



# Acerinox investment case

Acerinox is a **global leader** in stainless steel and high performance alloys, creating the **most efficient materials for a sustainable future**, maximising benefits for society and building value for our stakeholders





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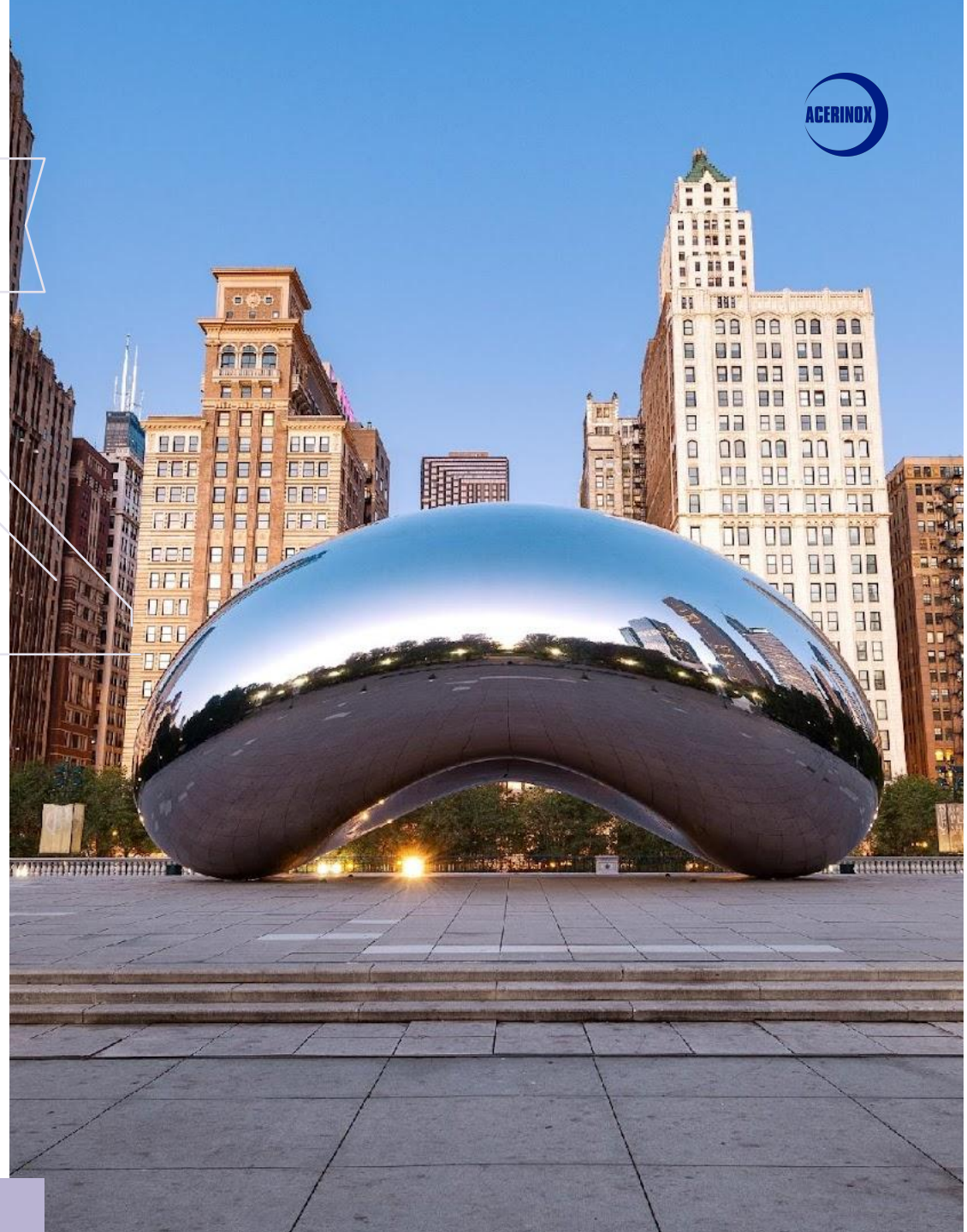
1. Investment Opportunity
2. The Sustainable Global Leader
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4. More about us



1.

# Investment Case

The opportunity



# Acerinox at a Glance



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A **Sustainable Global Leader** in Stainless Steel and High Performance Alloys

- **#1** in stainless steel in the **USA**, with **31% market share**. 50% of the Group's sales in the USA.
- **#1** in high performance alloys, with **26% market share** in the **EU** and 11% market share worldwide.
- **#1** in **Africa**, with the largest market share.
- Large commercial & manufacturing network in **South East Asia**.

Highly **sustainable** products and present in every aspect of life. Highest **quality** standards, and with no other sustainable alternative.

**Solid long-term strategy**

**Management team with extensive experience**

**ESG focus: Pioneer in circular economy. Health & Safety as a priority. Promoting inclusion.**



**Spanish** Listed Entity (IBEX 35) with a **market cap of c.€2.4bn** (at 31 December 2022)

**Consistent shareholder remuneration**

**8,201 employees** and sales in 86 countries. **13 factories** on four continents



2022

**A new record in a very challenging market was achieved**

Revenues  
**€8,688**  
million

Net Profit  
**€556**  
million

EBITDA  
**€1,276**  
million

Production  
**2.2**  
million Mt

(\*) Market shares & market cap. are approximate



# Our ESG Model is a Commitment to the Future

## SAFETY, our number 1 priority

Lost Time Injury Frequency  
Rate LTIFR x 1.000k reduction  
28% in 2022

## Hard-to-abate, ready to adapt

Efficiency at all levels  
Energy  
Innovation and digitalisation  
Resources  
Supply chain



## Committed to the long-term, 2030 objectives



## A reference in circular economy, product 100% recyclable

Materials recycled:

- Process scrap and metal 100%
- Acids and abrasives 100%
- Metal scale 89%
- Plastic 98%
- Cardboard 100%
- Wood 88%

