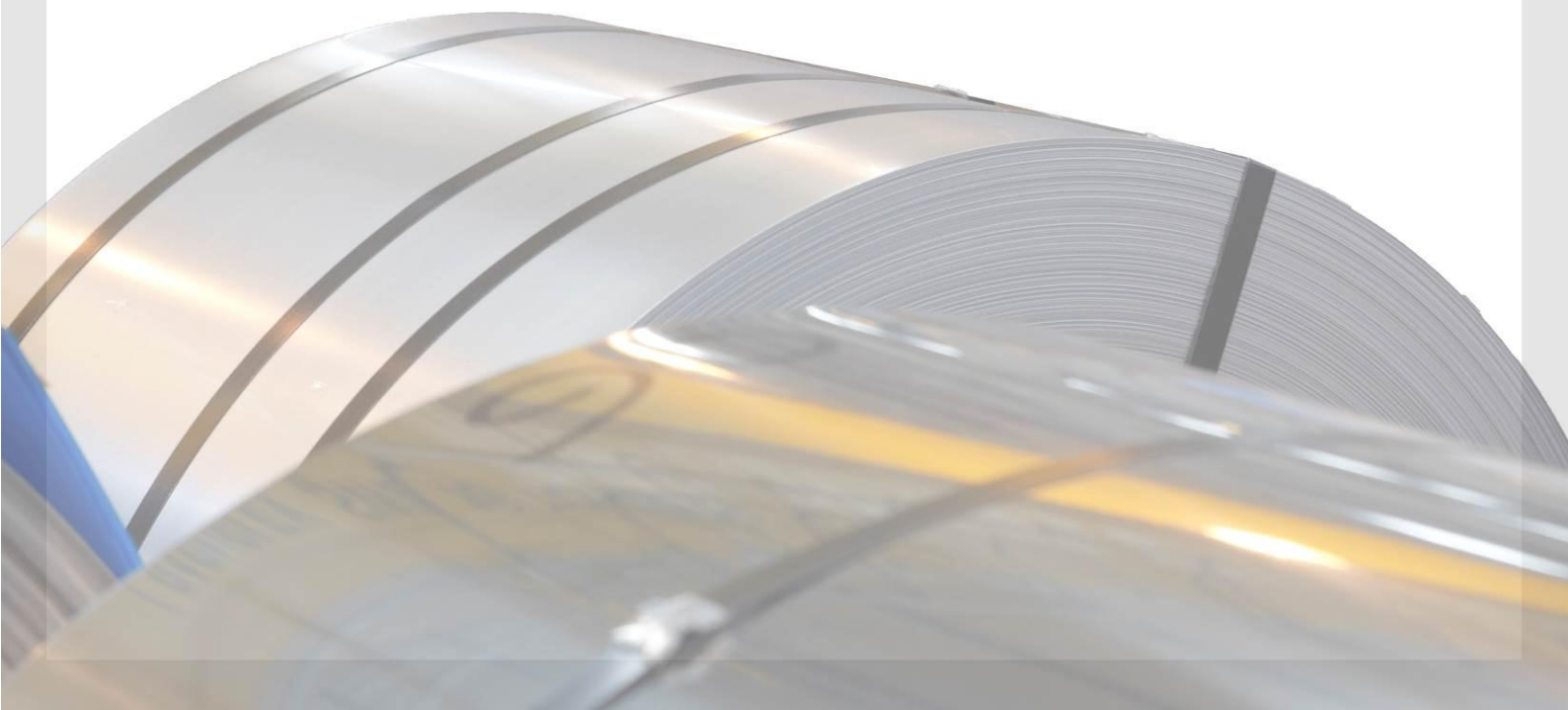




**PRESS RELEASE** | 31<sup>st</sup> October 