

BEFESA

First Half 2022

Earnings Presentation

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Today's Presenters



**Javier
Molina**

**Executive
Chair**

Leading Befesa for >20 years



**Asier
Zarraonandia**

CEO

20+ years with Befesa



**Wolf
Lehmann**

CFO

Befesa's CFO since 2014



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

01 / Highlights

Executive summary

- **Continuing 25% yoy EBITDA growth ...**
Q2'22 at €57m EBITDA, +26% yoy like Q1; H1 at €118m +25% or +€24m yoy
- **Metal prices decreased recently** with recessionary & lower China market sentiment - although - **energy inflation continues** at high levels
- **ESG:**
 - **CO₂ holistic** approach highlights that Befesa prevents >2.4 mtpa CO₂eq;
Committing to **20% CO₂ emission intensity reduction by 2030**
 - Befesa expects 100% eligibility with **EU Taxonomy**
 - **Sustainability Committee** established
- **Finalising Sustainable Global Growth Plan (SGGP)**
 - **Investing** around €500m to **target double-digit growth** rates over next 5 years
 - **Globally balanced** expansion in Asia/China, USA and Europe
 - Details at **Capital Markets Day** in Q4

Business highlights

Steel Dust

- **EAFD throughput:**
630kt H1, +85% yoy;
292kt Q2, +83% yoy
- Around **80% plant utilisation**
- **WOX sold:**
217kt H1, +82% yoy;
114kt Q2, +116% yoy
- **Zinc blended prices:** H1 +18%, Q2 +23%
- **YoY inflation:** -€21m H1, -€13m Q2
- **EBITDA** at €95m H1, +37% yoy;
€40m Q2, +23% yoy

US

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

Alu Salt Slags

- **Salt slags volumes:**
173kt H1, -12% yoy;
85kt Q2, -6% yoy
- **2nd aluminium alloys:**
85kt H1, -15% yoy;
42kt Q2, -12% yoy
- Around **80% plant utilisation**
- **Alu FMB prices:** H1 +30%, Q2 +28%
- **YoY inflation:** -€14m H1, -€6m Q2
- **EBITDA** at €24m H1, -5% yoy;
€16m Q2, +28% yoy

China

- **Managing challenging continued COVID restrictions**
- **Jiangsu:** In commercial production; Contracted >80% volumes, but COVID constrained
- **Henan:** Commissioning prolonged (COVID) to H2
- Working on **new projects** / further expansion



China I

Changzhou plant, Jiangsu province

Key facts of the plant:

- 1st EAFD recycling plant in China, 110kt EAFD p.a.
- Total investment: c.£42m

Status update:

- ✓ Construction completed on budget
- ✓ In commercial production & selling WOX
- Contracted for >80% EAFD volumes from customers, but **COVID** constrained



↑ Changzhou plant, in operations

China II

Xuchang plant, Henan province

Key facts of the plant:

- 2nd EAFD recycling plant in China, 110kt EAFD p.a.
- Total investment: c.£42m

Status update:

- ✓ Construction completed Dec'21 on budget
- Commissioning prolonged due to **COVID**;
Finalising ramp up H2



↑ Xuchang plant, mid-June 2022, commissioning

Working on new projects / further expansion



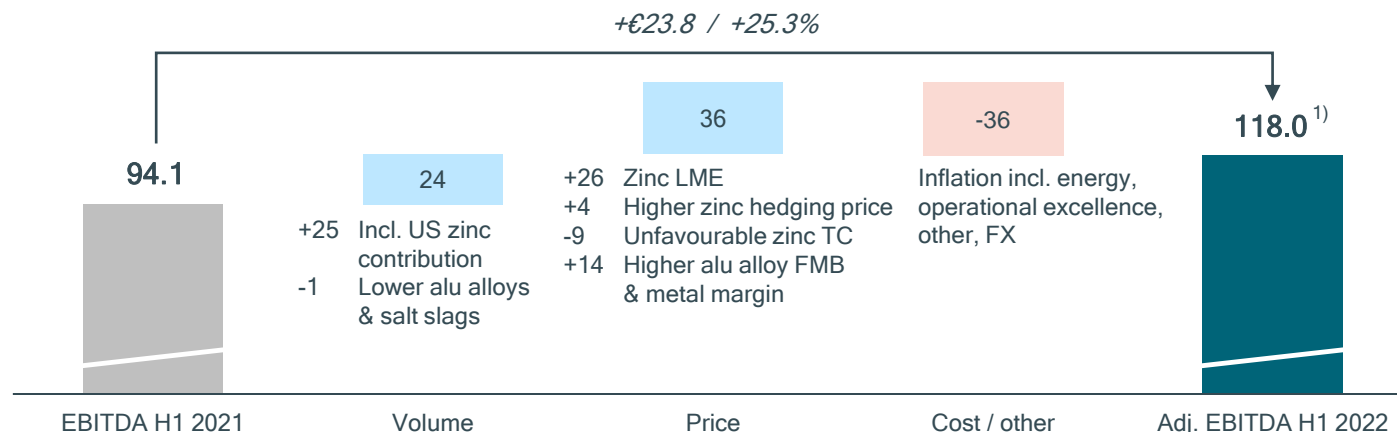
Secondary aluminium production plant at Bernburg, Germany

02 / Financial results

Consolidated key financials

H1 adjusted EBITDA at €118.0m, +25% yoy, driven mainly by US zinc operations delivering as planned; yoy higher base metal prices offsetting energy inflation & unfavourable Zinc TC

Adjusted EBITDA bridge H1 2021 to H1 2022 (€m)



Key metrics (€m, unless otherwise stated)

	H1 2021	yoy change	H1 2022
Revenue	€384.2	+€188.3 / +49.0%	€572.5
Adjusted EBITDA ¹⁾	€94.1	+€23.8 / +25.3%	€118.0
Adjusted EBITDA margin %	24.5%	-389 bps	20.6%
Net profit	€45.6	+€4.4 / +9.7%	€50.0
EPS ²⁾ (€)	€1.32	-€0.07 / -5.3%	€1.25
Operating cash flow	€70.2	-€6.3 / -8.9%	€64.0
Cash ³⁾	€196.6	+€42.1 / +21.4%	€238.7
Net debt	€371.4	+€99.5 / +26.8%	€470.9
Net leverage ⁴⁾	x2.24	-x0.15	x2.09

