

# Q2 2023

Results presentation



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# H1 2023 at a glance



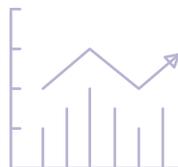
The Group's performance continues to reflect our structural growth & strategic repositioning



**Q2 EBITDA** (236 million EUR) **improved 5% over Q1**, despite challenging European market conditions



**Stronger US & HPA markets delivered Acerinox's third best H1 Group EBITDA in history (462 million EUR)**



**Outlook: We expect good Q3 EBITDA but below Q2**

# H1 2023: Continued to deliver on objectives

## Strong balance sheet



NFD/EBITDA:  
0.78x



Shareholder remuneration:  
0.30 EUR/share<sup>1</sup> in H1



Capex to increase value:  
97 million EUR

<sup>1</sup>Total FY 2023 shareholder remuneration will be 0.60 EUR/share

## Excellence



EBITDA margin:  
13%



Safety:  
13% reduction in LTIFR



ROCE:  
+21%

## Added value



Synergies stainless & HPA:  
47 million EUR



Diversification:  
126 new customers

## Sustainability



GHG emissions: Down 5% from  
baseline (target 20% reduction)



Water withdrawal: Intensity down  
19% (target 20% reduction)

# Strong contributor to the circular economy

## 2030 sustainability targets



**Eco-efficiency and climate change mitigation**

**GHG emissions** (Scope 1 & 2):  
5% reduction [2030 target: 20% reduction from 2015 baseline]

**Water reduction:** 19% reduction [2030 target: 20% reduction from 2015 baseline]

**Energy efficiency:** 5% increase [2030 target: 7.5% reduction from 2015 baseline]



**Engaged team, culture, diversity, and safety**

**Safety:** 13% reduction from FY 2022 [target: 10% YoY reduction in LTIFR]

**Gender diversity:** 13% female YTD [2030 target: women make up 15% of workforce]



**Circular economy and sustainable products**

**Waste reduction:** 79% valorization [2030 target: 90% valorization]

**Already recycling 100% of:**

Grinders / Oily paper / Oil (decantation, flame-retardant and hydraulic) / Process scrap & metal recovered / Machined electrodes / Paper / Plastic / Cardboard / Others

## Positive Impact 360°



**H1 2023 progress & sustainability initiatives**



**Ethical, responsible and transparent governance**

- New whistleblowing channel
- Updated Code of Conduct for Business Partners



**Eco-efficiency and climate change mitigation**

- SBTi target
- Decarbonization plan



**Committed team, culture, diversity and safety**

- Promote diversity and inclusion at vocational training schools
- H&S week – Cardinal Rules



**Circular economy and sustainable products**

- Water footprint
- Slag valorization
- CO<sub>2</sub> emissions per product
- Eco - Acerinox



**Supply chain and impact in the community**

- New suppliers assessment process
- Social Action Framework

# ESG ratings and achievements

Acerinox is actively participating in the **most relevant ESG assessment processes** highlighting the sustainability performance improvements



## NEW ACHIEVEMENTS



- ★ Awarded by the stainless steel industry for its outstanding progress in the categories of **Market Development, Sustainability, and Safety.**



- ★ Acerinox is awarded the recognition **"T for Transparent"** for its responsible tax reporting and good governance.



- ★ Acerinox improves its position and **ranks sixth** in the industrial sector of the corporate reputation business monitor.

# Q2 2023: Market backdrop

## Prices stainless steel (AISI 304), USD/ton



## Nickel, USD/ton



## Ferrochrome, USD/ton



## Q2 MARKET HIGHLIGHTS

### STAINLESS STEEL

- ✓ North American prices remain stable
- ✓ Imports dropped
- ✗ Differences across markets

- USA**
  - American market remains in good condition
  - Stable base price at reasonable levels
  - Destocking process ended at the end of the quarter
  - Imports dropped 44% Year-to-May
  - Apparent demand of flat products decreased 29% Year-to-May
- EUROPE**
  - European market remained weak
  - Prices stood at historical low levels
  - Destocking process ended at the end of the quarter
  - Imports dropped 62% Year-to-May
  - Apparent demand of flat products decreased 31% Year-to-May

