

# Annual General Meeting of Shareholders

5 May 2015

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## Thank you



# Agenda Items Annual General Meeting of Shareholders

5 May 2015



1. **Presentation of the management report of the Board of Directors and the reports of the independent company auditor on the standalone annual accounts of the Company prepared in accordance with the laws and regulations of the Grand-Duchy of Luxembourg and the consolidated financial statements of the Aperam group prepared in accordance with the International Financial Reporting Standards as adopted by the European Union as of and for the year ended 31 December 2014**
2. **Approval of the Consolidated Financial Statements as of and for the year ended 31 December 2014**
3. **Approval of the Parent Company Annual Accounts as of and for the year ended 31 December 2014**
4. **Allocation of results and determination of the dividend and the compensation for the members of the Board of Directors in relation to the financial year 2014**
5. **Discharge of the directors**
6. **Election of members of the Board of Directors**
7. **Renewal of the authorisation of the Board of Directors of the Company and of the corporate bodies of other companies in the Aperam group to acquire shares in the Company**
8. **Appointment of a réviseur d'entreprises agréé (authorised statutory auditor) for the purposes of the audit of the Consolidated Financial Statements and the Parent Company Annual Accounts as of and for the year ended 31 December 2015**
9. **Authorisation of grants of share based incentives**

# Message from the Chairman

## Key highlights of the year 2014



- **2014, a challenging market environment for Aperam with a strong nickel volatility and continued import pressure from Asia**
- **Aperam's own actions continued to yield results with improving operational and financial performance and reduction of net debt**
  - Cost savings under the Leadership Journey® at the end of 2014 of USD 428 million, compared to USD 369 million at the end of 2013
  - 2014 EBITDA of USD 547 million, compared to 2013 EBITDA of USD 292 million. Net positive income of USD 95 million compared to a loss of USD 100 million in 2013.
  - Net debt of USD 536 million at the end of 2014, compared to USD 690 million at the end of 2013.
- **Improving 2014 lost time injury frequency rate of 1.1x compared to 1.3x in 2013. Zero accidents remain our ultimate goal**
- **Priority remains the improvement of operational performance and balance sheet.**

**1 Leadership Journey®**

Continuous focus on the Leadership Journey® with USD 475 million of cost savings targeted by the end of 2015

**2 Top Line Strategy**

Focus on high quality of services, innovation and high margin products

**3 Reduction of net debt and cost of debt**

Continuous focus on Net debt reduction and optimization of the cost of debt with proposal to maintain paying no dividend in 2015 to become more resilient to market conditions

**Robust strategy with significant upsides**

# Annual General Meeting of Shareholders

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

5 May 2015

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## Disclaimer



### Forward-Looking Statements

This document may contain forward-looking information and statements about Aperam and its subsidiaries. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance. Forward-looking statements may be identified by the words “believe,” “expect,” “anticipate,” “target” or similar expressions. Although Aperam’s management believes that the expectations reflected in such forward-looking statements are reasonable, investors and holders of Aperam’s securities are cautioned that forward-looking information and statements are subject to numerous risks and uncertainties, many of which are difficult to predict and generally beyond the control of Aperam, that could cause actual results and developments to differ materially and adversely from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include those discussed or identified in Aperam’s filings with the Luxembourg Stock Market Authority for the Financial Markets (*Commission de Surveillance du Secteur Financier*). Aperam undertakes no obligation to publicly update its forward-looking statements or information, whether as a result of new information, future events, or otherwise

## Agenda



- Health & Safety
- Aperam's value strategy
- Consolidated Financial Statements and Parent Company Accounts

