



FY 2021

Results presentation

28 February 2022

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FY 2021: a Record Year

- We achieved the objectives we set for 2021 completely
- New record in Melting production
- EBITDA was at an all time record at 989 million EUR
- Outstanding operating cash flow of 388 million EUR especially given 460 million EUR of NWC increase in the year
- Net debt of 578 million EUR now only 0.58x EBITDA, the lowest debt / EBITDA ratio in the last 20 years
- HPA EBITDA, 61 million EUR, normalized in H2, sooner than expected
- We started a share buyback program up to 4% of the Share Capital

<i>Million EUR</i>	2021	2020	% 2021 / 2020
Melting production (Thousand Mt)	2,619	2,196	19%
Net Sales	6,706	4,668	44%
Adjusted EBITDA	989	398	149%
Adjusted EBITDA margin	15%	9%	
EBITDA	989	384	158%
EBITDA margin	15%	8%	
EBIT	810	163 ⁽¹⁾	396%
EBIT margin	12%	3%	
Results before Taxes and Minorities	766	132	482%
Results after Taxes and Minorities	572	49	1,066%
Operating cash flow (before investments)	388	421	-8%
Net Financial Debt	578	772	-25%

(1) 12M 2020 Includes 42 million EUR of impairment of assets in Bahru Stainless

Global presence, diversity and quality employment



Labour Rights



Human Rights



5 continents



8,206 employees

97% Permanent term contracts

Board of Directors



66.7% independents



4 working committees



33% women

Sustainable financing



465 Million EUR

Total financing through green and sustainable loans



Tax responsible action

ICAP Programme*

- Co-operative and multilateral process of tax risk assesment and assurance
- Transparency and soundness of tax policies at Group tax-governance level
- Result: **ICAP certifies Acerinox as a low tax risk Company**

