

**BEFESA**

2023

ODDO BHF Forum

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# 01 / Business update

# Executive summary of Q3 2023

Revenue  
€289 million

+8% yoy

- Lower zinc and alu prices
- + US zinc refining operations

Adjusted EBITDA  
€42 million

-8% yoy

- Lower zinc and alu prices
- Unfavourable zinc TC
- + Higher zinc hedging price
- + Lower energy prices
- + Productivity and savings

Operating cash flow  
€22 million

+51% yoy

- Lower earnings
- Higher interests
- + WC and extraordinary effects

## Growth



- **Zinc refining:** focused on improving profitability gradually
- **Palmerton refurbishment:** on track to capture growth in 2025



- **Jiangsu / Henan:** utilisation affected by real estate crisis
- **Guangdong:** cautiously progressing in third province

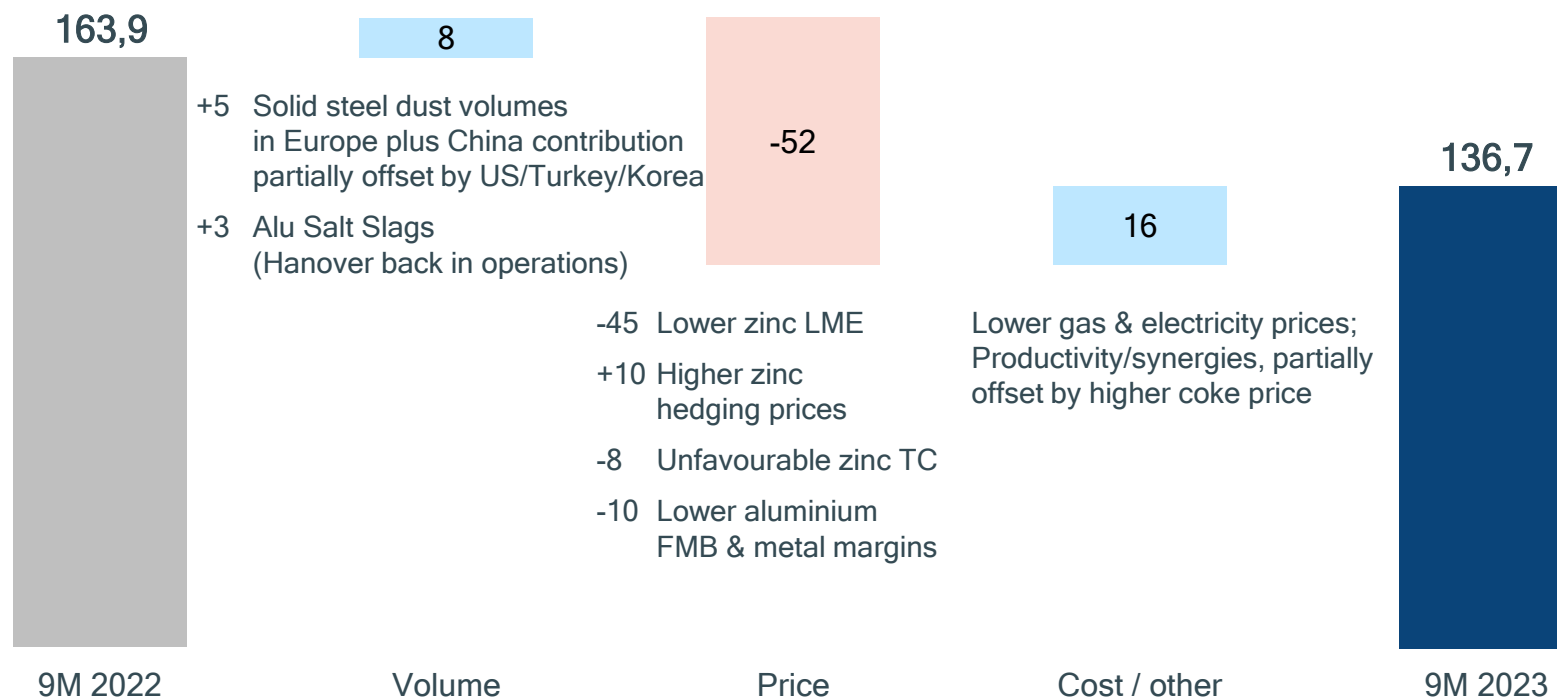
## Outlook

- **2023:** Expecting Q4 similar to Q3; Full-year adjusted EBITDA around €180m
- **2024:** Expecting to return to the growth path; Pressures faced in '23 to revert in '24
- **Mid-term:** Decarbonisation trend driving mid-term growth

# Consolidated key financials

Total adjusted EBITDA decreased by 17% yoy to €137m in 9M 2023, mainly due to lower zinc and alu prices, unfavourable TC, and higher coke price, partially offset by volume, better hedges and synergies

## Adjusted EBITDA<sup>1</sup> 9M 2022 to 9M 2023



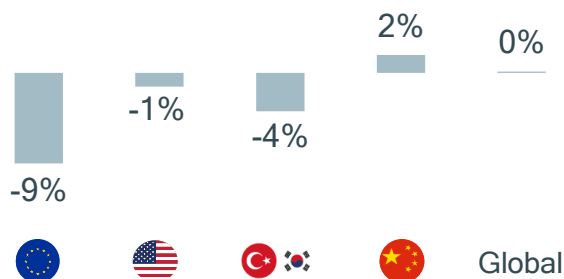
<sup>1</sup> 9M 2023: €64.5m reported Total EBIT + €61.0m D&A = €125.5m reported Total EBITDA + €11.2m adjustments = €136.7m adjusted Total EBITDA  
 9M 2022: €126.4m reported Total EBIT + €54.8m D&A = €181.1m reported Total EBITDA - €17.3m adjustments = €163.9m adjusted Total EBITDA

# Key volume drivers and impact on Befesa 9M 2023

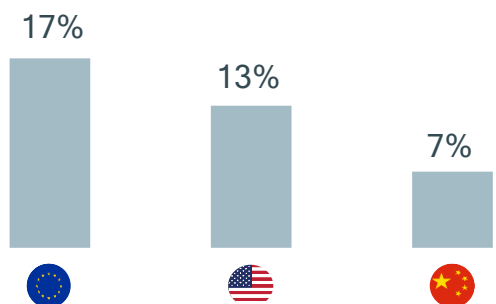
## Key volume drivers in 9M

% vs prior year

### Crude steel production



### Car sales<sup>1</sup>



## Befesa's volumes in 9M



- Strong performance in Europe
- EAF steel dust throughput grew yoy at solid levels despite the challenging steel production
- Aluminium salt slags volumes grew yoy mainly driven by Hanover back in operations



- EAF steel dust volumes decreased yoy, as expected; operational performance improving gradually
- Utilisation levels in the 70's% level



- EAF steel dust throughput decreased yoy mainly impacted by the earthquake in Q1 in Turkey; Plant running at normal levels



- EAF steel dust throughput increased yoy but lower than expected, affected by the real estate crisis
- Plant utilisation of around 70% in Jiangsu, 30% in Henan

<sup>1</sup> Sales of new passenger cars for US and China; registrations of new passenger cars for EU; US and EU figures as of September YTD, China as of August YTD

# The current decrease in zinc prices is one of the largest seen in the last 15 years



1 London Metal Exchange (LME) zinc daily cash settlement prices, US\$ per tonne

2 Morgan Stanley Research

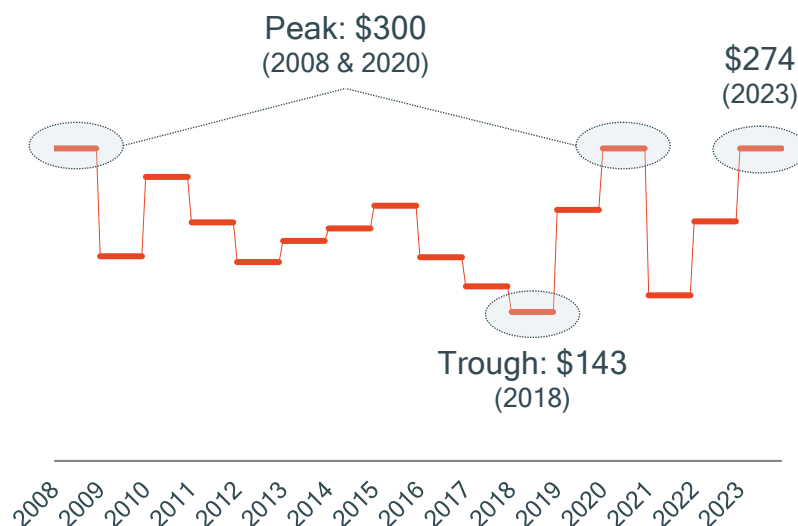
# 2023 impacted by high TC in a very volatile zinc price environment

## Zinc LME<sup>1</sup>



- Zinc LME has decreased by 37% in 2023, from c. \$3,500/t peak to c. \$2,200/t trough
- 9M 2023 averaged at \$2,699/t (€2,493/t), around the last 5-/10- year average level but c. \$950/t or €930/t below the same period of 2022 (9M 2022: \$3,645/t or €3,422/t)
- Each \$100/t zinc LME price variation implies c. €8m FY EBITDA

## Zinc treatment charges (TC)



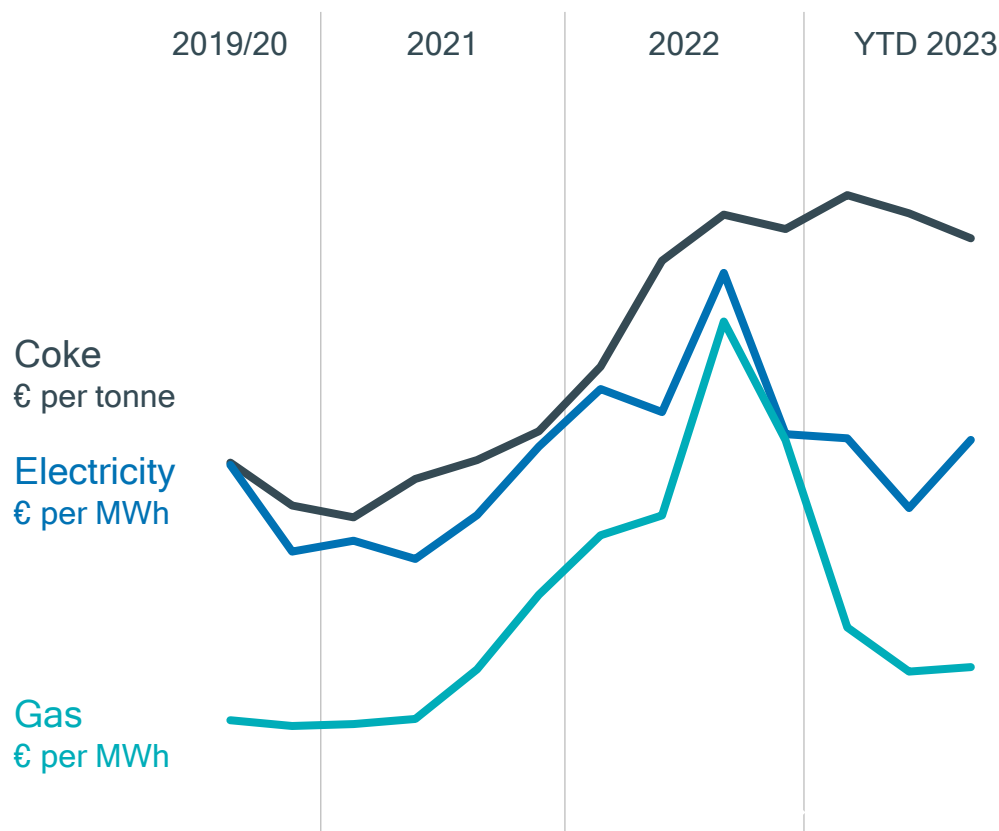
- TC for 2023 was settled at \$274/t, the second highest level after the \$300/t peak in 2008 & 2020; TC spot decreased during 2023 to current c. \$150/t
- When TC was settled, zinc LME was at c. \$3,000/t before decreasing to \$2,400–2,500 (Q2/Q3 2023)
- TC as % of \$LME increased from 9% (March/April 2023) to 11% (Q2/Q3 2023)
- Each \$10/t TC variation implies €2–3m FY EBITDA

<sup>1</sup> London Metal Exchange (LME) zinc daily cash settlement prices, US\$ per tonne



# Coke price remains high, despite slightly moderating in Q3; Gas price stabilised at 2021 level

## Befesa's energy price evolution by source



### Coke

- After reaching an all-time-high level in Q1/Q2 2023, Befesa's coke price slightly moderated in Q3 (-4% vs. Q2; -4% yoy)
- However, 9M 2023 average price is still around 85% above the 2019–2021 average levels
- New contracts for coke supply in Europe around €130/t

### Gas

- Prices stabilised in Q3 (flat versus Q2)
- YTD trailing around the 2021 average level

### Electricity

- Prices increased in Q3 (+25% vs. Q2), but YTD still below the 2022 average level

# Befesa's hedging strategy provides price visibility and lowers impact from zinc price volatility



- Befesa's hedging strategy unchanged
  - 1–3 years forward
  - Targeting 60% to 75% of zinc equivalent volume
  - Befesa providing no collateral
- Befesa's hedging strategy has proven **successful** providing **price visibility** and **lowering impact** from zinc price volatility
- Befesa with 60–75% of its zinc exposure **hedged** up to July 2025
- For the **unhedged** portion: **each \$100/t change** in zinc LME price represents c. €8m impact on FY EBITDA

<sup>1</sup> London Metal Exchange (LME) zinc daily cash settlement prices

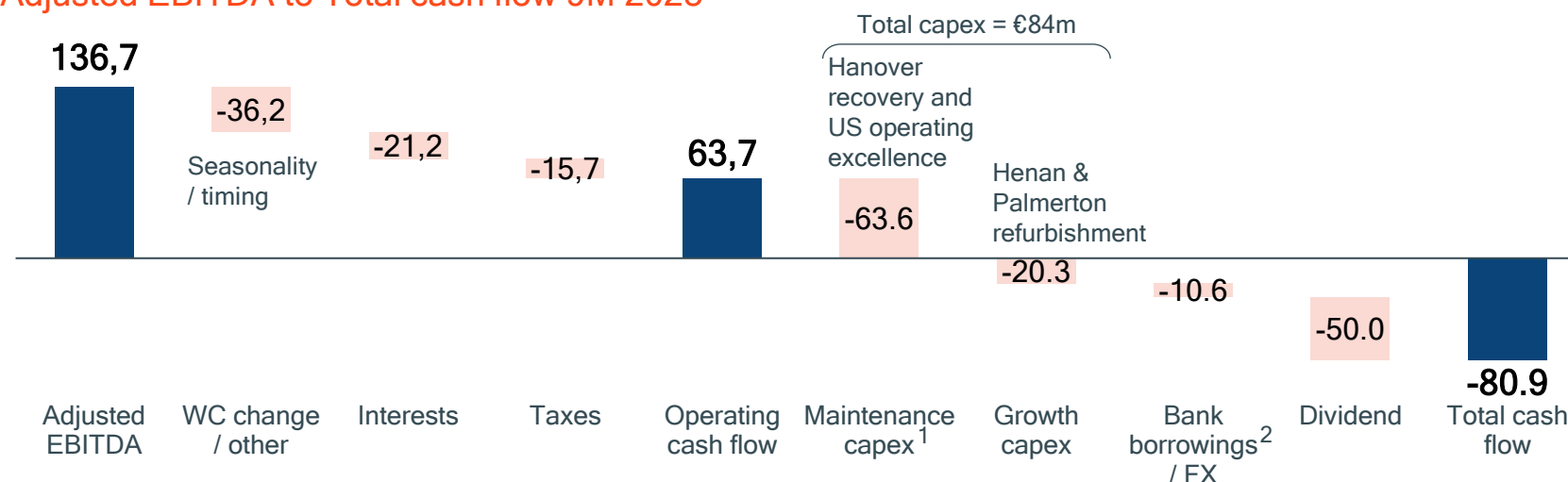
<sup>2</sup> Zinc blended prices are averages computed based on the monthly effective LME zinc and hedging prices weighted with the respective hedged and non-hedged volumes

<sup>3</sup> Assumes FX €//\$ of 1.10 for 2023, 2024, and 2025

# Cash flow, net debt & leverage

Cash on hand at €81m providing >€150m liquidity; Net debt increased to €633m driven by lower earnings; Net leverage of x3.38

## Adjusted EBITDA to Total cash flow 9M 2023



		30.09.2022	31.12.2022	30.09.2023	change yoy	change vs year end 2022
LTM Adjusted EBITDA	€m	224.6	214.6	187.5	-16.5%	-12.6%
LTM Operating cash flow	€m	122.3	137.3	122.7	+0.3%	-10.7%
Gross debt	€m	713.4	710.8	714.3	+0.1%	+0.5%
Cash on hand	€m	139.1	161.8	80.8	-41.9%	-50.0%
Net debt	€m	574.2	549.0	633.4	+10.3%	+15.4%
Net leverage		x2.56	x2.56	x3.38		

<sup>1</sup> Includes investments required to maintain or replace assets as well as those related to productivity, compliance and IT

<sup>2</sup> Mainly includes cash bank inflows/outflows from bank borrowings and other liabilities, as well as the effect of foreign exchange rate changes on cash

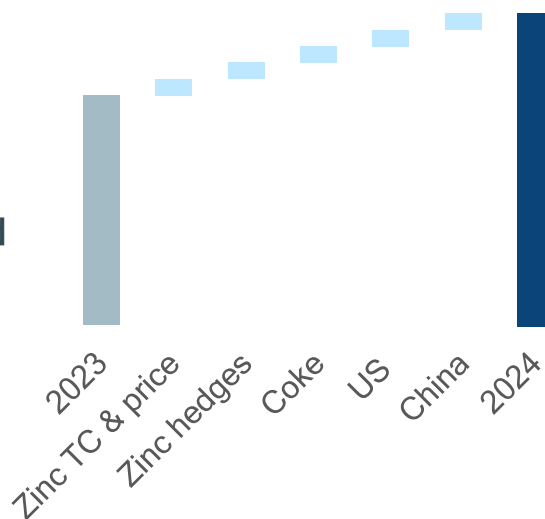
# Outlook

## Full year 2023 challenging

- Current **macro and market specific challenges** caused a combination of **temporary pressures**, e.g. high TC, low zinc prices close to C90, all-time-high coke prices, lower than expected steel dust volumes in China
- **Q4** expected to be **in line with Q3** based on similar market conditions
- **Full year adjusted EBITDA for 2023** expected at around **€180m**, (previously: €200–€230m, which had been forecast on the basis of higher zinc prices)

## Return to growth path expected in 2024

- **Pressures** faced in 2023 **should revert in 2024** due to the temporary nature of the external pressures
- Growth in 2024 does not depend on global macro-economic improvement



