



Second quarter 2011 results¹

Luxembourg, 26 July 2011

Highlights

- Health and Safety frequency rate² of 0.8x compared to 0.7x in Q1 2011
- Shipments of 439 thousand tonnes in Q2 2011, a 3% decrease compared to shipments of 452 thousand tonnes in Q1 2011
- EBITDA³ of USD 102 million in Q2 2011 compared to USD 139 million in Q1 2011. A charge of USD 36 million relating to the implementation of the “Leadership Journey”⁴ was recorded within the EBITDA of Q1 2011
- Earnings per share of USD 0.02 in Q2 2011
- Cash outflows from operations amounted to USD 198 million in Q2 2011 compared to cash inflows of USD 40 million in Q1 2011, mainly due to a working capital peak
- Net debt of USD 1,107 million at June 30, 2011, representing a gearing of 27%, compared to USD 864 million at March 31, 2011

Aperam (referred to as “Aperam” or the “Company”) (Amsterdam, Luxembourg, Paris: APAM and NYRS: APEMY), today announced results for the three month period ending June 30, 2011

Bernard Fontana, CEO Aperam, commented:

“As expected, the decline in nickel prices and the general economic uncertainty experienced in Q2 2011 led customers to adopt a ‘wait and see’ behavior which had a negative impact on pricing. However, recently we have started to see signs of market stabilization, which gives us confidence for the end of the year.

Additionally, we continue to make progress with the ‘Leadership Journey’. In particular, we have successfully converted the second blast furnace in Brazil to use biomass (charcoal).”

Prospects

- EBITDA is expected to reach a trough in Q3 2011 due, in particular, to a seasonal slowdown
- Net debt is expected to decrease in Q3 2011

Financial Highlights (on the basis of IFRS)

(USDm) unless otherwise shown	Q2 '11	Q1 '11	Q2 '10	H1 '11	H1 '10
Sales	1,708	1,681	1,513	3,389	2,798
EBITDA	102	139	178	241	322
Operating income	24	70	108	94	176
Net income	2	25	66	27	114
Steel shipments (000t)	439	452	479	891	915
EBITDA/tonne (USD)	232	308	372	270	352
Basic earnings per share (USD)	0.02	0.32	N/A	0.34	N/A

Health & Safety results analysis

Health and Safety performance, based on Aperam personnel figures and contractors lost time injury frequency rate², was 0.8 in the second quarter of 2011 compared to 0.7 in the first quarter of 2011.

Financial results analysis

Sales in the second quarter of 2011 increased slightly by 2% to USD 1,708 million compared to USD 1,681 million in the first quarter of 2011. Shipments in the second quarter of 2011 decreased by 13 thousand tonnes or 3% to 439 thousand tonnes compared to 452 thousand tonnes in the first quarter of 2011.

EBITDA was USD 102 million in the second quarter of 2011 compared to EBITDA in the first quarter of 2011 of USD 139 million. The results of the first quarter of 2011 were impacted by a USD 36 million charge related to the implementation of the "Leadership Journey" which was included within EBITDA. The decrease in EBITDA quarter versus quarter was primarily driven by lower volumes, the weakness of the US dollar and the negative stock effect resulting primarily from the decline in nickel prices. Since the beginning of the year, the "Leadership Journey" has contributed USD 73 million to EBITDA.

Depreciation and amortization expense in the second quarter of 2011 was USD 78 million.

Aperam had operating income in the second quarter of USD 24 million compared to USD 70 million in the previous quarter.

Net interest expense and other financing costs in the second quarter of 2011 were USD 27 million. Income from other investments was USD 1 million in the second quarter. The significant reduction of interest charges in the second quarter compared to the first quarter relates to the specific financing that existed prior to the spin-off and the new financing structure that was put in place in March 2011. Other net interest expense includes the impact of foreign exchange primarily on monetary assets held in different currencies, the mark-to-market of derivative instruments and USD 20 million of financing costs.

The Company recorded net income of USD 2 million in the second quarter of 2011, inclusive of an income tax benefit of USD 4 million.

Cash flows from operations in the second quarter were a negative USD 198 million, with working capital increase of USD 268 million. CAPEX in the second quarter was USD 27 million.

