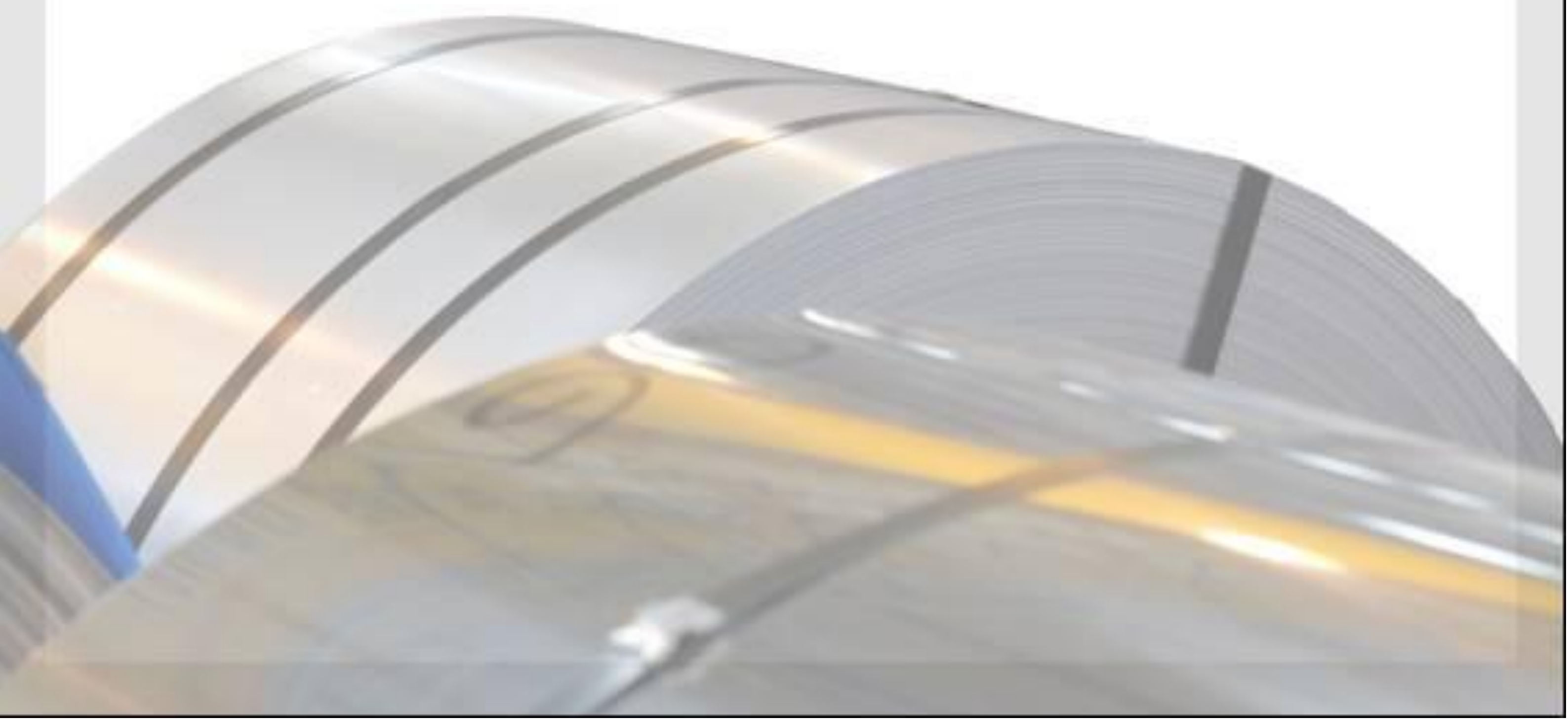
# Condensed Results Report

## Business Year 2011

# ACERINOX



## Conference call and live webcast related the annual accounts 2011

Acerinox will held the presentation of its 2011 Business Year Results, at the Madrid Stock Exchange, tomorrow Wednesday February 29 at 10 a.m. CET. The presentation will be conducted by the Chairman, Mr. Rafael Naranjo, jointly with the CEO, Mr. Bernardo Velázquez, and other members of the Top Management.

A conference call and live webcast related to the annual accounts 2011 will also be held. To access via conference call, you can dial any of the following numbers, 5-10 minutes before the beginning of the event:

Spanish language: +34 91 789 51 21
English language: +34 91 789 23 87

The presentation can be viewed live via internet in the Acerinox web page (www.acerinox.es), in the section Shareholders and Investors.

Both presentation and webcast will be available after the event.

## 2011 Annual Report

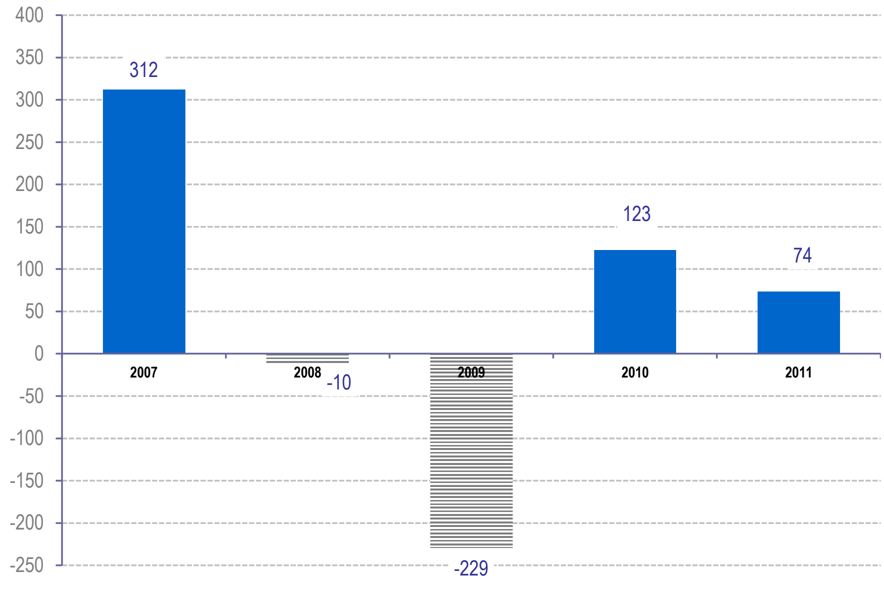
The audited Annual Report corresponding to the Business Year 2011, which includes the Management Report, the Annual Accounts, Corporate Governance Management Report as well as the opinion of the Auditors, is available in the Acerinox web site at the following address: www.acerinox.es

# 2011 Condensed Results Report

- Acerinox obtains in 2011 a profit after taxes and minorities of 73.7 million euros, 39% lower than the figure achieved for the same period of 2010
- The EBITDA generated in the period, 340.5 million euros, consolidates the recovery begun in 2010
- The effects of the financial crisis have deteriorated the margins in the sector in the second half. In despite of this strong correction, the stainless steel market has grown by 2.9% in 2011
- In this context, we consider satisfactory the results obtained that credited the level of competitiveness achieved
- The cash flow generated in the year has allow us to maintain investments according to the Strategic Plan, maintain the return to shareholders and reduce the debt to 887 million euros
- 80% of the Group debt is long term debt, which ensures the liquidity for the next years. The ratio net financial debt / EBITDA is 2.6 times and amply complies with the covenants agreed for our long term financing
- Acerinox has diversified its financing sources with a sindicated loan at 5 years in United States. The financing cost of this operation converted into euros is of 2.79%
- The good situation of the american market and the reactivation which is taking place in Europe, allows us to face with optimism the first half of the year 2012
- The Acerinox Board of Directors, in their meeting held today, has agreed a second dividend payment on account for the year 2011 of 0.10 Euros per share, which will be paid to the shareholders on April 4th 2012

