



ACERALIA

FY 2000 Provisional Results

Presentation to Analysts and Investors

February 21st, 2000



ACERALIA

FY 2000 Report



ACERALIA - FY Results Presentation. February 21st, 2001

FY 2000: Excellent Earnings Achieved

- ❑ **Booming demand and rising sales volume**
- ❑ **Excellent prices performance reaching peak levels in Autumn and only declining at year end**
- ❑ **Improvement of product mix and cost structure through development of the Industrial Plan.**
- ❑ **High Results from the integration of the new companies acquired**
- ❑ **Large Contribution of Participated companies**
- ❑ **Securitation of customer bills**
- ❑ **Capital Gains from divestments, offset by large provisions allocated**

**Excellent turnover performance
+20%**

EBITDA Margin 14.1%

**Boosted net profit:
Eur 361.31 Mn
2.8x**

**ROIC: 11%
WACC: 7.5%
Gearing: 16.6%**



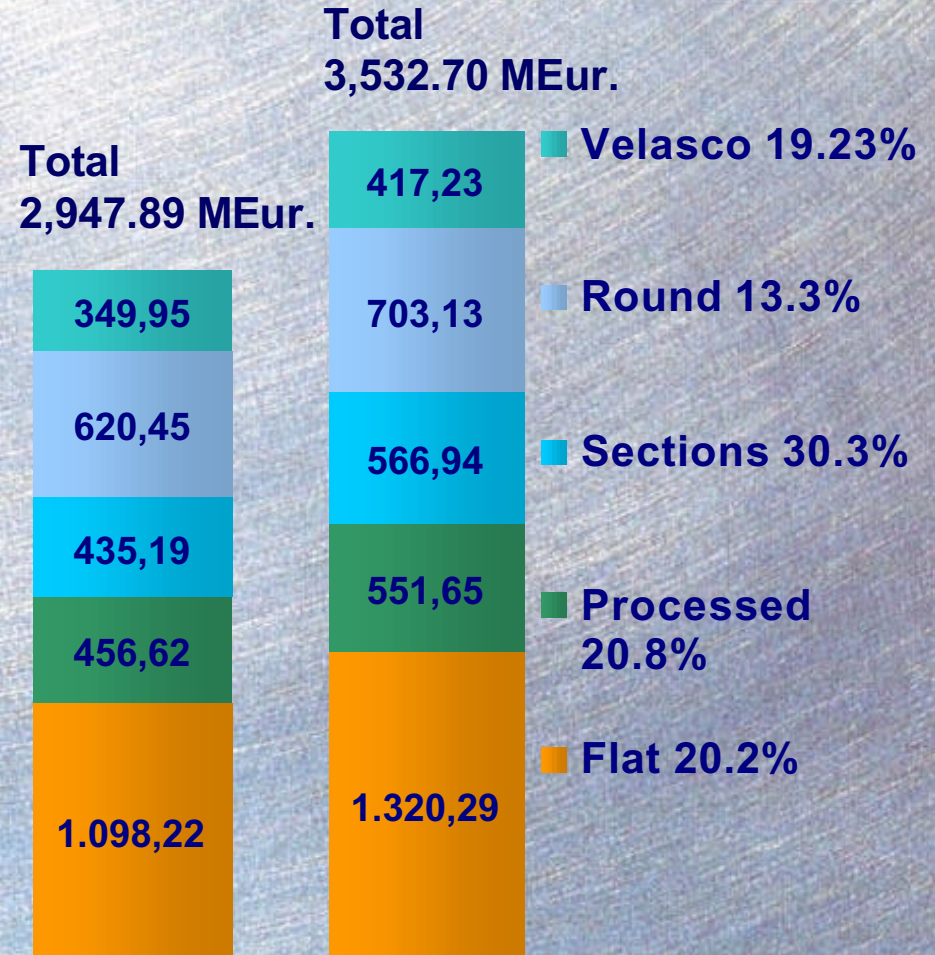
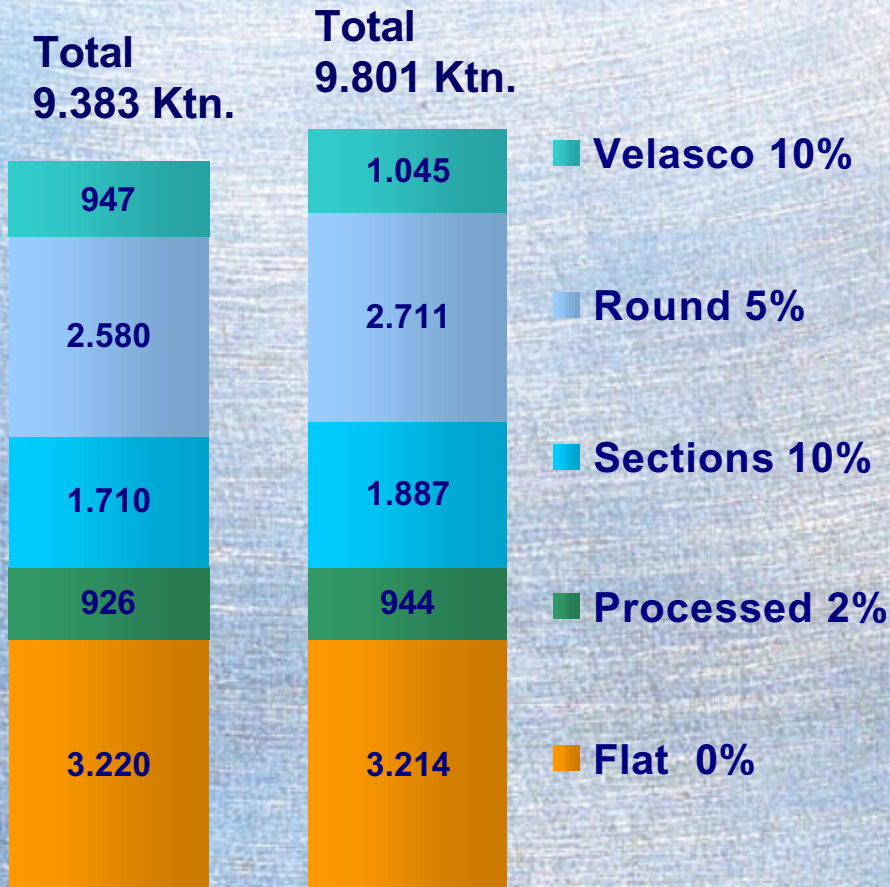
Rising Sales and Volumes

