BEFESA

Company Presentation

January 2022

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Full year figures contained in this presentation have been audited by external auditors.

This presentation includes Alternative Performance Measures (APM), including EBITDA, EBITDA 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.

Figures do not include the contribution from the US operations

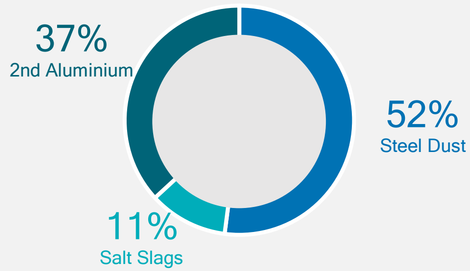
Befesa at a glance

Global leader in Europe, Asia and US in providing regulated critical hazardous waste recycling services to the steel and aluminium industries

3-year average (2018-2020)[1)]

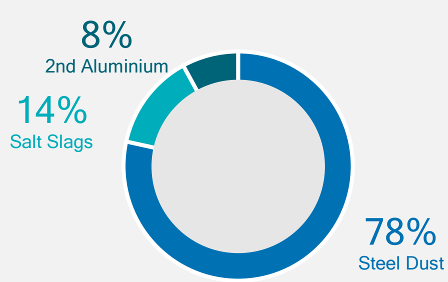
€657m

Revenue[2)]



€154m

EBITDA



Steel Dust Recycling[1)]

#1

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

33%

EBITDA margin
(3-year average 2018-2020)

>15yrs

Relationships

ArcelorMittal, GLENCORE, outokumpu, TRAFIGURA, voestalpine

Aluminium Salt Slags Recycling

#1

Position in Europe in salt slags subsegment
(c. 45-50% market share)

27%

EBITDA margin in salt slags subsegment[3)]
(3-year average 2018-2020)

>15yrs

Relationships

trimet, Novelis, Hydro, REAL ALLOY, Alcoa

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

1) Figures do not include the contribution from AZR's acquisition closed on 17 August 2021
2) Excluding internal revenue; revenue split is calculated on revenues including internal revenue; 3) Including recycling of SPL (a hazardous waste generated in primary aluminium production)

Key milestones

Befesa has grown successfully through organic initiatives and acquisitions

1987 – **Founded** in Germany, **Metallgesellschaft**

1993 – **Berzelius Umwelt Service** (**BUS**) grouped their Spanish assets into **Berzeilius Felguera (Befesa)**

2000 – Abengoa acquired Befesa from BUS

2006 – Befesa acquired remaining stake in BUS, becoming **European leader in EAFD recycling**

2009 – **European leader in salt slags** recycling, acquiring Agor AG's German assets

2010 – Entry in the **Turkish market**[1)]

2012 – Entry in the **Asian market**[2)]; WOX washing plant at **Gravelines**

2013 – Triton acquired Befesa

2014 – Secondary aluminium plant in **Bernburg**

EAFD expansion Korea & Turkey

- **Doubled capacity to 220kt, Gyeongju**
- **1st WOX washing** plant in **Asia**, close to Gyeongju plant
- EAFD recycling capacity at **Iskenderun expanded to 110kt**

2017 – **Successful IPO on Frankfurt Stock Exchange**

2018 – Entry to **SDAX**[3)] on 24 Sep 2018

2020 – Since 18 Sep'20 member of Global Challenges Index

Rated by: ISS ESG, MSCI, V.E, SUSTAINALYTICS

Entry in the US

100% of **AZR recycling** assets **acquired** (**c. 620kt EAFD** recycling capacity)

EAFD expansion China

First to market with state-of-the-art EAFD recycling plants in **China**:

Changzhou, **Jiangsu**:
- ✓ Completed on budget
- ✓ In commercial operations since Dec'21