# Investment Case. The Opportunity



Stainless steel and high-performance alloys



Global market leader



Management team with extensive experience



Operational excellence and track record



ESG in the DNA



Financial strength and discipline



Growth opportunities



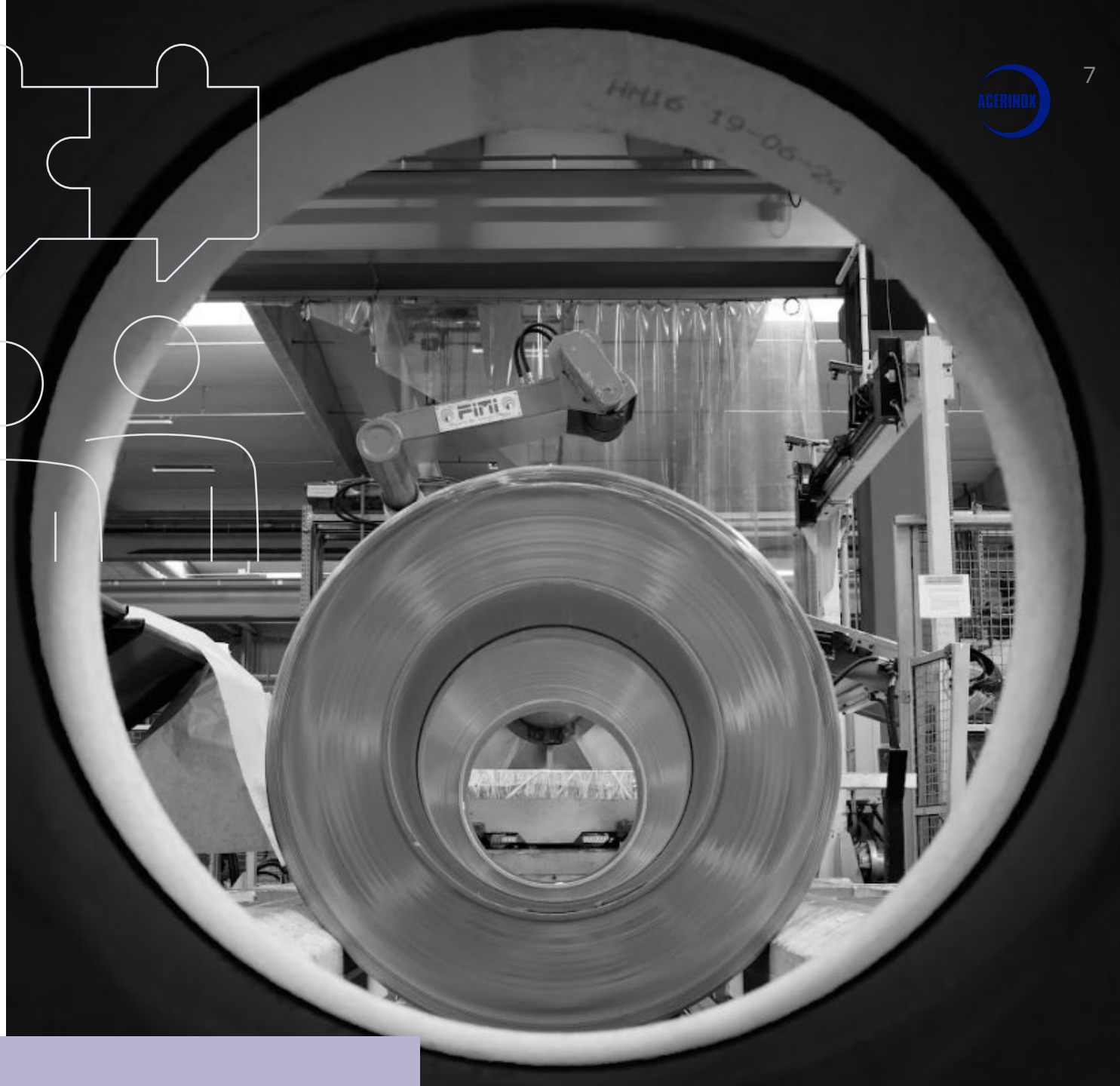
Close relationship with stakeholders

- ▶ Long-term sector growth stimulated by the exponential increase in the uses in high added value sectors. Reference in the Circular Economy.
- ▶ Strategic location of the 13 production plants on 4 continents and a distribution channel with a presence in more than 80 countries.
- ▶ Deep understanding of market dynamics and flexibility on capabilities.
- ▶ Cost efficiency thanks to continuous innovation. One of the least cyclical companies within the sector. Effective working capital management.
- ▶ Health and safety, our first priority. 2030 Agenda: great goals execution. Materials made with more than 90% scrap and 70% of waste is recycled. Committed to minorities and local communities.
- ▶ Strong balance sheet, liquidity covering fully all maturities, stable shareholder remuneration, always on the lookout for profitable investments. Capex focused on increasing efficiency. Solid FCF growth over the last 5 years.
- ▶ Flattening the cycle. Growth opportunities in the High Performance Alloys sector. Increasing efficiency through Excellence 360. Optimum capital allocation. Always seeking opportunities for organic and inorganic growth.
- ▶ The deep knowledge of the Market and the different stakeholders helps us to maintain a fluid relationship and communication with them

