# INVESTORS AND CAPITAL MARKETS DAY

October 15-16, 2015

ACERINOX

# INVESTORS AND CAPITAL MARKETS DAY

## October 15-16, 2015

## NEW YORK PALACE HOTEL

455 Madison Avenue, New York, NY 10022.

### AGENDA OF THE DAY: October 15

**Thursday, October 15th**

08.30 a.m. Registration and breakfast

09.00 a.m. Welcome and opening remarks, *Mr. Carlos Lora-Tamayo, Head of Investor Relations*

***Introduction***, *Mr. Bernardo Velázquez, CEO of Acerinox*

Presentations by Acerinox
***Stainless Steel is our world***, *Mr Daniel Azpitarte, Commercial Director of Acerinox*
***NAS: The benchmark stainless steel player***, *Ms. Mary Jean Riley, NAS Vice President, Finance and Administration*
***NAS strategy in the American market***, *Mr. Chris Lyons, NAS Vice President, Commercial*

10.30 a.m. Coffee Break

11.00 a.m. Presentations by Acerinox
***2015: The great paradox***, *Mr. Miguel Ferrandis, CFO of Acerinox*
***Conclusion & Open Panel Session***, *Mr. Bernardo Velázquez, CEO of Acerinox*

01.00 p.m. Lunch Cocktail

02.00 p.m. Transfer to JFK airport

02.30 p.m. Transfer to LaGuardia airport

# PLANT TOUR

## October 16, 2015

## NORTH AMERICAN STAINLESS FACILITIES

6870 Highway 42 East, Ghent, Ky 41045-9615

### AGENDA OF THE DAY: October 15-16

**Thursday, October 15th**

| | |
|---|---|
| 09.00 p.m. | Dinner at Belterra Hotel |

**Friday, October 16th**

| | |
|---|---|
| 08.00 a.m. | Bus from Belterra Hotel to NAS facilities |
| 08.30 a.m. | Welcome to NAS, *Cristobal Fuentes, CEO of NAS* |
| 08.45 a.m. | Plant tour |
| 11.45 p.m. | Drinks and Sandwiches |
| 12.30 p.m. | Transfer to Cincinnati airport |

# DISCLAIMER

This document may contain forward-looking information and statements about ACERINOX, S.A., its subsidiaries and/or its management.

These forward-looking statements include financial projections and estimates and their underlying assumptions, and statements regarding the intent, belief or current expectations or forecasts of ACERINOX, S.A. and/or its management, as well as statements regarding future performance, plans, objectives, operations, business, strategy, capital expenditures, results of operations, markets and products. These forward-looking statements or forecasts may also include assumptions regarding future economic and other conditions, such as future nickel or crome prices and, in general, are subject to risks, uncertainties and variables beyond ACERINOX's control that can adversely affect them.

These forward-looking statements and information do not constitute historical facts and can generally be identified by the use of terms such as "expects", "anticipates", "believes", "plans", "estimates" and similar expressions. ACERINOX, S.A. believes they all are reasonable but are not a guarantee of future performance, prices, results of operations, benefits or dividend payout policies. ACERINOX, S.A. future financial condition, financial ratios, business, results of operations and dividends could differ materially from those expressed or implied in or projected by such forward-looking statements, information and forecasts.

All forward-looking statements included herein are based on information available on the date hereof. Except as required by applicable law, ACERINOX, S.A. does not undertake any obligation to publicly update or revise any forward-looking statements and information, even in the event of new information being published or new events occurring.

Investors, holders of ACERINOX, S.A. securities and shareholders in ACERINOX, S.A. are cautioned not to place undue reliance on the forward-looking statements and information, which speak only as of the date they were made. All subsequent oral or written forward-looking statements or information attributable to ACERINOX, S.A. or any of its members, directors, officers, employees or any persons acting on its behalf are expressly qualified in their entirety by this cautionary statement.

No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained herein. None of the Company or any of its affiliates, advisors or representatives shall have any liability whatsoever for any loss arising from any use of this document, or its contents, or otherwise arising in connection with this document. Moreover, this document nor any part of it constitutes a contract, nor may it be used for incorporation into or interpretation of any contract or other type or agreement.

The points contained in this disclaimer must be taken fully into account by all persons or entities obliged to take decisions or to draw up or to publish opinions on securities issued by ACERINOX, S.A., in particular, by the analysts and investors reading this document. All the aforesaid persons are invited to consult the public documentation and information that ACERINOX, S.A. reports to or files with the bodies responsible for supervising the main securities market and, in particular, with the Spanish National Securities Market Commission (CNMV in its Spanish initials).

# STAINLESS STEEL IS OUR WORLD

**DANIEL AZPITARTE**

Commercial Director of Acerinox

# ACERINOX: STAINLESS STEEL PRODUCER

World leader producer

International from our origin

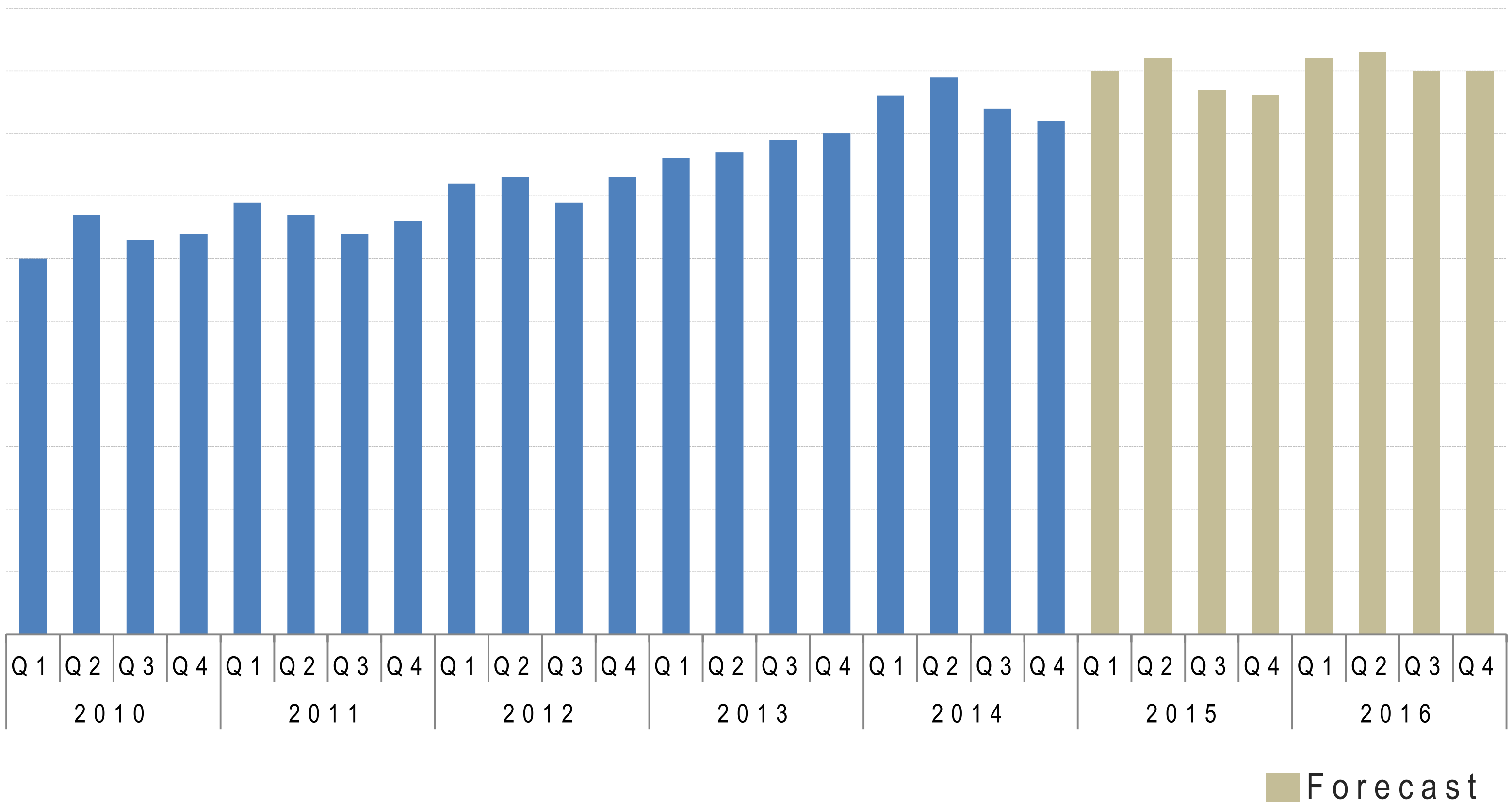
4.4 billion EUR turnover in 2014

6,800 people in 5 continents

3.5 million Mt, melting capacity

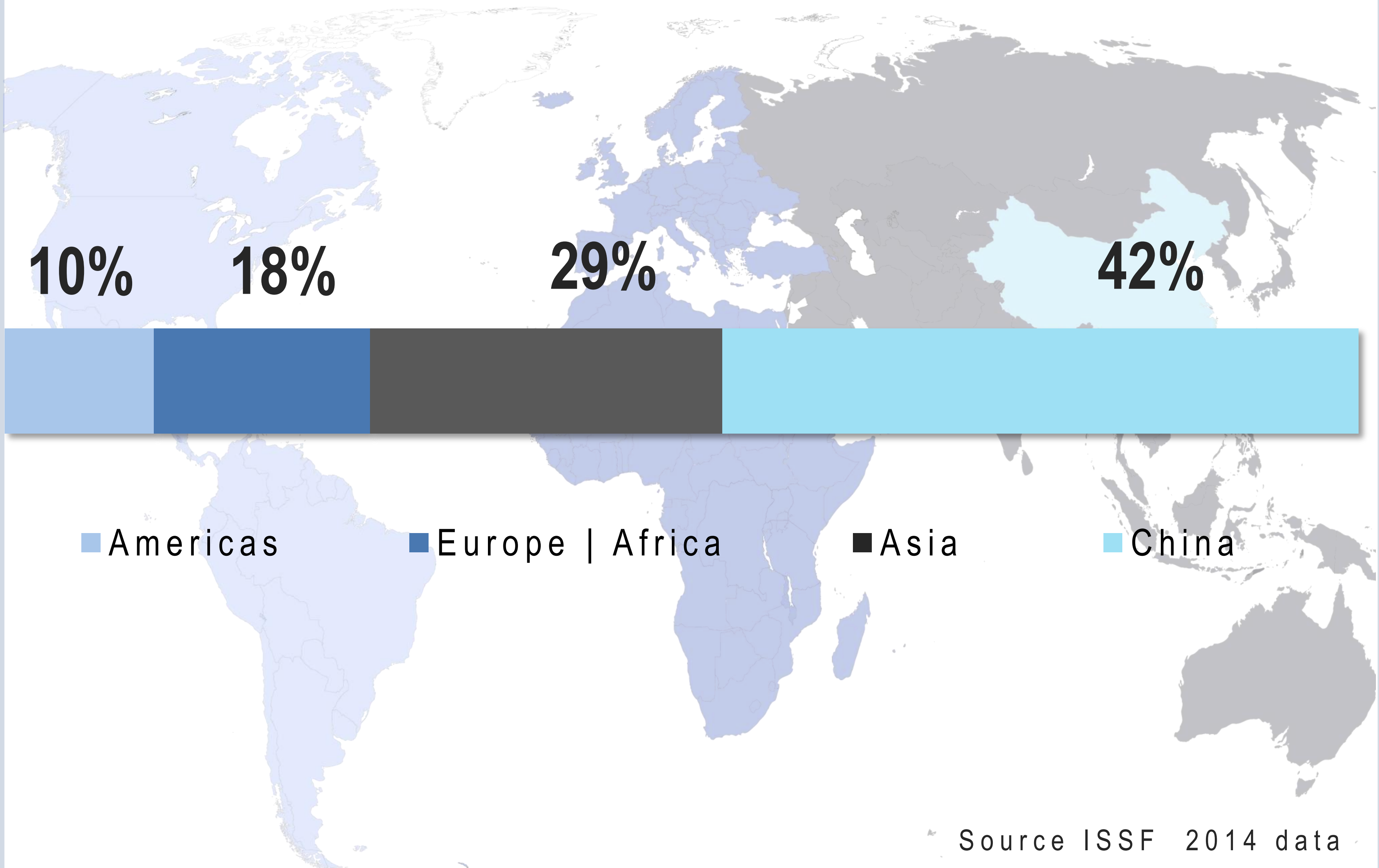
**Stainless steel is our world**

# STAINLESS STEEL APPARENT CONSUMPTION



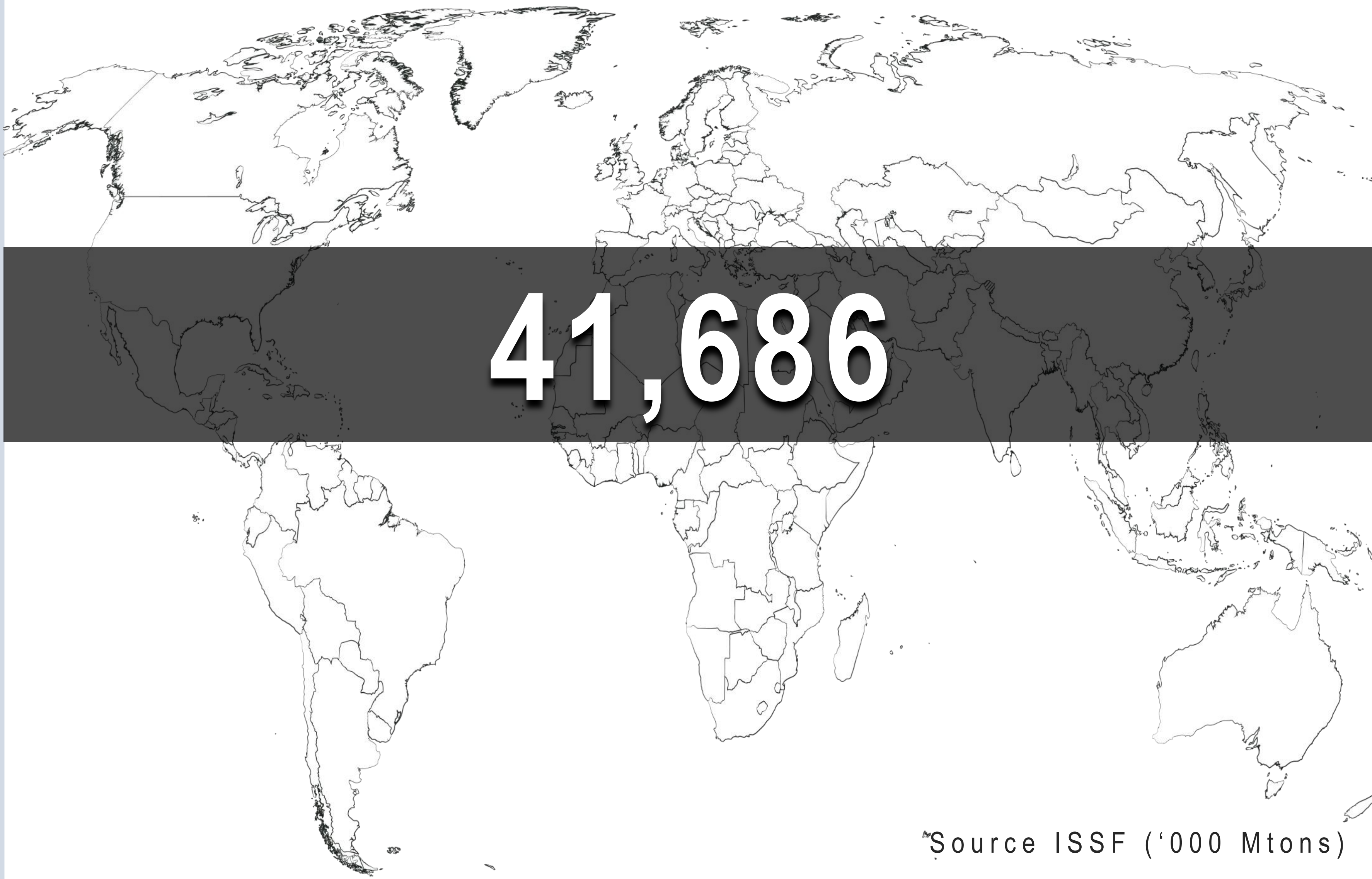

Source ISSF 2014 data

# STAINLESS STEEL APPARENT CONSUMPTION




Source ISSF 2014 data

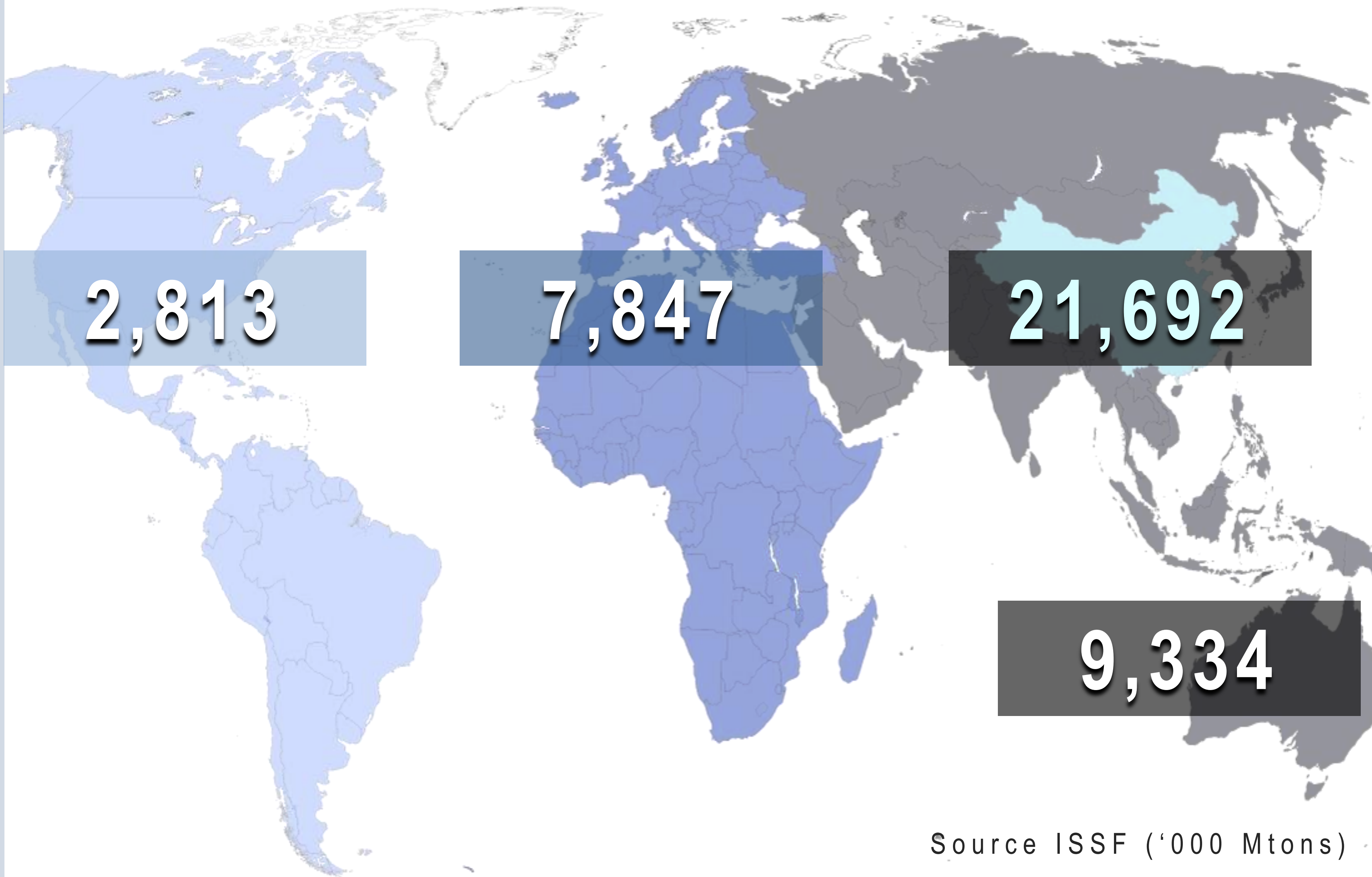
# STAINLESS STEEL WORLD PRODUCTION. 2014



