



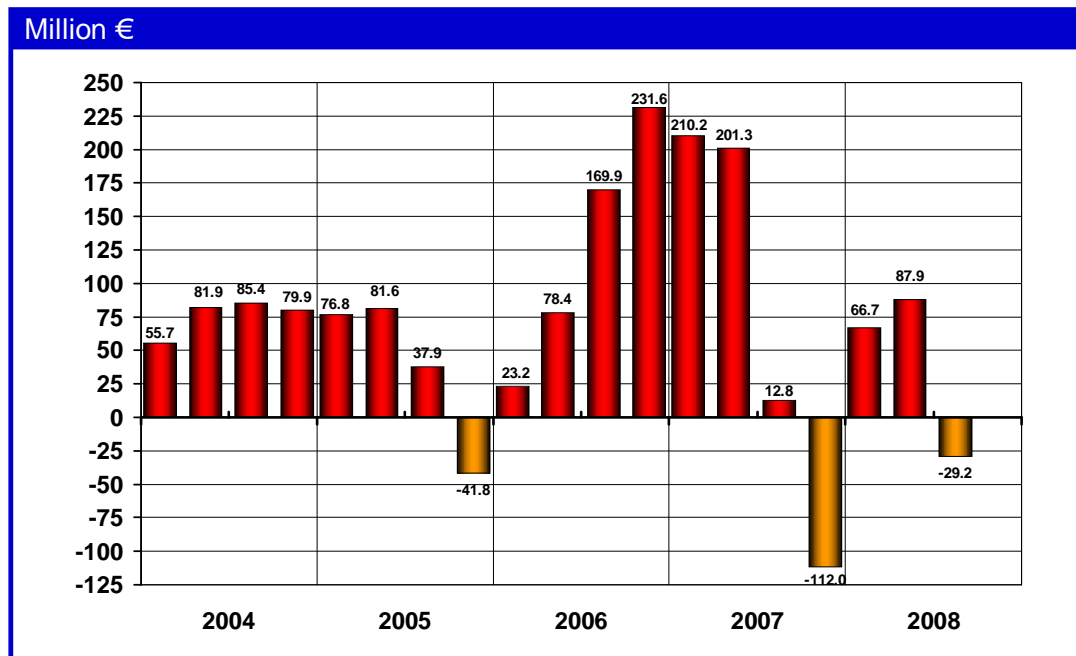
## Results 3rd Quarter 2008

### **ACCUMULATED NET RESULT OF ACERINOX GROUP AS OF SEPTEMBER AMOUNTS TO 125 MILLION EUROS**

**This results have been obtained after carrying out, in the third quarter, a provision to adjust inventories to net realizable value for an amount of 51 million euros.**

**The stainless steels demand in the third quarter has been significantly affected by the international financial crisis. Nevertheless, once the nickel prices become stable in the London Metal Exchange a recovery is expected.**

QUARTERLY EVOLUTION OF THE RESULT AFTER TAXES AND MINORITIES. ACERINOX GROUP

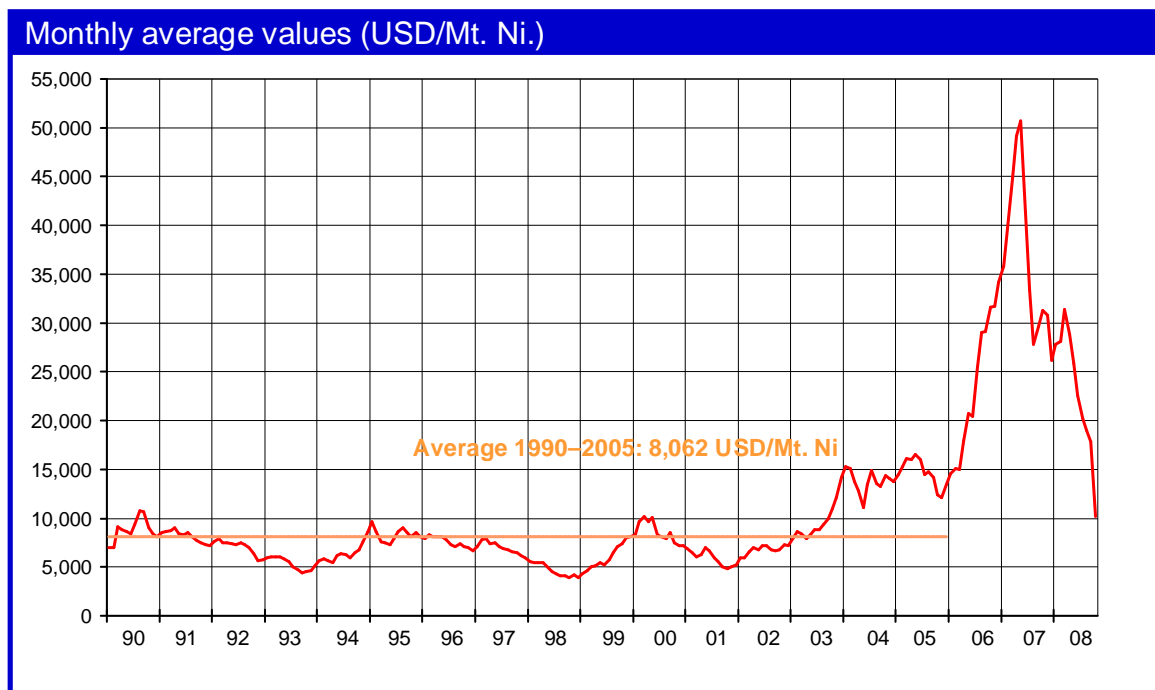


## Markets

The stainless steels sector has been enormously affected by the international financial crisis during the third quarter. The nickel price, used as another financial tool in the London Metal Exchange, has been dragged in the last months, reaching minimum levels of 10,155 USD/Mt (cash price) lately, which have not been seen since September 2003.

