



Acerinox

Capital Markets Day



Düsseldorf, November 29-30, 2023



Capital Markets Day

Opening remarks

Carlos Lora-Tamayo

Chief Investor Relations & Communication Officer



Acerinox CMD 2023

AGENDA



November 29

- 12:30–13:45 Welcome and lunch at Rheinterrasse*
- 13:45–13:50 Opening remarks – Carlos Lora-Tamayo
13:50–14:00 Welcome – Niclas Müller
- 14:00–14:15 A new way for a new world – Bernardo Velázquez
14:15–14:30 Facing tomorrow's challenges – Antonio Gayo
14:30–15:00 Deep dive into high-performance alloys – Niclas Müller
15:00–15:20 Stainless steel and HPAs: Materials of the future – Helena Alves
15:20–15:40 Achieving excellence in all plants – Hans Helmrich
15:40–16:00 Sustainability: It's our nature – Carlos Ruiz and Deniza Puce
- 16:00–16:15 Coffee break
- 16:15–16:30 From global to local – Manuel Landeta
16:30–16:45 Acerinox: A sustainable investment – Miguel Ferrandis
16:45–17:05 Closing – Bernardo Velázquez
17:05–18:00 Q&A
- 18:00–20:00 Downtime
- 20:00–21:45 Dinner at Mbassy by Franks**

* Joseph-Beuys-Ufer 33, 40479 Düsseldorf

** Ratinger Str. 9, 40213 (5 minutes on foot from the Wellem Hotel and Living Medici Hotel)

Attire: Business casual

November 30

- 8:00 Departure from the Wellem Hotel and Living Medici Hotel*
- 10:00–13:30 Welcome reception in Unna | Plant tour
- 13:30–14:30 Lunch and farewell
- 14:30 Departure to airport/Wellem Hotel and Living Medici Hotel*



* Mühlenstraße 34, 40213 Düsseldorf

Attire: Business casual (no skirts or heels); S3 footwear required



Capital Markets Day

Welcome

Dr. Niclas Müller

President and Chief Executive Officer of VDM Metals Group





A new way for a new world

Bernardo Velázquez
Chief Executive Officer of Acerinox



We contribute to sustainable development



Acerinox is firmly committed to contributing to the achievement of the United Nations **Sustainable Development Goals** (SDGs).

We manufacture entirely and endlessly **recyclable** products, while also promoting **innovation, education, equality policies, and climate change mitigation.**

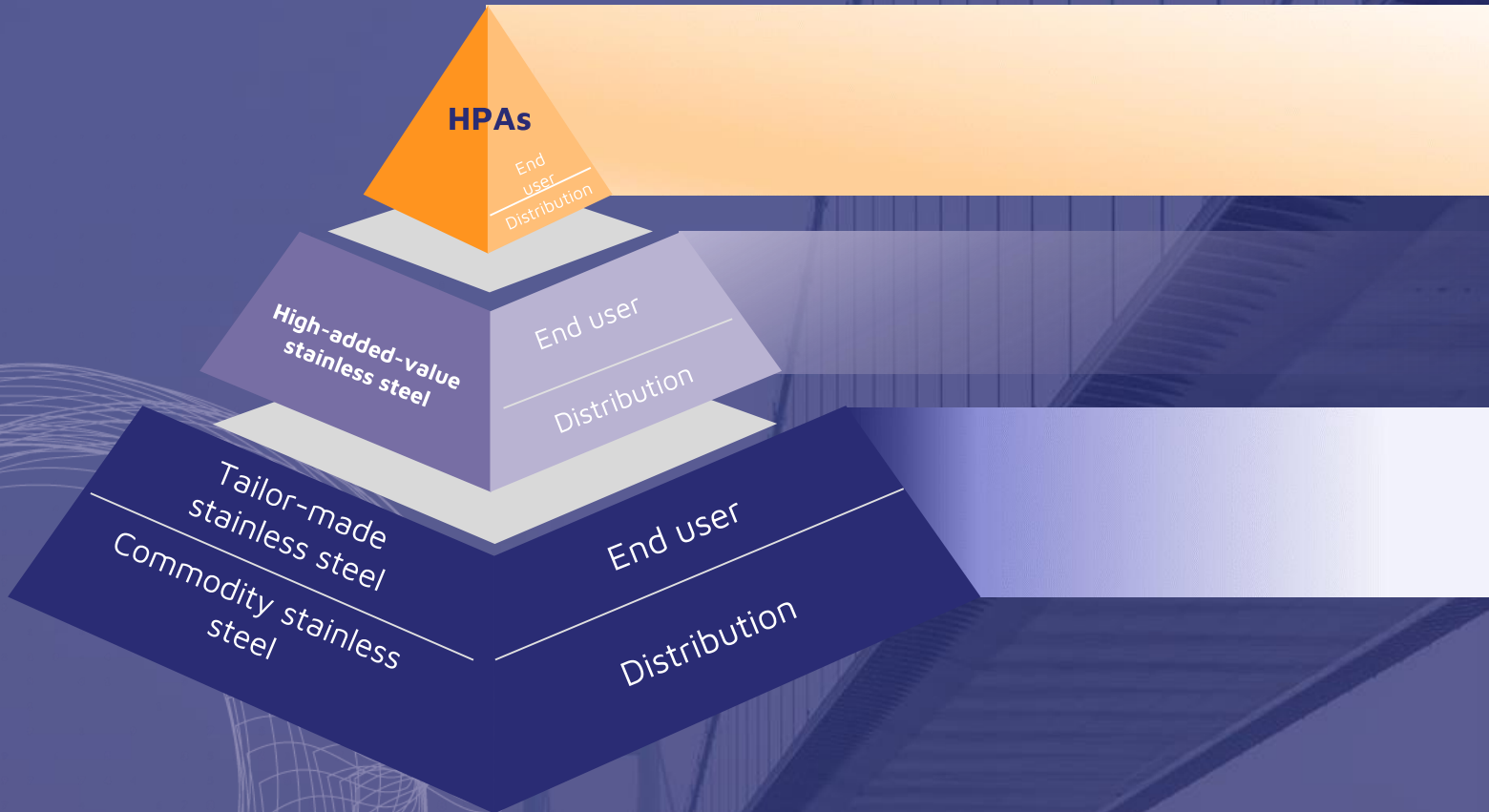




“

Create
solutions
for each application,
thus contributing to the
progress and quality of life
of a **sustainable society**

”



New global environment



Disruptions in the supply chain

New global environment

-  Anti-dumping
-  Anti-subsidy
-  Section 232
-  Safeguard measures
-  CBAM
-  Anti-circumvention



Trade measures and protectionism



New global environment:



Disruptions in the **supply chain**



Trade measures and protectionism



Strategic autonomy



Importance of sustainability

Deglobalization



A new way for a new world

PAST



**Proposition /
market reach**



Megatrends

Stainless steel (#1 N. Am)
Cost oriented

Globalization

PRESENT

Stainless steel (#1 N. Am)
#1 High-performance alloys

Circular economy
Sustainability

FUTURE

Broadest portfolio
Customer centric

Circular economy
Sustainability
Excellence
Deglobalization



**Focus on
value creation**

Added value

Excellence

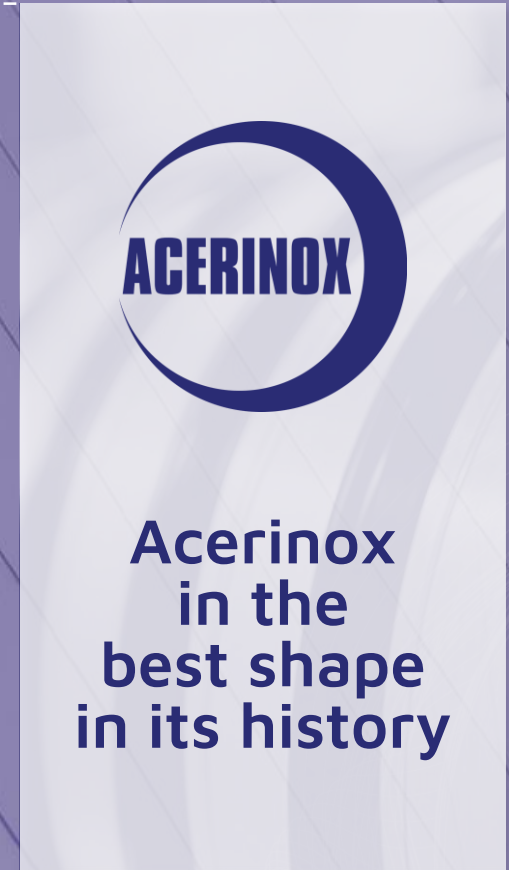
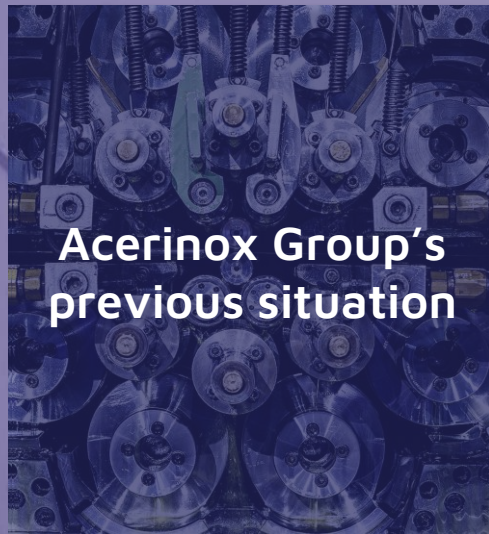
Sustainability

**Strong
balance sheet**

Acerinox's new position

- Excellence
- Broadest portfolio
- Deglobalization

Contribution by HPAs:
results and synergies





Facing tomorrow's challenges

Antonio Gayo

Strategy Director

ACERINOX CAPITAL MARKETS DAY 2023



Main opportunities and challenges



SEIZE KEY opportunities



Leadership in HPAs



Access to higher-added-value sectors



Redefinition of the **supply chain**



Demand increase in sustainable products and companies



Regionalization

SEIZE KEY challenges



Overcapacity in Asia



Production costs



Energy



Inflation



Access to competitive raw materials, main suppliers, and consumables

Strategic Plan 2021–2025

Centered around four key pillars



Deliver through-cycle value creation

Strategic pillars

Added value - Premium



Organic

01

Development and expansion into added-value products in USA, Europe, and South Africa

02

VDM as transformation lever for the Acerinox Group

- Supplier of solutions
- Widest choice of materials

Inorganic



Consolidated **Stainless-HPA** platform that allows us to expand our portfolio



Increase profitability

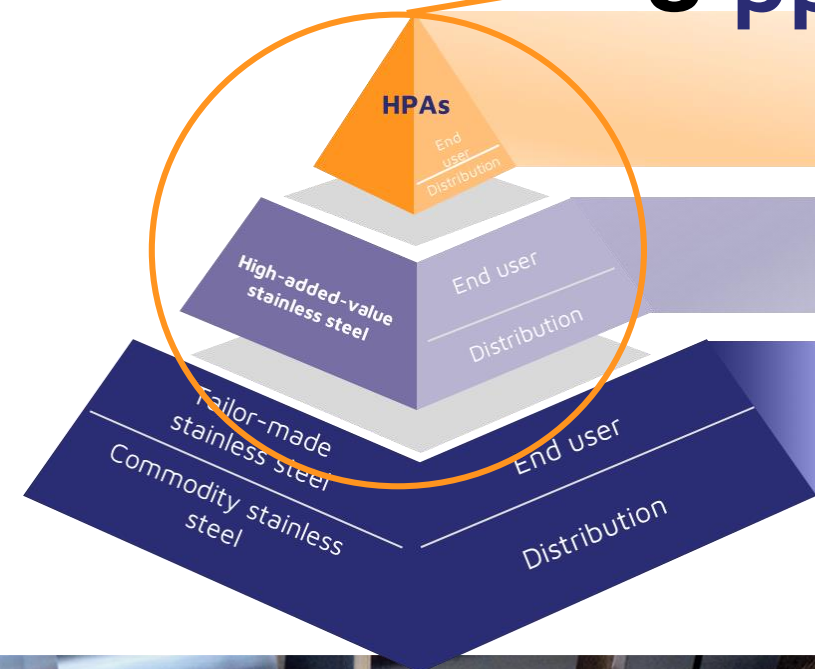
+2.5–3.5 pp

EBITDA/revenue



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

+8 pp



Strategic pillars

Excellence - Leader

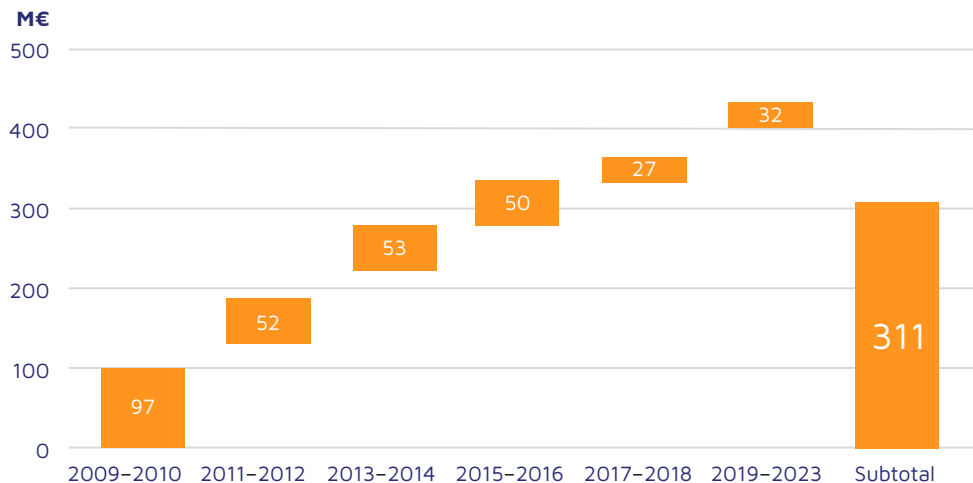


Main operational pillar to increase competitiveness



Excellence Plans:
15 years of operational success

311M€ achieved



Beyond Excellence: 2024-2026

Holistic approach to **create value** in all areas of the company



Decarbonization & environment



Efficiency



Commercial excellence



Productivity & automation



Quality & customer service



Purchasing

Strategic pillars

Sustainability - Core



Core of our
business model

Opportunity to
increase value of
our products

We have a sustainability plan
to support our 2030 target

Decarbonization is
an opportunity for the group

01 Be more efficient → Excellence

02 Sell a premium product → ECO ACX

03 Regionalization: Trade and
environmental measures



Strategic pillars

Financial strength - Efficient



Allows efficient capital allocation



Capex to increase value
for all stakeholders



IRR
20-25%



NFD/EBITDA
< 1.2 through the cycle



Consistent shareholder
remuneration

NAS capacity
increase of



+244M\$



Deep dive into high-performance alloys: VDM Metals at a glance



Dr. Niclas Müller

President and Chief Executive Officer of VDM Metals Group

ACERINOX CAPITAL MARKETS DAY 2023

Snapshot: HPA Division

VDM Metals

Technology leader in metallic high-performance alloys for mission-critical applications

7 production facilities in Germany and the US

12 subsidiaries, **6** sales offices, **4** service centers, **18** agents

Serving the global **CPI, O&G, automotive, E&E, and aerospace** end markets

~ **41,000 metric tons** annual finishing shop production (FC 2023)

€ 1.072B

YTD through Sept. 2023
Revenue production sales⁽¹⁾

€ 129M

YTD through Sept. 2023
EBITDA⁽²⁾

~ **12 %**

YTD through Sept. 2023
EBITDA margin⁽³⁾

> **1,700** customers

> **2,000** employees

(1) Net sales from production activities (without derivatives, metal trading and engineered solutions); (2) EBITDA = Acerinox reported EBITDA after inventory metal valuation; (3) Calculated as EBITDA divided by production sales. EBITDA margins are statistically particularly sensitive to metal price levels included in revenues

Our core competence



We produce high-performance alloys (HPAs) based mainly on **nickel for products of the future**





To sum it up: HPAs are used if properties of other materials are insufficient



**Excellent corrosion
resistance**
(acids and alkalis)



**High-temperature
strength up to
1,200°C**



**Controlled expansion
behavior**



**Magnetic
characteristics**



**Good
fabricability/
weldability**

Agenda



Applications: The world of VDM Metals



Market characteristics and global reach



Innovation as growth driver and corporate responsibility



Facts and figures



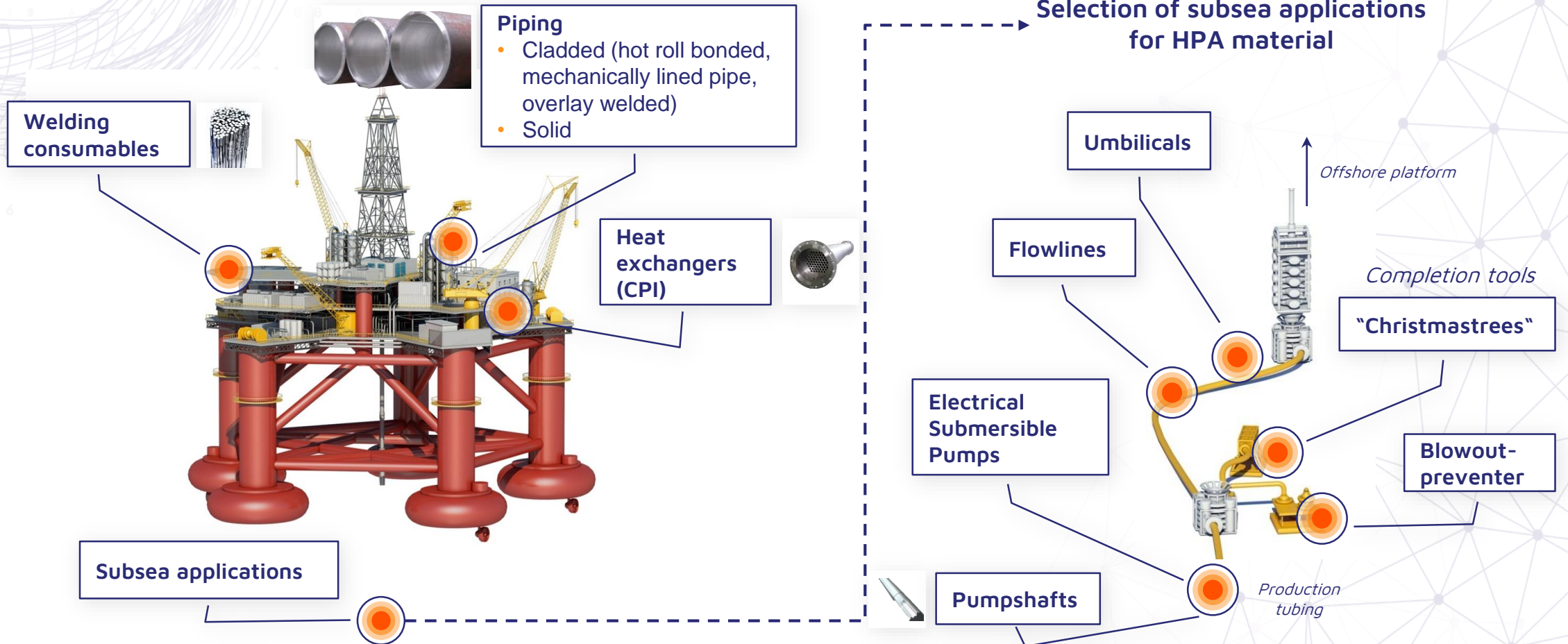
Summary

VDM Metals' materials **are indispensable and invisible** in a wide range of applications



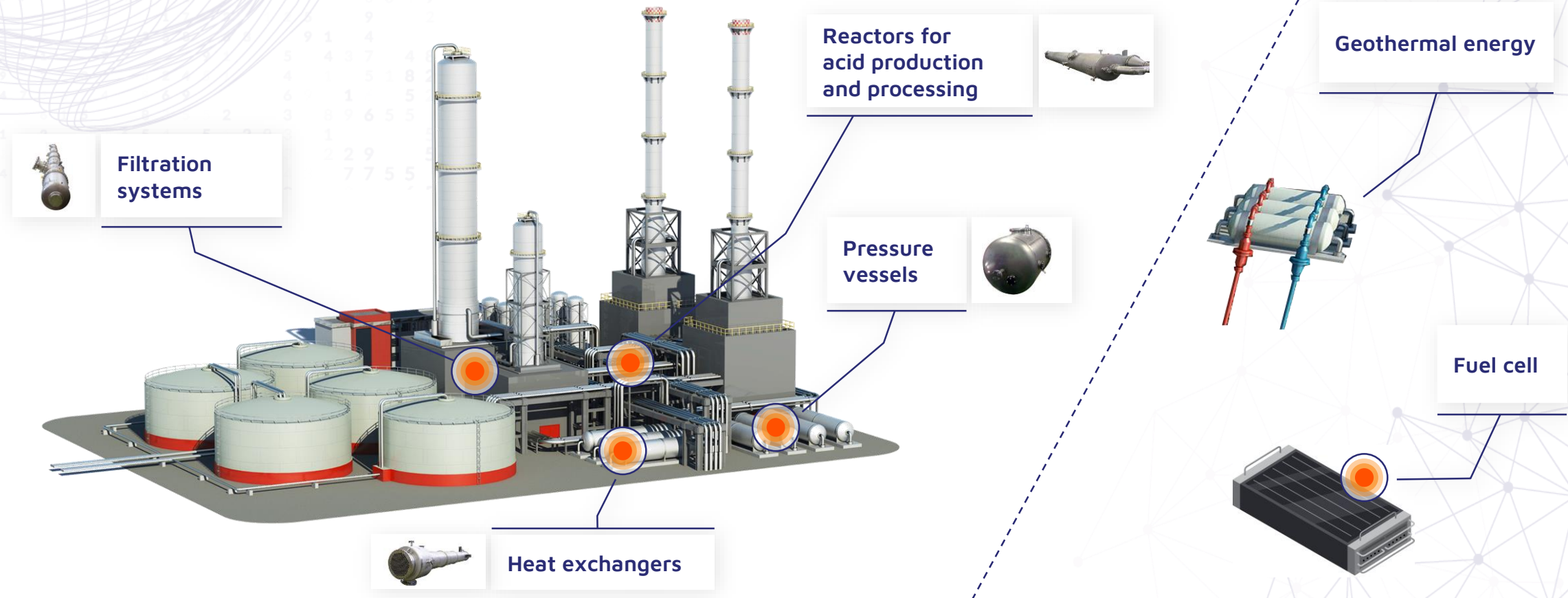
Oil & Gas

A strong global market driven to a large extent by project business



Chemical process industry (CPI)

Growth of world population as main driver



HPA product portfolio covers all process steps from **upstream** to **downstream**

Upstream

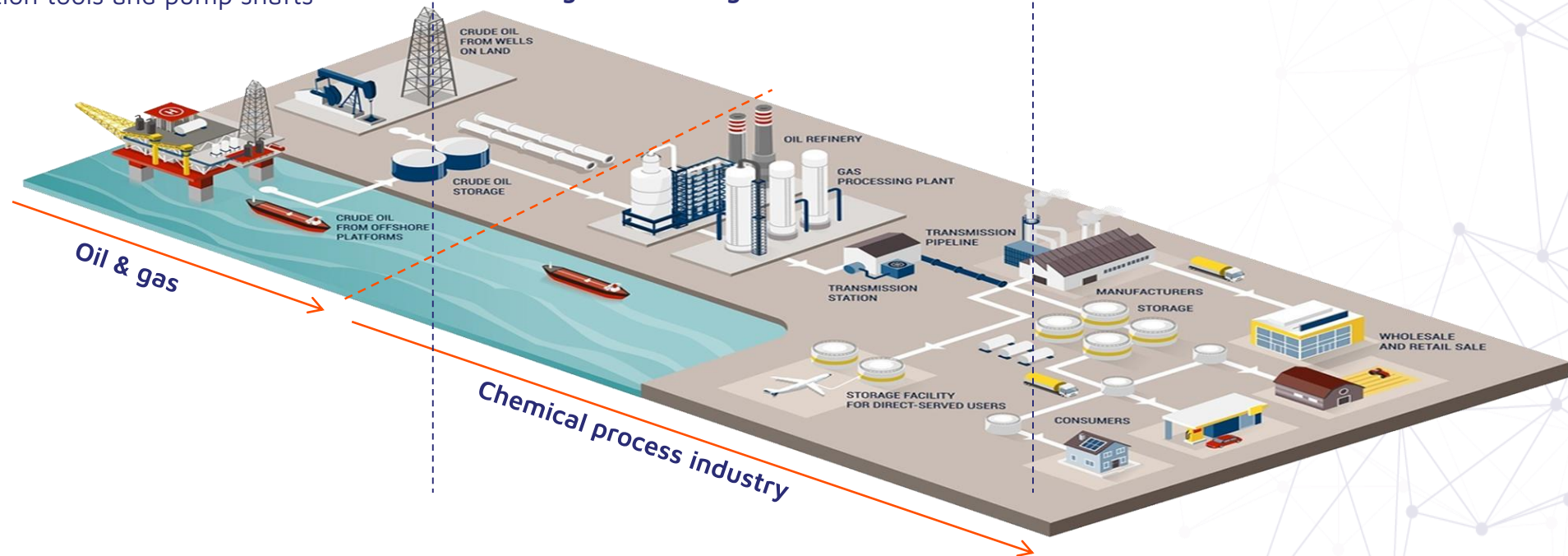
- Pressure tubes in umbilicals and flowlines, riser pipes
- Valve systems
- Wire lines and subsea bandings
- Hanger and packer systems, completion tools and pump shafts