41,686

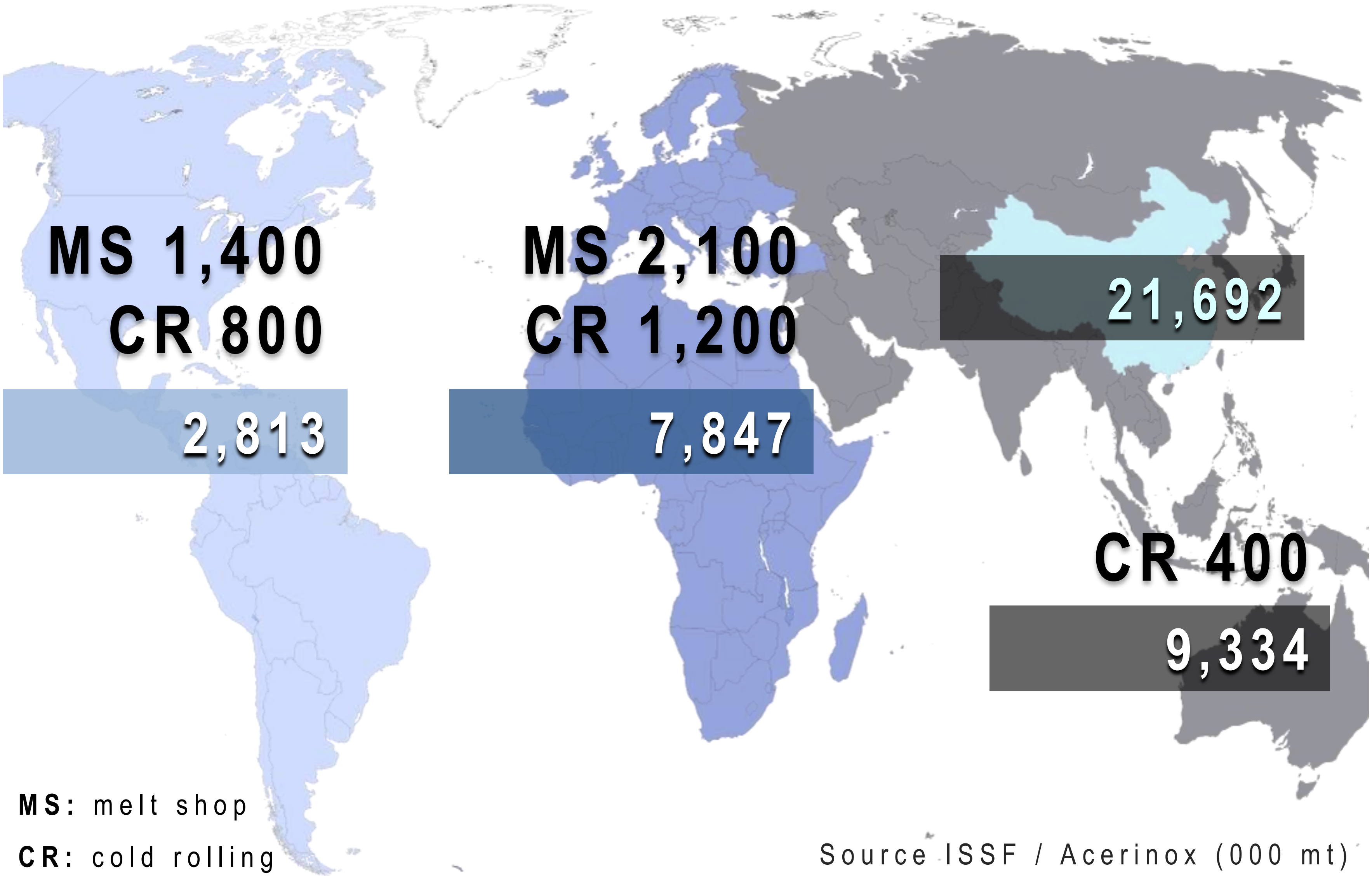
Source ISSF ('000 Mtons)

# STAINLESS STEEL WORLD PRODUCTION. 2014




Source ISSF ('000 Mtons)

# STAINLESS STEEL ACERINOX CAPACITY

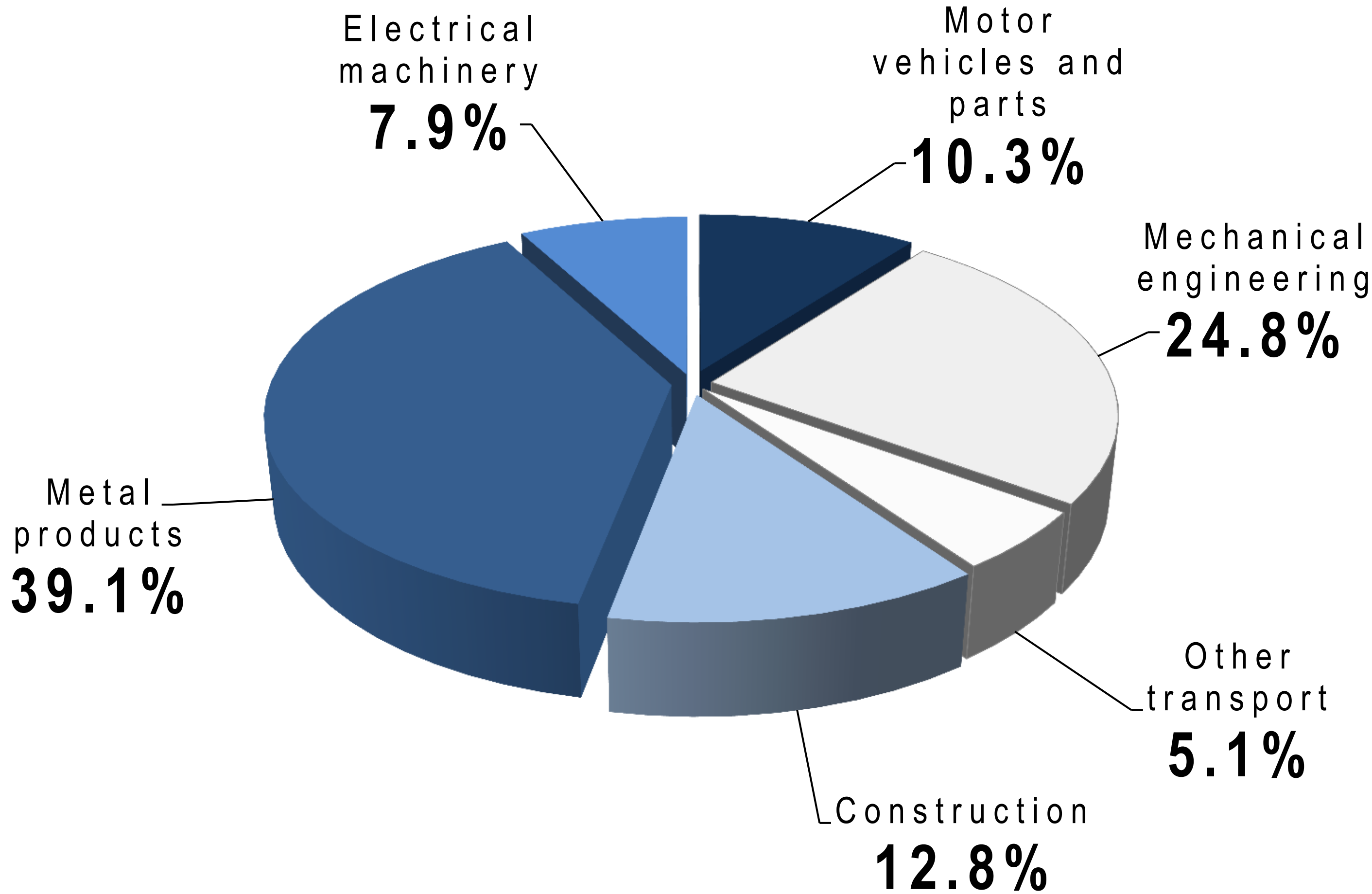



**MS:** melt shop

**CR:** cold rolling

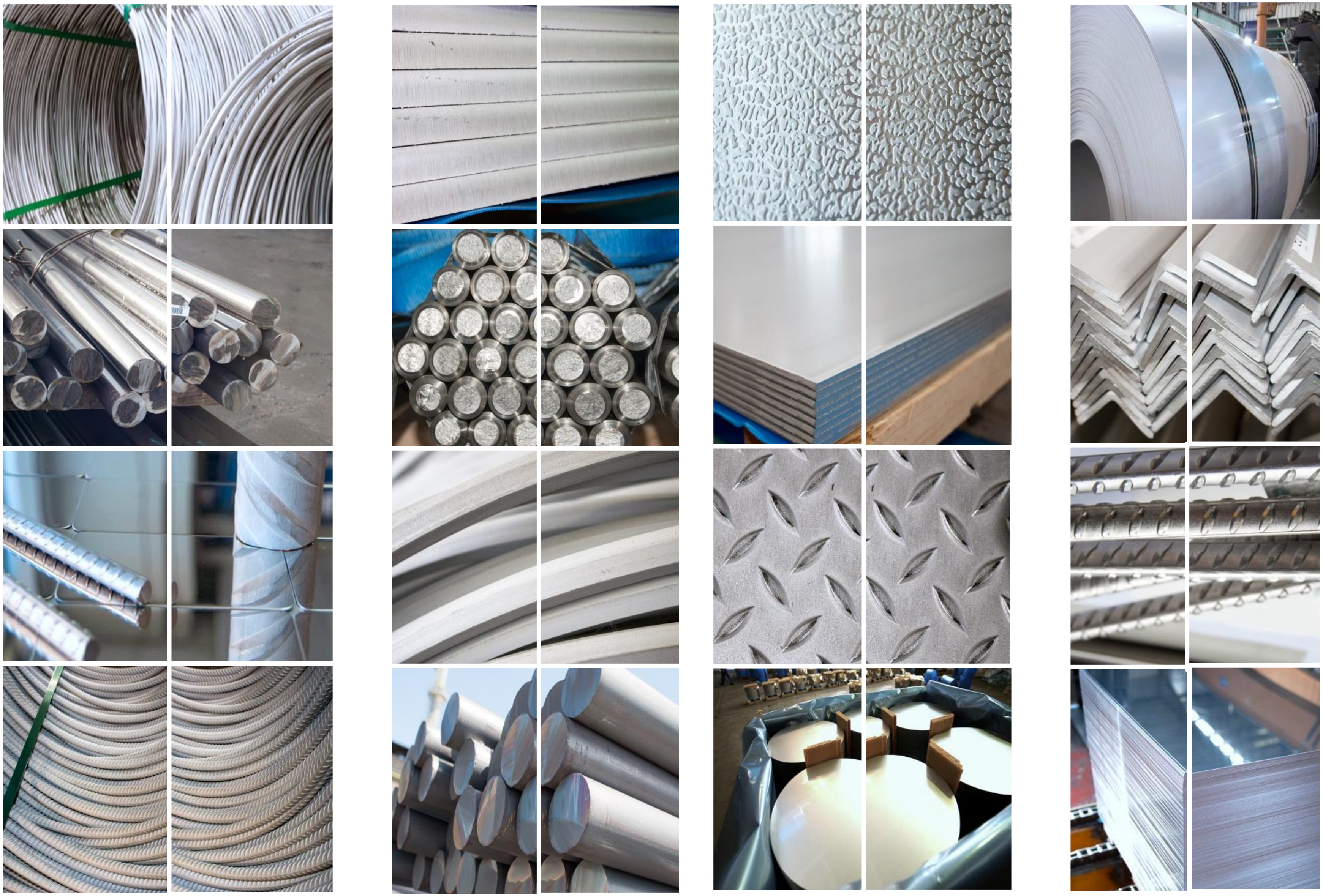
Source ISSF / Acerinox (000 mt)

