

## First quarter 2019 - results<sup>1</sup>

### *“Resilient results despite a weak market environment in Europe and a seasonally weak Brazil”*

Luxembourg, May 8, 2019 (07:00 CET) - Aperam (referred to as “Aperam” or the “Company”) (Amsterdam, Luxembourg, Paris, Brussels: APAM, NYRS: APEMY), announced today results for the three months ending March 31, 2019

#### Highlights

- Health and Safety: LTI frequency rate of 1.1x in Q1 2019 compared to 0.8x in Q4 2018.
- Steel shipments of 501 thousand tonnes in Q1 2019, a 4.4% increase compared to steel shipments of 480 thousand tonnes in Q4 2018.
- EBITDA of EUR 81 million in Q1 2019, compared to EUR 90 million in Q4 2018.
- Net income of EUR 25 million in Q1 2019, compared to EUR 49 million in Q4 2018.
- Basic earnings per share of EUR 0.30 in Q1 2019, compared to EUR 0.59 in Q4 2018.
- Cash flow from operations amounted to EUR 71 million in Q1 2019, compared to EUR 88 million in Q4 2018.
- Free cash flow before dividend of EUR 24 million in Q1 2019, compared to EUR 35 million in Q4 2018.
- Net financial debt of EUR 106 million as of March 31, 2019, compared to EUR 48 million as of December 31, 2018.

#### Strategic initiatives

- **Leadership Journey®<sup>2</sup> Phase 3:** annualized gains of EUR 34 million were added during the quarter, bringing the total annualized gains to EUR 67 million at the end of Q1 2019, compared to the target of EUR 200 million by the end of 2020.
- **Investment projects:** The investment in a new Cold Rolling and Annealing and Pickling Line in Genk is on track.

#### Prospects

- EBITDA in Q2 2019 is expected to increase compared to Q1 2019.
- Net financial debt is expected to remain at low levels in Q2 2019.

#### **Timoteo Di Mauro, CEO of Aperam, commented:**

“Thanks to our self help measures, we achieved resilient results in the first quarter 2019 despite a weak market environment in Europe due to the import flood last quarter, and a seasonally weak market environment in Brazil. Looking ahead despite soft economic conditions in Europe we expect results to improve thanks to the Top Line Strategy and Leadership Journey® gains. Also further discussions with the European Commission are ongoing to implement necessary fair trade measures for developing countries that are currently exempt from the safeguard, such as Indonesia.”

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

(EURO million) unless otherwise stated	Q1 19	Q4 18	Q1 18
Sales	1,178	1,120	1,216
Operating income	46	52	106
Net income attributable to equity holders of the parent	25	49	85
Basic earnings per share (EUR)	0.30	0.59	0.99
Diluted earnings per share (EUR)	0.30	0.37	0.83
Free cash flow before dividend	24	35	(4)
Net Financial Debt / (Net Cash) (at the end of the period)	106	48	(32)
EBITDA	81	90	141
EBITDA/tonne (EUR)	162	188	273
Steel shipments (000t)	501	480	517

## Health & Safety results

Health and Safety performance based on Aperam personnel figures and contractors' lost time injury frequency rate was 1.1x in the first quarter of 2019 compared to 0.8x in the fourth quarter of 2018.

## Financial results analysis for the three-month period ending March 31, 2019

Sales for the first quarter of 2019 increased by 5.2%, at EUR 1,178 million compared to EUR 1,120 million for the fourth quarter of 2018. Steel shipments increased from 480 thousand tonnes in the fourth quarter of 2018, to 501 thousand tonnes in the first quarter of 2019.

EBITDA was EUR 81 million for the first quarter of 2019 compared to EUR 90 million for the fourth quarter of 2018. Group EBITDA was negatively impacted due to lag effects from the import flood in Europe during Q4 as destocking kept pressure on base prices, while Brazil declined due to seasonal factors. Also negative inventory valuation effects remained at a high level. The positive effect from the Leadership Journey®, and the Top Line strategy enabled resilient results over the quarter.

Depreciation and amortization was EUR (35) million for the first quarter of 2019.

Aperam had an operating income for the first quarter of 2019 of EUR 46 million compared to an operating income of EUR 52 million for the previous quarter.

Net interest expense and other financing costs for the first quarter of 2019 were EUR (16) million, including cash cost of financing of EUR (2) million. During the quarter, the Company booked an exceptional net financial loss of EUR (11) million, mainly related to the accounting effects linked to the acceptance by bondholders of the invitation to sell their Convertible Bonds 2021 pursuant to a fixed price tender offer process. Realized and unrealized foreign exchange and derivative gains were EUR 2 million for the first quarter of 2019.

