RESULTS

AT 30 SEPTEMBER 2020

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

Telephone conference and live broadcast of the presentation of the results for the Third Quarter of 2020

Acerinox will hold the presentation for the results of the Third Quarter of 2020, in English, today, 26 October, at 10.00 AM (CET) directed by the Chief Financial Officer, Miguel Ferrandis, 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: 617680
- From the UK: 020 3936 2999   PIN: 617680
- From the USA: 1 646 664 1960   PIN: 617680
- Rest of countries: +44 20 3936 2999   PIN: 617680

To follow the presentation online, you can access the following link in the Shareholders and Investors section of the Acerinox website (Audio Webcast).

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

Highlights

First nine months of 2020

- In a year marked by the global pandemic, Acerinox's turnover totalled EUR 3,451 million in the first nine months, just 6% lower than that of 2019. Melting shop production, 1,582,499 tonnes, decreased by 9% compared to the same period of the previous year.
- Adjusted EBITDA, EUR 267 million, was down by just 8% thanks to the incorporation of VDM and to the cost reductions undertaken.
- The EBITDA margin on sales remains at 8%, despite the difficulties of the market.
- Profit after tax and minority interests stood at EUR 31 million, 73% lower than that of the same period in 2019. This result includes the impairment of the assets of Bahru Stainless made in June, which amounted to EUR 43 million.
- Cash flow generation has been satisfactory, helped by good management of the working capital. Operating cash flow (pre-investment) amounted to EUR 167 million.
- At 30 June Acerinox had immediate liquidity amounting to EUR 1,690 million.
- The Group's net financial debt of EUR 841 million increased by EUR 346 million, in spite of the EUR 398 million resulting from the purchase and the incorporation of VDM's debt.
- Anti-dumping measures for hot-rolled products were approved by the European Union against China, Taiwan and Indonesia, and another anti-dumping case on cold-rolled products was initiated against India and Indonesia.
- The General Shareholders' Meeting, held on 22 October, approved shareholder remuneration of EUR 0.5/share.

Third Quarter 2020

- Melting shop production, 538,467 tonnes, increased by 21% compared to the second quarter of 2020.
- Group turnover of EUR 1,120 million was 4% lower than in the second quarter of 2020.
- EBITDA, totalling EUR 87 million, was 9% higher than the reported EBITDA of the previous quarter.
- A negative net realisable adjustment to inventory was made, totalling EUR 18 million.
- Operating cash flow (pre-investment) amounted to EUR 91 million.
- The Group's net financial debt of EUR 841 million decreased by EUR 31 million compared to 30 June.

Outlook

Visibility is limited and there are many uncertainties: evolution of the pandemic in all the markets, the US elections, Brexit, etc.

The reactivation of a number of sectors, our order backlog and geographical diversification, lead us to expect fourth quarter EBITDA to be in line with that of the third quarter.

Key economic and financial figures

CONSOLIDATED GROUP	QUARTER			ACCUMULATED		
	Q1 2020	Q2 2020 (1)	Q3 2019	9M 2019	9M 2020	Variation 2020/2019
Melting shop (thousand Mt)	599	445	538	1,740	1,582	-9%
Net sales (million EUR)	1,159	1,172	1,120	3,661	3,451	-6%
Adjusted EBITDA (2) (million EUR)		**94**			**267**	**-8%**
% over sales		*8%*			*8%*	
EBITDA (million EUR)	85	80	87	290	252	-13%
% over sales	*7%*	*7%*	*8%*	*8%*	*7%*	
Adjusted EBIT (3) (million EUR)		**46**			**134**	**-16%**
% over sales		*4%*			*4%*	
EBIT (million EUR)	44	-11	43	159	77	-52%
% over sales	*4%*	*-1%*	*4%*	*4%*	*2%*	
Result before taxes and minorities (million EUR)	41	-19	40	158	62	-61%
Result after taxes and minorities (million EUR)	**28**	**-26**	**28**	**113**	**31**	**-73%**
Depreciation (million EUR)	41	48	45	132	133	1%
Net cash flow (million EUR)	69	22	73	245	164	-33%
Number of empoyees	6,507	8,385	8,331	6,809	8,331	22%
Net financial debt (million EUR)	854	872	841	582	841	44%
Debt to equity (%)	43.7%	46.4%	46.4%	26.9%	46.4%	73%
Number of shares (million)	271	271	271	271	271	0%
Return to shareholders (per share)	0.00	0.00	0.00	0,50 / 0,68 (4)	0.00	---
Daily average shares traded (nº of shares, million)	1.11	0.94	0.69	1.02	0.91	-11%
Result after taxes and minorities per share	0.10	-0.10	0.10	0.42	0.11	-73%
Net cash flow per share	0.25	0.08	0.27	0.91	0.61	-33%

