

ABENGOA

Innovative Solutions for Sustainability



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**Leader in Niche Recycling Markets:
A fact, a challenge, an opportunity**

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Market leaders in niche recycling markets

Resilient business with proved track record

Unique business model sustains high profitability

Clear and sound growth strategy:
existing markets recovery and new markets



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Business Description. Our Capabilities

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Future Opportunities

European leader in niche recycling markets



+47% market share in European steel dust recycling

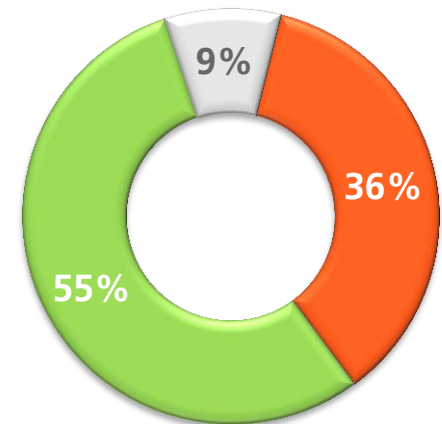
- Total recycling capacity: **550,000** tons of steel dust
- Total market in Europe: approx. **1.1 million** tons



+60% market share in European aluminium salt slag recycling

- Total recycling capacity: **630,000** tons of salt slags
- Total market in Europe: approx. **1 million** tons

Recycling Revenues (2010)



■ Europe (ex-Spain)

