

BEFESA

Q3 2024

Earnings Presentation

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Third quarter and first nine-month period 2024 figures are unaudited.

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Today's presenters



Asier Zarraonandia
CEO

>20 years with
Befesa



Rafael Pérez
CFO

>15 years with
Befesa



01 / Business highlights

Strong Q3, up 16% YoY, despite challenging macroeconomic environment

Revenue	Adjusted EBITDA	Operating Cash Flow
Q3: €294m 2% YoY 9M: €915m 1% YoY	Q3: €49m 16% YoY 9M: €152m 11% YoY	Q3: €48m 62% YoY 9M: €118m 39% YoY

- Small revenue increase of 2% driven by higher Salt Slags activity
- EBITDA margin increased to 17%, mainly driven by Steel dust (20%) and Salt Slags (32%)
- Strong Operating Cash Flow in Q3 up 62% and 39% in 9M driven by strong cash conversion

Q3 2024 Highlights

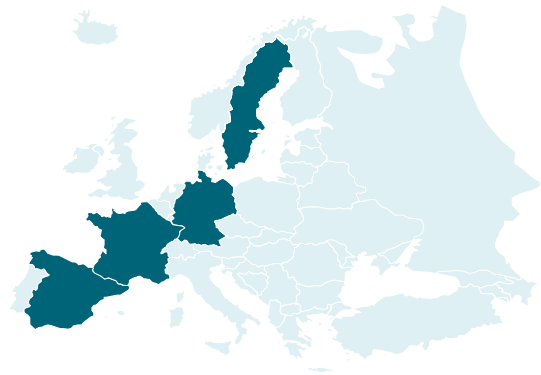
- **Strong EAF** dust volume in Europe and US, despite weak overall steel sector
- **High utilization** in salt slags; 2nd aluminium impacted by **challenging auto industry** in Europe
- Palmerton expansion as expected with **1st kiln already in hot-commissioning**

Outlook

- Expecting **FY24 EBITDA at €210-215m**, 15%-18% YoY, within the previous guidance range of €205-235m
- Leverage expected to be around x3.0 by year end 2024
- Expecting strong double-digit EBITDA growth and leverage around x2.5 for 2025
- Business plan and capital allocation to focus on de-leveraging and ongoing approved capex projects
 - China expansion plan stop due to current market conditions
 - Growth capex to focus on Palmerton and Bernburg: low risk projects

Steel Dust business highlights

Strong Steel dust recycling operations in Europe and US partially offset by zinc refining contribution



 EUROPE

- Steel production in Europe at 5-year low impacted by weak demand
- Strong deliveries from EAF steel customers despite overall weak steel industry
- Plants running at high capacity utilization around 90%
- Locked strong Q4 volume



 USA

- Good utilization levels in the steel dust recycling plants around 70%, similar to previous quarters
- Operational improvement of recycling plants on track delivering higher EBITDA per ton
- US Zinc refining in final stage of turnaround with a focus on cost reduction. Double-digit negative contribution in 2024



   ASIA

- EAF dust volume throughput impacted by strike in Turkish plant in Q3 (strike is over). Strong Q4 volume secured
- Chinese plants continue running at similar utilization levels than H1. impacted by weak EAF steel production

Aluminium business highlights

Strong salt slags recycling performance partially offset by weak secondary aluminum metal margin



Salt Slags recycling

- Strong volume of salt slag recycled with plants running at 90% capacity utilization
- Hannover plant (Germany) back to operations at full capacity
- Lower FBM aluminum price impacting negatively

2nd aluminum

- Very weak European automotive industry impacting demand of secondary aluminum
- Q3 volume of 2nd aluminum production impacted by weak auto industry
- Summer scheduled plant maintenance shutdowns impacting Q3 volume
- Compressed aluminum metal margin driven by weak demand and access to aluminum scrap

