

**BEFESA**

# Business Update

# 2022

Morgan Stanley 7th Annual Sustainable Futures Conference

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

01



Business update

# Executive summary

## €61.1m

**Q1'22 adjusted EBITDA**  
25% up yoy (Q1'21: €48.8m)  
23% margin (Q1'21: 25%)

**LTM adj. EBITDA at €222.6m<sup>1)</sup>**

**Zinc TC considered at \$230/t retroactively from Jan'22**

**Plant utilisation continued at strong pre-pandemic levels**

## €25.7m

**Q1'22 Operating cash flow**  
~stable yoy (Q1'21: €26.5m)

**Strong cash balance at €237.1m, €13m up vs YE'21**

**Net leverage x2.13 Q1'21, improved vs. x2.16 at YE'21**

## €27.0m

**Net profit +8.9% yoy (Q1'21: €24.8m), corresponding to a €0.67 EPS (Q1'21: €0.73)**

**Proposing €50m dividend in 2022 (€1.25 per share), representing 50% of FY'21 net profit, up €3m yoy**

## FY'22 Guidance

**FY EBITDA of €220m to 270m, 11% to 37% yoy growth (FY'21: €197.6m)**

**Zinc TC for FY'22 assumed at \$230/t with escalators**

**Guidance range driven by market (volume), energy and base metal price volatility**

## US

**Operations & synergies as planned**

- Operations **delivering as expected**
- **Driving progress on integration and related synergies**

## China

**Expansion on target, managing COVID restrictions**

- **Jiangsu:** In commercial production and selling WOX; Contracted volume >80% capacity for 2022
- **Henan:** Completed construction Dec'21; Commissioning started; Expecting ramp up Q2'22 & commercial output H2'22

## Hedging

- Hedge book extended up to Jan'25; **c.3 years**
- Providing increased **earnings and cash flow visibility**

## ESG

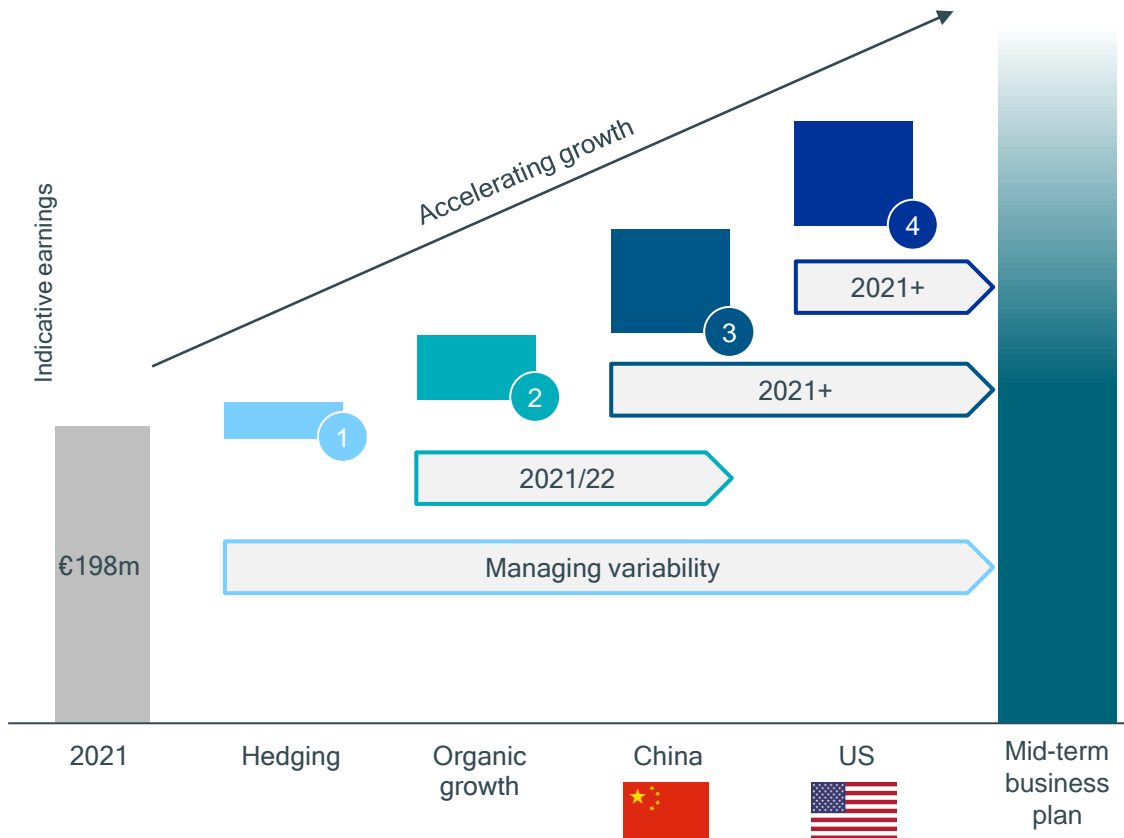
**Circular economy & strong ESG credentials**

- **ESG Report 2021 in Q2'22**
- **Defining 2030 & 2050 CO<sub>2</sub> reduction plan**

1) LTM Adj. EBITDA of €222.6m at Q1'22 closing incorporates full-twelve-rolling months of the US operations.

# Mid-term growth roadmap

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



## 1 HEDGING

- Hedge book extended up to Jan'25, c.3 yrs
- 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

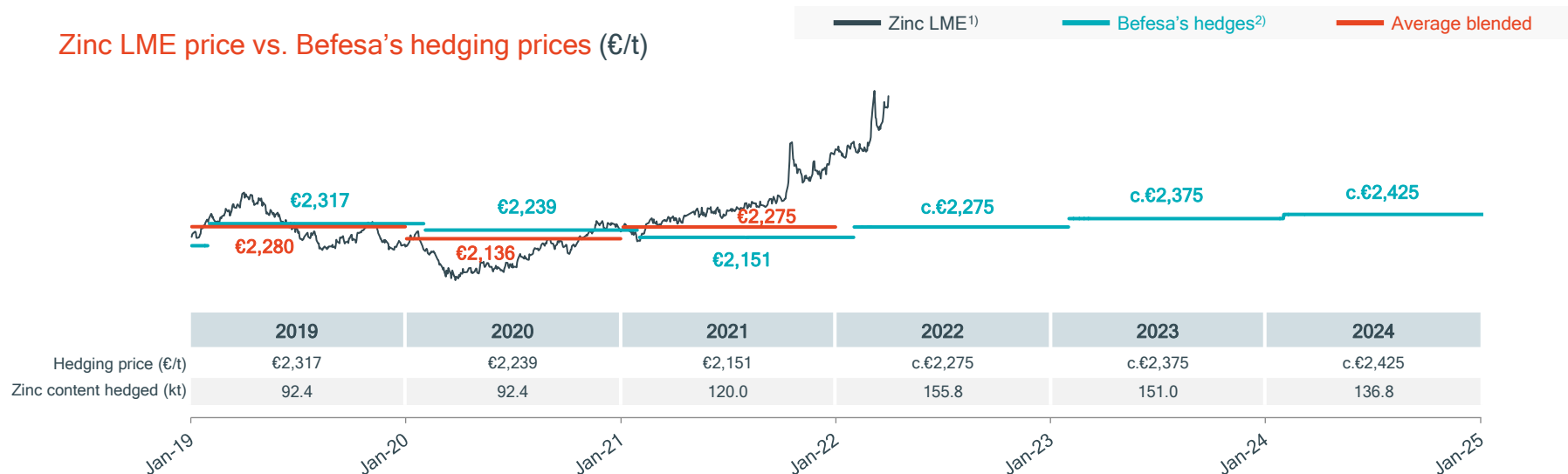
Integrating four EAFD recycling plants acquired from AZR and realising near- and mid- term synergies

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

# Zinc prices & hedging strategy

Hedge book extended up to Jan'25, c.3 years; Improving earnings & cash flows visibility

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



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

	Q1 2021	Q1 2022
Unhedged	40% or 15kt @ €2,279/t LME	21% or 11kt @ €3,337/t LME
Hedged	60% or 23kt @ €2,201/t	79% or 44kt @ €2,286/t
<b>Blended<sup>3)</sup></b>	<b>€2,237/t</b>	<b>€2,533/t</b>

**+€296/t / +13% yoy**

### Hedging strategy unchanged:

- Hedge book extended up to Jan'25; c.3 years
- Targeting 60% to 75% of zinc equivalent volume
- Befesa providing no collateral

1) London Metal Exchange (LME) zinc daily cash settlement prices

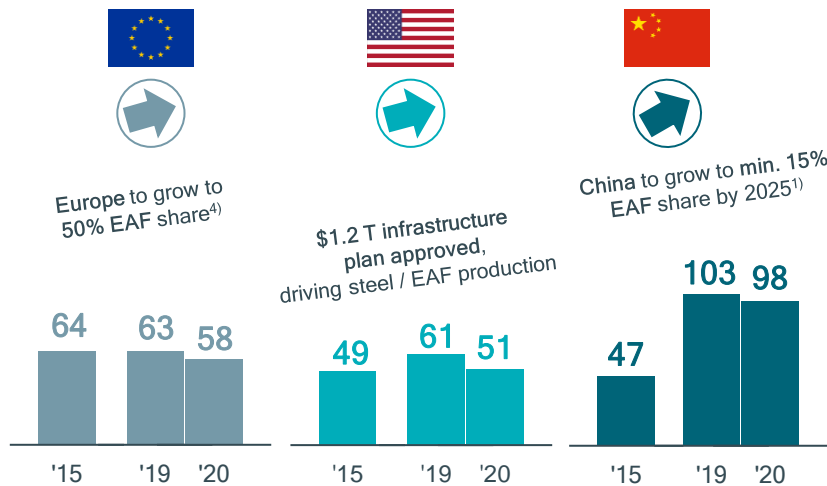
2) Includes BZ US (former AZR) hedge book for the following periods: 18 Aug'21 to Jan'22: 36.8kt zinc hedged at c.\$2,500 (c.€2,160 at FX 1.16); Feb'22-Jan'23: 63.4kt zinc hedged at c.\$2,765 (c.€2,400 at FX 1.15); Feb'23-Jan'24: 58.6kt zinc hedged at c.\$2,900 (c.€2,520 at FX 1.15); Feb'24-Jul'24: 60.0kt zinc hedged at c.\$2,975 (or c.€2,565 at FX 1.16); FX \$/€ forwards as of March '22, source: [cmegroup.com](http://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

# EAF steel production -&- Befesa's steel portfolio growth & diversification

China is the largest and growing EAF steel producer worldwide;  
Befesa growing and diversifying its portfolio to capture China and US addressable markets

## EAF steel production: EU-27 / US / China, million tonnes

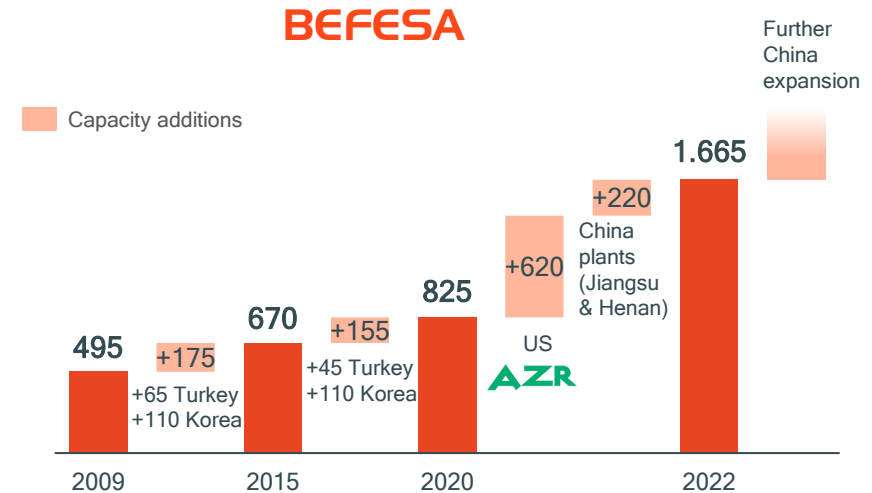


## EAF % of total steel production:



- Primary steel (BOF) consumes 7x more CO<sub>2</sub>/t vs. secondary steel (EAF)<sup>4)</sup>; Decarbonization favors EAF steel production

