

# BEFESA

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# BEFESA

## First Quarter 2014 Earnings Presentation

20<sup>th</sup> May 2014

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

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Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or targeted.

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

## Rafael Pérez

Head of Strategy & Investor Relations

|              |                            |                           |                 |                               |                         |                  |     |          |
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## Javier Molina

Chief Executive Officer

**Good start of the year in all Befesa segments with total consolidated 1Q revenues of €157 million**

**Strong consolidated 1Q EBITDA of €29 million and EBITDA margins in line with previous years at 18%**

**Difficult global economic context with challenging steel and aluminum market conditions and low commodity prices**

**Solid and stable financing position at 3 levels (Zinc, Non-Zinc, Corporate) with total leverage at x4,9<sup>(1)</sup>**

**Strategic growth projects moving forward in Germany, Korea, Turkey and the Gulf**

**Cost savings plan implemented across the entire organization and delivering positive results in Q1 in line with expectations**

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## Asier Zarraonandia

Managing Director of Zinc Business

We continue to deliver high margins in a challenging zinc commodity price environment. Total sales of €60m and EBITDA of €19m

### Operational Performance

#### ▪ Throughput

- 157.574 tons of crude steel dust treated in 1Q 2014 (+**24%** vs 1Q 2013 and +**3%** vs 4Q 2013)

#### ▪ Load Factor

- **95,3%** achieved in 1Q 2014 (compared to 92,2% in 1Q 2013 and 90,7% in 4Q 2013)

#### ▪ WOX Sales

- 51.421 tons of WOX sold in 1Q 2014 (+**25%** vs 1Q 2013 and -**6%** vs 4Q 2013)

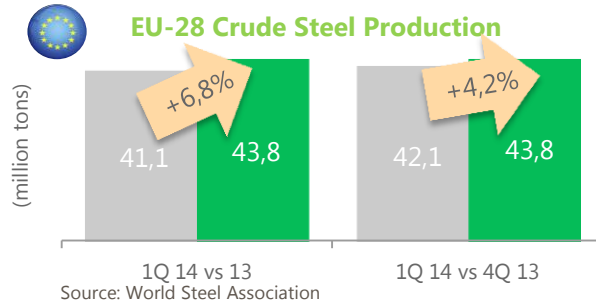
#### Highlights

- **Steel dust deliveries in line with expectations**
- Good throughput levels mainly driven by **strong performance of our Western European plants**. Weaker performance from our Turkish plant
- **24% increase in crude steel throughput mainly explained by Korea plant operating at full speed (not included in 1Q 2013)**
- **No extraordinary stoppages** apart from annual standstills

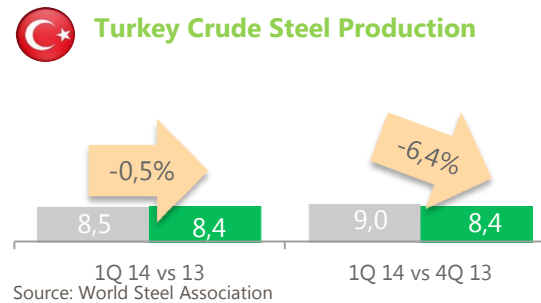


The European steel market has started to show positive signs after several consecutive challenging periods

### Crude Steel Production

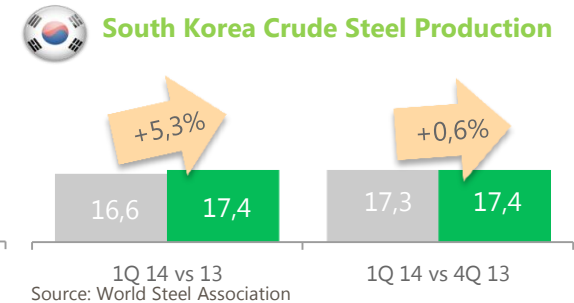


European crude steel output **significantly climbed both on a y-o-y and q-o-q basis** mainly driven by **seasonal restocking** post the December lull **and some tick-up in underlying demand trends** (most notably in the **automotive** segment).



In 1Q 2014 Turkey's crude steel output recorded a slight decrease of 0,5% y-o-y against the **backdrop of problems in the Turkish economy**, the depreciation of the Turkish lira and the **uncertain atmosphere** in the country during the first quarter.

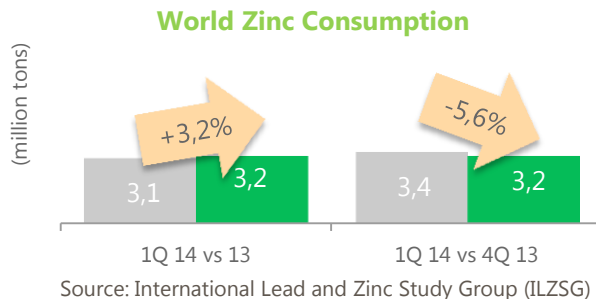
In 1Q 2014 Turkey's **crude steel production by electric arc furnaces slightly declined by 0,7% to 5,9 million metric tons.**



In 1Q 2014 South Korea **lifted** its crude steel output **by 5% mainly driven to higher exports.**

In 1Q 2014 South Korea's **crude steel production by electric arc furnaces slightly increased by 0,2% to 6,0 million metric tons.**

### World Zinc Consumption

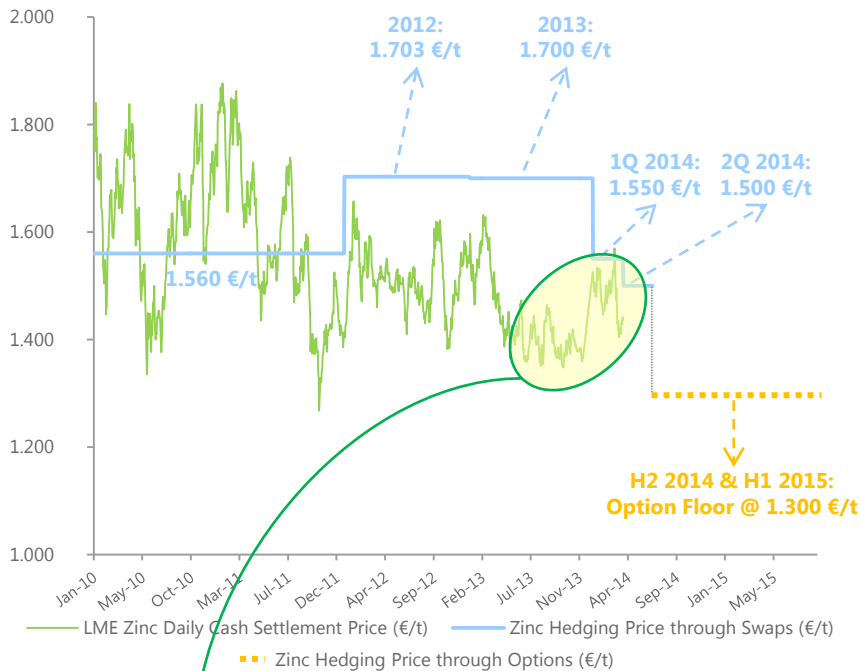


In the **Western world** in February, **demand exceeded supply by 12,5%**, and **net imports of zinc into China are steadily growing at 40% per annum.**

Zinc demand **keep the uptrend** shown in previous periods thanks to the **global economic recovery, upturn in the construction, infrastructure and automotive industries** (especially in developing countries; more gradual in Europe), as well as the **high demand from the Asian market (i.e. China)** which are increasing their galvanized usage.



Zinc prices during the first quarter of 2014 kept the peak level reached along the end of 2013, although still 4% behind 1Q 2013



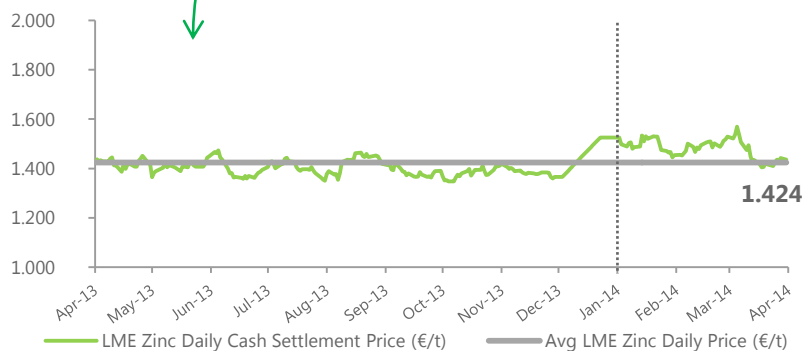
### Zinc Prices

- During the **first quarter of 2014** zinc prices **fluctuated on average above 2013**
- **More attractive zinc fundamentals** driven by stronger **uptrend for galvanized product demand from China**, starting **rebound of European construction demand** and more **stimulated global domestic consumption**

Average LME zinc price  
1Q 2013 1.539 €/t

-3,7%

Average LME zinc price  
1Q 2014 1.482 €/t



### Hedging Strategy

- Continue hedging strategy to mitigate zinc price fluctuations through swaps (and now also opened to options), providing **cash flow visibility for the next 14 months**
- Hedging **closed for 2H 2014 and 1H 2015 through options with floor @ 1.300 €/t**
- Actively **looking for pricing to hedge 2H 2015**

## Stainless steel business negatively affected by weak market dynamics in Europe and low nickel prices recovering at a slow path

### Operational Performance

- **Throughput:** 16.628 tons of stainless steel dust treated in 1Q 2014 (**-40%** vs 1Q 2013 and **-31%** vs 4Q 2013)
- **Load Factor:** **38,8%** achieved in 1Q 2014 (compared to 65,1% in 1Q 2013 and 55,3% reached in 4Q 2013)
- **Metal Alloy Sales:** 1.718 tons sold in 1Q 2014 (**-63%** vs 1Q 2013 and **-34%** vs 4Q 2013)

### Market Overview

- **European Stainless Steel:**
  - **Global stainless steel demand and output moved up** by 6% and 8% respectively in 1Q 2014 compared with Q1 2013, mainly coming from China
  - **European stainless steel mills slightly reduced production in spite of improved demand in Europe**, mainly due to the final shutdown of operations at Outokumpu and the end of supplies from Italy and Finland to Outokumpu Alabama
  - European stainless steel market **still very weak** due to **overcapacity, low prices for finished products** and an **absence of margin, leading to the consolidation process** that started over the last years
- **Nickel Market:**
  - Average LME nickel **prices down 18%** to 10.689 €/t in 1Q 2014 **compared to 1Q 2013**
  - Although, the **average LME nickel price was rallying during 1Q 2014**, driven by the prohibition to export nickel imposed by the Indonesian government and by the strong demand from Western stainless steel mills, leading to a **5% increase compared to 4Q 2013**

