

Goldman Sachs Global Metals & Mining, Steel Conference  
December 01, 2015

aperram

Timoteo Di Mauro – Chief Executive Officer

## 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.

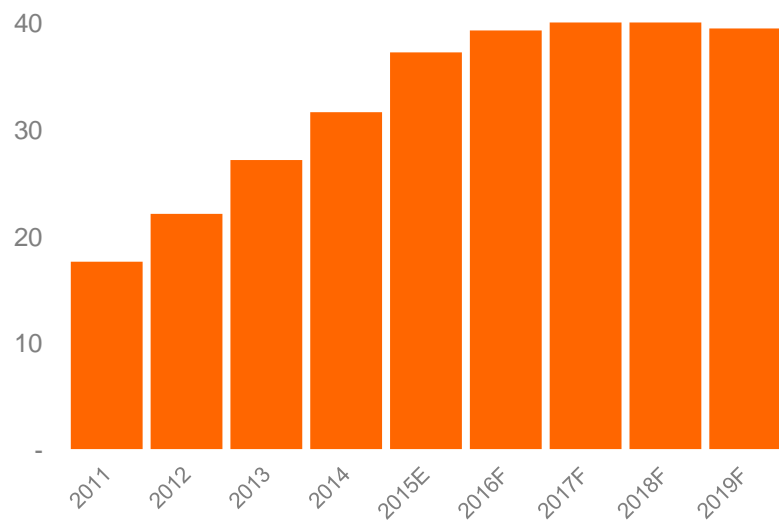
# Challenges and opportunities of the stainless steel market

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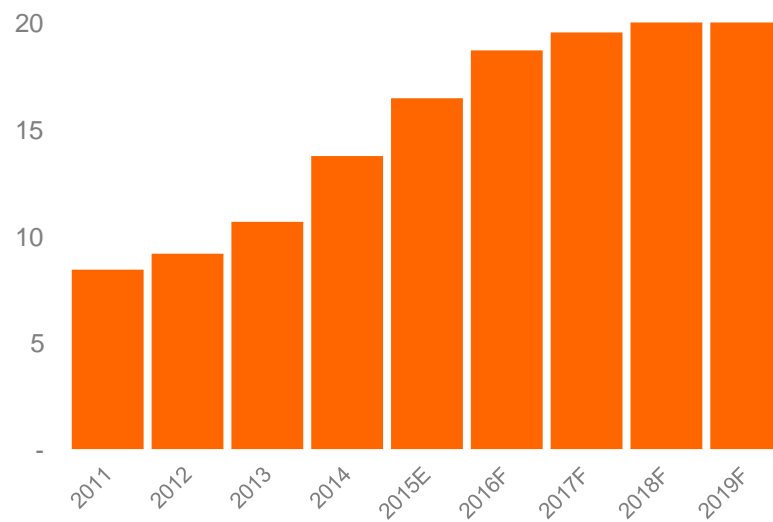


## Asian stainless steel overcapacity remains

Upstream operational capacity of the Chinese industry



Downstream operational capacity of the Chinese industry



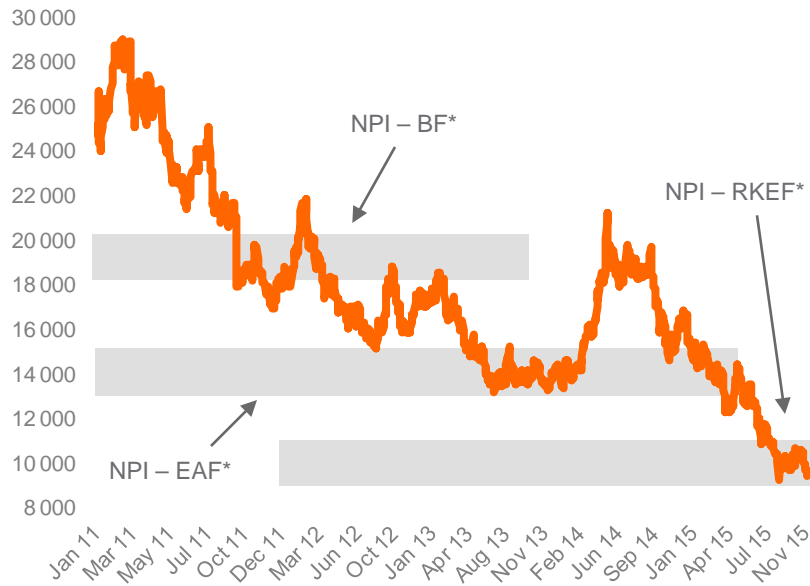
**Pace of new production capacities coming onstream is starting to come down**

# Challenges and opportunities of the stainless steel market

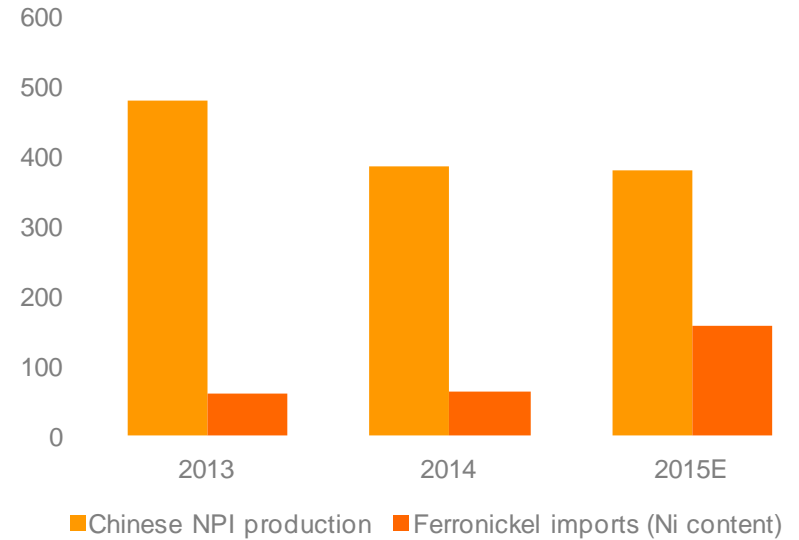


The nickel price has reached a level below the cost of NPI production

Nickel – LME Cash (USD/t)



Breakdown of Chinese nickel imports, in kt



Subsequent to the Indonesian ban, with tightening NPI supplies, Chinese imports of Ferro Nickel are rising

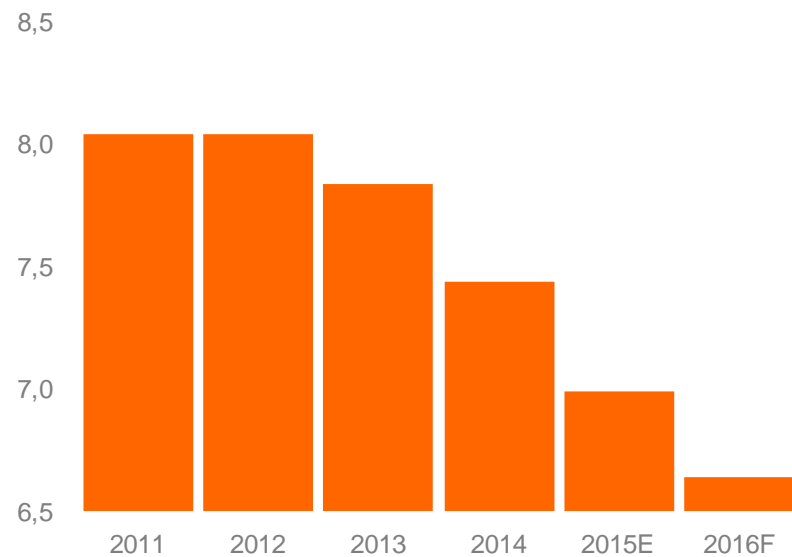
\* Nickel Pig Iron – Blast Furnace – Electric Arc Furnace - Rotary Kiln Electric Furnace  
Source: SBB, Heinz Pariser & Aperam estimates

