

# Annual General Meeting of Shareholders

8 May 2013

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Thank you



# Annual General Meeting of Shareholders

## Agenda Items



1. Presentation of the management report of the Board of Directors and the reports of the independent company auditor on the standalone annual accounts of the Company prepared in accordance with the laws and regulations of the Grand-Duchy of Luxembourg (the “Parent Company Annual Accounts”) and the consolidated financial statements of the Aperam group prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (the “Consolidated Financial Statements”) as of and for the year ended 31 December 2012
2. Approval of the Consolidated Financial Statements as of and for the year ended 31 December 2012
3. Approval of the Parent Company Annual Accounts as of and for the year ended 31 December 2012
4. Allocation of results and determination of the dividend and the compensation for the members of the Board of Directors in relation to the financial year 2012
5. Discharge of the directors
6. Election of members of the Board of Directors
7. Appointment of a réviseur d’entreprises agréé (authorised statutory auditor) for the purposes of the audit of the Consolidated Financial Statements and the Parent Company Annual Accounts as of and for the year ended 31 December 2013
8. Authorisation of grants of share based incentives

# Message from the Chairman

## Key highlights of the year 2012



- **Health and Safety is the top priority in Aperam**
- **Despite challenging market conditions, Aperam has continued to improve its operational performance by cost cutting measures and has further reduced its debt level**
  - FY 2012 EBITDA USD 214 million
  - December 31, 2012 USD 356 million of Management gains under the Leadership Journey®
  - December 31, 2012 USD 816 million of Net Financial Debt
- **Considering the challenging economic environment, Aperam must become even more resilient and capable of better responding to the volatile market environment**
  - Net debt reduction target of \$650 million by the end of 2014
  - Dividend payment stopped to accelerate net debt reduction
  - Expansion of the Leadership Journey® with \$150 million of cost savings targeted over 2013 to 2014
- **Aperam has strong fundamentals to support a value creating strategy**
- **The key catalyst initiating consolidation**

**Well positioned to benefit from changes in the competitive landscape**

# Annual General Meeting of Shareholders

Group presentation and presentation of the consolidated financial statements and the parent company accounts

8 May 2013



## 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 142 of Aperam’s annual report for the year ended December 31, 2012 filed on March 7, 2013. Aperam undertakes no obligation to publicly update its forward-looking statements or information, whether as a result of new information, future events, or otherwise

# Agenda



- Health & Safety
- Aperam's fundamentals and value strategy
- Leadership Journey®
- Performance
- Consolidated Financial Statements and Parent Company Accounts

**Annual General Meeting**  
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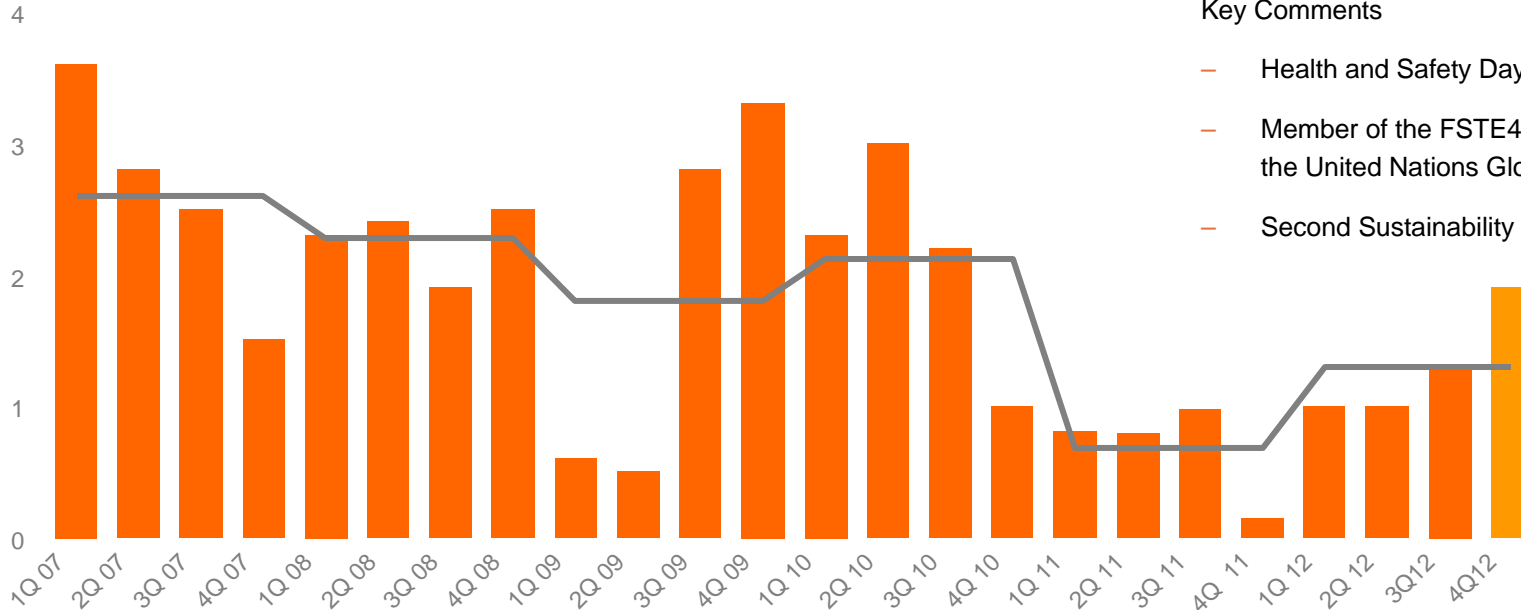
# Health & Safety