## Steel growth strategy focused on South Korea and Turkey projects will drive significant near-term growth

### Korea



- Plant commissioning started last March 2013
- **Full speed operations started in September**
- **Throughput in line with expectations.** Oversupply of crude steel dust
- A **€20 million loan** was obtained last **August 2013** (under the bond permitted conditions) to pay **2<sup>nd</sup> step** of BZ Korea acquisition (**reaching 55% stake** in BZ Korea)
- Approx. **€25 million to be contributed** by Befesa **to reach 100%** shares of BZ Korea (valued at €60m):
  - **€13m** to reach **80%** expected in **June 2014** (call option)
  - **€12m** to reach **100%** expected **between June 2016 – June 2019** (put option)

### Turkey



- **Current political and economic turmoil may delay Adana project**
- **Beyond 60%** of steel dust **supply contracts** signed off
- Turkish crude **steel dust market keeps strong** and Befesa is **well positioned in the region**
- Environmental **regulation** becoming **more restrictive and catching-up** with EU regulation

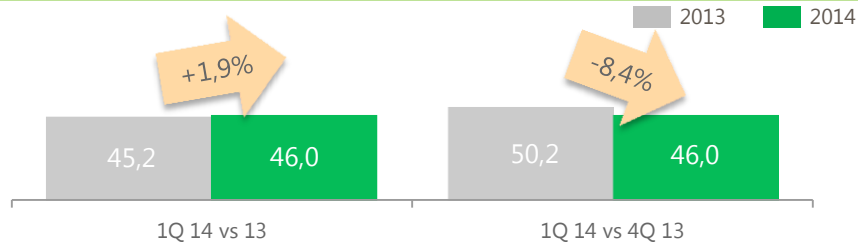
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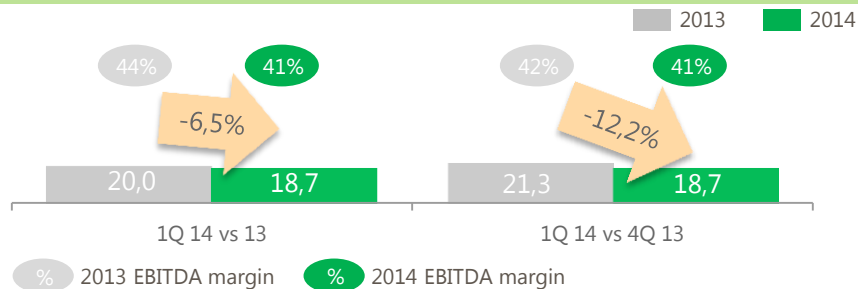
Financial Controller of Zinc Business

### Crude steel segment 1Q EBITDA only 1% behind 1Q 2013 despite 4% decline in zinc LME prices

#### Crude Steel Revenues (€m)



#### Crude Steel EBITDA (€m)



#### Y-o-Y Highlights

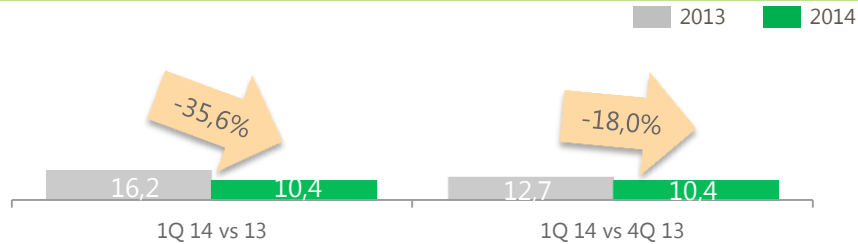
- Crude steel dust segment revenues increased by 2% and the EBITDA decrease by 6% due to the following effects:
  - **25% increase in tons of WOX sold** compared to 1Q 2013 (mainly explained by **Korea plant** not included in 1Q 2013 and last year's scheduled standstills in Aser)
  - **Zinc price hedged for 1Q 2014 was 1.550 €/t compared to 1.700 €/t closed for 2013**
  - **4% decrease in average LME zinc prices** compared to 1Q 2013

#### Q-o-Q Highlights

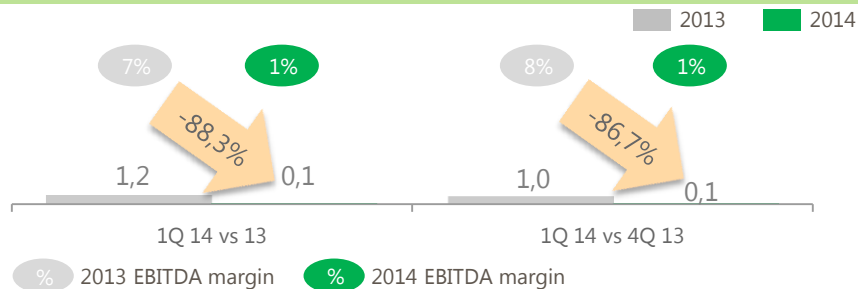
- Crude steel segment revenues & EBITDA declined by 8% and 12%, respectively, due to a **7% decrease in the tons of WOX sold partly offset by the 6% increase in LME zinc prices**

### Stainless steel heavily affected by depressed stainless market dynamics and weak commodity prices

#### Stainless Revenues (€m)



#### Stainless EBITDA (€m)



#### Y-o-Y Highlights

- Stainless steel dust segment revenues decreased by 35,6% and the EBITDA went to almost zero **due to the decrease in the throughput by 40%, a 63% decrease in alloys sold** as well as due to a **18% decline in the average LME nickel prices** compared to the same period of 2013

#### Q-o-Q Highlights

- Stainless steel segment revenue and EBITDA decreased, respectively, by 18% and 87% compared to the previous quarter due to a 31% decrease in throughput and a 34% decline in alloys sold
- Average LME nickel prices improve by 5% compared to the previous quarter**

### Cash flow generation influenced by the results of the operations

- **Operating activities:** During the first quarter of 2014 the net cash flows used in operating activities **increased in €15,5 million** and in €6,5 million compared to the same period in 2013 mainly due to better performance of the working capital partly offset by the increase in the taxes paid
- **Investing activities:** During the first quarter of 2014 the net cash flows used in investing activities were just €1,1 million coming from the maintenance capex of the plants
- **Liquidity:** As of March 31<sup>th</sup> 2014, our liquidity amounted to **€45,9 million** including not only the cash in hands but also the short-term financial investments

#### BEFESA ZINC

| <i>Cash Flow Statement ('000 euros)</i>                        | <b>1Q 2013</b> | <b>1Q 2014</b> | <b>Change</b> | <b>4Q 2013</b> | <b>1Q 2014</b> | <b>Change</b> |
|--|----------------|----------------|---------------|----------------|----------------|---------------|
| Cash generated from operations                                 | 8.196          | 21.055         | 12.859        | 18.869         | 21.055         | 2.186         |
| Taxes paid   | (193)          | (4.806)        | (4.613)       | (2.596)        | (4.806)        | (2.210)       |
| Interest paid  | (278)          | (841)          | (563)         | (13.962)       | (841)          | 13.121        |
| Interest received  | 1.224          | 40             | (1.184)       | 103            | 40             | (63)          |
| <b>Net cash flows from operating activities (I)</b>            | <b>8.949</b>   | <b>15.448</b>  | 6.499         | <b>2.414</b>   | <b>15.448</b>  | 13.034        |
| <b>Net cash flows from investing activities (II)</b>           | <b>(2.798)</b> | <b>(1.107)</b> | 1.691         | <b>(2.964)</b> | <b>(1.107)</b> | 1.857         |
| <b>Net cash flows from financing activities (III)</b>          | <b>0</b>       | <b>(659)</b>   | (659)         | <b>(1.710)</b> | <b>(659)</b>   | 1.051         |
| <b>Effect in change of the perimeter (IV)</b>                  | <b>0</b>       | <b>25</b>      | 25            | <b>0</b>       | <b>25</b>      | 25            |
| <b>Net increase in cash and cash equivalents (I+II+III+IV)</b> | <b>6.151</b>   | <b>13.707</b>  | 7.556         | <b>(2.260)</b> | <b>13.707</b>  | 15.967        |
| <b>Cash and cash equivalents BoP</b>                           | <b>68.424</b>  | <b>32.169</b>  |               | <b>34.429</b>  | <b>32.169</b>  |               |
| <b>Cash and cash equivalents EoP</b>                           | <b>74.575</b>  | <b>45.876</b>  |               | <b>32.169</b>  | <b>45.876</b>  |               |

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## Javier Molina

Chief Executive Officer



### Secondary Aluminium performance in line with expectations and weaker salt slag performance driven by low volumes

#### Operational Performance

##### ▪ Salt Slag/SPLs Recycled

- 102.418 tons of salt slag/SPL recycled in 1Q 2014 (-13,9% vs 1Q 2013 and +0,1% vs 4Q 2013)

##### ▪ Load Factor (Salt Slag Segment)

- **78,4%** achieved in 1Q 2014 (compared to 91,0% in 1Q 2013 and 76,6% in 4Q 2013)

##### ▪ Secondary Alum. Alloys

- 33.915 tons of alloys produced in 1Q 2014 (+19,1% vs 1Q 2013; +13,9% vs 4Q 2013)

##### ▪ Load Factor (Alum. Segment)

- **109,2%** achieved in 1Q 2014 (compared to 96,2% in 1Q 2013 and 98,4% in 4Q 2013)

#### Highlights

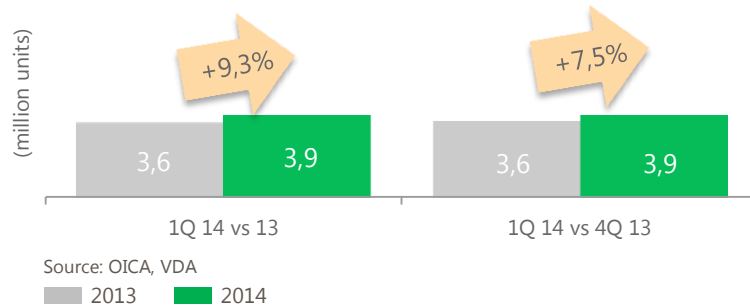
- **Aluminum produced volumes in line with expectations**
- Weak throughput levels is salt slag mainly driven by **lower than expected volumes in our German plants**
- **Low Aluminum price compared to previous year**



