

STRATEGIC PLAN

BAHRU STAINLESS: THE GREAT CHALLENGE

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Investor and Analyst's Day

North American Stainless (NAS)

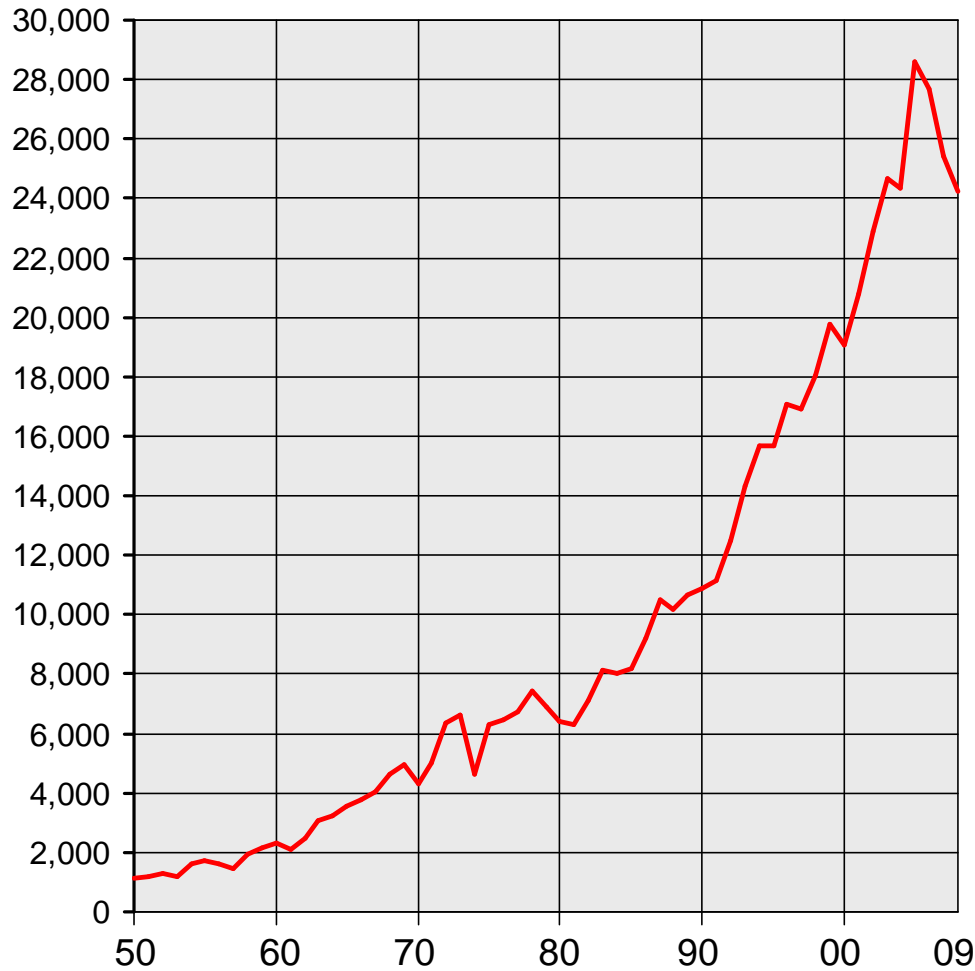
16th September 2010





WORLD PRODUCTION OF STAINLESS STEEL

Thousand Mt.



