

**BEFESA**

# First Half 2021

Earnings Presentation

# Disclaimer

This presentation contains forward-looking statements and information relating to Befesa and its affiliates that are based on the beliefs of its management, including assumptions, opinions and views of Befesa and its affiliates as well as information cited from third party sources. Such statements reflect the current views of Befesa and its affiliates or of such third parties 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 and its affiliates 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 and its affiliates do business; changes in interest rates; changes in inflation rates; changes in prices; changes to national and international laws and policies that support industrial waste recycling; legal challenges to regulations, subsidies and incentives that support industrial waste recycling; extensive governmental regulation in a number of different jurisdictions, including stringent environmental regulation; management of exposure to credit, interest rate, exchange rate and commodity price risks; acquisitions or investments in joint ventures with third parties; 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; unauthorised use of Befesa's intellectual property and claims of infringement by Befesa of others' intellectual property; Befesa's ability to generate cash to service its indebtedness changes in business strategy and various other factors. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or targeted.

Befesa and its affiliates do not assume any guarantee that the assumptions underlying forward-looking statements are free of errors nor do they accept any responsibility for the future accuracy of the opinions expressed herein or the actual occurrence of the forecasted developments. No representation (express or implied) is made as to, and no reliance should be placed on, any information, including projections, estimates, targets and opinions, contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein or otherwise resulting, directly or indirectly, from the use of this document.

This presentation is intended for information only and should not be treated as investment advice. It is not intended as an offer for sale, or as a solicitation of an offer to purchase or subscribe to, any securities in any jurisdiction. Neither this presentation nor anything contained therein shall form the basis of, or be relied upon in connection with, any commitment or contract whatsoever. This presentation may not, at any time, be reproduced, distributed or published (in whole or in part) without prior written consent of Befesa.

Second quarter and first half 2021 figures contained in this presentation have not been audited or reviewed by external auditors.

This presentation includes Alternative Performance Measures (APM), including EBITDA, EBITDA margin, EBIT, EBIT margin, net debt and capital expenditures which are not measures of liquidity or financial performance under International Financial Reporting Standards (IFRS). EBITDA is defined as operating profit for the period (i.e. EBIT) before the impact of amortisation, depreciation, impairment and provisions. EBITDA margin is defined as EBITDA divided by revenue. EBIT is defined as Operating profit for the year. The Company uses EBIT to monitor its financial return after both operating expenses and a charge representing the cost of usage of both its property, plant and equipment and definite-life intangible assets. EBIT margin is defined as EBIT as a percentage of revenue. 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 Befesa's results of operations or liquidity derived in accordance with IFRS. Befesa believes that the APM included in this report are useful measures of its performance and liquidity. Other companies, including those in the industry in which Befesa operates, may calculate similarly titled financial measures differently than Befesa does. Because all companies do not calculate these financial measures in the same manner, Befesa's presentation of such financial measures may not be comparable to other similarly titled measures of other companies. These APM are not audited.



Electric arc furnace steel dust (EAFD) recycling plant at Asúa-Erandio, Spain

01



# Highlights

*Javier Molina - CEO*

# Executive summary – H1 at record EBITDA & cash flow

## €94.1m

### H1'21 EBITDA

70% up yoy (H1'20: €55.3m),  
24% margin (vs. 18% in H1'20)  
18% or €14m up vs. H1'19

### €45.3m Q2'21 EBITDA

109% up yoy (Q2'20: €21.7m),  
24% margin (vs. 18% in Q2'20)

**Plant utilisation continued at solid pre-COVID levels**

## €70.2m

### H1'21 Operating cash flow

€59.0m up yoy (H1'20: €11.2m)

**€196.6m of cash on hand<sup>1)</sup>,**  
€32.6m up vs. Q1'21 at €164.0m

**Leverage x2.24 LTM Q2'21,**  
improved from x2.77 at Q1'21  
and x3.10 at YE'20

## FY'21 guidance

- **FY EBITDA of €165 to €190m,**  
+30% to +50% yoy
- **€46.8m (€1.17 / share) dividend distributed** on 14 July

• H1 annualised and expected strong H2 indicating upper end of FY'21 guidance range  
• Targeting to update guidance after closing & consolidation of AZR acquisition, as part of the Q3 reporting cycle

## US market entry

**acquiring 100% of AZR's recycling assets**

- AZR is a **US market leader** in electric arc furnace steel dust (EAFD) recycling services
- Transaction **signed on 16 June 2021; expected to close in August,** subject to antitrust approval and other customary closing conditions

## China expansion

**on track**

- Jiangsu: In trial production; Targeting commercial output from August onwards
- Henan: Construction progressing on time and budget; Completion scheduled in Q4

## ESG

- **2020 ESG Progress Update published** on 27 April
- Befesa continues to be a vital player within **circular economy** with **strong ESG ratings**

## c. 3 years

- **Hedge book fully extended up to and incl. July 2024**
- Providing increased earnings and cash flow visibility

## Credit ratings

- **Moody's affirmed** Befesa's **'Ba2, outlook stable'** (17 May 2021)
- **S&P upgraded** Befesa to **'BB+, outlook stable'** (18 June 2021)

<sup>1)</sup> Reported cash position of €527.2 million adjusted for the €330.6 million of net funds raised through the capital increase in connection with the AZR acquisition signed on 16 June 2021





Secondary aluminium production plant at Bernburg, Germany

02 /

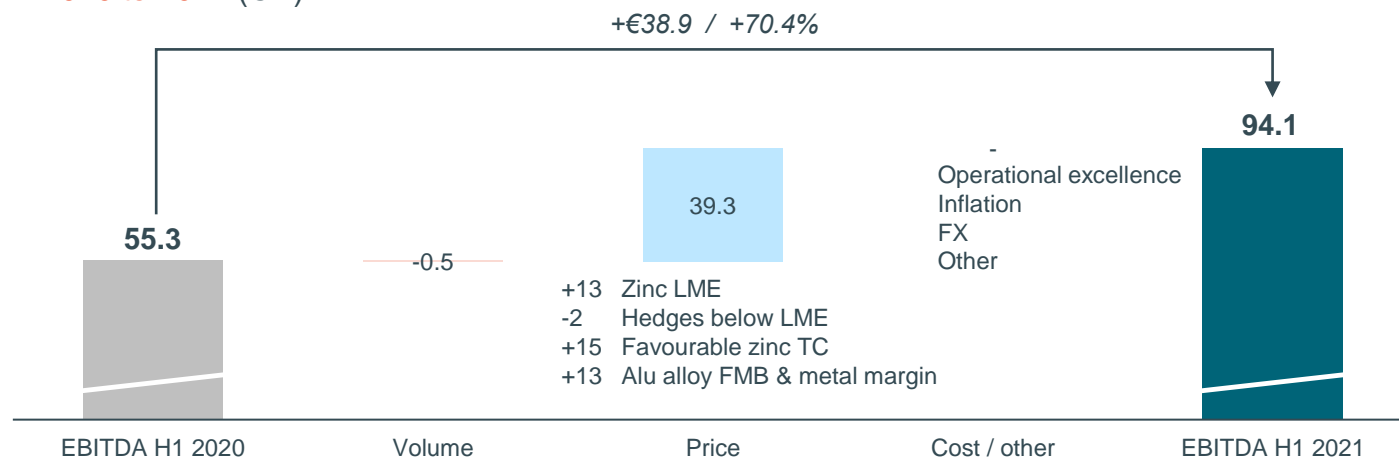
## Financial results

*Wolf Lehmann - CFO*

# Consolidated key financials

H1 EBITDA at €94.1m, all-time-high, driven by strong base metal prices as well as continued solid volumes with strong plant utilisation at pre-COVID levels

