



BEFESA ZINC

First Quarter 2013 Earnings Presentation

29th May 2013

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- Such statements reflect the current views of Befesa Zinc with respect to future events and are subject to risks, uncertainties and assumptions.
- Many factors could cause the actual results, performance or achievements of Befesa Zinc to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others: changes in general economic, political, governmental and business conditions globally and in the countries in which Befesa Zinc does business; changes in interest rates; changes in inflation rates; changes in prices; decreases in government expenditure budgets and reductions in government subsidies; changes to national and international laws and policies that support renewable energy sources; inability to improve competitiveness of our renewable energy services and products; decline in public acceptance of renewable energy sources; legal challenges to regulations, subsidies and incentives that support renewable energy sources and industrial waste recycling; extensive governmental regulation in a number of different jurisdictions, including stringent environmental regulation; our substantial capital expenditure and research and development requirements; management of exposure to credit, interest rate, exchange rate and commodity price risks; the termination or revocation of our operations conducted pursuant to concessions; reliance on third-party contractors and suppliers; acquisitions or investments in joint ventures with third parties; unexpected adjustments and cancellations of our backlog of unfilled orders; inability to obtain new sites and expand existing ones; failure to maintain safe work environments; effects of catastrophes, natural disasters, adverse weather conditions, unexpected geological or other physical conditions, or criminal or terrorist acts at one or more of our plants; insufficient insurance coverage and increases in insurance cost; loss of senior management and key personnel; unauthorized use of our intellectual property and claims of infringement by us of others intellectual property; our substantial indebtedness; our ability to generate cash to service our indebtedness; changes in business strategy and various other factors.
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- Befesa Zinc does not intend, and does not assume any obligations, to update these forward-looking statements.

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1Q Business Highlights

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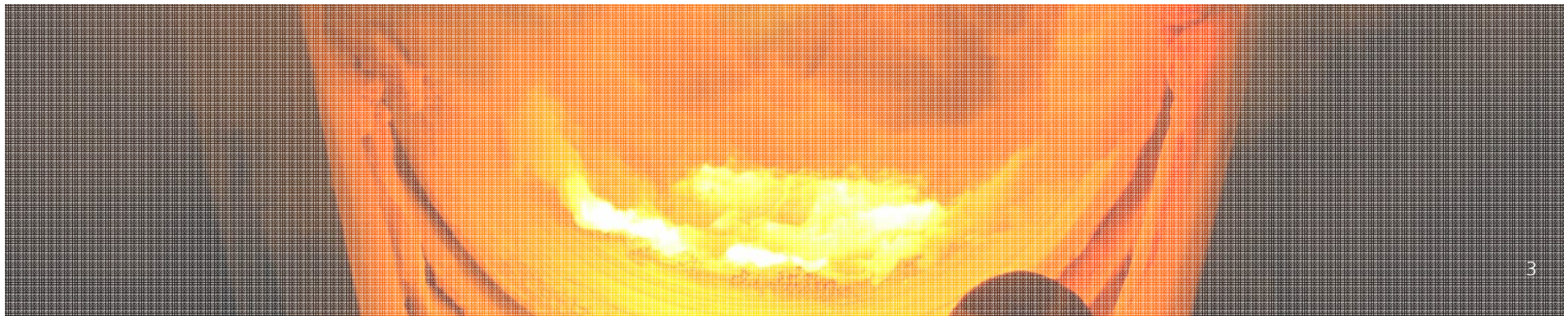
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1Q 2013 Key Highlights

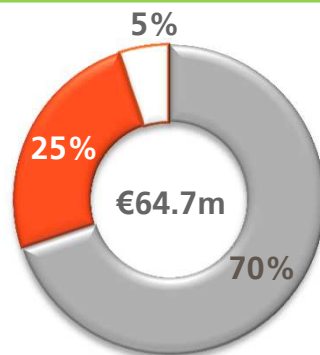
Profitable growth despite a continuously challenging environment

Revenues

64.7 M€

↑ **3.9 %** (62.3 M€ 1Q 2012)

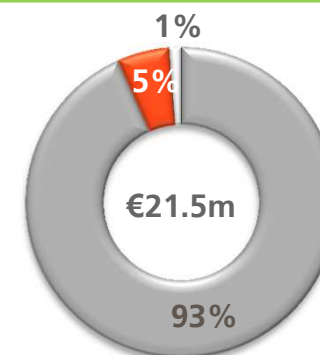
- Crude Steel
- Stainless Steel
- Others*



EBITDA

21.5 M€

↓ **4.3 %** (22.4 M€ 1Q 2012)



Net Income

7.8 M€

↓ **6.6 %** (8.3 M€ 1Q 2012)

Leverage

2.82x**

from 2.94x at 1Q 2012

* Galvanization Waste Recycling was included in HYB Perimeter in 4Q 2012. This plant located in Bilbao area recycles waste coming from the galvanization industry. Revenues in Q4 2012 amounted to €3.6m and EBITDA of €0.3m