1) €80.3m H1'22 reported Total EBIT + €35.3m D&A = €115.7m H1'22 reported Total EBITDA + €2.3m AZR acquisition-related adjustment = €118.0m H1'22 adjusted Total EBITDA

2) EPS in H1'21 is based on 34,525,634 weighted average shares and H1'22 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

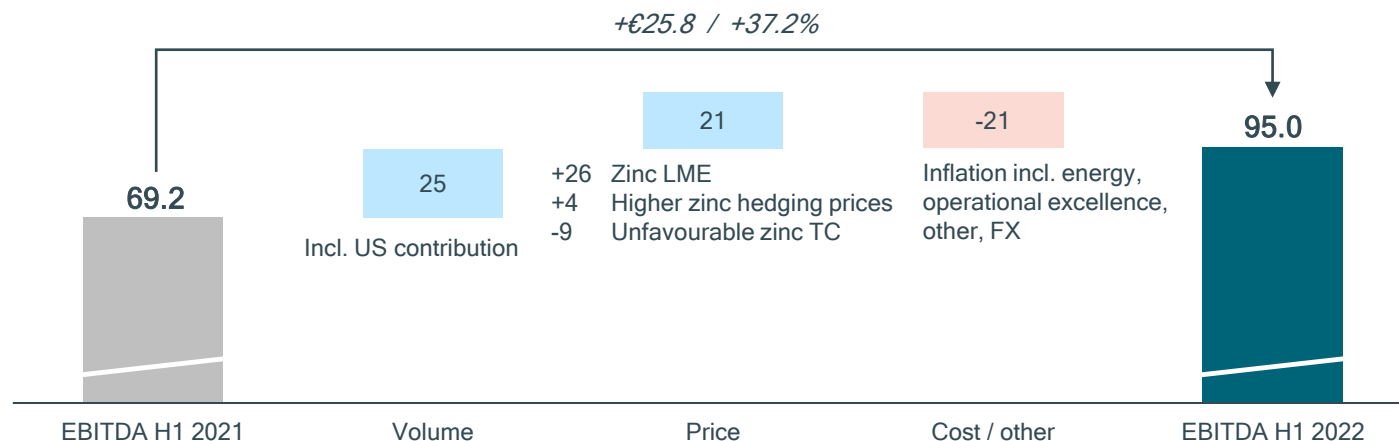
3) Reported cash position of €527.2 million at Q2'21 closing, adjusted for the €330.6 million of net funds raised through the capital increase in connection with the AZR acquisition signed on 16 June 2021

4) Net leverage calculated on an LTM basis; Bank debt covenant reporting normalised and adjusted for synergies results in lower net leverage

Steel Dust Recycling Services

H1 EBITDA at €95.0m, +37% yoy, driven mainly by US operations delivering as planned; yoy higher zinc market prices offsetting energy inflation & unfavourable TC

EBITDA bridge H1 2021 to H1 2022 (€m)



Key metrics (€m, unless otherwise stated)

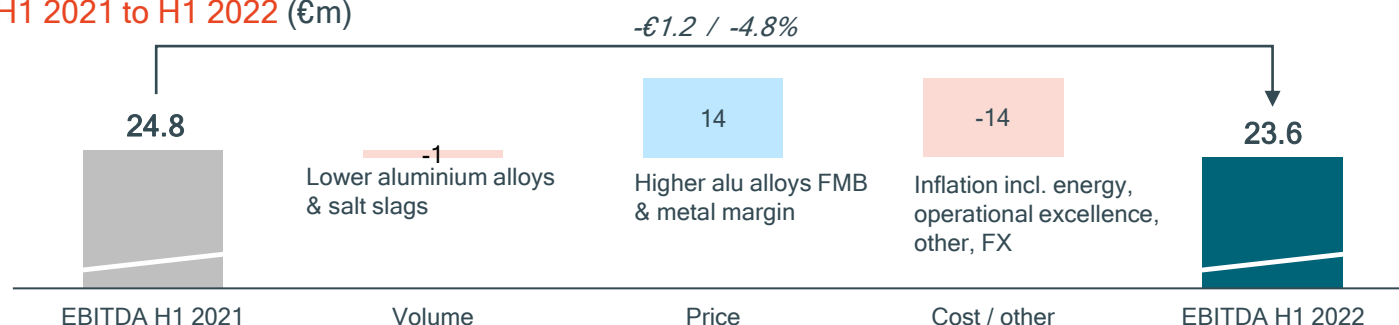
	H1 2021	yoy change	H1 2022
Revenue	€195.3	+€158.5 / +81.2%	€353.8
EBITDA	€69.2	+€25.8 / +37.2%	€95.0
EBITDA margin %	35.4%	-859 bps	26.8%
EAFD throughput (kt)	340.7	+289.0 / +84.8%	629.7
Plant utilisation	83.2%	-160 bps	81.6%
Waelz oxide (WOX) sold (kt)	119.3	+94.5 / +79.2%	213.8
Zinc LME price (€/t)	€2,349	+€1,161 / +49.4%	€3,510
Zinc hedging price (€/t)	€2,200	+€128 / +5.8%	€2,328
Zinc blended price ¹⁾ (€/t)	€2,254	+€414 / +18.4%	€2,668
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

H1 EBITDA at €23.6m, -5% yoy; Energy inflation and some volume pressure mostly mitigated with higher aluminium metal prices; Overall plant utilisation at around 80%

EBITDA bridge H1 2021 to H1 2022 (€m)



Key metrics (€m, unless otherwise stated)

