

## Full year and fourth quarter 2012 results<sup>1</sup>

Luxembourg, February 4, 2013

### Highlights

- Health and Safety frequency rate<sup>2</sup> of 1.3x in 2012 compared to 0.7x in 2011
- Shipments of 1,683 thousand tonnes in full year 2012, a 4% decrease compared to full year 2011
- EBITDA<sup>3</sup> of USD 214 million in full year 2012, compared to USD 356 million in full year 2011
- Basic earnings per share of USD (1.39) in 2012
- Cash inflow from operations amounted to USD 278 million in 2012
- Net debt of USD 816 million at December 31, 2012, representing a gearing of 26%, compared to a net debt of USD 878 million at December 31, 2011

Aperam (referred to as “Aperam” or the “Company”) (Amsterdam, Luxembourg, Paris: APAM and NYRS: APEMY), today announced results for the three month and twelve month periods ending December 31, 2012

Philippe Darmayan, CEO of Aperam, commented:

“In a difficult environment Aperam has been able in 2012 to successfully progress with its Leadership Journey<sup>®</sup> and reduce its net debt.

Looking ahead, we continue to remain cautious considering the current general environment and industry volatility despite some positive signs of market improvement.

We have decided to expand our Leadership Journey<sup>®</sup> and accelerate our net debt reduction to be in a good position to capture industry opportunities.”

### Prospects

- EBITDA in Q1 2013 is expected to improve compared to Q4 2012. Due to higher activity, net debt is expected to increase in Q1 2013 compared to Q4 2012

### Plan 2013-2014

- Expansion of Leadership Journey<sup>®</sup> to 2014. USD 150 million targeted over next 2 years
- Dividend stopped to accelerate net debt reduction. Target of net debt of USD 650 million by the end of 2014

### Financial Highlights (on the basis of IFRS)

(USDm) unless otherwise stated	12M '12	12M '11	Q4 '12	Q3 '12	Q4 '11
Sales	5,261	6,345	1,294	1,207	1,436
EBITDA	214	356	43	42	53
Operating (loss) income	(106)	45	(45)	(29)	(29)
Net loss	(108)	(60)	(52)	(17)	(46)
Steel shipments (000t)	1,683	1,749	407	410	429
EBITDA/tonne (USD)	127	204	106	102	124
Basic earnings per share (USD)	(1.39)	(0.76)	(0.68)	(0.21)	(0.57)

## Health & Safety results analysis

Health and Safety performance based on Aperam personnel figures and contractors lost time injury frequency rate<sup>2</sup>, was 1.9x in the fourth quarter of 2012 compared to 1.3x in the third quarter of 2012.

## Financial results analysis

Sales in the fourth quarter of 2012 increased by 7% to USD 1,294 million compared to USD 1,207 million in the third quarter of 2012. Shipments in the fourth quarter of 2012 were flat at 407 thousand tonnes compared to 410 thousand tonnes in the third quarter of 2012.

EBITDA was USD 43 million in the fourth quarter of 2012 compared to EBITDA of USD 42 million in the third quarter of 2012. Despite difficult market conditions, EBITDA was flat quarter versus quarter primarily as a result of the continuing progress of the Leadership Journey<sup>®4</sup>. The Leadership Journey<sup>®</sup> has contributed USD 276 million to EBITDA since the beginning of 2011.

Depreciation and impairment expense in the fourth quarter of 2012 was USD 88 million, including USD 14 million of impairment relating to damaged assets in Gueugnon.

Aperam had an operating loss in the fourth quarter of USD 45 million compared to an operating loss of USD 29 million in the previous quarter.

Net interest expense and other financing costs in the fourth quarter of 2012 were USD 19 million, including financing costs of USD 19 million. Unrealized foreign exchange and derivative losses were USD 4 million in the fourth quarter of 2012.

The Company recorded a net loss of USD 52 million, inclusive of an income tax benefit of USD 15 million, in the fourth quarter of 2012.

