RESULTS

as of 30 September 2019

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

Telephone conference and live broadcast of the presentation of the results for the third quarter of 2019

Acerinox will hold the presentation for the results of the third quarter of 2019, in English, today, November 4, at 10.00 AM CET, directed by Mr. Miguel Ferrandis, CFO, and accompanied by the Investor Relations team.

To access the presentation via conference call, you can use one of the following numbers, 5-10 minutes before the start of the event:

Calls from the United Kingdom: +44 2071943759

Calls from Spain and other countries: +34 911140101

Followed by the PIN code: 94588290#

You can follow the presentation via the Shareholders and Investors section of the Acerinox website (www.acerinox.com).

Both the presentation and all the audiovisual material will be available on the Acerinox website.

Highlights

Third Quarter

- The EBITDA totalled 103 million euros, a figure 7% higher than that of the second quarter of 2019.
- The EBITDA was adversely affected by a negative inventory adjustment for net realizable value of 9 million euros. In contrast, the sale of the warehouse in Aguamansa (California) generated a gain of 7 million euros
- The profits after taxes and minority interests totalled 44 million euros, 19% higher than in the previous quarter.
- Melting production (542,425 tonnes) fell by 5% in comparison with the second quarter of 2019.
- The net financial debt as of 30 September 2019, 582 million euros, fell by 59 million euros with respect to 30 June 2019.
- The free cash flow, before dividends, stood at 80 million euros.
- In July Acerinox distributed a cash dividend of 0.20 euros per share, a total of 54 million euros.

Nine months

- EBITDA came in at €290 million, 31% less than in the first nine months of 2018, due to the weaker demand and low prices.
- Profits after taxes and minority interests stood at €113 million, a figure 49% lower than the same period the previous year.
- Melting production (1,740,465 tonnes) was 10% lower than in the first nine months of 2018.
- The General Shareholders' Meeting approved an 11% increase in the dividend (from €0.45/share to €0.50/share) and the redemption of 2% of Acerinox's shares.
- Free cash flow (before dividends) was €119 million.
- Acerinox assigned €184 million to shareholder return: €135 million from dividends (€0.50/share) and €49 million from the 2% share repurchase programme.
- The US Senate approved the amendment of the Dual Taxation Agreement between Spain and the United States

Outlook

The decrease in industrial activity, together with overproduction by Asian countries, in particular China and Indonesia, have been putting market prices under great pressure. Under these circumstances, including the usual year-end inventory reductions, we predict that the markets will maintain a similar pattern to that of the current fiscal year, with no foreseeable signs of recovery for the time being.

The Acerinox results for the fourth quarter should be similar to those of the previous quarter, sustained by the operations in the United States, although they may be subject to change depending on the results of the final negotiations on the labour force adjustment plan of the Campo de Gibraltar factory.

Main economic-financial figures

CONSOLIDATED GROUP	QUARTER			NINE MONTHS		
	Q1 2019	Q2 2019	Q3 2019	9M 2018	9M 2019	Variation 2019/2018
Melting shop (thousand Mt)	628	570	542	1,924	1,740	-10%
Net sales (million EUR)	1,202	1,240	1,220	3,872	3,661	-5%
Gross operating result / EBITDA (million EUR)	**90**	**97**	**103**	**422**	**290**	**-31%**
% over sales	*7%*	*8%*	*8%*	*11%*	*8%*	
EBIT (million EUR)	45	54	59	296	159	-46%
% over sales	*4%*	*4%*	*5%*	*8%*	*4%*	
Result before taxes and minorities (million EUR)	45	53	60	293	158	-46%
Result after taxes and minorities (million EUR)	**33**	**37**	**44**	**221**	**113**	**-49%**
Depreciation (million EUR)	46	43	43	124	132	6%
Net cash flow (million EUR)	78	80	87	345	245	-29%
Number of empoyees	6,768	6,836	6,809	6,828	6,809	0%
Net financial debt (million EUR)	573	642	582	666	582	-13%
Debt to equity (%)	26.6%	31.8%	26.9%	31.7%	26.9%	-15%
Number of shares (million)	276	271	271	276	271	-2%
Return to shareholders (per share)	0.18 (*)	0.30	0.20	0.45	0.50 / 0.68 (*)	11% / 51% (*)
Daily average shares traded (nº of shares, million)	1.09	0.99	0.97	1.14	1.02	-11%
Result after taxes and minorities per share	0.12	0.14	0.16	0.80	0.42	-48%
Net cash flow per share	0.28	0.29	0.32	1.25	0.91	-27%

(*) Indirect remuneration through the share repurchase program

Stainless Steel Market

World stainless steel production increased by 1.9% and totalled 26 million tonnes in the first half of 2019. According to the latest data provided by the ISSF (International Stainless Steel Forum), the only region that grew was China, where production increased by 8.5% compared to the same period in 2018.

