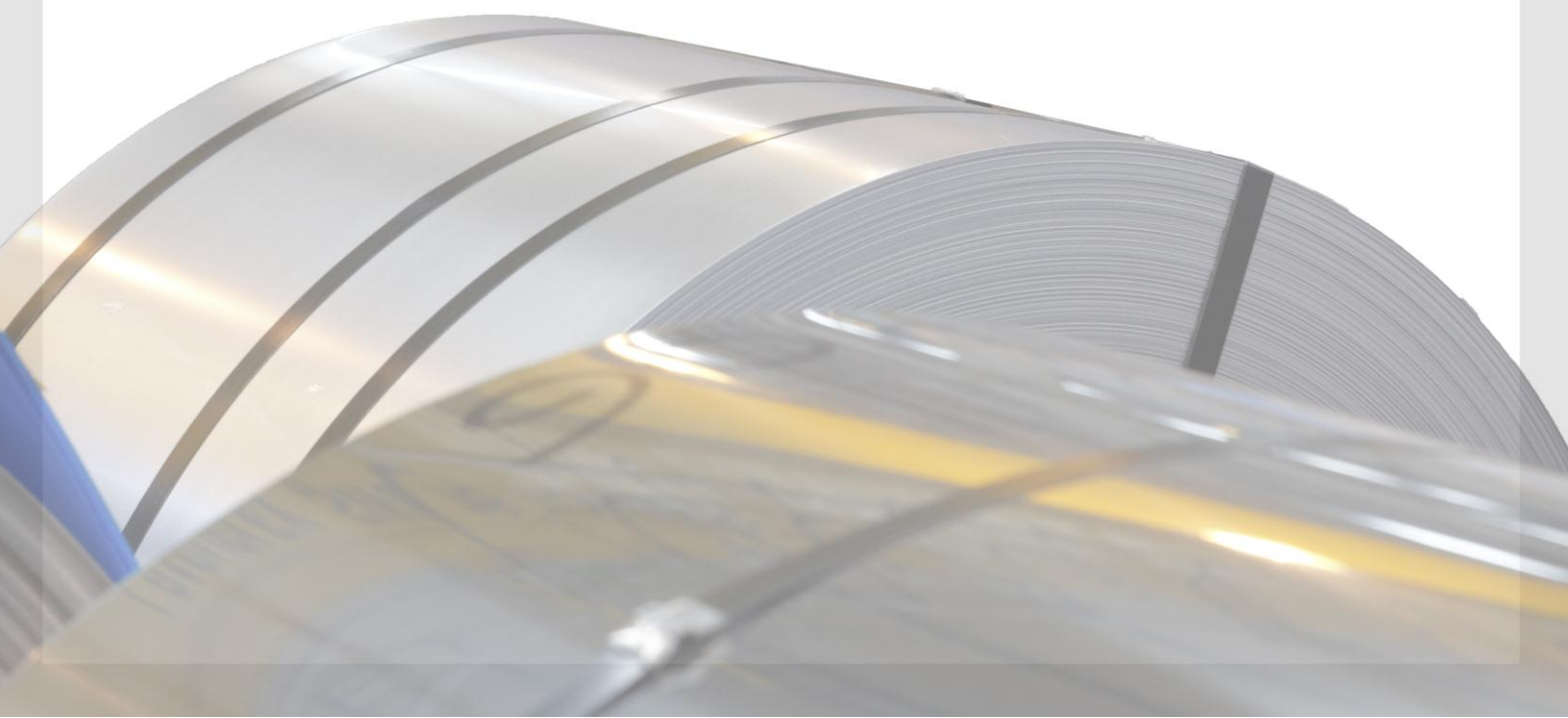




**PRESS RELEASE** | 25<sup>th</sup> October 2012

Results as of 30<sup>th</sup> September 2012

**ACERINOX**

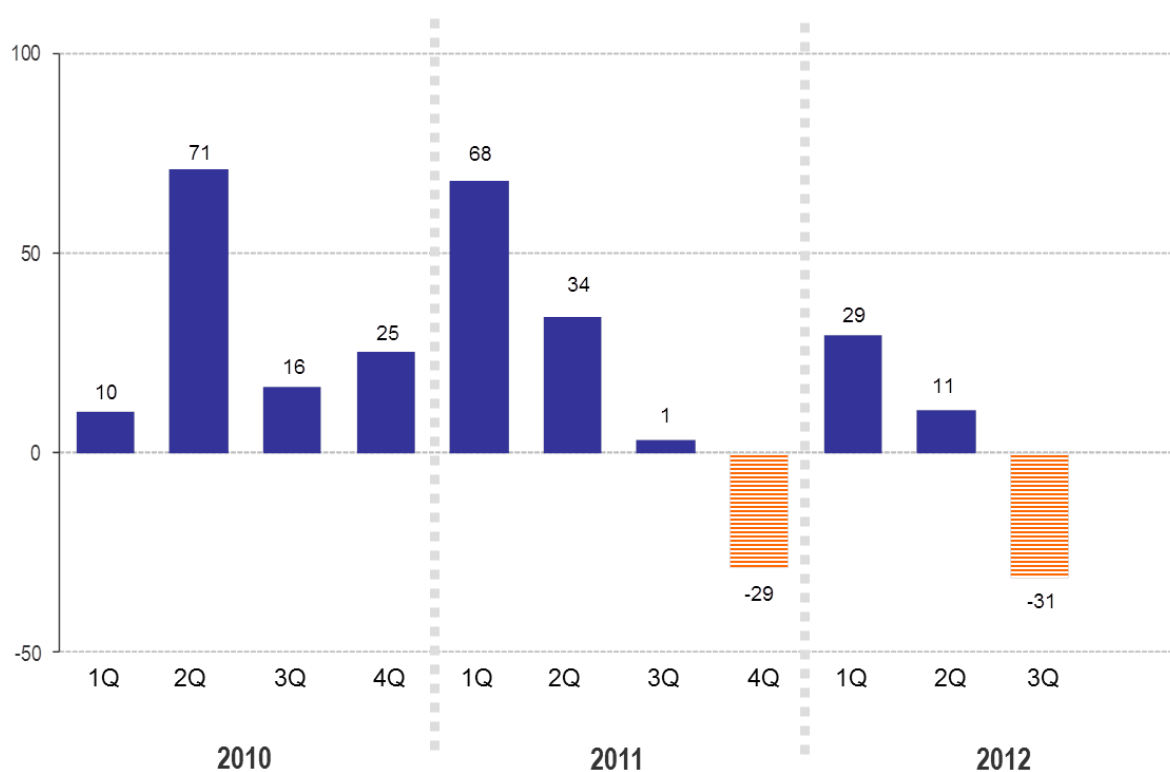


## Third Quarter Results 2012

- EBITDA for the first nine months of 2012 is 174.6 million euros, 45% lower than the previous year
- Accumulated profit after taxes and minorities for September is 8.7 million euros
- An adjustment to the value of inventories has been made in 21.8 million euros, fulfilling the criteria of the net realizable value.
- Working capital has been reduced in the third quarter to 203 million euros
- Net debt is 1,093 million euros. The Group maintains credit lines of 2,370 million euros, of which 43% are available
- Inventories are at very low levels in all markets, which will stimulate the demand once the economic and financial uncertainties have been clarified
- We expect the startup of Phase II at Bahru Stainless in the first quarter of 2013