## Positive mid-term outlook intact



Favourable decarbonisation and EV macro trends



Globally balanced in core businesses



€125-€155m additional EBITDA



Low risks & high returns

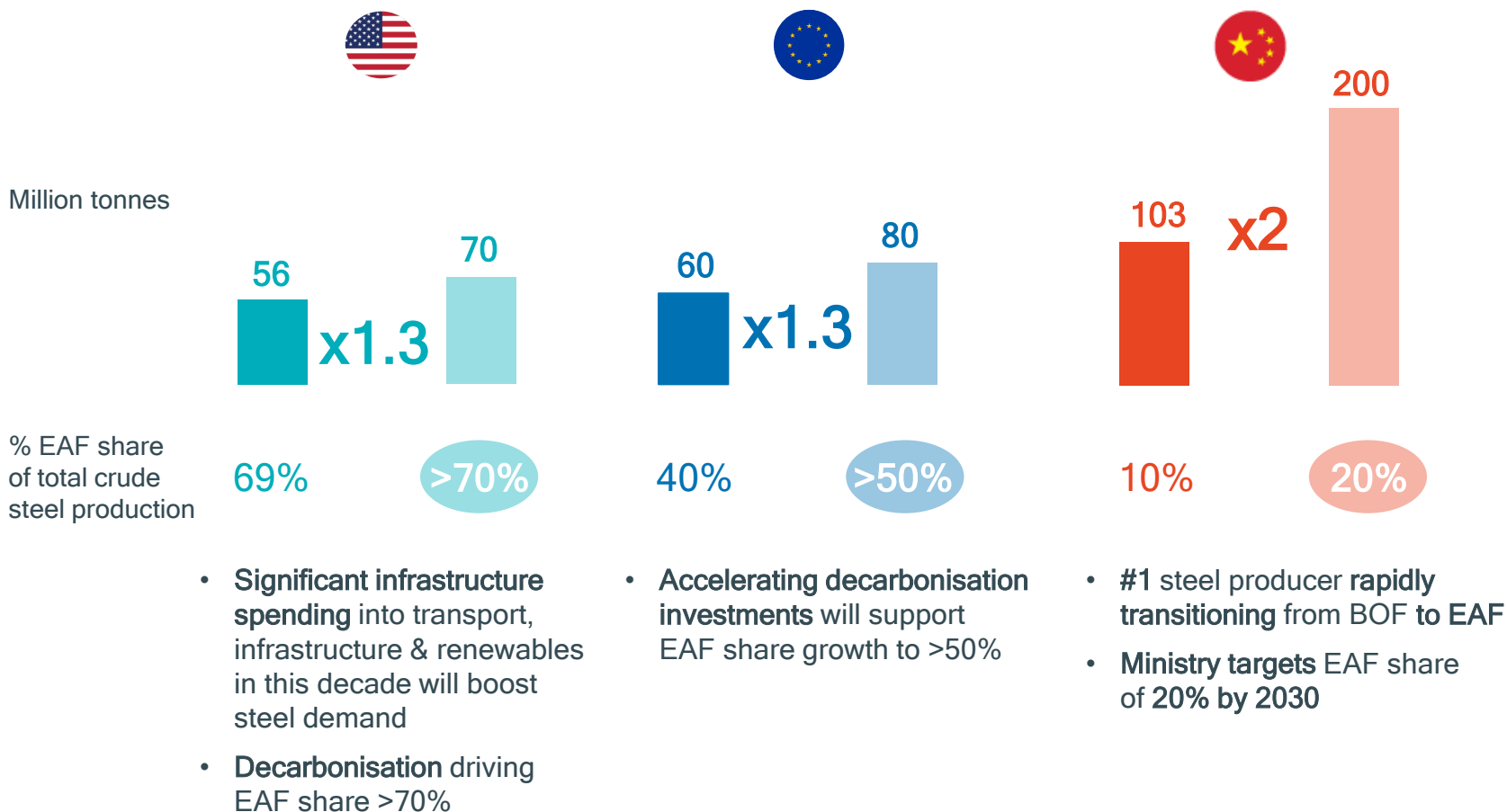


Rigorous execution and monitoring timing

# Decarbonisation driving EAF steel production in Befesa's key markets

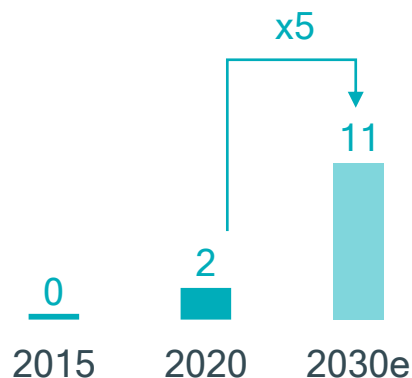
## EAF steel production

2022 2030e

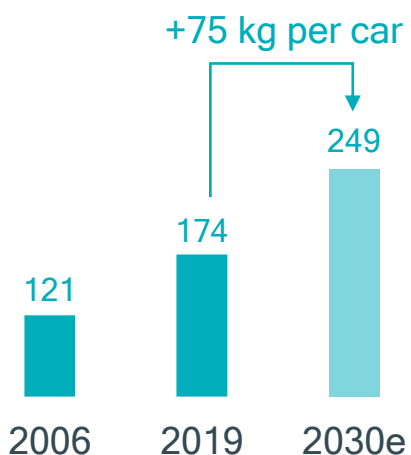


# Decarbonisation and EV driving aluminium market growth in Europe

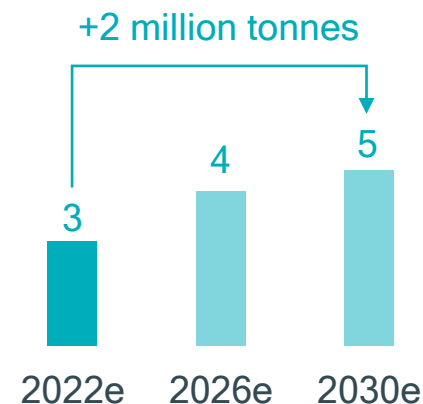
EV unit sales in Europe<sup>1</sup>  
million units



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



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






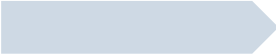
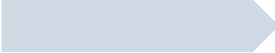

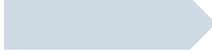





- **Decarbonisation** trend **drives** transition to electric vehicles (EV)
- EV requiring **higher aluminium content per car** to achieve light-weight targets
- Driving **higher aluminium demand** in Europe and increased **need for secondary aluminium and salt slags recycling capacity**

<sup>1</sup> CRU (January 2022)

<sup>2</sup> Ducker (October 2022)

# Well defined growth roadmap in execution towards 2027

Growth projects	<ul style="list-style-type: none"> <li>Steel Dust</li> <li>Alu Salt Slags</li> </ul>	Indicative timing & progress		Capex €m	EBITDA run-rate €m
		2023	2027e		
	1 Zinc refining ✓			110–120	35–45
	2 Palmerton refurbishment				
	3 China III, 1 <sup>st</sup> kiln Guangdong			115–125	30–35
	4 China IV, 2 <sup>nd</sup> kiln Jiangsu				
	5 China V, 2 <sup>nd</sup> kiln Henan				
	6 EAFD recycling plant				
	7 WOX washing plant				
	8 2 <sup>nd</sup> Aluminium expansion			80–90	15–20
	9 Salt Slags recycling plant				
<div>Completed</div> <div>To go</div>				410–450	110–135

# Palmerton plant refurbishment progressing well to seize market growth in 2025



## Plant overview

- 2 kilns with c. 163 kt → 220 kt (post-refurbishment) EAF steel dust recycling capacity
- Producing **WOX** as a marketable product

## Indicative timing and status



- ✓ EPC contract signed
- > Works ongoing

Timing confirmed:

Phase I: completed by Q3 2024

Phase II: completed by beginning of 2025

## Key financials



- Capex: €60–70 million
- EBITDA run-rate: €25–30 million
- Payback: 2–3 years; IRR: >30%





# Growth opportunity in China is attractive and Befesa's plan remains unchanged, despite current market challenges

## Challenging market environment

- YTD steel output still up yoy driven by BOF; production cuts likely in Q4 to meet control policies
- EAF mills (typically privately-owned vs state-owned BOF) running at 50% (80% pre-COVID) due to real estate crisis, reducing steel dust generation

## EAF growth drivers in China remain attractive

### EAF penetration growing

- Around 20% targeted by 2030
- >60 Mt new EAF capacity announced / underway

### Strict environmental regulation

- Launched in 2016/17
- Getting stricter but following a two-speed approach

### First mover advantage

- Befesa commercial office opened in 2008
- Jiangsu started in 2021, Henan in 2023

## Befesa's growth plan in China remains unchanged

- Cautiously progressing in Guangdong province: capex deployment likely in 2024/25 subject to ongoing negotiations with local steelmakers
- Once run-rate levels reached in existing sites, develop second 110 kt kilns (Jiangsu & Guangdong)

# Cautiously progressing in Guangdong province



Around 126 million people (2022),  
10–15% of China



GDP: US\$1.9 T (2022), Top 10 global;  
5% growth target for 2023;  
5–6% p.a. growth (2020–2035e)



Largest auto production in China



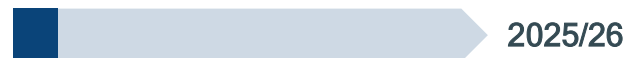
Top 5 EAF steelmaking clusters in  
China, with 200–400 kt EAF dust p.a.



## Plant overview

- 1 kiln with 110 kt EAF steel dust recycling capacity
- Option for expansion on site:  
2 additional kilns x 110 kt = +220 kt capacity

## Indicative timing and status



- ✓ Investment agreement signed Q1 2023
  - ✓ Land lot assigned Q1 2023
  - > Levelling lot; Preparing basic engineering
  - > Long-term supply agreements ongoing
- Start of construction to be monitored during 2024



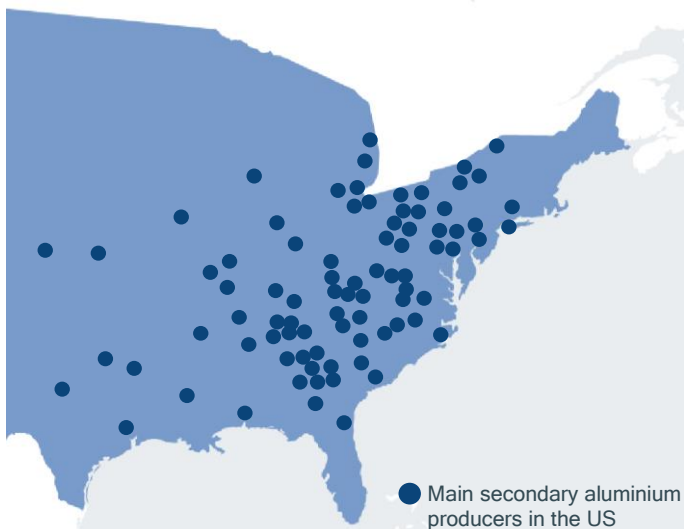
## Key financials



- Capex: €45–50 million
- EBITDA run-rate: €8–12 million
- Payback: 4–5 years; IRR: >20%



# Aluminium salt slags recycling in the US might become a real opportunity sooner than expected



- The **secondary aluminium** industry is **growing fast in the US**, similarly to Europe
- Two US aluminium producers have approached Befesa to provide a recycling solution for their aluminium residues
- US environmental authorities are starting to move **towards banning the landfilling of aluminium salt slags**, similarly to Europe
- The US is a large mature market, very similar to Europe, of **1 Mt of salt slags** produced p.a.
- Befesa **analysing options** to adapt its aluminium salt slags business model to enter the US market

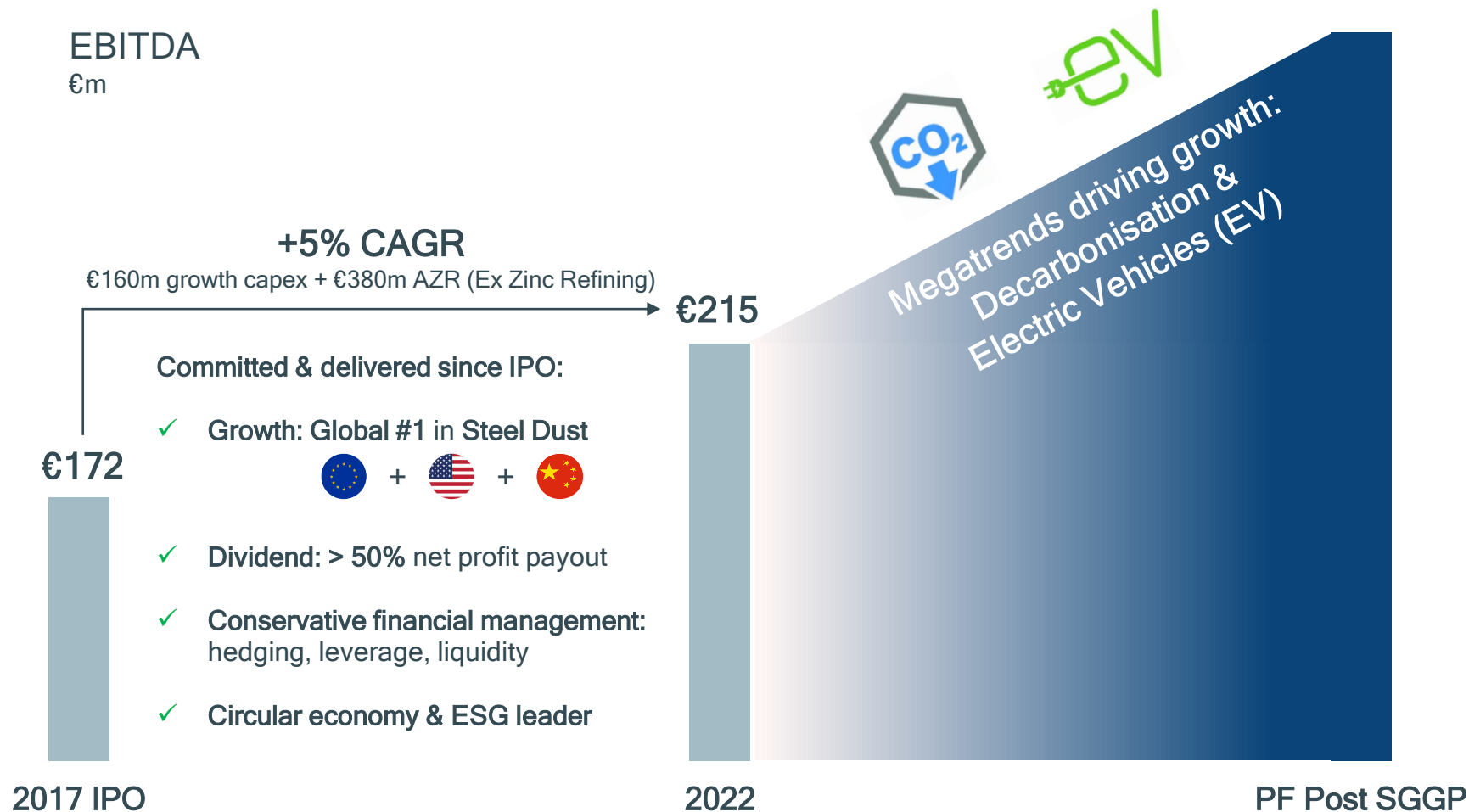




02 /

Sustainable Global Growth  
Plan (SGGP), 2022-2027

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

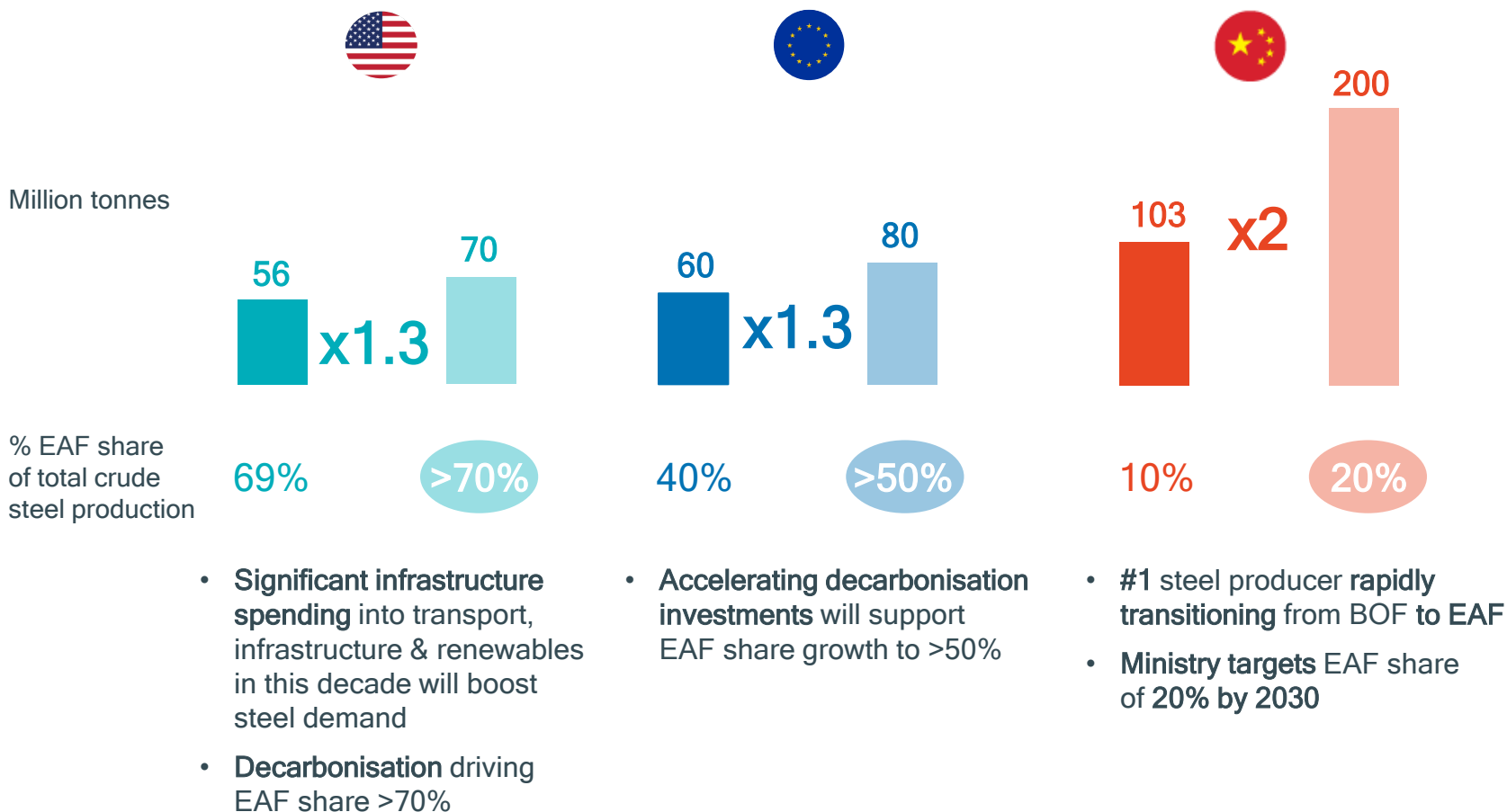









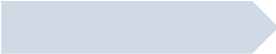


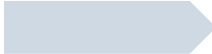

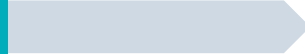
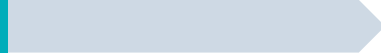
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## EAF steel production