# Challenges and opportunities of the stainless steel market

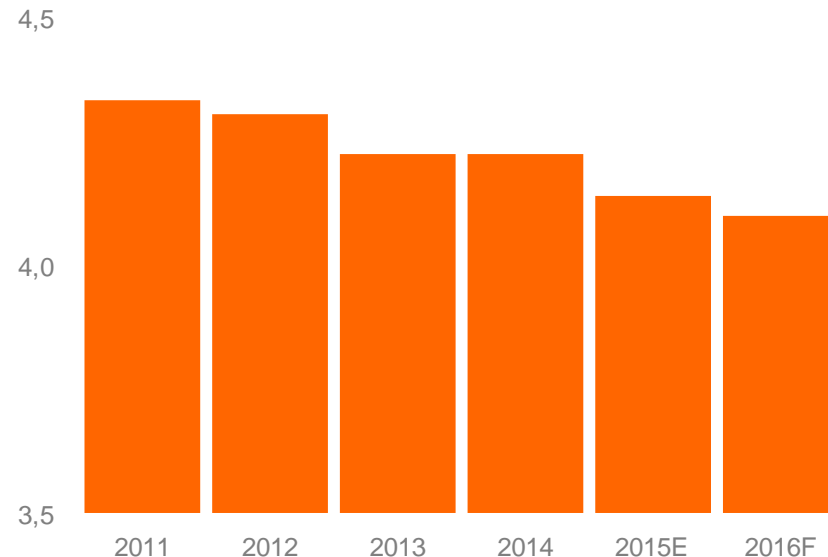


## European restructuring is completed

Upstream operational capacity of the European industry, mt



Downstream operational capacity of the European industry, mt



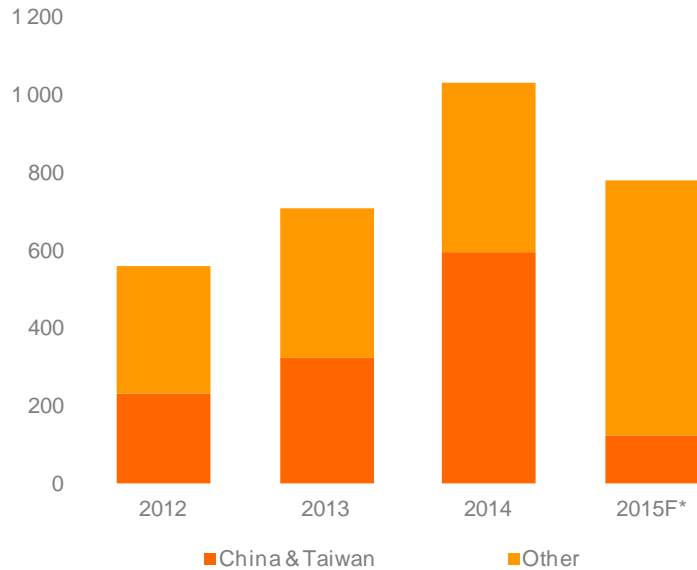
**European capacity is now adapted to the European stainless steel flat market**

# Challenges and opportunities of the stainless steel market

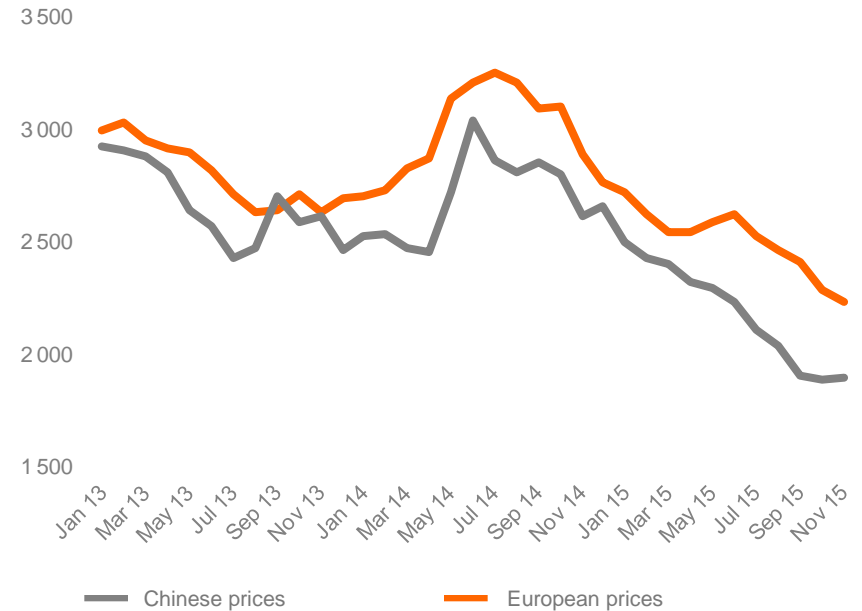


European stainless steel prices have shown the best resilience

Colled rolled stainless steel products imports in Europe, in kt



Chinese versus European CR 304 2B 2mm coil transaction price (USD/t)



Europe remains an open market with anti-dumping measures targeting unfair imports

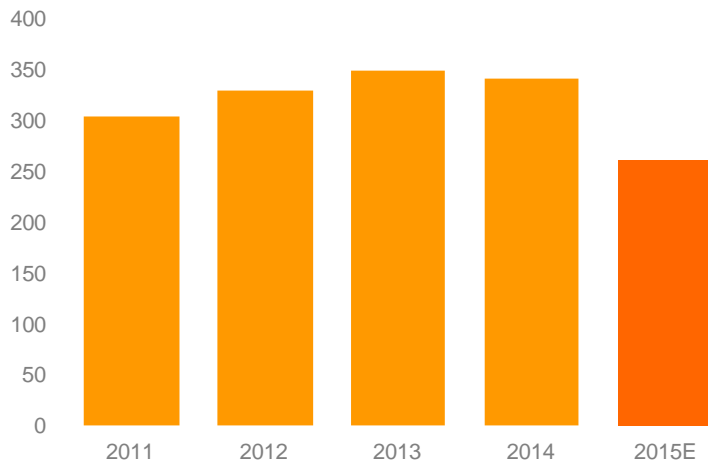
Source: SBB, SPAS and Aperam estimates  
 \* Run rate based on YTD August 2015 figures

# Challenges and opportunities of the stainless steel market

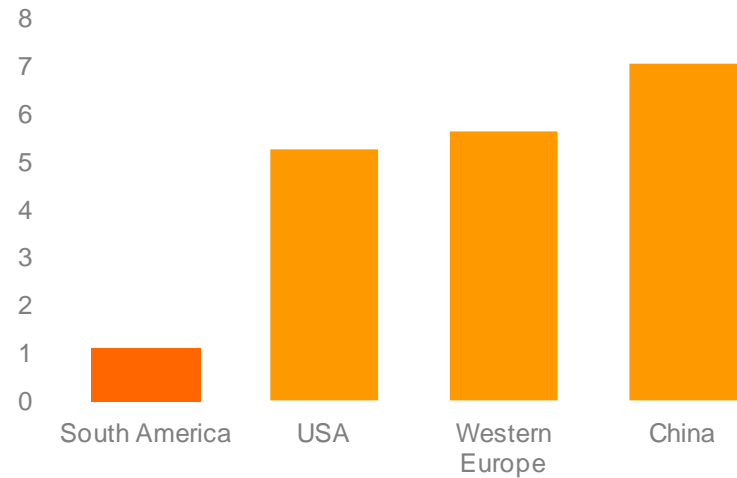


South American stainless steel apparent demand impacted by slowdown in Brazil

Brazilian Stainless steel apparent demand (in kt)



Stainless steel flat stainless steel consumption per capita (kg/year)



Long term fundamentals remain encouraging in South America with an expected CAGR of 2-3% looking ahead



