

BEFESA

Business Update 2022

Citi's Growth 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:**
 - **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, 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
- **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

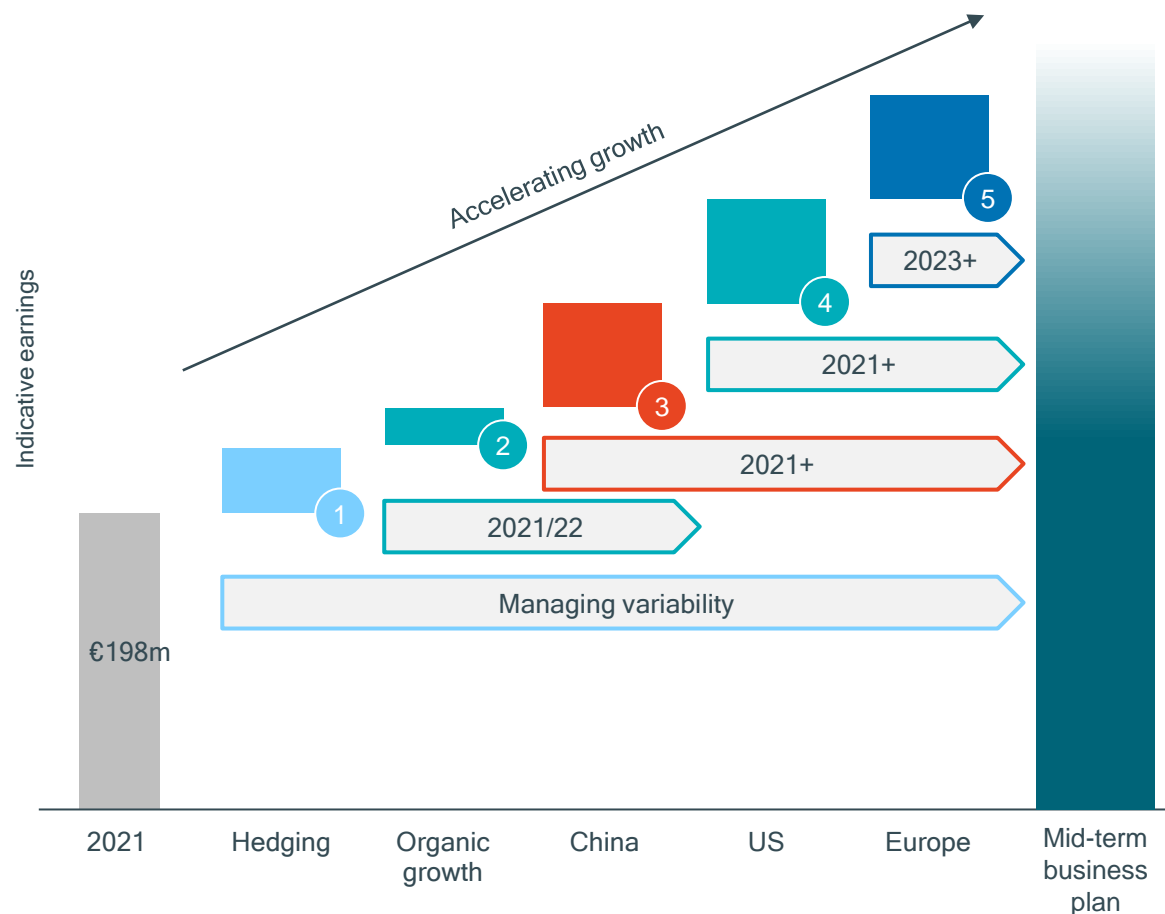
China

- **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

Mid-term growth roadmap

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

- China: In commercial operations at 1st plant (Jiangsu) and ramping up 2nd 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

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)



	2019	2020	2021	2022	2023	2024
Zinc content hedged, kt	92.4	92.4	120.0	155.8	151.0	152.4

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

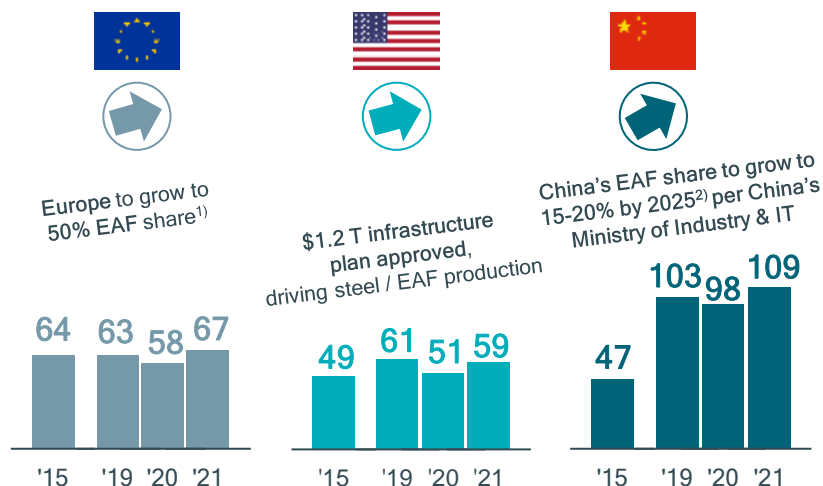
2) Includes BZ US (former AZR) hedge book for the following periods: 18 Aug'21 to Jan'22: 36.8kt zinc hedged at c.\$2,500 (c.€2,160 at FX 1.16); Feb'22-Jan'23: 63.4kt zinc hedged at c.\$2,765 (c.€2,585 at FX 1.07); Feb'23-Jan'24: 58.6kt zinc hedged at c.\$2,900 (c.€2,710 at FX 1.07); Feb'24-Jan'25: 60.0kt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

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

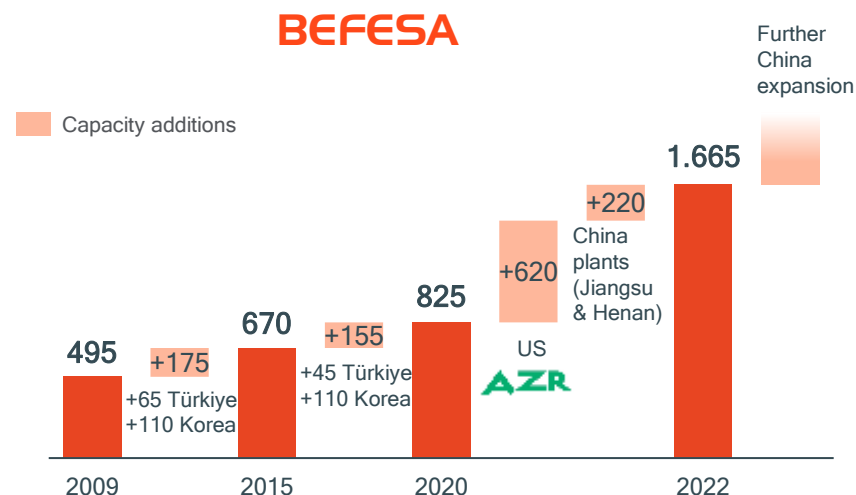


EAF % of total steel production:



- Primary steel (BOF) consumes 7x more CO₂/t vs. secondary steel (EAF)¹⁾; Decarbonization favors EAF steel production

Befesa's EAFD recycling capacity trend, kt



EAFD recycling capacity by region, %:

Region ³⁾	2009	2015	2020	2022
Europe ³⁾	100%	74%	60%	30%
Asia ⁴⁾	-	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:

- 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

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
EBITDA	<ul style="list-style-type: none"> H1'22 of €118m (+25% yoy), Q2'22 of €57m (+26% yoy); FY'22 guidance range unchanged ... trending towards lower half due to inflation 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

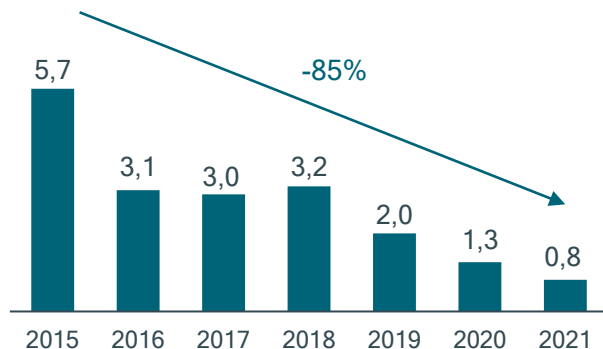
1) Total cash flow after capex and dividend payout

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

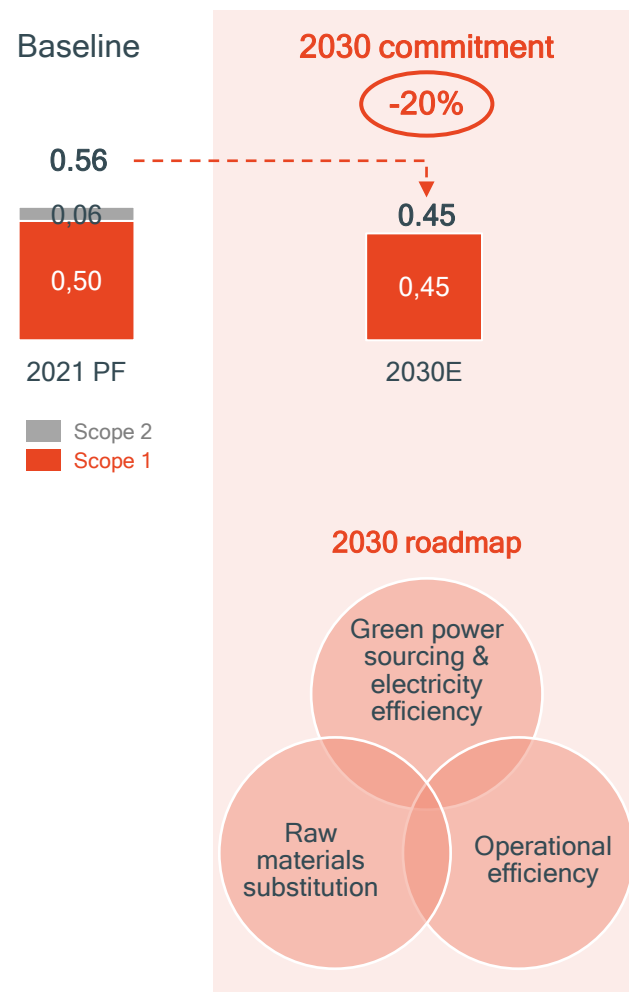
Top 5%
Industrial services

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



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 leader¹⁾ 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 leader¹⁾ 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 America¹⁾ 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