Income tax expense for the first quarter of 2019 was EUR (7) million.

The Company recorded a net income of EUR 25 million for the first quarter of 2019.

Cash flows from operations for the first quarter of 2019 were positive at EUR 71 million, despite a working capital increase of EUR (19) million, mainly due to higher prices and activity. CAPEX for the first quarter was EUR (47) million.

Free cash flow before dividend for the first quarter of 2019 amounted to EUR 24 million.

During the first quarter of 2019, the cash returns to shareholders amounted to EUR (33) million, via dividends. During the first quarter of 2019, the Company repurchased Convertible Bonds 2021 with a nominal amount of USD 72.4 million (EUR 63 million) for a total consideration of EUR 63 million.

## Operating segment results analysis

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

(EURO million) unless otherwise stated	Q1 19	Q4 18	Q1 18
Sales	931	913	994
EBITDA	52	87	111
Depreciation and amortisation	(30)	(34)	(30)
Operating income	22	53	81
Steel shipments (000t)	479	470	496
Average steel selling price (EUR/t)	1,871	1,859	1,949

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

The Stainless & Electrical Steel segment had sales of EUR 931 million for the first quarter of 2019. This represents a 2.0% increase compared to sales of EUR 913 million for the fourth quarter of 2018. Steel shipments during the first quarter were 479 thousand tonnes. This is an increase of 1.9% compared to shipments of 470 thousand tonnes during the previous quarter. The volume increase was mainly due to a soft seasonal recovery in Europe. Overall, average steel selling prices for the Stainless & Electrical Steel segment remained stable compared to the previous quarter.

The segment recorded EBITDA of EUR 52 million for the first quarter of 2019 compared to EUR 87 million for the fourth quarter of 2018. Despite higher volumes and a stable mix, a seasonally weak quarter in Brazil, challenging market conditions in Europe and negative valuation effects on inventories due to lower raw material prices caused lower earnings compared to the previous quarter.

Depreciation and amortisation expense was EUR (30) million for the first quarter of 2019.

The Stainless & Electrical Steel segment had an operating income of EUR 22 million for the first quarter of 2019 compared to an operating income of EUR 53 million for the fourth quarter of 2018.

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

(EURO million) unless otherwise stated	Q1 19	Q4 18	Q1 18
Sales	520	467	562
EBITDA	16	(3)	21
Depreciation and amortisation	(2)	(3)	(3)
Operating income / (loss)	14	(6)	18
Steel shipments (000t)	214	181	230
Average steel selling price (EUR/t)	2,313	2,513	2,353

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

The Services & Solutions segment had sales of EUR 520 million for the first quarter of 2019, representing an increase of 11% compared to EUR 467 million for the fourth quarter of 2018. For the first quarter of 2019, steel shipments were 214 thousand tonnes compared to 181 thousand tonnes during the previous quarter. The Services & Solutions segment recorded lower average steel selling prices during the period compared to the previous period.

Segment EBITDA at EUR 16 million for the first quarter of 2019, compared to EUR (3) million for the fourth quarter of 2018. EBITDA improved quarter on quarter primarily due to higher shipments and positive inventory effects versus the previous quarter.

Depreciation and amortisation was EUR (2) million for the first quarter of 2019.

The Services & Solutions segment had an operating income of EUR 14 million for the first quarter of 2019 compared to an operating loss of EUR (6) million for the fourth quarter of 2018.

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

(EURO million) unless otherwise stated	Q1 19	Q4 18	Q1 18
Sales	153	138	131
EBITDA	12	7	14
Depreciation and amortisation	(2)	(1)	(2)
Operating income	10	6	12
Steel shipments (000t)	10	9	10
Average steel selling price (EUR/t)	15,303	14,989	12,973

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

The Alloys & Specialties segment had sales of EUR 153 million for the first quarter of 2019, representing an increase of 11% compared to EUR 138 million for the fourth quarter of 2018. Steel shipments were higher during the first quarter of 2019 at 10 thousand tonnes compared to 9 thousand tonnes during the fourth quarter of 2018. Average steel selling prices increased over the quarter.

The Alloys & Specialties segment achieved an EBITDA of EUR 12 million for the first quarter of 2019 compared to EUR 7 million for the fourth quarter of 2018. The increase in EBITDA was predominantly volume related and supplemented by a positive inventory valuation effect and a better price/mix versus the previous quarter.