# STAINLESS STEEL USED BY SECTOR

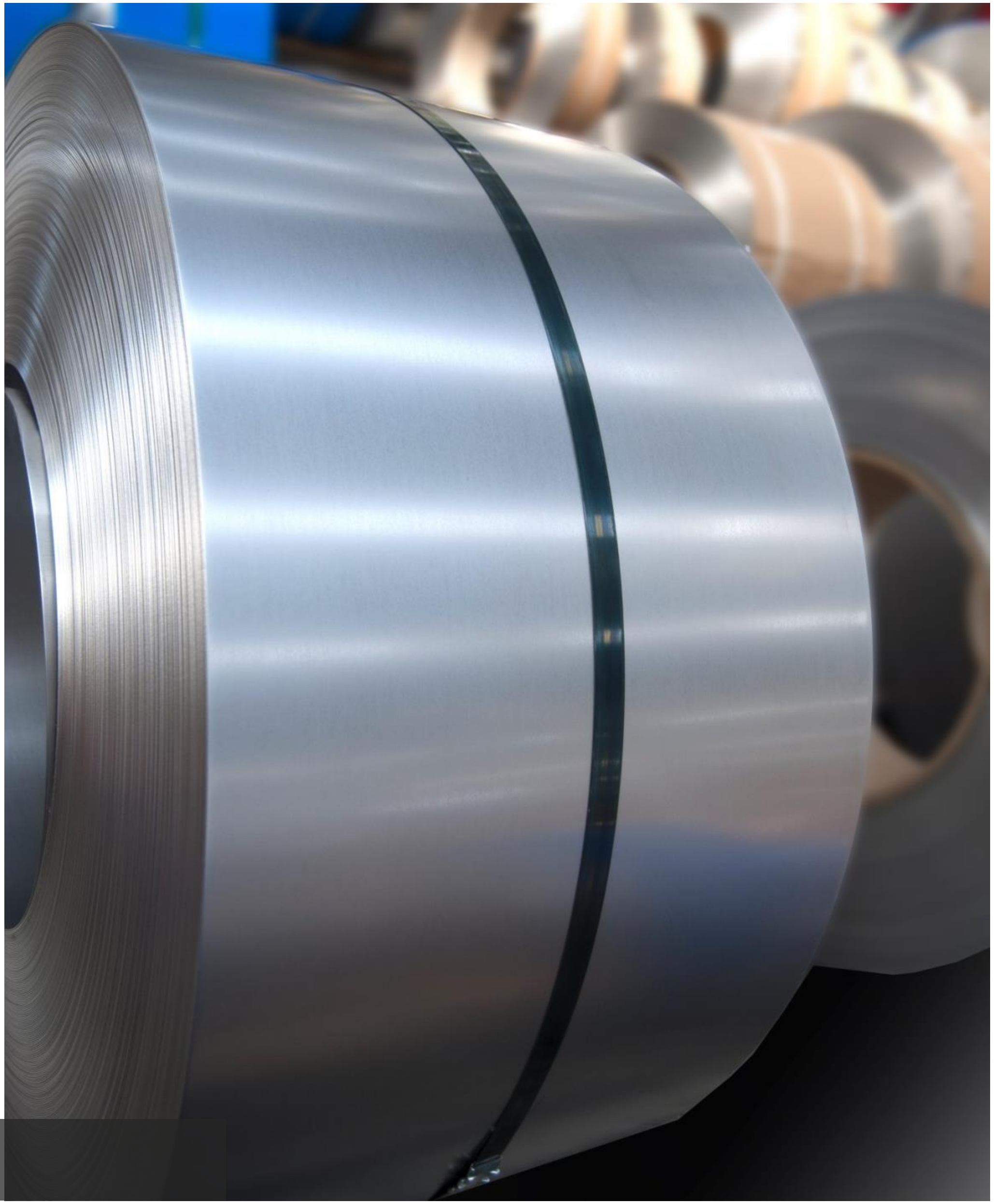



Source ISSF 2014 data

# ACERINOX PORTFOLIO



# PORTFOLIO



Coil & sheet

# PORTFOLIO

BBVA Headquarters, Madrid
Stainless steel AISI 304L, 2B

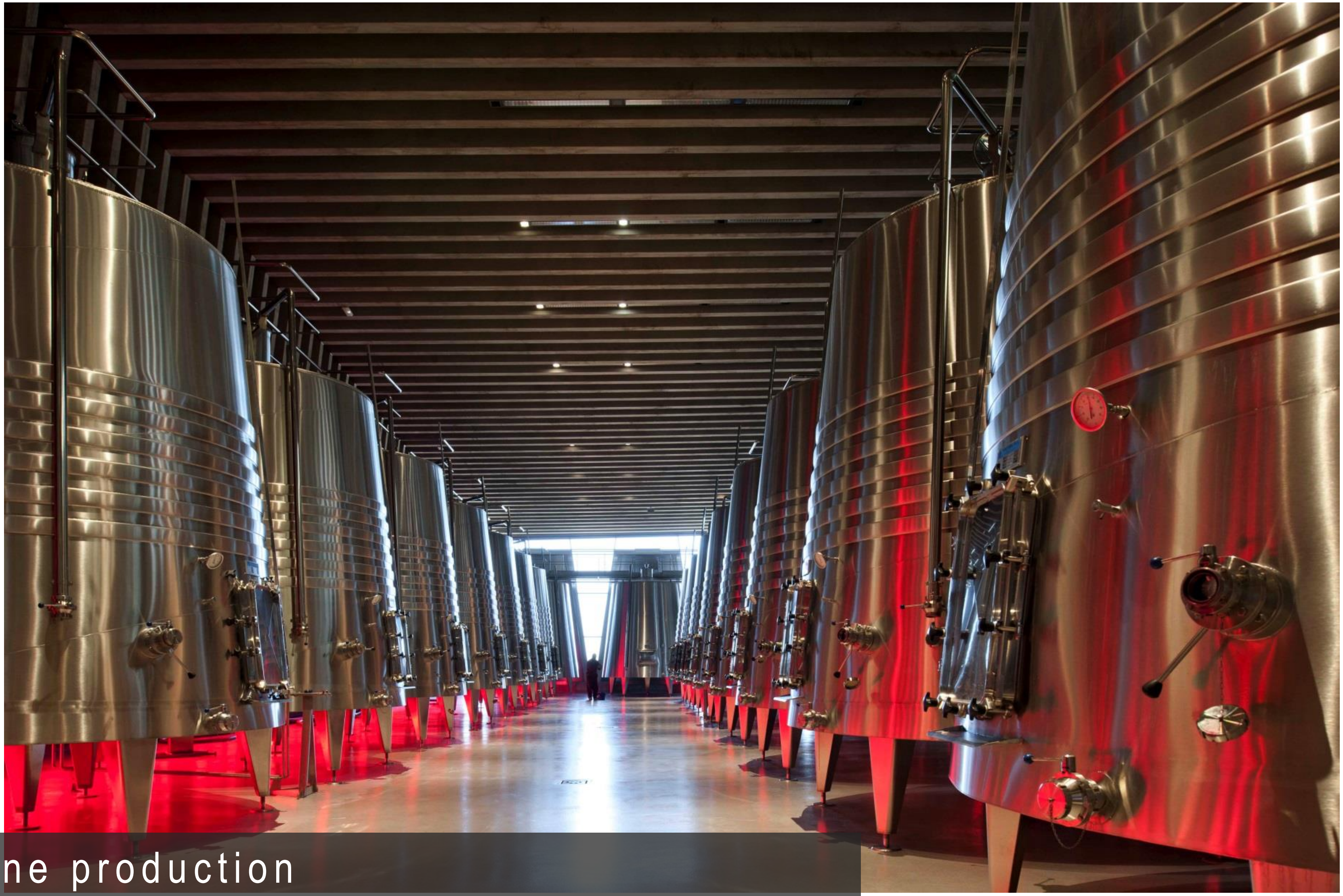
# PORTFOLIO

Offshore, Adriatic LNG
Stainless steel AISI 316L

# PORTFOLIO


Tram, Valencia
Stainless steel AISI 304|3CR12

# PORTFOLIO



Wine production
Stainless steel AISI 304|AISI 316L

# PORTFOLIO

## Plate

# PORTFOLIO

New Farm Riverwalk, Brisbane
Stainless steel plate AISI 316L

# PORTFOLIO

Ship nozzles
Stainless steel plate AISI 316L

# PORTFOLIO


Billet

# PORTFOLIO

Stainless steel flanges
AISI 304-316-DUPLEX

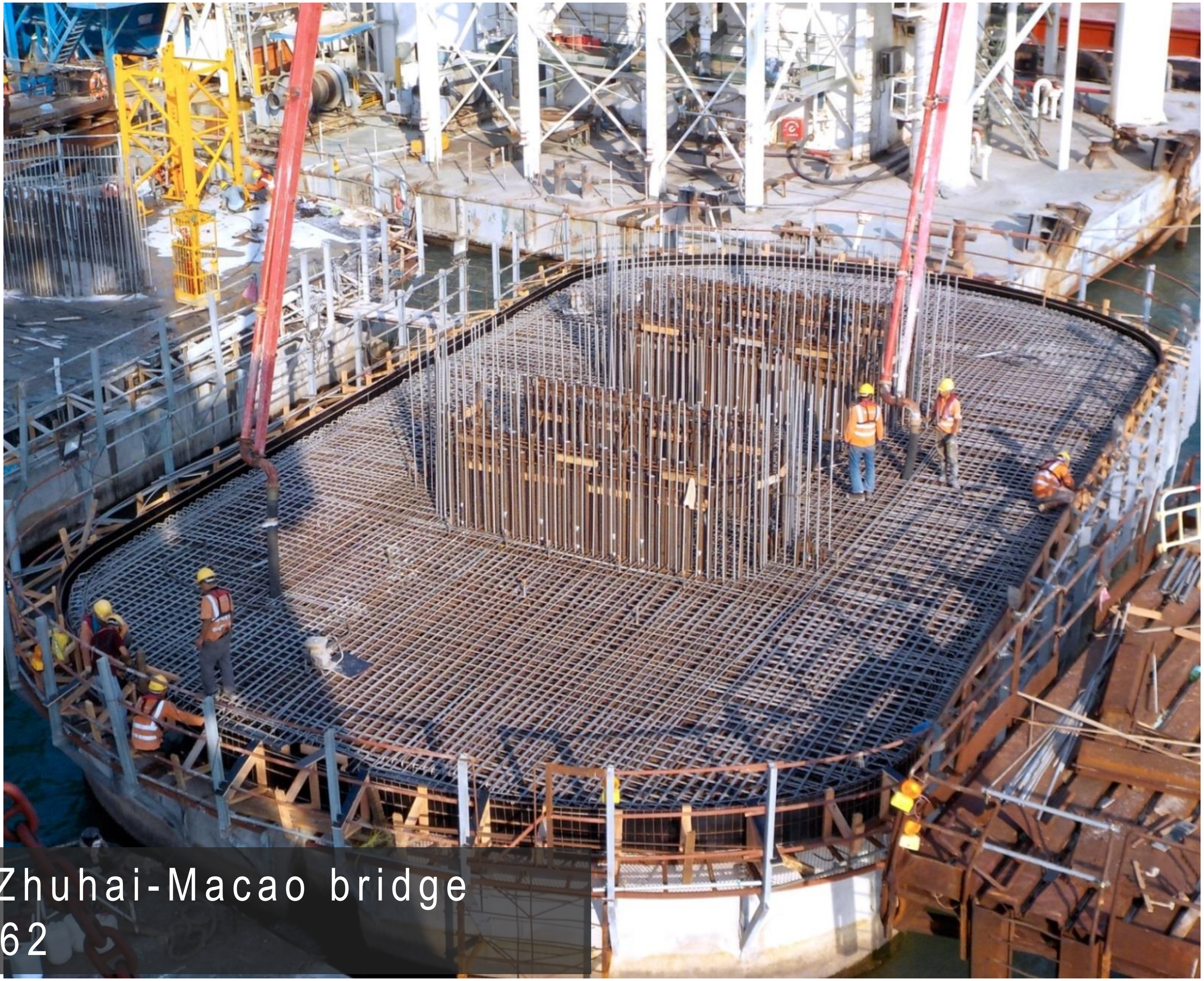
# PORTFOLIO

Reinforcement bar

# PORTFOLIO

New Jersey bridge
Duplex 1.4462

# PORTFOLIO

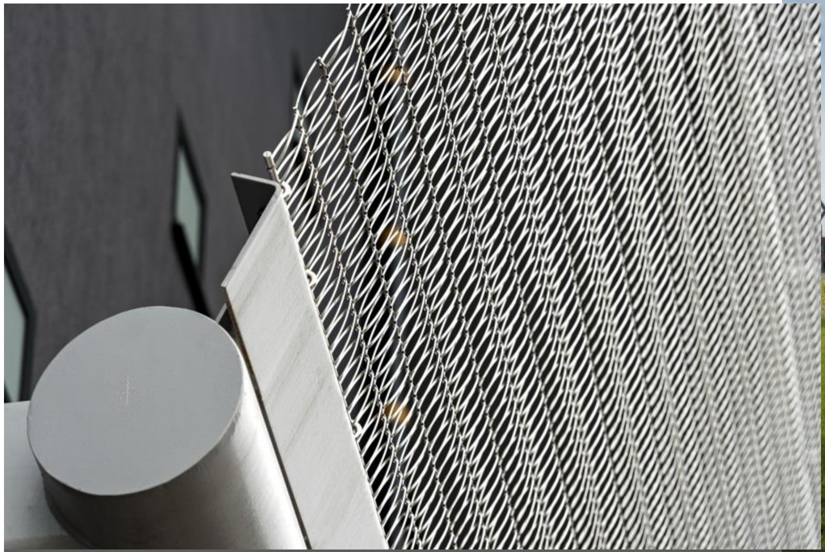


Hong Kong-Zhuhai-Macao bridge
Duplex 1.4362

# PORTFOLIO

Wire

# PORTFOLIO



FTC Stadium, Budapest
Stainless steel AISI 316L

# SUSTAINABILITY

- **Driving force** to industrial evolution

- A **better world** for future generations:

  **S**ecurity

  **H**ealth

  **E**nvironment

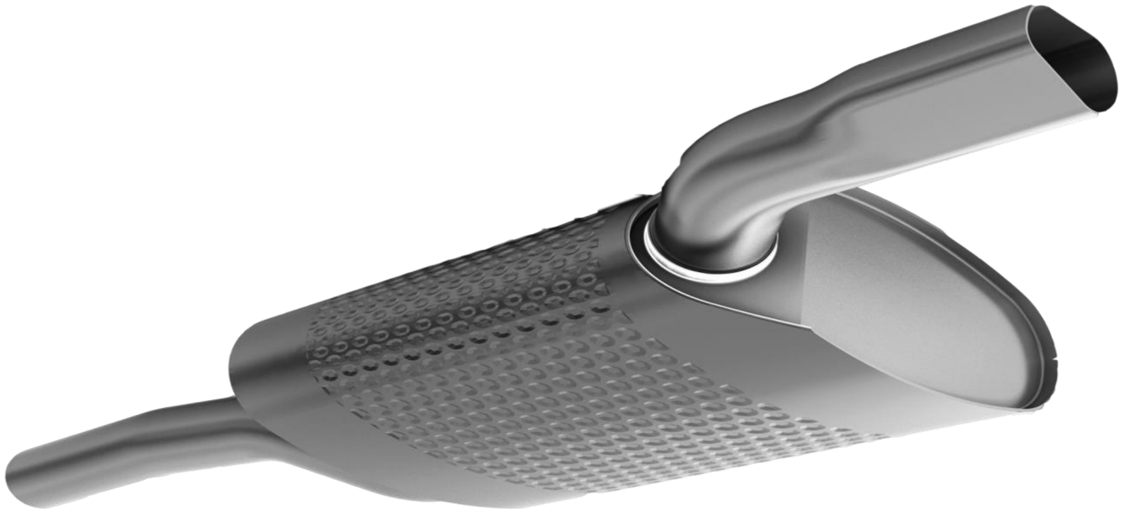
  **D**evelopment

# STAINLESS, THE GREENEST METAL

## 1 Low environmental impact

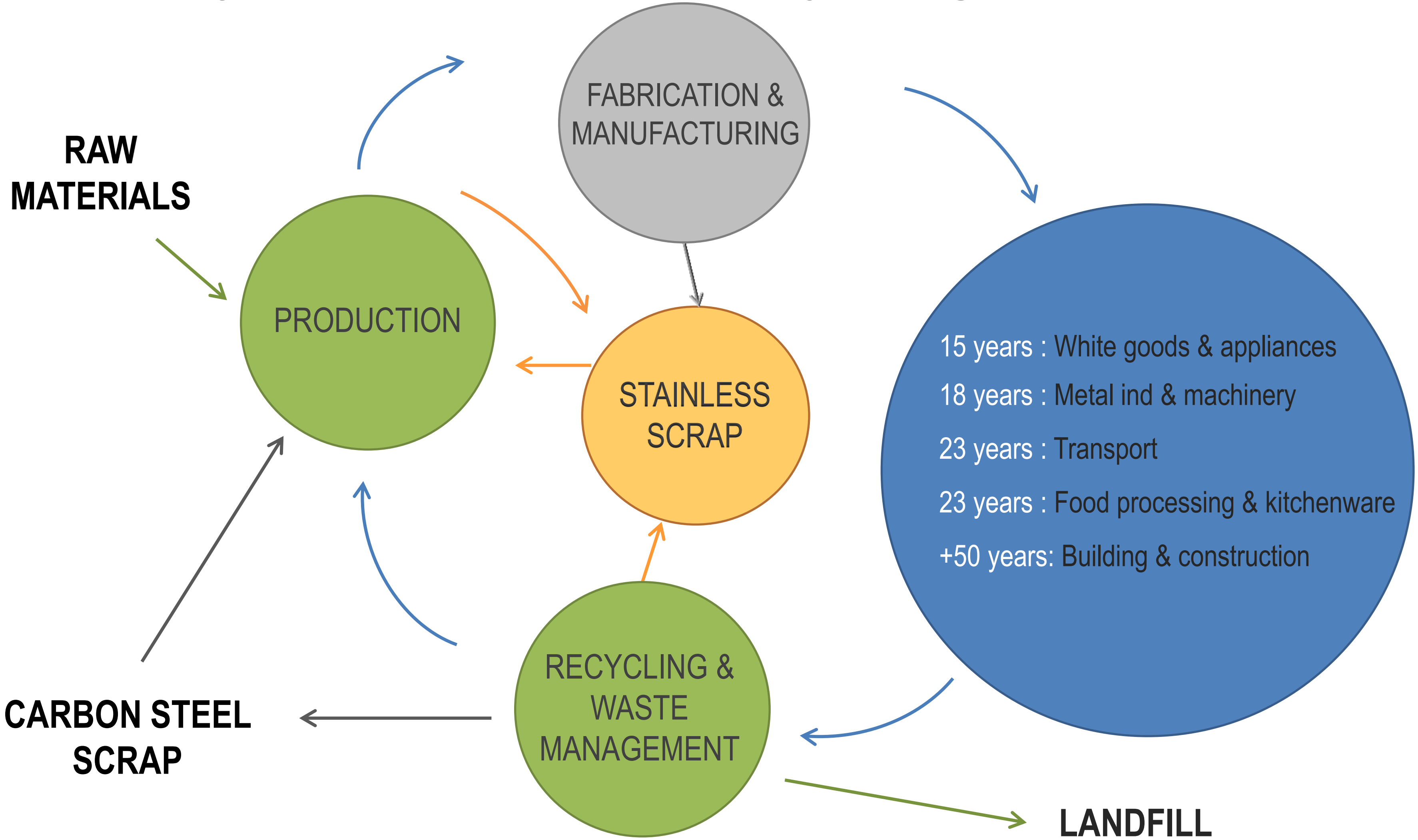
**Fabrication process:**

- Reducing slags
- Recovering valuable resources
- Control of emissions
- Control of water spills
- Raw material selection



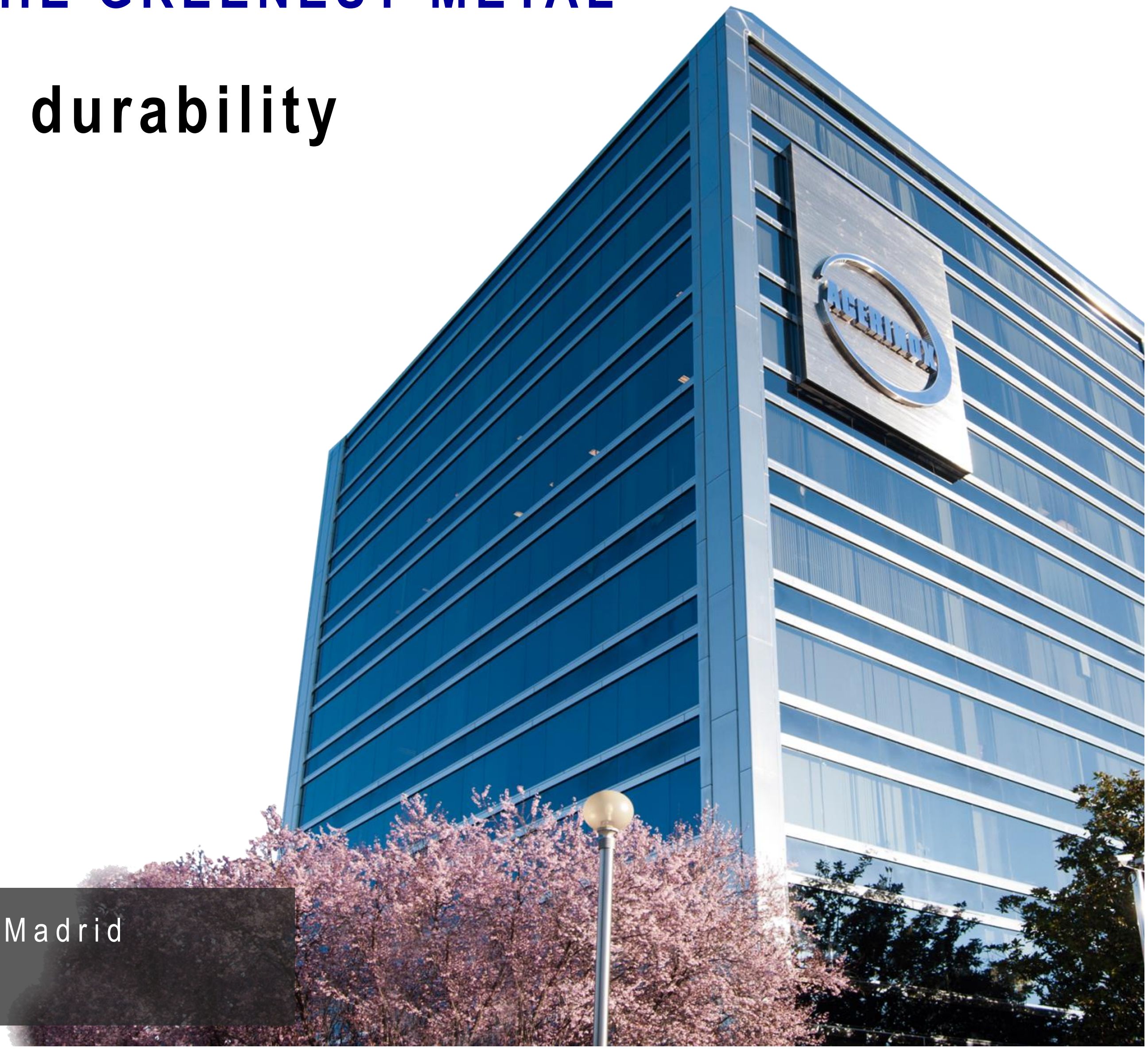
# STAINLESS, THE GREENEST METAL

## 2 Long-life: **functional recycling**



# STAINLESS, THE GREENEST METAL

## 2 Long-life: **durability**



Acerinox headoffice, Madrid

From 1990

# STAINLESS, THE GREENEST METAL

## 3 Adaptable to new developments

Combined Cycle Power Plants
AISI 409 | AISI 321

# STAINLESS, THE GREENEST METAL

## 3 Adaptable to new developments

Atlas V rocket. AISI 301 propellant tanks


Stainless steel is our world.
The future is stainless.
Thank you

# INVESTORS AND CAPITAL MARKETS DAY

October 15-16, 2015

ACERINOX

# NAS:
# The Benchmark Stainless Steel Player

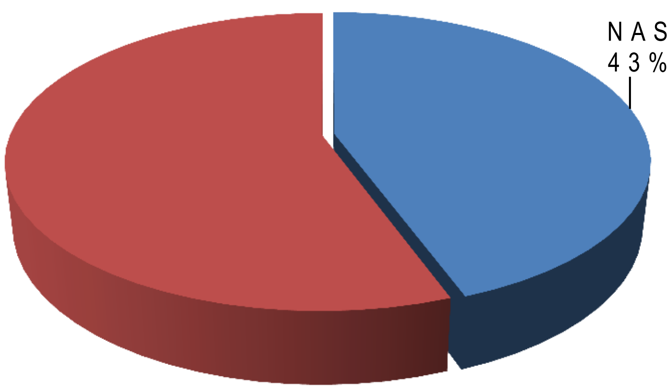
**MARY JEAN RILEY**
NAS Vice President, Finance and Administration

# NORTH AMERICAN STAINLESS (NAS)

North American Stainless was founded in 1990 and holds a position of leadership in the North American Stainless Steel Market. Our focus is only Stainless Steel and as such we are
the experts in our industry.

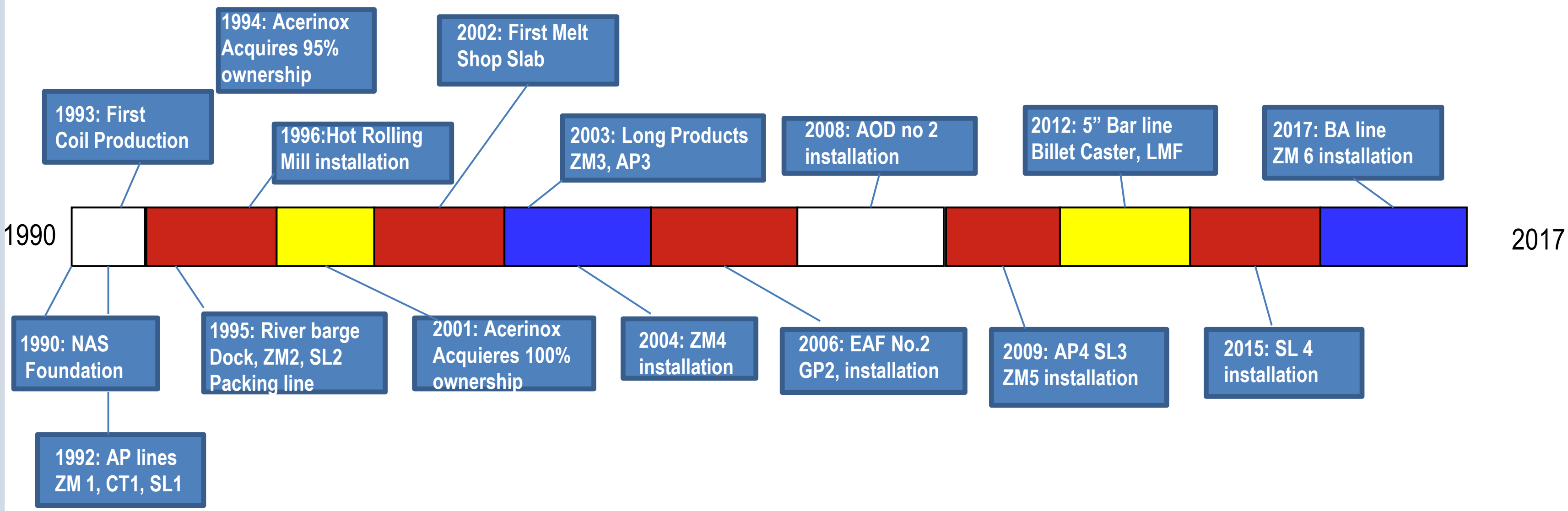
We achieved and maintain this leadership position due to a number of advantages that we have over our competition, domestic and foreign.

**U.S. Melt Shop Production**




Source: American Iron and Steel Institute (AISI), as of June 30, 2015

# HISTORY TIME LINE




We have undergone multiple phases of expansion to become the largest fully integrated Stainless Steel Producer in the United States

# OUR LOCATION

Our plant sits on 1400 acres in Carroll County Kentucky.

Being a greenfield project, we have been able to plan the plant layout in order to maximize efficiencies in the production process.

# OUR LOCATION

- **Central Location:**

Our location in Northern Kentucky, with access by road, rail and river transportation was chosen in order to have quick access to the majority of our customers


From our location in Ghent, Kentucky we are within one day of 60% of the stainless consumption areas

# OUR LOCATION

- **Barge Dock on the Ohio River**:

We can receive Raw Materials and transport Finished Products by road, rail, and water with our location on the Ohio River

# OUR LOCATION

- **One Site Location:**

  NAS is the only Stainless producing mill in North America to have all the production facilities required to produce stainless situated in one location.

# OUR LOCATION

- **One Site Location:** As a fully integrated Mill we have several advantages

✓ No logistical problems from product movement between sites

✓ Lower cost of production with all processing in one location

✓ More efficient production planning resulting in better lead times

✓ Lower cost of Working Capital, less inventory being required

✓ No outsourcing of Hot Rolling, Polishing or Slitting, NAS has all these processes in house

✓ Exclusive manufacturing of Stainless Steel Products with no conflicts with production scheduling or processing other alloys.

