

Q2 2023

Results presentation



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H1 2023 at a glance



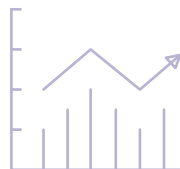
The Group's performance continues to reflect our structural growth & strategic repositioning



Q2 EBITDA (236 million EUR) **improved 5% over Q1**, despite challenging European market conditions



Stronger US & HPA markets delivered Acerinox's third best H1 Group EBITDA in history (462 million EUR)



Outlook: We expect good Q3 EBITDA but below Q2

H1 2023: Continued to deliver on objectives

Strong balance sheet



NFD/EBITDA:
0.78x



Shareholder remuneration:
0.30 EUR/share¹ in H1



Capex to increase value:
97 million EUR

¹Total FY 2023 shareholder remuneration will be 0.60 EUR/share

Excellence



EBITDA margin:
13%



Safety:
13% reduction in LTIFR



ROCE:
+21%

Added value



Synergies stainless & HPA:
47 million EUR



Diversification:
126 new customers

Sustainability



GHG emissions: Down 5% from
baseline (target 20% reduction)



Water withdrawal: Intensity down
19% (target 20% reduction)

Strong contributor to the circular economy

2030 sustainability targets



Eco-efficiency and climate change mitigation

GHG emissions (Scope 1 & 2):
5% reduction [2030 target: 20% reduction from 2015 baseline]

Water reduction: 19% reduction [2030 target: 20% reduction from 2015 baseline]

Energy efficiency: 5% increase [2030 target: 7.5% reduction from 2015 baseline]



Engaged team, culture, diversity, and safety

Safety: 13% reduction from FY 2022 [target: 10% YoY reduction in LTIFR]

Gender diversity: 13% female YTD [2030 target: women make up 15% of workforce]



Circular economy and sustainable products

Waste reduction: 79% valorization [2030 target: 90% valorization]

Already recycling 100% of:

Grinders / Oily paper / Oil (decantation, flame-retardant and hydraulic) / Process scrap & metal recovered / Machined electrodes / Paper / Plastic / Cardboard / Others

Positive Impact 360°



H1 2023 progress & sustainability initiatives



Ethical, responsible and transparent governance

- New whistleblowing channel
- Updated Code of Conduct for Business Partners



Eco-efficiency and climate change mitigation

- SBTi target
- Decarbonization plan



Committed team, culture, diversity and safety

- Promote diversity and inclusion at vocational training schools
- H&S week – Cardinal Rules



Circular economy and sustainable products

- Water footprint
- Slag valorization
- CO₂ emissions per product
- Eco - Acerinox



Supply chain and impact in the community

- New suppliers assessment process
- Social Action Framework

ESG ratings and achievements

Acerinox is actively participating in the **most relevant ESG assessment processes** highlighting the sustainability performance improvements



NEW ACHIEVEMENTS



- ★ Awarded by the stainless steel industry for its outstanding progress in the categories of **Market Development, Sustainability, and Safety.**



- ★ Acerinox is awarded the recognition **"T for Transparent"** for its responsible tax reporting and good governance.



- ★ Acerinox improves its position and **ranks sixth** in the industrial sector of the corporate reputation business monitor.

Q2 2023: Market backdrop

Prices stainless steel (AISI 304), USD/ton



Nickel, USD/ton



Ferrochrome, USD/ton



Q2 MARKET HIGHLIGHTS

STAINLESS STEEL

- ✓ North American prices remain stable
- ✓ Imports dropped
- ✗ Differences across markets

- USA**
 - American market remains in good condition
 - Stable base price at reasonable levels
 - Destocking process ended at the end of the quarter
 - Imports dropped 44% Year-to-May
 - Apparent demand of flat products decreased 29% Year-to-May
- EUROPE**
 - European market remained weak
 - Prices stood at historical low levels
 - Destocking process ended at the end of the quarter
 - Imports dropped 62% Year-to-May
 - Apparent demand of flat products decreased 31% Year-to-May