Midstream

- Longitudinal welded/cladded pipes for the transport of crude oil/gas from the well to first production process.
- Overlay welding filler metals for cladding
- Flanges and fittings

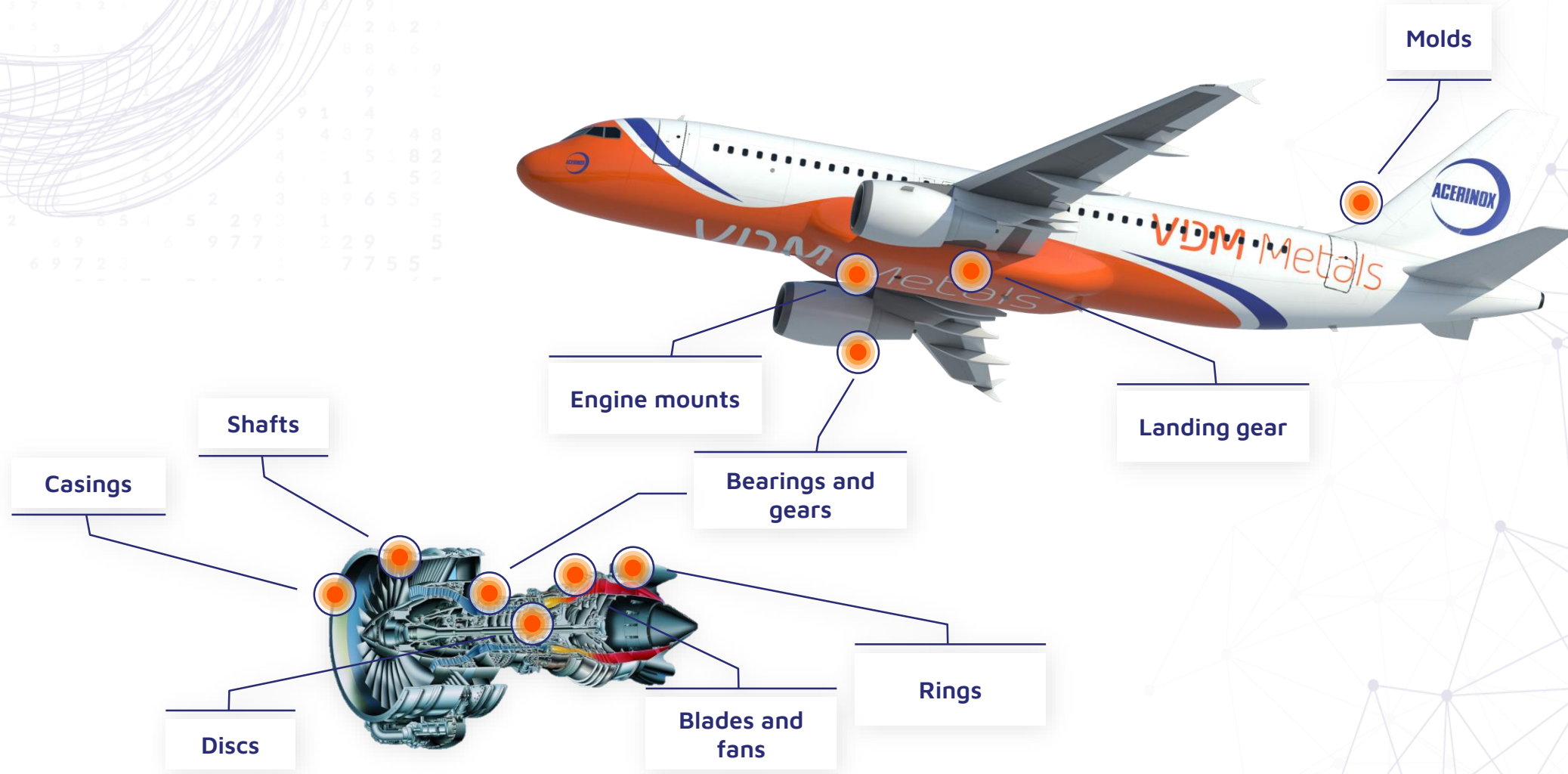
Downstream

- Pressure vessels, tubing, heat exchangers in refineries and processing plants
- Flanges and fittings
- Welded/seamless pipes



Aerospace

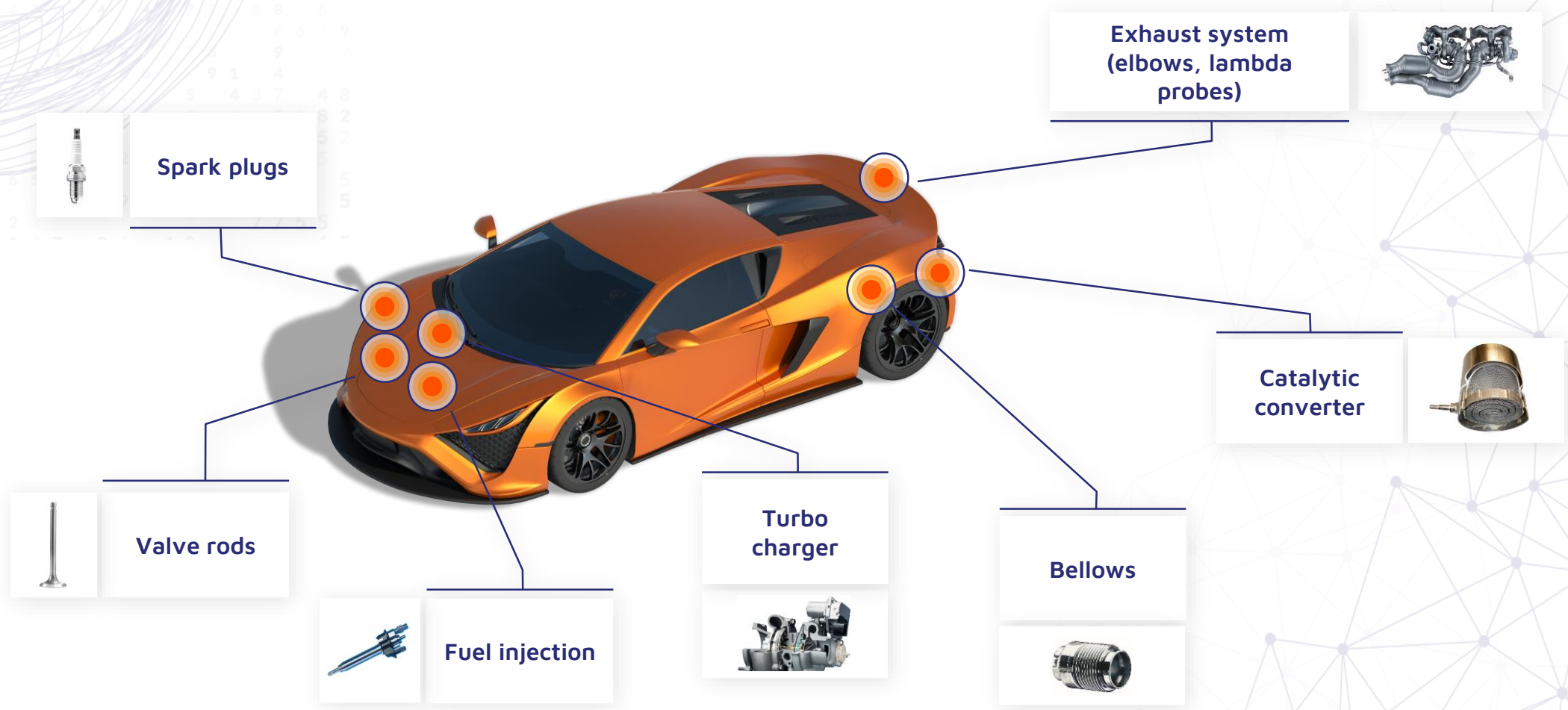
A growing industry with an ever-increasing demand for **high-tech materials**



Automotive



Increased **individual mobility** is a strong driver, with environmental impact as a challenge



Electronics and electrical engineering

The main markets for soft-magnetic, resistance, and expansion alloys

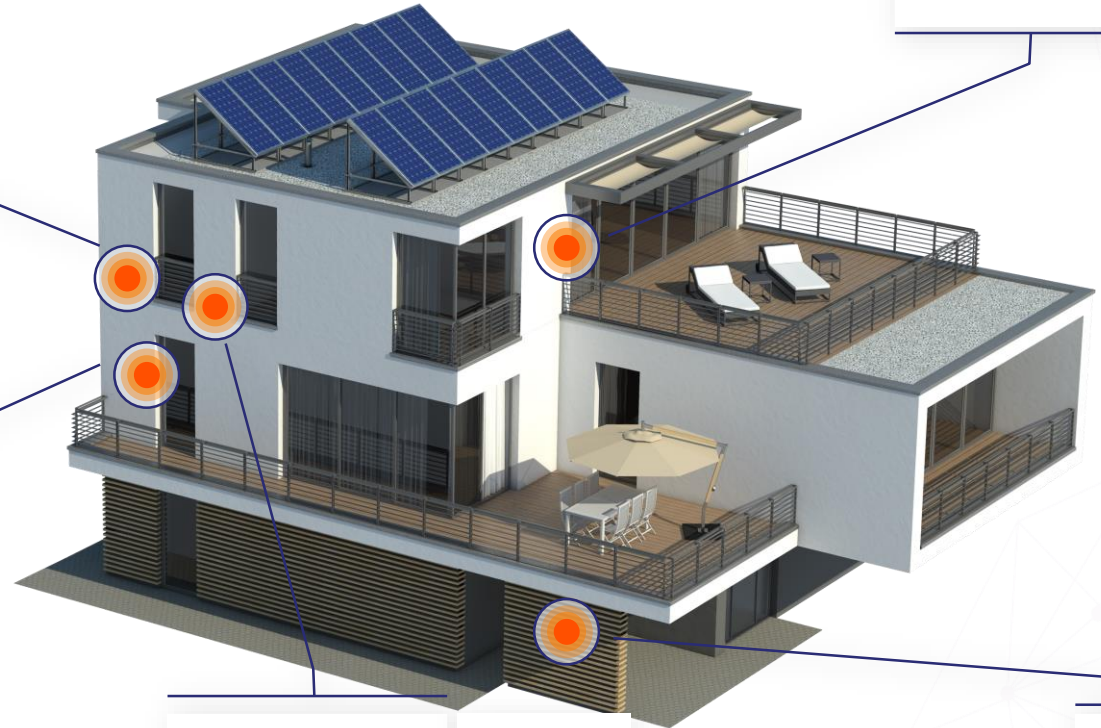


Ceramic hobs

OLED screens



Toaster



Hair dryer

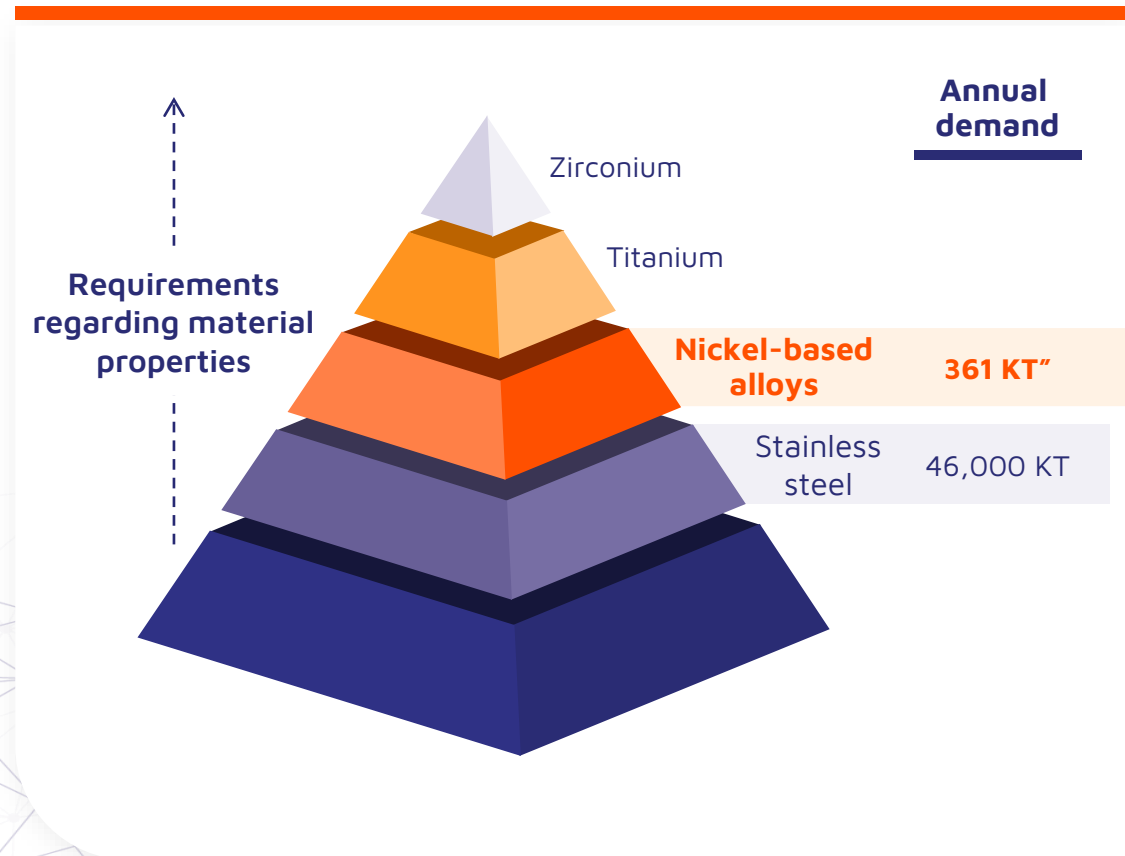


Leakage circuit breaker (fuse)

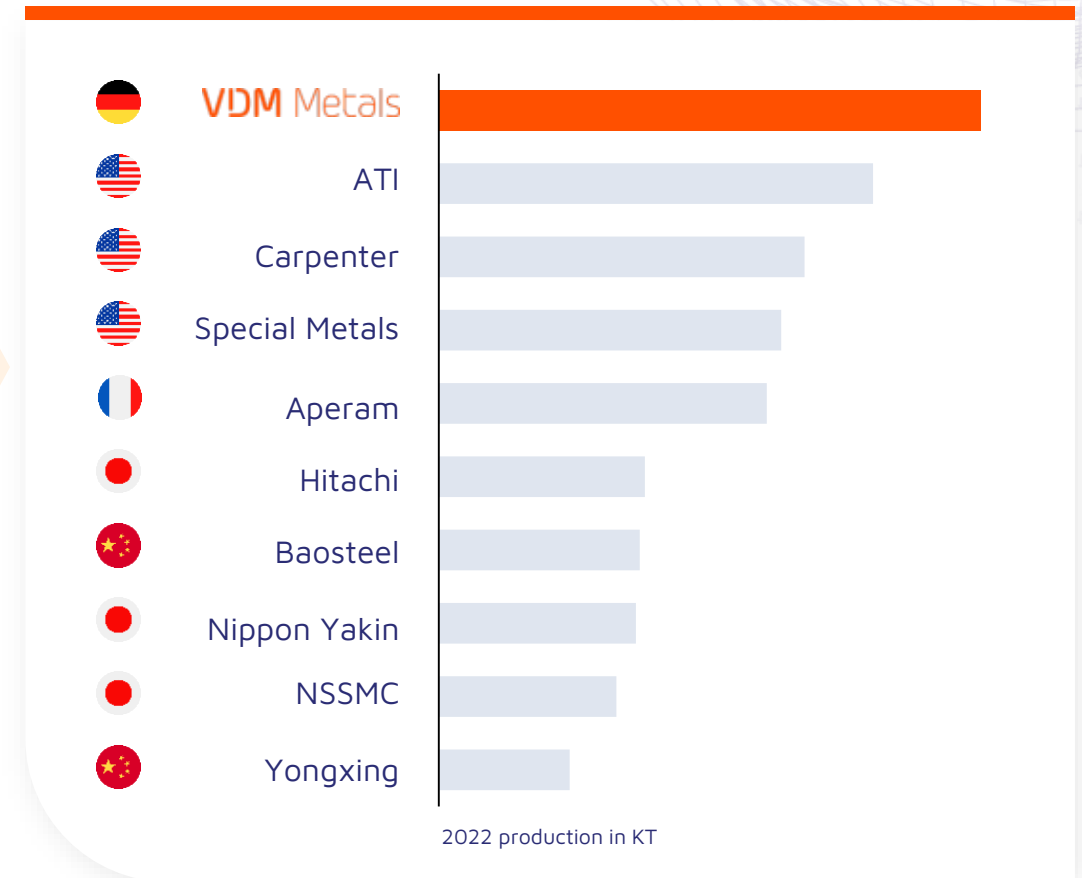


VDM Metals is the world market leader in a globally competitive niche market

Market for nickel-based alloys (2022)



Competitive environment



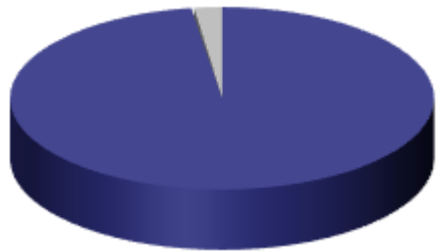
Sources: Stainless figures based on Steel Market Research (SMR), July 2023; flat and long nickel figures based on Steel Market Research (SMR), September 2023, Ni > 25%

*KT = thousands of metric tons

In contrast to carbon and standard stainless steels, the majority of VDM's products are nickel-based

Carbon steel

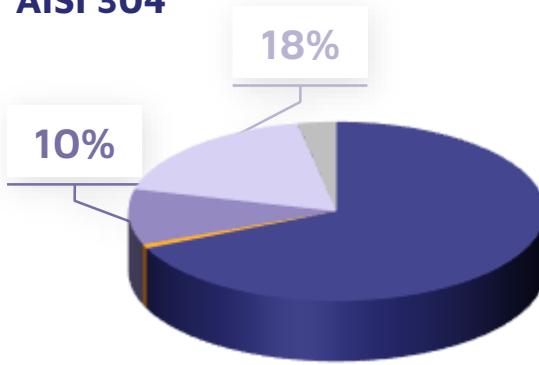
S275JR



< 1,000⁽¹⁾
€/metric ton

Stainless steel

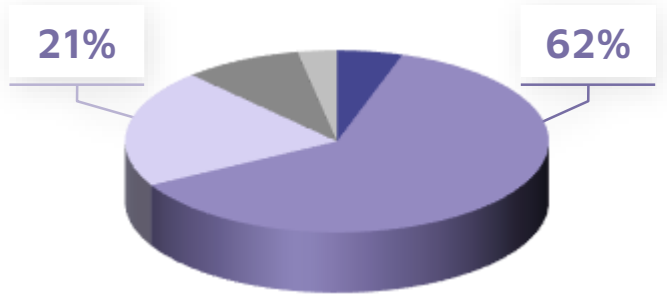
AISI 304



~2,600⁽¹⁾
€/metric ton

Nickel alloys & special stainless steel

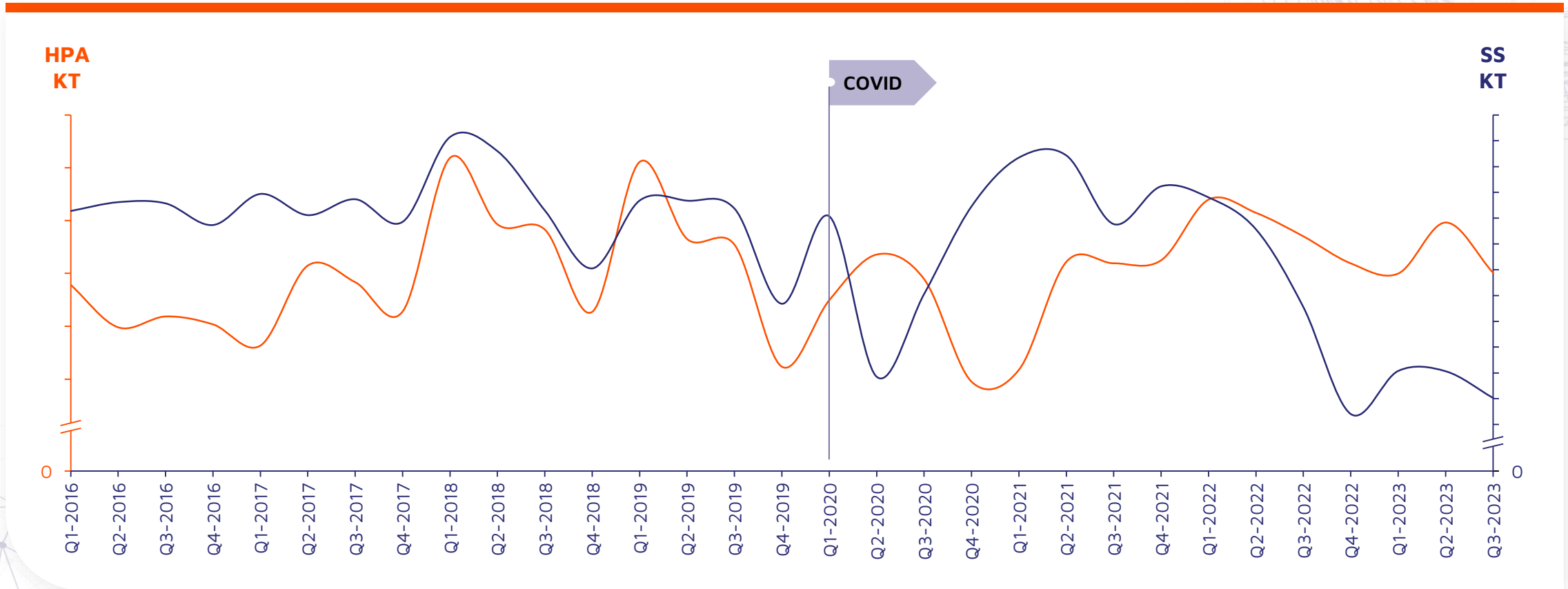
VDM® Alloy 625



~30,000⁽²⁾
€/metric ton

■ Fe ■ C ■ Ni ■ Cr ■ Mo ■ Others

Make-to-order approach of HPA division may lead to different cycles



— Shipments high-performance-alloys (HPA division) — Shipments stainless steel (SS division)

Understanding customer needs is the main factor for the HPA division's business success



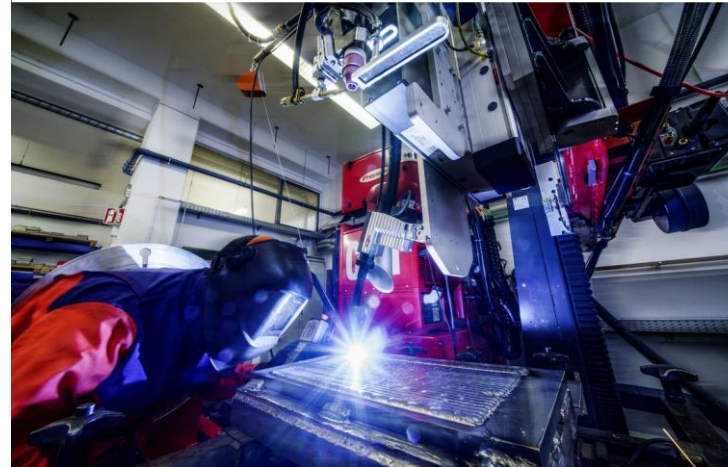
Research and development



With a track record of patented materials, VDM Metals is the proven innovation leader in the high-performance alloys market.



