

ACERINOX 2019 GENERAL SHAREHOLDERS' MEETING (22 October 2020)

Dear Shareholders,

I am pleased to be able to address you for another year on the occasion of the General Shareholders' Meeting.

As I have already mentioned, we are holding the 2019 General Shareholders' Meeting today instead of on 22 April as planned, and we are holding the Meeting remotely for the first time, as a result of the special circumstances we were experiencing on the scheduled date, and are still experiencing as a result of the COVID 19 pandemic.

COVID 19

I feel I must begin this presentation by mentioning the devastating effects that the pandemic is having on the world, from both a personal and a business point of view, and at a national and international level, putting everything at risk, from our health to the economic stability of people, companies and states, profoundly altering our customs and way of life. The human tragedy we are suffering is unparalleled to any other experience that our generation has had to live, and, therefore, from all of us at Acerinox, we would like to show our solidarity with all those who have been affected by these terrible circumstances, and we would like to thank all those in our society who are on the front line of the battle for their sacrifice and all their work.

We are now aware that this health crisis and the strict lockdown and economic activity hiatus measures that had to be implemented, are leading to a major economic crisis with incalculable consequences for the global economy, for the economies of regions in which we operate, and for the Spanish economy.

Markets, many sectors and the world's stock markets have been affected and are anticipating a very deep recession despite announcements of multi-million dollar stimulus programmes and despite the aid deployed by multilateral agencies, governments and central banks. Moreover, there is great uncertainty on how the recovery will evolve in the coming years and when we will reach a pre-pandemic situation again. What is clear is that very difficult times await us and we must prepare ourselves.

Aware of the above, I would like to inform you that at Acerinox we are prepared for this very difficult situation. We reacted from the outset by taking the necessary measures in all our work environments and prioritising the health and safety of all our employees above any other criteria. We also created a COVID Monitoring Committee which established rigorous internal protocols that must be followed. Fortunately, as a result of these actions, we can now conclude that our actions

have been successful, as shown by the small incidence of coronavirus in our workplaces.

Considering that our responsibility goes beyond ourselves, we have committed ourselves to alleviating the difficulties of the surroundings, regions and countries in which we are present, helping and providing solutions to the societies in which we are integrated.

Secondly, with regard to the business, we have taken care of a key element in these circumstances, which is the "cash" of the company, its liquidity, since by taking care of this variable we control fundamental elements of the business, such as sales, costs, working capital, etc. We have focused on minimising the impact of this crisis on our business, trying to maintain a healthy liquidity position that allows us to withstand extreme scenarios that might hypothetically arise.

Thirdly, we have preserved the unity, dedication and collaboration within the company, with extraordinary dedication from everyone, aware that it is in these difficult times that organisations show their worth.

For this reason I would like to thank the Board, Senior Management and all employees for their efforts over these months. I think I can say without exaggerating or "being complacent" that we have seen exemplary behaviour from everyone in very difficult circumstances, which shows our ability as a company to move forward in the future.

50th ANNIVERSARY

All of this has coincided with a very special anniversary for Acerinox, the 50th anniversary since the incorporation of our company, which took place on 30 September.

Circumstances have prevented us from celebrating this anniversary as we would have liked, but I would like to take this opportunity to thank, on behalf of the Board and on my own behalf, all those, of whom there are many, who have helped to build this great company over the years. Thank you.

2019 RESULTS

Let me now briefly report on the 2019 financial year, on which the Chief Executive Officer will expand later.

2019 occurred in a very complicated macroeconomic setting. The global economy was already showing signs of a slowdown before the gradual standstill caused by coronavirus. In this complex environment, Acerinox recognised a turnover of €4,754 million, the second highest achieved in the last decade, and Adjusted EBITDA of €402 million, which includes the €38 million relating to the provision for the layoffs in the Acerinox Europa factory. Worthy of note is the strong cash flow generation totalling €359 million, which enabled a payment for investments in fixed assets amounting to €128 million, a reduction of debt to €495

million, an 18-year low, and an increase of 44% in shareholder remuneration through dividends and the share buyback programme, allocating €184 million thereto.

These are commendable results given the complicated environment in which they were achieved, with geopolitical tensions in many of our key markets such as Brexit in Europe, growing global protectionism in the context of the US-China relations, and European Union trade defence and safeguarding measures (some of which have been recently announced against Taiwan, China and Indonesia), as well as the excess of supply in the Asian market, with very negative effects on prices.

Cash flow projections were made at year-end using very conservative criteria on the recovery of prices in the Asian and European markets, and impairments were made in Bahru, on the goodwill generated from the acquisition of Columbus in 2002, and on the Group's parent's tax credits, totalling €227 million. All these extraordinary and non-recurring impairments, which did not give rise to any cash outflows, together with the amount of the layoffs in Acerinox Europa, led to a net loss of €59.5 million.

