

ACERINOX

2016

THIRD QUARTER RESULTS

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MAIN FINANCIAL FIGURES OF ACERINOX

Million EUR

	Q3 2016	Q3 2015	Variation	9M 2016	9M 2015	Variation
NET SALES	1,007.62	1,000.86	0.7%	2,914.64	3,316.08	-12.1%
EBITDA	103.30	41.50	148.9%	223.03	245.13	-9.0%
EBIT	60.20	0.53	11192.9%	96.64	121.35	-20.4%
RESULT BEFORE TAXES	53.50	-9.75	---	72.58	86.27	-15.9%
RESULT AFTER TAXES	35.82	-8.04	---	44.50	55.88	-20.4%
Net Financial Debt	678.07	788.10	-14.0%	678.07	788.10	-14.0%
No. of employees	6,541	6,491	0.8%	6,541	6,491	0.8%

SECTOR INDICATORS



Auto
Production



Construction



Home
Appliances



+5.1%

Eurofer's estimate for
2016

+1.4%

Eurofer's estimate for
2016

+4.6%

Eurofer's estimate
for 2016



+1.6%

Year to September
Source: Wards Auto

+4.9%

Year to August
Source: US Census Bureau

+1.5%

Year to September
Source: AHAM



+13.4%

Year to September
Source: CAAM

+5.4%

Year to August
Source: NBS

-0.8%

Year to August
Source: NBS

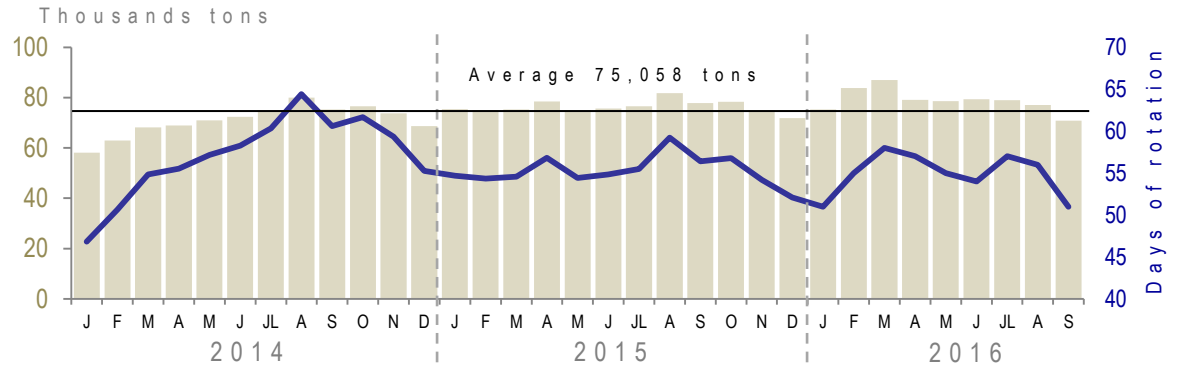
STAINLESS STEEL INVENTORIES



INVENTORIES OF COLD-ROLLED