Cash flows from operations in the fourth quarter were a positive USD 221 million, with a working capital decrease of USD 213 million. CAPEX in the fourth quarter was USD 37 million.

As of December 31, 2012, shareholder's equity was USD 3,190 million and net financial debt was USD 816 million (gross financial debt as of December 31, 2012 was USD 1,042 million and cash & cash equivalents were USD 226 million).

The Company had liquidity of USD 701 million as of December 31, 2012, consisting of cash and cash equivalents (including short-term investments) of USD 226 million and undrawn credit lines<sup>5</sup> of USD 475 million.

## Operating segment results analysis

### Stainless & Electrical Steel

The Stainless & Electrical Steel segment had sales of USD 1,020 million in the fourth quarter of 2012. This represents an increase of 10% compared to sales of USD 930 million in the third quarter of 2012. Shipments during the fourth quarter were 400 thousand tonnes, including 249 thousand tonnes in Europe and 151 thousand tonnes in South America. This is an increase of 8% compared to shipments in the previous quarter of 370 thousand tonnes (219 thousand tonnes in Europe and 151 thousand tonnes in South America). Volume increased of 14% in Europe whereas volumes were flat in South America due to seasonal slowdown. Overall, average steel selling prices for the Stainless & Electrical Steel segment were slightly lower for the quarter.

The segment had EBITDA of USD 35 million in the fourth quarter of 2012 compared to USD 14 million in the third quarter of 2012. EBITDA from South America decreased from USD 26 million in the third quarter of 2012 to USD 24 million in the fourth quarter of 2012. The decrease in EBITDA in South America was primarily due to the seasonality impact but was partially offset by some positive mix improvement. EBITDA from Europe increased from negative USD 12 million in the third quarter of 2012 to positive USD 11 million in the fourth quarter of 2012. The improvement in EBITDA in Europe was primarily driven by a reduced seasonality, the impact from some positive price movements and the continuing progress of the Leadership Journey<sup>®</sup>.

The Stainless & Electrical Steel segment had an operating loss of USD 42 million during the fourth quarter of 2012 compared to an operating loss of USD 43 million in the third quarter of 2012. Depreciation and amortization expense was USD 77 million in the fourth quarter of 2012, including USD 14 million of impairment relating to damaged assets in Gueugnon.

### Services & Solutions

The Services & Solutions segment had a 4% decrease in sales during the period, from USD 526 million in the third quarter of 2012 to USD 504 million in the fourth quarter of 2012. In the fourth quarter of 2012, shipments were 158 thousand tonnes compared to 165 thousand tonnes in the previous quarter. The Services & Solutions segment had slightly higher average selling prices for the period.

The segment had negative EBITDA in the fourth quarter of 2012 of USD 4 million compared to positive EBITDA of USD 9 million in the third quarter of 2012. The decrease in EBITDA was primarily driven by losses in the precision business units and some underperforming service centres. In the third quarter, there was a USD 8 million capital gain resulting from the disposal of assets related to the key Leadership Journey® project of Campinas.

Depreciation and amortization expense in the fourth quarter of 2012 was USD 7 million.

The Services & Solutions segment had an operating loss of USD 11 million in the fourth quarter of 2012 compared to an operating income of USD 2 million in the third quarter of 2012.

### **Alloys & Specialties**

The Alloys & Specialties segment had sales in the fourth quarter of 2012 of USD 170 million, representing an increase of 22% compared to USD 139 million in the third quarter of 2012. Shipments were higher in the fourth quarter of 2012 at 9 thousand tonnes compared to 8 thousand tonnes in the third quarter of 2012, while average selling prices also increased quarter over quarter.

The Alloys & Specialties segment achieved EBITDA of USD 13 million in the fourth quarter of 2012 compared to USD 16 million in the third quarter of 2012. Despite higher volumes, EBITDA was down in the fourth quarter compared to the third quarter primarily as a result of the mix deterioration.

Depreciation and amortization expense in the quarter was USD 2 million.