	H1 2021	yoy change	H1 2022
Revenue ¹⁾	€190.1	+€29.3 / +15.4%	€219.4
• Salt Slags	€37.3	+€4.0 / +10.7%	€41.3
• Secondary Aluminium	€172.3	+€45.4 / +26.4%	€217.7
EBITDA	€24.8	-€1.2 / -4.8%	€23.6
• Salt Slags	€11.1	+€3.5 / +31.4%	€14.6
• Secondary Aluminium	€13.7	-€4.7 / -34.2%	€9.0
EBITDA margin % (Salt Slags)	29.8%	+559 bps	35.4%
Salt Slags & SPL treated (kt)	195.8	-22.8 / -11.7%	172.9
Plant utilisation	87.7%	-1,022 bps	77.5%
Aluminium alloys produced (kt)	99.5	-14.8 / -14.9%	84.6
Plant utilisation	97.8%	-1,457 bps	83.3%
Alu alloy FMB price ²⁾ (€/t)	€1,965	+€593 / +30.2%	€2,558

1) Total revenue is after intersegment eliminations (H1'21: €19.5m; H1'22: €39.6m)

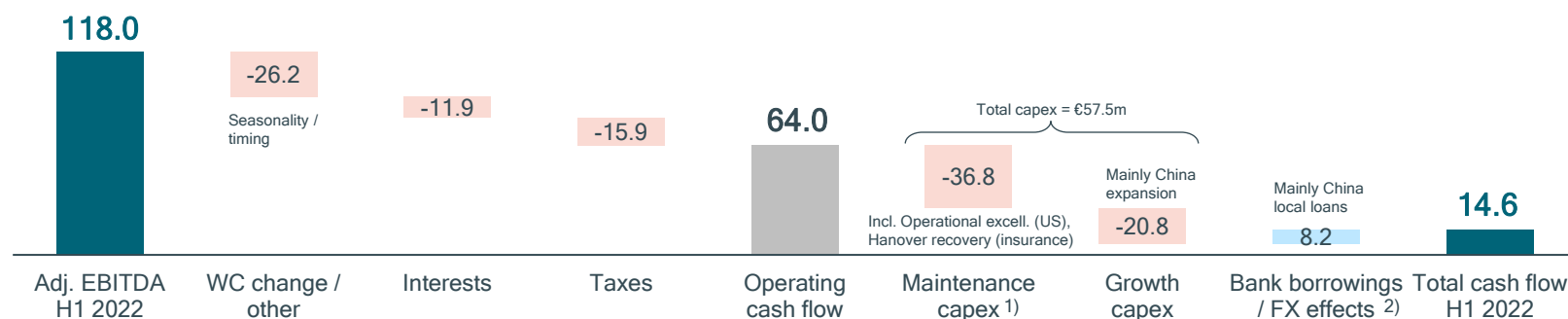
2) Aluminium scrap and foundry ingots aluminium pressure diecasting ingot DIN226/A380 European Metal Bulletin free market duty paid delivered works

Cash flow, net debt & leverage

Continued strong liquidity of >€300m including record €239m cash on hand;
Net leverage of x2.09 at Q2'22, improved vs. x2.16 at YE'21

- Moody's improved outlook on Befesa to 'positive' and affirmed 'Ba2' (09 June '22)
- S&P maintained the 'BB+', outlook stable' rating on Befesa (22 June '22)

H1 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 30 Jun 2021	YE 2021	change	At 30 Jun 2022
LTM Adj. EBITDA ³⁾	€165.8	€217.8	+€7.6 / +3.5%	€225.4
LTM Operating cash flow ⁴⁾	€151.6	€117.9	-€6.3 / -5.3%	€111.6
Gross debt ⁵⁾	€568.1	€694.7	+€14.9 / +2.1%	€709.7
Cash on hand ⁶⁾	€196.6	€224.1	+€14.6 / +6.5%	€238.7
Net debt	€371.4	€470.6	+€0.4 / +0.1%	€470.9
Net leverage	x2.24	x2.16	-x0.07	x2.09

3) LTM Adj. EBITDA of €217.8m at YE'21 and €225.4m at Q2'22 closing incorporate full-twelve-rolling months of the US operations.

4) LTM Operating cash flow of €117.9m at YE'21 and €111.6m at Q2'22 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 €709.7m at Q2'22 closing include €100m TLB add-on to partly fund the AZR acquisition, as well as China local loans

6) Reported cash position of €527.2 million at Q2'21 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

Hedge book fully extended up to Jan'25, c.2.5 years; Improving earnings & cash flows visibility

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



Zinc hedges & blended average prices (€/t)

	H1 2021	H1 2022
Unhedged	33% or 23kt @ €2,349/t LME	29% or 34kt @ €3,510/t LME
Hedged	67% or 46kt @ €2,200/t	71% or 84kt @ €2,328/t
Blended³⁾	€2,254/t	€2,668/t +€414/t / +18% yoy

Hedging strategy unchanged:

- Hedge book fully extended up to Jan'25; 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.€2,160 at FX 1.16); Feb'22-Jan'23: 63.4kt zinc hedged at c.\$2,765 (c.€2,585 at FX 1.07); Feb'23-Jan'24: 58.6kt zinc hedged at c.\$2,900 (c.€2,710 at FX 1.07); Feb'24-Jan'25: 60.0kt zinc hedged at c.\$2,975 (or c.€2,700 at FX 1.10); 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

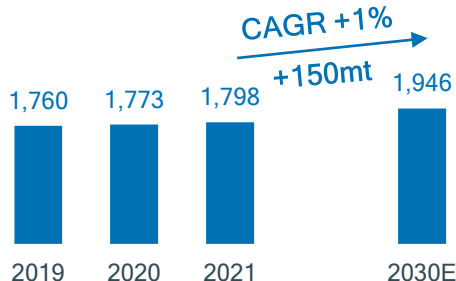


Nanjing City, location of Befesa China's HQ

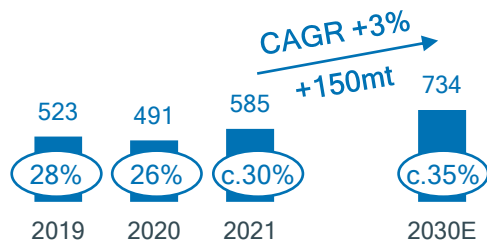
03 / Growth projects

Decarbonisation & EV trends supporting favourable secondary steel (EAF) & aluminium markets

