

## Full year and fourth quarter 2011 results[1]

Luxembourg, February 6, 2012

### Highlights

**Aperam (referred to as "Aperam" or the "Company") (Amsterdam, Luxembourg, Paris: APAM and NYRS: APEMY), today announced results for the three and twelve month periods ending December 31, 2011.**

Philippe Darmayan, CEO of Aperam, commented:

"Despite a more difficult environment than anticipated, Aperam has been able to maintain a comparable performance in Q4 2011 to Q3 2011 and to reduce debt levels significantly.

Since the beginning of the year, we have started to see the signs of a rebound in the business but we continue to remain cautious considering the global economic uncertainty for 2012.

Finally, we welcome recent steps towards industry consolidation and we believe that Aperam is well-positioned to benefit from it."

- Health and Safety frequency rate<sup>[2]</sup> of 0.7x in 2011 compared to 2.1x in 2010
- Shipments of 1,749 thousand tonnes in full year 2011, flat compared to shipments of 1,741 thousand tonnes in full year 2010
- EBITDA<sup>[3]</sup> of USD 356 million in full year 2011, compared to USD 410 million in full year 2010. A charge of USD 36 million relating to the implementation of the "Leadership Journey"<sup>[4]</sup> was recorded within the EBITDA of Q1 2011.
- Basic earnings per share of USD (0.76) in 2011
- Cash inflows from operations amounted to USD 189 million in 2011
- Net debt of USD 878 million at December 31, 2011, representing a gearing of 25%

### Prospects

- EBITDA in Q1 2012 is expected to improve compared to Q4 2011 due to stainless steel market rebound and the continuing progress of the Leadership Journey
- Net debt is expected to increase in Q1 2012 compared to Q4 2011 due to increased activity

### Financial Highlights (on the basis of IFRS)

(USDm) unless otherwise shown	12M '11	12M '10	Q4 '11	Q3 '11	Q4 '10
Sales	6,345	5,604	1,436	1,520	1,434
EBITDA	356	410	53	62	22
Operating income (loss)	45	93	(29)	(20)	(77)
Net (loss) income	(60)	104	(46)	(41)	2
Steel shipments (000t)	1,749	1,741	429	429	366

EBITDA/tonne (USD)	204	235	124	145	60
Basic earnings per share (USD)	(0.76)	N/A	(0.57)	(0.53)	N/A

### **Health & Safety results analysis**

Health and Safety performance, based on Aperam personnel figures and contractors lost time injury frequency rate<sup>2</sup>, was 0.3 in the fourth quarter of 2011 compared to 0.9 in the third quarter of 2011.

### **Financial results analysis**

Sales in the fourth quarter of 2011 decreased by 6% to USD 1,436 million compared to USD 1,520 million in the third quarter of 2011. Shipments in the fourth quarter of 2011 were flat at 429 thousand tonnes compared to 429 thousand tonnes in the third quarter of 2011.

EBITDA was USD 53 million in the fourth quarter of 2011 compared to EBITDA in the third quarter of 2011 of USD 62 million. The decrease in EBITDA quarter versus quarter was primarily driven by lower activity resulting from the seasonal slowdown in South America and a decrease in base and transaction prices. These factors impacting EBITDA were partially offset by the continuing progress of the "Leadership Journey", which has contributed USD 176 million to EBITDA since the beginning of the year.

Depreciation, amortization and impairment expense in the fourth quarter of 2011 was USD 82 million.

Aperam had an operating loss in the fourth quarter of USD 29 million compared to an operating loss of USD 20 million in the previous quarter.

Net interest expense and other financing costs in the fourth quarter of 2011 were USD 27 million, including financing costs of USD 16 million. Unrealized foreign exchange and derivative gains were USD 2 million in the fourth quarter of 2011.

The Company recorded a net loss of USD 46 million, inclusive of an income tax benefit of USD 8 million in the fourth quarter of 2011.

Cash flows from operations in the fourth quarter were a positive USD 227 million, with a working capital decrease of USD 253 million. CAPEX in the fourth quarter was USD 51 million.

As of December 31, 2011, shareholder's equity was USD 3,443 million and net financial debt was USD 878 million (gross financial debt as of December 31, 2011 was USD 1,125 million and cash & cash equivalents were USD 247 million).

