

Second quarter 2017

July 26th, 2017

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Disclaimer



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.

Introduction & overview



Highlights:

- Health and Safety: LTI frequency rate 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.
- EBITDA 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-back of USD 63 million in Q2 2017, compared to USD (15) million in Q1 2017.
- Net debt 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.

Prospects:

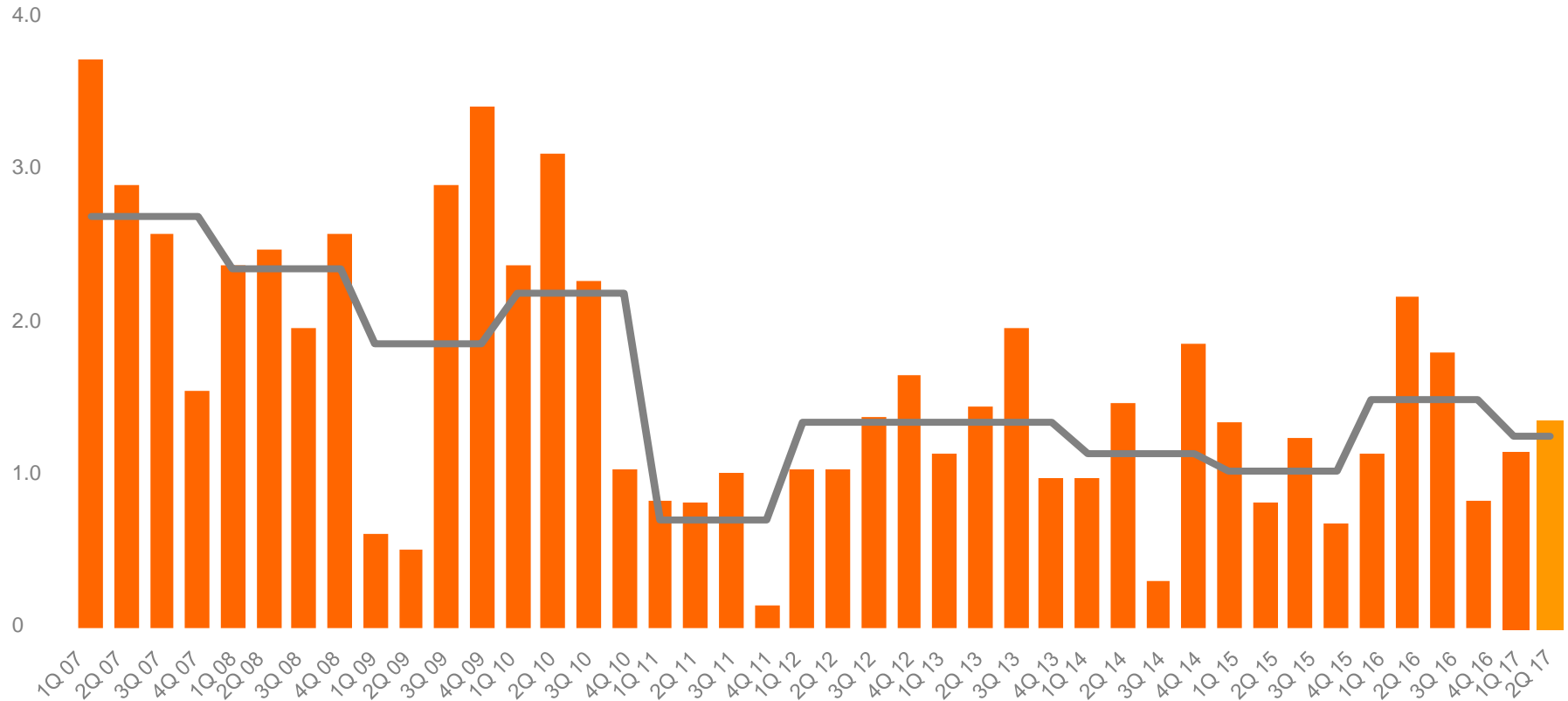
- EBITDA in Q3 2017 is expected to decrease compared to Q2 2017 mainly due to the effects of the recent decline in raw material prices on top of the traditional seasonal slowdown.
- Net debt to decrease in Q3 2017.

“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 Journey®”

Health & Safety Performance



Lost Time Injury Frequency rate*



Health & Safety frequency rate of 1.3x in Q2 2017

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

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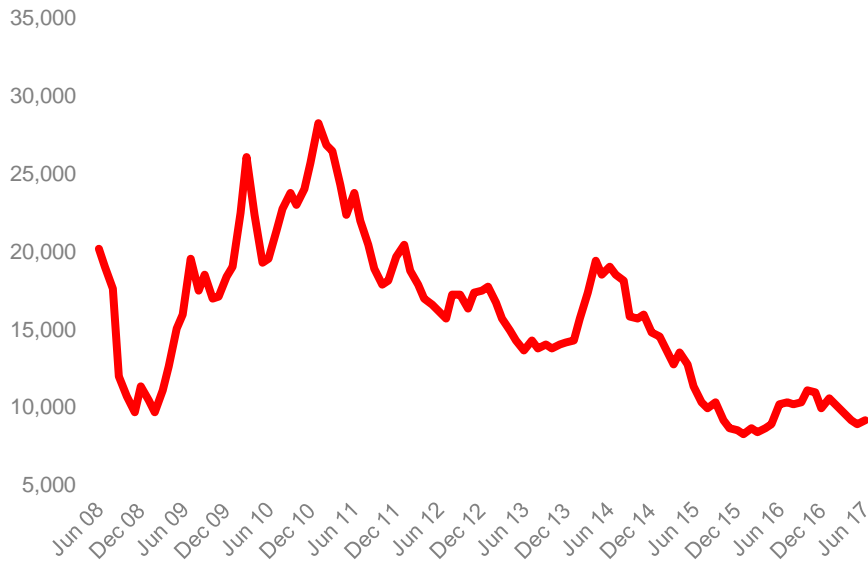
Environment and markets

