

Second quarter 2012 results

Luxembourg, 24 July 2012 - Aperam (referred to as "Aperam" or the "Company") (Amsterdam, Luxembourg, Paris: APAM and NYRS: APEMY), today announced results for the three month period ending June 30, 2012^[1]

Highlights

- Health and Safety frequency rate^[2] of 1.0x in Q2 2012 compared to 1.0x in Q1 2012
- Shipments of 433 thousand tonnes in Q2 2012, flat compared to shipments of 433 thousand tonnes in Q1 2012
- EBITDA^[3] of USD 65 million in Q2 2012 compared to EBITDA of USD 64 million in

Q1 2012

- Basic earnings per share of USD (0.36) in Q2 2012
- Cash flow from operations amounted to USD 28 million in Q2 2012
- Net debt of USD 882 million at June 30, 2012, representing a gearing of 28%

Prospects

- EBITDA in Q3 2012 is expected to be lower compared to EBITDA in Q2 2012 due

to the traditional seasonal slowdown and current market weakness

- Net debt to remain under control in Q3 2012

Philippe Darmayan, CEO of Aperam, commented:

"Despite the tougher environment, Aperam was able to achieve results in Q2 comparable to Q1 due to the continuing progress of our Leadership Journey® and a good performance in Brazil and Alloys.

For the remainder of 2012, we continue to remain cautious considering the current economic environment. However, we expect to benefit from the completion of key investment projects related to our Leadership Journey®. We are also confident that stainless steel prices should start to recover during the second half of the year."

(USDm) unless otherwise stated	Q2 2012	Q1 2012	Q2 2011	H1 2012	H1 2011
Sales	1,351	1,409	1,708	2,760	3,389
EBITDA	65	64	102	129	241
Operating (loss) income	(19)	(13)	24	(32)	94
Net (loss) income	(28)	(11)	2	(39)	27
Steel shipments (000t)	433	433	439	866	891
EBITDA/tonne (USD)	150	148	232	149	270
Basic earnings per share (USD)	(0.36)	(0.14)	0.02	(0.50)	0.34

Financial Highlights (on the basis of IFRS)

Health & Safety results analysis

Health and Safety performance, based on Aperam personnel figures and contractors lost time injury frequency rate², was 1.0x in the second quarter of 2012 compared to 1.0x in the first quarter of 2012.

Financial results analysis

Sales in the second quarter of 2012 decreased by 4% to USD 1,351 million compared to USD 1,409 million in the first quarter of 2012. Shipments in the second quarter of 2012 were flat at 433 thousand tonnes compared to 433 thousand tonnes in the first quarter of 2012.

EBITDA was USD 65 million in the second quarter of 2012 compared to EBITDA of USD 64 million in the first quarter of 2012. Despite lower nickel prices and more difficult market conditions in the quarter, EBITDA was flat quarter versus quarter primarily as a result of the continuing progress of the Leadership Journey® [a1](#). The Leadership Journey® has contributed USD 231 million to EBITDA since the beginning of 2011.

Depreciation and impairment expense in the second quarter of 2012 was USD 84 million, including USD 13 million of impairment on assets relating to the Leadership Journey®.

Aperam had an operating loss in the second quarter of USD 19 million compared to an operating loss of USD 13 million in the previous quarter.

Net interest expense and other financing costs in the second quarter of 2012 were USD 20 million, including financing costs of USD 18 million. Unrealized foreign exchange and derivative losses were USD 9 million in the second quarter of 2012.

The Company recorded a net loss of USD 28 million, inclusive of an income tax benefit of USD 19 million, in the second quarter of 2012.

Cash flows from operations in the first quarter were USD 28 million, with a working capital decrease of USD 12 million. CAPEX in the second quarter was USD 43 million.

As of June 30, 2012, shareholder's equity was USD 3,176 million and net financial debt was USD 882 million (gross financial debt as of June 30, 2012 was USD 1,117 million and cash & cash equivalents were USD 235 million).

The Company had liquidity of USD 570 million as of June 30, 2012, consisting of cash and cash equivalents (including short-term investments) of USD 235 million and available credit lines of USD 335 million.

Operating segment results analysis

Stainless & Electrical Steel

The Stainless & Electrical Steel segment had sales of USD 1,108 million in the second quarter of 2012. This represents a decrease of 1% compared to sales of USD 1,122 million in the first quarter of 2012. Shipments during the second quarter were 426 thousand tonnes, including 263 thousand tonnes in Europe and 163 thousand tonnes in South America. This is an increase of 11 thousand tonnes compared to shipments in the previous quarter of 415 thousand tonnes (263 thousand tonnes in Europe and 152 thousand tonnes in South America). Flat volumes in Europe were offset by an increase of 7% in South America.