Result after taxes and minorities

Million euros



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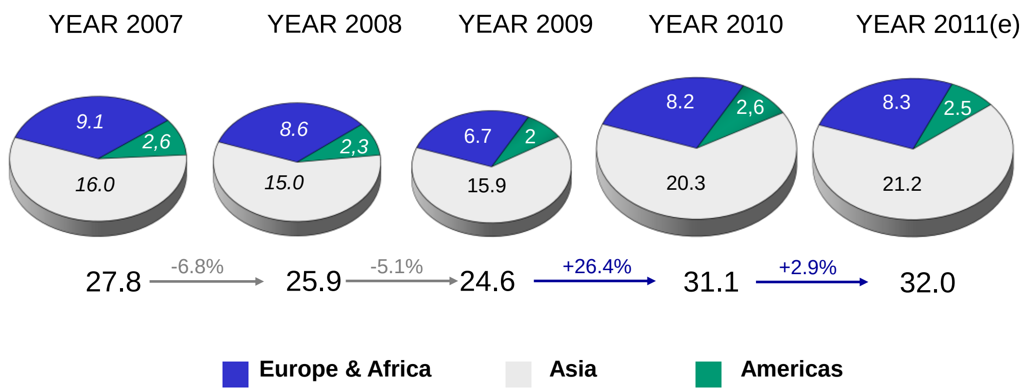
# World Production

In 2011 world production of stainless steel, a figure of 32.0 million tons, rose by 2.9%, thus consolidating the 26% increase obtained in 2010.

Evolution of the global production of Stainless Steel
Millions of Mt.




Statistical Source: International Stainless Steel Forum (ISSF)

The first quarter of the year was very positive, (record production for a first quarter), nevertheless the second half-year period has been below market expectations. The recovery that was expected after the summer, did not materialise and all of the producers adjusted production to suit the demands of the market, being particularly affected in the fourth quarter by destocking.

| | Thousand Mt | 1º Quarter | 2º Quarter | 3º Quarter | 4º Quarter | **Total** |
|---|---|---|---|---|---|---|
| Year 2010 | | 7,724 | 8,122 | 7,494 | 7,749 | **31,090** |
| Year 2011 | | 8,395 | 8,054 | 7,730 | 7,818 (e) | **31,997** |

The pace of growth in production is very different in each of the markets. Two rates can be clearly distinguished. On one hand the Asiatic and South American markets with India growing at a rate of 10% and China at 12% and on the other, the more developed markets such as Europe, the USA or Japan, with stagnation or even a decrease in production.

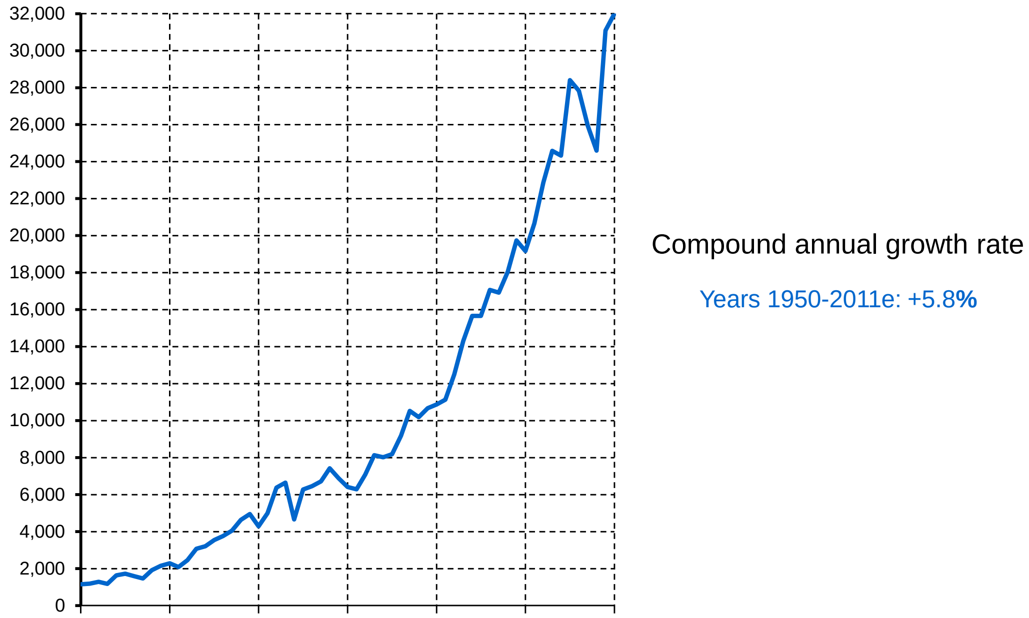
| | | 2010 | 2011 | Variation |
|---|---|---|---|---|
| Europe / Africa | Thousand Mt | 8,214 | 8,260 | 0.6% |
| United States | | 2,610 | 2,492 | -4.5% |
| Asia | | 20,266 | 21,245 | 4.8% |
| Total | | 31,090 | 31,997 | 2.9% |

The global scene of the stainless steel market has continued to change substantially. Traditional export markets (Europe, Japan Taiwan and Korea) are finding it more and more difficult each year to export their surpluses due to significant capacity increases implemented by traditionally importer markets (such as China and India). Production is shifting to Asia and this is creating problems with overcapacity particularly in the European market.

Nevertheless, in 2011 the global stainless steel market consolidate (2.9%) the strong growth recorded the previous year (+26%) hence reinforcing our confidence in the strength of the sector for the medium and long term. Stainless steel is the only material among metals and industrial alloys that has registered an annual growth rate close to 6% for the last 62 years.

Worldwide Production of Stainless Steel

Thousands of Mt




Statistical data source: Vale Inco and International Stainless Steel Forum (ISSF)

# 2 Raw Materials

The price of raw materials quoted in the LME during 2011 has experienced a similar patterns of evolution, with two clearly distinct periods. The high demand at the start of the year facilitated a rise in prices but from March a downward trend began which lasted until the end of the year. This trend largely reflects global macroeconomic and financial factors, and the fear of a new recession which have marked short-term prospects of the global economy and the demand for raw materials.

