

**Societe Generale Mid Caps Conference**

May 27, 2014

aperam

### **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.

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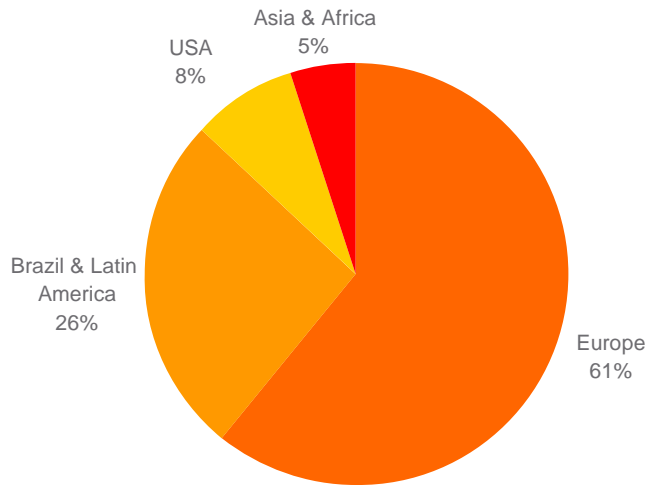
# Aperam's fundamentals

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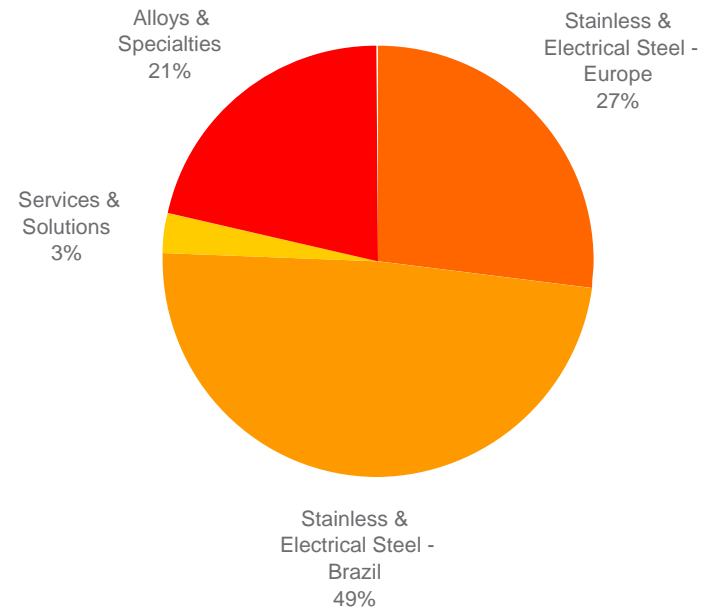
Solid and diversified sources of revenues



Aperam sales breakdown by destination (2013)



Aperam EBITDA breakdown (2013)



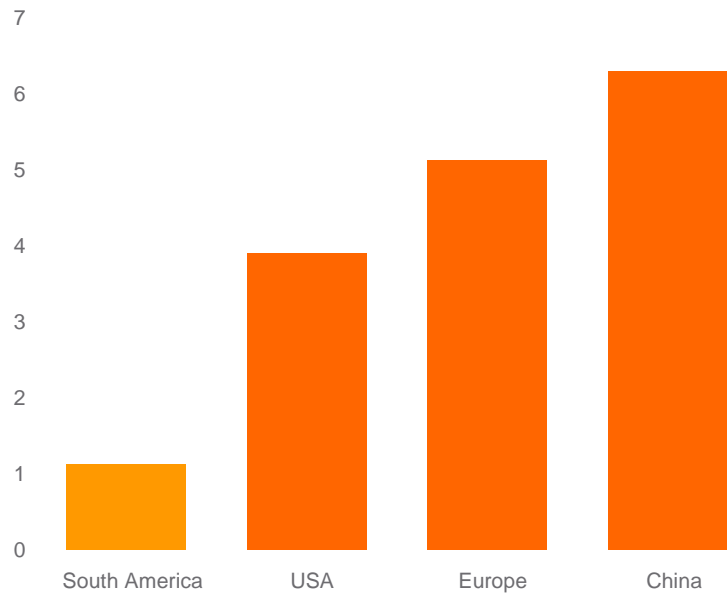
**Aperam is number 1 in South America, number 2 in Europe in stainless steel and world number 4 in Nickel Alloys**

# Aperam's fundamentals

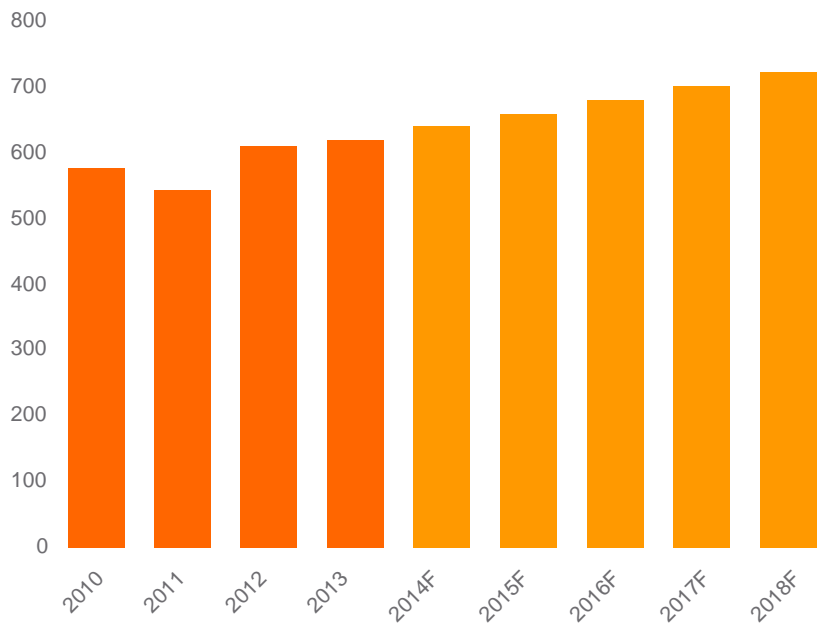
## A unique position in Brazil



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



South American Stainless steel demand (in kt)



