

## Second quarter 2018 results<sup>1</sup>

### *“Strong operational results despite challenging conditions”*

Luxembourg, July 31, 2018 - Aperam (referred to as “Aperam” or the “Company”) (Amsterdam, Brussels, Luxembourg, Paris: APAM and NYRS: APEMY), announced today results for the three month period ending June 30, 2018

#### Highlights

- Health and Safety: LTI frequency rate of 1.9x in Q2 2018 compared to 1.0x in Q1 2018.
- Steel shipments of 508 thousand tonnes in Q2 2018, a 2% decrease compared to steel shipments of 517 thousand tonnes in Q1 2018.
- EBITDA of EUR 150 million in Q2 2018, compared to EUR 141 million in Q1 2018.
- Net income of EUR 80 million in Q2 2018, compared to EUR 85 million in Q1 2018.
- Basic earnings per share of EUR 0.94 in Q2 2018, compared to EUR 0.99 in Q1 2018.
- Cash flow from operations amounted to EUR 101 million in Q2 2018, compared to EUR 42 million in Q1 2018.
- Free cash flow before dividend and share buy-back of EUR 62 million in Q2 2018, compared to EUR (4) million in Q1 2018.
- Cash returns to shareholders amounted to EUR 90 million in Q2 2018, consisting of EUR 55 million of share buy-back and EUR 35 million of dividend.
- Net financial debt of EUR 20 million as of June 30, 2018, compared to a net cash position of EUR 32 million as of March 31, 2018.

#### Strategic initiatives

- **Disciplined and value accretive M&A:** ongoing merger control proceedings for announced transaction - VDM Metals.
- **Transforming our footprint with state of the art equipments:** Genk cold rolling and annealing & pickling line and AOD converter with a total investment of about EUR 200 million over 2018 to 2020.
- **Leadership Journey<sup>®2</sup> (Phase 3 - Transformation Program Target EUR 150 million annualized gains by 2020):** Gains reached EUR 24 million cumulated at end Q2 2018 with good progress on all pillars.

#### Prospects

- EBITDA in Q3 2018 is expected to decrease compared to Q2 2018, due to the traditional seasonal slowdown in Europe.
- Net financial debt to remain at low levels in Q3 2018.

#### Timoteo Di Maulo, CEO of Aperam, commented:

“Again Aperam delivers an improving quarterly operational performance thanks to healthy demand in Brazil and Europe as well as our robust business model. We achieved this despite challenging stainless market conditions and truckers’ strike in Brazil.

Going forward, despite high level of imports in Europe, we remain confident about the fundamentals of the stainless steel market and in particular the growth potential of the Brazilian market. We are excited to enter in the next phase of Aperam’s growth based on our strategic initiatives.”

## Financial Highlights (on the basis of financial information prepared under IFRS)

(in millions of Euros, unless otherwise stated)	Q2 18	Q1 18	Q2 17	H1 18	H1 17
Sales	1,218	1,216	1,151	2,434	2,349
EBITDA	150	141	154	291	314
Operating income	115	106	117	221	241
Net income	80	85	76	165	164
Free cash flow before dividend and share buy-back	62	(4)	55	58	39
Steel shipments (000t)	508	517	478	1,025	964
EBITDA/tonne (EUR)	295	273	322	284	326
Basic earnings per share (EUR)	0.94	0.99	1.00	1.93	2.13
Diluted earnings per share (EUR)	0.73	0.83	0.79	1.57	1.87

## Health & Safety results

Health and Safety performance based on Aperam personnel figures and contractors' lost time injury frequency rate was 1.9x in the second quarter of 2018 compared to 1.0x in the first quarter of 2018.

## Financial results analysis for the three-month period ending June 30, 2018

Sales for the second quarter of 2018 were EUR 1,218 million, similar to EUR 1,216 million for the first quarter of 2018. Steel shipments decreased from 517 thousand tonnes in the first quarter of 2018, to 508 thousand tonnes in the second quarter of 2018.

EBITDA was EUR 150 million for the second quarter of 2018 compared to EUR 141 million for the first quarter of 2018. Despite the national truckers' strike in Brazil which temporarily impacted our operations and customers, and increasing import pressure in Europe, EBITDA increased quarter-on-quarter. This improved operational performance is primarily due to healthy demand in Europe, ongoing recovery in Brazil and Alloys, strong focus on operational excellence through Leadership Journey® and customer service through the Top Line strategy. The phase 3 of the Leadership Journey® - the Transformation Program - continued to progress over the quarter with a contribution of EUR 24 million to EBITDA since the beginning of 2018. Under this new phase of the Leadership Journey®, Aperam aims at EUR 150 million of annualized EBITDA gains over the period 2018 to 2020.