The segment had EBITDA of USD 39 million in the second quarter of 2012 compared to USD 30 million in the first quarter of 2012. EBITDA from South America increased from USD 20 million in the first quarter of 2012 to USD 33 million in the second quarter of 2012. The increase in EBITDA was primarily driven by higher volumes in the quarter and the impact from some positive pricing movements. EBITDA from Europe decreased from USD 10 million in the first quarter of 2012 to USD 6 million in the second quarter of 2012. The decrease in EBITDA in Europe was primarily driven by the price/cost squeeze in the quarter but was partially offset by the continuing progress of the Leadership Journey®. Additionally, 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 32 million during the second quarter of 2012 compared to an operating loss of USD 33 million in the first quarter of 2012. Depreciation and impairment expense was USD 71 million in the second quarter of 2012, including USD 13 million of impairment on assets relating to the Leadership Journey®.

Services & Solutions

The Services & Solutions segment had a 4% decrease in sales during the period, from USD 584 million in the first quarter of 2012 to USD 559 million in the second quarter of 2012. In the second quarter of 2012, shipments were 170 thousand tonnes compared to 168 thousand tonnes in the previous quarter. The Services & Solutions segment also had lower average selling prices for the period.

The segment had EBITDA in the second quarter of 2012 of USD 5 million compared to EBITDA of USD 11 million in the first quarter of 2012. Although there was some positive volume growth during the quarter, the decrease in EBITDA was driven primarily by a negative stock effect resulting mainly from the decline in nickel prices.

Depreciation and amortization expense in the second quarter of 2012 was USD 8 million.

The Services & Solutions segment had an operating loss of USD 3 million in the second quarter of 2012 compared to operating income of USD 4 million in the first quarter of 2012.

Alloys & Specialties

The Alloys & Specialties segment had sales in the second quarter of 2012 of USD 172 million, representing a decrease of 3% compared to USD 178 million in the first quarter of 2012. Shipments were flat in the second quarter of 2012 at 10 thousand tonnes compared to 10 thousand tonnes in the first quarter of 2012.

The Alloys & Specialties segment achieved EBITDA of USD 16 million in the second quarter of 2012 compared to USD 11 million in the first quarter of 2012. The improvement in EBITDA in the second quarter compared to the first quarter of 2012 was primarily the result of a better product mix.

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

The Alloys & Specialties segment had operating income of USD 14 million in the second quarter of 2012 compared to operating income of USD 10 million in the first quarter of 2012.

Recent developments

- On May 22, 2012, The International Stainless Steel Forum (ISSF) granted its 2012 Sustainability Award to Aperam for SolarStyl®, its pioneering solar panel technology. The prize was announced at the ISSF's annual meeting in Beijing on May 17, 2012. The ISSF praised Aperam's SolarStyl® system as "promoting the use of photovoltaic energy and contributing to the development of renewable energy". SolarStyl® is a building integrated photovoltaic (BIPV) system using stainless steel products for BIPV installations which decreases the cost of photovoltaic modules systems and increases their performance.
- On May 30, 2012, Aperam announced new appointments to its Management Committee. Reporting to the CEO, Mr. Tim di Maulo was appointed as Chief Commercial and Sourcing Officer and remains a member of the Management Committee. Mrs. Vanisha Mittal Bhatia was appointed to Aperam's Management Committee, in charge of the Group's strategy, a responsibility she has held since April 2011.
- On June 22, 2012, Standard & Poor's Ratings Services lowered its long-term corporate credit rating on Aperam to 'BB-' from 'BB'. The outlook is negative. Standard & Poor's also lowered the ratings on the \$500 million senior notes due 2016 and 2018 issued by Aperam to 'BB-'.
- On July 10, 2012, Aperam published its first Sustainability Report. The report outlines the Company's approach to sustainability, its record and policies in areas such as safety, people, communities, environment, and the contribution of the Company's products to society. The report also shows how Aperam's sustainability approach is reflected in its endeavours to meet its customers' expectations and how innovation lies at the heart of its industrial and commercial processes. Aperam has adopted the Global Reporting Initiative (GRI) Sustainable Development Guidelines and it joined the United National Global Compact (UNGC) in January 2012.

Investor conference call

Aperam management will host a conference call for members of the investment community to discuss the second quarter 2012 financial performance at the following time:

Date	New York	London	Luxembourg
Tuesday, July 24, 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 (+1 646 254 3362 and toll free 1 877 249 9037); and international (+44 (0) 20 7136 2055). The participant access code is: Aperam.

A replay of the conference call will be available until July 30, 2012: France (+33 (0) 174 20 28 00); USA (+1 347 366 9565) and international (+44 (0) 20 3427 0598). The participant access code is 1665047#.

