

Strengthening Acerinox's position in the US market and its global leadership in high-performance alloys

FEBRUARY 2024



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01.

Transaction Overview

Transaction Summary



Structure

- US-based North American Stainless (NAS) to acquire 100% of Haynes International, a US-based player in high-performance nickel- and cobalt-based alloys
- NAS is a 100% wholly owned, US-based subsidiary of Acerinox



Rationale

- Supports Acerinox's strategy towards higher-value-added products portfolio (specialty stainless and high-performance alloys)
- Expands Acerinox's strong presence in the US market and increases our exposure in the aerospace sector, creating a solid growth platform
- Strengthens Acerinox's global leadership position in the high-performance-alloy segment
- Strong financial performance of Haynes to deliver significant pro forma growth and margin enhancements
- Addition of extensive R&D capabilities and strong patent portfolio
- Ability to unlock sizeable potential synergies of c.\$71 million
- Strong ESG performance and commitments to be further enhanced under Acerinox's ownership



Valuation

- Offer price of \$61 per share representing a fully diluted equity value of \$798 million
- 8.7% premium to share price as of 2nd February and 22.3% premium to 6-month volume weighted average price
- Purchase price represents EV/EBITDA of 10.1x 2024 broker consensus EBITDA (\$96 million) and 5.8x including run-rate synergies of c.\$71M
- Meets 15% through-the-cycle ROCE (exc. synergies) target in year one
- C.11% EPS (annualized and exc. synergies) accretion in year one



Financing

- Fully funded with existing cash on Acerinox balance sheet
- Pro forma leverage (NFD/EBITDA) of 1.5x 2024e. Back to our net leverage target of 1.2x next year. Does not change dividend policy



Conditions

- Haynes shareholder approval
- Other customary regulatory approvals



Timetable

- Expected deal closing Q3 2024

Creating a strong and sustainable leader for stakeholders



Shareholders

- Haynes: All-cash offer of \$61 per share with a premium of 22.3% to the 6M volume weighted average price
- Acerinox: EPS (exc. synergies) accretive in year one
- Meets 15% through-the-cycle ROCE (exc. synergies) target in year one



Employees

- Continued support for US workforce with strong investment plan to grow and modernize operations



Customers

- Together, delivering the broadest product portfolio and solutions globally



Suppliers

- Further develop strong relationships with Haynes, VDM, and NAS suppliers



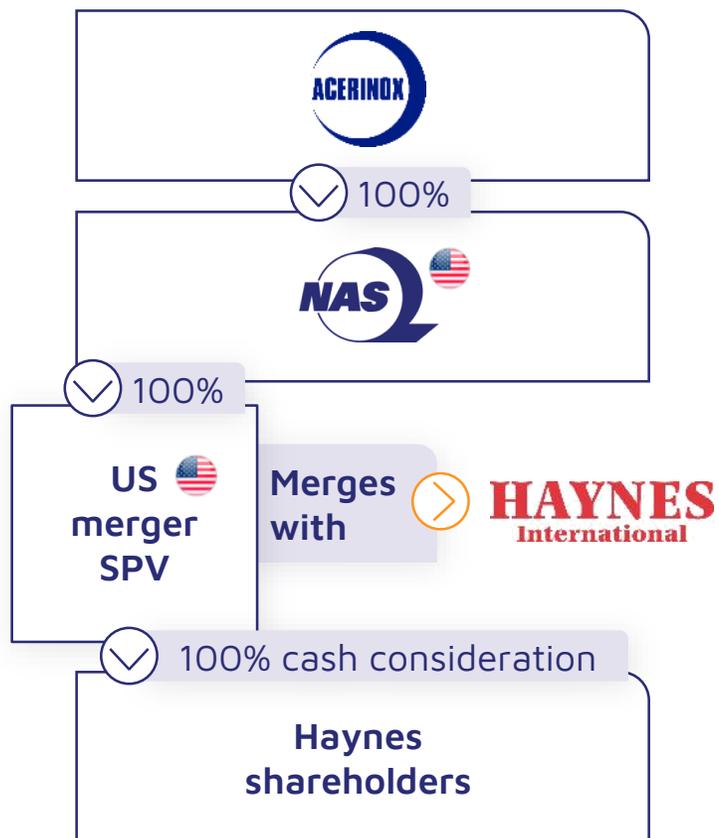
Local communities

- Continued investment and support in local communities, upholding the Acerinox Group and Haynes legacies