2013

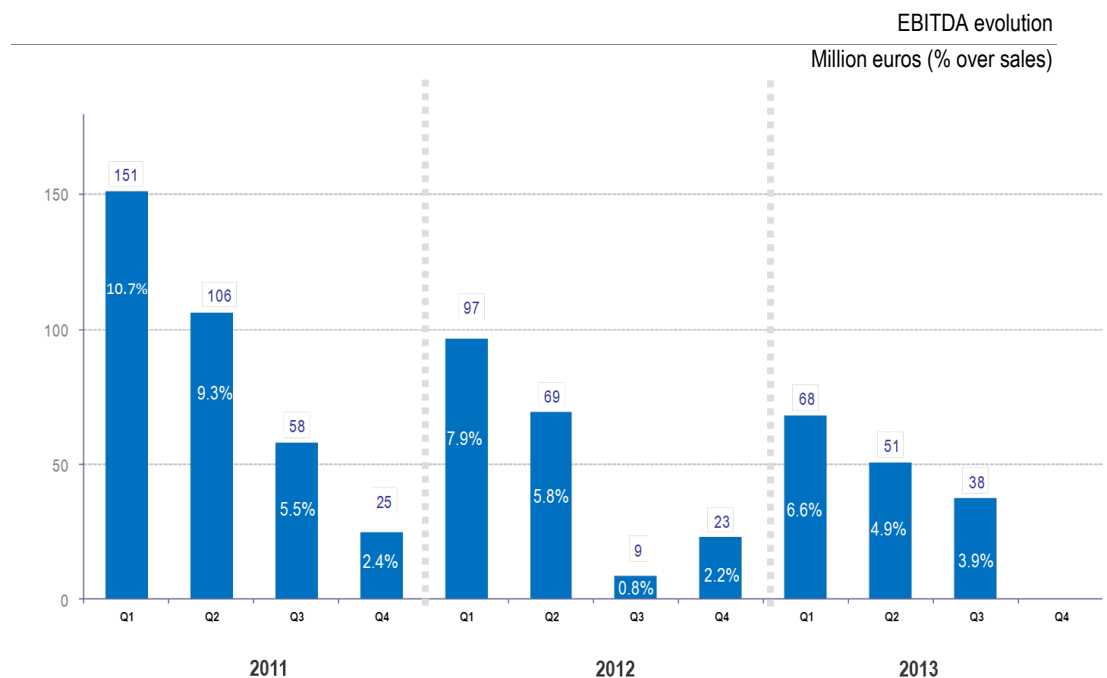
Results as of 30<sup>th</sup> September 2013