** Assumes LTM Ebitda of €82.3m

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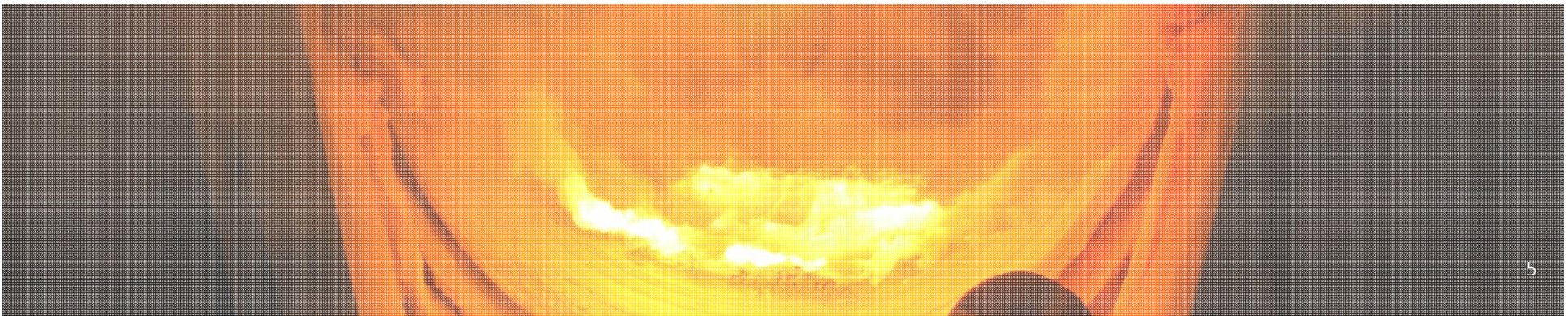
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1Q 2013 Crude Steel

We continue to deliver good results in a continuous challenging macro environment in crude steel

45.2 M€

Revenues in 1Q 2013, a decrease of 5 % Y-o-Y

20.0 M€

EBITDA in 1Q 2013, a decrease of 3 % Y-o-Y

44.3 %

Average EBITDA margin (vs. 43.4 % 1Q 2012)

91.2 %

Average Load Factor (vs. 96.1 % 1Q 2012)

41.2 Kt

WOX sold, a decrease of 13 % Y-o-Y

1,539 €/t

Average LME Zinc Price (vs. 1,544 €/t 1Q 2012)



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1Q 2013 Stainless Steel

Adverse market conditions and commodity prices are affecting our results in stainless steel

16.2 M€ Revenues in 1Q 2013, an **increase** of **9 %** Y-o-Y

1.2 M€ EBITDA in 1Q 2013, a **decrease** of **37 %** Y-o-Y

7.2 % Average EBITDA margin (vs. 12.3 % 1Q 2012)

64.4 % Average Load Factor (vs. 72.4 % 1Q 2012)

27.9 Kt Stainless steel dust treated, a **11 % decrease** Y-o-Y

4.6 Kt Metal Alloys sold, an **increase** of **324 %** Y-o-Y



Good 1Q in general, given the current macro economic turmoil

Steel Dust

- 1 Slight decrease in throughput (-5.1 % Y-o-Y) and lower average load factor (91 % vs. 96 %) due to more planned maintenance shutdowns
- 2 WOX: Lower sales (-13.4 % Y-o-Y); Lower production levels (-8.8 % Y-o-Y)
- 3 Slightly negative effect in revenues derived from decrease in hedge (from €1,703 to €1,700), and slight decrease in LME spot price (-0.3 %)

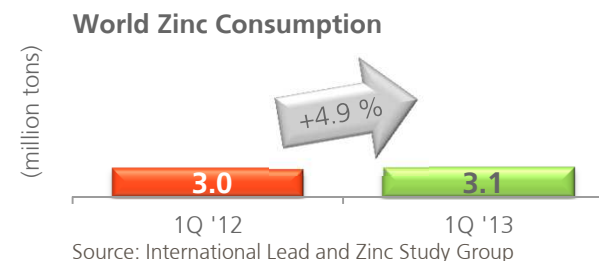
Stainless Steel

- 1 Decrease in throughput (-11 % Y-o-Y) and load factor (64 % vs. 72 %)
- 2 Strong increase of metal alloys sales (+324 % Y-o-Y)

Capex Plan

- 1 Hankook: started operations last March 2013
- 2 Adana financing closed last March with EBRD*; Izmir between Q2-Q3 '13
- 3 Izmir plant financing arrangement to start once Adana is completed

