

Explanatory Presentation

Leadership Team Performance Share Unit Plan
submitted to shareholder approval
at the General Meeting of May 10, 2017

apream

Agenda



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Background



Leadership Team Performance Share Unit Plan

The Leadership Team Performance Share Unit Plan

- The Leadership Team Performance Share Unit Plan (the “LT PSU Plan”) is designed to enhance the long-term performance of the Company and align the members of our Leadership Team (“LT”) to the Company’s objectives.
- The LT PSU Plan complements Aperam’s existing program of annual performance-related bonuses which is the Company’s reward system for short-term performance and achievements. The short term incentives are described in detail in the 2016 Annual Report pages 72 to 73.
- The main objective of the LT PSU Plan is to be an effective performance-enhancing scheme for LT members based on the achievement of Aperam’s strategy aimed at creating measurable long-term shareholder value.

The Remuneration, Nomination and Corporate Governance Committee

- The allocation of PSUs to eligible Leadership Team members is reviewed by the Remuneration, Nomination and Corporate Governance Committee of the Board of Directors, which is comprised of three independent directors, and which makes a proposal and recommendation to the full Board of Directors. The vesting criteria of the PSUs are also monitored by the Remuneration, Nomination and Corporate Governance Committee.

Regular reporting to shareholders of the progress reached at yearly anniversary grant dates

- The Company is reporting in its Annual Reports on the progress of meeting the vesting criteria on each grant anniversary date as well as on the applicable peer group. The progress of the performance criteria of the previous plans and applicable peer group are described in detail in the 2016 Annual Report pages 68 to 70.

Below LT level

- As part of the resolution submitted to shareholder approval, the shareholders are also requested to adopt any rules or measures to implement the LT PSU Plan and other performance based grants below the level of the LT Members that the Board of Directors may at its discretion consider appropriate, while fully remaining under the global 2017 Cap of 220,000 shares (cf. slide 5).

Key highlights



Key highlights of LT PSU Plan submitted to shareholder approval May 10, 2017

Only PSUs for Leadership Team members based on clear and identifiable performance criteria

Criteria:

- 50% of the criteria to be met is based on the development of Total Shareholder Return (“TSR”) compared to a peer group over a three year period
- 50% of the criteria to be met is based on the development of Earnings Per Share (“EPS”) compared to a peer group over a three year period.
- TSR and EPS are defined on slide #5.

Grant based on value: (share price at the date of issue)

- CEO and other Leadership Team members : 45% of base salary

Vesting:

- Cliff vesting after 3 years
- Vesting criteria:

	Threshold	Target	Stretch
TSR/EPS	80% median	median	>120% median
Percentage vesting	50%	100%	150%

- The LT PSU Plan provides for cliff vesting on the third year anniversary of the grant date, under the condition that the relevant LT member continues to be actively employed by the Aperam group on that date. If the LT member is retired on that date or in case of an early retirement by mutual consent, the relevant LT member will not automatically forfeit PSUs and pro rata vesting will be considered at the end of the vesting period at the sole discretion of the Remuneration, Nomination and Corporate Governance Committee of the Board of Directors.

Criteria review

LT PSU Plan submitted to shareholder approval May 10, 2017



50% of the criteria to be met is based on the development of TSR.
50% of the criteria to be met is based on the development of EPS.



Total Shareholder Return (“TSR”)

50% of the criteria is based on Total Shareholder Return (“TSR”) compared to a peer group over a three year period:

- $$\frac{\text{Share price end of period} - \text{Share price start of period} + \text{Dividends paid}}{\text{Share price start of period}}$$
- ✓ Progress of meeting the vesting criteria on each grant anniversary date are reported in the Company’s annual Report

Earnings per Share (“EPS”)

50% of the criteria is based on Earning per Share (“EPS”) compared to a peer group over a three year period:

- EPS is defined as the amount of earnings per each outstanding share
- ✓ Progress of meeting the vesting criteria on each grant anniversary date are reported in the Company’s annual Report

Potential Dilution

- The current request of 220,000 shares could lead to a potential dilution of less than 0.26% on a diluted basis and less than 0.29% of the Company’s issued share capital (net of treasury shares) on an outstanding basis.

Peer Group Determination

LT PSU Plan submitted to shareholder approval May 10, 2017



Determination of peer group based on correlation and Market capitalization

How?

