

FY 2023

Results Presentation



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Acerinox: 2023 another milestone year

Financial & operating



Net sales
of **€6.6 billion**



EBITDA
of **€703 million**



Operating cash flow
of **€481 million**



Adjusted ROCE⁽¹⁾
of **17.9%**

Strategy



Value added:

Diversification through HPA

- VDM record EBITDA of **€175 million**
- Potential Haynes acquisition



Organic growth:

Investments in NAS and VDM



Excellence:

Beyond Excellence:
target of **€100 million**
at EBITDA level



Increasing shareholder
returns to **€0.62 in 2024**

ESG



Highest recognition by
EcoVadis: Platinum
award



SAFETY performance:
24% reduction in
accident rate vs FY 2022



CARBON EMISSIONS
performance:
3% reduction in **Scope 1+2**
intensity vs FY 2022

Contribution to circular economy and sustainable development

Sustainability targets 2030



Eco-efficiency and climate change mitigation

GHG emissions (Scope 1&2): 11% reduction [2030 target: 20% intensity reduction from 2015 baseline]

Water withdrawal: 18% reduction [2030 target: 20% intensity reduction from 2015 baseline]

Energy(*): 8% increase [2030 target: 7.5 % intensity reduction from 2015 baseline]



Engaged team, culture, diversity, and safety

Safety: 24% reduction from FY 2022 [target: 10% YoY reduction in LTIFR]

Diversity: 13.28% women [2030 target: women account for 15% of workforce]



Circular economy and sustainable products

Waste reduction: 80% 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

360° Positive Impact Plan



Most significant sustainability initiatives in 2023



Eco-efficiency and climate change mitigation

- Energy efficiency initiatives allows ~3% carbon intensity reduction
- Renewable energy increased 50%



Circular economy and sustainable products

- Launch of ECO ACX
- Slag CE marks for different applications
- Water footprint for more sustainable use



Committed team, culture, diversity, and safety

- Implementation of HSE Cardinal Rules led to safety improvements
- Multicultural diversity



Supply chain and impact in the community

- ESG Supplier Assessment
- Social Action Framework implementation



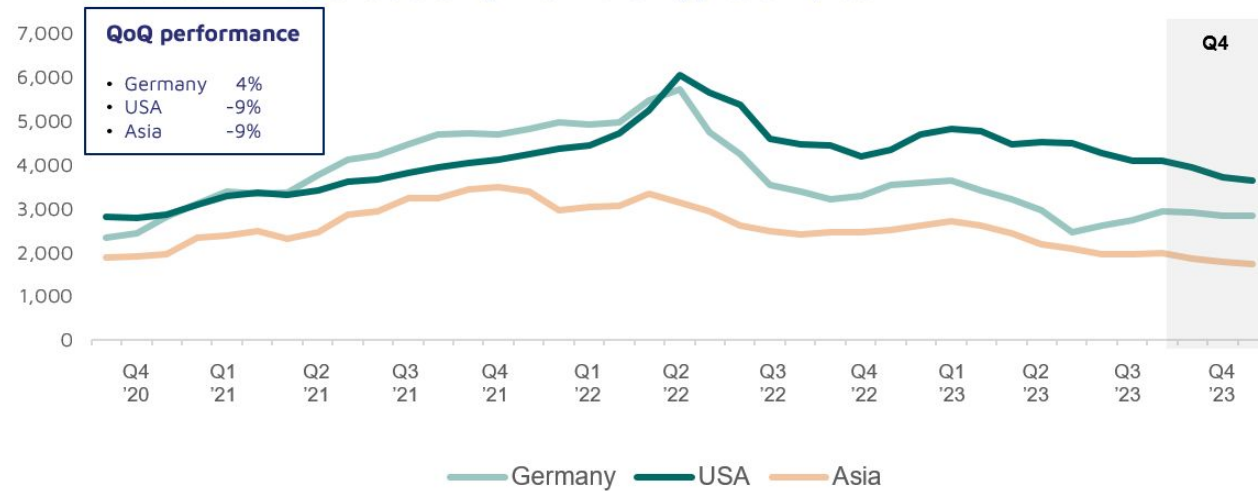
Ethical, responsible, and transparent governance

- New whistleblowing channel
- Updated Code of Conduct for business partners

(*) Low capacity utilization impacted this KPI

Q4 & FY 2023: Destocking cycle

Prices stainless steel (AISI 304), USD/ton



Nickel, USD/ton



Ferrochrome, USD/ton



Sources: CRU, LME.

