INTERIM MANAGEMENT REPORT

FIRST HALF 2020

Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails

Telephone conference and live broadcast of the presentation of the results for the First Half of 2020

Acerinox will hold the presentation for the results of the first half of 2020, in English, today, 29 July, at 10.00 AM (CET) directed by Bernardo Velazquez, Group CEO, Miguel Ferrandis, Group CFO, and accompanied by the Investor Relations team.

To access the presentation via telephone conference, you can use one of the following numbers, 5-10 minutes before the start of the event:

- From Spain: 919 01 16 44 PIN: 983622
- From the UK: 020 3936 2999 PIN: 983622
- From the USA: 1 646 664 1960 PIN: 983622
- Rest of countries: +44 20 3936 2999 PIN: 983622

To follow the presentation online, it can be accessed at the following link, in the Shareholders and Investors section of the Acerinox website (Video webcast).

Both the presentation and all the audiovisual material will be available on the Acerinox website.

Highlights

In very adverse conditions, Acerinox has managed to generate cash flow, increase liquidity and achieve a positive result in spite of the asset impairment carried out in Bahru Stainless amounting to EUR 43 million.

The effort to reduce operating costs and the incorporation of VDM allowed the Acerinox Group to neutralise the effect of COVID-19 and achieve half-yearly adjusted EBITDA of EUR 179 million, just 4% down on the first half of 2019.

First Half of 2020

- Melting shop production, 1,041,032 tonnes, decreased by 13% compared to the first six months of 2019.
- Group turnover of EUR 2,331 million was 5% down on that of 2019 and adjusted EBITDA (EUR 179 million) was only 4% down, owing to the incorporation of VDM and the reduction of costs.
- An impairment of the assets of Bahru Stainless was made, which amounted to EUR 43 million. As a result of the adjustment, profit after tax and minority interests amounted to EUR 2 million, 97% less than in the same period of the previous year.
- Operating cash flow (pre-investment) amounted to EUR 75 million.
- At 30 June Acerinox had immediate liquidity amounting to EUR 1,734 million.
- The Group's net financial debt of EUR 872 million increased by just EUR 377 million, in spite of the EUR 398 million resulting from the purchase and the incorporation of VDM's debt.
- Provisional anti-dumping measures for hot-rolled products were approved by the European Union against China, Taiwan and Indonesia.
- The Board of Directors of Acerinox, S.A. resolved to call the General Meeting of Shareholders on 22 October 2020. It had been scheduled for April and was postponed due to the the spread of COVID-19.

Second Quarter of 2020

- The COVID-19 pandemic affected market development significantly in the second quarter.
- Melting shop production, 442,189 tonnes, decreased by 26% compared to the first quarter of 2020 and 22% compared to the second quarter of the previous year.
- Group turnover of EUR 1,172 million was 1% higher than in the first quarter of 2020.
- The adjusted EBITDA of EUR 94 million, stripping out EUR 14 million for the expenses of the purchase of VDM, was 11% higher than in the preceding quarter and 2% lower than in the same period of the previous year.
- A negative net realisable adjustment to inventory was made, totalling EUR 20 million
- An impairment of the assets of Bahru Stainless was made, which amounted to EUR 43 million. Following the adjustment, loss after tax and non-controlling interests was EUR -26 million.
- Operating cash flow (pre-investment) amounted to EUR 111 million.
- The Group's net financial debt of EUR 872 million only increased by EUR 17 million on 30 March, in spite of the incorporation of EUR 85 million of VDM's debt.

Outlook

Like the rest of the economy, the global stainless steel market is being severely affected by the situation created by the COVID-19 pandemic. The impact is not uniform across continents or even neighbouring countries, which tremendously limits visibility in a global market like ours.

For this reason, and also owing to the complexity and duration of the process of reactivating economic activity, we can offer no more than a short-term outlook.

The significant cost reductions we are carrying out, combined with the improved relative performance of our main market, the US, and the signs of recovery of the European market, allow us to expect a third quarter in line with the second in terms of both activity and EBITDA, provided no setbacks occur in the economic recovery process.

