

Second quarter 2017 - results¹

Luxembourg, July 26, 2017

Highlights

- Health and Safety: LTI frequency rate² of 1.3x in Q2 2017 compared to 1.1x in Q1 2017.
- Steel Shipments of 478 thousand tonnes in Q2 2017, a 2% decrease compared to steel shipments of 486 thousand tonnes in Q1 2017.
- EBITDA³ of USD 169 million in Q2 2017, compared to USD 171 million in Q1 2017.
- Net income of USD 85 million in Q2 2017, compared to USD 93 million in Q1 2017.
- Basic earnings per share of USD 1.10 in Q2 2017, compared to USD 1.20 in Q1 2017.
- Cash flow from operations amounted to USD 100 million in Q2 2017, compared to USD 27 million in Q1 2017.
- Free cash flow before dividend and share buy-back⁴ of USD 63 million in Q2 2017, compared to USD (15) million in Q1 2017.
- Net debt⁵ of USD 235 million as of June 30, 2017 compared to USD 220 million as of March 31, 2017, including impact of USD 108 million of cash returns to shareholders during Q2 2017.

Aperam (referred to as “Aperam” or the “Company”) (Amsterdam, Brussels, Luxembourg, Paris: APAM and NYRS: APEMY), announced today results for the three month period ending June 30, 2017

Timoteo Di Maulo, CEO of Aperam, commented:

“Despite some recent production challenges in Europe, Aperam delivers another strong set of results in the second quarter thanks to market conditions as well as the Top Line strategy and the continuous contribution of the Leadership Journey⁶.”

Looking forward, we are cautious regarding the third quarter in view of strong seasonality and recent drops in raw material prices. However we remain confident about the fundamentals of the stainless steel market and our ability to continuously enhance our performance.”

Prospects

- EBITDA in Q3 2017 is expected to decrease compared to Q2 2017 mainly due to the effects of the recent decline in raw material prices on top of the traditional seasonal slowdown.
- Net debt to decrease in Q3 2017.

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

(USDm) unless otherwise stated	Q2 17	Q1 17	Q2 16	H1 2017	H1 2016
Sales	1,268	1,276	1,121	2,544	2,197
EBITDA	169	171	123	340	235
Operating income	128	133	80	261	153
Net income	85	93	53	178	102
Free cash flow before dividend and share buy-back	63	(15)	87	48	93
Steel shipments (000t)	478	486	520	964	1,003
EBITDA/tonne (USD)	354	352	237	353	234
Basic earnings per share (USD)	1.10	1.20	0.68	2.30	1.31
Diluted earnings per share (USD)	0.87	1.10	0.52	2.01	1.09

Health & Safety results analysis

Health and Safety performance based on Aperam personnel figures and contractors lost time injury frequency rate², was 1.3x in the second quarter of 2017 compared to 1.1x in the first quarter of 2017.

Financial results analysis for the three months period ending June 30, 2017

Sales for the second quarter of 2017 were stable at USD 1,268 million compared to USD 1,276 million for the first quarter of 2017. Steel shipments for the second quarter of 2017 decreased by 2% at 478 thousand tonnes compared to 486 thousand tonnes for the first quarter of 2017.

EBITDA was USD 169 million for the second quarter of 2017 compared to EBITDA of USD 171 million for the first quarter of 2017. While performance benefited from positive stock effects in the first quarter and despite the negative impact from the lower volume in Europe due to Chatelet technical outage in the second quarter, EBITDA in the second quarter remains comparable, thanks to market conditions as well as the contribution of the top line strategy and continuous Leadership Journey® contribution.

Depreciation and amortization expense for the second quarter of 2017 was USD 41 million.

Aperam had an operating income for the second quarter of 2017 of USD 128 million compared to an operating income of USD 133 million for the previous quarter.

Net interest expense and other financing costs for the second quarter of 2017 were USD 13 million, including financing costs of USD 4 million. Realized and unrealized foreign exchange and derivative losses were USD 5 million for the second quarter of 2017.

The Company recorded a net income of USD 85 million, inclusive of an income tax expense of USD 25 million, for the second quarter of 2017.

Cash flows from operations for the second quarter were positive at USD 100 million, with a working capital increase of USD 55 million. CAPEX⁷ for the second quarter was USD 39 million.

