

Main features 1st Quarter:

The economic crisis the world is going through since late 2008, which is currently affecting all the economic sectors in general, financial as well as industrial, has not gone unnoticed in the general performance of Befesa's business in the 1stQ 2009.

Different factors are affecting the sectors Befesa operates in:

- Europe's production of steel has fallen 43% so far this year, and the fall in Spain is 45%.
- The industrial production index, the trend indicator that measures the monthly evolution of the productive activity of the industrial sectors, excluding the construction sector, has fallen 22% in Spain.
- The automotive industry is undergoing a destocking process and the same has meant that the fall in vehicle production, -51% in February, is even greater than the fall in the number of vehicles registered, -45% in February. This phenomenon is occurring at a similar level throughout Europe.

In spite of this generalized industrial slump, Befesa's industrial waste recycling business units are performing slightly better than the markets they attend to. This is a consequence of the management policies that have been and still are being implemented, as can be seen in both the production figures and the margins that are being achieved.

Inevitably, all these factors have had a direct affect on the production figures achieved in the 1stQ 2009, which, in the end, has had an impact on the financial statement for the quarter.

Of note by Business Unit is:

- **Aluminum Waste Recycling.** - In the 1stQ 2009, some 56 thousand tons of aluminum-content waste was treated compared to 90 thousand tons in the same period in 2008. This represents a 38% drop in treated volume.

The plant in Valladolid, Befesa Escorias Salinas, has obtained Integrated Environmental Authorization (IEA). The purpose of the IEA is to establish a system for preventing, reducing and controlling atmospheric, water and soil pollution by the facilities used in the process, incorporating all the existing environmental authorisations relating to the production and management of wastes into a single administrative endorsement.

- **Steel and Galvanization Waste Recycling.**- In the 1stQ 2009 some 106 thousand tons of steel and galvanization wastes were treated at the plants in Sweden, Germany, France and Spain, which is a 38% drop on the 170 thousand tons treated the previous year.

- **Industrial Waste Management.** - Some 229 thousand tons of industrial wastes have been treated in the 1stQ 2009, a 26% drop on the 310 thousand tons treated in the same period in 2008.

Befesa Gestión de Residuos Industriales has acquired 100 percent of Derivados de Pinturas, S.A. (Derpinsa), a company that specializes in treating and recycling solvents and other industrial wastes. Established in 1981, Derpinsa is authorized by the Waste Agency of Catalonia to recycle solvents utilizing distillation processes and also to store wastes provisionally. At its Montornes del Valles facilities (Catalonia), it has a special waste collection and transfer center equipped with the best available technology (BAT) for treating solvents. With the acquisition of Derpinsa, Befesa incorporates its first solvent transfer and recovery center into its industrial waste management business. This will allow it to offer the waste producers in this autonomous region an integral waste management and treatment service.

- **Water.** - Unlike the rest of Befesa's Business Units, the Water Unit is not being affected by the global economic crisis as can be seen from its evolution so far in 2009. Its performance is noteworthy and has improved compared to the same period in 2008.

In the 1stQ 2009, significant contracts have been forthcoming, of note among which are:

The Basque Government, through its Department of Transport and Public Works, has awarded Befesa Agua, under a JV with Construcciones Intzausti, the €1.8m contract for an energy dissipater element and a quay at the outer dock of Elantxobe Port, in Biscay (Spain).

Consorcio de Aguas de Tarragona (CAT), has awarded Befesa Agua the construction contract for a reverse osmosis pilot plant to be built next to L'Ampolla drinking water treatment plant (DWTP) to correct the plant's output water mineralization problems. The objective of the reverse osmosis pilot plant to be installed at L'Ampolla DWTP is to allow the obtaining of data that may be extrapolated to allow design of a future 150,000 m³/day capacity, enlargeable to 250,000 m³, industrial facility. The pilot plant will treat 11.5 m³/hour of the DWTP output water and will eliminate between 90 and 95% of the dissolved salts in the same. The demineralized water flow will be 95% of the pilot plant input flow: that is to say, the rejection will only be 5%.

The state-owned enterprise Aguas de las Cuencas Mediterráneas (Acuamed), the main tool of the Ministry of the Environment and Rural and Marine Affairs for development of the AGUA Program in the Mediterranean catchment area, has awarded Befesa Agua the more than €5.5m contract for design and execution of the tertiary treatment works at Peñon del Cuervo treatment plant, in Malaga (Spain). The plant treats some 20,000 m³/water/day, and the adopted solution will allow reuse of more than 9,000 m³/water/day and possible enlargement for a further 9.500 m³/day

has been included. The system comprises a coagulation-flocculation process, open filtering, ultra-filtration, and disinfection by ultraviolet.

3.2 Environmental Services

				var (%)
Sales	159,7	213,5	213,5	-25,2%
E bitda	23,1	30,8	70,8	-25,0%
E bitda/Sales	14,5%	14,4%	33,2%	0,3%
EBT	9,7	16,0	42,0	-39,4%
EAT	7,1	10,4	29,1	-31,6%
EAT Parent	8,5	9,8	26,6	-13,3%

To allow understanding of the evolution of the business in the 1stQ 2009 and make it comparable with the data for the 1stQ 2008, we have included a column headed "03.08 Pro forma" where we have eliminated the affect the sale of the lands in Baracaldo had in the financial statement for the 1stQ 2008. We can therefore compare the inter-annual figures homogenously and obtain a true picture of the comparative evolution of Befesa's business in 2009.

In the 1stQ 2009 the sales of the Environmental Services Business Unit have fallen €53.8m – a 25.2% reduction – compared to the previous year. This worsening of the situation is a consequence of the reduction in the volume of wastes treated in all the Group's areas, due to the international crisis situation we find ourselves in.

As regards the comparable Ebitda, it is down €7.7m – a 25% drop – compared to the 1stQ 2008. Of note is the fact that the Ebitda/Sales ratio is 14.5% which is a 0.3% increase compared to the previous year.

The EAT and the EAT of the Parent for the 1stQ 2009 are €7.1m and €8.5m respectively, which is a 31.6% and 13.3% reduction, respectively, compared with the previous pro forma financial year.

Relevant events reported to the NSEC

List of relevant events in the first quarter 2009

◆ Document dated 25.02.09

Forwarding of the financial statement information for the second half of 2008.

◆ Document dated 25.02.09

Forwarding of the Audit Reports and Individual and Consolidated Annual Reports for the year ended 2008.

◆ **Document dated 02.03.09**

Communication of the Annual Corporate Governance Report for 2008.

◆ **Document dated 11.03.09**

Communication of notice of the Ordinary General Shareholders' Meeting to be held on April 15, 2009, with corresponding motions for approval and reports.

◆ **Document dated 20.03.09**

Communication of change of Chairman of the Audit Committee, due to expiry of legal term of office.