EU Steel Mini-Mill Production & World Zinc Consumption



* European Bank for Reconstruction and Development

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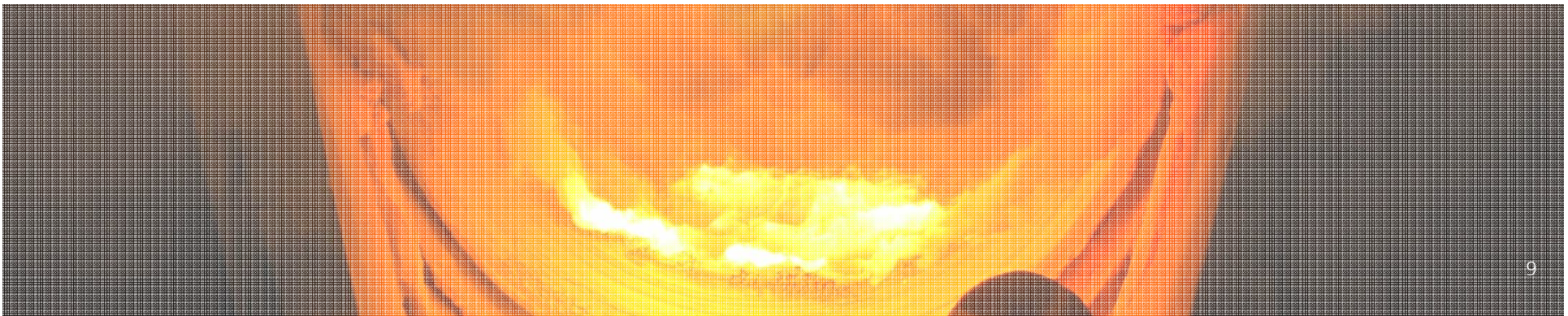
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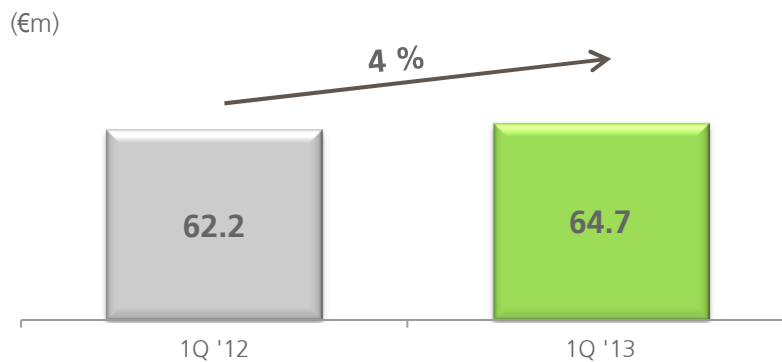
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Consolidated Figures

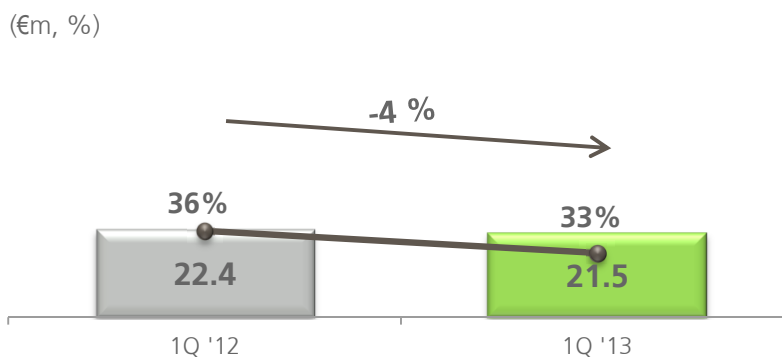
Good quarter in line with previous ones, benefiting from hedging policy

- 1Q 2013 EBITDA reached €21.5m, representing an average EBITDA margin of 33%
- Net Debt is €231.8m, representing a Net Debt / EBITDA ratio of 2.82x *

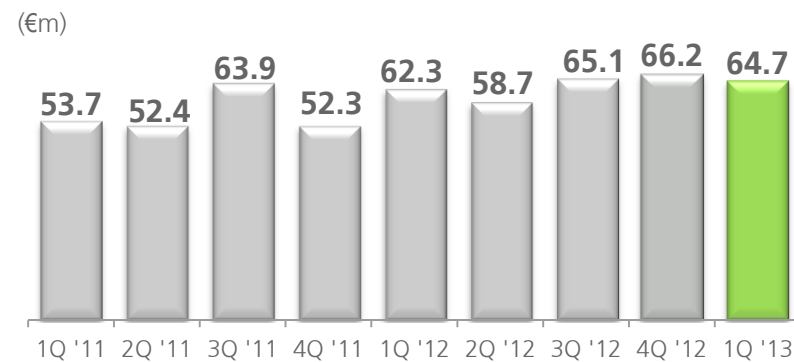
1Q Revenues (€m)



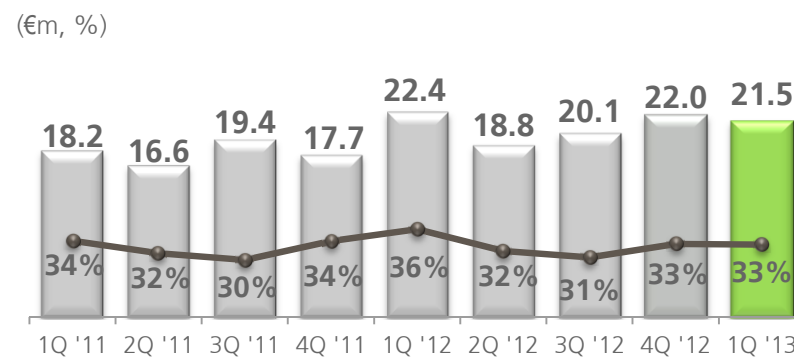
1Q EBITDA (€m)



Revenues by Quarter (€m)



EBITDA by Quarter (€m)



● Ebitda margin (%)

* Assumes LTM Ebitda of €82.3m

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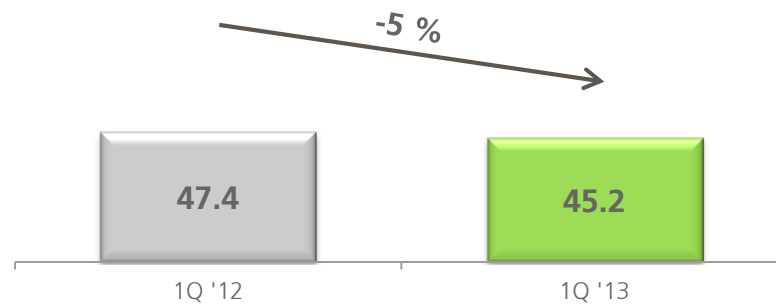
Crude Steel Dust Segment