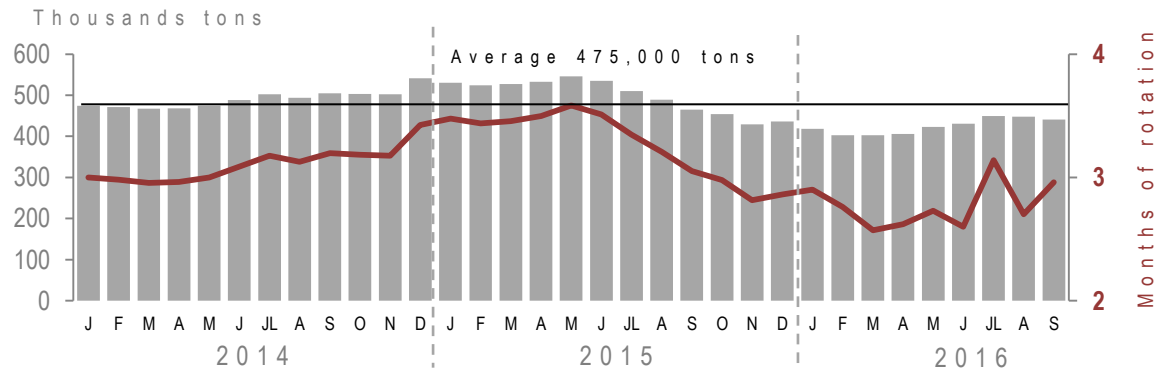
Source: EHV

Reference: Germany



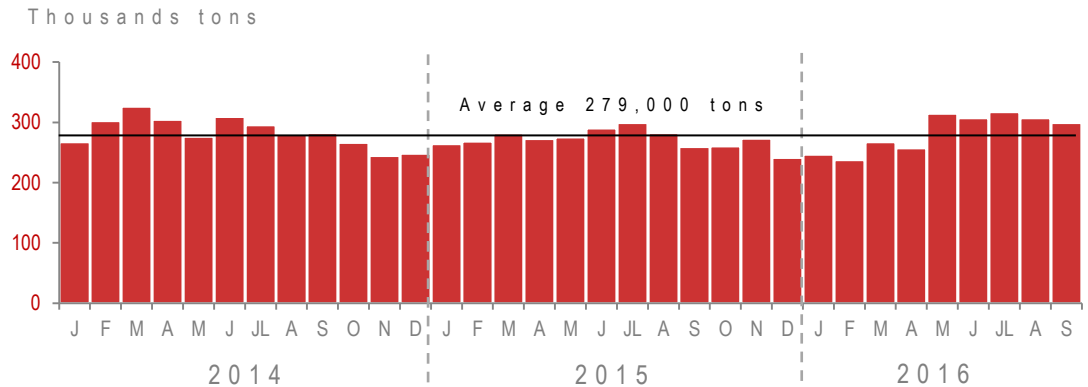
INVENTORIES AT DISTRIBUTORS

Source: MSCI



AT WUXI AND FOSHAN

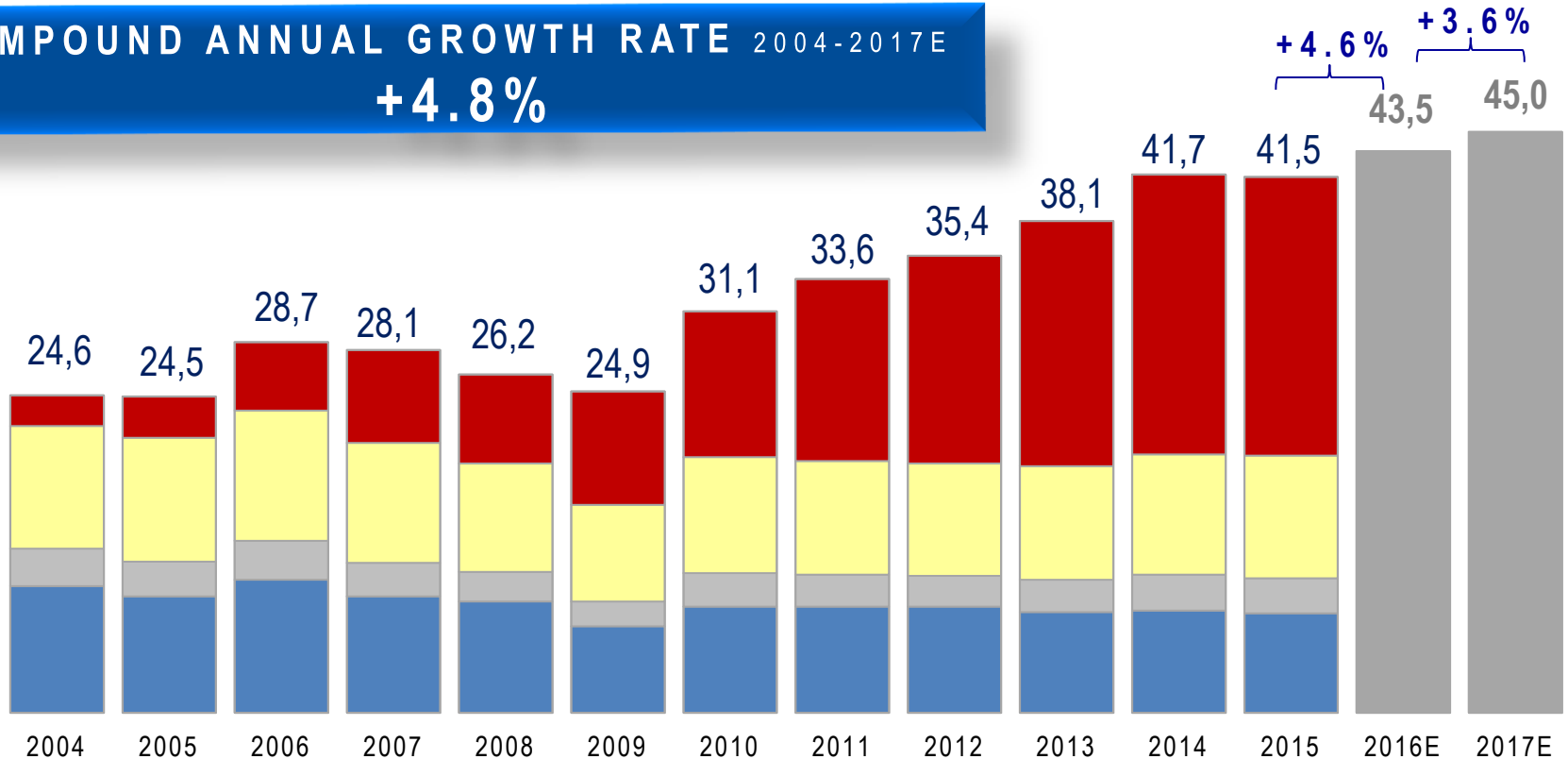
Source: 51 bxxg



WORLD: STAINLESS STEEL MELT SHOP PRODUCTION

Million tons

COMPOUND ANNUAL GROWTH RATE 2004-2017E
+4.8%

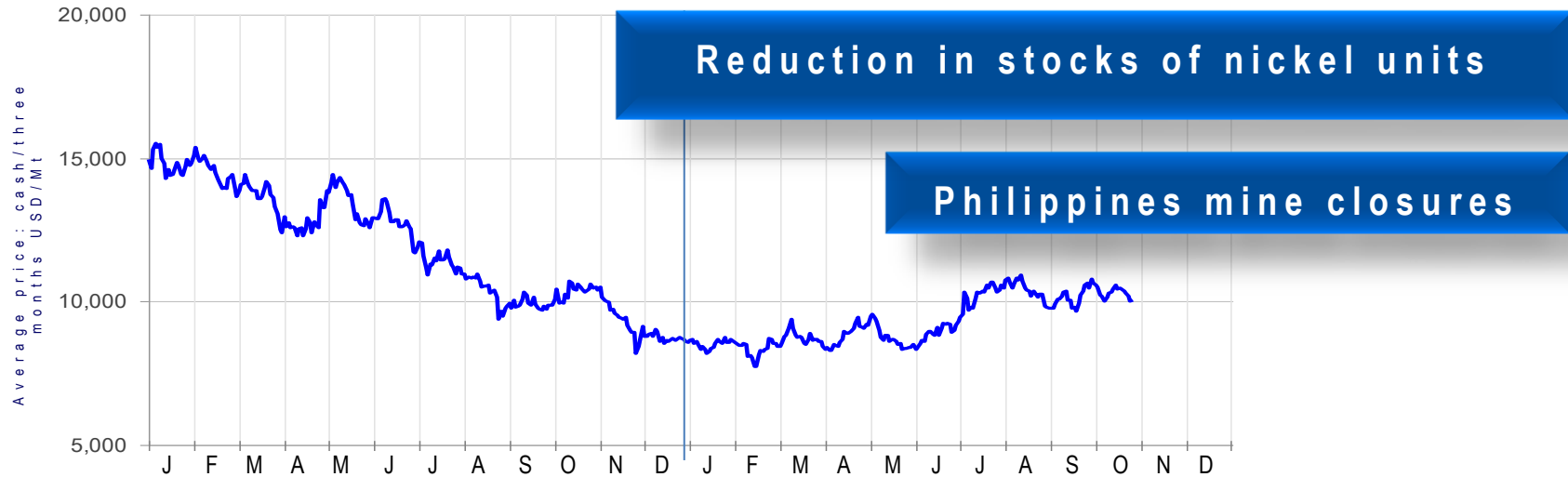


■ China ■ Asia w/o China ■ Americas ■ EuroAfrica

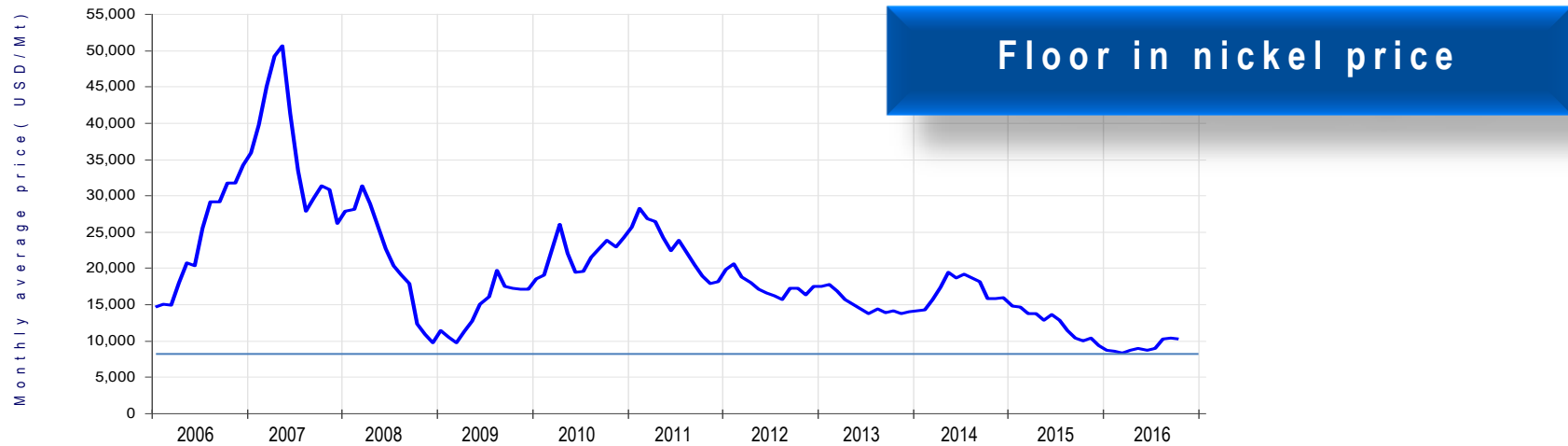
Source: ISSF

OFFICIAL NICKEL PRICE IN THE L.M.E.

