2017 Business Year Results

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

DISCLAIMER

This document has been drawn up in good faith upon the basis of the data and facts available on the day of its publication and should be read together with all the public information provided and/or published by ACERINOX, S.A.

This document may contain statements with regard to the future intentions, forecasts and estimates of ACERINOX, S.A. and its business. These types of statements and/or contents may include declarations or expectations with regard to the current plans, objectives and forecasts of the company and its group, including declarations concerning trends or circumstances which might affect its current financial situation and its ratios, results, strategies, production levels, expenditure, costs, exchange rates, investments and/or dividend policy. It may also contain references to the situation and trends of the market of raw materials, especially nickel and chrome.

These statements and contents have been issued in good faith, upon the basis of the knowledge and information available on the date of this announcement and, despite being reasonable, do not constitute a guarantee of future compliance. These statements and contents are subject to risks, uncertainties, changes and situations beyond the control of ACERINOX, S.A., meaning that they may not comply, in full or in part, with what is expected and/or declared.

Except to the extent required by the applicable law, ACERINOX, S.A. does not assume any obligation to publicly update its future declarations and statements, even when new data are published or further unforeseen events which might affect them arise.
ACERINOX, S.A. provides information on the above and other factors which may affect its future statements concerning its business, expectations and/or financial results in the documents it submits to the Spanish National Securities Market Commission. All interested parties are invited to view these documents.

Neither this document nor the information contained herein constitute an offer to sell, purchase or exchange or an invitation to make an offer to buy, purchase or exchange, or a recommendation or advice regarding any asset or financial instrument issued by the Acerinox Group. Any person who acquires assets should do so upon the basis of his or her own judgement after receiving the professional advice deemed appropriate. No kind of investment activity should be performed upon the basis of the information or forecasts contained in this documentation.

Neither ACERINOX, S.A. nor its subsidiaries assume liability of any kind for the damages which may arise from any use of this document or its contents.

Telephone conference and live broadcast of the presentation of the results for the 2017 financial year

Acerinox will hold the presentation of its 2017 results on the Intercontinental Hotel, Madrid, at 10:30 a.m. CET, with the presence of the Chairman, Mr Rafael Miranda, the CEO, Mr Bernardo Velázquez and the rest of the management team.

A conference call and live broadcast of the presentation will take place at the same time. To access the presentation via telephone conference, you can use one of the following numbers, 5-10 minutes before the start of the event:

Spanish language: +34 91 414 20 21 followed by the pin code: 69475072#
English language: Spain: +34 91 414 20 21, followed by the pin code: 62330472#
UK: +44 203 043 2440, followed by the pin code: 62330472#

You can follow the presentation through 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 after the event.

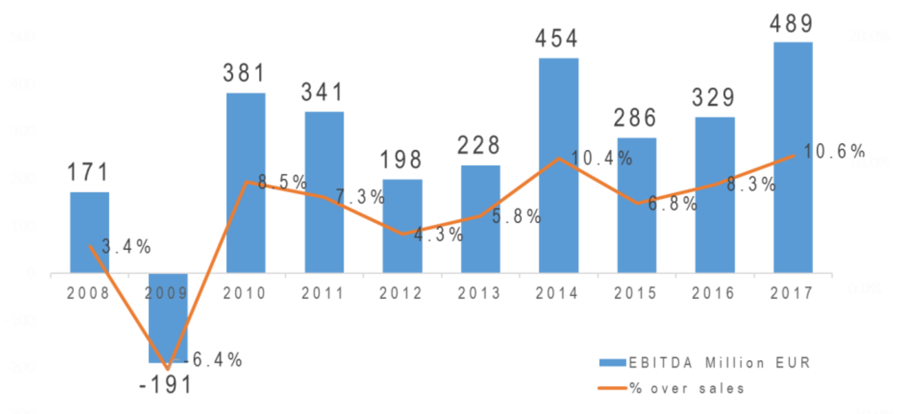
Annual Report for the 2017 Financial Year

The audited Annual Report for the 2017 Financial Year, which includes the Management Report, the Acerinox Report and the auditors' opinion, and the Corporate Governance Report are available on the Acerinox website, www.acerinox.com

2017 Business Year Results

- Acerinox obtains the best results of the last ten years, a profit after taxes and minority interests of 234 million euros
- The recovery of the market in the last stretch of the year and the tax reform in the United States boosted the results in the fourth quarter
- EBITDA, at 489 million euros, is 48.6% higher than that of the previous financial year (329 million euros)
- New record in cold rolled production, 1.7 million mt. Melting shop production, 2.5 million mt, increases by 1.8%
- Net sales, 4,627 million euros, is 16.6% higher than in the previous year, due to the rebound in stainless steel prices
- Operating cash flow amounts to 366 million euros (269 million euros in 2016). Cash flow after paying dividends and investments is 57 million euros
- Net financial debt is 609 million euros, 1.7% lower than that of the previous year
- The first year of the Excellence Plan V (2017-2018) ends with a target achieved of 49%, which represents a recurring saving of 24.6 million euros
- The ramp up of the bright annealing line, BA, in the United States has been a success. Production in the new lines of Acerinox Europa will start in March
- The year 2018 starts satisfactorily. Base price increases have been achieved in the North American market

EBITDA
Million euros (% over sales)

