

**Q2 2024**

Results Presentation



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July 24, 2024

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# Q2 2024 at a glance



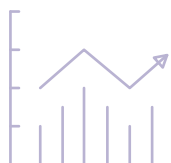
**Satisfactory Q2 EBITDA of €125 million** (€236 million in H1), despite weak market conditions and strike in Acerinox Europa



**Strong cash generation in Q2 of €77 million** (€266 million in H1), supported by **EBITDA** and **working capital reduction**



**Net debt at €191 million**, €43 million lower than in Q1 2024 (€150 million lower than Q4 2023)



**Outlook: We expect Q3 EBITDA to be in line with Q2**

# Contribution to circular economy and sustainable development

## 2030 sustainability targets (\*)



**Eco-efficiency and climate change mitigation**

- **GHG emissions** (Scopes 1 & 2): 8% increase [2030 target: 20% intensity reduction from 2015 baseline]
- **Water withdrawal:** 46% reduction [2030 target: 20% intensity reduction from 2015 baseline]
- **Energy:** 4% increase [2030 target: 7.5 % intensity reduction from 2015 baseline]



**Engaged team, culture, diversity, and safety**

- **Safety:** 6% reduction from FY 2023 [target: 26% YoY reduction in TIR]
- **Diversity:** 13.4% women [2030 target: women account for 15% of workforce]



**Circular economy and sustainable products**

- **Waste reduction:** 90% valorization [2030 target: 90% valorization]

**Recycling 100% of:**

Grinders / Oily paper / Oil (decantation, flame-retardant and hydraulic) / Process scrap & metal recovered / Machined electrodes / Paper / Plastic / Cardboard / Others

● In target ● Below target

## 360° Positive Impact Plan



**Most significant sustainability initiatives in Q2 2024**



**Eco-efficiency and climate change mitigation**

- Adherence to the UN-CEO Water Mandate
- New decarbonization plan 2024-2030



**Circular economy and sustainable products**

- End-of-waste condition for the use of slag as a concrete aggregate



**Committed team, culture, diversity, and safety**

- Mental Health EAP Program
- Women's empowerment training program



**Supply chain and impact in the community**

- Global Compact supplier certification program
- Mentoring program for people with a disability



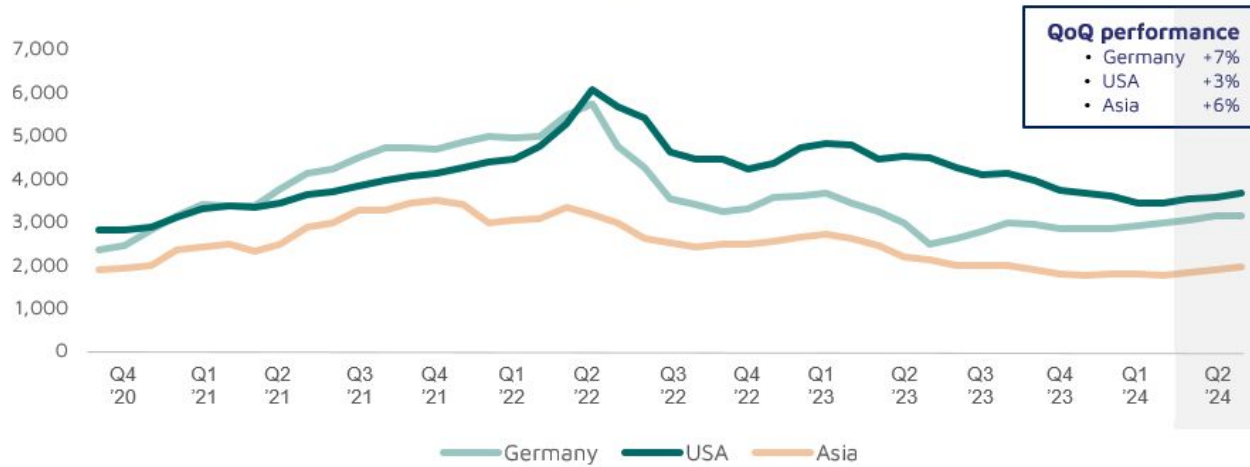
**Ethical, responsible, and transparent governance**