The economic and political uncertainties, the commercial tensions between the major powers and the protectionist measures, among other reasons, contributed to the slowdown of the main stainless steel consuming industries in the rest of the world.

Thousand mtons	QUARTER		SEMESTER		
	Q1 2019	Q2 2019	S1 2018	S1 2019	Variation
Europe	1,899	1,842	3,935	3,742	-4.9%
USA	704	647	1,443	1,350	-6.4%
China	6,684 r	7,670	13,228 r	14,354	8.5%
Asia w/o China and Corea S.	1,961	1,942	4,169 r	3,902	-6.4%
Others	1,464 r	1,306	2,867 r	2,771	-3.4%
Total	**12,711 r**	**13,408**	**25,643 r**	**26,119**	**1.9%**

r: revised

Others: Brazil, Russia, South Africa, South Korea and Indonesia
Source: International Stainless Steel Forum (ISSF) Oct 3, 2019

Europe

In the European market the definitive safeguard measures adopted on 1 February 2019 largely corrected the errors of the preliminary measures, although they remain ineffectual.

The review of the measures was published in August, highlighting the inclusion of Indonesia within the residual rate from 1 October onwards and the reduction from 5% to 3% of the increase in rates. In addition, the European Union initiated an anti-dumping investigation (against China, Taiwan and Indonesia) and anti-subsidy investigation (against China and Indonesia) into hot-rolled flat product.

According to our data until September, Europe's flat product imports fell by 10% and its market share stood at 28%.

Indonesia is included in the safeguard measures

Demand for stainless steel is falling, in keeping with the macro-economic estimates. According to our estimates, the apparent consumption of flat products fell by 5.4% in the year to September.

Prices remain low due to the strong pressure on imports, the weakness of demand and the ineffectual safeguard measures.

Due to the seasonality of the third quarter and the pressure from imports, inventory levels lie slightly above the average for recent years.

United States

The USA is still the most stable market. The reduction of imports due to the Section 232 measures is offsetting the reduction in the apparent consumption of flat products, which fell by 9.8% until August. Stock levels in the wholesale sector lie well below the average for recent years.

The new North American Stainless' bright annealed line has entered the market successfully, surpassing the objectives previously set by the company.

Stability in base prices
Effective Section 232

Asia

The Asian markets are suffering from overproduction in China and Indonesia, which have increased inventories and caused a price reduction in the stainless steel market that is no longer sustainable.

The price speculation of nickel due to the raw mineral ore exports ban in Indonesia has created volatility in stainless steel prices.

Low prices
Ban on nickel exports from Indonesia

On 21 October, India began an anti-subsidy investigation against flat products coming from Indonesia.

Prices

Average quarterly prices of stainless steel sheet, AISI 304 cold-rolled 2.0mm (source: CRU)

USD / Mt	2018				2019		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
United States	2,725	3,053	3,121	2,858	2,643	2,786	2,716
Europe	2,974	2,908	2,772	2,438	2,361	2,483	2,504
Taiwan	2,269	2,261	2,143	2,050	1,850	1,861	1,930

Europe: difficult to transfer the stainless steel alloy surcharge

United States: stable base prices

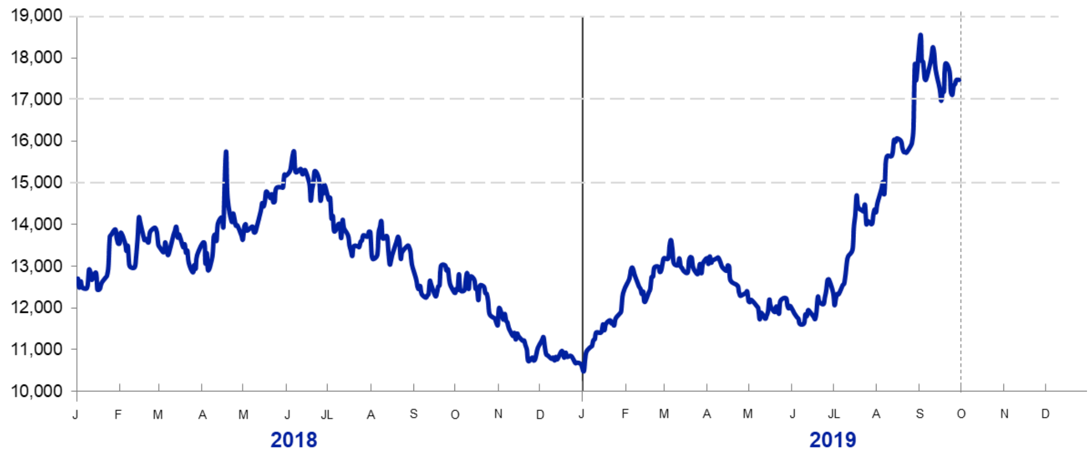
Raw Materials

Nickel

The price of nickel was highly volatile during the first half of the year and its upward trend began from the third quarter onwards, reaching a maximum of USD 18,550.

