

FY 2022

Results presentation



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Acerinox: The Best Shape in its History

**01**

Supply chain issues and trade defense measures continue to make imports less attractive

**02**

Regionalization trend will attract more purchases in local markets and will contribute to increasing stainless steel consumption. It is a unique opportunity to bring industry back to USA and Europe

**03**

Long term prospects continue to improve in Stainless Steel and HPA through **numerous structural changes in demand driven by the circular economy and energy transition**

**04**

Hard work of prior years to improve the company plus the **integration of HPA** has structurally **transformed Acerinox** into a better company

**05**

Current **balance sheet** and opportunity to **generate very strong cash flows** suggests the financial **health of the company**

**06**

We continue to focus on structurally improving the company through **operational excellence, value added products and focused capital allocation**

Acerinox: 2022 a Record Year

Financial & operating



Record Net Sales
of **€8.7 billion**



Record EBITDA of
€1.3 billion



Outstanding
Operating cash flow
of **€544 million**



ROCE: 29.3%

Strategy



Value Added:

Diversification through HPA

- VDM record EBITDA of €125 million
- Incorporation of 122 new customers



Excellence: CAPEX of

\$244 million in **NAS** to increase its production and efficiency



Increasing shareholders
returns

ESG



Highest recognition in Sustainability, the **Platinum award**, granted by **Ecovadis**



SAFETY performance: **28%** reduction of **accident rate** vs FY 2021

Strong Contributor to the Circular Economy

Key ESG Targets 2022

Acerinox establishes **6 sustainability targets** with a **2030 vision** associated with the pillars of the 360° Positive Impact Plan. The Group seeks to reuse, reduce and recycle as many of the resources used as possible in order to establish a more **sustainable productive model**.

Circular economy and sustainable products

WASTE REDUCTION

TARGET 90% valorisation of waste by 2030 from 2020 baseline

Achieved **79%** **90%**

2020 2022 2030

Already recycling 100% of:

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

Eco-efficiency and fight against climate change

GHG EMISSIONS

TARGET 20% reduction in GHG emissions intensity (Scope 1 & 2) by 2030 from 2015 baseline

Achieved **8%** **20%**

2015 2022 2030

WATER REDUCTION

TARGET 20% reduction in water withdrawal intensity by 2030 from 2015 baseline

Achieved **15%** **20%**

2015 2022 2030

ENERGY EFFICIENCY

TARGET 7.5% reduction in energy intensity by 2030 from 2015 baseline

Achieved **0%** **7.5%**

2015 2022 2030

Engaged team, culture, diversity and safety

SAFETY PERFORMANCE

TARGET 10% year on year reduction in Lost Time Injury Frequency Rate

28% reduction vs FY 2021

WOMEN DIVERSITY

UPDATED TARGET Increase the total number of women up to **15%** by 2030

13% female in 2022

Regardless of production adjustments and incidents which impacted some of our indicators, **our operations remain efficient and we continue to be focused on our sustainability commitments**

FY 2022 Record Results in a challenging year

- ✓ 2022 First Half positive market behaviour
- ✗ Second part of the year affected by the destocking due to a deterioration in market sentiment

STAINLESS STEEL DIVISION

- USA**
 - Flat products apparent consumption decreased 1%
 - Imports dropped in the 2nd Half (26% market share)
 - Stable base prices
- Europe**
 - Flat products apparent demand in line with 2021
 - Inventories above average
 - High energy costs
 - High level of imports (31% market share)
- RoW**
 - China's demand after lockdown weaker than expected
 - Demand affected by multiple uncertainties

HPA DIVISION

- Strong High Performance Alloys market

Million EUR	2022	2021	% 2022 / 2021
Melting production ('000 Mt)	2,190	2,619	-16%
Net Sales	8,688	6,706	30%
EBITDA	1,276	989	29%
EBITDA margin	15%	15%	
Adjusted EBIT (1)	1,080	810	33%
Adjusted EBIT margin (1)	12%	12%	
EBIT	876	810	8%
EBIT margin	10%	12%	
Results before Taxes and Minorities	831	766	9%
Results after Taxes and Minorities	556	572	-3%
Operating cash flow (before investments)	544	388	40%
Net Financial Debt	440	578	-24%

