

**BEFESA**

# Third Quarter 2022

Earnings Presentation

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# Today's presenters



**Javier  
Molina**

**Executive  
Chair**

Leading Befesa for >20 years



**Asier  
Zarraonandia**

**CEO**

>20 years with Befesa



**Wolf  
Lehmann**

**CFO**

Befesa's CFO since 2014



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

# 01 / Highlights

# Executive summary

- **Continuing solid yoy EBITDA growth: Q3 +8%, 9M +20%**
  - Q3 at €46m, +8% / +€3m yoy;
  - 9M at €164m +20% / +€27m yoy; LTM at €225m
- **Metal prices decreased QoQ** with recessionary & lower China market sentiment
  - although - **energy inflation continued** at high levels
- **FY'22 guidance: confirmed at lower end,  $\geq$  €220m EBITDA, +11% yoy,** due to higher energy prices & China Zero COVID policy
- **€50m or €1.25 per share dividend distributed; 50% of FY'21 net profit**
- **US zinc refining asset acquired 30 Sep'22**
  - Paid \$47m in cash, c.5x adj. EBITDA multiple, for >\$500m asset;
  - Opportunity to improve further, post current high inflation environment;
  - WOX + Solvent extraction = “Green zinc”
- **Finalising Sustainable Global Growth Plan (SGGP) for next 5 years**
  - **Investing €410-450m** to target **double-digit earnings growth**
  - **Globally balanced** expansion: 1/3 Asia/China, US & Europe
  - Details at **Capital Markets Day** on **8 November, London / virtual**

# Business highlights

## Steel Dust

- **EAFD throughput:**  
898 kt 9M, +59% yoy;  
268 kt Q3, +20% yoy
- **Plant utilisation:** 77% 9M, 68% Q3;  
Lower EU volume  
(seasonal maintenance overhauls)
- **Zinc blended prices:** 9M +18%, Q3 +17%
- **EBITDA** at €131m 9M, +28% yoy;  
€36m Q3, +7% yoy

## US

- Operations **delivering as expected**
- **Driving progress on integration and related synergies**
- 30 Sept '22: **acquired zinc refining asset** for \$47m cash, c.5x adj. EBITDA multiple

## Alu Salt Slags

- **Salt slags volumes** / *normalised for Hanover*:  
240 kt 9M, -21% / +9% yoy;  
67 kt Q3, -38% / -9% yoy;
- **2<sup>nd</sup> aluminium alloys:**  
122 kt 9M, -14% yoy;  
37 kt Q3, -13% yoy
- **Plant utilisation:** 71% 9M, 59% Q3  
*100%, 83% normalised*
- **Alu FMB prices:** 9M +25%, Q3 +16%
- **EBITDA** at €34m 9M, flat yoy;  
€11m Q3, +14% yoy

## China

- **Managing challenging continued COVID restrictions**
- **Jiangsu:** In commercial production; Contracted >80% volumes, but COVID constrained
- **Henan:** Finalising commissioning Q4
- Working on **new projects** / further expansion





# Managing through “Zero COVID”, ready for ‘23

## China I, Changzhou plant, Jiangsu province

### Key facts of the plant:

- 1<sup>st</sup> EAFD recycling plant, 110 kt 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, 110 kt EAFD p.a.
- Total investment: c.€42m

### Status update:

- ✓ Construction completed Dec'21 on budget
- Commissioning prolonged due to **COVID**, finalising in Q4



↑ Xuchang plant, mid-June 2022, commissioning



Secondary aluminium production plant at Bernburg, Germany

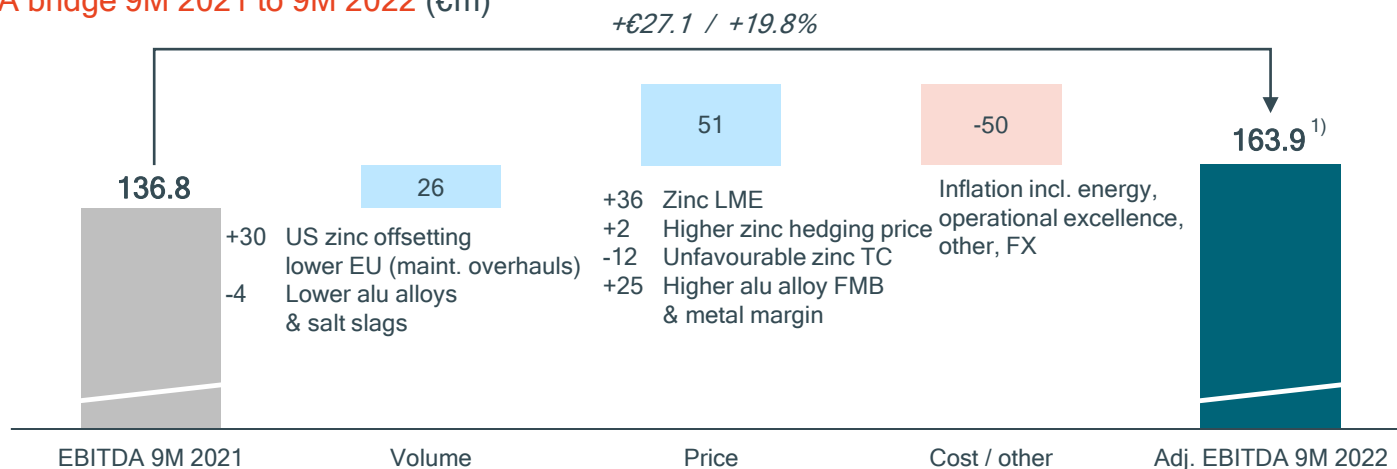
# 02 / Financial results



# Consolidated key financials

9M adjusted EBITDA at €163.9m, +20% yoy, driven mainly by US zinc operations delivering as planned; yoy higher base metal prices offsetting energy inflation & unfavourable Zinc TC

