



## Aperam :Third quarter 2016 - results

Luxembourg, November 7, 2016

### Highlights

- Health and Safety frequency rate<sup>2</sup> of 1.8x in Q3 2016 compared to 2.1x in Q2 2016
- Shipments of 457 thousand tonnes in Q3 2016, compared to shipments of 520 thousand tonnes in Q2 2016
- EBITDA<sup>3</sup> of USD 124 million in Q3 2016, compared to EBITDA of USD 123 million in Q2 2016
- Record Q3 net income of USD 54 million in Q3 2016, compared to a net income of USD 53 million in Q2 2016
- Basic earnings per share of USD 0.69 in Q3 2016, compared to basic earnings per share of USD 0.68 in Q2 2016
- Cash flow from operations amounted to USD 103 million in Q3 2016, compared to cash flow from operations of USD 112 million in Q2 2016
- Record Q3 free cash flow before dividend<sup>4</sup> of USD 70 million in Q3 2016, compared to free cash flow before dividend of USD 87 million in Q2 2016
- Net debt<sup>5</sup> of USD 241 million as of September 30, 2016, representing a gearing of 10% compared to a net debt of USD 280 million as of June 30, 2016

**Aperam (referred to as "Aperam" or the "Company") (Amsterdam, Luxembourg, Paris: APAM and NYRS: APEMY), announced today results for the three months ending September 30, 2016**

Timoteo Di Maulo, CEO of Aperam, commented:

"Despite the traditional seasonal effect in Europe and slow ramp up post annual maintenance, Aperam continues to improve its performance, delivering the best net income and free cash flow in a third quarter since its inception.

As the market conditions are improving in Europe, we are convinced that Aperam is very well positioned to deliver solid results thanks to its strong focus on operational excellence and value strategy."

### Prospects

- EBITDA in Q4 2016 is expected to slightly increase compared to EBITDA in Q3 2016
- Net debt<sup>6</sup> to decrease in Q4 2016

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

(USDm) unless otherwise stated	Q3 16	Q2 16	Q3 15	9M 2016	9M 2015
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Sales	1,015	1,121	1,113	3,212	3,635
EBITDA	124	123	108	359	396
Operating income	81	80	67	234	262
Net income	54	53	31	156	139
Free cash flow before dividend <sup>4</sup>	70	87	40	163	142

Steel shipments (000t)	457	520	455	1,460	1,410
EBITDA/tonne (USD)	271	237	237	246	281
Basic earnings per share (USD)	0.69	0.68	0.40	2.00	1.79
Diluted earnings per share (USD)	0.65	0.52	0.27	1.89	1.57

## Health & Safety results

Health and Safety performance based on Aperam personnel figures and contractors' lost time injury frequency rate<sup>2</sup>, was 1.8 in the third quarter of 2016 compared to 2.1 in the second quarter of 2016.

## Financial results analysis for the three-month period ending September 30, 2016

Sales in the third quarter of 2016 decreased by 9% to USD 1,015 million compared to USD 1,121 million in the second quarter of 2016. Shipments in the third quarter of 2016 decreased by 12% at 457 thousand tonnes compared to 520 thousand tonnes in the second quarter of 2016.

EBITDA has increased marginally over the quarter from USD 123 million in the second quarter of 2016 to USD 124 million in the third quarter of 2016. The Leadership Journey® has continued to progress over the quarter and has contributed a total amount of USD 506 million to EBITDA since the beginning of 2011.

Depreciation and amortisation expense in the third quarter of 2016 was USD 43 million.

Aperam had an operating income in the third quarter of 2016 of USD 81 million compared to an operating income of USD 80 million in the previous quarter.

Net interest expense and other financing costs in the third quarter of 2016 were USD 12 million, including financing costs of USD 3 million. Realised and unrealised foreign exchange and derivative losses were USD 1 million in the third quarter of 2016.

The Company recorded a net income of USD 54 million, inclusive of an income tax expense of USD 14 million, in the third quarter of 2016.

Cash flows from operations in the third quarter of 2016 were positive at USD 103 million, with a working capital increase of USD 13 million. CAPEX in the third quarter was USD 33 million.

Free cash flow before dividend<sup>4</sup> in the third quarter of 2016 amounted to USD 70 million.

As of September 30, 2016, shareholders' equity was USD 2,527 million and net financial debt<sup>5</sup> was USD 241 million (gross financial debt as of September 30, 2016 was USD 475 million and cash and cash equivalents were USD 234 million).

The Company had liquidity of USD 690 million as of September 30, 2016, consisting of cash and cash equivalents of USD 234 million and undrawn credit lines<sup>7</sup> of USD 456 million.

## Operating segment results analysis

### Stainless & Electrical Steel

The Stainless & Electrical Steel segment had sales of USD 819 million in the third quarter of 2016. This represents a 12% decrease compared to sales of USD 932 million in the second quarter of 2016. Shipments during the third quarter were 438 thousand tonnes. This is a 15% decrease compared to shipments of 516 thousand tonnes in the previous quarter. The volume decrease was mainly due to traditional seasonal effects in Europe and slow ramp-up post annual maintenance which have been resolved since then. Overall, average selling prices for the Stainless & Electrical Steel segment slightly increased compared to the previous quarter.

