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Aperam S.A. / Key word(s): Quarter Results

First quarter 2023 results "Resilient EBITDA turns into solid free cash flow in a demanding quarter"

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## First quarter 2023 results<sup>1</sup>

*"Resilient EBITDA turns into solid free cash flow in a demanding quarter"*

**Luxembourg, May 3, 2023 (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, 2023.

### Highlights

- Health and Safety: LTI frequency rate of 1.9x in Q1 2023 compared to 1.4x in Q4 2022
- Shipments of 591 thousand tonnes in Q1 2023, 20% increase compared to shipments of 493 thousand tonnes in Q4 2022
- EBITDA of EUR 127 million in Q1 2023, compared to EBITDA of EUR 129 million in Q4 2022
- Net income of EUR 132 million in Q1 2023, compared to nil in Q4 2022
- Basic earnings per share of EUR 1.83 in Q1 2023, compared to nil in Q4 2022
- Free cash flow before dividend and share buy-back amounted to EUR 85 million in Q1 2023, compared to EUR 69 million in Q4 2022
- Net financial debt of EUR 419 million as of March 31, 2023, compared to EUR 468 million as of December 31, 2022

### Strategic initiatives

**Timoteo Di Mauro, CEO of Aperam, commented:**

"As anticipated, the first quarter was a challenging one, particularly for Europe due to continued destocking and a planned six weeks investment related shutdown. On top some additional impacts came from strike related extra costs in Europe. In this backdrop, a stable adjusted EBITDA and a 13% annualized free cash flow yield prove the value of our differentiated business model. Looking ahead global stainless steel prices are expected to maintain pressure on margins and strike action continues to impact operations. We accelerate the Leadership Journey® even more to prepare our organization for a very demanding environment and are confident that our differentiated value chain will continue to deliver results."

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

<b>(in millions of Euros, unless otherwise stated)</b>	<b>Q1 23</b>	<b>Q4 22</b>	<b>Q1 22</b>
Sales	1,876	1,616	2,265
Operating income	81	81	266
Net income attributable to equity holders of the parent	132	—	187
Basic earnings per share (EUR)	1.83	—	2.41
Diluted earnings per share (EUR)	1.83	—	2.40

Exceptional items	—	—	(53)
EBITDA	127	129	310
Adj. EBITDA/tonne (EUR)	215	262	539
EBITDA/tonne (EUR)	215	262	461
Shipments (000t)	591	493	673

## Health & Safety results

Health and Safety performance based on Aperam personnel figures and contractors' lost time injury frequency rate was 1.9x in the first quarter of 2023 compared to 1.4x in the fourth quarter of 2022.

## Financial results analysis for the three-month period ending March 31, 2023

Sales for the first quarter of 2023 increased by 16% at EUR 1,876 million compared to EUR 1,616 million for the fourth quarter of 2022. Shipments increased from 493 thousand tonnes in the fourth quarter of 2022 to 591 thousand tonnes in the first quarter of 2023, due to seasonal factors despite pronounced destocking by customers in Europe.

EBITDA decreased marginally during the quarter to EUR 127 million from EUR 129 million predominantly due to lower realized prices and significant negative valuation effects that more than compensated the positive volume effect.

Depreciation and amortization expense was EUR (46) million for the first quarter of 2023.

Aperam had an operating income for the first quarter of 2023 of EUR 81 million compared to an operating income of EUR 81 million for the previous quarter.

Financing costs, net, including the FX and derivatives result for the first quarter of 2023 were positive at EUR 86 million. The positive result was mainly driven by unrealized results on nickel derivatives compared to their Q4 position. Cash cost of financing was EUR (10) million during the quarter.

Income tax expense was EUR (35) million during the first quarter of 2023.

The net result recorded by the Company was a profit of EUR 132 million for the first quarter of 2023, compared to a net result that was nil for the fourth quarter of 2022.

Cash flows from operations for the first quarter of 2023 were at EUR 138 million, despite a working capital increase of EUR 23 million preparing for the shutdown in Genk. CAPEX for the first quarter was EUR (52) million.

Free cash flow before dividend and share buyback for the first quarter of 2023 amounted to EUR 85 million, compared to EUR 69 million for the fourth quarter of 2022.

During the first quarter of 2023, cash returns to shareholders amounted to EUR 36 million, consisting fully of dividend.