## Befesa's EAFD recycling capacity trend, kt



## EAFD recycling capacity by region, %:

Region	2009	2015	2020	2022
Europe <sup>2)</sup>	100%	74%	60%	30%
Asia <sup>3)</sup>	-	26%	40%	33%
US	-	-	-	37%

- Befesa Steel portfolio growing @ c. 6% CAGR (around twice GDP) while diversifying to a well-balanced Europe / Asia / US footprint

Sources: Worldsteel; Company data; IEA

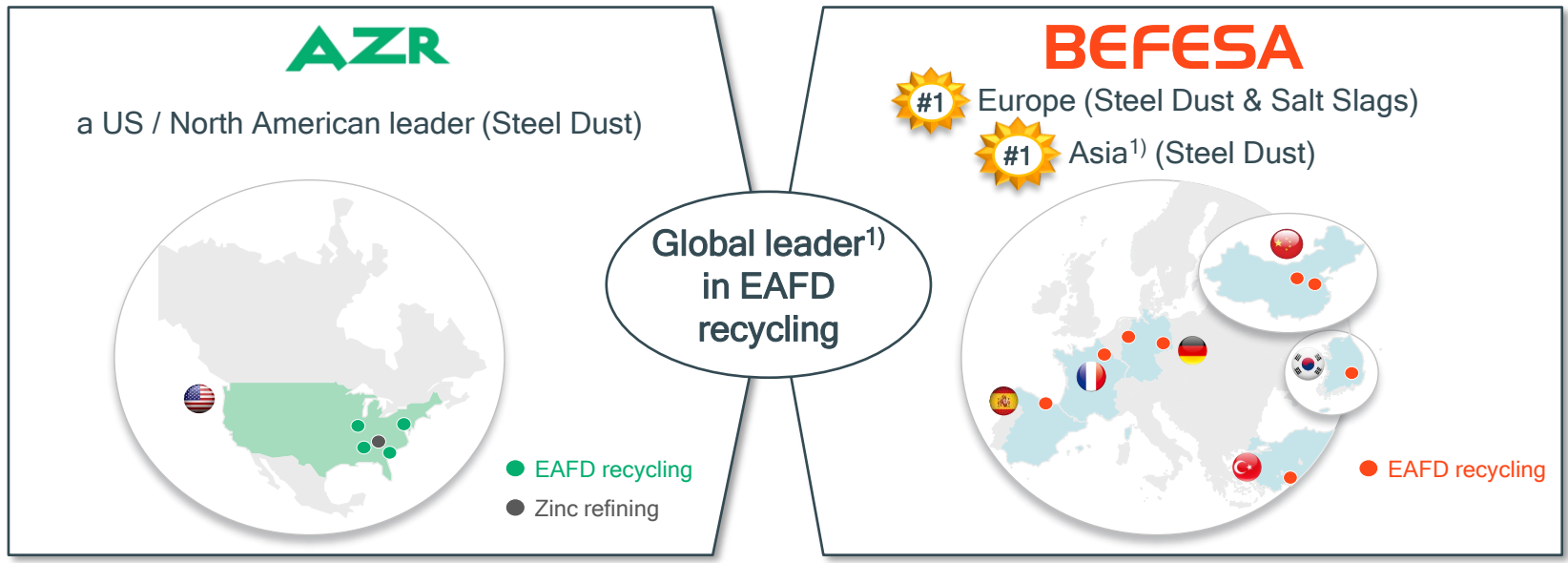
1) China's Ministry of Industry and Information Technology (MIIT); [reuters.com](https://www.reuters.com) (7 Feb 2022);

2) Europe defined as EU-27; 3) Asia includes Turkey, South Korea and China

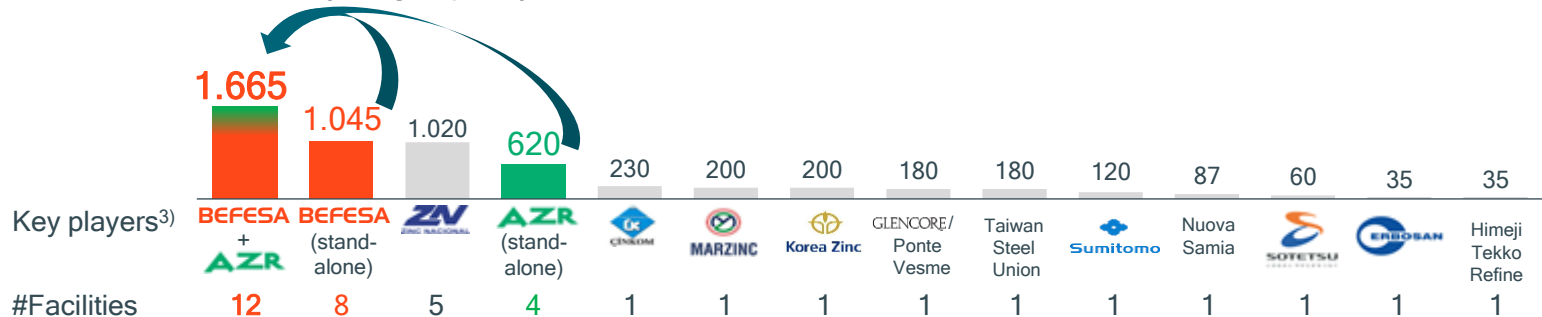
4) "Iron and Steel Technology Roadmap" study by IEA, October 2020



# Befesa closed AZR acquisition on 17 August; Operations delivering as expected; Driving progress on integration & related synergies



EAFD annual installed recycling capacity¹)²), 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 Jul'20
- ✓ Construction completed on budget
- ✓ In commercial production & selling WOX
- ✓ Contracted EAFD for >80% plant utilisation in 2022; Managing COVID restrictions



↑ Changzhou plant, in operations

# 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 Dec'20
- ✓ Construction completed Dec'21 on budget
- Commissioning started; Expecting ramp up Q2'22 & commercial output H2'22; Managing COVID restrictions



↑ Xuchang plant, mid-May 2022, commissioning

# FY 2022 Guidance

Global diversified footprint and expansion initiatives delivering between +11% to 37% yoy growth; Wider guidance range driven by market (volume), energy & base metal price volatility ...

	Lower-end: €220m +€22m / +11% yoy	Upper-end: €270m +€72m / +37% yoy
<b>EBITDA</b>	<ul style="list-style-type: none"> <li>• Midpoint of €245m is aligned with the annualised 1Q €61.1m quarterly run rate</li> <li>• The wider <b>guidance range</b> is mainly driven by market (volume), energy and base metal price volatility</li> </ul>	
<b>Capex</b>	<ul style="list-style-type: none"> <li>• <b>Total capex of c. €55-65m:</b> c. €15-20m growth (China Henan), majority funded through China local loans; c. €40-45m regular maintenance / IT / compliance / operational excellence (US)</li> </ul>	
<b>Cash flow, cash position &amp; net leverage</b>	<ul style="list-style-type: none"> <li>• c.+€40m total cash flow<sup>1)</sup></li> <li>• c.€260m cash position</li> <li>• Net leverage at or below x2</li> </ul>	<ul style="list-style-type: none"> <li>• c.+€80m total cash flow<sup>1)</sup></li> <li>• c.€300m cash position</li> <li>• Net leverage below x1.75</li> </ul>

... Board proposing a **€50m dividend (€1.25 per share)** at the Annual General Meeting (AGM), equal to **50% of FY'21 net profit of €99.7m**, at the upper end of Befesa's dividend payout ratio.

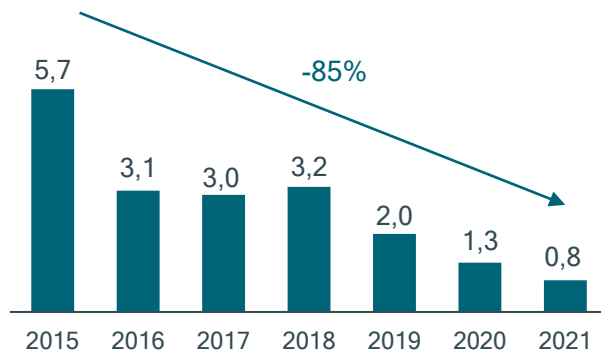
1) Total cash flow after capex and dividend payout

# ESG 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
- LTIR<sup>1)</sup> reduced by 36% yoy



1) Befesa's own employees and contractors

## ESG Ratings

ISS ESG

Top 3 of 69  
Metals processing  
& production

SUSTAINALYTICS

#5 of 63  
Commercial services

V.E

#7 of 103  
Business services

MSCI

BBB  
Commercial services  
& supplies

## ESG Report

- Befesa **ESG Report 2021** scheduled for **Q2'22**, including disclosures on Taxonomy eligibility
- Defining **2030 & 2050 CO<sub>2</sub> reduction plan**

**BEFESA** acquired **AZR** AMERICAN  
ZINC RECYCLING  
creating a global leader  
in EAFD recycling

02 / Acquisition of AZR  
closed on 17 August 2021

# Transaction highlights

- On 16 June 2021, Befesa signed the **acquisition of 100% of American Zinc Recycling (AZR)'s recycling assets** for a purchase price of \$450m / €372m - implying an **attractive c. 6x post near-term synergies EBITDA acquisition multiple**, about **half of Befesa's current 2021E trading multiple** of c. 13x
  - **AZR is a US market leader<sup>1)</sup> in recycling electric arc furnace steel dust (EAFD)** with c. 620kt EAFD capacity; Similar to Europe, a **highly-regulated, mature market**; full-service model incl. **collection fees**
  - Through this acquisition, **Befesa becomes a global leader<sup>1)</sup> in EAFD recycling** with c. **1.7 million tons combined EAFD capacity**, and a **geographically diversified and balanced footprint** in Europe, Asia and the US across **12 facilities**
  - **Funded** through a mix of
    - **accelerated equity offering** (5.9m shares as per authorized capital), completed on 17 June, -and-
    - pre-approved **term loan B (TLB) add-on** (€100m), allocated and priced at par, **ensuring leverage neutral**
  - **Highly accretive** transaction for Befesa shareholders with **strong expected returns** achievable within first 3 years of combination:
    - **> €300m value creation**;
    - **Strong double-digit EPS accretion**;
    - **ROIC >> Befesa's WACC**
  - On **17 August 2021, Befesa closed the transaction** as expected and on time
- 
- As part of this transaction, Befesa signed the acquisition of a minority 6.9% stake in a US **strategic zinc refining plant** for a purchase price of \$10m, and **secured an option** for the acquisition of the **remaining 93.1% stake upon fulfilment** of two-phased **operational and financial milestones** of the zinc refining plant

1) Source: Own estimate based on recycling capacity, including Befesa's first two EAFD recycling plants in China



# Acquired 100% of recycling assets upfront; incremental add-on option for new zinc refining plant (ramping up)

AZR is one of the largest EAFD recycler in North America<sup>1)</sup> with 4 plants with c. 620kt total capacity

## EAFD recycling assets

1 Barnwell, SC



2 Rockwood, TN



3 Calumet, IL



4 Palmerton, PA



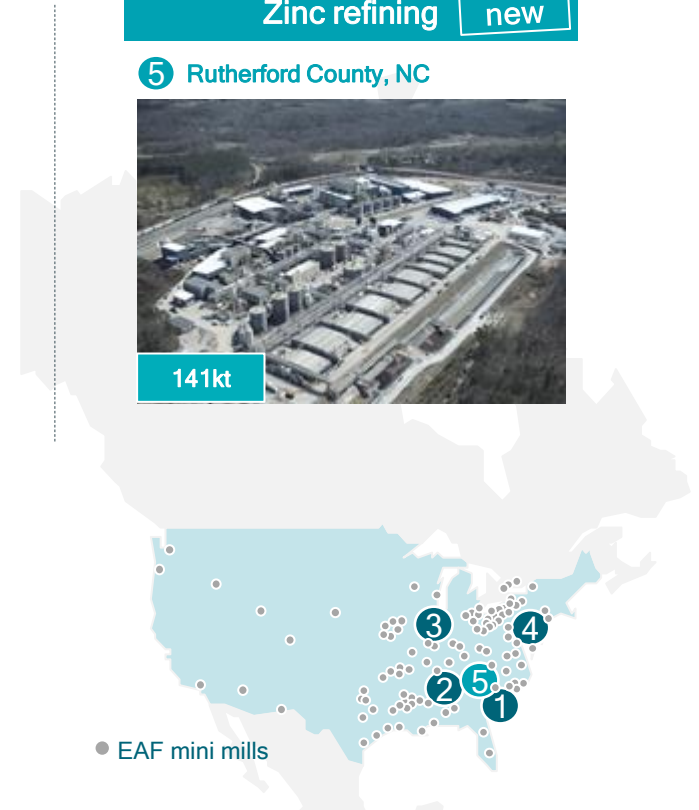
X EAFD annual nameplate recycling capacity