The Company had liquidity of USD 647 million as of December 31, 2011, consisting of cash and cash equivalents (including short-term investments) of USD 247 million and available credit lines of USD 400 million.

### **Operating segment results analysis**

#### **Stainless & Electrical Steel**

The Stainless & Electrical Steel segment had sales of USD 1,107 million in the fourth quarter of 2011. This represents a decrease of 3% compared to sales of USD 1,143 million in the third quarter of 2011. Shipments during the fourth quarter were 396 thousand tonnes, including 238 thousand tonnes in Europe and 158 thousand tonnes in South America. This is an increase of 6 thousand tonnes compared to the previous quarter's shipments of 390 thousand tonnes (222 thousand tonnes in Europe and 168 thousand tonnes in South America). Volumes in South America decreased by 6% in the quarter due to seasonality. Despite this decrease in South America, overall volumes for the

segment increased slightly as a result of the 7% increase in volumes in Europe due to the reduced impact of seasonality in the quarter compared to the previous quarter.

The segment had EBITDA of USD 26 million in the fourth quarter of 2011 compared to USD 23 million in the third quarter of 2011. EBITDA from South America decreased from USD 26 million in the third quarter of 2011 to USD 23 million in the fourth quarter of 2011. EBITDA from Europe increased from negative USD 3 million in the third quarter of 2011 to USD 3 million in the fourth quarter of 2011. Average steel selling prices for the Stainless & Electrical Steel segment were lower for the quarter.

The Stainless & Electrical Steel segment had an operating loss of USD 37 million during the fourth quarter compared to an operating loss of USD 45 million in the third quarter of 2011. Depreciation and amortization expense was USD 63 million in the fourth quarter of 2011.

### **Services & Solutions**

The Services & Solutions segment had a 13% decrease in sales during the period, from USD 630 million in the third quarter of 2011 to USD 546 million in the fourth quarter of 2011. In the fourth quarter of 2011, shipments were 149 thousand tonnes compared to 164 thousand tonnes in the previous quarter. In addition to lower shipments, the Services & Solutions segment also had lower average selling prices for the period.

The segment had negative EBITDA in the fourth quarter of USD 6 million compared to negative EBITDA of USD 1 million in the third quarter of 2011. EBITDA for the quarter was again impacted by the seasonality at the end of the year and lower average selling prices. In addition, the segment was also impacted by a negative stock effect resulting primarily from the decline in nickel prices that occurred during the quarter.

Depreciation, amortization and impairment expense in the fourth quarter of 2011 was USD 11 million.

The Services & Solutions segment had an operating loss of USD 17 million in the fourth quarter of 2011 compared to an operating loss of USD 8 million in the third quarter of 2011.

### **Alloys & Specialties**

The Alloys & Specialties segment had sales in the fourth quarter of USD 153 million, representing a decrease of 7% compared to USD 164 million in the third quarter of 2011. Shipments were comparable at 8 thousand tonnes in the third quarter to 8 thousand tonnes in the fourth quarter.

The Alloys & Specialties segment achieved EBITDA of USD 12 million in the fourth quarter of 2011 compared to USD 11 million in the third quarter of 2011. Average selling prices in the quarter were down as a result of lower nickel prices.

Depreciation and amortization expense for the quarter was USD 2 million.

The Alloys & Specialties segment had operating income of USD 10 million in the fourth quarter of 2011 compared to operating income of USD 10 million in the third quarter of 2011.

### **Recent developments**

- On October 25, 2011, S&P revised the outlook on Aperam from Stable to Negative. At the same time, they affirmed their 'BB' long-term corporate credit rating on the company.
- On November 2, 2011, Aperam announced that in response to the current economic uncertainty and in a continuing effort to improve Aperam's cost competitiveness and profitability the company targeted an additional USD 100 million of management gains and profit enhancement under the Leadership Journey. This initiative is in addition to the current USD 250 million program with a new combined target of USD 350 million of management gains and profit enhancement by 2013. As part of this increase, Aperam will focus on further

industrial optimization and rationalization in Europe, systematic benchmarking in Brazil and new sourcing initiatives.