At June 30, 2011, shareholder's equity was USD 4,167 million and net financial debt was USD 1,107 million (gross financial debt as of June 30, 2011 was USD 1,373 million and cash & cash equivalents were USD 266 million).

The Company had liquidity of USD 466 million at June 30, 2011, consisting of cash and cash equivalents (including short-term investments) of USD 266 million and USD 200 million of available credit lines.

Operating segment results analysis

Stainless & Electrical Steel

The Stainless & Electrical Steel segment had sales of USD 1,388 in the second quarter of 2011. This represents a decrease of 3% compared to sales of USD 1,430 million in the first quarter of 2011. Shipments during the second quarter were 431 thousand tonnes, including 272 thousand tonnes in Europe and 159 in South America. This is a decrease of 27 thousand tonnes compared to the previous quarter's shipments of 458 thousand tonnes (296 thousand tonnes in Europe and 162 thousand tonnes in South America). The decrease in volumes is primarily due to the "wait and see" behavior adopted by customers as a result of the nickel price decline that occurred during the second quarter. Average steel selling prices for the Stainless & Electrical Steel Segment were slightly higher for the quarter.

The segment had EBITDA of USD 93 million in the second quarter of 2011 compared to USD 79 million in the first quarter of 2011. A charge of USD 36 million relating to the implementation of the "Leadership Journey" was included within the EBITDA for Q1 2011. EBITDA from South America increased from USD 26 million in the first quarter of 2011 to USD 43 million in the second quarter of 2011. There is a charge of USD 12 million included in the EBITDA of Q1 2011 relating to the implementation of the "Leadership Journey" in South America. EBITDA from Europe decreased to USD 50 million in the second quarter of 2011 from USD 53 million in the first quarter of 2011. There is a charge of USD 24 million relating to the implementation of the "Leadership Journey" included in the EBITDA of Europe for Q1 2011.

The Stainless & Electrical Steel segment had operating income of USD 24 million during the second quarter compared to USD 19 million in the first quarter of 2011. Depreciation and amortization expense was USD 69 million in the second quarter of 2011.

Services & Solutions

The Services & Solutions segment had a 4% decrease in sales during the period, from USD 728 million in the first quarter of 2011 to USD 699 million in the second quarter of 2011. In the second quarter of 2011, shipments were 168 thousand tonnes compared to 181 thousand tonnes in the previous quarter. Lower shipments were partially offset by slightly higher average selling prices.

The segment had negative EBITDA in the second quarter of USD 11 million compared to positive EBITDA of USD 33 million in the first quarter of 2011. The significant decrease in EBITDA for the quarter is again the result of the “wait and see” behavior adopted by customers and the negative stock effect resulting primarily from the decline in nickel prices that occurred during the quarter.

Depreciation and amortization expense in the second quarter of 2011 was USD 7 million.

The Services & Solutions segment had operating loss of USD 18 million in the second quarter of 2011 compared to an operating income of USD 25 million in the first quarter of 2011.

Alloys & Specialties

The Alloys & Specialties segment had sales in the second quarter of USD 223 million, representing an increase of 23% compared to USD 181 million in the first quarter of 2011. Shipments increased from 10 thousand tonnes in the first quarter to 11 thousand tonnes in the second quarter, while average selling prices increased quarter over quarter.

The Alloys & Specialties segment achieved EBITDA of USD 23 million in the second quarter of 2011 compared to USD 24 million in the first quarter of 2011. Higher volumes were compensated for by a negative raw material price impact.

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

The Alloys & Specialties Segment had operating income of USD 21 million in the second quarter of 2011.