Million euros	Third Quarter			Nine Months		
	Stainless Group	High Performance	Consolidated Group	Stainless Group	High Performance	Consolidated Group
Melting production (thousand Mt)	524	14	538	1,543	40	1,582
Net sales	935	185	1,120	2,988	464	3,451
Adjusted EBITDA (2)				242		267
Adjusted EBITDA margin				8%		8%
EBITDA	86	2	87	228	25	252
EBITDA margin	9%	1%	8%	8%	5%	7%
Amortization and Depreciation	-37	-7	-45	-118	-14	-133
Adjusted EBIT (3)				125		124
Adjusted EBIT margin				4%		4%
EBIT	49	-5	43	68	10	77
EBIT margin	5%	-3%	4%	2%	2%	2%

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

(2) EBITDA, stripping out EUR 14 million for the costs from the purchase of VDM in the second quarter of 2020

(3) EBIT, stripping out EUR 14 million for the costs from the purchase of VDM and EUR 43 million for the impairment of assets of Bahru Stainless in the second quarter of 2020

(4) EUR 0.18/share correspond to indirect remuneration through a share buyback programme

Stainless Steel Division

Stainless steel market

Stainless steel production, 24 million tonnes, decreased by 9% in the first half of 2020, according to the latest data provided by the ISSF. It is surprising that the reduction experienced by China was only 3%.

Thousand mtons	QUARTER		SEMESTER		
	Q1 2020	Q2 2020	H1 2019	H1 2020	Variation 2020/2019
Europe	1,790	1,341	3,742	3,131	-16.3%
USA	627	450	1,350	1,077	-20.3%
China	6,080	7,881	14,354	13,961	-2.7%
Asia w/o China and Corea S.	1,886	1,080	3,899	2,966	-23.9%
Others	1,323	1,215	2,770	2,538	-8.4%
Total	**11,705**	**11,968**	**26,115**	**23,673**	**-9.4%**

Others: Brazil, Russia, South Africa, South Korea and Indonesia I Source: ISSF

As shown in the table, global production in the second quarter increased by 2%. The 30% increase in China and the 27% decrease in the rest of the countries is striking.

- ### Europe

In Europe, apparent consumption of flat products decreased by 18% in the year to September. Following the collapse in the second quarter as a result of COVID-19, in the third quarter demand recovered by 14%, with improved performance in Northern Europe and in sectors such as household appliances, construction and automotive.

The level of inventories in Europe is still high, despite a reduction in the last four months.

The safeguarding measures, which are not designed for a declining market, are not serving to stop imports, which have maintained a penetration of approximately 25% in the case of flat products, and are continuing to exert enormous pressure on prices.

The third period of safeguarding 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.

Active efforts continued to be made to prevent unfair competition in Europe, and as a result of these efforts:

1) On 7 October the anti-dumping tariffs for hot-rolled products from China (up to 19%), Indonesia (up to 17%), and Taiwan (up to 7.5%) were made definitive. These tariffs had been implemented provisionally in April and have given rise to a decrease in imports of hot-rolled products.
2) On 30 September the initiation of an anti-dumping investigation on imports of cold-rolled products from India and Indonesia was announced, for which we expect provisional measures to be imposed in the second quarter of 2021.

• United States

Apparent consumption in the American market until July, the latest data available, fell by 13%. As with the European Market, the third quarter experienced an improvement in demand, mainly in sectors such as household appliances and automotive, and experienced reactivation of sectors such as construction and energy.