## NICKEL

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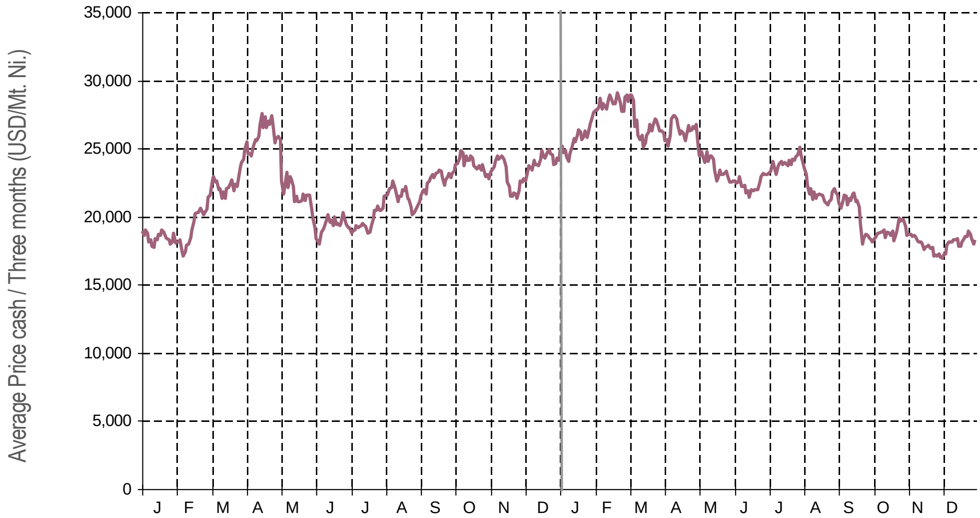
The nickel price began to rise from 25,175 USD/MT on 4th January until it reached its annual peak of 29,030 USD/MT on 21st February to. In early March it began to decrease and this continued until the end of the year. It registered its lowest annual price of 16,935 USD/mton 30th November.

Official nickel prices in the LME
Years 2010 and2011




Of all the metals quoted on the London Metal Exchange (LME) it is nickel that has decreased the most in price, ending the year at 18,280 USD/MT, which signifies a decrease of 27.4% for the year. Zinc fell by 24.8%, copper by 20.8% and aluminium by 18.2%.

# 3 Markets

In 2011 the stainless steel market once more had to deal with a situation of marked mini cycles: rapid recovery of stock levels in the first half of the year and in contrast rapid destocking in the second half-year period. The reasons for this situation were long-term global overcapacity, a lack of liquidity and market visibility which resulted in greater caution in the supply chain.

Demand in the stainless steel market has mirrored the global industrial and economic situation. Consumer goods have had a more satisfactory performance throughout the year, whilst investment assets, necessary in a stable macroeconomic and financial situation have had an irregular evolution.

During the second quarter of the year, both market activity and perceived demand began to contract. These factors, together with the lowering raw material prices, forced stainless steel manufacturers to adjust production and stock levels in line with the new market conditions. As a consequence stock inventories at the end of the year ended at historically low levels.

## EUROPE

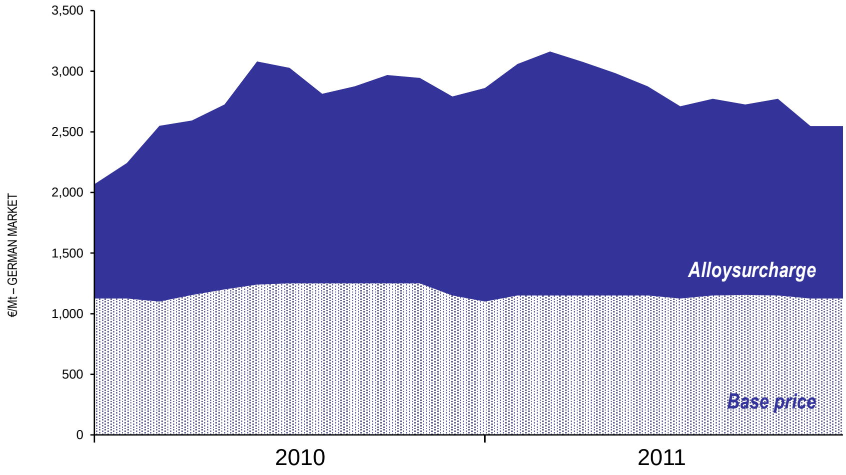
Annual stainless steel consumption in Europe was similar to the year before. The fragility of European market was reflected in low levels of demand and as a consequence, reduced base prices, 4.5% lower than 2010.

Southern Europe suffered an even more striking fall in consumption. Flat product consumption was reduced compared to 2010 in countries such as Italy (-5.2%), Portugal (-16.7%) and Spain (-2.6%). In other markets such as Germany the United Kingdom and Scandinavian countries consumption remained stable. Poland was the only country to see a significant increase (+14.7%)

This behaviour of European consumption is not a new phenomenon given that it is becoming increasingly common to import products that already have stainless steel incorporated into them. Sectors such catering equipment, consumer electronics and household utensils and appliances are manufactured developing countries, mainly in Asia, and subsequently introduced into Europe. In 2008 stainless steel demand for appliance manufacturing, the hospitality trade and consumer electronic sectors) came from China amounting to almost 40%.

Stainless steel sheet price | AISI 304 cold rolled 2.0mm

2010- 2011




Source: Metal Bulletin Research "Stainless Steel Monthly"

Imports to the European market, mainly from China, South Korea and Taiwan, have increased significantly. This means that the cold rolled import penetration quotas in Europe have risen from 16% in 2010 to 19% in 2011.

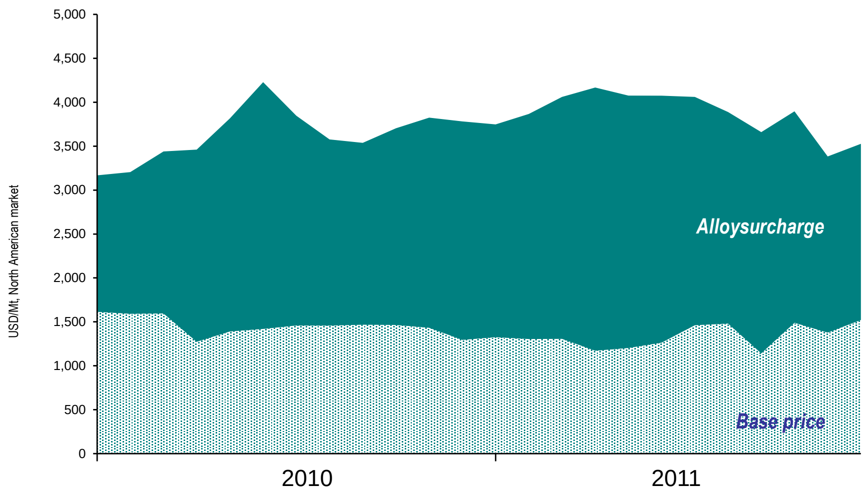
## THE UNITED STATES

The US market has experienced a 28.9% increase in perceived demand for stainless steel flat products in relation to the figures for 2010. This rise equates to 436,000 MT, 81% is from local manufacturing, reducing the import quota from 32% in 2010 to 29% in 2011.

The US market has shored up the growth initiated in 2010 (+32%) and has compensated for the decline that characterised the two previous years (20% in 2008 and 23% in 2009)

Stainless Steel sheet price| AISI 304 cold rolled 2mm

2010 – 2011




Source: Metal Bulletin Research "Stainless Steel Monthly"

The increase in the perceived demand for long products has also been outstanding.With a growth of 16.7% in relation to 2010.

Unlike the European market, in the US demand has been more stable throughout the year and stock inventories have been maintained at historically low levels.

In recent months the investment assets sector has been performing better, particularly in the area of energy which could be a sign heralding the start of a phase of economic recovery.