**Annual General Meeting of Shareholders**

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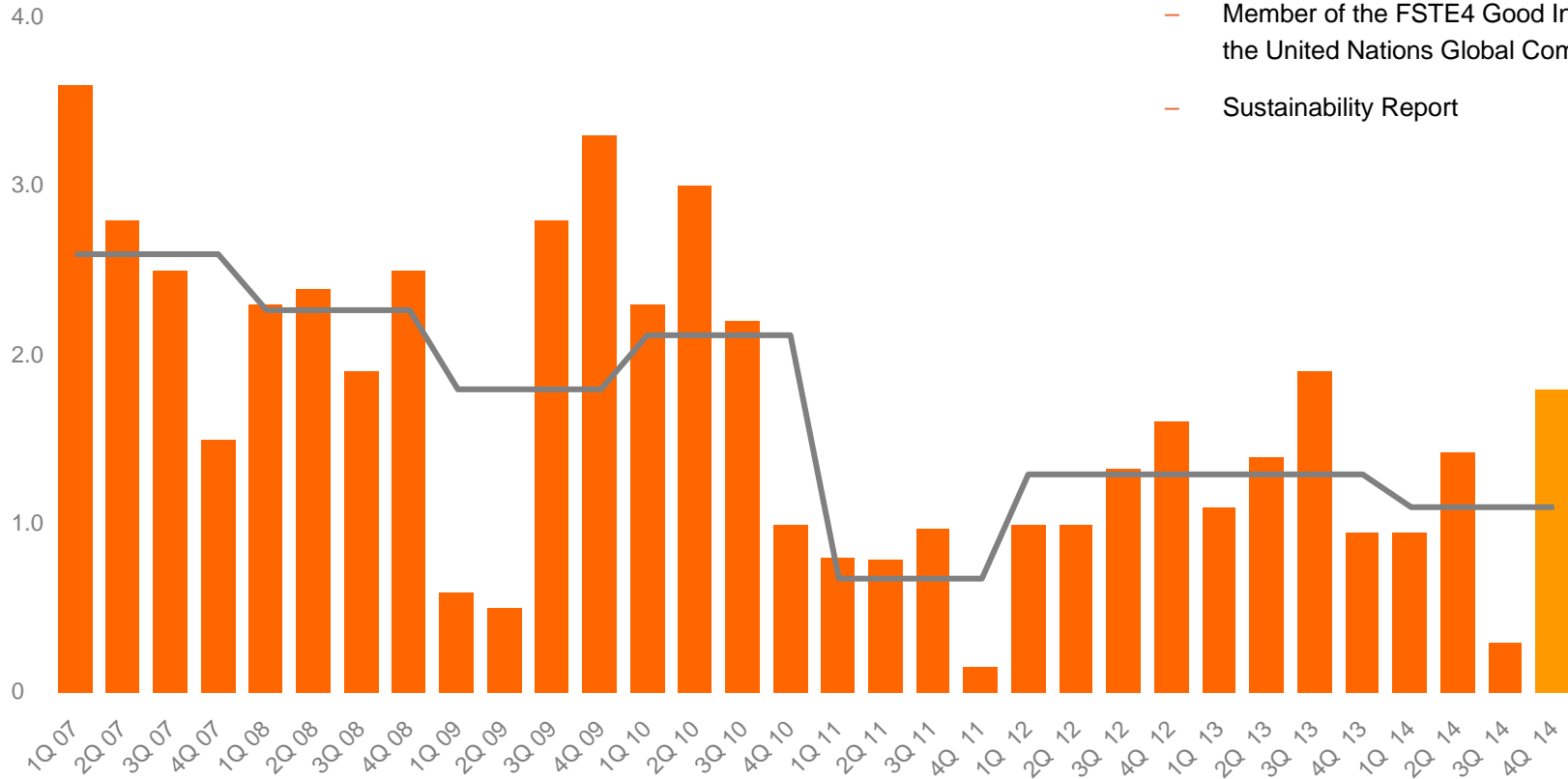
# Health & Safety



# Health & Safety Performance



Lost Time Injury Frequency rate\*



Key Comments

- Member of the FSTE4 Good Index and the United Nations Global Compact
- Sustainability Report

**Health & Safety frequency rate of 1.1x 2014 vs. 1.3 in 2013**

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

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# Aperam's value strategy

# Aperam's value strategy

Strategic priorities maintained



## Key strategic priorities

- 1 Leadership Journey<sup>®</sup>
- 2 Top Line Strategy
- 3 Reduction of net debt and cost of debt