Results after taxes and minorities

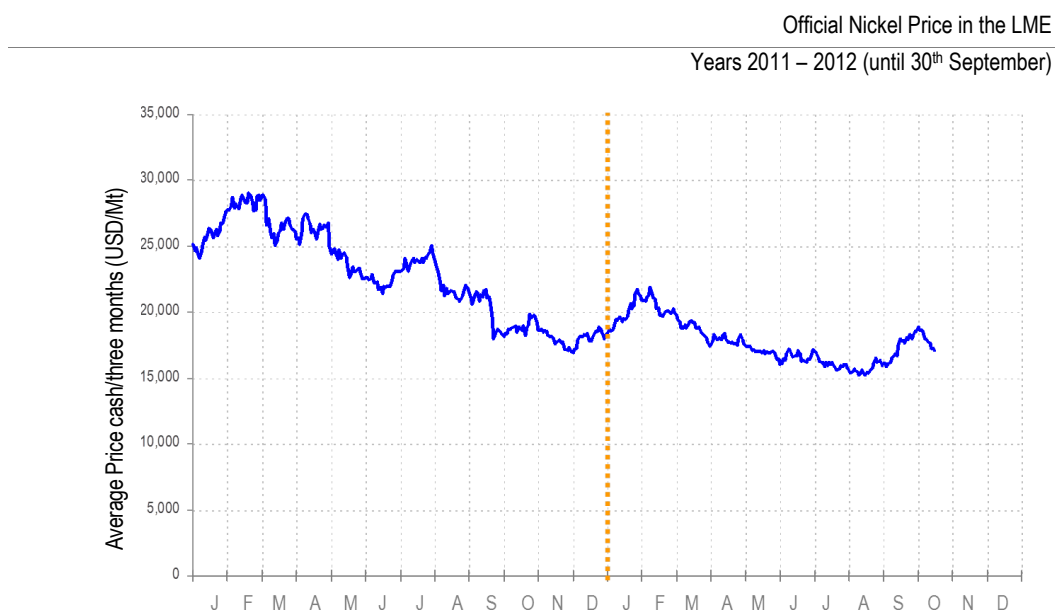
Million Euros



## Stainless Steel Market

The stainless steel market in the third quarter of the year has been distinguished by a weak demand typical of this period, emphasized by lower alloy surcharges each month, as a result of weak nickel prices.

Since early this year, nickel prices have experienced a downward trend, reaching a minimum of \$15,225/ton in mid-August. From this point, prices have initiated a recovery closing September at \$18,535/ton.



The difficult international financial situation keeps causing great uncertainty, which motivates distributors to maintain low levels of inventory and to delay their orders.

In Europe, the market behavior in the third quarter has been worse than expected, with strong downward pressure on prices as a result of a fall in consumption (3%), of the tensions in the European market because of the fear of an increase in Asian imports, and also because of the consolidation of some manufactures.

We have faith that the actions of governments and central banks revive confidence in the market, insert liquidity into the system, and improve the economic situation and consequently the demand for stainless steel.

In view of this fact, Acerinox has announced an increase in its base price of €50 per ton for October in the European market, which has been a turning point in the downward trend in prices.

The situation in America is still better than in other markets, with a sustained consumption in all sectors except for investment and capital goods, conditioned by the traditional American electoral break. However, prices in this market are affected by those in the rest of the world because of the imports increase fear.

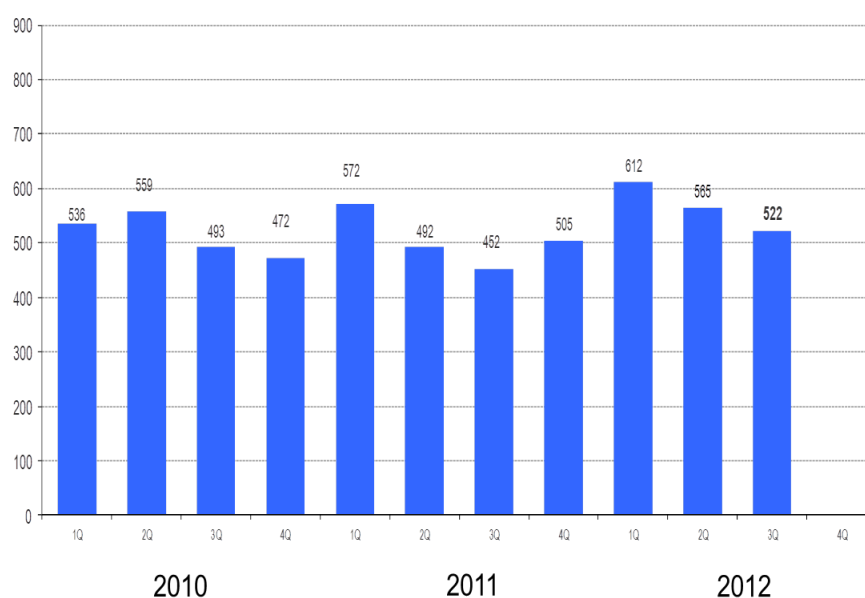
In Asia, the situation has not changed, although demand remains in a good behavior, prices are very low motivated by high competition, mainly from China.

