Results

Third quarter

2024

In-house translation of the original Spanish version. In the event of any discrepancy, the original Spanish version prevails

ACERINOX

Results for the third quarter of 2024

Acerinox has reported Q3 EBITDA of EUR 114 million. Our results attest to the Group's resilience, despite the challenging situation of final demand in our main markets, the United States and Europe.

Highlights

- The Group's TIR (Total Incident Rate) has decreased by 5% compared to year-end 2023.
- Acerinox Europa's plant has resumed its activities after the 5-month strike.
- Melting shop production amounted to 491 thousand tons, an increase of 21% compared with Q2 2024 (12% higher than in Q3 2023), due to the reactivation of production at Acerinox Europa.
- EBITDA, that amounted to EUR 114 million, was 9% lower than in Q2 2024 (22% lower than in Q3 2023) as a result of challenging market conditions.
- Operating cash flow was EUR -63 million, mainly due to an increase of operating working capital.
- The Group's net financial debt amounted to EUR 453 million (EUR 500 million in September 2023).
- The annualized ROCE through 9M was 10%.
- A final dividend of 0.31 euros/share was distributed (through 9M a total dividend of 0.62 euros/share).
- Acerinox has signed an agreement for the sale of its subsidiary Bahru Stainless Sdn. Bhd. for a total sum of USD 95 million. It is expected that the final closing of the transaction will take place at the end of November 2024.
- The acquisition of Haynes Int., after the recent approval issued by the UK Competition and Markets Authority (CMA), is now pending only the decision of the Austrian competition authorities.

Outlook

The weakness of the demand for stainless steel will continue for the fourth quarter. The end of year market seasonality and the geopolitical and macroeconomic uncertainties do not permit us to be optimistic in the short-term, despite the fact that inventories continue to be low.

The high-performance alloys market remains stable and the order book of VDM continues to be solid, although its activities will be affected by market seasonality in the fourth quarter.

EBITDA for the final quarter is expected to be higher than in the third quarter due to the sale of Bahru Stainless, and adjusted EBITDA is expected to be lower than in the third quarter. We plan to reduce operating working capital and, consequently, net financial debt.

Our robust strategy and the measures that are being adopted will have positive effects in our results once demand picks up.

Statement by our CEO, Bernardo Velázquez, on the results

"The strength of our American subsidiary, North American Stainless (NAS), and of our high-performance alloys division, has enabled the Group to report third-quarter EBITDA of EUR 114 million, despite the challenging market conditions within the stainless steel sector.

The new collective bargaining agreement at Acerinox Europa will enable the implementation of a new business model based on enhanced flexibility to adapt to market conditions, more focused on the customer and adding value. The resumption of activities at the factory has been carried out satisfactorily.

The acquisition of Haynes has been a key step in our diversification strategy, positioning us at the top of the pyramid of higher value added products, thereby prioritizing the American market, the aerospace sector and high-performance alloys. This acquisition allows us to reduce our exposure to economic cycles, by protecting the Group from market fluctuations and strengthening our offer of specialized products.

The sale of Bahru Stainless for USD 95 million is an important strategic decision that is considered to be the option that best defends the interests of our employees, customers and the community in general, and I would like to thank all of them for their contribution to the Group over recent years.

All these strategic steps will enable us to improve our competitiveness, focus on our core markets, adequately meet the challenges of the future, strengthen Acerinox's resilience and its ability to adapt to changes in the environment and maintain our commitment to the creation of sustainable value for our shareholders."

1. Main economic and financial figures

Consolidated Group	**Quarter**			**9M**		
	Q1 2024	**Q2 2024**	**Q3 2024**	**2024**	**2023**	**Variation 2024/2023**
Melting shop production (thousands of metric tons)	461	405	491	1,357	1,460	-7%
Revenue (EUR million)	1,481	1,299	1,307	4,088	5,079	-20%
EBITDA (EUR million)	111	125	114	350	607	-42%
% of revenue	*7%*	*10%*	*9%*	*9%*	*12%*	
Depreciation and amortization (EUR million)	-41	-41	-38	-119	-128	-6%
EBIT (EUR million)	71	84	77	232	479	-52%
% of revenue	*5%*	*6%*	*6%*	*6%*	*9%*	
Profit before tax and non-controlling interests (EUR million)	71	84	67	221	466	-53%
Profit after tax and non-controlling interests (EUR million)	53	62	48	162	348	-53%
Profit after tax and non-controlling interests per share	0,21	0,25	0,19	0,65	1,39	-53%
Operating cash flow	188	77	-63	203	221	-8%
Net financial debt (EUR million)	234	191	453	453	500	-9%
Gearing ratio (%)	9%	7%	18%	18%	18%	
ROCE annualized	10%	11%	10%	10%	19%	
No. of shares (millions)	249	249	249	249	249	0%
Shareholder remuneration (per share)	0,31	-	0,31	0,62	0,60	3%
Average daily volume of trading (millions of shares)	0,82	0,78	0,72	0,77	0,96	-20%
No. of employees at period-end	8,245	8,077	8,002	8,002	8,298	-4%

