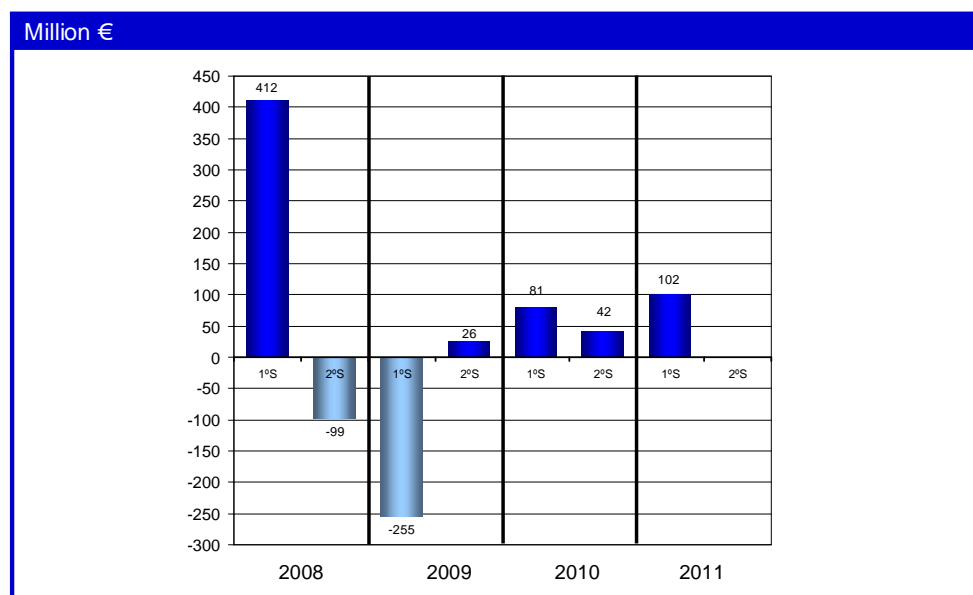




## Results 1<sup>st</sup> Half 2011

- Acerinox Group reports results after taxes and minorities of 102 million euros in the first half of the year, the best results since the beginning of the crisis (1<sup>st</sup> half 2008) .
- This result improves by 25.5% the figure achieved in 2010 like period.
- In the recent months demand has been affected by the new crisis outbreak in the euro zone and the decrease of the raw materials prices.
- An adjustment of inventories to net realizable value has been made for an amount of 32 million euros to match their value to the current raw material costs, with an impact of 23.5 million euros in the results of the period
- We expect a market recovery in September which will lead to improved results for the fourth quarter.

### RESULTS AFTER TAXES AND MINORITIES. ACERINOX GROUP



## Raw Materials

The nickel quotations in the London Metal Exchange have followed other stock exchanges, featuring an upward trend starting at the beginning of the year but following with an abrupt correction since March.

### OFFICIAL NICKEL PRICE IN THE L.M.E.

(Years 2010 – 30 June 2011)



The alloy surcharge in the European market reached its highest point in March at 2,013 euros, and from then it has been reducing at an average of 100 euros a month. In the North American market, the alloy surcharge impact has been similar, with a month gap due to the different formula for the alloy surcharge calculation.

## Markets

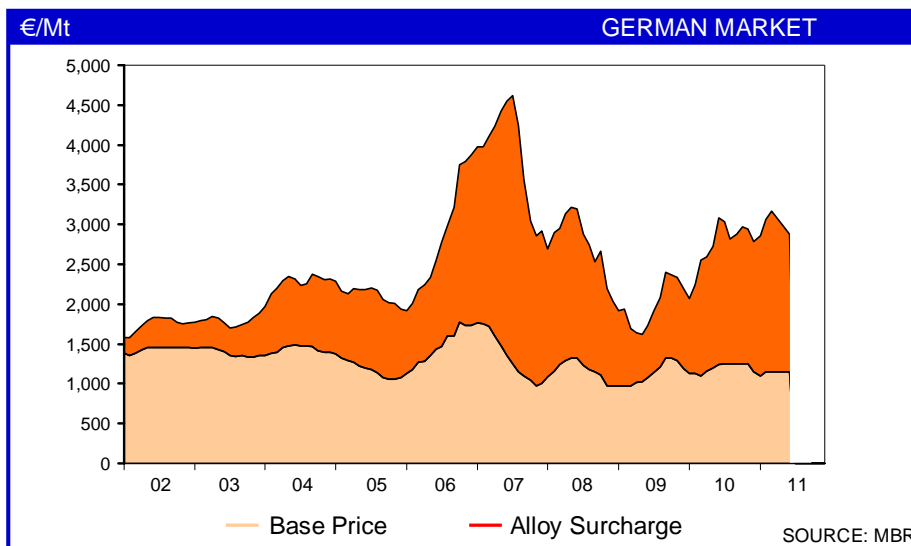
In the first quarter the stainless steel market reflected the improvement of the general economic situation with a recovery of demand in all the areas. The macro-economic uncertainties from March have affected stainless steel demand in the second quarter, particularly in the European market.

