



## **Tim di Maulo**

Welcome to Aperam's Q2 podcast. I am Tim Di Maulo, Aperam's CEO and I hope you are having a good start of the day!

Together with Sud Sivaji, Aperam's CFO, I will be discussing our second quarter performance, current trading and the outlook for the third quarter.

As always, we will host a conference call later. The start time for today is 3 pm Central European Summer Time and we are waiting for your questions. The link to register for the conference call is available on our website and at the end on the last slide of this podcast presentation.

As always, please take note of the disclaimer on page 2.

## Disclaimer

### Forward Looking Statements

This document may contain forward-looking information and statements about Aperam SA 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.

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## Q2 2025 HIGHLIGHTS

### SOLID RESULTS IN BRAZIL AND IN ALLOYS ACHIEVED COMPENSATE FOR MARKET HEADWINDS IN EUROPE

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- Europe: Volumes slightly down and pricing pressure intensified throughout the quarter
- Brazil: Solid performance supported by good demand, the upgraded hot rolling mill and seasonal support
- Alloys segment with further growth supported also by full consolidation of Universal; integration efforts run well to unlock full potential and synergies
- EU-Imports: 24.0% market share eats into an already weak market
- Leadership Journey® delivered EUR20m in gains in Q2 2025 (EUR136m cumulated benefits in Phase 5 out of EUR200m at half way mark)
- ESG: Aperam voluntary launched its first CSRD-aligned Sustainability report on 30 June 2025



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What was important in this second quarter of 2025?

It was challenging - again - but we delivered on our guidance. We achieved a clear improvement versus Q1 mainly due to seasonal factors and a better performance of the alloys segment.

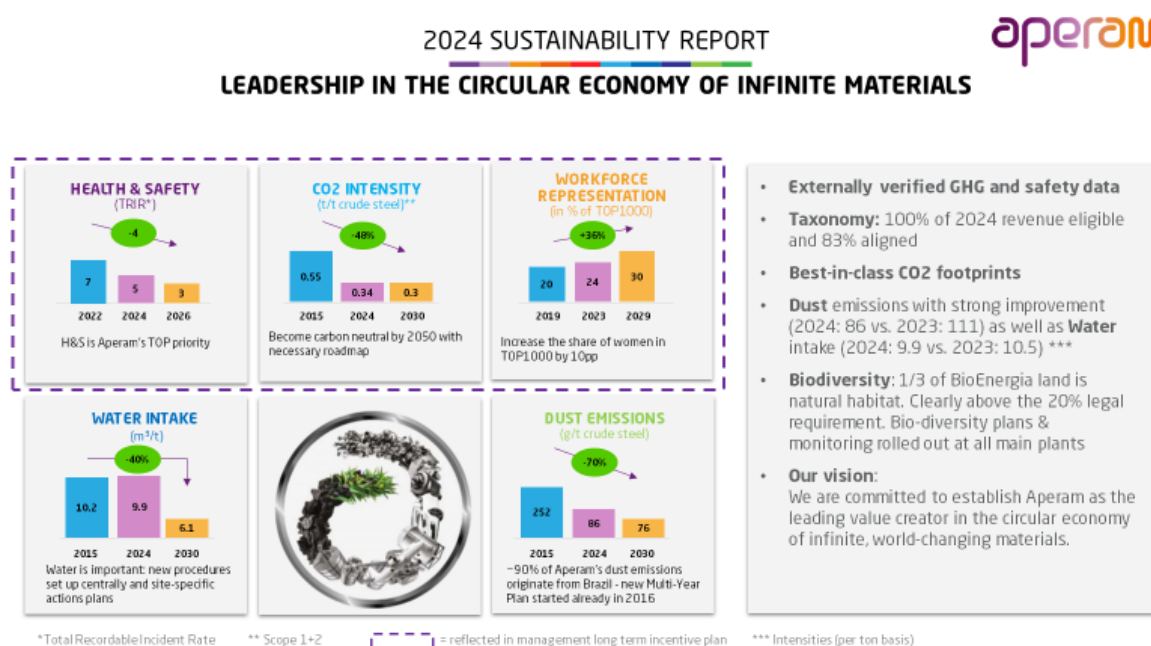
The market environment in Europe was difficult to start with and has further deteriorated. Pricing pressure intensified and on top of weak real demand an inventory cycle began to further depress volumes. Our cost leadership position in Europe helped us to realize a positive result.