Environment and markets

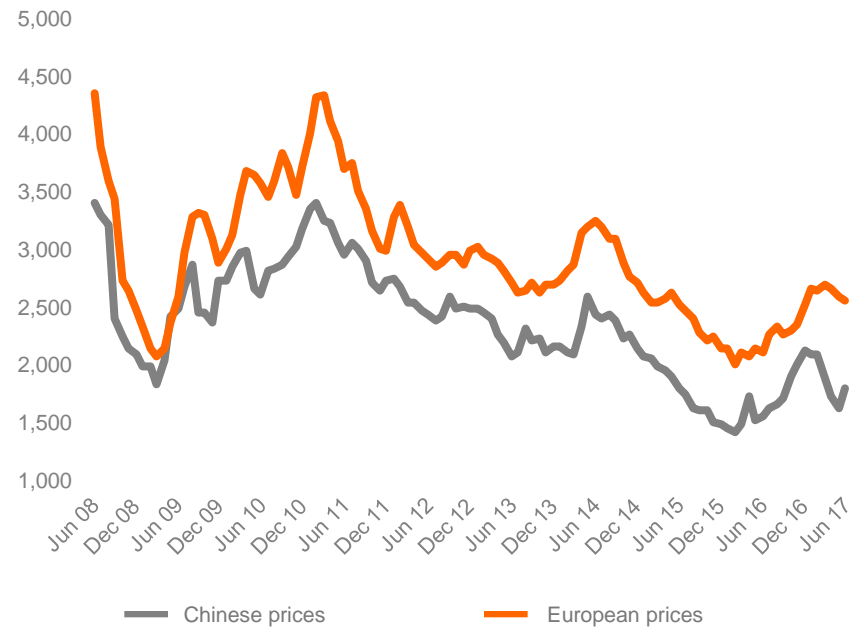
Stainless steel prices



Nickel - LME Cash (USD/t)



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



Following raw material price decline, stainless steel selling price prices under pressure at the end of the second quarter

Source: SBB/Platts
* Prices exclude VAT

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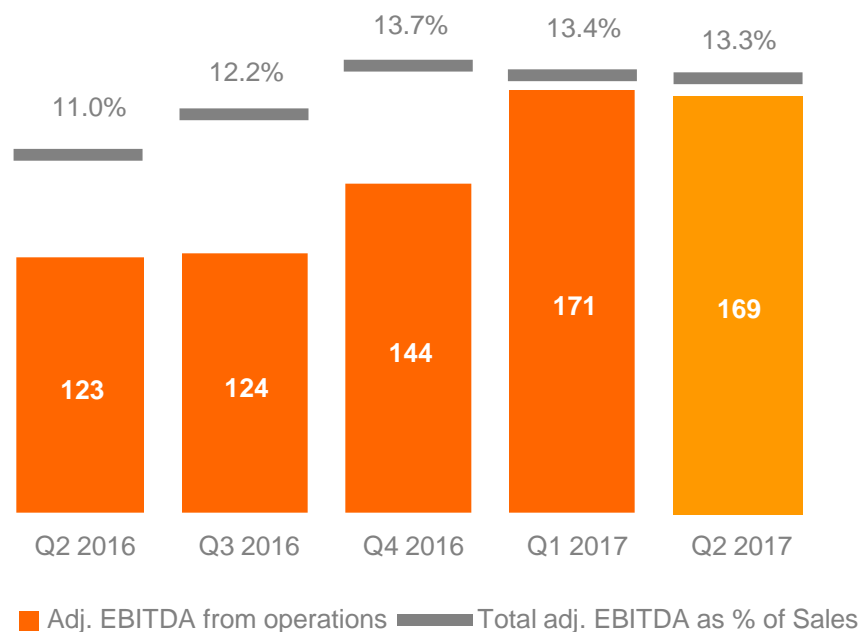
Performance and prospects