Sales = Application Engineering



VDM Metals offers comprehensive advise on materials selection and processing to support customers in the best possible way.

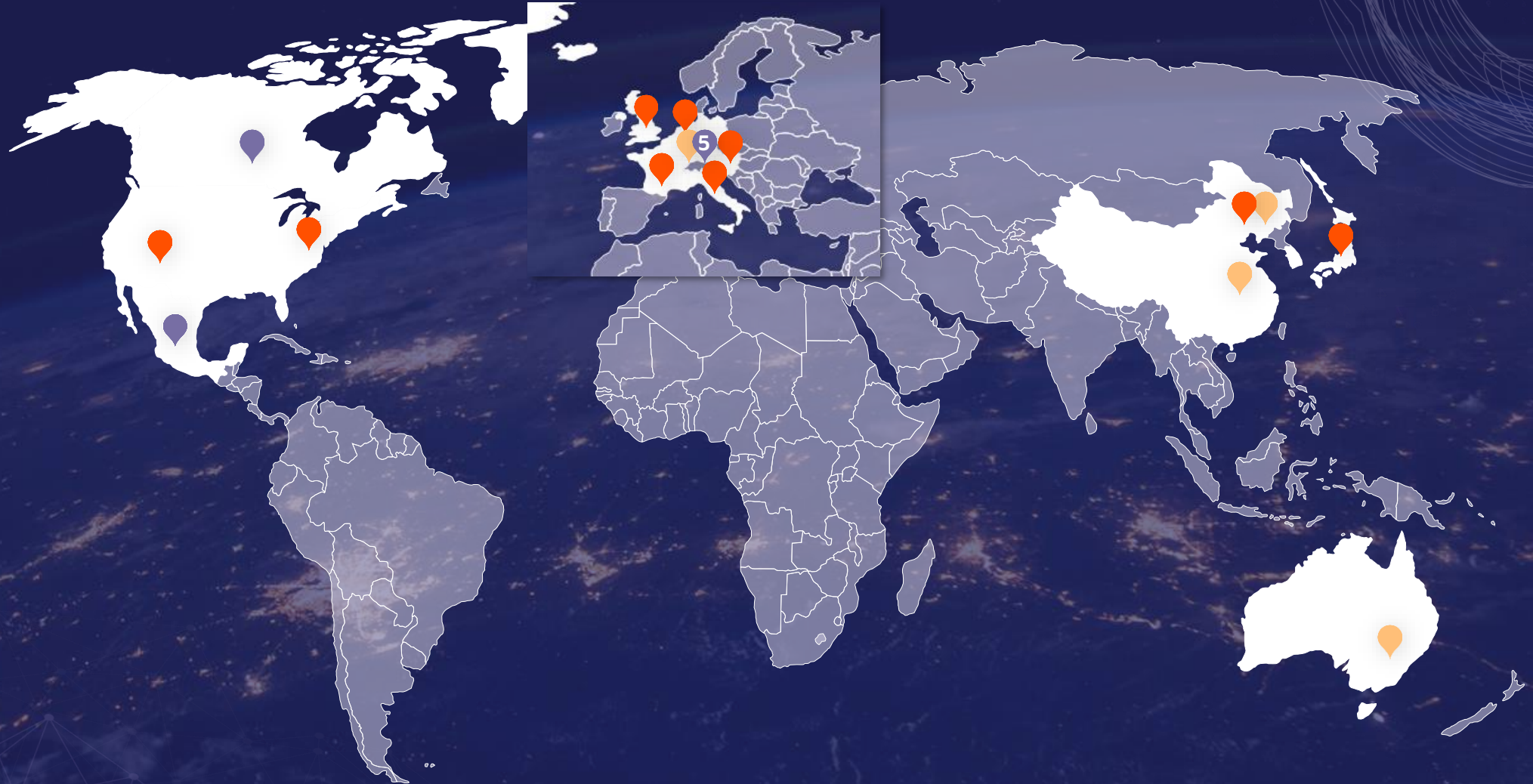



Service center



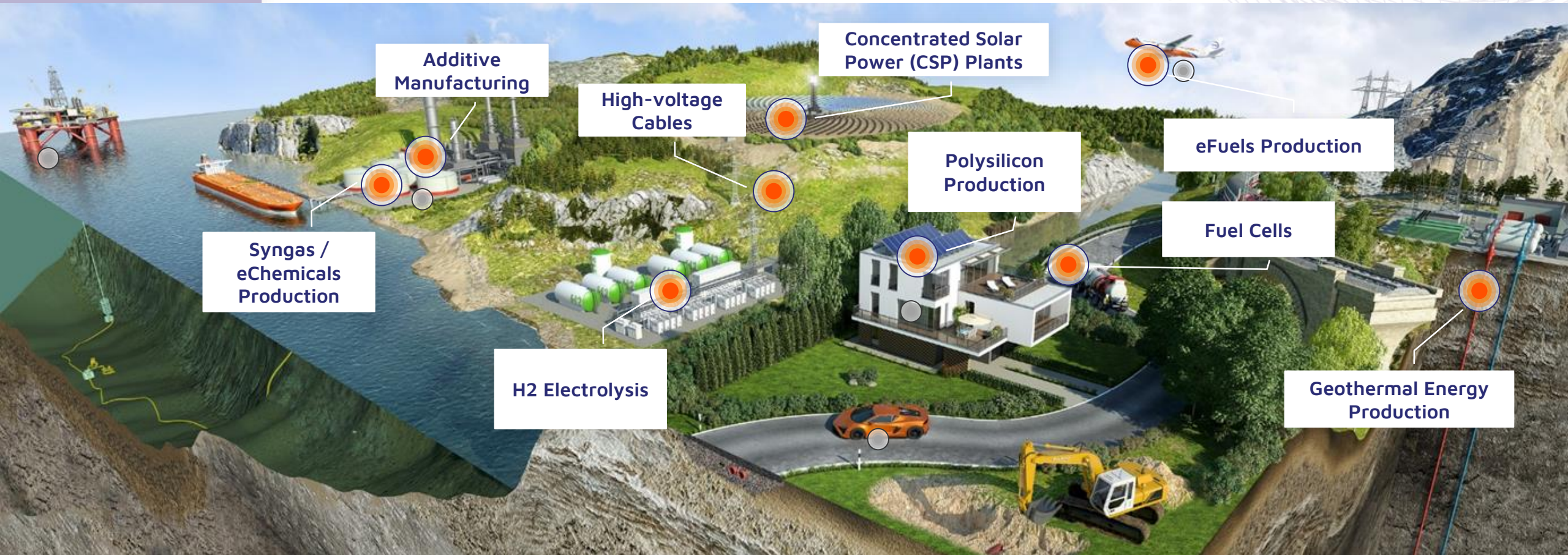
To meet short-term demands and deliver cut parts, VDM Metals operates service centers in Germany, China, Korea, and Australia.

HPA production and sales network

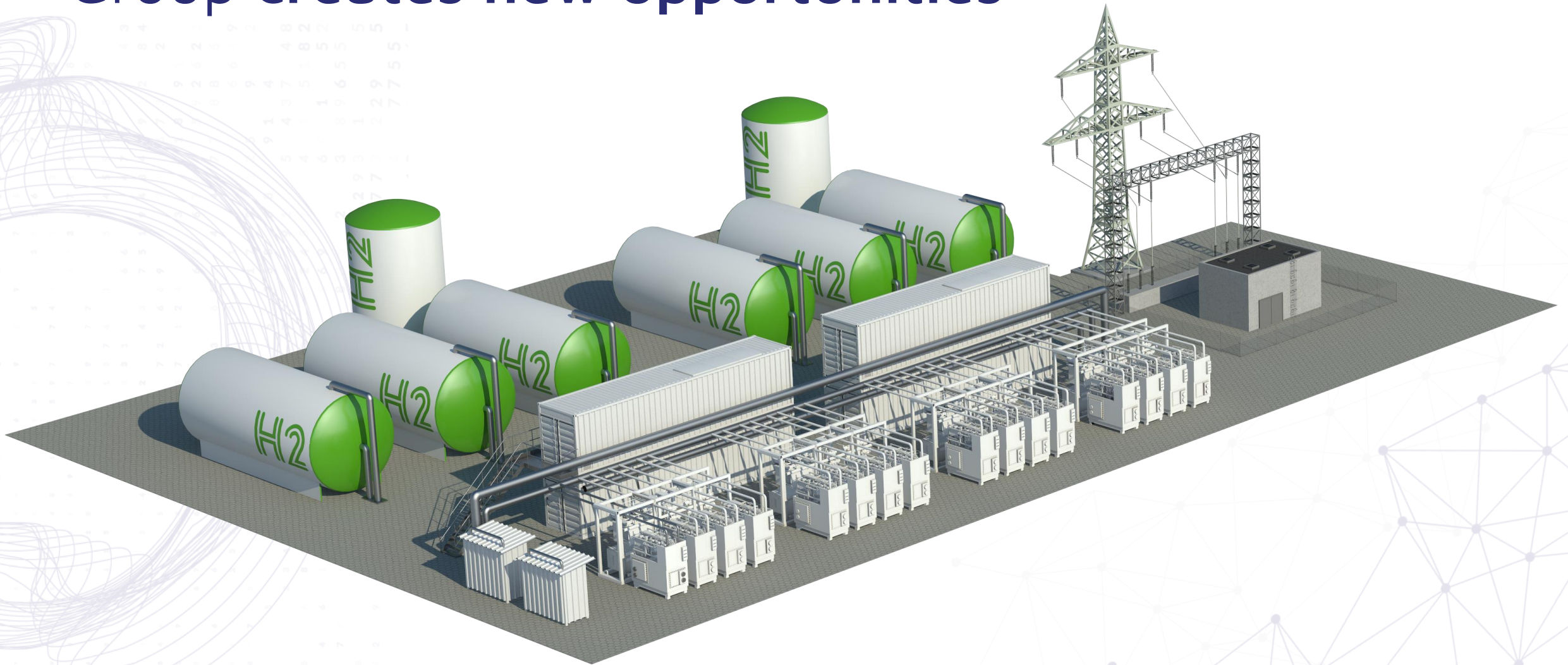


-  Production site
-  Service center
-  Subsidiary/sales office

Sustainability-related and climate-friendly applications open up multiple additional growth opportunities for HPA



Integration of VDM Metals into Acerinox Group creates new opportunities




Joint Acerinox Group approach as enabler to enter the Ni alloys wide coil market for (green) hydrogen production

 HPA coil width limit: 750 mm

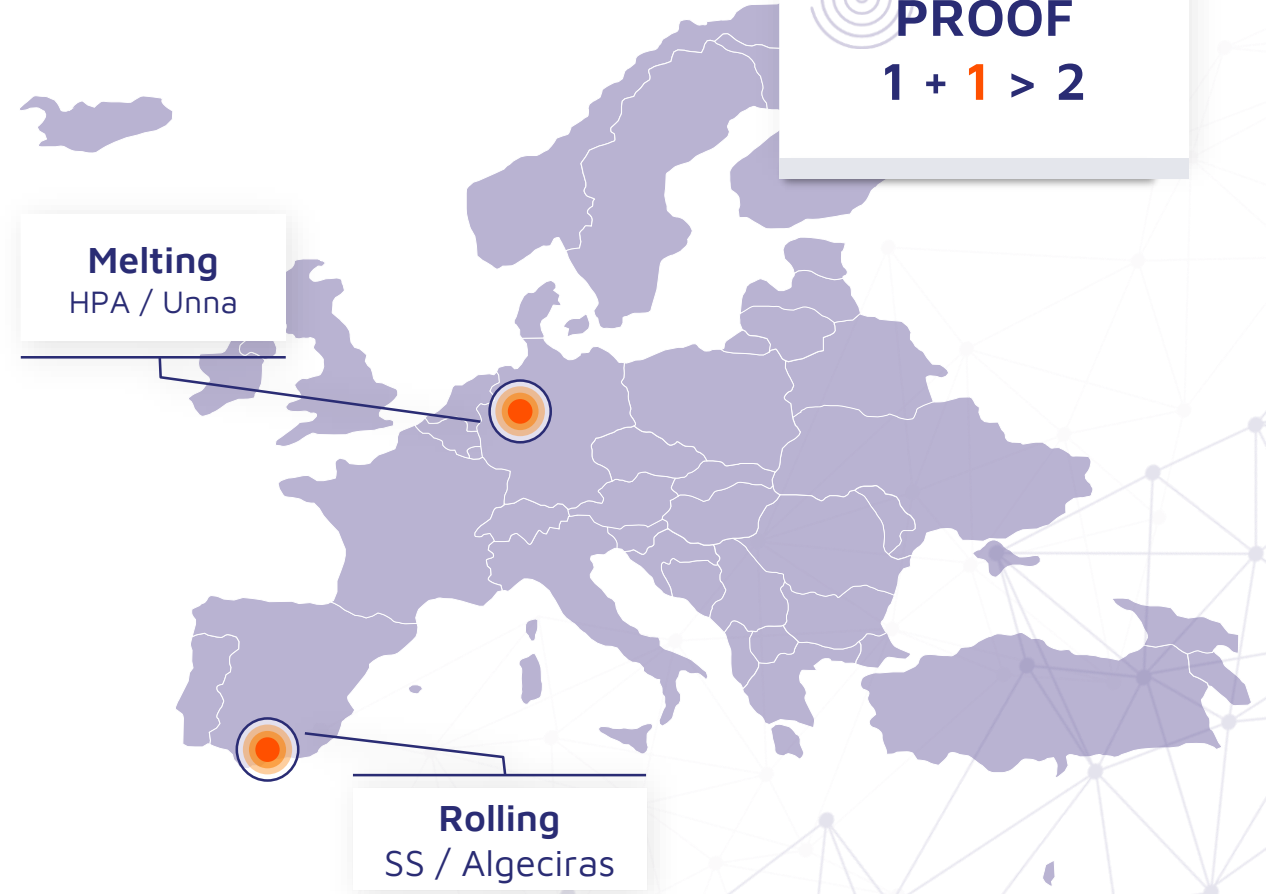
 Joint HPA and SS product development using all **Acerinox Group capabilities**

²⁸
Ni Material:
VDM® Nickel 201

 Dimensions:
0.8/1.0/1.2 mm x < 1,200 mm

 Application:
Hydrogen production (electrolysis)

 Annual Potential:
5,000 MT*



Sustainability: We take our responsibility seriously

Participations, memberships, and certifications



United Nations Global Compact



Transparency International Deutschland



Metal Alliance for Responsible Sourcing



Responsible Minerals Initiative



EcoVadis sustainability rating

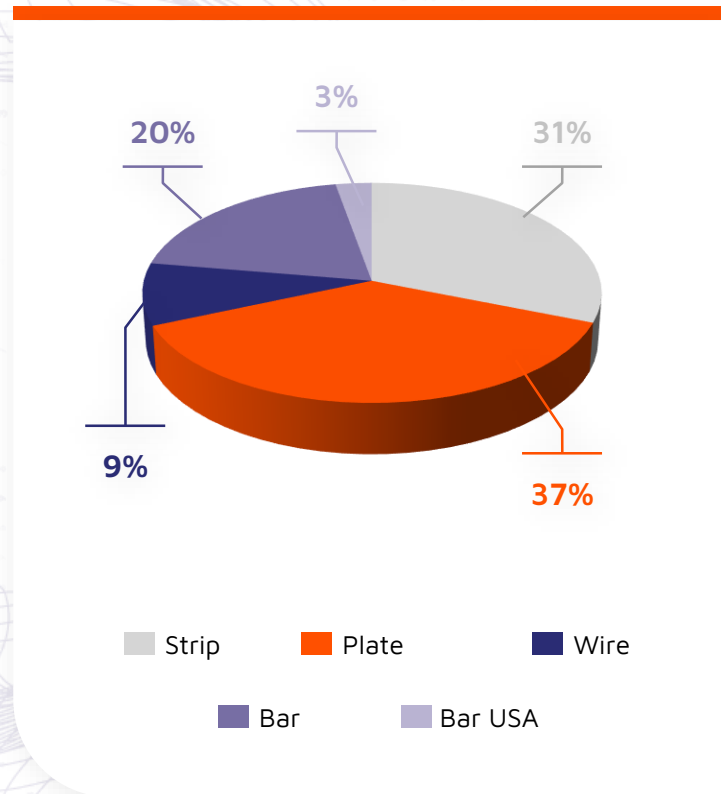


**Sustainability
in practice:**

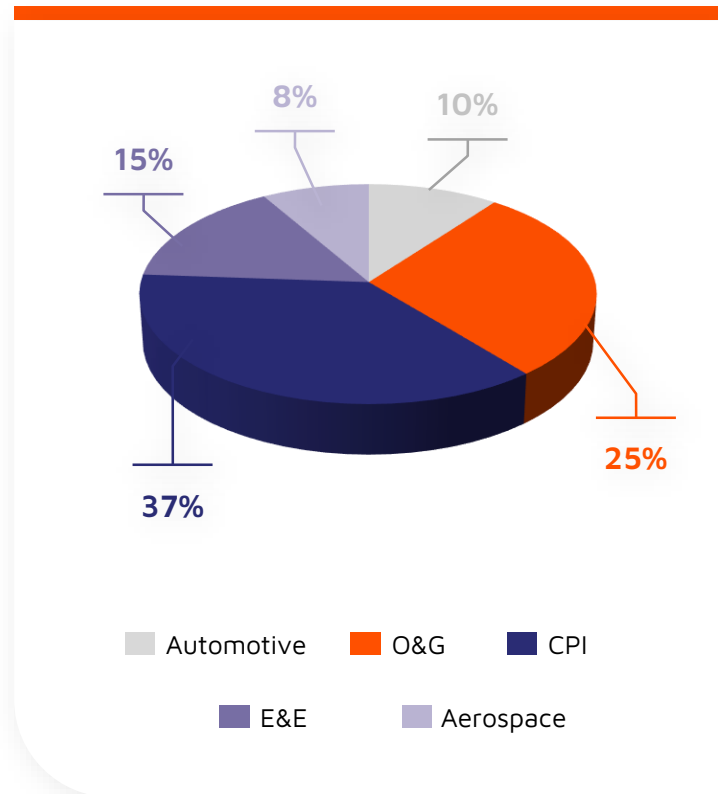
**Charging recycled
feedstock material
with the support of
an electronic road-
rail vehicle**

VDM Metals can rely on very balanced customer markets – in terms of product, industry, and region (2022)

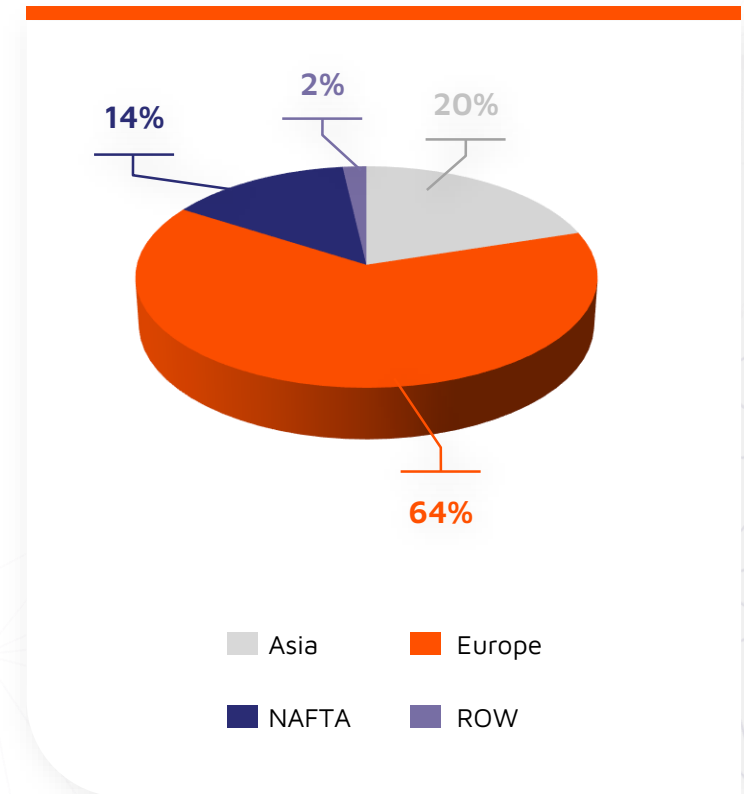
Shipments by product



Shipments by end market



Shipments by region

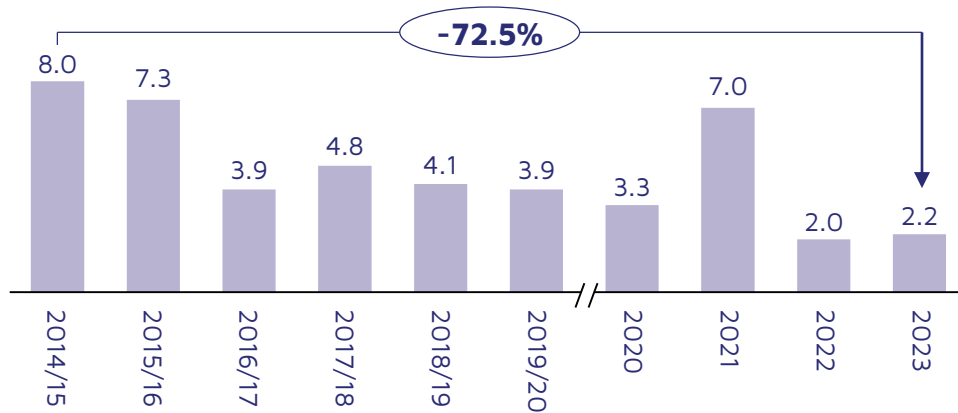


People and culture: We trust in the know-how and capabilities of our employees



Occupational safety

Lost time injury frequency rate (LTIFR)



Clever Fox

Leadership Culture

Principles

1. The **knowledge** of all employees is our future
2. People are the **focus of our actions**
3. **We lead by example**
4. We are all working toward **common goals**