Global crude steel demand¹⁾
(million tonnes)

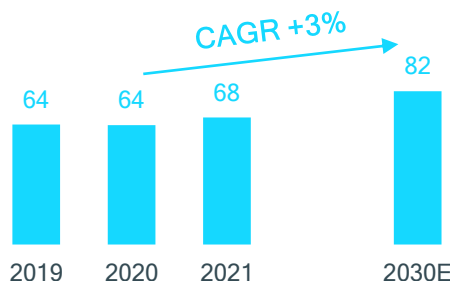


Global EAF steel output & share¹⁾
(million tonnes, % Global output)

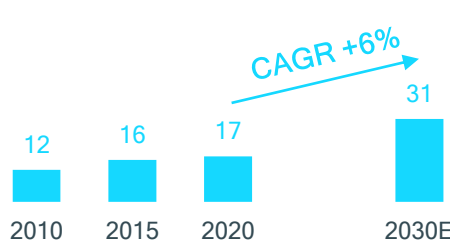


BOF uses c.7x CO₂/t vs. EAF;
EAF driving +150mt global steel growth

Global primary aluminium demand²⁾
(million tonnes)

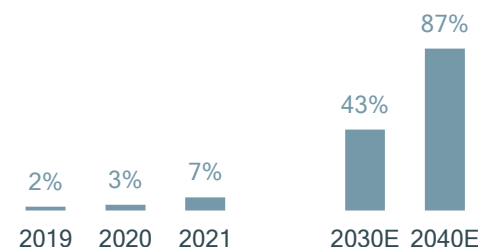


Global secondary alu production³⁾
(million tonnes)

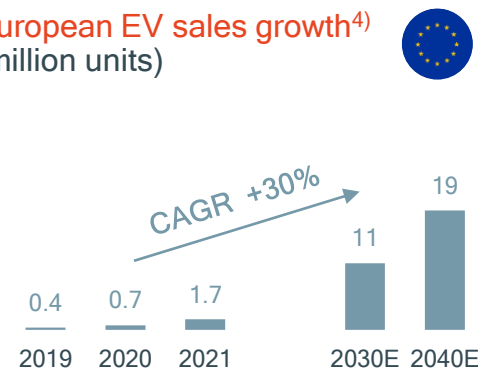


Secondary aluminium uses c.5%
energy / CO₂/t versus primary aluminium

Global EV sales penetration⁴⁾
(%)



European EV sales growth⁴⁾
(million units)



Increasing use of aluminium in light
vehicles drives aluminium demand

1) Morgan Stanley (April 2022), Net Zero by 2050 (IEA, May 2021);

2) Morgan Stanley (Feb 2022);

3) Bureau of International Recycling, World Bureau of Metal Statistics (2016);

4) Morgan Stanley (June 2022)

New 5-year Sustainable Global Growth Plan (SGGP)



Around **€500m investment**, the largest expansion programme after the acquisition of AZR in Aug'21



Targeting around **double-digit** earnings growth on average over the next 5 years - from 2022 to 2027



Globally balanced growth in Asia/China, US & Europe



Organically funding investments & keeping **leverage** at **moderate** levels



Targeting Capital Markets Day in Q4



EAFD recycling plant at Gyeongju, South Korea

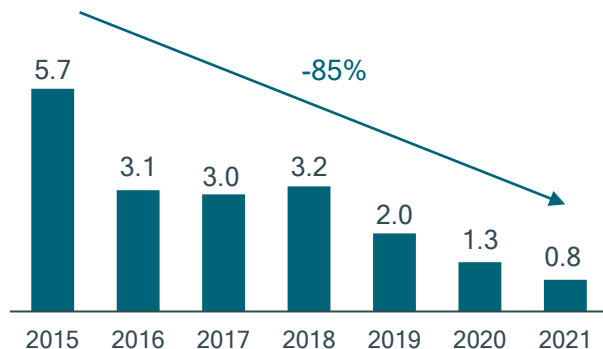
04 / ESG at Befesa

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
- LTIR¹⁾ reduced by 36% yoy



1) Befesa's own employees and contractors

ESG Ratings

ISS ESG

Top 3 of 69
Metals processing
& production

SUSTAINALYTICS

#182 of 453
Commercial services

V.E

#7 of 103
Business services

MSCI

BBB
Commercial services
& supplies

arabesque s-ray

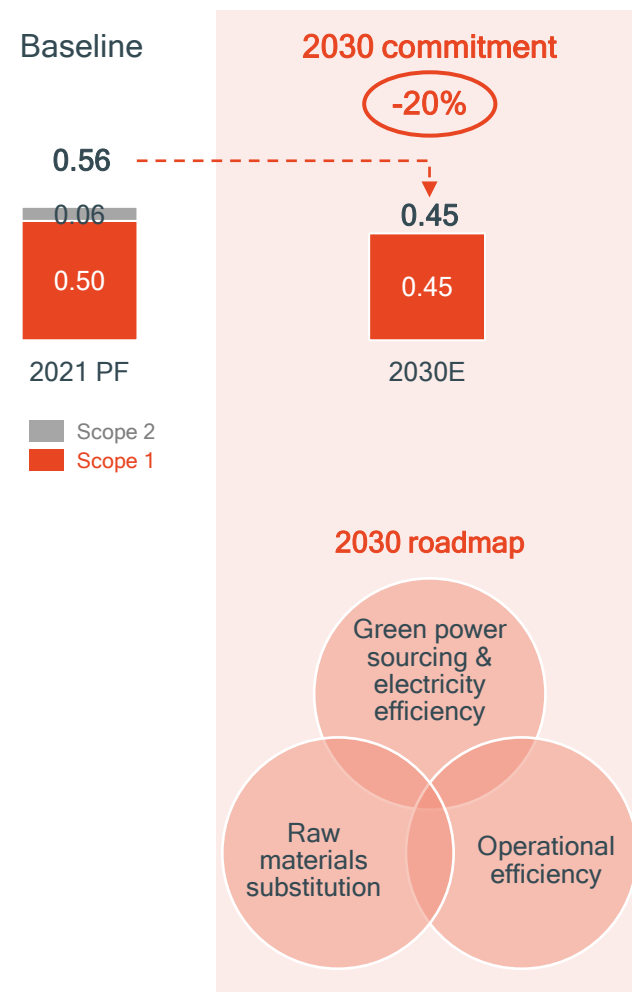
Top 5%
Industrial services

ESG Report

Befesa **ESG Report 2021** published on 29 June 2022, including **2030 & 2050 CO₂ reduction plan** and disclosures on Taxonomy eligibility