The Alloys & Specialties segment had operating income of USD 11 million in the fourth quarter of 2012 compared to operating income of USD 15 million in the third quarter of 2012.

### **Recent developments**

- On November 8, 2012, Moody's downgraded the corporate family rating for Aperam S.A. to B1 from Ba3. Moody's maintained the company's negative outlook.
- On November 30, 2012, S&P lowered the long term corporate credit rating on Aperam to 'B+' from 'BB-'. S&P maintained its negative outlook on Aperam.
- On December 19, 2012, Aperam announced its financial calendar for the year 2013.
- On December 23, 2012, an accidental fire damaged the RD79 pickling and annealing line at the Gueugnon plant in France. Aperam is mitigating the resulting production fallout by stepping up production at its other active pickling and annealing lines and has in addition decided to temporarily relaunch two production lines at its plants in Genk, Belgium (BUL1) and Isbergues, France (Inox3) which were kept as capacity reserve. With these measures, Aperam will be able to supply its customers while the RD79 line is being rebuilt. The RD79 line is expected to be restarted before the second half of the year 2013.

### **New developments**

- On February 4, 2013, Aperam announces that the Board of Directors will submit to a shareholder's vote, at the next annual general meeting, a proposal to stop the dividend payment to accelerate the net debt reduction target of USD 650 million by the end of 2014. Capex is also expected to be reduced in full year 2013 compared to full year 2012 and concentrated on security, environment and cost reduction.
- On February 4, 2013, Aperam announces that in response to the current economic uncertainty and in a continuing effort to improve its cost competitiveness and profitability, the Company targets an expansion of the Leadership Journey® to 2014 with USD 150 million targeted over the next 2 years. This expansion of the Leadership Journey® in combination with the achievements realized under the previous Leadership Journey® target of USD 350 million by 2013 leads to a new combined target of USD 425 million by 2014.
- On February 4, 2013, Aperam announces that it obtained an in-principle refinancing commitment to extend a portion of 600 million USD of its current Secured Borrowing Base Revolving Credit Facility from March 2014 until March 2015.

## Investor conference call

Aperam management will host a conference call for members of the investment community to discuss the full year and fourth quarter 2012 financial performance at the following time:

Date	New York	London	Luxembourg
Monday, February 4, 2013	12:30 pm	5:30 pm	6:30 pm

The dial-in numbers for the call are: France (+33(0)1 70 48 01 66 and toll free 0805 631 579); USA (+1212 444 0896 and toll free 1 877 249 9037); and international (+44(0)20 7784 1036). The participant access code is: 7144327#.

A replay of the conference call will be available until February 11, 2013: 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 7144327#.

## Contacts

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## About Aperam

Aperam is a global player in stainless, electrical and specialty steel, with operations in more than 30 countries. The business is organized in three divisions: Stainless & Electrical Steel, Services & Solutions and Alloys & Specialties.

Aperam has 2.5 million tonnes of flat stainless steel capacity in Brazil and Europe and is a leader in high value added niches - alloys and specialties. 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 main plants located in Brazil, Belgium and France. Aperam has about 9,800 employees.

Aperam commits to operate in a responsible way with respect to health, safety and the well-being of its employees, contractors and the communities in which it operates. It is also committed to the sustainable management of the environment and of finite resources. In 2012, Aperam had revenues of USD 5.3 billion and shipments of 1.68 million tonnes.