Key economic and financial figures

CONSOLIDATED GROUP	QUARTER		ACCUMULATED		
	Q1 2020	Q2 2020 (*)	H1 2019	H1 2020	Variation 2020/2019
Melting shop (thousand Mt)	599	442	1,198	1,041	-13%
Net sales (million EUR)	1,159	1,172	2,442	2,331	-5%
Adjusted EBITDA (**) (million EUR)	**85**	**94**	**186**	**179**	**-4%**
% over sales	*7%*	*8%*	*8%*	*8%*	
EBITDA (million EUR)	85	80	186	165	-12%
% over sales	*7%*	*7%*	*8%*	*7%*	
Adjusted EBIT (***) (million EUR)	**44**	**46**	**100**	**90**	**-9%**
% over sales	*4%*	*4%*	*4%*	*4%*	
EBIT (million EUR)	44	-11	100	34	-66%
% over sales	*4%*	*-1%*	*4%*	*1%*	
Result before taxes and minorities (million EUR)	41	-19	98	22	-77%
Result after taxes and minorities (million EUR)	**28**	**-26**	**69**	**2**	**-97%**
Depreciation (million EUR)	41	48	89	88	0%
Net cash flow (million EUR)	69	22	158	91	-43%
Number of empoyees	6,507	8,385	6,836	8,385	23%
Net financial debt (million EUR)	854	872	642	872	36%
Debt to equity (%)	43.7%	46.4%	31.8%	46.4%	46%
Number of shares (million)	271	271	271	271	0%
Return to shareholders (per share)	0.00	0.00	0.48 (****)	0.00	---
Daily average shares traded (nº of shares, million)	1.11	0.94	1.04	1.03	-1%
Result after taxes and minorities per share	0.10	-0.10	0.26	0.01	-97%
Net cash flow per share	0.25	0.08	0.58	0.34	-43%

Million euros	Second Quarter (*)			First Half		
	Stainless Group	High Performance Alloys	Consolidated Group	Stainless Group	High Performance Alloys	Consolidated Group
Melting production (thousand Mt)	417	25	442	1,016	25	1,041
Net sales	894	279	1,172	2,053	279	2,331
Adjusted EBITDA (**)	71	23	94	156	23	179
Adjusted EBITDA margin	8%	8%	8%	8%	8%	8%
EBITDA	57	23	80	142	23	165
EBITDA margin	6%	8%	7%	7%	8%	7%
Amortization and Depreciation	40	7	48	80	7	88
Adjusted EBIT (***)	31	15	47	76	15	90
Adjusted EBIT margin	3%	6%	4%	4%	6%	4%
EBIT	-26	15	-10	19	15	34
EBIT margin	-3%	6%	-1%	1%	6%	1%

(*) The purchase of VDM took place on 17 March. The second quarter includes the results of VDM for the March-June period

(**) EBITDA stripping out EUR 14 million for the expenses of the purchase of VDM in the second quarter of 2020

(***) EBIT stripping out EUR 14 million for the expenses of the purchase of VDM and EUR 43 million for the impairment of Bahru Stainless in the second quarter of 2020

(****) €0.18/share correspond to indirect remuneration through a share buyback programme

Stainless Steel Division

Results

Million euros	Stainless Group			Stainless Group		
	Q1 2020	Q2 2020	% Var Q2/Q1	H1 2019	H1 2020	% Var H2/H1
Melting production (thousand Mt)	599	417	-30%	1,198	1,016	-15%
Net sales	1,159	894	-23%	2,442	2,053	-16%
Adjusted EBITDA (*)	85	71	-16%	186	156	-16%
Adjusted EBITDA margin	7%	8%		8%	8%	
EBITDA	85	57	-33%	186	142	-24%
EBITDA margin	7%	6%		8%	7%	
Amortization and Depreciation	41	40	-2%	89	80	-9%
Adjusted EBIT (**)	44	31	-30%	100	76	-24%
Adjusted EBIT margin	4%	3%		4%	4%	
EBIT	44	-26	---	100	19	-81%
EBIT margin	4%	-3%		4%	1%	

(*) EBITDA stripping out EUR 14 million for the expenses of the purchase of VDM in the second quarter of 2020

(**) EBIT stripping out EUR 14 million for the expenses of the purchase of VDM and EUR 43 million for the impairment of Bahru Stainless in the second quarter of 2020

In spite of the low level of activity, the swift adaptation to the new situation resulting from COVID-19, with a reduction of both fixed and variable costs (-19% compared to the first quarter) and the sound performance in the United States, has enabled the stainless steel Group to achieve commendable results.

EBITDA was negatively affected by a net realisable adjustment to inventory amounting to EUR 11 million.

Good management of the working capital and the solid results have generated a positive operating cash flow (pre-investment) both in the quarter and in the half year in the stainless steel division.

Stainless steel market

2020 began with a recovery in activity in all our markets, in accordance with the usual cycle in the stainless steel market, but this was cut short by the impact of COVID-19 on the economy as a whole, which has also affected the consumption of stainless steel.

• Europe

In Europe, the apparent consumption of flat products fell by 19% up to the end of June.

Safeguard measures, which were not designed for a declining market, have not served to stop imports, which have maintained a market penetration of approximately 25% in the case of flat products, and have continued to exert enormous pressure on prices.