Shipments + 5%

Product Mix +4%

Prices +11%

Revenues +20%



FY 1999

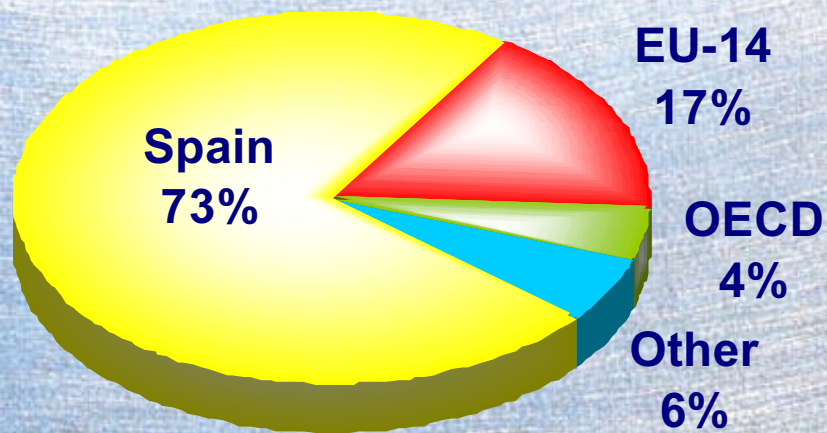
FY 2000

FY 1999

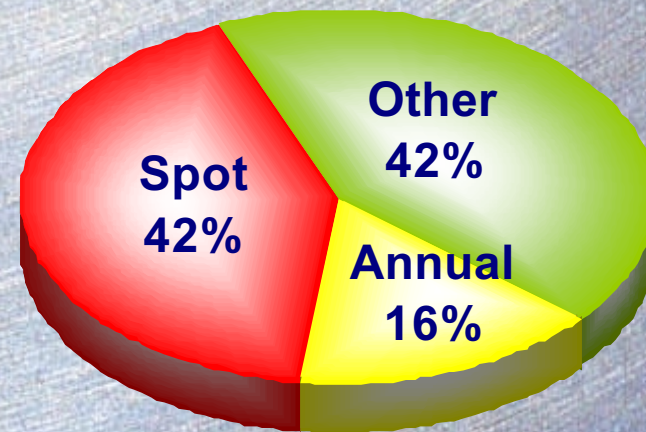
FY 2000

Break-down of Deliveries

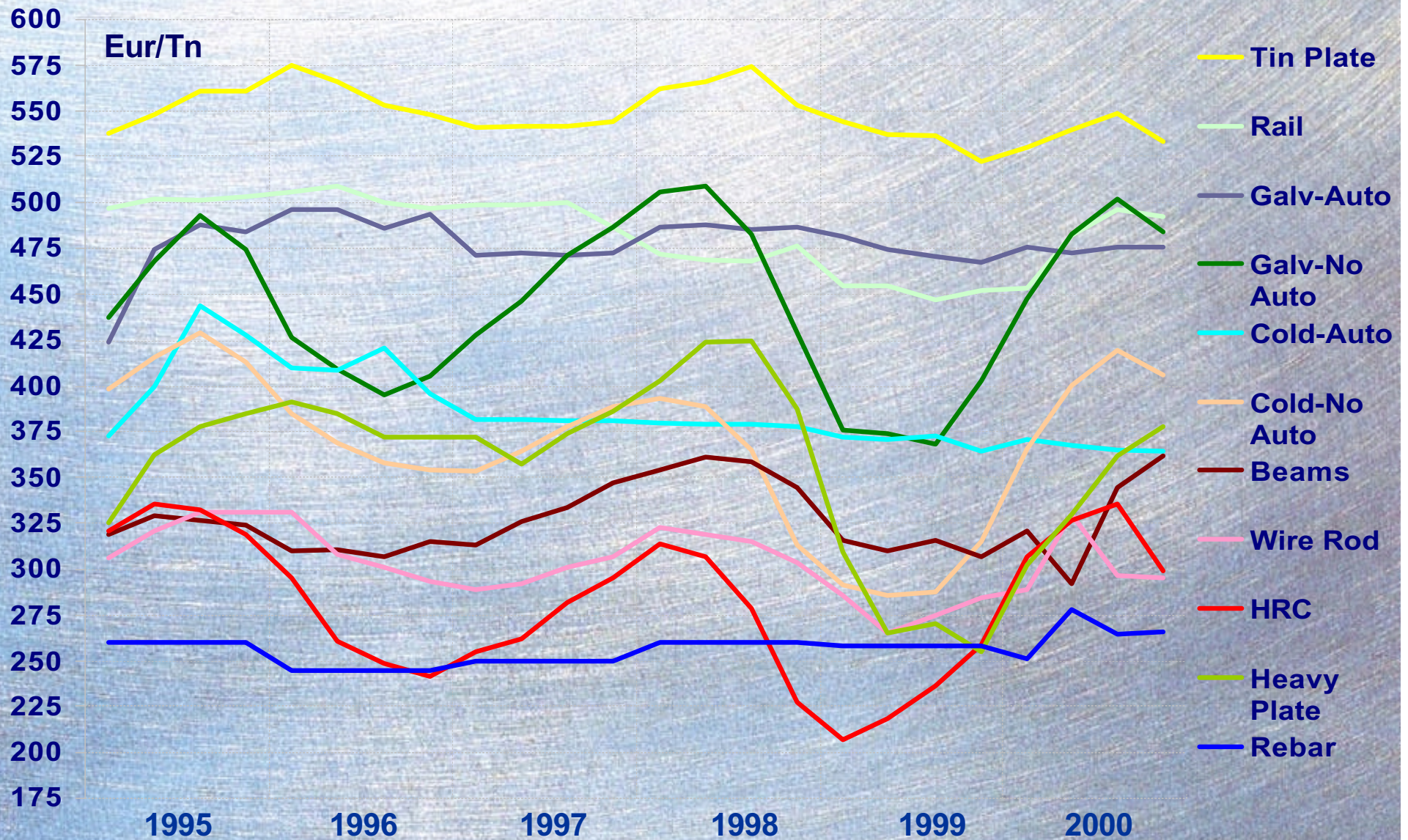
Sales by Regions



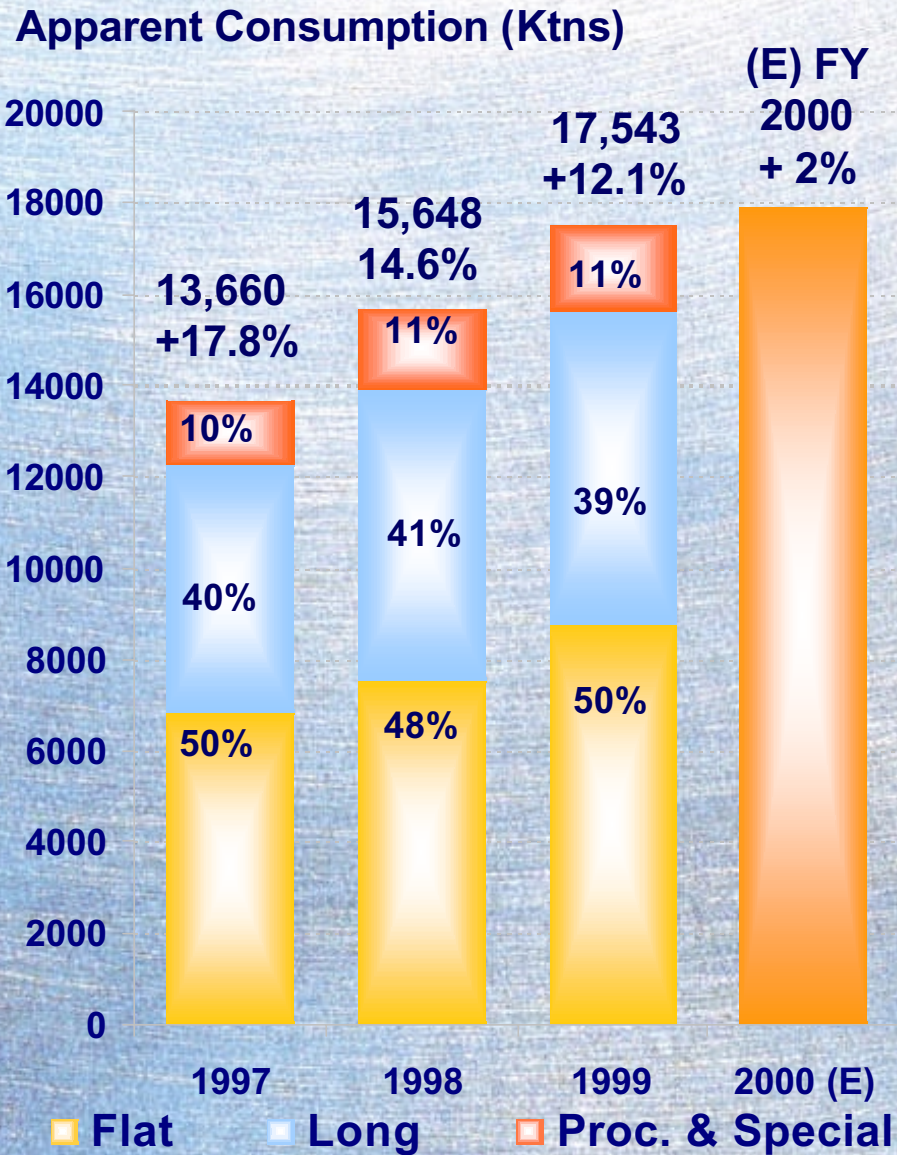
Sales by type of contracts



Prices in Spain following global downwards trend



Robust Demand in Spain



MIX AND GROWTH 2000 - 2004

| Steel Consuming Sectors | Weight | Growth to 2004 (CAGR) | ACR Market Share |
|-------------------------------------|-------------|-----------------------|------------------|
| Car industry | 21% | 2.0% | 41% |
| Direct Sales to car producers | | | 55% |
| Domestic Appliances | 5% | 1.5% | 56% |
| Capital goods and Transport | 11% | 2.0% | 47% |
| Construction | 55% | 3.0% | 45% |
| Packaging | 8% | 1.0% | 56% |
| Direct Sales to tin plate consumers | | | 70% |
| TOTAL | 100% | 1.9% | |



Profit and Loss Account

| Profit & Loss Account <i>Figures in M.Eur.</i> | 1999 FY | % Sales | 2000 FY | % Sales | % Change |
|---|-----------------|---------------|-----------------|---------------|---------------|
