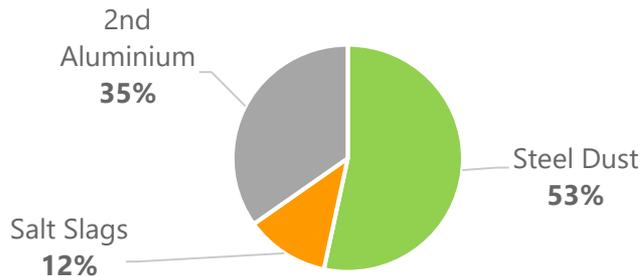
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Befesa Overview

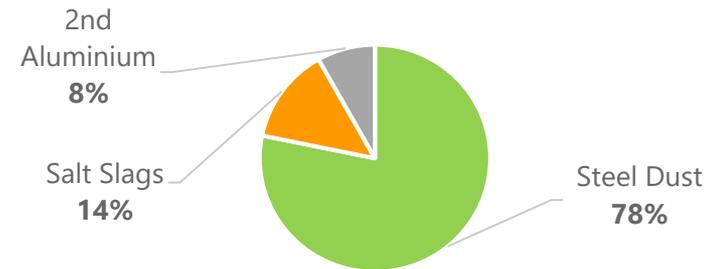
Befesa a market leader in Europe & Asia in providing regulated critical hazardous waste recycling services to the steel and aluminium industries

BEFESA

LTM Q1 2020 Revenue: €648m⁽¹⁾



LTM Q1 2020 EBITDA: €150m



+90% EBITDA generated from two core 25-30% EBITDA margin operations with low capital intensity

Steel Dust Recycling Services⁽³⁾



Position in Europe (c. 45–50% market share) and Asia⁽²⁾

32%

EBITDA margin (LTM Q1 2020)⁽³⁾

Relationships
> 15yrs



Aluminium Salt Slags Recycling Services



Position in Europe in Salt Slags subsegment (c. 45–50% market share)

25%

EBITDA margin in Salt Slags subsegment (LTM Q1 2020)⁽⁴⁾

Relationships
> 15yrs



Source: Company information, International Consulting Firm based on World Steel Association's Steel Statistical Yearbooks, WBMS, industry research, expert Interviews.

(1) Excluding internal revenues; sales split is calculated on revenues including internal revenues. (2) Excluding China.

(3) Including stainless steel. (4) Including recycling of SPL (a hazardous waste generated in primary aluminium production).

Befesa has grown successfully through organic initiatives and acquisitions

Founded in Germany

1987
Metallgesellschaft, German industrial conglomerate, creates Berzelius Umwelt Service (B.U.S.)

1993
B.U.S. AB, together with two other companies, group their environmental assets in Spain creating Berzelius Felguera (Befesa)

1998
 Befesa IPO at the Madrid and Bilbao Stock Exchanges

2000
Abengoa acquires a 51% stake in Befesa from B.U.S. to develop its environmental services business (stake increased over time)

2011
 Delisting from the Madrid and Bilbao Stock Exchanges

Acquisitions & turnarounds

2006
 Befesa acquires a 100% stake in B.U.S., becoming the **European leader in steel dust recycling**



2009
 Befesa becomes the **European leader in salt slags recycling** after acquiring 3 plants in Germany from Agor



2013
Triton⁽²⁾ acquires Befesa



Successful greenfield (state-of-the-art technology)

2014
 Inauguration of the 2nd aluminium production plant in **Bernburg**



Frankfurt Stock Exchange & SDAX

2017 / 2018

- Successful IPO on Frankfurt Stock Exchange;
- Entry to SDAX on 24 Sep 2018

2012

- Entry in the Asian market by acquiring successive stakes in the **Korean Hankook**⁽¹⁾



2015
 Commissioned 2nd kiln in **Korea**, becoming Befesa's largest recycling plant



2019

- EAF steel dust recycling plant at **Turkey expanded to 110kt capacity**



- **First WOX washing plant in Asia**, located close to Korea's EAF steel dust recycling



2010
 Entry in the **Turkish market** through JV with Canadian Silvermet



2019 / 2020
 Developing first 2 EAF steel dust recycling plants in **China**:

- Jiangsu province: Completion of construction expected by beginning of 2021
- Henan province: Completion of construction expected by mid-2021



Entered two new markets through JV & acquisition with subsequent turnaround

Expansion in Korea

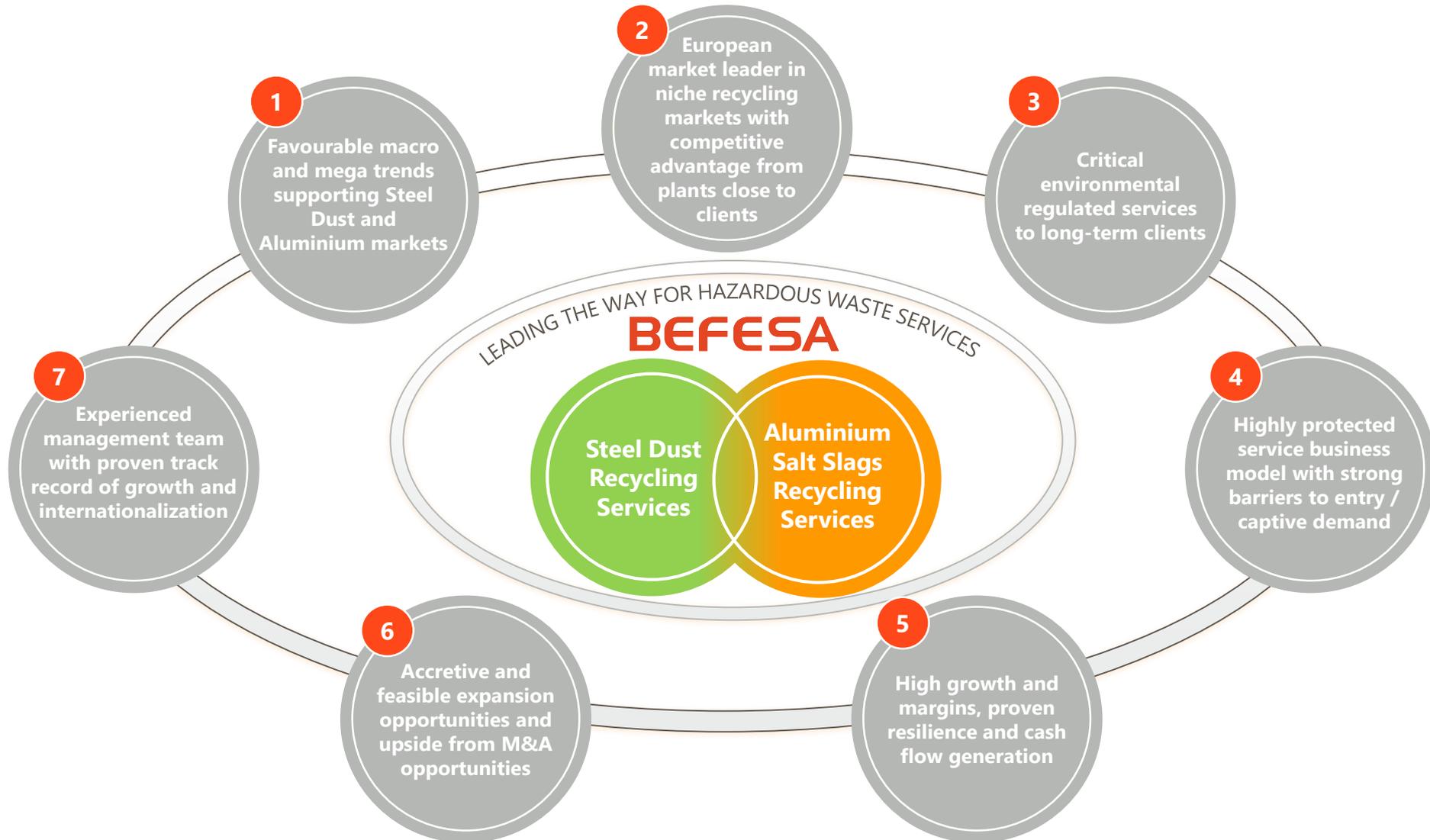
Expansion in Turkey & Korea

Expanding into China

Source: Company information

(1) Befesa subsequently acquired 100%

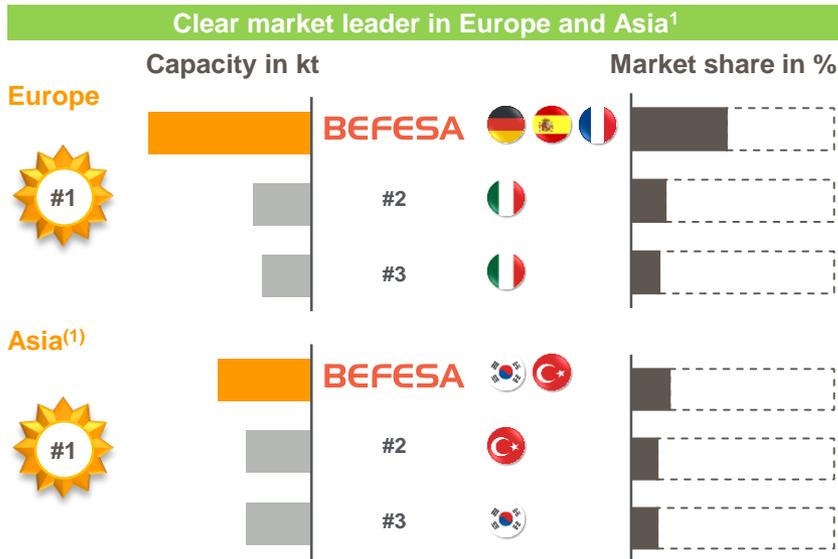
(2) Free-float at 100% after Triton's exit on 06 June 2019



Befesa is the market leader in steel dust and salt slags recycling services with a competitive advantage due to its close proximity to key clients