## Adjusted EBITDA bridge 9M 2021 to 9M 2022 (€m)



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

	9M 2021	yoy change	9M 2022
Revenue	€574.2	+€283.7 / +49.4%	€857.9
Adjusted EBITDA <sup>1)</sup>	€136.8	+€27.1 / +19.8%	€163.9
Adjusted EBITDA margin %	23.8%	-472 bps	19.1%
Net profit	€61.5	+€25.7 / +41.8%	€87.2
EPS <sup>2)</sup> (€)	€1.69	+€0.49 / +29.0%	€2.18
Operating cash flow	€73.9	+€4.4 / +5.9%	€78.3
Cash	€200.7	-€61.5 / -30.7%	€139.1
Net debt	€482.1	+€92.1 / +19.1%	€574.2
Net leverage <sup>3)</sup>	x2.33	+x0.23	x2.56

1) €126.4m 9M'22 reported Total EBIT + €54.8m D&A = €181.1m 9M'22 reported Total EBITDA - €17.3m adjustments, mainly driven by Zinc refining acquisition impacts = €163.9m 9M'22 adjusted Total EBITDA

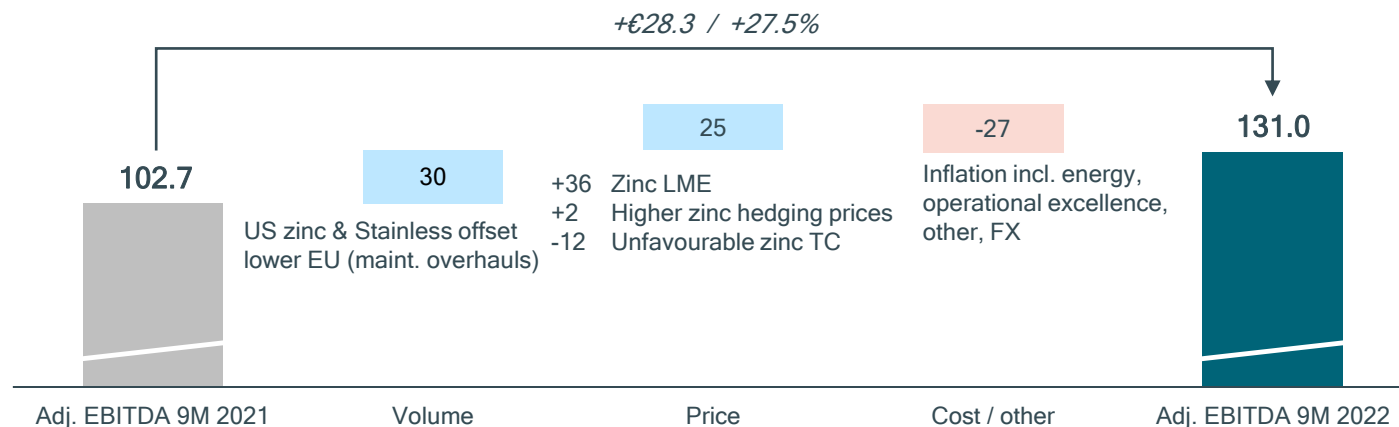
2) EPS in 9M'21 is based on 36,370,474 weighted average shares and 9M'22 is based on 39,999,998 shares after the capital increase of 5,933,293 new shares on 16 June 2021 to partly fund the AZR acquisition

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

9M EBITDA at €131.0m, +28% yoy, driven mainly by US operations delivering as planned; yoy higher zinc market prices offsetting energy inflation & unfavourable TC

Adjusted EBITDA bridge 9M 2021 to 9M 2022 (€m)



Key metrics (€m, unless otherwise stated)

	9M 2021	yoy change	9M 2022
Revenue	€304.1	+€229.2 / +75.4%	€533.3
Adjusted EBITDA	€102.7	+€28.3 / +27.5%	€131.0
Adjusted EBITDA margin %	33.8%	-922 bps	24.6%
EAFD throughput (kt)	563.3	+334.3 / +59.4%	897.6
Plant utilisation	81.0%	-381 bps	77.2%
Waelz oxide (WOX) sold (kt)	192.6	+118.7 / +61.6%	311.3
Zinc LME price (€/t)	€2,412	+€1,010 / +41.9%	€3,422
Zinc hedging price (€/t)	€2,170	+€193 / +8.9%	€2,363
Zinc blended price <sup>2)</sup> (€/t)	€2,241	+€406 / +18.1%	€2,647
Treatment charge (TC) (\$/t)	\$159	+\$71 / +44.7%	\$230

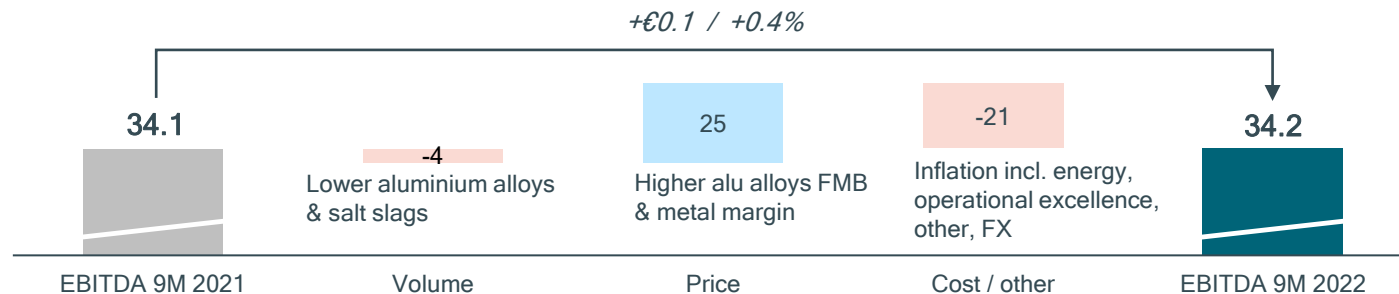
1) €109.2m 9M'22 reported Steel EBIT + €42.2m D&A = €151.3m 9M'22 reported Steel EBITDA - €20.3m adjustments, mainly driven by Zinc refining acquisition impacts = €131.0m 9M'22 adjusted Steel EBITDA

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

# Aluminium Salt Slags Recycling Services

9M EBITDA at €34.2m, flat yoy; Energy inflation and some volume pressure mitigated with higher aluminium metal prices