As of June 30, 2017, shareholders' equity was USD 2,597 million and net financial debt was USD 235 million (gross financial debt as of June 30, 2017, was USD 460 million and cash and cash equivalents were USD 225 million).

During the second quarter of 2017, the cash returns to shareholders amounted to USD 108 million, consisting of USD 79 million of share buy-back and USD 29 million of dividend. Total cash returned to shareholders during the first semester 2017 amounted to USD 156 million consisting of USD 98 million of share buy-back and USD 58 million of dividend.

The Company had liquidity of USD 624 million as of June 30, 2017, consisting of cash and cash equivalents of USD 225 million and undrawn credit lines⁸ of USD 399 million.

Operating segment results analysis

Stainless & Electrical Steel

The Stainless & Electrical Steel segment had sales of USD 1,052 million for the second quarter of 2017. This represents a 1% decrease compared to sales of USD 1,061 million for the first quarter of 2017. Steel shipments during the second quarter were 467 thousand tonnes, similar to steel shipments for the first quarter of 2017 of 465 thousand tonnes. The seasonal recovery in South America has compensated the decrease of shipments in Europe mainly due to the technical outage at the Chatelet hot strip mill (Belgium) which occurred during the first quarter. Overall, average selling prices for the Stainless & Electrical Steel segment slightly decreased compared to the previous quarter.

The segment had EBITDA of USD 143 million for the second quarter of 2017 compared to USD 144 million for the first quarter of 2017. The decrease of profitability in Europe due to technical outage loss of shipments was compensated by market conditions, some positive seasonal effects in South America, Top Line strategy and contributions from the Leadership Journey®.

Depreciation and amortization expense was USD 35 million for the second quarter of 2017.

The Stainless & Electrical Steel segment had an operating income of USD 108 million during the second quarter of 2017 compared to an operating income of USD 110 million during the first quarter of 2017.

Services & Solutions

The Services & Solutions segment had a 6% decrease in sales during the second quarter, from USD 607 million for the first quarter of 2017 to USD 568 million for the second quarter of 2017. In the second quarter of 2017, steel shipments were 202 thousand tonnes compared to 218 thousand tonnes in the previous quarter. The Services & Solutions segment had slightly higher average steel selling prices during the quarter.

The segment had EBITDA for the second quarter of 2017 of USD 12 million compared to EBITDA of USD 33 million for the first quarter of 2017. The decrease in EBITDA was mainly driven by the absence of positive windfall effects as recorded in first quarter, the impact of supply disruption following Chatelet technical outage, as well as negative effects on distribution prices due to some customers' destocking.

Depreciation and amortization expense was USD 3 million for the second quarter of 2017.

The Services & Solutions segment had an operating income of USD 9 million for the second quarter of 2017 compared to an operating income of USD 31 million for the first quarter of 2017.

Alloys & Specialties

The Alloys & Specialties segment had sales for the second quarter of 2017 of USD 134 million, representing an increase of 13% compared to USD 119 million for the first quarter of 2017. Steel shipments decreased for the second quarter of 2017 to 8 thousand tonnes compared to 9 thousand tonnes for the first quarter of 2017. Average steel selling prices increased over the quarter.

The Alloys & Specialties segment achieved EBITDA of USD 13 million for the second quarter of 2017 compared to USD 12 million for the first quarter of 2017. EBITDA continues to increase thanks to improving market environment and the contribution of the Top Line strategy.

Depreciation and amortization expense for the second quarter of 2017 was USD 2 million.

The Alloys & Specialties segment had an operating income of USD 11 million for the second quarter of 2017 compared to an operating income of USD 10 million for the first quarter of 2017.

Recent developments

- On May 18, 2017, Aperam announced that its long-term corporate credit rating has been upgraded to Investment Grade by Standard & Poor's, in recognition of its steady and strong operating performance and credit metrics. Aperam's long-term corporate credit rating by Standard & Poor's is now at BBB-, with stable outlook.
- On June 7, 2017, Aperam announced Phase 3 of its Leadership Journey® with USD 150 million additional EBITDA gains per year targeted by end of 2020.
- On June 7, 2017, Aperam announced its intention to exercise its call option to redeem its convertible bonds maturing 2020 at their principal amount, together with accrued but unpaid interest, on or after October 15, 2017, subject to terms and conditions of the bonds.
- On June 7, 2017, Aperam announced having entered into a 5 years unsecured revolving credit facility of EUR 300 million, replacing its 3 years secured borrowing base facility of USD 400 million.
- On June 22, 2017, Aperam announced the completion of its share buyback program and cancellation of 2 million shares bought under the program.