Established market leader

Steel Dust Recycling Services

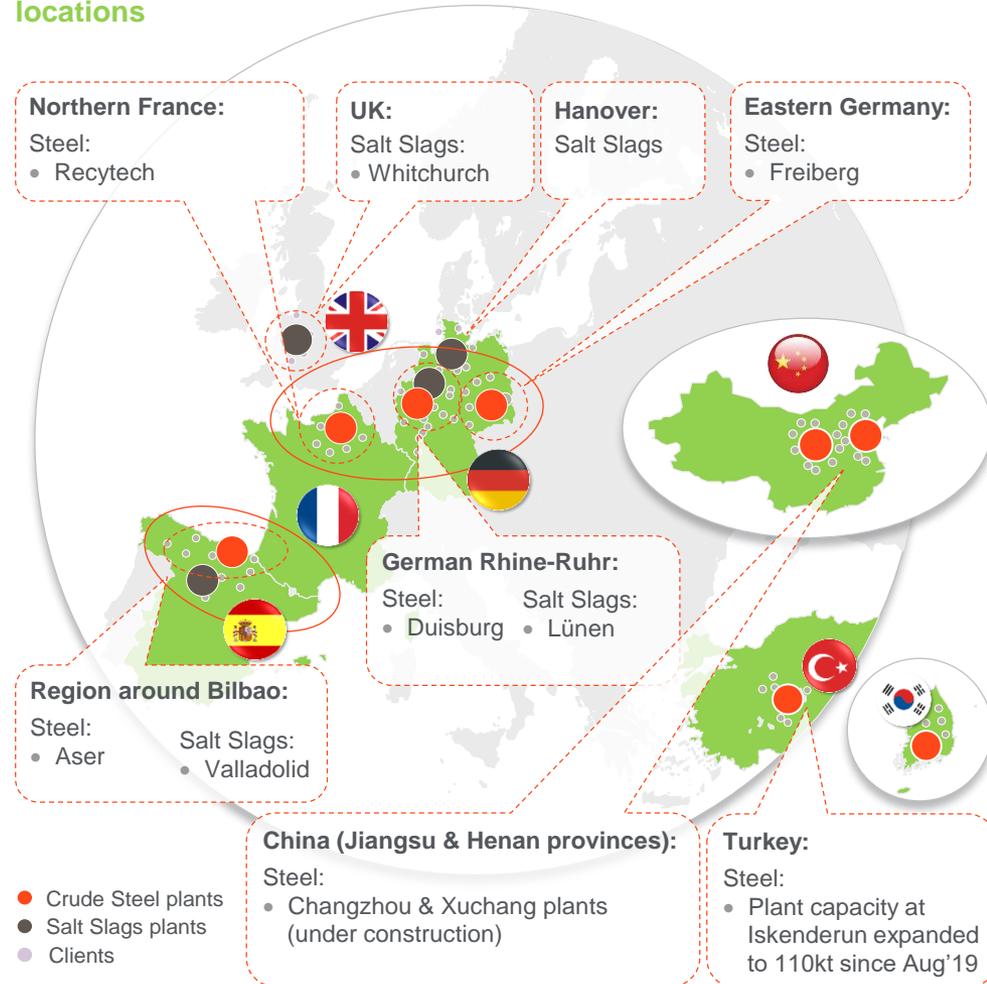


Salt Slags Recycling Services



Proximity to clients