- Europe

The sovereign debt crisis, the resulting uncertainties and the impact in the listed markets, among them the LME, have affected demand and the level of orders has decreased since May.

This has led the Campo de Gibraltar Factory to take a temporary labour adjustment plan, which was approved on the 8th July 2011.

STAINLESS STEEL COLD ROLLED SHEET PRICES  
AISI. 304 2.0 mm (2002 – June 2011)

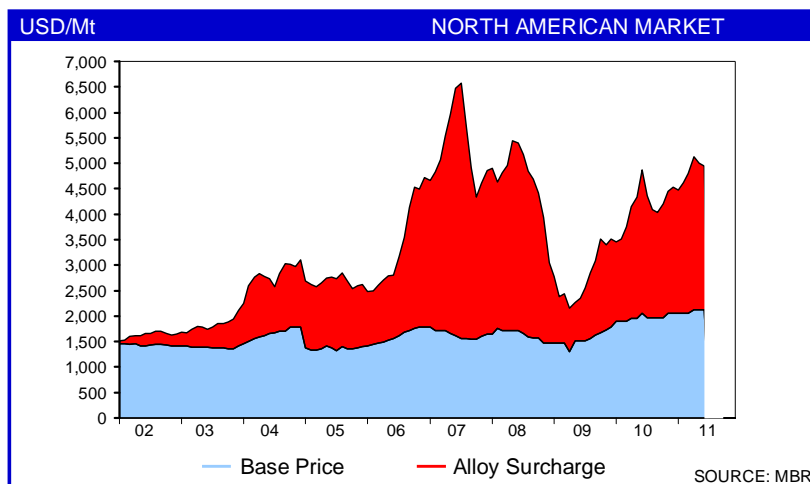


- America

The North American market has had better behaviour, which has allowed base price increases in the second quarter.

In June the entry of orders has weakened. Nevertheless, the low level of inventories in the North American Market, make us expect a recovery for the third quarter.

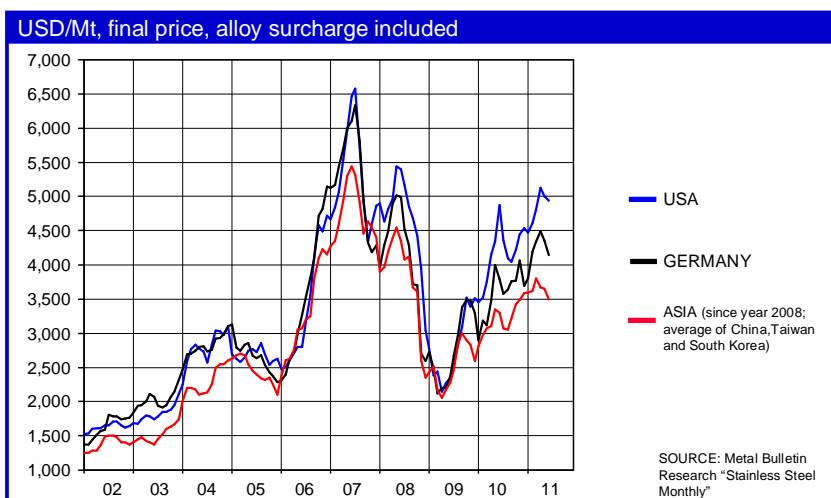
STAINLESS STEEL COLD ROLLED SHEET PRICES  
AISI. 304 2.0 mm (2002 – June 2011)



- Asia

The Asian market keeps a steady growth although the nickel price weakness and the strong competition in the markets have not allowed price rises in the first half of the year.

