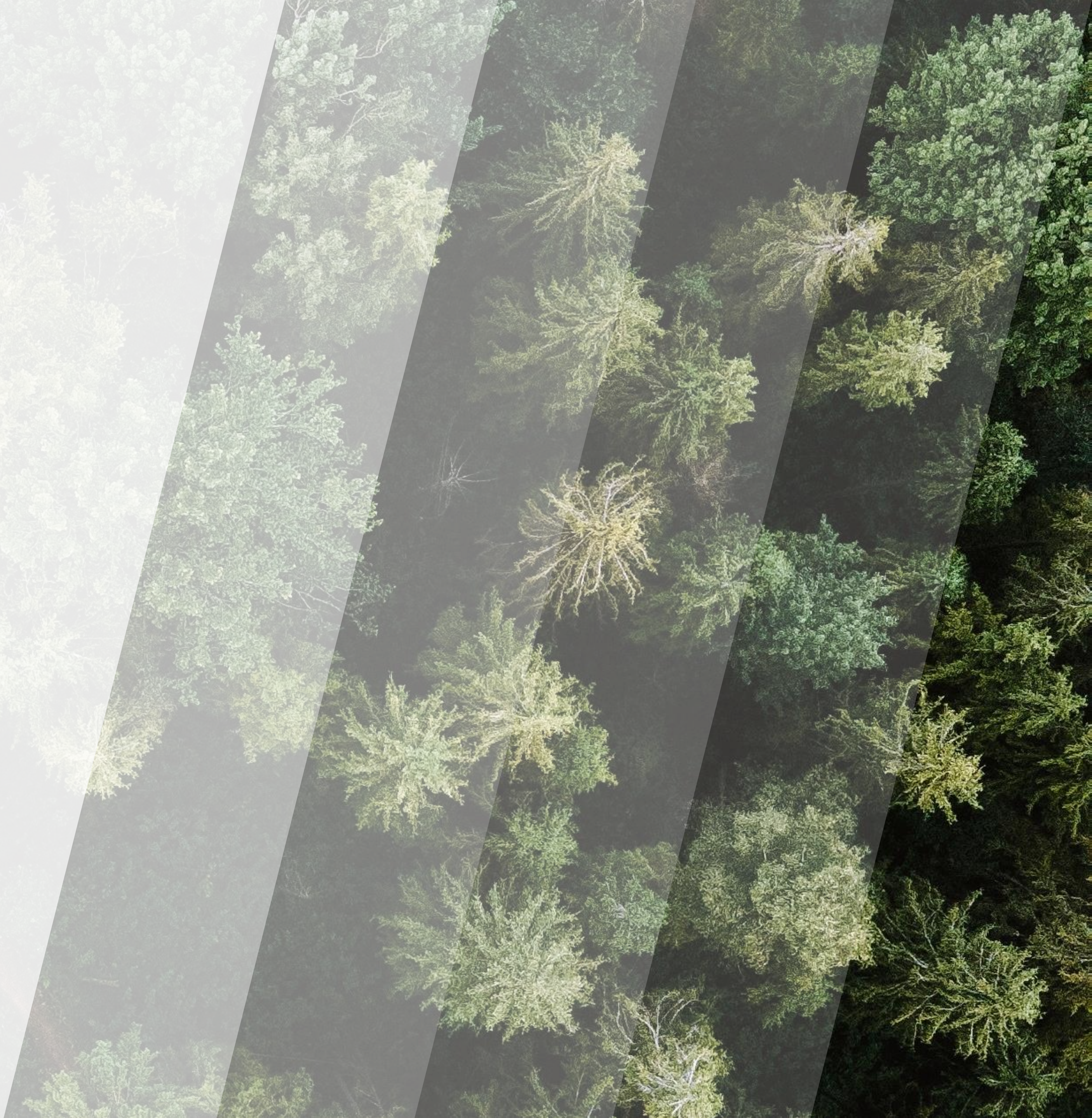
Business & strategic update

November 2024



BEFESA

Key Highlights

FY24 EBITDA of €210-215m, or 15% - 18% YoY, within the previous guidance range of €205-235m

For 2025 expecting **strong double-digit EBITDA growth**

Recycling operations in US improving profitability **as planned**

Zinc **refining** focus on **cost reduction**

China operations at **break-even**

Expansion plan in China stop, until market conditions improve

Target **leverage** between **x2.0 and x2.5** over the investment period

Total Capex of €100m over the next years

Growth capex to focus on **Palmerton** and **Bernburg**: low risk projects

Steel dust and Salt Slags in Europe to be executed once leverage is reduced

Expecting €300m EBITDA by 2028

Executive Summary 1/2

Current Trading

Current trading pointing towards €210-215 FY EBITDA within the guidance range of €205-235m despite macro situation

- Expecting FY24 EBITDA between €210-215, representing 15-18% EBITDA growth year on year
    - Q4 expected to be the strongest in the year driven by high volume and almost no maintenance stoppages
    - Pressure on aluminium metal margin in H2 driven by challenging auto industry in Europe
- **Leverage at FY24** expected to be reduced by 12% to **around x3.0**
- Expecting strong double-digit growth in **FY25 EBITDA** vs. 2024
    - **(+) Better hedging, higher volume in steel dust in the US**, lower cost in zinc refining in the US, lower coke price in the US
    - (-) Partially offset by higher inflation and (potentially) pressure on aluminium metal margin
    - (+/-) Combination of LME zinc price and TC to be determined
- Expecting **FY25 leverage to continue further reduction to around x2.5**
    - Improved earnings, capital allocation discipline

Resiliency

Unique business model with high barriers to entry resulting in high margins over time and strong performance through the cycle

- Strategically located plants near customers and long-term service relationships providing high barriers to entry
- **Proven track record** of resilience **through cycles** and **volatile commodity environments**, driven by a resilient service-focused business model and a prudent financial policy
    - Despite Befesa being part of the value chain of cyclical industries like steel, zinc, and aluminium, its business model
    - **Solid volume from EAF** steel customers (most stable steel producers)
    - Stable service fee and **long-term relationship** with customers
- Zinc price exposure managed through **hedging policy consistently and rigorously applied for the last 20+ years**
    - Zinc is a very "rational" commodity driven by supply – demand fundamentals
    - C90 growing at 6% CAGR over the last 15 years, consistently acting as a solid floor of the zinc price
- **>75% of total company EBITDA and free cashflow** from high-margin segments
    - Europe steel dust & salt slags representing today
    - >35% EBITDA margin sustained over time regardless of commodity prices

USA

Operational improvement of recycling assets on plan, ready to capture market growth. Stabilizing refining plant

- Steel dust recycling operations **increasing efficiency according to initial plan** based on operational synergies and best practices
    - Resulting in an **increase of EBITDA/ton of 57%**, from €70 to €110-120, despite current persistent high coke price in US
- **Palmerton refurbishment** (expansion and modernization of plant) as planned **to capture the growth of the US market**: 1st kiln hot commissioning Q4 2024, 2nd kiln H1 2025
    - **60kt incremental EAF dust already contracted** from existing EAF customers
    - Targeting close to **80% utilization by 2025** and close to 90% by 2026 (from current >70%)
- **Turnaround plan for zinc refining plant** (acquired in Q3 2022 for $47m) in the final stage with the focus on cost reduction
    - 3-stage plan: 1) quality improvement, 2) increase in utilization and **3) cost optimization**
    - **Reducing €20-25m cost base,** on an annual basis from key areas: personnel, maintenance, residue treatment, operations and supply chain
    - Plant has its own cyclicality, **€5m (low cycle) vs. €15m (high cycle) EBITDA**, depending on TC and zinc premiums dynamics
    - EBITDA in FY24 expected at double-digit negative contribution. **Targeting towards breakeven in 2025/26**

Executive Summary 2/2

China

China focus on improving existing operations. Expansion plan stop

- Befesa invested in China in 2020 to capture the business opportunity that increased EAF steel and environmental regulation presented
  - Total capex invested €90m in two EAF dust recycling plants in the provinces of Jiangsu and Henan
- The **real estate crisis in China is driving low utilization of EAF steel makers**
  - 2024 is the 5th year with a double-digit decline
- Differences in EAF steel production and regulation enforcement between the two provinces drive performance
  - **Jiangsu is a tier 1 province** with strong enforcement of the environmental regulation and high plant utilization and **positive EBITDA**
  - Henan is a tier 2 province and utilization is expected to remain subdued for a while
- **Befesa at 50% utilization rate and EBITDA break even**, within two years of operations despite challenging market environment
- **Investment plan in China on-hold** for the coming years until a clear market recovery
  - Focus on operational improvement of **existing facilities to improve utilization** and generate positive free cashflow
  - Despite challenging short term, **mid term opportunity in China remains very attractive**: (1) increased EAF penetration and (2) stringent environmental regulation

Business Plan

5-year Business Plan presented in CMD in November 2022 to be executed keeping leverage around x2

- Growth going forward maintaining **leverage between x2.0 and x2.5**
  - Only committed capex is Palmerton and Bernburg expansion, which are ongoing
  - **Reducing leverage as a top priority**
  - European projects (expansion of steel dust and new salt slags) to be executed considering leverage
- **China expansion plan is stop** until a recovery in the market is clear
  - China plants 3, 4 and 5 stop for the next years. If the market recovers, the expansion plan could be restarted fast
  - In the mid and long term, the opportunity in China remains attractive: EAF + regulation
- **Discipline in capital allocation, keeping total capex around €100m per year**
  - Maintenance capex around €40m per year. Growth capex around €60m prioritizing early cashflow generation projects
  - **Focus on positive free cashflow generation**
  - Maintaining dividend policy of 40-50% of net income as payout
- **Expecting to achieve €300m EBITDA by 2028**

Growth Strategy

Growth strategy driven by favourable mega trends of decarbonization, energy transition and environmental regulation

- The strategy of Befesa remains unchanged, **focus on the two-core business**
  - Steel dust and salt slags recycling services to the steel and aluminium industries as well as secondary aluminium
  - Ambition to become and maintain the **global leading position** in steel dust and salt slags recycling
  - **Focus** on the current markets, **Europe, USA and Asia**
- **Favourable mega trends** driven by decarbonization, energy transition and environmental regulation
  - **Decarbonization** trend will drive shift towards electric arc furnace (EAF)
  - **Increasing demand** for metals coupled with resource scarcity leading to increasing importance of **secondary metals**
  - Strong focus on **recycling** and re-using promoting shift to more sustainable **circular economies**
  - **Regulations** getting stricter and expanding into new geographies to protect the environment
- **Zinc and aluminum demand to grow** driven by a transition to green energy as well as EV
  - Energy transition will **increase zinc demand** as renewable energies infrastructure require zinc
  - **Transition to EV** will drive aluminium demand as the auto industry looks for light-weight solutions to reduce their carbon footprint

