2018 BUSINESS YEAR
RESULTS PRESENTATION
28 FEBRUARY 2019
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ACCIDENT RATE EVOLUTION

Target: zero accidents

• Accident rate = total no. injuries and illnesses * 200,000 / no. worked hours
2018 BUSINESS YEAR RESULTS PRESENTATION

2018: MAIN FINANCIAL FIGURES

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>5,011</td>
<td>4,627</td>
<td>8%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>480</td>
<td>489</td>
<td>-2%</td>
</tr>
<tr>
<td>Results before Taxes</td>
<td>310</td>
<td>299</td>
<td>4%</td>
</tr>
<tr>
<td>and Minorities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Results after Taxes</td>
<td>237</td>
<td>234</td>
<td>1%</td>
</tr>
<tr>
<td>and Minorities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Financial Debt</td>
<td>552</td>
<td>609</td>
<td>-9%</td>
</tr>
<tr>
<td>/ EBITDA</td>
<td>1.15</td>
<td>1.25</td>
<td>-8%</td>
</tr>
<tr>
<td>Net Financial Debt /</td>
<td>26%</td>
<td>31%</td>
<td>-16%</td>
</tr>
<tr>
<td>Equity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>171</td>
<td>181</td>
<td>-6%</td>
</tr>
</tbody>
</table>

Solid results in a very volatile environment
Quick reaction to market corrections
Strong cash generation and balance sheet

Quarterly EBITDA evolution (mill €)
### Q4 MARKET HIGHLIGHTS

- **Strong apparent demand correction**
- **Downtrend in raw material prices**
- **High inventory levels**
  - **Europe**
    - Ineffective provisional safeguards measures
  - **US**
    - Seasonal slowdown
  - **Asia**
    - New players
    - Oversupply
    - Historically low prices

### Q4 ACERINOX HIGHLIGHTS

- Robust margins in US
- Weak margins in Europe and Asia
- Inventory adjustment of €22 million
- Adjusted production to market
- Well managed working capital
- Strong cash generation
- Significant debt reduction
- Effective cost control
2018 BUSINESS YEAR RESULTS PRESENTATION

FOURTH QUARTER PERFORMANCE

MELTING PRODUCTION

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Thousand tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>668</td>
</tr>
<tr>
<td>Q2</td>
<td>639</td>
</tr>
<tr>
<td>Q3</td>
<td>617</td>
</tr>
<tr>
<td>Q4</td>
<td>516</td>
</tr>
</tbody>
</table>

EBITDA

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Million €</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>118</td>
</tr>
<tr>
<td>Q2</td>
<td>151</td>
</tr>
<tr>
<td>Q3</td>
<td>154 (Inventory adjustment 22)</td>
</tr>
<tr>
<td>Q4</td>
<td>58 (Inventory adjustment 58)</td>
</tr>
</tbody>
</table>

FREE CASH FLOW

(Before dividends)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Million €</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>-46</td>
</tr>
<tr>
<td>Q2</td>
<td>114</td>
</tr>
<tr>
<td>Q3</td>
<td>-11</td>
</tr>
<tr>
<td>Q4</td>
<td>114</td>
</tr>
</tbody>
</table>

NET FINANCIAL DEBT

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Million €</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q417</td>
<td>609</td>
</tr>
<tr>
<td>Q1</td>
<td>667</td>
</tr>
<tr>
<td>Q2</td>
<td>537</td>
</tr>
<tr>
<td>Q3</td>
<td>666 (552)</td>
</tr>
<tr>
<td>Q4</td>
<td></td>
</tr>
</tbody>
</table>
## FULL YEAR PERFORMANCE

### FY MARKET HIGHLIGHTS

- Market volatility
- Asian overcapacity
- Input cost pressures
- Reduction of imports in the US
- Strong demand in the US
- Ineffective provisional safeguard measures in Europe
- Increased import pressure into Europe
- Low stainless steel prices in Europe and Asia