2022 2030e



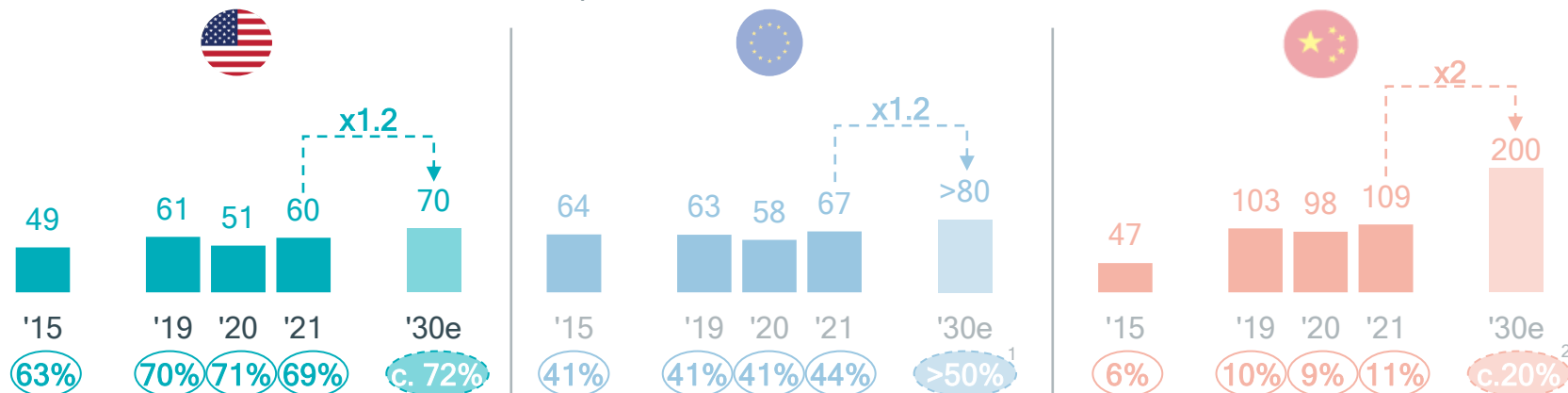
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# Megatrends and Befesa's approach by market

## EAF steel production

million tonnes, EAF % share of total steel production



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

Each tonne of steel through EAF vs. BOF → saves 1.5 t CO<sub>2</sub>, 1.4 t iron ore, 740 kg coal & 120 kg limestone<sup>3</sup>

- Approved \$1.2 T infrastructure plan requires more steel output, from '24/25 onwards; Plus, **new announced EAF capacity** driving EAF share >70%
- **Shortage of zinc smelting**

### Befesa approach:

- c. 40–50% market share in EAFD; **Improving asset efficiency ahead of higher volume 2024/25 onwards**  
→ **Load assets & maintain share**

- Replacing BOF with EAF essential for steelmakers to achieve CO<sub>2</sub> targets; EAF share growing to >50%
- EV transition drives alu demand up & OEMs with preference for recycled alu

### Befesa approach:

- c.40-50% market share in EAFD & Alu Salt Slags, and **high-cap. utilisation**;  
→ **Invest in new cap. & maintain share**

- Government's masterplan demands doubling EAF share to c.20% by 2030<sup>2</sup>
- Regulation launched 2016/17; **Befesa is 1<sup>st</sup> mover and market leader** in largest & new EAFD market

### Befesa approach:

- **Continue capacity expansion step by step**, monitor recovery from COVID; **Planning for 15-20% market share**

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

<sup>1</sup> Net Zero by 2050 (IEA, May 2021); Green Steel for Europe Consortium (June 2021)

<sup>2</sup> S&P Global Commodity Insights (April 2022)

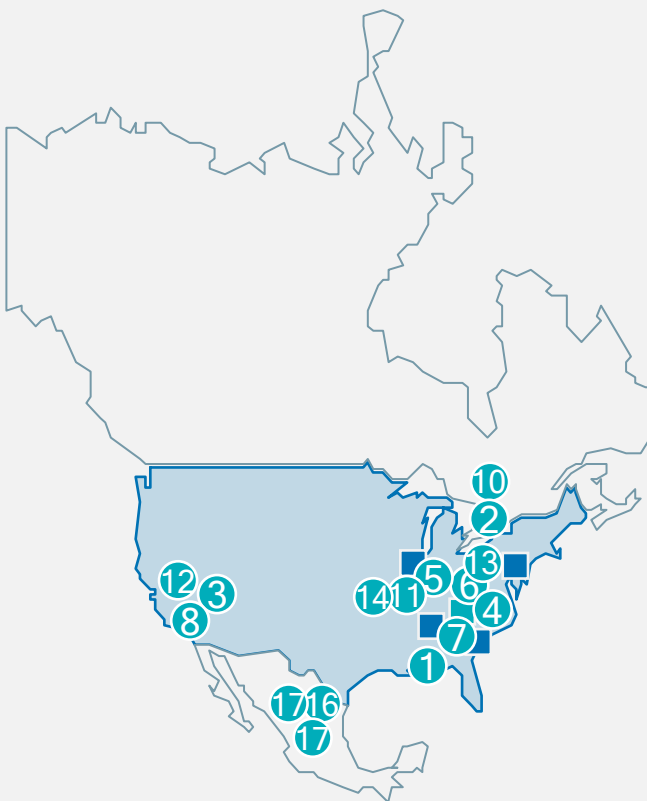
<sup>3</sup> Bank of America Research (November 2022)





# Decarbonisation capex in new EAF capacity on track; New announcements supported by US gov. funding programs

## EAF steelmaking capacity announcements in the US, Mt



- Befesa EAF steel dust recycling plants
- Befesa zinc refining plant



Steelmaker	Location	Capex, \$Bn	New capacity, Mt	Start up
ArcelorMittal	1 Calvert, Alabama	1.0	1.5	H1'24
	2 Hamilton, Ontario, Canada	1.3	2.4	2026
	3 Kingman, Arizona	0.1	0.6	Q3'24
NUCOR®	4 Lexington, North Carolina	0.4	0.4	Q1'25
	5 Crawfordsville, Indiana	0.3	0.3	Q2'25
	6 Mason County, W Virginia	3.1	2.7	H2'25
	7 South Carolina	0.4	0.5	Mid'25
	8 Fontana, California	0.4	0.4	2026
	9 Pacific Northwest region	TBD	0.6	TBD
	10 Ontario, Canada	0.5	0.8	Mid'24
	11 Osceola, Arkansas	3.0	2.7	Q3'24
	12 Mojave, California	0.4	0.3	Q1'25
CMC	13 Berkeley County, W Virginia	0.5	0.5	Q4'25
	14 Osceola, Arkansas	0.7	0.6	2026
HYBAR	15 TBD	TBD	0.6	TBD
	16 Pesquería, Mexico	2.2	2.6	H1'26
DEACERO®	17 Saltillo & Celaya, Mexico	1.0	1.1	TBD
		\$15 Bn	19 Mt	

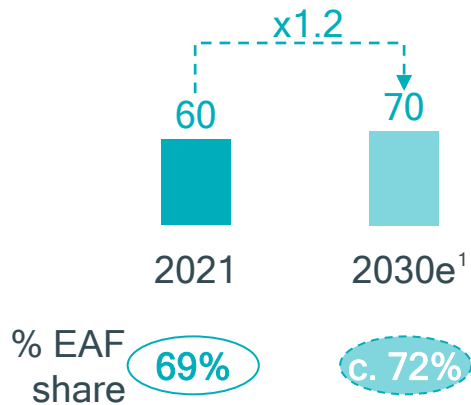


# SGGP – Steel Dust – US

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

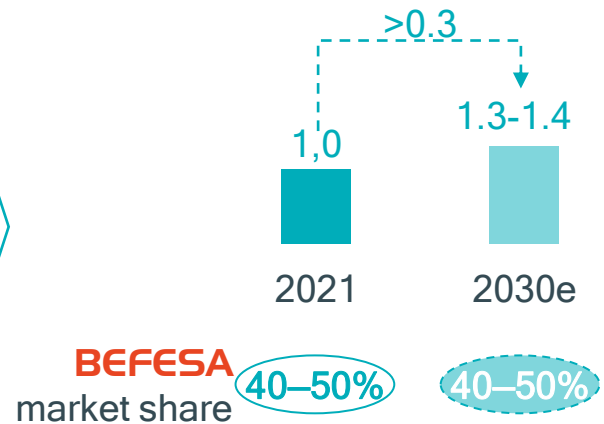


\$1.2 T infrastructure plan  
driving higher steel volume  
and  
decarbonisation driving  
EAF share up



## EAFD generation

million tonnes



## Befesa's expansion projects

- ✓ Acquisition of Zinc refining asset on 30 September 2022 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 and refurbishment vital to achieve throughput, energy and 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)

# Turnaround of zinc refining plant on track; Expecting positive EBITDA in 2024



## Plant overview



- #1 producer of “green zinc” (SHG zinc), 100% from recycled materials (WOX)
- 141 kt SHG zinc total capacity
- Plant size can process up to 220 kt WOX from Befesa’s recycling plants in the US

## Turnaround in a 3-step process



- ✓ 1. Quality improvement
  - High quality needed; Standard SHG specifications to avoid discounts from customers
- ✓ 2. Utilisation increase
  - Breakeven around 83–90%
- 3. Cost reduction
  - Focus on reducing fixed cost

## Key financials



- Capex: €50 million
- EBITDA run-rate: €10–15 million (2023: breakeven; 2024: €0–5 million)
- Payback: 4–5 years; IRR: >15%

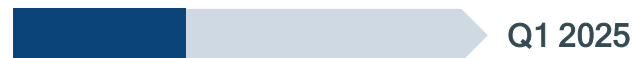
# Palmerton plant refurbishment progressing well to seize market growth in 2025



## Plant overview

- 2 kilns with c. 163 kt → 220 kt (post-refurbishment) EAF steel dust recycling capacity
- Producing **WOX** as a marketable product

## Indicative timing and status



- ✓ EPC contract signed
- > Works ongoing

Timing confirmed:

Phase I: completed by Q3 2024

Phase II: completed by beginning of 2025

## Key financials

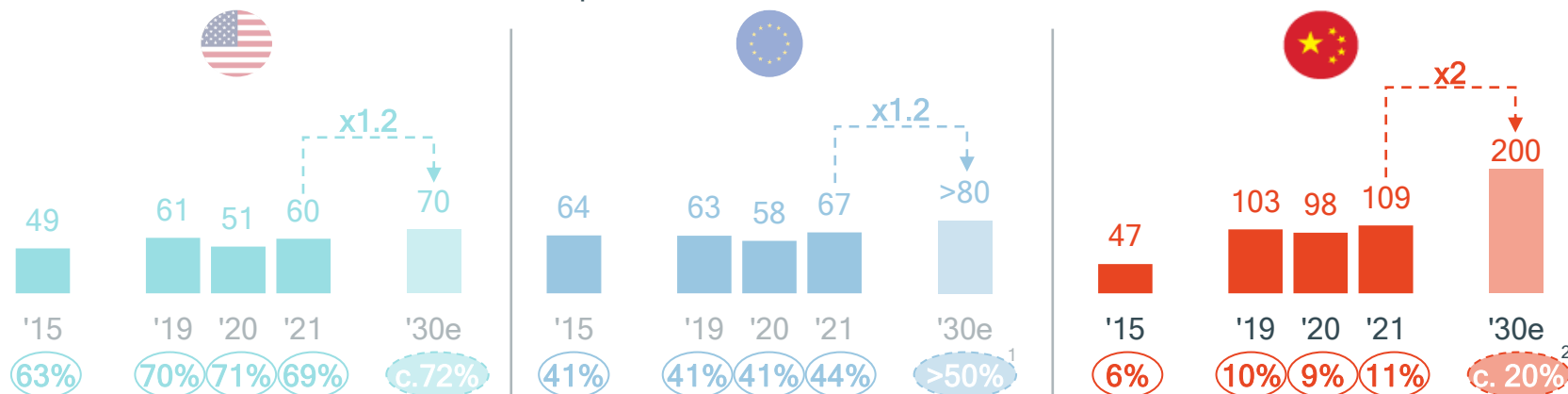


- Capex: €60–70 million
- EBITDA run-rate: €25–30 million
- Payback: 2–3 years; IRR: >30%

# Megatrends and Befesa's approach by market

## EAF steel production

million tonnes, EAF % share of total steel production



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

Each tonne of steel through EAF vs. BOF → saves 1.5 t CO<sub>2</sub>, 1.4 t iron ore, 740 kg coal & 120 kg limestone<sup>3</sup>

- Approved \$1.2 T infrastructure plan requires more steel output, from '24/25 onwards; Plus, **new announced EAF capacity** driving EAF share >70%
- Shortage of zinc smelting

### Befesa approach:

- c.40-50% market share in EAFD; **Improving asset efficiency ahead of higher volume 2024/25 onwards**  
→ Load assets & maintain share

- Replacing BOF with EAF essential for steelmakers to achieve CO<sub>2</sub> targets; EAF share growing to >50%
- EV transition drives **alu demand** up & OEMs with preference for recycled alu

### Befesa approach:

- c.40-50% market share in EAFD & Alu Salt Slags, and **high-cap. utilisation**;  
→ Invest in new cap. & maintain share

- **Government's masterplan** demands doubling EAF share to c. 20% by 2030<sup>2</sup>
- Regulation launched 2016/17; **Befesa is 1<sup>st</sup> mover and market leader** in largest & new EAFD market

### Befesa approach:

- Continue capacity **expansion step by step**, monitor recovery from **COVID**;  
Planning for **15–20% market share**

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

<sup>1</sup> Net Zero by 2050 (IEA, May 2021); Green Steel for Europe Consortium (June 2021)

<sup>2</sup> S&P Global Commodity Insights (April 2022)

<sup>3</sup> Bank of America Research (November 2022)

