

BEFESA ZINC

Innovative Technology Solutions for
Sustainability



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Reporting of Q3 2011 Results

22nd November 2011

- This presentation contains forward-looking statements and information relating to Befesa Zinc that are based on the beliefs of its management as well as assumptions made and information currently available to Befesa Zinc.
- 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.
- 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 Zinc does not intend, and does not assume any obligations, to update these forward-looking statements.

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Q3 Business Highlights

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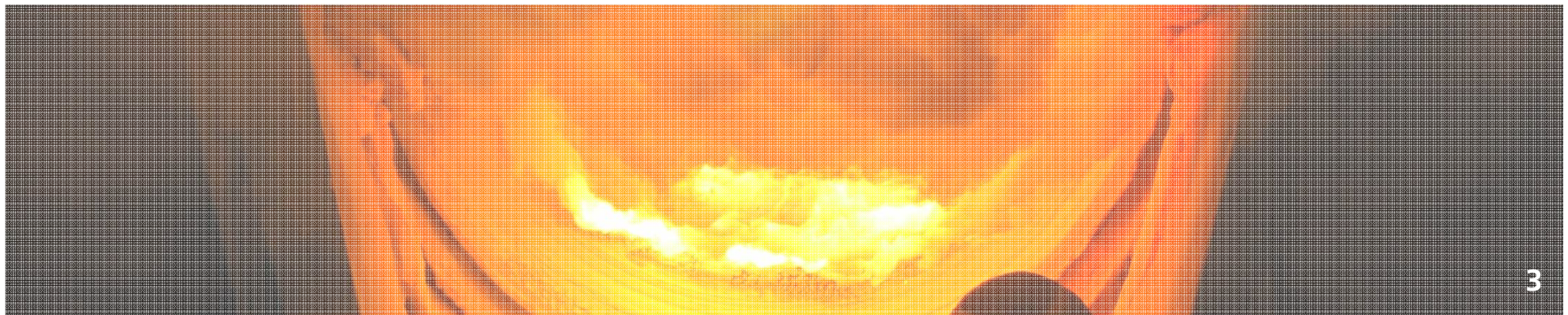
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Despite challenging macro economic conditions, Befesa Zinc shows resilience delivering solid financial results

Strong financial results

- Revenues of **€63,9 M** (+ 23% Y-o-Y)
- EBITDA of **€19,4 M** (+9% Y-o-Y)
- Attributable Net income of **€5,9 M** (-32% Y-o-Y)*

Positive momentum for both segments

	Revenues	Ebitda	Ebitda Margin
Crude Steel Dust	€48.3m (+18% Y-o-Y)	€18.5m (+1% Y-o-Y)	38.4%
Stainless Steel	€15.6m (+41% Y-o-Y)	€0.9m (+248% Y-o-Y)	5.5%

Improvement in volumes and sales vs. same period last year

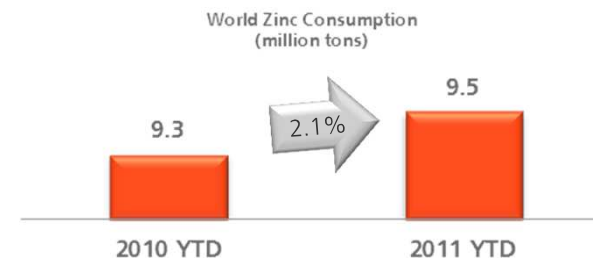
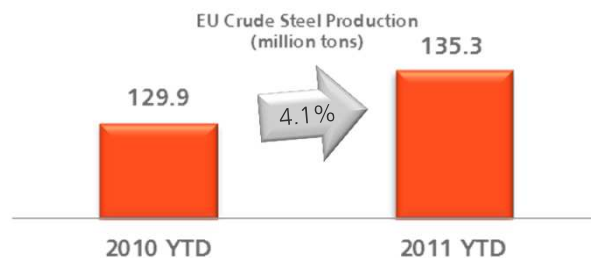
- Throughput:** crude steel **135.7 ktn** vs **122,5ktn**; stainless steel: **30.5 ktn** vs **18.4ktn**
- Average load factor:** crude steel **96.1% **** vs **98.1%**; stainless steel: **69.5%** vs **41.9%**
- Waelz Oxide:** produced **47.2ktn** vs **44.9ktn**; sold **52.4ktn** vs **38.9ktn**
- Zinc Contained** in sales: **34.3 ktn** vs **25.4ktn**
- Metal Alloys Sold:** **1.7ktn** vs **1.1ktn**