The third period of safeguard measures began on 1 July. EUROFER asked the European Union to reduce quotas, which are excessive in the current situation due to COVID-19, but it received a negative response. The main changes on the preceding period are:

- Country quotas are now quarterly.
- Limitation on access to the residual quota of countries that exhaust their quota.
- For hot-rolled products, the quota is now global for all sources.

Efforts are continuing to prevent unfair competition in Europe, and as a result in early April, provisional anti-dumping tariffs were implemented for hot-rolled products from China (up to 19%), Indonesia (up to 17%), and Taiwan (up to 7.5%), with an anti-subsidy investigation also underway for same materials from China and Indonesia.

• The United States

Apparent consumption in the American market to May, the latest figure available, was down 5%.

Imports are still low, with a market share of approximately 14%. The American authorities are maintaining the tariff on slabs from Indonesia, which is positive for the American industry. Similarly, on 22 June the Supreme Court decided to dismiss the claim filed by US steel importers against the duties imposed by Section 232 on steel imports from 2018.

Inventories in the United States remain below the average of recent years.

• Asia

In the Asian markets, the situation continued to worsen, as a result of surplus production in China and Indonesia, which have caused a continued drop in prices.

The impact of COVID-19 in China caused a reduction in consumption, but not so much in production, which contributed further to the decline in prices.

Inventories in the Wuxi and Foshan warehouses decreased in the second quarter, although they remain above normal.

• Prices

Quarterly price averages for stainless steel plate, AISI 304 cold-rolled 2.0mm (source: CRU)

USD / Mt	2019				2020	
	Q1	Q2	Q3	Q4	Q1	Q2
United States	2,643	2,786	2,716	2,964	2,683	2,571
Europe	2,361	2,483	2,504	2,458	2,248	2,169
Taiwan	1,850	1,861	1,930	2,029	1,852	1,698

High Performance Alloys Division

Results

Million euros	High Performance Alloys Q2 2020 (*)
Melting production (thousand Mt)	25
Net sales	279
EBITDA	23
EBITDA margin	8%
Amortization and Depreciation	7
EBIT	15
EBIT margin	6%

(*) The purchase of VDM took place on 17 March. The second quarter includes the results of VDM for the March-June period

The integration of VDM into the Acerinox Group continues at a good pace. A larger order backlog than in the stainless steel sector means that activity in high performance alloys in this half year was less affected than in stainless steels.

The EBITDA was negatively affected by a net realisable adjustment to inventory amounting to EUR 9 million.

High performance alloys market

The COVID-19 crisis barely impacted the high performance alloys market in the first quarter. However, the effects of the pandemic began to make their mark on the sector in the second quarter due to the stoppage of industry activities and the postponing of projects.

By market, in the oil & gas sector, many projects are being slowed down and decisions will be deferred to 2021. The significant fall in oil prices and the coronavirus crisis will have a negative impact on demand in the second half of 2020.

Chemical process industry: performed well in the first half of the year, although investments are expected to decrease going into the second half of the year.

Electronics: although the sector endured a negative impact from Covid-19, the sector is recovering better than other markets, driven by OLED technology.

Automotive: the market underwent a substantial fall in the first half of 2020, but signs of recovery are now visible.

Aerospace: saw a very weak performance in the first half of 2020, but it is expected to recover from 2021, driven by Chinese industry.

Production of the Acerinox Consolidated Group

Stainless Steel Division

Thousand Mt	2019					2020			Variation Q1 2020 over 2019	
	Q1	Q2	Q3	T4	12 Months	Q1	Q2	6 Months	Q2	9M
Melting shop	628	570	542	491	2,231	599	417	1,016	-27%	-15%
Hot rolling shop	531	514	471	434	1,951	517	353	870	-31%	-17%
Cold rolling shop	422	441	394	350	1,607	393	291	683	-34%	-21%
Long product (Hot rolling)	66	58	50	45	220	57	49	106	-16%	-15%

Decreases in all workshops compared to the 2nd quarter and 1st half of 2019

Factory stoppages at the order of different governments owing to Covid-19:

Spain: 29 March - 2 April
South Africa: 26 March – 30 April
Malaysia: 18 March – 15 April

High Performance Alloys Division

Thousand Mt	2020	
	Q2	6 Months
Melting Shop	25	25
Finish Shop	14	14

(*) The purchase of VDM took place on 17 March. The second quarter includes the results of VDM for the March-June period

Results of the Acerinox Consolidated Group

Turnover of the half year, EUR 2,331 million euros, decreased by 5% compared to the same period of the previous year due to the lower level of activity caused by COVID-19 and lower prices.

