

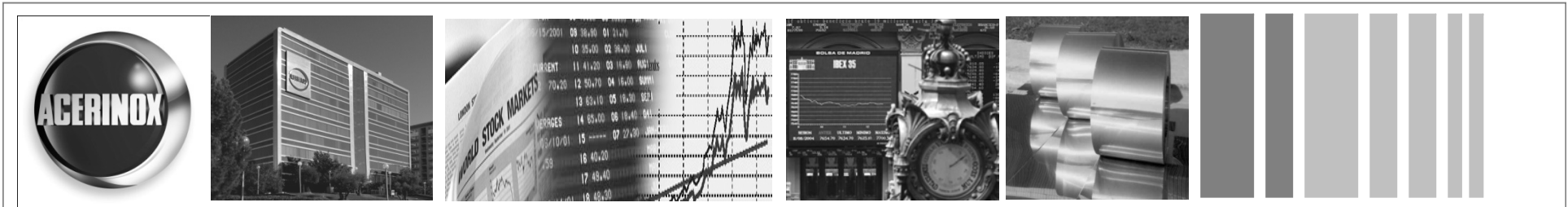
FOCUS ON STRATEGY

Bernardo Velázquez

CEO of Acerinox Group

Investor and Analyst's Day

London, 8th November 2011





STRATEGIC PLAN 2008-2020

- Generational transition plan
- Group culture
- Modern structure
- Excellence plans
- Global expansion



EXCELLENCE PLAN

- Flexibility and efficiency
- Continuous improvement
- Low inventories
- Short delivery times
- Manufacturing cycle reduction
- Chemical compositions optimization
- Reduction of manufacturing and distribution costs
- Reduction of energy consumption
- Technical exchange program
- Benchmarking activities
- Quality and reliability
- Development of special steel grades
- Project development
- Improving external communication



EXCELLENCE PLAN

EXCELLENCE PLAN I 2009 – 2010

- 10 chapters
- Internal benchmarking
- Realistic targets
- Recurrent savings: 133 million € / year
- Result: 73% (97 million €)

EXCELLENCE PLAN II 2011 – 2012

- 15 chapters
- Internal benchmarking
- Realistic targets (including part of Excellence I)
- Recurrent savings: 90 million € / year
- Already reach: 26% (23 million €)



WHY GLOBAL?

- ▶ Risk mitigation:
 - ▶ Commercial
 - ▶ Financial
 - ▶ Strategic
 - ▶ Operational
- ▶ Proximity to markets
- ▶ Global supplier for global customers
- ▶ Excellence through cultural and technical exchange
- ▶ Unique benchmarking opportunity





BAHRU STAINLESS

Competitive advantages

- ▶ Strategic location at the seaside in world biggest port complex
- ▶ Competitive costs of production and distribution
- ▶ Strong and growing local markets in Malaysia and ASEAN
- ▶ Commercial presence in the region of Acerinox
- ▶ Malaysia: Stable and developed country, with good infrastructure
- ▶ Unique geographic distribution of the group within the stainless steel sector
- ▶ Consolidate the presence in the region with the highest consumption growth of the world
- ▶ Guarantee of success due to best available technology and the accumulated experience in the group, in addition to the competitive cost factors of the region
- ▶ Cost reduction in the group due to economy of scale benefits





