



CREATING A NEW GLOBAL LEADER IN STAINLESS AND SPECIALTY ALLOYS

November 8th 2019

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ACQUISITION OF VDM METALS

STRUCTURE

- Acerinox acquires 100% of VDM Metals Holding GmbH, the world's largest producer of specialty alloys

RATIONALE

- New paths to high quality growth for Acerinox
- Diversification and enhancement of product and market mix
- Balance of regional earnings
- "Plug & Play" acquisition
- Cash flow and EPS accretive from day 1
- Potential synergies of at least €14 million per annum
- Synergies beyond synergies

VALUATION ⁽¹⁾

- Total Enterprise Value of €532 million with locked box date as of 30th September 2019
- Transaction implied EV/EBITDA FY 18/19 of 5.5x before synergies
- Implied Equity Value of €310 million based on: (i) €57 million of net financial debt; (ii) €165 million of pensions and debt-like provisions. (2)

FINANCING

- All debt financed

CONDITIONS

- Regulatory approvals required from Competition Authorities

TIMETABLE

- Expected deal closing March 2020

Note:

1. Unaudited figures. Fiscal year ending on 30 September 2019
2. No further consideration or earn out have been considered



ABOUT VDM METALS

Technology Leader in Specialty Alloys for Mission-Critical Applications

7 Production Facilities in Germany and the US

12 Subsidiaries, **6** Sales Offices, **4** Service Centres, **18** Agents

62 Alloy Patent Applications

Global leader in Specialty Alloys

Serving International **CPI, O&G, Automotive, E&E and Aerospace** End Markets

€97 million

FY 2018/19 ⁽¹⁾
Adjusted EBITDA ⁽²⁾

€852 million

FY 2018/19 ⁽¹⁾
Production Sales

11%

FY 2018/19 ⁽¹⁾
Adjusted EBITDA Margin

> 1,700 Customers
> 2,000 Employees ⁽³⁾

Note:

1. Unaudited figures. Fiscal year ending on 30 September 2019
2. Excluding non recurrent items
3. As of January 2019

CPI: Chemical, Processing Industry
O&G: Oil and Gas
E&E: Electrical and Engineering



WHY VDM METALS?

Why is VDM Metals a Good Opportunity?

Market leader with growth Potential

- Globally #1 in specialty alloys market
- Reputation of excellence and strong brand name
- Significant growth potential in specialty alloys

Profitable and well managed business

- Consistent profitable business
- Successful restructuring process undertaken in the last years
- Long term order book with high visibility
- Well managed business with a solid strategy
- Long standing relationship with customers

Technology innovation and product excellence

- Innovation leader with excellent R&D know-how
- Company with the most product patents in the Industry
- Able to supply a full spectrum of high quality specialty alloys

Knowledgeable and experienced teams

- People committed to the business
- Operational teams with significant accumulated experience

How does VDM Metals fit in the Acerinox Group?

Enhancement and diversification of product mix and synergy potential

- Complementary product with similar end uses
- Expertise in projects and tailor-made solutions
- Boost sales with a wider product portfolio
- New pathways for earnings growth
- Potential to create an R&D leader
- Good cultural fit with Acerinox Group
- Potential synergies of at least €14 million per annum
- Synergies beyond synergies