Million euros	QUARTER			HALF		
	Q1 2020	Q2 2020 (*)	Variation Q2/Q1	6M 2019	6M 2020	Variation 2020/2019
Net sales	1,159	1,172	1%	2,442	2,331	-5%
Adjusted EBITDA (**)	**85**	**94**	**11%**	**186**	**179**	**-4%**
Ajusted EBITDA margin	7%	8%		8%	8%	
EBITDA	85	80	-6%	186	165	-12%
EBITDA margin	7%	7%		8%	7%	
Amortization and Depreciation	(41)	(48)	18%	(89)	(88)	0%
Adjusted EBIT (***)	**44**	**46**	**3%**	**100**	**90**	**-9%**
Adjusted EBIT margin	4%	4%		4%	4%	
EBIT	44	(11)	—	100	34	-66%
EBIT margin	4%	-1%		4%	1%	
Net Financial Result	(3)	(8)	—	(1)	(11)	917%
Result before taxes	41	(19)	—	98	22	-77%
Result after taxes and minorities	**28**	**(26)**	**—**	**69**	**2**	**-97%**

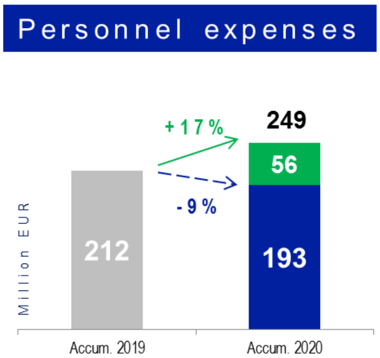
(*) The purchase of VDM took place on 17 March. The second quarter includes the results of VDM for the March-June period

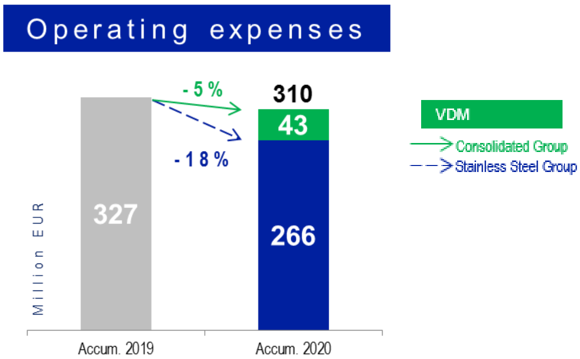
(**) EBITDA stripping out EUR 14 million for the expenses of the purchase of VDM in the second quarter of 2020

(***) EBIT stripping out EUR 14 million for the expenses of the purchase of VDM and EUR 43 million for the impairment of Bahru Stainless in the second quarter of 2020

The Group's swift reaction to the coronavirus crisis enabled it to reduce significantly both fixed and variable costs. A comparison of the Consolidated Group's figures with those of last year does not reflect this decrease as a result of the incorporation of VDM. This is why it is useful to break down the expenses into those of the Stainless Steel Group and those of the Consolidated Group.

The total personnel and operating expenses of the Consolidated Group increased by 4%, but if we consider only the Stainless Steel division, the Group saw a reduction of 15%. This shows the swift adaptation to the current situation due to the significant flexibility achieved. The breakdown can be seen in the following charts:





In these circumstances, we consider these results, which were obtained in such an adverse environment, as very positive, thanks to working on reducing costs. Adjusted half-year EBITDA, stripping out the EUR 14 million for the expenses of the purchase of VDM, amounted to EUR 179 million after a negative net realisable adjustment to inventory was made amounting to EUR 20 million.

Adjusted EBITDA of the second quarter was up 11% on the first three months of the year, thanks to the improvements in costs and contribution of VDM.

In line with the regulator's recommendations, an impairment test was carried out in the half year in view of the worldwide economic impact of COVID-19. As a result of the valuations, only an impairment of the assets of Bahru Stainless of EUR 43 million was necessary, which had an impact on EBIT.

Reported EBIT in the half year amounted to EUR 34 million, and the adjusted EBIT, after stripping out EUR 14 million for the expenses of the purchase of VDM and EUR 43 million for the asset impairment, was EUR 90 million, 9% lower than in the first half of 2019.

Profit after tax and minority interests in the half year amounted to EUR 2 million.

As the purchase of VDM by Acerinox was formalised on 17 March, its results have been consolidated into those of the Acerinox Group from March. Accordingly, the VDM figures for March that Acerinox has integrated into those of the second quarter are: EUR 71 million euros of turnover, EUR 10 million of EBITDA, pre-tax profit of EUR 4 million and post-tax profit of EUR 2 million.

