Results as of 30 September 2018

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

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Presentation of the Results for the Third Quarter of 2018 via Webcast and Conference Call

Acerinox will be making a presentation of the results for the third quarter of 2018, in English, today, 26 October, at 1 pm CET, directed by Miguel Ferrandis, Group CFO, accompanied by the Investor Relations team.

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

Calls from the United Kingdom: +44 207 194 3759
Calls from Spain and other countries: +34 911 140 101
Followed by the PIN code: 96497543#

You can follow the presentation via the Shareholders and Investors section of the Acerinox website (www.acerinox.com).

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

Results as of 30 September 2018

- Acerinox obtained a profit after tax and minority interests of €221 million, 40% higher than in the first nine months of 2017 (€157 million). The EBITDA, €422 million, is 14% higher than that for the same period of the previous year (€370 million)

- The profits for the third quarter, €83 million, were a 4% improvement on the previous quarter (€80 million) and 13 times higher than in the third quarter of 2017 (€7 million). The EBITDA of €154 million was a 2% improvement on the preceding quarter (€151 million) and 3 times higher than that for the third quarter of 2017 (€53 million)

- The good performance of the American market has boosted the Group's profits

- The Group's net sales for the first nine months, totalling €3,872 million, increased by 10% compared with the same period of the previous year

- Melting production, totalling 1,923,977 tonnes, rose by 2% in comparison with January-September 2017

- Net financial debt as at 30 September was €666 million

- Operating cash flow for the Group from January to September increased to €157 million

- Acerinox distributed a cash dividend of €0.45 per share in July – a total of €124 million

- Macroeconomic uncertainties and lower prices of raw materials will lead to a decline in activity in the fourth quarter

Quarterly evolution of the EBITDA
Millions of euros (% of sales)

Stainless Steel Market

Global production of stainless steel increased by 13% to 26.06 million tonnes during the first half of 2018, according to the latest figures from the ISSF (International Stainless Steel Forum).

		Quarter		Half		Variation	
		Q1 2018	Q2 2018	H1 2017	H1 2018	H1 '18 / H1 '17	Q2 '18 / Q1 '18
Europe	Thousand t	2,014	1,921	3,882	3,935	1.4%	-4.6%
USA		718	725	1,420	1,443	1.6%	1.0%
China		6,524	7,116	12,046	13,640	13.2%	9.1%
Asia w/o China and Korea		2,079	2,098	3,950	4,177	5.8%	0.9%
Others		1,439	1,427	1,702	2,865	68.3%	-0.8%
Total		**12,774**	**13,286**	**23,000**	**26,060**	**13.3%**	**4.0%**

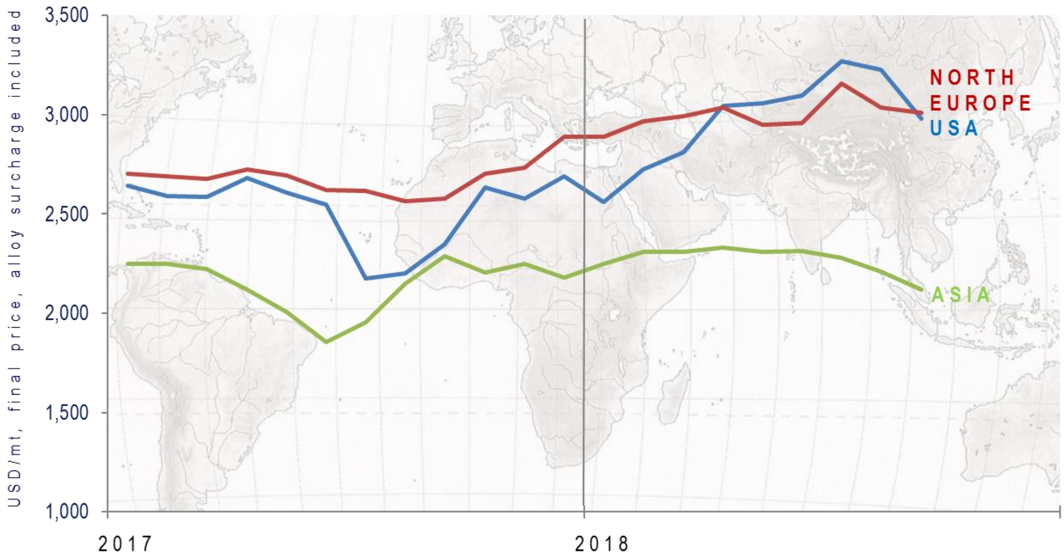
Others: Brazil, Russia, S. Africa, S. Korea and Indonesia
Source: International Stainless Steel Forum (ISSF)