STRATEGIC PLAN 2008-2020

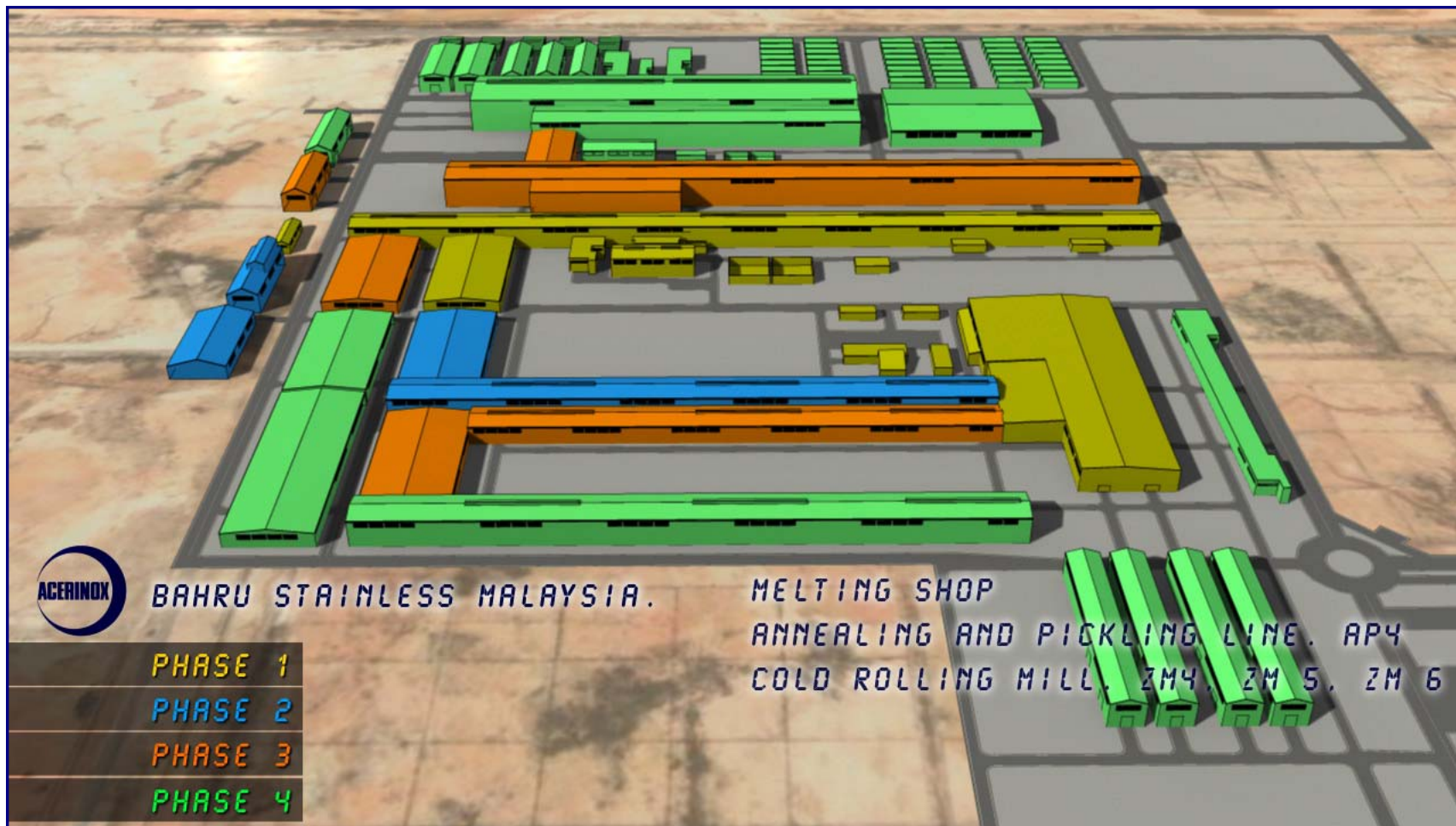
Bahru Stainless

- Development of a new integrated 1 million mt/year stainless steel mill in Malaysia in phases.
- Current investment for phases 1 & 2:

	EQUIPMENTS (000,000 US\$)	PRODUCTION (mt/year)
PHASE I ZM-1 + AP-1 + Finishing lines	370	240,000
PHASE II ZM-2 + AP-2 + Finishing lines	310	400,000
	680	



BAHRU STAINLESS: GENERAL LAYOUT





BAHRU STAINLESS: AERIAL VIEW PHASE I





BAHRU STAINLESS: SENDZIMIR MILL ZM-1





BAHRU STAINLESS: ANNEALING AND PICKLING LINE AP-1





BAHRU STAINLESS: COILD BUILD UP LINE CB-1





BAHRU STAINLESS: SKINPASS MILL SKP-1





BAHRU STAINLESS: AERIAL VIEW PHASE I AND II



ACERINOX **BAHRU STAINLESS: PIER**



Thank you very much