Cash generation

In such a complicated half year, the Group achieved operating cash flow (pre-investment) of EUR 75 million, in spite of increasing working capital by EUR 16 million and making payments for the layoff plan in Acerinox Europa of EUR 26 million.

In the second quarter, the commendable EBITDA of EUR 80 million and the reduction in working capital generated an operating cash flow (pre-investment) of EUR 111 million, which offset the cash flow drop of EUR 36 million of the first quarter. The reduction in inventories and good management of the customer portfolio neutralised the decrease in suppliers as a result of the decrease in activity.

Payments for the addition of fixed assets in the half year amounted to EUR 51 million, while the payment for the purchase of VDM amounted to EUR 313 million. Total investment payments were EUR 364 million.

	Jan - Mar 2020	Ap - Jun 2020	Jan - Jun 2020	Jan - Dec 2019	Jan - Jun 2019
EBITDA	85	80	165	364	186
Changes in working capital	-97	63	-34	96	11
Changes in operating working capital (*)	-65	50	-16	44	-39
- Inventories (*)	9	95	104	2	-24
- Trade debtors (*)	-47	93	46	41	-93
- Trade creditors (*)	-27	-139	-166	0	78
Other adjustments to working capital	-32	13	-19	52	50
- Acerinox Europa lay-offs	-26	0	-26	---	---
- Others	-6	13	7	52	50
Income tax	-23	-3	-27	-116	-76
Financial expenses	-3	-9	-12	-15	-5
Other adjustments to the result	3	-20	-17	29	-13
OPERATING CASH FLOW	**-36**	**111**	**75**	**359**	**104**
Payments for VDM acquisition	-313	0	-313	---	---
Payments for investments on fixed assets	-23	-27	-51	-128	-65
FREE CASH FLOW	**-373**	**84**	**-289**	**231**	**39**
Dividends and treasury shares	0	0	0	-184	-130
CASH FLOW AFTER DIVIDENDS	**-373**	**84**	**-289**	**47**	**-91**
Conversion differences	13	-16	-3	10	1
Net financial debt acquired from VDM	0	-85	-85	---	---
Variation in net financial debt	**-360** ↑	**-17** ↑	**-377** ↑	**57** ↓	**-90** ↑

(*) These figures do not coincide with the balance sheet items due to the purchase of VDM

Balance sheet and liquidity

Net financial debt at 30 June 2020 was EUR 872 million (EUR 642 million at 30 June 2019) and the total financing facilities amounted to EUR 2,607 million.

Debt increased by just EUR 377 million compared to 31 December 2019, in spite of the EUR 313 million for the purchase of VDM and the incorporation of EUR 85 million of the company's debt, that is, it decreased by EUR 21 million in normal activities.

ASSETS

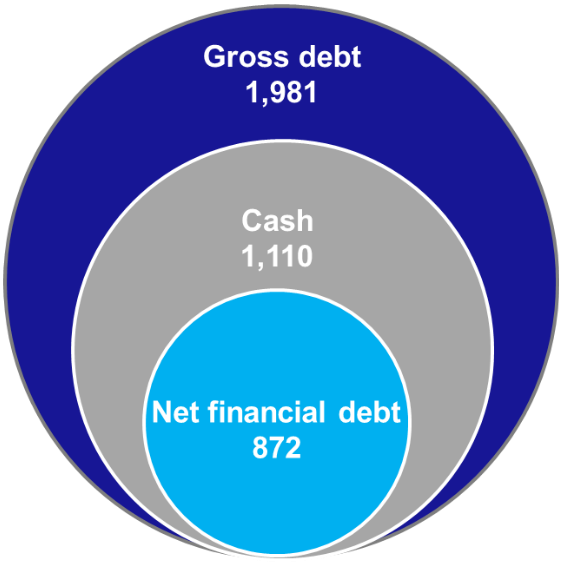
Million €	Jun 20	2019	Jun 19	Variation
Non-current assets	**2,227.11**	**1,933.33**	**2,144.25**	**15.2%**
Current assets	**3,011.81**	**2,463.46**	**2,572.42**	**22.3%**
- Inventories	1,301.72	1,016.26	1,042.64	28.1%
- Debtors	577.25	554.52	678.27	4.1%
Trade debtors	*500.23*	*483.66*	*617.68*	*3.4%*
Other debtors	*77.03*	*70.86*	*60.59*	*8.7%*
- Cash	1,109.63	876.94	826.56	26.5%
- Other current assets	23.21	15.74	24.96	47.4%
TOTAL ASSETS	**5,238.92**	**4,396.80**	**4,716.68**	**19.2%**