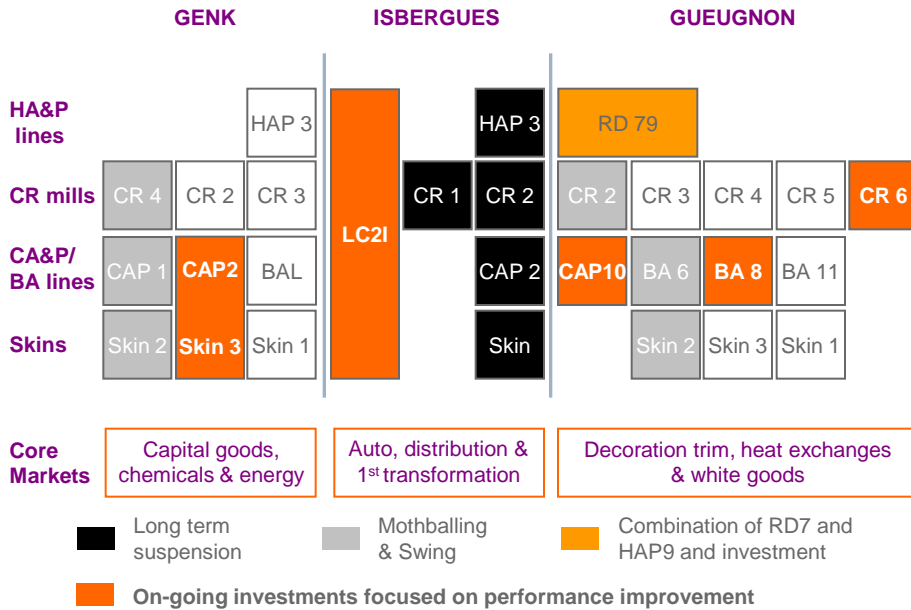
# Unique strengths

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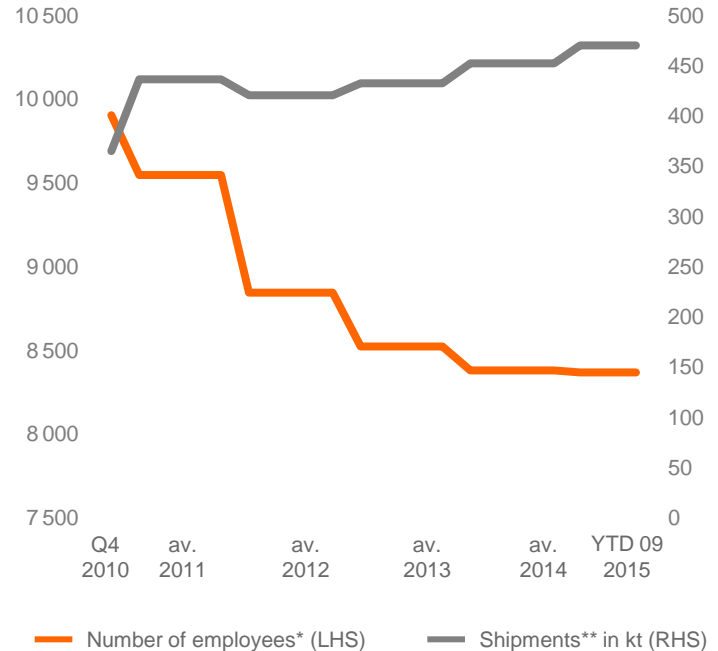
A restructured and efficient European footprint able to seize market opportunities



Aperam downstream rationalization in EU from 29 tools to 17 tools



Aperam productivity evolution, average



Aperam is well positioned in the core markets in Europe, with optimal loading of its most efficient assets

\* Full time equivalent excluding Bioenergia

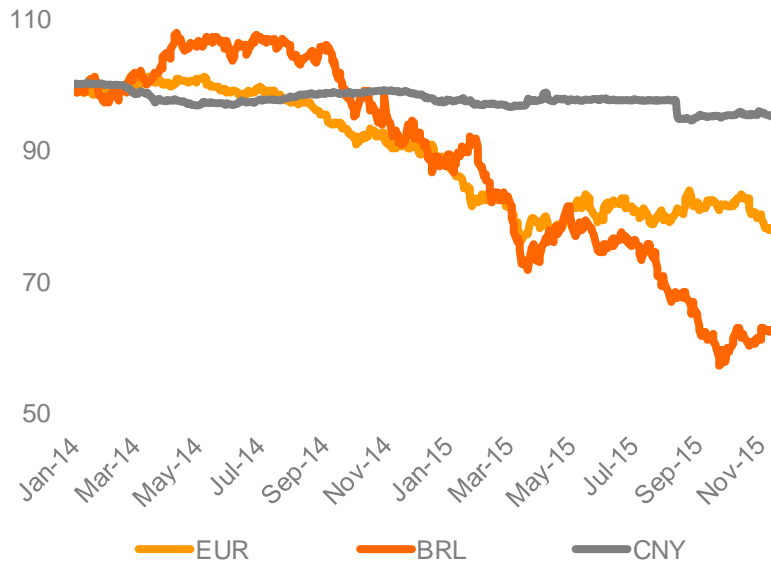
\*\* Quarterly average

## Unique strengths

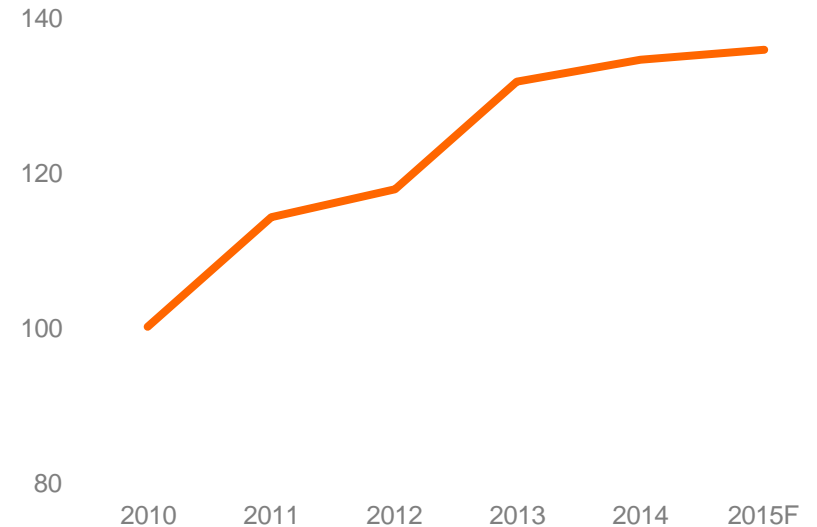
Opportunities in South America for improving market penetration



Comparison of forex evolution versus USD  
Base 100



Productivity evolution of Aperam Brazil, T/FTE\*  
Base 100\*



Aperam Brazil benefits from an improving costs position to ensure its commercial plan

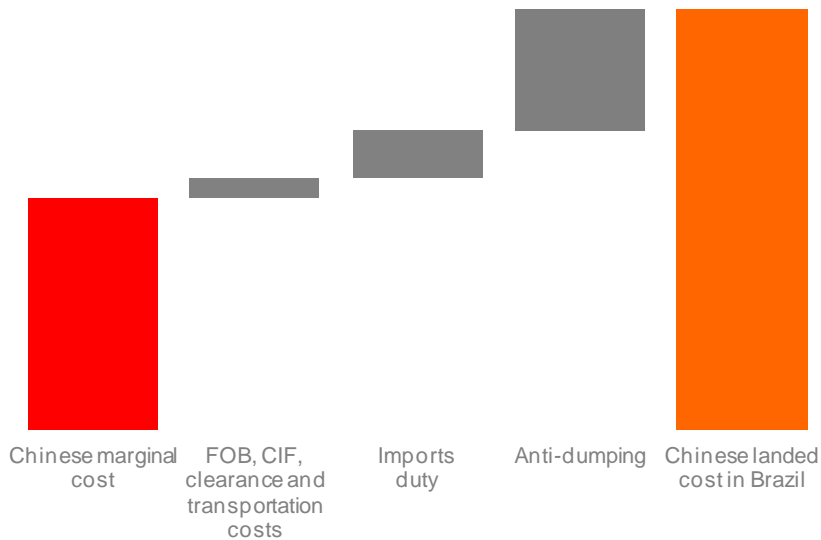
\* Full time equivalent excluding Bioenergia

# Unique strengths

Both domestic markets of Aperam have tariff measures

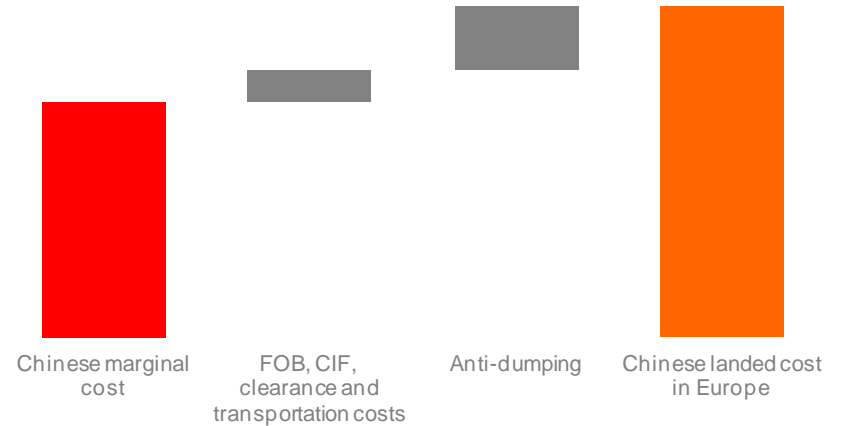


Chinese marginal cost player to landed costs in Brazil (USD/t)