Q4 & FY MARKET HIGHLIGHTS

STAINLESS STEEL

- USA**
 - Apparent demand of flat products up 7% YoY in Q4, down 20% in 2023
 - Inventories already normalized
 - Imports of flat products down 28% in 2023
 - Less base price volatility
- EUROPE**
 - Apparent demand of flat down 2% in Q4, down 22% in 2023
 - Inventories already normalized
 - Imports of flat down 45% in Q4, down 55% in 2023
 - Prices remain at historical lows but slight recovery in Q4
 - EU investigating anti-circumvention in Taiwan-Turkey-Vietnam

HIGH-PERFORMANCE ALLOYS (HPA)

- **HPA market driven by strong demand**
- **Oil and gas** market continued to recover from investments postponed during the pandemic
- Solid demand in **chemical process industry (CPI)** led by the hydrogen sector
- Weaker demand in **electronics and electrical engineering** industry

● favorable ● challenging

Q4 2023: Resilient results

Reflects strategy of growth, diversification & strength

Income statement

Sales of €1.5 billion

Resilient EBITDA
of €96 million

Impairment of Bahru Stainless: €156 million

Cash flow statement

Strong
operating cash flow
of **€260 million**

Operating working capital
reduction of
€258 million

Balance sheet

Net financial debt (NFD)
reduction:
€159 million

NFD / EBITDA 0.49x

Strong adjusted ROCE⁽¹⁾: 18%

Inventory reduction of €211 million in Q4

(1): ROCE stripping out €156 million of Bahru Stainless impairment in Q4 2023

Q4 & FY 2023: Consolidated group highlights



**Remarkable
2023 EBITDA
of €703 million:**
Q4: €96 million
+6% YoY

Downward
**inventory adjustment
of €65 million**

**Strong cash generation in Q4
NFD of €341 million**

	Q4 2023	Q4 2022	% Q4 23 / Q4 22	FY 2023	FY 2022	% FY 23 / FY 22
Melting production (thousands of metric tons)	486	397	+22%	1,946	2,190	-11%
Net sales	1,529	1,693	-10%	6,608	8,688	-24%
EBITDA	96	90	+6%	703	1,276	-45%
EBITDA margin	6%	5%		11%	15%	
* Adjusted EBIT	52	41	+26%	530	1,080	-51%
Adjusted EBIT <i>margin</i>	3%	2%		8%	12%	
EBIT	-105	-163	+36%	374	876	-57%
<i>EBIT margin</i>	-7%	-10%		6%	10%	
Results before taxes and minorities	-111	-178	+38%	355	831	-57%
Results after taxes and minorities	-119	-185	+36%	228	556	-59%
Operating cash flow (before investments)	260	517	-50%	481	544	-12%
Net financial debt	341	440	-23%	341	440	-23%

* Adjusted EBIT: Stripping out €156 million of Bahru Stainless impairment in Q4 2023 (€204 million in Q4 2022)

Q4 & FY 2023: Stainless steel highlights

Million EUR	Q4 2023	Q4 2022	% Q4 23 / Q4 22	FY 2023	FY 2022	% FY 23 / FY 22
Melting production (thousands of metric tons)	468	379	+24%	1,869	2,108	-11%
Net sales	1,166	1,351	-14%	5,195	7,426	-30%
EBITDA	50	70	-28%	533	1,151	-54%
EBITDA margin	4%	5%		10%	16%	
Amortization and depreciation	-35	-41	-15%	-138	-161	-14%
* Adjusted EBIT	15	29	-48%	393	987	-60%
<i>Adjusted EBIT margin</i>	<i>1%</i>	<i>2%</i>		<i>8%</i>	<i>13%</i>	
EBIT	-141	-175	-19%	237	783	-70%
<i>EBIT margin</i>	<i>-12%</i>	<i>-13%</i>		<i>5%</i>	<i>11%</i>	
Operating cash flow (before investments)	179	446	-60%	475	648	-27%