## Aperam's value strategy



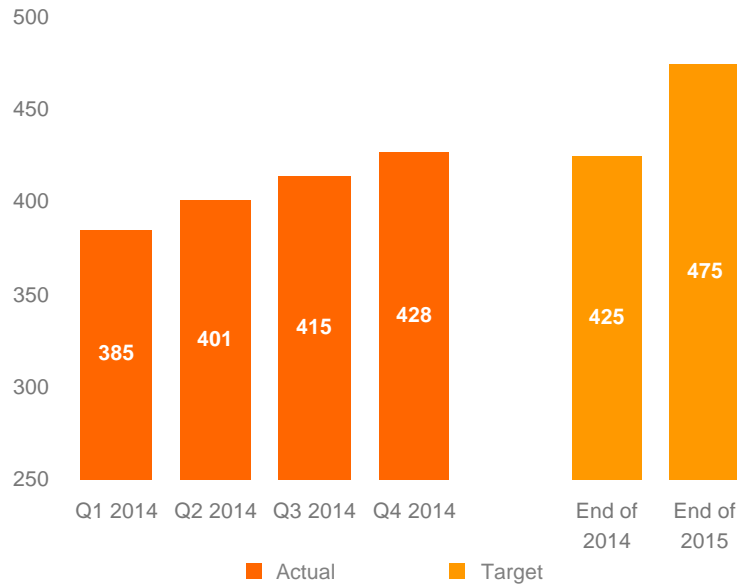
Agility to remain resilient to challenging environment based on Aperam's key priorities set by the Board of Directors

