

BEFESA

BEFESA

First Quarter 2017 Earnings Presentation

30th May 2017

Wolf Lehmann

Chief Financial Officer

This presentation contains forward-looking statements and information relating to Befesa and its affiliates that are based on the beliefs of its management as well as assumptions made and information currently available to Befesa and its affiliates.

Such statements reflect the current views of Befesa and its affiliates with respect to future events and are subject to risks, uncertainties and assumptions.

Many factors could cause the actual results, performance or achievements of Befesa and its affiliates to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others: changes in general economic, political, governmental and business conditions globally and in the countries in which Befesa and its affiliates does business; changes in interest rates; changes in inflation rates; changes in prices; decreases in government expenditure budgets and reductions in government subsidies; changes to national and international laws and policies that support renewable energy sources; inability to improve competitiveness of our renewable energy services and products; decline in public acceptance of renewable energy sources; legal challenges to regulations, subsidies and incentives that support renewable energy sources and industrial waste recycling; extensive governmental regulation in a number of different jurisdictions, including stringent environmental regulation; our substantial capital expenditure and research and development requirements; management of exposure to credit, interest rate, exchange rate and commodity price risks; the termination or revocation of our operations conducted pursuant to concessions; reliance on third-party contractors and suppliers; acquisitions or investments in joint ventures with third parties; unexpected adjustments and cancellations of our backlog of unfilled orders; inability to obtain new sites and expand existing ones; failure to maintain safe work environments; effects of catastrophes, natural disasters, adverse weather conditions, unexpected geological or other physical conditions, or criminal or terrorist acts at one or more of our plants; insufficient insurance coverage and increases in insurance cost; loss of senior management and key personnel; unauthorized use of our intellectual property and claims of infringement by us of others intellectual property; our substantial indebtedness; our ability to generate cash to service our indebtedness changes in business strategy and various other factors.

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Befesa and its affiliates do not intend, and do not assume any obligations, to update these forward-looking statements.

1Q 2017 numbers are not yet reviewed as the review is still in process but no material changes expected.

Javier Molina

Chief Executive Officer

Strong revenues of €173m / +19% YoY and Earnings Growing to Adj EBITDA of €42m / +76% as well as Adj EBIT of €35m / +114% ...

Continued Run Rate Growth ... LTM^(*) 1Q'17 Revenue of €640m, Adj. EBITDA of €151m and Adj. EBIT of €122m



Strong core business volume
- Steel Dust 1Q +13% YoY
- Alu Salt Slags 1Q +7% YoY



Alu metal margins recovering but still room to improve



Zinc and Alu Alloy prices recovery on track



Capacity utilization in Korea ramping up but still opportunity for further volume growth



Operational Excellence / Cost savings on track



Strong YoY EBITDA & EBIT performance



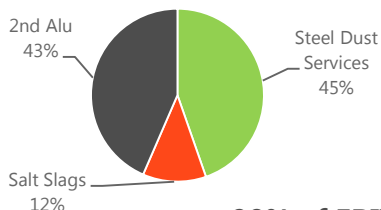
Completed non core divestitures



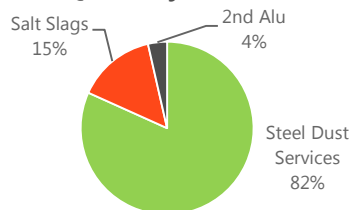
Reduced leverage further from x3,6 at YE'16 to x3,0 at 1Q'17

Befesa is the market leader in providing hazardous waste recycling services to the steel and aluminium recycling industries

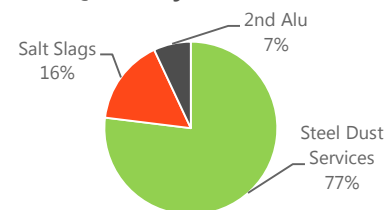
LTM 1Q '17 Revenues: €640m



LTM 1Q '17 Adj. EBIT: €122m



LTM 1Q '17 Adj. EBITDA: €151m



>90% of EBITDA coming from +30% EBITDA margin business

Steel Dust Recycling Services



Position in Europe (c. 45-50% Market Share)

32%
(38%)

Adj. EBIT(DA) Margin LMT 1Q 2017¹; Niche Market

607kt

Steel Dust Vol. Collected and Treated in LTM 1Q '17¹

Relationship
>15yrs



Business Model

Service Provider to Steel Producers

Maint. Capex

Low Maintenance Capex

Strategy

Attractive Organic Growth Expansion

Aluminium Salt Slag Recycling Services



Position in Europe in Salt Slag (c. 45% Market Share)

22%
(30%)

Adj. EBIT(DA) Margin in Salt Slag LTM 1Q 2017²; Niche Market

500kt

Salt Slag Volume Recycled in LTM 1Q 2017²

Relationship
>15yrs



Business Model

Service Provider to Aluminium Recyclers

Maint. Capex

Low Maintenance Capex

Strategy

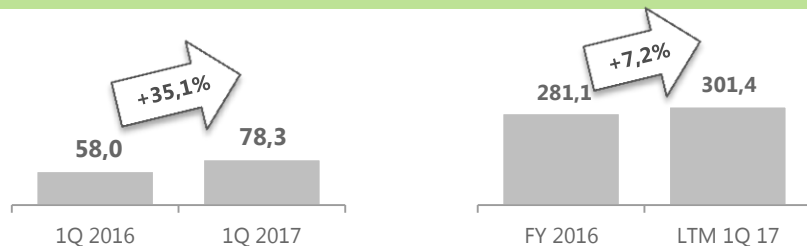
Attractive Organic Growth Expansion

Asier Zarraonandia

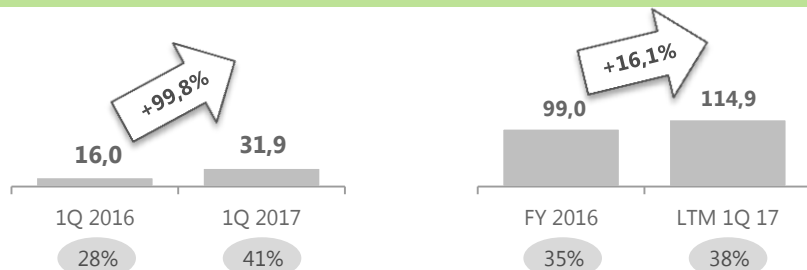
Managing Director of Steel Dust Recycling Services

YoY increase in revenues and earnings driven by higher volumes as well as higher prices and operational excellence on track ...

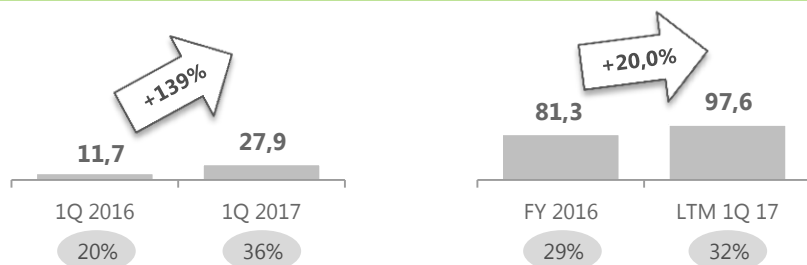
Steel Dust Services – Revenues



Steel Dust Services – Adj. EBITDA



Steel Dust Services – Adj. EBIT



Revenues Highlights

- YoY 1Q '17 vs. '16 revenues **increased** by €20 million or **+35%** mainly driven by:
 - the **increase of EAF dust throughput** by **+13,3%** and **WOX tons sold** by **+12,0%**, partially offset by lower volumes of stainless steel dust treated (-45%)
 - increase** in the **zinc blended price** from ~€1.520/t in 1Q'16 to ~€2.171/t in 1Q'17 and favorable treatment charges YoY.
- LTM revenue growth to €301** million driven by higher volumes and prices.

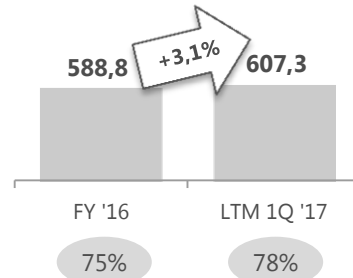
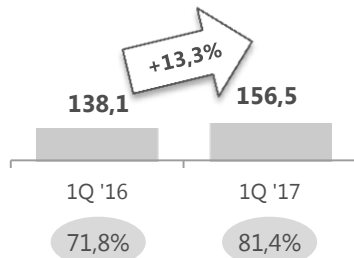
Adj. EBITDA & EBIT Highlights

- The **earnings increase YoY** during 1Q is mainly driven by the combined **favorable impact** of **higher volume**, the **zinc price** increase as well as **operational excellence** gains.
- LTM earnings growth to €115** million Adj. **EBITDA** and **€98** million of Adj. **EBIT** driven by **higher volumes, prices and operational excellence**.