## EBITDA bridge H1 2020 to 2021 (€m)



## Key metrics (€m, unless otherwise stated)

	H1 2020	yoy change	H1 2021
Revenue	€301.2	+€83.0 / +27.6%	€384.2
EBITDA	€55.3	+€38.9 / +70.4%	€94.1
EBITDA margin	18.3%	+615 bps	24.5%
Net profit	€20.6	+€25.0 / +121.6%	€45.6
EPS <sup>1)</sup> (€)	€0.60	+€0.72 / +118.7%	€1.32
Operating cash flow	€11.2	+€59.0 / +527.1%	€70.2
Cash <sup>2)</sup>	€106.6	+€90.0 / +84.4%	€196.6
Net debt <sup>3)</sup>	€423.5	-€52.0 / -12.3%	€371.4
Net leverage <sup>3)</sup>	x3.14	-x0.90	x2.24

1) EPS in H1 2020 is based on 34,066,705 shares; H1 2021 is based on 34,525,634 weighted average shares after the capital increase of 5,933,293 new shares to partly fund the AZR acquisition

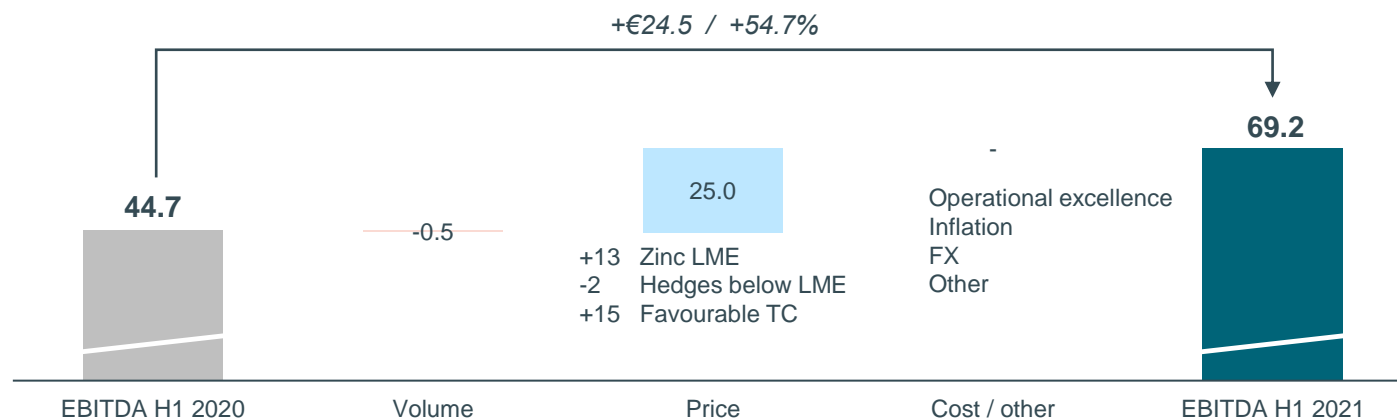
2) Reported cash position of €527.2 million at Q2 2021 closing, adjusted for the €330.6 million of net funds raised through the capital increase in connection with the AZR acquisition signed on 16 June 2021

3) Net debt and leverage figures at Q2 2021 closing are based on the adjusted cash position of €196.6 million

# Steel Dust Recycling Services

H1 EBITDA at €69.2m, performing at strongest earnings level at 35% margin, driven mainly by favourable zinc prices;  
Overall plant utilisation continued at pre-COVID levels

## EBITDA bridge H1 2020 to 2021 (€m)



## Key metrics (€m, unless otherwise stated)

	H1 2020	yoy change	H1 2021
Revenue	€175.5	+€19.8 / +11.3%	€195.3
EBITDA	€44.7	+€24.5 / +54.7%	€69.2
EBITDA margin	25.5%	+995 bps	35.4%
EAFD throughput (kt)	341.2	-0.6 / -0.2%	340.7
Plant utilisation <sup>1)</sup>	83.1%	+9 bps	83.2%
Waelz oxide (WOX) sold (kt)	126.5	-7.1 / -5.6%	119.3
Zinc LME price (€/t)	€1,855	+€494 / +26.7%	€2,349
Zinc hedging price (€/t)	€2,234	-€34 / -1.5%	€2,200
Zinc blended price <sup>2)</sup> (€/t)	€2,064	+€190 / +9.2%	€2,254
Treatment charge (TC) (\$/t)	\$300	-\$141 / -47.0%	\$159

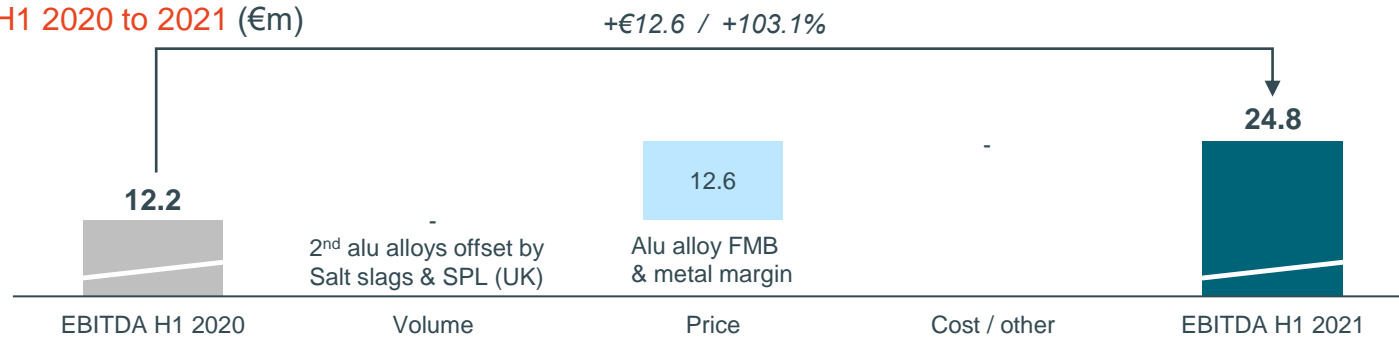
1) Plant utilisation rates calculated as EAFD processed against annual installed recycling capacity, based on the calendar days of the period (2020 with one more calendar day than 2021)

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

# Aluminium Salt Slags Recycling Services

H1 EBITDA at €24.8m, delivered record level results, doubling yoy; Mainly driven by higher aluminium metal prices yoy; Overall plant utilisation continued at solid pre-COVID-19 levels  $\geq 90\%$

## EBITDA bridge H1 2020 to 2021 (€m)



## Key metrics (€m, unless otherwise stated)

	H1 2020	yoy change	H1 2021
Revenue <sup>1)</sup>	€127.7	+€62.4 / +48.8%	€190.1
• Salt Slags	€37.9	-€0.6 / -1.5%	€37.3
• Secondary Aluminium	€105.2	+€67.1 / +63.8%	€172.3
EBITDA	€12.2	+€12.6 / +103.1%	€24.8
• Salt Slags	€8.8	+€2.3 / +26.3%	€11.1
• Secondary Aluminium	€3.4	+€10.3 / +302.0%	€13.7
EBITDA margin (Salt Slags)	23.3%	+656 bps	29.8%
Salt Slags & SPL treated (kt)	230.4	-34.7 / -15.0%	195.8
Plant utilisation <sup>2)</sup>	87.4%	+29 bps	87.7%
Aluminium alloys produced (kt)	79.3	+20.2 / +25.5%	99.5
Plant utilisation <sup>2)</sup>	77.7%	+2,008 bps	97.8%
Alu alloy FMB price <sup>3)</sup> (€/t)	€1,357	+€606 / +44.6%	€1,963