(1): EBIT stripping out €204 million of Bahru Stainless impairment in Q4 2022

Downward Inventory adjustment of **€98 million** at the year end

Net debt at **€440 million**, the lowest since 2002

Excellent shareholder returns of **€336 million** (14% of market cap at December 31st 2022)

Q4 Results: Weaker EBITDA but Outstanding FCF

Q4 Market Highlights

HPA DIVISION

✓ **Strong HPA market** despite the typical seasonality

STAINLESS STEEL DIVISION

✗ **Destocking process** in the Stainless Steel market

✗ **Cost inflation** remains **high**

USA

- Flat products apparent demand decreased 32% QoQ in Q4
- Imports dropped nearly 40% QoQ
- Inventories started to rebalance
- IRA policy will increase the demand in the coming years

EUROPE

- Flat products apparent demand decreased 15% QoQ
- Inventories above average
- Prices impacted by market conditions / subdued demand
- Imports dropped 50% QoQ in Q4

Million EUR	Q4 2022	Q3 2022	Q4 2021	% Q4 22 / Q3 22	% Q4 22 / Q4 21
Melting production ('000 Mt)	397	502	627	-21%	-37%
Net sales	1,693	2,175	1,937	-22%	-13%
EBITDA	90	241	318	-62%	-72%
EBITDA margin	5%	11%	16%		
Amortization and Depreciation	-50	-49	-46	-1%	8%
EBIT adjusted (1)	41	192	273	-79%	-85%
EBIT margin adjusted (1)	2%	9%	14%		
EBIT	-163	192	273	-	-
EBIT margin	-10%	9%	14%		
Operating cash flow (before investments)	517	-50	204	-	154%