## EBITDA bridge 9M 2021 to 9M 2022 (€m)



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

	9M 2021	yoy change	9M 2022
Revenue <sup>1)</sup>	€272.2	+€53.2 / +19.6%	€325.4
• Salt Slags	€57.3	+€13.6 / +23.7%	€70.9
• Secondary Aluminium	€244.3	+€45.7 / +18.7%	€290.0
EBITDA	€34.1	+€0.1 / +0.4%	€34.2
• Salt Slags	€15.9	+€6.1 / +38.4%	€22.0
• Secondary Aluminium	€18.2	-€5.9 / -32.7%	€12.2
EBITDA margin % (Salt Slags)	27.7%	+328 bps	31.0%
Salt Slags & SPL treated (kt)	303.0	-63.1 / -20.8% or +9% <sup>2)</sup>	239.8
Plant utilisation	90.0%	-1,876 bps	71.3% / 100% <sup>2)</sup>
Aluminium alloys produced (kt)	142.4	-20.4 / -14.3%	121.9
Plant utilisation	92.8%	-1,331 bps	79.5%
Alu alloy FMB price <sup>3)</sup> (€/t)	€1,980	+€501 / +25.3%	€2,481

1) Total revenue is after intersegment eliminations (9M'21: €29.4m; 9M'22: €35.5m)

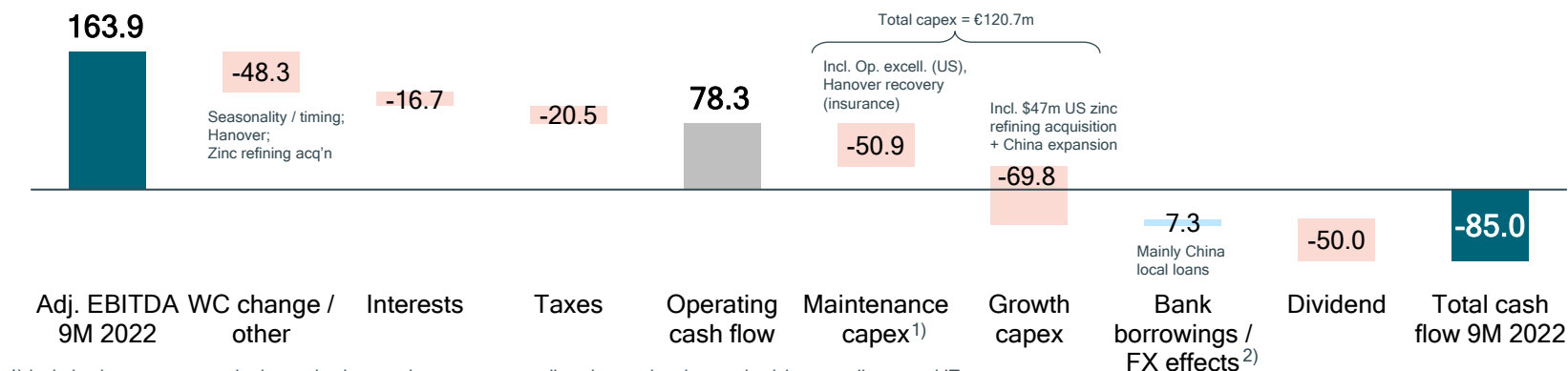
2) Normalising for Hanover plant shutdown in 2022

3) 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

€139m cash on hand at Q3'22 closing vs. €239m at Q2'22 closing; Balanced cash flow normalised for €50m dividend distributed and \$47m zinc refining acquisition; Net leverage of x2.56 at Q3'22; Targeting lower leverage towards year end

## 9M 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 Sept 2021	YE 2021	change	At 30 Sept 2022
LTM Adj. EBITDA <sup>3)</sup>	€207.2	€217.8	+€6.8 / +3.1%	€224.6
LTM Operating cash flow <sup>4)</sup>	€128.7	€117.9	+€4.4 / +3.7%	€122.3
Gross debt <sup>5)</sup>	€682.8	€694.7	+€18.6 / +2.7%	€713.4
Cash on hand	€200.7	€224.1	-€85.0 / -37.9%	€139.1
Net debt	€482.1	€470.6	+€103.6 / +22.0%	€574.2
Net leverage	x2.33	x2.16	+x0.40	x2.56

3) LTM Adj. EBITDA of €217.8m at YE'21 and €224.6m at Q3'22 closing incorporate full-twelve-rolling months of the US operations.

4) LTM Operating cash flow of €117.9m at YE'21 and €122.3m at Q3'22 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 €713.4m at Q3'22 closing include €100m TLB add-on to partly fund the AZR acquisition, as well as China local loans



# 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 prices (€/t)



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

	9M 2021	9M 2022
Unhedged	29% or 32kt @ €2,412/t LME	28% or 48kt @ €3,422/t LME
Hedged	71% or 78kt @ €2,170/t	72% or 124kt @ €2,363/t
<b>Blended<sup>3)</sup></b>	<b>€2,241/t</b>	<b>€2,647/t</b> +€406/t / +18% yoy

## Hedging strategy unchanged:

- 1-3 years forward hedging strategy;  
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-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.€2,630 at FX 1.05); Feb'23-Jan'24: 58.6kt zinc hedged at c.\$2,900 (c.€2,900 at FX 1.00); Feb'24-Jan'25: 60.0kt zinc hedged at c.\$2,975 (or c.€2,975 at FX 1.00)

3) Zinc blended prices are averages computed based on the monthly effective LME zinc and hedging prices weighted with the respective hedged and non-hedged volumes



Nanjing City, location of Befesa China's HQ

# 03 / Growth projects

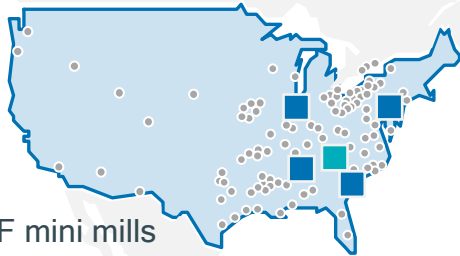


# ✓ US Zinc refining asset acquisition: Transaction highlights

## Zinc refining plant

Location: Rutherford County, NC

Installed capacity: c. 140kt SHG zinc p.a.