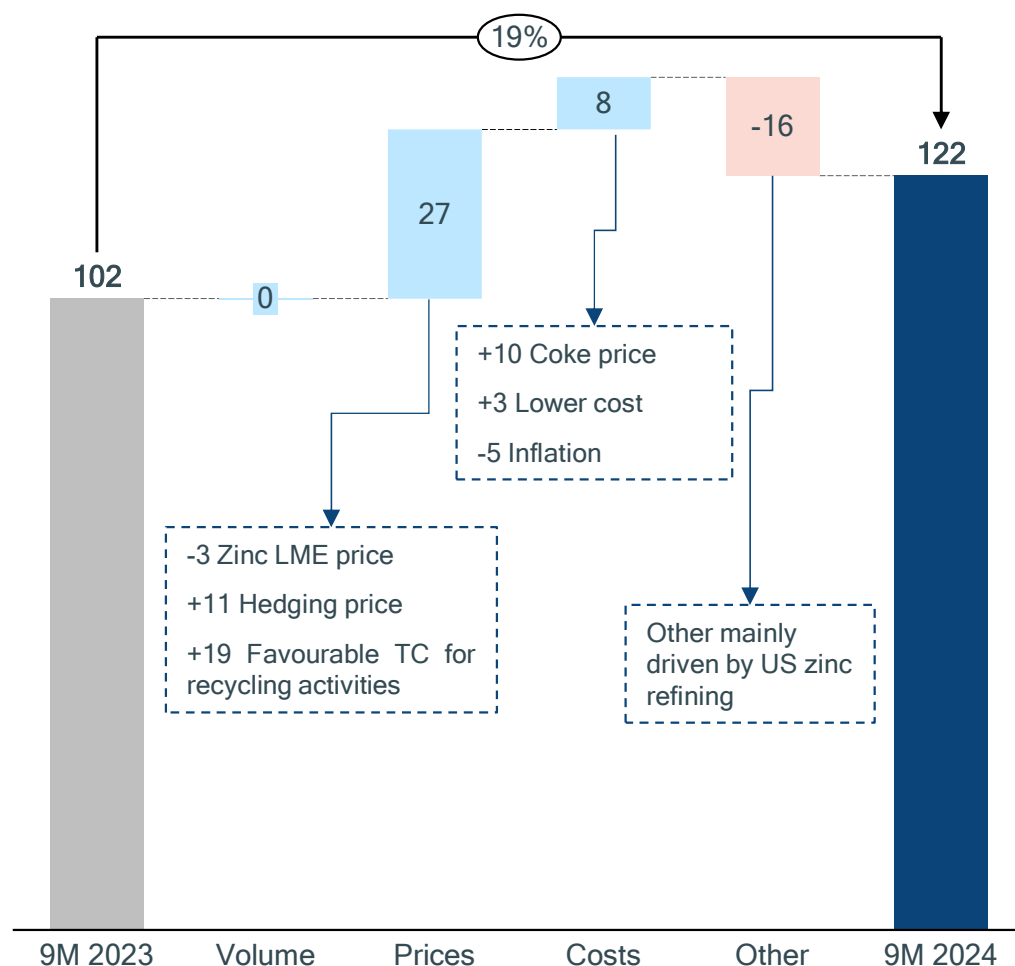


02 / Financial results

Steel Dust Recycling Services Financials

Favourable blended price and TC together with lower coke and energy price, partially offset by zinc refining in the US

EBITDA 9M 2023 to 9M 2024



		9m 2023	9m 2024	YoY change (%)
Revenue	€m	605.3	603.5	0%
Adjusted EBITDA	€m	101.8	121.6	+19%
Adjusted EBITDA margin	%	16.8%	20.1%	+3%
Steel dust throughput	kt	889.7	889.0	0%
Plant utilisation	%	69.1%	69.0%	0%
WOX sold	kt	301.0	292.3	-3%
Zinc LME	\$/t	2,696	2,690	-0%
Zinc LME	€/t	2,493	2,472	-1%
Zinc hedging	€/t	2,385	2,482	+4%
Zinc blended ¹	€/t	2,448	2,495	+2%
Zinc TC	\$/t	274	165	-40%

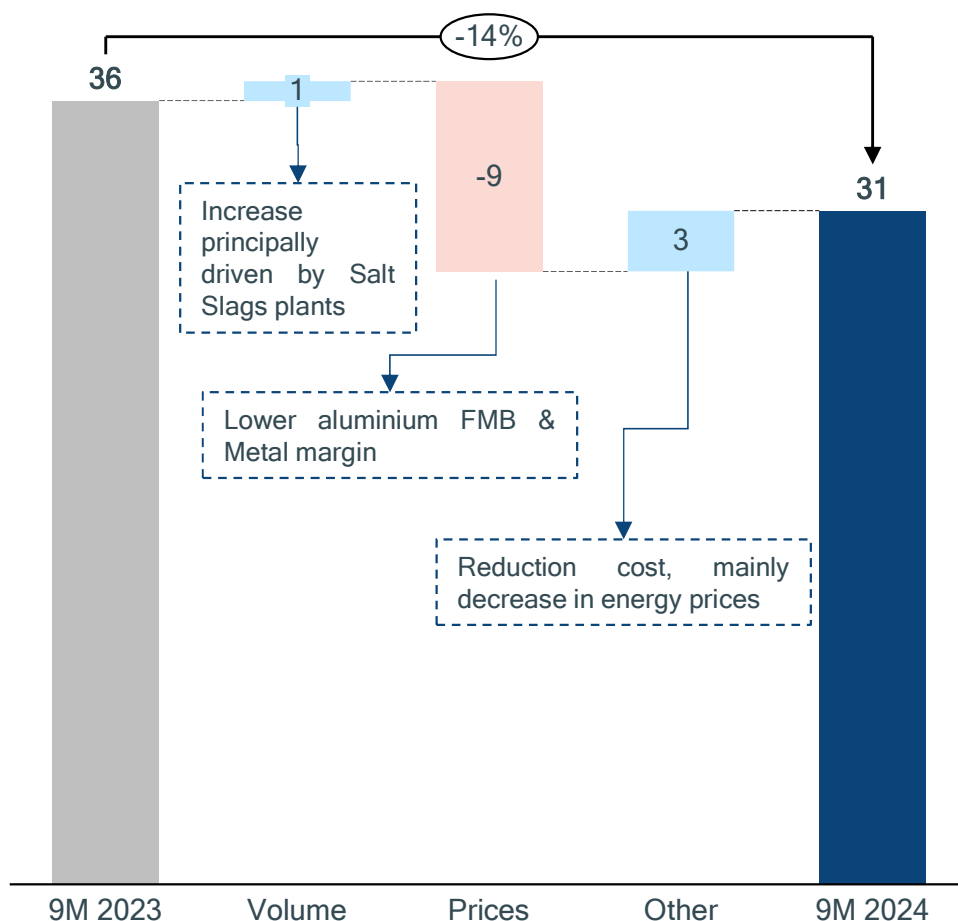
¹ Blended rate between hedged prices and average spot prices, weighted by the respective hedged and non-hedged volumes, reflecting the effective price to Befesa

Aluminium Salt Slags Recycling Services

Financials

EBITDA impacted by compressed aluminum metal margin, partially compensated by lower energy prices
Salt slags volume growth.