For further information, please refer to our website at [www.aperam.com](http://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*). For more information about these risks and uncertainties, the reader is encouraged to refer to page 5 of Aperam's interim financial report for the half year ended June 30, 2012 filed on July 31, 2012. 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)	December 31, 2012	September 30, 2012	December 31, 2011
<b>Non current assets</b>	<b>3,992</b>	<b>3,954</b>	<b>4,156</b>
Intangible assets	859	854	904
Property, plant and equipments	2,609	2,621	2,804
Investments & Other	524	479	448
<b>Current assets &amp; working capital</b>	<b>967</b>	<b>1,205</b>	<b>1,199</b>
Inventories, trade receivables & trade payables	607	831	807
Other assets	134	146	145
Cash & cash equivalents	226	228	247
<b>Shareholders' equity</b>	<b>3,190</b>	<b>3,218</b>	<b>3,443</b>
Group share	3,186	3,214	3,437
Non-controlling interests	4	4	6
<b>Non current liabilities</b>	<b>1,001</b>	<b>954</b>	<b>1,020</b>
Interest bearing liabilities	607	559	587
Deferred employee benefits	169	171	174
Provisions and other	225	224	259
<b>Current liabilities (excluding trade payables)</b>	<b>768</b>	<b>987</b>	<b>892</b>
Interest bearing liabilities	435	656	538
Other	333	331	354

## APERAM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in million of U.S. dollars)	Three Months Ended			Year Ended	
	December 31, 2012	September 30, 2012	December 31, 2011	December 31, 2012	December 31, 2011
<b>Sales</b>	<b>1,294</b>	<b>1,207</b>	<b>1,436</b>	<b>5,261</b>	<b>6,345</b>
<b>EBITDA</b>	<b>43</b>	<b>42</b>	<b>53</b>	<b>214</b>	<b>356</b>
Depreciation & impairment	88	71	82	320	311
<b>Operating (loss) / income</b>	<b>(45)</b>	<b>(29)</b>	<b>(29)</b>	<b>(106)</b>	<b>45</b>
Income from other investments	1	-	1	2	2
Net interest expense and other net financing costs	(19)	(12)	(27)	(64)	(124)
Unrealized foreign exchange and derivative gains / (losses)	(4)	8	2	(4)	(30)
<b>Loss before taxes and non-controlling interests</b>	<b>(67)</b>	<b>(33)</b>	<b>(53)</b>	<b>(172)</b>	<b>(107)</b>
Income tax benefit	15	16	8	64	48
<b>Loss before non-controlling interests</b>	<b>(52)</b>	<b>(17)</b>	<b>(45)</b>	<b>(108)</b>	<b>(59)</b>
Non-controlling interests	-	-	1	-	1
<b>Net loss</b>	<b>(52)</b>	<b>(17)</b>	<b>(46)</b>	<b>(108)</b>	<b>(60)</b>

## APERAM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in million of U.S. dollars)	Three Months Ended			Year Ended	
	December 31, 2012	September 30, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Net loss	(52)	(17)	(46)	(108)	(60)
Non-controlling interests	-	-	1	-	1
Depreciation and impairment	88	71	82	320	311
Change in working capital	213	(96)	253	156	34
Other	(28)	(8)	(63)	(90)	(97)
<b>Net cash provided by (used in) operating activities</b>	<b>221</b>	<b>(50)</b>	<b>227</b>	<b>278</b>	<b>189</b>
Purchase of property, plant and equipment (CAPEX)	(37)	(41)	(51)	(161)	(158)
Loans under cash pooling arrangements	-	-	-	-	647
Other investing activities (net)	-	7	2	3	9
<b>Net Cash (used in) provided by investing activities</b>	<b>(37)</b>	<b>(34)</b>	<b>(49)</b>	<b>(158)</b>	<b>498</b>
(Payments) proceeds from payable to banks and long term debt	(176)	92	(212)	(83)	55
Repayments under cash pooling arrangements	-	-	-	-	(540)
Dividends paid	(15)	(17)	(17)	(61)	(61)
Other financing activities (net)	-	1	(2)	(2)	(6)
<b>Net cash (used in) provided by financing activities</b>	<b>(191)</b>	<b>76</b>	<b>(231)</b>	<b>(146)</b>	<b>(552)</b>
Net (decrease) increase in cash and cash equivalents	(7)	(8)	(53)	(26)	135
Effect of exchange rate changes on cash	5	1	(2)	5	(8)
<b>Change in cash and cash equivalent</b>	<b>(2)</b>	<b>(7)</b>	<b>(55)</b>	<b>(21)</b>	<b>127</b>

