

COMMERCIAL CHALLENGES IN THE CURRENT SCENARIO

Oswald Wolfe

Commercial Director of Acerinox Group

Investor and Analyst's Day

London, 8th November 2011





CURRENT SCENARIO IN STAINLESS MARKETS

- **Macroeconomic uncertainty.**
- **High impact of raw materials in the purchasing behaviour of a growing number of customers specially in the distribution sector.**
- **Global over supply.**
- **Low inventories, being rebuilt in some countries, although distributors/stockists are delaying restocking.**
- **Moderate global growth. Capital goods still on a freeze box but manufacturing has exceeded expectations globally, specially in the consumer goods sector (ie. Automobile).**
- **Base prices still low and transaction prices have fallen significantly in recent months due to the alloy surcharge.**
- **Credit conditions still relatively tight.**



HOW ACERINOX FACES THESE CHALLENGES?

- Lean and flexible commercial structure.
- Focus on stainless with an experience team of people.
- Reducing the stocks in the supply chain and centralizing.
- Reducing our lead times.
- Profitability and service, our driven fundamentals.
- Proximity to markets. We are locals in each markets.
- Wide range of products from our mills in 4 continents and Experts in Ferritics, Duplex grades and 301 & 200 series.





WHERE DO WE SEE THE OPPORTUNITIES?

- Global supplier to global customers.
- Taking advantage of new opportunities in emerging markets, like Eastern Countries, Turkey, Middle East, South America and Africa.
- Emerging Asia, led by China, and specially ASEAN countries will be the fastest-growing region of global economy over next decade.
- Stainless steel end-of-life recycling rates are high compared with other metals and growing recommendations for long-term use in buildings and infrastructures.
- Currency fluctuations could become an opportunity for our mills.
- Main areas for growth in stainless steel:

Climate change

• Solar Energy / Wind Energy / Biofuels

Quality of life

• Water treatment / Food industry

Urbanization

• Architecture / Bridges / Tunnels

Mobility

• Public Transport



WHERE DO WE SEE THE OPPORTUNITIES?

Main areas for growth in stainless steel

Climate change

• Solar Energy / Wind Energy / Biofuels



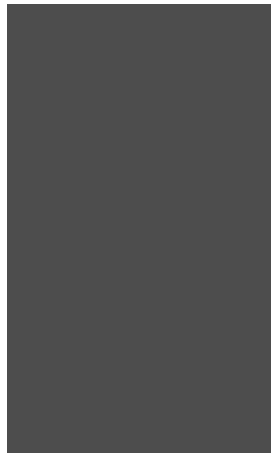


WHERE DO WE SEE THE OPPORTUNITIES?

Main areas for growth in stainless steel

Quality of life

• Water treatment / Food industry





WHERE DO WE SEE THE OPPORTUNITIES?

Main areas for growth in stainless steel

Urbanization

• Architecture / Bridges / Tunnels / Urban furniture





WHERE DO WE SEE THE OPPORTUNITIES?

Main areas for growth in stainless steel

Urbanization

• Architecture / Bridges / Tunnels





WHERE DO WE SEE THE OPPORTUNITIES?

Main areas for growth in stainless steel

Urbanization

• Architecture / Bridges / Tunnels





WHERE DO WE SEE THE OPPORTUNITIES?

Main areas for growth in stainless steel

Urbanization

• Architecture / Bridges / Tunnels





WHERE DO WE SEE THE OPPORTUNITIES?