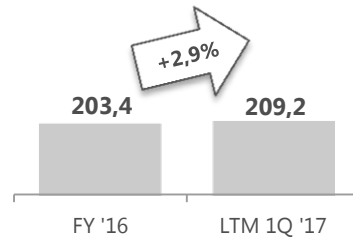
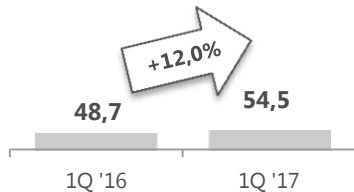
**Strong crude steel and WOX volumes; Growth initiatives on track ...
Growing +13% / +12% YoY respectively**

Volumes & Capacity Utilization (K tons)

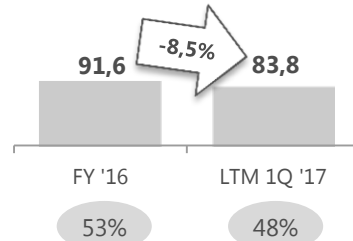
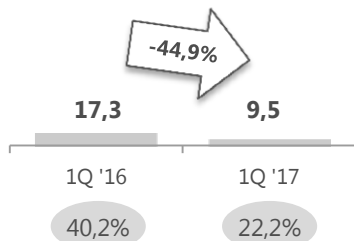
▪ EAF Dust Throughput



▪ WOX Sales



▪ Stainless Steel Throughput:



Highlights

- **Solid 1Q EAF dust throughput up +13% YoY global**
 - **Strong throughput increase in Turkey and Korea** mainly due to **successfully expanding steel dust collection services to neighboring countries** primarily in South East Asia (e.g. Thailand, Taiwan).
- **LTM 1Q'17 EAF dust throughput** grew to **new record level of 607 thousand tons ... increasing capacity utilization** of 2nd kiln at **Korea** as well as **Turkey ... growth initiatives on track**. 81,4% utilization in 1Q 2017 with further upside.
- **1Q WOX sales up +12% YoY global**
 - Driven by strong volume growth in Turkey and Korea.
- 1Q Stainless steel throughput down YoY due to ScanDust shutdown; Operations at successfully restarted in May.

Blended zinc prices incl. hedging up to €2171 in Q1 ... ~Same level as 4Q'16

Zinc Prices

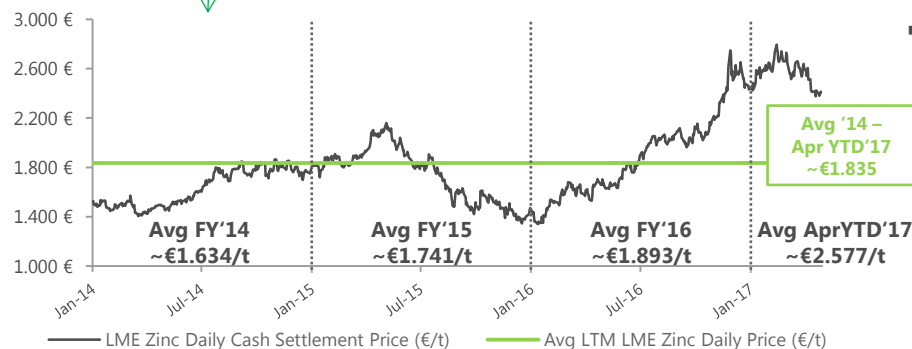
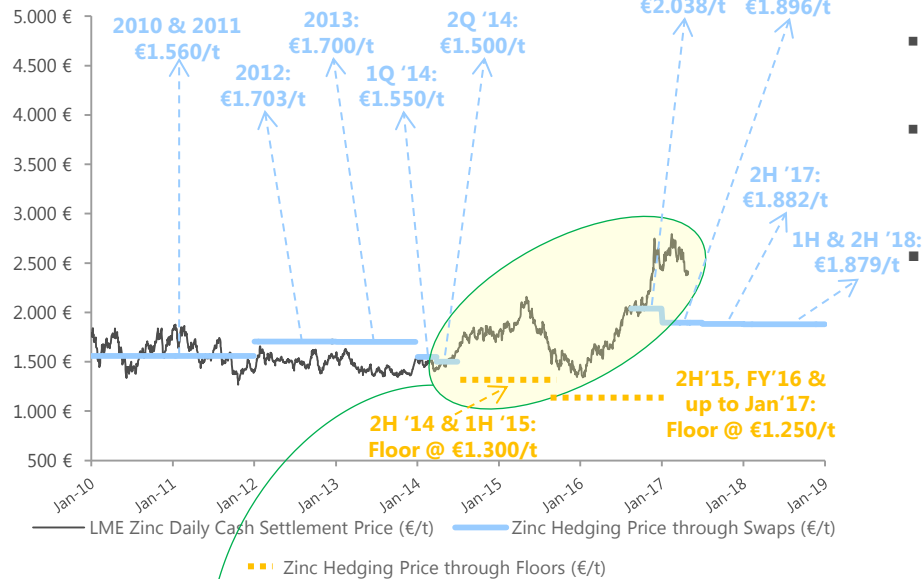
- During 1Q '17 LME zinc prices traded on avg \$1.101/t above 1Q '16 (\$2.780/t vs \$1.679/t), and approx. \$263/t above 4Q '16 avg level.
- LME zinc prices ended the 1Q '17 at \$2.783/€2.604 ... approx. \$266/€268 above the average level seen in 4Q '16.
- Higher LME Zinc average price compared to 4Q '16 additionally favored by favorable €/ \$ FX rate. US Dollar slightly appreciated against Euro (1,06 in 1Q '17 vs 1,08 in 4Q '16, on average).
- Effective **avg. zinc prices incl. hedging** for Befesa were up to **€2171** vs. 1520 YoY and approx. **flat vs. 4Q'16**.

	1Q 2016	1Q 2017	% Var.	4Q 2016	1Q 2017	% Var.
Befesa blended (*) zinc price (€/t)	1.520	2.171	+43%	2.162	2.171	+0,4%
LME avg price (€/t)	1.520	2.612	+72%	2.338	2.612	+12%

Hedging

- Hedged through swaps until and including Dec '18 ... ~60% of volume hedged for '17 & '18.**

Period	Swaps avg. price €/t	Zinc content tons hedged
1H 2017	€1.896	36.600 tons
2H 2017	€1.882	36.600 tons
1H 2018	€1.879	36.600 tons
2H 2018	€1.879	36.600 tons

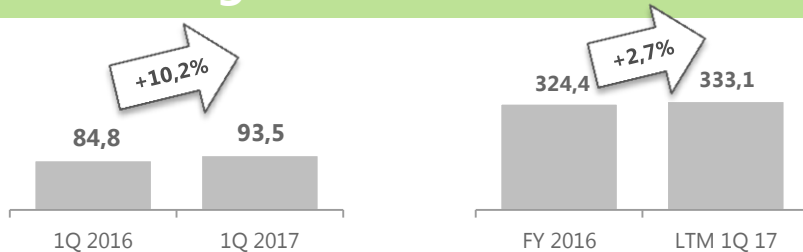


Javier Molina

Chief Executive Officer

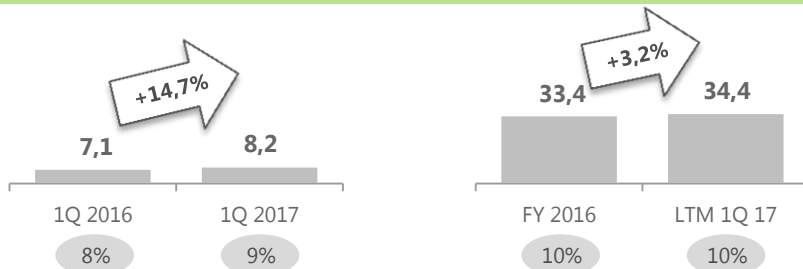
Growth in revenues driven by strong volumes and recovery in alu alloy prices ... Alu metal margin still room to improve further

Alu. Salt Slags Services Revenues(*)

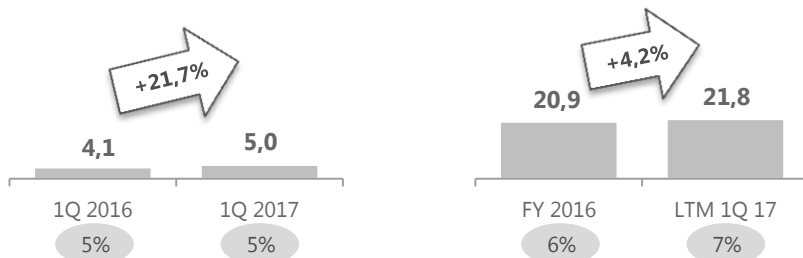


(*) Includes adjustments due to intragroup revenues.