## Production

Melting production of Acerinox in the first nine months of the year amounted 1,699,863 tons, representing an increase of 12.1% over the same period last year.

Evolution Acerinox's Melting Production

Thousand Mt



The good inventory management made in 2012 and the geographic diversification have enabled to increase production in this year of stagnation in consumption.

The capacity utilization of the Group has decreased in the third quarter reaching 79%. The progressive decline in production during 2012 meets Acerinox's policy of adapting activity levels with the existing demand in the market.

## Acerinox's melting production

Thousand Mt

		1st Q. 12	2nd Q. 12	3rd Q. 12	4th Q. 12	2012	% over 2011
Acerinox Europa	Thousand Mt	200.2	181.3	154.4		536.0	9.9%
NAS		270.7	262.0	248.4		781.1	13.4%
Columbus		141.2	121.9	119.6		382.8	12.6%
<b>Acerinox Group</b>		<b>612.2</b>	<b>565.2</b>	<b>522.5</b>		<b>1,699.9</b>	<b>12.1%</b>

Cold rolling production, 1,087,095 Mt, is 14.5% higher than in 2011. Especially noteworthy is the increase in North American Stainless, up 19.3% over the same period last year.

## Acerinox's production

Thousand Mt

		2012					2011
		1Q	2Q	3Q	4Q	Accumulated	Jan - Jun
Melting shop	Thousand Mt	612.2	565.2	522.5		1,699.9	1,515.9
Hot rolling shop		539.0	490.5	457.8		1,487.3	1,333.0
Cold rolling shop		379.2	357.7	350.2		1,087.1	949.3
Long product (Hot rolling)		60.2	62.6	50.6		173.4	149.2

## Results

Group sales at September 30, 3,518 million euros, are 2.9% less than the previous year, following the downward trend of the alloy surcharges since March.

The continued drop in nickel prices and the consequent decrease of the alloy surcharges have determined inventory adjustments to net realizable value to be made on 30<sup>th</sup> September amounting 21.8 million euros.

## Profit &amp; loss account

Million Euros

Million €	1º Q. 12	2º Q. 12	3º Q. 12	January - September		
				2012	2011	Variation
<b>Net sales</b>	<b>1,230.42</b>	<b>1,188.72</b>	<b>1,098.92</b>	<b>3,518.06</b>	<b>3,621.76</b>	<b>-2.9%</b>
Gross margin	341.86	320.85	242.00	904.71	979.72	-7.7%
% over sales	27.8%	27.0%	22.0%	25.7%	27.1%	
Gross Operating Result /EBITDA	96.62	69.29	8.72	174.62	315.70	-44.7%
% over sales	7.9%	5.8%	3958.6%	5.0%	8.7%	
<b>EBIT</b>	<b>60.00</b>	<b>30.61</b>	<b>-28.71</b>	<b>61.90</b>	<b>205.60</b>	<b>-69.9%</b>
% over sales	4.9%	2.6%	-2.6%	1.8%	5.7%	
Result before taxes	45.80	14.05	-46.05	13.80	162.13	-91.5%
<b>Result after taxes and minorities</b>	<b>29.36</b>	<b>10.80</b>	<b>-31.48</b>	<b>8.68</b>	<b>102.76</b>	<b>-91.6%</b>

Despite difficult market circumstances, Acerinox keeps positioning itself as the world's most efficient producer in this period, obtaining positive earnings both operationally and in profit after taxes and minorities.