LIABILITIES

Million €	Jun 20	2019	Jun 19	Variation
Equity	**1,880.14**	**1,928.99**	**2,019.70**	**-2.5%**
Non-current liabilities	**1,864.46**	**1,253.68**	**1,320.08**	**48.7%**
- Interest-bearing loans and borrowings	1,435.34	1,051.74	1,122.74	36.5%
- Other non-current liabilities	429.12	201.95	197.34	112.5%
Current liabilities	**1,494.32**	**1,214.13**	*1,376.91*	**23.1%**
- Interest-bearing loans and borrowings	545.92	319.83	345.62	70.7%
- Trade creditors	783.39	783.86	861.92	-0.1%
- Other current liabilities	165.02	110.44	169.36	49.4%
TOTAL EQUITY AND LIABILITIES	**5,238.92**	**4,396.80**	**4,716.68**	**19.2%**

Even though the effects of COVID-19 are still difficult to quantify in the world economy and, consequently, in our company, the Group's financial strength guarantees that financing will not be affected under any circumstances, since almost all gross debt, EUR 1,981 million, is free from covenants on results. Only the debt incorporated from VDM, which is 7% of the total, is conditioned upon compliance with covenants.

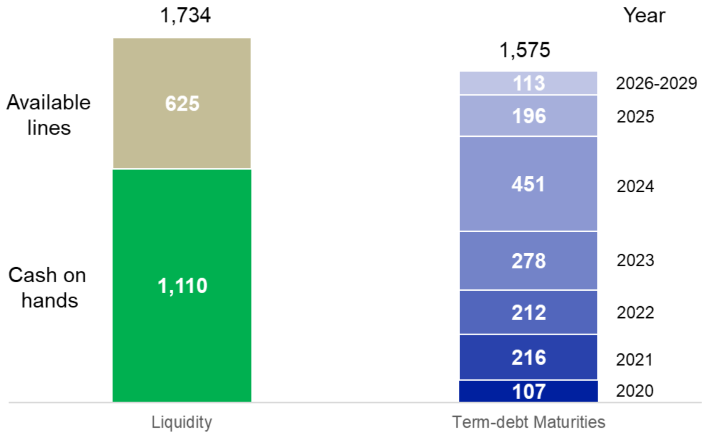
The weighted average cost of term debt is 1.5%.



Thanks to the financial strategy undertaken in recent years, the Acerinox Group's liquidity situation is optimal to face the current scenario.

At 30 June Acerinox had **immediate liquidity amounting to EUR 1,734 million**, of which EUR 1,110 million corresponded to cash and EUR 625 million were available credit facilities.

The Group's total term debt maturities amounted to EUR 1,575 million and are fully covered by current liquidity.



VDM Metals

On 17 March, Acerinox formalised the purchase of VDM following receipt of the necessary authorisations from the European, US and Taiwanese competition authorities.

The company is valued at EUR 532 million, of which Acerinox paid EUR 313 million, while taking on EUR 85 million in debt.

This transaction will give the Acerinox Group access to sectors with higher value added and it represents a growth opportunity owing to VDM's diversification in sectors such as oil & gas, the chemical processes industry, electronics, automotive and aerospace.

VDM is a leader in the manufacture of high performance alloys and a leader in R&D, and Acerinox is recognised as one of the most efficient stainless steel producers in the world. The new industrial group now has complementary strengths that will allow it to continue to be a pioneer and benchmark in the sector.

Based in Werdohl, Germany, VDM develops and manufactures special nickel and cobalt alloys as well as high-alloy stainless steels with special properties. It has 7 production sites in Germany and the United States and nearly 2,000 employees. In 2018/19 the company made sales of EUR 852 million and recognised EBITDA of EUR 97 million.

A transition process was launched to ensure business continuity, facilitate integration and develop identified synergies.

Based on detailed analysis, the three-year synergies target has risen from EUR 14 to 22 million, with new areas of improvement not being ruled out.

In spite of difficulties related to travel restrictions, objectives are being met in a timely manner owing to the teams' work and commitment.

A team comprised of personnel from the two companies has been created dedicated exclusively to the integration. This team is led by Daniel Azpitarte, a member of the Group's senior management and previously the Commercial Director.

Sustainability

Some of the main lines of action being pursued by the Acerinox Group in the realm of sustainability are the following:

2020-2025 Sustainability Master Plan: Acerinox is putting the final touches on its 2020-2025 Sustainability Master Plan, which will strengthen its commitment in this area. This plan is linked transversally to the 360 Excellence Plan and will bring about very substantial efficiencies and savings.