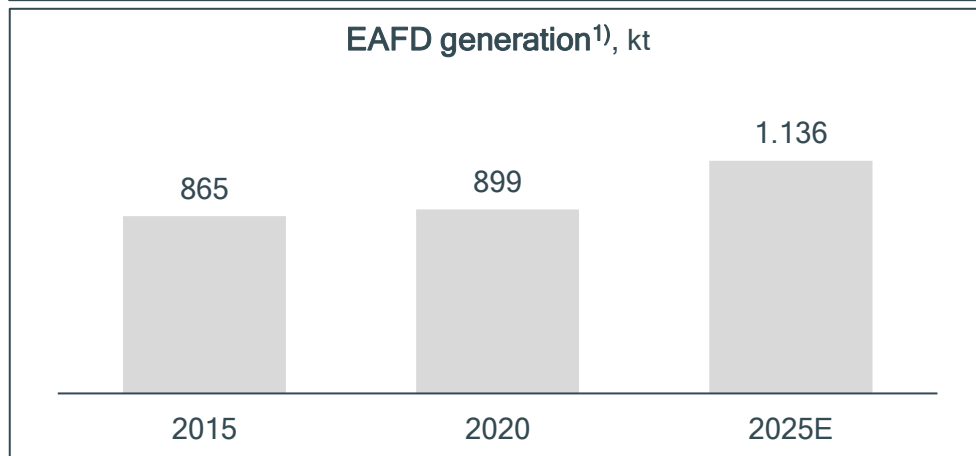
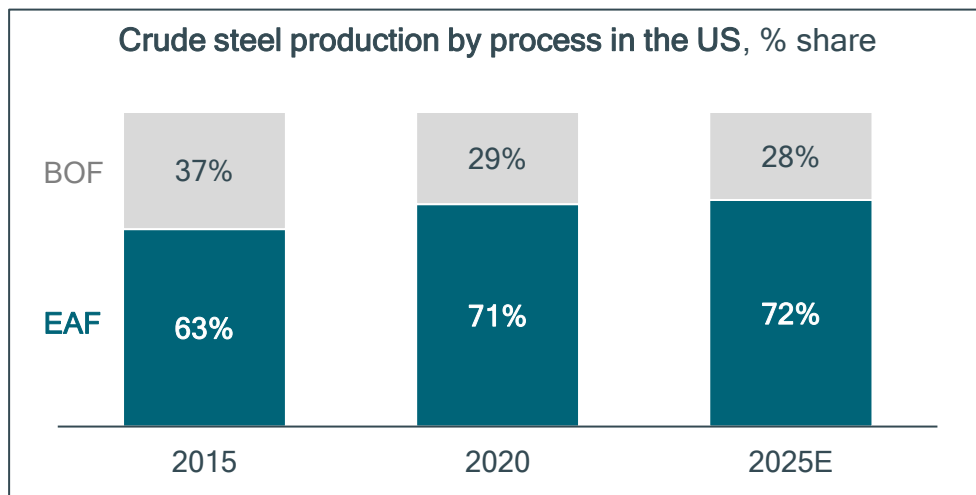
● EAF mini mills

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



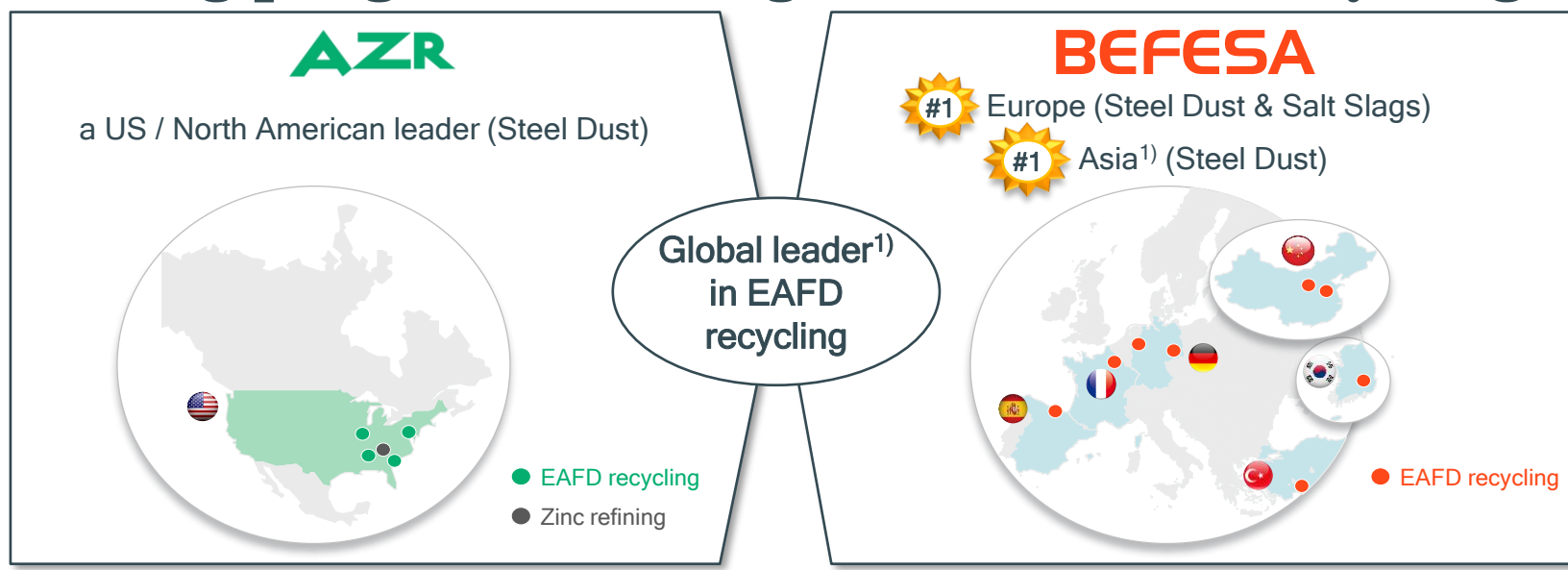
Source: worldsteel; Citi Research; International Energy Agency (IEA); Own estimates

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

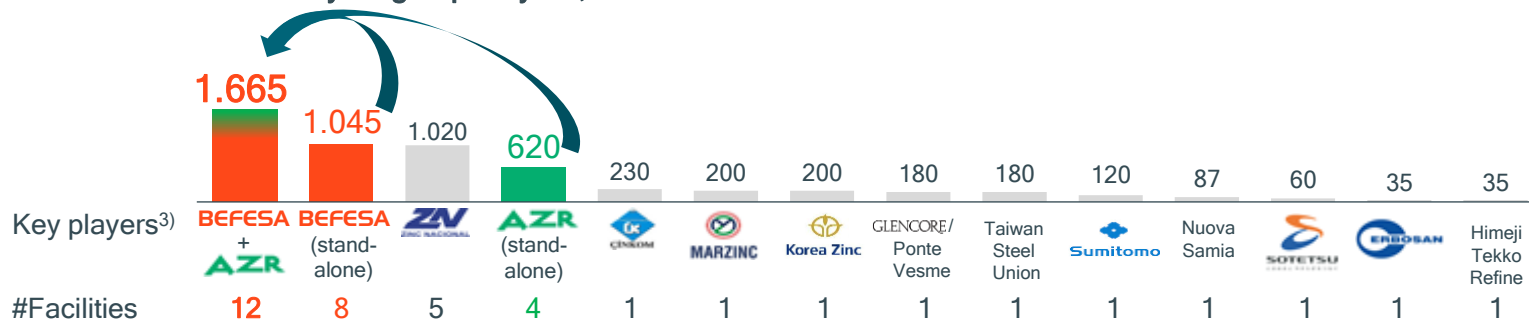
2) "Iron and Steel Technology Roadmap" study by IEA, October 2020

- 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 CO₂/ton of steel²⁾ 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 capacity¹⁾²⁾, 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 view¹⁾

BEFESA

(Steel Dust - current perimeter)

AZR

(Recycling operations)

EBITDA⁸⁾, €m

138²⁾

2021E
mid-point

EAFD throughput

c. 740kt

Plant utilisation

90% of 825kt capacity

EBITDA / ton throughput

€185/t

Implied EV/EBITDA multiple

c. 12.5x⁵⁾
(refers to Befesa Group)

45³⁾

2021E PF
pre near-term
synergies

c. 450kt

73% of 620kt

€101/t

c. 8.3x⁶⁾

Pre near-term synergies
acquisition multiple

17⁴⁾

Near-term
synergies

62

2021E PF
post near-term
synergies

€138/t

c. 6.0x⁶⁾

Post near-term synergies
acquisition multiple
... > €300m value creation⁷⁾

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

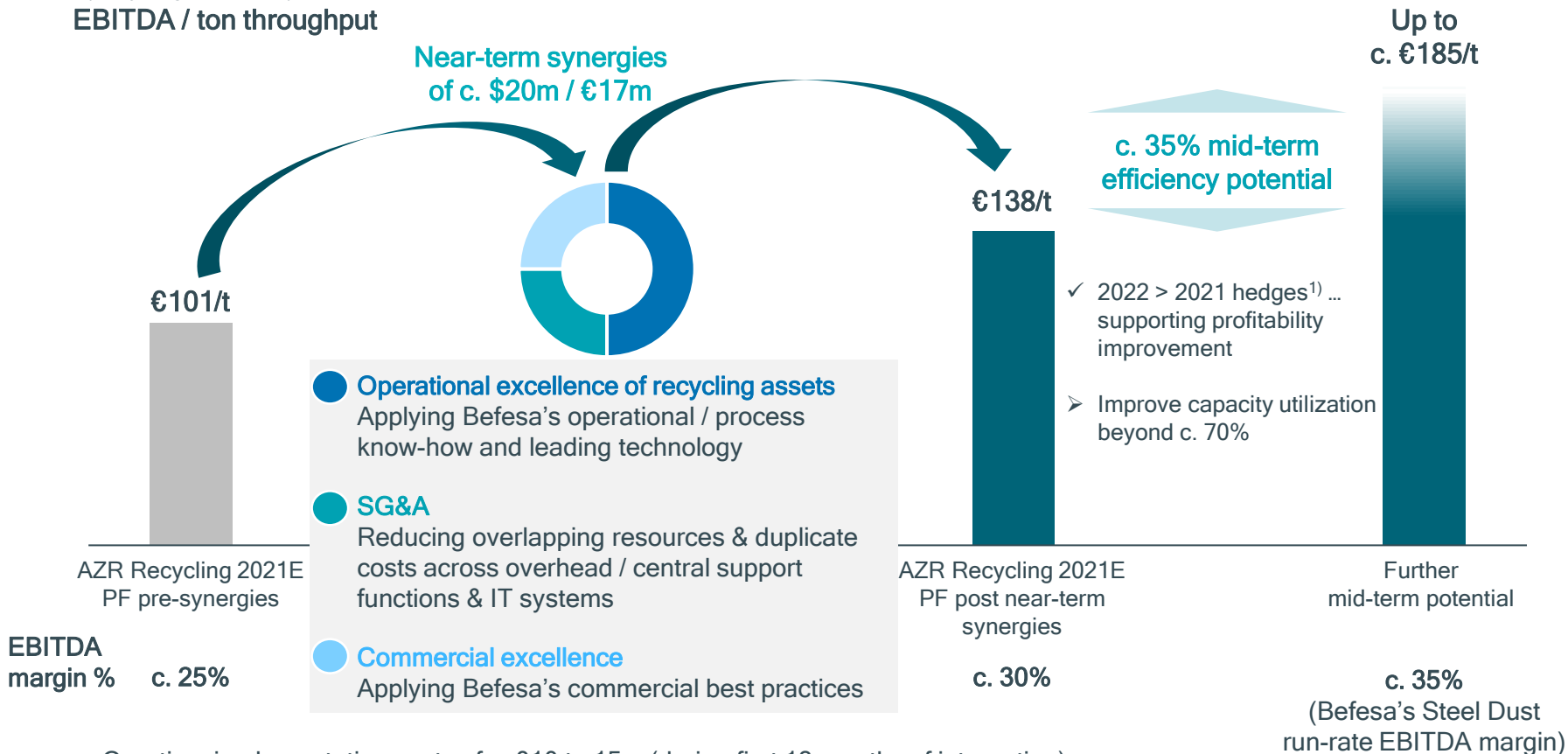
Total pre-tax near-term synergies of c. \$20/€17m expected within first three years of combination