* Due to payment of bond interests

** Excluding the effect of Turkish plant, load factor would be 97%

Good results in line with expectations. We continue to deliver on our strategy

- Turkish plant consolidated for the 1st time with a contribution of in Q3 of: 65,000tn steel dust capacity, €2.3m revenues and €0.8m Ebitda
- Increase in operational performance of Turkish plant thanks to BZ's best practices
- Zinc Sur status update: all necessary permits granted, ready to start construction
- Update on Capex plans
 - Gravelines
 - Zinc Sur
 - Bilbao
 - Turkey expansion
- Stable EU Crude Steel production and World Zinc consumption



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Zinc Prices

Hedging policy compensating for pressures in Zinc Prices*



Average Zinc Price in Q3 was €1,575 and Year-to-Date €1,631 per ton

Source: Company, Factset, AME

* Based on €/€ 1.38

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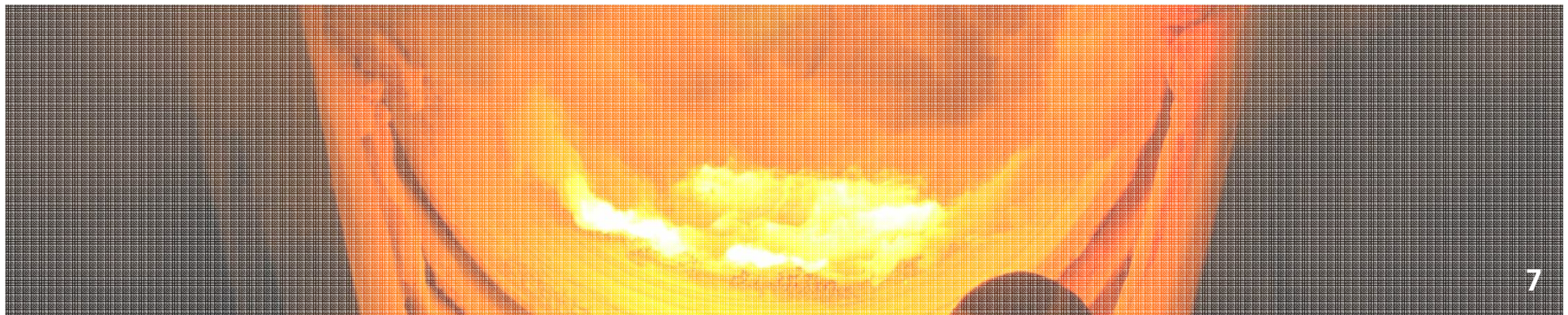
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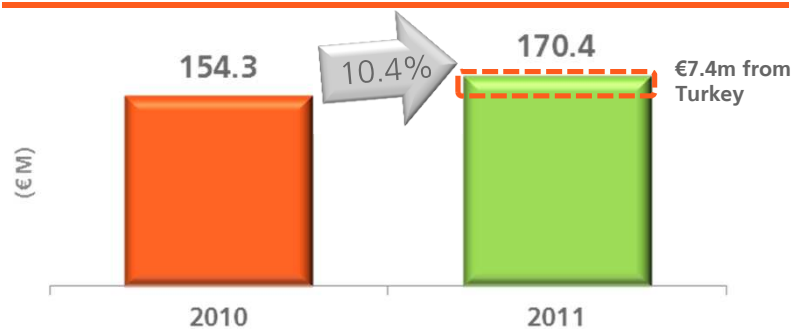
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Consolidated Figures