Years 2015 and 2016, up to October 24

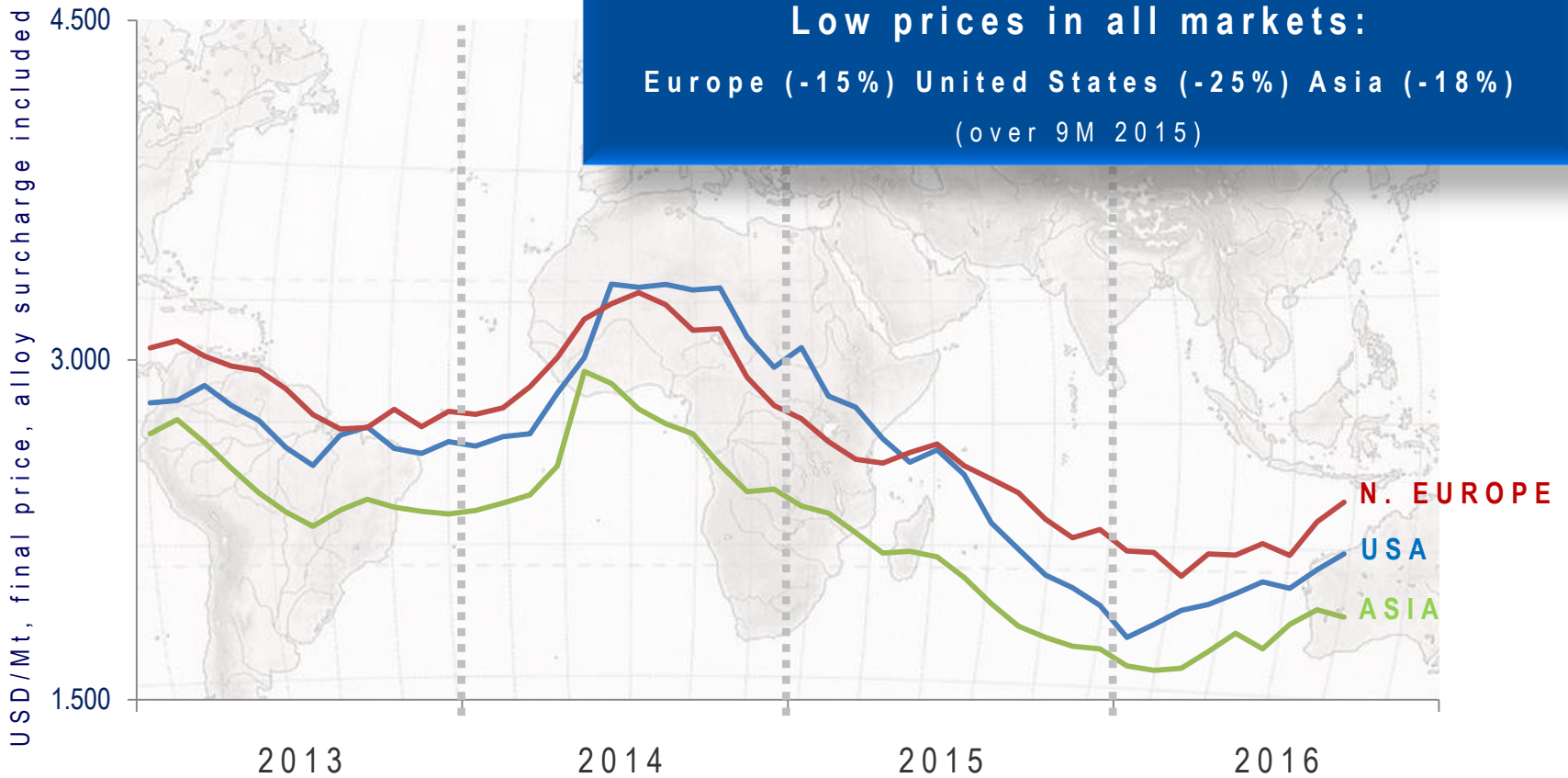


2006-2016 (up to September)



STAINLESS STEEL COLD ROLLED COIL PRICES

AISI 304 2.0 mm



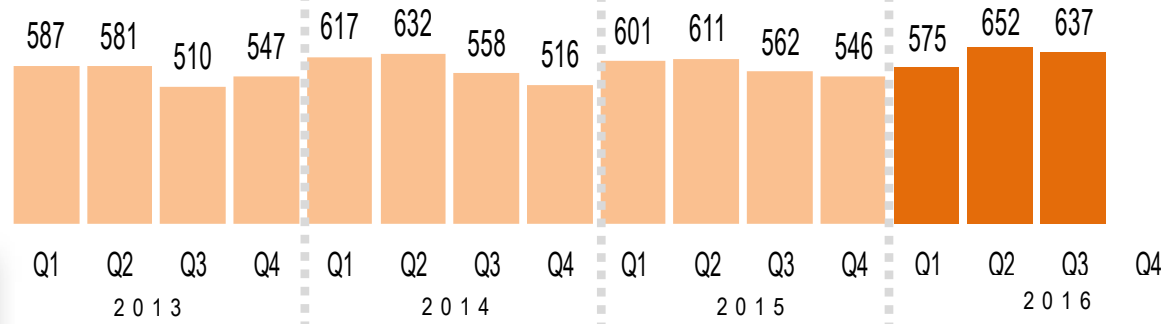
Higher transaction prices in Q3 due to increase of alloy surcharge