1) Total revenue is after intersegment eliminations (H1 2020: €15.3m; H1 2021: €19.5m)

2) Plant utilisation rates calculated as either salt slags/SPL treated, or aluminium alloys produced against the corresponding annual installed capacity, based on the calendar days of the period

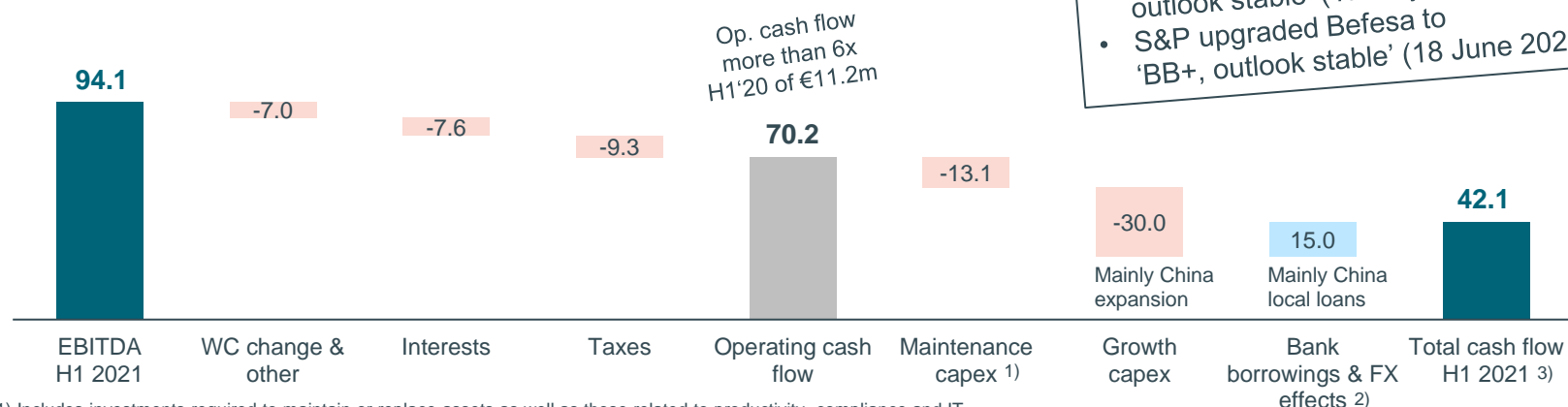
3) Aluminium scrap and foundry ingots aluminium pressure diecasting ingot DIN226/A380 European Metal Bulletin free market duty paid delivered works



# Cash flow, net debt & leverage

Record cash balance at €197m & liquidity at €272m with €75m RCF entirely undrawn;  
Net leverage improved to x2.24 at Q2 closing, triggering next interest ratchet of 1.75% vs. 2.0%

## EBITDA to total cash flow (€m)



1) Includes investments required to maintain or replace assets as well as those related to productivity, compliance and IT

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

3) Adjusted for the €330.6 million of net funds raised through the capital increase in connection with the AZR acquisition signed on 16 June 2021

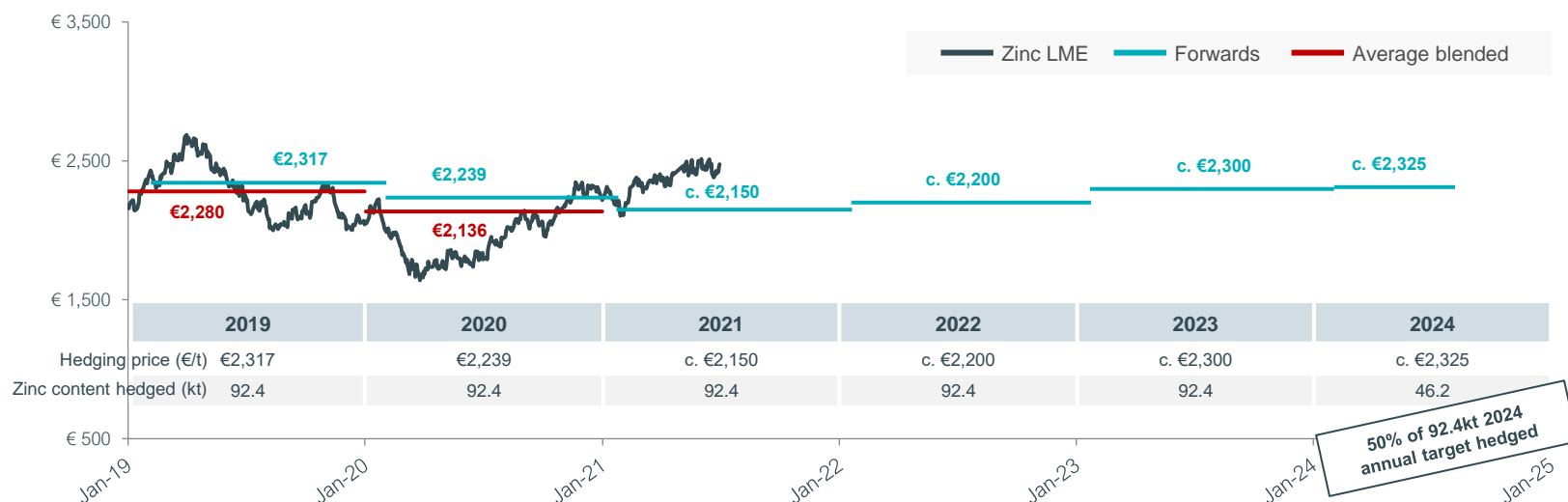
	At 30 Jun 2020	At 31 Dec 2020	Change	At 30 Jun 2021
LTM EBITDA	€134.8	€127.0	+€38.9 / +30.6%	€165.8
LTM operating cash flow	€65.0	€92.5	+€59.0 / +63.8%	€151.6
Gross debt	€530.2	€548.2	+€19.9 / +3.6%	€568.1
Cash on hand <sup>4)</sup>	€106.6	€154.6	+€42.1 / +27.2%	€196.6
Net debt	€423.5	€393.6	-€22.2 / -5.6%	€371.4
Net leverage	x3.14	x3.10	-x0.86	x2.24

4) Reported cash position of €527.2 million at Q2 2021 closing, adjusted for the €330.6 million of net funds raised through the capital increase in connection with the AZR acquisition signed on 16 June 2021

# Zinc prices & hedging strategy

Hedges fully extended up to and including July 2024, improving earnings & cash flows visibility

## Zinc LME price vs. hedges (€/t)



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

## Zinc hedges & blended average prices (€/t)

	H1 2020	H1 2021
Unhedged	37% or 27kt @ €1,855/t LME	33% or 23kt @ €2,349/t LME
Hedged	63% or 46kt @ €2,234/t	67% or 46kt @ €2,200/t
<b>Blended<sup>1)</sup></b>	<b>€2,064/t</b>	<b>€2,254/t</b>

+€190/t / +9% yoy

### Hedging strategy unchanged:

- Hedges in place **fully up to and incl. July 2024 (c. 3 years)**
- **Targeting 60% to 75% of zinc equivalent volume**
- **Majority of hedges Euro based**
- Befesa providing **no collateral**