CREATING A NEW GLOBAL LEADER IN STAINLESS AND SPECIALTY ALLOYS

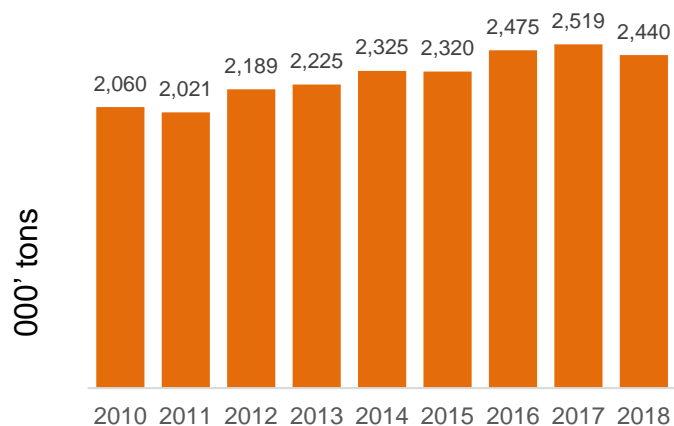
ACERINOX IS A GLOBAL LEADER IN STAINLESS STEEL

VDM METALS IS A GLOBAL LEADER IN SPECIALTY ALLOYS

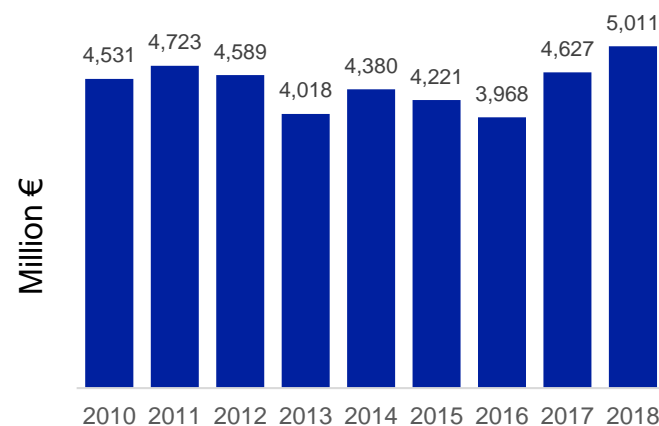
ACERINOX + VDM METALS ADD GROWTH OPPORTUNITIES

ACERINOX: MAIN FIGURES

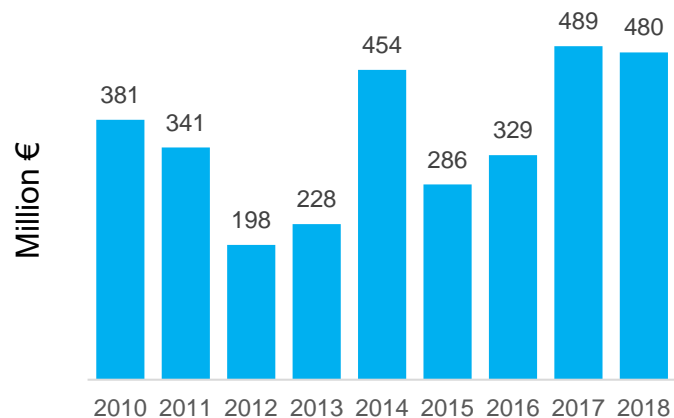
Melting Production



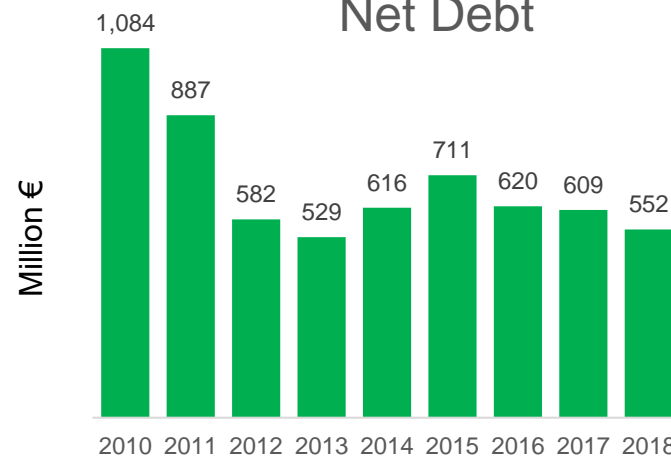
Sales



EBITDA



Net Debt





ACERINOX: PLANT LOCATIONS