X Special High-Grade Zinc (SHG) annual nameplate production capacity

Add-on option

## Zinc refining new

5 Rutherford County, NC

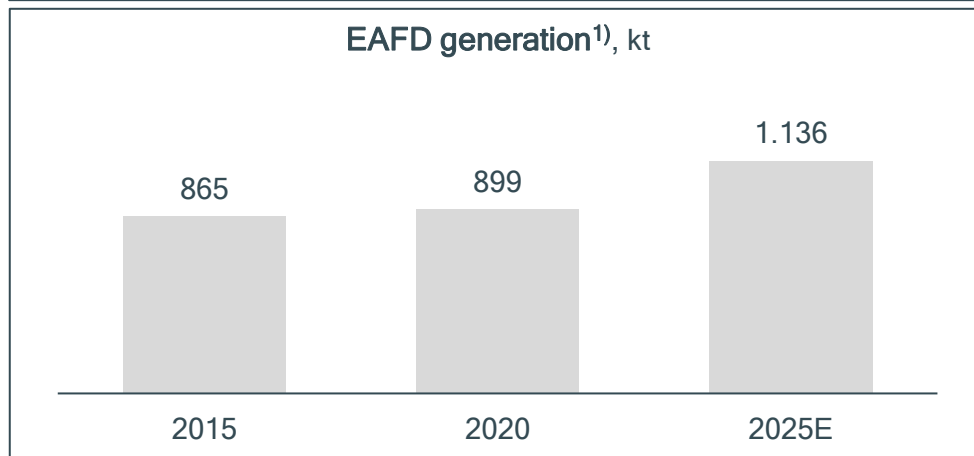
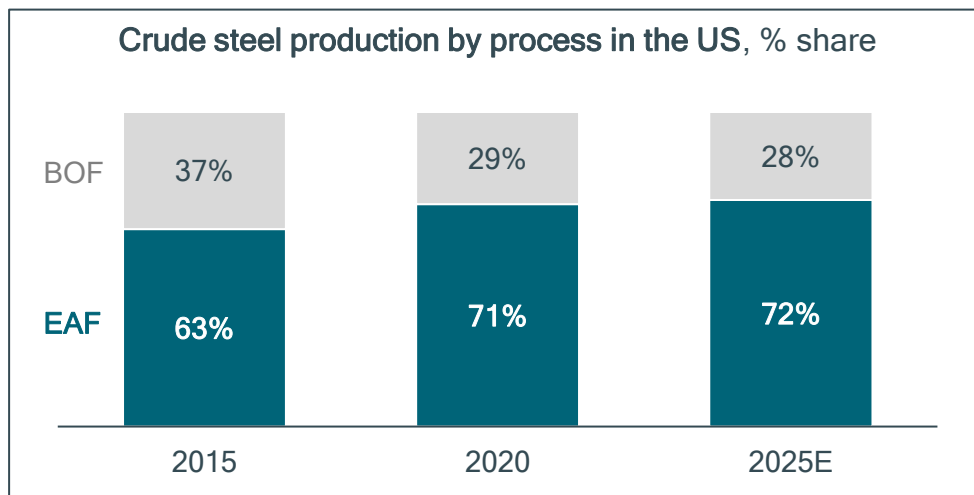


AZR's EAFD recycling plants are centrally located close to the major US EAF steel mini mills

1) Source: Own estimate based on recycling capacity

# Decarbonisation driving further growth of EAF steel production in the US

EAF method expected to grow further to >70% share by 2025



Source: worldsteel; Citi Research; International Energy Agency (IEA); Own estimates

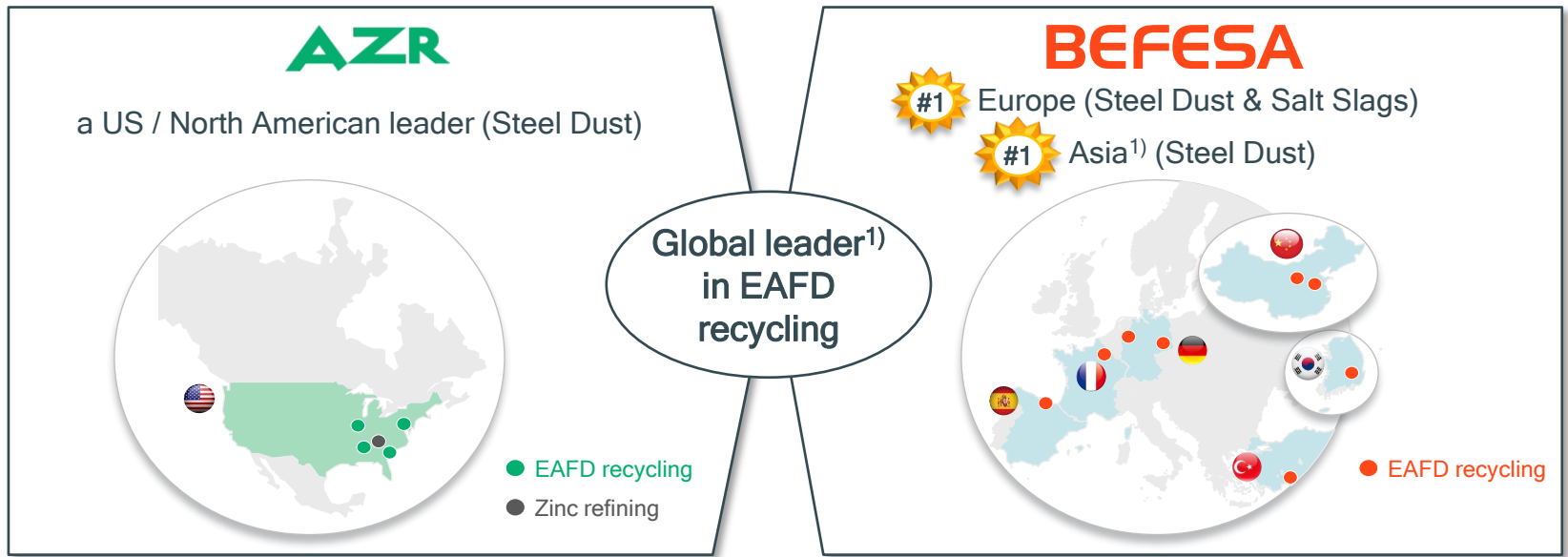
1) Estimate assuming c. 17.5 kg of EAFD generated per tonne of crude steel output

2) "Iron and Steel Technology Roadmap" study by IEA, October 2020

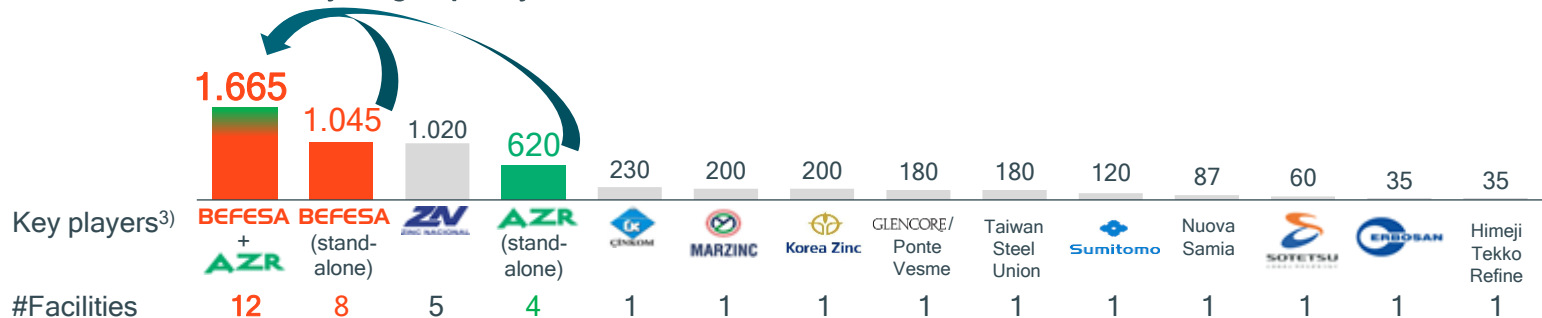
- US has one of the largest and growing markets of EAF steelmakers globally
- EAF is a prevailing steelmaking method in the US and is expected to continue to grow further > 70% share driven by decarbonisation trend
- Secondary steelmaking (EAF) consuming only 1/7 of CO<sub>2</sub>/ton of steel<sup>2)</sup> vs. primary steelmaking BOF (basic oxygen furnace)



# Befesa closed AZR acquisition on 17 August; Operations delivering as expected; Driving progress on integration & related synergies



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

# Attractive acquisition multiple with additional upside potential – 2021E pro forma view<sup>1)</sup>

**BEFESA**

(Steel Dust - current perimeter)

**AZR**

(Recycling operations)

EBITDA<sup>8)</sup>, €m

138<sup>2)</sup>



2021E  
mid-point

45<sup>3)</sup>



2021E PF  
pre near-term  
synergies

17<sup>4)</sup>



Near-term  
synergies

62



2021E PF  
post near-term  
synergies

Further  
mid-term potential



EAFD throughput

c. 740kt

Plant utilisation

90% of 825kt capacity

c. 450kt

73% of 620kt

EBITDA / ton throughput

€185/t

€101/t

€138/t

Implied EV/EBITDA multiple

c. 12.5x<sup>5)</sup>  
(refers to Befesa Group)

c. 8.3x<sup>6)</sup>

c. 6.0x<sup>6)</sup>

Pre near-term synergies  
acquisition multiple

Post near-term synergies  
acquisition multiple  
... > €300m value creation<sup>7)</sup>

1) 2021E PF figures presented across this presentation are to illustrate the effects of the transaction as if AZR had been part of the Befesa group as of 1 January 2021 and assuming that all near-term synergies were achieved already in 2021. Thus, 2021E PF view does not represent an update of Befesa's FY'21 Guidance provided on 27 April '21

2) Befesa's Steel Dust business calculated as 78% (last-three-year average, 2018-2020) of total Befesa's EBITDA 2021E of €177.5m (mid-point of €165-190m guidance)

3) Includes €13m PF adjustment computed as difference between Befesa's vs. AZR's uncompetitive hedging prices for 2021 (Befesa: €2,150/t or \$2,580/t at FX 1.20; AZR: \$2,399/t or €1,999/t), x 83kt hedged by AZR

4) For illustrative purposes, PF assumes pre-tax near-term synergies of c. \$20m, or €17m at FX\$/€ 1.20 expected to be achieved within first three years of combination

5) Befesa's FV/EBITDA 2021E multiple of 12.5x calculated based on a share price of €58.45 (L10 day avg. as of 15 Jun'21) and €191m EBITDA (consensus average as of 15 Jun'21)

6) Based on a purchase price for AZR Recycling of \$450m, or €375m at FX\$/€ 1.20

7) Expected to be achieved within first three years of combination; 8) Both Befesa and AZR financials shown are based on IFRS