(1): EBIT stripping out €204 million of Bahru Stainless impairment in Q4 2022

Downward inventory adjustment of
€98 million

Outstanding **operating cash flow** of
€517 million

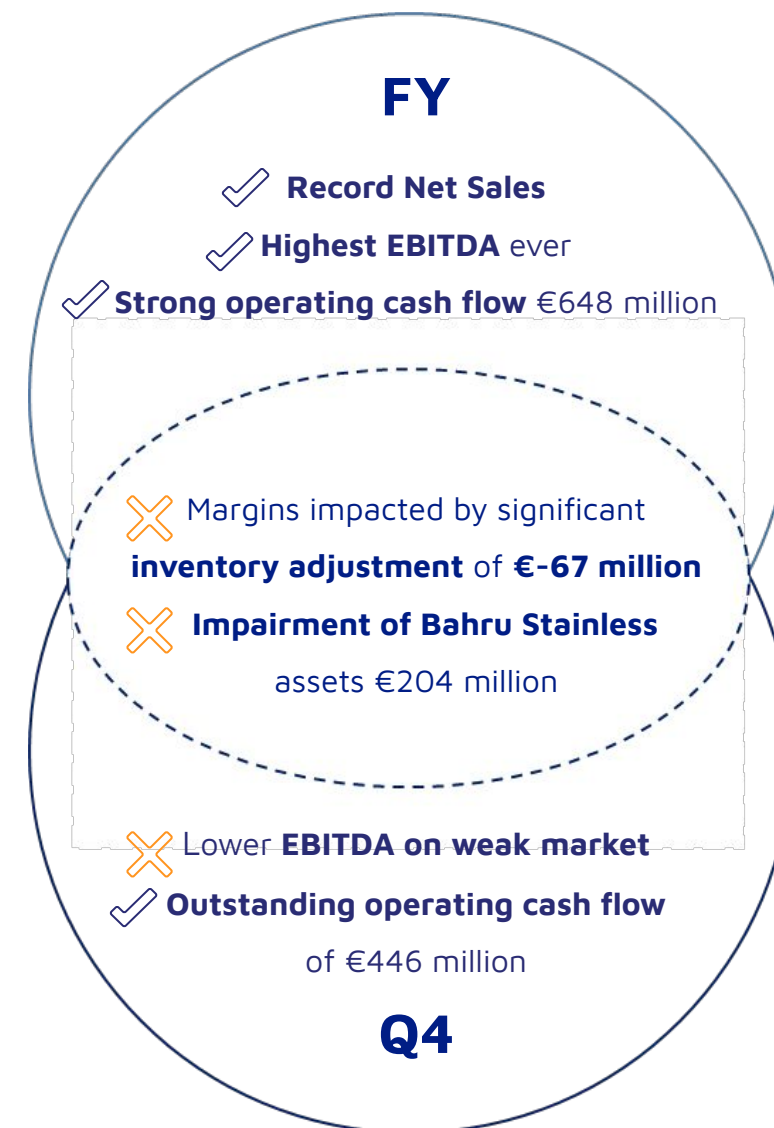
Net debt decreased to
€440 million

Stainless Steel Division Highlights

Million EUR	Q4 2022	Q3 2022	Q4 2021	FY 2022	FY 2021	% Q4 22 / Q4 21	% FY 22 / FY 21
Melting production ('000 Mt)	379	482	608	2,108	2,541	-38%	-17%
Net sales	1,351	1,838	1,709	7,426	5,900	-21%	26%
EBITDA	70	202	303	1,151	929	-77%	24%
EBITDA margin	5%	11%	18%	16%	16%		
Amortization and Depreciation	-41	-41	-38	-161	-149	8%	8%
Adjusted EBIT (1)	29 (1)	160	266	987 (1)	779	-89%	27%
Adjusted EBIT margin (1)	2%	9%	16%	13%	13%		
EBIT	-175	160	266	783	779	-	1%
EBIT margin	-13%	9%	16%	11%	13%		
Operating cash flow (before investments)	446	-62	212	648	400	110%	62%

(1): EBIT stripping out €204 million of Bahru Stainless impairment in Q4 2022

Highlights



High Performance Alloys Highlights

FY Highlights

Record year in production and results:

- Production **82 thousand tones**
- Net sales: **€1.3 billion**
- EBITDA: **€125 million** (includes €-31 million inventory adjustment)

Synergies between two divisions: achieved **€25 million**, 52% higher than the target for the year

Incorporation of **122 new customers**

Q4 Highlights

Melting production -5% QoQ and -2% YoY

Quarterly EBITDA of **€21 million** -46% QoQ, +46% YoY, now at 23% of Group total

Year-end inventory adjustment of €-31 million

Material operating cash flow in the Quarter of **€72 million**

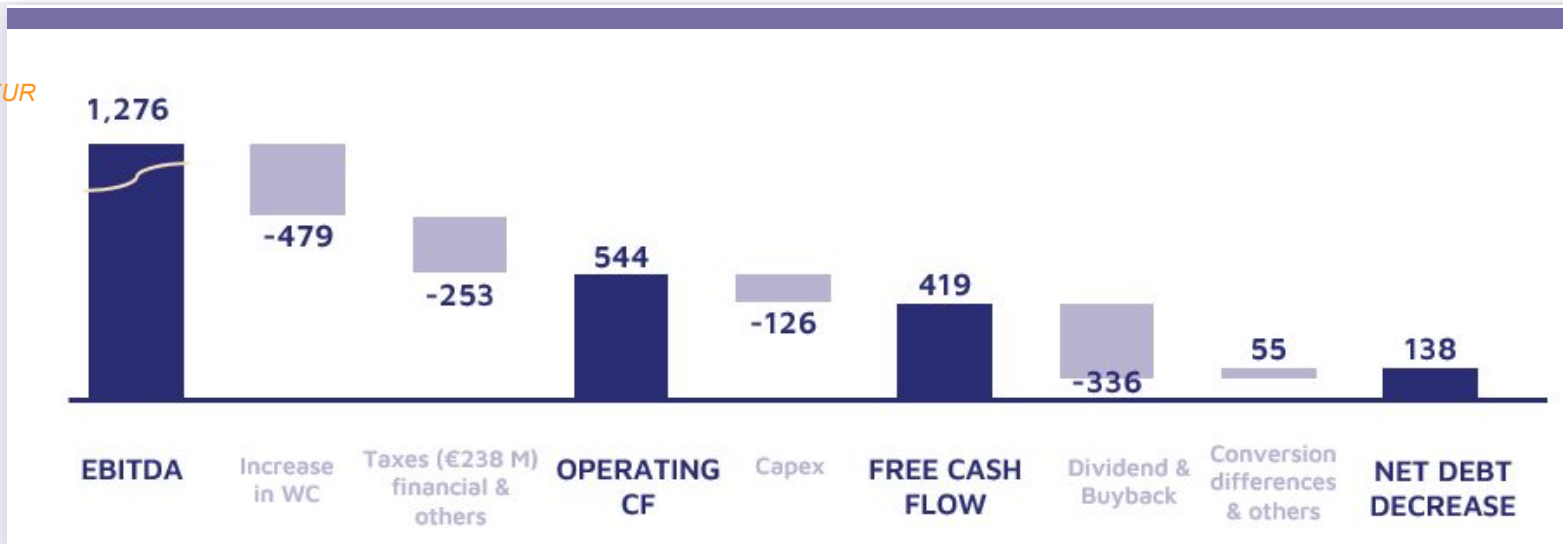
Million EUR	Q4 2022	Q3 2022	Q4 2021	FY 2022	FY 2021	% Q4 22/ Q4 21	% FY 22/ FY 21
Melting production ('000 Mt)	19	20	19	82	78	-2%	5%
Net sales	341	337	227	1,262	806	50%	57%
EBITDA	21	39	14	125	61	46%	105%
EBITDA margin	6%	12%	6%	10%	8%		
Amortization and Depreciation	-6	-6	-6	-24	-23	3%	3%
EBIT	15	33	8	102	38	76%	164%
EBIT margin	4%	10%	4%	8%	5%		
Operating cash flow (before investments)	72	12	-9	-104	-12	-	-755%

