

Aperam S.A.



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Full year and fourth quarter 2019 results

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"Strong cash flow and earnings despite the worst stainless market environment since inception of Aperam"

Luxembourg, February 5, 2020 (07:00 CET) - Aperam (referred to as "Aperam" or the "Company") (Amsterdam, Luxembourg, Paris, Brussels: APAM, NYRS: APEMY), announced today results for the three months and full year ending December 31, 2019.

Highlights

Health and Safety: LTI frequency rate of 1.7x in 2019 compared to 1.4x in 2018

Steel shipments of 1,786 thousand tonnes in 2019, 9.4% decrease compared to steel shipments of 1,972 thousand tonnes in 2018

EBITDA of EUR 357 million in 2019, including an exceptional gain² of EUR 17 million, compared to EUR 504 million in 2018

EBITDA of EUR 102 million in Q4 2019, including an exceptional gain² of EUR 17 million, compared to EUR 79 million in Q3 2019

Net income of EUR 148 million in 2019, compared to EUR 286 million in 2018

Basic earnings per share of EUR 1.82 in 2019, compared to EUR 3.39 in 2018

Cash flow from operations amounted to EUR 400 million in 2019, compared to EUR 295 million in 2018

Free cash flow before dividend and share buy-back of EUR 281 million in 2019, including EUR 30 million from the divestment of the entire Gerdau stake, compared to EUR 108 million in 2018

Net financial debt of EUR 75 million as of December 31, 2019, compared to EUR 48 million as of December 31, 2018

Strategic initiatives

Leadership Journey^(R)3 Phase 3: The realized annualized gains reached EUR 18 million in Q4 2019. Aperam realized cumulative annualized gains of EUR 123 million till year end 2019

Prospects

Adj EBITDA in Q1 2020 is expected at a comparable level to Q4 2019 adj EBITDA

Net financial debt is expected to increase due to seasonal effects in Q1 2020, however, will continue to remain at low levels

Cash Deployment

In coherence to its Financial Policy, Aperam is announcing:

To maintain its base dividend at EUR 1.75 per share (subject to AGM approval)

A share buyback program of up to EUR 100 million

Timoteo Di Maulo, CEO of Aperam, commented:

"In Q4 2019 Aperam has faced the most difficult market conditions since its inception. This was due to unprecedented pricing pressure combined with a strong volume contraction from trade war induced extremely high import volumes. This was amplified by weak economic conditions in both Europe and Brazil. In this context Aperam has achieved solid cash flow and earnings which demonstrates the value of the Leadership Journey^(R) and proves how this program has transformed Aperam over the past years. Going forward we expect the economic environment to remain challenging and high competitive pressure to persist in 2020. We are therefore intensifying our efforts to increase efficiency and competitiveness. We will also continue in our efforts to the European Commission to promptly set a level playing field."

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

(in millions of Euros, unless otherwise stated)	Q4 19	Q3 19	Q4 18	12M 19	12M 18
Sales	1,000	972	1,120	4,240	4,677
Operating income	59	43	52	207	361
Net income attributable to equity holders of the parent	29	37	49	148	286
Basic earnings per share (EUR)	0.36	0.47	0.59	1.82	3.39
Diluted earnings per share (EUR)	0.36	0.47	0.37	1.82	3.03
Free cash flow before dividend and share buy-back	140	45	35	281	108
Net Financial Debt (at the end of the period)	75	172	48	75	48
Adj. EBITDA	85	79	90	340	504
Exceptional items	17	-	-	17	-
EBITDA	102	79	90	357	504
Adj. EBITDA/tonne (EUR)	211	189	188	190	256
EBITDA/tonne (EUR)	254	189	188	200	256
Steel shipments (000t)	402	418	480	1,786	1,972

Health & Safety results

Health and Safety performance based on Aperam personnel figures and contractors' lost time injury frequency rate was 1.9x in the fourth quarter of 2019 compared to 2.2x in the third quarter of 2019. For 2019 the lost time injury frequency rate was 1.7x after 1.4x in 2018.

