



Interim Financial Report

Half Year ended June 30, 2015

aperam

Interim Management Report

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Disclaimer – Forward Looking Statements

In this Interim Financial Report Aperam has made certain forward-looking statements with respect to, among other topics, its financial position, business strategy, projected costs, projected savings, and the plans and objectives of its management.

Such statements are identified by the use of forward-looking verbs such as 'anticipate', 'intend', 'expect', 'plan', 'believe', or 'estimate', or words or phrases with similar meanings. Aperam's actual results may differ materially from those implied by such forward-looking statements due to the known and unknown risks and uncertainties to which it is exposed, including, without limitation, the risks described in this Interim Financial Report. Aperam does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved.

Please refer to the 'Key factors affecting results of operations' section of this report.

Such forward-looking statements represent, in each case, only one of many possible scenarios and should not necessarily be viewed as the most likely to occur or standard scenario. Aperam undertakes no obligation to publicly update its forward-looking statements, whether as a result of new information, future events or otherwise. Unless indicated otherwise or the context otherwise requires, references in this Interim Financial Report to 'Aperam', the 'Group' and the 'Company' or similar terms refer to Aperam, 'société anonyme', having its registered office at 12C, Rue Guillaume Kroll, L-1882 Luxembourg, Grand Duchy of Luxembourg, and to its consolidated subsidiaries.

Photo credits Cover Page

Musée des Confluences in Lyon, France
Architect: Coop Himmelb(l)au
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Material:
600t of 3mm stainless steel sheets were used for the façade and 50t of 3mm stainless steel sheets for the interior decoration; in total over 17.000 sheets of stainless steel were used for this project.

Interim Management Report

Company Overview

Overview

Aperam is a global player in stainless, electrical and specialty steel, with customers in over 40 countries. The business is organized in three primary operating segments: Stainless & Electrical Steel, Services & Solutions and Alloys & Specialties.

Aperam has 2.5 million tons of flat Stainless and Electrical steel capacity in Brazil and Europe and is a leader in high value specialty products. 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 production facilities located in Brazil, Belgium and France.

At the end of June 2015, Aperam had approximately 9,500 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 2014, Aperam had sales of \$5.5 billion and shipments of 1.81 million tons. For the six months ended 30 June 2014, Aperam had sales of \$2.8 billion and shipments of 0.94 million tons. For the six months ended June 30, 2015, Aperam had sales of \$2.5 billion and shipments of 0.95 million tons.

Contacts

The Company is a Luxembourg public limited liability company (*société anonyme*) incorporated on September 9, 2010.

The Company has its registered office at 12C, rue Guillaume Kroll, L-1882 Luxembourg, Grand Duchy of Luxembourg and is registered with the Luxembourg Register of Commerce and Companies under the number B 155.908.

The mailing address and telephone number of Aperam's registered office are: 12C, rue Guillaume Kroll, L-1882 Luxembourg, Grand-Duchy of Luxembourg, tel: +352 27 36 27 00.

To contact Aperam by email, please write to contact@aperam.com. Please include your full name, postal address and telephone number.

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Message from the CEO

29 July 2015

Dear Shareholders,

I am honored to present the 2015 Aperam half year report which reflects our performance for the six months ended June 30, 2015 and the key milestones since the beginning of the year, including our new asset base upgrades, and our expanded Leadership Journey®.

Our health and safety performance measured by the lost time injury frequency rate remained steady at 1.1 in the first six months of 2015 compared to 1.1 in the year 2014. I am strongly convinced that we need to continue to work on the risk perception and awareness as well as on behaviors to achieve a breakthrough in our Health and Safety performance. I can ensure you that for the entire Leadership Team, Health and Safety is our first priority and we are further enlarging our initiatives for Aperam to become a sustainable safe Company.

The first six months of the year continued to be impacted by challenging market conditions including in particular a decrease in the nickel price. In the first six months of 2015, the nickel price decreased by more than 20%, primarily as a consequence of an oversupplied market and concerns with respect to China's growth. As we have done since 2011, we further improved Aperam's resilience to these challenging market conditions by implementing our own self-help measures.

In this volatile environment, we achieved \$288 million EBITDA, close to our 2014 half year performance of \$293 million. Our net result for the first six months of 2015 nearly doubled to \$108 million compared to \$55 million for the same period last year. Remaining highly focused on optimizing our debt profile and interest costs, we successfully reduced our net debt from \$536 million at the end of December 2014 to \$454 million at the end of June 2015, representing a gearing of 19% and Net Debt/EBITDA ratio of 0.84. Finally, our operational efficiency with our Leadership Journey® contributed a total amount of \$455 million to EBITDA since the beginning of 2011.

These achievements are the clear result of our focus on our strategic objectives to i) improve our operational efficiency through our Leadership Journey®, ii) focus on our Top Line strategy and iii) strengthen our balance sheet and reduce our cost of debt:

- The Leadership Journey® is an initiative aiming at achieving management gains, fixed and variable cost reductions, and increased productivity. During the first half of 2015, we expanded our Leadership Journey® program by \$100 million to reach \$575 million by the end of 2017, partially also from asset base upgrades at our best performing assets in France and Belgium. We are well on track to achieve our initial target of \$475 million by the end of 2015.
- Our Top Line Strategy focuses on high margin products and the delivery of more value added services to our customers. This strategy enables us to optimize the use of our production capacities, to increase the proportion of high margin products while better serving our customers and to offer new stainless steel solutions.
- As part of Aperam's strategy to become a stronger company we have continued in the first half of 2015 our actions to optimize our debt profile in order to reduce both interest costs and our net debt. Compared to four years ago we have reduced our net debt by almost 60% from a net debt level of \$1,107 million at the end of June 2011. We also reduced our net interest expense and financing costs during Q2 2015 by close to 50% compared to 2014.

For the remainder of 2015, we are cautious in view of the current economic environment and in particular uncertainties regarding the nickel price evolution. However we are confident that the ongoing projects related to our Leadership Journey® and Top Line strategy will continue to improve our operational agility and performance.

Under the leadership of its Board of Directors, Aperam will continue its efforts to become a stronger company and create value for its stakeholders.



Timoteo Di Maulo
CEO

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Business Overview

History of Aperam

On December 7, 2010, Aperam's Board of Directors and the Board of Directors of ArcelorMittal approved a proposal to spin-off ArcelorMittal's stainless and specialty steels businesses to its shareholders in order to enable it to benefit from better visibility in the markets, and to pursue its growth strategy as an independent company in the emerging markets and in specialty products, including electrical steel. On January 25, 2011, at an extraordinary general meeting, the shareholders of ArcelorMittal voted to approve the spin-off proposal.

The following discussion and analysis should be read in conjunction with Aperam's annual report as of and for the year ended December 31, 2014 and the condensed consolidated financial statements for the six months ended June 30, 2015 included in this report.

Competitive Strengths

The Company believes that the following are among its key strengths:

We place our priority on health and safety and are committed to sustainability

Aperam's top priority is health and safety. To measure the effectiveness of its health and safety procedures, the company uses as a benchmark the "Lost Time Injury Frequency rate", or "LTIF", a key indicator which measures the time lost due to injuries per 1,000,000 worked hours. For the first six months of 2015, the LTIF was 1.1. Aperam understands its responsibility to future generations and local communities. In addition to Aperam Bioenergia enabling the use of sustainable biomass technology, the Company has created environmentally sustainable production solutions while still meeting the stainless and specialty steel demands of its customers.

A leading and geographically well-positioned stainless and specialty steel producer

Aperam is a leading stainless and specialty steel producer in South America and according to the International Stainless Steel Forum (the "ISSF"), the second largest producer in Europe. Aperam is well-positioned in both developed and emerging markets, with in the first six months of 2015 approximately 71% of the sales derived from developed markets and 29% derived from emerging markets.

In South America, the Company has a leading presence in the flat stainless steel and electrical steel production with fully integrated production and distribution facilities. This unique asset base is perfectly adapted to the South American market. Based upon historical apparent consumption per capita and a developing market for stainless steel, Management estimates that there is important growth potential in South America. Management expects to optimize its Brazilian operations and sales to capture the potential of the South American market.

Aperam also has a strong presence in the European stainless steel market. The Company's production facilities in Belgium and France are strategically located close to its major customers and have consistently maintained high performance standards through the optimization of production volumes, inventory and costs. The Company also has a highly integrated and technically advanced distribution network that is effective at maintaining direct contact with end-users through strong sales and marketing capabilities.

A competitive industrial platform

Aperam's modern production facilities allow the Company to support its customers' stainless and specialty steel requirements with a high level of operational efficiency. In Europe, the Company benefits from high quality and cost efficient plants with the largest and most recent electric arc furnace meltshop (Châtelet, Belgium), the largest hot rolling mill (Châtelet, Belgium) and one of the largest cold rolling mills (Genk, Belgium). In Brazil, the Company operates a fully integrated production facility using charcoal produced by Aperam Bioenergia.

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Through an early restructuring of its downstream operations since the creation of Aperam - from 29 tools to 17 tools in Europe - to adapt to the market conditions, Aperam managed to reach record volumes in Europe since 2008 with high levels of productivity while operating lower number of tools. Aperam is well positioned in the core markets in Europe with a good utilization rate of its most efficient assets. In addition, Aperam aims to continue investing in its industrial asset base with Leadership Journey® initiatives to benefit from the long-term potential growth of the stainless and specialty-steel industry. The Leadership Journey® initiative is described in greater detail below under “-Strategy”.

Value accretion beyond stainless production

Aperam has one of the largest integrated stainless and specialty steel sales, distribution and steel services networks in the world, with a total of 14 Steel Service Centers (“SSCs”), 8 transformation facilities and 18 sales offices. This network allows the Company to develop customers’ loyalty thanks to a best-in-class service, to reduce its exposure to imports, to support a continuous activity for the mills and finally to capture additional value in the downstream operations.

The Company’s distribution channels are strategically located in areas of high demand and close to many end-users. The Company works continuously to further develop its distribution network through internal development, partnerships and targeted acquisitions. Aperam normally expands its global distribution network either in response to an identified market opportunity or in response to the express business needs of major customers. The Company’s global distribution network enables it to tailor its products to address specific customer needs, thereby facilitating the maintenance of market share and the capture of growth opportunities. The Company’s customer base, comprising a number of blue chip clients is well diversified.

A diversified product offering with a leading position in nickel alloys, supported by leading research and development capabilities

Aperam offers a wide range of products, including high margin value-added niche products to a diversified customer base in both emerging and developed markets. The Company’s products are mainly sold to end-users in the automotive, building and construction, catering and appliance, energy and chemicals, and transportation industries, while electrical steel products are primarily sold to customers in the electric motors, generators and transformers industries. The Company is the fourth largest global producer of nickel alloys, which are sold to customers in the aerospace, automotive, electronics, petrochemical, and oil & gas industries. Aperam’s diverse product offering, sold to a wide range of customers across numerous industries, allows the Company to enjoy greater stability and to mitigate some of the risks and cyclicity inherent in certain markets. In addition, Aperam’s leading position in nickel alloys, which is a particularly high margin value-added niche product segment, helps the Company to maintain and improve its margins and profitability.

Aperam’s research and development activities are closely aligned with our strategy and are focused on product development and process development. The Company’s research and development team comprises 118 employees. These employees are based in two centers in Europe, located in Isbergues and Imphy, France, and one center in Timóteo, Brazil. The R&D departments interact closely with the Company’s operating segments and partner with industrial end-users and leading research organizations in order to remain at the forefront of product development. The research and development capabilities have contributed to both the Company’s leadership in the industry and its development of longstanding and recognizable brands. Aperam concentrates a significant portion of its research and development budget on high margin value-added niche products, such as nickel alloys.

Resilient profitability, efficient cash flow management and a solid financial structure

The Company’s profitability is supported by its implementation of the Leadership Journey®, which has contributed at the end of June 2015 to approximately \$455 million to EBITDA since the beginning of 2011. In addition, the Company has been able to generate consistently positive cash-flow from operations over the past four years. As of June 30, 2015, the Company had a net financial debt of \$454 million, representing a gearing of 19%.

Talented and dynamic Leadership Team and motivated workforce

Aperam benefits from the experience and industry know-how of its Leadership Team. The team is comprised of nine members led by the Chief Executive Officer (“CEO”), Mr. Timoteo Di Maulo. Mr. Di Maulo has twenty five years of experience in the stainless steel industry, having held a number of positions in the controlling, purchasing, logistics and commercial areas and has been CEO of different units of the Company. He is supported by the other members of the Company’s senior management team, including Mr. Sandeep Jalan, the Chief Financial Officer (“CFO”), who previously served as CFO of ArcelorMittal Long Carbon Europe, responsible for finance and strategy. Mr. Jalan has over twenty years of experience in finance and joined the ArcelorMittal group in 1999. The other members of the

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Leadership Team are Ms. Vanisha Mittal Bhatia, Chief Strategy Officer; Mr. Nicolas Changeur, Chief Marketing Officer; Mr. Bernard Hallemans, Chief Technical Officer; Mr. Frederico Ayres Lima, Chief Operating Officer Stainless & Electrical Steel South America; Mr. Bert Lyssens Head of Sustainability, Human Resources and Communication; Mr. Frédéric Mattei, Chief Executive Officer Alloys & Specialties, Mr. Jean-Paul Rouffiac, Chief Operating Officer Stainless & Electrical Steel Europe and Ms. Johanna Van Sevenant, Chief Executive Officer Services & Solutions. The collective industry knowledge and leadership of Aperam's senior management team and their record of accomplishment in responding to challenging economic conditions is a key asset to Aperam's business. The Company has also introduced various initiatives to improve the dedication and motivation of its work force, including development programs, employee self-evaluations, career committee meetings to evaluate opportunities for managers, performance-based bonuses and Long Term incentives. Greater accountability improves motivation, and the Company's approach to human resources has contributed to the dedication and motivation of its workforce.