Performance and prospects

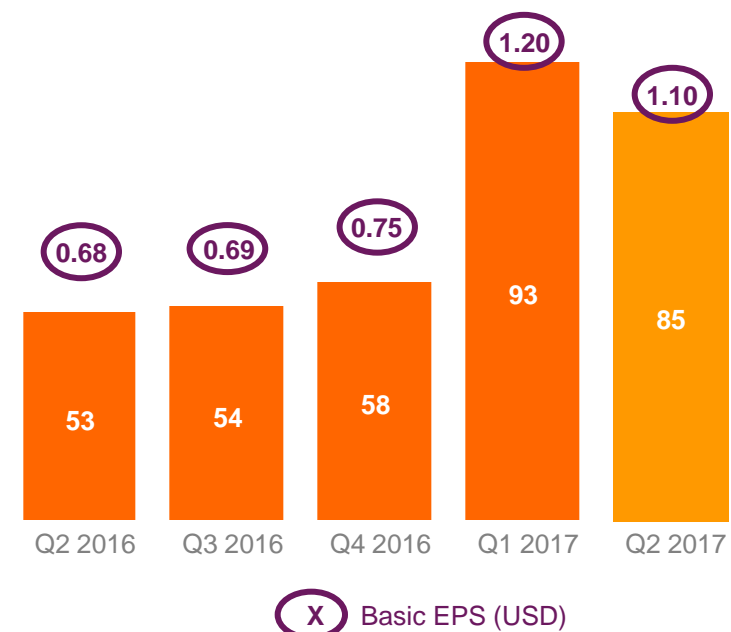
Solid evolution of profitability



Quarterly adjusted EBITDA^[1] evolution (USD m.)



Quarterly Net income evolution (USD m.)



Solid EBITDA and net income in the second quarter of 2017

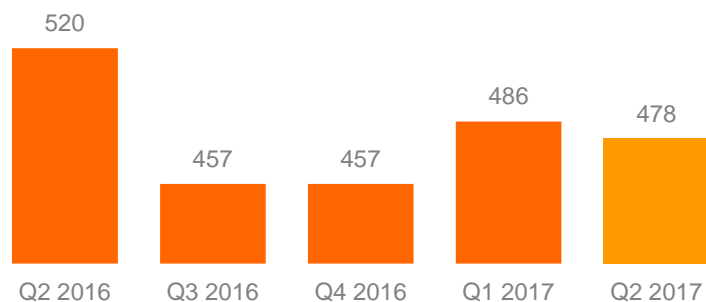
^[1] Adjusted EBITDA excludes a USD 11 million non-recurring charge related to the divestment of Aperam's French tubes subsidiary recorded in Q4 2016

Performance and prospects

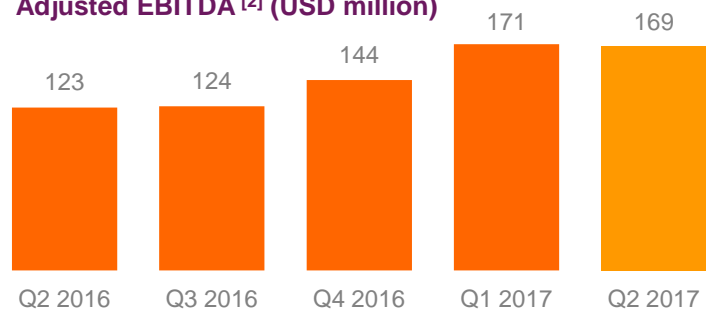
Second quarter operating performance



Shipments ('000t)



Adjusted EBITDA ^[2] (USD million)



Q2 2017 EBITDA per division (USD million) ^[1]



EBITDA of 354 USD/t in Q2 2017 compared to 352 USD/t in Q1 2017

^[1] Difference with total Aperam's quarterly EBITDA comes from the Others & Eliminations

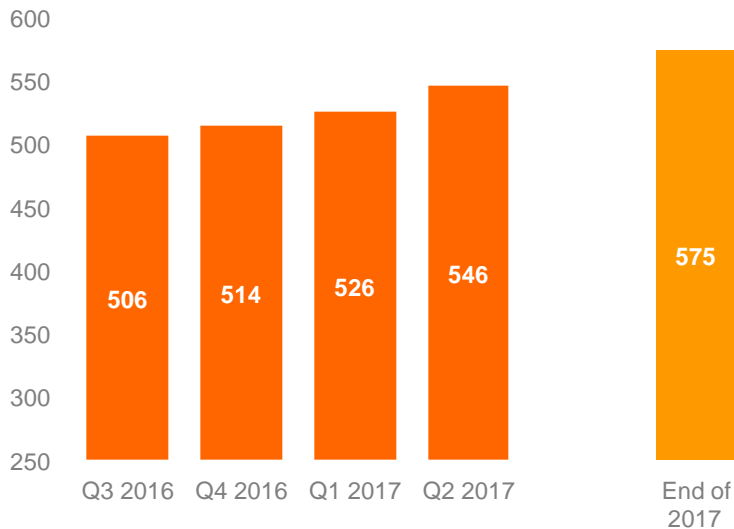
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Performance and prospects

Leadership Journey®



Cumulated gains (USD million)



Asset upgrade program launched on best performing assets

Tranche	Capex	Period	Status
Tranche 1	USD52m of Capex	2014 – 2015	Completed
Tranche 2	USD30m of Capex	2015 – 2016	Completed
Tranche 3	USD30m of Capex	2015 – 2017	On track

- Productivity improvement of the downstream facilities in Genk (CAP2), Gueugnon (CAP10) and Timoteo (Sendzimir Mill #1).

