



Lateral view of the Waelz furnace from Befesa Zinc Freiberg (Germany)

07

Befesa and the Economic Performance

We have a technological commitment to seek and research the most advanced technologies and those that are the most respectful of the environment for waste and water management.

The Economic Performance

The Befesa business strategy is aimed at the creation of long-term and sustainable value for all of its stakeholders: suppliers, customers, stockholders, employees, for society in general and for the communities in which it is present by means of its activities.

Befesa creates value by managing the value that the Company provides to its stakeholders and the value that these contribute to the organization.

- The products and services marketed by Befesa create value for their customers insofar as they respond to their needs and satisfy their expectations in accordance with the evolution of the sector where it operates. Befesa generates value through quality and safety.
- Suppliers benefit from the supply of Befesa goods and services, generating a positive impact on economic development.
- The creation of value for stockholders takes place through the payment of dividends and the continuous increase in the stock of the organization.
- Befesa creates value for its employees

through training, motivation, wages and the balance between professional development and personal growth.

- Befesa creates value for society and the communities in which it is present by means of sustainable development practices, environmental protection, respect for human rights, economic development, the creation of employment and the payment of taxes.

In 2010, Befesa achieved consolidated net profits of €40.5 M, a decrease of 1 % over the previous year.

The Befesa profit and loss account forms part of the Legal and Economic-Financial Report of the Annual Activity Report of 2010 which stresses the amount obtained from sales and services over the last three years:

2008= €873.4 M

2009= €721.8 M

2010= €832.7 M

In addition to the exhaustive Economic-Financial information contained in the Legal and Economic-Financial Report of 2010, in this

chapter we add a series of indicators of the impacts that Befesa has on its stakeholders, and on the local, national and world systems in which it operates.

Below the direct generated and distributed economic value is quantified in accordance with the methodology developed by the Global Reporting Initiative (GRI).

Direct economic value generated and distributed (M€)	2010
Net sales	832.7
Other operating income	49.8
Finance income	2.5
Subsidiary benefits	0.5
Economic value generated (EVG)	885.5
Expense of raw materials	485.8
Expense of employee benefits	113.8
Operating expenses	160.5
R&D&i expenses	1
Financial expenses	40.4
Taxes	8
Dividends	0
External partners	5.7
Economic value distributed (EVD)	815.2
Economic value retained (EVG-EVD)	70.30

The Economic Performance

Generation of Direct Employment

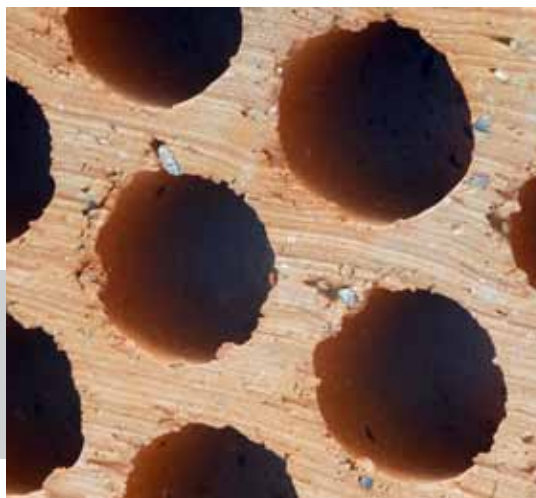
Befesa contributes to the generation of employment wherever it operates:

Salary expenses (M€)	2010	2009
Salaries and wages	92.7	88.5
Social charges	19.6	20.0
Share purchase plan	1.5	1.0
Total salary expenses	113.8	109.5

Generation of Indirect Employment

The procurement of goods and services by Befesa promotes economic development in extremely diverse sectors, both nationally and internationally. The cost of all raw materials and goods purchased, and of the services contracted, is indicated below:

Cost of raw materials (M€)	2010	2009
Consumption and other external expenses	485.8	387.1
Other operating expenses	160.5	146.0



Percentage of Contracts paid Pursuant to the Terms and Conditions agreed, Excluding Stipulated Sanctions

The purchasing volume by business unit is as follows:

Purchasing volume (M€)	2010	2009
Recycling	285.3	180
Water- Engineering & Construction (EPC)	194.4	206.9
Water- Concessions	6.1	0.2
Total	485.8	387.1



The Economic Performance

Payments to Equity and Loans

During 2010 Befesa did not distribute dividends to its stockholders.

