



**SPEECH
MR. RAFAEL MIRANDA**

CHAIRMAN

GENERAL SHAREHOLDERS MEETING

10th June 2014

GENERAL MEETING OF SHAREHOLDERS 2014 REPORT BY THE CHIEF EXECUTIVE

Dearest Stockholders:

Thank you very much to all of you for joining us on a day which is important to the life of our Company, as we hold our AGM.

I have the honour of addressing you for the first time since the Board of Directors appointed me as President on April 23rd.

I want my first words were to remember and praise accordingly the figure of Rafael Naranjo, former Chairman of the Company and President of Honour of the same, who sadly died recently. I want to say that I do so on my own behalf, but above all, on behalf of the Board of Directors, the Management and all the staff of the Company, because in the short time I've been in the presidency I have seen the affection and admiration that he professed all.

Rafael Naranjo spent his entire career at Acerinox until retirement. He has been a key figure in the history of our company and for that reason his memory will always remain with us.

In this meeting we come to discuss the fiscal year 2013, a year which has not been easy, we have to qualify it as complex, but in view of the evolution of the economic situation it seems that we can consider it as the year in which we have bottomed out and, therefore, the end of this long crisis that has affected us from the beginning of 2008.

As you all know, Acerinox is a Spanish multinational operating from its beginnings in the global market and, as a result, is bound to remain very attentive to the world economic situation and the set of variables that affect our business, such as the evolution of raw materials, mainly nickel, the international trade conditions, the factors affecting competitive position and of course the performance of the competition.

Evolution of the economies of relevance

The world economy has registered in 2013 an increase of 3.0%, the worst figure for the past three years, with a significant slowdown since 2011, when growth was 4%. This was due to the slowdown of the Chinese economy, 7.7% growth of GDP, coupled with a weak performance in emerging countries, the negative growth in the European Monetary Union, -0.4% and a fall in U.S. growth from 2.8% in 2012 to 1.9% in 2013.

The Spanish economy had an uneven performance throughout the year, with a very weak start of the year and with a clear improvement from the beginning of the third quarter, ending the year with a fall in GDP of 1.2%, improving on 2012 behavior, in which the drop was 1.6%.

Data for the third and fourth quarters of 2013 +0.1% And +0.2% and the behaviour of our economy in the first quarter of 2014, an increase of 0.4%, showing that the long recession has bottomed out and a recovery process starts, slow but steady.

No doubt that the policies implemented by the Government, with consequent reforms, are beginning to bear fruit and that there are many signs that testify to this: the fall of the risk premium, the growth of foreign investment, financing Companies looking like they are slowly being reborn, the behaviour of the stock market and much more. Were it not for the fact that unemployment remains at critical levels, despite the improvements occurring every day, we could say that the crisis is over and that our country can begin to see the future with greater confidence and enthusiasm.

And that's what drives us to encourage the Government to continue with the reforms, reducing neither the pace nor speed because although the road is long and arduous, the rewards of achieving a more flexible and competitive economy amply remunerate the great efforts and sacrifices that we have all had to make.

The world economy grew in the first quarter of 2014 at a rate of 3.2%, confirming the slight improvement that began at the end of 2013.

The World Economic Outlook expectation is that the global economy can grow in 2014 in the vicinity of 3.7% and may reach 3.9% in 2015, and this mainly driven by the recovery in advanced economies despite certain fragility that may be occurring in emerging economies.

In this context, the forecasts for the economies of the markets that are relevant to us are:

- ▶ That the U.S. economy could grow at around 2.5% to 3% in 2014, improving on first-quarter growth severely affected by poor weather conditions in the country. A similar figure could be expected for 2015.
- ▶ The Chinese economy has slowed in the first quarter of 2014, an increase of 7.4%, and with forecasts for the year of 7.2% and 7.0% for 2015.
- ▶ Asian economies, excluding China, could grow at rates of 3.5% in 2014 and 3.9% in 2015, improving on the figure of 3.3% in 2013.
- ▶ The forecast for the European Monetary Union would be a growth of 1.1% in 2014 and 1.9% in 2015, with Germany growing at around 2% in both years and Spain in the band of 1.1% to 1.5% in 2014 and 1.9% in 2015.