## Condensed Balance Sheet

Million Euros

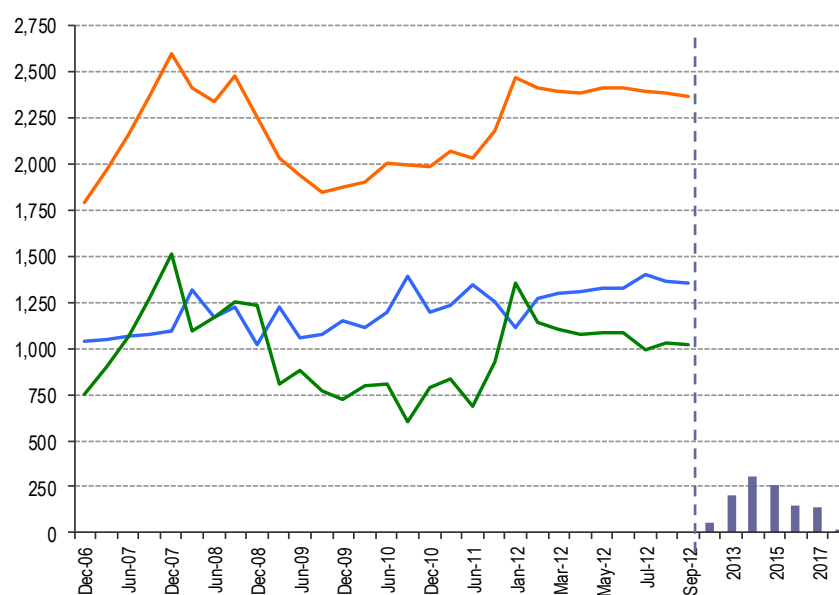
ASSETS				LIABILITIES			
Million €	Sep 12	2011	Variation	Million €	Sep 12	2011	Variation
<b>Non-current assets</b>	<b>2,321.16</b>	<b>2,251.44</b>	<b>3.1%</b>	<b>Equity</b>	<b>1,830.82</b>	<b>1,881.19</b>	<b>-2.7%</b>
<b>Current assets</b>	<b>1,926.87</b>	<b>1,819.78</b>	<b>5.9%</b>	<b>Non-current liabilities</b>	<b>1,287.18</b>	<b>988.32</b>	<b>30.2%</b>
- Inventories	1,063.99	1,119.43	-5.0%	- Interest-bearing loans and borrowings	993.27	707.20	40.5%
- Debtors	593.09	510.54	16.2%	- Other non-current liabilities	293.90	281.12	4.5%
Trade debtors	548.24	476.98	14.9%	<b>Current liabilities</b>	<b>1,130.03</b>	<b>1,201.71</b>	<b>-6.0%</b>
Other debtors	44.85	33.56	33.7%	- Interest-bearing loans and borrowings	356.43	344.03	3.6%
- Cash and other current asset	269.79	189.82	42.1%	- Trade creditors	559.44	636.92	-12.2%
				- Other current liabilities	214.16	220.76	-3.0%
<b>TOTAL ASSETS</b>	<b>4,248.03</b>	<b>4,071.22</b>	<b>4.3%</b>	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,248.03</b>	<b>4,071.22</b>	<b>4.3%</b>

The Group's net financial debt at 30<sup>th</sup> September was 1,093 million euros (121 million euros lower than June 30) being 91% long term financial debt.

The following table proves the financial strength of the Group with a total of 2,370 million euros of operative credit lines. 43% of these lines are available, which guarantees liquidity to Acerinox to face the evolution of its market, maintain the Strategic Plan and meet debt maturities expected for the coming years.