EBITDA 9M 2023 to 9M 2024

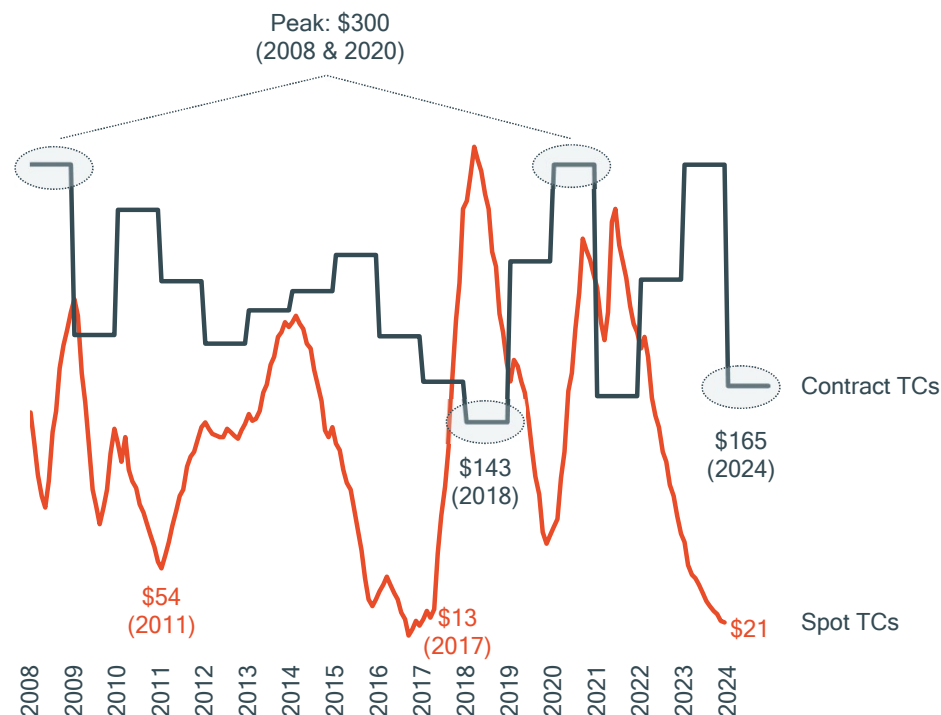
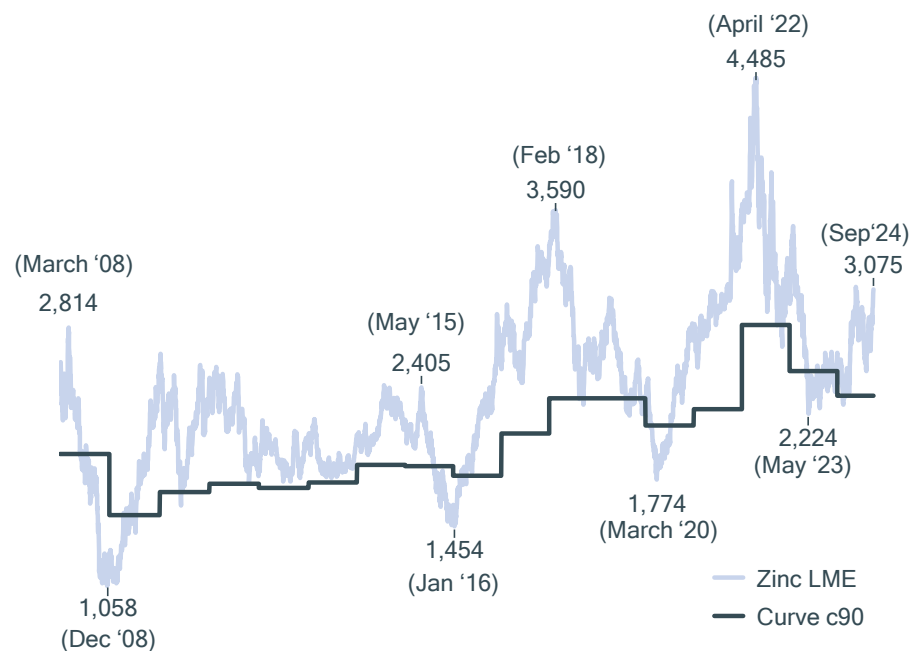