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



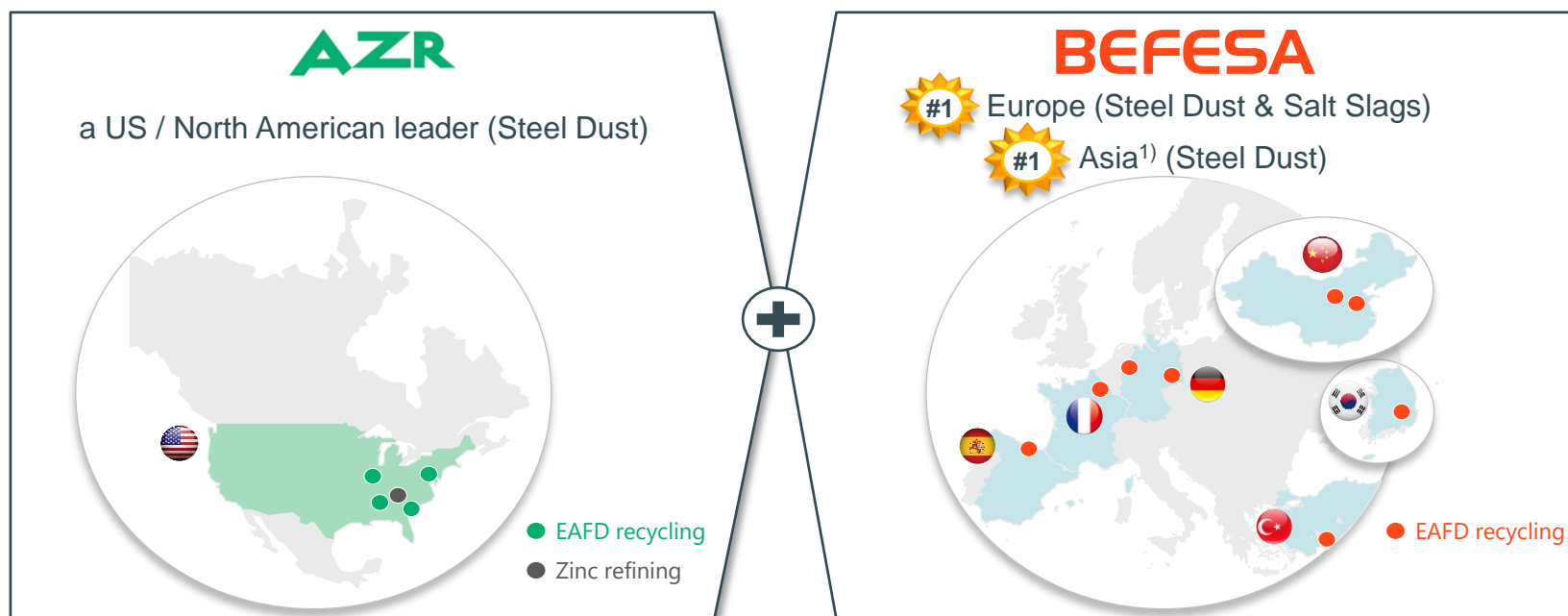
Nanjing City, location of Befesa China's HQ

03 /

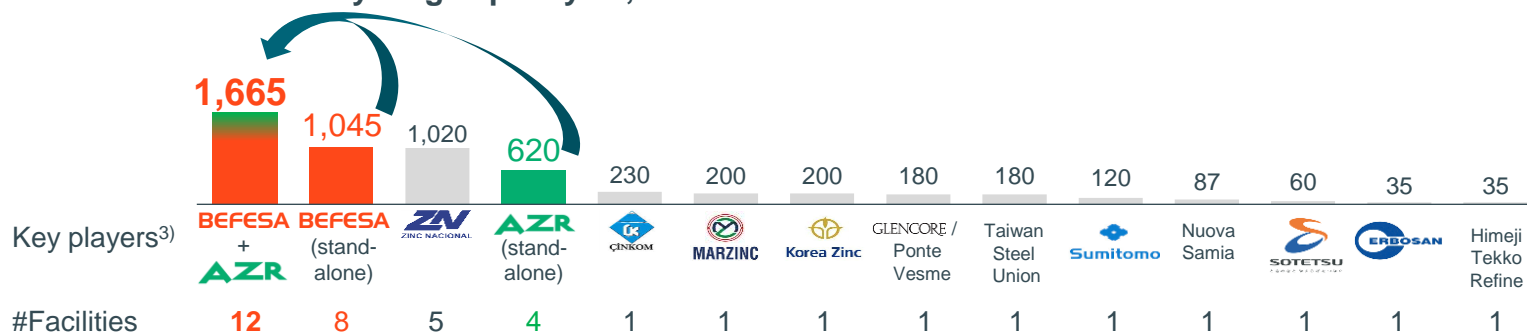
## Growth projects & outlook

*Javier Molina - CEO*

# Befesa signed AZR acquisition on 16 June; Expecting closing in Aug; Creating a global leader<sup>1)</sup> in EAFD recycling



## EAFD annual installed recycling capacity<sup>1) 2)</sup>, kt



1) Source: Own estimate based on recycling capacity; 2) Based on Company's public reports and presentations; 3) Using Waelz technology



# China I

Changzhou plant, Jiangsu province

## Key facts of the plant:

- 1<sup>st</sup> EAFD recycling plant in China
- Capacity to recycle 110kt EAFD p.a.
- Total investment: c. €42m
- Location: Changzhou (Jiangsu province)

## Status update:

- ✓ Long-term financing closed July 2020
- ✓ Construction completed, on time and on budget
- Finalising commissioning / in trial production
- Targeting commercial output from August onwards



↑ EAFD receipt at Changzhou plant



↑ EAFD sampling

# China II

Xuchang plant, Henan province

## Key facts of the plant:

- 2<sup>nd</sup> EAFD recycling plant in China
- Capacity to recycle 110kt EAFD p.a.
- Total investment: c. €42m
- Location: Xuchang (Henan province)

## Status update:

- ✓ Long-term financing closed December 2020
- Construction progressing on time and on budget; Completion scheduled in Q4



↑ Xuchang construction site, mid-July 2021

# Befesa FY'21 EBITDA guidance & assumptions

H1 annualised and expected strong H2 indicating upper end of FY'21 guidance range;  
Targeting to update guidance after closing & consolidation of AZR acquisition, as part of the Q3 reporting cycle