Financial results analysis for full year period ending December 31, 2019

Sales for the year ended December 31, 2019 decreased by 9.3%, at EUR 4,240 million compared to EUR 4,677 million for the year ended December 31, 2018, mainly due to lower shipments. Steel shipments in 2019 decreased by 9.4% at 1,786 thousand tonnes compared to 1,972 thousand tonnes in 2018.

EBITDA reached EUR 357 million for the year ended December 31, 2019 (including exceptional gains of EUR 17 million for PIS/Cofins tax credits related to prior periods recognized in Brazil) compared to EBITDA of EUR 504 million for the year ended December 31, 2018. Group EBITDA declined by 29% despite the positive effect from the Leadership Journey^(R)⁴ and the Top Line strategy. A weak economic environment both in Europe and Brazil weighed on volumes while excessive imports into Europe severely depressed prices. Brazil additionally suffered from temporarily higher raw material costs that could not be passed on to customers.

Phase 3 of the Leadership Journey^(R) - the Transformation Program - continued to progress over the year with an annualized

contribution of EUR 90 million to EBITDA.

Depreciation, amortization and impairment was EUR (150) million for the year ended December 31, 2019.

Aperam had an operating income for the year ended December 31, 2019 of EUR 207 million compared to an operating income of EUR 361 million for the year ended December 31, 2018.

Financing costs, net, for the year ended December 31, 2019 were EUR (23) million, including cash cost of financing of EUR (10) million and including an exceptional financial loss of EUR (16) million related to the early buy-back of convertible bonds due 2021. Income tax expense for the year ended December 31, 2019 was EUR (37) million.

The Company recorded a net income of EUR 148 million for the year ended December 31, 2019.

Cash flows from operations for the year ended December 31, 2019 were positive at EUR 400 million, thanks to a working capital decrease of EUR 81 million. CAPEX for the year ended December 31, 2019 was EUR 151 million.

Free cash flow before dividend and share buy-back for the year 2019 amounted to EUR 281 million including EUR 30 million from the divestment of the entire Gerdau stake.

As of December 31, 2019, shareholders' equity was EUR 2,418 million and net financial debt was EUR 75 million (gross financial debt as of December 31, 2019 was EUR 450 million. Cash & cash equivalents were EUR 375 million).

Total cash returns to shareholders in 2019 amounted to EUR 235 million consisting of EUR 93 million of share buy-back and EUR 142 million of dividend.

During 2019, the Company fully repurchased the remaining part of Convertible Bonds 2021 with a nominal amount of USD 237.2 million for a total consideration of EUR 219 million.

On February 25, 2019, the Company announced the signature of a financing contract where the European Investment Bank makes available to Aperam an amount of €100 million. The financing contract, which is senior unsecured, with final maturity date March 15, 2029, was entirely drawn down on March 15, 2019. .

On September 27, 2019, Aperam S.A. closed a "Schuldscheindarlehen" loan agreement for a total aggregate amount of EUR 190 million, with maturities spread over 4 to 7 years.

The Company had liquidity of EUR 675 million as of December 31, 2019, consisting of cash and cash equivalents of EUR 375 million and undrawn credit lines⁴ of EUR 300 million.

Financial results analysis for the three-month period ending December 31, 2019

Sales for the fourth quarter of 2019 increased by 3% to EUR 1,000 million compared to EUR 972 million for the third quarter of 2019. Steel shipments decreased from 418 thousand tonnes in the third quarter of 2019, to 402 thousand tonnes in the fourth quarter of 2019.

EBITDA has increased over the quarter to EUR 102 million for the fourth quarter of 2019 (including exceptional gains of EUR 17 million for PIS/Cofins tax credits related to prior periods recognized in Brazil) from EUR 79 million for the third quarter of 2019. In addition to a seasonally weak quarter in Brazil the seasonal increase in Europe was rather soft. High import volumes into Europe caused prices to deteriorate further during the quarter. The weak economic environment also prevented seasonally higher volumes during Q4. Lag effects from raw material pricing caused positive inventory valuation effects during the quarter.

