

Aperam S.A.**ISIN:** LU0569974404 **Land:** Luxembourg**Nachricht vom 07.05.2021 | 07:00**

First quarter 2021 results

Aperam S.A. / Key word(s): Quarter Results
First quarter 2021 results
07-May-2021 / 07:00 CET/CEST

"Record earnings"

Luxembourg, May 7, 2021 (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 ended March 31, 2021.

Highlights

Health and Safety: LTI frequency rate of 2.6x in Q1 2021 compared to 1.4x in Q4 2020

Steel shipments of 493 thousand tonnes in Q1 2021, 14% increase compared to steel shipments of 431 thousand tonnes in Q4 2020

Adj EBITDA of EUR 175 million in Q1 2021, compared to EUR 109 million in Q4 2020

Net income of EUR 116 million in Q1 2021, compared to EUR 101 million in Q4 2020

Basic earnings per share of EUR 1.45 in Q1 2021, compared to EUR 1.26 in Q4 2020

Cash flow from operations amounted to EUR 106 million in Q1 2021, compared to EUR 106 million in Q4 2020

Free cash flow before dividend of EUR 58 million in Q1 2021, compared to EUR 88 million in Q4 2020

Net financial debt of EUR 56 million as of March 31, 2021, compared to EUR 67 million as of December 31, 2020

Strategic initiatives

Leadership Journey(R)² Phase 4: Gains reached EUR 8 million in Q1 2021 - the starting quarter of the phase 4 program. This compares to cumulative target gains of EUR 150 million by the end of 2023

Preparing for the next phase of growth in specialties: Investment in revamping the hot rolling mill for long products at Imphy and re-start of the AOD converter project in Genk that was put on hold in 2019. Both projects, together with the planned specialties center in Gueugnon, will further contribute to the reorientation of our product portfolio towards specialties

Placing the circular economy at the core of Aperam's growth strategy: On May 6, 2021, Aperam announced a strategic transaction to further strengthen its cost and ESG leadership position with the signature of a Share Purchase Agreement with Franz Haniel & Cie. GmbH to acquire ELG.

Prospects

Adj EBITDA in Q2 2021 is expected to increase versus Q1 2021

Net financial debt in Q2 2021 is expected to slightly decrease versus Q1 2021

Timoteo Di Mauro, CEO of Aperam, commented:

"I am proud to report the best quarter in Aperam's history. Through the Leadership Journey(R) we adapted our flexible

business model for capturing opportunities during the economic recovery. In Europe, volumes have notably strengthened. While demand relating to the refilling of the value chain will eventually fade, our order book indicates solid volumes and better prices in Q2. In Brazil our flexible multi-product business set a new earnings record due to strong demand, paired with higher prices and a strong mix. The acquisition of ELG will open a new chapter for Aperam as we invest in the growing recycling and circular economy business."

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

(in millions of Euros, unless otherwise stated)	Q1 21	Q4 20	Q1 20
Sales	1,177	916	1,049
Operating income	140	118	34
Net income attributable to equity holders of the parent	116	101	29
Basic earnings per share (EUR)	1.45	1.26	0.36
Diluted earnings per share (EUR)	1.45	1.26	0.36
Free cash flow before dividend	58	88	18
Net Financial Debt (at the end of the period)	56	67	108
Adj. EBITDA	175	109	70
Exceptional items	-	50	-
EBITDA	175	159	70
Adj. EBITDA/tonne (EUR)	355	253	160
EBITDA/tonne (EUR)	355	369	160
Steel shipments (000t)	493	431	438

Health & Safety results

Health and Safety performance based on Aperam personnel figures and contractors' lost time injury frequency rate was 2.6x in the first quarter of 2021 compared to 1.4x in the fourth quarter of 2020.

Financial results analysis for the three-month period ending March 31, 2021

Sales for the first quarter of 2021 increased by 28% to EUR 1,177 million compared to EUR 916 million for the fourth quarter of 2020. Steel shipments increased from 431 thousand tonnes in the fourth quarter of 2020, to 493 thousand tonnes in the first quarter of 2021.

EBITDA increased during the quarter to EUR 175 million from EUR 159 million (including net exceptional gains of EUR 50 million made of PIS/Cofins tax credits related to prior periods recognised in Brazil for EUR 65 million, partly offset by social costs and restructuring charges related to asset optimization in Europe for EUR (15) million)³ for the fourth quarter of 2020. Europe benefited from seasonally higher volumes while Brazil remained at a comparable level due to seasonal factors. Prices continued to recover from their 2020 lows. Higher raw material prices generated positive inventory valuation effects.