Recent developments

- On April 5, 2011, Standard & Poor's Ratings Services assigned its 'BB' long-term corporate credit rating to Aperam. The rating is in line with the 'BB' preliminary rating assigned on February 3, 2011. The outlook is stable. At the same time, Standard & Poor's assigned their 'BB' rating to the USD 500 million bonds, in line with the 'BB' preliminary rating.
- On April 11, 2011, Moody's Investor Services assigned a definitive Ba2 corporate family rating (CFR) and a definitive Ba2 probability of default rating (PDR) to Aperam. Concurrently, Moody's assigned a definitive B1/loss-given default (LGD) 6 rating to the company's USD500 million worth of senior unsecured bonds. The outlook on all ratings is stable.
- On May 10, 2011, as part of the “Leadership Journey”, Aperam announced that the Board of Directors of Aperam approved an investment of USD 35 million to improve the performance and profitability of its steel service center in Campinas, Brazil. This investment will result in the doubling of its processing capacity to 200,000 tonnes through revamping, streamlining and the addition of new processing lines, thus improving Aperam's ability to serve its customers in the thriving Brazilian market.
- On June 7, 2011, Aperam announced that its biomass operations in Brazil have been separated from ArcelorMittal's biomass operations and will be renamed Aperam BioEnergia. The legal steps of the demerger are currently underway and shall be completed in the third quarter. Aperam's biomass operations constitute a leading company in the sector of biomass production for the steel industry with state-of-the-art forest management, harvesting machinery and carbonization kilns. In 2010, they produced 220,000 tons of charcoal.
- On June 7, 2011, Aperam announced the publication of its Financial Report 2010. The report is available on www.aperam.com under "Investors" > "Aperam Reports".
- On July 12, 2011, the Ordinary and Extraordinary General Meetings of shareholders of Aperam approved all resolutions on the agenda by a large majority. 41,988,479 shares, or 53.79% of the Company's share capital, were present or represented at the meetings. The shareholders approved the statutory accounts for the financial period 1 January to 25 January 2011 and elected Ms. Laurence Mulliez, CEO of Eoxis, a privately held company producing energy from renewable sources, as an independent member of Aperam's Board of Directors. Ms. Laurence Mulliez will serve for a term of three years. In addition, the shareholders approved the implementation of the new Restricted Share Unit Plan and Performance Share Unit Plan 2011 as well as amendments to the Company's articles of association intended to strengthen the rights of shareholders.
- On July 18, 2011, Aperam, announced that it had signed an agreement with Google to deploy collaborative cloud-based solutions across its organization. Aperam will gradually switch its office software to Google's cloud-based solutions (“Google Apps”) and deploy Google Mail as its core messaging tool among its 9,600 employees. The move is part of the Leadership Journey which aims to achieve USD 250 million of management gains and profit enhancement over 2011 and 2012.

New developments

- On July 26, 2011, as part of the Leadership Journey, Aperam announces that its Brazilian operations (Timóteo) have finalized the conversion of blast furnace number two and will henceforth use biomass (charcoal) instead of coke.

Investor conference call

Aperam management will host a conference call for members of the investment community to discuss the second quarter 2011 financial performance at the following times:

Date	New York	London	Luxembourg
Tuesday, July 26, 2011	12:30 pm	5:30 pm	6:30 pm

The dial-in numbers for the call are: France (+33 (0) 170 99 4279 and toll free 0800 942 819); USA (+1 718 247 0880 and toll free +1 866 602 0258); and international (+44 (0) 20 7136 2055). The participant access code is 7980244.

A replay of the conference call will be available: France (+33 (0) 174 20 28 00); USA (+1 347 366 9565) and international (+44 (0) 20 7111 1244). The participant access code is 7980244.

Contacts

Corporate Communications / Jean Lasar: +352 27 36 27 27
Investor Relations / Michael Bennett: +352 27 36 27 36

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, Service & 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 9,600 employees.

Aperam commits to operate in a responsible way with respect to health, safety and 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 2010, Aperam had revenues of USD 5.6 billion and shipments of 1.74 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, 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, 2011	March 31, 2011	June 30, 2010 COMBINED
Non current assets	4,681	4,641	4,195
Intangible assets	1,062	1,035	924
Property, plant and equipment	3,054	3,020	2,774
Investments & Other	565	586	497
Current assets & working capital	1,765	1,467	1,885
Inventories, trade receivables & trade payables	1,294	1,018	957
Other assets	205	181	199
ArcelorMittal tax indemnification	-	-	245
Amount receivable under cash-pooling arrangement	-	-	362
Cash & cash equivalents	266	268	122
Shareholders' equity	4,167	3,999	3,389
Group share	4,161	3,993	3,385
Non-controlling interests	6	6	4
Non current liabilities	1,022	1,078	1,397
Interest bearing liabilities	590	603	945
Deferred employee benefits	192	191	161
Provisions and other	240	284	291
Current liabilities (excluding trade payables)	1,257	1,031	1,294
Interest bearing liabilities	783	529	902
Other	474	502	392