- Upgrade of the Wire Rod mill in Imphy
- Upgrade of GO operations in Timoteo with development of HGO

- Breakthrough on productivity increase:
 - ✓ Upgrading further CAP 2 in Genk
 - ✓ Upgrading LC2i in Isbergues

- Efficiency and competitiveness improvement of the lines CR6 and BA8 in Gueugnon
- Upgrade of compact box annealing furnaces of the Wire Rod mill in Imphy

Leadership Journey gains amounted to USD 546 million in Q2 2017

Performance and prospects

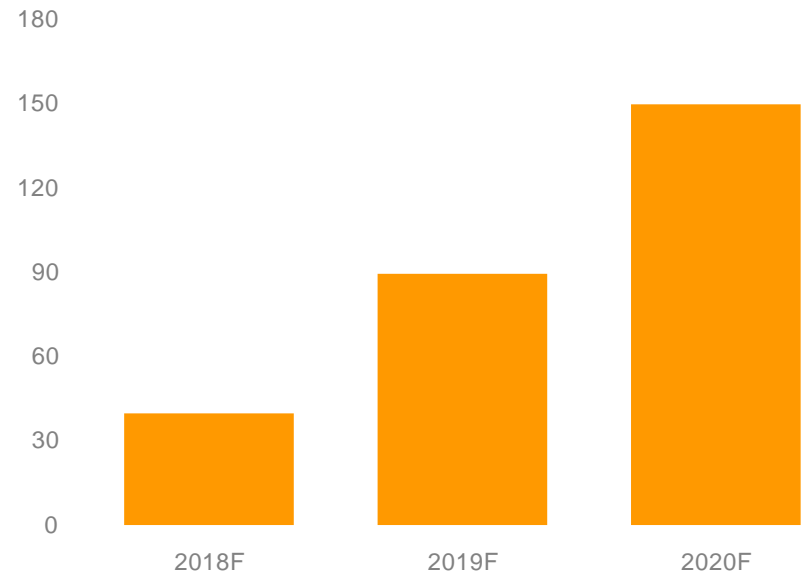


Leadership Journey® Phase 3 – The Transformation Program

Key pillars of the Phase 3 Transformation Program

- New technologies** Accelerate productivity gains by implementation of latest technology and breakthrough in automation with development of robotics, sensors and integrated production lines
- Innovation** Development of new applications and solutions.
- Leaner** Realize full potential of digitized, connected and collaborative organization
Promote data acquisition technology along the production route
- Value added Services** Stainless steel one stop shop for services, supply chain transformation

Annualized EBITDA cumulated gains from (USD million)



USD 150 m of capex over 2017-2019 on top of maintenance capex and remaining phase 2 capex

USD 150 m of annualized gains by the end of 2020

USD 150m additional annualized gains targeted over the next 3 years

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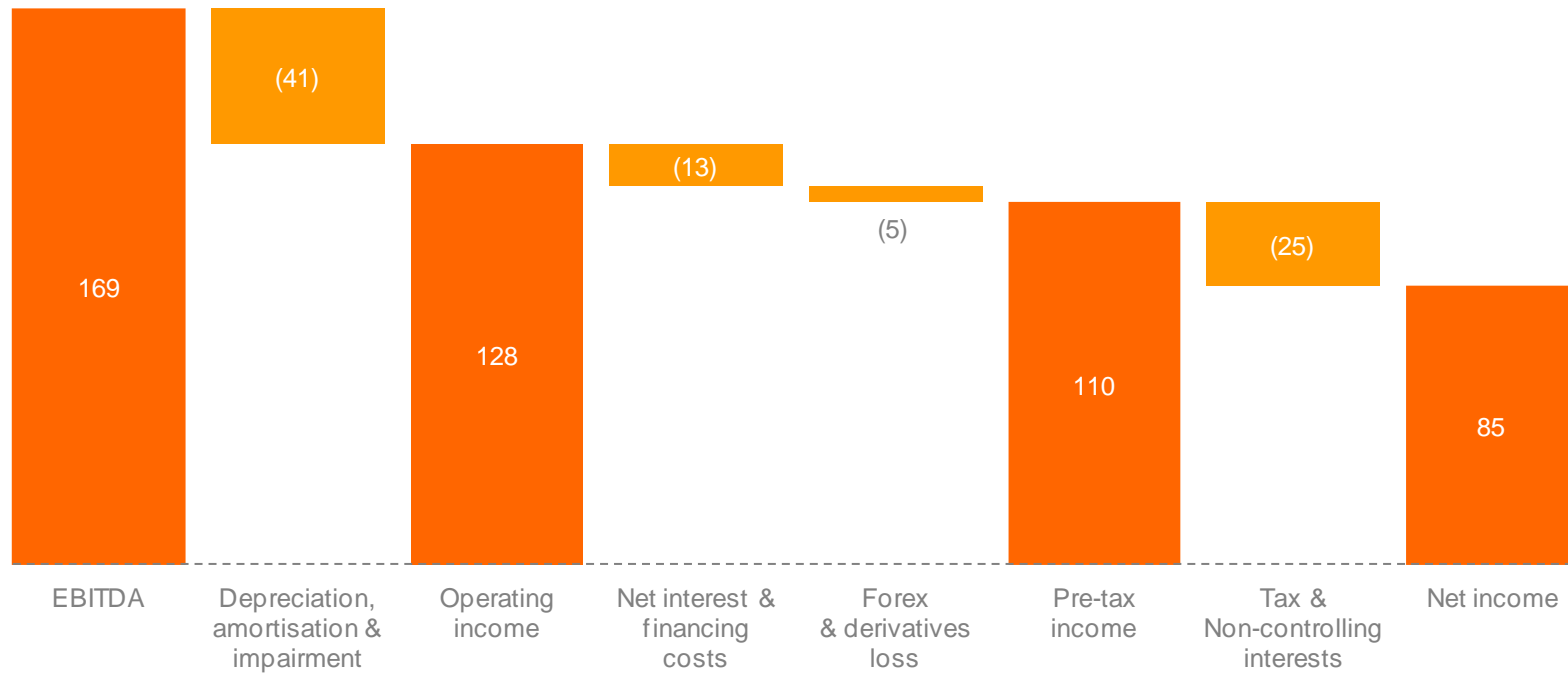
Financial results

