

**BEFESA**

# Business Update 2022

11th Baader Investment Conference

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

# 01 / Business update

# 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:**
  - **CO<sub>2</sub> holistic** approach highlights that Befesa prevents >2.4 mtpa CO<sub>2</sub>eq; Committing to **20% CO<sub>2</sub> 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, 8 Nov, London & virtual**

# 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
- **2<sup>nd</sup> 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

# 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
<b>Blended<sup>3)</sup></b>	<b>€2,254/t</b>	<b>€2,668/t</b> +€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

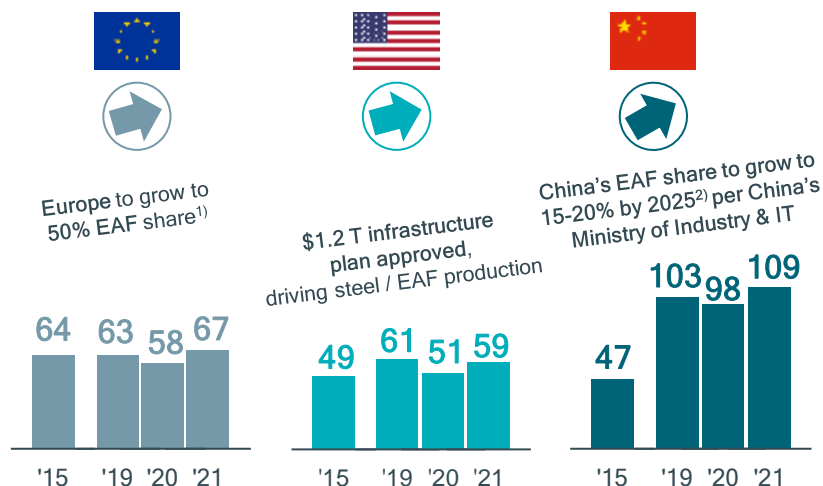
2) Includes BZ US (former AZR) hedge book for the following periods: 18 Aug'21 to Jan'22: 36.8kt zinc hedged at c.\$2,500 (c.€2,160 at FX 1.16); Feb'22-Jan'23: 63.4kt zinc hedged at c.\$2,765 (c.€2,585 at FX 1.07); Feb'23-Jan'24: 58.6kt zinc hedged at c.\$2,900 (c.€2,710 at FX 1.07); Feb'24-Jan'25: 60.0kt zinc hedged at c.\$2,975 (or c.€2,700 at FX 1.10); source: [cmegroup.com](https://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

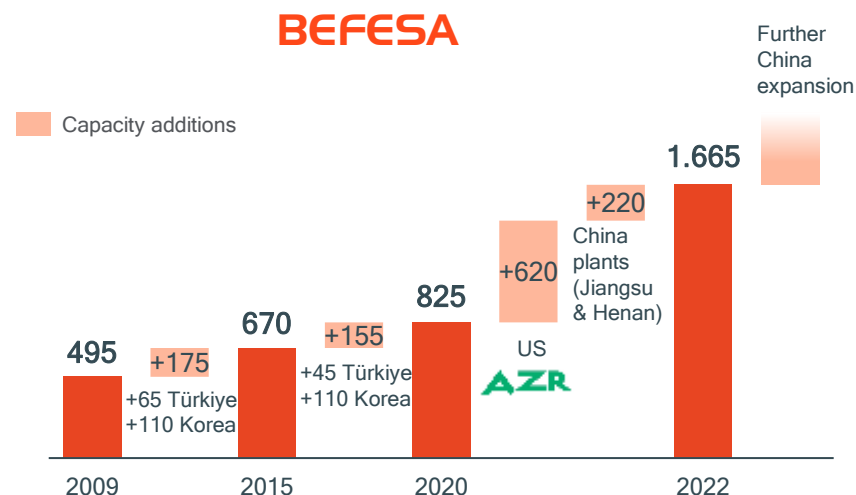


## EAF % of total steel production:



- Primary steel (BOF) consumes 7x more CO<sub>2</sub>/t vs. secondary steel (EAF)<sup>1</sup>; Decarbonization favors EAF steel production

## Befesa's EAFD recycling capacity trend, kt



## EAFD recycling capacity by region, %:

Europe <sup>3</sup>	100%	74%	60%	30%
Asia <sup>4</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; S&P Global Commodity Insights

1) "Iron and Steel Technology Roadmap" (IEA, October 2020)

2) S&P Global Commodity Insights (April 2022)

3) Europe defined as EU-27

4) Asia includes Türkiye, South Korea and China





# China I

Changzhou plant, Jiangsu province

## Key facts of the plant:

- 1<sup>st</sup> 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:

- 2<sup>nd</sup> 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

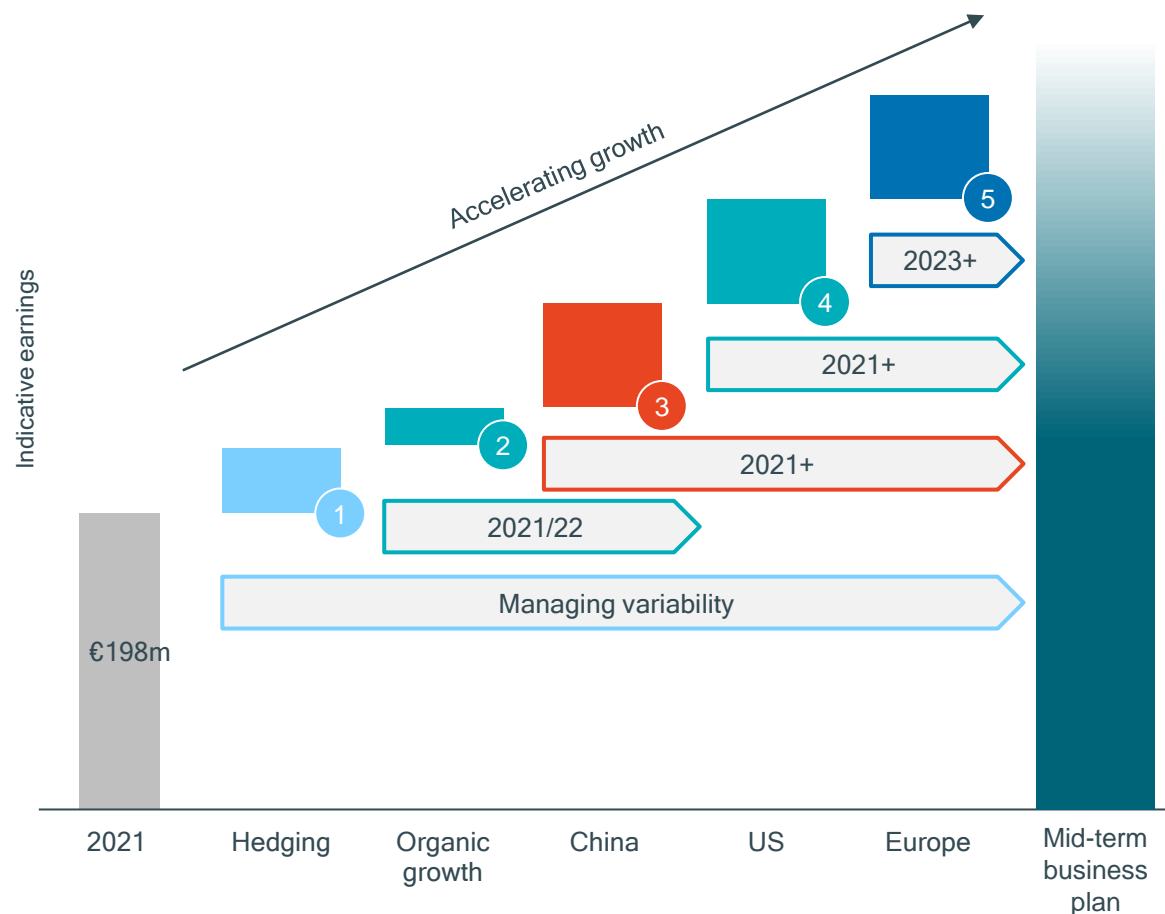
## Working on new projects / further expansion



# Mid-term growth roadmap

Executing well defined growth roadmap even during COVID-19 pandemic;

- China: In commercial operations at 1<sup>st</sup> plant (Jiangsu) and ramping up 2<sup>nd</sup> plant (Henan); Expanding further
- US: Driving progress on the integration of AZR and related synergies
- Europe: Expanding with EAFD customer base; Decarbonization driving growth



## 1 HEDGING

- Hedge book extended to Jan'25, c.2.5 yrs
- Providing increased earnings and cash flow visibility
- '24 at €2450/t vs. '21 at €2150/t → +€300/t x c.150kt hedged = +€45m EBITDA locked in

## 2 ORGANIC GROWTH

Executed projects:

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

## 3 CHINA

Ramping up first two EAFD recycling plants in provinces of Jiangsu and Henan; Expanding further

## 4 US

Driving near- and mid- term synergies

## 5 EUROPE

Expanding with EAFD customer base; Decarbonization driving growth

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

# FY 2022 guidance: confirmed but trending towards lower end of the range

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)

	Lower-end: €220m +€22m / +11% yoy	Upper-end: €270m +€72m / +37% yoy
<b>EBITDA</b>	<ul style="list-style-type: none"> <li>H1'22 of €118m (+25% yoy), Q2'22 of €57m (+26% yoy); FY'22 guidance range unchanged ... trending towards lower half due to inflation</li> <li>The wider guidance range is mainly driven by energy and base metal price volatility, as well as market (volume)</li> </ul>	
<b>Capex</b>	<ul style="list-style-type: none"> <li>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)</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>

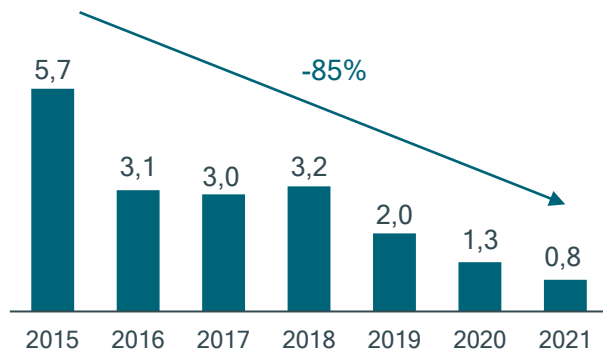
1) Total cash flow after capex and dividend payout

# 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

#182 of 453  
Commercial services

V.E

#7 of 103  
Business services

MSCI

BBB  
Commercial services  
& supplies

arabesque s-ray

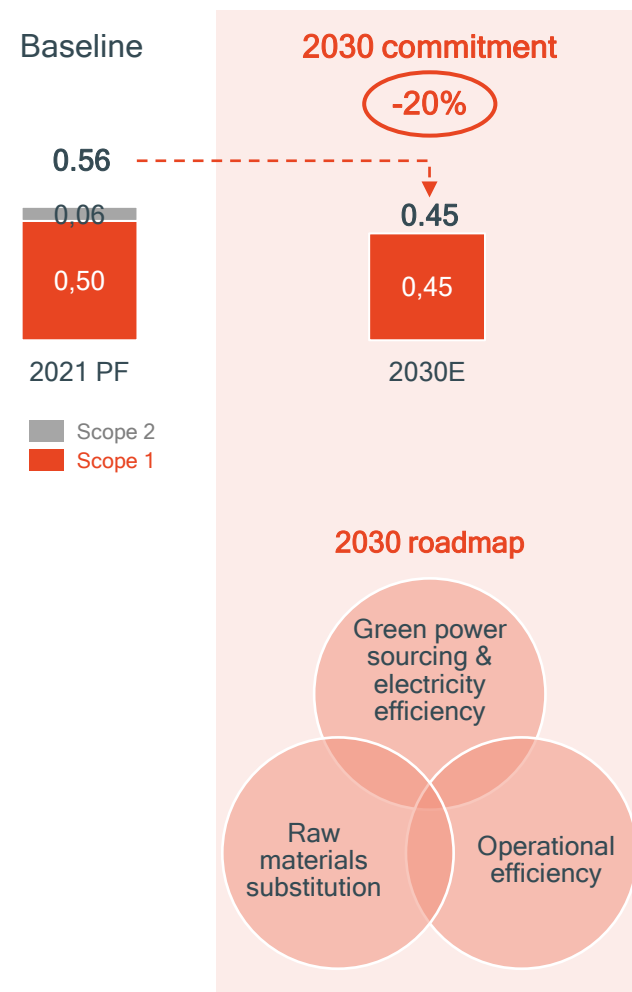
Top 5%  
Industrial services

## ESG Report

Befesa **ESG Report 2021** published on 29 June 2022, including **2030 & 2050 CO<sub>2</sub> reduction plan** and disclosures on Taxonomy eligibility