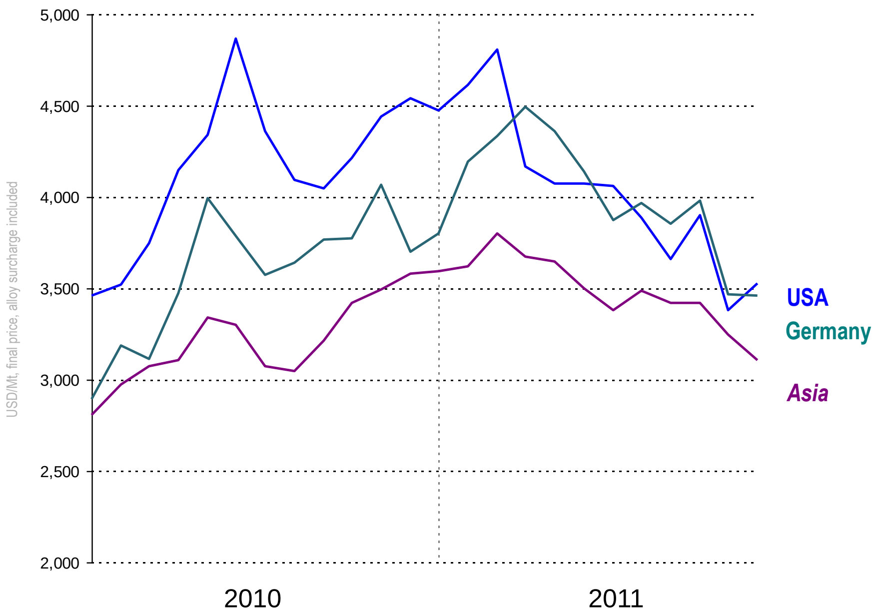
## SOUTH AFRICA

The South African market has broken new records with regard to consumption registering an increase of 16% in 2011. This performance is reflected in the increase in turnover of the local producer (Columbus Stainless) and by the significant rise in imports into the South African market, originating principally from Taiwan and Scandinavian countries, which increased almost 40% in comparison with 2010

## ASIA

This has been the most dynamic market as clearly illustrated by growth rate of GDP (PIB) in China, (9.5%), India (7.8%) and Indonesia (6.4%).

Stainless steel sheet price | AISI 304 cold rolled 2.0mm
2010- 2011




Source: Metal Bulletin Research "Stainless Steel Monthly"

Similarly, stainless steel production is on the rise. China reached a new record high in 2011 with 12.59 million MT, 11.9% higher than that of 2010 according to the provisional data of the International Stainless Steel Forum (ISSF).

# 4 Production

2011 had a similar pattern of behaviour to 2010. Melting shop production was reduced by 1.9%, hot rolling, by 0.2% and cold rolling by 1.6%.

| | | Year 2011 | | | | | Year 2010 |
|---|---|---|---|---|---|---|---|
| | | 1º Quarter | 2º Quarter | 3º Quarter | 4º Quarter | **Accumulated** | Jan-Dec |
| Melting shop | Thousand Mt | 571.6 | 492.3 | 452.0 | 504.9 | **2,020.8** | 2,059.7 |
| Hot rolling shop | Thousand Mt | 502.3 | 435.9 | 394.8 | 446.2 | **1,779.2** | 1,783.1 |
| Cold rolling shop | Thousand Mt | 346.2 | 308.1 | 295.0 | 321.1 | **1,270.3** | 1,290.7 |
| Long product (Hot rolling) | Thousand Mt | 51.2 | 52.1 | 46.0 | 45.9 | **195.1** | 209.5 |

In line with world production, the year began with high expectations for improvements in the market conditions and for the start of a phase of restocking. Lack of confidence in an economic recovery dampened demand and caused significant cuts in production in the second half-year period. Due to this action Acerinox ended the year with tight stock levels.

Production in the first half-year was higher than that of the second, by 11.4% in melting shop production and 6.2% in cold rolling.

Likewise, for long products production was higher in the first half-year period, by 12.4% in hot rolling and by 18% in finishes

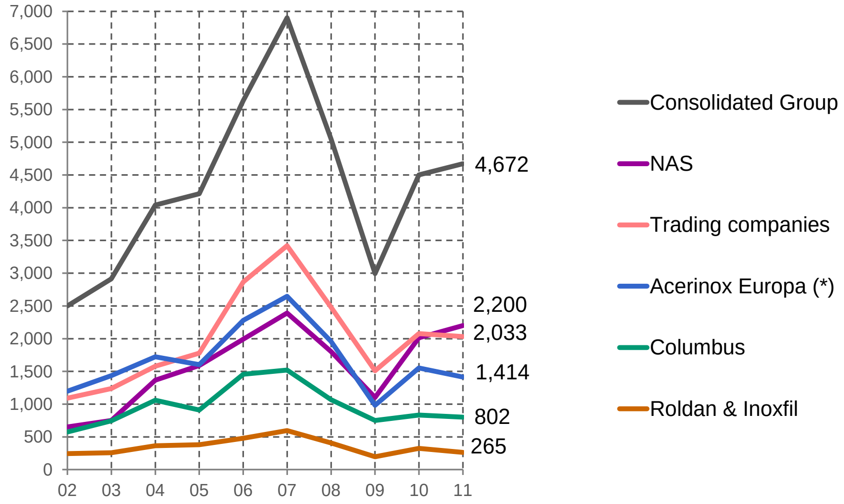
In the case of long products, the results are particularly positive when one takes into account the fire that broke out at the Ponferrada Factory in November 2010 which prevented the normal operation of the profile rolling mill until June 2011.

| **Flat products** | | **Acerinox** | **NAS** | **Columbus** | **Bahru** | **Total** | **Variation over 2010** |
|---|---|---|---|---|---|---|---|
| Melting shop | Metric tonnes | 639,679 | 937,087 | 444,036 | | **2,020,801** | -1.9% |
| Hot rolling | Metric tonnes | 564,046 | 779,623 | 435,564 | | **1,779,234** | -0.2% |
| Cold rolling | Metric tonnes | 433,063 | 586,623 | 248,374 | 2,276 | **1,270,337** | -1.6% |
| **Long products** | | **Roldán** | **NAS** | | | **Total** | **Variation over 2010** |
| Hot rolling | Metric tonnes | 64,096 | 131,017 | | | **195,113** | -6.9% |
| Finished products | Metric tonnes | 65,460 | 125,613 | | | **191,073** | -1.6% |

# 5 Results

Group turnover, a figure of 4,672 million euros, was 3.8% higher than the results of the 2010 financial year, despite the fact that in physical units, the tons sold have been similar. This is primarily owing to the nickel price and higher sales during the period of the year when prices remained at a higher level, above all in the USA.