# Health & Safety Performance



Frequency rate\*



## Key Comments

- Health and Safety Day on 25 April 2013
- Member of the FSTE4 Good Index and the United Nations Global Compact
- Second Sustainability Report

**Health and Safety is the top priority**

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

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# Aperam's fundamentals and value strategy

# Aperam's fundamentals and value strategy

## What makes Aperam unique



### Aperam's fundamentals

- **Well positioned in both developed and emerging markets**
  - Emerging markets representing approximately 30% of Aperam total sales. Based upon historical apparent consumption per capita there is important growth potential in Brazil and South America
- **High quality and cost effective European operations**
  - The last greenfield project built in Europe
- **Global, integrated distribution network and proximity to customer**
  - A key competitive advantage to maintain market share and capture growth opportunities
- **A leading position in nickel alloys**
  - A high value creative business

### Aperam's value strategy

- **Growing Alloys & Specialties**
- **Adding value with Services & Solutions**
- **Fully leveraging Aperam's unique product portfolio**
- **Enhancing the Group's marketing strategy and promoting high margin products ...**
- **... and catch new opportunities**

**Creation of a Consortium to pursue aimed at participating in the sale process of the stainless steel producer Terni currently being divested by Outokumpu**

**Strategy to leverage and maximize unique strengths**

**Annual General Meeting**  
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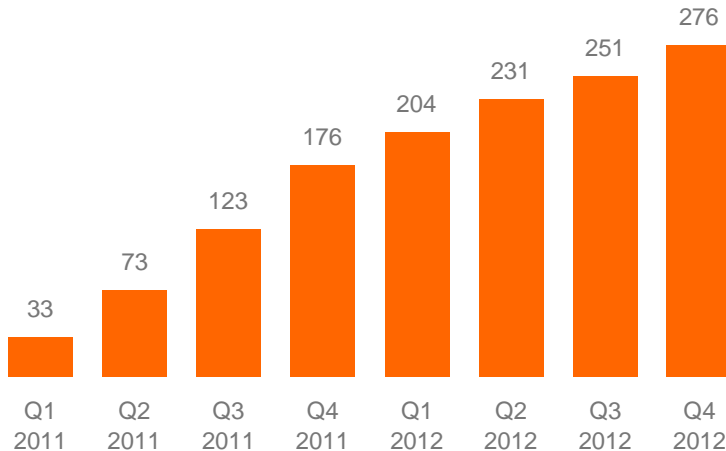
# Leadership Journey<sup>®</sup>

# Leadership Journey®

## The path of operational excellence



Cumulated gains and 2013 target (USD million)



### Key projects completed since beginning of 2011

- In Brazil, VSS\*, switch from LPG to natural gas and conversion of blast furnace number 2 from coke to biomass. Service center expansion in Campinas
- In Europe, suspension of traditional cold roll mill in Isbergues and investment.

### Key projects progressing

- New induction furnace, Electro Slag Remelting furnace and new VAR furnace at Imphy (France – Alloys & Speciality)
- New hot annealing and pickling line in Gueugnon to be restart before second half 2013 (France).
- Industrial optimization and rationalization in Europe (from 20 tools to 17 tools)
- Yield and Quality improvement, Sourcing initiative, SG&A reduction through organisation simplification...