The continuous correction of the nickel price (69.5% since January) has retracted demand temporarily, awaiting lower alloy surcharges, and consequently, affecting the base prices in all the markets.

### OFFICIAL NICKEL PRICE IN THE L.M.E.



Nevertheless, these levels of 10,155 USD/Mt make us feel optimistic y think that nickel price will get closer to support levels.

- European Market

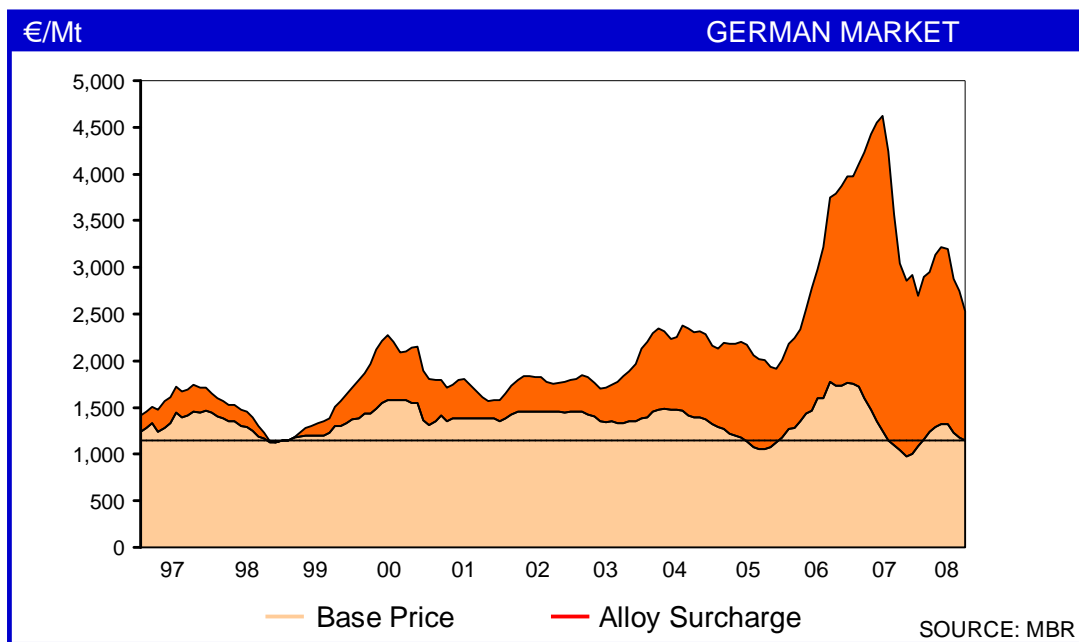
The apparent consumption for cold rolled flat products during the first nine months of year 2008 has behaved satisfactorily, although the market conditions have significantly got worse during the third quarter.

In most of the countries the higher volatility of the new alloy surcharge formulas has contributed to this weakness.

The normal recovery of demand after the summer months has not taken place yet. Notwithstanding, the inventories levels in the market make us feel optimistic about a recovery once the nickel price become stable.

The base prices reached in September in Europe are among the lowest in the last decade.

### STAINLESS STEEL COLD ROLLED SHEET PRICES AISI. 304 2.0 mm (1997 – September 2008)

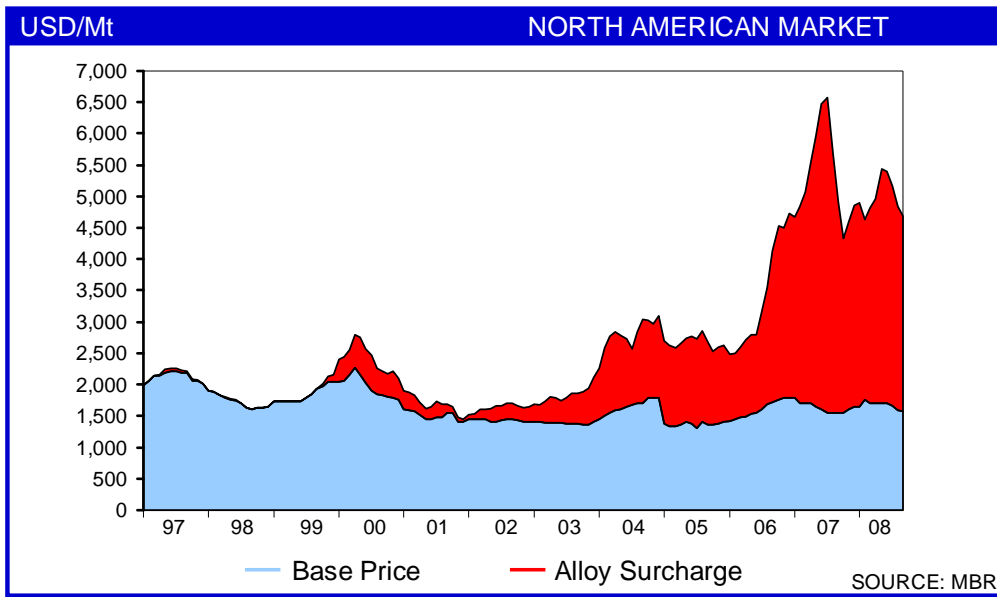


- American Market

The American market has been equally affected by the international financial situation, although the base prices are more stable than in Europe and Asia.