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 accretion¹⁾

Funding of transaction (at closing)

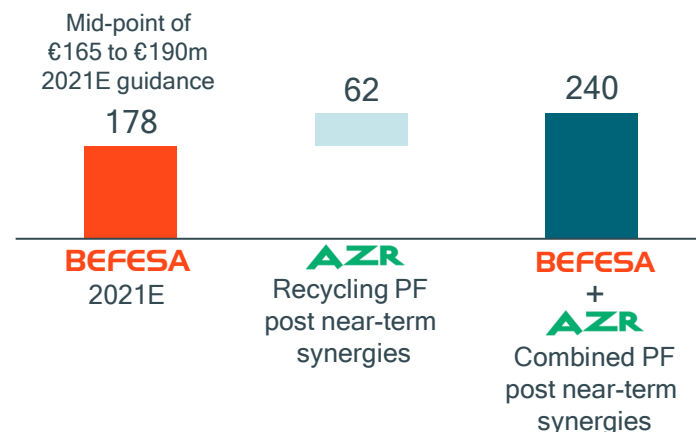
Total price, \$m



- **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 Forma³⁾

EBITDA, €m



**Targeting leverage-neutral
acquisition funding**

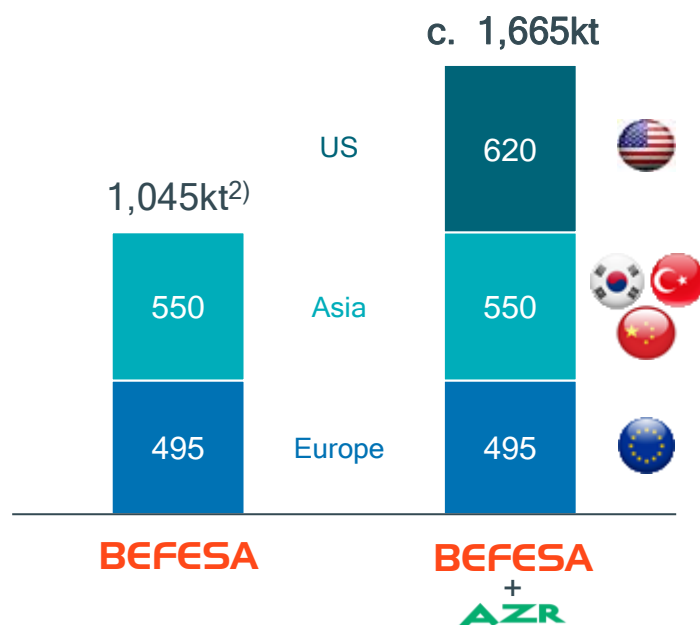
1) Expected to be achieved within first three years of combination

2) Excludes one-time transaction expenses

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

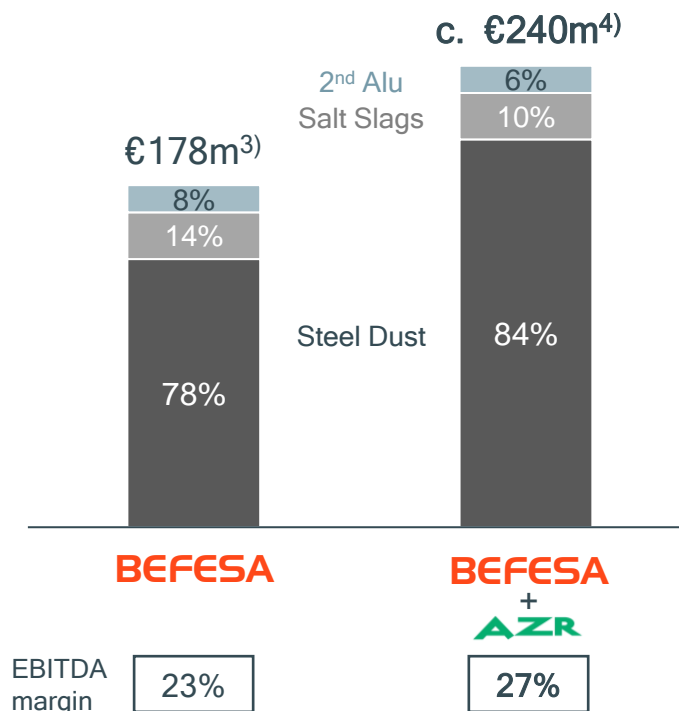
Diversifying the highest margin business unit and further improving Befesa's overall profitability

EAFD recycling capacity¹⁾



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

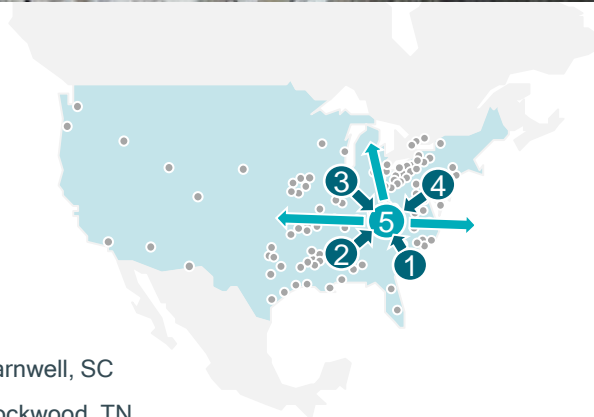
4) c. €240m represents the sum of a) Befesa standalone of €178m (mid-point of FY 2021 guidance) and b) AZR Recycling FY 2021E PF of €62m, post near-term synergies

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

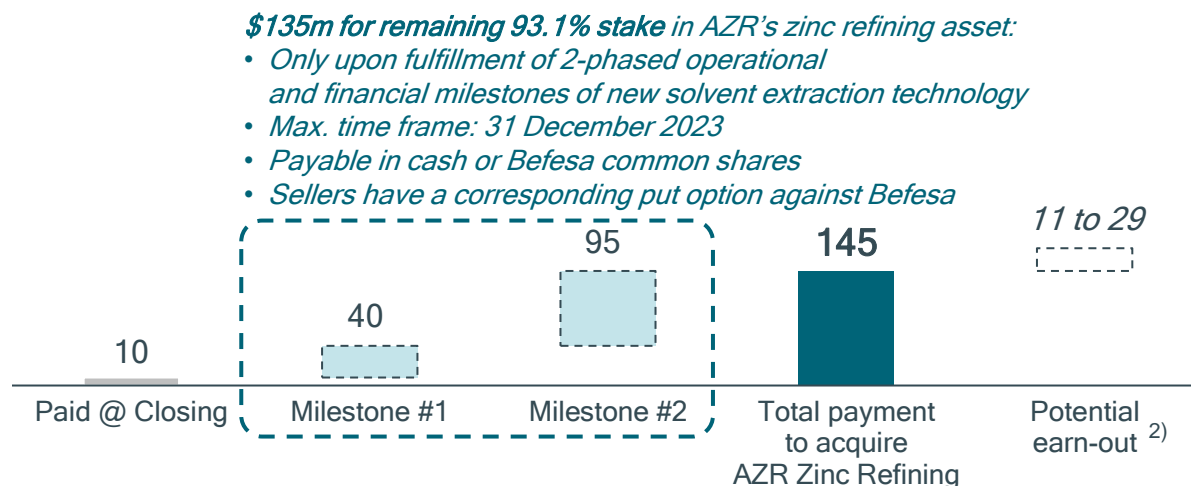
➡ SHG

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 asset¹⁾, \$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