Agenda

- **Current Trading**
- Resiliency
- USA operations
- China operations
- Business Plan
- Growth Strategy

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- Expecting **strong double-digit growth** in FY25 EBITDA vs. 2024
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Strong Q3, up 16% YoY, despite challenging macroeconomic environment

Q3 2024 Financial Highlights

- 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 Business Highlights

- **Solid 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

Revenue

Q3: €294m 2% YoY

9M: €915m 1% YoY

Adjusted EBITDA

Q3: €49m 16% YoY

9M: €152m 11% YoY

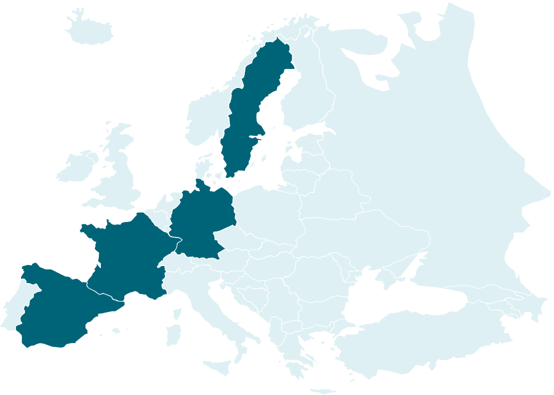
Operating Cash Flow

Q3: €48m 62% YoY

9M: €118m 39% YoY

Q3 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

Q3 Aluminium business highlights

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

Salt Slags recycling

2nd aluminum

Highlights

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 FMB aluminum price impacting negatively

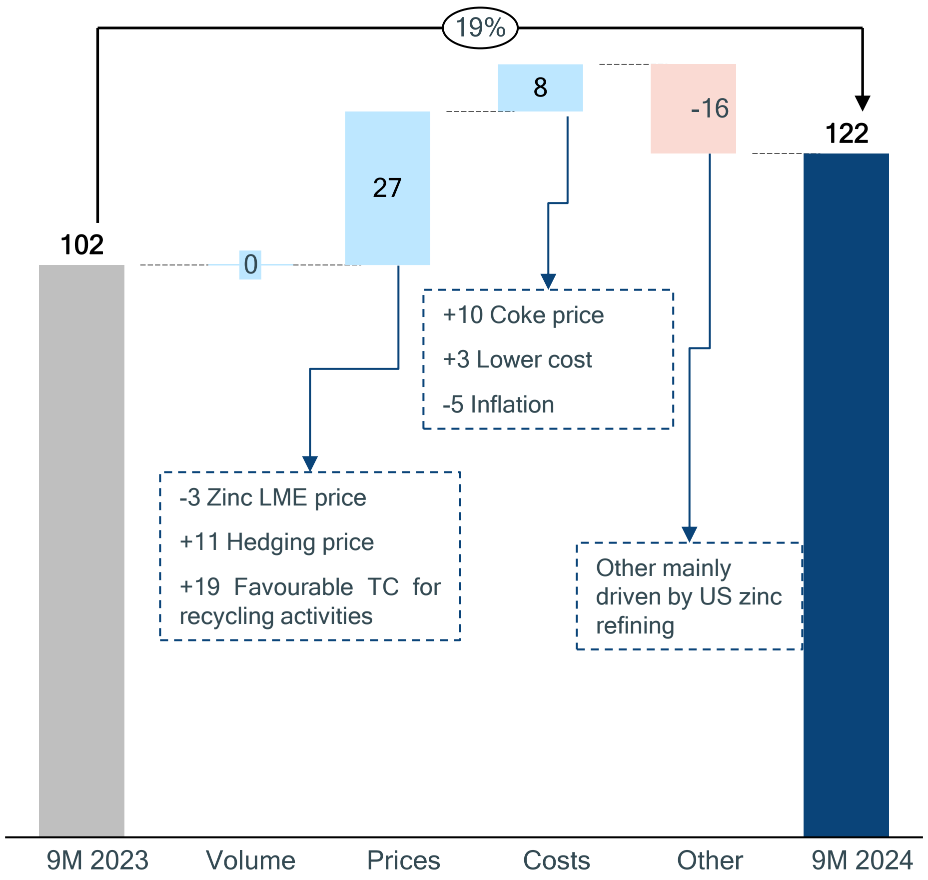
2nd aluminum

- 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

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



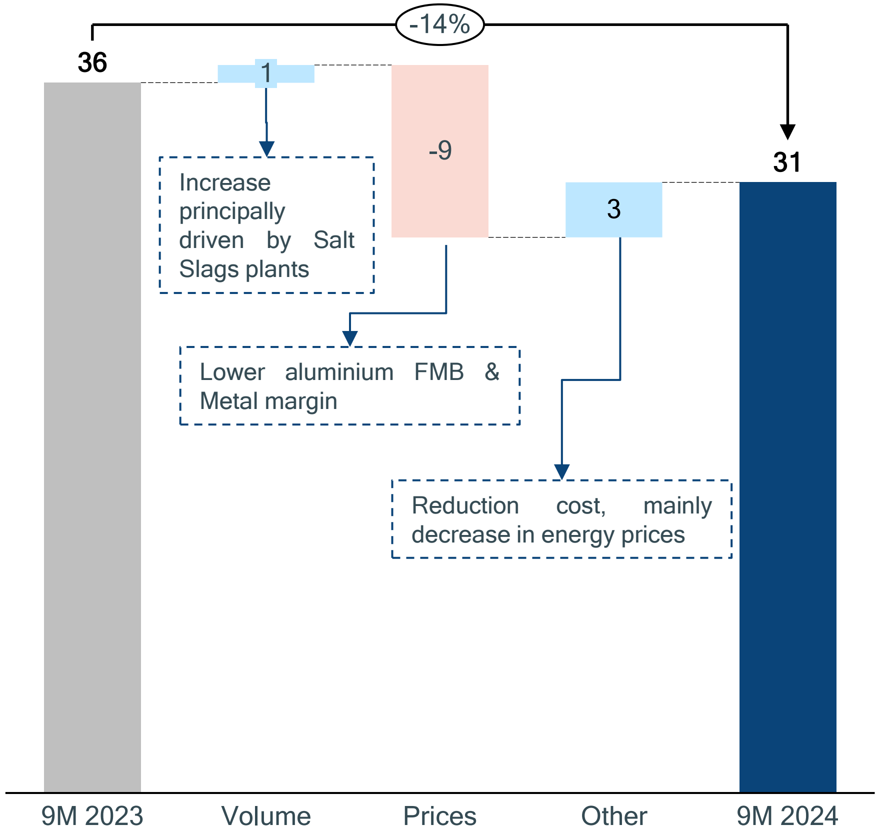
		9m 2023	9m 2024	YoY change (%)
Revenue	€m	605.3	603.5	0%
Adjusted EBITDA	€m	101.8	121.6	+19%
Adjusted EBITDA margin	%	16.8%	20.1%	+3%
Steel dust throughput	kt	889.7	889.0	0%
Plant utilisation	%	69.1%	69.0%	0%
WOX sold	kt	301.0	292.3	-3%
Zinc LME	$/t	2,696	2,690	-0%
Zinc LME	€/t	2,493	2,472	-1%
Zinc hedging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



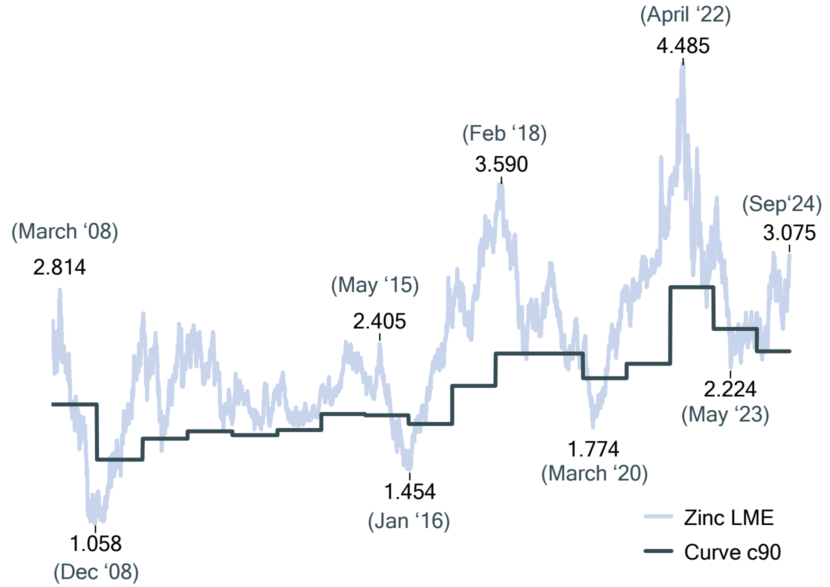
		9m 2023	9m 2024	*YoY change (%)*
Revenue[1]		300.4	315.4	*+5%*
- Salt Slags	€m	60.4	79.4	*+31%*
- Secondary Alu		271.2	276.3	*+2%*
EBITDA		35.5	30.5	*-14%*
- Salt Slags	€m	19.0	25.4	*+34%*
- Secondary Alu		16.6	5.0	*-70%*
EBITDA margin (Salt Slags)	%	31.4%	32.0%	*+1%*
Salt Slags & SPL treated	kt	257.8	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%*