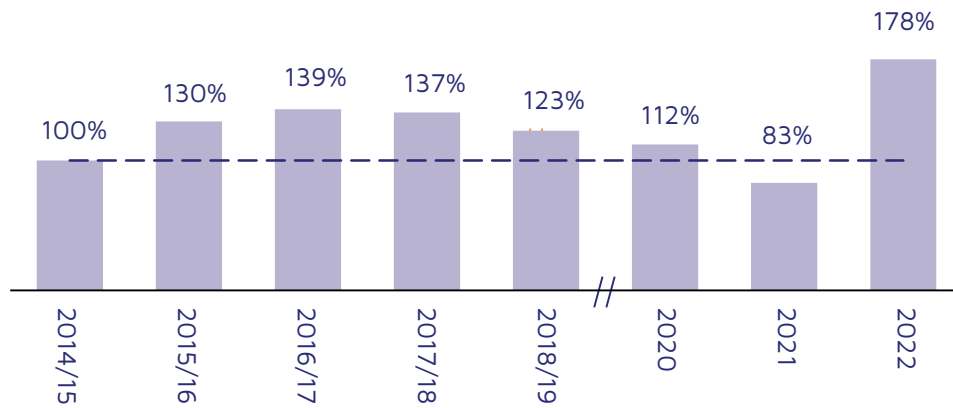


St. Gallen Leadership Award

We promote improvements and optimize working **capital deployment**

Ideas management

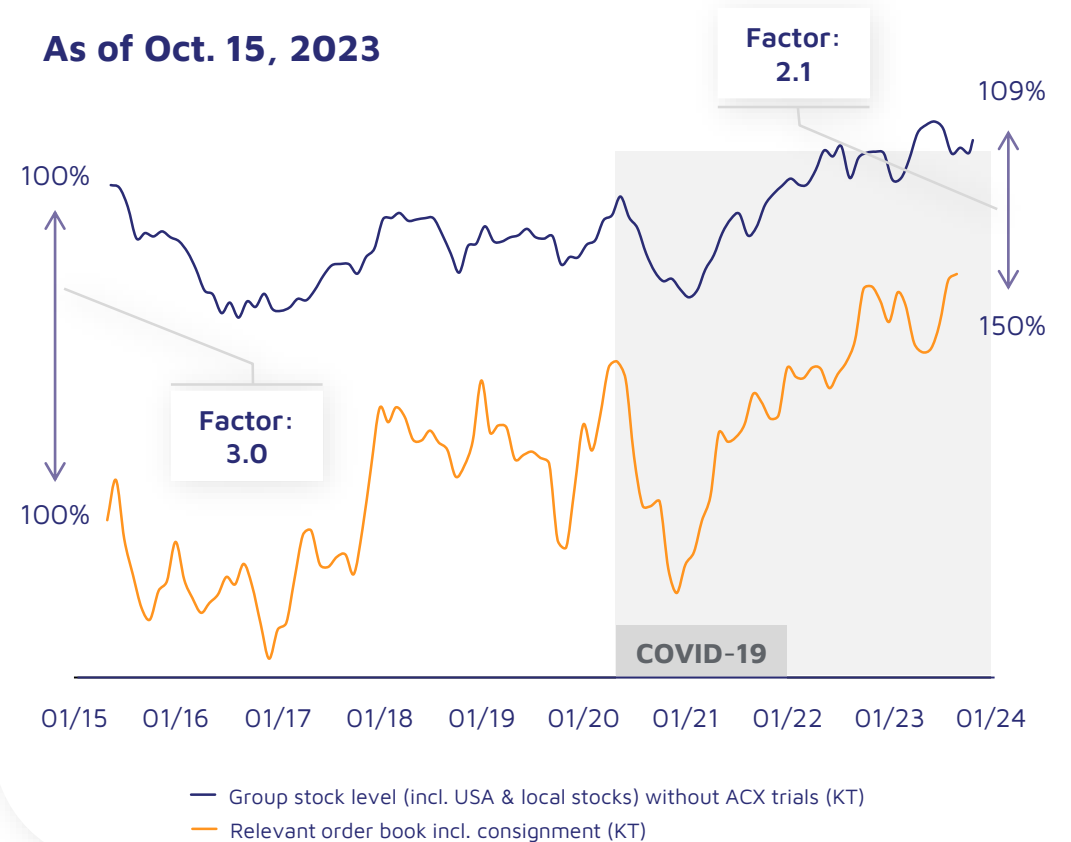
Calculated benefit in %



Ideas Management Award

Stock level/order book (relevant) ratio

As of Oct. 15, 2023

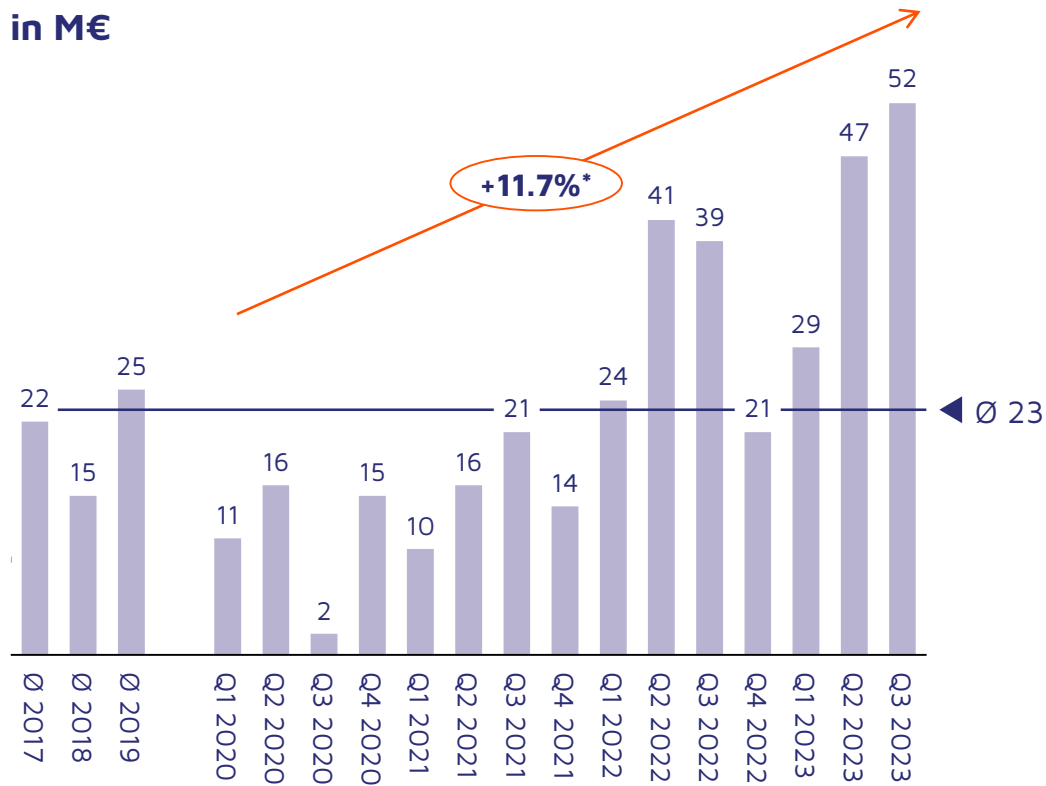


Strong order book and increased profitability lay the foundation for future success



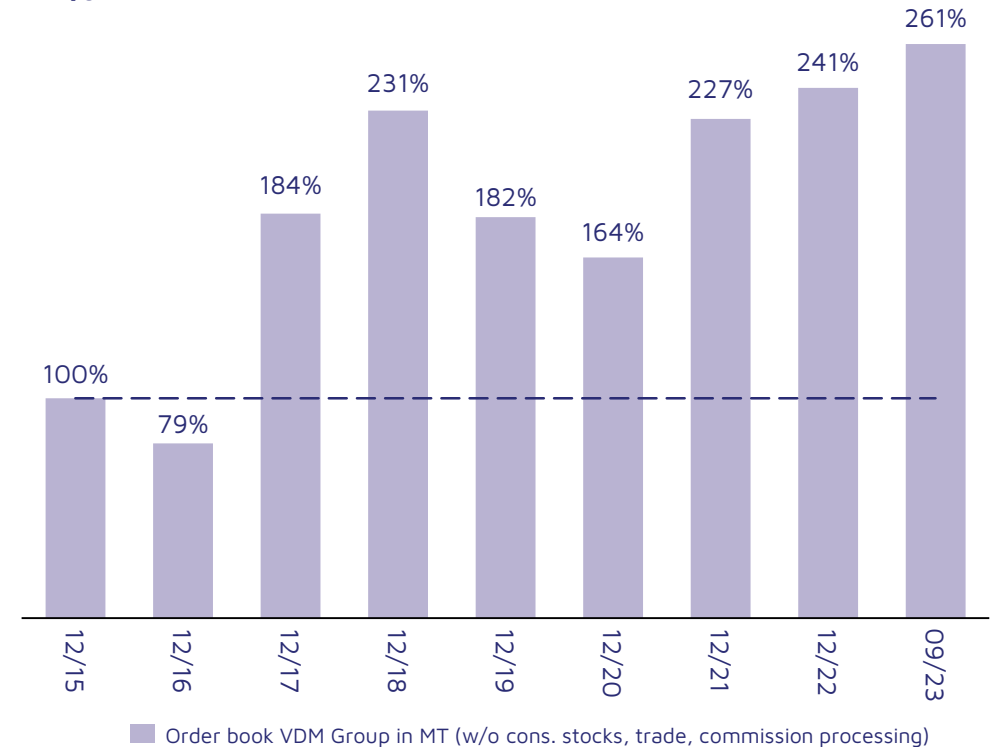
EBITDA development

in M€



Order book development

in %



In line with the Group's mission/vision/values, the course is set for sustainable and profitable growth

VDM Metals' vision

We strengthen our position as **globally most attractive provider of solutions**, products, and services in the world of **metallic high-performance alloys year by year**



Prove that 1 + 1 > 2
(again and again)



Expand **market leadership** through
developing markets



Maintain **innovation leadership**



Drive **sustainability**

Digital transformation



Strengthen attractiveness as
employer of choice



Strengthen competitiveness
through operational excellence

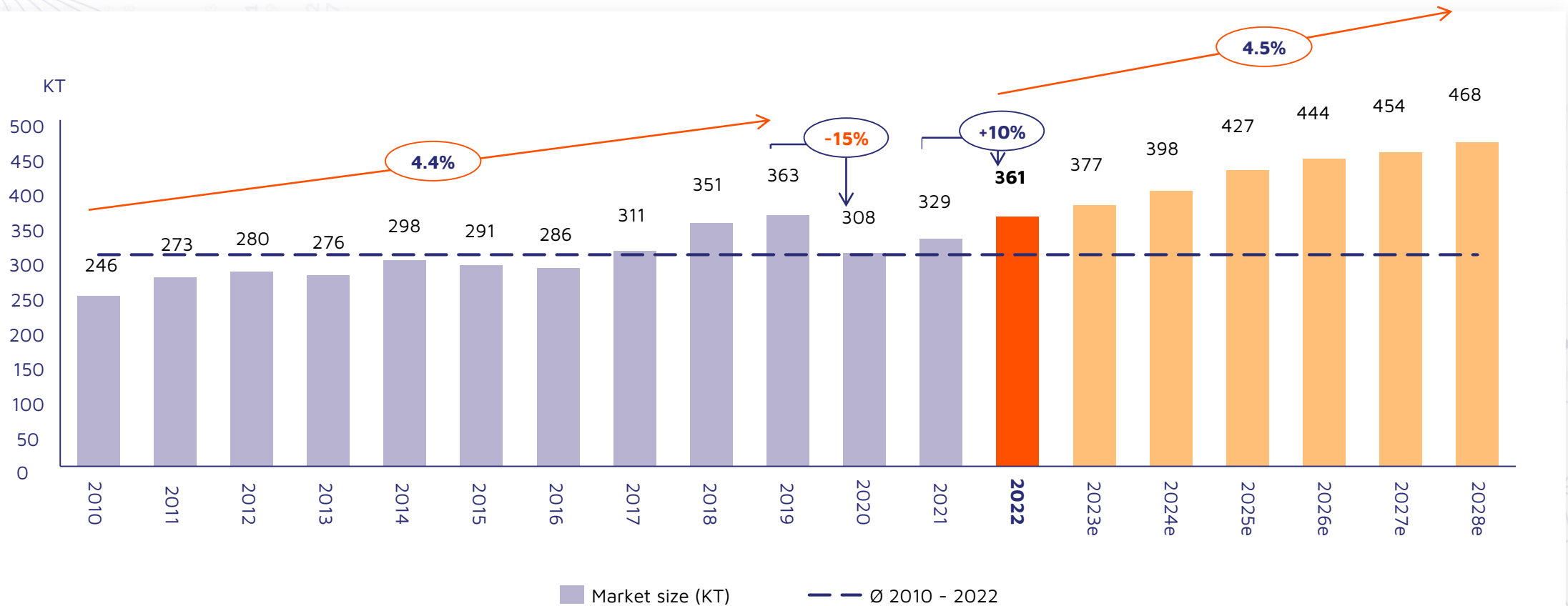


Maintain consistent **implementation**
of existing strategy



VDM Metals

External market forecast allows for an optimistic outlook



Summary

The high-performance alloys division is in good shape and **looking forward to future growth**



VDM Metals is the world market leader **for high-performance alloys, highly sophisticated products**



VDM Metals participates in **growing markets** that follow the world's **megatrends** as **an innovation leader**



VDM Metals acts sustainably – **in a social, environmental, and economic sense**



The corporate culture **promotes ideas and empowerment of employees**



The overall market outlook **for nickel alloys** **remains positive**



The strategic management approach allows for further **sustainable and profitable growth**





Stainless steel and HPAs: Materials of the future



Dr. Helena Alves

Senior Vice President of Research & Development, VDM Metals

ACERINOX CAPITAL MARKETS DAY 2023

Agenda



R&D at ACX: The power of **working together**



Pursuing **innovation leadership**



Selected **innovation deep dives**



R&D: The **way forward**

R&D structure within the Group



Global Innovation Committee



Stainless steel product development



Process development



Corrosion



New circular materials & valorization



Innovation & support

VDM Metals



HPA materials development



Integrated computational materials engineering



TCC welding



Powder for AM



Innovation & knowledge management

Collaboration with stakeholders

Strategic lines of action



HPA

1.

Material development

Develop new materials, with customers

- For **traditional applications**
- For **future technologies**

2.

Process development

Pursuit of operational excellence and process innovation across the Group

- **Improve** cost, productivity, and quality
- **New processes** for future technologies

3.

Sustainability

Sustainability is at the heart of Acerinox, leading the push to a circular and sustainable world

- New **circular** raw materials
- **Sustainable** product lines

SS

The power of working together (1 + 1 > 2)



Stainless steel excellence:
Process efficiency and premium laboratory services

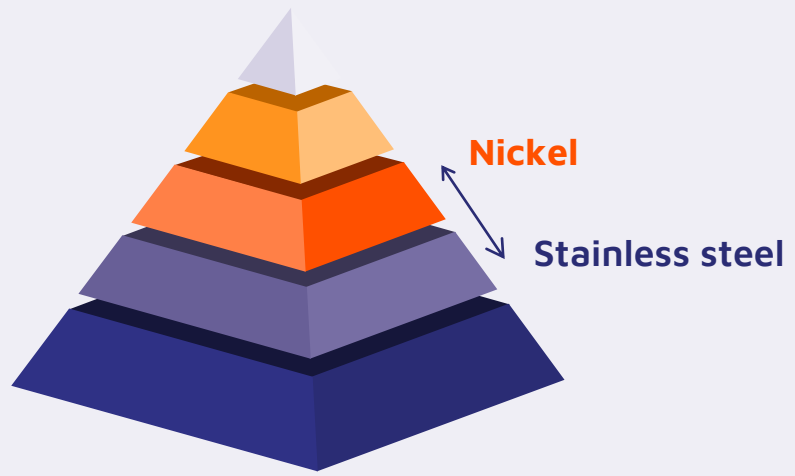


HPA excellence:
Specialties portfolio with tailor-made alloys



Approach: Development from **stainless steels** via **special stainless steel grades** to **high-performance alloys**

Complement and cross-pollinate!



HPA clear peer-leader in innovative portfolio



Innovation leadership as a strong differentiation strategy

						
	Total ⁽¹⁾	Ni-Alloy	NiCr-Alloy	FeNi-Alloy	FeCr-Alloy	FeCrNi-Alloy

VDM Metals

53

14

20

5

10

4



17

1

4

0

2

10



14

0

1

0

2

11



9

1

6

0

0

2



9

1

8

0

0

0



#1
Leading portfolio
of alloy patents

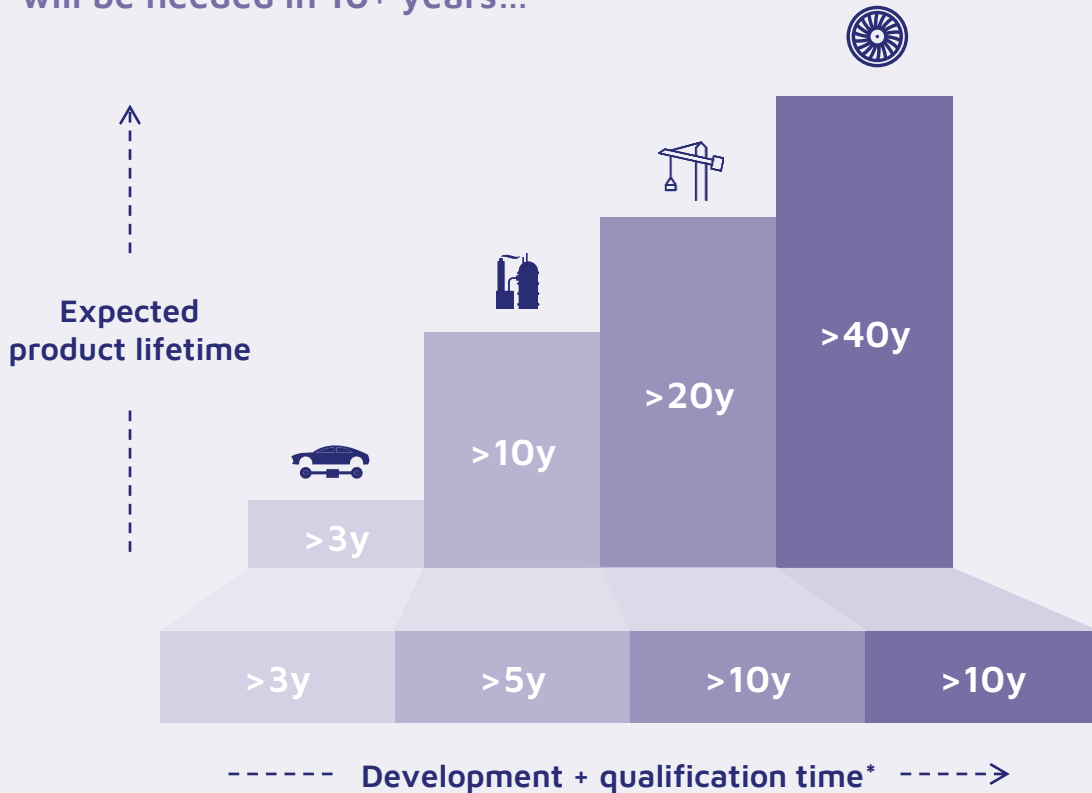


(1) Number of named alloy patent applications from 2000-2020

Long development cycles supported by strong customer intimacy



Acerinox anticipates today what will be needed in 10+ years...



... in cooperation with trendsetting customers, technology providers...



... and best in class universities and research institutes



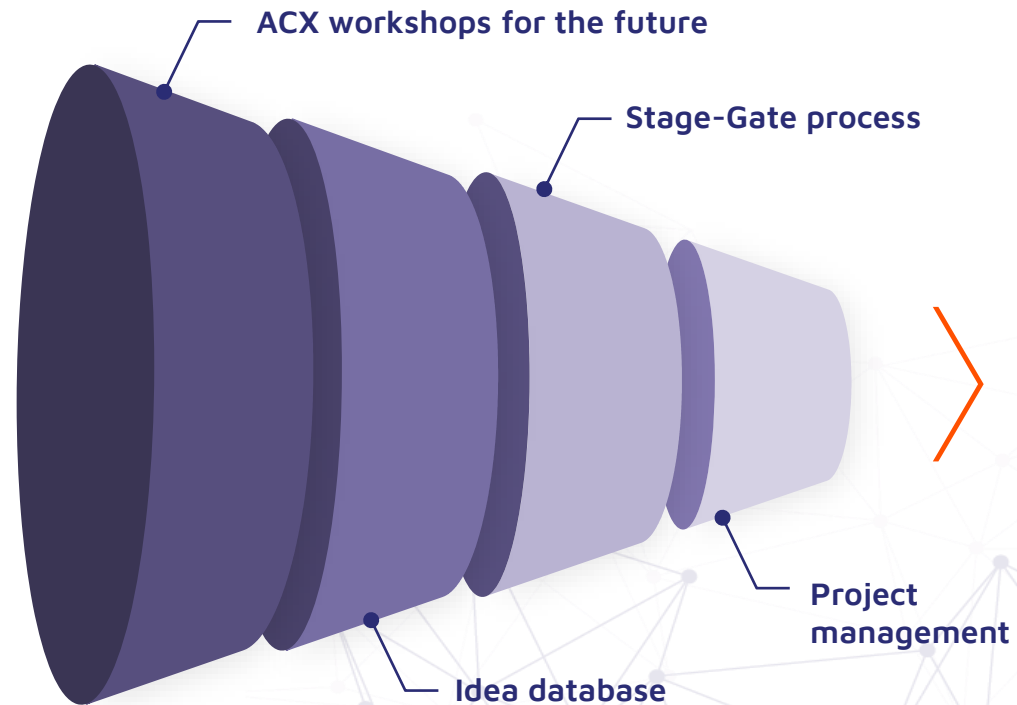
*Development of a new alloy approx. 1M€ / 3-10 years

Innovation process

Innovation is a **conscious decision**



Idea generation



“Materials for the Day after Tomorrow”



Workshop methodology to evaluate **megatrends** and generate new ideas for long-term **future topics at ACX group level** with customers

STEP 1: Common vision – Futuristic thought

STEP 2: Methodology – Tools and training

STEP 3: Analysis of trends – Workshop 1

STEP 4: Research – Identify challenges

STEP 5: Future scenarios – Workshop 2



Together, ready for the future!

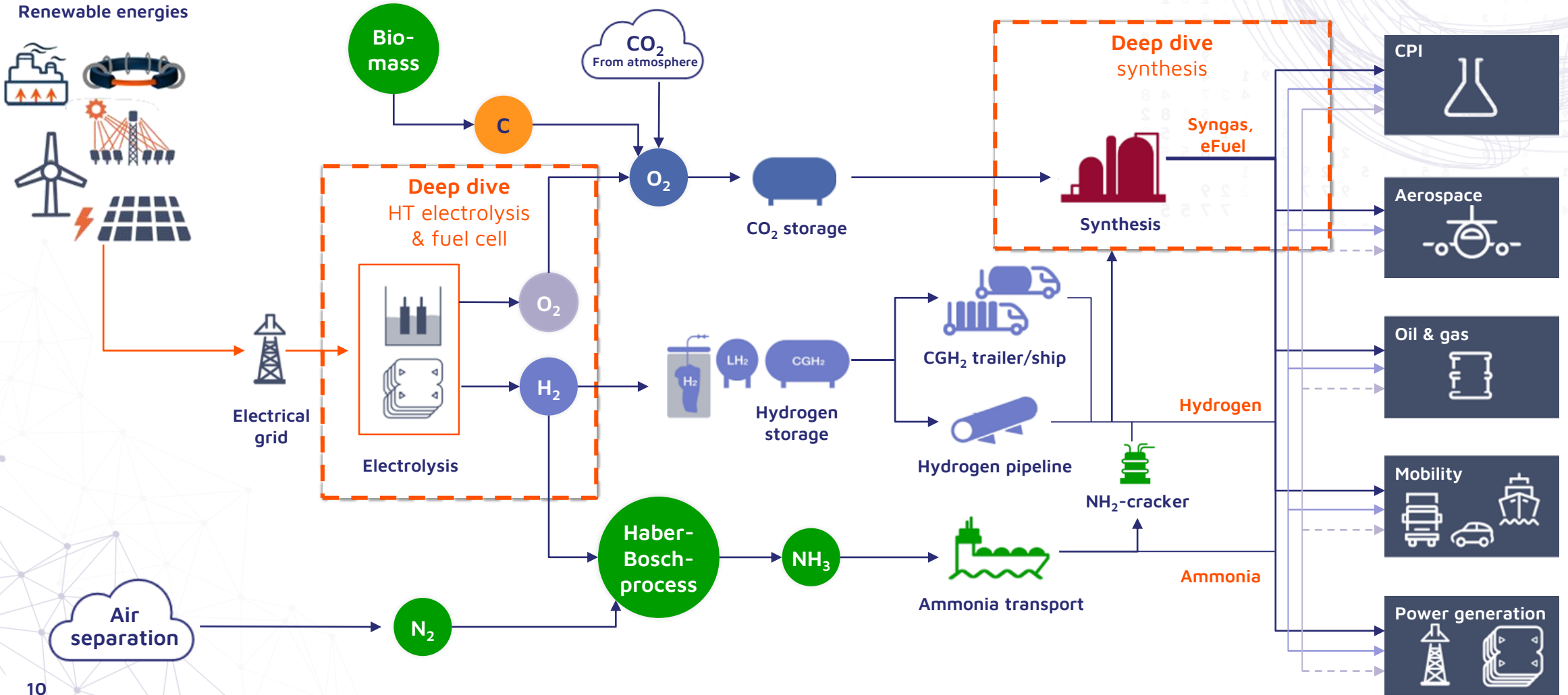


“How to get resilient insights today about which **innovative technologies** will establish and which materials will be required **in the future (10+ years)?”**

Current cycle

“Energy of the Future”
launched on Oct. 18, 2023

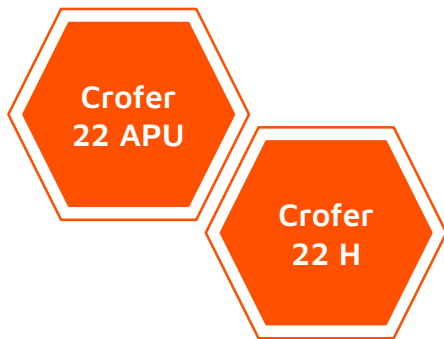
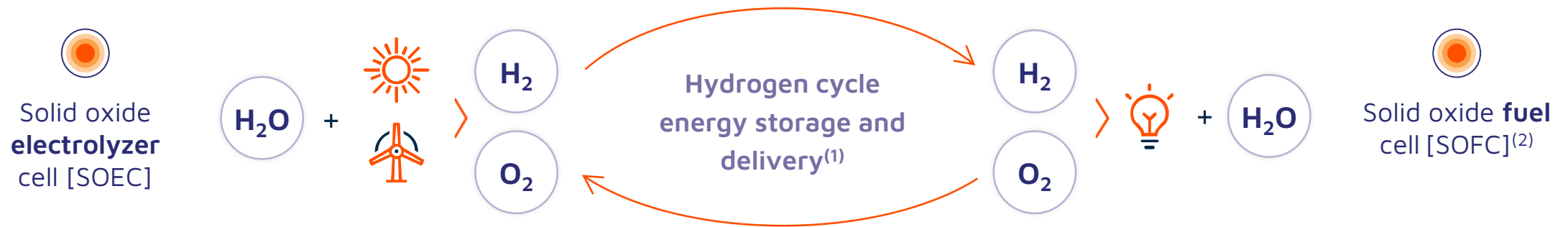
Acerinox materials in all areas of energy transition and decarbonization



HPA material developments for hydrogen



Crofer 22 H / APU for highest efficiency in **high-temperature electrolysis and fuel cell**



- ✓ Proven concept
- ✓ Efficiency increase
- ✓ Lower degradation
- ✓ Cost reduction
- ✓ Environmental impact

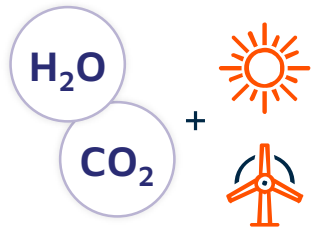

Potential
> 1,500t/a

(1) Use of natural gas in the system shown is possible as well
(2) Polymer electrolyte membrane fuel cells (PEM) for mobility are not a field of application for HPA material

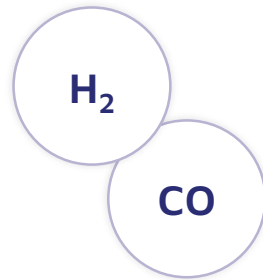
HPA materials for synthesis of eFuels / eChemicals



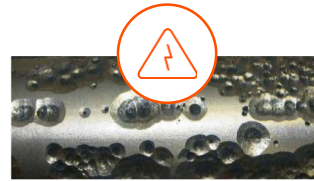
HT co-electrolysis⁽¹⁾



Syngas



Cooling phase⁽²⁾



Danger of metal dusting (MD)

- Fischer-Tropsch
- Alcohol synthesis
- Methanation

eFuels⁽³⁾

- Methanol
- Ethanol
- Naphtha
- Methane

Alloy 699XA

Alloy 602 MCA

Alloy 602 CA

- ✓ MD resistance
- ✓ Efficiency increase of syngas cooling
- ✓ Lower maintenance
- ✓ Cost reduction
- ✓ Improved environmental impact

Potential
> 500t/a

Stainless steel solutions at the forefront of the market



CHALLENGE

Very high **reflectance of stainless steel**



SOLUTION



New process design to get tailored **specular reflectance (<5 to >55%)**. Patent in progress.