Depreciation and amortisation was EUR 35 million for the second quarter of 2018.

Aperam had an operating income for the second quarter of 2018 of EUR 115 million compared to an operating income of EUR 106 million for the previous quarter.

Net interest expense and other financing costs for the second quarter of 2018 were EUR 5 million, including cash cost of financing of EUR 1 million. Realized and unrealized foreign exchange and derivative losses were EUR (3) million for the second quarter of 2018.

Income tax result for the second quarter of 2018 was an income tax expense of EUR 28 million.

The Company recorded a net income of EUR 80 million for the second quarter of 2018.

Cash flows from operations for the second quarter of 2018 were positive at EUR 101 million, with a working capital increase of EUR 18 million mainly due to higher raw material prices. CAPEX for the second quarter was EUR 41 million.

Free cash flow before dividend and share buy-back for the second quarter of 2018 amounted to EUR 62 million.

During the second quarter of 2018, the cash returns to shareholders amounted to EUR 90 million, consisting of EUR 55 million of share buy-back and EUR 35 million of dividend. Total cash returned to shareholders during the first semester 2018 amounted to EUR 118 million consisting of EUR 55 million of share buy-back and EUR 63 million of dividend.

During the second quarter of 2018, the Company repurchased Convertible Bonds 2021 with a nominal amount of USD 25 million (€21.4 million) for a total consideration of €26 million.

As of June 30, 2018, shareholders' equity was EUR 2,407 million and net financial debt was EUR 20 million (as of June 30, 2018, gross financial debt was EUR 237 million and cash and cash equivalents were EUR 217 million).

The Company had liquidity of EUR 567 million as of June 30, 2018, consisting of cash and cash equivalents of EUR 217 million and undrawn credit lines<sup>3</sup> of EUR 350 million.

## Operating segment results analysis

### Stainless & Electrical Steel <sup>(1)</sup>

(in millions of Euros, unless otherwise stated)	Q2 18	Q1 18	Q2 17	H1 18	H1 17
Sales	1,016	994	954	2,010	1,951
EBITDA	123	111	130	234	265
Depreciation	(31)	(30)	(32)	(61)	(64)
Operating income	92	81	98	173	201
Steel shipments (000t)	499	496	467	995	932
Average steel selling price (EUR/t)	1,976	1,949	1,988	1,963	2,036

(1) Amounts are shown prior to intra-group eliminations

The Stainless & Electrical Steel segment had sales of EUR 1,016 million for the second quarter of 2018. This represents a 2.2% increase compared to sales of EUR 994 million for the first quarter of 2018. Steel shipments during the second quarter were 499 thousand tonnes compared to 496 thousand tonnes during the previous quarter. The seasonal recovery in South America more than compensated the temporary impact of the national truckers' strike in Brazil on our operations and customers, while demand remained at a healthy level in Europe. Overall, average steel selling prices for the Stainless & Electrical Steel segment slightly increased compared to the previous quarter thanks to our Top Line strategy.

The segment had EBITDA of EUR 123 million for the second quarter of 2018 compared to EUR 111 million for the first quarter of 2018. The increase in profitability was primarily driven by positive seasonal effects in South America which remains in a stronger recovery momentum (despite the temporary effect of the national strike), the Top Line strategy and contributions from the Leadership Journey®.

The Stainless & Electrical Steel segment had an operating income of EUR 92 million for the second quarter of 2018 compared to an operating income of EUR 81 million for the first quarter of 2018.

## Services & Solutions<sup>(1)</sup>

(in millions of Euros, unless otherwise stated)	Q2 18	Q1 18	Q2 17	H1 18	H1 17
Sales	548	562	515	1,110	1,085
EBITDA	17	21	11	38	42
Depreciation	(1)	(3)	(2)	(4)	(4)
Operating income	16	18	9	34	38
Steel shipments (000t)	217	230	202	447	420
Average steel selling price (EUR/t)	2,428	2,353	2,465	2,389	2,484

(1) Amounts are shown prior to intra-group eliminations

The Services & Solutions segment had sales of EUR 548 million for the second quarter of 2018 compared to EUR 562 million for the first quarter of 2018. For the second quarter of 2018, steel shipments were 217 thousand tonnes compared to 230 thousand tonnes during the previous quarter. The Services & Solutions segment had higher average steel selling prices during the period compared to the previous period.