Inventories levels are at the lowest levels in the last decade.

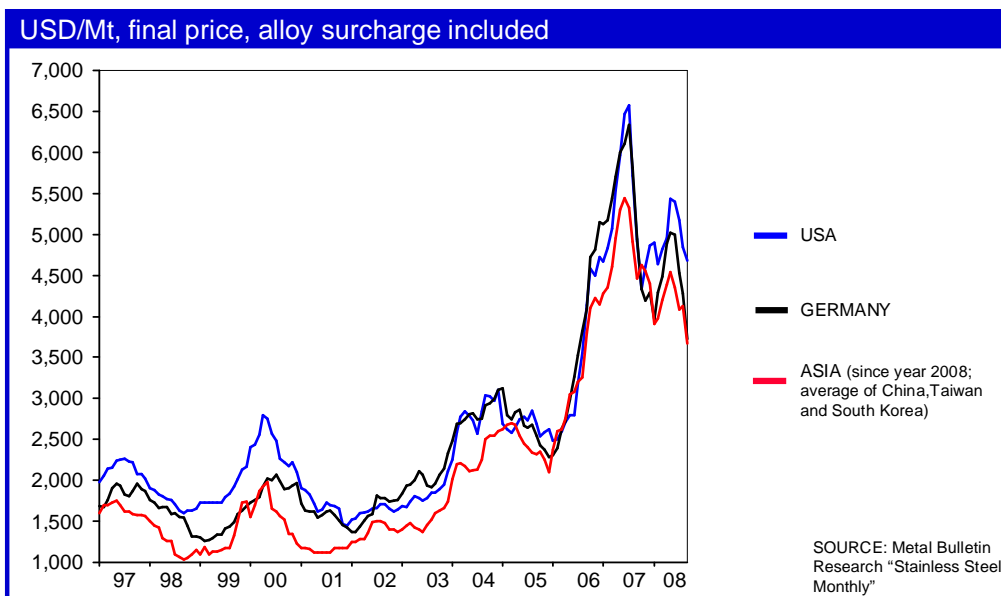
**STAINLESS STEEL COLD ROLLED SHEET PRICES**  
 AISI. 304 2.0 mm (1997 – September 2008)



- Asian market

Apart from the previously mentioned reasons, the Asian market has been affected by the higher demand due to the new productions, particularly in China. Nevertheless, the carried out production cuts have helped to lower the market inventories levels, although prices have not improved.

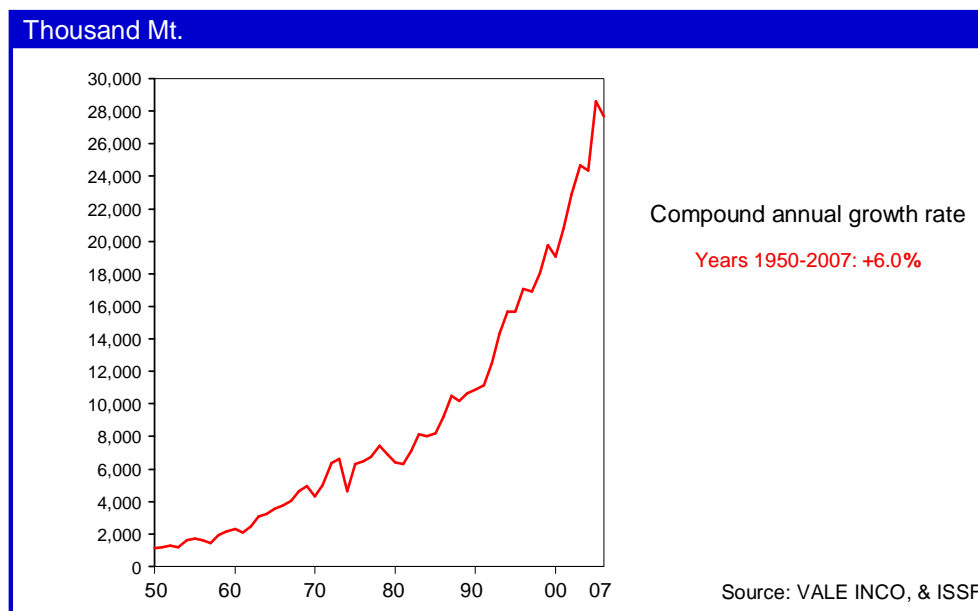
**STAINLESS STEEL COLD ROLLED SHEET PRICES**  
 AISI. 304 2.0 mm (1997 – September 2008)



- The market prospects

The upholding of the stainless steels consumption growth rates, between 5% and 6% yearly during the last 50 years, makes us feel optimistic for the medium and long run.