STAINLESS STEEL COLD ROLLED SHEET PRICES  
AISI. 304 2.0 mm (2002 – June 2011)



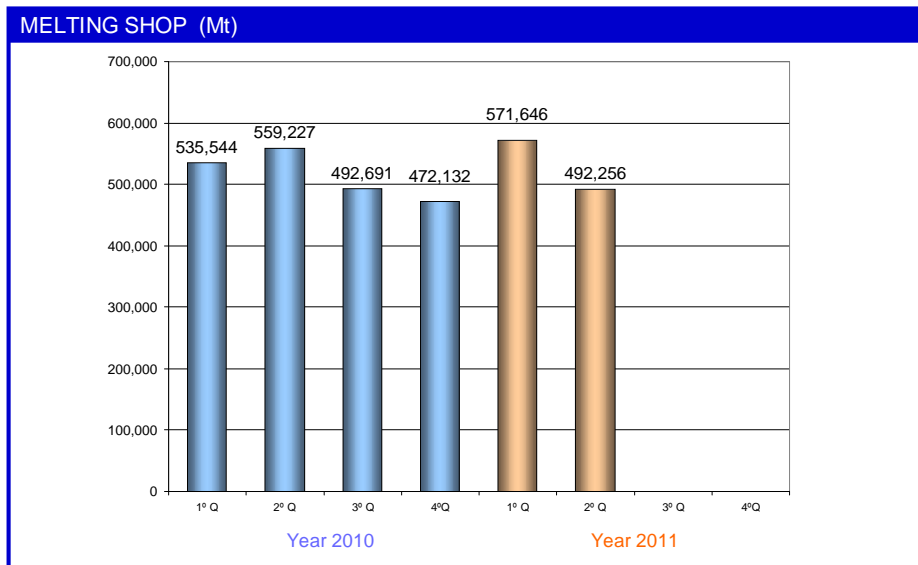
## Productions

Thousand Mt	2011				Accumulated	2010 Jan - Jun
	1Q	2Q	3Q	4Q		
<b>Melting shop</b>	571.6	492.3			1,063.9	1,094.8
<b>Hot rolling shop</b>	502.3	435.9			938.2	951.4
<b>Cold rolling shop</b>	346.2	308.1			654.2	686.2
<b>Long product (Hot rolling)</b>	51.2	52.1			103.2	105.1

The correction of demand during May and June, as mentioned above, has made us reduce production to meet the market needs.

The melting production in the first half of the year, 1,064 thousand Mt, is 2.8% lower than the output of 2010 like period, which make the reported results even more positive and proves the new levels of competitiveness achieved thanks to the Excellence Plan.

### EVOLUTION OF ACERINOX GROUP PRODUCTIONS

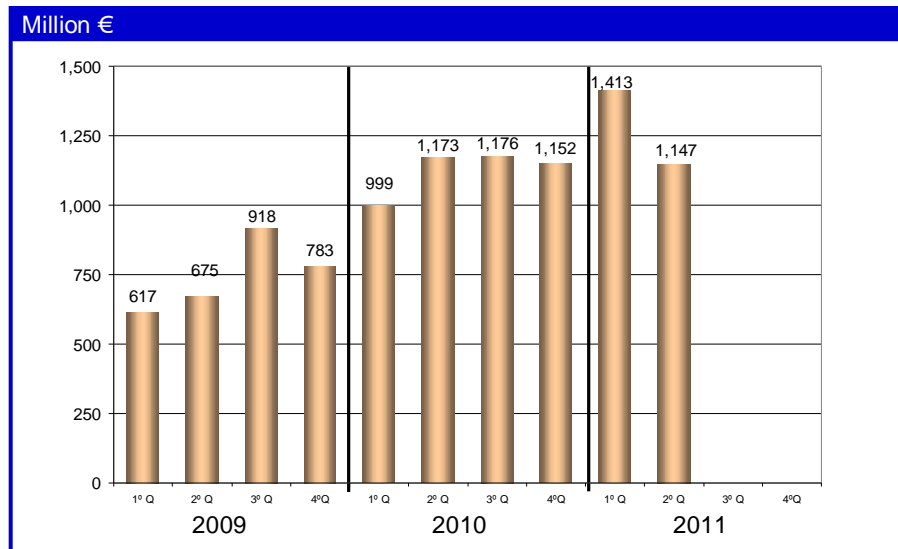


## Results

The interim financial statements for the first half of 2011 have been prepared according to the IAS 34 and reviewed by the external auditors.

