

Santander XXIII Iberian Conference



ACERINOX

Mr. Bernardo Velázquez, CEO

Madrid, 1 February 2017

This document may contain forward-looking information and statements about ACERINOX, S.A., its subsidiaries and/or its management.

These forward-looking statements include financial projections and estimates and their underlying assumptions, and statements regarding the intent, belief or current expectations or forecasts of ACERINOX, S.A. and/or its management, as well as statements regarding future performance, plans, objectives, operations, business, strategy, capital expenditures, results of operations, markets and products. These forward-looking statements or forecasts may also include assumptions regarding future economic and other conditions, such as future nickel or chrome prices and, in general, are subject to risks, uncertainties and variables beyond ACERINOX's control that can adversely affect them.

These forward-looking statements and information do not constitute historical facts and can generally be identified by the use of terms such as “expects”, “anticipates”, “believes”, “plans”, “estimates” and similar expressions. ACERINOX, S.A. believes they all are reasonable but are not a guarantee of future performance, prices, results of operations, benefits or dividend payout policies. ACERINOX, S.A. future financial condition, financial ratios, business, results of operations and dividends could differ materially from those expressed or implied in or projected by such forward-looking statements, information and forecasts.

All forward-looking statements included herein are based on information available on the date hereof. Except as required by applicable law, ACERINOX, S.A. does not undertake any obligation to publicly update or revise any forward-looking statements and information, even in the event of new information being published or new events occurring.

Investors, holders of ACERINOX, S.A. securities and shareholders in ACERINOX, S.A. are cautioned not to place undue reliance on the forward-looking statements and information, which speak only as of the date they were made. All subsequent oral or written forward-looking statements or information attributable to ACERINOX, S.A. or any of its members, directors, officers, employees or any persons acting on its behalf are expressly qualified in their entirety by this cautionary statement.

No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein. None of the Company or any of its affiliates, advisors or representatives shall have any liability whatsoever for any loss arising from any use of this document, or its contents, or otherwise arising in connection with this document. Moreover, this document nor any part of it constitutes a contract, nor may it be used for incorporation into or interpretation of any contract or other type or agreement.

The points contained in this disclaimer must be taken fully into account by all persons or entities obliged to take decisions or to draw up or to publish opinions on securities issued by ACERINOX, S.A., in particular, by the analysts and investors reading this document. All the aforesaid persons are invited to consult the public documentation and information that ACERINOX, S.A. reports to or files with the bodies responsible for supervising the main securities market and, in particular, with the Spanish National Securities Market Commission (CNMV in its Spanish initials).

- **Spanish multinational company**
- **Fully dedicated to stainless steel**
- **4.2 billion euros turnover (2015)**
- **Among largest producers in the world with 3.5 million tons of melting capacity**
- **6 factories in 4 continents**
- **6,506 professionals in 5 continents**
- **Presence in 40 countries worldwide with sales in 80 countries**

ACERINOX: HISTORY

ACERINOX

1970, incorporation of ACERINOX, S.A.

1990, incorporation of NORTH AMERICAN STAINLESS

100% Acerinox S.A.

2002, incorporation of COLUMBUS STAINLESS

Acerinox, S.A. 76%
I.D.C. 24%

2009, incorporation of BAHRU STAINLESS

Acerinox, S.A. 67%
Nisshin Steel Holdings Co. Ltd. 30%
Metal One Corp 3%

MAIN ACERINOX SHAREHOLDERS

Alba Participaciones	18.96%
Nisshin Steel Holdings Corp. Ltd.	15.49%
Feynman Capital S.L. (OMEGA)	7.31%
Blackrock Inc.	4.29%
Marathon AM	3.50%
Industrial Development Corp. (I.D.C.)	3.05%
Sanderson Asset Management LLP	2.87%



ACERINOX PRINCIPLES AND VALUES

VISION

<p>Belief on a leader product</p>	<p>Growing consumption No replacement</p>	<p>Stainless Steel specialists</p>	<p>Continuous search of product excellence. R+D+i programs in every BU</p>	<p>Presence on global leading projects. Empower Acerinox brand.</p>	<p>Wide product mix, both on steel types, products and finishes.</p>
<p>Operative Excellence</p>	<p>Continuous research of the better quality at the lower cost</p>	<p>Integrated Mills with optimal layout</p>	<p>Light structure. Flexibility on production and commercial management.</p>	<p>Technological innovation. Continuous equipment improve, with the latest technologies</p>	<p>Fixed costs control. Continuous improve programs on variable costs. Excellence Plans.</p>
<p>Global Presence</p>	<p>Organic growth</p>	<p>Strategic Mills location. Production on 4 continents</p>	<p>Exclusive and owned commercial network. Societies in the 5 continents.</p>	<p>Continuous internationalization process</p>	
<p>Financial Strength</p>	<p>Accomplishment of financial ratios</p>	<p>Financial awareness Low leverage Balance strength</p>	<p>Liquidity</p>	<p>Ensure an adequate and competitive dividend to shareholders</p>	<p>Controlled profit reinvestment. Investment plan Capex 2015-2018</p>
<p>Sustainability</p>	<p>Social Commitment</p>	<p>"Zero Accidents" policy</p>	<p>Global leader on climate change</p>	<p>Implementation of environmental footprint programs. Responsible use of resources.</p>	<p>Maximum grade "A" at "Carbon Disclosure Project" (CDP) High marks at GRI program</p>