provides strong competitive advantage

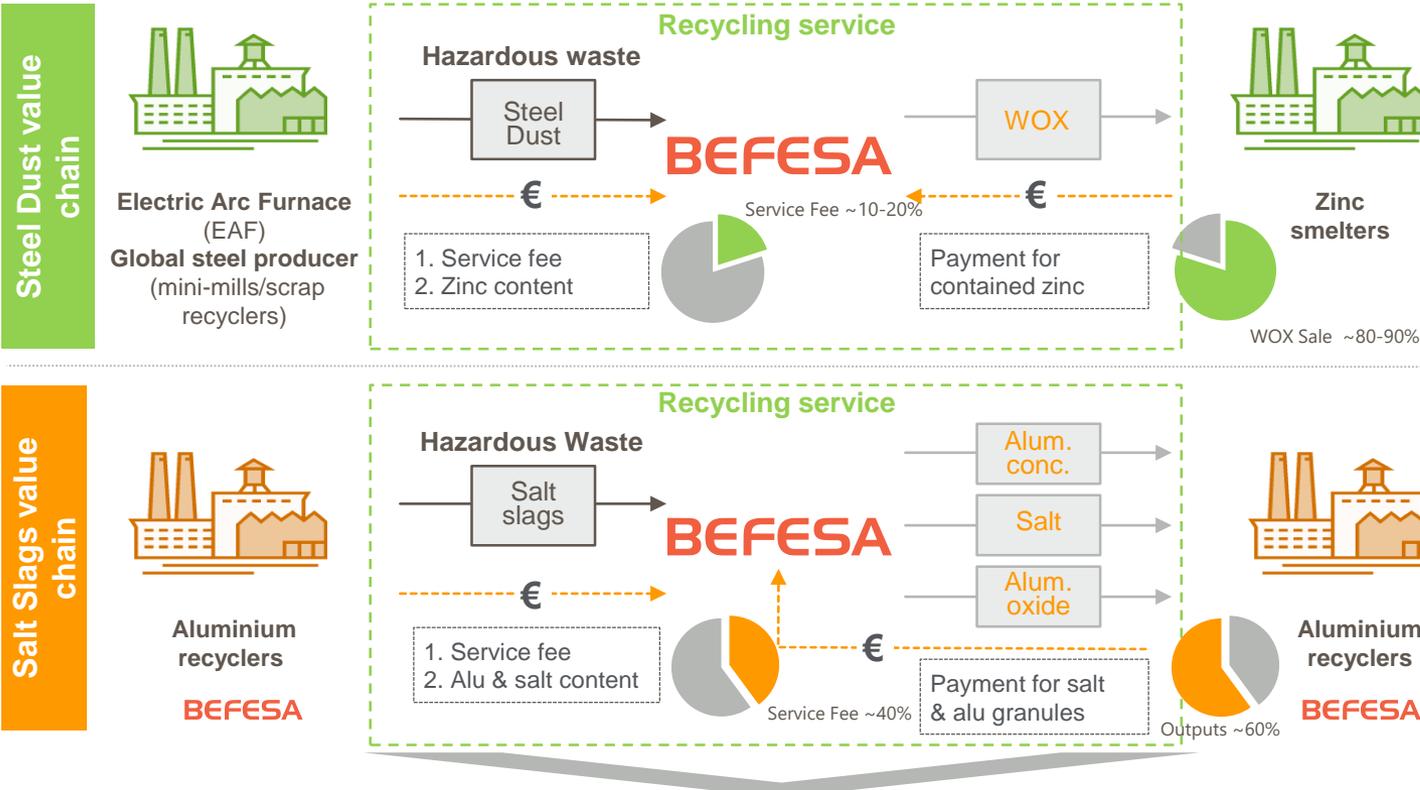
Each Befesa plant usually collects waste from at least 10-15 client locations



