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

Aperam - First quarter 2024 results: "Non-traditional activities prove resilient in the industrial recession"

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First quarter 2024 results¹

"Non-traditional activities prove resilient in the industrial recession"

Luxembourg, May 3, 2024 (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, 2024.

Highlights

- Health and Safety: LTI frequency rate of 1.5x in Q1 2024 compared to 2.1x in Q4 2023
- Shipments of 585 thousand tonnes in Q1 2024, 8% increase compared to shipments of 541 thousand tonnes in Q4 2023
- Adjusted EBITDA of EUR 55 million in Q1 2024, similar to Adjusted EBITDA of EUR 55 million in Q4 2023
- Net loss of EUR (19) million in Q1 2024, compared to net income of EUR 70 million in Q4 2023
- Basic earnings per share of EUR (0.26) in Q1 2024, compared to EUR 0.97 in Q4 2023
- Free cash flow before dividend and share buy-back amounted to EUR (141) million in Q1 2024, compared to EUR 217 million in Q4 2023
- Net financial debt of EUR 674 million as of March 31, 2024, compared to EUR 491 million as of December 31, 2023

Strategic initiatives

Timoteo Di Mauro, CEO of Aperam, commented:

"The European manufacturing environment resembles 2020 but with a much longer duration. Q1 marked the 7th consecutive recessionary quarter in the stainless steel industry. We are glad to have differentiated our value chain early. Recycling, forestry, alloys and distribution support the group through the low stainless cycle. Our Leadership Journey 5 focus of mix improvement and cost reduction focus will restore Aperam's profitability and cash generating ability. Success is already visible in our ESG performance. At less than 280 kg CO₂e per tonne of steel Aperam surpassed already in 2023 its ambitious target for 2030 and is a best in class producer globally."

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

(in millions of Euros, unless otherwise stated)	Q1 24	Q4 23	Q1 23
Sales	1,657	1,551	1,876
Operating income / (loss)	(3)	(10)	81
Net income / (loss) attributable to equity holders of the parent	(19)	70	132
Basic earnings per share (EUR)	(0.26)	0.97	1.83
Diluted earnings per share (EUR)	(0.26)	0.96	1.83
Free cash flow before dividend and share buy- back	(141)	217	85
Net Financial Debt (at the end of the period)	674	491	419
Adj. EBITDA	55	55	127
Exceptional items	—	(11)	—
EBITDA	55	44	127
Adj. EBITDA/tonne (EUR)	94	102	215
EBITDA/tonne (EUR)	94	81	215
Shipments (000t)	585	541	591

2023 to 585 thousand tonnes in the first quarter of 2024, due to seasonal factors.

Adjusted EBITDA remained stable during the quarter at EUR 55 million compared to EUR 55 million in the fourth quarter of 2023 (excluding an exceptional loss of EUR (11) million, related to a program to promote employee attrition). Higher volumes, a better mix and a favorable price/input cost development compensated for the valuation effects contained in the previous quarter.

Depreciation and amortization expense was EUR (58) million for the first quarter of 2024.

Aperam had an operating loss for the first quarter of 2024 of EUR (3) million compared to an operating loss of EUR (10) million for the previous quarter.

Financing costs, net, including the FX and derivatives result for the first quarter of 2024 were EUR (16) million. Cash cost of financing was EUR (12) million during the quarter.

Income tax benefit was EUR 1 million during the first quarter of 2024.

The net result recorded by the Company was a loss of EUR (19) million for the first quarter of 2024, compared to a profit of EUR 70 million for the fourth quarter of 2023.

Cash flows from operations for the first quarter of 2024 were negative at EUR (61) million, including a working capital increase of EUR 81 million. CAPEX for the first quarter was EUR (77) million.

Free cash flow before dividend and share buyback for the first quarter of 2024 amounted to EUR (141) million, compared to EUR 217 million for the fourth quarter of 2023.

During the first quarter of 2024, cash returns to shareholders amounted to EUR 36 million, consisting fully of dividend.