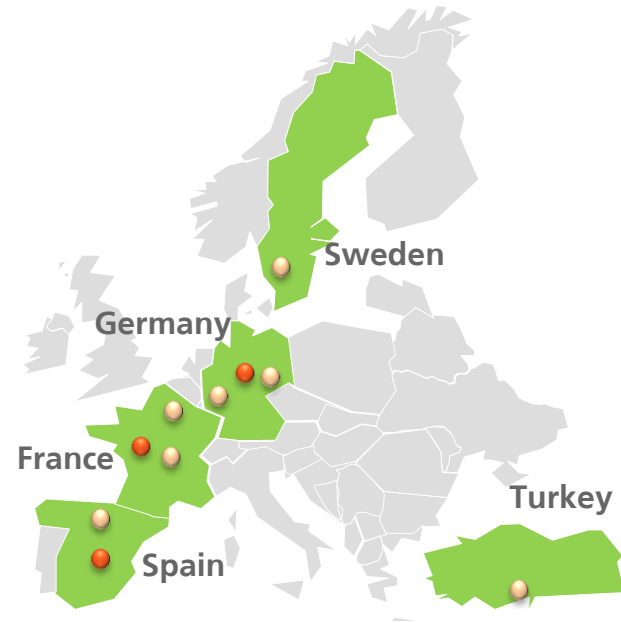
■ Spain

■ Rest of the world

A. Steel Dust Recycling

The European leader in steel dust recycling

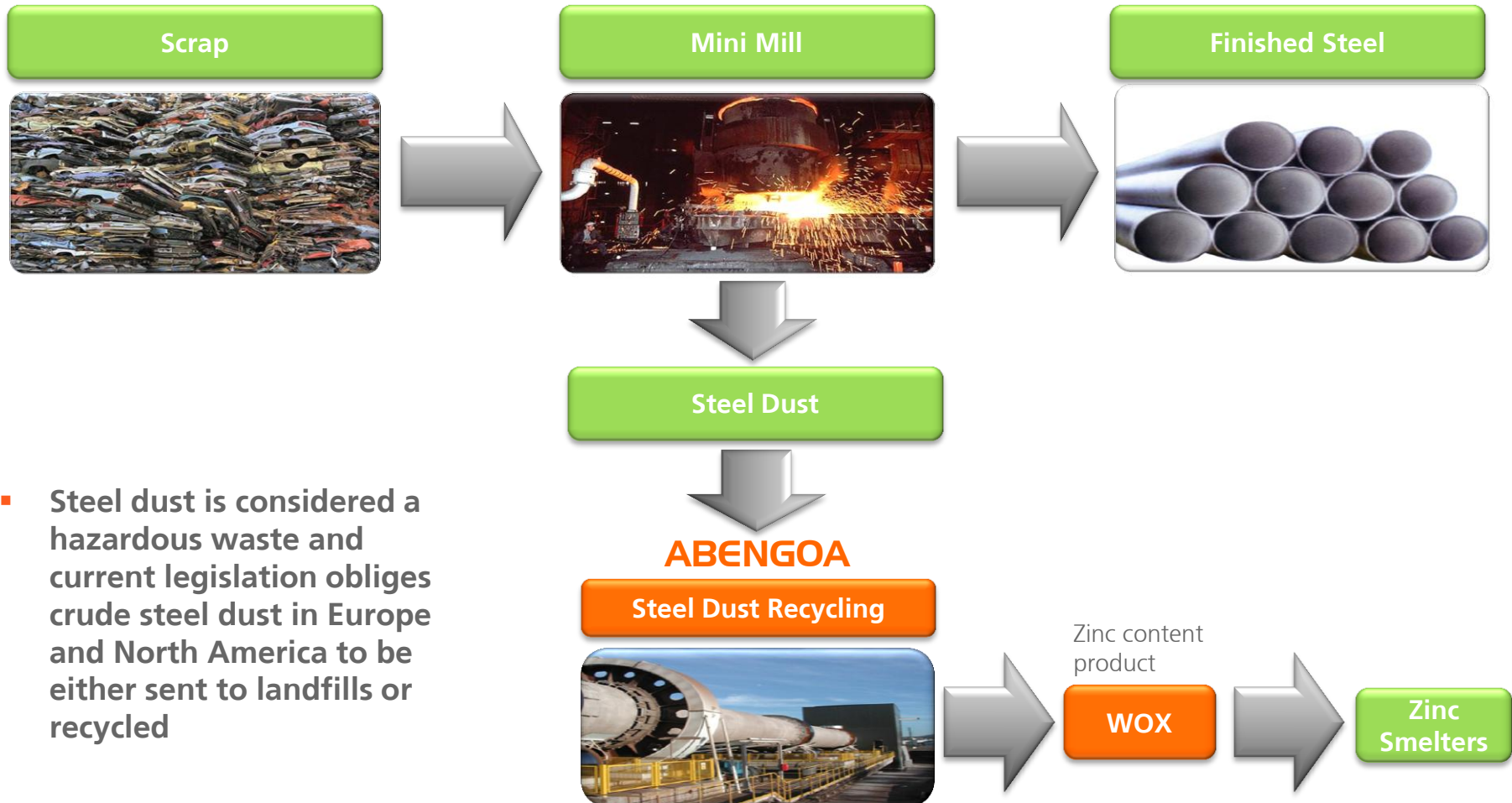
- **4 key countries** with **6 plants** covering most of Europe
- Located in close proximity to **major clients**
- **+170,000 tons of Waelz** oxide sold in 2010, which contained **+110,000 tons of zinc**
- Capacity to process **550,000 tons of steel** residue per year