*International Compliance Assurance Programme of OECD

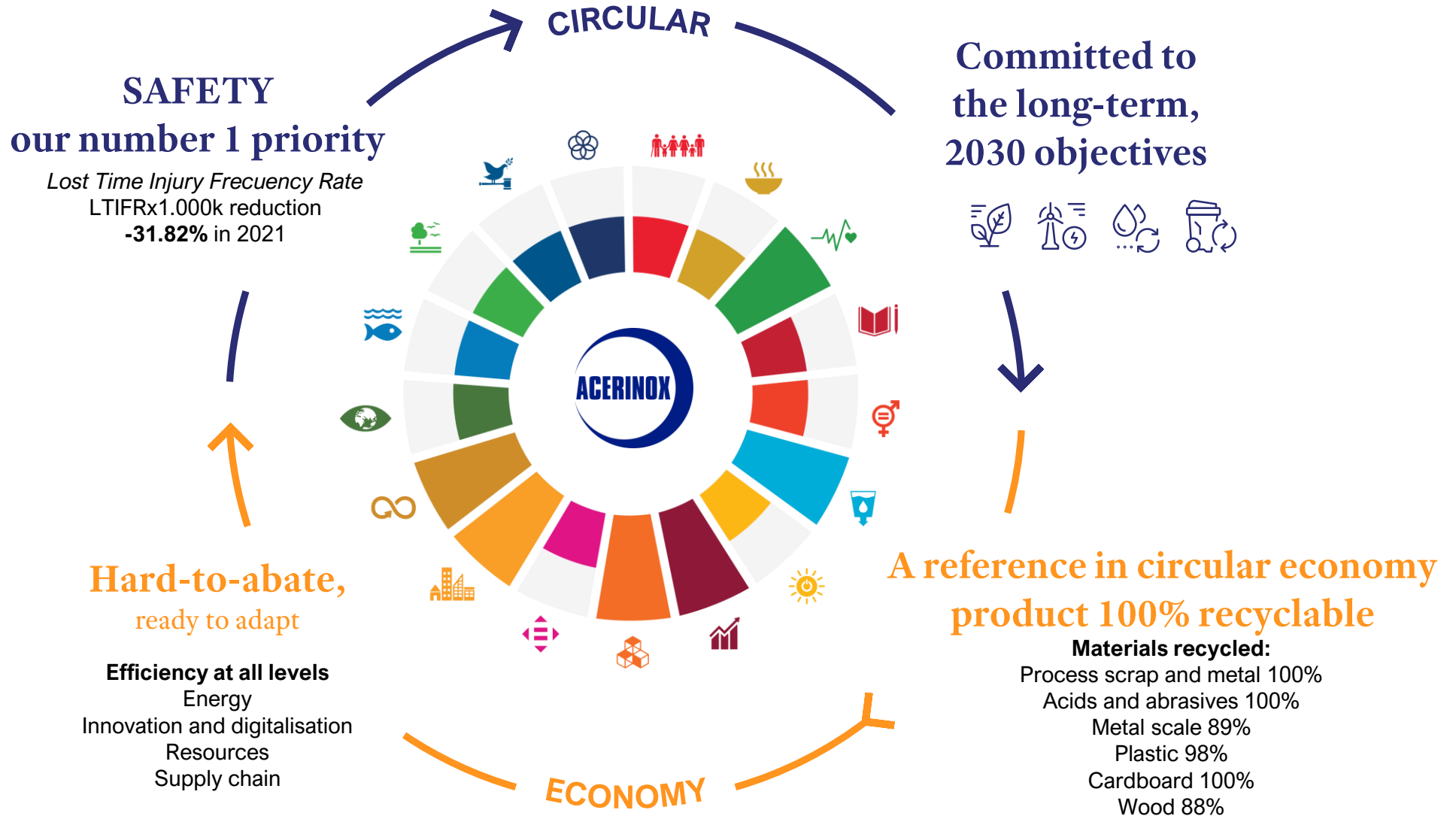
Certifications and organisations



Climate Change 2021 Water Security 2021



Acerinox: a Sustainable Commitment



Acerinox Positive Impact 360

The Sustainability Plan is structured on 5 Strategic Pillars, 15 Lines of Action, and 6 Long Term Goals (2030) as follows:

5 Strategic Pillars



Ethical, Responsible & Transparent Governance



Eco-Efficiency & Fight Against Climate Change



Circular Economy and Sustainable Products



Committed Team, Culture, Diversity and Safety



Supply Chain and Impact in the Community

2021 - 2025



Priority Action Plan

45 KPIs



Continuation of Plan

21 KPIs

20% completed
2022:
30% already in progress

Long Term Goals



20% Reduction
Carbon Emissions Intensity

▼ - 3.38% vs 2020
▼ - 10.22% vs. 2015



20% Reduction
Specific Water withdrawal

▼ - 18% vs 2020
▼ - 23.23% vs. 2015



7.5% Reduction
Energy Intensity

▼ - 1.5% vs 2020
▼ - 3.1% vs. 2015



10% Reduction of LTIFR vs previous year

▼ - 31,82% LTIFRx1000k vs 2020



90% valorisation of waste sent to landfill

72% valorised waste vs 78% in 2020

Process scrap and metal 100%
Acids and abrasives 100%
Metal scale 89%
Plastic 98%
Cardboard 100%
Wood 88%



10% Increase of Minorities vs previous year

▲ 9% in percentage of women hired

Objectives Submitted One Year Ago For 2021: Achieved ✓



Our 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 centre of our business



Long term focus

Continued and ongoing review of all parts of the business and intense focus on the new strategic plan to take Acerinox forward into the next 50 years



Control

Running the business to maximise profitability and accelerate the integration of VDM



Cashflow

To generate the maximum possible free cashflow from the profits we generate



Capital allocation

Optimise capital allocation between the existing business, selective growth, net debt reduction and shareholder returns

FY 2021 A Record Year

FY 2021: a Record Year... But Not an Easy One

Main challenges:

Prices

Were negotiated with each client **individually** to prioritize the needs of every single customer

Complex market

In a **flexible manner**, we adapted to the needs of our clients many of whom were affected by market conditions and supply chain disruptions.