The segment had EBITDA of EUR 17 million for the second quarter of 2018, compared to EUR 21 million for the first quarter of 2018. The decrease in EBITDA was mainly due to lower shipments.

The Services & Solutions segment had an operating income of EUR 16 million for the second quarter of 2018, compared to EUR 18 million for the first quarter of 2018.

## Alloys & Specialties<sup>(1)</sup>

(in millions of Euros, unless otherwise stated)	Q2 18	Q1 18	Q2 17	H1 18	H1 17
Sales	149	131	122	280	234
EBITDA	16	14	12	30	23
Depreciation	(1)	(2)	(1)	(3)	(3)
Operating income	15	12	11	27	20
Steel shipments (000t)	9	10	8	19	17
Average steel selling price (EUR/t)	15,220	12,973	13,836	14,082	13,156

(1) Amounts are shown prior to intra-group eliminations

The Alloys & Specialties segment had sales of EUR 149 million for the second quarter of 2018 compared to EUR 131 million for the first quarter of 2018. Steel shipments during the second quarter of 2018 were at 9 thousand tonnes compared to 10 thousand tonnes during the first quarter of 2018. Average steel selling prices increased over the quarter.

The Alloys & Specialties segment achieved an EBITDA of EUR 16 million for the second quarter of 2018 compared to EUR 14 million for the first quarter of 2018. The increase in EBITDA was mainly due to some mix improvements.

The Alloys & Specialties segment had an operating income of EUR 15 million for the second quarter of 2018 compared to an operating income of EUR 12 million for the first quarter of 2018.

## Recent developments

- On July 10, 2018, Aperam received confirmation from Banque de France, as foreseen by art. D.213-2 of “*Code monétaire et financier*” of the French law, that the conditions as described in the financial documentation of its program of NEU commercial paper for a maximum outstanding amount of EUR 200 million, fulfill the requirements of law.
- On July 20, 2018, Aperam announced the completion of its share buyback program. In aggregate, 1,800,000 shares were bought under this Program, representing an equivalent amount of USD 82.2 million (EUR 70 million).

## New developments

- On July 31, 2018, Aperam published its Half-Year Report for the six month period ended June 30, 2018. The report is available in the Luxembourg Stock Exchange’s electronic database OAM on [www.bourse.lu](http://www.bourse.lu) and on [www.aperam.com](http://www.aperam.com) under Investors & shareholders, Aperam Financial Reports section.
- On July 31, 2018, Aperam announced a new investment project in its Genk (Belgium) plant consisting of an AOD (Argon Oxygen Decarburization) converter. This investment project targets to further enhance cost competitiveness including energy, yield, productivity improvement and higher flexibility. The total CAPEX for Genk footprint projects (including this investment, earlier announced investment in Genk cold rolling and annealing & pickling line and the auxiliaries and utilities) is about EUR 200 million and planned to be completed during first half of 2020.

## Investor conference call

Aperam management will host a conference call for members of the investment community to discuss the second quarter of 2018 financial performance at the following time:

Date	New York	London	Luxembourg
Tuesday, July 31, 2018	12:30 pm	5:30 pm	6:30 pm

The dial-in numbers for the call are: France (+33 (0)1 76 77 22 57); USA (+1 929 477 0402) and international (+44 (0)330 336 9411). The participant access code is: 6918532#.

A replay of the conference call will be available until August 7, 2018: France (+33 (0) 1 70 48 00 94); USA (+1 719 457 0820) and international (+44 (0) 207 660 0134). The participant access code is 6918532#.

## Contacts

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## About Aperam

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

Aperam has 2.5 million tonnes 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.

In 2017, Aperam had sales of EUR 4.5 billion and steel shipments of 1.94 million tonnes.