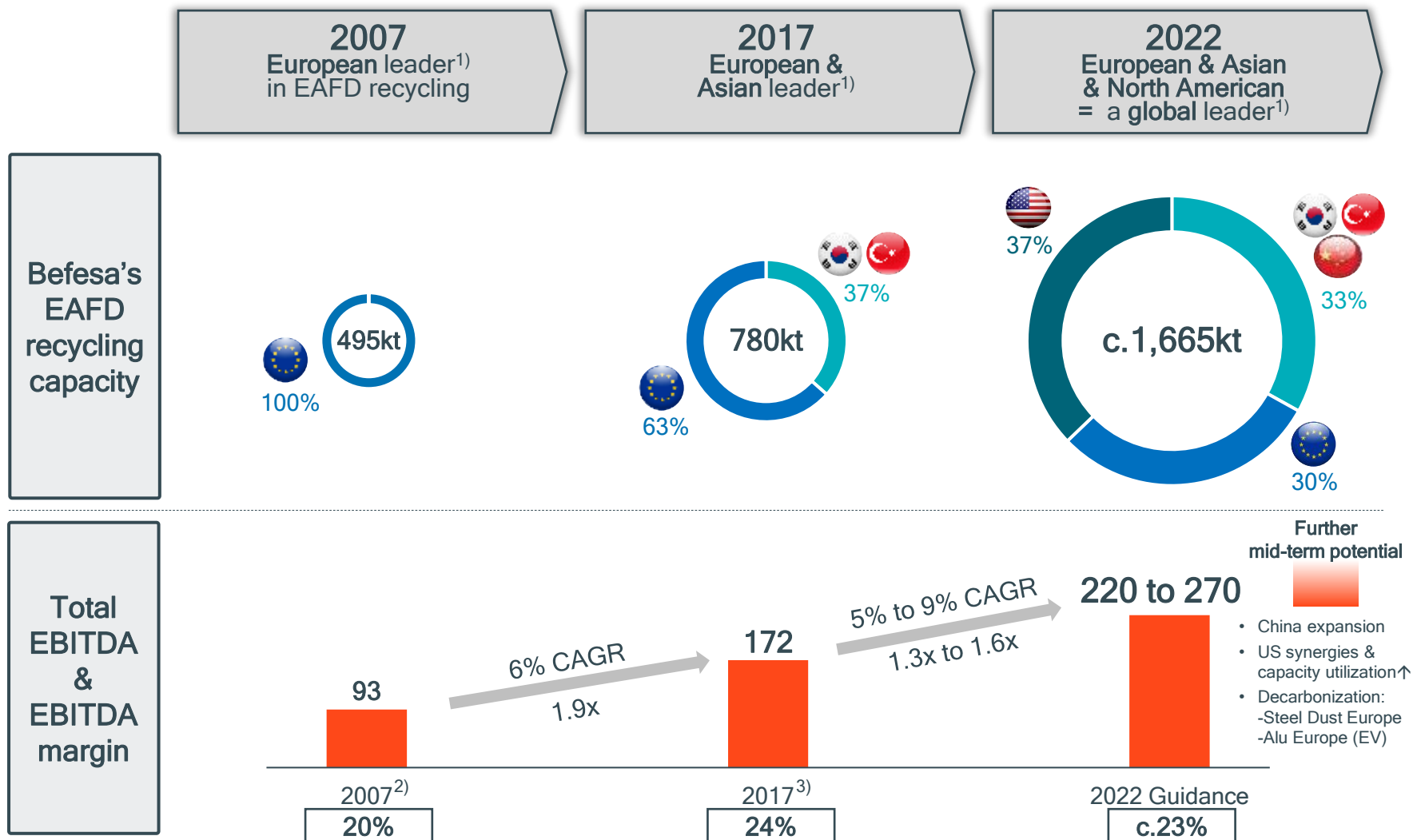
Total purchase price represents c. 7x estimated EBITDA³⁾ acquisition multiple

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



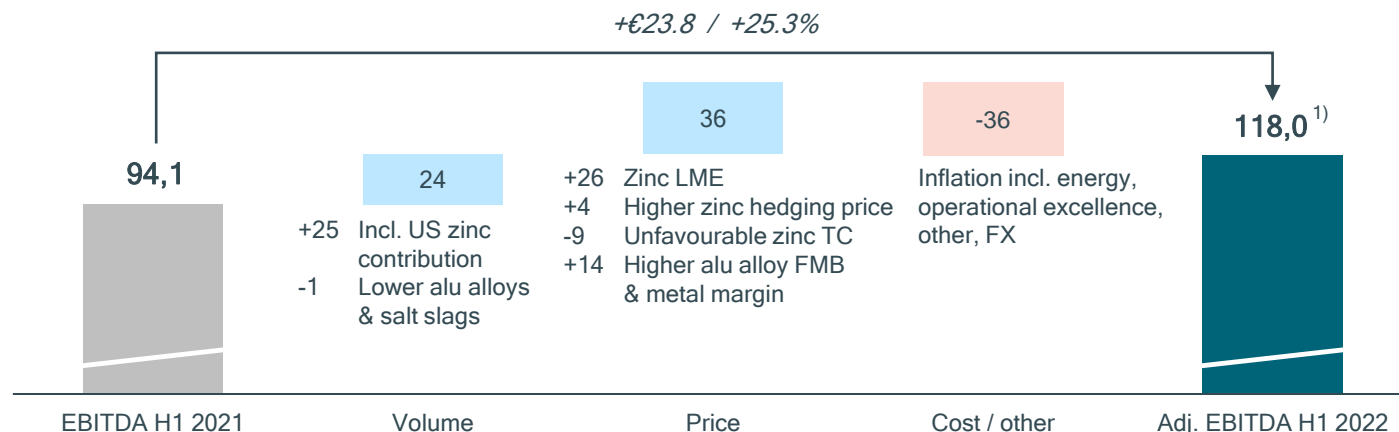
Nanjing City, Location of Befesa China's HQ

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 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

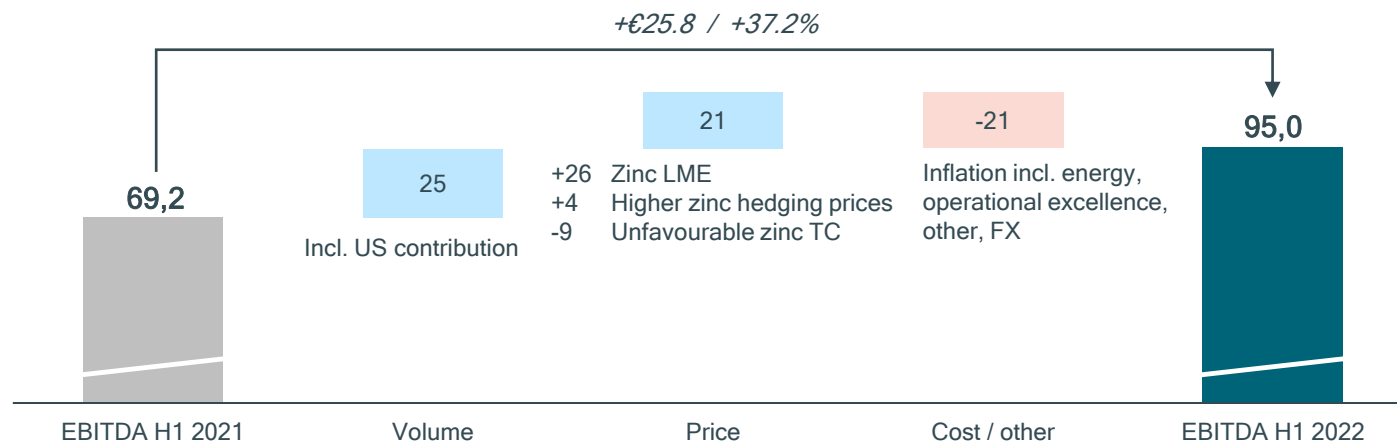
3) Reported cash position of €527.2 million at Q2'21 closing, adjusted for the €330.6 million of net funds raised through the capital increase in connection with the AZR acquisition signed on 16 June 2021

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)

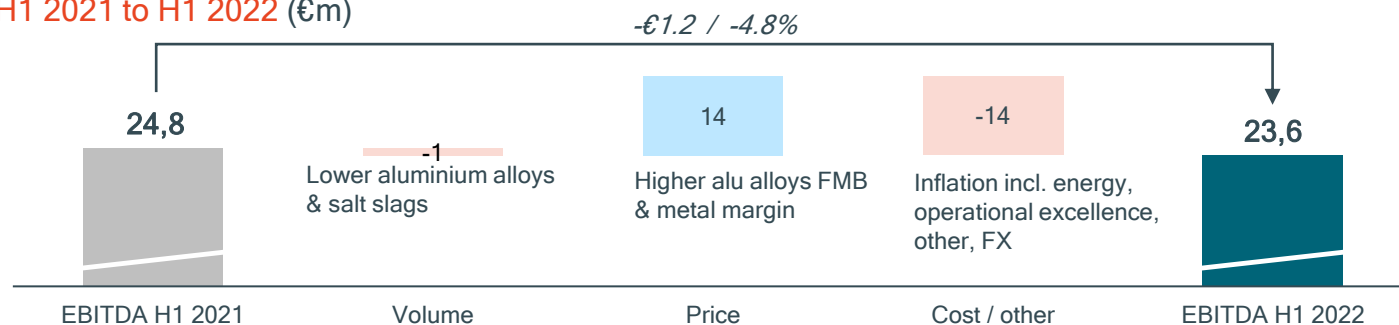
	H1 2021	yoy change	H1 2022
Revenue	€195.3	+€158.5 / +81.2%	€353.8
EBITDA	€69.2	+€25.8 / +37.2%	€95.0
EBITDA margin %	35.4%	-859 bps	26.8%
EAFD throughput (kt)	340.7	+289.0 / +84.8%	629.7
Plant utilisation	83.2%	-160 bps	81.6%
Waelz oxide (WOX) sold (kt)	119.3	+94.5 / +79.2%	213.8
Zinc LME price (€/t)	€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)

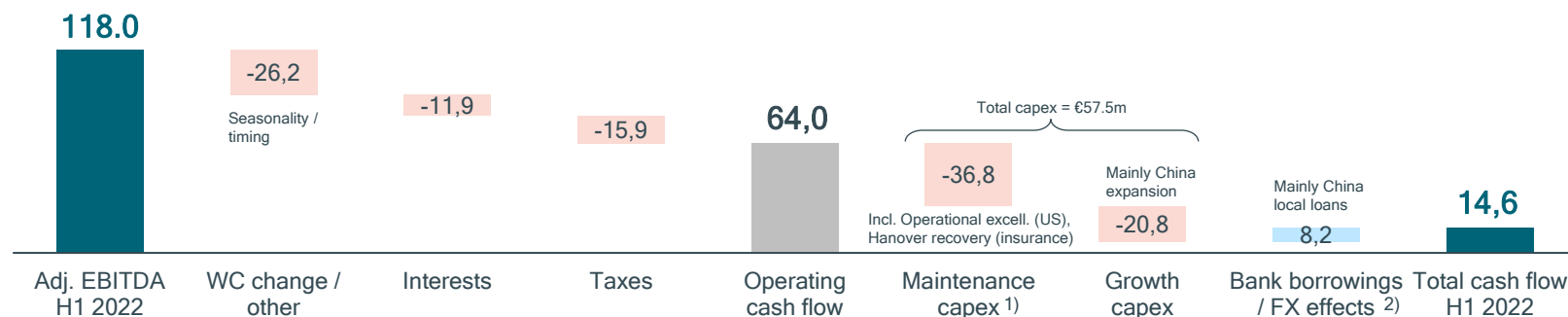
2) Aluminium scrap and foundry ingots aluminium pressure diecasting ingot DIN226/A380 European Metal Bulletin free market duty paid delivered works