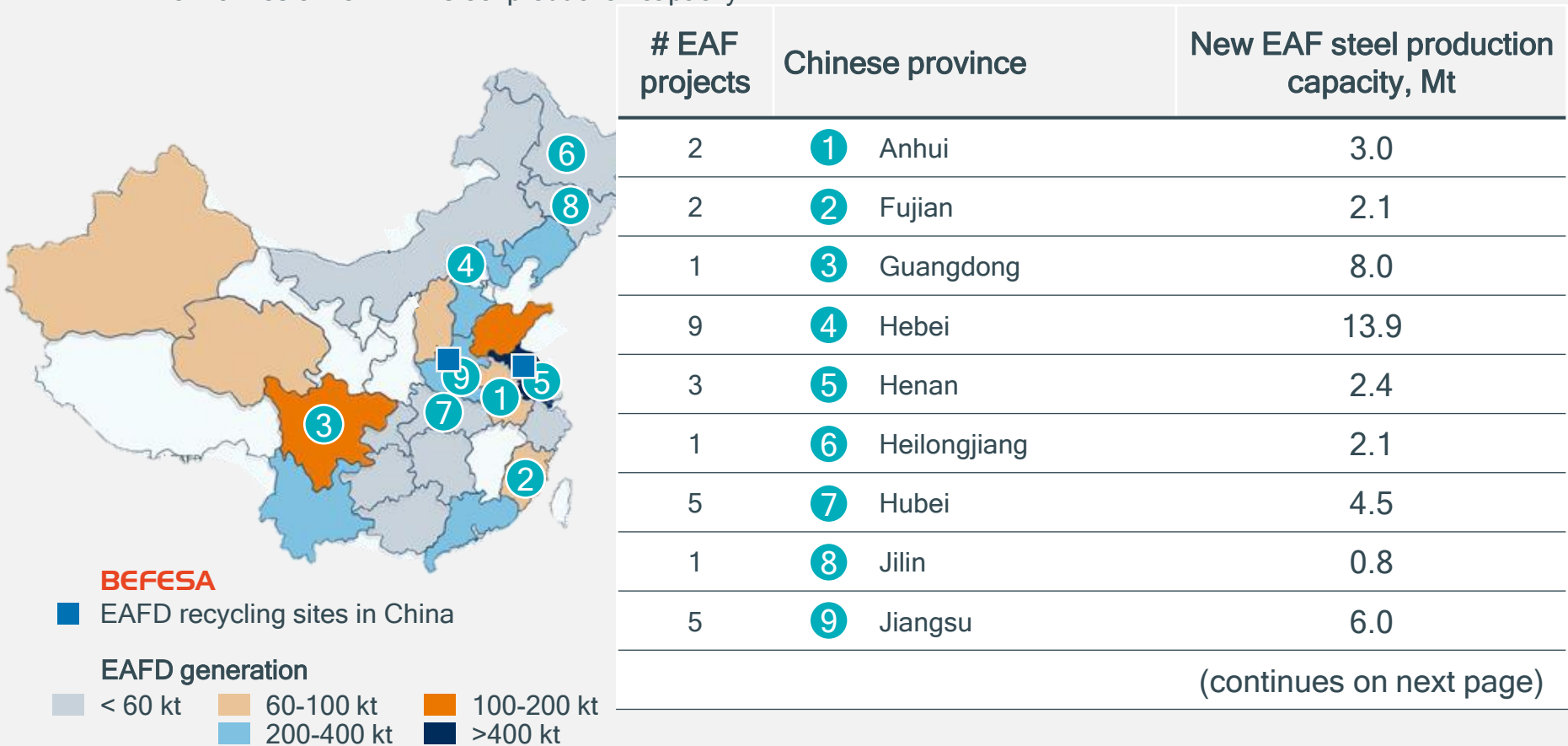


# Largest producer of steel, rapidly transitioning from BOF to EAF; a strong growth opportunity

>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



Sources: Internal analysis



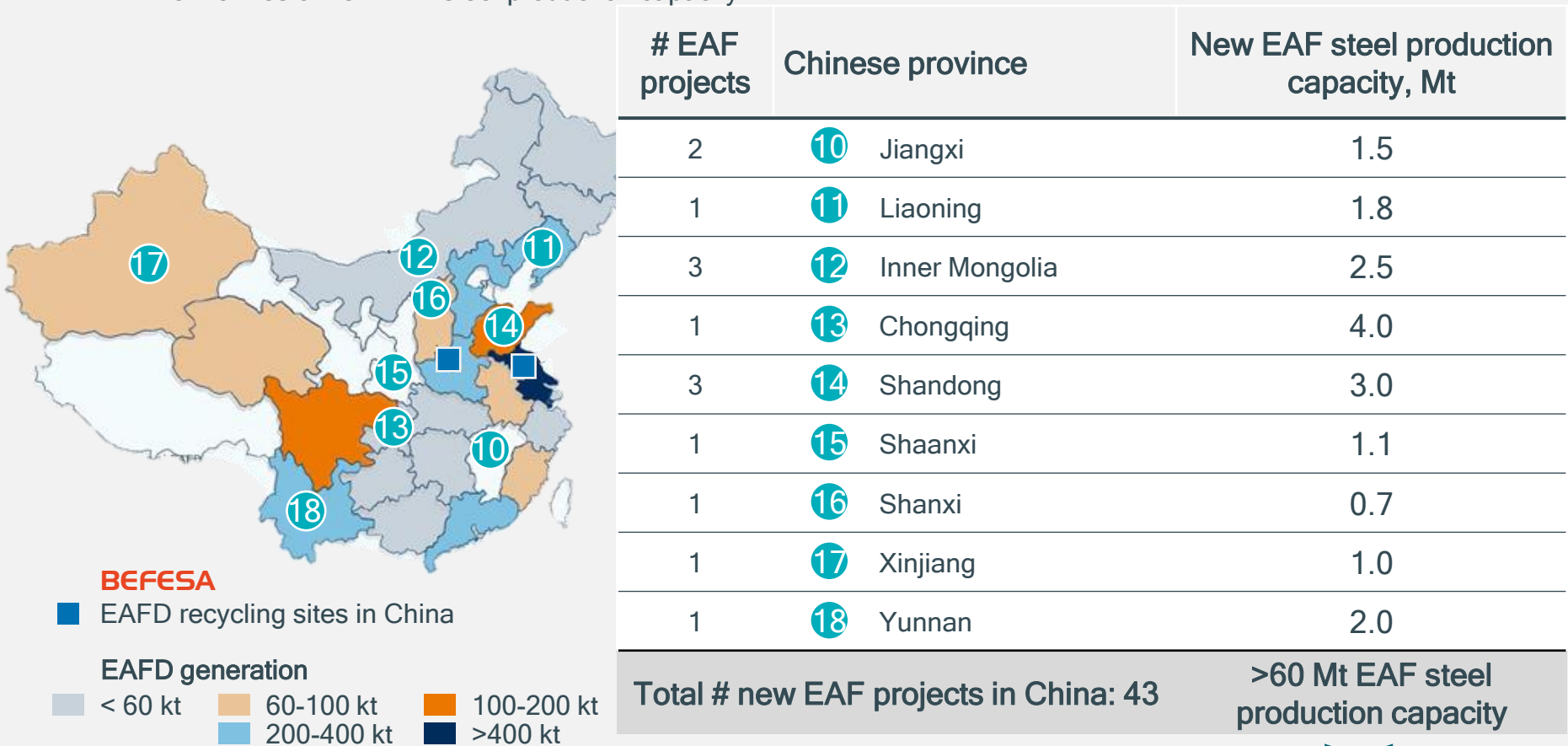


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million tonnes of new EAF steel production capacity



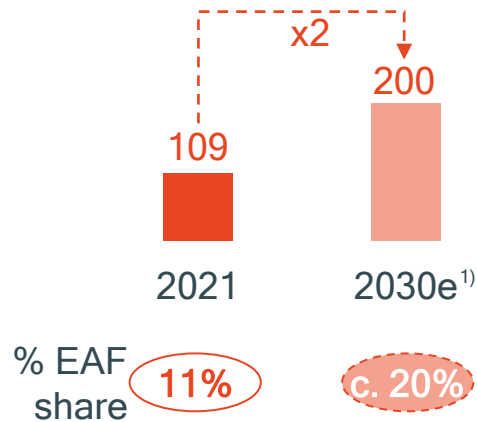


# SGGP – Steel Dust – China

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

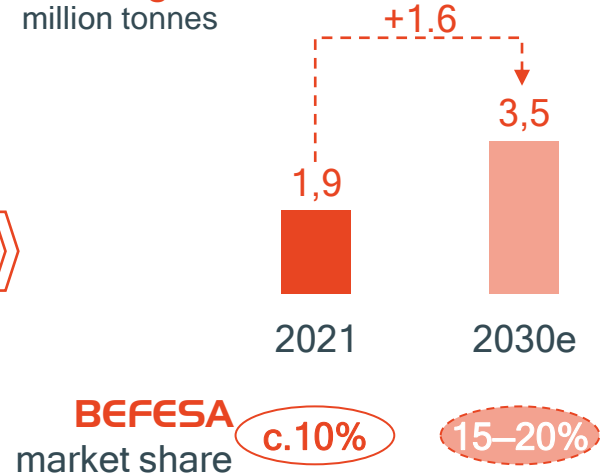
million tonnes, EAF % of total crude steel output



Ministry targets EAF share of 15% by 2025 / 20% by 2030<sup>1</sup> and 60 Mt of targeted 90 Mt EAF steel already announced

## EAFD generation

million tonnes



## Befesa's expansion projects

- Monitoring recovery from COVID 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



# Cautiously progressing in Guangdong province



Around 126 million people (2022),  
10–15% of China



GDP: US\$1.9 T (2022), Top 10 global;  
5% growth target for 2023;  
5–6% p.a. growth (2020–2035e)



Largest auto production in China



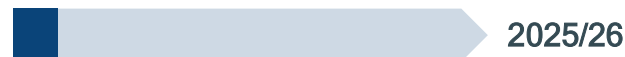
Top 5 EAF steelmaking clusters in  
China, with 200–400 kt EAF dust p.a.



## Plant overview

- 1 kiln with 110 kt EAF steel dust recycling capacity
- Option for expansion on site:  
2 additional kilns x 110 kt = +220 kt capacity

## Indicative timing and status



- ✓ Investment agreement signed Q1 2023
  - ✓ Land lot assigned Q1 2023
  - Levelling lot; Preparing basic engineering
  - Long-term supply agreements ongoing
- Start of construction to be monitored during 2024



## Key financials

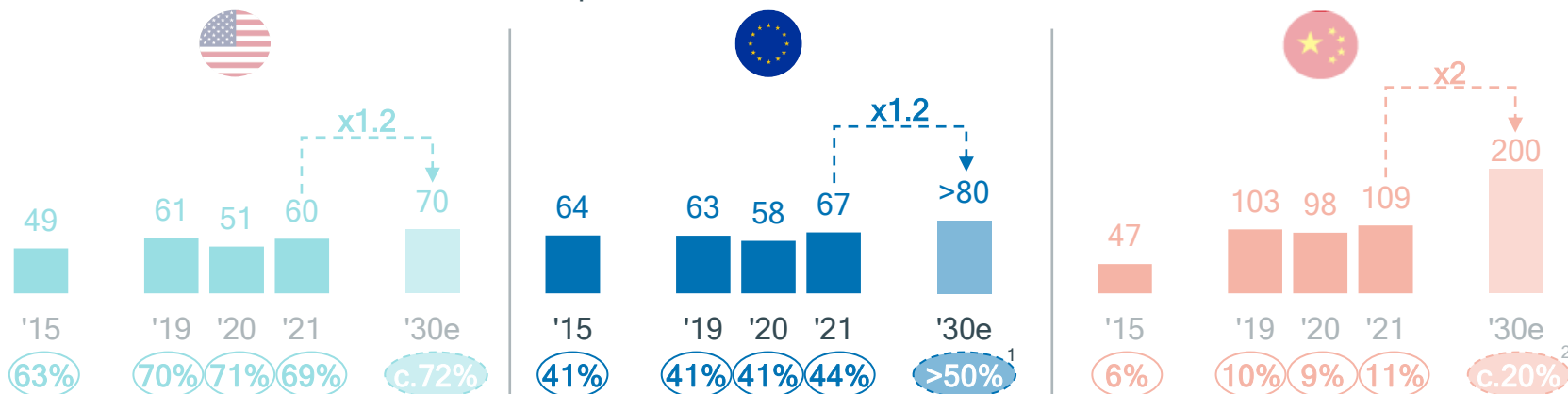
- Capex: €45–50 million
- EBITDA run-rate: €8–12 million
- Payback: 4–5 years; IRR: >20%



# Megatrends and Befesa's approach by market

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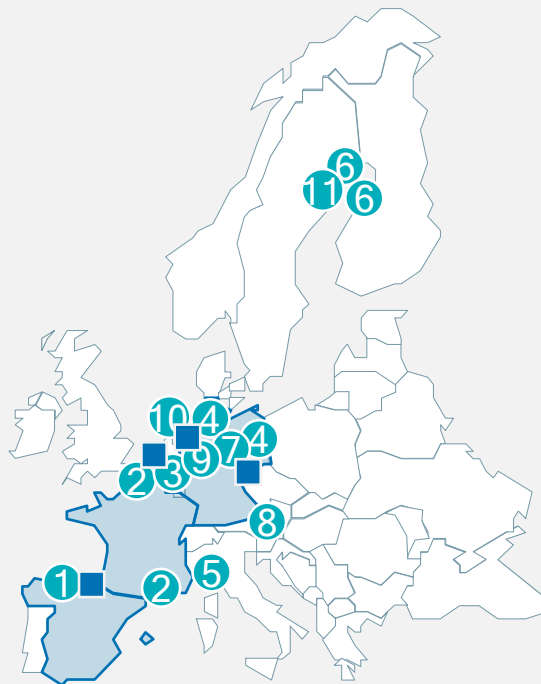


# Accelerating decarbonisation investments in EU will support EAF share growing to >50% by 2030

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; Raahе, Finland	€4.2	5.0	2030
	⑦ Peine, Niedersachsen, Germany	€1.1	1.9	'25–30
<b>voestalpine</b>	⑧ Linz & Donawitz, Austria	€1.0	2.5	H1'27
	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



# 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 and high-return project**



## WOX washing expansion

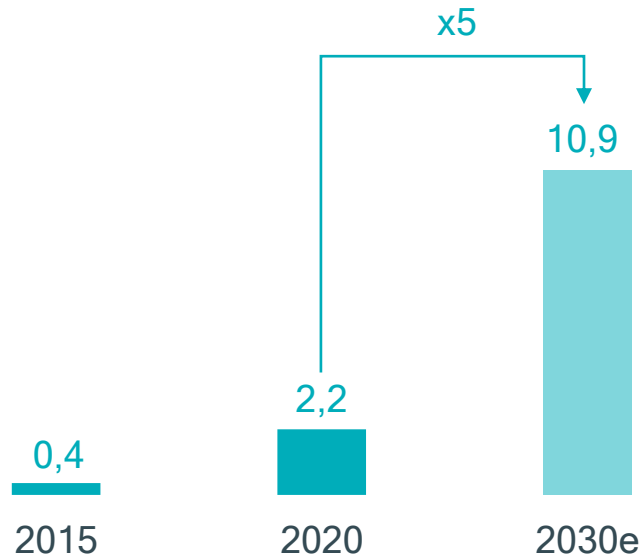
- **Expand WOX washing capacity** at Gravelines, France, in line with incremental European EAFD capacity
- Construction + ramp-up in 2025–26; **Operational by 2026–27**
- Investment required to enable EAFD capacity growth



# Aluminium Salt Slags Recycling Services – Decarbonisation trend drives transition to EV

Automotive industry switching from combustion to Electric Vehicles (EV)

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



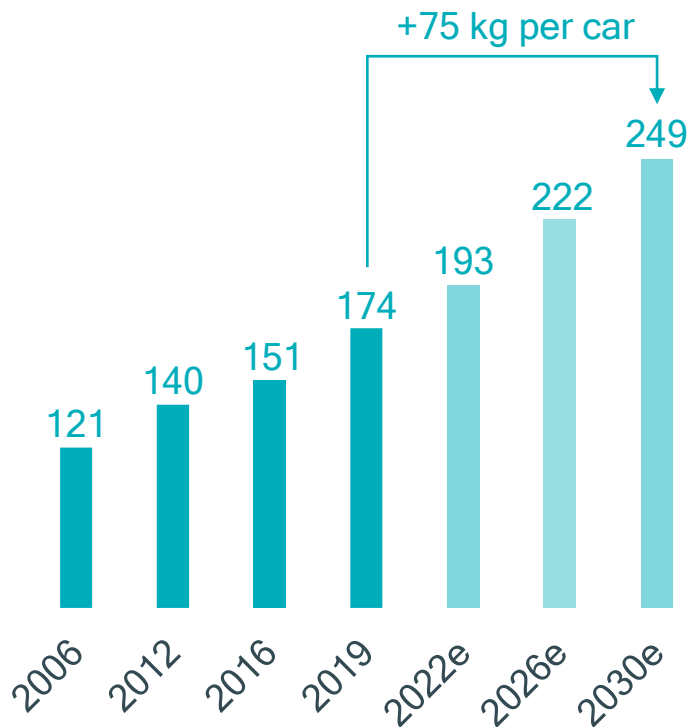
- EU approved plan to ban sales of vehicles with combustion engines (ICE) by 2035<sup>2</sup>
- EV unit sales forecasted to grow x5 from c. 2 million in 2020 to >10 million by 2030
- EV cars requiring light-weight construction, favouring aluminium demand

<sup>1</sup> CRU (January 2022).  
<sup>2</sup> eccee.org (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



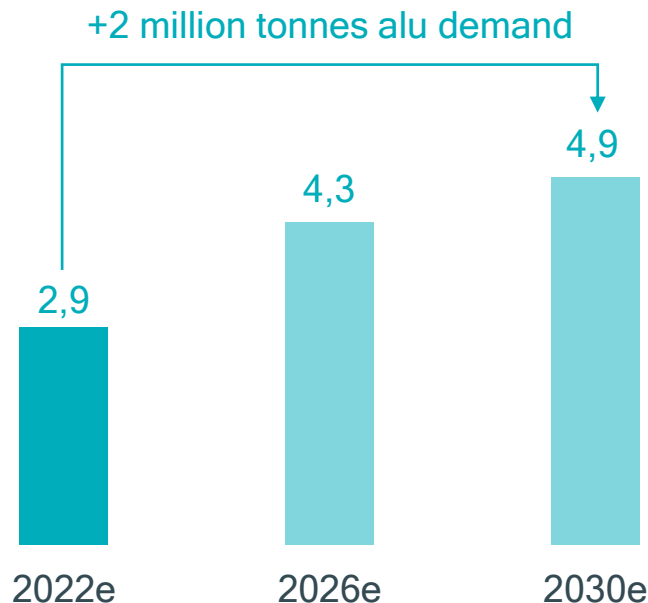
- Average aluminium content per vehicle (passenger cars) has steadily been increasing, from 121 kg/car in 2006 to 193 kg/car in 2022
- Growing and mandatory **electrification** requires **light-weighting** construction and drives **growing demand for aluminium**
- Aluminium content per vehicle expected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

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



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

## Aluminium demand from Auto in Europe<sup>1</sup> 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**

<sup>1</sup> Aluminium demand from passenger cars and light commercial vehicles; Ducker (October 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