| Sales of steel products | 2.947,89 | 89,1% | 3.532,70 | 88,2% | 19,8% |
| Other revenues | 362,47 | 10,9% | 473,00 | 11,8% | 30,5% |
| Total revenues | 3.310,36 | 100,0% | 4.005,69 | 100,0% | 21,0% |
| Procurement costs | -1.649,45 | -49,8% | -1.920,62 | -47,9% | 16,4% |
| Wages & salaries | -570,24 | -17,2% | -607,69 | -15,2% | 6,6% |
| Other operating costs | -761,25 | -23,0% | -913,37 | -22,8% | 20,0% |
| EBITDA | 329,41 | 10,0% | 564,01 | 14,1% | 71,2% |
| Depreciation | -216,60 | -6,5% | -242,11 | -6,0% | 11,8% |
| EBIT | 112,81 | 3,4% | 321,90 | 8,0% | 185,3% |
| Results from associates | 63,27 | 1,9% | 153,85 | 3,8% | 143,1% |
| Net financial results | -16,04 | -0,5% | -24,97 | -0,6% | 55,7% |
| Ordinary Profit | 160,05 | 4,8% | 450,78 | 11,3% | 181,7% |
| Extraordinary items | 0,19 | 0,0% | -79,09 | -2,0% | - |
| Earnings before Tax | 160,24 | 4,8% | 371,70 | 9,3% | 132,0% |
| Corporate income tax | -16,23 | -0,5% | 3,66 | 0,1% | -122,5% |
| Net Profit | 144,00 | 4,4% | 375,36 | 9,4% | 160,7% |
| Minority interests | -14,04 | -0,4% | -14,05 | -0,4% | 0,0% |
| Att. Net Profit | 129,96 | 3,9% | 361,31 | 9,0% | 178,0% |