# Aperam's value strategy

## Leadership Journey®



### Cumulated gains (USD million)



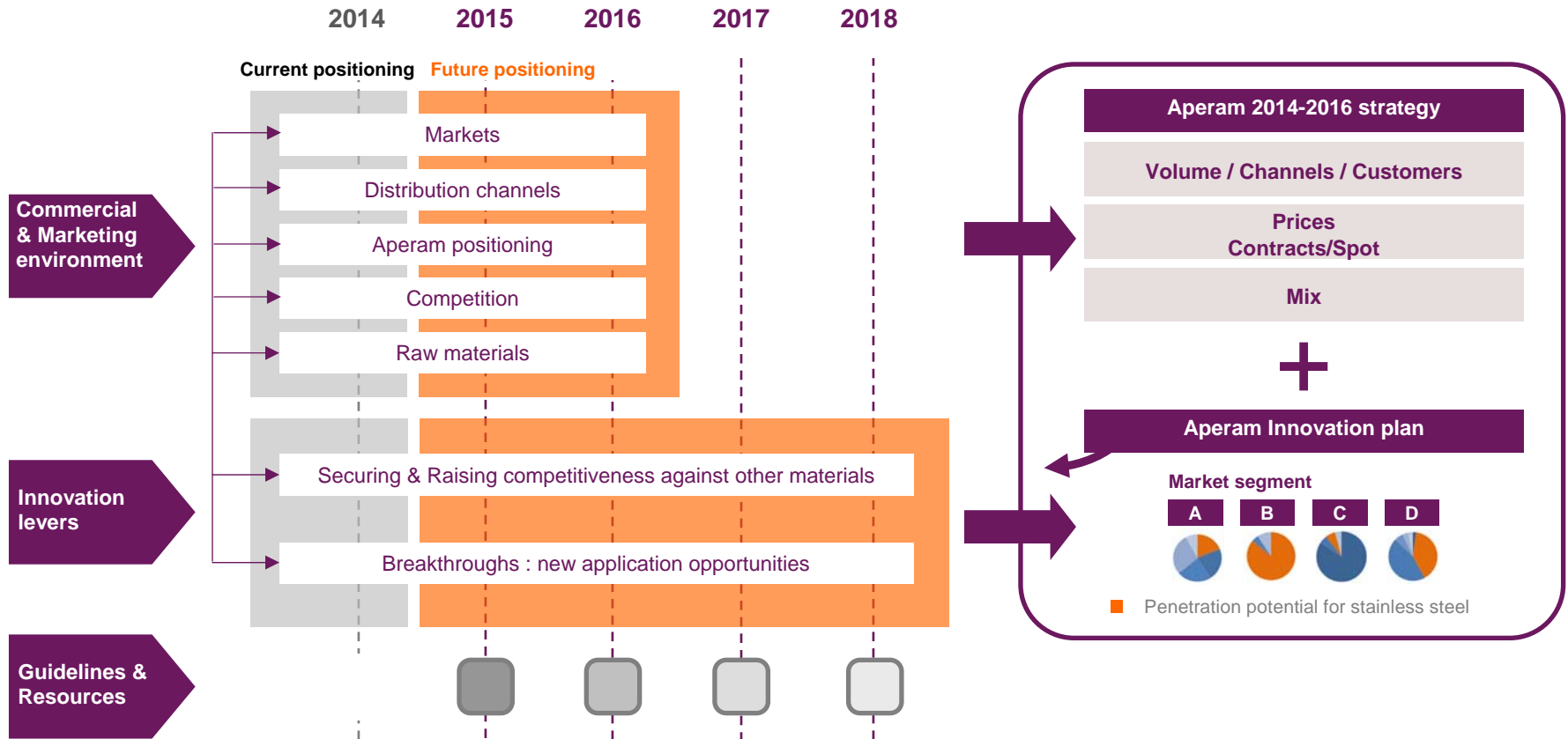
### Key projects progressing

- Yield and Quality improvement, Sourcing initiative, SG&A reduction through organisation simplification
- Debottlenecking the finishing line of the Imphy Wire Rod mill (A&S)
- Productivity increase of the downstream facilities in Genk, Gueugnon and Timoteo
- Upgrade of the Grain Oriented Electrical Steel operations in Timoteo

Continuous solid progress of the Leadership Journey®

# Aperam's value strategy

## Aperam's Top Line strategy



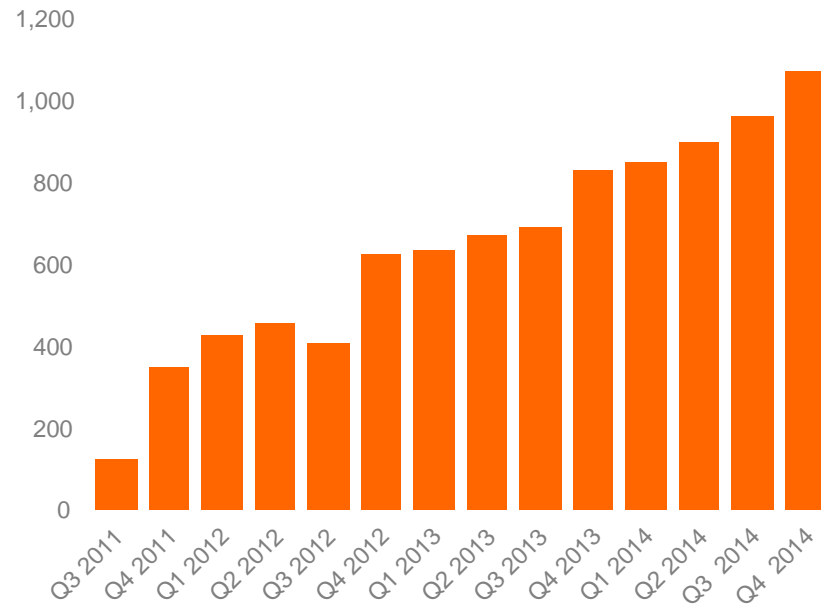
Strengthening product and service differentiation

# Aperam's value strategy

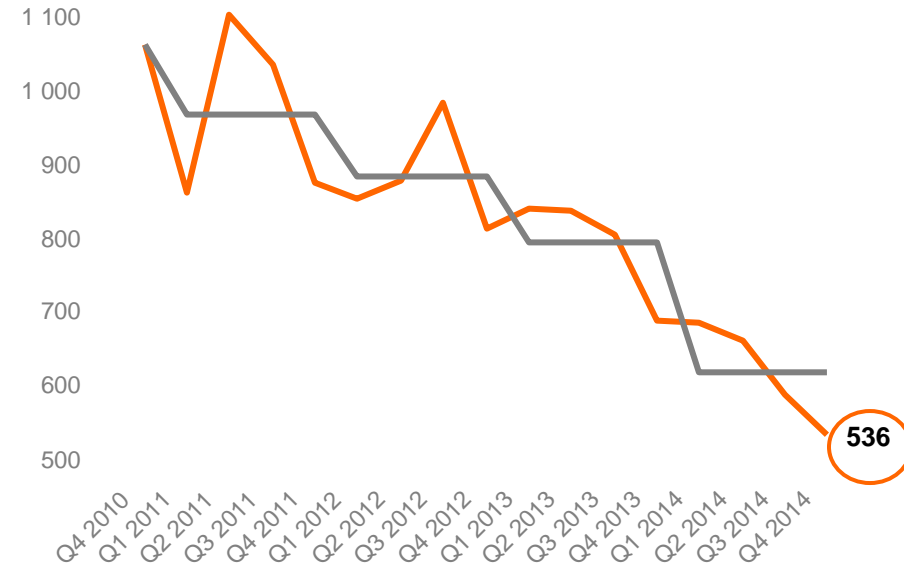
Sustainable cash flow from operations across the cycles