R&D: The way forward



Current and future new technologies cannot be mastered without **our (new) stainless steels and our high-performance alloys.**

R&D vision

Together we develop the materials of the future!



New grades, products, and applications with higher margins



Strengthen **customer and university network**



“Materials for the **Day after Tomorrow**”



Support **sustainability**



Maintain **innovation leadership**



Speed up material development with computational & AI tools



Synergies and common projects with $1 + 1 > 2$



Maintain consistent **implementation of R&D strategy**





Achieving excellence in all plants



Hans Helmrich
Chief Operating Officer

ACERINOX CAPITAL MARKETS DAY 2023



MISSION



To create the most appropriate **high-performance materials** for each application, thus contributing to the progress and quality of life of a **sustainable society**.

VALUES



Safety	Sustainability	Employer of choice
Integrity	Commitment	Long-term focus
Excellence	Innovation	Quality

VISION



To become a **global supplier** that responds to present and future needs with the widest choice of materials, solutions, and services, while placing the **customer at the center of our business**.

To distinguish ourselves as part of the transition towards a **new circular economy** through the efficient production of stainless steels and high-performance alloys that **respect the environment**.



Excellence is in our DNA

Excellence at Acerinox Customer-centric organization



Excellence at Acerinox

Customer-centric organization

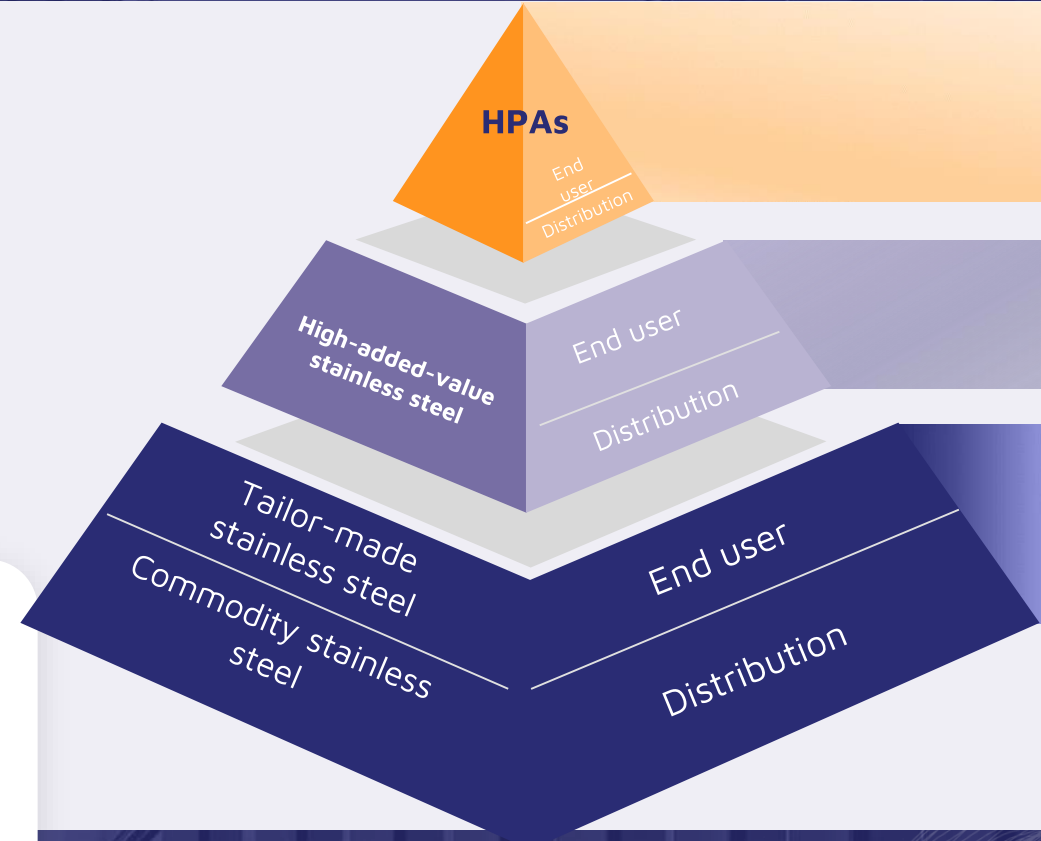
Global footprint

Focus on customer support

Widest product portfolio

Expansion into added-value products

First to launch sustainable product line (July 2021)



Main contributors to excellence at Acerinox



Build a culture of continuous improvement



Have an open mindset challenging the status quo



Embrace change



Look outside our "four walls"



Internal and external benchmarking



Exchange of best business practices



Use of technology and digitalization



Development of talent and skills

Excellence Main focus areas



Excellence



Leader

Main operational pillar to increase competitiveness



Decarbonization & environment



Efficiency



Commercial excellence



Productivity & automation



Quality & customer service



Purchasing



Excellence at Acerinox Columbus: The most flexible plant



Maximizes asset utilization



Supports local market development



Uses local raw materials



Develops added-value products



Creates the most flexible plant in the industry



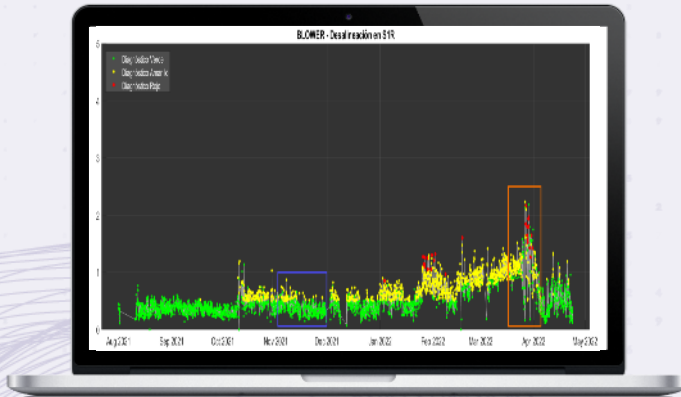
Excellence at Acerinox NAS capacity increase



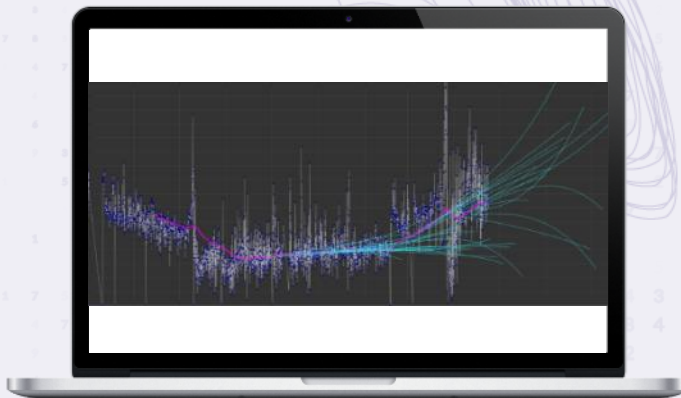
1. Increase capacity to support US market growth
2. Maximize existing assets through continuous improvement
3. Use digital twins to optimize processes
4. Optimize investment to create additional 200 KT/year capacity
5. Rebalance production mix to improve return on investment

2 Crane Model

Excellence at Acerinox Predictive quality



Autonomous
prognosis



Algorithm:
AI model to predict
performance



Remain laser-focused on
becoming the supplier of choice



Deliver on exceeding customer
expectations



Support our end customer
and added-value strategies



Use digitalization, artificial intelligence,
machine learning, and advanced
sensors to prevent production and
quality issues



Connection between predictive
maintenance and predictive quality

Excellence at Acerinox Predictive quality



Live alert
predictive
system



Remain laser-focused on becoming the supplier of choice



Deliver on exceeding customer expectations



Support our end customer and added-value strategies



Use digitalization, artificial intelligence, machine learning, and advanced sensors to prevent production and quality issues



Connection between predictive maintenance and predictive quality

Sustainable product



Maximizes scrap content for each application



Low Scope 1 CO₂ emissions



Highest percentage of renewable energy





Sustainability: It's our nature

Carlos Ruiz & Deniza Puce

Chief Sustainability Officer & Global Director of Indirect Purchasing

ACERINOX CAPITAL MARKETS DAY 2023



Sustainability milestone



Acerinox has achieved the **highest possible EcoVadis rating**, placing the Group in the **top 1% of its sector in recognition of its commitment to sustainability**



Acerinox was awarded the **EcoVadis Platinum Medal** for the second year in a row

The EcoVadis Platinum Medal distinguishes companies that have passed an assessment process in which they demonstrate a solid management system that addresses sustainability criteria in accordance with the EcoVadis methodology. EcoVadis is the global standard for corporate sustainability ratings.

#EcoVadisSuccessStory

Commitment to sustainability

Contribution of sustainability to business strategy

The Acerinox Group understands its commitment to sustainability as essential to the company's long-term continuity. This commitment is set up in five pillars that will help to address the upcoming challenges the company faces. These pillars are deployed in the Positive Impact 360° Plan.

Sustainability pillars



Ethical, responsible, and transparent governance



Eco-efficiency and **mitigation of climate change**



Circular economy and sustainable products



Committed team, culture, diversity, and safety



Supply chain and impact in the community

Positive Impact 360°

—
Outlines the main ESG measures that ensure responsible business management

The 2023 **sustainability plan** includes nearly 200 initiatives structured around these five strategic pillars.

2030 sustainability targets



Eco-efficiency and mitigation of climate change

GHG EMISSIONS (vs. 2015)



ENERGY EFFICIENCY (vs. 2015)



WATER (vs. 2015)



(*) Low capacity utilization impacted some of our sustainable KPIs



Circular economy and sustainable products

WASTE RECYCLED



Committed team, culture, diversity, and safety

SAFETY PERFORMANCE (vs. 2022)



WOMEN EMPLOYEES



Decarbonization roadmap



TARGETS AND METRICS

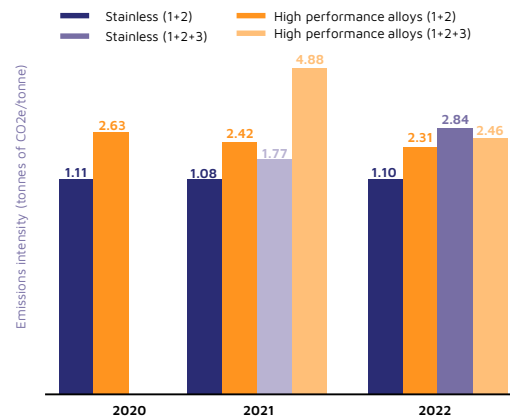


EPDs



Carbon footprint verified*

_GROUP EMISSIONS INTENSITY (SCOPES 1, 2 AND 3)
305-4



*(Scope 1, 2, 3) published in 2022 Annual Report



INNOVATION AND INVESTMENT

Renewables, green H₂,
CCS&U, scrap, etc.

_GROUP EMISSIONS INTENSITY (SCOPES 1, 2 AND 3)
305-1 / 305-2 / 305-3

Emissions	GHG categories	Stainless	High Performance Alloys
Direct	1. 1. Fixed	595,826	101,645
	1. 2. Mobile	7,347	0
	1. 3. Process	158,860	1,880
	1. 4. Fugitive	5,597	129
Total direct		768,600	103,653
Indirect	2. 1. Energy	1,792,901	86,266
	3. 1. Goods and services purchased	3,051,193	901
	3. 2. Capital goods	0	0
	3. 3. Fuel- and energy-related activities not included in Scope 1 or Scope 2	235,846	11,311
	3. 4. Upstream transportation and distribution	72,428	0
	3. 5. Waste generated in operations	233,709	0
	2. 6. Business travel	599	0
	3. 7. Transport used in itinere	6,138	0
	3. 8. Upstream leased assets	0	0
	3. 9. Downstream transportation and distribution	482,267	0
	3.10. Processing of sold products	0	0
	2.11. Use of sold products	0	0
3.12. End-of-life treatment of sold products	1,199	29	
3.13. Downstream leased assets	0	0	
3.15. Investments	0	0	
Total indirect		5,976,357	98,508
Total		6,644,956	202,161



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Decarbonization roadmap

Sustainable product



(+) 90%

recycled material in
raw materials

(-) CO₂

intensity (ton CO₂/ton
stainless steel)

(+) %

of renewable
energy used



Sustainability achievements



The Group's participation in **the most internationally recognized sustainability assessments** shows its firm commitment to responsible transparency and accountability towards stakeholders

ESG RATINGS



S&P Global

MSCI
ESG RATINGS

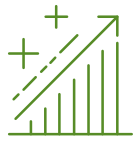
MORNINGSTAR | SUSTAINALYTICS

MOODY'S
ANALYTICS

ISS ESG

CDP
DISCLOSURE INSIGHT ACTION

Acerinox's five-pillar philosophy in procurement



Operational
efficiency



Digital
transformation



Innovation



Risk
management
incl. **ESG**



Talent



Our roadmap to a sustainable and efficient Supply Change



Operational efficiency

- Supplier portal (one space - one face to supplier)
- e-Procurement
- Contract management
- Total cost of ownership
- Strategic purchasing & category management
- Process optimization
- Rightsizing – Simplified the supplier system, consolidate the volume to optimize the suppliers



60%
complete

01/2023 – 12/2024



ESG inside our risk management

- Optimization of core procurement processes to ensure responsible procurement
- ESG predictive model and holistic supplier evaluation
- Build sustainable and resilient suppliers
- Comply with regulatory requirements and mitigate risks
- Harmonize risk managements across different geographies
- Strengthen supplier certification processes based on risk assessment and strategic relevance



50%
complete

01/2023 – 12/2024



Our roadmap to a sustainable and efficient Supply Change



Digitalization

- AI and advanced analytics
- Automation & methodology in procurement processes
- Market intelligence and category dossier
- Delivery and in-house stock optimization
- Real-time digital spend cube



70%
complete

01/2023 - 12/2024



Innovation

- Market research and presence in innovation forums
- Deployment of value added-value engineering (VA-VE) projects
- R&D agreements and collaboration with suppliers
- Identify, advance, and implement ideas
- Create innovation and supplier relationship management
- The transition to AI is reshaping core processes in procurement, highlighting the necessity to adapt and innovate



20%
complete

01/2023 - 12/2025

Our roadmap to a sustainable and efficient Supply Change



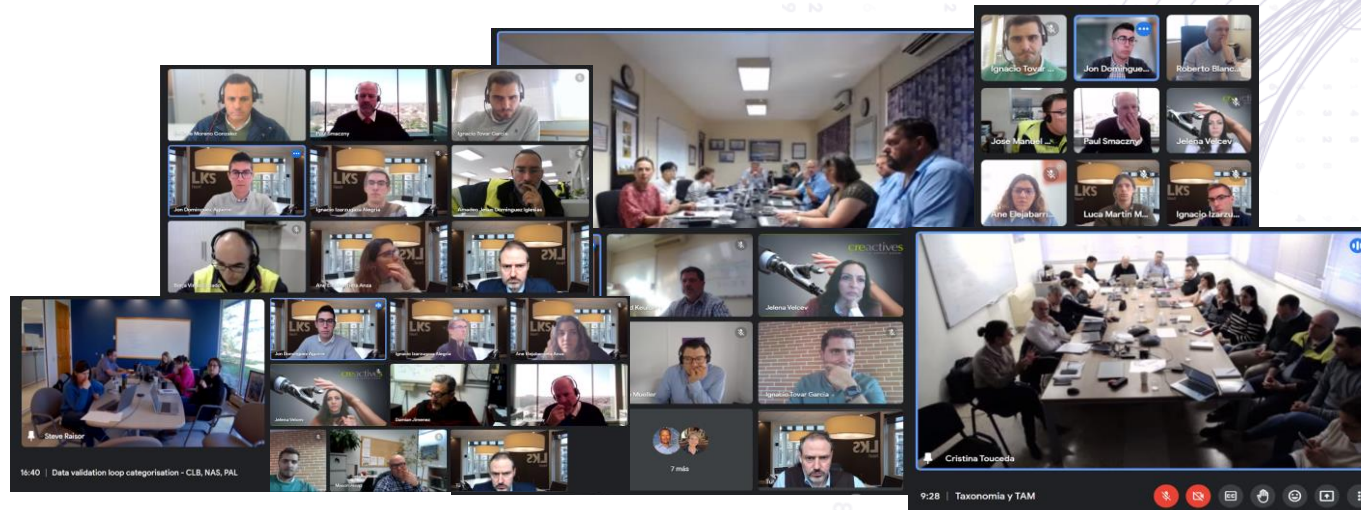
Talent

- Talent strategy and digital transformation as an objective to enhance our company's value creation – investing in people to turn teams into value orchestrators
- Shaping talent for the future Supply Change: strategic purchasing, category management, AI, and advanced analytics



20%
complete

01/2023 – 12/2026



Building a sustainable, responsible, and strong supply chain

Build a sustainable and strong supply chain



Build smart solutions for suppliers



STAGE 1 MATURITY
Fix the basics

STAGE 2 MATURITY
Analytics and reporting

STAGE 3 MATURITY
Supplier improvement

Risk monitoring & metric platform



- Supplier risk visibility
- Overview of different types of risks & evidence of risk mitigation
- Standard market solution in risk management
- Automation of risk management

Data intelligent modules & platforms

Data analysis aligned to business objectives

- Global risk analytics
- Sustainable Development Goals Dashboard
- LkSG compliance report
- Category dashboard

Smart data for buyer (critical suppliers)

- Provide risk visibility to suppliers
- Automated improvement plans for suppliers
- Generate risk transfer plan for suppliers
- Generate monetization plans

Smart data for suppliers (all suppliers)

- Provide insights, client scores, and benchmarking to suppliers
- Generate monetization plans

ESG inside risk management / responsible purchases



Monitoring up to eight risk types



Covering all risks – including complete ESG coverage aligned with Acerinox’s strategic goals, compliance, geopolitical and natural disasters, cybersecurity, and more...



CORE
Third-party risk management





From global to local

Manuel Landeta

Head of Business Intelligence

ACERINOX CAPITAL MARKET DAY 2023



From global to local



Content



Deglobalization

- Towards strategic autonomy



Acerinox's positioning

- Global presence, local focus
- Leading the way to a sustainable future



Market overview & prospects

- Focus on our core markets

Deglobalization

Towards strategic autonomy



Long-term
drivers



Geoeconomic fragmentation



Protectionism



Green transition



Deglobalization: Towards strategic autonomy

Geoeconomic fragmentation

Global divide into two blocks exacerbated by increased **geopolitical shocks** in recent years

The **pandemic** exposed the **vulnerability and fragility of globalization**

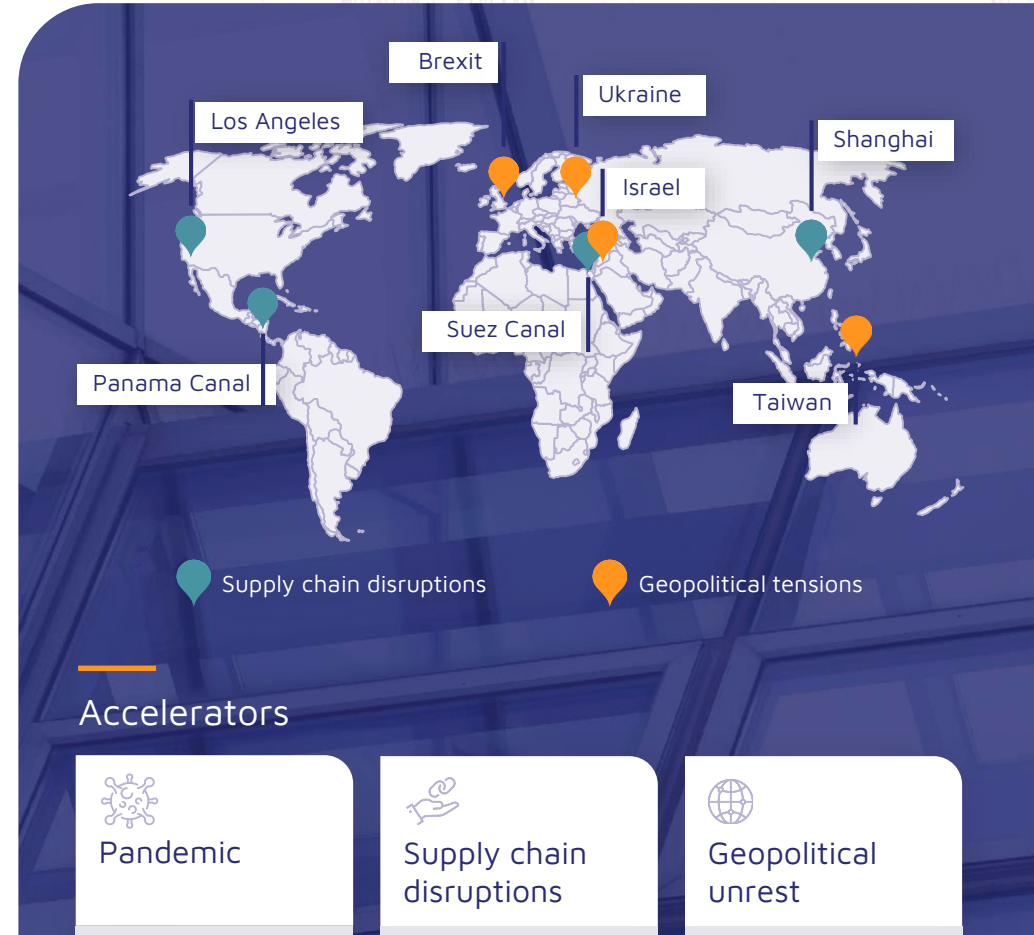
Governments across the world are **rediscovering industrial policy**

Balancing security and competitiveness with the protection of **strategic industries**

Avoiding overdependence on third countries for the supply of essential goods, raw materials, and services

Protect against disruption in supply chains leading to severe shortages and jeopardizing economic growth

Leading to both **re-shoring** and **on-shoring** on goods manufacturing

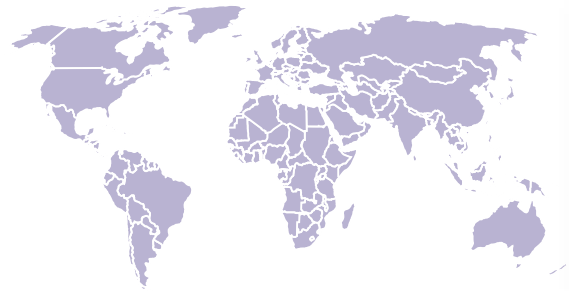


Deglobalization: Towards strategic autonomy

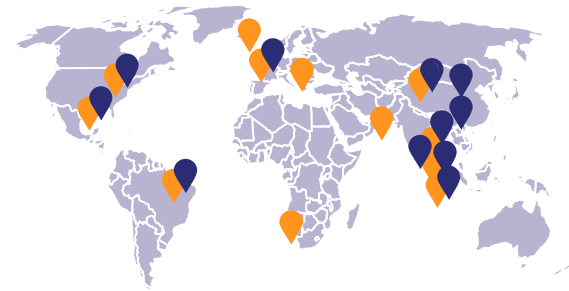


Protectionism

Excess production as a result of Chinese overcapacity remains the biggest challenge for the stainless industry (but not HPAs). Impact on global trade flows resulting in a proliferation of trade measures worldwide.