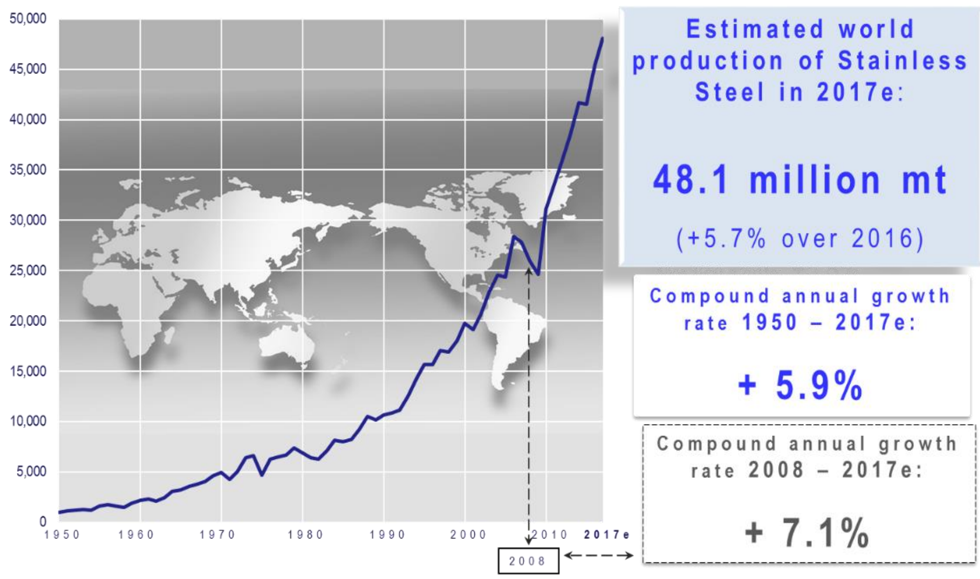


Stainless Steel Market

The stainless steel production in 2017 exceeded the initial growth forecasts that were set at around 4%. Based on the data from the International Stainless Steel Forum (ISSF) the growth up to September was at 7.4%, whilst our own estimates put growth for the whole year at around 5.7%, with the compound annual growth rate since 1950 unaltered at 5.9%, a rate that has accelerated in the last decade to 7.1%.

World production of stainless steel 1950 – 2017e

Thousand mt.



e: estimates
Source ISSF and Acerinox

This increase occurs especially in the second half of the year:

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
Year 2016	Thousand mt	10,192	11,745	11,401	12,110	**45,448**
Year 2017e		11,664	11,335	12,537	12,519	**48.054**

Source ISSF and Acerinox

China remains the main producer, with over half of all world production although it is important to note that all regions grow.

		2016	2017e	Variation
Europe	Thousand mt	7,280	7,377	1.3%
United States		2,481	2,754	11.0%
China		24,608	25,774	4.7%
India		3,324	3,502	5.4%
Japon		3,093	3,122	0.9%
Others		4,661	5,526	18.5%
Total		**45,448**	**48,054**	**5.7%**

Source ISSF and Acerinox

Europe

Following the sharp increase in apparent consumption of flat product in Europe in 2016, (8.7%), in 2017, the trend was confirmed and apparent consumption rose again by 0.7% to 5.37 million mt, close to the historic record of 2006, indicating that the crisis in Europe is finally over.

According to our estimates, the European country with the highest increase in consumption was Poland, with an increase of 5.9%, followed closely by Spain with 4.6%, where apparent consumption is still 15% below the highest levels of 2006. Among the other countries, the situation of the UK is worth noting. After the steep fall last year caused by Brexit, its levels remained stable in 2017, ending with a slight decline of 0.5%. In the other major EU countries, Germany rose by 0.4% while Italy and France fell by 1.9% and 1.7%, respectively.

Imports of flat products continued to rise by 17.9%, with the imports share rising from 23% in 2016 to 27% in 2017. Imports of cold rolled products rose by 15.7%, whilst hot rolled products rose by 24.4%, driven by the imports of hot rolled coil from China for the large steel transformers in the Italian market.

The strong demand noted in the first quarter of the year led to an increase in inventory, which would only return to the average levels of previous years in September, ending the year with adequate levels.

Base prices were stable in the first quarter, but later deteriorated towards the end of the third quarter and recover during the fourth quarter.

Real consumption remained strong, and key sectors for stainless steel such as construction confirmed the trend of 2016. According to estimates from Eurofer, the construction sector grew by 4.3%, automotive continued as strongly as in recent years and grew by 3.7%, in line with the home appliances industry, which also grew by 3.7%.

America

Real consumption of the American market maintained sustained growth, the construction[1] industry once again, grew 3.8%, for the third year running. The domestic appliance[2] sector also grew by 5.8%, while production and sales in the automotive[3] sector suffered corrections of -2.5% and -1.7%, although this means that levels actually remained high, considering that 2016 had been a record year.

According to the latest available data, the flat product market grew by 3% in 2017. Meanwhile, the reactivation of the Oil & Gas industry revived the market for long product, which grew by more than 20% to compensate for the fall of -13.6% in 2016.

Inventories were constant throughout 2017, but below the average of recent years. The

[1] Source: Census Bureau
[2] AHAM
[3] Light Vehicles Wards

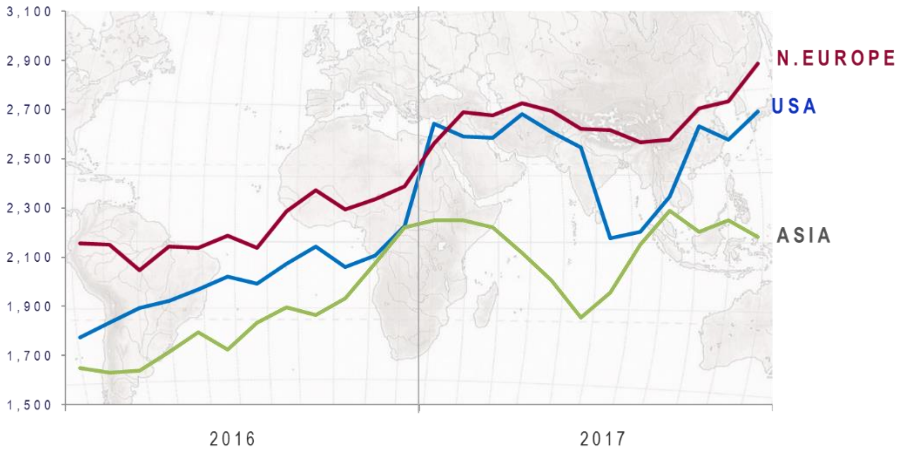
base prices of the American market were fairly stable throughout the year, while variations in raw materials affected the alloy surcharge.