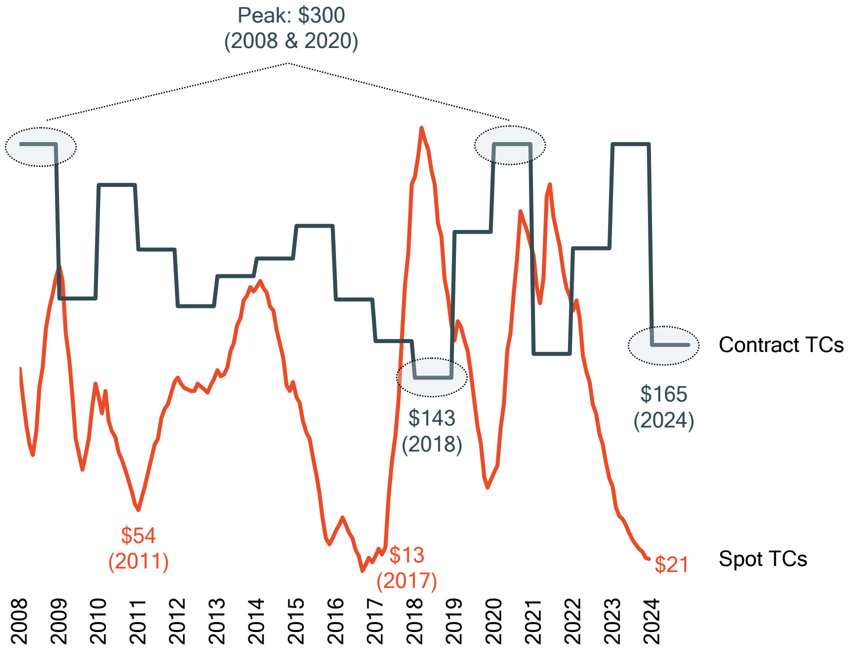
1 Total revenue is after intersegment eliminations (9m 2023: €31.2m; 9m 2024: €40.3m)

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

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





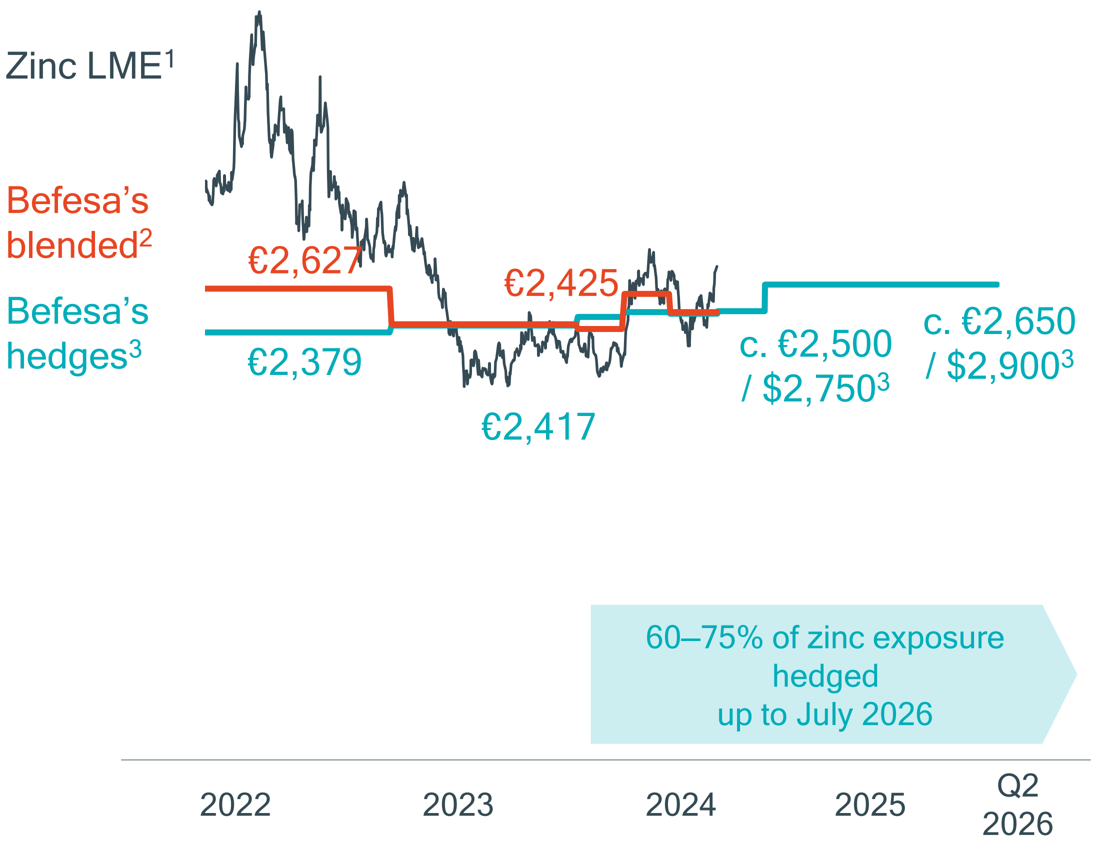
- Q3 2024 LME zinc price average $2,779 / €2,529
- 9M 2024 LME zinc price averaged $2,690 / €2,472 per ton
- After mini rally in May, LME zinc trading sideways in the range of $2,300 - $3,100

- 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

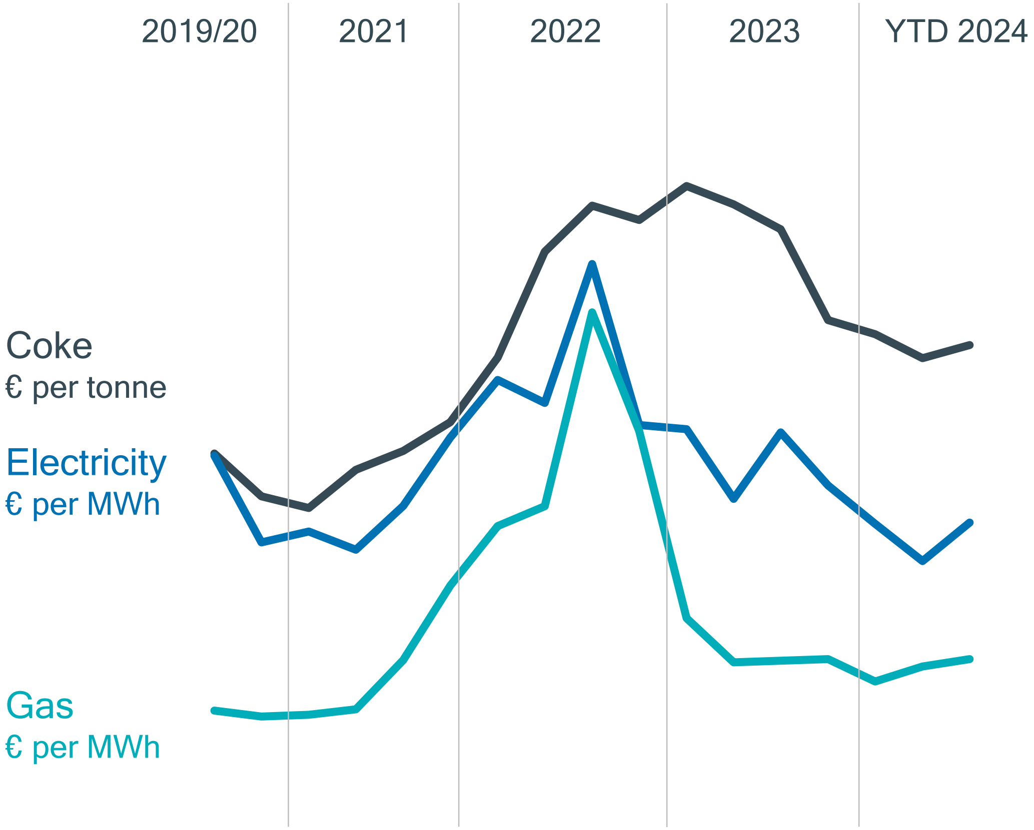


1 London Metal Exchange (LME) zinc daily cash settlement prices
2 Zinc blended prices are averages computed based on the monthly effective LME zinc and hedging prices weighted with the respective hedged and non-hedged volumes
3 Assumes FX €/$ of 1.10 for 2024, and 2025

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

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).

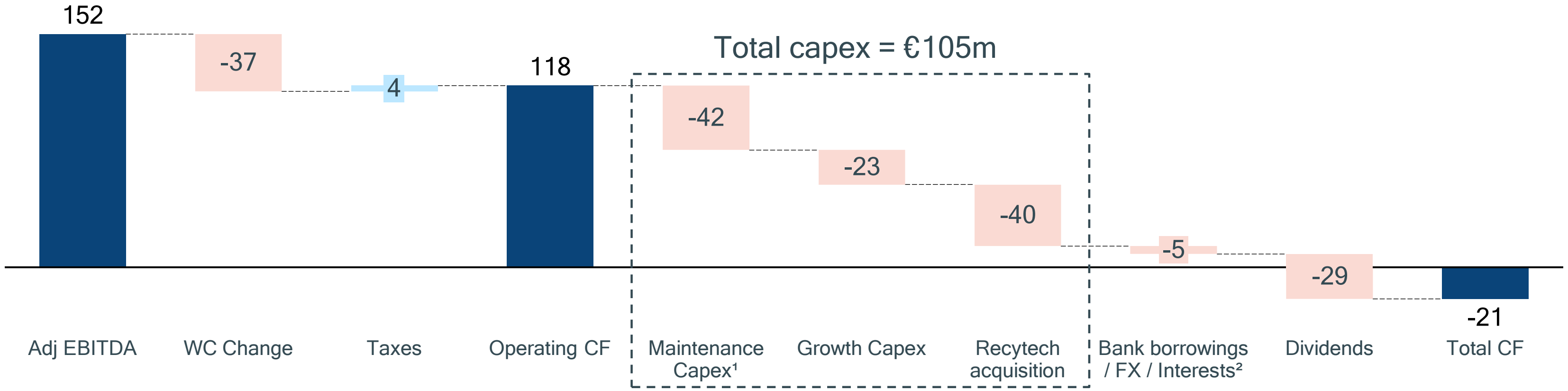
Gas

- 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

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

Agenda

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Resiliency

USA operations

China operations

Business Plan

Growth Strategy

Unique business model with high barriers to entry resulting in high margins over time and strong performance through the cycle