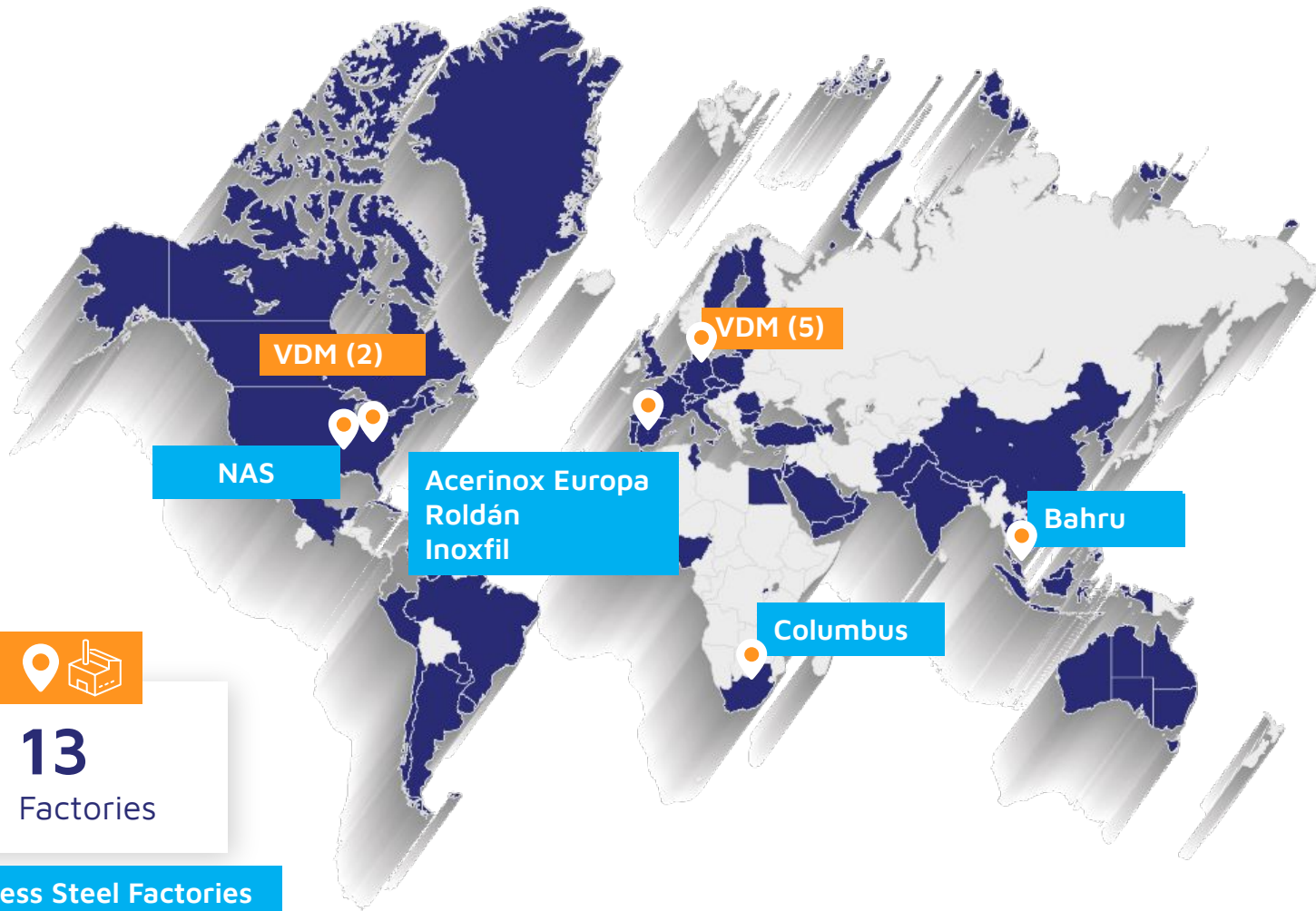


# 2.

## The Sustainable Global Leader



# One of the World's Largest Stainless Steel and HPA Groups



**12,821**

Customers

**8,201**

Employees

**+80**

Countries  
supplied

**+18,000**

Solutions for  
customers' request

**+20**

Sales agents

**+90**

Certifications  
of quality

**+50**

Commercial  
offices

**25**

Warehouses



# We Produce and Sell the Most Efficient Materials

for the future, with no alternative substitute

Sophisticated products...



**Profitable**



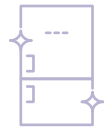
**Aesthetic**



**Corrosion resistant**



**Reusable**



**Hygienic**



**100% recyclable**



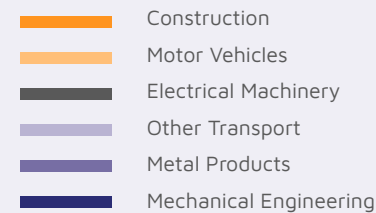
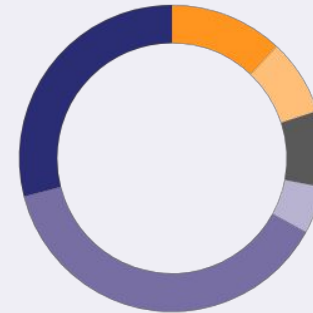
**Long lasting**



**Efficient & Versatile  
(mechanical qualities)**

...with high growth potential

## Stainless Steel



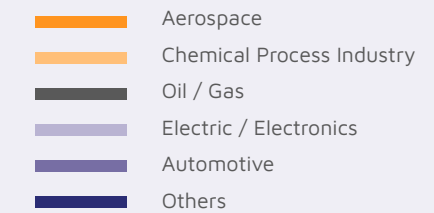
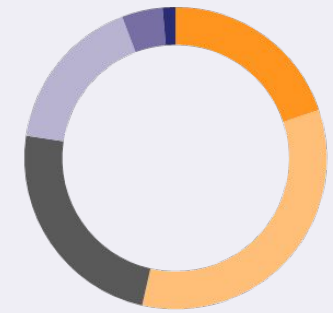
CAGR 2001-2021

**+5.5%**

World Demand (2022)

**46.8  
million  
tonnes**

## High Performance Alloys



CAGR 2013-2021

**+2.23%**

World Demand (2021)

**329  
thousand  
tonnes**

# Our Products are Essential, Sustainable, Versatile and Efficient



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## Acerinox is present in every aspect of life



Transport



Household & Catering



Food & Beverages



Healthcare & Pharmaceutical



## Stainless steel and high performance alloys: sustainable products



Daily Life & Adaptation



Electrical Machinery



Water



## Sophisticated products require best-in-class materials



Infrastructure & Construction



Energy & Renewables



Art



Architecture
















# ESG: Integral to Acerinox's DNA


**Greater** efficiency leads to **fewer** costs & a **lower** environmental impact, thus mitigating the effects of climate change


## 2030 Goals

### Energy & Greenhouse Gas reduction


 Increase use of Fe&Aus scrap, and Ni content of scrap	 Electrode consumption reduction	 Doping Natural Gas with Hydrogen	 Deep artificial intelligence learning models: optimise electricity consumption in our electric furnaces (EAF)	 Air leaks detection and repair
 Increase of hot charging at hot rolling mill rehear furnace	 Increase direct annealing material for plates	 Plant-wide LED lights	 Automated energy saver mode for delays & shutdowns	 Operational improvements, energy usage reduction

