

Second quarter 2019 results¹

“Improved quarterly operational results in a challenging market environment”

Luxembourg, July 31, 2019 (07:00 CET) - 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, 2019

Highlights

- Health and Safety: LTI frequency rate of 1.2x in Q2 2019 compared to 1.1x in Q1 2019.
- Steel shipments of 465 kt in Q2 2019, a 7% decrease compared to steel shipments of 501 kt in Q1 2019.
- EBITDA of EUR 95 million in Q2 2019 versus EUR 81 million in Q1 2019. H1 2019 EBITDA EUR 176 million, -40% yoy.
- Net income of EUR 57 million in Q2 2019, compared to EUR 25 million in Q1 2019.
- Basic earnings per share of EUR 0.69 in Q2 2019, compared to EUR 0.30 in Q1 2019.
- Cash flow from operations amounted to EUR 97 million in Q2 2019, compared to EUR 71 million in Q1 2019.
- Free cash flow before dividend and share buy-back of EUR 72 million in Q2 2019, compared to EUR 24 million in Q1 2019.
- Cash returns to shareholders amounted to EUR 132 million in Q2 2019, consisting of EUR 93 million of share buy-back and EUR 39 million of dividend.
- Net financial debt of EUR 176 million as of June 30, 2019, compared to EUR 106 million as of March 31, 2019.

Strategic initiatives

- **Transforming our footprint with state of the art equipment:** CAPEX Guidance 2019 updated to EUR 150 million from EUR 175 million before. Genk cold rolling and annealing & pickling line with a total investment of ~EUR 130 million between 2018 and 2020 on track.
- **Leadership Journey®² (Phase 3 - Transformation Program Target EUR 200 million annualized gains by 2020):** Gains reached EUR 89 million cumulated at end Q2 2019 with good progress on all pillars.
- **Completion of the 2019 share-buyback:** 3.7 million shares have been bought back for EUR 92.6 million. New number of shares outstanding as of June 30, 2019 is 79.8 million shares.

Prospects

- EBITDA in Q3 2019 is expected to decrease compared to Q2 2019, due to the seasonal slowdown in Europe, rising imports, declining demand and low international prices.
- Net financial debt to remain stable at a low level in Q3 2019.

Timoteo Di Maulo, CEO of Aperam, commented:

“Aperam delivered an improved operational performance this quarter despite a challenging global market environment. Imports start increasing once again commanding a disproportionate market share and put extreme pressure on pricing. The measures put in place by the European Commission are ineffective so far, as Indonesia continues to remain exempted and import quotas have been increased while demand has dropped.

Looking ahead, to counter these challenges our ability to realize further gains via the Leadership Journey® will be key. We are also confident in our ability to generate cash flow and rely on a solid balance sheet. We continue to take all the necessary measures to weather a challenging market environment.”

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

(in millions of Euros, unless otherwise stated)	Q2 19	Q1 19	Q2 18	H1 19	H1 18
Sales	1,090	1,178	1,218	2,268	2,434
Operating income	59	46	115	105	221
Net income attributable to equity holders of the parent	57	25	80	82	165
Basic earnings per share (EUR)	0.69	0.30	0.94	0.99	1.93
Diluted earnings per share (EUR)	0.69	0.30	0.73	0.99	1.57
Free cash flow before dividend	72	24	62	96	58
Net Financial Debt (at the end of the period)	176	106	20	176	20
EBITDA	95	81	150	176	291
EBITDA/tonne (EUR)	204	162	295	182	284
Steel shipments (000t)	465	501	508	966	1,025

Health & Safety results

Health and Safety performance based on Aperam personnel figures and contractors' lost time injury frequency rate was 1.2x in the second quarter of 2019 compared to 1.1x in the first quarter of 2019.

Financial results analysis for the three-month period ending June 30, 2019

Sales for the second quarter of 2019 were EUR 1,090 million, down from EUR 1,178 million for the first quarter of 2019. Steel shipments decreased from 501 thousand tonnes in the first quarter of 2019 to 465 thousand tonnes in the second quarter of 2019.

EBITDA was EUR 95 million for the second quarter of 2019 compared to EUR 81 million for the first quarter of 2019. The sequential EBITDA increase was mainly due to a partial recovery in base prices and a positive seasonality in Brazil while the previous quarter additionally suffered from negative inventory effects. Significantly lower volumes in Europe and temporarily higher input costs in Brazil had negative effects, partly offset by Phase 3 of the Leadership Journey®, which continued to progress over the quarter with annualized gains of EUR 22 million to EBITDA. The cumulative annualized savings for Phase 3 now stand at EUR 89 million.