**ACERINOX**



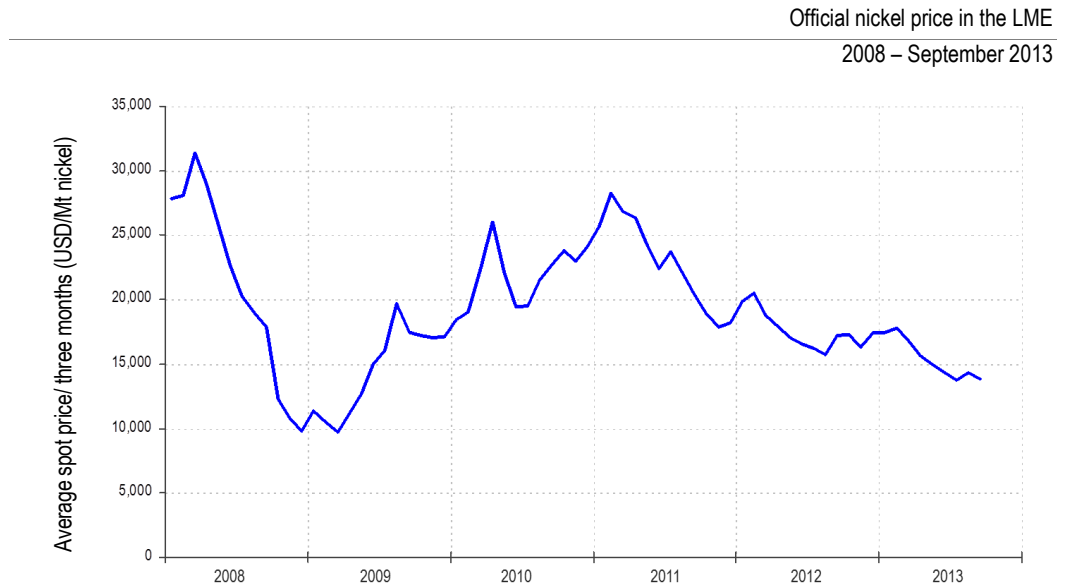
## Third Quarter Results 2013

- The EBITDA generated in the third Quarter, 37.6 million euros, is three times higher than that of the third Quarter of 2012
- Acerinox achieves positive results after taxes and minorities in the first nine months of the year of 7.3 million euros and EBITDA of 156.7 million euros
- July marked a turning point in the results, which are improving progressively
- Working capital has been reduced by 457 million euros with regard to September 2012, highlighting the strong decrease in inventories
- Net financial debt at September 30th amounts to 840 million euros, 253 million euros lower than that of same period last year
- During the period, the investments to update the equipment in the factory of Acerinox Europa (Campo de Gibraltar, Spain) have been carried out successfully
- In the first nine months of the Excellence Plan III 2013-2014, 60% of the goals of the period have been achieved
- The improvement in consumption and slight increases in prices make us be cautiously optimistic



## Stainless Steel Market

Stainless steel production in 2013 continues to increase. According to data published by the ISSF on October 8th, world production was 18.6 million tons during the first six months of the year, 4.6% higher than that of same period previous year, which represents a new half-year record. This increase is mainly due to the fact that China grew by 15.1%, reaching 8.8 million tons, which represents 48% of the world production.



Nickel prices continued their downward trend of the last three years. On July 9th, nickel reached a new yearly low at 13,202 USD/Mt. but has subsequently stabilized and improved during the last few weeks of October.

## Europe

The flat product apparent consumption in Europe during the first nine months of the year has increased by 1.1% in relation to the same period previous year, mainly supported by the exports of capital goods. Southern European countries have reached the bottom and Spain (+0.2%) and Italy (+0.5%) are improving slightly, while countries such as Poland (+11.0%) and United Kingdom (+7.6%) are the ones that support the growth.

Higher activity in September together with low levels of inventories have allowed slight price increases between 30 and 40 €/Mt.

## North America

The North American market has been growing up to September, according to our estimates, by 4%, mainly aided by a strong automotive sector and consumer goods.

Prices in North American have increased since August 80 USD/Mt., and a similar increase is negotiating.

Stainless Steel sheet prices: cold-rolled 2mm AISI 304

2008 - September 2013



Source: Metal Bulletin

## Asia

The Asian market continues at a good pace of consumption growth, led by the Chinese market.

Overcapacity in China and weakness in raw material prices have resulted in prices remaining at very low levels, as it is shown in the above graph.