FY EBITDA:
€533 million
10% margin

FY operating cash flow
of €475 million

**Efficient working capital
management**

* Adjusted EBIT: Stripping out €156 million of Bahru Stainless impairment in Q4 2023 (€204 million in Q4 2022)

Q4 & FY 2023: High-performance-alloys highlights



**Record full-year
EBITDA of
€175 million**

**Decrease of €47 million in
operating working capital in Q4**

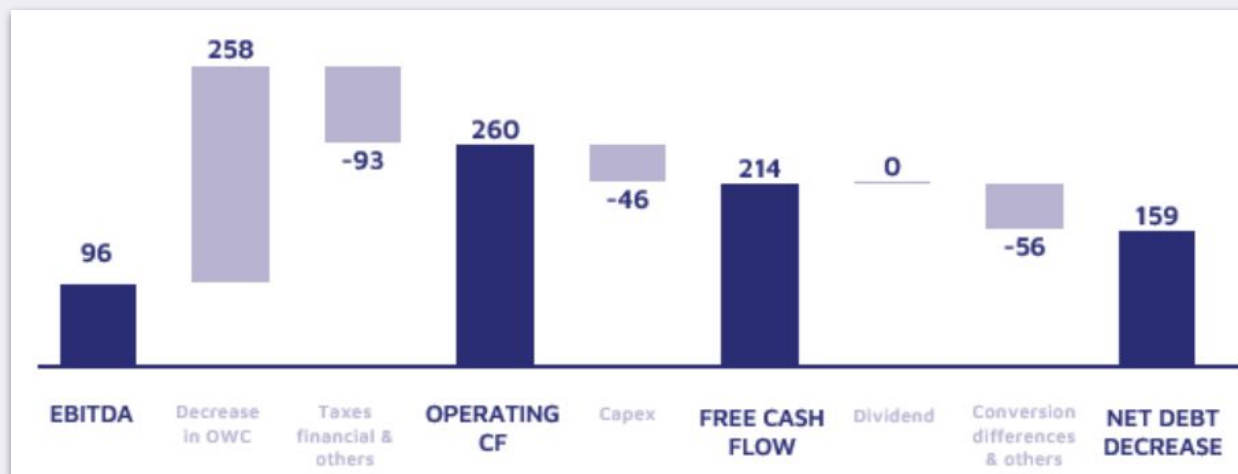
**Operating cash flow
of €81 million in Q4**

<i>Million EUR</i>	Q4 2023	Q4 2022	% Q4 23/ Q4 22	FY 2023	FY 2022	% FY 23/ FY 22
Melting production (thousands of metric tons)	18	19	-2%	76	82	-7%
Net sales	366	341	+7%	1,437	1,262	+14%
EBITDA	46	21	+122%	175	125	+40%
EBITDA margin	13%	6%		12%	10%	
Amortization and depreciation	-6	-6	-4%	-24	-24	+1%
EBIT	40	15	+170%	151	102	+49%
<i>EBIT margin</i>	11%	4%		11%	8%	
Operating cash flow (before investments)	81	72	+13%	7	-104	-