Production in 4 continents

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



BAHRU STAINLESS

Cold Rolling 0.3



COLUMBUS STAINLESS FULLY INTEGRATED PLANT

Melting	1.0
Hot Rolling	1.0
Cold Rolling	0.5





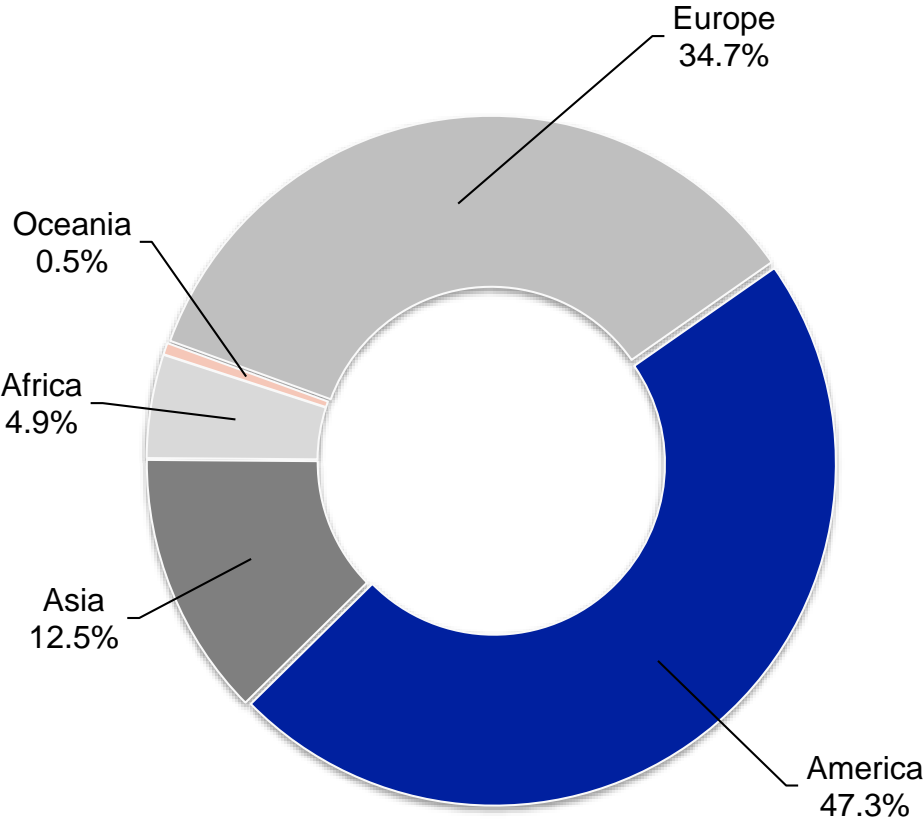
ACERINOX: SALES GEOGRAPHICAL MIX

Presence in 5 continents

Year 2018

Spanish multinational
Sales in more than 80 countries

- 18** service centres
- 26** warehouses
- 35** commercial offices
- 14** commercial agents