# Environmental highlights

- **Holistic CO<sub>2</sub> impact analysis:**  
Befesa prevents emissions of >2.4 mtpa CO<sub>2</sub>eq, plus, additional environmental benefits of reduced landfill
- **Committing to CO<sub>2</sub> Reduction Plan:**  
20% CO<sub>2</sub> 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



# Befesa kept its promises since IPO in Nov'17

- ✓ Expanded to **#1 global leader** in **Steel Dust Recycling** including Asia/China & North America (AZR acquisition)
- ✓ Distributed **dividends at upper-end** of target range, 40% to 50% of **net profit**: €192m of €370m net profit, **52%, distributed** over the last 4 years
- ✓ **De-levered** from x2.7 to x2.1, Q3'17 to Q2'22 **while investing €540m** and dividends; **Record liquidity** at Q2'22 with €239m cash & €75m Revolver
- ✓ **Enhanced ESG** transparency & performance: Health & Safety **LTIR reduced by 85%**; Detailed '21 **ESG report** incl. **CO2 targets** & 5 external Ratings & EU-Taxonomy reporting; New **Sustainability Committee** established

... **5-Year Stock Exchange Anniversary** Nov 3; **1<sup>st</sup> Capital Markets Day** Nov 8

# New 5-year Sustainable Global Growth Plan (SGGP)



Around **€500m investment**, again, 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



**Capital Markets Day** on Nov 8, Hybrid - London & Virtual;  
Following 5-Year Anniversary on Stock Exchange on Nov 3



**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

Add-on option

## 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

## Zinc refining

new

### 5 Rutherford County, NC



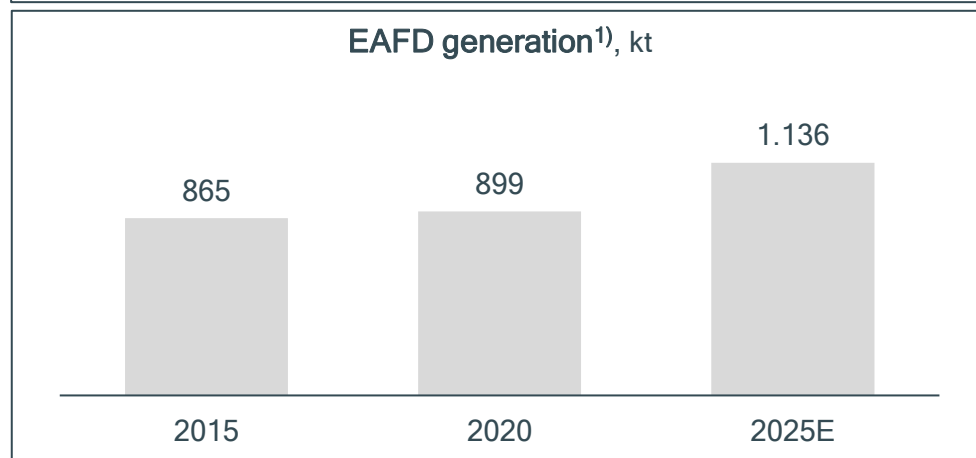
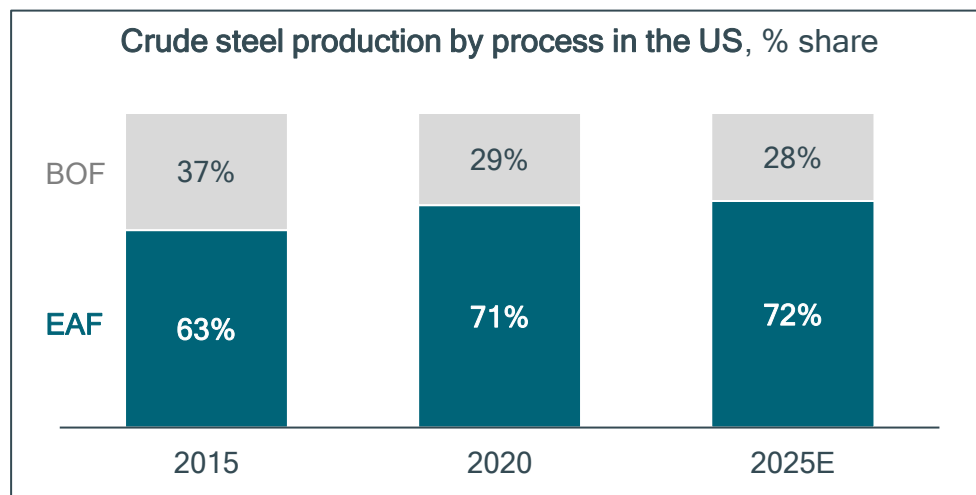
● EAF mini mills

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



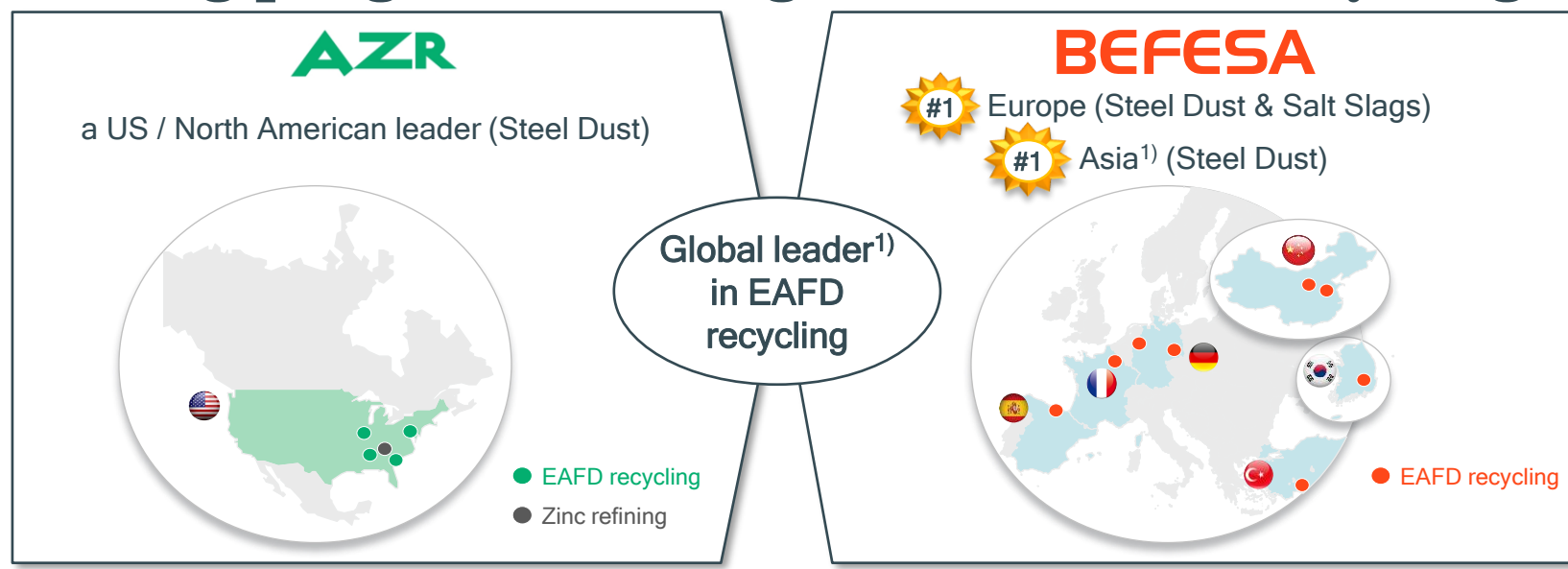
Source: worldsteel; Citi Research; International Energy Agency (IEA); Own estimates

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

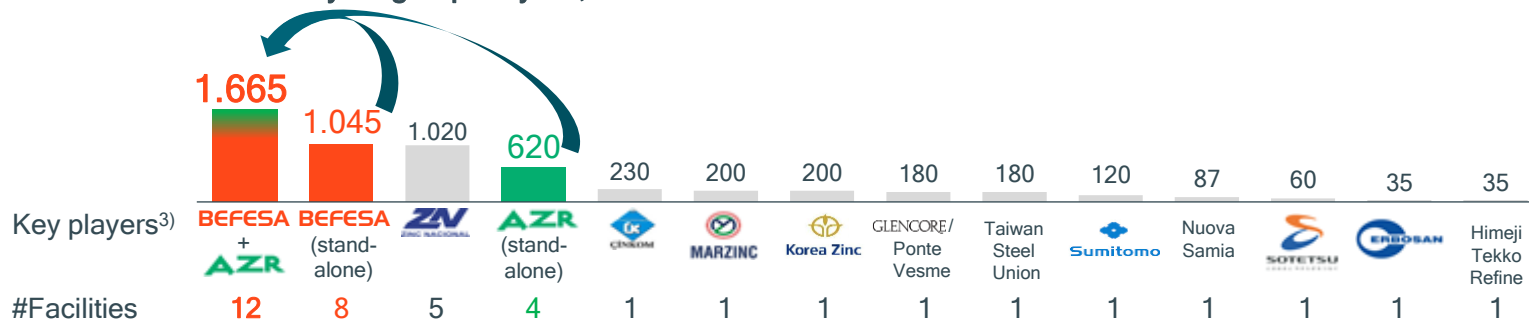
2) "Iron and Steel Technology Roadmap" study by IEA, October 2020

- 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

EAFD throughput

c. 740kt

Plant utilisation

90% of 825kt capacity

EBITDA / ton throughput

€185/t

Implied EV/EBITDA multiple

c. 12.5x<sup>5)</sup>

(refers to Befesa Group)

45<sup>3)</sup>

2021E PF  
pre near-term  
synergies

c. 450kt

73% of 620kt

€101/t

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

Pre near-term synergies  
acquisition multiple

17<sup>4)</sup>

Near-term  
synergies

62

2021E PF  
post near-term  
synergies

€138/t

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

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

Further  
mid-term potential

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

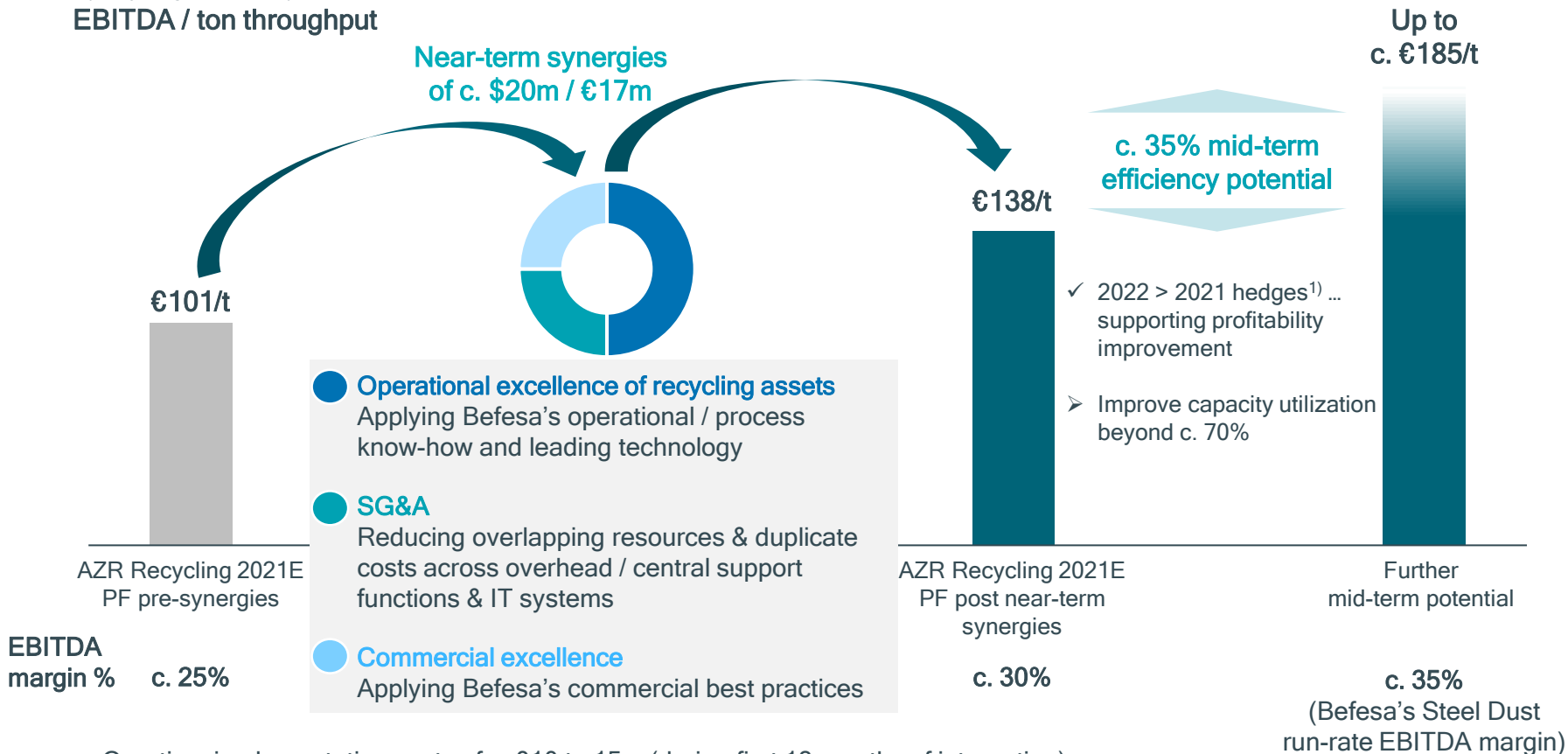
Total pre-tax near-term synergies of c. \$20/€17m expected within first three years of combination