● EAF mini mills

**BEFESA**

■ EAFD recycling sites in the US

■ Zinc refining plant

Zinc refining plant centrally located  
amongst Befesa's EAFD recycling plants  
close to the major US EAF steel mini mills

- **Acquired** remaining 93% of zinc refining asset on 30 Sept '22 for **\$47m cash** transaction; 65% or **\$88m below original purchase option of \$135m**
- **Attractive multiple** of around 5x Adj. EBITDA and at about 1/10<sup>th</sup> of >\$500m invested
- **Long-term view** around asset potential **unchanged**; **Opportunity to improve performance** of the plant further, especially post current high inflation environment
- **Size of refining plant sufficient to process zinc Waelz oxide (WOX)** of up to 220kt of all 4 recycling assets at full capacity to pure zinc
- **Recycled WOX + Solvent extraction zinc refining = Green zinc**

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



Around €410-450m investment,  
similar expansion focus & size like last 5 years



Targeting around **double-digit** earnings growth



Globally balanced growth, in 1/3 Asia/China, US & Europe



Organically funding investments, no capital increase,  
keeping leverage  $\leq 2x$  -as well as-  
maintaining dividend policy of distributing 40-50% of net profit



Rigorous execution -&- cautiously managing timing aligned with  
macroeconomic developments ... **Befesa in control**



8 Nov

**Capital Markets Day on 8 November**, Hybrid - London & virtual;  
Following 5-year anniversary on Stock Exchange on 3 November





EAFD recycling plant at Gyeongju, South Korea

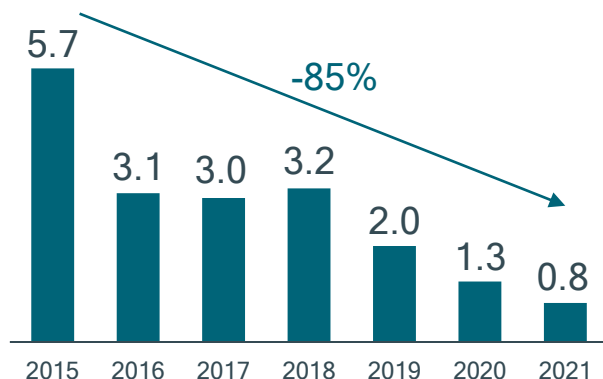
# 04 / ESG at Befesa

# ESG at Befesa

Key player within the circular economy, with c.2 Mt recycled and c.1.5 Mt 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 H&S 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**