- Strategically located plants near customers and long-term service relationships providing high barriers to entry
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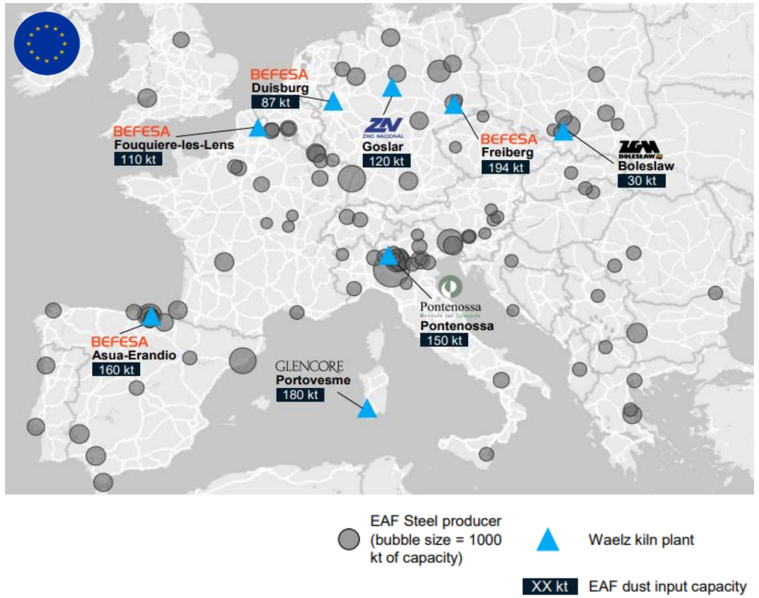
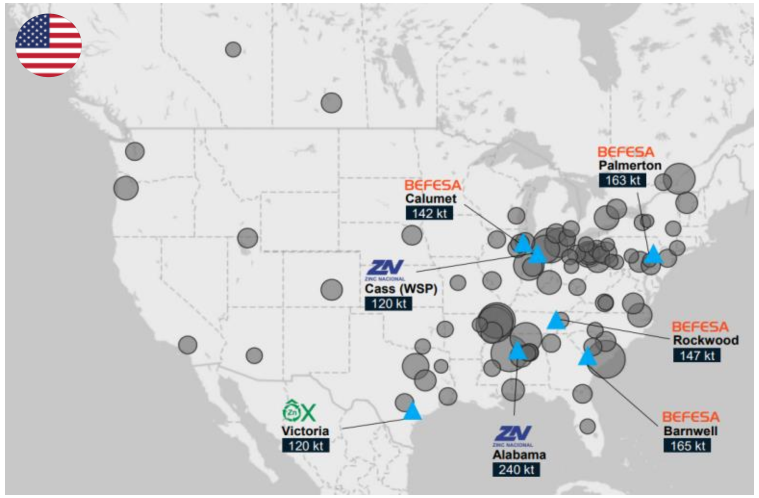




Source: Industry research, Company's information, McKinsey & Company

Strategic locations

Locked-in captive demand as Befesa's plants **strategically located** in **close proximity** to **client locations**

Short distance

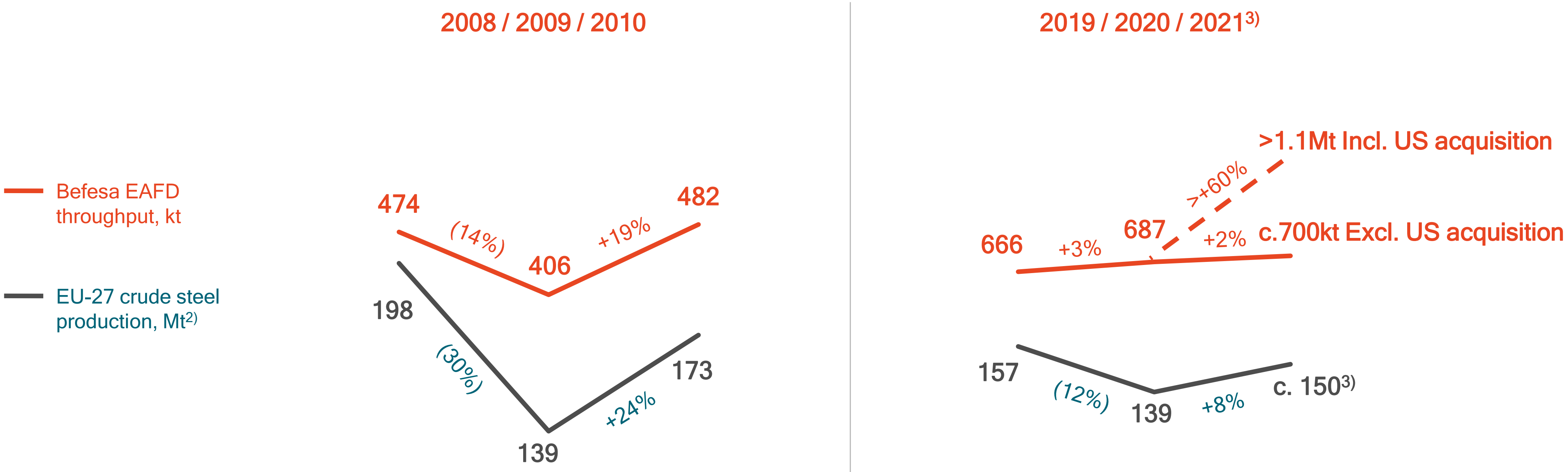
Plants located nearby EAF producers in order to avoid **higher costs related to dust transportation**

Barriers to entry

High barrier to entry for competitors, given new recycling plants require **significant time to build** and **substantial capex investments**, including **regulatory arrangements** and a **close proximity to customers**

Befesa's Resilience During Latest Crises

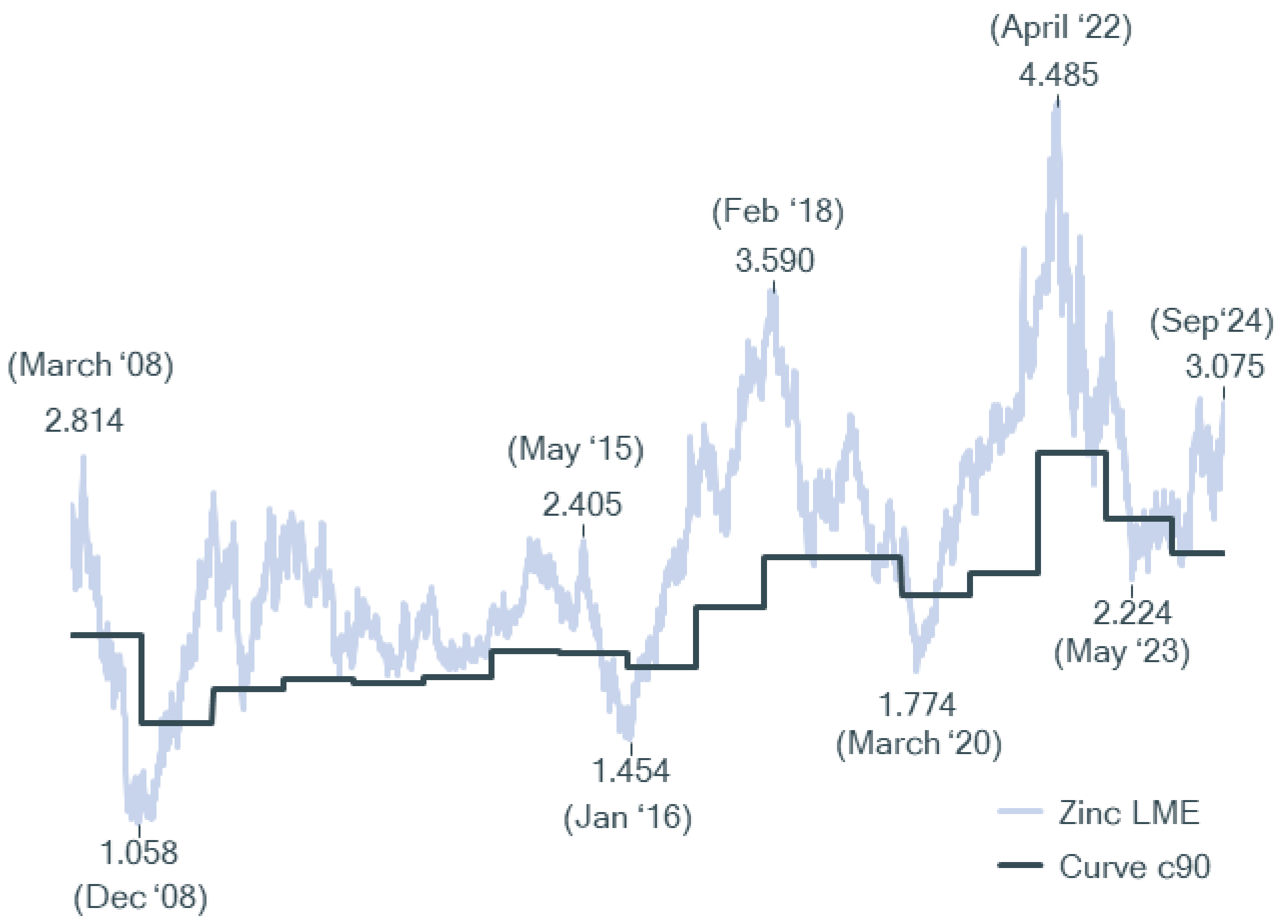
Befesa has demonstrated resilient volumes and capacity utilisation levels during the latest crises



	2008	2009	2010	2019	2020	2021
Befesa EAFD utilization, %	96%	82%	96%	81%	83%	83.3%[4]
Befesa EBITDA, €m	€99[2]	€61[2]	€99[2]	€160	€127	€198

1) Source: worldsteel.org
2) Total EBITDA is the sum of Steel Dust & Aluminium Salt Slags segments proforma (PF) comparable to Befesa structure in ´19/´20; Thus, it excludes divested IES, EPC and Concessions businesses
3) EU-27 crude steel production estimate for FY'21 based on Sep'21 YTD actual of 115Mt /3*4 = c.150Mt
4) 2021 load factor considers the proportional installed capacity of the Chinese and US sites based on the days these sites were operational in 2021

C90 growing at 6% CAGR over the las 15 years, consistently acting as a solid floor of the zinc price



C90 as solid floor for zinc

- C90 represents the zinc price level at which 10% of the most expensive mines break even
- Historically as floor for zinc price
- Supply is cut upon breaking the C90
- Zinc is a very rational commodity driven by fundamentals of supply and demand

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US recycling operations improving gradually profitability as planned

Gradual recovery of EAF volume since 2021:

- Loss of an EAF steel dust supply contract with a major steelmaker before acquisition
- Volume being recovered gradually, as expected
- 60kt additional EAF dust contracted for 2025/26