● Representative office ● Production plant

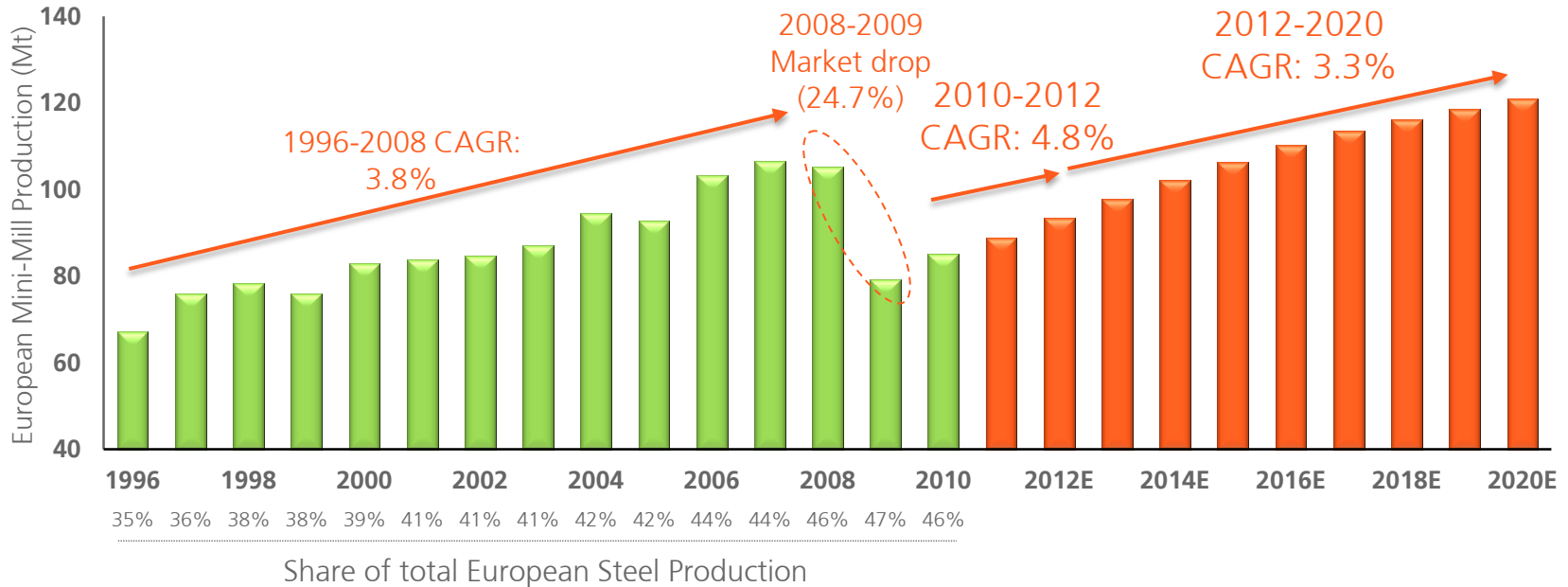


Steel Dust is a hazardous waste generated in the steel production process



- Steel dust is considered a hazardous waste and current legislation obliges crude steel dust in Europe and North America to be either sent to landfills or recycled

Production of steel from mini-mills is increasing...



... based on fundamental advantages over large steel facilities

Why Steel Producers Favour Production in Mini Mill vs. Large Steel Facilities?



- Lower Cost
- Large Quantity of Scrap Steel
- More environmentally friendly



Steel waste recycling market is growing due to increased regulation

- Steel waste recycling market on a worldwide level continues to grow as authorities continue to **step up regulatory pressure**
- Environmental pressure strongest in Europe



Landfill no longer an option for disposal of industrial waste in EU

- Proportion of steel dust sent to landfill has been decreasing significantly
- European Union legislation has practically **removed landfills as a viable alternative to recycling**



Emerging markets currently lag behind in terms of regulatory pressure

- Scope for growth in the recycling industry **as emerging market producers look for ways to compete economically with their developed market peers (move away from landfill)**

Existing barriers to entry together with Abengoa's market position result in attractive EBITDA margins (26% - 35%) and cash flow generation

Market barriers to entry

- **Local community resistance** to constructing new recycling plants
- **Critical mass required** in order to extract full value from processes
- **Existing footprint** of major competitors already covering the European market needs
- Operating **permits difficult** and time-consuming to obtain

Abengoa's unique position

- **Strategically located plants**
- Leading-edge **know-how**
- **Long-term contracts** with established top industrial players



Integral service for collection, treatment and recycling of steel dust



- **Collection / Service fee**

~20% of Steel Dust revenues

- Stable revenue source
- Price comparable to sending steel dust to landfill
- 50 - 60 €/tonne
- Long-term relationships with steel producers (mini-mills)

- **Sale of Waelz oxide** (with high concentration of zinc) **to Zinc Producers**

~80% of Steel Dust revenues

- Price moves in line with the zinc market price
- Abengoa uses a strict hedging policy to mitigate price fluctuations
- Recurring annual or long-term contracts with zinc producers

As a result of existing hedging contracts and collection fees, Abengoa's recycling activities have visibility of near term revenues

- The price of WOX is linked to the zinc price in the LME market
- Abengoa's policy consists on hedging c.70% of volume for 24-36 months

Zinc Contained in WOX: Production (Tonnes) Hedged vs. Not Hedged (2009)

