Acerinox reports a significant reduction in debt and an increase in EBITDA in the first quarter of 2024

- **EBITDA, totaling 111 million euros, was 15% higher than in the 4th quarter of 2023.**
- **Net financial debt, amounting to 234 million euros, decreased by 107 million during the first three months of the year.**
- **Revenue, at 1,481 million euros, fell 3% compared to the 4th quarter of 2023.**

Acerinox improved its quarterly results between January and March 2024, with a significant decrease in debt (107 million) over the previous quarter.

Quarterly EBITDA, totaling 111 million euros, was 15% higher than in the last three months of 2023. EBITDA margin was 7%. Revenue in the first quarter, 1,481 million euros, was 3% lower than the previous quarter due to fewer shipments.

Profit after tax and non-controlling interests amounted to 53 million euros (in the fourth quarter of 2023, after impairment of Bahru Stainless's assets, it was −119 million euros).

Operating cash flow was 188 million euros, helped by the reduction in working capital of 63 million euros.

Outlook

The American market and the high-performance-alloys market remain stable, while that in Europe has not improved even with the reduction in supply.

Despite the company's efforts to resolve the conflict at Acerinox Europa, there are no guarantees that it will be resolved in the short term.

Given these circumstances, and in view of our order book, we expect EBITDA to be slightly higher in the second quarter than in the first.

Investments of more than 300 million underway:

1. NAS will increase production by over 20%

The investment plan for North American Stainless (NAS), the largest integrated stainless steel factory in the United States, remains on course. The Group will increase its sales by 20%. The expansion at NAS will allow the company to keep pace with market growth in the coming years.

This investment will amount to 244 million and the resulting activity is planned to begin at the end of 2025. The new equipment will aim to increase the volume of flat products, with a special focus on increased production of higher-value-added goods.

2. VDM will grow 15% in sales thanks to new equipment

On January 11, 2024, VDM Metals, the Acerinox Group division representing the world leader in the high-performance alloys sector, announced an investment plan of 67 million euros that will increase its sales by 15%.

Thanks to this new investment, the Group takes another step forward in its commitment to higher-value-added products. The projects include the expansion of three remelting furnaces, the upgrade of an annealing and pickling line, and a defect detection line for bars, as well as an atomizer for the production of stainless steel and high-performance-alloy powders for additive manufacturing.

Update on Bahru Stainless

In view of the market situation, Bahru Stainless will cease production in the second quarter and the different alternatives are being studied.

The approval process for NAS's acquisition of Haynes remains on course as planned

Acerinox announced on February 5 the signing of an agreement under which its wholly owned US subsidiary, North American Stainless ("NAS"), will acquire Haynes International ("Haynes"), a US leading developer, manufacturer, and marketer of technologically advanced high-performance alloys. The transaction will be made fully in cash.

Haynes International shareholders approved the proposal on Tuesday, April 16 at their Annual Shareholders' Meeting.

The transaction has also received approval by US antitrust authorities and is subject to other regulatory approvals and compliance with customary conditions. The proposed acquisition is proceeding as planned and is expected to close in the third quarter of 2024.

Shareholders approve a dividend of 0.62 euros per share at the Annual Meeting

At the Annual Shareholders' Meeting on April 22, 2024, shareholders 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 complementary dividend of 0.31 euros per share will be distributed in July. In 2024, Acerinox will allocate 155 million euros to dividends. As of March 31, 77 million euros had been allocated to shareholder remuneration.

Collective bargaining at Acerinox Europa

Negotiation of the fourth Collective Bargaining Agreement remained ongoing at Acerinox Europa at the end of the first quarter of 2024. After more than a year of dialogue with the workers' legal representation and thirty meetings, the Company maintains its willingness to negotiate.

At the last mediation session held on Tuesday, April 23, at the headquarters of the Andalusian Council of Labor Relations (CARL), the Company expressed its willingness to accept a mediation proposal from this body to put to a vote by the workers of the Acerinox Europa plant (Campo de Gibraltar). The Strike Committee opposed this option, and therefore did not give employees the opportunity to vote on the mediators' proposal. Under these circumstances, Acerinox Europa would also consider the possibility of resorting to a voluntary binding arbitration as a means of reaching an agreement, which CARL has also proposed to the parties.

Although Acerinox Europa's main objective is to reach an agreement that would allow it to continue providing the well-paid, quality employment it currently offers, the plant must implement a change of business model oriented toward quality and customer service and that provides the flexibility necessary to adapt production to cycles within the sector, ensuring the plant's viability.

Acerinox Europa, in its interest in seeking alternative solutions to the conflict, is already analyzing and evaluating changes in the current five-shift production model that would allow a different manner of organizing the work and a collective agreement more in line with the factory's future needs.

During the first quarter of 2024, Acerinox Europa incurred an EBTIDA loss of EUR 31 million, resulting from the strike and the market situation.