Both Canada and Mexico registered increases of apparent consumption of flat products, with consumption in the latter country continuing to grow strongly thanks to sectors such as automotive.

In South America, the recovery of Brazil was the highlight, with a growth of 15%, and accounting for nearly 70% of total consumption of flats products in the region.

Price of stainless steel coil. AISI 304 2mm

USD / mt, final price, alloy surcharge included



Source ISSF, Acerinox

Africa and Middle East

The apparent consumption of flat products in South Africa fell by 6.9% in 2017 according to our estimates, reflecting problems in the economy and political instability, although there was a recovery in the last months of the year in sectors such as mining, which could lead to further rises in consumption of stainless steel.

As part of its business strategy, and to compensate the weakness of the local market, Columbus continued to increase the number of countries to which it exports to reach a total of 67 countries.

In the Middle East, the United Arab Emirates stands out as the largest market and the best performing country in the region (where the Group has an office in Dubai).

It is also worth mentioning the growth of African markets of Morocco and Algeria, where Acerinox is the market leader.

Asia

The largest stainless steel market, China, increased its apparent consumption again, by 7.2%, according to data from the China Stainless Steel Council, absorbing the growth of its production, as there was a stabilization of exports. This allows us to be optimistic about a better balance between capacity and domestic demand in China.

Evolution of prices in the Chinese market was similar to other markets throughout the year, although always lower, putting pressure on the international market, especially in the ASEAN region.

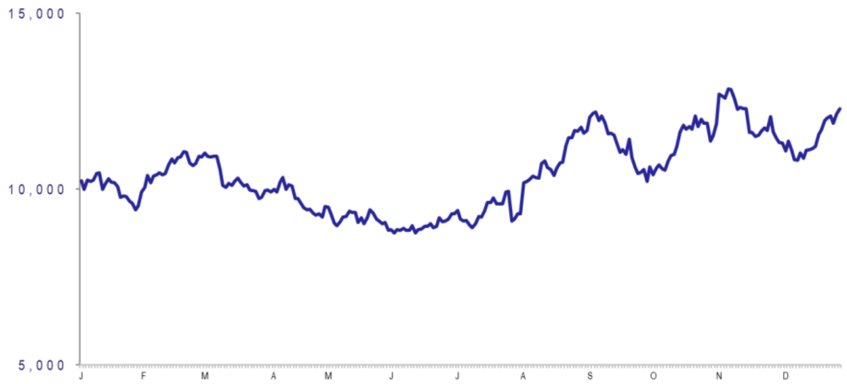
The year ended with low inventories in Wuxi and Foshan, in levels below average in recent years.

Raw materials

The recovery of industrial production and the consequent increase in consumption allowed for an improvement in the prices of raw materials in 2017. As usual, demand in China was an important factor in the movement of some raw materials during the year.

Official nickel Price in the LME, year 2017

USD / mt, average Price cash/three months



The price of nickel followed a downward trend in the first half of the year. The announcement of the partial lifting of the ban on nickel ore exports from Indonesia, with the consequent potential rise in nickel pig iron production in China, together with the uncertainty about the resilience of Chinese economic growth led to a drop in prices to the minimum annual price of 8,700 USD/mt in June.

The beginning of the second half of the year marked a turning point. The announcement of nickel production caps combined with healthy demand, especially in China, were the basis of the recovery of the prices, which rose over 12,000 USD/mt, levels not seen since July 2015.

Besides these factors, the positions taken by financial investors in the metals exchange, due to the interest in nickel as a component in batteries for electric cars, caused the price to rise to higher levels in the last months of the year. Nickel prices reached their highest point in November, at 12,800 USD/mt, before ending the year at 12,283 USD/mt.

Despite the increase in the production of pig nickel in China and Indonesia in 2017, consumption was stronger than production of this metal for the second year running, leading to an estimated deficit of 128,000 mt at the end of the year, reducing the stocks available on the market.

Stock on the LME fell by 5,454 mt, ending the year at 366,612 mt. The reduction on the Shanghai Exchange was even more pronounced, 49,096 mt to 44,216 mt at the end of the year.

Despite the recovery of the prices in the second half of the year, nickel was the metal which saw the least movement, with an increase of 20.1% during 2017. The highest increase was for aluminium with 31.7%, followed by zinc with 29.6% and copper with 28.4%.

The price of ferrochrome has been one of the most volatile in recent years. It started the year with an annual high in the first quarter, when it reached 165 US¢/Lb, price not reached since the second quarter of 2008. This steep rise was driven by the changes in the Chinese market. Low stocks of both chrome ore for local production and ferrochrome at the end of 2016 caused prices to rise and affected global prices in all markets.

Prices started to fall back as the process of restocking wound down, reaching 154 US¢/Lb in the second quarter.

It was in the third quarter, when stocks had been fully replenished, that the low global demand sent the prices strongly downward, ending up at 110 US¢/Lb. The recovery of demand after the summer saw prices improve reaching 139 US¢/Lb for the fourth quarter. Obviously, this volatility makes managing our stocks difficult and increases uncertainty.