PRODUCTION

Thousand Mt

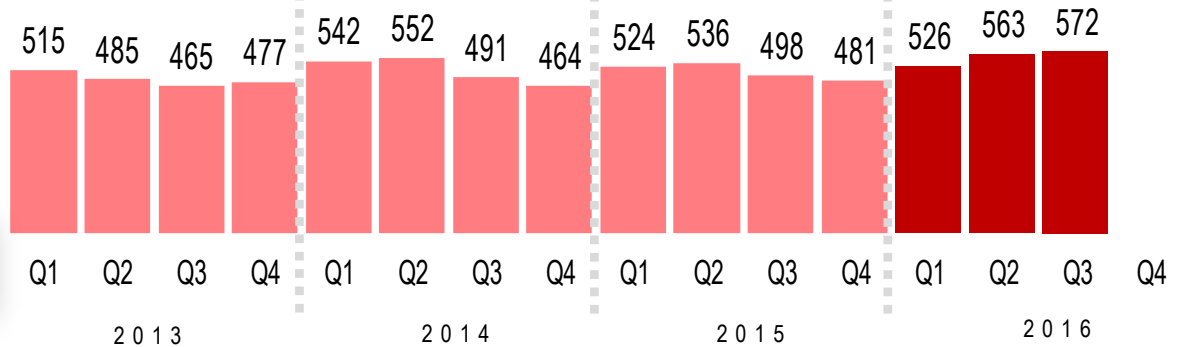
MELTING SHOP

+5% over 9M 2015
+13% over Q3 2015



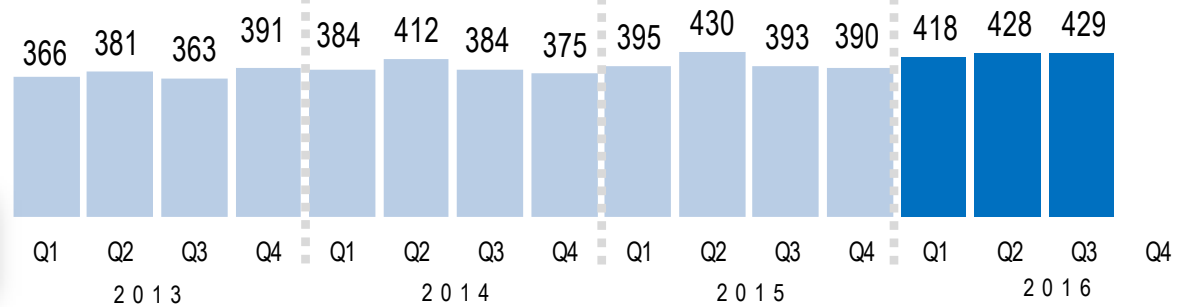
HOT ROLLING

+7% over 9M 2015
+15% over Q3 2015



COLD ROLLING

+5% over 9M 2015
+9% over Q3 2015



MAIN FINANCIAL FIGURES OF ACERINOX

Million EUR

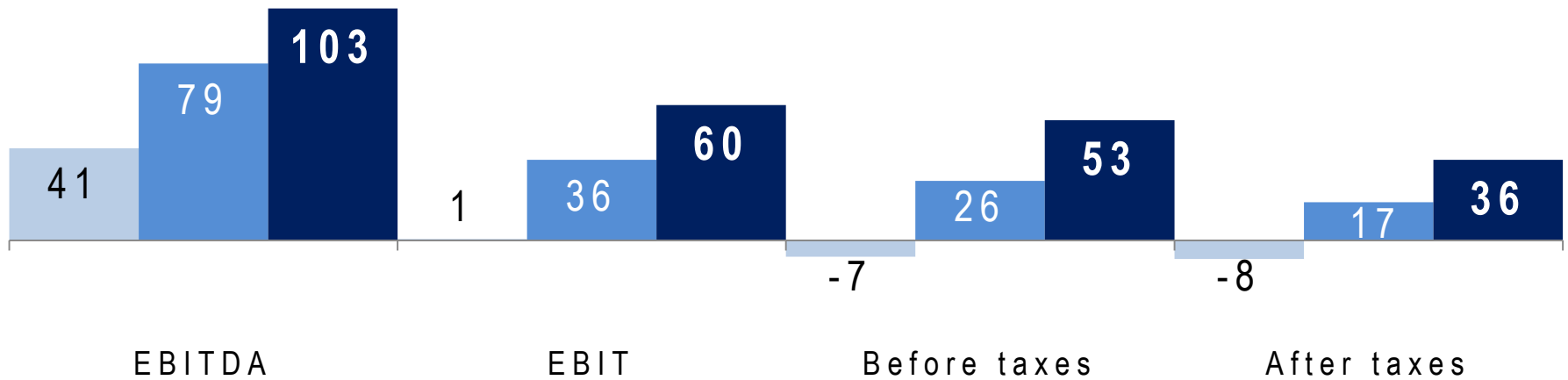
	9M 2016	9M 2015	Variation	FY 2015
NET SALES	2,914.64	3,316.08	-12.1%	4,221.43
EBITDA	223.03	245.13	-9.0%	286.23
EBIT	96.64	121.35	-20.4%	120.89
RESULT BEFORE TAXES	72.58	86.27	-15.9%	76.90
RESULT AFTER TAXES & MINORITIES	44.50	55.88	-20.4%	42.89
Net Financial Debt	678.07	788.10	-14.0%	710.75
No. of employees	6,541	6,491	0.8%	6,506