EBITDA	Lower-end: €165m EBITDA (above 2019 of €160m)	Upper-end: €190m EBITDA (new record)
<b>Main assumptions:</b>		
1) Volume / Capacity utilisation	<ul style="list-style-type: none"> <li>Moderate recovery from COVID-19</li> <li>China ramping up &amp; delivering commercial output in H2 on schedule</li> <li>Overall <b>capacity utilisation at c. 85–90%</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Strong recovery</b> from COVID-19</li> <li><b>China</b> ramping up &amp; delivering commercial output in H2 on schedule</li> <li>Overall <b>capacity utilisation at c. 90–95%</b></li> </ul>
2) Metal prices	<ul style="list-style-type: none"> <li>Zinc &amp; aluminium market <b>prices slowing down in H2</b> (vs. strong Q1'21 level)</li> <li><b>TC</b> referenced at <b>\$159/t</b></li> </ul>	<ul style="list-style-type: none"> <li>Metal market <b>prices maintaining strong Q1'21 levels</b> for 2021 (c. \$2,750/t zinc LME; c. €2,000 alu alloy FMB)</li> <li><b>TC</b> referenced at <b>\$159/t</b></li> </ul>
3) Dividend	<b>€46.8m (€1.17 / share)</b> dividend distribution, equal to: <ul style="list-style-type: none"> <li>Distributing 98% of €47.6m net profit in FY'20</li> <li>Distributing net profit at <b>upper-end of 50% on a two-year view</b>: FY'19 €24.9m + FY'20 €46.8m dividend = €71.7m, equal to 55% of FY'19 €82.7m + FY'20 €47.6m net profit = €130.3m</li> </ul>	
Capex	<ul style="list-style-type: none"> <li><b>Continuing to fund China expansion</b></li> <li><b>Total capex of c. €75–90m</b>: c. €50–60m growth (China), majority funded through China local loans; c. €25–30m regular maintenance / IT / compliance / operational excellence investments</li> </ul>	
Cash flow, cash position & net leverage	<ul style="list-style-type: none"> <li>c. <b>+€25m</b></li> <li><b>Cash position c. €180m</b></li> <li><b>Net leverage at c. x2.5</b> (below 2019 of x2.6)</li> </ul>	<ul style="list-style-type: none"> <li>c. <b>+€45m</b></li> <li><b>Cash position c. €200m</b></li> <li><b>Net leverage at c. x2.1</b> (back to 2018 level)</li> </ul>





EAFD recycling plant at Gyeongju, South Korea

# 04 / ESG at Befesa

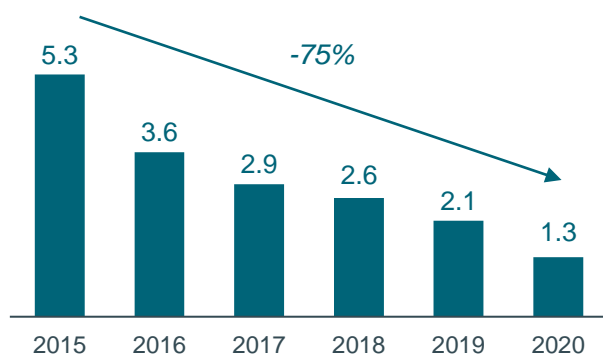
*Javier Molina - CEO*

# Sustainability at Befesa

Key player within the circular economy, with c. 1.5 million tonnes recycled and c. 1.3 million tonnes of valuable materials recovered annually, that contributes significantly to increase efficiency of raw material use in the metals industry and promotes the transition towards a more sustainable economy

## Lost Time Injury Rate (LTIR)

- Excellence in health & safety is a priority for Befesa
- Aiming to reduce LTIR by at least 50% by 2024 vs. 2019



## ESG Ratings

**ISS ESG**

B  
Top 3 of 205  
Metals & mining

**SUSTAINALYTICS**

14.8  
#3 of 60  
Commercial services

**V.E**

#5 of 105  
Business services

**MSCI**

BBB  
Commercial services

## Global Challenges Index (GCX)

- Befesa selected on 18 Sep 2020
- GCX comprises a total of 50 shares selected according to strict criteria from a total of c. 6,000 companies worldwide



## Sustainability Report

- Befesa 2020 ESG Progress Update was published on 27 April 2021





Waelz kiln at EAFD recycling plant in Gyeongju, South Korea

05 /

Investor agenda  
& appendix

# Investor agenda

## Financial calendar

**Q3 2021 Statement & Conf. Call**  
Thursday, 28 October 2021

## Next investor conferences

### Q3 2021

**Commerzbank Corporate Conference 2021 (virtual)**

31 Aug – 2 Sep – Commerzbank

**London – 2021 Cross Sector Insight Conf.**

1–2 Sep – Stifel

**Citi Growth Conference (virtual)**

16 & 17 Sep – Citi

**10<sup>th</sup> German Corporate Conf. (virtual)**

21 Sep – Berenberg & Goldman Sachs

**Munich – 10<sup>th</sup> Baader Investment Conference 2021**

23 Sep – Baader

### Q4 2021

**London – Global Natural Resources Conference 2021**

11 Nov – Goldman Sachs

**Pennyhill Park, Surrey – Berenberg European Conference 2021**

7 Dec – Berenberg

## Contact details

**Rafael Pérez**

Director of Investor Relations & Strategy

Phone: +49 (0) 2102 1001 0

email: [irbefesa@befesa.com](mailto:irbefesa@befesa.com)

# Q2 2021/20 – Key financials

(€m, unless otherwise stated)

	Steel Dust	Salt Slags	Secondary Aluminium	Corporate & eliminations	Total Befesa
<b>Revenue<sup>1)</sup></b> <i>yoy change</i>	<b>€94.4</b> +€20.2 / +27.1%	<b>€17.5</b> +€1.7 / +10.9%	<b>€89.8</b> +€50.1 / +125.9%	<b>-€10.2</b> -€2.5 / -	<b>€191.6</b> +€69.4 / +56.8%
<b>EBITDA</b> <i>yoy change</i>	<b>€32.7</b> +€13.9 / +74.1%	<b>€5.2</b> +€2.3 / +77.3%	<b>€7.3</b> +€6.6 / +979.2%	<b>€0.0</b> +€0.8 / -	<b>€45.3</b> +€23.6 / +108.7%
<b>EBITDA margin</b> <i>yoy change</i>	<b>34.6%</b> +934 bps	<b>29.9%</b> +1,121 bps	<b>8.1%</b> +643 bps	- -	<b>23.6%</b> +587 bps

1) Total revenue in Aluminium Salt Slags Recycling Services amounted to €48.7m in Q2 2020 and to €97.9m in Q2 2021 after intersegment eliminations of €6.8m in Q2 2020 and of €9.5m in Q2 2021

# H1 2021/20 – Key financials

(€m, unless otherwise stated)

	Steel Dust	Salt Slags	Secondary Aluminium	Corporate & eliminations	Total Befesa
<b>Revenue<sup>1)</sup></b> <i>yoy change</i>	<b>€195.3</b> +€19.8 / +11.3%	<b>€37.3</b> -€0.6 / -1.5%	<b>€172.3</b> +€67.1 / +63.8%	<b>-€20.7</b> -€3.3 / -	<b>€384.2</b> +€83.0 / +27.6%
<b>EBITDA</b> <i>yoy change</i>	<b>€69.2</b> +€24.5 / +54.7%	<b>€11.1</b> +€2.3 / +26.3%	<b>€13.7</b> +€10.3 / +302.0%	<b>€0.1</b> +€1.8 / -	<b>€94.1</b> +€38.9 / +70.4%
<b>EBITDA margin</b> <i>yoy change</i>	<b>35.4%</b> +995 bps	<b>29.8%</b> +656 bps	<b>8.0%</b> +471 bps	- -	<b>24.5%</b> +615 bps

1) Total revenue in Aluminium Salt Slags Recycling Services amounted to €127.7m in H1 2020 and to €190.1m in H1 2021 after intersegment eliminations of €15.3m in H1 2020 and of €19.5m in H1 2021



# Multi-year trend – Key financials<sup>1)</sup>

(€m, unless otherwise stated)