Cumulated net cash provided by operating activities (USD million)



Quarterly net debt of Aperam evolution (USD million)



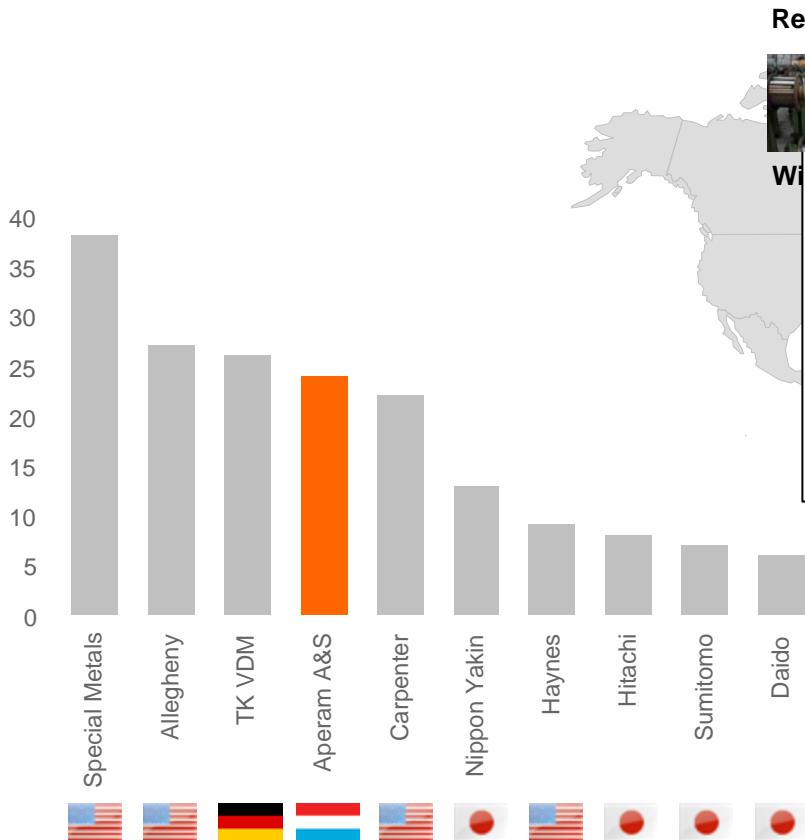
Aperam remains focused on cash, on a stronger Balance Sheet and on the improvement of its cost of financing