HIGH-PERFORMANCE ALLOYS (HPA)

- ✓ Market maintained its strength and good prospects especially in aerospace, O&G, and petrochemical industry
- ✓ Strong order book

Q2 2023: Group financial highlights

Reflects strategy of growth, diversification & strength

Income statement

Sales decrease
of -2% QoQ

EBITDA margin
improve to 14%

EPS of
0.55 EUR/share

Cash flow statement

131 million EUR
operating working capital
increase

98 million EUR
tax payments

54 million EUR
organic Capex

Balance sheet

NFD / EBITDA **0.78x**

Strong ROCE: 21%

Operating working capital reduction expected for Q3

Q2 2023: Strong results

Consistent H1 EBITDA

of 462 million EUR
(13% margin):

Q1: 226 million EUR

Q2: 236 million EUR

Downward **inventory adjustment**
of 96 million EUR

Net debt of
721 million EUR

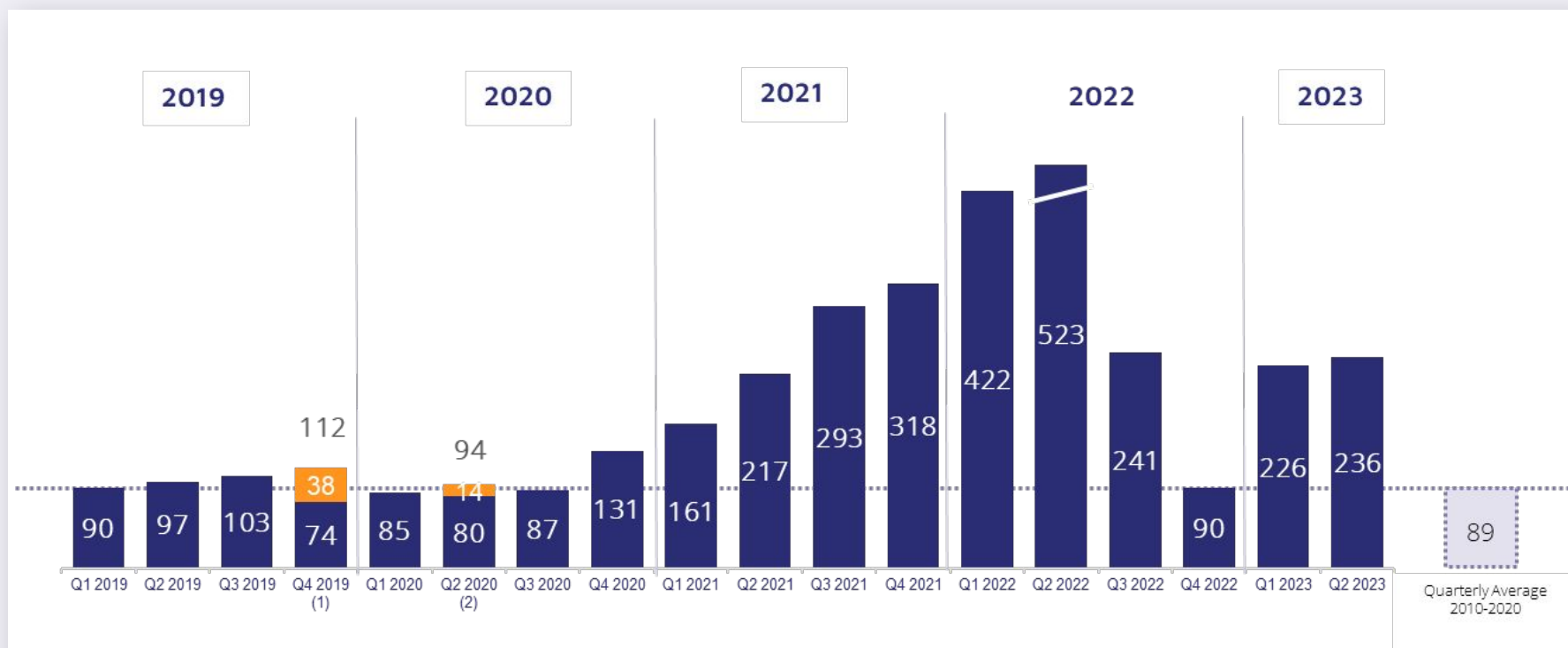
CONSOLIDATED RESULTS

<i>Million EUR</i>	Q2 2023	Q1 2023	Q2 2022	H1 2023	H1 2022	% Q2 23 / Q2 22	% H1 23 / H1 22
Melting production (thousands of metric tons)	486	534	622	1,020	1,290	-22%	-21%
Net Sales	1,740	1,782	2,535	3,522	4,821	-31%	-27%
EBITDA	236	226	523	462	945	-55%	-51%
EBITDA margin	14%	13%	21%	13%	20%		
EBIT	196	182	473	378	847	-58%	-55%
<i>EBIT margin</i>	11%	10%	19%	11%	18%		
Results before taxes and minorities	191	179	456	371	823	-58%	-55%
Results after taxes and minorities	142	136	343	278	609	-59%	-54%
Operating cash flow (before investments)	-58	-19	2	-77	77	-	-
Net financial debt	721	605	574	721	574	26%	26%

Q2 2023: Solid EBITDA above last decade average

Quarterly EBITDA

Million EUR



