

**BEFESA**

# Business Update 2022

BNP Paribas Exane 5th MidCap CEO Conference

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

# 01 / Business update

# 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;
  - Q3 YTD inflation compensated with higher metal prices
- **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”
- **Sustainable Global Growth Plan (SGGP) for next 5 years** presented in the CMD
  - Investing €410-450m to target **double-digit earnings growth**
  - **Globally balanced** expansion: 1/3 Asia/China, US & Europe

# 9M & Q3 2022 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 Sep '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

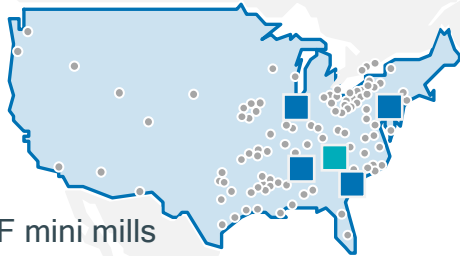


# ✓ US Zinc refining asset acquisition: Transaction highlights

## Zinc refining plant

Location: Rutherford County, NC

Installed capacity: c. 140 kt 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

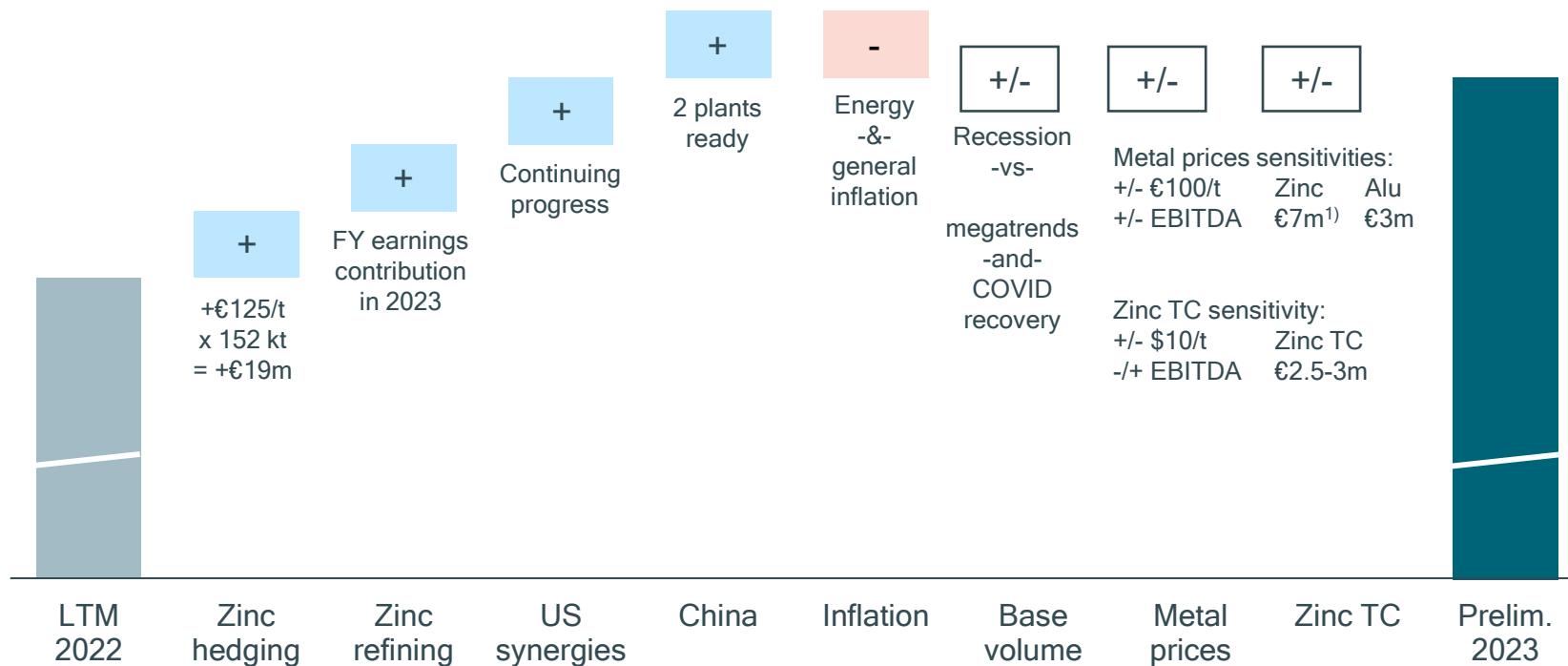
- **Acquired** remaining 93% of zinc refining asset on 30 Sep '22 for **\$47m cash** transaction; 65% or \$88m below original purchase option of \$135m
- **Attractive multiple** of around 5x Adj. EBITDA and at about 1/10<sup>th</sup> of >\$500m invested
- **Long-term view** around asset potential **unchanged**; **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 220 kt of all 4 recycling assets at full capacity to pure zinc
- **Recycled WOX + Solvent extraction zinc refining = Green zinc**

# FY'22 guidance confirmed at $\geq$ €220m EBITDA, +11% yoy, a new record result

- **Confirming FY'22 guidance  $\geq$  €220m EBITDA, +11% yoy LTM Q3'22 at €225m EBITDA**
- **Acquired US Zinc Refining asset at \$47m (vs. original \$135m) on 30 Sep; All cash transaction**
- **Total capex guidance adjusted for US Zinc Refining, from €55-65m to €110-120m, excl. Hanover reimbursed by insurance**
- **Total cash flow adjusted for US Zinc Refining from c.+€40m to c.-€20m; Cash on hand at c.€200m at YE'22**
- **Net leverage remains around x2**

# Preliminarily expecting 2022 as “floor” for 2023

## Key EBITDA drivers for 2023 (vs. 2022)

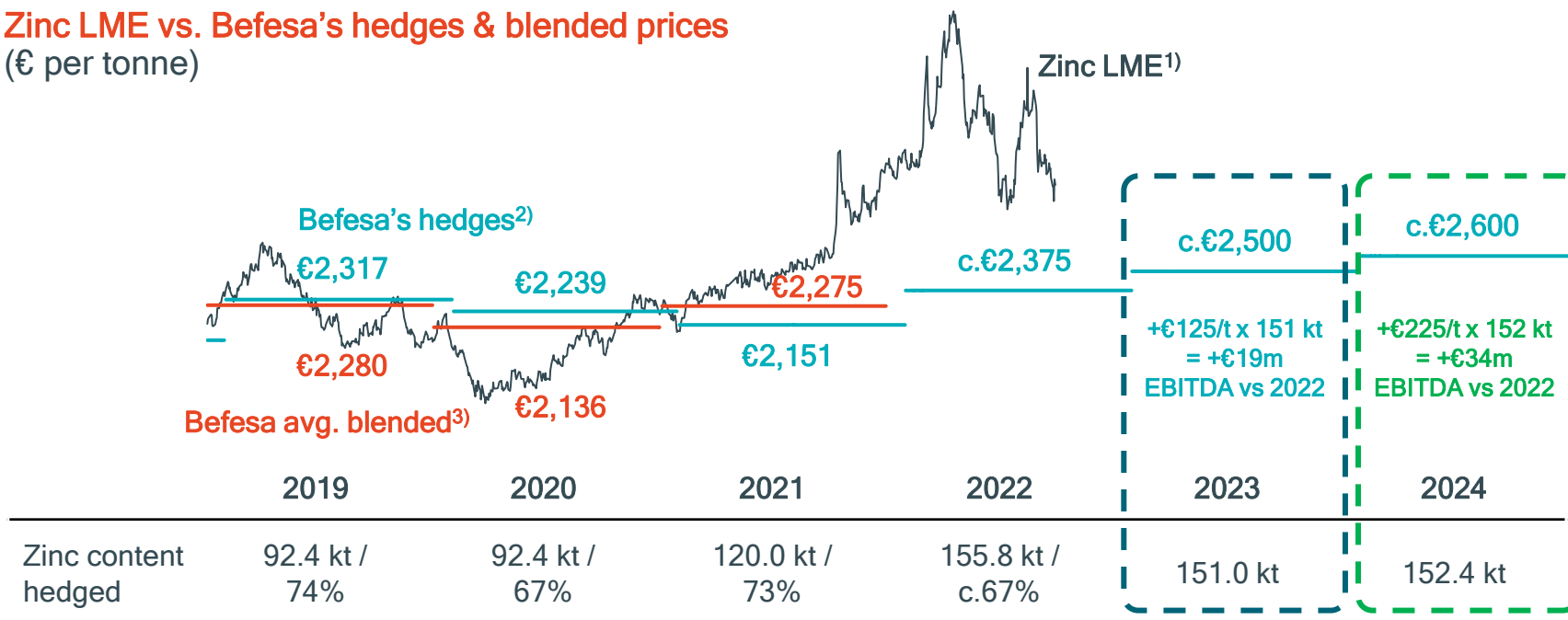


1) Zinc price sensitivities for the unhedged portion and excluding opposite zinc treatment charge effect

# Zinc prices & hedging strategy

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

## Zinc LME vs. Befesa's hedges & blended prices (€ per tonne)



## BEFESA Hedging strategy unchanged

1-3 years forward  
hedging strategy

Targeting 60% to 75%  
of zinc equivalent volume

Befesa providing  
no collateral

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

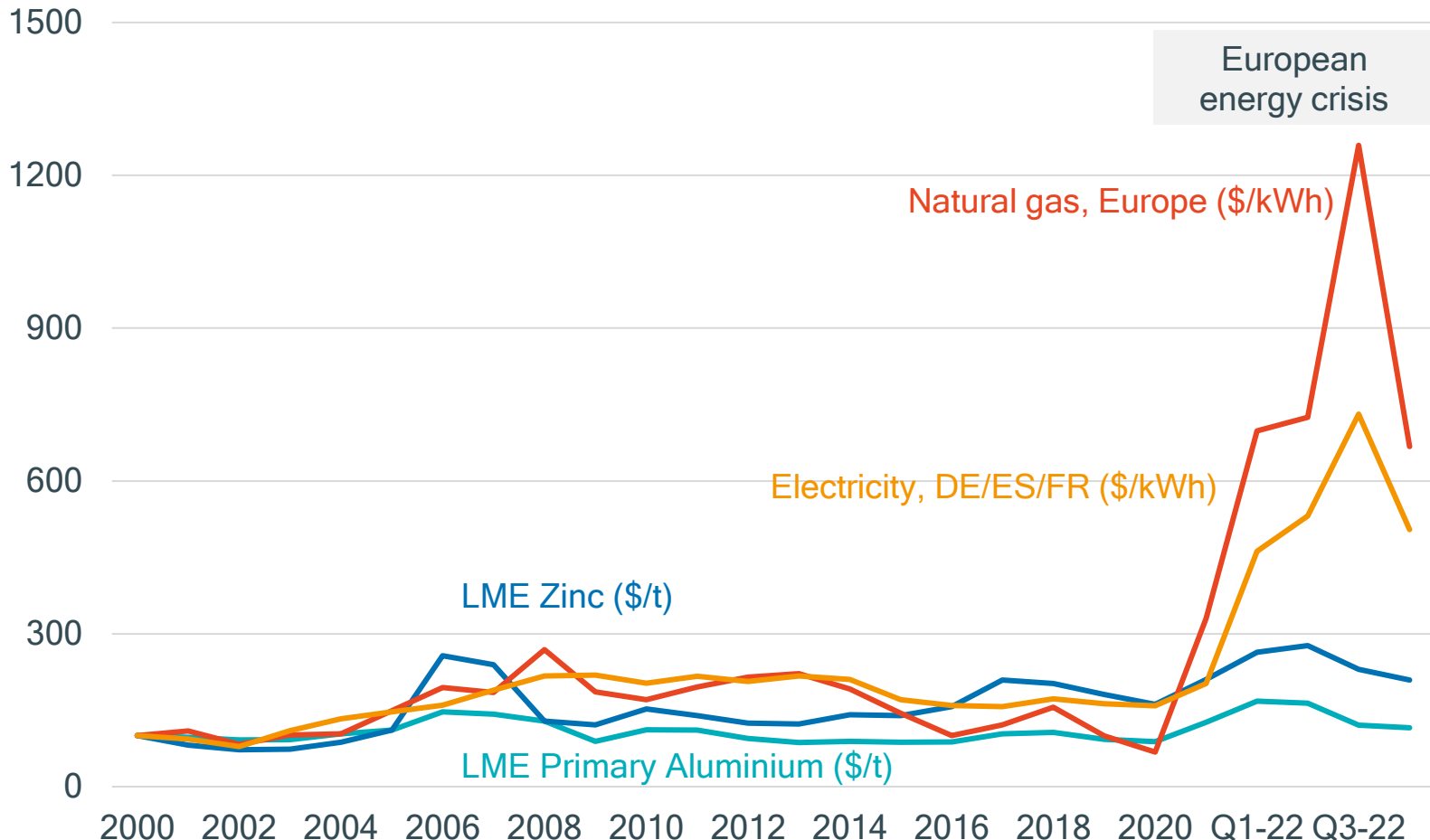
2) Includes BZ US (former AZR) hedge book for the following periods: 18 Aug'21-Jan'22: 36.8kt zinc hedged at c.\$2,500 (c.€2,160 at FX 1.16); Feb'22-Jan'23: 63.4kt zinc hedged at c.\$2,765 (c.€2,630 at FX 1.05);

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

# Zinc & alu metal prices directly correlated with electricity & gas prices over the last >20 years

Indexed annual price trend<sup>1)</sup>, 2000 - Oct YTD 2022  
(Index, 2000 = 100)



1) Natural gas, LME Aluminium & Zinc historical trend, 2000-2021, are average real prices from World Bank Commodity Price Data (The Pink Sheet); 2000-2021 electricity prices are annual average of Germany, Spain & France for medium consumers (consuming 2,000 - 19,999 MWh per annum) excluding VAT and other recoverable taxes and levies; 2022 prices: Natural gas prices are monthly average of Dutch TTF closing prices; Electricity prices are monthly average of Germany, Spain & France prices; LME zinc & primary aluminium prices are monthly average of cash settlement prices quoted on the London Metal Exchange



# 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



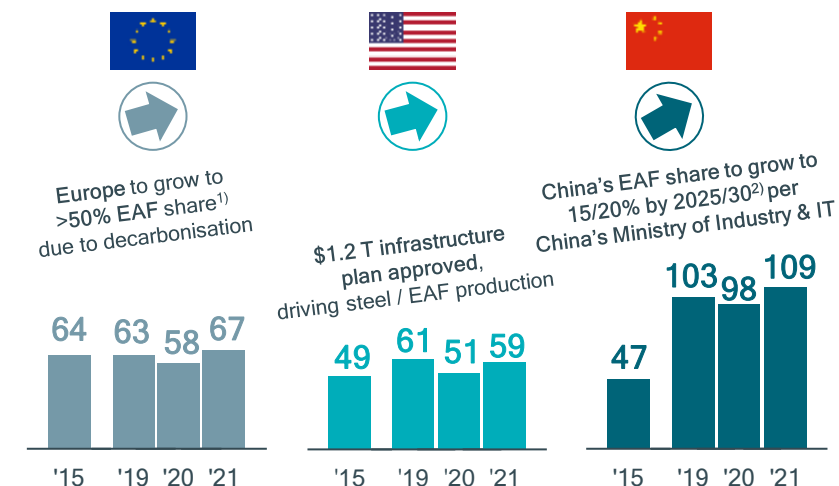
↑ Xuchang plant, mid-June 2022, commissioning

## China III, GuangDong province, ✓LOI signed

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

Befesa growing and diversifying its portfolio to capture Europe, the US and China addressable markets