### WORLD PRODUCTION OF STAINLESS STEEL



Although the nickel price correction is leading to an immediate demand contraction, it will benefit the competitiveness of the stainless steel austenitic grades through the expansion of its application fields.

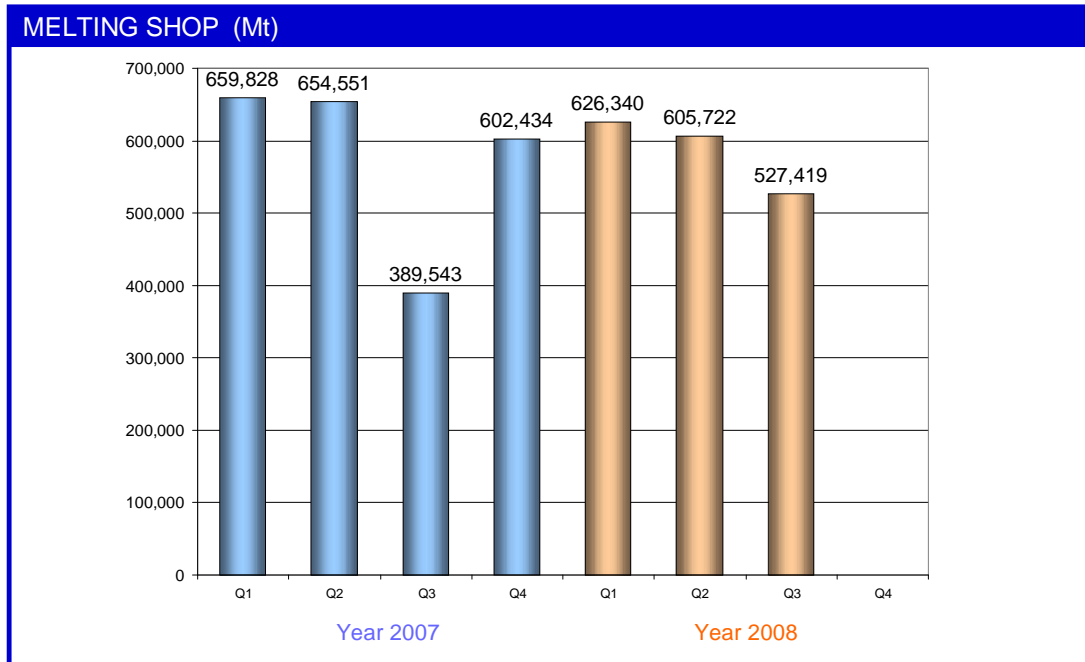
## Productions

In this context, Acerinox Group has maintained a good production level, which is slightly higher than the level reached in the nine first months of 2007.

Thousand Mt	2008				Accumulated	2007
	1Q	2Q	3Q	4Q		Jan - Sept
<b>Melting shop</b>	626.3	605.7	527.4		1,759.5	1,703.9
<b>Hot rolling shop</b>	545.0	522.8	480.6		1,548.4	1,510.3
<b>Cold rolling shop</b>	388.0	371.4	339.1		1,098.5	1,099.7
<b>Long product (Hot rolling)</b>	63.0	59.6	46.2		168.8	153.3

Nevertheless, in the current situation of contracted demand all the factories are adjusting their productions to the book of orders.

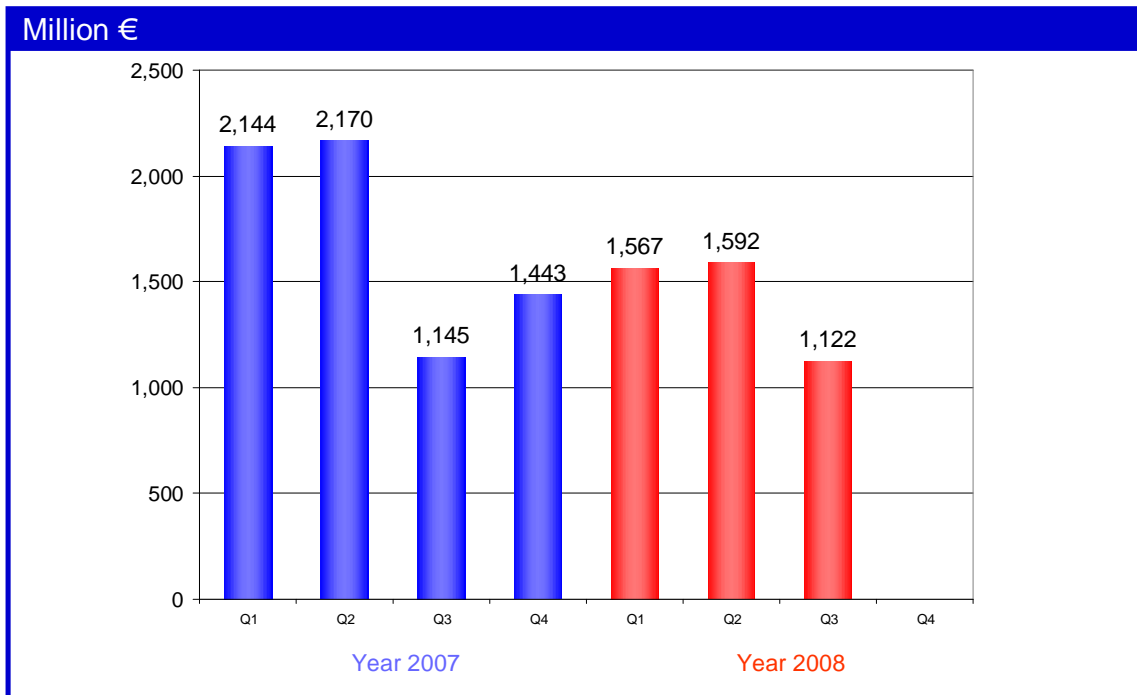
## EVOLUTION OF ACERINOX GROUP PRODUCTIONS



## Results

The accumulated net sales as of September, 4,281 million euros, is 21.6% higher than the figure achieved in the previous year like period due to the lower effective prices achieved.

