



CREATING A NEW GLOBAL LEADER IN STAINLESS AND SPECIALTY ALLOYS

November 8th 2019





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ACQUISITION OF VDM METALS

STRUCTURE

- Acerinox acquires 100% of VDM Metals Holding GmbH, the world's largest producer of specialty alloys

RATIONALE

- New paths to high quality growth for Acerinox
- Diversification and enhancement of product and market mix
- Balance of regional earnings
- "Plug & Play" acquisition
- Cash flow and EPS accretive from day 1
- Potential synergies of at least €14 million per annum
- Synergies beyond synergies

VALUATION ⁽¹⁾

- Total Enterprise Value of €532 million with locked box date as of 30th September 2019
- Transaction implied EV/EBITDA FY 18/19 of 5.5x before synergies
- Implied Equity Value of €310 million based on: (i) €57 million of net financial debt; (ii) €165 million of pensions and debt-like provisions. (2)

FINANCING

- All debt financed

CONDITIONS

- Regulatory approvals required from Competition Authorities

TIMETABLE

- Expected deal closing March 2020

Note:

1. Unaudited figures. Fiscal year ending on 30 September 2019
2. No further consideration or earn out have been considered



ABOUT VDM METALS

Technology Leader in Specialty Alloys for Mission-Critical Applications

7 Production Facilities in Germany and the US

12 Subsidiaries, **6** Sales Offices, **4** Service Centres, **18** Agents

62 Alloy Patent Applications

Global leader in Specialty Alloys

Serving International **CPI, O&G, Automotive, E&E and Aerospace** End Markets

€97 million

FY 2018/19 ⁽¹⁾
Adjusted EBITDA ⁽²⁾

€852 million

FY 2018/19 ⁽¹⁾
Production Sales

11%

FY 2018/19 ⁽¹⁾
Adjusted EBITDA Margin

> 1,700 Customers
> 2,000 Employees ⁽³⁾

Note:

1. Unaudited figures. Fiscal year ending on 30 September 2019
2. Excluding non recurrent items
3. As of January 2019

CPI: Chemical, Processing Industry
O&G: Oil and Gas
E&E: Electrical and Engineering



WHY VDM METALS?

Why is VDM Metals a Good Opportunity?

Market leader with growth Potential

- Globally #1 in specialty alloys market
- Reputation of excellence and strong brand name
- Significant growth potential in specialty alloys

Profitable and well managed business

- Consistent profitable business
- Successful restructuring process undertaken in the last years
- Long term order book with high visibility
- Well managed business with a solid strategy
- Long standing relationship with customers

Technology innovation and product excellence

- Innovation leader with excellent R&D know-how
- Company with the most product patents in the Industry
- Able to supply a full spectrum of high quality specialty alloys

Knowledgeable and experienced teams

- People committed to the business
- Operational teams with significant accumulated experience

How does VDM Metals fit in the Acerinox Group?

Enhancement and diversification of product mix and synergy potential

- Complementary product with similar end uses
- Expertise in projects and tailor-made solutions
- Boost sales with a wider product portfolio
- New pathways for earnings growth
- Potential to create an R&D leader
- Good cultural fit with Acerinox Group
- Potential synergies of at least €14 million per annum
- Synergies beyond synergies