Evolution of the turnover of Acerinox

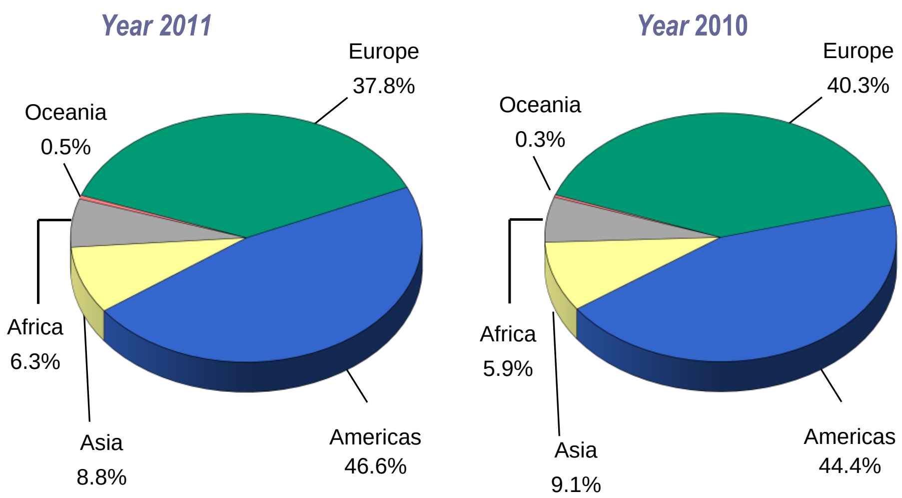



(*) Acerinox, S.A. figures until 2010. Year 2011 refers to Acerinox Europa

The North American Market has established itself as the leading market in the Acerinox Group, representing 46.6% of the total turnover (44.4% in 2010).

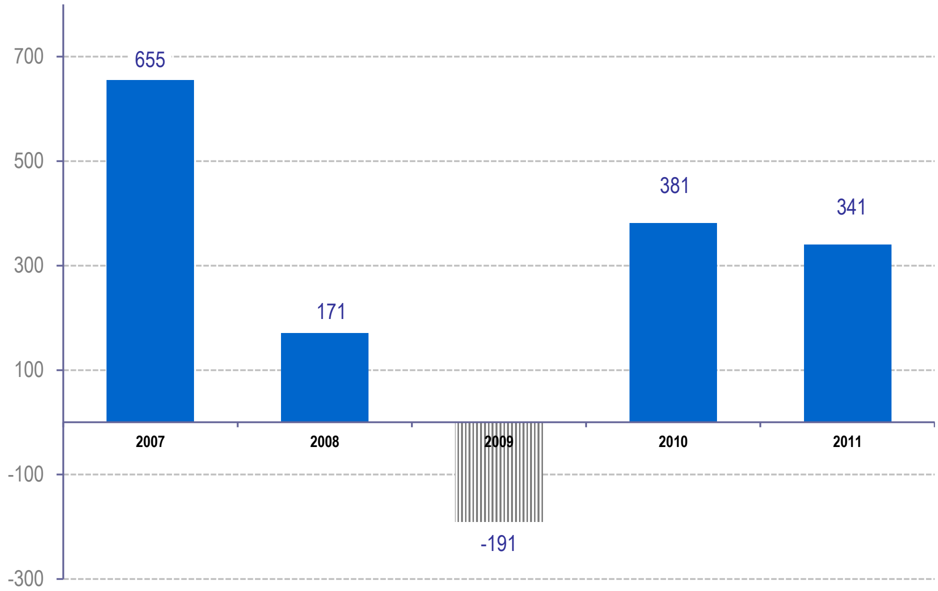
The Spanish market represents 9.2% of the total.

Geographical Distribution of the Turnover of Acerinox
Years 2010 and 2011



The EBITDA in the financial year, 341 million euros consolidates the recovery that had already begun in 2010.

Evolution of the Consolidated Group EBITDA
Million euros (% over sales)

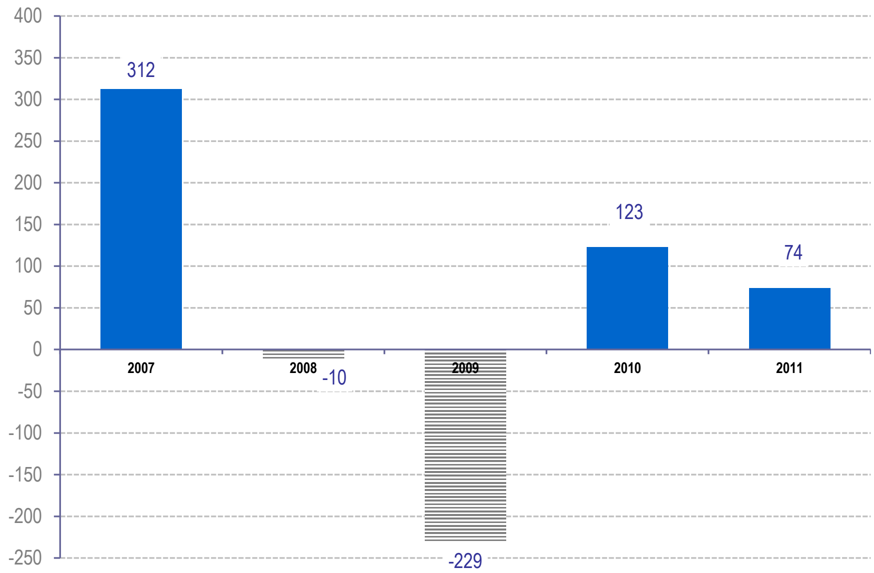



The Acerinox Group has obtained a net result of 133 million euros before tax and minorities, 31.1% less than the 2010 financial year.

| | | 2011 | 2010 | Variation |
|---|---|---|---|---|
| Net sales | Thousand euros | 4,672,244 | 4,500,467 | 3.8% |
| EBITDA | | 340,513 | 381,066 | -10.6% |
| EBIT | | 192,435 | 232,146 | -17.1% |
| Profit before taxes and minorities | | 132,627 | 192,519 | -31.1% |
| Depreciation | | 146,785 | 147,791 | -0.7% |
| Gross cash flow | | 279,412 | 340,310 | -17.9% |
| Profit after taxes and minorities | | 73,726 | 122,739 | -39.9% |
| Net cash flow | | 220,512 | 270,530 | -18.5% |

The profit after tax and minorities was 74 million euros, 39.9% lower than 2010.

Result after taxes and minorities
Million euros




Despite the adverse circumstances of the second hal-year period, the Acerinox Group has successfuly reduced net financial debt by almost 200 million euros, currently standing at 887 million euros, (1,084 million in 2010) at the end of the financial year..