**AZR**

(Recycling operations)

EBITDA / ton throughput

Near-term synergies  
of c. \$20m / €17m



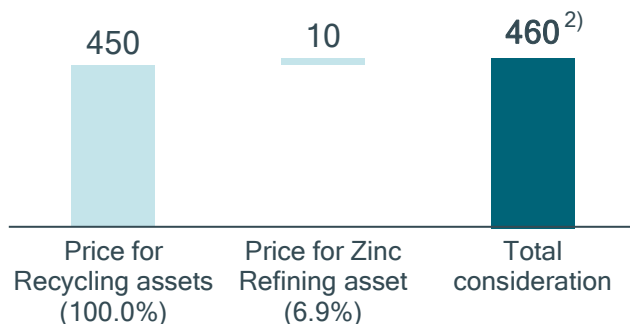
One-time implementation costs of c. €10 to 15m (during first 18 months of integration)  
applying Befesa's proven operational excellence rigor with on average < 2-year payback

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)

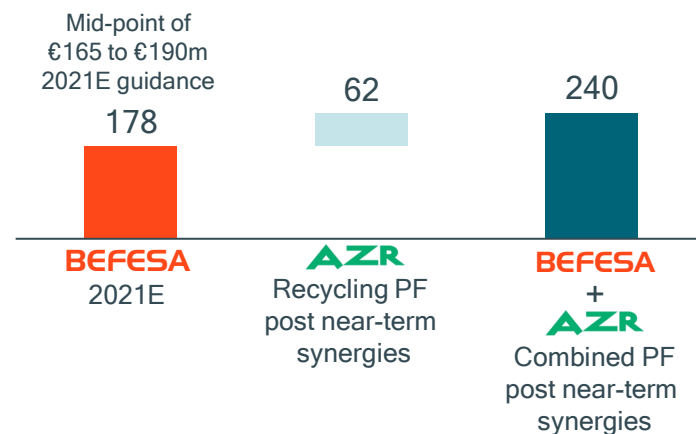
Total price, \$m



- **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**

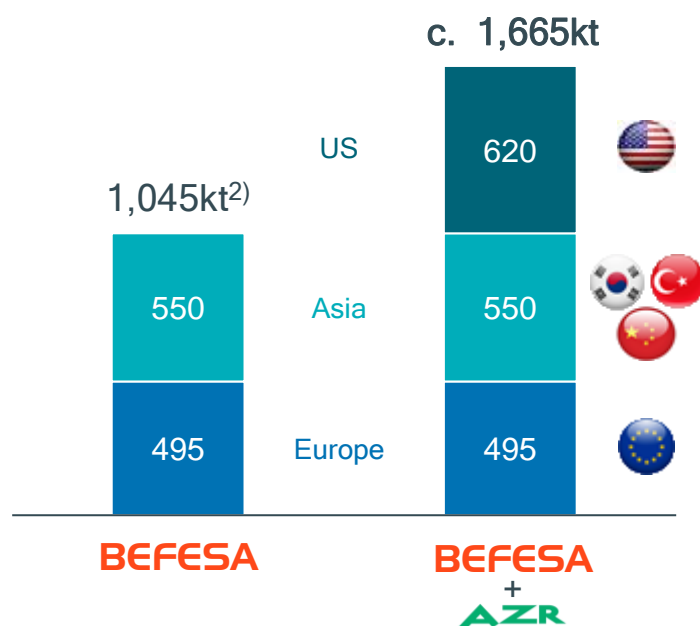
1) Expected to be achieved within first three years of combination

2) Excludes one-time transaction expenses

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

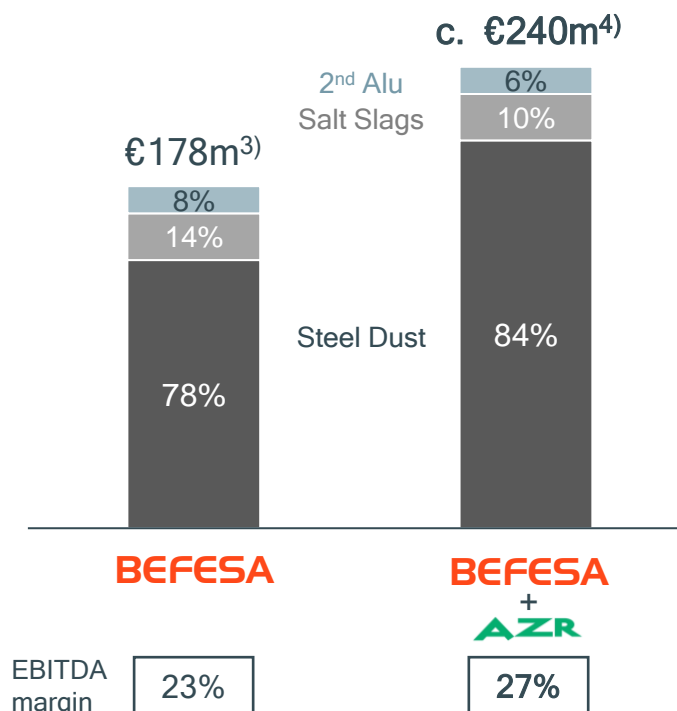
# Diversifying the highest margin business unit and further improving Befesa's overall profitability

## 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

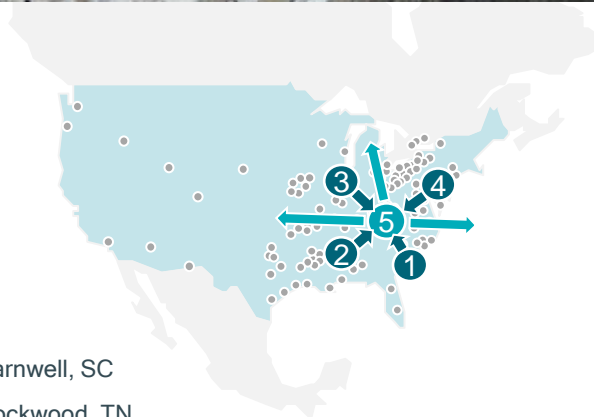
4) c. €240m represents the sum of a) Befesa standalone of €178m (mid-point of FY 2021 guidance) and b) AZR Recycling FY 2021E PF of €62m, post near-term synergies

# 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



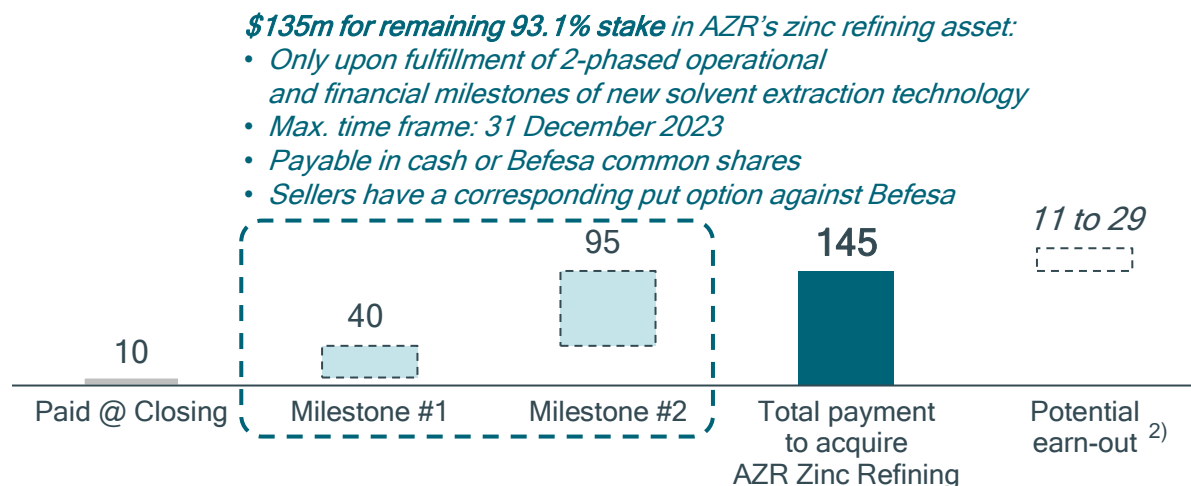
- 1 Barnwell, SC
  - 2 Rockwood, TN
  - 3 Calumet, IL
  - 4 Palmerton, PA
  - 5 Rutherford County, NC
- EAF mini mills  
➡ WOX  
➡ SHG

## 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



## 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

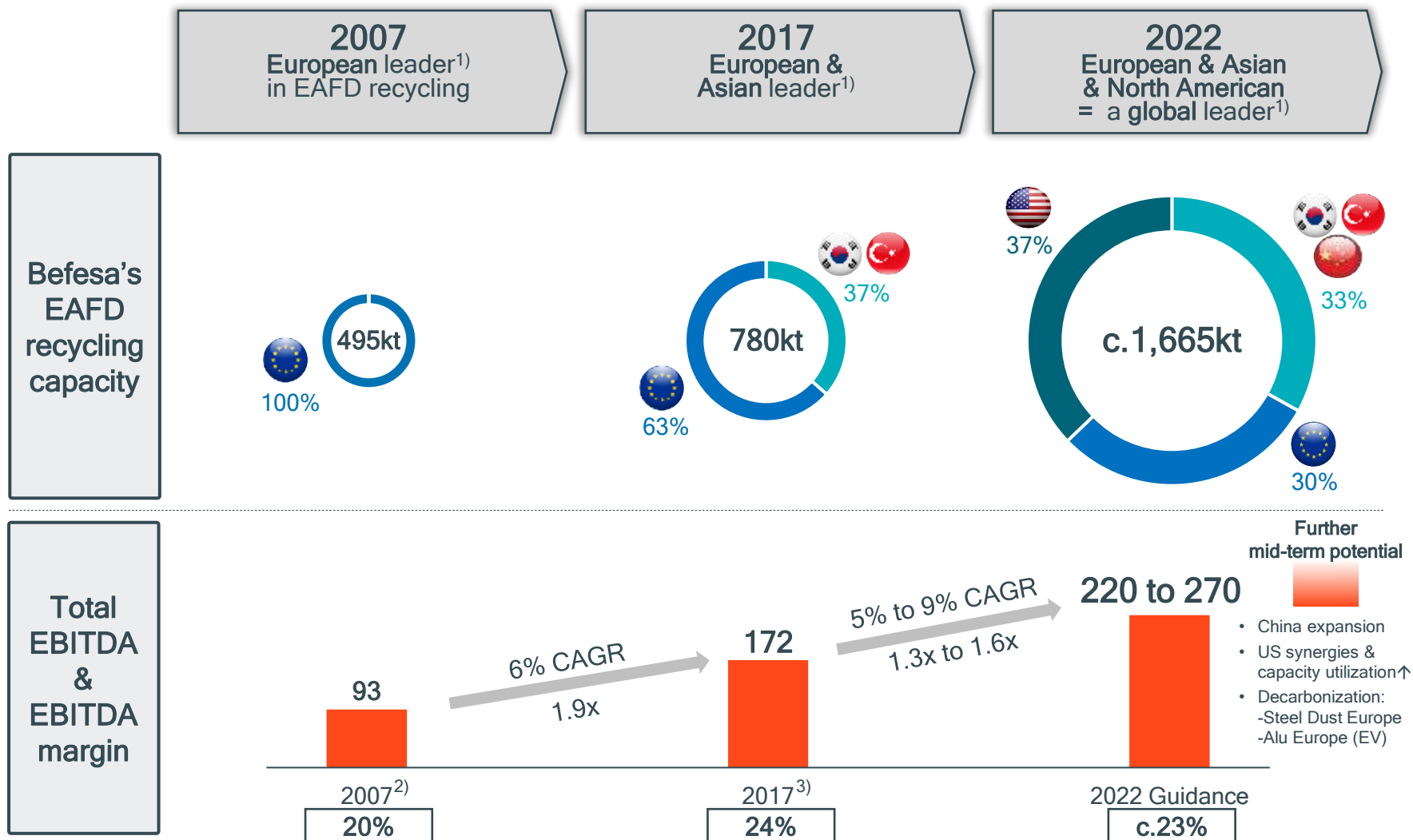
**Total purchase price represents c. 7x estimated EBITDA<sup>3)</sup> acquisition multiple**