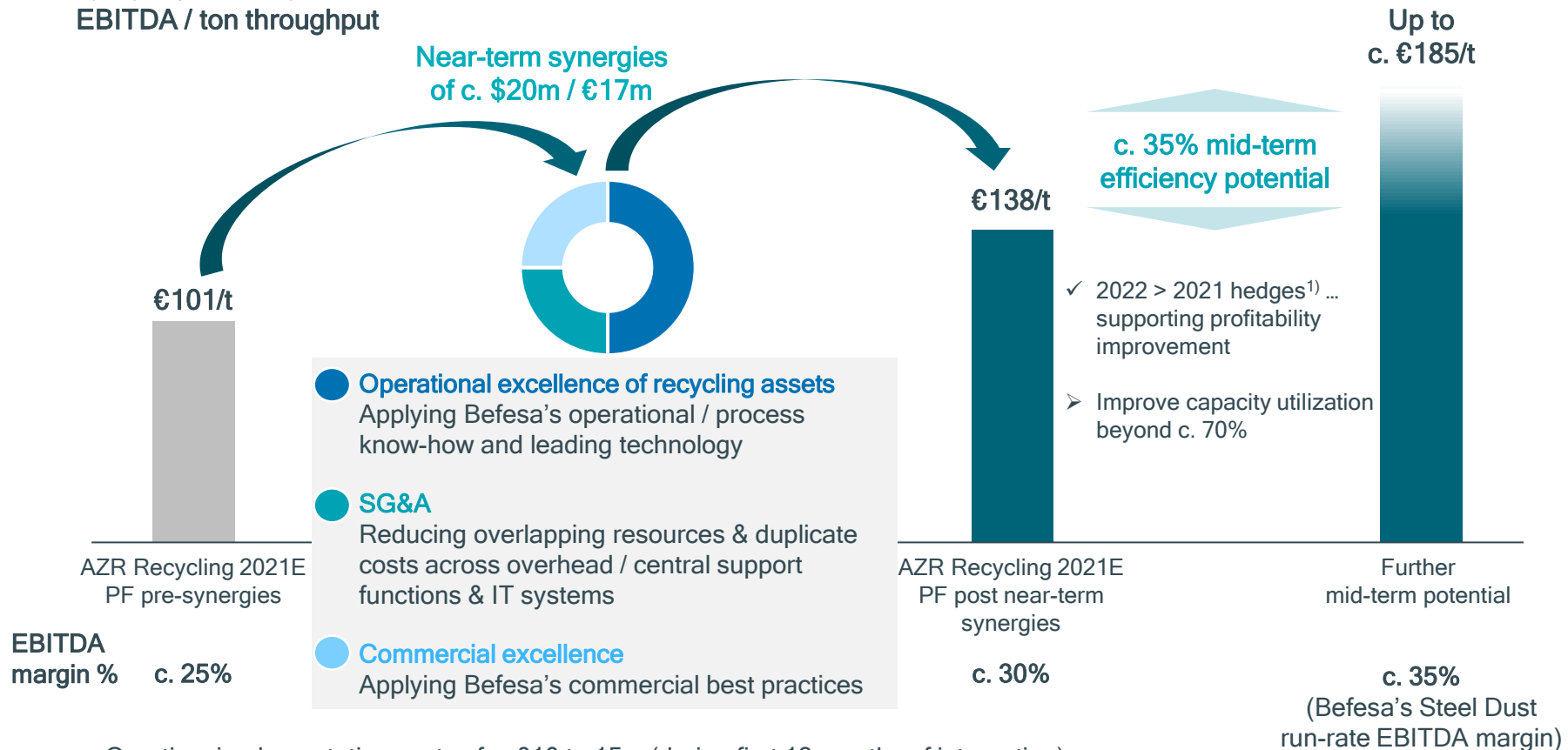
# Strong near- & mid- term synergy potential identified

Total pre-tax near-term synergies of c. \$20/€17m expected within first three years of combination

**AZR**

(Recycling operations)

EBITDA / ton throughput



One-time implementation costs of c. €10 to 15m (during first 18 months of integration) applying Befesa's proven operational excellence rigor with on average < 2-year payback

1) AZR has hedged at \$2,767/t for 2022 vs. AZR 2021 Pro Forma hedges at c. €2,150/t (or \$2,580/t at FX \$/€ 1.20) • +\$187/t on c. 83kt hedged = c. \$15.5m / €12.9m

# Leverage-neutral transaction with expected strong double-digit EPS accretion<sup>1)</sup>

## Funding of transaction (at closing)

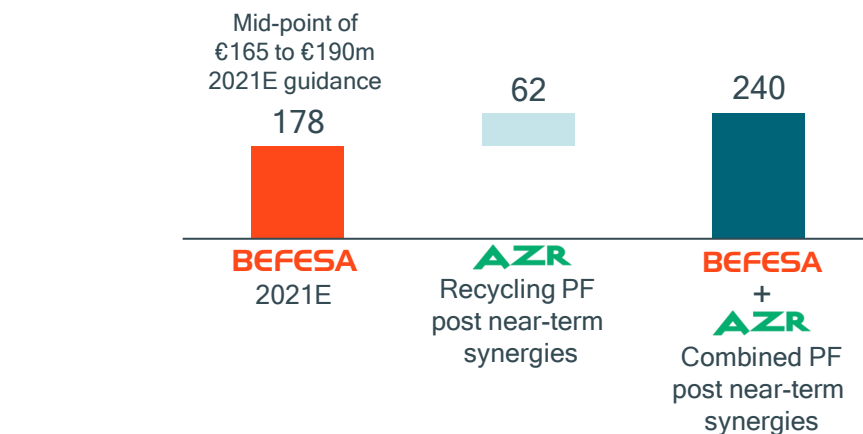
Total price, \$m



- **Funding** through a mix of
  - **accelerated equity offering** (5.9m shares as per authorised capital); and
  - €100m pre-approved **term loan B (TLB) add-on**
- Contingent FX hedging in place

## Financial profile - 2021E Combined Pro Forma<sup>3)</sup>

EBITDA, €m



**Targeting leverage-neutral acquisition funding**

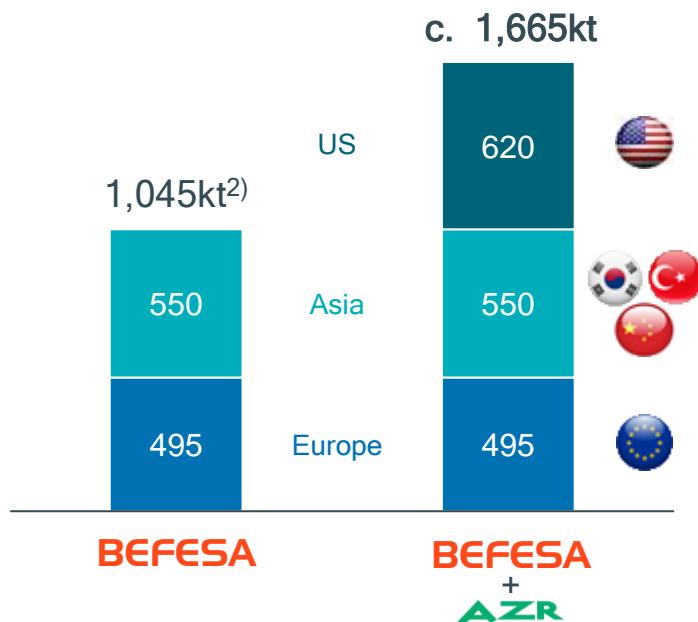
1) Expected to be achieved within first three years of combination

2) Excludes one-time transaction expenses

3) For illustrative purposes, Pro Forma includes AZR's new improved hedging program and near-term synergies

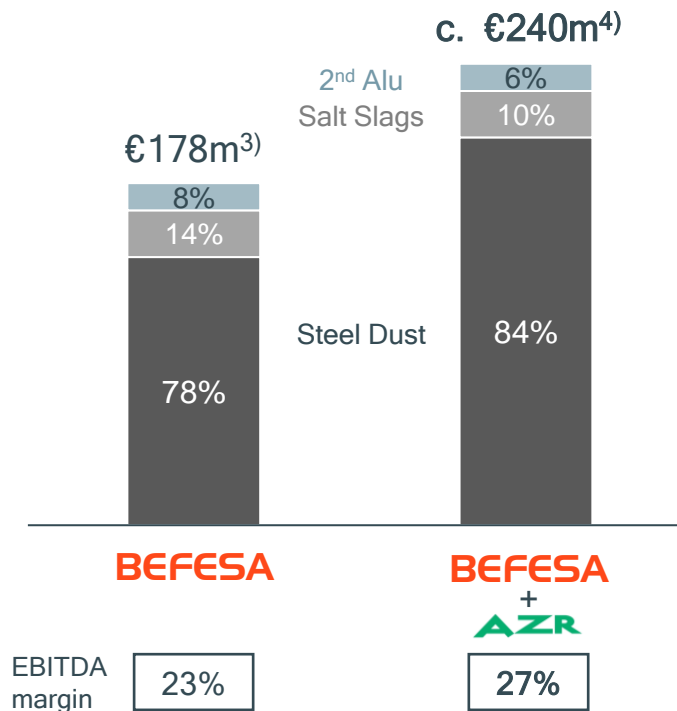
# Diversifying the highest margin business unit and further improving Befesa's overall profitability

EAFD recycling capacity<sup>1)</sup>



Diversifying towards a globally well-balanced European / Asian / US footprint

EBITDA by segment



Befesa's overall profitability improving by growing the highest margin Steel Dust business unit

1) Company's information

2) 1,045kt EAFD recycling capacity includes 220kt from the first two plants in China (Jiangsu & Henan provinces) scheduled to ramp up operations in 2021

3) €178m represents the mid-point of Befesa's FY 2021 guidance provided on 27 April 2021; Percentages are based on L3Y average financials

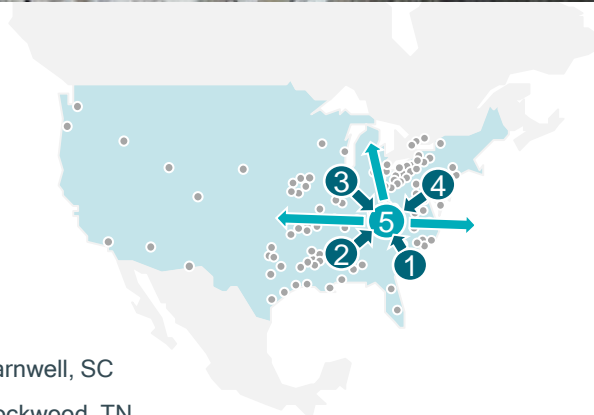
4) c. €240m represents the sum of a) Befesa standalone of €178m (mid-point of FY 2021 guidance) and b) AZR Recycling FY 2021E PF of €62m, post near-term synergies

# AZR's zinc refining asset: strategic integration opportunity to support EAFD recycling operations in the US



## Plant footprint

- Close proximity to AZR recycling plants, at Rutherford County, NC
- Applies **new solvent extraction** technology for zinc refining
- Restarted operations in 2020; **Ramping up**; Capacity to produce c. 141kt pure zinc (SHG) per year



- ① Barnwell, SC
  - ② Rockwood, TN
  - ③ Calumet, IL
  - ④ Palmerton, PA
  - ⑤ Rutherford County, NC
- EAF mini mills  
➡ WOX  
➡ SHG

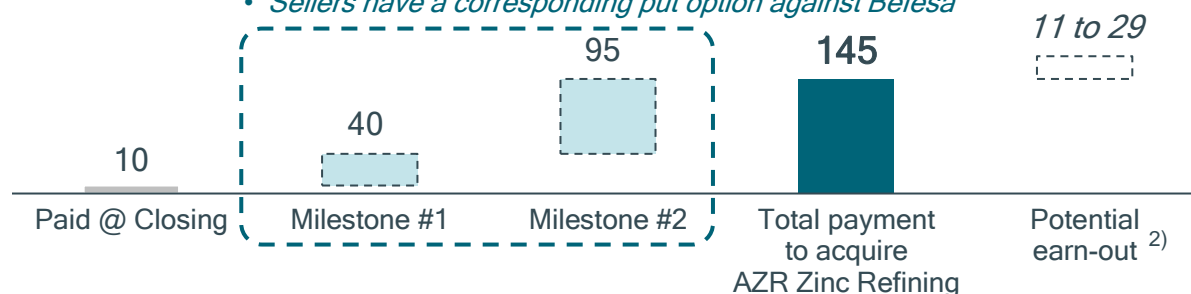
## Strategic rationale

- Process WOX from all AZR recycling plants into pure zinc (SHG)
- WOX purchased from AZR recycling at market prices
- Address shortage of zinc refining capacity in the US/North America
- Supports AZR to become **vertically-integrated**:
  - Closed-loop, end-to-end, 100% green to AZR's EAF steel clients
  - Reduces exposure to zinc treatment charge volatility
- **No change in Befesa's global strategy**

# Secured option to acquire AZR's zinc refining asset only upon fulfilling operational & financial performance milestones