 **20% Reduction**  
Carbon Emissions Intensity  
✗ **+2%** vs. 2021  
✓ **-8%** vs. 2015

 **7.5% Reduction**  
Energy Intensity  
✗ **+3%** vs. 2021  
✗ **+6%** vs. 2015

 **20% Reduction**  
Specific Water Withdrawal  
✗ **+11%** vs. 2021  
✓ **-15%** vs. 2015

 **90% Valorisation of waste**  
Sent to Landfill  
✓ **79%** valorised waste vs 72% in 2021  
Process scrap and metal 100%  
Acids and abrasives 100%  
Metal scale 89%  
Plastic 96%  
Cardboard 100%  
Wood 88%

 **10 % Reduction**  
Safety Performance  
Lost Time Injury Frequency Rate  
✓ **- 28%** vs 2021

 **15% at 2030**  
Increase the total number of women  
✓ **13%** female in 2022

### H<sub>2</sub>O

- Improvements in water treatment plants and increase the recovery of water effluents in several lines of production
- Rainwater storage in place or under construction
- Acid recovery plants in place or in the study phase

### Other actions

- Power Purchase Agreements (PPAs)
- Carbon offset credits
- Continuous logistics improvements
- On-site, outsourced solar panels
- Hydrogen
- Sensorisation
- Steam and gas flowmeters
- Sustainable mobility



Sustainable loans of  
**€659 million**

# ESG: Integral to Acerinox's DNA

## Social Responsibility with the Entire Community

### Acerinox acting as local community partner

#### Responsible tax action

##### ICAP Programme\*

- Co-operative and multilateral process of tax risk assessment and assurance
- Transparency and soundness of tax policies at Group tax-governance level
- Result: ICAP certifies Acerinox as a low tax risk Company

\*International Compliance Assurance Programme of OECD



**€238 million**

Income Taxes Paid

None of Acerinox's entities are located in tax havens. Corporate taxes (and other state and local taxes) are paid to each country where the Group operates.



**80 social actions on 5 continents**

### Acerinox guiding the industry as an employer



**97%**

Full-time, permanent labour contracts



**97%**

Covered by a health & safety management system

**1,907**

Acerinox Europa

**1,560**

NAS

**92**

Acerinox S.A.

**385**

Roldán

**398**

Bahru Stainless

**2,036**

VDM Metals

**1,264**

Columbus

**188**

Grupinox

**112**

Inoxfil

**532**

Commercial

**More than 60 nationalities**

### Safety, our first priority



#### Long-term Goals



**10% Reduction**

of LTIFR vs previous year



**-28%**

LTIFR x1000k vs 2021



**8% Increase**

of Minorities vs previous year

**Promoting women's talent**



# ESG: Integral to Acerinox's DNA

Governance and Ethics as our Understanding of the Business

## Board of directors



**36%**

Women  
(40% in 2024)



**64%**

Independent  
directors



**4**

Board  
committees



**6.8**

Years average  
Director tenure

- The 4 independent committees are: Audit, Sustainability, Remuneration and Governance, and the Executive committee.
- Risk is managed through a separate and specific unit, which reports to the Audit and Sustainability committees.
- Succession planning in place for key positions.
- 47 Board meetings and committees in 2022
- ESG objectives are included in the compensation of the management team.

# We Deliver Solid Revenues and Earnings Growth Consistently

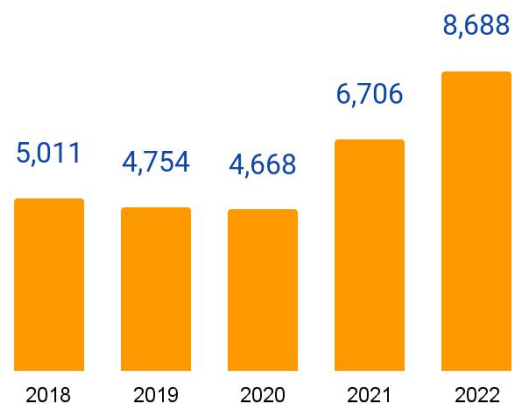


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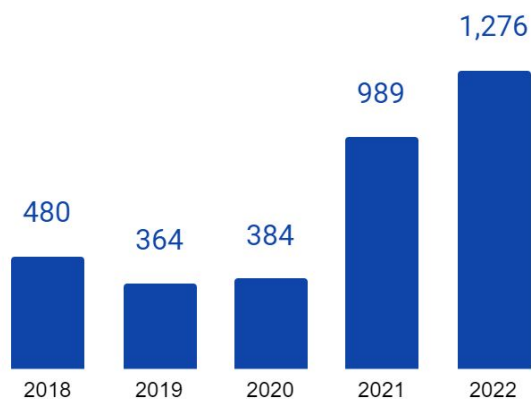
## Consolidated Group figures

Million EUR

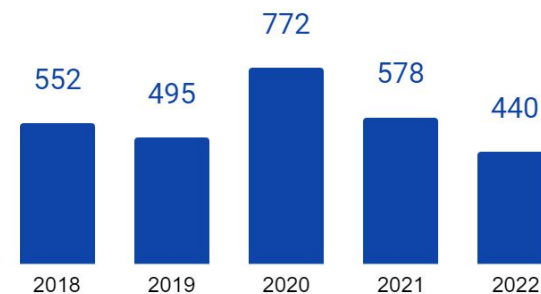
### Revenues



### EBITDA



### Net Financial Debt



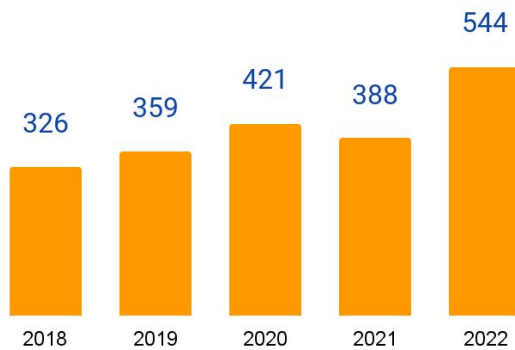
# ...With a Strong Cash Generation and Efficient Capital Allocation