Aperam targeting to capture market growth

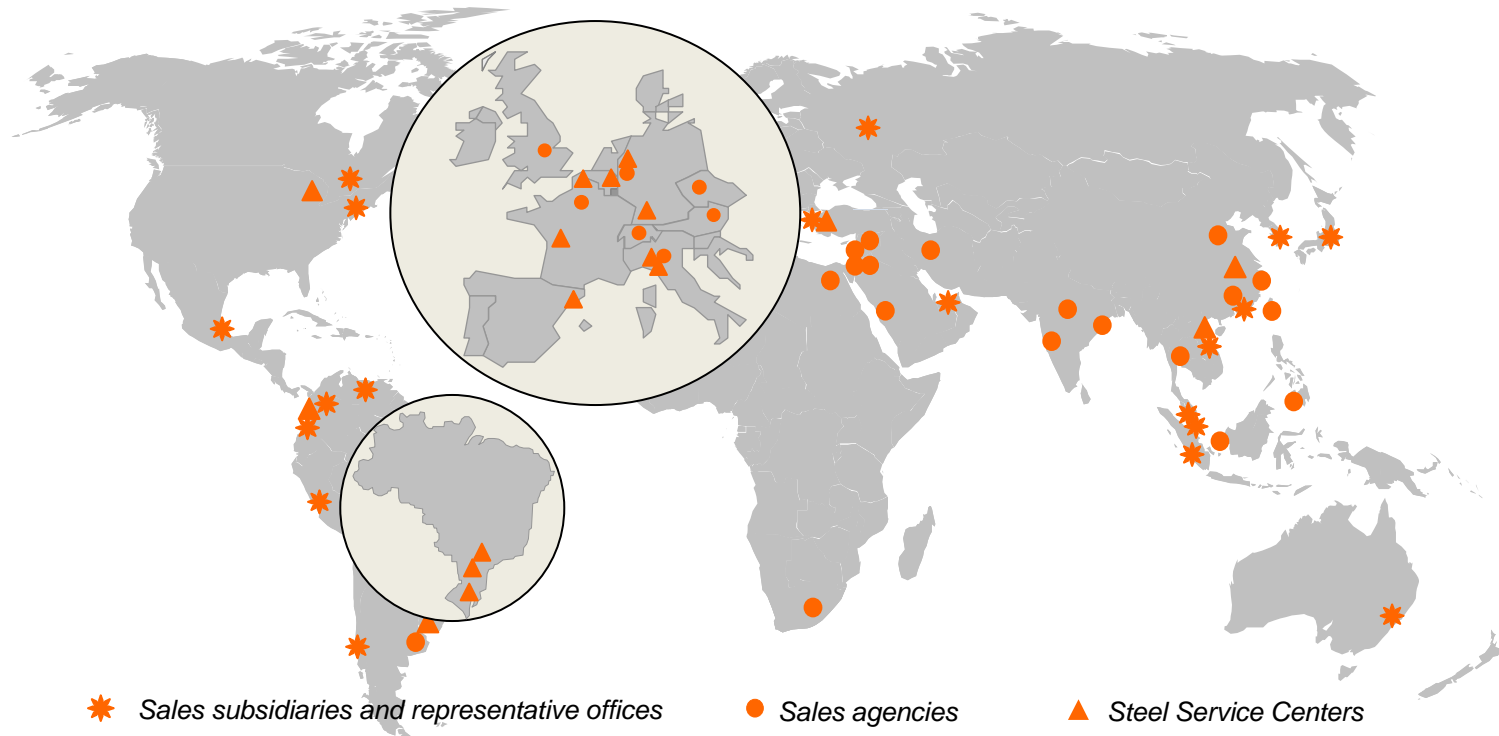
Source: CRU and Aperam estimate

# Aperam's fundamentals

## A global distribution network



Sales, distribution and steel service centers network, including precision & tubes businesses



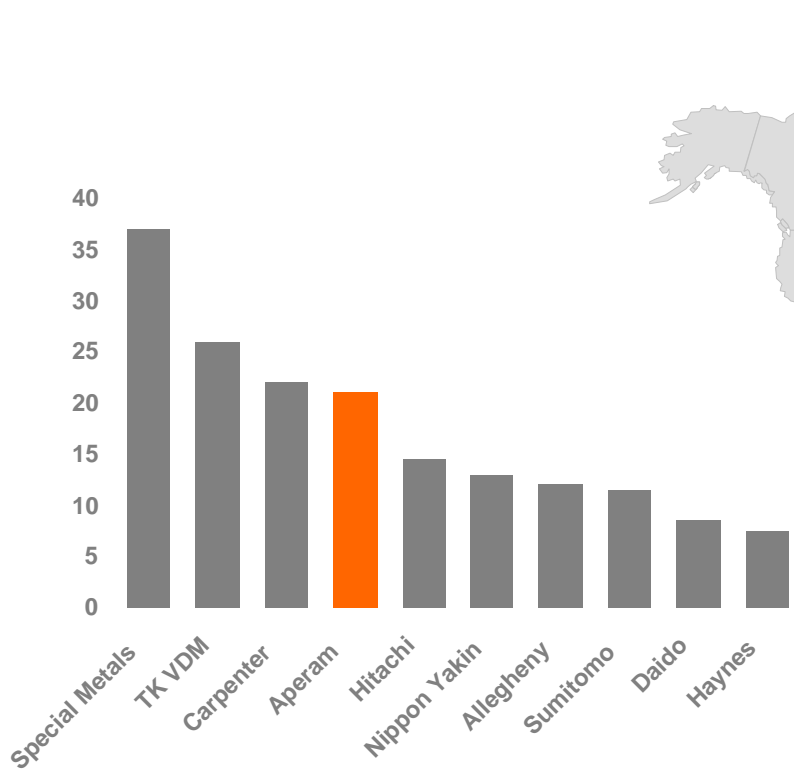
A key competitive advantage to maintaining market share and capturing growth opportunities