Depreciation and amortisation was EUR (36) million for the second quarter of 2019.

Aperam had an operating income for the second quarter of 2019 of EUR 59 million compared to an operating income of EUR 46 million for the previous quarter.

Net interest expense and other financing costs for the second quarter of 2019 were EUR (5) million. Realized and unrealized foreign exchange and derivative losses were EUR (1) million for the second quarter of 2019.

Income tax result for the second quarter of 2019 was an income tax benefit of EUR 4 million mainly due to a tax benefit amounting to a total of EUR 15 million applicable as from 2018.

The Company recorded a net income of EUR 57 million for the second quarter of 2019.

Cash flows from operations for the second quarter of 2019 were positive at EUR 97 million, with a working capital decrease of EUR 32 million. CAPEX for the second quarter was EUR (26) million.

Free cash flow before dividend and share buy-back for the second quarter of 2019 amounted to EUR 72 million.

During the second quarter of 2019, the cash returns to shareholders amounted to EUR 132 million, consisting of EUR 93 million of share buy-back and EUR 39 million of dividend. Total cash returned to shareholders during the first semester 2019 amounted to EUR 165 million consisting of EUR 93 million of share buy-back and EUR 72 million of dividend.

During the second quarter of 2019, the Company repurchased Convertible Bonds 2021 with a nominal amount of USD 137 million (€122 million) for a total consideration of €131 million.

As of June 30, 2019, shareholders' equity was EUR 2,387 million and net financial debt was EUR 176 million (as of June 30, 2019, gross financial debt was EUR 365 million and cash and cash equivalents were EUR 189 million).

The Company had liquidity of EUR 489 million as of June 30, 2019, consisting of cash and cash equivalents of EUR 189 million and undrawn credit lines³ of EUR 300 million.

Operating segment results analysis

Stainless & Electrical Steel ⁽¹⁾

(in millions of Euros, unless otherwise stated)	Q2 19	Q1 19	Q2 18	H1 19	H1 18
Sales	842	931	1,016	1,773	2,010
EBITDA	79	52	123	131	234
Depreciation and amortisation	(30)	(30)	(31)	(60)	(61)
Operating income	49	22	92	71	173
Steel shipments (000t)	440	479	499	919	995
Average steel selling price (EUR/t)	1,856	1,871	1,976	1,864	1,963

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

The Stainless & Electrical Steel segment had sales of EUR 842 million for the second quarter of 2019. This represents a 9.6% decrease compared to sales of EUR 931 million for the first quarter of 2019. Steel shipments during the second quarter were 440 thousand tonnes compared to 479 thousand tonnes during the previous quarter. The weak economic environment led to contraction of demand in Europe while Brazil saw the benefit of a seasonally stronger quarter. Overall, average steel selling prices for the Stainless & Electrical Steel segment slightly decreased compared to the previous quarter due to a lower nickel price and mix effects.

The segment had EBITDA of EUR 79 million for the second quarter of 2019 compared to EUR 52 million for the first quarter of 2019. The increase in profitability was primarily driven by partially recovering base prices in Europe and the seasonal improvement in Brazil while the previous quarter additionally suffered from negative inventory effects. The Leadership Journey[®] contributed positively but significantly lower volumes in Europe and temporarily higher costs in Brazil burdened the result meaningfully.

The Stainless & Electrical Steel segment had an operating income of EUR 49 million for the second quarter of 2019 compared to an operating income of EUR 22 million for the first quarter of 2019.

Services & Solutions⁽¹⁾

(in millions of Euros, unless otherwise stated)	Q2 19	Q1 19	Q2 18	H1 19	H1 18
Sales	453	520	548	973	1,110
EBITDA	16	16	17	32	38
Depreciation and amortisation	(4)	(2)	(1)	(6)	(4)
Operating income	12	14	16	26	34
Steel shipments (000t)	182	214	217	396	447
Average steel selling price (EUR/t)	2,374	2,313	2,428	2,341	2,389

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

The Services & Solutions segment had sales of EUR 453 million for the second quarter of 2019 compared to EUR 520 million for the first quarter of 2019. For the second quarter of 2019, steel shipments were 182 thousand tonnes compared to 214 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 16 million for the second quarter of 2019, compared to EUR 16 million for the first quarter of 2019. Lower volumes were compensated by lower costs and the absence of inventory valuation effects.