Source: Company information.

(1) Excluding China.

Befesa offers a crucial service taking care of highly regulated hazardous waste in the value chain of secondary steel and aluminium producers



Consequences of non-compliance

- Major European steel producer struggles with large plant (producing 8% of European steel) due to breaching environmental regulations (contamination of environment)
- Court ordered to partly shut down the plant
- Owner prompted to invest \$3.8bn to bring the plant back to required standards

- In 2002 the owners of a metal foundry in Italy faced prison time for illegal transport and landfilling of hazardous waste

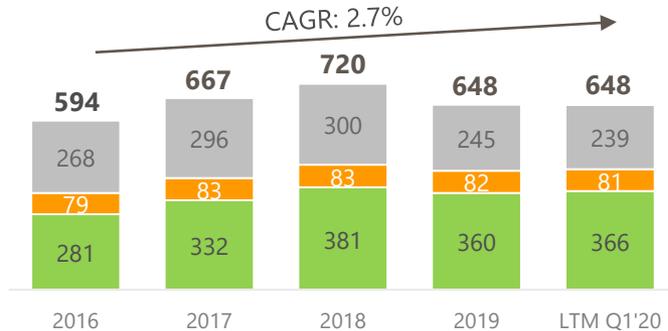
- In 2004 a big aluminium refinery in Italy abandoned 450kt of hazardous waste in the open air over half an hectare
- More than 10 years later the local administration is still collecting funds to proceed to the removal and cleaning of the area

- Befesa collects and recycles hazardous waste from steel producers and aluminium recyclers
- Recycling is mandatory for Befesa's clients due to environmental regulations
- Befesa takes off and effectively takes care of environmental liability for their clients
- Without timely and regulatory compliant offtake of hazardous waste clients face risk of complete shut-down of production as well as severe penalty payments
- Befesa therefore offers a critical element of its clients value chain

- In 2011 a big producer of aluminium alloys in Spain was involved in the transport without authorisation and illegal landfilling of 1.5kt of salt slags on a vacant lot
- Befesa was ultimately contracted to treat the waste properly

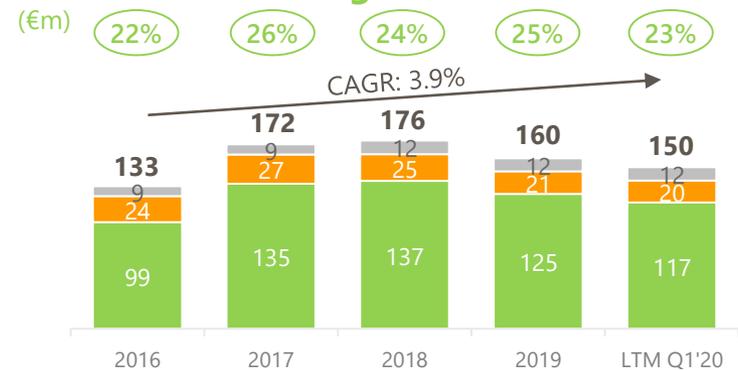
Revenues⁽¹⁾

(€m)



