

**Q3 2019 results**

**6 November 2019**

**aperam**

**The sustainable top yielding company in Euro Materials**

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Musée des Confluences in Lyon, France. Architect: Coop Himmelb(l)au © Sergio Pirrone. Stainless steel used: Aperam 316L/1.4404 with Uginox Met

## Disclaimer



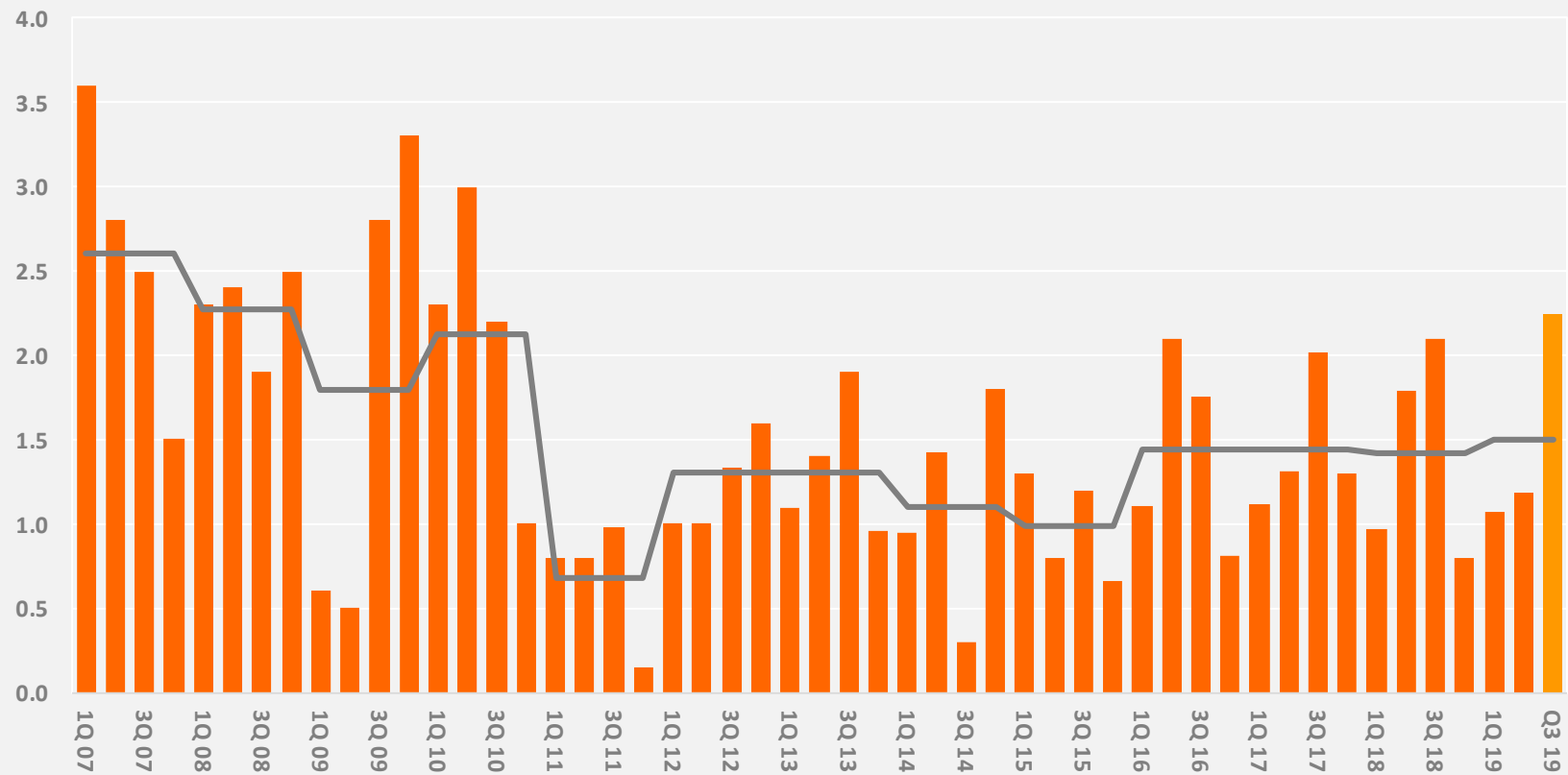
### Forward-Looking Statements

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.

## Health & Safety Performance



Health & Safety frequency rate of 2.2 in Q3 2019



Health & Safety is our prime objective

## Q3 2019 Operational highlights

Normal seasonality from a low base. New trade measures have been initiated



### Q3 2019 key developments



**Solid free cash flow despite seasonal trough quarter and nickel price spike**



**Leadership Journey® gains on track with EUR16m additional annualized gains in Q3 (cum. total EUR105m)**



**EU Safeguard revised to include Indonesia  
Brazil renewed anti-dumping against China & Taiwan  
EU HR AD and CVD investigations initiated**



**Debt maturity profile extended post the successful  
Schuldschein placement (EUR190m)**



**Challenging market environment persists due to weak  
real demand and high import pressure**



Musée des Confluences in Lyon, France Architect: Coop Himmelb(l)au © Sergio Pirrone  
Stainless steel used: Grade: Aperam 316L/1.4404 with Uginox Mat

**Q3 2019 marks the usual seasonal trough**

## Q3 2019 Financial highlights

Solid cash generation and stable net debt despite seasonally lower EBITDA and higher nickel price



### Normal seasonal decline in an unchanged adverse environment

EURm	Q3 19	Q2 19	qoq	Q3 18	yoy
Sales	972	1,090	-11%	1,123	-13%
EBITDA	79	95	-17%	123	-36%
Basic EPS (EUR)	0.47	0.69	-32%	0.87	-46%
Steel shipments (000t)	418	465	-10%	467	-10%
EBITDA/tonne (EUR)	189	204	-7%	263	-28%
EBITDA margin	8.1%	8.7%	-7%	11.0%	-26%
Operating cash flow	70	97	-28%	64	9%
CAPEX	-26	-26	0%	-49	-47%
Free cash flow*	45	72	-38%	15	200%
Dividends paid	-35	-39	-10%	-33	6%
Share buyback	0	-93	NA	-15	NA
Net financial debt	172	176	-2%	64	169%

### Q3 key comments

- Normal seasonal drop in shipments from a low base
- EBITDA decreases qoq due to seasonally lower volumes and temporarily higher iron ore costs
- EPS decreases qoq due to lower earnings, normal tax rate
- Strong operating cash flow with ~90% cash conversion. FCF comfortably covers dividend
- Unchanged capex qoq – on track for EUR150m target 2019. Genk project is on time & budget
- Marginally lower net fin. debt desp. nickel price increase
- Well staggered maturity profile post EUR190m Schuldschein placement

Performance in seasonal trough confirms Aperam's resilient business model

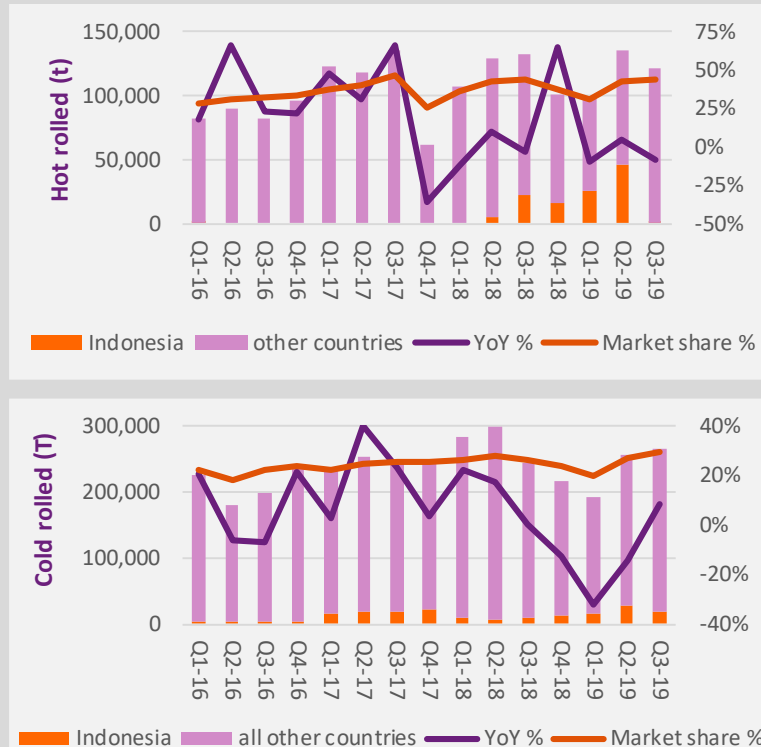
\*before dividend and share buyback

## EU Safeguard update

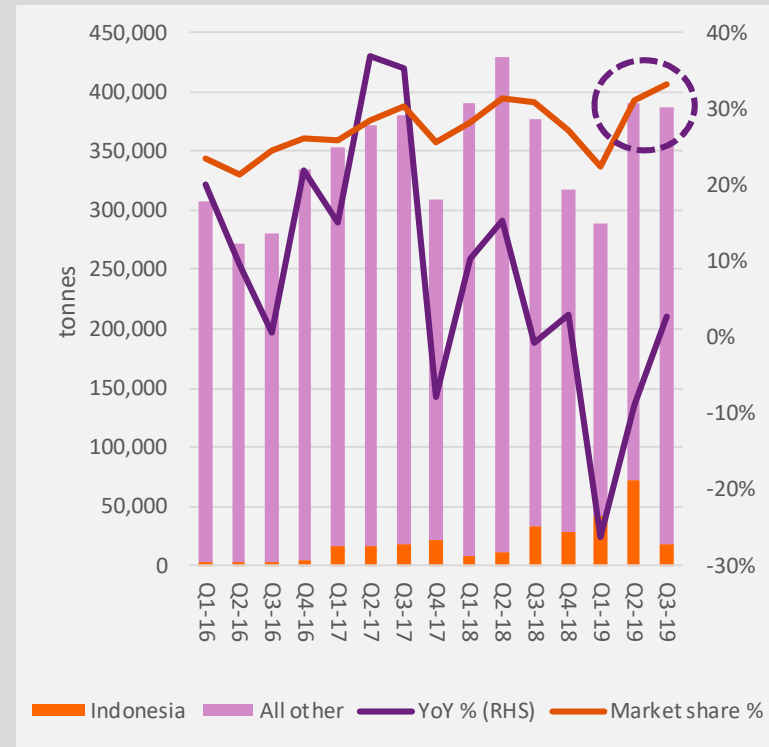
Imports maintained a disproportionate EU market share ahead of the safeguard revision



### Extreme HR import pressure continues...



### ...and market share of imports remains at peak



**Inclusion of Indonesia in the safeguard from 1 October 2019**  
**Recently launched HR anti-dumping & CVD cases are expected to be finalized in 2020**

Source: Eurofer, Aperam

Countries with a SS Hot Rolled quota: China, S. Korea, Taiwan, USA  
 all other countries if not exempt fall under the residual quota

Countries with a SS CR quota: S. Korea, Taiwan, India, USA, Turkey, Malaysia, Vietnam

## EU trade action update

Further actions against unfair trade have been initiated in addition to the existing Safeguard



NEW

	Safeguard	Anti-dumping (AD)	Countervailing duties (CVD)
<b>Aim</b>	<ul style="list-style-type: none"> <li>Maintain traditional trade flows</li> <li>Volume focused</li> </ul>	<ul style="list-style-type: none"> <li>Duty on imports that are <u>priced below fair market value</u>**</li> <li>Price focused</li> </ul>	<ul style="list-style-type: none"> <li>Neutralize effect of <u>subsidies</u> that benefit certain imports</li> <li>Price focused</li> </ul>
<b>Countries affected</b>	<ul style="list-style-type: none"> <li>All countries globally (if not explicitly exempt)</li> <li>Effective since February 2019 (Indonesia included from 1 Oct. 2019)</li> </ul>	<ul style="list-style-type: none"> <li>Hot rolled: <u>Case opened</u> by EU commission in August against China, Indonesia, Taiwan</li> <li>Decision expected during Q2 2020<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>Hot rolled: <u>Case opened</u> by EU commission in October against China, Indonesia</li> <li>Decision expected by mid 2020<sup>2</sup></li> </ul>
<b>Measure</b>	<ul style="list-style-type: none"> <li>HR quota 354kt pa* CR quota 836kt pa*</li> <li>Largest importers have a country quota. A residual quota for all others</li> <li>25% duty for shipments &gt; quota</li> </ul>	<ul style="list-style-type: none"> <li>Hot rolled: duty to be determined according to materiality of injury</li> </ul>	<ul style="list-style-type: none"> <li>Hot rolled: duty to be determined according to unfair advantage granted</li> </ul>
<b>Impact</b>	<ul style="list-style-type: none"> <li>HR imports: 9m 2018: 369 kt 9m 2019: 353 kt</li> <li>CR imports: 9m 2018: 827 kt 9m 2019: 713 kt</li> </ul>	<ul style="list-style-type: none"> <li>HR: impact to be determined</li> <li>LTM HR share of imports: China 54%, Indonesia 20%, Taiwan 7%</li> </ul>	<ul style="list-style-type: none"> <li>HR: impact to be determined</li> <li>LTM HR share of imports: China 54%, Indonesia 20%</li> </ul>

Existing AD on cold rolled against China (25.3% duty) and Taiwan ( 6.8% duty) since 2015:  
China CR import share dropped from 32% in 2014 to negligible post AD was imposed

**We expect new measures against unfair trade to become effective during next year**

\*Effective quota from 1 July 2019 to 30 June 2020. Quota relaxes by 3% on 1 July 2020

\*\*could be difference between domestic market price and export price or cost based

<sup>2</sup>preliminary duties

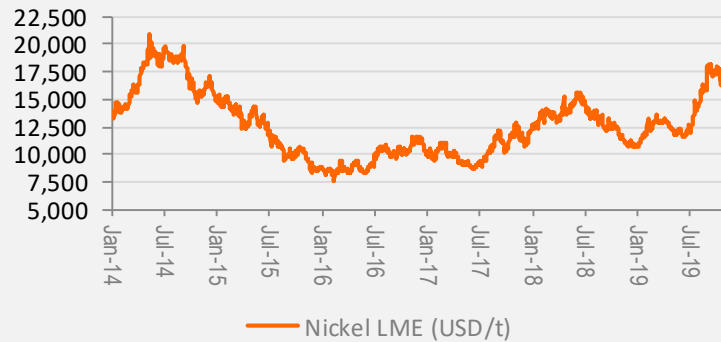


## Environment and markets

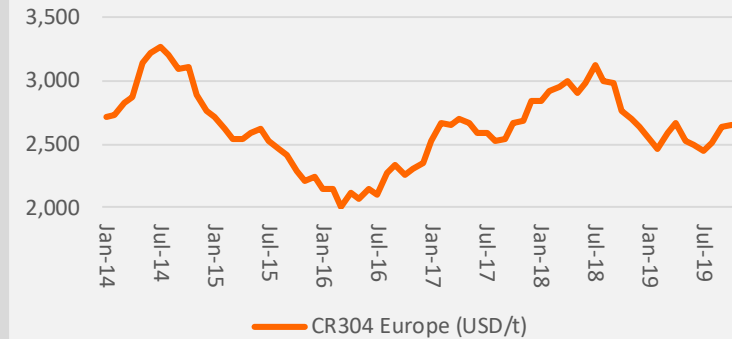
The nickel price spike did not trigger restocking due to elevated inventory days



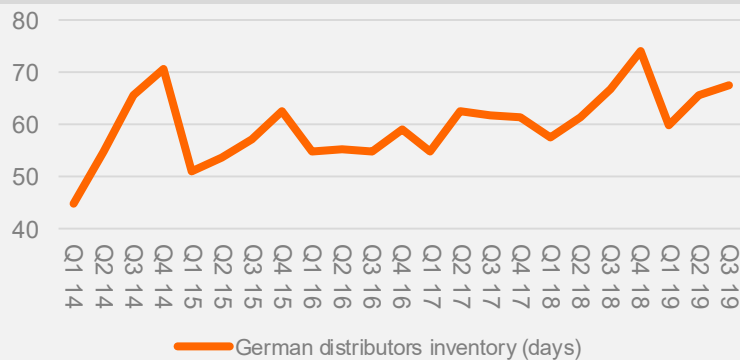
Nickel: spike due to Indonesia ore export ban



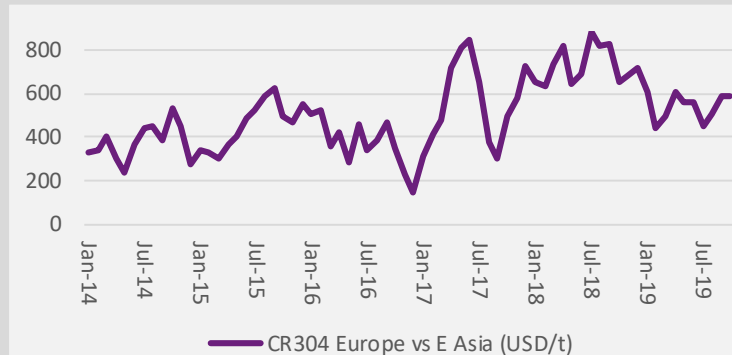
Stainless steel price rises slightly due to higher alloy prices