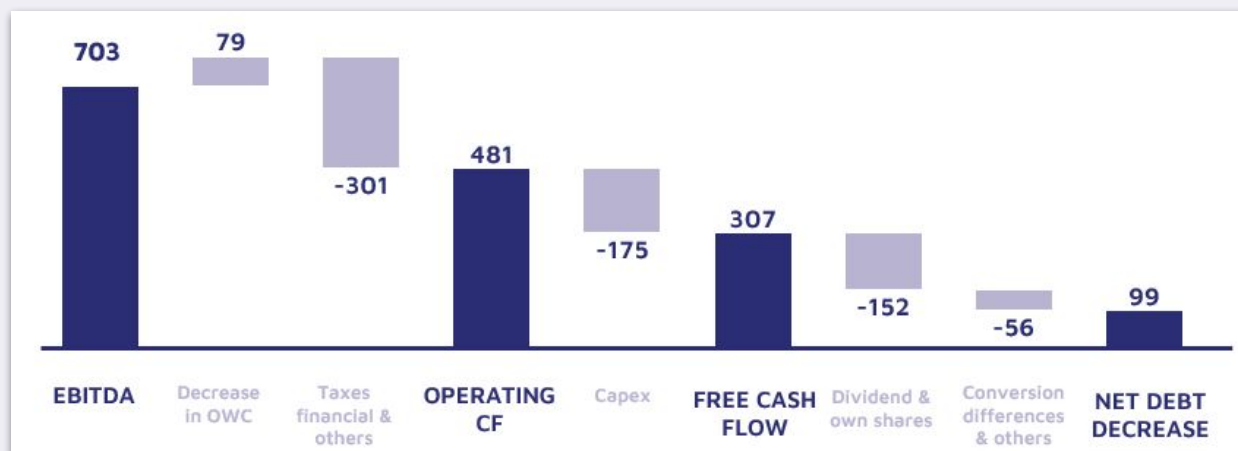
Q4 & FY 2023: Capital allocation

Q4

Million EUR



FY



Q4 Highlights

Strong operating cash flow (OCF) of €260 million

Debt reduction of €159 million driven by €258 million operating working capital (OWC) reduction

FY Highlights

OCF €481 million

OWC decreased €79 million

Shareholder returns of €150 million

Our strategy pays off

Centered around four key pillars



Deliver through-cycle value creation



Acerinox Group strategy

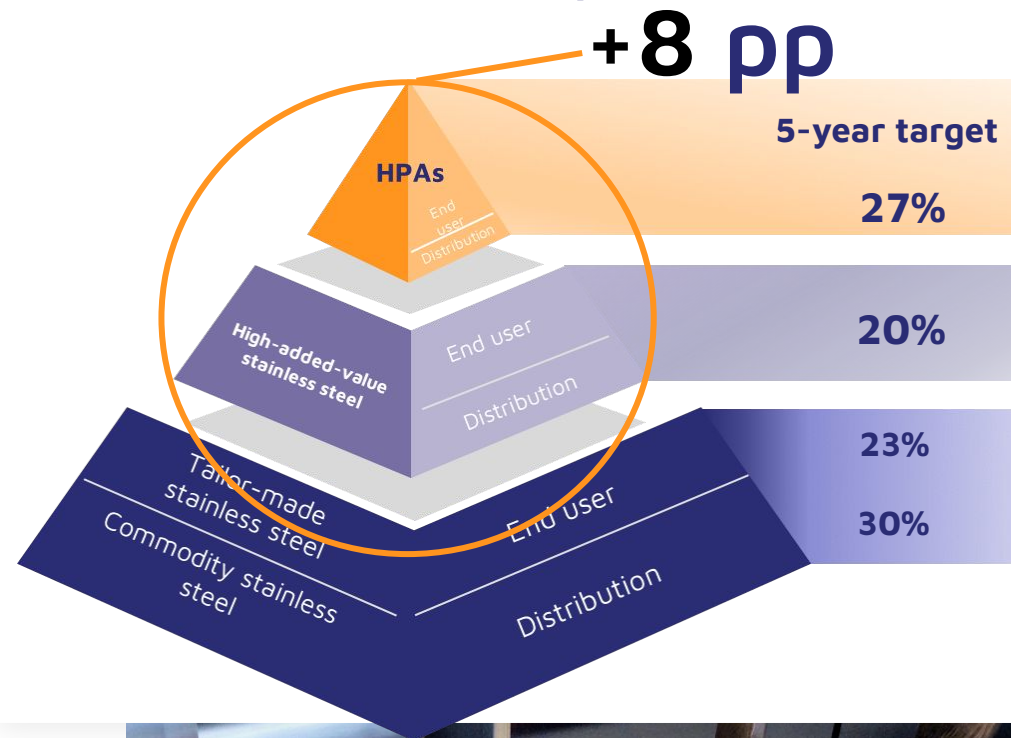
Facing tomorrow's challenges

- Strong leadership in the USA
- Growth in HPA
- Widest product portfolio
- Focus on end user and specialties
- Increase presence in Aerospace
- Enhance synergies with HPA
- Focus on our main markets: USA, Europe and S. Africa
- Leaders in technology and R&D



Increase profitability
+2.5–3.5 pp
 EBITDA/revenue

Changing our sales mix to include more **HPAs** and **value-added products**



Organic growth: Main projects summary

NAS

SCOPE:

Expansion plan to **increase** sales in the North American market **by 20%**

- Maximize existing assets **through continuous improvement**
- **Use digitalization** to optimize processes
- **Grow in line with the North American market**