Pillars

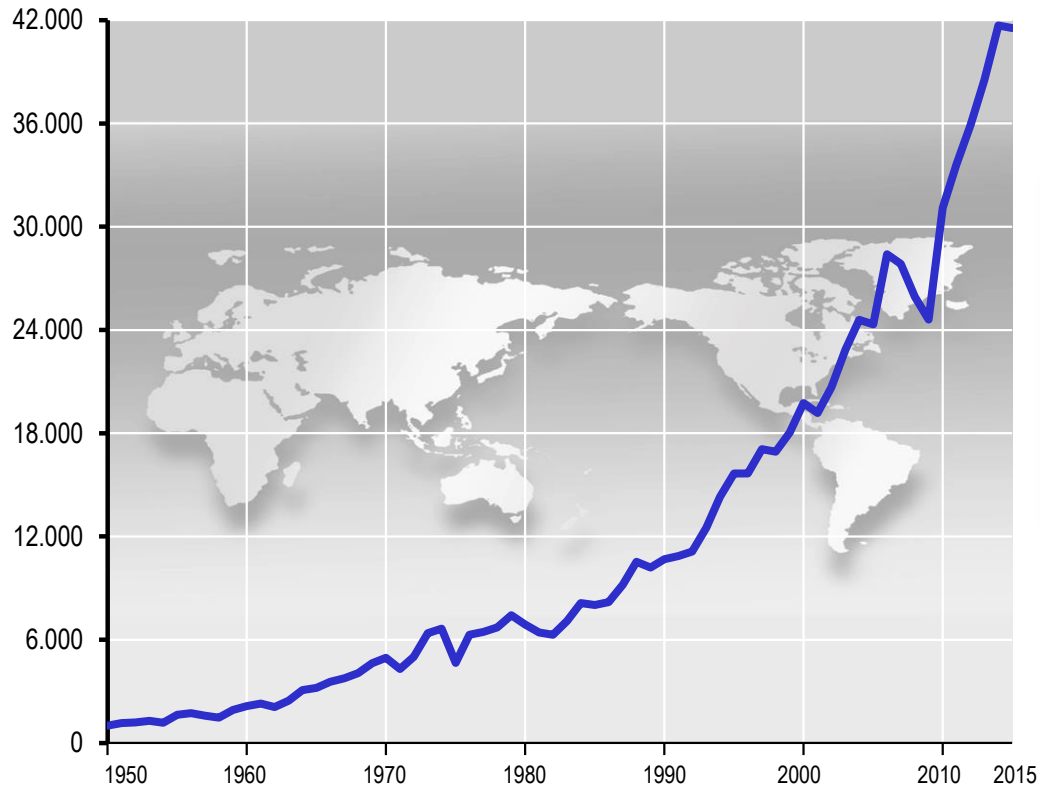
Drivers

Strategic Lines

STAINLESS STEEL WORLDWIDE PRODUCTION



Thousand Mtons



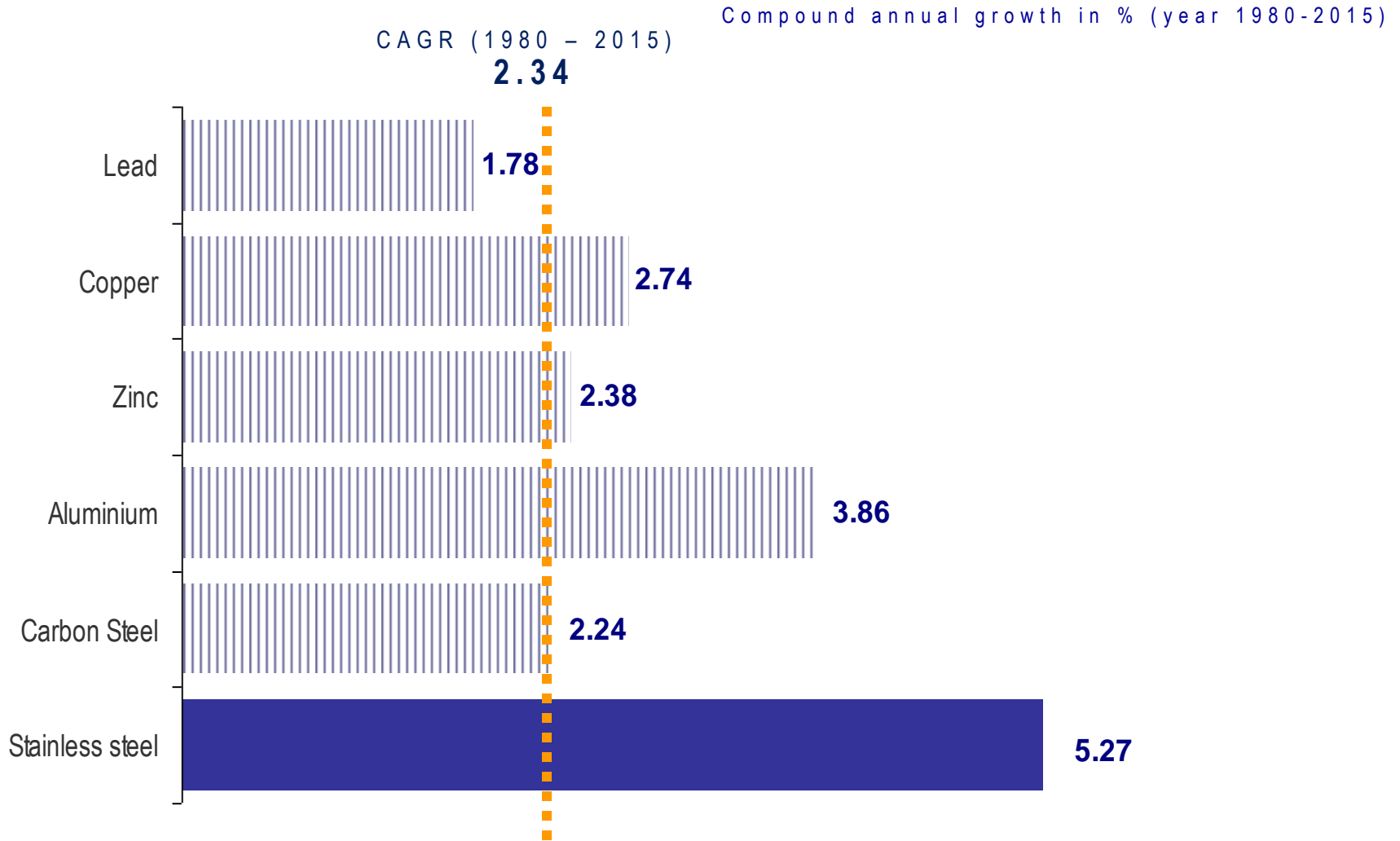
World Production of
Stainless Steel in 2015:

41.5 million Mt

Source: ISSF and Acerinox

Compound annual growth rate **+5.9%**
(1950-2015)

STAINLESS STEEL GROWTH RATE COMPARED TO ALTERNATIVE MATERIALS



Source: ISSF

IMPROVEMENT PLANS



Since 2008:

FIXED COSTS: 110 MILLION EUR

Personal 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	Up to June 2016 71%	Up to June 2016 48 Million EUR

EXCELLENCE PLAN V: 2017-2018

5 Blocks: Operations, Working Capital, Personnel, Commercial and Supply Chain

Recurrent saving of 50 million euros is expected

FLAT PRODUCT

LONG PRODUCT



1970 | Spain
(Algeciras, Cádiz)

Melting Shop
Hot Rolling Shop
Cold Rolling Shop



1990 | Spain
(Igualada, Barcelona)

Finished Product



1990 | USA
(Kentucky)

Melting Shop
Hot Rolling Shop
Cold Rolling Shop



2003 | USA
(Kentucky)

Hot Rolling
Finished Product
Integrated with the flat product plant



COLUMBUS
STAINLESS
[Pty] Ltd



2002 | South Africa

(Middelburg)
Melting Shop
Hot Rolling Shop
Cold Rolling Shop



1957 | Spain
(Ponferrada, León)

Hot Rolling
Finished Product



2009 | Malasia

Cold Rolling Shop




Acerinox Europa is the leading producer of stainless steel in the Spanish market. The integrated flat product plant, located in the Campo de Gibraltar, has a production capacity of 1.1 million tons in melting shop and 660,000 tons of cold rolling



NAS, located in Kentucky (USA) is an integrated factory with a production capacity of 1.4 million tons in melting shop and 800,000 in cold rolling

50% of North American stainless steel melting production is made by NAS



COLUMBUS STAINLESS is an integrated plant located in the mining region of Mpumalanga (Middelburg, South Africa) with a capacity of 1 million tons in melting shop and 480,000 in cold rolling