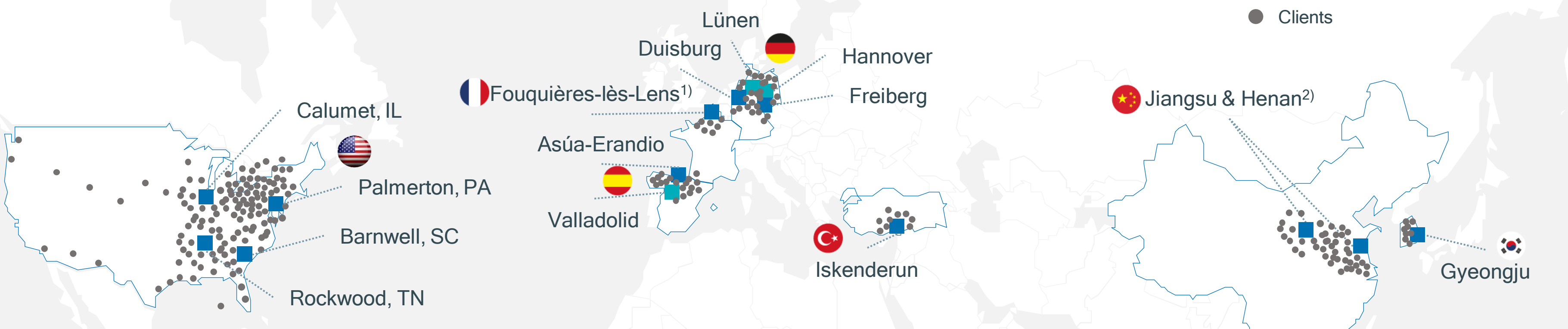
Xuchang, **Henan**:
- ✓ Completed construction Dec'21;
- → Commissioning/ramp up H1'22; Commercial output H2'22

2021 – **Global leader** in **EAFD recycling**; Entry to **MDAX** Sep'21

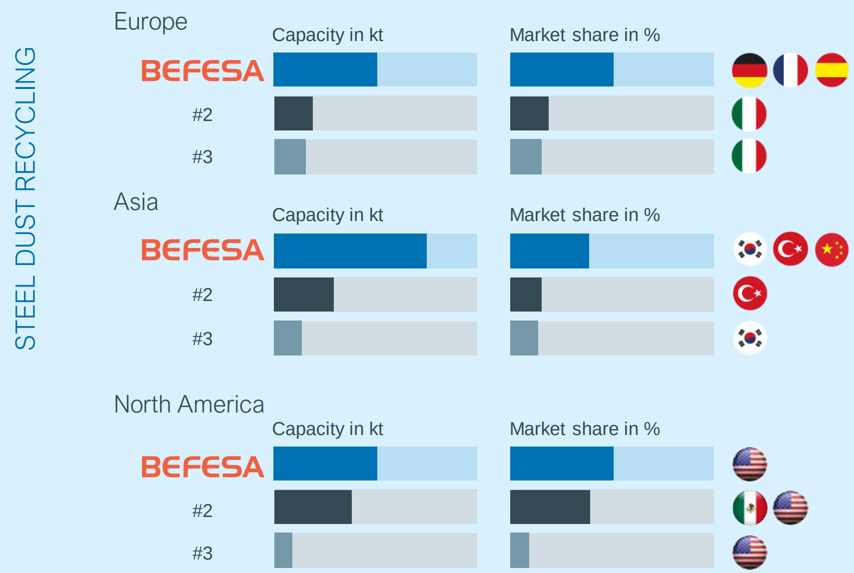
1) Through 51/49 JV with Canadian Silvermet; 2) By acquiring subsequent stakes in the Korean Hankook; 3) Free-float at 100% after Triton's exit on 6 June 2019

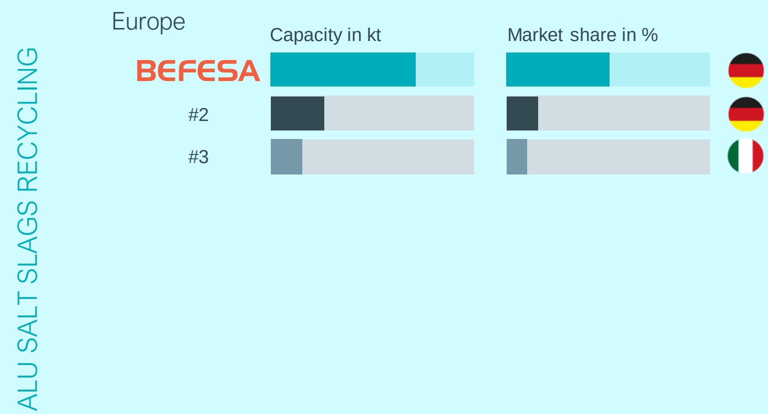
Global leader in Europe, Asia & North America