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 represented 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





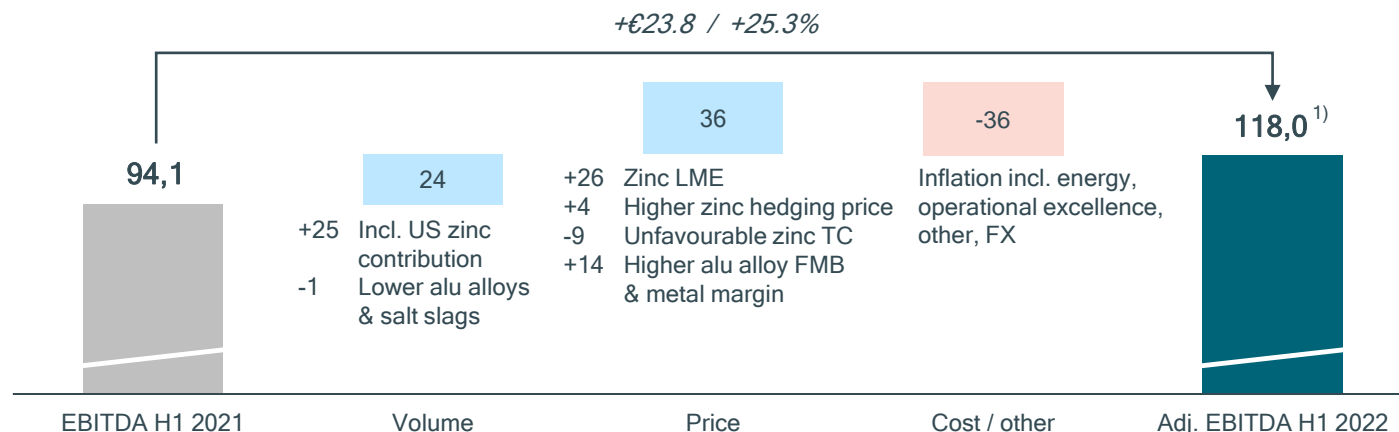
Nanjing City, Location of Befesa China's HQ

# 03 / H1 2022 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 <sup>1)</sup>	€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 <sup>2)</sup> (€)	€1.32	-€0.07 / -5.3%	€1.25
Operating cash flow	€70.2	-€6.3 / -8.9%	€64.0
Cash <sup>3)</sup>	€196.6	+€42.1 / +21.4%	€238.7
Net debt	€371.4	+€99.5 / +26.8%	€470.9
Net leverage <sup>4)</sup>	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

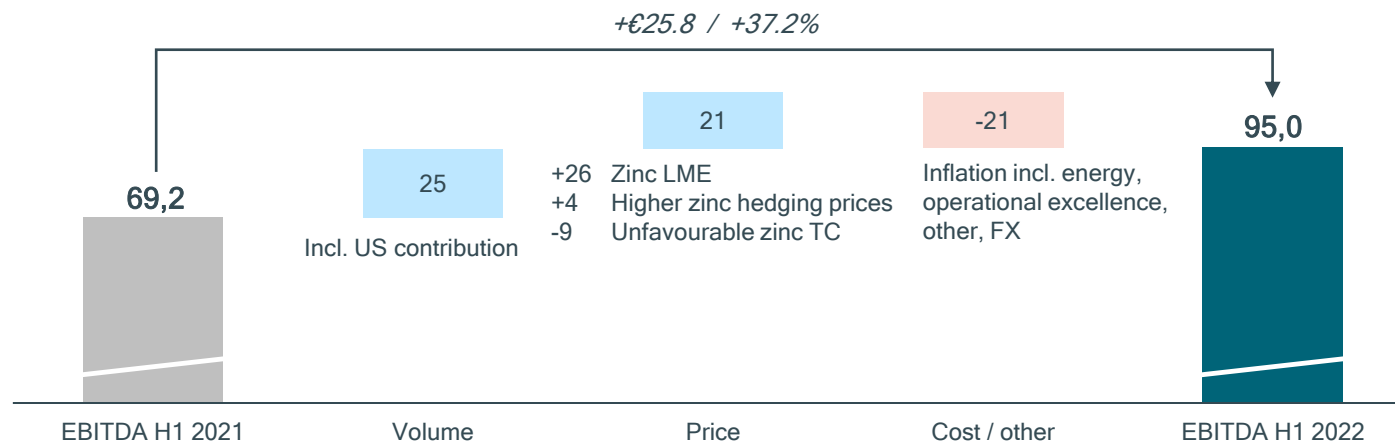
3) Reported cash position of €527.2 million at Q2'21 closing, adjusted for the €330.6 million of net funds raised through the capital increase in connection with the AZR acquisition signed on 16 June 2021

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)

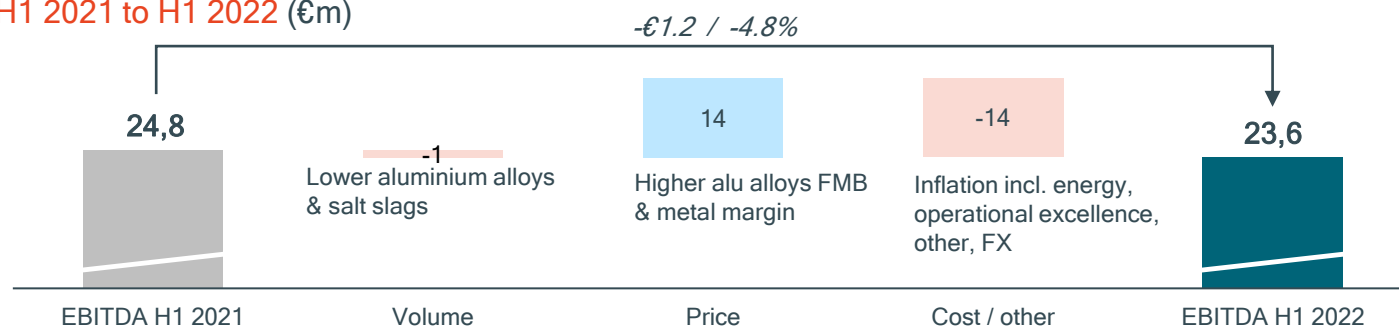
	H1 2021	yoy change	H1 2022
Revenue	€195.3	+€158.5 / +81.2%	€353.8
EBITDA	€69.2	+€25.8 / +37.2%	€95.0
EBITDA margin %	35.4%	-859 bps	26.8%
EAFD throughput (kt)	340.7	+289.0 / +84.8%	629.7
Plant utilisation	83.2%	-160 bps	81.6%
Waelz oxide (WOX) sold (kt)	119.3	+94.5 / +79.2%	213.8
Zinc LME price (€/t)	€2,349	+€1,161 / +49.4%	€3,510
Zinc hedging price (€/t)	€2,200	+€128 / +5.8%	€2,328
Zinc blended price <sup>1)</sup> (€/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 <sup>1)</sup>	€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 <sup>2)</sup> (€/t)	€1,965	+€593 / +30.2%	€2,558

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

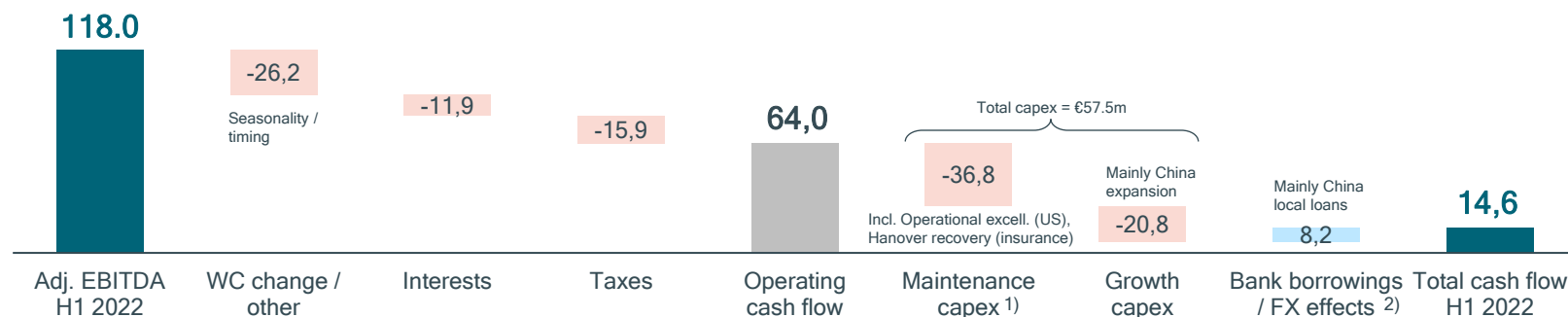
2) Aluminium scrap and foundry ingots aluminium pressure diecasting ingot DIN226/A380 European Metal Bulletin free market duty paid delivered works

# 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 <sup>3)</sup>	€165.8	€217.8	+€7.6 / +3.5%	€225.4
LTM Operating cash flow <sup>4)</sup>	€151.6	€117.9	-€6.3 / -5.3%	€111.6
Gross debt <sup>5)</sup>	€568.1	€694.7	+€14.9 / +2.1%	€709.7
Cash on hand <sup>6)</sup>	€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





Secondary aluminium production plant at Bernburg, Germany

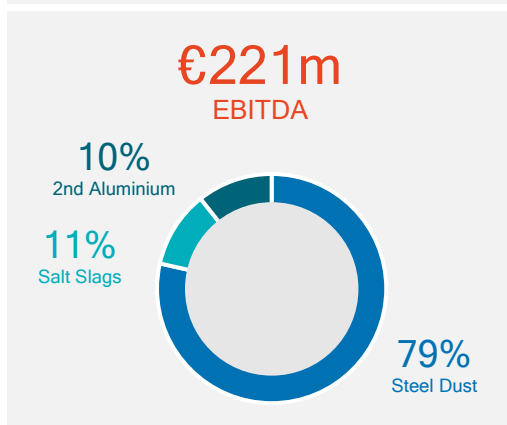
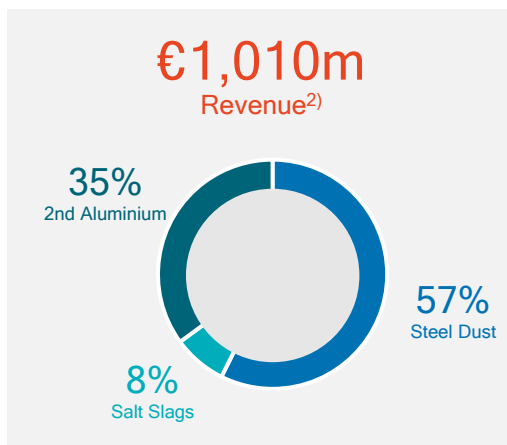
# 04 / Befesa overview