Stable and solid performance despite economic turmoil

- LTM Ebitda reached €74.9m, representing an average LTM Ebitda Margin of 33.6%
- Net Debt is €216.1m, representing a Net Debt / LTM Ebitda ratio of 2.9x

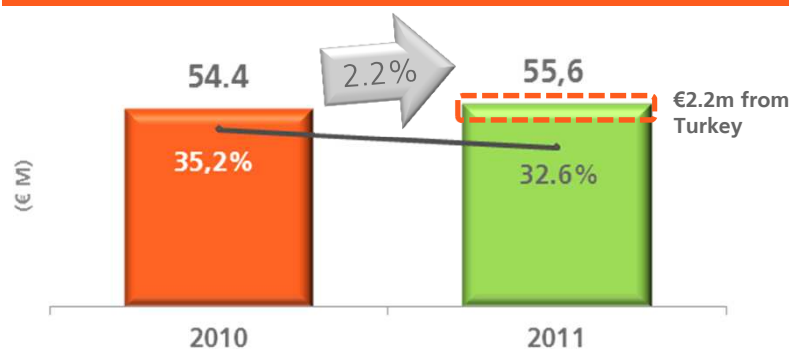
Revenues year-to-date



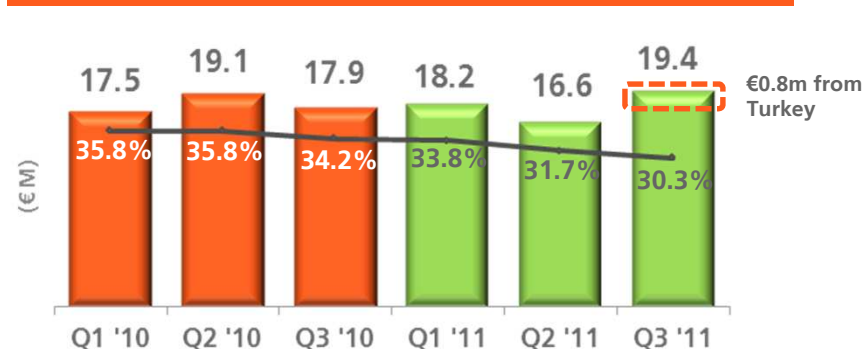
Revenues by quarter



Ebitda year-to-date



Ebitda by quarter

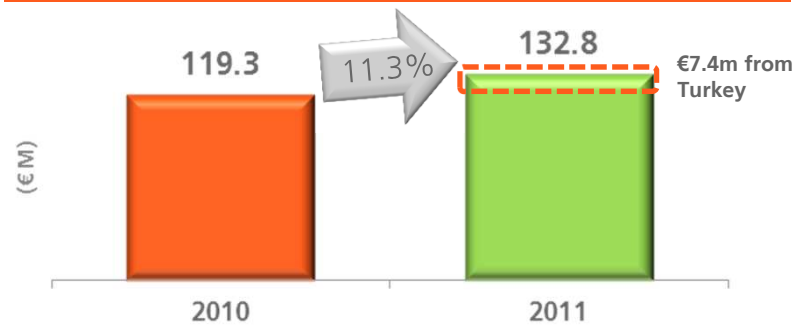


Note: Difference between €7.4m and €2.3m Revenues corresponds to Turkish Q1/Q2
 Difference between €2.2m and €0.8m Ebitda corresponds to Turkish Q1/Q2

Strong performance in crude steel in line with expectations

- Excluding Turkey, volumes treated in Q3 were -1.1% Y-o-Y due to planned standstills
- Excluding Turkey, throughput YTD increased 4.5% Y-o-Y due to better performance of plants
- WOX sold YTD increased 10.2% Y-o-Y: Increase of 34.5% Y-o-Y in volumes and slight increase in price