Depreciation, amortization and impairment was EUR (43) million for the fourth quarter of 2019.

Aperam had an operating income for the fourth quarter of 2019 of EUR 59 million compared to an operating income of EUR 43 million for the previous quarter.

Financing costs for the fourth quarter of 2019 were EUR (2) million, including cash cost of financing of EUR (3) million. Income tax expense for the fourth quarter of 2019 was EUR (28) million, including a EUR (26) million reversal of deferred tax assets on tax losses in various jurisdictions.

The Company recorded a net income of EUR 29 million for the fourth quarter of 2019.

Cash flows from operations for the fourth quarter of 2019 were positive at EUR 162 million, with a working capital decrease of EUR 70 million. CAPEX for the fourth quarter was EUR (52) million.

Free cash flow before dividend and share buy-back for the fourth quarter of 2019 amounted to EUR 140 million.

During the fourth quarter of 2019, the cash returns to shareholders amounted to EUR 35 million, consisting fully of dividend.

Operating segment results analysis

Stainless & Electrical Steel ⁽¹⁾

(in millions of Euros, unless otherwise stated)	Q4 19	Q3 19	Q4 18	12M 19	12M 18
Sales	808	771	913	3,352	3,840
Adjusted EBITDA	71	57	87	259	422
Exceptional items	16	-	-	16	-
EBITDA	87	57	87	275	422
Depreciation, amortisation & impairment	(34)	(29)	(34)	(123)	(126)
Operating income	53	28	53	152	296
Steel shipments (000t)	402	401	470	1,722	1,914
Average steel selling price (EUR/t)	1,843	1,861	1,859	1,879	1,942

(1) Amounts are shown prior to intra-group eliminations

The Stainless & Electrical Steel segment had sales of EUR 808 million for the fourth quarter of 2019. This represents a 4.8% increase compared to sales of EUR 771 million for the third quarter of 2019. Steel shipments during the fourth quarter were 402 thousand tonnes. This is stable compared to shipments of 401 thousand tonnes during the previous quarter. The weak economic environment in Europe and further destocking only allowed for a soft seasonal recovery post the summer effects while the seasonal volume decline in Brazil was supplemented by the weak economy. Average steel selling prices for the Stainless & Electrical Steel segment slightly decreased by -1% compared to the previous quarter.

The segment had EBITDA of EUR 275 million (of which EUR 150 million from Europe and EUR 125 million from South America) for the year 2019 compared to EUR 422 million (of which EUR 260 million from Europe and EUR 162 million from South America) for the year 2018. 2019 EBITDA declined year on year despite the successful implementation of the Top Line strategy and Leadership Journey(R) and exceptional gains of EUR 16 million in Brazil for PIS/Cofins tax credits related to prior periods.

Real demand was soft due to the low growth economic environment in both Europe and Brazil. Persistent high imports into Europe depressed prices. Soft global prices impacted margins in Brazil and made it impossible to pass on temporarily higher raw material costs to customers.

The segment generated EBITDA of EUR 87 million for the fourth quarter of 2019 compared to EUR 57 million for the third quarter of 2019 including exceptional gains of EUR 16 million in Brazil for PIS/Cofins tax credits related to prior periods. Slightly higher volumes in Europe and positive inventory valuation effects from raw material pricing added to the higher EBITDA which was partly compensated by deteriorating prices and a seasonally weak quarter in Brazil.

Depreciation, amortisation and impairment expense was EUR (34) million for the fourth quarter of 2019.

The Stainless & Electrical Steel segment had an operating income of EUR 53 million for the fourth quarter of 2019 compared to an operating income of EUR 28 million for the third quarter of 2019.