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 10,200 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

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)	June 30, 2012	March 31, 2012	June 30, 2011
Non current assets	3,936	4,271	4,681
Intangible assets	850	924	1,062
Property, plant and equipments	2,619	2,873	3,054
Investments & Other	467	474	565
Current assets & working capital	1,090	1,108	1,765
Inventories, trade receivables & trade payables	728	801	1,294
Other assets	127	140	205
Cash & cash equivalents	235	167	266
Shareholders' equity	3,176	3,545	4,167
Group share	3,170	3,539	4,161
Non-controlling interests	6	6	6
Non current liabilities	971	1,016	1,022
Interest bearing liabilities	578	581	590
Deferred employee benefits	168	179	192
Provisions and other	225	256	240
Current liabilities (excluding trade payables)	879	818	1,257
Interest bearing liabilities	539	443	783
Other	340	375	474

APERAM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in million of U.S. dollars)	Three Months Ended			Six Months Ended	
	June 30, 2012	March 31, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Sales	1,351	1,409	1,708	2,760	3,389
EBITDA	65	64	102	129	241
Depreciation & impairment	84	77	78	161	147
Operating (loss) / income	(19)	(13)	24	(32)	94
Income from other investments	1	-	1	1	1
Net interest expense and other net financing costs	(20)	(13)	(29)	(33)	(73)
Unrealized foreign exchange and derivative (losses) / gains	(9)	1	2	(8)	-
(Loss) / income before taxes	(47)	(25)	(2)	(72)	22
Income tax benefit	19	14	4	33	5
Net (loss) / income	(28)	(11)	2	(39)	27

APERAM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in million of U.S. dollars)	Three Months Ended			Six Months Ended	
	June 30, 2012	March 31, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Net (loss) / income	(28)	(11)	2	(39)	27
Depreciation and impairment	84	77	78	161	147
Change in working capital	12	27	(268)	39	(277)
Other	(40)	(14)	(10)	(54)	(55)
Net cash provided by / (used in) operating activities	28	79	(198)	107	(158)
Purchase of property, plant and equipments (CAPEX)	(43)	(40)	(27)	(83)	(59)
Loans under cash pooling arrangements	-	-	-	-	647
Other investing activities (net)	(1)	(3)	(2)	(4)	(2)
Net Cash (used in) / provided by investing activities	(44)	(43)	(29)	(87)	586
Proceeds / (payments) from payable to banks and long term debt	106	(105)	247	1	279
Repayments under cash pooling arrangements	-	-	(10)	-	(540)
Dividends paid	(14)	(15)	(16)	(29)	(30)
Other financing activities (net)	(2)	(1)	(2)	(3)	(2)
Net cash provided (used in) by financial activities	90	(121)	219	(31)	(293)
Net increase / (decrease) in cash and cash equivalents	74	(85)	(8)	(11)	135
Effect of exchange rate changes on cash	(6)	5	6	(1)	11
Change in cash and cash equivalents	68	(80)	(2)	(12)	146

Appendix 1a - Health & Safety statistics

Health & Safety Statistics	Three Months Ended		
	June 30, 2012	March 31, 2012	December 31, 2011
Frequency Rate	1.0	1.0	0.3

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

Quarter Ended June 30, 2012	Stainless & Electrical Steel ^{1,2}	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
Operational information					
Steel Shipment (000t)	426	170	10	(173)	433
Steel selling price (USD/t)	2,501	3,140	17,295		2,993
Financial information					
Sales (USDm)	1,108	559	172	(488)	1,351
EBITDA (USDm)	39	5	16	5	65
Depreciation & Impairment (USDm)	71	8	2	3	84
Operating (loss) / income (USDm)	(32)	(3)	14	2	(19)

Note 1: Stainless & Electrical Steel shipments of 426kt of which 163kt were from South America and 263kt were from Europe

Note 2: Stainless & Electrical Steel EBITDA of USD 39m of which USD 33m were from South America and USD 6m were from Europe

Quarter Ended March 31, 2012	Stainless & Electrical Steel ^{1,2}	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
Operational information					
Steel Shipment (000t)	415	168	10	(160)	433
Steel selling price (USD/t)	2,607	3,319	16,962		3,123
Financial information					
Sales (USDm)	1,122	584	178	(475)	1,409
EBITDA (USDm)	30	11	11	12	64
Depreciation & Impairment (USDm)	63	7	1	6	77

Operating (loss) / income (USDm)	(33)	4	10	6	(13)
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Note 1: Stainless & Electrical Steel shipments of 415kt of which 152kt were from South America and 263kt were from Europe

Note 2: Stainless & Electrical Steel EBITDA of USD 30m of which USD 20m were from South America and USD 10m were from Europe

[1] 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.

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

[3] EBITDA is defined as operating income plus depreciation and impairment expenses.

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