Environmental highlights

- **Holistic CO₂ impact analysis:**
Befesa prevents emissions of >2.4 mtpa CO₂eq, plus, additional environmental benefits of reduced landfill
- **Committing to CO₂ Reduction Plan:**
20% CO₂ emission intensity reduction by 2030;
Aiming for net zero by 2050
- **EU Taxonomy:**
Befesa expects 100% eligibility with EU Taxonomy, based on expert talks, advisors and own estimates, i.e. 100% of Befesa's revenue, capex & opex eligible & aligned, more details in [ESG Report 2021](#)
- **Sustainability Committee** established





Waelz kiln at EAFD recycling plant in Gyeongju, South Korea

05 / Investor agenda & appendix

Investor's agenda

Financial calendar 2022

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

Next investor conferences Q3 2022 Q4 2022

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

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

London - Citi SMID / Growth Conference
8 Sep - Citigroup

**Munich - Berenberg & Goldman Sachs 11th
German Corporate Conference**
20 Sep - Berenberg & Goldman Sachs

Munich - 11th Baader Investment Conference
19-23 Sep - Baader

BBVA Iberian Forum (virtual)
6 & 7 Oct - BBVA

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

Paris - BNP 5th MidCap Conference
15-17 Nov - BNP Paribas Exane

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

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

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Q2 2022/21 – Key financials

(€m, unless otherwise stated)

	Steel Dust	Salt Slags	Secondary Aluminium	Corporate & eliminations	Total Befesa
Revenue¹⁾ <i>yoy change</i>	€197.9 <i>+€103.5 / +109.6%</i>	€22.1 <i>+€4.6 / +26.5%</i>	€119.8 <i>+€29.9 / +33.3%</i>	-€28.7 <i>-€18.5 / -</i>	€311.1 <i>+€119.5 / +62.4%</i>
Reported EBITDA <i>yoy change</i>	€40.2 <i>+€7.5 / +22.9%</i>	€8.2 <i>+€3.0 / +57.2%</i>	€7.8 <i>+€0.5 / +7.3%</i>	-€0.5 <i>-€0.6 / -</i>	€55.7 <i>+€10.4 / +23.1%</i>
Reported EBITDA margin % <i>yoy change</i>	20.3% <i>-1,432 bps</i>	37.2% <i>+726 bps</i>	6.5% <i>-159 bps</i>	- <i>-</i>	17.9% <i>-572 bps</i>
Adjusted EBITDA²⁾ <i>yoy change</i>	€40.2 <i>+€7.5 / +22.9%</i>	€8.2 <i>+€3.0 / +57.2%</i>	€7.8 <i>+€0.5 / +7.3%</i>	€0.6 <i>+€0.6 / -</i>	€56.9 <i>+€11.6 / +25.6%</i>
Adjusted EBITDA margin % <i>yoy change</i>	20.3% <i>-1,432 bps</i>	37.2% <i>+726 bps</i>	6.5% <i>-159 bps</i>	- <i>-</i>	18.3% <i>-535 bps</i>

1) Total revenue in Aluminium Salt Slags Recycling Services in Q2'22 amounted to €113.4m (Q2'21: €97.9m) after intersegment eliminations of €28.5m (Q2'21: €9.5m)

2) €37.4m Q2'22 reported Total EBIT + €18.3m D&A = €55.7m Q2'22 reported Total EBITDA + €1.1m AZR acquisition related costs = €56.9m Q2'22 adjusted Total EBITDA

H1 2022/21 – Key financials

(€m, unless otherwise stated)

	Steel Dust	Salt Slags	Secondary Aluminium	Corporate & eliminations	Total Befesa
Revenue¹⁾ <i>yoy change</i>	€353.8 <i>+€158.5 / +81.2%</i>	€41.3 <i>+€4.0 / +10.7%</i>	€217.7 <i>+€45.4 / +26.4%</i>	-€40.3 <i>-€19.6 / -</i>	€572.5 <i>+€188.3 / +49.0%</i>
Reported EBITDA <i>yoy change</i>	€95.0 <i>+€25.8 / +37.2%</i>	€14.6 <i>+€3.5 / +31.4%</i>	€9.0 <i>-€4.7 / -34.2%</i>	-€3.0 <i>-€3.1 / -</i>	€115.7 <i>+€21.5 / +22.9%</i>
Reported EBITDA margin % <i>yoy change</i>	26.8% <i>-859 bps</i>	35.4% <i>+559 bps</i>	4.1% <i>-381 bps</i>	- <i>-</i>	20.2% <i>-429 bps</i>
Adjusted EBITDA²⁾ <i>yoy change</i>	€95.0 <i>+€25.8 / +37.2%</i>	€14.6 <i>+€3.5 / +31.4%</i>	€9.0 <i>-€4.7 / -34.2%</i>	-€0.7 <i>-€0.8 / -</i>	€118.0 <i>+€23.8 / +25.3%</i>
Adjusted EBITDA margin % <i>yoy change</i>	26.8% <i>-859 bps</i>	35.4% <i>+559 bps</i>	4.1% <i>-381 bps</i>	- <i>-</i>	20.6% <i>-389 bps</i>

1) Total revenue in Aluminium Salt Slags Recycling Services in H1'22 amounted to €219.4m (H1'21: €190.1m) after intersegment eliminations of €39.6m (H1'21: €19.5m)