CREATING A NEW GLOBAL LEADER IN STAINLESS AND SPECIALTY ALLOYS

ACERINOX IS A GLOBAL LEADER IN STAINLESS STEEL

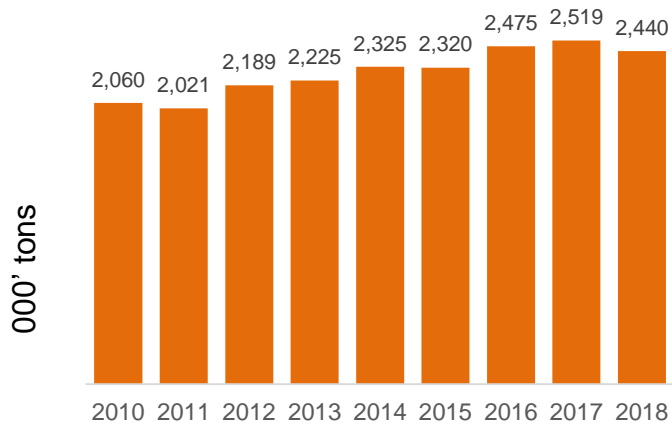
VDM METALS IS A GLOBAL LEADER IN SPECIALTY ALLOYS

ACERINOX + VDM METALS ADD GROWTH OPPORTUNITIES

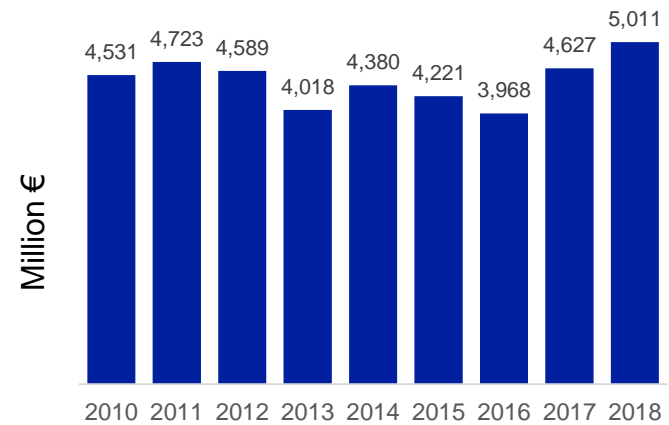


ACERINOX: MAIN FIGURES

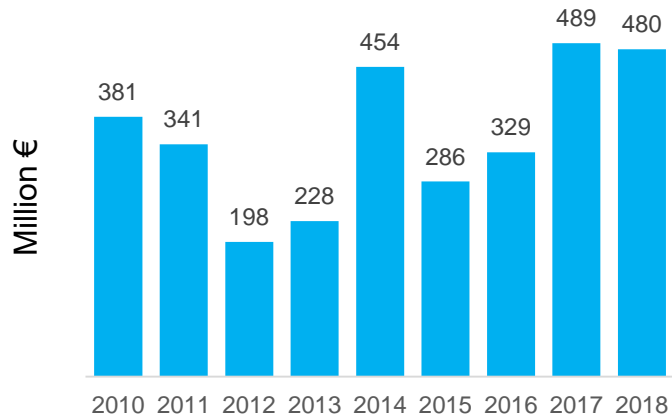
