Press release

Acerinox concludes a key year in its strategy implementation

Acerinox maintains its firm strategy focused on the development and expansion of higher value-added solutions.

In 2024, the Group acquired Haynes International, a leading company in the high-performance alloys sector in the U.S. Additionally, a new organizational model has been implemented at the Campo de Gibraltar plant (Acerinox Europa), and the Group has ceased operations in Malaysia with the sale of Bahru Stainless.

- Profit for the year amounted to 225 million euros.
- EBITDA, EUR 500 million, was 29% lower than that of 2023, with a sales margin of 9%, and profit after tax and non-controlling interests amounted to EUR 225 million, just 1% lower than in 2023.
- The Group's revenue during the fiscal year amounted to EUR 5,413 million (18% lower than that of 2023).
- "The results obtained in this market environment highlight the effectiveness of the strategic decisions adopted over recent years. Acerinox is successfully mitigating sector volatility, while fulfilling its commitment to provide higher value-added solutions to customers", CEO, Bernardo Velázquez, stated.

Madrid, February 28, 2025. Acerinox obtained good results in 2024, which has allowed it to achieve a solid cash generation in an environment of uncertainties stemming from the complex geopolitical situation in Europe and a certain slowdown due to the U.S. elections.

After 2023, a year in which demand fell by around 20%, neither of the two markets experienced the expected recovery during 2024. Amid this situation, Acerinox managed to reaffirm its strong position and the success of its strategy.

The Acerinox Group described the year 2024 as "transformational", marked by strategic decisions such as the sale of the Bahru Stainless plant, a difficult but necessary decision that responded to the overproduction in China and Indonesia and its impact on prices and profitability in Southeast Asia, Velázquez stated. On the other hand, the acquisition of Haynes International was completed, which Velázquez also described as "a key strategic step for establishing a solid platform for stainless steel and high-performance alloys in the United States".

The EBITDA for the year, 29% lower than that of 2023, has been impacted by the following extraordinary milestones:

- The sale of Bahru Stainless has resulted in an EBITDA income of EUR 146 million.
- The expenses associated with the acquisition of Haynes International amounted to EUR -21 million.
- Provision of EUR -12 million for the Rejuvenation Plan for the workforce of Acerinox Europa.
- Inventory regularization in the sum of EUR -58 million to adjust them to market value.

EBITDA of the stainless steel division, EUR 384 million, was 28% lower than that of 2023 due to the strike at Acerinox Europa and the drops in prices in all of the markets where the Group operates. The sales margin was 9% (10% in 2023).

EBITDA of the high-performance alloys division, EUR 117 million, was 33% lower than that of last year. The major differences with respect to 2023 were mainly due to the effect of raw materials, which were very positive last year and not so this year. The sales margin was 9% (12% in 2023).

Profit after tax and non-controlling interests amounted to EUR 225 million, after realizing an impairment of tax credits in the amount of EUR 62 million. This result was 1% less than that of 2023.

Net financial debt, at December 31, 2024, stood at EUR 1,120 million, an increase of EUR 779 million (EUR 341 million at December 31, 2023) due to the acquisition of Haynes International (EUR 841 million) and the debt payment prior to the sale of Bahru Stainless (EUR 60 million). Without these transactions, net financial debt would have been EUR 219 million.

Shareholder remuneration has amounted to EUR 155 million in ordinary dividends. The interim dividend has been effected by way of a cash payment of EUR 0.62 per share, representing a 69% payout.

Furthermore, the Acerinox Board of Directors, at their meeting of December 18, 2024, approved the distribution of an interim dividend for the year 2024 payable in cash of EUR 0.31 gross per share for each existing and outstanding share entitled to receive such dividend. The interim dividend for 2024 was paid on January 24, 2025 in the sum of EUR 77 million. This dividend will be submitted for approval at the General Shareholders' Meeting to be held in 2025.

Outlook

We expect a recovery in stainless steel activity as from March 2025. Distributors' inventories are below the average of recent years.

The high-performance alloys market remains stable and the order book remains strong, despite the current weakness of the aerospace sector.

We expect Q1 adjusted EBITDA to be slightly higher than Q4 adjusted EBITDA.

The strength of our strategy and the measures that are being adopted will be quickly reflected in our results once demand reactivates.

We expect that the recent measures adopted by the U.S. administration will favor demand in this market.

Strategic highlights

A) Acquisition of Haynes International

Acerinox keeps its firm strategy focused on the development and expansion of higher-value-added solutions. In 2024, the Group acquired Haynes International, a leading company in the high-performance alloys sector in the US with more than 100 years of history.

Haynes International provides access to new markets and industrial sectors such as aerospace and contributes its strength in the research and development of new alloys. The integration of Haynes will generate synergies for the Group in terms of expenses, sales, efficiency and process optimization. The American company was acquired by the Group's US subsidiary, NAS. It will become part of the High-Performance Alloys Division (HPA), created in 2020 with the acquisition of VDM Metals.

Acerinox will invest around USD 200 million over the next four years in the new platform in the US to increase capacity and develop synergies.

The transaction was finalized nine months after its announcement via a cash payment of USD 799 million, after receiving the green light from all regulatory authorities.

B) Sale of Bahru Stainless in Malaysia

Bahru Stainless, the Group's factory located in Johor (Malaysia), announced to its customers in May 2024 that it would cease operations. Strong Asian competition, some of it unfair, and market shifts hindered the development and profitability of this asset, which ceased to be strategic for the Group.