Indonesia has recently announced that they will be enforcing the nickel mineral export ban earlier than originally proposed, moving the date from 2022 to the 1 January 2020.

Official nickel price in the LME (up to 9/30/2019)
Average prices cash/three months USD/t.



Ferrochrome

Average quarterly price US¢ / Lb. Cr

Acerinox Production

Thousand Mt	2018				2019				Variation 2019 over 2018	
	Q1	Q2	Q3	9 Months	Q1	Q2	Q3	9 Months	Q3	9 Months
Melting shop	668	639	617	1,924	628	570	542	1,740	-12%	-10%
Hot rolling shop	577	561	524	1,663	531	514	471	1,517	-10%	-9%
Cold rolling shop	462	471	443	1,375	422	441	394	1,258	-11%	-9%
Long product (Hot rolling)	65	70	61	195	66	58	50	174	-17%	-11%

Results

The revenue in the first nine months of the year (€3,661 million) was 5% lower than that recorded in the same period last year and was in keeping with the drop in the number of tonnes sold.

Million euros	QUARTER				NINE MONTHS		
	Q1 2019	Q2 2019	Q3 2019	Variation Q3/Q2	9M 2018	9M 2019	Variation 2019/2018
Net sales	1,202	1,240	1,220	-2%	3,872	3,661	-5%
EBITDA	**90**	**97**	**103**	**7%**	**422**	**290**	**-31%**
EBITDA margin	7%	8%	8%		11%	8%	
Amortization and Depreciation	(46)	(43)	(43)	1%	(124)	(132)	6%
EBIT	**45**	**54**	**59**	**10%**	**296**	**159**	**-46%**
EBIT margin	4%	4%	5%		8%	4%	
Net Financial Result	(0)	(1)	0	---	(3)	(1)	-73%
Result before taxes and minorities	45	53	60	12%	293	158	-46%
Result after taxes and minorities	**33**	**37**	**44**	**19%**	**221**	**113**	**-49%**

EBITDA until September came to €290 million, 31% less than in the same period of 2018, chiefly due to the low prices in the European and Asian markets. The EBITDA to sales margin was 8%. EBITDA in the third quarter was 7% higher than that recorded in the second quarter of the year.

An inventory adjustment to net realisable value totalling €9 million was made in September with a negative impact on EBITDA, due to the sharp increases, chiefly in nickel, from July onwards, which are difficult to transfer to the end customer.

The success of the strategy of increasing the direct delivery from the factories to the customer enabled us to sell the warehouse in Aguamansa (California). As a result of the above the quarterly EBITDA rose by €7 million.

Profits before taxes stood at €158 million, a figure 46% higher than the one in the same period the previous year. Profits stood at €60 million in the third quarter, 12% higher than in the second quarter.

Profits after taxes and minority interests totalled €113 million, a figure 49% lower than that recorded in the same period of last year. Profits totalled €44 million in the quarter, 19% higher than in the previous quarter.

Working capital remained stable with respect to December 2018 (it fell by €38 million in the quarter). Inventories increased by €33 million (€9 million in the quarter), trade debtors increased by €30 million (a fall of €63 million in the quarter) and trade creditors increased by €63 million (a drop of €15 million in the quarter).

Millones EUR	Jan - Mar 2019	Apr - Jun 2019	Jul - Sep 2019	Jan - Sep 2019	Jan - Dec 2018	Jan - Sep 2018
EBITDA	90	97	103	290	480	422
Changes in working capital	4	8	40	52	-87	-188
Changes in operating working capital	-47	8	38	-1	-74	-192
- Inventories	-32	8	-9	-33	-28	-132
- Trade debtors	-51	-42	63	-30	27	-106
- Trade creditors	36	42	-15	63	-73	46
Others	51	-1	2	52	-14	4
Income tax	-26	-50	-24	-100	-81	-76
Financial expenses	0	-5	-6	-11	-15	-15
Others	-21	8	1	-12	30	14
OPERATING CASH FLOW	**47**	**57**	**114**	**218**	**326**	**157**
Payments for investments on fixed assets	-30	-35	-34	-99	-155	-100
FREE CASH FLOW	**17**	**22**	**80**	**119**	**171**	**57**
Dividends and treasury shares	-49	-81	-54	-184	-128	-125
CASH FLOW AFTER DIVIDENDS	**-32**	**-59**	**26**	**-65**	**43**	**-68**
Conversion differences	11	-10	34	35	14	11
Variation in net financial debt	**-21** ↑	**-69** ↑	**59** ↓	**-30** ↑	**57** ↓	**-57** ↑

The operating cash flow throughout the nine months totalled €218 million (€114 million in the third quarter). Payments for investments amounting to €99 million were made, compared with €34 million in the third quarter. The free cash flow generation totalled €119 million, compared with the figure of €80 million in the second quarter.