# OUR LOCATION

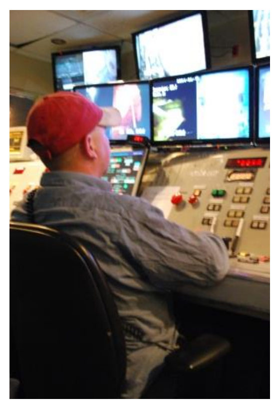
- **One Site Location:**

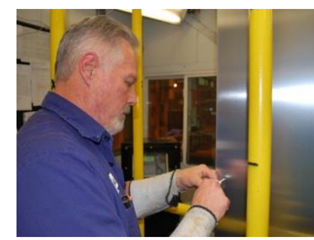
  ✓ Production of both Flat and Long Products in one location

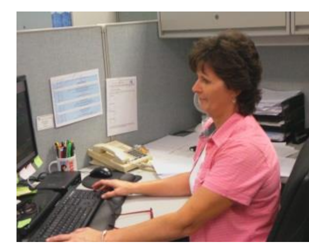
  ✓ Capability to Cast both slabs and billets in our Melt Shop reduces the cost of production of these products

# UNION FREE AND EXPERIENCED WORK FORCE

- ✓ More efficient operations
- ✓ Flexibility in where employees work
- ✓ Cross training among numerous production lines
- ✓ Experienced Dedicated Employees (We just celebrated 25 years in operation)







# WAREHOUSE NETWORK

NAS has developed Warehouses around the country , as well as in Canada and Mexico

- ✓ Material closer to customers
- ✓ Improved on time delivery
- ✓ Allows customers to improve their Working Capital by having material close to their facilities
- ✓ Finishing Capabilities in most locations


Minooka, Illinois


Agua Mansa, California

Guelph,Ontario (Canada)

Pendergrass, Georgia

Wrightsville, Pennsylvania

Monterey, Mexico

# PROXIMITY TO STAINLESS STEEL SCRAP SUPPLIERS

# RAW MATERIALS

- ✓ Most of NAS Ni and Cr Consumption is in the form of Scrap
- ✓ NAS has the ability to use a very high scrap percentage; discounted Nickel and Chrome units in scrap vs primary Nickel and Chrome units
- ✓ NAS uses and melts raw materials at a high rate which is more cost effective than Ferro-alloys or pure metals
- ✓ Short delivery time on raw materials due to NAS geographical location
- ✓ Due to NAS proximity to the stainless steel scrap markets and the fact that we have to purchase low amounts of Ni and Cr allows us high flexibility to adjust to the continuous stainless steel grade mix changes in the market

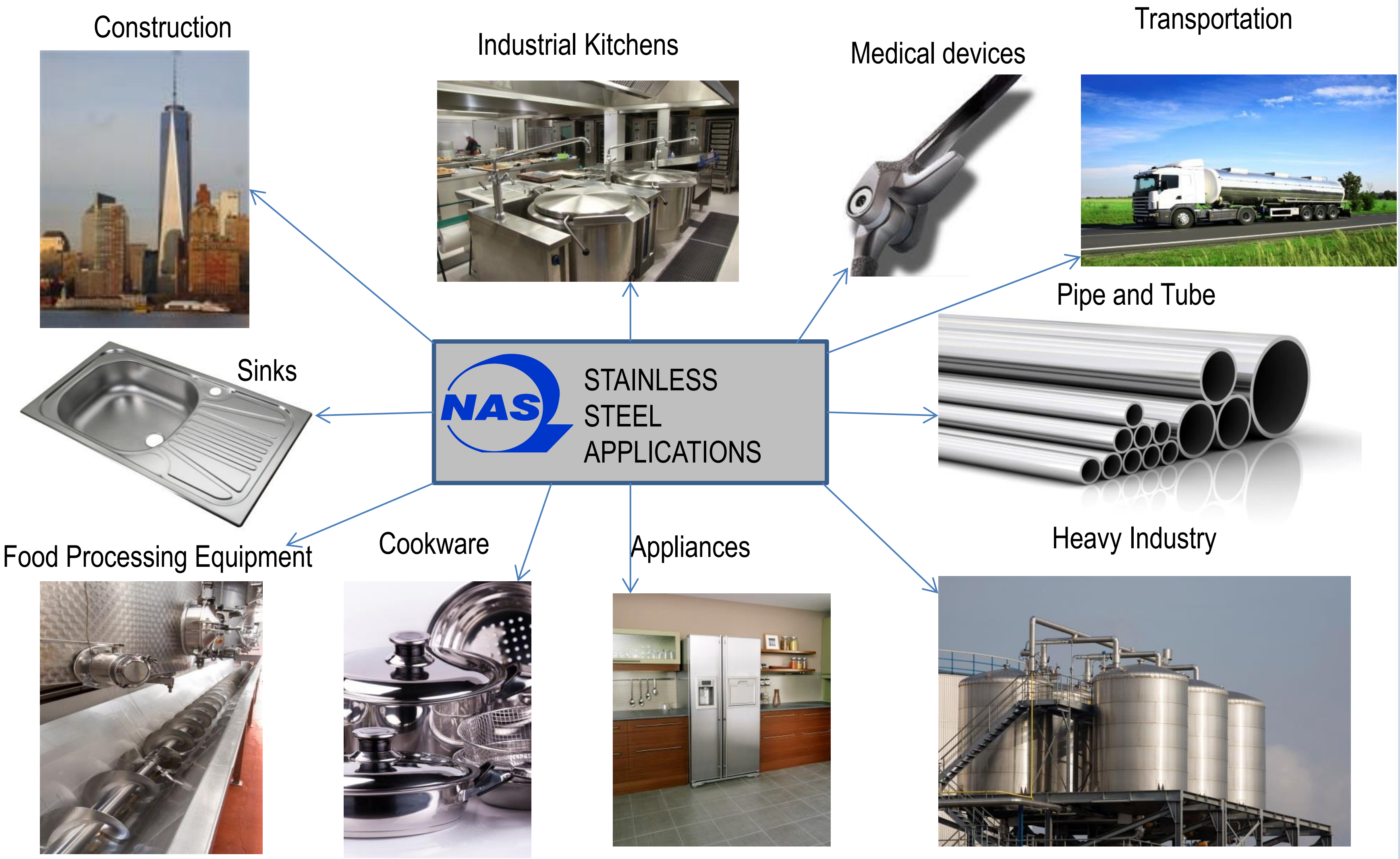
# PRODUCT RANGE

We have one of the largest product range of all of the North American Stainless Steel producers. We are the only producer that melts both flat and long products thus we are able to offer to the market a one stop shop option for most of the stainless products that our customers need.

In products such as Angles, we are the only North American producer while in other products such as rebar we have over 95% of total production.

We hold a dominant position in products made in austenitic grades (grades with Nickel content) and have a growing presence in both ferritic grades and duplex grades.

# STAINLESS STEEL APPLICATIONS



# SUSTAINABILITY

- ❑ Master Level Member of Kentucky Excellence in Environmental Leadership
  - ✓ Requires annual environmental audit
  - ✓ Five projects promoting environmental stewardship
  - ✓ Establishment and compliance with environmental management plan

- ❑ Recycle & Reuse
  - ✓ Use of slag byproduct as lime
  - ✓ Use of refractory brick as dolomitic lime
  - ✓ Use of laundering program for PPE, rags and oil absorbent pads and rugs
  - ✓ Use of rewind paper at polish and pickling lines
  - ✓ Extensive Recycling Program of:
    - ➢ Cardboard
    - ➢ Paper
    - ➢ Metal
    - ➢ Plastic
    - ➢ Used Oil

# DOMESTIC PRODUCER

NAS has an advantage over imports in numerous infrastructure projects in the U.S. which require stainless steel to be of U.S. origin.

As the main U.S. Producer of Stainless Steel Reinforcement Bar (Rebar) we are taking full advantage of U.S. origin requirements in order to participate in a number of construction projects

# NORTH AMERICAN STAINLESS (NAS)

We are part of the ACERINOX Group of companies. By being part of the larger group we benefit from economies of scale at time of purchasing our raw materials. This also enables us to offer products to the market that at present are not part of our product range, such as BA Products, which we currently import from Acerinox and sell in the U.S.


Acerinox Group companies

# EXPANSION OF PRODUCT LINE: BA

## Bright Annealed Finish

In order to expand our product line offering, we are currently building a Bright Annealed (BA) production line with scheduled completion late next Year. This line will enable us to offer to the market the bright finish, consumed mainly in the appliance, transportation, construction and Food Handling Industries.

The total investment on the line and accompanying cold rolling mill will be 127 million dollars. With an expected output of 80,000 Tns annually NAS will become the leading supplier in the U.S.

# NAS: THE BENCHMARK STAINLESS STEEL PLAYER

- ✓ Full Integration – Flat and Long Products
- ✓ Central Location– Advantages for both Customers and Raw Materials
- ✓ Maximum Efficiency in Production
- ✓ Low Production Costs
- ✓ Efficient Working Capital
- ✓ No need for Outsourcing
- ✓ Union Free Work Force
- ✓ Experienced Work Force
- ✓ North American Warehouse Network
- ✓ Acerinox Global Network

# INVESTORS AND CAPITAL MARKETS DAY

October 15-16, 2015

ACERINOX

# NAS strategy in the American Market

**CHRIS LYONS**

NAS Vice President, Commercial

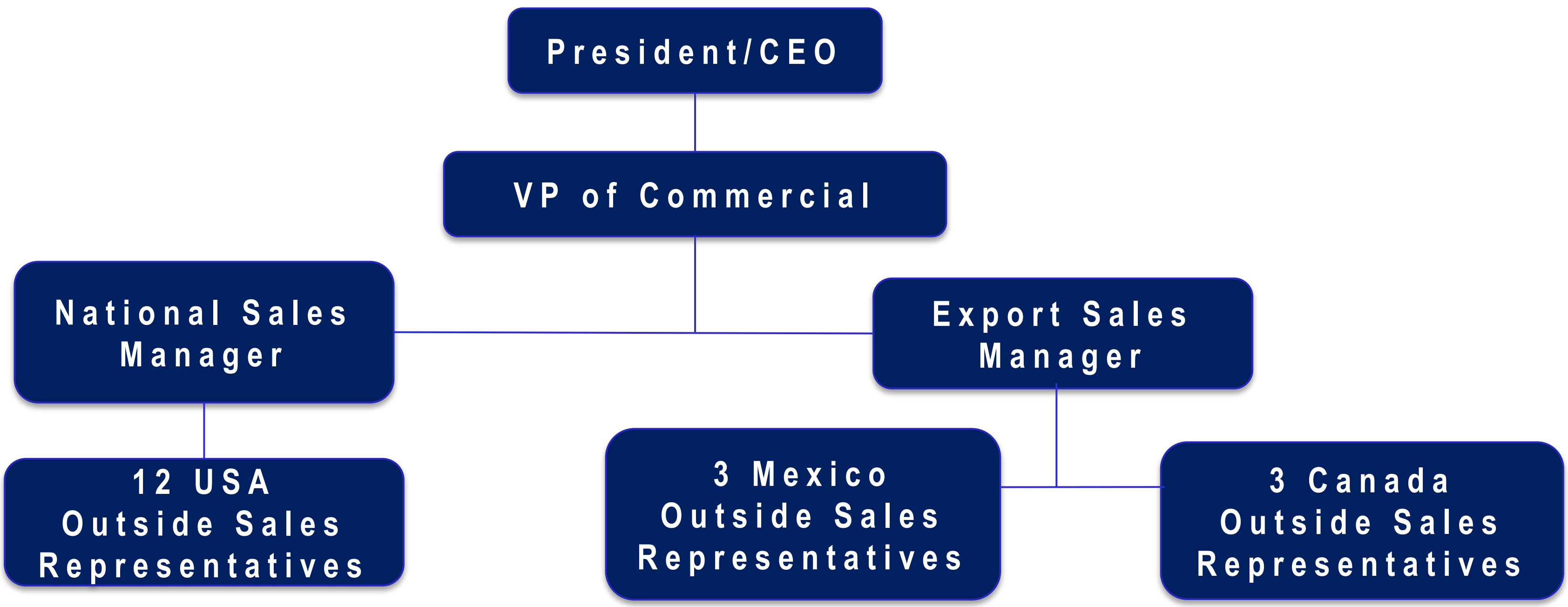
# NAS STRATEGY IN THE AMERICAN MARKET

**Primary focus to the North American Market:**

promote the sale of a diverse product mix at a competitive market price and short manufacturing cycle

# NAS STRATEGY IN THE AMERICAN MARKET

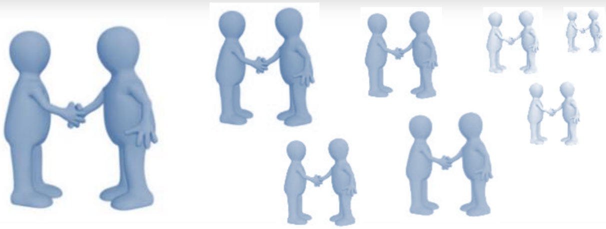
- Lean Sales Management Structure accompanied by wide geographic coverage
  - Built with the idea to promote speed to the market



# TARGET MARKET

## ○ Distribution (75%)

- ○ Transactional oriented
- ○ Contract oriented



## ○ Direct OEM (25%)

- ○ Automotive exhaust systems
- ○ Appliance
- ○ Pipe & Tube
- ○ Sink
- ○ Rebar fabricators

# SELLING ADVANTAGE vs DOMESTIC COMPETITION

- One-Site fully integrated process which provides the best cost structure, leadtime, and manufacturing flexibility in North America

- Proven performance record with customers in regard to reliability of quality and delivery performance

- 25 year history of customer relationships and clear knowledge of expectations, demands, and product ingenuity
  - 1,388 employees with 13,049 years of employment at NAS

# SELLING ADVANTAGE vs DOMESTIC COMPETITION

- Commitment and focus solely on “stainless steel” products which does not waiver as other markets fluctuate (ie. carbon steel, electrical steel, high nickel alloys)

- Multiple key production lines providing certainty of continued manufacturing in the event unexpected maintenance is required

  - Two EAF furnaces, two AOD’s, four anneal and pickel lines, five (soon to be six) z-mills, seven (soon to be eight) slitter lines, and seven cut to length lines.

# SELLING ADVANTAGE vs DOMESTIC COMPETITION

- Diverse range of products makes NAS a "one stop shop" for customers
  - ✓ Flat
    - ✓ Multiple grades, finishes, thickness, widths
  - ✓ Long
    - ✓ Cold Drawn Bar, Peeled Bar, Angle, Wire Rod, Rebar

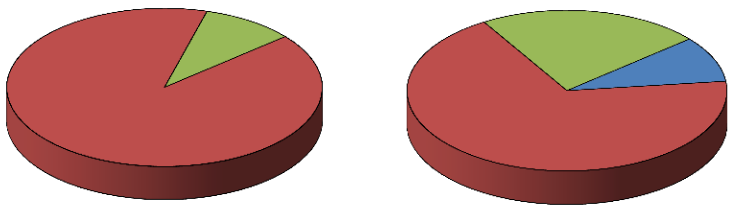
# SELLING ADVANTAGE vs DOMESTIC COMPETITION

- Diverse range of products

- Evolution of NAS sales by alloy

## *Flat Products*

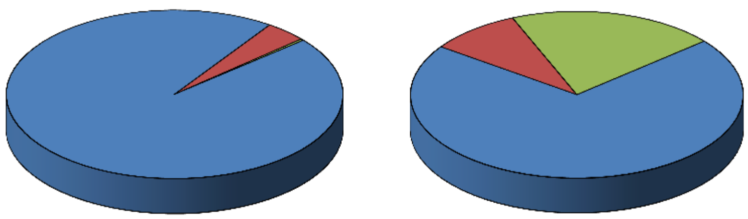
*2005* *2015*



- 300 series represented 90.46% in ‘05 but only 68.17% in ‘15
- 200 series not produced in ‘05 but 9.1% in ‘15
- 400 series represented 9.54% in ‘05 but increased to 22.57% in ‘15

## *Long Products*

*2005* *2015*



- 300 series represented 95.67% in ‘05 but only 70.78% in ‘15
- 400 series represented 4.02% in ‘05 but increased to 8.91% in ’15
- Rebar grades increased from 0.31% in ‘05 to 19.63% in ‘15

# SELLING ADVANTAGE vs IMPORT COMPETITION

- Manufacturing cycle
  - NAS 3 to 5 weeks vs Import of 12 to 16 weeks
    - Promote customer ability to control inventory in line with the movements in the market as demand expands and contracts.
    - Promote customer ability to align price of incoming inventory with market movements.

- Buy American impact
  - Import buying requires multiple vendor inventories to also support customer needs which require “Made in America”.
    - Eliminating the import spends removes the necessity of dual inventories thus reducing total inventory levels and increasing turns.

- NAS product mix extends beyond scope of Import offering therefore mitigating negative impact to profit in order to compete direct with Import.

# IMPACT OF BRIGHT ANNEAL INVESTMENT

- Drives greater diversity into product mix
- Enters NAS into new market without supplanting any existing sales.
- US consumption currently supported by 70% foreign producing mills.
- Industries served
  - Appliance (washers and dryers)
  - Tank Trailers
  - Automotive Trim
  - Kitchen equipment




# INVESTORS AND CAPITAL MARKETS DAY

October 15-16, 2015

ACERINOX


**MIGUEL FERRANDIS**

CFO of Acerinox

# PARADOX I

## Acerinox stock has experienced an excessive correction

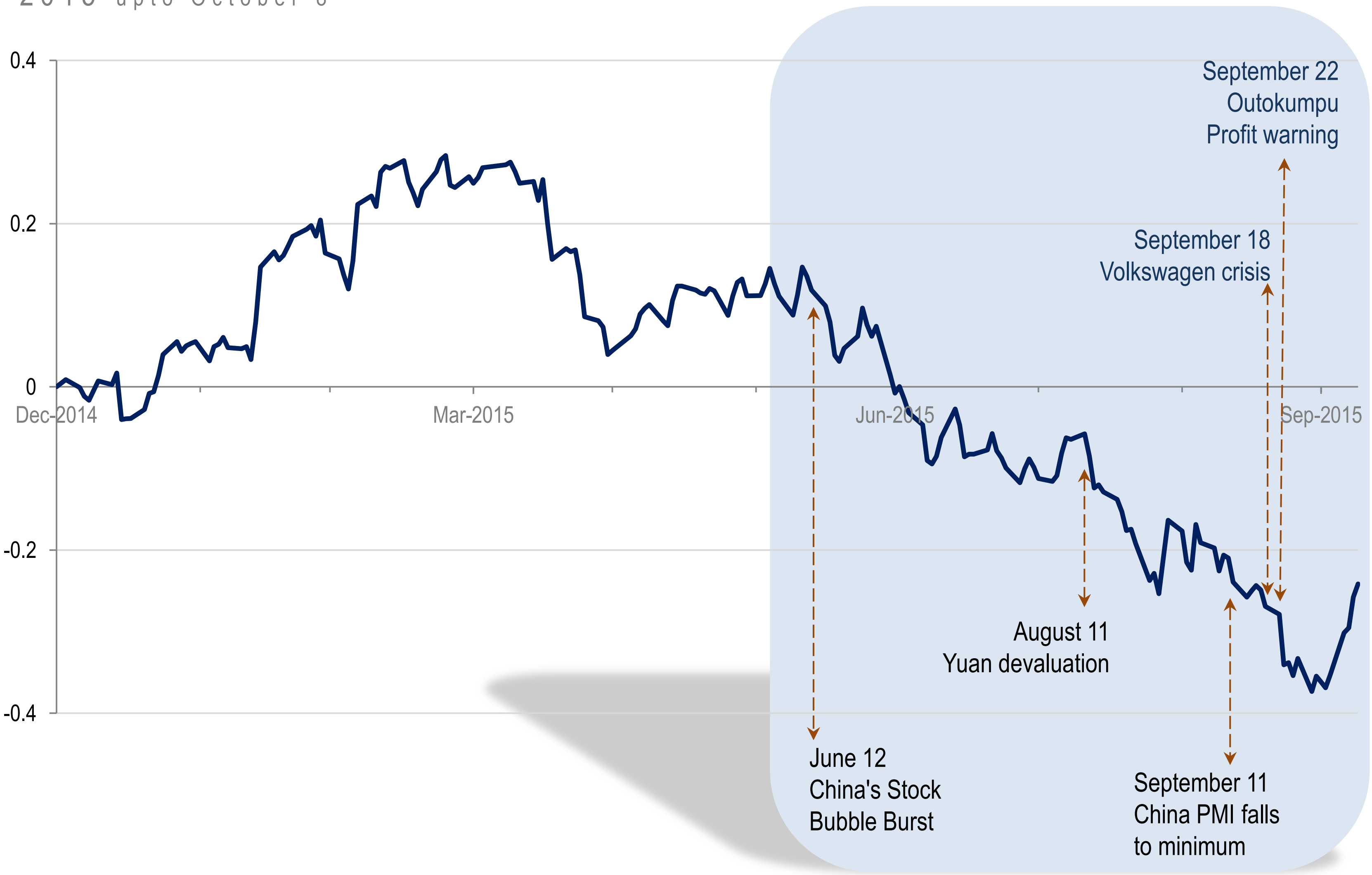
# ACERINOX SHARE PERFORMANCE

Since 2000


Source: Bloomberg

# ACERINOX SHARE PERFORMANCE HAS BEEN SHAKEN BY EXTERNAL FACTORS SINCE JUNE

2015 upto October 8



Paradox I

Acerinox stock has experienced an excessive correction...