Melting Production



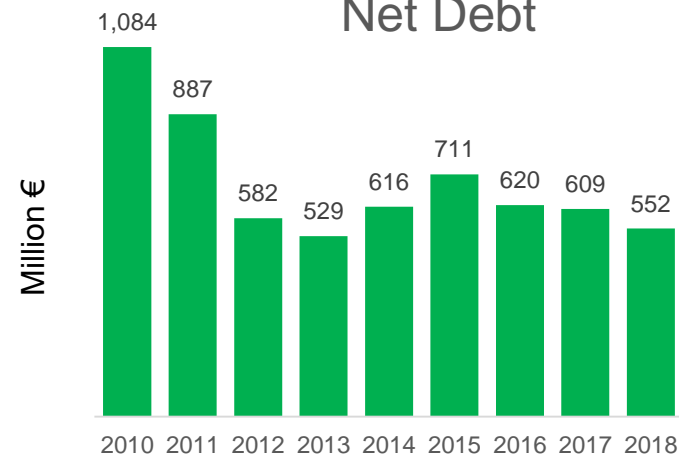
Sales



EBITDA



Net Debt

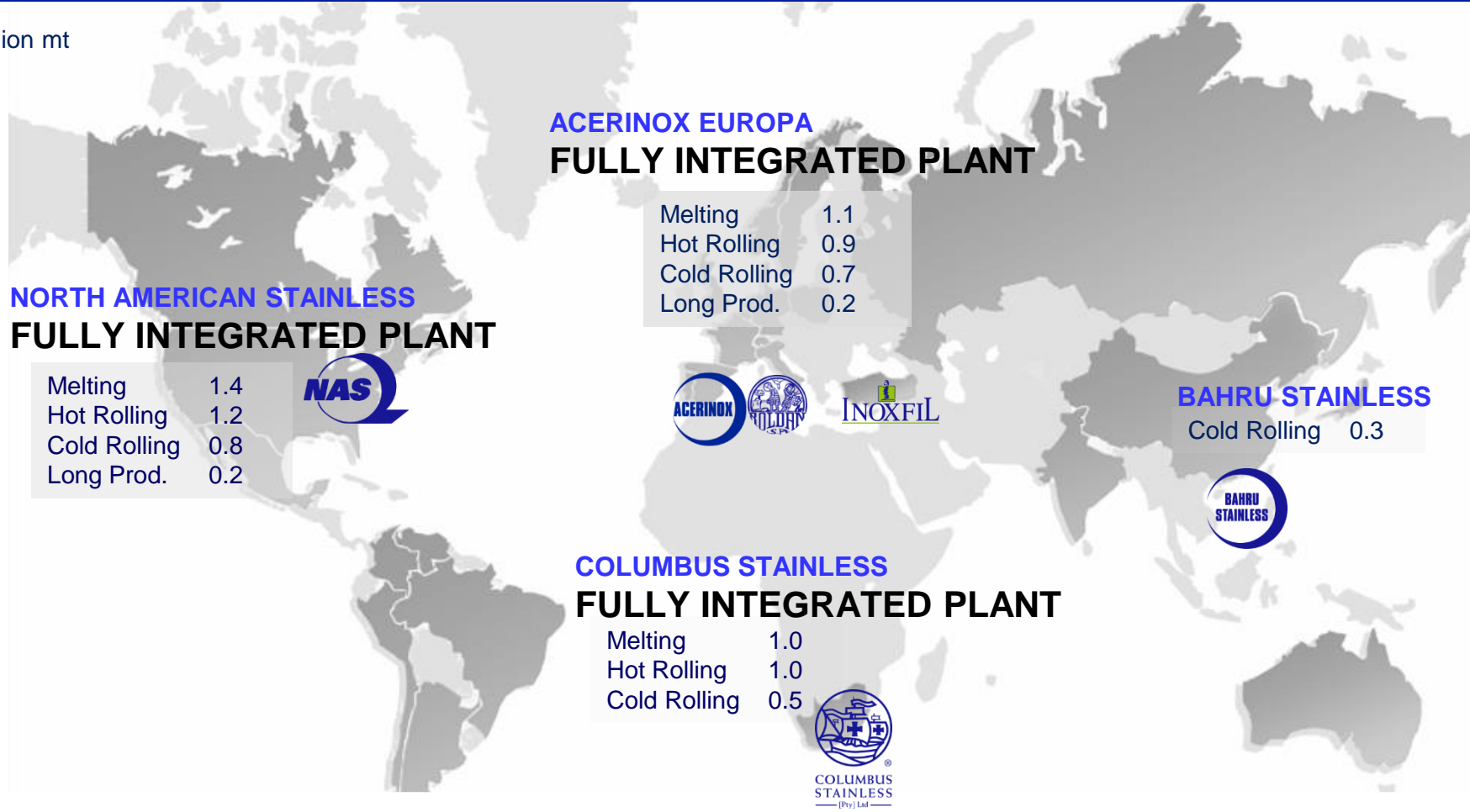




ACERINOX: PLANT LOCATIONS

Production in 4 continents

Million mt





ACERINOX: SALES GEOGRAPHICAL MIX

Presence in 5 continents

Year 2018

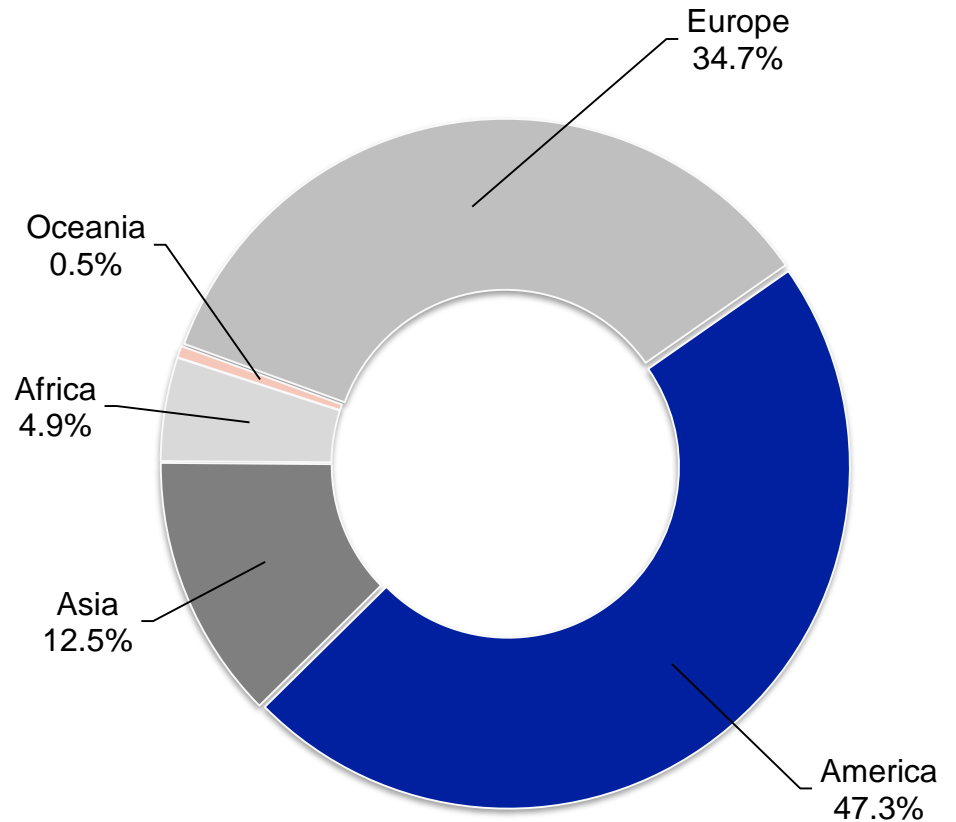
Spanish multinational
Sales in more than 80 countries

