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Befesa and the Economic Performance

We manage waste in a manner that is respectful of the environment by creating infrastructures for efficient waste management that is respectful of the environment.

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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 2008, Befesa achieved consolidated net profits of 58.7 M€, an increase of 23.23% over the previous year.

The Befesa profit and loss account forms part of the Legal and Economic-Financial Report of 2008, which stresses the amount obtained from sales and services over the last three years:

2006= 555.3 M€
2007= 769.7 M€
2008= 873.5 M€

In addition to the exhaustive Economic-Financial information contained in the Legal and Economic-Financial Report of 2008, 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.

The following is a quantification of the direct economic value generated and distributed according to the methodology developed by Global Reporting Initiative (GRI).

Direct economic value generated and distributed (M€)	2008
Net Sales	873.5
Other operating income	60.5
Finance income	5.0
Subsidiary benefits	1.2
Economic value generated (EVG)	940.2
Expense of raw materials	524.1
Expense of employee benefits	104.8
Operating expenses	149.1
R&D&i expenses	4.1
Financial expenses	39.4
Taxes	20.8
Dividends	0.0
External partners	4.1
Economic value distributed (EVD)	842.3
Economic value withheld (EVG-EVD)	97.9

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Generation of direct employment

Befesa contributes to the generation of employment in the places where it operates:

Salary and wage expenses (M€)	2007	2008
Salaries and wages	74.3	79.6
Social charges	16.1	20.4
Share Purchase Plan		4.8
Total salary and wage expenses	90.4	104.8

Generation of indirect employment

The acquisition of goods and services by Befesa favors economic development in highly diverse sectors on a domestic as well as international level. The cost of all raw materials and merchandise acquired and all services contracted is as follows:

Cost of raw materials (M€)	2007	2008
Consumption and other external expenses	449.3	524.1
Other operating expenses	131.7	147.0

Percentage of contracts paid pursuant to the terms agreed, excluding stipulated sanctions.

The purchasing volume by business unit is as follows:

Purchasing volume (M€)	2007	2008
Aluminum Waste Recycling	168.4	183.6
Steel and Galvanization Waste Recycling	109.5	94.5
Industrial Waste Management	50.5	60.7
Water	120.9	185.3

Remuneration to equity and borrowed capitals

During 2007 Befesa did not distribute dividends to its stockholders.

1- Financial expenses for interest on debts and loans: 39,399 M€.

The breakdown of debts with credit entities is as follows:

Financial debt (k€)	2007	2008
Debts with credit entities L/T	9,047	11,105
Debts with credit entities S/T	19,186	12,945
Debts with affiliate companies	30,968	54,173
Temporary financial investments	-50,215	-51,777
Treasury	-53,588	-100,853
Total net debt	-44,602	-74,407
Financing without resource L/T	330,908	344,149
Financing without resource S/T	44,023	44,498

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Movements of stockholders' equity (k€)	Balance at 31/12/2007	Yield distribution 2007	Other movements	Balance at 31/12/2008
Share capital	81,612	-	-	81,612
Share issue premium	11,593	-	-	11,593
Reserve for revaluation of assets and liabilities unperformed	21,572	-	76,571	98,143
Legal reserves	5,160	3,519	-	8,679
Other voluntary reserves	14,294	31,670	-	45,964
Reserves in consolidated companies	74,749	12,451	-862	86,338
Conversion differences	-1,083	-	-3,422	-4,505
Dividend on account	-	-	-	-
Minority interests	12,920	-	35,137	48,057
Subtotal	220,817	47,640	107,424	375,881
Consolidated results of the year	48,013	-48,013	62,744	62,744
Results attributed to external partners	-373	373	-4,036	-4,036
Results attributed to the dominant company	47,640	-47,640	58,708	58,708
Total stockholders' equity	268,457	-	166,132	434,589

As thoroughly reflected in the Legal and Economic-Financial Report for the year 2008, Befesa has received the following aid from public agencies and institutions:

Economic aid received (k€)	2007	2008
Capital subsidies transferred to results	2,273.0	1,877.0
Operating subsidies	840.0	1,207.0
Total	3,113.0	3,084.0

Contribution to society

The economic value distributed by Befesa increases with the payment of taxes and social charges, together with voluntary contributions to social and cultural projects.

Taxes constitute an important part of the economic contribution that Befesa makes to society. This indicator is variable and depends upon the various legislations applicable and to the evolution of profits.

The following is the total sum of all taxes paid by Befesa in 2007 and 2008.