Depreciation and amortisation was EUR (35) million for the first quarter of 2021.

Aperam had an operating income for the first quarter of 2021 of EUR 140 million compared to an operating income of EUR 118 million for the previous quarter.

Financing income (costs), net including the FX and derivatives result for the first quarter of 2021 were positive at EUR 4 million, including cash cost of financing of EUR (3) million.

Income tax expense for the first quarter of 2021 was EUR (28) million.

The Company recorded a net income of EUR 116 million for the first quarter of 2021.

Cash flows from operations for the first quarter of 2021 were positive at EUR 106 million, despite a working capital increase of EUR 121 million. CAPEX for the first quarter was EUR (46) million.

Free cash flow before dividend for the first quarter of 2021 amounted to EUR 58 million.

During the first quarter of 2021, 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)	Q1 21	Q4 20	Q1 20
Sales	977	774	827
Adjusted EBITDA	140	89	53
Exceptional items	-	50	-
EBITDA	140	139	53
Depreciation, amortisation & impairment	(30)	(34)	(30)
Operating income	110	105	23
Steel shipments (000t)	483	432	426
Average steel selling price (EUR/t)	1,969	1,723	1,876

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

The Stainless & Electrical Steel segment had sales of EUR 977 million for the first quarter of 2021. This represents a 26% increase compared to sales of EUR 774 million for the fourth quarter of 2020. Steel shipments during the first quarter were 483 thousand tonnes, an increase of 12% compared to shipments of 432 thousand tonnes during the previous quarter. Volumes in Europe increased seasonally and also benefited from refilling of the industrial value chains. Brazil shipments remained at a comparable level despite Q1 being a seasonal trough quarter. Average steel selling prices for the Stainless & Electrical Steel segment increased by 14% compared to the previous quarter.

The segment generated EBITDA of EUR 140 million for the first quarter of 2021 compared to EUR 139 million (including EUR 64 million due to PIS/Cofins tax credits related to prior periods recognised in Brazil and EUR (14) million of social costs) for the fourth quarter of 2020. Profitability was supported by higher volumes and prices and a low double-digit inventory valuation gain in Europe and a record adjusted EBITDA in Brazil due to higher prices and a stronger mix.

Depreciation and amortisation expense was EUR (30) million for the first quarter of 2021.

The Stainless & Electrical Steel segment had an operating income of EUR 110 million for the first quarter of 2021 compared to an operating income of EUR 105 million for the fourth quarter of 2020.

Services & Solutions⁽¹⁾

(in millions of Euros, unless otherwise stated)	Q1 21	Q4 20	Q1 20
Sales	531	381	450
Adjusted EBITDA	45	14	9
Exceptional items	-	1	-
EBITDA	45	15	9
Depreciation & amortisation	(3)	(3)	(3)
Operating income	42	12	6
Steel shipments (000t)	208	163	186
Average steel selling price (EUR/t)	2,448	2,224	2,331

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

The Services & Solutions segment had sales of EUR 531 million for the first quarter of 2021, representing an increase of 39%

compared to sales of EUR 381 million for the fourth quarter of 2020. For the first quarter of 2021, steel shipments were 208 thousand tonnes compared to 163 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 generated EBITDA of EUR 45 million for the first quarter of 2021 compared to EBITDA of EUR 15 million, including EUR 1 million in Brazil due to PIS/Cofins tax credits related to prior periods for the fourth quarter of 2020. EBITDA increased versus Q4 2020 due to higher volumes, higher prices and an inventory valuation gain.

Depreciation and amortisation was EUR (3) million for the first quarter of 2021.

The Services & Solutions segment had an operating income of EUR 42 million for the first quarter of 2021 compared to an operating income of EUR 12 million for the fourth quarter of 2020.

Alloys & Specialties⁽¹⁾

(in millions of Euros, unless otherwise stated)	Q1 21	Q4 20	Q1 20
Sales	125	103	155
EBITDA	12	15	9
Depreciation & amortisation	(2)	(2)	(3)
Operating income	10	13	6
Steel shipments (000t)	7	7	9
Average steel selling price (EUR/t)	17,330	15,122	16,572

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

The Alloys & Specialties segment had sales of EUR 125 million for the first quarter of 2021, representing an increase of 21% compared to EUR 103 million for the fourth quarter of 2020. Steel shipments were stable during the first quarter of 2021 at 7 thousand tonnes. Average steel selling prices were higher during the quarter.

The Alloys & Specialties segment achieved EBITDA of EUR 12 million for the first quarter of 2021 compared to EUR 15 million for the fourth quarter of 2020. The decrease in EBITDA was due to a price/cost squeeze and lower inventory valuation gains.