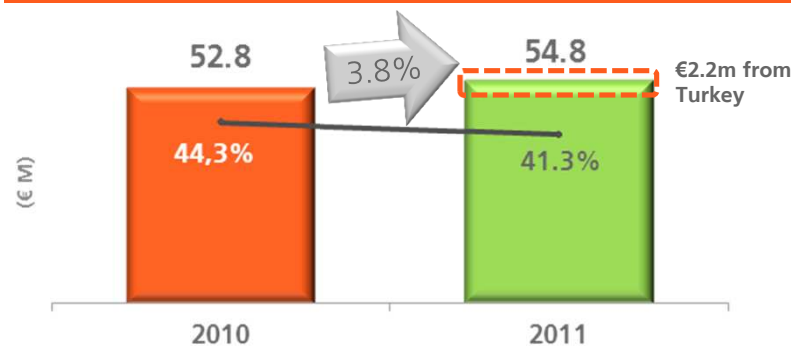
Revenues year-to-date



Revenues by quarter



Ebitda year-to-date



Ebitda by quarter



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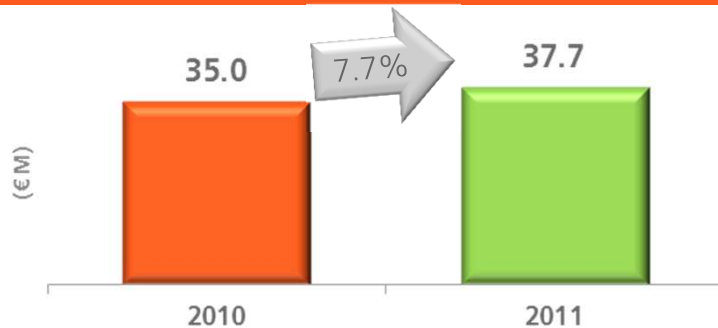
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Stainless Steel Segment

Despite the recent improvements, results lagging behind 2010 levels

- Revenues increased 41.2% Q-o-Q mainly due to increase of throughput by 65.0% Y-o-Y and more metal alloys sold
- Significant improvement in load factor Y-o-Y from 43.4% to current 69.5%

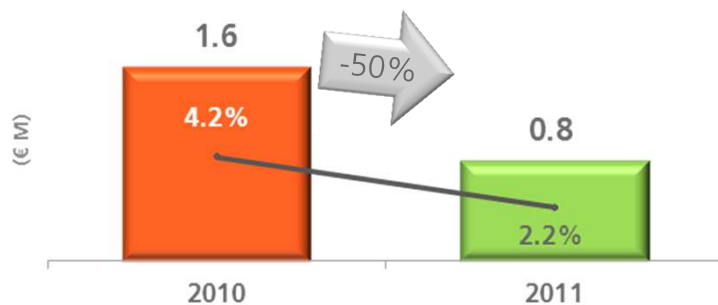
Revenues year-to-date



Revenues by quarter



Ebitda year-to-date



Ebitda by quarter



Stable cash flow generation and strong liquidity position

- **Operating activities:** €384k increase vs 2010 due to increase in cash generated from operations and interests paid and received partly offset by the increase in the taxes in 2011
- **Investing activities:** €7.5m increase in outflow vs 2010 due to the acquisition of 51% of Turkish business and additional €1.6 million in other tangible assets
- **Financing activities:** €19.5m reflects the new long term loan received from Zinc Capital S.A., repayment of the outstanding bank loan and distribution of €90m dividend to Befesa.