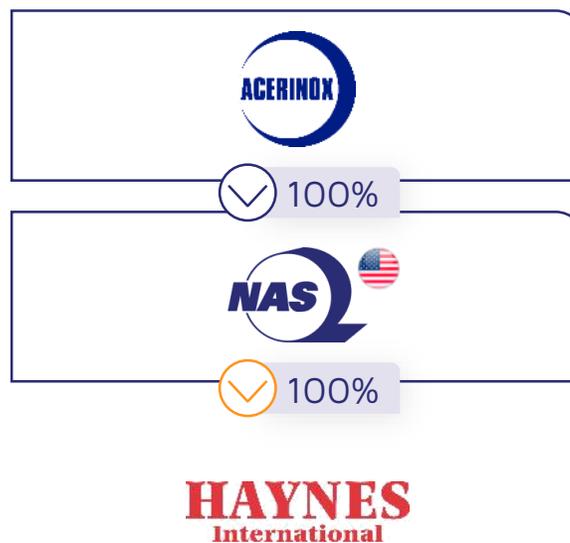
Combination of two leading US businesses



TRANSACTION



AFTER TRANSACTION



Offer

Acerinox through its American subsidiary NAS offers **\$61 per share**

Total equity value of **\$798 million**

Total enterprise value of **\$970 million** including debt and debt-like items

Approximate timeline

February 4, 2024: Agreement signed

~ **April 2024:** Haynes shareholders meeting

Transaction expected to close in Q3 2024, subject to Haynes shareholder approval, and other customary regulatory approvals

02.

Haynes

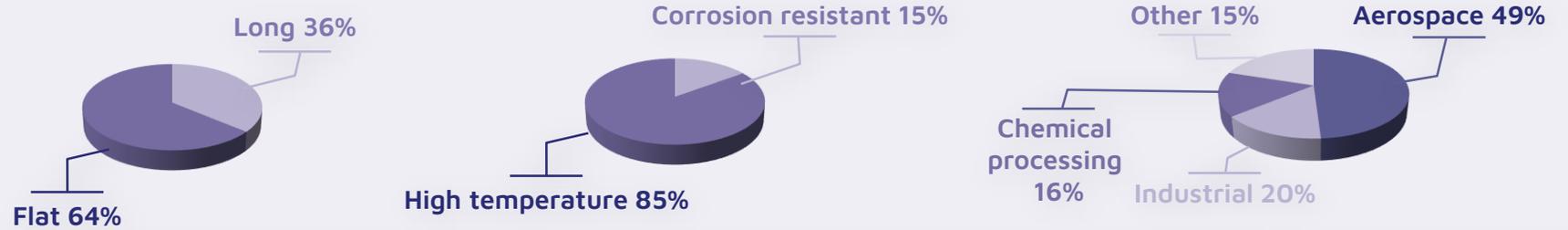
Overview



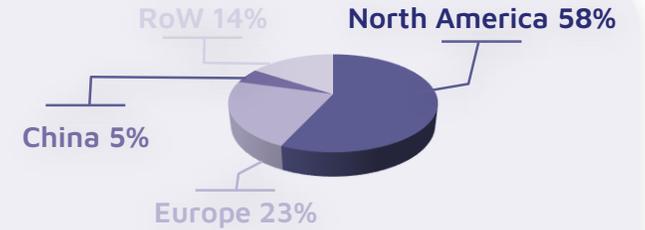
About Haynes International

US-based leading developer and manufacturer of high-performance nickel- and cobalt-based alloys for use in high temperature and corrosion applications