In conclusion, as can be seen from the data reported, we have had a difficult 2013 that has gone from the worst to show signs of improvement in developed economies and a clear slowdown in emerging countries especially in Asia.

And with the prospects, ratified by the results of the first quarter of 2014, the manufacturing PMI indexes in Europe, USA and Spain, of a continued global recovery and positive future expectations based on developed economies, including ours, although hampered by the behaviour of emerging economies, most notably China. That is to say, with positive expectations for the medium term, unless unexpected events affect the markets.

Major variables of the Fiscal Year

The year 2013 has been one of the most difficult years in the history of the stainless steel industry.

There are a number of reasons for this statement and the CEO will explain this in great detail in his Report.

Despite the set of negative factors affecting our industry, the consolidated Acerinox group obtained positive results during the year 2013.

- ▶ EBITDA improved by 15.5% reaching a total of 228 million EUR.
- ▶ The operating income (EBIT) improved by 84.9% amounting to 88 million EUR.
- ▶ Net profit after tax and minority interests amounted to 22 million EUR significantly improving on 18 million EUR loss for the year 2012.

This significant improvement on the previous year has been made possible by the extraordinary efforts by the management of the Company, despite the very difficult circumstances during this period.

First Quarter 2014

The results of the first quarter of 2014 confirm the trend change produced in the markets in the second half of 2013 and consolidate the improved performance of our company which started in the past year.

EBITDA improved 30% compared to the same period last year, reaching the figure of 89 million EUR.

Net income increased by 64%, reaching 25 million EUR, the results for the whole previous year.

Lessons from the crisis

Since there is a general consensus that we may have already left the crisis, I think it may be useful to provide some reflections on some lessons for all of us - Businessmen, politicians, regulators, etc. -, on this adverse and almost endless situation with relevance to our industry and our company.

Among many aspects I could mention there are some which I would like to highlight:

- Companies that have had a structure and prudent financial management have been able to operate much better than those who have not during in these difficult times.

Fortunately, our shareholders, Acerinox has always made prudent financial decisions and today, at the first quarter of 2014, net financial debt amounted to 760 million EUR, representing a movement of 48.4%, with reasonable structure and perfectly acceptable maturities and with an average cost of debt of 3.61%.

- The second lesson that I would emphasize is that the organisations and Governments that design policies have to take into account the factors affecting the competitiveness of companies, which are vital to their success.

That is very important to have efficient and competitive energy systems, which are essential for a strong industry like ours to compete in the global economy.

So, we must remind the new European Commission and the European governments to take this into consideration when designing European energy policies, after its reflection last year on energy costs in Europe.

If, as the Commission stated, energy costs in Europe are 50% higher than the U.S. and 30% more expensive than China, European industry will find it very difficult to compete in global markets.

I should also tell you that the more flexibility we introduce in our industrial relations systems, the better we will be able to compete and probably more jobs will be generated.

Regulations affecting the area, industry sector or whatever, must have adequate visibility, predictability and balance so as not to penalize our industry on our expertise in other areas of the world.

In this sense we are currently a company who bill outside of Spain over 94% of our total sales, we could not be free traders on a worldwide level, but of course that does not mean to call the attention of the European authorities to the effect that they might consider implementing certain restrictions for goods from countries where the same conditions that we face when we compete are not met.

Finally, let me emphasize that we've also learned that those countries or regions where the industry has more weight relative to their economy, have better defended against the crisis and jobs are more stable.

And so we applaud the initiatives taken by the European Commission and the Spanish Government, to implement programs and policies to strengthen the industrial base, increasing for example in the case of Spain from 13% to 20% industry share of GDP.