Main areas for growth in stainless steel

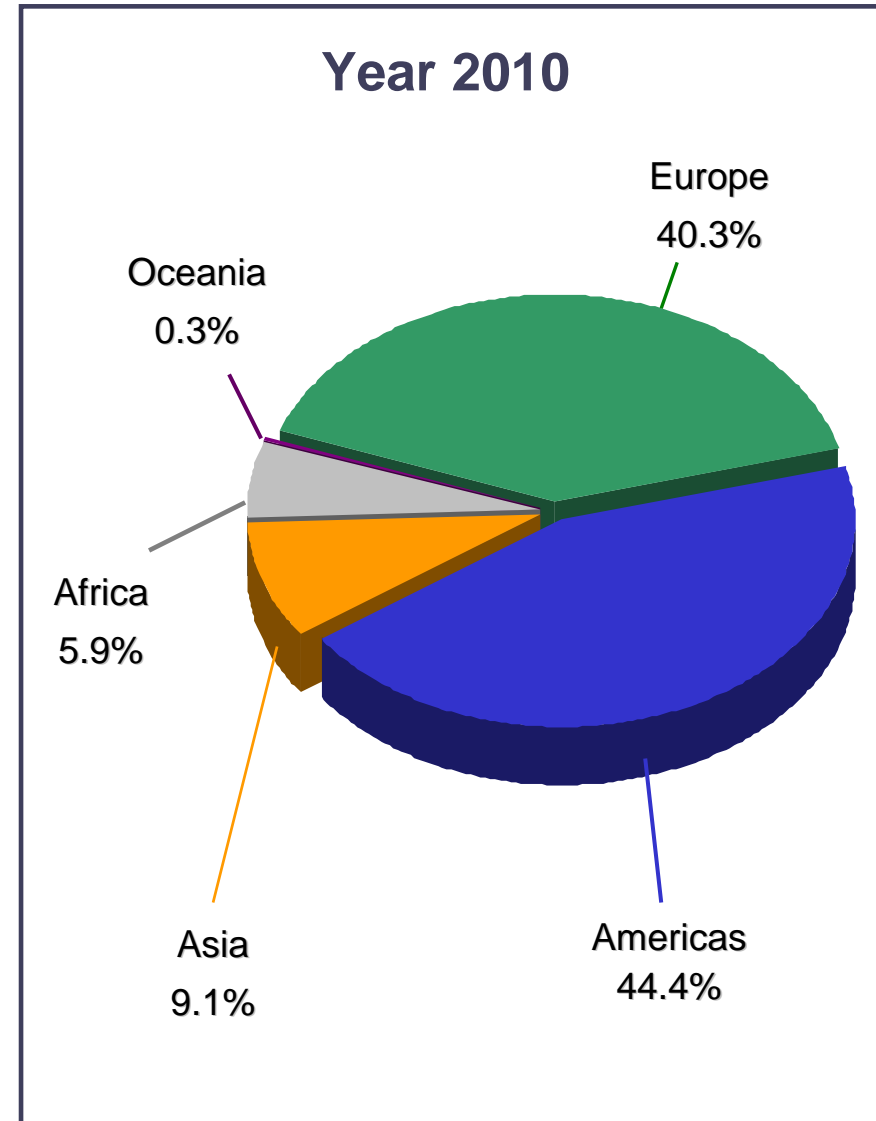
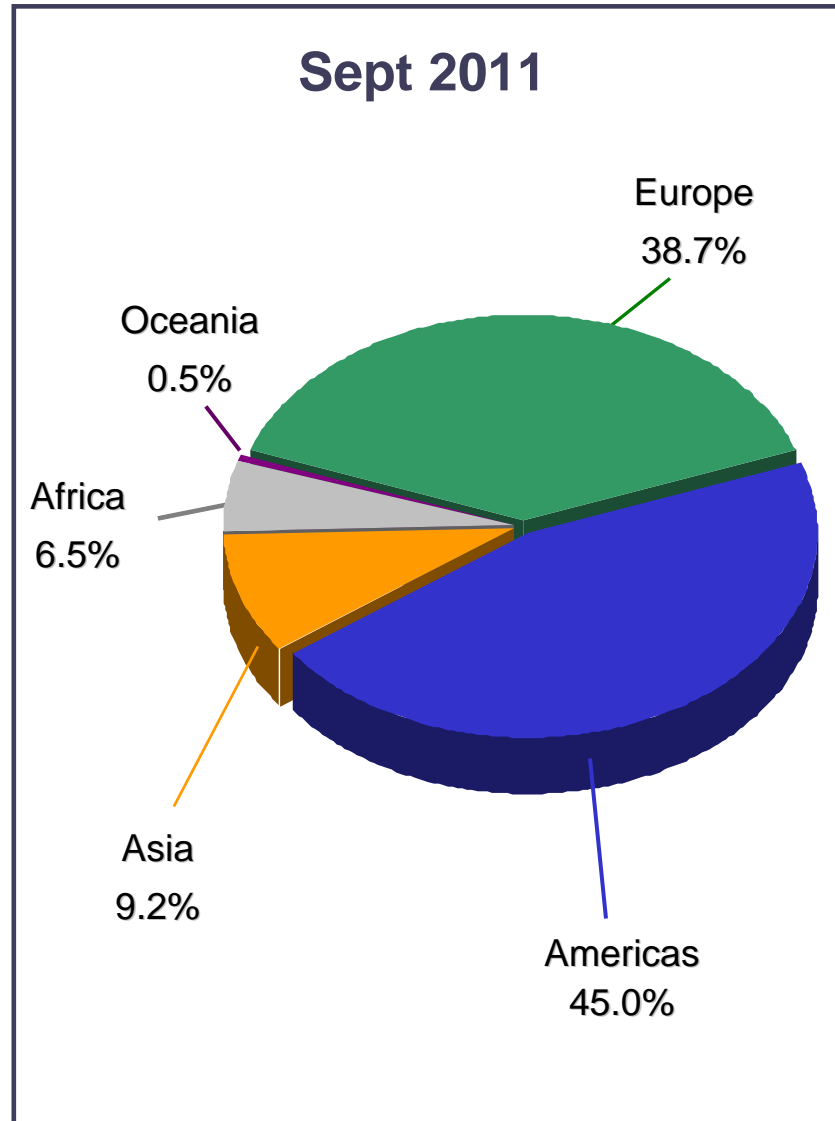
Mobility