### European car industry has shown strong performance in 1Q

#### European Car Production

##### European Car Production

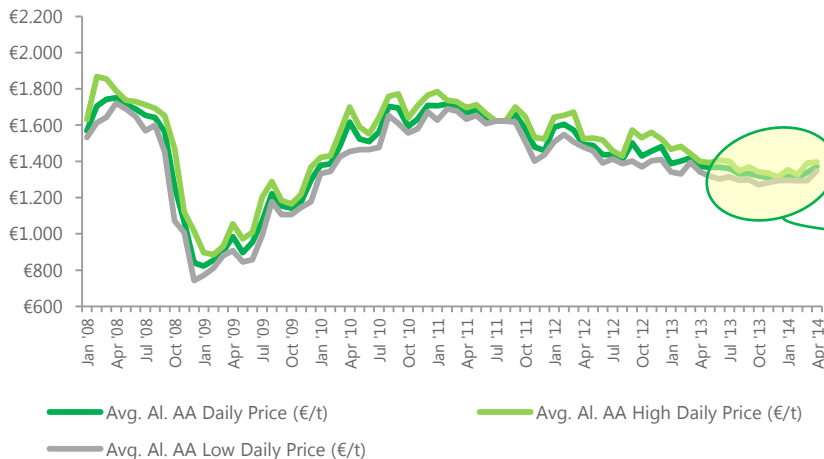


The European **demand** for new passenger cars **boosted** during the first quarter of 2014 compared to same period of 2013. This increased output reflects the **recovering confidence and the economic rebound in Europe**

Passenger car **export demand** from third countries (especially from the US) kept **strong along this quarter**, which was particularly **supportive to car production in Germany and the UK**

#### Aluminium Prices

##### LME Aluminium Alloy (AA) Average Prices

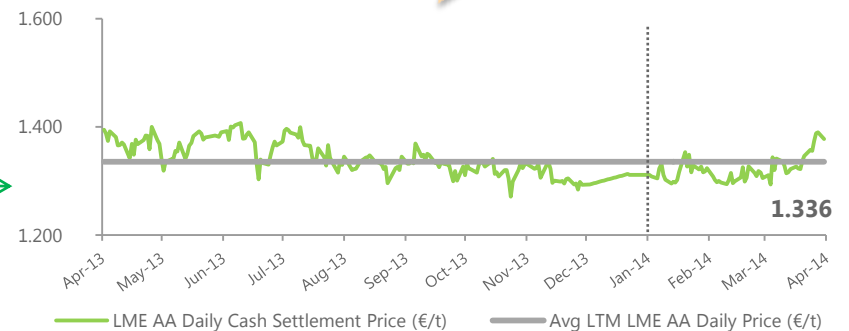


Source: London Metal Exchange, Daily Cash Seller Settlement Prices

Average LME AA price  
1Q 2013 1.402 €/t

-5,7%

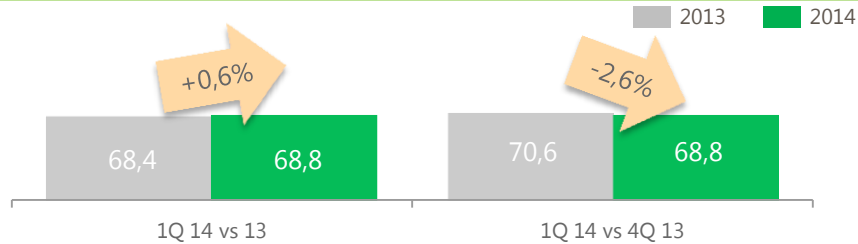
Average LME AA price  
1Q 2014 1.321 €/t



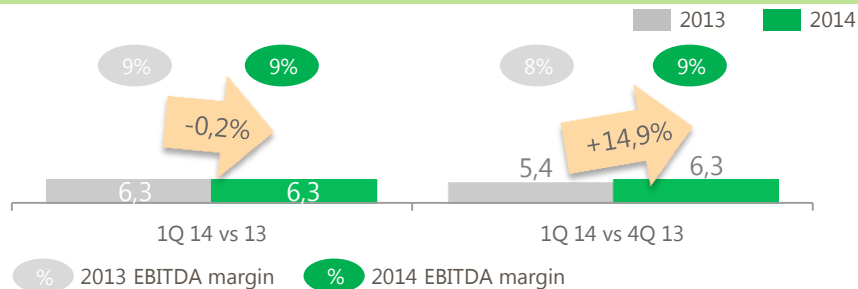
Average LME aluminium alloy prices **down 6% to 1.321 €/t during the first quarter of 2014** compared to the same period of 2013

Despite weaker salt slag volumes and prices, key financial metrics similar to 1Q 2013 thanks to savings from cost measures in place

### Aluminium Revenues (€m)



### Aluminium EBITDA (€m)



### Y-o-Y Highlights

- Revenues and EBITDA of the aluminium waste business **pretty in line with those in 1Q 2013**
- The **19% increase secondary aluminium alloys** sold was **offset by 14% reduction in the volumes of salt slags and SPLs** recycled and by **6% decrease of the average aluminium LME price**

### Q-o-Q Highlights

- Despite the **3% decrease in revenues** of the business unit, the **EBITDA increase by 15%** compared to previous quarter mainly due to **savings from cost measures in place**
- Average aluminium LME prices in line with previous quarter**

**1Q in line with expectations across the different divisions of Industrial Waste Management and cost savings delivering expected results for the business unit**

## Operational Performance

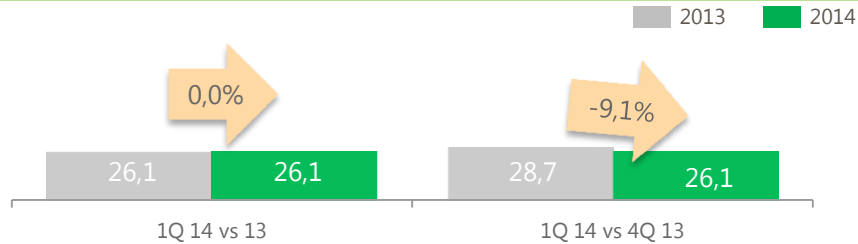
- **Industrial Waste Managed In Spain:** 133.503 tons in 1Q 2014 (-**21,9%** vs 1Q 2013 and -**11,1%** vs 4Q 2013)
- **Industrial Waste Managed In Latam:** 27.855 tons in 1Q 2014 (+**17,6%** vs 1Q 2013 and +**1,5%** vs 4Q 2013)
- **Sulphur Treated:** 23.283 tons in 1Q 2014 (+**11,1%** vs 1Q 2013 and -**8,8%** vs 4Q 2013)
- **Sulphuric Acid Production:** 71.006 tons in 1Q 2014 (+**11,1%** vs 1Q 2013 and -**8,2%** vs 4Q 2013)

## Market Overview

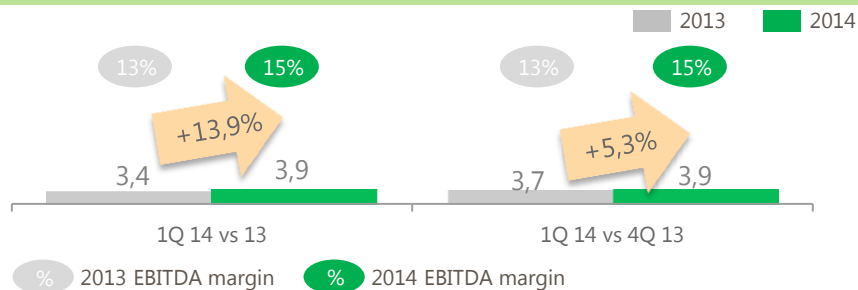
- **Spanish Industrial Production:** Although the Spanish industrial output remained at **similar weak levels seen in previous quarters**, it markedly outpaced expectations in February, feeding hopes that the economic recovery is gathering pace
- **Industrial Production in Latin America:** domestic confidence and industrial production volumes during this quarter **confirm the start of recovery of the industrial sector in the developing Latin American countries** seen during last year

Strong Ebitda growth and margin improvement driven by better margin in Spain and stronger volumes in Latin America and Sulphur

### Industrial Waste Revenues (€m)



### Industrial Waste EBITDA (€m)



### Y-o-Y Highlights

- The 14% increase in EBITDA was principally due to a **18% increase in industrial waste processed in Latin America**, a **11% increase in the sulphuric acid production**, as well as due to a **24% increase in the energy sold to market**

### Q-o-Q Highlights

- +5% EBITDA increase compared to 4Q 2013 mainly due to **savings from cost measures**

**Bernburg plant moving forward as planned in line with budget and schedule. Important step in the Persian Gulf project achieved.**

### Bernburg

- **Construction of the plant fully on time and on budget with expected start date for September**
- Commercial status: **~65% of plant production capacity is secured so far**
- **Total investment: €31 million**
  - €15 million paid by Abengoa into an interest-bearing escrow account
  - €10 million contributed by LuxMidCo to BAG (an unrestricted subsidiary SPV)
  - €6 million from public subsidies

### Persian Gulf SPL

- **MoU signed with one of the largest industrial investment holding companies in UAE and 2 main local primary aluminium producers** to create a **50/50 JV** to develop a new salt slag / SPL recycling plant
- Negotiations of **supply contracts ongoing**
- **Land purchased conditions agreed**
- **Engineering and project management** opened for tender **offers**

### Industrial Waste Growth

- Continue carrying out **business development activities to grow in** new areas such as **US and Middle East**

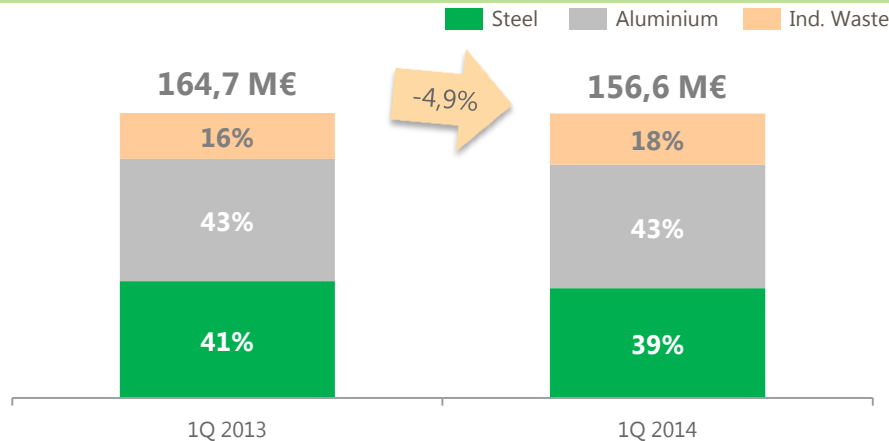
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## Rafael Pérez

Head of Strategy & Investor Relations

First quarter of 2014 slightly below 1Q 2013 both in terms of revenues and EBITDA, keeping the profitability at high historical levels