Leaner workforce

We **achieved production records with 20% less people than 2006**

Operational issues

- Strikes in Spain
- Lockdown in Malaysia
- Floods in Germany
- Supplier equipment breakdown

Supply chain tensions

We focused intensely on **securing** our most essential supplies to keep the business running

Energy costs

In Spain, we have experienced an unexpected **spike in energy prices**

Logistic costs

Rising transport costs and availability have caused logistical difficulties

COVID

Our versatility allowed us to **manage** a very complex situation caused by the COVID pandemic

E360 and Integration

Despite remote working and virtual relationships we continue to **improve the Excellence 360° Plan** and the achievement of **VDM synergies**

We are proud of the results obtained and very grateful to our workforce for their outstanding efforts

2021 Market Highlights

Market Highlights

- Cost inflation impacted right through the value chain
- Complex market
- Solid stainless demand
- Improving High Performance Alloys (HPA) market
- Freight costs, supply chain disruptions and trade measures contributing to more **regionalized markets**

USA

- Flat products apparent demand increased +20% Jan-Dec
- Inventories remained below average
- Prices increased
- Imports increased
- Section 232 adjusted for EU and Japan

Europe

- Flat products apparent demand increased 17% Jan-Dec
- Imports increased
- Base prices improved QoQ
- Energy prices rocketed
- Potential antisubsidy against Indonesia and India

Asia

- Readjustments in Asian market
- Prices sustained by production cuts in China
- Stable stock levels
- Overcapacity remains a structural risk to global markets

2021 Main figures by Divisions

Stainless Steel

<i>Million EUR</i>	12M 2021	12M 2020	% 12M 21 / 12M 20
Melting shop production (thousands of tonnes)	2,541	2,144	18%
Net sales	5,900	4,055	45%
Adjusted EBITDA	929	358	159%
Adjusted EBITDA margin	16%	9%	
EBITDA	929	344	170%
EBITDA margin	16%	8%	
Depreciation and amortisation charge	-149	-155	-4%
EBIT	779	147 ⁽¹⁾	429%
EBIT margin	13%	4%	
Operating cash flow (before investments)	400	337	19%

(1) Including EUR 42 million of impairment losses at Bahru Stainless

High Performance Alloys

<i>Million EUR</i>	12M 2021	12M 2020 (1)	% 12M 21 / 12M 20
Melting shop production (thousands of tonnes)	78	64	22%
Net sales	806	748	8%
EBITDA	61	50	21%
EBITDA margin	8%	7%	
Depreciation and amortisation charge	-23	-23	-2%
EBIT	38	27	43%
EBIT margin	5%	4%	
Operating cash flow (before investments)	-12	68	---

(1) January and February 2020 pro forma, prior to the acquisition of VDM



Q4 2021 Highlights

Q4 Acerinox Highlights

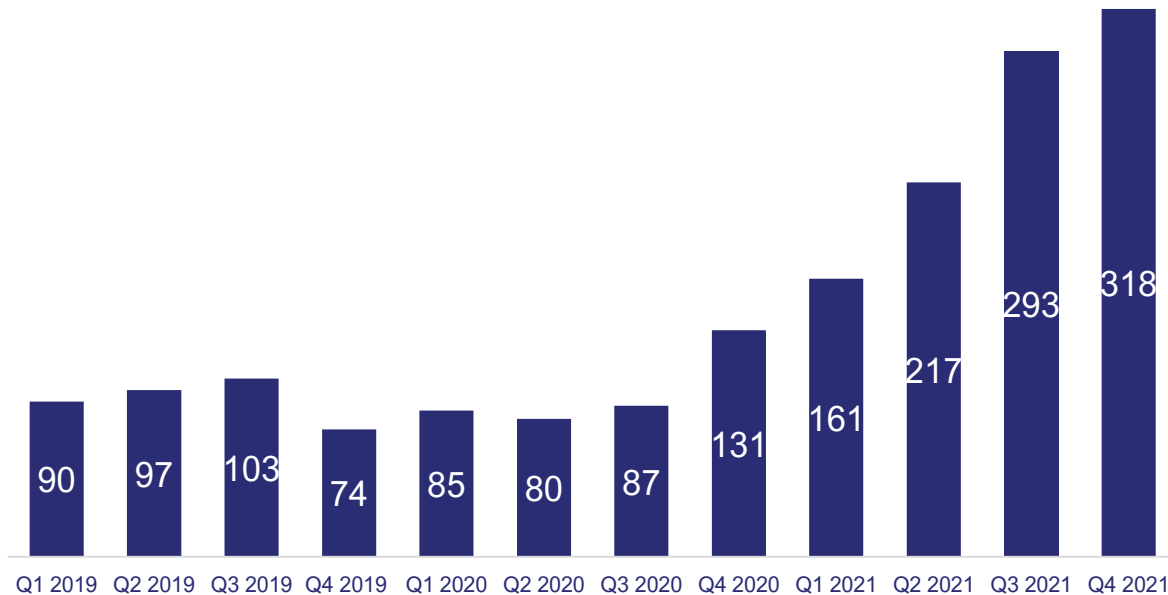
Strong Performance in Profitability and Cashflow