In Brazil the second quarter is seasonally stronger but the overall market also remained solid and supportive.

Imports into Europe have increased and the level is now 24%, which hurts a lot in an already highly competitive market.

The Leadership Journey made good progress in the second year of phase 5. We realized 20 million euros in Q2 after delivering 21 million euros already in Q1. The program is well on target. At the mid point of Phase 5 we are happy to have realized 68% of our target gains already.

In the ESG space we note the publication of Aperam's 2024 Sustainability Report. For the very first time it is CSRD-aligned. We did this voluntarily and the double materiality approach was applied.



Last quarter I presented Aperam's new vision to you. It is based on Sustainability and includes all our activities. It is central to our development so let me repeat it:

**We are committed to establish Aperam as the leading value creator in the circular economy of infinite, world-changing materials.**

The Sustainability Report demonstrates that we already progressed well towards this vision. We reaffirmed our best-in-class role in Sustainability and introduced a revised decarbonization roadmap. The CO2 as well as the safety data have been externally verified.

Decarbonization and health & safety are also reflected in the management long term incentive plan. In Health & Safety - which is our top priority - the "total recordable incident rate", is reduced by one third within two years and we are on the path to

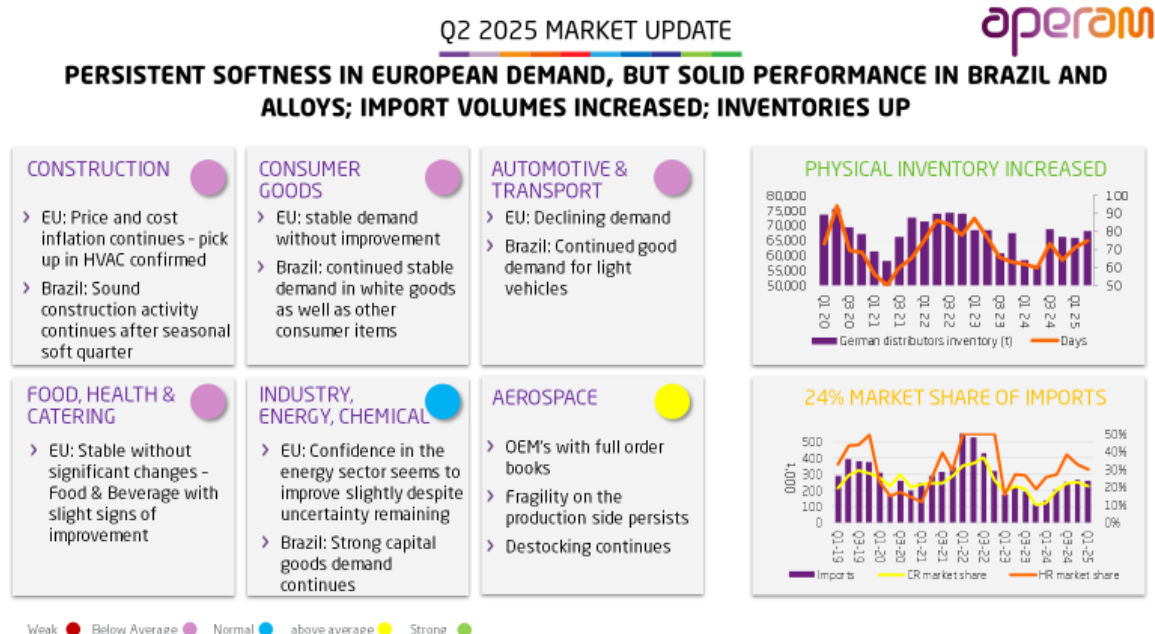
achieve our goal. Newly acquired Universal is now implementing the high Aperam standards without any exceptions.

Our CO2 footprint is best-in-class and our operations in Brazil are carbon neutral today. Aperam is steadily progressing on its path toward net-zero emissions. Let me repeat that decarbonization is capex light and technologically easy for us.

Water intake and dust emissions are other key elements and here we made a big step forward with reductions of 6% and 23% respectively in 2024 compared with the prior year.

We see sustainability as a value creation opportunity for Aperam. We leverage our integrated, circular industrial model to respond to environmental and social expectations while maintaining competitiveness in a challenging global market. CBAM should show the advantage of our differentiated value chain with a much lower carbon intensity compared to imports.