#181 of 430  
Commercial services

**V.E**

#7 of 103  
Business services

**MSCI**

BBB  
Commercial services  
& supplies

**arabesque s-ray**

Top 5%  
Industrial services

**S&P Global**

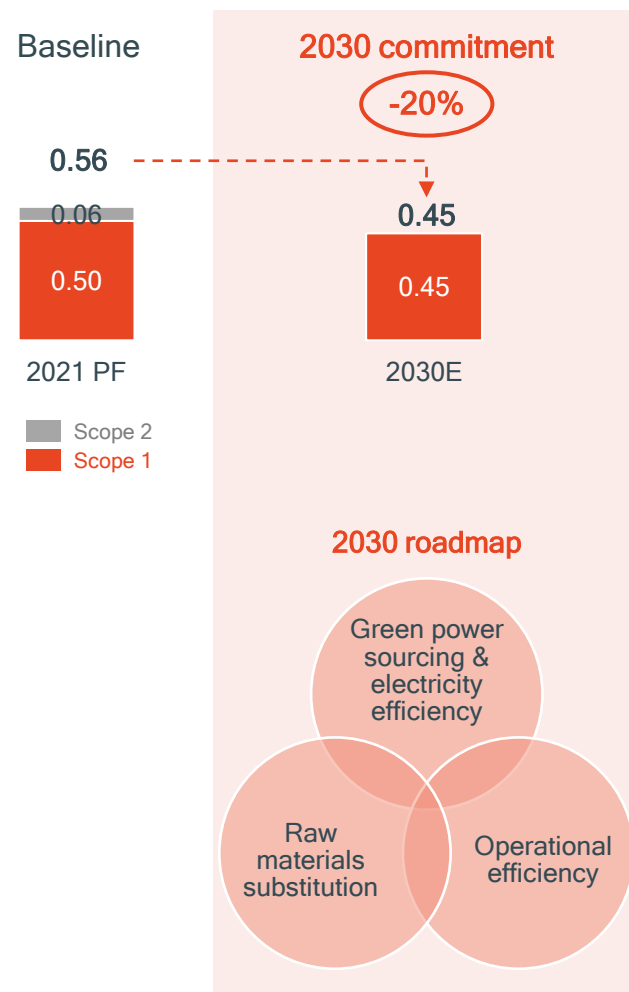
Top 15%

## 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







Waelz kiln at EAFD recycling plant in Gyeongju, South Korea

# 05 / Investor agenda & appendix



# Investor's agenda

## Financial calendar 2023

**Prelim. YE Results 2022 & Conf. Call**  
Thursday, 3 Mar 2023

**Annual Report 2022**  
Thursday, 23 Mar 2023

**Q1 2023 Statement & Conf. Call**  
Thursday, 4 May 2023

**Annual General Meeting**  
Thursday, 15 Jun 2023

**H1 2023 Interim Report & Conf. Call**  
Thursday, 27 Jul 2023

**Q3 2023 Statement & Conf. Call**  
Thursday, 26 Oct 2023

## Next investor conferences Q4 2022 Q1 2023

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

**London - Befesa 1<sup>st</sup> Capital Markets Day**  
8 Nov - Hybrid, in person / virtual

**London - Global Natural Resources Conf.**  
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

**Lyon - ODDO BHF Forum 2023**  
5-10 Jan - ODDO BHF

**New York - 25<sup>th</sup> German Investment Seminar**  
9-11 Jan - Commerzbank & ODDO BHF

**Frankfurt - 22<sup>nd</sup> German Corporate Conf.**  
16-18 Jan - UniCredit & Kepler Cheuvreux

## Contact details

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# Q3 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>€179.5</b> <i>+€70.7 / +65.0%</i>	<b>€29.6</b> <i>+€9.6 / +48.1%</i>	<b>€72.2</b> <i>+€0.2 / +0.3%</i>	<b>€4.0</b> <i>+€14.8 / -</i>	<b>€285.3</b> <i>+€95.4 / +50.2%</i>
<b>Reported EBITDA</b> <i>yoy change</i>	<b>€56.3</b> <i>+€26.4 / +88.2%</i>	<b>€7.3</b> <i>+€2.6 / +54.6%</i>	<b>€3.2</b> <i>-€1.3 / -28.1%</i>	<b>-€1.5</b> <i>+€3.2 / -</i>	<b>€65.5</b> <i>+€30.9 / +89.4%</i>
<b>Reported EBITDA margin %</b> <i>yoy change</i>	<b>31.4%</b> <i>+387 bps</i>	<b>24.8%</b> <i>+104 bps</i>	<b>4.5%</b> <i>-177 bps</i>	<b>-</b> <i>-</i>	<b>22.9%</b> <i>+474 bps</i>
<b>Adjusted EBITDA<sup>2)</sup></b> <i>yoy change</i>	<b>€36.0</b> <i>+€2.5 / +7.4%</i>	<b>€7.3</b> <i>+€2.6 / +54.6%</i>	<b>€3.2</b> <i>-€1.3 / -28.1%</i>	<b>-€0.7</b> <i>-€0.6 / -</i>	<b>€45.9</b> <i>+€3.2 / +7.6%</i>
<b>Adjusted EBITDA margin %</b> <i>yoy change</i>	<b>20.1%</b> <i>-1,076 bps</i>	<b>24.8%</b> <i>+104 bps</i>	<b>4.5%</b> <i>-177 bps</i>	<b>-</b> <i>-</i>	<b>16.1%</b> <i>-637 bps</i>

1) Total revenue in Aluminium Salt Slags Recycling Services in Q3'22 amounted to €106.0m (Q3'21: €82.1m) after intersegment eliminations of -€4.1m (Q3'21: €9.9m)

2) €46.0m Q3'22 reported Total EBIT + €19.4m D&A = €65.5m Q3'22 reported Total EBITDA - €19.6m adjustments, mainly driven by Zinc refining acquisition impacts = €45.9m Q3'22 adjusted Total EBITDA

# 9M 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>€533.3</b> <i>+€229.2 / +75.4%</i>	<b>€70.9</b> <i>+€13.6 / +23.7%</i>	<b>€290.0</b> <i>+€45.7 / +18.7%</i>	<b>-€36.3</b> <i>-€4.8 / -</i>	<b>€857.9</b> <i>+€283.7 / +49.4%</i>
<b>Reported EBITDA</b> <i>yoy change</i>	<b>€151.3</b> <i>+€52.2 / +52.6%</i>	<b>€22.0</b> <i>+€6.1 / +38.4%</i>	<b>€12.2</b> <i>-€5.9 / -32.7%</i>	<b>-€4.4</b> <i>+€0.1 / -</i>	<b>€181.1</b> <i>+€52.4 / +40.7%</i>
<b>Reported EBITDA margin %</b> <i>yoy change</i>	<b>28.4%</b> <i>-423 bps</i>	<b>31.0%</b> <i>+328 bps</i>	<b>4.2%</b> <i>-322 bps</i>	<b>-</b> <i>-</i>	<b>21.1%</b> <i>-130 bps</i>
<b>Adjusted EBITDA<sup>2)</sup></b> <i>yoy change</i>	<b>€131.0</b> <i>+€28.3 / +27.5%</i>	<b>€22.0</b> <i>+€6.1 / +38.4%</i>	<b>€12.4</b> <i>-€5.9 / -32.7%</i>	<b>-€1.4</b> <i>-€1.4 / -</i>	<b>€163.9</b> <i>+€27.1 / +19.8%</i>
<b>Adjusted EBITDA margin %</b> <i>yoy change</i>	<b>24.6%</b> <i>-922 bps</i>	<b>31.0%</b> <i>+328 bps</i>	<b>4.2%</b> <i>-322 bps</i>	<b>-</b> <i>-</i>	<b>19.1%</b> <i>-472 bps</i>

1) Total revenue in Aluminium Salt Slags Recycling Services in 9M'22 amounted to €325.4m (9M'21: €272.2m) after intersegment eliminations of €35.5m (9M'21: €29.4m)

2) €126.4m 9M'22 reported Total EBIT + €54.8m D&A = €181.1m 9M'22 reported Total EBITDA - €17.3m adjustments, mainly driven by Zinc refining acquisition impacts = €163.9m 9M'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



# Q3 2022/21 – Operational data – Steel Dust Recycling Services

	Q3 2021 <sup>1)</sup>	Q3 2022	yoy change
EAFD throughput (kt)	222.6	267.9	+45.3 / +20.4%
EAFD average capacity utilisation (%)	77.7%	68.3%	-939 bps
Waelz oxide (WOX) sold (kt)	73.2	97.5	+24.2 / +33.1%
Zinc LME price (€/t)	€2,538	€3,245	+€707 / +27.9%
Zinc hedging price (€/t)	€2,110	€2,432	+€322 / +15.3%
Zinc blended price <sup>2)</sup> (€/t)	€2,220	€2,596	+€376 / +16.9%

1) EAFD throughput, corresponding capacity utilisation, and WOX sold figures in Q3'21 include partial figures contributed by the acquired US operations since acquisition in Aug'21 (c. six weeks of Q3'21)

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

# 9M 2022/21 – Operational data – Steel Dust Recycling Services

	9M 2021 <sup>1)</sup>	9M 2022	yoy change
EAFD throughput (kt)	563.3	897.6	+334.3 / +59.4%
EAFD average capacity utilisation (%)	81.0%	77.2%	-381 bps
Waelz oxide (WOX) sold (kt)	192.6	311.3	+118.7 / +61.6%
Zinc LME price (€/t)	€2,412	€3,422	+€1,010 / +41.9%
Zinc hedging price (€/t)	€2,170	€2,363	+€193 / +8.9%
Zinc blended price <sup>2)</sup> (€/t)	€2,241	€2,647	+€406 / +18.1%