	2017	2018	2019	2020
<b>Revenue</b>	<b>€667.4<sup>2)</sup></b>	<b>€720.1</b>	<b>€647.9</b>	<b>€604.3</b>
<b>Reported EBITDA</b>	<b>€153.0</b>	<b>€176.0</b>	<b>€159.6</b>	<b>€123.5</b>
<b>Reported EBITDA margin</b>	<b>22.9%<sup>2)</sup></b>	<b>24.4%</b>	<b>24.6%</b>	<b>20.4%</b>
<b>Adjusted EBITDA</b>	<b>€172.4<sup>3)</sup></b>	<b>€176.0</b>	<b>€159.6</b>	<b>€127.0<sup>4)</sup></b>
<b>Adjusted EBITDA margin</b>	<b>25.8%<sup>2)</sup></b>	<b>24.4%</b>	<b>24.6%</b>	<b>21.0%</b>
<b>Net profit<sup>5)</sup></b>	<b>€49.3</b>	<b>€90.2</b>	<b>€82.7</b>	<b>€47.6</b>
<b>EPS<sup>5)</sup> (€)</b>	<b>€1.02<sup>6)</sup></b>	<b>€2.65</b>	<b>€2.43</b>	<b>€1.40</b>
<b>Operating cash flow<sup>7)</sup></b>	<b>€91.5</b>	<b>€103.8</b>	<b>€102.5</b>	<b>€92.5</b>
<b>Cash position end of period</b>	<b>€117.6</b>	<b>€150.6</b>	<b>€125.5</b>	<b>€154.6</b>
<b>Net debt</b>	<b>€406.4</b>	<b>€376.8</b>	<b>€416.9</b>	<b>€393.6</b>
<b>Net leverage</b>	<b>x2.4</b>	<b>x2.1</b>	<b>x2.6</b>	<b>x3.1</b>

1) 2017, 2018 and 2019 are full year actual reported figures audited by external auditors; 2020 are full year preliminary figures currently being audited by external auditors

2) FY 2017 reported revenue amounted to €724.8m; Revenue of €667.4m is comparable after amendment IFRS 15 impacting non-operating revenue

3) 2017 EBITDA adjusted due to one-off non-recurrent items primarily related to the IPO

4) 2020 EBITDA adjusted for €3.5m for the UK Salt Slags plant closure

5) Net profit and total basic earnings/(losses) per share attributable to the ordinary equity holders of Befesa S.A.

6) FY 2017 EPS impacted by the conversion of the preferred shares carried out in October 2017 prior to the IPO; The weighted average number of ordinary shares used as the denominator in calculating total basic EPS in FY 2017 was 25,025 thousand shares, compared to the 34,067 thousand shares used from 2018 onwards

7) Operating cash flow is after WC change, taxes and interests; pre capex and pre dividend

# Q2 2021/20 – Operational data – Steel Dust Recycling Services

	Q2 2020	Q2 2021	yoy change
<b>EAFD throughput (kt)</b>	<b>155.6</b>	<b>159.6</b>	<b>+4.0 / +2.6%</b>
<b>EAFD average capacity utilisation (%)</b>	<b>75.8%</b>	<b>77.6%</b>	<b>+173 bps</b>
<b>Waelz oxide (WOX) sold (kt)</b>	<b>58.7</b>	<b>52.6</b>	<b>-6.1 / -10.4%</b>
<b>Zinc LME price (€/t)</b>	<b>€1,780</b>	<b>€2,418</b>	<b>+€639 / +35.9%</b>
<b>Zinc hedging price (€/t)</b>	<b>€2,225</b>	<b>€2,199</b>	<b>-€26 / -1.2%</b>
<b>Zinc blended price<sup>1)</sup> (€/t)</b>	<b>€1,991</b>	<b>€2,275</b>	<b>+€284 / +14.3%</b>

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

# H1 2021/20 – Operational data – Steel Dust Recycling Services

	H1 2020	H1 2021	yoy change
<b>EAFD throughput (kt)</b>	<b>341.2</b>	<b>340.7</b>	<b>-0.6 / -0.2%</b>
<b>EAFD average capacity utilisation (%)</b>	<b>83.1%</b>	<b>83.2%</b>	<b>+9 bps</b>
<b>Waelz oxide (WOX) sold (kt)</b>	<b>126.5</b>	<b>119.3</b>	<b>-7.1 / -5.6%</b>
<b>Zinc LME price (€/t)</b>	<b>€1,855</b>	<b>€2,349</b>	<b>+€494 / +26.7%</b>
<b>Zinc hedging price (€/t)</b>	<b>€2,234</b>	<b>€2,200</b>	<b>-€34 / -1.5%</b>
<b>Zinc blended price<sup>1)</sup> (€/t)</b>	<b>€2,064</b>	<b>€2,254</b>	<b>+€190 / +9.2%</b>

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

# Q2 2021/20 – Operational data – Aluminium Salt Slags Recycling Services

	Q2 2020 <sup>1)</sup>	Q2 2021	yoy change
Salt Slags & SPL treated (kt)	105.7	91.3	-14.4 / -13.6%
Salt Slags & SPL avg. cap. utilisation (%)	80.2%	81.4%	+117 bps
Aluminium alloys produced (kt)	31.3	48.2	+16.8 / +53.7%
Secondary Alu avg. capacity utilisation (%)	61.5%	94.2%	+3,277 bps
Aluminium alloy FMB price <sup>2)</sup> (€/t)	€1,282	€1,945	+€663 / +51.7%

1) Salt slags & SPL volumes and corresponding capacity utilisation figures in Q2 2020 include data contributed by the plant in the UK, which was permanently closed in Q4 2020

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

# H1 2021/20 – Operational data – Aluminium Salt Slags Recycling Services

	H1 2020 <sup>1)</sup>	H1 2021	yoy change
<b>Salt Slags &amp; SPL treated (kt)</b>	<b>230.4</b>	<b>195.8</b>	<b>-34.7 / -15.0%</b>
<b>Salt Slags &amp; SPL avg. cap. utilisation (%)</b>	<b>87.4%</b>	<b>87.7%</b>	<b>+29 bps</b>
<b>Aluminium alloys produced (kt)</b>	<b>79.3</b>	<b>99.5</b>	<b>+20.2 / +25.5%</b>
<b>Secondary Alu avg. capacity utilisation (%)</b>	<b>77.7%</b>	<b>97.8%</b>	<b>+2,008 bps</b>
<b>Aluminium alloy FMB price<sup>2)</sup> (€/t)</b>	<b>€1,357</b>	<b>€1,963</b>	<b>+€606 / +44.6%</b>

1) Salt slags & SPL volumes and corresponding capacity utilisation figures in H1 2020 include data contributed by the plant in the UK, which was permanently closed in Q4 2020

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



# Multi-year trend – Operational data

	2017	2018	2019	2020
<b>EAFD throughput (kt)</b>	<b>661.0</b>	<b>717.1</b>	<b>665.8</b>	<b>687.0</b>
<b>EAFD average capacity utilisation (%)</b>	<b>84.7%</b>	<b>92.0%</b>	<b>80.7% / 90.1%<sup>1)</sup></b>	<b>83.0%</b>
<b>Waelz oxide (WOX) sold (kt)</b>	<b>217.8</b>	<b>240.9</b>	<b>217.6</b>	<b>239.2</b>
<b>Zinc LME price (€/t)</b>	<b>€2,572</b>	<b>€2,468</b>	<b>€2,276</b>	<b>€1,979</b>
<b>Zinc hedging price (€/t)</b>	<b>€1,876</b>	<b>€2,051</b>	<b>€2,317</b>	<b>€2,239</b>
<b>Zinc blended price<sup>2)</sup> (€/t)</b>	<b>€2,160</b>	<b>€2,168</b>	<b>€2,280</b>	<b>€2,136</b>
<b>Salt Slags &amp; SPL treated (kt)</b>	<b>509.9</b>	<b>517.0</b>	<b>492.6</b>	<b>444.6</b>
<b>Salt Slags &amp; SPL avg. cap. utilisation (%)</b>	<b>96.2%</b>	<b>97.5%</b>	<b>92.9%</b>	<b>83.7% / 86.9%<sup>3)</sup></b>
<b>Alu alloys produced (kt)</b>	<b>184.1</b>	<b>169.3</b>	<b>176.7</b>	<b>174.3</b>
<b>Secondary Alu avg. capacity utilisation (%)</b>	<b>89.8%</b>	<b>82.6% / 98.1%<sup>4)</sup></b>	<b>86.2% / 91.1%<sup>5)</sup></b>	<b>84.8%</b>
<b>Aluminium alloy FMB price<sup>6)</sup> (€/t)</b>	<b>€1,766</b>	<b>€1,715</b>	<b>€1,397</b>	<b>€1,420</b>