- Cybersecurity training and awareness program for employees

(\*) Acerinox Europa strike impacted the KPI's

# Q2 2024: Market Highlights

## Prices stainless steel sheet (AISI 304) USD/ton



## Nickel USD/ton



## Ferrochrome US\$/Lb. Cr



## STAINLESS STEEL

USA

- Apparent demand of flat products up 3% in 2024 through May
- Inventories below historical average
- Base price stable after reduction at the beginning of the year
- Imports of flat products market share: 27% in 2024 through May

EUROPE

- Apparent demand of flat products down 7% through May
- Inventories remain below historical average
- Imports of flat products market share: 14% in May
- Prices increased during Q2 but remain at low levels

## HIGH-PERFORMANCE ALLOYS (HPAs)

- **HPA market driven by good demand**
- **Oil and gas (O&G) auto and aerospace** markets in a solid situation with high order books
- **Electronics and electrical engineering (E&E)** market is coming back after low demand last year.

● favorable ● challenging

# Q2 & H1 2024: Consolidated group highlights

## CONSOLIDATED RESULTS

<i>Million EUR</i>	Q2 2024	Q1 2024	Q2 2023	H1 2024	H1 2023	% Q2 24/ Q2 23	% H1 24/ H1 23
Melting production (thousands of metric tons)	405	461	534	866	1,020	-17%	-15%
Net Sales	1,299	1,481	1,782	2,781	3,522	-25%	-21%
<b>EBITDA</b>	<b>125</b>	<b>111</b>	<b>226</b>	<b>236</b>	<b>462</b>	<b>-47%</b>	<b>-49%</b>
<b>EBITDA margin</b>	<b>10%</b>	<b>7%</b>	<b>13%</b>	<b>8%</b>	<b>13%</b>		
EBIT	84	71	182	155	378	-57%	-59%
<i>EBIT margin</i>	6%	5%	10%	6%	11%		
Results before taxes and minorities	84	71	179	155	371	-56%	-58%
Results after taxes and minorities	62	53	136	114	278	-57%	-59%
<b>Operating cash flow (before investments)</b>	<b>77</b>	<b>188</b>	<b>-19</b>	<b>266</b>	<b>-77</b>	-	-
Net financial debt	191	234	721	191	721	-73%	-73%

**Strong contribution**  
from **NAS** and  
**HPA division**

**H1 EBITDA: €236 million**  
(8% margin)  
Q1: €111 million (7% margin)  
Q2: €125 million (10% margin)

**Net debt of €191 million:**  
€150 million lower  
than in Q4 2023

# Q2 & H1 2024: Stainless steel highlights

Million EUR	Q2 2024	Q1 2024	Q2 2023	H1 2024	H1 2023	% Q2 24/ Q2 23	% H1 24/ H1 23
Melting production (thousands of metric tons)	384	440	465	824	979	-17%	-16%
Net sales	993	1,109	1,369	2,102	2,846	-28%	-26%
<b>EBITDA</b>	<b>92</b>	<b>80</b>	<b>191</b>	<b>171</b>	<b>388</b>	<b>-52%</b>	<b>-56%</b>
<i>EBITDA margin</i>	9%	7%	14%	8%	14%		
Amortization and depreciation	-32	-32	-34	-64	-69	-6%	-7%
EBIT	59	49	159	108	320	-63%	-66%
<i>EBIT margin</i>	6%	4%	12%	5%	11%		
<b>Operating cash flow (before investments)</b>	<b>69</b>	<b>112</b>	<b>-43</b>	<b>182</b>	<b>70</b>	-	<b>158%</b>



## Q2 EBITDA: €92 million

Impact of Acerinox Europa strike: €-28 million

## H1 EBITDA: €171 million

Impact of Acerinox Europa strike: €-43 million  
Lower base prices in NAS  
Weak market conditions

## Strong operating cash flow:

Q2: €69 million

H1: €182 million

Efficient **working capital**  
management: release of  
€41 million in H1

# Q2 & H1 2024: High-performance-alloys highlights



## H1 EBITDA of €65 million

(9% margin)