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

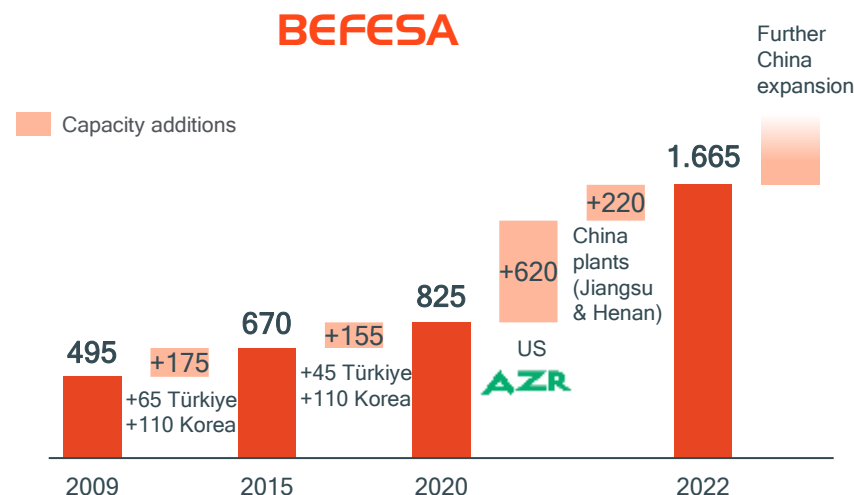


## EAF % of total steel production:



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

## Befesa's EAFD recycling capacity trend, kt



## EAFD recycling capacity by region, %:

Region <sup>3)</sup>	2009	2015	2020	2022
Europe <sup>3)</sup>	100%	74%	60%	30%
Asia <sup>4)</sup>	-	26%	40%	33%
US	-	-	-	37%

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

Sources: Worldsteel; Company data; IEA; S&P Global Commodity Insights

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

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

3) Europe defined as EU-27

4) Asia includes Türkiye, South Korea and China

# Proven track record since IPO; Megatrends driving growth over next 5 years

**EBITDA**  
(€m)

**+6% CAGR**

€160m growth capex + €380m AZR (Ex Zinc Refining)

**€225**

**€172**

Committed & delivered since IPO:

✓ Growth: Global #1 in Steel Dust



✓ Dividend: > 50% net profit payout

✓ Conservative financial management:  
hedging, leverage, liquidity

✓ Circular economy & ESG leader



Megatrends driving growth:  
Decarbonisation &  
Electric Vehicles (EV)

2017 IPO










LTM 2022

PF Post SGGP

# SGGP indicative timeline; Befesa in control; Adjusting timing to macroeconomic developments

€410-450m total capex requirement over next 5 years

● Steel Dust ● Alu Salt Slags

SGGP growth projects		Timing		Capex €m	EBITDA run-rate €m	Pay-back <sup>1)</sup>	IRR <sup>2)</sup>	
		2022e	2027e					
✓		1	Zinc refining	<div><div></div></div>	€110-120	€35-45	3-4	>30%
		2	Cap. utilisation	<div>Refurbishing / efficiencies</div> <div></div>				
		3	EAFD plant	<div>Construction + ramp-up</div> <div></div>	€105-115	€30-35	3-4	>30%
		4	WOX washing	<div>Construction</div> <div></div>				
		5	China III ✓ LOI signed	<div>Construction + ramp-up</div> <div></div>	€115-125	€30-35	4-5	>20%
		5	China IV	<div>Construction + ramp-up</div> <div></div>				
		5	China V	<div>Construction + ramp-up</div> <div></div>				
		6	2 <sup>nd</sup> Alu expansion	<div>Permits + construction + ramp-up</div> <div></div>	€80-90	€15-20	5	>15%
		7	Salt Slags plant	<div>Permits + construction + ramp-up</div> <div></div>				
				€410-450	€110-135	3-4	>20%	

1) Payback calculated dividing total capex by run-rate EBITDA

2) IRR estimated based on incremental EBITDA less WC & taxes to Operating cash flow contribution vs. growth & maintenance capex, discounted at an 8% WACC

Well defined growth roadmap driving +€125-155m EBITDA growth, 8-10% CAGR, globally balanced, c.1/3 US/EU/Asia



+€35-45m



- ✓ Zinc refining
- Capacity utilisation & efficiencies

Steel  
Alu

+€35-45

-

€225m



LTM Q3'22



+€45-55m



- New EAFD plant
- WOX washing expansion
- 2<sup>nd</sup> Alu expansion
- New Salt Slags plant

+€30-35

+€15-20



+€45-55m



- ✓ China I & II
- China III (✓LOI)
- China IV
- China V

+€45-55

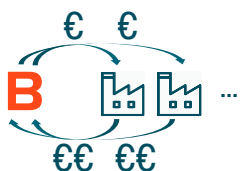
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c.€350-380m  
c.8-10% CAGR



PF Post SGGP  
(run-rate)

# Committing to growth through the cycle



**Strong financial backbone** and high cash flow generation allows to **self-fund SGGP**



Targeting to continue **dividend** distribution at **40-50%** of net profit



**Prudent risk and liquidity management;**  
**Modular SGGP** growth initiatives timing in control of Befesa



Investing in **core businesses**; **Low risk and high returns**,  
at **3-5 years payback** and **>20% IRR**



**Integrate SGGP** into annual **guidance & budget** process

# ESG: Enhanced transparency & performance

## Transparency / reporting

Detailed ESG Report



## External ratings



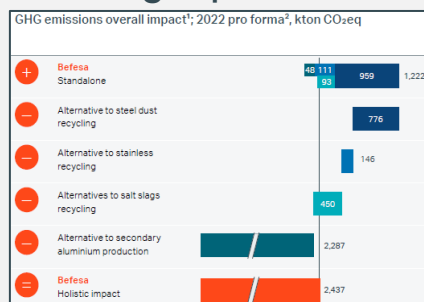
## Health & safety

Lost Time Injury Rate (LTIR)<sup>1)</sup> improved by 85% since 2015



## CO<sub>2</sub> holistic approach

Saving >2mt CO<sub>2</sub><sub>eq</sub> vs. virgin production



## CO<sub>2</sub> intensity targets

-20% by 2030  
Net zero by 2050



## Sustainability Committee



## EU Taxonomy



<sup>1)</sup> Befesa's own employees and contractors



Nanjing City, Location of Befesa China's HQ

# 02 / Sustainable Global Growth Plan (SGGP), 2022-2027

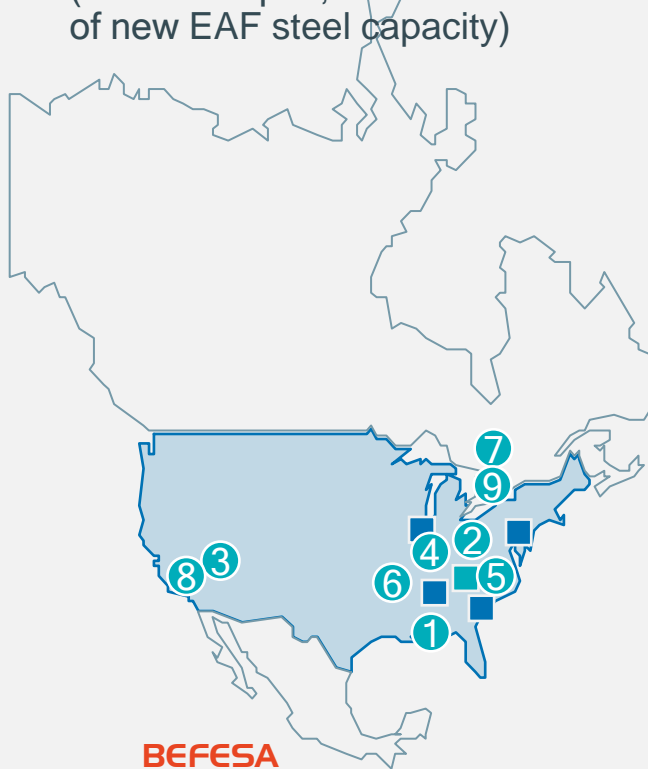


# Decarbonisation investments & Infrastructure Programme will support EAF growth by 2030

c.\$9-10 Bn capex equal to c.13-14 Mt EAF announced; Plus, \$1.2 T infrastructure program requires more steel overall in the US → generating >300 kt incremental EAFD

## Overview of selected steelmakers








(€ billion capex, million tonnes of new EAF steel capacity)



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■ EAFD recycling sites in the US

■ Zinc refining plant

Steel-maker	Location	Capex, \$Bn	New EAF cap., Mt	Start up
 <b>ARCEROLMITTAL</b> 50/50 JV	① Calvert, Alabama	\$0.8	1.5	H1'23
	② Mason County, Virginia	\$2.7	2.7	2024
 <b>NUCOR</b>	③ Kingman, Arizona	\$0.1	0.5	2024
	④ Crawfordsville, Indiana	\$0.3	0.5	YE'24
	⑤ Lexington, NC	\$0.4	0.4	c.2024
 <b>USS</b>	⑥ Osceola, Arkansas	\$3.0	2.7	2024
 <b>ALGOMA STEEL INC.</b>	⑦ Ontario, Canada	\$0.6	0.6	2024
 <b>PACIFIC STEEL &amp; RECYCLING</b>	⑧ Mojave, California	\$0.4	0.3	2025
 <b>ARCEROLMITTAL</b>	⑨ Hamilton, Ontario, Canada	\$1.3	4.0	2028
 <b>CMC Commercial Metals</b>	⑩ Northeast US	TBD	TBD	TBD
		<b>\$9-10 Bn</b>	<b>13-14 Mt</b>	



>300 kt EAFD

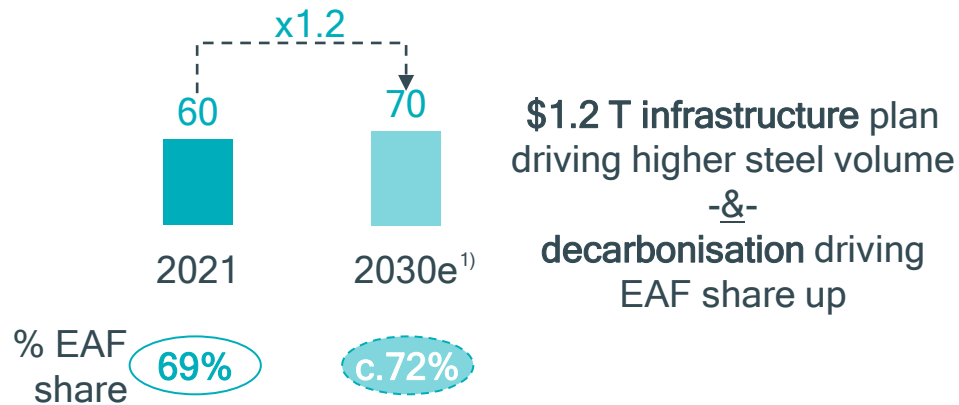


# SGGP – Steel Dust – US

EAFD generation in the US expected to increase >0.3 Mt by 2030 ...  
Befesa to fully utilise existing c.620 kt annual installed capacity

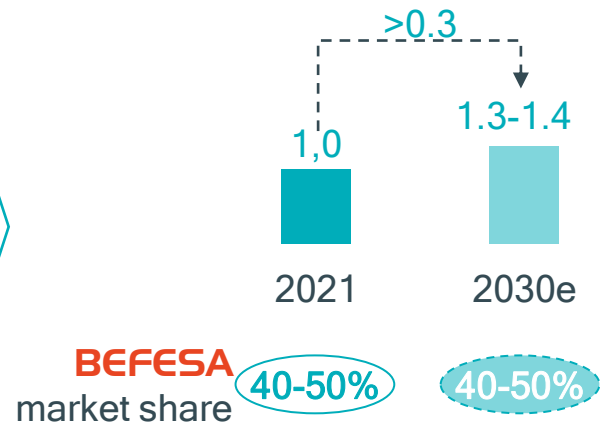
## EAF steel production

(million tonnes, EAF % of total crude steel output)



## EAFD generation

(million tonnes)



## Befesa's expansion projects

- ✓ Acquisition of Zinc refining asset on 30 Sep '22 for \$47m cash transaction
- Executing capacity utilisation increase in 2023-26;
  - Targeting c.200 kt incremental throughput to fully utilise existing c.620 kt nameplate capacity
  - Refurbishing Palmerton site in 2023-24, to be ready for expected volume increase in '24-26 onwards
  - Efficiencies & refurbishment vital to achieve throughput, energy & CO<sub>2</sub> intensity improvements

c. €110-120m total investment; c. €35-45m total incremental EBITDA p.a.; Low-risk & high-return projects

<sup>1)</sup> Macquarie (June 2022)

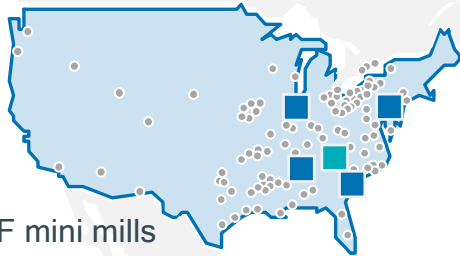


# ✓ US Zinc refining asset acquisition: Transaction highlights

## Zinc refining plant

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



● EAF mini mills

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Zinc refining plant centrally located  
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close to the major US EAF steel mini mills

- **Acquired** remaining 93% of zinc refining asset on 30 Sep '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 220 kt of all 4 recycling assets at full capacity to pure zinc
- **Recycled WOX + Solvent extraction zinc refining = Green zinc**



# Refurbishing Palmerton to drive efficiencies and increase capacity utilisation by 2026

## EAFD recycling assets

### 1 Barnwell, SC



### 2 Rockwood, TN



### 3 Calumet, IL



### 4 Palmerton, PA



x EAFD annual nameplate recycling capacity

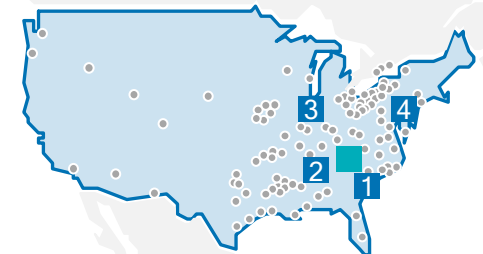
- c.620 kt nameplate **recycling capacity**;  
c.70% current utilisation
- Targeting c.200 kt incremental throughput to fully utilise Befesa's capacity and maintain market share in the US
- Refurbishing Palmerton site in 2023-24, to **be ready for expected volume increase** in 2024-26 onwards
- Efficiency projects & refurbishment vital to achieve **throughput, energy & CO<sub>2</sub> intensity improvements**

● EAF mini mills

**BEFESA**

■ EAFD recycling sites in the US

■ Zinc refining plant



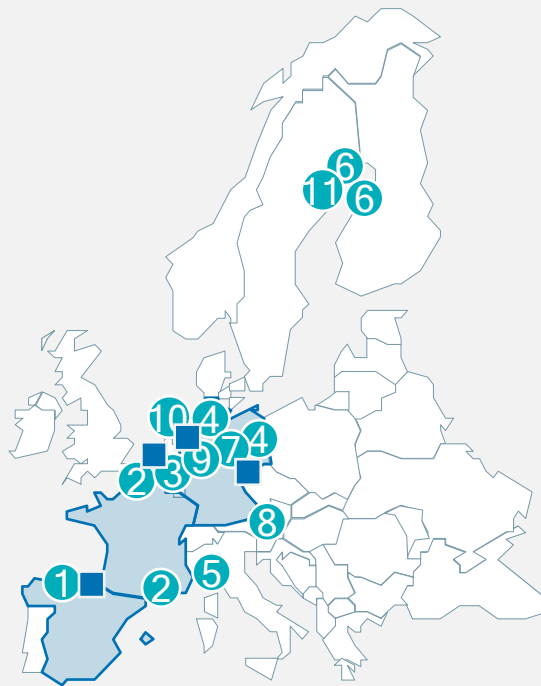


# Accelerating decarbonisation investments in EU will support EAF share growing to >50% by 2030

c.€14-15 Bn investments in new steel EAF projects in Europe announced ...  
Representing c.20-21 Mt incremental steel EAF capacity → generating c.350 kt EAFD