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



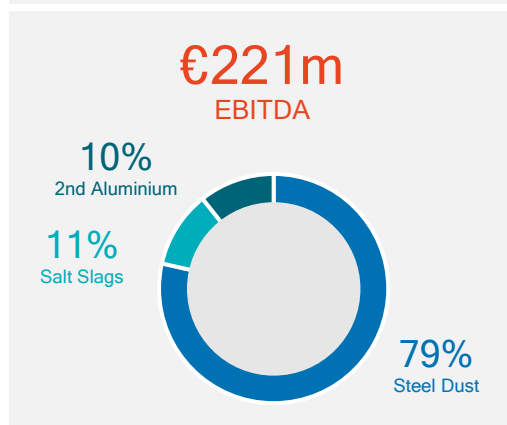
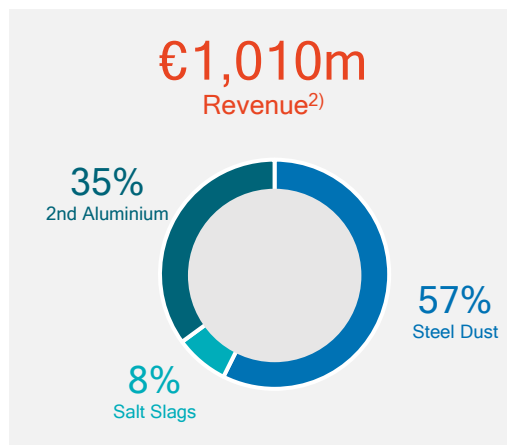
Secondary aluminium production plant at Bernburg, Germany

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 2022¹⁾



Steel Dust Recycling¹⁾

#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 subsegment³⁾
(LTM Q2 2022)

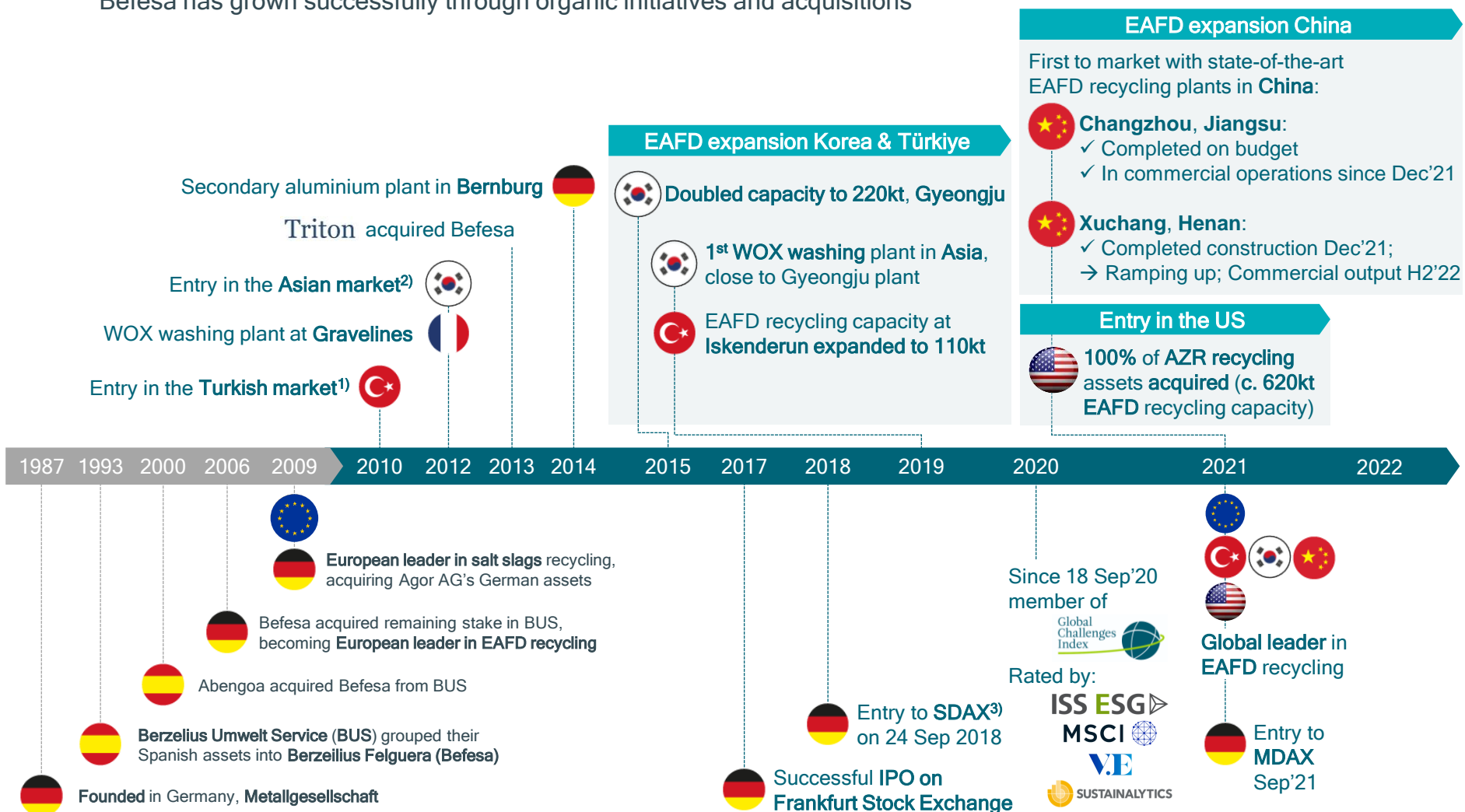
>15yrs
Relationships

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. CO₂ 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

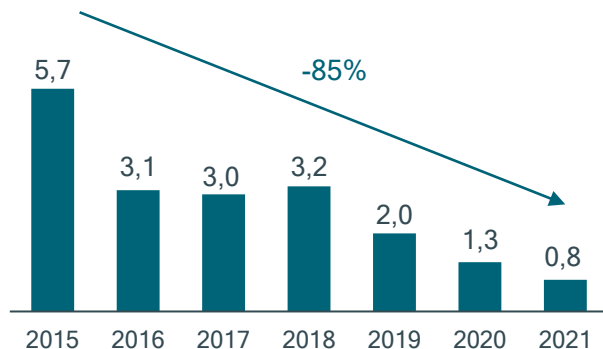
focused on compliance, ESG and profitable growth = shareholder value

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
- 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

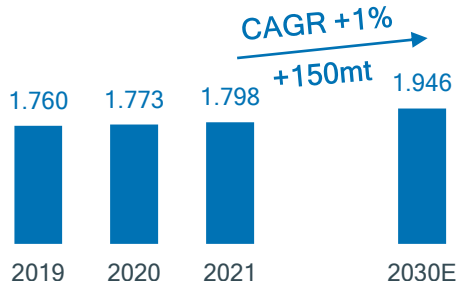
Top 5%
Industrial services

ESG Report

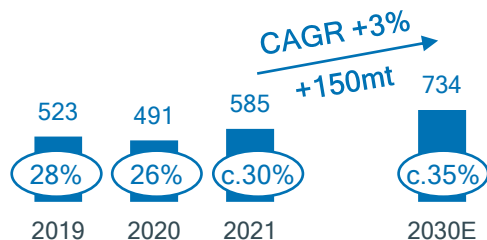
Befesa **ESG Report 2021** published on 29 June 2022, including **2030 & 2050 CO₂ reduction plan** and disclosures on Taxonomy eligibility

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

Global crude steel demand¹⁾
(million tonnes)

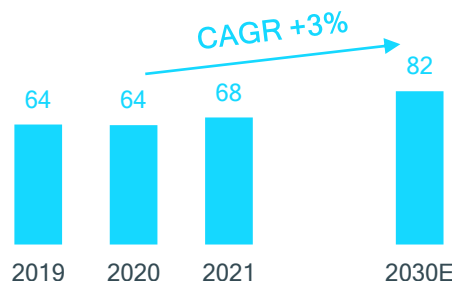


Global EAF steel output & share¹⁾
(million tonnes, % Global output)

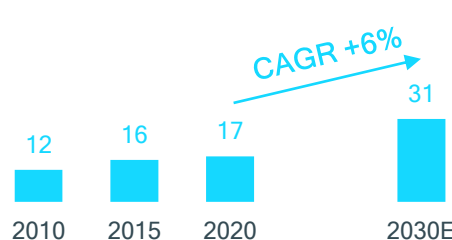


BOF uses c.7x CO₂/t vs. EAF;
EAF driving +150mt global steel growth

Global primary aluminium demand²⁾
(million tonnes)

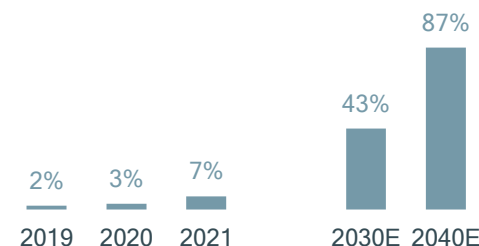


Global secondary alu production³⁾
(million tonnes)

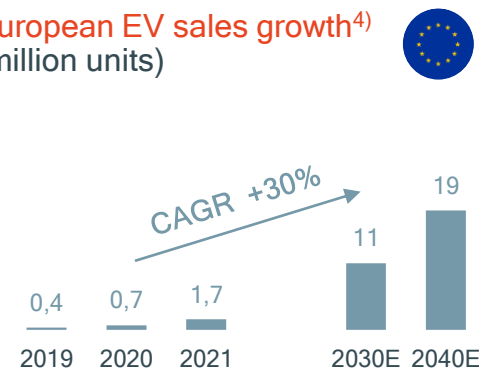


Secondary aluminium uses c.5%
energy / CO₂/t versus primary aluminium

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);

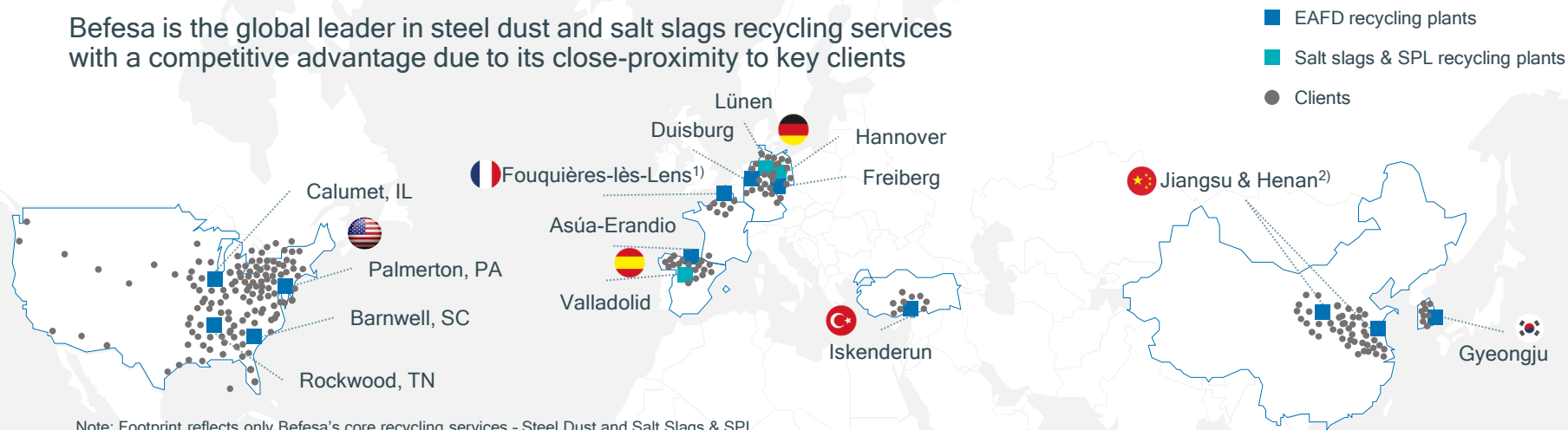
2) Morgan Stanley (Feb 2022);