Balance Sheet

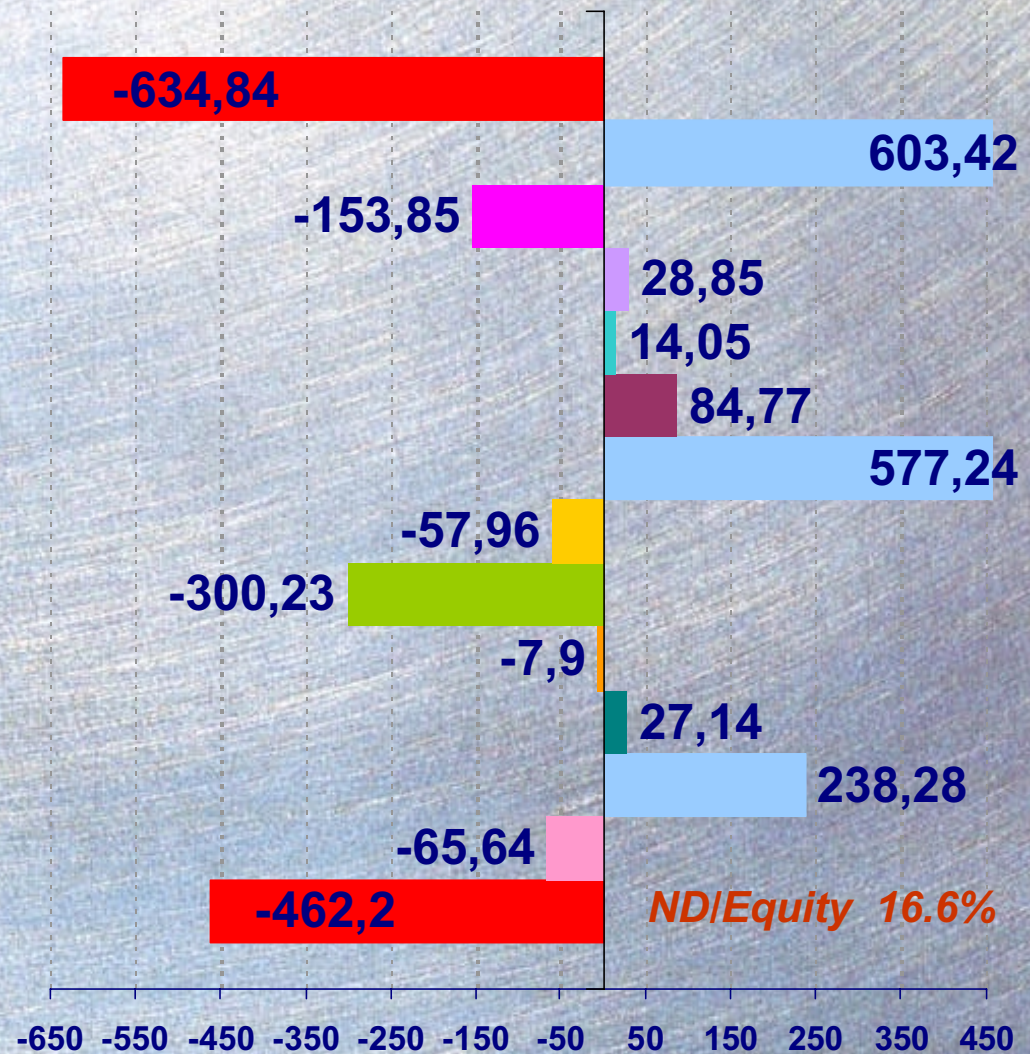
| BALANCE SHEET Figures in M.Eur. | 1999 At Dec. | % NCI | 2000 At Dec. | % NCI | % Change |
|---|------------------------|-----------------|------------------------|-----------------|--------------------|
| Net tangible fixed assets | 1.961,30 | 55,5% | 1.998,65 | 53,3% | 1,9% |
| Intangible assets | 24,05 | 0,7% | 24,11 | 0,6% | 0,3% |
| Financial investments | 961,42 | 27,2% | 1.059,15 | 28,3% | 10,2% |
| Customer receivables | 621,60 | 17,6% | 600,99 | 16,0% | -3,3% |
| Inventory | 747,60 | 21,2% | 855,10 | 22,8% | 14,4% |
| Suppliers | -550,44 | -15,6% | -596,06 | -15,9% | 8,3% |
| Other assets (liabilities) | -230,79 | -6,5% | -195,32 | -5,2% | -15,4% |
| Net op. working capital | 587,97 | 16,6% | 664,71 | 17,7% | 13,1% |
| Net capital invested | 3.534,74 | 100,0% | 3.746,63 | 100,0% | 6,0% |
| Shareholders' equity | 2.514,92 | 71,1% | 2.790,51 | 74,5% | 11,0% |
| Minority interests | 118,11 | 3,3% | 130,23 | 3,5% | 10,3% |
| Neg. Cons. differences | 64,83 | 1,8% | 47,17 | 1,3% | -27,2% |
| Long-term provisions | 202,04 | 5,7% | 316,53 | 8,4% | 56,7% |
| Long-term debt | 511,38 | 14,5% | 325,41 | 8,7% | -36,4% |
| Short-term bank debt | 262,27 | 7,4% | 273,64 | 7,3% | 4,3% |
| STfinancial inve. and cash | -138,81 | -3,9% | -136,85 | -3,7% | -1,4% |
| Net financial debt | 634,84 | 18,0% | 462,20 | 12,3% | -27,2% |
| Financing sources | 3.534,74 | 100,0% | 3.746,63 | 100,0% | 6,0% |
| Total ASSETS/LIABILITIES | 4.509,11 | | 4.779,33 | | 6,0% |



Cash-flow Statement

Figures in Eur. Mn.

- Initial Net Cash Position (Jan 2000)
- Cash-Flow
- Results from Associates
- Dividends from Associates
- Minorities
- Provisions / Other
- Net Cash-flow
- Working Capital
- Capex
- Financial Investments
- ASBM Share capital reduction
- Free Cash-flow
- Dividends Paid
- Final Net Cash Position (FY 2000)





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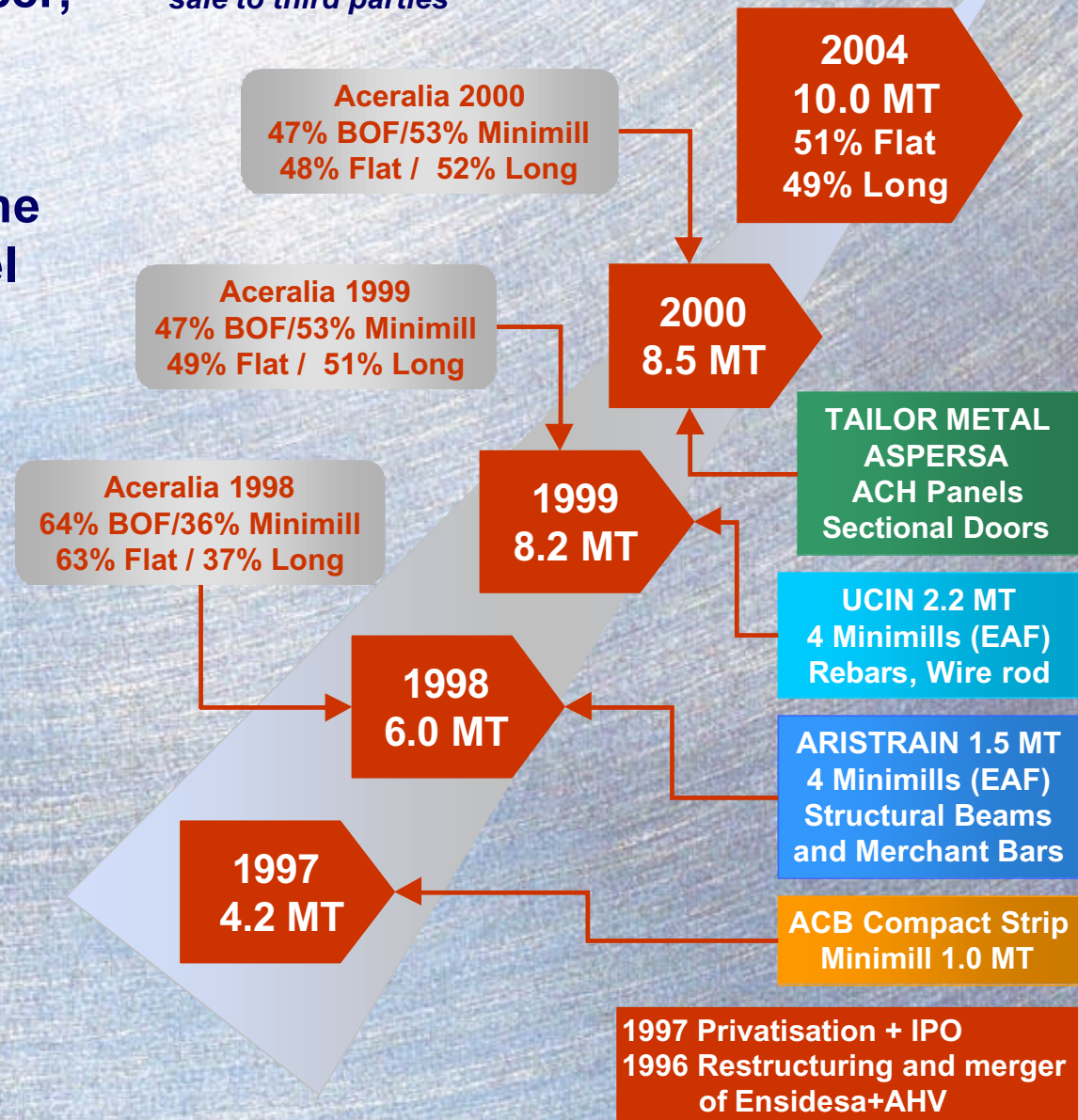
Drivers for a Competitive Performance