Weak demand keeps EU SS cold rolled days of consumption elevated



Stainless price premium versus Asia is normal



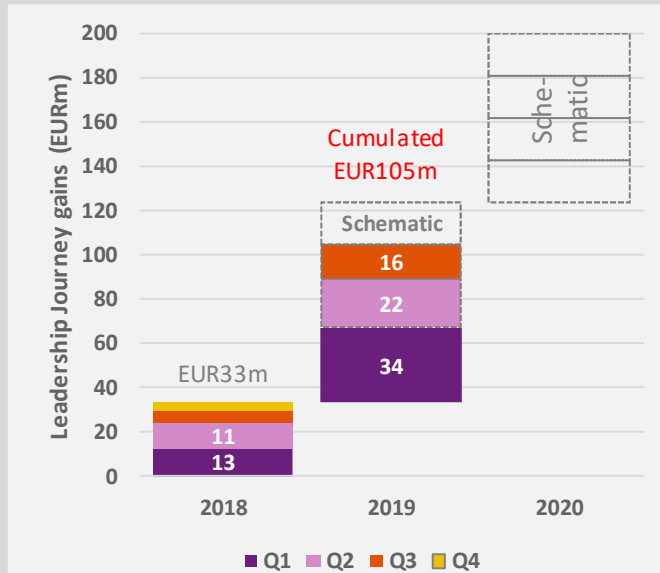
Source: Bloomberg, Metal Bulletin, Edelstahlhandelsvereinigung

## Leadership Journey<sup>®</sup> update

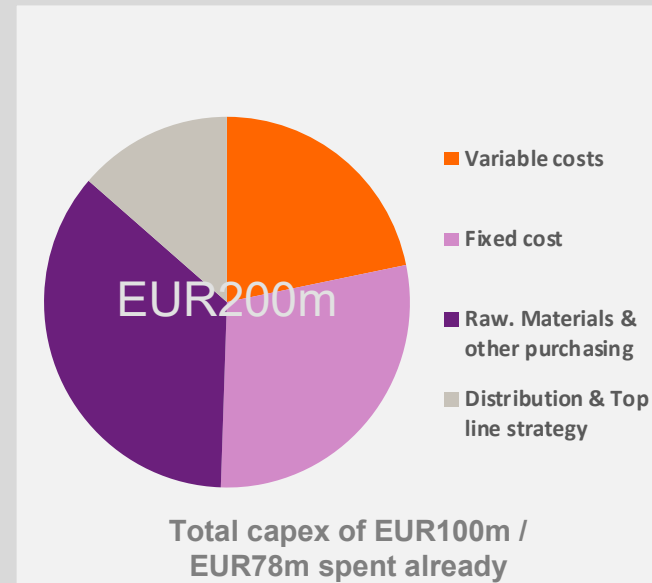
Leadership Journey<sup>®</sup> is on track to defend Aperam's position as lowest cost producer in Europe



### Progress & target phase 3 (recurring annualized gains)



### Target savings composition



#### New technology

Automation / robotics / sensors

#### Innovation

New applications & solutions

#### Leaner

Digitized, connected & collaborative

#### Value added services

One stop shop + supply chain efficiency

#### Procurement

General procurement / Raw material

**Q3-19 cumulated annualized gains at EUR105m vs total target of EUR200 million by end of 2020**

## Outlook

Q4 2019 guidance & other forward looking items



### Financial outlook Q4 2019:

- EBITDA is expected to increase slightly versus EUR79m in Q3 2019
  - Seasonal recovery in Europe compensates for persistent weak demand, high imports, low international prices and Brazil's low seasonality
- Net financial debt is expected to decrease

### Other items:

- 2019 capex is confirmed at ~EUR150m
  - ✓ Includes Leadership Journey® capex
  - ✓ Genk downstream capex (project on track)
- Leadership Journey® Phase 3: EUR200m savings target by end of 2020

**We take all necessary measures to deliver solid results in a challenging market environment**

## Corporate Access



### Post Q3 2019 schedule

- |           |             |                |                   |
|-----------|-------------|----------------|-------------------|
| • 11.11   | Milano      | Roadshow       | Bank of America   |
| • 13.11   | London      | Conference     | Goldman Sachs     |
| • 14.11   | Paris       | ESG conference | Societe Generale  |
| • 27.11   | Paris       | Conference     | Exane BNP Paribas |
| • 02.12   | Cologne/DUS | Roadshow       | HSBC              |
| • 04.12   | Madrid      | Roadshow       | Degroof Petercam  |
| • 9/10.01 | Lyon        | Conference     | Oddo BHF          |

We are looking forward to meet you there

# Financial Results

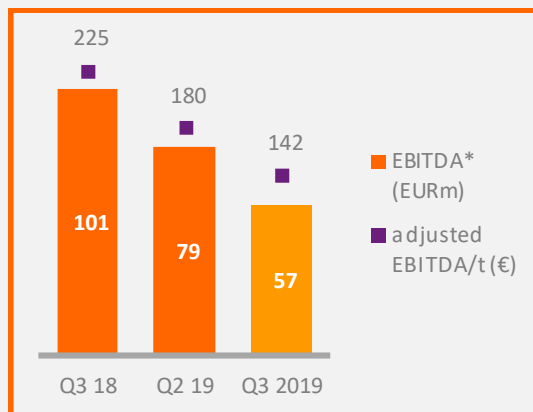


## Financial results

Q3 2019: Normal qoq seasonality with weak demand in Europe and Brazil. YoY comparison vs record Q3-18

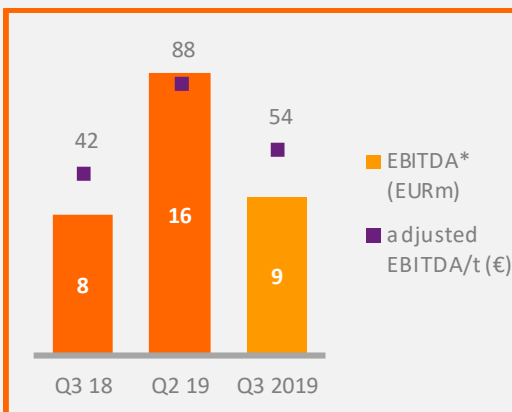


### Stainless & Electrical Steel



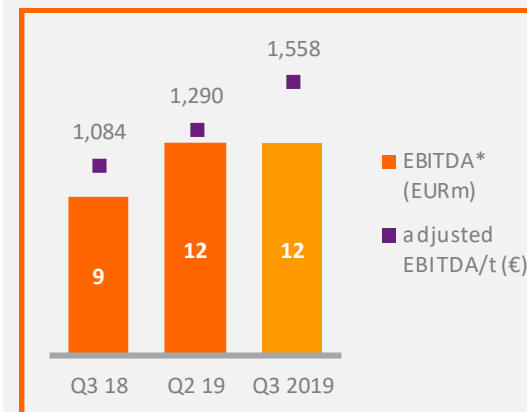
- Shipments decline seasonally qoq from a low base due to soft demand and destocking in Europe & Brazil
- Europe EBITDA reflects lower volumes, partly offset by a positive price/mix. Brazil's EBITDA was affected by temporarily higher iron ore costs
- EBITDA decreases yoy due to substantially lower volumes, a price/cost squeeze and neg valuation effects

### Services & Solutions



- Shipments decline seasonally qoq from a low base
- EBITDA reflects the usual seasonal shipment decline which was partly offset by lower costs
- EBITDA increased yoy as higher prices and lower costs compensate for lower volumes and negative valuation effects

### Alloys & Specialties



- Shipments decline seasonally qoq
- Flat EBITDA qoq as lower volumes are balanced by lower costs and positive valuation effects
- The yoy EBITDA increase is due to positive valuation effects and lower costs that balanced lower volumes

**Adj. EBITDA of 189 EUR/t in Q3 2019 due to seasonal factors, weak demand and high import pressure**

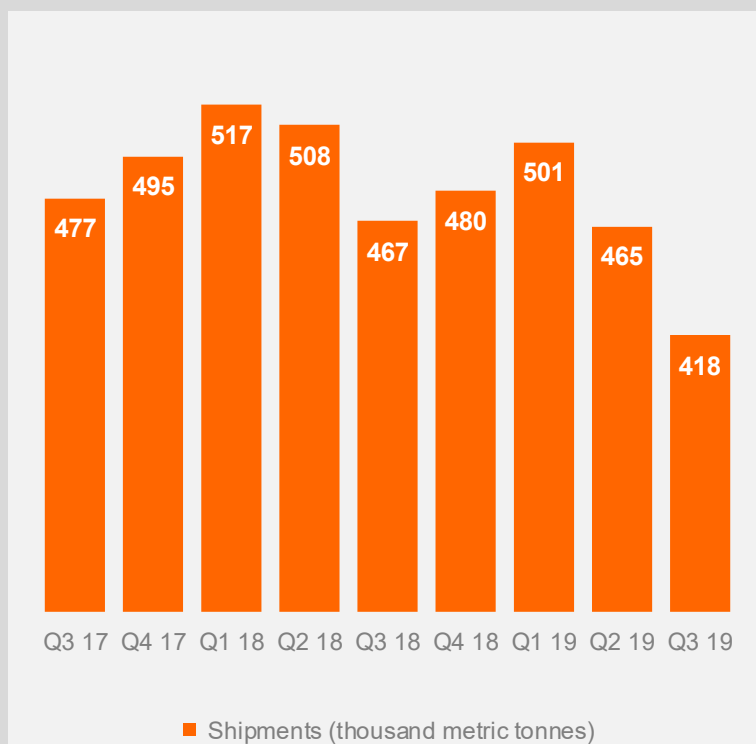
\* Difference with total Aperam's quarterly EBITDA due to Others & Eliminations line

## Financial results

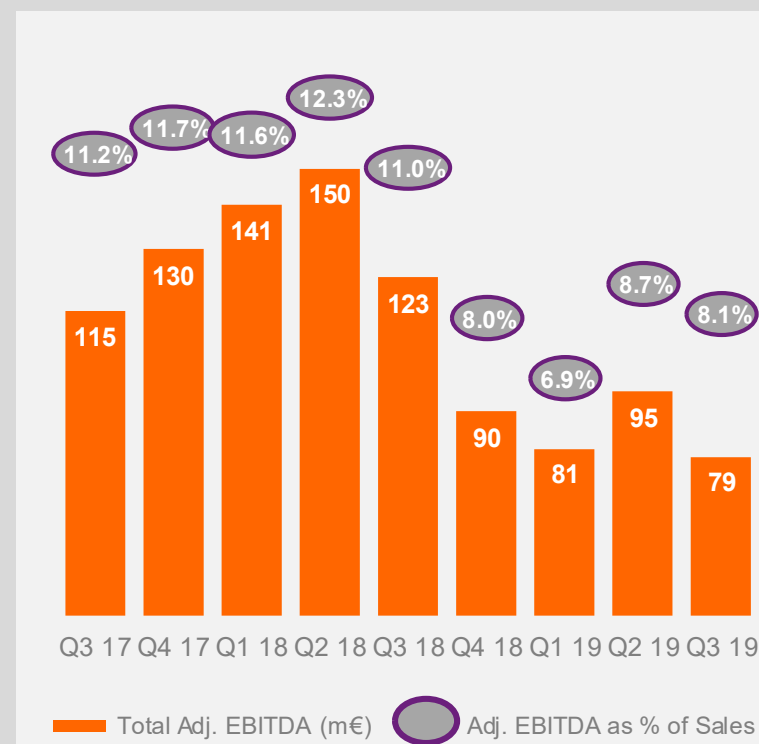
Q3 2019: Pronounced volume and EBITDA decrease due to seasonal factors, destocking and import pressure



Weak demand, destocking and imports weigh on shipments



Q3 adj. EBITDA reflects seasonal trough volumes and temporarily higher iron ore costs



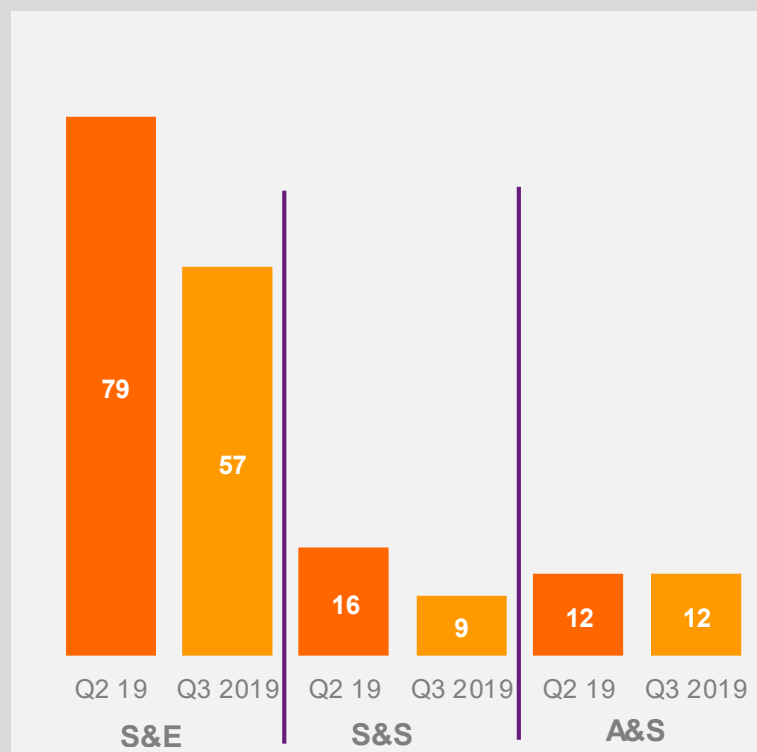
Q3 2019 marks the usual seasonal trough

## Financial results

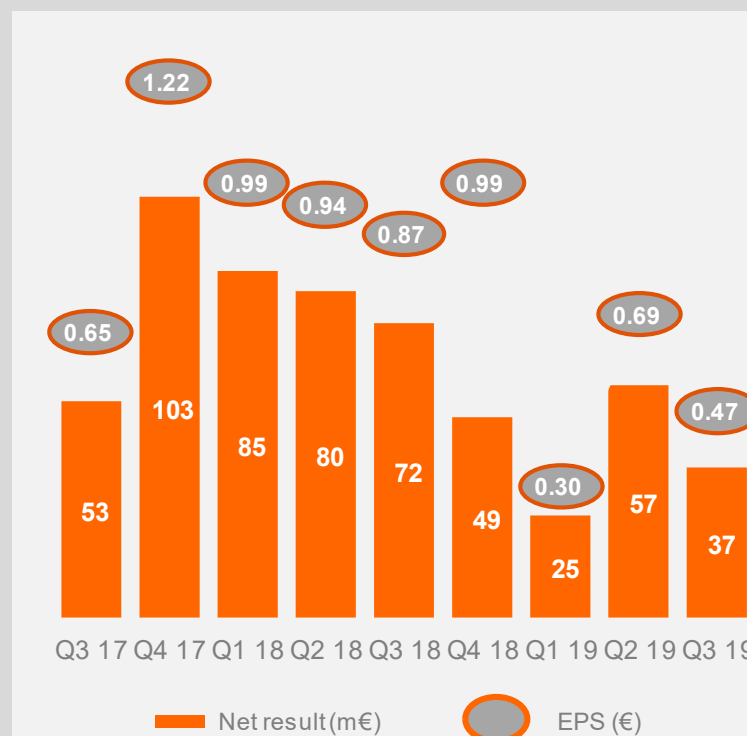
Q3 2019: All three segments with normal seasonal performance versus a low base



### Upstream faces pressure. Normal downstream



### EPS reflects seasonal EBITDA decrease



Both pricing and volumes remain below the historic seasonal average

\*Q4 2018: Financial results includes a EUR18m gain related to the convertible bond due to the expiry of put option by bondholders

\*Q1 2019: Financial results includes a EUR11m charge related to the convertible bond due to accelerated amortization of the premium (reversal of the Q4-18 gain)