**Aperam is ahead of schedule in its savings program and further expands it with USD 150 million targeted by the end of 2014**

\*VSS – Voluntary Separation Scheme

**Annual General Meeting**  
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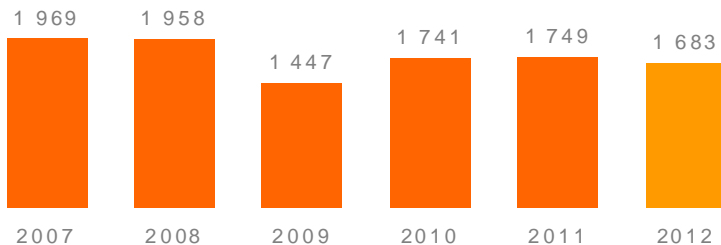
# Performance

# Performance

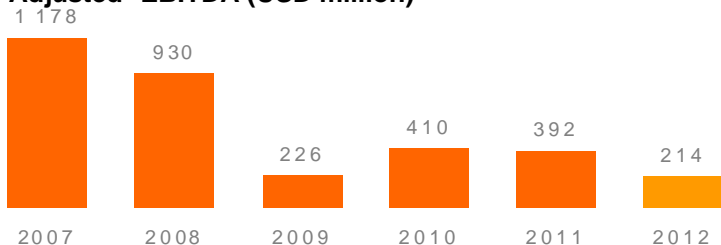
## Full year 2012



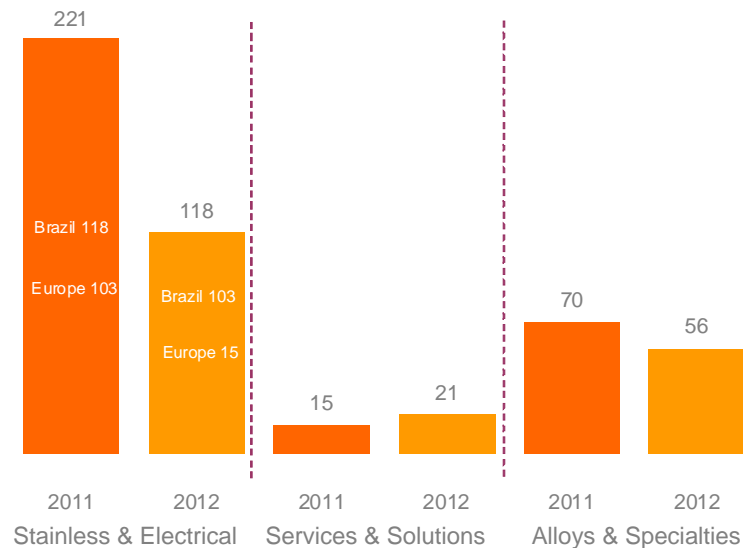
Shipments ('000t)



Adjusted\* EBITDA (USD million)



EBITDA per Division (USD million)



**Adj. EBITDA of 127 USD/t in full year 2012 compared to 224 USD/t in full year 2011**

\* Adjusted EBITDA is defined as operating income plus depreciation, impairment expenses and other items as defined in the "Aperam Model"

## Performance

### First Quarter 2013 – Key highlights



- Health and Safety frequency rate of 1.1x in Q1 2013 compared to 1.9 x in Q4 2012
- EBITDA of USD 65 million in Q1 2013, compared to EBITDA of USD 43 million in Q4 2012
- The Leadership Journey® contributed USD 299 million to EBITDA since the beginning of 2011.
- Basic loss per share of USD 0.36 in Q1 2013
- Net debt of USD 842 million at March 31, 2013, representing a gearing of 27%

**Despite industrial and commercial challenges, EBITDA increased quarter on quarter driven by an improvement in prices and a positive costs squeeze**



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# Consolidated Financial Statements and Parent Company Accounts