The increase of 13% in China's output in the first six months of the year, as well as the growth of the Chinese manufacturer Tsingshan in Indonesia, were noteworthy developments. These factors generated an oversupply on the Asian market with very negative effects on prices.

North America

Apparent consumption of flat product in the North American market had grown by 2% by July. The good progress of the market enabled prices to rise during the first nine months of the year, helped also by the decrease in imports.

Prices of stainless steel coil | 2.0mm cold-rolled AISI 304
2017 - September 2018



Source: Platts

These factors meant that stocks remained at 2.8 months, below the average of recent years.

Europe

Apparent consumption of flat product in the European market has continued to develop in a satisfactory manner, and as at August, had gone up by 1%. However, as we mentioned in previous reports, the price differential with Asia made it a very attractive market for imports, which have already amounted to 30%.

On 18 July, the European Commission announced provisional safeguards measures affecting imports of a range of steel products.

The aim of these measures is to ensure supply to European consumers, but at the same time, to protect the European market from the diverting of steel imports as a result of tariffs in other markets. These safeguard measures came into force on Thursday 19 July and will remain in force for 200 days, subject to publication of the definitive measures.

The pressure of imports into Europe is eroding the base price.

Due to the seasonality of the third quarter in addition to imports, inventories are at 66 days, slightly above the average of recent years, although we hope that they will reach normal levels in the fourth quarter.

Asia

Asian markets are performing well as regards demand, especially China. However, excess demand in the region and the new output in Indonesia kept prices in Asia well below the other markets.

Raw Materials

Although nickel has continued to perform well over the year as a whole, macroeconomic uncertainties accentuated in the third quarter have led to a price dropping of 16% in the period.

Official price of nickel on the LME

Average daily price for cash/three months (USD/t). Years 2017 - 29 September 2018

The price of ferrochrome in the third quarter remained stable with respect to the previous one, but we expect a fall of 10% in the fourth quarter.

Average quarterly price of ferrochrome

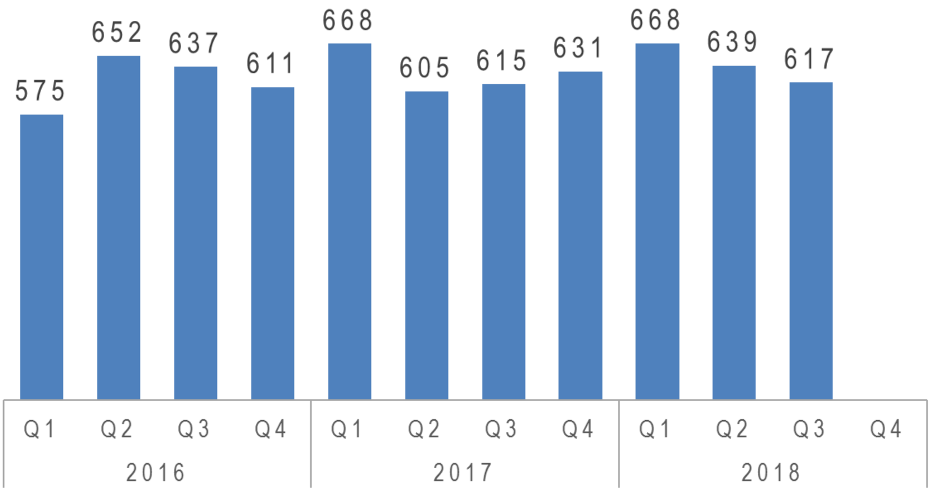
US¢ / lb Cr

Source: Metal Bulletin

Production

In the first nine months of the year, melting output (1,923,977 tonnes) increased by 1.9% compared to the same period the previous year, hot rolling of flat products (1,662,735 tonnes) went down by 0.5% and cold-rolling output (1,374,859 tonnes) was 5.7% higher.