		9m 2023	9m 2024	YoY change (%)
Revenue ¹		300.4	315.4	+5%
– Salt Slags	€m	60.4	79.4	+31%
– Secondary Alu		271.2	276.3	+2%
EBITDA		35.5	30.5	-14%
– Salt Slags	€m	19.0	25.4	+34%
– Secondary Alu		16.6	5.0	-70%
EBITDA margin (Salt Slags)	%	31.4%	32.0%	+1%
Salt Slags & SPL treated	Kt	257.8	317.7	+23%
Salt Slags utilisation	%	73.4%	90.4%	+17%
Alu alloys produced	Kt	125.7	128.0	+2%
Secondary Alu utilisation	%	82.2%	83.6%	+1%
Aluminium FMB ²	€/t	2,186	2,327	+6%

¹ Total revenue is after intersegment eliminations (9m 2023: €31.2m; 9m 2024: €40.3m)

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

Zinc LME price trading sideways after mini rally in May; Treatment Charge settled at \$165/t for full year 2024



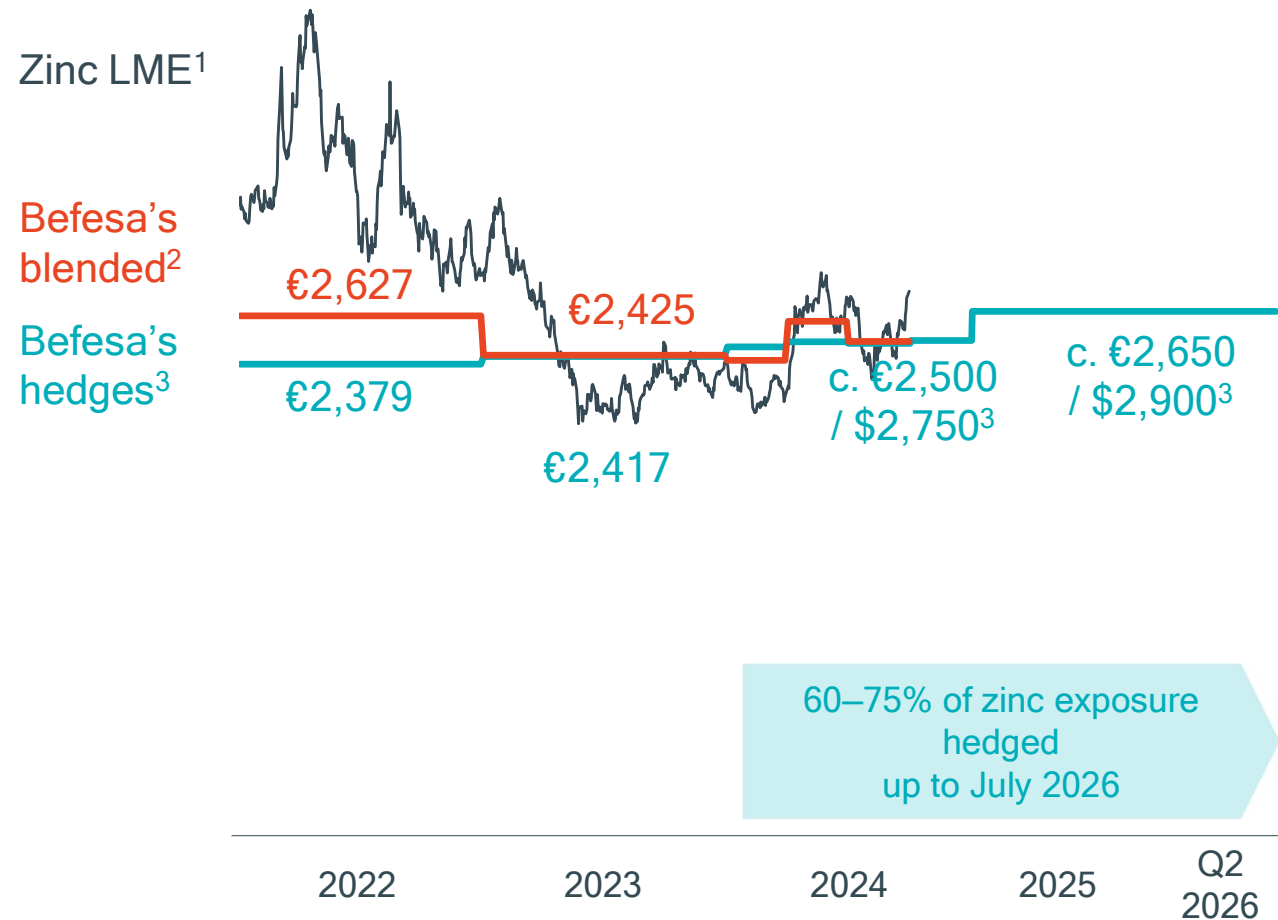
- Q3 2024 LME zinc price average \$2,779 / €2,529
- 9M 2024 LME zinc price averaged \$2,690 / €2,472 per ton
- After mini rally in May, LME zinc trading sideways in the range of \$2,300 - \$3,100

- Zinc TC for 2024 settled at \$165/t, -40% yoy (2023: \$274/t)
- Spot TC trading negative driven by lack of supply of zinc concentrates in the market.
- Each \$10/t zinc TC variation impacts €2–2.5m FY EBITDA

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

Curve C90: represents the production cost at the 90th percentile of global zinc smelters

Zinc price hedging extended until H1 2026 at all-time high level of €2,650. Focus on H2 2026 with 50% already closed