## Overview of selected steelmakers

(€ billion capex, million tonnes of new EAF steel production capacity)



**BEFESA**

■ EAFD recycling sites in Europe

Steel-maker	Location	Capex, €Bn	New EAF cap., Mt	Start up
	① Gijón, Spain	€1.0	1.1	YE'25
	② Fos-sur-Mer & Dunkirk, France	€1.7	2.0	H1'27
	③ Ghent, Belgium	€1.1	2.0	2030
	④ Bremen & Eisenhüttenstadt, Ger	€1.3	1.0	2030
	⑤ Genoa & Novi Ligure, Italy	€1.3	2.5	H1'24
<b>SSAB</b>	⑥ Luleå, Sweden; Raah, Finland	€4.2	5.0	2030
<b>SALZGITTERAG</b>	⑦ Peine, Niedersachsen, Germany	€1.1	1.9	'25-30
<b>voestalpine</b>	⑧ Linz & Donawitz, Austria	€1.0	2.5	H1'27
<b>thyssenkrupp</b>	⑨ Duisburg, Germany	€2.0	2.5	'25-29
<b>TATA STEEL</b>	⑩ IJmuiden, The Netherlands	TBD	TBD	2025
<b>H2green steel</b>	⑪ Boden-Luleå, Sweden	TBD	5.5	'24-26
		€14-15 Bn 20-21 Mt		



c.350 kt EAFD

Sources: ArcelorMittal Annual Report 2021; S&P Global (Jan 2022); Salzgitter Roadshow Presentation (March 2022); voestalpine's Consolidated Financial Statements 2021/22



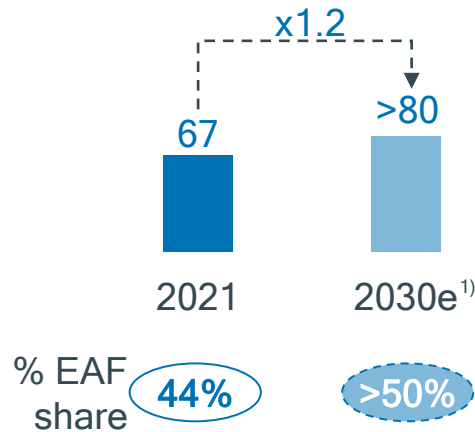
# SGGP – Steel Dust – Europe

EAFD generation in Europe expected to increase >0.3 Mt by 2030 ...

Befesa adding 140-160 kt new EAFD recycling capacity to maintain its current c.45% market share

## EAF steel production

(million tonnes, EAF % of total crude steel output)

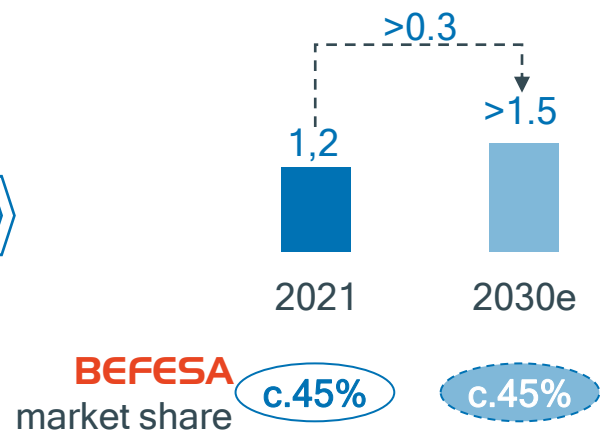


Large scale decarbonisation investments supporting EAF % growth to >50%<sup>2)</sup>



## EAFD generation

(million tonnes)



## Befesa's expansion projects

- Grow with EAFD market & invest in **new state-of-the-art EAFD recycling capacity**; 140-160 kt incremental EAFD capacity
- Expand **WOX washing** capacity in line with incremental EAFD volume

c. €105-115m total investment; c. €30-35m total incremental EBITDA p.a.; Low-risk & high-return projects



# Adding new EAFD recycling capacity –and– WOX washing expansion

c.€105-115m total investment; c.€30-35m total incremental EBITDA p.a.; Low-risk & high-return projects



## New EAFD recycling plant

- Grow with EAFD addressable market and invest in a **new 140-160 kt state-of-the-art EAFD plant**
- Construction + ramp-up in 2025-26; **Operational by 2026-27**
- **Low-risk & high-return project**



## WOX washing expansion

- **Expand WOX washing capacity** at Gravelines, France, in line with incremental European EAFD capacity
- Construction + ramp-up in 2025-26; **Operational by 2026-27**
- Investment required to enable EAFD capacity growth



# Largest producer of steel, rapidly transitioning from BOF to EAF; a strong growth opportunity

>60 Mt new EAF capacity announced, representing c.1 Mt EAFD incremental generation;  
Befesa strategically located in provinces with high EAFD generation

## Overview of selected steelmakers

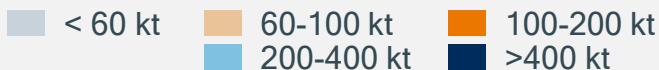
(million tonnes of new  
EAF steel production capacity)



**BEFESA**

■ EAFD recycling sites in China

### EAFD generation



# EAF projects	Chinese province	New EAF steel production capacity, Mt
2	① Anhui	3.0
2	② Fujian	2.1
1	③ Guangdong	8.0
9	④ Hebei	13.9
3	⑤ Henan	2.4
1	⑥ Heilongjiang	2.1
5	⑦ Hubei	4.5
1	⑧ Jilin	0.8
5	⑨ Jiangsu	6.0
(continues on next page)		

Sources: Internal analysis

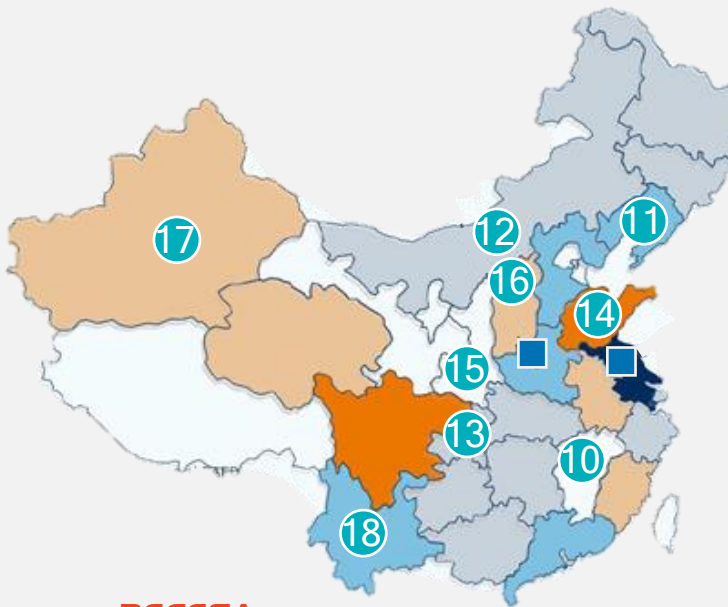


# Largest producer of steel, rapidly transitioning from BOF to EAF; a strong growth opportunity

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## Overview of selected steelmakers

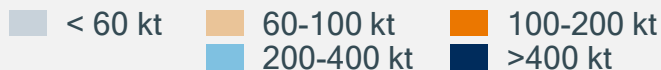
(million tonnes of new  
EAF steel production capacity)



**BEFESA**

■ EAFD recycling sites in China

### EAFD generation



Sources: Internal analysis

27 / Business Update - Post Capital Markets Day

# EAF projects	Chinese province	New EAF steel production capacity, Mt
2	10 Jiangxi	1.5
1	11 Liaoning	1.8
3	12 Inner Mongolia	2.5
1	13 Chongqing	4.0
3	14 Shandong	3.0
1	15 Shaanxi	1.1
1	16 Shanxi	0.7
1	17 Xinjiang	1.0
1	18 Yunnan	2.0

Total # new EAF projects in China: 43

>60 Mt EAF steel  
production capacity



c.1 Mt EAFD

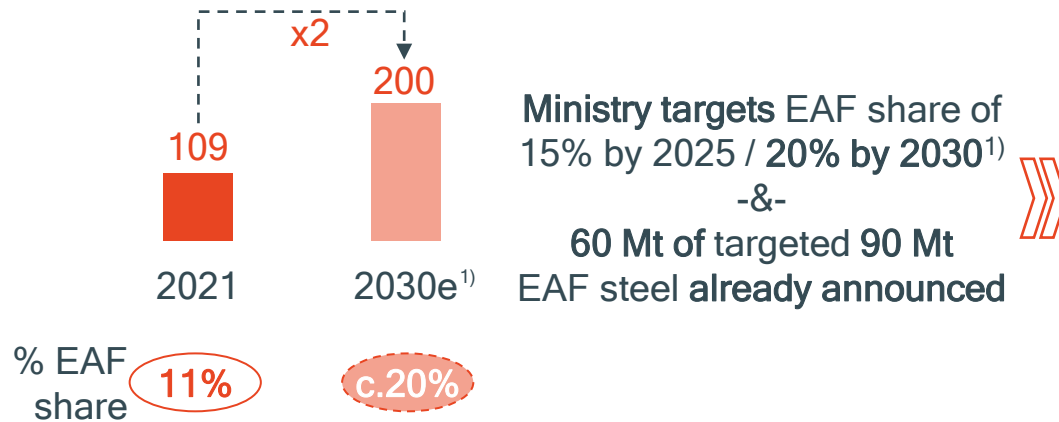


# SGGP – Steel Dust – China

EAFD generation in China expected to increase about 1.6 Mt by 2030 as it transitions from BOF to EAF; Befesa to add 3x 110 kt = 330 kt new capacity which will increase market share to 15-20%

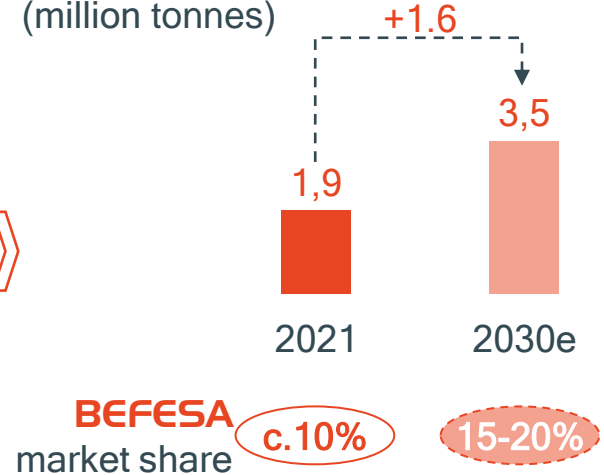
## EAF steel production

(million tonnes, EAF % of total crude steel output)



## EAFD generation

(million tonnes)



## Befesa's expansion projects

- Awaiting / Expecting improved COVID approach in China ahead of next expansion projects
- Expanding into additional provinces; ✓ LOI signed at Guangdong
- Scale up existing plant sites -and- new province (GuangDong); Overall, 3x 110 kt = +330 kt
- Risk-averse: Debt - ring-fenced local financing; Equity - investment guaranteed by German Gov. (DIA)

c. €115-125m total investment; c. €25-30m total incremental EBITDA p.a.; Cautious risk-averse approach

<sup>1)</sup> S&P Global Commodity Insights (Aug 2022); Macquarie (June 2022)



# Befesa strategically located in provinces with high EAFD generation

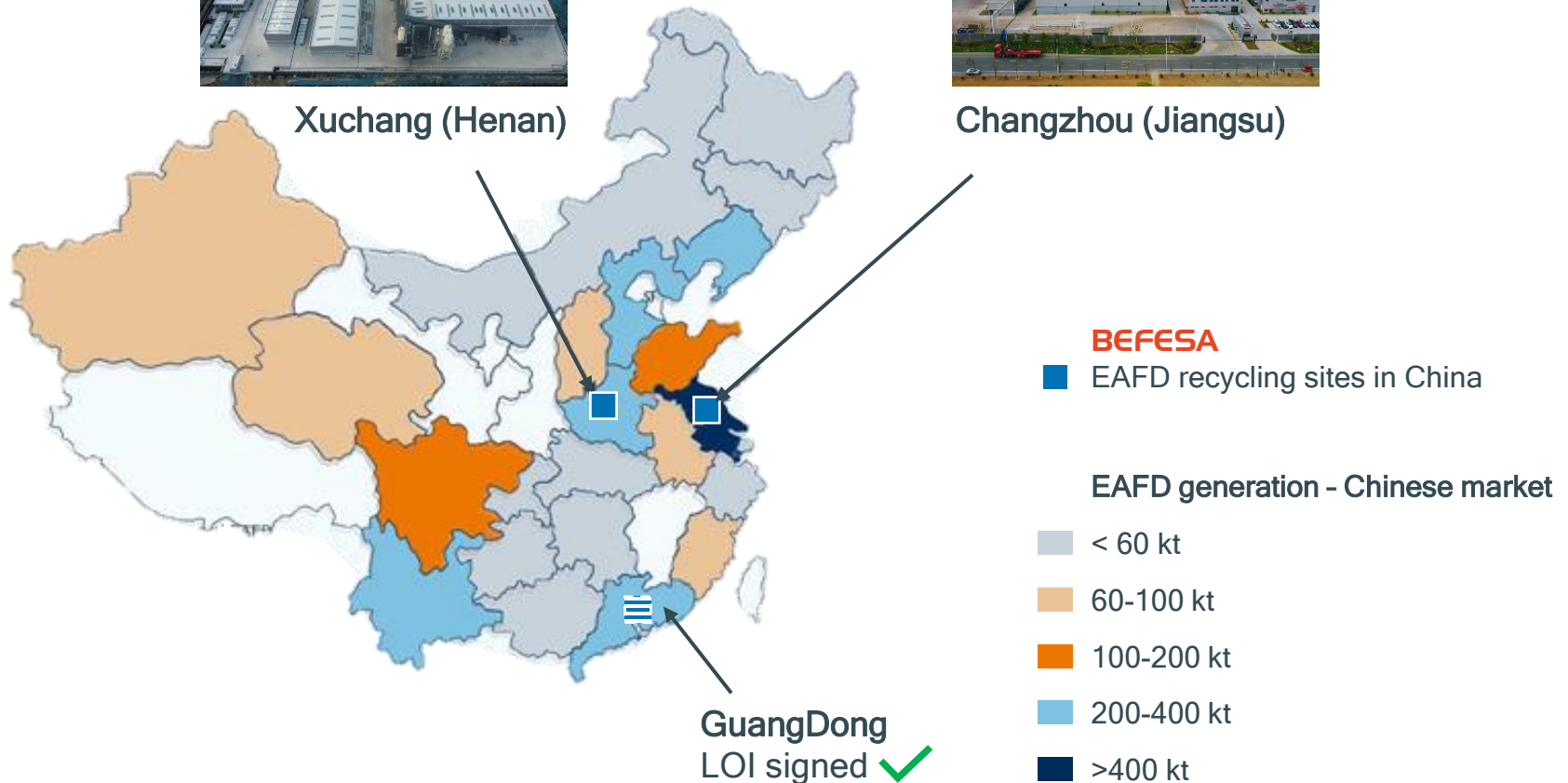
## EAFD generation in China



Xuchang (Henan)