Products and end markets⁽¹⁾



Geographical footprint



Key financials⁽²⁾

\$649 M
FY2024 consensus revenues

\$96 M
FY2024 consensus EBITDA

14.7%
FY2024 consensus EBITDA Margin

⁽¹⁾ % of FY2023 revenue

⁽²⁾ Based on figures for FY2024 Factset estimates

* Figures for Haynes are for September year-end

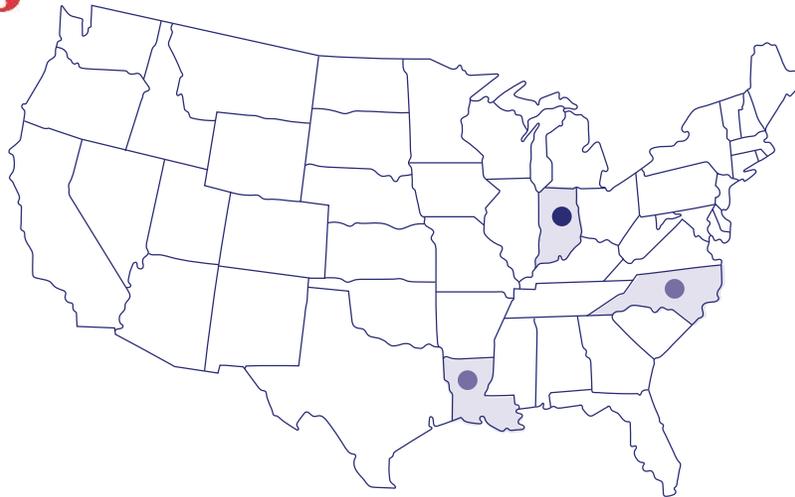
About Haynes International



Haynes has 3 manufacturing plants, a custom metal processing center, and worldwide direct sales/service offices; manufacturing is concentrated in the Northeastern US

Haynes International manufacturing facilities

HAYNES
International



- Haynes Melting & Conversion & Finishing
- Haynes Finishing

Source: Company Annual Report, CapitalIQ, Expert Interviews

Haynes International has:



3 production plants located in Kokomo, Indiana; Arcadia, Louisiana; and Mountain Home, North Carolina

- Kokomo facility specializes in flat products
- Arcadia facility specializes in tubular products
- Mountain Home facility specializes in high-performance wire products



A custom metal processing center that performs slitting, stretch leveling, blanking, and cut-to-length operations for Haynes and other customers



Products distributed primarily through direct sales organization, which includes worldwide service and/or sales centers



Foreign subsidiaries: UK, France, Switzerland, Italy, Singapore, China and Japan

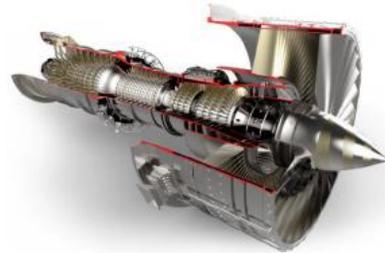
Industry-Leading Innovation Capabilities



END-MARKET Products



Mars Rover Elevator
Combustion Chambers



Industrial Gas Turbine



Combustion Parts



Supercritical-CO2 power cycles



Concentrated Solar

Fully integrated HPA producer with strong positioning in the **aerospace sector**

Innovation focus with significant portfolio of patented alloys and extensive suite of applications for existing alloys

High-value, differentiated nickel-and cobalt based high-performance alloys

Application engineering for new and existing alloys

Unique, world-class manufacturing equipment, including a 4-high reversing hot-rolling mills

Customer focus: manufacturing, technical sales support, and value-added processing in service centers

Dedicated and focused workforce

03.

Why

Haynes?