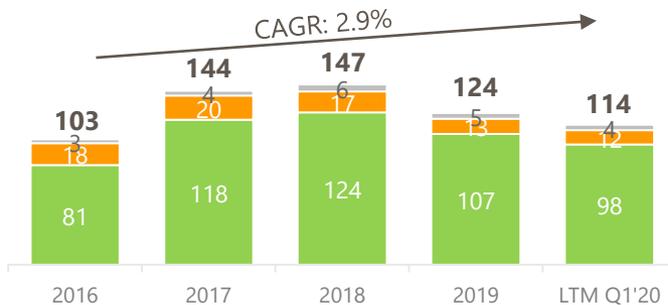
EBITDA and % margin⁽²⁾

(€m)



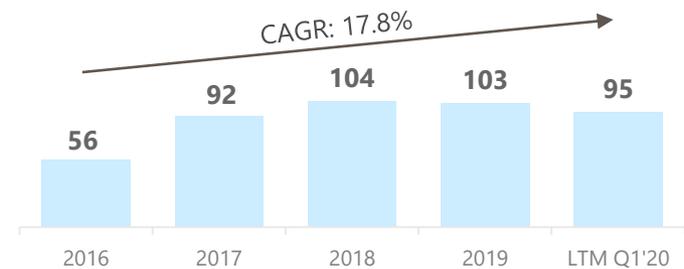
EBIT and % margin⁽²⁾

(€m)



Operating cash flow⁽³⁾

(€m)



Steel Dust Salt Slags 2nd Aluminium

Revenue growth underpinned by sustainable increase in volumes accelerating growth

Low capital intensity exemplified by low, stable D&A and high earnings margins

Strong operational cash flow generation due to low maintenance requirements providing funds for growth

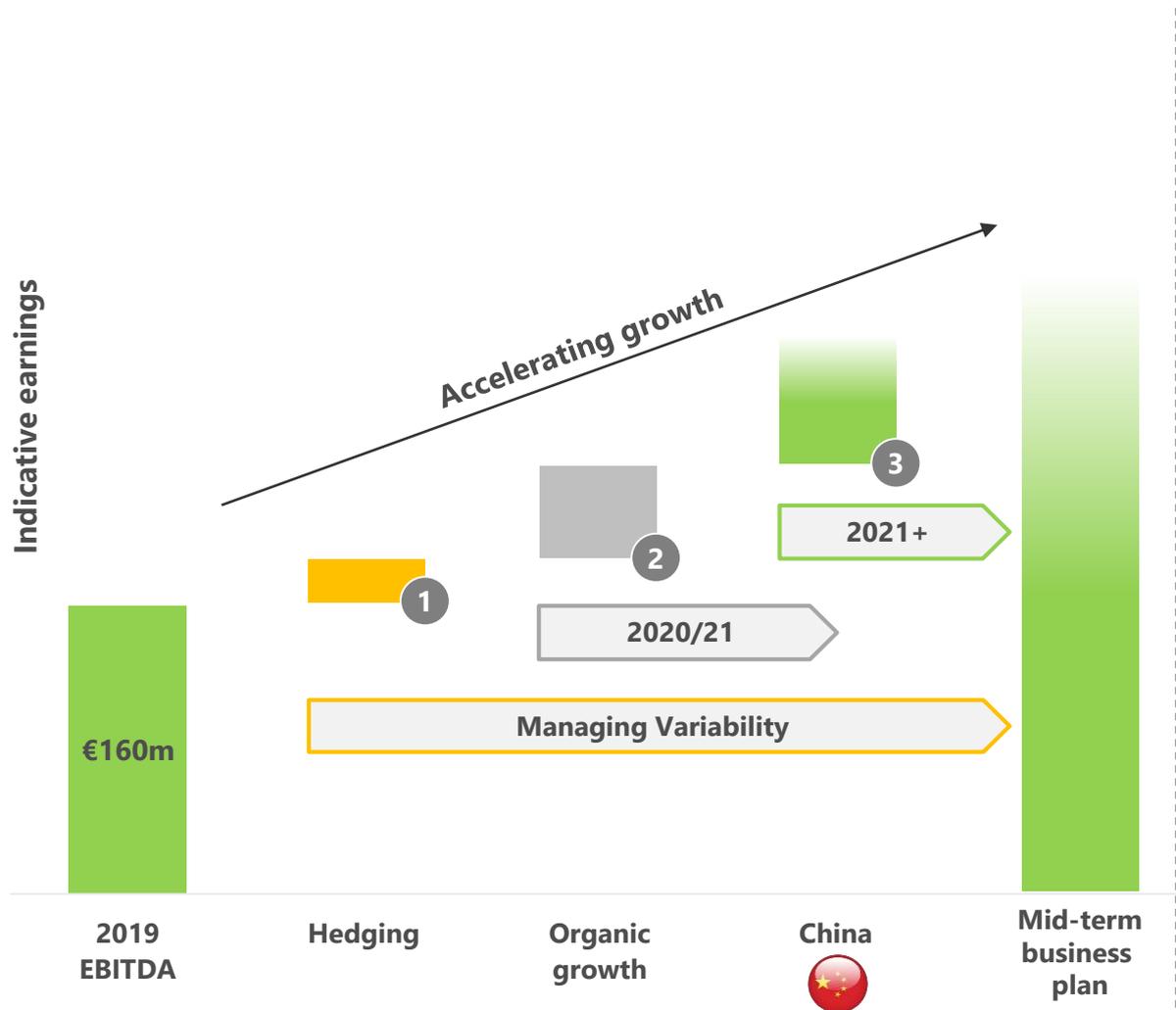
Continue profitable growth trend ... strong operational cash flow funds growth initiatives