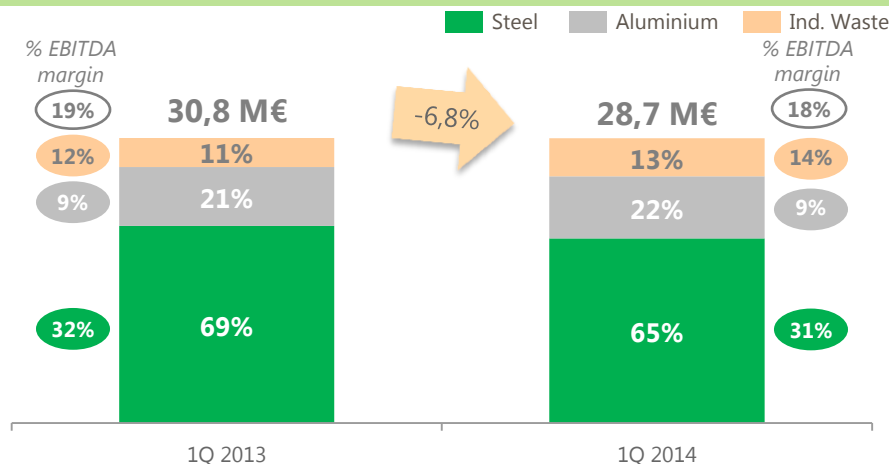
### Revenues (€m)



### Highlights

- 1Q 2014 **consolidated revenues** amounted to €157 million, **slightly below** compared to the same period of 2013
- Challenging steel and aluminium market conditions** as well as **low commodity prices recovering at slow path**
- Similar balance of each business contribution** to total consolidated revenues
- Strong quarter of the industrial waste business unit** mainly explained by **high volumes from Latam and Sulphur Valorization**
- Strong consolidated EBITDA and EBITDA margins** pretty much in line with historical levels
- Better EBITDA margin in industrial waste compared to the same period of 2013

### EBITDA (€m)





### Good operating result during the first quarter of the year but slightly below 1Q 2013

#### Consolidated P&L ('000 euros)

#### BEFESA

| <b>Profit &amp; Loss Statement ('000 euros)</b> | <b>1Q 2014</b> | <b>1Q 2013</b> | <b>Change</b>   |
|---|----------------|----------------|-----------------|
| <b>Net revenue</b>                              | <b>156.569</b> | <b>164.663</b> | <b>(8.094)</b>  |
| <b>EBITDA</b>                                   | <b>28.680</b>  | <b>30.778</b>  | <b>(2.098)</b>  |
| Depreciations, amortizations & provisions       | (8.884)        | (7.510)        | (1.374)         |
| Financial result                                | (12.997)       | (3.990)        | (9.007)         |
| Earnings Before Taxes                           | 6.757          | 19.367         | (12.610)        |
| <b>Net income</b>                               | <b>4.637</b>   | <b>16.236</b>  | <b>(11.599)</b> |

#### Highlights

- During the first quarter of 2014, the revenue of the Group amounted to 156,6 million euros and the Ebitda amounted to 28,7 million euros, slightly lower than the same period in 2013
- Financial result decreased driven by extraordinary financial incomes in 1Q 2013 due to the sale of Befesa Mexico and Befesa Brazil
- Net income affected by extraordinary financial incomes in 1Q 2013

- **Operating activities:** During the first quarter of 2014 the net cash flows used in operating activities **increased in €10,6 million** and in €32,0 million compared to the same period in 2013 mainly due to better performance of the working capital
- **Investing activities:** During the first quarter of 2014 the net cash flows used in investing activities were just €2,6 million coming from the maintenance capex of the plants
- **Financing activities:** During the first quarter of 2014 the net cash flows used in financing activities were just €1,7 million coming basically from the repayment of minor loans and leasings
- **Liquidity:** As of March 31<sup>th</sup> 2014, our liquidity amounted to **€71,1 million**

### BEFESA

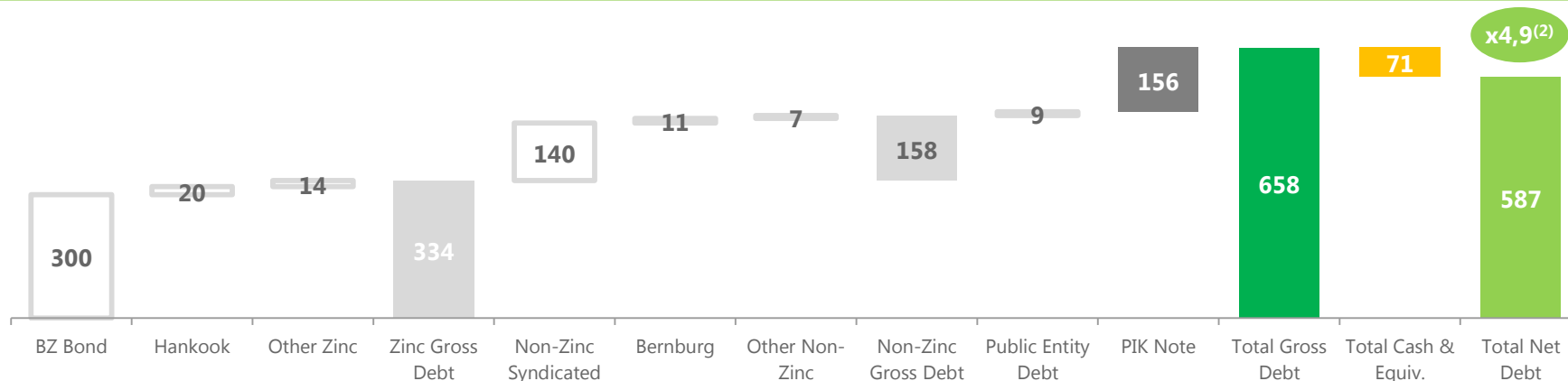
#### Cash Flow Statement (€ million)

|  | 1Q 2013       | 1Q 2014      | Change  |
|--|---------------|--------------|---------|
| Cash generated from operations                                 | (12,1)        | 21,9         | 34,0    |
| Taxes paid   | (5,5)         | (6,2)        | (0,7)   |
| Interest paid  | (4,9)         | (5,4)        | (0,,5)  |
| Interest received  | 1,1           | 0,3          | (0,8)   |
| <b>Net cash flows from operating activities (I)</b>            | <b>(21,4)</b> | <b>10,6</b>  | 32,0    |
| <b>Net cash flows from investing activities (II)</b>           | <b>(7,2)</b>  | <b>(2,6)</b> | 4,6     |
| <b>Net cash flows from financing activities (III)</b>          | <b>(10,3)</b> | <b>(1,7)</b> | 8,6     |
| <b>Net increase in cash and cash equivalents (I+II+III+IV)</b> | <b>(38,8)</b> | <b>6,4</b>   | 45,2    |
| <b>Cash and cash equivalents BoP</b>                           | <b>79,0</b>   | <b>64,8</b>  | (14,2), |
| <b>Cash and cash equivalents EoP</b>                           | <b>40,2</b>   | <b>71,1</b>  | 30,9    |

Solid and stable financing position at 3 levels (Zinc, Non-Zinc and Corporate) with total leverage at x4,9



**Total Net Debt Position (Excl. Vendor Note & Factoring/Confirming) : March YTD 2014 (€m)**



(1) Excludes Factoring and Confirming

(2) Assuming LTM as of March 31<sup>st</sup> 2014 Consolidated EBITDA of 118,5 M€

(3) Assuming LTM as of March 31<sup>st</sup> 2014 Zinc EBITDA of 73,6 M€

(4) Assuming LTM as of March 31<sup>st</sup> 2014 Non Zinc EBITDA of 44,9 M€

## Javier Molina

Chief Executive Officer

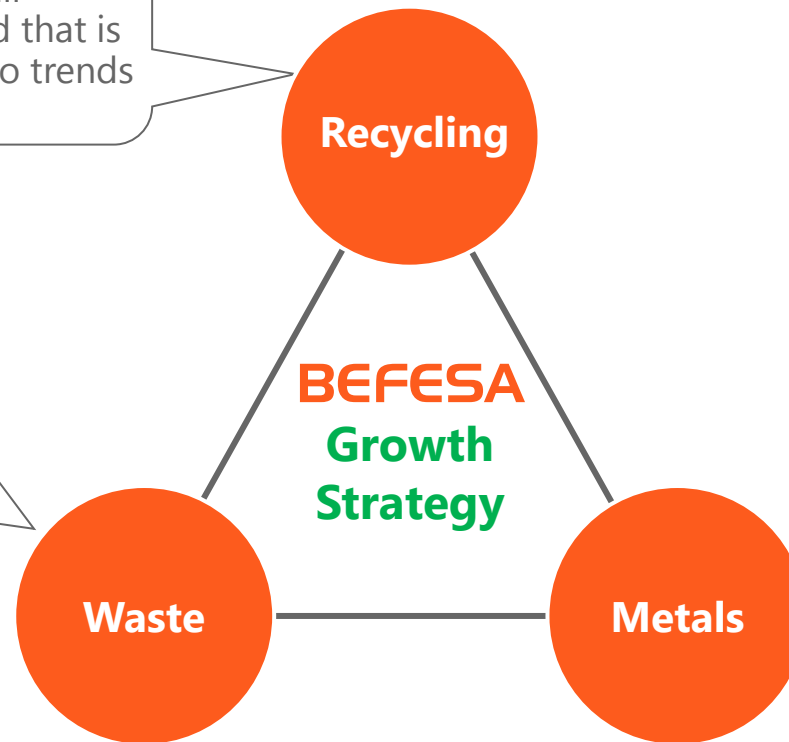
## The main priorities for Befesa for 2014 keeps the same

- Focus on operational excellence in order to achieve the cost savings target for 2014 in a sustainable manner
- Good execution of the Bernburg project: time and budget
- Consolidation of Befesa Zinc in South Korea
- Grow in Turkey as a key market for Befesa Zinc
- Define the new growth strategy of Befesa for 2018

### The growth strategy of Befesa is being defined within the frame: Recycling - Waste – Metals

**Recycling** has to be the main activity that is present in all Befesa's business lines and that is supported by global macro trends in favor of recycling

Regulation and the increase of environmental pressure creates a big opportunity in the **waste** management and waste recycling arenas, where Befesa is already present



**Metals** are an important source of value that can be significantly increased by the recycling and recovering activities of metal scraps and metal waste

## Most recent forward looking steel and aluminium market indicators suggest a positive trend for 2014 in Befesa's markets

### European Steel Market

"The latest signals from key steel-using sectors such as automotive are overall rather positive. There is also some evidence that the construction downturn is bottoming out. For 2014-2015 activity in the steel using sectors is seen gradually gaining traction after the weak performance over the past two years."

*(Eurofer, January 2014)*

"The outlook for 2014 is moderately positive, with continued growth between 2-3% y-o-y pencilled in for the remaining quarters of this year. Domestic demand is seen strengthening, primarily driven by a rebound of investment in machinery and equipment but also owing to a modest recovery of construction investment. [...] The activity in the steel using sectors is forecast to grow 2,7% in 2014."

*(Eurofer, April 2014)*

### European Automotive Industry

"EU automotive output is expected to rise by 3,5% in 2014 and by almost 2,5% in 2015. Most EU countries expect to register moderate activity growth. More pronounced growth is foreseen in Spain, Sweden, the Netherlands and most Central European countries."