1.1. Results of the Consolidated Group

EUR million	Third Quarter 2024			9M 2024		
	Stainless	High-performance alloys	Consolidated Group	Stainless	High-performance alloys	Consolidated Group
Melting shop production (thousands of metric tons)	473	18	491	1,297	60	1,357
Net sales	1,001	312	1,307	3,103	1,001	4,088
EBITDA	86	28	114	258	93	350
EBITDA margin	*9%*	*9%*	*9%*	*8%*	*9%*	*9%*
Depreciation and amortization	-29	-6	-38	-93	-19	-119
EBIT	57	22	77	165	74	232
EBIT margin	*6%*	*7%*	*6%*	*5%*	*7%*	*6%*

Third quarter

Q3 results have been affected by lower demand in the U.S. and European markets, as well as the uncertainty that currently exists in the world.

Revenue has been slightly higher than in Q2, mainly as a result of the resumption of the activities of Acerinox Europa.

EBITDA, that amounted to EUR 114 million, was 9% lower than in Q2 (22% lower than in Q3 2023). The sales margin has risen to 9% (from 10% in Q2).

The stainless steel division's EBITDA, that amounted to EUR 86 million, was 6% lower than in Q2, due to the lower demand in the United States and Europe. Final prices have dropped as a result of the reduction of the alloy surcharges, although the base price in the United States has remained stable.

The results of the high-performance alloys division remain at a good level (with EBITDA of EUR 28 million), although 17% below that of the second quarter as a result of the fall in nickel prices. The sales margin was 9% (11% in Q2).

The Group's profit after tax and non-controlling interests amounted to EUR 48 million, 23% lower than in Q2 (32% lower than in Q3 2023).

Operating cash flow for Q3 was EUR -63 million, mainly due to an increase of operating working capital, as a result of the resumption of activities of Acerinox Europa.

As at September 30, net financial debt, EUR 453 million, has increased by EUR 261 million compared with June 30, 2024. In addition to the increase of operating working capital, it is also noteworthy to mention the dividend payment (EUR 77 million) and negative conversion differences of EUR 71 million as a result of the depreciation of the U.S. dollar.

Nine months

The first nine months of the year have been characterized by solid EBITDA in an unstable environment as a result of all of the macroeconomic and geopolitical uncertainties, together with the five-month strike at Acerinox Europa.

EBITDA amounted to EUR 350 million. The EBITDA margin was 9%.

Operating cash flow for the nine months was EUR 203 million. The operating working capital has increased by EUR 38 million and taxes have been paid in the sum of EUR 93 million. A payment for investment of EUR 126 million was made (mainly focused on NAS) and shareholders were remunerated with EUR 154 million. In light of the foregoing, the Group's net financial debt, EUR 453 million, has increased by EUR 112 million compared with that of December 31, 2023.

1.2. Sustainability Targets 2030

2030 TARGET	DEGREE OF PROGRESS
20% reduction in CO_2 emissions intensity (Scopes 1 and 2) compared to 2015.	5% vs. 2015 ● (worse than target)
7.5% reduction in energy intensity compared to 2015	6% vs. 2015 ● (worse than target)
20% reduction in specific water withdrawal compared to 2015	-41% vs. 2015 ● (in line or better than target)
90% waste recycled	86 % ● (in line or better than target)
26% reduction in TIR compared to 2023	-5% vs. 2023 ● (worse than target)
15% women in the workforce by 2030	13.4 % ● (in line or better than target)

● in line or better than target ● worse than target

The stoppage at the Acerinox Europa factory during five months had a significant adverse impact on some of our sustainability indicators.

The indicators related to carbon intensity and energy consumption have worsened by 5% and 6%, respectively, compared to the base year, as a result of the lower activity in all factories, however the trend is positive for the year, as the indicators have improved by 20% and 2%, respectively, compared with the second quarter. The accident rate has been reduced by only 5% compared with 2023.