- 14% of imports duties on all products categories of Aperam.
- Anti-dumping ranging from 133 up to 1077USD/t on stainless and non-grain oriented electrical steel products

Chinese marginal cost player to landed costs in Europe (USD/t)



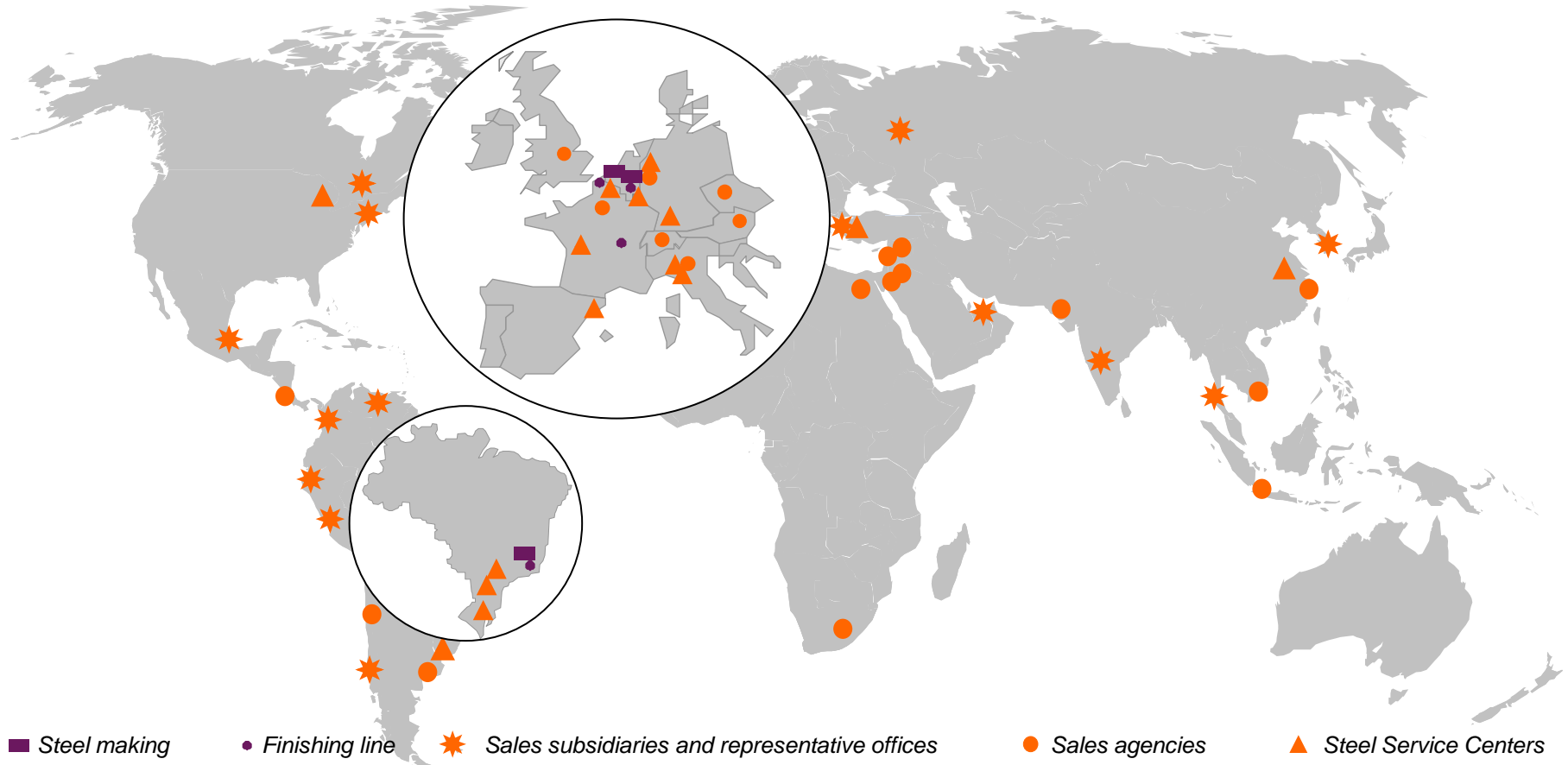
- Anti-dumping duty rates of up to 25.3% on SSCR imports from China, and up to 6.8% on imports from Taiwan.

**Anti-dumping in both Europe and Brazil against unfair market behavior were announced for a period of 5 years**

Source: SBB/Platts, Steelfirst, <http://www.eurofer.be/News%26Media/Press%20releases/20150827%20antidumping%20SSCR%20China%20Taiwan.fhtml>

## Unique strengths

An industrial footprint in Europe and South America, perfectly complemented with global service centres and sales network



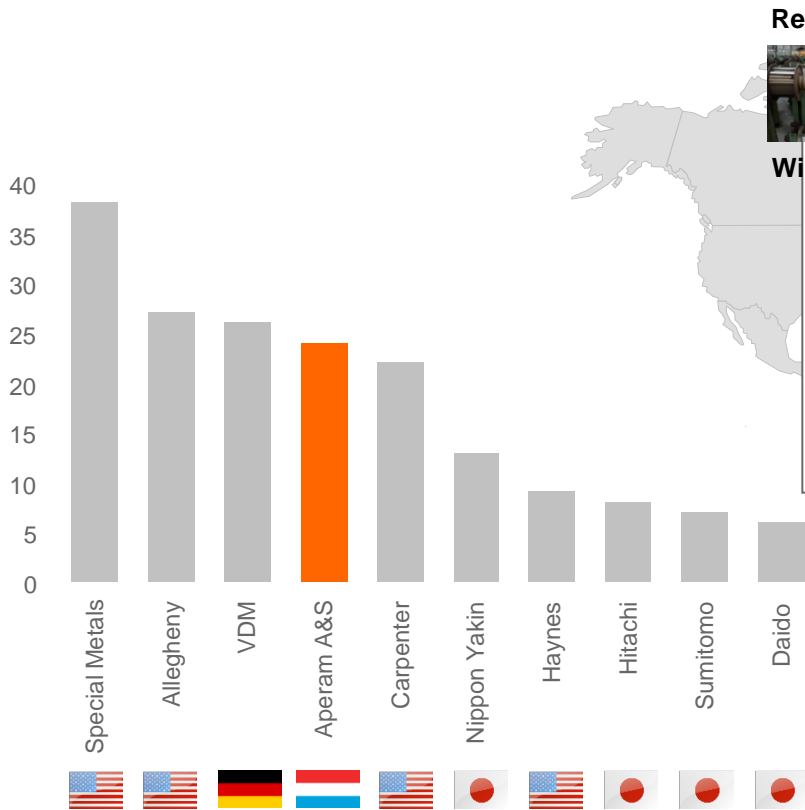
A key competitive advantage to sustain market share and capturing growth opportunities

# Unique strengths

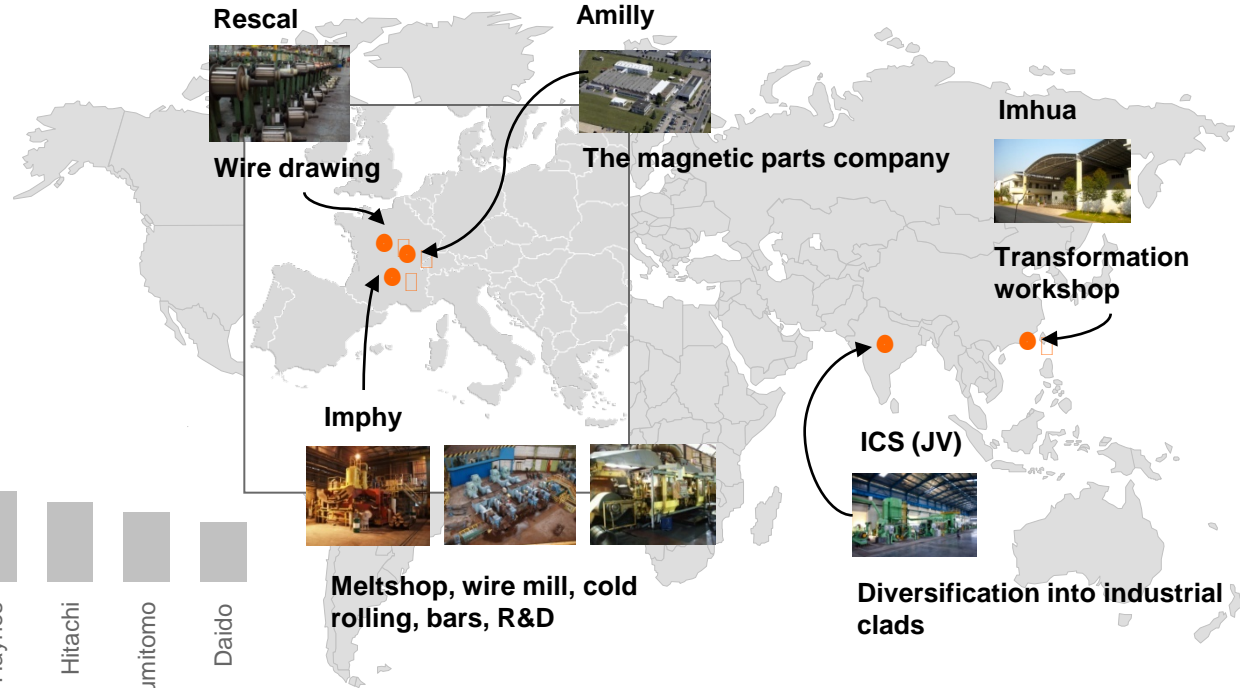
A leading position in nickel alloys



Global nickel alloys producers (kt in 2014)