The Group net sales in the first half of the year, 2,560 million euros, is 17.9% higher than in 2010 like period.

### EVOLUTION OF ACERINOX GROUP NET SALES



The EBITDA of the year, 257 million euros, improves by 21.1% the figure of the first half of 2010.

The correction of the alloy surcharge has led the Group to carry out an adjustment of inventories to net realizable value for an amount of 32 million euros, with an impact of 23.5 million euros in the results of the period.

Once the above mentioned adjustments were made, results before taxes amount to 157 million euros, improving by 31.1% the figure achieved in the same period of the previous year.

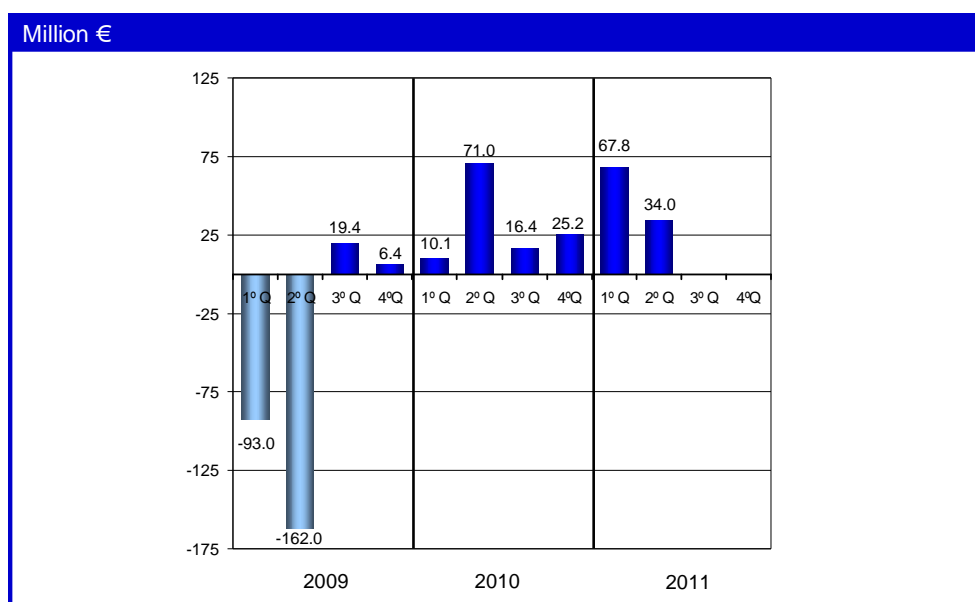
Results after taxes and minorities for this period total 102 million euros, which is 25.5% higher than the figure of 2010 like period.

## Condensed profit & loss account. Acerinox Consolidated Group

Million €			January-June		
	1º Q. 11	2º Q. 11	2011	2010	Variation
<b>Net sales</b>	<b>1,413.35</b>	<b>1,147.13</b>	<b>2,560.48</b>	<b>2,172.18</b>	<b>17.9%</b>
Gross margin	388.81	329.84	718.65	645.18	11.4%
% over sales	27.5%	28.8%	28.1%	29.7%	
Gross operating result / EBITDA	151.21	106.18	257.39	212.52	21.1%
% over sales	10.7%	9.3%	10.1%	9.8%	
<b>EBIT</b>	<b>114.09</b>	<b>69.81</b>	<b>183.91</b>	<b>138.10</b>	<b>33.2%</b>
% over sales	8.1%	6.1%	7.2%	6.4%	
Result before taxes	102.51	54.13	156.64	119.52	31.1%
<b>Result after taxes and minorities</b>	<b>67.81</b>	<b>33.99</b>	<b>101.79</b>	<b>81.11</b>	<b>25.5%</b>
Depreciation	37.36	35.93	73.28	73.28	0.0%
Net cash flow	105.16	69.91	175.08	154.39	13.4%

The following graph shows the unique position of Acerinox Group in the sector, able to register consecutive profits in the last eight quarters.