Imports remain tight, with a market share of approximately 14%.

Inventories in the US remained below the average of recent years.

• Asia

The situation remained complicated in the Asian markets as a result of the production surpluses in China and Indonesia.

In China there was a reactivation in demand with the subsequent correction of inventory levels and price increases.

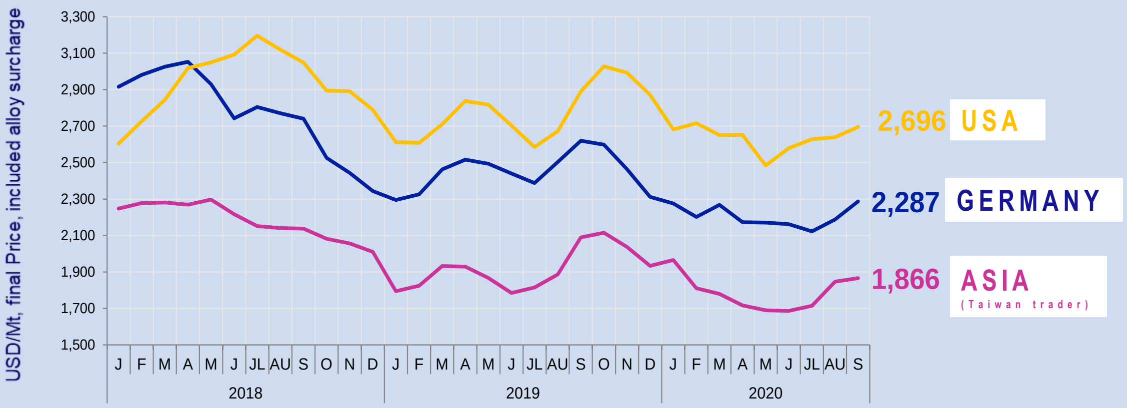
• South Africa

The South African government recently approved a package of measures to help the local ferrochrome industry, including imposing a tax on the export of chrome ore. This measure will favour the local production of stainless steel.

• Prices

Maintenance of the price structure, consisting of the base price and alloy surcharge in the United States, is allowing for an improved relative performance in this market. The price differentials between Asia and Europe have decreased.

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



Production

Thousand Mt	2019					2020				Variation 2020 over 2019	
	Q1	Q2	Q3	T4	12 Months	Q1	Q2	Q3	9 Months	Q3	9M
Melting shop	628	570	542	491	2,231	599	420	524	1,543	-3%	-11%
Hot rolling shop	531	514	471	434	1,951	517	353	459	1,328	-3%	-12%
Cold rolling shop	422	441	394	350	1,607	393	291	331	1,014	-16%	-19%
Long product (Hot rolling)	66	58	50	45	220	57	49	51	157	2%	-10%

Recovery compared to the 2nd quarter of 2020

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

Results

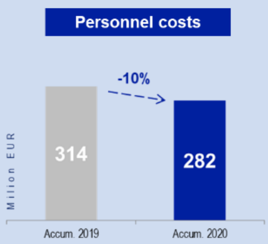
Million euros	Stainless Group			Stainless Group		
	Q1 2020	Q2 2020	Q3 2020	9M 2019	9M 2020	% Var
Melting production (thousand Mt)	599	420	524	1,740	1,543	-11%
Net sales	1,159	894	935	3,661	2,988	-18%
Adjusted EBITDA (1)		71			242	-17%
Adjusted EBITDA margin		8%			8%	
EBITDA	85	57	86	290	228	-21%
EBITDA margin	7%	6%	9%	8%	8%	
Amortization and Depreciation	-41	-40	-37	-132	-118	-11%
Adjusted EBIT (2)		31			125	-21%
Adjusted EBIT margin		3%			4%	
EBIT	44	-26	49	159	68	-57%
EBIT margin	4%	-3%	5%	4%	2%	
Operating cash flow (before investments)	-36	104	27	218	95	-56%

(1) EBITDA, stripping out EUR 14 million for the costs from the purchase of VDM in the second quarter of 2020

(2) EBIT, stripping out EUR 14 million for the costs from the purchase of VDM and EUR 43 million for the impairment of assets of Bahru Stainless in the second quarter of 2020

Activity in the third quarter improved compared to the second quarter, which was significantly affected by the impact of COVID-19.