Changzhou (Jiangsu)

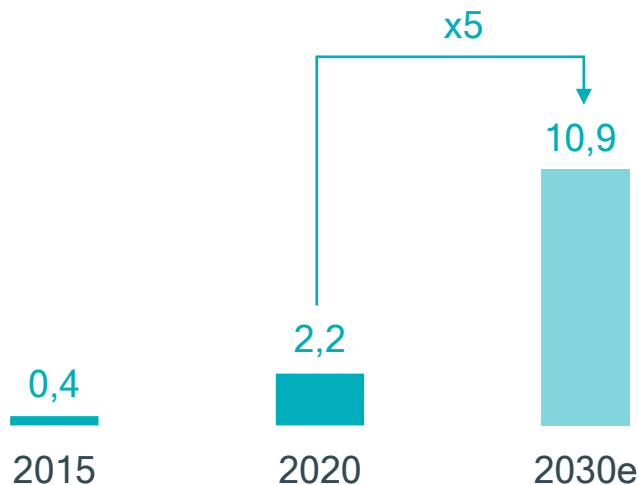




# Decarbonisation trend drives transition to Electric Vehicles (EV)

Automotive industry switching from combustion to EV

## EV unit sales in Europe<sup>1)</sup> (million units)



- EU approved plan to ban sales of vehicles with combustion engines (ICE) by 2035<sup>2)</sup>
- EV unit sales forecasted to grow x5 from c.2 million in 2020 to >10 million by 2030
- EV cars requiring light-weight construction, favouring aluminium demand

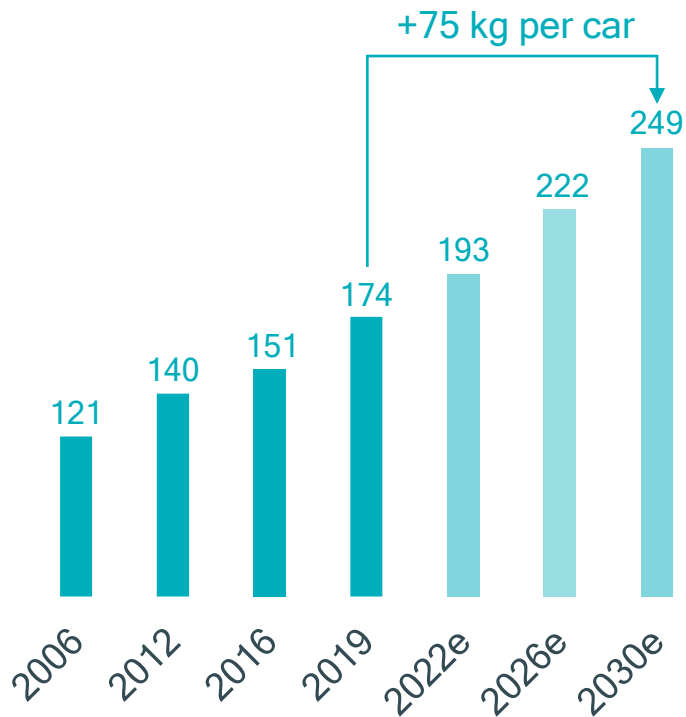
1) CRU (Jan 2022)

2) [ec.europa.org](https://ec.europa.org/economy_finance) (June 2022)



# EV requiring higher aluminium content per car to achieve light-weight targets

Average aluminium content per vehicle<sup>1)</sup>, net weight  
(kg per passenger car)



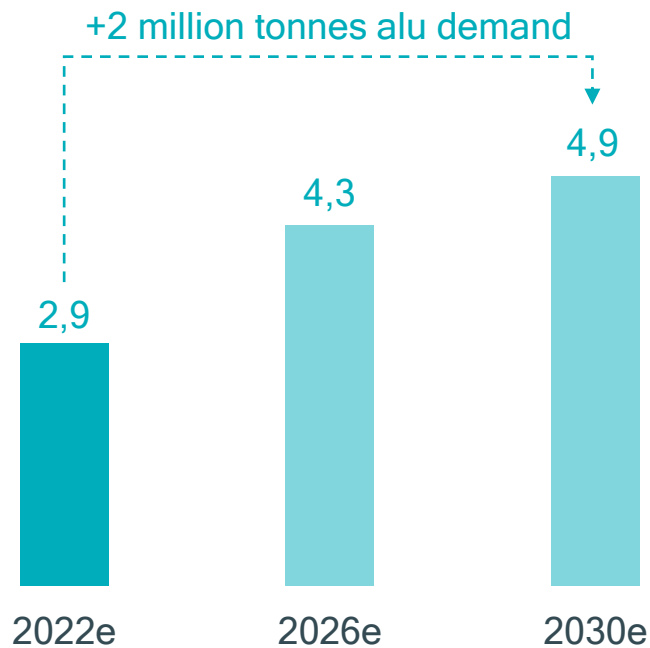
- Average aluminium content per vehicle (passenger cars) has steadily been increasing, from 121 kg/car in 2006 to 193 kg/car in 2022
- Growing and mandatory **electrification** requires **light-weighting** construction and drives **growing demand for aluminium**
- Aluminium content per vehicle expected to **accelerate** to 249 kg/car by 2030

<sup>1)</sup> Ducker (Oct 2022)



# ... driving higher aluminium demand with increased needs for 2<sup>nd</sup> alu & salt slags recycling

Aluminium demand from Auto<sup>1)</sup> in Europe, net weight  
(million tonnes)



- Automotive aluminium demand will continue to grow to address light-weighting needs
- OEMs aim to reduce their carbon footprint through use of recycled metal
- Requiring increased production of secondary aluminium and salt slags recycling volumes
- Expecting incremental >300 kt salt slags generation in Europe by 2030
- Befesa's salt slags recycling market share is c.45%; **Adding recycling capacity to maintain leadership market share**

1) Aluminium demand from passenger cars and light commercial vehicles; Ducker (Oct 2022)



# Expansion of 2<sup>nd</sup> Aluminium –and– New Salt Slags recycling plant

## Expansion of 2<sup>nd</sup> Aluminium

- Expand 2<sup>nd</sup> aluminium production capacity by c.90 kt at existing site (Bernburg) in line with expected volume
- Permits + construction + ramp-up: 2023-25; Operational by 2026
- Low-risk & medium-return project



## New Salt Slags recycling plant

- Invest in a new c.120 kt state-of-the-art salt slags recycling plant in line with incremental secondary aluminium capacity
- Permits + construction + ramp-up: 2023-26; Operational by 2026-27
- Low-risk & medium-return project



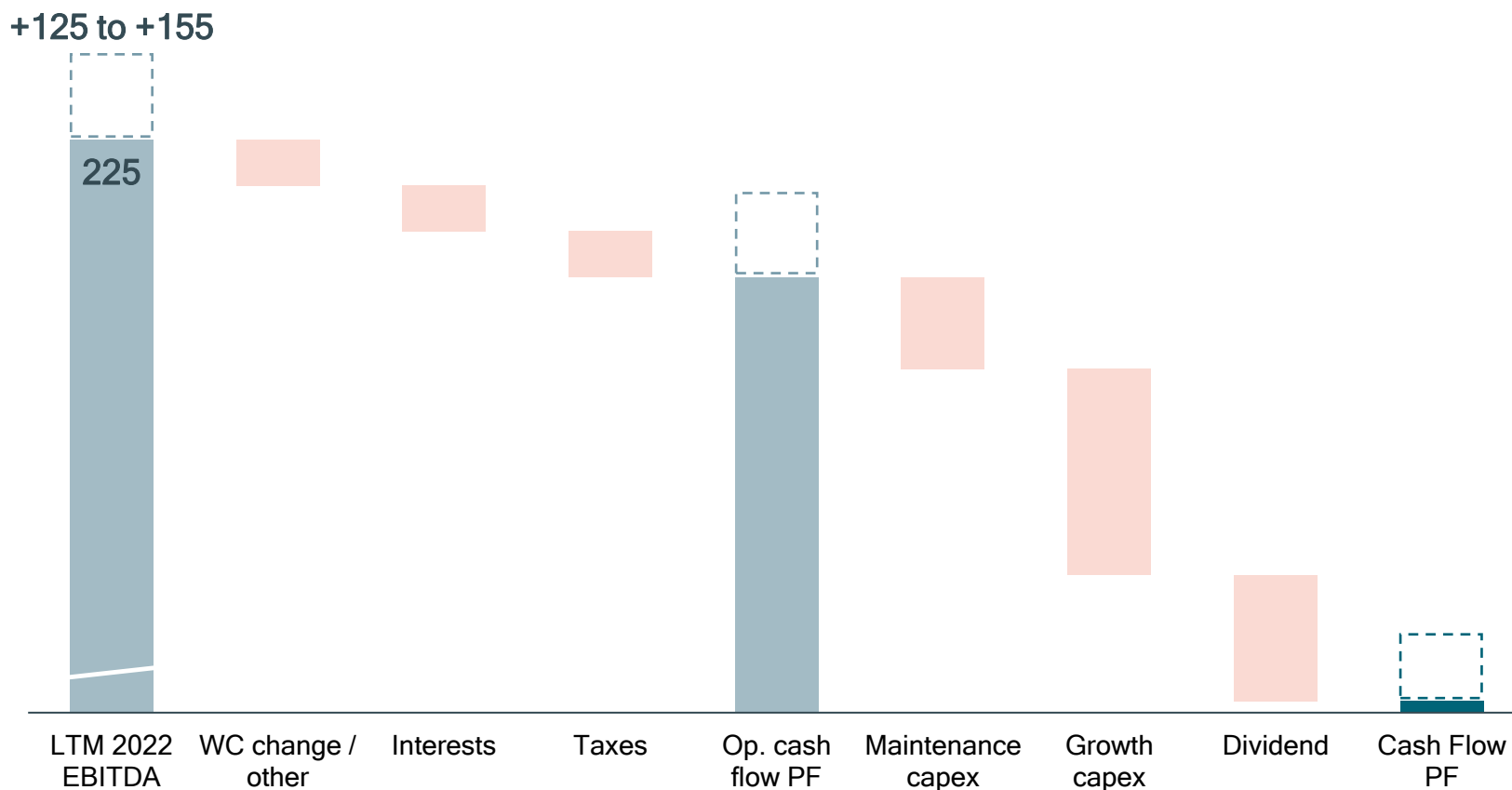
## Befesa's expansion projects

- Expansion of 2<sup>nd</sup> Aluminium will increase capacity from existing 205 kt to c.295 kt
- New Salt Slags recycling plant will increase capacity from existing 450 kt to c.570 kt

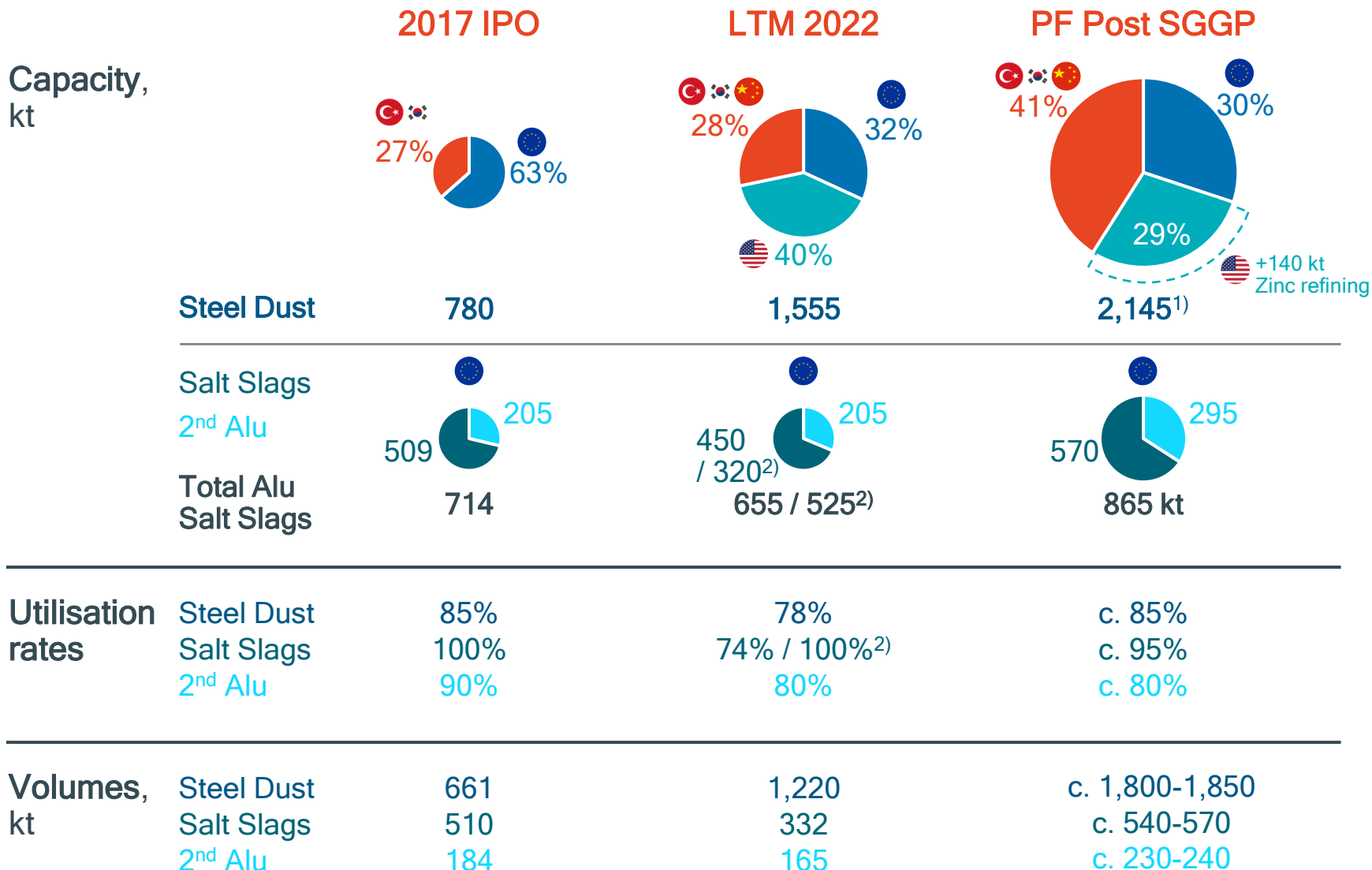
**c.€80-90m total investment; +€15-20m total incremental EBITDA p.a.; Low-risk & medium-return projects**

# Befesa can self-fund SGGP while keeping leverage $\leq x2$ -&- distributing dividends

EBITDA to Cash flow management walk, Illustrative conceptual annual view within SGGP period (€m)



# Diversifying Befesa's global footprint ...



1) 2,145 kt Steel Dust capacity excludes 140 kt from Zinc Refining; 2) Normalised for 130 kt Hanover installed capacity due to plant shutdown in 2022

# ... core-business focus drives portfolio growth

2017 IPO

LTM 2022

PF Post SGGP

Revenue,  
€m

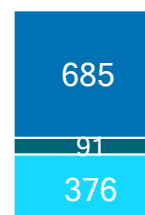
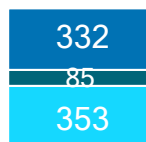
Total<sup>1)</sup>