Q1: €31 million

Q2: €34 million

## Operating cash flow

Q2: €8 million

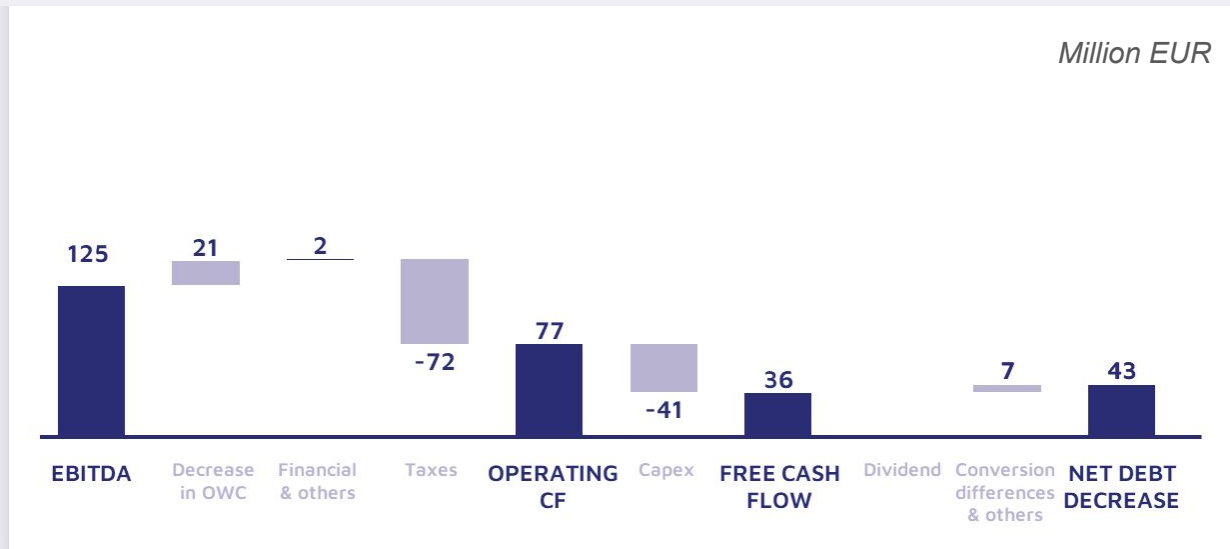
H1: €84 million

Million EUR	Q2 2024	Q1 2024	Q2 2023	H1 2024	H1 2023	% Q2 24/ Q2 23	% H1 24/ H1 23
Melting production (thousands of metric tons)	20	21	21	42	40	-3%	3%
Net sales	311	378	387	689	692	-20%	-
<b>EBITDA</b>	<b>34</b>	<b>31</b>	<b>47</b>	<b>65</b>	<b>76</b>	<b>-29%</b>	<b>-15%</b>
<b>EBITDA margin</b>	<b>11%</b>	<b>8%</b>	<b>12%</b>	<b>9%</b>	<b>11%</b>		
Amortization and depreciation	-6	-7	-6	-13	-12	6%	9%
EBIT	28	25	42	53	65	-34%	-19%
EBIT margin	9%	7%	11%	8%	9%		
<b>Operating cash flow (before investments)</b>	<b>8</b>	<b>76</b>	<b>-15</b>	<b>84</b>	<b>-147</b>	<b>-</b>	<b>-</b>

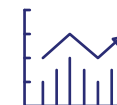
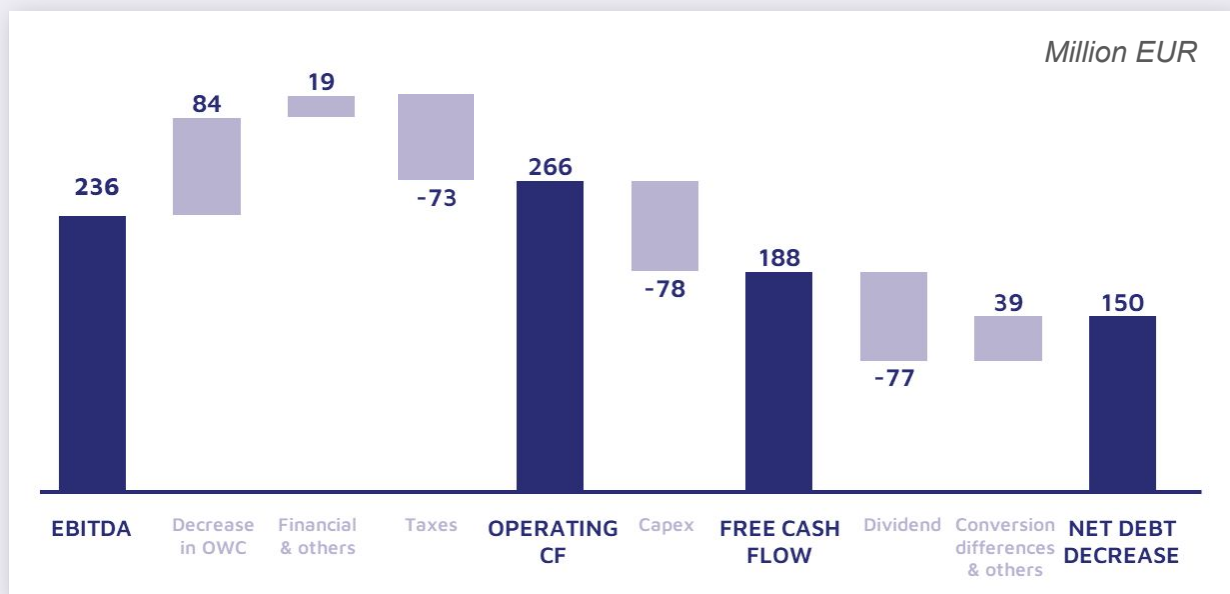