## CONSOLIDATED STATEMENTS OF OPERATIONS

| (USDm)  | 2011         | 2012         |
|---|--------------|--------------|
| <b>Sales</b>  | <b>6 345</b> | <b>5 261</b> |
| <b>Adj. EBITDA</b>  | <b>392</b>   | <b>214</b>   |
| - Adj. EBITDA margin %  | 6,2%         | 4,1%         |
| Other items   | 36           | -            |
| <b>EBITDA</b>   | <b>356</b>   | <b>214</b>   |
| Depreciation and impairment                                   | 311          | 320          |
| <b>Operating Income / (loss)</b>                              | <b>45</b>    | <b>(106)</b> |
| - Operating margin %  | 0,7%         | -2,0%        |
| Income from other investments                                 | 2            | 2            |
| Net interest expense and other financing income (costs) - net | (124)        | (64)         |
| Unrealized foreign exchanges and derivatives gains (losses)   | (30)         | (4)          |
| <b>Loss before taxes and non-controlling interests</b>        | <b>(107)</b> | <b>(172)</b> |
| Income tax benefit  | 48           | 64           |
| - Effective tax rate %  | 45,2%        | 36,9%        |
| <b>Loss before non-controlling interests</b>                  | <b>(59)</b>  | <b>(108)</b> |
| Non-controlling interests                                     | 1            | -            |
| <b>Net loss</b>   | <b>(60)</b>  | <b>(108)</b> |

### 2012 versus 2011 :

- Sales decreased by 17%.
- EBITDA decreased by 40% from USD 356 million to USD 214 million (2011 included USD 36 million of non recurring items).
- Net result for the year 2012 is a loss of USD 108 million compared to a loss of USD 60 million in 2011.

# Results 2012 – Aperam Group



## CONSOLIDATED STATEMENTS OF CASH FLOWS

| <b>(USDm)</b>   | <b>2011</b>  | <b>2012</b>  |
|---|--------------|--------------|
| Net Income / (loss)   | (60)         | (108)        |
| Non-controlling interests                                     | 1            | -            |
| Depreciation and impairment                                   | 311          | 320          |
| Changes in working capital                                    | 34           | 156          |
| Other   | (97)         | (90)         |
| <b>Net cash provided by operating activities</b>              | <b>189</b>   | <b>278</b>   |
| Purchase of property, plant and equipment (CAPEX)             | (158)        | (161)        |
| Loans under cash pooling arrangements (net)                   | 647          | -            |
| Other investing activities                                    | 9            | 3            |
| <b>Net Cash provided by / (used in) investing activities</b>  | <b>498</b>   | <b>(158)</b> |
| Proceed / (payments) from payable to banks and long term debt | 55           | (83)         |
| Repayments under cash pooling arrangements (net)              | (540)        | -            |
| Dividends paid  | (61)         | (61)         |
| Other financing activities (net)                              | (6)          | (2)          |
| <b>Net cash used in financing activities</b>                  | <b>(552)</b> | <b>(146)</b> |
| Net increase / (decrease) in cash and cash equivalents        | 135          | (26)         |
| Effect of exchange rate changes                               | (8)          | 5            |
| <b>Change in cash and cash equivalents</b>                    | <b>127</b>   | <b>(21)</b>  |
| <b>Free cash-flow (Cash-flow from operation less CAPEX)</b>   | <b>31</b>    | <b>117</b>   |

### 2012 versus 2011 :

- Cash generated by operations increased from USD 189 million to USD 278 million.
- Cash inflow on investing activities was USD 498 million in 2011 and cash outflow was USD 158 million in 2012.
- Cash outflow on financing activities decreased from USD 552 million to USD 146 million.

# Results 2012 – Aperam Group

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION



| (USDm)  | 2011         | 2012         |
|---|--------------|--------------|
| <b>Non current assets</b>                             | <b>4 156</b> | <b>3 992</b> |
| Intangible assets                                     | 904          | 859          |
| Property, plant and equipment (PPE)                   | 2 804        | 2 609        |
| Investments & Other                                   | 448          | 524          |
| <b>Current assets &amp; working capital</b>           | <b>1 199</b> | <b>967</b>   |
| Inventories, trade receivables & trade payables (OWC) | 807          | 607          |
| Other assets  | 145          | 134          |
| Cash & cash equivalents                               | 247          | 226          |
| <b>Shareholders' equity</b>                           | <b>3 443</b> | <b>3 190</b> |
| Group share   | 3 437        | 3 186        |
| Non-controlling interests                             | 6            | 4            |
| <b>Non current liabilities</b>                        | <b>1 020</b> | <b>1 001</b> |
| Interest bearing liabilities                          | 587          | 607          |
| Deferred employee benefits                            | 174          | 169          |
| Provisions and other                                  | 259          | 225          |
| <b>Current liabilities (excluding trade payables)</b> | <b>892</b>   | <b>768</b>   |
| Interest bearing liabilities                          | 538          | 435          |
| Other   | 354          | 333          |
| <b>Invested Capital (Intangible assets+PPE+OWC)</b>   | <b>4 515</b> | <b>4 075</b> |
| <b>Net financial debt</b>                             | <b>878</b>   | <b>816</b>   |
| <b>Working capital</b>                                | <b>807</b>   | <b>607</b>   |

### December 31, 2012 versus December 31, 2011 :

- Net financial debt decreased by 7% from USD 878 million to USD 816 million, representing a gearing of 26% at year end 2012.
- Shareholder's equity is USD 3,190 million as at December 31, 2012, compared to USD 3,443 million at previous year end.
- Liquidity amounts to USD 701 million at year-end 2012 (cash and cash equivalents of USD 226 million and available credit lines of USD 475 million\*).