Alu. Salt Slags Services Adj. EBITDA



Alu. Salt Slags Services Adj. EBIT



Revenues Highlights

- **1Q '17 revenues grew 10% YoY** mainly due to:
 - **strong volumes** (up +7% vs 1Q '16) in both salt slags and secondary aluminium; **Bernburg fully loaded.**
 - a **recovery in LME Alu Alloy average prices** (+8% or approx. +€120/t increase ... from avg €1.420 1Q'16 to avg €1.539 in 1Q'17).
- **LTM 1Q17 revenue growth to €333 million on track.**

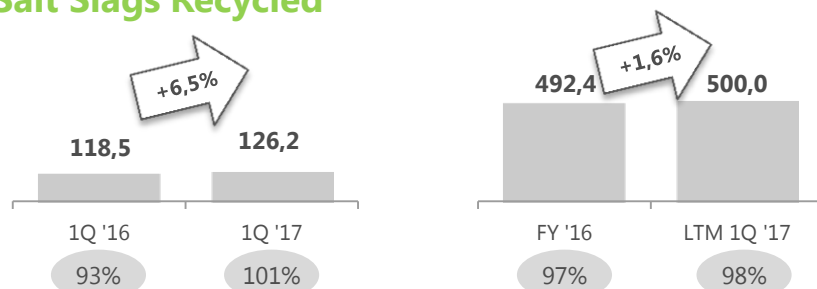
EBITDA & EBIT Highlights

- **EBITDA & EBIT increases by +15% / + 22% YoY**, respectively, thanks to **higher volume, alu metal margins** and efficiencies vs 1Q'16.
- **LTM earnings growth to €34 million Adj. EBITDA** and **€22 million of Adj. EBIT** is **driven by Bernburg utilization.**

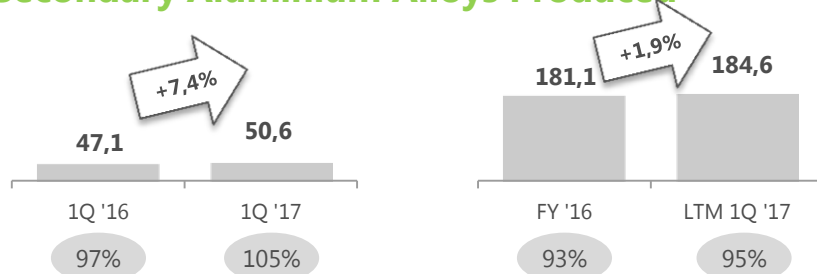
Strong volume in both Salt Slags & 2nd Alu; Growth initiatives on track ... Bernburg fully loaded ... alu metal margin still room to recover

Volumes & Capacity Utilization (K tons)

■ Salt Slags Recycled



■ Secondary Aluminium Alloys Produced



■ Average LME Aluminium Alloy Prices (€/ton)

1Q 2016	1Q 2017	% Var.	4Q 2016	1Q 2017	% Var.
1.420	1.539	+8,4%	1.444	1.539	6,6%

Highlights

- **1Q with solid volume growth**
 - **Salt slag** and SPL volumes up **+6,5% YoY** (100% utilization).
 - **2nd alu** volumes up **+7% YoY** (100% utilization).
- **Bernburg running at full speed** ... 1Q average annualized at >96% utilization of nominal capacity of 75.000 tons p.a.
- **LME Aluminium Alloy average prices recovering during 2017** ... **1Q up YoY** from ~€1.420 (avg 1Q '16) to ~€1.539 (avg 1Q '17) ... **~€119/t above** on average or **8,4% increase YoY**
- **LTM 1Q'17 Salt Slags and 2nd Alu grew to new record levels** of 500 thousand / 185 thousand tons respectively ... **growth initiatives on track.**

Wolf Lehmann

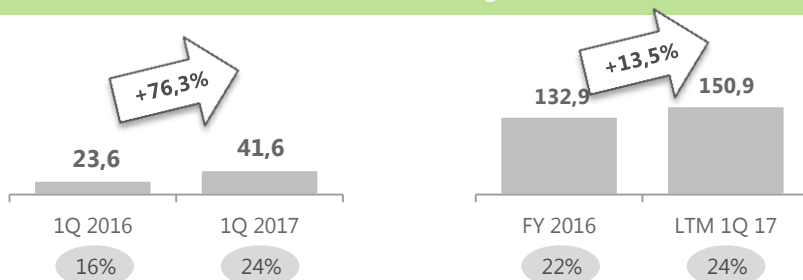
Chief Financial Officer

Strong growth in Sales & Earnings YoY ... LTM run rate growth on track

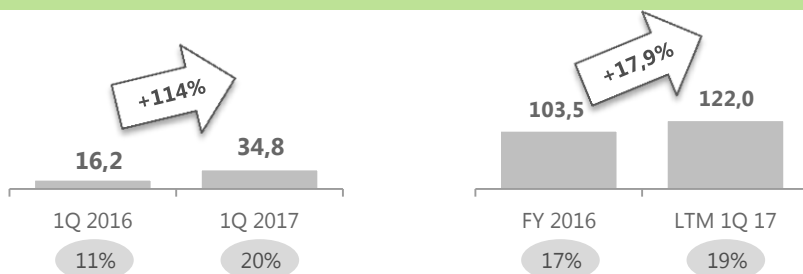
Befesa Consolidated Revenues



Befesa Consolidated Adj. EBITDA



Befesa Consolidated Adj. EBIT



Highlights

- 1Q '17 consolidated revenues at €173 million, +19% or €28 million YoY growth ...** mainly driven by **+12% higher steel dust WOX tons**, **+7% higher salt slags tons recycled and secondary aluminium alloys produced**, as well as **higher LME zinc prices and LME Aluminium Alloy avg prices vs 1Q'16**.
- 1Q '17 consolidated Adj. EBITDA of €42 million and 24% of revenue ...** Adj. **EBIT of €35 million and 20% of revenue ...** growth initiatives delivering.
- Growing LTM 1Q'17 Adj. EBITDA of €151m / 24% of revenue, and Adj EBIT of €122m / 19% of revenue.**
- Implementation of cost reduction and operational excellence initiatives on track.**

**1Q Total Revenue up +19%/+€28 YoY; Growth Initiatives Delivering ...
Total EBITDA up +55%/+€13 YoY ... Total EBIT up +90%/+€13 YoY**

Consolidated P&L ('000 euros)

BEFESA Profit & Loss Statement ('000 euros)	Reported			Reported		
	1Q 2016	1Q 2017	Change	4Q 2016	1Q 2017	Change
Revenue	144.758	172.790	28.032	161.916	172.790	10.874
EBITDA	22.928	35.463	12.535	40.604	35.463	(5.141)
Depreciation, amortisation and impairment provisions	(8.242)	(7.540)	702	(19.652)	(7.540)	12.112
EBIT	14.686	27.923	13.237	20.952	27.923	6.971
Financial result	(9.995)	(10.564)	(569)	(16.553)	(10.564)	5.989
Earnings Before Taxes	4.691	17.359	12.668	4.399	17.359	12.960
Income tax expense	(1.995)	(5.600)	(3.605)	(3.297)	(5.600)	(2.303)
Result from continuing operations	2.696	11.759	9.063	1.102	11.759	10.657
Result from discontinuing operations	(1.442)	2.549	3.991	(101.014)	2.549	103.563
Net income	1.254	14.308	13.054	(99.912)	14.308	114.220

Comments

- 1Q '17 **revenue** reached €173, increasing +19%/+€28 YoY as well as up +7%/+€11 QoQ. Growth initiatives delivering.
- 1Q '17 reported **EBITDA** at €35 increased +€13 YoY or +55%. As seasonally expected QoQ was €5 below mainly due to slightly lower volumes in WOX sales & salt slags volumes recycled together with lower alu metal margin vs 4Q '16 and other extraordinary one-off costs in 1Q '17.
- 1Q '17 reported **EBIT** at €28 increased +€13 YoY or +90%, as well as up +33% or €7 QoQ mainly due to one-off & non cash €10 impairments in 4Q '16 in Valera and Salt Slags (Whitchurch).
- The **improved financial result** QoQ is mainly driven by the reduction of the leverage (and its costs) and some extraordinary write-offs made at the end of 2016.
- The **discontinued operations** result is due to the **divestiture of the IES Businesses** in 4Q'16 (IES Spain, Plastics) and subsequent Mar '17 (Solarca, IES Latam) and related book value write downs.

Strong Cash Generation ... Cash Up €38 YoY from €55 to €93 after (€7) Taxes, (€3) Maintenance & Productivity CapEx ...