The leader Steel Group in Spain

- ❑ A diversified Steel producer, leader in Spain through successful M&As
- ❑ Allied to Arbed, making the World's third largest Steel Group
- ❑ 10 MT Crude Steel and 8.5MT Finished Products in Y2000
- ❑ A unique case in Europe of Combined Multitechnology for Multiproducts
- ❑ Eur. 1.325 Bn Market Cap
- ❑ IBEX35, ADRs Level I

MT: Production of Finished Products for sale to third parties



Continuos and Profitable Growth

□ **Continuos Growth: from 4.2 Mt in 1997 to 10 MT of finished products in Y2004**

□ **One of the few European steel producers showing consistent profitability throughout the cycle.**

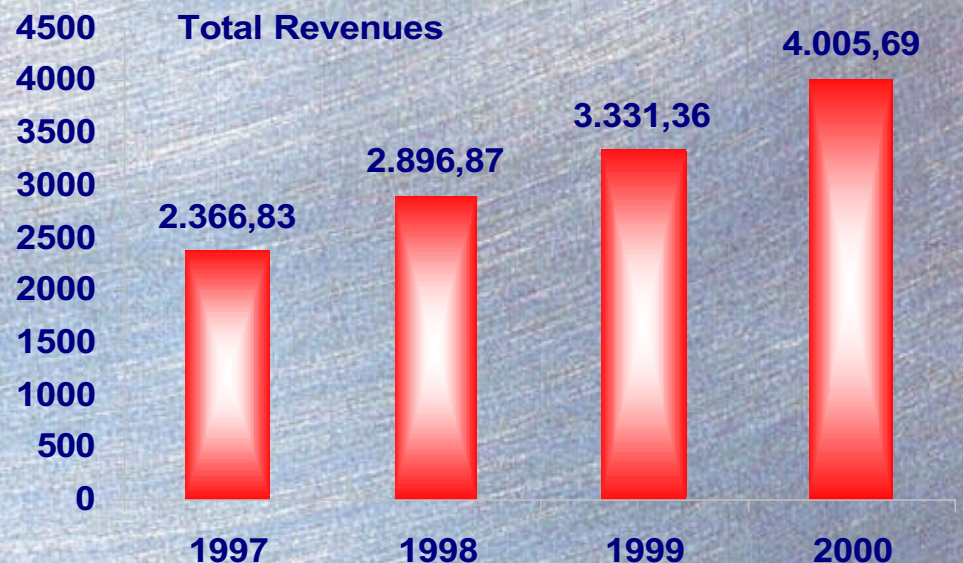
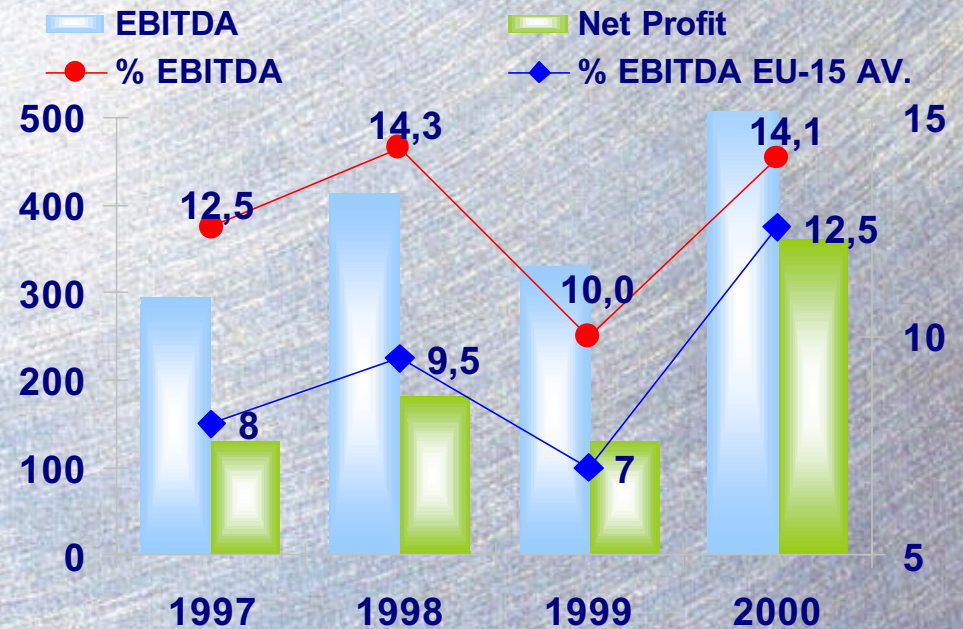
□ **FY 2000:**