# 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 Q2 2022<sup>1)</sup>



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

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

**28%**  
EBITDA margin  
(LTM Q2 2022)

**>15yrs**  
Relationships

## Aluminium Salt Slags Recycling

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

**30%**  
EBITDA margin in salt slags subsegment<sup>3)</sup>  
(LTM Q2 2022)

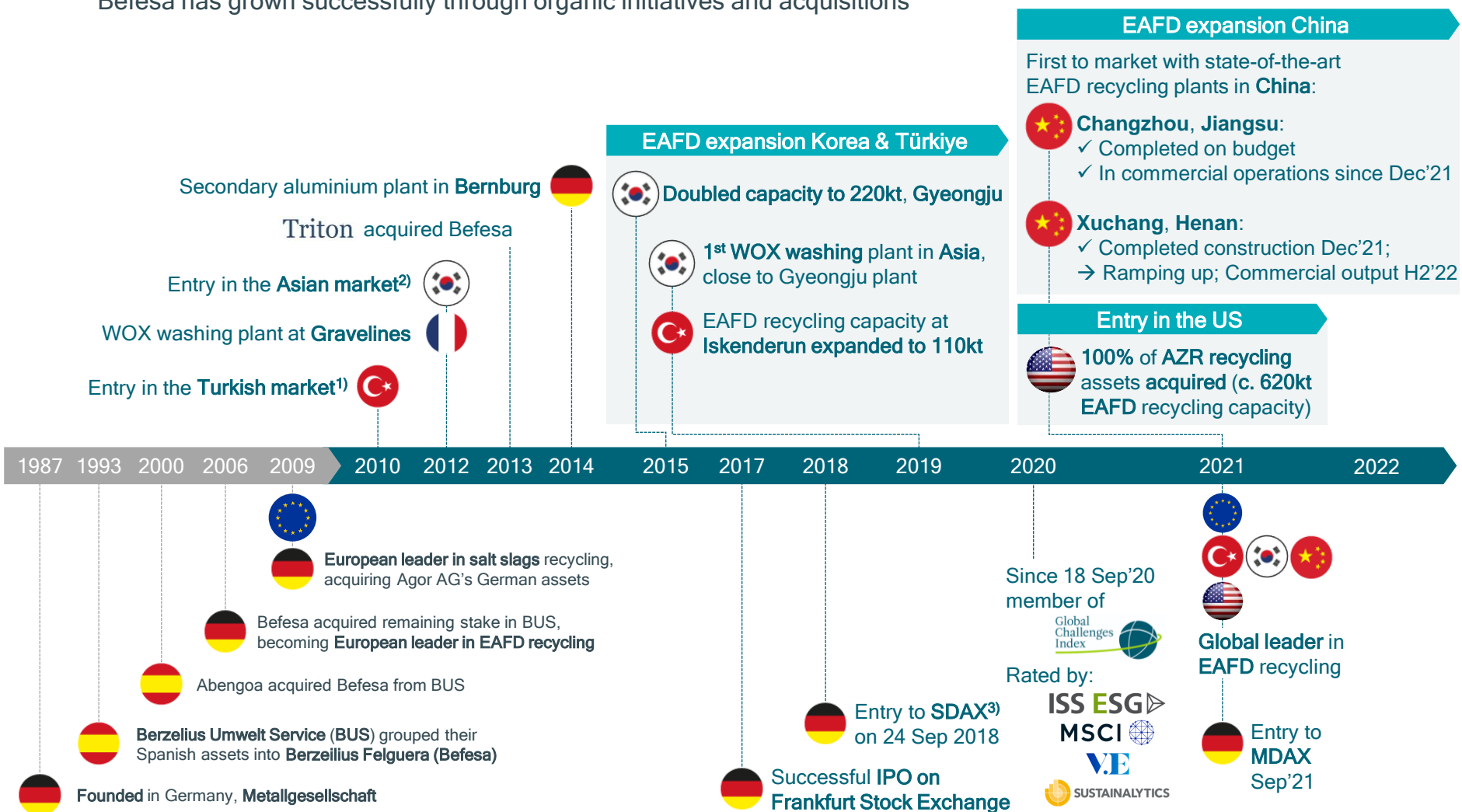
**>15yrs**  
Relationships

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

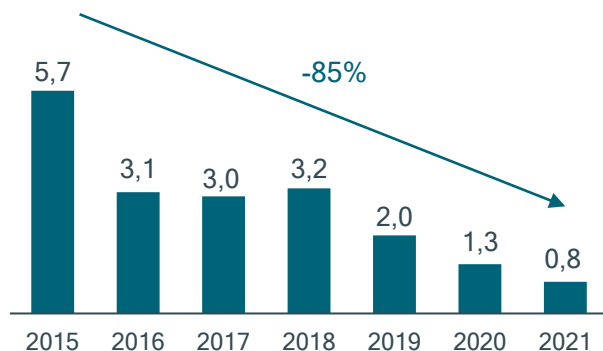
focused on compliance, ESG and profitable growth = shareholder value

# 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

#182 of 453  
Commercial services

V.E

#7 of 103  
Business services

MSCI

BBB  
Commercial services  
& supplies

arabesque s-ray

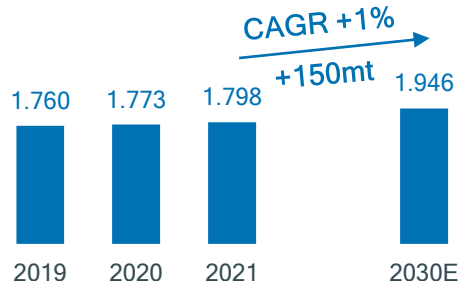
Top 5%  
Industrial services

## ESG Report

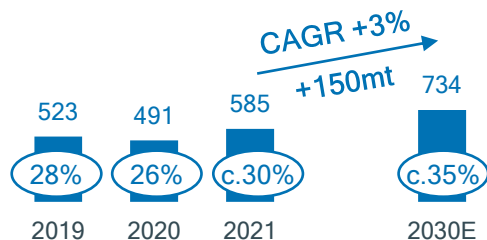
Befesa **ESG Report 2021** published on 29 June 2022, including **2030 & 2050 CO<sub>2</sub> reduction plan** and disclosures on Taxonomy eligibility

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

Global crude steel demand<sup>1)</sup>  
(million tonnes)

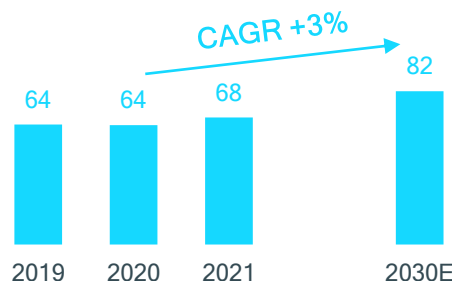


Global EAF steel output & share<sup>1)</sup>  
(million tonnes, % Global output)

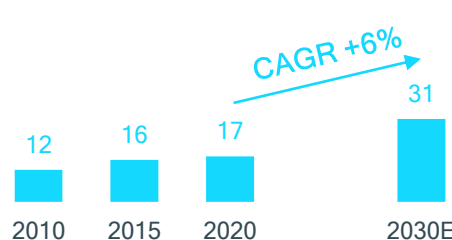


BOF uses c.7x CO<sub>2</sub>/t vs. EAF;  
EAF driving +150mt global steel growth

Global primary aluminium demand<sup>2)</sup>  
(million tonnes)

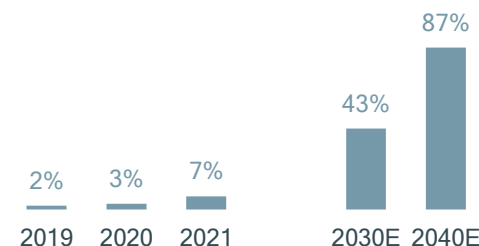


Global secondary alu production<sup>3)</sup>  
(million tonnes)

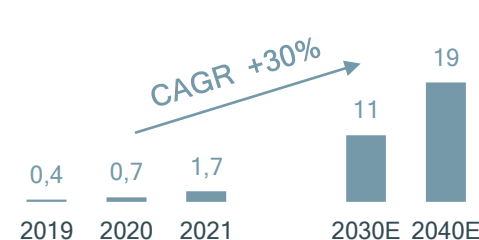


Secondary aluminium uses c.5%  
energy / CO<sub>2</sub>/t versus primary aluminium

Global EV sales penetration<sup>4)</sup>  
(%)



European EV sales growth<sup>4)</sup>  
(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);

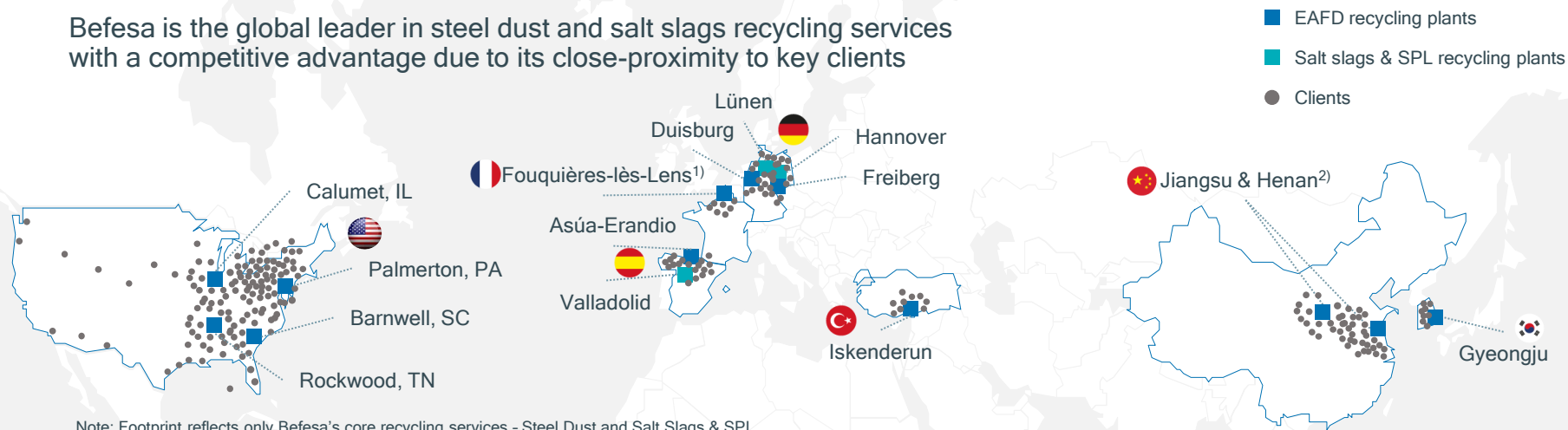
3) Bureau of International Recycling, [World Bureau of Metal Statistics](#) (2016);

4) Morgan Stanley (June 2022)