Consolidated Group figures

## Operating Cash Flow



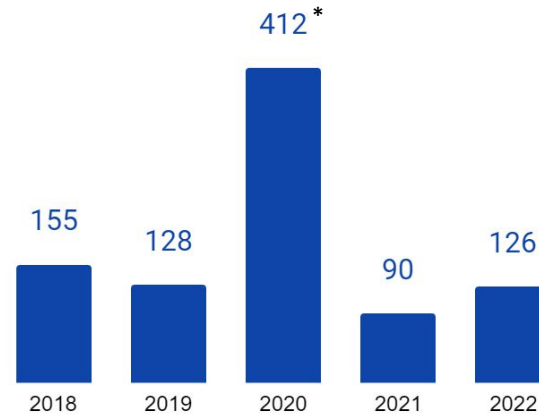
Million EUR



## CAPEX



Million EUR

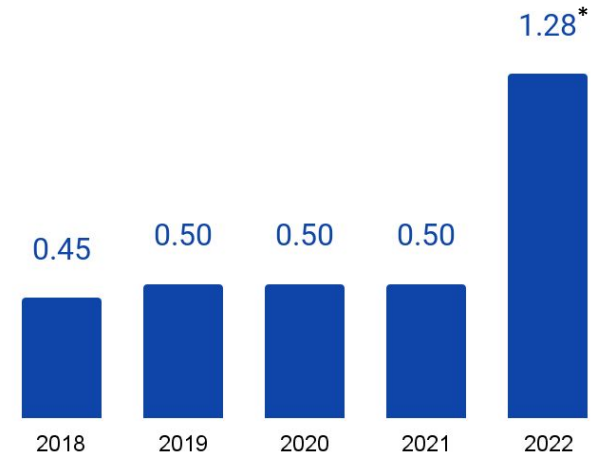


\*2020: Includes €313 million of VDM acquisition

## Return to Shareholders



€ / share



\*2022: €0.50/share dividend and €0.78 SBB programs



# 2022: a new record in a very challenging market was achieved

**€8,688 million**

Total Revenues

**€1,276 million**

EBITDA

**€544 million**

Operating  
Cash Flow

**€440 million**

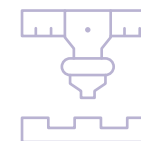
Net Financial Debt

**€556 million**

Net Profit

**0.35x**

Debt Financial Debt  
/EBITDA  
ratio



**2,108 kMT**

Stainless Steel production



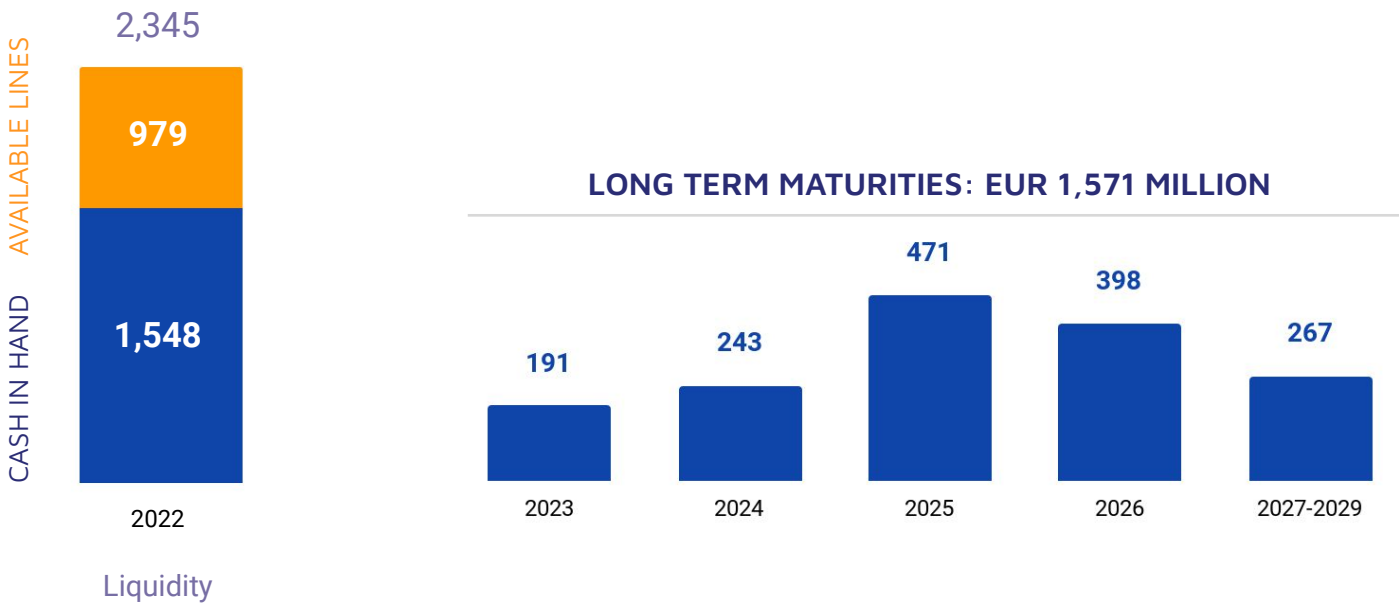
**82 kMT**

High Performance  
Alloys production

# With a Robust Balance Sheet

Liquidity remains best in class, covering fully all maturities

Million EUR



## Net Debt

Robust balance sheet

Net Financial Debt of

**€440 million**

Weighted Cost of Term Debt of **1.8%**

Gross Debt of **€1.99 billion**

of which **100%** is free of covenants on results

Immediate liquidity **€2,345 million**

(€1,548 million cash)

YEAR 2022

# FY 2022 Record Results in a challenging year

- ✓ 2022 First Half positive market behaviour
- ✗ Second part of the year affected by the destocking due to a deterioration in market sentiment

## STAINLESS STEEL DIVISION

- USA**
  - Flat products apparent consumption decreased 1%
  - Imports dropped in the 2nd Half (26% market share)
  - Stable base prices
- Europe**
  - Flat products apparent demand in line with 2021
  - Inventories above average
  - High energy costs
  - High level of imports (31% market share)
- RoW**
  - China's demand after lockdown weaker than expected
  - Demand affected by multiple uncertainties