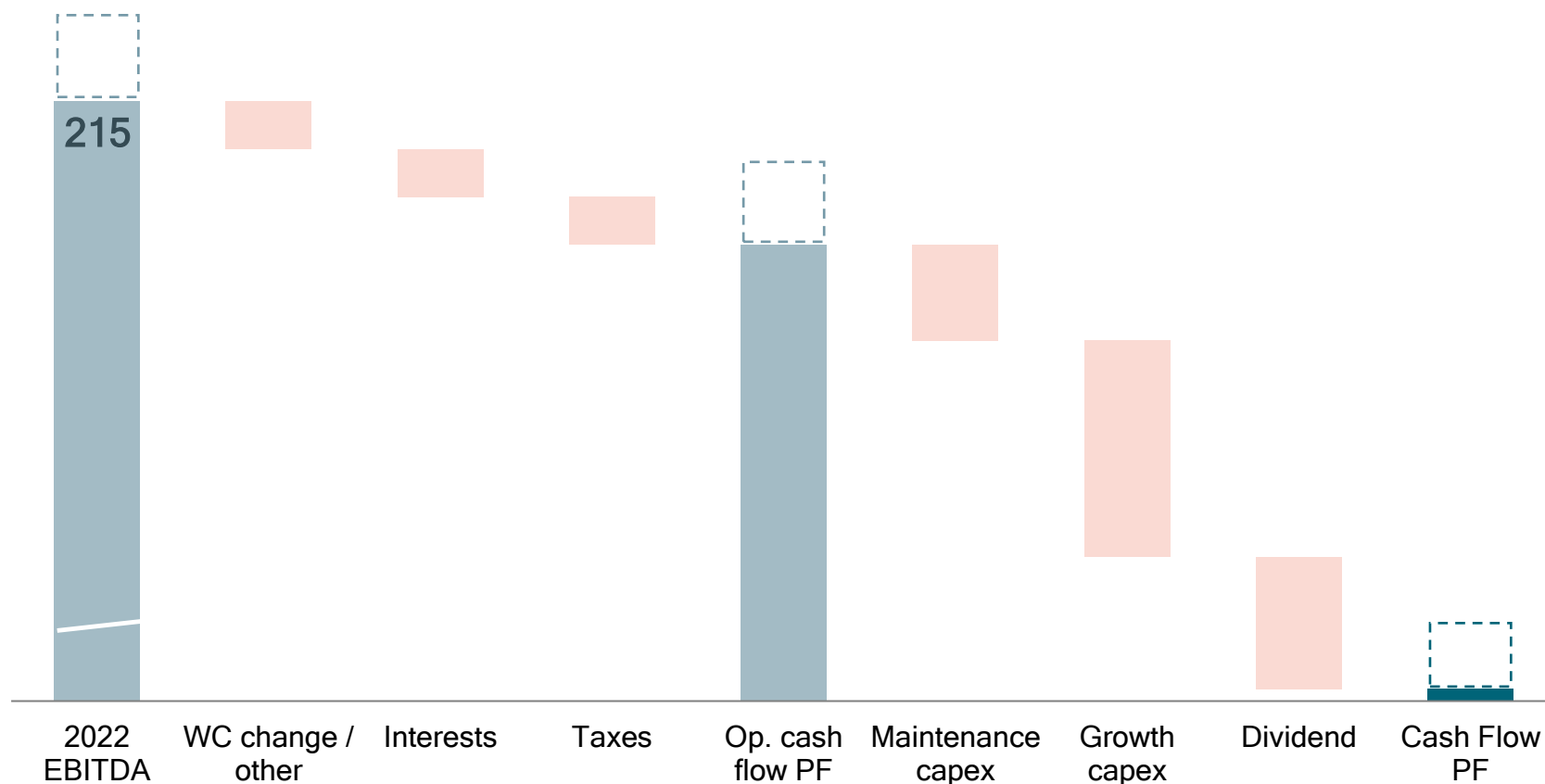


# Befesa can self-fund SGGP while keeping leverage c. x2.5 and distributing dividends

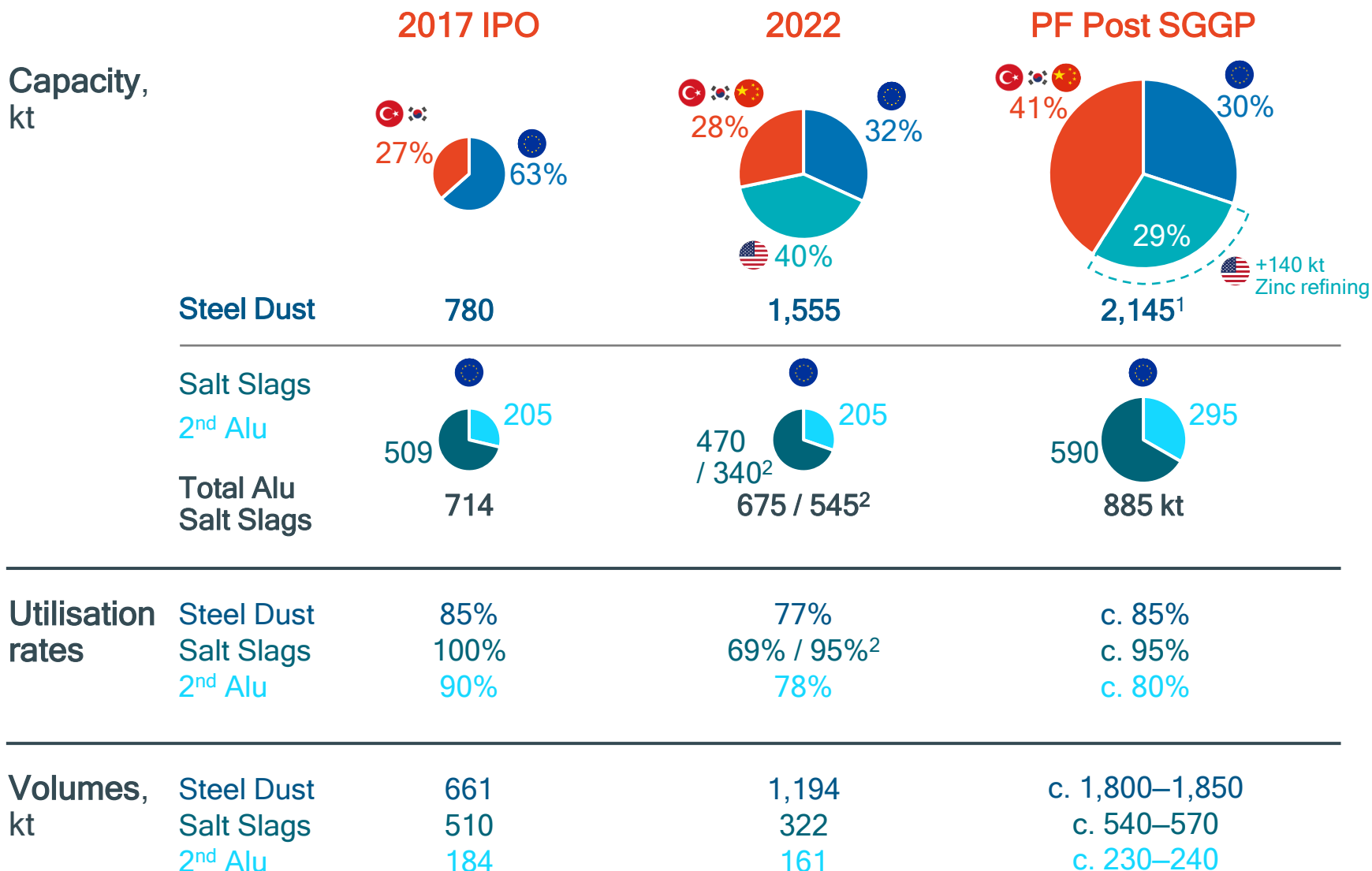
EBITDA to Cash flow management walk

Illustrative conceptual annual view within SGGP period, €m

+125 to +155



# Diversifying Befesa's global footprint ...



<sup>1</sup> 2,145 kt Steel Dust capacity excludes 140 kt from Zinc Refining

<sup>2</sup> Normalised for 130 kt Hanover installed capacity due to plant shutdown in 2022

# ... core-business focus drives portfolio growth

2017 IPO

2022

PF Post SGGP

Revenue,  
€m

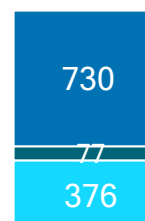
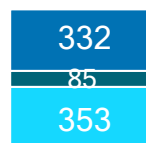
Total<sup>1</sup>

€725

€1,136

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%

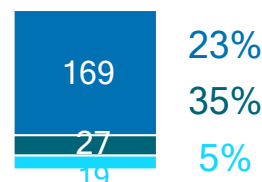
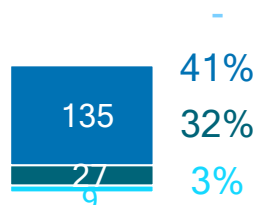
€215

% margin  
19%

c. €340–370

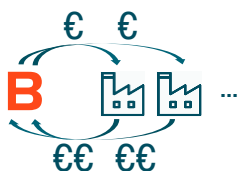
% margin  
19–23%

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



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

# 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

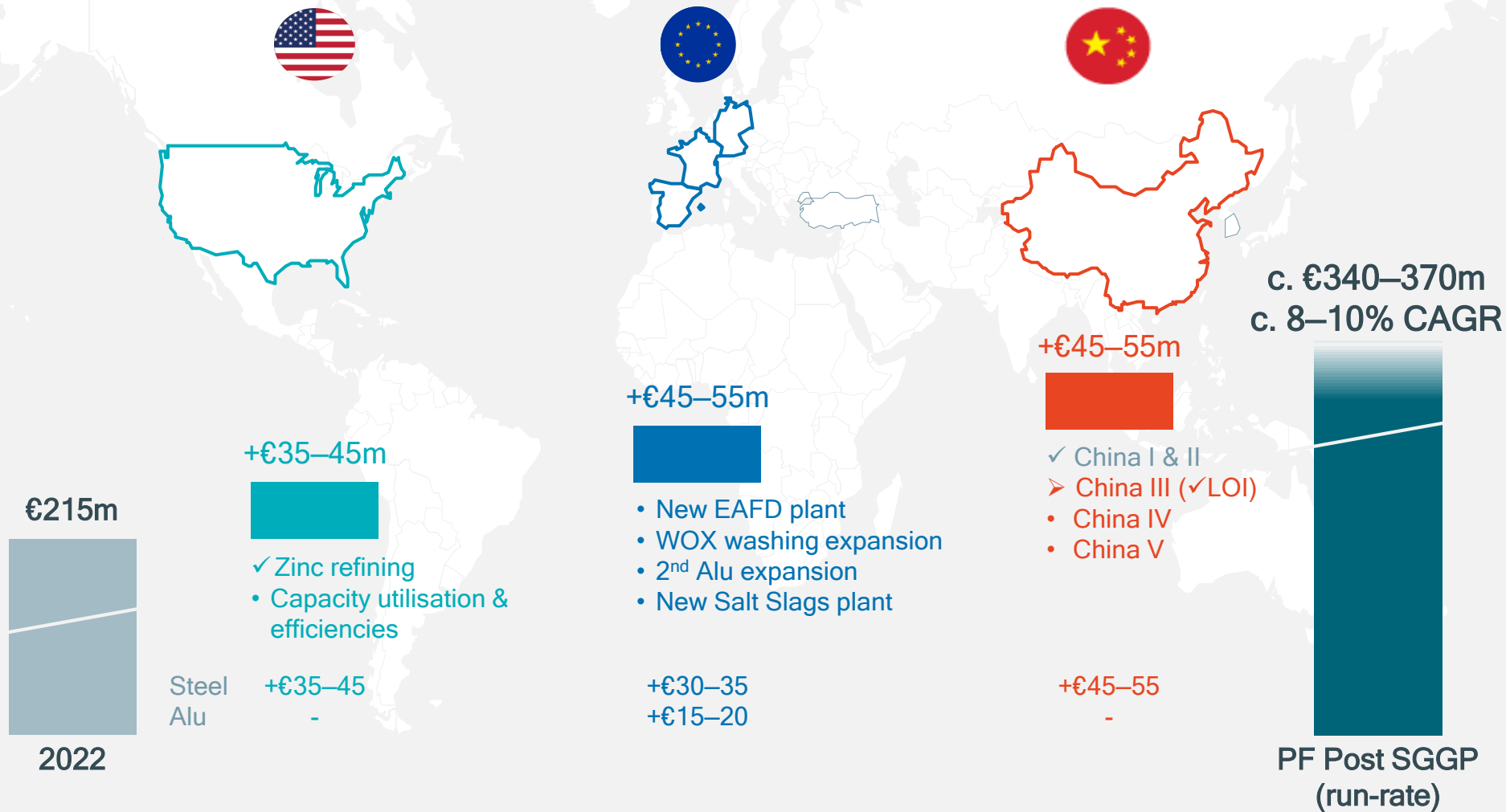


Investing in **core businesses**; **Low risk and high returns**,  
at **3–5 years** payback and **>20% IRR**



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

# Well defined growth roadmap driving €125–155m incremental EBITDA, 8–10% CAGR, globally balanced



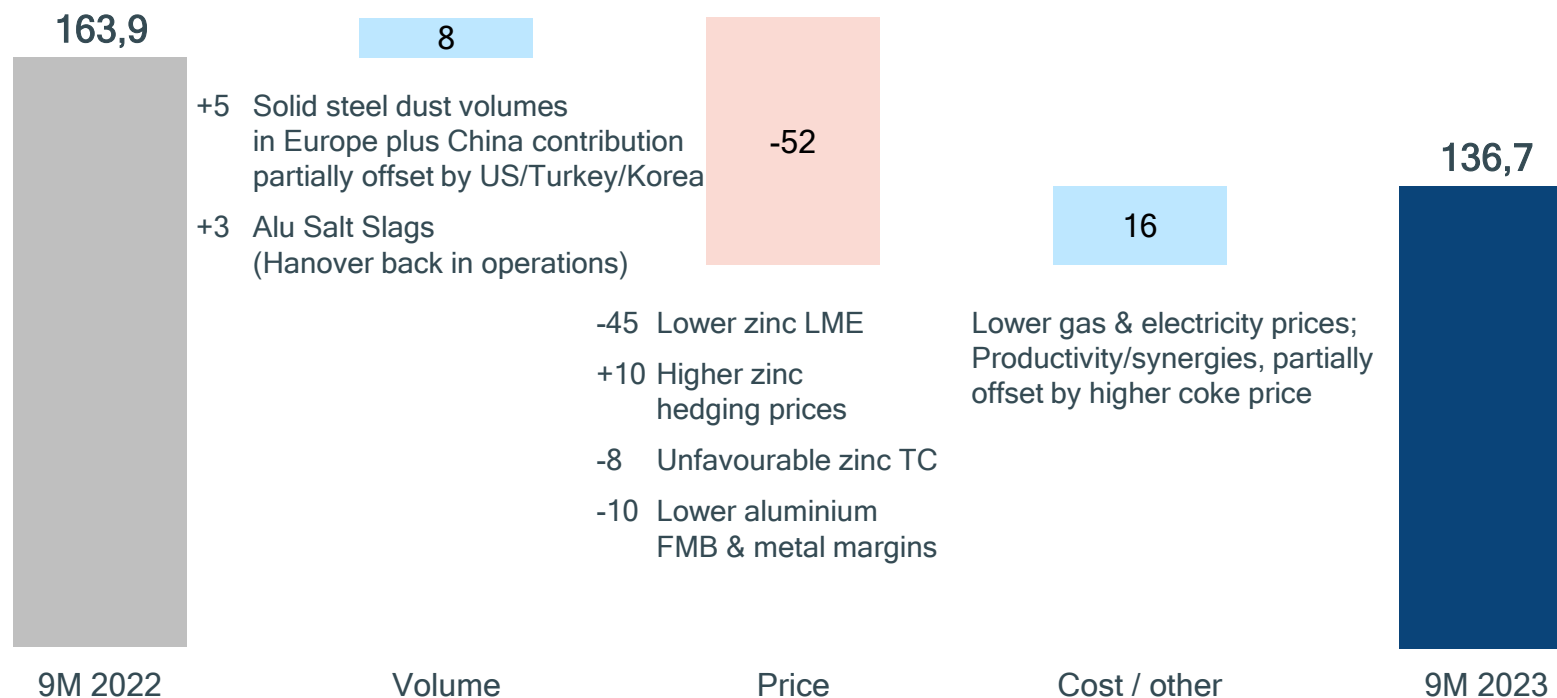


# 03 / 9M 2023 results

# Consolidated key financials

Total adjusted EBITDA decreased by 17% yoy to €137m in 9M 2023, mainly due to lower zinc and alu prices, unfavourable TC, and higher coke price, partially offset by volume, better hedges and synergies

## Adjusted EBITDA<sup>1</sup> 9M 2022 to 9M 2023



<sup>1</sup> 9M 2023: €64.5m reported Total EBIT + €61.0m D&A = €125.5m reported Total EBITDA + €11.2m adjustments = €136.7m adjusted Total EBITDA  
9M 2022: €126.4m reported Total EBIT + €54.8m D&A = €181.1m reported Total EBITDA - €17.3m adjustments = €163.9m adjusted Total EBITDA



# Steel Dust Recycling Services

Adjusted EBITDA decreased by 22% yoy to €102m in 9M 2023, mainly due to lower zinc LME, unfavourable zinc TC and higher coke price, partially offset by better hedges and synergies

## Adjusted EBITDA 9M 2022 to 9M 2023



		9M 2022	9M 2023	yoy change
Revenue	€m	533.3	605.3	+14%
<b>Adj. EBITDA</b>	€m	<b>131.0</b>	<b>101.8</b>	<b>-22%</b>
Adj. EBITDA margin	%	24.6	16.8	
Steel dust throughput	Kt	898	890	-1%
Plant utilisation	%	77	70	
WOX sold	Kt	311	301	-3%
Zinc LME	€/t	3,422	2,493	-27%
Zinc hedging	€/t	2,363	2,385	+1%
Zinc blended <sup>1</sup>	€/t	2,647	2,448	-8%
Zinc TC	\$/t	230	274	+19%

<sup>1</sup> 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

EBITDA increased by 4% yoy to €36m in 9M 2023; Lower cost (mainly lower energy prices) and improved volumes (Hanover) partially offset by lower aluminium prices

## EBITDA 9M 2022 to 9M 2023



		9M 2022	9M 2023	yoy change
Revenue <sup>1</sup>		308.1	300.4	-3%
– Salt Slags	€m	57.4	60.4	+5%
– Secondary Alu		286.2	271.2	-5%
<b>EBITDA</b>		<b>34.2</b>	<b>35.5</b>	<b>+4%</b>
– Salt Slags	€m	22.0	19.0	-14%
– Secondary Alu		12.2	16.6	+35%
EBITDA % (Salt Slags)	%	38.3	31.4	
Salt Slags & SPL treated	Kt	240	258	+7%
Salt Slags utilisation	%	68	73	
Alu alloys produced	Kt	122	126	+3%
Secondary Alu utilisation	%	80	82	
Alu FMB <sup>2</sup>	€/t	2,481	2,186	-12%

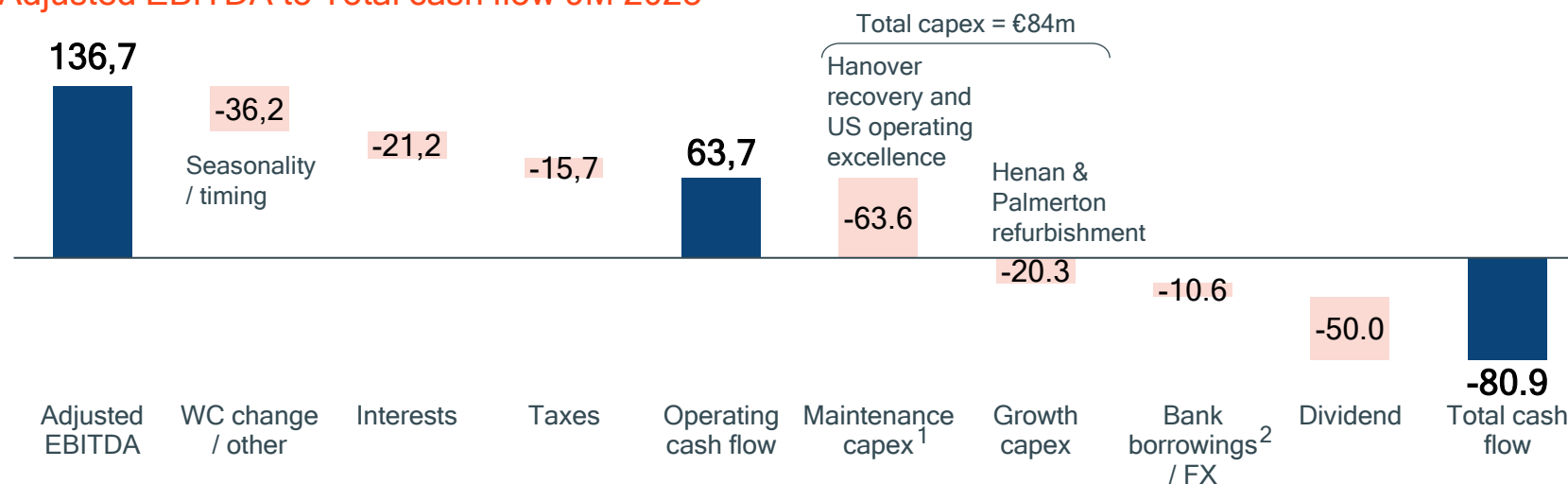
<sup>1</sup> Total revenue is after intersegment eliminations (9M 2022: €35.5m; 9M 2023: €31.2m)

<sup>2</sup> 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

Cash on hand at €81m providing >€150m liquidity; Net debt increased to €633m driven by lower earnings; Net leverage of x3.38

## Adjusted EBITDA to Total cash flow 9M 2023



		30.09.2022	31.12.2022	30.09.2023	change yoy	change vs year end 2022
LTM Adjusted EBITDA	€m	224.6	214.6	187.5	-16.5%	-12.6%
LTM Operating cash flow	€m	122.3	137.3	122.7	+0.3%	-10.7%
Gross debt	€m	713.4	710.8	714.3	+0.1%	+0.5%
Cash on hand	€m	139.1	161.8	80.8	-41.9%	-50.0%
Net debt	€m	574.2	549.0	633.4	+10.3%	+15.4%
Net leverage		x2.56	x2.56	x3.38		

<sup>1</sup> Includes investments required to maintain or replace assets as well as those related to productivity, compliance and IT

<sup>2</sup> Mainly includes cash bank inflows/outflows from bank borrowings and other liabilities, as well as the effect of foreign exchange rate changes on cash