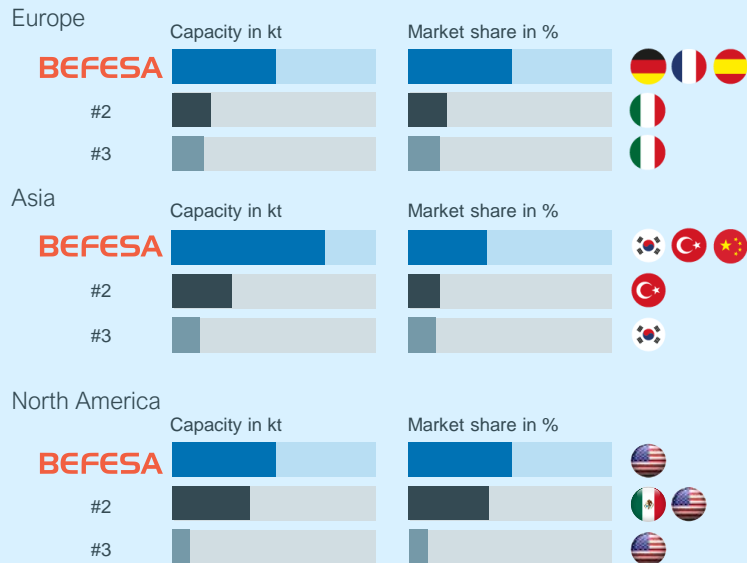


# Global leader in Europe, Asia & North America

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



## STEEL DUST RECYCLING

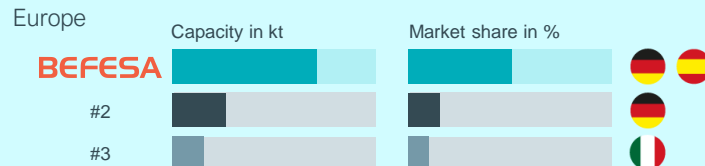


1) 50/50 joint venture with Recylex

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

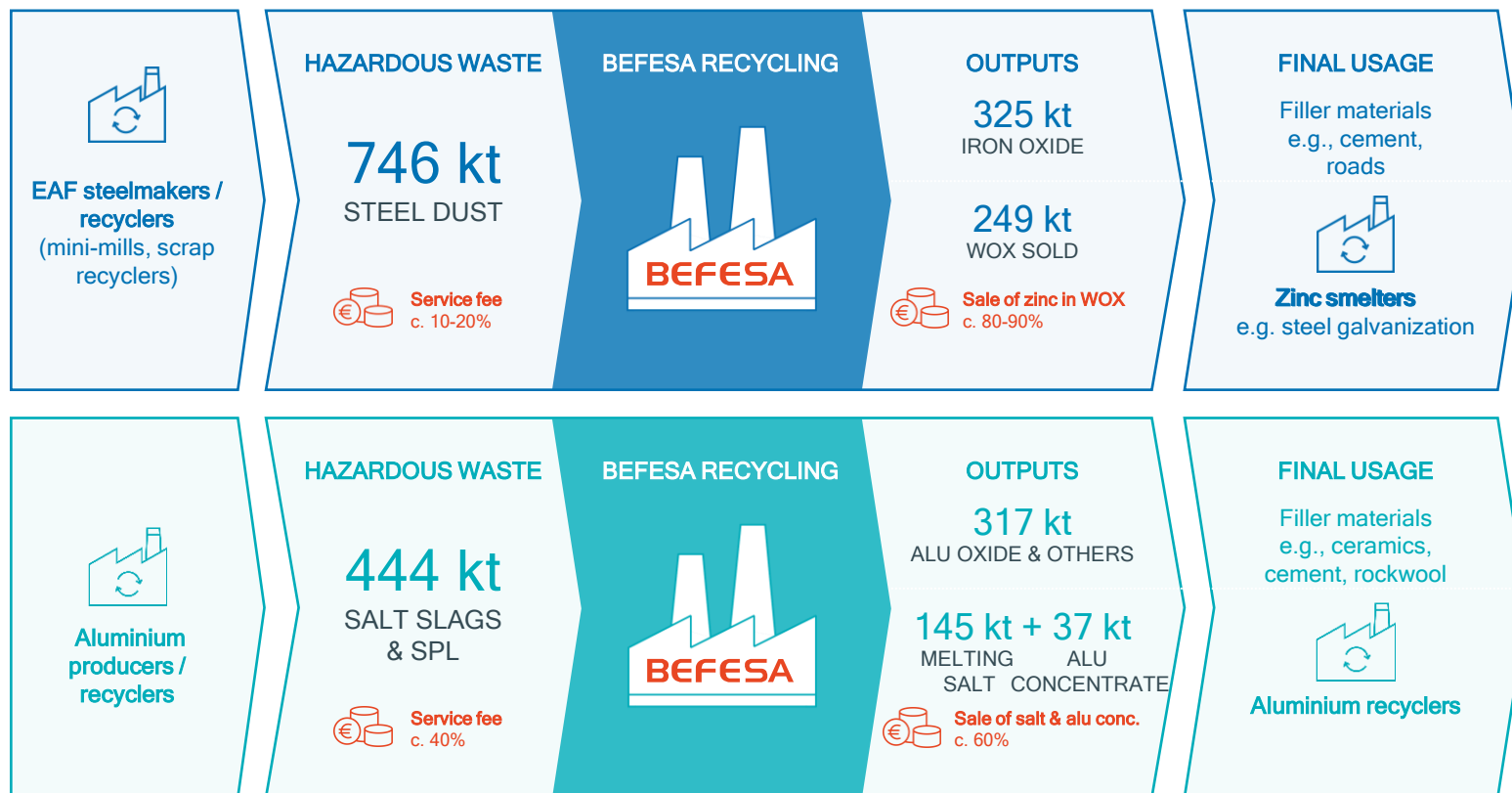
Xuchang, Henan province: Completed construction Dec '21 on budget; Commissioning in process, expecting commercial output in H2'22; Managing COVID restrictions

## ALU SALT SLAGS RECYCLING



# 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



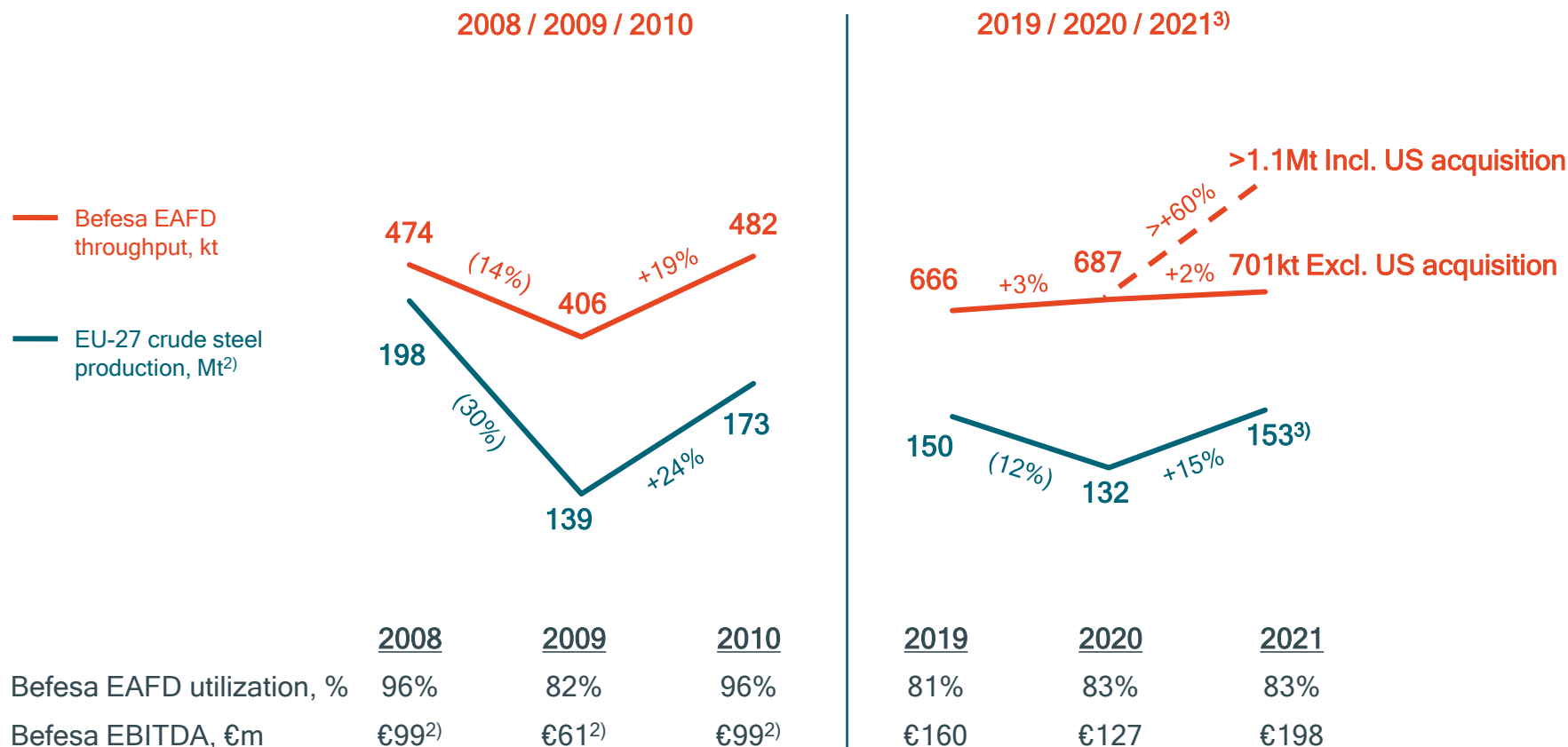
All figures are the average of the fiscal years 2019, 2020 and 2021, thus only include c.4.5 months contribution from Zinc US operations

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 & stable 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**  
Executive Chair

- Executive Chair since 2022
- Befesa CEO 2000-2022
- Leading Befesa for 22+ years



**Asier Zarraonandia**  
CEO

- 21+ years with Befesa
- Running Befesa's Steel Dust business for 16+ years



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

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



**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

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

**Capital Markets Day**  
Tuesday, 8 Nov, London & virtual

## Next investor conferences Q3 2022

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

**London - Stifel London Industrials &  
Renewables Summit**  
7 Sep - Stifel

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

**Munich - Berenberg & Goldman Sachs 11<sup>th</sup>  
German Corporate Conference**  
19 & 20 Sep - Berenberg & Goldman Sachs

**Munich - 11<sup>th</sup> Baader Investment Conference**  
21 Sep - Baader

## Q4 2022

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

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

**London - Global Natural Resources Conf.**  
9 & 10 Nov - Goldman Sachs

**Paris - BNP 5<sup>th</sup> 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

## Debt conferences

**London - J.P. Morgan European High Yield  
& Leveraged Finance Conference**  
9 Sep - J.P. Morgan

# Q2 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>€197.9</b> <i>+€103.5 / +109.6%</i>	<b>€22.1</b> <i>+€4.6 / +26.5%</i>	<b>€119.8</b> <i>+€29.9 / +33.3%</i>	<b>-€28.7</b> <i>-€18.5 / -</i>	<b>€311.1</b> <i>+€119.5 / +62.4%</i>
<b>Reported EBITDA</b> <i>yoy change</i>	<b>€40.2</b> <i>+€7.5 / +22.9%</i>	<b>€8.2</b> <i>+€3.0 / +57.2%</i>	<b>€7.8</b> <i>+€0.5 / +7.3%</i>	<b>-€0.5</b> <i>-€0.6 / -</i>	<b>€55.7</b> <i>+€10.4 / +23.1%</i>
<b>Reported EBITDA margin %</b> <i>yoy change</i>	<b>20.3%</b> <i>-1,432 bps</i>	<b>37.2%</b> <i>+726 bps</i>	<b>6.5%</b> <i>-159 bps</i>	<b>-</b> <i>-</i>	<b>17.9%</b> <i>-572 bps</i>
<b>Adjusted EBITDA<sup>2)</sup></b> <i>yoy change</i>	<b>€40.2</b> <i>+€7.5 / +22.9%</i>	<b>€8.2</b> <i>+€3.0 / +57.2%</i>	<b>€7.8</b> <i>+€0.5 / +7.3%</i>	<b>€0.6</b> <i>+€0.6 / -</i>	<b>€56.9</b> <i>+€11.6 / +25.6%</i>
<b>Adjusted EBITDA margin %</b> <i>yoy change</i>	<b>20.3%</b> <i>-1,432 bps</i>	<b>37.2%</b> <i>+726 bps</i>	<b>6.5%</b> <i>-159 bps</i>	<b>-</b> <i>-</i>	<b>18.3%</b> <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
<b>Revenue<sup>1)</sup></b> <i>yoy change</i>	<b>€353.8</b> <i>+€158.5 / +81.2%</i>	<b>€41.3</b> <i>+€4.0 / +10.7%</i>	<b>€217.7</b> <i>+€45.4 / +26.4%</i>	<b>-€40.3</b> <i>-€19.6 / -</i>	<b>€572.5</b> <i>+€188.3 / +49.0%</i>
<b>Reported EBITDA</b> <i>yoy change</i>	<b>€95.0</b> <i>+€25.8 / +37.2%</i>	<b>€14.6</b> <i>+€3.5 / +31.4%</i>	<b>€9.0</b> <i>-€4.7 / -34.2%</i>	<b>-€3.0</b> <i>-€3.1 / -</i>	<b>€115.7</b> <i>+€21.5 / +22.9%</i>
<b>Reported EBITDA margin %</b> <i>yoy change</i>	<b>26.8%</b> <i>-859 bps</i>	<b>35.4%</b> <i>+559 bps</i>	<b>4.1%</b> <i>-381 bps</i>	<b>-</b> <i>-</i>	<b>20.2%</b> <i>-429 bps</i>
<b>Adjusted EBITDA<sup>2)</sup></b> <i>yoy change</i>	<b>€95.0</b> <i>+€25.8 / +37.2%</i>	<b>€14.6</b> <i>+€3.5 / +31.4%</i>	<b>€9.0</b> <i>-€4.7 / -34.2%</i>	<b>-€0.7</b> <i>-€0.8 / -</i>	<b>€118.0</b> <i>+€23.8 / +25.3%</i>
<b>Adjusted EBITDA margin %</b> <i>yoy change</i>	<b>26.8%</b> <i>-859 bps</i>	<b>35.4%</b> <i>+559 bps</i>	<b>4.1%</b> <i>-381 bps</i>	<b>-</b> <i>-</i>	<b>20.6%</b> <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 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

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

	Q2 2021	Q2 2022 <sup>1)</sup>	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 <sup>2)</sup> (€/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 <sup>1)</sup>	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 <sup>2)</sup> (€/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 <sup>1)</sup> (€/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 <sup>1)</sup> (€/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% <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 Türkiye, 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)

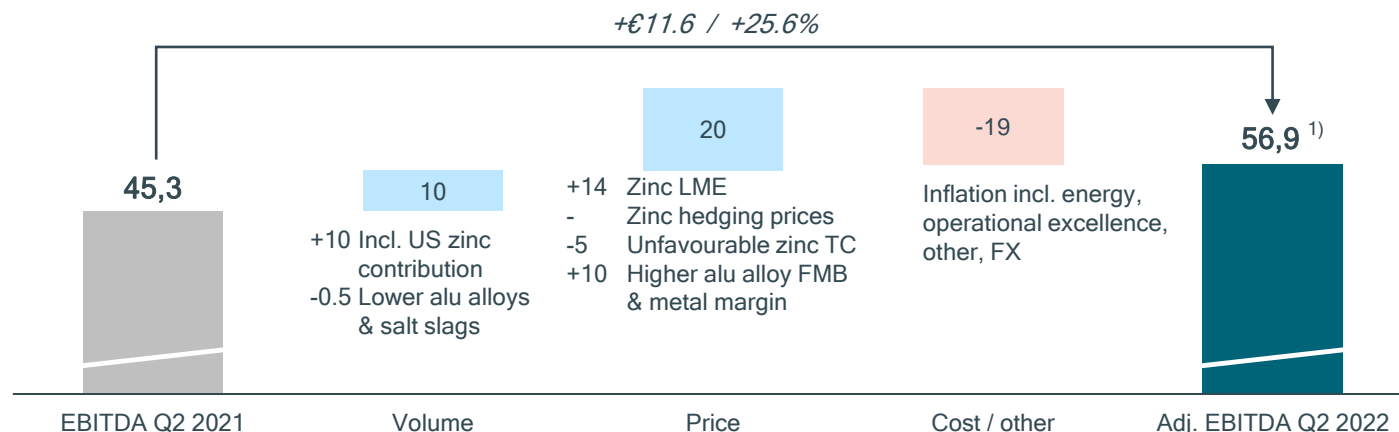
6) Installed capacity and corresponding utilisation rates in 2019 are normalised for the furnace upgrade in Barcelona - phase II (plant was shutdown three months, from mid-August to mid-November)