# PARADOX II

## ... even though it is stronger after the crisis...

# IMPROVEMENT PLANS

2008-2014

**FIXED COSTS REDUCTION: 110 million EUR / year**

Personnel expenses: 54 million EUR / year

Maintenance: 45 million EUR / year

Others: 11 million EUR / year

# IMPROVEMENT PLANS

2008-2014

## VARIABLE COSTS REDUCTION

TARGET ACHIEVED:

| | | |
|---|---|---|
| 2009-2010 **Excellence Plan I** | 73% | 97 Million EUR / year |
| 2011-2012 **Excellence Plan II** | 59% | 52 Million EUR / year |
| 2013-2014 **Excellence Plan III** | 88% | 53 Million EUR / year |

# EXCELLENCE PLAN IV 2015 – 2016

TARGET 2015-2016
**70 million EUR**

ACHIEVED up to June '15: **57%**

=

**38 million EUR**

Chemical composition

Inventories

Delivery times

Bahru Stainless

# IMPROVEMENT PLANS

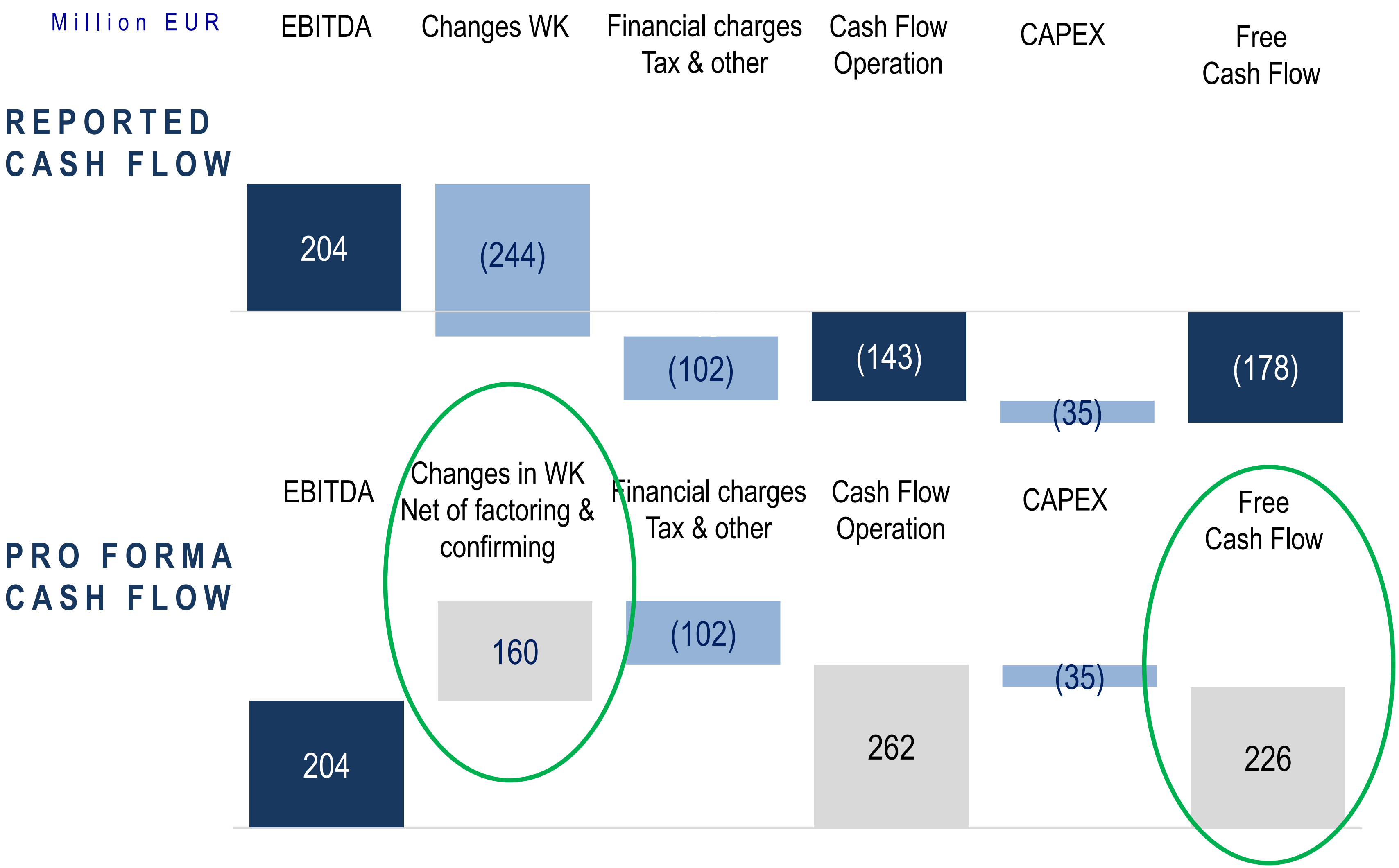
**We have found new levels of efficiency and keep on improving**


In 2014 we achieved better EBITDA % than in 2007 with similar tons but lower base prices (±240 EUR-USD/Mt)

(excluding raw materials distorsion)

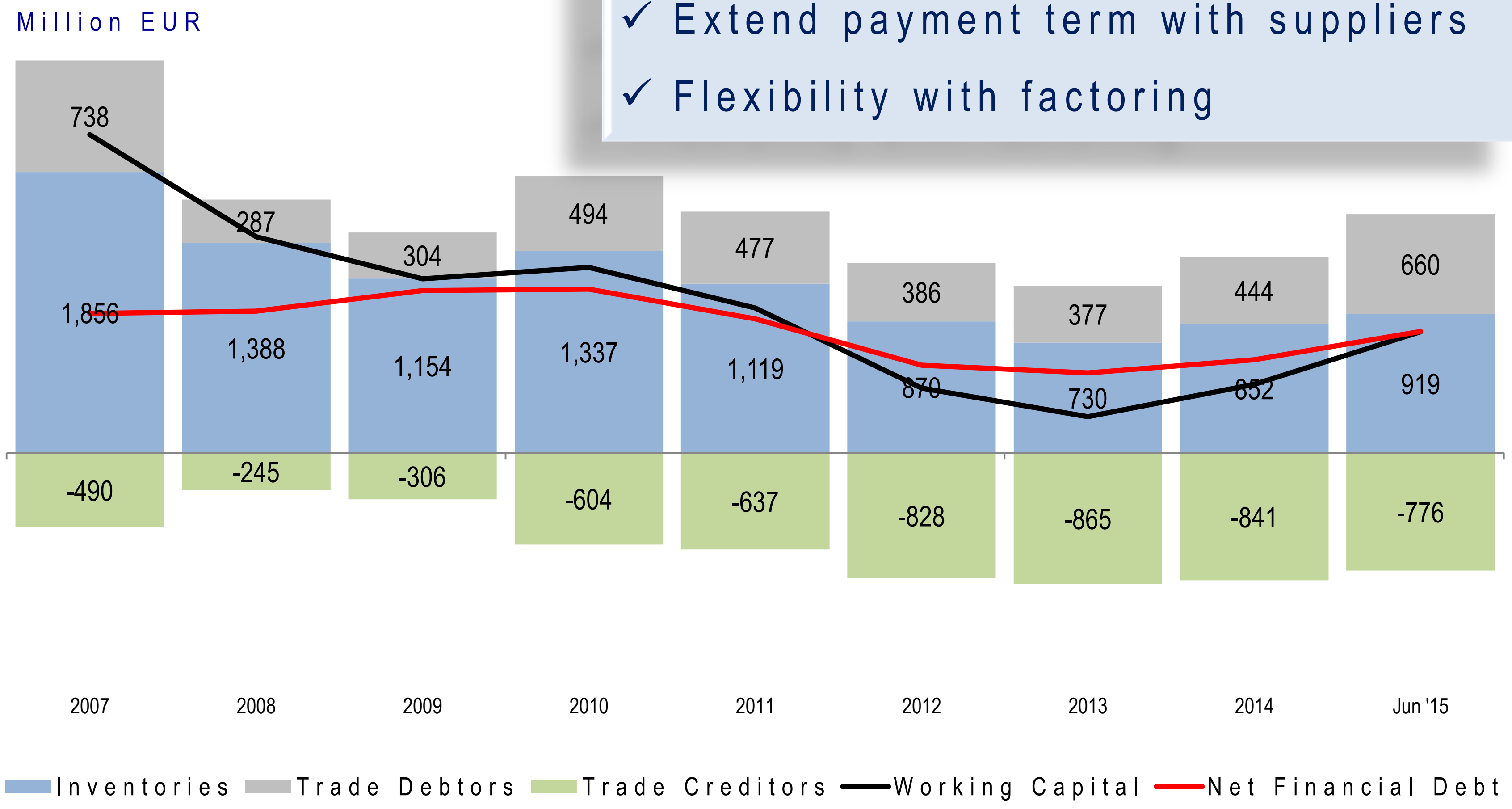
| | 2007 | 2014 |
|---|---|---|
| Melting prod (Mt) | 2,310 | 2,325 |
| EBITDA % | 9.5 | 10.4 |
| Price (EUR/Mt) | 1,350 | 1,107 |
| Price (USD/Mt) | 1,634 | 1,402 |

# POSITIVE CASH FLOW GENERATION IN H1 2015 EXCLUDING WORKING CAPITAL TOOLS



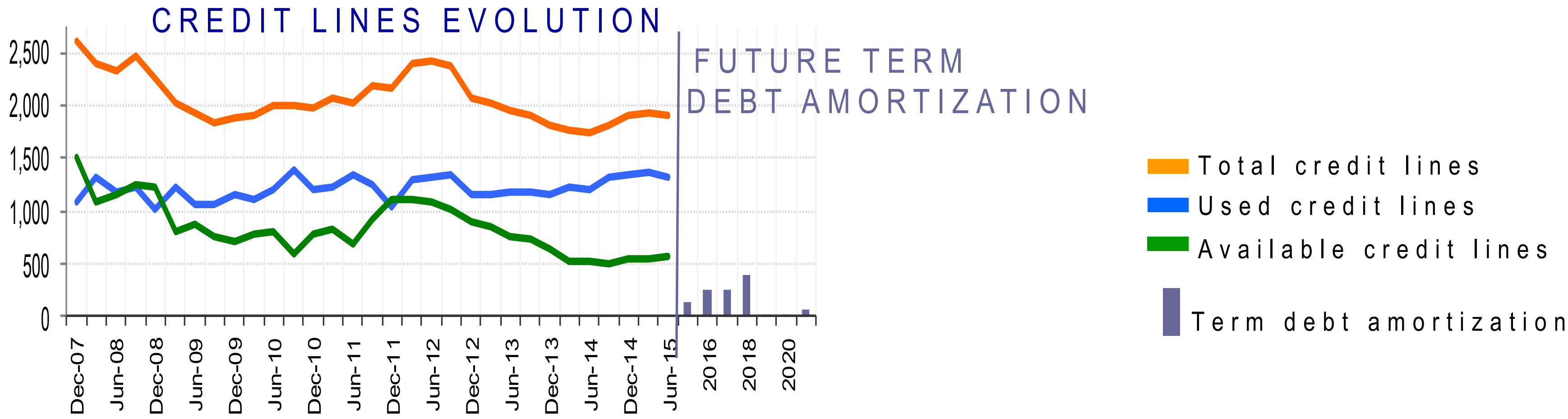
# FOCUS IN IMPROVING WORKING CAPITAL:
## 1.7 billion EUR reduction since 2007

- ✓ Inventory reduction (-36% in tons)
- ✓ Extend payment term with suppliers
- ✓ Flexibility with factoring



# STRONG BALANCE SHEET

Million EUR

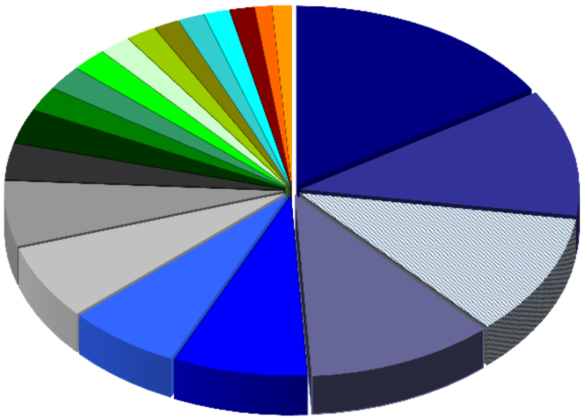



Net debt stabilized at ± 800 million EUR

Cost of term debt 2.7%

Diversified funding sources

## MAIN FINANCING SOURCES



Paradox I

Acerinox stock has experienced an excessive correction…

Paradox II

… even though it is stronger after the crisis…

# PARADOX III

**…and we keep on being the benchmark player in the industry: the premium remains justified…**

# MAIN REASONS FOR THE PREMIUM (I)

✓ Already commented

- ✓ Best and most efficient plant in the world
- ✓ Market leadership in USA
- ✓ Wide range of products
- ✓ Ongoing cost savings
- ✓ Financial strength

# MAIN REASONS FOR THE PREMIUM (II)

- Best geographical asset distribution
- Smart investing in growing markets
- New level of competitiveness in Acerinox Europa
- Flexibility of Columbus
- Future growth in Bahru Stainless
- Increasing capacity utilization
- Stable shareholders
- Consistent strategy

# ACERINOX AND PEERS

Million EUR

H1 2015

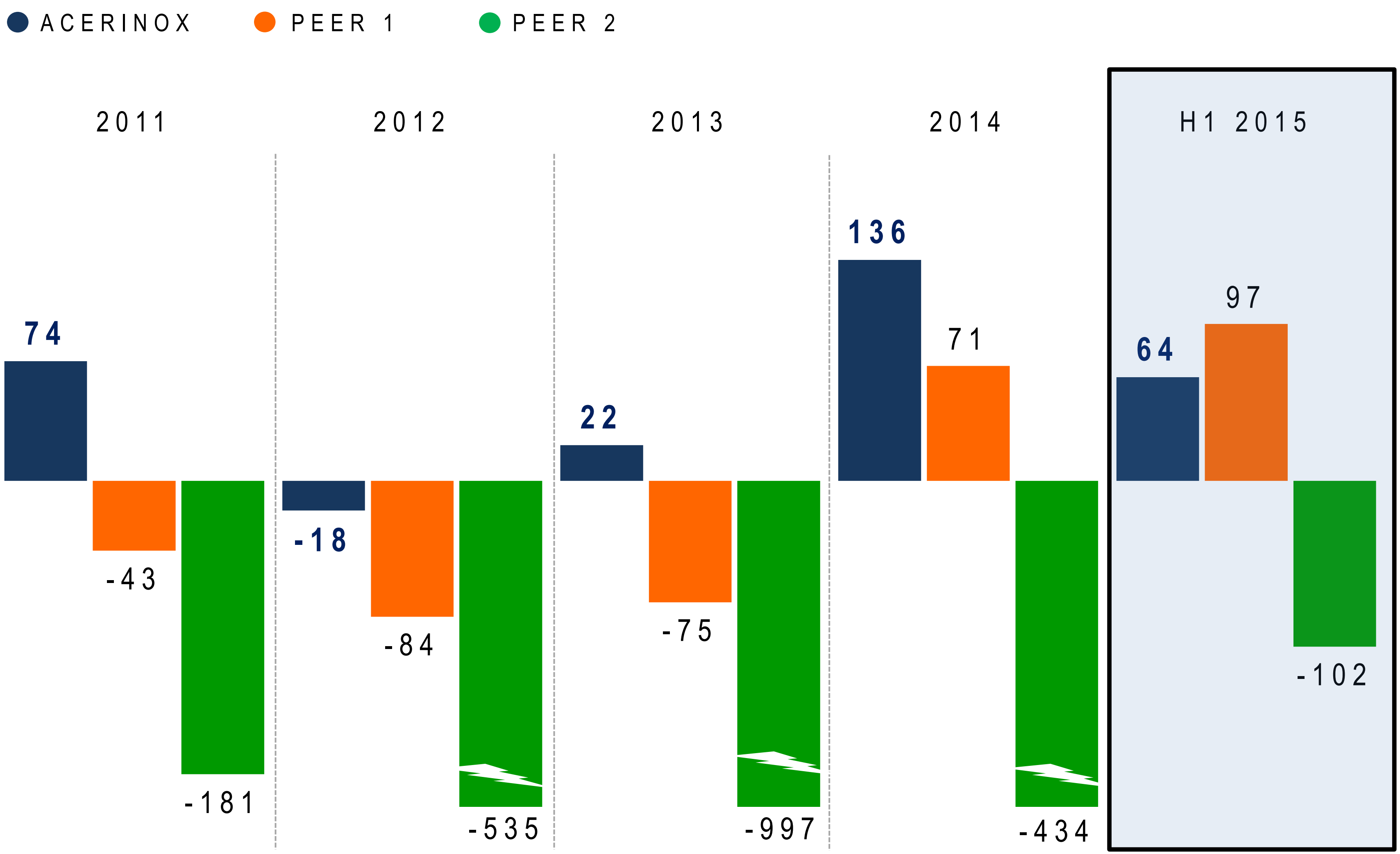
| | Acerinox | AMERICAN 1 | AMERICAN 2 | EUROPEAN 1 | EUROPEAN 2 |
|---|---|---|---|---|---|
| Net sales | 2,315 | 3,062 | 1,910 | 1,827 | 3,462 |
| EBITDA | 204 | 135 | 82 | 222 | 120 |
| EBIT | 121 | 36 | -2 | 152 | -36 |
| Result before Taxes | 96 | -278 | -2 | 129 | -111 |
| Result after Taxes | 64 | -324 | -6 | 97 | -102 |
| Net debt | 801 | 2,116 | 1,135 | 406 | 2,116 |