Figures in € '000

	2011				2010			
	Q1	Q2	Q3	YTD	Q1	Q2	Q3	YTD
Cash generated from operations	8,104	21,824	17,482	47,410	8,230	25,337	7,629	41,196
Taxes paid	(9,200)	(4,223)	(2,580)	(16,003)	(3,202)	(2,309)	(2,499)	(8,010)
Interest paid	(1,311)	(912)	(746)	(2,969)	(1,387)	(1,400)	(1,406)	(4,193)
Interest received	99	315	735	1,149	80	82	48	210
Net cash flows from operating activities (I)	(2,308)	17,004	14,891	29,587	3,721	21,710	3,772	29,203
Net cash flows from investing activities (II)	(815)	(4,876)	(7,455)	(13,146)	(837)	(3,429)	(947)	(5,213)
Net cash flows from financing activities (III)	0	20,529	(981)	19,548	0	0	0	0
Effect in change of the perimeter (IV)	51	1,522	3,969	5,542	0	0	0	0
Net increase (I+II+III+IV)	(3,072)	34,179	10,424	41,531	2,884	18,281	2,825	23,990
Balance at beginning of period	40,926	37,854	72,033	40,926	44,989	47,873	66,154	44,989
Balance at end of the period	37,854	72,033	82,457	82,457	47,873	66,154	68,979	68,979

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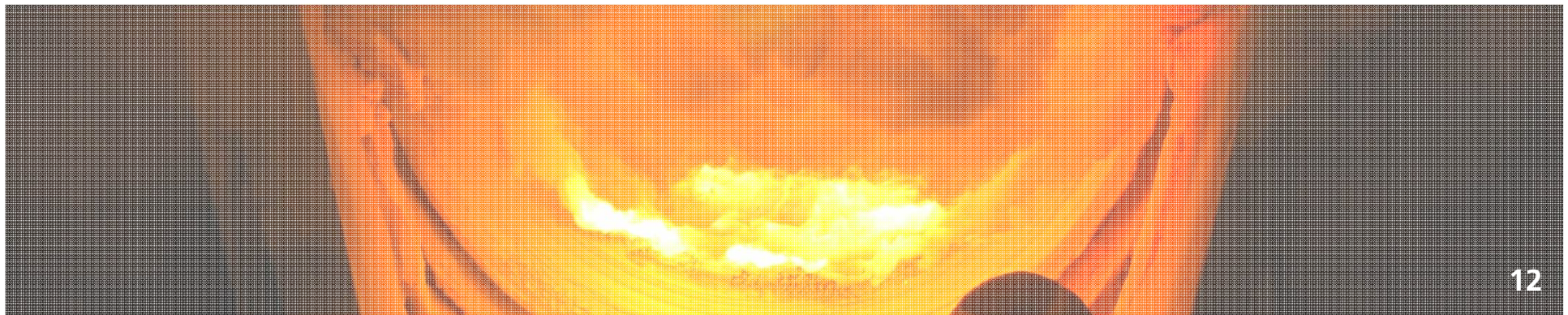
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Good results in line with expectations. We continue to deliver on our strategy

- Despite challenging macroeconomic conditions, Befesa Zinc has shown robust financial figures
- At current levels of steel production in Europe, load factors will not be affected
- Compared to Q3 2010, main operational and sales data have improved or remained stable
- Inclusion of Turkish plant in reporting figures
- Zinc Sur new recycling plant on schedule
- Negative impact of bond interest payment on bottom line result



Positive outlook for Year End, in line with previous quarters

- Capex plan:
 - Graveline's leaching facility scheduled for Q1 2012
 - Zinc Sur scheduled for late 2013
 - Bilbao's leaching facility scheduled for late 2013
 - Turkey expansion scheduled for beginning 2014
- Steel production in EU is expected to be similar or slightly higher than 2010
- Stainless steel production in Europe will remain stable
- Hedging policy: no new hedges in place during the quarter