Strategy

Aperam's key strategic priorities are (i) improving operational efficiency and increasing EBITDA through the Leadership Journey®, (ii) driving value through the Top Line strategy and (iii) reducing net debt and cost of debt.

Aperam's Top Line strategy includes (a) leveraging the unique stainless steel product portfolio, (b) driving additional value through the Services & Solutions segment and (c) growing the Alloys & Specialties segment.

Improving operational efficiency and increasing EBITDA through the Leadership Journey®

The Leadership Journey® is an initiative aimed at achieving management gains, fixed and variable cost reductions, and increased productivity over the near and medium term. The Leadership Journey® is composed of a number of initiatives which can be broadly characterized as restructuring projects, cost reduction projects and continuous improvement initiatives. Restructuring projects under the Leadership Journey® have traditionally focused on the closure of non-competitive capacities and the reduction of fixed costs through process simplification. Cost reduction projects have focused on cost-cutting through improvement of our industrial footprint. Continuous improvement initiatives have typically entailed detailed action plans to streamline our sourcing functions, reduce costs in areas such as IT, and generally improve our costs through various actions including production tool improvements.

As of June 30, 2015, the Leadership Journey® had contributed a total amount of \$455 million to EBITDA since the beginning of 2011. Key projects supporting the continuous progress of the Leadership Journey® are asset base upgrades in Genk and Isbergues, the debottlenecking of the finishing line of the Imphy wire rod mill, the productivity improvement of the downstream facilities in Genk, Gueugnon and Timóteo and a High Grain Oriented electrical steel project in Brazil

Our goal is to reach \$575 million in gains and profit enhancements by the end of 2017. In order to achieve our goals under the Leadership Journey®, we will continue to optimize and rationalize our production facilities, while exchanging best practices between our European and Brazilian facilities in order to increase our global industrial performance. In addition, we will continue to focus on new sourcing initiatives, yield and quality improvements, organizational simplifications and further product development. The previous announced target of \$475 million of gains by the end of 2015 remains.

Reduction of net debt and cost of debt

As part of our efforts to become a more resilient company capable of responding to the volatile market environment, we have reduced our net debt to \$454 million at the end of June 2015, representing a gearing of 19%. The Company remains highly focused on optimizing its debt profile and interest costs. Our most recent debt restructuring actions include:

- (i) the set up in March 2015 of a \$500 million Secured Borrowing Base Revolving Credit Facility structured as a 3-year revolving credit facility with a one year extension option. The Facility will be used for liquidity and working capital purposes,
- (ii) the redemption at the beginning of April 2015 of our High Yield Bonds of \$250 million with coupon 7.75% maturing in 2018.

Please refer to the section "Liquidity" of this Management Report for further details with respect to the Company's financing.

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Leveraging our unique stainless steel product portfolio

We intend to continue to support the development of our wide range of products, with a focus on high-margin value-added niche products. Because of the specialized nature of these products, we are able to earn higher margins, typically attracting higher prices than our other more commoditized products. In order to grow our sales of high-margin value-added niche products and replace low contribution margin products, we continue to put focus on our research and development, which is dedicated to developing new solutions for customers with specialty steel requirements, while focusing our marketing and advertising efforts on promoting these products more widely.

Driving additional value through the Services & Solutions segment

In a volatile environment, we believe that the development of the Services & Solutions segment and the provision of better services to our customers are key for achieving financial and operational excellence. Value-added services provided to our clients include cutting, polishing, brushing, forming, welding, pickling, annealing or packaging. We believe that the further development of the Services & Solutions segment will drive additional value creation while serving our customers more effectively.

Growing the Alloys & Specialties segment

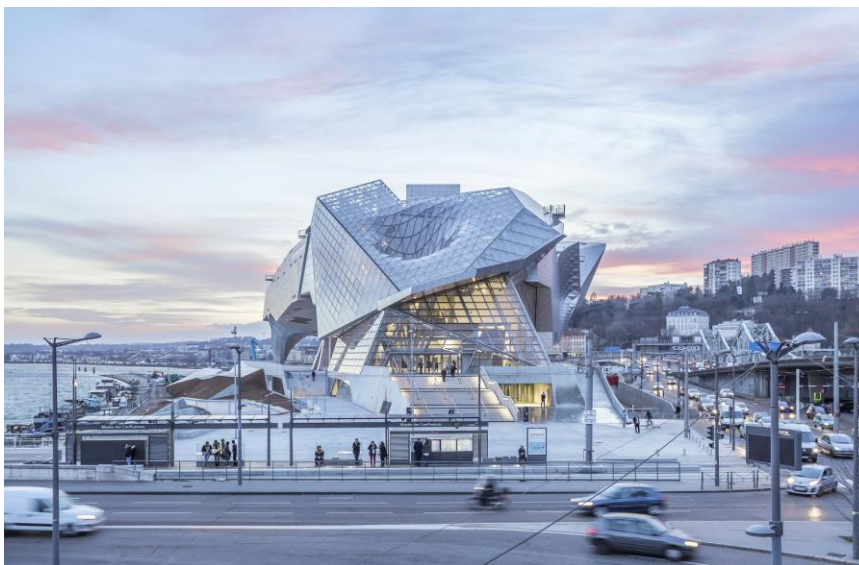
The Alloys & Specialties segment specializes in the design, production and transformation of various nickel alloys and certain specific stainless steels. These products are intended for high-end applications or addressing very specific customer requirements across a broad range of industries, including the oil and gas, aerospace, automotive, electronics, petrochemical and other industries. We believe that the Alloys & Specialties segment has further growth potential which could be captured with new investments.

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Aperam's profit driving pillars

The Group's key profit driving pillars based on our strategic priorities can be summarized as follows:

1. We are aiming at being the best in cost with our Leadership Journey® and are targeting a contribution of \$575 million to EBITDA from 2011 to 2017.
2. We are aiming at optimizing our product portfolio and replacing low contribution margin products by high margin products with our Top Line strategy and our innovation strengths.
3. We are aiming to continue our focus on cash generation and strengthening of our balance sheet.
4. We are aiming at growing in our Alloys & Specialties business to follow the market growth while continuing to improve our competitiveness.



Musée des Confluences in Lyon, France
Architect: Coop Himmelb(l)au
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600t of 3mm stainless steel sheets were used for the façade and 50t of 3mm stainless steel sheets for the interior decoration; in total over 17.000 sheets of stainless steel were used for this project.

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Key factors affecting results of operations

The following major factors could cause actual results to differ materially from those discussed in the forward-looking statements included throughout this interim financial report.

- global economic cycle downturn, geopolitical risks, overcapacity in the stainless steel industry and/or China slowdown;
- the risk of nickel price decrease and raw material price uncertainty and material margin squeeze;
- fluctuations in currency exchange rates;
- the risk that developments in the competitive environment in the stainless steel industry could have an adverse effect on Aperam's competitive position;
- the risk of disruptions to Aperam's manufacturing operations or damage to Aperam's production facilities due to natural disasters or other events, and any environmental restrictions;
- litigation risks (product liability, patent infringement, commercial practices, employment, employment benefits, taxes, environmental issues, health & safety and occupational disease (including asbestos exposure));
- customer risks with respect to default and credit insurance companies refusing to ensure the risks;
- the risks of lack of competitiveness of the workforce costs, of retention and social conflicts; and
- the environmental risks.

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Market environment

Aperam's results of operations are primarily affected by factors which impact the Stainless, Electrical and specialty steel industry generally, particularly pricing, demand and production capacity, trends in raw material and energy prices and fluctuations in exchange rates. In addition, Aperam's results of operations are affected by certain factors specific to the Company, including several initiatives the Company has introduced in response to the challenging economic environment. These factors are described in greater detail below.

Stainless Steel Pricing

Stainless steel is suitable for transport over longer distances as logistics costs represent a small proportion of overall costs. As a result, prices for commoditized stainless steel products evolve similarly across regions. However, in general, stainless steel products are not completely fungible due to wide variations in shape, chemical composition, quality, specifications and application, all of which impact sales prices. Accordingly, there remains a limited market for uniform pricing or exchange trading of certain stainless steel products.

Stainless steel is a steel alloy with a minimum of 10.5% chromium content by mass and a combination of alloys including Nickel and Molybdenum which are added to confer certain specific properties depending upon the application. The cost of alloys used in stainless steel products varies across products and can fluctuate significantly. Prices for stainless steel in Europe and the United States generally include two components:

- the “base price”, which is negotiated with customers and depends on market supply and demand; and
- the “alloy surcharge”, which is a supplementary charge added by producers to the selling price of steel and offsets price increases in raw materials, such as nickel, chromium or molybdenum, by directly passing these increases on to customers. The concept of the “alloy surcharge”, which is calculated using raw material prices quoted on certain accepted exchanges, such as the London Metals Exchange (“LME”), was introduced in Europe and the United States in response to significant volatility in the price of these materials, which has historically been driven by fluctuations in demand, increasing or decreasing inventory levels, changes in production capacity and speculation by metal traders.

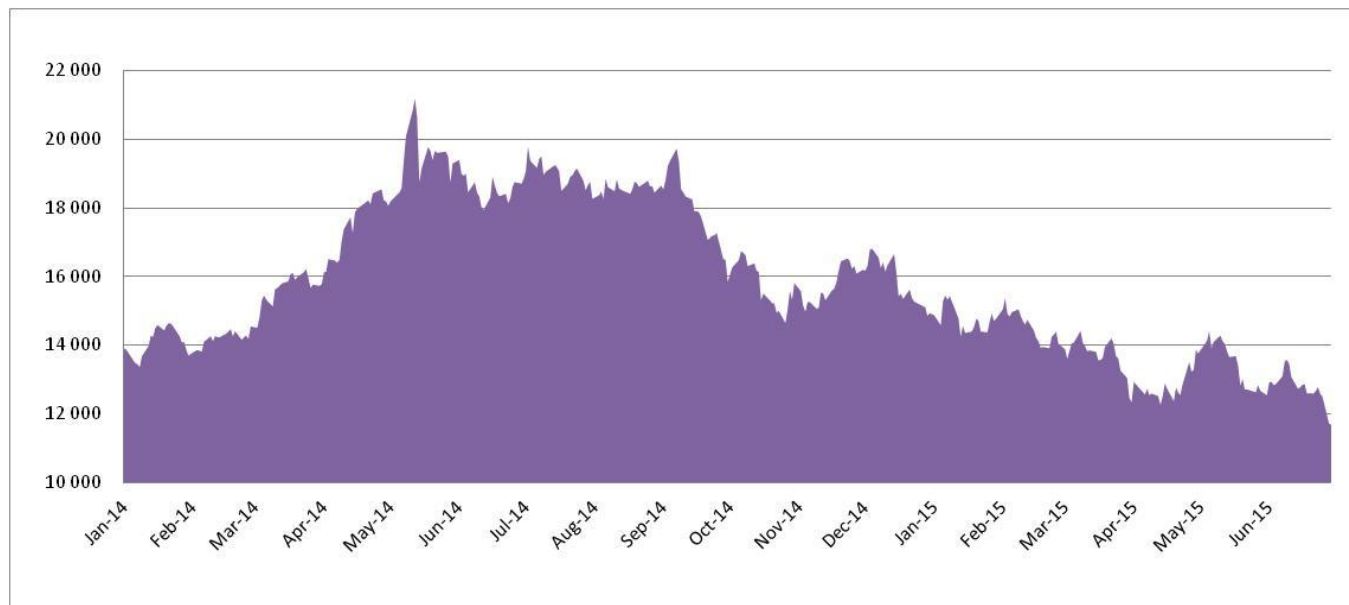
Notwithstanding the application of the “alloy surcharge”, the Company is still affected by changes in raw material prices, in particular nickel. In general, when the price of nickel is falling, purchasers of stainless steel products delay their orders to benefit from an expected decline in prices, which has the effect of reducing demand in the short term. By contrast, when nickel prices are rising, purchasers tend to acquire larger quantities of stainless steel in order to avoid having to buy at higher prices. The nickel price evolution over the period 2014 to June 2015 is highlighted in the graph below under “—Nickel Daily - LME (in \$/ton)”.