- On November 8, 2011, Moody's downgraded the corporate family rating for Aperam S.A. to Ba3 from Ba2 and changed the company's ratings outlook to negative from stable.
- On December 1, 2011, Philippe Darmayan became a member of Aperam's Management Committee and Chief Executive Officer of Aperam. Philippe Darmayan is a French citizen with extensive experience in various industrial fields and was appointed as the new Chief Executive Officer of Aperam following the announcement on September 20, 2011 that Bernard Fontana was leaving Aperam to become the CEO of Holcim, a leading producer of cement and aggregates based in Zurich, Switzerland.
- On January 23, 2012, Aperam joined the United Nations Global Compact, the world's largest corporate responsibility initiative with over 8,000 business and non-business participants in 135 countries.

### **New developments**

- On February 6, 2012, Aperam announces that the Board of Directors will submit to a shareholder's vote, at the next annual general meeting, a proposal to maintain the quarterly dividend payment at USD 0.1875 per share. The dividend payments would occur on a quarterly basis for the full year 2012 on March 13, 2012, June 14, 2012, September 10, 2012 and December 10, 2012 taking into account that the first quarterly dividend payment to be paid on March 13, 2012 shall be an interim dividend.

### **Investor conference call**

Aperam management will host a conference call for members of the investment community to discuss the full year and fourth quarter 2011 financial performance at the following time:

Date	New York	London	Luxembourg
Monday, February 6, 2012	12:30 pm	5:30 pm	6:30 pm

The dial-in numbers for the call are: France (+33 (0) 170 48 01 66 and toll free 0805 631 580); USA (+1 212 444 0481 and toll free +1 877 280 2342); and international (+44 (0) 20 7784 1036).

A replay of the conference call will be available until February 13, 2011: France (+33 (0) 174 20 28 00); USA (+1 347 366 9565) and international (+44 (0) 20 7111 1244). The participant access code is 7143277#.

### **Contacts**

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### **About Aperam**

Aperam is a global player in stainless, electrical and specialty steel, with operations in more than 30 countries. The business is organized in three divisions: Stainless & Electrical Steel, Services & Solutions and Alloys & Specialties.

Aperam has 2.5 million tonnes of flat stainless steel capacity in Brazil and Europe and is a leader in high value added niches - alloys and specialties. Aperam has a highly integrated distribution, processing and services network and a unique capability to produce stainless and specialty from low cost biomass (charcoal). Its industrial network is concentrated in six main plants located in Brazil, Belgium and France. Aperam has about 10,500 employees.

Aperam commits to operate in a responsible way with respect to health, safety and the well-being of its employees, contractors and the communities in which it operates. It is also committed to the sustainable management of the environment and of finite resources. In 2011, Aperam had revenues of USD 6.3 billion and shipments of 1.75 million tonnes.

For further information, please refer to our website at [www.aperam.com](http://www.aperam.com)

### Forward-looking statements

This document may contain forward-looking information and statements about Aperam and its subsidiaries. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance. Forward-looking statements may be identified by the words "believe," "expect," "anticipate," "target" or similar expressions. Although Aperam's management believes that the expectations reflected in such forward-looking statements are reasonable, investors and holders of Aperam's securities are cautioned that forward-looking information and statements are subject to numerous risks and uncertainties, many of which are difficult to predict and generally beyond the control of Aperam, that could cause actual results and developments to differ materially and adversely from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include those discussed or identified in Aperam's filings with the Luxembourg Stock Market Authority for the Financial Markets (*Commission de Surveillance du Secteur Financier*). Aperam undertakes no obligation to publicly update its forward-looking statements, whether as a result of new information, future events, or otherwise.

### APERAM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in million of U.S. dollars)	December 31, 2011	September 30, 2011	December 31, 2010 COMBINED <sup>a</sup>
<b>Non current assets</b>	<b>4,156</b>	<b>4,258</b>	<b>4,488</b>
Intangible assets	904	940	989
Property, plant and equipments	2,804	2,885	2,917
Investments & Other	448	433	582
<b>Current assets &amp; working capital</b>	<b>1,199</b>	<b>1,558</b>	<b>1,905</b>
Inventories, trade receivables & trade payables	807	1,088	959
Other assets	145	168	180
Amounts receivable under cash-pooling arrangements	-	-	646
Cash & cash equivalents	247	302	120
<b>Shareholders' equity</b>	<b>3,443</b>	<b>3,580</b>	<b>3,654</b>
Group share	3,437	3,576	3,649
Non-controlling interests	6	4	5
<b>Non current liabilities</b>	<b>1,020</b>	<b>1,038</b>	<b>1,363</b>
Interest bearing liabilities	587	594	932
Deferred employee benefits	174	179	181
Provisions and other	259	265	250
<b>Current liabilities (excluding trade payables)</b>	<b>892</b>	<b>1,198</b>	<b>1,376</b>