Since its acquisition in 2002, Columbus has doubled its production capacity

Columbus is market leader, with more than 80% share in South Africa



COLUMBUS
STAINLESS
[Pty] Ltd





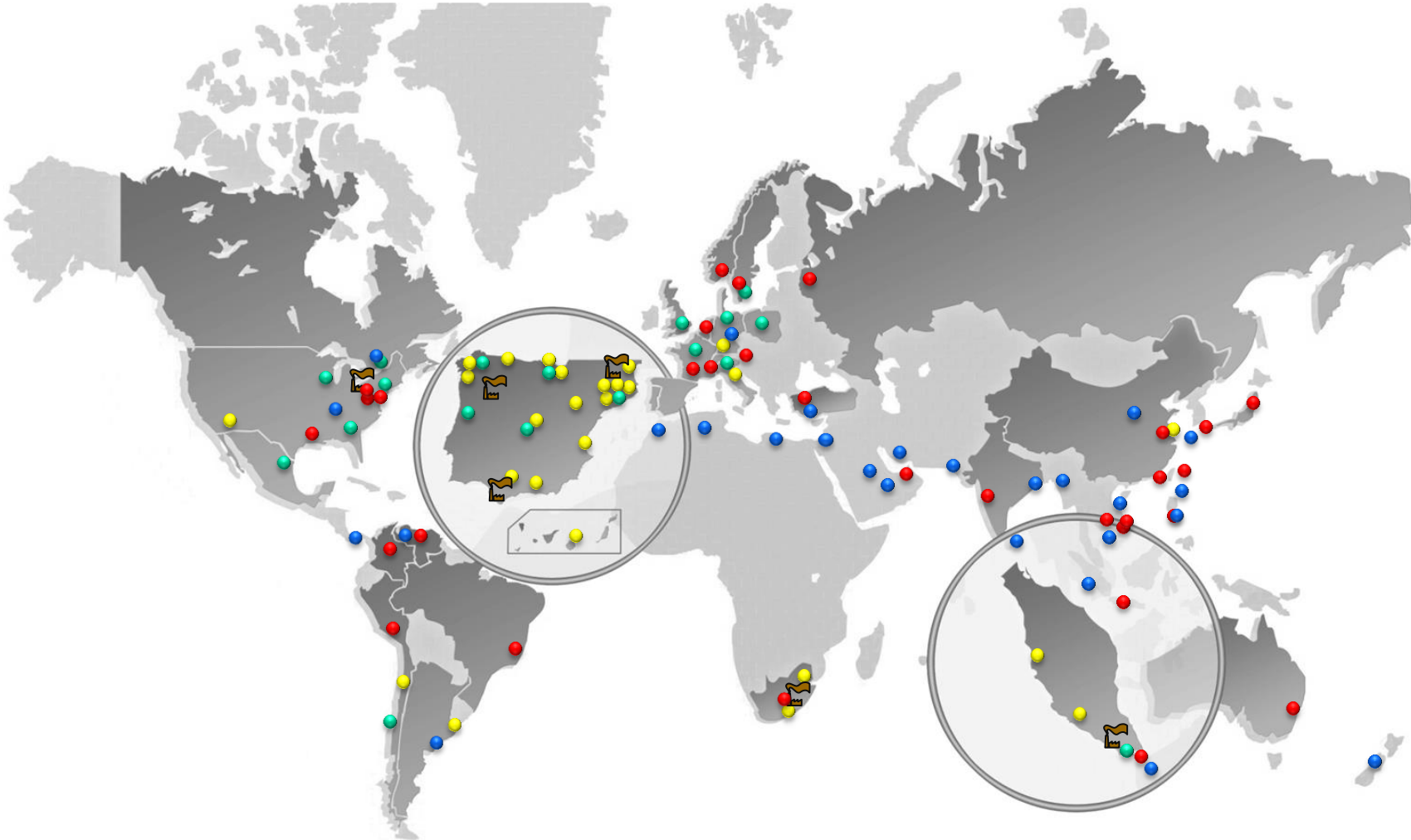
Development of a new integrated 1 million tons/year stainless steel mill. It currently has 400,000 tons of cold rolling capacity

Located next to the Strait of Malacca, in the largest port complex in the world

Malaysia: stable and developed country in the ASEAN area, with good infrastructures and strategic location

40% market share in Malaysia

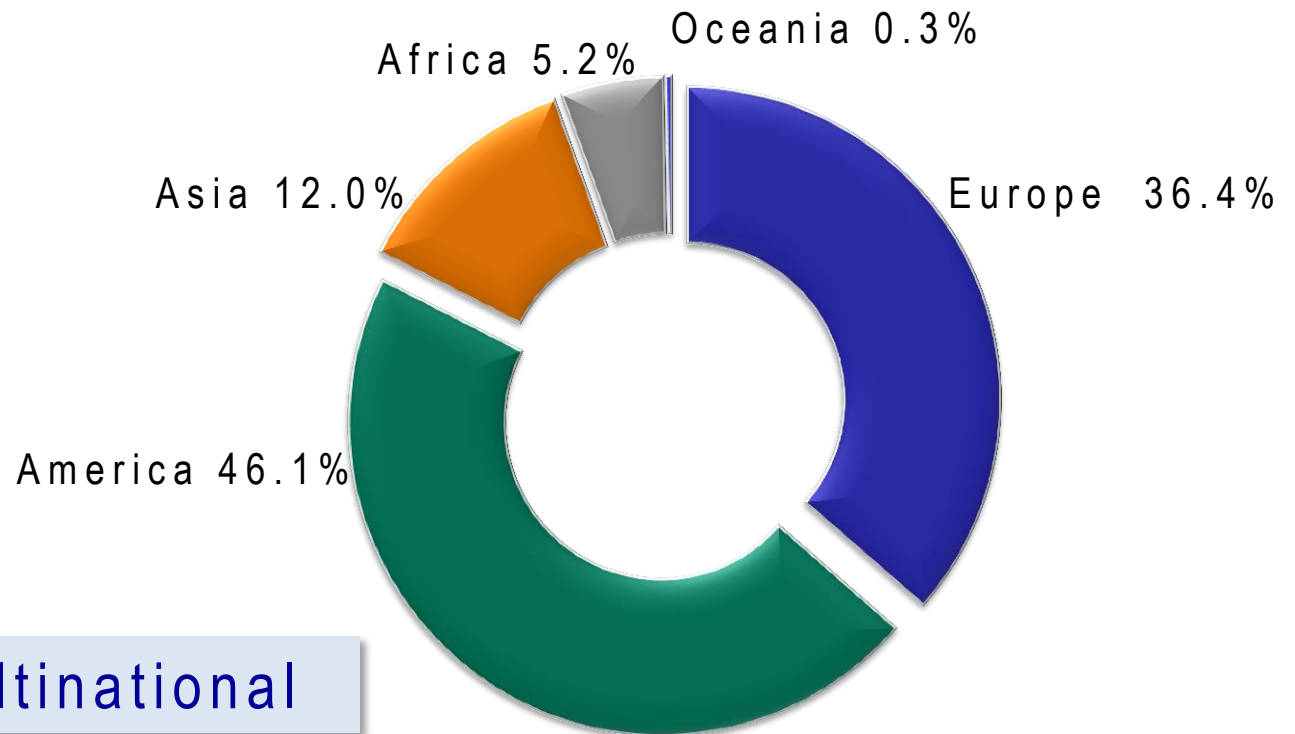




Services centres		18	Commercial offices		31
Warehouses		26	33 Commercial agents		in 26 countries
			Factories		6