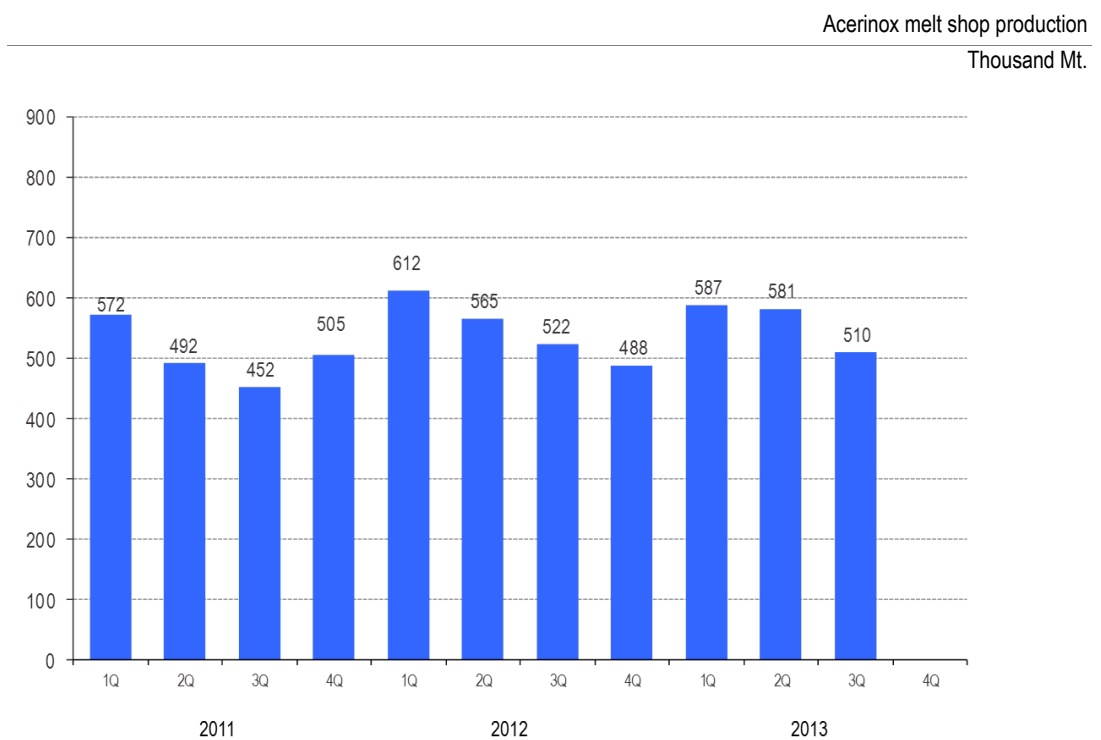
## Productions

Group's melt shop production for the third Quarter, 510 thousand tons, has been affected by planned maintenance outages and new equipment installations in Spain.

In June, the Acerinox Europa's hot rolling mill was closed down for 21 days for modernisation works. The key development during this shutdown was the replacement of the main roller engines with state-of-the-art models that will improve competitiveness and energy efficiency.

During July, the melt shop was also modernized (AOD vessel and fume exhaust and treat system), being necessary a three weeks outage. Likewise, in August, all electronic controls of Skin Pass Mill No. 1 were updated.

The start-up of all installations has been completed successfully and they are working normally.



The accumulated melt shop output, 1,678,231 Mt, is 1.4% lower than that of the first nine months of the previous year. With these levels of production, the Group's capacity utilization has been over 80%.

Acerinox production

Thousand Mt.

	Thousand Mt	2013				Accumulated	2012
		1Q	2Q	3Q	4Q	Jan - Sept	
Melting shop		586.9	581.5	509.8		1,678.2	1,699.9
Hot rolling shop		514.8	484.8	464.5		1,464.2	1,487.3
Cold rolling shop		365.6	380.6	362.6		1,108.8	1,087.1
Long product (Hot rolling)		58.4	58.1	53.2		169.7	173.4

Cold rolled production up to September, 1,108,819 Mt, has increased by 2.0% in relation to the same period previous year.

## Results

Group's net sales in the first nine months of the year, 3,038 million euros, have decreased by 13.6%.

Condensed income statement

Million Euros

Million €	1º Q. 13	2º Q. 13	3º Q.13	January- September		
				2013	2012	Variation
<b>Net sales</b>	<b>1,035.41</b>	<b>1,036.11</b>	<b>966.82</b>	<b>3,038.35</b>	<b>3,518.06</b>	<b>-13.6%</b>
Gross margin	303.20	286.24	262.44	851.88	904.71	-5.8%
% over sales	29.3%	27.6%	27.1%	28.0%	25.7%	
Gross operating result / EBITDA	68.26	50.81	37.58	156.65	174.62	-10.3%
% over sales	6.6%	4.9%	3.9%	5.2%	5.0%	
<b>EBIT</b>	<b>35.34</b>	<b>15.70</b>	<b>3.15</b>	<b>54.19</b>	<b>61.90</b>	<b>-12.5%</b>
% over sales	3.4%	1.5%	0.3%	1.8%	1.8%	
Result before taxes	22.59	0.80	-12.61	10.79	13.80	-21.8%
<b>Result after taxes and minorities</b>	<b>15.31</b>	<b>0.80</b>	<b>-8.80</b>	<b>7.30</b>	<b>8.68</b>	<b>-15.9%</b>
Depreciation	33.23	33.88	33.96	101.07	111.52	-9.4%
Net cash flow	48.54	34.68	25.16	108.37	120.19	-9.8%

Acerinox has obtained a negative result in the third Quarter of 8.8 million euros, having adjusted inventories to their net realizable value by an amount of 17.5 million euros. We believe that July marked a turning point in the results, which are improving progressively.

The EBITDA generated is three times than that of the third Quarter of the previous year, with very similar activity levels and lower prices, which shows the success of the improvement plans carried out. Result after taxes and minorities in the first nine months of the year has been 7.3 million euros.