ESG ratings already reflect our efforts and we have the best possible ESG rating from MSCI with a triple AAA. But we don't rest here. Our goal is to maintain this position by improving our Sustainability footprint further.



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Let us turn to the current **market** situation.

While the performance in Brazil is solid, the situation in Europe has been difficult for nearly three years in a row. The Stainless Steel industry dropped into recession at the end of 2022 and it has been one of the longest low cycles that I have lived through in my career of nearly four decades.

Regarding real demand, the **sector trends** have continued. As a new sector we added aerospace and this is the sector with the most positive development.

The **construction** sector is one of our most important segments. The positive signs in HVAC (heating, ventilation and air conditioning) that started last quarter are confirmed but the overall outlook remains weak so far. This is a segment that could clearly benefit from the German spending program once it materializes in 2026. Brazil's construction sector continues to perform solidly and should remain on that path.

**Consumer Goods** demand is stable without improvements. Demand in **Food, Health & Catering** was solid while **Food & Beverages** showed some improvement, but far away from a trend reversal.

**Industrial** demand is solid in the energy sector with some tentative signs pointing to a potential recovery. The strong consumption in Brazil continues.

The **automotive** sector is weak with declining demand, but the situation in Brazil is more promising. For light vehicles consumption is still good - better than truck demand.

**Aerospace** is growing and manufacturers have full order books - supported by new orders after the recent air shows. The whole production chain remains well stocked, however, as build rates of passenger planes increase only slowly. Destocking continues for the time being.

As mentioned before, **imports** into Europe rose to a notably high level of 24%. This is a significant figure given the current market weakness with low prices. As a consequence the distribution chain is also well stocked. **Inventory** levels have increased persistently and inventory days are elevated. In the face of global macro uncertainties, distributors have started to destock.

I will now hand over to Sud to present the financial review.



## Q2 2025 FINANCIAL HIGHLIGHTS



### IN LINE WITH GUIDANCE: EBITDA INCREASES & DELEVERAGING STARTS

EURm	Q2 25	Q1 25	qoq	Q2 24	yoy
Sales	1,654	1,658	0%	1,634	1%
Adj. EBITDA	112	86	31%	86	31%
EBITDA	112	50	>100%	78	44%
Basic EPS (EUR)	0.25	-0.24	NA	0.82	-69%
Shipments (000t)	591	575	3%	583	1%
Adj. EBITDA/t (EUR) <sup>2</sup>	249	200	24%	201	24%
Adj. EBITDA margin	6.8%	5.2%	1.6pp	5.3%	1.5pp
Operating cash flow	196	-105	NA	136	44%
CAPEX	-38	-45	-16%	-26	46%
Other investing CF	-1	-1	-29%	1	NA
Free cash flow <sup>1</sup>	157	-150	NA	111	41%
Dividends paid	-37	-36	2%	-37	0%
Net financial debt	1,143	1,235	-7%	607	88%

#### Q2-25 KEY COMMENTS

- > **Steel shipments:** Lower volumes due to distributor destocking in Europe and seasonally higher volumes in Brazil
- > **Adj. EBITDA:** increased despite continued pricing pressure in Europe offset by cost efficiency in Europe; Brazil seasonality and higher result in Alloys
- > **Exceptional items:** none in Q2 2025
- > **Tax:** Effective tax rate came in at 32%
- > **Cash Flow:** FCF of EUR157m generation covers dividend, capex as well as net debt reduction
- > **Net Financial Debt:** Encouraging start to debt reduction - decrease by EUR92m based on improved NWC (EUR61m) and strict cost measurement, Q2 NFD/ LTM EBITDA at 2.8

<sup>1</sup> Before dividend, share buyback and M&A <sup>2</sup> based on steel shipments