In 2014, the nickel price increased from a level of \$14,000 per ton at the beginning of the year to below \$15,000 per ton at the end of the year. In the first half of 2015, nickel prices decreased to around 11,700\$ per ton at the end of June 2015. The decrease is primarily linked to the continued oversupply in the market and concerns with respect to China's growth slowdown.

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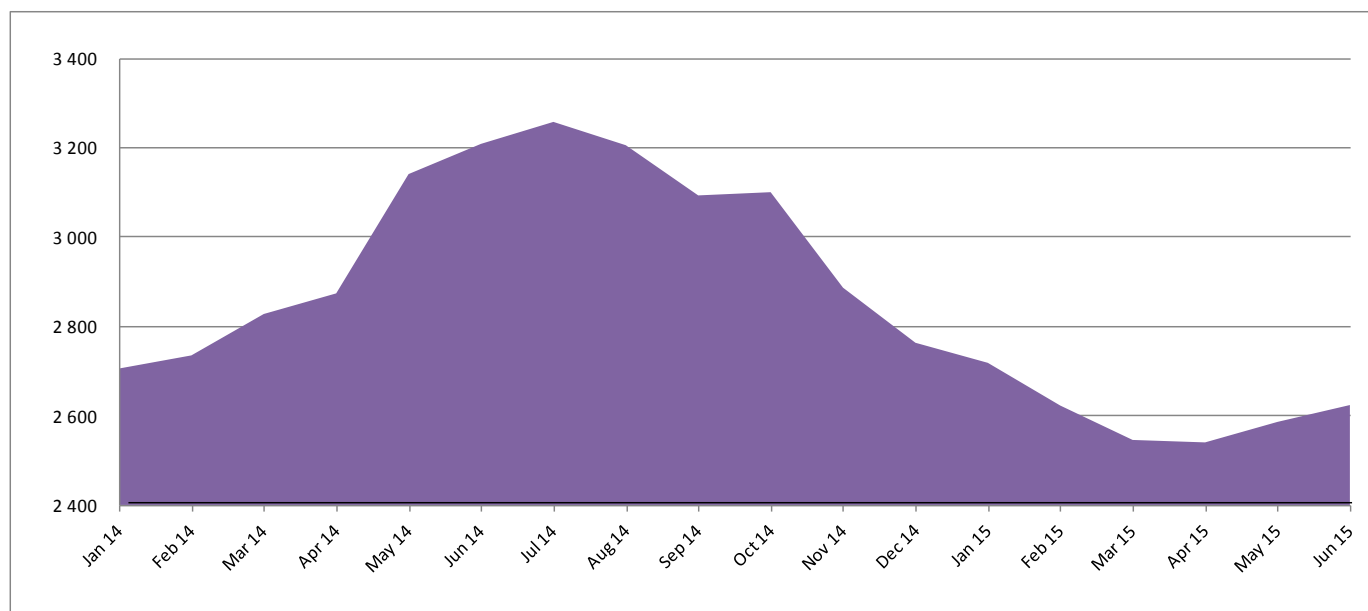
The charts hereafter show the price of nickel on the LME and the European base price for CR304 stainless steel for the period from January 1, 2014 to June 30, 2015:

Nickel Daily - LME (\$/ton)



Stainless Steel/CR304 2B 2mm

Coil Transaction Price Monthly/Southern Europe Domestic Delivered (\$/ton)



Source:

Nickel prices have been derived from the LME. Stainless steel/CR304 2B 2mm coil transaction/Southern Europe domestic delivered prices have been derived from Steel Business Briefing ("SBB").

In 2014, stainless steel transaction prices increased from approximately \$2,700 per ton at the beginning of the year to approximately \$2,800 per ton at the end of the year. In the first half of 2015, stainless steel transaction prices decreased to approximately \$2,600 per ton at the end of June 2015 primarily driven by decreasing nickel prices.

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Demand for Stainless Steel

Demand for stainless steel, which represents approximately 2.5% of the global steel market by volume, is affected to a significant degree by trends in the global economy and industrial production. Demand is also affected in the short term by fluctuations in nickel prices, as discussed in greater detail under “—Stainless Steel Pricing” above.

In 2014, global demand for stainless steel flat products increased by 5%, primarily led by China. Demand for stainless steel flat products remained flat in the first half 2015 compared to the first half 2014, primarily due to China’s consumption slowdown and destocking in Europe.

Current and anticipated trends in stainless steel demand

Global demand for stainless steel flat products is expected to increase by approximately 4% per annum from 2015 until 2019, with annual growth of approximately 1% and 3% expected for Europe and South America, respectively.

Production and capacity

In 2014, global stainless production continued to grow by about 8%, driven primarily by increased production in China. Stainless production for the first half 2015 was flat compared to same period in 2014.

Based on Management estimates the global utilization rates reached approximately 70% in 2014 and 64% in the first half of 2015. Global utilization rates are forecast to marginally improve through 2019, as global demand outpaces global capacity additions. In Europe, the current restructuring of the flat stainless steel industry are expected to support higher utilization rates in the medium-term.

Competition

At the end of the first half of 2015, Aperam was the eighth largest stainless steel flat producer in the world with slab production capacity in excess of 2.0 million tons per year behind Taiyuan Iron & Steel (“TISCO”), Pohang Iron and Steel Company (“POSCO”), Outokumpu, Yieh United Steel (“YUSCO”), Tsingshan, Baosteel and Acerinox.

Anti-dumping developments

European Union

On June 26, 2014, the European Commission published a notice of initiation of an anti-dumping proceeding concerning imports of stainless steel cold-rolled flat products originating from the People’s Republic of China and Taiwan.

On August 14, 2014, the European Commission announced by a notice published in the Official Journal of the European Union, the initiation of an anti-subsidy proceeding concerning imports of stainless steel cold-rolled flat products originating from the People’s Republic of China.

On December 16, 2014, the European Commission announced by a notice published in the Official Journal of the European Union, that imports of stainless steel cold-rolled flat products originating from the People’s Republic of China and Taiwan would from that point forward be subject to registration.

On March 25, 2015, the European Commission announced by a notice published in the Official Journal of the European Union, a provisional anti-dumping duty on imports of stainless steel cold-rolled flat products originating from the People’s Republic of China and Taiwan. The rates of the provisional anti-dumping duty applicable to the net, free-at-Union-frontier price, before duty, range from 24.3% to 25.2% for products originating from the People’s Republic of China and from 10.9% to 12% for products originating from Taiwan.

Raw Materials and Energy

The Company’s production facilities use both the traditional blast furnace process as well as the electric arc furnace steelmaking process. In Brazil, the Company predominantly uses the traditional blast furnace production process, which requires, among other materials, iron ore and charcoal (biomass). In Europe, the electric arc furnaces at its Châtelet and Genk production facilities use stainless and carbon steel scrap as key raw material inputs. In addition, the Company uses nickel, chromium and molybdenum, among other materials, in its products.

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With regard to natural gas, as part of the Leadership Journey®, the Timóteo production facility in Brazil switched from LPG to natural gas in 2011 and entered into a long-term natural gas supply contract with a Brazilian supplier. As from 2015, the Company purchases in Europe most of its natural gas through a new supply contract that has been put in place with ArcelorMittal Energy.

With regard to electricity, the Company benefits from access to baseload nuclear power in France. Complementary needs are sourced in the market. In Brazil, the Company has long term supply contracts for its electricity needs and has an overall surplus, which is liquidated on the Exchange at spot prices. EBITDA of the segment Stainless & Electrical Steel for the first 6 months of 2015 included \$6 million positive results from the sale of electricity surplus in Brazil.

With regard to industrial gases, the Company procures its industrial gas requirements using long-term contracts with various suppliers in different geographical regions.

Leadership Journey®

The Leadership Journey® is an initiative aimed at achieving management gains, fixed and variable cost reductions, and increased productivity over the near and medium term.

As at December 31, 2014, the Leadership Journey® had contributed a total amount of \$428 million to EBITDA since the beginning of 2011. The Leadership Journey® continued to progress over the first half of 2015 to reach \$455 million at EBITDA level since the beginning of 2011. Key projects supporting further continued progress of the Leadership Journey® are asset base upgrades in Genk and Isbergues, the debottlenecking of the finishing line of the Imphy wire rod mill, the productivity improvement of the downstream facilities in Genk, Gueugnon and Timóteo and a High Grain Oriented electrical steel project in Brazil.

The Leadership Journey® is described in greater detail above under “—Strategy, Improving operational efficiency and increasing EBITDA through the Leadership Journey®”.

Impact of exchange rate movements

In 2014, the U.S. dollar appreciated by 14% against the Euro to reach 0.8237 Euro/U.S. dollar at year end. In 2014, the U.S. dollar appreciated by 13% against the Brazilian real to reach 2.6562 Brazilian real/U.S. dollar at year end. In the first half of 2015, the U.S. dollar appreciated by 9% against the Euro to reach 0.8937 Euro/U.S. dollar at the end of June. In the first half of 2015, the U.S. dollar appreciated by 17% against the Brazilian real to reach 3.1026 Brazilian real/U.S. dollar at the end of June.

Because a substantial portion of Aperam's assets, liabilities, sales and earnings are denominated in currencies other than the U.S. dollar (its presentation currency), Aperam has exposure to fluctuations in the values of these currencies relative to the U.S. dollar. In order to minimize its currency exposure, the Company enters into hedging transactions to lock in a set exchange rate, in accordance with its management policies.

Operating results

Aperam reports its operations in three segments: Stainless & Electrical Steel, Services & Solutions and Alloys & Specialties.

Key Indicators

The key performance indicators that Aperam's management uses to analyze operations are sales, average steel selling prices, steel shipments and operating result. Management's analysis of liquidity and capital resources is driven by operating cash flows.

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Six months ended June 30, 2015 as compared to six months ended June 30, 2014

Sales, Steel Shipments and Average Steel Selling Prices

Sales decreased by 11.1% to \$2,522 million for the six months ended June 30, 2015 from \$2,838 million for the six months ended June 30, 2014. The decrease in sales was due to lower average steel selling price, which decreased by 10.9% to \$2,535 per ton for the six months ended June 30, 2015 from \$2,846 per ton for the six months ended June 30, 2014, partly offset by higher shipments, which increased by 1.5% to approximately 955 thousand tons for the six months ended June 30, 2015 from 941 thousand tons for the six months ended June 30, 2014.

The following table provides a summary of sales at Aperam by reportable segment for the six months ended June 30, 2015 as compared to the six months ended June 30, 2014:

Reportable Segment	Sales for the Six Months Ended June 30, ⁽¹⁾		Steel Shipments for the Six Months Ended June 30, ⁽²⁾		Average Selling Price for the Six Months Ended June 30,		Changes in		
	2015	2014	2015	2014	2015	2014	Sales	Steel Shipments	Average Steel Selling Price
	<i>(in millions of U.S. dollars)</i>		<i>(in thousands of tons)</i>		<i>(in U.S. dollars/ton)</i>		<i>(%)</i>		
Stainless & Electrical Steel ⁽³⁾	2,052	2,266	945	902	2,089	2,370	(9.4)	4.8	(11.8)
Services & Solutions	1,149	1,253	402	385	2,707	3,096	(8.3)	4.4	(12.6)
Alloys & Specialties	311	312	20	18	15,137	16,582	(0.3)	11.1	(8.7)

Notes:

- (1) Amounts are shown prior to intra-group eliminations. For additional information, see Note 2 to the Condensed Consolidated Financial Statements.
- (2) Stainless & Electrical Steel shipment amounts are shown prior to intersegment shipments of 412 thousand tons and 364 thousand tons in the six months ended June 30, 2015 and 2014, respectively.
- (3) Includes shipments of special carbon steel from the Company's Timóteo production facility.

Stainless & Electrical Steel

Sales in the Stainless & Electrical Steel segment decreased by 9.4% to \$2,052 million for the six months ended June 30, 2015 from \$2,266 million for the six months ended June 30, 2014, mainly as a result of decreased average steel selling price, partly offset by higher shipment volumes. The average steel selling price for the Stainless & Electrical Steel segment decreased by 11.8%, to \$2,089 per ton for the six months ended June 30, 2015 from \$2,370 per ton for the six months ended June 30, 2014. Sales to external customers in the Stainless & Electrical Steel segment were \$1,105 million for the six months ended June 30, 2015, representing 43.8% of total sales, a decrease of 16.1% as compared to sales to external customers of \$1,317 million for the six months ended June 30, 2014, or 46.4% of total sales. Steel shipments for this segment (including intersegment shipments) increased to 945 thousand tons for the six months ended June 30, 2015 from 902 thousand tons for the six months ended June 30, 2014, which represented an increase of 4.8%. Higher shipments were due to real demand recovery since the beginning of 2014.