Services & Solutions ⁽¹⁾

(in millions of Euros, unless otherwise stated)	Q4 19	Q3 19	Q4 18	12M 19	12M 18
Sales	382	418	467	1,773	2,066
Adjusted EBITDA	4	9	(3)	45	43
Exceptional items	1	-	-	1	-
EBITDA	5	9	(3)	46	43

Depreciation & amortisation	(5)	(2)	(3)	(13)	(9)
Operating income	-	7	(6)	33	34
Steel shipments (000t)	144	166	181	706	819
Average steel selling price (EUR/t)	2,470	2,397	2,513	2,381	2,428

(1) Amounts are shown prior to intra-group eliminations

The Services & Solutions segment had sales of EUR 382 million for the fourth quarter of 2019, representing a decrease of 8.6% compared to sales of EUR 418 million for the third quarter of 2019. For the fourth quarter of 2019, steel shipments were 144 thousand tonnes compared to 166 thousand tonnes during the previous quarter. The Services & Solutions segment had higher average steel selling prices during the period compared to the previous period.

The segment recorded EBITDA of EUR 46 million for the year 2019 compared to EUR 43 million for the year 2018. The higher result despite weak demand and negative inventory valuation was attributable to higher margin, lower costs through the Leadership Journey as well as various smaller positive items including Pis/Cofins credits.

The segment generated EBITDA of EUR 5 million for the fourth quarter of 2019 compared to EBITDA of EUR 9 million for the third quarter of 2019. EBITDA decreased mainly due to a pronounced 13% seasonal decline in volumes quarter on quarter.

Depreciation and amortisation was EUR (5) million for the fourth quarter of 2019.

The Services & Solutions segment had an operating income of less than EUR 1 million for the fourth quarter of 2019 compared to an operating income of EUR 7 million for the third quarter of 2019.

Alloys & Specialties⁽¹⁾

(in millions of Euros, unless otherwise stated)	Q4 19	Q3 19	Q4 18	12M 19	12M 18
Sales	160	128	138	597	554
EBITDA	14	12	7	50	46
Depreciation & amortisation	(1)	(3)	(1)	(8)	(6)
Operating income	13	9	6	42	40
Steel shipments (000t)	9	8	9	36	36
Average steel selling price (EUR/t)	16,384	16,018	14,989	15,949	14,635

(1) Amounts are shown prior to intra-group eliminations

The Alloys & Specialties segment had sales of EUR 160 million for the fourth quarter of 2019, representing an increase of 25% compared to EUR 128 million for the third quarter of 2019. Steel shipments were higher during the fourth quarter of 2019 at 9 thousand tonnes compared to 8 thousand tonnes during the third quarter of 2019. Average steel selling prices increased over the quarter.

The segment recorded EBITDA of EUR 50 million for the year 2019 compared to EUR 46 million for the year 2018 despite negative inventory valuation effects due to lower raw material prices. This is mainly attributable to the contribution of the Top Line strategy and Leadership Journey^(R).

The Alloys & Specialties segment achieved EBITDA of EUR 14 million for the fourth quarter of 2019 compared to EUR 12 million for the third quarter of 2019. The increase in EBITDA was mainly due to higher shipments despite negative raw material induced inventory valuation effects.

Depreciation and amortisation expense for the fourth quarter of 2019 was EUR (1) million.

The Alloys & Specialties segment had an operating income of EUR 13 million for the fourth quarter of 2019 compared to an operating income of EUR 9 million for the third quarter of 2019.

Recent developments

During the fourth quarter of 2019, Aperam has received final and unappealable court decision (following the Supreme Court decision in the leading case) in respect of its long ongoing dispute with tax authorities to exclude ICMS from the PIS / COFINS's tax base. Accordingly Aperam has recognized extra credits in Q4 2019 amounting to EUR 17 million EUR as EBITDA.