- All operating units performed well in Q4 2021
- Q4 melting production
 - Only -3% QoQ
 - +2% YoY
- Q4 EBITDA 318 million EUR
 - +8% QoQ
 - +142% YoY
- Excellent operating cash flow of 204 million EUR in the quarter
- NWC increased by 73 million EUR QoQ
- Net debt 578 million EUR (back to pre VDM levels. 2019: 495 million EUR; 2018: 552 million EUR)
- Net debt / EBITDA 0.58x the lowest in the last 20 years

	Q4 2021	Q3 2021	Q4 2020	% Q4 21 / Q3 21	% Q4 21 / Q4 20
Production (thousand Mt)	627	648	614	-3%	2%
Net Sales	1,937	1,703	1,217	14%	59%
EBITDA	318	293	131	8%	142%
EBITDA margin	16%	17%	11%		
EBIT	273	247	86	10%	216%
EBIT margin	14%	15%	7%		
Results before Taxes and Minorities	262	235	70	11%	277%
Results after Taxes and Minorities	198	171	19	16%	971%
Operating cash flow (before investments)	204	77	254	166%	-20%
Net Financial Debt	578	764	772	-24%	-25%

Sixth Consecutive Quarters of EBITDA Growth

Million EUR



Q4 saw ongoing quarterly growth in EBITDA

16% EBITDA margin

Q4 2021 Stainless Steel Highlights

2021 : We focused on performance

NAS remained the outstanding performer

Recovery in Acerinox Europa despite energy prices pressure

The strategy at Columbus is clearly paying off

Strong recovery in Bahru

<i>Million EUR</i>	Q4 2021	Q3 2021	Q4 2020	% Q4 21 / Q3 21	% Q4 21 / Q4 20
Melting production (thousand Mt)	608	629	601	-3%	1%
Net sales	1,709	1,493	1,067	15%	60%
EBITDA	303	272	116	11%	162%
EBITDA margin	18%	18%	11%		
Amortization and Depreciation	-38	-38	-38	-1%	1%
EBIT	266	234	79	14%	238%
EBIT margin	16%	16%	7%		
Operating cash flow (before investments)	212	65	242	227%	-12%

Q4 2021 High Performance Alloys Highlights

Good level of activity

Q4 EBITDA normalized at pre COVID level but includes adjustments of -7 million EUR (actuarial valuation on pensions, personal restructuring and year-end stock-take adjustments)