MAIN FINANCIAL FIGURES OF ACERINOX

Million EUR

Positive tendency along the year

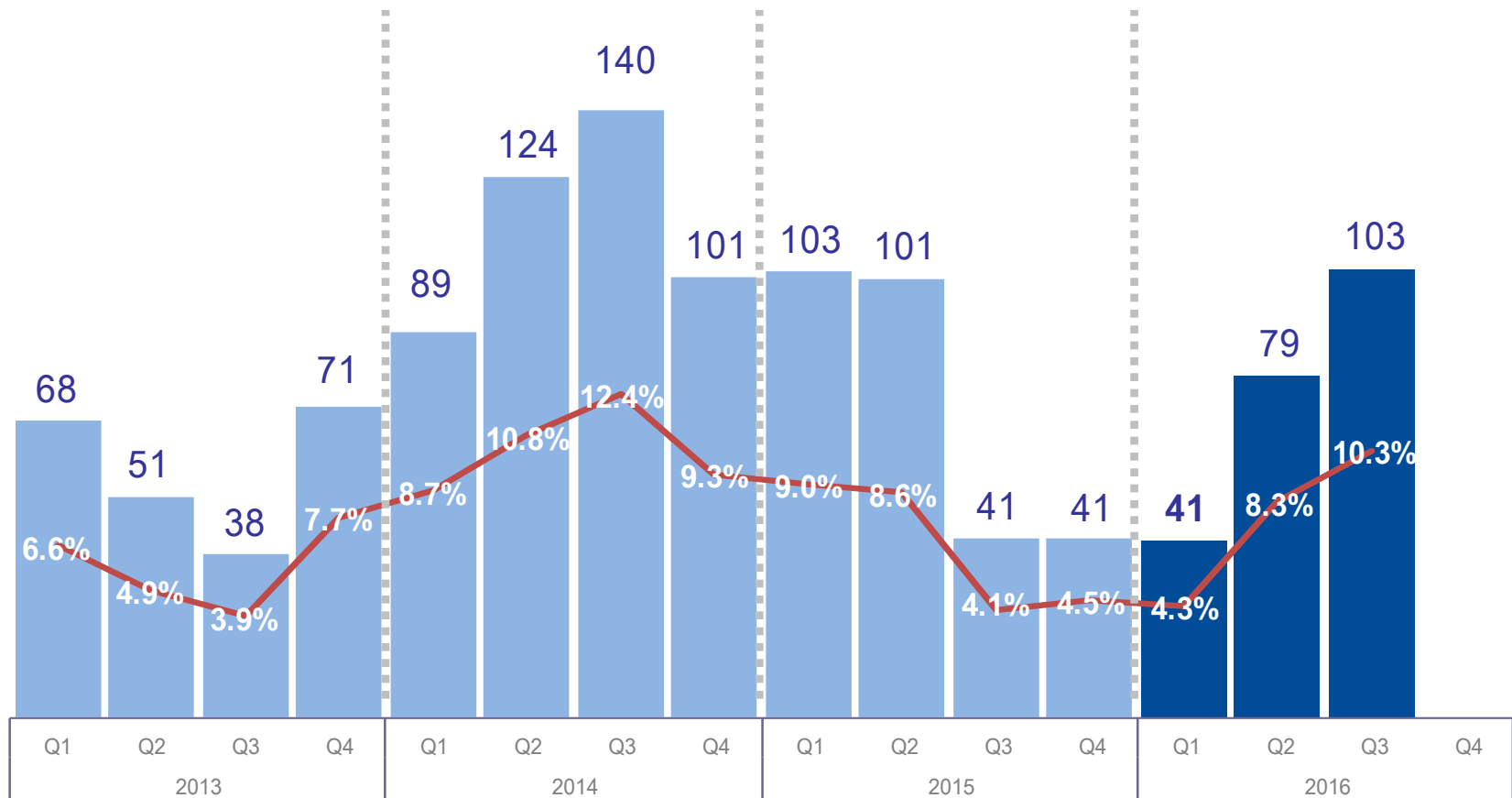
■ Q1 2016 ■ Q2 2016 ■ Q3 2016



QUARTERLY EVOLUTION OF OUR EBITDA

Million EUR

Return to double digit EBITDA margin



BALANCE SHEET

Million EUR

ASSETS

	Sep 16	2015	Sep 15	Variation
Non-current assets	2,262.99	2,317.53	2,310.72	-2.4%
Current assets	2,034.38	1,808.14	2,002.21	12.5%
- Inventories	855.77	824.93	885.61	3.7%
- Debtors	548.98	478.85	576.65	14.6%
<i>Trade debtors</i>	519.23	439.54	543.33	18.1%
<i>Other debtors</i>	29.74	39.31	33.32	-24.3%
- Cash and other current assets	629.64	504.36	539.95	24.8%
TOTAL ASSETS	4,297.37	4,125.67	4,312.93	4.2%