Sales	1,233	1,158	1,523
EBITDA	80	38	272
Depreciation & amortization	(25)	(27)	(25)
Operating income	55	11	247
Steel shipments (000t)	399	371	445
Average steel selling price (EUR/t)	2,982	3,035	3,355

<sup>(1)</sup> Amounts are shown prior to intra-group eliminations

The Stainless & Electrical Steel segment had sales of EUR 1,233 million for the first quarter of 2023. This represents a 6.5% increase compared to sales of EUR 1,158 million for the fourth quarter of 2022. Steel shipments during the first quarter were 399 thousand tonnes, an increase of 7.5% compared to shipments of 371 thousand tonnes during the previous quarter. Shipments in Brazil were seasonally softer but remained at a high level. In Europe shipments improved seasonally from a low level. Average steel selling prices for the Stainless & Electrical Steel segment decreased by 1.7% compared to the previous quarter.

The segment generated an EBITDA of EUR 80 million for the first quarter of 2023 compared to EUR 38 million for the fourth quarter of 2022. EBITDA increased as higher volumes and a less negative inventory valuation more than compensated for a price/cost squeeze, the Genk investment and strike related costs.

Depreciation and amortization expense was EUR (25) million for the first quarter of 2023.

The Stainless & Electrical Steel segment had an operating income of EUR 55 million for the first quarter of 2023 compared to an operating income of EUR 11 million for the fourth quarter of 2022.

### Services & Solutions <sup>(1)</sup>

(in millions of Euros, unless otherwise stated)	Q1 23	Q4 22	Q1 22
Sales	671	518	845
EBITDA	13	(4)	73
Depreciation & amortization	(3)	(4)	(3)

<sup>(1)</sup> Amounts are shown prior to intra-group eliminations

The Services & Solutions segment had sales of EUR 671 million for the first quarter of 2023, representing an increase of 29.5% compared to sales of EUR 518 million for the fourth quarter of 2022. For the first quarter of 2023, steel shipments were 180 thousand tonnes compared to 133 thousand tonnes during the previous quarter. Average steel selling prices for the Services & Solutions' segment were 2.9% lower during the first quarter of 2023 compared to the fourth quarter of 2022.

The segment generated an EBITDA of EUR 13 million for the first quarter of 2023 compared to a negative EBITDA of EUR (4) million for the fourth quarter of 2022. EBITDA normalized due to higher volumes and a less negative inventory valuation.

Depreciation and amortization expense was EUR (3) million for the first quarter of 2023.

The Services & Solutions segment had an operating income of EUR 10 million for the first quarter of 2023 compared to an operating loss of EUR (8) million for the fourth quarter of 2022.

### Alloys & Specialties<sup>(1)</sup>

(in millions of Euros, unless otherwise stated)	Q1 23	Q4 22	Q1 22
Sales	211	184	148
EBITDA	11	12	21
Depreciation & amortization	(3)	(1)	(2)
Operating income	8	11	19
Steel shipments (000t)	9	7	7
Average steel selling price (EUR/t)	22,733	24,619	20,064

<sup>(1)</sup> Amounts are shown prior to intra-group eliminations

The Alloys & Specialties segment had sales of EUR 211 million for the first quarter of 2023, representing an increase of 14.7% compared to EUR 184 million for the fourth quarter of 2022. Steel shipments increased by 21.9% during the first quarter of 2023 at 9 thousand tonnes. Average steel selling prices for the Alloys & Specialties' segment were 7.7% lower during the first quarter of 2023.

The Alloys & Specialties segment achieved EBITDA of EUR 11 million for the first quarter of 2023 compared to EUR 12 million for the fourth quarter of 2022. EBITDA decreased slightly solely due to a negative inventory valuation effect (Ni, Co, Mo) that erased the positive volume effect.



Adjusted EBITDA	45	55	14
Exceptional items	—	—	(53)
EBITDA	45	55	(39)
Depreciation, amortization and impairment	(15)	(15)	(13)
Operating income / (loss)	30	40	(52)
Shipments (000t)	375	322	395
Average selling price (EUR/t)	1,499	1,357	1,861

<sup>(1)</sup> Amounts are shown prior to intra-group eliminations

The Recycling & Renewables segment had sales of EUR 562 million for the first quarter of 2023, representing an increase of 28.6% compared to EUR 437 million sales for the fourth quarter of 2022. Shipments increased by 16.5% during the first quarter of 2023 to 375 thousand tonnes. Average selling prices for the Recycling & Renewables' segment were 10.4% higher during the first quarter of 2023.

EBITDA decreased during the quarter to EUR 45 million compared to EBITDA of EUR 55 million in the fourth quarter of 2022. EBITDA decreased despite higher volumes and better prices due to the absence of positive valuation effects included in Q4 2022

Depreciation and amortization expense for the first quarter of 2023 was EUR (15) million.

The Recycling & Renewables segment had an operating income of EUR 30 million for the first quarter of 2023 compared to an operating income of EUR 40 million for the fourth quarter of 2022.