Services & Solutions

Sales in the Services & Solutions segment decreased by 8.3% to \$1,149 million for the six months ended June 30, 2015 from \$1,253 million for the six months ended June 30, 2014. The decrease was due to lower average stainless steel selling price, partly offset by higher shipment volumes. The average steel selling price for the

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Services & Solutions segment decreased by 12.6%, to \$2,707 per ton for the six months ended June 30, 2015 from \$3,096 per ton for the six months ended June 30, 2014. Sales to external customers in the Services & Solutions segment were \$1,107 million for the six months ended June 30, 2015, representing 43.9% of total sales, a decrease of 8.3% as compared to sales of \$1,209 million for the six months ended June 30, 2014, or 42.6% of total sales. Steel shipments for this segment increased to 402 thousand tons for the six months ended June 30, 2015 from 385 thousand tons for the six months ended June 30, 2014, which represented an increase of 4.4%.

Alloys & Specialties

Sales in the Alloys & Specialties segment decreased by 0.3% to \$311 million for the six months ended June 30, 2015 from \$312 million for the six months ended June 30, 2014. The decrease was primarily due to lower average stainless steel selling price and product mix. The average steel selling price for the Alloys & Specialties segment decreased by 8.7% to \$15,137 per ton for the six months ended June 30, 2015 compared to \$16,582 per ton for the six months ended June 30, 2014. Sales to external customers in the Alloys & Specialties segment were \$309 million for the six months ended June 30, 2015, representing 12.3% of total sales, stable as compared to sales to external customers of \$310 million for the six months ended June 30, 14 or 10.9% of total sales. Steel shipments for this segment were 20 thousand tons for the six months ended June 30, 2015, which is a 11.1% increase compared to the 18 thousand tons for the six months ended June 30, 2014.

Operating Income

Operating income for the six months ended June 30, 2015 was \$195 million, compared to an operating income of \$161 million for the six months ended June 30, 2014. The increased operating profit for the six months ended June 30, 2015 compared to the six months ended June 30, 2014 is mainly driven by the very good performance of the Leadership Journey® and the Top Line strategy as well as higher activity, in particular in Europe.

The following table summarizes the operating income and the operating margin of the three reportable segments for the six months ended June 30, 2015 as compared with the six months ended June 30, 2014:

Operating Segment	Operating Income for the Six Months Ended June 30,		Operating Margin for the Six Months Ended June 30,	
	2015	2014	2015	2014
	(in millions of U.S. dollars)		(%)	
Stainless & Electrical Steel	170	110	8.3	4.9
Services & Solutions	22	41	1.9	3.3
Alloys & Specialties	24	30	7.7	9.6
Total ⁽¹⁾	195	161	7.7	5.7

(1) Amounts shown include eliminations of \$21 million and \$20 million for the six months ended June 30, 2015 and 2014, respectively, which includes all operations other than those that are part of the Stainless & Electrical Steel, Services & Solutions and Alloys & Specialties operating segments, together with intersegment eliminations and/or non-operational items which are not segmented.

Stainless & Electrical Steel

The operating income for the Stainless & Electrical Steel segment was \$170 million for the six months ended June 30, 2015 compared to an operating income of \$110 million for the six months ended June 30, 2014. The operating result for the six months ended June 30, 2015 increased compared to the six months ended June 30, 2014 in the Stainless & Electrical Steel segment mainly as a result of the contribution of the Leadership Journey® and the Top Line strategy, a higher level of activity as well as the reduction of the depreciation level.

Services & Solutions

The operating income for the Services & Solutions segment was \$22 million for the six months ended June 30, 2015 compared to an operating income of \$41million for the six months ended June 30, 2014. This decreased operational result was mainly due to the negative stock effect related to the nickel price evolution.

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Alloys & Specialties

The operating income for the Alloys & Specialties segment was \$24 million for the six months ended June 30, 2015, compared to operating income of \$30 million for the six months ended June 30, 2014. This decreased operational result was primarily due to product mix and negative forex translation effect.

Loss from Other Investments and Associates

There was a loss from other investments of \$6 million for the six months ended June 30, 2015 compared to a loss from other investments of \$28 million for the six months ended June 30, 2014. The loss from other investments mainly consisted in an impairment loss of \$6 million and \$29 million for the six months ended June 30, 2015 and 2014, respectively, recorded on our minority stake in Gerdau, a Brazilian steelmaker, due to the prolonged decline of the share price of that investment compared to its acquisition cost.

Interest Income

Interest income was \$2 million for the six months ended June 30, 2015, compared to \$3 million recorded for the six months ended June 30, 2014.

Interest Expense and Other Net Financing Costs

Interest expense and other net financing costs include interest expense, net foreign exchange and derivative results and other net financing costs. Interest expense and other net financing costs decreased to \$47 million for the six months ended June 30, 2015, compared to \$65 million for the six months ended June 30, 2014.

Excluding foreign exchange and derivative result described below, interest expense and other financing costs for the six months ended June 30, 2015 were \$52 million, primarily related to financing costs of \$19 million, compared to interest expense and other financing costs of \$62 million for the six months ended June 30, 2014, primarily related to financing costs of \$41 million. Financing costs relate to interests and other expenses related to the service of debt and other financing facilities.

Realized and unrealized foreign exchange and derivative gains were \$5 million for the six months ended June 30, 2015, compared to realized and unrealized foreign exchange and derivative losses of \$3 million for the six months ended June 30, 2014. Foreign exchange results primarily relate to the accounting revaluation of assets and liabilities denominated in currencies other than the functional currency of the entities of the Group and results on derivatives primarily relate to results on financial instruments we entered into, to hedge our exposure to nickel prices which do not qualify for hedge accounting treatment under IAS 39.

Income Tax Expense

We recorded an income tax expense of \$35 million for the six months ended June 30, 2015, compared to an income tax expense of \$16 million for the six months ended June 30, 2014. The increase of the income tax expense was primarily due to positive operational results in several countries.

Net Income Attributable to Equity Holders of the Parent

Our net result was a profit of \$108 million for the six months ended June 30, 2015, compared to a profit of \$55 million for the six months ended June 30, 2014.

Related Party Transactions

Aperam is engaged in certain commercial and financial transactions with related parties. Please refer to the Condensed Consolidated Statement of Operations for the six months ended June 30, 2015 and to Note 12 to the Consolidated Financial statements as of December 31, 2014 for further details.

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Liquidity

Liquidity and Capital Resources

The Company's principal sources of liquidity are cash generated from its operations and its credit facilities at the corporate level.

Because Aperam S.A. is a holding company, it is dependent upon the earnings and cash flows of, and dividends and distributions from, its operating subsidiaries to pay expenses and meet its debt service obligations.

In management's opinion, the Company's operations and credit facilities are sufficient to meet the Company's present requirements.

Our cash and cash equivalents amounted to \$72 million and \$197 million as of June 30, 2015 and December 31, 2014, respectively.

Our total debt, which includes long-term debt and short-term debt, was \$526 million and \$733 million as of June 30, 2015 and December 31, 2014, respectively. Net debt, defined as long-term debt plus short-term debt less cash and cash equivalents (including short term investments), was \$454 million as of June 30, 2015 compared to \$536 million at December 31, 2014. Gearing, defined as net debt divided by total equity, was 19% as of June 30, 2015 compared to 20% as of December 31, 2014.

As of June 30, 2015, \$50 million of the Borrowing Base Facility was drawn, leaving a committed credit line of \$450 million under the facility¹. In addition, as of June 30, 2015, Aperam had \$52 million of debt outstanding at the subsidiary level, of which the Company had granted security over \$37 million of indebtedness.

As of June 30, 2015, the Company had total liquidity of \$522 million, consisting of cash and cash equivalents (including short term investments) of \$72 million and committed credit lines¹ of \$450 million. As of December 31, 2014, the Company had total liquidity of \$597 million, consisting of cash and cash equivalents (including short term investments) of \$197 million and committed credit lines¹ of \$400 million.

These facilities, which include debt held at the subsidiary level, together with other forms of financing, including the notes, represent an aggregate amount of approximately \$1 billion, with borrowing capacity of approximately \$500 million. In management's opinion, such financing will be sufficient for our future requirements.

Financing

Borrowing Base Facility

On March 6, 2015 Aperam signed a \$500 million secured borrowing base revolving credit facility ("The Facility") with a group of nine banks. The facility is structured as a 3-year revolving credit facility and includes a one year extension option. It will be used for liquidity and working capital purposes.

Notes

On March 28, 2011, Aperam issued two series of U.S. dollar denominated notes, consisting of \$250 million aggregate principal amount of its 7.375% notes due 2016 and \$250 million aggregate principal amount of its 7.75% notes due 2018, in a private placement in the international capital markets.

On October 1, 2014, Aperam called and early redeemed \$250 million aggregate principal amount of its 7.375% notes due 2016.

On April 1, 2015, Aperam called and early redeemed \$250 million aggregate principal amount of its 7.75% notes due 2018.

¹ Subject to eligible collateral available

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Convertible bonds

Convertible and/or exchangeable bonds due 2020

On September 19, 2013, Aperam announced the successful placing and pricing of its offering of convertible and/or exchangeable bonds for \$200 million (the “bonds” hereafter). The bonds are convertible into new or existing ordinary shares of the Company. The Significant Shareholder, subscribed for \$81.8 million of bonds, equal to its 40.8% stake in the Company’s share capital. The bonds are senior and unsecured, and ranking equally in right of payment with all other existing and future senior unsecured indebtedness and senior in right of payment to all existing and future subordinated indebtedness. They have an annual coupon of 2.625% payable semi-annually in arrear and an initial conversion price of \$21.96. The bonds were issued and will be redeemed at 100% of their principal amount and will, unless previously redeemed, converted, purchased and cancelled under certain conditions, mature on September 30, 2020. The Company will have the option to redeem the bonds at their principal amount plus accrued interest on or after October 15, 2017, if the parity value (translated into \$ at the prevailing exchange rate), shall have exceeded 130% of the bonds’ principal amount. Bondholders will be entitled to have their bonds redeemed at their principal amount plus accrued interest on September 30, 2017.

Unless previously redeemed, or purchased and cancelled, each bond will be convertible and / or exchangeable into shares at the option of the bondholder during the conversion period. The delivery of new and / or existing shares is at Aperam’s absolute discretion, subject to the limits and conditions set out below. Should the number of new shares to be issued be in excess of the number of new shares which Aperam is authorized to issue, Aperam will deliver existing shares. As at the closing date on September 30, 2013, Aperam had the authority to issue up to 7,804,573 new shares, representing 10% of the issued capital. On the basis of the current conversion ratio convertible, the issuance of up to 9,107,468 new shares would be required to deliver the necessary new shares upon conversion of the bonds.

Net share settled convertible and/or exchangeable bonds due 2021

On June 27, 2014, Aperam announced the successful placing and pricing of its offering of net share settled convertible and/or exchangeable bonds due 2021 (the “bonds” hereafter). Following the success of the Offering, the Company decided to exercise in full the extension clause in order to increase the initial Offering size to \$300 million. The net proceeds of the Offering are being used for general corporate purposes and the refinancing of existing indebtedness (including senior notes maturing in 2016 as described above under “— Notes”). The issue of the bonds reflects the proactive approach of the Company to optimizing its debt profile and interest costs.

The Bonds are senior and unsecured, and ranking equally in right of payment with all other existing and future senior unsecured indebtedness and senior in right of payment to all existing and future subordinated indebtedness.

The bonds have an annual coupon of 0.625% payable semi-annually in arrear and an initial conversion price of \$43.92 representing a conversion premium of 32.5% above the reference price of \$33.15 (based on the volume-weighted average price of the Company’s shares on Euronext Amsterdam between launch and pricing of EUR 24.3453, and an exchange rate of EUR:\$ 1.3616). The bonds will be issued and redeemed at 100% of their principal amount and will mature on July 8, 2021 (7 years), unless previously redeemed, converted, exchanged or purchased and cancelled.

The Company has the option to redeem the Bonds at their principal amount plus accrued interest on or after July 23, 2018 (4 years plus 15 days), if the parity value (translated into \$ at the prevailing exchange rate), shall have exceeded 130% of the Bonds’ principal amount.

Bondholders will be entitled to have their Bonds redeemed at their principal amount plus accrued interest on January 8, 2019 (4.5 years).

In case of exercise of their conversion right, bondholders shall receive, unless the Company elects otherwise, an amount in cash corresponding to the outstanding principal amount and, as the case may be, a number of new and/or existing Aperam shares corresponding to the value in excess thereof. The Company also has the option to elect to deliver new and/or existing shares only.

If the Company is unable to satisfy the conversion right in whole or in part through the issue or delivery of Shares, the Company will pay an equivalent cash amount.

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The Bonds were issued and settled on July 8, 2014. Application was made to have the Bonds admitted to trading on the Open Market ("Freiverkehr") of the Frankfurt Stock Exchange.

True Sales of Receivables Program

Following the spin-off, the Company obtained liquidity from the sale of receivables through a true sale of receivables ("TSR") program. As of the end of June 2012 the program was subsequently split into two programs under similar terms and conditions to the existing program. The maximum combined amount of the programs that could be utilized as of the end of June 2015 was €270 million. Through the TSR program, the Company and certain of its operating subsidiaries surrender the control, risks and benefits associated with the accounts receivable sold, allowing it to record the amount of receivables sold as a sale of financial assets and remove the accounts receivable from its statement of financial position at the time of the sale. The total amount of receivables sold under the True Sale of Receivables program and derecognized in accordance with IAS 39 for the six months ended June 30, 2015 and 2014 was respectively \$0.8 billion and \$0.9 billion. Expenses incurred under the TSR program (reflecting the discount granted to the acquirers of the accounts receivable) are recognized in the statement of operations as financing costs and amounted to \$5 million and \$7 million for the six months ended June 30, 2015 and 2014, respectively.