New equipment:

- Seventh **cold-rolling mill**
- Increase capacity in melting and hot rolling

ECONOMIC:

Capex: \$244 million
Start of production: Q4 2025

VDM Metals

SCOPE:

Expansion plan to **increase** VDM's sales by **15%**

- **Increase remelting capacity**
- **New powder atomizer** for additive manufacturing

ECONOMIC:

Capex: €67 million
Start of production: 2026

Beyond Excellence

Target of €100 million at EBITDA level



2024-2026
Creating value in all areas of the company



**Decarbonization
& environment**



Efficiency



**R&D
Added value products**



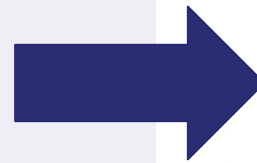
**Productivity &
automation**



Customer centric



Supply chain



- Increasing quality and yields in the production of high-value-added steels
- Maximizing scrap utilization
- Raw material, energy, and consumables optimization
- Increasing the availability of lines, improving productivity
- Predictive quality and maintenance to improve efficiency, productivity, and operating cost
- Overall CO₂ reduction in the process

Strong Strategic Rationale

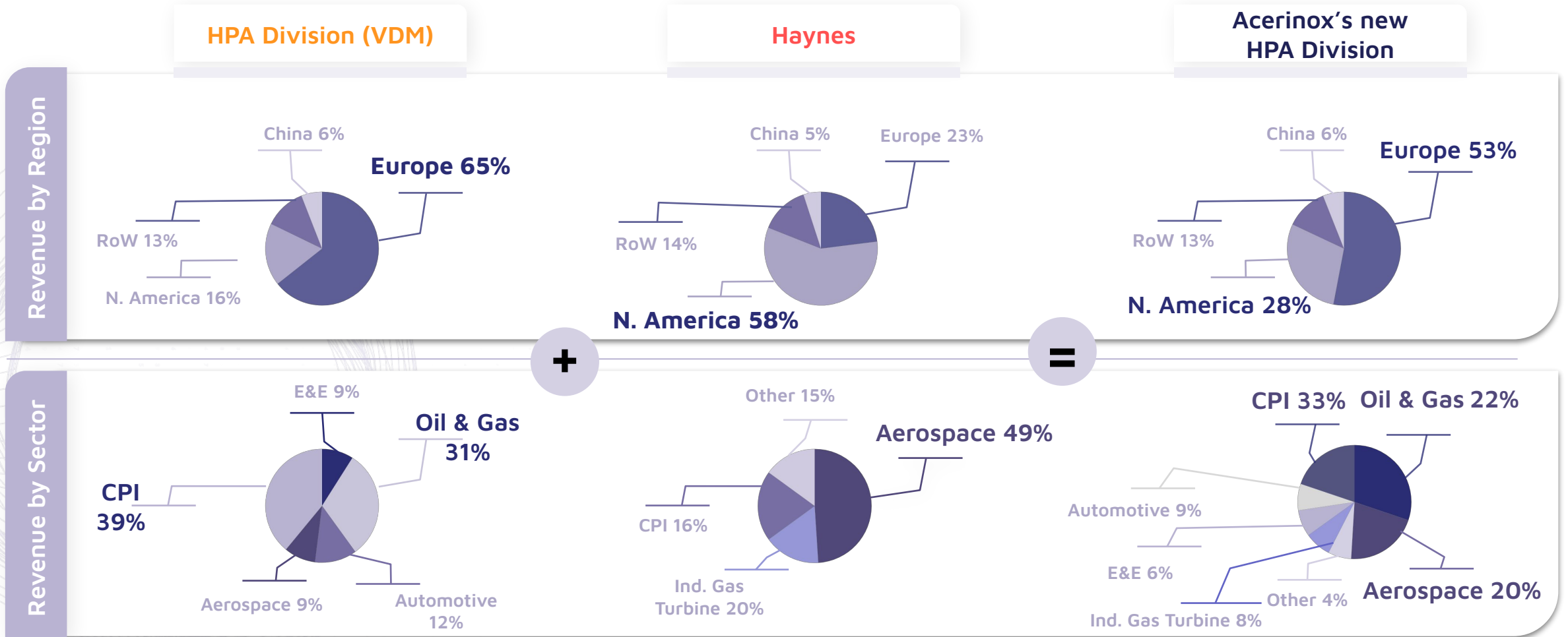
AAA investment: **A**lloys, **A**merican, **A**erospace