Similarly, the debt to equity ratio has been reduced from 56.3% to 47.1%.

| ASSETS (Million euros) | 2011 | 2010 | Variation |
|---|---|---|---|
| **Non current assets** | **2,251.44** | **2,235.57** | **0.7%** |
| **Current assets** | **1,819.78** | **2,004.79** | **-9.2%** |
| Inventories | 1,119.43 | 1,336.66 | -16.3% |
| Debtors | 510.54 | 534.96 | -4.6% |
| *Trade debtors* | *476.98* | *494.44* | *-3.5%* |
| *Other debtors* | *33.56* | *40.52* | *-17.2%* |
| Cash and other current assets | 189.82 | 133.17 | 42.5% |
| **Total assets** | **4,071.22** | **4,240.36** | **-4.0%** |

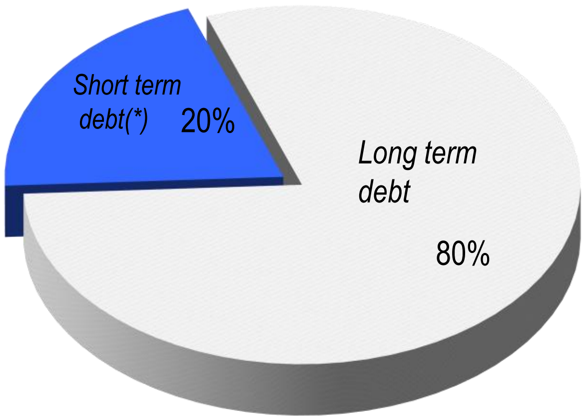
| Liabilities (Million euros) | 2011 | 2010 | Variation |
|---|---|---|---|
| **Equity** | **1,881.19** | **1,923.74** | **-2.2%** |
| **Non current liabilities** | **988.32** | **992.19** | **-0.4%** |
| Interest bearing loans and borrowings | 707.20 | 724.74 | -2.4% |
| Other non current liabilities | 281.12 | 267.45 | 5.1% |
| **Current liabilities** | **1,201.71** | **1,324.43** | **-9.3%** |
| Interest bearing loans and borrowings | 344.03 | 472.39 | -27.2% |
| Trade creditors | 636.92 | 603.76 | 5.5% |
| Other current liabilities | 220.76 | 248.27 | -11.1% |
| **Total equity and liabilities** | **4,071.22** | **4,240.36** | **-4.0%** |

Given the strength of the Group's balance sheet, the volume of investments has been maintained in accordance with the development of our strategic plan, and our financial strength means that we can maintain the full returns to shareholders (0.45 euros per share), at the same level as the previous financial year.

Of the total gearing/debt ratio, 80% is long-term debt, which allows us to address liquidity problems that could occur in the financial markets

Situation of debt held with financial instituions

December 2011




(*) Treasury has been deducted of the short term debt

Due to the efforts that were made to reduce debt, the "net financial debt/EBITDA ratio" now gives a figure of 2.6 times, which is lower than the figure obtained in 2010. It amply complies with the "covenants" agreed for our long-term financing..

The following cash flow statement shows the positive generation of cash flow for the year, especially for the evolution of working capital which has been reduced by 267 million euros, a fundamental part of which has been the significant and strategic destocking, amounting to 217 million euros.

The cash flow generated has risen to 483 million euros, which, despite large investment payments of 176.6 million euros made during the year , has maintained a free cash flow of 256.7 million euros, with which, not only have the returns to shareholders been maintained but also indebtedness has been reduced by 144 million euros. Excluding the treasury/cash positions, the Acerinox Group has reduced its net debt by 197 million euros

Condensed Cash Flow Statement

December 2011 (Million euros)

| | ene - dec 2011 | ene-dec 2010 |
|---|---|---|
| Result before taxes | 132.6 | 192.5 |
| Adjustments for: | 231.6 | 205.5 |
| *Depreciation and amortisation* | *146.8* | *147.8* |
| *Changes in provisions and impairments* | *11.2* | *1.0* |
| *Other adjustments in the result* | *73.6* | *56.7* |
| Changes in working capital | 205.8 | 33.3 |
| *Changes in operating working capital (1)* | *267.9* | *-74.9* |
| *Others* | *-62.0* | *108.2* |
| Other cash-flow from operating activities | -132.0 | -75.9 |
| *Income tax* | *-76.4* | *-26.2* |
| *Financial expenses* | *-55.6* | *-49.7* |
| **NET CASH-FLOW FROM OPERATING ACTIVITIES** | **438.1** | **355.5** |
| Payments for investments on fixed assets | -176.6 (*) | -223.2 |
| Others | -4.7 | -11.0 |
| **NET CASH-FLOW FROM INVESTING ACTIVITIES** | **-181.3** | **-234.2** |
| **NET CASH-FLOW GENERATED** | **256.7** | **121.3** |
| Acquisition of treasury shares | 0.0 | 0.0 |
| Dividends payed to shareholders and minorities | -112.2 | -112.2 |
| Changes in net debt | -129.2 | 11.5 |
| *Changes in bank debt* | *-145.9* | *49.3* |
| *Conversion differences* | *16.8* | *-37.8* |
| Attributable to minority interests | 34.6 | 11.7 |
| Others | 0.6 | 0.4 |
| **FLUJOS DE EFECTIVO DE LAS ACTIVIDADES DE FINANCIACION** | **-206.1** | **-88.6** |
| **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | **50.6** | **32.8** |
| Opening cash and cash equivalents | 113.6 | 73.3 |
| Effect of the exchange rate fluctuations on cash held | 0.4 | 7.5 |
| **CLOSING CASH AND CASH EQUIVALENTS** | **164.6** | **113.6** |

(*) Payments for investments effectively made during the business year, besides the moment in which the investment was capalized.

# 6 Investments

In 2011, Acerinox made investments amounting to 169.3 million euros, complying with all of the terms of the Strategic Investments Plan, despite the global economic recession and the problems experienced in the stainless steel sector.

This is all possible, firstly due to the market driven logic of the investments made and in secondly because of the great financial strength of the Group.

Investments have been made in all of the supplier companies to maintain the installations in the optimal state of efficiency and competitiveness. In Roldán, it was necessary to replace the electrical wiring and auxiliary equipment which were damaged on the fire at the Ponferrada factory 20th November 2010.

Investments in Acerinox
December 2011 (Million euros)

| | 2011 | 2010 |
|---|---|---|
| Acerinox, S.A. | 0.4 | |
| Acerinox Europa | 22.8 | 23.8 |
| NAS | 17.0 | 15.4 |
| Columbus | 11.5 | 11.5 |
| Bahru Stainless | 104.0 | 154.4 |
| Roldán & Inoxfil | 9.6 | 0.8 |
| Spanish trading companies | 0.1 | 0.2 |
| Overseas trading companies | 3.9 | 11.3 |
| Total (*) | 169.3 | 217.3 |

*we define an investment as the increase of assets held in the year, irrespective of payment

62% of the investments made have been focused on the construction of the Bahru Stainless factory and they apply to both the implementation of Phase I and the additions corresponding to Phase II.

# 7 Commercial Network

2011 has presented a two-fold challenge for Group distribution.

On one hand, to continue with the process initiated in 2009 of adapting the commercial structure in Europe, where stagnation of demand and overcapacity, combined with a rise in low cost imports of Asian materials, are forcing us to make a concerted effort to reduce distribution costs.

On the other hand, we are strengthening the commercial networks in order to capitalise on market growth areas. In April, in Warsaw (Poland) the slitting and cut to length lines were inaugurated. In Istanbul (Turkey) we proceeded to open a new commercial office which will allow us to increase our presence in that market.

In Asia, the commercial office in Hanoi (Vietnam) was set up and another in Jakarta (Indonesia) with a view to supporting the sales of Bahru Stainless.

The construction of the new Service Centre and Warehouse in Pinto (Spain) continues at a steady pace and it is expected to be completed by summer 2012. This new building will combine the existing Acerinox service in Pinto and Inoxcenter's current warehouse in the same location, consequently reducing costs

Presently, the Group commercial network consists of 22 Service Centres, 32 warehouses and 20 Commercial Offices, distributed throughout five continents.