Consolidated Cash Flow ('000 euros)

BEFESA Cash Flow Statement ('000)	Reported			Reported		
	1Q 2016	1Q 2017	Change	4Q 2016	1Q 2017	Change
Cash flows from operating	17.951	36.687	18.736	47.699	36.687	(11.012)
Taxes paid	(2.400)	(6.873)	(4.473)	(3.807)	(6.873)	(3.066)
Interest paid	(2.937)	(1.247)	1.690	(24.325)	(1.247)	23.078
Net cash flows from operating activities (I)	12.614	28.567	15.953	19.567	28.567	9.000
Net cash flows from investing activities (II)	(5.239)	46.824	52.063	(8.020)	46.824	54.844
Net cash flows from financing activities (III)	(8.818)	(43.719)	(34.901)	(10.397)	(43.719)	(33.322)
Net increase in cash and cash equivalents (I+II+III+IV)	(1.735)	31.672	33.407	852	31.672	30.820
Cash and cash equivalents at beginning of period	57.253	62.003	4.750	61.151	62.003	852
Cash and cash equivalents at end of period	55.518	93.675	38.157	62.003	93.675	31.672

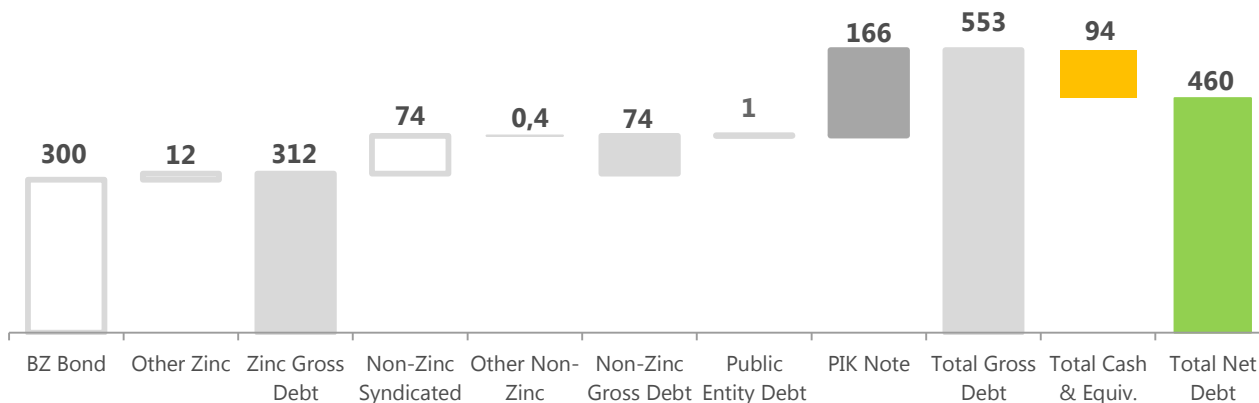
Comments

- 1Q 2017 net cash flows from **operating activities** at **€29 million**; up **€16 million YoY** mainly due to the **better operational performance** and **less interest paid**, partially offset by higher taxes paid.
- 1Q 2017 net cash flows used in **investing activities** were **€47 million**, mainly driven by **proceeds from the divestiture of IES Businesses** (Solarca, IES LatAm) in March '17, partially offset by **maintenance capex** and capex invested for productivity projects.
- Net cash flows used for **financing activities** were **(€44) million** - mainly driven **debt repayment related to divestiture of IES** Businesses (Solarca, IES LatAm).
- As of March 31st 2017, **liquidity** amounted to a solid **€94 million** including only **cash on hand**.

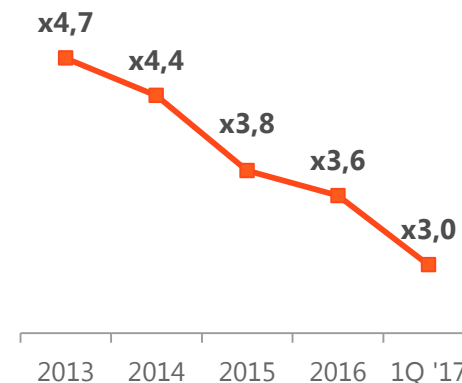
Leverage reduction to x3.0 on track after non-core divestitures ...



Total Net Debt (excl. Factoring/Confirming⁽¹⁾): March YTD 2017 (M€)



Leverage Evolution



Strong liquidity and compliant with all debt covenants

(1) Excludes Factoring and Confirming of 43,4 M€ as of March 31st 2017

(2) Assuming LTM as of March 31st 2017 Consolidated Adjusted EBITDA of 151 M€

(3) Assuming LTM as of March 31st 2017 Steel Dust Recycling Services Adjusted EBITDA of 115 M€

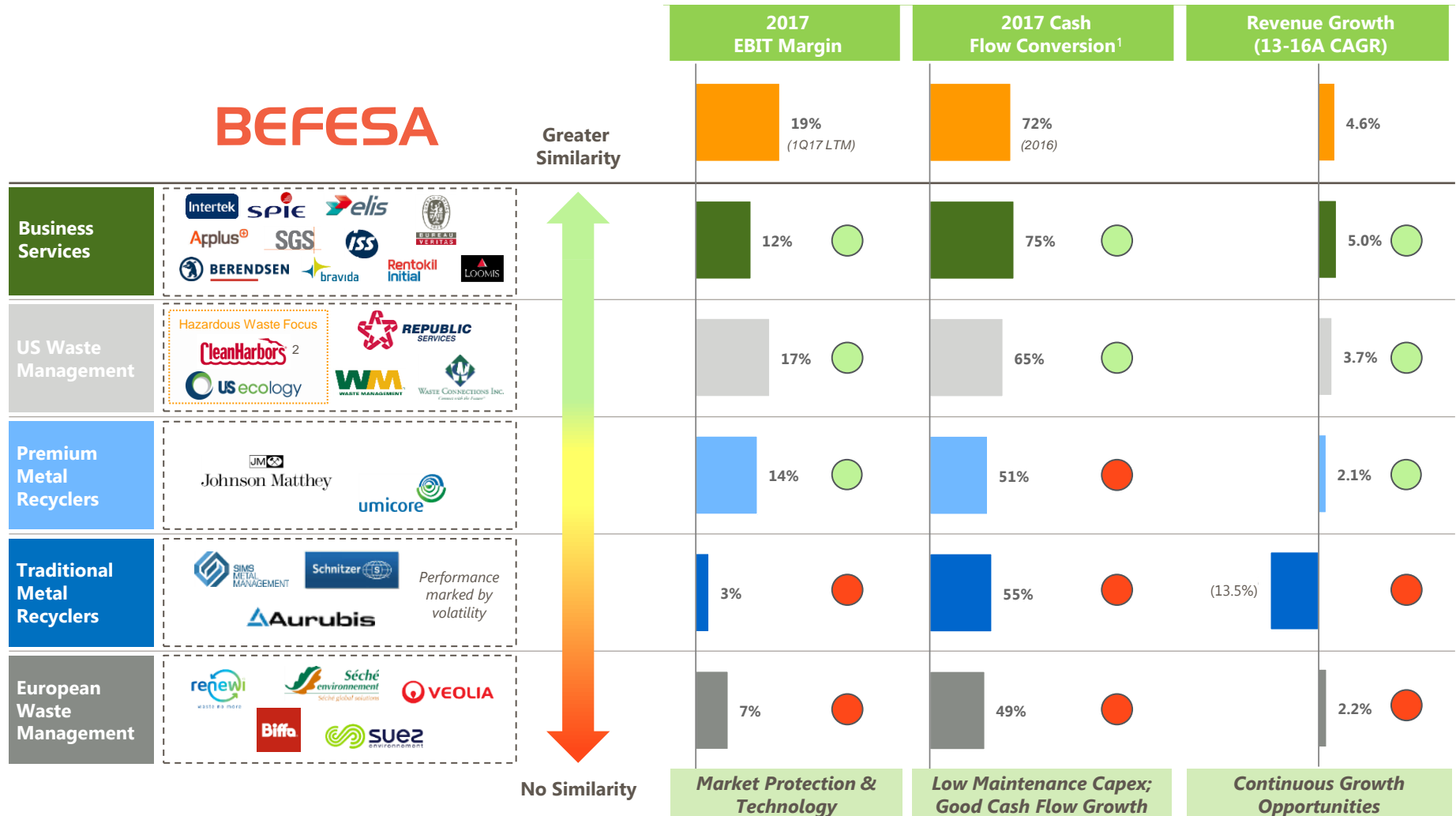
(4) Assuming LTM as of March 31st 2017 Aluminium Salt Slags Services Adjusted EBITDA of 36 M€ (incl. Corporate & Argentina)

(5) Befesa and its shareholders are continuously evaluating all kinds of capital market relevant actions and refinancing options including a recapitalization and / or an initial share listing.

Befesa shows the key characteristics of a premium services and waste management company

	BEFESA	Metal Recyclers	Standard Biz. Services	Premium Biz. Services / Waste Mgmt.
Stability of earnings	✓	✗	✓	✓
Delivering “mission critical” services	✓	✗	✗	✓
High barriers to entry	✓	✗	✗	✓
Market leadership positions	✓	✗	✗	✓
Technological know-how and R&D	✓	✗	✗	✓
Regulatory requirements	✓	✗	✗	✓
Structural leverage to megatrends-led growth	✓	✓	✓	✓
Environmental, HSE necessity	✓	✓	✗	✓
Attractive financial profile, strong margins and cash flows	✓	✗	✓	✓

Befesa's financial performance is closest to Business Services companies and US Waste players ...



¹ Defined as (EBITDA – Capex) / EBITDA. ² 2018E Margins used for Cleanharbors given ongoing restructuring.

Source: Factset, as of 26-May-2017. Figures represent median of peers for each of the segments. The financial data presented with respect to other companies has been compiled by Factset from the publicly available information of the respective companies. Befesa has not independently verified the financial information of such other companies and these companies may calculate similarly titled financial measures differently than Befesa does. Befesa's presentation of such financial measures may therefore not be comparable to other companies' similarly titled measures and analysts should use caution when making such comparisons.