LIABILITIES

	Sep 16	2015	Sep 15	Variation
Equity	1,990.54	2,023.30	2,002.90	-1.6%
Non-current liabilities	1,232.10	995.59	1,067.55	23.8%
- Interest-bearing loans and borrowings	991.50	741.16	810.88	33.8%
- Other non-current liabilities	240.60	254.43	256.67	-5.4%
Current liabilities	1,074.72	1,106.77	1,242.47	-2.9%
- Interest-bearing loans and borrowings	292.70	449.54	475.59	-34.9%
- Trade creditors	682.17	566.28	670.81	20.5%
- Other current liabilities	99.85	90.96	96.07	9.8%
TOTAL EQUITY AND LIABILITIES	4,297.37	4,125.67	4,312.93	4.2%

	Sep '16	Dec '15	Sep '15
Working Capital	693	698	758
Net financial Debt	678	711	788

NET FINANCIAL DEBT

Million EUR

Debt refinancing (May 2016)
12 bilateral contracts
No covenants
Goals: reduce cost, extend maturities



Net financial expenses up to September 2016 have been reduced by 31%

CASH FLOW STATEMENT

Million EUR

	Jan - Sep 2016	Jan - Dec 2015	Jan - Sep 2015
Result before taxes	72.6	76.9	86.3
Adjustments for:	139.7	210.2	167.4
<i>Depreciation and amortisation</i>	125.6	163.7	122.4
<i>Changes in provisions and impairments</i>	-7.6	2.3	10.7
<i>Other adjustments in the result</i>	21.7	44.1	34.2
Changes in working capital	-2.4	-129.5	-209.6
<i>Changes in operating working capital</i>	5.4	-244.0	-303.9
· <i>Inventories</i>	-30.8	26.8	-33.9
· <i>Trade debtors</i>	-79.7	4.0	-99.8
· <i>Trade creditors</i>	115.9	-274.8	-170.3
<i>Others</i>	-7.7	114.5	94.3
Other cash-flow from operating activities	-56.2	-140.1	-116.4
<i>Income tax</i>	-29.4	-94.5	-81.9
<i>Financial expenses</i>	26.9	-45.6	-34.5
NET CASH-FLOW FROM OPERATING ACTIVITIES	153.7	17.4	-72.4
Payments for investments on fixed assets	-96.6	-67.5	-48.8
Others	-0.7	-0.1	-1.1
NET CASH-FLOW FROM INVESTING ACTIVITIES	-97.3	-67.6	-50.0
NET CASH-FLOW GENERATED	56.5	-50.2	-122.4
Acquisition of treasury shares	0.0	-0.1	-0.1
Dividends paid to shareholders and minorities	-26.8	-47.8	-47.8
Changes in net debt	99.7	-177.7	-83.1
<i>Changes in bank debt/private placement</i>	93.5	-163.4	-67.6
<i>Conversion differences</i>	6.2	-14.3	-15.5
Attributable to minority interests	0.0	0.0	0.0
Others	0.7	0.3	0.2
NET CASH-FLOW FROM FINANCING ACTIVITIES	73.6	-225.3	-130.8
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	130.0	-275.4	-253.2
Opening cash and cash equivalents	480.0	738.4	738.4
Effect of the exchange rate fluctuations on cash held	-3.9	17.0	13.2
CLOSING CASH AND CASH EQUIVALENTS	606.1	480.0	498.4

Positive
Cash Flow

Investments in
NAS and
Acerinox Europa

Since 2008 the world of stainless has changed:

- Global crisis
- Overcapacity in China



STAINLESS STEEL INDUSTRY HAS BEEN FORCED TO ADJUST...



Consolidation of the industry

Capacity reductions

Capital increases

High leverage

Strong reduction in investments

Strong reduction in dividends

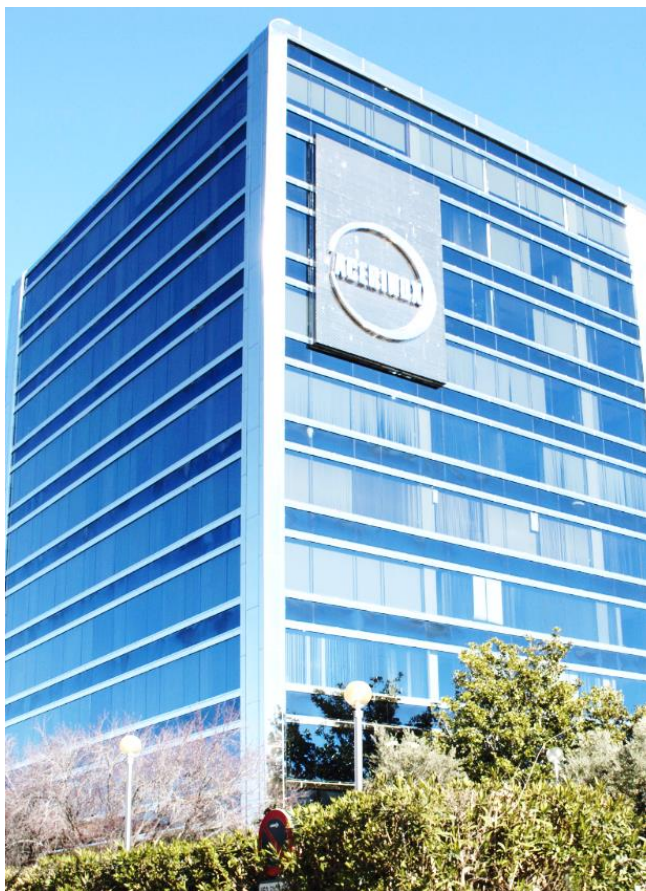
... BUT ACERINOX REMAINS AS A CASE STUDY