### RESULTS AFTER TAXES AND MINORITIES. ACERINOX GROUP



The geographical diversification of our production plants and our international presence allow us to match production output to the evolution of each market, reducing our exposure to the troubles and overcapacities of a specific market.

#### GEOGRAPHICAL DISTRIBUTION OF ACERINOX GROUP NET SALES

June 2011

	June 2011	Year 2010
AFRICA	6.1%	5.9%
AMERICAS	44.5%	44.4%
ASIA	9.1%	9.1%
EUROPE (*)	39.7%	40.3%
OCEANIA	0.6%	0.3%
TOTAL	100.0%	100.0%

(\*) Spain accounts for 9.8% of the total



## **Condensed balance sheet. Acerinox Consolidated Group**

### ASSETS

Million €	Jun 11	2010	Variation
<b>Non-current assets</b>	<b>2,118.72</b>	<b>2,235.57</b>	<b>-5.2%</b>
<b>Current assets</b>	<b>1,996.37</b>	<b>2,004.79</b>	<b>-0.4%</b>
- Inventories	1,341.67	1,336.66	0.4%
- Debtors	576.77	534.96	7.8%
<i>Trade debtors</i>	535.51	494.44	8.3%
<i>Other debtors</i>	41.26	40.52	1.8%
- Cash and other current assets	77.93	133.17	-41.5%
<b>TOTAL ASSETS</b>	<b>4,115.08</b>	<b>4,240.36</b>	<b>-3.0%</b>

### LIABILITIES

Million €	Jun 11	2010	Variation
<b>Equity</b>	<b>1,800.51</b>	<b>1,923.74</b>	<b>-6.4%</b>
<b>Non-current liabilities</b>	<b>1,042.94</b>	<b>992.19</b>	<b>5.1%</b>
- Interest-bearing loans and borrowings	789.86	724.74	9.0%
- Other non-current liabilities	253.08	267.45	-5.4%
<b>Current liabilities</b>	<b>1,271.63</b>	<b>1,324.43</b>	<b>-4.0%</b>
- Interest-bearing loans and borrowings	557.04	472.39	17.9%
- Trade creditors	453.98	603.76	-24.8%
- Other current liabilities	260.61	248.27	5.0%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,115.08</b>	<b>4,240.36</b>	<b>-3.0%</b>

The total investments disbursed of this half year amounts to 91.2 million euros, mainly for the construction of the new plant in Malaysia.