Javier Molina

Chief Executive Officer

Main Priorities for 2017

Focus on profitable growth in core markets (Steel Dust & Alu Salt Slags)
... Continuing operational excellence

- **Maintain a leading** position in **steel dust & alu salt slag** services in **Europe**
- **Cash focus** by managing capex, WC and operating cash flows adequately
- Sustain & further improve our **EH&S** performance across our global operations
- Continue growth initiatives to further **increase and secure plant utilization** of our steel dust and salt slags plants incl. emerging markets
- Continue the **operational excellence culture** and rigor

Business & Market Overview

2017 expected to be another good year for Befesa based on current market trends ...

- **Strong volume** expected in **steel dust** driven by **positive steel industry** in **Europe** as well as higher volume in **emerging** markets of **Korea and Turkey**
- **Volume increase** expected in **aluminium** mainly driven by **higher production** in **Bernburg** -&- supported by **good expectations** in the **auto industry** in **Europe**
- **Good zinc price fundamentals** and **hedging policy** in place to **secure a good blended price**
- New businesses perimeter (i.e. IES divested) allows management to **focus on core businesses** and **execute strategy**

Introduction

Business
Highlights

Steel Dust
Recycling Services

Aluminium Salt
Slags Services

Financials

Business
Outlook

Q&A

Appendix


Q&A

Appendix

Financial Reporting by Segments adjusted to reflect new business perimeter after divestitures ...

Previous Financial Segmentation

- **Zinc Business**
 - Crude Steel
 - Stainless Steel

- **Non Zinc Business**
 - Aluminium
 - IES 

- **Total Befesa Consolidated**

New Financial Segmentation

- **Steel Dust Recycling Services(*)**

- **Aluminium Salt Slags Services**
 - Salt Slags
 - Secondary Aluminium

- **Total Befesa Consolidated(**)**

(*) Simplified to reflect both Crude Steel and Stainless Steel given limited financial contribution of the latter;

(**) Including Corp and Argentina in Befesa Consolidated.

		1Q 2016	1Q 2017	1Q 2017 vs 2016 Change	
				(tons)	(%)
Crude steel dust recycling					
Installed capacity ¹	tons	780.300	780.300	0	0,0%
Crude steel dust processed	tons	138.121	156.537	18.416	13,3%
Waelz oxide produced	tons	47.502	53.880	6.378	13,4%
Waelz oxide sold	tons	48.687	54.523	5.836	12,0%
Zinc content in sale	tons	32.594	36.294	3.700	11,4%
Annual average zinc LME price	EUR / ton	1.520	2.612	1.092	71,8%
Avg effective zinc blended price incl. Hedging	EUR / ton	1.520	2.171	650	42,8%
Utilization ²	%	71,0%	81,4%		
Stainless steel dust recycling					
Installed capacity	tons	174.000	174.000	0	0,0%
Stainless steel dust processed	tons	17.254	9.512	(7.742)	-44,9%
Sale of alloys	tons	3.126	215	(2.912)	-93,1%
Annual average nickel LME price	EUR / ton	7.714	9.653	1.940	25,1%
Utilization ²	%	39,8%	22,2%		

1 The installed crude steel dust recycling capacity consolidates 100% of the total annual recycling capacity of BZ Korea (since July 2016 we have a 100% stake in BZ Korea).

2 Utilization represents crude steel or stainless steel dust, as applicable, processed against annual installed recycling capacity.

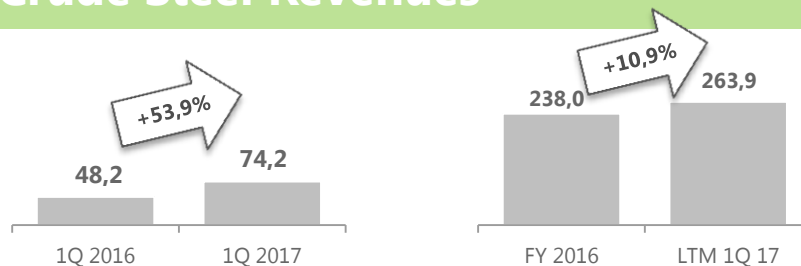
		1Q 2016	1Q 2017	1Q 2017 vs 2016 Change	
				(tons)	(%)
Salt slags and SPLs recycling					
Installed capacity ⁶	tons	609.000	609.000	0	0,0%
Salt slags recycled	tons	109.414	117.959	8.545	7,8%
SPLs recycled	tons	9.126	8.233	(893)	-9,8%
Aluminium concentrate produced	tons	8.953	9.538	585	6,5%
Aluminium salt produced	tons	35.997	45.054	9.057	25,2%
Utilization ⁷	%	93,4%	100,5%		
Secondary aluminium production					
Installed capacity ⁹	tons	195.000	195.000	0	0,0%
Scrap aluminium recycled ¹⁰	tons	68.798	71.572	2.774	4,0%
Secondary aluminium alloys produced ¹¹	tons	47.070	50.555	3.485	7,4%
Annual avg. aluminium alloy LME price	EUR / ton	1.420	1.537	117	8,3%
Annual avg. high-grade aluminium LME price	EUR / ton	1.376	1.738	363	26,4%
Utilization ⁷	%	96,8%	105,1%		

6 Includes the 100.000 tons of recycling installed capacity at our Töging (Germany) plant, which is currently idle.

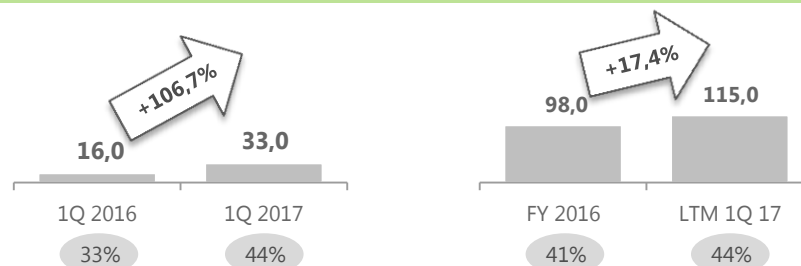
7 Utilization represents the volume of salt slag and SPLs received by our plants for recycling against annual installed recycling capacity (not including the 100.000 tons of capacity at our Töging (Germany) plant, which is currently idle), or secondary aluminium produced against annual installed production capacity.

Higher EBITDA and EBIT YoY in our crude steel segment mainly due to recovering zinc prices and higher WOX volumes sold

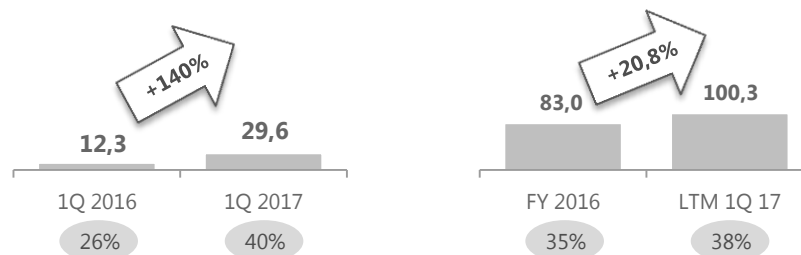
Crude Steel Revenues



Crude Steel Adj. EBITDA

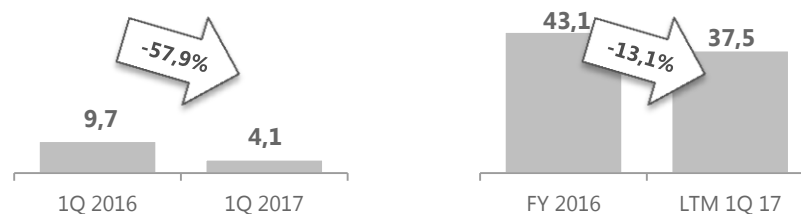


Crude Steel Adj. EBIT

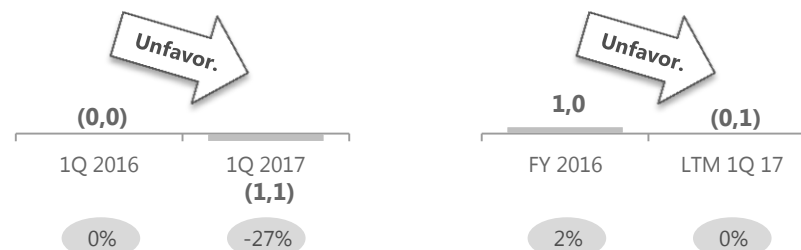


Lower stainless steel volumes paired with margin in the sale of alloys still depressed ... ScanDust shutdown resolved end of May