As of June 30, 2015, the Company had \$299 million outstanding under the TSR program.

Equity

Equity attributable to the equity holders of the parent decreased by \$227 million to \$2,445 million at June 30, 2015, as compared to \$2,672 million at December 31, 2014, primarily due to foreign currency translation differences of \$319 million, change in reserves for unrealized result on derivative financial instruments of \$19 million, partly offset by net income for the period of \$108 million.

Sources and Uses of Cash

Summary of Cash Flows **Six months ended June 30,**

	2015	2014
	<i>(in millions of U.S. dollars)</i>	
Net cash provided by operating activities	158	67
Net cash used in investing activities	(56)	(33)
Net cash used in financing activities	(214)	(159)

Net cash provided by Operating Activities

Net cash provided by operating activities increased to \$158 million for the six months ended June 30, 2015, compared to \$67 million for the six months ended June 30, 2014. The increase of net cash provided by operating activities in six months ended June 30, 2015 of \$91 million compared to the six months ended June 30, 2014 was mainly due to the profitability improvement in 2015.

Net cash used in Investing Activities

Net cash used in investing activities amounted to \$56 million for the six months ended June 30, 2015, compared to \$33 million for the six months ended June 30, 2014. The net cash used in investing activities for the six months ended June 30, 2015 was mainly related to capital expenditures for \$58 million compared to capital expenditures for \$41 million for the six months ended June 30, 2014.

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Net Cash used in Financing Activities

Net cash used in financing activities was \$214 million for the six months ended June 30, 2015, compared to net cash used in financing activities of \$159 million for the six months ended June 30, 2014. Net cash used in financing activities for the six months ended June 30, 2015 was primarily due to \$250 million early reimbursement of the notes maturing in 2018, partly offset by \$50 million net drawings on the Borrowing Base Facility. Net cash used in financing activities for the six months ended June 30, 2014 was primarily due to net payments to banks of \$157 million, of which \$93 million net reimbursements on the Borrowing Base Facility and the early reimbursement of a \$50 million secured bank loan maturing in October 2015.

Earnings Distributions

The shareholders approved at the Annual General Meeting of May 5, 2015, a resolution not to pay a dividend in 2015 relating to the financial year 2014 in order to strengthen Balance Sheet and reduce the Company's cost of debt.

Research and Developments, Patents and Licenses

Research and development costs expensed (and included in selling, general and administration expenses) for the six months ended June 30, 2015 amounted to \$9 million, compared to \$11 million for the six months ended June 30, 2014.

Trend Information

All of the statements in this "Trend Information" section are subject to and qualified by the information set forth under the "Cautionary Statement Regarding Forward-Looking Statements". See also above "—Key factors affecting results of operations".

On July 29, 2015, the Company released its second quarter 2015 results which are available on the Company's website www.aperam.com, section "Investors & shareholders". As part of its prospects, the Company announced that EBITDA in Q3 2015 is expected to be lower compared to EBITDA in Q2 2015 due to the traditional seasonal slowdown and the current economic environment and that net debt is to slightly decrease in Q3 2015 versus Q2 2015.

On July 29, 2015, the Company also announced tranche 3 of its assets base upgrade with an additional \$30 million CAPEX on improving efficiency and competitiveness in Gueugnon (lines CR6, RB8) and in Imphy (compact box annealing furnaces of the Wire Rod mill). These investments are part of the announced extension of the Leadership Journey® to \$575 million.

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Recent Developments

- On February 12, 2015, Aperam announced its intention to redeem its High Yield Bond 2018 in the second quarter 2015.
- On March 2, 2015, Aperam announced that Mr. Bert Lyssens is appointed Head of Sustainability, Human Resources and Communications effective April 1, 2015. He is a member of Aperam's Leadership Team and reports to Mr. Timoteo Di Maulo, CEO of Aperam.
- On April 1, 2015, Aperam early redeemed its High Yield Bond \$250 million, due in 2018.
- On April 3, 2015, Aperam announced the publication of the convening notice for its Annual General Meeting of shareholders to be held on May 5, 2015.
- On April 8, 2015, Moody's Investors Service upgraded Aperam's corporate family rating to Ba2 from Ba3. The outlook is positive.
- On April 15, 2015, Aperam announced the publication of its "made for life" report for 2014, which constitutes Aperam's sustainability performance report.
- On April 30, 2015, Standard & Poor's Ratings Services upgraded Aperam's long-term corporate credit rating from 'BB-' to 'BB'. The outlook is stable.
- On May 5, 2015, Aperam announced that the Annual General Meeting of Shareholders of Aperam held in Luxembourg on the same day approved all resolutions on the agenda by a large majority.
- On May 5, 2015, Aperam announced the tranche 2 of its assets base upgrade with an additional \$30 million CAPEX program to be implemented by 2016.
- On May 5, 2015, Aperam announced the expansion of its Leadership Journey® program to reach \$575 million gains by the end of 2017 targeting further improvement of costs competitiveness and productivity.
- On July 29, 2015, the Company announced tranche 3 of its assets base upgrade with an additional \$30 million CAPEX on improving efficiency and competitiveness in Gueugnon (lines CR6, RB8) and in Imphy (compact box annealing furnaces of the Wire Rod mill). These investments are part of the announced extension of the Leadership Journey® to \$575 million.

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Recent Developments in Legal Proceedings

Tax Claims in Brazil

- On May 19, 2015, Aperam South America received 2 tax assessments related to 2010 and 2011 social contributions payments (for working environment risk that allows special retirement after 25 years of work) for a total amount of \$5 million. The Company presented its defense on June 18, 2015.
- On July 11, 2014, Aperam South America received 2 tax assessments for social contributions paid in relation to 2009 and 2010 "Profit Sharing Program" for a total amount of \$13 million. Aperam South America presented its defense successively on August 12 and December 2, 2014 at the first administrative level. On February 26, 2015 the first administrative court decision was unfavorable to the Company. On May 7, 2015 the Company appealed.
- On June 26, 2014, Aperam South America received a tax assessment from the State of Minas Gerais for a total consideration of \$10 million related to VAT (ICMS) credit taken by the company as the result of the acquisition in 2011 of Aperam Stainless Services & Solutions Tubes Brazil's branch in Timóteo ("CETUBOS"). Tax authorities understood that Aperam South America has not continued the activity of producing tubes in Timóteo (despite contrary evidence provided) and, as a consequence, it could not use the VAT credits of the acquired branch. The Company presented its defence at the first administrative level on July 28, 2014. On February 13, 2015 the Company obtained a partial favourable decision. On March 2, 2015 the Company presented an appeal that was rejected by the Court. The claim is still pending at judicial level.
- In March 2012, the Company received two tax assessments regarding PIS and COFINS related to importation of services (freight, logistics and commercial representation services) made by the Company in 2007. The total amount claimed is \$8 million. In June 2012, the Company obtained a partial favorable decision from the first administrative instance. On December 10, 2014, the Company obtained a partial favorable decision that was definitively published on July 3, 2015 and maintained the assessment only for insurance services. The Company is studying the possibility to present another appeal for this remaining debt.
- On December 27, 2011, Aperam South America received a tax assessment from the State of Minas Gerais regarding VAT tax credit ("ICMS") used by the Company related to the purchasing of scraps from a supplier which the State considered as not being authorized to issue invoices with VAT. The total amount claimed is \$7 million. On October 3, 2014, the Company obtained an unfavorable decision at the second administrative level. On October 7, 2014 and November 6, 2014, the Company presented a motion to get the reverse of the decision. In February 2015, the State filed a lawsuit against the Company charging the total amount claimed at administrative level (approximately \$7 million). The Company launched an injunction to close such new lawsuit filed by the State and to obtain the annulment of tax debits. In February 2015, the injunction was accepted by the judge to suspend the charging of the tax debit. The litigation is still pending at judicial level.
- On December 2, 2010, Aperam South America received a tax assessment in the total amount of \$28 million. The Minas Gerais State Revenue claims that the Company should have paid VAT ("ICMS") related to the distribution of electric power between 2005 and 2009. The Company believes that this charge should not prevail since the distribution of electrical power should not be considered as a good or transportation and therefore it should not be subject to VAT ("ICMS"). On May 5, 2011, the Company received a partial favorable decision. Minas Gerais State Revenue concluded that the Company has to pay ICMS but stated that the amount for late payments and penalties was wrong. In March 2012, the Company has brought the case before the judicial court that confirmed the favorable decision obtained by the administrative court. The Company's position was comforted by the court of Appeal in August 2013 but there are still some pending discussions at second level of judicial court. The company and the state presented requests for clarification, but the clarifications were denied by the Court. On December 18, 2013, the Company presented a special appeal to discuss lawyer's fees. On January 15, 2014, the State presented its extraordinary and special appeals. That has been rejected by the Court on August 22, 2014. Despite the motion rejected by the Appeal Court, the case is still pending before the Supreme Court.

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Corporate Governance

Please refer to the “Corporate Governance” section of Aperam’s Annual Report 2014 for a complete overview. Aperam’s Annual Report is available on www.aperam.com under “Investors & shareholders” > “Aperam Financial Reports”. The purpose of the present section is solely to describe the events and changes affecting the corporate governance of Aperam between December 31, 2014 and June 30, 2015.

Election of members of the Board of Directors

On May 5, 2015, the Annual General Meeting of Shareholders approved the election of Mr. Philippe Darmayan as member of the Board of Directors of Aperam for a term of three years.

Authorisation of grants of share based incentives

On May 5, 2015, the Annual General Meeting of Shareholders authorized the Board of Directors to issue up to 220,000 of the Company’s fully paid-up ordinary shares to Management Committee members under the Leadership Team Performance Share Unit Plan (the “LT PSU Plan”). These shares can be newly issued shares or treasury shares. The Board of Directors may consider appropriate rules to implement the LT PSU Plan, including other retention based grants below the level of the Leadership Team. Awards under the LT PSU Plan are subject to the fulfillment of cumulative performance criteria over a three-year period from the date of the PSU grant (development of Total Shareholder Return and Earnings per Share compared to a peer group of companies over a three year period). The details of the LT PSU Plan are described in the convening notice as well as in an explanatory presentation available on www.aperam.com, section “Investors & shareholders”, “Shareholders’ Meetings”, 5 May 2015 - Annual General Meeting of Shareholders.

Share buy-back

On May 5, 2015 the Annual General Meeting of Shareholders decided (a) to cancel the authorisation granted to the Board of Directors by the general meeting of shareholders held on 21 January 2011 with respect to the share buy-back program, and (b) to authorise the Board of Directors of the Company, with option to delegate, and the corporate bodies of the other companies in the Aperam group in accordance with the Luxembourg law of 10 August 1915 on commercial companies, as amended (the “Law”), to acquire and sell shares in the Company in accordance with the Law and any other applicable laws and regulations, including but not limited to entering into off-market and over-the-counter transactions and to acquire shares in the Company through derivative financial instruments. The authorisation is valid for a period of five (5) years or until the date of its renewal by a resolution of the general meeting of shareholders if such renewal date is prior to the expiration the five-year period.

The maximum number of shares that may be acquired is the maximum allowed by the Law as amended in such manner that the accounting par value of the Company’s shares held by the Company do not in any event exceed 10% of the Company’s issued share capital. The maximum number of own shares that Aperam may hold at any time directly or indirectly may not have the effect of reducing its net assets (“actif net”) below the amount mentioned in paragraphs 1 and 2 of Article 72-1 of the Law. The purchase price per share to be paid shall not represent more than 110% of the trading price of the shares on the Euronext markets where the Company is listed or the Luxembourg Stock Exchange, depending on the market on which the purchases are made, and no less than one euro cent.

For off-market transactions, the maximum purchase price shall be 110% of the reference price on the Euronext markets where the Company is listed. The reference price will be deemed to be the average of the final listing prices per share on these markets during thirty (30) consecutive days on which these markets are open for trading preceding the three trading days prior to the date of purchase. In the event of a share capital increase by incorporation of reserves or issue of shares at premium and the free allotment of shares as well as in the event of the division or regrouping of the shares, the purchase price indicated above shall be adjusted by a multiplying coefficient equal to the ratio between the number of shares comprising the issued share capital prior to the transaction and such number following the transaction.

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New appointment to the Leadership Team

Mr. Bert Lyssens was appointed Head of Sustainability, Human Resources and Communications effective April 1, 2015. He is a member of Aperam's Leadership Team and reports to Mr. Timoteo Di Maulo, CEO of Aperam.

Board of Directors and Committee composition

The members of the Board of Directors as well as their memberships to the Board's Committees as of the date of this interim financial report are set forth below.