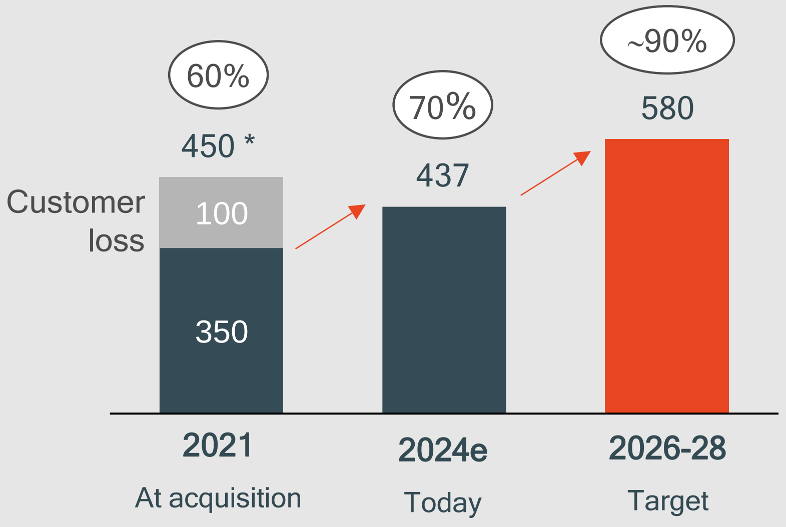
2024 EBITDA expected at $50m, 30% EBITDA margin

- Average plant utilisation at around ~70%
- EBITDA / ton ~ €110/120

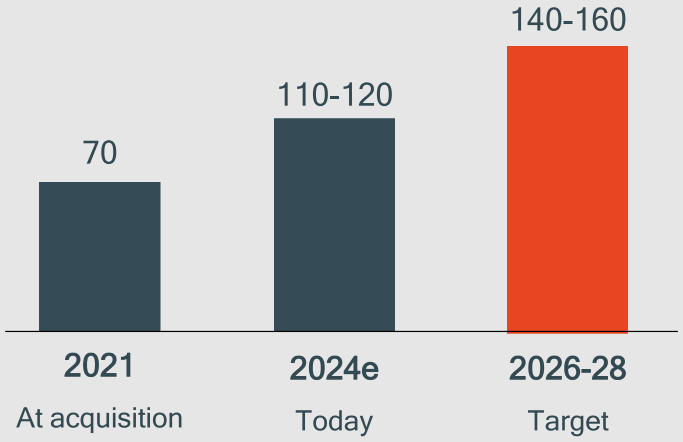
Outlook:

- Targeting to increase utilisation rate from current ~70% to ~75-80% in 2025 and to ~85-90% in 2026
- Expecting EBITDA run-rate at ~€70-80m per year

Steel dust throughput & Plant utilisation



EBITDA / ton €



* Adjusted for customer loss before acquisition

* Operational and financial figures in 2021 were consolidated as of mid-August, following the acquisition of the US recycling assets.

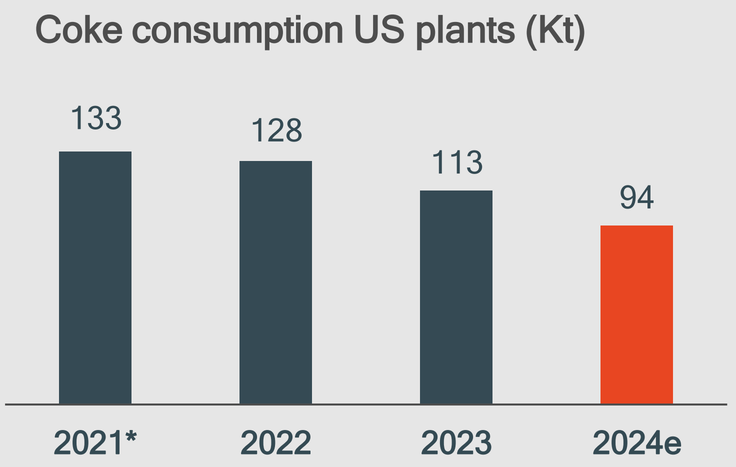
Synergies focused on operational efficiency and coke consumption

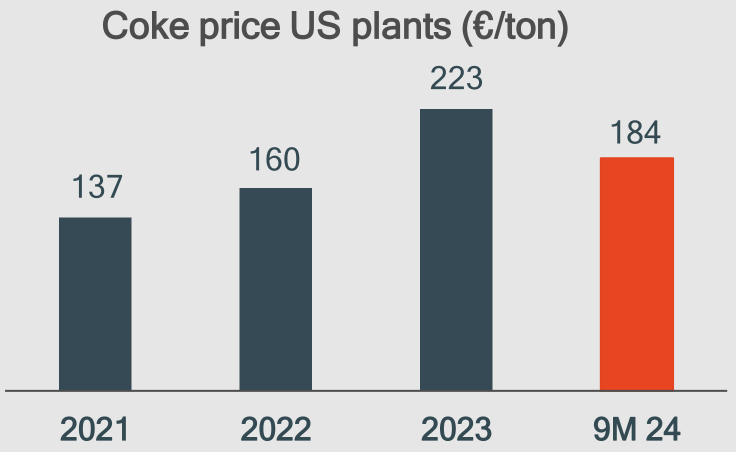
Coke consumption reduced by 24% driven by operational efficiencies. Coke-to-throughput ratio decreased from 33% to 23% by implementing best practices

Coke average price in the US **increased by 68%** in 2023

Outlook:

- Further progress in operational efficiencies will translate into lower coke consumption and cost per ton
- Further coke price normalization expected for 2025





* Operational and financial figures in 2021 were consolidated as of mid-August, following the acquisition of the US recycling assets.

Palmerton plant refurbishment progressing well to seize market growth in 2025 and beyond

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

H1 2025

✓ EPC contract signed

› Construction works ongoing

Timing confirmed:
Phase I: completed by H2 2024
Phase II: completed by H1 2025

› Commercial contracts with EAF steel players ongoing

Key financials

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

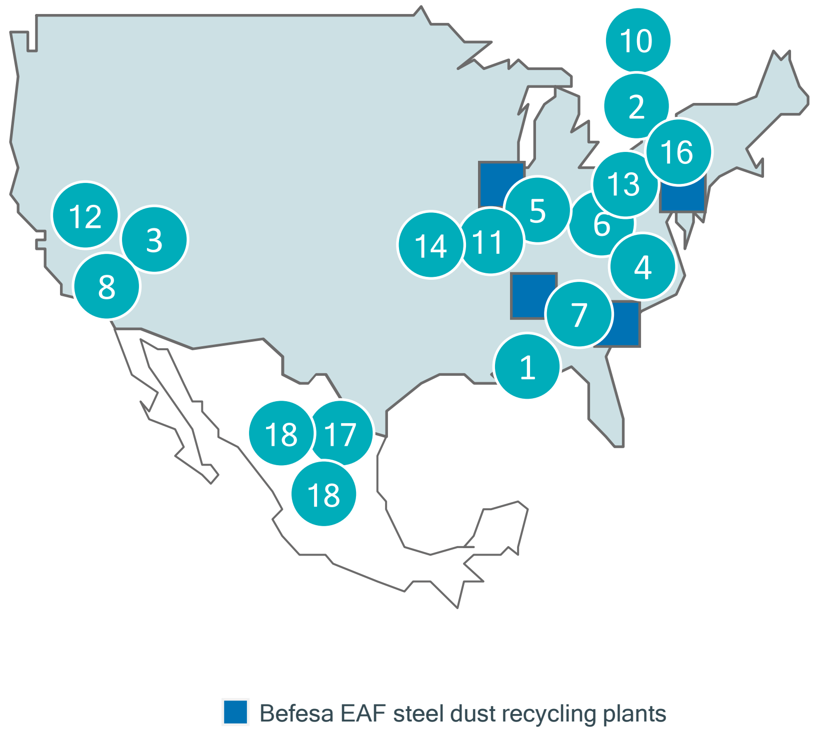
Source: Company information

New EAF announcements supported by strong infrastructure programs requiring steel

Steelmaker		Location	New capacity, Mt	Start up
ArcelorMittal	1	Calvert, Alabama	1.5	H2'24
	2	Hamilton, Ontario, Canada	2.4	2026
NUCOR	3	Kingman, Arizona	0.6	Q3'24
	4	Lexington, North Carolina	0.4	Q1'25
	5	Crawfordsville, Indiana	0.3	Mid '25
	6	Mason County, W Virginia	2.7	H2'25
	7	South Carolina	0.5	Mid'25
	8	Fontana, California	0.4	2026
	9	Pacific Northwest region	0.6	TBD
ALGOMA STEEL INC.	10	Ontario, Canada	0.8	YE'24
NIPPON STEEL / USS	11	Osceola, Arkansas	2.7	Q3'24
PACIFIC	12	Mojave, California	0.3	2026
CMC	13	Berkeley County, W Virginia	0.5	Q4'25
HYBAR	14	Osceola, Arkansas	0.6	2026
	15	TBD	0.6	TBD
72 STEEL LLC	16	Aliquippa, Pennsylvania	0.5	2025
Ternium	17	Pesquería, Mexico	2.6	H1'26
DEACERO	18	Saltillo & Celaya, Mexico	1.1	TBD
			20	

Befesa targeting to increase utilization to close to 80% by 2025 and 90% by 2026

60kt additional EAF steel dust already contracted



Zinc refining asset being turnaround to improve profitability

Zinc refining plant: Key facts

- **Vertical integration** in the **US** which **makes sense** as there is **lack of smelting capacity** in the US
- Feeding material solely with **WOX / 100% from Befesa** today's production **+ some** volume **from competitors** (ZN)
- **Unique asset** in the world producing **green zinc from 100% recycled** material
- **Ensures allocation of 100% WOX production in the US**; Otherwise, as there is no smelting capacity in the US, big logistics operations would be needed to transport WOX
- A **different plant & business** vs Befesa's traditional recycling business: 600 people vs 60 in recycling per plant; New technology of solvent extraction
- **No intention to replicate** the **zinc smelting business in other markets** (Europe, China), **but it makes sense in the US** at the purchase price paid (acquired for $47m in 2022)
- **Potential to deliver $10-15m EBITDA** p.a. in the **upper part of the cycle** (around breakeven in the low part);
  Net revenue of $200-$230m, **1% to 5%** EBITDA **margin**

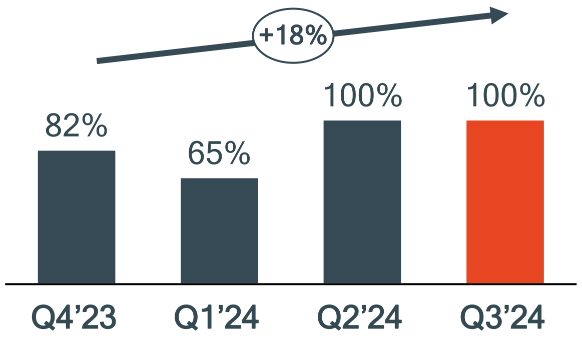
Implementing a 3-phase plan since acquisition