Payment schedule to acquire AZR's zinc refining asset<sup>1)</sup>, \$m

- \$135m for remaining 93.1% stake in AZR's zinc refining asset:**
- Only upon fulfillment of 2-phased operational and financial milestones of new solvent extraction technology
  - Max. time frame: 31 December 2023
  - Payable in cash or Befesa common shares
  - Sellers have a corresponding put option against Befesa



## Performance milestones:

1) Conversion cost	≤ \$0.44/lb.	≤ \$0.40/lb.	\$0.36 to \$0.35/lb.
2) Capacity utilisation	≥ 85.0%	≥ 92.5%	96.0% to 100.0%
Cumulative stake in AZR's zinc refining	6.9%	34.5%	100.0%
AZR's zinc refining EBITDA, \$m			c. \$20 to \$25

**Total purchase price represents c. 7x estimated EBITDA<sup>3)</sup> acquisition multiple**

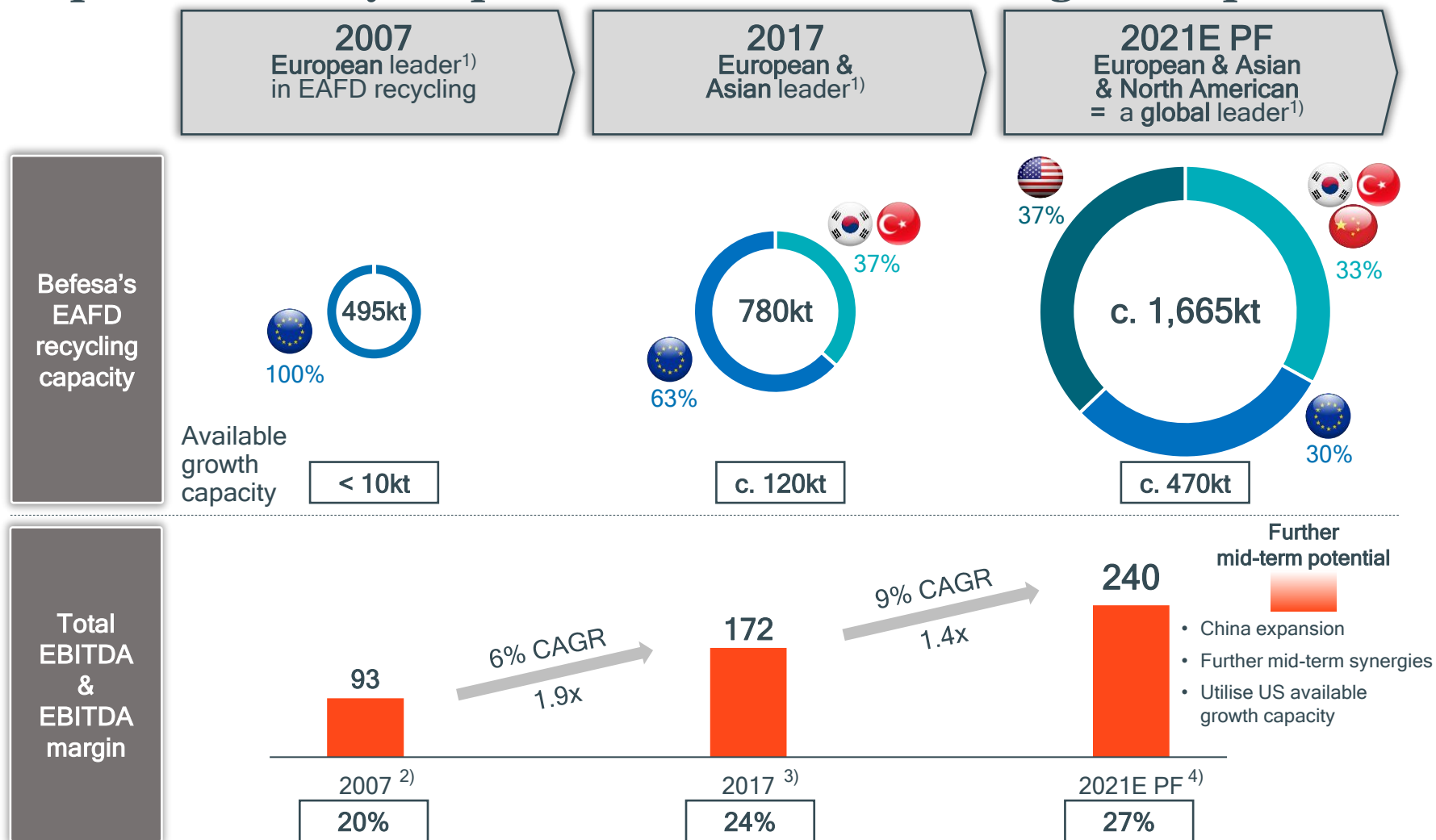
1) Milestone-based purchase prices subject to certain possible adjustments

2) Max. time frame for the potential earn out is 31 December 2023

3) EBITDA of \$20 to \$25m, expected to be achieved within first 3 years after Closing



# The acquisition of AZR's recycling business represents a key step on Befesa's accelerated growth path ...



1) Source: Own estimate based on recycling capacity; 2) 2007 actuals PF for the non-core Industrial Environmental Solutions business divested in 2016; 3) 2017 adjusted for one-time IPO-related costs; 2017 reported EBITDA of €153m; 4) 2021E Combined PF incl. AZR's new improved hedging program and near-term synergies for illustrative purposes



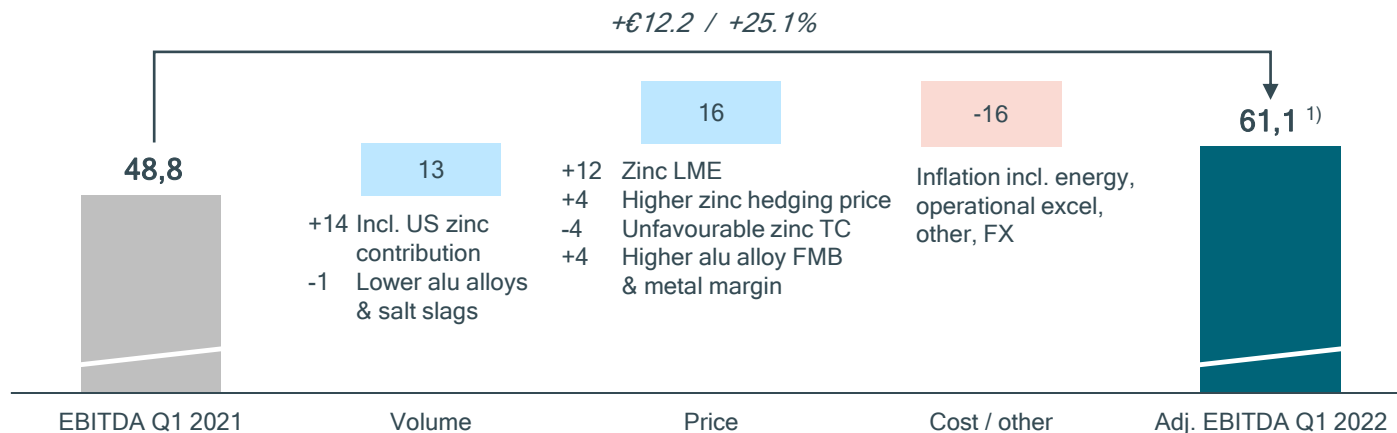
Nanjing City, Location of Befesa China's HQ

# 03 / Q1 2022 results

# Consolidated key financials

Q1 adj. EBITDA at €61.1m, +25% yoy; Driven mainly by all-time high base metal prices and US zinc operations delivering as planned, more than offsetting energy inflation & unfavourable Zinc TC

## Adjusted EBITDA bridge Q1 2021 to Q1 2022 (€m)



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

	Q1 2021	yoy change	Q1 2022
Revenue	€192.6	+€68.8 / +35.7%	€261.4
Adjusted EBITDA <sup>1)</sup>	€48.8	+€12.2 / +25.1%	€61.1
Adjusted EBITDA margin %	25.4%	-199bps	23.4%
Net profit	€24.8	+€2.2 / +8.9%	€27.0
EPS <sup>2)</sup> (€)	€0.73	-€0.05 / -7.2%	€0.67
Operating cash flow	€26.5	-€0.8 / -3.0%	€25.7
Cash	€164.0	+€73.1 / +44.6%	€237.1
Net debt	€394.7	+€78.8 / +20.0%	€473.5
Net leverage <sup>3)</sup>	x2.77	-x0.64	x2.13

1) €42.9m Q1'22 reported Total EBIT + €17.0m D&A = €59.9m Q1'22 reported Total EBITDA + €1.1m AZR acquisition-related adjustment = €61.1m Q1'22 adjusted Total EBITDA

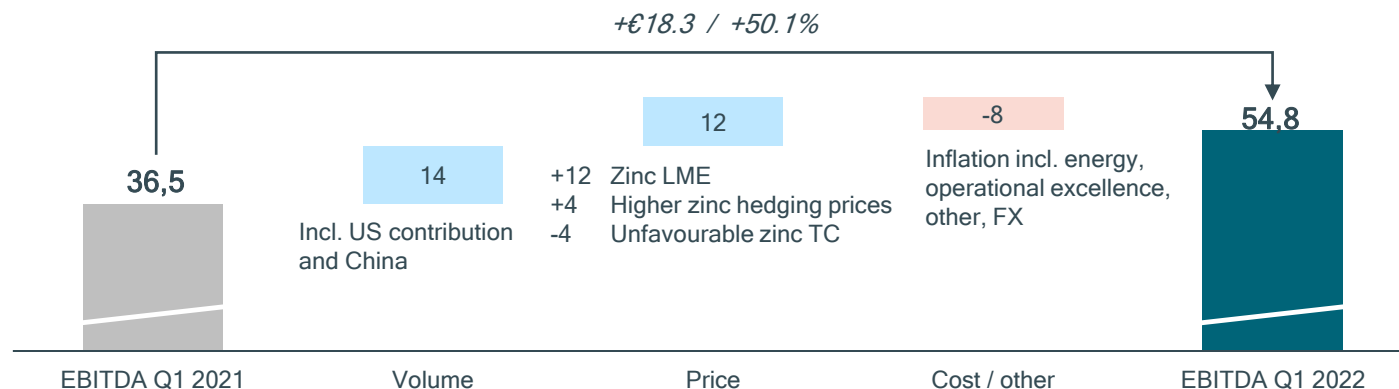
2) EPS in Q1 2021 is based on 34,066,705 shares; Q1 2022 is based on 39,999,998 shares after the capital increase of 5,933,293 new shares on 16 June 2021 to partly fund the AZR acquisition

3) Net leverage calculated on an LTM basis, see details on page 9, "Cash flow, net debt & leverage"; Bank debt covenant reporting normalised and adjusted for synergies results in lower net leverage

# Steel Dust Recycling Services

Q1 EBITDA at €54.8m, +50% yoy; Driven mainly by highest zinc market prices on record, US operations delivering as planned, more than offsetting energy inflation & unfavourable TC; Continued strong 35% EBITDA margin

## EBITDA bridge Q1 2021 to Q1 2022 (€m)



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

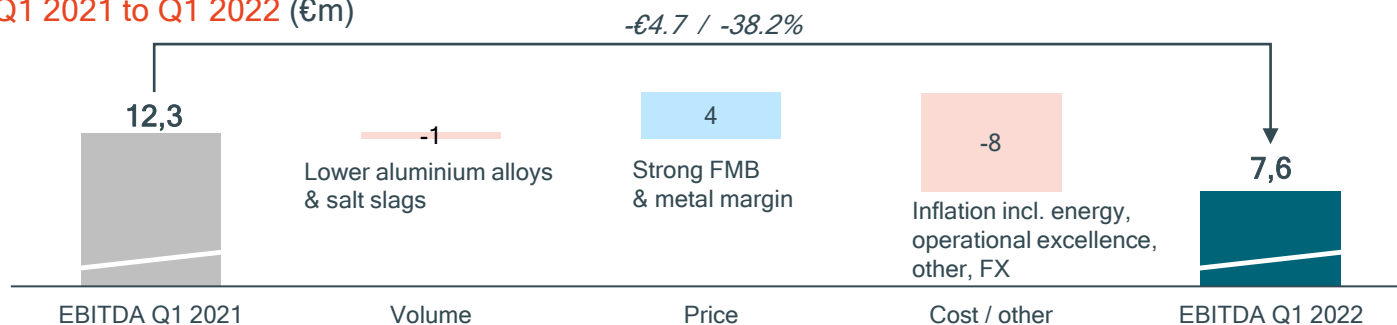
	Q1 2021	yoy change	Q1 2022
Revenue	€100.9	+€55.0 / +54.6%	€155.9
EBITDA	€36.5	+€18.3 / +50.1%	€54.8
EBITDA margin %	36.2%	-106bps	35.1%
EAFD throughput (kt)	181.1	+156.3 / +86.3%	337.4
Plant utilisation	89.0%	-102 bps	88.0%
Waelz oxide (WOX) sold (kt)	66.7	+36.7 / +55.0%	103.4
Zinc LME price (€/t)	€2,279	+€1,058 / +46.4%	€3,337
Zinc hedging price (€/t)	€2,201	+€85 / +3.8%	€2,286
Zinc blended price <sup>1)</sup> (€/t)	€2,237	+€296 / +13.2%	€2,533
Treatment charge (TC) (\$/t)	\$159	+\$71 / +44.7%	\$230