New developments

- On July 26, 2017, Aperam published its Half-Year Report for the six month period ended June 30, 2017. The report is available in the Luxembourg Stock Exchange's electronic database OAM on www.bourse.lu and on www.aperam.com under Investors & shareholders, Aperam Financial Reports.

Investor conference call

Aperam management will host a conference call for members of the investment community to discuss the second quarter 2017 financial performance at the following time:

Date	New York	London	Luxembourg
Wednesday July 26, 2017	12:30 pm	5:30 pm	6:30 pm

The dial-in numbers for the call are: France (+33(0)1 76 77 22 20); USA (+1 212 444 0895); and international (+44(0)20 3427 1913). The participant access code is: 7076200#.

A replay of the conference call will be available until August 1st, 2017: France (+33 (0)1 74 20 28 00); USA (+1 347 366 9565) and international (+44 (0)20 3427 0598). The participant access code is 7076200#.

Contacts

Corporate Communications / Laurent Beuloye: +352 27 36 27 103
Investor Relations / Romain Grandsart: +352 27 36 27 36

About Aperam

Aperam is a global player in stainless, electrical and specialty steel, with customers in over 40 countries. The business is organized in three primary operating segments: Stainless & Electrical Steel, Services & Solutions and Alloys & Specialties.

Aperam has 2.5 million tonnes of flat Stainless and Electrical steel capacity in Brazil and Europe and is a leader in high value specialty products. Aperam has a highly integrated distribution, processing and services network and a unique capability to produce stainless and specialty from low cost biomass (charcoal). Its industrial network is concentrated in six production facilities located in Brazil, Belgium and France.

In 2016, Aperam had sales of USD 4.3 billion and steel shipments of 1.92 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.

APERAM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in million of U.S. dollars)	June 30, 2017	March 31, 2017	June 30, 2016
Non current assets	2,841	2,811	2,780
Goodwill and intangible assets	589	575	596
Property, plant and equipments (incl. Biological assets)	1,753	1,706	1,733
Investments & Other	499	530	451
Current assets & working capital⁹	1,062	1,065	878
Inventories, trade receivables and trade payables ⁹	750	682	598
Prepaid expenses and other current assets ⁹	87	91	88
Cash & cash equivalents (C)	225	263	192
Assets held for sale	-	29	-
Shareholders' equity	2,597	2,587	2,466
Group share	2,593	2,582	2,461
Non-controlling interest	4	5	5
Non current liabilities	813	800	898
Long-term debt, net of current portion (A)	281	278	458
Deferred employee benefits	184	174	184
Provisions and other	348	348	256
Current liabilities (excluding trade payables)⁹	493	489	294
Short-term debt and current portion of long-term debt (B)	179	205	14
Accrued expenses and other current liabilities ⁹	314	258	280
Liabilities held for sale	-	26	-
Net Debt (D = A+B-C)	235	220	280

APERAM CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(in million of U.S. dollars)	Three Months Ended			Six Months Ended	
	June 30, 2017	March 31, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Sales	1,268	1,276	1,121	2,544	2,197
EBITDA (C = A - B)	169	171	123	340	235
<i>EBITDA margin %</i>	13.3%	13.4%	11.0%	13.4%	10.7%
Depreciation & amortisation (B)	(41)	(38)	(43)	(79)	(82)
Operating income (A)	128	133	80	261	153
<i>Operating margin %</i>	10.1%	10.4%	7.1%	10.3%	7.0%
Net interest expense and other net financing costs	(13)	(12)	(13)	(25)	(22)
Foreign exchange and derivative gains / (losses)	(5)	-	3	(5)	-
Income before taxes	110	121	70	231	131
Income tax expense	(25)	(28)	(17)	(53)	(29)
<i>Effective tax rate %</i>	22.8%	22.8%	24.2%	22.8%	22.1%
Net income	85	93	53	178	102

