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Third quarter 2017 - results

Luxembourg, November 8, 2017

Highlights

- Health and Safety: LTI frequency rate of 2.0x in Q3 2017 compared to 1.3x in Q2 2017.
- Steel Shipments of 477 thousand tonnes in Q3 2017, stable compared to steel shipments of 478 thousand tonnes in Q2 2017.
- EBITDA of USD 125 million in Q3 2017 compared to USD 169 million in Q2 2017.
- Net income of USD 62 million in Q3 2017, compared to USD 85 million in Q2 2017.
- Basic earnings per share of USD 0.76 in Q3 2017, compared to USD 1.10 in Q2 2017.
- Cash flow from operations amounted to USD 82 million in Q3 2017, compared to USD 100 million in Q2 2017.
- Free cash flow before dividend and share buy-back of USD 50 million in Q3 2017, compared to USD 63 million in Q2 2017.
- Net financial debt of USD 116 million as of September 30, 2017, compared to USD 235 million as of June 30, 2017.

Aperam (referred to as "Aperam" or the "Company") (Amsterdam, Brussels, Luxembourg, Paris: APAM and NYRS: APEMY), announced today results for the three month period ending September 30, 2017

Timoteo Di Mauro, CEO of Aperam, commented:

"Aperam has been able to manage a challenging environment in the third quarter and deliver a solid financial performance thanks to its agility and its resilient business model.

Looking forward, we remain confident in the perspectives of the stainless steel market as well as in our ability to continuously improve our operational performance."

Prospects

- EBITDA in Q4 2017 is expected to increase compared to Q3 2017 .
- Net debt to decrease in Q4 2017.

Financial Highlights (on the basis of financial information prepared under IFRS)

(USDm) unless otherwise stated	Q3 17	Q2 17	Q3 16	9M 2017	9M 2016
Sales	1,204	1,268	1,015	3,748	3,212
EBITDA	125	169	124	465	359
Operating income	82	128	81	343	234
Net income	62	85	54	240	156
Free cash flow before dividend and share buy-back	50	63	70	98	163
Steel shipments (000t)	477	478	457	1,441	1,460
EBITDA/tonne (USD)	262	354	271	323	246
Basic earnings per share (USD)	0.76	1.10	0.69	3.06	2.00
Diluted earnings per share (USD)	0.75	0.87	0.65	2.97	1.89

Health & Safety results analysis

Health and Safety performance based on Aperam personnel figures and contractors lost time injury frequency rate, was 2.0x in the third quarter of 2017 compared to 1.3x in the second quarter of 2017.

Financial results analysis for the three months period ending September 30, 2017

Sales for the third quarter of 2017 decreased by 5% at USD 1,204 million compared to USD 1,268 million for the second quarter of 2017. Steel shipments for the third quarter of 2017 were stable at 477 thousand tonnes compared to 478 thousand tonnes for the second quarter of 2017.

EBITDA was USD 125 million for the third quarter of 2017 compared to EBITDA of USD 169 million for the second quarter of 2017. EBITDA decreased due to seasonality in Europe and the decline in ferrochrome price in the third quarter that led to destocking, pressure on stainless steel prices and negative inventory effects. This was partially mitigated by good operational performance as well as the contribution of the Top Line strategy and continuous Leadership Journey® contribution.

Depreciation and amortisation expense for the third quarter of 2017 was USD 43 million.

Aperam had an operating income for the third quarter of 2017 of USD 82 million compared to an operating income of USD 128 million for the previous quarter.

Net interest expense and other net financing costs for the third quarter of 2017 were USD 10 million, including financing costs of USD 3 million. Realized and unrealized foreign exchange and derivative gains were USD 4 million for the third quarter of 2017.

The Company recorded a net income of USD 62 million, inclusive of an income tax expense of USD 14 million, for the third quarter of 2017.

Cash flows from operations for the third quarter were positive at USD 82 million, with a working capital increase of USD 41 million. CAPEX for the third quarter was USD 31 million.

As of September 30, 2017, shareholders' equity was USD 2,874 million and net financial debt was 116 million (gross financial debt as of September 30, 2017 was USD 361 million and cash and cash equivalents were USD 245 million).