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



Note: Footprint reflects only Befesa's core recycling services - Steel Dust and Salt Slags & SPL





1) 50/50 joint venture with Recylex
2) Changzhou, Jiangsu province: In commercial production and selling WOX since Dec´21; Xuchang, Henan province: Completed construction Dec´21 on budget; Commissioning incl. ramp-up during H1'22 and commercial output scheduled in H2'22

Highly regulated & critical service model

Befesa is the leading environmental services partner in the circular economy of the 2nd steel and aluminium industry by recycling and avoiding the landfilling of c. 2 MT hazardous residues and recovering c. 1.5 MT of new valuable materials

Steel Dust

EAF steelmakers / recyclers (mini-mills, scrap recyclers)

HAZARDOUS WASTE
690 kt
STEEL DUST
Service fee
c. 10-20%

BEFESA RECYCLING
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OUTPUTS
234 kt
IRON OXIDE
233 kt
WOX SOLD
Sale of zinc in WOX
c. 80-90%

FINAL USAGE
Filler materials
e.g., cement, roads
Zinc smelters
e.g. steel galvanization

Aluminium Salt Slags

Aluminium producers / recyclers

HAZARDOUS WASTE
485 kt
SALT SLAGS & SPL
Service fee
c. 40%

BEFESA RECYCLING
BEFESA

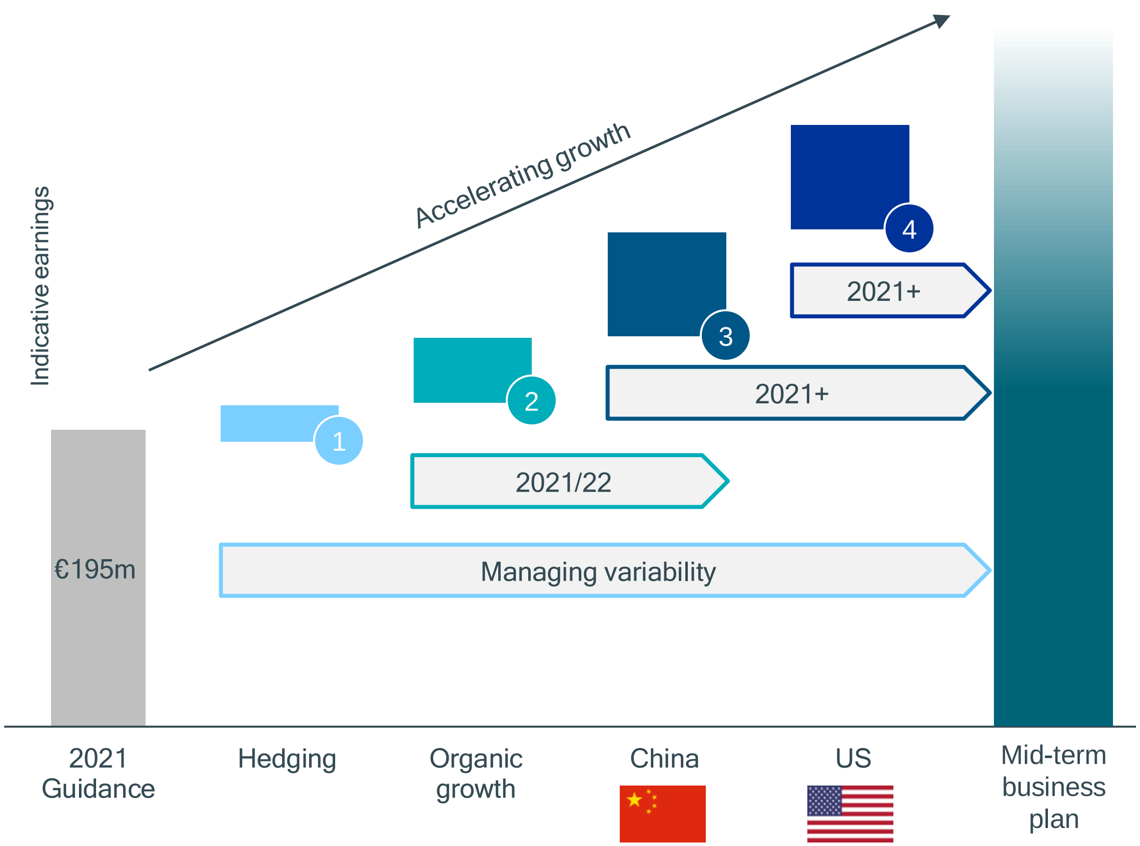
OUTPUTS
305 kt
ALU OXIDE & OTHERS
157 kt + 39 kt
MELTING SALT + ALU CONCENTRATE
Sale of salt & alu conc.
c. 60%