Production

Acerinox production in 2017 registered its highest figures ever for cold rolling, with 1,738,240 mt, and the second highest figures for hot rolling, with 2,230,678 mt, as well as for melting, with 2,518,919.

		2017					2016	Variation (%)
		Q1	Q2	Q3	Q4	Accumulated	Jan-Dec	
Melting shop	Thousand mt	667.5	605.4	614.6	631.4	2,518.9	2,475.4	1.8%
Hot rolling shop	Thousand mt	592.5	535.4	542.4	560.3	2,230.7	2,208.9	1.0%
Cold rolling shop	Thousand mt	438.3	436.2	426.8	436.9	1,738.2	1,715.9	1.3%
Long product (Hot rolling)	Thousand mt	58.5	59.3	54.3	61.8	233.9	224.3	4.3%

These volumes represent an increase over the previous year of 1.3% in the case of cold rolling and 1.0% and 1.8% in the case of hot rolling and melting, respectively.

Next, we show the productions by plants:

Flat Product [mt]	ACERINOX EUROPA	NAS	COLUMBUS	BAHRU	TOTAL	Variation % over 2016
Melting shop	827,108	1,100,981	590,829		2,518,919	1.8%
Hot rolling shop	703,162	948,044	579,472		2,230,678	1.0%
Cold rolling shop	493,021	704,922	314,137	226,161	1,738,240	1.3%

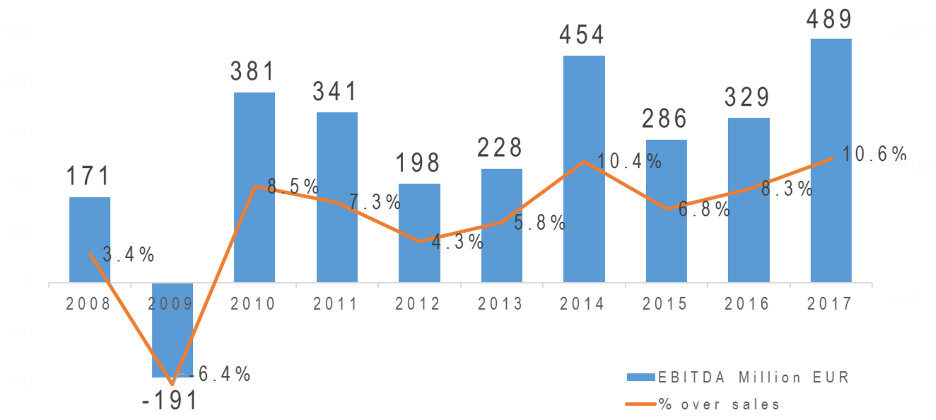
Bahru Stainless plant continues to contribute to increase production and improve the costs of the entire Group through the supply of black coil. In 2017, in a very competitive market, it increased the production of cold rolling by 33.4%.

Results

The results obtained were the best of the last ten years.

EBITDA

Million euros (% over sales)



The EBITDA reached, both in absolute terms, 489 million euros, and in margin over sales, 10.6%, exceeding that obtained in satisfactory years such as 2010 and 2014, even though prices in the main markets were below those of those years. All this proves the high levels of efficiency achieved in this period, which was particularly complicated for the sector.

With respect to the previous period, with a growth in turnover of 16.6%, it improved the EBITDA by 48.6%. The result after tax, 234 million euros, almost triples that of 2016.

Most significant data

Thousand euros

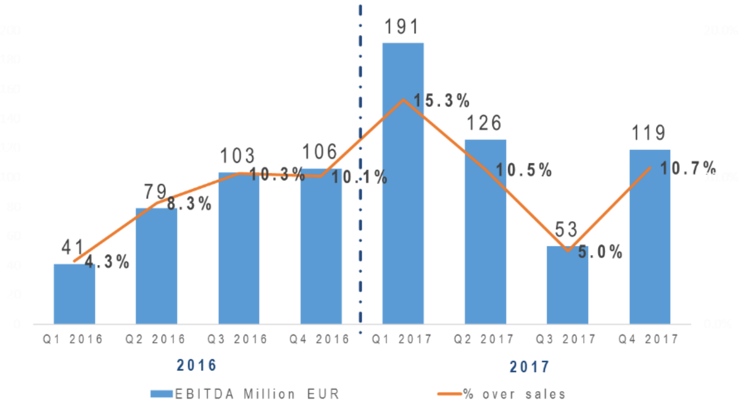
	2017	2016	Variation
Net sales	4,627	3,968	16.6%
EBITDA	489	329	48.6%
EBIT	318	157	102.0%
Result before taxes and minorities	299	128	133.5%
Result after taxes and minorities	234	80	191.5%

This result is particularly commendable in a year marked by high volatility in raw materials, which had highly significant consequences within the market and on prices.

The exceptional first quarter was compensated for by an equally abnormal third quarter, this time due to its weakness. This volatility, which is so harmful for the sector, not only affects results, but also has consequences for the receipt of orders, for apparent consumption, and for the consolidation of improvements in prices attained.