# Aperam's fundamentals

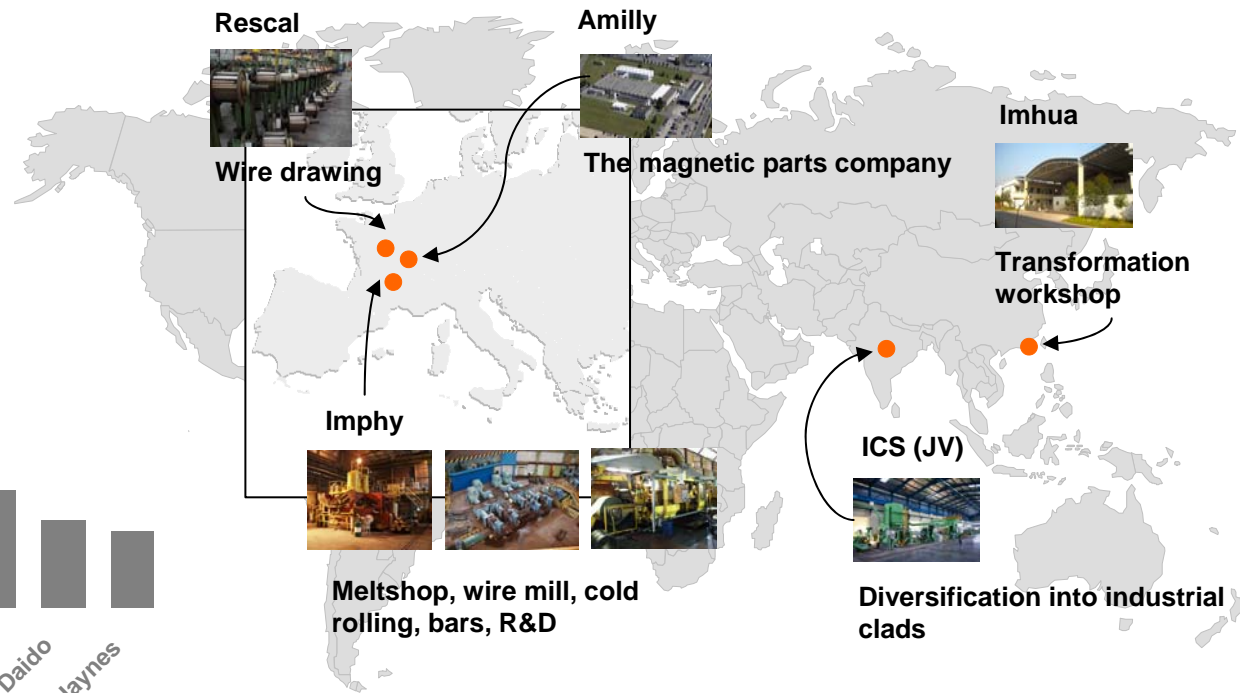
A leading position in nickel alloys



Global nickel alloys producers (kt)