- Public Transport



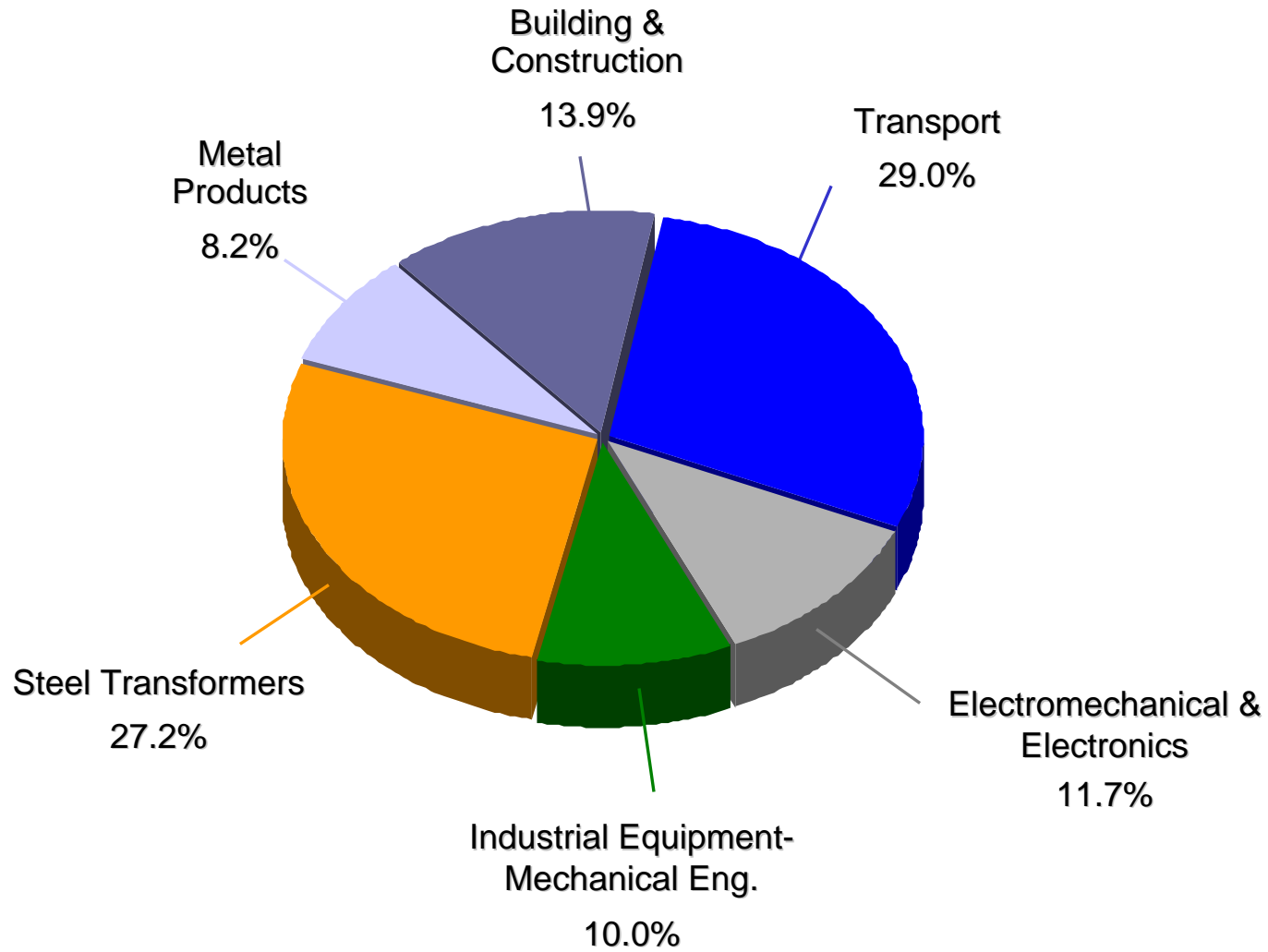


GEOGRAPHICAL DISTRIBUTION OF ACERINOX GROUP NET SALES



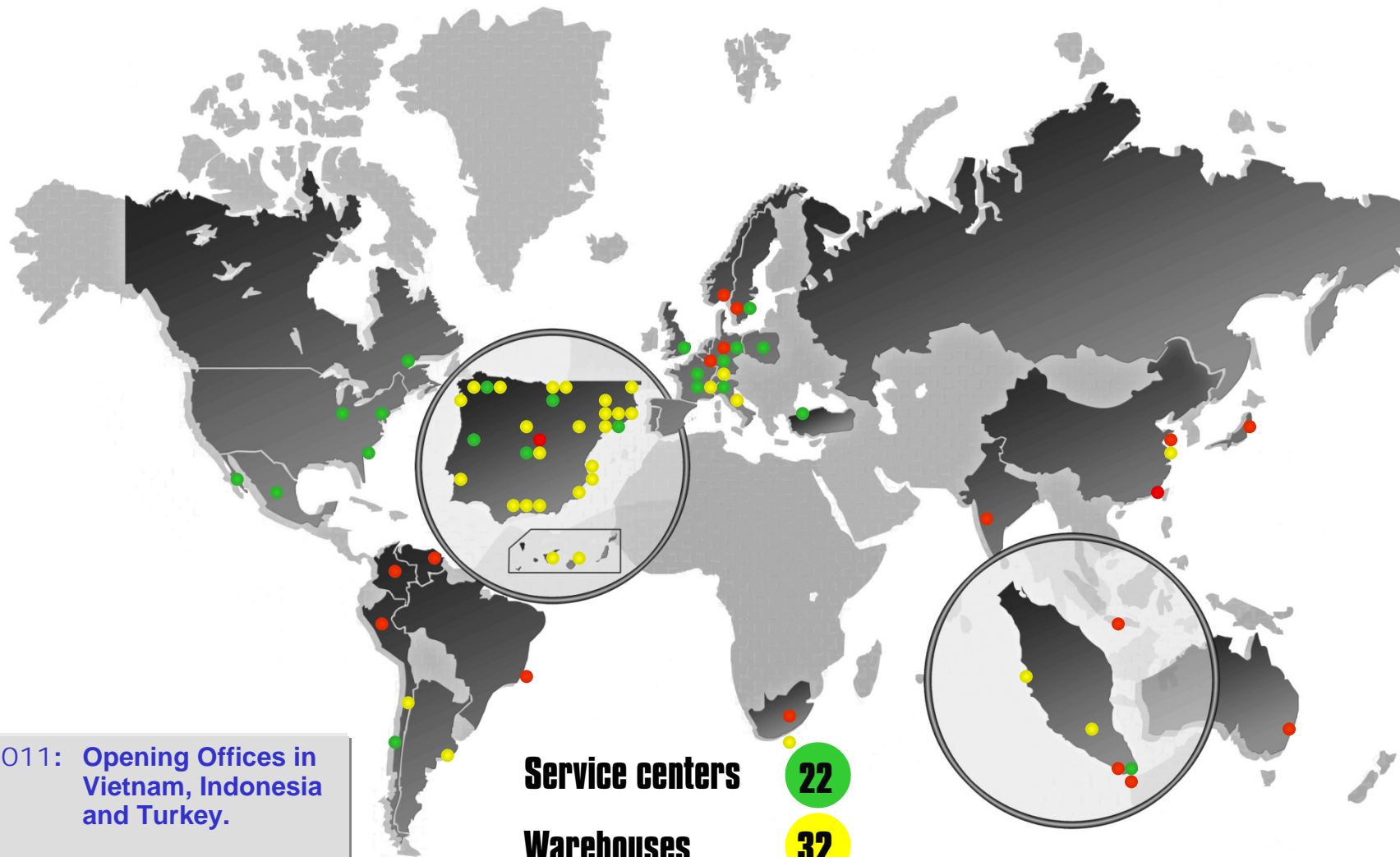


DISTRIBUTION OF ACERINOX GROUP NET SALES





COMMERCIAL NETWORK OF ACERINOX GROUP . YEAR 2010



2011: Opening Offices in Vietnam, Indonesia and Turkey.