CREATING A NEW GLOBAL LEADER IN STAINLESS AND SPECIALTY ALLOYS

ACERINOX IS A GLOBAL LEADER IN STAINLESS STEEL

VDM METALS IS A GLOBAL LEADER IN SPECIALTY ALLOYS

ACERINOX + VDM METALS ADD GROWTH OPPORTUNITIES

NOT ALWAYS VISIBLE BUT ALWAYS INDISPENSABLE NOW AND FOR A SUSTAINABLE FUTURE

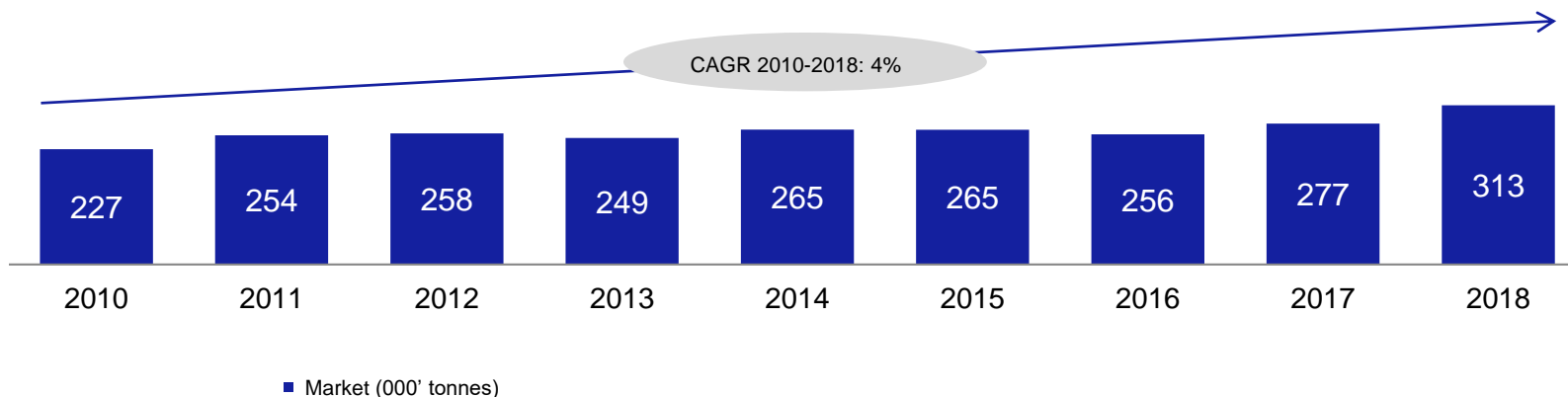
Sophisticated niche products with high growth potential



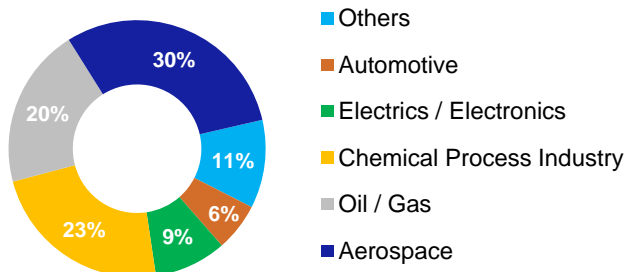
DEMAND FOR SPECIALTY ALLOYS

Specialty alloys is a strong growth market

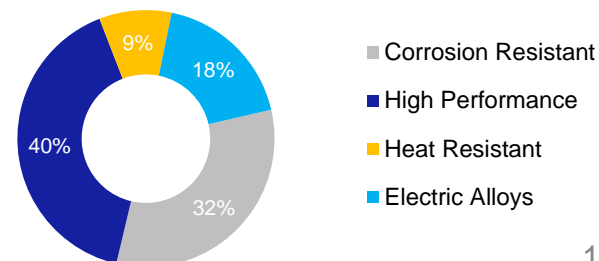
Specialty Alloys' Market (excl. Seamless Tube)



Market Breakdown by End-User (2018)