1- Financial expenses arising from interest on debts and loans: € 40,438 M.

The breakdown of net debt is as follows:

Financial Debt (k€)	2010	2009
Debts with credit entities L/T	6,555	13,355
Debts with credit entities S/T	17,230	19,913
Non-resource financing L/T	464,872	459,913
Non-resource financing S/T	69,495	49,009
Debts with affiliate companies	155,798	80,982
Temporary financial investments	(49,277)	(35,563)
Treasury	(91,188)	(102,043)
Total net debt	(573,485)	(485,566)



Inside view of the desalination plant in Almería (Spain)

Movements of Stockholders' Equity (k€)	Balance at 31/12/2009	Yield Distribution 2009	Other Movements	Balance at 31/12/2010
Share capital	81,612	-	-	81,612
Share issue premium	11,593	-	-	11,593
Reserve for revaluation of assets and liabilities unperformed	(14,646)	-	(257)	(14,903)
Legal reserves	8,847	72	-	8,919
Other voluntary reserves	47,474	644	-	48,118
Reserves in consolidated companies	141,761	40,149	985	182,895
Conversion differences	(5,890)	-	3,267	(2,623)
Dividend on account	-	-	-	-
Minority interests	64,209	-	9,924	74,133
Subtotal	334,960	40,865	13,919	389,744
Consolidated results of the year	40,244	(40,244)	46,131	46,131
Results attributed to external partners	(621)	621	5,678	5,678
Results attributed to the dominant company	40,865	(40,865)	40,453	40,453
Total stockholders' equity	375,825	-	54,372	430,197

As thoroughly reflected in the Legal and Economic-Financial Report for the year 2010, Befesa has received the following aid from public agencies and institutions:

Economic aid received (k€)	2010	2009
Capital subsidies transferred to results	2,359	2,456
Operating subsidies	1,923	1,690
Total	4,282	4,146

The Economic Performance

Contribution to Society

The economic value distributed by Befesa is further increased by the payment of taxes and social security contributions, along with voluntary contributions to social and cultural projects.

Taxes represent an important part of the economic contribution that Befesa makes to society. This indicator varies and depends on the different applicable legal systems and the evolution of profits.

The following is the total sum of all taxes paid by Befesa in 2009 and 2010.

List of Countries (k€)	2010	2009
Spain	6,448	14,155
United Kingdom	398	-4
Sweden	-1,545	59
Germany	13,996	2,268
France	793	-2,426
Peru	735	662
Mexico	-945	16
Chile	119	150
Argentina	1,810	1,095
Algeria	5,513	-138
India	427	762
United States	20	-
China	-168	-
Total taxes paid	27,602	17,802

Of the total taxes paid in 2010, 57.36% correspond to tax deductions and direct deposits on the personal taxation of employees, which are made by the different companies and deposited by same with the Tax Authorities.

Furthermore, through its projects and investments in infrastructures, Befesa contributes to the benefit of the general public.

List of infrastructure projects in 2010 that benefit the community

Description of the project that benefits the public	Description of existing and future positive impacts	Description of existing and future negative impacts
Desalination Plant in Djerba (Tunisia). Design, construction and operation of a sea water desalination plant on the island of Djerba for a period of 20 years.	Proceedings implemented by Tunisia Government for the promotion and development of non-conventional water resources, in order to solve the water scarcity and low-quality issues suffered by the country. The plant will have a capacity to supply more than 250,000 people and will be the largest desalination plant in Tunisia.	There are no existing or foreseeable negative impacts.
Inauguration of the desalination plant in Chennai (India). Plant with capacity to desalinate 100,000 m ³ of water per day, this facility constitutes the largest desalination plant employing reverse osmosis in India, and the first in the country to be executed under the DBOOT (Design, Build, Own, Operate and Transfer) modality. The scope of the contract includes not only construction, but plant operation over a 25-year period as well.	Solution of problems with the supply of drinking water in Chennai, the fourth largest city in India. This desalination plant alone will contribute by meeting the demand for potable water of over 700,000 people.	There are no existing or foreseeable negative impacts.
Design and construction of the first phase of the Ratnapura water supply project, building a potabilizing plant with the capacity to treat 13,000 m ³ of water per day. Also included is the construction of systems for capturing raw water from the Kalu Ganga River, a 2,500 m ³ storage tank, and close to 20 km of water pipeline for distributing drinking water.	This project, designed to meet the water demand projected for the year 2025, will ensure the supply of drinking water to the city and its surrounding areas, thereby benefiting a population of close to 100,000 people.	There are no existing or foreseeable negative impacts.