Despite the aforementioned, Acerinox demonstrated its strength as the most global company in the sector thanks to its financial solidity, positive cash flow generation and its leadership in the American market.

FIRST HALF OF 2020 RESULTS

Before the end of this month, we will publish the third quarter results, which will be in line with the published outlooks, but for well-known reasons, today we must refer briefly to the known and published results for the first half of 2020.

In the first half of 2020, Acerinox obtained results that could be described as positive and particularly noteworthy because it was recognised despite the fall in prices and the reduced activity resulting from COVID 19. I would like to emphasise our swift reaction to the crisis which resulted in efficient management of fixed and variable costs, particularly in the stainless steel division, and the launch of the integration process of VDM, despite the difficulties of the situation. The good progress of NAS in the US was crucial in obtaining these results.

The effects of the pandemic were significant in the second quarter, with the temporary closure of some of our factories as a consequence of the sanitary measures adopted by different governments which, together with the drop in demand, prompted a 26% decrease in melting shop production compared to the first quarter. Considering the entire first half of the year, the decrease in steel production compared to the first half of 2019 was 13%. This could be a good measure of the pandemic's effect on Acerinox over the first 6 months of 2020.

Thanks to the incorporation of VDM and to the aforementioned efficient management through the significant cost reductions undertaken, the Group's turnover in the first half of the year was only 5% lower than that of the same period

in 2019, and adjusted EBITDA was €179 million, just 4% less than that of the same period in 2019. Profit after taxes and minority interests totalled €2 million following an impairment of €43 million of Bahru assets.

Operating cash flow (before investments) totalled €75 million, the Group's net financial debt was €872 million, an increase of just €377 million despite €398 million for the purchase and incorporation of VDM's debt.

I would like to highlight the company's liquidity position, which at 30 June totalled €1,734 million and today totals €1,689 million.

VDM METALS

In the first half of the year, we tackled one of the most important strategic operations of the company's history with the purchase and integration of VDM, and thus converting us in global leaders in the high performance alloys market. We announced our offer to the authorities in November 2019, however the purchase of VDM became effective on 17 March 2020.

The company, valued at EUR 532 million, is being incorporated into the Group as its new high performance alloys division, enabling Acerinox to access sectors with greater value added and offering the Group an opportunity to grow in areas such as gas and oil, chemical process industry, electronics, automotive and aerospace. Following detailed analysis, the synergies initially identified, €14 million, were increased to €22 million, without ruling out new areas of improvement, and we continue to work on locating other new areas, enabling us to be very optimistic about this great project once the circumstances in the market are back to normal. At this point, VDM will enable Acerinox to increase its value by approximately 20%, complementing our traditional activity and shaping a much more solid multinational company.

EVOLUTION OF SHARES

2019 was a very positive year for global equities, but it should be noted that in the final months of 2019 the stock markets were hit hard.

Our shares performed unevenly throughout the year, ending the year with a 16% revaluation compared to 12% for the Ibex 35. The market received very positively the publication of the third quarter results and the acquisition of the German company, VDM.

So far this year, 2020, Acerinox, as with the IBEX 35 and the rest of our competitors, have been suffering from the uncertainties generated by coronavirus.

On 21 October Acerinox's stock price performed very much in line with that of the IBEX 35 index, with a fall of approximately 28% compared to the beginning of the year.

However, our shares are some of the most recommended of the IBEX; of the 21 analysts that follow us on an ongoing basis, 77% recommend buying and 23% recommend holding, with no recommendation to sell. The average target price is at €9.6/share, which gives us a 33.7% revaluation potential.

COPORATE GOVERNANCE

The Board of Directors believes that the company's corporate governance is a fundamental element for its management, and aims that it be recognised in the markets for its excellence. The Board is comprised of professionals who have a great deal of experience in industry, finance, the public sector, information technology and universities, as is evidenced from the competence matrix drawn up during this year.

The Company has made a commitment to have 30% women on the Board, and if the proposals we will be voting on today are approved, we will achieve that commitment.

In 2019 the number of meetings held by the Board of Directors and the different committees increased to 35. Additionally, the Board holds a session every quarter to develop monographs on strategic issues.

Committees' activity

In 2019, the Executive Committee met on seven occasions, focussing its activity on the most strategic areas of the company and on making critical decisions to shape criterion that can subsequently be assessed by the Board of Directors.

The Audit Committee has introduced its own regulation, revised as an appendix to our Regulations of the Board of Directors.

The Appointments, Remuneration and Corporate Governance Committee also carried out the same process in 2019, and both committees followed the guidelines set out in the technical guides of the Spanish National Securities Market Commission.