### FY ACERINOX HIGHLIGHTS

- NAS strong performance
- Tough environment in Bahru Stainless
- Acerinox Europa and Columbus affected by low prices
- Managed the business in relation to market conditions
- Strong cash generation
- Cost and working capital control
- Debt reduction
- Solid results:
  - Best year of the decade in net profit
  - Second best year in EBITDA
- Focus on shareholder returns
2018 BUSINESS YEAR RESULTS PRESENTATION

FULL YEAR PERFORMANCE

MELTING PRODUCTION

FREE CASH FLOW

(Before dividends)

EBITDA

NET FINANCIAL DEBT

Inventory adjustment
2018 BUSINESS YEAR RESULTS PRESENTATION

FULL YEAR PERFORMANCE

EBITDA

EBITDA 2017: 489
Inventory adjustment to NRV: (22)
Currency: (14)
Price increase of energy and consumables: (65)
Sales volume: 22
Business actions: 70
EBITDA 2018: 480
FULL YEAR PERFORMANCE

CASH FLOW

EBITDA | Working Capital | Financial charges | Tax & other | Operating Cash Flow | CAPEX | FCF | Dividends & treasury shares | CF after dividends
---|---|---|---|---|---|---|---|---
480 | (87) | (66) | 326 | (155) | 171 | (128) | 43
FULL YEAR PERFORMANCE

**NET FINANCIAL DEBT / EBITDA**

- 2015: 2.48
- 2016: 1.88
- 2017: 1.25
- 2018: 1.15

**NET FINANCIAL EXPENSES**

- 2015: 44
- 2016: 30
- 2017: 19
- 2018: 2

**OPERATING EXPENSES**

- 2017: 629
- 2018: 634

**PERSONNEL**

- 2017: 392
- 2018: 396
NON CASH MEASURES:

• Impairment in the investment value of the Holding Company: EUR 155 mill

• Capital Increase: USD 332 mill.

NO IMPACT IN THE CONSOLIDATED RESULTS
2018 BUSINESS YEAR RESULTS PRESENTATION

CAPITAL ALLOCATION

CAPEX

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>94</td>
<td>173</td>
<td>173</td>
<td>144</td>
</tr>
</tbody>
</table>

RETURN TO SHAREHOLDERS

<table>
<thead>
<tr>
<th>Year</th>
<th>2016 (*)</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>0.44</td>
<td>0.45</td>
<td>0.45</td>
<td>0.50</td>
</tr>
</tbody>
</table>

(*) Scrip dividend

CAPEX IN PROGRESS:

- Coil build up line - NAS
- Ladle furnace - Acerinox
- Ladle furnace - Columbus
- Slitter line - Columbus

DIVIDEND INCREASE 11%

SHARE BUYBACK PROGRAMME:

PHASE I: 2%
2017-2018 EXCELLENCE PLAN V

Target: 50 million EUR
Achieved: 55%, 27 million EUR

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

- Focused on operational excellence
- Best practices in each business unit
- Management and control tool
2018 BUSINESS YEAR RESULTS PRESENTATION

THE NEXT STEP: EXCELLENCE 360°

360° PLANNING
- Customer focus:
  - Reliable deliveries
  - Reduce lead times
  - Visibility
- Integration from strategic planning to operational planning
- Full optimization of the business
- Advanced planning (Use of technology)

PRODUCTIVITY AND EFFICIENCY

Data Analytics
- Google Suite

Collaboration
- G Suite

R&D&I
- AGV, Automatic Guided Vehicle

Commercial
- Pricing
- CRM
- BPO

Sensorization

Maintenance
- Sensorisation of the hot rolling line, ZM & AP
- Extend condition monitoring to more assets: Engines, pumps, compressors

Automatic Visual Inspection
- Pilot Project Visual Inspection of Rectification of Cylinders

Predictive Quality
- Cloudy defect in BA
- Silver and seam defect in Melt Shop
2018 BUSINESS YEAR RESULTS PRESENTATION

EXCELLENCE 360°

125 MM€
Annual and recurrent

- Reliability
- Quality
- Maintenance
- Productivity
- Metallic Yields
- Production Materials