Financial results

Second quarter P&L highlights



EBITDA to net income (USD million)



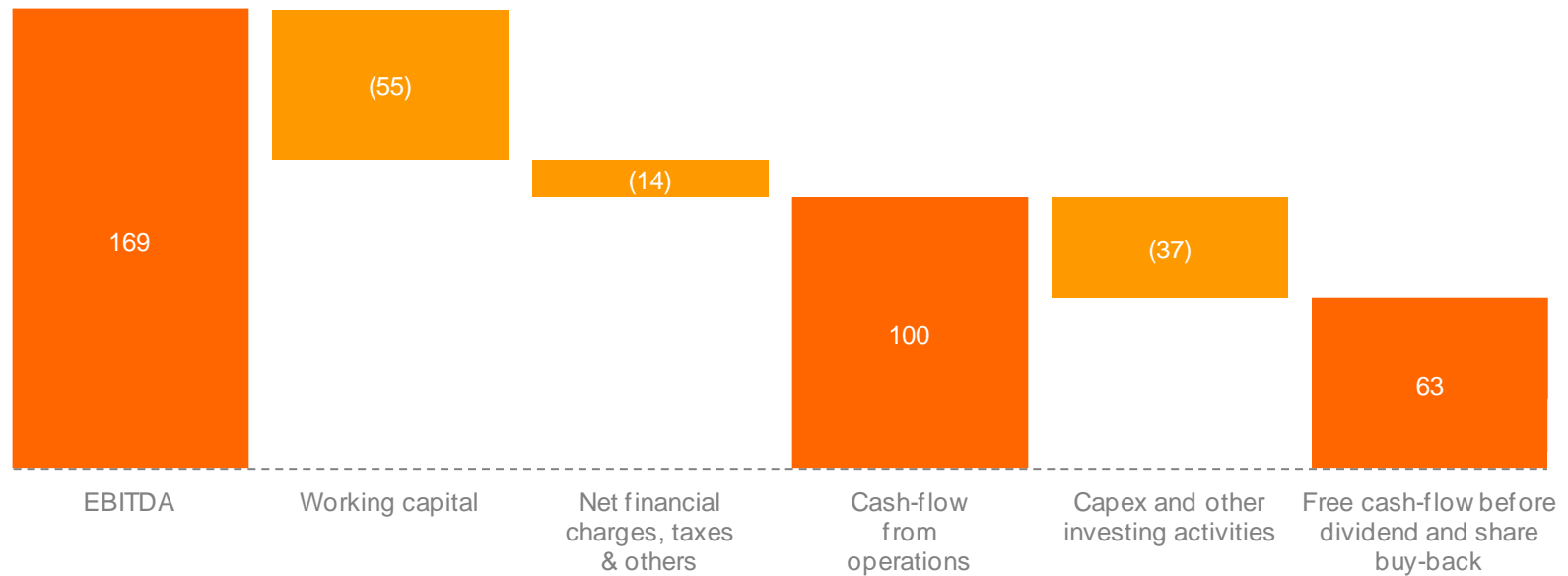
Quarterly net income with basic EPS of USD 1.10

Financial results

Second quarter cash flow highlights



Free cash flow (USD million)



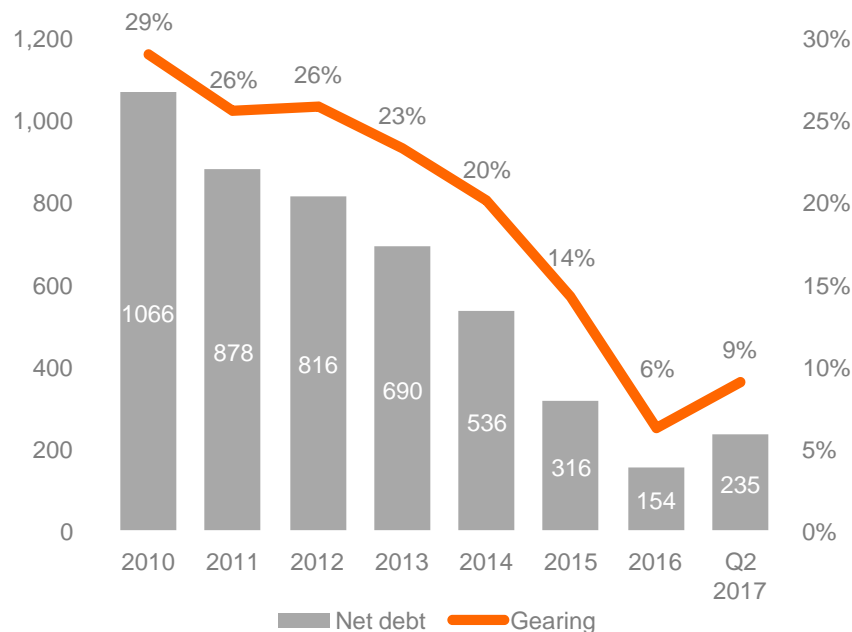
Cash flow from operations amounted to USD 100m with a working capital increase of USD 55 million