1. On industry classification;
2. On size;
3. On correlation of TSR performance

Regular reporting to the shareholders:

The Company will report in its annual reports on the applicable peer group (cf. disclosure page 70 of the 2016 Annual Report)

Peer Group Determination

LT PSU Plan submitted to shareholder approval May 10, 2017



Determination of peer group based on correlation and Market capitalization⁽²⁾

Company	Industry	Market Capitalization ⁽¹⁾	Correlation ⁽²⁾
Aperam	Stainless Steel	3,560	n/a
ArcelorMittal	Steel	22,566	0.94
Acerinox	Stainless steel	3,646	0.89
Outokumpu	Stainless steel	3,715	0.94
ThyssenKrupp	Steel, Stainless steel & downstream	13,596	0.91
Voestalpine	Steel	6,945	0.88
Salzgitter	Steel	2,132	0.9
SSAB	Steel	3,457	0.89
AK Steel	Stainless steel	3,299	0.75
Eramet	Mining	1,557	0.85

Notes:

Source: Bloomberg, Aperam

(1) At January 1, 2017, in USD million.

(2) Correlation calculated from 01/01/2016 to 01/01/2017 on the basis of the evolution of the respective shares prices

Fictive example ⁽¹⁾



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Leadership Team Member:

- Base salary: USD 250,000
- Grant December 2016: Share price USD 45.47 ⁽¹⁾

- Value = 45% i.e. $(250,000/45.47) \times 0.45 = 2,474$ PSUs

- Vesting will only occur if the LT member is still employed by the Group as follows:
 - 50% vesting linked to TSR: 1,237 PSUs
 - Aperam performance TSR vs. peer group over a three year period
 - Application of vesting criteria -> The percentage of PSUs vesting will be 50% for achievement of 80% of the median TSR, 100% for achieving the median TSR and up to 150% for achieving 120% of the median TSR***

 - 50% vesting linked to EPS: 1,237 PSUs
 - Aperam EPS vs. peer group over a three year period
 - Application of vesting criteria -> The percentage of PSUs vesting will be 50% for achievement of 80% of the median EPS, 100% for achieving the median EPS and up to 150% for achieving 120% of the median EPS***

Notes:

(1) The presented fictive example is provided for information purposes only since the LT PSU Plan submitted to shareholder approval on May 10, 2017 will be based on a three year period going forward.

Peer group TSR data⁽¹⁾

Fictive example using historical data



Company	Industry	TSR growth ⁽²⁾	Market capitalisation ⁽³⁾
Aperam	Stainless Steel	36%	3,560
ArcelorMittal	Steel	136%	22,566
Acerinox	Stainless steel	37%	3,646
Outokumpu	Stainless steel	218%	3,715
ThyssenKrupp	Steel, Stainless steel & downstream	27%	13,596
Voestalpine	Steel	38%	6,945
Salzgitter	Steel	46%	2,132
SSAB	Steel	93%	3,457
AK Steel	Stainless steel	-100%	3,299
Eramet	Mining	94%	1,557

Median Peer TSR	46%
Threshold level: 80% of Median	37%
Target level: 100% of Median	46%
Stretch level: 120% of Median	55%
Aperam TSR	36%
Vesting under this tranche	0%

The percentage of PSUs vesting will be 50% for achievement of 80% of the median TSR, 100% for achieving the median TSR and up to 150% for achieving 120% of the median TSR.

Notes:

Source: Bloomberg, Aperam Computation

- (1) The presented TSR data is provided for information purposes only since the LT PSU Plan submitted to shareholder approval on May 10, 2017 will be based on a three year period going forward.
- (2) Calculated from 01/01/2016 to 01/01/2017 in USD.
- (3) As of 01/01/2017, in USD million.

Peer group EPS data⁽¹⁾

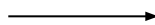
Fictive example using historical data



Company	Industry	EPS growth ⁽²⁾	Market capitalisation ⁽³⁾
Aperam	Stainless Steel	24%	3,560
ArcelorMittal	Steel	118%	22,566
Acerinox	Stainless steel	84%	3,646
Outokumpu	Stainless steel	52%	3,715
ThyssenKrupp	Steel, Stainless steel & downstream	35%	13,596
Voestalpine	Steel	-32%	6,945
Salzgitter	Steel	760%	2,132
SSAB ⁽⁴⁾	Steel	266%	3,457
AK Steel	Stainless steel	99%	3,299
Eramet	Mining	75%	1,557

Median Peer EPS	84%
Threshold level: 80% of Median	67%
Target level: 100% of Median	84%
Stretch level: 120% of Median	101%
Aperam EPS	24%
Vesting under this tranche	0%

The percentage of PSUs vesting will be 50% for achievement of 80% of the median TSR, 100% for achieving the median TSR and up to 150% for achieving 120% of the median TSR.



Notes:

Source: Bloomberg, Aperam Computation

- (1) The presented EPS data is provided for information purposes only since the LT PSU Plan submitted to shareholder approval on May 10, 2017 will be based on a three year period going forward, compared to year closing as of end of previously closed quarter
- (2) Calculated using annual EPS over 2016.
- (3) As of 01/01/2017, in USD million.