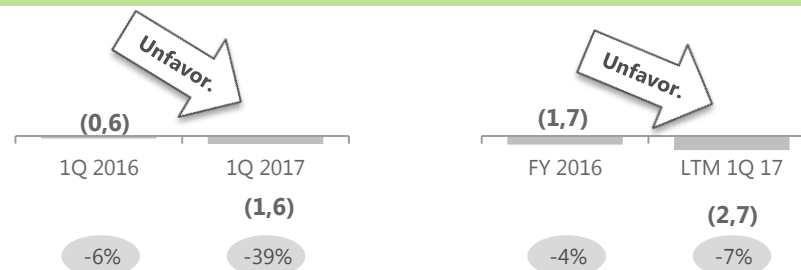
Stainless Revenues



Stainless Adj. EBITDA



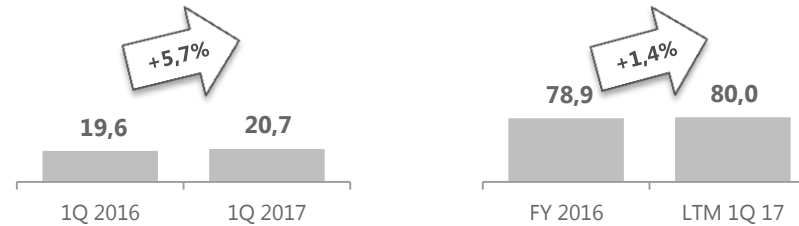
Stainless Adj. EBIT



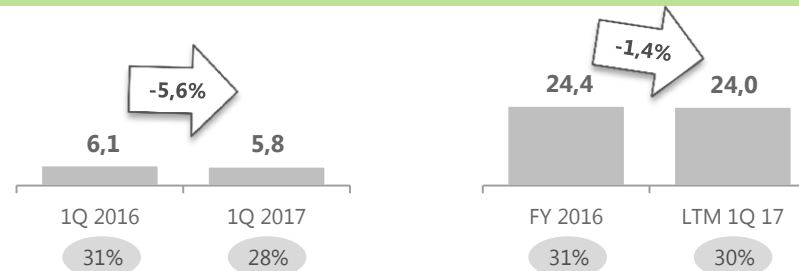
Good volumes of salt slags ...

Aluminium alloy LME prices recovering but still room to improve

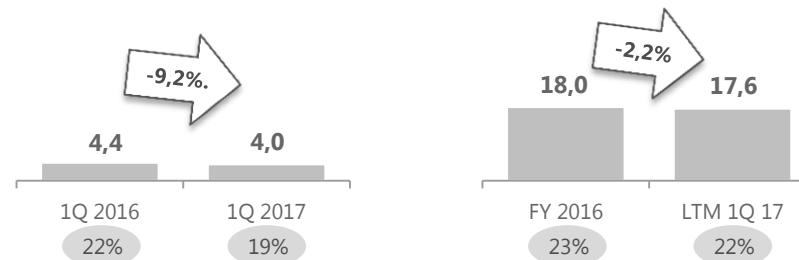
Salt Slags Revenues



Salt Slags Adj. EBITDA

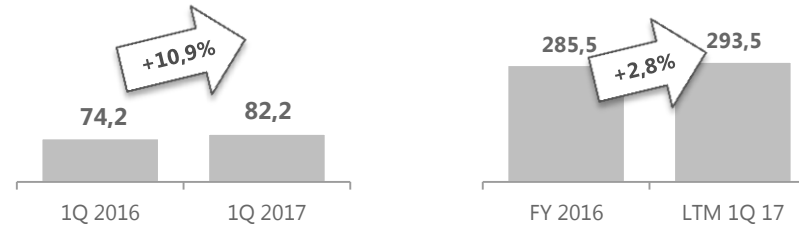


Salt Slags Adj. EBIT

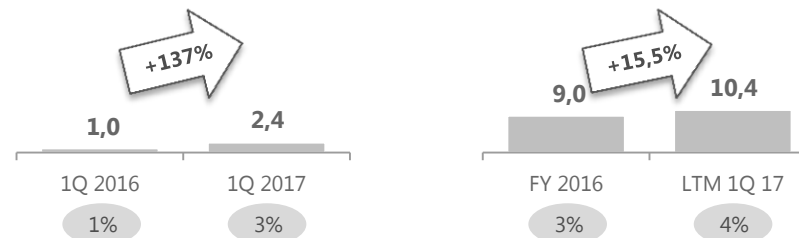


Record volumes of aluminium alloys produced and sold ...
But aluminium metal margin still room to improve further

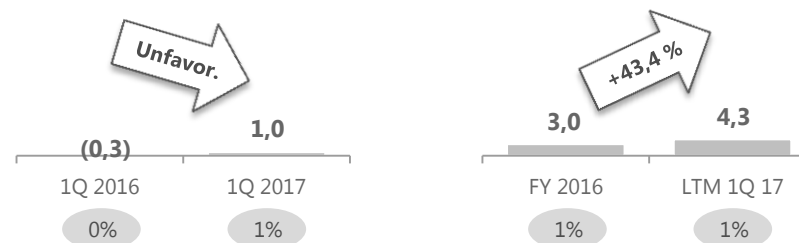
Sec. Aluminium Revenues



Sec. Aluminium Adj. EBITDA



Sec. Aluminium Adj. EBIT



Steel Dust Recycling Services												
Operational data (Kt)	2013			2014			2015			2016		
	Crude	Stainless	Total	Crude	Stainless	Total	Crude	Stainless	Total	Crude	Stainless	Total
Financial data (M€)												
Steel dust treated	548	106	654	606	89	695	580	94	674	589	92	680
WOX sold	191	--	191	209	--	209	200	--	200	203	--	203
Zinc content in sale	127	--	127	140	--	140	134	--	134	136	--	136
Revenue reported	198	55	253	215	47	262	210	44	254	238	43	281
EBITDA reported	78	(1)	76	90	3	93	75	5	80	97	(1)	97
EBIT reported	66	(26)	40	73	(0)	73	59	(7)	52	82	(9)	73
EBITDA adjusted	70	(1)	69	85	2	87	75	3	78	98	1	99
EBIT adjusted	59	(6)	53	72	(1)	71	61	0	61	83	(2)	81
Operating cash flow (*)	--	--	--	--	--	68	--	--	62	--	--	76
Maintenance capex (**)	--	--	7	--	--	5	--	--	6	--	--	5

1Q 2016						1Q 2017		
Crude	Stainless	Total	Crude	Stainless	Total			
138	17	155	157	10	166			
49	--	49	55	--	55			
33	--	33	36	--	36			
48	10	58	74	4	78			
16	(0)	16	33	(6)	27			
12	(1)	11	30	(7)	23			
16	(0)	16	33	(1)	32			
12	(1)	12	30	(2)	28			
--	--	3	--	--	21			
--	--	2	--	--	1			

Aluminium Salt Slags Services												
Operational data (Kt)	2013			2014			2015			2016		
	SS/SPL	2nd Alu	Total	SS/SPL	2nd Alu	Total	SS/SPL	2nd Alu	Total	SS/SPL	2nd Alu	Total
Financial data (M€)												
Salt Slag / SPL treated	437	--	437	432	--	432	465	--	465	492	--	492
2nd alu alloys produced	--	114	114	--	126	126	--	170	170	--	181	181
Revenue reported	68	231	263	69	246	283	84	321	360	79	285	324
EBITDA reported	18	5	23	21	9	30	29	14	42	24	8	32
EBIT reported	12	2	14	15	6	21	22	9	31	12	1	13
EBITDA adjusted	18	5	23	21	10	31	30	14	44	25	9	33
EBIT adjusted	12	2	14	15	7	22	23	9	32	18	3	21
Operating cash flow (*)	--	--	--	--	--	20	--	--	36	--	--	27
Maintenance capex (**)	--	--	7	--	--	2	--	--	6	--	--	5

1Q 2016			1Q 2017		
SS/SPL	2nd Alu	Total	SS/SPL	2nd Alu	Total
119	--	119	126	--	126
--	47	47	--	51	51
20	74	85	21	82	94
6	1	7	6	2	8
4	(1)	4	4	1	5
6	1	7	6	2	8
4	(0)	4	4	1	5
--	--	6	--	--	6
--	--	2	--	--	1

Befesa Consolidated (***)								
Operational data (Kt)	2013		2014		2015		2016	
		Total		Total		Total		Total
Financial data (M€)								
Revenue proforma		535		554		631		612
EBITDA proforma		84		125		128		129
EBIT proforma		38		88		83		84
EBITDA adjusted		95		123		123		133
EBIT adjusted		70		97		95		103
Operating cash flow (*)		--		88		101		110
Maintenance capex (**)		15		9		12		10

1Q 2016		1Q 2017	
	Total		Total
	145		173
	23		35
	15		28
	24		42
	16		35
	12		35
	4		3

(*) Operating cash flow calculated as Adjusted EBITDA +/- WC change - maintenance capex - taxes

(**) Maintenance capex figures as per B/S include only maintenance (not productivity, IT, or regulatory/compliance capex).

(***) Befesa Consolidated includes Argentina and Corporate. Befesa proforma financial metrics are normalized of IES discontinued businesses.