Strong Strategic Rationale



- ✓ **Further expansion** into **High Performance Alloys** aligned with Acerinox's strategy
- ✓ **Strengthens presence in the US** and Aerospace segments: high growth markets
- ✓ **Creating additional value** through the **expansion** of combined US operating capabilities
- ✓ **Broadest offering of solutions in the industry**
- ✓ **Combined world's strongest R&D capabilities** with extensive track record in the HPA industry
- ✓ Significant **shareholder value creation with ROCE** in line with our through-the-cycle target **(15%)**
- ✓ Significant **synergy potential of c.\$71 M**
- ✓ Haynes **ESG targets** aligned with **Acerinox**

Enhanced Combined HPA Global Footprint



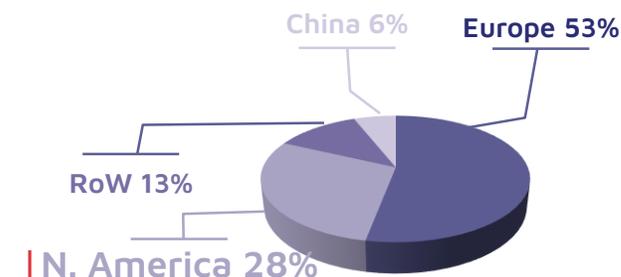
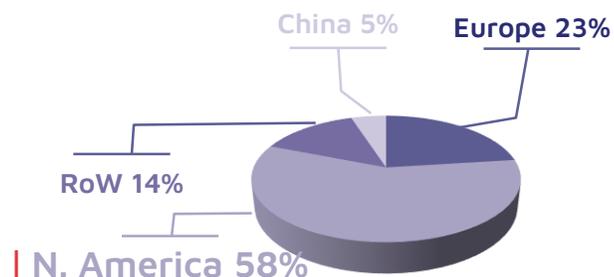
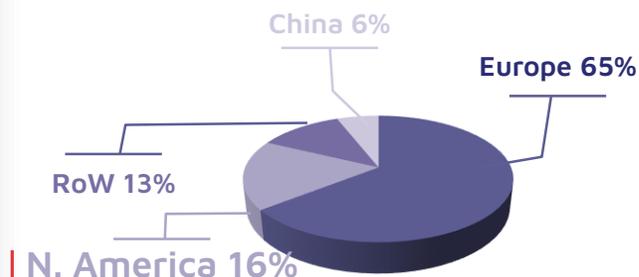
Sizeable Increase in US Presence and Aerospace Exposure
Focus on our main core markets: USA and Europe

HPA Division (VDM)

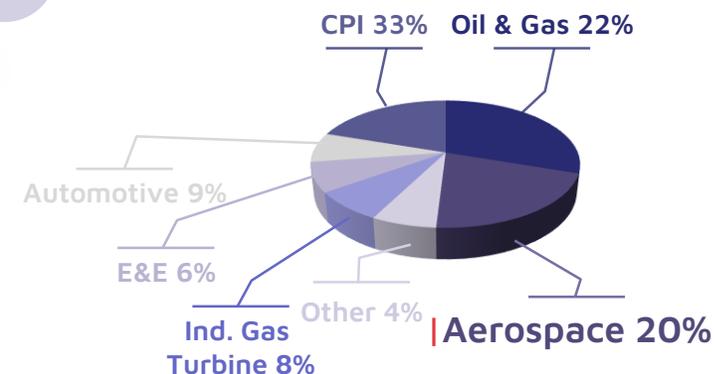
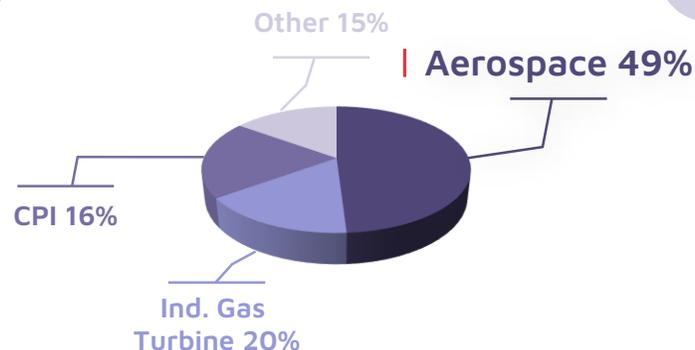
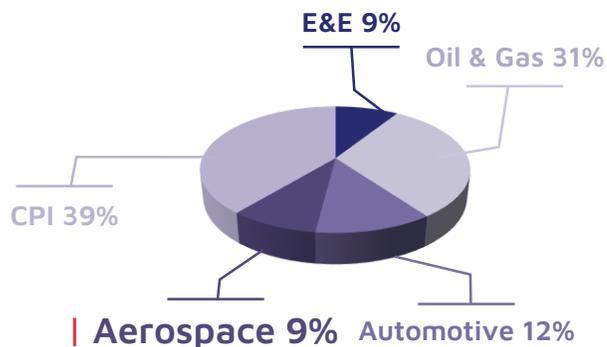
Haynes