FINAL USAGE
Filler materials
e.g., ceramics, cement, rockwool
Aluminium recyclers

All figures are the average of the fiscal years 2018, 2019 and 2020 and do not include contribution from AZR's acquisition closed on 17 August 2021
Value chains are simplified and only reflect Befesa's core business segments (i.e. Steel Dust; Aluminium Salt Slags):
- Within Steel Dust Recycling Services business segment Befesa manages a Stainless sub-segment (94 kt stainless steel dust throughput, average over L3Y period 2018-2020)
- Within Aluminium Salt Slags Recycling Services business segment Befesa manages a Secondary Aluminium sub-segment (173 kt 2nd aluminium alloys produced, average over L3Y period 2018-2020)

Mid-term growth roadmap

Executing well defined growth roadmap even during COVID-19 pandemic;
In commercial operations at 1st China plant (Jiangsu) and completed construction of 2nd plant (Henan);
Driving progress on the integration of AZR and related synergies



1 **HEDGING**

- Non-US hedge book fully extended to Oct ´24, c. 3 years;
  US (AZR) up to Apr'24, c. 2.5 years
- Providing increased earnings and cash flow visibility

2 **ORGANIC GROWTH**

Top 5 projects:

- Steel Dust:
  - ✓ Turkey expansion: Completed
  - ✓ Korea washing: Completed
- Aluminium Salt Slags:
  - ✓ 2 tilting furnaces (Spain): Completed

3 **CHINA EXPANSION**

First two EAFD recycling plants in provinces of Jiangsu and Henan

4 **US / AZR ACQUISITION**

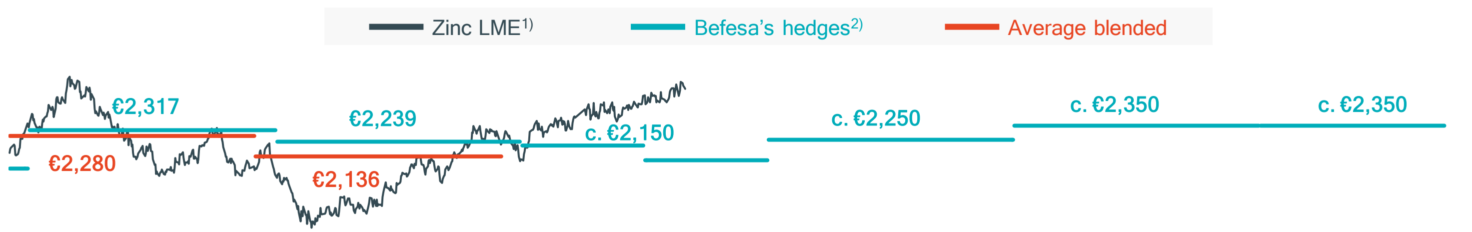
Integrating four EAFD recycling plants acquired from AZR and realising near- and mid- term synergies

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

Zinc prices & hedging strategy

Non-US operations fully hedged up to & incl. Oct’24, c. 3 years; US operations hedged up to & incl. Apr’24, c. 2.5 years; Improving earnings & cash flows visibility

Zinc LME price vs. Befesa’s hedging prices (€/t)



	2019	2020	2021	2022	2023	2024
Hedging price (€/t)	€2,317	€2,239	c. €2,150	c. €2,250	c. €2,350	c. €2,350
Zinc content hedged (kt)	92.4	92.4	129.2	146.6	151.0	84.3

Jan-19 Jan-20 Jan-21 Jan-22 Jan-23 Jan-24 Jan-25

Zinc hedges & blended average prices (€/t)