Year	Hedged Volume (tonnes)	% of Total Volume	Hedged Price (€/t)
2011E	70,026	71.4%	1,560
2012E	62,400	63.0%	1,703
2013E	67,920	61.2%	1,700

Hedged Prices vs. Zinc Prices: Stability of Prices



B. Aluminium & Salt Slag Recycling

The European leader in salt slags recycling

- **3 key countries** with **5 plants** covering most of Europe
- Located in close **proximity to major clients**
- Capacity to process **630,000 tons of salt slags** per year
- Total European salt slag market of approximately **1 million tons**



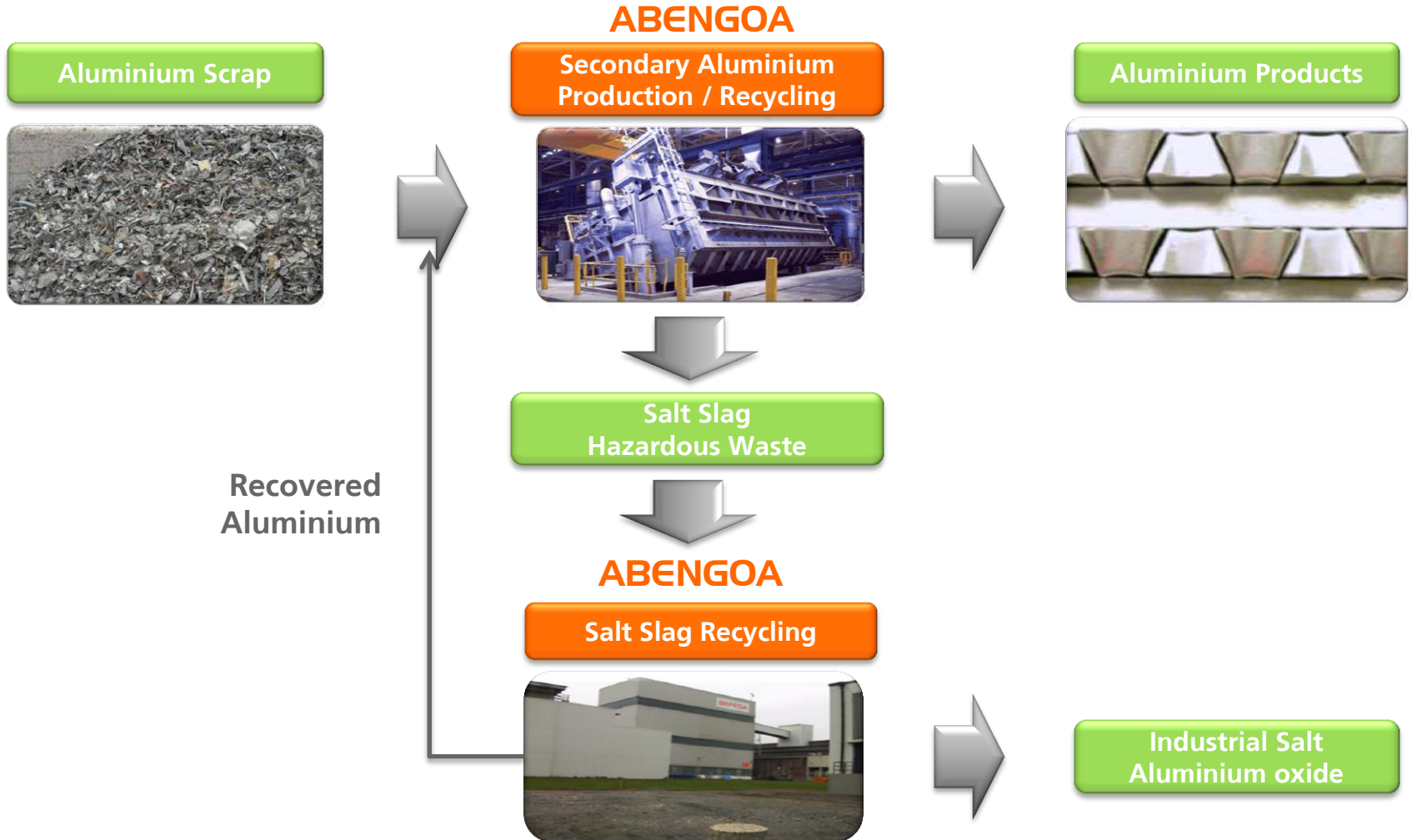
GLENCORE



● Production plant



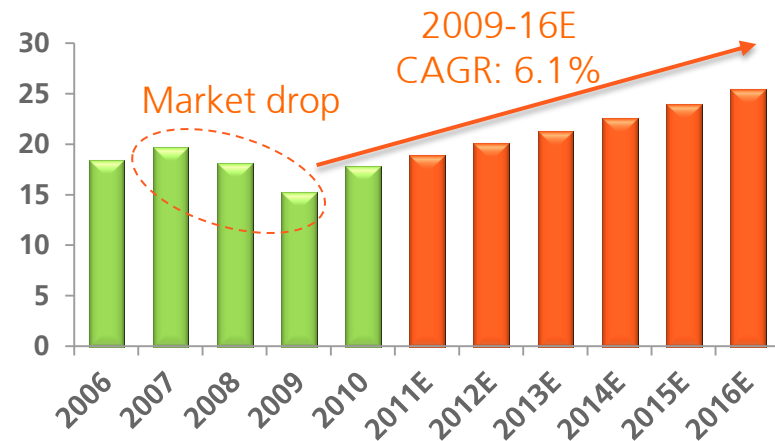
Present in secondary aluminium production / recycling as well as salt slag recycling focused in the European Market



The automotive industry is the primary driver of aluminium production

- The automotive industry is the major source of demand for secondary aluminium
- Salt slag is a hazardous waste that is produced as a by-product of secondary aluminium production
 - Abengoa is the European leader in salt slag recycling