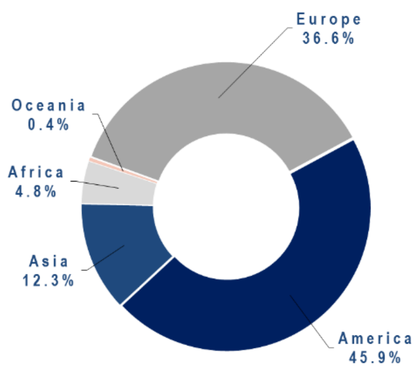
EBITDA

Million euros (% over sales)



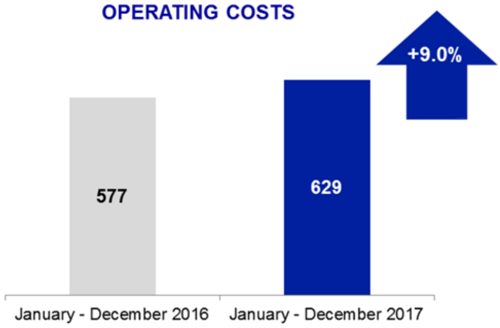
The net turnover, 4,627 million euros, was 16.6% higher than in the previous year, thanks to an upturn in prices. The average price of the AISI 304 coil (according to Platts) increased by 18% in Europe, 26% in the USA and by 17% in Asia, compared to 2016.

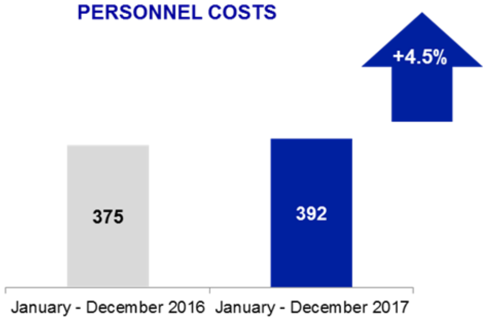
Geographical Distribution of Acerinox net turnover in 2017



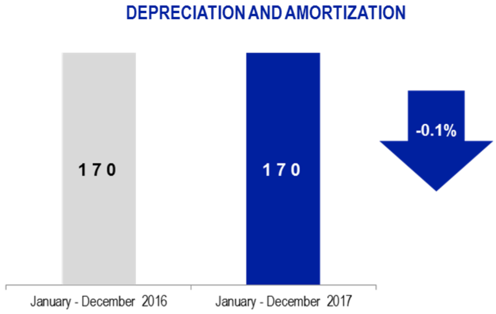
The total operating costs, 994 million euros, increased by 6.5%, in a year in which melting production increased by 1.8%.

- Personnel costs rose by 4.5%. This increase not only corresponds to the increase in staff by 2.6%, but also an increase in remuneration due to the effect of improvements in productivity and results.
- Operating costs, 629 million euros, increased by 9.0%. Among these costs the increases of 9.1% for supplies and 7.5% for freight stand out.

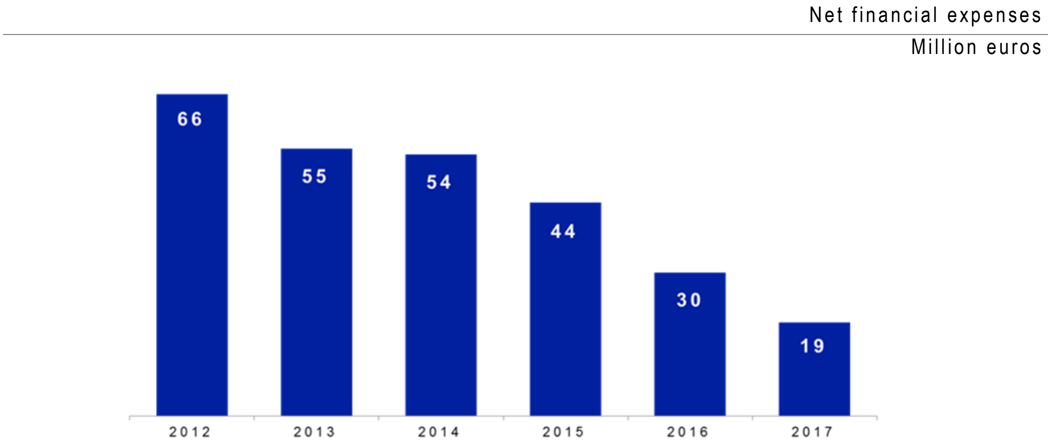




Depreciation and amortization, 170 million euros, remained stable with respect to the previous year.



The net financial expenses, 19 million euros, were 34.7% lower than the previous year. It is the fifth consecutive year that the financial costs have been cut, having been reduced during this period (2012-2017) by 70.9%.



Results before taxes, 299 million euros, were 133.5% higher than in the previous year.

At the end of December, the American tax reform was passed, which will have a very beneficial effect on North American Stainless and the Consolidated Group. Although it will come into force and its effects will be seen in 2018, the net result for 2017 benefited from the adjustment of deferred tax liabilities to the new tax rate.

Cash generation

The generation of cash continues to be a priority for the Group.

The unwavering control of working capital within the scope of a favourable cycle allowed the Group to obtain an operating cash flow of 366 million euros.

Cash Flow

Million euros

	Jan - Dec 2017	Jan - Dec 2016
EBITDA	**489**	**329**
Changes in working capital	1	16
Income tax	-82	-56
Financial expenses	-28	-35
Others	-14	14
OPERATING CASH FLOW	**366**	**269**
Payments for investments on fixed assets	-185	-157
FREE CASH FLOW	**181**	**111**
Dividends payed to shareholders and minorities	-124	-27
CASH FLOW AFTER DIVIDENDS	**57**	**85**

The satisfactory surge in investment in the USA and the advances state of those of Campo de Gibraltar, together with the rest of the plants, resulted in a payment of 185 million euros for the period. As a result, the free cash flow generated in the period was 181 million, which allowed the payment of a cash-only dividend of 124 million euros.

Analysing a longer period, the Acerinox Group, in the most complicated period for the industry, was capable of generating 3,081 million euros, which allowed it to undertake investments for 1,771 million euros, pay the shareholders 996 million euros, and reduce the net financial debt by 314 million euros. There was not another manufacturer in the industry in this period which was capable of maintaining its strategic investment plan and its policy of shareholder remuneration, while at the same time reducing its debt.