€725

€1,105

c. €1,650-1,800

- Steel Dust incl. Zinc refining
- Salt Slags
- 2<sup>nd</sup> Alu



EBITDA,  
€m

Total<sup>1)</sup>

€172

% margin  
24%

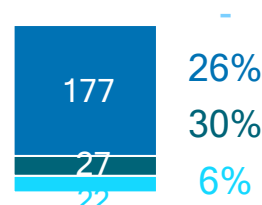
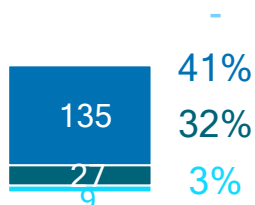
€225

% margin  
20%

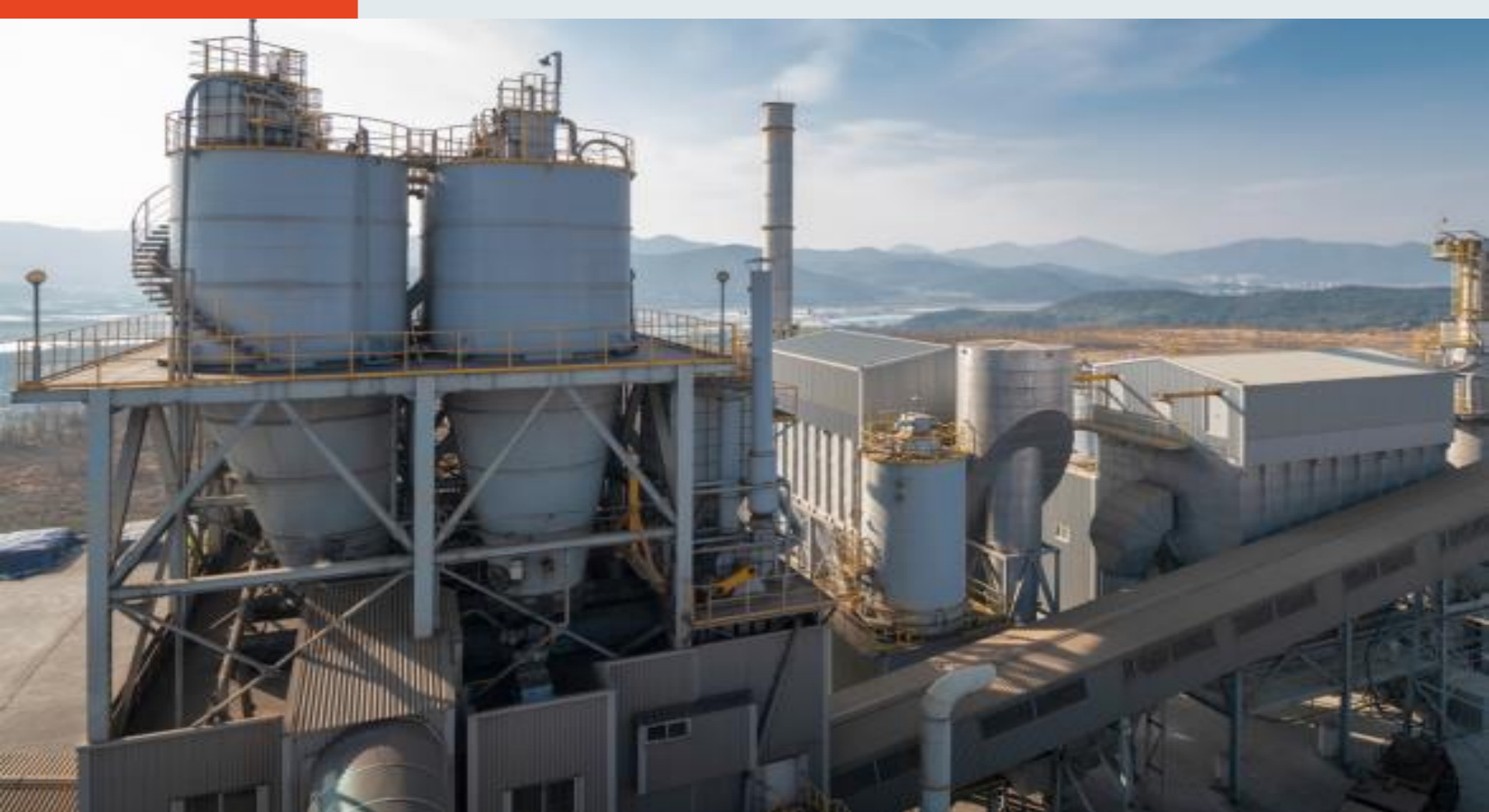
c. €350-380

% margin  
19-23%

- Steel Dust incl. Zinc refining
- Salt Slags
- 2<sup>nd</sup> Alu



<sup>1)</sup> Total revenue after intersegment adjustments; Total adjusted EBITDA

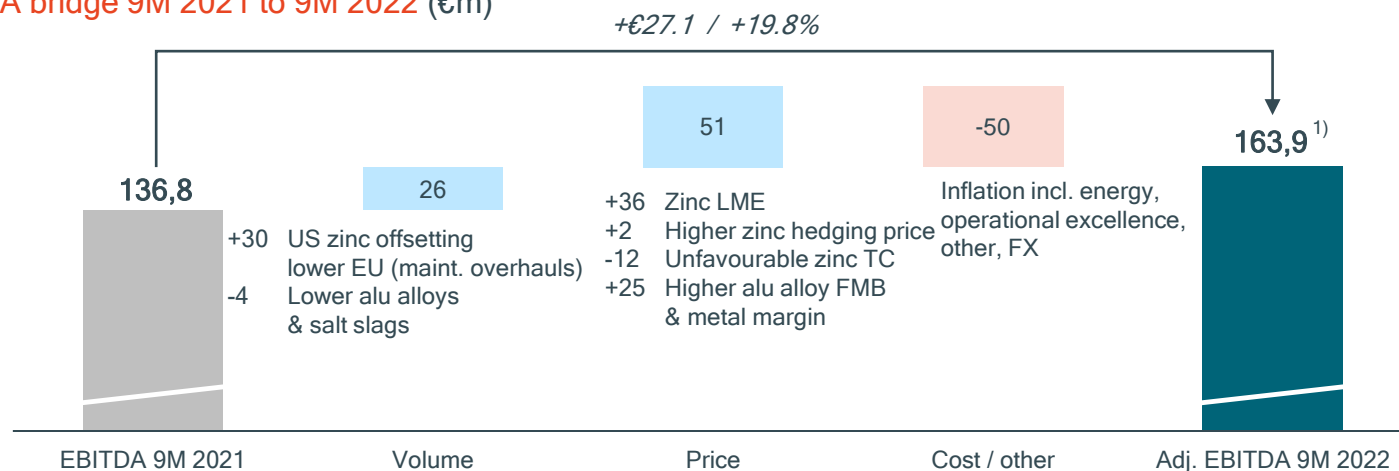


03 / 9M 2022 results

# 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

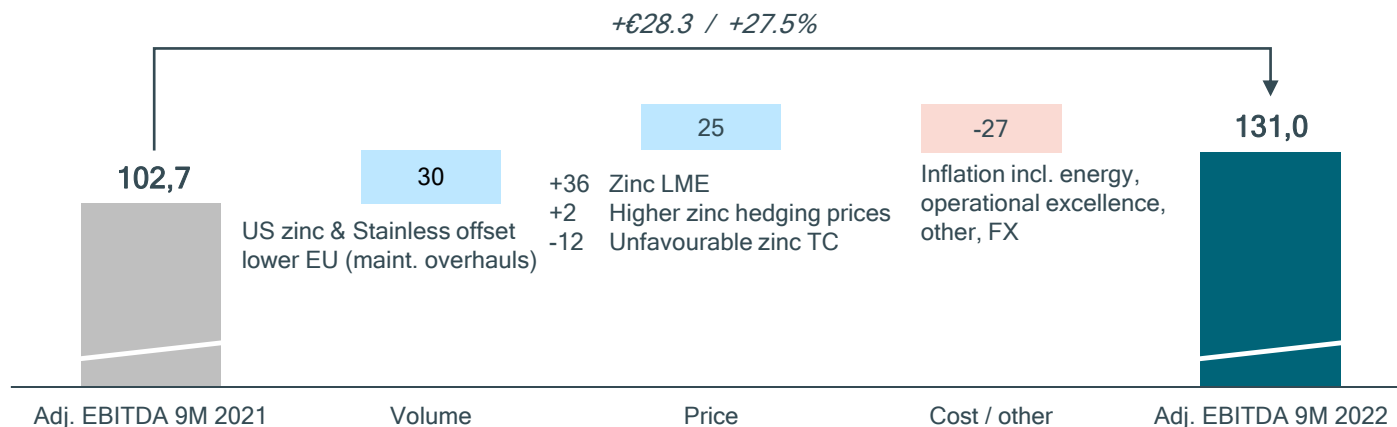
2) EPS in 9M'21 is based on 36,370,474 weighted average shares and 9M'22 is based on 39,999,998 shares after the capital increase of 5,933,293 new shares on 16 June 2021 to partly fund the AZR acquisition

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

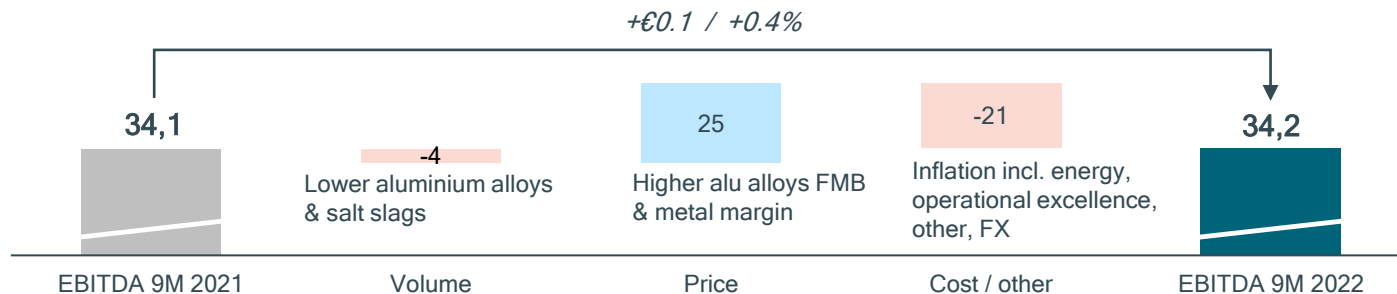
1) €109.2m 9M'22 reported Steel EBIT + €42.2m D&A = €151.3m 9M'22 reported Steel EBITDA - €20.3m adjustments, mainly driven by Zinc refining acquisition impacts = €131.0m 9M'22 adjusted Steel EBITDA

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)

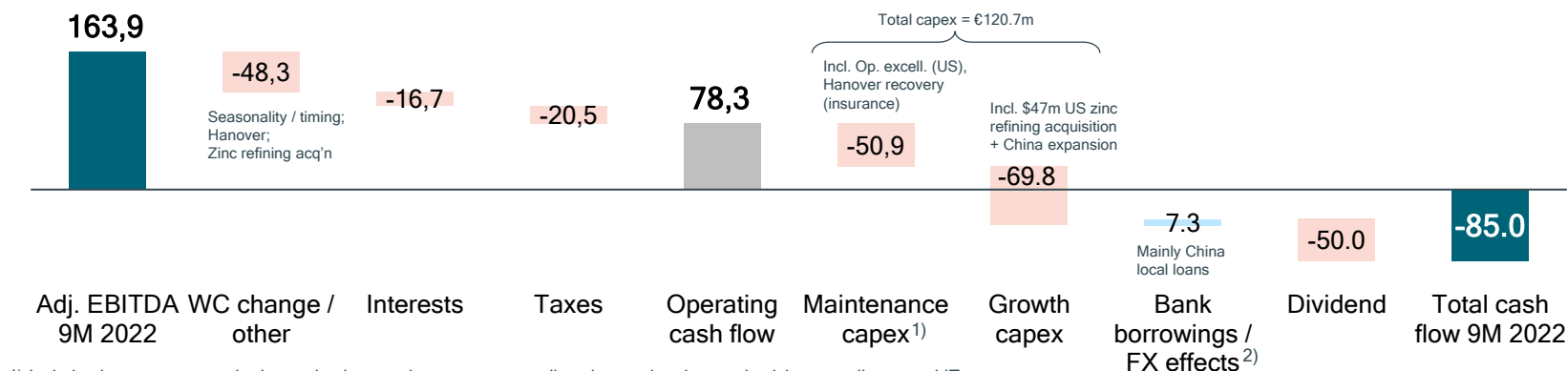
2) Normalising for Hanover plant shutdown in 2022

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 Sep 2021	YE 2021	change	At 30 Sep 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



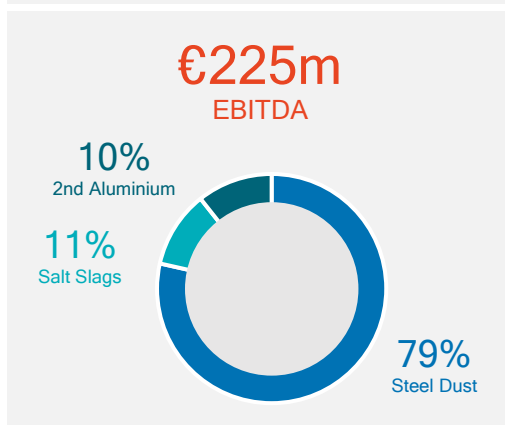
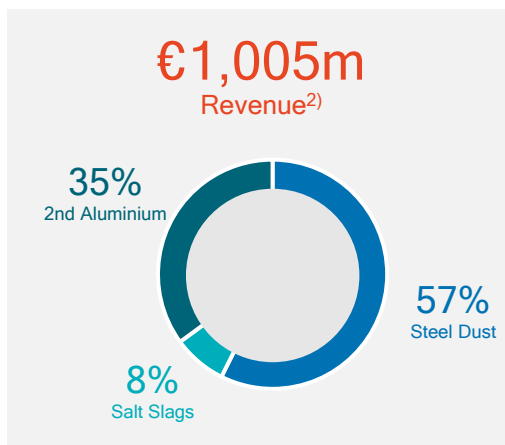
Secondary aluminium production plant at Bernburg, Germany

# 04 / Befesa overview

# Befesa at a glance

Global leader in Europe, the US and Asia in providing regulated critical hazardous waste recycling services to the steel and aluminium industries