### EVOLUTION OF ACERINOX GROUP NET SALES



The main market is still Europe with 43.9% of the whole of our sales. The Spanish market accounts for approximately 11% of the total sales of the Group.

- **Third Quarter**

Apart from the previously mentioned circumstances, the third quarter results have been enormously affected by the provision carried out for adjustment of inventories to net realizable value for an amount of 51 million euros.

Net losses registered in the Consolidated Group during the third quarter, 29.2 million euros, are due to the mentioned provision.

- **Accumulated January - September**

The EBITDA, 331.1 million euros, (-59.7%) is equivalent to 7.7% margin over sales, once the provisions for inventories adjustment to net realizable value for 51 million euros have been carried out.

Results after taxes and minorities total 125.4 million euros, decreasing by 70.5% with regard to the figure of 2007 like period. If the provision would not have been carried out, the net results would have risen to a profit of 159.9 million euros.

## Profit and Loss Account of Acerinox Consolidated Group

Million €	1 <sup>o</sup> Q. 08	2 <sup>o</sup> Q. 08	3 <sup>o</sup> T.08	January-September		
				2008	2007	Variation
<b>Net sales</b>	<b>1,566.69</b>	<b>1,591.92</b>	<b>1,122.41</b>	<b>4,281.02</b>	<b>5,458.17</b>	<b>-21.6%</b>
Gross margin	355.65	406.84	214.02	976.50	1,449.00	-32.6%
% over sales	22.7%	25.6%	19.1%	22.8%	26.5%	
<b>EBITDA</b>	<b>137.09</b>	<b>187.86</b>	<b>6.12</b>	<b>331.07</b>	<b>821.56</b>	<b>-59.7%</b>
% over sales	8.8%	11.8%	0.5%	7.7%	15.1%	
EBIT	107.81	156.63	-24.70	239.74	709.45	-66.2%
% over sales	6.9%	9.8%	-2.2%	5.6%	13.0%	
Result before taxes	101.82	136.64	-43.69	194.78	661.40	-70.6%
<b>Result after taxes and minorities</b>	<b>66.66</b>	<b>87.92</b>	<b>-29.21</b>	<b>125.38</b>	<b>424.31</b>	<b>-70.5%</b>
Depreciation	29.39	30.72	29.66	89.76	97.60	-8.0%
Net cash flow	96.05	118.64	0.44	215.14	521.91	-58.8%

## Condensed Balanced Sheet of Acerinox Consolidated Group

### ASSETS

Million €	Sep-08	Dec-07	Variation
<b>Non-current assets</b>	<b>1,685.49</b>	<b>1,561.98</b>	<b>7.9%</b>
<b>Current assets</b>	<b>2,806.07</b>	<b>2,884.33</b>	<b>-2.7%</b>
- Inventories	1,765.45	1,855.82	-4.9%
- Debtors	903.42	830.89	8.7%
- Cash and other current assets	137.19	197.62	-30.6%
<b>TOTAL ASSETS</b>	<b>4,491.56</b>	<b>4,446.31</b>	<b>1.0%</b>

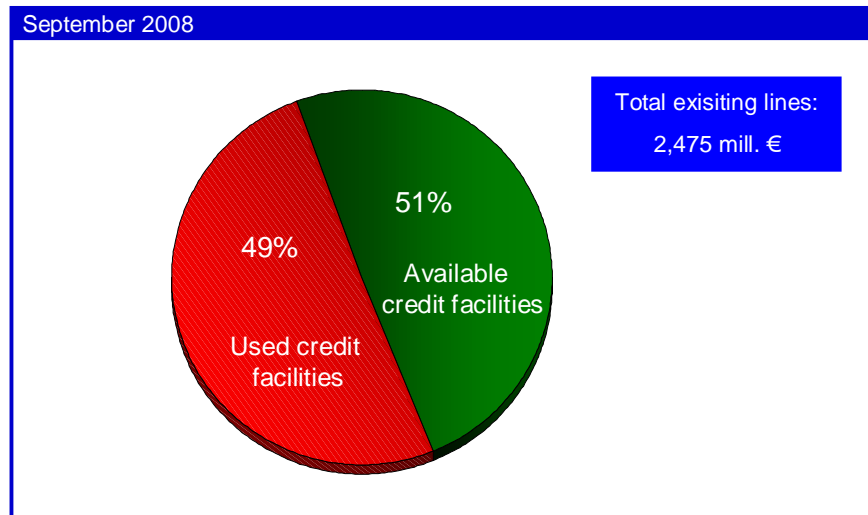
### LIABILITIES

Million €	Sep-08	Dec-07	variation
<b>Equity</b>	<b>2,237.34</b>	<b>2,307.60</b>	<b>-3.0%</b>
<b>Non-current liabilities</b>	<b>885.15</b>	<b>678.14</b>	<b>30.5%</b>
- Interest-bearing loans and borrowings	615.10	404.66	52.0%
- Other non-current liabilities	270.05	273.48	-1.3%
<b>Current liabilities</b>	<b>1,369.08</b>	<b>1,460.57</b>	<b>-6.3%</b>
- Interest-bearing loans and borrowings	721.01	685.23	5.2%
- Trade creditors	383.73	490.20	-21.7%
- Other current liabilities	264.34	285.14	-7.3%
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>4,491.56</b>	<b>4,446.31</b>	<b>1.0%</b>