APERAM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in million of U.S. dollars)	Three Months Ended			Six Months Ended	
	June 30, 2011	March 31, 2011	June 30, 2010 COMBINED	June 30, 2011	June 30, 2010 COMBINED
Sales	1,708	1,681	1,513	3,389	2,798
EBITDA	102	139	178	241	322
Depreciation & Impairment	78	69	70	147	146
Operating Income	24	70	108	94	176
Income from other investments	1	-	7	1	8
Net interest expense and other net financing costs	(27)	(46)	(38)	(73)	(41)
Income (loss) before taxes and non-controlling interests	(2)	24	77	22	143
Income tax expense (benefit)	(4)	(1)	10	(5)	28
Income before non-controlling interests	2	25	67	27	115
Non-controlling interests	-	-	1	-	1
Net income	2	25	66	27	114

APERAM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in million of U.S. dollars)	Three Months Ended			Six Months Ended	
	June 30, 2011	March 31, 2011	June 30, 2010 COMBINED	June 30, 2011	June 30, 2010 COMBINED
Net income	2	25	66	27	114
Non-controlling interests	-	-	1	-	1
Depreciation and impairment	78	69	70	147	146
Changes in working capital	(268)	(9)	(218)	(277)	(278)
Other	(10)	(45)	79	(55)	(23)
Net cash (used in) provided by operating activities	(198)	40	(2)	(158)	(40)
Purchase of property, plant and equipment (CAPEX)	(27)	(32)	(19)	(59)	(42)
Loans under cash pooling arrangements (net)	-	647	(88)	647	(64)
Other investing activities	(2)	-	3	(2)	3
Net Cash (used in) provided by investing activities	(29)	615	(104)	586	(103)
Proceed (payments) from payable to banks and long term debt	247	32	(118)	279	(131)
Borrowings (repayments) under cash pooling arrangements (net)	(10)	(530)	205	(540)	249
Dividends paid	(16)	(14)	(59)	(30)	(59)
Other financing activities (net)	(2)	-	96	(2)	96
Net cash (used in) provided by used in financial activities	219	(512)	124	(293)	155
Net increase (decrease) in cash and cash equivalents	(8)	143	18	135	12
Effect of exchange rate changes on cash & Other financing activities	6	5	(4)	11	(8)
Change in cash and cash equivalents	(2)	148	14	146	4

Appendix 1a – Health & Safety statistics

Health & Safety Statistics	Three Months Ended			Six Months Ended	
	June 30, 2011	March 31, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Frequency Rate	0.8	0.7	2.9	0.8	2.6

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, 2011	Stainless & Electrical Steel ^{1,2}	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
Operational information					
Steel shipment (000t)	431	168	11	(171)	439
Steel selling price (USD/t)	3,104	3,978	19,732		3,748
Financial information					
Sales (USDm)	1,388	699	223	(602)	1,708
EBITDA (USDm)	93	(11)	23	(3)	102
Depreciation & Impairment (USDm)	69	7	2	-	78
Operating income / loss (USDm)	24	(18)	21	(3)	24

Note 1: Stainless & Electrical Steel Shipments of 431kt of which 159kt were from South America and 272kt were from Europe

Note 2: Stainless & Electrical Steel EBITDA of USD 93m of which USD 43m were from South America and USD 50m were from Europe

Quarter Ended March 31, 2011	Stainless & Electrical Steel ^{1,2}	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
Operational information					
Steel shipment (000t)	458	181	10	(197)	452
Steel selling price (USD/t)	2,992	3,856	17,864		3,553
Financial information					
Sales (USDm)	1,430	728	181	(658)	1,681
EBITDA (USDm)	79	33	24	3	139
Depreciation & Impairment (USDm)	60	8	1	-	69
Operating income (USDm)	19	25	23	3	70

Note 1: Stainless & Electrical Steel Shipments of 458kt of which 162kt were from South America and 296kt were from Europe

Note 2: Stainless & Electrical Steel EBITDA of USD 79m of which USD 26m were from South America and USD 53m were from Europe

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 Standards 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.

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 plus depreciation and impairment expenses.

⁴ The "Leadership Journey" is an initiative that was launched on December 16, 2010 to target management gains and profit enhancement of USD 250 million over the next two years.