- Stock Optimization
- Logistics
- On time Delivery

- Raw Materials mix optimization
- Improve bargaining power

- Sales increase
- Margins improvements
- Decision making agility
- Enhance brand image

63 MM€ 50%

25 MM€ 20%

11 MM€ 9%

26 MM€ 21%

PRODUCTION

SUPPLY CHAIN

RAW MATERIALS

COMMERCIAL
EXCELLENCE 360º: ROADMAP

- Excel Plan VI integrated with the Excellence 360º

EXCELLENCE 360º TARGET = EUR125 MILLION IN 2023 (RECURRENT)
OUTLOOK

- Safeguard measures in Europe are working properly, imports fell in January.

- Inventories in Europe at normal levels.
- Inventories in US will be normal by the end of the quarter.

- These situations, together with the increase in the nickel price, will improve the market situation.

Q1 EBITDA is expected to be higher than in Q4 2018.

These effects will be especially evident in the second quarter of the year.
THANK YOU

Q&A
APPENDIX

Acerinox Europa AP Line

NAS BA Line
ACERINOX: GLOBAL PLAYER

- Spanish multinational company
- Fully dedicated to stainless steel
- Among largest producers in the world with 3.5 million tons of melting capacity
- 6 factories in 4 continents
- 6,709 professionals in 5 continents
- Presence in 40 countries worldwide with sales in 80 countries
1970, incorporation of ACERINOX, S.A. (Spain)

1990, incorporation of NORTH AMERICAN STAINLESS (USA)

2002, incorporation of COLUMBUS STAINLESS (South Africa)

2009, incorporation of BAHRU STAINLESS (Malaysia)

HISTORY

MAIN ACERINOX SHAREHOLDERS

Since: Current position:

2001 Corporación Financiera Alba, S.A. 18.96%
1970 Nisshin Steel Holdings Corp. Ltd. 15.49%
1998 Feynman Capital S.L. (OMEGA) 9.88%
2002 Industrial Development Corp. (I.D.C.) 3.04%

Source: CNMV
# 2018 BUSINESS YEAR RESULTS PRESENTATION

## ACERINOX PRINCIPLES AND VALUES

### VISION

<table>
<thead>
<tr>
<th>Pillars</th>
<th>Drivers</th>
<th>Strategic Lines</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Belief on a leader product</strong></td>
<td><strong>Growing consumption No replacement</strong></td>
<td><strong>Stainless Steel specialists</strong></td>
</tr>
<tr>
<td><strong>Operative Excellence</strong></td>
<td><strong>Continuous research of the better quality at the lower cost</strong></td>
<td><strong>Integrated Mills with optimal layout</strong></td>
</tr>
<tr>
<td><strong>Global Presence</strong></td>
<td><strong>Organic growth</strong></td>
<td><strong>Strategic Mills location. Production on 4 continents</strong></td>
</tr>
<tr>
<td><strong>Financial Strength</strong></td>
<td><strong>Accomplishment of financial ratios</strong></td>
<td><strong>Exclusive and owned commercial network. Societies in the 5 continents.</strong></td>
</tr>
<tr>
<td><strong>Sustainability</strong></td>
<td><strong>Social Commitment</strong></td>
<td><strong>Continuous internationalization process</strong></td>
</tr>
</tbody>
</table>

- **Belief on a leader product**
  - Growing consumption No replacement
  - Stainless Steel specialists
  - Continuous search of product excellence. R&D+i programs in every BU
  - Presence on global leading projects. Empower Acerinox brand.
  - Wide product mix, both on steel types, products and finishes.