## Acerinox Group liquidity

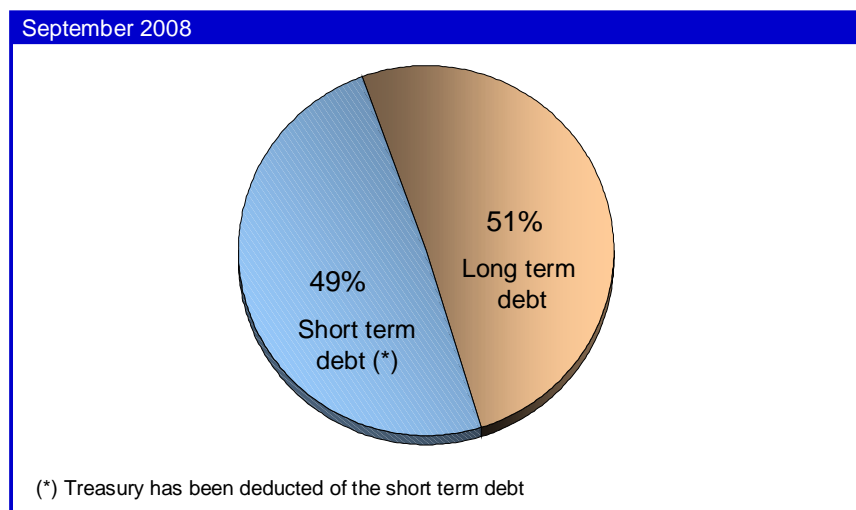
The Group financial debt amounts to 1,209 million euros as of 30th September 2008. The Group financial strength is confirmed by the fact that more than the half of the credit lines, 2,475 million euros, are available.

### CURRENT CREDIT LINES IN ACERINOX GROUP



The balance sheet structure is very well balanced thanks to the fact that more than the indebtedness half, 615 million euros, is a long term debt. Most of the short term credit lines have been renewed in the recent months, so we do not foresee any liquidity problem.

### DISCLOSURE OF THE SHORT AND LONG TERM DEBT WITH FINANCIAL INSTITUTIONS



The correction suffered by the market will imply less financial necessities of working capital in next months.

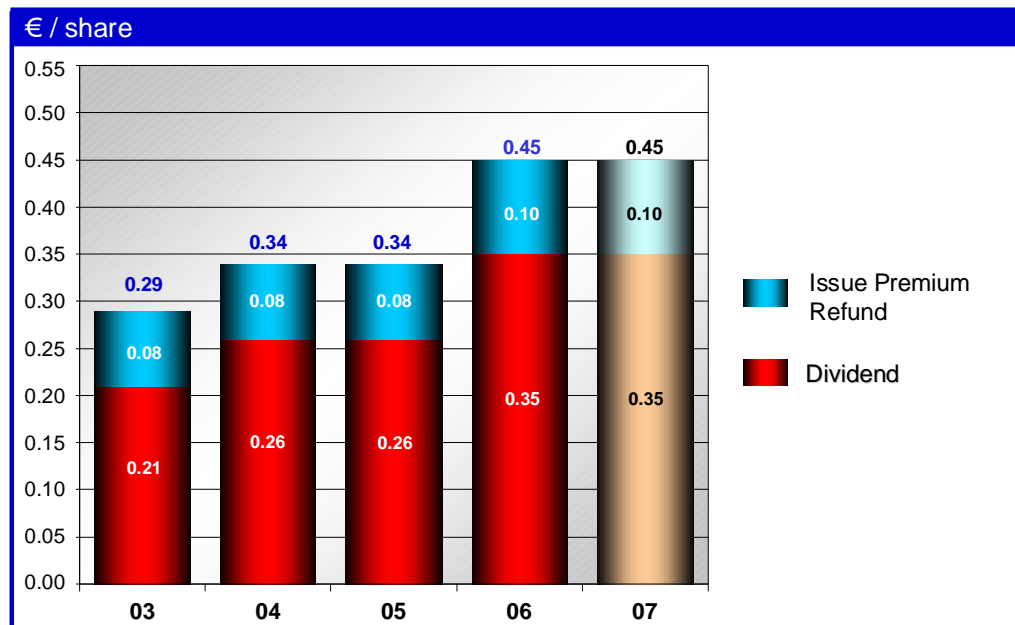
Thus, the financial strength of the Group and its credit capacity have not been affected by the international financial crisis.

## Retribution to shareholders

On the 3rd October 2008 the payment of 0.10 euros per share, corresponding to the issue premium refund was carried out, as resolved in the Board of Directors Meeting held on the 21st July 2008.