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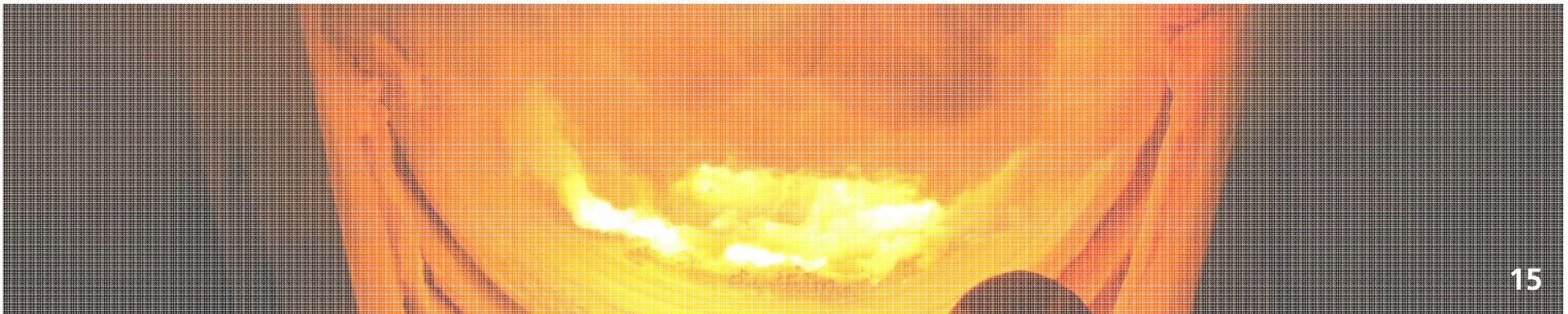
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Figures in € '000

Assets	30.09.2011	31.12.2010	Equity and Liabilities	30.09.2011	31.12.2010
Non-current assets:			Equity:		
Intangible assets:			Of the Parent:		
Goodwill	281,067	267,850	Share capital	25,010	25,010
Other intangible assets	898	1,059	Unrealised Asset and Liability Revaluation Reserve	31,276	(14,309)
	281,965	268,909	Other reserves	72,791	122,563
Property, plant and equipment:			Translation differences	(296)	299
Property, plant and equipment in use	88,086	91,482	Net profit for the year	22,037	40,239
Property, plant and equipment in construction	10,223	1,748		150,818	173,802
	98,309	93,230	Of minority interests	6,687	0
Investments accounted for using the equity method			Total equity	157,505	173,802
Non-current financial assets:			Non-current liabilities:		
Investments securities	1,670	1,721	Provisions for contingences and expenses	18,058	15,563
Other financial assets	556	406	Bank borrowings	0	138,562
	2,226	2,127	Capital Grants	3,575	4,136
Derivative financial instruments	19,277	0	Other non-current liabilities	295,869	13
Deferred tax assets	33,669	40,895	Derivative financial instruments	0	10,168
Total non-current assets	435,446	405,161	Deferred tax liabilities	34,020	22,436
			Total non-current liabilities	351,522	190,878
Current Assets:			Current liabilities:		
Inventories	8,971	7,097	Bank borrowings	0	46,695
Trade and other receivables	25,259	19,304	Current obligations under finance leases	0	0
Trade receivables, related companies	6,647	14,687	Trade payables, related companies	13,616	17,230
Tax receivables	8,580	3,341	Trade and other payables	29,395	25,302
Other receivables	2,143	1,724	Derivative financial instruments	0	20,458
Derivative financial instruments	16,293	0	Other payables:		
Other current financial assets	23,275	0	Tax payables	15,094	8,521
Cash and cash equivalents	59,182	40,926	Other current liabilities	18,664	9,354
Total current assets	150,350	87,079		33,758	17,875
			Total current liabilities	76,769	127,560
Total Assets	585,796	492,240	Total Equity and Liabilities	585,796	492,240

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Detailed Consolidated P&L

	3Q2010	2010YTD	3Q2011	2011YTD
Consolidated Income Statement Data				
Revenue	52,149	154,303	63,921	170,428
Cost of Sales	(31,453)	(91,693)	(40,179)	(101,858)
Other operating income	623	2,309	772	2,870
Depreciation and amortization charges	(3,349)	(9,832)	(3,255)	(9,741)
General & Administrative expenses	(3,459)	(10,490)	(5,123)	(15,840)
Profit from operations	14,511	44,597	16,136	45,859
Finance income	48	210	574	1,149
Finance expense	(1,421)	(4,208)	(7,241)	(13,115)
Exchange differences (gains and losses)	(327)	(1,147)	372	131
Net financial expense	(1,700)	(5,145)	(6,295)	(11,835)
Profit before tax	12,811	39,452	9,841	34,024
Income tax expense	(4,121)	(10,165)	(3,477)	(11,189)
Profit from continuing operations	8,690	29,287	6,364	22,835
Attributable to:				
Shareholders of the Parent	8,690	29,287	5,929	22,037
Minority Interests	0	0	435	798
EBITDA	17,860	54,429	19,391	55,600