1) EAFD throughput, corresponding capacity utilisation, and WOX sold figures in 9M'21 include partial figures contributed by the acquired US operations since acquisition in Aug'21 (c. six weeks of 9M'21)

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

# Q3 2022/21 – Operational data – Aluminium Salt Slags Recycling Services

	Q3 2021	Q3 2022	yoy change
Salt slags & SPL treated (kt)	107.2	66.9	-40.3 / -37.6% -6.9 <sup>1)</sup> / -9.3% <sup>1)</sup>
Salt slags & SPL avg. capacity utilisation (%)	94.5%	59.0% / 82.9% <sup>1)</sup>	-3,556 bps / -854 bps <sup>1)</sup>
Aluminium alloys produced (kt)	42.9	37.3	-5.6 / -13.1%
Secondary alu avg. capacity utilisation (%)	83.0%	72.2%	-1,085 bps
Aluminium alloy FMB price <sup>2)</sup> (€/t)	€2,012	€2,327	+€315 / +15.7%

1) Normalised for Hanover plant shutdown in 2022

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

# 9M 2022/21 – Operational data – Aluminium Salt Slags Recycling Services

	9M 2021	9M 2022	yoy change
Salt slags & SPL treated (kt)	303.0	239.8	-63.1 / -20.8% +19.4 <sup>1)</sup> / +8.8% <sup>1)</sup>
Salt slags & SPL avg. capacity utilisation (%)	90.0%	71.3% / 100.2% <sup>1)</sup>	-1,876 bps / +809 bps <sup>1)</sup>
Aluminium alloys produced (kt)	142.4	121.9	-20.4 / -14.3%
Secondary alu avg. capacity utilisation (%)	92.8%	79.5%	-1,331 bps
Aluminium alloy FMB price <sup>2)</sup> (€/t)	€1,980	€2,481	+€501 / +25.3%

1) Normalised for Hanover plant shutdown in 2022

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



# Multi-year trend – Operational data

	2017	2018	2019	2020	2021
EAFD throughput (kt)	661.0	717.1	665.8	687.0	885.7
EAFD average capacity utilisation (%)	84.7%	92.0%	80.7% / 90.1% <sup>1)</sup>	83.2%	83.3% <sup>2)</sup>
Waelz oxide (WOX) sold (kt)	217.8	240.9	217.6	239.2	291.0
Zinc LME price (€/t)	€2,572	€2,468	€2,276	€1,979	€2,544
Zinc hedging price (€/t)	€1,876	€2,051	€2,317	€2,239	€2,151
Zinc blended price <sup>3)</sup> (€/t)	€2,160	€2,168	€2,280	€2,136	€2,275
Salt Slags & SPL treated (kt)	509.9	517.0	492.6	444.6	395.0
Salt Slags & SPL avg. cap. utilisation (%)	96.2%	97.5%	92.9%	83.9% / 86.9% <sup>4)</sup>	87.8%
Alu alloys produced (kt)	184.1	169.3	176.7	174.3	185.8
Secondary Alu avg. capacity utilisation (%)	89.8%	82.6% / 98.1% <sup>5)</sup>	86.2% / 91.1% <sup>6)</sup>	85.0%	90.6%
Aluminium alloy FMB price <sup>7)</sup> (€/t)	€1,766	€1,715	€1,397	€1,424	€2,112

1) Installed capacity and corresponding utilisation rates in 2019 are normalised for the capacity upgrade in Turkey, from 65kt to 110kt (plant was shutdown from end of Jan to mid-Aug 2019)

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

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

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

5) Installed capacity and corresponding utilisation rates in 2018 are normalised for the furnace upgrades in Bilbao (plant was shutdown three months, from 2<sup>nd</sup> week of June to 3<sup>rd</sup> week of September), as well as the Barcelona - phase I (plant was shutdown two months, from 4<sup>th</sup> week of August to 4<sup>th</sup> week of October)

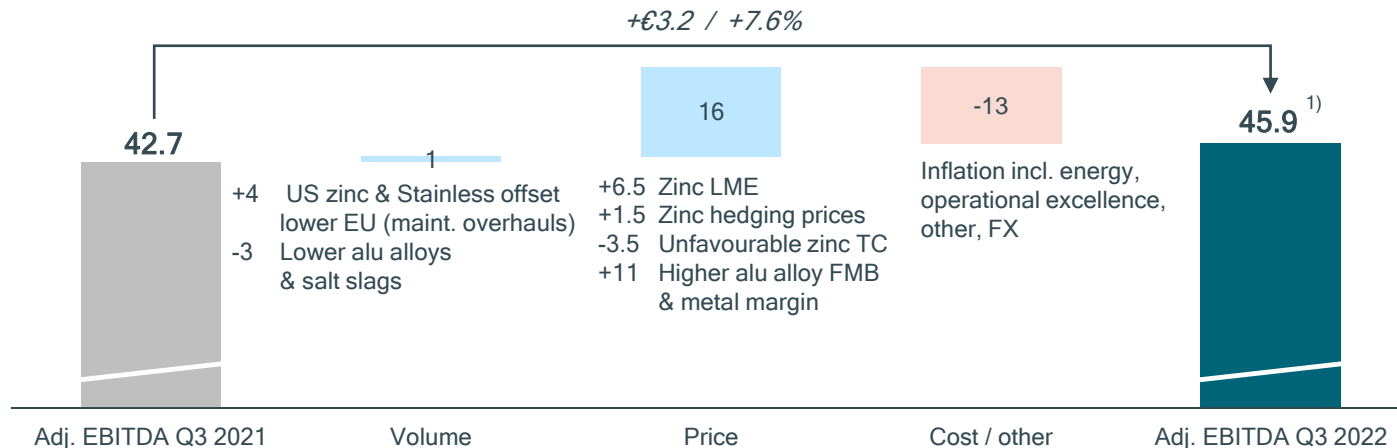
6) Installed capacity and corresponding utilisation rates in 2019 are normalised for the furnace upgrade in Barcelona - phase II (plant was shutdown three months, from mid-August to mid-November)