China + Indonesia
67%
of world melting
in 2022

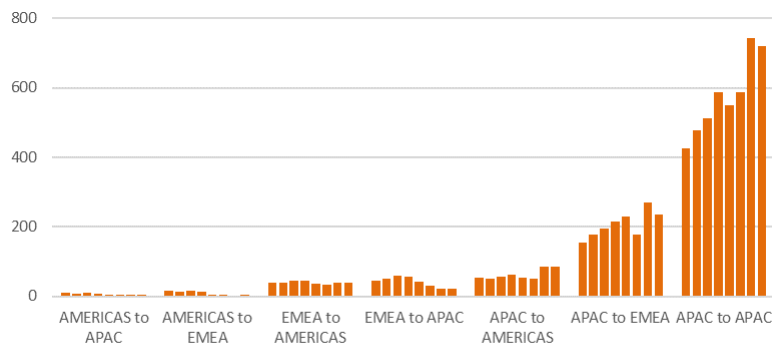


21 countries
out of 22 producing
stainless steel with
measures in place

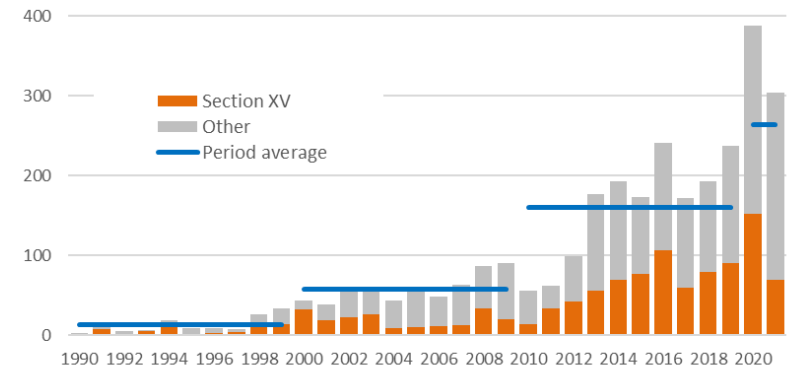
◆ Anti-dumping
 ◆ Other measures



Stainless export flows 2015-22 (HS Codes 7218-7223) In KT



AD investigations (WTO)



* Section XV: Metals and Metal Products

Deglobalization: Towards strategic autonomy



Green transition

We are entering a new era, affecting a level playing field from a sustainable perspective. Moving from trade policies to environmental policies, which will be crucial for the future of the industry... and the world.



IRA

(Inflation Reduction Act)

US\$370 billion for clean energy



GSA

(Global Sustainable Steel & Aluminum Agreement)

Alliance against overcapacity in non-market economies



NZIA

(Net-Zero Industry Act)

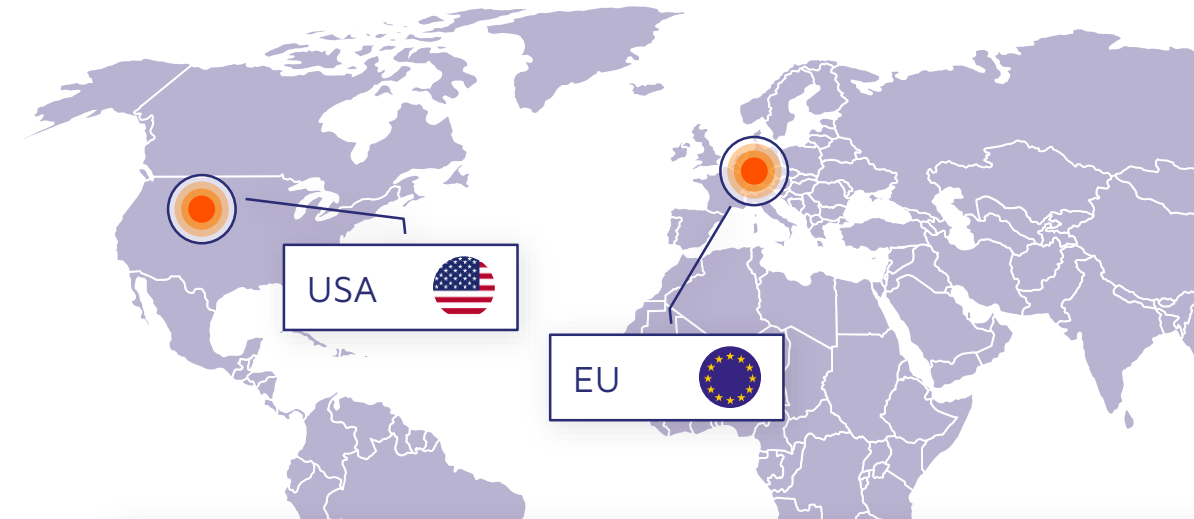
Part of Green Deal Industrial Plan



CBAM

(Carbon Border Adjustment Mechanism)

EU's initiative against carbon leakage



Responsible sourcing

Green products



Acerinox's positioning

Stainless steel and high-performance alloys are crucial for a sustainable future

Our products are essential, sustainable, versatile, and most efficient



Profitable



Aesthetic



Corrosion resistant



Reusable



Hygienic



100% recyclable



Long lasting



Efficient & versatile (mechanical qualities)

Acerinox is present in every aspect of life



Transport



Household & catering



Food & beverage



Healthcare & pharmaceutical

Stainless steel and high-performance alloys: Sustainable products



Daily life & adaptation



Electrical machinery



Water

Sophisticated products require best-in-class materials



Infrastructure & construction



Energy & renewables



Art



Architecture



Acerinox's positioning

The global leader for stainless and high-performance alloys



Global presence with a local focus
Sales in more than 80 countries on 5 continents

#1 in stainless steel in the United States

#1 in high-performance alloys in the world

#1 on the African continent



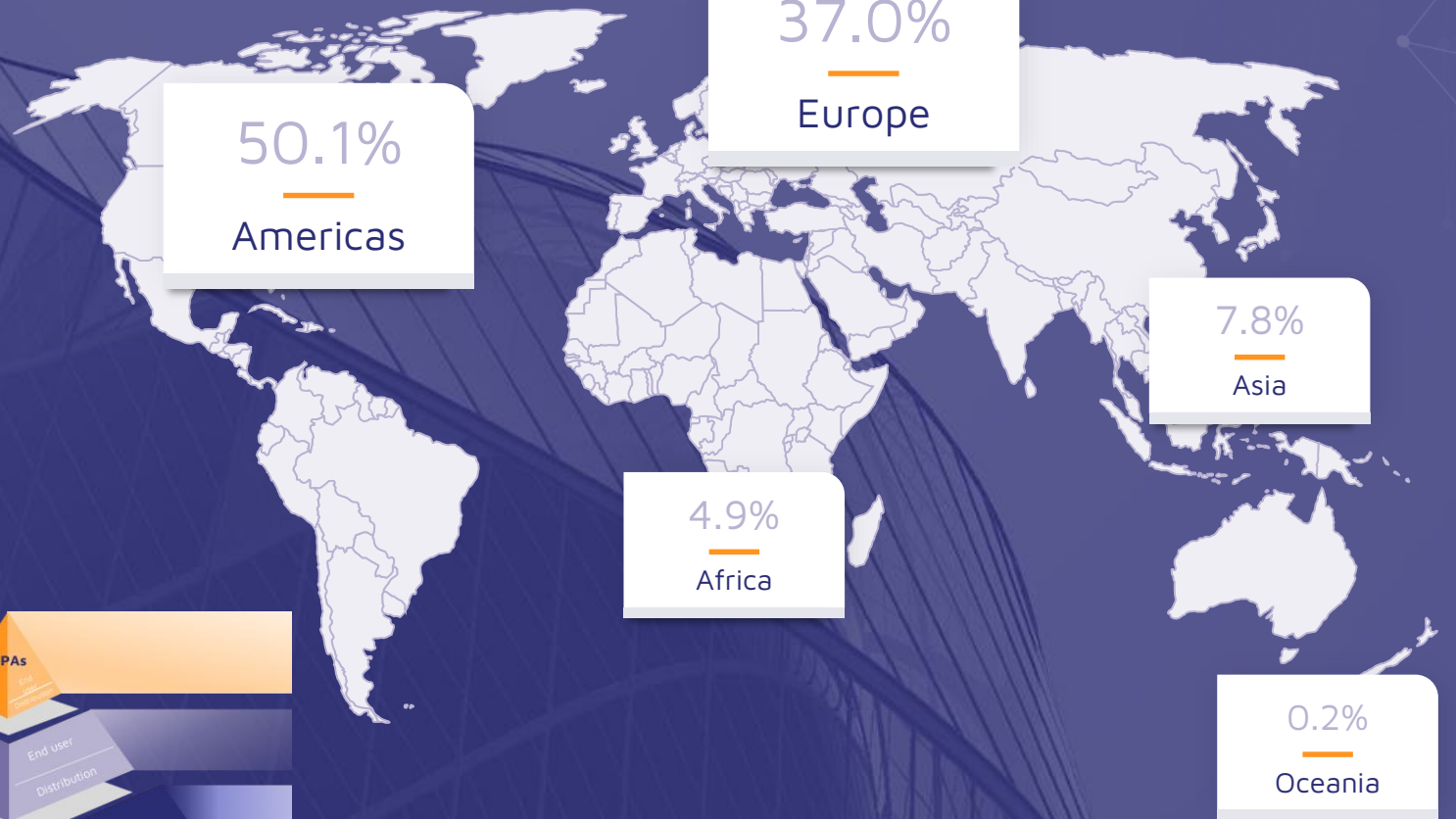
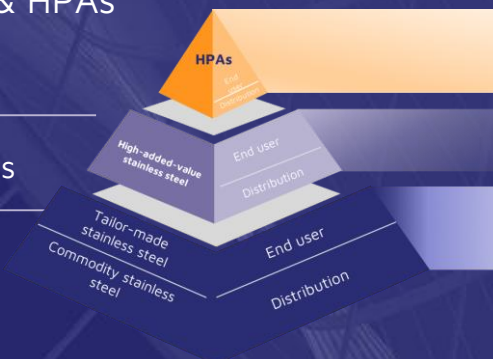
One-stop-solutions provider for SS & HPAs

Widest product portfolio

Expanding in higher-added-value products

First to launch green line

8



Acerinox's positioning

Main actions on trade defense

Trade defense measures have been increasingly important for stainless steel in recent years



USA



- AD (64%)+ AS (76%) vs. China
- S232 (25%)
 - Denial of exclusions requested by ATI
 - Supreme Court dismisses challenge by steel importers

EU27



- SFG (tariff rate quota system with 25% over quota)
- AD CR vs. China (≈25%), Taiwan (≈6.8%)
- AD HR vs. Indonesia (≈17%), China (≈14 to 19%), Taiwan (≈6 to 8%)
- AD CR vs. Indonesia (≈9 to 20%), India (10 to 35%)
- AS CR vs. Indonesia (≈13 to 21%), India (≈4 to 7%)
- Anti-circumvention investigation HR Indonesia via Turkey
- WTO case against Indonesia
- Anti-circumvention investigation CR Taiwan, Vietnam, Turkey

South Africa



- Import duty
 - Increased to 10%
- Product exclusions US S232

Malaysia



- AD CR vs. China (≈3 to 24%), S. Korea (7%), Taiwan (14%), Thailand (≈22 to 112%)
- AD HR vs. Indonesia (≈0 to 35%), Vietnam (≈8 to 24%)

- In force
- Ongoing

AD: Anti-dumping
AS: Anti-subsidy
SFG: Safeguards
S232: Section 232

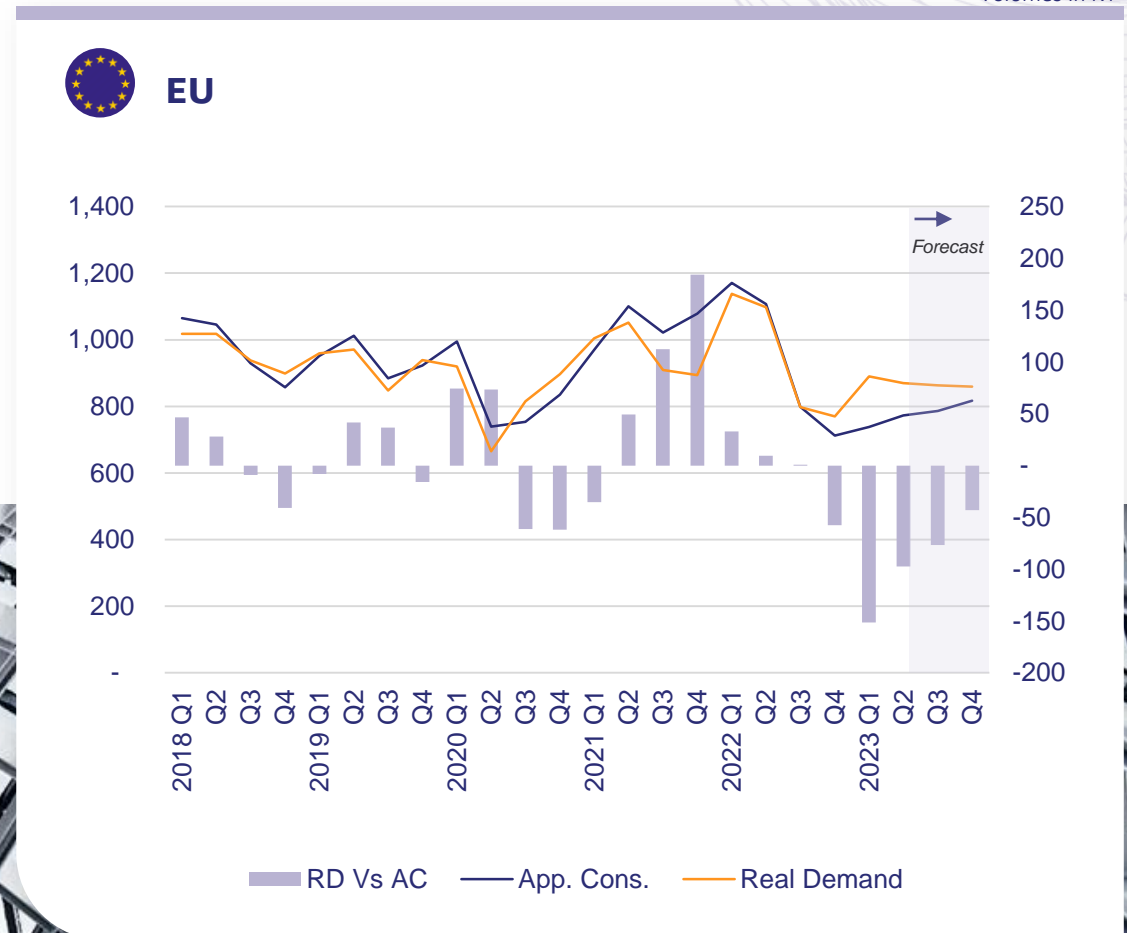
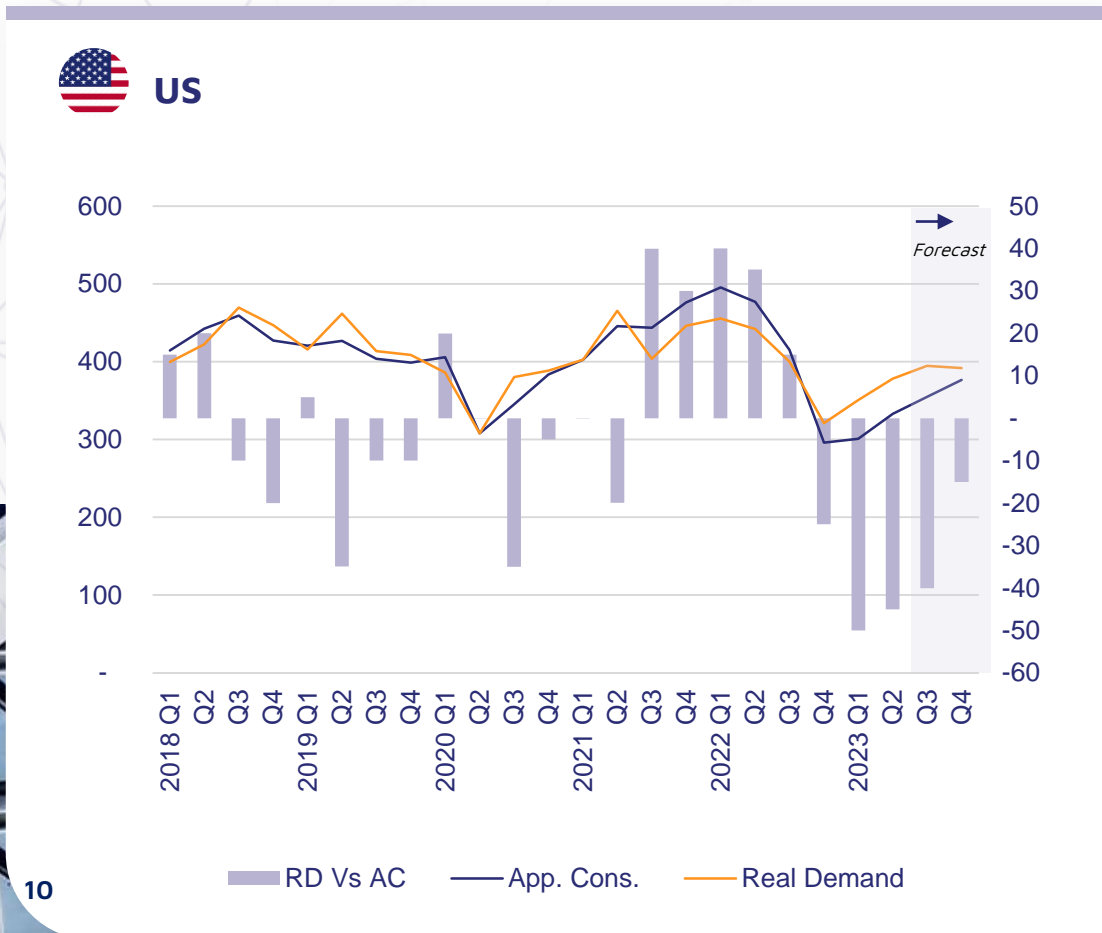
Market overview

Bullwhip effect

Market evolution for cold-rolled stainless steel. Comparison of apparent consumption vs. real demand.



Source: SMR October 2023
Volumes in KT



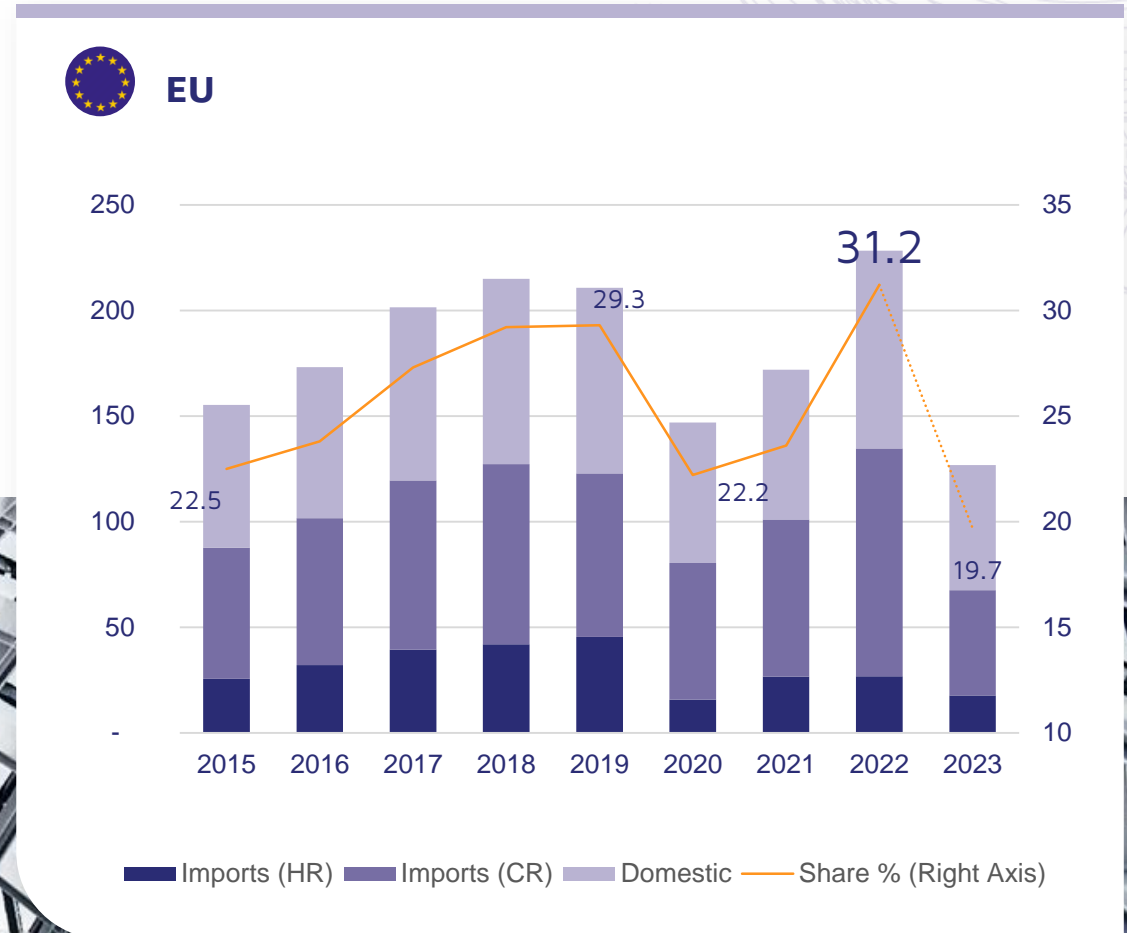
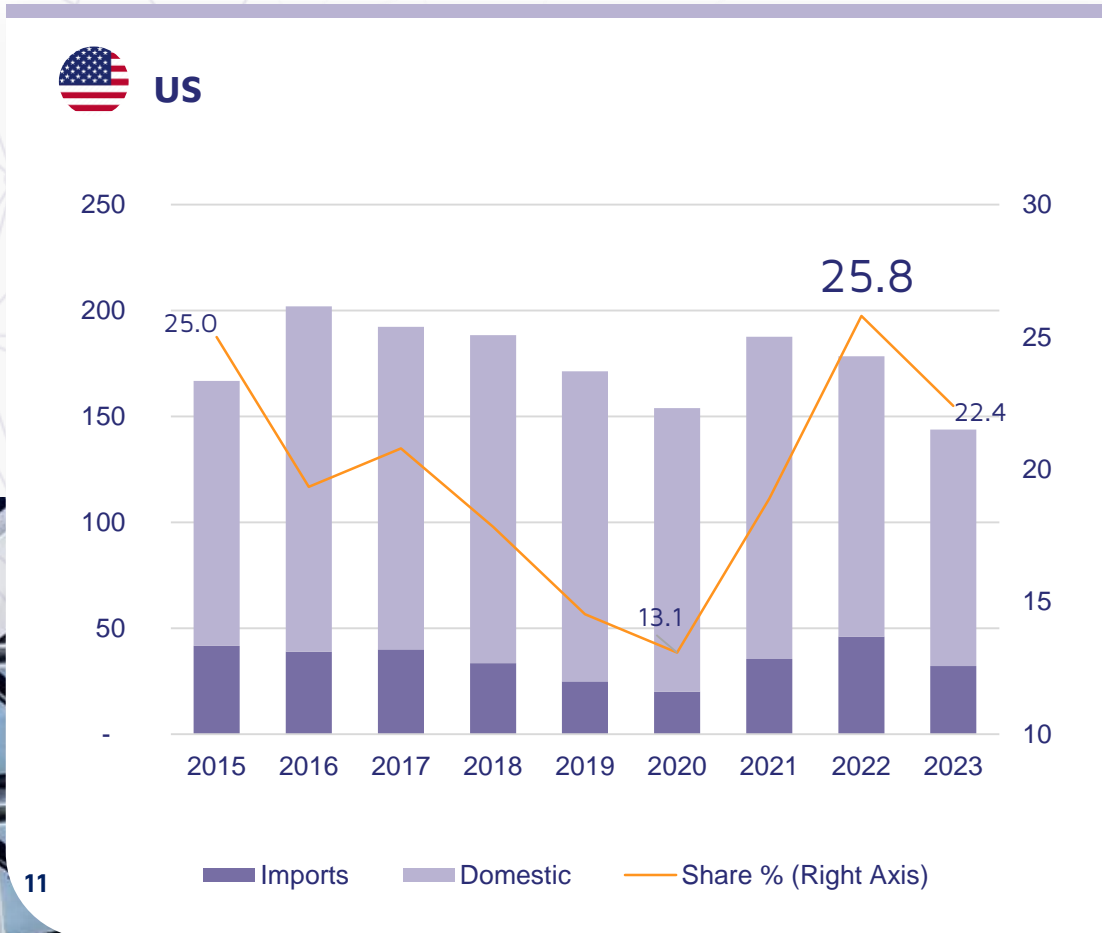
Market overview

Imports back to "fair" levels. US S232 has been more efficient than EU SFG.