*(Eurofer, April 2014)*

"The outlook for the remainder of 2014 and for 2015 is for continued but rather moderate growth in automotive activity. [...] in the EU passenger car market demand is expected to steadily inch up in line improving economic fundamentals for private buyers as well as fleet owners. Nevertheless, the key growth driver will remain replacement demand, which will limit overall market growth."

*(Eurofer, April 2014)*

"The auto parts giant Magna International updated its 2014 outlook for European production, forecasting output of 19,3 million vehicles in Europe, up 200.000 units from its last forecast."

*(The Globe And Mail, March 2014)*

### Zinc Market Dynamics & Benchmark Treatment Charge

"[...] with Century's planned closure now less than 15 months away, the point where the market will switch to deficit is approaching fast, and we more than ever convinced that a major squeeze is coming and that quotations will rise very sharply in the next five years."

*(CRU's Head of Lead, Zinc & Precious Metals, April 2014)*

"The 2014 benchmark zinc TC is likely to be at least \$10 above 2013's benchmark TC reaching ~\$220-225/mt (others put 2014's fee as high as \$230/mt) compared with the 2013's benchmark TC (\$210,5/mt) settled by zinc miner Teck Resources and South Korean smelter Korea Zinc. The LME base price will remain steady at \$2.000/mt."

*(International Zinc Association Conference / Platts, Feb. 2014)*

"Demand is expected to continue to outstrip supply in the zinc global market in 2014 by 117.000 tons [...] World usage of refined zinc metal will increase by a further 4,5% to 13,58 mt in 2014. [...] Usage in China, which currently accounts for 44% of total world zinc demand, was forecasted to rise by 5,8%. In Europe and the U.S., increases of 3% and 1,7% respectively were anticipated. Global zinc mine production was estimated to rise by 2,6% to 13,57 million tons in 2014."

*The Wall Street Journal / ILZSG (April 2014)*

"AME forecasts zinc prices to remain at their currently elevated levels in 2014 before climbing further in 2015 as concentrate supply is withdrawn from the market following planned mine closures"

*(AME Group, April 2014)*

|              |                     |                           |                 |                               |                         |                  |                |          |
|--------------|---------------------|---------------------------|-----------------|-------------------------------|-------------------------|------------------|----------------|----------|
| Introduction | Business Highlights | Zinc Business Performance | Zinc Financials | Non-Zinc Business Performance | Consolidated Financials | Business Outlook | <b>Q&amp;A</b> | Appendix |
|--------------|---------------------|---------------------------|-----------------|-------------------------------|-------------------------|------------------|----------------|----------|

## Questions



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### BEFESA

| <b>Profit &amp; Loss Statement ('000 euros)</b>                   | <b>1Q 2014</b>  | <b>1Q 2013</b> | <b>Change</b>   |
|---|-----------------|----------------|-----------------|
| <b>From continuing operations:</b>                                |                 |                |                 |
| Revenue   | 156.569         | 164.663        | (8.094)         |
| +/- Changes in inventories of finished goods and work in progress | 309             | 5.849          | (5.540)         |
| Cost of sales   | (73.690)        | (83.986)       | 10.296          |
| Other income  | 2.221           | 3.913          | (1.692)         |
| Employee benefits expense   | (22.319)        | (22.777)       | 458             |
| Other expenses  | (34.410)        | (36.884)       | 2.474           |
| Depreciation, amortisation and impairment provisions              | (8.884)         | (7.510)        | (1.374)         |
| <b>EBIT</b>   | <b>19.796</b>   | <b>23.268</b>  | <b>(3.472)</b>  |
| Finance income  | 247             | 7.567          | (7.320)         |
| Finance costs   | (13.185)        | (11.211)       | (1.974)         |
| Exchange differences  | (59)            | (346)          | 287             |
| <b>Financial result</b>   | <b>(12.997)</b> | <b>(3.990)</b> | <b>(9.007)</b>  |
| Share of profit of companies carried using the equity method      | (42)            | 89             | (131)           |
| <b>EBT</b>  | <b>6.757</b>    | <b>19.367</b>  | <b>(12.610)</b> |
| Income tax expense  | (2.120)         | (3.131)        | 1.011           |
| <b>Result from continuing operations</b>                          | <b>4.637</b>    | <b>16.236</b>  | <b>(11.599)</b> |
| From discontinuing operations:                                    |                 |                |                 |
| Profit for the year from discontinued operations                  | 0               | 0              |                 |
| <b>Net income</b>   | <b>4.637</b>    | <b>16.236</b>  | <b>(11.599)</b> |
| Attributable to:  |                 |                |                 |
| Owners of the parent  | 4.299           | 15.524         | (11.225)        |
| Non-controlling interests   | 338             | 712            | (374)           |

### BEFESA

#### Consolidated Balance Sheet ('000 euros)

| Assets   | 31.03.2014       | 31.12.13         | Equity and liabilities                               | 31.03.2014       | 31.12.13         |
|--|------------------|------------------|--|------------------|------------------|
| <b>Non-current assets</b>                          |                  |                  | <b>Equity:</b>                                       |                  |                  |
| <b>Intangible assets</b>                           |                  |                  | <b>Attributable to owners of the parent -</b>        |                  |                  |
| Goodwill   | 373.860          | 373.860          | Share capital  | 150.003          | 150.003          |
| Other intangible assets                            | 22.646           | 22.426           | Reserve for valuation adjustments deferred in equity | 9.363            | 10.247           |
|  | <b>396.506</b>   | <b>396.286</b>   | Interim dividend                                     | 0                | 0                |
| <b>Property, plant and equipment -</b>             | 0                | 0                | Other reserves                                       | 132.976          | 138.699          |
| Property, plant and equipment in use               | 359.559          | 367.175          | Translation differences                              | (5.779)          | (4.246)          |
| Property, plant and equipment in progress          | 29.958           | 17.699           | Net profit for the period                            | 4.299            | (2.919)          |
|  | <b>389.517</b>   | <b>384.874</b>   |  | <b>290.862</b>   | <b>291.784</b>   |
| <b>Investments carried under the equity method</b> | <b>1.767</b>     | <b>1.809</b>     | <b>Non-controlling interests</b>                     | <b>19.525</b>    | <b>19.358</b>    |
| <b>Non-current assets -</b>                        | 0                | 0                | <b>Total equity</b>                                  | <b>310.387</b>   | <b>311.142</b>   |
| Securities portfolio                               | 3.953            | 3.986            |  |                  |                  |
| Other financial assets                             | 17.561           | 17.662           | <b>Non-current liabilities:</b>                      |                  |                  |
|  | <b>21.514</b>    | <b>21.648</b>    | <b>Provisions</b>                                    | <b>41.617</b>    | <b>43.493</b>    |
| <b>Deferred income tax assets</b>                  | <b>111.702</b>   | <b>107.546</b>   | <b>Non-recourse borrowing</b>                        | <b>316.390</b>   | <b>316.708</b>   |
| <b>Total non-current assets</b>                    | <b>921.006</b>   | <b>912.163</b>   | <b>Recourse borrowings</b>                           | <b>123.144</b>   | <b>121.629</b>   |
|  |                  |                  | <b>Finance lease payables</b>                        | <b>2.057</b>     | <b>2.248</b>     |
| <b>Current assets:</b>                             |                  |                  | <b>Deferred income tax liabilities</b>               | <b>42.131</b>    | <b>42.471</b>    |
| <b>Inventories</b>                                 | <b>63.647</b>    | <b>60.515</b>    | <b>Other non-current liabilities</b>                 | <b>108.198</b>   | <b>99.646</b>    |
| <b>Trade and other receivables</b>                 | <b>67.549</b>    | <b>60.864</b>    | <b>Total non-current liabilities</b>                 | <b>633.537</b>   | <b>626.195</b>   |
| <b>Trade receivables, related parties</b>          | <b>12.566</b>    | <b>20.249</b>    |  |                  |                  |
| <b>Tax receivables</b>                             | <b>20.098</b>    | <b>15.337</b>    | <b>Current liabilities:</b>                          |                  |                  |
| <b>Other receivables</b>                           | <b>7.406</b>     | <b>8.477</b>     | <b>Non-recourse borrowings</b>                       | <b>13.957</b>    | <b>7.314</b>     |
| <b>Other current financial assets</b>              | <b>2.597</b>     | <b>1.170</b>     | <b>Recourse borrowings</b>                           | <b>20.533</b>    | <b>21.222</b>    |
| <b>Cash and cash equivalents</b>                   | <b>71.136</b>    | <b>64.779</b>    | <b>Finance lease payables</b>                        | <b>997</b>       | <b>1.068</b>     |
|  | <b>244.999</b>   | <b>231.391</b>   | <b>Trade payables, related parties</b>               | <b>5.309</b>     | <b>4.288</b>     |
|  |                  |                  | <b>Trade and other accounts payable</b>              | <b>129.963</b>   | <b>129.964</b>   |
|  |                  |                  | <b>Provisions</b>                                    | <b>1.252</b>     | <b>278</b>       |
|  |                  |                  | <b>Other payables -</b>                              |                  |                  |
|  |                  |                  | Taxes payable  | 16.293           | 13.882           |
|  |                  |                  | Other current liabilities                            | 33.777           | 28.201           |
|  |                  |                  |  | <b>50.070</b>    | <b>42.083</b>    |
|  |                  |                  | <b>Total current liabilities</b>                     | <b>222.081</b>   | <b>206.217</b>   |
| <b>Total Assets</b>                                | <b>1.166.005</b> | <b>1.143.554</b> | <b>Total equity and liabilities</b>                  | <b>1.166.005</b> | <b>1.143.554</b> |