Cash generation 2008-2017
Million euros

Cash generation	3,081
CAPEX	1,771
Return to shareholders	996
Net debt reduction	314

Balance Sheet

The income statement for the period was not significantly affected by the variation in exchange rates, but the main entries on the balance sheet, with regards to the exchange rate at period end, reflect these variations, with the main effect being caused by the depreciation of the US dollar by 13.8%.

Balance Sheet
Million euros

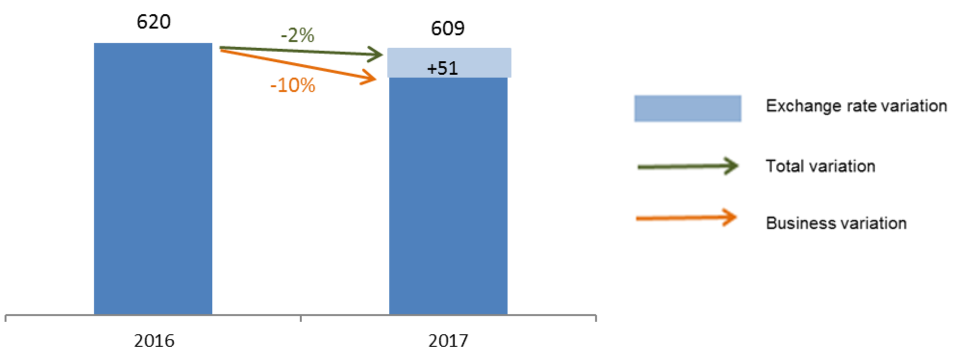
ASSETS	2017	2016	Variation
Non-current assets	**2,147.62**	**2,357.53**	**-8.9%**
Current assets	**2,256.39**	**2,097.51**	**7.6%**
- Inventories	990.48	887.42	11.6%
- Debtors	613.20	575.51	6.5%
Trade debtors	*552.06*	*527.79*	*4.6%*
Other debtors	*61.14*	*47.73*	*28.1%*
- Cash	620.54	598.47	1618.4%
- Other current financial assets	32.17	36.11	-10.9%
TOTAL ASSETS	**4,404.01**	**4,455.05**	**-1.1%**

LIABILITIES	2017	2016	Variation
Equity	**1,970.30**	**2,168.68**	**-9.1%**
Non-current liabilities	**1,149.38**	**1,191.17**	**-3.5%**
- Interest-bearing loans and borrowings	936.68	936.81	0.0%
- Other non-current liabilities	212.70	254.37	-16.4%
Current liabilities	**1,284.34**	**1,095.20**	**17.3%**
- Interest-bearing loans and borrowings	293.08	281.61	4.1%
- Trade creditors	856.71	712.97	20.2%
- Other current liabilities	134.55	100.61	33.7%
TOTAL EQUITY AND LIABILITIES	**4,404.01**	**4,455.05**	**-1.1%**

The Group is exposed to fluctuations within the dollar due to the significance of its investments in North American Stainless and Bahru Stainless. For that reason, despite the good results from the period, equity was reduced by 9.1%, and non-current assets by 8.9%.

The net financial debt, which fell by 11 million euros, would have seen a significantly greater fall were it not for a depreciation in cash positions held in dollar, which had a 62 million euros effect. Net Financial Debt / EBITDA ratio is 1.2 times.

Net financial debt sensitivity to the exchange rate
Million euros



Financing

During the 2017 period, the Group proceeded with the refinancing of its debt, with the aim of extending due dates, reducing costs and improving the quality of the debt.

Overall operations were closed for a total of 725 million euros, of which 430 were aimed at reducing the cost of existing finance, and 295 million euros were new operations at a very competitive cost. Of these, 160 million euros has a maturity period equal to or greater than 7 years.

The bulk of the debt is covered by a fixed rate, and practically all of it is free of covenants.

In addition, Columbus Stainless renegotiated and restructured the borrowing base facility of 3,500 million South African rand, in an operation that not only extended the maturity period, but also modified specific conditions in the structure in order to provide Columbus with greater financial flexibility, while reducing the cost, and increasing the number of intervening banks to 11. The final maturity date for the operation is June 2020.

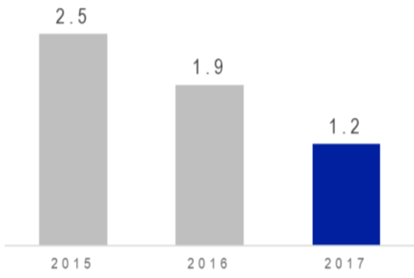
Financing Ratios

The main ratios benefit from both the improved results and the continuous strengthening of our balance.

The net financial debt / EBITDA ratio stood at 1.2 times and has fallen by 50% since 2015.

Net financial debt / EBITDA

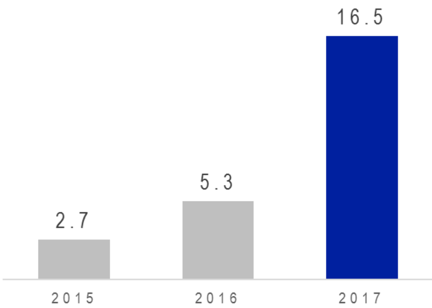
Times



The ICR (interest coverage ratio) reflects the continuous improvement of the Group's financing, which stands at 16.5 times, compared with 2.7 in 2015.