\* Subject to eligible collateral available

# Parent Company Accounts

## Agenda item 4



Proposal of the Board of Directors for the allocation of the results of the Parent Company Accounts in relation to the financial year 2012 (in USD):

### Parent Company Accounts for the financial period 2012 <sup>(1)</sup>

|  |                      |
|--|----------------------|
| Loss for the financial year                        | (173,378,216)        |
| Profit brought forward ( <i>Report à nouveau</i> ) | 2,044,729,570        |
| <hr/>  |                      |
| <b>Results to be allocated and distributed</b>     | <b>1,871,351,354</b> |
| <hr/>  |                      |
| Dividend   | -                    |
| Directors' compensation                            | (778,446)            |
| <hr/>  |                      |
| <b>Profit carried forward</b>                      | <b>1,870,572,908</b> |
| <hr/>  |                      |

(1) Luxembourg GAAP

Annual General Meeting of Shareholders



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# Slides on Agenda Items

- Election of members of the Board of Directors

The mandate of each of the six following directors will have come to an end on the date of this General Meeting: Mr. Lakshmi N. Mittal, Mr. Romain Bausch, Mr. David B. Burritt, Ms. Kathryn A. Matthews, Mr. Aditya Mittal and Mr. Gonzalo Urquijo.

The tabled proposal is to re-elect Mr. Lakshmi N. Mittal, Mr. Romain Bausch, Mr. David B. Burritt, Ms. Kathryn A. Matthews, Mr. Aditya Mittal and Mr. Gonzalo Urquijo as members of the Board of Directors of the Company for another three-year term.

### Board Composition:

| Name                    | Position within the Company   | Date joined Board | Term Expires | Tabled proposal at General Meeting |
|-------------------------|---|-------------------|--------------|------------------------------------|
| Mr. Lakshmi N. Mittal   | Chairman, Non-independent member of the Board of Directors              | Dec-10            | May-13       | Re-Election up to May 2016         |
| Mr. Romain Bausch       | Lead Independent Director, Independent member of the Board of Directors | Jan-11            | May-13       | Re-Election up to May 2016         |
| Mr. David B. Burritt    | Independent member of the Board of Directors                            | Dec-10            | May-13       | Re-Election up to May 2016         |
| Ms. Kathryn A. Matthews | Independent member of the Board of Directors                            | Dec-10            | May-13       | Re-Election up to May 2016         |
| Mr. Aditya Mittal       | Non-independent member of the Board of Directors                        | Dec-10            | May-13       | Re-Election up to May 2016         |
| Ms. Laurence Mulliez    | Independent member of the Board of Directors                            | May-11            | May-14       |                                    |
| Mr. Gonzalo Urquijo     | Non-independent member of the Board of Directors                        | Dec-10            | May-13       | Re-Election up to May 2016         |

- Election of members of the Board of Directors
  - *Resolution VI: The General Meeting re-elects Mr. Lakshmi N. Mittal as director of Aperam for a three-year mandate that will automatically expire on the date of the General Meeting of shareholders to be held in 2016*

**Mr. Lakshmi N. Mittal** is the Chairman and CEO of ArcelorMittal. Mr. Mittal started his career in the steel industry in 1976 by founding Ispat Indo, a company that is still held privately by the Mittal family. He founded Mittal Steel Company (formerly the LNM Group) in 1989 and guided its strategic development, culminating in the merger in 2006 with Arcelor, to form the world's largest steelmaker. He is widely recognized for the leading role he has played in restructuring the steel industry towards a more consolidated and globalized model. Mr. Mittal is an active philanthropist and a member of various boards and trusts, including chairman and CEO of the board of ArcelorMittal and the boards of Goldman Sachs and European Aeronautic Defence & Space Company ("EADS") N.V.