European Vehicle Production (Unit m's)



Additional drivers impacting the aluminium and salt slag recycling markets

- Legal framework
 - Environmental legislation prefers aluminium salt slag to be recycled
- Proximity to customers (transportation costs are a significant expense)
- Price of aluminium

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Future Opportunities

Benefit from strong industrial outlook...

- **Industrial production in process of recovery**
 - Steel and aluminium production and zinc consumption linked to industrial recovery
 - Opportunity to recover historical utilisation rates
 - 2010 already a good year

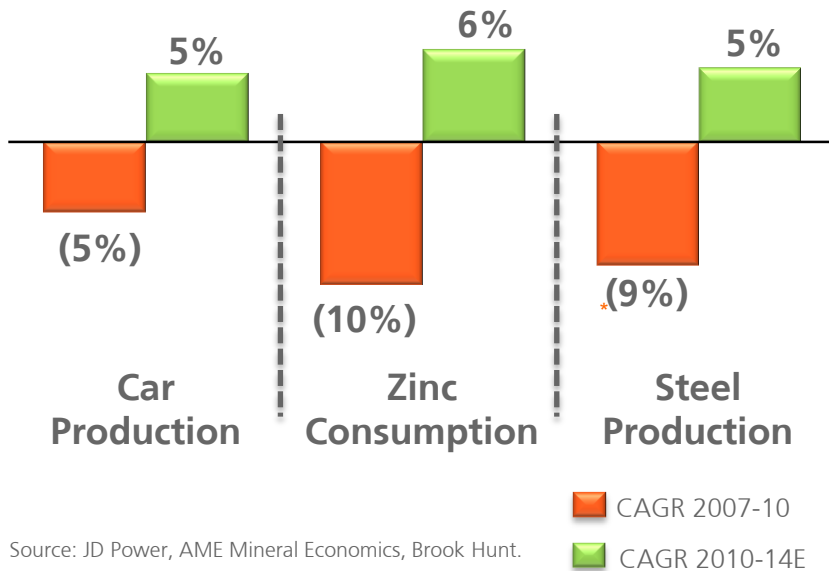
... and expansion in existing and new markets

- **Stricter Environmental Regulation** in Developed Markets
- Implementation of OECD regulation in **Emerging Markets**
- **Short term** actionable **opportunities**:
 - New plant in the South of Spain expected to be operating by 2012
 - Turkey: a new market where we are already present through one recycling plant

