



**SPEECH
MR. RAFAEL NARANJO**

CHAIRMAN

GENERAL SHAREHOLDERS MEETING

7th June 2012

Dear Shareholders,

As Chairman of Acerinox it is a privilege for me to once again have this opportunity to analyze our Group's progress over the last year.

2011 was another extremely difficult year in economic terms. The economy's evolution - particularly in the second half of the year - was more negative than originally anticipated.

This has mainly affected the Spanish economy, but has touched the European economy as well.

The group's stance in the face of such negative market circumstances has been to prioritize a number of important aspects of our business:

- We have placed a particular emphasis on strengthening the balance sheet, with a special focus on debt, liquidity and stock control. We have kept a comfortable liquidity position through a long-term maturity profile.
- We have made the operation and improvement of our facilities, as well as the improvement of the technical parameters that define our processes, a priority. This was set out in the development of our Excellence Plan 2011 – 2012.

Along these same lines we continue to improve our operating efficiency through the Internal Benchmarking plan.

- We have continued the development of our Strategic Plan until 2020 in two key areas: investment and sales network development.
- We brought the structure of our new production assets in line by incorporating Acerinox Europa, which brings together the production and marketing of flat products in Spain.
- Our main investment, the Bahru Stainless factory in Johor, Malaysia, has completed its first investment phase and is up and running while the second investment phase is being developed.

We maintain our confidence in the future of stainless steel. In spite of the aforementioned economic difficulties the use of stainless steel continues to rise, which has resulted in a record level of world production that once again strengthens the exceptional 6% YTD growth rate over the past 60 years.

Still to be resolved are the imbalances between different geographical areas, mainly in Europe.

Along these lines Europe has taken its first step towards consolidation between our competitors, which we hope reaches a positive conclusion, as it will allow for the future adjustment of market supply to its true dimensions.

In terms of our Board of Directors we propose the reelection to the post of Director José Ramón Guerediaga and Braulio Medel, both independent, and Óscar Fanjul, proprietary on behalf of Omega Capital.

Likewise I would like to share with you the fond memory of our former Chairman José María Aguirre González, who passed away last November. He was with us for years as a Director and later as Chairman of Acerinox and defined in great part the direction of the company to the present day. Rest in peace.

To close, I'd like to thank our staff for their support and dedication in such difficult times. They are behind the progress of our project and are the reason that Acerinox continues to be a safe and profitable investment.

I give the floor to our CEO Bernardo Velázquez, who will give a detailed account of our business this year.