FY operating FCF €544 million, 23% of Market Cap at December 31st 2022



FY

Million EUR



FY Highlights

Operating cash flow €544 million in the full year

FY shareholder returns of €336 million (14% of market cap at December 31st 2022)

We have once again demonstrated our **flexible capital allocation policy** including:

- strong commitment to shareholder returns
- robust capex
- significant net debt reduction

Q4 Highlights

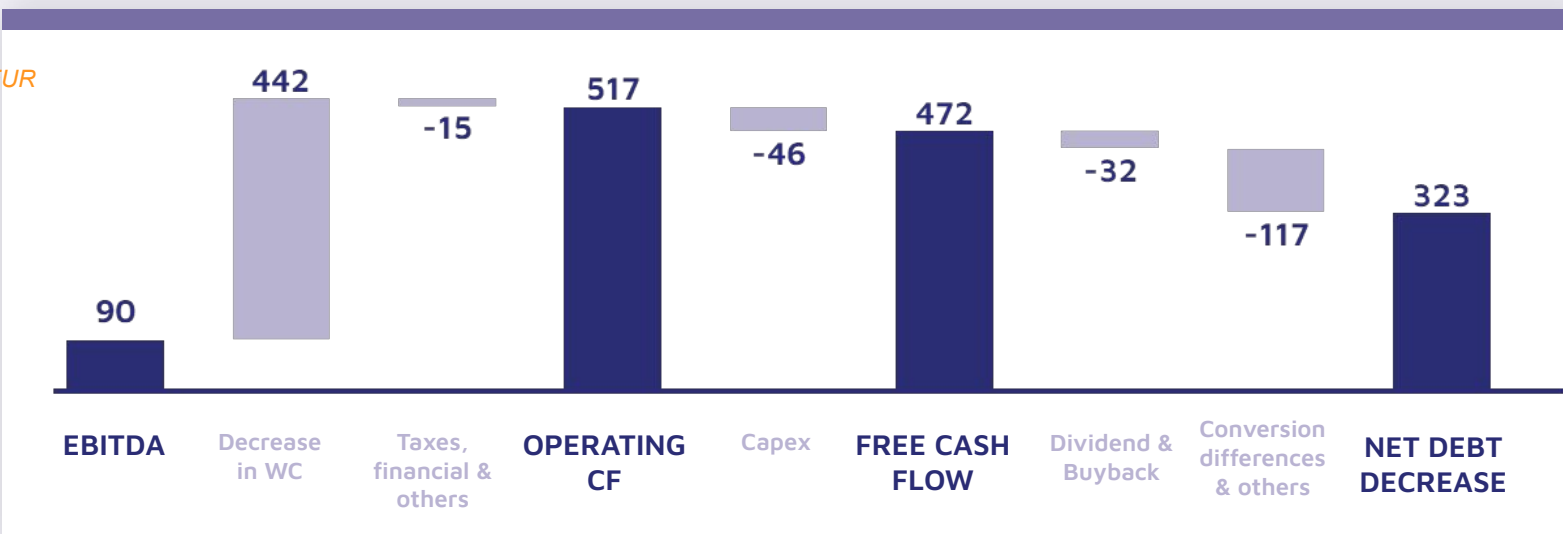
Operating cash flow of €517 million in Q4

