

Second quarter 2013 results^[1]

Luxembourg, July 31, 2013

Aperam (referred to as "Aperam" or the "Company") (Amsterdam, Luxembourg, Paris: APAM and NYRS: APEMY), announced today results for the three month period ending June 30, 2013

Highlights

- Health and Safety frequency rate^[2] of 1.4x in Q2 2013 compared to 1.1x in Q1 2013
- Shipments of 450 thousand tonnes in Q2 2013, a 12% increase compared to shipments of 401 thousand tonnes in Q1 2013
- EBITDA^[3] of USD 81 million in Q2 2013, compared to EBITDA of USD 65 million in Q1 2013
- Basic loss per share of USD 0.15 in Q2 2013
- Cash flow from operations amounted to USD 34 million in Q2 2013
- Stable net debt^[4] of USD 841 million on June 30, 2013, representing a gearing of 29%

Prospects

- EBITDA in Q3 2013 is expected to be lower compared to EBITDA in Q2 2013 due to the traditional seasonal slowdown and current market weakness
- Net debt to temporarily increase in Q3 2013

Philippe Darmayan, CEO of Aperam, commented:

"Over the quarter, we are pleased to have increased our profitability in the context of a steep nickel price drop and the market's deterioration. This achievement demonstrates the validity of our strategy and the excellent progress of the Leadership Journey®⁵.

We remain cautious going forward considering the stainless steel environment, but we are confident in our ability to further improve our underlying performance and to achieve our ambitious targets."

Financial Highlights (on the basis of IFRS)

(USDm) unless otherwise stated	Q2 13	Q1 13	Q2 12 ⁶	H1 2013	H1 2012 ⁶
Sales	1,366	1,269	1,351	2,635	2,760
EBITDA	81	65	66	146	131
Operating income / (loss)	5	(11)	(18)	(6)	(30)

Net loss	(11)	(28)	(28)	(39)	(40)
Steel shipments (000t)	450	401	433	851	866
EBITDA/tonne (USD)	180	162	152	172	151
Basic loss per share (USD)	0.15	0.36	0.36	0.51	0.51

Health & Safety results analysis

Health and Safety performance based on Aperam personnel figures and contractors' lost time injury frequency rate² was 1.4x in the second quarter of 2013 compared to 1.1x in the first quarter of 2013.

Financial results analysis

Sales in the second quarter of 2013 increased by 8% at USD 1,366 million compared to USD 1,269 million in the first quarter of 2013. Shipments in the second quarter of 2013 increased by 12% at 450 thousand tonnes compared to 401 thousand tonnes in the first quarter of 2013.

EBITDA was USD 81 million in the second quarter of 2013 compared to EBITDA of USD 65 million in the first quarter of 2013. Despite lower nickel prices and more difficult market conditions in the quarter, EBITDA increased as the result of the continuous progress of the Leadership Journey^{®5} and significant improvement of the industrial performance. The Leadership Journey^{®5} has continued to progress over the quarter and has contributed a total amount of USD 324 million to EBITDA since the beginning of 2011.

Depreciation and impairment expense in the second quarter of 2013 was USD 76 million.

Aperam had an operating income in the second quarter of USD 5 million compared to an operating loss of USD 11 million in the previous quarter.

Net interest expense and other financing costs in the second quarter of 2013 were USD 30 million, primarily related to financing costs of USD 22 million. Realized and unrealized foreign exchange and derivative gains were USD 1 million in the second quarter of 2013.

The Company recorded a net loss of USD 11 million, inclusive of an income tax benefit of USD 13 million, in the second quarter of 2013.

Cash flows from operations in the second quarter were positive at USD 34 million, with a working capital increase of USD 16 million. CAPEX in the second quarter was USD 33 million.

As of June 30, 2013, shareholders' equity was USD 2,935 million and net financial debt⁴ was USD 841 million (gross financial debt as of June 30, 2013 was USD 1,084 million and cash, cash equivalents and restricted cash were USD 243 million).