Name	Position within the Company	Date joined Board	Term Expires
Mr. Lakshmi N. Mittal	Chairman, Non-independent member of the Board of Directors	December 2010	May 2016
Mr. Romain Bausch ^{(1) (2)}	Lead Independent Director, Independent member of the Board of Directors	January 2011	May 2016
Mr. Joseph Greenwell ^{(1) (2)}	Independent member of the Board of Directors	May 2013	May 2017
Ms. Kathryn A. Matthews ⁽²⁾	Independent member of the Board of Directors	December 2010	May 2016
Mr. Aditya Mittal	Non-independent member of the Board of Directors	December 2010	May 2016
Ms. Laurence Mulliez ⁽¹⁾	Independent member of the Board of Directors	May 2011	May 2017
Mr. Philippe Darmayan	Non-independent member of the Board of Directors	May 2015	May 2018

Notes:

Company Secretary: Mr. Laurent Beauloye

⁽¹⁾ Member of the Audit and Risk Management Committee.

⁽²⁾ Member of the Remuneration, Nomination and Corporate Governance Committee.

On February 9, 2015, the Board of Directors reviewed the functioning of the Board and its Committees. After 4 years since the creation of Aperam, the Board of Directors decided to simplify its functioning and agreed that as from 2015 a separate Committee on sustainability, performance and strategy was no longer necessary since these matters were being covered extensively at the meetings of the Board of Directors.

Leadership Team composition

The composition of the Leadership Team as of the date of this interim financial report is set forth below.

Name	Function
Mr. Timoteo Di Maulo	Chief Executive Officer
Mr. Sandeep Jalan	Chief Financial Officer
Ms. Vanisha Mittal Bhatia	Chief Strategy Officer
Mr. Nicolas Changeur	Chief Marketing Officer
Mr. Bernard Hallemans	Chief Technical Officer
Mr. Frederico Ayres Lima	Chief Operating Officer Stainless & Electrical Steel South America
Mr. Bert Lyssens	Head of Sustainability, Human Resources and Communications
Mr. Frédéric Mattei	Chief Executive Officer Alloys & Specialties
Mr. Jean-Paul Rouffiac	Chief Operating Officer Stainless & Electrical Steel Europe
Ms. Johanna Van Sevenant	Chief Executive Officer Services & Solutions

Note:

Secretary to the Leadership Team: Mr. Guillaume Bazetoux, Head of Finance

Interim Management Report

Shareholding notification with reference to Transparency Law requirements

With reference to the Law and Grand Ducal Regulation of 11 January 2008 on transparency requirements for issuers of securities ("Transparency Law") and to shareholding notifications for crossing the threshold of 5% voting rights, such notifications are available in the Luxembourg Stock Exchange's electronic database OAM on www.bourse.lu and on the Company's web site www.aperam.com under Corporate Governance, Shareholding structure:

- On January 15, 2015, Aperam announced a 5.08% shareholding notification by JP Morgan Asset Management Holdings Inc.;
- On January 28, 2015, Aperam announced a shareholding notification by JP Morgan Asset Management Holdings Inc. for crossing downwards the 5% threshold;
- On February 4, 2015, Aperam announced a 5.01% shareholding notification by JP Morgan Asset Management Holdings Inc.;
- On February 13, 2015, Aperam announced a shareholding notification by JP Morgan Asset Management Holdings Inc. for crossing downwards the 5% threshold;
- On March 31, 2015, Aperam announced a shareholder notification by Alken Luxembourg S.A. for crossing downwards the 5% threshold and a 5.19% shareholder notification by JP Morgan Asset Management Holdings Inc.;
- On April 3, 2015, Aperam announced a shareholding notification by JP Morgan Asset Management Holdings Inc. for crossing downwards the 5% threshold.



Le Château de Rentilly in île de France, France
Architect: Bona-Lemercier architects
Artist: Xavier Veilhan
Scenographer: Alexis Bertrand
© Florian Kleinfenn

Grade : 304 / 1.4301
Surface aspect : Uginox Meca 7D (mirror)
Thickness : 1.5 mm - Volume : 26.6t

Interim Management Report

Statement of Responsible Persons

July 29, 2015

We confirm, to the best of our knowledge, that:

1. the Condensed Consolidated Financial Statements of Aperam presented in this Interim Financial Report 2015, prepared in conformity with International Accounting Standard 34, *Interim Financial Reporting*, as adopted in the European Union, give a true and fair view of the assets, liabilities, financial position, profit or loss of the Company and significant off balance sheet arrangements.
2. the interim management report includes a fair review of the material events that occurred in the first six months of the financial year 2015 and their impact on the Condensed Consolidated Financial Statements, of the main related party transactions, and a description of the principal risks and uncertainties for the remaining six months of the year.



For and on behalf of the Board of Directors
Mr. Philippe Darmayan



Chief Executive Officer
Mr. Timoteo di Maulo



Chief Financial Officer
Mr. Sandeep Jalan

Condensed Consolidated Financial Statements

As of and for the six months ended June 30, 2015

Aperam

Condensed Consolidated Statement of Operations (in millions of U.S. dollars except share and per share data)

	Six months ended June 30,	
	2015	2014
Sales (note 2) (including 82 and 82 of sales to related parties for 2015 and 2014, respectively)	2,522	2,838
Cost of sales (including depreciation and amortization of 93 and 132 and purchases from related parties of 111 and 94 for 2015 and 2014, respectively)	(2,223)	(2,553)
Gross margin	299	285
Selling, general and administrative	(104)	(124)
Operating income (note 2)	195	161
Loss from other investments and associates (note 6)	(6)	(28)
Interest income	2	3
Interest expense and other net financing costs	(47)	(65)
Income before taxes	144	71
Income tax expense (note 3)	(35)	(16)
Net income (including non-controlling interests)	109	55
Net income attributable to:		
Equity holders of the parent	108	55
Non-controlling interests	1	—
Net income (including non-controlling interests)	109	55
Earnings per common share (in U.S. dollars):		
Basic	1.39	0.70
Diluted	1.30	0.70
Weighted average common shares outstanding (in thousands)		
Basic	78,007	78,050
Diluted	87,246	85,990

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Financial Statements

As of and for the six months ended June 30, 2015

Aperam

Condensed Consolidated Statement of Comprehensive Income / (Loss) (in millions of U.S. dollars)

	Six months ended June 30,	
	2015	2014
Net income (including non-controlling interests)	109	55
Items that cannot be recycled to the consolidated statement of operations:		
Re-measurement of defined benefit obligation during the period, net of tax expense benefit of nil and nil for 2015 and 2014, respectively	—	1
Items that can be recycled to the consolidated statement of operations:		
Available-for-sale investments (note 6):		
Loss arising during the period, net of tax benefit of 2 and 7 for 2015 and 2014, respectively	(3)	(16)
Reclassification adjustments for loss included in the statement of operations, net of tax benefit of 2 and 10 for 2015 and 2014, respectively	4	19
	<u>1</u>	<u>3</u>
Cash flow hedges:		
(Loss) gain arising during the period, net of tax benefit (expense) of 6 and (16) for 2015 and 2014, respectively	(11)	30
Reclassification adjustments for (gain) loss included in the statement of operations, net of tax expense (benefit) of 4 and 2 for 2015 and 2014, respectively	(8)	(4)
	<u>(19)</u>	<u>26</u>
Exchange differences arising on translation of foreign operations, net of tax benefit (expense) of 20 and (10) for 2015 and 2014, respectively	(320)	68
Total other comprehensive (loss) income	(338)	98
Total other comprehensive (loss) income attributable to:		
Equity holders of the parent	(337)	98
Non-controlling interests	(1)	—
Total other comprehensive (loss) income	(338)	98
Net comprehensive (loss) income	(229)	153
Net comprehensive (loss) income attributable to:		
Equity holders of the parent	(229)	153

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Financial Statements

As of and for the six months ended June 30, 2015

Aperam

Condensed Consolidated Statement of Financial Position (in millions of U.S. dollars)

	June 30, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	72	197
Trade accounts receivable	366	302
Inventories (note 4)	1,286	1,315
Prepaid expenses and other current assets (note 5)	110	137
Income tax receivable	10	27
Total current assets	1,844	1,978
Non-current assets:		
Goodwill and intangible assets	619	696
Biological assets	75	97
Property, plant and equipment	1,698	1,929
Other investments (note 6)	34	44
Deferred tax assets	313	326
Other assets	155	129
Total non-current assets	2,894	3,221
Total assets	4,738	5,199

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Financial Statements

As of and for the six months ended June 30, 2015

Aperam

Condensed Consolidated Statement of Financial Position (in millions of U.S. dollars)

	June 30, 2015	December 31, 2014
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt and current portion of long-term debt (note 7)	80	40
Trade accounts payable	1,002	979
Short-term provisions	34	43
Accrued expenses and other liabilities	240	293
Income tax liabilities	9	6
Total current liabilities	1,365	1,361
Non-current liabilities:		
Long-term debt, net of current portion (note 7)	446	693
Deferred tax liabilities	124	125
Deferred employee benefits	193	213
Long-term provisions	61	68
Other long-term obligations	100	63
Total non-current liabilities	924	1,162
Total liabilities	2,289	2,523
Equity (note 8):		
Common shares (no par value, 96,216,785 and 96,216,785 shares authorized, 78,049,730, and 78,049,730 shares issued and 78,008,646 and 78,004,542 shares outstanding as of June 30, 2015 and December 31, 2014, respectively)	547	547
Treasury shares (41,084 and 45,188 common shares as of June 30, 2015 and December 31, 2014, respectively)	(1)	(2)
Additional paid-in capital	1,599	1,599
Retained earnings	1,100	991
Other comprehensive loss	(800)	(463)
Equity attributable to the equity holders of the parent	2,445	2,672
Non-controlling interests	4	4
Total equity	2,449	2,676
Total liabilities and equity	4,738	5,199

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Financial Statements

As of and for the six months ended June 30, 2015

Aperam

Condensed Consolidated Statement of Changes in Equity

(in millions of U.S. dollars, except share data)

		Other Comprehensive Income (Loss)											
	Shares ⁽¹⁾	Share Capital	Treasury shares	Additional Paid-in Capital	Retained Earnings	Foreign Currency Translation Adjustments	Unrealized Gains (Losses) on Derivatives Financial Instruments	Unrealized Gains (Losses) on Available for Sale Securities	Recognized Actuarial Gains (Losses)	Option premium on convertible bonds	Equity attributable to the equity holders of the parent	Non-controlling interests	Total Equity
Balance at December 31, 2013	78,050	547	—	1,600	858	(44)	(5)	(20)	(10)	27	2,953	5	2,958
Net income	—	—	—	—	55	—	—	—	—	—	55	—	55
Other comprehensive income	—	—	—	—	—	68	26	3	1	—	98	—	98
Total comprehensive income	—	—	—	—	55	68	26	3	1	—	153	—	153
Derivative instruments on Aperam shares, net of tax	—	—	—	—	37	—	—	—	—	—	37	—	37
Recognition of share based payments	—	—	—	—	1	—	—	—	—	—	1	—	1
Balance at June 30, 2014	78,050	547	—	1,600	951	24	21	(17)	(9)	27	3,144	5	3,149
Balance at December 31, 2014	78,005	547	(2)	1,599	991	(459)	(8)	—	(23)	27	2,672	4	2,676
Net income	—	—	—	—	108	—	—	—	—	—	108	1	109
Other comprehensive loss	—	—	—	—	—	(319)	(19)	1	—	—	(337)	(1)	(338)
Total comprehensive (loss) income	—	—	—	—	108	(319)	(19)	1	—	—	(229)	—	(229)
Recognition of share based payments	4	—	1	—	1	—	—	—	—	—	2	—	2
Balance at June 30, 2015	78,009	547	(1)	1,599	1,100	(778)	(27)	1	(23)	27	2,445	4	2,449

⁽¹⁾ In thousands of shares

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Financial Statements

As of and for the six months ended June 30, 2015

Aperam

Condensed Consolidated Statement of Cash Flows (in millions of U.S. dollars)

	Six months ended June 30,	
	2015	2014
Operating activities:		
Net income (including non-controlling interests)	109	55
Adjustments to reconcile net income to net cash provided by operations and payments:		
Depreciation and amortization	93	132
Net interest expense	31	43
Income tax expense (note 3)	35	16
Net write-downs of inventories to net realizable value	7	17
Impairment of financial assets (note 6)	6	29
Labor agreements and separation plans	1	3
Unrealized (gains)/ losses on derivative instruments	(14)	—
Unrealized foreign exchange effects, other provisions and non-cash operating expenses (net)	(21)	14
Changes in operating working capital:		
Trade accounts receivable	(85)	(99)
Trade accounts payable	101	215
Inventories	(83)	(233)
Changes in other operating assets, liabilities and provisions:		
Interest paid (net)	(19)	(45)
Income taxes paid	—	(15)
Cash paid for separation plans	(1)	(1)
Other working capital movements	(2)	(64)
Net cash provided by operating activities	158	67
Investing activities:		
Acquisition of property, plant and equipment, intangible and biological assets	(58)	(41)
Other investing activities (net)	2	8
Net cash used in investing activities	(56)	(33)
Financing activities (note 7):		
Net proceeds (payments) from short-term debt	35	(50)
Proceeds from long-term debt, net of debt issuance costs	2	2
Payments of long-term debt	(250)	(50)
Other financing activities (net)	(1)	(2)
Net cash used in financing activities	(214)	(159)
Effect of exchange rate changes on cash	(13)	5
Net decrease in cash and cash equivalents	(125)	(120)
Cash and cash equivalents:		
At the beginning of the period	197	291
At the end of the period	72	171

The accompanying notes are an integral part of these condensed consolidated financial statements.