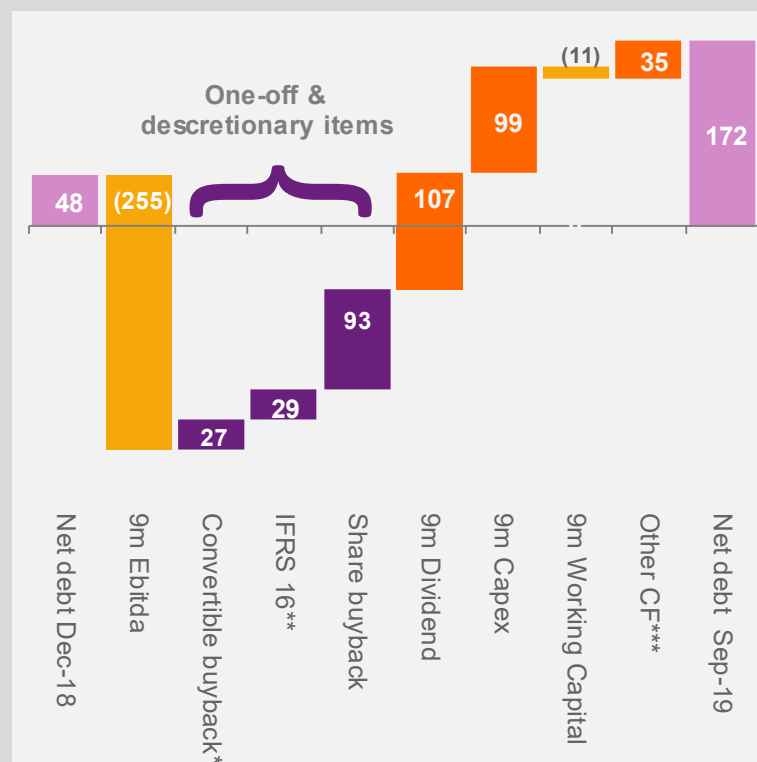


## Financial results

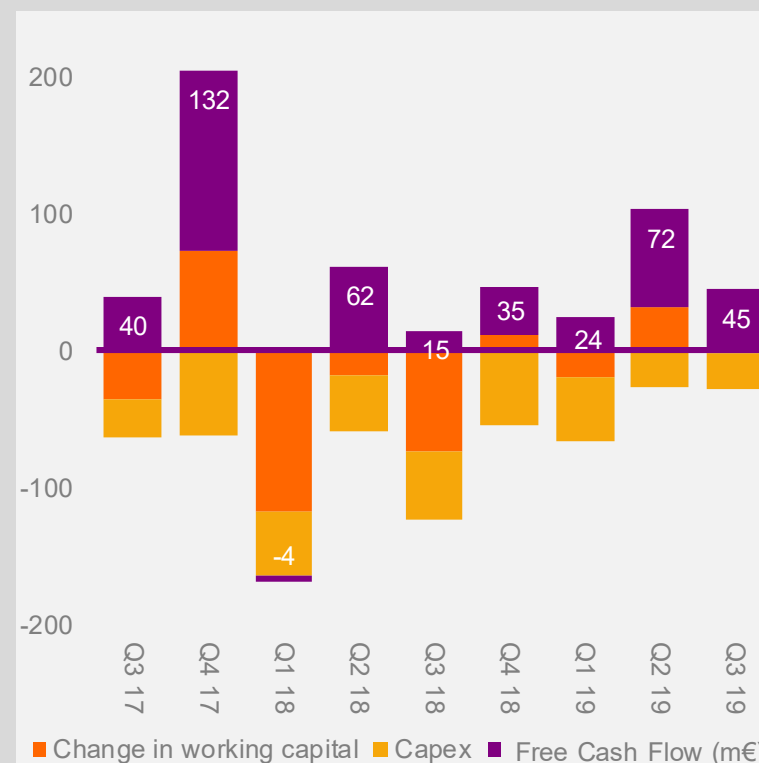
Q3 2019: Solid cash generation in seasonal trough quarter.  
Marginally lower net debt qoq despite higher nickel price



### Net financial debt increased YTD due to one-off items



### Good FCF due to high cash conversion



**Solid balance sheet and FCF generation that fully covers the dividend**

\* Of which EUR18m were non cash    \*\*non cash item

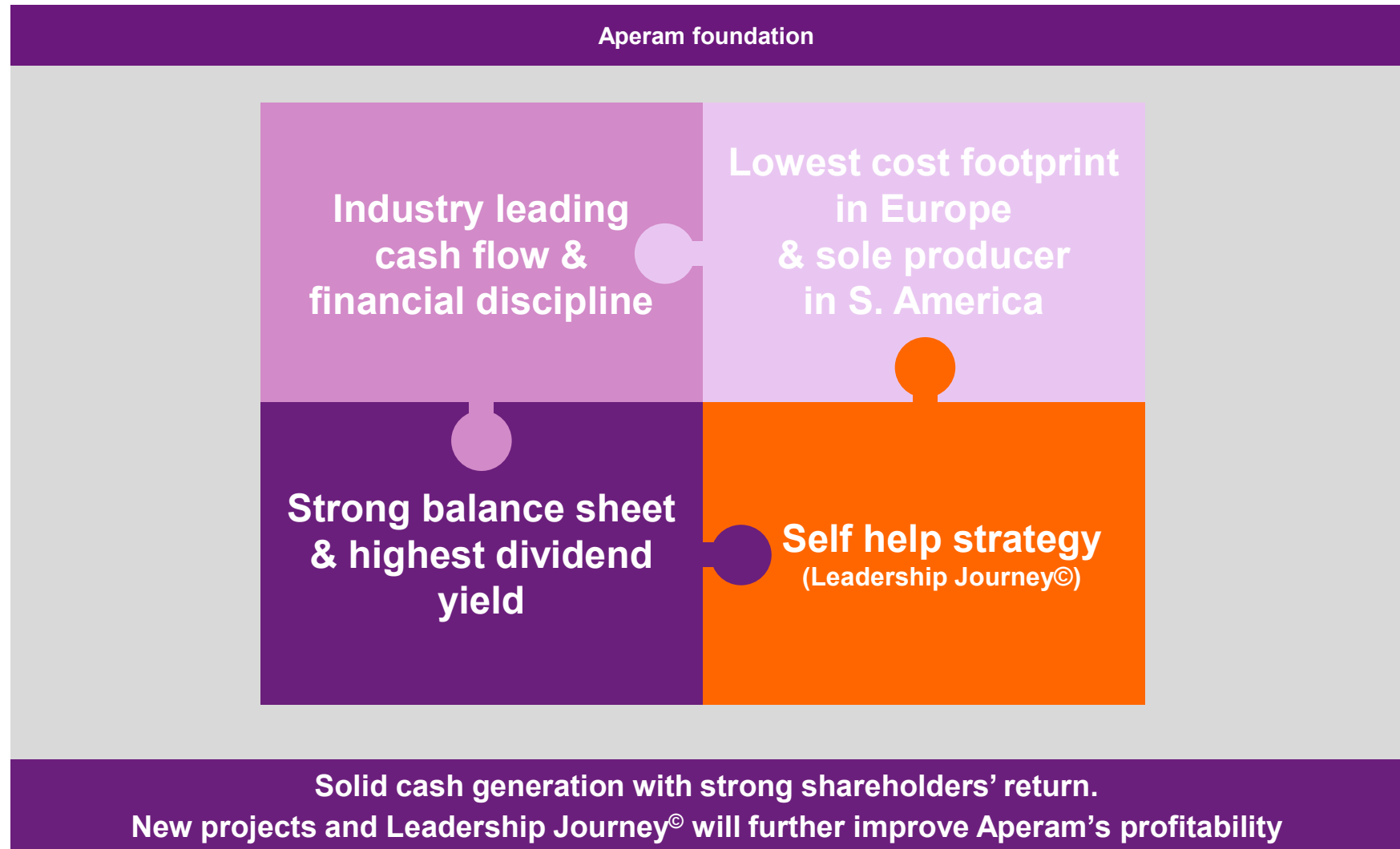
\*\*\* Includes interest, taxes and other items

# Value Strategy



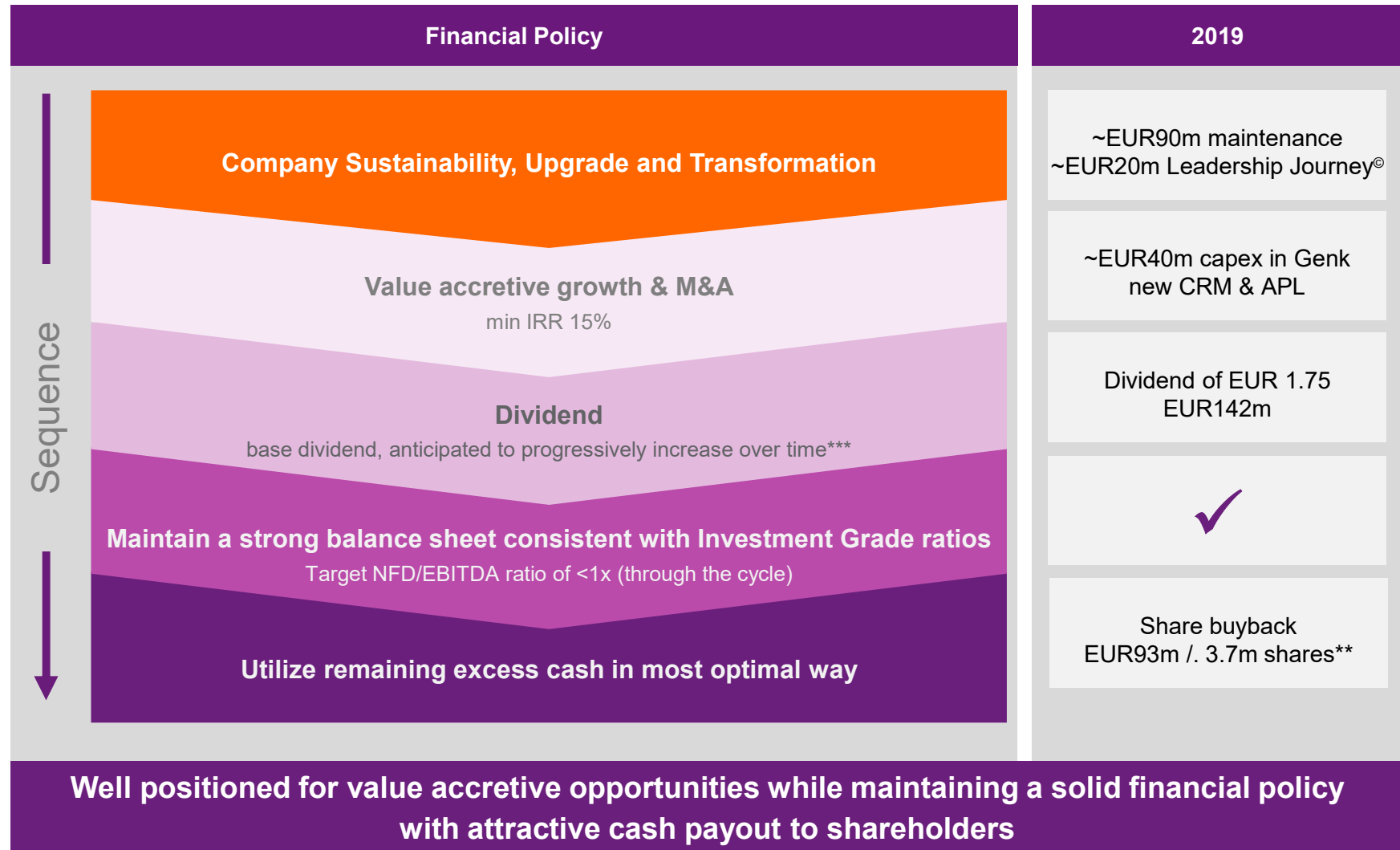
## Investment case & value strategy

**Guiding principle:** Being a sustainable safe and profitable company



## Investment case & value strategy

**Financial policy:** Strong balance sheet, investment in long term growth & sustainability and solid cash returns to shareholders



\*Base dividend review in the (unlikely) event that NFD/EBITDA exceeds 1x. \*\*completed in Q2-19

\*\*\*Aperam intends to maintain a total cash payout to shareholders between 50-100% of EPS.

## Investment case & value strategy

**Leadership Journey<sup>®</sup>** Self help has turned Aperam into a resilient, profitable and cash generative company

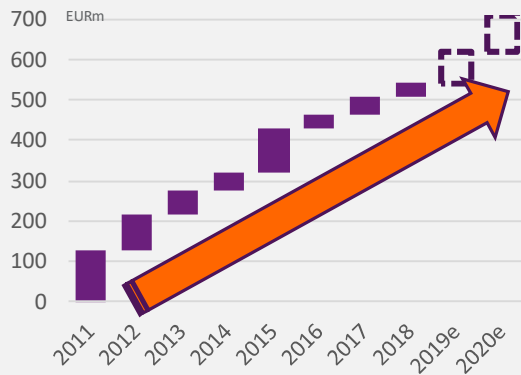


Phase 1 (USD350m):  
2011-13 Restructuring

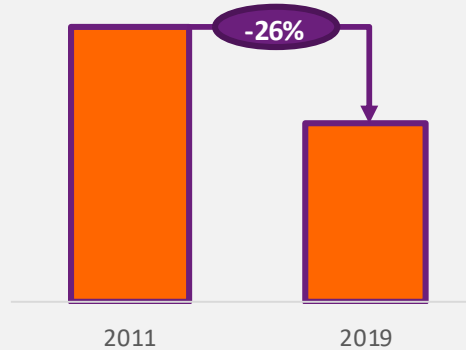
Phase 2 (USD225m):  
2014-17 Asset upgrade

Phase 3 (EUR200m):  
2018-20 Transformation

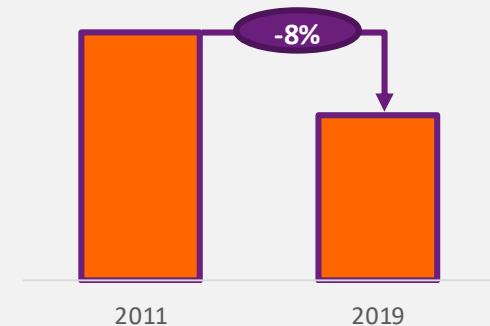
### Realized cost savings



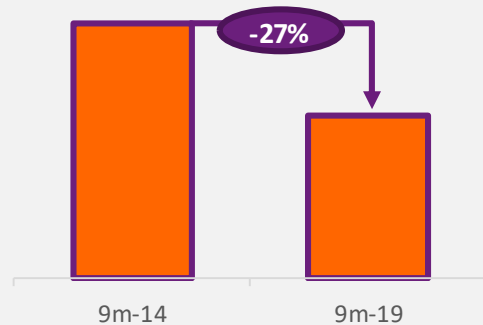
### Number of production lines



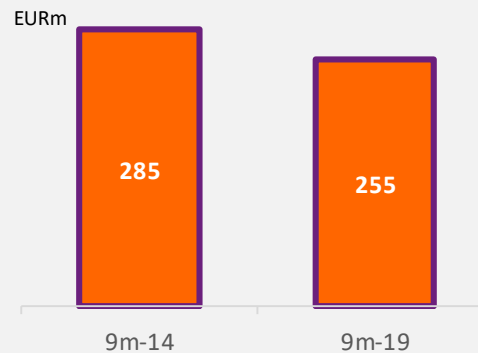
### Headcount



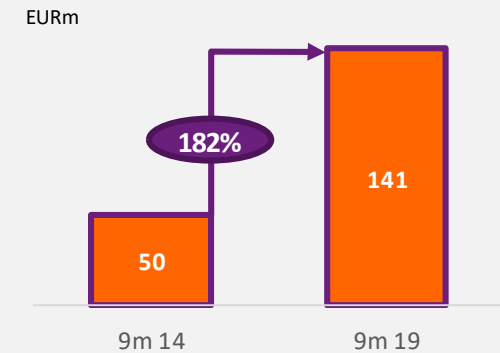
### Base price



### EBITDA



### Free cash flow



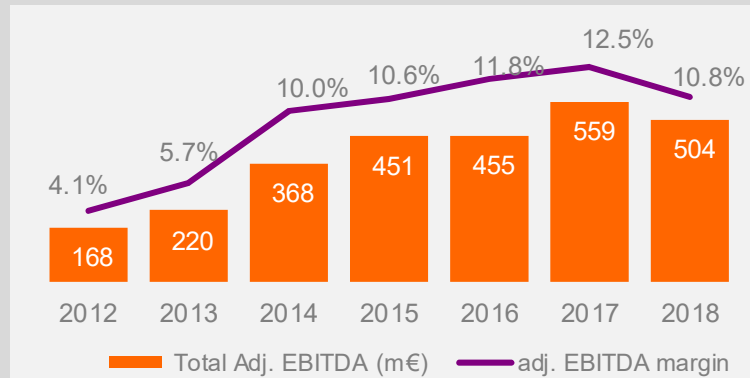
Source: CRU (base price), Aperam accounting data

## Investment case & value strategy

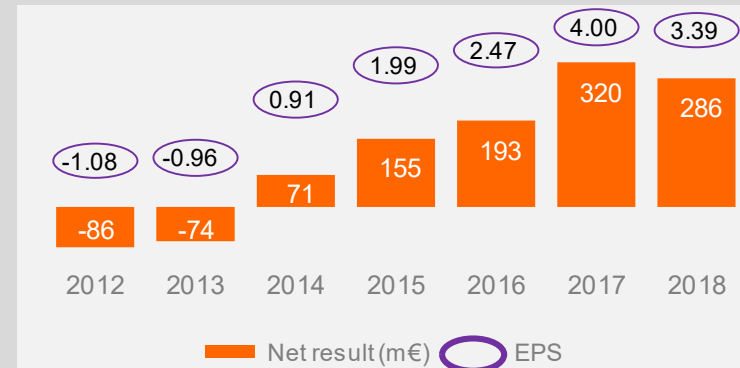
**Track record:** Aperam a solid performer even in challenging times



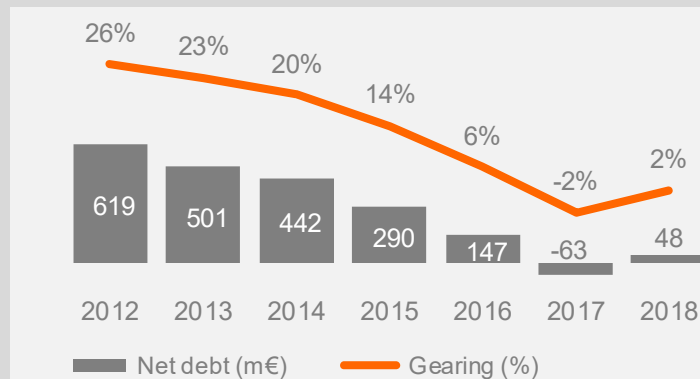
### Solid operating performance despite market headwind



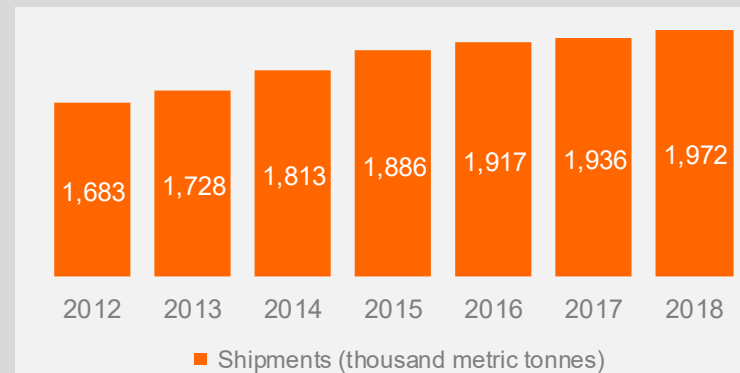
### From net loss to fast growing net income since 2013