Aperam will potentially be able to also recoup overpaid amounts and account for additional pre tax income of up to EUR 200 million (including approximately up to EUR 100 million in EBITDA and approximately up to EUR 100 million in interest income) after approval of Court / confirmation by the Tax Department for recovery of overpaid amounts. These amounts would be recognized in the P&L in the year 2020 while the cash collection (net of tax) would take several years.

On December 5, 2019, Aperam announced its financial calendar for 2020.

On December 16, 2019 Aperam announced its 2030 environmental objectives and ambition to be carbon neutral in its European operations by 2050, contributing to the European Commission's Green Deal. By 2030 and against the 2015 baseline Aperam targets to reduce CO2 emissions by 15%, reduce energy usage by 11%, reduce water intake by 40%, reduce dust emission by 70% and increase waste recycling to >97%. Aperam is the world's greenest stainless steel producer thanks to the use of charcoal from our sustainably cultivated forests in Brazil^[1] and its European production route based on fully recyclable stainless steel scrap. .

New developments

On February 5, 2020 Aperam announced its detailed dividend payment schedule for 2020. The Company proposes to maintain its base dividend at EUR 1.75 per share, subject to shareholder approval at the 2020 Annual General Meeting. The schedule is available on Aperam's website www.aperam.com under Investors > Equity Investors > Dividends.

On February 5, 2020, Aperam announced a share buyback program of up to EUR 100 million, and a maximum of 3.8 million shares under the authorization given by the annual general meeting of shareholders held on 7 May 2019. The details of the program are available in a separate Press Release.

On February 5, 2020, Aperam announced the resignation of Sandeep Jalan, CFO who will be leaving Aperam to pursue other career opportunities outside the steel and mining industry. Mr Jalan is expected to leave the company around beginning of May to assure a smooth transition. The succession will be announced in due course.

Investor conference call

Aperam management will host a conference call for members of the investment community to discuss the fourth quarter 2019 and full year 2019 financial performance at the following time:

Date	New York	London	Luxembourg
Wednesday, February 5, 2020	5:00 am	10:00 am	11:00 am

The dial-in numbers for the call are: international +44 (0) 20 3003 2666 ; USA +1 212 999 6659 . The conference password is Aperam.

A replay of the conference call will be available for one year at https://channel.royalcast.com/webcast/aperam/20200205_1/

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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 a flat Stainless and Electrical steel capacity of 2.5 million tonnes in Brazil and Europe and is a leader in high value specialty products. In addition to its industrial network, spread over six production facilities in Brazil, Belgium and France, Aperam has a highly integrated distribution, processing and services network and a unique capability to produce stainless and special

steels from low cost biomass (charcoal made from its own FSC-certified forestry).

In 2019, Aperam had sales of EUR 4,240 million and steel shipments of 1.79 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 EURO)	December 31, 2019	September 30, 2019	December 31, 2018
ASSETS			
Cash & cash equivalents (C)	375	357	199
Inventories, trade receivables and trade payables	655	742	744
Prepaid expenses and other current assets	84	98	77
Total Current Assets & Working Capital	1,114	1,197	1,020
Goodwill and intangible assets	479	483	490
Property, plant and equipment (incl. Biological assets)	1,653	1,593	1,589
Investments in associates, joint ventures and other	4	29	32
Deferred tax assets	128	155	160
Other non-current assets	81	81	92
Total Assets (net of Trade Payables)	3,459	3,538	3,383
LIABILITIES AND SHAREHOLDERS' EQUITY			
Short-term debt and current portion of long-term debt (B)	85	164	66
Accrued expenses and other current liabilities	263	285	270
Total Current Liabilities (excluding Trade Payables)	348	449	336
Long-term debt, net of current portion (A)	365	365	181
Deferred employee benefits	146	145	148
Deferred tax liabilities	130	131	131
Other long-term liabilities	52	54	68
Total Liabilities (excluding Trade Payables)	1,041	1,144	864
Equity attributable to the equity holders of the parent	2,414	2,390	2,515
Non-controlling interest	4	4	4

Total Equity	2,418	2,394	2,519
Total Liabilities and Shareholders' Equity (excluding Trade Payables)	3,459	3,538	3,383
Net Financial Debt (D = A+B-C)*	75	172	48

* Increase in Net Financial Debt by EUR 27 million from EUR 48 million as of December 31, 2018 to EUR 75 million as of December 31, 2019 primarily due to accounting effects (+EUR 56 million out of which IFRS 16 Leases +EUR 29 million and Convertible Bonds 2021 repurchases +EUR 27 million).