- **EBITDA/SALES 14.1%**
- **ROIC: 11%**
- **WACC: 7.5%**
- **GEARING RATIO:16.6%**

□ **Shareholders:**

- **Arbed 35%**
- **JMA 11%**
- **Gestamp 7%**
- **Free-float 47%**

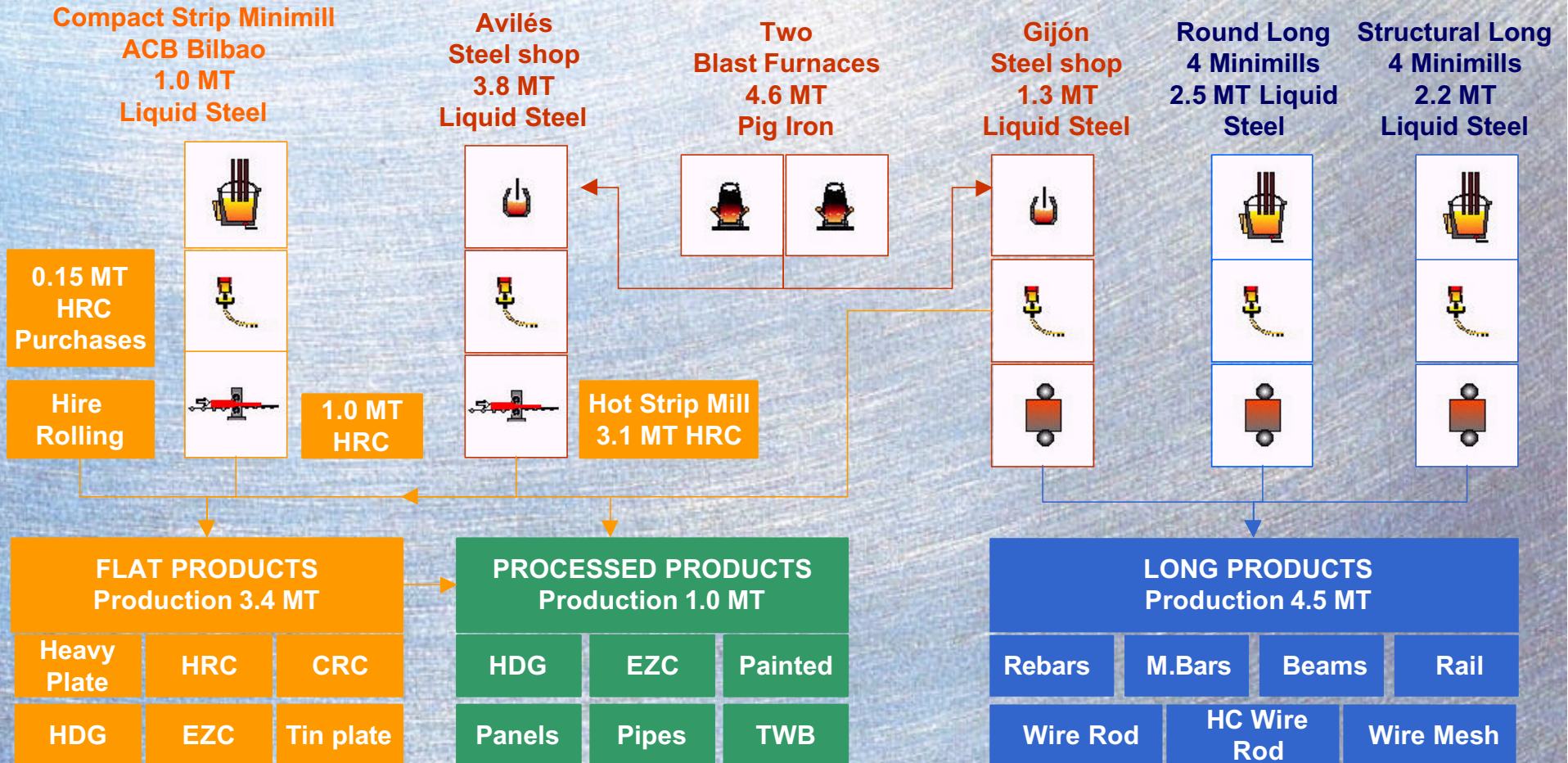
Figures in Million Euros



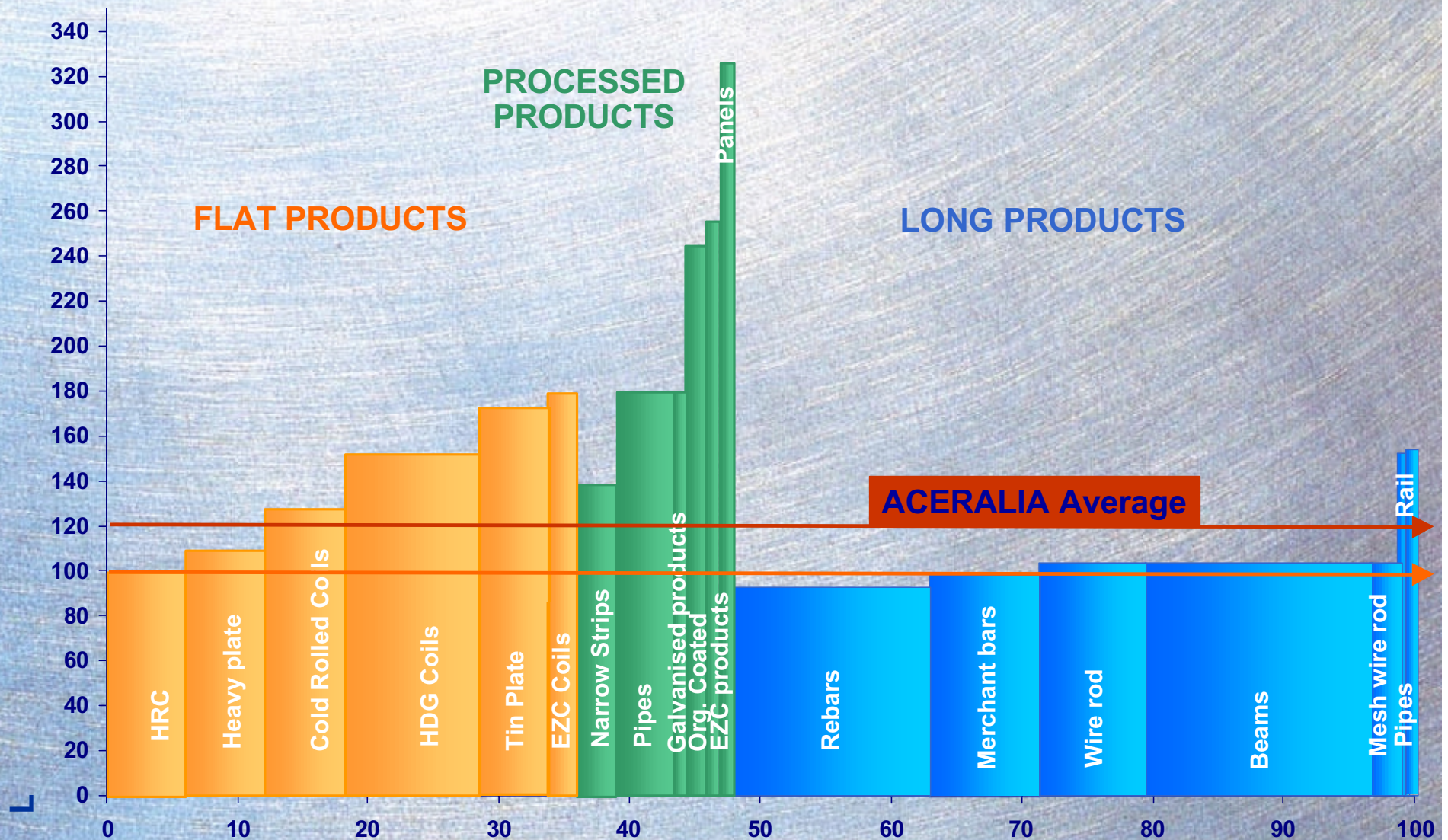
Multitechnology for Multiproducts

47% BOF / 53% EAF

48% Flat / 52% Long



Healthy Mix of Products and Markets



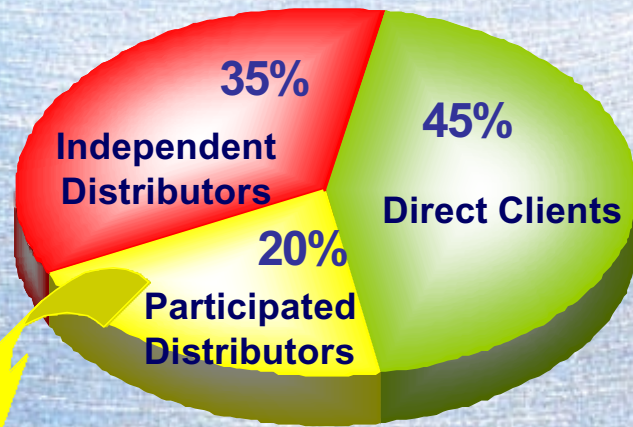
FY 2000 Aceralia's 100% Sales of Steel Products ex-Velasco (tonnage)