# Capital allocation

Q2



H1



## Q2 & H1 Highlights

**Solid operating cash flow:**

Q2: €77 million

H1: €266 million

**Dividend payment in H1:**

€77 million

**Strong debt reduction:**

Q2: €43 million

H1: €150 million

# Acerinox strategy

## Stainless division



New collective bargaining agreement at Acerinox Europe that will drive a new business model focused on higher value-added products, flexibility and versatility.



Bahru Stainless plant has ceased production activity during Q2

## **HAYNES** International acquisition



USA antitrust and CFIUS,  
and FDI in Europe: Approved



Haynes extraordinary  
shareholders' meeting: Approved



Regulatory approval in  
Austria & UK: Pending



Deal expected to close: end Q4 2024

**Investments in NAS (USA) and in VDM-Metals are on schedule**

# Beyond Excellence Target: a new drive for competitiveness

€100 million target at EBITDA level (2024-2026)



**Decarbonization**  
**€0.4 million**

Energy consumption  
optimization



**Efficiency**  
**€9 million**

Raw materials  
optimization



**Customer centric**  
**€2 million**

Predictive quality  
through data analytics



**R+D+I Value-added  
products**  
**€2 million**

New alloys for sale



**Productivity**  
**€3 million**

Overall efficiency  
Improvement



**Supply chain**  
**€3 million**

Energy cost reduction



Budget EBITDA 2024

**€45.0M**



Real EBITDA H1

**€19.8M**



Consecution 2024

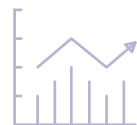
**44.0%**

# Conclusions & outlook



## 01

Acerinox obtained a **satisfactory EBITDA** in H1 2024



## 02

**Strong cash generation:**  
Net financial debt  
€191 million



## 03

**Shareholder return:**  
€0.62 per share in 2024  
(6% dividend yield as of today)



## 04

**Stainless:**  
Weak market conditions  
Lack of visibility  
Low inventory levels  
Acerinox Europa recovery  
**HPAs:**  
Stable order book



## 05

**Update on Haynes acquisition:**

- CFIUS green light
- Waiting for Austria and UK
- Expected to close in Q4



## 06

We expect  
**Q3 EBITDA** to be **in line**  
with Q2

# Alternative Performance Measures (Definitions)

**Beyond Excellence:** Operational excellence program for 2024 to 2026. These initiatives will be based on digital transformation, interdisciplinary collaboration, and a commitment to innovation

