Dear shareholders,

I must begin by acknowledging the trust placed in the Acerinox Management Team and the honour it gives me to be able to address you once more to report on the 2020 results.

2020 has undoubtedly been a different year that we will never forget: the year in which we celebrated 50 years since the Company's incorporation, the year in which we acquired VDM Metals and the year of Covid-19.

We began the year with the excitement of celebrating our 50^{th} Anniversary at a turning point in our path, presenting a change of strategy based mainly on the diversification of our business activities towards products with greater value added, for which we announced the acquisition of the German company VDM Metals, a global leader in the manufacture of high performance alloys.

We also hoped to see a recovery in the stainless steel market following two years of declining apparent consumption in the regions where we are most active, the United States and Europe.

However, in a cyclical and volatile market such as ours, in which we are accustomed to very rapid changes, we were surprised by the drastic and unexpected effects of the pandemic which, moving rapidly from east to west, collapsed most sectors of the economy and paralysed activity in almost every country on the planet. We only have to cast our minds back to scenes in Madrid, like in many other capitals, with their high streets completely empty, desolate.

Fortunately, the speed of the spread of the virus towards the west gave us enough time to anticipate the health measures in our facilities, always putting people's health first and applying what we had learned in Asia to more western work centres, as well as promoting working from home. As a result, we had virtually no infections among employees, although we still had to lament deaths in the Group, for whom we send our sympathies to their families.

I would like to highlight the enormous effort made by our safety and prevention staff, who implemented and enforced protective measures, as well as the efforts made by our information systems staff, who, in record time, supplied us with equipment and prepared the means necessary to work from home when the type of activity allowed. Technology has undoubtedly played a crucial role in this crisis and has significantly boosted remote working, which has suddenly become commonplace in our lives.

Covid-19 characterised economic activity in 2020, and to understand our results it is necessary to explain how the measures adopted by the different countries and how changes in consumer habits affected our markets.

Internally, the factors that most influenced Acerinox's 2020 results were: the flexibility achieved to adapt our costs to the business activities, the integration of VDM and the tremendous commitment shown by all those who work at the Group and who made a colossal effort to carry out all plans without losing sight of our long-term strategy. There is no doubt that the liquidity we had at our disposal, totalling more than 1,700 million, provided the necessary peace of mind to carry out our plans.

On the international stage, it is worth noting how production and transport difficulties have affected global supply chains, which together with the trade protection measures that have emerged in many countries in recent years, have slowed global trade and to some extent have prompted a return to regionalism, or at least a risk-minimising combination of the two procurement models.

From 2020 onwards, we must report on two business lines in Acerinox: the traditional stainless steel line and the recently established high performance alloys line, which, although complementary, do not exactly follow the same patterns.

Stainless steel largely depends on the distribution sector, where more standard steel grades are traded and stocked, leading to a more speculative demand based on business expectations and future price evolution.

On the other hand, high performance alloys are used mainly in projects for the chemical, oil and aerospace industries, which makes it primarily dependent on investor confidence in the real economy. Stainless steel is also involved in these projects but mostly through the distribution sector.

Finally, consumer goods sectors, such as the automotive and household appliances sectors, use both types of materials, which are supplied directly to manufacturers.

We began 2020 with a depressed market situation and with low prices, especially in the Asian markets, which had contaminated the European market as a result of the high volume of imports from these countries. The weak situation was compounded in the first quarter by the effect of the sharp rise in inventories in China, since stainless steel manufacturers did not adjust their production to the pace of the consumer market, which came to a halt after the Chinese New Year due to the pandemic.

Subsequently, the gradual closure of activity considered non-essential around the world characterised the progress of our business, taking into account that each country interpreted the concept of essential in its own way. At the end of March, we had to close the Malaysian plant for 28 days, the South African plant for 35 days and the Spanish plant for only 4 days, while the physical and legal security of our facilities was guaranteed. Only the factories in the United States and

Germany remained operational at all times, although they had to adapt to the low level of commercial activity, which still persists in some sectors such as the aeronautical and restaurant and catering equipment, and which led us to work in some of the factories at only 50% of what is considered normal activity.