List of countries (k€)	2007	2008
Spain	22,656	32,798
United Kingdom	493	387
Sweden	3	1,658
Germany	-6,326	16,898
France	13,191	4,788
Brazil	-	-
Peru	247	334
Mexico	360	547
Chile	586	378
Argentina	383	1,145
Algeria	-	3
India	-	26
Total taxes paid	31,594	58,962



Of the total taxes paid in 2008, 32% correspond to withholdings and income on account for the personal income taxes of employees, made by the various companies and deposited by them with the Tax Authorities. The 28% of the amounts paid corresponds to corporate income tax.

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

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List of infrastructure projects in 2008 that contribute to the benefit of the Community

Startup of a treatment plant for hazardous and harmless waste in the Atacama desert. (Chile)

Contract for the execution of extension and modernization works of the Waste Water Treatment Plant (WWTP) in Jerez de la Frontera. This action will benefit a population of 250,000 inhabitants. (Spain)

Award under a Joint Venture for the maintenance, preservation and operation of the WWTP of Tablada, with a daily flow of 50,000 m³, benefiting 200,000 inhabitants. (Spain)

Project for the design, construction, financing and operation for 25 years of the seawater desalination plant in Tenés-Chlef, which will make it possible to supply a population of 800,000 people. (Algeria)

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

The chapter devoted to the actions of Befesa with employees describes the human resources policies in general and, in particular, the measures implemented to contribute to the quality of life of people, and the reconciliation of the family and professional life. These measures include the social welfare that Befesa provides to the employee, configured as a service for building human relations, where the employee may go to expound highly diverse situations, such as the need to be heard, to receive support and guidance, the need for information or the monitoring of specific family, medical, social or financial problems. The Focus-Abengoa Foundation, through the Befesa human resources department, has a social fund to provide economic assistance in situations of need.

Social action (€)	2008
Welfare area	29,061
Area of social action for employees	920
Cultural area	75,959
Area of education and research	151,136
Total	257,076



The following is a table that indicates the percentage of difference between the initial standard wages paid by Befesa compared to the minimum local wage, considering various professional categories. The countries shown are those with a specific weight within the organization on the basis of the number of employees.

GMW	Average monthly wage paid by category			% wage paid above the minimum wage			
	Countries	Engineers and Other	Assistants	Professionals	Engineers and Other	Assistants	Professionals
Spain	600	2,026.21	1,248.38	1,206.94	337.7	208.1	201
Argentina	276	1,381	968	871	500.36	350.72	316
Germany*	1,375	6,500	4,500	3,350	472.73	327.27	243.64

GMW: Guaranteed minimum wage

Selection of countries with major number of personnel

All the quantities are indicated in euros / month

* In Germany IMW concept does not exist but there exist a few minimum wages concentrated on any sectors. The contributed information is an average.

The presence of Befesa in the countries in which it operates contributes to the generation of wealth by means of the implementation and development of economic relations with local suppliers. The following illustrates the percentage that purchases from local suppliers represent in the main countries in which Befesa operates, and which have a specific weight in the total purchases made by the group in the year 2008.

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Country	Total volume of purchases M€	% Local suppliers
Germany	28.2	70,6
Algeria	1.0	100
Argentina	3.5	91,8
Chile	4.3	97,2
Spain	495.0	81,1
France	19.5	89,7
United Kingdom	8.0	95,3
India	3.5	100
Mexico	8.4	97,0
Peru	1.4	92,6
Sweden	0.0	62,0



Another important contribution that Befesa generates in the countries in which it operates is professional development and the talent of its managers, attracting and retaining the best human resources. A large portion of Befesa managers come from the local communities where the significant transactions take place.

Local managers	%
Europe	99.17
America	66.67
Average	82.92



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 go from the activity that stimulates the customers who work with the company by virtue of the services and products it renders to them, or the suppliers with whom it operates. Such effects may also be obtained from the most general contributions to the soundness and dynamism of the economic systems in which they take place.

The technological innovation and development undertaken by Befesa is a clear example of one of

the indirect economic effects of greatest relevance. Investments in innovation have a positive economic impact, since they help local communities where they are made to grow and prosper. It is an efficient and necessary instrument for progress toward a society of sustainable development. Innovation is not an end in itself, as is sometimes the case with research, but instead has the mission of making society into something better. Endeavoring to evolve our current socioeconomic system, that is not sustainable for everyone, into another one that is sustainable and for everyone. Innovation is therefore our commitment to the future.