Operating segment results analysis

Stainless & Electrical Steel ⁽¹⁾

(in millions of Euros, unless otherwise stated)	Q1 24	Q4 23	Q1 23
Sales	1,022	1,015	1,233
Adjusted EBITDA	6	(34)	80
Exceptional items	—	(11)	—
EBITDA	6	(45)	80
Depreciation & amortization	(27)	(28)	(25)

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

The Stainless & Electrical Steel segment had sales of EUR 1,022 million for the first quarter of 2024. This represents a 0.7% increase compared to sales of EUR 1,015 million for the fourth quarter of 2023. Steel shipments during the first quarter were 415 thousand tonnes, an increase of 2.0% compared to shipments of 407 thousand tonnes during the previous quarter. Shipments in Brazil were seasonally softer but remained at a solid level. In Europe shipments improved seasonally from a very low base. Average steel selling prices for the Stainless & Electrical Steel segment decreased by 1.3% compared to the previous quarter.

The segment generated an EBITDA of EUR 6 million for the first quarter of 2024 compared to a negative EBITDA of EUR (45) million (including an exceptional loss of EUR (11) million, related to a program to promote employee attrition) for the fourth quarter of 2023. EBITDA increased due to a better mix, and a favorable price / input cost development that allowed Europe to break even and a less negative inventory valuation charge.

Depreciation and amortization expense was EUR (27) million for the first quarter of 2024.

The Stainless & Electrical Steel division had an operating loss of EUR (21) million for the first quarter of 2024 compared to an operating loss of EUR (73) million for the fourth quarter of 2023.

Services & Solutions ⁽¹⁾

(in millions of Euros, unless otherwise stated)	Q1 24	Q4 23	Q1 23
Sales	616	535	671
EBITDA	15	17	13
Depreciation & amortization	(4)	(4)	(3)
Operating income	11	13	10
Steel shipments (000t)	201	160	180
Average steel selling price (EUR/t)	2,936	3,157	3,603

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

The Services & Solutions segment had sales of EUR 616 million for the first quarter of 2024, representing an increase of 15.1% compared to sales of EUR 535 million for the fourth quarter of 2023. For the first quarter of 2024, steel shipments were 201 thousand tonnes compared to 160 thousand tonnes during the previous quarter. Average steel selling prices for the Services & Solutions' segment were 7.0% lower during the first quarter of 2024 compared to the fourth quarter of 2023.

The segment generated an EBITDA of EUR 15 million for the first quarter of 2024 compared to an EBITDA of EUR 17 million for the fourth quarter of 2023. EBITDA decreased slightly mainly due to a higher

unless otherwise stated)	Q1 24	Q4 23	Q1 23
Sales	282	242	211
EBITDA	24	19	11
Depreciation & amortization	(3)	(1)	(3)
Operating income	21	18	8
Steel shipments (000t)	11	9	9
Average steel selling price (EUR/t)	25,483	25,000	22,733

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

The Alloys & Specialties segment had sales of EUR 282 million for the first quarter of 2024, representing an increase of 16.5% compared to EUR 242 million for the fourth quarter of 2023. Steel shipments increased by 16.5% during the first quarter of 2024 at 11 thousand tonnes. Average steel selling prices for the Alloys & Specialties' segment were 1.9% higher during the first quarter of 2024.

The Alloys & Specialties segment achieved EBITDA of EUR 24 million for the first quarter of 2024 compared to EUR 19 million for the fourth quarter of 2023. EBITDA increased despite a higher inventory valuation charge due to higher volumes, a better mix from project business and better pricing

Depreciation and amortization expense for the first quarter of 2024 was EUR (3) million.

The Alloys & Specialties segment had an operating income of EUR 21 million for the first quarter of 2024 compared to an operating income of EUR 18 million for the fourth quarter of 2023.

EBITDA	18	65	45
Depreciation & amortization	(24)	(20)	(15)
Operating income / (loss)	(6)	45	30
Shipments (000t)	343	337	375
Average selling price (EUR/t)	1,408	1,353	1,499

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

The Recycling & Renewables segment had sales of EUR 483 million for the first quarter of 2024, representing an increase of 5.9% compared to EUR 456 million sales for the fourth quarter of 2023. Shipments increased by 1.8% during the first quarter of 2024 to 343 thousand tonnes. Average selling prices for the Recycling & Renewables' segment were 4.1% higher during the first quarter of 2024.