2) €80.3m H1'22 reported Total EBIT + €35.3m D&A = €115.7m H1'22 reported Total EBITDA + €2.3m AZR acquisition related costs = €118.0m H1'22 adjusted Total EBITDA

Multi-year trend – Key financials¹⁾

(€m, unless otherwise stated)

	2017	2018	2019	2020	2021
Revenue	€667.4 ²⁾	€720.1	€647.9	€604.3	€821.6
Reported EBITDA	€153.0	€176.0	€159.6	€123.5	€189.6
Reported EBITDA margin %	22.9% ²⁾	24.4%	24.6%	20.4%	23.1%
Adjusted EBITDA	€172.4 ³⁾	€176.0	€159.6	€127.0 ³⁾	€197.6 ³⁾
Adjusted EBITDA margin %	25.8% ²⁾	24.4%	24.6%	21.0%	24.0%
Net profit⁴⁾	€49.3	€90.2	€82.7	€47.6	€99.7
EPS⁵⁾ (€)	€1.02 ⁵⁾	€2.65	€2.43	€1.40	€2.68 ⁵⁾
Operating cash flow⁶⁾	€91.5	€103.8	€102.5	€92.5	€117.9
Cash position end of period	€117.6	€150.6	€125.5	€154.6	€224.1
Net debt	€406.4	€376.8	€416.9	€393.6	€470.6
Net leverage	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

Q2 2022/21 – Operational data – Steel Dust Recycling Services

	Q2 2021	Q2 2022 ¹⁾	yoy change
EAFD throughput (kt)	159.6	292.3	+132.7 / +83.2%
EAFD average capacity utilisation (%)	77.6%	75.4%	-217 bps
Waelz oxide (WOX) sold (kt)	52.6	110.1	+57.5 / +109.2%
Zinc LME price (€/t)	€2,418	€3,683	+€1,265 / +52.3%
Zinc hedging price (€/t)	€2,199	€2,371	+€172 / +7.8%
Zinc blended price ²⁾ (€/t)	€2,275	€2,789	+€514 / +22.6%

1) EAFD throughput, corresponding capacity utilisation, and WOX sold figures in Q2'22 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

H1 2022/21 – Operational data – Steel Dust Recycling Services

	H1 2021	H1 2022 ¹⁾	yoy change
EAFD throughput (kt)	340.7	629.7	+289.0 / +84.8%
EAFD average capacity utilisation (%)	83.2%	81.6%	-160 bps
Waelz oxide (WOX) sold (kt)	119.3	213.8	+94.5 / +79.2%
Zinc LME price (€/t)	€2,349	€3,510	+€1,161 / +49.4%
Zinc hedging price (€/t)	€2,200	€2,328	+€128 / +5.8%
Zinc blended price ²⁾ (€/t)	€2,254	€2,668	+€414 / +18.4%

1) EAFD throughput, corresponding capacity utilisation, and WOX sold figures in H1'22 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

Q2 2022/21 – Operational data – Aluminium Salt Slags Recycling Services

	Q2 2021	Q2 2022	yoy change
Salt slags & SPL treated (kt)	91.3	85.5	-5.8 / -6.4%
Salt slags & SPL avg. capacity utilisation (%)	81.4%	76.2%	-520 bps
Aluminium alloys produced (kt)	48.2	42.4	-5.8 / -12.0%
Secondary alu avg. capacity utilisation (%)	94.2%	83.0%	-1,129 bps
Aluminium alloy FMB price ¹⁾ (€/t)	€1,947	€2,488	+€541 / +27.8%

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

H1 2022/21 – Operational data – Aluminium Salt Slags Recycling Services

	H1 2021	H1 2022	yoy change
Salt slags & SPL treated (kt)	195.8	172.9	-22.8 / -11.7%
Salt slags & SPL avg. capacity utilisation (%)	87.7%	77.5%	-1,022 bps
Aluminium alloys produced (kt)	99.5	84.6	-14.8 / -14.9%
Secondary alu avg. capacity utilisation (%)	97.8%	83.3%	-1,457 bps
Aluminium alloy FMB price ¹⁾ (€/t)	€1,965	€2,558	+€593 / +30.2%

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% ¹⁾	83.2%	83.3% ²⁾
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 ³⁾ (€/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% ⁴⁾	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% ⁵⁾	86.2% / 91.1% ⁶⁾	85.0%	90.6%
Aluminium alloy FMB price ⁷⁾ (€/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 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)

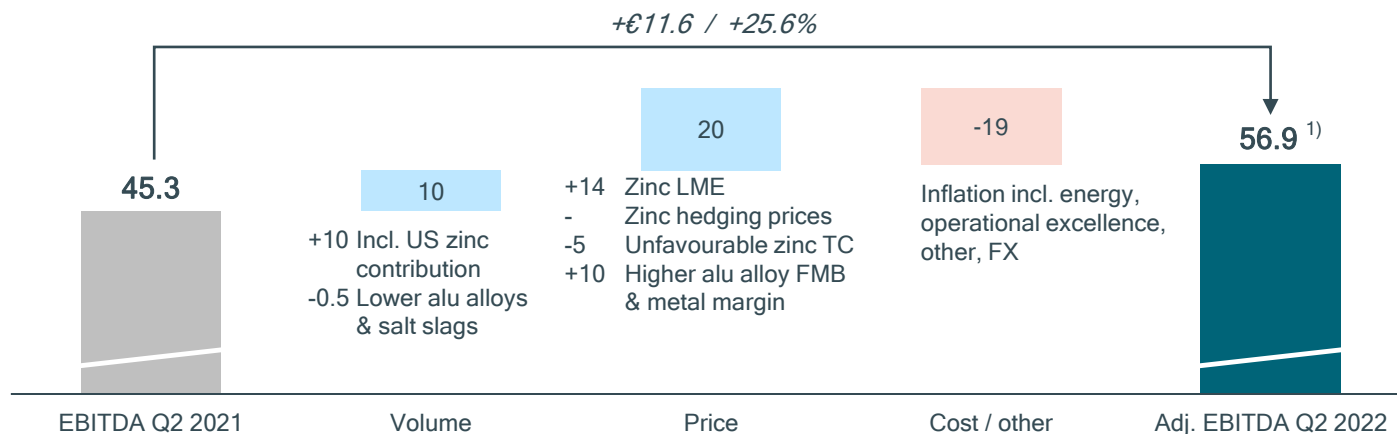
6) Installed capacity and corresponding utilisation rates in 2019 are normalised for the furnace upgrade in Barcelona - phase II (plant was shutdown three months, from mid-August to mid-November)