Quarterly melting output
Thousands of tonnes



Melting output in the third quarter was 0.3% higher than in the same period the previous year. Flat product hot rolling output was 3.3% lower and cold rolling output 3.7% higher than the third quarter of 2017.

Acerinox Production
Thousands of tonnes

		2018					2017	Variation (%)
		Q1	Q2	Q3	Q4	Accumulated	Jan-Sep	
Melting shop	Thousand t	668	639	616.7	---	1,924	1,887	1.9%
Hot rolling shop		577	561	524.5	---	1,663	1,670	-0.5%
Cold rolling shop		462	471	442.7	---	1,375	1,301	5.7%
Long product (Hot rolling)		65	70	60.7	---	195	172	13.3%

Long product hot-rolling output over the first nine months of the year (194,973 tonnes) was 13.3% higher than for the same period of the previous year. Output in the third quarter was 11.8% higher than in the third quarter of 2017.

Results

Sales revenue, totalling €3,872 million, increased by 10% compared with the same period the previous year.

Condensed profit and loss account
Millions of euros

				January - September		
	Q1 2018	Q2 2018	Q3 2018	2018	2017	Variation
Net sales	**1,254**	**1,334**	**1,284**	**3,872**	**3,511**	**10%**
EBITDA	**118**	**151**	**154**	**422**	**370**	**14%**
% over sales	9.4%	11.3%	12.0%	10.9%	10.5%	
EBIT	**76**	**108**	**112**	**296**	**240**	**23%**
% over sales	6.1%	8.1%	8.7%	7.6%	6.8%	
Result before taxes	76	105	111	293	226	30%
Result after taxes and minorities	**58**	**80**	**83**	**221**	**157**	**40%**
Depreciation	41	42	41	124	130	-4%
Net cash flow	99	122	124	345	287	20%

The EBITDA accumulated up to June (€422 million) was 14% higher than that for the same period the previous year. The EBITDA for the third quarter of €154 million was three times higher than that of the same period the previous year, and 2% higher than that of the second quarter of 2018.

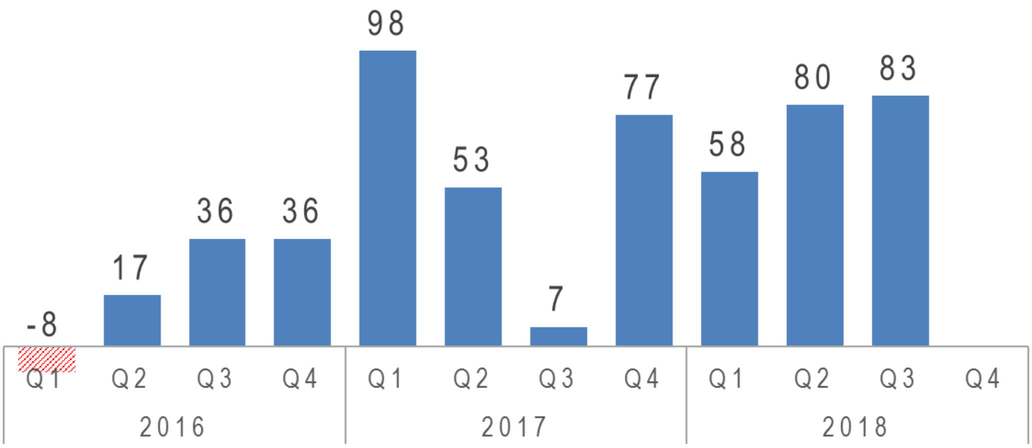
Quarterly evolution of the EBITDA
Millions of euros (% of sales)

Pre-tax profits accumulated this year (€293 million) were 30% higher than those for the same period the previous year. Quarterly profits (€111 million) surpassed those of the preceding quarter by 5%.

