Second quarter 2011
July 26, 2011
Disclaimer

Forward-Looking Statements

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Introduction & overview

**Highlights:**
- Health and Safety frequency rate 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
- EBITDA 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” was recorded within the EBITDA of Q1 2011
- Earnings per share of USD 0.02 in Q2 2011
- Cash flow from operations was negative USD 198 million in Q2 2011 compared to positive 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

**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

“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.”
Health & Safety
Health & Safety Performance

Improvement in Health & Safety confirmed

* IISI-standard: Fr = lost time Injuries per 1,000,000 worked hours; based on own personnel and contractors
Environment and markets
Environment and markets

Prices under pressure

Nickel prices have put pressure on stainless steel prices but the market is starting to show signs of improvement

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

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

*Source: SBB
Second quarter 2011

Performance and prospects
Performance and prospects
Operations: Q1 2011 and Q2 2011

Shipments (’000t)

EBITDA (USD million)

Q1 2011 & Q2 2011 EBITDA per division (USD million)

*Q2 2010 unaudited figures

**A charge of USD 36 million (Europe USD 24m and Brazil USD 12m) relating to the implementation of the “Leadership Journey” was recorded within the EBITDA of Q1 2011

EBITDA of 232 USD/t in Q2 2011 compared to 308 USD/t in Q1 2011
Performance and prospects
Leadership Journey

Cumulated gains and target 2012 (USD million)

Key project completed in H1
- Switch from LPG to natural gas in Timoteo (Brazil - Stainless & Electrical Steel)
- Suspension of traditional cold roll mill in Isbergues (France - Stainless & Electrical Steel)
- VSS* completed at end of Q1 in Brazil
- Conversion of blast furnace number 2 from coke to biomass (charcoal) (Brazil – Stainless & Electrical Steel)

Key project progressing
- Investment in productivity including a new Hot Annealing and Pickling line in Gueugnon (France - Stainless & Electrical Steel)
- Investment in a new induction furnace and Electro Slag Remelting furnace at Imphy (France – Alloys & Speciality)
- Service Center expansion in Campinas (Brazil – Services & Solutions)
- Yield and Quality improvement, SG&A reduction through organisation simplification, Biomass development, new product growth…

“Leadership Journey” well on track

*VSS – Voluntary Separation Scheme
Second quarter 2011

Financial results
Financial results
Second quarter P&L highlights

EBITDA to net income (USD million)

EBITDA  Depreciation & Impairment  Operating profit  Financial Charges  Pre-Tax  Tax  Net income

+102  -78  +24  -26  -2  +4  +2

Earnings per share of USD 0.10
Financial results
Second quarter cash flow highlights

Free cash flow (USD million)

USD 198m cash consumed by operations due to a working capital peak
Financial results
Second quarter balance sheet highlights

Assets & liabilities (USD million)

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<th>31/12/2010</th>
<th>31/12/2010 Pro forma</th>
<th>31/03/2011</th>
<th>30/06/2011</th>
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Net debt of USD 1,107 million and gearing of 27%