The Company had liquidity of USD 653 million as of June 30, 2013, consisting of cash and cash equivalents of USD 233 million and undrawn credit lines⁷ of USD 420 million.

Operating segment results analysis

Stainless & Electrical Steel

The Stainless & Electrical Steel segment had sales of USD 1,078 million in the second quarter of 2013. This represents an increase of 7% compared to sales of USD 1,007 million in the first quarter of 2013. Shipments during the second quarter were 429 thousand tonnes. In Europe shipments were 267 thousand tonnes and in South America shipments were 162 thousand tonnes. This is an increase of 11% compared to shipments of 388 thousand tonnes in the previous quarter (250 thousand tonnes in Europe and 138 thousand tonnes in South America). The volume increases are mainly due to the restart of the new hot annealing and pickling line at the Gueugnon plant in France for Europe and to the industrial recovery in South America. Overall, average selling prices for the Stainless & Electrical Steel segment were slightly lower for the quarter.

The segment had EBITDA of USD 71 million in the second quarter of 2013 compared to USD 47 million in the first quarter of 2013. EBITDA from South America increased in the second quarter of 2013 to USD 41 million from USD 24 million in the first quarter of 2013. The increase of EBITDA was primarily driven by higher volumes in the quarter and the increase of sales in the domestic market. EBITDA from Europe increased from USD 23 million in the first quarter of 2013 to USD 30 million in the second quarter of 2013. The EBITDA in Europe was primarily driven by Aperam's value strategy and the continuing progress of the Leadership Journey®.⁵ Over the quarter, a USD 8 million income of insurance indemnification was recognized in relation to the Capex of the restructuring of the new annealing and pickling line. Excluding this one-off item in the Europe EBITDA, overall EBITDA for the division was stable as a result of negative pricing effect compensated by higher volumes and the progress of the Leadership Journey®.⁵

Depreciation and amortization expense was USD 59 million in the second quarter of 2013.

The Stainless & Electrical Steel segment had an operating income of USD 12 million during the second quarter of 2013 compared to an operating loss of USD 13 million in the first quarter of 2013.

Services & Solutions

The Services & Solutions segment had a 1% decrease in sales during the quarter, from USD 572 million in the first quarter of 2013 to USD 566 million in the second quarter of 2013. In the second quarter of 2013, shipments were 174 thousand tonnes compared to 171 thousand tonnes in the previous quarter. The Services & Solutions segment had slightly lower average selling prices during the period.

The segment had negative EBITDA in the second quarter of 2013 of USD 5 million compared to positive EBITDA of USD 8 million in the first quarter of 2013. Overall, the decline of EBITDA is due to the negative stock effect related to the nickel price. In addition, USD 7 million of restructuring provision has been recorded in relation to the upcoming closure of the Firminy plant in France (Aperam Stainless Services & Solutions Precision).

Depreciation and amortization expense was USD 7 million and impairment expense was USD 3 million in the second quarter of 2013.

The Services & Solutions segment had an operating loss of USD 15 million in the second quarter of 2013 compared to an operating income of USD 1 million in the first quarter of 2013.

Alloys & Specialties

The Alloys & Specialties segment had sales in the second quarter of 2013 of USD 170 million, representing an increase of 4% compared to USD 163 million in the first quarter of 2013. Shipments in the second quarter of 2013 were comparable to shipments in the first quarter of 2013 at 10 thousand tonnes. Average selling prices increased over the quarter.

The Alloys & Specialties segment achieved EBITDA of USD 15 million in the second quarter of 2013 compared to USD 12 million in the first quarter of 2013. The EBITDA improvement is mainly due to product mix improvement and continuous progress in the Leadership Journey®.⁵

Depreciation and amortization expense in the second quarter of 2013 was USD 1 million.

The Alloys & Specialties segment had an operating income of USD 14 million in the second quarter of 2013 compared to an operating income of USD 7 million in the first quarter of 2013.