Acerinox's new HPA division

Revenue by Region



Revenue by Sector



Reinvesting in the US While Growing our HPA Business

We aim to integrate Haynes into our existing Stainless & HPA platform and plan to invest additional c.\$200M over the next 4 years in the US

Rationale for Capex Investments

Accelerate Haynes growth and realize synergies run-rate of \$71 M

Full integration of Haynes within our existing platform in the US

These investments further reinforce our commitment to keep growing in the US and continue to build a US market leader

Where Will the Capex be Invested?

HAYNES

New VIM furnace

New forge

Additional Finishing Lines

NAS

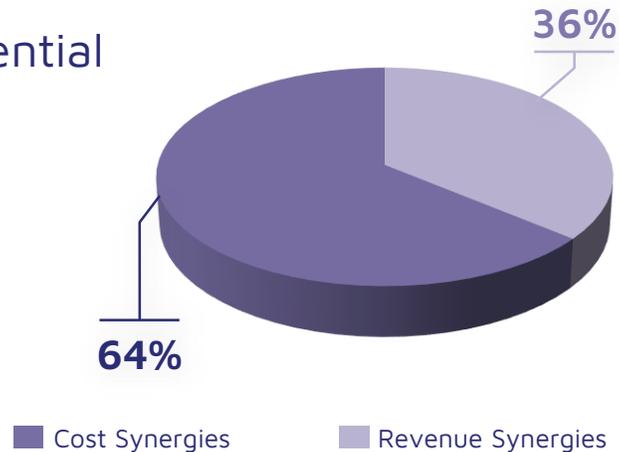
Hot Rolling Mill Components

Significant Identified Long-Term Synergy Potential

Significant Potential Identified, with c.\$200 M of Capex, earmarked to unlock most of the synergies by 2027e and full Synergies by 2030e

\$71 M

Synergies Potential Identified



Sources of Potential Synergies



Operational improvement



Stainless Steel Plate Manufacturing



Wire Rod Production



Improving European and US sales network



Up and Cross selling

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



HPA clear peer-leader with an innovative portfolio of patented alloys and suite of applications

Innovation leadership as a strong differentiation strategy

#1
Leading portfolio of alloy patents

VDM Metals



✓ Innovation leader in Europe



33 R&D employees

HAYNES International

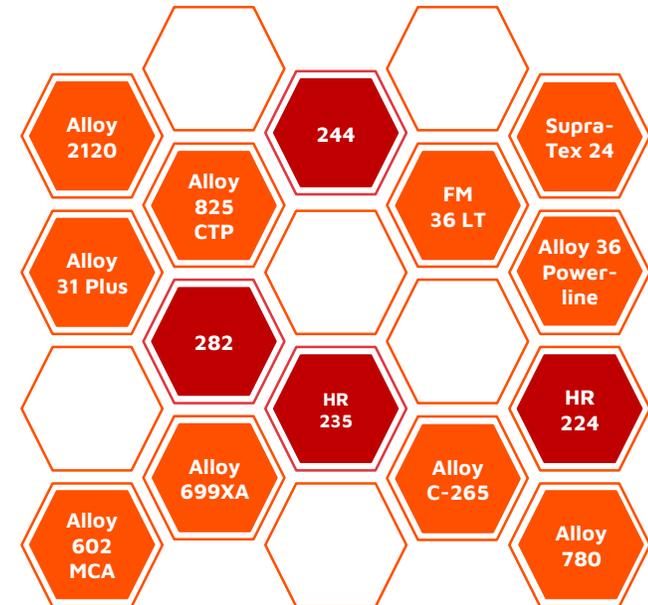


✓ Innovation leader in USA



29 R&D employees

Selected HPA patents with major role for the energy transition:



Shared Strong Commitment to ESG



Acerinox & HAYNES share their commitment to sustainability as essential to the company's long-term continuity. This commitment is demonstrated across a number of targets:



Eco-efficiency and mitigation of climate change



HAYNES
International

GHG EMISSIONS
ENERGY EFFICIENCY

- 20% (2030 vs. 2015)
- 7.5% (2030 vs. 2015)

- 18% (2028 vs 2019)
- 2.5% YoY



Circular economy and sustainable products

WASTE RECYCLED

90% (2030)

+2% YoY



Committed team, culture, diversity, and safety

SAFETY PERFORMANCE

-10% YoY

Improve Lost Work Day Cases, Lost Work Days, Recordable Injuries YoY

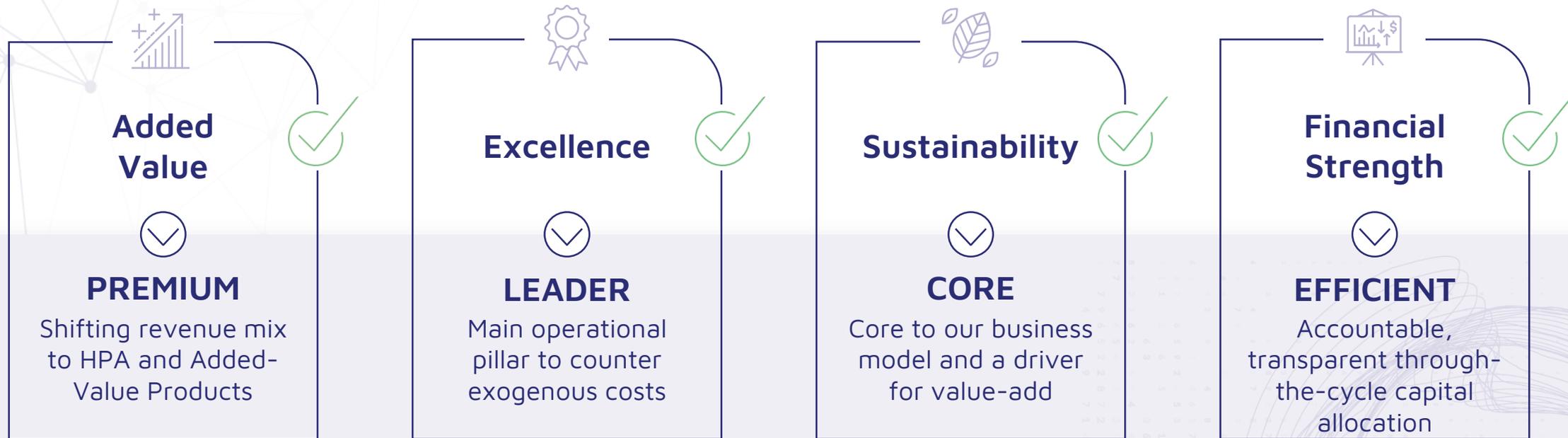
With this acquisition, Acerinox bolsters its commitment to sustainability and the supply of sustainable solutions in such key sectors as power generation, aerospace, chemical processing, solar farms, etc. contributing to the transition to a low carbon economy (positive impact).

04.