Aperam Alloys & Specialties geographical footprint



A highly value creative business

Source: SMR

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# Environment and markets

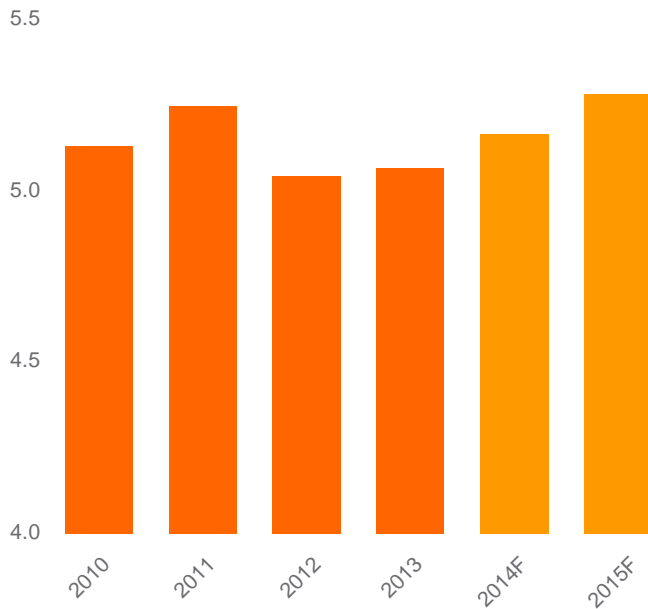


# Environment and markets

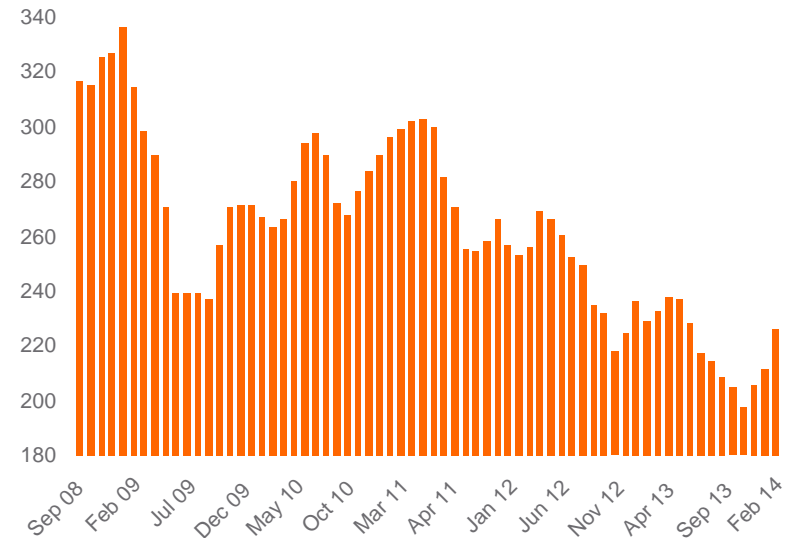
## European demand expected to recover



**Stainless steel slab equivalent European demand (in million tonnes)**



**Stocks of flat stainless steel in EU-27 for distribution ('000t)**



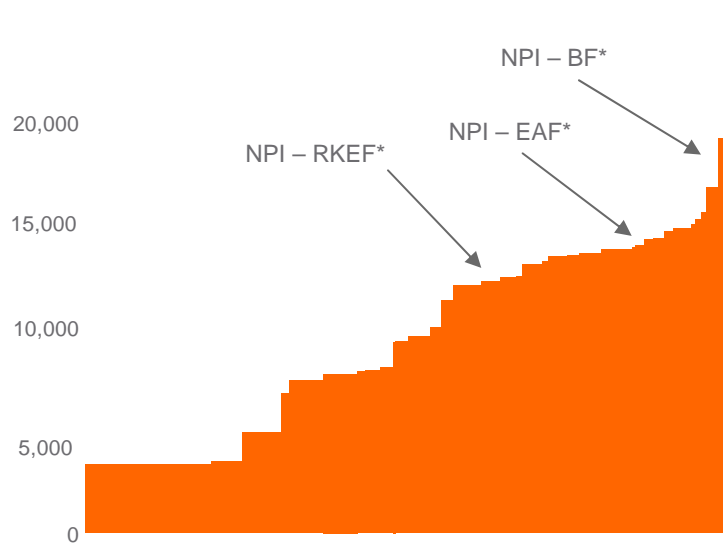
**The current real demand recovery and the replenishment of customers inventories contribute to the stainless steel demand improvement**

# Environment and markets

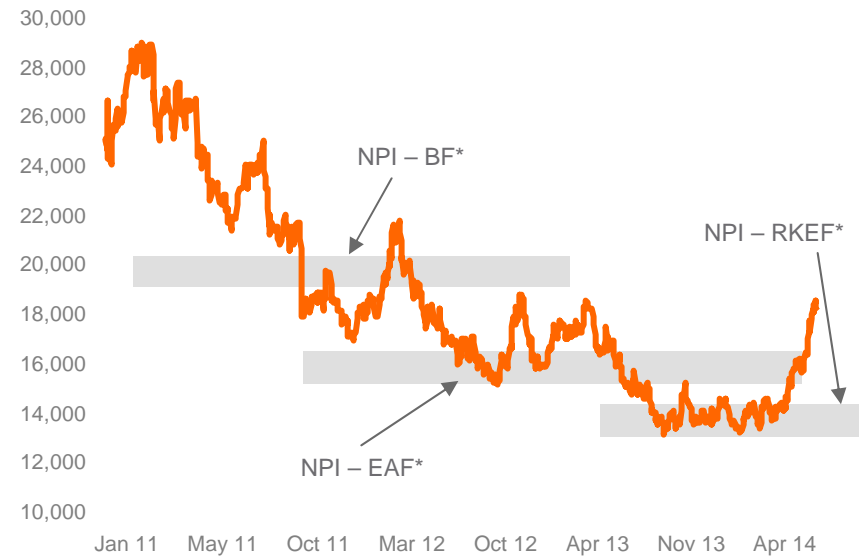
NPI\* competitive benefit for China coming under question with current developments



Nickel production cost curve (USD/t)



Nickel - LME Cash (USD/t)



**Nickel price recently on uptrend with tailwind from the Indonesian ban**

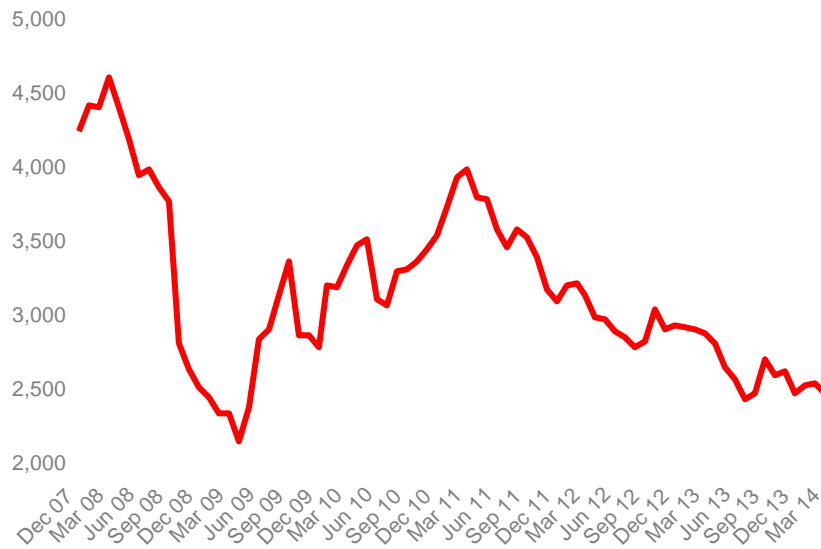
\* Nickel Pig Iron – Blast Furnace – Electric Arc Furnace - Rotary Kiln Electric Furnace  
Source: SBB & Aperam estimates

# Environment and markets

## Pricing outlook stable to slight improvement



China - CR 304 2B 2mm coil transaction price (USD/t)



Southern Europe - CR 304 2B 2mm coil transaction price (€/t)



European prices have integrated the full impact of the nickel price increase

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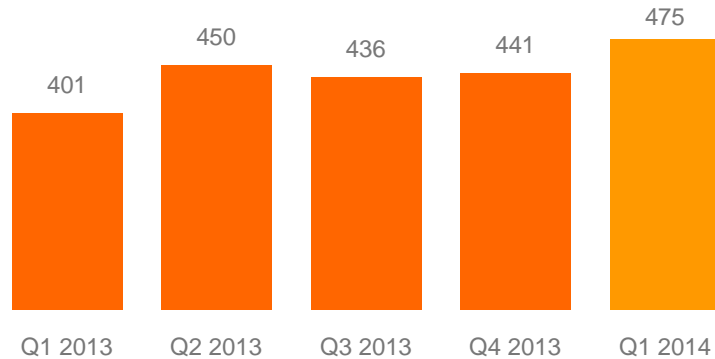
# Aperam performance