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

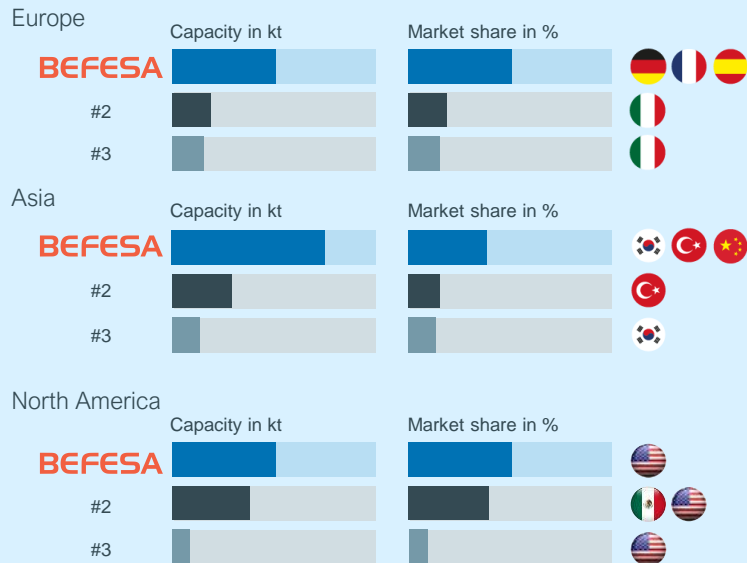
4) Morgan Stanley (June 2022)

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

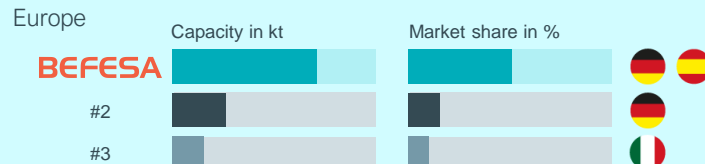


1) 50/50 joint venture with Recylex

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

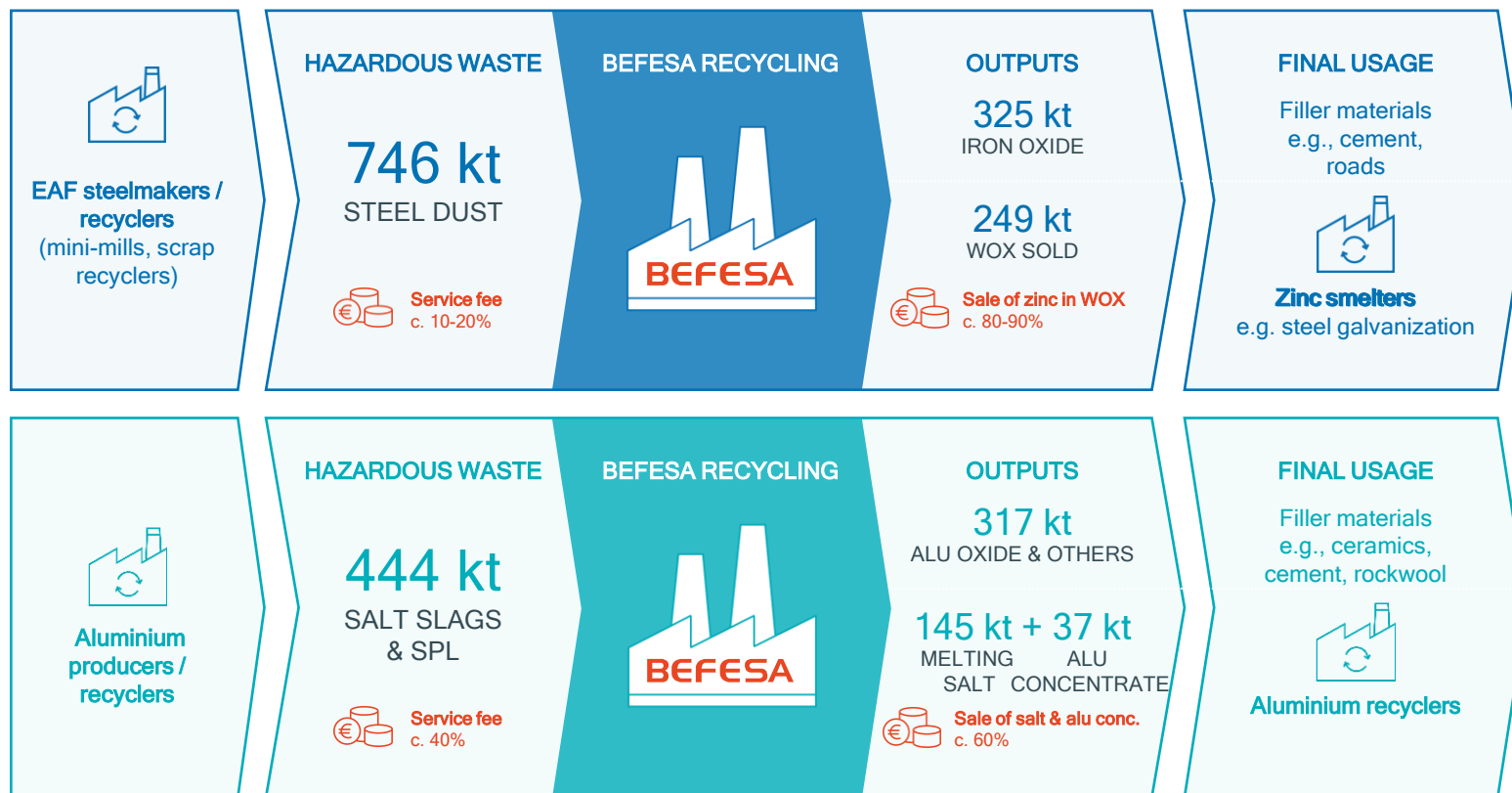
Xuchang, Henan province: Completed construction Dec '21 on budget; Commissioning in process, expecting commercial output in H2'22; Managing COVID restrictions

ALU SALT SLAGS RECYCLING



Highly regulated & critical service model

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



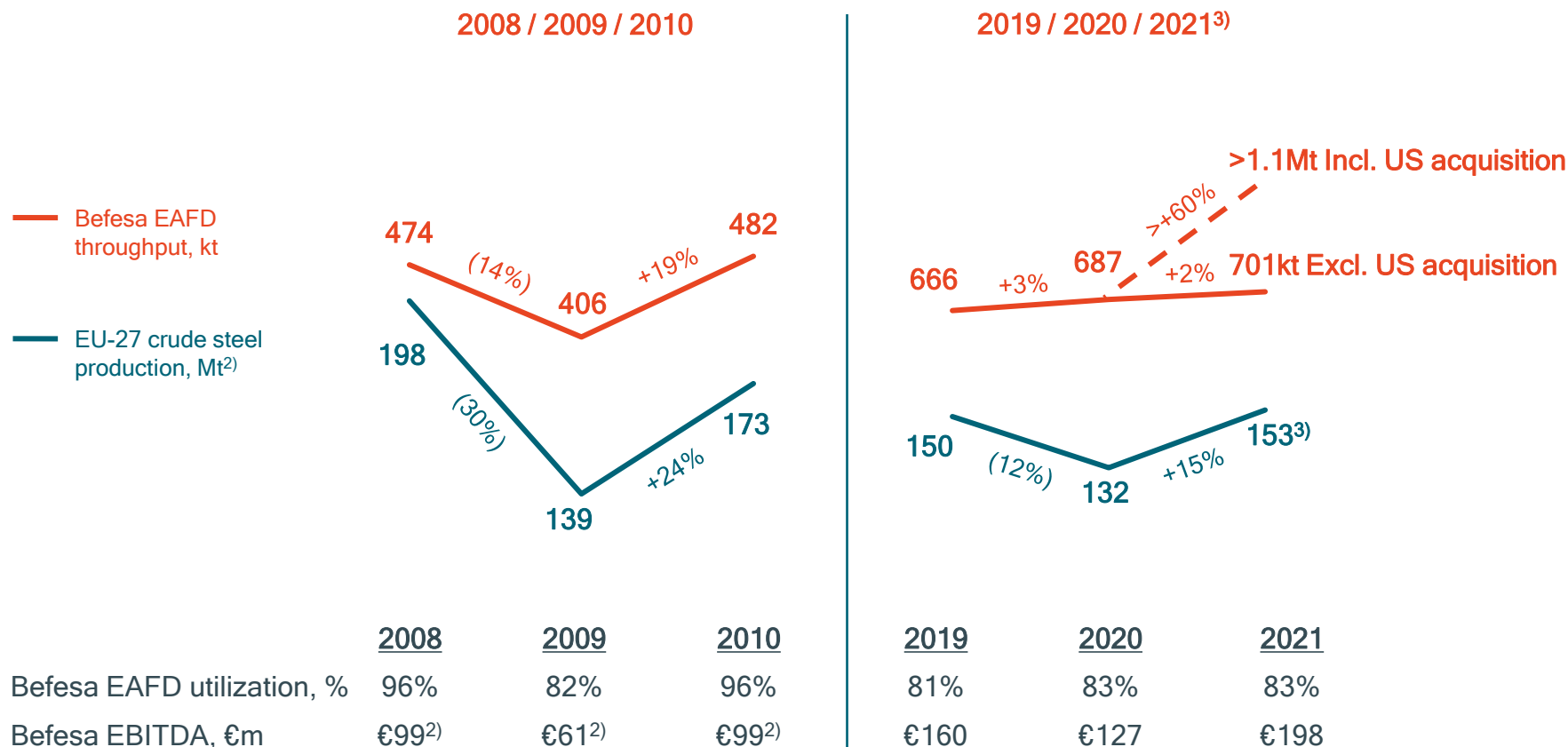
All figures are the average of the fiscal years 2019, 2020 and 2021, thus only include c.4.5 months contribution from Zinc US operations

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 2nd 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

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 11th
German Corporate Conference**
19 & 20 Sep - Berenberg & Goldman Sachs

Munich - 11th 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 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

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
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 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 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)