Depreciation and amortisation expense for the first quarter of 2021 was EUR (2) million.

The Alloys & Specialties segment had an operating income of EUR 10 million for the first quarter of 2021 compared to an operating income of EUR 13 million for the fourth quarter of 2020.

Recent developments

On February 24, 2021, Aperam announced the publication of its Annual Report 2020 ([Link](#)).

On February 25 and March 15, 2021, Aperam announced shareholding notifications by M&G plc for respectively crossing downwards and upwards the 5% voting rights threshold with reference to Transparency Law.

On April 29, 2021, Aperam announced the publication of its "made for life" report for 2020, which constitutes Aperam's sustainability report ([Link](#)).

On May 6, 2021, Aperam announced a strategic transaction to further strengthen its cost and ESG leadership position with the signature of a Share Purchase Agreement with Franz Haniel & Cie. GmbH to acquire ELG. The acquisition is subject to customary regulatory approvals. The transaction is expected to be completed during the second half of 2021.

New developments

On May 7, 2021, Aperam announced the publication of the convening notice for its Annual General Meeting of shareholders, to be held on June 8, 2021 without physical presence as permitted by Luxembourg law in context of the Covid-19 outbreak. Arrangements are made to provide for the opportunity for shareholders to vote electronically and by proxy voting and attend a virtual questions & answers session.

Investor conference call / webcast

Aperam management will host a conference call / webcast for members of the investment community to discuss the first quarter 2021 financial performance at the following time:

Date	New York	London	Luxembourg
Friday, May 7, 2021	07:00 am	12:00 pm	01:00 pm

Link to the webcast: https://channel.royalcast.com/landingpage/aperam/20210507_1/

The dial-in numbers for the call are: France : +33 (0) 1 7037 7166; USA: +1 212 999 6659; UK: +44 (0) 33 0551 0200

The conference password is Aperam.

Contacts

Corporate Communications / Laurent Beauloye: +352 27 36 27 103; laurent.beauloye@aperam.com

Investor Relations / Thorsten Zimmermann: +352 27 36 27 304; thorsten.zimmermann@aperam.com

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 2020, Aperam had sales of EUR 3,624 million and steel shipments of 1.68 million tonnes.

For further information, please refer to our website at www.aperam.com.

Forward-looking statements

This document may contain forward-looking information and statements about Aperam and its subsidiaries. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance. Forward-looking statements may be identified by the words "believe," "expect," "anticipate," "target" or similar expressions. Although Aperam's management believes that the expectations reflected in such forward-looking statements are reasonable, investors and holders of Aperam's securities are cautioned that forward-looking information and statements are subject to numerous risks and uncertainties, many of which are difficult to predict and generally beyond the control of Aperam, that could cause actual results and developments to differ materially and adversely from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include those discussed or identified in Aperam's filings with the Luxembourg Stock Market Authority for the Financial Markets (Commission de Surveillance du Secteur Financier). Aperam undertakes no obligation to publicly update its forward-looking statements or information, whether as a result of new information, future events, or otherwise. In particular, the length and severity of the COVID-19 (coronavirus) outbreak, including its impacts in the sector, macroeconomic conditions and in Aperam's principal local markets may cause our actual results to be materially different than those expressed in our forward-looking statements.

APERAM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	March 31, 2021	December 31, 2020	March 31, 2020
(in million of EURO)			
ASSETS			
Cash & cash equivalents (C)	367	358	297
Inventories, trade receivables and trade payables	737	616	641
Prepaid expenses and other current assets	109	151	85
Total Current Assets & Working Capital	1,213	1,125	1,023

Goodwill and intangible assets	422	429	445
Property, plant and equipment (incl. Biological assets)	1,503	1,522	1,555
Investments in associates, joint ventures and other	2	2	4
Deferred tax assets	87	94	126
Other non-current assets	78	83	70
Total Assets (net of Trade Payables)	3,305	3,255	3,223
LIABILITIES AND SHAREHOLDERS' EQUITY			
Short-term debt and current portion of long-term debt (B)	47	53	40
Accrued expenses and other current liabilities	331	317	274
Total Current Liabilities (excluding Trade Payables)	378	370	314
Long-term debt, net of current portion (A)	376	372	365
Deferred employee benefits	148	148	146
Deferred tax liabilities	112	117	124
Other long-term liabilities	45	44	45
Total Liabilities (excluding Trade Payables)	1,059	1,051	994
Equity attributable to the equity holders of the parent	2,242	2,200	2,225
Non-controlling interest	4	4	4
Total Equity	2,246	2,204	2,229
Total Liabilities and Shareholders' Equity (excluding Trade Payables)	3,305	3,255	3,223
Net Financial Debt (D = A+B-C)	56	67	108