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

3) Installed capacity and corresponding utilisation rates in 2020 are normalised for the UK salt slags plant closure in Q4 2020

4) Installed capacity and corresponding utilisation rates in 2018 are normalised for the furnace upgrades in Bilbao (plant was shutdown three months, from 2<sup>nd</sup> week of June to 3<sup>rd</sup> week of September), as well as the Barcelona - phase I (plant was shutdown two months, from 4<sup>th</sup> week of August to 4<sup>th</sup> week of October)

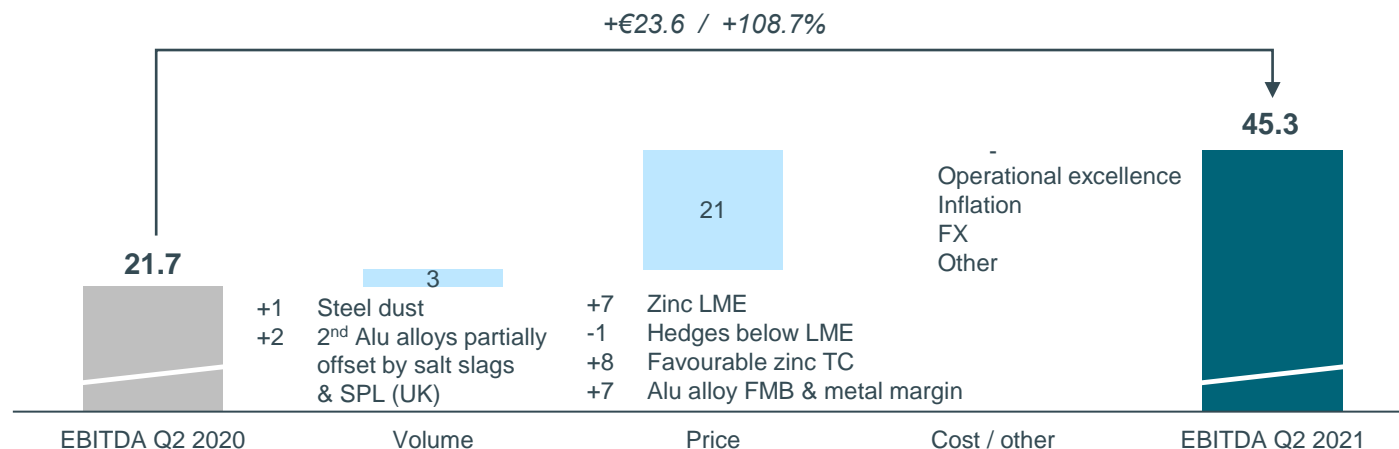
5) Installed capacity and corresponding utilisation rates in 2019 are normalised for the furnace upgrade in Barcelona – phase II (plant was shutdown three months, from mid-August to mid-November)

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

# Consolidated key financials

Q2 EBITDA at €45.3m; benefited from favourable market prices;  
Volumes continued solid with plant utilisation at pre-COVID levels

## EBITDA bridge Q2 2020 to 2021 (€m)



## Key metrics (€m, unless otherwise stated)

	Q2 2020	yoy change	Q2 2021
Revenue	€122.2	+€69.4 / +56.8%	€191.6
EBITDA	€21.7	+€23.6 / +108.7%	€45.3
EBITDA margin	17.8%	+587 bps	23.6%
Net profit	€5.9	+€14.9 / +253.7%	€20.8
EPS <sup>1)</sup> (€)	€0.17	+€0.43 / +249.0%	€0.60
Operating cash flow	€2.8	+€40.9 / +1,449.2%	€43.7
Cash <sup>2)</sup>	€106.6	+€90.0 / +84.4%	€196.6
Net debt <sup>3)</sup>	€423.5	-€52.0 / -12.3%	€371.4
Net leverage <sup>3)</sup>	x3.14	-x0.90	x2.24

1) EPS in Q2 2020 is based on 34,066,705 shares; Q2 2021 is based on 34,525,634 weighted average shares after the capital increase of 5,933,293 new shares to partly fund the AZR acquisition

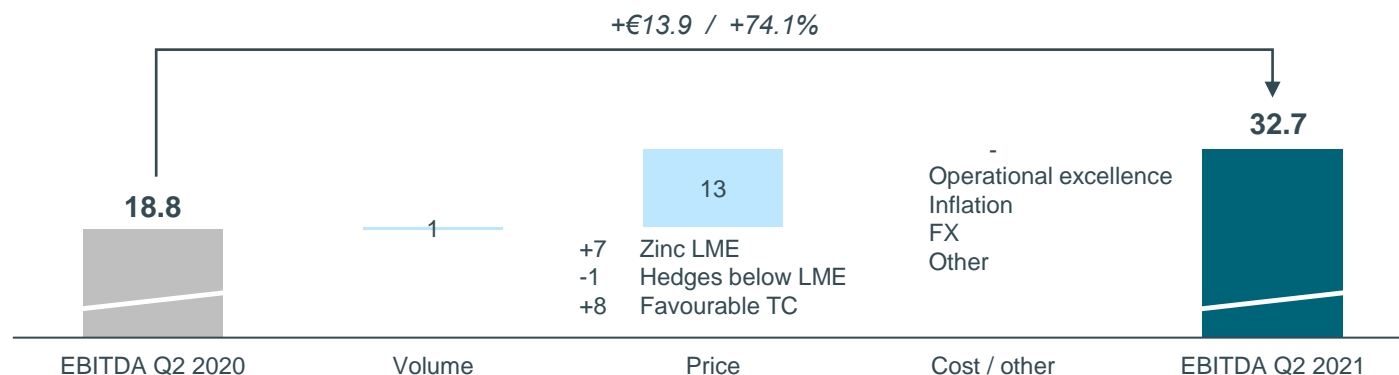
2) Reported cash position of €527.2 million at Q2 2021 closing, adjusted for the €330.6 million of net funds raised through the capital increase in connection with the AZR acquisition signed on 16 June 2021

3) Net debt and leverage figures at Q2 2021 closing are based on the adjusted cash position of €196.6 million

# Steel Dust Recycling Services

Q2 EBITDA at €32.7m; Favourable zinc LME prices and TC, partially offset by slightly lower zinc hedging prices

## EBITDA bridge Q2 2020 to 2021 (€m)



## Key metrics (€m, unless otherwise stated)

	Q2 2020	yoy change	Q2 2021
Revenue	€74.3	+€20.2 / +27.1%	€94.4
EBITDA	€18.8	+€13.9 / +74.1%	€32.7
EBITDA margin	25.3%	+934 bps	34.6%
EAFD throughput (kt)	155.6	+4.0 / +2.6%	159.6
Plant utilisation <sup>1)</sup>	75.8%	+173 bps	77.6%
Waelz oxide (WOX) sold (kt)	58.7	-6.1 / -10.4%	52.6
Zinc LME price (€/t)	€1,780	+€639 / +35.9%	€2,418
Zinc hedging price (€/t)	€2,225	-€26 / -1.2%	€2,199
Zinc blended price <sup>2)</sup> (€/t)	€1,991	+€284 / +14.3%	€2,275
Treatment charge (TC) (\$/t)	\$300	-\$141 / -47.0%	\$159