1. **Improving** the **quality** of the product to the **SHG zinc** specification to capture full price:
   - Otherwise, penalties are applied
   - Already producing SHG zinc at the right quality
2. **Increasing** the **utilization** of the plant, where the breakeven is around 85-90% (vs 50% in the recycling business)
   - Operating at >85% over the past months
3. **Cost reduction**
   - Focus so far has been on increasing production and quality at no matter what cost
   - Focus now is on **cost cutting to improve the profitability** of the plant
   - 2023: Slightly negative EBITDA
   - 2024:
     - 2 headwinds: TC reduction ($274 to $165) and decrease in the zinc premiums in the US
     - Expecting around -€20m contribution in FY24

Turnaround plan to improve profitability of zinc refining plant

Quality improvement

% In Spec SHG over total production

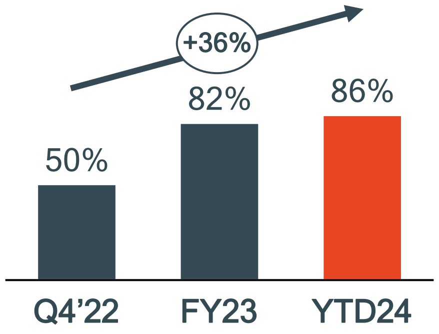


Note[1]: Q3'24 refers to July & August 2024

- **In Spec SHG (Special High Grade)** zinc receives a premium Zinc Price due to its exceptionally high purity (99.995%)
- The high zinc content and consistency of "In Spec SHG" ensure it is traded at a premium on global markets, such as the London Metal Exchange (LME)
- Quality improvement achieved in the last two quarters.

Plant Utilization

% Load factor



- Breakeven utilization at 85%
- From April 2024 the **average utilization has increased to 93%,** producing **100% In Spec SHG**.

Cost Reduction

- **€15-20m cost reduction** to be achieved in 2025
- **Strong cost cutting plan** across all functions: maintenance, operations, purchasing, logistics, SG&A
- 60-70 FTE reduction
- Residue treatment in house vs externalized service

Expecting -€20m contribution in 2024; targeting towards breakeven in 2025/26; between €5m to €15m in the mid term.

Agenda

Current Trading

Resiliency

USA operations

China operations

Business Plan

Growth Strategy

China focus on improving existing operations. Expansion plan stop

- Befesa invested in China in 2020 to capture the business opportunity that increased EAF steel and environmental regulation presented
  - Total capex invested €90m in two EAF dust recycling plants in the provinces of Jiangsu and Henan
- The **real estate crisis in China** is **driving low utilization of EAF steel makers**
  - 2024 is the 5th year with a double-digit decline
- Differences in EAF steel production and regulation enforcement between the two provinces drive performance
  - **Jiangsu is a tier 1 province** with strong enforcement of the environmental regulation and high plant utilization and **positive EBITDA**
  - Henan is a tier 2 province and utilization is expected to remain subdued for a while
- **Befesa at 50% utilization rate and EBITDA break even,** within two years of operations despite challenging market environment
- **Investment plan in China on-hold** for the coming years until a clear market recovery
  - Focus on operational improvement of **existing facilities to improve utilization** and generate positive free cashflow
  - Despite challenging short term, **mid term opportunity in China remains very attractive**: (1) increased EAF penetration and (2) stringent environmental regulation

Befesa invested in China in 2020 to capture the business opportunity that increased EAF steel and environmental regulation presented

Total capex invested €90m in two EAF dust recycling plants in the provinces of Jiangsu and Henan

1 Key milestones

2010

- Opening of a commercial office in China to monitor the market

2019

- **Jiangsu**: Broke ground April '19; Ramp up planned H2'20;
- **Henan:** Signed agreement; Breaking ground Q4'19; Ramp-up H1'21

2021

First to market with state-of-the-art 110 kt EAFD recycling plants in China:

- **Jiangsu**: Completed on budget; Operating since December 2021
- **Henan**: Completed construction Dec'21; Started commissioning; Expecting ramp up H1'22 and commercial output H2'22

2024

- **Guangdong**: On hold until market recovers, or supply agreements are in place

2 Environmental Regulation

- In 2017, steel mill dust was categorised as hazardous waste (specific treatment was required)

3 EAF Dust Availability

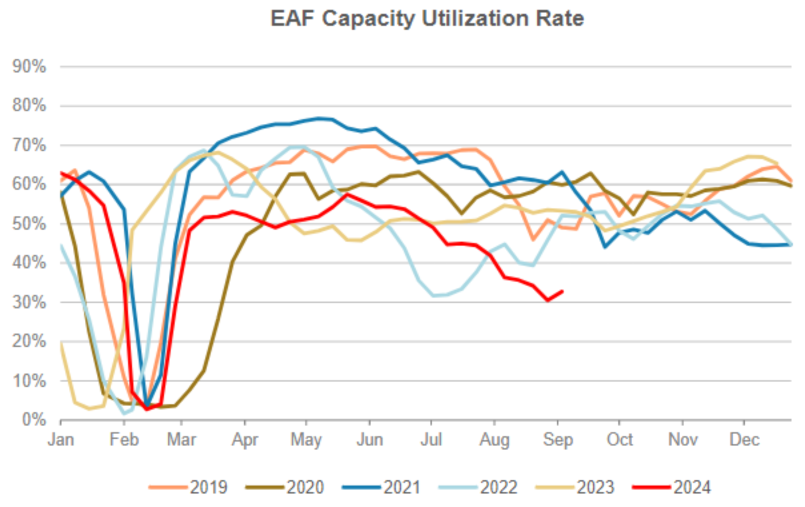
- Bigger steel producer in the world
- EAF steel production in China accounts for less than 10% of total crude steel production, with the commitment from the Government to increase the penetration to 20% in 2030
  - Since 2017, the country has invested 110 million tons per year in new EAF capacity as part of a replacement program

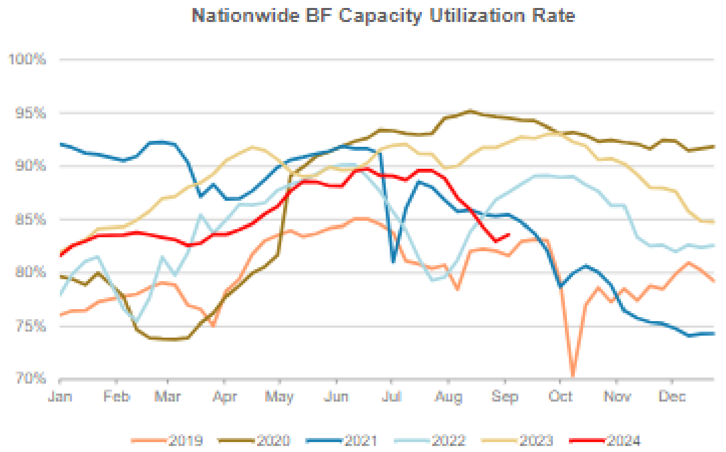
4 Investment approach

- 2 EAF dust recycling plants in the provinces of Jiangsu and Henan
- Total capex invested amounted to €90m, with an expected EBITDA run-rate of c.€10m per plant
- Goal of ring-fencing local markets, following the European business model

The real estate crisis in China is driving low utilization on EAF steel makers, resulting in low EAF dust generation

1. EAF steel output is being impacted by the real estate crisis, with a low utilisation rate
2. 2024 represents the fifth year with a double-digit decline
3. Long products production is at the lowest level in the last 5 years
4. Capacity utilization of Chinese EAF at 30% vs pre-covid 70% driven by weak real estate activity
5. Flat products usually manufactured via BOF at higher levels than the last years
6. Going forward, however, steel production by EAF is expected to increase from the current 10% to more than 30%, with more scrap available gradually and in compliance with the C-neutral policy





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Differences in EAF steel production and regulation enforcement between the two provinces drive performance

Jiangsu

Tier 1 province with strong enforcement of the environmental regulation, high plant utilisation rate and positive EBITDA

Henan

Tier 2 province, with utilisation rate expected to remain subdued for a while

	Jiangsu	Henan
Plant overview	• 1 kiln in use since January 2022 with 110,000 tons of dust throughput • 53 employees • Utilisation rate 70% • Plant shutdowns to optimise utilisation (2-month campaign, then standstill for 1-2 months)	• 1 kiln in use since February 2023 with 110,000 tons of dust throughput • 36 employees • Utilisation rate 20%, with shortage of dust due to the low production level of steel mills in the area • Steel dust from other provinces being transported to the plant
Regulation	• Mature monitoring and enforcement by the government • Illegal sales of high-Zn dust are rather rare • Some internal recycling by steel makers which will disappear in the mid-term as it does not add any value	• Regulation is the same as in Jiangsu, but the enforcement and supervision are much weaker • 30% of EAF goes to illegal routes

Investment plan in China stop for the coming years until a clear market recovery

Despite de challenging short term, in the medium term the opportunity in China remains very attractive

Investment plan stop:

China III ✓ LOI signed	Construction + ramp-up					
China IV	Construction + ramp-up	€115-125	€30-35	4-5	>20%
China V	Construction + ramp-up					

Focus on operational improvement of existing facilities to improve utilization and generate positive free cashflow

- **Jiangsu** focused on improving volume and utilisation, with the outlook of achieving mid-single-digit EBITDA in 2025:
  - Existing customers to increase volume
  - New EAF in the area
  - New customers from other provinces
- **Henan**: Difficult to improve utilisation significantly, as the law reinforcement is currently very weak

Resilient business despite EAF steel makers' decline

- Despite this challenging market environment, Befesa reached 50% utilisation rate within two years, reaching break-even and not loss-making

Positive trends still in place for the mid-term

- The two main drivers for the investment approach of Befesa**, EAF penetration and environmental regulation**, never go back and only move forward
- China is the largest producer of steel in the world, with **EAF expected to grow to 25% in the coming years**
  - China's **scrap supply is projected to grow rapidly** in the next decade
  - China's State Council announced a plan to improve the country's air quality in the long term as part of its efforts to promote quality economic development. According to the plan, the authorities will continue to promote the development of EAF steelmaking
  - An increase in EAF will result in better margins and improved air quality and lower emissions
- The Chinese government has set a **target for EAF steel over 15%** of total crude steel production by 2025.
- China Iron and Steel Association has proposed a **long-term plan for EAF** steel **to account for over 30%** of total crude steel production by 2035