APERAM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in million of U.S. dollars)	Three Months Ended			Six Months Ended	
	June 30, 2017	March 31, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Net income	85	93	53	178	102
Depreciation and amortisation	41	38	43	79	82
Change in working capital ⁹	(55)	(153)	10	(208)	(84)
Other operating activities (net) ⁹	29	49	6	78	51
Net cash provided by operating activities (A)	100	27	112	127	151
Purchase of PPE, intangible and biological assets (CAPEX)	(39)	(42)	(25)	(81)	(58)
Other investing activities (net)	2	-	-	2	-
Net cash used in investing activities (B)	(37)	(42)	(25)	(79)	(58)
(Payments to) / proceeds from banks and long term debt	(3)	(2)	(3)	(5)	(7)
Purchase of treasury stock	(79)	(19)	-	(98)	-
Dividends paid	(29)	(29)	(24)	(58)	(48)
Other financing activities (net)	-	-	(1)	-	(1)
Net cash used in financing activities	(111)	(50)	(28)	(161)	(56)
Effect of exchange rate changes on cash	10	3	3	13	7
Change in cash and cash equivalent	(38)	(62)	62	(100)	44
Free cash flow before dividend and share buy-back (C = A+B)	63	(15)	87	48	93

Appendix 1a – Health & Safety statistics

Health & Safety Statistics	Three Months Ended		
	June 30, 2017	March 31, 2017	June 30, 2016
Frequency Rate	1.3	1.1	2.1

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 Ended June 30, 2017	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
Operational information					
Steel Shipment (000t)	467	202	8	(199)	478
Steel selling price (USD/t)	2,190	2,715	15,254		2,558
Financial information					
Sales (USDm)	1,052	568	134	(486)	1,268
EBITDA (USDm)	143	12	13	1	169
Depreciation and amortisation (USDm)	(35)	(3)	(2)	(1)	(41)
Operating income / (loss) (USDm)	108	9	11	-	128

Quarter Ended March 31, 2017	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
Operational information					
Steel Shipment (000t)	465	218	9	(206)	486
Steel selling price (USD/t)	2,219	2,664	13,321		2,558
Financial information					
Sales (USDm)	1,061	607	119	(511)	1,276
EBITDA (USDm)	144	33	12	(18)	171
Depreciation and amortisation (USDm)	(34)	(2)	(2)	-	(38)
Operating income / (loss) (USDm)	110	31	10	(18)	133

Terms and definitions

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 in the following footnotes.

² Lost time injury frequency rate equals lost time injuries per 1,000,000 worked hours, based on own personnel and contractors.

³ EBITDA is defined as operating income before depreciation and impairment expenses.

⁴ Free cash flow before dividend and share buy-back is defined as net cash provided by operating activities less net cash used in investing activities.

⁵ Net debt refers to long-term debt, plus short-term debt, less cash and cash equivalents (including short-term investments) and restricted cash.

⁶ The Leadership Journey® is an initiative launched on December 16, 2010, and subsequently accelerated and increased, to target management gains and profit enhancement. Aperam targets a contribution to EBITDA of a total amount of USD 575 million by end of 2017. On June 7, 2017, Aperam announced the third phase of the Leadership Journey® - the Transformation Program - targeting USD 150 million of additional EBITDA gains per year by end of 2020.

⁷ CAPEX relates to capital expenditures and is defined as purchase of tangible assets, intangible assets and biological assets, net of change in amount payables on these acquisitions.

⁸ Includes revolving credit facility of EUR 300 million and EIB financing of EUR 50 million.

⁹ Effective Q1 2017, the Company modified the presentation of assets and liabilities related to the TSR programs to more appropriately reflect the nature of these items. The comparative amount in the condensed consolidated statement of financial position was reclassified for consistency, which resulted in a net amount of USD 7 million being reclassified from "prepaid expenses and other current assets/accrued expenses and other current liabilities" to "inventories, trade receivables and trade payables" as of June 30, 2016. In addition, amounts in the condensed consolidated statement of cash flows were similarly reclassified, which resulted in USD 8 million and USD 62 million being reclassified from "other operating activities (net)" to "change in working capital" for the three months period ended June 30, 2016 and six months period ended June 30, 2016, respectively.