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

Consolidated key financials

Q2 adjusted EBITDA at €56.9m, +26% yoy, mainly driven by US zinc operations delivering as planned; yoy higher base metal prices offsetting energy inflation & unfavourable Zinc TC

Adjusted EBITDA bridge Q2 2021 to Q2 2022 (€m)



Key metrics (€m, unless otherwise stated)

	Q2 2021	yoy change	Q2 2022
Revenue	€191.6	+€119.5 / +62.4%	€311.1
Adjusted EBITDA ¹⁾	€45.3	+€11.6 / +25.6%	€56.9
Adjusted EBITDA margin %	23.6%	-535 bps	18.3%
Net profit	€20.8	+€2.2 / +10.7%	€23.0
EPS ²⁾ (€)	€0.60	-€0.02 / -3.2%	€0.58
Operating cash flow	€43.7	-€5.5 / -12.5%	€38.3
Cash	€196.6	+€42.1 / +21.4%	€238.7
Net debt	€371.4	+€99.5 / +26.8%	€470.9
Net leverage ³⁾	x2.24	-x0.15	x2.09

1) €37.4m Q2'22 reported Total EBIT + €18.3m D&A = €55.7m Q2'22 reported Total EBITDA + €1.1m AZR acquisition-related adjustment = €56.9m Q2'22 adjusted Total EBITDA

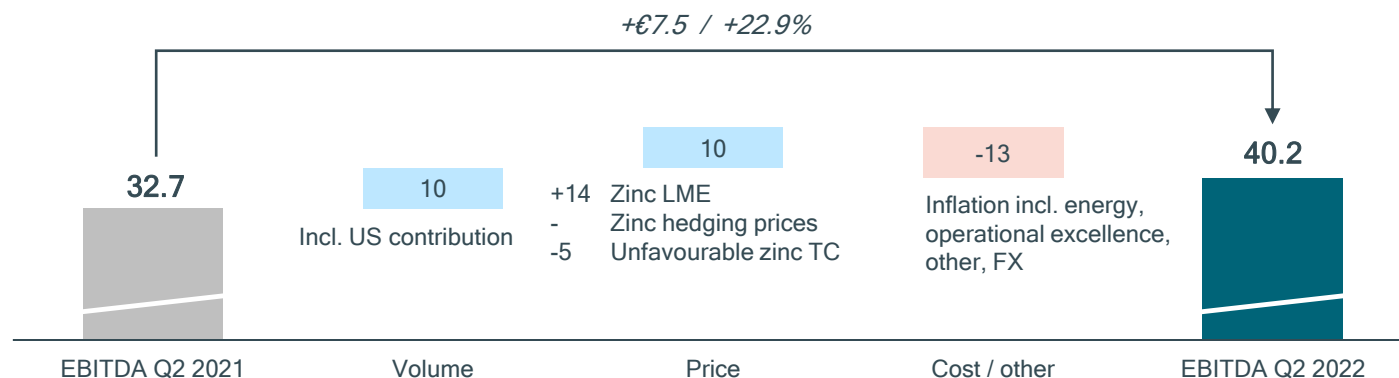
2) EPS in Q2'21 is based on 34,979,519 weighted average shares; Q2'22 is based on 39,999,998 shares after the capital increase of 5,933,293 new shares on 16 June 2021 to partly fund the AZR acquisition

3) Net leverage calculated on an LTM basis; Bank debt covenant reporting normalised and adjusted for synergies results in lower net leverage

Steel Dust Recycling Services

Q2 EBITDA at €40.2m, +23% yoy, mainly driven by US operations delivering as planned; yoy higher zinc market prices mostly offsetting energy inflation & unfavourable TC

EBITDA bridge Q2 2021 to Q2 2022 (€m)



Key metrics (€m, unless otherwise stated)

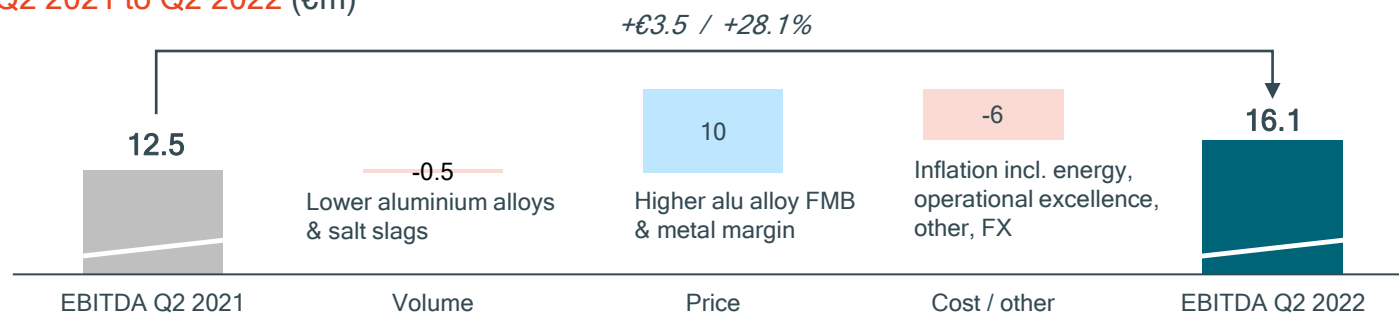
	Q2 2021	yoy change	Q2 2022
Revenue	€94.4	+€103.5 / +109.6%	€197.9
EBITDA	€32.7	+€7.5 / +22.9%	€40.2
EBITDA margin %	34.6%	-1,432 bps	20.3%
EAFD throughput (kt)	159.6	+132.7 / +83.2%	292.3
Plant utilisation	77.6%	-217 bps	75.4%
Waelz oxide (WOX) sold (kt)	52.6	+57.5 / +109.2%	110.1
Zinc LME price (€/t)	€2,418	+€1,265 / +52.3%	€3,683
Zinc hedging price (€/t)	€2,199	+€172 / +7.8%	€2,371
Zinc blended price ¹⁾ (€/t)	€2,275	+€514 / +22.6%	€2,789
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