- Befesa's hedging strategy unchanged
 - 1-3 years forward
 - 60% to 75% of zinc equivalent volume
 - Befesa provides no collateral
- Befesa's hedging strategy has proven **successful** providing **price visibility** and **lowering impact** from zinc price volatility
- Hedge level in 2025 c. €150 per ton higher than 2024, representing €20-25m incremental EBITDA in 2025
- For the unhedged portion: each \$100/t change in zinc LME price represents €7–8m impact on FY EBITDA

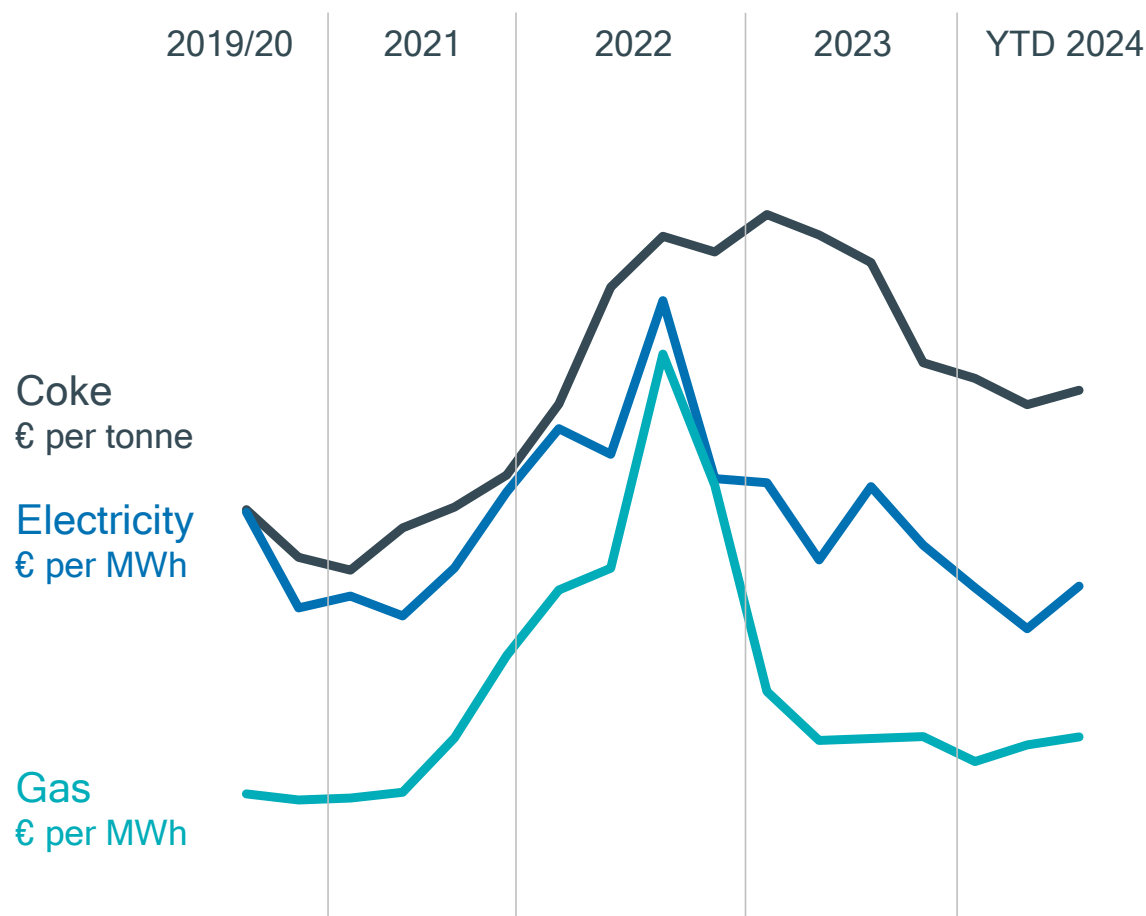
¹ London Metal Exchange (LME) zinc daily cash settlement prices

² 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

³ Assumes FX €/€ of 1.10 for 2024, and 2025

Coke price continued further normalisation in YTD; Gas & electricity prices stabilised around 2021 levels

Befesa's energy price evolution by source



Coke

- Befesa's coke price continued further normalisation in Q3'24 to levels below the 2022 and 2023 average
- 9M 2024 price average -21% vs. 2023 average and 40% above 2019–2021 average price level (128 €/t).

Electricity

- Electricity prices increased in Q3'24 (+18% vs Q2'24), although it remains at low levels since 2019 (-26% yoy).