# 8 Human Resources

The total number of Group employees has been slightly reduced.

Most Group companies continue adapting the staffing levels to the market requirements.

The only workforce with a notable increase in the number of employees has been Bahru Stainless, with 125 additional employees in order to deal with cold rolling production which began in December.

<table>
<tr><th></th><th>2011</th><th>2010</th><th>Variation</th></tr>
<tr><td>Acerinox, S.A.</td><td>68</td><td rowspan="2">2,529</td><td rowspan="2">-1.7%</td></tr>
<tr><td>Acerinox Europa</td><td>2,417</td></tr>
<tr><td>NAS</td><td>1,372</td><td>1,368</td><td>0.3%</td></tr>
<tr><td>Columbus</td><td>1,708</td><td>1,751</td><td>-2.5%</td></tr>
<tr><td>Bahru Stainless</td><td>226</td><td>101</td><td>123.8%</td></tr>
<tr><td>Roldán & Inoxfil</td><td>578</td><td>607</td><td>-4.8%</td></tr>
<tr><td>Spanish trading companies</td><td>388</td><td>403</td><td>-3.7%</td></tr>
<tr><td>Overseas trading companies</td><td>601</td><td>627</td><td>-4.1%</td></tr>
<tr><td>Total</td><td>7,358</td><td>7,386</td><td>-0.4%</td></tr>
</table>

# 9 Returns to Shareholders

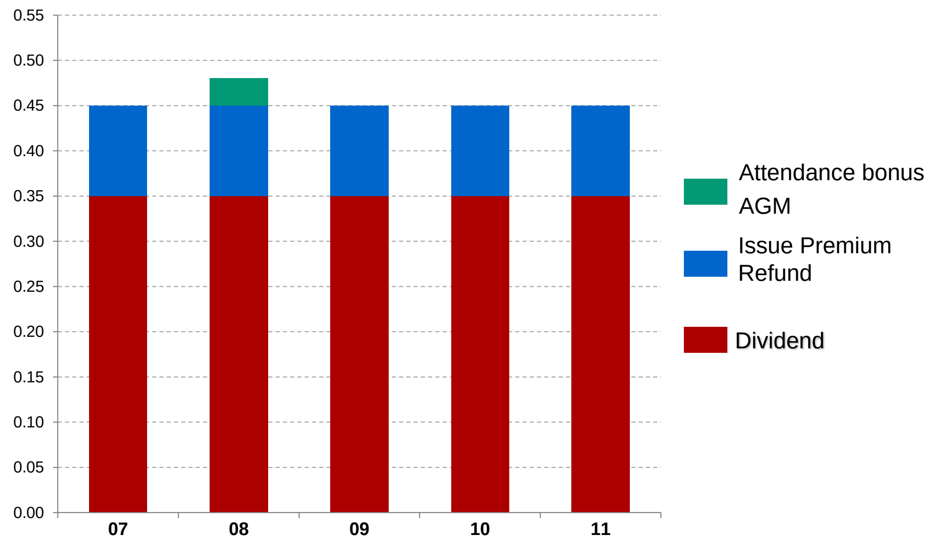
In the meeting convened on 15th December 2011, the Acerinox Board of Directors approved a first interim dividend for 2011 for the amount of 0.10 euros gross per share, to be paid on 5th January 2012

A second interim dividend for 2011, for the amount of 0.10 euros per share will be awarded to shareholders on 4th April 2012.

During 2011, Acerinox paid its shareholders a total amount of 0.45 euros per share, signifying the maintaining returns to shareholders that were consolidated during the record-breaking years before the crisis. Our company is among a small group of Ibex-35 companies who have not decreased their payments to shareholders in comparison with payments made in the years before the crisis.

Return to shareholders

Euros / Share




The amount of 0.45 euros per share paid to shareholders in 2011 is equivalent to a yield of 4.54% over the closing of share exchange for the year, which was 9.91 euros per share.

# 10 Bahru Stainless

For Bahru Stainless, 2011 has signified the culmination of Phase I with the succesful commissioning of its main equipment.

The ZM-1 mill processed its first coil in August.The remaining auxiliary lines came on stream in stages, and in December 2011, the Phase I of the project was concluded with the comissioning of the annealing and pickling line No.1/AP1.

The quality of the first coils produced was excellent which attests to the success of the 'Technical Assistance Program' (Programa de Asistencia Técnica) which brought together a collaboration of technical engineers from the three factories, Acerinox Europa, NAS and Columbus.

A total of 2,276 MT have been produced between the months of November and December.

The Finishing Shop, set up at the end of 2010, was operational throughout the year, processing material for Acerinox Malaysia and Yick Hoe Metals. Total production was 40,792 MT.

Likewise, The Tanjung Langsat Port has been operational throughout the year to receive prime materials, supplied mainly by Acerinox Europa and Columbus.

Phase II of investments for an amount of 310 million USD, was approved in July 2010. The civil works and the construction of the foundations have been carried out throughout 2011. The most important equipment will be received during the first half of 2012 and it will be commissioned in the first quarter of 2012.

# 11 Acerinox, S.A. and Acerinox Europa S.A.U.

The Extraordinary General Meeting of Shareholders held on 29th September 2011 approved the segregation of Acerinox S.A. through a contribution of each industrial activity branch to a new company (Acerinox Europa S.A.U.), participated at 100% by Acerinox, S.A. The segregated industrial activity branch is constituted by the units of production, distribution and logistics of the stainless steel flat products elaborated in the integral mill, situated in the Campo de Gibraltar, as well as the service centers in Spain. This also includes the participation of the company Inoxidables de Euskadi, S.A.

On 1st December 2011, the incorporation of the society Acerinox Europa S.A.U. was entered into the Commercial Register.

The accounting value of the assets transferred total 934 million euros, and the amout of liabilities is 593 million euros, bringing the asset values of the new society to 341 million euros. This assessment has been approved by an independent expert appointed by the commercial register (Deloitte, S.L.)

Acerinox Europa S.A.U. constitutes a share capital of 62 million euros and an issue premium of 279 million euros.

The segregation was made retroactive to 1st January 2011, in accordance with legal provisions. This is why all comments referring to Acerinox Europa include the whole of the 2011 financial year.

Once the separation has been made, Acerinox S.A will now focus on providing leadership and coordination of the different group activities, as well as being the holding company for the shares of all of the companies that comprise the Acerinox Group.

# 12 Excellence Plan

Following the success achieved by the Excellence Plan 2009-2010, a second plan was approved in February 2011 which was also biennial. It consists of 15 chapters, which include the objectives that were not achieved 100% in the first plan, and other new objectives, with a particular emphasis on the improvement of plant efficiency, purchasing management and attaining excellence within the supply chain.

The results of the implementation of this program are estimated to generate recurring savings of 90 million euros per year from 2013 onwards.

Like the first, the genesis of this plan came from the continuous and intensive internal "benchmarking" within Group companies which began in 2008. They shared best practices with the aim of improving processes across the whole supply chain and set ambitious, yet realistic targets, since each of them had already been achieved by at least one of the factories.