CONDENSED CASH-FLOW STATEMENT  
CONSOLIDATED GROUP

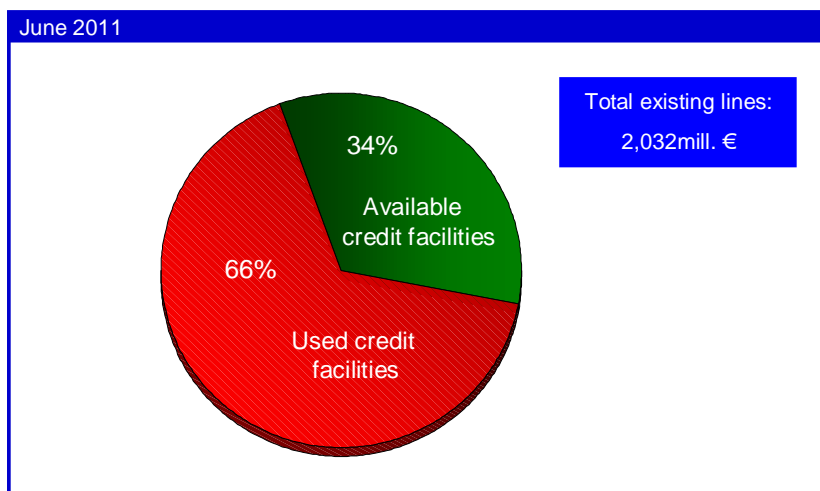
Million euros

	Jan - Jun 2011	Jan-Dec 2010	Jan-Jun 10
<b>Result before taxes</b>	<b>156.6</b>	<b>192.5</b>	<b>119.5</b>
<b>Adjustments for:</b>	<b>119.1</b>	<b>205.5</b>	<b>115.9</b>
<i>Depreciation and amortisation</i>	73.3	147.8	73.3
<i>Changes in provisions and impairments</i>	21.8	1.0	13.7
<i>Other adjustments in the result</i>	24.0	56.7	29.0
<b>Changes in working capital</b>	<b>-309.0</b>	<b>33.3</b>	<b>-148.2</b>
<i>Changes in operating working capital (1)</i>	-195.9	-74.9	-270.1
<i>Others</i>	-113.1	108.2	121.8
<b>Other cash-flow from operating activities</b>	<b>-62.2</b>	<b>-75.9</b>	<b>10.1</b>
<i>Income tax</i>	-34.9	-26.2	29.2
<i>Financial expenses</i>	-27.3	-49.7	-19.1
<b>NET CASH-FLOW FROM OPERATING ACTIVITIES</b>	<b>-95.5</b>	<b>355.5</b>	<b>97.4</b>
<b>Payments for investments on fixed assets</b>	<b>-91.2</b>	<b>-223.2</b>	<b>-111.8</b>
<b>Others</b>	<b>-1.2</b>	<b>-11.0</b>	<b>-6.3</b>
<b>NET CASH-FLOW FROM INVESTING ACTIVITIES</b>	<b>-92.5</b>	<b>-234.2</b>	<b>-118.0</b>
<b>NET CASH-FLOW GENERATED</b>	<b>-188.0</b>	<b>121.3</b>	<b>-20.7</b>
<b>Acquisition of treasury shares</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Dividends payed to shareholders and minorities</b>	<b>-49.9</b>	<b>-112.2</b>	<b>0.0</b>
<b>Changes in net debt</b>	<b>179.4</b>	<b>11.5</b>	<b>8.6</b>
<i>Changes in bank debt</i>	149.8	49.3	46.2
<i>Conversion differences</i>	29.6	-37.8	-37.6
<b>Attributable to minority interests</b>	<b>11.6</b>	<b>11.7</b>	<b>0.0</b>
<b>Others</b>	<b>0.2</b>	<b>0.4</b>	<b>0.2</b>
<b>NET CASH-FLOW FROM FINANCING ACTIVITIES</b>	<b>141.3</b>	<b>-88.6</b>	<b>8.8</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>-46.6</b>	<b>32.8</b>	<b>-11.9</b>
<b>Opening cash and cash equivalents</b>	<b>113.6</b>	<b>73.3</b>	<b>73.3</b>
<b>Effect of the exchange rate fluctuations on cash held</b>	<b>-6.2</b>	<b>7.5</b>	<b>11.6</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>60.8</b>	<b>113.6</b>	<b>72.9</b>

(1) Inventories + trade debtors - trade creditors

The Group working capital increased by 196 million euros, which has lead to an increase in the Group net financial debt as of 30th June to 1,286 million euros.

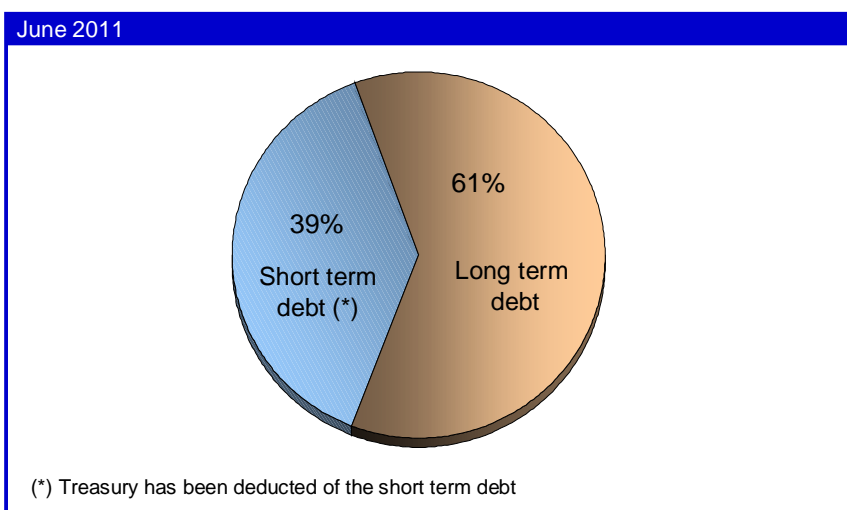
## CURRENT CREDIT LINES IN ACERINOX GROUP