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

# 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 <sup>1)</sup>	€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 <sup>2)</sup> (€)	€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 <sup>3)</sup>	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

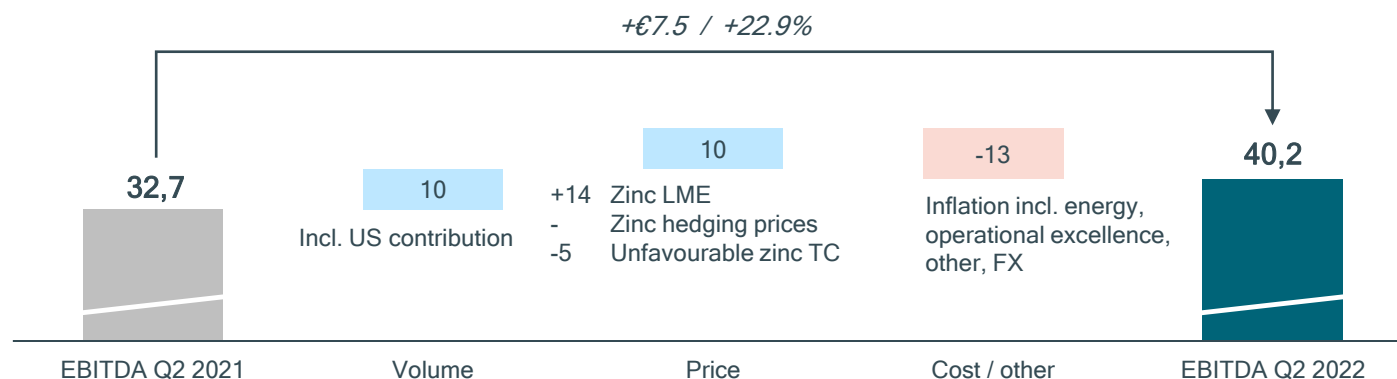
2) EPS in Q2'21 is based on 34,979,519 weighted average shares; Q2'22 is based on 39,999,998 shares after the capital increase of 5,933,293 new shares on 16 June 2021 to partly fund the AZR acquisition

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)

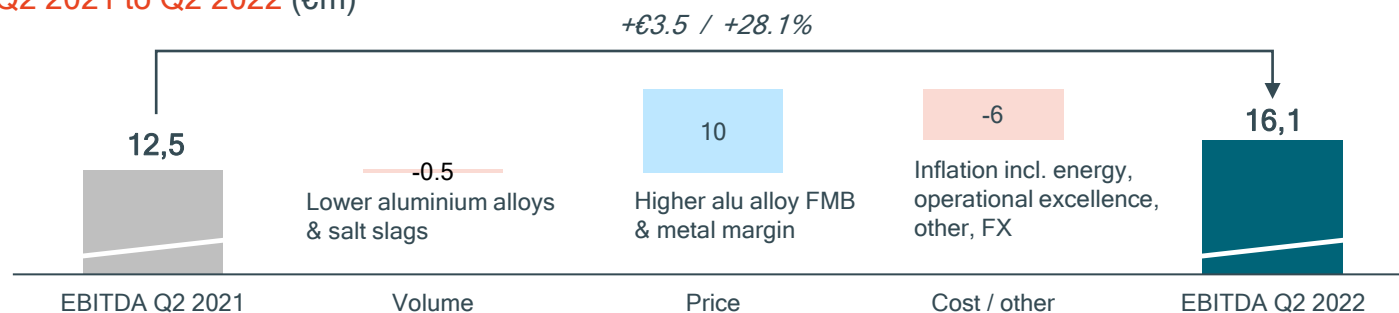
	Q2 2021	yoy change	Q2 2022
Revenue	€94.4	+€103.5 / +109.6%	€197.9
EBITDA	€32.7	+€7.5 / +22.9%	€40.2
EBITDA margin %	34.6%	-1,432 bps	20.3%
EAFD throughput (kt)	159.6	+132.7 / +83.2%	292.3
Plant utilisation	77.6%	-217 bps	75.4%
Waelz oxide (WOX) sold (kt)	52.6	+57.5 / +109.2%	110.1
Zinc LME price (€/t)	€2,418	+€1,265 / +52.3%	€3,683
Zinc hedging price (€/t)	€2,199	+€172 / +7.8%	€2,371
Zinc blended price <sup>1)</sup> (€/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 <sup>1)</sup>	€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 <sup>2)</sup> (€/t)	€1,947	+€541 / +27.8%	€2,488

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

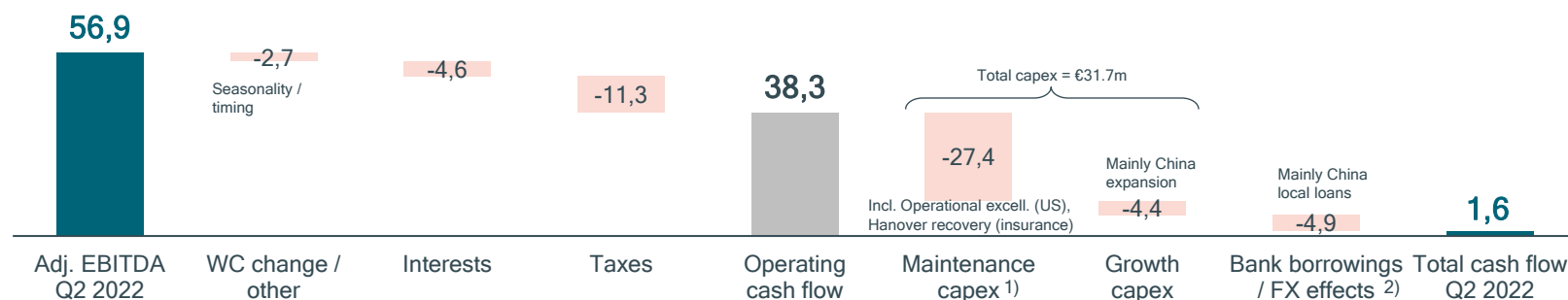
2) Aluminium scrap and foundry ingots aluminium pressure diecasting ingot DIN226/A380 European Metal Bulletin free market duty paid delivered works

# 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 <sup>3)</sup>	€165.8	€217.8	+€7.6 / +3.5%	€225.4
LTM Operating cash flow <sup>4)</sup>	€151.6	€117.9	-€6.3 / -5.3%	€111.6
Gross debt <sup>5)</sup>	€568.1	€694.7	+€14.9 / +2.1%	€709.7
Cash on hand <sup>6)</sup>	€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

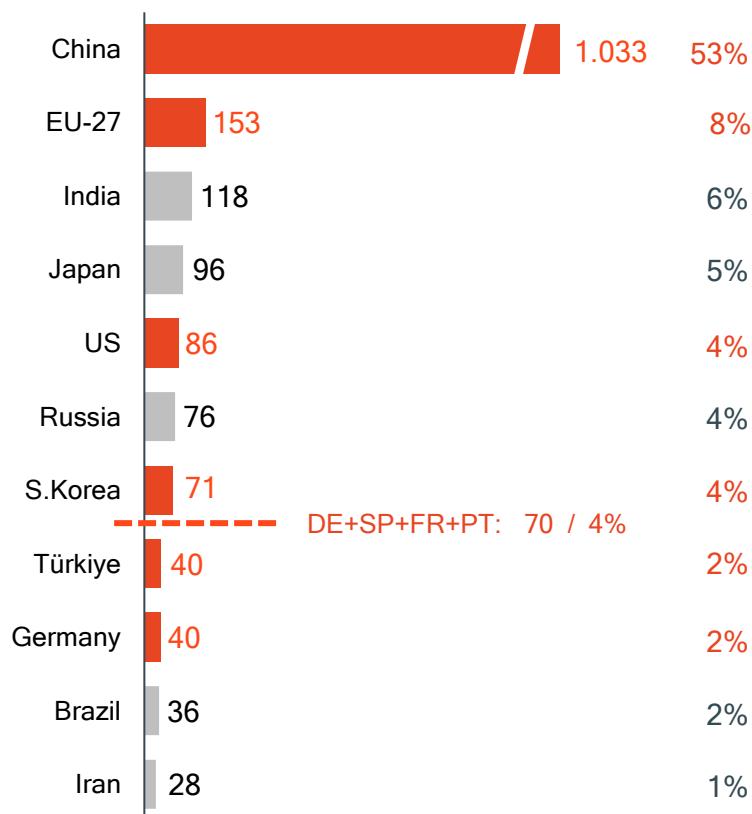
# Steel production: Global ranking

 Befesa is present

- ✓ Expanded in Türkiye & South Korea; ✓ AZR acquisition addresses US
- China: ✓ Jiangsu started operations Dec'21; → Henan ramping up Q2'22 ... + Further expansion

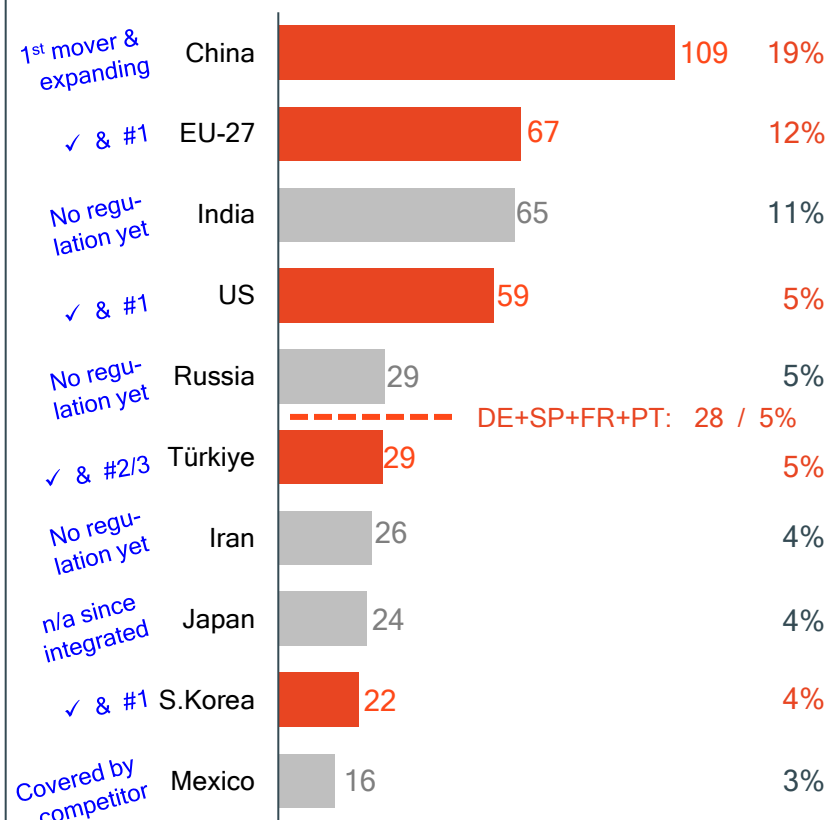
**Top-10 Crude Steel Producing Countries**  
(2021, million tons, % of Total World)

Total World = 1,950 million tons  
Top-10 = 83% of Total



**Top-10 EAF Steel Producing Countries**  
(2021, million tons, % of Total World)

Total World = 564 million tons  
Top-10 = 71% of Total




Source: [worldsteel](#) (Jun 2022)

