

# Acerinox to Acquire Haynes International



- Acerinox, the Leader in U.S. Stainless Steel, Strengthens Its Global Leadership Position in High Performance Alloys (“HPA”)
- Acerinox to Support Haynes with Additional \$200 million Investment Over the Next Four Years in Newly Combined North American Business
- Significantly Increases Acerinox’s Presence in the High-Growth U.S. Market and Aerospace Sector

**Madrid, 5 February 2024.** Acerinox, a leading global company in the manufacturing and distribution of stainless steel and high-performance alloys, today announced that it has entered into a definitive agreement under which Acerinox’s wholly owned U.S. subsidiary – North American Stainless (“NAS”) – will acquire Haynes International (“Haynes”), a U.S. leading developer, manufacturer, and marketer of technologically advanced high-performance alloys, in an all-cash transaction. Under the terms of the agreement, Acerinox will acquire all the outstanding shares of Haynes for \$61.00 per share in cash, which represents a fully diluted equity value of \$798 million, and a premium of approximately 22% to Haynes’s six-month volume-weighted average share price for the period ending February 2, 2024. The all-cash transaction values Haynes at an enterprise value of approximately \$970 million. The transaction has been unanimously approved by the Boards of Directors of Haynes and Acerinox.

“Haynes has impressive and complementary business operations, R&D capabilities, and an experienced team. Their addition to Acerinox strengthens our global leadership in high-performance alloys and creates meaningful opportunities in the high-growth aerospace segment and the attractive U.S. market,” Bernardo Velázquez Herreros, Chief Executive Officer of Acerinox, said. “I look forward to welcoming Haynes as part of our team and working together to enhance our combined operating footprint in North America.”

“This acquisition is aligned with Acerinox’s key strategic priority of enhancing our focus on value-added products with an emphasis on excellence and sustainability, building on our successful acquisition of VDM Metals in 2020,” Carlos Ortega Arias-Paz, Chairman of the Board of Acerinox, said. “The Haynes team has built a leading high-performance alloys business that will now be supported by Acerinox’s global operating and financial strength.”

“We are excited to announce this combination and are confident that this is the right step to ensure the long-term success of Haynes, while maximizing value for our stockholders,” said Michael L. Shor, President and Chief Executive Officer of Haynes. “By joining with Acerinox, we will be able to continue to grow and enhance our operations, especially with the additional \$200 million investment into the combined company’s U.S. operations, including \$170 million into our operations with the vast majority invested in Kokomo, Indiana. We look forward to our people and our local communities realizing the benefits of this transaction.”



“This transaction provides a highly attractive value for our Company and our stockholders, and is a direct result of Haynes’ continued innovation and business accomplishments under the leadership of Michael Shor, his team and our dedicated workforce,” said Robert H. Getz, Chairman of the Board of Haynes. “Acerinox is a great partner for the future of Haynes with access to additional capital, resources and expertise to continue to build on our existing momentum.”

## Transaction Highlights

- Strengthens Acerinox’s global leadership position in the high-performance alloy segment
- Expands Acerinox’s strong presence in the U.S. market and creates new opportunities in the aerospace sector, which are attractive and high-growth end markets
- Includes plan for Haynes to reinvest c.\$200 million over the next four years in the newly combined U.S. business, mostly in Haynes’s Kokomo operations, in order to create an integrated HPA and stainless steel platform
- Offers estimated annual synergies of \$71 million, the majority of which will be unlocked through the benefits generated by the c.\$200 million investment
- Creates additional value through the combination of complementary businesses, including expansion of U.S. operating capabilities and a worldwide sales and distribution network with 14 additional locations internationally
- Provides a strong platform to accelerate growth in high-performance alloys and specialty stainless in North America
- Adds extensive R&D capabilities and significant patent portfolio, including 17 U.S. patents and published applications
- Builds upon Haynes’s historical and expected financial performance to deliver significant pro forma growth and margin enhancements
- Haynes brings strong relationships and close proximity to customers, delivering high quality customer service and strong customer retention
- Expands highly talented and experienced management and operating teams in the U.S. with Haynes’s proven track record of execution
- Strong ESG performance and commitments to be further enhanced under Acerinox’s ownership

## Transaction Details

Acerinox plans to finance the transaction using existing available cash on its balance sheet. The transaction includes the absorption of Haynes’s debt and other adjustments of approximately \$172 million. The pro-forma debt of Acerinox is expected to reach 1.5x NFD/EBITDA in 2024, and then fall to 1.2x in 2025, in line with Acerinox’s target through the cycle.

The transaction is expected to be immediately accretive to Acerinox’s earnings per share in its first year of ownership, even prior to the realization of \$71 million in estimated annual synergies. In addition, the return on capital employed (ROCE) target of 15% is expected to be reached in year one.



## **Additional Details**

The transaction has been unanimously approved by the Boards of Directors of both companies and is expected to close in the third quarter of 2024, subject to receipt of regulatory approval and the satisfaction of customary closing conditions, including approval by Haynes shareholders. Upon completion of the transaction, Haynes's shares will no longer be traded on the Nasdaq, and Haynes will become a wholly owned subsidiary of Acerinox.

## **Advisors & Counsel**

Goldman Sachs Bank Europe SE is serving as the exclusive financial advisor to Acerinox. Paul, Weiss, Rifkind, Wharton & Garrison LLP and Linklaters are serving as legal counsels to Acerinox.

Jefferies LLC is serving as the exclusive financial advisor to Haynes. Kirkland & Ellis LLP is serving as legal counsel to Haynes.

## **Conference Call & Webcast Information**

Acerinox will conduct a live conference call and webcast to discuss the proposed acquisition at 12 p.m. Central European Time and 6 a.m. Eastern Time on February 5, 2024. Conference call details are as follows:

**Spain** 919 01 16 44

**United Kingdom** 020 3936 2999

**United States** 1 646 664 1960

**All other locations** :+44 20 3936 2999

**Participant Access Code:** 294115

To listen to the event online, review the investor presentation or access an archived replay, please visit the Acerinox Investor Relations website at [www.acerinox.com](http://www.acerinox.com).

## **About Acerinox**

The Acerinox Group is the global leader in the manufacture of stainless steel and high performance alloys, with a melting shop capacity of 3.5 million tonnes. Its production network is comprised of 13 factories. The Group has six stainless steel factories: four flat product plants (three of which are integrated: Acerinox Europa, North American Stainless and Columbus Stainless; and one cold rolling factory: Bahru Stainless), and two long product plants. The other 7 factories (located in the United States and Germany) manufacture high performance alloys. Acerinox Group products, with more than 11,000 possible combinations, are sold through an extensive commercial network in more than 80 countries.



## **Acerinox Investor Contact**

Carlos Lora-Tamayo

+31 91 398 5156

[Carlos.lora@acerinox.com](mailto:Carlos.lora@acerinox.com)

## **Acerinox Media Contacts**

Iñigo Rodriguez

+34 91 398 5130

[Inigo.rodriguez@acerinox.com](mailto:Inigo.rodriguez@acerinox.com)

## **In the United States:**

Matt Dowe, Brunswick Group

+1 (469) 586-8820

[mdowe@brunswickgroup.com](mailto:mdowe@brunswickgroup.com)