Very healthy €323 million net debt reduction in Q4 aided by €442 million NWC reduction

CAPEX marginally **increased QoQ**

Q4

Million EUR



Conclusions & Outlook



01

A further deterioration of Stainless market conditions in Q4 due to accelerated destocking and some pricing pressures in Europe and cost inflation, especially in Spain



02

Q4 results also impacted negatively by a material downward inventory adjustment (€98 million)



03

HPA contributed well with EBITDA currently at 23% of Group total in Q4



04

The Group continues to deploy all programmes it has in place to improve operating efficiency



05

Net debt remains low at €440 million providing plenty of flexibility for the future



06

The group again showed its flexible capital allocation policy with robust capex, significant net debt reduction, and rewarding shareholders substantially



07

Both demand in the USA, our main market for Stainless steel and **HPA** order books **remain strong**. The **destocking** process in Stainless Steel it's expected to **end in Q2 2023**.



08

Q1 EBITDA is expected to be clearly higher than Q4

As always we will focus on controlling the controllables and optimal capital allocation

Alternative Performance Measures (Definitions)

Excellence 360° Plan: estimated efficiency savings for the 2019-2023 period

Operating working capital: inventories + Trade receivables – Trade payables

Net cash flow: profit after tax and non-controlling interests + depreciation and amortisation charge

Net financial debt: bank borrowings + bond issuance - cash

Net financial debt / EBITDA: net financial debt / annualised EBITDA

EBIT: operating income

Adjusted EBIT: EBIT, net of material extraordinary items

EBITDA: operating income + depreciation and amortisation charge + variation of current provisions+ asset impairment

Adjusted EBITDA: EBITDA, net of material extraordinary items

Gearing ratio: net financial debt / equity

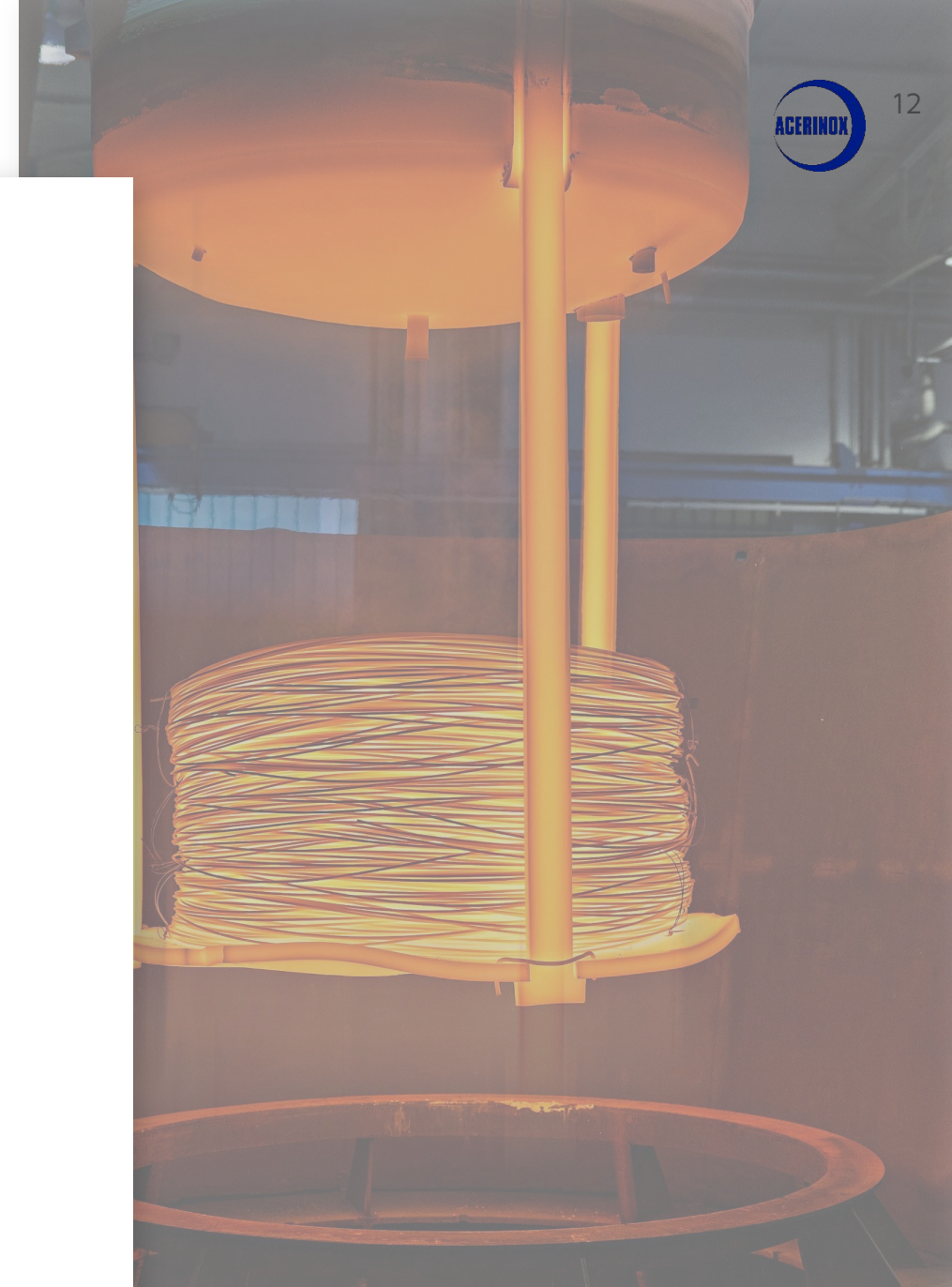
Net financial result: financial income – financial expenses ± exchange rate variations

