

Aperam S.A.



ISIN: LU0569974404 Land: Luxembourg

Nachricht vom 27.12.2021 | 13:30

Aperam completes acquisition of ELG, a global leader in stainless steel and superalloys recycling

Aperam S.A. / Key word(s): Takeover
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27-Dec-2021 / 13:30 CET/CEST

Placing the circular economy at the core of Aperam's growth strategy

All necessary regulatory approvals required for the acquisition of ELG have been obtained, without conditions
With the acquisition of ELG, Aperam places the circular economy at the core of its growth strategy
About 30% of Aperam's total workforce will create value from working in renewable and recycling upstream
Aperam acquired ELG for an enterprise value of EUR 357 million (Equity value EUR 30 million)
Total minimum synergies of EUR 24 million within next three years with additional improvement potential
Consolidation of ELG into Aperam Group as from 31.12.2021
A new reportable segment Recycling to be created consisting of ELG and Recyco

Luxembourg 27 December 2021 (13:30 CET) - Aperam, announces today the completion of the acquisition of ELG, a global leader in stainless steel and superalloys recycling. The acquisition of ELG has received all necessary regulatory approvals and will further strengthen Aperam's competitiveness and Environmental-Social-Governance leadership position in the industry.

ELG is a global leader in collecting, trading, processing and recycling of stainless steel scrap and high performance alloys, delivering ~1.2 m tonnes of materials annually, employing ~1,200 FTEs in 51 locations in 20 countries.

ELG had been acquired for an Enterprise Value of EUR 357 million (Equity value EUR 30 million) valued 31.12.2020. The acquisition is based on a lockbox mechanism under which Aperam owns the economic value added to the ELG business as from 01 January 2021. ELG will be fully consolidated into the Aperam Group as from 31.12.2021 under a new segment Recycling. ELG generated an adj. EBITDA of EUR55 million through the cycle, and is expected to generate adj. EBITDA of about EUR 65 million in 2021.

Investing in sustainable recycling further improves Aperam's leading environmental footprint and supports the company's CO2 reduction targets. The acquisition enables Aperam to improve its input mix and to expand into the supply of raw materials. Total minimum synergies of EUR 24 million are expected within three years with additional improvement potential. Combined with phase 4 of the Leadership Journey, Aperam will achieve its next level of competitive excellence. The acquisition is expected to be value creative from year 1 and executed in line with Aperam's financial policy.

Mr. Timoteo Di Maulo, CEO commented :

"Thanks to the solid execution of our strategy and our financial strength, we are very proud today to announce a further step towards our excellence in the circular economy. The acquisition of ELG received all necessary regulatory approvals and is placing Aperam at the core of the circular economy. Including ELG, about 30% of Aperam's workforce will create value from working in renewable and recycling upstream. We are excited about the potential of ELG within Aperam and look forward to our journey to create value in the global recycling industry. We warmly welcome the highly skilled and competent workforce of ELG."

Dr. Donald Weir, CEO ELG commented:

"We are excited to join the Aperam Group and look forward to continuing to create value for all our customers. As previously announced, ELG will be operated as a separate and independent company serving its customers in their best interests. As part of the Aperam Group, ELG will benefit from the Aperam industrial set up providing further growth and innovation opportunities. "

Pre-recorded management comments are available as from publication of this press release on our website at www.aperam.com, section Investors > News and Contacts > Press Releases.

About Aperam

Aperam is a global player in stainless, electrical and specialty steel, with customers in over 40 countries. As from 31.12.2021, the business is organised in four primary reportable segments: Stainless & Electrical Steel, Services & Solutions, Alloys & Specialties, and Recycling.

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). With ELG, Aperam is also a global leader in collecting, trading, processing and recycling of stainless steel scrap and high performance alloys, delivering~ 1.2 m tonnes of materials annually.

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

Contact

Corporate Communications / Laurent Beauloye: +352 27 36 27 103 ; laurent.beauloye@aperam.com
Investor Relations / Thorsten Zimmermann: +352 27 36 67 304 ; thorsten.zimmermann@aperam.com

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