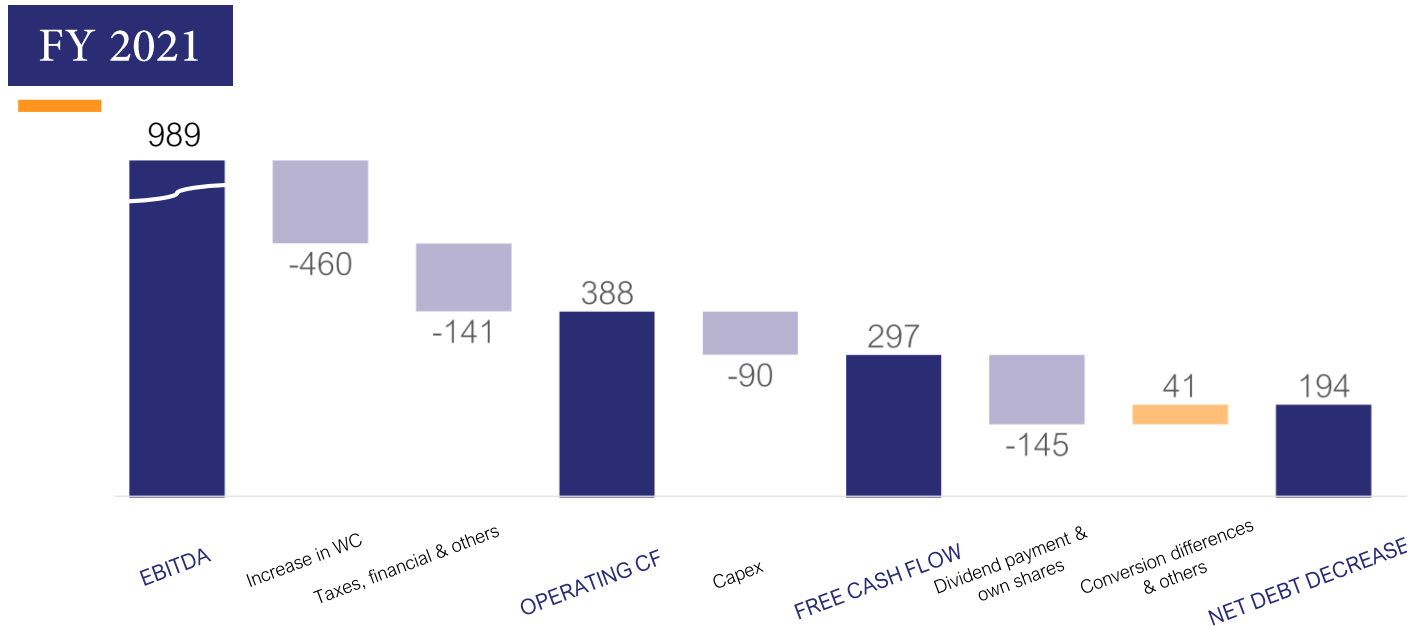
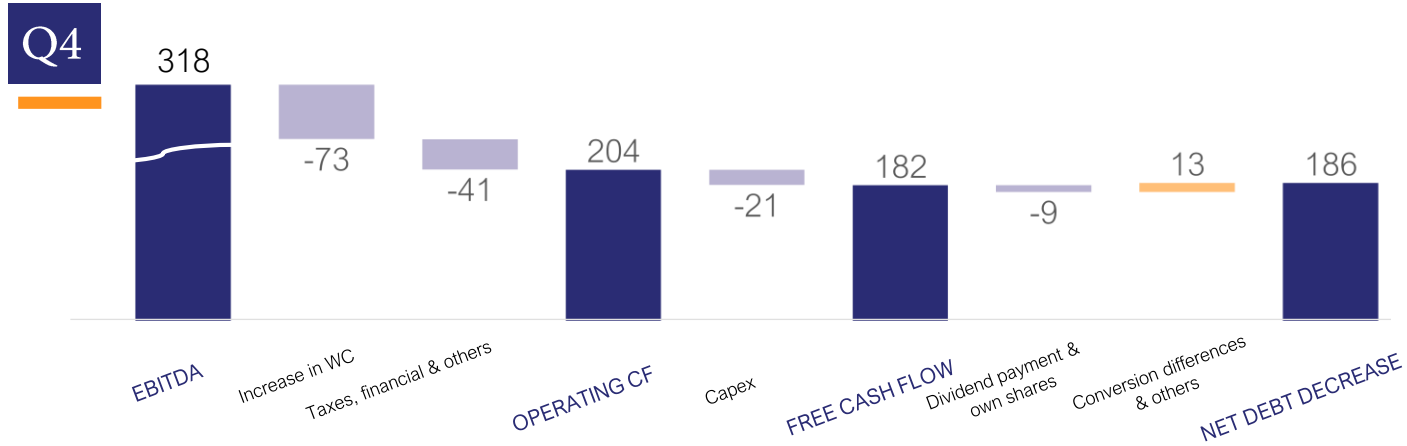
NWC build of 32 million EUR

<i>Million EUR</i>	Q4 2021	Q3 2021	Q4 2020	% Q4 21 / Q3 21	% Q4 21 / Q4 20
Melting production (thousand Mt)	19	19	13	1%	53%
Net sales	227	211	150	8%	52%
EBITDA	14 (*)	21	15	-31%	-7%
EBITDA margin	6% (*)	10%	10%		
Amortization and Depreciation	-6	-6	-6	-5%	7%
EBIT	8	15	10	-44%	-13%
EBIT margin	4%	7%	6%		
Operating cash flow (before investments)	-9	12	12	---	---