Despite such complex circumstances we achieved commendable results in the first quarter, supported by the US business, thanks to which the Consolidated Group's EBITDA totalled EUR 85 million in the first quarter of 2020, an improvement of 15% compared to that of the fourth quarter in 2019, albeit 6% below the first quarter of the previous year.

On 17 March we celebrated, somewhat strangely but with excitement, VDM joining our Group in a ceremony held by video conference due to the inability of travelling. We opted for growth at a time of doubt, which was certainly not what we had expected. Confidence in our solid financial position gave us the courage needed to defy the challenges of the situation, to commit to our long-term strategy and to invest at the most difficult time, which I am sure guarantees the success of this transaction.

The second half of the year brought all the major uncertainties and difficulties, but it also highlighted all the work undertaken since the 2008 financial crisis, when we became obsessed with the need to provide our business with greater flexibility to be able to adapt to the ups and downs of the economy. This attitude and the implementation of these measures enabled us to overcome the strong inertia inherent in heavy industry and to make production costs variable to adapt them to sales. At the same time, we focused on ensuring supply chain continuity and liquidity and prioritising cash generation, objectives we maintained for the rest of the year.

Our consolidated financial statements for the second quarter included the results of VDM for the first time, which helped to offset the 23% decrease in sales compared to the previous quarter, resulting in the EBITDA for that quarter totalling EUR 80 million, a decrease of 6% compared to the previous quarter, and 17% lower than the same period in 2019.

At the six-month close in June, we recognised an impairment of EUR 43 million on Bahru Stainless assets to adjust them to the new realities of the markets, which was sufficient at year-end and, therefore, we did not have to make any further adjustments at a later date.

During this quarter one of the objectives of the acquisition of the high performance alloys division was highlighted, namely its contribution to stabilising our cycles. Furthermore, as a result of it also being a cyclical sector, its greater exposure to investment projects offsets its cycle concerning that of standard stainless steel and, thus, while the stainless steel market collapsed, we continued to deliver consistently the alloys ordered months before. If stainless steel sales decreased considerably in this period, alloy sales remained firm, although the placing of new orders practically stopped and, therefore, in the second half of the year it had to be the improvement of stainless steel that offset the decrease in sales of the new unit.

Gradually the market situation improved, driven by consumer goods sectors such as the automotive sector, the food processing equipment sector and, above all, the household appliances manufacturing sector, which represents the change in consumer habits we have experienced, that of increased investments in the home, where we now spend most of our time.

Thus, in the third quarter we achieved EBITDA of EUR 87 million, an increase of 9% compared to the previous quarter, although still below the EUR 103 million of the third quarter in 2019.

The hope placed on the vaccines and, as a consequence, the improved outlook for the economy, were key aspects in the change that took place in the stainless steel market at the end of the year, since the good progress of the aforementioned sectors was combined with a stock replenishment process to adapt to the higher sales. Not even the presidential elections in the United States slowed down this trend, of which we tried to take advantage by rapidly increasing our production processes to obtain the best results of the year in the fourth quarter, exceeding the forecasts.

During the fourth quarter of 2020, we achieved a strong increase in our results with EBITIDA of EUR 131 million, which was 50% higher than in the previous quarter and 77% higher compared to the same period in 2019.

Thanks to this “sprint finish”, the Acerinox Group’s annual sales totalled EUR 4,668 million, a decrease of just 2% compared to 2019; EBITDA totalled EUR 384 million, resulting in a 5% increase compared to the previous year; and profit after taxes and minority interests totalled EUR 49 million, an improvement of EUR 109 million compared to 2019.

Melting shop production in 2020 totalled 2.20 million tonnes, a decrease of just 2% compared to 2019, in a context where world stainless steel production contracted by 3% to 50.69 million tonnes. Only China increased production to 30.14 million tonnes, giving rise to an increase of more than 2% and a global market share of 59%. If the Chinese manufacturers located in Indonesia involved in the "New Silk Road" strategy are added to China’s production, its share of global production rises to 66%, which gives an idea of how much distortion this country has caused to our business in recent years and explains our efforts to curb unfair competition in the markets where we are present.