<i>(Figures in million euros)</i>	2013	2014	2015	2016	1Q 16	1Q 17	LTM 1Q17
EBITDA Proforma-Adjusted							
Revenues	535,2	554,5	631,2	611,7	144,8	172,8	639,7
EBITDA Proforma	84,0	124,9	128,0	128,8	22,9	35,5	141,3
Adjustments to EBITDA:							
Steel Dust Recycling Services	(7,2)	(5,5)	(1,8)	2,3	0,1	5,3	7,4
Aluminium Salt Slags Services	0,0	0,6	1,5	1,7	0,5	0,0	1,2
Corporate	18,0	2,8	(4,9)	(0,0)	0,1	0,9	0,8
Total Adjustments to EBITDA	10,8	(2,1)	(5,1)	3,9	0,7	6,1	9,4
EBITDA Proforma Adjusted	94,9	122,8	122,9	132,7	23,6	41,6	151
EBIT Proforma-Adjusted							
EBIT Proforma	38,3	87,6	83,1	84,3	14,7	27,9	97,5
Adjustments to EBIT							
Steel Dust Recycling Services	20,4	3,3	11,1	5,6	0,1	0,0	5,5
Aluminium Salt Slags Services	0,0	0,3	0,1	6,7	0,1	0,0	6,6
Corporate	0,6	8,3	5,9	2,9	0,7	0,7	2,9
Total Adjustments to EBIT	21,0	11,8	17,0	15,1	0,9	0,7	14,9
Total Adjustments to EBITDA	10,8	(2,1)	(5,1)	3,9	0,7	6,1	9,4
EBIT Proforma Adjusted	70,1	97,4	95,0	103,4	16,2	34,8	122

BEFESA Consolidated Steel Dust Recycling Services – Detailed P&L

BEFESA ZINC

<i>Profit & Loss Statement ('000 euros)</i>	1Q 2016	1Q 2017	Change	4Q 2016	1Q 2017	Change
Revenue	57.980	78.311	20.331	81.288	78.311	(2.977)
Cost of sales	(36.889)	(45.772)	(8.883)	(44.956)	(45.772)	(816)
Other operating income	459	285	(174)	942	285	(657)
Gross profit	21.550	32.824	11.274	37.274	32.824	(4.450)
Depreciation and amortization charge	(4.354)	(3.920)	434	(5.073)	(3.920)	1.153
General and administrative expenses	(5.750)	(6.212)	(462)	(7.938)	(6.212)	1.726
Impairment losses	-	-	-	(5.000)	-	5.000
Income from operations	11.446	22.692	11.246	19.263	22.692	3.429
Finance income	42	36	(6)	96	36	(60)
Finance costs	(7.520)	(7.135)	385	(7.477)	(7.135)	342
Exchange differences (gains and losses)	(487)	783	1.270	859	783	(76)
Financial loss	(7.965)	(6.316)	1.649	(6.522)	(6.316)	206
Profit before tax	3.481	16.376	12.895	12.741	16.376	3.635
Income tax	(1.920)	(6.113)	(4.193)	(11.438)	(6.113)	5.325
Profit for the year from continuing operations	1.561	10.263	8.702	1.303	10.263	8.960
Profit for the year	1.561	10.263	8.702	1.303	10.263	8.960
Attributable to:						
Shareholders of the parent	1.751	8.580	6.829	468	8.580	8.112
Minority interests	(190)	1.683	1.873	835	1.683	848
EBITDA	15.800	26.612	10.812	29.336	26.612	(2.724)

BEFESA ZINC

Balance Sheet ('000 Euros)

Assets	31.03.2017	31.12.2016	Equity and liabilities	31.03.2017	31.12.2016
Non-current assets:			Equity:		
Intangible assets:			Of the Parent:		
Goodwill	278.357	278.357	Share capital	25.010	25.010
Other intangible assets	2.366	2.684	Unrealized asset & liability revaluation reserve	(49.143)	(40.477)
	280.723	281.041	Other reserves	94.883	74.536
Property, plant and equipment:			Translation differences	5.140	2.089
Property, plant and equipment in use	121.295	120.696	Net profit for the year	8.580	21.220
Property, plant & equipment in course of construction	6.132	5.386		84.470	82.378
	127.427	126.082	Of minority interests	8.036	7.819
Investments accounted for using the equity method			Total equity	92.506	90.197
Non-current financial assets:			Non-current liabilities:		
Investments securities	1.721	1.721	Provisions for contingences and expenses	4.555	4.560
Other financial assets	821	523	Bank borrowings and finance leases	299.528	299.333
	2.542	2.244	Capital grants	1.536	1.619
Derivative financial instruments	0	0	Other non-current liabilities	96	115
Deferred tax assets	56.576	52.380	Derivative financial instruments	31.218	30.987
			Deferred tax liabilities	20.201	20.347
Total non-current assets	467.268	461.747	Total non-current liabilities	357.134	356.961
Current assets:			Current liabilities:		
Inventories	14.490	13.126	Bank borrowings and finance leases	15.583	7.819
Trade and other receivables	41.681	36.760	Trade payables, related companies	9.414	14.122
Trade receivables, related companies	2.659	2.441	Trade and other payables	31.146	30.935
Tax receivables	5.965	3.471	Derivative financial instruments	48.376	36.397
Other receivables	3.820	4.248	Other payables:		
Derivative financial instruments	0	0	Tax payables	16.717	8.874
Other current financial assets	0	0	Other current liabilities	10.638	9.360
Cash and cash equivalents	45.631	32.872		27.355	18.234
Total current assets	114.246	92.918	Total current liabilities	131.874	107.507
Total assets	581.514	554.665	Total equity and liabilities	581.514	554.665

1Q 2017 with positive cash flow driven by operating activities

- **Operating activities:** During 1Q 2017 net cash flows generated by operating activities amounted to **€16,3 million** (a €12m increase vs 1Q 2016), **driven by the EBITDA improvement and offset by an increase in taxes paid.**
- **Investing activities:** During 1Q 2017 net cash flows used in investing activities were **€1,7 million**, mainly driven by the annual **maintenance capex.**
- **Financing activities:** During 1Q 2017 net cash flows used in financing activities were **€1,8 million due to a distribution of dividends.**
- **Liquidity:** As of March 31st 2017, our liquidity amounted to **€45,6 million** including cash on hand and short-term financial investments.

BEFESA ZINC

<i>Cash Flow Statement ('000 euros)</i>	1Q 2016	1Q 2017	Change	4Q 2016	1Q 2017	Change
Cash generated from operations	7.716	23.698	15.982	31.884	23.698	(8.186)
Taxes paid	(3.132)	(7.012)	(3.880)	(3.055)	(7.012)	(3.957)
Interest paid	(700)	(455)	245	(14.159)	(455)	13.704
Interest received	42	36	(6)	96	36	(60)
Net cash flows from operating activities (I)	3.926	16.267	12.341	14.766	16.267	1.501
Net cash flows from investing activities (II)	(2.947)	(1.719)	1.228	(2.192)	(1.719)	473
Net cash flows from financing activities (III)	(14)	(1.789)	(1.775)	(10.957)	(1.789)	9.168
Effect in change of the perimeter (IV)	0	0	0	0	0	0
Net increase in cash and cash equivalents (I+II+III+IV)	965	12.759	11.794	1.617	12.759	11.142
Cash and cash equivalents BoP	24.348	32.872		31.255	32.872	
Cash and cash equivalents EoP	25.313	45.631		32.872	45.631	

BEFESA ZINC

Cash Flow Statement ('000 euros)

	1Q 2016	1Q 2017	Change	4Q 2016	1Q 2017	Change
Cash flows from operating activities						
Profit for the period before tax	3.481	16.376	12.895	12.741	16.376	3.635
Adjustments due to:						
Amortization / depreciation	4.354	3.920	(434)	5.073	3.920	(1.153)
Impairment test	0	0	0	5.000	0	(5.000)
(Profit) / loss on disposal of non-current assets	13	17	4	42	17	(25)
Change in provisions	(3)	(31)	(28)	200	(31)	(231)
Financial income	(42)	(36)	6	(96)	(36)	60
Financial expense	7.520	7.135	(385)	7.477	7.135	(342)
Income from government grants	(79)	(83)	(4)	(80)	(83)	(3)
Exchange differences	487	(783)	(1.270)	(859)	(783)	76
Change in working capital:						
Change in trade receivables and other receivables	(5.970)	(4.921)	1.049	(6.038)	(4.921)	1.117
Change in inventories	217	(2.413)	(2.630)	717	(2.413)	(3.130)
Change other current assets	(377)	(2.284)	(1.907)	(2.114)	(2.284)	(170)
Change in other current liabilities	(1.885)	6.801	8.686	9.821	6.801	(3.020)
Cash generated from operations	7.716	23.698	15.982	31.884	23.698	(8.186)
Taxes paid	(3.132)	(7.012)	(3.880)	(3.055)	(7.012)	(3.957)
Interest paid	(700)	(455)	245	(14.159)	(455)	13.704
Interest received	42	36	(6)	96	36	(60)
Net cash flows from operating activities (I)	3.926	16.267	12.341	14.766	16.267	1.501
Cash flows from investing activities						
Purchase of intangible assets	0	(1)	(1)	(15)	(1)	14
Purchase of property, plant and equipment	(3.167)	(1.910)	1.257	(2.396)	(1.910)	486
Proceeds from disposal of assets	75	490	415	170	490	320
Acquisition / (disposal) of new subsidiaries	0	0	0	0	0	0
Other non-current financial assets	145	(298)	(443)	(31)	(298)	(267)
Capital grants received	0	0	0	80	0	(80)
Net cash flows from investing activities (II)	(2.947)	(1.719)	1.228	(2.192)	(1.719)	473
Cash flows from financing activities						
Repayment of borrowings and other long-term debt	(63)	(69)	(6)	10	(69)	(79)
Transactions with non controlling interest	0	0	0	0	0	0
Long-term borrowings	49	0	(49)	0	0	0
Distribution of dividends / capital reduction	0	(1.720)	(1.720)	(10.967)	(1.720)	9.247
Net cash flows from financing activities (III)	(14)	(1.789)	(1.775)	(10.957)	(1.789)	9.168
Effect of change in the perimeter on cash and cash equivalents (IV)	0	0	0	0	0	0
Net increase in cash and cash equivalents (I+II+III+IV)	965	12.759	11.794	1.617	12.759	11.142
Cash and cash equivalents at beginning of the period	24.348	32.872	8.524	31.255	32.872	1.617
Cash and cash equivalents at end of the period	25.313	45.631	20.318	32.872	45.631	12.759