- Election of members of the Board of Directors
  - *Resolution VII: The General Meeting re-elects Mr. Romain Bausch as director of Aperam for a three-year mandate that will automatically expire on the date of the General Meeting of shareholders to be held in 2016*

**Mr. Romain Bausch** is President and CEO of SES since July 2001. Mr. Bausch is also Chairman of the Board of Directors of SES ASTRA, Vice-Chairman of the Board of O3b Networks and member of the Board of Solaris Mobile. He became the Director General and the Chairman of the Management Committee of SES in 1995, following a career in the Luxembourg civil service. Previously, he occupied key positions in the banking, media and telecommunications sectors in Luxembourg. Mr. Bausch is also a Vice-Chairman of Fedil (the Luxembourg Business Federation) and a member of the Boards of Directors of BIP Investment Partners and of Compagnie Financière La Luxembourgeoise.



- Election of members of the Board of Directors
  - *Resolution VIII: The General Meeting re-elects Mr. David B. Burritt as director of Aperam for a three-year mandate that will automatically expire on the date of the General Meeting of shareholders to be held in 2016*

**Mr. David Burritt** worked for Caterpillar Inc. for almost thirty-three years before retiring in October 2010. Mr. Burritt was Vice President and Chief Financial Officer of Caterpillar Inc. from 2004 to 2010 and held previously various senior roles at Caterpillar Inc. in finance, tax, accounting, and international operations.



- *Resolution IX: The General Meeting re-elects Ms. Kathryn A. Matthews as director of Aperam for a three-year mandate that will automatically expire on the date of the General Meeting of shareholders to be held in 2016*

**Ms. Kathryn A. Matthews** has over thirty years of experience in the financial sector, with a focus on asset management, and has held senior management roles with Fidelity International Ltd, AXA Investment Managers, Santander Global Advisors Inc. and Baring Asset Management.



- Election of members of the Board of Directors

- *Resolution X: The General Meeting re-elects Mr. Aditya Mittal as director of Aperam for a three-year mandate that will automatically expire on the date of the General Meeting of shareholders to be held in 2016*

**Mr. Aditya Mittal** is the Chief Financial Officer of ArcelorMittal and Member of the Group Management Board with responsibility for Flat Carbon Europe, investor relations and communications. He joined Mittal Steel in 1997, and was president and CFO of Mittal Steel Company from 2004 to 2006. As CFO of Mittal Steel, he initiated and led Mittal Steel's offer for Arcelor.



- *Resolution XI: The General Meeting re-elects Mr. Gonzalo Urquijo as director of Aperam for a three-year mandate that will automatically expire on the date of the General Meeting of shareholders to be held in 2016*

**Mr. Gonzalo Urquijo** is Member of the Group Management Board of ArcelorMittal with responsibility for Asia, Africa, Commonwealth of Independent States (excluding China and India), Distribution Solutions and Tubular Products. Previously he was Senior Executive Vice President and Chief Financial Officer of Arcelor and held senior positions in the steel industry, including Aceralia and Aristrain.





- Authorisation of grants of share based incentives

- Grants of Performance Share Units to the Aperam Management Committee members.
- Main objective: effective performance enhancing scheme based on the achievement of Aperam's strategy aimed at creating a measurable long term shareholder value.
- Cliff vesting on the third year anniversary of the grant date.
- Awards under the MC PSU Plan are subject to the fulfillment of cumulative performance criteria over a three-year period from the date of the PSU grant: Total Shareholder Return & Earnings Per share.
- The value of the grant at grant date will equal 35% of the year base salary for the Chief Executive Officer and for the other MC members.
- Each PSU may give right to up to two (2) shares of the Company.
- The 2013 Cap for the number of PSUs that may be allocated to the Management Committee members and other retention based grants below the Management Committee level, if any, is proposed to be set at a maximum of 220,000 shares (the "2013 Cap"), representing less than 0.29% of the Company's current issued share capital on a diluted basis.