Solid results in steel dust despite 8% decline in EU mini-mill production

- Throughput in 1Q 2013 decreased by 5.1 % Y-o-Y due to more maintenance stops than in 1Q 2012
- 1Q 2013 revenues decreased by 4.7% Y-o-Y mainly due to lower volumes of WOX sold (-13%); LME average zinc price in line (-0.3%), as well as hedging price (1,700 vs 1,703 in 2012)

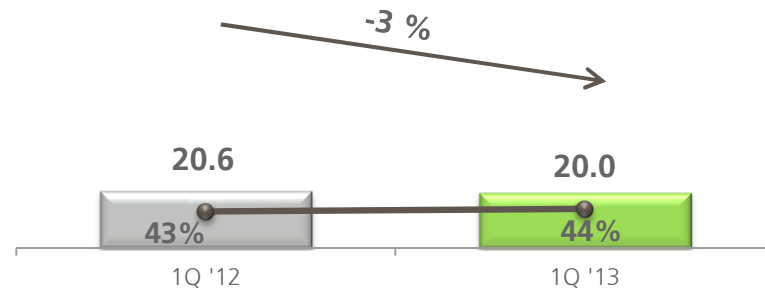
1Q Revenues (€m)

(€m)



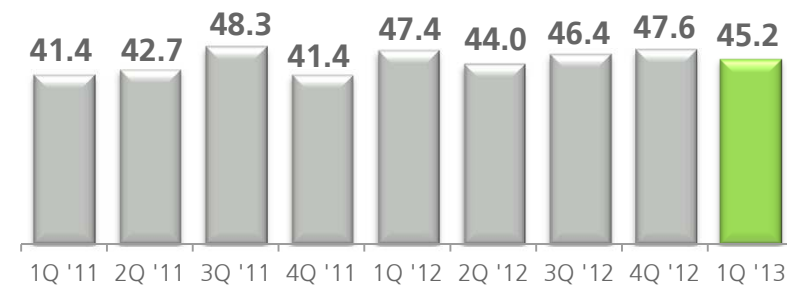
1Q EBITDA (€m)

(€m, %)



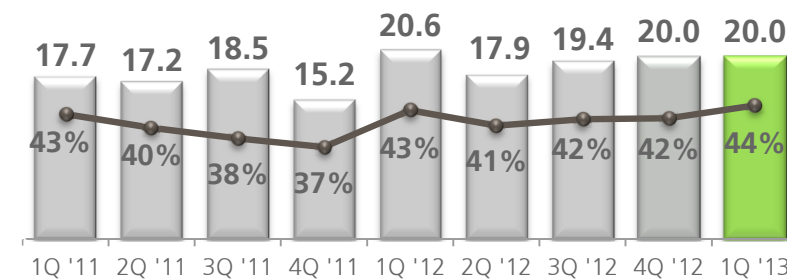
Revenues by Quarter (€m)

(€m)



EBITDA by Quarter (€m)

(€m, %)



● Ebitda margin (%)

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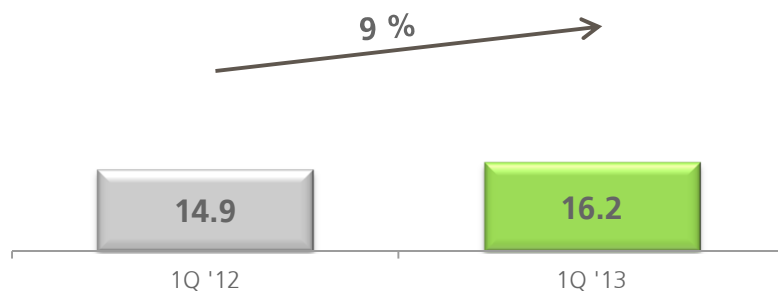
Stainless Steel Segment

Weak start of 2013 compared to last year, mainly due to lower throughput levels and weak commodity prices

- 1Q 2013 revenues increased 9% Y-o-Y, mainly due to the sharp increase in revenues from alloys sold during this period (+324%), despite the 11 % decrease in stainless steel throughput
- 1Q 2013 load factor of 64 %, compared to 72 % Y-o-Y

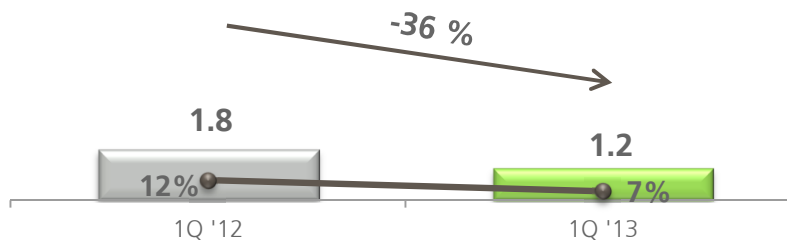
1Q Revenues (€m)

(€m)



1Q EBITDA (€m)