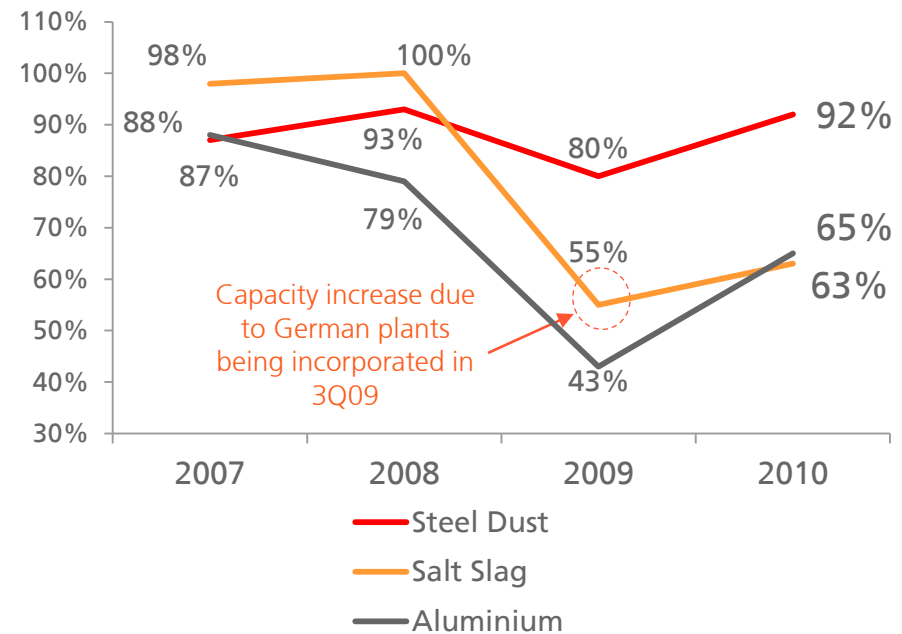


Positioned to capture expected recovery of industrial activity...

Expected Recovery of Industrial Activity 2009-2014E



Utilisation of Abengoa's Plants



...that will boost organic growth with no new investments required

Already entering into the world's 6th largest EAF market, Turkey

Organic Growth in Turkey

- The government is adjusting legislation to meet EU standards
- Following the acquisition of 51% of Silvermet, Istanbul and Izmir offer organic growth opportunities (**new facilities with 60,000 tonnes/yr each**)

- **7 steel plants**
- **9.7 million tonnes of steel**
- **190,000 tonnes of dust**



- **6 steel plants**
- **6.5 million tonnes of steel**
- **130,000 tonnes of dust**