# Aperam's value strategy

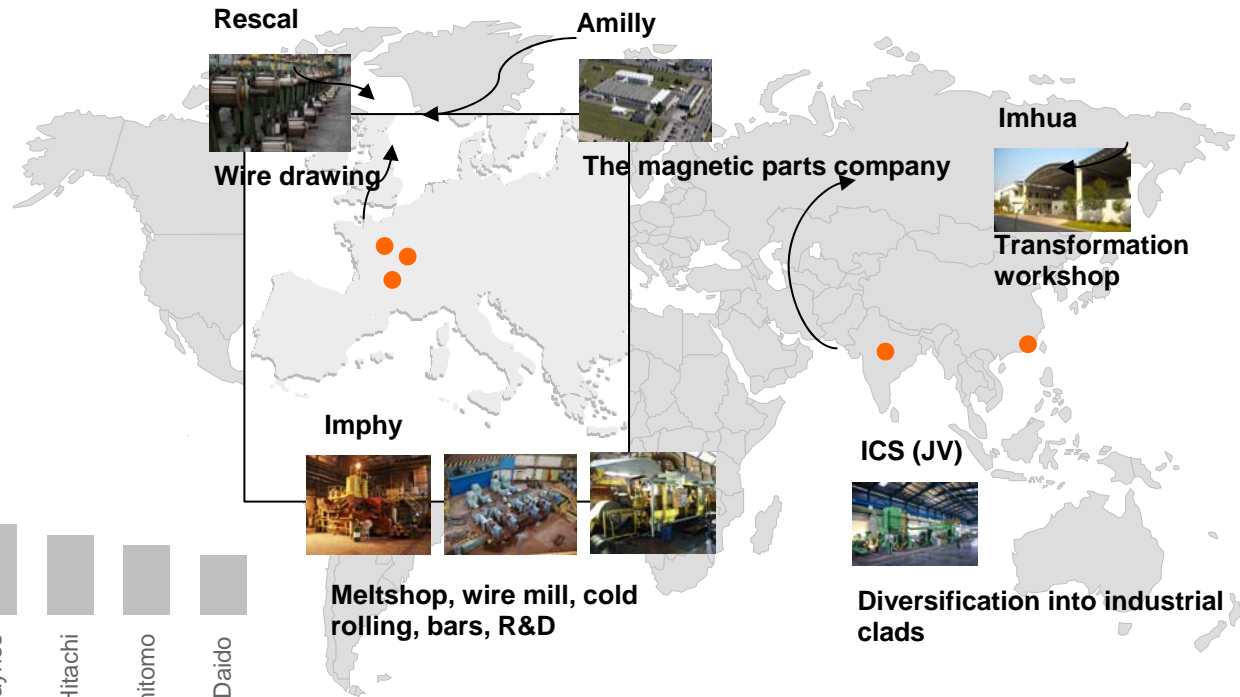
A leading position in nickel alloys



Global nickel alloys producers (kt)



Aperam Alloys & Specialties geographical footprint



World #4 in nickel alloys, the largest on Wire Rods

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# Consolidated Financial Statements and Parent Company Accounts

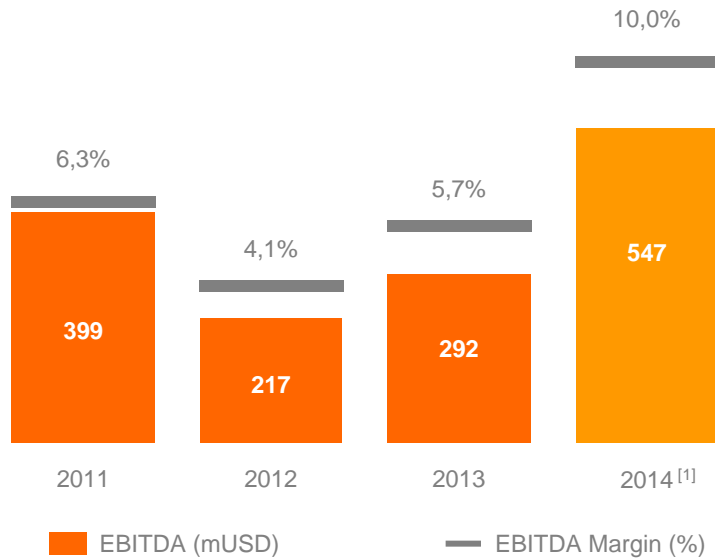


# Aperam performance

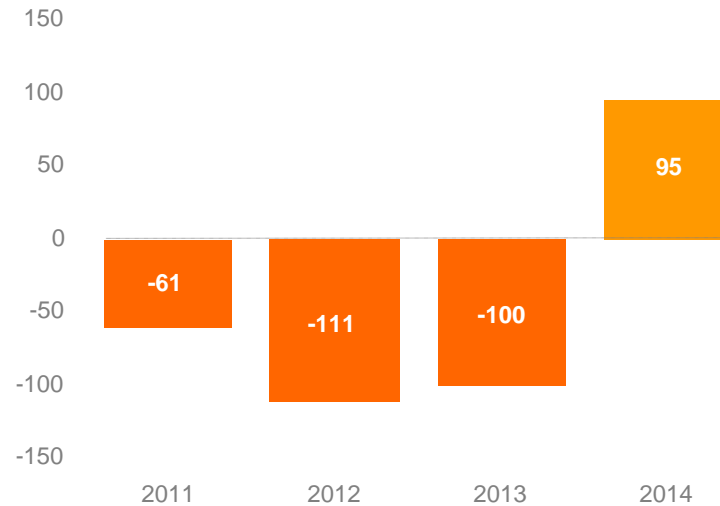
## Yearly evolution of the profitability