### Successful cash generation despite an even softer European market

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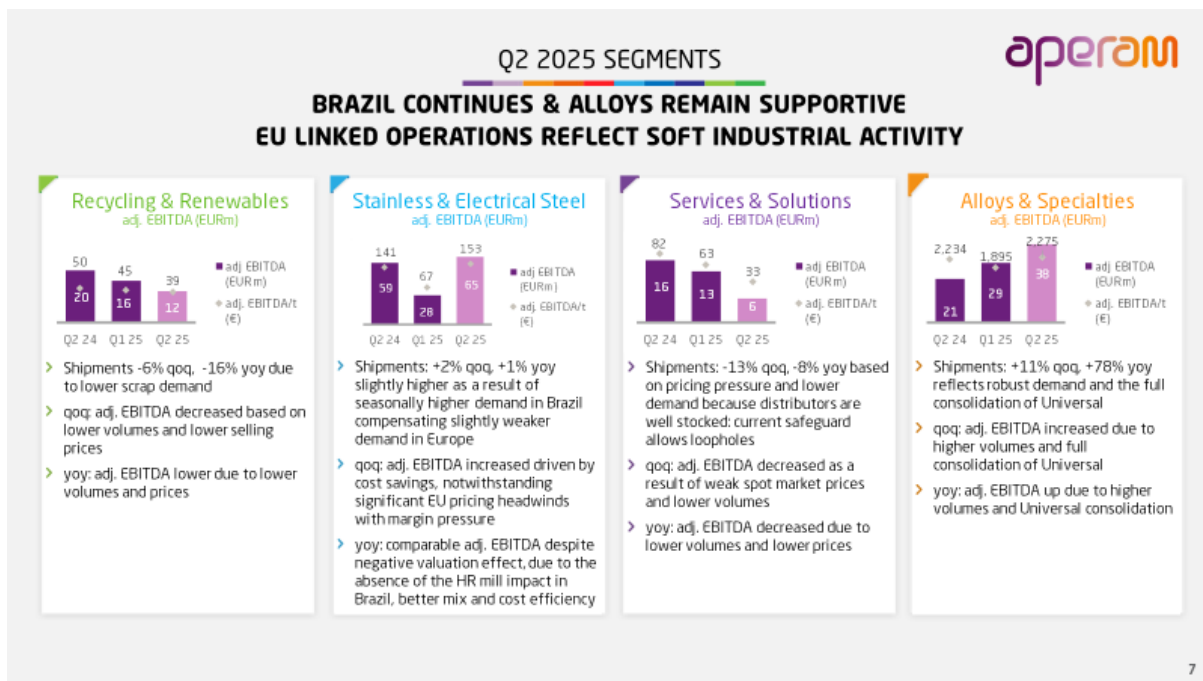
## Sudhakar Sivaji

Thank you Tim and a very warm welcome to everyone!

Let's start with adjusted EBITDA which equals EBITDA as we had no exceptionals this quarter. We had guided for a "higher adjusted EBITDA" compared to Q1 2025. We delivered it despite the intensifying price pressure in Europe and no relief from valuation charges on the back of falling raw material prices. Our differentiated value chain with major contributions from our Alloys business and Brazil enabled this.

Despite the worsening price pressure in the stainless segment, we achieved a solid result in Europe. This reflects the effectiveness of our self-help program focused on costs, the Leadership Journey, which enables us to remain profitable even in the most challenging market conditions.

Most important is the Free Cash Flow: 157 million euros were generated with zero one-time effects and purely from operations. This covered our capex and dividend, but also marked the start of the net debt reduction. We reduced net financial debt by 92 million and we are progressing along the deleveraging roadmap that we shared with you in Q1 already.



Moving to the next slide.

Our four segments performed in line with the guidance we gave. Brazil and Alloys remain cornerstones. The pricing pressure in Europe for stainless steel intensified in the second quarter, but seasonality had a positive impact.

**Recycling & Renewables** adjusted EBITDA decreased to 12 million and this is due to lower volumes and softer scrap prices. Both are linked to the weak demand in Europe. The valuation effect was negligible.

For Q3 we expect a higher adjusted EBITDA as shipment volumes improve to prepare for the seasonally strong Q4. In Brazil we expect a stable development at BioEnergia.

**Stainless & Electrical** reported adjusted EBITDA of 65 million. The lower demand and price pressure in Europe could be offset by cost optimizations and the seasonal support in Brazil. Due to our cost leadership Europe improved slightly even in this difficult quarter. In Brazil the improvement is a result of very good volumes at decent prices. As mentioned last quarter, H1 EBITDA in Brazil surpassed the full-year result of 2024 already.