Aperam Alloys & Specialties geographical footprint



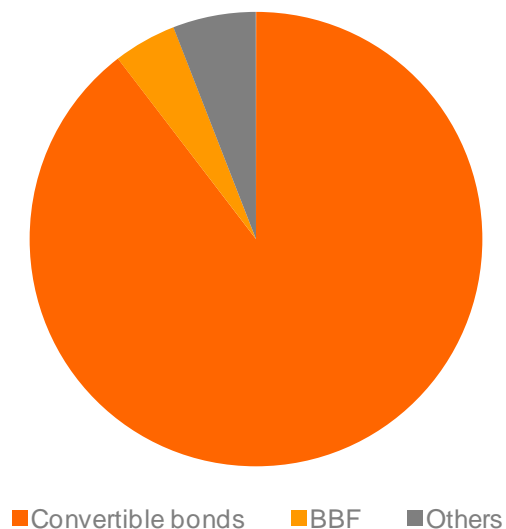
**World #4 in nickel alloys, the largest on Wire Rods**

# Unique strengths

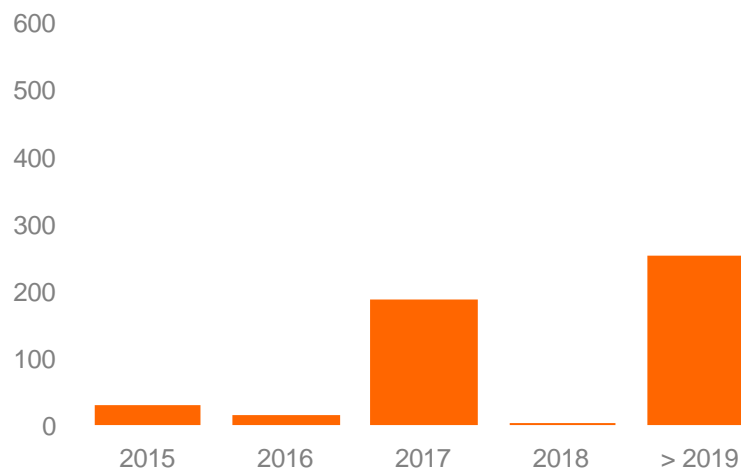
## A solid funding structure



Total Financial Debt breakdown as of September 30, 2015 <sup>[1]</sup>



Financial Debt maturity profile (USD million) as of September 30, 2015 <sup>[1]</sup>



## A robust balance sheet and debt structure

<sup>[1]</sup> Assuming convertible bonds 2017 & 2019 reimbursement

# Aperam performance

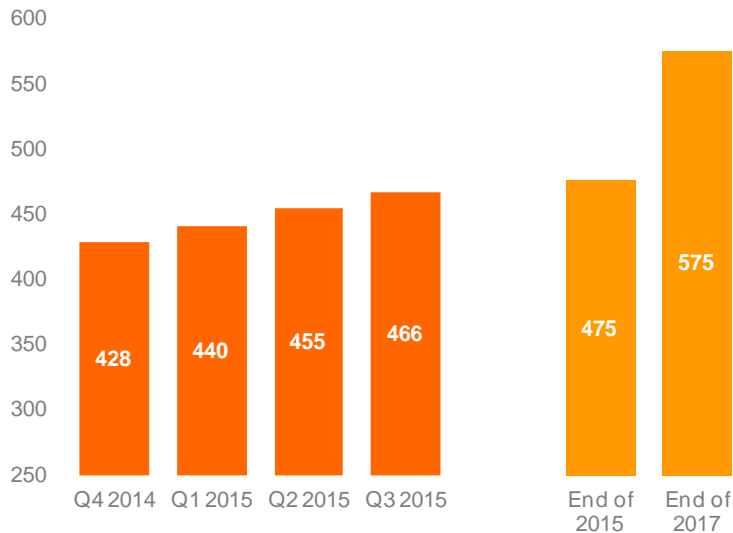


# Aperam performance

## Leadership Journey®



### Cumulated gains (USD million)



### Key projects completed since beginning of 2011

- In Brazil, VSS\*, switch from LPG to natural gas and conversion of blast furnace number 2 from coke to biomass.
- In Europe,
  - Suspension of traditional cold roll mill in Isbergues
  - Completion of the new hot annealing and pickling line in Gueugnon
  - Industrial optimization and rationalization (from 29 to 17 tools)
- In Services & Solutions, Service Center expansion in Campinas
- Alloys & Speciality, completion of the Imphy meltshop enhancement
- Closure of Firminy (Precision)

### Key projects progressing

- Yield and Quality improvement, Sourcing initiative, SG&A reduction through organisation simplification
- Debottlenecking the finishing line of the Imphy Wire Rod mill (A&S)
- Productivity increase of the downstream facilities in Genk, Gueugnon, Isbergues and Timoteo
- Upgrade of the Grain Oriented Electrical Steel operations in Timoteo

**Continuous solid progress on the Leadership Journey well on track to reach USD 475 m by the end of 2015**

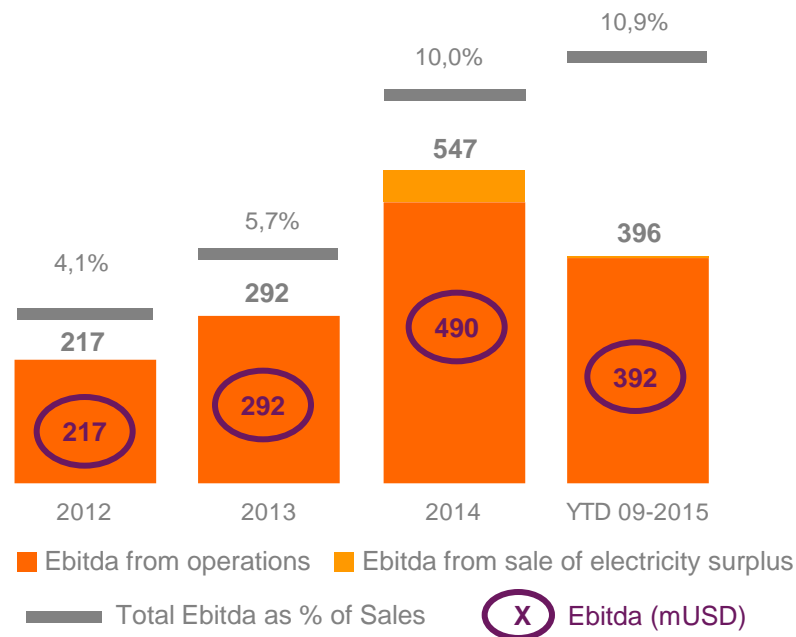
\*VSS – Voluntary Separation Scheme

# Aperam performance

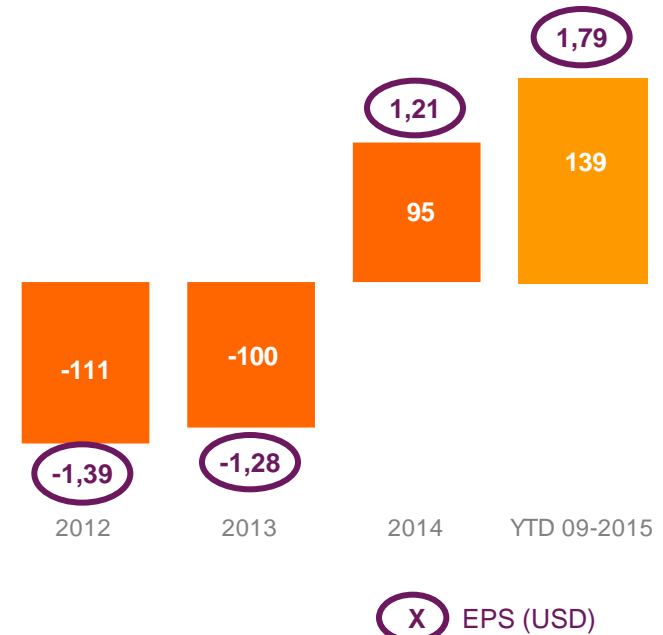
## Structural profitability improvement



Ebitda evolution (mUSD)