Profits after taxes and minority interests for the first nine months of the year totalled €221 million, which was 40% higher than in the same period of 2017. Quarterly profits (€83 million) were 13 times higher than in the third quarter of 2017 and 4% higher than those of the previous quarter.

Quarterly profits after taxes and minority interests

Millions of euros



In the third quarter, operating working capital has increased by 95 million euros, standing at €878 million.

Condensed balance sheet

Millions of euros

ASSETS	Sep 18	2017	Variation
Non-current assets	**2,119**	**2,148**	**-1.3%**
Current assets	**2,644**	**2,256**	**17.2%**
- Inventories	1,122	990	13.3%
- Debtors	736	613	20.0%
Trade debtors	*658*	*552*	*19.2%*
Other debtors	*78*	*61*	*26.9%*
- Cash	769	621	23.9%
- Other current assets	17	32	-46.9%
TOTAL ASSETS	**4,763**	**4,404**	**8.2%**

LIABILITIES	Sep 18	2017	Variation
Equity	**2,104**	**1,970**	**6.8%**
Non-current liabilities	**1,300**	**1,149**	**13.1%**
- Interest-bearing loans and borrowings	1,091	937	16.4%
- Other non-current liabilities	209	213	-1.6%
Current liabilities	**1,359**	**1,284**	**5.8%**
- Interest-bearing loans and borrowings	344	293	17.4%
- Trade creditors	902	857	5.3%
- Other current liabilities	112	135	-16.5%
TOTAL EQUITY AND LIABILITIES	**4,763**	**4,404**	**8.2%**

Higher requirements of working capital have determined cash generation. Operating cash flow in the first nine months of the year was €157 million, while free cash flow, after having made investments totaling €100 million, amounted to €57 million.

In the third quarter, a dividend for the sum of €124 million was distributed.

Condensed cash flow statement

Millions of euros

Millones EUR	Jan - Mar 2018	Apr - Jun 2018	Jul - Sep 2018	Jan - Sep 2018	Jan - Dec 2017	Jan - Sep 2017
EBITDA	118	151	154	422	489	370
Changes in working capital	-103	17	-102	-188	1	-42
Income tax	-22	-27	-27	-76	-82	-67
Financial expenses	-4	-3	-8	-15	-28	-22
Others	0	5	9	14	-13	-11
OPERATING CASH FLOW	**-12**	**143**	**26**	**157**	**366**	**228**
Payments for investments on fixed assets	-34	-29	-37	-100	-185	-141
FREE CASH FLOW	**-46**	**114**	**-11**	**57**	**181**	**87**
Dividends and treasury shares	-1	0	-124	-125	-124	-124
CASH FLOW AFTER DIVIDENDS	**-47**	**114**	**-135**	**-68**	**57**	**-37**
Conversion differences	-11	16	6	11	-46	-40
Variation in net financial debt	**-57** ↑	**130** ↓	**-129** ↑	**-57** ↑	**11** ↓	**-77** ↑

As a result of the foregoing, the Group's net financial debt as of 30 September was €666 million, having increased by €57 million compared with 31 December 2017, when it stood at €609 million.

At 30 September, Acerinox had credit lines amounting to €2.0 billion, 29% of which are available.

Investments

At the end of March, the new AP-5 annealing and pickling line at Acerinox Europa started up in a trial phase, with the most advanced technological systems available and a level of competitiveness which will generate new quality standards. With the above, Acerinox will manufacture a product with greater added value, quality and reliability and reduce its costs and environmental impact.

This new equipment will also provide final customers with thinner gauges, with 1,500 mm widths, thus expanding their range of products.

Implementation is going very well.

The installation of this equipment forms part of the Acerinox Strategic Plan 2016-2020, which prioritises investments offering rapid returns, operational excellence, optimal use of capacity and financial strength.