(1) Adjusted EBITDA Q4 2019: EUR 112 million, EBITDA without taking into account the provision of EUR 38 million arising from the collective redundancy procedure (ERE) at Acerinox Europa
 (2) Adjusted EBITDA Q2 2020: EUR 94 million, EBITDA excluding the 14 million VDM acquisition cost

More **competitive**
through **excellence**

Better with **VDM**

Benefiting from
regionalization

Stainless steel highlights

<i>Million EUR</i>	Q2 2023	Q1 2023	Q2 2022	H1 2023	H1 2022	% Q2 23 / Q2 22	% H1 23 / H1 22
Melting production (thousands of metric tons)	465	515	601	979	1,247	-23%	-21%
Net sales	1,369	1,476	2,232	2,846	4,237	-39%	-33%
EBITDA	191	197	481	388	880	-60%	-56%
<i>EBITDA margin</i>	14%	13%	22%	14%	21%		
Amortization and depreciation	-34	-35	-41	-69	-79	-16%	-13%
EBIT	159	161	439	320	797	-64%	-60%
<i>EBIT margin</i>	12%	11%	20%	11%	19%		
Operating cash flow (before investments)	-43	113	120	70	265	-	-73%



**14% EBITDA margin
in Q2 and H1**

**H1 operating cash flow
of 70 million EUR**

**Very challenging market
conditions continue in EU**

High-performance-alloys highlights



Record H1 EBITDA
of **76 million EUR**:

Order book remains solid

Increase of **202 million EUR** in
operating working capital in H1

Million EUR	Q2 2023	Q1 2023	Q2 2022	H1 2023	H1 2022	% Q2 23 / Q2 22	% H1 23 / H1 22
Melting production (thousands of metric tons)	21	19	21	40	44	-1%	-7%
Net sales	387	305	303	692	584	28%	18%
EBITDA	47	29	41	76	65	15%	17%
EBITDA margin	12%	9%	14%	11%	11%		
Amortization and depreciation	-6	-6	-6	-12	-11	2%	3%
EBIT	42	23	36	65	54	17%	20%
EBIT margin	11%	8%	12%	9%	9%		
Operating cash flow (before investments)	-15	-132	-118	-147	-188	-88%	-22%