Net result evolution (mUSD)



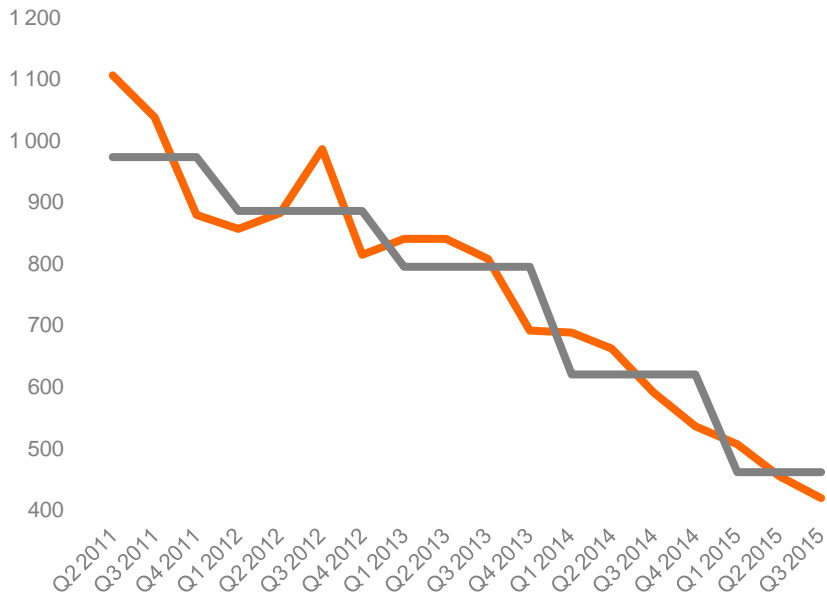
Continuous solid improvement of the operating performance as well as the net result

# Aperam performance

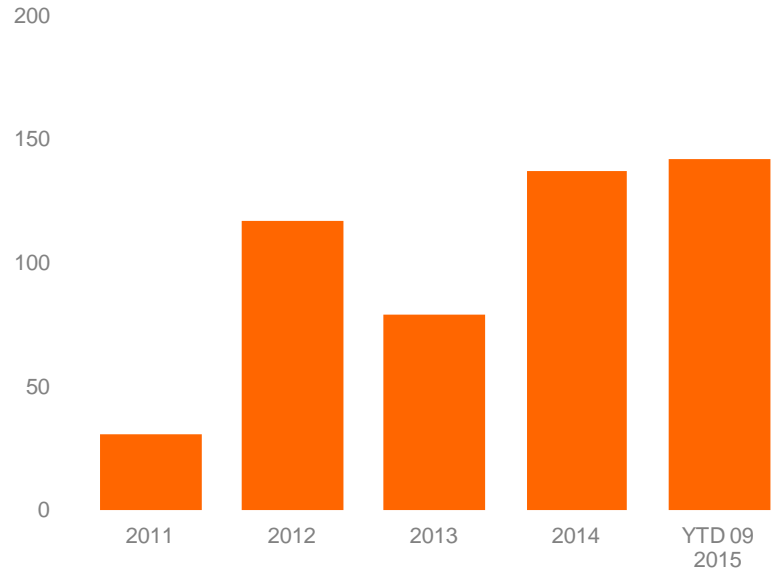
Sustainable cash flow from operations across the cycles



Quarterly net debt evolution (USD million)



Aperam yearly Free Cash Flow, mUSD



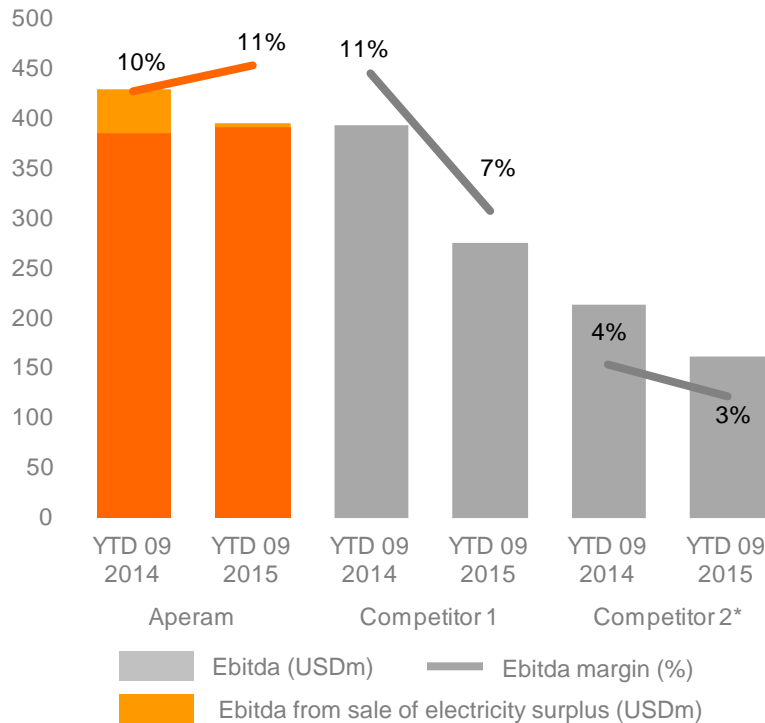
**Aperam strong focus on sustainable cash results and a healthy Balance Sheet**