It is noteworthy to mention the significant reduction in the specific water extraction (that has been reduced by 41% compared with 2015, with the target being a reduction of 20%), the percentage of recycled waste (which represents 86%, in line with the target), and furthermore, women now represent 13.4% of the workforce.

2. Analysis of our main markets

2.1. Stainless steel market

United States:

- The manufacturing PMI for September was 47.2, representing the sixth consecutive month of contraction.
- Final demand in the U.S. market has been affected by the uncertainty inherent to the electoral process and the weaker than expected economic situation.
- Apparent consumption of flat product has fallen 0.8% through August, according to our estimates, in addition to last year's 20% drop.
- Imports of flat product represent 28% of the market through August.
- Distributor inventory has stabilized at levels below the average set over the last few years.
- Section 232 remains in force and effect and no reduction in trade protection measures is expected.

Europe:

- The manufacturing PMI in the Eurozone for September has dropped to 45 compared to 45.8 during the previous two months. It is the lowest figure registered during this year, due to the fact that the manufacturing sector is currently undergoing a drastic contraction.
- Although the destocking process has been completed, the European market has not rebounded as much as expected and final demand remains weak.
- Apparent consumption of flat product has fallen by 0.4% through August, according to our estimates, in addition to last year's 21% drop.
- Imports of flat product, which account for 17% of the total market, were down 6% through August compared to the same period last year.
- Inventory levels remain below the average of recent years.
- The renewal of the safeguard measures has been approved through June 2026.

2.2. High-performance alloys market

The high-performance alloys market has performed well this quarter.

Demand from oil and gas and the chemical process industry (CPI) has been stable during the quarter. Demand from the electronics and automotive sectors has remained stable at high levels.

In turn, the aerospace sector has been slightly weaker than expected, as a result of supply chain disturbances.

3. Strategic highlights of the first nine months

3.1. Shareholder remuneration

On April 22, 2024, the General Shareholders' Meeting was held, that approved the proposed distribution of a dividend of 0.62 euros per share. An interim dividend of 0.31 euros per share was paid in January, and a final dividend of 0.31 euros per share was distributed in July.

During the first nine months, Acerinox has allocated a total of EUR 154 million to dividends.

3.2. Acerinox Europa

Acerinox Europa and the Works Council signed the IV Collective Bargaining Agreement for the factory staff. This agreement, valid until December 31, 2027, will enable the development of a strategy through greater efficiency, flexibility, and diversification.

On June 21, and within the framework of the new Collective Bargaining Agreement, the factory resumed operations with a new production model that is tailored to current market needs and the strategy set out by the Group. This model will contribute to implement the strategy to alleviate the losses accumulated over the last few years and will address the real demand situation, which is characterized by strong competition and volatility.

The resumption of activities at the factory has been carried out satisfactorily during the quarter. It is noteworthy to mention that the relationships have been maintained with all of our customer portfolio, although the volumes, in the last part of the year, have necessarily been affected.

3.3. Haynes International

On February 5, Acerinox announced the signing of an agreement under which its North American subsidiary, North American Stainless (NAS), will acquire Haynes International (Haynes), a leading U.S. company in the development, manufacture and commercialization of technologically advanced high-performance alloys. The transaction will be carried out entirely in cash.

Haynes' Board of Directors submitted to its shareholders the sale of 100% of its shares. On April 16, 2024, Haynes' shareholders approved the proposed acquisition by NAS for $61 per share in cash, for a total consideration of USD 798 million, corresponding to an enterprise value of USD 970 million.

On October 24, the UK Competition and Markets Authority (CMA) has authorized Acerinox to acquire Haynes International. The closing of the transaction is now pending only the decision of the Austrian authorities.

Once the conditions for the closing of the transaction are satisfied, Haynes will become wholly-owned by NAS. With this operation, the Group will consolidate its presence in the North American market, where it is already the leader in the area of stainless steel, as well as its position in the world high-performance alloys market and will also increase its exposure in the high-margin aerospace sector.

3.4. Sale of Bahru Stainless

Acerinox, S.A. and Worldwide Stainless Sdn. Bhd, a company registered in Malaysia, have signed, on October 10 of this year, an agreement pursuant to which Acerinox, S.A. will sell its subsidiary Bahru Stainless Sdn. Bhd. for a total sum of USD 95 million. It is expected that the final closing of the transaction will take place at the end of November 2024. Acerinox, S.A. had previously announced, on May 29 of this year, the discontinuance of the activities of Bahru Stainless Sdn. Bhd.