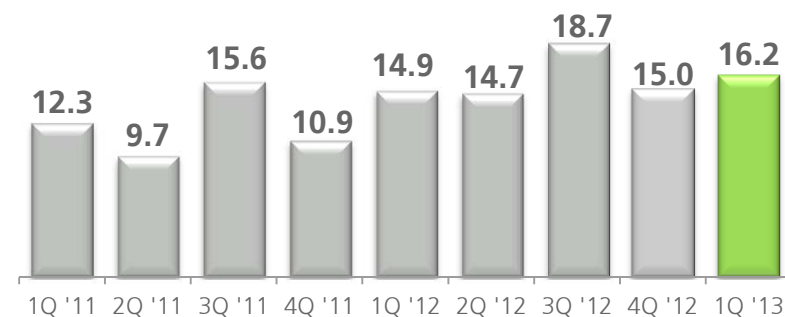
(€m, %)



● Ebitda margin (%)

Revenues by Quarter (€m)

(€m)



EBITDA by Quarter (€m)

(€m, %)



Continue with stable cash flow generation and strong liquidity position

- **Operating activities:** During Q1 2013, the net cash flows from operating activities was €8.9m, that compared to Q1 2012 with €8.4m. This means a +€0.6m explained by the reduction of the taxes paid partially offset by the reduction in the cash generated from operations
- **Investing activities:** The reduction of the investment outflows is explained by the washing facility plant investment in France that during Q1 2012 meant an investment of €5.6m

Figures in € '000

	1Q		
	2013	2012	Variation
Cash generated from operations	8,196	12,961	(4,765)
Taxes paid	(193)	(5,254)	5,061
Interest paid	(278)	(182)	(96)
Interest received	1,224	852	372
Net cash flows from Op. Activities (I)	8,949	8,377	572
Net cash flows from Inv. Activities (II)	(2,798)	(8,027)	5,229
Net cash flows from Fin. Activities (III)	-	(84)	84
Effect in change of the perimeter (IV)	-	-	-
Net increase (I+II+III+IV)	6,151	266	5,885
Balance at beginning of period	68,424	75,916	(7,492)
Balance at end of the period	74,575	76,182	(1,607)

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1Q Business Highlights

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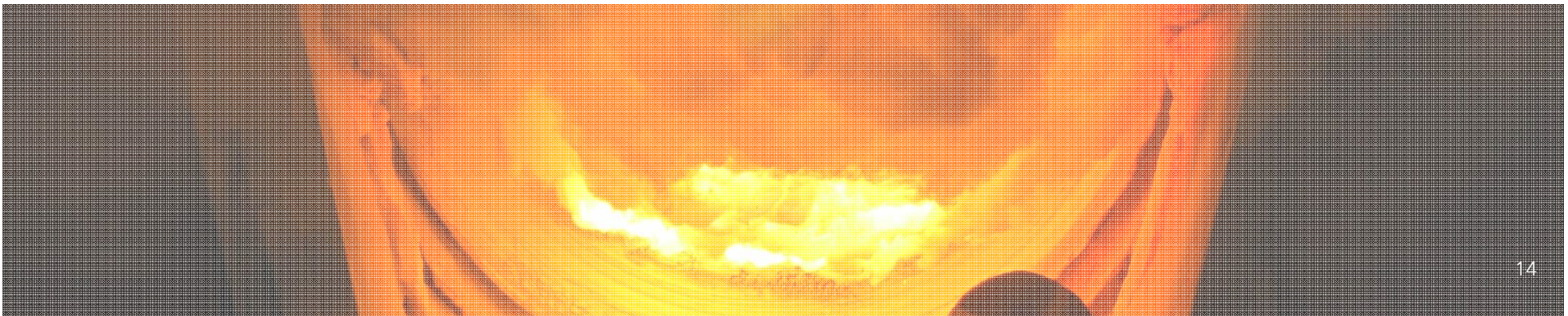
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In general we have a positive outlook 2013, with no major changes in European mini-mill steel production

Crude Steel Dust

- 1 2013 load factor will not be affected at current levels of EAF production
- 2 Similar levels of EAF production expected for 2013 than for 2012
- 3 Strong demand for WOX from Zinc smelters

Stainless Steel Dust

- 1 The performance of the business for 2013 expected to be in line with 2012 or slightly weaker depending on commodity prices
- 2 Slightly lower load factor than 2012 expected

Hedging Update

- 1 Q2 2014: 18,000 tons hedged @ €1,500 per ton
- 2 Continue hedging strategy to mitigate zinc price fluctuations
- 3 Actively looking for pricing to hedge H2 2014

Growth strategy focused on South Korea and Turkey steel dust recycling projects



Turkey



- 1 New 110kt plant in Adana (near Iskenderun): Land obtained and partially paid; permits and authorizations process currently on going
- 2 Financing completed with EBRD. EAF dust supply contracts ongoing
- 3 Detailed engineering and preliminary works on-going according to schedule
- 4 Start of operations by end of 2014



Hankook





- 1 Construction finalized in Q1 2013
- 2 Commissioning and ramp-up successfully finalized according to schedule
- 3 Operations started last March 2013