**Annual General Meeting of Shareholders**  
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# Question & Answer Session

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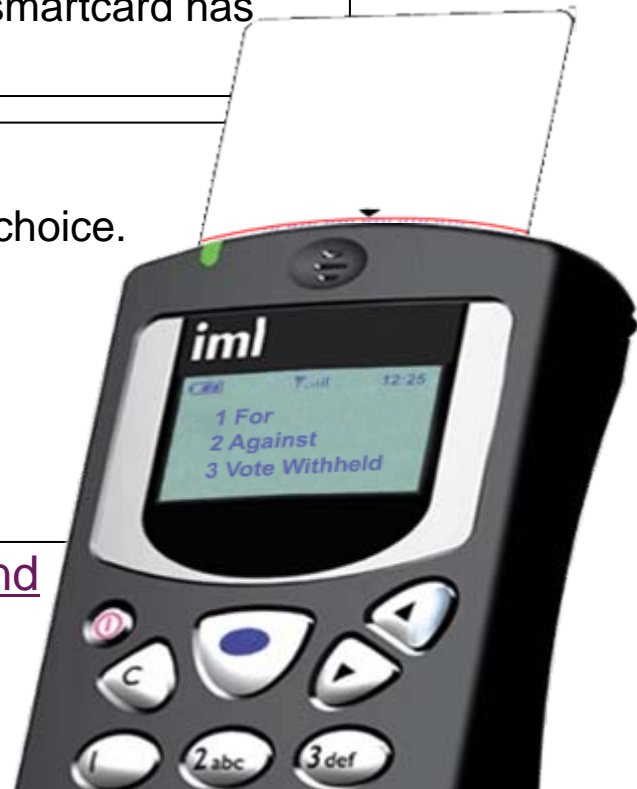
- Insert the smartcard into the handset:  
The handset can only function if the smartcard has been properly inserted.

2

- In order to vote:  
Press the key corresponding to your choice.
  - **1 = For**
  - **2 = Against**
  - **3 = Abstain**

## Information message regarding the reception and the recording of your vote:

- “received” : Your vote is received.
- “voted” : Vote is closed. Your vote is definitely recorded.



**Annual General Meeting 8 May 2013**  
**Resolution I**



- **Approval of the Consolidated Financial Statements as of and for the year ended 31 December 2012**



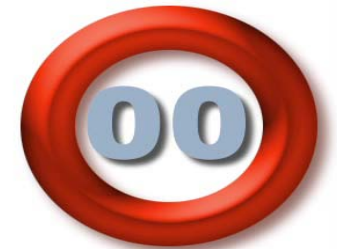
**FOR**



**AGAINST**



**ABSTAIN**



**Annual General Meeting 8 May 2013**  
**Resolution II**



- **Approval of the Parent Company Annual Accounts as of and for the year ended 31 December 2012**



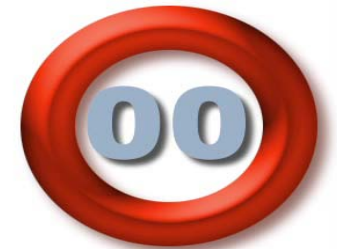
**FOR**



**AGAINST**



**ABSTAIN**

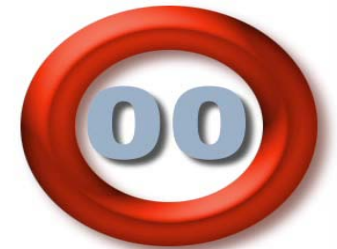




- Allocation of results and determination of the dividend in relation to the financial year 2012

- 1 FOR
- 2 AGAINST
- 3 ABSTAIN

**VOTE OPEN**



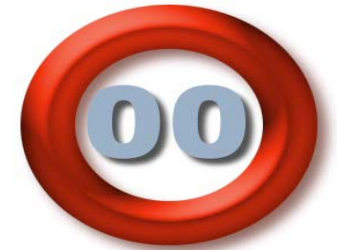
**Annual General Meeting 8 May 2013**  
**Resolution IV**



- **Determination of Directors' compensation in the amount of USD 778,446 for the year ended 31 December 2012**

- 1 FOR**
- 2 AGAINST**
- 3 ABSTAIN**

**VOTE OPEN**



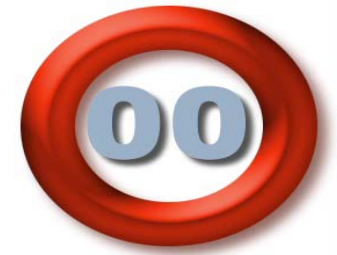
**Annual General Meeting 8 May 2013**  
**Resolution V**



- **Discharge of the Directors for the year 2012**

- 1 FOR**
- 2 AGAINST**
- 3 ABSTAIN**

**VOTE OPEN**



**Annual General Meeting 8 May 2013**  
**Resolution VI**



- **The General Meeting re-elects Mr. Lakshmi N. Mittal as director of Aperam for a three-year mandate that will automatically expire on the date of the General Meeting of shareholders to be held in 2016**