I want to make clear that we are particularly committed and willing to work in all programs intended to strengthen our steel industry and particularly stainless steel.

Corporate bodies

I would now like to refer to some aspects that relate to the institutions of the Company, due to the importance that they are beginning to have on the markets and I have no doubt that you too are interested in this.

Corporate Governance

I refer firstly to the corporate governance of our Company. I want to say that in this respect it is Acerinox policy to follow and comply with the most demanding practices, codes and guidelines established. In this sense, look on our website where you will find the Annual Corporate Governance Report for the year 2013, where all matters concerning this issue are detailed with full transparency.

In this report I would like to highlight the following:

- ▶ In 2013 the Board of Directors held seven meetings and the Executive Committee five, which means twelve meetings between the two governing bodies or one per month, which proves the sustained attention of the Council members who are fully engaged in the performance of the Company.
- ▶ The Audit Committee, chaired by an independent Director José Ramón Guerediaga, who as you know has proven financial experience, met nine times, complying rigorously with the wide range of powers assigned to them in the economic and financial field and supervision, as well as the role of monitoring the effectiveness of internal controls within the Company and the risk management systems, including risk management over financial reporting, holding throughout the year many meetings which were necessary with the External Auditors as well as with the Corporate Internal Audit Service.

- The Appointments and Remuneration Committee, chaired by independent director Mr Manuel Conthe, with proven experience in the world of corporate governance of companies, met four times, completing with full satisfaction all tasks assigned to it, including an assessment of the functioning of the Board of Directors, making recommendations to improve the operation of the same, as well as for optimising compliance and recommendations on corporate governance of our Company.

Corporate Social Responsibility

We assure you that Acerinox is socially responsible, or if you prefer, put another way, it is a company that has a serious and rigorous policy of Corporate Social Responsibility.

And this is because it voluntarily integrates social and environmental concerns in their business operations and in relation to all activities it takes part in.

This philosophy or political action literally coincides with the definition that the Green Paper of the European Union gives for Corporate Social Responsibility.

In short, our policy in this sense means to not only comply with current legislation, but also to go beyond strict compliance with legal requirements.

It also means adding to all the economic concerns for the management of our company, our commitment to the development of the companies in which we operate and respect for the environment. This will help to ensure viability in the long term so that we can strengthen the roots and legitimacy of our Company in the territories in which we operate.

That is to say we try to do more with less, creating more wealth with less resources. To do more for more people, helping the societies in which we operate to be successful and make things better, so in reality improving the welfare of people and their environment.

In the Sustainability Report included with the annual reports, you can see, along with other interesting information, the Acerinox policies regarding respect for Human Rights, relating to the Prevention of Corruption and Ethical and Transparent Behaviour, as well as the formal agreement with the fiscal authorities regarding the absence of tax and customs privileges, along with all the contributions our company makes to general welfare.

Also very important are all the initiatives which deal with the social performance of our company, such as integration programmes for staff with disabilities. By way of an example, in the Campo de Gibraltar factory there are 105 people serving with disabilities, from a total of approximately 2,000 employees, it is also worth mentioning support programs in the same area that are implemented through support of education or the Social Commission created where workers own efforts come together with those of the Company itself.

Also highlight our Society programs in the U.S. NAS, dedicated to education, the project of Carrollton High Schools or Health, as well as the important contribution of our employees through volunteering. All this contributed to the NAS receiving the award for Impact of Trade on the Community in recognition for their efforts in improving the quality of life of the "Carrollton Country" community.

Also of note are programmes for the integration of disadvantaged groups in our factory in Columbus, South Africa.

Three main areas deserve to be mentioned in this report, areas which are crucial to Acerinox, relative to the Environment, Safety and Industrial Hygiene and R&D and Innovation.

Environment

In Acerinox care for the environment is a concern at all levels of the Company, and therefore we have defined a policy of action called ZET (Zero Emissions Target) which encourages all units to continuously reduce all emissions.