# 04 / Befesa overview

# Environmental services for the Steel & Alu industries



- 25 plants globally; >1,800 employees
- #1 globally in Steel Dust Recycling and #1 in Europe Alu Salt Slags Recycling Services
- €215m EBITDA in 2022; Earnings split: c. 80% Steel / 20% Alu services
- Dividend distribution: 40-50% of net profit; €50m or €1.25/share in July 2023 for 2022
- 2017 IPO Frankfurt Stock Exchange → 2018 SDAX



- 100% circular economy: Recycling 2 Mt hazardous residues from secondary steel (EAF) and aluminium industries
- Extracting zinc, aluminium, salt and selling those back to the market preventing the use of virgin resources
- Producing iron oxide and aluminium oxide as useful industrial filler materials



Growth

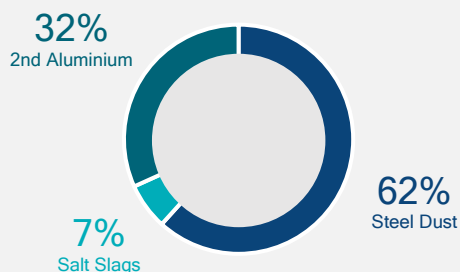
- Environmental regulation → Befesa 1<sup>st</sup> mover as market leader:  
 2010 Turkey,  2012 South Korea,  2017 China
- Acquisition:  
 2021 Steel Dust recycling assets (AZR); 2022 Zinc refining asset (AZP)
- Market and customers growth:  
 Decarbonisation drives EAF vs. BOF with c. 1.5t CO<sub>2</sub> less per ton of steel  
 EV accelerates Alu growth (c. 120kg '06 → 190kg '22 → 250kg '30 alu per car)

# Befesa at a glance

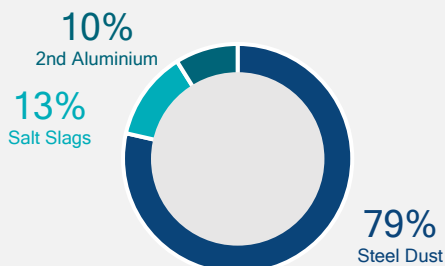
Global leader in Europe, the US and Asia in providing regulated critical hazardous waste recycling services to the steel and aluminium industries

2022

**€1,136m**  
Revenue



**€215m**  
Adjusted EBITDA



Steel Dust Recycling

**#1**

Position global  
(c. 40–50% market share)

**27%**

EBITDA margin  
(2020–2022 average)

**>15 years**  
relationships



Aluminium Salt Slags Recycling

**#1**

Position in Europe in salt slags subsegment  
(c. 45–50% market share)

**29%**

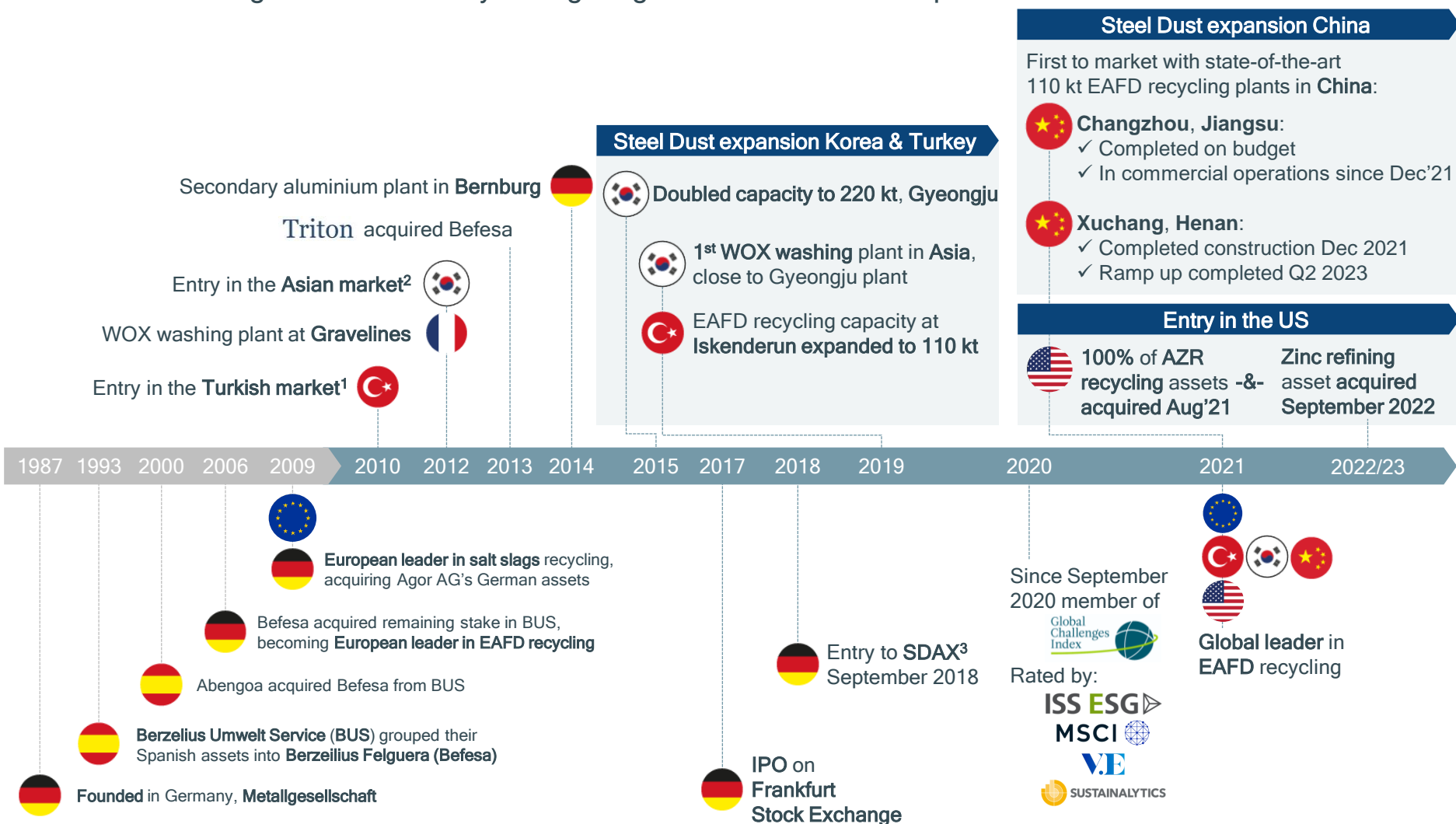
EBITDA margin in salt slags subsegment  
(2020–2022 average)

**>15 years**  
relationships



# 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 and 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. 1.8 Mt hazardous residues and recovering c. 1.5 Mt of new valuable materials



All figures are of the year 2022

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 2022)

- Within Aluminium Salt Slags Recycling Services business segment Befesa manages a Secondary Aluminium sub-segment (161 kt secondary aluminium alloys produced in 2022)



# 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

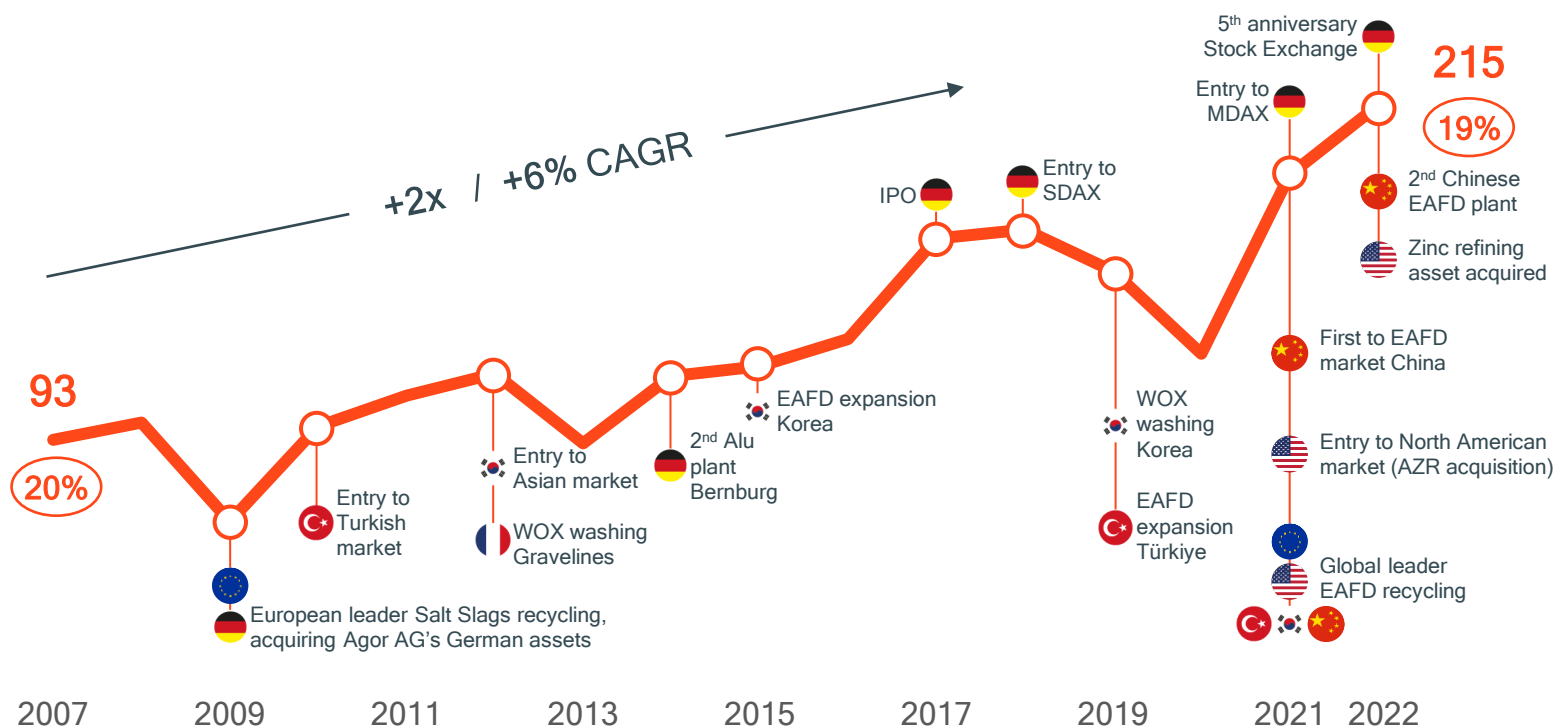
European  
debt crisis

COVID pandemic  
Global supply chain disruptions  
Energy crisis

EBITDA  
margin

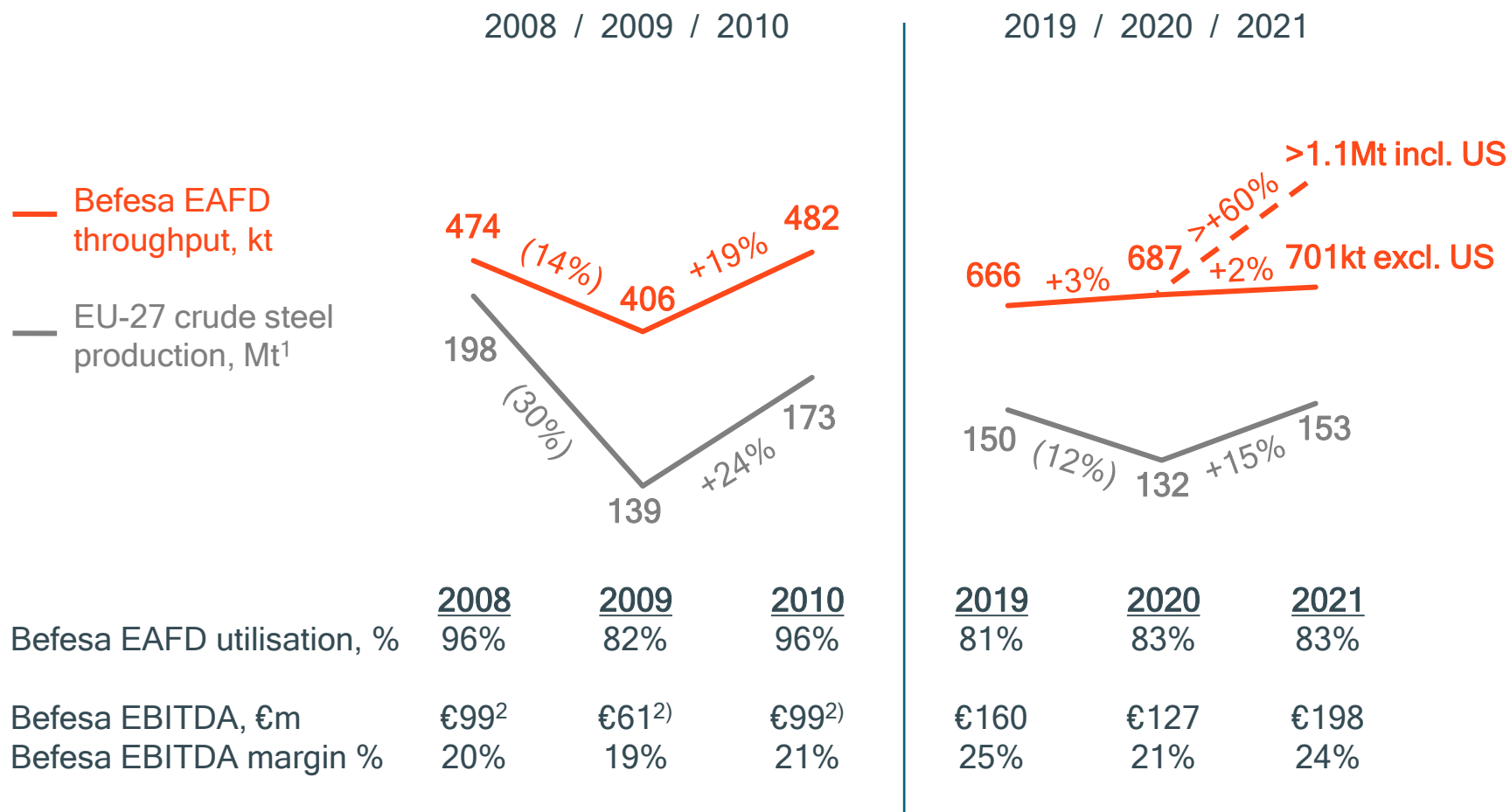


EBITDA  
(€m)



# Befesa's resilience during latest crises

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

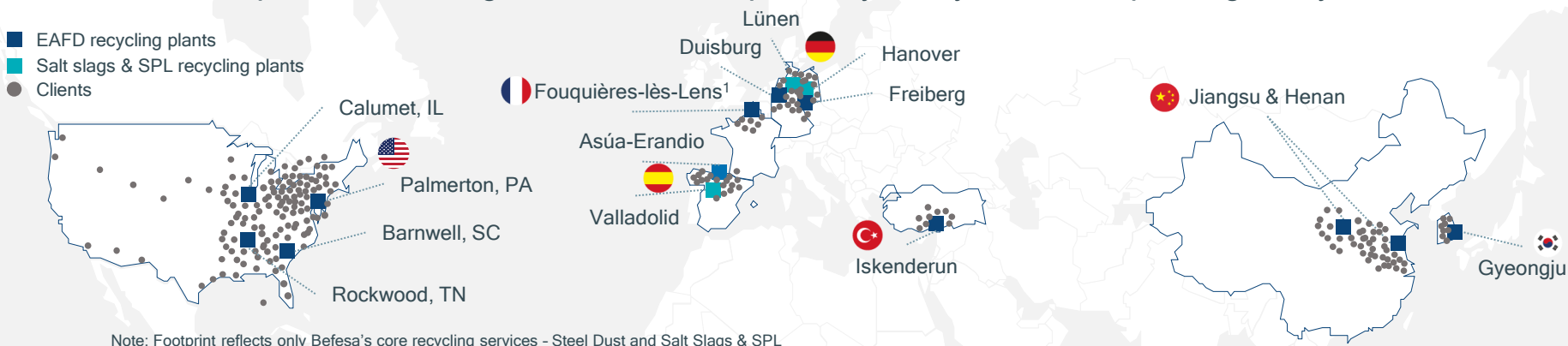


<sup>1</sup> worldsteel.org

<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

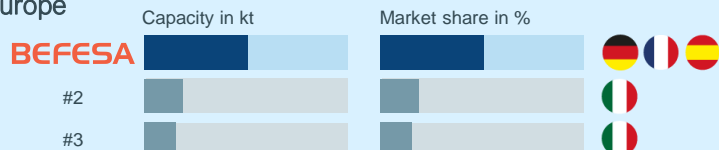
# Global leader in Europe, North America and Asia