Borrowings: The Group signed an initial loan with BBVA for EUR 80 million for the partial financing of the purchase of VDM Metals, which is linked to sustainability ratios. This financing is sustainable as the operating margin is linked to the performance of two established indicators that will be reviewed on an annual basis: the relative intensity of direct and indirect emissions per tonne of steel produced and the frequency of workplace accidents. The external consultant Sustainalytics issued an opinion that confirms that the operation is aligned with the 2019 Sustainability Linked Loan Principles, the principles that serve as the basis for this type of transaction.

Renewable energies: Agreements were concluded in the first quarter for the supply of 15% of electricity consumption from renewable energies in the coming years, with the aim of reducing our carbon footprint.

SDGs: We have integrated the sustainable development goals (SDGs) into our business strategy.

Circular economy: Acerinox is part of the Circular Economy Pact signed in 2017 by companies committed to the transition to a sustainable model. Stainless steel as a material is a model of circular economy since it meets the four Rs: reduce, reuse, re-manufacture and recycle. In this regard, the Acerinox plant in Spain is one of the largest scrap recycling centres in Europe.

Accident rate: Our accident rate is continuing its downward trend, having fallen by 77% since 2013 (and 58% since 2016) in the last five years, with the aim of achieving zero accidents. The prevention and training campaigns among both employees and subcontractors being carried out in all Group companies are key in achieving this objective.

Emission reduction targets: We are setting emission reduction targets linked to reductions in the energy and water consumption of plants, thus strengthening our commitments.

We are currently collaborating in projects for the use of hydrogen as an alternative fuel source. For each tonne produced, Acerinox emits 35% less CO2 than the sector average according to the International Stainless Steel Forum (ISFF) Thus, in its production of stainless steel, the company is reducing atmospheric emissions equivalent to those generated by 46,000 standard passenger cars being driven throughout the year (using the volume of our 2019 production as a benchmark).

Water consumption: Similarly, we are successfully reducing consumption of water (both in total and per tonne produced) and returning it to nature in the same or a better state than it was obtained. In this item, and taking into account annual 2019 production, we used the equivalent of 6,200 Olympic swimming pools less in our processes than the sector average.

International sustainability awards: North American Stainless received the ISSF's first prize in Sustainability for a project in which it uses slag (following processes to recycle the minerals it contains) as a building material, transforming it into tiles and paving stones for exteriors. NAS developed the idea along with the company Trade Global, to which it has now supplied 12,000 tonnes of this material as an alternative to Portland cement, and it is even more resilient than the latter.

In the same category, Acerinox Europa was awarded third prize for the implementation of the LED Buildings programme, through which it has carried out the installation of a smart LED lighting system, thus enabling energy savings due to both the decrease in consumption and to its adaptation to needs of use.

Excellence 360º Plan

In 2019, all Digital Transformation initiatives were unified within a 5-year plan (2019-2023) called Excellence 360º. This plan brings together the Excellence Plans and all the projects that constitute the Group's Digital Strategy.

Excellence 360º is focused on strengthening the business comprehensively: production (increasing quality in the process and productivity), supply chain (optimising stock and increasing accuracy in deliveries), commercial/sales (improving margins) and procurement of raw materials (optimising the mix at all times). All this is thanks to the use of new technologies and putting the customer at the centre of the business.

In 2020, Excellence 360º began the year continuing the progress achieved in 2019, but the situation created by Covid-19 starting in March, with closures of production plants at the order of different governments, and the reduction of production volumes due to the fall in demand, negatively affected factories' operations and the development of Excellence 360º.

However, in spite of the impact on factories' operations, we have successfully improved our performance and continue to optimise our specific consumption levels in all areas of production. The constant application of new technologies and data analysis are providing important support for improving efficiency even in situations such as the present.

Thus, we have achieved estimated savings of more than EUR 17 million annualized, which is a 29% degree of achievement of the target set for 2020.

Management of financial risk

Although extraordinary circumstances have arisen in this period as a result of the worldwide COVID-19 pandemic, Acerinox continues to view the risks mentioned in its approved Financial Statements for 2019 as its main financial risks: currency risk, interest rate risk, price risk, credit risk and liquidity risk.

Effective management of these risks has ensured that the Group has not been impacted, mainly with regard to credit risk and liquidity risk, in spite of the exceptional circumstances.

With respect to credit risk, neither losses nor payment delays were higher than in years prior to COVID-19.

With regard to liquidity risk, Acerinox currently has two loan facilities amounting to EUR 2,607 million, of which 24% is available. Net debt at 30 June amounted to EUR 872 million. Cash balances amounted to EUR 1,110 million.