### Ebitda evolution



### Net result evolution (mUSD)



Improving operating performance as well as net result

<sup>[1]</sup> including USD 58 million positive results from the sale of electricity surplus. Without this positive impact 2014 EBITDA is USD489m and 2014 EBITDA Margin is 8.9%

# Results 2014 – Aperam Group

## Consolidated Statements of Operations



(USDm)	2013	2014
<b>Sales</b>	<b>5,120</b>	<b>5,482</b>
<b>EBITDA</b>	<b>292</b>	<b>547</b>
- EBITDA margin (%)	5.7%	10.0%
Depreciation and impairment	303	251
<b>Operating Income / (loss)</b>	<b>(11)</b>	<b>296</b>
- Operating margin %	-0.2%	5.4%
Loss from other investments	(1)	(54)
Net interest expense and other financing income (costs) - net	(118)	(116)
Foreign exchange and derivatives losses	(13)	(3)
<b>Income / (loss) before taxes and non-controlling interests</b>	<b>(143)</b>	<b>123</b>
Income tax expense / (benefit)	(44)	28
- Effective tax rate %	31%	23%
<b>Income / (loss) before non-controlling interests</b>	<b>(99)</b>	<b>95</b>
Non-controlling interests	1	-
<b>Net income / (loss)</b>	<b>(100)</b>	<b>95</b>

### 2014 versus 2013 :

- Sales increased by 7%.
- EBITDA increased by 87% from USD 292 million in 2013 to USD 547 million in 2014.
- Net result for the year 2014 is a profit of USD 95 million compared to a loss of USD 100 million in 2013.

Earnings per common shares (in U.S. Dollars):

Basic common shares	(1.28)	1.21
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# Results 2014 – Aperam Group

## Consolidated Statements of Cash Flows



(USDm)	2013	2014
Net Income / (loss)	(100)	95
Non-controlling interests	1	-
Depreciation and impairment	303	251
Changes in working capital	(18)	(211)
Other	18	105
<b>Net cash provided by operating activities</b>	<b>204</b>	<b>240</b>
Purchase of property, plant and equipment (CAPEX)	(125)	(103)
Other investing activities	6	8
<b>Net cash used in investing activities</b>	<b>(119)</b>	<b>(95)</b>
Net payments to banks and long term debt	(6)	(198)
Purchase of treasury stock	-	(3)
Dividends paid	-	(1)
Other financing activities (net)	(8)	(11)
<b>Net cash used in financing activities</b>	<b>(14)</b>	<b>(213)</b>
Effect of exchange rate changes	(6)	(26)
<b>Change in cash and cash equivalents</b>	<b>65</b>	<b>(94)</b>

### 2014 versus 2013 :

- Cash generated by operations increased from USD 204 million in 2013 to USD 240 million in 2014.
- Cash outflow on investing activities decreased from USD 119 million in 2013 to USD 95 million in 2014.
- Cash outflow on financing activities increased from USD 14 million in 2013 to USD 213 million in 2014.

# Results 2014 – Aperam Group

## Consolidated Statements of Financial Position



(USDm)	2013	2014
<b>Non current assets</b>	<b>3 709</b>	<b>3 221</b>
Intangible assets	808	696
Property, plant and equipment (incl. Biological assets) (PPE)	2 388	2 026
Investments & Other	513	499
<b>Current assets &amp; working capital</b>	<b>984</b>	<b>999</b>
Inventories, trade receivables & trade payables (OWC)	563	638
Other assets	129	164
Cash & cash equivalents	292	197
<b>Shareholders' equity</b>	<b>2 958</b>	<b>2 676</b>
Group share	2 953	2 672
Non-controlling interests	5	4
<b>Non current liabilities</b>	<b>1 193</b>	<b>1 162</b>
Interest bearing liabilities	773	693
Deferred employee benefits	220	213
Provisions and other	200	256
<b>Current liabilities (excluding trade payables)</b>	<b>542</b>	<b>382</b>
Interest bearing liabilities	209	40
Other	333	342
<b>Invested Capital (Intangible assets+PPE+OWC)</b>	<b>3 759</b>	<b>3 360</b>
<b>Net financial debt</b>	<b>690</b>	<b>536</b>
<b>Working capital</b>	<b>563</b>	<b>638</b>