### HIGH-PERFORMANCE ALLOYS (HPA)

- ✓ Market maintained its strength and good prospects especially in aerospace, O&G, and petrochemical industry
- ✓ Strong order book

# Q2 2023: Group financial highlights

Reflects strategy of growth, diversification & strength

## Income statement

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**Sales decrease**  
of -2% QoQ

**EBITDA margin**  
improve to 14%

**EPS of**  
**0.55 EUR/share**

## Cash flow statement

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131 million EUR  
**operating working capital**  
increase

98 million EUR  
**tax payments**

54 million EUR  
**organic Capex**

## Balance sheet

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NFD / EBITDA **0.78x**

**Strong ROCE: 21%**

Operating working capital reduction expected for Q3

# Q2 2023: Strong results

## Consistent H1 EBITDA

of 462 million EUR  
(13% margin):

Q1: 226 million EUR

Q2: 236 million EUR

Downward **inventory  
adjustment**  
of 96 million EUR

**Net debt** of  
721 million EUR

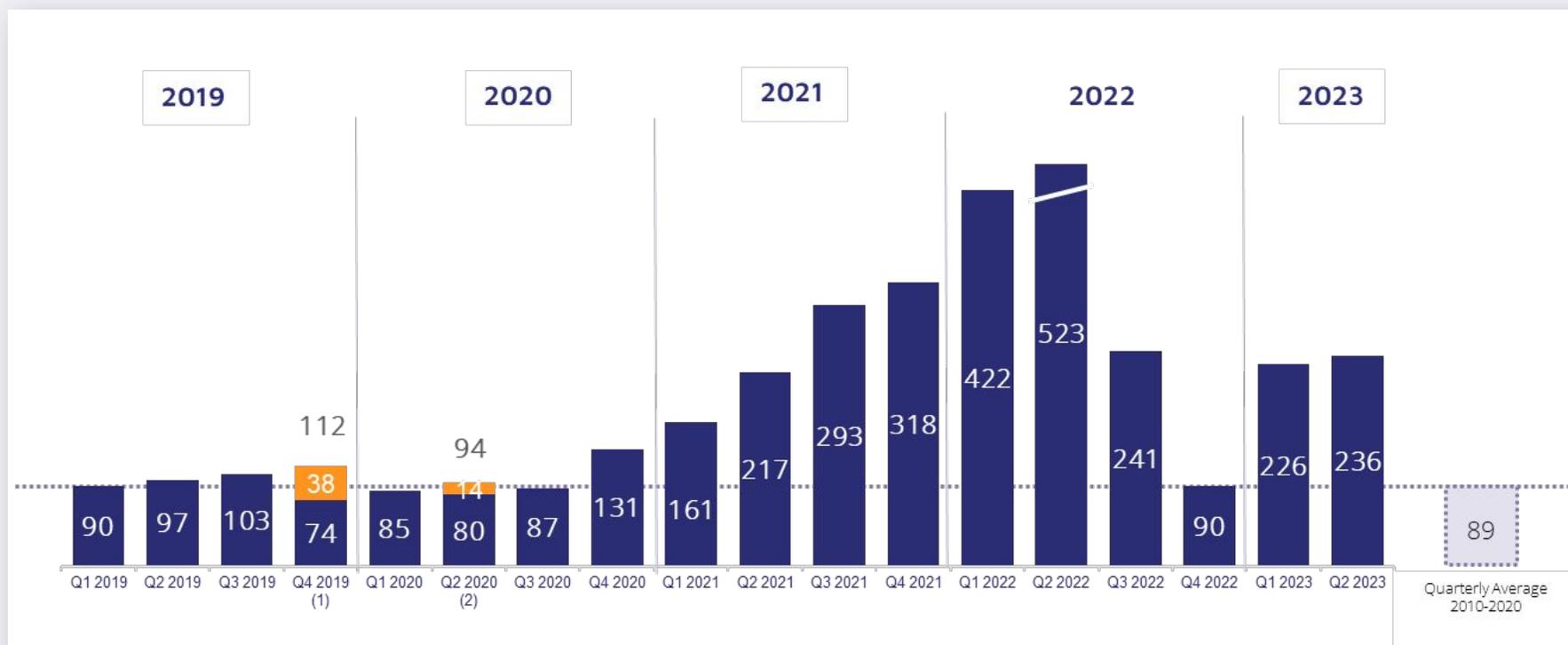
## CONSOLIDATED RESULTS

<i>Million EUR</i>	Q2 2023	Q1 2023	Q2 2022	H1 2023	H1 2022	% Q2 23 / Q2 22	% H1 23 / H1 22
Melting production (thousands of metric tons)	486	534	622	1,020	1,290	-22%	-21%
Net Sales	1,740	1,782	2,535	3,522	4,821	-31%	-27%
<b>EBITDA</b>	<b>236</b>	<b>226</b>	<b>523</b>	<b>462</b>	<b>945</b>	-55%	-51%
<b>EBITDA margin</b>	<b>14%</b>	<b>13%</b>	<b>21%</b>	<b>13%</b>	<b>20%</b>		
EBIT	196	182	473	378	847	-58%	-55%
<i>EBIT margin</i>	11%	10%	19%	11%	18%		
Results before taxes and minorities	191	179	456	371	823	-58%	-55%