APERAM CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(in million of EURO)	Three Months Ended			Twelve Months Ended	
	December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Sales	1,000	972	1,120	4,240	4,677
Adjusted EBITDA (E = C-D)	85	79	90	340	504
<i>Adjusted EBITDA margin (%)</i>	<i>8.5%</i>	<i>8.1%</i>	<i>8.0%</i>	<i>8.4%</i>	<i>10.8%</i>
Exceptional items (D)	17	-	-	17	-
EBITDA (C = A-B)	102	79	90	357	504
<i>EBITDA margin %</i>	<i>10.2%</i>	<i>8.1%</i>	<i>8.0%</i>	<i>8.4%</i>	<i>10.8%</i>
Depreciation, amortisation & Impairment (B)	(43)	(36)	(38)	(150)	(143)
Operating income (A)	59	43	52	207	361
<i>Operating margin %</i>	<i>5.9%</i>	<i>4.4%</i>	<i>4.6%</i>	<i>4.9%</i>	<i>7.7%</i>
Result from other investments and associates	-	1	-	1	1
Financing costs, net	(2)	(1)	13	(23)	(5)
Income before taxes	57	43	65	185	357
Income tax expense	(28)	(6)	(16)	(37)	(71)
<i>Effective tax rate %</i>	<i>50.4%</i>	<i>13.0%</i>	<i>24.7%</i>	<i>20.2%</i>	<i>19.8%</i>
Net income attributable to equity holders of the parent	29	37	49	148	286
Basic earnings per share (EUR)	0.36	0.47	0.59	1.82	3.39
Diluted earnings per share (EUR)	0.36	0.47	0.37	1.82	3.03
Weighted average common shares outstanding (in thousands)	79,818	79,804	83,560	81,172	84,345
Diluted weighted average common shares outstanding (in thousands)	80,078	80,801	87,958	81,432	89,052

APERAM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in million of EURO)	Three Months Ended			Twelve Months Ended	
	December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Operating income	59	43	52	207	361
Depreciation, amortisation & Impairment	43	36	38	150	143
Change in working capital	70	(2)	12	81	(197)

Income tax (paid) / refund	(6)	(1)	(7)	(5)	(36)
Interest paid, (net)	(1)	(1)	(1)	(5)	(5)
Other operating activities (net)	(3)	(5)	(6)	(28)	29
Net cash provided by operating activities (A)	162	70	88	400	295
Purchase of PPE, intangible and biological assets (CAPEX)	(52)	(26)	(55)	(151)	(192)
Other investing activities (net)	30	1	2	32	5
Net cash used in investing activities (B)	(22)	(25)	(53)	(119)	(187)
Proceeds (payments) from payable to banks and long term debt	(84)	160	27	139	(13)
Purchase of treasury stock (share buy back)	-	-	-	(93)	(70)
Dividends paid	(35)	(35)	(34)	(142)	(130)
Other financing activities (net)	(3)	(1)	(1)	(8)	(1)
Net cash provided by (used in) financing activities	(122)	124	(8)	(104)	(214)
Effect of exchange rate changes on cash	-	(1)	3	(1)	(1)
Change in cash and cash equivalent	18	168	30	176	(107)
Free cash flow before dividend and share buy-back (C = A+B)	140	45	35	281	108

Appendix 1a - Health & Safety statistics

Health & Safety Statistics	Three Months Ended			Year Ended	
	December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018
Frequency Rate	1.9	2.2	0.8	1.7	1.4