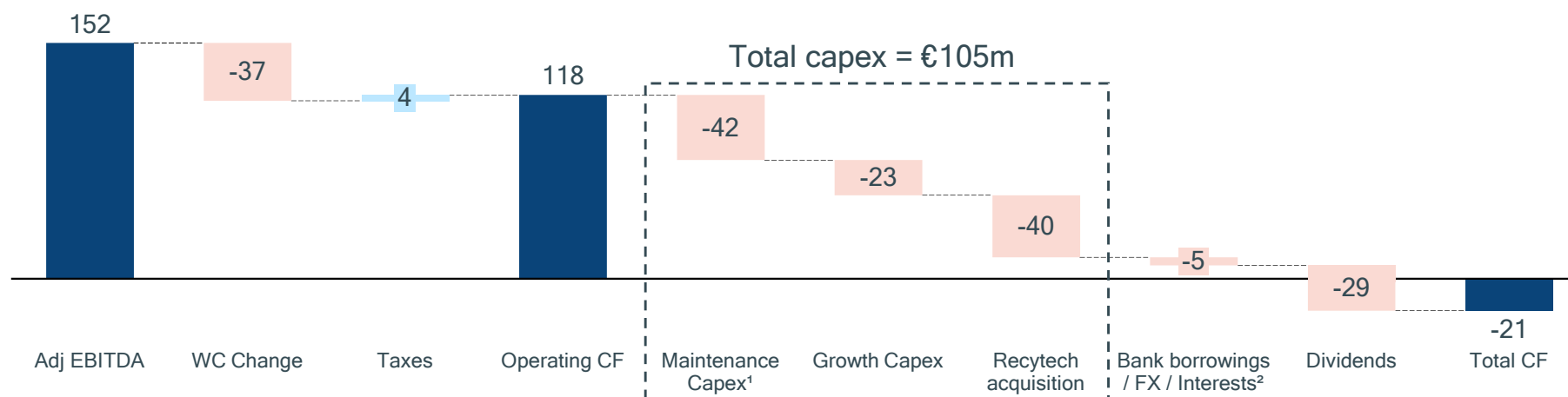
Gas

- Gas prices increased slightly in Q3'24 (+1% yoy, +7% vs Q2'24) and stabilised around average levels of 2021.

EBITDA to Cash Flow

Operating Cash Flow in 9M at €118m, up 39% YoY. Cash on hand at 9M 2024 amounted to €86m.

Adjusted EBITDA to Total cash flow in 9M 2024 (€ million)



Note: Operating cash flow calculated as adjusted EBITDA +/- working capital change - taxes paid. Interest paid are reclassified in Financing cash flow for 2023 and 2024 figures.

	9M 2023	9M 2024	Change
LTM Adjusted EBITDA	€187.5m	€197.0m	+5%
LTM Operating cash flow	€122.7m	€180.8m	+32%
Gross debt	€714.3m	€748.2m	+5%
Cash on hand	€80.8m	€86.1m	+7%
Net debt	€633.4m	€662.1m	+5%
Net leverage	x3.38	x3.36	-x0.02

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

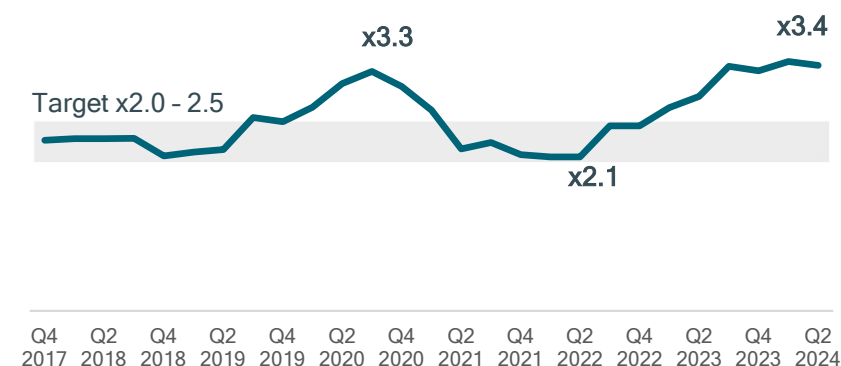
Leverage reduction as a top priority. Focus on disciplined capital allocation

Capital structure

- **TLB of €650m**
 - Maturity in July 2029
 - E +275 bps (25 bps reduction when leverage < x3.0 and x2.5)
 - Covenant-lite terms
- **RCF of €100m**
 - Maturity in July 2028

Net debt / EBITDA

Historical average x2.7



Capital allocation discipline and leverage management

- Leverage of ~ x3.0 by year end 2024; x2.5 by year end 2025.
- Target of ~ x2.0 to x2.5 from 2025 onwards
- Growth capex focus on approved projects, Palmerton and Bernburg
- Maintenance capex reduced to ~ €40m per year
- Total capex to be reduced to ~ €100m per year, over the coming years















03 / Outlook & growth



FY 2024 guidance narrowed to €210-215m


- Expecting FY24 EBITDA of €210-215m, or 15% - 18% YoY, within the previous guidance range of €205-235m
 - Expecting strong Q4, supported by strong volume in Europe, despite weak steel sector
 - China at break even with no contribution; Jiangsu positive offset by Henan
 - Zinc refining operations focus on cost reduction; double digit negative contribution in FY24
 - 2nd alu impacted by the weak auto industry in Europe: pressure on alu scrap access and weak end demand
- Expecting leverage around x3.0 by 2024 year-end
- Optimistic about 2025, strong double-digit EBITDA growth in 2025
 - Better zinc hedging, higher volume in US recycling, lower zinc refining cost, coke price

Business plan and capital allocation to focus on de-leveraging and ongoing approved capex projects

- Keeping leverage between x2.0 and x2.5 over the investment period
- China expansion plan stop due to current market conditions
- Growth capex to focus on **Palmerton and Bernburg**: low execution risk projects