# Aperam performance

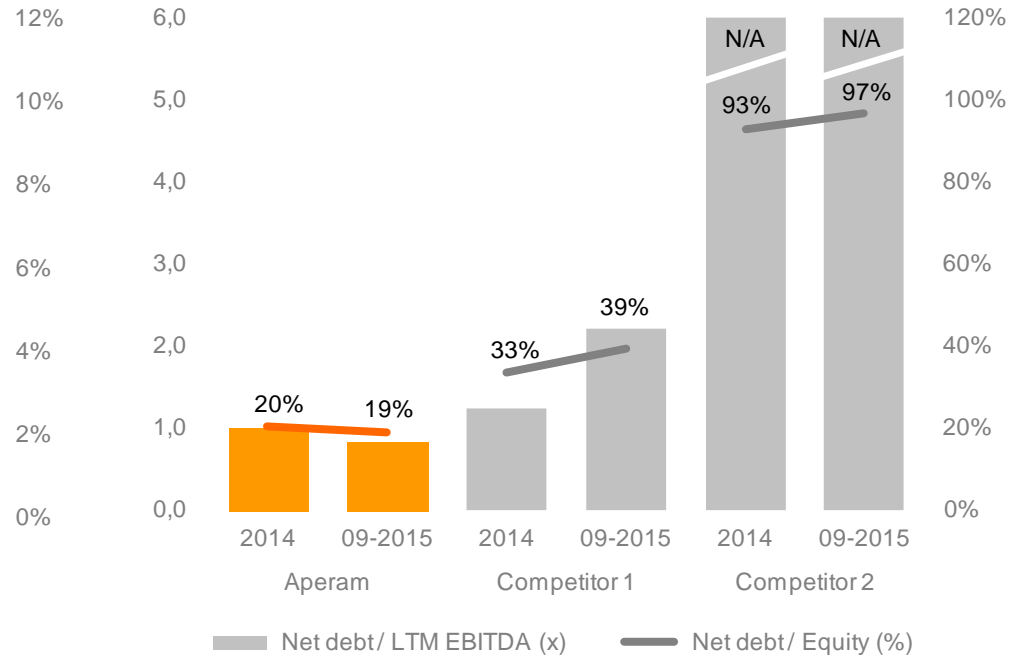
## Solid financial ratios



### Profitability ratio



### Debt ratio



**Aperam presents solid financial ratios within the Industry**

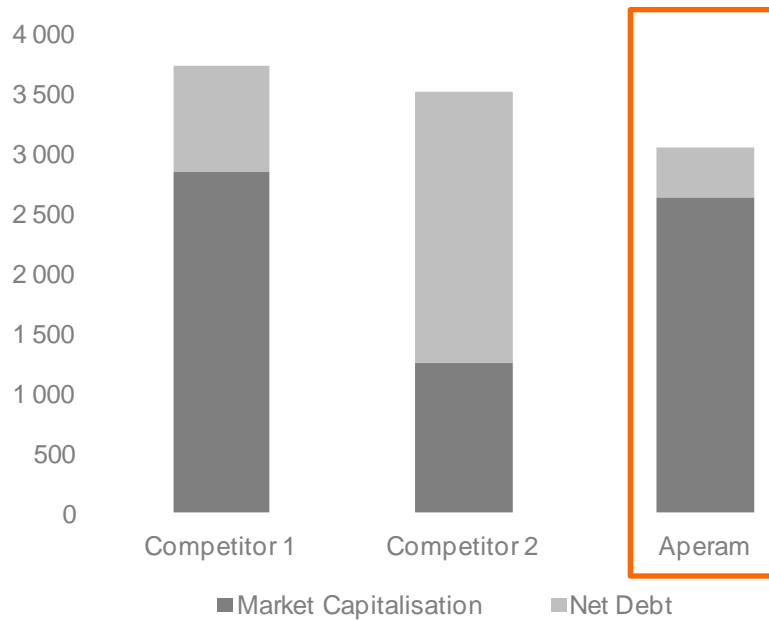
Source: Company published reports  
 \* Ebitda excluding non-recurring items

# Aperam performance

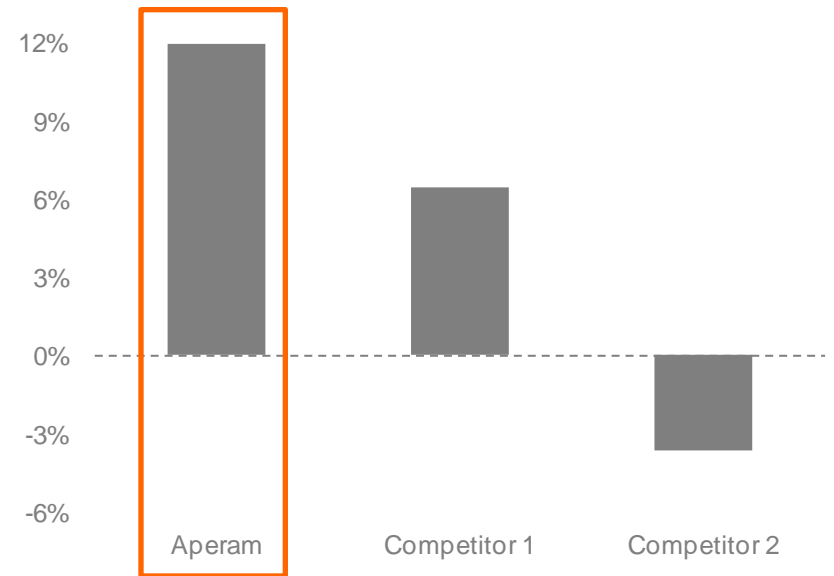
## Enterprise Value and Return on Capital Employed



Enterprise Value ranking (USD million) [1]



ROCE ranking [2]



**Solid Returns on capital employed, but Enterprise value remains low relative to peers**

Source: Companies reports

[1] Total of Net Financial debt as of September 30, 2015 and Market Capitalisation as of November 24, 2015

[2] LTM Ebit divided by capital employed (Equity + Net Financial Debt) as of 30<sup>th</sup> September 2015

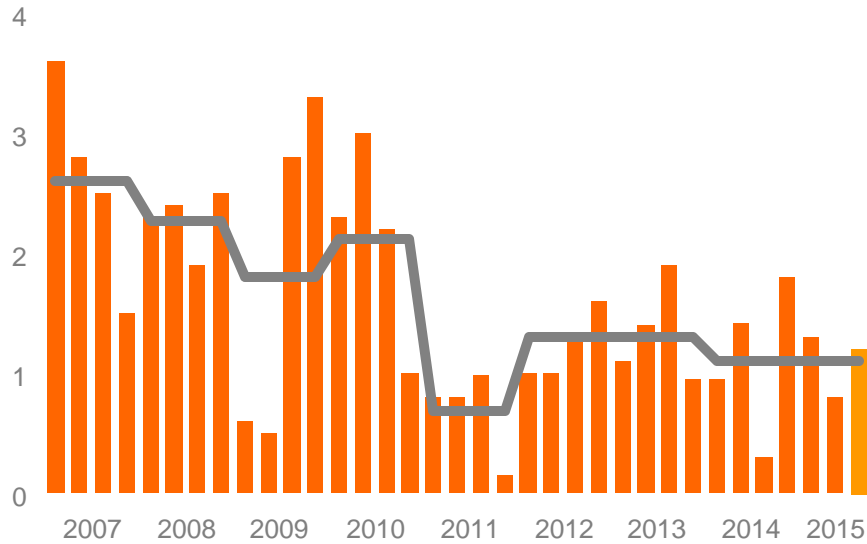
# Aperam's value strategy

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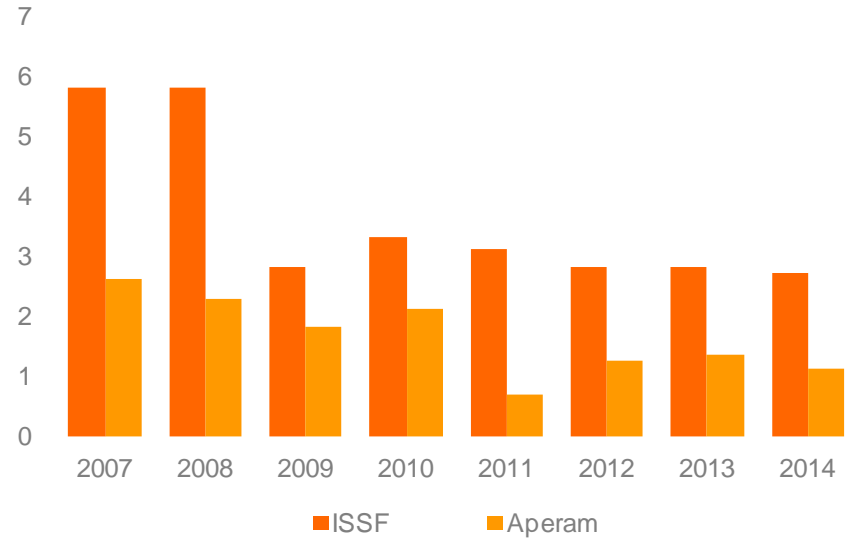
Health & Safety remains the first priority



Aperam frequency rate\*



Aperam and industry frequency rate\*



**Continue journey of progress and avoid unacceptable accidents and fatalities**

\* WorldSteel-standard: Fr = lost time Injuries per 1.000.000 worked hours; based on own personnel and contractors

# Aperam's value strategy

Leverage Aperam's unique position in Europe



## European stainless steel industry footprint after restructuring



## Key strengths of the European operations of Aperam

- Sourcing**
  - The only integrated upstream operations in the heart of Europe, with the best access to scrap supply
- Logistics**
  - Best location to serve the biggest consumption areas of Europe
  - Performant logistics between sites for a working capital management at the benchmark of the industry
- Production**
  - Full range of products
  - Flexibility and available capacity
  - A strategy to be a cost benchmark on the key products of Aperam

The closest location to the scrap generating regions in Europe as well as the major stainless consumers



# Aperam's value strategy

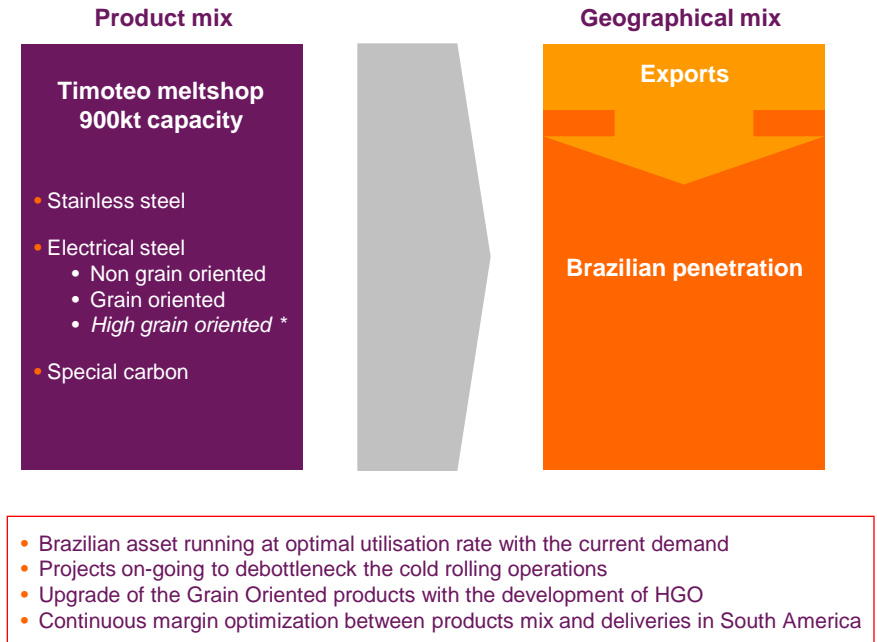


Optimise value creation in South America thanks to a perfectly adapted asset base and flexible sales management