## HPA DIVISION

- Strong High Performance Alloys market

Million EUR	2022	2021	% 2022 / 2021
Melting production ('000 Mt)	2,190	2,619	-16%
Net Sales	8,688	6,706	30%
<b>EBITDA</b>	<b>1,276</b>	<b>989</b>	<b>29%</b>
<b>EBITDA margin</b>	<b>15%</b>	<b>15%</b>	
Adjusted EBIT (1)	1,080	810	33%
Adjusted EBIT margin (1)	12%	12%	
EBIT	876	810	8%
EBIT margin	10%	12%	
Results before Taxes and Minorities	831	766	9%
<b>Results after Taxes and Minorities</b>	<b>556</b>	<b>572</b>	<b>-3%</b>
<b>Operating cash flow (before investments)</b>	<b>544</b>	<b>388</b>	<b>40%</b>
Net Financial Debt	440	578	-24%

(1): EBIT stripping out €204 million of Bahru Stainless impairment in Q4 2022

Downward Inventory adjustment of  
**€98 million**  
at the year end

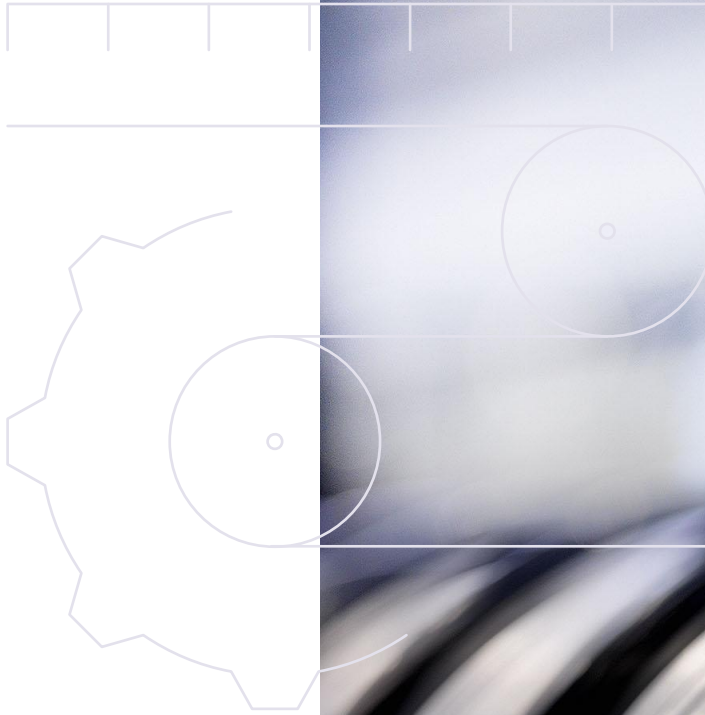
Net debt at **€440 million**, the lowest since 2002

Excellent shareholder returns of **€336 million** (14% of market cap at December 31st 2022)



3.

## Growth Opportunities and Strategy



# A Solid Long-Term Strategy that Remains Intact



## Sustainability

Core of our business model

Acerinox is committed to the Circular Economy



## Added value

Enhanced by VDM Metals (HPA) and constant review of all the Group's assets



## Excellence

Improving due to digitalisation and 360° planning, cost reduction programmes and optimising the commercial network



## Strong balance sheet

Efficient capital allocation

# An Attractive & Resilient Investment Opportunity



## Excellence

- Safety: number 1 priority
- Excellence 360°
- Cost reduction initiatives
- Digital transformation
- Customer centric

Target 2022  
10% reduction in  
LTIFR

Achieved: 28% reduction



## Value added

- VDM integration on track
- Synergies beyond synergies
- Development of sustainable solutions with our customers

Synergies Target 2022  
€17 million

Achieved: €25 million (151%)



## Strong balance sheet

- Efficient capital allocation: NAS Capacity Increase \$244 million
- Consistent shareholder remuneration
- Use Capex to increase value for all stakeholders

NFD/EBITDA  
0.35x

The lowest in the last 20 years



## Sustainability

- Firm **commitment to sustainability** and contribution to **2030 Agenda**.
- Strong **contributor to the Circular Economy** to establish a more **sustainable productive model**.
- **Sustainability Positive Impact 360° Plan**

2030 Sustainability  
targets

Committed to the targets in spite of the production adjustments



# Corporate Strategy: Our 2022-2025 Targets



## SAFETY

LTIFR (Lost Time Injury  
Frequency Rate) reduction:

**10% / year**

(2022: 4.1)  
(-28% vs 2021)



## EBITDA MARGIN

**> +10%**  
(2022: 15%)



## INTEGRATION SYNERGIES

**€17 million** (2022)  
(2022: €25 million)



## NFD/ EBITDA

**<1.2x**  
(2022: 0.35x)



## SAVINGS 360°

**€122 million** (2022)  
(2022: €32 million)

# Corporate Strategy in 2022: Excellence 360°

Million Euros



Efficiency was affected by a multitude of many incidents that affected the **production during 2022**

In addition, the Group had planned maintenance stoppages in critical assets during summer that will bear fruit **when the market conditions recover in 2023**

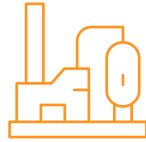
The main areas that have been affected are maintenance, productivity across the production lines, unit energy consumption, inventories and on-time delivery

Regardless of the adverse market conditions the Group continues to deploy all programmes it has in place to improve operating efficiency

- **Continuous improvement** projects in all factory workshops.
- **Digital Transformation Program**
- **Optimization of the purchase of raw materials**

# Corporate Strategy in 2022 - NAS Capacity increase

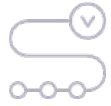
## Scope of the Project



1. Increase **+20% capacity** to ensure keeping our leadership in **NAFTA** and market share
2. Focus on **higher added value flat products such as BA** (Bright Annealing), thin gauges and steels with special compositions.
3. New Cold rolling mill, roll grinders, an extensive upgrade of its annealing and pickling lines to support the new rolling mill, a new temper mill and the expansion of the Melt Shop Building.
4. Our continuous **improvement projects** have led to improvements in our internal processes freeing up **additional capacity to support this project** and rebalancing our capacity
5. Total **Estimated Capex: \$244 million**



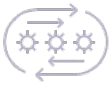
# Corporate Strategy in 2022 - VDM Integration



The third year of integration has been completed



Achieved synergies of **€25 million** (152% achievement)



Successfully incorporated **13 new finished goods** in **9 different alloys** into our portfolio.



The development of a joint commercial strategy is allowing us to optimize the relationship with customers common to the two divisions of the Group and the **incorporation of 122 new ones**.



**29 ongoing projects** are the outcome of technical exchange, to increase our portfolio and to manufacture in a more efficient and competitive way.