Depreciation and amortisation expense for the first quarter of 2019 was EUR (2) million.

The Alloys & Specialties segment had an operating income of EUR 10 million for the first quarter of 2019 compared to an operating income of EUR 6 million for the fourth quarter of 2018.

## Recent developments

- Over the period, from February 11, 2019 to May 6, 2019, Aperam announced several notifications for Designated Persons in relation to the share buyback.
- On February 25, 2019, Aperam announced the signature of a financing contract where the EIB will make available to Aperam an amount of EUR 100 million for advanced stainless steel manufacturing.
- On February 26, 2019, Aperam announced the publication of its Annual Report 2018 ([Link](#)).
- On March 25, 2019, Aperam announced the invitation to holders of its outstanding U.S.\$300 million 0.625 per cent Net Share Settled Bonds due 2021, (convertible into common shares of Aperam) to offer to sell their Bonds pursuant to a fixed price tender offer process.
- On March 25, 2019, Aperam announced the results in relation to its fixed price tender of its outstanding U.S.\$300 million 0.625 per cent Net Share Settled Bonds due 2021 (convertible into common shares of Aperam).
- On March 27, 2019, Aperam announced the Final Purchase Price in relation to its fixed price tender of its outstanding U.S.\$300 million 0.625 per cent Net Share Settled Bonds due 2021 (convertible into common shares of Aperam).
- On April 1, 2019, Aperam announced shareholding notifications by Prudential plc for reaching and crossing the 5% voting rights threshold with reference to Transparency Law.
- On April 5, 2019, Aperam announced the publication of the convening notice for its Annual General Meeting and Extraordinary General Meeting of shareholders to be held on May 7, 2019 ([Link](#)).
- On April 19, 2019, Aperam announced the publication of its “made for life” report for 2018, which constitutes Aperam’s sustainability performance report ([Link](#)). Aperam continues to produce the greenest stainless steel globally.
- On May 7, 2019, Aperam announced that the Annual and Extraordinary General Meetings of Shareholders of Aperam held in Luxembourg on May 7, 2019 approved all resolutions on the agenda by a large majority.

## Investor conference call

Aperam management will host a conference call for members of the investment community to discuss the first quarter 2019 financial performance at the following time:

Date	New York	London	Luxembourg
Wednesday, 8 May 2019	8:00 am	13:00 pm	14:00 pm

The dial-in numbers for the call are: France (+33 (0) 1767 00794); USA (+1 631 510 7495); and international (+44 (0) 2071 928000). Conference ID: 4889473

A replay of the conference call will be available until 15 May 2019: France (+33 (0) 170950348); USA (+1 (917) 677-7532) and international (+44 (0) 3333 009785). Conference ID: 4889473

## 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 spread in six production facilities located in Brazil, Belgium and France.

In 2018, Aperam had sales of EUR 4,677 million and steel shipments of 1.97 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 million of EURO)	March 31, 2019	December 31, 2018	March 31, 2018
<b>ASSETS</b>			
Cash & cash equivalents (C)	342	199	274
Inventories, trade receivables and trade payables	773	744	706
Prepaid expenses and other current assets	86	77	81
<b>Total Current Assets &amp; Working Capital</b>	<b>1,201</b>	<b>1,020</b>	<b>1,061</b>
Goodwill and intangible assets	494	490	503
Property, plant and equipment (incl. Biological assets)	1,605	1,589	1,553
Investments in associates, joint ventures and other	33	32	39
Deferred tax assets	160	160	188
Other assets	97	92	152
<b>Total Assets</b>	<b>3,590</b>	<b>3,383</b>	<b>3,496</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Short-term debt and current portion of long-term debt (B)	272	66	240
Accrued expenses and other current liabilities	267	270	261
<b>Total Current Liabilities (excluding Trade Payables)</b>	<b>539</b>	<b>336</b>	<b>501</b>
Long-term debt, net of current portion (A)	176	181	2
Deferred employee benefits	148	148	157
Deferred tax liabilities	130	131	136
Other long-term liabilities	65	68	125
<b>Total Liabilities</b>	<b>1,058</b>	<b>864</b>	<b>921</b>
Equity attributable to the equity holders of the parent	2,528	2,515	2,571
Non-controlling interest	4	4	4
<b>Total Equity</b>	<b>2,532</b>	<b>2,519</b>	<b>2,575</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>3,590</b>	<b>3,383</b>	<b>3,496</b>
<b>Net Financial Debt / (Net Cash) (D = A+B-C)</b>	<b>106</b>	<b>48</b>	<b>(32)</b>