**Excellence 360° Plan:** Estimated efficiency savings for the period of 2019 to 2023

**Operating working capital:** Inventories + trade receivables – trade payables

**Net cash flow:** Profit/(loss) after tax and minorities + depreciation and amortization

**NFD, Net financial debt:** Bank borrowings + bond issuance – cash

**Net financial debt / EBITDA:** Net financial debt / annualized EBITDA

**EBIT:** Operating income

**Adjusted EBIT:** EBIT, disregarding material extraordinary items

**EBITDA:** Operating income + depreciation and amortization + variation of current provisions + asset impairment

**Adjusted EBITDA:** EBITDA, disregarding material extraordinary items

**TIR:** Total incident rate, (Total accidents) \* 1.000.000 / Number of hours worked)

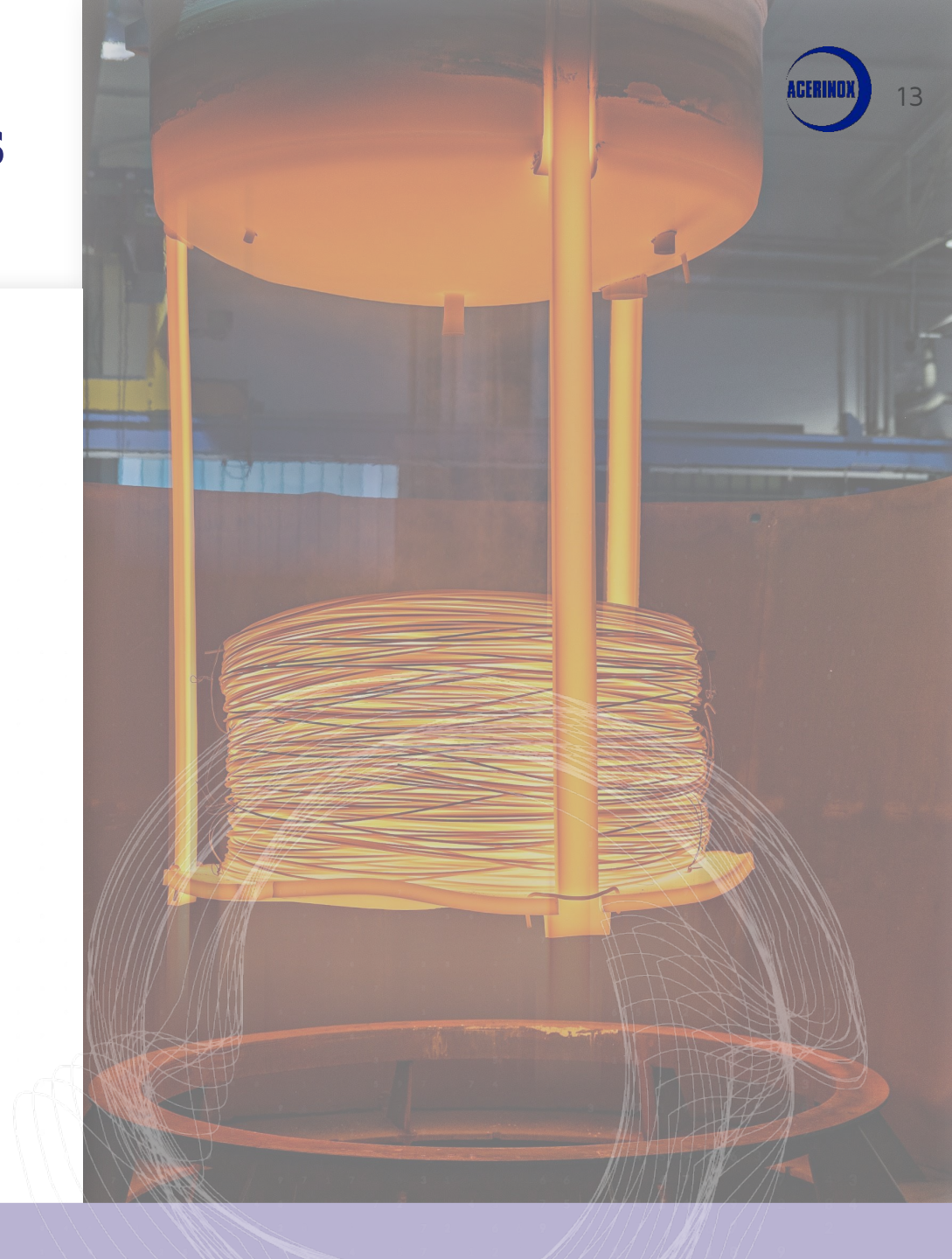
**Gearing ratio (Debt ratio):** Net financial debt / equity

**Net financial result:** Financial income – financial expenses ± exchange rate variations

**ROCE:** Net operating income / (equity + net financial debt)

**ROE:** Profit/(loss) after tax and minorities / equity

**ICR (interest coverage ratio):** EBIT / financial expenses



**Q&A**

# Q2 2024 Results Presentation



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