Import volumes and imports market share for stainless steel flat products



Source: USITC, Eurostat, ACX
Volumes in KT



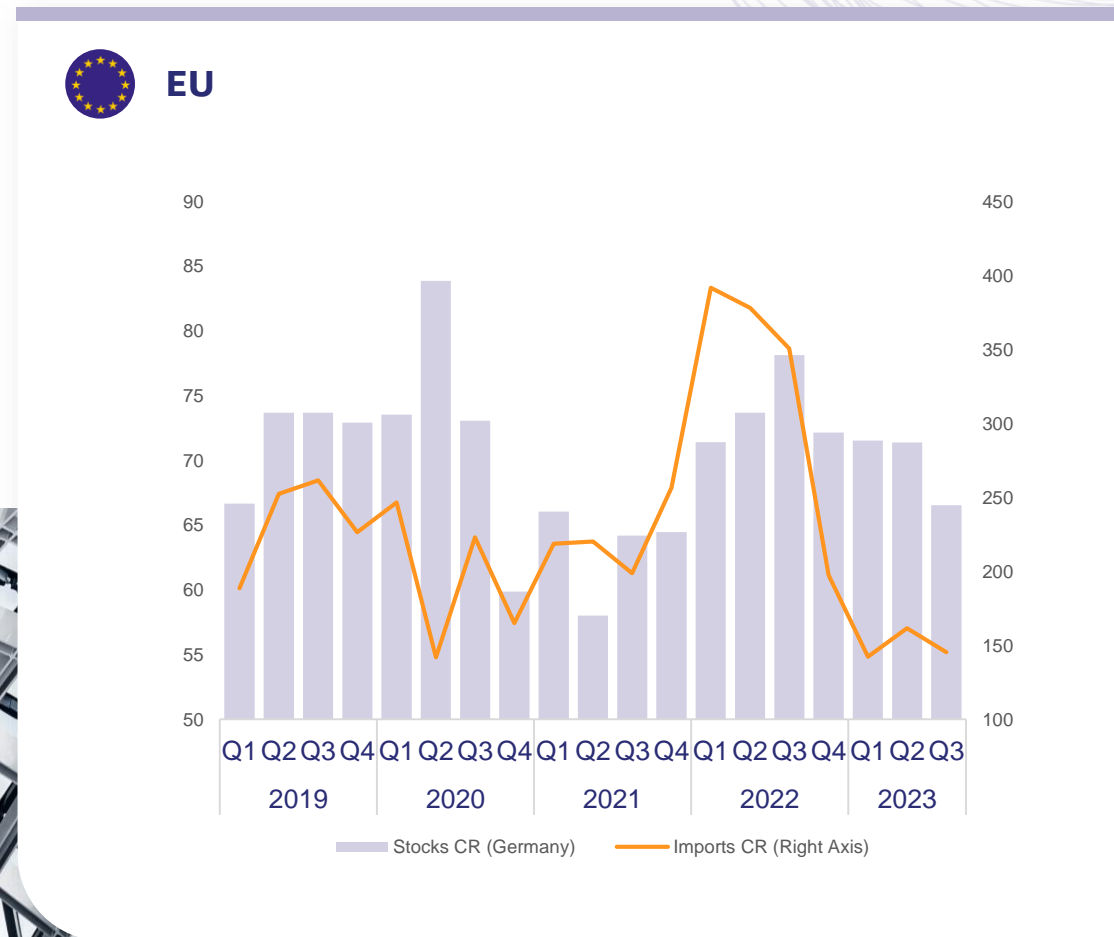
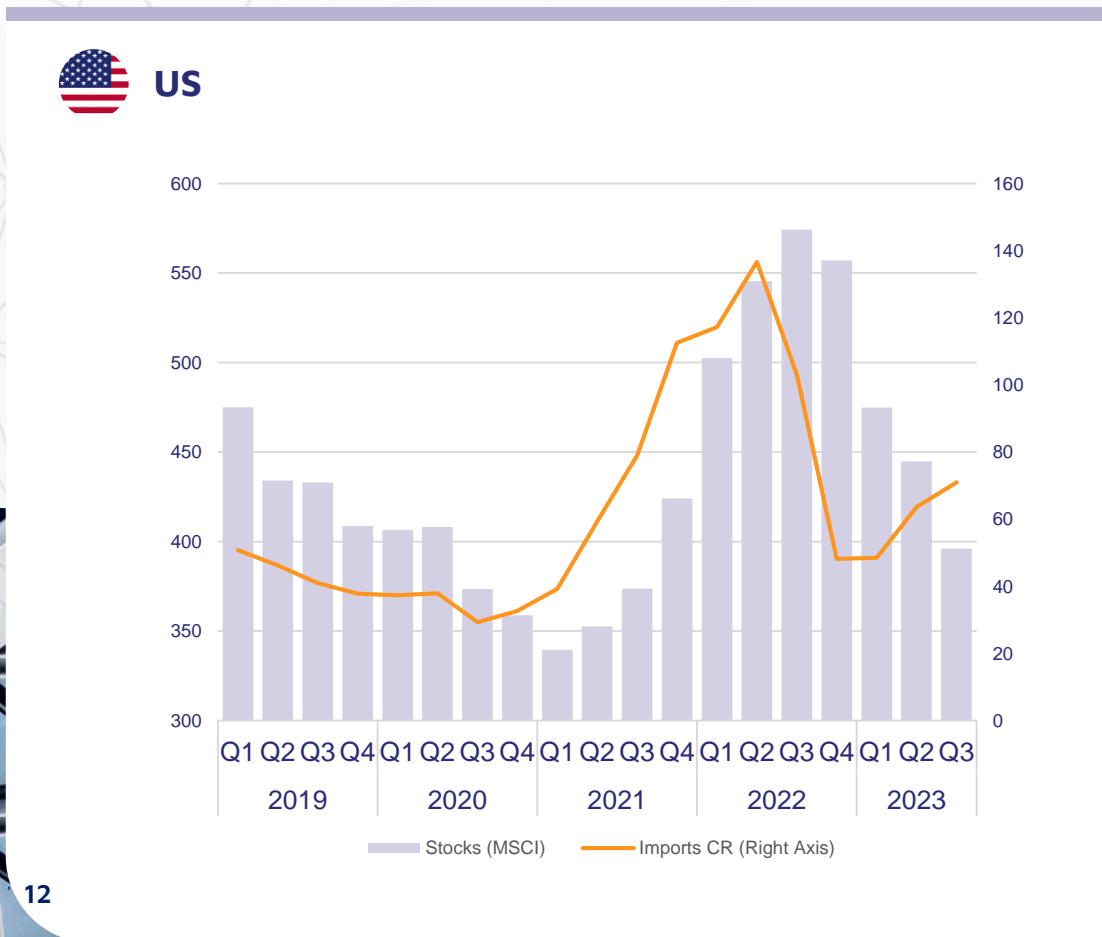
Market overview

Aftermath of Bullwhip Effect. Normalization of Inventories Taking Over a Year

Evolution of Inventories. Correlation with Imports



Source: USITC, MSCI, Eurostat, EHV, ACX
Volumes in KT



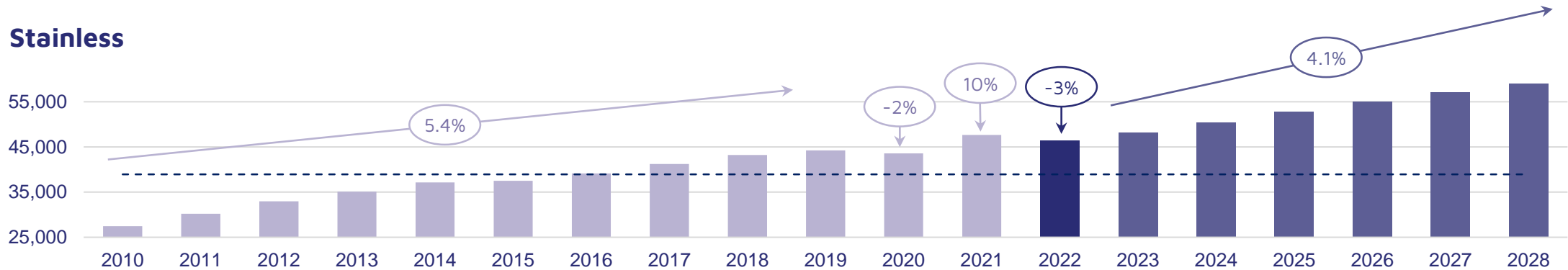
Market prospects

Steady growth in real demand expected for both divisions

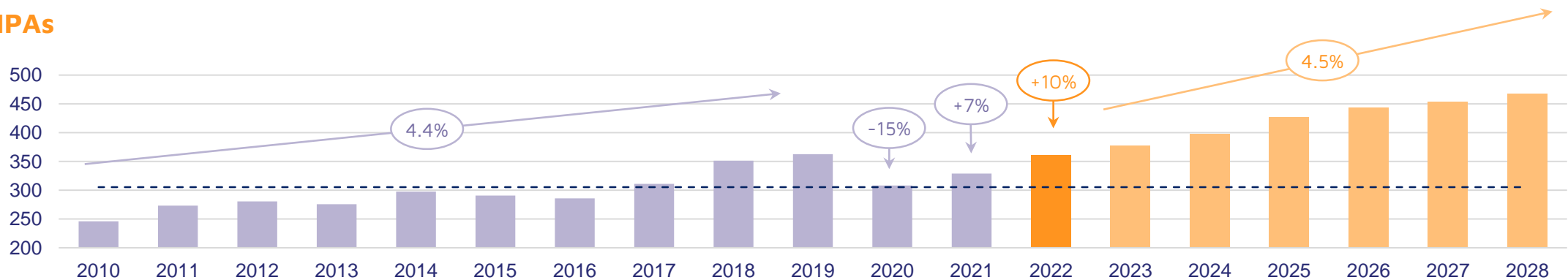


Source: SMR October 2023
Volumes in KT

Stainless



HPAs



Market prospects

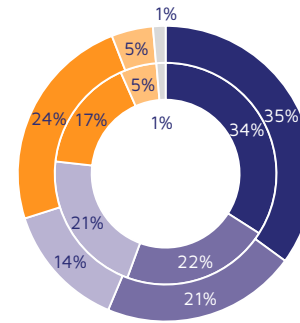
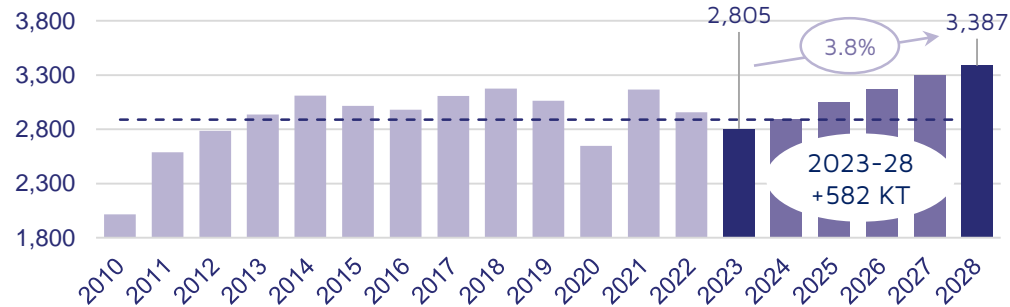
Focus on stainless steel core markets



Source: SMR October 2023
Volumes in KT



North America



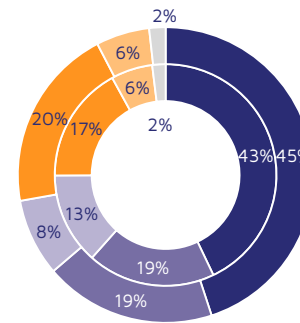
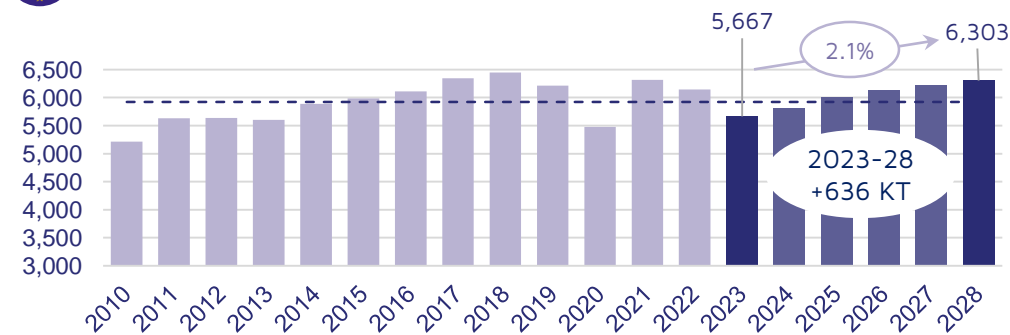
Inner ring 2023 / Outer ring 2028

Consumer Goods & Medical	232
Chemical / Petrochemical & Energy	117
Automotive & Heavy Transport	-127
ABC & Infrastructure	347
Industrial & Heavy Industry	5
Others	9

582



Europe



Inner ring 2023 / Outer ring 2028

Consumer Goods & Medical	402
Chemical / Petrochemical & Energy	125
Automotive & Heavy Transport	-223
ABC & Infrastructure	303
Industrial & Heavy Industry	25
Others	3

636

Conclusions

Leading the way to a sustainable future



Global presence with a local focus

Stainless steel and high-performance alloys are essential and the most efficient materials for a sustainable future

The Acerinox Group is solidifying its position as the **supplier of choice**, benefiting from its **unique geographical and product diversification**

Healthy growth forecast **through 2028** for both Stainless and HPA across most sectors, in particular for **Stainless in North America** in line with our **Strategy**

Strategic autonomy helps to maintain a **level playing field** in our **core markets**



Acerinox as a sustainable investment



Miguel Ferrandis

Chief Financial Officer

ACERINOX CAPITAL MARKETS DAY 2023

Main financial KPIs through the cycle

01



EBITDA



EBITDA MARGIN

> +10%

(9M 2023: 12%)

02



ROCE



15%

(9M 2023: 19%)

03



CAPITAL ALLOCATION



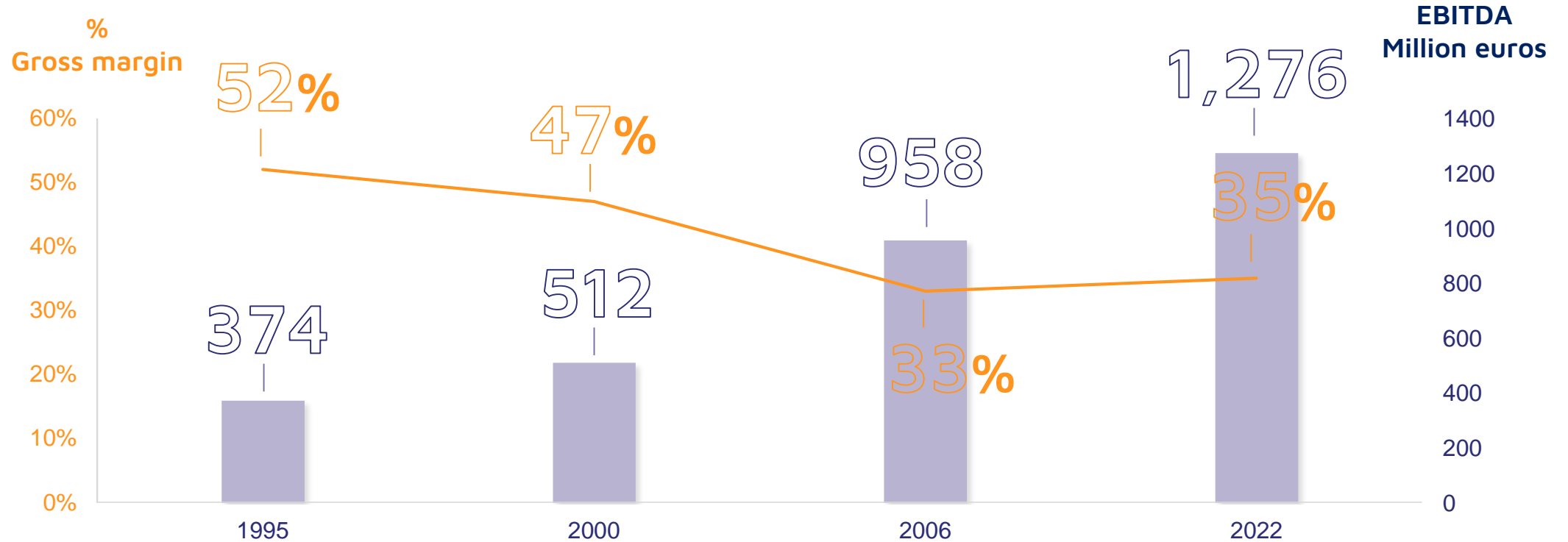
NFD / EBITDA

<1.2x

(9M 2023: 0.62x)

Deliver through-cycle value creation

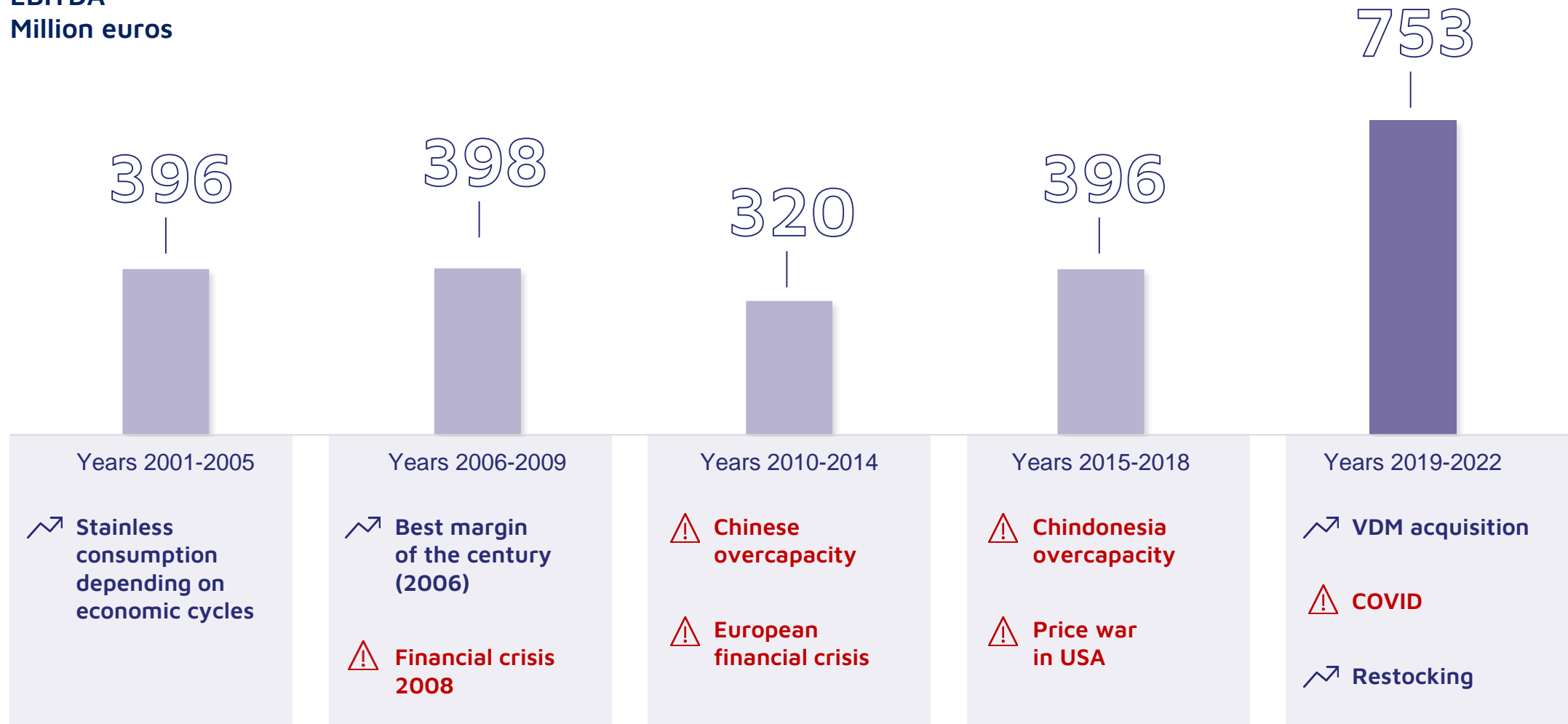
01. Peak EBITDA years throughout our history



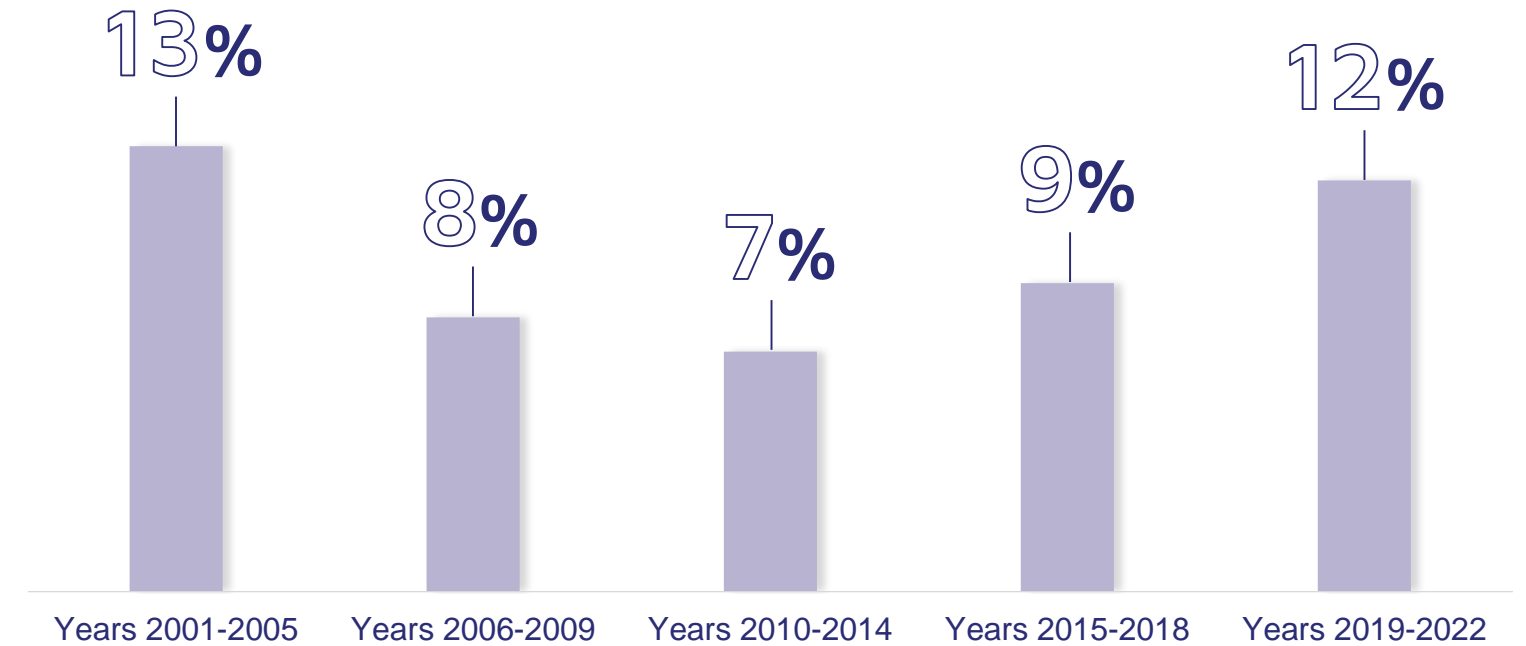
Increase in results as a consequence of long-term strategy even though margin decreased