At 12/31/2015

Jan-Sept 2016



Spanish multinational

Sales in 80 countries

Commercial presence in 40 countries

OUR MAIN FINANCIAL FIGURES

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
Gearing (%)	34.06	39.35		35.13
No. of employees	6,541	6,491	0.8%	6,506

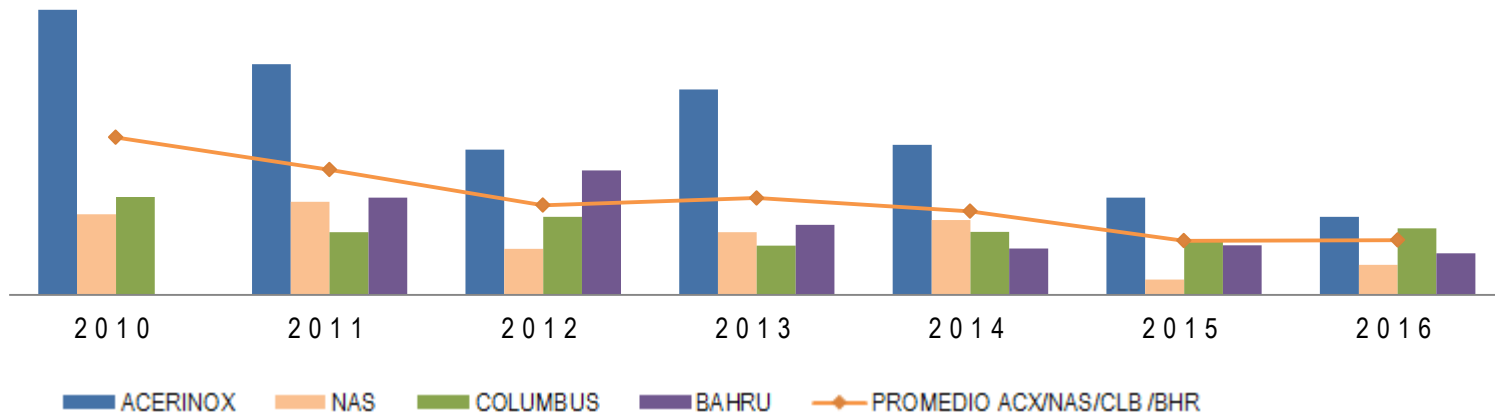
9M results after taxes and minority is higher than the whole of the 2015

Global Reporting Initiative G-4



Advanced Level, United Nations Global Compact

NAS, ISSF Safety Award 2016



• **Recordable accident incident rate** = No. recordable accidents * 200,000 / No. worked hours

MAIN GUIDELINES

- ✔ Belief on the product
- ✔ Organic growth
- ✔ Postpone investments at Bahru Stainless waiting for new opportunities

STRATEGIC PLAN



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
- Applications: household appliances, cutlery, trucks, fireplaces...