	Project	Capex / Run-rate EBITDA €m	Status
	1 Zinc refining	110–120 / 35–45	 Turnaround on track; Focus on cost reduction
	2 Palmerton refurbishment		 1 st kiln on hot commissioning
	6 EAF dust recycling plant	105–115 / 30–35	 Recytech acquisition done. Planned in 2027/28
	7 WOX washing plant		 Planned in 2027/28
	8 2 nd Aluminium expansion	80–90 / 15–20	 Permits & commercial contracts ongoing
	9 Salt slags recycling plant		 Planned in 2026
	3 1 st kiln Guangdong	115–125 / 30–35	 Stop
	4 2 nd kiln Jiangsu		 Stop
	5 2 nd kiln Guangdong		 Stop

 Steel Dust  Alu Salt Slags

 Level of completion

Palmerton refurbishment on track 1st kiln hot commissioning carried out. 2nd kiln in 1H 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 Q4 2024
 - Phase II: completed by Q3 2025
- > New EAF dust contracts being signed

Key financials



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

Bernburg expansion: Moving forward with permits and commercial contracts



Plant overview



- Expand alu alloy production **capacity at existing Bernburg plant** from current 75 kt to 135 kt (+60 kt)
- 2 rotary furnaces (and 2 holding furnaces)
- Total 2nd Alu capacity from 205 kt to 265 kt
- 30 new direct jobs

Indicative timing and status



- ✓ Signed contracts with large customer in July 2023; Expansion contract agreed in May 2024
- > Working with German authorities to get permits; Targeting Q4 2024 to obtain final permits

2025: 12-month construction; 2026: 6-month ramp up

Key financials



- Capex: c. €30m (100% self-funded)
- EBITDA run-rate: €6-7m (c. 20% margin)
- IRR: >20%; Payback: c. 4-5 years



04 / Appendix & Investor's agenda

Key financials 9M and Q3 2024

	9M 2024	9M 2023	Change	Q3 2024	Q3 2023	Change
Key operational data (tonnes, unless specified otherwise)						
Electric arc furnace (EAF) steel dust throughput	889,038	889,724	(0.1) %	279,506	297,389	(6.0) %
Waelz oxide (WOX) sold	292,341	301,048	(2.9) %	92,283	103,815	(11.1) %
Salt slags and Spent Pot Linings (SPL) recycled	317,726	257,817	23.2 %	97,079	86,741	11.9 %
Secondary aluminium alloys produced	127,970	125,770	1.7 %	37,417	38,619	(3.1) %
Zinc LME average price (€ / tonne)	2,472	2,493	(0.8) %	2,529	2,232	13.3 %
Zinc blended price (€ / tonne)	2,495	2,448	1.9 %	2,490	2,385	4.4 %
Aluminium alloy FMB average price (€ / tonne)	2,326	2,186	6.4 %	2,327	2,074	12.2 %
Key financial data (€ million, unless specified otherwise)						
Revenue	914.8	904.2	1.2 %	293.7	288.7	1.7 %
EBITDA	143.7	125.5	14.4 %	47.2	34.7	35.7 %
EBITDA margin	15.7 %	13.9 %	1.8 %	16.1 %	12.0 %	4.0 %
Adjusted EBITDA	151.7	136.7	11.0 %	48.7	42.0	15.9 %
Adjusted EBITDA margin	16.6 %	15.1 %	1.5 %	16.6 %	14.5 %	2.0 %
EBIT	75.0	64.5	16.2 %	23.1	14.1	63.6 %
EBIT margin	8.2 %	7.1 %	1.1 %	7.9 %	4.9 %	3.0 %
Adjusted EBIT	84.9	77.2	10.0 %	25.2	22.1	14.3 %
Adjusted EBIT margin	9.3 %	8.5 %	0.7 %	8.6 %	7.6 %	0.9 %
Financial result	(32.8)	(24.4)	34.3 %	(15.6)	(4.8)	225.3 %
Profit before taxes and minority interests	42.2	40.2	5.2 %	7.5	9.3	(19.4) %
Net profit attributable to shareholders of Befesa S.A.	25.0	27.6	(9.3) %	5.0	7.3	(32.2) %
EPS (in €)	0.62	0.69	(9.3) %	0.12	0.18	(32.2) %
Total assets	1,920.8	1,930.9	(0.5) %	1,920.8	1,930.9	(0.5) %
Capital expenditures	69.3	83.0	(16.5) %	20.2	29.1	(30.6) %
Cash flow from operating activities	118.3	84.9	39.4 %	47.9	29.5	62.5 %
Cash and cash equivalents at the end of the period	86.1	80.8	6.6 %	86.1	80.8	6.6 %
Net debt	662.1	633.4	4.5 %	662.1	633.4	4.5 %
Net leverage	x3.36	x3.38	(x 0.01)	x3.36	x3.38	(x 0.01)
Number of employees (as of end of the period)	1,834	1,769	3.7 %	1,834	1,769	3.7 %