The significant control of variable costs and the variablisation of fixed costs undertaken by the Stainless Group so far this year is very positive, with a 10% decrease in personnel costs and 20% in operating costs.



In the first nine months of the year, operating cash flow amounted to EUR 95 million. Worthy of note is the EUR 137 million reduction in inventories within the strong control of the working capital undertaken.

	Jan - Sep 2020
EBITDA	228
Changes in working capital	-24
Changes in operating working capital	5
- Inventories	137
- Trade debtors	35
- Trade creditors	-167
Other adjustments to working capital	-30
- Acerinox Europa lay-offs	-26
- Others	-4
Income tax	-74
Financial expenses	-20
Other adjustments to the result	-15
OPERATING CASH FLOW	95

High Performance Alloys Division

High performance alloys market

Since the end of the second quarter, demand has fallen due to the pandemic in all markets. Sectors such as gas and oil, electronics, automotive and aerospace have been significantly affected. However, signs of recovery are beginning to be experienced in some of the aforementioned.

Production

Thousand Mt	2020		
	Q2 (1)	Q3	Mar-Sep
Melting Shop	25	14	40
Finish Shop	14	10	24

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

Results

Million euros	High Performance Alloys		
	Q2 2020 (1)	Q3 2020	Mar-Sep
Melting production (thousand Mt)	25	14	40
Net sales	279	185	464
EBITDA	23	2	25
EBITDA margin	8%	1%	5%
Amortization and Depreciation	-7	-7	-14
EBIT	15	-5	10
EBIT margin	6%	-3%	2%
Operating cash flow (before investments)	7	64	72

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

The impact of COVID-19, which was felt by the stainless steel sector in the second quarter, has affected the high performance alloys market in the third quarter. As a result, VDM's contribution to the Consolidated Group's results has been considerably reduced.

	Mar - Sep 2020
EBITDA	25
Changes in working capital	64
Changes in operating working capital	44
- Inventories	59
- Trade debtors	11
- Trade creditors	-26
Other adjustments to working capital	19
Income tax	-1
Financial expenses	-5
Other adjustments to the result	-10
OPERATING CASH FLOW	72

It should be noted that, despite the lower contribution to results, good management of the working capital resulted in operating cash flow rising to EUR 72 million from March to September.

Results of the Acerinox Consolidated Group

In January-September, turnover totalled EUR 3,451 million, a decrease of 6% compared to the same period of the previous year, due to the lower level of activity caused by COVID-19. In the third quarter sales decreased by 4% compared to the second semester.

Million euros	QUARTER			9 MONTHS		
	Q1 2020	Q2 2020 (1)	Q3 2020	9M 2019	9M 2020	Variation 2020/2019
Net sales	1,159	1,172	1,120	3,661	3,451	-6%
Adjusted EBITDA (2)		94			267	-8%
Ajusted EBITDA margin		8%			8%	
EBITDA	85	80	87	290	252	-13%
EBITDA margin	7%	7%	8%	8%	7%	
Amortization and Depreciation	(41)	(48)	(45)	(132)	(133)	1%
Adjusted EBIT (3)		46			134	-16%
Adjusted EBIT margin		4%			4%	
EBIT	44	(11)	43	159	77	-52%
EBIT margin	4%	-1%	4%	4%	2%	
Net Financial Result	(3)	(8)	(4)	(1)	(15)	1898%
Result before taxes	41	(19)	40	158	62	-61%
Result after taxes and minorities	**28**	**(26)**	**28**	**113**	**31**	**-73%**

(1) The purchase of VDM took place on 17 March. The second quarter includes the results of VDM for the March-June period
(2) EBITDA, stripping out EUR 14 million for the costs from the purchase of VDM in the second quarter of 2020
(3) EBIT, stripping out EUR 14 million for the costs from the purchase of VDM and EUR 43 million for the impairment of assets of Bahru Stainless in the second quarter of 2020

The EBITDA obtained in the quarter, EUR 87 million, proves the quarterly consistency in the generation of profits developed by the Group this year and the advantages of diversification. The effects of COVID-19 were more relevant in the second quarter for the stainless division, while in high-performance alloys the impact was greater in the third.