- **Operative Excellence**
  - Continuous research of the better quality at the lower cost
  - Integrated Mills with optimal layout
  - Light structure. Flexibility on production and commercial management.
  - Technological innovation. Continuous equipment improve, with the latest technologies

- **Global Presence**
  - Organic growth
  - Strategic Mills location. Production on 4 continents
  - Exclusive and owned commercial network. Societies in the 5 continents.
  - Continuous internationalization process

- **Financial Strength**
  - Accomplishment of financial ratios
  - Financial awareness. Low leverage
  - Balance strength
  - Liquidity
  - Ensure an adequate and competitive dividend to shareholders
  - Controlled profit reinvestment. Investment plan Capex 2015-2018

- **Sustainability**
  - Social Commitment
  - “Zero Accidents” policy
  - Global leader on climate change
  - Implementation of environmental footprint programs. Responsible use of resources.
  - Maximum grade “A” at “Carbon Disclosure Project” (CDP) High marks at GRI program
ACERINOX PRODUCTION CAPACITY

2018 BUSINESS YEAR RESULTS PRESENTATION

Million mt

ACERINOX EUROPA
FULLY INTEGRATED PLANT

Melting 1.1
Hot Rolling 0.9
Cold Rolling 0.7
Long Prod. 0.2

NORTH AMERICAN STAINLESS
FULLY INTEGRATED PLANT

Melting 1.4
Hot Rolling 1.2
Cold Rolling 0.8
Long Prod. 0.2

COLUMBUS STAINLESS
FULLY INTEGRATED PLANT

Melting 1.0
Hot Rolling 1.0
Cold Rolling 0.5

BAHRU STAINLESS
Melting (*) 1.0
Hot Rolling (*) 1.0
Cold Rolling (*) 0.6

(*) Once it’s completed
World production of Stainless Steel in 2018e:
50.7 million mt
(+5.5% over 2017)

Compound annual growth rate 1950 – 2018e:
+ 5.9%

Source: ISSF and Acerinox
China accounts for 52% of world production in 2018
RAW MATERIAL PRICES

NICKEL  Years 2017 - 2019, up to February 25

FERROCHROME

Source: LME

Source: Metal Bulletin
2018 BUSINESS YEAR RESULTS PRESENTATION

STAINLESS STEEL COLD ROLLED SHEET PRICES AISI 304 2.0 MM

Source: CRU

USD/mt, final price, alloy surcharge included

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>2612</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>2295</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>1990</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2018 BUSINESS YEAR RESULTS PRESENTATION

STAINLESS STEEL INVENTORIES

INVENTORIES OF COLD-ROLLED

INVENTORIES AT DISTRIBUTORS

INVENTORIES AT WUXI & FOSHAN

AVERAGE 2014 - NOV 2018 76,553 MT

AVERAGE 2014 - NOV 2018 471,000 MT

AVERAGE 2014 - DIC 2018 299,400 MT

Source: EHV
Source: MSCI
Source: 51bxg
2018 BUSINESS YEAR RESULTS PRESENTATION

PRODUCTION

**MELTING SHOP**
-3.1% over 12M 2017

**HOT ROLLING**
-4.9% over 12M 2017

**COLD ROLLING**
+0.8% over 12M 2017
## 2018 BUSINESS YEAR RESULTS PRESENTATION

### BALANCE SHEET

#### ASSETS

<table>
<thead>
<tr>
<th>Million €</th>
<th>2018</th>
<th>2017</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td>2,133.77</td>
<td>2,147.62</td>
<td>-0.6%</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td>2,473.82</td>
<td>2,256.39</td>
<td><strong>9.6%</strong></td>
</tr>
<tr>
<td>- Inventories</td>
<td>1,018.74</td>
<td>990.48</td>
<td><strong>2.9%</strong></td>
</tr>
<tr>
<td>- Debtors</td>
<td>589.78</td>
<td>613.20</td>
<td>-3.8%</td>
</tr>
<tr>
<td>\hspace{1cm} Trade debtors</td>
<td>524.69</td>
<td>552.06</td>
<td>-5.0%</td>
</tr>
<tr>
<td>\hspace{1cm} Other debtors</td>
<td>65.09</td>
<td>61.14</td>
<td><strong>6.5%</strong></td>
</tr>
<tr>
<td>- Cash</td>
<td>850.11</td>
<td>620.54</td>
<td><strong>37.0%</strong></td>
</tr>
<tr>
<td>- Other current assets</td>
<td>15.18</td>
<td>32.17</td>
<td><strong>52.8%</strong></td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>4,607.59</strong></td>
<td><strong>4,404.01</strong></td>
<td><strong>4.6%</strong></td>
</tr>
</tbody>
</table>