For further information, please refer to our website at [www.aperam.com](http://www.aperam.com)

## 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.

## APERAM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Euros)	June 30, 2018	March 31, 2018	June 30, 2017
<b>Non current assets</b>	<b>2,325</b>	<b>2,435</b>	<b>2,490</b>
Goodwill and intangible assets	486	503	516
Property, plant and equipments (incl. biological assets)	1,506	1,553	1,536
Investments & other	333	379	438
<b>Current assets &amp; working capital</b>	<b>1,008</b>	<b>1,061</b>	<b>930</b>
Inventories, trade receivables and trade payables	702	706	657
Prepaid expenses and other current assets	89	81	76
Cash and cash equivalents (C)	217	274	197
<b>Shareholders' equity</b>	<b>2,407</b>	<b>2,575</b>	<b>2,276</b>
Group share	2,403	2,571	2,272
Non-controlling interest	4	4	4
<b>Non current liabilities</b>	<b>396</b>	<b>420</b>	<b>712</b>
Long-term debt, net of current portion (A)	2	2	246
Deferred employee benefits	155	157	161
Provisions and other	239	261	305
<b>Current liabilities (excluding trade payables)</b>	<b>530</b>	<b>501</b>	<b>432</b>
Short-term debt and current portion of long-term debt (B)	235	240	157
Accrued expenses and other current liabilities	295	261	275
<b>Net Financial Debt / (Net cash) (D = A+B-C)</b>	<b>20</b>	<b>(32)</b>	<b>206</b>

## APERAM CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(in millions of Euros)	Three Months Ending			Six Months Ending	
	June 30, 2018	March 31, 2018	June 30 2017	June 30, 2018	June 30, 2017
<b>Sales</b>	<b>1,218</b>	<b>1,216</b>	<b>1,151</b>	<b>2,434</b>	<b>2,349</b>
<b>EBITDA (C = A-B)</b>	<b>150</b>	<b>141</b>	<b>154</b>	<b>291</b>	<b>314</b>
<i>EBITDA margin (%)</i>	<i>12.3%</i>	<i>11.6%</i>	<i>13.4%</i>	<i>12.0%</i>	<i>13.4%</i>
Depreciation & amortisation (B)	(35)	(35)	(37)	(70)	(73)
<b>Operating income (A)</b>	<b>115</b>	<b>106</b>	<b>117</b>	<b>221</b>	<b>241</b>
<i>Operating margin (%)</i>	<i>9.4%</i>	<i>8.7%</i>	<i>10.2%</i>	<i>9.1%</i>	<i>10.3%</i>
Result from other investments and associates	1	-	-	1	-
Net interest expense and other net financing costs	(5)	(5)	(12)	(10)	(24)
Foreign exchange and derivative gains (losses)	(3)	4	(5)	1	(4)
<b>Income before taxes</b>	<b>108</b>	<b>105</b>	<b>100</b>	<b>213</b>	<b>213</b>
Income tax expense	(28)	(20)	(24)	(48)	(49)
<i>Effective tax rate (%)</i>	<i>25.7%</i>	<i>19.4%</i>	<i>22.7%</i>	<i>22.6%</i>	<i>22.7%</i>
<b>Net income</b>	<b>80</b>	<b>85</b>	<b>76</b>	<b>165</b>	<b>164</b>

## APERAM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of Euros)	Three Months Ending			Six Months Ending	
	June 30, 2018	March 31, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Net income	80	85	76	165	164
Depreciation & amortisation	35	35	37	70	73
Change in working capital	(18)	(117)	(54)	(135)	(199)
Other operating activities (net)	4	39	31	43	75
<b>Net cash provided by operating activities (A)</b>	<b>101</b>	<b>42</b>	<b>90</b>	<b>143</b>	<b>113</b>
Purchase of PPE, intangible and biological assets (CAPEX)	(41)	(47)	(36)	(88)	(75)
Other investing activities (net)	2	1	1	3	1
<b>Net cash used in investing activities (B)</b>	<b>(39)</b>	<b>(46)</b>	<b>(35)</b>	<b>(85)</b>	<b>(74)</b>
Proceeds (payments) from payable to banks and long term debt	(27)	1	(2)	(26)	(4)
Purchase of treasury stock	(55)	-	(73)	(55)	(90)
Dividend paid	(35)	(28)	(26)	(63)	(53)
<b>Net cash used in financing activities</b>	<b>(117)</b>	<b>(27)</b>	<b>(101)</b>	<b>(144)</b>	<b>(147)</b>
Effect of exchange rate changes on cash	(2)	(1)	(3)	(3)	(3)
<b>Change in cash and cash equivalent</b>	<b>(57)</b>	<b>(32)</b>	<b>(49)</b>	<b>(89)</b>	<b>(111)</b>
<b>Free cash flow before dividend and share buy-back (C = A+B)</b>	<b>62</b>	<b>(4)</b>	<b>55</b>	<b>58</b>	<b>39</b>



## Appendix 1a – Health & Safety statistics

Health & Safety Statistics	Three Months Ending		
	June 30, 2018	March 31, 2018	December 31, 2017
Frequency Rate	1.9	1.0	1.3

Lost time injury frequency rate equals lost time injuries per 1,000,000 worked hours, based on own personnel and contractors.