Credit Lines Evolution and future term debt amortization

Million Euros



## Condensed Cash Flow Statement

Million Euros

	1Q 2012	2Q 2012	3Q 2012	Jan-Sep 2012	Jan - Sep 2011
<b>Result before taxes</b>	<b>45.8</b>	<b>14.0</b>	<b>-46.0</b>	<b>13.8</b>	<b>162.1</b>
<b>Adjustments for:</b>	<b>55.5</b>	<b>63.3</b>	<b>59.2</b>	<b>178.0</b>	<b>193.6</b>
Depreciation and amortisation	36.9	37.6	37.1	111.5	109.7
Changes in provisions and impairments	3.6	-1.6	14.6	16.6	4.0
Other adjustments in the result	15.0	27.4	7.5	49.9	79.9
<b>Changes in working capital</b>	<b>-174.6</b>	<b>-135.3</b>	<b>203.0</b>	<b>-107.0</b>	<b>-87.5</b>
Changes in operating working capital (1)	-188.7	-88.1	183.5	-93.3	14.0
Others	14.0	-47.2	19.5	-13.7	-101.5
<b>Other cash-flow from operating activities</b>	<b>-11.3</b>	<b>-53.3</b>	<b>-19.6</b>	<b>-84.1</b>	<b>-93.9</b>
Income tax	-0.5	-37.8	-5.1	-43.4	-50.5
Financial expenses	-10.7	-15.5	-14.5	-40.7	-43.4
<b>NET CASH-FLOW FROM OPERATING ACTIVITIES</b>	<b>-84.6</b>	<b>-111.3</b>	<b>196.6</b>	<b>0.7</b>	<b>174.4</b>
<b>Payments for investments on fixed assets</b>	<b>-30.4</b>	<b>-32.1</b>	<b>-45.5</b>	<b>-108.0</b>	<b>-128.9</b>
<b>Others</b>	<b>-0.1</b>	<b>-0.2</b>	<b>0.2</b>	<b>-0.2</b>	<b>-1.4</b>
<b>NET CASH-FLOW FROM INVESTING ACTIVITIES</b>	<b>-30.5</b>	<b>-32.3</b>	<b>-45.3</b>	<b>-108.1</b>	<b>-130.3</b>
<b>NET CASH-FLOW GENERATED</b>	<b>-115.1</b>	<b>-143.6</b>	<b>151.3</b>	<b>-107.5</b>	<b>44.1</b>
<b>Acquisition of treasury shares</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Dividends paid to shareholders and minorities</b>	<b>-24.9</b>	<b>-24.9</b>	<b>-37.4</b>	<b>-87.3</b>	<b>-87.3</b>
<b>Changes in net debt</b>	<b>242.2</b>	<b>9.8</b>	<b>30.0</b>	<b>282.0</b>	<b>78.0</b>
Changes in bank debt	244.8	30.3	23.4	298.5	57.2
Conversion differences	-2.6	-20.5	6.6	-16.5	20.8
<b>Attributable to minority interests</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>34.6</b>
<b>Others</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>	<b>0.5</b>
<b>NET CASH-FLOW FROM FINANCING ACTIVITIES</b>	<b>217.3</b>	<b>-15.1</b>	<b>-7.4</b>	<b>194.8</b>	<b>25.9</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>102.1</b>	<b>-158.7</b>	<b>143.8</b>	<b>87.3</b>	<b>70.0</b>
<b>Opening cash and cash equivalents</b>	<b>164.6</b>	<b>268.5</b>	<b>111.8</b>	<b>164.6</b>	<b>113.6</b>
<b>Effect of the exchange rate fluctuations on cash held</b>	<b>1.8</b>	<b>1.9</b>	<b>0.6</b>	<b>4.3</b>	<b>-4.0</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>268.5</b>	<b>111.8</b>	<b>256.3</b>	<b>256.3</b>	<b>179.5</b>

(1) Inventories + Trade debtors – Trade creditors

The efforts that the Group has been doing for the reduction of working capital should be highlighted. In the third quarter 203 million euros have been reduced. We expect the fourth quarter to continue along these lines, allowing us to reduce debt levels by the end of the year and meet the existing covenants.