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

# Aluminium Salt Slags Recycling Services

Q1 EBITDA at €7.6m, -38% yoy; Energy inflation and some volume pressure partially mitigated with all-time high aluminium metal prices; Overall plant utilisation at around 80%

## EBITDA bridge Q1 2021 to Q1 2022 (€m)



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

	Q1 2021	yoy change	Q1 2022
Revenue <sup>1)</sup>	€92.3	+€13.8 / +14.9%	€106.1
• Salt Slags	€19.8	-€0.6 / -3.2%	€19.2
• Secondary Aluminium	€82.4	+€15.5 / +18.8%	€97.9
EBITDA	€12.3	-€4.7 / -38.2%	€7.6
• Salt Slags	€5.9	+€0.5 / +8.7%	€6.4
• Secondary Aluminium	€6.4	-€5.2 / -81.5%	€1.2
EBITDA margin % (Salt Slags)	29.7%	+365 bps	33.4%
Salt Slags & SPL treated (kt)	104.4	-17.0 / -16.3%	87.5
Plant utilisation	94.1%	-1,530 bps	78.8%
Aluminium alloys produced (kt)	51.3	-9.0 / -17.6%	42.2
Plant utilisation	101.5%	-1,788 bps	83.6%
Alu alloy FMB price <sup>2)</sup> (€/t)	€1,982	+€645 / +32.6%	€2,627

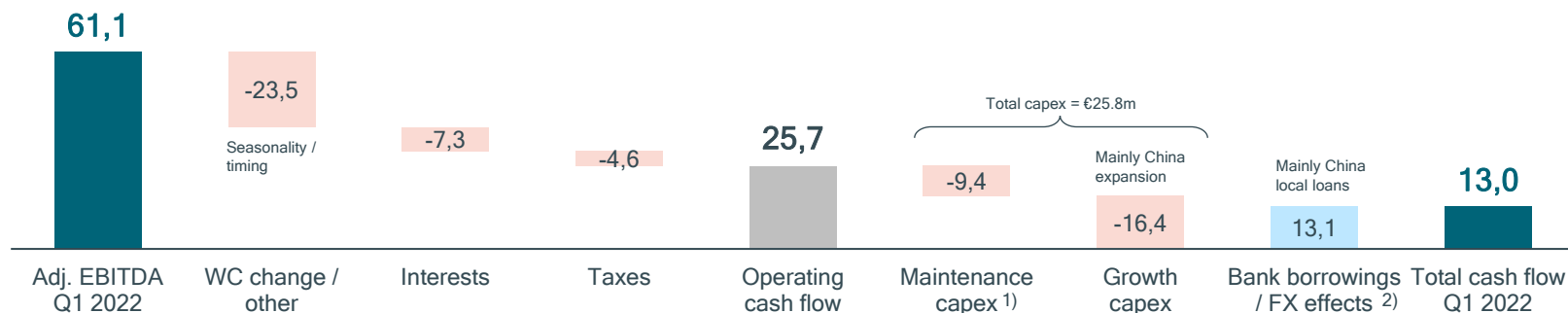
1) Total revenue is after intersegment eliminations (Q1 2021: €10.0m; Q1 2022: €11.1m)

2) 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

Continued strong liquidity of >€300m including record €237m cash on hand;  
Net leverage of x2.13 at Q1'22, improved vs. x2.16 at YE'21

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

	At 31 Mar 2021	YE 2021	change	At 31 Mar 2022
LTM Adj. EBITDA <sup>3)</sup>	€142.2	€217.8	+€4.8 / +2.2%	€222.6
LTM Operating cash flow <sup>4)</sup>	€110.7	€117.9	-€0.8 / -0.7%	€117.1
Gross debt <sup>5)</sup>	€558.7	€694.7	+€15.9 / +2.3%	€710.6
Cash on hand	€164.0	€224.1	+€13.0 / +5.8%	€237.1
Net debt	€394.7	€470.6	+€2.9 / +0.6%	€473.5
Net leverage	x2.77	x2.16	-x0.03	x2.13

3) LTM Adj. EBITDA of €217.8m at YE'21 and €222.6m at Q1'22 closing incorporate full-twelve-rolling months of the US operations.

4) LTM Operating cash flow of €117.9m at YE'21 and €117.1m at Q1'22 closing include AZR's operating cash flows since closing of the acquisition on 17 Aug 2021

5) Gross debt of €694.7m at YE'21 and €710.6m at Q1'22 closing include €100m TLB add-on to partly fund the AZR acquisition, as well as China local loans





Secondary aluminium production plant at Bernburg, Germany

04 /

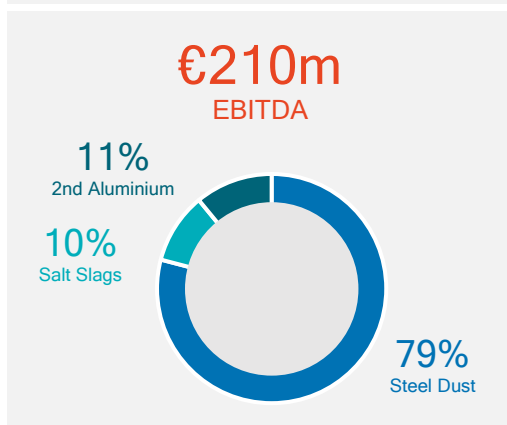
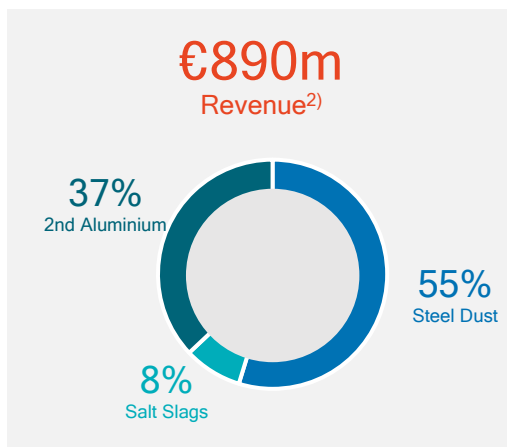
Befesa overview



# 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

LTM Q1 2022<sup>1)</sup>



Steel Dust Recycling<sup>1)</sup>

**#1**  
Position Global  
(c. 40-50% market share)

**33%**  
EBITDA margin  
(LTM Q1 2022)

**>15yrs**  
Relationships

Aluminium Salt Slags Recycling

**#1**  
Position in Europe in salt slags subsegment  
(c. 45-50% market share)

**27%**  
EBITDA margin in salt slags subsegment<sup>3)</sup>  
(LTM Q1 2022)

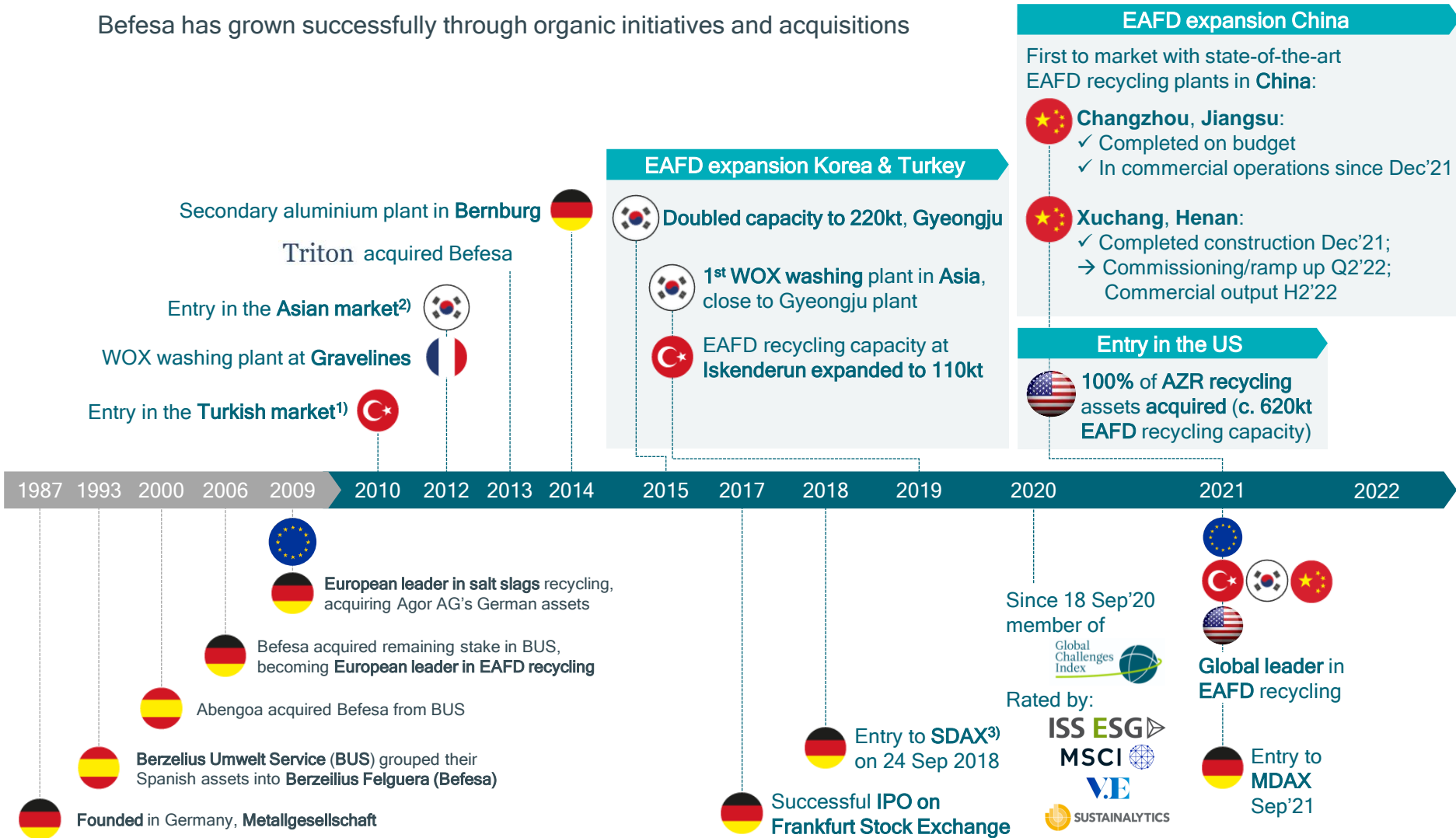
**>15yrs**  
Relationships

1) Figures only consolidate the contribution from US zinc operations since the closing of the AZR acquisition on 17 Aug 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



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

# Investment highlights

## Environmental solutions

in high demand for the steel and aluminium industry improving sustainability

## Favourable mega trends

supporting secondary steel and aluminium markets e.g. CO<sub>2</sub> reduction, emission controls

## Global leader

in Europe, Asia & US, in niche recycling markets, applying best available technology with plant footprint close to clients