- ✓ Further expansion into high-performance **alloys** aligned with Acerinox's strategy
- ✓ Strengthens presence in the **US** and **aerospace** segments: high growth markets
- ✓ Creates additional value through the **expansion** of combined North **American** operating capabilities
- ✓ Broadest portfolio of solutions in the industry
- ✓ Combined world-class **R&D capabilities** with extensive track record in the HPA industry
- ✓ Robust **shareholder value creation with ROCE** in line with our through-the-cycle target **(15%)**
- ✓ Significant **synergy potential of c.\$71 million**
- ✓ Haynes **ESG targets** aligned with **Acerinox**

Enhanced combined HPA global footprint

Sizeable increase in US presence and aerospace exposure
 Focus on our main core markets: USA and Europe



CPI: Chemical process industry
 E&E: Electronics & electrical engineering
 RoW: Rest of the World

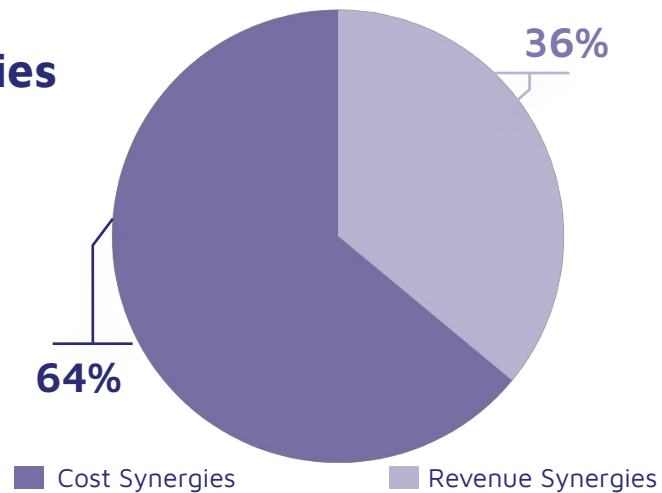
VDM: Net sales Oct'22-Sep'23 in Mill EUR
 Haynes: Net revenues in Mill. USD Split as per FY2023 Results Presentation dated September 30th 2023 - Applied ex rate ECB 29th September 2023: 1,0594

Synergy Potential

Significant potential identified, with c.\$200 million of Capex, earmarked to unlock most of the synergies by 2027e and full synergies by 2030e

\$71 million

Potential **synergies** identified



Sources of Potential Synergies



Operational improvement



Stainless steel plate manufacturing



HPA long products



Improving European and US sales network



Up- and cross-selling

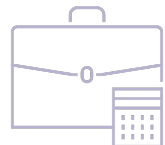
Realistic and reliable synergies supported by our track record through VDM integration

Conclusions & outlook



01

Acerinox reaches a new profitability level



02

Building a new Acerinox:

- From products to solutions
 - Beyond Excellence
- Organic and inorganic growth



03

Focus on financial strength, delivering a shareholder return of €150 million
(6% dividend yield as of today)



04

Order book improving due to increased apparent demand in stainless steel as **inventories are normalized**



05

Order book and margins remain **strong in HPA**



06

We expect Q1 EBITDA to be slightly better than that of Q4 2023



Events post FY 2023 Results

	EVENT	ORGANIZATION
4 MAR.	MADRID ROADSHOW	SABADELL
5 MAR.	PARIS ROADSHOW	ODDO
5 MAR.	NEW YORK ROADSHOW	BNP PARIBAS
6 MAR.	BOSTON ROADSHOW	BNP PARIBAS
7-8 MAR.	FRANKFURT ROADSHOW	SANTANDER
13-14 MAR.	LONDON ROADSHOW	BARCLAYS
19 MAR.	SAN FRANCISCO ROADSHOW	KEPLER CHEUVREUX
20 MAR.	LOS ANGELES ROADSHOW	KEPLER CHEUVREUX
20 MAR.	LONDON, MATERIALS CONF.	BNP PARIBAS