## LTM Q3 2022<sup>1)</sup>



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

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

**26%**  
EBITDA margin  
(LTM Q3 2022)

**>15yrs**  
Relationships

## Aluminium Salt Slags Recycling

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

**29%**  
EBITDA margin in salt slags subsegment<sup>3)</sup>  
(LTM Q3 2022)

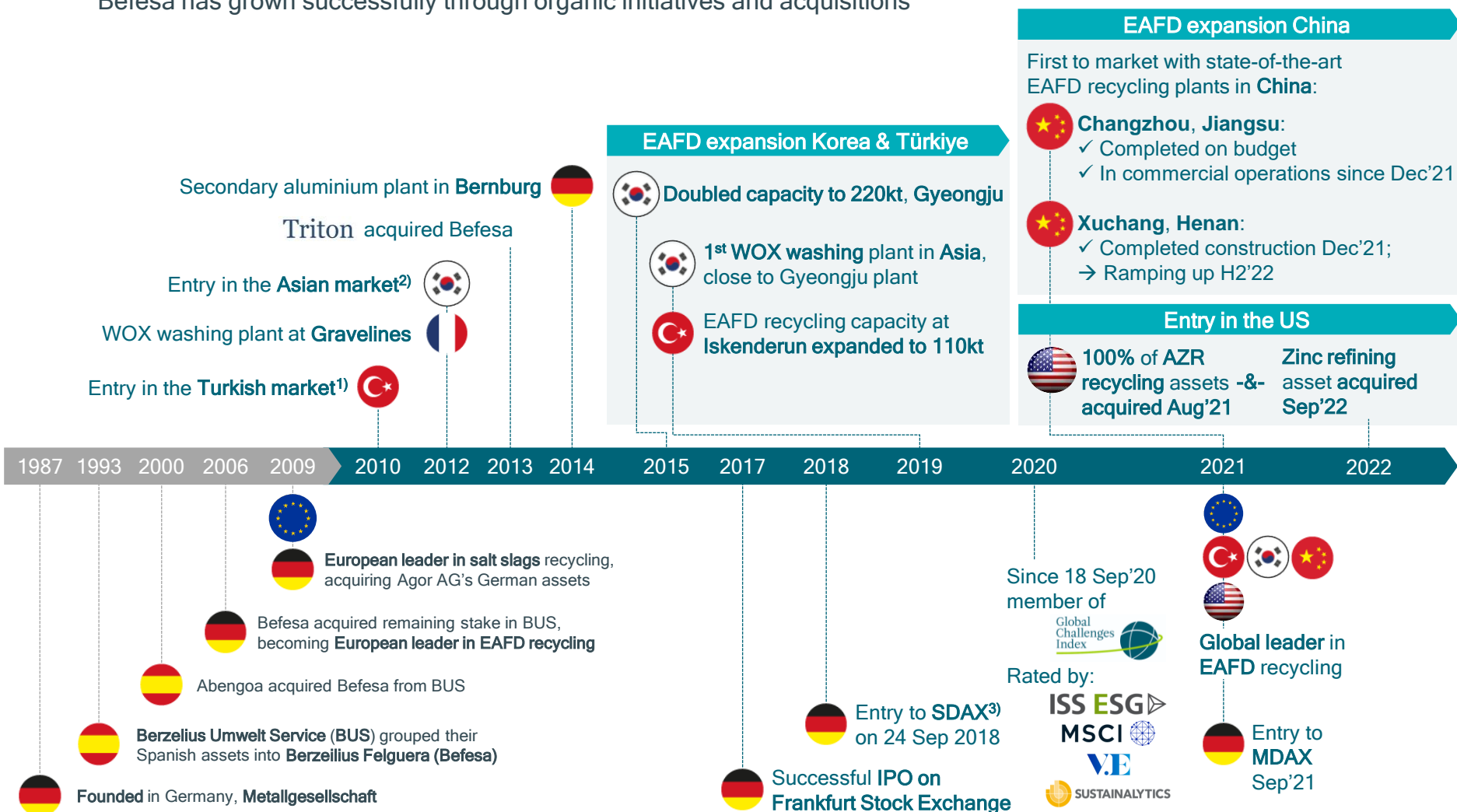
**>15yrs**  
Relationships

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

# Leader in circular economy for >30 years

## Environmental regulations

getting stricter and expanding into new geographies; enforcing recycling to drive resource efficiency and lower carbon footprint

## Recycling service solutions

critical to the steel and aluminium industries; long-term service relationships with strong barriers to entry and high captive demand

## Proven track record

to grow and diversify Befesa's portfolio; developing markets as industry leader & first mover; resilient through the cycles

## Global leader

with balanced footprint, close to clients, in Europe, the US & Asia, applying state-of-the-art technology

## Favourable mega trends

Decarbonisation, Electric Vehicles (EV), circular economy, drive secondary steel & aluminium demand → requiring Befesa's recycling services

## Strong financial backbone

Long-term capital structure & prudent hedging approach enable stable cash flows to fund growth SGGP roadmap

## Experienced & stable team

focused on customer service, ESG, profitable and sustainable growth

## Shareholder returns

through consistent dividend distribution and high returns on expansion projects

# Highly regulated & critical service model

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



All figures are of the year 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 (90 kt stainless-steel dust throughput in 2021)

- Within Aluminium Salt Slags Recycling Services business segment Befesa manages a Secondary Aluminium sub-segment (186 kt secondary aluminium alloys produced in 2021)

# Proven resilience & growth through cycles

Attractive growth track record with proven margin resilience despite volatile environment - driven by a successful service-focused business model & prudent financial practices

Key  
macro  
events

Global  
financial crisis

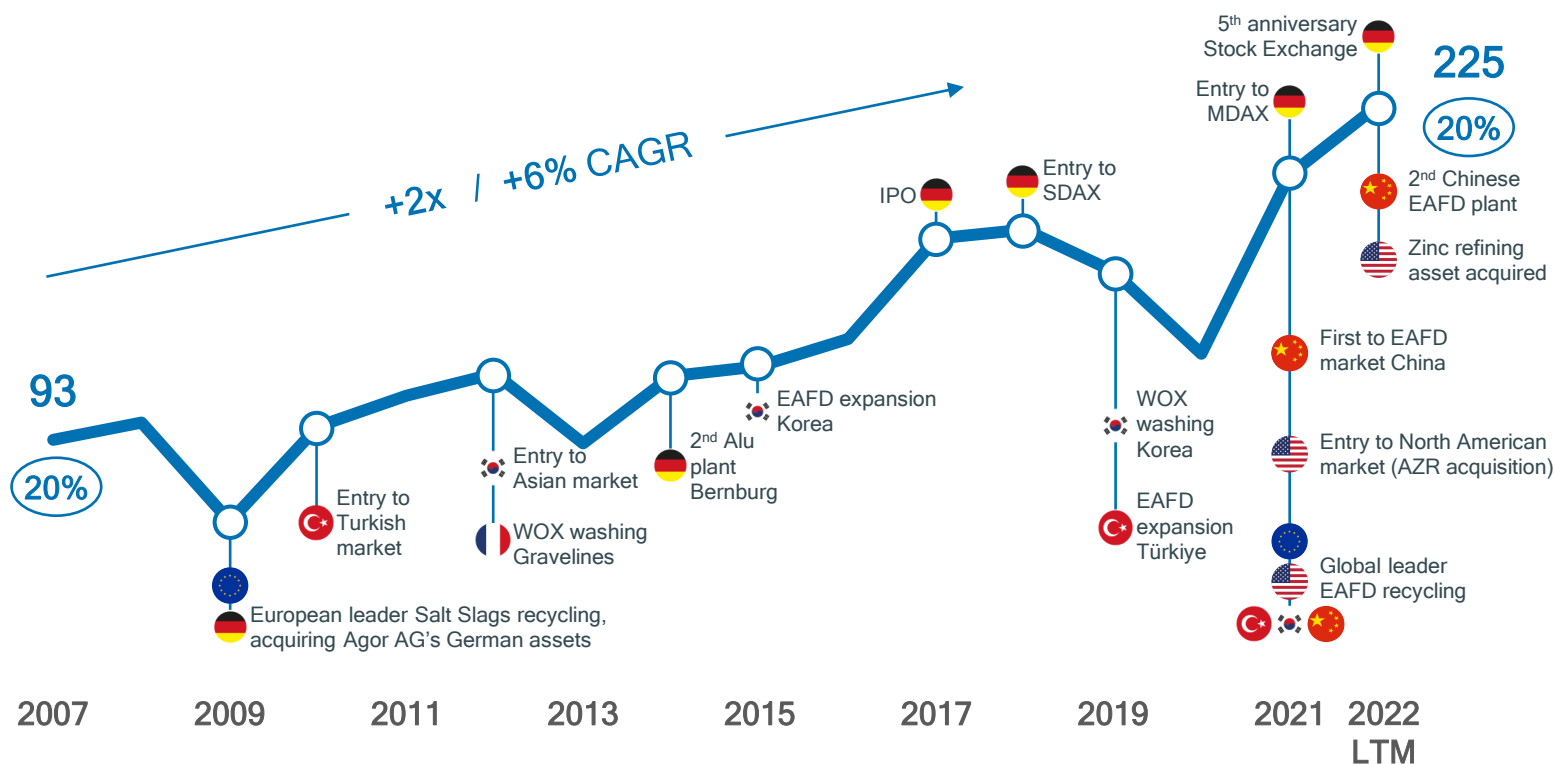
European  
debt crisis

COVID pandemic  
Global supply chain disruptions  
Energy crisis

EBITDA  
margin

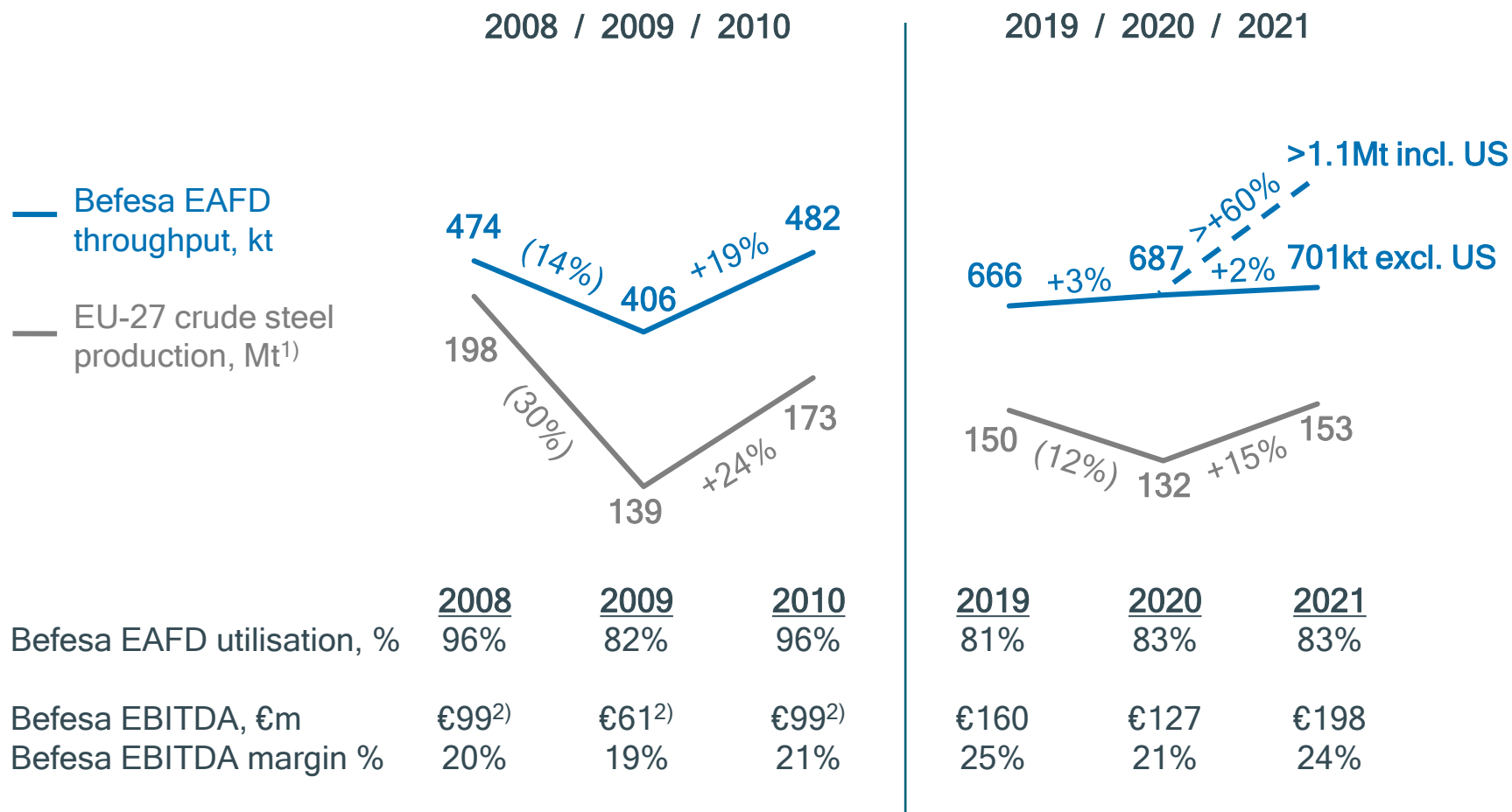


EBITDA  
(€m)



# Befesa's resilience during latest crises

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



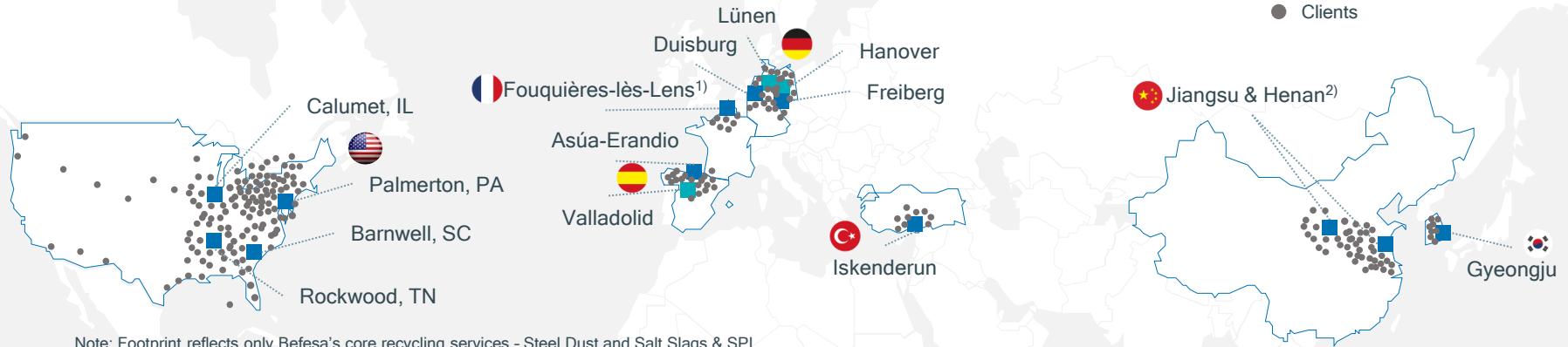
<sup>1)</sup> worldsteel.org

<sup>2)</sup> 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

# Global leader in Europe, North America & Asia

Befesa is the global leader in steel dust and the European leader in salt slags recycling services with a competitive advantage due to its close-proximity to key clients; 24 plants globally

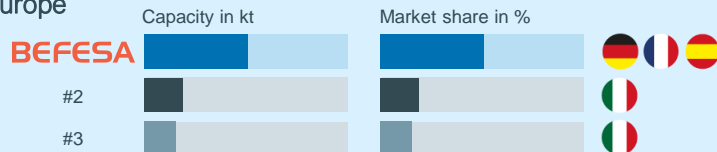
- EAFD recycling plants
- Salt slags & SPL recycling plants
- Clients



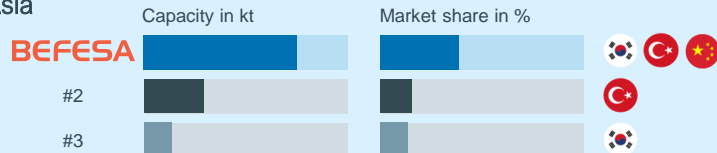
Note: Footprint reflects only Befesa's core recycling services - Steel Dust and Salt Slags & SPL

STEEL DUST RECYCLING

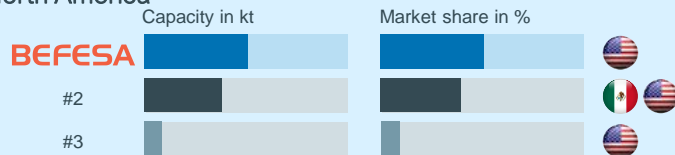
## Europe



## Asia



## North America

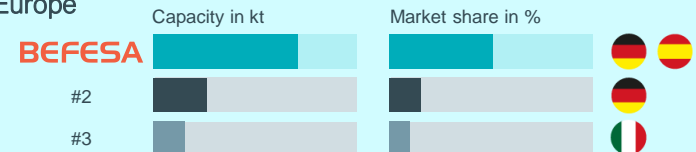


1) 50/50 joint venture with Recylex

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 prolonged due to COVID, finalising in Q4 '22