## APERAM CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(in million of EURO)	Three Months Ended		
	March 31, 2019	December 31, 2018	March 31, 2018
<b>Sales</b>	<b>1,178</b>	<b>1,120</b>	<b>1,216</b>
<b>EBITDA (C = A-B)</b>	<b>81</b>	<b>90</b>	<b>141</b>
<i>EBITDA margin %</i>	6.9%	8.0%	11.6%
Depreciation and amortisation (B)	(35)	(38)	(35)
<b>Operating income (A)</b>	<b>46</b>	<b>52</b>	<b>106</b>
<i>Operating margin %</i>	3.9%	4.6%	8.7%
Net interest expense and other net financing costs	(16)	11	(5)
Foreign exchange and derivative gains	2	2	4
<b>Income before taxes</b>	<b>32</b>	<b>65</b>	<b>105</b>
Income tax expense	(7)	(16)	(20)
<i>Effective tax rate %</i>	22.8%	24.7%	19.4%
<b>Net income attributable to equity holders of the parent</b>	<b>25</b>	<b>49</b>	<b>85</b>
Basic earnings per share (EUR)	0.30	0.59	0.99
Diluted earnings per share (EUR)	0.30	0.37	0.83
Weighted average common shares outstanding (in thousands)	83,536	83,560	85,314
Diluted weighted average common shares outstanding (in thousands)	83,774	87,958	94,182

## APERAM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in million of EURO)	Three Months Ended		
	March 31, 2019	December 31, 2018	March 31, 2018
<b>Operating income</b>	<b>46</b>	<b>52</b>	<b>106</b>
Depreciation and amortization	35	38	35
Change in working capital	(19)	12	(117)
Income tax (paid) / refund	2	(7)	(3)
Interest paid, (net)	(1)	(1)	(1)
Other operating activities (net)	8	(6)	22
<b>Net cash provided by operating activities (A)</b>	<b>71</b>	<b>88</b>	<b>42</b>
Purchase of PPE, intangible and biological assets (CAPEX)	(47)	(55)	(47)
Other investing activities (net)	-	2	1
<b>Net cash used in investing activities (B)</b>	<b>(47)</b>	<b>(53)</b>	<b>(46)</b>
Net proceeds from banks and long term debt	154	27	1
Dividends paid	(33)	(34)	(28)
Other financing activities (net)	(2)	(1)	-
<b>Net cash provided by / (used in) financing activities</b>	<b>119</b>	<b>(8)</b>	<b>(27)</b>
Effect of exchange rate changes on cash	-	3	(1)
<b>Change in cash and cash equivalent</b>	<b>143</b>	<b>30</b>	<b>(32)</b>
<b>Free cash flow before dividend (C = A+B)</b>	<b>24</b>	<b>35</b>	<b>(4)</b>



## Appendix 1a – Health & Safety statistics

Health & Safety Statistics	Three Months Ended		
	March 31, 2019	December 31, 2018	March 31, 2018
Frequency Rate	1.1	0.8	1.0

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 Ended March 31, 2019	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
<b>Operational information</b>					
Steel Shipment (000t)	479	214	10	(202)	501
Average steel selling price (EUR/t)	1,871	2,313	15,303		2,272
<b>Financial information</b>					
Sales (EURm)	931	520	153	(426)	1,178
EBITDA (EURm)	52	16	12	1	81
Depreciation & Amortisation (EURm)	(30)	(2)	(2)	(1)	(35)
Operating income (EURm)	22	14	10	-	46

Quarter Ended December 31, 2018	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
<b>Operational information</b>					
Steel Shipment (000t)	470	181	9	(180)	480
Average steel selling price (EUR/t)	1,859	2,513	14,989		2,280
<b>Financial information</b>					
Sales (EURm)	913	467	138	(398)	1,120
EBITDA (EURm)	87	(3)	7	(1)	90
Depreciation & Amortisation (EURm)	(34)	(3)	(1)	-	(38)
Operating income / (loss) (EURm)	53	(6)	6	(1)	52

## 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:** 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 - was initially targeting EUR 150 million of additional EBITDA gains per year by end of 2020. In February 2019, the annualized gains target has been increased by EUR 50 million to reach EUR 200 million by year end 2020.

<sup>3</sup> Includes revolving credit facility of EUR 300 million.