## Appendix 1b - Key operational and financial information

Quarter Ending June 30, 2018	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Others & eliminations	Total
<b>Operational information</b>					
Steel Shipment (000t)	499	217	9	(217)	508
Average steel selling price (EUR/t)	1,976	2,428	15,220		2,333
<b>Financial information (EURm)</b>					
Sales	1,016	548	149	(495)	1,218
EBITDA	123	17	16	(6)	150
Depreciation & amortisation	(31)	(1)	(1)	(2)	(35)
Operating income / (loss)	92	16	15	(8)	115

Quarter Ending March 31, 2018	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Others & eliminations	Total
<b>Operational information</b>					
Steel Shipment (000t)	496	230	10	(219)	517
Average steel selling price (EUR/t)	1,949	2,353	12,973		2,286
<b>Financial information (EURm)</b>					
Sales	994	562	131	(471)	1,216
EBITDA	111	21	14	(5)	141
Depreciation & amortisation	(30)	(3)	(2)	-	(35)
Operating income / (loss)	81	18	12	(5)	106

## Appendix 2 – Terms and definitions

Unless indicated otherwise, or the context otherwise requires, references in this earnings release report to the following terms have the meanings set out next to them below:

**Average steel selling prices:** calculated as steel sales divided by steel shipments.

**Cash and cash equivalents:** represents cash and cash equivalents, restricted cash and short-term investments.

**CAPEX:** relates to capital expenditures and is defined as purchase of tangible assets, intangible assets and biological assets.

**EBITDA:** operating income before depreciation, amortisation and impairment expenses.

**EBITDA/tonne:** calculated as EBITDA divided by total steel shipments.

**Free cash flow before dividend and share buy-back:** net cash provided by operating activities less net cash used in investing activities.

**Gross financial debt:** long-term debt plus short-term debt.

**Liquidity:** Cash and cash equivalent and undrawn credit lines.

**LTI frequency rate:** Lost time injury frequency rate equals lost time injuries per 1,000,000 worked hours, based on own personnel and contractors.

**Net financial debt and / or Net cash:** long-term debt, plus short-term debt less cash and cash equivalents.

**Net financial debt/EBITDA or Gearing:** Refers to Net financial debt divided by last twelve months EBITDA calculation.

**Shipments:** information at segment and group level eliminates inter-segment shipments (which are primarily between Stainless & Electrical Steel and Services & Solutions) and intra-segment shipments, respectively.

**Working capital:** trade accounts receivable plus inventories less trade accounts payable.

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<sup>1</sup> The financial information in this press release and Appendix 1 has been prepared in accordance with the measurement and recognition criteria of International Financial Reporting Standards ("IFRS") as adopted in the European Union. While the interim financial information included in this announcement has been prepared in accordance with IFRS applicable to interim periods, this announcement does not contain sufficient information to constitute an interim financial report as defined in International Accounting Standard 34, "Interim Financial Reporting". Unless otherwise noted the numbers and information in the press release have not been audited. The financial information and certain other information presented in a number of tables in this press release have been rounded to the nearest whole number or the nearest decimal. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this press release reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers. This press release also includes Alternative Performance Measures ("APM" hereafter). The Company believes that these APMs are relevant to enhance the understanding of its financial position and provides additional information to investors and management with respect to the Company's financial performance, capital structure and credit assessment. These non-GAAP financial measures should be read in conjunction with and not as an alternative for, Aperam's financial information prepared in accordance with IFRS. Such non-GAAP measures may not be comparable to similarly titled measures applied by other companies. The APM's used are defined under Appendix 2 "Terms & definitions".

<sup>2</sup> The Leadership Journey® is an initiative launched on December 16, 2010, and subsequently accelerated and increased, to target management gains and profit enhancement. The third phase of the Leadership Journey® - the Transformation Program - is targeting EUR 150 million of additional EBITDA gains per year by end of 2020.

<sup>3</sup> Includes revolving credit facility of EUR 300 million and EIB financing of EUR 50 million.