The Services & Solutions segment had an operating income of EUR 12 million for the second quarter of 2019, compared to EUR 14 million for the first quarter of 2019.

Alloys & Specialties⁽¹⁾

(in millions of Euros, unless otherwise stated)	Q2 19	Q1 19	Q2 18	H1 19	H1 18
Sales	156	153	149	309	280
EBITDA	12	12	16	24	30
Depreciation and amortisation	(2)	(2)	(1)	(4)	(3)
Operating income	10	10	15	20	27
Steel shipments (000t)	9	10	9	19	19
Average steel selling price (EUR/t)	16,122	15,303	15,220	15,705	14,082

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

The Alloys & Specialties segment had sales of EUR 156 million for the second quarter of 2019 compared to EUR 153 million for the first quarter of 2019. Steel shipments during the second quarter of 2019 were at 9 thousand tonnes compared to 10 thousand tonnes during the first quarter of 2019. Average steel selling prices increased over the quarter.

The Alloys & Specialties segment achieved an EBITDA of EUR 12 million for the second quarter of 2019 compared to EUR 12 million for the first quarter of 2019. Lower volumes were compensated by a price/mix improvement.

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

Recent developments

- On June 13, 2019, Aperam announced that it has requested to be withdrawn from the credit rating services of S&P Global Ratings and Moody's Investor Service, while reaffirming to maintain investment grade financial ratios:
 - On June 27, 2019, Moody's Investors Service withdrew the 'Baa3' long-term issuer rating with stable outlook of Aperam S.A.
 - On July 15, 2019, S&P Global Ratings withdrew its 'BBB-' long-term issuer credit rating with stable outlook of Aperam S.A.
- On June 27, 2019, Aperam announces the completion of its share buyback program announced on 6 February 2019. In aggregate, 3,700,000 shares were bought under this Program, representing an equivalent amount of EUR 92.6 million.

New developments

- On July 18, 2019, 1,800,000 shares acquired under the 2018 share buyback program were cancelled in line with the announced purpose of the program. The total number of shares outstanding (Net of Treasury Shares 3,899,921) as of July 18, 2019 is 79,796,359 shares.
- On July 31, 2019, Aperam published its Half-Year Report for the six month period ended June 30, 2019. The report is available in the Luxembourg Stock Exchange's electronic database OAM on www.bourse.lu and on www.aperam.com under Investors > Investors Essentials > Financial Reports section.
- On July 31, 2019, Aperam announced the resignation of Mrs. Laurence Mulliez for personal considerations effective August 1, 2019. Mrs. Mulliez joined the Board in May 2011 and chaired its Audit and Risk Management Committee since May 2013. The members of the Board of Directors extended their warmest gratitude and appreciation for Mrs. Mulliez's valuable

contribution to the Board. Mrs. Bernadette Baudier will replace Mrs. Mulliez as Chairperson of the Audit and Risk Management Committee.

Investor conference call

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

Date	New York	London	Luxembourg
Wednesday, July 31, 2019	08:00 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). The participant access code is: 6091614#.

A replay of the conference call will be available until August 7, 2019: France (+33 (0) 170950348); USA (+1 (917) 677-7532) and international (+44 (0) 3333 009785). The participant access code is 6091614#.

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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

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)	June 30, 2019	March 31, 2019	June 30, 2018
ASSETS			
Cash & cash equivalents (C)	189	342	217
Inventories, trade receivables and trade payables	747	773	702
Prepaid expenses and other current assets	84	86	89
Total Current Assets & Working Capital	1,020	1,201	1,008
Goodwill and intangible assets	491	494	486
Property, plant and equipment (incl. Biological assets)	1,598	1,605	1,506
Investments in associates, joint ventures and other	34	33	31
Deferred tax assets	163	160	172
Other non-current assets	80	97	130
Total Assets (net of trade payables)	3,386	3,590	3,333
LIABILITIES AND SHAREHOLDERS' EQUITY			
Short-term debt and current portion of long-term debt (B)	190	272	235
Accrued expenses and other current liabilities	303	267	295
Total Current Liabilities (excluding trade payables)	493	539	530
Long-term debt, net of current portion (A)	175	176	2
Deferred employee benefits	146	148	155
Deferred tax liabilities	129	130	133
Other long-term liabilities	56	65	106
Total Liabilities (excluding trade payables)	999	1,058	926
Equity attributable to the equity holders of the parent	2,383	2,528	2,403
Non-controlling interest	4	4	4
Total Equity	2,387	2,532	2,407
Total Liabilities and Shareholders' Equity (excluding trade payables)	3,386	3,590	3,333
Net Financial Debt (D = A+B-C) *	176	106	20