Likewise, in August a 2% reduction of the share capital was carried out through the purchase of 5,200,000 own shares for a total amount of 82.4 million euros. The resulting share capital totals 254,300,000 shares.

### RETURN TO SHAREHOLDERS



During 2008, added to 0.45 euros per share paid to the shareholder, those attending or represented in the General Shareholders Meeting of the Society obtained 0.03 euros per share. The total amount paid totals 6.7 million euros.

## Treasury Stock

In the last General Shareholders Meeting held on the 27th May 2008, the authorisation to the Board of Directors to buy own share up to 5% of the share capital, was renewed.

According to said authorisation, the purchase of 1% the share capital in the market exchange for an average price of 12.18 euros/share was completed.

The share price evolution in the current situation and the Society financial strength guarantee said purchase, with the aim to propose its redemption in the most convenient moment. Acerinox will go on using said authorisation to buy own shares, should the market conditions make it advisable.

## Share Evolution

Acerinox share behaviour during 2008 has been in line with the Spanish market reference index, IBEX-35 and the remaining world reference indexes.

### EVOLUTION OF THE STOCK EXCHANGE MARKET ACERINOX, S.A. AND IBEX 35



It is to be highlighted that from January Acerinox share has kept a better behaviour than the rest of the main meal values.

## Condensed Cash-Flow statement of the Consolidated Group

	September 08	September 07
Result before taxes	194.8	661.4
Adjustments for:	113.8	267.5
Depreciation and amortisation	89.8	97.6
Changes in provisions	-41.3	122.4
Other adjustments in the result	65.3	47.5
Changes in working capital	-79.9	-634.3
Changes in operating working capital (1)	-71.1	-277.8
Others	-8.9	-356.4
Other cash-flow from operating activities	-146.0	-196.2
Income tax	-89.6	-133.9
Financial expenses	-56.4	-62.4
<b>NET CASH-FLOW FROM OPERATING ACTIVITIES</b>	<b>82.6</b>	<b>98.4</b>
Investments on fixed assets	-214.6	-137.3
Others	6.5	0.6
<b>NET CASH-FLOW FROM INVESTING ACTIVITIES</b>	<b>-208.1</b>	<b>-136.6</b>
Acquisition of treasury shares	-97.2	0.0
Dividends payed to shareholders	-89.7	-90.8
Changes in net debt	271.5	179.7
Changes in bank debt	246.2	155.2
Conversion differences	25.2	24.5
Others	0.1	0.6
<b>NET CASH-FLOW FROM FINANCING ACTIVITIES</b>	<b>84.7</b>	<b>89.6</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>-40.8</b>	<b>51.3</b>
Opening cash and cash equivalents	167.3	43.7
Effect of the exchange rate fluctuations on cash held	0.7	-0.9
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>127.2</b>	<b>94.1</b>

(1) Inventories + trade debtors - trade creditors

## **Society governance**

After the General Shareholders Meeting and in view of the new appointments in the Board of Directors, new compositions have been established for the different committees. Likewise, positions were renewed in the Society Audit and Appointments and Retributions Comités, which remain composed of the following Directors:

### **Audit Committee**

Mrs. Amparo Moraleda Martínez (Chairwoman)  
Mr. Diego Prado Pérez-Seoane (Member)  
Mr. Clemente Cebrián Ara (Member)  
Mr. Fernando Mayans Altaba (Member)  
Mr. Fumio Oda (Member)

### **Appointments and Retributions Committee**

Mr. José Ramón Guerediaga Mendiola (Chairman)  
Mr. Santos Martínez-Conde Gutiérrez-Barquín (Member)  
Mr. Óscar Fanjul Martín (Member)  
Mr. Braulio Médel Cámara (Member)

Besides, the Executive Committee has been constituted, which will be composed with the following members:

### **Executive Committee**

Mr. Rafael Naranjo Olmedo (Chairman)  
Mr. Santos Martínez-Conde Gutiérrez-Barquín (Member)  
Mr. Juan March de la Lastra (Member)  
Mr. Óscar Fanjul Martín (Member)  
Mr. Fumio Oda (Member)  
Mr. José Ramón Guerediaga Mendiola (Member)  
Mr. Álvaro Muñoz López (Secretary)

## Investments

Acerinox continues with its wide investments program.

- [Campo de Gibraltar Factory \(Acerinox\)](#)

The investments program approved a year ago (17th Phase) for a total amount of 49.9 million euros, is at an advanced stage. Within this program, the upgrading of the annealing and pickling line, No. 3 AP has been completed, which increases its capacity by 20% and involving a significant improvement in the products quality.

The recently approved investment plan (18th Phase) for the next two year for an amount of 45.6 million euros, has already been started.

- [Kentucky Factory \(NAS\)](#)

As part of the investments program announced in year 2006, and after the start-up of the new ladle furnace in April, the new No. 2 AOD converter has come onto stream in April, rising the melting capacity to 1.4 million Mt (40% increase).

This plan will be completed in the fourth quarter of the current year with the new hot annealing and pickling line, No. 4 AP, with an annual capacity of 1.2 million and No. 5 Sendzimir at the end of the first quarter 2009. With this last investment the cold rolling capacity will rise to 830,000 Mt per year.