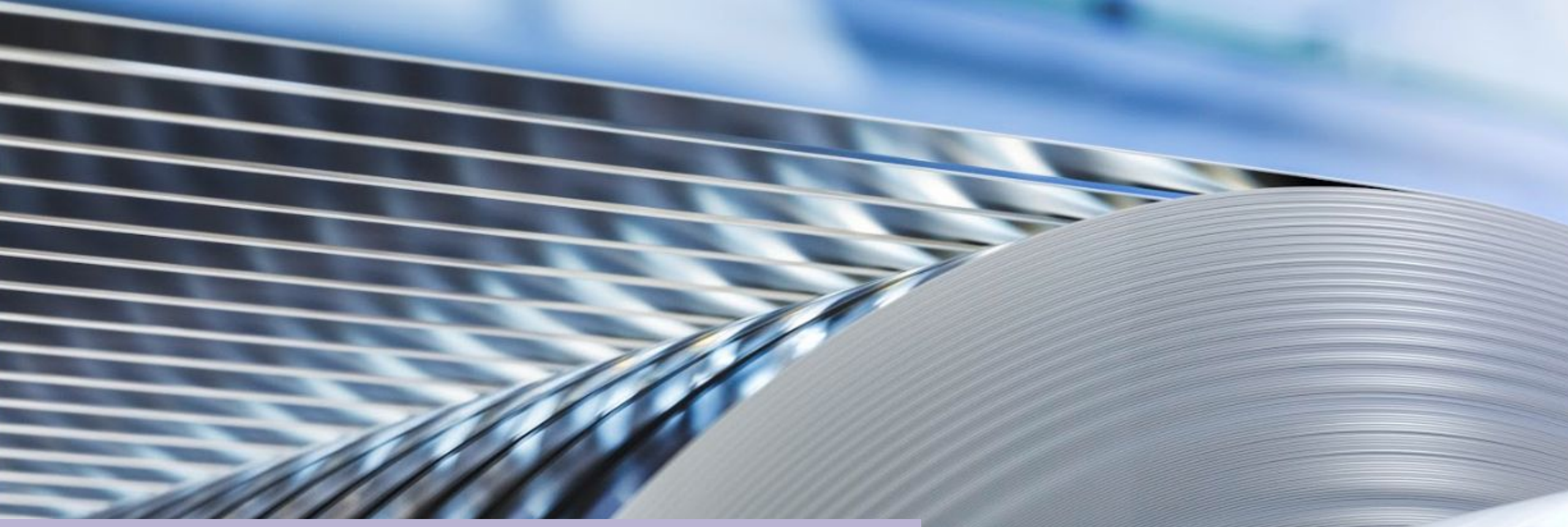
ROCE: operating income / (equity + net financial debt)

ROE: profit after tax and non-controlling interests / equity

ICR (interest coverage ratio): EBIT / financial expenses

LTIFR: Lost Time Injury Frequency Rate





Q&A