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

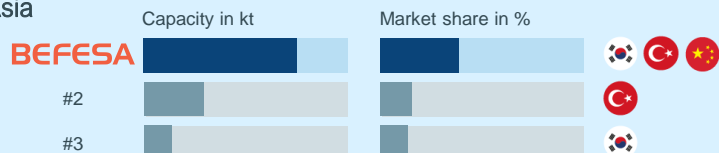


## STEEL DUST RECYCLING

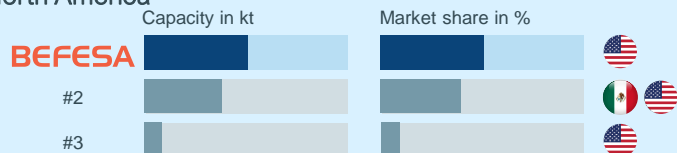
### Europe



### Asia

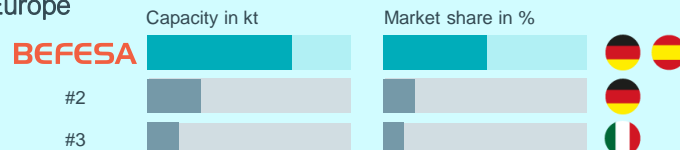


### North America



## ALU SALT SLAGS RECYCLING

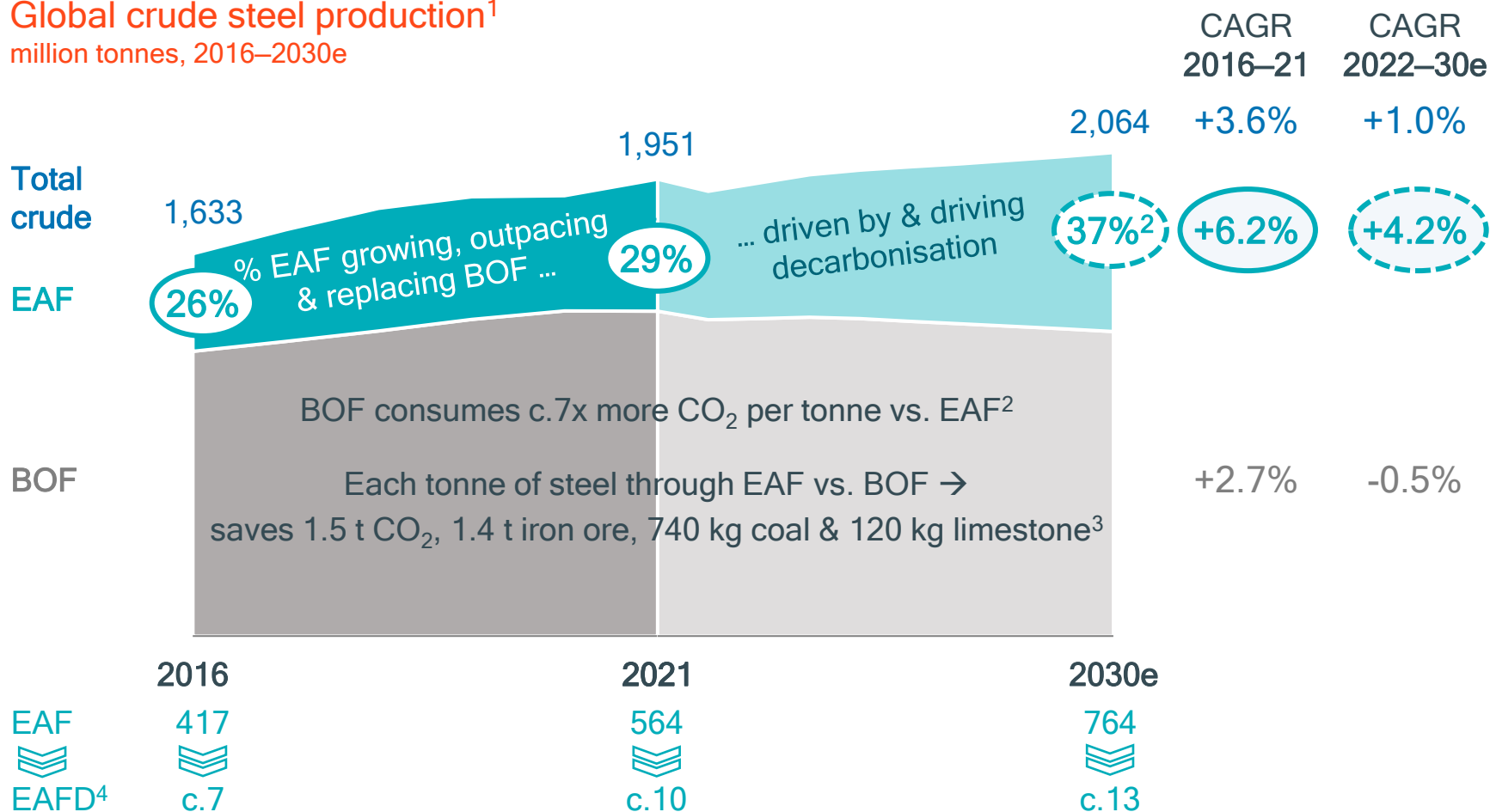
### Europe



<sup>1</sup> 50/50 joint venture with Recylex

# Decarbonisation megatrend favouring and driving EAF steel growth

Global crude steel production<sup>1</sup>  
million tonnes, 2016–2030e



<sup>1</sup> 2016-21 actuals from [Worldsteel](#); 2022-2030e from "Steel - Eye of the Storm", Morgan Stanley (September 2022)

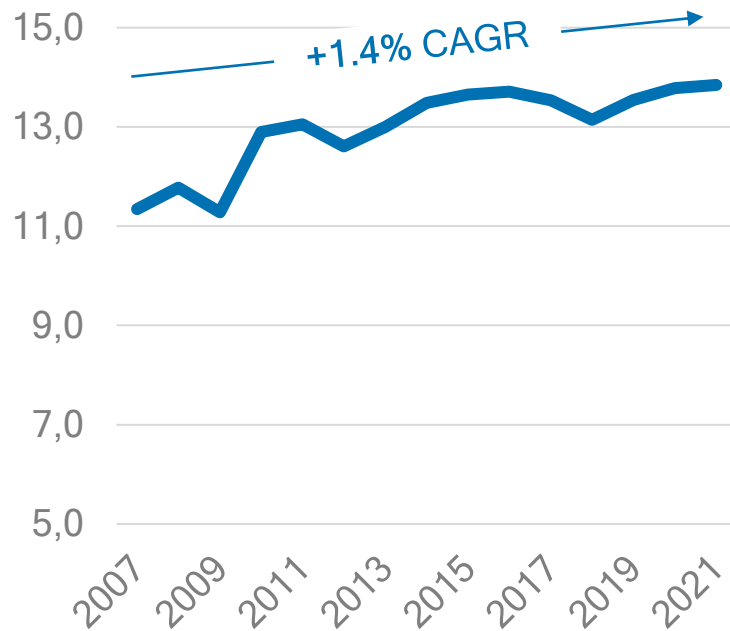
<sup>2</sup> "Net Zero by 2050: A Roadmap for the Global Energy Sector", IEA (May 2021); Green Steel for Europe Consortium (June 2021)

<sup>3</sup> Bank of America Research (November 2022)

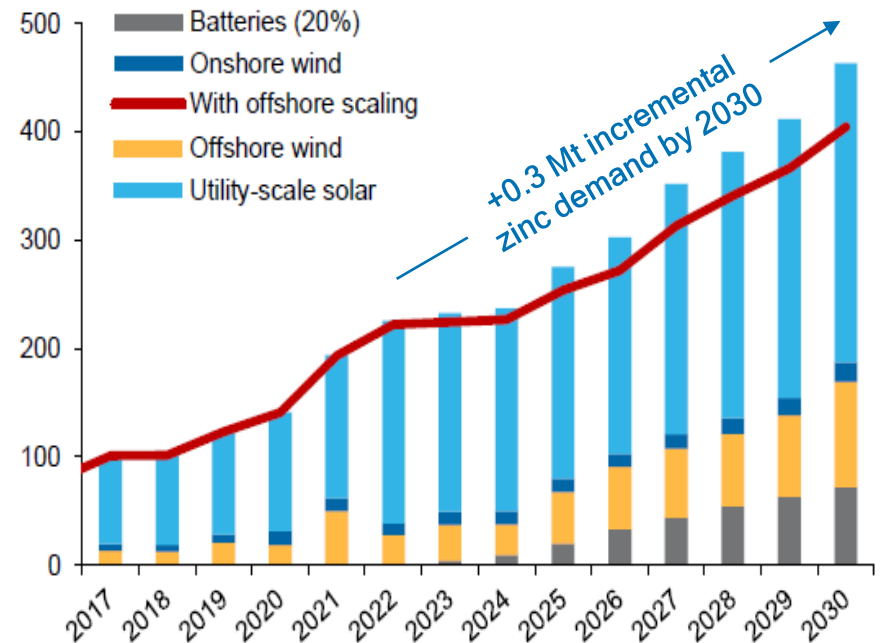
<sup>4</sup> Total EAFFD addressable market based on the assumed mid-point 17.5kg EAFFD generation per tonne of EAF steel output

# 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



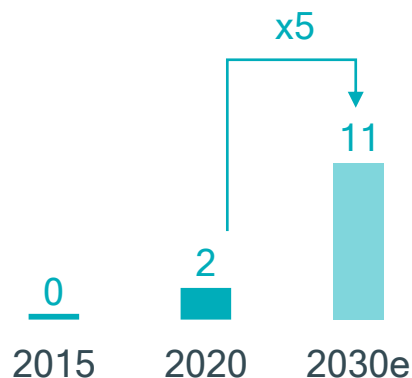
WOX, mixed with virgin zinc concentrates, preferred by smelters, is <5% of global zinc available; Befesa continues to be sold out

<sup>1</sup> International Lead & Zinc Study Group (ILZSG)

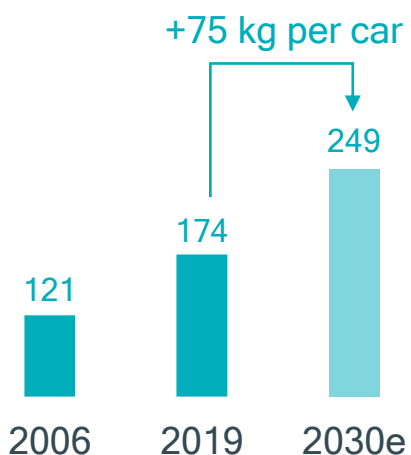
<sup>2</sup> "Commodities Outlook: The (super) cycle is dead, long live the cycle", Macquarie (October 2022)

# Decarbonisation and EV driving aluminium market growth in Europe

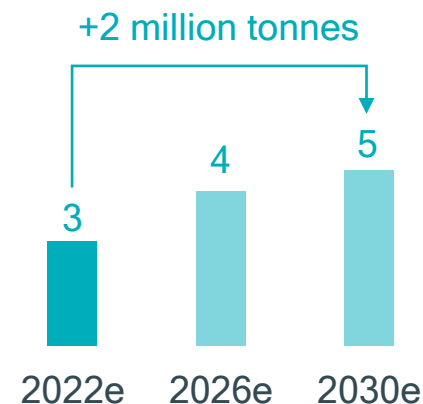
EV unit sales in Europe<sup>1</sup>  
million units



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**

<sup>1</sup> CRU (January 2022)

<sup>2</sup> Ducker (October 2022)

# Strong financial backbone

**Long-term and efficient capital structure**  
with no maturities  
up to July 2026

**Prudent zinc hedging**  
approach

**Rigorous cash management**

→ **Resilient earnings and cash flows**

→ **Stable & high liquidity**

→ **Moderate leverage**  
at c. x2.5

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

# Experienced and 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

- CEO since 2022
- VP Steel Dust 2006-2022
- 22 years with Befesa



**Rafael Pérez**  
CFO

- CFO since 2023
- 15+ years with Befesa



**Federico Barredo**  
VP 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, AZP
-  Experience in developing greenfield projects, e.g., Gravelines, South Korea, Bernburg, China





05 / ESG

# ESG highlights

Key player within the circular economy, with c. 1.8 Mt recycled and c. 1.5 Mt of valuable materials

## Lost Time Injury Rate (LTIR)<sup>1</sup>

0.55 LTIR in 2022 (all time low)

-32% yoy (2021: 0.81)

-90% vs baseline (2015: 5.71)

## ESG Ratings<sup>2</sup>

ISS ESG

30 September  
2023

B / Prime

SUSTAINALYTICS

#181 / 430

V.E

#7 / 103

MSCI

BBB

esgbook

Top 12%

S&P Global

Top 15%

## CDP (Carbon Disclosure Project) questionnaire

Answers to the CDP questionnaire submitted by Befesa in Q3 2023, disclosing data regarding environmental performance and risks



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

<sup>2</sup> Industry groups under which Befesa is ranked by the respective ESG rating companies: ISS ESG, Metals & mining; Sustainalytics, Commercial services; V.E, Business services; MSCI, Commercial services & supplies; esgbook, Industrial services; S&P Global, Commercial services & supplies

# ESG: Enhanced transparency and performance

## Transparency / reporting

Detailed ESG Report



## External ratings



## Health & safety

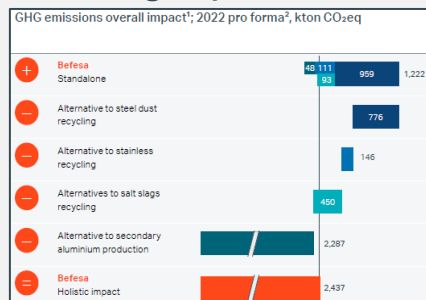
LTIR<sup>1</sup> improved by 90% since 2015



<sup>1</sup> Lost Time Injury Rate (LTIR) of Befesa's own employees and contractors, 2022 vs 2015 baseline

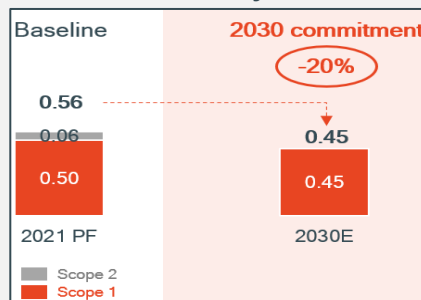
## CO<sub>2</sub> holistic approach

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



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

-20% by 2030  
Net zero by 2050



## Sustainability Committee



Reviews and monitors sustainability strategy, policies, guidelines, plans and progress on a quarterly basis

# 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 and aluminium, and energy transition



Natural resources depletion rate

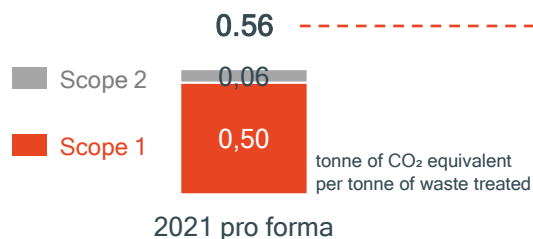


Growth ambition to increase recycling capacity

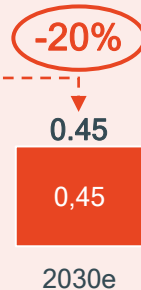
# Climate action plan

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

## Baseline



## 2030 commitment

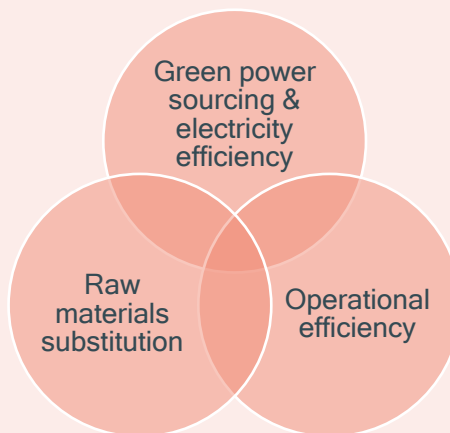


## 2050 vision

Net zero emission

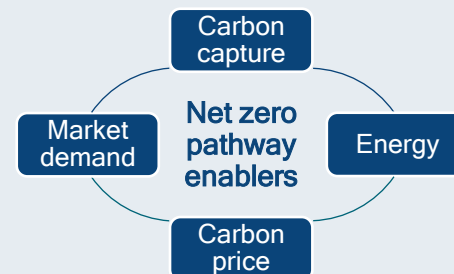
-  
2050e

## 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



- ✓ 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

# 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

<sup>1</sup> Updated from the target set in 2020 of >2 Mt  
<sup>2</sup> 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

<sup>3</sup> 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 and ≥90% coverage by 2022



continue annual risk assessment



establish Sustainability Committee in 2022 ✓



women in Board 2022 ✓





# 06 / Investor agenda & appendix

# Investor's agenda

## Financial calendar

### **Preliminary Year-End Results**

#### **2023 & Conference Call**

29 February 2024

### **Annual Report 2023**

21 March 2024

### **Q1 2024 Statement & Conf. Call**

25 April 2024

### **Annual General Meeting**

20 June 2024

### **H1 2024 Interim Report & Conference Call**

25 July 2024

### **Q3 2024 Statement & Conf. Call**

31 October 2024

## Next investor conferences

### Q1 2024

#### **Lyon - 27<sup>th</sup> ODDO BHF Forum**

11, 12 & 15 January - ODDO BHF

#### **Frankfurt - 23<sup>rd</sup> German Corporate Conf.**

16 & 17 January - UniCredit and Kepler  
Cheuvreux

#### **Madrid - Santander Iberian Conf. 2024**

31 January - Santander

#### **London - Berenberg EU Opportunities Conference 2024**

7 March - Berenberg

#### **London - Jefferies Pan-European Mid-Cap Conference**

19 March - Jefferies

#### **Copenhagen - Stifel Copenhagen Conf.**

21 March - Stifel

### Q2/Q3 2024

#### **Miami - BofA Global Metals, Mining and Steel Conference**

13-17 May - Bank of America

#### **New York - Berenberg European Conference 2024**

23 May - Berenberg

#### **Boston - Stifel Cross Sector Insight Conf.**

4 & 5 June - Stifel

#### **London - ODDO BHF London Forum**

27 June - ODDO BHF

#### **London - 4<sup>th</sup> Stifel London Industrials Conf.**

4 & 5 September - Stifel

#### **Munich - 13<sup>th</sup> Baader Investment Conf.**

23-26 September - Baader

## Contact details

### **Investor Relations**

Phone: +49 (0) 2102 1001 0

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



# 9M 2023/22 – 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>605.3</b> <i>+72.0 / +13.5%</i>	<b>60.4</b> <i>+3.1 / +5.3%</i>	<b>271.2</b> <i>-15.0 / -5.2%</i>	<b>-32.8</b> <i>+3.5 / -</i>	<b>904.2</b> <i>+63.6 / +7.6%</i>
<b>Reported EBITDA</b> <i>yoy change</i>	<b>94.5</b> <i>-56.9 / -37.6%</i>	<b>19.0</b> <i>-3.0 / -13.8%</i>	<b>16.6</b> <i>+4.3 / +35.3%</i>	<b>-€4.4</b> <i>-0.0 / -</i>	<b>125.5</b> <i>-55.6 / -30.7%</i>
<b>Reported EBITDA margin %</b> <i>yoy change</i>	<b>15.6%</b> <i>-1,277 bps</i>	<b>31.4%</b> <i>-695 bps</i>	<b>6.1%</b> <i>+183 bps</i>	<b>-</b> <i>-</i>	<b>13.9%</b> <i>-766 bps</i>
<b>Adjusted EBITDA<sup>2</sup></b> <i>yoy change</i>	<b>101.8</b> <i>-29.2 / -22.3%</i>	<b>19.0</b> <i>-3.0 / -13.8%</i>	<b>16.6</b> <i>+4.3 / +35.3%</i>	<b>-0.6</b> <i>+0.8 / -</i>	<b>136.7</b> <i>-27.1 / -16.6%</i>
<b>Adjusted EBITDA margin %</b> <i>yoy change</i>	<b>16.8%</b> <i>-775 bps</i>	<b>31.4%</b> <i>-695 bps</i>	<b>6.1%</b> <i>+183 bps</i>	<b>-</b> <i>-</i>	<b>15.1%</b> <i>-437 bps</i>

<sup>1</sup> Total revenue in Aluminium Salt Slags Recycling Services amounted to €300.4m (9M 2022: €308.1m) after intersegment eliminations of €31.2m (9M 2022: €35.5m)

<sup>2</sup> 9M 2023: €64.5m reported Total EBIT + €61.0m D&A = €125.5m reported Total EBITDA + €11.2m adjustments = €136.7m adjusted Total EBITDA