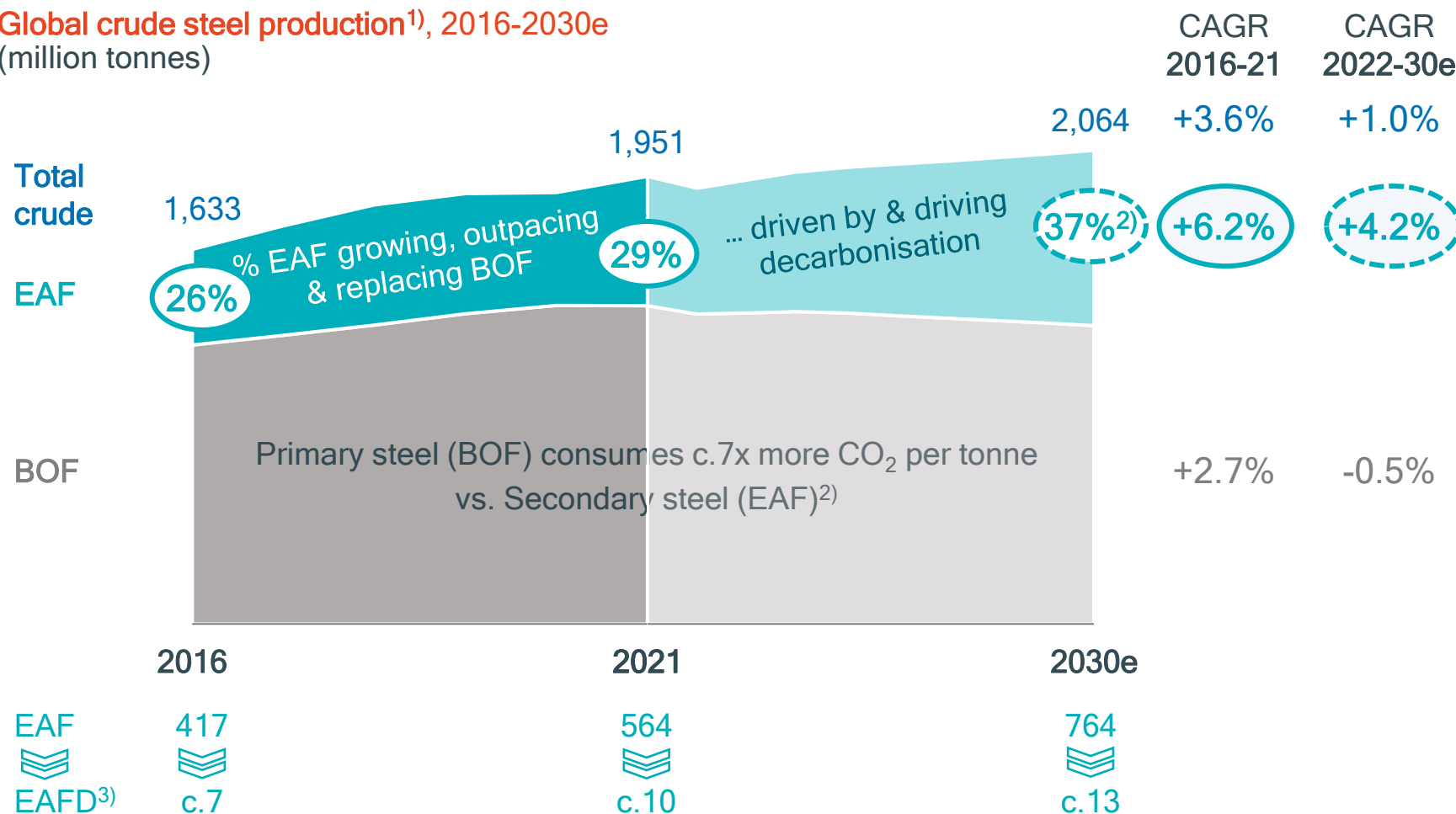
ALU SALT SLAGS RECYCLING

## Europe



# Decarbonisation megatrend favouring & driving EAF steel growth

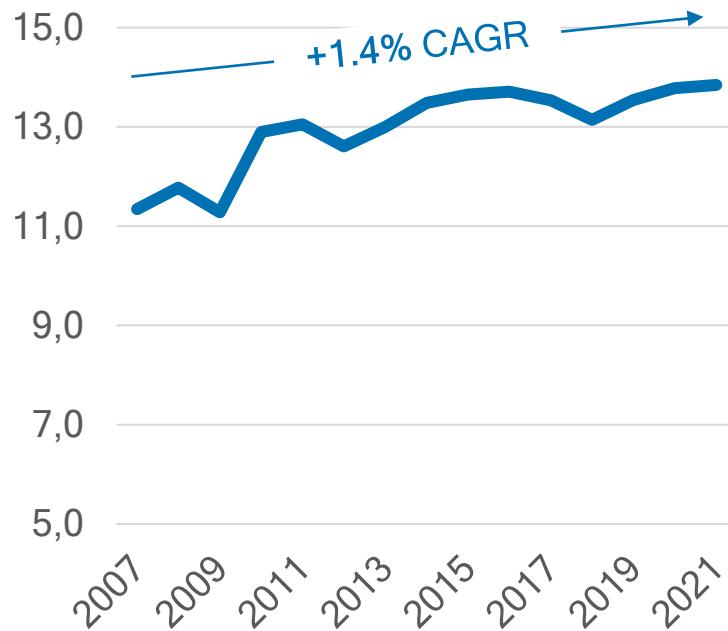
Global crude steel production<sup>1)</sup>, 2016-2030e  
(million tonnes)



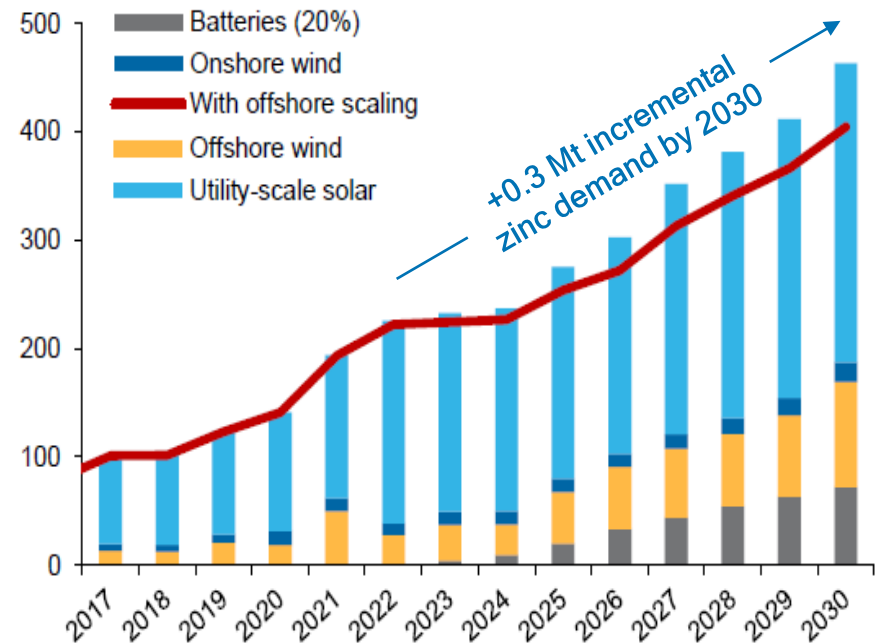
1) 2016-21 actuals from [Worldsteel](#); 2022-2030e from "Steel - Eye of the Storm", Morgan Stanley (Sep 2022); 2) "Net Zero by 2050: A Roadmap for the Global Energy Sector", IEA (May 2021); Green Steel for Europe Consortium (Jun 2021)  
3) Total EAFD addressable market based on the assumed mid-point 17.5kg EAFD generation per tonne of EAF steel output

# Zinc global production grew at 1.4% CAGR over L15 years; Incremental demand from transition to renewable energy

Global refined zinc metal production<sup>1)</sup>  
(million tonnes)



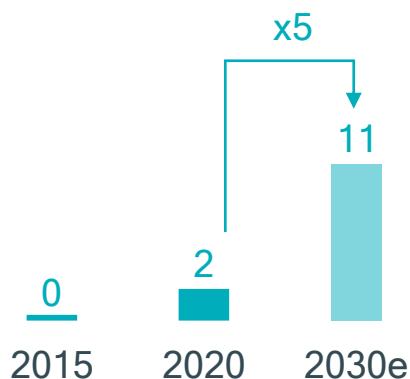
Zinc annual demand from wind, solar & batteries<sup>2)</sup>  
(thousand tonnes)



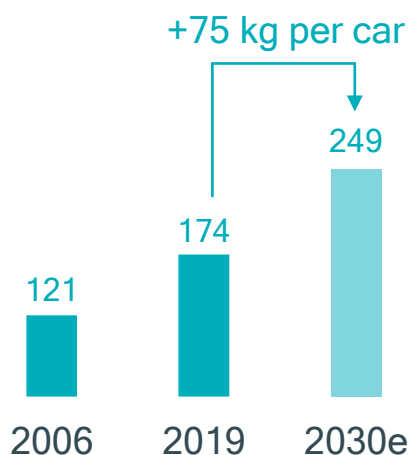
WOX, mixed with virgin zinc concentrates, preferred by smelters, is <5% of global zinc available; Befesa continues to be sold out

# Decarbonisation and EV driving aluminium market growth in Europe

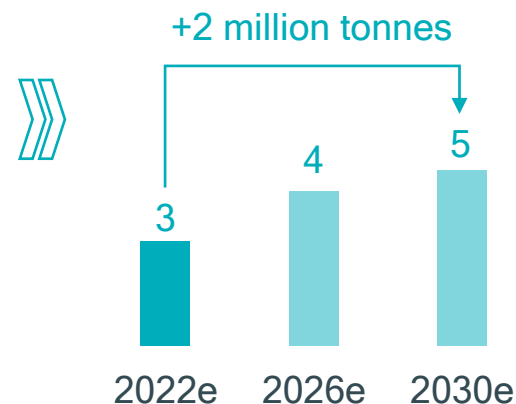
**EV unit sales in Europe<sup>1)</sup>**  
(million units)



**Alu content per vehicle<sup>2)</sup>**  
(kg per passenger car)



**Auto alu demand in Europe<sup>2)</sup>**  
(million tonnes)



- **Decarbonisation trend drives** transition to Electric Vehicles (EV)
- EV requiring **higher aluminium content per car** to achieve light-weight targets
- ... driving **higher aluminium demand** in Europe and increased **need for secondary aluminium and salt slags recycling capacity**

1) CRU (Jan 2022)  
2) Ducker (Oct 2022)

# Strong financial backbone

**Long-term and  
efficient capital structure**  
with no maturities up to Jul-26

**Prudent zinc hedging  
approach**

**Rigorous cash management**

→ **Resilient earnings &  
cash flows**

→ **Stable & high liquidity**

→ **Moderate leverage at c.x2**

... to **self-fund growth**  
roadmap in the  
**US, Europe & Asia**

# 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



05 / ESG

# ESG: Enhanced transparency & performance

## Transparency / reporting

Detailed ESG Report



## External ratings



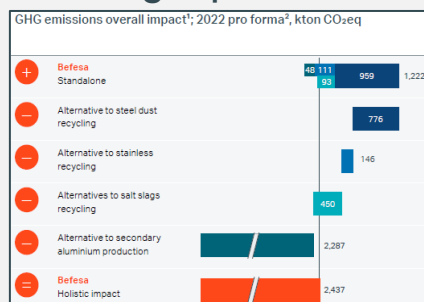
## Health & safety

Lost Time Injury Rate (LTIR)<sup>1)</sup> improved by 85% since 2015



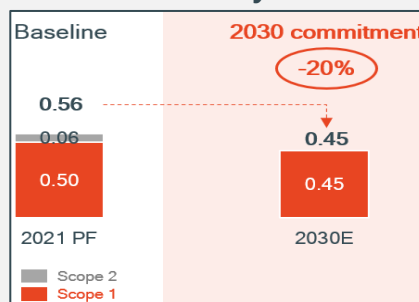
## CO<sub>2</sub> holistic approach

Saving >2mt CO<sub>2</sub><sub>eq</sub> vs. virgin production



## CO<sub>2</sub> intensity targets

-20% by 2030  
Net zero by 2050



## Sustainability Committee



## EU Taxonomy



<sup>1)</sup> Befesa's own employees and contractors

# Sustainability at the core of Befesa

Befesa's operations have a direct net positive environmental impact as well as multiple positive indirect effects by enabling EAF steel and aluminium recycling

**BEFESA**

## Direct environmental benefits



Avoidance of GHG emissions



Reducing landfill of hazardous residues



Recovery and production of new valuable materials



Best-in-class technology (BAT)

## Indirect sustainability benefits



Circular economy pure player



Decarbonisation of steel & alu and energy transition



Natural resources depletion rate

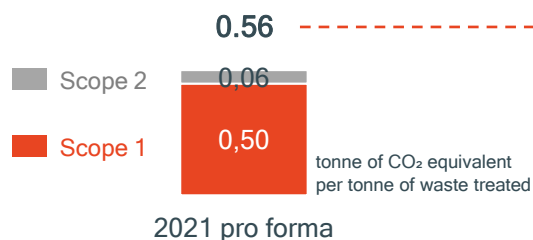


Growth ambition to increase recycling capacity

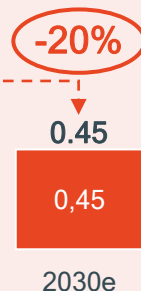
# Climate action plan

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

## Baseline



## 2030 commitment



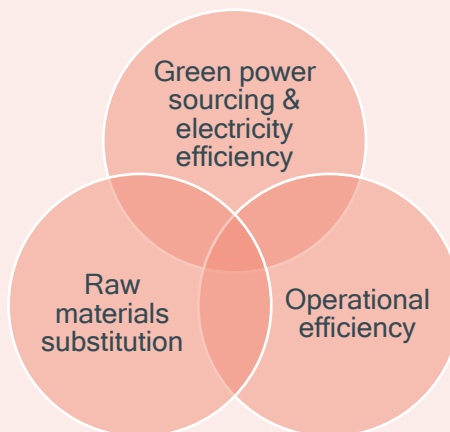
## 2050 vision

Net zero emission

-  
2050e

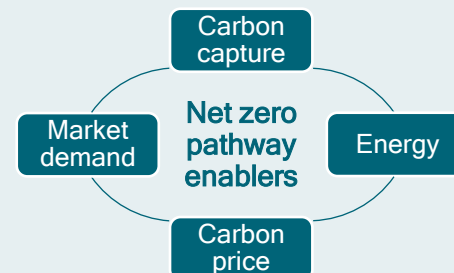
- ✓ Recognised sustainability leader in the circular economy
- ✓ Befesa Climate Change Policy
- ✓ New Sustainability Committee
- » Further increase transparency on sustainability metrics
- » Continuous dialogue with all stakeholders to better understand materiality of sustainability topics

## 2030 roadmap



## Technology investment commitments

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



# Selected ESG targets

## Environmental

>2.4mt<sup>1)</sup>



waste recycled by 2025

>1.8mt<sup>2)</sup>



new materials recovered by 2025

ISO



ISO certification schedule (China & US)