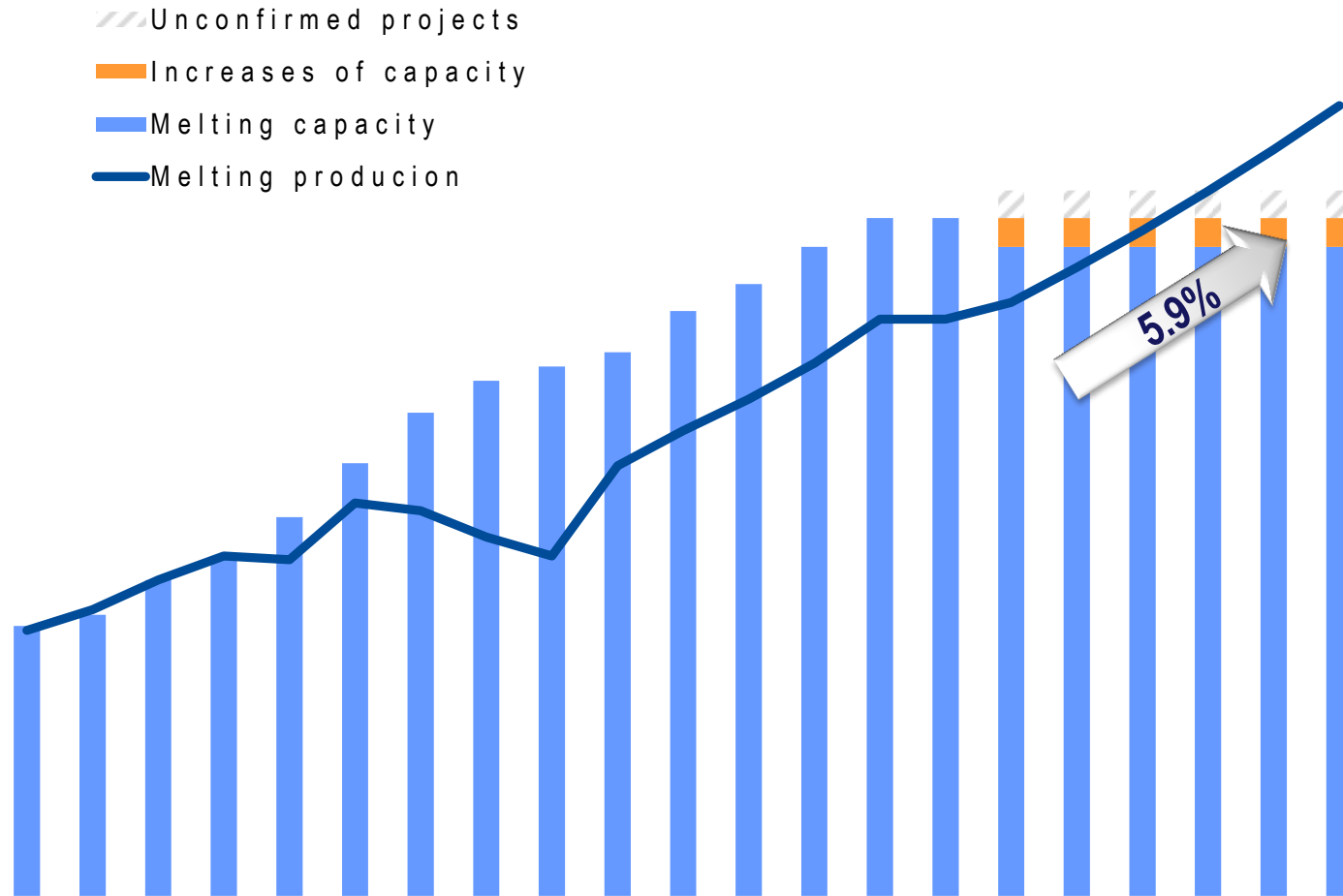


Acerinox Europa: AP and ZM lines investment



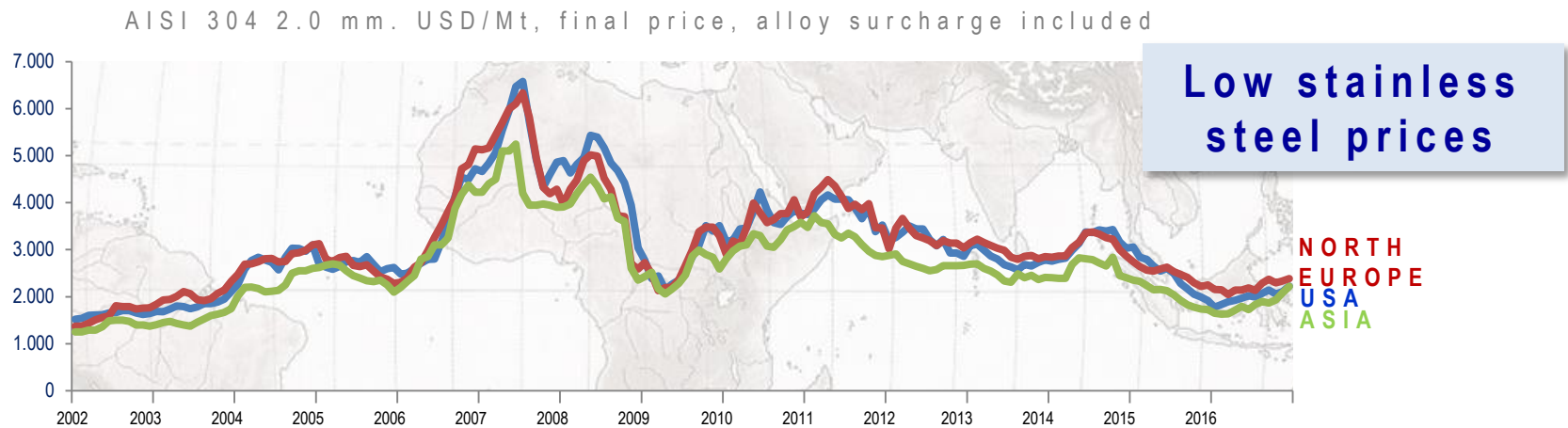
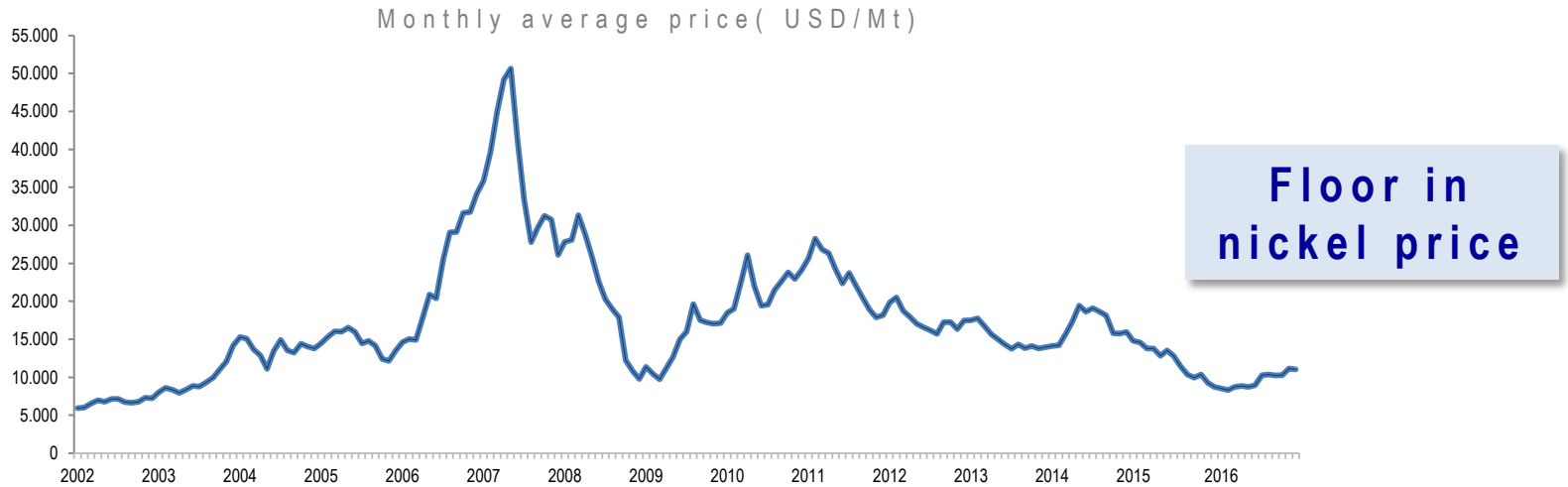
- 140 million euros
- Start up: end of 2017
- Payback: <5 años
- **Goals:**
 - higher added-value products
 - increase sales to direct client
 - improve capacity utilization
 - cost savings and reduction of emissions

