

Aperam S.A.

Aperam update on Q4 2024 market & financial trends

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Luxembourg, January 7, 2025 (07:00 CET) - In preparation of the upcoming quarterly results release scheduled for Friday, 7 February 2025, we would like to remind market participants of the standing guidance, earnings drivers and events that should be considered.

The Q4 outlook, as specified in the Q3 presentation, the management podcast and during the conference call was:

- Q4 group adjusted. EBITDA higher than in Q3-24 (EUR99m). The seasonal headwind in the summer quarter should turn into tailwind in Q4 which is seasonally stronger in Europe. Normally the Brazil seasonality works against this but it should be a rather mild one this year. In sum, Aperam expects higher steel shipments in Q4 compared to Q3.
- Scale effect together with a positive product mix and some positive valuation gains should balance lower realized prices.
- This compares to the Aperam compiled Q4 adjusted EBITDA consensus at EUR109m (average) currently. The consensus is updated & published at: <https://www.aperam.com/investors/news-contacts/results>

Recycling & Renewables		Normalized annual EBITDA of EUR80-85m for the Recycling & Renewables segment. After reaching EUR54m in 9M-24 we expect Q4 to at least plug the year-to-date gap.
Stainless & Electrical Europe		For Q4 we expect higher volumes and a better mix to be balanced by pricing pressure and some valuation headwind for a comparable result.

		EUR56m).
Services & Solutions		Intensifying pricing pressure limits the recovery potential into Q4 for this spot market driven segment especially as inventory valuation should remain a drag in the earnings bridge.
Others & Eliminations		Elimination should turn slightly positive due to inventory reduction. The high level of integration between different Aperam businesses like recycling, charcoal, stainless mills and distribution allows to manage inventory just-in-time between segments which is then reflected in eliminations.
Cash Flow & Net Fin. Debt		<p>NWC: Lower net working capital in Q4 will result in a higher free cash flow</p> <p>Capex: EUR150m for 2024 of which 83% has already been spent in 9M</p> <p>Net debt reduction to a level of about 550 million euros is expected at year end of 2024</p>

Please note that forward guidance for adjusted EBITDA, cash flow and net debt is always provided on a stable commodity price assumption.

Commodity prices & FX

		SEP 24	OCT 24	NOV 24	DEC 24
Nickel LME	USD/t	16,136	16,821	15,720	15,434
Ferrochrome	USD/t	3,153	3,153	3,042	2,954
Stainless Scrap	USD/t	1,309	1,265	1,265	1,181
Stainless CR 2mm 304	USD/t	3,047	2,950	2,843	2,720
USD/EUR	x	1.11	1.09	1.06	1.05

Volume seasonality	In a normal market, Q4 in Europe is seasonally stronger than Q3 which forms the seasonal trough. In Brazil Q3 forms the seasonal peak followed by a seasonally softer Q4.
Leadership Journey Phase 5	On track to realise the target gains of EUR75m in 2024.
Commodity prices & valuation effect	Market prices might weigh on units with a high spot market exposure like eg Services & Solutions. For the group we continue to expect a net positive valuation effect which supports the adjusted EBITDA indication given for Q4.
Distributor Inventory:	The inventory cycle was largely neutral. In absolute tonnage inventory remained below the average of the past 5 years.
Current trading & outlook	Volumes in Europe remain at a depressed level and pricing pressure has intensified in December. This will be a factor to consider for Q1, together with the peak seasonal trough in Brazil and a valuation headwind versus Q4.
Universal Stainless	The process to acquire Universal Stainless is running according to expectations. The special AGM has been scheduled on 15 January 2025 where the shareholders of Universal Stainless are asked to vote on the proposed merger.

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