EBITDA decreased during the quarter to EUR 18 million compared to EBITDA of EUR 65 million in the fourth quarter of 2023. EBITDA decreased mainly due to the absence of valuation effects recorded in the previous quarter.

Depreciation and amortization expense for the first quarter of 2024 was EUR (24) million.

The Recycling & Renewables segment had an operating loss of EUR (6) million for the first quarter of 2024 compared to an operating income of EUR 45 million for the fourth quarter of 2023.

Recent developments during the quarter

- On February 15, 2024, Aperam and Metalshub announced a partnership for a Digital Source-to-Contract solution.
- On March 26, 2024, Aperam announced the publication of its Annual Report 2023 ([Link](#)).
- On March 29, 2024, Aperam announced the publication of the convening notice for its Annual General Meeting of shareholders to be held on April 30, 2024.
- On April 2, 2024, Aperam BioEnergia kicked off Patch partnership by selling 15,000 metric tons of carbon removal.
- On April 24, 2024, Aperam announced the publication of its sustainability performance report for 2023 called 'made for life' ([Link](#)).
- On April 30, 2024, Aperam announced that the Annual General Meeting of Shareholders of Aperam approved all resolutions on the agenda by a large majority.

Investor conference call / webcast

Friday, 3 May 2024	08:00	13:00	14:00
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Link to the webcast: https://channel.royalcast.com/landingpage/aperam/20240503_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 **Belgium**: +32 (0) 2 789 8603
Germany: +49 (0) 30 3001 90612 **Netherlands** +31 (0) 20 708 5073

The conference password is: Aperam.

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About Aperam

Aperam is a global player in stainless, electrical and specialty steel, with customers in over 40 countries. Since 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 network and a unique capability to produce low carbon footprint stainless and special steels from biomass, stainless steel scrap and high performance alloys scrap. With 5 of its main 6 facilities certified ResponsibleSteel™, Bioenergia and its unique capability to produce charcoal made from its own FSC®-certified forestry and, with ELG, a global leader in collecting, trading, processing and recycling of stainless steel scrap and high performance alloys, Aperam's places sustainability at the heart of its business, helping customers worldwide to excel in the circular economy.

In 2023, Aperam had sales of EUR 6,592 million and shipments of 2.20 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.

Prepaid expenses and other current assets	148	146	179
Total Current Assets & Working Capital	2,045	2,169	2,523
Goodwill and intangible assets	449	452	451
Property, plant and equipment (incl. Biological assets)	2,114	2,111	1,913
Investments in associates, joint ventures and other	8	8	3
Deferred tax assets	217	213	90
Other non-current assets	134	131	118
Total Assets (net of Trade Payables)	4,967	5,084	5,098
LIABILITIES AND SHAREHOLDERS' EQUITY			
Short-term debt and current portion of long-term debt (B)	318	360	233
Accrued expenses and other current liabilities	370	361	412
Total Current Liabilities (excluding Trade Payables)	688	721	645
Long-term debt, net of current portion (A)	563	574	628
Deferred employee benefits	153	153	138
Deferred tax liabilities	104	115	132
Other long-term liabilities	69	71	74
Total Liabilities (excluding Trade Payables)	1,577	1,634	1,617
Equity attributable to the equity holders of the parent	3,382	3,442	3,474
Non-controlling interest	8	8	7
Total Equity	3,390	3,450	3,481
Total Liabilities and Shareholders' Equity (excluding Trade Payables)	4,967	5,084	5,098