## Strong regulation

getting stricter and expanding into new geographies to protect the environment

## Robust & long-term service

supports business model with strong barriers to entry and high captive demand

## Proven resilience

through the cycle with strong growth, margins and cash flow generation

## Expansion opportunities

organic & inorganic, focused on core segments with attractive returns

## Experienced team

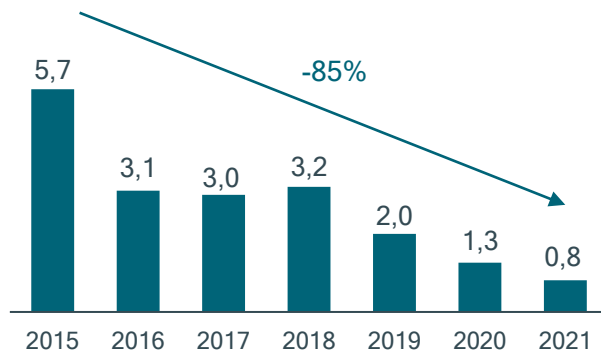
focused on compliance, ESG and profitable growth = shareholder value

# ESG 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
- LTIR<sup>1)</sup> reduced by 36% yoy



1) Befesa's own employees and contractors

## ESG Ratings

ISS ESG

Top 3 of 69  
Metals processing  
& production

SUSTAINALYTICS

#5 of 63  
Commercial services

V.E

#7 of 103  
Business services

MSCI

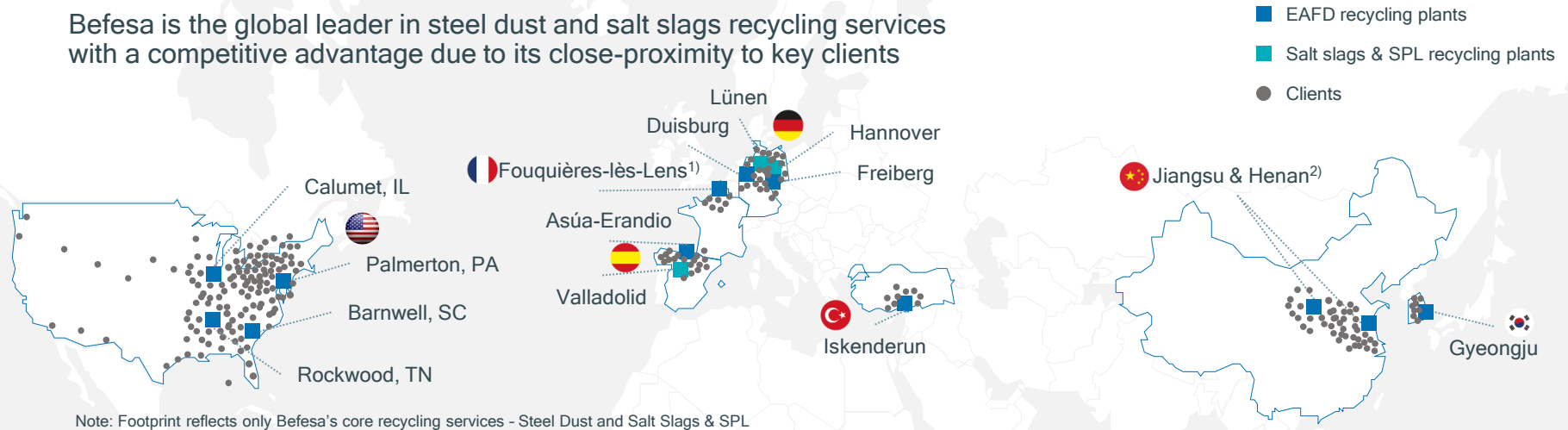
BBB  
Commercial services  
& supplies

## ESG Report

- Befesa **ESG Report 2021** scheduled for **Q2'22**, including disclosures on Taxonomy eligibility
- Defining **2030 & 2050 CO<sub>2</sub> reduction plan**

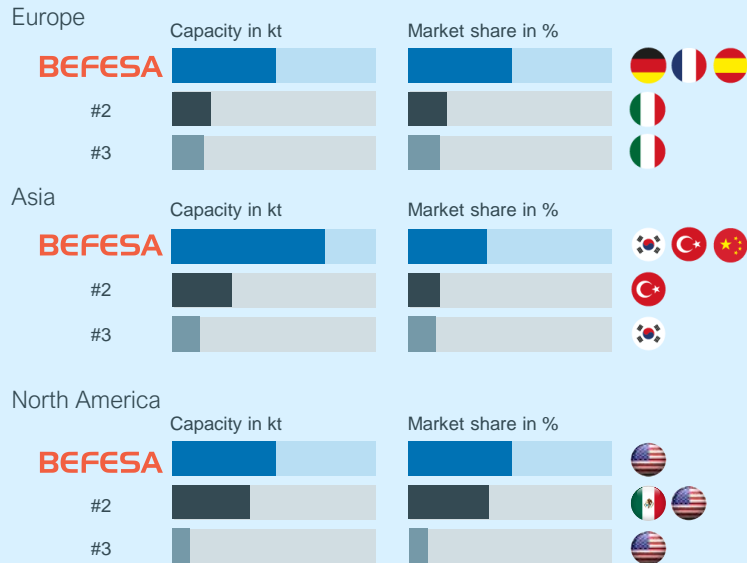
# Global leader in Europe, Asia & North America

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

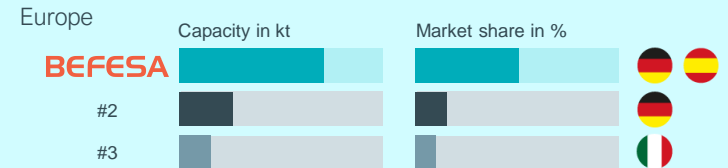


Note: Footprint reflects only Befesa's core recycling services - Steel Dust and Salt Slags & SPL

STEEL DUST RECYCLING



ALU SALT SLAGS RECYCLING



1) 50/50 joint venture with Recylex

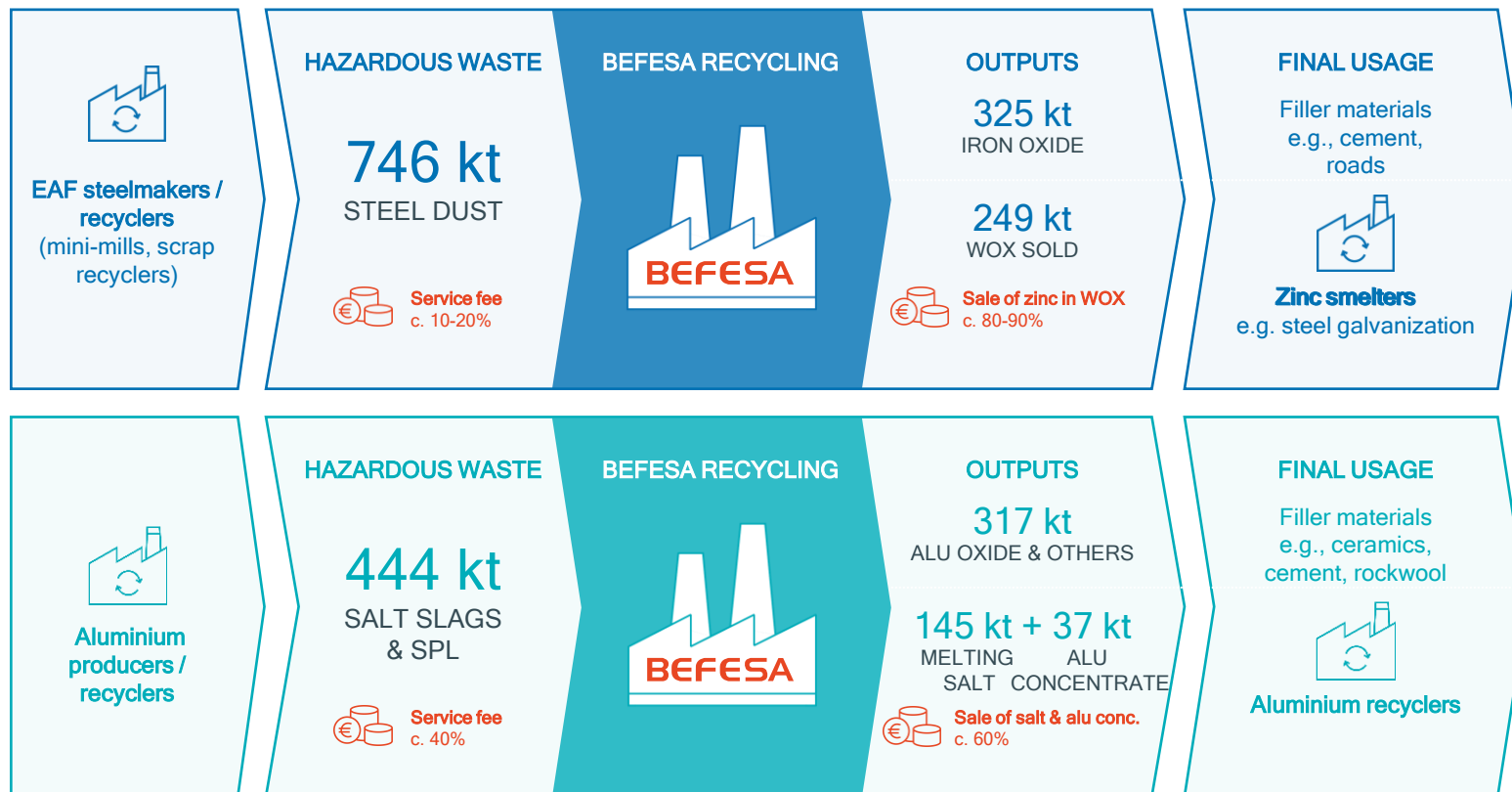
2) Changzhou, Jiangu province: In commercial production and selling WOx since Dec'21; Managing COVID restrictions

Xuchang, Henan province: Completed construction Dec '21 on budget; Commissioning started, expecting ramp-up in Q2'22 commercial output in H2'22; Managing COVID restrictions



# Highly regulated & critical service model

Befesa is the leading environmental services partner in the circular economy of the 2<sup>nd</sup> 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



All figures are the average of the fiscal years 2019, 2020 and 2021, thus only include c.4.5 months contribution from Zinc US operations

Value chains are simplified and only reflect Befesa's core business segments (i.e. Steel Dust; Aluminium Salt Slags):

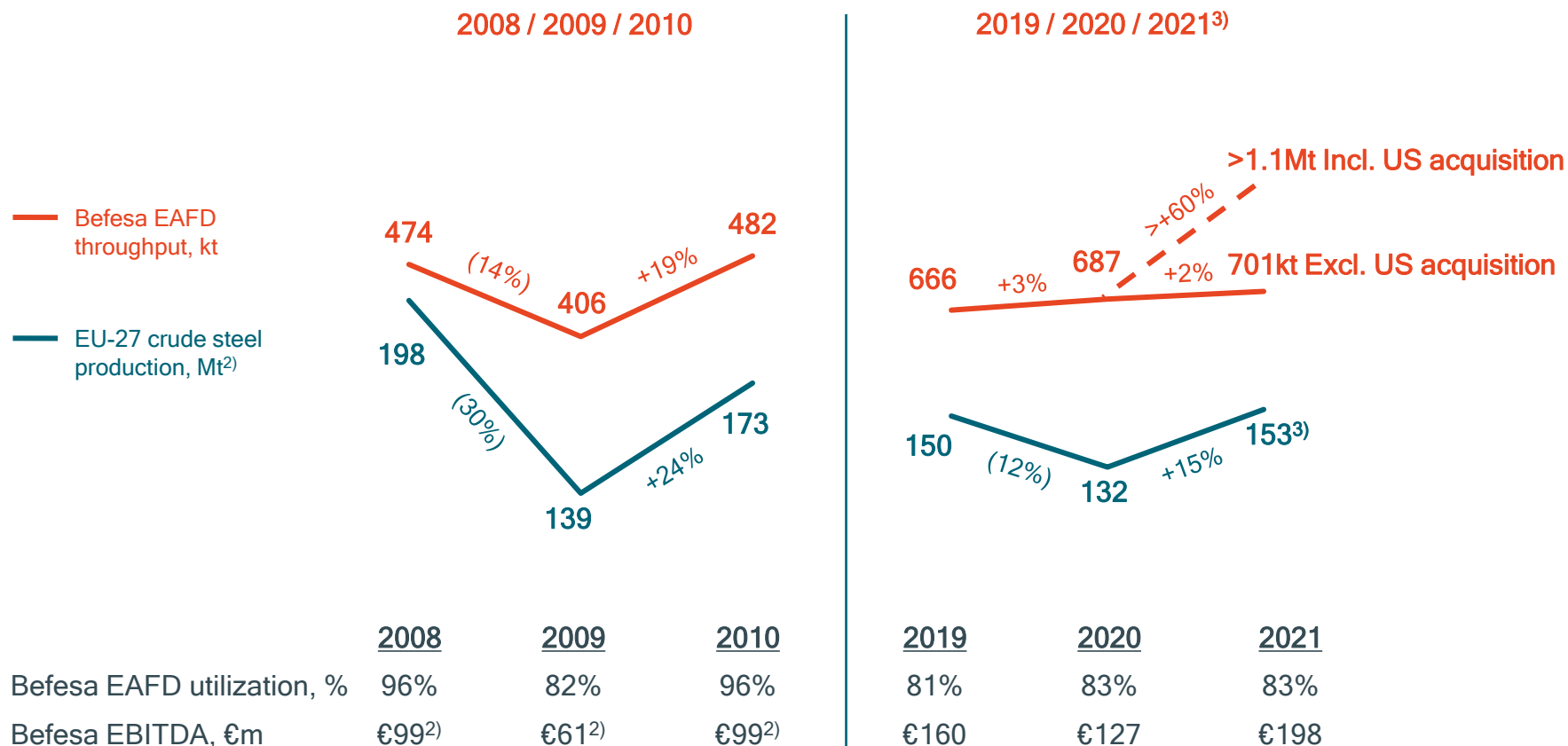
- Within Steel Dust Recycling Services business segment Befesa manages a Stainless sub-segment (94 kt stainless steel dust throughput, average over L3Y period 2019-2021)