## Condensed balance sheet

Million Euros

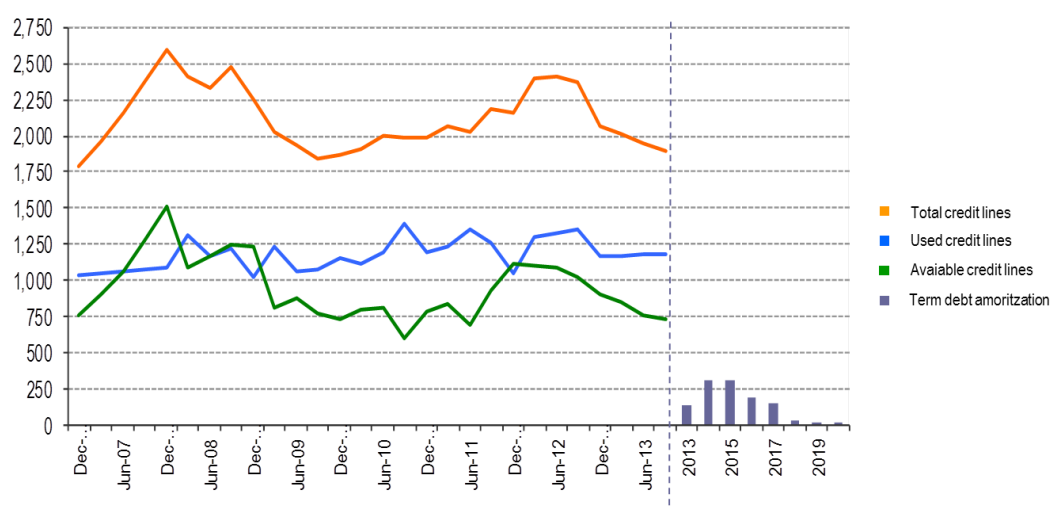
ASSETS					LIABILITIES				
Million €	Sep 13	2012	Sep 12	Variation	Million €	Sep 13	2012	Sep 12	Variation
<b>Non-current assets</b>	<b>2,272.59</b>	<b>2,308.17</b>	<b>2,321.16</b>	<b>-1.5%</b>	<b>Equity</b>	<b>1,619.51</b>	<b>1,713.01</b>	<b>1,830.82</b>	<b>-5.5%</b>
<b>Current assets</b>	<b>1,675.86</b>	<b>1,907.46</b>	<b>1,926.87</b>	<b>-12.1%</b>	<b>Non-current liabilities</b>	<b>1,115.34</b>	<b>1,178.12</b>	<b>1,287.18</b>	<b>-5.3%</b>
- Inventories	835.67	870.48	1,063.99	-4.0%	- Interest-bearing loans and borrowings	862.26	895.40	993.27	-3.7%
- Debtors	480.92	428.70	593.09	12.2%	- Other non-current liabilities	253.09	282.72	293.90	-10.5%
Trade debtors	443.16	386.26	548.24	14.7%	<b>Current liabilities</b>	<b>1,213.60</b>	<b>1,324.50</b>	<b>1,130.03</b>	<b>-8.4%</b>
Other debtors	37.76	42.44	44.85	-11.0%	- Interest-bearing loans and borrowings	311.77	268.81	356.43	16.0%
- Cash and other current asset	359.27	608.28	269.79	-40.9%	- Trade creditors	683.30	827.76	559.44	-17.5%
					- Other current liabilities	218.53	227.93	214.16	-4.1%
<b>TOTAL ASSETS</b>	<b>3,948.45</b>	<b>4,215.63</b>	<b>4,248.03</b>	<b>-6.3%</b>	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,948.45</b>	<b>4,215.63</b>	<b>4,248.03</b>	<b>-6.3%</b>

We continue to focus on the goal of keeping the minimum level of inventories, which reached the lowest point of the last few years on September 30<sup>th</sup>.

Net financial debt amounts to 840 million euros, after having made payments in fixed assets of 150 million euros and reimbursements to the shareholders for 47 million euros, up to September.