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Turkey and South Korea

Growth strategy focused on South Korea and Turkey steel dust recycling projects

	 Turkey	 South Korea
EAF Steel Market	<ul style="list-style-type: none"> 5th largest EAF steel producer 20-30% Zinc in EAF dust 	<ul style="list-style-type: none"> 4th largest EAF steel producer 20-30% Zinc in EAF dust
Regulation	<ul style="list-style-type: none"> Relatively strict & catching-up with EU regulation Slight hardening expected in medium term 	<ul style="list-style-type: none"> Requirement to treat EAFD from plants of a certain capacity or with a density of hazardous wastes over a certain level Government restricting landfills for hazardous waste
Financing	<ul style="list-style-type: none"> €100m investment in 2 EAFD recycling plant (110 ktn) Non recourse loan 2+7 years 70/30 Debt to Equity Financing closed last March (Adana); Q2-Q3 '13 (Izmir) Land obtained and partially paid ✓ Permits and engineering ongoing 	<ul style="list-style-type: none"> €60m investment in 1 EAFD recycling plant (110 ktn) A 4-step process to acquire 100% of Hankook: <ul style="list-style-type: none"> €15m already paid to acquire 25% stake ✓ €20m to reach 55% once the plant is in operation €13m to reach 80% 1 year after (call option) €12m to reach 100% between 2 & 5 year of operation (put option)
Operationals	<ul style="list-style-type: none"> 2 EAFD recycling plants (110 KTn capacity each) Starts operation by end of 2014 	<ul style="list-style-type: none"> 1 EAFD recycling plant (110 KTn capacity) Started operations last March 2013 ✓

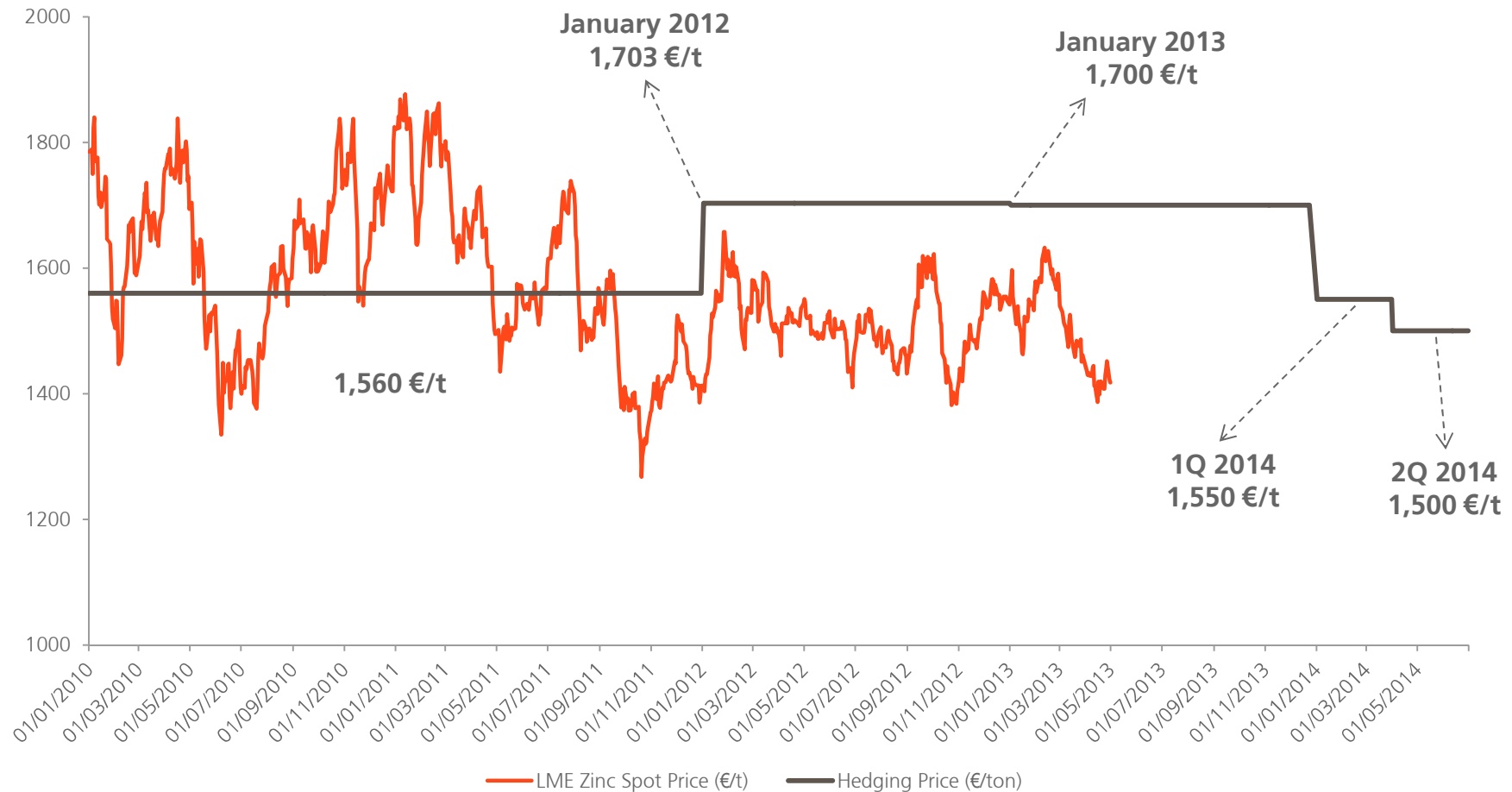
...Will drive substantial near-term growth and improved operating performance of BZ



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Zinc Prices

Hedging policy compensating for pressures in Zinc Prices and providing visibility to the cash flows for the next 13 months