- Within Aluminium Salt Slags Recycling Services business segment Befesa manages a Secondary Aluminium sub-segment (179 kt 2<sup>nd</sup> aluminium alloys produced, average over L3Y period 2019-2021)



# Befesa's Resilience During Latest Crises

Befesa has demonstrated resilient volumes and capacity utilisation levels during the latest crises



1) Source: [worldsteel.org](http://worldsteel.org)

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

3) EU-27 crude steel production as reported by worldsteel on 25 Jan'22

# 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 Zarranonandia**  
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



Waelz kiln at EAFD recycling plant in Gyeongju, South Korea

05 /

Investor agenda  
& appendix

# Investor's agenda

## Financial calendar 2022

**Annual General Meeting**  
Thursday, 16 June 2022

**H1 2022 Interim Report & Conf. Call**  
Thursday, 28 July 2022

**Q3 2022 Statement & Conf. Call**  
Thursday, 27 October 2022

## Next investor conferences Q2 2022

**Paris - 2<sup>nd</sup> European SMID Mega Trends**  
11 May 2022 - Kepler Cheuvreux

**Miami - BofA Global Metals, Mining & Steel Conference 2022**  
18 & 19 May 2022 - Bank of America

**New York - 7<sup>th</sup> Annual Sustainable Futures Conference**  
24 May 2022 - Morgan Stanley

**Tarrytown, NY - Berenberg Conf. USA 2022**  
25 May 2022 - Berenberg

**Kepler Cheuvreux 3<sup>rd</sup> Digital ESG Conference (virtual)**  
1 June 2022 - Kepler Cheuvreux

**Boston - Stifel Cross Sector Insight Conference**  
8 June 2022 - Stifel

**London - 2<sup>nd</sup> Berenberg SDG Conference**  
21 & 22 June 2022 - Berenberg

**BBVA Annual Sustainability Forum (virtual)**  
21-22 June 2022 - BBVA

## H2 2022

**Frankfurt - Commerzbank & ODDO BHF Corporate Conference 2022**  
7 Sep 2022 - Commerzbank & ODDO BHF

**London - Morgan Stanley Industrial CEOs Conference**  
7-9 Sep 2022 - Morgan Stanley

**London - Citi SMID / Growth Conference**  
8-9 Sep 2022 - Citigroup

**Munich - Berenberg & Goldman Sachs 11<sup>th</sup> German Corporate Conference**  
20 Sep 2022 - Berenberg & Goldman Sachs

**Munich - 11<sup>th</sup> Baader Investment Conference**  
19-23 Sep 2022 - Baader

**BBVA Iberian Forum**  
Oct 2022 - BBVA

**London - Citi Global Resources Conference**  
25-26 Oct 2022 - Citigroup

**Paris - MidCap Conference, BNP**  
15-17 Nov 2022 - BNP Exane

**Frankfurt - Deutsche Börse Deutsche Eigenkapitalforum**  
28-30 Nov 2022 - Deutsche Börse AG

**Pennyhill Park, Surrey - Berenberg European Conference 2022**  
6 Dec 2022 - Berenberg

## Contact details

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Phone: +49 (0) 2102 1001 0  
email: [irbefesa@befesa.com](mailto:irbefesa@befesa.com)

# Q1 2022/21 – 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>€155.9</b> <i>+€55.0 / +54.6%</i>	<b>€19.2</b> <i>-€0.6 / -3.2%</i>	<b>€97.9</b> <i>+€15.5 / +18.8%</i>	<b>-€11.6</b> <i>-€1.1 / -</i>	<b>€261.4</b> <i>+€68.8 / +35.7%</i>
<b>Reported EBITDA</b> <i>yoy change</i>	<b>€54.8</b> <i>+€18.3 / +50.1%</i>	<b>€6.4</b> <i>+€0.5 / +8.7%</i>	<b>€1.2</b> <i>-€5.2 / -81.5%</i>	<b>-€2.4</b> <i>-€2.5 / -</i>	<b>€59.9</b> <i>+€11.1 / +22.7%</i>
<b>Reported EBITDA margin %</b> <i>yoy change</i>	<b>35.1%</b> <i>-106 bps</i>	<b>33.4%</b> <i>+365 bps</i>	<b>1.2%</b> <i>-655 bps</i>	- -	<b>22.9%</b> <i>-243 bps</i>
<b>Adjusted EBITDA<sup>2)</sup></b> <i>yoy change</i>	<b>€54.8</b> <i>+€18.3 / +50.1%</i>	<b>€6.4</b> <i>+€0.5 / +8.7%</i>	<b>€1.2</b> <i>-€5.2 / -81.5%</i>	<b>-€1.3</b> <i>-€1.3 / -</i>	<b>€61.1</b> <i>+€12.2 / +25.1%</i>
<b>Adjusted EBITDA margin %</b> <i>yoy change</i>	<b>35.1%</b> <i>-106 bps</i>	<b>33.4%</b> <i>+365 bps</i>	<b>1.2%</b> <i>-655 bps</i>	- -	<b>23.4%</b> <i>-199 bps</i>

1) Total revenue in Aluminium Salt Slags Recycling Services amounted to €92.3m in Q1'21 and to €106.1m in Q1'22 after intersegment eliminations of €10.0m in Q1'21 and of €11.1m in Q1'22

2) €42.9m Q1'22 reported Total EBIT + €17.0m D&A = €59.9m Q1'22 reported Total EBITDA + €1.1m AZR acquisition related costs = €61.1m Q1'22 adjusted Total EBITDA

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

(€m, unless otherwise stated)

	2017	2018	2019	2020	2021
<b>Revenue</b>	€667.4 <sup>2)</sup>	€720.1	€647.9	€604.3	€821.6
<b>Reported EBITDA</b>	€153.0	€176.0	€159.6	€123.5	€189.6
<b>Reported EBITDA margin %</b>	22.9% <sup>2)</sup>	24.4%	24.6%	20.4%	23.1%
<b>Adjusted EBITDA</b>	€172.4 <sup>3)</sup>	€176.0	€159.6	€127.0 <sup>3)</sup>	€197.6 <sup>3)</sup>
<b>Adjusted EBITDA margin %</b>	25.8% <sup>2)</sup>	24.4%	24.6%	21.0%	24.0%
<b>Net profit<sup>4)</sup></b>	€49.3	€90.2	€82.7	€47.6	€99.7
<b>EPS<sup>5)</sup> (€)</b>	€1.02 <sup>5)</sup>	€2.65	€2.43	€1.40	€2.68 <sup>5)</sup>
<b>Operating cash flow<sup>6)</sup></b>	€91.5	€103.8	€102.5	€92.5	€117.9
<b>Cash position end of period</b>	€117.6	€150.6	€125.5	€154.6	€224.1
<b>Net debt</b>	€406.4	€376.8	€416.9	€393.6	€470.6
<b>Net leverage</b>	x2.36	x2.14	x2.61	x3.10	x2.16

1) 2017, 2018, 2019, 2020 and 2021 are full year actual reported figures audited by external auditors

2) 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; 2020 EBITDA adjusted for €3.5m for the UK Salt Slags plant closure;

2021 EBITDA adjusted for €14.0m one-time AZR acquisition costs, and -€6.0m Hanover Salt Slags plant fire impact

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

5) 2017 EPS impacted by the conversion of the preferred shares carried out in Oct'17 prior to the IPO; The weighted average number of ordinary shares used as the denominator in calculating total basic EPS in 2017

was 25,025 thousand shares vs. 34,067 thousand shares used in 2018-2020; 2021 EPS based on 37,285 weighted average thousand shares after the capital increase of 5,933 thousand new shares to partly fund the AZR acquisition

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



# Q1 2022/21 – Operational data – Steel Dust Recycling Services

	Q1 2021	Q1 2022 <sup>1)</sup>	<i>yoy change</i>
<b>EAFD throughput (kt)</b>	181.1	337.4	+156.3 / +86.3%
<b>EAFD average capacity utilisation (%)</b>	89.0%	88.0%	-102 bps
<b>Waelz oxide (WOX) sold (kt)</b>	66.7	103.4	+36.7 / +55.0%
<b>Zinc LME price (€/t)</b>	€2,279	€3,337	+€1,058 / +46.4%
<b>Zinc hedging price (€/t)</b>	€2,201	€2,286	+€85 / +3.8%
<b>Zinc blended price<sup>2)</sup> (€/t)</b>	€2,237	€2,533	+€296 / +13.2%

1) EAFD throughput, corresponding capacity utilisation, and WOX sold figures in Q1 2022 include full-quarter figures contributed by the acquired US operations

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

# Q1 2022/21 – Operational data – Aluminium Salt Slags Recycling Services

	Q1 2021	Q1 2022	<i>yoy change</i>
Salt Slags & SPL treated (kt)	104.4	87.5	-17.0 / -16.3%
Salt Slags & SPL avg. cap. utilisation (%)	94.1%	78.8%	-1,530 bps
Aluminium alloys produced (kt)	51.3	42.2	-9.0 / -17.6%
Secondary Alu avg. capacity utilisation (%)	101.5%	83.6%	-1,788 bps
Aluminium alloy FMB price <sup>1)</sup> (€/t)	€1,982	€2,627	+€645 / +32.6%

1) 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	2021
EAFD throughput (kt)	661.0	717.1	665.8	687.0	885.7
EAFD average capacity utilisation (%)	84.7%	92.0%	80.7% / 90.1% <sup>1)</sup>	83.2%	83.3% <sup>2)</sup>
Waelz oxide (WOX) sold (kt)	217.8	240.9	217.6	239.2	291.0
Zinc LME price (€/t)	€2,572	€2,468	€2,276	€1,979	€2,544
Zinc hedging price (€/t)	€1,876	€2,051	€2,317	€2,239	€2,151
Zinc blended price <sup>3)</sup> (€/t)	€2,160	€2,168	€2,280	€2,136	€2,275
Salt Slags & SPL treated (kt)	509.9	517.0	492.6	444.6	395.0
Salt Slags & SPL avg. cap. utilisation (%)	96.2%	97.5%	92.9%	83.9% / 86.9% <sup>4)</sup>	87.8%
Alu alloys produced (kt)	184.1	169.3	176.7	174.3	185.8
Secondary Alu avg. capacity utilisation (%)	89.8%	82.6% / 98.1% <sup>5)</sup>	86.2% / 91.1% <sup>6)</sup>	85.0%	90.6%
Aluminium alloy FMB price <sup>7)</sup> (€/t)	€1,766	€1,715	€1,397	€1,424	€2,112

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) Installed capacity and corresponding utilisation rates in 2021 are proportional figures based on the actual number of days the China and the US plants (after acquisition) operated in the year

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

4) Installed capacity and corresponding utilisation rates in 2020 are normalised for the UK salt slags plant closure by year-end 2020

5) 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)

6) 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)

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