The segment had EBITDA of USD 102 million in the third quarter of 2016 compared to USD 101 million in the second quarter of 2016. The seasonality in Europe was more than offset by the good contribution of the Leadership Journey® and the Top Line strategy as well as the recovery of the stainless steel prices.

Depreciation and amortisation expense was USD 37 million in the third quarter of 2016.

The Stainless & Electrical Steel segment had an operating income of USD 65 million during the third quarter of 2016 compared to an operating income of USD 64 million in the second quarter of 2016.

### Services & Solutions

The Services & Solutions segment had a 9% decrease in sales during the quarter, from USD 519 million in the second quarter of 2016 to USD 473 million in the third quarter of 2016. In the third quarter of 2016, shipments were 189 thousand tonnes compared to 213 thousand tonnes in the previous quarter. The Services & Solutions segment had higher average selling prices during the period compared to the previous period.

The segment had EBITDA in the third quarter of 2016 of USD 24 million compared to EBITDA of USD 27 million in the second quarter of 2016. The slight decrease of EBITDA was due to the traditional seasonal impact on volumes and mostly compensated for by a slight positive effect from inventories.

Depreciation and amortisation expense was USD 4 million in the third quarter of 2016.

The Services & Solutions segment had an operating income of USD 20 million in the third quarter of 2016 compared to an operating income of USD 23 million in the second quarter of 2016.

### Alloys & Specialties

The Alloys & Specialties segment had sales of USD 91 million in the third quarter of 2016, representing a decrease of 15% compared to USD 107 million in the second quarter of 2016. Shipments were stable in the third quarter of 2016 at 7 thousand tonnes compared to 7 thousand tonnes in the second quarter of 2016. Average selling prices decreased over the quarter due to mix effect.

The Alloys & Specialties segment achieved EBITDA of USD 5 million in the third quarter of 2016 compared to USD 7 million in the second quarter of 2016. The EBITDA decrease was mainly due to seasonal effects.

Depreciation and amortisation expense in the third quarter of 2016 was USD 2 million.

The Alloys & Specialties segment had an operating income of USD 3 million in the third quarter of 2016 compared to an operating income of USD 5 million in the second quarter of 2016.

## New developments

- On November 7, 2016, Aperam announces the appointment of Bernard Hallemans (49 yo) as Chief Operating Officer Stainless & Electrical Steel Europe and Member of the Leadership Team. Bernard Hallemans, previously Chief Technical Officer and Member of the Leadership Team, is replacing Jean-Paul

Rouffiac (64 yo) who will leave on retirement towards the end of the year. The Chief Technical Officer functions at the Leadership Team level will be under the responsibility of the Chief Executive Officer, Timoteo Di Maulo.

## Investor conference call

Aperam management will host a conference call for members of the investment community to discuss the third quarter 2016 financial performance at the following time:

Date	New York	London	Luxembourg
Monday, November 7, 2016	12:30 pm	5:30 pm	6:30 pm

The dial-in numbers for the call are: France (+33(0)1 76 77 22 25); USA (+1212 444 0412); and international (+44(0)20 3427 1906). The participant access code is: 5125612#.

A replay of the conference call will be available until November 13th, 2016: 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 5126512#.

## 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 organised in three primary operating segments: Stainless & Electrical Steel, Services & Solutions and Alloys & Specialties.

Aperam has 2.5 million tonnes of flat Stainless and Electrical 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.

In 2015, Aperam had sales of USD 4.7 billion and shipments of 1.89 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 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, 2016	June 30, 2016	September 30, 2015
<b>Non current assets</b>	<b>2,802</b>	<b>2,780</b>	<b>2,620</b>
Intangible assets	592	596	565
Property, plant and equipments (incl. Biological assets)	1,732	1,733	1,653
Investments & Other	478	451	402
<b>Current assets &amp; working capital</b>	<b>945</b>	<b>884</b>	<b>818</b>
Inventories, trade receivables and trade payables	607	591	640
Other assets	104	101	110
Cash and cash equivalents	234	192	68
<b>Shareholders' equity</b>	<b>2,527</b>	<b>2,466</b>	<b>2,225</b>
Group share	2,522	2,461	2,220
Non-controlling interest	5	5	5
<b>Non current liabilities</b>	<b>757</b>	<b>898</b>	<b>853</b>
Interest bearing liabilities	273	458	445
Deferred employee benefits	183	184	191
Provisions and other	301	256	217
<b>Current liabilities (excluding trade payables)</b>	<b>463</b>	<b>300</b>	<b>360</b>
Interest bearing liabilities	202	14	42
Other	261	286	318