Investments in the first nine months of the year amounted to 108 million euros.

On July 5, Acerinox paid its shareholders a dividend for the 2011 financial year of €0.15 per share.

Also, on October 5 there was a distribution of issue premium amounting €0.10 per share.



## **Bahru Stainless**

Phase I continues being a very successful launch, proving the high quality of the production as well as the success in the allocation of the equipment. The production is increasing and at September 30 accumulates 40,695 tons of cold rolling.

Bahru Stainless is already regularly receiving hot rolled coils from the rest of the group at its own port.

Construction of Phase II is continuing at a good pace. The first equipment has already been received and Phase II is expected to be commissioned at the end of the first quarter of 2013.

During its first year of operation, Bahru Stainless has already supplied material to more than 150 customers in 12 countries.

On 24<sup>th</sup> October, the Board of Directors of Acerinox, S.A. has visited the factory and has appreciated in situ the advanced state of construction of Phase II

## **Excellence Plan**

During 2012 we have achieved 79% of the goals, equivalent to 71 million euros of annual recurring savings. In view of the success of the Excellence Plan II, a third two-year plan is being prepared to set the goals for 2013 and 2014.

## **Outlook**

The slight improvement in demand experienced since September, the stabilization of the alloy surcharges as a result of increases in nickel prices and the price increase announcements, makes us believe that the worst is over, that August has marked the turning point and that the recovery already started will continue throughout the first quarter of 2013. The extent of this recovery and its duration will depend on the ability of institutions to transmit confidence in the markets.

## Main financial-economic indicators

CONSOLIDATED GROUP	Year 2012				2011
	Q1	Q2	Q3	Q4	Accumulated Jan - Sep
Production (Mt.)					
Melting shop	612,155	565,242	522,465		<b>1,699,863</b> 1,515,892
Hot rolling shop	538,966	490,515	457,817		<b>1,487,298</b> 1,333,031
Cold rolling shop	379,175	357,711	350,209		<b>1,087,095</b> 949,252
Long product (hot rolling)	60,179	62,597	50,640		<b>173,417</b> 149,241
Net sales (million €)	1,230.42	1,188.72	1,099		<b>3,518.06</b> 3,621.76
Gross operating result / EBITDA (million €)	96.62	69.29	8.72		<b>174.62</b> 315.70
% over sales	7.9%	5.8%	0.8%		<b>5.0%</b> 8.7%
EBIT (million €)	60.00	30.61	-28.71		<b>61.90</b> 205.60
% over sales	4.9%	2.6%	-2.6%		<b>1.8%</b> 5.7%
Result before taxes and minorities (million €)	45.80	14.05	-46.05		<b>13.80</b> 162.13
Result after taxes and minorities (million €)	29.36	10.80	-31.48		<b>8.68</b> 102.76
Depreciation (million €)	36.89	37.56	37.07		<b>111.52</b> 109.73
Net cash flow (million €)	66.25	48.36	5.58		<b>120.19</b> 212.48
Number of employees	7,340	7,261	7,285		<b>7,285</b> 7,430
Net financial debt (million €)	1,027.51	1,214.53	1,093.41		<b>1,093.41</b> 1,074.82
Debt to equity (%)	54.1%	64.9%	59.7%		<b>59.7%</b> 57.8%
Number of shares (million)	249.30	249.30	249.30		<b>249.30</b> 249.30
Return to shareholders (per share)	0.10	0.10	0.15		<b>0.35</b> 0.35
Return to shareholders (million €)	24.93	24.93	37.40		<b>87.26</b> 87.26
Daily average shares traded (nº of shares, million)	1.02	0.94	0.54		<b>0.83</b> 1.35
Result after taxes and minorities per share	0.12	0.04	-0.13		<b>0.03</b> 0.41
Net cash flow per share	0.27	0.19	0.02		<b>0.48</b> 0.85