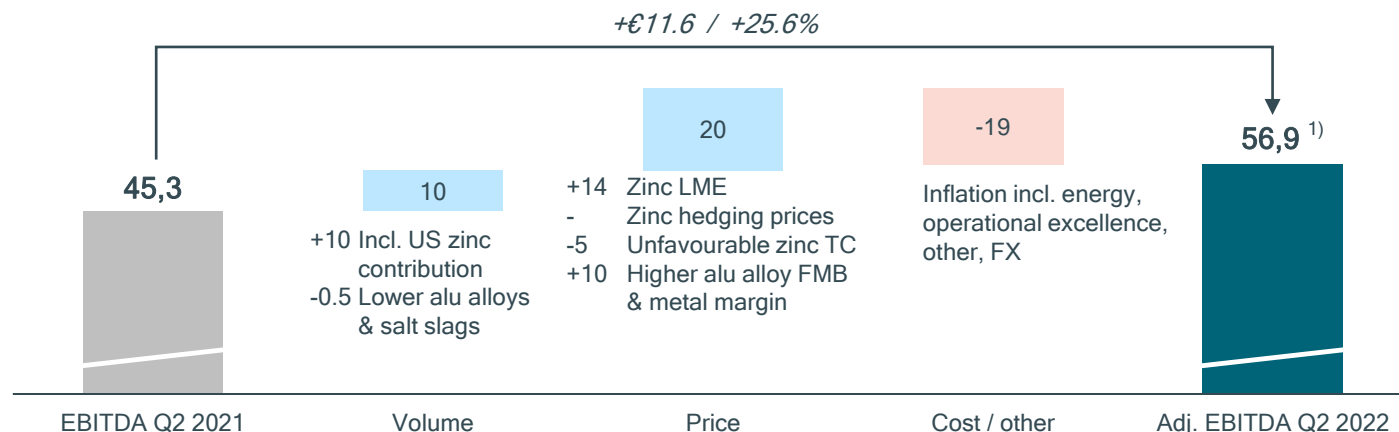
6) Installed capacity and corresponding utilisation rates in 2019 are normalised for the furnace upgrade in Barcelona - phase II (plant was shutdown three months, from mid-August to mid-November)

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

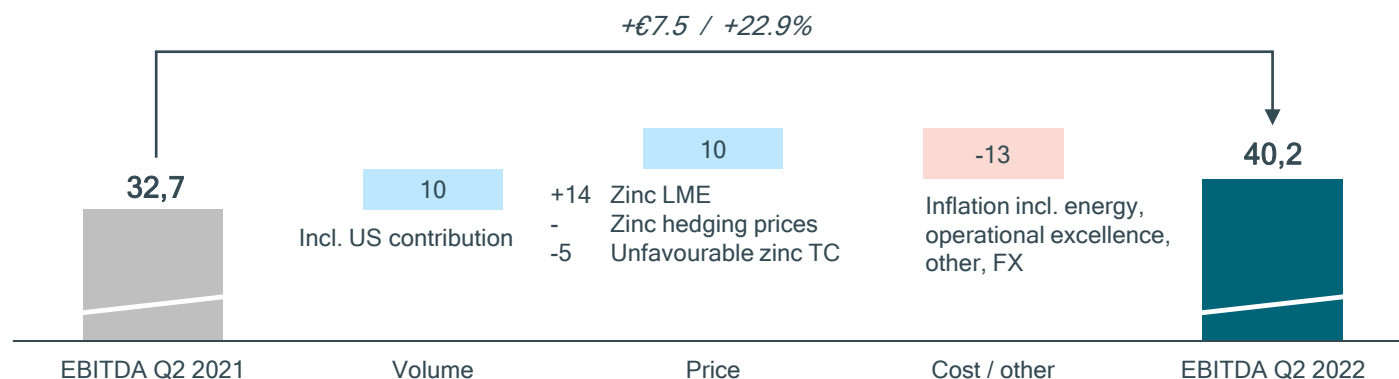
2) EPS in Q2'21 is based on 34,979,519 weighted average shares; Q2'22 is based on 39,999,998 shares after the capital increase of 5,933,293 new shares on 16 June 2021 to partly fund the AZR acquisition

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)

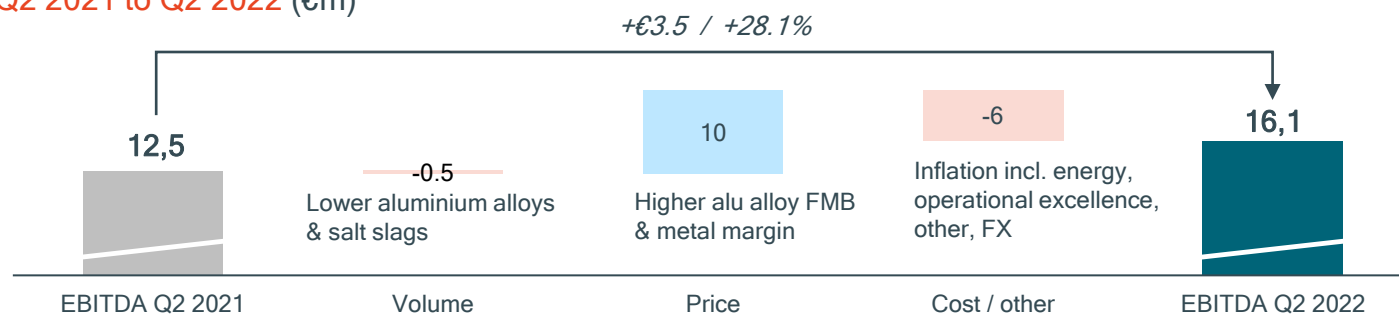
	Q2 2021	yoy change	Q2 2022
Revenue	€94.4	+€103.5 / +109.6%	€197.9
EBITDA	€32.7	+€7.5 / +22.9%	€40.2
EBITDA margin %	34.6%	-1,432 bps	20.3%
EAFD throughput (kt)	159.6	+132.7 / +83.2%	292.3
Plant utilisation	77.6%	-217 bps	75.4%
Waelz oxide (WOX) sold (kt)	52.6	+57.5 / +109.2%	110.1
Zinc LME price (€/t)	€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)

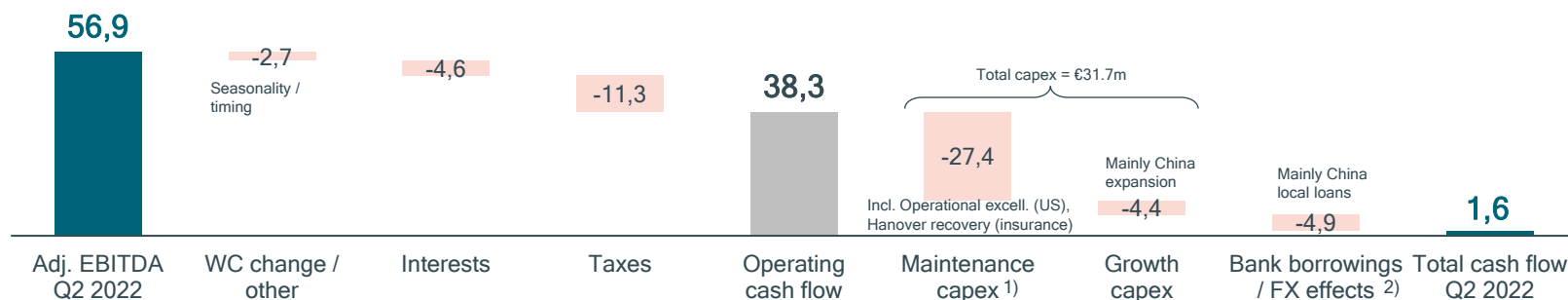
2) Aluminium scrap and foundry ingots aluminium pressure diecasting ingot DIN226/A380 European Metal Bulletin free market duty paid delivered works

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

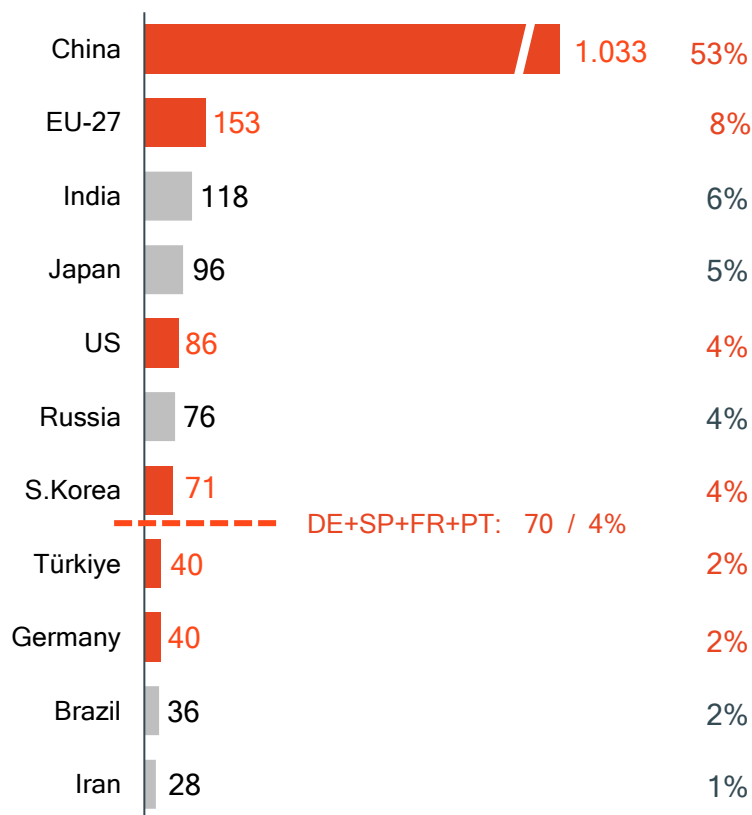
Steel production: Global ranking

 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

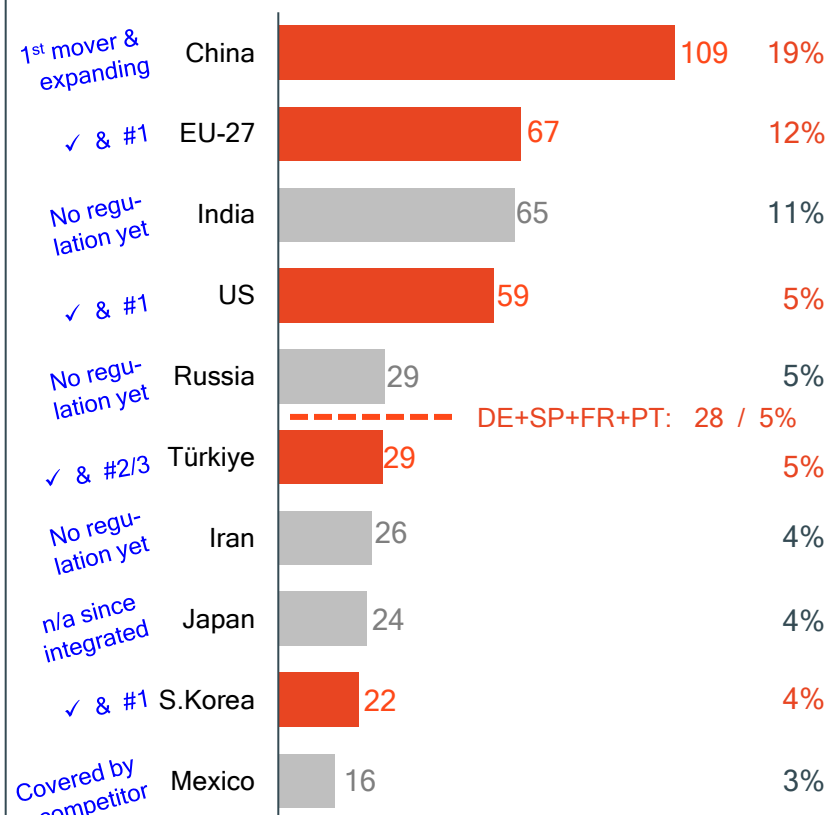
Top-10 Crude Steel Producing Countries
(2021, million tons, % of Total World)