Out of the total existing credit lines, 2,032 million euros, 34% is not being used and 61% are long term, this guarantees the availability of liquidity for the Acerinox Group in the near future, irrespective of the financial troubles that the markets may suffer

As of 30th June Acerinox Group complies with all the covenants agreed with the financing entities.

## DISCLOSURE OF THE SHORT AND LONG TERM DEBT WITH FINANCIAL INSTITUTIONS



## Management of the financial risk

In the first half of the year Acerinox Group has dealt with the same risks described in the approved annual accounts. The policies aimed to this management, also described in this report, have not changed.

The management of financial risks referred to the exchange rate, prices and credit is the same as that described in the annual accounts approved for 2010.

Concerning the liquidity risks, Acerinox Group has increased the financing lines to 2,032 million euros. The total debt as of 30<sup>th</sup> June amounts to 1,286 million euros.

In view of the international financial crisis, Acerinox Group has decided to increase its long term financing by 65 million euros (+9%), totalling at the end of June 790 million euros, out of which 400 million euros come due from 2014.

Regarding the interest rate risk, Acerinox Group has already covered all interest rates of the major part of its long term debt. A total of 490 million euros of the long term debt has been insured at an average cost lower than 4%.

## Refund to the shareholder

The General Shareholders Meeting held on the 9th June 2011 approved the refund of a complementary dividend on account to year 2010 of 0.15 euros per share paid on the 5th July. A refund on account of the issue premium of 0.10 euros per share was also approved, which will be effective on the 5<sup>th</sup> October.

The total return received by the shareholders in year 2011 will amount to 0.45 euros per share (112.2 million euros), the same as in year 2010.

<b>RETURN TO SHAREHOLDERS YEAR 2011</b>	<b>112,187,046 €</b>
* DIVIDENDS	87,256,591 €
* ISSUE PREMIUM REFUND	24,930,455 €

## **Investors' Day**

On the 8th November Acerinox will hold the Investors' Day in London, where the Group Senior Management will make relevant presentations.

## **Bahru Stainless (Malaysia)**

The construction works of Johor Bahru factory continue at a good pace. The first phase civil works are already completed, including the housing, bays, main auxiliary services, and the factory harbour is already under operation. The installation of the cold rolling mill is scheduled to be finished by September and the AP-1, annealing and pickling line, will start up in November.

## **Commercial Network: Open a subsidiary in Vietnam**

Acerinox Board of Directors meeting held today has resolved to open a subsidiary company in Vietnam to increase our presence in this country. This decision is part of the Strategic Plan development, which keystone is the construction of Malaysia factory.

## **Excellence Plan**

The Excellence Plan 2011-2012 approved last February with a goal to saving recurrent costs of 90 million euros, is being developed satisfactorily. As of 30<sup>th</sup> June 19% of the targets have been achieved.

## **Reorganization Project**

In view of the report from the independent experts, Acerinox, S.A Board of Directors has issued a report and has decided to summon an Extraordinary General Shareholders Meeting for the 29th September, to attain the reorganization of its European production and commercial activities.

The Extraordinary General Shareholders meeting will create a new society, called ACERINOX EUROPA S.A.U, which will comprise, among others, the production and service activities now located in Campo de Gibraltar, Gavá, Pinto, Betanzos and Vitoria, as well as the facilities where they are being carried out.

After this reorganisation, ACERINOX,S.A, will become the holding society of the rest of the Group company, strategically placed on four continents and will be focused on coordinating the worldwide activities.

## **Outlook**

The new outbreak of the financial crisis and the resulting uncertainties have affected the main stock exchanges and the value of the listed metals. The nickel correction has affected consumption and the order entry in the stainless steel industry, which has been burdened with the Summer season.