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Detailed Cash Flow

	2011				2010			
	March	June	Sept	Sept YTD	March	June	Sept	SeptYTD
<i>Figures in € '000</i>								
Cash Flows from Operating Activities								
Profit for the period before tax	13.791	9.318	10.915	34.024	12.409	14.232	12.811	39.452
Adjustments due to								
Amortization/ Depreciation	3.179	3.117	3.445	9.741	3.157	3.326	3.349	9.832
Profit/(loss) on disposal of non-current assets	11	0	0	11	27	304	3	334
Change in provisions	181	445	957	1.583	139	206	79	424
Financial income	(99)	(315)	(735)	(1.149)	(80)	(82)	(48)	(210)
Financial expense	1.301	4.559	7.255	13.115	1.386	1.401	1.421	4.208
Income from government grants	(187)	(187)	(187)	(561)	(201)	(199)	(194)	(594)
Change in working capital:								
Change in trade receivables and other receivables	(4.537)	5.394	(6.653)	(5.796)	(5.619)	9.046	(9.680)	(6.253)
Change in inventories	(3.646)	(2.618)	4.920	(1.344)	(286)	545	(1.685)	(1.426)
Change other current assets	(502)	1.008	(1.106)	(600)	299	(394)	1.144	1.049
Change in other current liabilities	(1.388)	1.103	(1.330)	(1.615)	(3.001)	(3.048)	429	(5.620)
Cash generated from operations	8.104	21.824	17.482	47.410	8.230	25.337	7.629	41.196
Taxes paid	(9.200)	(4.223)	(2.580)	(16.003)	(3.202)	(2.309)	(2.499)	(8.010)
Interest paid	(1.311)	(912)	(746)	(2.969)	(1.387)	(1.400)	(1.406)	(4.193)
Interest received	99	315	735	1.149	80	82	48	210
Net Cash Flows From Operating Activities (I)	(2.308)	17.004	14.891	29.587	3.721	21.710	3.772	29.203
Cash flows from investing activities								
Purchase of intangible assets	(29)	21	(4)	(12)	(7)	(9)	(17)	(33)
Purchase of property, plant and equipment	(489)	(1.418)	(1.617)	(3.524)	(833)	(1.090)	(1.062)	(2.985)
Proceeds from disposal of assets	48	(7)	47	88	3	199	1	203
Acquisition of new subsidiaries	0	(3.742)	(5.818)	(9.560)	0	0	0	0
Other non-current financial assets	(345)	270	(63)	(138)	0	(2.529)	131	(2.398)
Net Cash Flows From Investing Activities (II)	(815)	(4.876)	(7.455)	(13.146)	(837)	(3.429)	(947)	(5.213)
Cash flows from financing activities								
Repayment of borrowings and other long-term debt	0	(185.197)	0	(185.197)	0	0	0	0
Long Term borrowings	0	295.726	(981)	294.745	0	0	0	0
Distribution of dividends	0	(90.000)	0	(90.000)	0	0	0	0
Net Cash Flows From Financing Activities (III)	0	20.529	(981)	19.548	0	0	0	0
Effect of change in the perimeter on cash and cash equivalents (IV)	51	1.522	3.969	5.542	0	0	0	0
Net Increase In Cash and Cash Equivalents (I+II+III+IV)	(3.072)	34.179	10.424	41.531	2.884	18.281	2.825	23.990
Cash and cash equivalents at beginning of the period	40.926	37.854	72.033	40.926	44.989	47.873	66.154	44.989
Cash and cash equivalents at end of the period	37.854	72.033	82.457	82.457	47.873	66.154	68.979	68.979