In the second quarter, two investments for Acerinox Europa and Columbus were approved. In both cases it is a ladle furnace which will improve the melting process, as well as the operating costs and quality, while reducing the environmental impact.

The investment totals €12 million at Columbus and €21 million at Acerinox Europa, as the latter entails more civil work.

In keeping with the Group's policy, the return on these investments covers less than 5 years.

During August and September, there was a revamping of the AP3 annealing and pickling line, in order to upgrade it to the level of the new AP5 annealing and pickling line.

Return to Shareholder

The General Shareholders' Meeting held on 10 May 2018 approved the distribution of a dividend of €0.45 per share in cash, which was performed on 5 July.

Board of Directors

Appointments

At a meeting held on 24 October, the Board of Directors appointed Mr Ignacio Martín San Vicente as an Independent Director.

Mr. Ignacio Martín San Vicente, 1955, is an Industrial Engineer whose career has been in industry, having held among others the positions of Executive Chairman of Gamesa (2012-2017) and Chief Executive Officer of CIE Automotive (2002-2012).

He is currently a Director at Repsol, Bankoa and Indra, and member of the Council of the APD (Association for the Advancement of Management)

Composition of the Commissions

- Executive Committee: Independent Director Mr. Ignacio Martín San Vicente joins the Committee
- Audit Committee: The Board has appointed Independent Director Mr. Donald Johnston as Chairman of the Committee. Independent Director Ms Marta Martínez Alonso also joins the Committee.

Outlook

Macroeconomic uncertainties and lower prices of raw materials will lead to a decline in activity in the fourth quarter.

The end of the year will see seasonal effects and the adjustment in inventories. These factors, coupled with the lowering of the alloy surcharge, the excess of material available in Asia and the pressure of imports, will affect prices and margins in all markets.

Nevertheless, the annual results will continue to be higher than last year's.

Main economic-financial figures

CONSOLIDATED GROUP	Year 2018 Q1	Q2	Q3	Q4	Accumulated	2017 Jan-Sep
Production (Thousand mt)						
Melting shop	668	639	617		**1,924**	1,887
Hot rolling shop	577	561	524		**1,663**	1,670
Cold rolling shop	462	471	443		**1,375**	1,301
Long product (hot rolling)	65	70	61		**195**	172
Net sales (million EUR)	1,254	1,334	1,284		**3,872**	3,511
Gross operating result / EBITDA (million EUR)	118	151	154		**422**	370
% over sales	9.4%	11.3%	12.0%		**10.9%**	10.5%
EBIT (million EUR)	76	108	112		**296**	240
% over sales	6.1%	8.1%	8.7%		**7.6%**	6.8%
Result before taxes and minorities (million EUR)	76	105	111		**293**	226
Result after taxes and minorities (million EUR)	58	80	83		**221**	157
Depreciation (million EUR)	41	42	41		**124**	130
Net cash flow (million EUR)	99	122	124		**345**	287
Number of empoyees	6,692	6,818	6,828		**6,828**	6,818
Net financial debt (million EUR)	667	537	666		**666**	697
Debt to equity (%)	33.9%	26.6%	31.7%		**31.7%**	36.3%
Number of shares (million)	276	276	276		**276**	276
Return to shareholders (per share)	---	---	0.45		**0.45**	0.45
Daily average shares traded (nº of shares, million)	1.22	1.16	1.06		**1.14**	1.55
Result after taxes and minorities per share	0.21	0.29	0.30		**0.80**	0.57
Net cash flow per share	0.36	0.44	0.45		**1.25**	1.04

Alternative Performance Measures (definitions of terms used)

Saving relating to the Excellence Plans: estimated saving on efficiency on the basis of this study defined in each Plan

Operating Working Capital: Inventories + Trade receivables – Trade payables

Net Cash Flow: Results after taxes and minority interest + depreciation and amortization

Net Financial Debt: Debt with banks + bond issuance - cash

Net Financial Debt / EBITDA: Net Financial Debt / annualized EBITDA

EBIT: Operating income

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

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 interest / Equity

ICR (interest coverage ratio): EBIT/Net financial result