Capital allocation

Million EUR

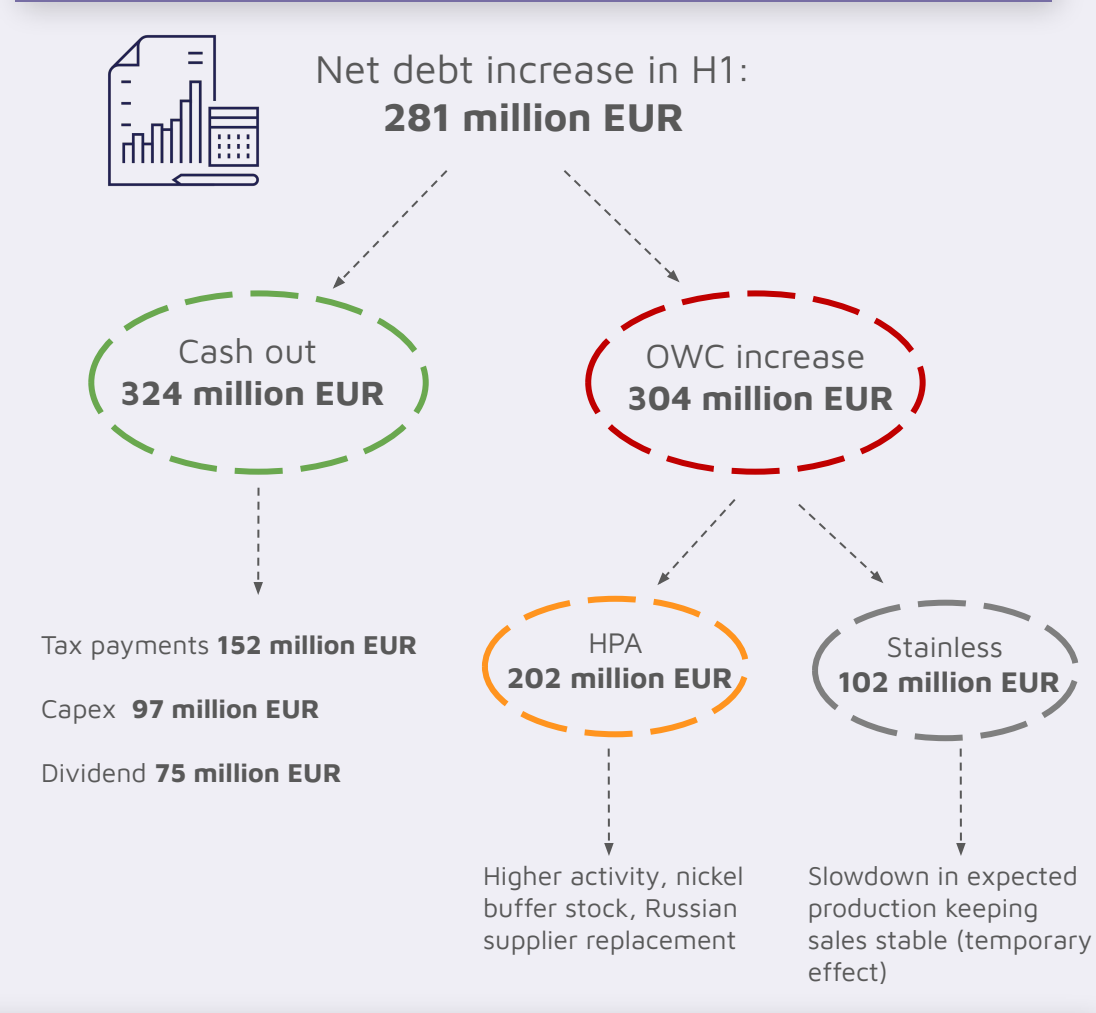
Q2



H1



Breakdown of cash uses



Operating working capital reduction expected for Q3

Capital allocation priorities



Maintain strong balance sheet through the cycle



Growth through organic and inorganic opportunities



Improving shareholder returns

Conclusions & outlook



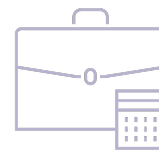
01

**Solid first half of the year.
Third best H1 Group
EBITDA in history**



02

**Operating cash flow
(OCF) affected by OWC
increase and tax
payments**



03

Uncertainties remain:
Geopolitical tensions, energy
prices, and weak demand



04

**Destocking process
already completed in all
the markets**



05

**Order book remains
strong in HPA. Stainless
steel will be impacted by
seasonality**



06

We expect good **Q3 EBITDA
but below Q2**

**OWC reduction expected
for Q3**



Alternative Performance Measures (Definitions)