2012: Service centre in Colombia.

Service centers

22

Warehouses

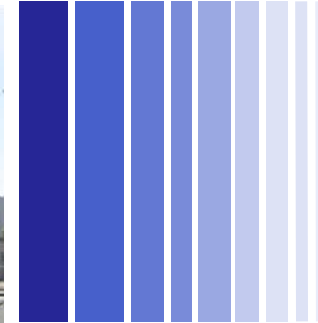
32

Offices

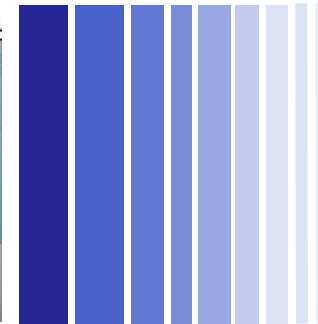
19



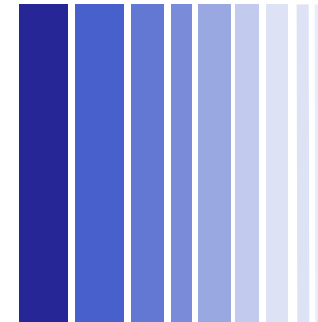
32 WAREHOUSES



19 OFFICES



22 SERVICE CENTERS





400,000m² → 98.84 acre

COVERED SURFACE, WAREHOUSES



COMMERCIAL NETWORK: OFFICES



YICK HOE, PENANG,
MALAYSIA



MADRID, HEADOFFICE



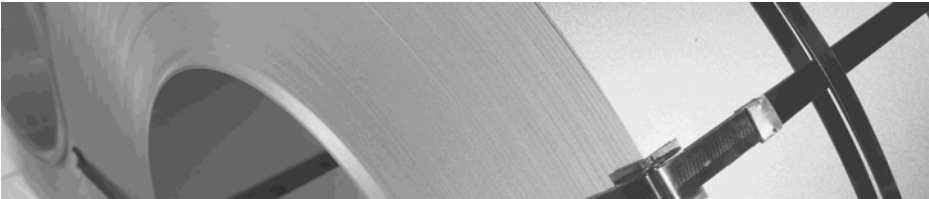
WUXI, CHINA



www.acerinox.com



COMMERCIAL NETWORK: WAREHOUSES



TARRAGONA, SPAIN



COMMERCIAL NETWORK: WAREHOUSES



GRUPINOX - 22 WAREHOUSES - SPAIN



COMMERCIAL NETWORK: SERVICE CENTERS

ACERINOX POLSKA



ACERINOX UK





COMMERCIAL NETWORK: SERVICE CENTERS



TROFA , PORTUGAL



MALMOE, SWEDEN



BASIANO, ITALY



YICK HOE, MALAYSIA



BARCELONA, SPAIN

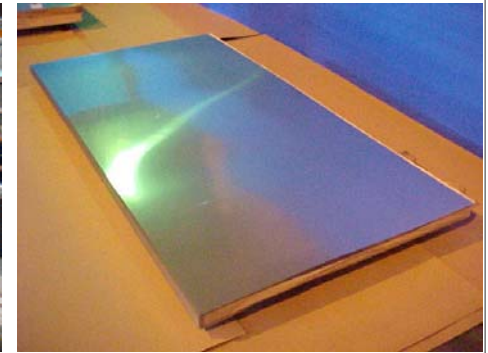


SERVICE CENTERS: LINES and CAPACITIES

SLITTERS: **23** lines

CUT TO LENGTH: **18** lines

POLISHED: **10** lines



SLITTER: **800,000** TONS/YEAR

CUT TO LENGTH: **500,000** TONS/YEAR

POLISHED: **60,000** TONS/YEAR



BAHRU STAINLESS MARKET

Long time presence in China:

- **Acerinox Pacific**, in Hong Kong since 1980 office and a warehouse.
- **Acerinox Shanghai**, in 2007 office and warehouse, followed by a sales office in Wuxi in 2009 and opening another in Guangzhou in 2011.