Q2 EBITDA at €16.1m, +28% yoy; Energy inflation and some volume pressure more than offset with higher aluminium metal prices; Overall plant utilisation at around 80%

EBITDA bridge Q2 2021 to Q2 2022 (€m)



Key metrics (€m, unless otherwise stated)

	Q2 2021	yoy change	Q2 2022
Revenue ¹⁾	€97.9	+€15.5 / +15.8%	€113.4
• Salt Slags	€17.5	+€4.6 / +26.5%	€22.1
• Secondary Aluminium	€89.8	+€29.9 / +33.3%	€119.8
EBITDA	€12.5	+€3.5 / +28.1%	€16.1
• Salt Slags	€5.2	+€3.0 / +57.2%	€8.2
• Secondary Aluminium	€7.3	+€0.5 / +7.3%	€7.8
EBITDA margin % (Salt Slags)	29.9%	+726 bps	37.2%
Salt Slags & SPL treated (kt)	91.3	-5.8 / -6.4%	85.5
Plant utilisation	81.4%	-520 bps	76.2%
Aluminium alloys produced (kt)	48.2	-5.8 / -12.0%	42.4
Plant utilisation	94.2%	-1,129 bps	83.0%
Alu alloy FMB price ²⁾ (€/t)	€1,947	+€541 / +27.8%	€2,488

1) Total revenue is after intersegment eliminations (Q2'21: €9.5m; Q2'22: €28.5m)

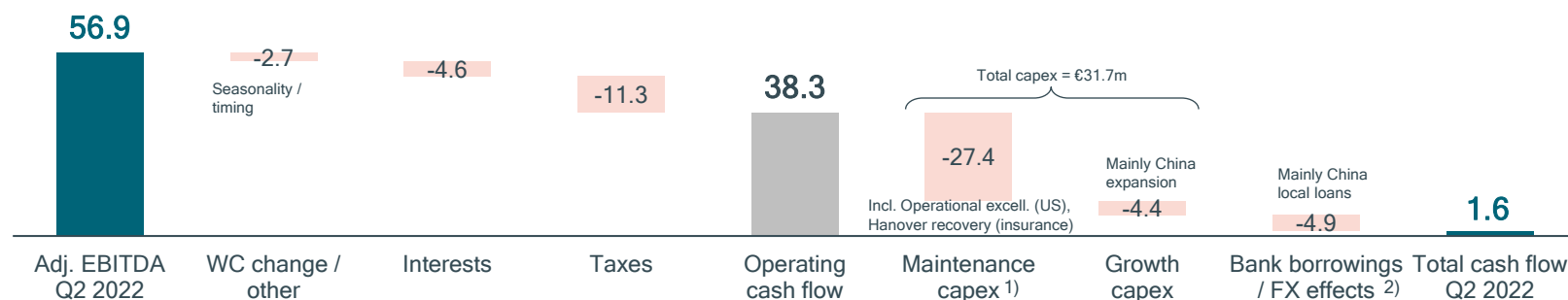
2) Aluminium scrap and foundry ingots aluminium pressure diecasting ingot DIN226/A380 European Metal Bulletin free market duty paid delivered works

Cash flow, net debt & leverage

Continued strong liquidity of >€300m including record €239m cash on hand;
Net leverage of x2.09 at Q2'22, improved vs. x2.16 at YE'21

- Moody's improved outlook on Befesa to 'positive' and affirmed 'Ba2' (09 June '22)
- S&P maintained the 'BB+', outlook stable' rating on Befesa (22 June '22)

Q2 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 Jun 2021	YE 2021	change	At 30 Jun 2022
LTM Adj. EBITDA ³⁾	€165.8	€217.8	+€7.6 / +3.5%	€225.4
LTM Operating cash flow ⁴⁾	€151.6	€117.9	-€6.3 / -5.3%	€111.6
Gross debt ⁵⁾	€568.1	€694.7	+€14.9 / +2.1%	€709.7
Cash on hand ⁶⁾	€196.6	€224.1	+€14.6 / +6.5%	€238.7
Net debt	€371.4	€470.6	+€0.3 / +0.1%	€470.9
Net leverage	x2.24	x2.16	-x0.07	x2.09

3) LTM Adj. EBITDA of €217.8m at YE'21 and €225.4m at Q2'22 closing incorporate full-twelve-rolling months of the US operations.

4) LTM Operating cash flow of €117.9m at YE'21 and €111.6m at Q2'22 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 €709.7m at Q2'22 closing include €100m TLB add-on to partly fund the AZR acquisition, as well as China local loans

6) Reported cash position of €527.2 million at Q2'21 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

FY 2022 guidance: confirmed

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

EBITDA	Lower-end: €220m +€22m / +11% yoy	Upper-end: €270m +€72m / +37% yoy
	<ul style="list-style-type: none"> H1'22 of €118m (+25% yoy), Q2'22 of €57m (+26% yoy); FY'22 guidance range unchanged The wider guidance range is mainly driven by energy and base metal price volatility, as well as market (volume) 	
Capex	<ul style="list-style-type: none"> Total capex of c.€55-65m: c.€15-20m growth (China Henan), majority funded through China local loans; c.€40-45m regular maintenance / IT / compliance / operational excellence (US) 	
Cash flow, cash position & net leverage	<ul style="list-style-type: none"> c.+€40m total cash flow¹⁾ c.€260m cash position Net leverage at or below x2 	<ul style="list-style-type: none"> c.+€80m total cash flow¹⁾ c.€300m cash position Net leverage below x1.75

1) Total cash flow after capex and dividend payout