Despite the market conditions, Acerinox hopes to continue registering positive results in the third quarter, which will be the worst of the year, and we also hope a recovery to take place in the fourth quarter.

## Data by companies

<i>Thousand Mt</i>	MELTING PRODUCTION					
	1st Q. 11	2nd Q. 11	3rd Q. 11	4th Q. 11	Year 2011	% over 2010
Acerinox, S.A.	180.4	155.9			336.3	-12.5%
NAS	260.9	219.1			479.9	4.9%
Columbus	130.4	117.3			247.7	-2.1%
<b>Acerinox Group</b>	<b>571.6</b>	<b>492.3</b>			<b>1,063.9</b>	<b>-2.8%</b>

<i>Million €</i>	NET SALES					
	1st Q. 11	2nd Q. 11	3rd Q. 11	4th Q. 11	Year 2011	% over 2010
<b>Acerinox Group</b>	<b>1,413.3</b>	<b>1,147.1</b>			<b>2,560.5</b>	<b>17.9%</b>
Acerinox, S.A.	436.6	361.2			797.9	4.7%
NAS (million USD)	952.4	740.7			1,693.2	29.7%
Columbus	246.5	207.1			453.6	5.8%

<i>Million €</i>	PROFIT AFTER TAXES AND MINORITIES					
	1st Q. 11	2nd Q. 11	3rd Q. 11	4th Q. 11	Year 2011	% over 2010
<b>Acerinox Group</b>	<b>67.8</b>	<b>34.0</b>			<b>101.8</b>	<b>25.5%</b>
Acerinox, S.A.	15.5	-3.7			11.8	-75.3%
NAS (million USD)	68.2	61.2			129.3	63.1%
Columbus	-0.3	-3.1			-3.4	----

## Main economic-financial magnitudes

CONSOLIDATED GROUP	Year 2011				Accumulated	Year 2010
	1 <sup>st</sup> Q.	2 <sup>nd</sup> Q.	3 <sup>rd</sup> Q.	4 <sup>th</sup> Q.		Jan - Jun
Production (Mt.)						
- Melting shop	571,646	492,256			<b>1,063,902</b>	1,094,841
- Hot rolling shop	502,294	435,946			<b>938,240</b>	951,420
- Cold rolling shop	346,185	308,053			<b>654,238</b>	686,152
- Long product (hot rolling)	51,185	52,051			<b>103,236</b>	105,051
Net sales (million €)						
Group	1,413.35	1,147.13			<b>2,560.48</b>	2,172.18
- Acerinox, S.A.	436.62	361.24			<b>797.86</b>	761.73
- NAS (million USD)	952.42	740.73			<b>1,693.15</b>	1,305.71
- Columbus	246.47	207.13			<b>453.60</b>	428.73
Gross operating result / EBITDA (*) (million €)	151.21	106.18			<b>257.39</b>	233.15
- % over sales	10.7%	9.3%			<b>10.1%</b>	10.7%
EBIT (million €)	114.09	69.81			<b>183.91</b>	138.10
- % over sales	8.1%	6.1%			<b>7.2%</b>	6.4%
Result before taxes and minorities (million €)	102.51	54.13			<b>156.64</b>	119.52
Result after taxes and minorities (million €)	67.81	33.99			<b>101.79</b>	81.11
Depreciation (million €)	37.36	35.93			<b>73.28</b>	73.28
Net cash flow (million €)	105.16	69.91			<b>175.08</b>	154.39
Number of employees	7,438	7,455			<b>7,455</b>	7,454
Net financial debt (million €)	1,123.61	1,286.14			<b>1,286.14</b>	1,121.05
Debt to equity (%)	58.7%	71.4%			<b>71.4%</b>	55.6%
Number of shares (million)	249.30	249.30			<b>249.30</b>	249.30
Return to shareholders (per share)	0.10	0.10			<b>0.20</b>	0.00
Return to shareholders (million €)	24.93	24.93			<b>49.86</b>	0.00
Daily average shares traded (nº of shares, million)	1.54	1.17			<b>1.35</b>	1.33
Result after taxes and minorities per share	0.27	0.14			<b>0.41</b>	0.33
Net cash flow per share	0.42	0.28			<b>0.70</b>	0.62