Steel Dust at a glance

	9M 2024	9M 2023	Change	Q3 2024	Q3 2023	Change
Key operational data (tonnes, unless specified otherwise)						
EAF steel dust throughput	889,038	889,724	(0.1) %	279,506	297,389	(6.0) %
WOX sold	292,341	301,048	(2.9) %	92,283	103,815	(11.1) %
Zinc blended price (€ / tonne)	2,495	2,448	1.9 %	2,490	2,385	4.4 %
Total installed capacity	1,720,300	1,693,026	1.6 %	1,720,300	1,693,026	1.6 %
Utilisation (%)	69.1 %	70.3 %	(1.7) %	64.6 %	69.7 %	(7.3) %
Key financial data (€ million, unless specified otherwise)						
Revenue	603.5	605.3	(0.3) %	198.7	202.3	(1.8) %
EBITDA	113.5	94.5	20.2 %	39.1	31.1	25.7 %
EBITDA margin	18.8 %	15.6 %	3.2 %	19.7 %	15.4 %	4.3 %
Adjusted EBITDA	121.6	101.8	19.4 %	40.6	34.6	17.4 %
Adjusted EBITDA margin	20.1 %	16.8 %	3.3 %	20.5 %	17.1 %	3.3 %
EBIT	60.8	46.3	31.2 %	19.5	14.5	34.7 %
EBIT margin	10.1 %	7.7 %	2.4 %	9.8 %	7.2 %	2.7 %
Adjusted EBIT	70.6	55.1	28.3 %	21.7	18.7	15.9 %
Adjusted EBIT margin	11.7 %	9.1 %	2.6 %	10.9 %	9.2 %	1.7 %

Aluminium Salt Slags Recycling Services at a glance

	9M 2024	9M 2023	Change	Q3 2024	Q3 2023	Change
Key operational data (tonnes, unless specified otherwise)						
Salt slags and SPL recycled	317,726	257,817	23.2 %	97,079	86,741	11.9 %
Total installed capacity	470,000	470,000	-	470,000	470,000	-
Utilisation (%)	90.4 %	73.3%	17.1 %	82.3 %	73.2%	9.1 %
Key financial data (€ million, unless specified otherwise)						
Revenue	79.4	60.4	31.5 %	25.4	19.1	32.7 %
EBITDA	25.4	19.0	34.3 %	7.0	4.6	50.5 %
EBITDA margin	32.0 %	31.4 %	0.7 %	27.4 %	24.2 %	3.3 %
EBIT	16.0	12.1	32.6 %	4.6	2.5	84.0 %
EBIT margin	20.1 %	20.0 %	0.2 %	18.0 %	13.0 %	5.0 %

Secondary Aluminium subsegment at a glance

	9M 2024	9M 2023	Change	Q3 2024	Q3 2023	Change
Key operational data (tonnes, unless specified otherwise)						
Secondary aluminium alloys produced	127,970	125,770	1.7 %	37,417	38,619	(3.1) %
Aluminium alloy FMB price (£ / tonne)	2,326	2,186	6.4 %	2,327	2,074	12.2 %
Total installed capacity	205,000	205,000	-	205,000	205,000	-
Utilisation (%)	83.6 %	82.0 %	1.6 %	72.8 %	74.7 %	(1.9) %
Key financial data (£ million, unless specified otherwise)						
Revenue	276.3	271.2	1.9 %	83.9	76.0	10.5 %
EBITDA	5.0	16.6	(69.7) %	1.1	3.2	(67.2) %
EBITDA margin	1.8 %	6.1 %	(4.3) %	1.3 %	4.2 %	(3.0) %
EBIT	(1.1)	10.9	(110.4) %	(0.9)	1.5	(161.5) %
EBIT margin	(0.4) %	4.0 %	(4.4) %	(1.1) %	1.9 %	(3.0) %

Investor's agenda

Financial calendar

- ✓ **Preliminary Year-End Results 2023 & Conference Call**
29 February 2024
- ✓ **Annual Report 2023**
21 March 2024
- ✓ **Q1 2024 Statement & Conference Call**
25 April 2024
- ✓ **Annual General Meeting**
20 June 2024
- ✓ **H1 2024 Interim Report & Conference Call**
25 July 2024

Q3 2024 Statement & Conference Call
31 October 2024

Remaining Investor conferences 2024

- London - Goldman Sachs 5th Annual Carbonomics Conference.**
12 Nov - Goldman Sachs.
- Paris - BNP Paribas Exane 7th MidCap CEO Conference.**
18 - 20 Nov - BNP Paribas
- Frankfurt - Deutsche Börse AG Deutsches Eigenkapitalforum 2024.**
26 - 27 Nov - Deutsche Börse
- Pennyhull (London) - Berenberg European Conference 2024.**
3 Dec - Berenberg

Investor conferences Q1 2025

- Lyon - 28th ODDO BHF FORUM 2025.**
09 - 10 Jan - ODDO
- Madrid - BNP Paribas Spain Investors Day.**
15 Jan - BNP Paribas.
- Frankfurt - UniCredit&Kepler Cheuvreux 24th German Corporate Conference (GCC).**
21 Jan - UniCredit&Kepler Cheuvreux
- Madrid - Santander Iberian Conference 2025**
29 Jan - Santander
- London - Berenberg EU Opportunities Conference 2025.**
06 March - Berenberg
- Geneve - Jefferies Pan-European Mid-Cap Conference 2025.**
27 March - Jefferies