18 service centres

26 warehouses

35 commercial offices

14 commercial agents





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ACERINOX IS A GLOBAL LEADER IN STAINLESS STEEL

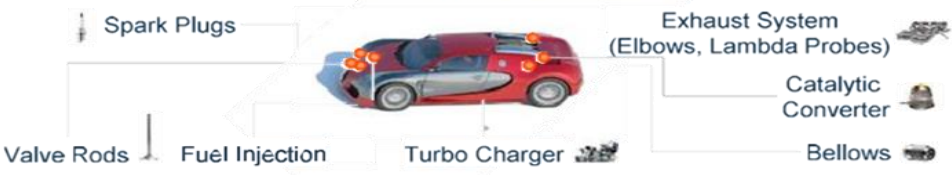
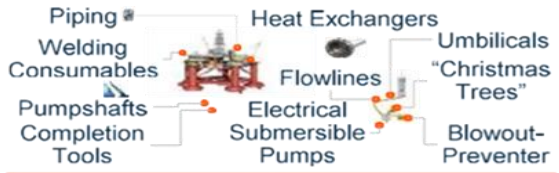
VDM METALS IS A GLOBAL LEADER IN SPECIALTY ALLOYS

ACERINOX + VDM METALS ADD GROWTH OPPORTUNITIES



NOT ALWAYS VISIBLE BUT ALWAYS INDISPENSABLE NOW AND FOR A SUSTAINABLE FUTURE