### December 31, 2014 versus December 31, 2013 :

- Net financial debt decreased by 22% from USD 690 million in 2013 to USD 536 million in 2014, representing a gearing of 20% at year end 2014. The net financial debt as at December 31, 2014 includes a positive impact of USD 60 million related to the convertible bond issued in June 2014.
- Shareholder's equity is USD 2,676 million as at December 31, 2014, compared to USD 2,958 million at previous year end.
- Liquidity amounts to USD 597 million at year-end 2014 (cash and cash equivalents of USD 197 million and undrawn credit lines of USD 400 million\* on USD 400 million Borrowing Base Facility).

\* Subject to eligible collateral available.

## Parent Company Accounts

### Agenda item 4



Proposal of the Board of Directors for the allocation of the results of the Parent Company Accounts in relation to the financial year 2014 (in USD):

### Parent Company Accounts for the financial period 2014

	<b>In U.S. dollars</b>
Loss for the financial year	(209,363,441)
Profit brought forward ( <i>Report à nouveau</i> ) before transfer to the reserve for own shares	1,812,566,280
<b>Results to be allocated and distributed</b>	<b>1,603,202,839</b>
Transfer to the reserve for own shares	(1,583,276)
Dividend	—
Directors' compensation	(692,037)
<b>Profit carried forward</b>	<b>1,600,927,526</b>

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# Slides on Agenda Items

- Election of members of the Board of Directors
  - *Resolution VI: The General Meeting elects Philippe Darmayan as member of the Board of Directors for a three-year mandate that will automatically expire on the date of the annual general meeting of shareholders to be held in 2018.*

Philippe Darmayan is Chairman of the International Stainless Steel Forum (ISSF), President of the French Steel Federation (FFA) and President of the Group of French Industrial Federation (GFI). Since 1 January 2015, Philippe Darmayan is also President of ArcelorMittal France.

Philippe Darmayan spent his whole career in metallurgy (nuclear fuel, aluminium, carbon steel, stainless steel). Aperam is his second experience in the stainless steel industry. Indeed, he led from 2002 to 2006, Ugine and ALZ, which later became the European division of ArcelorMittal Stainless then Aperam.

He has been Chief Executive Officer of Aperam from 2011 to 2014 after being Executive Vice-President, member of ArcelorMittal's Management Committee and Chief Executive Officer of ArcelorMittal Distribution and Solutions (AMDS) from 2005 to 2011.

Philippe Darmayan is a graduate of HEC Paris. Philippe Darmayan is a citizen of France.





- Renewal of the authorisation of the Board of Directors of the Company and of the corporate bodies of other companies in the Aperam group to acquire shares in the Company

- The present 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.





- Authorisation of grants of share based incentives

- Grants of Performance Share Units to the Aperam Leadership Team (“LT”) members.
- Main objective: effective performance enhancing scheme based on the achievement of Aperam’s strategy aimed at creating measurable long term shareholder value.
- Cliff vesting on the third year anniversary of the grant date.
- 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 compared to a peer group of companies: Total Shareholder Return (TSR) & Earnings Per share (EPS). 50% of the criteria to be met is based on the development of TSR compared to a peer group over a three year period. 50% of the criteria to be met is based on the development of EPS compared to a peer group over a three year period.
- The value of the grant at grant date will equal 45% of the year base salary for the Chief Executive Officer and for the other LT members.
- Each PSU may give right to up to one and half (1.5) shares of the Company.

The 2015 Cap for the number of PSUs that may be allocated to the LT members and other retention based grants below the LT level, if any, is proposed to be set at a maximum of 220,000 shares, representing less than 0.26% on a diluted basis and less than 0.29% of the Company’s issued share capital (net of treasury shares) on an outstanding basis.

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# Question & Answer Session