The outlook for the segment in Q3 is even more challenging. In Europe, the summer quarter marks the seasonal trough of the year and while Brazil is seasonally stronger, shipments should be on a comparable level. Lower realized prices however, are expected in both regions. The price effect and the volume seasonality in Europe will be clearly reflected in our EBITDA.

**Services & Solutions** achieved an adjusted EBITDA of 6 million. This decrease reflects the current spot market situation with pricing pressure and lower demand.

Distributors currently hold sufficient inventories and are cautious with new purchases.

The market will remain challenging and the seasonality is negative. We do expect a lower, but positive EBITDA in Q3.

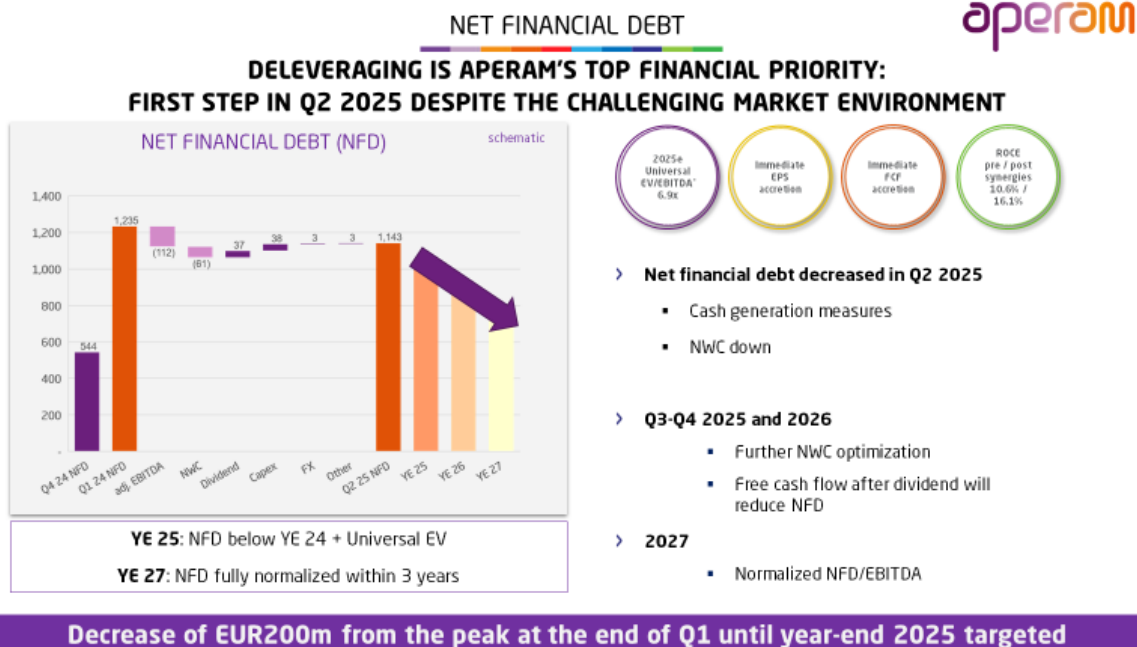
**Alloys & Specialties** reported a new quarterly EBITDA record level of 38 million, partly driven by the full Universal consolidation. Demand was solid and higher shipments together with a margin increase underpin the Q2 result.

In Q3 the segment will be impacted by seasonality but also by the repair & maintenance of a key asset. Furthermore, there are ongoing topics at customers that have a full order book, but their output per quarter is lower than expected. As a consequence EBITDA is expected to decline versus Q2, to a comparable level to Q1.

Universal is an acquisition that was timed right and more importantly at the right price. We are confident that the temporary weakness in the aerospace supply chain will resolve considering the full order books at the OEMs. The alloys business is a key part of the Aperam transformation portfolio by adding stability and a growth component to our businesses.

**Others & Elimination** came in at -9 million euros and this is a typical normal figure. The inter-company eliminations resulting from the strong integration across Aperam's businesses such as recycling, forest, stainless steel mills and distribution are located here, as well as the corporate costs.





Moving to the next slide.

Last quarter I already said clearly that we have one important mission post the acquisition of Universal: deleveraging. As the economic outlook is beset with volatility, deleveraging helps us also to reset for the future - as we refine our business model across the value chain to deliver the cash for our transformation and to our shareholders. This is our key financial priority now.