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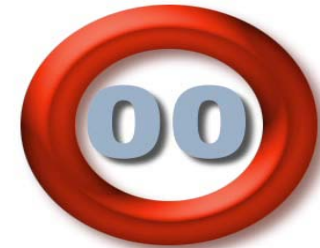
**FOR**

**2**

**AGAINST**

**3**

**ABSTAIN**



**VOTE OPEN**

**Annual General Meeting 8 May 2013**  
**Resolution VII**



- **The General Meeting re-elects Mr. Romain Bausch as director of Aperam for a three-year mandate that will automatically expire on the date of the General Meeting of shareholders to be held in 2016**



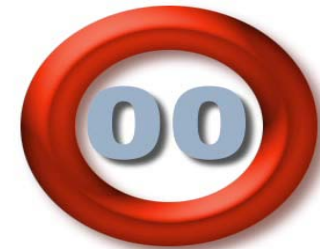
**FOR**



**AGAINST**



**ABSTAIN**



**Annual General Meeting 8 May 2013**  
**Resolution VIII**



- **The General Meeting re-elects Mr. David B. Burritt as director of Aperam for a three-year mandate that will automatically expire on the date of the General Meeting of shareholders to be held in 2016**

**1**

**FOR**

**2**

**AGAINST**

**3**

**ABSTAIN**



**VOTE OPEN**

**Annual General Meeting 8 May 2013**  
**Resolution IX**



- **The General Meeting re-elects Ms. Kathryn A. Matthews as director of Aperam for a three-year mandate that will automatically expire on the date of the General Meeting of shareholders to be held in 2016**



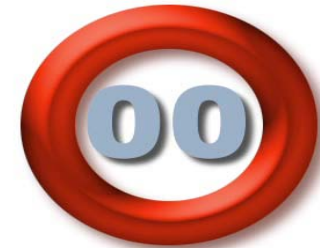
**FOR**



**AGAINST**



**ABSTAIN**



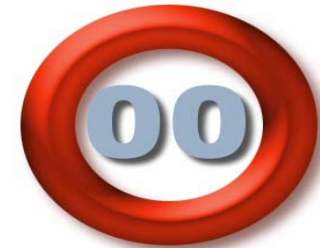
**VOTE OPEN**

**Annual General Meeting 8 May 2013**  
**Resolution X**



- **The General Meeting re-elects Mr. Aditya Mittal as director of Aperam for a three-year mandate that will automatically expire on the date of the General Meeting of shareholders to be held in 2016**

- 1 FOR**
- 2 AGAINST**
- 3 ABSTAIN**



**VOTE OPEN**



**Annual General Meeting 8 May 2013**  
**Resolution XI**



- **The General Meeting re-elects Mr. Gonzalo Urquijo as director of Aperam for a three-year mandate that will automatically expire on the date of the General Meeting of shareholders to be held in 2016**

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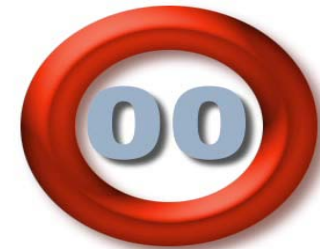
**FOR**

**2**

**AGAINST**

**3**

**ABSTAIN**

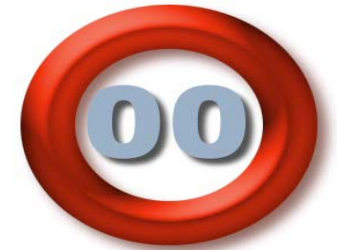


**VOTE OPEN**

- Appointment of Deloitte Audit société à responsabilité limitée as authorised statutory auditor for the 2013 financial year

- 1 FOR
- 2 AGAINST
- 3 ABSTAIN

**VOTE OPEN**



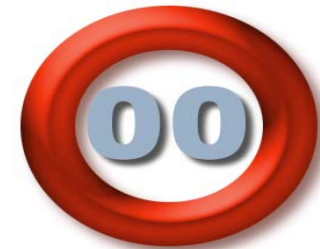
**Annual General Meeting 8 May 2013**  
**Resolution XIII**



- **Authorisation to the Board of Directors to issue shares under the 2013 Cap corresponding to up to 220,000 shares**

- 1 FOR**
- 2 AGAINST**
- 3 ABSTAIN**

**VOTE OPEN**



**Annual General Meeting**  
8 May 2013

aperam

**Thank You !**