## Recent developments during the quarter

- On February 10, 2023, Aperam & Econick announced that they have formed a JV called Botanickel to become a world leader in the responsible and sustainable production of biosourced nickel for the stainless steel industry.
- On February 16, 2023, Aperam proudly announced that it is now a member of the newly announced BEL® ESG stock market index. It followed Euronext's announcement on the same day of the launch of the BEL® ESG index, a new index identifying and tracking the companies within the BEL® 20 and the BEL® Mid indices that have demonstrated the best ESG practices.
- On February 17, 2023, Aperam announced that 1,959,592 treasury shares had been canceled in line with its financial policy. This cancellation took into account shares already purchased under the 2.45 million

- On April 27, 2023, Aperam announced the publication of its sustainability performance report for 2022 called 'made for life' ([Link](#)).

## New developments

- On May 2, 2023, Aperam announced that the Annual and Extraordinary General Meetings of Shareholders of Aperam held on the same day approved all resolutions on the agenda by a large majority.

## Investor conference call / webcast

Pre-recorded management comments are available as from publication of this earnings release on our website at [www.aperam.com](http://www.aperam.com), section Investors > Reports & Presentations > Quarterly results > Q1-2023 ([Link to Q1 2023 management podcast](#)).

Aperam management will host a conference call / webcast for members of the investment community to discuss the first quarter 2023 financial performance at the following time:

Date	New York	London	Luxembourg
Wednesday, 3 May 2023	08:00	13:00	14:00

Link to the webcast: [https://channel.royalcast.com/landingpage/aperam/20230503\\_1/](https://channel.royalcast.com/landingpage/aperam/20230503_1/)

The dial-in numbers for the call are: France : +33 (0) 1 7037 7166; USA: +1 786 697 3501; UK: +44 (0) 33 0551 0200

The conference password is Aperam.

## Contacts

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## About Aperam

Aperam is a global player in stainless, electrical and specialty steel and recycling, with customers in over 40 countries. Starting from 1 January 2022, the business is organized in four primary reportable segments: Stainless & Electrical Steel, Services & Solutions, Alloys & Specialties and Recycling & Renewables.

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



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)	March 31, 2023	December 31, 2022	March 31, 2022
<b>ASSETS</b>			
Cash & cash equivalents (C)	442	457	450
Inventories, trade receivables and trade payables	1,902	1,871	2,049
Prepaid expenses and other current assets	179	167	278
<b>Total Current Assets &amp; Working Capital</b>	<b>2,523</b>	<b>2,495</b>	<b>2,777</b>
Goodwill and intangible assets	451	451	460
Property, plant and equipment (incl. Biological assets)	1,913	1,910	1,775
Investments in associates, joint ventures and other	3	3	4
Deferred tax assets	90	101	133
Other non-current assets	118	122	112
<b>Total Assets (net of Trade Payables)</b>	<b>5,098</b>	<b>5,082</b>	<b>5,261</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Short-term debt and current portion of long-term debt (B)	233	258	352

Deferred tax liabilities	132	131	123
Other long-term liabilities	74	72	76
<b>Total Liabilities (excluding Trade Payables)</b>	<b>1,617</b>	<b>1,690</b>	<b>2,124</b>
Equity attributable to the equity holders of the parent	3,474	3,385	3,130
Non-controlling interest	7	7	7
<b>Total Equity</b>	<b>3,481</b>	<b>3,392</b>	<b>3,137</b>
<b>Total Liabilities and Shareholders' Equity (excluding Trade Payables)</b>	<b>5,098</b>	<b>5,082</b>	<b>5,261</b>
<b>Net Financial Debt (D = A+B-C)</b>	<b>419</b>	<b>468</b>	<b>666</b>

## APERAM CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

	Three Months Ended		
(in million of EURO)	March 31, 2023	December 31, 2022	March 31, 2022
<b>Sales</b>	<b>1,876</b>	<b>1,616</b>	<b>2,265</b>
<b>Adjusted EBITDA (E = C-D)</b>	<b>127</b>	<b>129</b>	<b>363</b>
<i>Adjusted EBITDA margin (%)</i>	<i>6.8%</i>	<i>8.0%</i>	<i>16.0%</i>
Exceptional items (D)	—	—	(53)
<b>EBITDA (C = A-B)</b>	<b>127</b>	<b>129</b>	<b>310</b>
<i>EBITDA margin (%)</i>	<i>6.8%</i>	<i>8.0%</i>	<i>13.7%</i>
Depreciation, amortization & impairment (B)	(46)	(48)	(44)
<b>Operating income (A)</b>	<b>81</b>	<b>81</b>	<b>266</b>
<i>Operating margin (%)</i>	<i>4.3%</i>	<i>5.0%</i>	<i>11.7%</i>
Financing income / (costs), (net)	86	(116)	(24)
<b>Income / (loss) before taxes</b>	<b>167</b>	<b>(35)</b>	<b>242</b>
Income tax (expense) / benefit	(35)	35	(55)