## Appendix 1a – Health & Safety statistics

Health & Safety Statistics	Three Months Ended			Year Ended	
	December 31, 2012	September 30, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Frequency Rate	1.9	1.3	0.3	1.3	0.7

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

Year Ended December 31, 2012	Stainless & Electrical Steel <sup>1,2</sup>	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
<b>Operational information</b>					
Steel Shipment (000t)	1,611	661	36	(625)	1,683
Steel selling price (USD/t)	2,489	3,148	17,405		2,991
<b>Financial information</b>					
Sales (USDm)	4,180	2,173	659	(1,751)	5,261
EBITDA (USDm)	118	21	56	19	214
Depreciation & Impairment (USDm)	268	29	6	17	320
Operating (loss) / income (USDm)	(150)	(8)	50	2	(106)

Note 1: Stainless & Electrical Steel Shipments of 1,611kt of which 617kt were from South America and 994kt were from Europe

Note 2: Stainless & Electrical Steel EBITDA of USD 118m of which USD 103m were from South America and USD 15m were from Europe

Year Ended December 31, 2011	Stainless & Electrical Steel <sup>1,2</sup>	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
<b>Operational information</b>					
Steel Shipment (000t)	1,675	662	37	(625)	1,749
Steel selling price (USD/t)	2,903	3,764	18,805		3,475
<b>Financial information</b>					
Sales (USDm)	5,068	2,603	721	(2,047)	6,345
EBITDA (USDm)	221	15	70	50	356
Depreciation & Impairment (USDm)	260	33	6	12	311
Operating (loss) / income (USDm)	(39)	(18)	64	38	45

Note 1: Stainless & Electrical Steel Shipments of 1,675kt of which 647kt were from South America and 1,028kt were from Europe

Note 2: Stainless & Electrical Steel EBITDA of USD 221m of which USD 118m were from South America and USD 103m were from Europe

Quarter Ended December 31, 2012	Stainless & Electrical Steel <sup>1,2</sup>	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
<b>Operational information</b>					
Steel Shipment (000t)	400	158	9	(160)	407
Steel selling price (USD/t)	2,417	3,066	18,436		3,009
<b>Financial information</b>					
Sales (USDm)	1,020	504	170	(400)	1,294
EBITDA (USDm)	35	(4)	13	(1)	43
Depreciation & Impairment (USDm)	77	7	2	2	88
Operating (loss) / income (USDm)	(42)	(11)	11	(3)	(45)

Note 1: Stainless & Electrical Steel Shipments of 400kt of which 151kt were from South America and 249kt were from Europe

Note 2: Stainless & Electrical Steel EBITDA of USD 35m of which USD 24m were from South America and USD 11m were from Europe

Quarter Ended September 30, 2012	Stainless & Electrical Steel <sup>1,2</sup>	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
<b>Operational information</b>					
Steel Shipment (000t)	370	165	8	(133)	410
Steel selling price (USD/t)	2,423	3,060	16,962		2,830
<b>Financial information</b>					
Sales (USDm)	930	526	139	(388)	1,207
EBITDA (USDm)	14	9	16	3	42
Depreciation & Impairment (USDm)	57	7	1	6	71
Operating (loss) / income (USDm)	(43)	2	15	(3)	(29)

Note 1: Stainless & Electrical Steel shipments of 370kt of which 151kt were from South America and 219kt were from Europe

Note 2: Stainless & Electrical Steel EBITDA of USD 14m of which USD 26m were from South America and USD (12)m were from Europe

<sup>1</sup> 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.

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

<sup>3</sup> EBITDA is defined as operating income plus depreciation and impairment expenses.

<sup>4</sup> The Leadership Journey<sup>®</sup> is an initiative launched on December 16, 2010, and subsequently accelerated and increased, to target management gains and profit enhancement of USD 350 million by 2013. On February 4, 2013, Aperam announced an expansion of the Leadership Journey<sup>®</sup> to 2014 with USD 150 million targeted over the next 2 years.

<sup>5</sup> Subject to eligible collateral available