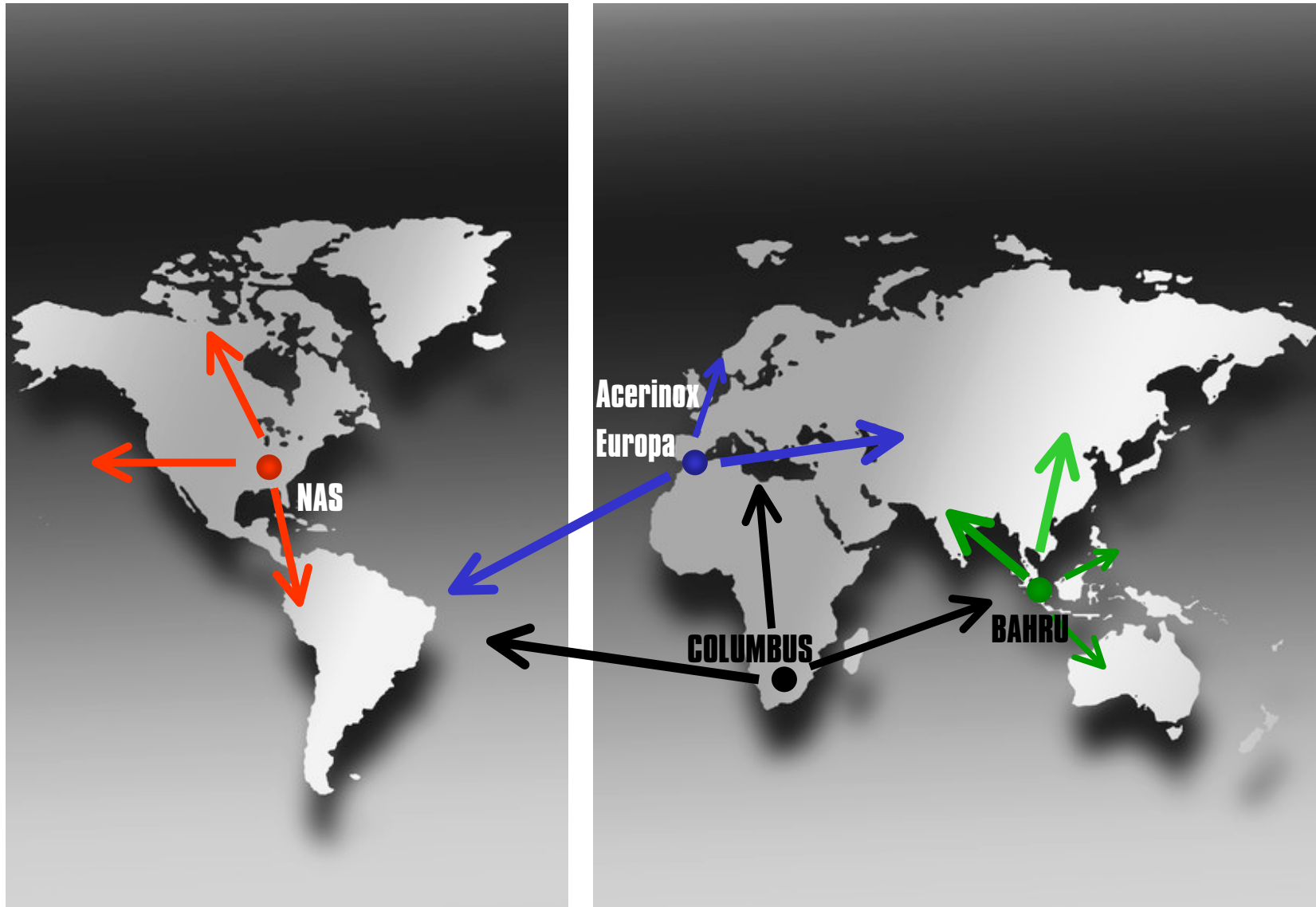
South East Asia:

- **Acerinox SEA**, 1994 sales office in Singapore.
- **Acerinox Australia**, 1997 sales office in Sydney.
- **Acerinox Malaysia**, in Johore in 2009.
- **Yick Hoe Metals**, in Johore (Malaysia) in 2005, 25% stake in a coil service center and in 2009 full ownership.
- **2009**, warehouse in Kuala Lumpur.
- **2010**, warehouse in Penang.
- **Acx India**, in 2008 Sales office in Mumbai.
- **Acx Indonesia**, 2011 sales office in Jakarta and planned warehouse in 2012.
- **Acx Vietnam**, 2011 sales office in Hanoi.





Acerinox Group Worldwide presence





Thank you