Sophisticated niche products with high growth potential

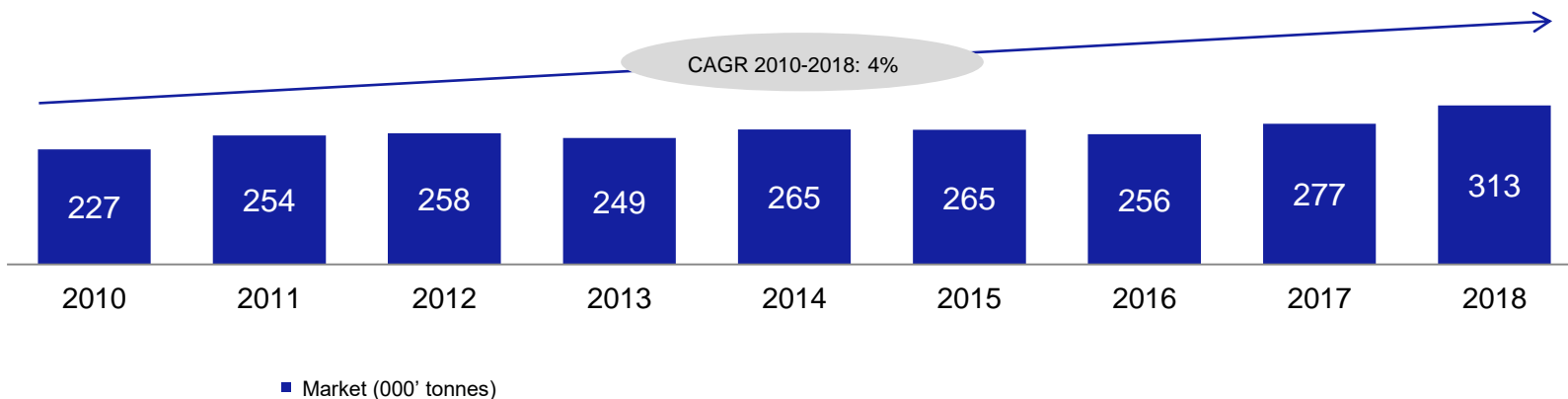




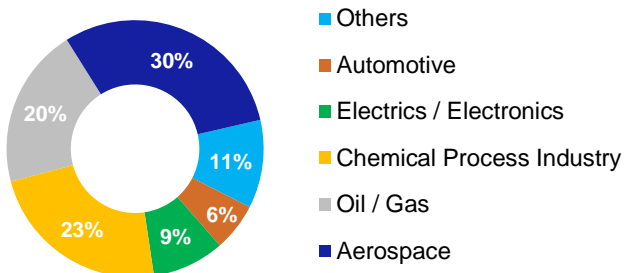
DEMAND FOR SPECIALTY ALLOYS

Specialty alloys is a strong growth market

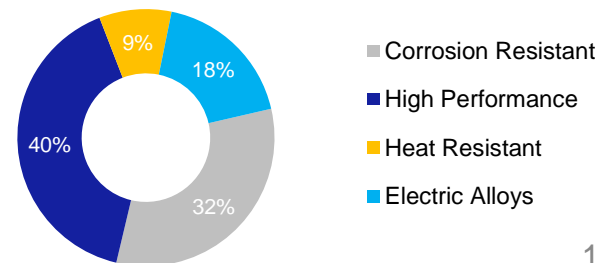
Specialty Alloys' Market (excl. Seamless Tube)



Market Breakdown by End-User (2018)



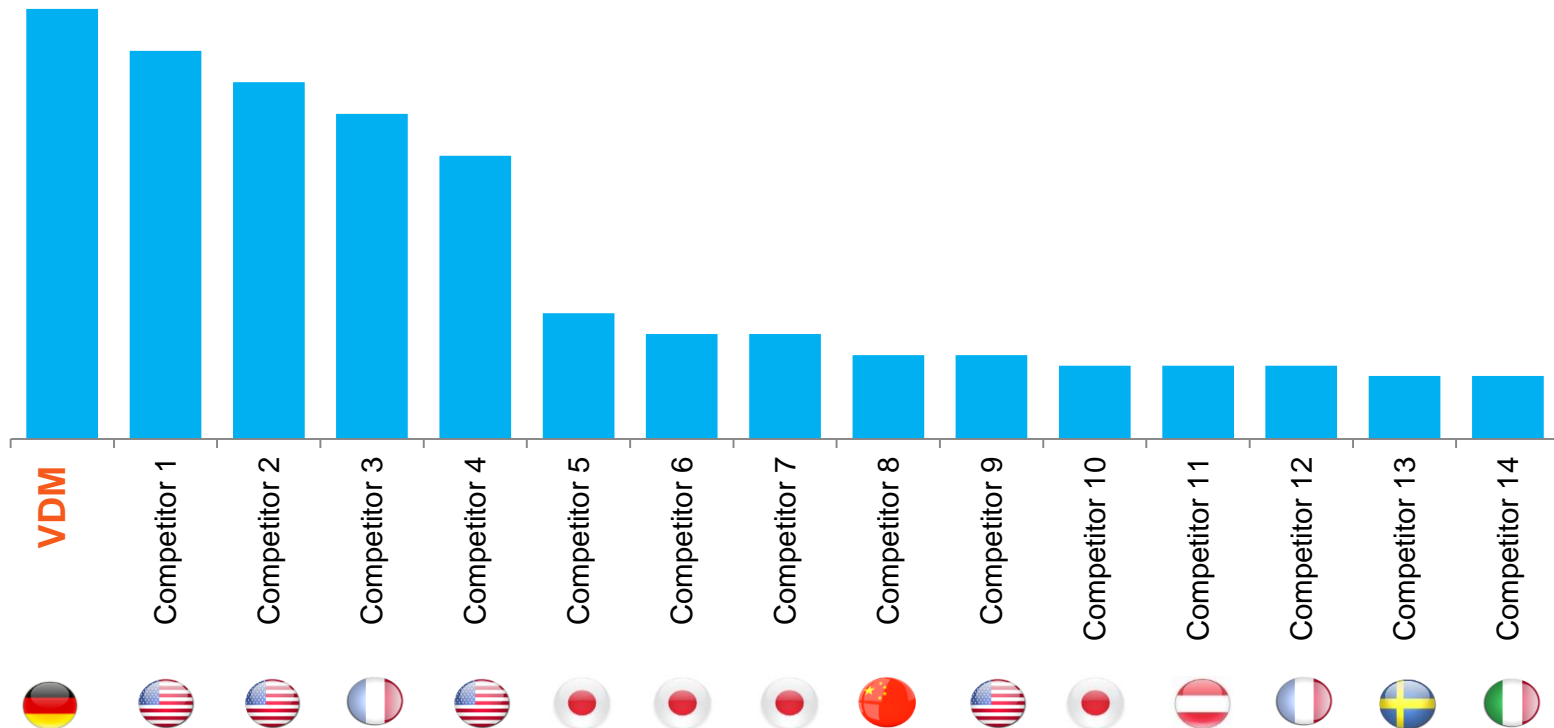
Market Breakdown by Alloy type (2018)