The most significant financing operations in the first half of 2020 were as follows:

Transactions carried out prior to the state of alarm:

- Refinancing of a loan with Banco Sabadell in January 2020 of EUR 125 million, in which the financing conditions were improved and the maturity extended to 2025.
- Signing of a loan between Acerinox Europa and Caixabank in February 2020 for EUR 20 million.
- Signing of four long-term loans for a total amount of EUR 320 million to finance the purchase of the VDM Metals Group in March. These loans were entered into with four banks (Banco Santander, Banco Sabadell, BBVA and ICO), and amounted to EUR 80 million with each bank, with maturity at five years with the first three banks and eight years with ICO.
- Signing in March of a long-term loan with Liberbank for EUR 30 million and with a maturity of seven years.

Transactions carried out following the state of alarm:

- In June, a long-term loan was signed with Banco Cooperativo Español for EUR 20 million, with a maturity of five years.
- Also, three financing transactions were renewed under the guarantee of the ICO in order to provide the Acerinox Group with sufficient liquidity to alleviate the economic effects of Covid-19. Two loan facilities were renewed: one with Banco Sabadell for EUR 80 million and another with BBVA for EUR 50 million. In addition, in June 2020 a three-year loan was signed with Banco Santander for EUR 100 million, which was drawn down on 1 July 2020.
- Lastly, three short-term loan facilities were renewed. One with Banco Santander for EUR 70 million, and another two with BBVA for EUR 120 million and USD 20 million.

The Acerinox Group has satisfactorily met the repayment schedules for its financial debt.

None of the new loan agreements signed in the first half of 2020 are conditional on the fulfilment of annual financial ratios linked to results.

In March 2020, with the purchase of the VDM Metals Group, Acerinox also acquired its financing, consisting of a syndicated revolving credit facility of up to EUR 150 million with maturity at two years signed with Deutsche Bank, HSBC, Unicredit and Landesbank Hessen-Thüringen Girozentrale (Helaba), of which EUR 95 million were drawn down on 30 June 2020, and a long-term loan signed with IKB, which had an outstanding balance at 30 June 2020 of EUR 44 million and final maturity in September 2022. Both debts are conditional upon the fulfilment of covenants.

VDM, which is also an international group and, as is the case with the rest of the Group, is exposed to the same risks: currency risk, interest rate risk, price risk, credit risk and liquidity risk, which may have a material impact on the Financial Statements and results. The aim is to limit these risks by contracting financial instruments and insurance policies. The following derivative financial instruments are used: exchange rate insurance and futures on the prices of metals listed on the London Metal Exchange (LME) to hedge volatility in the prices of commodities, mainly nickel, although hedges are also taken out for other metals.

Appointments

Acerinox is reinforcing its Senior Management team with the incorporation of Hans Helmrich as Chief Operating Officer on 1 September 2020. Mr. Helmrich will report to the Chief Executive Officer of the Company, Bernardo Velázquez, and will be responsible for the profit and loss of the Group's traditional business and its operations, including customer acquisition, product development, manufacturing and distribution.

Hans has 26 years of extensive experience in the industrial sector (auxiliary automotive, paper and packaging), holding various management positions at national and international level.

Of late, he has held various positions in Cooper Standard in Germany and the US. His most recent role was that of Chief Global Manufacturing Officer.

Hans has a Bachelor's degree from ICADE and a Master's degree from IE Business School in Business Administration and Management.

General Meeting of Shareholders

The Board of Directors of Acerinox, S.A., at its meeting held on 13 April 2020, resolved to postpone the Ordinary General Shareholders' Meeting scheduled to be held on 22 April 2020 due to the exceptional circumstances arising from the spread of COVID-19 and the uncertainty of the duration and difficulty of the process to reactivate the international economy.

On 27 July 2020, the Board of Directors resolved to call the General Shareholders' Meeting on 22 October with the same items on the agenda, and in similar terms to those established in the previous call.

Alternative Performance Measures (definitions of terms used)

Excellence 360º Plan: estimated efficiency savings for the 2019-2023 period

Operating Working Capital: Inventories + Trade receivables – Trade payables

Net Cash Flow: Results after taxes and minority interests + depreciation and amortisation

Net Financial Debt: Bank borrowings + bond issuance - cash

Net Financial Debt / EBITDA: Net Financial Debt / annualised EBITDA

EBIT: Operating income

Adjusted EBIT: EBIT, stripping out material extraordinary items

EBITDA: Operating income + depreciation and amortisation + variation of current provisions

Adjusted EBITDA: EBITDA, stripping out material extraordinary items

Debt Ratio: Net Financial Debt / Equity

Net financial result: Financial income – financial expenses ± exchange rate variations

ROCE: Operating income / (Equity + Net financial debt)

ROE: Results after taxes and minority interests / Equity

ICR (interest coverage ratio): EBIT / Financial expenses

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