Weighted average common shares outstanding (in thousands)	72,184	72,194	77,522
Diluted weighted average common shares outstanding (in thousands)	72,525	72,535	77,839

## APERAM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in million of EURO)	Three Months Ended		
	March 31, 2023	December 31, 2022	March 31, 2022
<b>Operating income</b>	<b>81</b>	<b>81</b>	<b>266</b>
Depreciation, amortization & impairment	46	48	44
Change in working capital	(23)	197	(369)
Income tax paid	(15)	(31)	(21)
Interest paid, (net)	(4)	5	(1)
Exceptional items	—	—	53
Other operating activities (net)	53	(91)	(29)
<b>Net cash provided by (used in) operating activities (A)</b>	<b>138</b>	<b>209</b>	<b>(57)</b>
Purchase of PPE, intangible and biological assets (CAPEX)	(52)	(143)	(46)

Other financing activities (net)	(3)	(4)	(3)
<b>Net cash used in financing activities</b>	<b>(99)</b>	<b>(64)</b>	<b>9</b>
Effect of exchange rate changes on cash	(1)	(15)	20
<b>Change in cash and cash equivalent</b>	<b>(15)</b>	<b>(10)</b>	<b>(74)</b>
<b>Free cash flow before dividend and share buy-back (C = A+B)</b>	<b>85</b>	<b>69</b>	<b>(103)</b>

### Appendix 1a – Health & Safety statistics

Health & Safety Statistics	Three Months Ended		
	March 31, 2023	December 31, 2022	September 30, 2022
Frequency Rate	1.9	1.4	1.0

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, 2023	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Recycling & Renewables	Others & Eliminations	Total
Operational information						
Shipment	399	180	9	375	(372)	591

<b>Financial informatio n (EURm)</b>						
Sales	1,233	671	211	562	(801)	1,876
EBITDA	80	13	11	45	(22)	127
Depreciatio n & amortizatio n	(25)	(3)	(3)	(15)	—	(46)
Operating income / (loss)	55	10	8	30	(22)	81

<b>Quarter Ending December 31, 2022</b>	<b>Stainless &amp; Electrical Steel</b>	<b>Services &amp; Solutions</b>	<b>Alloys &amp; Specialties</b>	<b>Recycling &amp; Renewable s</b>	<b>Others &amp; Elimination s</b>	<b>Total</b>
<b>Operationa l informatio n</b>						
Shipment (000t)	371	133	7	322	(340)	493

Information (EURm)						
Sales	1,158	518	184	437	(681)	1,616
EBITDA	38	(4)	12	55	28	129
Depreciation, amortization & impairment	(27)	(4)	(1)	(15)	(1)	(48)
Operating income / (loss)	11	(8)	11	40	27	81

## Appendix 2 – Adjusted Net Income and Adjusted Basic Earnings per Share

(in million of EURO)	Three Months Ended		
	March 31, 2023	December 31, 2022	March 31, 2022
<b>Net income</b>	<b>132</b>	<b>—</b>	<b>187</b>
Exceptional items	—	—	53
(Recognition) / derecognition of deferred tax assets on tax losses carried forward	—	(17)	(9)
Deferred tax effect on exceptional items	—	—	(12)
<b>Adjusted Net income</b>	<b>132</b>	<b>(17)</b>	<b>219</b>
Basic earnings per share (EUR)	1.83	—	2.41
Adjusted Basic earnings per share (EUR)	1.83	(0.23)	2.83

## Appendix 3 – Terms and definitions

**Average selling prices:** calculated as sales divided by 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 property plant and equipment, intangible assets and biological assets.

**EBITDA:** operating income before depreciation and amortization expenses and impairment losses.

**EBITDA/tonne:** calculated as EBITDA divided by total 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):** 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 (i) Recycling & Renewables and Stainless & Electrical Steel (ii) Stainless & Electrical Steel and Services & Solutions) and intra-segment shipments, respectively.

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

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<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> The Leadership Journey® 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® is targeting EUR 150 million gains for the period 2021 - 2023 via a combination of cost, growth and mix improvement measures. Some additional investments, as announced in 2021 as part of the Strategy 2025 program, have been accelerated to achieve earnings growth already in 2022 contributing to the ongoing Leadership Journey Phase 4.

<sup>3</sup> 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 3 "Terms & definitions".

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