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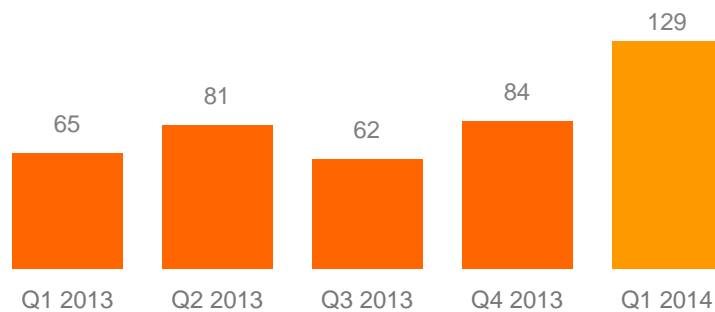
First quarter operations benefiting from the Leadership Journey



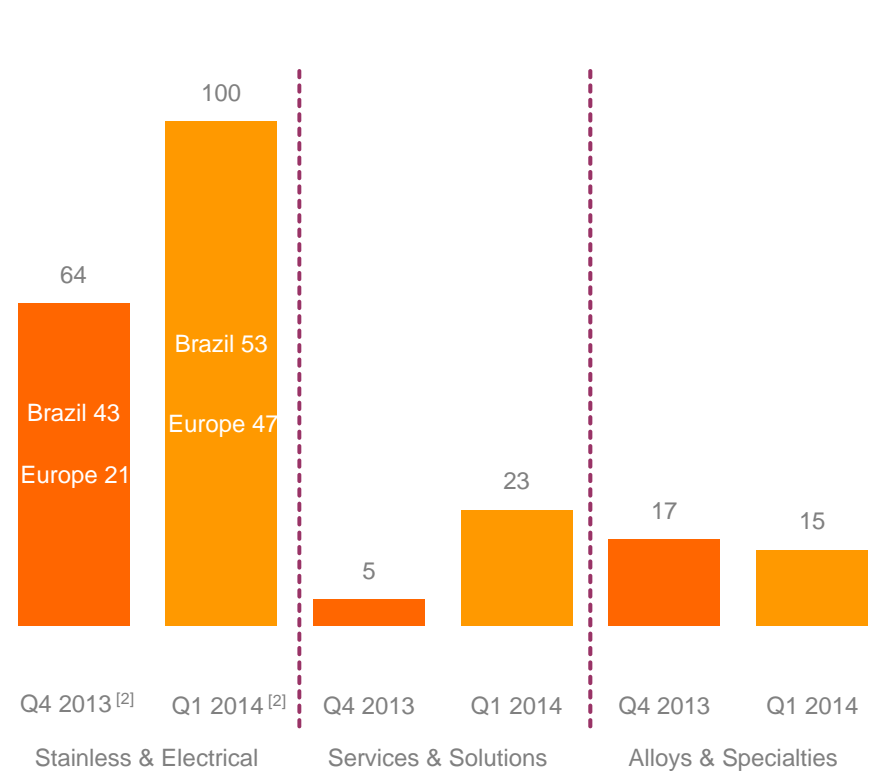
Shipments ('000t)



EBITDA (USD million)



Q1 2014 EBITDA per division (USD million) [1]



Q1 2014 as the best quarter in terms of shipments and profitability since Q1 2011

[1] Difference with total Aperam's quarterly Ebitda comes from the Others & Eliminations division.

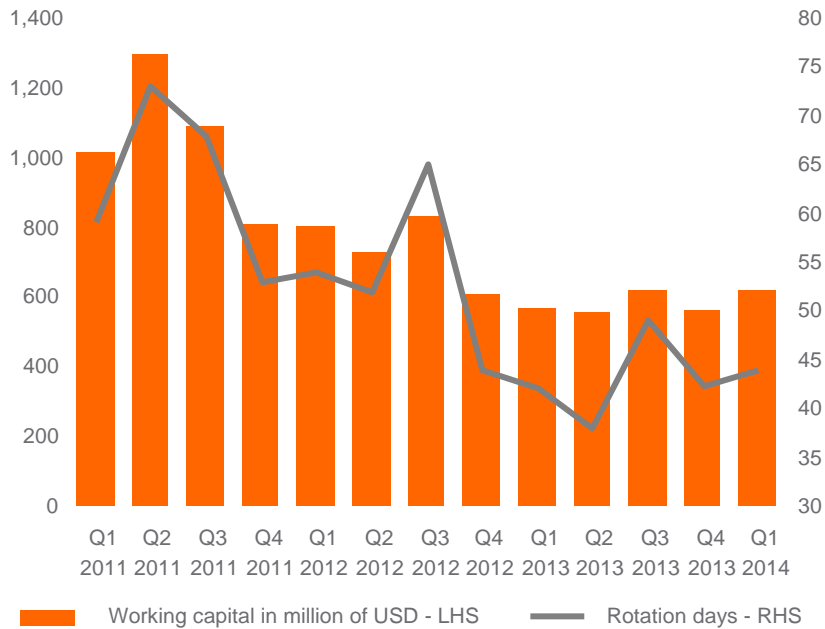
[2] Bioenergia operations have been transferred starting Q1 2014 from Segment 'Others' to Segment 'Stainless & Electrical'. Accordingly, Brazil Ebitda in Q4 2013 includes Bioenergia performance in this slide as well.