**Average LME Zinc Price
1Q 2012: 1,544 €/t**

**Average LME Zinc Price
1Q 2013: 1,539 €/t**

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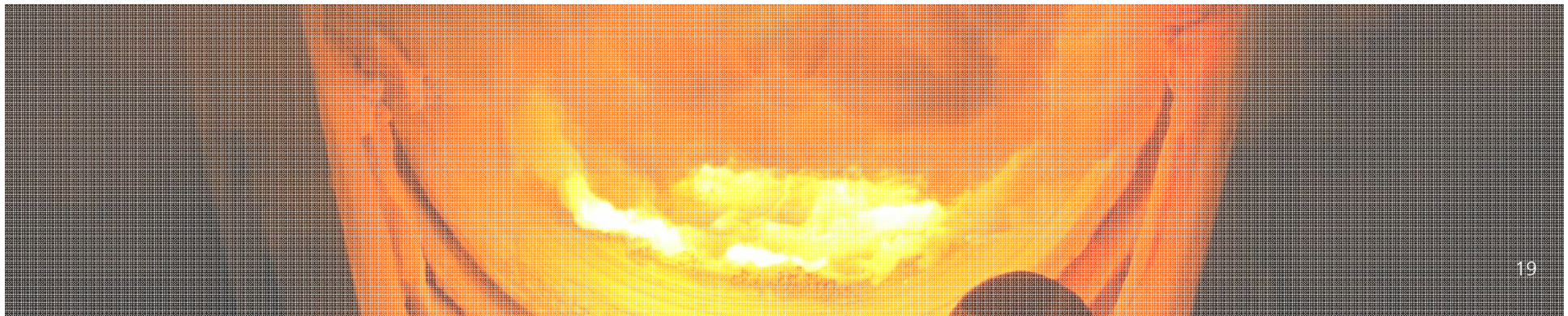
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Detailed Balance Sheet

Figures in € '000

Assets	31.03.2013	31.12.2012	Equity and Liabilities	31.03.2013	31.12.2012
Non-current assets:			Equity:		
Intangible assets:			Of the Parent:		
Goodwill	279,079	279,079	Share capital	25,010	25,010
Other intangible assets	9,421	9,555	Unrealised Asset and Liability Revaluation Reserve	14,066	8,627
	288,500	288,634	Other reserves	126,007	100,604
Property, plant and equipment:			Translation differences	608	231
Property, plant and equipment in use	100,409	103,356	Net profit for the year	7,782	25,403
Property, plant & equipment in the course of construction	6,909	5,827		173,473	159,875
	107,318	109,183	Of minority interests	8,011	7,255
Investments accounted for using the equity method			Total Equity	181,484	167,130
Non-current financial assets:			Non-current liabilities:		
Investments securities	16,961	16,961	Provisions for contingences and expenses	15,151	19,710
Other financial assets	192	191	Bank borrowings and finance leases	1,189	1,157
	17,153	17,152	Non Recourse Finance	295,045	294,083
Derivative financial instruments	-	-	Capital Grants	3,174	3,329
Deferred tax assets	29,329	29,610	Other non-current liabilities	283	283
Total non-current assets	442,300	444,579	Derivative financial instruments	382	4,165
			Deferred tax liabilities	25,942	24,041
Current Assets:			Total non-current liabilities	341,166	347,488
Inventories	18,740	18,585	Current liabilities:		
Trade and other receivables	31,980	30,890	Non Recourse Finance	9,984	3,328
Trade receivables, related companies	1,714	1,974	Bank borrowings and finance leases	190	186
Tax receivables	3,525	4,377	Trade payables, related companies	7,237	6,119
Other receivables	3,426	3,436	Trade and other payables	34,467	40,025
Derivative financial instruments	10,792	6,819	Derivative financial instruments	-	-
Other current financial assets	47,950	48,422	Other payables:		
Cash and cash equivalents	26,625	20,002	Tax payables	6,179	6,813
Total current assets	144,752	134,505	Other current liabilities	6,345	7,994
				12,524	14,807
Total Assets	587,052	579,084	Total current liabilities	64,402	64,465
			Total Equity and Liabilities	587,052	579,083

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Detailed Consolidated P&L

Figures in € '000

	1Q		
	2013	2012	Variation
Revenue	64,651	62,247	2,404
Cost of Sales	(39,079)	(35,436)	(3,643)
Other operating income	2,299	1,266	1,033
Gross Profit	27,871	28,077	(206)
Depreciation & amortization charge	(4,209)	(3,432)	(777)
General and Administrative Expenses	(6,410)	(5,661)	(749)
Impairment losses	-	-	-
Income From Operations	17,252	18,984	(1,732)
Finance income	1,224	852	372
Finance costs	(7,163)	(7,088)	(75)
Exchange differences (gains & losses)	(48)	(278)	230
Financial Loss	(5,987)	(6,514)	527
Profit before tax	11,265	12,470	(1,205)
Income tax	(2,777)	(3,863)	1,086
Profit from continuing operations	8,488	8,607	(119)
Attributable to:			
Shareholders of the parent	7,782	8,335	(553)
Minority interests	706	272	434
EBITDA	21,461	22,416	(955)