BLUE FIGURES: STAINLESS STEEL DATA
GREEN FIGURES: COMPANY/GROUP DATA

# ACERINOX AND MOST COMPARABLE PEERS

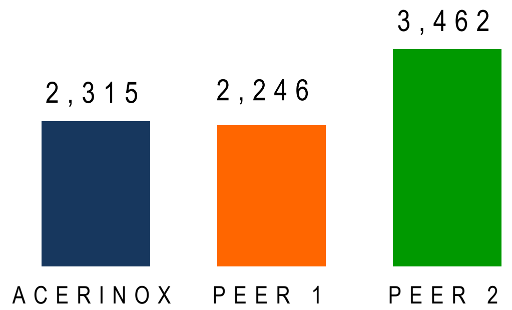
Million EUR

## Result after taxes and minorities

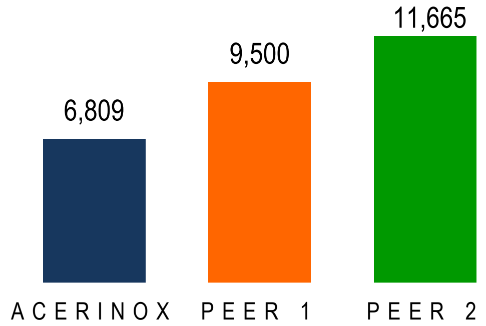


# ACERINOX AND MOST COMPARABLE PEERS H1 2015

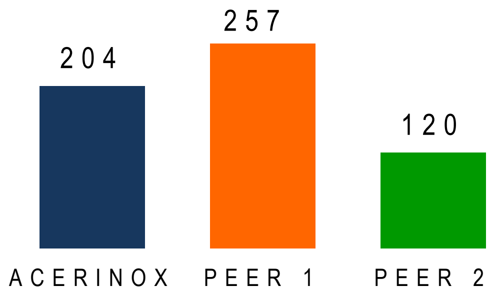
## Net sales
Million EUR



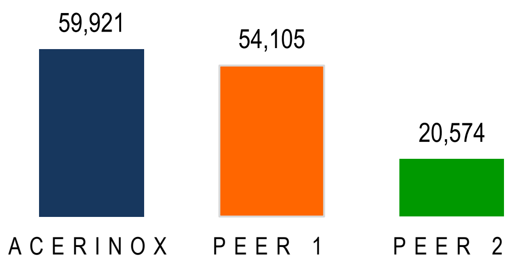

## No. Employees



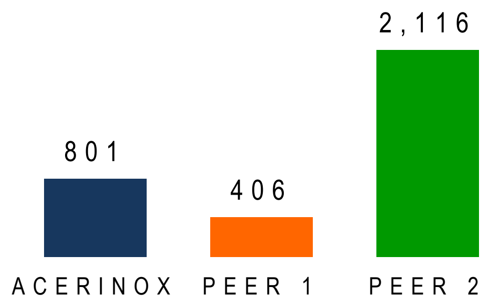

## EBITDA
Million EUR



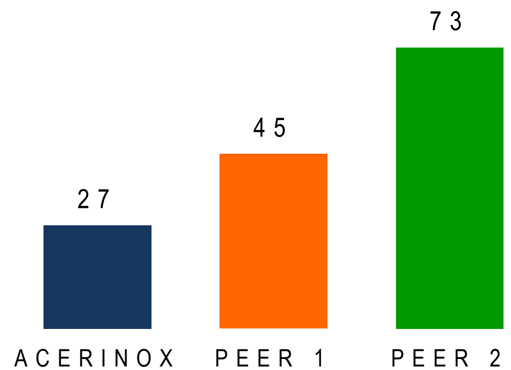

## EBITDA
**annualized/employee**
EUR




## Net Financial Debt
Million EUR

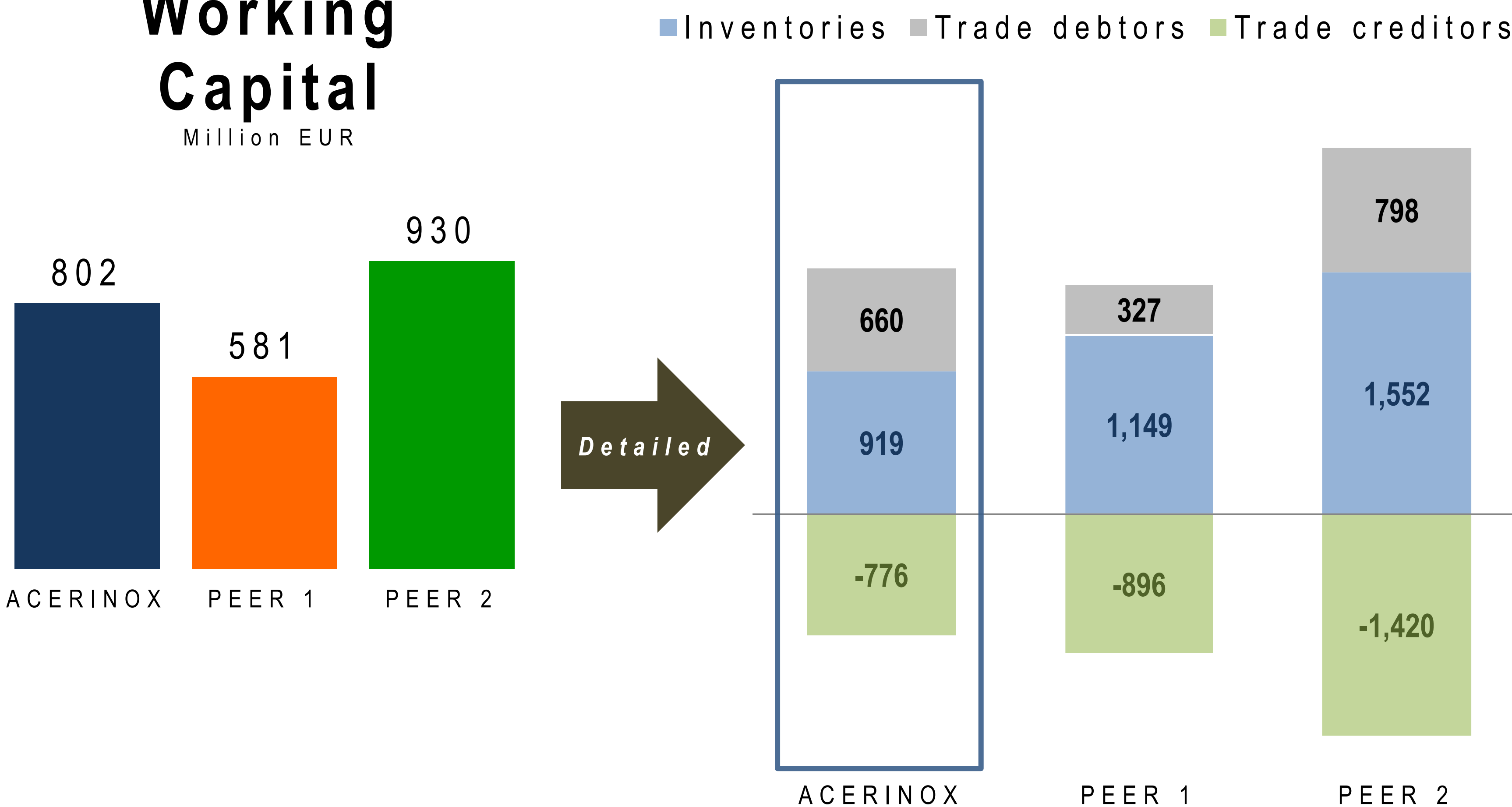



## Financial expenses
(million EUR)



# ACERINOX AND MOST COMPARABLE PEERS H1 2015

## Working Capital
Million EUR



Paradox I

Acerinox stock has experienced an excessive correction…

Paradox II

… even though it is stronger after the crisis..

Paradox III

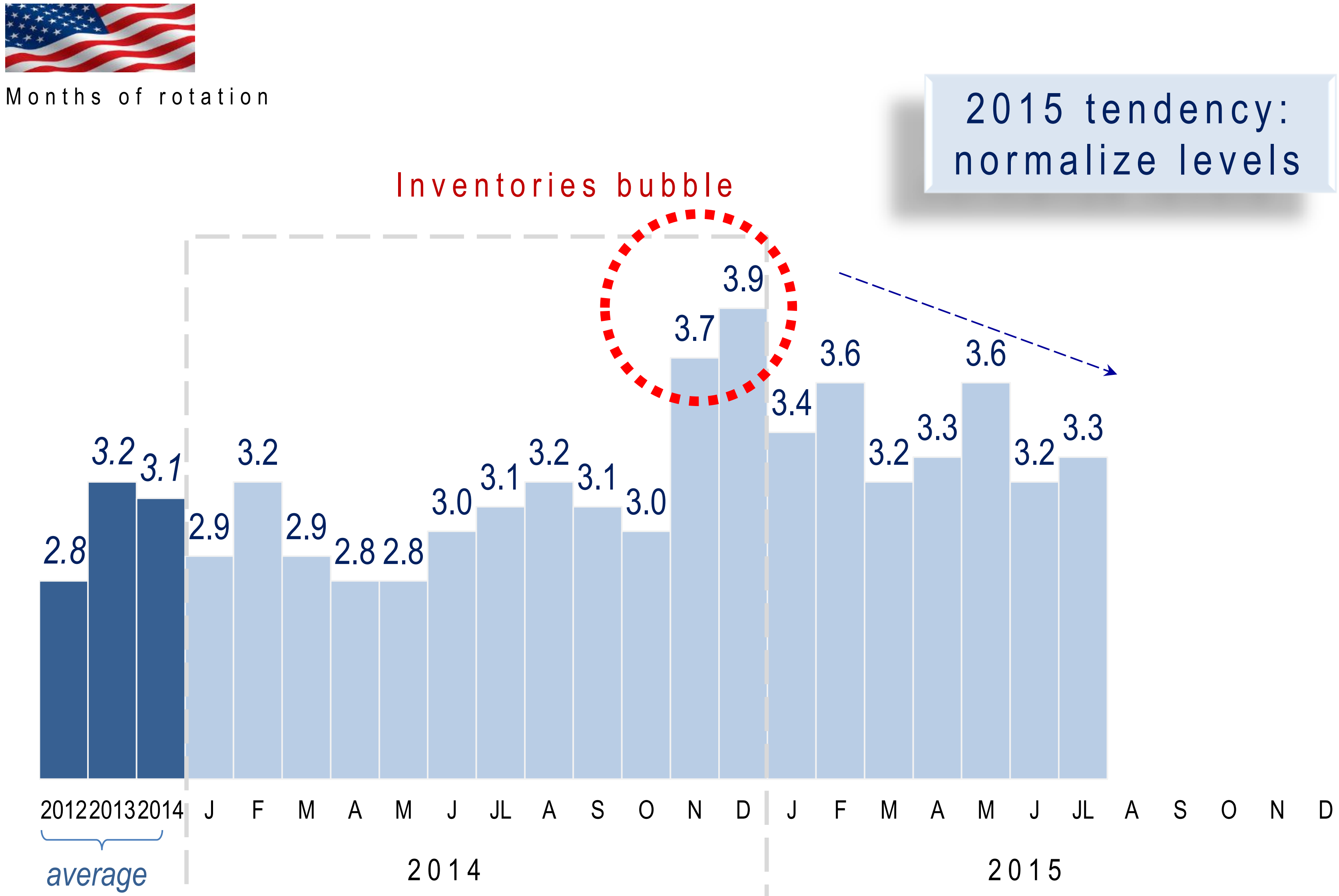
… and we keep on being the benchmark player in the industry: the premium remains justified