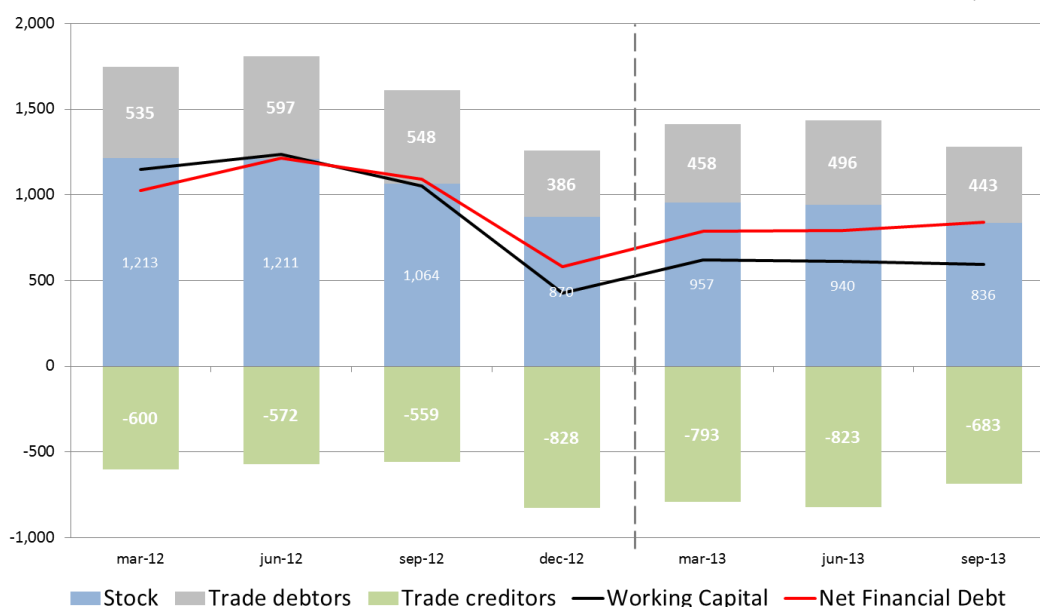
## Credit lines and debt amortization

Million Euros



Acerinox maintains credit lines in force for an amount of 1,900 million euros, of which 38% is available.

Working capital  
Million Euros (2012-2013)



We expect a positive cash flow generation in the fourth Quarter which will result in a reduction of the net financial debt.

## Condensed cash flow statement

Million Euros

	Jan - Sep 2013	Jan - Dec 2012	Jan - Sep 2012
<b>Result before taxes</b>	<b>10.8</b>	<b>-18.8</b>	<b>13.8</b>
<b>Adjustments for:</b>	<b>153.6</b>	<b>217.6</b>	<b>178.0</b>
<i>Depreciation and amortisation</i>	101.1	148.0	111.5
<i>Changes in provisions and impairments</i>	19.8	4.2	16.6
<i>Other adjustments in the result</i>	32.7	65.5	49.9
<b>Changes in working capital</b>	<b>-139.9</b>	<b>470.1</b>	<b>-107.0</b>
<i>Changes in operating working capital</i>	-166.6	530.5	-93.3
· <i>Inventories</i>	34.8	248.9	55.4
· <i>Trade debtors</i>	-56.9	90.7	-71.3
· <i>Trade creditors</i>	-144.5	190.8	-77.5
<i>Others</i>	26.7	-60.4	-13.7
<b>Other cash-flow from operating activities</b>	<b>-93.5</b>	<b>-103.5</b>	<b>-84.1</b>
<i>Income tax</i>	-55.0	-41.4	-43.4
<i>Financial expenses</i>	-38.5	-62.2	-40.7
<b>NET CASH-FLOW FROM OPERATING ACTIVITIES</b>	<b>-69.0</b>	<b>565.5</b>	<b>0.7</b>
<b>Payments for investments on fixed assets</b>	<b>-150.0</b>	<b>-150.5</b>	<b>-108.0</b>
<b>Others</b>	<b>-0.5</b>	<b>-0.2</b>	<b>-0.2</b>
<b>NET CASH-FLOW FROM INVESTING ACTIVITIES</b>	<b>-150.5</b>	<b>-150.7</b>	<b>-108.1</b>
<b>NET CASH-FLOW GENERATED</b>	<b>-219.4</b>	<b>414.7</b>	<b>-107.5</b>
<b>Acquisition of treasury shares</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Dividends paid to shareholders and minorities</b>	<b>-46.8</b>	<b>-112.2</b>	<b>-87.3</b>
<b>Changes in net debt</b>	<b>23.0</b>	<b>116.7</b>	<b>282.0</b>
<i>Changes in bank debt</i>	9.8	113.0	298.5
<i>Conversion differences</i>	13.1	3.7	-16.5
<b>Attributable to minority interests</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Others</b>	<b>0.0</b>	<b>0.7</b>	<b>0.1</b>
<b>NET CASH-FLOW FROM FINANCING ACTIVITIES</b>	<b>-23.9</b>	<b>5.2</b>	<b>194.8</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>-243.3</b>	<b>420.0</b>	<b>87.3</b>
<b>Opening cash and cash equivalents</b>	<b>582.7</b>	<b>164.6</b>	<b>164.6</b>
<b>Effect of the exchange rate fluctuations on cash held</b>	<b>-5.8</b>	<b>-1.9</b>	<b>4.3</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>333.6</b>	<b>582.7</b>	<b>256.3</b>