Interest bearing liabilities	538	746	900
Other	354	452	476

#### APERAM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in million of U.S. dollars)	Three Months Ended			Year Ended	
	December 31, 2011	September 30, 2011	December 31, 2010 COMBINED	December 31, 2011	December 31, 2010 COMBINED
<b>Sales</b>	<b>1,436</b>	<b>1,520</b>	<b>1,434</b>	<b>6,345</b>	<b>5,604</b>
<b>EBITDA</b>	<b>53</b>	<b>62</b>	<b>22</b>	<b>356</b>	<b>410</b>
Depreciation & impairment	82	82	99	311	317
<b>Operating (loss) / income</b>	<b>(29)</b>	<b>(20)</b>	<b>(77)</b>	<b>45</b>	<b>93</b>
Income from other investments	1	-	-	2	9
Net interest expense and other net financing costs	(27)	(24)	59	(124)	(9)
Unrealized foreign exchange and derivative gains (losses)	2	(32)	(5)	(30)	9
<b>(Loss) / income before taxes and non-controlling interests</b>	<b>(53)</b>	<b>(76)</b>	<b>(23)</b>	<b>(107)</b>	<b>102</b>
Income tax benefit	8	35	25	48	3
<b>(Loss) / income before non-controlling interests</b>	<b>(45)</b>	<b>(41)</b>	<b>2</b>	<b>(59)</b>	<b>105</b>
Non-controlling interests	1	-	-	1	1
<b>Net (loss) / income</b>	<b>(46)</b>	<b>(41)</b>	<b>2</b>	<b>(60)</b>	<b>104</b>

#### APERAM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in million of U.S. dollars)	Three Months Ended			Year Ended	
	December 31, 2011	September 30, 2011	December 31, 2010 COMBINED	December 31, 2011	December 31, 2010 COMBINED
Net (loss) / income	(46)	(41)	2	(60)	104
Non-controlling interests	1	-	-	1	1
Depreciation and impairment	82	82	99	311	317
Change in working capital					

	253	58	161	34	(211)
Other	(63)	21	140	(97)	151
<b>Net cash provided by / (used in) operating activities</b>	<b>227</b>	<b>120</b>	<b>402</b>	<b>189</b>	<b>362</b>
Purchase of property, plant and equipment (CAPEX)	(51)	(48)	(40)	(158)	(101)
Loans under cash pooling arrangements (net)	-	-	(327)	647	(317)
Other investing activities	2	9	(6)	9	14
<b>Net Cash (used in) / provided by investing activities</b>	<b>(49)</b>	<b>(39)</b>	<b>(373)</b>	<b>498</b>	<b>(404)</b>
(Payments) / proceeds from payable to banks and long term debt	(212)	(12)	(8)	55	(179)
Borrowings (repayments) under cash pooling arrangements (net)	-	-	(34)	(540)	197
Dividends paid	(17)	(14)	-	(61)	(69)
Other financing activities (net)	(2)	(2)	2	(6)	93
<b>Net cash (used in) / provided by financial activities</b>	<b>(231)</b>	<b>(28)</b>	<b>(40)</b>	<b>(552)</b>	<b>42</b>
Net (decrease) / increase in cash and cash equivalents	(53)	53	(11)	135	-
Effect of exchange rate changes on cash	(2)	(17)	-	(8)	2
<b>Change in cash and cash equivalents</b>	<b>(55)</b>	<b>36</b>	<b>(11)</b>	<b>127</b>	<b>2</b>

#### Appendix 1a - Health & Safety statistics

Health & Safety Statistics	Three Months Ended			Year Ended	
	December 31, 2011	September 30, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Frequency Rate	0.3	0.9	1.0	0.7	2.1

Lost time injury frequency rate equals lost time injuries per 1,000,000 worked hours, based on own personnel and contractors

#### Appendix 1b - Key operational and financial information

Year Ended December 31, 2011	Stainless & Electrical Steel <sup>1,2</sup>	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
Operational					