There are many projects related to the environment which have been launched during 2013, allowing significant recognition by institutions of the various countries in which we operate, as well as many others internationally.

- ▶ The Global Reporting Initiative has given us level A, i.e. the highest possible mark.
- ▶ We have participated once again in the "Carbon Disclosure Project" report and in the overall evaluation method promoted by Eurofer's "Life Cycle Inventory".
- ▶ This year our EMS Environmental Management System based on ISO 14001 has become a key tool for our actions in this field.

This has led to recognition of our actions by a variety of institutions such as:

- ▶ The award from the World Steel Association for our actions in the fight against climate change.
- ▶ The award given by the ISSF (International Stainless Steel Forum) for work performed in the recycling of steel slag.
- ▶ Another year for NAS of "Kentucky Excellence in Environmental Leadership."

The policy of the usage of water, although scarce, the continuous monitoring of the main sources of emission from factories in connection with the Competent Authorities and our procedures and technologies for re-using waste, i.e.

recycled materials, as well as the resources we dedicate to the natural surroundings of our manufacturing centres around the world, complete a way of operating that I would describe as excellent within this important area of the environment.

The satisfaction that comes from recognition is found in many different fields, to the point of being able to consider ourselves the most excellent company in the environmental aspect amongst other stainless steel producers in the world, we will not relent in a matter of such vital importance.

Safety and Industrial Hygiene

As is a general rule in many other industries, the Board of Directors of the Company follow with particular attention the policy of Industrial Hygiene and Safety for all our work centres, faithful to the policy of the Corporate Social Responsibility statement we have globally.

Fortunately, and thanks to the monitoring by all Group units of that policy, indicators that measure the levels of efficiency in this sector have been steadily improving in recent years, placing us amongst the best in the steel sector.

R&D and Innovation

In Acerinox we are convinced that research, development and technological innovation are key to successfully competing in an environment like the present, open, global and extremely competitive.

We have a product, stainless steel, which has two important vectors of development.

The first is to symbolise the idea of sustainability and recyclability that the planet requires from a material, and the second is it being associated with uses that work to improve quality of life and development.

So our R&D and Innovation is fully integrated into our daily work, because we act in this area when we develop new applications for stainless steel, or when defining new features for specific applications, when we develop and improve processes, improve the efficiency of these processes or devise new procedures.

In addition to the above we participate in a variety of national and international projects and research agreements with other companies, technology centres and universities in all the countries in which we operate.

Acerinox fortunately can claim exclusive ownership of unique technologies.

Stock activity

I will now turn to an issue of particular relevance to shareholders of Acerinox, the behaviour of our stock on the Exchange during the year 2013 and so far this year.

Since the beginning of 2013 until yesterday the activity has had an uneven performance, trading at a minimum of € 6.9 per share on 24 June 2013, and peaking at € 13.35 per share on 13 May 2014. Last Friday 6 closed at € 12.92 per share, which is about equal to the beginning of year 2013, a gain of "54.8%", a figure that compares very favourably with movements experienced on the IBEX 35 in the same period which has been 35.5. This evolution of our action is a recognition by the market of the much better conditions in which it our business operates and above all, the positive assessment made of the efforts by management of the Company.

Today, taking into consideration the recommendation of the analysts who follow the value regularly, there are 10 recommendations to purchase, 3 to hold and 5 to sell.

At the end of last period, the IBEX Technical Advisory Committee, decided to exclude Acerinox shares from the IBEX 35. Today, and in the light of market developments so far in 2014, we believe that we have met the requirements sufficiently for a reasonable period and in any case with some immediacy can be re-listed on the selective index of IBEX 35.

Agreements submitted to Shareholders

I will now outline in some detail those most important agreements submitted today for approval at this Meeting.

In addition to the usual issues, today the following are submitted for approval:

► Flexible dividend

Following the pattern begun in the past year, we submit for your approval the implementation for the year 2013 of a flexible dividend, through a capital increase against voluntary reserves, through the issue of new ordinary shares with a nominal value of 0.25 cents per share, of the same class and series as those currently in circulation.