Bahru Stainless was incorporated in 2008, aimed at supplying the Asian market, in addition to adding to the Group's global production through the purchase of semi-finished products from other factories.

On October 10, a contract was signed with Worldwide Stainless Sdn. Bhd, a Malaysian company, to sell Bahru Stainless for USD 95 million. The transaction closed on December 3.

This was an important strategic decision for Acerinox and presented the best possible formula for the various stakeholders.

C) New business model at Acerinox Europa

Given the market conditions and financial results of recent years, the Group has decided to implement a new organizational and production model at the Acerinox Europa factory, located in Campo de Gibraltar (Cadiz, Spain).

After almost five months of strike action, Acerinox Europa and the Works Council signed the IV Collective Bargaining Agreement for the plant. This agreement will remain valid until December 31, 2027.

The agreement seeks to strengthen the relationship between the company and its employees, promoting flexibility and a positive and collaborative work environment. All of this was necessary to implement the Group's strategy of creating high value-added products and increasing its presence for the end customer.

Among other measures, the following stand out:

- Voluntary paid polyvalence with workforce training.
- Voluntary paid availability of employees.
- New production bonus aligned with the Group's strategy that rewards quality, the broadening of the range of products and the production of high-performance alloys.
- Factory closed for 2 weeks in August, a period of the year when there is less activity. This time will be taken as an opportunity for maintenance shutdowns.
- Wage increase of approximately 12% over 4 years.

Additionally, said agreement established, among other conditions, the commitment to sign a social pact agreement for job creation. On December 20 of this fiscal year, the memorandum of agreement was signed, in conjunction with the main trade unions, which included, together with other aspects, a labor rejuvenation program based upon the voluntary adhesion of people who meet the requirements specifically established therein. On that same date, the conditions of the rejuvenation plan applicable for the year 2025 were also agreed. This agreement will allow the workers that adhere to said plan to opt for early retirement subject to the conditions established in the Plan, once they reach a certain age.

D) Expansion projects: NAS and VDM

North American Stainless (NAS)

In January 2023, the Group announced an investment of USD 244 million in NAS to increase production capacity by 20%. The new equipment will be aimed at increasing the volume of flat products, with a special focus on increasing those with higher added value.

The NAS expansion project is in its second year of implementation on time and budget:

- The melting shop expansion phase includes an extension of the building structure; this has already been delivered, pending installation.
- The components needed to modernize the annealing and pickling line have also been received.
- Regarding the new rolling and Skin-Pass mills, foundation and installation works are currently in progress.

VDM Metals

In January 2024, the Group announced investments in VDM Metals valued at EUR 67 million with the goal of increasing sales by 15%. These include a sprayer to produce stainless steel and high-performance alloy powders for additive manufacturing.

The project is in its first year of development and is progressing on schedule. Purchases of materials and equipment have almost been completed, and construction work has begun at the melting shop located in Unna (Germany). In the fourth quarter, welding wire production also started at the Werdohl (Germany) factory following the increase in line capacity.

E) Beyond Excellence

The Group is continuing its drive for operational excellence by launching the 2024-2026 Beyond Excellence program. Its purpose is to increase competitiveness through new continuous improvement projects. Digital transformation, commitment to innovation, and cross-functional collaboration are key elements in its development.

This new plan aims to raise EBITDA by EUR 100 million over the period 2024-2026, with a target of EUR 45 million in 2024.

The savings achieved in this first year totaled EUR 41 million, representing 91% achievement over the 2024 target. It should be noted that Acerinox Europa's projects were delayed for several months due to the strike that took place between February and June. The impact of this occurrence is estimated at EUR -7 million.

F) Decarbonization plan

In 2020, Acerinox assumed a commitment toward the decarbonization of its business by deploying its sustainability plan. One of the five pillars that structure the plan is eco-efficiency and climate change mitigation. The target of a 20% reduction in GHG emissions intensity (Scope 1 and 2) by 2030 is set, using 2015 as the base year.

In 2024, we took a further step in this commitment with the development of the Decarbonization Plan with a 2030 horizon and more ambitious carbon emissions reduction targets, approved in early 2025 by the Board of Directors.

The Plan includes the main initiatives related to the improvement of energy efficiency, heat recovery systems, system electrification, and the use of electricity and renewable fuels. It is aligned with the Beyond Excellence 2024-2026 plan.

The new reduction targets, in addition to being more challenging, aim to be compatible with the global warming limit of 1.5°C and are based on science (SBTi); they include reducing Scope 1 and 2 emissions by 45.3% by 2030 compared to 2021. Moreover, a 15% reduction target for Scope 3 emissions has been set for the same year.

G) EcoACX®

In 2024, Acerinox has reached a significant milestone in response to its commitment to sustainability with the launch of the sustainable product EcoACX®. This innovative product represented a quantum leap in the stainless steel industry, guaranteeing a more than 50% reduction in CO_2 emissions versus standard material, using 100% renewable energy and more than 90% recycled material. With EcoACX®, we not only exceed industry standards, but also set a new benchmark in sustainability, endorsed by an independent third-party company.

EcoACX® is therefore more than a product: it is a symbol of the Group's commitment to a sustainable future. By choosing it, the customers that join Acerinox on this journey, also become part of the solution.

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