€184 million were assigned to shareholder remuneration during the year by means of the payment of dividends and the redemption of treasury shares. Despite the above, the net financial debt (€582 million) increased by only €30 million with respect to December 2018, when it stood at €552 million.

ASSETS

Million €	Sep-19	2018	Sep-18	Variation
Non-current assets	**2,192**	**2,134**	**2,119**	**3%**
Current assets	**2,644**	**2,474**	**2,644**	**7%**
- Inventories	1,052	1,019	1,122	3%
- Debtors	606	590	736	3%
Trade debtors	*555*	*525*	*658*	*6%*
Other debtors	*51*	*65*	*78*	*-21%*
- Cash	933	850	769	10%
- Other current assets	53	15	17	249%
TOTAL ASSETS	**4,836**	**4,608**	**4,763**	**5%**

LIABILITIES

Million €	Sep-19	2018	Sep-18	Variation
Equity	**2,168**	**2,119**	**2,104**	**2%**
Non-current liabilities	**1,309**	**1,226**	**1,300**	**7%**
- Interest-bearing loans and borrowings	1,110	1,026	1,091	8%
- Other non-current liabilities	198	200	209	-1%
Current liabilities	**1,359**	**1,262**	**1,359**	**8%**
- Interest-bearing loans and borrowings	405	376	344	8%
- Trade creditors	846	784	902	8%
- Other current liabilities	108	102	112	5%
TOTAL EQUITY AND LIABILITIES	**4,836**	**4,608**	**4,763**	**5%**

Shareholder returns

The General Shareholders' Meeting of Acerinox S.A. held on 11 April in Madrid approved an increase in the shareholder remuneration totalling €0.50 per share, compared with the figure of €0.45 paid in recent years.

The approved dividend represents an increase of 11% compared to the previous fiscal year and will be distributed between a first payment charged to unrestricted reserves in the amount of €0.30 per share, payable on 5 June 2019, and a second payment charged to the Share Issuance Premium account in the amount of €0.20 per share, payable on 5 July 2019 (€54 million)

Moreover, the Shareholders' Meeting agreed to a capital reduction of up to 2% via redemption of treasury shares acquired by implementing the buyback programme approved by the Board of Directors in December. 5,521,350 Acerinox, S.A. shares, equivalent to 2% of the share capital, were redeemed on the Madrid and Barcelona Stock Markets on 13 June. The number of outstanding shares now totals 270,546,193.

Acerinox Europa

The new Collective Agreement and the Downsizing Plan are still being negotiated with the labour unions of the Campo de Gibraltar plant.

The US Senate's approval of the amendment of the Dual Taxation Agreement between Spain and the United States

On 16 July the United States Senate ratified the new Protocol, signed by the two States in 2013, which amends the 1990 Dual Taxation Agreement between Spain and the United States.

The Protocol modifies aspects of the Dual Taxation Agreement signed by Spain and the United States which are of great significance for the Group, including the elimination of interest withholdings and withholdings on dividends when the parent company holds at least 80% of the shares with voting rights during the previous twelve months.

This will allow the Acerinox Group to avoid 10% retentions in the North American Stainless' distribution of dividends to the parent company.

The amendments of the new protocol will enter into force the next 27th November.

Alternative Performance Measures (definitions of terms used)

Excellence 360º Plan: estimated efficiency savings for a period of 2019-2023

Operating Working Capital: Inventories + Trade receivables – Trade payables

Net Cash Flow: Results after taxes and minority interest + depreciation and amortisation

Net Financial Debt: Debt with banks + bond issuance - cash

Net Financial Debt / EBITDA: Net Financial Debt / annualized EBITDA

EBIT: Operating income

EBITDA: Operating income + depreciation and amortisation + variation of current provisions

Debt Ratio: Net Financial Debt / Equity

Net financial result: Financial income – financial expenses ± exchange rate variations

ROCE: Operating income / (Equity + Net financial debt)

ROE: Results after taxes and minority interest / Equity

ICR (interest coverage ratio): EBIT/Net financial result

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