Excellence 360° Plan: estimated efficiency savings for the period of 2019 to 2023

Operating Working Capital: Inventories + trade receivables – trade payables

Net Cash Flow: Profit/(Loss) after tax and minorities + depreciation and amortization

Net Financial Debt: Bank borrowings + bond issuance – cash

Net Financial Debt / EBITDA: Net financial debt / annualized EBITDA

EBIT: Operating income

Adjusted EBIT: EBIT, disregarding material extraordinary items

EBITDA: Operating income + depreciation and amortization + variation of current provisions + asset impairment

Adjusted EBITDA: EBITDA, disregarding material extraordinary items

LTIFR: Lost time injury frequency rate (Total number of accidents with sick leave / Number of hours worked) x 1,000,000

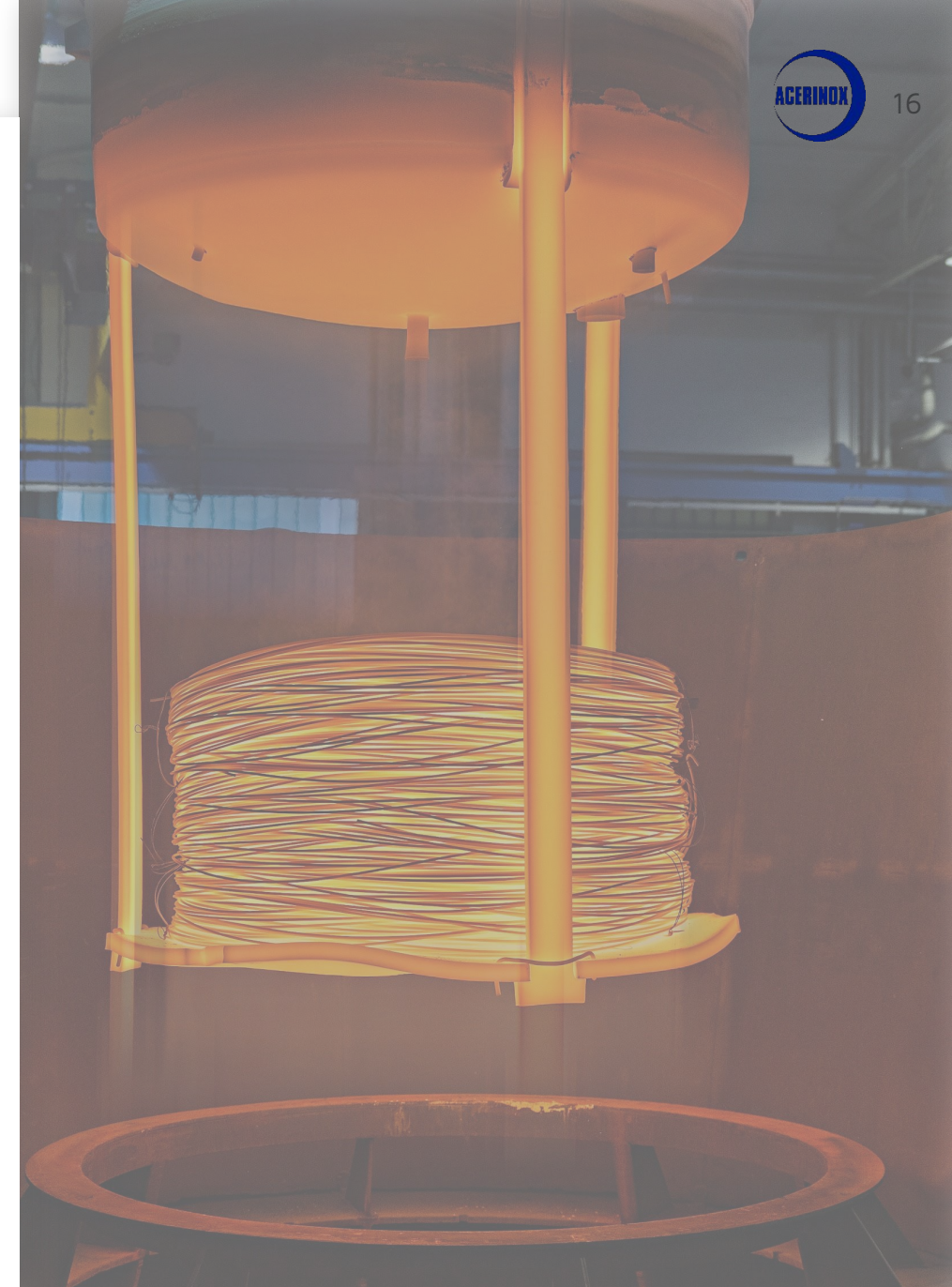
Gearing ratio (Debt Ratio): Net financial debt / equity