Results after taxes and minorities	142	136	343	278	609	-59%	-54%
<b>Operating cash flow (before investments)</b>	<b>-58</b>	<b>-19</b>	<b>2</b>	<b>-77</b>	<b>77</b>	-	-
Net financial debt	721	605	574	721	574	26%	26%

# Q2 2023: Solid EBITDA above last decade average

## Quarterly EBITDA

Million EUR



(1) Adjusted EBITDA Q4 2019: EUR 112 million, EBITDA without taking into account the provision of EUR 38 million arising from the collective redundancy procedure (ERE) at Acerinox Europa  
 (2) Adjusted EBITDA Q2 2020: EUR 94 million, EBITDA excluding the 14 million VDM acquisition cost

More **competitive**  
through **excellence**

Better with **VDM**

Benefiting from  
**regionalization**

# Stainless steel highlights

<i>Million EUR</i>	Q2 2023	Q1 2023	Q2 2022	H1 2023	H1 2022	% Q2 23 / Q2 22	% H1 23 / H1 22
Melting production (thousands of metric tons)	465	515	601	979	1,247	-23%	-21%
Net sales	1,369	1,476	2,232	2,846	4,237	-39%	-33%
<b>EBITDA</b>	<b>191</b>	<b>197</b>	<b>481</b>	<b>388</b>	<b>880</b>	<b>-60%</b>	<b>-56%</b>
<i>EBITDA margin</i>	14%	13%	22%	14%	21%		
Amortization and depreciation	-34	-35	-41	-69	-79	-16%	-13%
EBIT	159	161	439	320	797	-64%	-60%
<i>EBIT margin</i>	12%	11%	20%	11%	19%		
<b>Operating cash flow (before investments)</b>	<b>-43</b>	<b>113</b>	<b>120</b>	<b>70</b>	<b>265</b>	<b>-</b>	<b>-73%</b>



**14% EBITDA margin  
in Q2 and H1**

**H1 operating cash flow  
of 70 million EUR**

**Very challenging market  
conditions continue in EU**

# High-performance-alloys highlights



Record H1 EBITDA  
of **76 million EUR**:

Order book remains solid

Increase of **202 million EUR** in  
operating working capital in H1

<i>Million EUR</i>	Q2 2023	Q1 2023	Q2 2022	H1 2023	H1 2022	% Q2 23 / Q2 22	% H1 23 / H1 22
Melting production (thousands of metric tons)	21	19	21	40	44	-1%	-7%
Net sales	387	305	303	692	584	28%	18%
<b>EBITDA</b>	<b>47</b>	<b>29</b>	<b>41</b>	<b>76</b>	<b>65</b>	<b>15%</b>	<b>17%</b>
<b>EBITDA margin</b>	<b>12%</b>	<b>9%</b>	<b>14%</b>	<b>11%</b>	<b>11%</b>		
Amortization and depreciation	-6	-6	-6	-12	-11	2%	3%
EBIT	42	23	36	65	54	17%	20%
EBIT margin	11%	8%	12%	9%	9%		
<b>Operating cash flow (before investments)</b>	<b>-15</b>	<b>-132</b>	<b>-118</b>	<b>-147</b>	<b>-188</b>	<b>-88%</b>	<b>-22%</b>

# Capital allocation

Million EUR

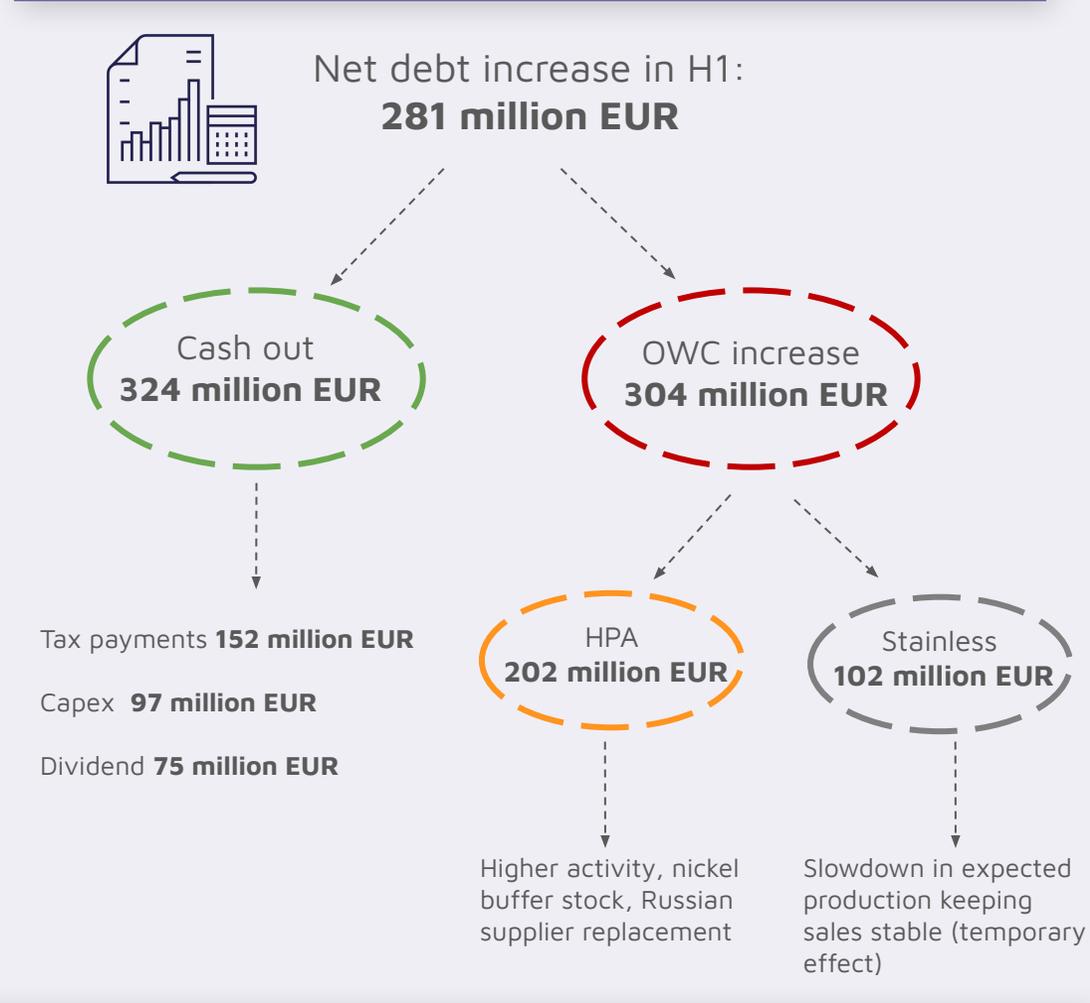
Q2



H1