### Strong balance sheet



### Attractive volume growth since 2012

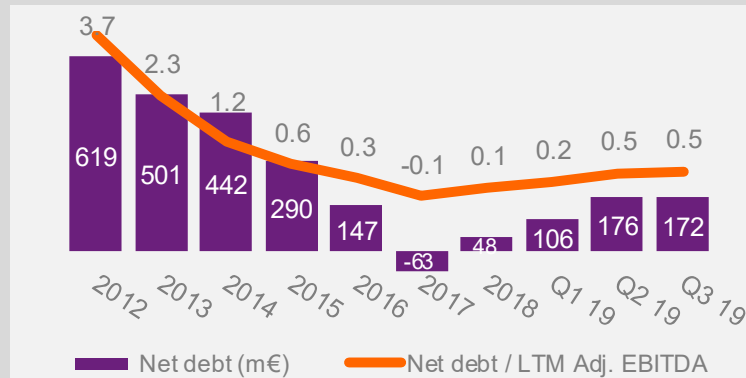


## Investment case & value strategy

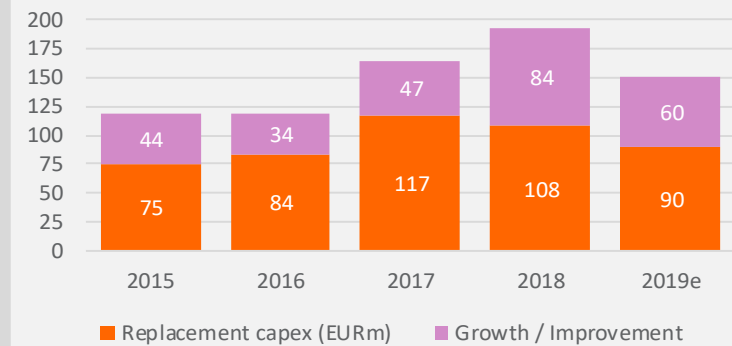
**Resilience:** Strong balance sheet, high liquidity and low maintenance capex



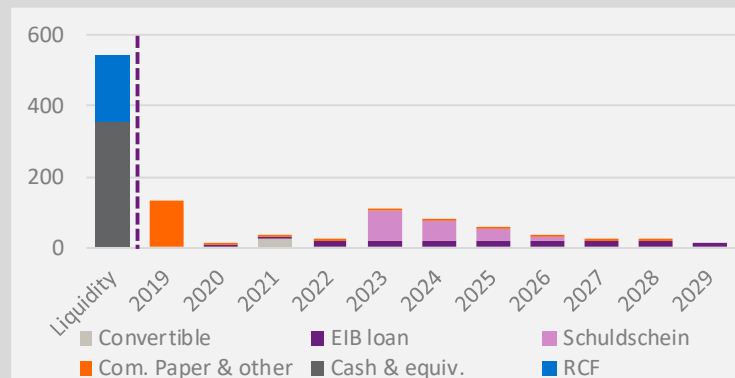
### A strong balance sheet for a volatile industry\*



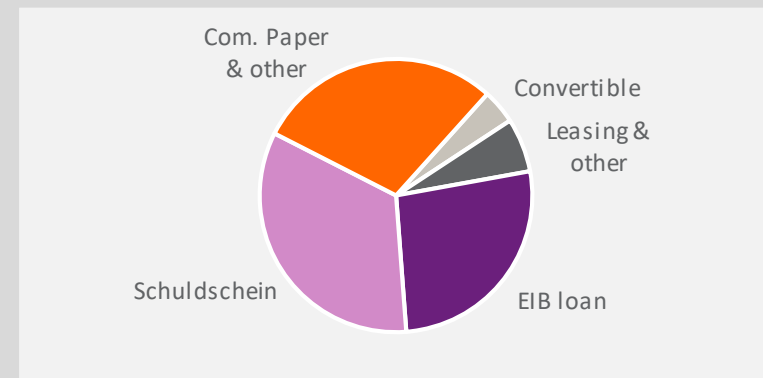
### Low maintenance capex + solid investment in growth improvement



### Balanced maturity profile



### Flexible mix and broad range of financing instruments<sup>2</sup>



\*Aperam intends to maintain a strong balance sheet that is consistent with investment grade ratios and contains no pledges of assets or earnings covenants

<sup>2</sup>Financing documentation is in line with investment grade standards and

## Investment case & value strategy

**Shareholder focus:** We care about investors and can support it due to a high & stable FCF

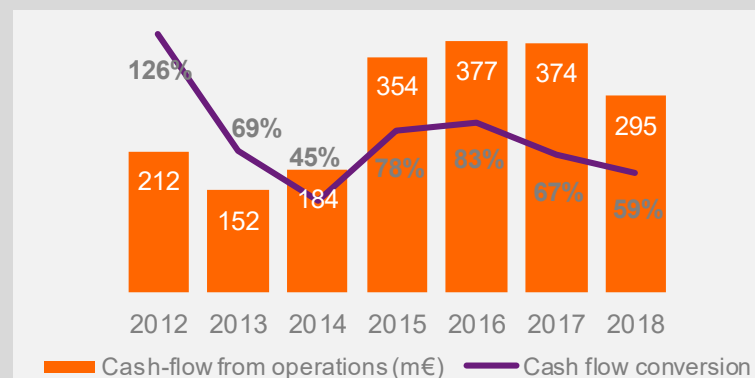


### Solid cash generation through the cycle

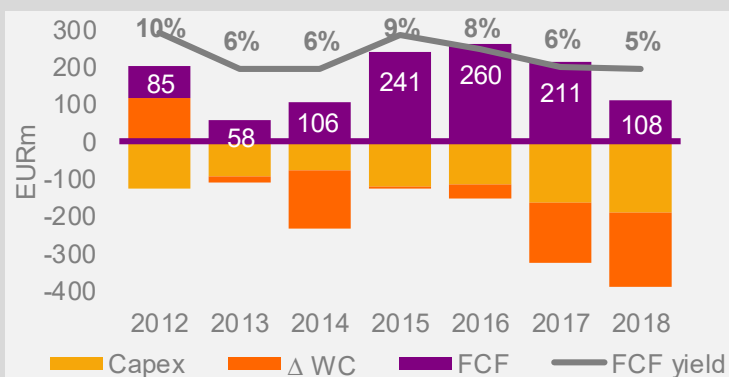
**High profitability**

**Low cash taxes\***

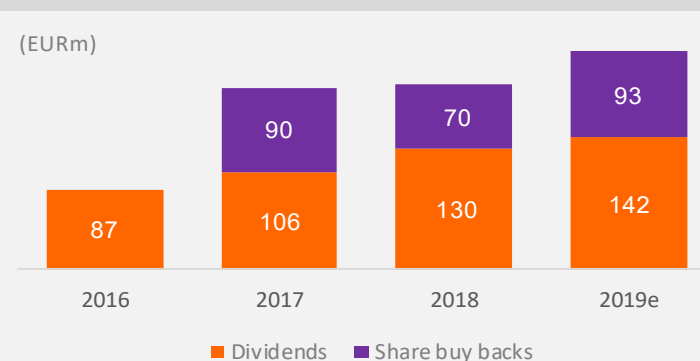
**Low cash interest payment**



### Solid average 7% free cash flow yield\*



### Best in class cash distribution to shareholders



\*at year end 2018 the recognized deferred tax asset amounted to EUR186m and the unrecognized deferred tax asset amounted to EUR365m

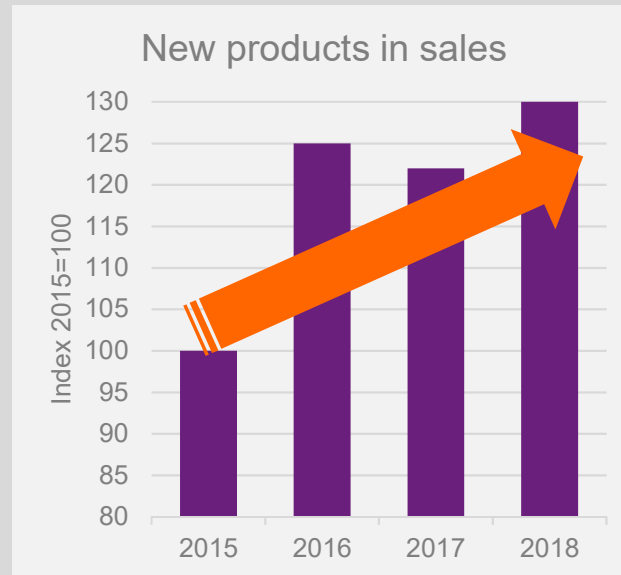


## Investment case & value strategy

### Portfolio improvement: Top line strategy



Constant innovation to shift portfolio into attractive growth / margin segments



### Guiding principle: strengthen product & service differentiation

- Increase competitiveness against other materials by improving existing solutions
- Innovate and apply existing solutions to new target markets
- Develop innovative new products
- Optimize product & customer mix
- Redefine distribution channels

● Aperam product areas (size indicates volumes)

## Investment case & value strategy

**ESG excellence:** Take a look at Aperam from an ESG perspective



**Our mission is to produce reliable, 100% recyclable, green stainless steel**

### Products

Non toxic, long lifespan and 100% indefinitely recyclable without loss of quality

### Climate change

We have the lowest CO<sub>2</sub> footprint in the stainless industry globally

### Environment

We are recycling champion and 33% of our energy intake is renewable

### Process

We have ambitious ESG targets and a convincing track record

### Social

We value our diverse workforce, invest in training & 86% rate us a good employer

### Governance

The majority of our board is independent

### Compliance

We have a robust compliance framework and a zero tolerance policy

**Please find our complete ESG presentation & report at: [www.aperam.com/sustainability](http://www.aperam.com/sustainability)**



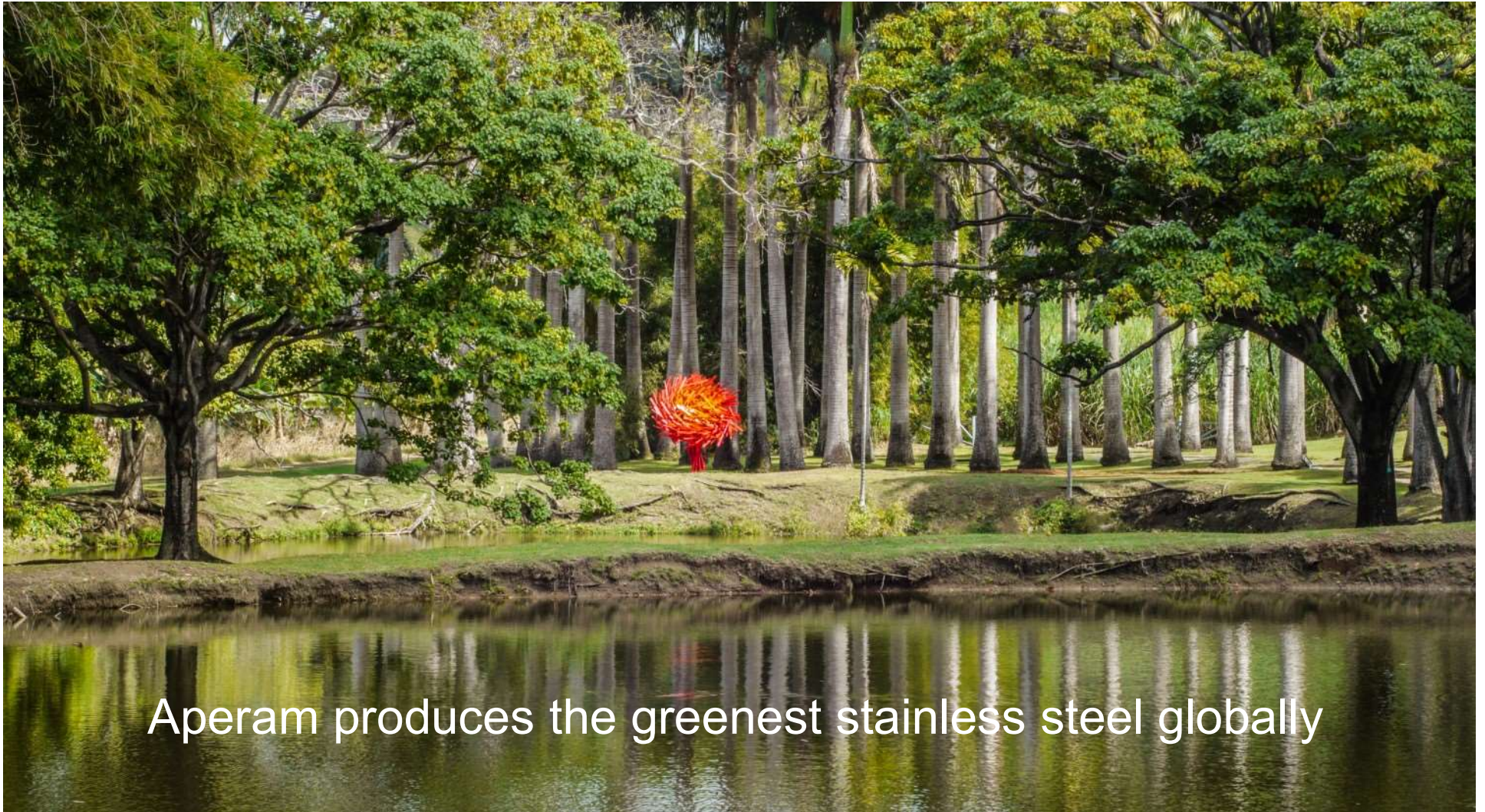
NORGES BANK  
INVESTMENT MANAGEMENT





# ESG

aperam



Aperam produces the greenest stainless steel globally

## ESG summary

ESG is core at Aperam and starts at the top



### We take E, S and G seriously

#### Governance & Stakeholders

- Our **high ethical standards** are reflected in our robust corporate governance and structured compliance program with a zero tolerance policy for non compliant behavior
- our **Board of directors** is composed of a majority of independent directors
- Board Committees are independent members only
- We aim to be a **partner of choice** for our customers and suppliers
- Our **Corporate Responsibility** is reflected by local programs and stakeholder engagement



#### Social

- Our people are colleagues with whom we share values and a common future
  - Their **safety** is our non-negotiable priority
  - Their **motivation** and creativity is our greatest asset
  - Their **development** is a key to our success.
- We promote **diversity**
- We believe in a positive dialogue and have collective labour agreements in place throughout Aperam

#### Environment

- As an energy-intensive industry, we consider environmental consciousness as a necessary prerequisite to our sustainable profitability
- Recycle: Our products are infinitely recyclable and our main input in Europe is recycled scrap
- We have an industry leading CO2 footprint with the greenest” stainless steel globally due to our FSC-certified forest in Brazil
- We have clear targets in place to improve our environmental performance



## ESG summary

Our products are environmentally friendly



Our mission is to produce reliable, 100% recyclable, green stainless steel

- Our stainless & alloy products are 100% recyclable - without any loss of quality
- Our products have a very long useful life – they support and enable a sustainable global development
- Our products are non toxic in production and usage
- We are the only stainless steel mill using 100% charcoal instead of coal based coke in our BF's
- Our European production is predominantly based on scrap recycling: >80% of raw material
- Our product is 'Green Steel' because it is produced from a clean and renewable energy source  
By doing so, we maintain a relationship of respect with the surrounding environment



Recycling



Mechanical  
properties



Resistance  
to fire



Corrosion  
resistance

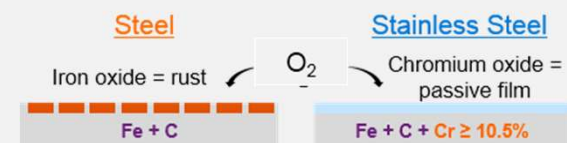


Cleanability



Aesthetics

Steel is an alloy of iron and carbon. Stainless steel additionally contains at least **10.5% chromium**. Stainless steels' corrosion resistance and mechanical properties can be further enhanced by adding other elements, (eg **nickel, molybdenum, titanium, niobium, manganese**, etc) and through mechanical & thermal treatment



## ESG summary

Aperam produces sustainably and responsibly



Our mission is to produce reliable, 100% recyclable, green stainless steel



Renewable energy

Recycling

In our **BioEnergia unit**, based in Brazil, we produce **charcoal** from our FSC-certified **sustainably cultivated eucalyptus forests in Minas Gerais**

Charcoal is used in our steel-making process as a natural and renewable substitute for fossil fuels (coke). We managed to eradicate entirely the use of coal based coke in our blast furnaces which gives us a sector leading CO2 footprint

In Europe, our main input is recycled scrap (>80%). We truly believe in and work to promote the circular economy

We are true promoters of the circular economy, with a 100%-owned Recyco unit dedicated to the recycling of melting shop dust and sludges in Europe

Best practice forest management, recognized by the Forest Stewardship Council's (FSC®) certification, which standards and principles conciliate ecological protection (flora and fauna, but also water reserves) with social benefits and economic feasibility. Our forests are made of selected cloned saplings which are considered among the best on the market 30 and they are separated by firewalls and strips of natural vegetation to take into account both fire-prevention, biodiversity preservation and local development (beekeeping).