Aligned with
Acerinox Strategy

Strategic Plan

Centered around four key pillars



Deliver Through-the-Cycle Value Creation

Added value



Moving in line with our Strategic Goals



Growth in **HPAs**



Strengthen our **leadership in the USA**



Broadest product portfolio



Increase presence in **Aerospace**



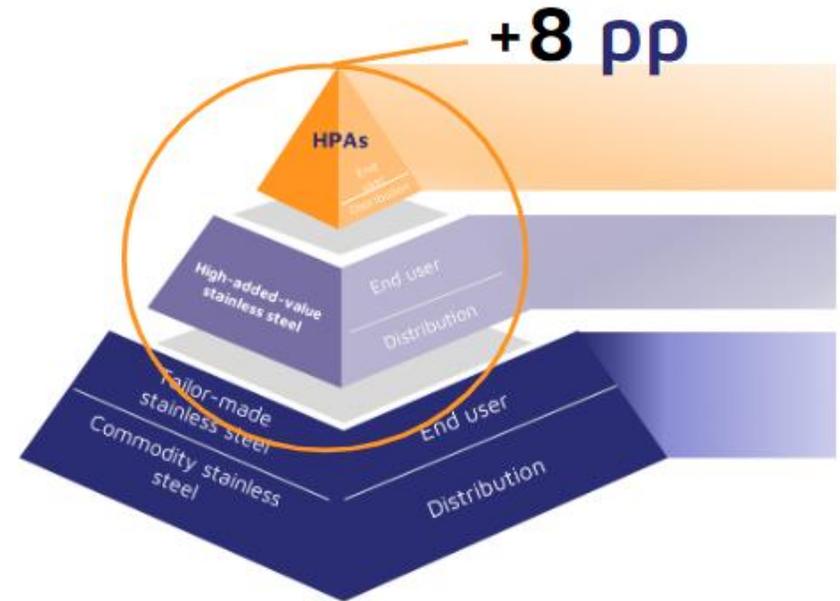
Exploit synergies with HPAs and NAS



Leadership in **technology and R&D**



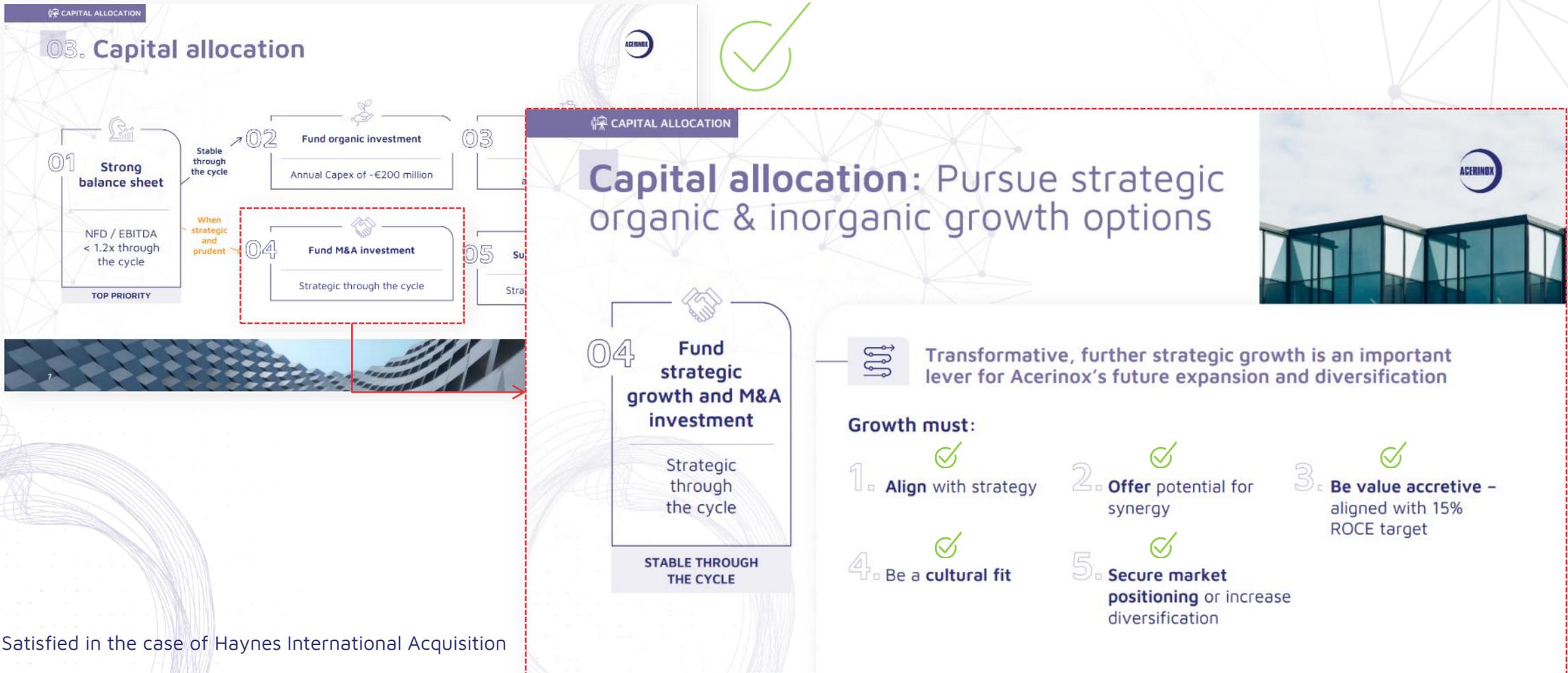
Change our Revenue Mix in favor of more **HPAs** and **Added Value Products**