It is important to highlight the major achievements made in controlling the production costs in the stainless steel division, which contributed significantly to the results of the year and which we had been preparing for some time. Despite a decrease in annual sales of almost 15%, we were able to reduce our operating and personnel expenses by 16%, offsetting the lower revenues, something that was not easy as it involves the total variability of our production costs.

It is also worth mentioning that the incorporation of VDM contributed sales of EUR 614 million and EBITDA of EUR 40 million to the 2020 results, having only consolidated from March to December, i.e. since the acquisition.

We would also like to highlight the good cash generation obtained thanks to an exhaustive control of working capital, which enabled the Acerinox Group to obtain an operating cash flow of EUR 421 million, the highest since 2012, of which EUR 337 million were accounted for by the Stainless Steel Division, and EUR 84 million by the ten months of contribution by VDM Metals.

These efforts made it possible, following investment payments of EUR 99 million and after paying EUR 135 million in cash in shareholder remuneration, to largely mitigate the increase in debt that we had to undertake for the acquisition of VDM Metals. Finally, at 31 December 2020 our net financial debt totalled EUR 772 million, an increase of just EUR 278 million compared to the previous year, despite the fact that the VDM transaction resulted in an increase in debt of EUR 313 million and that we took on EUR 85 million of this company's debt.

This was undoubtedly a good end to a hectic year in which all types of situations arose with great intensity and in which we had to demonstrate our business knowledge, cost control and optimisation of cash generation, enabling us to maintain the dividend of EUR 0.50 per share and reduce debt following the acquisition of VDM, ending the year with a very healthy debt ratio of just 2 times EBITDA.

It is also important to highlight the good performance of our American company, North American Stainless (NAS), which was able to take advantage of the opportunities in the American market to improve its share and, with an impressive control of the situation, to achieve an excellent result, which has sustained the Consolidated Group's result. This factory remained fully operative during the year, although it had to deal with a 10% decline in consumption in the US.

We will never tire of mentioning the satisfaction we have in leading the stainless steel market in the United States from Kentucky, where we have the most efficient facilities in the world and which are now reinforced thanks to the incorporation of the two VDM high performance alloy factories, located in New Jersey and Nevada, which will provide important synergies and will give us access to high value added markets and will widen the range of solutions with advanced materials for the industry.

In Europe, multiple situations arose, which were different in each country and were more prominent in Southern European countries, giving rise to a 16% drop in the market. In this context and emanating from a very low price scenario inherited from previous years, as well as significant pressure from imports, market conditions deteriorated even further, resulting in it being very difficult to obtain positive results. Through the associations in which we participate, we continue to work to raise awareness of the importance of adopting measures to curb unfair competition from certain Asian countries, which take advantage of the largest open market, Europe, to sell their production surpluses at very low prices, resulting in the efforts of European manufacturers to conduct sustainable and high-quality business, both in terms of product and employment, and to lead the commitment to the circular economy and the reduction of emissions, becoming futile.

In this regard, we believe that the decisions of the European Commission to impose anti-dumping tariffs on imports of hot-rolled stainless steel from China, Indonesia and Taiwan, as well as the case opened on cold-rolled imports from Indonesia and India, which we hope will be resolved during the current quarter, to be a step in the right direction. We also hope that a decision will be made to extend the safeguarding measures and thus limit the damage that the aggressiveness of Asian manufacturers is causing to our industry and, therefore, to the sustainable development of our company.

In the other countries where we manufacture stainless steel, we have had to rethink and even reinvent our strategy. In the South African factory, Columbus Stainless, we have expanded our range of products by adding certain types of carbon steel, enabling us to optimise the use of our production capacity. These products are a good addition to stainless steel in order to offset, when necessary, the local market’s weak situation or the competitive conditions of the export markets. In Malaysia, in Bahru Stainless, we have focused our production activities on products with a higher value added to deal with the invasion of standard types of steel from neighbouring Indonesia, where Chinese capital has burst in with force, altering the rules of the South-East Asian markets.