Agenda

- Current Trading
- Resiliency
- USA operations
- China operations
- **Business Plan**
- Growth Strategy

5-year Business Plan presented in CMD in November 2022 to be executed keeping leverage around x2

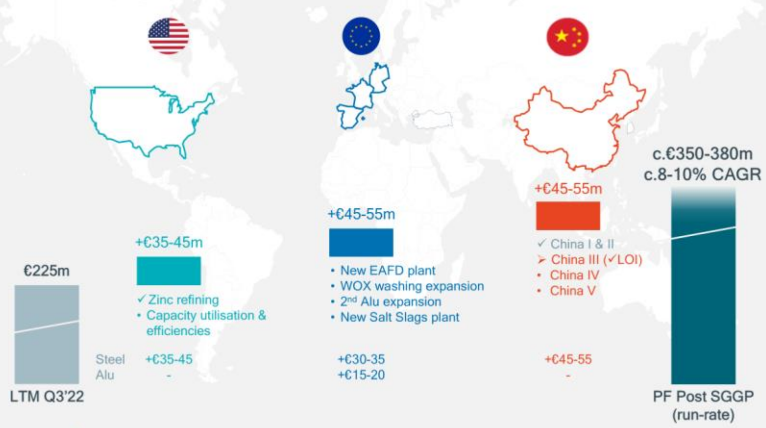
- Growth going forward maintaining **leverage between x2.0 and x2.5**
  - Only committed capex is Palmerton and Bernburg expansion, which are ongoing
  - **Reducing leverage as a top priority**
  - European projects (expansion of steel dust and new salt slags) to be executed considering leverage
- **China expansion plan is stop** until a recovery in the market is clear
  - China plants 3, 4 and 5 stop for the next years. If the market recovers, the expansion plan could be restarted fast
  - In the mid and long term, the opportunity in China remains attractive: EAF + regulation
- **Discipline in capital allocation, keeping total capex around €100m per year**
  - Maintenance capex around €40m per year. Growth capex around €60m prioritizing early cashflow generation projects
  - **Focus on positive free cashflow generation**
  - Maintaining dividend policy of 40-50% of net income as payout
- **Expecting to achieve €300m EBITDA by 2028, even with no contribution from China**

What we said at the CMD in November 2022

Ready to execute next 5-year Sustainable Global Growth Plan (SGGP)

- **Around €410-450m investment**, similar expansion focus & size like last 5 years
- Targeting **+€125-155m incremental run-rate EBITDA** from 2022 baseline, **+8% to +10% CAGR** growth; **>20% IRR**
- **Globally balanced expansion**, c.1/3 in the US, Europe & Asia/China
- **Self-funded growth plan**, no capital increase needed, **keeping leverage ≤ 2x**, maintaining **dividend policy** of 40-50% net profit payout
- **Rigorous execution -&- cautiously managing timing** aligned with macroeconomic developments

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



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

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

● Steel Dust ● Alu Salt Slags

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

1) Payback calculated dividing total capex by run-rate EBITDA
2) IRR estimated based on incremental EBITDA less WC & taxes to Operating cash flow contribution vs. growth & maintenance capex, discounted at an 8% WACC

Befesa is adjusting and adapting its business plan to the temporary macroeconomic challenges

	CMD Nov 2022	Today	Outlook
Capex	• Total capex: €410-450m	• 20% invested, €87m: US refining and Recytech • 20% being invested, €90m: Palmerton & Bernburg	• 30%: Europe steel dust & salt slags, €120-140m • 30% China 3, 4 & 5 stop
Returns	• Incremental EBITDA +€125-155m • IRR >20%	• Recytech: +€12m EBITDA; +30% IRR • US refining: negative EBITDA/ramp-up/turnaround	• Incremental EBITDA +€80-90m • IRR >20%
Markets	• Globally balanced 1/3 US, Europe and Asia/China	• Focus on the US and Europe • China stop	• Focus on the US and Europe • China stop
Timing	• Flexibility in the capital deployment • Ability to adapt to market developments and macro situation	• Palmerton completed by Q2 25 • Bernburg completed by Q2 26	• Timing of remaining projects based on leverage
Leverage	• Keeping leverage ≤ 2x	• Current leverage at x3.4 • FY24 expected around .x3.0	• FY25 expected around x2.5 • Target x2.0 - 2.5
Capital allocation	• Capex self-funded with free cashflows • Maintaining dividend policy of 40-50% net profit payout	• Capex ~€100m per year • Focus on deleveraging • Same dividend policy	• Capex ~€100m per year • Focus on deleveraging • Same dividend policy

Capex already invested will deliver growth over the coming years

Project	Capex	EBITDA today	EBITDA potential
US recycling	€390	€50	€70
China 1	€45	€3	€8-12
China 2	€45	-€3	€8-12
US refining	€49	-€15	€5-10
Recytech	€29	€12	€12
Palmerton	€60	n/a	€20
Bernburg	€30	n/a	€7-8
Salt Slags EU	€80	n/a	€15
Recytech II*	€60	n/a	€25
China 3,4,5	€120	n/a	€30

5Y plan

Expecting to reach EBITDA of €300m by 2028

*Includes the expansion of the WOX washing plant

1. **Total invested before 5Y Growth Plan €480m**
   - Today delivering €50m
   - Potential to deliver €80-90m
   - >15% ROCE
2. **20% of the 5Y Growth Plan invested**
   - €80m invested in smelter + Recytech
   - Today negative EBITDA (due to smelter)
   - Potential to deliver €20m
   - >20% ROCE
3. **20% of the 5Y Growth Plan being invested today**
   - €90m in Palmerton + Bernburg
   - Potential to deliver €27m
   - >30% ROCE
4. **30% of 5Y Growth Plan to be invested in Europe**
   - Recytech II
   - Salt slags
5. **30% of 5Y Growth Plan in China on hold**

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

Capital structure

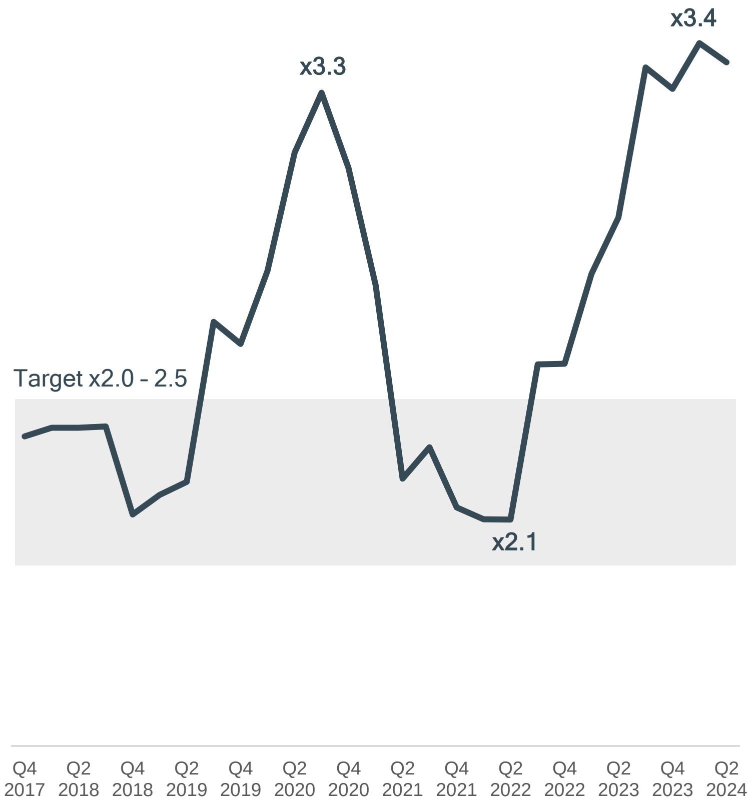
- **TLB of €650m**
  - Maturity in July 2029
  - E+275 bps (25 bps reduction when leverage <x3.0 and <x2.5)
  - Covenant-lite terms
- **RCF of €100m**

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

Net debt / EBITDA

Historical average x2.7



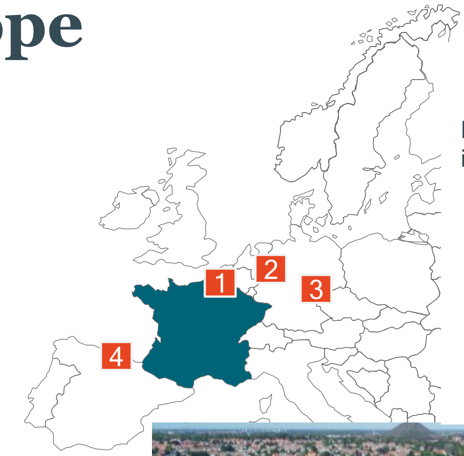
Remaining 50% of Recytech acquired in a highly-accretive deal, advancing strategic global growth plan in Europe

Key facts about Recytech:

- Former 50/50 JV between Befesa and Recylex,
- Recycling of EAF steel dust, extracting zinc and converting it into WOX
- Location: Fouquières-lès-Lens (France)
- Workforce: 50 people
- EAF steel dust recycling capacity: 110 kt annually
- Sales of WOX: c. 45 kt annually
- EBITDA margin: 45%-50% (last 5-year average)

Transaction highlights

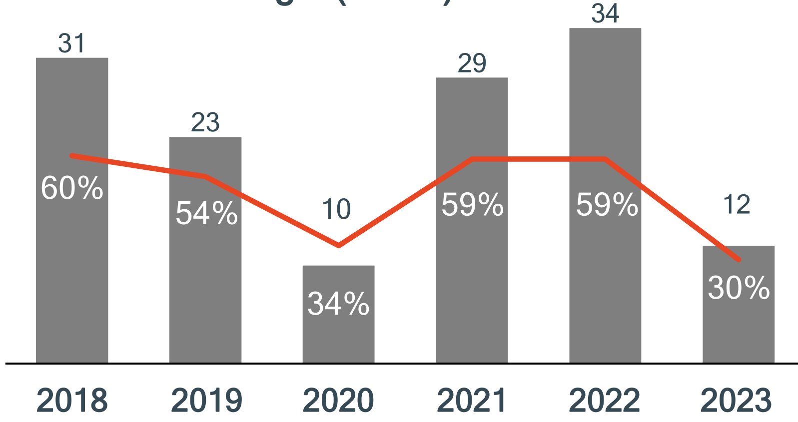
- Acquisition of the remaining 50% stake in Recytech
- Investment already included in Befesa's SGGP (Europe / EAF dust recycling plant)
- Perfect location to expand EAF capacity via brownfield
- Purchase price of €40m represents a c. x2.5 through-the-cycle EBITDA multiple
- Highly accretive for Befesa's shareholders, with a ROCE of >35%