BEFESA

Profit & Loss Statement ('000 euros)	1Q 2016	1Q 2017	Change	4Q 2016	1Q 2017	Change
From continuing operations:						
Revenue	144.758	172.790	28.032	161.916	172.790	10.874
+/- Changes in inventories of finished goods & work in progress	(2.215)	741	2.956	(1.269)	741	2.010
Cost of sales	(73.924)	(87.902)	(13.978)	(74.744)	(87.902)	(13.158)
Other income	1.360	1.779	419	4.537	1.779	(2.758)
Employee benefits expense	(18.033)	(18.574)	(541)	(17.728)	(18.574)	(846)
Other expenses	(29.018)	(33.371)	(4.353)	(32.108)	(33.371)	(1.263)
Depreciation, amortisation and impairment provisions	(8.242)	(7.540)	702	(19.652)	(7.540)	12.112
EBIT	14.686	27.923	13.237	20.952	27.923	6.971
Finance income	1.781	1.036	(745)	468	1.036	568
Finance costs	(11.268)	(12.289)	(1.021)	(18.317)	(12.289)	6.028
Exchange differences	(508)	689	1.197	1.296	689	(607)
Financial result	(9.995)	(10.564)	(569)	(16.553)	(10.564)	5.989
Share of profit of companies carried using the equity method	-	-	-	-	-	-
EBT	4.691	17.359	12.668	4.399	17.359	12.960
Income tax expense	(1.995)	(5.600)	(3.605)	(3.297)	(5.600)	(2.303)
Result from continuing operations	2.696	11.759	9.063	1.102	11.759	10.657
From discontinuing operations:						
Profit for the year from discontinued operations	(1.442)	2.549	3.991	(101.014)	2.549	103.563
Net income	1.254	14.308	13.054	(99.912)	14.308	114.220
Attributable to:						
Owners of the parent	1.312	11.818	10.506	(94.897)	11.818	106.715
Non-controlling interests	(58)	2.490	2.548	(5.015)	2.490	7.505

BEFESA

Balance Sheet ('000 euros)

Assets	31.03.17	31.12.16	Equity and liabilities	31.03.17	31.12.16
Non-current assets			Equity:		
Intangible assets			Attributable to owners of the parent -		
Goodwill	319.143	319.143	Share capital	13	13
Other intangible assets	9.140	10.153	Reserve for valuation adjustments deferred in equity	(43.156)	(34.748)
	328.283	329.296	Share premium	450.092	450.092
Property, plant and equipment -			Other reserves	(340.255)	(255.362)
Property, plant and equipment in use	239.014	240.183	Translation differences	(1.062)	(4.320)
Property, plant and equipment in progress	14.009	12.352	Net profit for the period	11.818	(84.160)
	253.023	252.535		77.450	71.515
Investments carried under the equity method	-	-	Non-controlling interests	17.113	17.205
Non-current assets -			Total equity	94.563	88.720
Securities portfolio	1.311	1.309	Non-current liabilities:		
Other financial assets	20.784	20.523	Provisions	4.852	5.245
	22.095	21.832	Finance debt	515.228	552.411
Deferred income tax assets	96.898	93.626	Finance lease payables	145	166
Total non-current assets	700.299	697.289	Deferred income tax liabilities	35.878	36.154
			Other non-current liabilities	45.270	53.040
			Total non-current liabilities	601.373	647.016
Current assets:			Liabilities related to assets held for sale	-	7.209
Assets held for sale	-	65.797	Finance debt	35.304	29.137
Inventories	31.312	30.410	Finance lease payables	150	170
Trade and other receivables	74.407	62.113	Trade payables, related parties	1.735	1.598
Trade receivables, related parties	2.724	2.246	Trade and other accounts payable	112.113	98.052
Tax receivables	15.265	10.358	Provisions	1.908	2.971
Other receivables	10.409	10.441	Other payables -		
Other current financial assets	1.800	1.758	Taxes payable	21.158	14.720
Cash and cash equivalents	93.675	59.048	Other current liabilities	61.587	49.867
	229.592	242.171		82.745	64.587
Total current assets			Total current liabilities	233.955	203.724
Total Assets	929.891	939.460	Total equity and liabilities	929.891	939.460

BEFESA						
Cash Flow Statement ('000)	1Q 2016	1Q 2017	Change	4Q 2016	1Q 2017	Change
Cash flows from operating activities:						
Profit (loss) for the period before tax	3.311	21.271	17.960	(94.709)	21.271	115.980
From continuing operations:	4.691	17.359	12.668	4.399	17.359	12.960
From discontinuing operations:	(1.380)	3.912	5.292	(99.108)	3.912	103.020
Adjustments due to:						
Depreciation and amortisation charge	10.425	7.540	(2.885)	9.723	7.540	(2.183)
Impairment losses	-	-	-	55.386	-	(55.386)
(Profit)/loss from assets disposals	-	-	-	54.986	-	(54.986)
Share of profit (loss) of associates	(42)	-	42	-	-	-
Changes in long-term provisions	-	-	-	2.896	-	(2.896)
Interest income	(600)	(6.680)	(6.080)	378	(6.680)	(7.058)
Finance costs	12.269	13.332	1.063	16.792	13.332	(3.460)
Other income/expenses	(399)	(304)	95	259	(304)	(563)
Changes in working capital:						
Trade receivables and other current assets	(8.112)	(13.879)	(5.767)	(12.143)	(13.879)	(1.736)
Inventories	5.020	(902)	(5.922)	413	(902)	(1.315)
Trade payables	(3.921)	17.372	21.293	13.801	17.372	3.571
Other cash flows from operating activities:						
Interest paid	(2.937)	(1.247)	1.690	(24.325)	(1.247)	23.078
Taxes paid	(2.400)	(6.873)	(4.473)	(3.807)	(6.873)	(3.066)
Other payments	-	(1.063)	(1.063)	(83)	(1.063)	(980)
Net cash flows from operating activities (I)	12.614	28.567	15.953	19.567	28.567	9.000
Cash flows from investing activities:						
Investments in intangible assets	(98)	-	98	(1.599)	-	1.599
Investments in property, plant and equipment	(5.853)	(3.492)	2.361	(7.694)	(3.492)	4.202
Proceeds from disposal of assets	-	52.445	52.445	170	52.445	52.275
Proceeds from disposal of subsidiaries, net of cash	-	-	-	752	-	(752)
Investments in subsidiaries and other non-current financial	-	(1.868)	(1.868)	(210)	(1.868)	(1.658)
Investments in other current financial assets	-	(261)	(261)	-	(261)	(261)
Disbursement due to other current financial assets	712	-	(712)	615	-	(615)
Dividends collected	-	-	-	(54)	-	54
Net cash flows from investing activities (II)	(5.239)	46.824	52.063	(8.020)	46.824	54.844
Cash flows from financing activities:						
Bank borrowings and other non-current borrowings	13.669	-	(13.669)	(9.278)	-	9.278
Repayment of bank borrowings and other long term debt	(22.487)	(42.000)	(19.513)	(1.119)	(42.000)	(40.881)
Dividends paid	-	(1.719)	(1.719)	-	(1.719)	(1.719)
Net cash flows from financing activities (III)	(8.818)	(43.719)	(34.901)	(10.397)	(43.719)	(33.322)
Effect of foreign exchange rate changes on cash and cash	(292)	-	292	(298)	-	298
Net increase in cash and cash equivalents (I+II+III+IV)	(1.735)	31.672	33.407	852	31.672	30.820
Cash and cash equivalents at beginning of year	57.253	62.003	4.750	61.151	62.003	852
Cash and cash equivalents at end of year	55.518	93.675	38.157	62.003	93.675	31.672