Condensed Consolidated Financial Statements

As of and for the six months ended June 30, 2015

NOTE 1 – NATURE OF BUSINESS, BASIS OF PRESENTATION AND ACCOUNTING POLICIES

Nature of business

Aperam Société Anonyme (the “Company” or “Aperam”) was incorporated on September 9, 2010 to own certain operating subsidiaries of ArcelorMittal S.A. (“ArcelorMittal”) which primarily comprise ArcelorMittal’s stainless steel and nickel alloys business. This business was transferred to the Company prior to the distribution of all its outstanding common shares to shareholders of ArcelorMittal on January 26, 2011.

The Company’s shares have been trading on the European stock exchanges of Amsterdam, Paris (Euronext) and Luxembourg since January 31, 2011.

Basis of presentation

The Condensed Consolidated Financial Statements of Aperam as of and for the six months ended June 30, 2015 (the “Interim Financial Statements”) have been prepared in accordance with International Accounting Standard (“IAS”) No. 34, “Interim Financial Reporting”, as adopted in the European Union. They should be read in conjunction with the annual consolidated financial statements and the notes thereto in the Company’s annual report for the year ended December 31, 2014 which have been prepared in accordance with International Financial Reporting Standards as adopted in the European Union (“IFRS”).

Accounting policies

The Interim Financial Statements have been prepared on a historical cost basis, except for available for sale financial assets, derivative financial instruments and biological assets, which are measured at fair value, and inventories which are measured at the lower of net realizable value or cost. The accounting policies used to prepare the Interim Financial Statements are similar to those described in Note 2 to the consolidated financial statements as of and for the year ended December 31, 2014.

There were no significant effects on the Interim Financial Statements as a result of the adoption of any of the aforementioned standards or interpretations.

The preparation of financial statements in conformity with IFRS recognition and measurement principles requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on an ongoing basis using currently available information. Changes in facts and circumstances may result in revised estimates, and actual results could differ from those estimates.

Condensed Consolidated Financial Statements

As of and for the six months ended June 30, 2015

NOTE 2 – SEGMENT REPORTING

The Company reports its operations in three segments: Stainless & Electrical Steel, Alloys & Specialties and Services & Solutions.

The following table summarizes certain financial data relating to the Company's operations in its different segments:

	Stainless & Electrical Steel	Alloys & Specialties	Services & Solutions	Others / Eliminations⁽¹⁾	Total
Six months ended June 30, 2015					
Sales to external customers	1,105	309	1,107	1	2,522
Intersegment sales ⁽²⁾	947	2	42	(991)	—
Operating income (loss)	170	24	22	(21)	195
Depreciation and amortization	79	3	10	1	93
Capital expenditures	40	8	9	1	58
Six months ended June 30, 2014					
Sales to external customers	1,317	310	1,209	2	2,838
Intersegment sales ⁽²⁾	949	2	44	(995)	—
Operating income (loss)	110	30	41	(20)	161
Depreciation and amortization	114	5	12	1	132
Capital expenditures	33	4	4	—	41

⁽¹⁾ Others / Eliminations includes all other operations than mentioned above, together with inter-segment elimination, and/or non-operational items which are not segmented.

⁽²⁾ Transactions between segments are conducted on the same basis of accounting as transactions with third parties.

NOTE 3 – INCOME TAX

The income tax expense or benefit for the period is based on an estimated annual effective rate, which requires management to make its best estimate of annual pretax income for the year. During the year, management regularly updates its estimates based on changes in various factors such as geographical mix of operating profit, prices, shipments, product mix, plant operating performance and cost estimates, including labor, raw materials, energy and pension and other postretirement benefits.

Income tax was an expense of 35 and 16 for the six months ended June 30, 2015 and 2014, respectively. The higher income tax expense is a result of an improvement in the level of the estimated results of the Company's operating entities for the six months ended June 30, 2015 as compared to the six months ended June 30, 2014.

Condensed Consolidated Financial Statements

As of and for the six months ended June 30, 2015

NOTE 4 – INVENTORIES

Inventories, net of the allowance for slow-moving inventories, excess of cost over net realizable value and obsolescence of 107 and 116 as of June 30, 2015 and December 31, 2014, respectively, are comprised of the following:

	June 30, 2015	December 31, 2014
Finished products	537	547
Production in process	489	431
Raw materials	137	197
Manufacturing supplies, spare parts and other	123	140
Total	1,286	1,315

The amount of write-downs of inventories to net realizable value recognized as an expense was 7 and 19 during the six months ended June 30, 2015 and 2014, respectively. During the six months ended June 30, 2015 and 2014, utilization of existing write-downs due to normal inventory consumption was 7 and 23, respectively.

The amount of inventories recognized as an expense (due to normal inventory consumption) was 1,490 and 1,666 during the six months ended June 30, 2015 and 2014, respectively.

NOTE 5 – PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

	June 30, 2015	December 31, 2014
Value added tax ("VAT") and other amount receivable from tax authorities	56	75
Prepaid expenses and accrued receivables	16	15
Cash receivable from sold trade receivables	12	14
Derivative financial assets	8	6
Other	18	27
Total	110	137

Condensed Consolidated Financial Statements

As of and for the six months ended June 30, 2015

NOTE 6 – OTHER INVESTMENTS

The Company holds the following other investments:

	Location	Ownership % at June 30, 2015	Fair value	
			June 30, 2015	December 31, 2014
Available-for-sale securities (at fair value)				
General Moly Inc	U.S.	8.63%	6	5
Gerdau S.A.	Brazil	0.53%	22	33
Total available-for-sale securities			28	38
Investments accounted for at cost				
Exeltium S.A.S.	France	2.05%	4	4
Other			2	2
Total investments accounted for at cost			6	6
Total			34	44

The fair value (applying a Level 1 fair value measurement) of Aperam's stake in Gerdau amounted to 22 and 33 as of June 30, 2015 and December 31, 2014, respectively. The fair value of Aperam's stake in General Moly amounted to 6 and 5 as of June 30, 2015 and December 31, 2014, respectively.

The Company reviewed the investment in Gerdau and General Moly for impairment and recognized an impairment loss of 6 as a loss from other investments in the statement of operations for the six months ended June 30, 2015.

NOTE 7 – SHORT-TERM AND LONG-TERM DEBT

Short-term debt, including the current portion of long-term debt, consisted of the following:

	June 30, 2015	December 31, 2014
Short-term bank loans and other credit facilities	63	15
Current portion of long-term debt	15	22
Lease obligations	2	3
Total	80	40

Secured Borrowing Base Revolving Credit Facility

On March 18, 2014, the Company amended the Borrowing Base Facility to extend the maturity of the tranche B of \$600 million of the Borrowing Base Facility from March 2015 until March 2016.

On July 31, 2014 Aperam announced the reduction of its commitment under the Borrowing Base Facility by \$200 million from \$600 million to \$400 million.

On March 6, 2015, Aperam signed a \$500 million secured borrowing base revolving credit facility ("The Facility") with a group of nine banks. The Facility, which has refinanced the existing Borrowing Base Facility of \$400 million, is structured as a three-year revolving credit facility and includes a one year extension option. It is used for liquidity and working capital purposes.

As of June 30, 2015, \$50 million was outstanding under this facility.

Condensed Consolidated Financial Statements

As of and for the six months ended June 30, 2015

The Company's long-term debt consisted of the following:

	<u>Year of maturity</u>	<u>Type of Interest</u>	<u>Interest rate⁽¹⁾</u>	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Corporate					
250 Unsecured Bonds	2018	Fixed	—	—	248
300 Convertible Bonds	2019/2021 ⁽²⁾	Fixed	0.625%	249	243
200 Convertible Bonds	2017/2020 ⁽³⁾	Fixed	2.625%	174	169
Brazil					
Other loans	2016-2021	Fixed/Floating	2.50%-8.70%	37	51
Total				460	711
Less current portion of long-term debt				(15)	(22)
Total long-term debt (excluding lease obligations)				445	689
Lease obligations ⁽⁴⁾				1	4
Total long-term debt, net of current portion				446	693

⁽¹⁾ Rates applicable to balances outstanding at June 30, 2015.

⁽²⁾ Convertible bonds maturity is on July 8, 2021 but bonds are puttable by the bondholders on January 8, 2019.

⁽³⁾ Convertible bonds maturity is on September 30, 2020 but bonds are puttable by the bondholders on September 30, 2017.

⁽⁴⁾ Net of current portion of \$2 million and \$3 million as of June 30, 2015 and December 31, 2014 respectively.

Unsecured Bonds

On March 30, 2011, the Company issued \$500 million principal amount of unsecured fixed rated bonds in two tranches, in a private placement in the international capital markets. The first tranche of \$250 million bears interest at 7.375% due April 1, 2016 and the second tranche of \$250 million bears interest at 7.75% due April 1, 2018. Interests are payable semi-annually on April 1 and on October 1 of each year, commencing on October 1, 2011.

On October 1, 2014, Aperam reimbursed its 7.375% notes of 250 aggregate principal amount due 2016 and on April 1, 2015, Aperam reimbursed its 7.75% notes of 250 aggregate principal amount due 2018.

Convertible Bonds

On September 19, 2013, Aperam issued a \$200 million convertible and/or exchangeable debt instrument with a contractual maturity of 7 years. These bonds bear interest at 2.625% per annum payable semi-annually on March 30 and September 30 of each year, commencing on March 30, 2014. The bonds are puttable by the bondholders on September 30, 2017 at the principal amount (plus accrued interests).

At inception, the Company determined the bonds met the definition of a compound financial instrument in accordance with IFRS. The conversion option premium is recognized as an equity component. The Company determined the fair value of the financial liability component of the bonds was 158 on the date of issuance.

On July 8, 2014, Aperam issued a \$300 million convertible and/or exchangeable debt instrument with a contractual maturity of 7 years. These bonds bear interest at 0.625% per annum payable semi-annually on January 8 and July 8 of each year, commencing on January 8, 2015. The bonds are puttable by the bondholders on January 8, 2019 at the principal amount (plus accrued interests).

At inception, the Company determined the bonds met the definition of a compound financial instrument in accordance with IFRS. The Company determined the fair value of the financial liability component of the bonds was 237 on the date of issuance. Conversion option is recognized as a derivative financial liability.

Condensed Consolidated Financial Statements

As of and for the six months ended June 30, 2015

NOTE 8 – EQUITY

Authorized share capital and authorized shares

On May 8, 2014, the Extraordinary General Meeting resolved to increase the authorized share capital by EUR 54,279,543, equivalent to 10,362,482 shares, so that the Company's authorized share capital (including its issued share capital) shall amount to EUR 503,991,548, represented by 96,216,785 shares without nominal value.

Dividends

On February 6, 2014, the Company announced that the Board of Directors will submit to a shareholder's vote, at the next annual general meeting, a proposal to continue paying no dividend in 2014 in order to support the previously announced net debt reduction program. On May 8, 2014, the annual general meeting of shareholders approved the decision not to pay a dividend in 2014 to accelerate the net debt reduction.

On May 5, 2015, the annual general meeting of shareholders acknowledged the decision not to pay a dividend in 2015 in order to further reduce the Company's cost of debt.

Management of share capital

In June 2014, the Company sold call options on Aperam shares to financial institutions. As the Company has the obligation to settle the call options in a fixed number of its own shares, it classified the proceeds from the sale of these call options in equity for an amount of 37, net of tax.

NOTE 9 –INSTRUMENTS AT FAIR VALUE

The estimated fair values of certain instruments have been determined using available market information or other valuation methodologies that require considerable judgment in interpreting market data and developing estimates.

Condensed Consolidated Financial Statements

As of and for the six months ended June 30, 2015

Fair value versus carrying amounts

The following table summarizes assets and liabilities based on their categories as of June 30, 2015.