Figures in € '000

Cash Flows from Operating Activities

	1Q		
	2013	2012	Variation
Profit for the period before tax	11,265	12,470	(1,205)
Adjustments due to:			
Amortization/ Depreciation	4,209	3,432	777
Impairment Test	-	-	-
(Profit)/Loss on disposal of non-current assets	6	-	6
Change in provisions	(4,170)	(23)	(4,147)
Financial income	(1,224)	(852)	(372)
Financial expense	7,163	7,088	75
Income from government grants	(155)	(181)	26
Exchange differences	48	-	48
Change in working capital:			
Change in trade receivables and other receivables	(1,090)	(6,386)	5,296
Change in inventories	(755)	(633)	(122)
Change other current assets	1,122	1,372	(250)
Change in other current liabilities	(8,223)	(3,326)	(4,897)
Cash generated from operations	8,196	12,961	(4,765)
Taxes paid	(193)	(5,254)	5,061
Interest paid	(278)	(182)	(96)
Interest received	1,224	852	372
Net Cash Flows From Operating Activities (I)	8,949	8,377	572

Cash Flows from Investing Activities

Purchase of intangible assets	(1,130)	(1,155)	25
Purchase of property, plant and equipment	(1,686)	(6,969)	5,283
Proceeds from disposal of assets	19	7	12
Acquisition/(disposal) of new subsidiaries	-	-	-
Other non-current financial assets	(1)	90	(91)
Capital grants received	-	-	-
Net Cash Flows From Investing Activities (II)	(2,798)	(8,027)	5,229

Cash Flows from Financing Activities

Repayment of borrowings and other long-term debt	-	(97)	97
Long Term borrowings	-	13	(13)
Distribution of dividends/capital reduction	-	-	-
Net Cash Flows From Financing Activities (III)	-	(84)	84

Effect of change in the perimeter on cash and cash equivalents (IV)

Net Increase In Cash and Cash Equivalents (I+II+III+IV)	6,151	266	5,885
Cash and cash equivalents at beginning of the period	68,424	75,916	(7,492)
Cash and cash equivalents at end of the period	74,575	76,182	(1,607)

Figures in € '000

	1Q 2013			4Q 2012		
	Revenue	EBITDA	EBITDA Margin	Revenue	EBITDA	EBITDA Margin
Crude Steel Dust	45,173	20,027	44.3 %	47,604	19,970	41.9 %
Stainless Steel Dust	16,154	1,159	7.2 %	15,049	1,832	12.2 %
Others*	3,324	275	8.3 %	3,555	243	6.8 %
Total	64,651	21,461	33.2 %	66,208	22,045	33.3 %

Figures in € '000

	1Q 2012			4Q 2011		
	Revenue	EBITDA	EBITDA Margin	Revenue	EBITDA	EBITDA Margin
Crude Steel Dust	47,393	20,592	43.4 %	41,371	15,169	36.7 %
Stainless Steel Dust	14,854	1,824	12.3 %	10,949	2,570	23.5 %
Total	62,247	22,416	36.0 %	52,320	17,738	33.9 %

	1Q % Variation		4Q % Variation	
	Revenue	EBITDA	Revenue	EBITDA
Crude Steel Dust	-4.7 %	-2.7 %	15.1 %	31.7 %
Stainless Steel Dust	8.8 %	-36.5 %	37.4 %	-28.7 %
Others*	n/a	n/a	n/a	n/a
Total	3.9 %	-4.3 %	26.5 %	24.3 %

* Galvanization Waste Recycling was included in HYB Perimeter in 4Q 2012. This plant located in Bilbao area recycles waste coming from the galvanization industry. Revenues in Q4 2012 amounted to €3.6m and EBITDA of €0.3m

Crude Steel Dust

	1Q		
	2013	2012	Variation
	(in Dry Metric Tons)		
Throughput Crude Steel Dust	127,423	134,232	-5.1 %
Average Load Factor	91.2 %	96.1 %	
Waelz Oxide Production	42,041	46,077	-8.8 %
Zinc contained in Production	28,100	30,210	-7.0 %
Waelz Oxide Sold	41,230	47,590	-13.4 %
Zinc contained in Sales	27,332	30,948	-11.7 %
LME Average Zinc Price (Euro)	1,539	1,544	-0.3 %

Stainless Steel Dust

	1Q		
	2013	2012	Variation
	(in Dry Metric Tons)		
Throughput Stainless Steel Dust	27,943	31,396	-11.0 %
Average Load Factor	64.4 %	72.4 %	
Metal Alloys Sold	4,598	1,085	+323.7 %

For a full understanding of this presentation and the Company's activities, please see below a glossary of certain terms used

Electric arc furnace	A type of furnace used by mini-mills to melt recycled steel scrap to produce new steel
Leaching	A hydrometallurgical process that increases the purity of the WOX
Mini-mills	Steel production facilities that use EAF technology, as opposed to integrated furnaces that use iron ore
Scrap steel	Raw material for mini-mill steel production
Stainless steel dust	A hazardous residue in form of powder resulting from the stainless steel production
Steel dust	A hazardous residue in form of a powder, rich in zinc that results from mini-mills steel production
Tolling fee	A fee we charge stainless steel manufacturers to collect and treat stainless steel and then return to them the metals recovered in the process
Waelz kiln process	A technology used for processing steel dust that produces waelz oxide (WOX), used at all our steel dust plants
Waelz oxide	A product with a high concentration of zinc that is generated in the steel dust recycling process and that is used in the production of zinc as a secondary raw material
Zinc smelter	An industrial plant that produces high purity zinc from primary and secondary raw material sources. Primary sourcing are zinc concentrates from the mine and the main secondary sourcing is WOX

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Q&A