During the third quarter of 2017, the cash returns to shareholders amounted to USD 31 million, consisting fully of dividend. Total cash returned to shareholders in the first nine months of 2017 amounted to USD 187 million consisting of USD 98 million of share buy-back and USD 89 million of dividend.

The Company had liquidity of USD 658 million as of September 30, 2017, consisting of cash and cash equivalents of USD 245 million and undrawn credit lines³ of USD 413 million.

Operating segment results analysis

Stainless & Electrical Steel

The Stainless & Electrical Steel segment had sales of USD 962 million for the third quarter of 2017. This represents a 9% decrease compared to sales of USD 1,052 million for the second quarter of 2017. Steel shipments during the third quarter were 451 thousand tonnes, a 3% decrease compared to steel shipments for the second quarter of 2017 of 467 thousand tonnes. Europe seasonality was partially offset by the return to normal operations at our Châtelet plant following the change of motor during the summer maintenance.

The segment had EBITDA of USD 92 million for the third quarter of 2017 compared to USD 143 million for the second quarter of 2017. This decrease of EBITDA was due to seasonality in Europe combined with destocking led by the decline in ferrochrome price as well as some negative inventory effect. This was partially offset by the Top Line strategy and contributions from the Leadership Journey®. Châtelet outage is now fully resolved both operationally, following the motor replacement during the summer maintenance, and financially with a final confirmation of additional USD 20 million insurance indemnification booked in the third quarter of 2017. In addition, Aperam booked a one-off USD 10 million charge mainly related to indirect taxes amnesty settlements in Brazil.

Depreciation and amortisation expense was USD 39 million for the third quarter of 2017.

The Stainless & Electrical Steel segment had an operating income of USD 53 million during the third quarter of 2017 compared to an operating income of USD 108 million during the second quarter of 2017.

Services & Solutions

The Services & Solutions segment had a 1% decrease in sales during the third quarter, from USD 568 million for the second quarter of 2017 to USD 565 million for the third quarter of 2017. In the third quarter of 2017, steel shipments were 203 thousand tonnes compared to 202 thousand tonnes in the previous quarter thanks to normalized supplies following the Châtelet technical recovery. The Services & Solutions segment had slightly lower average steel selling prices during the quarter.

The segment had EBITDA for the third quarter of 2017 of USD 8 million compared to EBITDA of USD 12 million for the second quarter of 2017. The decrease in EBITDA was mainly driven by the negative inventory effects.

Depreciation and amortisation expense was USD 3 million for the third quarter of 2017.

The Services & Solutions segment had an operating income of USD 5 million for the third quarter of 2017 compared to an operating income of USD 9 million for the second quarter of 2017.

Alloys & Specialties

The Alloys & Specialties segment had sales for the third quarter of 2017 of USD 122 million, representing a decrease of 9% compared to USD 134 million for the second quarter of 2017. Steel shipments decreased for the third quarter of 2017 to 7 thousand tonnes compared to 8 thousand tonnes for the second quarter of 2017. Average steel selling prices increased over the quarter.

The Alloys & Specialties segment achieved EBITDA of USD 15 million for the third quarter of 2017 compared to USD 13 million for the second quarter of 2017, as market environment continues to improve.

Depreciation and amortisation expense for the third quarter of 2017 was USD 1 million.

The Alloys & Specialties segment had an operating income of USD 14 million for the third quarter of 2017 compared to an operating income of USD 11 million for the second quarter of 2017.

Recent developments

- On September 8, 2017, Aperam gave notice to bondholders of its convertible bonds maturing 2020 that it intended to redeem the bonds on the optional redemption date, being 16 October 2017, at their principal amount together with accrued but unpaid interest to such date.
- On September 18, 2017, Aperam announced that Ines Kolmsee is appointed Chief Executive Officer of its Services & Solutions segment effective October 1, 2017. Ines is a Member of Aperam's Leadership Team and reports to Timoteo Di Mauro, CEO of Aperam.

Investor conference call

Aperam management will host a conference call for members of the investment community to discuss the third quarter 2017 financial performance at the following time:

Date	New York	London	Luxembourg
Wednesday November 8, 2017	12:30 pm	5:30 pm	6:30 pm

The dial-in numbers for the call are: France (+33(0)1 76 77 22 30); USA (+1 646 254 3365); and international (+44(0)20 3427 1904). The participant access code is: 7422761#.