-20% by 2030  
net zero by 2050

1) Updated from the target set in 2020 of >2 Mt  
2) Updated from the target set in 2020 of >1.6 Mt

## Social

-50%<sup>3)</sup>



LTIR by 2024

BEzero

maintain zero fatalities



HR policies & procedures



boost initiatives for people with disabilities



HR digitalisation



continue leadership training programmes

3) Compared to 2019

## Governance

IT



improve CIS assessment rating until 2023

≥90%

admin employees trained in compliance each year



continue training for all employees



continue roll-out & ≥90% coverage by 2022



continue annual risk assessment



establish Sustainability Committee in 2022 ✓



women in Board 2022 ✓



Waelz kiln at EAFD recycling plant in Gyeongju, South Korea

06 /

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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email: [irbefesa@befesa.com](mailto:irbefesa@befesa.com)

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

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)

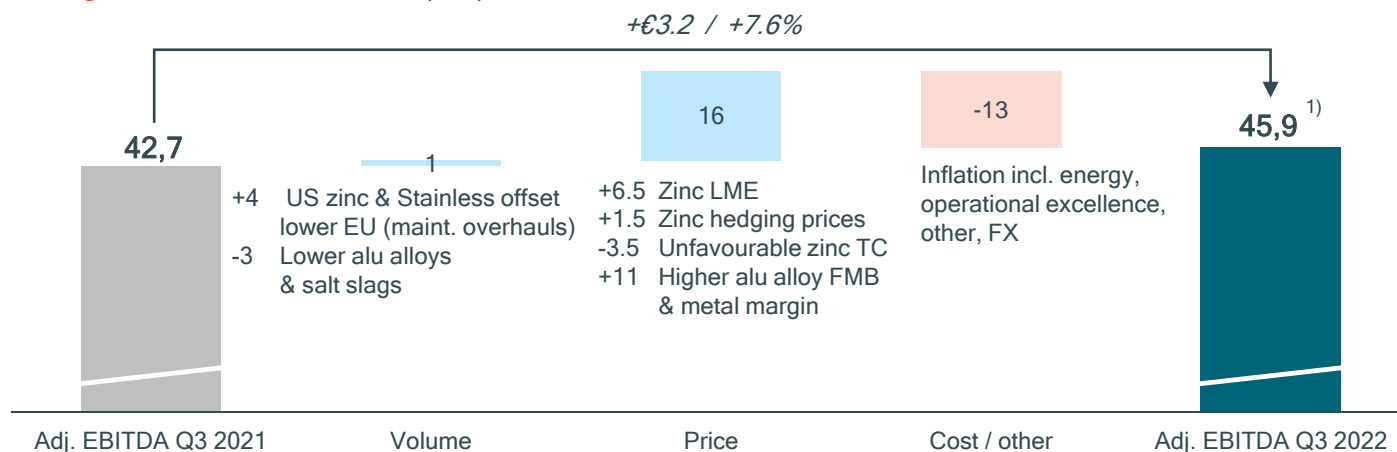
6) Installed capacity and corresponding utilisation rates in 2019 are normalised for the furnace upgrade in Barcelona - phase II (plant was shutdown three months, from mid-August to mid-November)

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

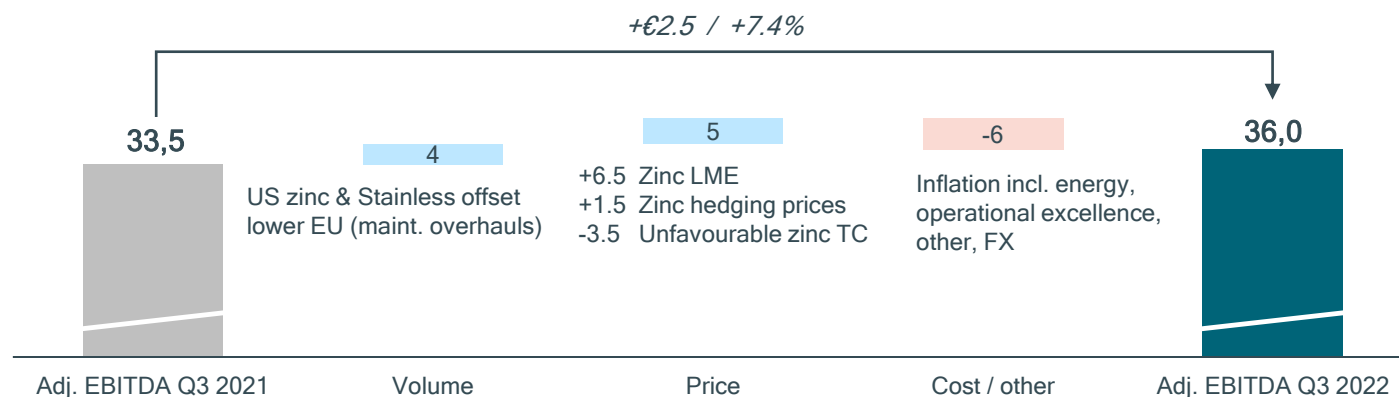
2) EPS is based on 39,999,998 shares after the capital increase of 5,933,293 new shares on 16 June 2021 to partly fund the AZR acquisition

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

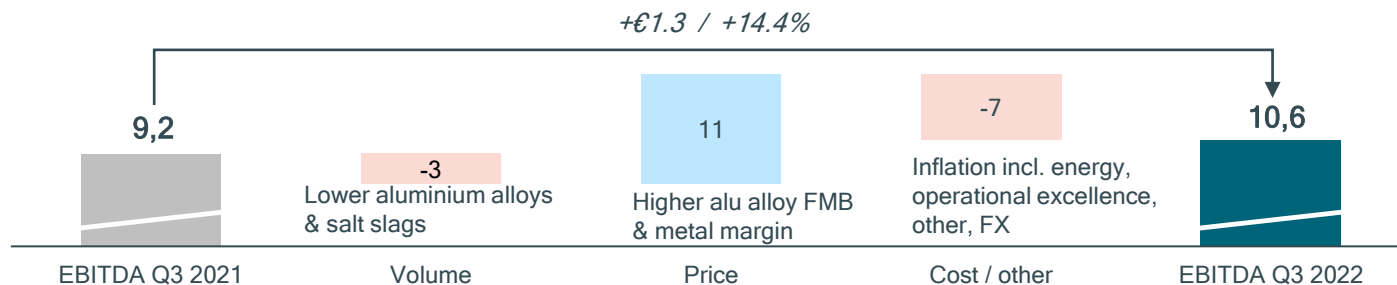
1) €40.8m Q3'22 reported Steel EBIT + €15.5m D&A = €56.3m Q3'22 reported Steel EBITDA - €20.3m adjustments, mainly driven by Zinc refining acquisition impacts = €36.0m Q3'22 adjusted Steel EBITDA

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)

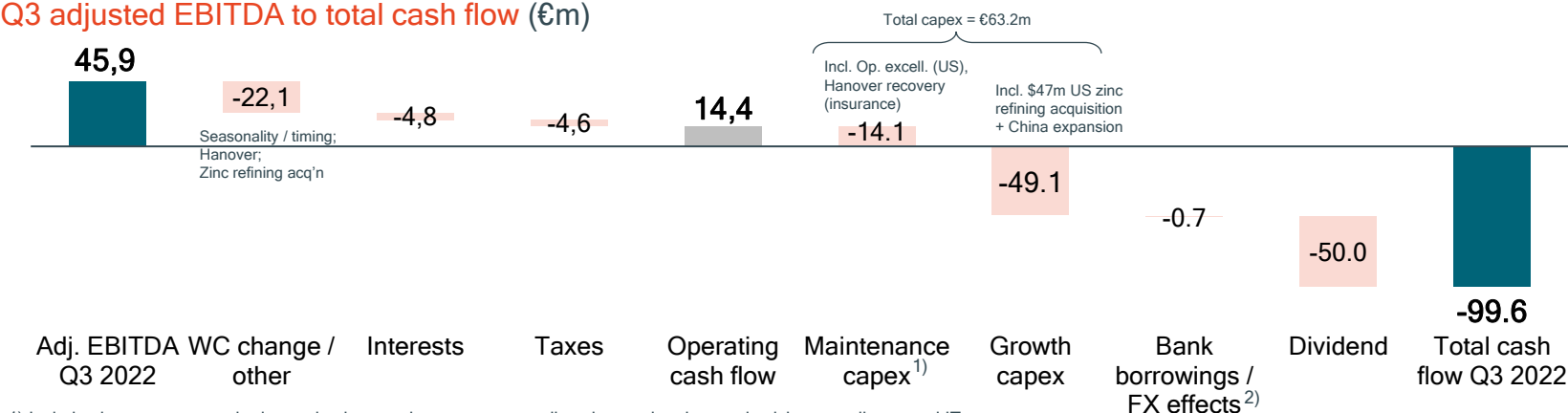
2) Normalising for Hanover plant shutdown in 2022

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 Sep 2021	YE 2021	change	At 30 Sep 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

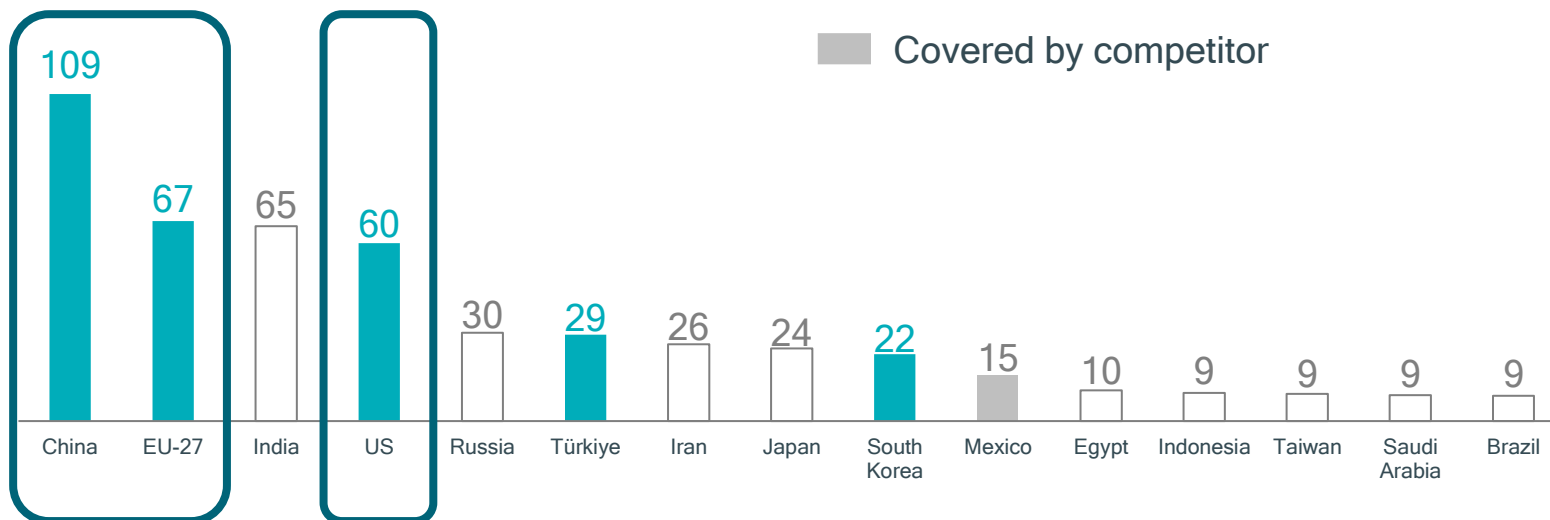
5) Gross debt of €694.7m at YE'21 and €713.4m at Q3'22 closing include €100m TLB add-on to partly fund the AZR acquisition, as well as China local loans

# Top-15 EAF steel producing countries

Top-15 EAF steel producing countries represent close to 90% of global EAF output;  
Befesa present in key & growing markets - Europe, Asia/China and the US

**Top-15 EAF steel producing countries<sup>1)</sup>, 2021**  
(million tonnes)

## Focus of 5-Year SGGP



EAFD<sup>2)</sup>

1.9

1.2

1

0.5

0.4

**BEFESA**



1<sup>st</sup> mover #1

#1 / #2

#2 / #3

#1


<sup>1)</sup> worldsteel (Jun 2022); 2022 World Steel in Figures;

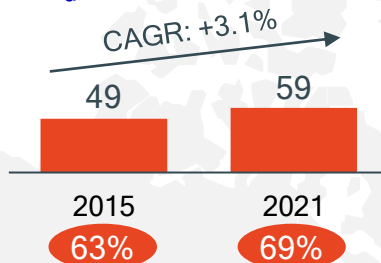
<sup>2)</sup> Total EAFD addressable market based on the assumed mid-point 17.5kg EAFD generation per tonne of EAF steel output

# EAF steel production: Regional overview

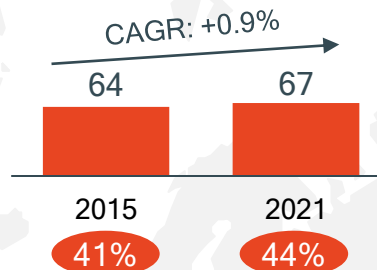
EAF steel production, MT  
 ○ EAF share  
 ➡ Outlook  
 ■ Befesa is present

Decarbonization driving accelerated growth of EAF

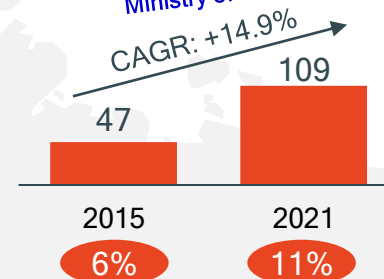
 \$1.2 T infrastructure plan approved, driving steel / EAF production ➡



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

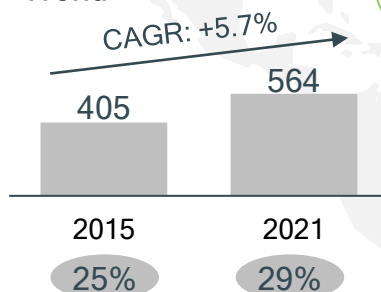


EAF% to grow to 15-20% by 2025<sup>2)</sup> per China's Ministry of Industry & IT ➡

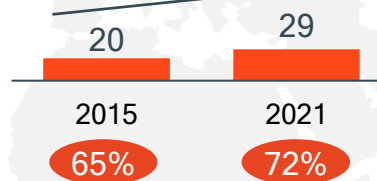


Global EAF share to grow from c.30% in 2021 to c.48% by 2050 supported by policy shifts and increasing focus on scrap use<sup>3)</sup> ➡

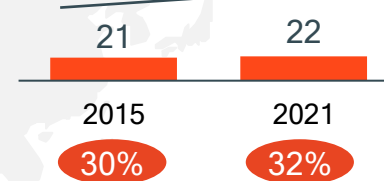
**World**



CAGR: +5.9%

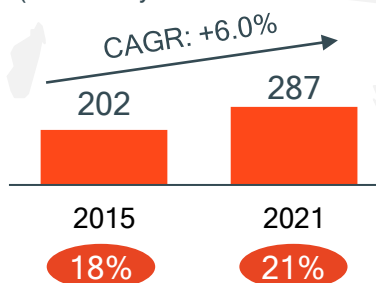


CAGR: +0.9%



**Served market**

(EU+Türkiye+Korea+China+US) ➡



Source: worldsteel (Jun 2022)

1) Net Zero by 2050 (IEA, May 2021), Green Steel for Europe Consortium (June 2021)

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

3) Wood Mackenzie (May 2022)