In the first nine months of the year, EBITDA totalled EUR 252 million, a 13% decrease compared to that of the previous year.

These results include a net realisable adjustment to inventories totalling EUR 18 million.

Lower sales in the quarter and the higher operating profit are evidence of good management of the operating and personnel costs.

Reported EBIT until September amounted to EUR 77 million following an impairment of assets of EUR 43 million in the second quarter. In the third quarter, EBIT amounted to EUR 43 million, in line with that of the first quarter of 2020.

Profit after tax and minority interests in first nine months of 2020, which amounted to EUR 31 million, was 73% lower than that of January-September 2019. Profit for the quarter amounted to EUR 28 million.

Cash generation

In the third quarter, the operating cash flow generated amounted to EUR 91 million, and operating working capital was reduced by EUR 65 million, with significant control of the inventories (reduction of EUR 92 million).

In the year to date, the consistency of the EBITDA generated and good management of the working capital, which decreased by EUR 49 million, enabled us to generate operating cash flow of EUR 167 million.

Payments for investments amounting to EUR 80 million were made (without considering the acquisition of VDM). Therefore, the free cash flow generated in the first nine months of the year, without considering the EUR 313 million from the purchase of VDM, amounted to EUR 87 million

	Jan - Mar 2020	Ap - Jun 2020	Jul - Sep 2020	Jan - Sep 2020	Jan - Dec 2019	Jan - Sep 2019
EBITDA	**85**	**80**	**87**	**252**	**364**	**290**
Changes in working capital	-97	63	74	39	96	52
Changes in operating working capital	-65	50	65	49	44	-1
- Inventories	9	95	92	196	2	-33
- Trade debtors	-47	93	-1	45	41	-30
- Trade creditors	-27	-139	-26	-192	0	63
Other adjustments to working capital	-32	13	9	-10	52	52
- Acerinox Europa lay-offs	-26	0	0	-26	---	---
- Others	-6	13	9	16	52	52
Income tax	-23	-3	-49	-75	-116	-100
Financial expenses	-3	-9	-13	-25	-15	-11
Other adjustments to the result	3	-20	-8	-25	29	-12
OPERATING CASH FLOW	**-36**	**111**	**91**	**167**	**359**	**218**
Payments for VDM acquisition	-313	0	0	-313	---	---
Payments for investments on fixed assets	-23	-27	-29	-80	-128	-99
FREE CASH FLOW	**-373**	**84**	**62**	**-227**	**231**	**119**
Dividends and treasury shares	0	0	0	0	-184	-184
CASH FLOW AFTER DIVIDENDS	**-373**	**84**	**62**	**-227**	**47**	**-65**
Conversion differences	13	-16	-31	-34	10	35
Net financial debt acquired from VDM	0	-85	0	-85	---	---
Variation in net financial debt	**-360** ↑	**-17** ↑	**31** ↓	**-346** ↑	**57** ↓	**-30** ↑

Good cash management will make it possible to pay the dividend without having to increase bank borrowings.

Balance sheet and liquidity

ASSETS

Million €	Sep 20	2019	Sep 19	Variation
Non-current assets	**2,165.68**	**1,933.33**	**2,192.00**	**12.0%**
Current assets	**2,958.23**	**2,463.46**	**2,643.75**	**20.1%**
- Inventories	1,209.49	1,016.26	1,052.04	19.0%
- Debtors	568.33	554.52	606.09	2.5%
Trade debtors	*501.31*	*483.66*	*554.66*	*3.6%*
Other debtors	*67.02*	*70.86*	*51.43*	*-5.4%*
- Cash	1,153.44	876.94	932.67	31.5%
- Other current assets	26.97	15.74	52.96	71.3%
TOTAL ASSETS	**5,123.91**	**4,396.80**	**4,835.75**	**16.5%**