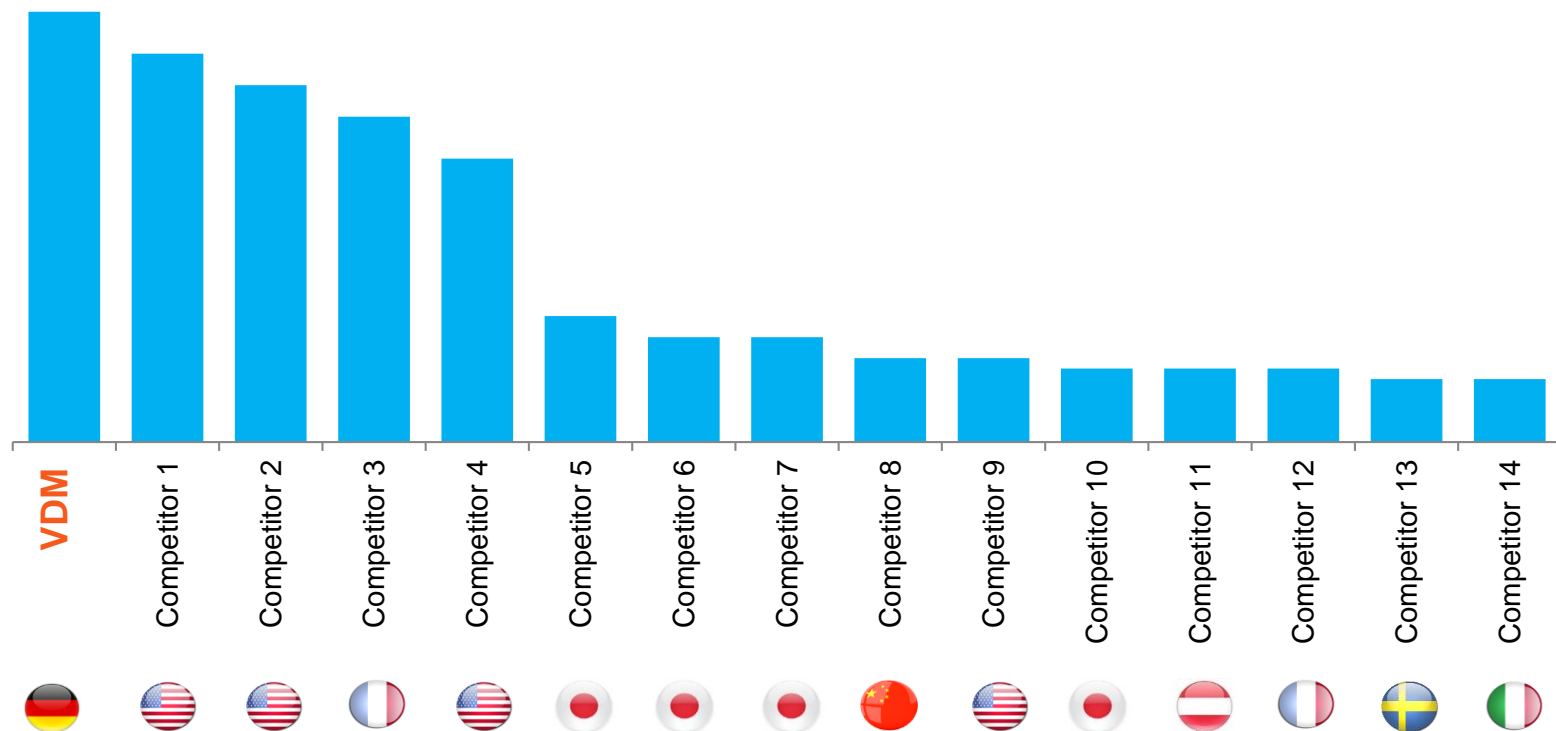
Market Breakdown by Alloy type (2018)



VDM METALS GLOBAL MARKET POSITION

Unique opportunity as the largest producer in specialty alloys

in 000' tons



Source: SMR Q3 2018

VDM METALS: PLANT LOCATIONS

7 production plants and 4 service centers (Germany, S. Korea, China and Australia)



Florham Park
Products: Melting, Bar, Ingot, Distribution



Reno
Products: Bar, ingot, Shapes



Unna
Products: Melting, Forging, Rod and Bar, Powder



Duisburg
Products: Slab Rolling



Siegen
Products: Hot Rolling, Plate



Altena
Products: Plate, Rolled/ Drawn/Forged Bar



Werdohl⁽¹⁾
Products: Strip, Wire

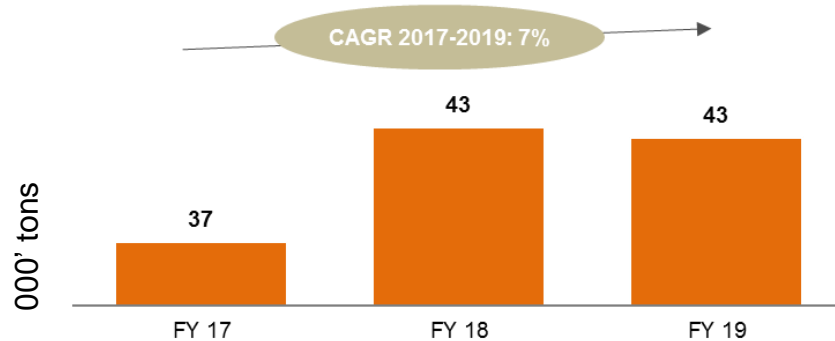
Notes:

1. Includes production facility and service center

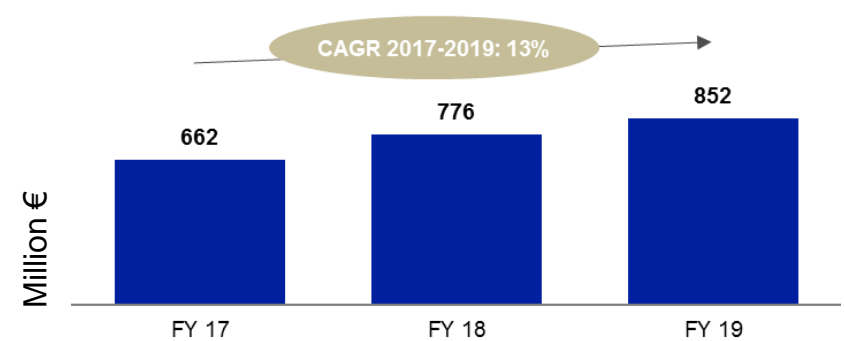
VDM METALS MAIN FIGURES

Solid revenue and earnings growth in recent years

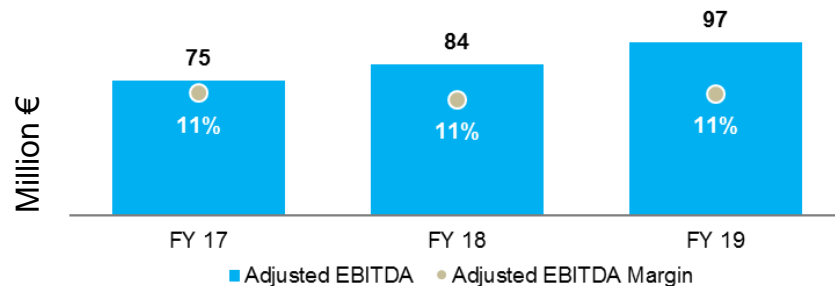
Volumes



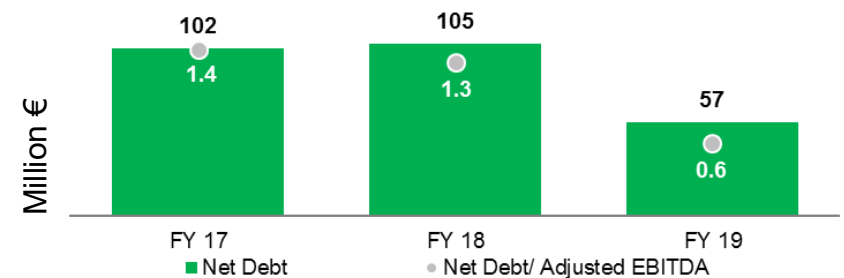
Production Sales¹



Adjusted EBITDA²



Net Debt





CREATING A NEW GLOBAL LEADER IN STAINLESS AND SPECIALTY ALLOYS

ACERINOX IS A GLOBAL LEADER IN STAINLESS STEEL

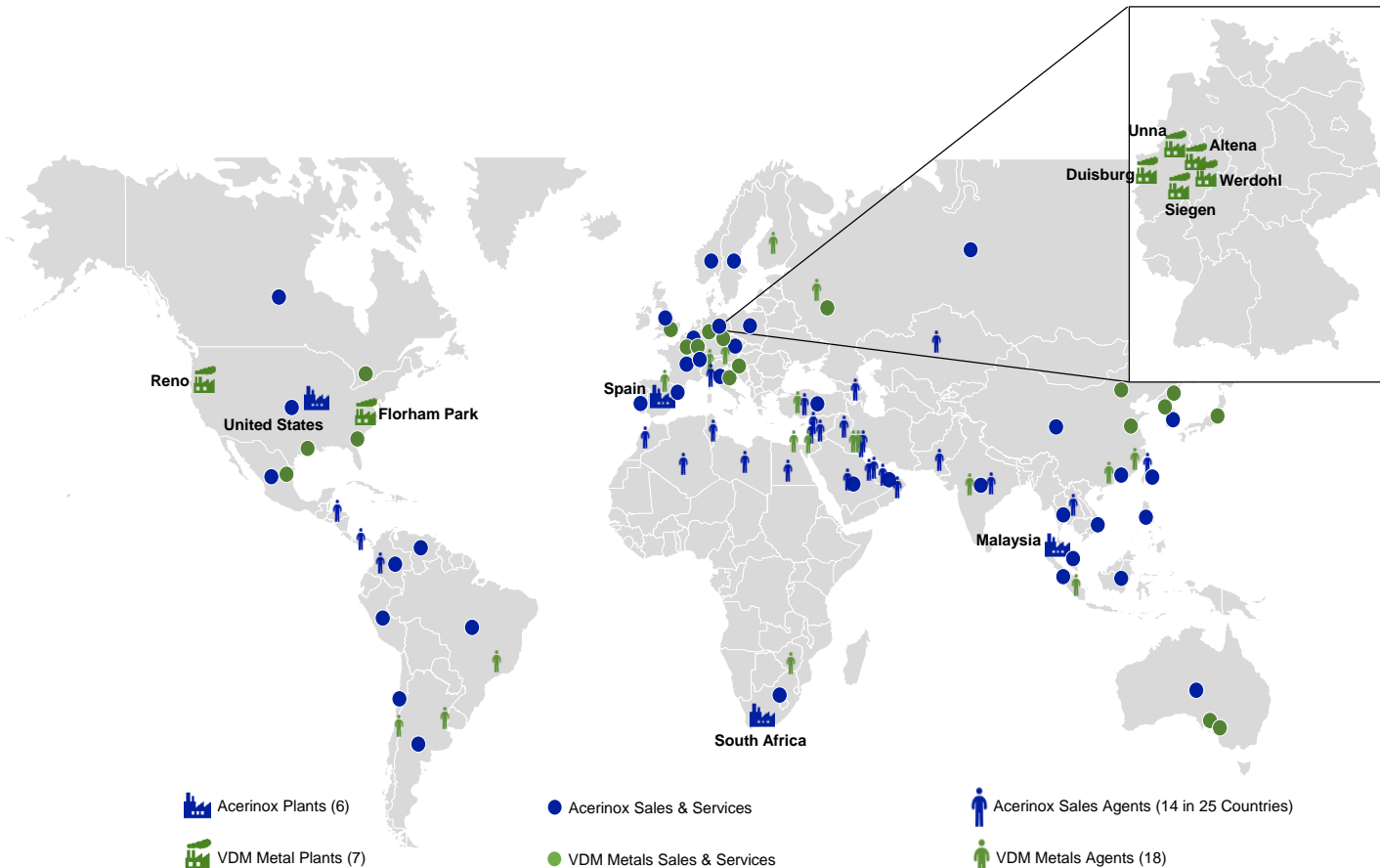
VDM METALS IS A GLOBAL LEADER IN SPECIALTY ALLOYS