## ESG summary

### Aperam supports the United Nations' Sustainable Development Goals



#### We take broad responsibility: our Products and Environmental and Social action



Health & Safety is Aperam's primary concern and the priority in all our proceedings



Gender balance is ranked highly on our priority list as from 2017 and has received a special commitment from management, who decided to set up specific objectives for creating more gender balance in our workforce



In our forestry, located on hydric-stressed areas like our other plants, lowering water consumption and improving the quality of discharge are key elements of our environmental strategy



More than 30% of Aperam's energy comes from renewables as biomass (charcoal) and, via pilot projects, wind and solar



Research & Development and innovation are top priorities for Aperam. We also help our customers adapt their own processes (welding, stamping, etc.) to make the most of their tools



Aperam is committed to a sustainable cohabitation with our neighbouring communities, allowing host cities to thrive and addressing inhabitants' legitimate requests



Aperam is a recycling champion: We use the maximum amount of recycled material (not only scrap) in our production and also take good care to leverage wastes and by-products in line with our zero-waste target



Our BioEnergia cultivated forest produces charcoal which prevents use of met coal & coke and acts as a FSC certified carbon sink. Our plants are constantly reducing their energy consumption and participate in our climate action plan





Ethics are a key component to Aperam's values. We comply with all applicable regulations, interact transparently with authorities and support the fight against corruption, money laundering and anti-competitive practices - among others

## ESG summary

**Social:** Our people are our asset



Criteria	2020 Target	Aperam 2018 status	Steel industry 2017*
Lost-time injury frequency rate	<1	1.43 	2.93
Employee satisfaction <sup>1</sup>	N/A	86% 	78%
Diversity	Increase	Women 12% of staff 20% of exempts	
Training hours/FTE	Increase	34	
Absenteeism	2.0	2.29	

**At Aperam, safety always comes first. We rely on our people to transform our company from a traditional industry into a connected, agile and innovative organisation**

\* Heavy manufacturing, Worldsteel



## ESG summary

**Environment:** A best in class footprint<sup>2</sup>



Criteria	Target**	Aperam 2018 status	Steel industry 2017
Energy intensity	12.2 GJ/t    -10% vs 2012	12.5 GJ/t    -8%	
CO2 intensity*	0.49 t/t    -35% vs 2008	0.49 t/t    -35%	0.95 t/t <sup>2</sup>
Water consumption	5.6 m <sup>3</sup> /t    -43% vs 2015	9.9 m <sup>3</sup> /t    -1%	
Dust intensity	70 g/t    -20% vs 2018	89 g/t    -63%	
Zero Waste target	100% reused, recycled or stored	93.3%	

**We aim to exceed environmental legislation and are committed to continuous improvement**

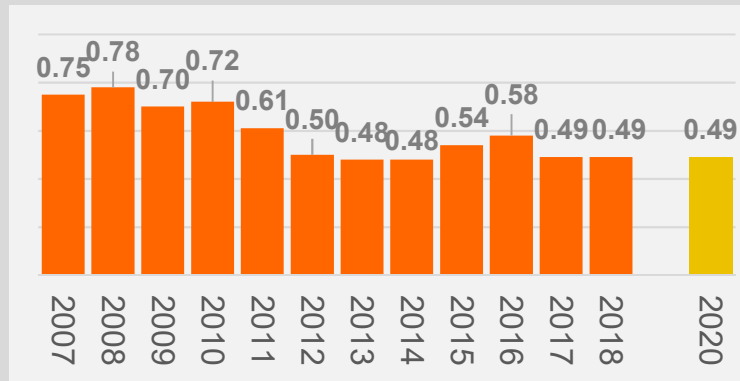
\*Scope 1+2. An internal CO<sub>2</sub> price of €30/t is applied to all investments. We review and adjust this if necessary to maintain the incentive for CO<sub>2</sub> savings \*\*2030 targets for dust emissions and water consumption, 2020 CO<sub>2</sub> target and energy intensity target. 2030 targets are currently in preparation <sup>2</sup>per ton of slab

## ESG summary

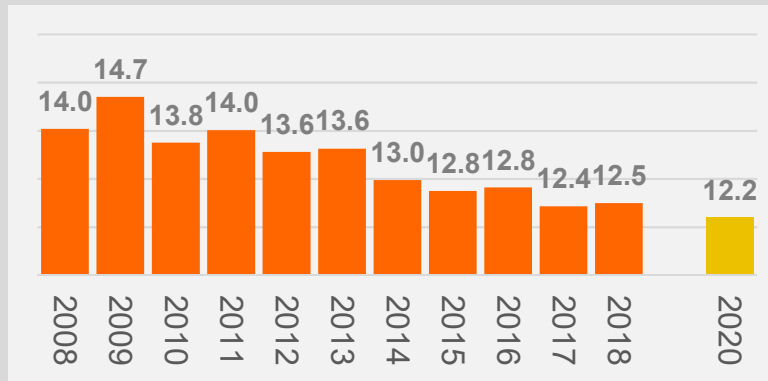
**Environment:** Aperam has a convincing environmental track record and clear improvement targets\*



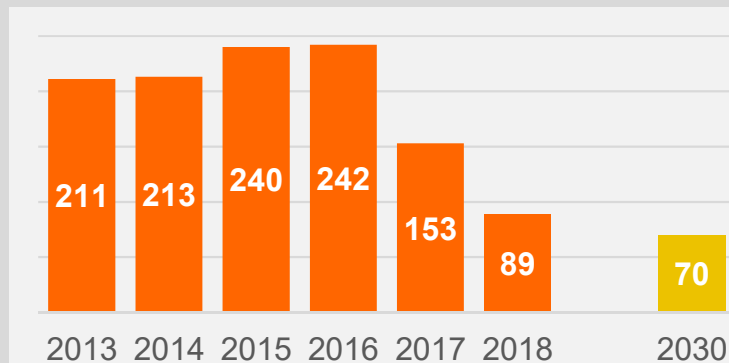
CO2 emissions (t/t crude steel)\*\*



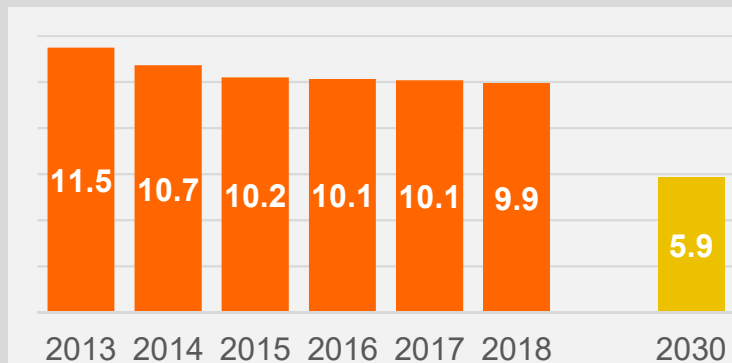
Energy consumption (GJ/t crude steel)



Dust emissions (g/t crude steel)



Water intake (m³/t)



target ●

Actual ●

\*2030 targets for Co2 and energy consumption are finalized at the moment

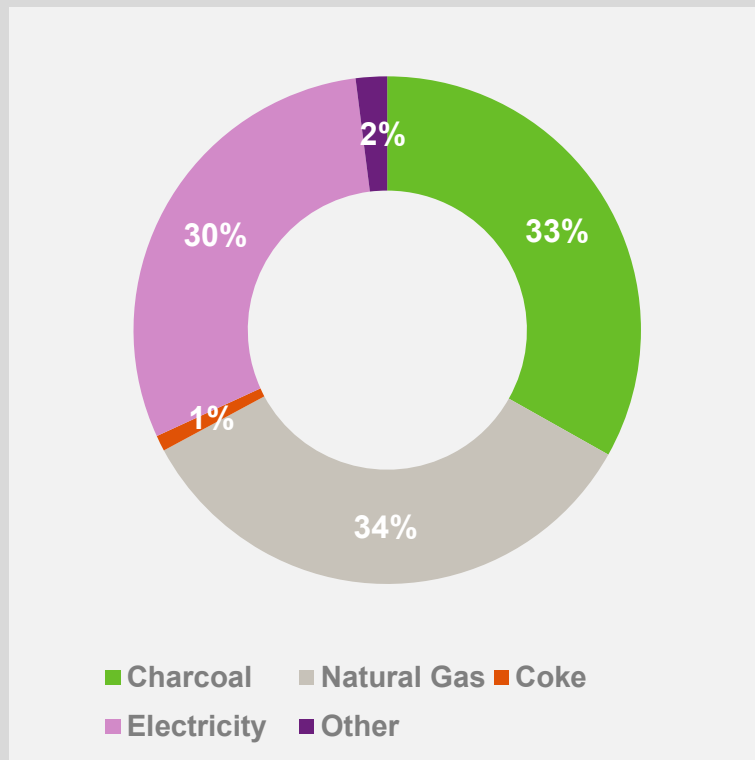
\*\*scope 1 & 2

## ESG summary

**Environment:** Bio Energia & recycling give Aperam a best in class climate change footprint

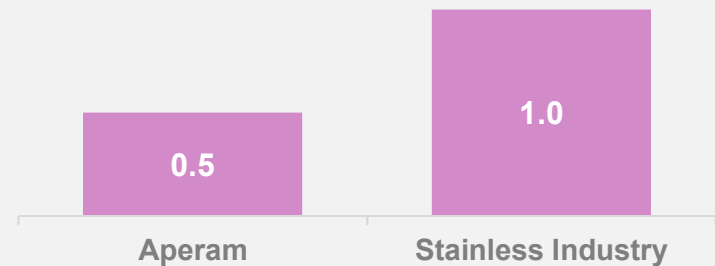


Aperam energy mix 2018

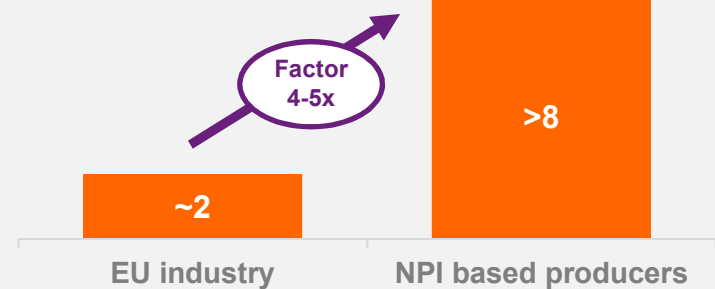


Aperam's has the smallest CO<sub>2</sub> footprint in the industry

CO<sub>2</sub> t/t scope 1+2



CO<sub>2</sub> t/t scope 1+2+3



**Our sustainably cultivated forest in Brazil is a unique asset**

Source: Aperam estimates & calculation, ISSF data, CRU

\*Data is for austenitic HR steel

## ESG summary

### Governance: Our leadership team



#### Key facts & compensation

- Entrusted with day-to-day management of the Company
- Appointed by the Board of Directors
- Experience and industry know how
- Average age: 48 / 6 Nationalities
- CEO: responsible for Aperam's sustainability performance and compliance
- CHRO, Head of Communication and Sustainability
- Compensation aligned with long term interest of the Company and its stakeholders
  - ✓ Multiplier for performance related bonus includes H&S factors (1 year plan)
  - ✓ Long term incentive plans based on EPS and TSR evolution (3 year plan) vs relevant peers and index

#### A diverse & experienced team



**Aperam benefits from the experience and industry know-how of its Leadership Team**

## ESG summary

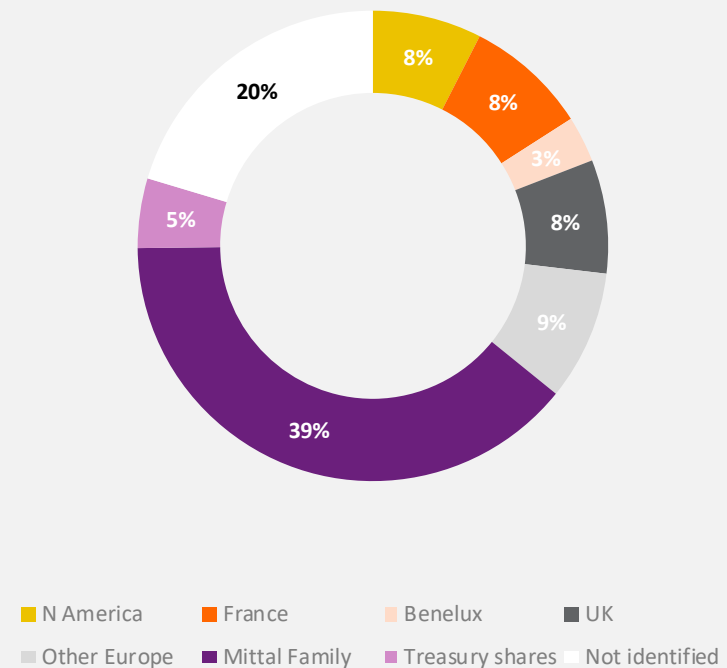
### Governance: Board of directors and shareholder structure



#### Principles of our board

- Responsible for strategic direction and oversight of the business, as well as for appointing senior management
- Election subject to shareholder approval. Directors are elected for 3 year terms
- Chairman: Mr. Lakshmi N. Mittal
- Lead Independent Director: Mr. Romain Bausch
- 7 members with a majority of independent directors (4 independent directors out of 7)
- 2 Board Committees composed of 100% of independent directors and reporting to the Board of Directors:
  - Audit and Risk Management Committee covering also ESG matters ; Chair: Ms. Bernadette Baudier\*
  - Remuneration, Nomination and Corporate Governance Committee ; Chair: Mr. Romain Bausch

#### Shareholder structure



**Diverse skills, backgrounds, knowledge, experience, geographic locations, nationalities and gender are reflected on our board and ensure effective governance**

Source: IPREO, Bloomberg October 2019

\*Mrs Laurence Mullier until 1 August 2019

# Business overview








# **Group segments & corporate structure**

## Business overview

### Group: Segments & corporate structure\*



Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties
<b>2.5mt</b> production capacity <b>1.9mt</b> of gross shipments <b>83%</b> of group EBITDA	<b>819kt</b> of gross shipments <b>8%</b> of group EBITDA	<b>40 kt</b> production capacity <b>36kt</b> of gross shipments <b>9%</b> of group EBITDA
<p>One of the largest global producers of stainless steel**</p> <p><b>Europe:</b>                      2 Electric Arc Furnaces use scrap as major input material                      Stainless steel flat product output</p> <p><b>South America:</b>                      2 blast furnace use iron ore and charcoal produced from own forests                      2 EAF use recycled scrap                      Stainless flat products &amp; electrical steel</p>	<p>Aperam sells and distributes its products through the S&amp;S segment, which provides value added and customized steel solutions through further processing to meet specific customer requirements. S&amp;S core activities:</p> <ul style="list-style-type: none"> <li>• <b>direct sale</b> of Aperam products to end users</li> <li>• <b>distribution</b> of Aperam and third party material</li> <li>• <b>transformation</b> services, according to specific customer requirements</li> </ul>	<p><b>Fourth</b> largest producer of nickel alloys globally</p> <p>Aperam specializes in nickel alloys and specific stainless steels</p> <p>Our products take the form of bars, semis, cold-rolled strips, wire and wire rods, and plates, and are offered in a wide range of grades</p> <p>High value items that are often sold on a kg basis</p>
		
<b>Aperam covers the complete stainless value chain with industry leading assets in Europe and Brazil</b>		

\*gross shipments and EBITDA are before eliminations

\*\* By production capacity









## Business overview

### Group: Segments & corporate structure II

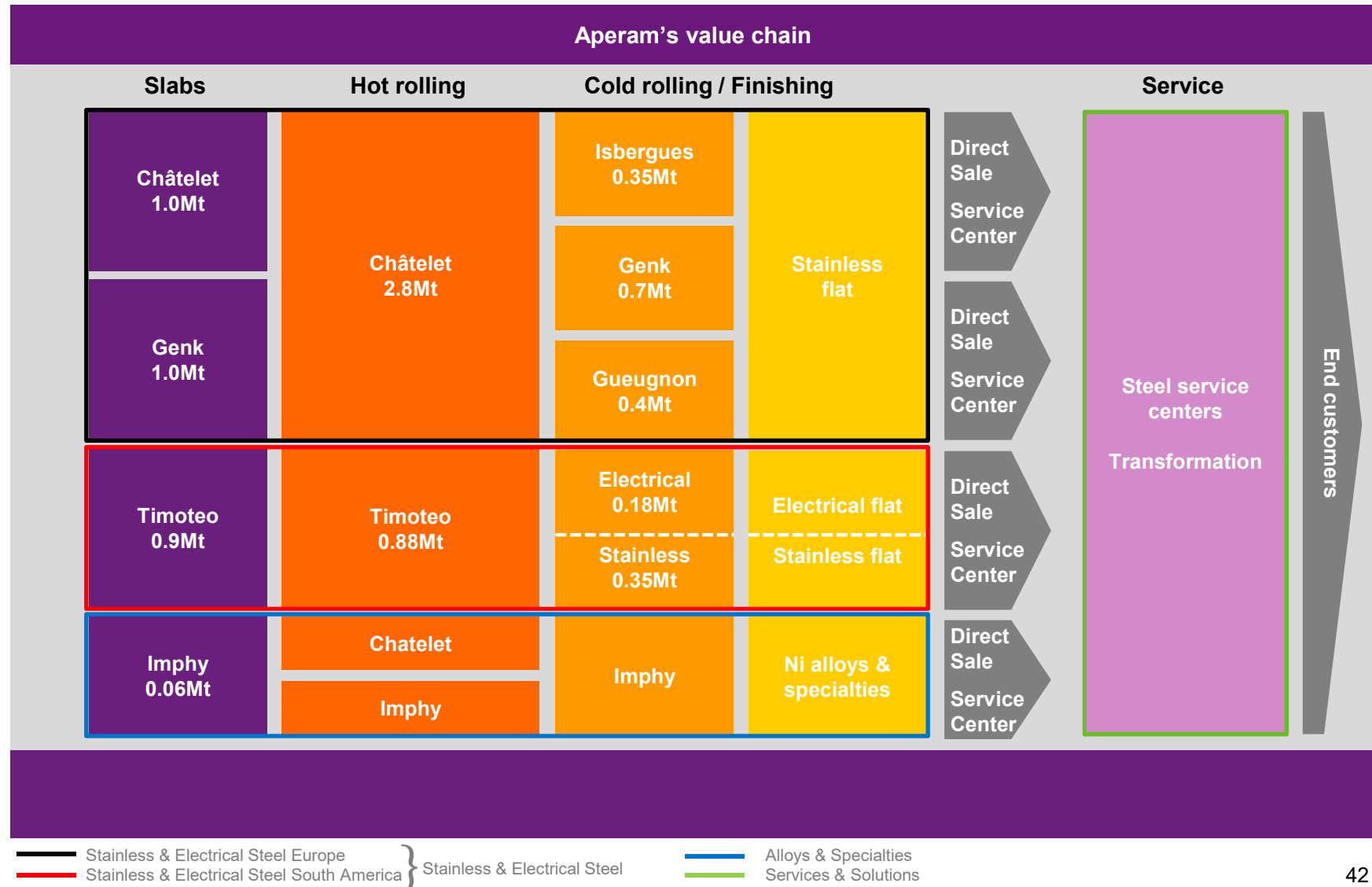


#### Production assets in Europe and South America

Châtelet, Belgium	Genk, Belgium	Gueugnon, France	Isbergues, France	Timóteo, Brazil	Imphy, France
					