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

# Consolidated key financials

Q3 adjusted EBITDA at €45.9m, +8% yoy, mainly driven by yoy US zinc offsetting lower aluminium volumes; higher base metal prices offsetting energy inflation and unfavourable Zinc TC

## Adjusted EBITDA bridge Q3 2021 to Q3 2022 (€m)



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

	Q3 2021	yoy change	Q3 2022
Revenue	€190.0	+€95.4 / +50.2%	€285.3
Adjusted EBITDA <sup>1)</sup>	€42.7	+€3.2 / +7.6%	€45.9
Adjusted EBITDA margin %	22.5%	-637 bps	16.1%
Net profit	€15.9	+€21.3 / +133.7%	€37.2
EPS <sup>2)</sup> (€)	€0.40	+€0.53 / +133.7%	€0.93
Operating cash flow	€3.7	+€10.7 / +287.8%	€14.4
Cash	€200.7	-€61.5 / -30.7%	€139.1
Net debt	€482.1	+€92.1 / +19.1%	€574.2
Net leverage <sup>3)</sup>	x2.33	+x0.23	x2.56

1) €46.0m Q3'22 reported Total EBIT + €19.4m D&A = €65.5m Q3'22 reported Total EBITDA - €19.6m adjustments, mainly driven by Zinc refining acquisition impacts = €45.9m Q3'22 adjusted Total EBITDA

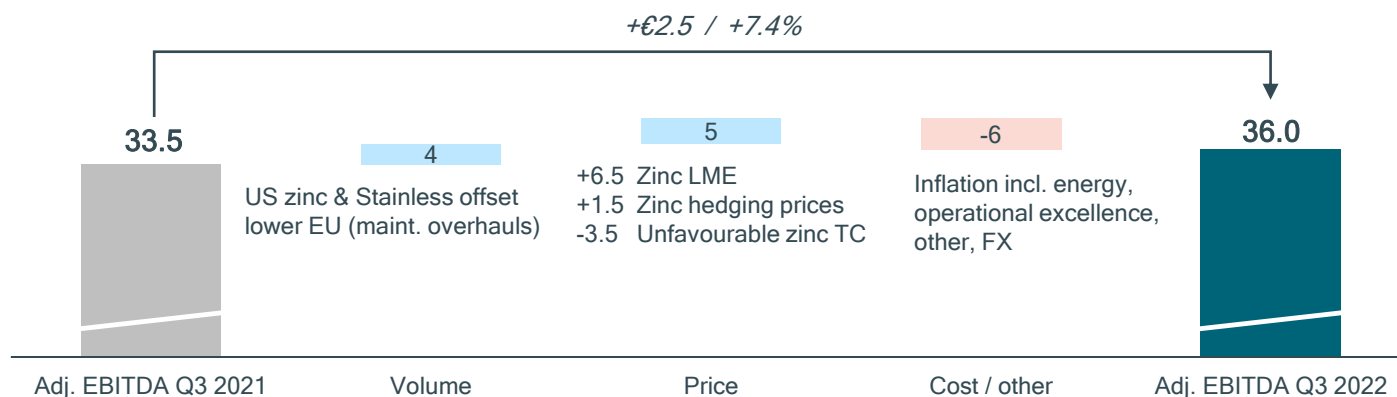
2) EPS is based on 39,999,998 shares after the capital increase of 5,933,293 new shares on 16 June 2021 to partly fund the AZR acquisition

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

Q3 EBITDA at €36.0m, +7% yoy, mainly driven by yoy US zinc, higher zinc market prices offsetting energy inflation and unfavourable TC

## Adjusted EBITDA bridge Q3 2021 to Q3 2022 (€m)



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

	Q3 2021	yoy change	Q3 2022
Revenue	€108.8	+€70.7 / +65.0%	€179.5
Adjusted EBITDA <sup>1)</sup>	€33.5	+€2.5 / +7.4%	€36.0
Adjusted EBITDA margin %	30.8%	-1,076 bps	20.1%
EAFD throughput (kt)	222.6	+45.3 / +20.4%	267.9
Plant utilisation	77.7%	-939 bps	68.3%
Waelz oxide (WOX) sold (kt)	73.2	+24.2 / +33.1%	97.5
Zinc LME price (€/t)	€2,538	+€707 / +27.9%	€3,245
Zinc hedging price (€/t)	€2,110	+€322 / +15.3%	€2,432
Zinc blended price <sup>2)</sup> (€/t)	€2,220	+€376 / +16.9%	€2,596
Treatment charge (TC) (\$/t)	\$159	+\$71 / +44.7%	\$230

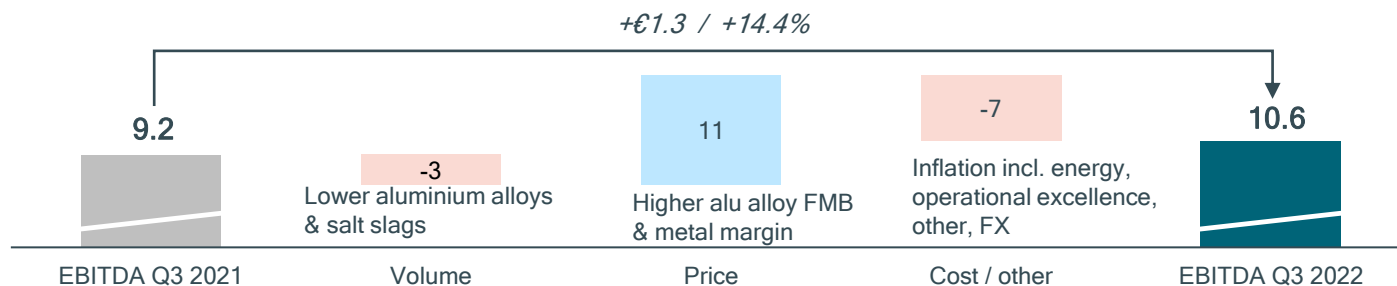
1) €40.8m Q3'22 reported Steel EBIT + €15.5m D&A = €56.3m Q3'22 reported Steel EBITDA - €20.3m adjustments, mainly driven by Zinc refining acquisition impacts = €36.0m Q3'22 adjusted Steel EBITDA