Million EUR

	2008	2009	2010	2011	2012	2013	2014	2015
CASH FLOW GENERATED	554	208	337	490	568	261	47	20
CAPEX	328	228	234	181	151	162	77	68
RETURN TO SHAREHOLDERS	242	116	112	112	112	47	56	48
NET DEBT REDUCTION	-16	-136	-9	197	305	52	-86	-95

... BEING A BENCHMARK

Million EUR



Period 2008-2015

Cash generation

2.487

CAPEX

1.430

Return to shareholders

845

Net debt reduction

212

... STILL FINDING NEW AREAS OF IMPROVEMENT

Since 2008:

FIXED COSTS: 110 MILLION EUR

Personnel expenses 54 million EUR

Maintenance 45 million EUR

Others 11 million EUR

VARIABLE COSTS: EXCELLENCE PLAN

	TARGET ACHIEVED:	
2009-2010 Excellence Plan I	73%	97 Million EUR
2011-2012 Excellence Plan II	59%	52 Million EUR
2013-2014 Excellence Plan III	88%	53 Million EUR
2015-2016 Excellence Plan IV	<i>Up to June 2016 71%</i>	48 Million EUR

... WITH A CLEAR LONG TERM STRATEGY ON MIND



STRATEGIC PLAN 2016 - 2020

STRATEGIC PLAN 2016 - 2020

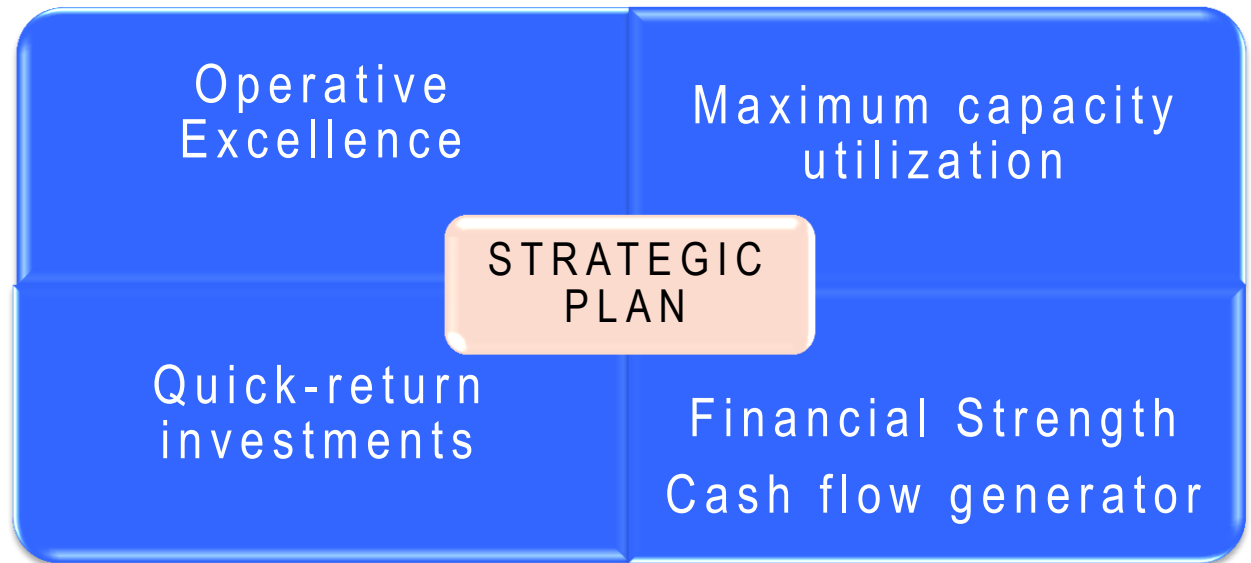
Belief on a
leader product

Operative
Excellence

Global
Presence

Financial
Strength

Sustainability



BAHRU STAINLESS



CURRENT CAPEX IN PLACE: NAS



BA construction, NAS

Bright Anneal and ZM lines investments

- 116 million euros
- Start up: first half 2017
- Payback: <5 years
- Goals:
 - enter into the BA market in the United States
 - Increase NAS capacity utilization
- Main applications: household appliances, cutlery, trucks, fireplaces, etc.

CURRENT CAPEX IN PLACE: ACERINOX EUROPA



AP and ZM lines investment:

- 140 million euros
- Start up: end of 2017
- Payback: <5 años
- Goals:
 - higher value-added products
 - increase sales to direct client
 - improve capacity utilization
 - cost savings and reduction of emissions

EVOLUTION OF ACERINOX, S.A. STOCK

Euros/share



**Potential
upward trend**

WHAT WE SHOULD EXPECT GOING FORWARD

Sustainable CAPEX



High added value product

Improve efficiency



Excellence Plan V

Sustainable dividends

Debt optimization

Focus on cash generation

Keeping an eye on opportunities that contribute to improve our efficiency



FOCUS ON VALUE

ACERINOX

Q&A

2016

THIRD QUARTER RESULTS