ACERINOX + VDM METALS ADD GROWTH OPPORTUNITIES

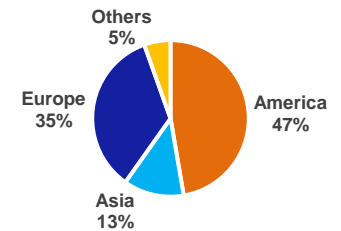


COMBINED GLOBAL FOOTPRINT AND SALES BY REGION

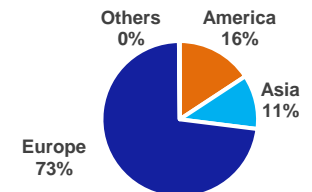
Strong regional complementarity



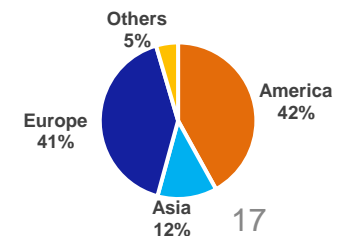
**Acerinox
(2018)**



**VDM Metals
(2018)**



**Combined
(2018)**





A NEW GLOBAL LEADER IN STAINLESS AND SPECIALTY ALLOYS

Acerinox:
global leader in
stainless steel

VDM:
world's largest
producer in
specialty alloys

Creating value through:

- Enhancement of product mix
- Projects and tailor-made solutions
- Exceptional R&D capabilities
- Diversification of geographical earnings
- Less cyclical earnings stream
- Immediate synergy opportunities
- Significant new pathways for earnings growth

1



1

> 2



MANAGEMENT PRIORITIES: INTEGRATION, EARNINGS ENHANCEMENT AND BALANCE SHEET

Integration of VDM Metals “plug & play”

- VDM Metals is already well managed with strong market positions as a stand alone group.
- No complex restructuring nor reconfigurations.
- Integration should neither be disruptive nor complicated.
- Allows management to focus on enhancing the enlarged group from day 1.

Realisation of synergies

- Potential synergies of at least €14 million per annum
- Realisation of basic synergies should be relatively fast and straightforward.

Balance sheet and debt reduction through FCF

- Strong balance sheet and pro forma leverage impact to be minimal.
- Expect significant organic deleveraging over the following years.
- We remain committed to our current dividend policy.

Exploring further earnings enhancing strategies

- Focus immediately on scope for greater earnings growth.

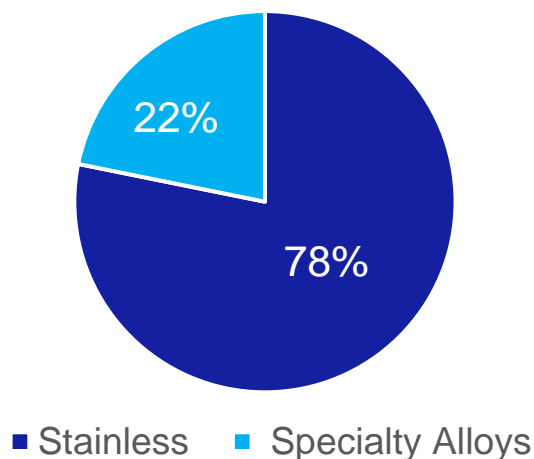


VALUE CREATION FOR SHAREHOLDERS

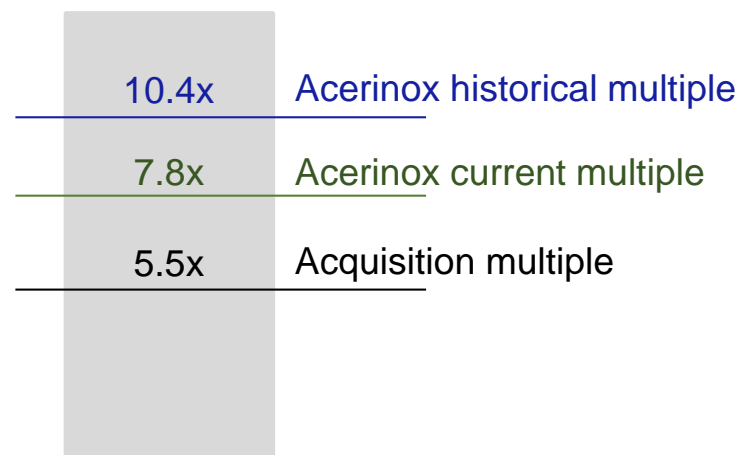
Value EPS and cash flow accretive with growth opportunities

- Attractive valuation of VDM Metals at 5.5x EV/EBITDA FY 18/19
- Immediately EPS and cash flow accretive
- Higher quality earnings
- Stronger free cash flow
- Regional diversification of earnings
- Lower cyclicality
- New and exciting paths for growth

Sept '19 LTM EBITDA (before synergies) CONTRIBUTION



EV / EBITDA



A world map is centered in the background, rendered in a dark blue color. Numerous location pins are placed across the map, each featuring the ACERINOX logo. The pins are concentrated in North America, Europe, and Asia, with a few in South America and Africa. A semi-transparent dark blue horizontal band runs across the middle of the map, serving as a background for the text.

THANK YOU

Q&A