## Breakdown of cash uses



**Operating working capital reduction expected for Q3**

# Capital allocation priorities



**Maintain strong balance sheet through the cycle**



**Growth through organic and inorganic opportunities**



**Improving shareholder returns**

# Conclusions & outlook



## 01

**Solid first half of the year.  
Third best H1 Group  
EBITDA in history**



## 02

**Operating cash flow  
(OCF) affected by OWC  
increase and tax  
payments**



## 03

Uncertainties remain:  
Geopolitical tensions, energy  
prices, and weak demand



## 04

**Destocking process  
already completed in all  
the markets**



## 05

**Order book remains  
strong in HPA. Stainless  
steel will be impacted by  
seasonality**



## 06

We expect good **Q3 EBITDA**  
**but below Q2**

**OWC reduction expected  
for Q3**



## 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

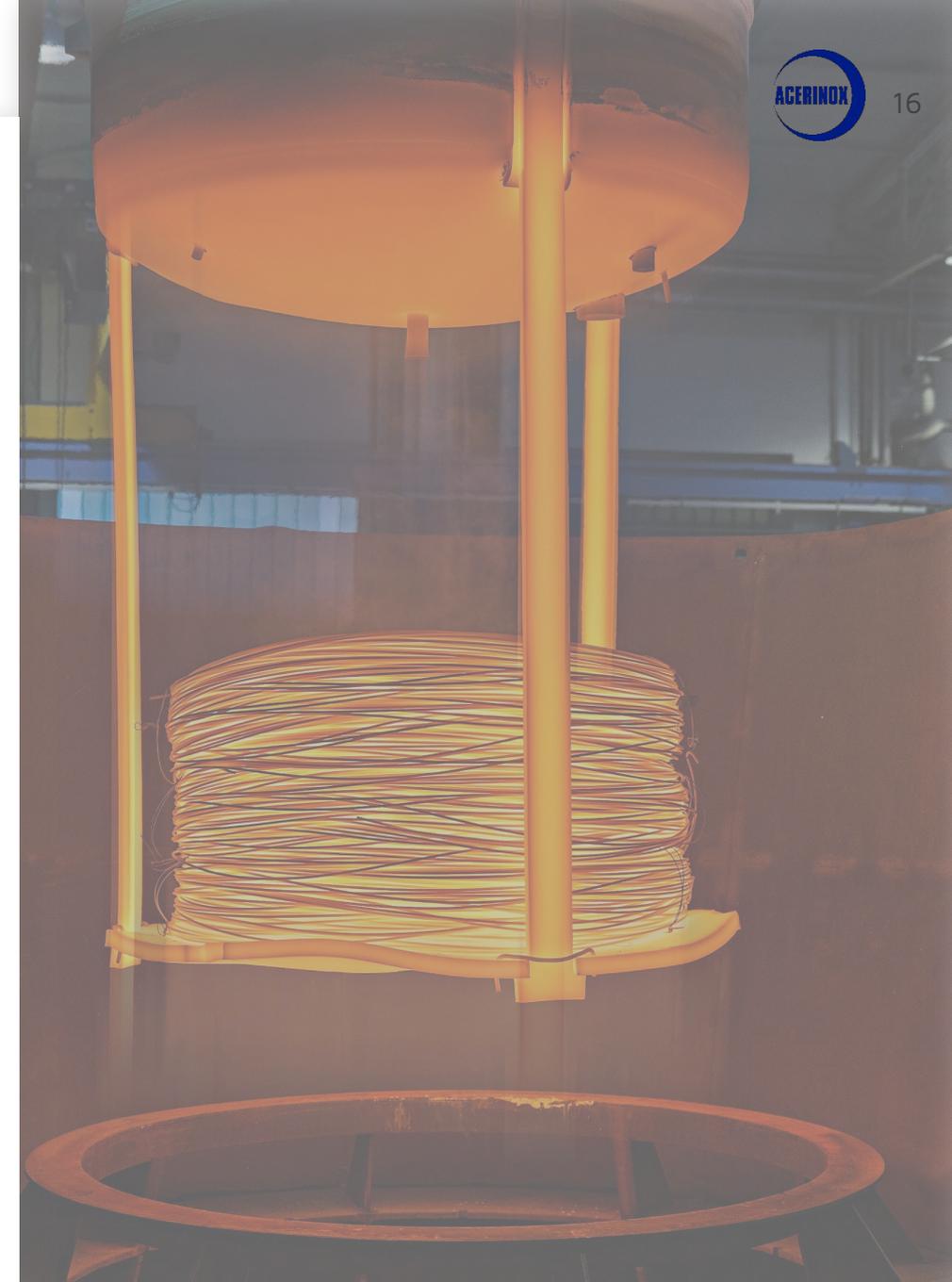
**Gearing ratio (Debt Ratio):** Net financial debt / equity