3.5. Sustainability

Sustainable Suppliers Training Programme

Acerinox has participated in the second edition of the Sustainable Suppliers Training Programme promoted by the UN Global Compact in collaboration with ICEX. This is an international training project, focused on specific areas of the Ten Principles of the Global Compact, the Sustainable Development Goals and business sustainability. The program is aimed at SMEs that are suppliers of large companies that participate in the UN Global Compact initiative in Spain.

Human Rights Accelerator Programme

Acerinox has participated in the second edition of the program developed by the UN Global Compact that provides companies with tools and knowledge to establish a continuous process of due diligence in human rights, in accordance with the United Nations Guiding Principles on Business and Human Rights.

4. Presentation of Third Quarter 2024 results

Acerinox will present its Third Quarter 2024 results today, October 29, at 1:00 p.m. (CET), led by the Chief Corporate Officer (CCO), Miguel Ferrandis; the Chief Financial Officer (CFO), Esther Camós; and the Director of Investor Relations, Communication, Consolidation and Reporting, Carlos Lora-Tamayo, who will be accompanied by the Investor Relations team.

To join the presentation by telephone, please connect 5–10 minutes before the event by using one of the following numbers:

From Spain: 919 01 16 44. PIN: 472336 / From the United Kingdom: 020 3936 2999. PIN: 472336 / From the USA: 1 646 664 1960. PIN: 472336 / All other countries +44 20 3936 2999. PIN: 472336

You can watch the presentation through the Shareholders and Investors section of the Acerinox website (www.acerinox.com).

Both the presentation and all audiovisual material will be available on the Acerinox website.

5. Relevant figures

Consolidated Group

EUR million	Q3 2024	Q2 2024	Q3 2023	9M 2024	9M 2023	% Q3 24 / Q3 23	% 9M 24 / 9M 23
Melting shop production (thousands of metric tons)	491	405	440	1,357	1,460	12%	-7%
Net sales	1,307	1,299	1,557	4,088	5,079	-16%	-20%
EBITDA	114	125	146	350	607	-22%	-42%
EBITDA margin	*9%*	*10%*	*9%*	*9%*	*12%*		
EBIT	77	84	101	232	479	-24%	-52%
EBIT margin	*6%*	*6%*	*6%*	*6%*	*9%*		
Profit (loss) before tax	67	84	96	221	466	-30%	-53%
Profit after tax and non-controlling interests	48	62	70	162	348	-32%	-53%
Operating cash flow	-63	77	298	203	221	-	-8%
Net financial debt	453	191	500	453	500	-9%	-9%

Stainless steel division

EUR million	Q3 2024	Q2 2024	Q3 2023	9M 2024	9M 2023	% Q3 24 / Q3 23	% 9M 24 / 9M 23
Melting shop production (thousands of metric tons)	473	384	423	1,297	1,402	12%	-7%
Net sales	1,001	993	1,183	3,103	4,029	-15%	-23%
EBITDA	86	92	95	258	483	-9%	-47%
EBITDA margin	*9%*	*9%*	*8%*	*8%*	*12%*		
Depreciation and amortization	-29	-32	-35	-93	-104	-17%	-11%
EBIT	57	59	58	165	378	-1%	-56%
EBIT margin	*6%*	*6%*	*5%*	*5%*	*9%*		
Operating cash flow	-84	69	225	97	296	-	-67%

High-performance alloys division

EUR million	Q3 2024	Q2 2024	Q3 2023	9M 2024	9M 2023	% Q3 24 / Q3 23	% 9M 24 / 9M 23
Melting shop production (thousands of metric tons)	18	20	17	60	58	5%	4%
Net sales	312	311	380	1,001	1,072	-18%	-7%
EBITDA	28	34	52	93	129	-46%	-28%
EBITDA margin	*9%*	*11%*	*14%*	*9%*	*12%*		
Depreciation and amortization	-6	-6	-6	-19	-18	5%	7%
EBIT	22	28	46	74	111	-53%	-33%
EBIT margin	*7%*	*9%*	*12%*	*7%*	*10%*		
Operating cash flow	22	8	73	106	-74	-70%	-