VDM METALS GLOBAL MARKET POSITION

Unique opportunity as the largest producer in specialty alloys

in 000' tons



Source: SMR Q3 2018



VDM METALS: PLANT LOCATIONS

7 production plants and 4 service centers (Germany, S. Korea, China and Australia)



Florham Park
Products: Melting, Bar, Ingot, Distribution



Reno
Products: Bar, Ingot, Shapes



Unna
Products: Melting, Forging, Rod and Bar, Powder



Duisburg
Products: Slab Rolling



Siegen
Products: Hot Rolling, Plate



Altena
Products: Plate, Rolled/ Drawn/Forged Bar



Werdohl⁽¹⁾
Products: Strip, Wire

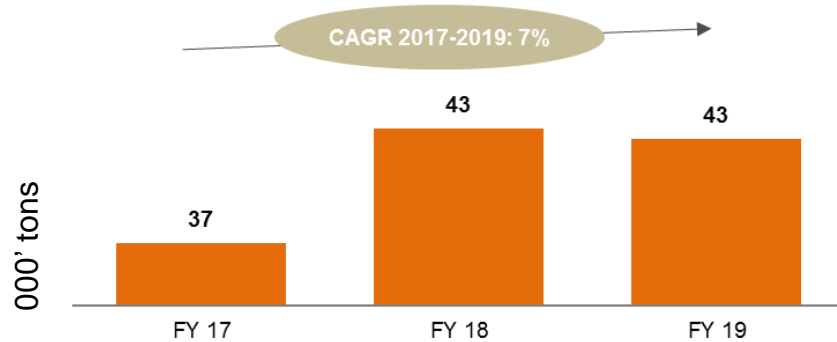
Notes:

1. Includes production facility and service center

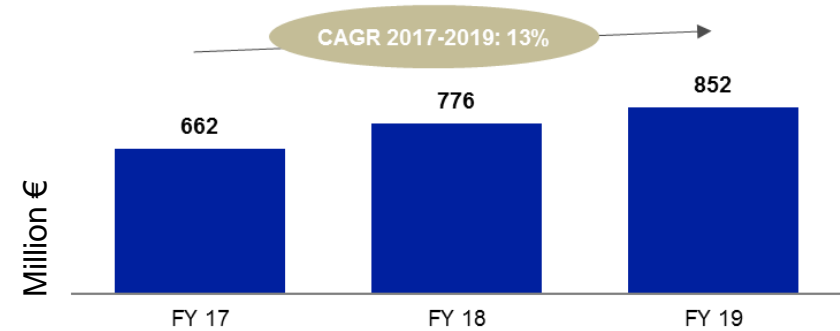
VDM METALS MAIN FIGURES

Solid revenue and earnings growth in recent years

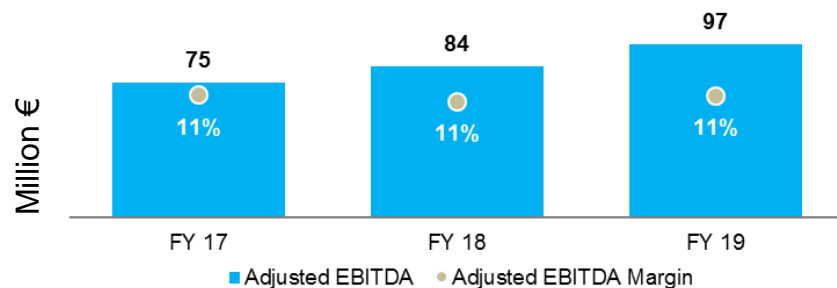
Volumes



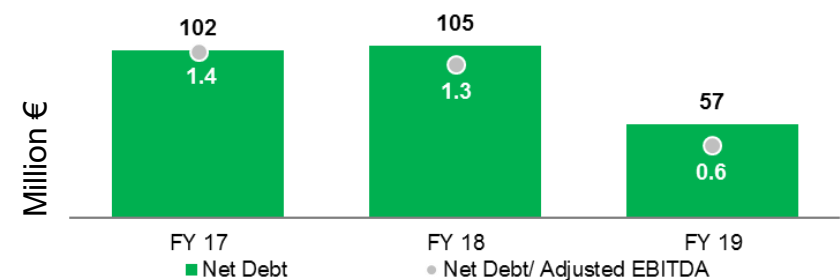
Production Sales¹



Adjusted EBITDA²



Net Debt





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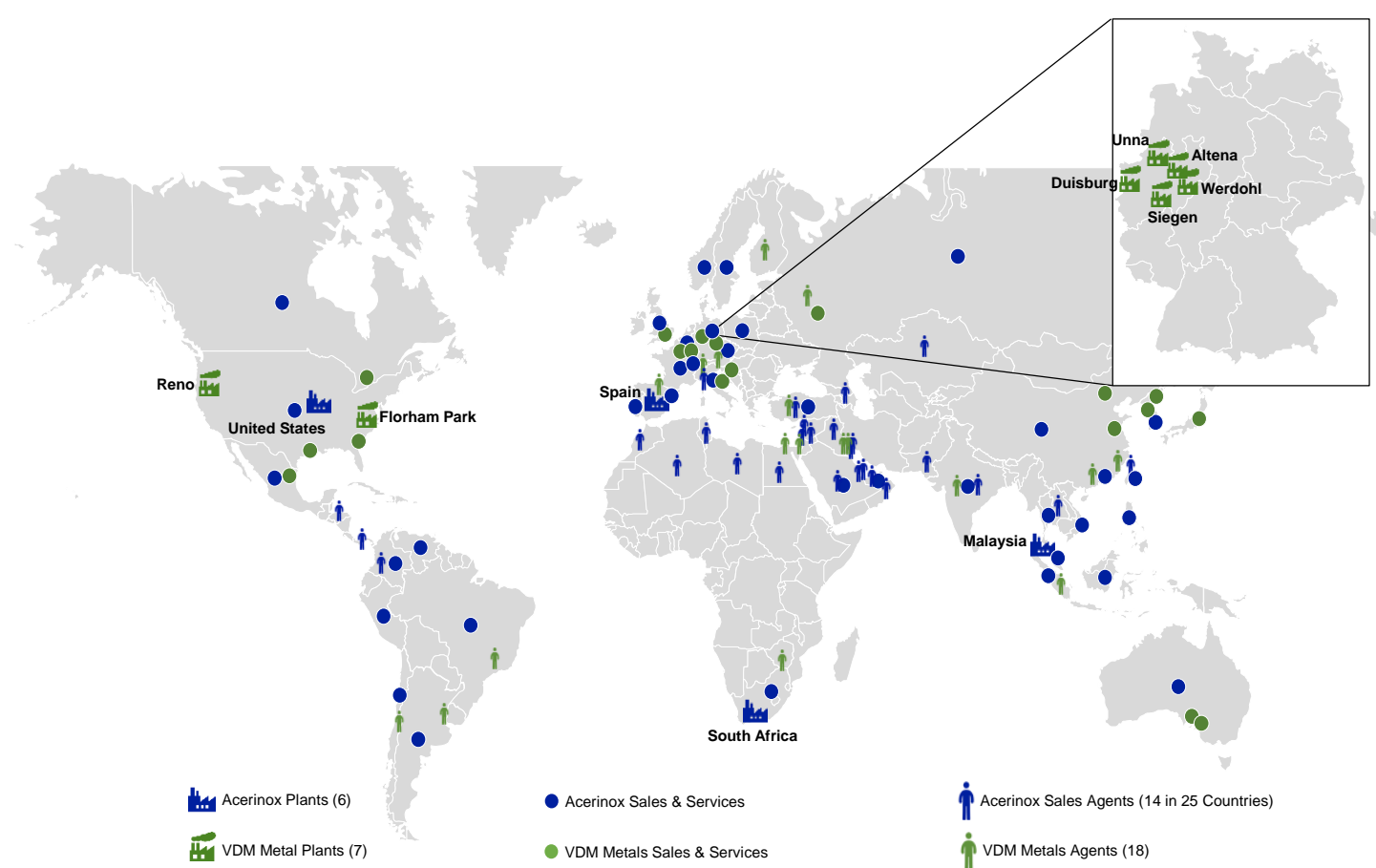
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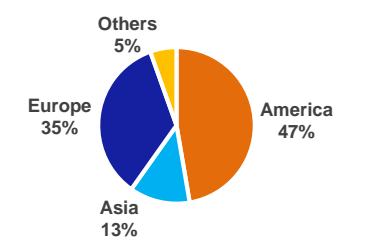