Interest coverage (EBIT / Net financial costs)

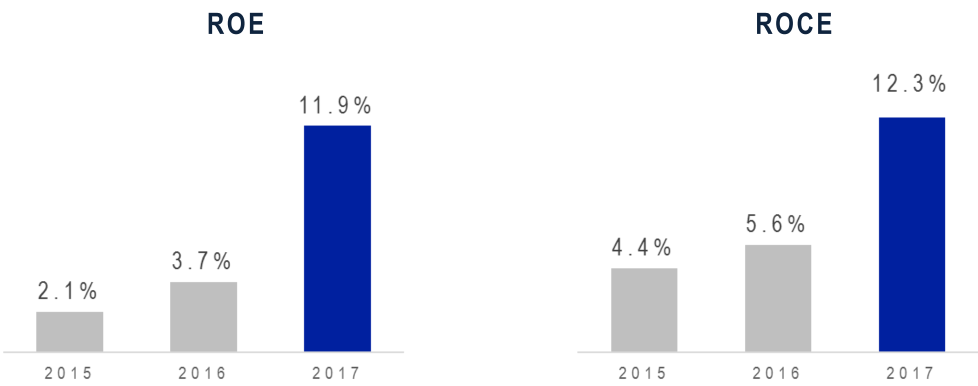
Times



The ROE has increased from 2.1% in 2015 to 11.9% in 2017. The ROCE has developed along similar lines, improving by 179%.

ROE and ROCE

Times



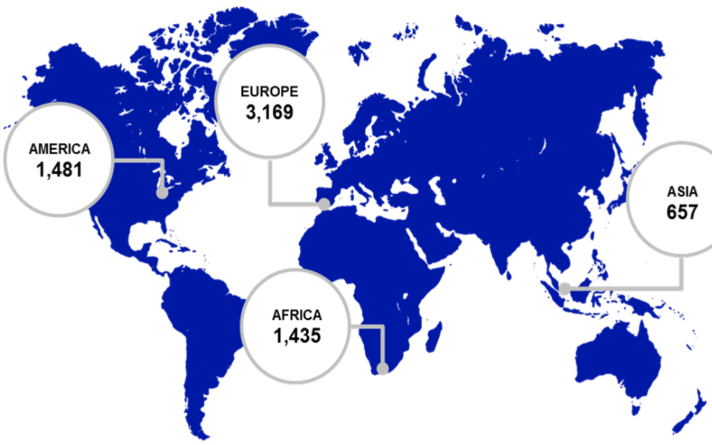
Human Resources

The geographical distribution of the 6,742 people who formed part of the Acerinox Group at 31 December 2017 is a clear indication of the international vocation of the Company.

More than half of the employees of the Acerinox Group work outside Europe. There are 3,169 people (46%) working in the Old Continent, while the other 3,573 workers are employed on the other four continents. Specifically, Acerinox has 1,481 employees in America (22%), 1,435 in Africa (21%) and 657 in Asia (9%).

The workforce increased by 2.6% since the implementation of new lines which has increased production.

Number of employees as of 31 December 2017



Excellence Plan

Excellence Plan V (2017-2018) is currently under way in the Acerinox Group. The first year of application ended with 49% completion of the total recurring savings target forecast of 50 million euros. Therefore, in the same conditions, the same characteristics and circumstances as the 2016 financial year, this would imply a saving of 24.6 million euros.

The current Plan, approved by the Board of Directors in December 2016, has 20 chapters which look for improvements in areas such as manufacturing, efficiency, flexibility and customer service.

Excellence Plans are a tool for improving production costs along the whole supply chain, resulting from a benchmarking exercise of the best practices in each of the processes and units in the Group. These plans are an essential management tool both for the different companies as well the management of the Group. They have achieved important successes since 2009, when they were first implemented.

Each plan is put forward with the aim and criteria of optimizing and making improvements on the previous ones, so that the accumulated savings to date are consolidated and form the basis of the next plan.

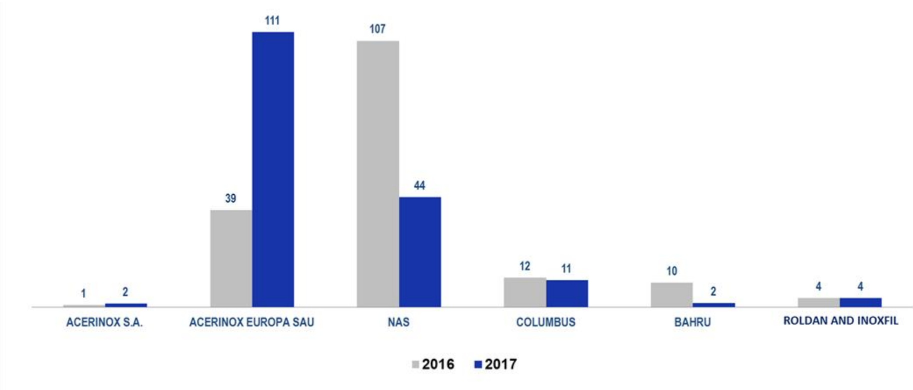
The different plans applied have registered recurring savings of 97 million euros in Plan I (2009-2010), 53 million in Plan II (2011-2012), 53 in Plan III (2013-2014) and 50 in Plan IV (2015-2016).

Investments in Fixed Assets

The global amount of investments, rose to 173 million euros in 2017, a similar sum to the previous year, in which maintenance investments are included to equip the installations with the most advanced technology and equipment.

Investments in fixed assets

Million euros



North American Stainless started new production lines in 2017 after an investment of nearly 120 million euros. This expansion added a bright annealing BA line and cold rolling mill to the productive capacity of the plant, enabling it to produce bright finish stainless steel (a product with growing demand in this market).