<b>Location &amp; facts</b> Melt shop Hot rolling mill	<b>Location &amp; facts</b> Melt shop Finishing	<b>Location &amp; facts</b> Cold-rolling mill Finishing	<b>Location &amp; facts</b> Cold-rolling mill Finishing	<b>Location &amp; facts</b> Melt shop Finishing	<b>Location &amp; facts</b> Melt shop Finishing
<b>Capacity</b> Slabs 1,000 kt HSM 2,800 kt	<b>Capacity</b> Slabs 1,000 kt 2 m wide capacity 316 and duplex grades Cold-rolling 700 kt	<b>Capacity</b> Finished 400 kt Specialized in Bright Annealing (BA) products and stabilized ferritics.	<b>Capacity</b> Finished 350 kt LC2i: integrated line	<b>Capacity*</b> Slabs 900kt Stainless finished 350kt Electrical CR: Grain oriented 60kt Non GO 170kt SP Carbon 200kt <small>*some lines are flexibly used for different products</small>	<b>Capacity</b> EAF 60kt 1 VIM, 2 VAR, Rotary continuous Caster for long products Wire hot rolling mill: 40kt 6 Cold rolling mills

## Business overview

### Group: Segments & corporate structure III

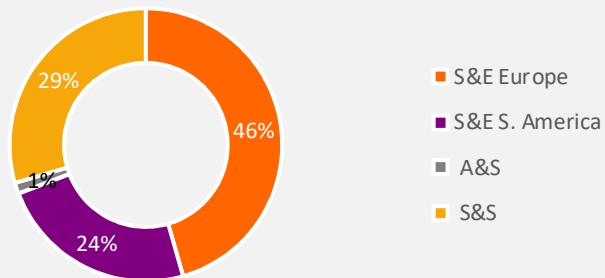


## Business overview

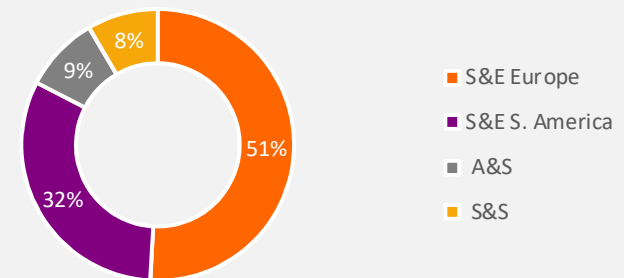
**Group:** A balanced risk profile and customer structure



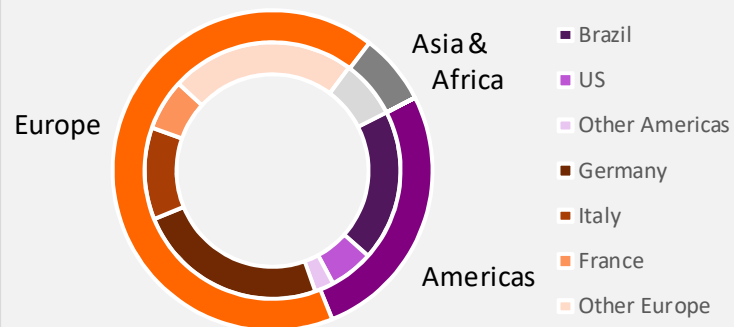
Shipment split by segment 2018\*



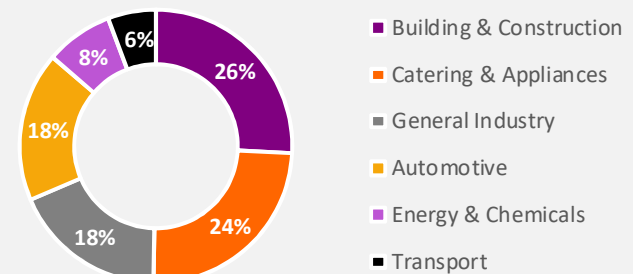
EBITDA contribution by segment 2018\*



Revenue by region 2018



Revenue by customer industry



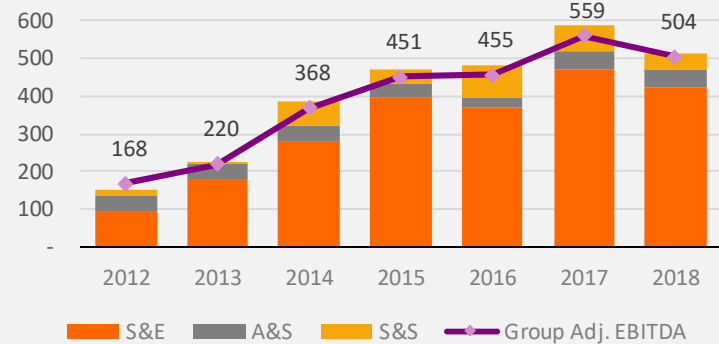
\* Calculated on segmental data before eliminations

## Business overview

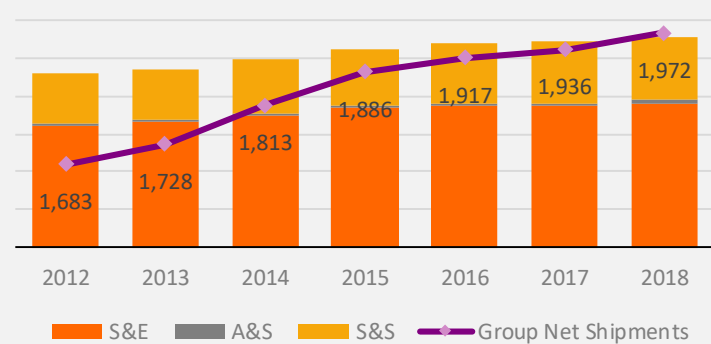
**Group:** Substantial improvement in KPIs over time as self-help supports earnings



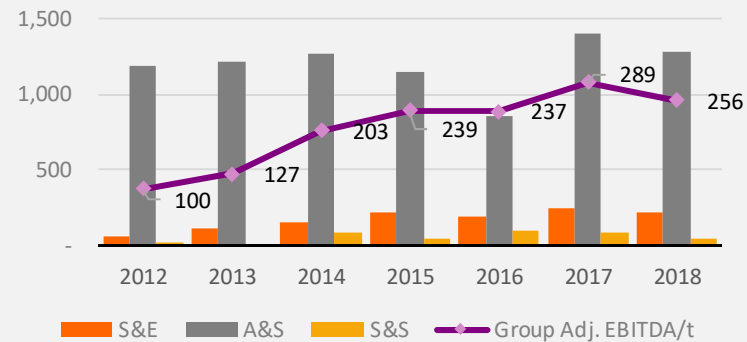
EBITDA by segment (EURm)



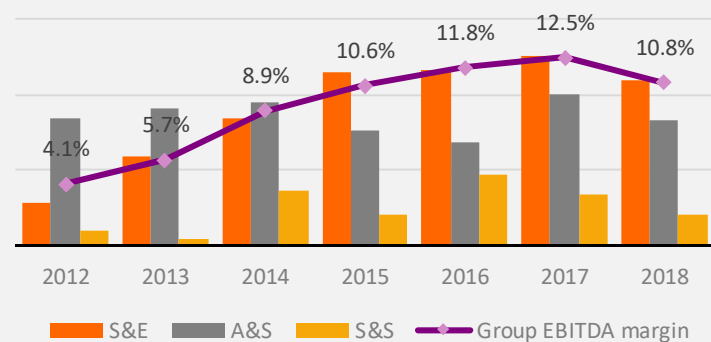
Shipment by segment (kt)



EBITDA/t (EUR)



EBITDA margin





# **Stainless & Electrical Steel**

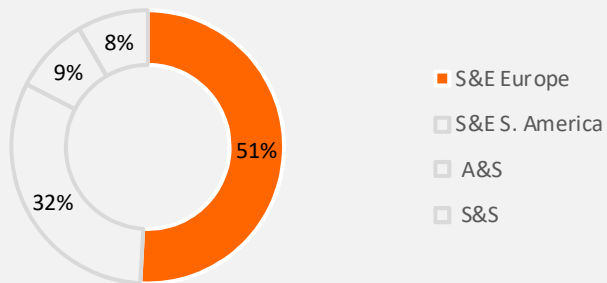
## **Europe**

## Business overview

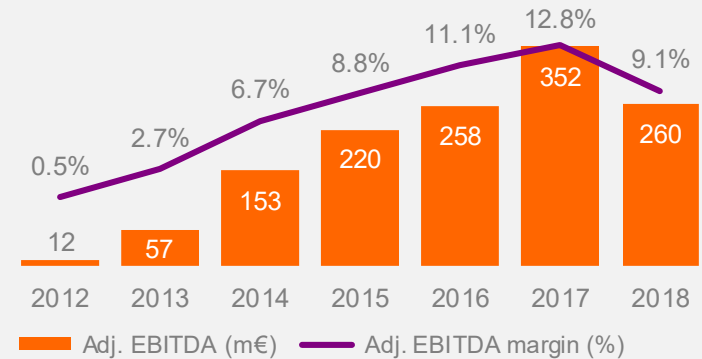
**S&E Steel Europe:** Self-help measures yield a robust operational performance



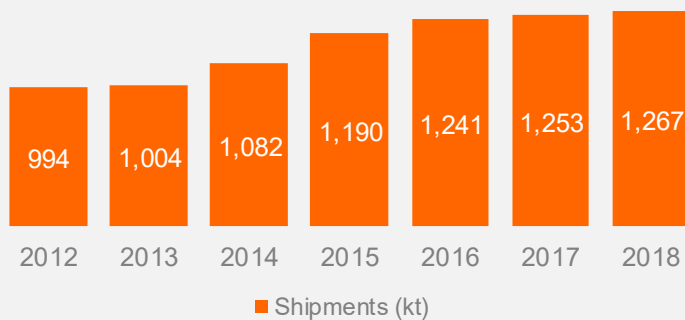
### Major EBITDA contributor 2018



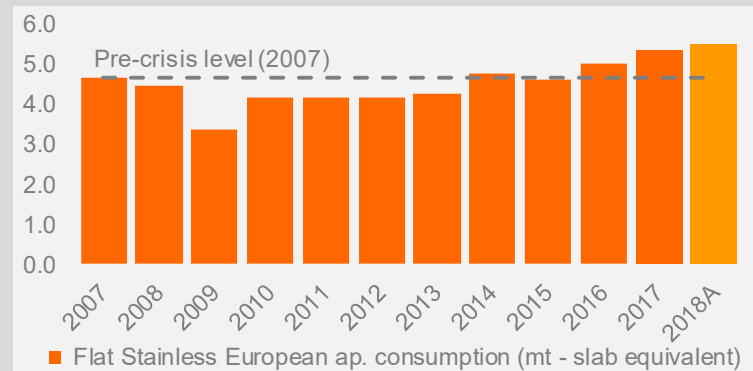
### Robust profitability capitalizing on restructuring



### European shipments grew by more than 3% pa



### European stainless steel demand has recovered

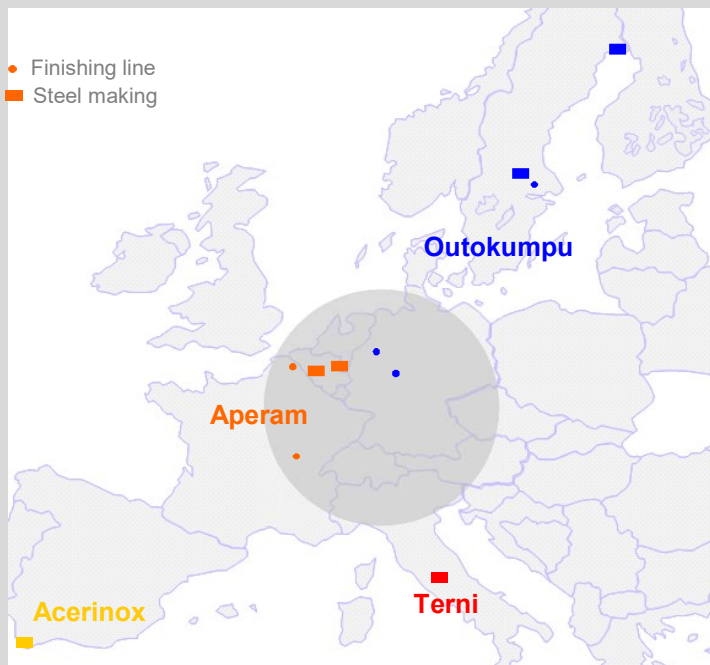


## Business overview

### S&E Steel Europe: Leverage Aperam's unique position



#### European stainless steel industrial footprint



#### Aperam key competitive advantage

##### Sourcing

- The only integrated upstream operations in the heart of Europe
- Superior access to scrap supply

##### Logistics

- Best location to serve the biggest consumption areas of Europe
- Efficient logistics between sites results in industry leading working capital management

##### Production

- Full range of products with flexible capacity
- Increase scrap recycling to minimize environmental impact
- Aim to become cost leader in the key products

**Closest location to major scrap generating regions as well as major stainless consumers in Europe**



## Business overview

### S&E Steel Europe: European Union measures against unfair trade

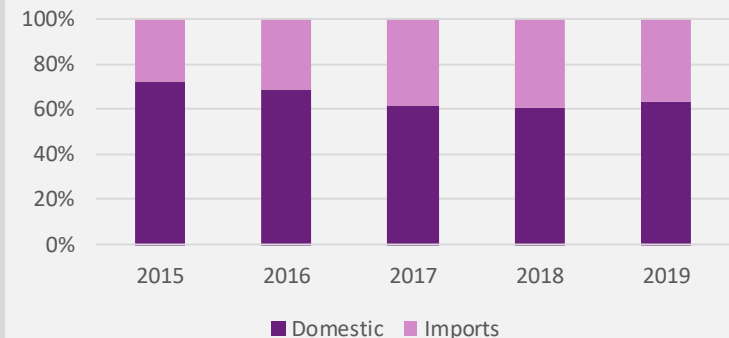


#### Definitive safeguards run from 2 Feb 2019 – 30 June 2021

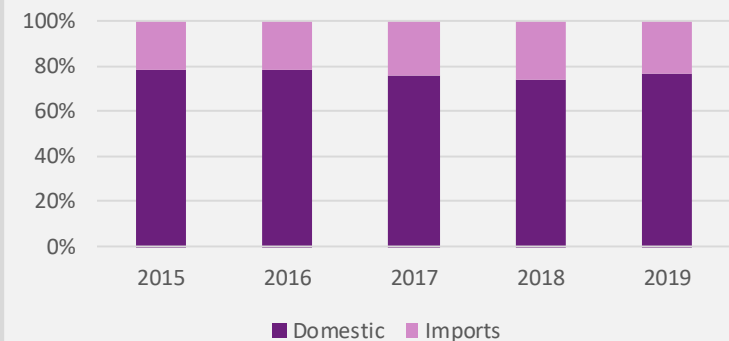
<b>Quota</b>	Avg. 2015 - 2017 import level Growing by 3% pa
<b>Country quota<sup>1</sup></b>	Country based quota is allocated yearly Taps residual quota in Q4 if country quota is filled
<b>Residual quota<sup>2</sup></b>	Allocated quarterly / unused portion is transferred to next quarter
<b>Tariff</b>	25% for volumes above the quota
<b>Exemption</b>	Certain developing countries remain exempt (eg S. Africa). Indonesia included from 1.10.2019

- ✚ Country based and quarterly quota
- ✚ 25% deposit when quota is at 90%
- ✚ EU Commission reacts to new data: Inclusion of Thailand and Indonesia
- ✚ Revised safeguard came into effect on 1 October 2019
- ✚ Anti-dumping duty of 25.3% on SSCR imports from China, and 6.8% on Taiwan remain in place<sup>3</sup>