Sales	1,657	1,551	1,876
Adjusted EBITDA (E = C-D)	55	55	127
<i>Adjusted EBITDA margin (%)</i>	3.3%	3.5%	6.8%
Exceptional items (D)	—	(11)	—
EBITDA (C = A-B)	55	44	127
<i>EBITDA margin (%)</i>	3.3%	2.8%	6.8%
Depreciation & amortization (B)	(58)	(54)	(46)
Operating income / (loss) (A)	(3)	(10)	81
<i>Operating margin (%)</i>	(0.2)%	(0.6)%	4.3%
Results from associates and other investments	—	(1)	—
Financing income / (costs), (net)	(16)	(37)	86
Income / (loss) before taxes and non-controlling interests	(19)	(48)	167
Income tax benefit / (expense)	1	118	(35)
<i>Effective tax rate (%)</i>	3.8%	248.7%	20.5%
Net income / (loss) including non-controlling interests	(18)	70	132
Non-controlling interests	(1)	—	—
Net income / (loss) attributable to equity holders of the parent	(19)	70	132
Basic earnings per share (EUR)	(0.26)	0.97	1.83
Diluted earnings per share (EUR)	(0.26)	0.96	1.83
Weighted average common shares outstanding (in thousands)	72,249	72,249	72,184
Diluted weighted average common shares outstanding (in thousands)	72,628	72,776	72,525

APERAM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in million of EURO)

Three Months Ended

Interest paid, (net)	(5)	3	(4)
Exceptional items	—	11	—
Other operating activities (net)	(23)	(26)	53
Net cash provided by (used in) operating activities (A)	(61)	318	138
Purchase of PPE and intangible assets (CAPEX)	(77)	(93)	(44)
Purchase of biological assets and other investing activities (net)	(3)	(8)	(9)
Net cash used in investing activities (B)	(80)	(101)	(53)
(Payments) / Proceeds from payables to banks and long term debt	(54)	5	(60)
Dividends paid	(36)	(36)	(36)
Other financing activities (net)	(4)	(3)	(3)
Net cash used in financing activities	(94)	(34)	(99)
Effect of exchange rate changes on cash	(1)	(25)	(1)
Change in cash and cash equivalent	(236)	158	(15)
Free cash flow before dividend and share buy-back (C = A+B)	(141)	217	85

Appendix 1a – Health & Safety statistics

Health & Safety Statistics	Three Months Ended		
	March 31, 2024	December 31, 2023	September 30, 2023
Frequency Rate	1.5	2.1	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

Quarter	Stainless	Services &	Alloys &	Recycling	Others &	Total
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n						
Shipment (000t)	415	201	11	343	(385)	585
Average selling price (EUR/ t)	2,358	2,936	25,483	1,408		2,832
Financial informatio n (EURm)						
Sales	1,022	616	282	483	(746)	1,657
EBITDA	6	15	24	18	(8)	55
Depreciatio n & amortizatio n	(27)	(4)	(3)	(24)	—	(58)
Operating income / (loss)	(21)	11	21	(6)	(8)	(3)

Quarter Ending December 31, 2023	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Recycling & Renewable s	Others & Eliminatio ns	Total
Operation al						

price (EUR/t)	2,390	3,157	25,000	1,353		2,867
Financial information (EURm)						
Sales	1,015	535	242	456	(697)	1,551
Adjusted EBITDA	(34)	17	19	65	(12)	55
Exceptional items	(11)	—	—	—	—	(11)
EBITDA	(45)	17	19	65	(12)	44
Depreciation & amortization	(28)	(4)	(1)	(20)	(1)	(54)
Operating income / (loss)	(73)	13	18	45	(13)	(10)

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

	Three Months Ended		
(in million of EURO)	March 31, 2024	December 31, 2023	March 31, 2023
Net income / (loss)	(19)	70	132
Exceptional items	—	11	—
(Recognition) / derecognition of deferred tax assets on tax losses carried forward and other tax benefits	(4)	(101)	—

Appendix 3 – 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 and amortization expenses, impairment losses and exceptional items.

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

Adjusted Net Income: refers to reported net income less exceptional items, reversal of provisions for liabilities and charges, recognition of deferred tax assets on tax losses carried forward, reversal of current income tax on interest on PIS/Cofins in Brazil and deferred tax effect on exceptional items.

Adjusted Basic Earnings per Share: refers to Adjusted Net Income divided by Weighted average common shares outstanding.

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.

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.

² 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® targeted 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 Leadership Journey Phase 4. We concluded Phase 4 of the Leadership Journey® above target with EUR 186 million gains. We announced targeted gains of EUR 200

[1]^a The outlook for the quarter depends on the future development of metal and product prices. Both are assumed as constant at their current level.

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