<b>information</b>					
Steel Shipment (000t)	1,675	662	37	(625)	1,749
Steel selling price (USD/t)	2,903	3,764	18,805		3,475
<b>Financial information</b>					
Sales (USDm)	5,068	2,603	721	(2,047)	6,345
EBITDA (USDm)	221	15	70	50	356
Depreciation & Impairment (USDm)	260	33	6	12	311
Operating (loss) / income (USDm)	(39)	(18)	64	38	45

Note 1: Stainless & Electrical Steel shipments of 1,675kt of which 647kt were from South America and 1,028kt were from Europe

Note 2: Stainless & Electrical Steel EBITDA of USD 221m of which USD 118m were from South America and USD 103m were from Europe

Year ended December 31, 2010	Stainless & Electrical Steel <sup>1,2</sup>	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
<b>Operational information</b>					
Steel Shipment (000t)	1,638	652	33	(582)	1,741
Steel selling price (USD/t)	2,591	3,397	15,368		3,066
<b>Financial information</b>					
Sales (USDm)	4,431	2,327	529	(1,683)	5,604
EBITDA (USDm)	289	83	42	(4)	410
Depreciation & Impairment (USDm)	281	30	6	-	317
Operating income / (loss) (USDm)	8	53	36	(4)	93

Note 1: Stainless & Electrical Steel shipments of 1,638kt of which 622kt were from South America and 1,016kt were from Europe

Note 2: Stainless & Electrical Steel EBITDA of USD 289m of which USD 220m were from South America and USD 69m were from Europe

Quarter Ended December 31, 2011	Stainless & Electrical Steel <sup>1,2</sup>	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
<b>Operational information</b>					
Steel Shipment (000t)	396	149	8	(124)	429
Steel selling price	2,676	3,487	17,399		



(USD/t)					3,200
<b>Financial information</b>					
Sales (USDm)	1,107	546	153	(370)	1,436
EBITDA (USDm)	26	(6)	12	21	53
Depreciation & Impairment (USDm)	63	11	2	6	82
Operating (loss) / income (USDm)	(37)	(17)	10	15	(29)

Note 1: Stainless & Electrical Steel shipments of 396kt of which 158kt were from South America and 238kt were from Europe

Note 2: Stainless & Electrical Steel EBITDA of USD 26m of which USD 23m were from South America and USD 3m were from Europe

Quarter Ended September 30, 2011	Stainless & Electrical Steel <sup>1,2</sup>	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
<b>Operational information</b>					
Steel Shipment (000t)	390	164	8	(133)	429
Steel selling price (USD/t)	2,808	3,695	20,152		3,388
<b>Financial information</b>					
Sales (USDm)	1,143	630	164	(417)	1,520
EBITDA (USDm)	23	(1)	11	29	62
Depreciation & Impairment (USDm)	68	7	1	6	82
Operating (loss) / income (USDm)	(45)	(8)	10	23	(20)

Note 1: Stainless & Electrical Steel shipments of 390kt of which 168kt were from South America and 222kt were from Europe

Note 2: Stainless & Electrical Steel EBITDA of USD 23m of which USD 26m were from South America and USD (3)m were from Europe

<sup>[1]</sup> The financial information in this press release and Appendix 1 has been prepared in accordance with the measurement and recognition criteria of International Financial Reporting Standards ("IFRS") as adopted in the European Union. While the interim financial information included in this announcement has been prepared in accordance with IFRS applicable to interim periods, this announcement does not contain sufficient information to constitute an interim financial report as defined in International Accounting Standard 34, "Interim Financial Reporting". Unless otherwise noted the numbers and information in the press release have not been audited. The financial information and certain other information presented in a number of tables in this press release have been rounded to the nearest whole number or the nearest decimal. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this press release reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

<sup>[2]</sup> Lost time injury frequency rate equals lost time injuries per 1,000,000 worked hours, based on own personnel and contractors.

<sup>[3]</sup> EBITDA is defined as operating income plus depreciation and impairment expenses.

[\[4\]](#) The "Leadership Journey" is an initiative that was launched on December 16, 2010 , and subsequently accelerated and increased, to target management gains and profit enhancement of USD 350 million by 2013.

[\[5\]](#) The financial statements for periods prior to January 25, 2011 reflect the combined results of operations and cash flows for the Company. The financial statements for periods as of and subsequent to January 25, 2011 reflect the consolidated results of operations and cash flows for the Company.