#### EU hot rolled import / domestic split



#### EU cold rolled import / domestic split



**The safeguard measures and anti-dumping duties demonstrate that the EU fights against unfair trade behavior and reacts to significant changes in import flow**

Source: Eurofer, Aperam

<sup>1</sup> SS Hot Rolled : China, S. Korea, Taiwan, USA

SS CR: S. Korea, Taiwan, India, USA, Turkey, Malaysia, Vietnam

<sup>2</sup> all other countries if not exempt

<sup>3</sup> since 2015



# **Stainless & Electrical Steel**

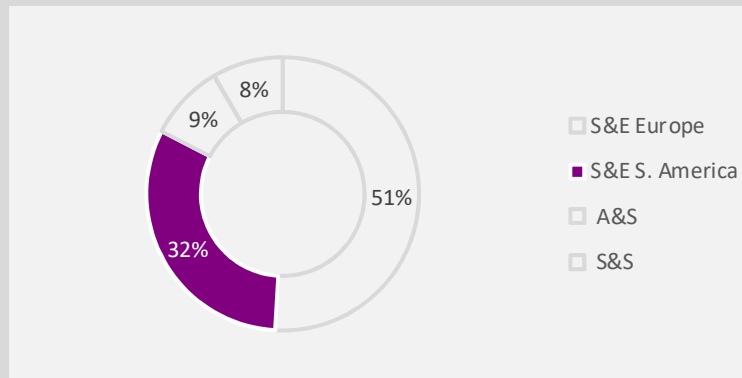
## **South America**

## Business overview

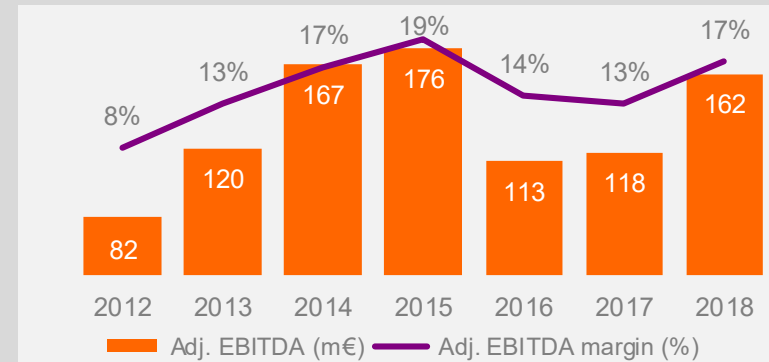
**S&E Steel South America:** A flexible, agile and highly profitable asset



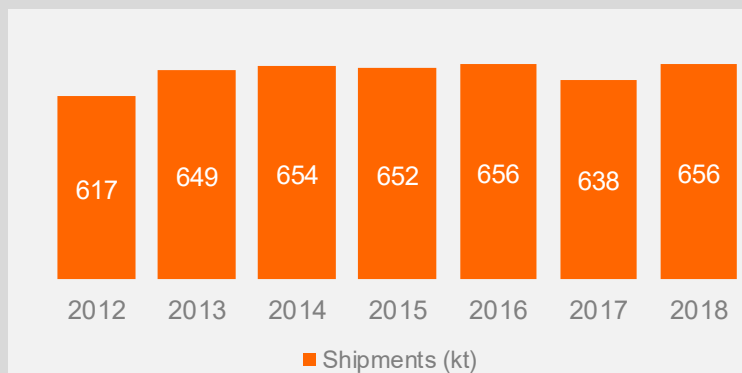
### A significant EBITDA contributor 2018 despite demanding conditions



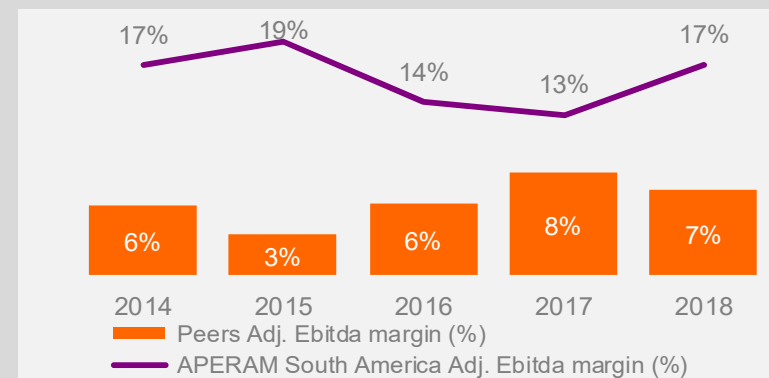
### Earnings recovered post the recession



### Stable shipments due to mix of domestic and exports



### S. America EBITDA margin consistently above peers



## Business overview

**S&E Steel South America:** Our Brazil asset is unique – the only stainless steel producer in South America



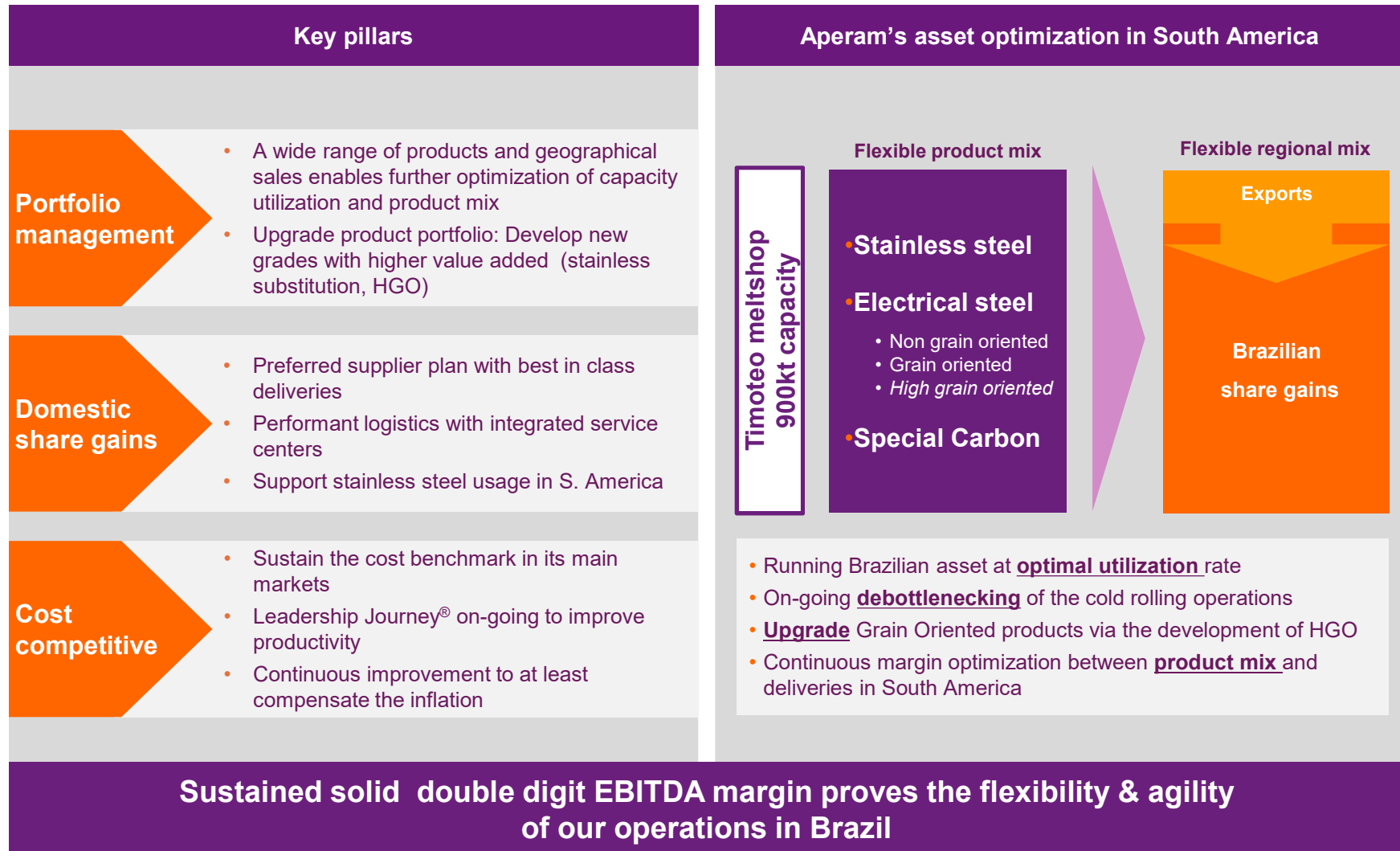
Aperam South America footprint	Upstream integration
	<p><b>Bio Energia</b></p> <p>Cost competitive &amp; environmentally friendly charcoal from own cultivated forests is used to heat the blast furnace</p>
	<p><b>Range of products</b></p> <p><b>Stainless Steel</b></p> <p>A complete range of stainless steel grades (austenitics, ferritics, duplex, martensitics)</p>
	<p><b>Grain oriented electrical steel</b></p> <p>Grain oriented electric steel* for use eg in stationary machines eg transformers</p>
	<p><b>Non grain oriented electrical steel</b></p> <p>Non-grain oriented electric steel** for use in electric motors and generators</p>
	<p><b>Special carbon steel</b></p> <p>Alloyed, high, medium &amp; other special carbon steel are completing product portfolio</p>
<p><b>The sole flat stainless steel producer in South America with a complete range of products, and a flexible production set-up</b></p>	

\*Grain oriented steel (GO & HGO) has the magnetic properties optimized in one direction during hot rolling.

\*\*Non-grain oriented steel (NGO) has identical magnetic properties in all directions

## Business overview

**S&E Steel South America:** Brazil can switch flexibly between products and markets to maximize profitability

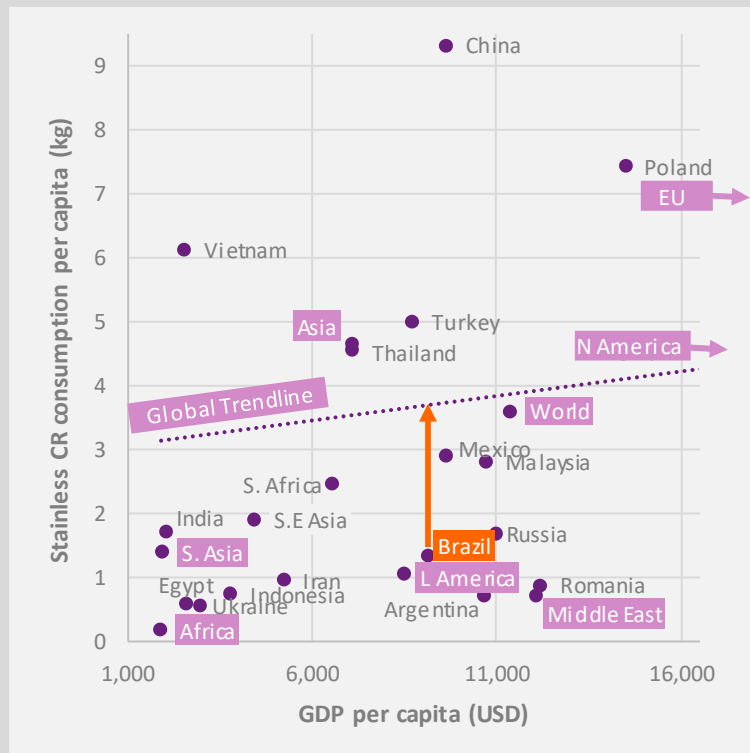


## Business overview

**S&E Steel South America:** Brazil offers ample opportunity for both cyclical and structural growth



### Brazil consumes substantially below the global trendline



### Brazil opportunities

- ✓ **Short term:** reviving the normal investment cycle in the economy. Large scale infrastructure & energy projects have been missing
- ✓ **Medium term:** Tax reform, followed by a change of import duties. Reforms that put our customers in a position to compete on a global level will drive volume and yield a positive mix effect
- ✓ **Long term:** Higher standard of living will drive stainless steel consumption. Currently Brazil at 1.4kg / capita vs China >9kg/capita and a GDP implied consumption of >3.5kg/capita

### Examples of stainless steel solutions in the Agrobusiness:



Equipment for the transport and sterilization of Palm fruits



Equipment for washing gases from biomass burning



Slats of metallic conveyor belt for the transport of sugarcane

#### Largest global producer of:

- Coffee
- Orange
- Sugarcane and sugar

#### Largest global exporter of:

- Meat
- Poultry
- Sugar
- Ethanol

**Brazil has tremendous potential for volume & mix improvement**

## Business overview

### S&E Steel South America: Brazilian protections against unfair market behaviour



Type of products	Import duties status	Anti-dumping status
<b>Stainless Steel Flat Products</b>	✓ Normal import duties are 14%	<ul style="list-style-type: none"> <li>✓ China, Taiwan</li> <li>✓ AD duties starting October 4<sup>th</sup>, 2019 for 5 years</li> <li>✓ China USD175/t – USD629/t, Taiwan USD93/t – USD705/t</li> </ul>
<b>Stainless Steel Welded Tubes</b>	✓ Normal import duties are 14%	<ul style="list-style-type: none"> <li>✓ China and Taiwan: AD duties since July 29<sup>th</sup>, 2013 for 5 years and up to USD911/t. Renewal investigation launched on July 16<sup>th</sup>, 2018</li> <li>✓ Malaysia, Thailand and Vietnam: AD duties starting June 13, 2018, for 5 years from USD367/t up to USD888/t</li> </ul>
<b>Electrical steel – Non Grain Oriented</b>	✓ Normal import duties are 14%	<ul style="list-style-type: none"> <li>✓ China, South Korea, Taiwan, Germany: AD duties from 15 July 2019 for 5 years from USD90/t – USD166.3/t</li> <li>✓ Re-evaluation after 12 months</li> </ul>
<b>Electrical steel – Grain Oriented</b>	✓ Normal import duties are 14%	

### Tariff measures to support fair market environment in Brazil

Sources: SBB/Platts, Steelfirst





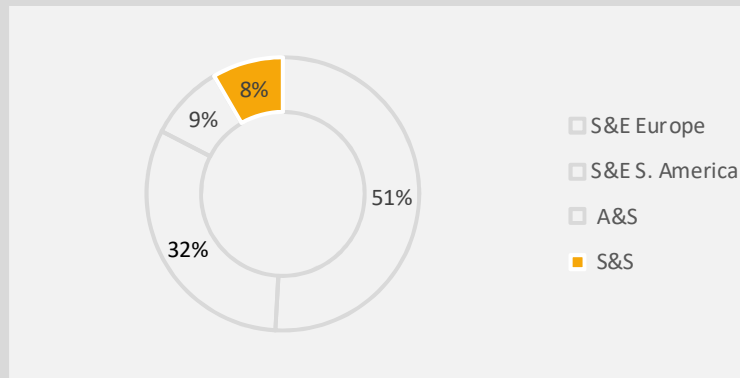
# Services & Solutions

## Business overview

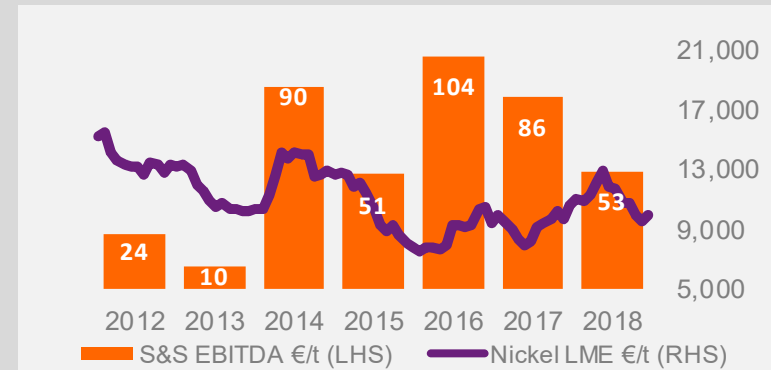
**Services & Solutions:** stronger partnership with customers enhances margins



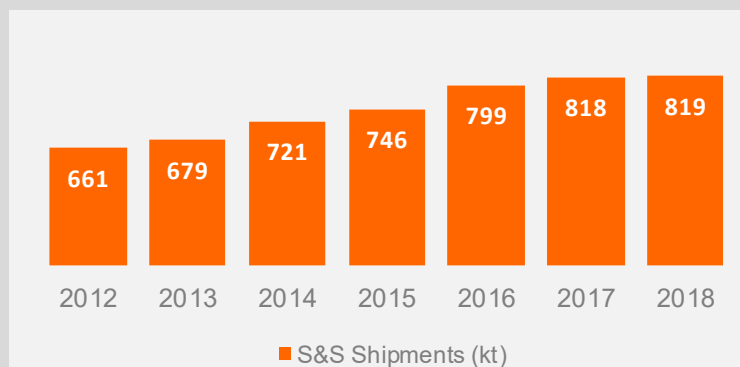
### A significant EBITDA contributor 2018 despite tough conditions



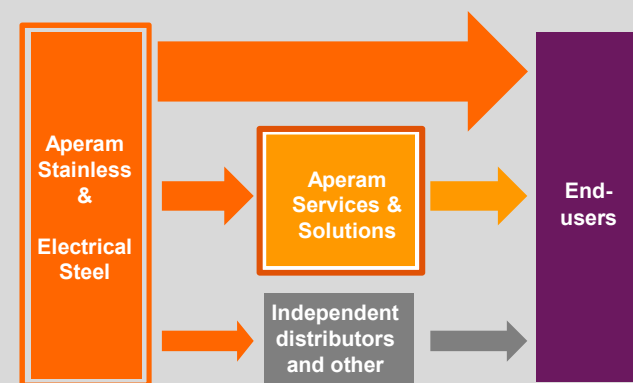
### A profitable Services & Solutions thanks to its focus on service oriented customers