CAPACITY vs PRODUCTION



Source : Acerinox

OFFICIAL NICKEL PRICE IN THE L.M.E. AND STAINLESS STEEL PRICES



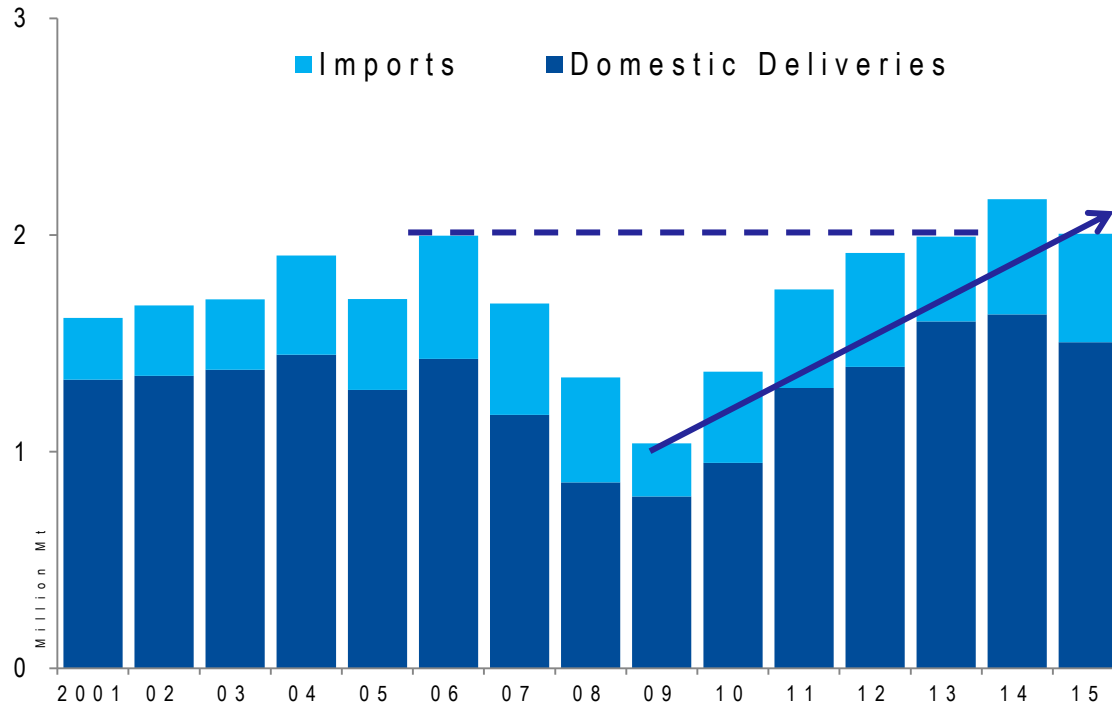
Source: Metal Bulletin and Platts

ACERINOX

No.1 in USA



APPARENT CONSUMPTION



Growing market

Back to pre crisis level in 2013

50% of North American stainless steel melting production is made by NAS

Net importer market



FULLY INTEGRATED MILL

ACERINOX



NAS is the only Stainless producing mill in North America to have all the production facilities required to produce stainless situated in one location