### BEFESA

| Cash Flow Statement ('000 euros)   | 1Q 2014        | 1Q 2013         | Change          |
|--|----------------|-----------------|-----------------|
| <b>Cash flows from operating activities:</b>                                     |                |                 |                 |
| <b>Profit (loss) for the year before tax</b>                                     | <b>6.757</b>   | <b>19.367</b>   | <b>(12.610)</b> |
| <b>Adjustments for-</b>  |                |                 |                 |
| Depreciation and amortisation charge   | 8.884          | 7.510           | 1.374           |
| Depreciation and amortisation charge relating to discontinued operations         | -              | -               | -               |
| Impairment losses on goodwill  | -              | (30)            | 30              |
| Changes in impairment losses on financial assets                                 | -              | -               | -               |
| Share of profit (loss) of associates   | 42             | (89)            | 131             |
| Changes in long-term provisions  | 255            | -               | 255             |
| Transfer to result grants  | (170)          | (176)           | 6               |
| Gains arising from business combinations   | -              | (6.458)         | 6.458           |
| Income from disposal of non current assets                                       | -              | (48)            | 48              |
| Interest income  | (247)          | (1.109)         | 862             |
| Finance costs  | 13.244         | 11.211          | 2.033           |
| <b>Changes in working capital:</b>   |                |                 |                 |
| Trade receivables and other current assets                                       | (12.414)       | (17.542)        | 5.128           |
| Inventories  | (3.132)        | (1.706)         | (1.426)         |
| Trade payables   | 10.843         | (16.183)        | 27.026          |
| <b>Other cash flows from operating activities:</b>                               |                |                 |                 |
| Interest paid  | (5.362)        | (4.809)         | (553)           |
| Accrued interests  | 247            | 1.109           | (862)           |
| Taxes paid   | (6.206)        | (5.541)         | (665)           |
| Provisions paid  | (2.115)        | (6.869)         | 4.754           |
| <b>Net cash flows from operating activities (I)</b>                              | <b>10.626</b>  | <b>(21.363)</b> | <b>31.989</b>   |
| <b>Cash flows from investing activities:</b>                                     |                |                 |                 |
| Investments in subsidiaries  | -              | -               | -               |
| Investments in intangible assets   | (1.040)        | (1.450)         | 410             |
| Net investments in equity instruments and other non-current financial assets     | -              | -               | -               |
| Investments in property, plant and equipment                                     | (1.573)        | (6.154)         | 4.581           |
| Proceeds from disposal of property, plant and equipment and intangible assets    | -              | 592             | (592)           |
| Proceeds from disposal of subsidiaries, net of cash                              | -              | (157)           | 157             |
| <b>Net cash flows from investing activities (II)</b>                             | <b>(2.613)</b> | <b>(7.169)</b>  | <b>4.556</b>    |
| <b>Cash flows from financing activities:</b>                                     |                |                 |                 |
| Cash inflows from non-current borrowings and other non-current liabilities       | 858            | 698             | 160             |
| Net financial account with Group companies (Triton)                              | -              | 5.110           | (5.110)         |
| Repayment of bank borrowings and other non-current borrowings                    | (1.253)        | (2.916)         | 1.663           |
| Disbursement of financial investments  | (1.485)        | (14.490)        | 13.005          |
| Payments due to other non-current financial assets                               | 224            | 1.319           | (1.095)         |
| <b>Net cash flows from financing activities (III)</b>                            | <b>(1.656)</b> | <b>(10.279)</b> | <b>8.623</b>    |
| <b>Effect of foreign exchange rate changes on cash and cash equivalents (IV)</b> | <b>-</b>       | <b>-</b>        | <b>-</b>        |
| <b>Net increase in cash and cash equivalents (I+II+III+IV)</b>                   | <b>6.357</b>   | <b>(38.811)</b> | <b>45.168</b>   |
| Cash and cash equivalents at beginning of year                                   | 64.779         | 79.039          | (14.260)        |
| <b>Cash and cash equivalents at end of year</b>                                  | <b>71.136</b>  | <b>40.228</b>   | <b>30.908</b>   |

### BEFESA ZINC

#### Balance Sheet ('000 euros)

| Assets  | 31.03.2014     | 31.12.2013     | Equity and Liabilities                             | 31.03.2014     | 31.12.2013     |
|---|----------------|----------------|--|----------------|----------------|
| <b>Non-current assets:</b>                                  |                |                | <b>Equity:</b>                                     |                |                |
| <b>Intangible assets:</b>                                   |                |                | <b>Of the Parent:</b>                              |                |                |
| Goodwill  | 286.287        | 286.287        | Share capital                                      | 25.010         | 25.010         |
| Other intangible assets                                     | 8.592          | 8.818          | Unrealized Asset and Liability Revaluation Reserve | 7.452          | 7.322          |
|   | <b>294.879</b> | <b>295.105</b> | Other reserves                                     | 85.530         | 82.093         |
| <b>Property, plant and equipment:</b>                       |                |                | Translation differences                            | (1.208)        | (890)          |
| Property, plant and equipment in use                        | 124.645        | 127.802        | Net profit for the year                            | 4.054          | 6.235          |
| Property, plant and equipment in the course of construction | 3.255          | 3.561          |  | <b>120.838</b> | <b>119.770</b> |
|   | <b>127.900</b> | <b>131.363</b> | <b>Of minority interests</b>                       | <b>19.358</b>  | <b>19.191</b>  |
| <b>Investments accounted for using the equity method</b>    |                |                | <b>Total Equity</b>                                | <b>140.196</b> | <b>138.961</b> |
| <b>Non-current financial assets:</b>                        |                |                | <b>Non-current liabilities:</b>                    |                |                |
| Investments securities                                      | 1.670          | 1.674          | Provisions for contingences and expenses           | 15.564         | 15.455         |
| Other financial assets                                      | 337            | 352            | Bank borrowings and finance leases                 | 1.515          | 2.174          |
|   | <b>2.007</b>   | <b>2.026</b>   | Non Recourse Finance                               | 314.875        | 314.534        |
| <b>Derivative financial instruments</b>                     | <b>0</b>       | <b>0</b>       | Capital Grants                                     | 2.574          | 2.717          |
| <b>Deferred tax assets</b>                                  | <b>44.943</b>  | <b>41.366</b>  | Other non-current liabilities                      | 208            | 227            |
| <b>Total non-current assets</b>                             | <b>469.729</b> | <b>469.860</b> | Derivative financial instruments                   | 162            | 0              |
|   |                |                | Deferred tax liabilities                           | 22.150         | 22.349         |
| <b>Current Assets:</b>                                      |                |                | <b>Total non-current liabilities</b>               | <b>357.048</b> | <b>357.456</b> |
| Inventories   | 17.509         | 12.944         | <b>Current liabilities:</b>                        |                |                |
| Trade and other receivables                                 | 27.543         | 29.449         | Non Recourse Finance                               | 10.098         | 3.699          |
| Trade receivables, related companies                        | 2.759          | 11.007         | Bank borrowings and finance leases                 | 2.594          | 2.627          |
| Tax receivables   | 3.429          | 3.846          | Trade payables, related companies                  | 1.786          | 3.272          |
| Other receivables   | 2.994          | 3.503          | Trade and other payables                           | 29.019         | 28.345         |
| Derivative financial instruments                            | 0              | 236            | Derivative financial instruments                   | 91             | 0              |
| Other current financial assets                              | 0              | 0              | Other payables:                                    |                |                |
| Cash and cash equivalents                                   | 45.876         | 32.169         | Tax payables                                       | 3.877          | 5.383          |
|   | <b>100.110</b> | <b>93.154</b>  | Other current liabilities                          | 25.130         | 23.271         |
| <b>Total current assets</b>                                 |                |                |  | <b>29.007</b>  | <b>28.654</b>  |
|   |                |                | <b>Total current liabilities</b>                   | <b>72.595</b>  | <b>66.597</b>  |
| <b>Total Assets</b>   | <b>569.839</b> | <b>563.014</b> | <b>Total Equity and Liabilities</b>                | <b>569.839</b> | <b>563.014</b> |

### BEFESA ZINC

| <i>Profit &amp; Loss Statement ('000 euros)</i>       | <b>1Q 2013</b> | <b>1Q 2014</b> | <b>Change</b>  | <b>4Q 2013</b>  | <b>1Q 2014</b> | <b>Change</b>  |
|---|----------------|----------------|----------------|-----------------|----------------|----------------|
| Revenue   | 64.651         | 59.758         | (4.893)        | 67.080          | 59.758         | (7.322)        |
| Cost of sales   | (39.079)       | (37.039)       | 2.040          | (40.644)        | (37.039)       | 3.605          |
| Other operating income                                | 2.299          | 1.382          | (917)          | 957             | 1.382          | 425            |
| <b>Gross Profit</b>                                   | <b>27.871</b>  | <b>24.101</b>  | <b>(3.770)</b> | <b>27.393</b>   | <b>24.101</b>  | <b>(3.292)</b> |
| Depreciation and amortization charge                  | (4.209)        | (4.053)        | 156            | (4.408)         | (4.053)        | 355            |
| General and administrative expenses                   | (6.410)        | (5.481)        | 929            | (5.633)         | (5.481)        | 152            |
| Impairment losses                                     | 0              | 0              | 0              | (20.388)        | 0              | 20.388         |
| <b>Income From Operations</b>                         | <b>17.252</b>  | <b>14.567</b>  | <b>(2.685)</b> | <b>(3.036)</b>  | <b>14.567</b>  | <b>17.603</b>  |
| Finance income  | 1.224          | 40             | (1.184)        | 103             | 40             | (63)           |
| Finance costs   | (7.163)        | (8.315)        | (1.152)        | (8.528)         | (8.315)        | 213            |
| Exchange differences (gains and losses)               | (48)           | 110            | 158            | (306)           | 110            | 416            |
| <b>Financial Loss</b>                                 | <b>(5.987)</b> | <b>(8.165)</b> | <b>(2.178)</b> | <b>(8.731)</b>  | <b>(8.165)</b> | <b>566</b>     |
| <b>Profit Before Tax</b>                              | <b>11.265</b>  | <b>6.402</b>   | <b>(4.863)</b> | <b>(11.767)</b> | <b>6.402</b>   | <b>18.169</b>  |
| Income tax  | (2.777)        | (1.998)        | 779            | 2.876           | (1.998)        | (4.874)        |
| <b>Profit for the year from continuing operations</b> | <b>8.488</b>   | <b>4.404</b>   | <b>(4.084)</b> | <b>(8.891)</b>  | <b>4.404</b>   | <b>13.295</b>  |
| <b>Profit for the year</b>                            | <b>8.488</b>   | <b>4.404</b>   | <b>(4.084)</b> | <b>(8.891)</b>  | <b>4.404</b>   | <b>13.295</b>  |
| <b>Attributable to:</b>                               |                |                |                |                 |                |                |
| Shareholders of the parent                            | 7.782          | 4.054          | (3.728)        | (9.050)         | 4.054          | 13.104         |
| Minority interests                                    | 706            | 350            | (356)          | 159             | 350            | 191            |
| <b>EBITDA</b>   | <b>21.461</b>  | <b>18.620</b>  | <b>(2.841)</b> | <b>21.760</b>   | <b>18.620</b>  | <b>(3.140)</b> |