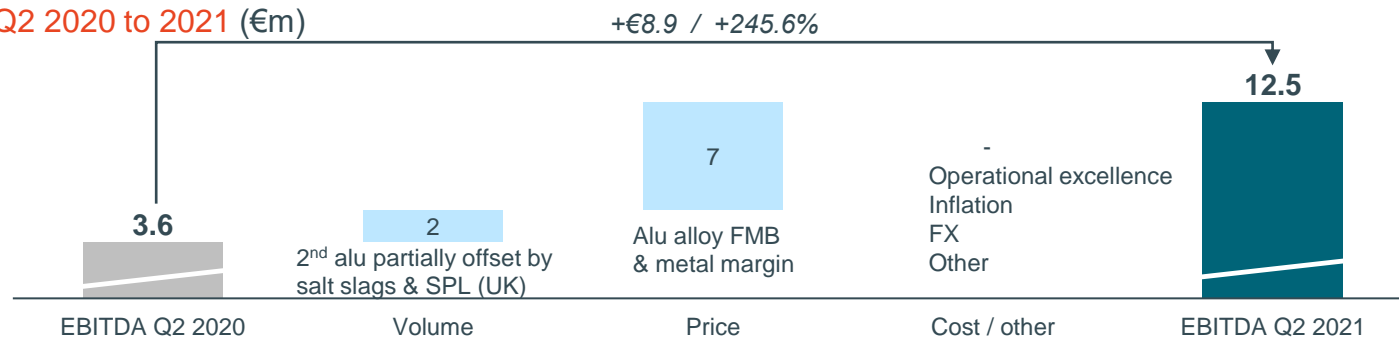
1) Plant utilisation rates calculated as EAFD processed against annual installed recycling capacity, based on the calendar days of the period

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

# Aluminium Salt Slags Recycling Services

Q2 EBITDA at €12.5m, all-time-high, mainly driven by higher aluminium alloys & market prices partially offset by lower salt slags & SPL treated (UK closure)

## EBITDA bridge Q2 2020 to 2021 (€m)



## Key metrics (€m, unless otherwise stated)

	Q2 2020	yoy change	Q2 2021
Revenue <sup>1)</sup>	€48.7	+€49.1 / +100.9%	€97.9
• Salt Slags	€15.8	+€1.7 / +10.9%	€17.5
• Secondary Aluminium	€39.8	+€50.1 / +125.9%	€89.8
EBITDA	€3.6	+€8.9 / +245.6%	€12.5
• Salt Slags	€3.0	+€2.3 / +77.3%	€5.2
• Secondary Aluminium	€0.7	+€6.6 / +979.2%	€7.3
EBITDA margin (Salt Slags)	18.7%	+1,121 bps	29.9%
Salt Slags & SPL treated (kt)	105.7	-14.4 / -13.6%	91.3
Plant utilisation <sup>2)</sup>	80.2%	+117 bps	81.4%
Aluminium alloys produced (kt)	31.3	+16.8 / +53.7%	48.2
Plant utilisation <sup>2)</sup>	61.5%	+3,277 bps	94.2%
Alu alloy FMB price <sup>3)</sup> (€/t)	€1,282	+€663 / +51.7%	€1,945

1) Total revenue is after intersegment eliminations (Q2 2020: €6.8m; Q2 2021: €9.5m)

2) Plant utilisation rates calculated as either salt slags/SPL treated, or aluminium alloys produced against the corresponding annual installed capacity, based on the calendar days of the period

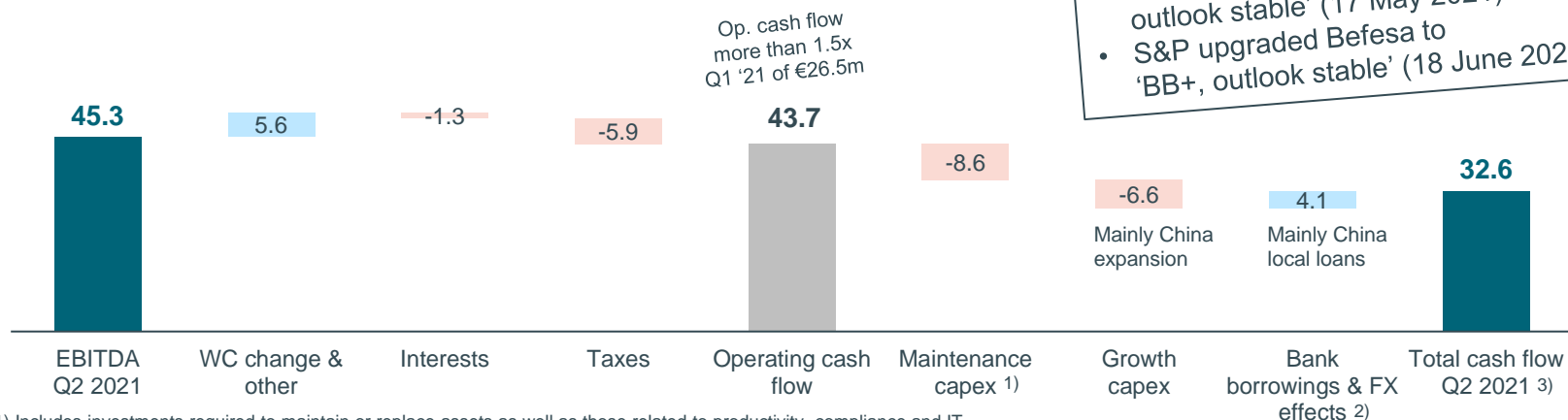
3) Aluminium scrap and foundry ingots aluminium pressure diecasting ingot DIN226/A380 European Metal Bulletin free market duty paid delivered works



# Cash flow, net debt & leverage

Record cash balance at €197m & liquidity at €272m with €75m RCF entirely undrawn;  
Net leverage improved to x2.24 at Q2 closing, triggering next interest ratchet of 1.75% vs. 2.0%

## EBITDA to total cash flow (€m)



1) Includes investments required to maintain or replace assets as well as those related to productivity, compliance and IT

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

3) Adjusted for the €330.6 million of net funds raised through the capital increase in connection with the AZR acquisition signed on 16 June 2021

	At 30 Jun 2020	At 31 Dec 2020	At 31 Mar 2021	Change	At 30 Jun 2021
LTM EBITDA	€134.8	€127.0	€142.2	+€23.6 / +16.6%	€165.8
LTM operating cash flow	€65.0	€92.5	€110.7	+€40.9 / +37.0%	€151.6
Gross debt	€530.2	€548.2	€558.7	+€9.4 / +1.7%	€568.1
Cash on hand <sup>4)</sup>	€106.6	€154.6	€164.0	+€32.6 / +19.9%	€196.6
Net debt	€423.5	€393.6	€394.7	-€23.2 / -5.9%	€371.4
Net leverage	x3.14	x3.10	x2.77	-x0.53	x2.24

4) Reported cash position of €527.2 million at Q2 2021 closing, adjusted for the €330.6 million of net funds raised through the capital increase in connection with the AZR acquisition signed on 16 June 2021