# PARADOX IV

**…and market fundamentals are robust…**

**(just the momentum is weak)**

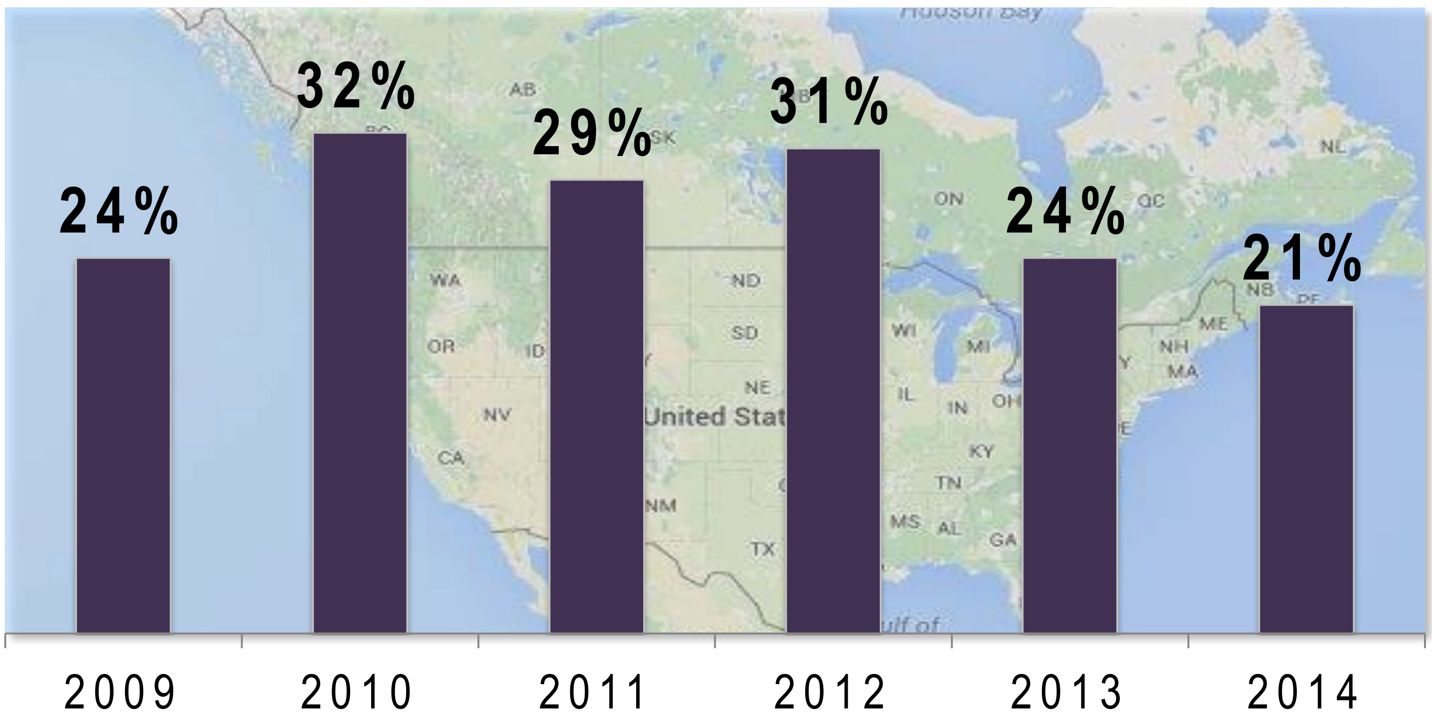
# STAINLESS STEEL INVENTORIES AT DISTRIBUTORS



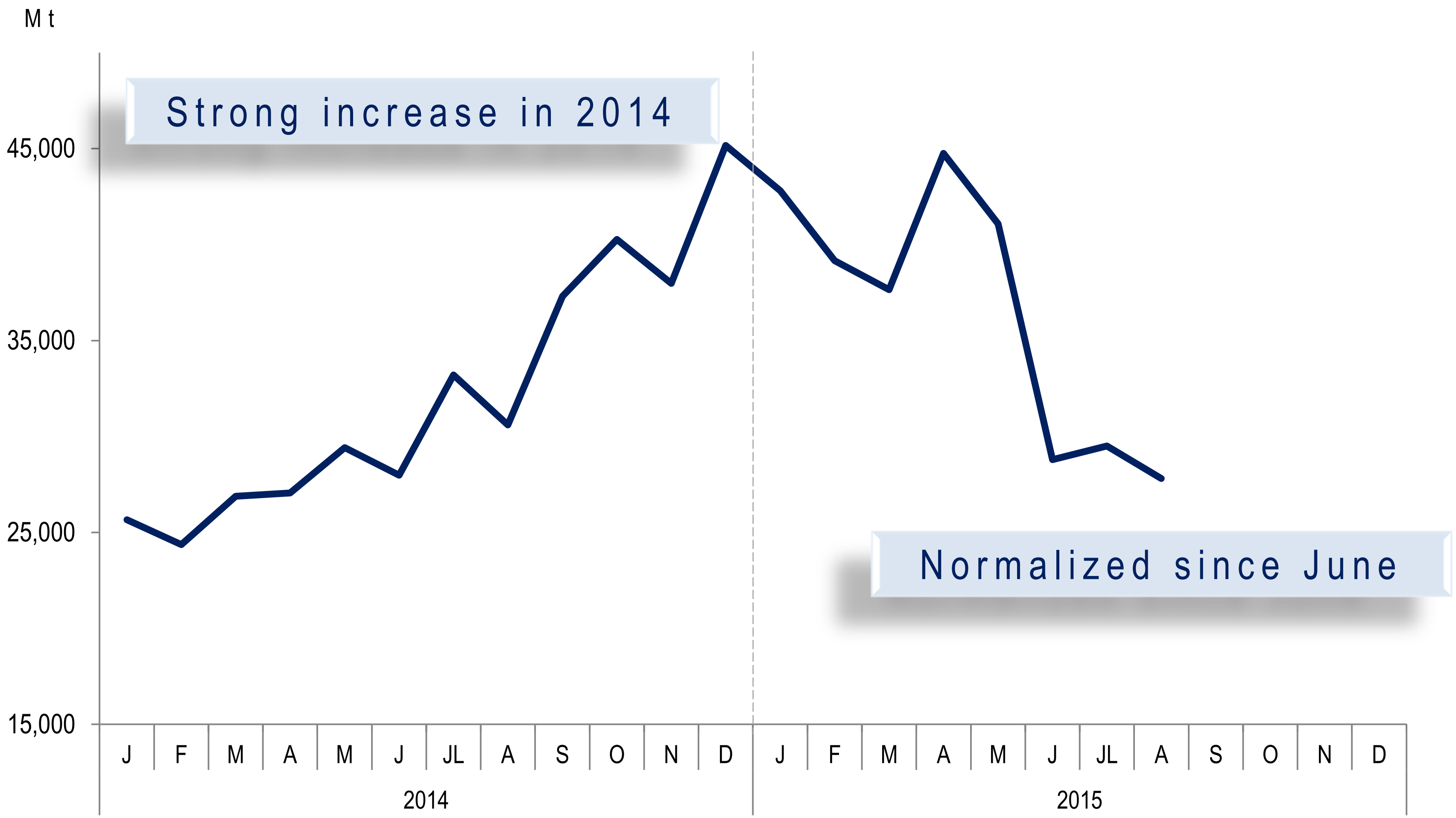

Source: MSCI

# FLAT PRODUCT IMPORTS

## IMPORT PENETRATION



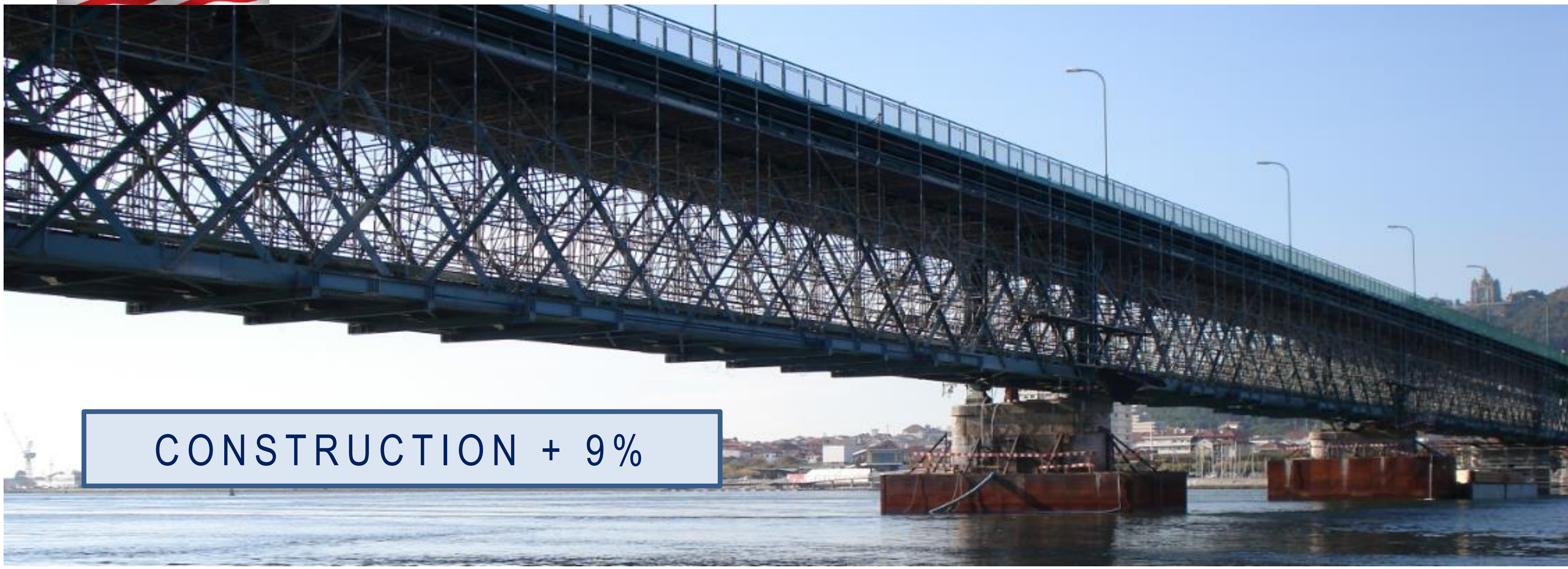
# COLD-ROLLED IMPORTS




Source: US Dept. Commerce

# ROBUST REAL DEMAND IN THE UNITED STATES

Source: US Census Bureau, % variation year to July 15/14



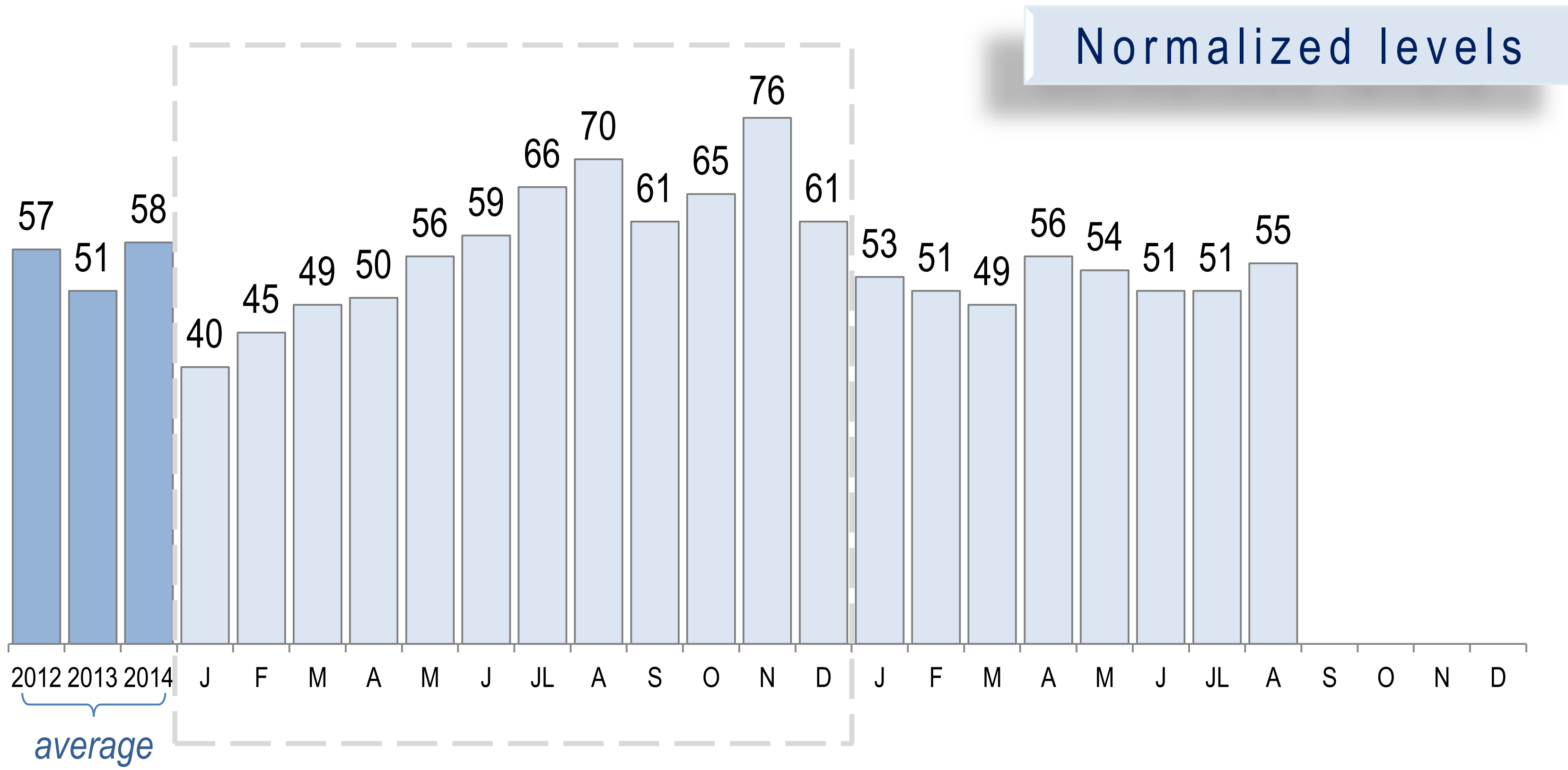
CONSTRUCTION + 9%

AUTO +4%

HOUSEHOLD APPLIANCES +6%

# STAINLESS STEEL INVENTORIES OF COLD-ROLLED

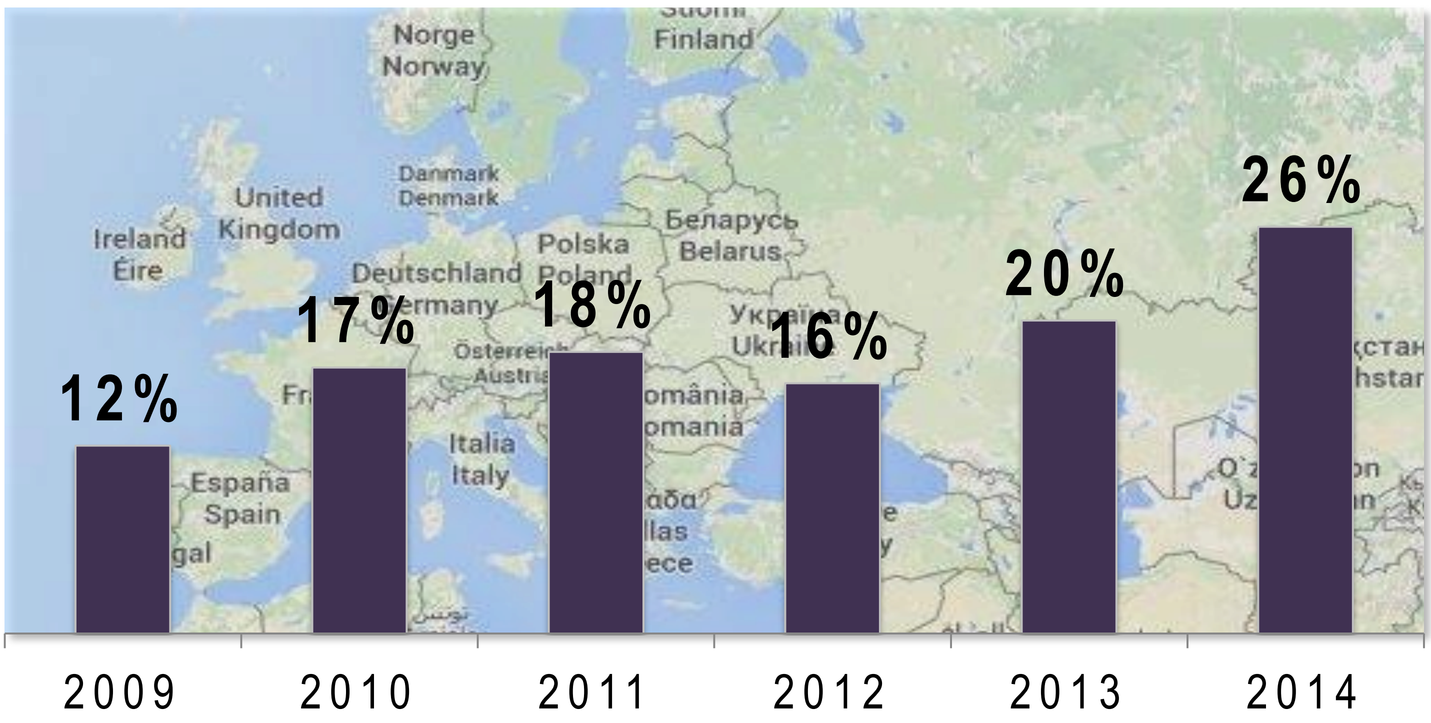
Days of rotation
Reference: Germany



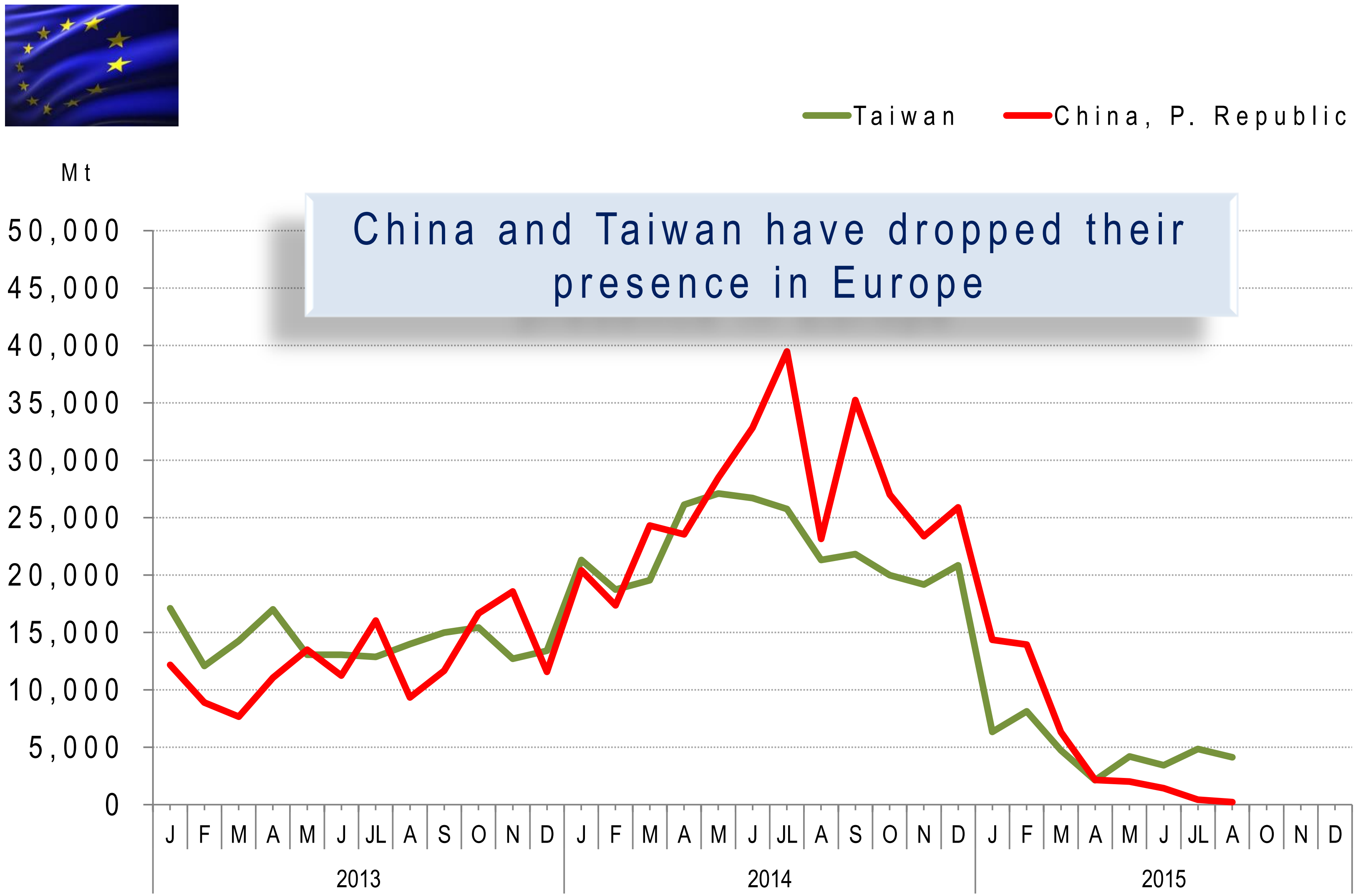

Source: EHV

# FLAT PRODUCT IMPORTS

## IMPORT PENETRATION

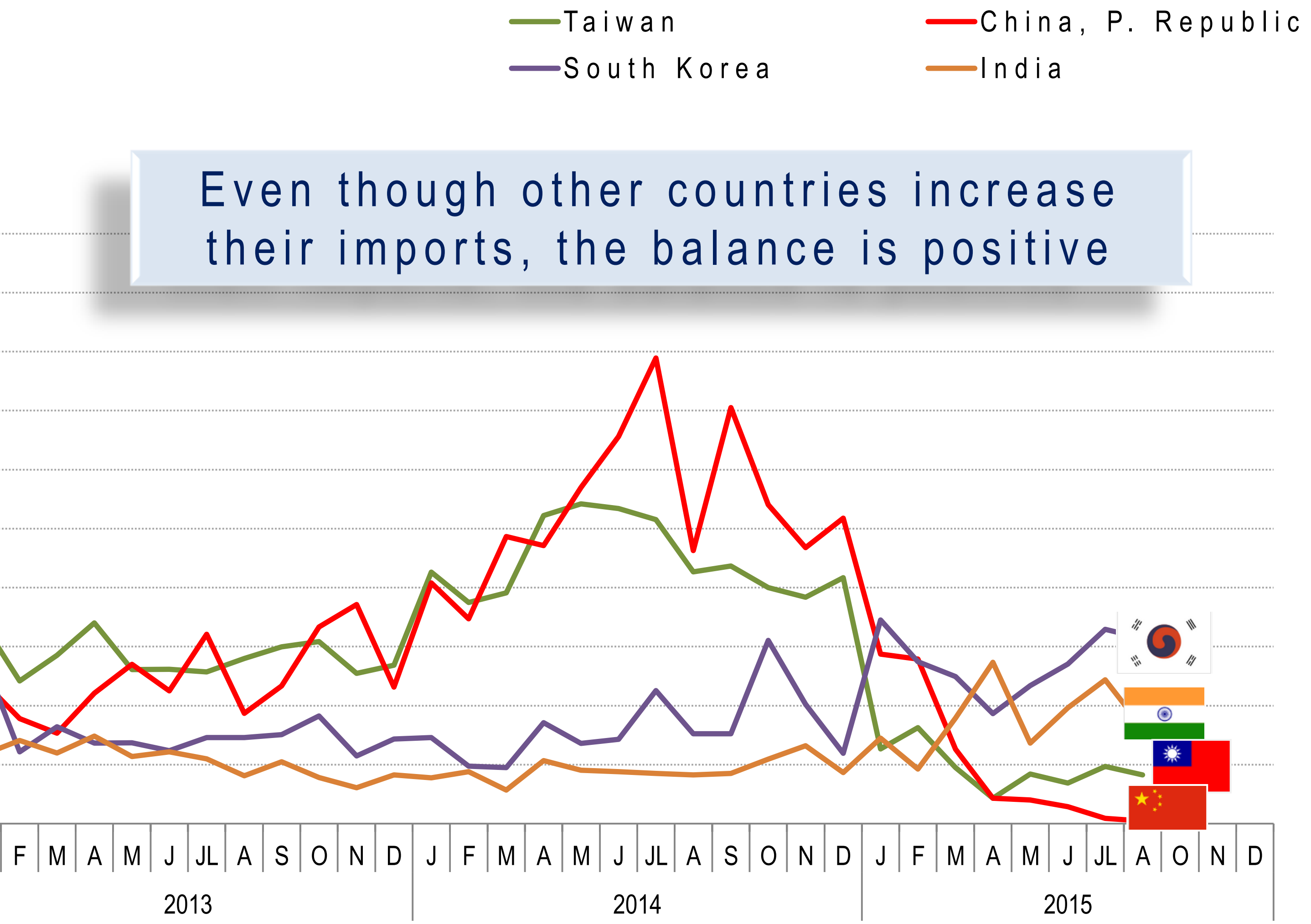


# COLD-ROLLED IMPORTS: CHINA & TAIWAN



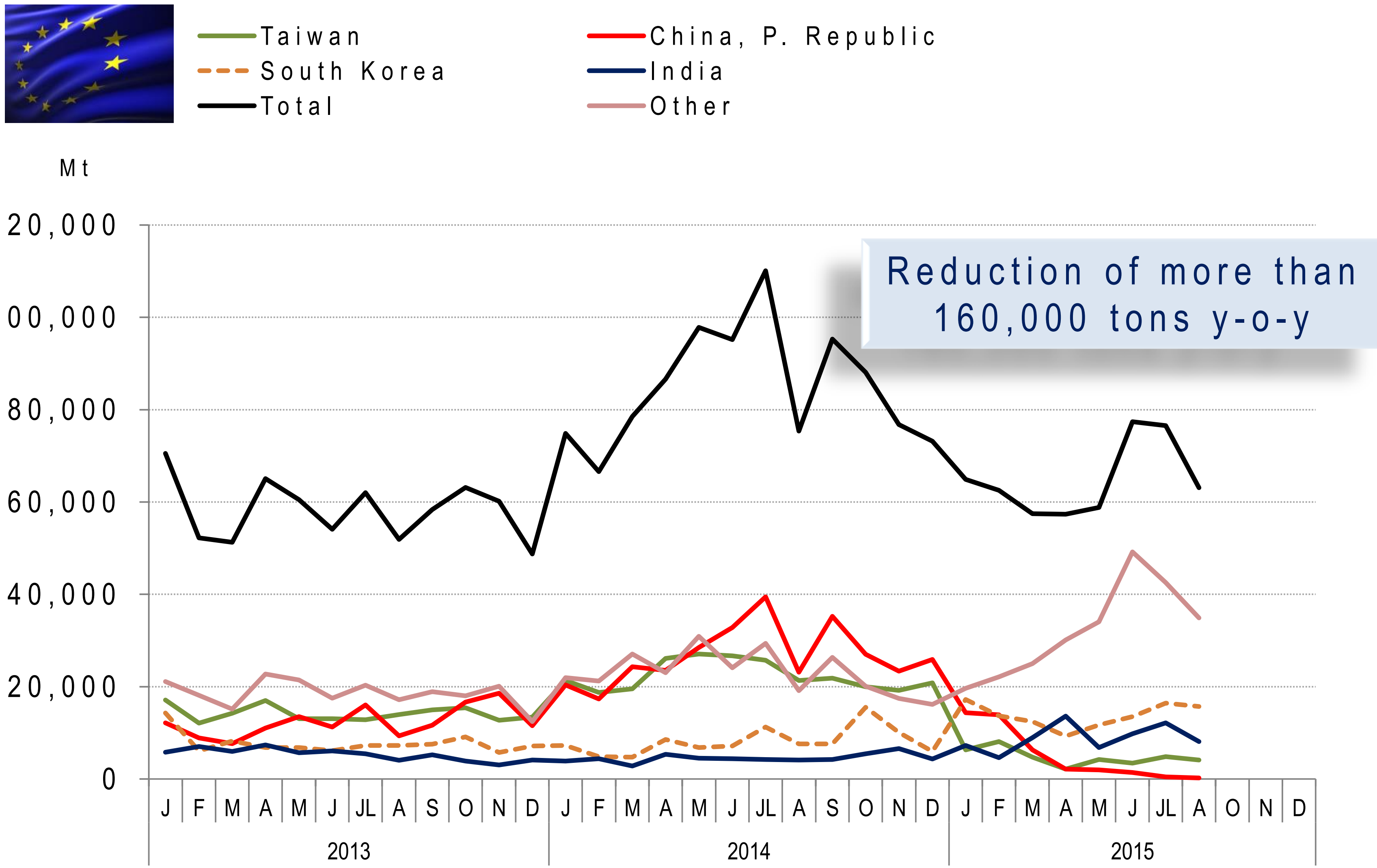

Source: EUROFER

# COLD-ROLLED IMPORTS: MAIN COUNTRIES




Source: EUROFER

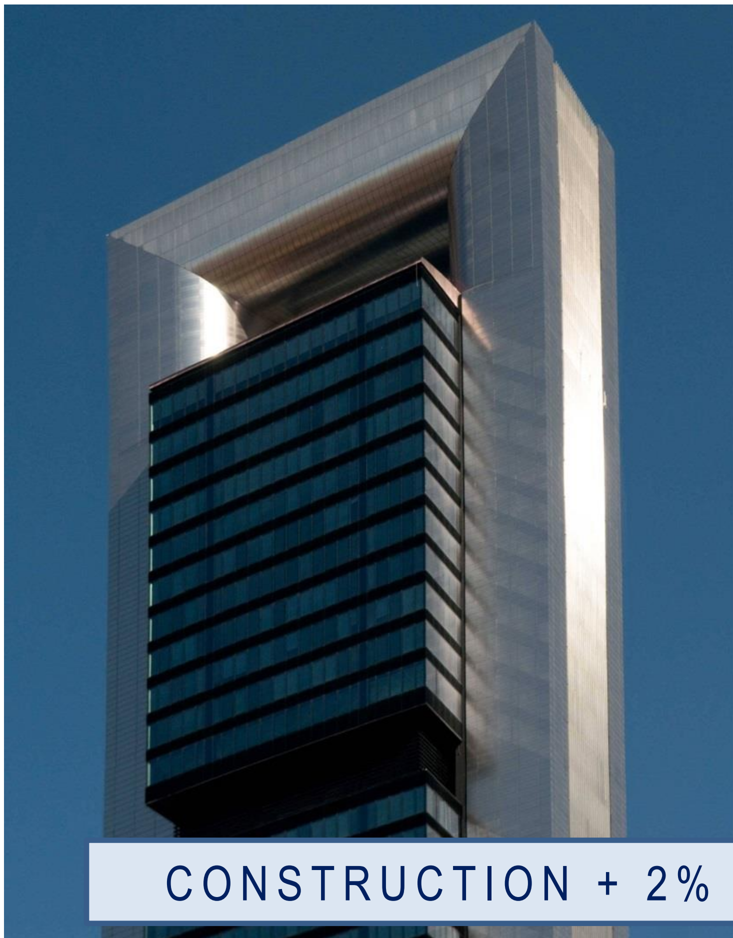
# COLD-ROLLED IMPORTS




Source: EUROFER

# RECOVERY OF THE DEMAND IN EUROPE

Source: EUROFER, estimated figures for 2015



CONSTRUCTION + 2%

AUTO +5%

HOUSEHOLD APPLIANCES +3%

# THE GREAT PARADOX

ACERINOX STRENGTH

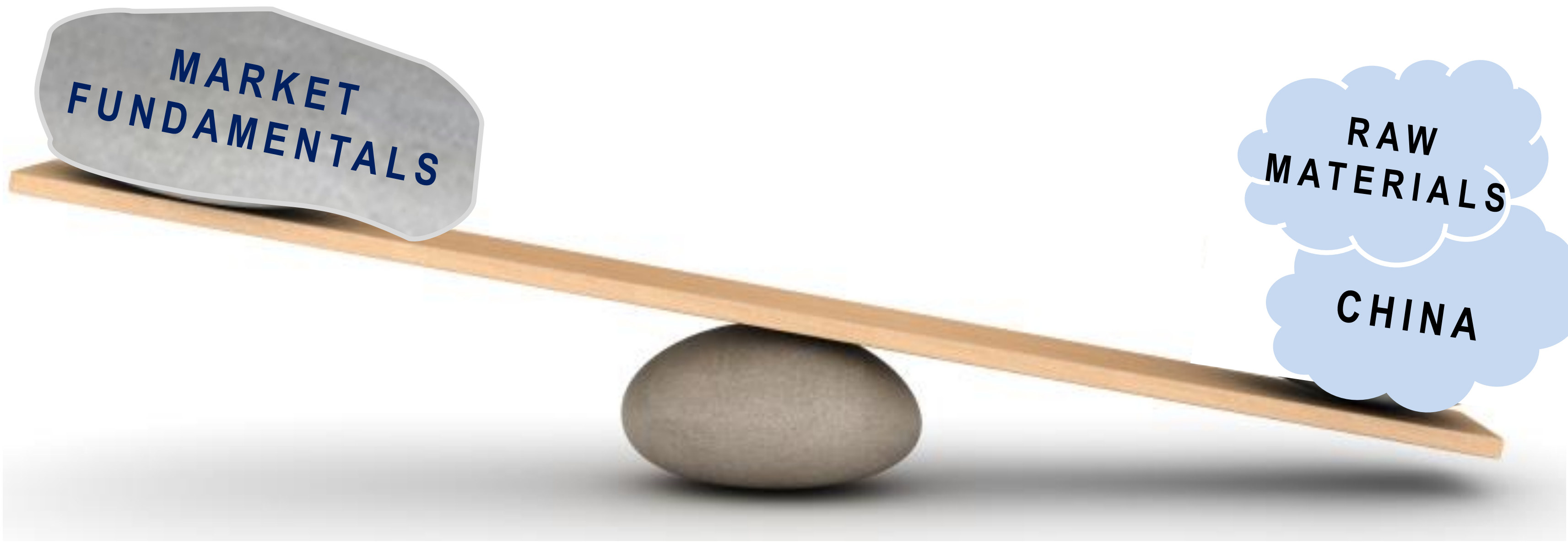
BENCHMARK IN THE STAINLESS

GOOD FUNDAMENTALS OF THE MARKET

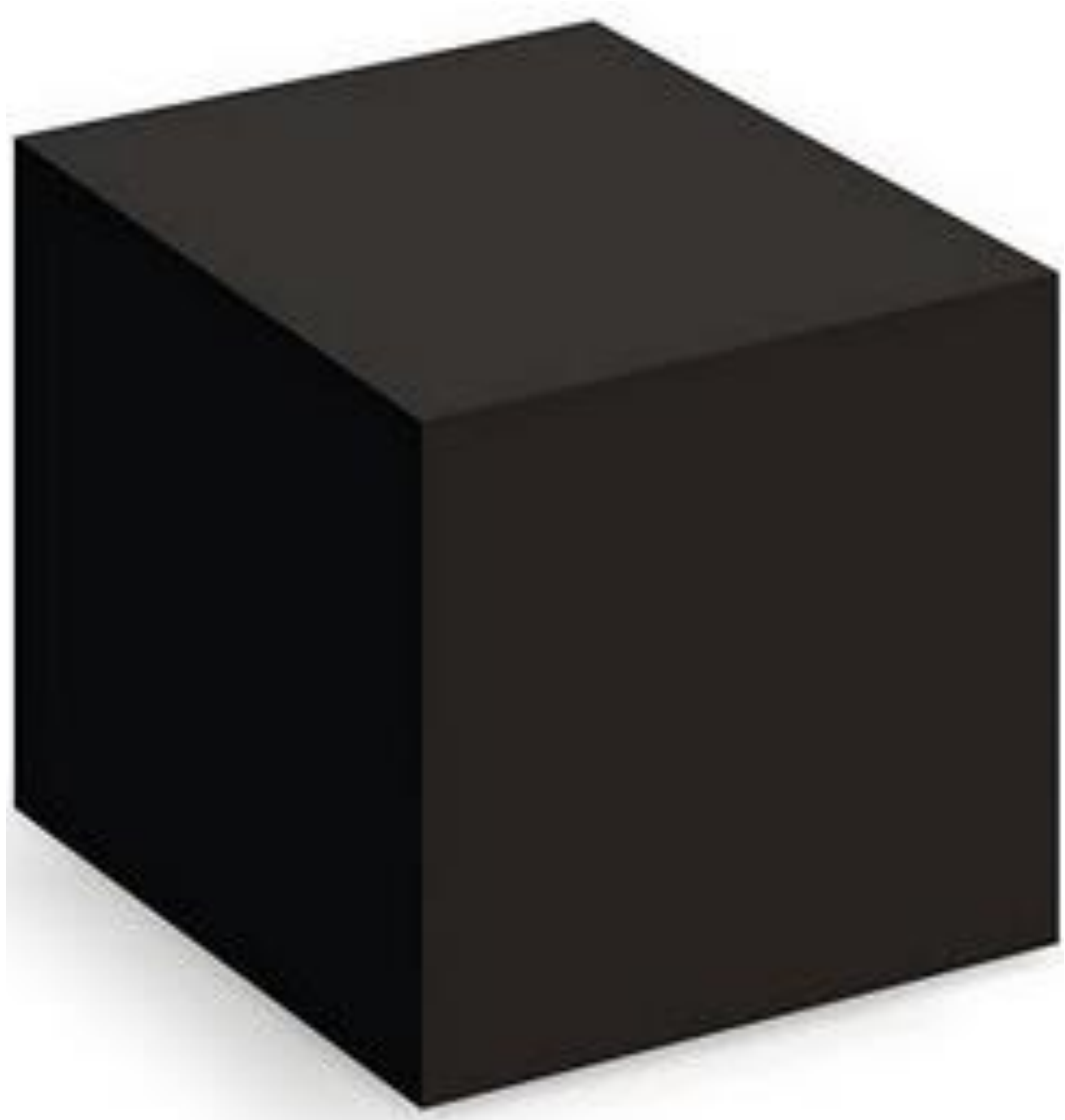
Why is the momentum weak?

CERTAINTIES

UNCERTAINTIES



# CHINA



# CHINA

The lack of visibility and the uncertainties of what is behind the slowdown are eclipsing positive facts

# CHINA: POSITIVE INPUTS

Shanxi Taigang sanction for pollution (29-Apr)

**China's stainless flat steel exports down 19% y-o-y (June)**

MIIT tightens the requirements of energy to promote energy efficiency and is stricter in emission standards (27-may)

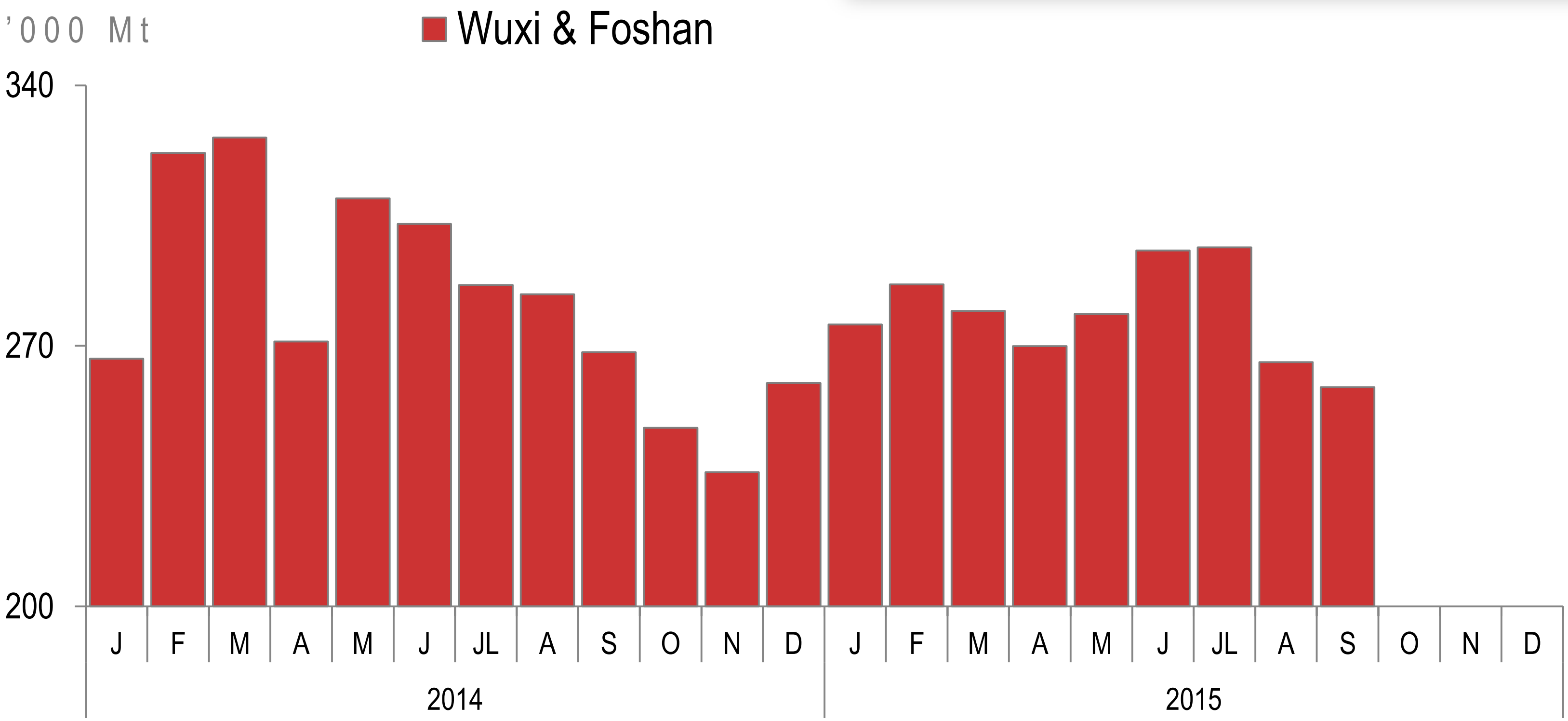
**Baosteel Stainless may switch to a cost pricing method, namely, negotiating its selling price with buyers on the basis of production costs. (10-sep)**

Chinese stainless production increase 0.7% in H1

Source: Platts, ISSF

# CHINA: STAINLESS STEEL INVENTORIES

Normal levels of stocks



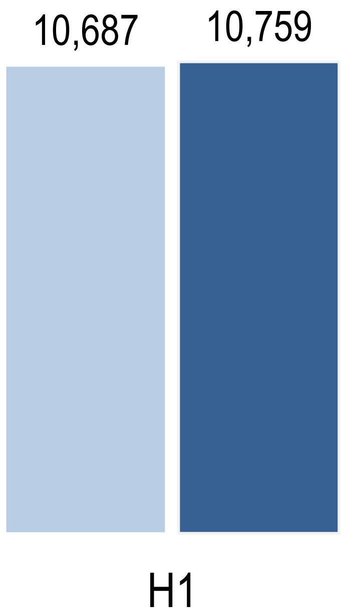

Source: 51BXG