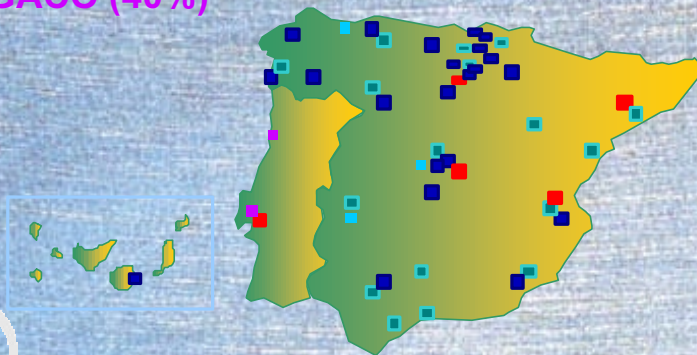
Good customer Reach

Good customer reach through direct sales to end customer and a strong participated distribution network in Spain and Portugal

Sales to Third Parties

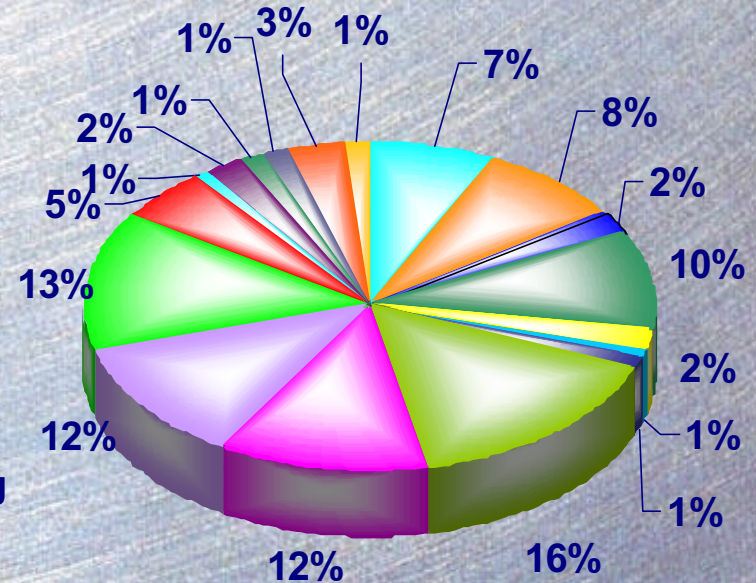


TRANSFORMADOS (100%)
LAMINADOS VELASCO (67%)
ALFONSO GALLARDO (30%)
GONVARRI INDUSTRIAL (30%)
MEGACO (40%)



- Processors
- Construction
- Tyres
- Food
- Beverages
- Bottle Caps
- Sprays
- Automobile
- Calibrador
- Rolling
- Wire Drawing
- Pipes
- Drums
- Caldereria
- Ind. Containers
- D. Appliances
- Shipbuilding
- Rail