Acerinox Europa will also open new lines in the first months of 2018. After a total investment of 140 million euros, of which 111 were invested last year, the plant will start up a new annealing and pickling (AP) line and a cold rolling mill. A new slitting line, which is already working, completes these investments. This will improve the quality of its products, reduce costs and the environmental impact.

In both cases, these are strategic investments approved by the Board of Directors in 2015 in order to boost and reinforce the leadership of Acerinox in North America and to improve its position in the European Market.

In addition, in Acerinox Europa, the modernization of the annealing and pickling line AP3, is being revamping with the aim of equating it in technology and quality of its products to the new line.

For the South African plant, Columbus Stainless, the Board of Directors of Acerinox approved an investment of 5 million euros in December 2017 for the installation of a new slitter line that will improve the service it offers its customers and reduce delivery times. The Group invested 11 million euros in this plant last year.

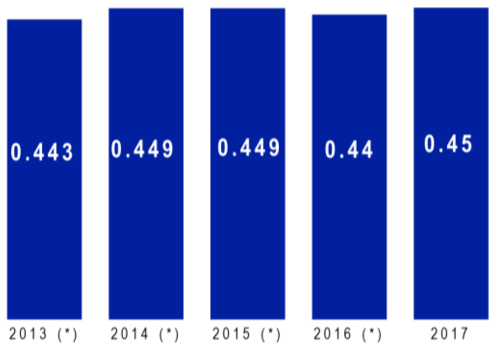
Return to shareholders

Following the years 2013 to 2016, in which Acerinox offered its shareholders the option of a scrip dividend, the General Shareholders' Meeting held on 1 June 2017 agreed to make a single payment of 0.45 euros per share in cash, which was paid to shareholders on 5 July 2017.

Since 2006, Acerinox has remunerated its shareholders without interruption with an annual sum of 0.45 euros per share, whether through a cash or scrip dividend.

Annual shareholder remuneration

Euros / share



(*)*Scrip dividend*

Outlook

The recent tax reform in the United States will have a clearly positive effect on the results of Acerinox. To anticipate the behaviour of the Group in 2018, it will be necessary to be very aware of the possible protectionist measures in that country, of the reaction of Europe and other countries in the case of these measures were adopted and of the management of the excess of production capacity installed, especially in Asia. In this last factor will have special importance the growth of the production in Indonesia, but also the closing of mills in China or its change of activity towards the manufacture of carbon steel.

Once again flexibility, efficiency and control of costs will be key factors that will determine the results of Acerinox, for which we trust in the increase of the competitiveness achieved during the last years and in the current improvement plans.

The good situation of the economy in practically all countries should boost the consumption of stainless steel, especially if investments in infrastructure are reactivated and a phase of expansion of public spending is entered, as private consumption and production of capital goods are showing positive performance.

Although the comparison with the year 2017 will start being negative due to the exceptional results obtained in the first quarter of the previous year, favoured by the strong increases in the prices of raw materials, the current situation, join with the control of stocks in the main consumer markets and the prices recovery in the fourth quarter, allow to be optimistic for the year 2018. The alloy premiums are rising and the base prices have already improved in the United States.

Main economic-financial figures

CONSOLIDATED GROUP	Year 2017 Q1	Q2	Q3	Q4	Accumulated	2016 Jan-Dec
Production (Thousand Mt)						
Melting shop	667.5	605.4	614.6	631.4	**2,518.9**	2,475.4
Hot rolling shop	592.5	535.4	542.4	560.3	**2,230.7**	2,208.9
Cold rolling shop	438.3	436.2	426.8	436.9	**1,738.2**	1,715.9
Long product (hot rolling)	58.5	59.3	54.3	61.8	**233.9**	224.3
Net sales (million €)	1,252.48	1,191.34	1,067.21	1,115.83	**4,626.86**	3,968.14
Gross operating result / EBITDA (million €)	191.24	125.60	53.09	118.92	**488.86**	329.07
% over sales	15.3%	10.5%	5.0%	10.7%	**10.6%**	8.3%
EBIT (million €)	146.12	80.89	12.71	78.23	**317.95**	157.44
% over sales	11.7%	6.8%	1.2%	7.0%	**6.9%**	4.0%
Result before taxes and minorities (million €)	140.80	75.98	8.92	72.93	**298.63**	127.87
Result after taxes and minorities (million €)	97.95	52.80	6.64	76.75	**234.14**	80.32
Depreciation (million €)	45.28	43.88	40.80	39.74	**169.70**	169.79
Net cash flow (million €)	143.24	96.69	47.43	116.49	**403.85**	250.11
Number of empoyees	6,616	6,794	6,818	6,742	**6,742**	6,573
Net financial debt (million €)	600.55	663.49	696.65	609.22	**609.22**	619.95
Debt to equity (%)	26.8%	33.2%	36.3%	30.9%	**30.9%**	28.6%
Number of shares (million)	276.07	276.07	276.07	276.07	**276.07**	276.07
Return to shareholders (per share)	---	---	0.45	---	**0.45**	0.44
Daily average shares traded (nº of shares, million)	1.54	1.76	1.37	1.18	**1.46**	1.90
Result after taxes and minorities per share	0.35	0.19	0.02	0.28	**0.85**	0.29
Net cash flow per share	0.52	0.35	0.17	0.42	**1.46**	0.91

Alternative Performance Measures (definitions of terms used)

Saving relating to the Excellence Plan: 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
EBIT: Operating income
EBITDA: Operating income + depreciation and amortization + variation of current provisions
Net financial expenses: Financial income – financial expenses ± exchange rate variations
ROCE: Operating income / (Equity + Net financial debt)
ROE: Results after taxes and minority interest / Equity
Debt Ratio: Net Financial Debt / Equity
IRC (interest coverage ratio): EBIT/Net financial expenses