

Company: Aperam

Third quarter 2014 results[1]

Luxembourg, November 6, 2014

Aperam (referred to as "Aperam" or the "Company") (Amsterdam, Luxembourg, Paris: APAM and NYRS: APEMY), announced today results for the three month period ending September 30, 2014

Highlights

- Health and Safety frequency rate^[2] of 0.3x in Q3 2014 compared to 1.4x in Q2 2014
- Shipments of 433 thousand tonnes in Q3 2014, a 7% decrease compared to shipments of 466 thousand tonnes in Q2 2014
- EBITDA^[3] of USD 137 million in Q3 2014, compared to EBITDA of USD 164 million in Q2 2014
- Basic earnings per share of USD 0.27 in Q3 2014
- Cash flow from operations amounted to USD 65 million in Q3 2014
- Net debt⁴ of USD 591 million on September 30, 2014, representing a gearing of 21% compared to a net debt of USD 663 million on June 30, 2014

Prospects

- EBITDA in Q4 2014 is expected to decrease compared to EBITDA in Q3 2014.
- Net debt to decrease in Q4 2014

Philippe Darmayan, CEO of Aperam, commented:

"Aperam has continued to deliver solid results. Q3 performance highlights once again the strength of our strategy, which consists of Leadership Journey®, Top Line and cash focus.

For the fourth quarter, we remain cautious given the general economic environment. However we are confident that we will continue to improve our operational performance and further strengthen our balance sheet."

Financial Highlights (on the basis of IFRS)

(USDm) unless otherwise stated	Q3 14	Q2 14	Q3 13	9M 2014	9M 2013
Sales	1,353	1,444	1,204	4,191	3,839
EBITDA	137	164	62	430	208
Operating income / (loss)	82	107	(8)	243	(14)

Net income / (loss)	21	36	(19)	76	(58)
Steel shipments (000t)	433	466	436	1,374	1,287
EBITDA/tonne (USD)	316	352	142	313	162
Basic earning per share (USD)	0.27	0.46	(0.24)	0.97	(0.75)

Health & Safety results analysis

Health and Safety performance, based on Aperam personnel figures and contractors' lost time injury frequency rate², was 0.3x in the third quarter of 2014 compared to 1.4x in the second quarter of 2014.

Financial results analysis

Sales in the third quarter of 2014 decreased by 6% at USD 1,353 million compared to USD 1,444 million in the second quarter of 2014. Shipments in the third quarter of 2014 decreased by 7% to 433 thousand tonnes compared to 466 thousand tonnes in the second quarter of 2014, mainly due to the seasonal effect in Europe.

EBITDA was USD 137 million in the third quarter of 2014 compared to EBITDA of USD 164 million in the second quarter of 2014. Although partly offset by the continuing progress of the Leadership Journey^{®5} and the Top Line strategy, the impact of traditional seasonality in Europe resulted in lower EBITDA in the quarter compared to the previous quarter. Aperam has more than doubled its profitability compared to the third quarter of 2013. The Leadership Journey[®] has continued to progress over the quarter and has contributed a total amount of USD 415 million to EBITDA since the beginning of 2011.

Depreciation and amortization expense in the third quarter of 2014 was USD 55 million.

Aperam had an operating income in the third quarter of USD 82 million compared to an operating income of USD 107 million in the previous quarter.

The Company recorded a loss from other investments of USD 17 million in the third quarter of 2014, related to an impairment loss of USD 14 million booked on the minority stake it holds in Gerdau, a Brazilian steelmaker, and USD 3 million booked on the minority stake it holds in General Moly, a US molybdenum mining company.

Net interest expense and other financing costs in the third quarter of 2014 were USD 36 million, primarily related to financing costs of USD 19 million and USD 6 million of non-recurring expenses related to the announcement of the early redemption of the USD 250 million Bonds due 2016 on October 1, 2014. Realized and unrealized foreign exchange and derivative losses were USD 2 million in the third quarter of 2014.

The Company recorded a net income of USD 21 million, inclusive of an income tax expense of USD 6 million, in the third quarter of 2014.

Cash flows from operations in the third quarter were positive at USD 65 million, despite a working capital increase of USD 91 million. CAPEX in the third quarter was USD 24 million.

As of September 30, 2014, shareholders' equity was USD 2,851 million and net financial debt⁴ was USD 591 million (gross financial debt as of September 30, 2014 was USD 990 million and cash and cash equivalents were USD 399 million).

The Company had liquidity of USD 799 million as of September 30, 2014, consisting of cash and cash equivalents of USD 399 million and undrawn credit lines⁶ of USD 400 million.