LIABILITIES

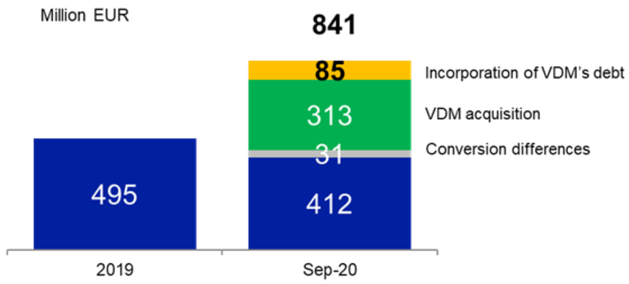
Million €	Sep 20	2019	Sep 19	Variation
Equity	**1,810.96**	**1,928.99**	**2,168.18**	**-6.1%**
Non-current liabilities	**1,921.70**	**1,253.68**	**1,308.57**	**53.3%**
- Interest-bearing loans and borrowings	1,497.10	1,051.74	1,110.41	42.3%
- Other non-current liabilities	424.60	201.95	198.16	110.3%
Current liabilities	**1,391.24**	**1,214.13**	*1,359.01*	**14.6%**
- Interest-bearing loans and borrowings	496.99	319.83	404.66	55.4%
- Trade creditors	757.25	783.86	846.44	-3.4%
- Other current liabilities	136.99	110.44	107.91	24.0%
TOTAL EQUITY AND LIABILITIES	**5,123.91**	**4,396.80**	**4,835.75**	**16.5%**

At 30 September 2020, net financial debt amounted to EUR 841 million, an increase of EUR 346 million compared to 31 December 2019.

The increase is due to the acquisition of VDM, which gave rise to new debt for the Group amounting to EUR 398 million.

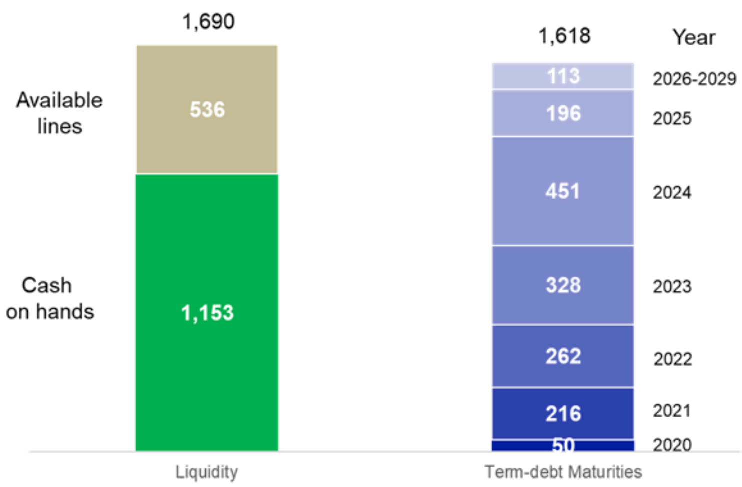
The depreciation of the Dollar in recent months has resulted in a lower counter equivalent in Euros of the Group's high cash flow in the United States, which has increased net financial debt by EUR 31 million as a result of translation differences.

Excluding the two previous factors, the cash flow generated represents a reduction of pro forma debt of EUR 83 million.



At 30 September Acerinox had **immediate liquidity amounting to EUR 1,690 million**, of which EUR 1,153 million corresponded to cash and EUR 536 million corresponded to available credit facilities.

The Group's total term debt maturities amounted to EUR 1,618 million and are fully covered by current liquidity.



General Shareholders’ Meeting

Acerinox held the General Shareholders’ Meeting by electronic means on 22 October. The agreements approved in the Meeting included a shareholder remuneration of EUR 0.50 per share to each of the shares outstanding, with the first payment of EUR 0.40 being made on 2 December 2020, and the second payment of EUR 0.10, through a share premium refund, being made on 3 December 2020.

With regard to the planned changes to the Board of Directors, the General Shareholders’ Meeting approved the appointment of Ms Leticia Iglesias Herraiz and Mr Francisco Javier García Sanz both as Independent Directors, two prominent individuals in the business world.

The Board approved the creation of a new Sustainability Committee.

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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