(*) Without year-end adjustments of -7 million EUR Q4 2021 EBITDA would be 21 million EUR and EBITDA margin 9%

Exceptional Cash Flow And Focused Capital Allocation

Million EUR



Operating cash flow of 388 million EUR was outstanding against a headwind of 460 million EUR NWC build in 2021

Q4 operating cash flow of 204 million EUR

Capital allocation

- Prudent capex policy maintained with FY capex 90 million EUR
- Capital allocation to shareholders has increased with the announcement of 4 percent share buyback in December
- Debt reduction has been significant in 2021 and in Q4 especially

Strategic flexibility

- Maintain a strong balance sheet and focus on improved shareholder returns

Corporate Strategy

Strategic pillars



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.

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 centre of our business”.

At the same time, we have the obligation of “distinguishing 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.

Values



Safety



Sustainability



Employer of choice



Integrity



Commitment



Long-term focus



Excellence



Innovation



Quality



Corporate Strategy in 2021

Excellence

Safety: number 1 priority
reduction of **32% LTIFR**

Supplier **quality awards** received
from **customers**

Excellence 360°

Other cost reduction initiatives

Digital transformation

Customer centric organization

Target 2021 91 million €

Consecution 81%

Value added

VDM integration on track

Synergies beyond synergies

Creation of **Innovation**

Committee

Development of sustainable
solutions with our customers

Synergies Target 2021 8 million €

Consecution 12 million (+51%)

Target 2023: 22 million €

Strong balance sheet

Efficient Capital Allocation

Use **Capex to increase value to**
all stakeholders

Targeting **NFD/EBITDA ratio < 1.2**
(through the cycle)

Shareholder return

NFD/EBITDA 2021 0.58x

The lowest in the last 20 years

Sustainability

Awarded with the **Golden Level** by
Ecovadis

Sustainable loans of 465 million €

Committed to **Community**
engagement

Acerinox Positive Impact 360°

20% completed of the priority actions

Acerinox is Circular Economy

Corporate Strategy: Our Targets 2021-2025



Safety

LTIFR (2025): 3.15

(2021: 5.88)



EBITDA Margin

> +10%

(2021: 15%)



NFD/EBITDA

<1.2x

(2021: 0.58x)



Savings E360°

140 M€

(2021: 73 M€)



Integration Synergies

22 M€

(2021: 12 M€)

Conclusions & Outlook

- 1 In 2021 we were well positioned to benefit from the market recovery generating record EBITDA and outstanding cash flow
- 2 Given our intense cash flow and balance sheet focus, net debt is now already back to pre VDM levels
- 3 Cost inflation and supply chain constraints remain a challenge
- 4 The geopolitical situation is uncertain
- 5 Market conditions remain strong, contract prices are resetting to market levels and visibility remains good to the end of H1 2022
- 6 Stainless expected to continue to post excellent results and the HPA recovery will be ongoing
- 7 Q1 2022 EBITDA better than Q4 2021



Alternative Performance Measures (Definitions)

- **Excellence 360° Plan:** estimated efficiency savings for the 2019-2023 period
- **LTIFR**, Lost time Injury frequency rate: $(\text{No of accidents with sick leave} / \text{No. of hours worked}) * 1,000,000$
- **Operating Working Capital:** Inventories + Trade receivables – Trade payables
- **Net Financial Debt:** Bank borrowings + bond issuance - cash
- **Net Financial Debt / EBITDA:** Net Financial Debt / annualised EBITDA
- **EBIT:** Net operating income
- **Adjusted EBIT:** EBIT, stripping out material extraordinary items
- **EBITDA:** Operating income + depreciation and amortisation + variation of current provisions
- **Adjusted EBITDA:** EBITDA, stripping out material extraordinary items
- **Debt Ratio:** Net Financial Debt / Equity
- **Net financial result:** Financial income – financial expenses \pm exchange rate variations
- **ROCE:** Net operating income / (Equity + Net financial debt)
- **ROE:** Results after taxes and minority interests / Equity
- **ICR (interest coverage ratio):** EBIT / Financial expenses



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