Financial results

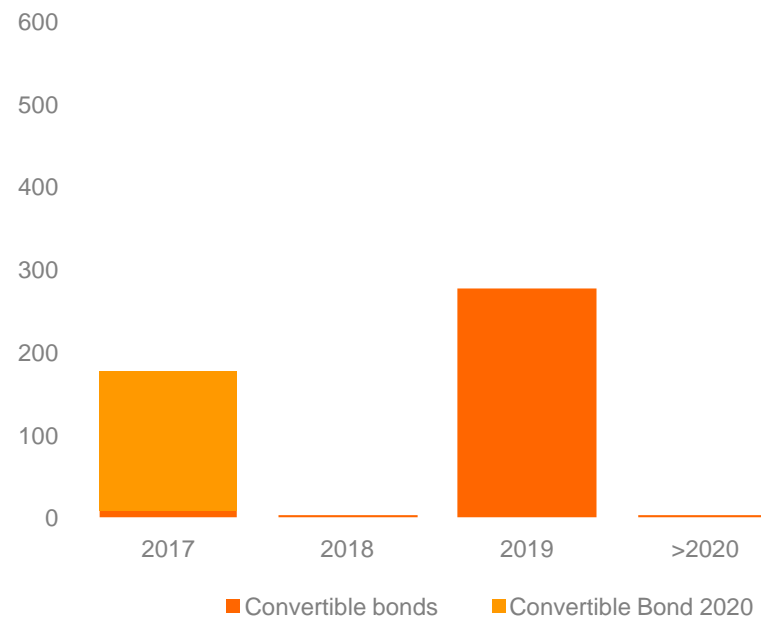
Net debt and financial ratios



Net debt and gearing^[1] evolution (USD million)



Financial Debt maturity profile (USD million) as of June 30, 2017^[2]



**Low level of debt, mainly represented with Convertible Bonds.
Aperam announced its intention to exercise its issuer call on the 2020 CB.**

^[1] Debt Gearing defined as Net Debt divided by Equity.

^[2] Assuming convertible bonds 2017 & 2019 reimbursement. RCF fully undrawn at end of Q2 2017



Philharmonie de Paris, France, Ateliers Jean Nouvel © William Beucardet
Aperam Stainless Steel used: 316L, Uginox Bright

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Appendix

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Aperam's value proposition

Aperam value strategy

Being a sustainably safe and profitable company



Aperam's investment case

Solid execution of self help strategy	Cost Leading footprint	Cash generation and financial discipline
<p>Leadership Journey®</p> <p>Phase 1: Restructuring</p> <p>Phase 2: Asset upgrade</p> <p>Phase 3: Transformation</p> <hr/> <p>Top Line strategy</p> <hr/> <p>End-user focus</p>	<p>Optimized and sustainable European asset base</p> <hr/> <p>Sole flat stainless steel producer in South America</p> <hr/> <p>Lean organization</p> <hr/> <p>Leading industry margins and returns</p>	<p>Strong cash generation through the cycle</p> <hr/> <p>Strongest balance sheet in industry</p> <hr/> <p>Progressive dividend</p> <hr/> <p>Strong shareholder returns (payout 50-100%)</p>

Solid cash generation with strong shareholders' return, thanks to consistent execution of self help strategy and financial discipline. Transformation Program to further improve Aperam's productivity and profitability.

Financial Policy – Cash Allocation



A financial policy to maximize the long term growth of the company and the value accretion for its shareholders while maintaining a strong Balance Sheet consistent with Investment Grade Financial ratios.

	Financial Policy	2017
Company sustainability	Invest in sustaining and upgrading the company's assets base to continuously reinforce Leadership Journey® and Top Line Strategy	CAPEX 2017 USD 180 - 190m.
Value Accretive Growth & M&A	Compelling Growth and M&A opportunities with high hurdle rate	-
Dividend Policy	A base dividend, 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 review the dividend policy.	Dividend per share of USD 1.50 per share
Extra Cash Utilization	Remaining excess cash will be utilized in the most optimal way	Share buyback of USD 98m / 2m shares in H1 2017

Company's intention to maintain a total payout to shareholders between 50% to 100% of EPS

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Aperam's value strategy:

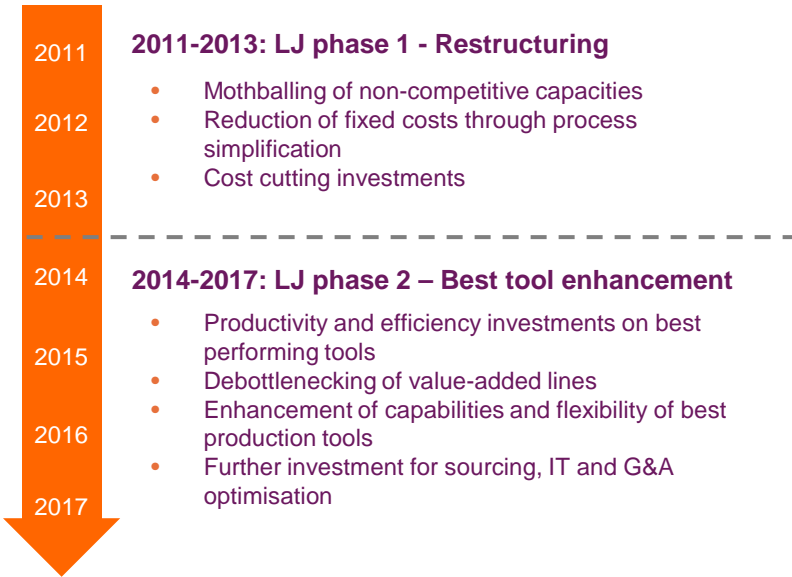
A customer driven
company focused on its
self-help story