# Aperam performance

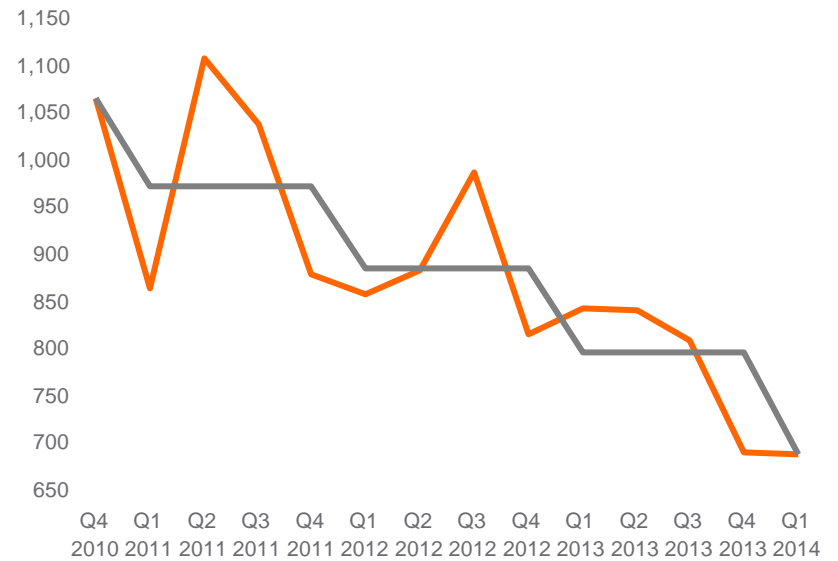
Transforming into a cash-generation story



Working capital evolution



Quarterly net debt of Aperam and average evolution (USDm)



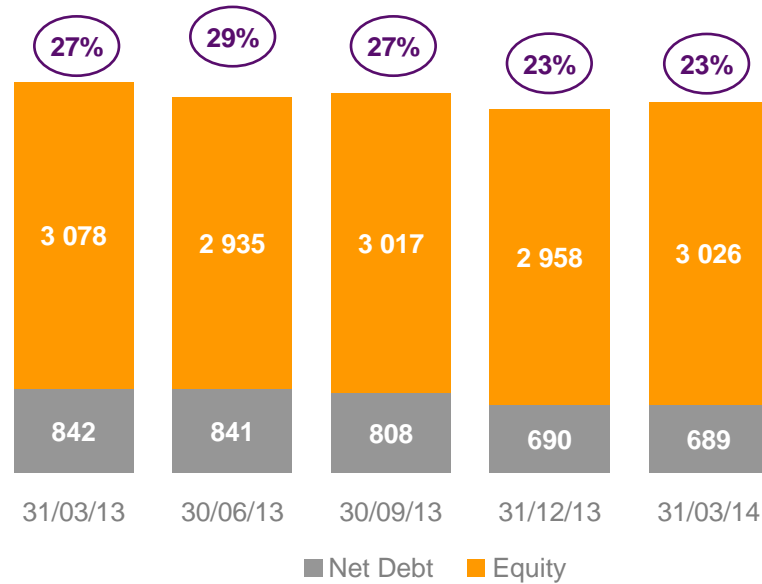
Over the last 3 years, cash-flow generation has contributed to a reduction of more than USD 300 m of net debt

# Aperam performance

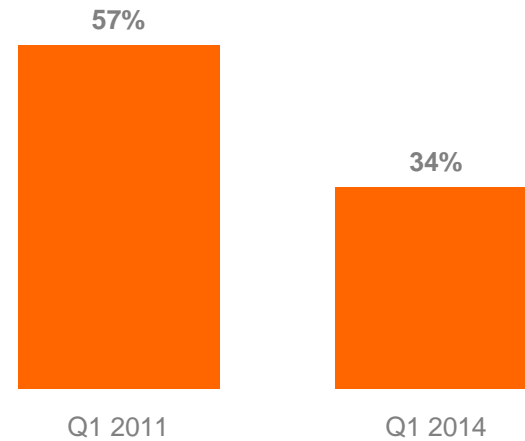
## Debt control and strong balance sheet



Equity & net debt (USD million)



Bank debt as component of total debt (%)



Target of net debt of USD 650 m by the end of 2014

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# Strategy: moving a step forward



## Strategy: moving a step forward

Strategic priority maintained allowing to capture new opportunities



### Strategic priority

- 1 Leadership Journey®
- 2 Top Line Strategy
- 3 Reduction of net debt and cost of debt



### 5 profit-driving pillars

- 1 Aiming at “best in cost” with the Leadership Journey®
- 2 Optimizing portfolio with the Top Line Strategy
- 3 Brazilian development
- 4 Growing in Alloys specialties
- 5 European Restructuring

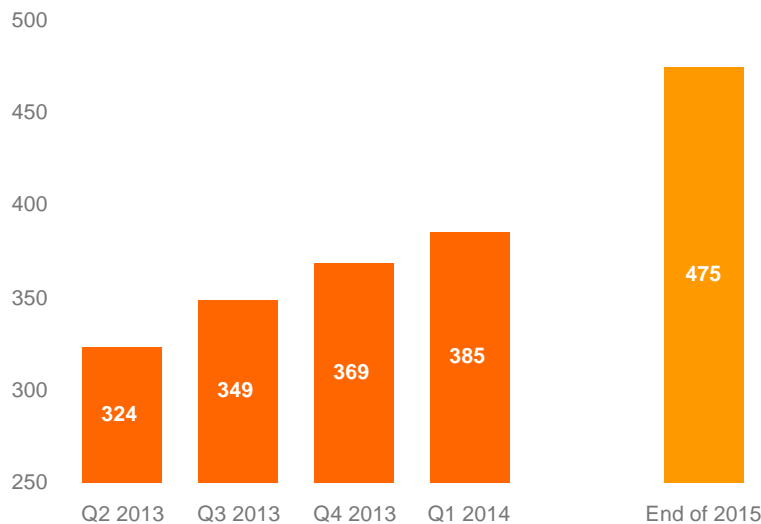
Robust strategy with significant upsides