# Q3 2023/22 – 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>202.3</b> <i>+22.8 / +12.7%</i>	<b>19.1</b> <i>+3.1 / +19.4%</i>	<b>76.0</b> <i>+7.5 / +10.9%</i>	<b>-8.7</b> <i>-12.7 / -</i>	<b>288.7</b> <i>+20.7 / +7.7%</i>
<b>Reported EBITDA</b> <i>yoy change</i>	<b>31.1</b> <i>-25.2 / -44.8%</i>	<b>4.6</b> <i>-2.7 / -37.0%</i>	<b>3.2</b> <i>-0.0 / -0.5%</i>	<b>-4.2</b> <i>-2.8 / -</i>	<b>34.7</b> <i>-30.7 / -46.9%</i>
<b>Reported EBITDA margin %</b> <i>yoy change</i>	<b>15.4%</b> <i>-1,602 bps</i>	<b>24.2%</b> <i>-2,160 bps</i>	<b>4.2%</b> <i>-48 bps</i>	<b>-</b> <i>-</i>	<b>12.0%</b> <i>-1,239 bps</i>
<b>Adjusted EBITDA<sup>2</sup></b> <i>yoy change</i>	<b>34.6</b> <i>-1.4 / -3.9%</i>	<b>4.6</b> <i>-2.7 / -37.0%</i>	<b>3.2</b> <i>-0.0 / -0.5%</i>	<b>-0.5</b> <i>+0.2 / -</i>	<b>42.0</b> <i>-4.0 / -8.5%</i>
<b>Adjusted EBITDA margin %</b> <i>yoy change</i>	<b>17.1%</b> <i>-295 bps</i>	<b>24.2%</b> <i>-2,160 bps</i>	<b>4.2%</b> <i>-48 bps</i>	<b>-</b> <i>-</i>	<b>14.5%</b> <i>-257 bps</i>

<sup>1</sup> Total revenue in Aluminium Salt Slags Recycling Services amounted to €86.9m (Q3 2022: €88.7m) after intersegment eliminations of €8.2m (Q3 2022: -€4.1m)

<sup>2</sup> Q3 2023: €14.1m reported Total EBIT + €20.6m D&A = €34.7m reported Total EBITDA + €7.3m adjustments = €42.0m adjusted Total EBITDA

# Multi-year trend – Key financials<sup>1</sup>

(€m, unless otherwise stated)

	2017	2018	2019	2020	2021	2022
<b>Revenue</b>	667.4 <sup>2</sup>	720.1	647.9	604.3	821.6	1,136.0
<b>Reported EBITDA</b>	153.0	176.0	159.6	123.5	189.6	234.9
<b>Reported EBITDA margin %</b>	22.9% <sup>2</sup>	24.4%	24.6%	20.4%	23.1%	20.7%
<b>Adjusted EBITDA</b>	172.4 <sup>3</sup>	176.0	159.6	127.0 <sup>3</sup>	197.6 <sup>3</sup>	214.6 <sup>3</sup>
<b>Adjusted EBITDA margin %</b>	25.8% <sup>2</sup>	24.4%	24.6%	21.0%	24.0%	18.9%
<b>Net profit<sup>4</sup></b>	49.3	90.2	82.7	47.6	99.7	106.2
<b>EPS<sup>5</sup> (€)</b>	1.02 <sup>5</sup>	2.65	2.43	1.40	2.68 <sup>5</sup>	2.66 <sup>5</sup>
<b>Operating cash flow<sup>6</sup></b>	91.5	103.8	102.5	92.5	117.9	137.3
<b>Cash position end of period</b>	117.6	150.6	125.5	154.6	224.1	161.8
<b>Net debt</b>	406.4	376.8	416.9	393.6	470.6	549.0
<b>Net leverage</b>	x2.36	x2.14	x2.61	x3.10	x2.38	x2.56

<sup>1</sup> Full year actual figures audited by external auditors

<sup>2</sup> 2017 reported revenue amounted to €724.8m; Revenue of €667.4m is comparable after amendment IFRS 15 impacting non-operating revenue

<sup>3</sup> 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; 2022 EBITDA adjusted for -€20.3m, mainly driven by Zinc refining acquisition impacts

<sup>4</sup> Net profit and total basic earnings/(losses) per share attributable to the ordinary equity holders of Befesa S.A.

<sup>5</sup> 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; 2022 EPS based on 39,999 thousand outstanding shares

<sup>6</sup> Operating cash flow is after WC change, taxes and interests; pre capex and pre dividend

# 9M 2023/22 – Operational data – Steel Dust Recycling Services

	9M 2022	9M 2023	yoy change
<b> EAF steel dust throughput (kt) </b>	897.6	889.7	-7.9 / -0.9%
<b> EAF steel dust avg. capacity utilisation (%) </b>	77.2%	70.3%	-690 bps
<b> Waelz oxide (WOX) sold (kt) </b>	311.4	301.0	-10.3 / -3.3%
<b> Zinc LME price (€/t) </b>	3,422	2,493	-929 / -27.1%
<b> Zinc hedging price (€/t) </b>	2,363	2,385	+21 / +0.9%
<b> Zinc blended price<sup>1</sup> (€/t) </b>	2,647	2,448	-199 / -7.5%

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

# Q3 2023/22 – Operational data – Steel Dust Recycling Services

	Q3 2022	Q3 2023	yoy change
<b> EAF steel dust throughput (kt) </b>	267.9	297.4	+29.5 / +11.0%
<b> EAF steel dust avg. capacity utilisation (%) </b>	68.3%	69.7%	+135 bps
<b> Waelz oxide (WOX) sold (kt) </b>	97.5	103.8	+6.3 / +6.5%
<b> Zinc LME price (€/t) </b>	3,245	2,232	-1,013 / -31.2%
<b> Zinc hedging price (€/t) </b>	2,432	2,442	+9 / +0.4%
<b> Zinc blended price<sup>1</sup> (€/t) </b>	2,596	2,385	-211 / -8.1%

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

# 9M 2023/22 – Operational data – Aluminium Salt Slags Recycling Services

	9M 2022	9M 2023	yoy change
Salt slags & SPL treated (kt)	239.8	257.8	+18.0 / +7.5%
Salt slags & SPL avg. capacity utilisation (%)	68.2%	73.3%	+511 bps
Aluminium alloys produced (kt)	121.9	125.8	+3.8 / +3.1%
Secondary alu avg. capacity utilisation (%)	79.5%	82.0%	+250 bps
Aluminium alloy FMB price <sup>1</sup> (€/t)	2,481	2,186	-294 / -11.9%

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

# Q3 2023/22 – Operational data – Aluminium Salt Slags Recycling Services

	Q3 2022	Q3 2023	yoy change
Salt slags & SPL treated (kt)	66.9	89.7	+19.9 / +29.7%
Salt slags & SPL avg. capacity utilisation (%)	56.5%	73.2%	+1,676 bps
Aluminium alloys produced (kt)	37.3	38.6	+1.3 / +3.5%
Secondary alu avg. capacity utilisation (%)	72.2%	74.7%	+256 bps
Aluminium alloy FMB price <sup>1</sup> (€/t)	2,327	2,074	-253 / -10.9%

<sup>1</sup> 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	2022
EAF steel dust throughput (kt)	661.0	717.1	665.8	687.0	885.7	1,193.8
EAF steel dust average capacity utilisation (%)	84.7%	92.0%	80.7% / 90.1% <sup>1</sup>	83.2%	83.3% <sup>2</sup>	76.8%
Waelz oxide (WOX) sold (kt)	217.8	240.9	217.6	239.2	291.0	407.4
Zinc LME price (£/t)	2,572	2,468	2,276	1,979	2,544	3,302
Zinc hedging price (£/t)	1,876	2,051	2,317	2,239	2,151	2,379
Zinc blended price <sup>3</sup> (£/t)	2,160	2,168	2,280	2,136	2,275	2,627
Salt Slags & SPL treated (kt)	509.9	517.0	492.6	444.6	395.0	322.1
Salt Slags & SPL avg. cap. utilisation (%)	96.2%	97.5%	92.9%	83.9% / 86.9% <sup>4</sup>	84.0%	68.5% / 96.7% <sup>4</sup>
Alu alloys produced (kt)	184.1	169.3	176.7	174.3	185.8	160.6
Secondary Alu average capacity utilisation (%)	89.8%	82.6% / 98.1% <sup>5</sup>	86.2% / 91.1% <sup>6</sup>	85.0%	90.6%	78.4%
Aluminium alloy FMB price <sup>7</sup> (£/t)	1,766	1,715	1,397	1,424	2,112	2,438

<sup>1</sup> Installed capacity and corresponding utilisation rates in 2019 are normalised for the capacity upgrade in Turkey, from 65 kt to 110 kt (plant was shutdown from end of January to mid-August 2019)

<sup>2</sup> 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

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

<sup>4</sup> Installed capacity and corresponding utilisation rates in 2020 and following years is normalised for the UK plant closure occurred at year-end 2020; in 2022, it is normalised for the Hanover plant shutdown

<sup>5</sup> 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)

<sup>6</sup> 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)

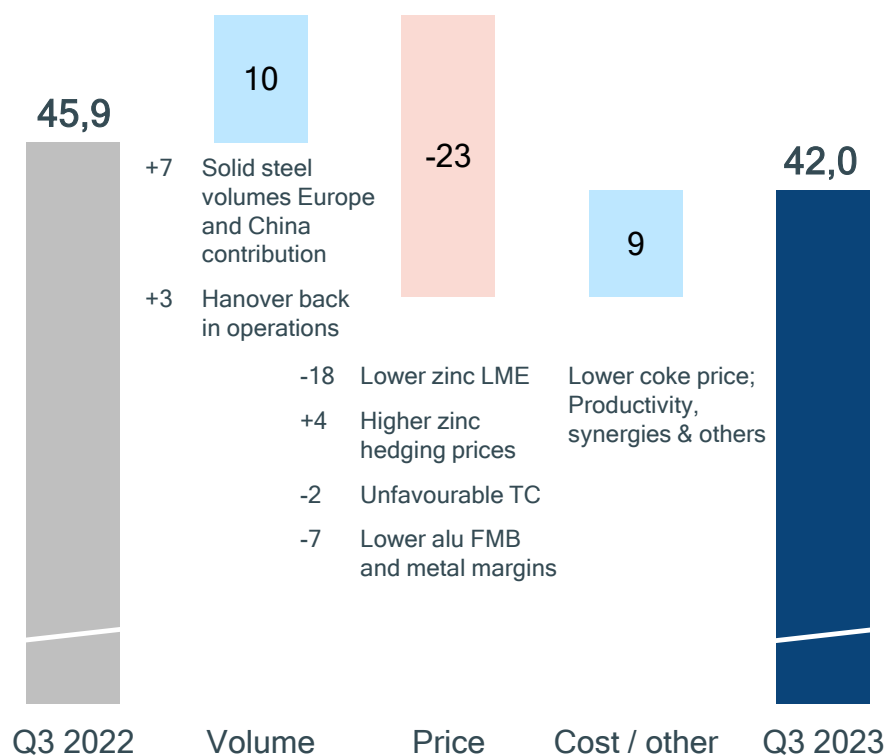
<sup>7</sup> Aluminium scrap and foundry ingots aluminium pressure diecasting ingot DIN226/A380 European Metal Bulletin free market duty paid delivered works



# Consolidated key financials

Adjusted EBITDA decreased by 8% yoy to €42m in Q3 2023; Lower zinc & aluminium prices, unfavourable zinc TC, partially offset by improved volumes, better hedges, lower energy prices and synergies

## Adjusted EBITDA<sup>1</sup> Q3 2022 to Q3 2023



		Q3 2022	Q3 2023	yoy change
Revenue	€m	268.0	288.7	+8%
Adj. EBITDA	€m	45.9	42.0	-8%
Adj. EBITDA margin	%	17.1	14.5	
Net profit	€m	37.2	7.3	-80%
EPS	€	0.93	0.18	-80%
Operating cash Flow	€m	14.4	21.7	+51%
Cash	€m	139.1	80.8	-42%
Net debt	€m	574.2	633.4	+10%
Net leverage <sup>2</sup>		x2.56	x3.38	

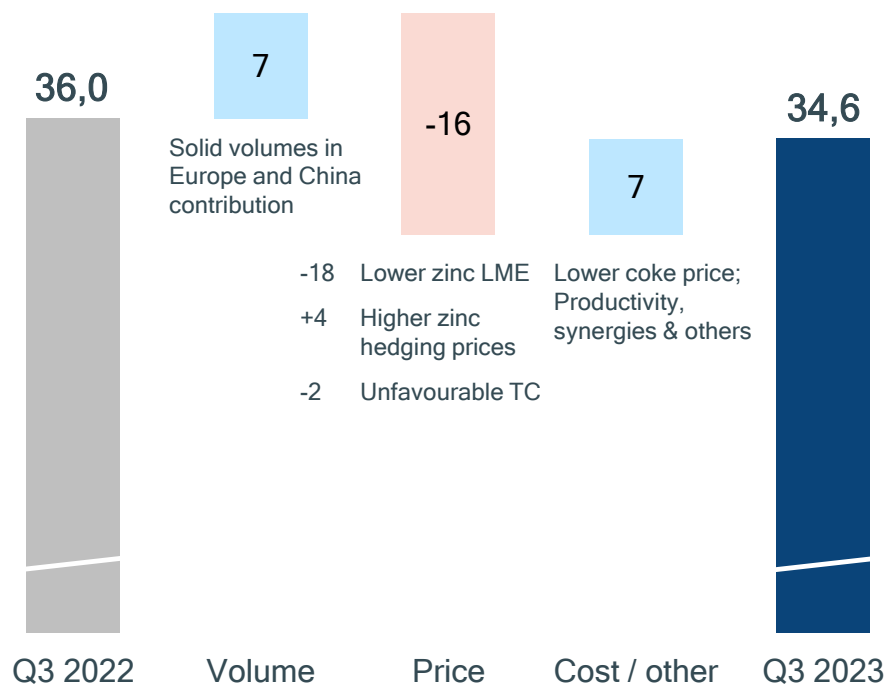
<sup>1</sup> Q3 2023: €14.1m reported Total EBIT + €20.6m D&A = €34.7m reported Total EBITDA + €7.3m adjustments = €42.0m adjusted Total EBITDA  
Q3 2022: €46.0m reported Total EBIT + €19.4m D&A = €65.5m reported Total EBITDA - €19.6m adjustments = €45.9m adjusted Total EBITDA

<sup>2</sup> Net leverage calculated as Net debt over Adjusted EBITDA.

# Steel Dust Recycling Services

Adjusted EBITDA decreased by 4% yoy to €35m in Q3 2023, mainly due to lower zinc prices and unfavourable zinc TC, partially offset by improved volumes, hedges, lower coke price and synergies

## Adjusted EBITDA Q3 2022 to Q3 2023



		Q3 2022	Q3 2023	yoy change
Revenue	€m	179.5	202.3	+13%
<b>Adj. EBITDA</b>	€m	<b>36.0</b>	<b>34.6</b>	<b>-4%</b>
Adj. EBITDA margin	%	20.1	17.1	
Steel dust throughput	Kt	268	297	+11%
Plant utilisation	%	68	70	
WOX sold	Kt	97	104	+7%
Zinc LME	€/t	3,245	2,232	-31%
Zinc hedging	€/t	2,432	2,442	+0%
Zinc blended <sup>1</sup>	€/t	2,596	2,385	-8%
Zinc TC	\$/t	230	274	+19%

<sup>1</sup> 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

EBITDA decreased by 26% yoy to €8m in Q3 2023, mainly due to lower aluminium prices partially offset by improved volumes (Hanover back in operations) and lower energy prices

## EBITDA Q3 2022 to Q3 2023



		Q3 2022	Q3 2023	yoy change
Revenue <sup>1</sup>		88.7	86.9	-2%
– Salt Slags	€m	16.0	19.1	+19%
– Secondary Alu		68.5	76.0	+11%
<b>EBITDA</b>		<b>10.6</b>	<b>7.8</b>	<b>-26%</b>
– Salt Slags	€m	7.3	4.6	-37%
– Secondary Alu		3.2	3.2	flat
EBITDA % (Salt Slags)	%	45.8	24.2	
Salt Slags & SPL treated	Kt	67	87	+30%
Salt Slags utilisation	%	56	73	
Alu alloys produced	Kt	37	39	+4%
Secondary Alu utilisation	%	72	75	
Alu FMB <sup>2</sup>	€/t	2,327	2,074	-11%

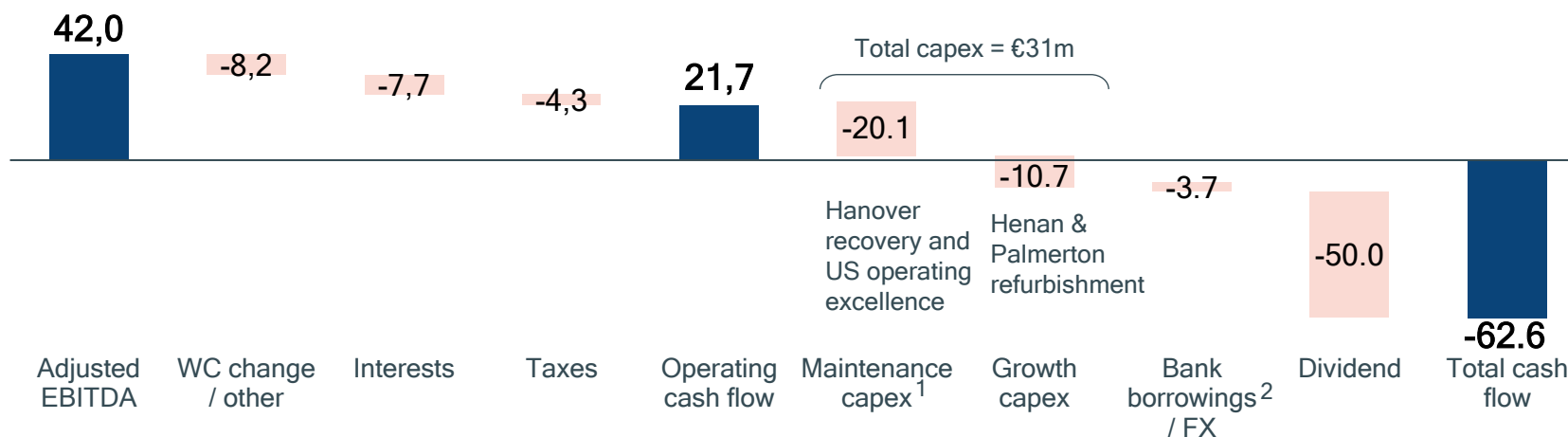
<sup>1</sup> Total revenue is after intersegment eliminations (Q3 2022: -€4.1m; Q3 2023: €8.2m)

<sup>2</sup> 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

Cash on hand at €81m providing >€150m liquidity; Net debt increased to €633m driven by lower earnings; Net leverage of x3.38

## Adjusted EBITDA to Total cash flow Q3 2023



		30.06.2023	30.09.2023	change
LTM Adjusted EBITDA	€m	191.4	187.5	-2.0%
LTM Operating cash flow	€m	115.3	122.7	+6.4%
Gross debt	€m	710.5	714.3	+0.5%
Cash on hand	€m	143.5	80.8	-43.7%
Net debt	€m	567.0	633.4	+11.7%
Net leverage		x2.96	x3.38	

<sup>1</sup> Includes investments required to maintain or replace assets as well as those related to productivity, compliance and IT

<sup>2</sup> Mainly includes cash bank inflows/outflows from bank borrowings and other liabilities, as well as the effect of foreign exchange rate changes on cash