	9M 2020	9M 2021
Unhedged	34% or 36kt @ €1,905/t LME	29% or 32kt @ €2,414/t LME
Hedged	66% or 69kt @ €2,232/t	71% or 78kt @ €2,170/t
Blended[3)]	**€2,089/t**	**€2,241/t**
		+€152/t / +7% yoy

Hedging strategy unchanged:

- **Zinc Europe & Korea** operations fully hedged up to & incl. Oct’24, c. **3 years** **US operations** hedged up to & incl. Apr’24, c. **2.5 years**
- **Targeting 60% to 75% of zinc equivalent volume**
- Befesa providing **no collateral**

1) London Metal Exchange (LME) zinc daily cash settlement prices
2) Includes BZ US (former AZR) hedge book for the following periods: 18 Aug’21 to Jan’22: 36.8kt zinc hedged at c. $2,500 (c. €2,140 at FX 1.17); Feb’22-Jan’23: 54.2kt zinc hedged at c. $2,765 (c. €2,365 at FX 1.17); Feb’23-Jan’24: 58.6kt zinc hedged at c. $2,900 (c. €2,450 at FX 1.18); Feb’24-Apr’24: 15.0kt zinc hedged at c. $2,975 (or c. €2,490 at FX 1.19); FX $/€ forwards as of 27 Oct’21, source: cmegroup.com
3) 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

China I

Changzhou plant, Jiangsu province

Key facts of the plant:

- 1st 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 Jul'20
✓ Construction completed on budget
✓ In commercial production & selling WOX
✓ Contracted EAFD for >80% plant utilization in 2022

↑ Changzhou plant, in operations

↑ First commercial invoice

China II

Xuchang plant, Henan province

Key facts of the plant:

- 2nd 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 Dec'20
✓ Construction completed Dec'21 on budget
→ Cold commissioning started; Hot commissioning next; Expecting ramp up H1'22 & commercial output H2'22

↑ Xuchang plant, construction completed - 27 December 2021

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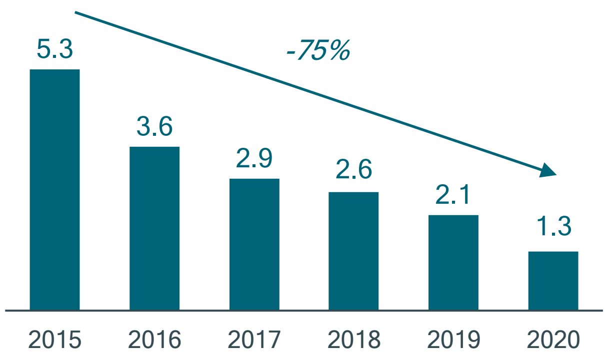
Sustainability at Befesa

Key player within the **circular economy**, with c. 2 million tonnes recycled and c. 1.5 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 Sept 2020
- GCX comprises a total of 50 shares selected according to strict criteria from a total of c. 6,000 companies worldwide

Global Challenges Index

Sustainability Reporting

✓ 2020 ESG Progress Update published 27 April 2021

→ Defining 2030 & 2050 ESG roadmap including GHG emission reduction

→ Integrated Annual Report ´21 in March and Sustainability Report in April ´22

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Experienced management team

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
- Leading Befesa for >20 years

Wolf Lehmann
CFO;
incl. responsibilities for operational excellence & IT

- CFO since 2014
- 20+ years in finance & operational leadership roles, 50/50 General Electric / PE

Asier Zarraonandia
Vice-president
Steel Dust
Recycling Services

- 15+ years with Befesa
- Running Befesa's Steel Dust business for >15 years

Federico Barredo
Vice-president
Aluminium Salt Slags
Recycling Services

- 25+ years with Befesa
- Running Befesa's Aluminium Salt Slags business for >20 years

Key achievements / track record

- Extensive experience in steel and aluminium recycling business, incl. managing through the cycle
- 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, e.g., BUS, Agor, Alcasa, Hankook, Silvermet, AZR
- Experience in developing greenfield projects, e.g., Gravelines, South Korea, Bernburg, China

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Figures do not include the contribution from the US operations acquired in Aug '21

Multi-year trend – Key financials[1)]

(€m, unless otherwise stated)

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

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

Figures do not include the contribution from the US operations acquired in Aug '21

Multi-year trend – Operational data

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

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 2nd week of June to 3rd week of September), as well as the Barcelona - phase I (plant was shutdown two months, from 4th week of August to 4th 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