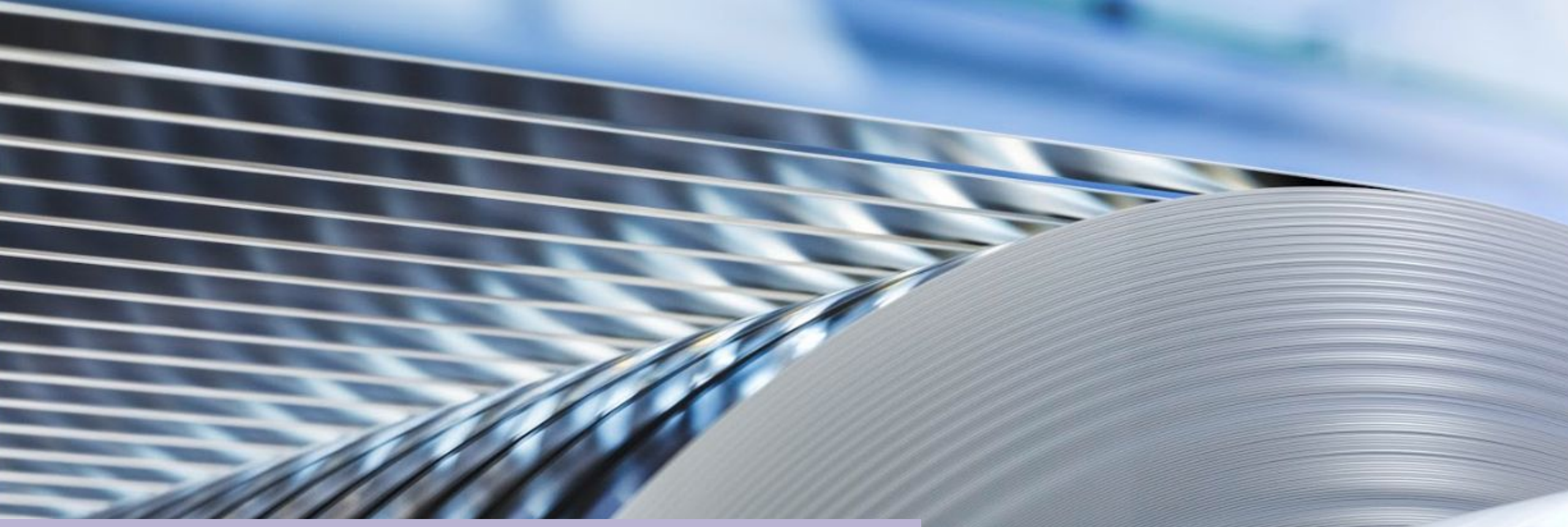
Net Financial Result: Financial income – financial expenses ± exchange rate variations

ROCE: Annualized Net operating income / (equity + net financial debt)

ROE: Annualized Profit/(Loss) after tax and minorities / equity

ICR (Interest Coverage Ratio): EBIT / financial expenses





Q&A