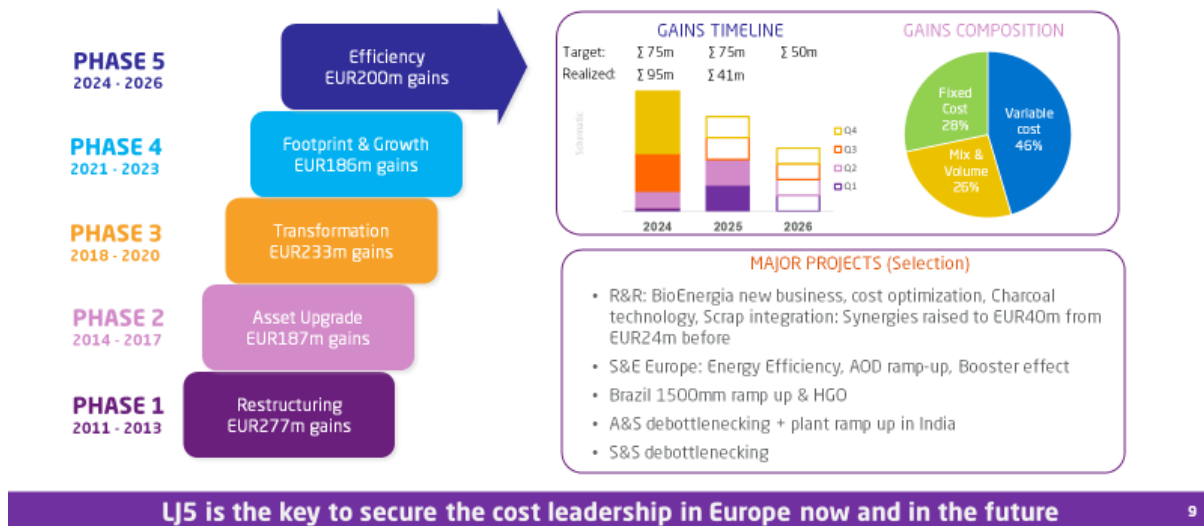
As guided we were able to start deleveraging in Q2. The improvement in Net Working Capital supported this. The next quarter will be a difficult one as payables drop seasonally but even then we aim for another slight net debt reduction.

Optimization of our differentiated value chain allows us to streamline working capital management further and generate cash even in quarters with cyclically low earnings. In short for 2025, to be clear: the peak of our net debt was reached at the end of the first quarter after the closing of the acquisition.

And longer term? We state in our financial policy that net debt to EBITDA should be below 1 through the cycle. While the current ratio has dropped below 3 and is currently sitting at 2.77. This is a result of the cycle and a below normal EBITDA.

We do see value in a strong balance sheet. The target remains to decrease net debt by 200 million euros compared to Q1 closing until year-end 2025. We are at the bottom of the cycle, but our promise to deleverage within three years is valid. Now, this was on the numerator of our deleverage plan.

LEADERSHIP JOURNEY® PHASE 5  
APERAM'S SELF HELP PROGRAM IS PROGRESSING WELL



Moving to the next slide, let's talk about the more important denominator - which is the EBITDA and what we are doing to increase it.

The Leadership Journey is driving Aperam's transformation and helping to build a truly differentiated value chain. We are now in the second year of Phase 5 of this highly successful self-help program. After exceeding our targets last year, we have also made a strong start into 2025 — achieving 21 million in Q1 and 20 million in Q2. In total, we have already reached 55 percent of our 2025 target at the midpoint of our program.

The booster program - or classic cost-cutting - is being accelerated to counter the mounting pressure in the European market. We are committed to defending our cost leadership in the markets we operate.

While we confirm that the general goal of the Leadership Journey is to achieve an EBITDA improvement of 300 million euros in a normalized economic environment, we are still far from a normalized situation.

Over the past few years, we have experienced a series of disruptive events that have reshaped the global landscape: COVID-19, the energy crisis, shifting value chains and tariffs. These developments may represent a new normal, suggesting a potential structural shift in demand.

However, thanks to the Leadership Journey, progress is visible in the tangible 136 million euros we reported in Leadership Journey 5.


Our Alloys, Recycling, Renewable and Brazil businesses show the growth aspect in our Leadership Journey as they overcompensate the weakness in European Stainless in EBITDA added. Even in difficult times, we are positive in Europe with Stainless Steel. But this is just not enough. As always we will continue to focus on


our competitiveness to remain the most profitable player in the market on every ton we ship.