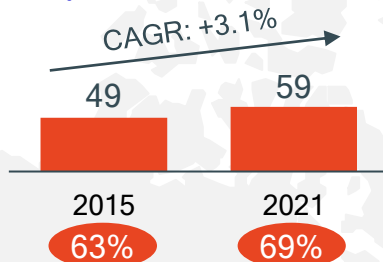


# EAF steel production: Regional overview

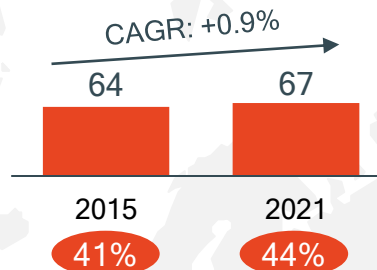
EAF steel production, MT  
 ○ EAF share  
 ➡ Outlook  
 ■ Befesa is present

Decarbonization driving accelerated growth of EAF

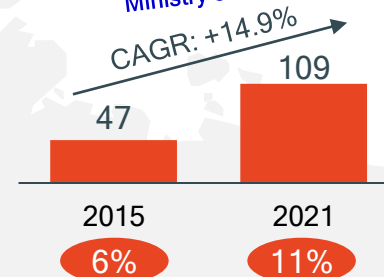
 \$1.2 T infrastructure plan approved, driving steel / EAF production ➡



Europe to grow to 50% EAF share<sup>1)</sup> ➡

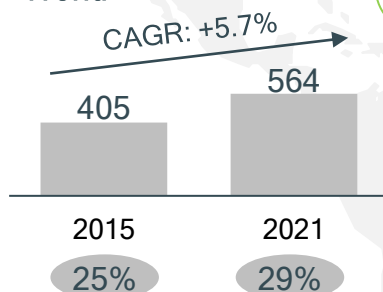


EAF% to grow to 15-20% by 2025<sup>2)</sup> per China's Ministry of Industry & IT ➡

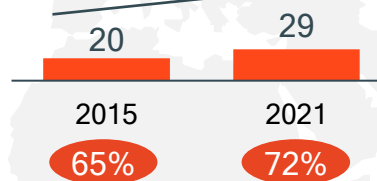


Global EAF share to grow from c.30% in 2021 to c.48% by 2050 supported by policy shifts and increasing focus on scrap use<sup>3)</sup> ➡

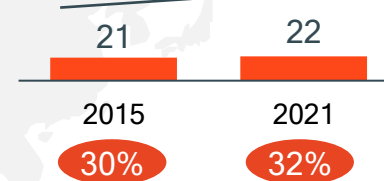
World



CAGR: +5.9%

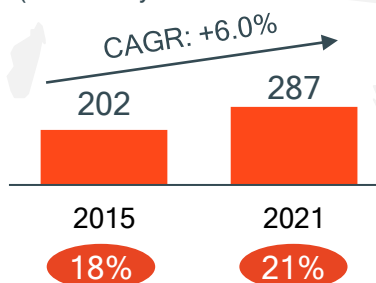


CAGR: +0.9%



Served market

(EU+Türkiye+Korea+China+US) ➡



Source: worldsteel (Jun 2022)

1) "Iron and Steel Technology Roadmap" (IEA, October 2020)

2) S&P Global Commodity Insights (April 2022)

3) Wood Mackenzie (May 2022)

# Sustainability at the core of Befesa

Befesa's operations have direct positive environmental impacts as well as multiple positive indirect effects on a more sustainable world by enabling the transition to a low-carbon economy

## BEFESA

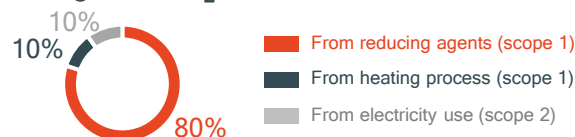
Direct environmental benefits	Indirect sustainability benefits
<div data-bbox="175 434 417 534">Reducing landfill of hazardous residues</div> <ul style="list-style-type: none"> <li>• By recycling around 2 mtpa of hazardous waste recycled</li> </ul>	<div data-bbox="1010 411 1267 479">Circular economy pure player</div> <ul style="list-style-type: none"> <li>• Helping to close the loop within steel &amp; aluminium supporting a truly circular value chain</li> </ul>
<div data-bbox="164 681 428 781">Recovery &amp; production of new valuable materials</div> <ul style="list-style-type: none"> <li>• Via recycling, avoiding primary production of raw materials</li> <li>• &gt;1.6 mtpa of materials recovered</li> </ul>	<div data-bbox="1068 584 1207 648">Energy transition</div> <ul style="list-style-type: none"> <li>• Increasing the supply of key metals for energy transition, e.g. Zn, Al, Cr, Mo, Mg, Ni, and providing a way to effectively recycle them indefinitely</li> </ul>
<div data-bbox="170 945 423 1013">Best-in-class technology (BAT)</div> <ul style="list-style-type: none"> <li>• Researching &amp; using BAT to help reduce environmental impacts</li> </ul>	<div data-bbox="1004 796 1271 929">Contributing to the decarbonization of steel &amp; aluminium</div> <ul style="list-style-type: none"> <li>• Enabling the transition to EAF steel production, 85% less CO<sub>2</sub> intensive vs. BOF</li> <li>• Enabling the transition to secondary aluminium production, 99% less CO<sub>2</sub> intensive vs. primary aluminium</li> </ul>
<div data-bbox="164 1192 428 1260">Avoidance of GHG emissions</div> <ul style="list-style-type: none"> <li>• Befesa's secondary materials are substitutes for more carbon intensive processes</li> <li>• Befesa's operations help avoid c. 2.4 mtpa of CO<sub>2</sub> equivalent</li> </ul>	<div data-bbox="1014 1038 1259 1106">Natural resource depletion</div> <ul style="list-style-type: none"> <li>• By recycling steel &amp; alu waste and reintroducing raw materials into production processes</li> </ul> <div data-bbox="1010 1153 1263 1222">Extending the useful life of steel</div> <ul style="list-style-type: none"> <li>• By participating in the zinc value chain, essential for galvanization</li> </ul> <div data-bbox="1018 1275 1255 1308">Growth ambition</div> <ul style="list-style-type: none"> <li>• ↑ recycling capacity &amp; enabling to move towards cleaner alternatives</li> </ul>

# Holistic CO<sub>2</sub> impact of Befesa

Befesa's operations help avoid around 2.4 million tonnes of CO<sub>2</sub> equivalent each year

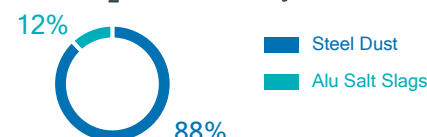
## Befesa's carbon footprint

### Befesa's global CO<sub>2</sub> emissions



- ~90% **direct emissions (scope 1)** from energy & reducing agents used in the production process
- ~10% **indirect emissions (scope 2)** from electricity use

### Befesa's CO<sub>2</sub> emissions by business



- ~88% in **Steel Dust**, mainly from chemical reactions between coke, coal and EAFD in Waelz furnaces
- ~12% in **Alu Salt Slags**, mainly from NG used for heating as high temperatures required in metallurgical processes

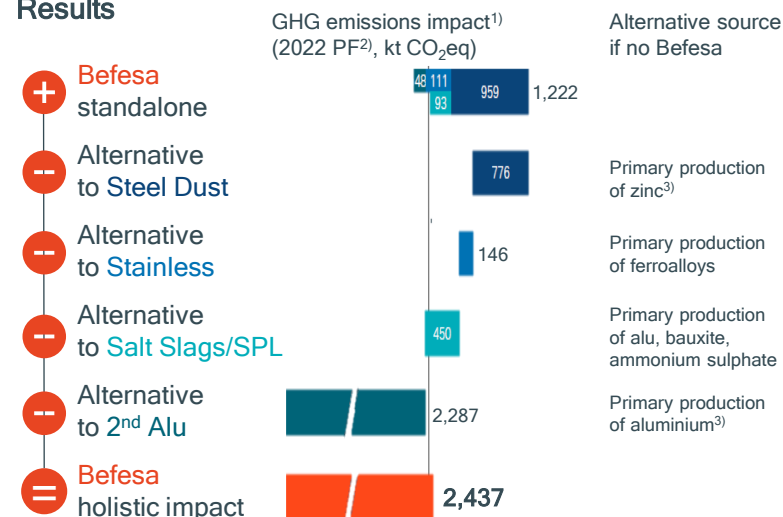
### Methodology

- Lifecycle & bottom-up analysis approach, engaging a top global mgmt. consulting firm
- *"What are the CO<sub>2</sub> savings enabled through Befesa's business?"*
- Difference between Befesa vs. alternative end-to-end value chain sustainability environmental footprint

## Holistic CO<sub>2</sub> impact assessment

- +** **Befesa process**
  - Footprint of process
  - Production of "n" output products
- **Input alternative treatment process**
  - Environmental footprint of equiv. input quality
- **Output #1 alternative production process**
  - Environmental footprint of equiv. output quantity
- **Output #n alternative production process**
  - Environmental footprint of equiv. output quantity
- =** **Befesa CO<sub>2</sub> holistic impact**

### Results

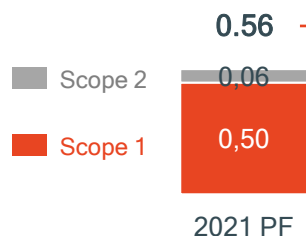


**Befesa prevents emissions of >2.4 mtpa CO<sub>2</sub>eq ... plus, additional environmental benefits of reduced landfill**

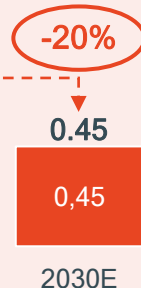
# Befesa's climate action plan: CO<sub>2</sub> emission intensity reduction targets by 2030 & 2050

Befesa is committing to a 20% GHG emissions intensity reduction by 2030 and aiming at net zero emission by 2050

## Baseline



## 2030 commitment



## 2050 vision

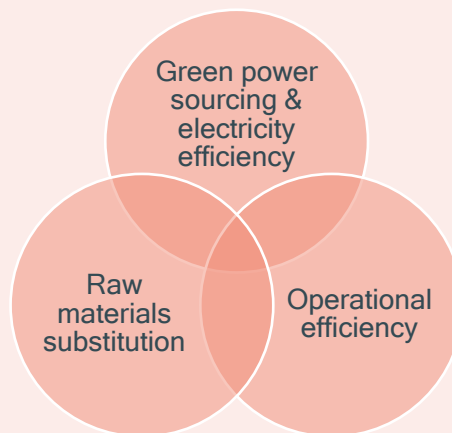
Net zero emission

-

2050E

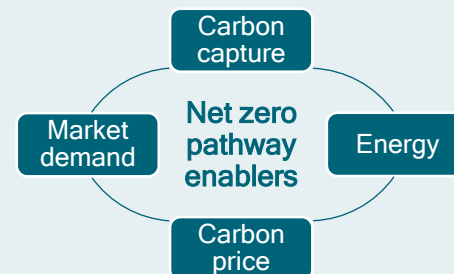
- ✓ Recognised sustainability leader in the circular economy
- ✓ Befesa Climate Change Policy
- ✓ New Sustainability Committee
- »»» Further increase transparency on sustainability metrics
- »»» Continuous dialogue with all stakeholders to better understand materiality of sustainability topics

## 2030 roadmap



## Technology investment commitments

- Substitution of coke with CO<sub>2</sub>-neutral reducing agent (biomass)
- New technologies to recycle EAFD
- Carbon capture on Waelz kiln
- Replacement of fuel by hydrogen
- Energy generation from gas capture



# Befesa and the EU Taxonomy

Befesa expects 100% eligibility with EU Taxonomy, based on expert talks, advisors and own estimates,  
→ 100% of Befesa's revenue, capex & opex eligible & aligned

## List of eligible activities by EU Taxonomy

✓ Approved only for the **two first environmental goals**, applicable from 1 Jan 2022

»» For the **remaining four environmental goals**, expected to be published in 2022 and to be applicable from 1 January 2023

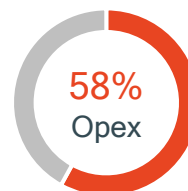
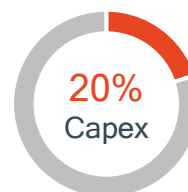
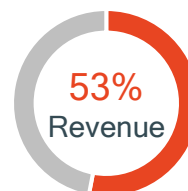
### Six environmental goals

- 1 Climate change mitigation
- 2 Climate change adaptation
- 3 Sustainable use and protection of water and marine resources
- 4 Transition to a circular economy
- 5 Pollution prevention and control
- 6 Protection and restoration of biodiversity and ecosystems

## EU-Taxonomy eligibility of Befesa's operations in 2021: Two approaches

### Under 2 first environmental goals

Based on Climate Delegated Act, which strictly follows NACE classification system adopted to define eligible activities



### Preliminary assessment under all 6 environmental goals

Based on Climate Delegated Act (2 first goals) and the report of the Platform on Sustainable Finance (remaining 4 goals)