#### LIABILITIES

<table>
<thead>
<tr>
<th>Million €</th>
<th>2018</th>
<th>2017</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>2,119.30</td>
<td>1,970.30</td>
<td><strong>7.6%</strong></td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td>1,226.22</td>
<td>1,149.38</td>
<td><strong>6.7%</strong></td>
</tr>
<tr>
<td>- Interest-bearing loans and borrowings</td>
<td>1,026.29</td>
<td>936.68</td>
<td><strong>9.6%</strong></td>
</tr>
<tr>
<td>- Other non-current liabilities</td>
<td>199.93</td>
<td>212.70</td>
<td>-6.0%</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td>1,262.07</td>
<td>1,284.34</td>
<td><strong>-1.7%</strong></td>
</tr>
<tr>
<td>- Interest-bearing loans and borrowings</td>
<td>375.89</td>
<td>293.08</td>
<td><strong>28.3%</strong></td>
</tr>
<tr>
<td>- Trade creditors</td>
<td>783.86</td>
<td>856.71</td>
<td>-8.5%</td>
</tr>
<tr>
<td>- Other current liabilities</td>
<td>102.32</td>
<td>134.55</td>
<td><strong>-24.0%</strong></td>
</tr>
<tr>
<td><strong>TOTAL EQUITY AND LIABILITIES</strong></td>
<td><strong>4,607.59</strong></td>
<td><strong>4,404.01</strong></td>
<td><strong>4.6%</strong></td>
</tr>
</tbody>
</table>
NET FINANCIAL DEBT

<table>
<thead>
<tr>
<th>Year</th>
<th>NFD / EBITDA</th>
<th>Gearing</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>5.48</td>
<td>46.5%</td>
</tr>
<tr>
<td>2009</td>
<td>-5.63</td>
<td>61.3%</td>
</tr>
<tr>
<td>2010</td>
<td>2.84</td>
<td>56.3%</td>
</tr>
<tr>
<td>2011</td>
<td>2.60</td>
<td>47.1%</td>
</tr>
<tr>
<td>2012</td>
<td>2.94</td>
<td>33.9%</td>
</tr>
<tr>
<td>2013</td>
<td>2.32</td>
<td>34.1%</td>
</tr>
<tr>
<td>2014</td>
<td>1.36</td>
<td>33.2%</td>
</tr>
<tr>
<td>2015</td>
<td>2.48</td>
<td>35.1%</td>
</tr>
<tr>
<td>2016</td>
<td>1.88</td>
<td>28.6%</td>
</tr>
<tr>
<td>2017</td>
<td>1.25</td>
<td>30.9%</td>
</tr>
<tr>
<td>2018</td>
<td>1.15</td>
<td>26.0%</td>
</tr>
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</table>
## CASH FLOW

<table>
<thead>
<tr>
<th></th>
<th>Jan - Mar</th>
<th>Apr - Jun</th>
<th>Jul - Sep</th>
<th>Oct-Dec</th>
<th>Jan - Dec</th>
<th>Jan - Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>118</td>
<td>151</td>
<td>154</td>
<td>58</td>
<td>480</td>
<td>489</td>
</tr>
<tr>
<td>Changes in working capital</td>
<td>-103</td>
<td>17</td>
<td>-102</td>
<td>101</td>
<td>-87</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>-106</td>
<td>9</td>
<td>-95</td>
<td>118</td>
<td>-74</td>
<td>16</td>
</tr>
<tr>
<td>- Inventories</td>
<td>-3</td>
<td>-56</td>
<td>-73</td>
<td>104</td>
<td>-28</td>
<td>-103</td>
</tr>
<tr>
<td>- Trade debtors</td>
<td>-141</td>
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<td>10</td>
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CASH GENERATION 2008-2018

Cash generation for:
- investments
- shareholder remuneration
- debt reduction

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