Compound annual growth rate

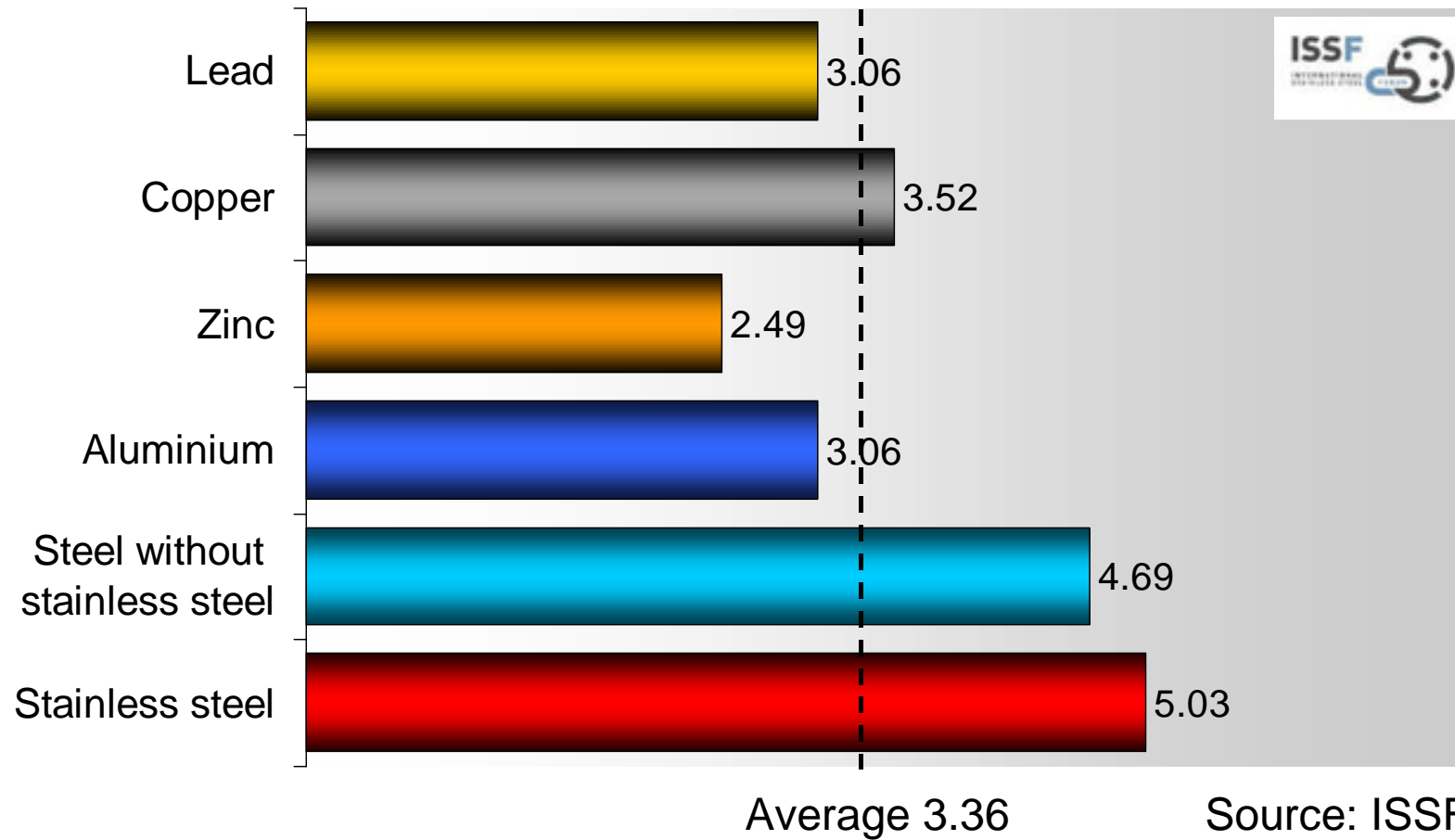
Years 1950-2009: +5.5%

Source: VALE INCO e ISSF



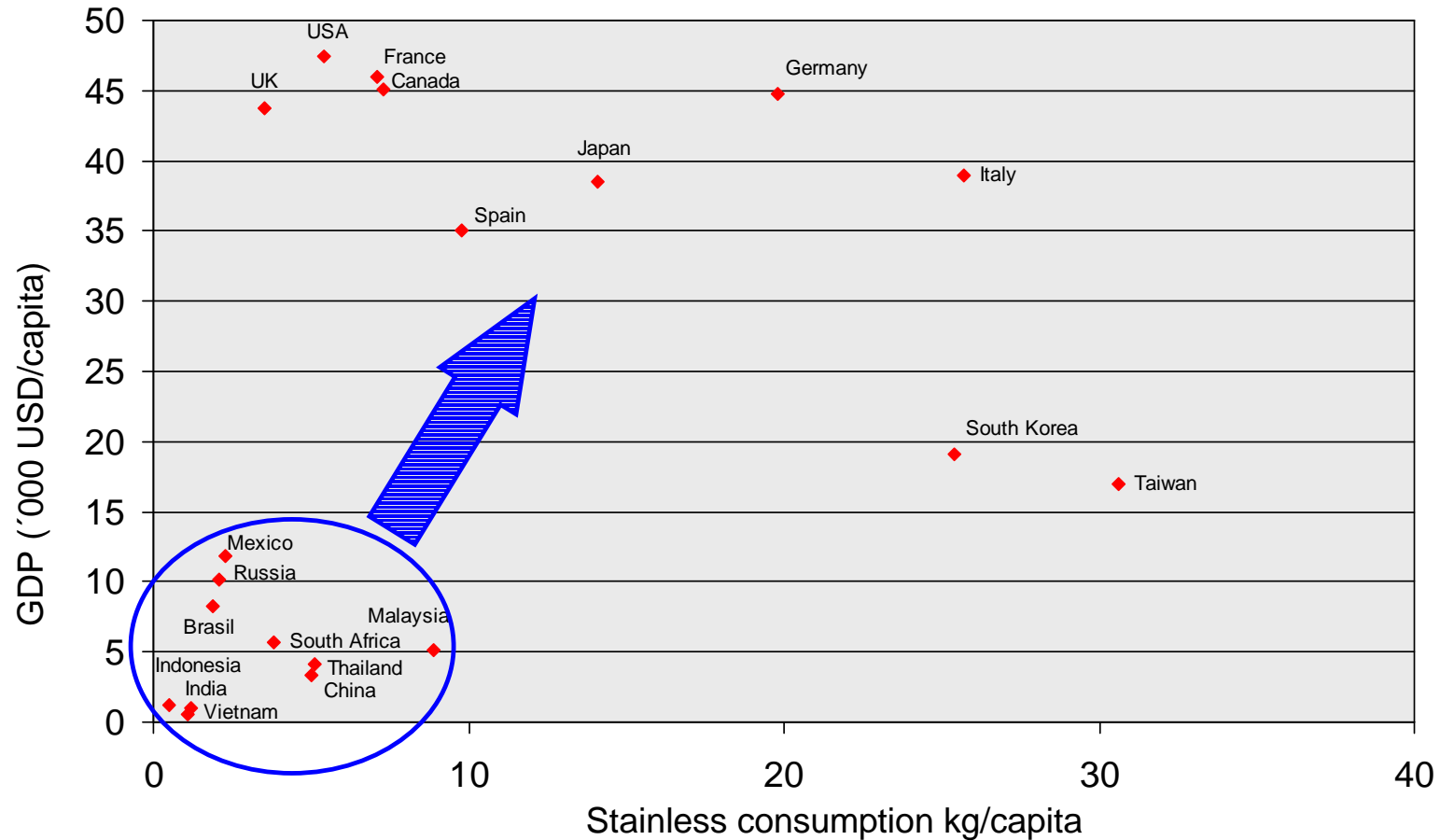
GROWTH OF STAINLESS STEEL AND ALTERNATIVE METALIC MATERIALS (Years 1995-2009)

Compound annual growth in % per year





COMPARISON BETWEEN GDP AND STAINLESS STEEL CONSUMPTION PER CAPITA (Year 2008)



Source: Vale Inco, FMI



STRATEGIC PLAN 2008 - 2020

- ▶ Basic Strategic Principles
- ▶ Strong Corporate Culture
- ▶ Well Defined Production Strategy
- ▶ Unique Commercial Network
- ▶ Solid Financial Situation
- ▶ Excellence Plan
- ▶ Global Expansion