	Instruments at fair value						
	Carrying amount in statements of financial position	Non-financial assets and liabilities	Loan and receivables	Liabilities at amortized cost	Fair value recognized in profit and loss	Available for sale assets	Derivatives
ASSETS							
Current assets:							
Cash and cash equivalents	72	—	72	—	—	—	—
Trade accounts receivable	366	—	366	—	—	—	—
Inventories	1,286	1,286	—	—	—	—	—
Prepaid expenses and other current assets	110	56	46	—	—	—	8
Income tax receivable	10	10	—	—	—	—	—
Total current assets	1,844	1,352	484	—	—	—	8
Non-current assets:							
Goodwill and intangible assets	619	619	—	—	—	—	—
Biological assets	75	—	—	—	75	—	—
Property, plant and equipment	1,698	1,698	—	—	—	—	—
Other investments	34	6	—	—	—	28	—
Deferred tax assets	313	313	—	—	—	—	—
Other assets	155	22	43	—	—	—	90
Total non-current assets	2,894	2,658	43	—	75	28	90
Total assets	4,738	4,010	527	—	75	28	98
LIABILITIES AND EQUITY							
Current liabilities:							
Short-term debt and current portion of long-term debt	80	—	—	80	—	—	—
Trade accounts payable	1,002	—	—	1,002	—	—	—
Short-term provisions	34	34	—	—	—	—	—
Accrued expenses and other liabilities	240	77	—	132	—	—	31
Income tax liabilities	9	9	—	—	—	—	—
Total current liabilities	1,365	120	—	1,214	—	—	31
Non-current liabilities:							
Long-term debt, net of current portion	446	—	—	446	—	—	—
Deferred tax liabilities	124	124	—	—	—	—	—
Deferred employee benefits	193	193	—	—	—	—	—
Long-term provisions	61	61	—	—	—	—	—
Other long-term obligations	100	4	—	6	—	—	90
Total non-current liabilities	924	382	—	452	—	—	90
Equity:							
Equity attributable to the equity holders of the parent	2,445	2,445	—	—	—	—	—
Non-controlling interests	4	4	—	—	—	—	—
Total equity	2,449	2,449	—	—	—	—	—
Total liabilities and equity	4,738	2,951	—	1,666	—	—	121

Condensed Consolidated Financial Statements

As of and for the six months ended June 30, 2015

The following table summarizes the bases used to measure assets and liabilities at their fair value.

	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Biological assets	—	—	75	75
Available-for-sale financial assets	28	—	—	28
Derivative financial current assets	—	8	—	8
Derivative financial non-current assets	—	—	90	90
Total assets at fair value	28	8	165	201
Liabilities at fair value				
Derivative financial current liabilities	—	31	—	31
Derivative financial non-current liabilities	—	—	90	90
Total liabilities at fair value	—	31	90	121

Available-for-sale financial assets classified as Level 1 refer to listed securities quoted in active markets. The total fair value is either the price of the most recent trade at the time of the market close or the official close price as defined by the exchange on which the asset is most actively traded on the last trading day of the period, multiplied by the number of units held without consideration of transaction costs.

Derivative financial assets and liabilities classified as Level 2 refer to instruments to hedge fluctuations in foreign exchange rates and commodity prices (base metals). The total fair value is based on the price a dealer would pay or receive for the security or similar securities, adjusted for any terms specific to that asset or liability. Market inputs are obtained from well established and recognized vendors of market data (Bloomberg and Reuters) and the fair value is calculated using standard industry models based on significant observable market inputs such as foreign exchange rates, commodity prices, swap rates, and interest rates.

In order to determine the fair value of biological assets, a discounted cash flow model was used, with the harvest cycle of six to seven years. Fair value measurement of biological assets is categorized within level 3 of fair value hierarchy.

Derivative financial assets classified as Level 3 refer to the call options bought end of June 2014 by the Company on its own shares which may be exercised at the conversion price of the convertible bonds issued on July 8, 2014. Derivative financial liabilities classified as Level 3 refers to the conversion option in the \$300 million convertible bonds. The fair valuation of Level 3 derivative instruments is established at each reporting date in relation to which an analysis is performed in respect of changes in the fair value measurement since the last period. Aperam's valuation policies for derivatives are an integral part of its internal control procedures and have been reviewed and approved according to the Company's principles for establishing such procedures. In particular, such procedures address the accuracy and reliability of input data, the accuracy of the valuation model and the knowledge of the staff performing the valuations.

Aperam establishes the fair valuation of the call options on its own shares and the conversion option with respect to the \$300 million convertible bonds through the use of a volatility model based on a partial differential equation. The model uses an iterative procedure to price options, allowing for the specification of nodes, or points in time, during the time span between the valuation date and the option's expiration date. In contrast to the Black-Scholes model, which provides a numerical result based on inputs, the model allows for the calculation of the asset and the option for multiple periods along with the range of possible results for each period.

Observable input data used in the valuations include zero coupon yield curves, stock market prices and Libor interest rates. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available.

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The following table summarized the reconciliation of the fair value of the assets and liabilities classified as Level 3 for the six months ended June 30, 2015:

	\$300 million convertible bonds' conversion option	Call option on own shares	Total
Balance as of December 31, 2014	(54)	54	—
Change in fair value ⁽¹⁾	(36)	36	—
Balance as of June 30, 2015	<u>(90)</u>	<u>90</u>	<u>—</u>

(1) Recognized in net financing costs in the consolidated statements of operations.

	Biological assets
Balance as of December 31, 2014	97
Additions	8
Change in fair value ⁽¹⁾	(2)
Harvested trees	(14)
Foreign exchange difference	(14)
Balance as of June 30, 2015	<u>75</u>

(1) Recognized in cost of sales in the consolidated statements of operations.

Portfolio of Derivatives

The Company enters into derivative financial instruments to manage its exposure to fluctuations in exchange rates and the price of raw materials arising from operating, financing and investment activities.

The Company's portfolio of derivatives consists of transactions with Aperam Treasury S.C.A., which in turn enters into offsetting positions with counterparties external to Aperam. Aperam manages the counterparty risk associated with its instruments by centralizing its commitments and by applying procedures which specify, for each type of transaction exposure limits based on the risk characteristics of the counterparty.

The portfolio associated with derivative financial instruments classified as Level 2 as of June 30, 2015 is as follows:

	Assets		Liabilities	
	Notional Amount	Fair Value	Notional Amount	Fair Value
Foreign exchange rate instruments				
Forward purchase contracts	1	—	6	—
Forward sale contracts	16	—	255	(2)
Total foreign exchange rate instruments		—		(2)
Raw materials (base metal)				
Term contracts sales metals	95	8	20	—
Term contracts purchases metals	22	—	200	(29)
Total raw materials (base metal)		8		(29)
Total		<u>8</u>		<u>(31)</u>

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NOTE 10 – COMMITMENTS

The Company's commitments consist of three main categories:

- Various purchase and capital expenditure commitments,
- Pledges, guarantees and other collateral instruments given to secure financial debt and credit lines,
- Non-cancellable operating leases and other

The total of commitments by category is as follows:

	<u>June 30, 2015</u>	<u>December 31, 2014</u>
Purchase commitments	1,404	1,976
Guarantees, pledges and other collateral	1,125	1,207
Operating leases	34	37
Total	<u>2,563</u>	<u>3,220</u>

Pledges mainly relate to mortgages entered into by the Company related to its external debt financing described in note 7.

NOTE 11 – CONTINGENCIES

The Company is involved in litigation, arbitration or other legal proceedings. Most of these claims involve highly complex issues, actual damages and other matters. Often these issues are subject to substantial uncertainties and, therefore, the probability of loss and an estimation of damages are difficult to ascertain. Consequently, for a large number of these claims, the Company is unable to make a reasonable estimate of the expected financial effect that will result from ultimate resolution of the proceeding. In those cases, the Company has disclosed information with respect to the nature of the contingency. The Company has not accrued a reserve for the potential outcome of these cases.

In the cases in which quantifiable fines and penalties have been assessed, the Company has indicated the amount of such fine or penalty or the amount of provision accrued which is the estimate of the probable loss.

In a limited number of ongoing cases, the Company is able to make a reasonable estimate of the expected loss or range of possible loss and has accrued a provision for such loss, but management believes that publication of this information on a case-by-case basis would seriously prejudice the Company's position in the ongoing legal proceedings or in any related settlement discussions. Accordingly, in these cases, the Company has disclosed information with respect to the nature of the contingency, but has not disclosed its estimate of the range of potential loss.

These assessments can involve a series of complex judgments about future events and can rely heavily on estimates and assumptions. The Company's assessments are based on estimates and assumptions that have been deemed reasonable by management. Management believes that the aggregate provisions recorded for these matters are adequate based upon currently available information. However, given the inherent uncertainties related to these cases and in estimating contingent liabilities, the Company could, in the future, incur judgments that have a material adverse effect on its results of operations in any particular period.

In addition, in the normal course of business, the Company and its operating subsidiaries may be subject to audits by the tax authorities in the countries in which they operate. Those audits could result in additional tax liabilities and payments, including penalties for late payment and interest.

The Company is party to various environmental liabilities, labor disputes, tax and other claims, the most significant are described in Note 22 to the consolidated financial statements as of and for the year ended December 31, 2014. Changes in contingencies since December 31, 2014 are described below:

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Tax Claims in Brazil

- On May 19, 2015, Aperam South America received 2 tax assessments related to 2010 and 2011 social contributions payments (for working environment risk that allows special retirement after 25 years of work) for a total amount of 5. The Company presented its defense on June 18, 2015.
- On July 11, 2014, Aperam South America received 2 tax assessments for social contributions paid in relation to 2009 and 2010 "Profit Sharing Program" for a total amount of 13. Aperam South America presented its defense successively on August 12 and December 2, 2014 at the first administrative level. On February 26, 2015 the first administrative court decision was unfavorable to the Company. On May 7, 2015 the Company appealed.
- On June 26, 2014, Aperam South America received a tax assessment from the State of Minas Gerais for a total consideration of 10 related to VAT (ICMS) credit taken by the company as the result of the acquisition in 2011 of Aperam Stainless Services & Solutions Tubes Brazil's branch in Timóteo ("CETUBOS"). Tax authorities understood that Aperam South America has not continued the activity of producing tubes in Timóteo (despite contrary evidence provided) and, as a consequence, it could not use the VAT credits of the acquired branch. The Company presented its defence at the first administrative level on July 28, 2014. On February 13, 2015 the Company obtained a partial favourable decision. On March 2, 2015 the Company presented an appeal that was rejected by the Court. The claim is still pending at judicial level.
- In March 2012, the Company received two tax assessments regarding PIS and COFINS related to importation of services (freight, logistics and commercial representation services) made by the Company in 2007. The total amount claimed is 8. In June 2012, the Company obtained a partial favorable decision from the first administrative instance. On December 10, 2014, the Company obtained a partial favorable decision that was definitively published on July 3, 2015 and maintained the assessment only for insurance services. The Company is studying the possibility to present another appeal for this remaining debt.
- On December 27, 2011, Aperam South America received a tax assessment from the State of Minas Gerais regarding VAT tax credit ("ICMS") used by the Company related to the purchasing of scraps from a supplier which the State considered as not being authorized to issue invoices with VAT. The total amount claimed is 7. On October 3, 2014, the Company obtained an unfavorable decision at the second administrative level. On October 7, 2014 and November 6, 2014, the Company presented a motion to get the reverse of the decision. In February 2015, the State filed a lawsuit against the Company charging the total amount claimed at administrative level (approximately 7). The Company launched an injunction to close such new lawsuit filed by the State and to obtain the annulment of tax debits. In February 2015, the injunction was accepted by the judge to suspend the charging of the tax debit. The litigation is still pending at judicial level.
- On December 2, 2010, Aperam South America received a tax assessment in the total amount of 28. The Minas Gerais State Revenue claims that the Company should have paid VAT ("ICMS") related to the distribution of electric power between 2005 and 2009. The Company believes that this charge should not prevail since the distribution of electrical power should not be considered as a good or transportation and therefore it should not be subject to VAT ("ICMS"). On May 5, 2011, the Company received a partial favorable decision. Minas Gerais State Revenue concluded that the Company has to pay ICMS but stated that the amount for late payments and penalties was wrong. In March 2012, the Company has brought the case before the judicial court that confirmed the favorable decision obtained by the administrative court. The Company's position was comforted by the court of Appeal in August 2013 but there are still some pending discussions at second level of judicial court. The company and the state presented requests for clarification, but the clarifications were denied by the Court. On December 18, 2013, the Company presented a special appeal to discuss lawyer's fees. On January 15, 2014, the State presented its extraordinary and special appeals. That has been rejected by the Court on August 22, 2014. Despite the motion rejected by the Appeal Court, the case is still pending before the Supreme Court.

NOTE 12 – SUBSEQUENT EVENTS

There were no subsequent events after June 30, 2015.

Report of the reviseur d'entreprises agréé

To the Shareholders of
Aperam, Société Anonyme (« Aperam »)
12C, Rue Guillaume Kroll
L-1882 Luxembourg

Report on the condensed consolidated financial statements

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Aperam as of June 30, 2015 and the related condensed consolidated statements of operations, comprehensive income, changes in equity and cash flows for the six month period then ended and the other explanatory notes, (collectively, the “interim financial statements”) . The Board of Directors is responsible for the preparation and fair presentation of the interim financial statements in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as adopted in the European Union. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as adopted in the European Union.

For Deloitte Audit, *Cabinet de révision agréé*

John Psaila, *Réviser d'entreprises agréé*
Partner

July 29, 2015



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