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

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

LTIFR: Lost time injury frequency rate (Total number of accidents with sick leave / Number of hours worked) x 1,000,000

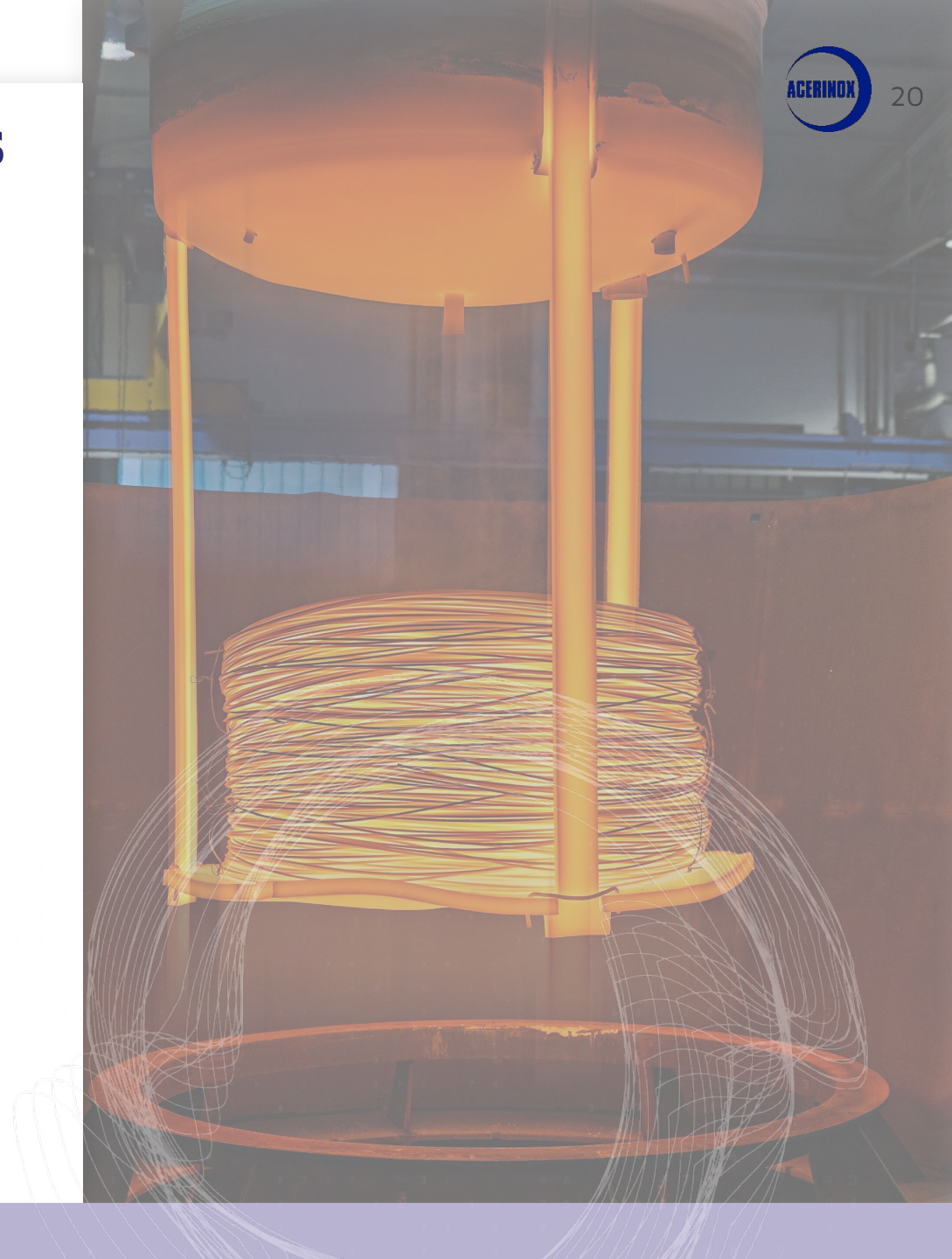
Gearing ratio (Debt Ratio): Net financial debt / equity

Net Financial Result: Financial income – financial expenses ± exchange rate variations

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

ROE: Annualized Profit/(Loss) after tax and minorities / equity

ICR (Interest Coverage Ratio): EBIT / financial expenses



Q&A

FY 2023 Results Presentation