Deliver through-cycle value creation

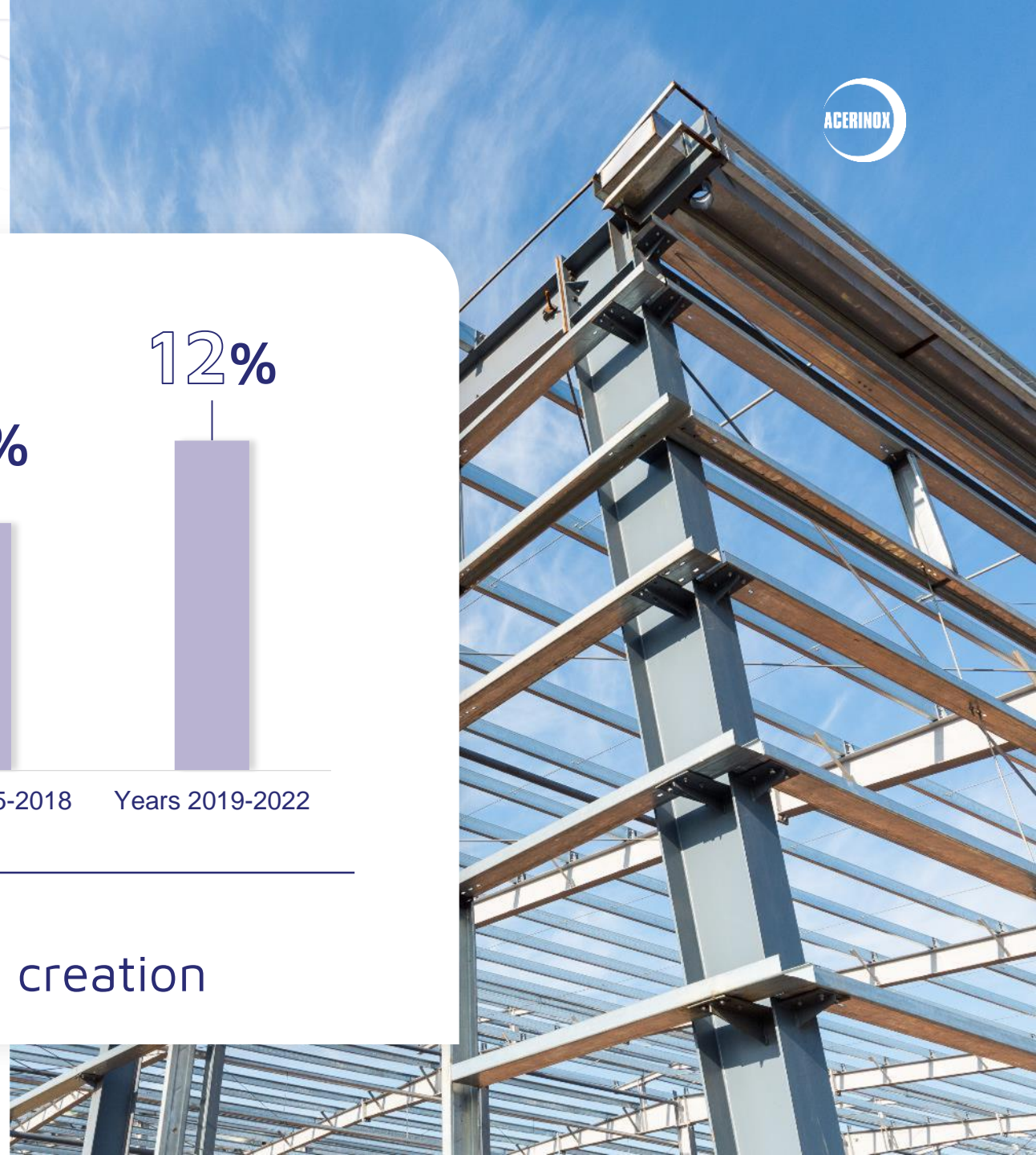
EBITDA
Million euros



EBITDA MARGIN



Deliver through-cycle value creation

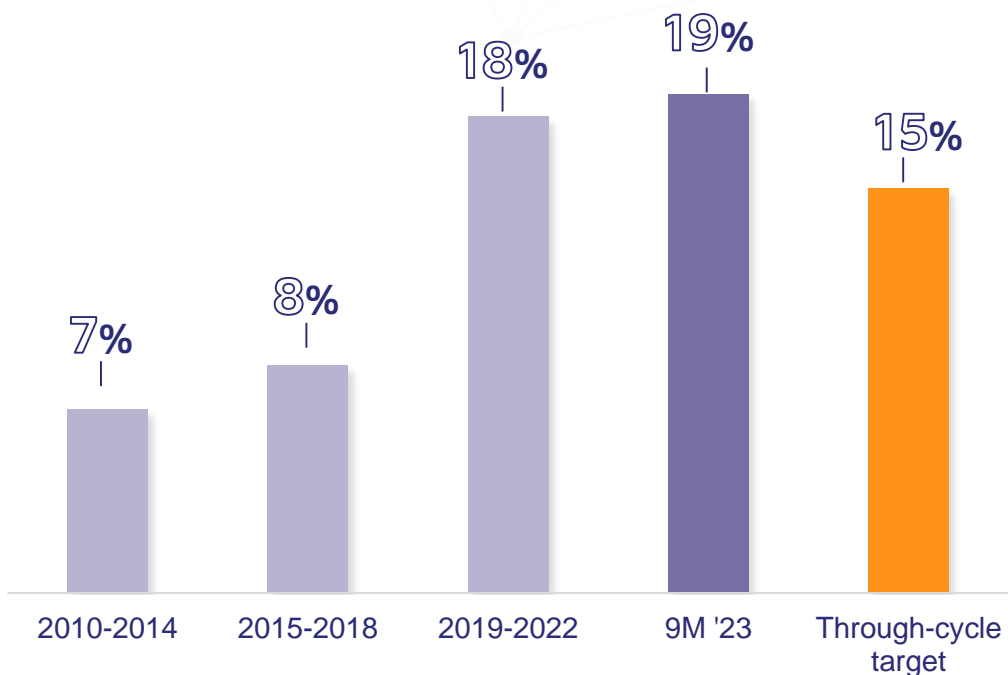


02. ROCE

Evolution and through-the-cycle target



Historical ROCE trends (return on capital employed)



ROCE target: **15%** average over one complete cycle

 **ROCE structurally higher than history,** reflecting Group strength

 **Return on capital employed (ROCE)**

$$= \frac{\text{Operating profit}}{(\text{Net equity} + \text{NFD})}$$



03. Capital allocation

01 Strong balance sheet

NFD / EBITDA < 1.2x through the cycle

TOP PRIORITY

Stable through the cycle

When strategic and prudent

02 Fund organic investment

Annual Capex of ~€200 million

04 Fund M&A investment

Strategic through the cycle

03 Steady payments to shareholders

Annual dividend of at least €150 million

05 Supplementary returns

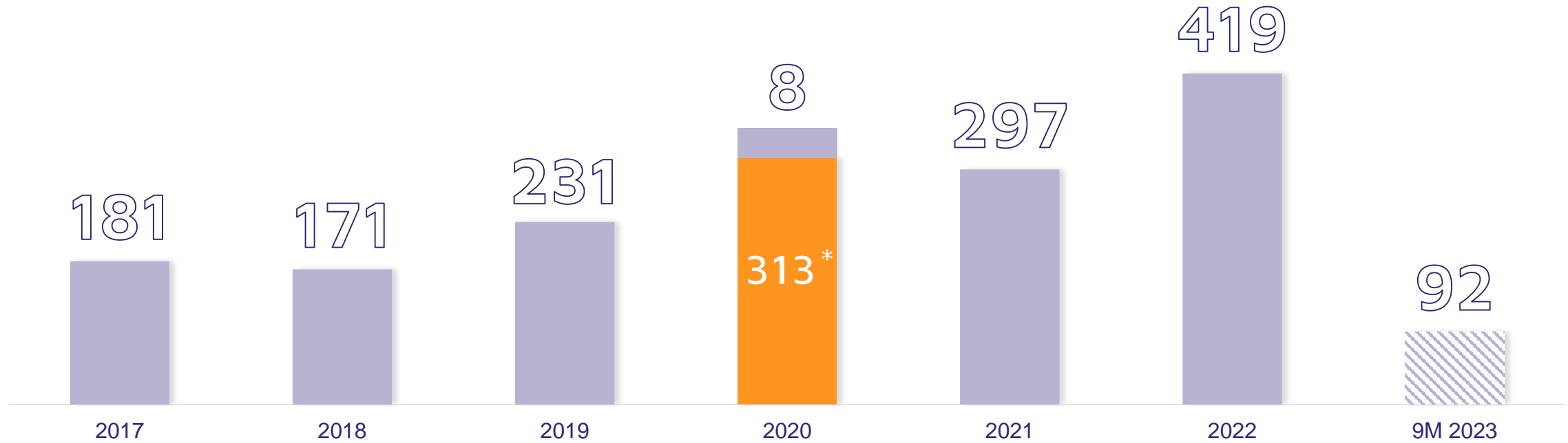
Strategic through the cycle



Capital allocation: Strong free cash flow generation



Free cash flow
Million euros



*Acquisition of VDM Metals

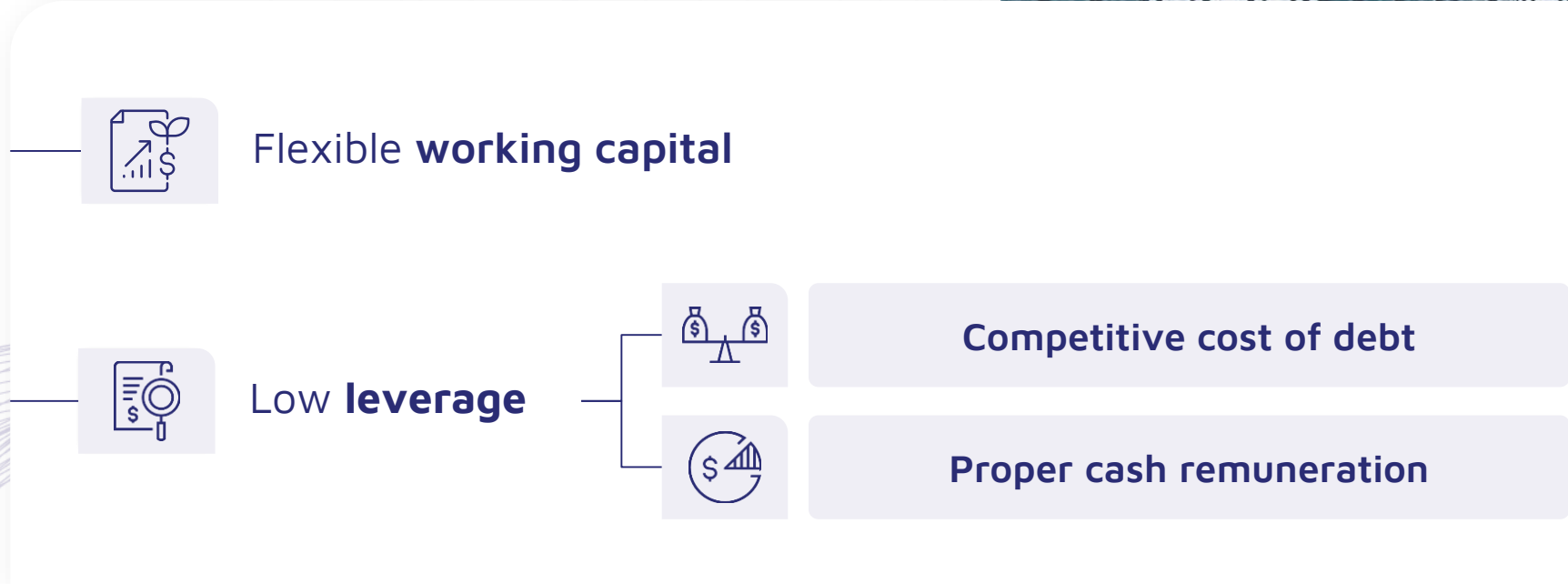
Capital allocation: Balance sheet strength remains priority



01 **Strong balance sheet**

NFD / EBITDA < 1.2x through the cycle

TOP PRIORITY





Capital allocation: Fund stable investments through the cycle

02



Fund organic investment

Annual Capex of ~€200 million

STABLE THROUGH THE CYCLE



Sustain Capex through the cycle: growth, maintenance, environmental, etc.

Balanced appraisal from a suite of metrics:

ROCE > WACC

IRR > 20%

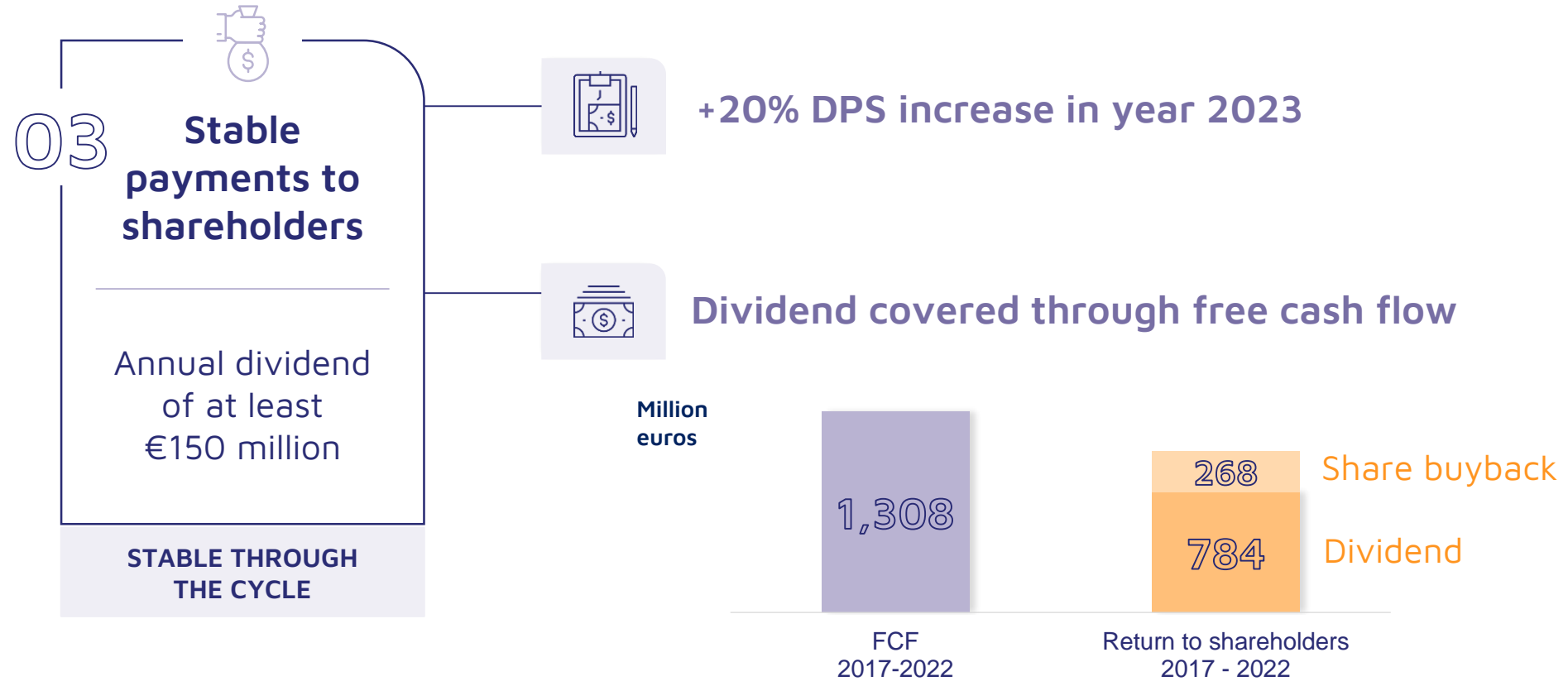
Capex at least in line with the depreciation figure

Continuous monitoring progress, cost, and benefits





Capital allocation: Maintain shareholder returns via dividend



Capital allocation: Pursue strategic organic & inorganic growth options



04



Fund strategic growth and M&A investment

Strategic through the cycle

STABLE THROUGH THE CYCLE



Transformative, further strategic growth is an important lever for Acerinox's future expansion and diversification

Growth must:

1. **Align** with strategy
2. **Offer** potential for synergy
3. **Be value accretive** - aligned with 15% ROCE target
4. Be a **cultural fit**
5. **Secure market positioning** or increase diversification



Capital allocation: Distribution of surplus capital

05 Supplemental shareholder returns



Strategic
through
the cycle

STABLE THROUGH
THE CYCLE



Where prudent Acerinox will return
surplus cash to shareholders

Requires four conditions to be satisfied:

Confidence in
leverage target

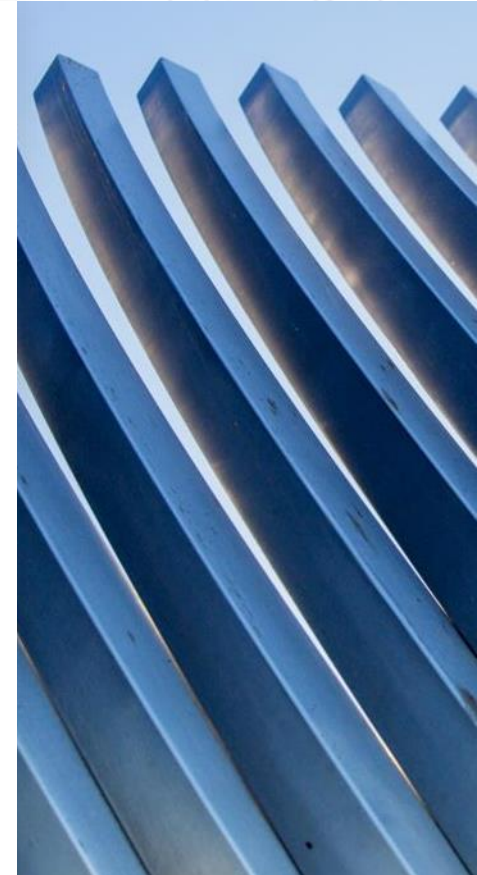
Fundamentally
undervalued

Subject to strategic
growth options

Market
visibility

Returns predominantly executed via share buyback programs
or extraordinary dividends

Used to strategically and flexibly top-up total shareholder returns



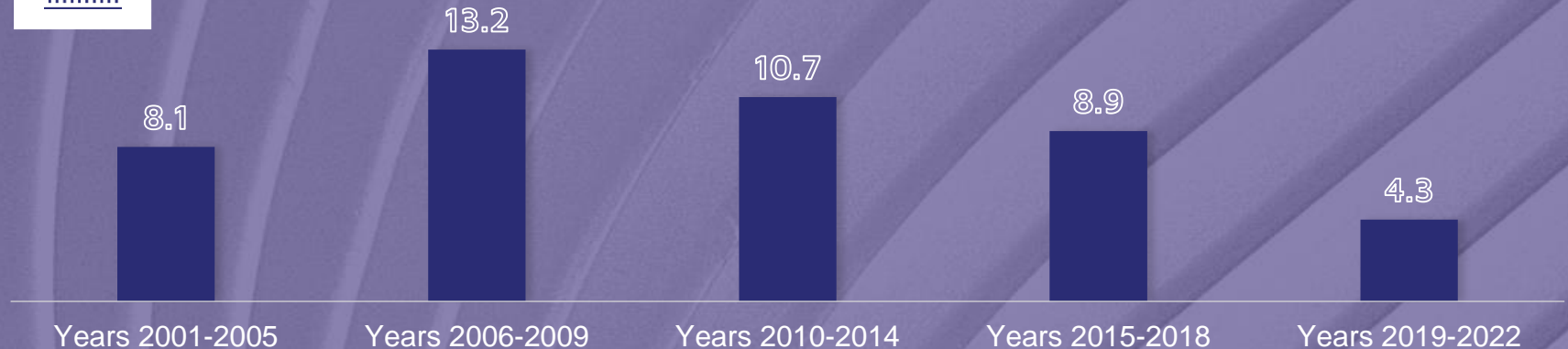
Acerinox market valuation: Clearly undervalued

We generate value through the cycle

Sooner than later, market should reflect Acerinox's value creation



Group's EV/EBITDA evolution



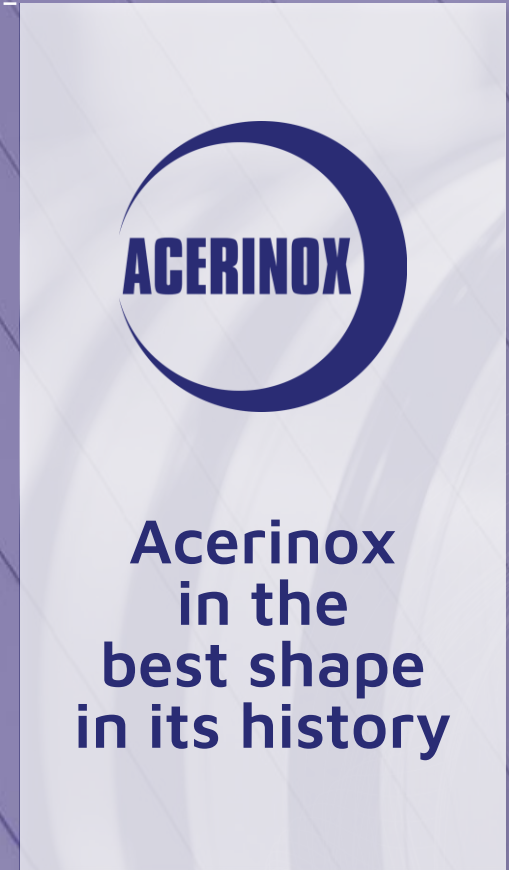
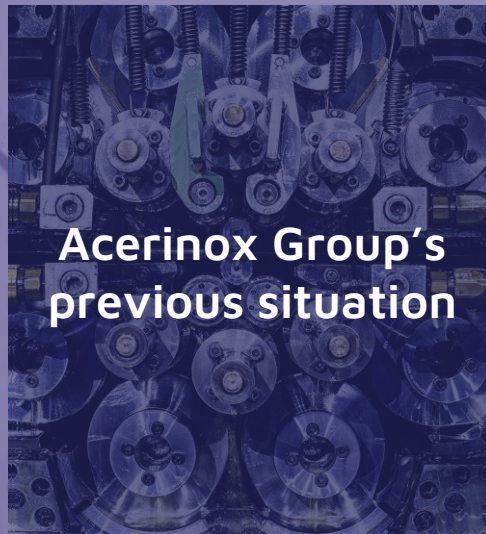
Group's P/E evolution



Acerinox's new position

- Excellence
- Broadest portfolio
- Deglobalization

Contribution by HPAs:
results and synergies





Capital Markets Day

Closing remarks

Bernardo Velázquez
CEO of Acerinox



Conclusions



01

Acerinox is in the **best shape** of its history



02

Our strategy:
Deliver through-cycle value creation



03

Well integrated with **HPAs:**
1 + 1 > 2



04

R&D:
New technologies cannot be mastered without **our stainless steels, high-performance alloys, and new developments**



05

Excellence is in **our DNA**



06

Firm commitment to responsible transparency and accountability **towards stakeholders**



07

Deglobalization:
Towards strategic autonomy



08

Acerinox as an investment:
Best-ever results and strong balance sheet, clearly undervalued



Q&A