# CHINA: STAINLESS STEEL

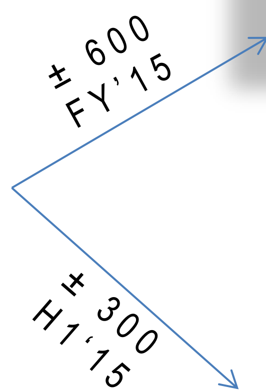
'000 Mt

2014
2015

**Melting production**

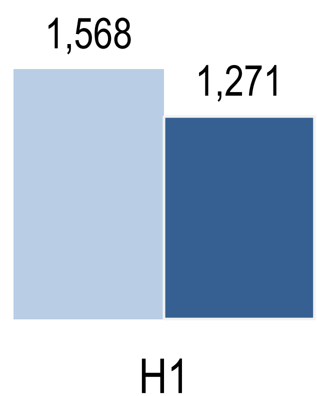



**PRODUCTION FLAT**




**ESTIMATED DOMESTIC CONSUMPTION INCREASE 3.9%**

**Exports**




**REDUCTION IN EXPORTS**

Source: ISSF

# Over reaction in the nickel sentiment

# NICKEL: HISTORICAL PRICE IN THE L.M.E.

Up to Sept, 2015

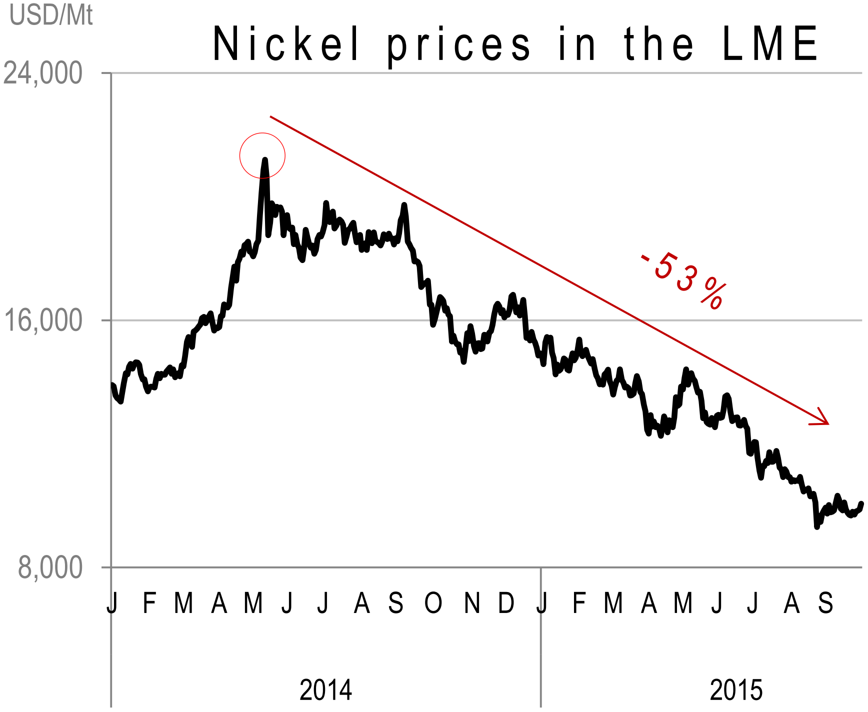
- ✓ Nickel price at historical minimum…
- ✓ …but stainless production at historical maximum

*"60% of nickel industry is making cash losses" (Norilsk)*


Source: Bloomberg

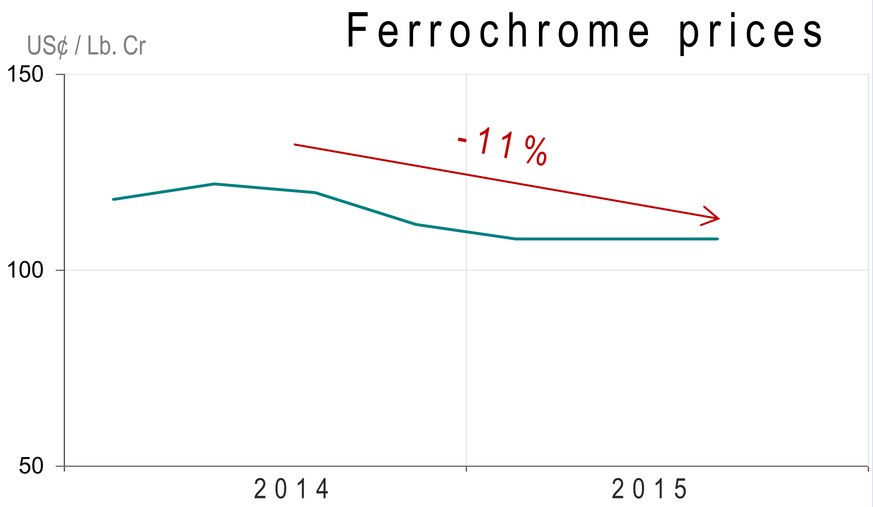
# NICKEL AND FERROCHROME PRICES

Up to Sept 30, 2015




Nickel has corrected since Sept 2014 due to:

- Strong USD
- Over concern on the slowdown in Chinese growth rates




But the different trend in nickel and ferrochrome demonstrate the speculative pressure on nickel price

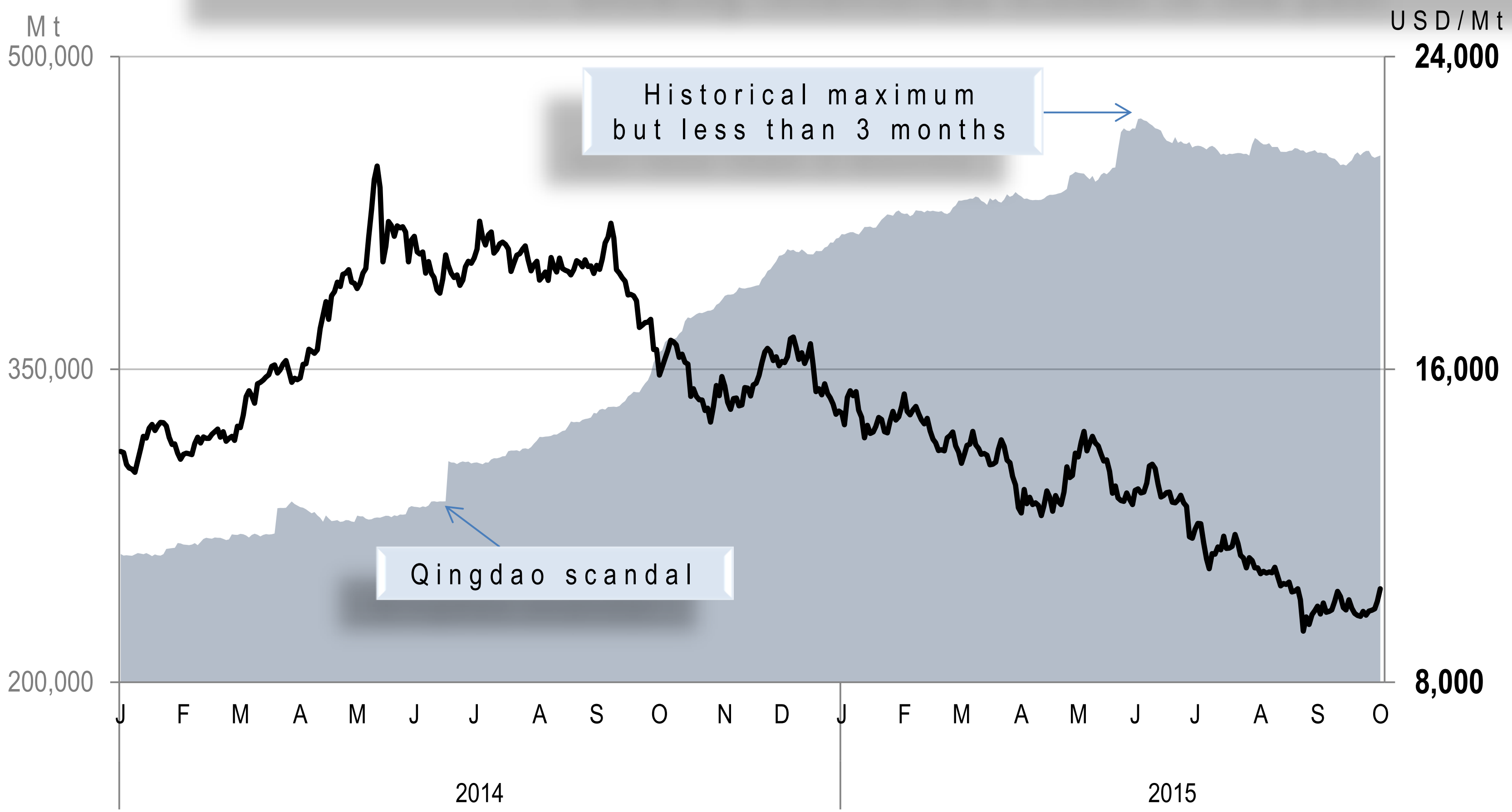
Source: Bloomberg, MB

# NICKEL: INVENTORIES AND PRICES IN THE L.M.E.

Up to Sept 30, 2015

Nickel inventories in the LME warehouses reached their peak in June 2015…

… showing inventories hidden in the past




Source: Bloomberg

# REASONS FOR OUR CALM

- High cost nickel producers are forced to cut production
- Chinese NPI production is in decline as a consequence of:
  - price
  - cost of production with Philippine ore
  - tightening enviromental regulation in China
- ”*Real demand for primary nickel is expected to reach record high of 1.31 million Mt in 2015*” (ERAMET)
- Limited downside risk from these levels
- Just with some indications of nickel price stabilization, the stainless market shall reactivate

# SOONER THAN LATER THE LOGIC WILL PREVAIL

# INVESTORS AND CAPITAL MARKETS DAY

October 15-16, 2015

ACERINOX

# CONCLUSION & OPEN PANEL SESSION

**BERNARDO VELÁZQUEZ**

CEO of Acerinox

# CONSISTENT STRATEGY

- Long term oriented
- Experience & skills
- Global presence
- Financial strength
- Improving productivity in Bahru Stainless
- Optimizing Group capacities
- Organic growth
- Investment oriented to high added value products
- Our strategy is consistent but flexible
- Targeting excellence

# INVESTORS AND CAPITAL MARKETS DAY

October 15-16, 2015

ACERINOX