# Strategy: moving a step forward

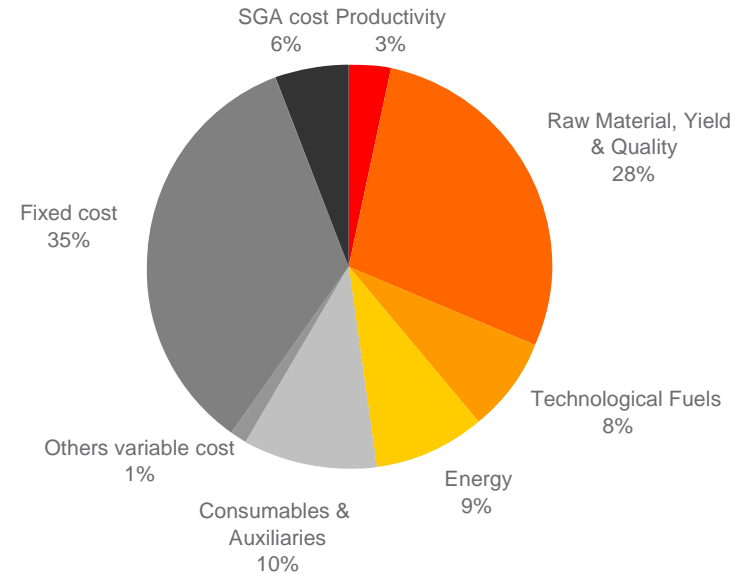
## Leadership Journey<sup>®</sup> target



Cumulated gains (USD million)



Leadership Journey<sup>®</sup> breakdown for 2014



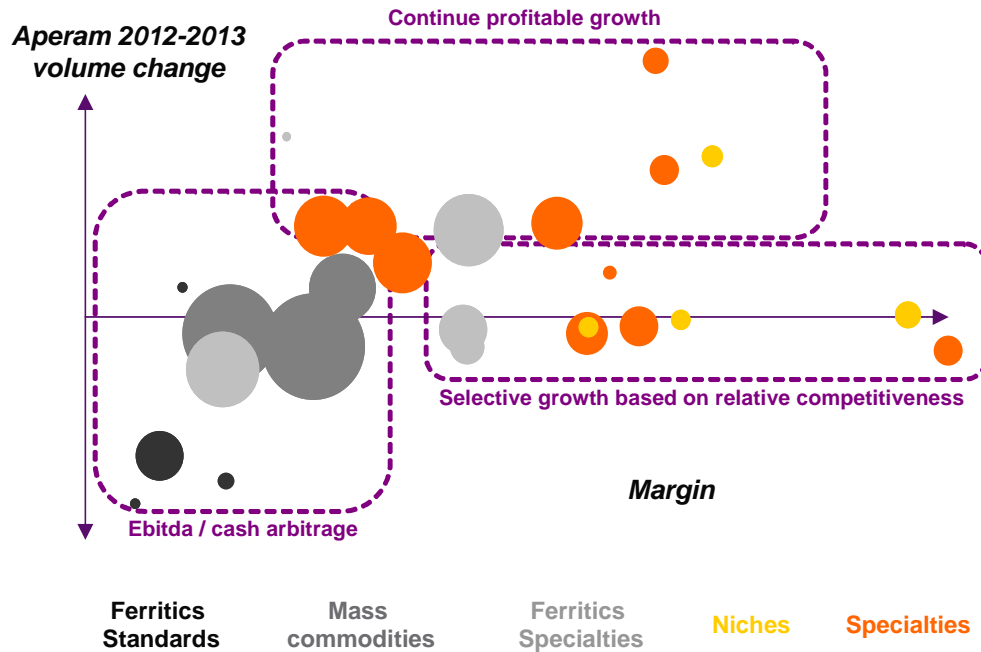
On May 7, 2014, the Board of Directors of Aperam approved an investment of USD 25 million in productivity improvement of the downstream facilities in Genk, Gueugnon and Timoteo.

# Strategy: moving a step forward

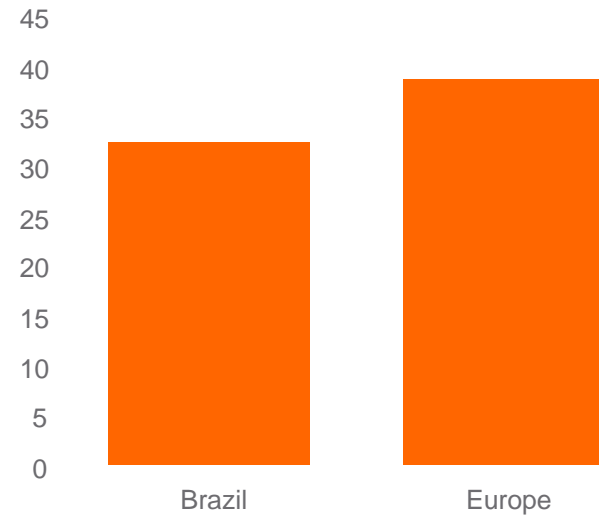
Further mix improvement expected



## Market segments



## Top line product growth target for 2014 ('000t)



Expanding further high margin products to replace low contribution margin products