A replay of the conference call will be available until November 13th, 2017: France (+33 (0)1 70 48 00 94); USA (+1 719 457 0820) and international (+44 (0)20 7984 7568). The participant access code is 7422761#.

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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 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 2016, Aperam had sales of USD 4.3 billion and steel shipments of 1.92 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, 2017	June 30, 2017	September 30, 2016
Non current assets	2,944	2,841	2,802
Goodwill and intangible assets	609	589	592
Property, plant and equipments (incl. Biological assets)	1,814	1,753	1,732
Investments & Other	521	499	478
Current assets & working capital^a	1,174	1,062	943
Inventories, trade receivables and trade payables ^a	815	750	621
Prepaid expenses and other current assets ^a	114	87	88
Cash & cash equivalents (C)	245	225	234
Shareholders' equity	2,874	2,597	2,527
Group share	2,870	2,593	2,522
Non-controlling interest	4	4	5
Non current liabilities	855	813	757
Long-term debt, net of current portion (A)	284	281	273
Deferred employee benefits	189	184	183
Provisions and other	382	348	301
Current liabilities (excluding trade payables)^a	389	493	461
Short-term debt and current portion of long-term debt (B)	77	179	202
Accrued expenses and other current liabilities ^a	312	314	259
Net Financial Debt (D = A+B-C)	116	235	241

APERAM CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(in million of U.S. dollars)	Three Months Ended			Nine Months Ended	
	September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Sales	1,204	1,268	1,015	3,748	3,212
Adjusted EBITDA (E = C-D)	135	169	124	475	359
<i>Adjusted EBITDA margin %</i>	<i>11.2%</i>	<i>13.3%</i>	<i>12.2%</i>	<i>12.7%</i>	<i>11.2%</i>
Exceptional items (D)	(10)	-	-	(10)	-
EBITDA (C = A-B)	125	169	124	465	359
<i>EBITDA margin %</i>	<i>10.4%</i>	<i>13.3%</i>	<i>12.2%</i>	<i>12.4%</i>	<i>11.2%</i>
Depreciation & amortisation (B)	(43)	(41)	(43)	(122)	(125)
Operating income (A)	82	128	81	343	234
<i>Operating margin %</i>	<i>6.8%</i>	<i>10.1%</i>	<i>8.0%</i>	<i>9.2%</i>	<i>7.3%</i>
Net interest expense and other net financing costs	(10)	(13)	(12)	(35)	(34)
Foreign exchange and derivative gains / (losses)	4	(5)	(1)	(1)	(1)
Income before taxes	76	110	68	307	199
Income tax expense	(14)	(25)	(14)	(67)	(43)
<i>Effective tax rate %</i>	<i>19.1%</i>	<i>22.8%</i>	<i>20.9%</i>	<i>21.9%</i>	<i>21.7%</i>
Net income	62	85	54	240	156

APERAM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in million of U.S. dollars)	Three Months Ended			Nine Months Ended	
	September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Net income	62	85	54	240	156
Depreciation and amortisation	43	41	43	122	125
Change in working capital ^a	(41)	(55)	(20)	(249)	(104)
Other operating activities (net) ^a	18	29	26	96	77
Net cash provided by operating activities (A)	82	100	103	209	254
Purchase of PPE, intangible and biological assets (CAPEX)	(31)	(39)	(33)	(112)	(91)
Other investing activities (net)	(1)	2	-	1	-
Net cash used in investing activities (B)	(32)	(37)	(33)	(111)	(91)
Net payments to banks and long term debt	(2)	(3)	(2)	(7)	(9)
Purchase of treasury stock	-	(79)	-	(98)	-

Dividends paid	(31)	(29)	(25)	(89)	(73)
Other financing activities (net)	(1)	-	-	(1)	(1)
Net cash used in financing activities	(34)	(111)	(27)	(195)	(83)
Effect of exchange rate changes on cash	4	10	(1)	17	6
Change in cash and cash equivalent	20	(38)	42	(80)	86
Free cash flow before dividend and share buy-back (C = A+B)	50	63	70	98	163

Appendix 1a - Health & Safety statistics

Health & Safety Statistics	Three Months Ended		
	September 30, 2017	June 30, 2017	September 30, 2016
Frequency Rate	2.0	1.3	1.8