STRATEGIC PLAN 2008 - 2020

Bahru Stainless: Main advantages

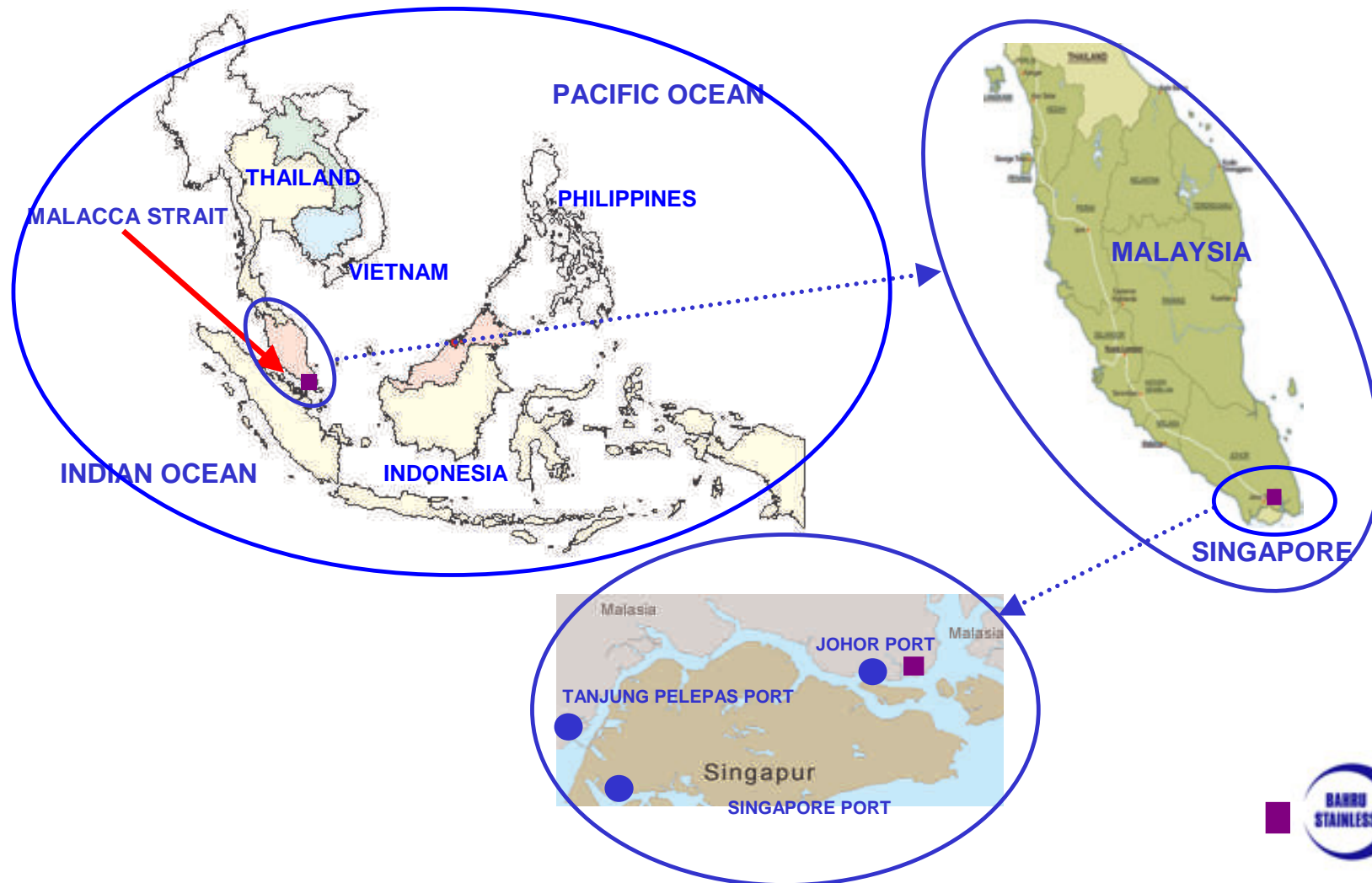
- ▶ Strategic Location at the seaside
- ▶ Competitive costs
- ▶ Strong and growing local markets in Malaysia and Singapore
- ▶ Developed commercial presence in the region of Acerinox
- ▶ Malaysia: Stable and developed country, with good infrastructure
- ▶ Unique geographic distribution of the group within the stainless steel sector
- ▶ Consolidate the presence in the region with the highest consumption and 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: Strategic Location