## APERAM CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(in million of U.S. dollars)	Three Months Ended			Nine Months Ended	
	September 30, 2016	June 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
<b>Sales</b>	<b>1,015</b>	<b>1,121</b>	<b>1,113</b>	<b>3,212</b>	<b>3,635</b>
<b>EBITDA</b>	<b>124</b>	<b>123</b>	<b>108</b>	<b>359</b>	<b>396</b>
<i>EBITDA margin (%)</i>	<i>12.2%</i>	<i>11.0%</i>	<i>9.7%</i>	<i>11.2%</i>	<i>10.9%</i>
Depreciation & amortisation	(43)	(43)	(41)	(125)	(134)
<b>Operating income</b>	<b>81</b>	<b>80</b>	<b>67</b>	<b>234</b>	<b>262</b>
Loss from other investments and associates	-	-	(6)	-	(12)
Net interest expense and other net financing costs	(12)	(13)	(15)	(34)	(65)
Foreign exchange and derivative gains / (losses)	(1)	3	(7)	(1)	(2)

<b>Income before taxes and non-controlling interests</b>	<b>68</b>	<b>70</b>	<b>39</b>
Income tax expense	(14)	(17)	(8)
<b>Income before non-controlling interests</b>	<b>54</b>	<b>53</b>	<b>31</b>
Non-controlling interests	-	-	-
<b>Net income</b>	<b>54</b>	<b>53</b>	<b>31</b>

<b>199</b>	<b>183</b>
(43)	(43)
<b>156</b>	<b>140</b>
-	1
<b>156</b>	<b>139</b>

## APERAM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in million of U.S. dollars)	Three Months Ended		
	September 30, 2016	June 30, 2016	September 30, 2015
Net income	54	53	31
Non-controlling interests	-	-	-
Depreciation and amortisation	43	43	41
Change in working capital	(13)	18	(43)
Other	19	(2)	36
<b>Net cash provided by operating activities</b>	<b>103</b>	<b>112</b>	<b>65</b>
Purchase of PPE, intangible and biological assets (CAPEX)	(33)	(25)	(26)
Other investing activities (net)	-	-	1
<b>Net cash used in investing activities</b>	<b>(33)</b>	<b>(25)</b>	<b>(25)</b>
Payments to banks and long term debt	(2)	(3)	(36)
Dividend paid	(25)	(24)	-
Other financing activities (net)	-	(1)	(2)
<b>Net cash used in financing activities</b>	<b>(27)</b>	<b>(28)</b>	<b>(38)</b>
Effect of exchange rate changes on cash	(1)	3	(6)
<b>Change in cash and cash equivalent</b>	<b>42</b>	<b>62</b>	<b>(4)</b>
<b>Free cash flow before dividend<sup>4</sup></b>	<b>70</b>	<b>87</b>	<b>40</b>

Nine Months Ended	
September 30, 2016	September 30, 2015
156	139
-	1
125	134
(35)	(110)
8	59
<b>254</b>	<b>223</b>
(91)	(84)
-	3
<b>(91)</b>	<b>(81)</b>
(9)	(249)
(73)	-
(1)	(3)
<b>(83)</b>	<b>(252)</b>
6	(19)
<b>86</b>	<b>(129)</b>
<b>163</b>	<b>142</b>

## Appendix 1a - Health & Safety statistics

Health & Safety Statistics	Three Months Ended		
	September 30, 2016	June 30, 2016	September 30, 2015
Frequency Rate	1.8	2.1	0.8

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, 2016	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
<b>Operational information</b>					
Steel Shipment (000t)	438	189	7	(177)	457
Steel selling price (USD/t)	1,819	2,377	13,064		2,146
<b>Financial information</b>					
Sales (USDm)	819	473	91	(368)	1,015
EBITDA (USDm)	102	24	5	(7)	124
Depreciation & amortisation (USDm)	37	4	2	-	43
Operating income / (loss) (USDm)	65	20	3	(7)	81

Quarter Ended June 30, 2016	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
<b>Operational information</b>					
Steel Shipment (000t)	516	213	7	(216)	520
Steel selling price (USD/t)	1,760	2,317	13,653		1,931
<b>Financial information</b>					
Sales (USDm)	932	519	107	(437)	1,121
EBITDA (USDm)	101	27	7	(12)	123
Depreciation & amortisation (USDm)	37	4	2	-	43
Operating income / (loss) (USDm)	64	23	5	(12)	80

<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.

<sup>4</sup> Free cash flow before dividend is defined as net cash provided by operating activities less net cash used in investing activities.

<sup>5</sup> Net debt refers to long-term debt, plus short-term debt, less cash and cash equivalents (including short-term investments) and restricted cash.

<sup>6</sup> The Leadership Journey® is an initiative launched on December 16, 2010, and subsequently accelerated and increased, to target management gains and profit enhancement. Aperam targets a contribution to EBITDA of a total amount of USD 510 million by end of 2016 and of USD 575 million by end of 2017, since the beginning of 2011.

<sup>7</sup> Includes borrowing base facility of USD 400 million (subject to eligible collateral available) and EIB financing of EUR 50 million.