Cash generation

Consolidated Group

Cash Flow (EUR million)	Q3 2024	Q2 2024	Q3 2023	9M 2024	9M 2023
EBITDA	114	125	146	350	607
Changes in operating working capital	-122	21	125	-38	-178
Corporate income tax	-20	-72	-12	-93	-164
Finance costs	-5	3	-6	-3	-6
Other adjustments	-30	-1	44	-13	-38
OPERATING CASH FLOW	-63	77	298	203	221
Payments due to investment	-48	-41	-32	-126	-129
FREE CASH FLOW	-111	36	266	77	92
Dividends and treasury shares	-78	-	-75	-155	-152
CASH FLOW AFTER DIVIDENDS	-189	36	191	-78	-59
Translation and other differences	-71	7	27	-33	0
Variations in net financial debt	**-261**	**43**	**221**	**-112**	**-60**

Stainless steel division

EUR million	Q3 2024	Q2 2024	Q3 2023	9M 2024	9M 2023
EBITDA	86	92	95	258	483
Changes in operating working capital	-117	30	97	-76	-5
Corporate income tax	-18	-71	-10	-91	-160
Finance costs	0	7	-2	10	6
Other adjustments	-35	11	45	-4	-28
OPERATING CASH FLOW	-84	69	225	97	296

High-performance alloys division

EUR million	Q3 2024	Q2 2024	Q3 2023	9M 2024	9M 2023
EBITDA	28	34	52	93	129
Changes in operating working capital	-5	-9	29	38	-173
Corporate income tax	-2	-1	-2	-2	-4
Finance costs	-4	-4	-6	-13	-16
Other adjustments	5	-12	-1	-10	-10
OPERATING CASH FLOW	22	8	73	106	-74

Balance sheet

ASSETS *EUR million*	Sep 24	2023	Sep 23	Variation
NON-CURRENT ASSETS	1,838	1,777	1,941	3%
CURRENT ASSETS	4,422	4,322	4,627	2%
Inventories	1,880	1,861	2,071	1%
Receivables	605	618	743	-2%
Customers	546	560	647	-2%
Other receivables	58	58	96	1%
Cash	1,882	1,794	1,750	5%
Other current financial assets	55	50	63	10%
TOTAL ASSETS	6,259	6,099	6,568	3%

LIABILITIES *EUR million*	Sep 24	2023	Sep 23	Variation
EQUITY	2,524	2,463	2,789	2%
NON-CURRENT LIABILITIES	1,736	1,733	1,769	0%
Bank borrowings	1,320	1,291	1,343	2%
Other non-current liabilities	416	442	426	-6%
CURRENT LIABILITIES	1,998	1,902	2,010	5%
Bank borrowings	1,015	844	907	20%
Trade payables	754	787	826	-4%
Other current liabilities	229	272	276	-16%
TOTAL EQUITY AND LIABILITIES	6,259	6,099	6,568	3%

Production stainless steel division

	2023					**2024**				**Variation**	
Thousands of metric tons	**Q1**	**Q2**	**Q3**	**Q4**	**12M**	**Q1**	**Q2**	**Q3**	**9M**	**Q3 24 / Q3 23**	**9M 24 / 9M 23**
Melting shop	515	465	423	468	1,869	440	384	473	1,297	12%	-7%
Cold rolling	311	304	283	328	1,225	282	247	303	832	7%	-7%
Long products (hot rolling)	42	36	32	28	139	32	37	41	110	26%	0%

Production high-performance alloys division

	2023					**2024**				**Variation**	
Thousands of metric tons	**Q1**	**Q2**	**Q3**	**Q4**	**12M**	**Q1**	**Q2**	**Q3**	**9M**	**Q3 24 / Q3 23**	**9M 24 / 9M 23**
Melting shop	19	21	17	18	76	21	20	18	60	5%	4%
Finishing shop	8	12	11	10	40	11	10	11	32	1%	7%

Alternative Performance Measures
(Definitions)

Beyond Excellence: Plan to improve Acerinox's operational excellence and competitiveness through specific objectives for its pillars

Operating working capital: Inventories + Trade receivables – Trade payables

Net cash flow: Profit/(loss) after tax and non-controlling interests + 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, net of material extraordinary items

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

Adjusted EBITDA: EBITDA, net of material extraordinary items

TIR: Total incident rate, ((total accidents) * 1,000,000 / hours worked)

Debt ratio: Net financial debt / Equity

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

ROCE (Return on Capital Employed): Annualized net operating income / (equity + net financial debt)

ROE (Return on Equity): Profit/(loss) after tax and non-controlling interests / equity

ICR (Interest Coverage Ratio): EBIT / Financial expenses

Payout: Shareholder remuneration / Profit/(loss) after tax and non-controlling interests

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