Operating segment results analysis

Stainless & Electrical Steel

The Stainless & Electrical Steel segment had sales of USD 1,116 million in the third quarter of 2014. This represents a decrease of 4% compared to sales of USD 1,162 million in the second quarter of 2014. Shipments during the third quarter were 422 thousand tonnes, including 250 thousand tonnes in Europe and 172 thousand tonnes in South America. This is a decrease of 6% compared to shipments of 449 thousand tonnes in the previous quarter (287 thousand tonnes in Europe and 162 thousand tonnes in South America). The volume decrease was mainly due to the seasonal impact in Europe compared to the second quarter. However this seasonal effect was limited compared to third quarter of 2013. Overall, average selling prices for the Stainless & Electrical Steel segment were higher for the quarter.

The segment had EBITDA of USD 109 million in the third quarter of 2014 compared to USD 124 million in the second quarter of 2014. EBITDA from South America decreased in the third quarter of 2014 at USD 54 million, including USD

10 million positive results from the sale of electricity surplus (compared to an EBITDA of USD 58 million in Q2 2014 including USD 19 million positive results from the sale of electricity surplus). In South America, the slight increase of shipments and some operational improvements partly compensated the reduction of positive results from the sale of electricity surplus. EBITDA from Europe decreased from USD 66 million in the second quarter of 2014 to USD 55 million in the third quarter of 2014. In Europe, the impact of the traditional seasonal effect was more limited than the previous years and partly compensated by a good product mix and the continuous contribution of the Leadership Journey®.

Depreciation and amortization expense was USD 47 million in the third quarter of 2014.

The Stainless & Electrical Steel segment had an operating income of USD 62 million during the third quarter of 2014 compared to an operating income of USD 76 million in the second quarter of 2014.

Services & Solutions

The Services & Solutions segment had a 7% decrease in sales during the quarter, from USD 630 million in the second quarter of 2014 to USD 584 million in the third quarter of 2014. In the third quarter of 2014, shipments were 171 thousand tonnes compared to 188 thousand tonnes in the previous quarter. The Services & Solutions segment had flat average selling prices during the period compared to the previous period.

The segment had EBITDA of USD 21 million in the third quarter of 2014 compared to EBITDA of USD 30 million in the second quarter of 2014. Although the level of activity remained high overall, the decline of EBITDA was due to the seasonal impact in Europe and lower positive stock effect compared to the second quarter.

Depreciation and amortization expense was USD 6 million in the third quarter of 2014.

The Services & Solutions segment had an operating income of USD 15 million in the third quarter of 2014 compared to an operating income of USD 24 million in the second quarter of 2014.

Alloys & Specialties

The Alloys & Specialties segment had sales in the third quarter of 2014 of USD 141 million, representing a decrease of 13% compared to USD 163 million in the second quarter of 2014. Shipments in the third quarter of 2014 were down by 18% to 8 thousand tonnes compared to 9 thousand tonnes in the previous quarter. Average selling prices increased quarter over quarter.

The Alloys & Specialties segment achieved EBITDA of USD 12 million in the third quarter of 2014 compared to USD 20 million in the second quarter of 2014. EBITDA was down in the third quarter compared to the second quarter primarily as a result of the seasonal and product mix effect.

Depreciation and amortization expense in the third quarter of 2014 was USD 1 million.

The Alloys & Specialties segment had an operating income of USD 11 million in the third quarter of 2014 compared to an operating income of USD 17 million in the second quarter of 2014.

Recent developments

Organisational changes

- On October 14, 2014, Philippe Darmayan, aged 62, who has been Chief Executive Officer of Aperam since December 2011, indicated to the Board of Directors his intention to retire effective 31 December 2014. The Board of Directors has accepted Philippe Darmayan's request and announced the appointment of Timoteo Di Maulo, currently member of Aperam's Management Committee, as Chief Executive Officer from 1 January 2015. Until that time, Philippe Darmayan and Timoteo Di Maulo will work closely to ensure a smooth transition. Philippe Darmayan will retain links with the Company as advisor and will be proposed to become a member of Aperam's Board of Directors at the Company's next General Shareholders' Meeting.

- On October 28, 2014, Aperam announced the appointment of Nicolas Changeur as Chief Marketing Officer for Stainless & Electrical Steel, Johanna Van Sevenant as Chief Executive Officer for Services & Solutions and Bernard Hallemans as Chief Technical Officer of Aperam with effect from 1st November 2014.

Financing

- On October 1, 2014, Aperam reimbursed its 7.375% notes of USD 250 million aggregate principal amount due 2016.
- On October 24, Aperam completed a pledge agreement on Gerdau shares to secure a credit facility arrangement of maximum USD 50 million.

Investor conference call

Aperam management will host a conference call for members of the investment community to discuss the third quarter 2014 financial performance at the following time:

Date	New York	London	Luxembourg
Thursday, Nov. 6, 2014	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 (+1 212 444 0895); and international (+44(0)20 3427 1907). The participant access code is: 3811850.

A replay of the conference call will be available until November 14th, 2014: 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 3811850.