## **Bahru Stainless**

The start-up continues successfully, highlighted by the quality of the equipment and the product obtained. Currently, our priorities are focusing on commercial expansion in Asia and sales of high value added products.

## **Excellence Plan III 2013-2014**

In the first nine months of the Excellence Plan III 2013-2014, 60% of the goals have been achieved, representing an annual recurrent costs saving of 36 million euros.

## **Board of Directors**

The Board of Directors, in its meeting held yesterday, at the proposal of the Appointments and Remunerations Committee has decided to appoint Mrs. Rosa María García as Director of Acerinox, as an independent board member.

Mrs. Rosa María García is at present CEO of Siemens, S.A. and Director of Bolsas y Mercados Españoles. She has developed her professional career in multinational companies and has a wide experience in the industrial sector, so it is certainly a great contribution.

The Board of Directors Meeting was held at the Campo de Gibraltar Factory. The board members visited the facilities which since its creation have remained at the cutting edge of technology.

## **Outlook**

The success in lowering the break-even point and the progress made by the Excellence Plan, have placed the Group in a good position to benefit from any improvement in the economic situation, which makes us modestly optimistic.

## Main financial indicators

CONSOLIDATED GROUP	Year 2013				2012	
	Q1	Q2	Q3	Q4	Accumulated Jan-Sep	
Production (Mt.)						
Melting shop	586,933	581,477	509,821		<b>1,678,231</b>	1,699,863
Hot rolling shop	514,843	484,818	464,519		<b>1,464,179</b>	1,487,298
Cold rolling shop	365,581	380,622	362,613		<b>1,108,817</b>	1,087,095
Long product (hot rolling)	58,416	58,125	53,169		<b>169,710</b>	173,417
Net sales (million €)	1,035.41	1,036.11	967		<b>3,038.35</b>	3,518.06
Gross operating result / EBITDA (million €)	68.26	50.81	37.58		<b>156.65</b>	174.62
% over sales	6.6%	4.9%	3.9%		<b>5.2%</b>	5.0%
EBIT (million €)	35.34	15.70	3.15		<b>54.19</b>	61.90
% over sales	3.4%	1.5%	0.3%		<b>1.8%</b>	1.8%
Result before taxes and minorities (million €)	22.59	0.80	-12.61		<b>10.79</b>	13.80
Result after taxes and minorities (million €)	15.31	0.80	-8.80		<b>7.30</b>	8.68
Depreciation (million €)	33.23	33.88	33.96		<b>101.07</b>	111.52
Net cash flow (million €)	48.54	34.68	25.16		<b>108.37</b>	120.19
Number of employees	7,205	7,178	7,086		<b>7,086</b>	7,285
Net financial debt (million €)	789.05	794.21	840.46		<b>840.46</b>	1,093.41
Debt to equity (%)	45.2%	47.8%	51.9%		<b>51.9%</b>	59.7%
Number of shares (million)	249.30	249.30	257.15		<b>257.15</b>	249.30
Return to shareholders (per share)	--	--	0.43		<b>0.43</b>	0.35
Return to shareholders (million €)	--	--	46.83		<b>46.83</b>	87.26
Daily average shares traded (n° of shares, million)	0.85	1.06	1.01		<b>0.97</b>	0.83
Result after taxes and minorities per share	0.06	0.00	-0.03		<b>0.03</b>	0.03
Net cash flow per share	0.19	0.14	0.10		<b>0.42</b>	0.48