Increase profitability: **+2.5 – 3.5 p.p.**
EBITDA/Revenue



Fully Aligned With Our Capital Allocation Policy



= Satisfied in the case of Haynes International Acquisition

05.

Conclusion

Significant value creation for shareholders



TRANSACTION

10.1x

2024e (EV/EBITDA broker consensus of Haynes)

5.8x

Pro forma: EV/EBITDA broker consensus of Haynes including synergies

AFTER TRANSACTION

c.15%

(exc synergies)

2024e ROCE ⁽¹⁾

11%

(Annualized and exc synergies)

EPS accretion from year one

c.1.5x

NFD/EBITDA

Strong deleveraging expected in the next 24 months (c.1.2x in 2025)

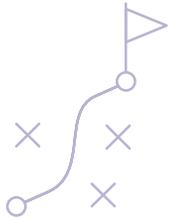
Acerinox will maintain its communicated shareholder returns

⁽¹⁾ expected to be above 15% from 2025

Strengthening a World Leader in Stainless and High Performance Alloys



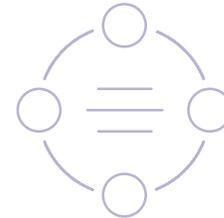
HAYNES
International



Strategic step to reinforce our leadership position in HPA with focus on the US and the aerospace industry



Highly synergistic transaction with already-identified estimated annual synergies of \$71 M



Best in class solutions provider through the addition of extensive R&D capabilities and significant patented alloys portfolio

A light purple square graphic element positioned to the left of the text.

Q&A



06.

Appendix:
Acerinox
at a glance

Acerinox at a Glance



A Sustainable Global Leader in Stainless Steel and High Performance Alloys

#1

in stainless steel in the **USA**, with **31% market share**. 50% of the Group's sales in the USA

#1

in high performance alloys, with **26% market share in Europe** and 11% market share worldwide

#1

in **Africa**, with the largest market share

- Highly **sustainable** products and present in every aspect of life. Highest **quality** standards, and with no other sustainable alternative.
- **Solid long-term strategy.**
- **Management team with extensive experience.**



ESG focus:

- Pioneer in circular economy.
- Committed to decarbonization.
- Health & Safety as a priority.

- **Spanish** Listed Entity (IBEX 35) with a **market cap of c.€2.4bn** (at 31 December 2023).
- **Consistent shareholder return.**

9M 2023

Strong results were achieved in a challenging market

Revenues
€5,079
million

Net Profit
€221
million

EBITDA
€607
million

Production
1.46
million Mt

Main Financial KPI's through the cycle

01



EBITDA MARGIN
 $\overline{>+10\%}$
 (9M 2023: 12%)



Transaction is Margin Accretive

02



15%
 $\overline{\quad}$
 (9M 2023: 19%)



Transaction is ROCE Criteria Compliant

03



NFD / EBITDA
 $\overline{<1.2x}$
 (9M 2023: 0.56x)



Deleveraging Despite Cash Acquisition

Deliver Through-the-Cycle Value Creation

Alternative Performance Measures (Definitions)

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