Lastly, the high performance alloys division, VDM Metals, provided the stability we needed in the second quarter, and then suffered from the lack of orders caused by the halting of all investments. At the time of writing, a year after this company became a part of the Group, we are more convinced than ever of the correctness of the transaction, not only because it enables us to diversify into another type of alloys, with a high technological level and higher value added, but also because it is a transformational change for the Group, which now offers the widest range of advanced solutions for the industry on the global market, with materials that span from the most standard stainless steel to the most sophisticated alloy designed specifically for the needs of the customer.

In addition, we are incorporating a team of highly qualified professionals from whom we expect great contributions. This opens new doors and we are convinced, I insist, of the opportunity arising from the timing of VDM's incorporation under the most difficult conditions, at the point of maximum uncertainty, because the willingness of the people of both organisations has more than made up for the difficulties of working and has ensured that the integration tasks have remained unchanged in accordance with the programme designed in advance and that the cohesion of the teams and the integration of cultures has been strengthened, all this despite the impossibility to travel and to hold face-to-face meetings.

Naturally, we maintain our traditional obsession with competitiveness, process efficiency and excellence in all our activities, which continues to be one of the pillars of our strategy, as demonstrated by the great importance of our "Excellence 360º" plan with which we expect to achieve 125 million in recurring annual savings from 2024 onwards.

The other two pillars of our strategy, in addition to excellence and capturing value in our operations, are, of course, sustainability and financial strength. With these pillars we have built the foundations of our 2021-2025 Strategic Plan, which was recently approved by the Board of Directors.

Europe has firmly decided to follow a model of sustainable growth and this decision will also make other large economies move towards this model. At Acerinox we have been committed to sustainability from the very beginning. It could not be any other way, when we manufacture extraordinary materials that are durable, hygienic, resistant to corrosion, mechanical stress and extreme temperatures, which are also 100% infinitely recyclable without losing any of their characteristics or properties, and which we produce using more than 90% recycled material as the raw material.

On the other hand, the quest for competitiveness has led us to be very efficient, and efficiency and sustainability are paths that converge. We seek efficiency and, therefore, we optimise all the resources necessary to produce our materials and we endeavour to take advantage of all the by-products and waste generated during the manufacturing process. Clearly, these concepts are closely related to sustainability and the circular economy, but they also make us more competitive and they improve our results.

An example of our efficiency is that Acerinox is leader in the reduction of scope 1 CO_2 emissions, i.e., those related to its own electricity consumption. This responds to our fight against climate change, but it cannot be any other way if we want to be competitive, given that electricity prices in Spain have always been well above those of the countries where our competitors are located. In other words, we have made a virtue out of a necessity. Once again, with the current crisis, in Spain we are talking once more, as we did in 2008, of the need for a strong industry to better withstand the ups and downs of the economy and the scourge of unemployment, and we have not made any progress. Once again we are talking of the National Pact for Industry but, once more, I feel compelled to denounce the fact that there will not be a powerful industry in Spain without competitive energy prices and, so far, this problem has not been solved, even though a Statute for the Electro-intensive Consumers has been approved.

With this philosophy of convergence between efficiency and sustainability, we have designed our Sustainability Strategic Plan, which is deeply integrated into our culture and our way of doing things, also adding the conviction that people are a company's most important asset and that diversity helps us to be better, as we have learned from our experiences as a global company that accommodates a very diverse group of people in terms of origin, gender, race and religion.

We trust that society will value the efforts we are making to achieve these objectives and reward the companies, including Acerinox, with greater recognition for our products.

In 2019 we created the Sustainability, Communication and Institutional Relations Department, and in 2020 we created a new Board committee, the Sustainability Committee, clearly revealing our intent in this area, which is none other than to highlight all the efforts we have been making to develop a business model based on the sustainable economy, with a product that is the paradigm of the circular economy and with a group of people who firmly believe in these principles.