COMBINED GLOBAL FOOTPRINT AND SALES BY REGION

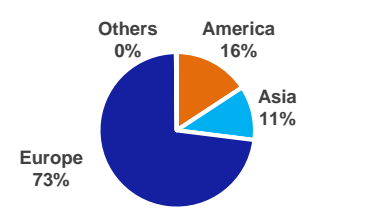
Strong regional complementarity



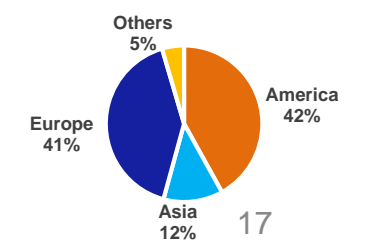
Acerinox (2018)



VDM Metals (2018)



Combined (2018)





A NEW GLOBAL LEADER IN STAINLESS AND SPECIALTY ALLOYS

Acerinox:
global leader in
stainless steel

VDM:
world's largest
producer in
specialty alloys

Creating value through:

- Enhancement of product mix
- Projects and tailor-made solutions
- Exceptional R&D capabilities
- Diversification of geographical earnings
- Less cyclical earnings stream
- Immediate synergy opportunities
- Significant new pathways for earnings growth

1



1

> 2



MANAGEMENT PRIORITIES: INTEGRATION, EARNINGS ENHANCEMENT AND BALANCE SHEET

Integration of VDM Metals “plug & play”

- VDM Metals is already well managed with strong market positions as a stand alone group.
- No complex restructuring nor reconfigurations.
- Integration should neither be disruptive nor complicated.
- Allows management to focus on enhancing the enlarged group from day 1.

Realisation of synergies

- Potential synergies of at least €14 million per annum
- Realisation of basic synergies should be relatively fast and straightforward.

Balance sheet and debt reduction through FCF

- Strong balance sheet and pro forma leverage impact to be minimal.
- Expect significant organic deleveraging over the following years.
- We remain committed to our current dividend policy.

Exploring further earnings enhancing strategies

- Focus immediately on scope for greater earnings growth.

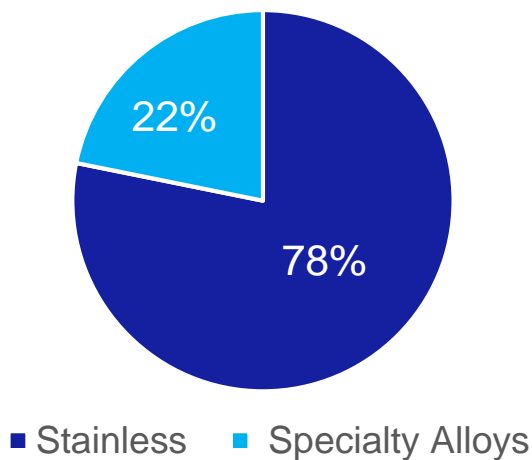


VALUE CREATION FOR SHAREHOLDERS

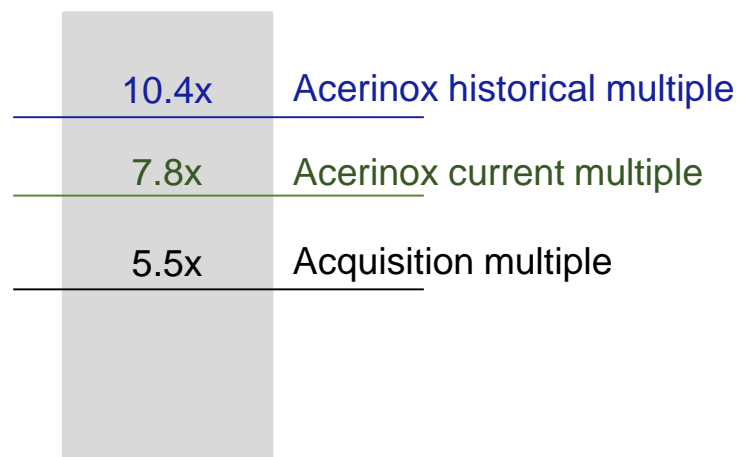
Value EPS and cash flow accretive with growth opportunities

- Attractive valuation of VDM Metals at 5.5x EV/EBITDA FY 18/19
- Immediately EPS and cash flow accretive
- Higher quality earnings
- Stronger free cash flow
- Regional diversification of earnings
- Lower cyclicality
- New and exciting paths for growth

Sept '19 LTM EBITDA (before synergies) CONTRIBUTION



EV / EBITDA



A world map is centered in the background, rendered in a dark blue color. Numerous location pins are scattered across the map, each featuring the ACERINOX logo. A semi-transparent dark grey horizontal band is overlaid across the middle of the map, serving as a background for the text.

THANK YOU

Q&A