- [Middelburg Factory\(Columbus\)](#)

No. 4 Sendzimir cold rolling mill is at an advanced construction stage and it is planned to be put into operation at the end of the first quarter 2009.

- [Johor Bahru Factory \(Bahru Stainless\)](#)

As part of the investment program of the first phase for an amount of 320 million euros:

- The cutting lines for the Finishing Shop have already been ordered.
- The Sendzimir cold rolling mill (1500 mm) has already been ordered.
- The annealing and pickling combined line and the skinpass are at present in the awarding process.

- Commercial Network

Recently the new service centres have started their activity in the following locations:

- Monterrey (Mexico)
- Oporto (Portugal).

On the other hand, we continue with the investments program approved at the end of 2007 for an amount of 58 million euros. As part of this program, the cutting lines for Warsaw Service Centre (Poland) have already been ordered.

## Figures by Companies

<i>Thousand Mt</i>	MELTING PRODUCTION					
	1st Q. 08	2nd Q. 08	3rd Q. 08	4th Q. 08	Year 2008	% over 2007
Acerinox, S.A.	235.7	237.7	220.4		693.8	5.3%
NAS	229.3	204.3	169.0		602.5	7.7%
Columbus	161.3	163.8	138.1		463.2	-4.7%
<b>Acerinox Group</b>	<b>626.3</b>	<b>605.7</b>	<b>527.4</b>		<b>1,759.5</b>	<b>3.3%</b>

<i>Million €</i>	NET SALES					
	1st Q. 08	2nd Q. 08	3rd Q. 08	4th Q. 08	Year 2008	% over 2007
<b>Acerinox Group</b>	<b>1,566.7</b>	<b>1,591.9</b>	<b>1,122.4</b>		<b>4,281.0</b>	<b>-21.6%</b>
Acerinox, S.A.	609.2	646.6	400.6		1,656.4	-21.4%
NAS (million USD)	801.3	864.6	630.1		2,296.0	-10.5%
Columbus	343.9	329.0	288.8		961.7	-21.3%

<i>Million €</i>	PROFIT AFTER TAXES AND MINORITIES					
	1st Q. 08	2nd Q. 08	3rd Q. 08	4th Q. 08	Year 2008	% over 2007
<b>Acerinox Group</b>	<b>66.7</b>	<b>87.9</b>	<b>-29.2</b>		<b>125.4</b>	<b>-70.5%</b>
Acerinox, S.A.	4.3	23.0	-5.9		21.4	-86.9%
NAS (million USD)	66.9	90.7	39.3		196.9	-19.1%
Columbus	10.3	12.1	2.3		24.7	-54.6%

## Main economic–financial magnitudes

CONSOLIDATED GROUP	Year 2008			Accumulated	Year 2007
	1 <sup>st</sup> Q.	2 <sup>nd</sup> Q.	3 <sup>rd</sup> Q.		Jan - Sept
Production (Mt.)					
- Melting shop	626,340	605,722	527,419	<b>1,759,481</b>	1,703,922
- Hot rolling shop	544,982	522,838	480,564	<b>1,548,384</b>	1,510,325
- Cold rolling shop	387,994	371,417	339,120	<b>1,098,531</b>	1,099,741
- Long product (hot rolling)	63,034	59,609	46,202	<b>168,845</b>	153,308
Net sales (million €)					
Group	1,566.69	1,591.92	1,122.41	<b>4,281.02</b>	5,458.17
- Acerinox, S.A.	609.19	646.63	400.60	<b>1,656.43</b>	2,107.93
- NAS (million USD)	801.26	864.59	630.11	<b>2,295.97</b>	2,565.43
- Columbus	343.85	329.05	288.85	<b>961.75</b>	1,222.56
EBITDA (million €)	137.09	187.86	6.12	<b>331.07</b>	821.56
- % over sales	8.8%	11.8%	0.5%	<b>7.7%</b>	15.1%
EBIT (million €)	107.81	156.63	-24.70	<b>239.74</b>	709.45
- % over sales	6.9%	9.8%	-2.2%	<b>5.6%</b>	13.0%
Result before taxes and minorities (million €)	101.82	136.64	-43.69	<b>194.78</b>	661.40
Result after taxes and minorities (million €)	66.66	87.92	-29.21	<b>125.38</b>	424.31
Depreciation (million €)	29.39	30.72	29.66	<b>89.76</b>	97.60
Net cash flow (million €)	96.05	118.64	0.44	<b>215.14</b>	521.91
Number of employees	7,512	7,650	7,682	<b>7,682</b>	7,422
Net financial debt (million €)	1,076.48	1,042.25	1,208.95	<b>1,208.95</b>	1,359.11
Debt to equity (%)	48.9%	47.4%	54.0%	<b>54.0%</b>	52.8%
Number of shares (million)	259.50	259.50	254.30	<b>254.30</b>	259.50
Return to shareholders (per share)	0.10	0.10	0.15	<b>0.35</b>	0.35
Return to shareholders (million €)	25.87	25.43	38.05	<b>89.35</b>	90.83
Daily average shares traded (nº of shares, million)	2.13	1.82	1.82	<b>1.91</b>	2.63
Result after taxes and minorities per share	0.26	0.34	-0.11	<b>0.49</b>	1.64
Net cash flow per share	0.37	0.46	0.00	<b>0.85</b>	2.01