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

# Aluminium Salt Slags Recycling Services

Q3 EBITDA at €10.6m, +14% yoy; Energy inflation and some volume pressure offset with higher aluminium metal prices

## EBITDA bridge Q3 2021 to Q3 2022 (€m)



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

	Q3 2021	yoy change	Q3 2022
Revenue <sup>1)</sup>	€82.1	+€23.9 / +29.1%	€106.0
• Salt Slags	€20.0	+€9.6 / +48.1%	€29.6
• Secondary Aluminium	€72.0	+€0.2 / +0.3%	€72.2
EBITDA	€9.2	+€1.3 / +14.4%	€10.6
• Salt Slags	€4.8	+€2.6 / +54.6%	€7.3
• Secondary Aluminium	€4.5	-€1.3 / -28.1%	€3.2
EBITDA margin % (Salt Slags)	23.8%	+104 bps	24.8%
Salt Slags & SPL treated (kt)	107.2	-40.3 / -37.6% or -9% <sup>2)</sup>	66.9
Plant utilisation	94.5%	-3,556 bps	59.0% / 83% <sup>2)</sup>
Aluminium alloys produced (kt)	42.9	-5.6 / -13.1%	37.3
Plant utilisation	83.0%	-1,085 bps	72.2%
Alu alloy FMB price <sup>3)</sup> (€/t)	€2,012	+€315 / +15.7%	€2,327

1) Total revenue is after intersegment eliminations (Q3'21: €9.9m; Q3'22: -€4.1m)

2) Normalising for Hanover plant shutdown in 2022

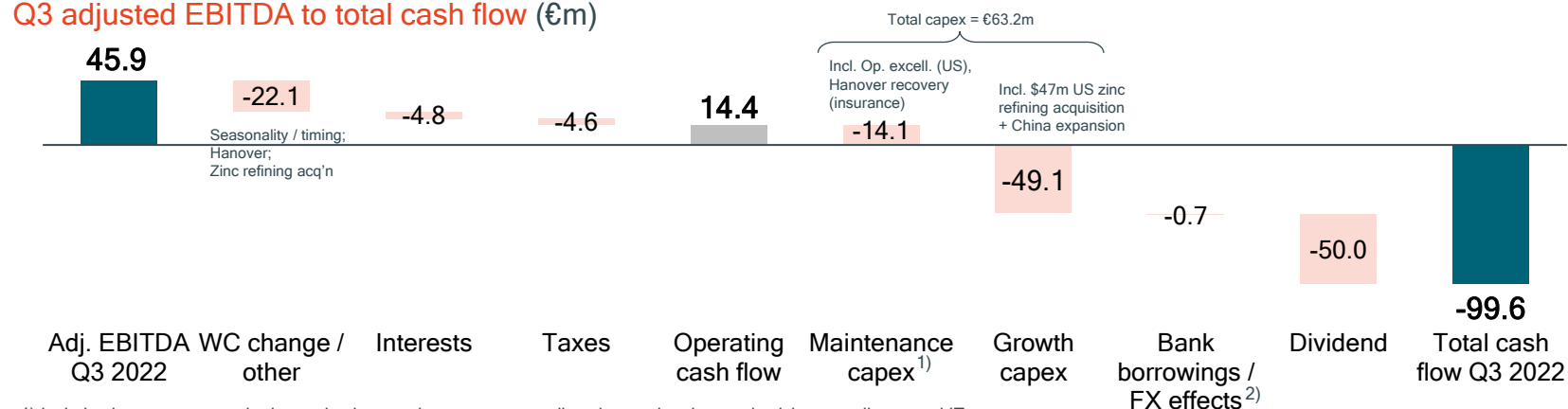
3) Aluminium scrap and foundry ingots aluminium pressure diecasting ingot DIN226/A380 European Metal Bulletin free market duty paid delivered works



# Cash flow, net debt & leverage

€139m cash on hand at Q3'22 closing vs. €239m at Q2'22 closing; Balanced cash flow normalised for €50m dividend distributed and \$47m zinc refining acquisition; Net leverage of x2.56 at Q3'22; Targeting lower leverage towards year end

## Q3 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 Sept 2021	YE 2021	change	At 30 Sept 2022
LTM Adj. EBITDA <sup>3)</sup>	€207.2	€217.8	+€6.8 / +3.1%	€224.6
LTM Operating cash flow <sup>4)</sup>	€128.7	€117.9	+€4.4 / +3.7%	€122.3
Gross debt <sup>5)</sup>	€682.8	€694.7	+€18.6 / +2.7%	€713.4
Cash on hand <sup>6)</sup>	€200.7	€224.1	-€85.0 / -37.9%	€139.1
Net debt	€482.1	€470.6	+€103.6 / +22.0%	€574.2
Net leverage	x2.33	x2.16	+x0.40	x2.56

3) LTM Adj. EBITDA of €217.8m at YE'21 and €224.6m at Q3'22 closing incorporate full-twelve-rolling months of the US operations.

4) LTM Operating cash flow of €117.9m at YE'21 and €122.3m at Q3'22 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 €713.4m at Q3'22 closing include €100m TLB add-on to partly fund the AZR acquisition, as well as China local loans

# FY'22 guidance: confirmed at lower end; Normalising for Zinc Refining acquisition

- **Confirming FY'22 guidance** at lower end,  $\geq$  €220m, +11% yoy  
LTM Q3'22 at €225m EBITDA
- **Acquired US Zinc Refining asset** at \$47m on 30 Sept '22;  
All cash transaction
- Total **capex guidance normalised** for US Zinc Refining,  
from €55-65m to **€105-115m**, excl. Hanover recovery
- Total **cash flow normalised** from c.+€40m to c.-€10m;  
**Cash on hand** remains at c.€200m
- **Net leverage** remains around x2