Befesa's EAF steel dust recycling plants in Europe

1 Fouquières-lès-Lens/Recytech
2 Duisburg
3 Freiberg
4 Asúa-Erandio

EBITDA & margin (100%)



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

2026

✓ Existing contract with Novelis signed in July 2023; Expansion contract to be signed in April 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**: €6m to €7m (c. 20% margin)
- **Payback**: c. 5 years; **IRR**: 16%

Source: Company information

Agenda

- Current Trading
- Resiliency
- USA operations
- China operations
- Business Plan
- **Growth Strategy**

Growth strategy driven by favourable mega trends of decarbonization, energy transition and environmental regulation

- The strategy of Befesa remains unchanged, **focus on the two-core business**
  - Steel dust and salt slags recycling services to the steel and aluminium industries as well as secondary aluminium
  - Ambition to become and maintain the **global leading position** in steel dust and salt slags recycling
  - Focus on the current markets, **Europe, USA and Asia**
- **Favourable mega trends** driven by decarbonization, energy transition and environmental regulation
  - **Decarbonization** trend will drive shift towards electric arc furnace **(EAF)**
  - **Increasing demand** for metals coupled with resource scarcity leading to increasing importance of **secondary metals**
  - Strong focus on **recycling** and re-using promoting shift to more sustainable **circular economies**
  - **Regulations** getting stricter and expanding into new geographies to protect the environment
- **Zinc and aluminium demand to grow** driven by a transition to green energy as well as EV
  - Energy transition will **increase zinc demand** as renewable energies infrastructure require zinc
  - **Transition to EV** will drive aluminium demand as the auto industry looks for light-weight solutions to reduce their carbon footprint

Befesa's industries are benefited from favourable mega trends driven by decarbonization and energy transition

FAVOURABLE MEGA TRENDS

- **Rising population**
- **Increase in middle classes** in emerging countries / urbanisation
- **Resource scarcity**
- Focus on **circular economy**
- **Stricter** environmental **regulations**

STEEL DUST RECYCLING INDUSTRY TRENDS

- Increasing **importance of secondary steel**
- Decarbonisation trend will drive **shift towards electric arc furnace (EAF)**
- **Zinc consumption to grow** with the global GDP
- **Energy transition will increase zinc demand** as renewable energies require zinc

ALUMINIUM SALT SLAGS RECYCLING INDUSTRY TRENDS

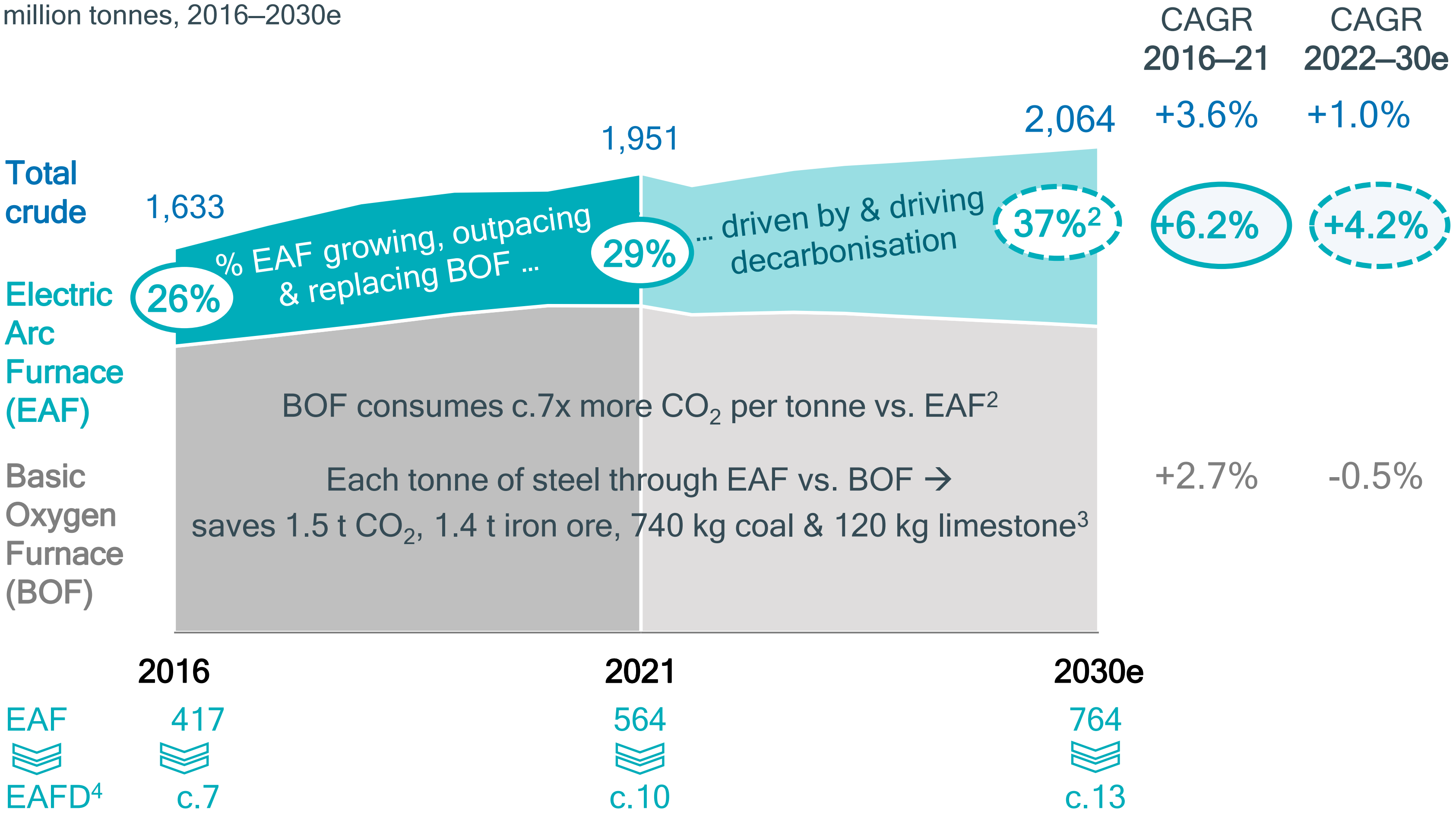
- Increasing **importance of secondary aluminium**
- Aluminium consumption to grow with global GDP
- **Transition to EV will drive aluminium demand** as the auto industry looks for light-weight solutions and has to reduce their carbon footprint

▪ **Increasing demand for metals** coupled with **resource scarcity** leading to **increasing importance of secondary metals**
▪ Strong **focus on recycling** and **re-using** promoting shift to more sustainable circular economies
▪ **Regulations getting stricter** and **expanding into new geographies** to protect the environment

Decarbonisation megatrends favouring and driving the electric arc furnace (EAF) steel growth

Global crude steel production[1]

million tonnes, 2016–2030e



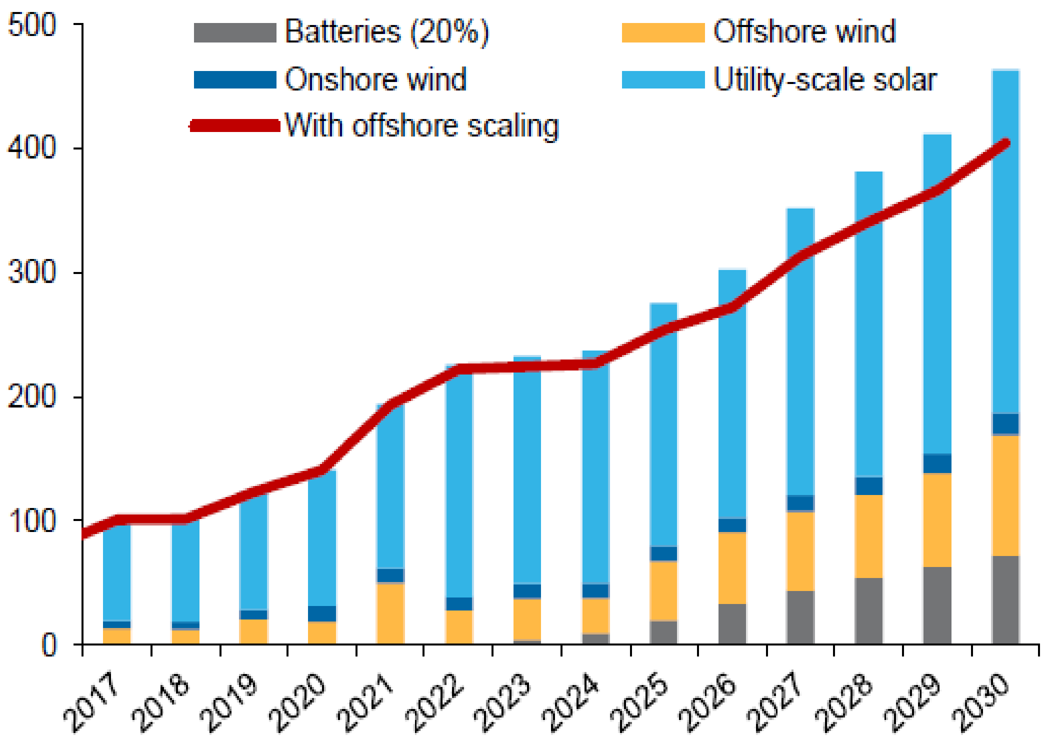
Key takeaways

- Ongoing swift from BOF to EAF steel – Global EAF steel production to **grow by +4.2% p.a. until 2030**
- Increasing EAF share leads to a total **addressable Electric Arc Furnace Dust (EAFD) market of ~13 million tonnes p.a. by 2030**

Energy transition megatrend requiring incremental zinc, in addition to regular GDP related growth

Zinc annual demand from wind, solar & batteries[1]

thousand tonnes



1 "Commodities Outlook: The (super) cycle is dead, long live the cycle“, Macquarie (October 2022)

Key takeaways

- Global zinc demand grew with **GDP at 2-3% CAGR over the L10y**
- Zinc consumption expected to be supported as governments invest in **green technologies**
- **Renewable energies need storage** through batteries, requiring zinc
- **Offshore wind, onshore wind and solar panels require 4, 0.4 and 2.4 tonnes of zinc** respectively per MWh of installed capacity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