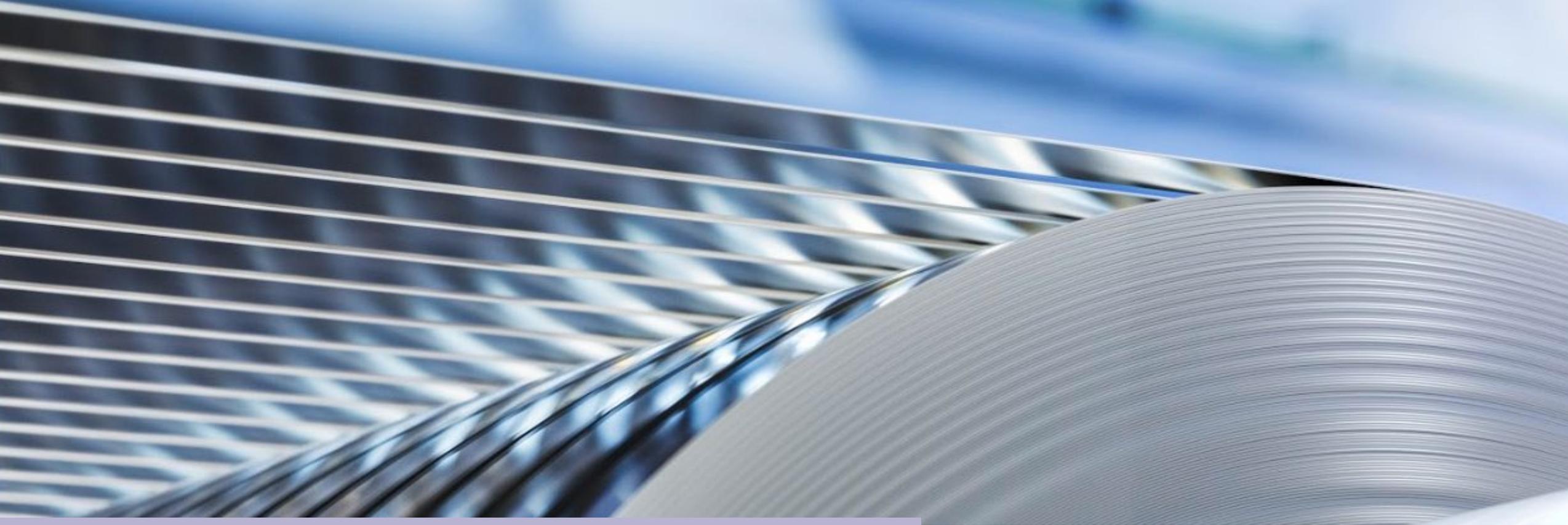
**Net Financial Result:** Financial income – financial expenses ± exchange rate variations

**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





**Q&A**