<i>Figures in € '000</i>	3Q2010			2010YTD		
	Revenue	EBITDA	EBITDA Margin	Revenue	EBITDA	EBITDA Margin
Steel dust	41,098	18,437	44.9%	119,297	52,841	44.3%
Stainless steel	11,051	(577)	-5.2%	35,006	1,588	4.5%
Total	52,149	17,860	34.2%	154,303	54,429	35.3%

	3Q2011			2011YTD		
	Revenue	EBITDA	EBITDA Margin	Revenue	EBITDA	EBITDA Margin
Steel dust	48,313	18,536	38.4%	132,777	54,785	41.3%
Stainless steel	15,608	855	5.5%	37,651	815	2.2%
Total	63,921	19,391	30.3%	170,428	55,600	32.6%

	% Variation		% Variation	
	Revenue	EBITDA	Revenue	EBITDA
Steel dust	17.6%	0.5%	11.3%	3.7%
Stainless steel	41.2%	-248.2%	7.6%	-48.7%
Total	22.6%	8.6%	10.4%	2.2%

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Detailed Operational Data

Crude Steel Dust

	Period ended June 30			Third Quarter			Period ended September 30		
	Proforma								
	2010	2011	% Var.	2010	2011	% Var.	2010	2011	%Var.
	(in Dry Metric Tons)			(in Dry Metric Tons)			(in Dry Metric Tons)		
Throughput crude steel dust	226,428.6	269,234.1	18.9%	122,453.4	135,723.3	10.8%	348,882.0	404,957.3	16.1%
Average Load factor	92.2%	96.9%		98.1%	96.1%		94.2%	96.6%	
Waelz Oxide Production	82,338.0	91,402.8	11.0%	44,873.4	47,183.0	5.1%	127,211.4	138,585.8	8.9%
Zinc contained in production	53,634.5	60,272.1	12.4%	29,450.7	31,099.8	5.6%	83,085.2	91,371.9	10.0%
Waelz Oxide Sold	83,880.1	82,971.4	-1.1%	38,918.0	52,357.2	34.5%	122,798.1	135,328.5	10.2%
Zinc contained in sales	54,461.6	54,396.6	-0.1%	25,420.6	34,325.7	35.0%	79,882.2	88,722.2	11.1%
LME Average Zinc Price (Euro)	1,619.7	1,659.65	2.5%	1,558.7	1,575.4	1.1%	1,599.4	1,631.6	2.0%

Stainless Steel

	Period ended June 30			Third Quarter			Period ended September 30		
	2010	2011	% Var.	2010	2011	% Var.	2010	2011	%Var.
	(in Dry Metric Tons)			(in Dry Metric Tons)			(in Dry Metric Tons)		
Throughput Stainless steel dust	47,486	37,897.0	-20.2%	18,387	30,493	65.8%	65,873	68,390	3.8%
Average Load factor	55.0%	43.9%		41.9%	69.5%		50.6%	52.6%	
Metal Alloys sold	832.3	1,987.6	138.8%	1,139.6	1,657.0	45.4%	1,971.8	3,644.6	84.8%

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Detailed Operational Data

Crude Steel Dust

	Period ended June 30			Third Quarter			Period ended September 30		
	Proforma								
	2010	2011	% Var.	2010	2011	% Var.	2010	2011	%Var.
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Stainless Steel

	Period ended June 30			Third Quarter			Period ended September 30		
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	(in Dry Metric Tons)			(in Dry Metric Tons)			(in Dry Metric Tons)		
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Average Load factor	55.0%	43.9%		41.9%	69.5%		50.6%	52.6%	
Metal Alloys sold	832.3	1,987.6	138.8%	1,139.6	1,657.0	45.4%	1,971.8	3,644.6	84.8%

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Q&A