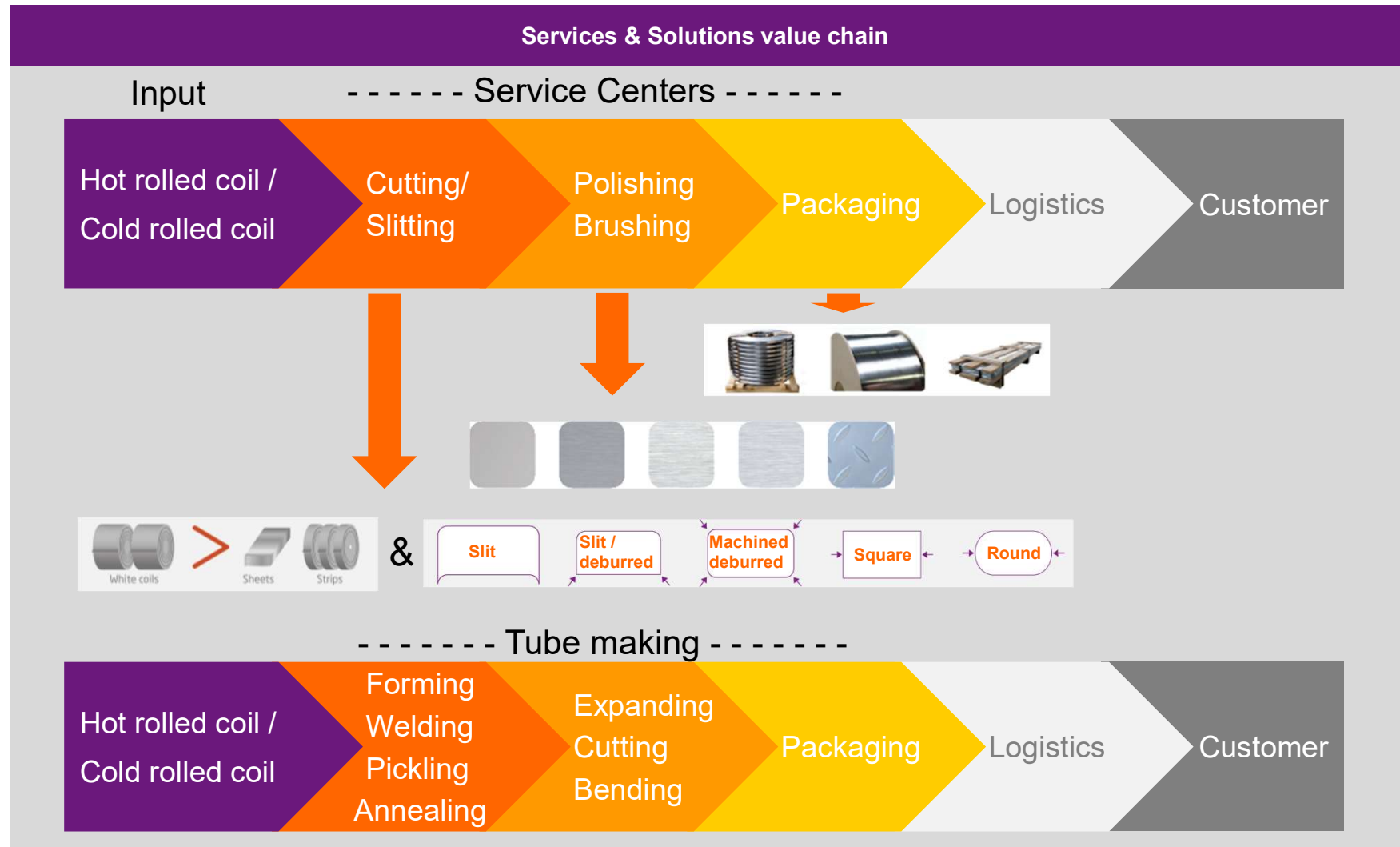
### Increasing focus on downstream value added services and solutions



### A majority of “in house” exposure to end users to best serve their needs and provide best services & solutions



## Services & Solutions: Adding value downstreams





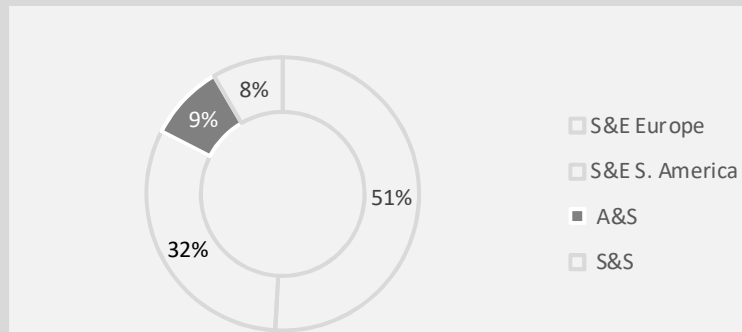
# Alloys & Specialties

## Business overview

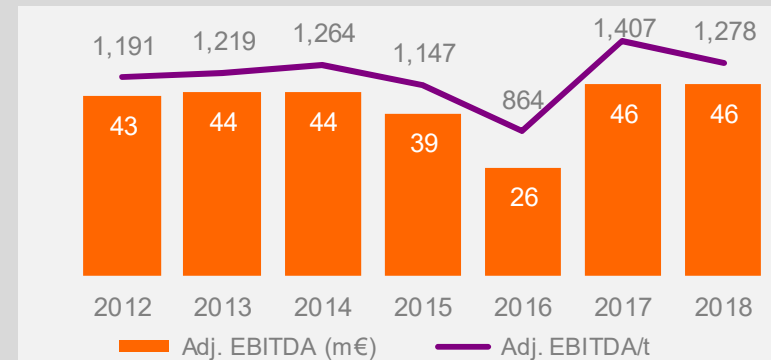
**Alloys & Specialties:** attractive niche market with high margins



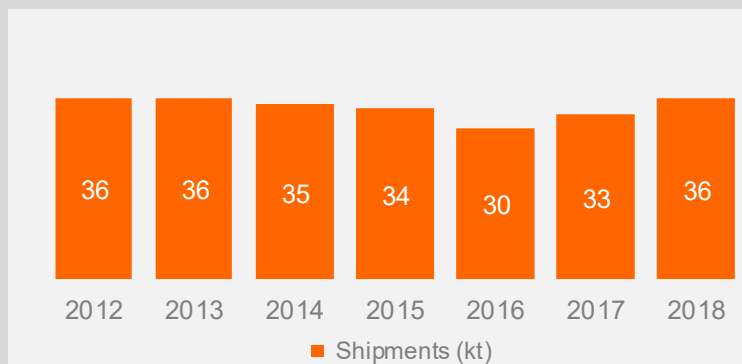
### Aperam's high value added segment 2018



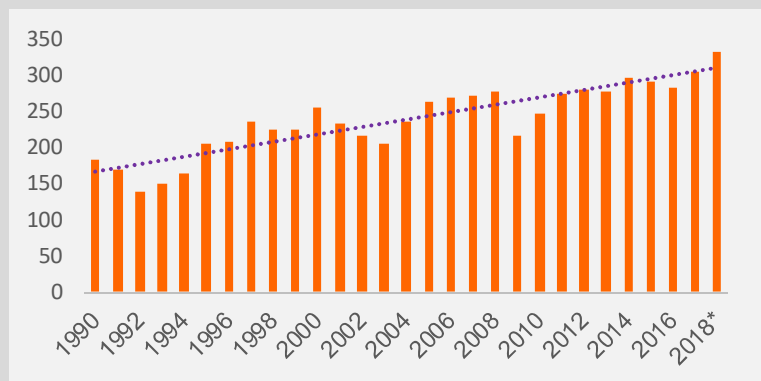
### High profitability due to end products & end user orientation



### Stable shipments but markedly improved mix



### Nickel Alloys a growing and premium niche market



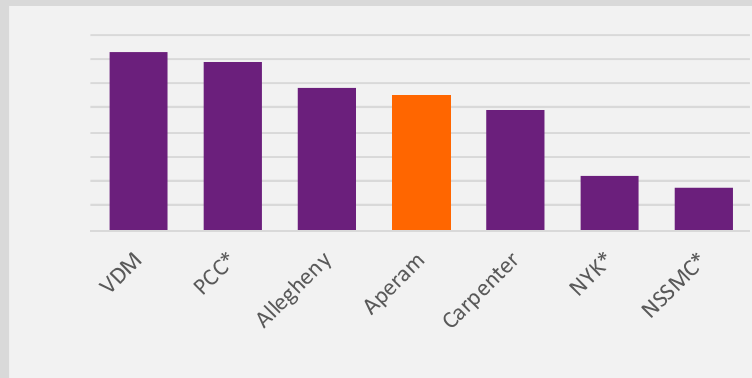
Source: SMR, Aperam

## Business overview

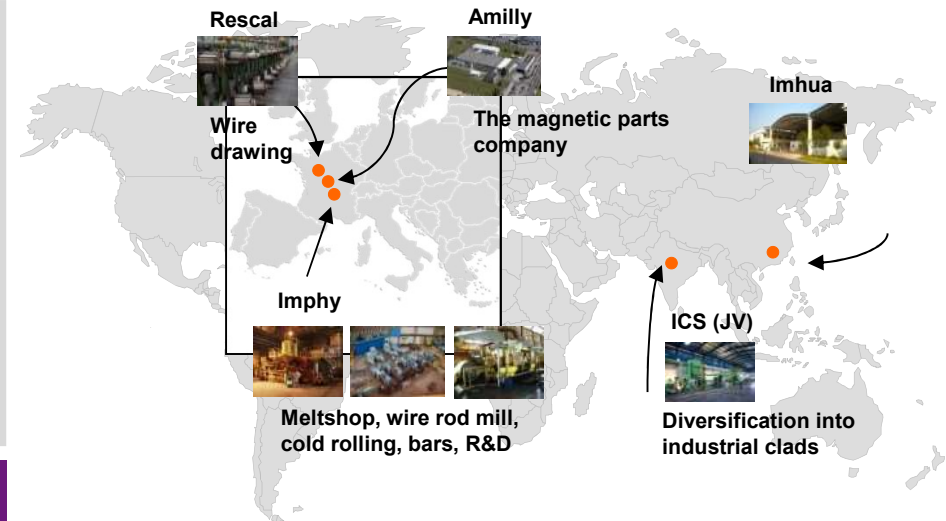
**Alloys & Specialties:** attractive niche market with high margins



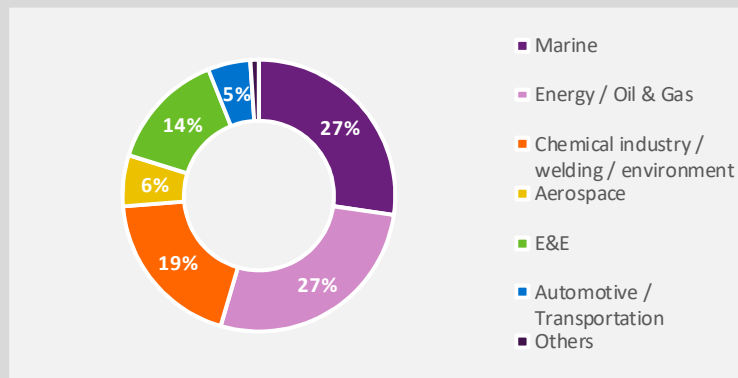
**Aperam is global top player in nickel alloys and strong in long products (kt)**



**Aperam Alloys & Specialties geographical footprint**



**Alloys & Specialties sales by industry 2017**



**Major products**



Source: SMR, Aperam

\*PCC (Special Metals) NYK (Nippon Yakin Kogyo)

## Business overview

**Alloys & Specialties:** Specialty alloys add stability and profitable growth element



**Innovation is key for premium specialties...**

### R&D intensive industry

- Substantial market entry barriers
- Benchmark customers in advanced industries require tailored, certified and highly sophisticated solutions

### Key R&D figures (based on FY17)



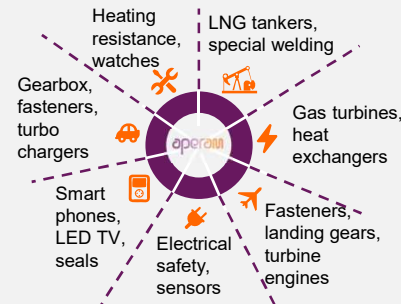
Cooperation contracts	37
Total registered patents	188
Sales of new products	9%

**...to cater for highly sophisticated and evolving needs...**

### High growth end market applications

- “Kilogram” market: unique products designed to enable precision and high-tech solutions globally
- Highly diversified end-markets

### Key end-markets / application types

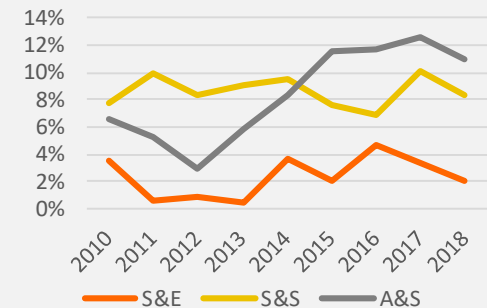


**...yielding growth opportunities and margin stability**

### Less exposed to commodity cycles

- Cost of raw materials passed through to customers
- Long-standing client relationships
- Good visibility on volumes with high proportion of recurring revenue

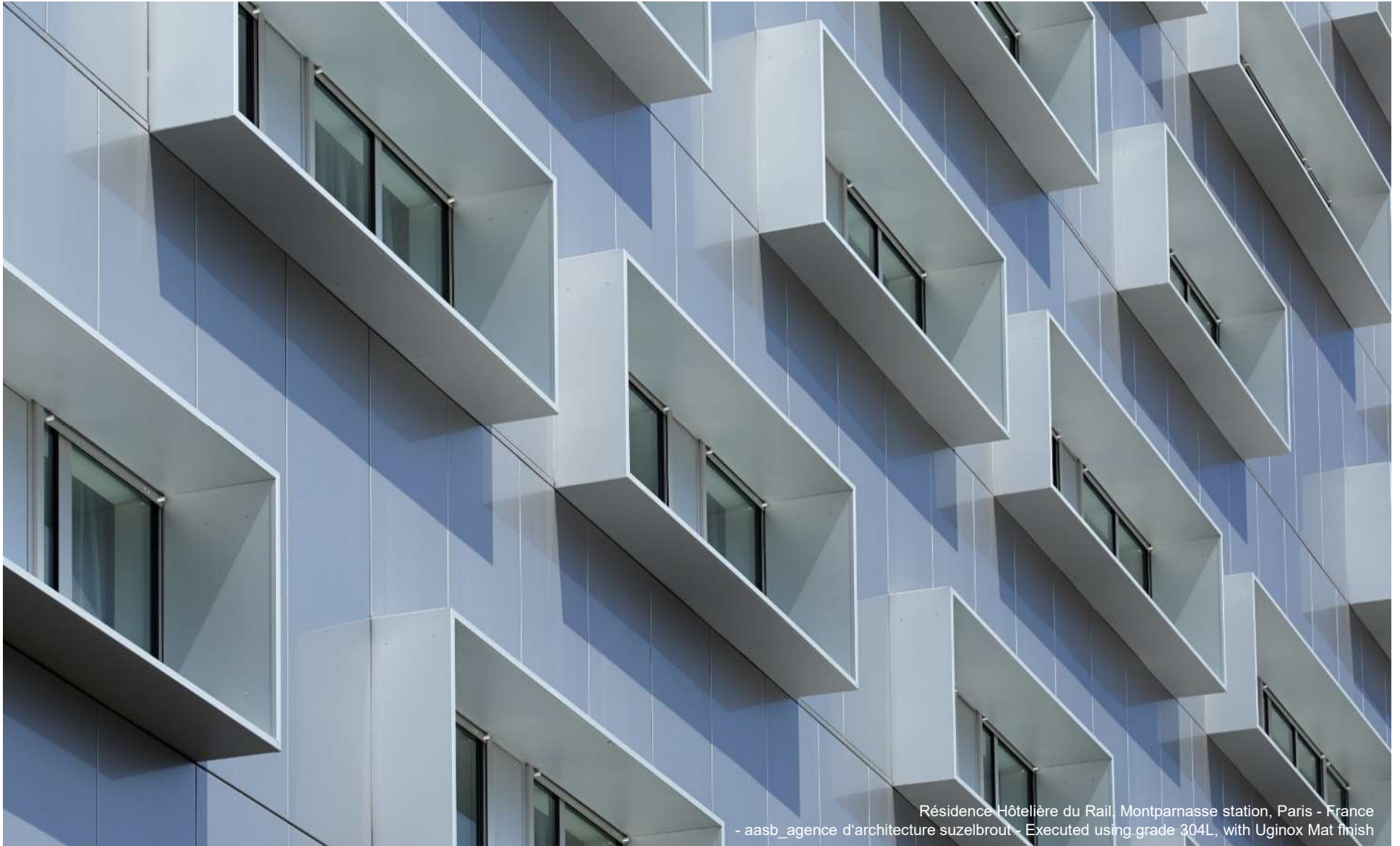
### EBITDA margins by Aperam division



**A very profitable, growing and stable niche market**



# Appendix



Résidence Hôtelière du Rail, Montparnasse station, Paris - France  
- aasb\_agence d'architecture suzelbrout - Executed using grade 304L, with Uginox Mat finish

## Appendix

### Key stainless product categories by alloy content