In fiscal year 2012 the percentage of shareholders who opted for payment in shares was 56.61%, and although it is impossible to predict the evolution of future action, we should remember that in the financial year of 2012, shareholders who chose to obtain new shares with rights of free allocation, obtained a revaluation of 26.7%, considering the rate at

end of the first day that these shares were traded on the continuous market and the last change in 2013.

The return obtained by shareholders who had sold their rights to the Corporation meant a profitability of 4.7% in respect to the closing exchange for Acerinox shares in 2013.

► **Re-election of Directors**

The other agreement worth noting is the re-election of directors at the proposal of the Board of Directors and the report of the Nomination and Compensation Committee.

Having fulfilled the statutory term for which appointed and being able to be re-appointed, the re-election of director Mr Bernardo Velázquez Herreros, to be appointed as executive director, is sought.

Of Mr. Santos Martínez-Conde Gutiérrez -Barquin, to be re-elected as Non-Executive Director.

Of Mr. Mvuleni Geoffrey Ohena, also as Non-Executive Director.

There is also a request to appoint as Director for a term of four years Mr. Javier Fernández Alonso, also to be appointed as Non-Executive Director.

With this appointment, we cover the vacancy left by the resignation of Mr. Luis Gayoso Lobón, Non-Executive Director, who was director of our Company from October 2009, who on behalf of the Board of Directors we pass on our appreciation for the dedication, commitment and positive contributions throughout his mandate.

We also submit for ratification the interim appointment of Ms. Rosa Maria Garcia, who would be appointed Non-Executive Independent.

As well as the interim appointment of myself, Rafael Miranda Robredo, who would also be appointed Non-Executive Independent.

From all the above appointments you have complete information on the Board documentation.

Acerinox, a Company with future

I will conclude this, my first speech before you, with a reflection on our company.

I have no doubt that Acerinox has been strengthened by this long crisis through which we have lived. And it has strengthened because the management of the Company has been busy doing the necessary throughout. Successive efficiency plans that have been implemented over the years have managed to design a more efficient and competitive company than at the beginning of the crisis.

Today we are a Spanish multinational company with factories on four continents, with a commercial network with a presence in 36 countries on 5 continents and selling products in 84 countries.

Now that the concept of "Brand Spain" is so fashionable, I think it will be very difficult to find an example of such an international company like ours and also for such a long time.

We know we have a company with an enviable competitive position, our strategic plan has led us to position ourselves in areas of the world where a safe improvement of development in these locations shall entail an increase in consumption of our product.

A company with proprietary technology, where innovation and creativity are the foundations.

We have a sound financial structure which allows us to face the future without fear.

We have a company with a strong culture based on fundamental values such as austerity, the recognition of job well done, which values talent, with a streamlined structure and a flexible organization with committed staff who are proud to belong.

Values and principles all undoubtedly positive, but where it also seems important to recognise there is also a high degree of auto demand and especially some complacency. I am convinced and sure that Acerinox will not fall in any way victim to destructive complacency.

And I say all this because we know that we still have the capacity to improve and gradually the global economic cycle will help us, we just have some structural problems such as overcapacity, which is being resolved, and few of the industrial policies of the geographical areas in which we operate are reasonable, our ambition is to repeat and if possible improve on the results our company had in the past.

This is the company that we have, that you have, our shareholders, that has been configured over the years and is now ready for the future, which will continue to produce daily, whilst taking care to respond to the challenges of this cyclical, highly competitive but deeply attractive business.

None of this would have been possible without effective and brilliant management like that of our Company, without the effort and support of each and every one of the workers, but above all without the trust and continued support of you, Acerinox shareholders.

Please know that being the last to arrive, I am proud to humbly contribute to the growth of our company and am fully committed to this.

Thank you very much

Rafael Miranda
Chairman