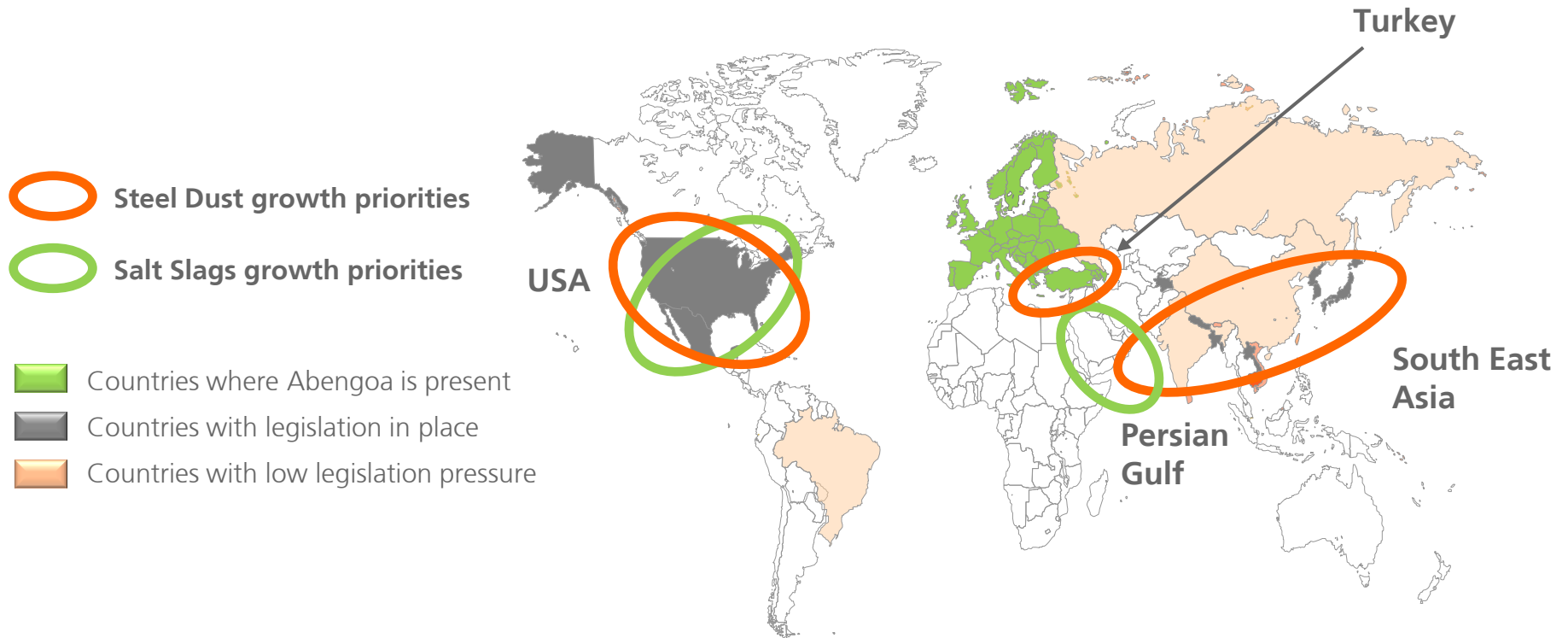
- **6 steel plants**
- **7.5 million tonnes of steel**
- **125,000 tonnes of dust**

- Steel dust in Turkey is expected to increase from current 400.000 tn to 600.000 in 2011

	Total Steel production (mt) 2010	Production through EAF (mt)
1 China	627	56,403
2 United States	80,6	49,972
3 India	66,8	42,752
4 South Korea	58,5	25,155
5 Japan	110	24,112
6 Turkey	29	20,3
7 Italy	25,8	18,318
8 Russia	67	18,09
9 Germany	43,8	15,33
10 France	15,4	13,552
11 Spain	16,3	12,714
12 Mexico	17	11,56
13 Taiwan	19,6	9,8
14 Brazil	32,8	7,872
15 Ukraine	33,6	1,68
EU-27	172,9	
Total World	1.413,8	

Source: World Steel Association

As environmental regulation evolves in other areas of the world, opportunities to enter new markets will appear



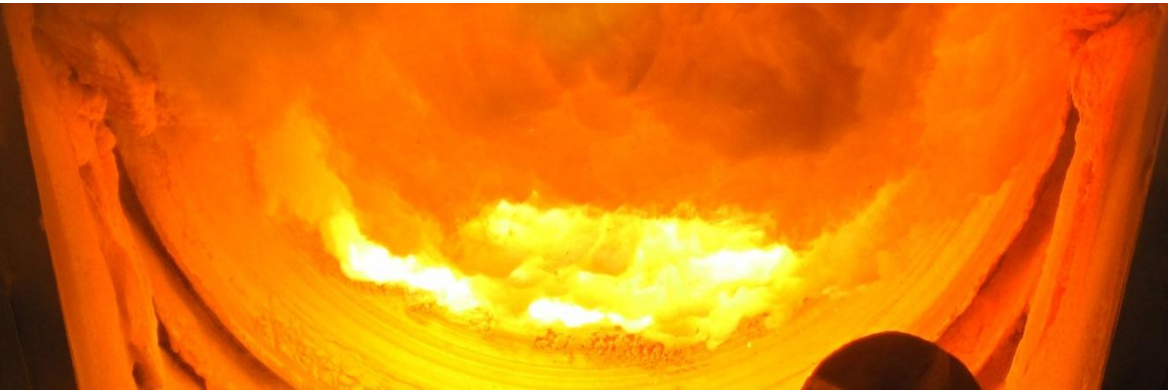
Growth strategy focusing on markets in which regulatory pressure will favour recycling, replicating the current business model and benefitting from in-house know-how

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Thank you

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