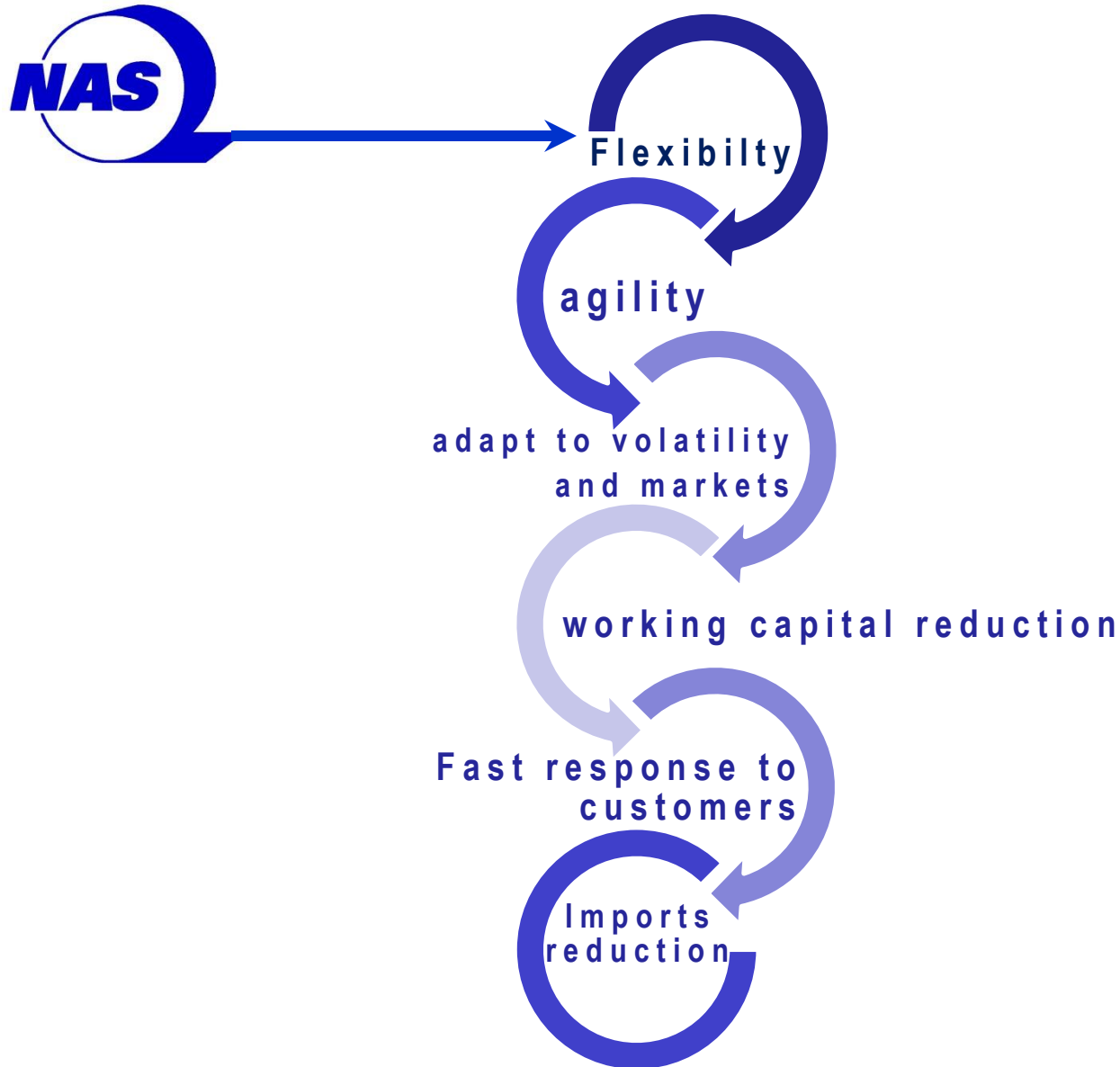
PROXIMITY TO RAW MATERIALS



● SCRAP AREAS



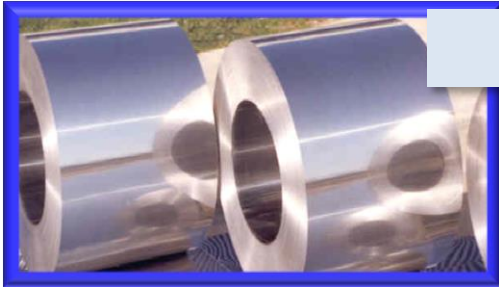
HIGH USE OF SCRAP vs PRIMARY NICKEL AND CHROME



QUICK ACCESS TO CUSTOMERS



One day truck transport to 80% of the US market



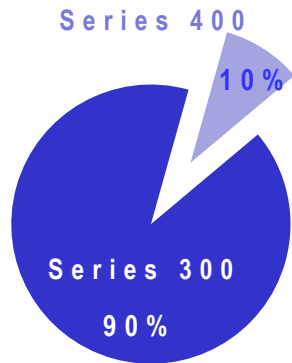
ONE STOP SHOP OPTION



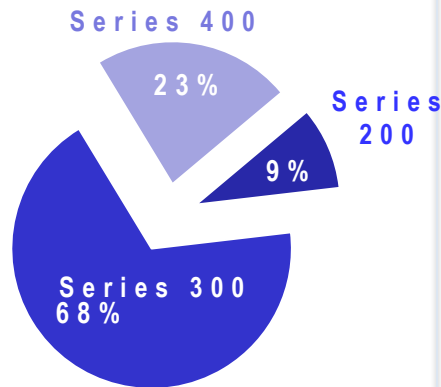
Flat Products

Long Products

2005



2015



2005



2015



TARGET MARKET

- **Distribution (75%):** Transactional and Contract oriented
- **Direct OEM (25%):** Automotive exhaust systems, appliance, pipe & tube, sink and rebar fabricators

25 YEARS OF EXPERIENCE



EXPANSION OF PRODUCT LINE, BA

ACERINOX

- Drives greater diversity into product mix
- Enters NAS into new market without supplanting any existing sales.
- US consumption currently supported by 70% foreign producing mills.
- 116 million euros
- Start up: first half 2017
- Payback: <5 years

MAIN APPLICATIONS

Appliance (washers and dryers)

Tank Trailers

Automotive Trim

Kitchen equipment





ACERINOX

**Thank you very much for
your attention**