The geographical diversification of the Acerinox Group, with three fully integrated factories of similar sizes and structures in three different continents, offers a unique opportunity in the sector to carry out these internal comparative exercises. The exchange of technical information between experts specialising in different fields in all of the factories is the perfect foundation for achieving continuous improvements in quality, processes, efficiency and cost control.

As at 31st December 2011, after twelve months of implementing this plan 35% of the targets set are already being consistently achieved, we are steadily reaping the benefits of the forecasted savings, which are improving quarter by quarter.

# 13 Outlook

The strength of the North American market is allowing North American Stainless (NAS) to work at full capacity in the first quarter of 2012. There is a strong recovery in the sector of capital goods, above all in energy-related investments, which can be a symptom of economic recovery.

The revival of the European market, mainly based on the replenishment of inventory throughout the supply chain, has allowed Acerinox Europa and Columbus to increase the order book.

All this, joint with an order book that continue solid in April, makes us to be optimistic, not only for the first quarter but also for the second quarter of 2012. However, poor visibility and the recent experiences advise us to be prudent in our estimates.

## Syndicated loan in the USA

On 11th January, Acerinox S.A. and North American Stainless signed a syndicated loan for 482 million USD. With this operation the group achieved three objectives: a reduction in exposure to the European banking system, a reduction in our average financial costs and an extension to the maturity dates of our debts.

The operation was put in place for Acerinox S.A. and North American Stainless Inc. ("NAS"; the US subsidiary 100% owned by Acerinox, S.A.), with 80% of the amount being used for a term loan to Acerinox S.A. and 20% for a revolving credit facility for NAS. The final maturity date of the operation is February of 2017, while the term loan amortizes quarterly.

The amount of the loan for Acerinox, S.A. has been hedged through a cross-currency swap into a loan in EUR at a fixed rate of 2.79%, all expenses included.

# 14 Figures by Company

## MELTING PRODUCTION

| | | 1st Q. 11 | 2nd Q. 11 | 3rd Q. 11 | 4th Q. 11 | 2011 | % over 2010 |
|---|---|---|---|---|---|---|---|
| Acerinox Europa | Thousand Mt | 180.4 | 155.9 | 151.1 | 152.2 | **639.7** | -6.3% |
| NAS | | 260.9 | 219.1 | 208.6 | 248.6 | **937.1** | 4.2% |
| Columbus | | 130.4 | 117.3 | 92.2 | 104.1 | **444.0** | -7.1% |
| **Acerinox Group** | | **571.6** | **492.3** | **452.0** | **504.9** | **2,020.8** | **-1.9%** |

## NET SALES

| | | 1st Q. 11 | 2nd Q. 11 | 3rd Q. 11 | 4th Q. 11 | 2011 | % over 2010 |
|---|---|---|---|---|---|---|---|
| **Acerinox Group** | Thousand euros | **1,413.3** | **1,147.1** | **1,061.3** | **1,050.5** | **4,672.2** | **3.8%** |
| Acerinox Europa | | 436.6 | 361.2 | 306.0 | 309.8 | **1,413.6** | -9.0% |
| NAS (million USD) | | 952.4 | 740.7 | 688.4 | 679.7 | **3,061.2** | 14.2% |
| Columbus | | 246.5 | 207.1 | 199.7 | 149.0 | **802.3** | -3.7% |

## RESULT AFTER TAXES AND MINORITIES

| | | 1st Q. 11 | 2nd Q. 11 | 3rd Q. 11 | 4th Q. 11 | 2011 | % over 2010 |
|---|---|---|---|---|---|---|---|
| **Acerinox Group** | Thousand euros | **67.8** | **34.0** | **1.0** | **-29.0** | **73.7** | **-39.9%** |
| Acerinox Europa | | | | | | **-25.9** | --- |
| NAS (million USD) | | 68.2 | 61.2 | 29.4 | 18.5 | **177.3** | 13.2% |
| Columbus | | -0.3 | -3.1 | -8.2 | -11.7 | **-23.3** | -32.5% |

# 15 Main economic-financial indicators

| CONSOLIDATED GROUP | Year 2011 Q1 | Q2 | Q3 | Q4 | Accumulated | 2010 Jan - Dec |
|---|---|---|---|---|---|---|
| Production (Mt.) | | | | | | |
| Melting shop | 571,646 | 492,256 | 451,990 | 504,909 | **2,020,801** | 2,059,664 |
| Hot rolling shop | 502,294 | 435,946 | 394,791 | 446,203 | **1,779,234** | 1,783,066 |
| Cold rolling shop | 346,185 | 308,053 | 295,014 | 321,085 | **1,270,337** | 1,290,715 |
| Long product (hot rolling) | 51,185 | 52,051 | 46,005 | 45,872 | **195,113** | 209,513 |
| Net sales (million €) | | | | | | |
| Group | 1,413.35 | 1,147.13 | 1,061.29 | 1,050.48 | **4,672.24** | 4,500.47 |
| Acerinox Europa | 436.62 | 361.24 | 305.97 | 309.75 | **1,413.58** | 1,552.74 |
| NAS (million USD) | 952.42 | 740.73 | 688.38 | 679.72 | **3,061.25** | 2,681.04 |
| Columbus | 246.47 | 207.13 | 199.71 | 148.98 | **802.30** | 833.17 |
| Gross operating result / EBITDA (million €) | 151.21 | 106.18 | 58.30 | 24.82 | **340.51** | 381.07 |
| % over sales | 10.7% | 9.3% | 5.5% | 2.4% | **7.3%** | 8.5% |
| EBIT (million €) | 114.09 | 69.81 | 21.69 | -13.17 | **192.43** | 232.15 |
| % over sales | 8.1% | 6.1% | 2.0% | -1.3% | **4.1%** | 5.2% |
| Result before taxes and minorities (million €) | 102.51 | 54.13 | 5.50 | -29.51 | **132.63** | 192.52 |
| Result after taxes and minorities (million €) | 67.81 | 33.99 | 0.96 | -29.03 | **73.73** | 122.74 |
| Depreciation (million €) | 37.36 | 35.93 | 36.45 | 37.06 | **146.79** | 147.79 |
| Net cash flow (million €) | 105.16 | 69.91 | 37.41 | 8.03 | **220.51** | 270.53 |
| Number of empoyees | 7,438 | 7,455 | 7,430 | 7,358 | **7,358** | 7,386 |
| Net financial debt (million €) | 1,123.61 | 1,286.14 | 1,074.82 | 886.60 | **886.60** | 1,083.57 |
| Debt to equity (%) | 58.7% | 71.4% | 57.8% | 47.1% | **57.8%** | 56.3% |
| Number of shares (million) | 249.30 | 249.30 | 249.30 | 249.30 | **249.30** | 249.30 |
| Return to shareholders (per share) | 0.10 | 0.10 | 0.15 | 0.10 | **0.45** | 0.45 |
| Return to shareholders (million €) | 24.93 | 24.93 | 37.40 | 24.93 | **112.19** | 112.19 |
| Daily average shares traded (nº of shares, million) | 1.54 | 1.17 | 1.34 | 1.17 | **1.31** | 1.27 |
| Result after taxes and minorities per share | 0.27 | 0.14 | 0.00 | -0.12 | **0.30** | 0.49 |
| Net cash flow per share | 0.42 | 0.28 | 0.15 | 0.03 | **0.88** | 1.09 |