**Synergies resulting from the joint purchasing**, both in raw materials and general purchasing, enabled us to successfully weather the effects of the supply chain disruption and the war in Ukraine.



The improved and increased collaboration between the two divisions will enable us to **continue developing new R&D&I projects**.



# Acerinox: A Forward-Thinking Investment Opportunity



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VDM  
Metals

## 2020 - 2021

ACQUISITION AND FOCUS INTEGRATION  
VDM-METALS

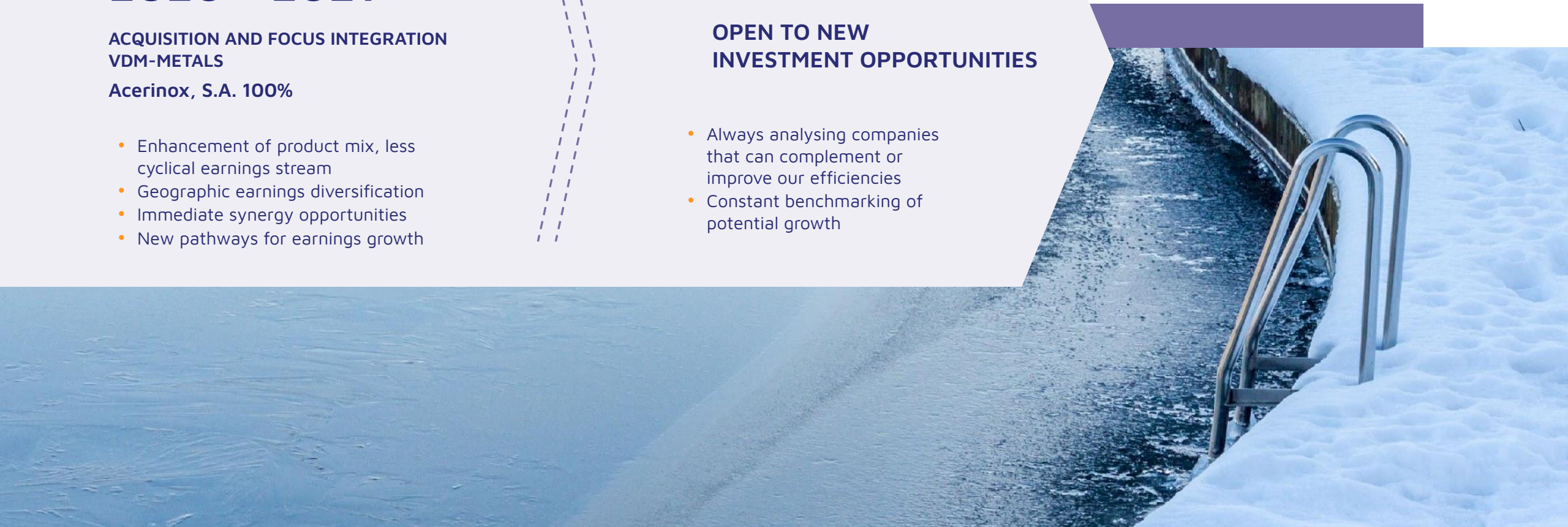
Acerinox, S.A. 100%

- Enhancement of product mix, less cyclical earnings stream
- Geographic earnings diversification
- Immediate synergy opportunities
- New pathways for earnings growth



OPEN TO NEW  
INVESTMENT OPPORTUNITIES

- Always analysing companies that can complement or improve our efficiencies
- Constant benchmarking of potential growth



# Acerinox: A Forward-Thinking Investment Opportunity

Preparing for future shifts

## CEO's Vision

"Acerinox is in the best moment of its history thanks to the market conditions and its capacity to adapt, to the geographical and strategic diversification through high performance alloys with VDM and the operational excellence achieved. All this goes hand in hand with a sound financial situation.

Disruptions in supply chains during the pandemic, coupled with the difficulties created by the invasion of Ukraine and trade defence measures in the company's core revenue areas, are making imports less attractive, reducing supply of material in key markets where the company has production facilities and an established business, which will benefit our business in the coming years.

Acerinox is today better prepared to take advantage of this environment thanks to the work of previous years in improving processes and thanks to the integration of the high performance alloys division, which have led to a transformation based on efficiency and focused on competitiveness, while offering the widest range of materials in the sector.

The company has a strong balance sheet and the potential to generate solid cash flow, demonstrating its good financial health, which has allowed it to increase shareholder remuneration, allocating EUR 336 million for this purpose in 2022. We ended the year with a net financial debt/EBITDA ratio of 0.35x.

We continue to promote our ESG goals and to make progress in creating sustainable products and processes. The products that the Group manufactures are benchmarks for the circular economy and essential in the development of the energy transition. They will also drive changes in demand fundamentals that improve our long-term prospects for both stainless steels and high performance alloys."

**Bernardo Velázquez**  
CEO

## 2023 - 2024 Challenges



**Identify & leverage**  
inorganic growth  
opportunities



**Increase in energy  
pricing** mainly electricity  
& natural gas



**Step up capacity**  
to cover expected  
increases in demand



- **Geopolitical issues**
- **World conflicts**



### Possible changes in a de-globalisation scenario:

- Section 232 duties in the US
- Greater controls in China
- Safeguarding measures in Europe
- Trade measures in EU & USA against unfair practices





# Investor Relations Team

**Carlos Lora-Tamayo Villacieros**  
Chief Investor Relations & Communication Officer

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# 4.