(1) Total revenue excludes internal revenues and are comparable figures after amendment IFRS 15 affecting the revenue recognition of non-operating sales in the 2nd Aluminium sub-segment; These non-operating sales have limited margin contribution; Reported revenues amounted to €611.7m in fiscal year 2016 and €724.8m in fiscal year 2017

(2) EBITDA and EBIT margins as a % of comparable revenue; EBITDA and EBIT in fiscal years 2016 and 2017 are adjusted from one-off extraordinary items; Reported EBITDA amounted in €128.8m in fiscal year 2016 and €153.0m in fiscal year 2017; Reported EBIT amounted to €84.3m in fiscal year 2016 and €122.4m in fiscal year 2017

(3) Operating cash flow per audited consolidated statement of cash flows; after WC, taxes & interest; pre capex & pre dividend; LTM 2020 figures are preliminary and unaudited

Continuing growth roadmap even during Covid-19; Focus 2020: Building two EAF steel dust recycling plants in China



1 Hedging

- 2019: 92.4kt @ ~€2,310/t
- 2020: 92.4kt @ ~€2,250/t
- 9M 2021: 57.3kt @ ~€2,200/t

2 Organic growth

2020 focus – top 5 projects:

- Steel Dust:
 - ✓ Turkey 65kt → 110kt; Completed
 - ✓ Korea washing; Completed Dec'19
- Aluminium Salt Slags:
 - ✓ 2 tilting furnaces (Bilbao; Barcelona)
 - Expand Hannover (130kt → 170kt)

3 China

Developing two EAF steel dust recycling plants in two provinces:

- #1 (Jiangsu): Completion of construction expected by ~begin'21
- #2 (Henan): Completion of construction expected ~mid of '21

Senior management team delivering results through long standing industry expertise, entrepreneurial spirit and focus on operational excellence as well as governance and compliance processes



Javier Molina
CEO

CEO since 2000

Has run Befesa for >15 Years
Became President of Abengoa's
Environmental Services Division
in 1994



Wolf Lehmann
CFO; including responsibilities for Operational Excellence and IT

CFO since 2014

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



Asier Zarraonandia
Vice President
Steel Dust
Recycling Services

>15 yrs with Befesa

Has run the Steel Dust Recycling
Services Business for >10 years



Federico Barredo
Vice President
Aluminium Salt Slags
Recycling Services

>25 yrs with Befesa

Has run the Aluminium Salt Slags
Recycling Service Business
for >15 years

Key achievements / track record



Extensive experience in steel and aluminium recycling business



Strong performance results through focus on operational excellence



Building strong business foundation of ESG, compliance and health & safety processes



Successful international expansion



Track record of successful acquisitions and turnarounds (BUS, Agor, Alcasa, Hankook, Silvermet etc.)



Experience in developing greenfield projects (South Korea, Gravelines, Bernburg)