## Strategy: moving a step forward

### Brazilian protections against unfair market behaviour

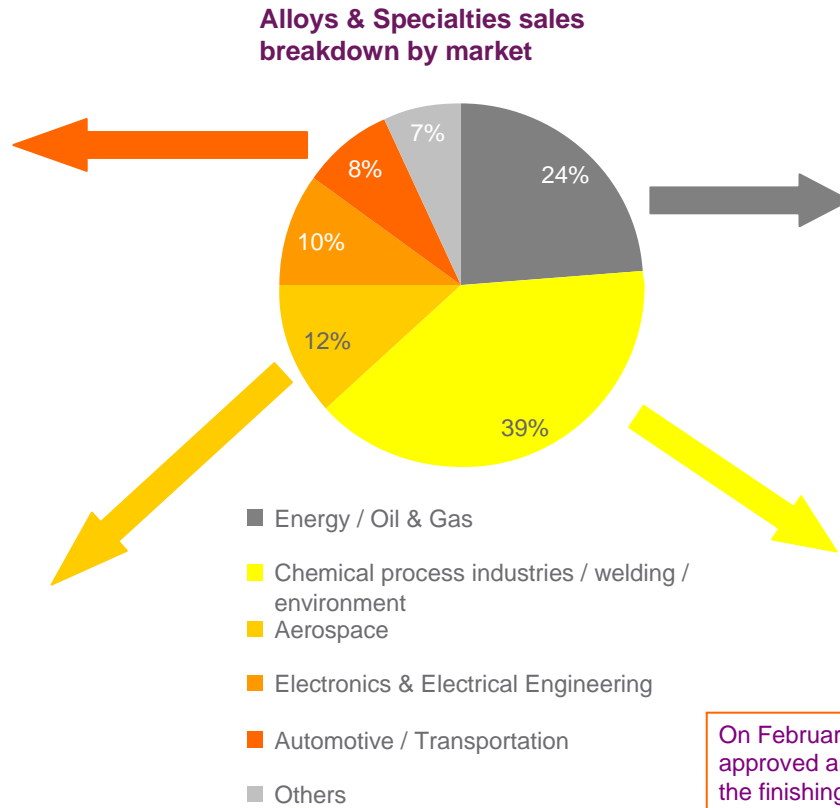
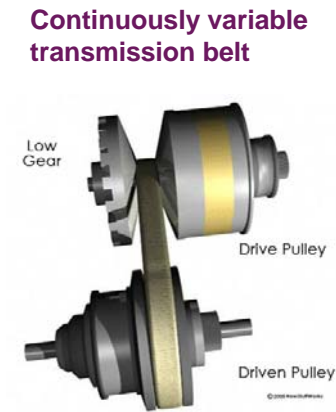


Type of products	Import duties status	Anti-dumping status
<b>Stainless Steel Flat Products</b>	<ul style="list-style-type: none"> <li>✓ Import duties applicable on Cold Rolled product back from 25% to 14% in October 2013</li> </ul>	<ul style="list-style-type: none"> <li>✓ AD rights were published valid on October 4<sup>th</sup>, 2013 for 5 years from 236 USD/t to 1,077 USD/t. The case involves austenitic grades (types 304, 304L and 304H) and CR ferritic stainless 430 strip, in thicknesses between 0.35mm and 4.75mm. Countries involved are China, Finland, Germany, Korea, Taiwan and Vietnam</li> </ul>
<b>Stainless Steel Welded Tubes</b>	<ul style="list-style-type: none"> <li>• No import duties</li> </ul>	<ul style="list-style-type: none"> <li>✓ AD rights were published valid on July 29<sup>th</sup>, 2013 for 5 years and up to 911USD/t. Countries involved are China and Taiwan.</li> </ul>
<b>Electrical steel – Non Grain Oriented</b>	<ul style="list-style-type: none"> <li>✓ 14% of Import duties on NGO</li> </ul>	<ul style="list-style-type: none"> <li>✓ AD rights imposed for NGO on July 17<sup>th</sup>, 2013 with fixed USD/t values ranging from 133 USD/t to 567 USD/t for 5 years. The countries involved are China, Korea and Taiwan.</li> </ul>
<b>Electrical steel – Grain Oriented</b>	<ul style="list-style-type: none"> <li>✓ Import duties applicable on Cold Rolled product back from 25% to 14% in October 2013</li> </ul>	<ul style="list-style-type: none"> <li>✗ No anti-dumping investigation</li> </ul>

**Recent anti-dumping measures should create a stable and fair market environment for next 5 years**

# Strategy: moving a step forward

## Specific markets' prospects to be key



On February 6, 2014, the Board of Directors of Aperam approved an investment of USD 10 million in debottlenecking the finishing line of the Imphy Wire Rod mill.

**Specific high margin products on “star segments” to drive Alloys & Specialties growth**

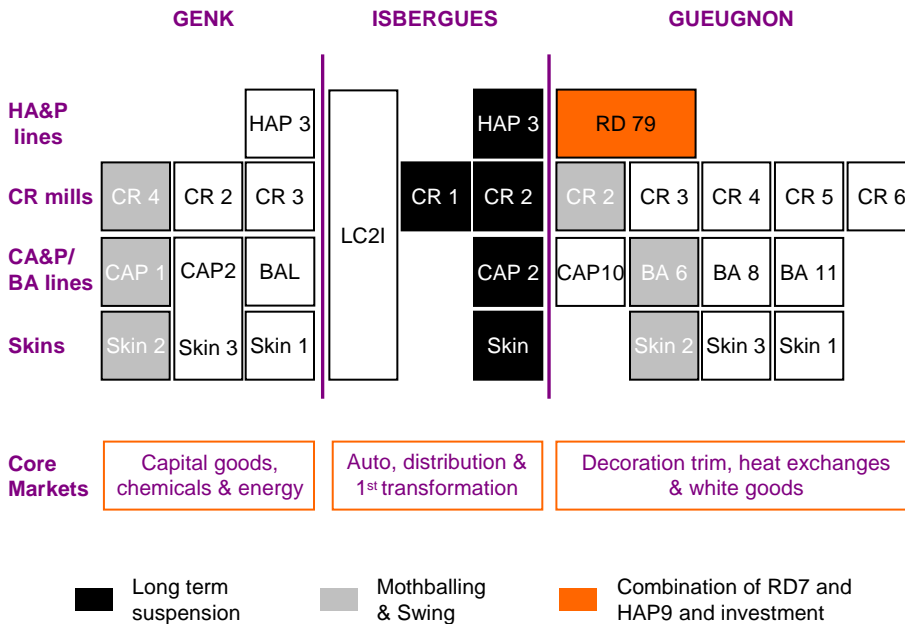
\* Liquefied Natural Gas  
Source: Aperam

# Strategy: moving a step forward

Three years of active restructuring for a footprint best in class in addressing all the stainless steel markets in Europe



Aperam downstream rationalization in EU from 29 tools to 17 tools



European stainless steel industry footprint after restructuring



Aperam well positioned in the core markets in Europe, with good loading of its most efficient assets benefiting from well-advanced restructuring

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**Q&A**