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, 2017	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
Operational information					
Steel Shipments (000t)	451	203	7	(184)	477
Average steel selling price (USD/t)	2,058	2,693	15,890		2,444
Financial information					
Sales (USDm)	962	565	122	(445)	1,204
Adjusted EBITDA (USDm)	102	8	15	10	135
EBITDA (USDm)	92	8	15	10	125
Depreciation and amortisation (USDm)	(39)	(3)	(1)	-	(43)
Operating income (USDm)	53	5	14	10	82

Quarter Ended June 30, 2017	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
Operational information					
Steel Shipments (000t)	467	202	8	(199)	478
Average steel selling price (USD/t)	2,190	2,715	15,254		2,558
Financial information					
Sales (USDm)	1,052	568	134	(486)	1,268
Adjusted EBITDA (USDm)	143	12	13	1	169
EBITDA (USDm)	143	12	13	1	169
Depreciation and amortisation (USDm)	(35)	(3)	(2)	(1)	(41)
Operating income (USDm)	108	9	11	-	128

Appendix 2 - Terms and definitions

Unless indicated otherwise, or the context otherwise requires, references in this earnings release report to the following terms have the meanings set out next to them below:

Adjusted EBITDA: operating income before depreciation, amortization and impairment expenses and exceptional items.

Average steel selling prices: calculated as steel sales divided by steel shipments.

Cash and cash equivalents: represents cash and cash equivalents, restricted cash and short-term investments.

CAPEX: relates to capital expenditures and is defined as purchase of tangible assets, intangible assets and biological assets.

EBITDA: operating income before depreciation, amortisation and impairment expenses

EBITDA/tonne: calculated as EBITDA divided by total steel shipments.

Exceptional items: consists of (i) inventory write-downs equal to or exceeding 10% of total related inventories values before write-down at the considered quarter end (ii) restructuring (charges)/gains equal to or exceeding USD 10 million for the considered quarter, (iii) capital (loss)/gain on asset disposals equal to or exceeding USD 10 million for the considered quarter or (iv) other non-recurring items equal to or exceeding USD 10 million for the considered quarter.

Free cash flow before dividend and share buy-back: net cash provided by operating activities less net cash used in investing activities.

Gross financial debt: long-term debt plus short-term debt.

Liquidity: Cash and cash equivalent and undrawn credit lines.

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

Net financial debt: long-term debt, plus short-term debt less cash and cash equivalents.

Net financial debt/EBITDA or Gearing: Refers to Net financial debt divided by last twelve months EBITDA calculation.

Shipments: information at segment and group level eliminates inter-segment shipments (which are primarily between Stainless & Electrical Steel and Services & Solutions) and intra-segment shipments, respectively.

Working capital: trade accounts receivable plus inventories less trade accounts payable.

· 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. This press release also includes Alternative Performance Measures ("APM" hereafter). The Company believes that these APMs are relevant to enhance the understanding of its financial position and provides additional information to investors and management with respect to the Company's financial performance, capital structure and credit assessment. These non-GAAP financial measures should be read in conjunction with and not as an alternative for, Aperam's financial information prepared in accordance with IFRS. Such non-GAAP measures may not be comparable to similarly titled measures applied by other companies. The APM's used are defined under Appendix 2 "Terms & definitions".

· 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 575 million by end of 2017. On June 7, 2017, Aperam announced the third phase of the Leadership Journey® - the Transformation Program - targeting USD 150 million of additional EBITDA gains per year by end of 2020.

· Includes revolving credit facility of EUR 300 million and EIB financing of EUR 50 million.

· Effective Q1 2017, the Company modified the presentation of assets and liabilities related to the TSR programs to more appropriately reflect the nature of these items. The comparative amount in the condensed consolidated statement of financial position was reclassified for consistency, which resulted in a net amount of USD 14 million being reclassified from "prepaid expenses and other current assets/accrued expenses and other current liabilities" to "inventories, trade receivables and trade payables" as of September 30, 2016. In addition, amounts in the condensed consolidated statement of cash flows were similarly reclassified, which resulted in USD (7) million and USD (69) million being reclassified from "other operating activities (net)" to "change in working capital" for the three months period ended September 30, 2016 and nine months period ended September 30, 2016, respectively.

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