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

Year Ending December 31, 2019	Stainless & Electrical Steel ^{a,b}	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
Operational information					
Steel Shipment (000t)	1,722	706	36	(678)	1,786
Average steel selling price (EUR/t)	1,879	2,381	15,949		2,297
Financial information (EURm)					
Sales (EURm)	3,352	1,773	597	(1,482)	4,240
Adjusted EBITDA (EURm)	259	45	50	(14)	340
Exceptional items (EURm)	16	1	-	-	17
EBITDA (EURm)	275	46	50	(14)	357
Depreciation, amortisation & impairment (EURm)	(123)	(13)	(8)	(6)	(150)
Operating income / (loss) (EURm)	152	33	42	(20)	207

Note a: Stainless & Electrical Steel shipments of 1,722kt of which 609kt were from South America and 1,113kt were from Europe

Note b: Stainless & Electrical Steel EBITDA of EUR 275m of which EUR 125m were from South America and EUR 150m were from Europe

Year Ending December 31, 2018	Stainless & Electrical Steel ^{a,b}	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
Operational information					
Steel Shipment (000t)	1,914	819	36	(797)	1,972
Average steel selling price (EUR/t)	1,942	2,428	14,635		2,305
Financial information (EURm)					
Sales	3,840	2,066	554	(1,783)	4,677
EBITDA	422	43	46	(7)	504
Depreciation & Amortisation (EURm)	(126)	(9)	(6)	(2)	(143)
Operating income / (loss) (EURm)	296	34	40	(9)	361

Note a: Stainless & Electrical Steel shipments of 1,914kt of which 647kt were from South America and 1,267kt were from Europe

Note b: Stainless & Electrical Steel EBITDA of EUR 422m of which EUR 162m were from South America and EUR 260m were from Europe

Quarter Ending December 31, 2019	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
Operational information					
Steel Shipment (000t)	402	144	9	(153)	402
Average steel selling price (EUR/t)	1,843	2,470	16,384		2,393
Financial information (EURm)					
Sales (EURm)	808	382	160	(350)	1,000
Adjusted EBITDA (EURm)	71	4	14	(4)	85
Exceptional items (EURm)	16	1	-	-	17
EBITDA (EURm)	87	5	14	(4)	102
Depreciation, amortisation & Impairment (EURm)	(34)	(5)	(1)	(3)	(43)
Operating income / (loss) (EURm)	53	-	13	(7)	59

Quarter Ending September 30, 2019	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
Operational information					
Steel Shipment (000t)	401	166	8	(157)	418
Average steel selling price (EUR/t)	1,861	2,397	16,018		2,264
Financial information					
Sales (EURm)	771	418	128	(345)	972
EBITDA (EURm)	57	9	12	1	79
Depreciation & Amortisation (EURm)	(29)	(2)	(3)	(2)	(36)
Operating income / (loss) (EURm)	28	7	9	(1)	43

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.

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

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 EUR 10 million for the considered quarter, (iii) capital (loss)/gain on asset disposals equal to or exceeding EUR 10 million for the considered quarter or (iv) other non-recurring items equal to or exceeding EUR 10 million for the considered quarter.

Financing costs: Net interest expense, other net financing costs and foreign exchange and derivative results.

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.

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. 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".

² Exceptional gain of EUR 17 million in 2019 related to PIS/Cofins tax credits related to prior periods recognized in Brazil.

³ The Leadership Journey(R) is an initiative launched on December 16, 2010, and subsequently accelerated and increased, to target management gains and profit enhancement. The third phase of the Leadership Journey(R) - the Transformation Program - was initially targeting EUR 150 million of additional EBITDA gains per year by end of 2020. In February 2019, the annualized gains target has been increased by EUR 50 million to reach EUR 200 million by year end 2020.

⁴ Includes a revolving credit facility of EUR 300 million.

[1] Scope 1 + 2

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