## More about us

# Production Sites

## Stainless Steel Division



**KENTUCKY**  
Carrolton, USA



### Flat product

- Melting Shop
- Hot Rolling Shop
- Cold Rolling Shop

### Long product

- Hot Rolling Shop
- Finished Product



**PONFERRADA  
& IGUALADA**



León & Barcelona, Spain

### Long product

- Hot Rolling Shop
- Finished Product



**CAMPO DE  
GIBRALTAR**



Cádiz, Spain

### Flat product

- Melting Shop
- Hot Rolling Shop
- Cold Rolling Shop



**MIDDELBURG**



South Africa

### Flat product

- Melting Shop
- Hot Rolling Shop
- Cold Rolling Shop



**JOHOR BAHRU**



Johor, Malaysia

### Flat product

- Cold Rolling Shop

## High Performance Alloys Division

**VDM Metals**

A company of ACERINOX



Unna, Duisburg, Siegen, Altena &  
Werdohl, Germany

New Jersey & Nevada, USA

### Flat product

- Melting Shop
- Hot Rolling Shop
- Cold Rolling Shop

### Long product

- Hot Rolling Shop
- Finished Product

# ESG, Integral to Acerinox's DNA



## Committed to the United Nations' 2030 Agenda



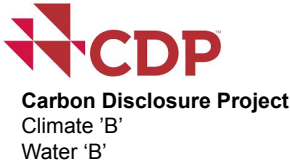
Directly applicable SDGs



## Other awards and ratings



Circular Economy Pact





# Acerinox is Present in Every Aspect of Life



## Transport

High corrosion resistance, withstands high temperatures and pressures and offers high mechanical performance.



## Household and catering

Rust resistant, easy to clean. Becoming essential in modern design (cutlery).



## Food & beverages

Clean and hygienic material, ideal for the production, handling and transportation of foodstuffs.



## Healthcare & pharmaceutical

Stops the spread of bacteria on its surface. Highly hygienic. Can be meticulously disinfected in hospitals and health centres.





# Stainless Steel and High Performance Alloys:

## Sustainable products



### Water

Corrosion is minimal, it does not contaminate water and does not require an additional coating. Allows for design corrections and modifications in situ. Adapts to all types of shapes.



### Electrical machinery

Meets durability and corrosion resistant requirements. Environmentally-friendly.



### Daily life & adaptation

Increasingly present in people's daily lives. Pleasant and smooth texture. Hygienic. Easy to clean.



### Other

Excellent malleability, resistant to corrosion, formability and weldability for over half a century.



# Sophisticated Products Require Best In Class Materials



## Infrastructure & construction

Chosen as a structural steel to prevent both carbonation and chloride corrosion. Nickel alloys resistant to high temperatures and corrosion.



## Energy & renewables

Present in the obtaining and distribution of hydrocarbons and biofuels. Essential in the production of ethanol and bioethanol, and in the production of renewable energies.



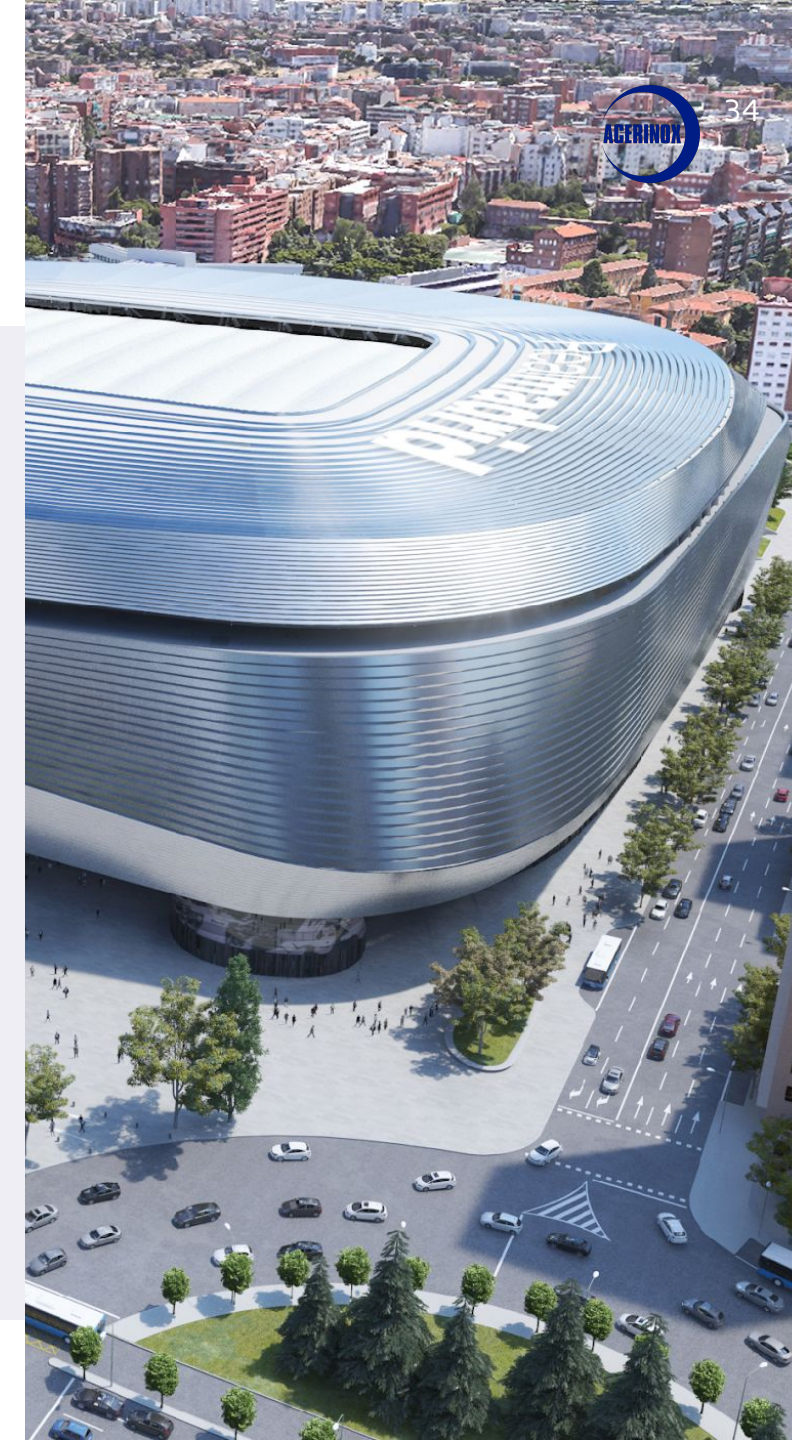
## Art

Refurbish historic works, this material has been used on many occasions, especially for sculptures.



## Architecture

Important in the construction of buildings and major works. Resistant to corrosion and excellent mechanical properties. Clean and low maintenance.







# Acerinox investment case

Acerinox is a **global leader** in stainless steel and high performance alloys, creating the **most efficient materials for a sustainable future, maximising benefits for society and building value for our stakeholders**

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