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	



STRATEGIC PLAN 2008 - 2020

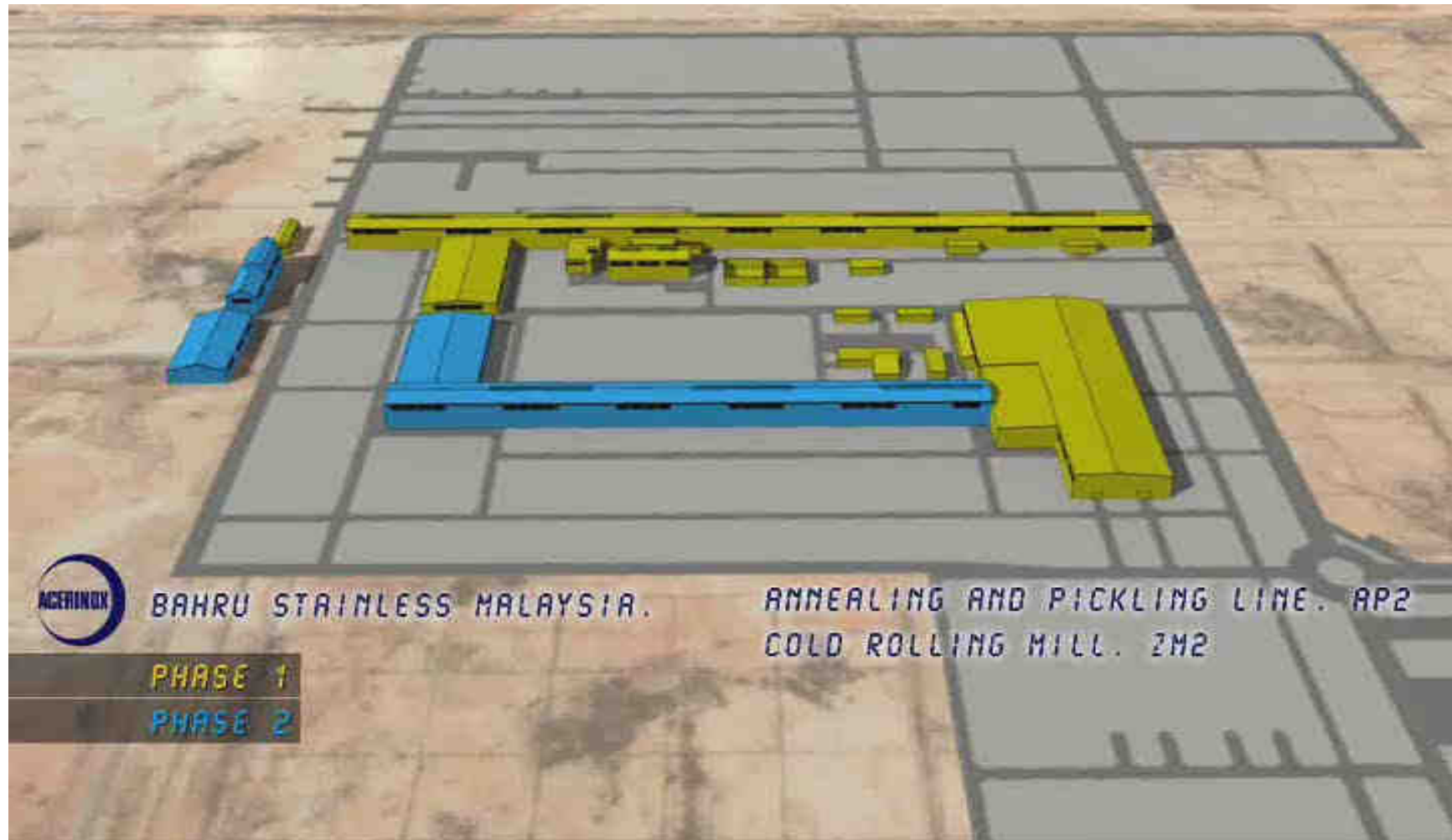
Bahru Stainless: Phase I





STRATEGIC PLAN 2008 - 2020

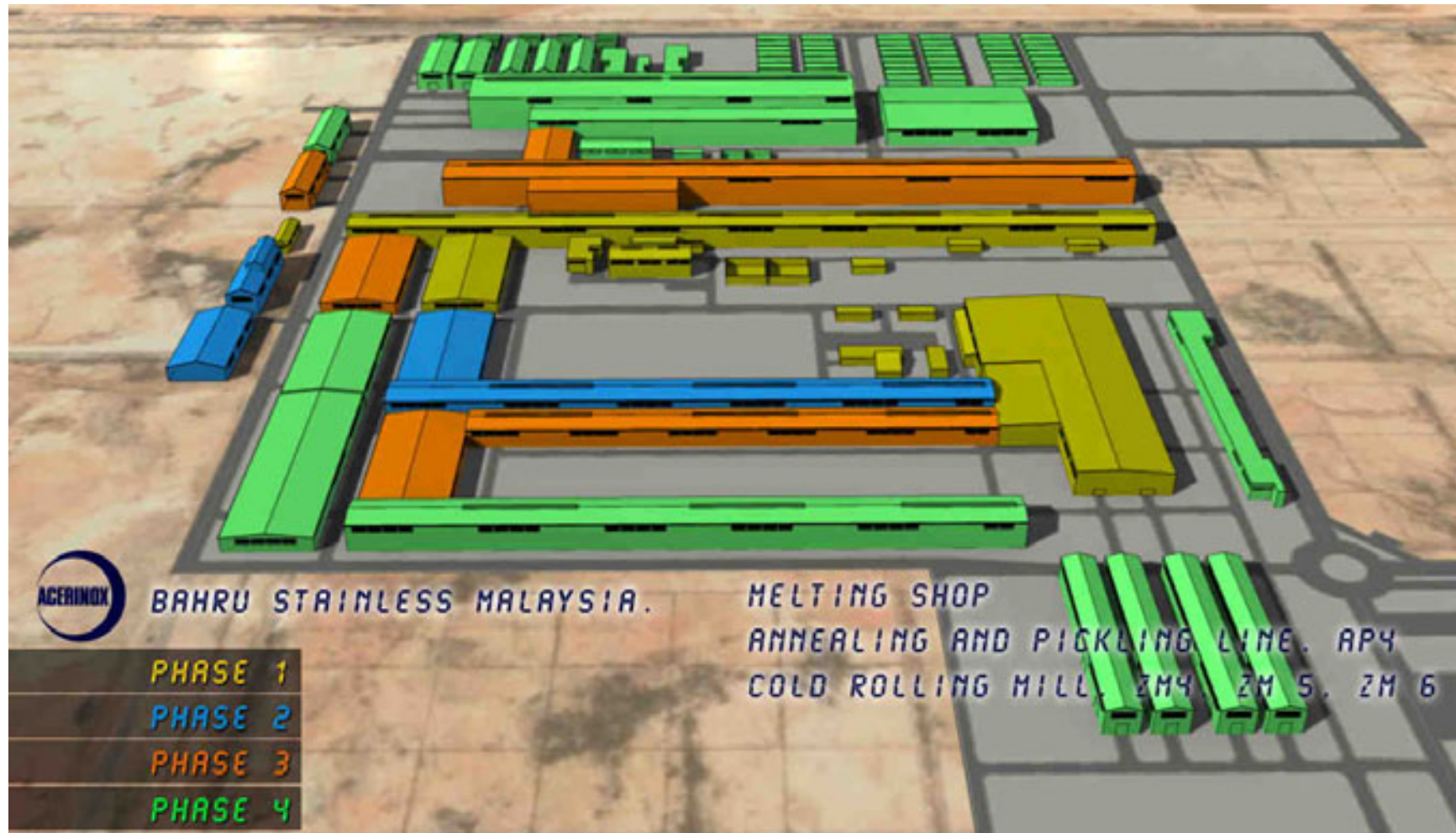
Bahru Stainless: Phase II





STRATEGIC PLAN 2008 - 2020

Bahru Stainless: Phase III & IV





STRATEGIC PLAN 2008 - 2020

Bahru Stainless

Capacity	Melting	Hot rolling	Cold rolling
	1,100,000 mt/year	900,000 mt/year	670,000 mt/year
	1,400,000 mt/year	1,200,000 mt/year	850,000 mt/year
	1,000,000 mt/year	1,000,000 mt/year	545,000 mt/year
	1,000,000 mt/year	1,000,000 mt/year	600,000 mt/year
	4,500,000 mt/year	4,100,000 mt/year	2,665,000 mt/year

- Consolidate and develop a commercial network
- Use the group synergies, without adding new capacity to the market



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