## Key pillars of the mitigation plan in Brazil



## Aperam's assets optimisation in South America



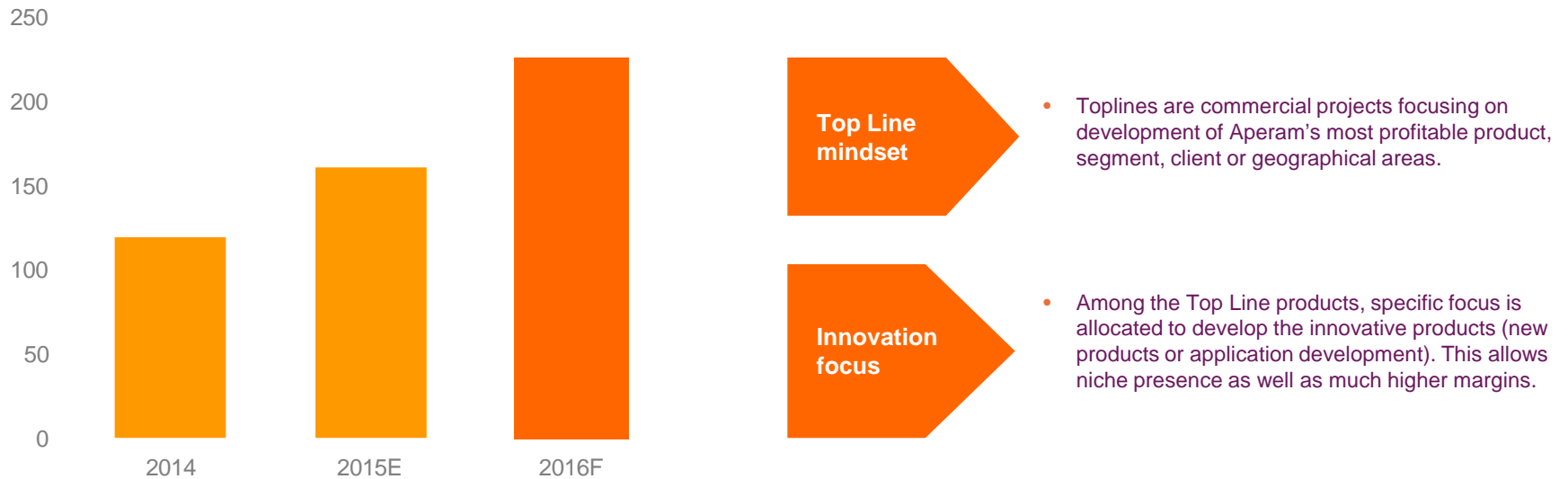
The mitigation plan put in place by Aperam South America has enabled to fully offset the negative impacts in 2015 and further develop loyalty of domestic customers

# Aperam's value strategy

## The Top Line strategy



Shipments of Top Line products developments in kT



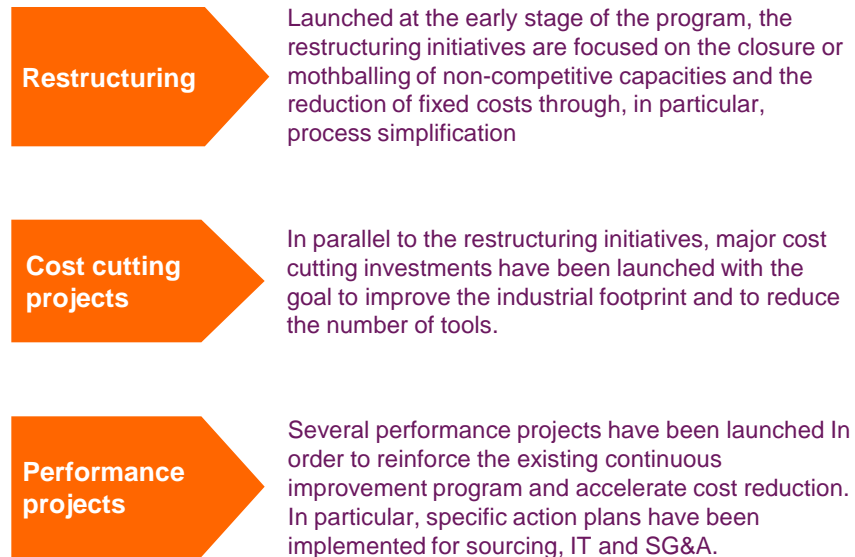
**Good progress on Top Line development and innovation plan to support European growth and mitigate the impact of the current Brazilian environment**

# Aperam's value strategy

## The Leadership Journey



### Leadership Journey initiatives since 2011 by typology



### Upgrade program launched on best performing assets since 2014



The Leadership Journey projects are fully in line with the announced targets, with further gains to accrue

## Aperam's value strategy



Priority on maintaining a strong Balance Sheet consistent with Investment Grade Financial ratios. Cash resources to be allocated to:

### Company sustainability

Invest in sustaining and upgrading the company's assets base to continuously reinforce Leadership Journey and Top Line Strategy

### Dividend Policy

A base dividend of \$1.25/sh (subject to AGM approval), anticipated to progressively increase over time (as the company continues to benefit from its strategic actions and capture growth opportunities). The company targets a NFD/EBITDA ratio of <1x (through the cycle). In the (unlikely) event that NFD/EBITDA exceeds 1x then the company will suspend the cash dividend.”

### Value Accretive Growth & M&A

Compelling Growth and M&A opportunities with high hurdle rate

### Extra Cash Utilization

Remaining excess cash will be utilized in the most optimal way

A financial policy to maximize the long term growth and sustainability of the company as well as the value accretion for its shareholders while maintaining a strong Balance Sheet

# Aperam's value strategy

Sustainability is fully embedded in Aperam Strategy



## Our vision

## Priorities & targets

## 2014 achievements

### People



Consider Safety as our first duty to our People. Then Training & Career Development ensures motivation & efficiency.

- LITFR : 1
- Absenteeism: 2
- Performance reviews coverage: 100%

- LITFR : 1.12
- Absenteeism: 2.03
- Performance review 87% Blue & White collars
- Among Brazilian top companies to work for [1]

### Environment



Stainless Steel is greenest material being fully recyclable.  
Aim to reduce our production costs & impacts to provide 100% recyclable energy-efficient steel solutions.

- Reduce by 35% CO2 intensity<sup>[2]</sup> by 2020 vs. 2007
- Reduce by 5% Energy intensity<sup>[2]</sup> by 2020 vs. 2012
- Become a zero-waste firm for landfill
- Maximize usage of charcoal from self cultivated forests in Brazil

- 35% CO2 reduction<sup>[2]</sup> cuts realised
- 3.3% Energy intensity<sup>[2]</sup> reduction
- 88.6% of our waste was recycled or reused

### Governance



Lead by example with strong sense of ethics & integrity and through constant engagement with all our Stakeholders in quest of mutually beneficial solutions

- Majority BOD members being independent
- Executive remuneration linked to CSR indicators
- Full Compliance plan deployment
- Become 'Preferred Supplier'
- Strong audit and risk management including whistleblowing policy

- 4 independent members out of BOD of 7
- H&S KPI account for 10% of Annual Bonuses
- 100% employees trained.
- Customer satisfaction: 7.8/10
- Aperam's quality of corporate governance disclosure recognized by Luxembourg Stock Exchange

**A clear program strengthening Aperam strategic objectives and sustainability**

[1] For the fifth consecutive year, Aperam South America was selected as one of the best companies to work for by Guia Você S/A, in recognition of our work on employee health and wellbeing.

[2] Per ton of crude steel

# Q&A