Aperam's value strategy

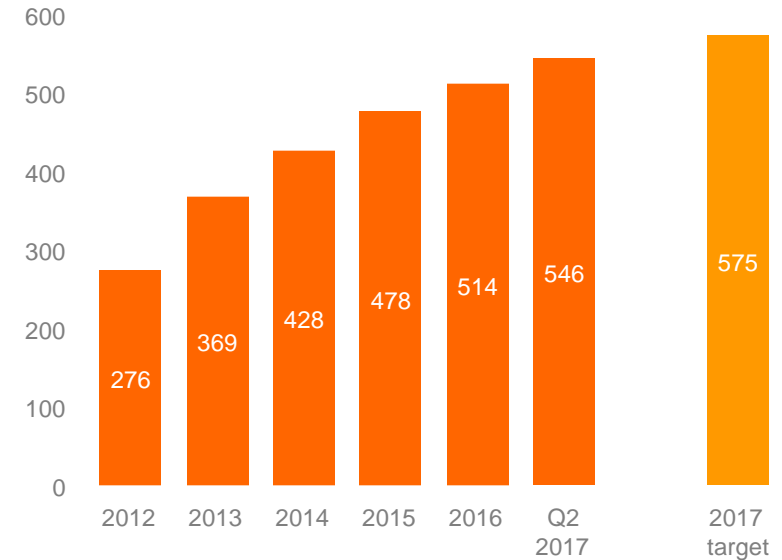


Unlocking value of Aperam's best performing assets through the Leadership Journey®

Leadership Journey® initiatives: from restructuring to Asset upgrade



Leadership Journey® annualized recurring gains (USD million)



The Leadership Journey® has evolved from a cost cutting to an asset upgrade strategy. Aperam has announced a new phase, the Transformation Program, based on the latest technologies.

Aperam's value strategy



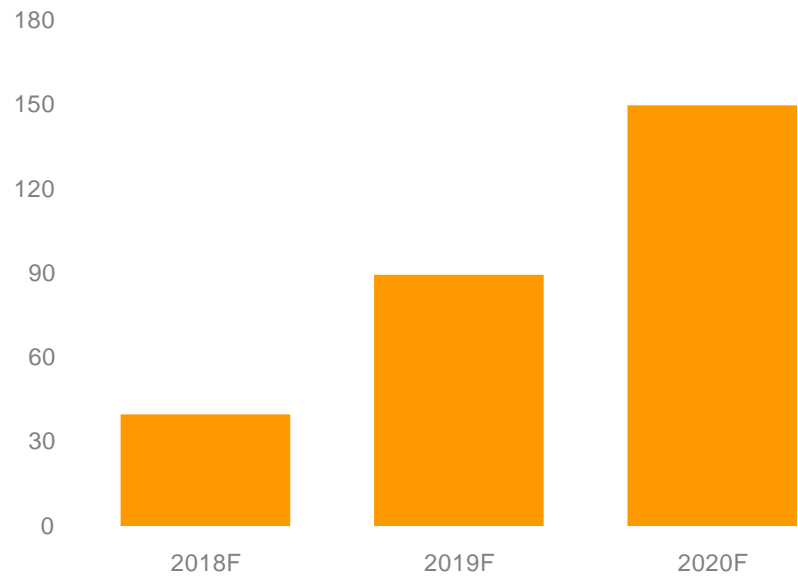
Phase 3 – the Transformation Program targets

Key pillars of the Phase 3 Transformation Program

- New technologies** Accelerate productivity gains by implementation of latest technology and breakthrough in automation with development of robotics, sensors and integrated production lines
- Innovation** Development of new applications and solutions.
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USD 150 m of annualized gains by the end of 2020