In this sense, for 2020, coinciding with our 50th anniversary, we presented our first Annual Integrated Report, where you can find our fully transparent financial and non-financial results and our objectives to become increasingly more sustainable and to give a social dimension to our mission. We have been prolific in this report by providing data on all categories, therefore I recommend you refer to the report for more information on the matters I have mentioned; I encourage you to consult this document, in which you will find a wealth of information on financial, market, environmental, social and governance issues.

This Integrated Report complies with the legal requirements regarding the disclosure of non-financial information and sets forth our progress in sustainability, following international standards such as the Global Reporting Initiative (GRI), and has been verified by external auditors. For yet another year, I reinforce our firm commitment to the 10 Principles of the United Nations Global Compact and I confirm our intention to continue contributing, directly and indirectly, to the 17 Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda.

We are starting 2021 full of enthusiasm, we are strengthening our structure and equipping it with an organisation that meets the new demands. We have created a new department, the Integration Department, which designs, promotes and supervises the VDM integration process and the achievement of the synergies, which will validate our idea that, in this case, one plus one equals more than two.

Moreover, a new Chief Operating Officer has been incorporated to lead the stainless steel division, and a new structure has been implemented in Acerinox Europa with a new Chief Executive Officer, to whom a new Manufacturing Director and a new Commercial Director report, which will undoubtedly boost the results of our business activities in Europe.

We are prepared, as has been demonstrated, to deal with the various situations that have tested us in a very volatile economy, and including unexpected events such as those that occurred in 2020.

We must now demonstrate that we are also prepared to take advantage of positive cycles when they occur, and we are eager to show our full potential and deliver satisfactory results to our shareholders that are reflected in our share price.

At the moment it is too early to talk of the results of the first quarter of 2021, but we can announce that we are seeing a clear economic upturn. The increased confidence in overcoming the pandemic and in a swift recovery of activity has been reflected in a process of restocking throughout the supply chain, which has been severely depleted worldwide and in all sectors. We are also seeing strong activity in all the sectors that use our consumer goods-related materials and, barely a month ago, the improvement expanded to the project sector, related to capital goods, which, if sustained, would be a clear sign of the beginning of the expected recovery.

Our first quarter production improved by 9% compared to the same period last year and the order backlog at 31 March was 80% and 41% higher than at the same date in 2020 and 2019, respectively, which guarantees that we will maintain full activity also during the second quarter in all our factories around the world and in all markets. All in all, we have every reason to be optimistic for 2021, remaining confident that there will be no severe downturn in health conditions.

I would like to end by saying that 2020 has been a very intense year, but one that has left us with the satisfaction of having been able to weather a difficult storm, while at the same time strengthening ourselves to improve our future competitiveness and continue contributing value to society. Of course, this demonstration of good expertise, in such adverse circumstances, has been possible thanks to the effort, commitment and team spirit of all those who work at the Group.

I can say in all honesty that I feel privileged to work at this great company where, year after year and in the most difficult circumstances, the full involvement of all those who work, who live every day with passion for and dedication to the good of Acerinox above all else, is demonstrated.

I would like to take the occasion of our 50th Anniversary to thank all those who, at some point in the past or in the present, have contributed to the creation and development of Acerinox, a company to which I have had the honour of belonging for 31 years now.

Finally, I would like to end by expressing my gratitude for the trust you, our shareholders, place in us, which motivates us and encourages us to work harder and better, as we are aware of the responsibility that you delegate to us. I would also like to thank the Board of Directors for its support, and our suppliers, customers, banks and friends for the treatment they give us, which makes our growth possible.

Of course, and this year more than ever, I would like to show my gratitude to Acerinox's great human team and to my closest collaborators who in such special situations have shown exceptional loyalty, courage and skill and who have taught me how to overcome difficulties through effort and dedication. I have no doubt that with them by our side we will continue to improve and we will continue to be a benchmark in the international stainless steel and high performance alloy sectors, as well as in the Spanish industry.

Thank you very much.

Bernardo Velázquez

Chief Executive Officer

April 2021