### BEFESA ZINC

| <b>Cash Flow Statement ('000 euros)</b>                                    | <b>1Q 2013</b> | <b>1Q 2014</b> | <b>Change</b> | <b>4Q 2013</b>  | <b>1Q 2014</b> | <b>Change</b> |
|--|----------------|----------------|---------------|-----------------|----------------|---------------|
| <b>Cash Flows From Operating Activities</b>                                |                |                |               |                 |                |               |
| <b>Profit for the period before tax</b>                                    | <b>11.265</b>  | <b>6.402</b>   | (4.863)       | <b>(11.767)</b> | <b>6.402</b>   | 18.169        |
| <b>Adjustments due to:</b>   |                |                |               |                 |                |               |
| Amortization/ Depreciation   | 4.209          | 4.053          | (156)         | 4.408           | 4.053          | (355)         |
| Impairment Test  | 0              | 0              | 0             | 20.388          | 0              | (20.388)      |
| (Profit)/Loss on disposal of non-current assets                            | 6              | 31             | 25            | 173             | 31             | (142)         |
| Change in provisions   | (4.170)        | 108            | 4.278         | 143             | 108            | (35)          |
| Financial income   | (1.224)        | (40)           | 1.184         | (103)           | (40)           | 63            |
| Financial expense  | 7.163          | 8.315          | 1.152         | 8.528           | 8.315          | (213)         |
| Income from government grants  | (155)          | (143)          | 12            | (148)           | (143)          | 5             |
| Exchange differences   | 48             | (110)          | (158)         | 306             | (110)          | (416)         |
| <b>Change in working capital:</b>  |                |                |               |                 |                |               |
| Change in trade receivables and other receivables                          | (1.090)        | 1.813          | 2.903         | (1.174)         | 1.813          | 2.987         |
| Change in inventories  | (755)          | (1.119)        | (364)         | 1.345           | (1.119)        | (2.464)       |
| Change other current assets  | 1.122          | 76             | (1.046)       | 215             | 76             | (139)         |
| Change in other current liabilities  | (8.223)        | 1.669          | 9.892         | (3.445)         | 1.669          | 5.114         |
| <b>Cash generated from operations</b>                                      | <b>8.196</b>   | <b>21.055</b>  | 12.859        | <b>18.869</b>   | <b>21.055</b>  | 2.186         |
| Taxes paid   | (193)          | (4.806)        | (4.613)       | (2.596)         | (4.806)        | (2.210)       |
| Interest paid  | (278)          | (841)          | (563)         | (13.962)        | (841)          | 13.121        |
| Interest received  | 1.224          | 40             | (1.184)       | 103             | 40             | (63)          |
| <b>Net Cash Flows From Operating Activities (I)</b>                        | <b>8.949</b>   | <b>15.448</b>  | 6.499         | <b>2.414</b>    | <b>15.448</b>  | 13.034        |
| <b>Cash Flows From Investing Activities</b>                                |                |                |               |                 |                |               |
| Purchase of intangible assets  | (1.130)        | (8)            | 1.122         | (53)            | (8)            | 45            |
| Purchase of property, plant and equipment                                  | (1.686)        | (1.114)        | 572           | (3.533)         | (1.114)        | 2.419         |
| Proceeds from disposal of assets   | 19             | 0              | (19)          | 268             | 0              | (268)         |
| Acquisition/(disposal) of new subsidiaries                                 | 0              | 0              | 0             | 366             | 0              | (366)         |
| Other non-current financial assets   | (1)            | 15             | 16            | (12)            | 15             | 27            |
| Capital grants received  | 0              | 0              | 0             | 0               | 0              | 0             |
| <b>Net Cash Flows From Investing Activities (II)</b>                       | <b>(2.798)</b> | <b>(1.107)</b> | 1.691         | <b>(2.964)</b>  | <b>(1.107)</b> | 1.857         |
| <b>Cash flows from financing activities</b>                                |                |                |               |                 |                |               |
| Repayment of borrowings and other long-term debt                           | 0              | (659)          | (659)         | (666)           | (659)          | 7             |
| Long Term borrowings   | 0              | 0              | 0             | (862)           | 0              | 862           |
| Distribution of dividends/capital reduction                                | 0              | 0              | 0             | (182)           | 0              | 182           |
| <b>Net Cash Flows From Financing Activities (III)</b>                      | <b>0</b>       | <b>(659)</b>   | (659)         | <b>(1.710)</b>  | <b>(659)</b>   | 1.051         |
| <b>Effect of change in the perimeter on cash and cash equivalents (IV)</b> | <b>0</b>       | <b>25</b>      | 25            | <b>0</b>        | <b>25</b>      | 25            |
| <b>Net Increase In Cash and Cash Equivalents (I+II+III+IV)</b>             | <b>6.151</b>   | <b>13.707</b>  | 7.556         | <b>(2.260)</b>  | <b>13.707</b>  | 15.967        |
| Cash and cash equivalents at beginning of the period                       | 68.424         | 32.169         | (36.255)      | 34.429          | 32.169         | (2.260)       |
| <b>Cash and cash equivalents at end of the period</b>                      | <b>74.575</b>  | <b>45.876</b>  | (28.699)      | <b>32.169</b>   | <b>45.876</b>  | 13.707        |

|   | Three-month period ended March 31, |         |                  |        | 4Q<br>2013 | 1Q 2014 vs 4Q    |        |
|---|------------------------------------|---------|------------------|--------|------------|------------------|--------|
|   | 2013                               | 2014    | Change<br>(tons) | (%)    |            | Change<br>(tons) | (%)    |
| <b>Crude steel waste recycling</b>      |                                    |         |                  |        |            |                  |        |
| Installed capacity <sup>1</sup> (tons)  | 560.300                            | 670.300 | 110.000          | 19,6%  | 670.300    | 0                | 0,0%   |
| Crude steel waste processed (tons)      | 127.423                            | 157.574 | 30.151           | 23,7%  | 153.216    | 4.358            | 2,8%   |
| Waelz oxide produced (tons)             | 42.041                             | 53.228  | 11.187           | 26,6%  | 56.222     | (2.994)          | -5,3%  |
| Waelz oxide sold (tons)                 | 41.230                             | 51.421  | 10.191           | 24,7%  | 54.813     | (3.392)          | -6,2%  |
| Zinc content in sale (tons)             | 27.332                             | 34.428  | 7.096            | 26,0%  | 36.725     | (2.297)          | -6,3%  |
| Annual average zinc LME price (€/ton)   | 1.539                              | 1.482   | (57)             | -3,7%  | 1.402      | 80               | 5,7%   |
| Utilization <sup>2</sup> (%)            | 92,2%                              | 95,3%   | n/a              | n/a    | 90,7%      | n/a              | n/a    |
| <b>Stainless steel waste recycling</b>  |                                    |         |                  |        |            |                  |        |
| Installed capacity (tons)               | 174.000                            | 174.000 | 0                | 0,0%   | 174.000    | 0                | 0,0%   |
| Stainless steel processed (tons)        | 27.943                             | 16.628  | (11.315)         | -40,5% | 24.239     | (7.611)          | -31,4% |
| Sale of alloys (tons)                   | 4.598                              | 1.718   | (2.880)          | -62,6% | 2.618      | (901)            | -34,4% |
| Annual average nickel LME price (€/ton) | 13.107                             | 10.689  | (2.419)          | -18,5% | 10.216     | 473              | 4,6%   |
| Utilization <sup>2</sup> (%)            | 65,1%                              | 38,8%   | n/a              | n/a    | 55,3%      | n/a              | n/a    |

1 The installed crude steel waste recycling capacity consolidates in 2013 100% of the total annual recycling capacity of BZ Korea (our current stake owned in BZ Korea amounts to 55%)

2 Utilization represents crude steel or stainless steel waste, as applicable, processed against annual installed capacity. For the calculation of 2013 crude steel utilization rate only four months of new Korea plant operations have been considered.



|  | Three-month period ended March 31, |         |                  |        | 4Q<br>2013 | 1Q 2014 vs 4Q    |       |
|--|------------------------------------|---------|------------------|--------|------------|------------------|-------|
|  | 2013                               | 2014    | Change<br>(tons) | (%)    |            | Change<br>(tons) | (%)   |
| <b>Salt slags and SPLs recycling</b>                     |                                    |         |                  |        |            |                  |       |
| Installed capacity <sup>6</sup> (tons)                   | 630.000                            | 630.000 | 0                | 0,0%   | 630.000    | 0                | 0,0%  |
| Salt slags recycled (tons)                               | 112.895                            | 96.573  | (16.322)         | -14,5% | 99.244     | (2.671)          | -2,7% |
| SPLs recycled (tons)                                     | 6.003                              | 5.845   | (158)            | -2,6%  | 3.024      | 2.821            | 93,3% |
| Aluminium concentrate produced (tons)                    | 8.952                              | 7.961   | (991)            | -11,1% | 8.382      | (421)            | -5,0% |
| Aluminium salt produced (tons)                           | 47.429                             | 39.457  | (7.972)          | -16,8% | 42.033     | (2.576)          | -6,1% |
| Utilization <sup>7</sup> (%)                             | 91,0%                              | 78,4%   | n/a              | n/a    | 76,6%      | n/a              | n/a   |
|  | -13,9%                             |         |                  |        |            |                  |       |
| <b>Secondary aluminium production</b>                    |                                    |         |                  |        |            |                  |       |
| Installed capacity <sup>8</sup> (tons)                   | 120.000                            | 126.000 | 6.000            | 5,0%   | 120.000    | 6.000            | 5,0%  |
| Scrap aluminium recycled <sup>9</sup> (tons)             | 38.474                             | 46.140  | 7.666            | 19,9%  | 39.596     | 6.544            | 16,5% |
| Secondary aluminium alloys produced <sup>10</sup> (tons) | 28.475                             | 33.915  | 5.440            | 19,1%  | 29.767     | 4.148            | 13,9% |
| Annual avg. aluminium alloy LME price (€/ton)            | 1.402                              | 1.321   | (80)             | -5,7%  | 1.313      | 9                | 0,7%  |
| Annual avg. high-grade aluminium LME price               | 1.516                              | 1.247   | (269)            | -17,7% | 1.298      | (51)             | -3,9% |
| Utilization <sup>11</sup> (%)                            | 96,2%                              | 109,2%  | n/a              | n/a    | 98,4%      | n/a              | n/a   |

6 Includes the 100.000 tons of recycling installed capacity at our Töging (Germany) plant, which is currently idle. German salt slag recycling plants, located in Hannover, Lünen and Töging, acquired in the middle of 2009 are 100% consolidated in this year

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

8 Annual installed production capacity for the 2012 and 2013 periods does not include the secondary aluminium production plant in Valladolid, which was closed in June 2012. Annual installed production capacity of the remaining secondary aluminium production plants in Erandio and Franqueses del Vallés was increased to 60.000 tons each

9 The amount of scrap aluminium recycled in 2012 and the twelve-month period ended June 30, 2013 includes the scrap aluminium recycled at a secondary aluminium production plant in Valladolid (Spain), which we closed in June 2012