Contacts

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About Aperam

Aperam is a global player in stainless, electrical and specialty steel, with customers in over 40 countries. The business is organized in three primary operating segments: 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 specialty products. 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 production facilities located in Brazil, Belgium and France. Aperam has about 9,600 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 2013, Aperam had revenues of USD 5.1 billion and shipments of 1.73 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 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)	September 30, 2014	June 30, 2014	September 30, 2013
Non current assets	3,401	3,716	3,792
Intangible assets	737	812	820
Property, plant and equipments	2,130	2,351	2,438
Investments and Other	534	553	534
Current assets & working capital	1,226	1,066	1,092
Inventories, trade receivables and trade payables	681	678	621
Other assets	146	217	161
Cash, cash equivalents and restricted cash	399	171	310
Shareholders' equity	2,851	3,149	3,017
Group share	2,847	3,144	3,012
Non-controlling interests	4	5	5
Non current liabilities	1,162	1,158	1,187
Interest bearing liabilities	696	714	773
Deferred employee benefits	201	218	216
Provisions and other	265	226	198
Current liabilities (excluding trade payables)	614	475	680
Interest bearing liabilities	294	120	345
Other	320	355	335

APERAM CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(in million of U.S. dollars)	Three Months Ending			Nine Months Ending	
	September 30, 2014	June 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Sales	1,353	1,444	1,204	4,191	3,839
EBITDA	137	164	62	430	208
Depreciation & impairment	55	57	70	187	222
Operating income / (loss)	82	107	(8)	243	(14)
Loss from other investments and associates	(17)	(28)	-	(45)	-
Net interest expense and other net financing costs	(36)	(30)	(29)	(95)	(86)

Foreign exchange and derivative losses	(2)	-	(2)	(5)	(10)
Income / (loss) before taxes and non-controlling interests	27	49	(39)	98	(110)
Income tax (expense) / benefit	(6)	(13)	21	(22)	53
Income / (loss) before non-controlling interests	21	36	(18)	76	(57)
Non-controlling interests	-	-	(1)	-	(1)
Net income / (loss)	21	36	(19)	76	(58)

APERAM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in million of U.S. dollars)	Three Months Ending			Nine Months Ending	
	September 30, 2014	June 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Net income / (loss)	21	36	(19)	76	(58)
Non-controlling interests	-	-	1	-	1
Depreciation and impairment	55	57	70	187	222
Change in working capital	(91)	(61)	(66)	(208)	(63)
Other	80	15	31	77	(41)
Net cash provided by operating activities	65	47	17	132	61
Purchase of property, plant and equipment (CAPEX)	(24)	(19)	(28)	(65)	(95)
Other investing activities (net)	1	8	10	9	3
Net cash used in investing activities	(23)	(11)	(18)	(56)	(92)
Proceeds (payments) from payable to banks and long term debt	217	(159)	73	60	125
Purchase of treasury stock	(3)	-	-	(3)	-
Dividends paid	(1)	-	-	(1)	-
Other financing activities (net)	(1)	(1)	(2)	(3)	(4)
Net cash provided by / (used in) financing activities	212	(160)	71	53	121
Effect of exchange rate changes on cash	(26)	1	6	(21)	(7)
Change in cash and cash equivalent	228	(123)	76	108	83

Appendix 1a - Health & Safety statistics

Health & Safety Statistics	Three Months Ended		
	September 30, 2014	June 30, 2014	September 30, 2013
Frequency Rate	0.3	1.4	1.9

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 September 30, 2014	Stainless & Electrical Steel ^{a,b}	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
Operational information					
Steel Shipment (000t)	422	171	8	(168)	433
Steel selling price (USD/t)	2,511	3,170	17,261		2,921
Financial information					
Sales (USDm)	1,116	584	141	(488)	1,353
EBITDA (USDm)	109	21	12	(5)	137
Depreciation & Amortization (USDm)	47	6	1	1	55
Operating income / (loss) (USDm)	62	15	11	(6)	82

Note a: Stainless & Electrical Steel shipments of 422kt of which 172kt were from South America and 250kt were from Europe

Note b: Stainless & Electrical Steel EBITDA of USD 109m of which USD 54m were from South America and USD 55m were from Europe

Quarter Ended June 30, 2014	Stainless & Electrical Steel ^{a,b}	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
Operational information					
Steel Shipment (000t)	449	188	9	(180)	466
Steel selling price (USD/t)	2,444	3,184	16,954		2,923
Financial information					
Sales (USDm)	1,162	630	163	(511)	1,444
EBITDA (USDm)	124	30	20	(10)	164
Depreciation & Amortization (USDm)	48	6	3	-	57
Operating (loss) / income (USDm)	76	24	17	(10)	107

Note a: Stainless & Electrical Steel shipments of 449kt of which 162kt were from South America and 287kt were from Europe

Note b: Stainless & Electrical Steel EBITDA of USD 124m of which USD 58m were from South America and USD 66m 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.

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. On February 6, 2014, Aperam announced an expansion of the Leadership Journey® to USD 475 million by 2015.

⁶ Subject to eligible collateral available.