APERAM CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(in million of EURO)	Three Months Ended		
	March 31, 2021	December 31, 2020	March 31, 2020
Sales	1,177	916	1,049
Adjusted EBITDA (E = C-D)	175	109	70
<i>Adjusted EBITDA margin (%)</i>	<i>14.9%</i>	<i>11.9%</i>	<i>6.7%</i>
Exceptional items (D)	-	50	-
EBITDA (C = A-B)	175	159	70
<i>EBITDA margin %</i>	<i>14.9%</i>	<i>17.4%</i>	<i>6.7%</i>
Depreciation, amortisation & Impairment (B)	(35)	(41)	(36)
Operating income (A)	140	118	34
<i>Operating margin %</i>	<i>11.9%</i>	<i>12.9%</i>	<i>3.2%</i>
Result from associates and other investments	-	(1)	-
Financing income (costs), net	4	42	(7)
Income before taxes	144	159	27
Income tax (expense) benefit	(28)	(58)	2
<i>Effective tax rate %</i>	<i>19.5%</i>	<i>35.8%</i>	<i>(8.0)%</i>
Net income attributable to equity holders of the parent	116	101	29
Basic earnings per share (EUR)	1.45	1.26	0.36
Diluted earnings per share (EUR)	1.45	1.26	0.36

Weighted average common shares outstanding (in thousands)	79,895	79,895	79,816
Diluted weighted average common shares outstanding (in thousands)	80,203	80,204	80,076

APERAM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in million of EURO)	Three Months Ended		
	March 31, 2021	December 31, 2020	March 31, 2020
Operating income	140	118	34
Depreciation, amortisation & Impairment	35	41	36
Change in working capital	(121)	(6)	(21)
Income tax paid	(2)	(1)	(3)
Interest paid, (net)	(2)	(1)	(1)
Other operating activities (net)	56	(45)	18
Net cash provided by operating activities (A)	106	106	63
Purchase of PPE, intangible and biological assets (CAPEX)	(46)	(19)	(45)
Other investing activities (net)	(2)	1	-
Net cash used in investing activities (B)	(48)	(18)	(45)
Proceeds (payments) from payable to banks and long term debt	(6)	(29)	(45)
Dividends paid	(35)	(35)	(32)
Other financing activities (net)	(3)	(2)	(2)
Net cash provided by (used in) financing activities	(44)	(66)	(79)
Effect of exchange rate changes on cash	(5)	1	(17)
Change in cash and cash equivalent	9	23	(78)
Free cash flow before dividend and share buy-back (C = A+B)	58	88	18

Appendix 1a - Health & Safety statistics

Health & Safety Statistics	Three Months Ended		
	March 31, 2021	December 31, 2020	September 30, 2020
Frequency Rate	2.6	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 Ending March 31, 2021	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
Operational information					
Steel Shipment (000t)	483	208	7	(205)	493
Average steel selling price (EUR/t)	1,969	2,448	17,330		2,325
Financial information (EURm)					
Sales	977	531	125	(456)	1,177
EBITDA	140	45	12	(22)	175
Depreciation & Amortisation	(30)	(3)	(2)	-	(35)
Operating income / (loss)	110	42	10	(22)	140

Quarter Ending December 31, 2020	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
Operational information					
Steel Shipment (000t)	432	163	7	(171)	431
Average steel selling price (EUR/t)	1,723	2,224	15,122		2,049
Financial information (EURm)					
Sales	774	381	103	(342)	916
Adjusted EBITDA	89	14	15	(9)	109
Exceptional items	50	1	-	(1)	50
EBITDA	139	15	15	(10)	159
Depreciation, amortisation & impairment	(34)	(3)	(2)	(2)	(41)
Operating income / (loss)	105	12	13	(12)	118

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, amortisation 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 income (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 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 fourth phase of the Leadership Journey(R) is targeting EUR 150 million gains for the period 2021 - 2023 via a combination of cost, growth and mix improvement measures.

³ Net exceptional gain of EUR 50 million in Q4 2020 related to PIS/Cofins tax credits related to prior periods recognised in Brazil for EUR 65 million, partly offset by social costs and restructuring charges related to asset optimization in Europe for EUR (15) million.

Dissemination of a Financial Wire News, transmitted by EQS Group.

The issuer is solely responsible for the content of this announcement.

DGAP – ein Service der EQS Group AG

[Twitter](#) | [Impressum](#) | [AGB](#) | [Datenschutzhinweise](#) | [Cookie-Richtlinie](#)