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




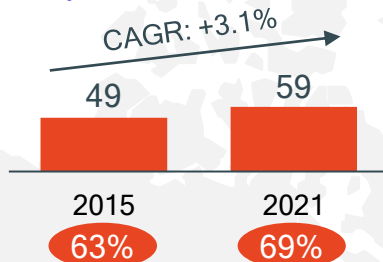
Source: [worldsteel](#) (Jun 2022)

EAF steel production: Regional overview

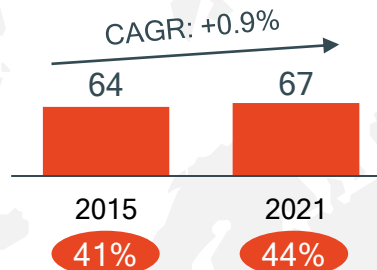
EAF steel production, MT
 ○ EAF share
 ➡ Outlook
 ■ Befesa is present

Decarbonization driving accelerated growth of EAF

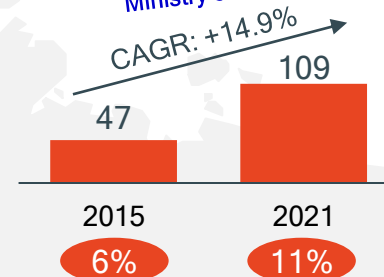
 \$1.2 T infrastructure plan approved, driving steel / EAF production ➡



Europe to grow to 50% EAF share¹⁾ ➡

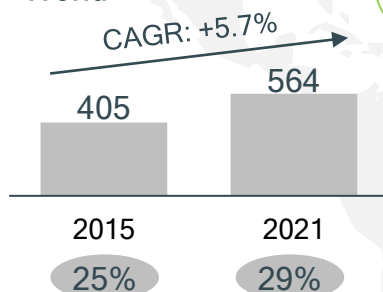


EAF% to grow to 15-20% by 2025²⁾ per China's Ministry of Industry & IT ➡

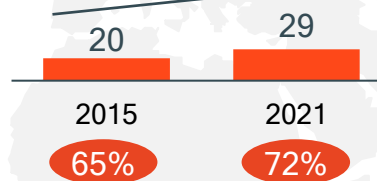


Global EAF share to grow from c.30% in 2021 to c.48% by 2050 supported by policy shifts and increasing focus on scrap use³⁾ ➡

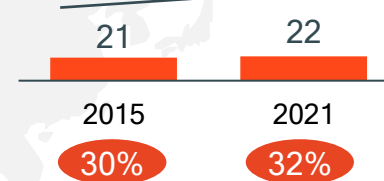
World



CAGR: +5.9%

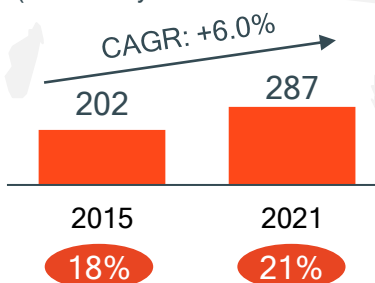


CAGR: +0.9%



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

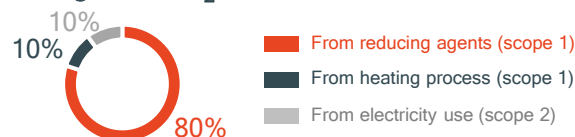
Direct environmental benefits	Indirect sustainability benefits
<div data-bbox="175 434 417 534">Reducing landfill of hazardous residues</div> <ul style="list-style-type: none"> • By recycling around 2 mtpa of hazardous waste recycled 	<div data-bbox="1010 411 1267 479">Circular economy pure player</div> <ul style="list-style-type: none"> • Helping to close the loop within steel & aluminium supporting a truly circular value chain
<div data-bbox="164 681 428 781">Recovery & production of new valuable materials</div> <ul style="list-style-type: none"> • Via recycling, avoiding primary production of raw materials • >1.6 mtpa of materials recovered 	<div data-bbox="1068 584 1207 652">Energy transition</div> <ul style="list-style-type: none"> • 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
<div data-bbox="170 945 423 1013">Best-in-class technology (BAT)</div> <ul style="list-style-type: none"> • Researching & using BAT to help reduce environmental impacts 	<div data-bbox="1004 796 1271 931">Contributing to the decarbonization of steel & aluminium</div> <ul style="list-style-type: none"> • Enabling the transition to EAF steel production, 85% less CO₂ intensive vs. BOF • Enabling the transition to secondary aluminium production, 99% less CO₂ intensive vs. primary aluminium
<div data-bbox="164 1192 428 1260">Avoidance of GHG emissions</div> <ul style="list-style-type: none"> • Befesa's secondary materials are substitutes for more carbon intensive processes • Befesa's operations help avoid c. 2.4 mtpa of CO₂ equivalent 	<div data-bbox="1014 1038 1259 1106">Natural resource depletion</div> <ul style="list-style-type: none"> • By recycling steel & alu waste and reintroducing raw materials into production processes <div data-bbox="1010 1153 1263 1222">Extending the useful life of steel</div> <ul style="list-style-type: none"> • By participating in the zinc value chain, essential for galvanization <div data-bbox="1018 1272 1255 1308">Growth ambition</div> <ul style="list-style-type: none"> • ↑ recycling capacity & enabling to move towards cleaner alternatives

Holistic CO₂ impact of Befesa

Befesa's operations help avoid around 2.4 million tonnes of CO₂ equivalent each year

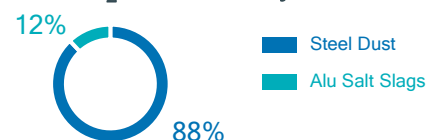
Befesa's carbon footprint

Befesa's global CO₂ 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 CO₂ 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

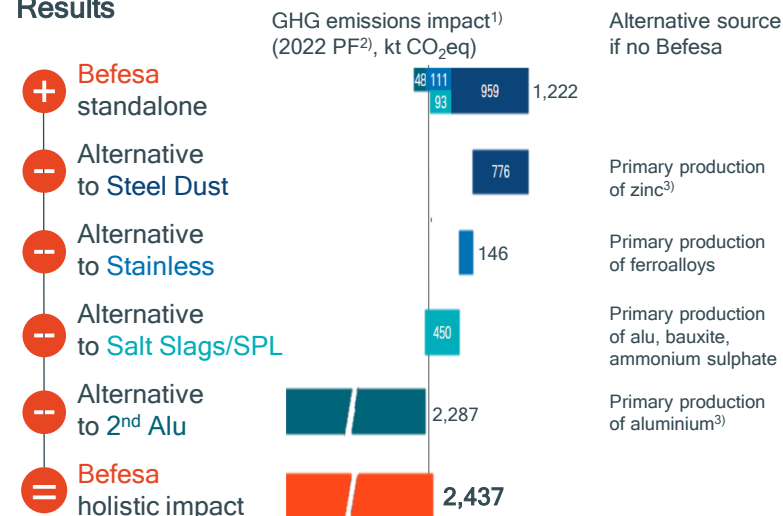
Methodology

- Lifecycle & bottom-up analysis approach, engaging a top global mgmt. consulting firm
- *"What are the CO₂ savings enabled through Befesa's business?"*
- Difference between Befesa vs. alternative end-to-end value chain sustainability environmental footprint

Holistic CO₂ 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 CO₂ holistic impact**

Results

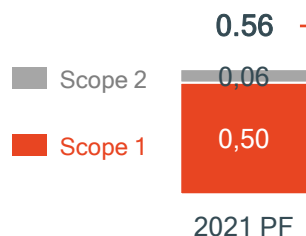


Befesa prevents emissions of >2.4 mtpa CO₂eq ... plus, additional environmental benefits of reduced landfill

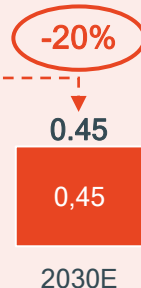
Befesa's climate action plan: CO₂ emission intensity reduction targets by 2030 & 2050

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

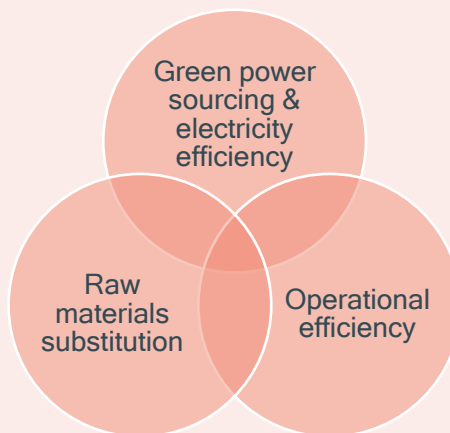
Net zero emission

-

2050E

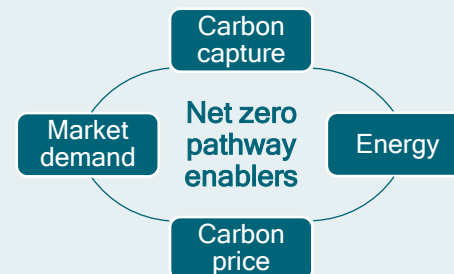
- ✓ Recognised sustainability leader in the circular economy
- ✓ Befesa Climate Change Policy
- ✓ New Sustainability Committee
- »»» Further increase transparency on sustainability metrics
- »»» Continuous dialogue with all stakeholders to better understand materiality of sustainability topics

2030 roadmap



Technology investment commitments

- Substitution of coke with CO₂-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

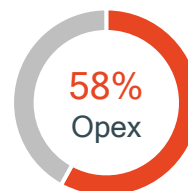
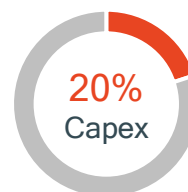
Six environmental goals

- 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)