Recent developments

- On May 8, 2013 Aperam announced the publication of its second Sustainability Report. The report outlines the Company's sustainability performance and its record and policies in areas such as safety, people, communities, environment, as well as the contribution of the Company's products to society. Aperam's second Sustainability Report can be read online at www.aperam.com, section Sustainability.
- On May 8, 2013, the Annual General Meeting of Shareholders held in Luxembourg approved all resolutions on the agenda by a large majority. 46,782,903 shares, or 59.94% of the Company's share capital, were present or represented at the meeting. In particular, the shareholders approved the consolidated financial statements for the calendar year ending December 31, 2012. In addition, the re-election of Board Members and the authorization of grants of share based incentives were approved.
- On May 24, 2013, the Board of Directors of Aperam decided to co-opt Mr. Joseph Greenwell (62 years) as director until Aperam's next general meeting of shareholders, where Mr. Greenwell's election will be submitted for confirmation to the shareholders. This decision follows the resignation of Mr. David Burritt from the Board of Directors for personal considerations effective May 24, 2013. Mr. Greenwell has a career of 40 years in the motor industry and held senior roles in Jaguar, Ford of Europe and Ford North America. Mr. Greenwell's biographical information is available online at www.aperam.com, section Investors & Shareholders.
- On July 31, 2013 Aperam announced that following the departure of Mr. Julien Burdeau effective July 15th, 2013, Mr. Philippe Darmayan, current Chief Executive Officer for Aperam, will now also hold responsibilities for the Alloys & Specialties division.

Investor conference call

Aperam management will host a conference call for members of the investment community to discuss the second quarter 2013 financial performance at the following time:

Date	New York	London	Luxembourg
Wednesday, July 31, 2013	12:30 pm	5:30 pm	6:30 pm

The dial-in numbers for the call are: France (+33(0)1 76 77 22 24); USA (+1 646 254 3363); and international (+44(0)20 3427 1909). The participant access code is: 9666600#.

A replay of the conference call will be available until August 7th, 2013: France (+33 (0)1 74 20 28 00); USA (+1 347 366 9565) and international (+44 (0)20 3427 0598). The participant access code is 9666600#.

Contacts

Corporate Communications / Jean Lasar: +352 27 36 27 27
Investor Relations / Romain Grandsart: +352 27 36 27 36

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 9,800 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 2012, Aperam had revenues of USD 5.3 billion and shipments of 1.68 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). For more information about these risks and uncertainties, the reader is encouraged to refer to page 35 and pages 142 to 146 of Aperam's annual report for the year ended December 31, 2012 filed on March 7, 2013. Aperam undertakes no obligation to publicly update its forward-looking statements or information, 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, 2013	March 31, 2013	June 30, 2012 ⁶
Non current assets	3,774	3,916	3,936
Intangible assets	813	845	850
Property, plant and equipments	2,435	2,539	2,619
Investments and Other	526	532	467
Current assets & working capital	973	1,006	1,090
Inventories, trade receivables and trade payables	554	566	728

Other assets	176	169	127
Cash, cash equivalents and restricted cash	243	271	235
Shareholders' equity	2,935	3,078	3,172
Group share	2,931	3,074	3,166
Non-controlling interests	4	4	6
Non current liabilities	1,029	1,023	975
Interest bearing liabilities	616	600	578
Deferred employee benefits	211	204	172
Provisions and other	202	219	225
Current liabilities (excluding trade payables)	783	821	879
Interest bearing liabilities	468	513	539
Other	315	308	340