The Economic Performance

Befesa's economic contribution to social action (donations to the community, civil society or other groups, in cash and in kind), can be broken down into three groups: welfare, culture and education and research.

As far as Befesa's actions regarding its employees are concerned, general human resource policies are described, particularly measures implemented to contribute to people's quality of life, and to enable employees to combine family and work life. Among aforementioned measures is the social assistance provided by Befesa to its employees, which is based around a service created to build human relations, where the employee can turn to put forward extremely diverse and unique situations, such as the need to be listened to receive support and guidance, to receive information, or to monitor specific family, medical, social and economic problems. The Focus-Abengoa Foundation has a social fund to provide economic assistance in situations of need.

Social Action (€)	2010
Welfare area	16,507.46
Social action for employees area	10,600
Cultural area	64,563
Education and research area	93,136.63
Total	184,807.10

The table below indicates percentage difference between the standard starting salary paid by Befesa, with respect to the local minimum wage, bearing in mind different professional categories. Those countries in which the number of employees has specific weight within the organization are indicated.

MIW		Average monthly wage			% wage paid above		
		paid by categories			the minimum wage		
Countries	MIW	Engineers and Other	Assistant	Operator	Engineers and Other	Assistant	Operator
Spain	633.30	1,892.96	1,226.80	1,137.23	298.91	193.72	179.57
Argentina	361.32	1,339.78	460.36	760.43	370.81	127.41	210.46
Peru	155.07	481.24	401.03	269.49	310.34	258.62	173.79
France	1,343.75	2,002.42	1,658.08	1,453.08	149.02	123.39	108.14

MIW: Minimum Interprofessional Wage.

Selection of countries with major number of personnel. Germany and Sweden are not included since, legally, a MIW is not established for all their sectors.

All the amounts are indicated in euros / month 14 payments have been used in Spain and 12 in the other countries.

Befesa's presence contributes to the generation of wealth in the countries where it does business by means of the implementation and development of economic relations with its local suppliers. The table below indicates the percentage that purchases made from local suppliers represents in the main countries where Befesa pursues its corporate activities, and which have a specific weight with respect to the total purchases made by the group during the course of 2010.

The Economic Performance

Country	Total volume of purchases M€	% Local suppliers
Germany	87.4	84
Algeria	3.4	100
Argentina	4.6	98
Chile	1.5	89
Spain	577.6	67
France	25.5	70
United Kingdom	8.6	86
India	1.1	94
Mexico	0.4	100
Peru	1.9	89
Sweden	21.0	87
United States	2.1	93
China	43.1	22
Total	778.2	67.4

Another important contribution made by Befesa in the countries in which it operates is the professional development of its managers and their talents, attracting and retaining only the best human resources. The majority of Befesa's managers come from the local community where significant operations are carried out.

Local managers	%
Percentage of local managers	95.6



Outside view of the Desalination plant in Honaine (Algeria)

In addition to the direct economic value that Befesa generates and distributes among its stakeholders, it also generates quite a significant indirect economic value in those societies in which it operates. These indirect effects range from the activity that stimulates the clients that work with the company as a result of the services and products that they receive, to the suppliers with which they do business. Moreover, said effects could arise from the more general contributions to the solidity and dynamism of the economic situations in which they operate.

The innovation and technological development carried out by Befesa is a clear example of one of the most important indirect economic effects. Investments in innovation give rise to a positive economic impact, given that they help local communities to prosper and grow where they are implemented. It is an efficient and necessary instrument to progress towards a sustainably developing society. Innovation is not an end in itself, as may happen in some areas of research, but rather has the mission of transforming society into a better world. It is concerned with developing our current socio-economic system, which is neither sustainable nor for all, toward one that is indeed sustainable and for all. Innovation is, therefore, our commitment to the future.