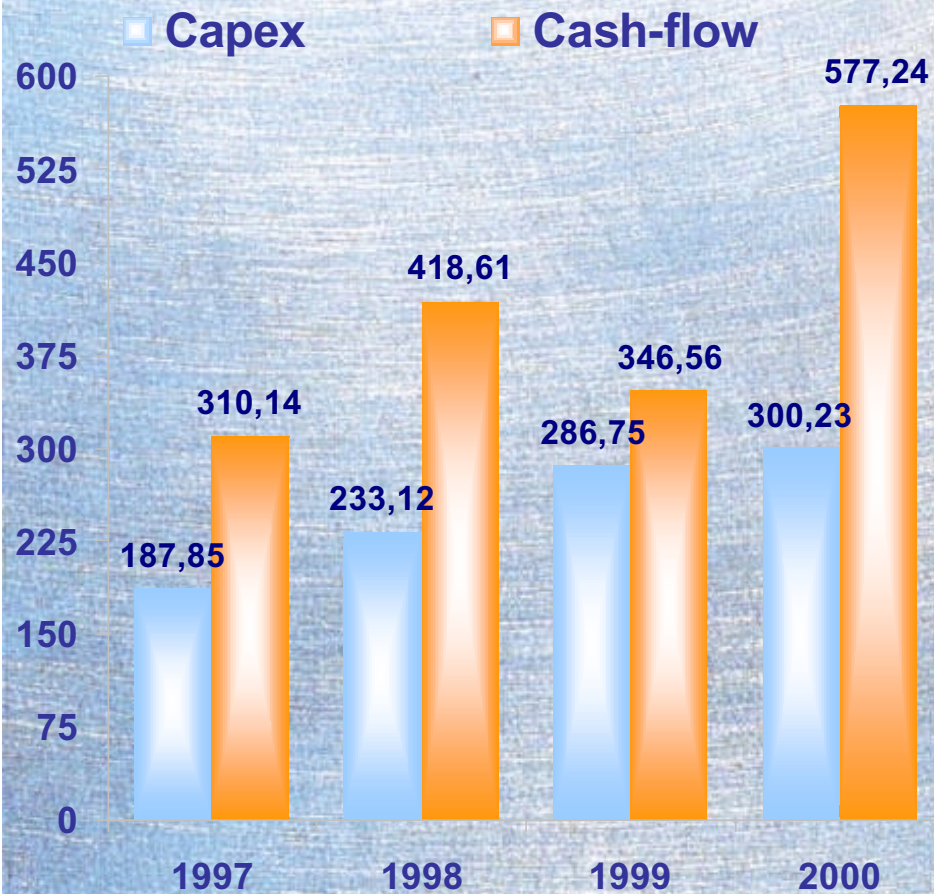
Sales to Direct Clients



Solid Financials

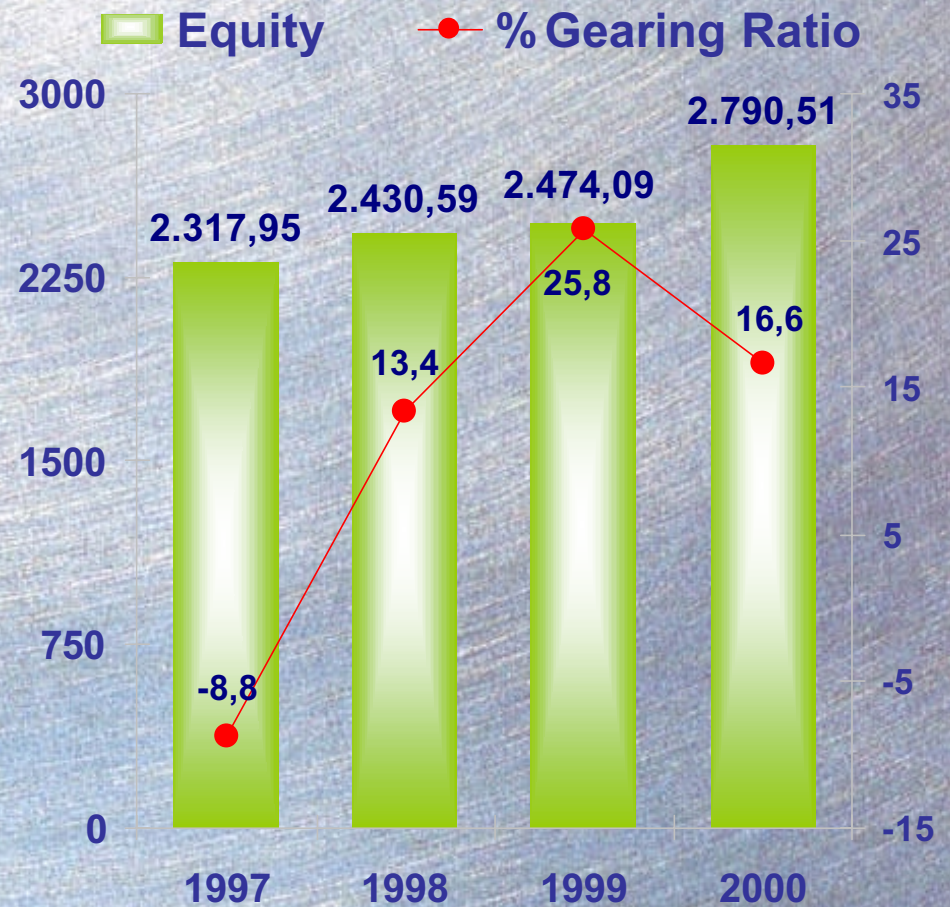
High Cash-flow Generated

Figures in Million Euros



Low Gearing Ratio

Figures in Million Euros





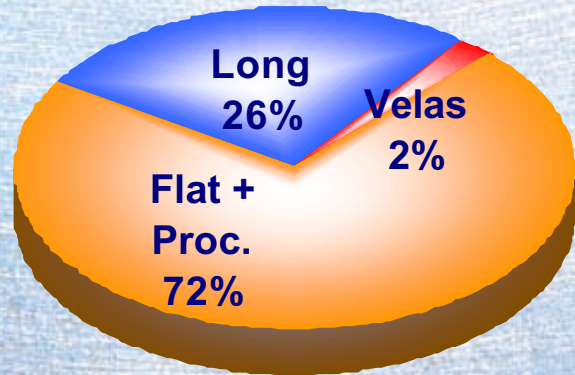
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Strategy Facing the Future

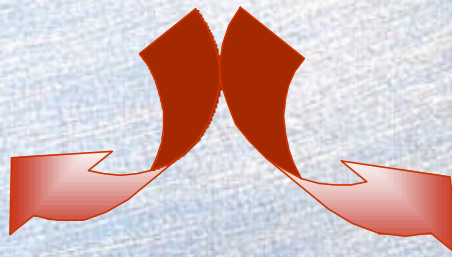


Adding Value to the Product Mix

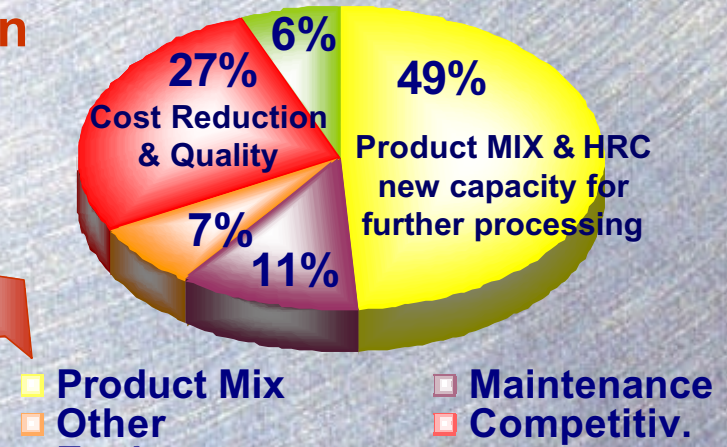
by Business Unit



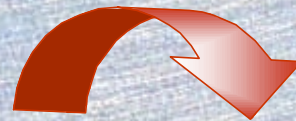
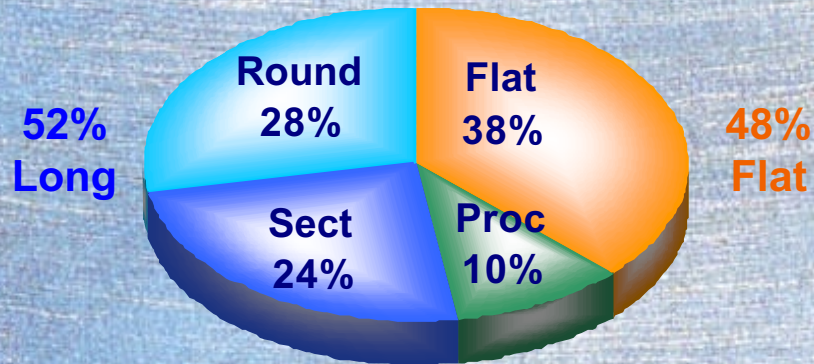
Capex 2000 - 2004
EUR. 1,000 Million



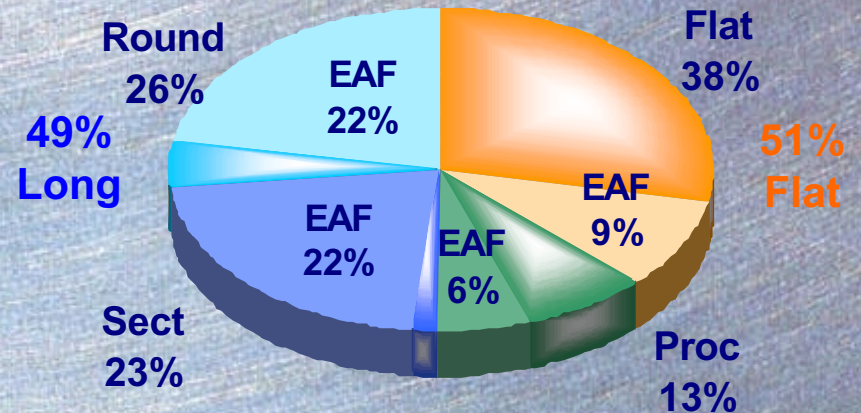
by Concept



Production 2000
9 MT Finished Products



Target Production 2004
10 MT Finished Products



Targets and Strategy facing the future



- ❑ **Consolidate market position in Spain:**
 - **Product Mix: Focus on High Added Value Products**
 - **Optimise the Integrated/Minimill steel allocation**
 - **Increase availability of HRC for further processing**
 - **Cost reduction**
 - **Quality**

- ❑ **Increase Presence in New Markets: Mediterranean Basin, NAFTA and Latin America**

- ❑ **Distribution Channels:**
 - **Extend Steel Service Centres**
 - **Global commercialisation with Arbed**
 - **E-Commerce**



Facing New Challenges

steel industry key success factors

Aceralia

Multiproduct

- Customers need for a global supply of steel
- Global product & service offering
- Offsetting different product cycles



Technology Advanced

- R&D
- Cost and Capex reduction



Financially Sound

- Low Gearing
- Optimum Returns
- Visibility in the financial markets



Cost and Operationally Efficient

- Cost and Capex reduction
- Optimization of the industrial configuration



Multigeography

- Focus on Profitable growing markets
- Opportunities to expand in other regions