I would like to announce that in its meeting held today, the Board resolved to create a new Committee, the Sustainability Committee, which will be responsible, together with Senior Management, for managing Acerinox's ambitious Sustainability Plan

Resolutions we are submitting to the General Shareholders' Meeting

I will now inform you of the resolutions that we will vote on at this General Shareholders' Meeting. In addition to the usual matters, such as the approval of the results (of both the Group and the Parent) and the approval of the Consolidated Statement of Non-Financial Information (which I recommend you read to gain an insight into the efforts being made by the Group in Sustainability), I would like to highlight three important points:

The resolutions on the adaptation of the Articles of Association and the Regulation for the General Meeting of Shareholders to the current climate.

The resolutions on the payment of the dividend and the new appointments on the Board.

With regard to the dividend, you know better than anyone else that this is a traditional commitment of the company with which it has complied punctually since 1986 and on which the Board of Directors proposes to remunerate with €0.40 as a dividend and €0.10 as a share premium refund. This dividend represents a 7% dividend yield. The dividend will be paid on 2 and 3 December if the proposal is approved by you today.

With regard to the planned changes to the Board of Directors, the Board proposes the appointment of Ms Leticia Iglesias Herraiz and Mr Francisco Javier García Sanz both as Independent Directors, two prominent individuals in the business world who will strengthen our Board.

In addition to the incorporation of these new directors, during the time that has elapsed since our last General Shareholders' Meeting, the following directors have resigned: Mr Qhena from IDC and Mr Hattori and Mr Ikeda from NSSC, Proprietary Directors, and also today, Mr Braulio Medel Cámara, Independent Director, as his mandate expires and he cannot be re-elected for statutory reasons.

We would like to thank them all for their work and continuous dedication to our Company over so many years.

STRATEGY FOR THE FUTURE

I would like to finish with some thoughts on the future.

The fundamental characteristic of the difficult times in which we live is uncertainty and, along with that, the speed with which changes take place. It is true that the crisis, the origin of which lies in the spread of the COVID 19 pandemic, is a crisis of global dimensions and has affected everyone in one way or another, but it is also true that the responses thereto have influenced the depth of its impact by country and region.

This crisis has changed models and paradigms of our economic systems that we thought were unchangeable, it has questioned the production model based on global supply chains, based only on cheap labour and, for us, it has placed value on the weight held by industry in the economic structures of countries. In short, it has turned "upside down" a lengthy set of variables that we believed were deeply rooted and would never change.

The forecasts made by international organisations demonstrate that the crisis during 2020 is not impacting in the same way on the different regions and countries where we operate and what is more significant, that the expected recovery is also uneven. Acerinox is a global company and, therefore, taking this into account and having the capacity to know how to take advantage of this circumstance, is of paramount importance for development in the short term and also in the future.

We have a long-term strategy that is based on solid principles, and we are obliged to provide it constantly with a large dose of flexibility and capacity in order to react to the different scenarios that arise.

Our strategy is based on four large pillars:

- A sound balance sheet and financial structure that favours an efficient allocation of capital.
- Continuous improvement of our competitive position through the pursuit of excellence in our operations, developing the digital transformation of our businesses and cost reduction programmes.
- Reinforcement of the value added to our products and of the offer to our customers, with the utilisation of our presence in VDM and the capacity of new developments of our products.
- Acerinox's commitment to sustainability in its broadest sense is at the forefront of our strategy. A good example of this is the reinforcement we have made with the creation at Senior management level of a Sustainability management team and the creation within the Board of the aforementioned Sustainability Committee, which will govern our Sustainability Plan.

The pillars of this Strategy will leverage our current strengths, such as:

- Our geographical diversification, which enables us to minimise the risks.
- Our position as leader in the US, a country with a more flexible economic and industrial structure that gives us the capacity to react.
- The proven flexibility in costs that should be optimised.
- Our new position in the markets with VDM.

- And the healthy financial structure with a significant liquidity position, which is currently key.

But we are also determined that it helps us to correct weaknesses, some of which are linked to our inefficient presence in certain markets.

For all this, we have our recently reinforced Senior Management team with the addition of new people, and the creation of the new General Operations Management Team.

We are convinced that adequate management of our strategy and the values of our company will allow us to successfully face the changing scenarios that appear on the horizon, overcoming this difficult crisis that we are experiencing, coming out the other side even stronger, and building the future with the success that we all aspire towards.

On behalf of the Council and myself, I would like to end, as always, by thanking the 8,331 individuals who make up our company today for their efforts and permanent commitment, which is the best guarantee for our future. We would also like to offer a special thanks to the Senior Management team led so effectively by our Chief Executive Officer.

And allow me to mention especially the 1,913 individuals from VDM who join us for the first time this year. I am certain that they will integrate and imbue into our culture and that we too will have the opportunity to learn from their culture.

I would also like to thank the Board of Directors, which governs, controls and directs the Company's strategy, for defending the best social interests of our company.

And of course to all of you, our shareholders, for your ongoing support and the trust you place in us.

Thank you,
Rafael Miranda
Chairman