APERAM CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(in million of U.S. dollars)	Three Months Ending			Six Months Ending	
	June 30, 2013	March 31, 2013	June 30, 2012 ⁶	June 30, 2013	June 30, 2012 ⁶
Sales	1,366	1,269	1,351	2,635	2,760
EBITDA	81	65	66	146	131
Depreciation & impairment	76	76	84	152	161
Operating income / (loss)	5	(11)	(18)	(6)	(30)
Income from other investments	-	-	1	-	1
Net interest expense and other net financing costs	(30)	(27)	(17)	(57)	(36)
Foreign exchange and derivative gains / (losses)	1	(9)	(14)	(8)	(9)
Loss before taxes	(24)	(47)	(48)	(71)	(74)
Income tax benefit	13	19	20	32	34

Net loss	(11)	(28)	(28)	(39)	(40)
----------	------	------	------	------	------

APERAM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in million of U.S. dollars)	Three Months Ending			Six Months Ending	
	June 30, 2013	March 31, 2013	June 30, 2012 ⁶	June 30, 2013	June 30, 2012 ⁶
Net loss	(11)	(28)	(28)	(39)	(40)
Depreciation and impairment	76	76	84	152	161
Change in working capital	(16)	19	12	3	39
Other	(15)	(57)	(40)	(72)	(53)
Net cash provided by operating activities	34	10	28	44	107
Purchase of property, plant and equipment (CAPEX)	(33)	(34)	(43)	(67)	(83)
Other investing activities (net)	(9)	2	(1)	(7)	(4)
Net Cash used in investing activities	(42)	(32)	(44)	(74)	(87)
(Payments) / proceeds from payable to banks and long term debt	(20)	72	106	52	1
Dividends paid	-	-	(14)	-	(29)
Other financing activities (net)	(1)	(1)	(2)	(2)	(3)
Net cash (used in) / provided by financing activities	(21)	71	90	50	(31)
Effect of exchange rate changes on cash	(9)	(4)	(6)	(13)	(1)
Change in cash and cash equivalent	(38)	45	68	7	(12)

Appendix 1a - Health & Safety statistics

Health & Safety Statistics	Three Months Ended
---------------------------------------	---------------------------

	June 30, 2013	March 31, 2013	June 30, 2012
Frequency Rate	1.4	1.1	1.0

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, 2013	Stainless & Electrical Steel ^{1,2}	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
Operational information					
Steel Shipment (000t)	429	174	10	(163)	450
Steel selling price (USD/t)	2,412	3,084	17,404		2,911
Financial information					
Sales (USDm)	1,078	566	170	(448)	1,366
EBITDA (USDm)	71	(5)	15	-	81
Depreciation & Impairment (USDm)	59	10	1	6	76
Operating income / (loss) (USDm)	12	(15)	14	(6)	5

Note 1: Stainless & Electrical Steel shipments of 429kt of which 162kt were from South America and 267kt were from Europe

Note 2: Stainless & Electrical Steel EBITDA of USD 71m of which USD 41m were from South America and USD 30m were from Europe

Quarter Ended March 31, 2013	Stainless & Electrical Steel ^{1,2}	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
Operational information					
Steel Shipment (000t)	388	171	10	(168)	401
Steel selling price (USD/t)	2,493	3,176	15,830		3,022
Financial information					
Sales (USDm)	1,007	572	163	(473)	1,269
EBITDA (USDm)	47	8	12	(2)	65
Depreciation &	60	7	5	4	76

Impairment (USDm)					
Operating (loss) / income (USDm)	(13)	1	7	(6)	(11)

Note 1: Stainless & Electrical Steel shipments of 388kt of which 138kt were from South America and 250kt were from Europe

Note 2: Stainless & Electrical Steel EBITDA of USD 47m of which USD 24m were from South America and USD 23m 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 Net debt refers to long-term debt, plus short-term debt, less cash and cash equivalents (including short-term investments) and restricted cash.

[\[4\]](#)⁵ 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. On February 4, 2013, Aperam announced an expansion of the Leadership Journey® to 2014 with USD 150 million targeted over the next 2 years.

⁶ Figures for 2012 have been restated due to change in accounting principle of defined benefit plans and other long-term employee benefits, and adoption of revised IAS 19 standard.

⁷ Subject to eligible collateral available