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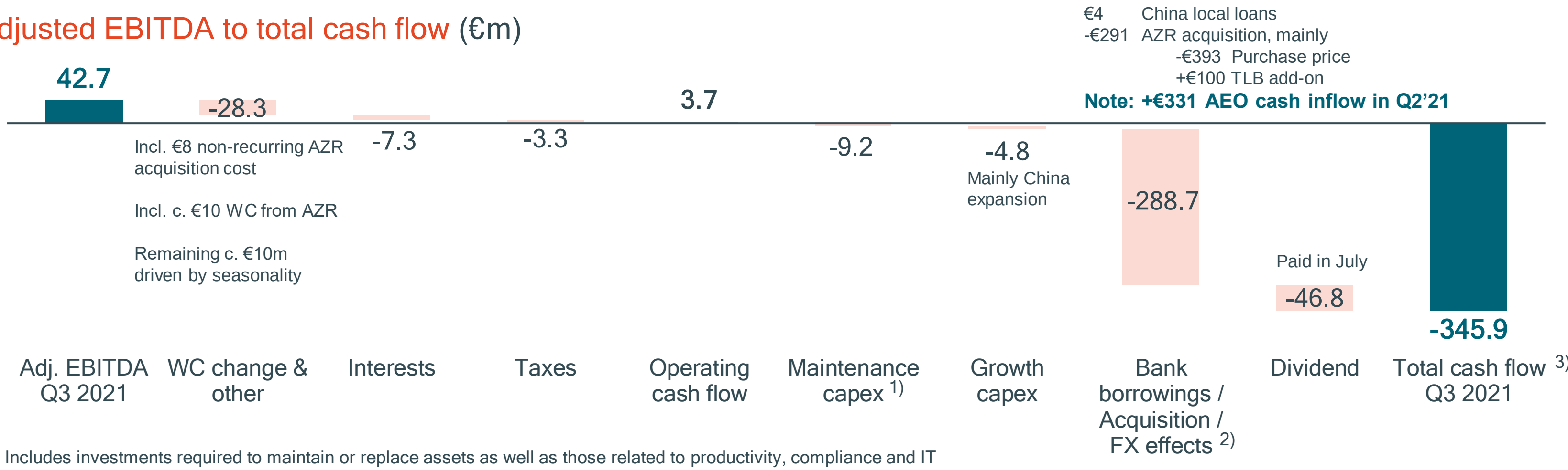
- S&P upgraded Befesa to 'BB+, outlook stable' (18 June 2021)
- Moody's affirmed Befesa's 'Ba2, outlook stable' (17 May 2021)

Cash flow, net debt & leverage

Continued strong liquidity of more than €275m including record €201m cash on hand, post-dividend & acquisition funding; Net leverage of x2.33 at Q3'21 closing, improved vs. x3.10 at YE'20 and x3.31 at Q3'20

Adjusted 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) Mainly includes the effect of the AZR acquisition, cash bank inflows/outflows from bank borrowings and other liabilities, as well as the effect of foreign exchange rate changes on cash

	At 30 Jun 2021	*Change*	At 30 Sept 2021
LTM EBITDA[4)]	€165.8	*+€41.4 / +25.0%*	€207.2
Q3 Operating cash flow[5)]	€26.6	*-€22.9 / -86.1%*	€3.7
Gross debt[6)]	€568.1	*+€114.7 / +20.2%*	€682.8
Cash on hand[3)]	€196.6	*+€4.0 / +2.1%*	€200.7
Net debt	€371.4	*+€110.7 / +29.8%*	€482.1
Net leverage	x2.24	*+x0.09*	x2.33

3) Cash on hand of €154.6m at YE'20 increased by €26.8m 9M cash flow and €19.3m cash and cash equivalents incorporated from Befesa Holdings US Inc., ending at €200.7m total cash on hand
4) LTM Q3 2021 EBITDA adjusted for €8.1m non-recurring AZR acquisition-related costs and c. €30m AZR's LTM EBITDA
5) Includes AZR's operating cash flows since closing of the acquisition on 17 Aug 2021
6) €682.8m gross debt at 30 Sept 2021 includes €100m TLB add-on to partly fund the AZR acquisition, as well as China local loans