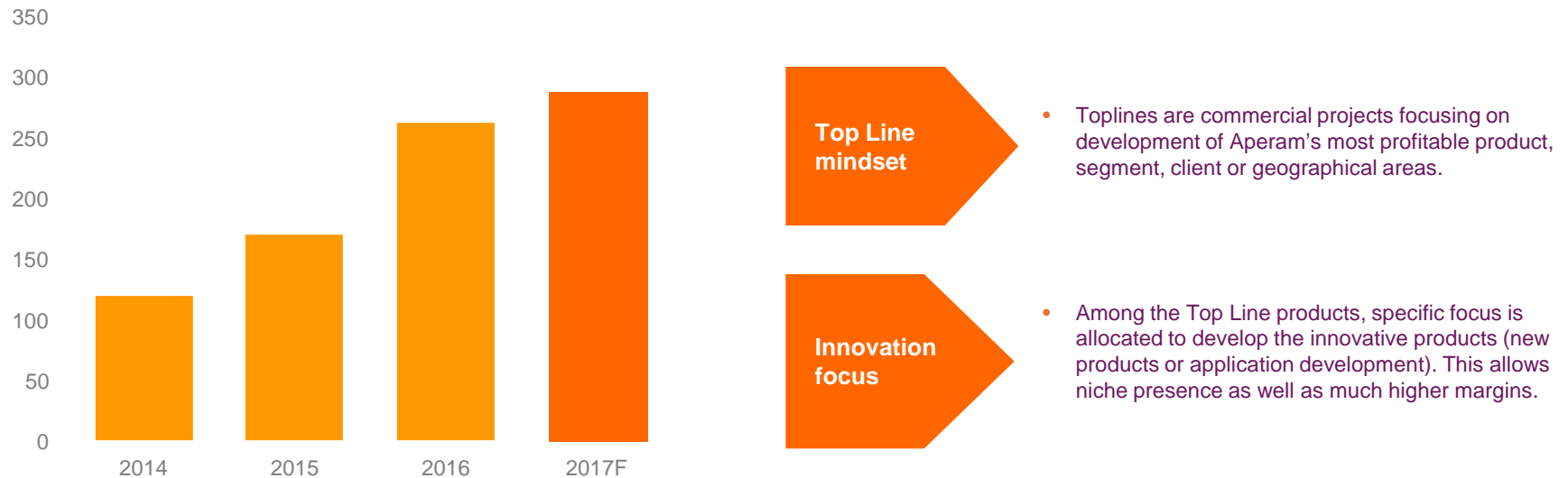
USD 150m additional annualized gains targeted over the next 3 years, on top of USD 575m Target by end of 2017

Aperam's value strategy



Strengthening product and service differentiation through 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

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 with flexible capacity
 - Enhancing recycling with scrap in line with objectives of circular economy
 - A strategy to be a cost benchmark on the key products of Aperam

Closest location to major scrap generating regions as well as major stainless consumers in Europe

Aperam value strategy

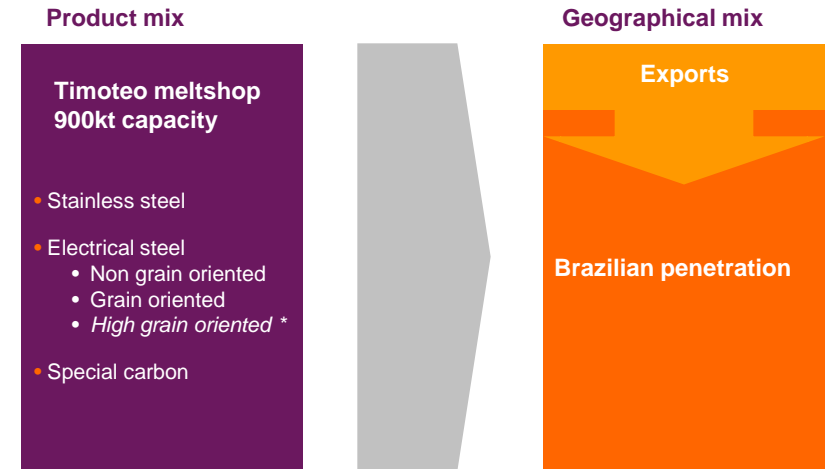


Optimise value creation in South America thanks to a perfectly adapted asset base and flexible sales management

Key pillars of the mitigation plan in Brazil



Aperam’s assets optimisation in South America



- Brazilian asset running at optimal utilisation rate with the current demand
- Projects on-going to debottleneck the cold rolling operations
- Upgrade of the Grain Oriented products with the development of HGO
- Continuous margin optimization between products mix and deliveries in South America

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

Aperam's value strategy



Sustainability is fully embedded in Aperam Strategy



Social

Our People are our greatest asset. Their Safety is our priority, their development is a key to our success

- **LTIFR : 1.46** (vs. 0.98 in 2015) due to isolated under-performance at two sites – [target at 1, all employees]
- **Absenteeism: 2.19** (vs. 2.26 in 2015) – [target at 2]
- 2016 **Performance review: 95%** of Exempts, **90%** of White collars, 71% of Blue collars – [target at 100%]
- 2016 Training hours **+10%** (vs. 2015)
- Among **Brazilian top companies to work for** ^[1]



Environment

We provide one of the “greenest steels” and constantly reduce our production costs and impacts

- **CO₂ intensity^[2] reduction vs 2007 >20%** - [target at -35% by 2020] due to maximum usage of charcoal
- **Energy intensity^[2] reduction vs 2012: -6%** [target at -10% by 2020]
- **93% re-use/recycle** performance - [target at 100%]
- 96% of water in closed circuits (+1 pt vs. 2015)
- Increased focus on Dust



Governance

We lead by example with strong sense of ethics & integrity and maintain constant engagement with all our Stakeholders

- Best practice in Board composition with a **majority of independent directors** (4 out of 7 members)
- CSR indicators (H&S) in full staff personal objectives
- **Full Compliance plan deployment** with 1st external Compliance risk assessment and focus in Brazil
- Strong Customer & Innovation focus
- Aperam's **risk management approach** recognized as 'best in class'^[3]

A clear program strengthening Aperam strategic objectives and sustainability

^[1] For the sixth 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

^[3] by the Institute of Internal Auditors certification.