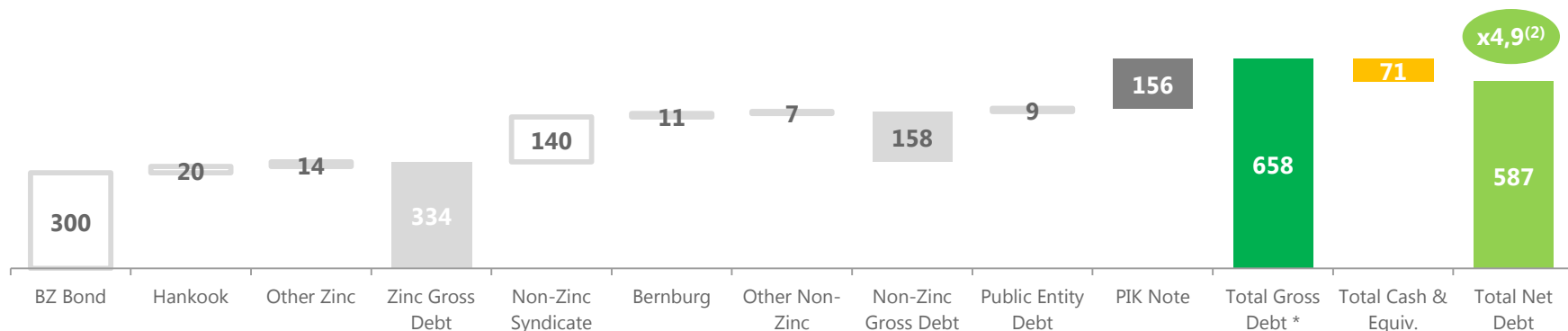
10 The amount of secondary aluminium produced in the year ended December 31, 2012 and the six-month periods ended June 30, 2012 includes the secondary aluminium produced at a secondary aluminium production plant in Valladolid (Spain), which we closed in June 2012

11 Utilization represents secondary aluminium produced against annual installed capacity. Utilization of secondary aluminium production in the year ended December 31, 2012 and the six-month periods ended June 30, 2012, has been calculated including Valladolid plant

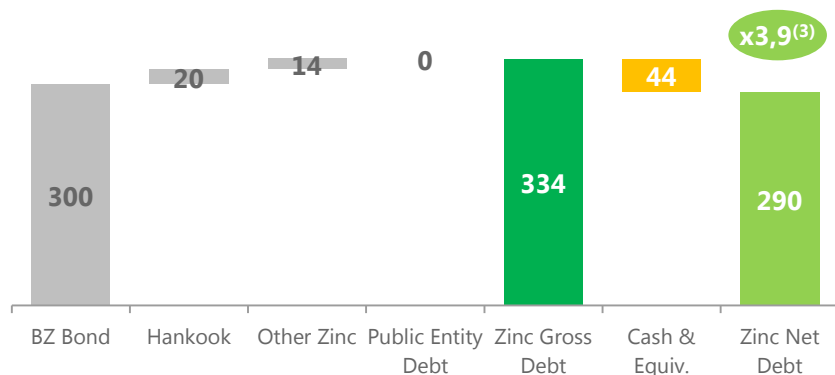
|  | Three-month period ended March 31, |         |                  |        | 4Q<br>2013 | 1Q 2014 vs 4Q    |        |
|--|------------------------------------|---------|------------------|--------|------------|------------------|--------|
|  | 2013                               | 2014    | Change<br>(tons) | (%)    |            | Change<br>(tons) | (%)    |
| <b>Industrial waste management (Spain)</b>         |                                    |         |                  |        |            |                  |        |
| Industrial waste treated (tons):                   | 170.961                            | 133.503 | (37.458)         | -21,9% | 150.088    | (16.585)         | -11,1% |
| <b>Industrial waste management (Latin America)</b> |                                    |         |                  |        |            |                  |        |
| Industrial waste treated (tons):                   | 23.689                             | 27.855  | 4.166            | 17,6%  | 27.456     | 399              | 1,5%   |
| <i>Pacheco and Campana, Argentina</i>              | 11.424                             | 4.306   | (7.118)          | -62,3% | 4.503      | (197)            | -4,4%  |
| <i>Chilca, Peru</i>                                | 7.371                              | 19.259  | 11.888           | 161,3% | 18.715     | 544              | 2,9%   |
| <i>Antofagasta, Chile</i>                          | 4.894                              | 4.290   | (604)            | -12,3% | 4.238      | 52               | 1,2%   |
| <b>Agricultural plastics recycling</b>             |                                    |         |                  |        |            |                  |        |
| Agricultural plastics recycled (tons)              | 3.337                              | 3.470   | 132              | 4,0%   | 3.544      | (74)             | -2,1%  |
| <b>Sulphur valorisation</b>                        |                                    |         |                  |        |            |                  |        |
| Installed capacity (tons)                          | 343.100                            | 343.100 | 0                | 0,0%   | 343.100    | 0                | 0,0%   |
| Sulphur treated (tons)                             | 20.958                             | 23.283  | 2.325            | 11,1%  | 25.536     | (2.253)          | -8,8%  |
| Sulphuric acid produced (tons)                     | 63.914                             | 71.006  | 7.092            | 11,1%  | 77.382     | (6.376)          | -8,2%  |
| Utilization <sup>12</sup> (%)                      | 75,5%                              | 83,9%   | n/a              | n/a    | 89,5%      | n/a              | n/a    |
| <b>Total industrial waste management</b>           |                                    |         |                  |        |            |                  |        |
| Total industrial waste treated (tons)              | 218.945                            | 188.111 | (30.835)         | -14,1% | 206.624    | (18.513)         | -9,0%  |

|                                   | Three-month period ended March 31, |              |              |              | 4Q<br>2013   | 1Q 2014 vs 4Q  |               |
|-----------------------------------|------------------------------------|--------------|--------------|--------------|--------------|----------------|---------------|
|                                   | 2013                               | 2014         | Change       |              |              | Change<br>(€m) | Change<br>(%) |
|                                   |                                    |              | (€m)         | (%)          |              |                |               |
| <b>Revenue (€ million)</b>        |                                    |              |              |              |              |                |               |
| Steel waste recycling             | 67,5                               | 59,8         | (7,8)        | -11,5%       | 67,1         | (7,3)          | -10,9%        |
| <i>Crude steel</i>                | 45,2                               | 46,0         | 0,9          | 1,9%         | 50,2         | (4,2)          | -8,4%         |
| <i>Stainless steel</i>            | 16,2                               | 10,4         | (5,8)        | -35,6%       | 12,7         | (2,3)          | -18,0%        |
| <i>Galvanization &amp; others</i> | 6,2                                | 3,4          | (2,9)        | -45,9%       | 4,2          | (0,8)          | -19,6%        |
| Aluminium waste recycling         | 70,7                               | 68,1         | (2,6)        | -3,7%        | 70,6         | (2,5)          | -3,6%         |
| Industrial waste management       | 26,7                               | 28,2         | 1,5          | 5,5%         | 28,7         | (0,5)          | -1,7%         |
| Subtotal                          | 165,0                              | 156,1        | (8,9)        | -5,4%        | 166,4        | (10,3)         | -6,2%         |
| Corporate and eliminations        | (0,3)                              | 0,0          | 0,3          | -100,0%      | 0,0          | 0,0            |               |
| <b>Total revenue</b>              | <b>164,7</b>                       | <b>156,1</b> | <b>(8,6)</b> | <b>-5,2%</b> | <b>166,4</b> | <b>(10,3)</b>  | <b>-6,2%</b>  |
| <b>EBITDA (€ million)</b>         |                                    |              |              |              |              |                |               |
| Steel waste recycling             | 21,3                               | 18,6         | (2,7)        | -12,7%       | 21,8         | (3,1)          | -14,4%        |
| <i>Crude steel</i>                | 20,0                               | 18,7         | (1,3)        | -6,5%        | 21,3         | (2,6)          | -12,2%        |
| <i>Stainless steel</i>            | 1,2                                | 0,1          | (1,1)        | -93,5%       | 1,0          | (0,9)          | -92,7%        |
| <i>Galvanization &amp; others</i> | 0,1                                | -0,2         | (0,3)        | -224,8%      | -0,6         | 0,4            | -68,8%        |
| Aluminium waste recycling         | 6,4                                | 6,3          | (0,1)        | -1,6%        | 5,4          | 0,8            | 14,9%         |
| Industrial waste management       | 3,3                                | 3,8          | 0,5          | 15,5%        | 3,7          | 0,1            | 3,2%          |
| Subtotal                          | 31,0                               | 28,7         | (2,3)        | -7,4%        | 30,9         | (2,2)          | -7,1%         |
| Corporate and eliminations        | (0,2)                              | 0,0          | 0,2          | -91,1%       | 2,3          | (2,4)          | -100,9%       |
| <b>Total EBITDA</b>               | <b>30,8</b>                        | <b>28,7</b>  | <b>(2,1)</b> | <b>-6,8%</b> | <b>33,2</b>  | <b>(4,6)</b>   | <b>-13,7%</b> |
| <b>EBITDA margin (%)</b>          |                                    |              |              |              |              |                |               |
| Steel waste recycling             | 32%                                | 31%          |              |              | 32%          |                |               |
| <i>Crude steel</i>                | 44%                                | 41%          |              |              | 42%          |                |               |
| <i>Stainless steel</i>            | 7%                                 | 1%           |              |              | 8%           |                |               |
| <i>Galvanization &amp; others</i> | 2%                                 | -5%          |              |              | -14%         |                |               |
| Aluminium waste recycling         | 9%                                 | 9%           |              |              | 8%           |                |               |
| Industrial waste management       | 12%                                | 14%          |              |              | 13%          |                |               |
| Subtotal                          | 19%                                | 18%          |              |              | 19%          |                |               |
| Corporate and eliminations        | n/a                                | n/a          |              |              | n/a          |                |               |
| <b>Total EBITDA margin (%)</b>    | <b>19%</b>                         | <b>18%</b>   |              |              | <b>20%</b>   |                |               |

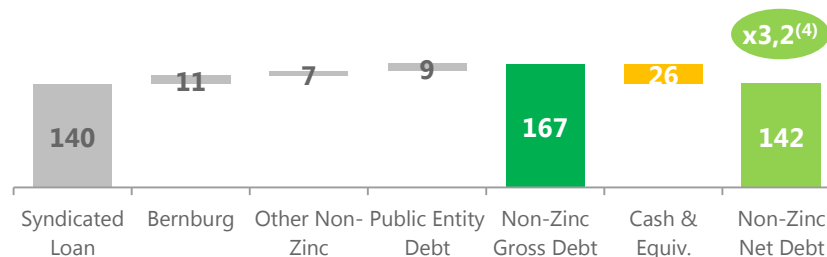
### Total Net Debt Position (Excl. Vendor Note & Factoring/Confirming) : March YTD 2014 (€m)



### Zinc Net Debt Position (€m): March YTD 2014<sup>(1)</sup>



### Non-Zinc Net Debt (€m): March YTD 2014<sup>(1)</sup>



(1) Excludes Factoring and Confirming

(2) Assuming LTM as of March 31<sup>st</sup> 2014 Consolidated EBITDA of 118,5 M€

(3) Assuming LTM as of March 31<sup>st</sup> 2014 Zinc EBITDA of 73,6 M€

(4) Assuming LTM as of March 31<sup>st</sup> 2014 Non Zinc EBITDA of 44,9 M€