* Increase in Net Financial Debt by €128 million from €48 million as of December 31, 2018 to €176 million as of June 30, 2019 primarily due to accounting effects (+€56 million out of which IFRS 16 Leases +€29 million and Convertible Bonds 2021 repurchases +€27 million), share buyback (+€93 million), dividend paid (+€72 million) and other items (+€3 million), partly offset by free cash-flow generated during the first six months (-€96 million).

APERAM CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(in million of EURO)	Three Months Ending			Six Months Ending	
	June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Sales	1,090	1,178	1,218	2,268	2,434
EBITDA (C = A-B)	95	81	150	176	291
<i>EBITDA margin %</i>	8.7%	6.9%	12.3%	7.8%	12.0%
Depreciation and amortisation (B)	(36)	(35)	(35)	(71)	(70)
Operating income (A)	59	46	115	105	221
<i>Operating margin %</i>	5.4%	3.9%	9.4%	4.6%	9.1%
Result from other investments and associates	—	—	1	—	1
Net interest expense and other net financing costs	(5)	(16)	(5)	(21)	(10)
Foreign exchange and derivative gains / (losses)	(1)	2	(3)	1	1
Income before taxes	53	32	108	85	213
Income tax benefit / (expense)	4	(7)	(28)	(3)	(48)
<i>Effective tax rate %</i>	-8.0%	22.8%	25.7%	3.7%	22.6%
Net income attributable to equity holders of the parent	57	25	80	82	165
Basic earnings per share (EUR)	0.69	0.30	0.94	0.99	1.93
Diluted earnings per share (EUR)	0.69	0.30	0.73	0.99	1.57
Weighted average common shares outstanding (in thousands) *	81,583	83,536	84,990	82,554	85,151
Diluted weighted average common shares outstanding (in thousands)	82,644	83,774	92,931	82,895	93,326

* Number of shares outstanding as of June 30, 2019 (in thousands): 79,796 (85,496 issued shares, net of 5,700 treasury shares)

APERAM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of Euros)	Three Months Ending			Six Months Ending	
	June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Operating income	59	46	115	105	221
Depreciation & amortisation	36	35	35	71	70
Change in working capital	32	(19)	(18)	13	(134)
Income tax (paid) / refund	—	2	(18)	2	(21)
Interest paid, (net)	(2)	(1)	(1)	(3)	(2)
Other operating activities (net)	(28)	8	(12)	(20)	9
Net cash provided by operating activities (A)	97	71	101	168	143
Purchase of PPE, intangible and biological assets (CAPEX)	(26)	(47)	(41)	(73)	(88)
Other investing activities (net)	1	—	2	1	3
Net cash used in investing activities (B)	(25)	(47)	(39)	(72)	(85)
Proceeds (payments) from payable to banks and long term debt	(91)	154	(27)	63	(26)
Purchase of treasury stock	(93)	—	(55)	(93)	(55)
Dividend paid	(39)	(33)	(35)	(72)	(63)
Finance lease payments	(2)	(2)	—	(4)	—
Net cash used in financing activities	(225)	119	(117)	(106)	(144)
Effect of exchange rate changes on cash	—	—	(2)	—	(3)
Change in cash and cash equivalent	(153)	143	(57)	(10)	(89)
Free cash flow before dividend and share buy-back (C = A+B)	72	24	62	96	58

Appendix 1a – Health & Safety statistics

Health & Safety Statistics	Three Months Ending		
	June 30, 2019	March 31, 2019	December 31, 2018
Frequency Rate	1.2	1.1	0.8

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, 2019	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Others & eliminations	Total
Operational information					
Steel Shipment (000t)	440	182	9	(166)	465
Average steel selling price (EUR/t)	1,856	2,374	16,122		2,272
Financial information (EURm)					
Sales	842	453	156	(361)	1,090
EBITDA	79	16	12	(12)	95
Depreciation & amortisation	(30)	(4)	(2)	—	(36)
Operating income / (loss)	49	12	10	(12)	59

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

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: 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.

¹ 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".

² 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.

³ Includes revolving credit facility of EUR 300 million.