I hand over back to Tim now for outlook.

OUTLOOK

**GUIDANCE & OTHER FORWARD LOOKING ITEMS**





**Q3 2025 OUTLOOK**

- > Q3 shipments are expected seasonally lower qoq
- > Q3 2025 adj. EBITDA is expected at a lower level versus Q2 2025
  - Lower seasonal demand in Europe and distributor destocking
  - Intensifying price pressure in Europe
  - Temporary soft Alloys contribution
  - = Valuation effect comparable with Q2 2025\*
- > Slightly lower financial debt due to working capital optimization

**OTHER ITEMS**

- > FY 2025 base dividend stable at EUR2.00/share (~EUR145 million)
- > Reduced FY 2025 group capex guidance ~EUR170m (down from EUR200m previously):
  - Sustenance EUR120m (incl. Universal)
  - Productivity EUR20m
  - Alloys growth plan EUR30m
- > FY 2025 P&L effective tax rate 20-25%\*\*
- > Leadership Journey® Phase 5 (2024-2026): Cumulated gains target > EUR200 million (of which EUR75m in 2025)

\*Subject to change depending on the further raw material price development till the end of the quarter

\*\*excluding DTA recognition

**Guidance assumes the current weak macro environment to persist**

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## Tim di Maulo

Thank you Sud.

With seven months of 2025 behind us, the recovery that we hoped for is nowhere in sight. The manufacturing recession, which began at the end of 2022, might be the new normal.

We have faced a series of unexpected crises in recent years. Today's reality is one of perma-volatility. While the future remains uncertain, preparedness and decisive action are more critical than ever.

Regarding tariffs as we pointed out already, Aperam has little direct impact, but the agreement from last Sunday brings more stability to the market. On top we welcome the announcement of free steel quotas for Europe again plus the joint working with the US on global overcapacity.

Given the current uncertainty and opaque economic situation, making a reliable forecast is challenging. However, to put it simply: we do not anticipate a recovery to begin in the second half of 2025.

For Q3, we anticipate the typical seasonal slowdown in shipments due to reduced demand during the European summer. This will be amplified by distributors' destocking. Our Alloys segment is also impacted by seasonality and by the failure and repair of a key asset. Current spot prices indicate a comparable valuation loss in Q3.

Altogether a normal seasonality with some additional headwind on top should lead to a Q3 adjusted EBITDA even below Q1.

Sud explained the net financial debt outlook already and despite the lower earnings we expect to make a slightly net debt reduction also in Q3, driven by working capital optimization.

In response to the economic environment we cut the capex budget from 200 million to 170 million. The lower capacity utilization requires less maintenance capex.

As always, volatile commodity prices and unforeseen effects on the macro economic situation could still change these EBITDA and net working capital indications. We will only be able to provide guidance once the raw material prices are known. Our quarterly update will be released at the beginning of October 2025.

Now, what could spark a recovery? Three potential catalysts stand out:

1. The **European steel action plan** with new **safeguard** rules should protect the European Union. I am working with our organisation Eurofer and met the chief commissioner of the EU several times. I am confident that she will protect Europe and save the steel industry. She said this clearly that Europe cannot absorb global overcapacity nor will accept dumping on our market.
2. Then there is **CBAM**: we discussed this often and the message remains that CBAM will be implemented step-by-step starting in 2026 to establish a better level playing field versus Asia.
3. And the **German plan**: investments in infrastructure are part of a huge debt-driven program by the German government. Germany is our biggest market and we should benefit from it. Concerning the timing, investment banks see a positive uplift by mid-year 2026.

So we expect these potential catalysts to materialize in 2026 only. But meanwhile we are strongly committed in continuing to transform the company in an even stronger and more competitive in Europe, while expanding our diversified business model in line with our vision to be the **leading value creator in the circular economy of infinite, world-changing materials**.

Date	Location	Event
3 September	New York	Jefferies Industrial Conference
4 September	Chicago	Roadshow
11 September	Paris	Kepler Cheuvreux Autumn Conference
12 September	Milan	Roadshow
18 September	London	Roadshow
25 September	Munich	Baader Investment Conference

Please contact us if you would like to meet us: [IR@aperam.com](mailto:IR@aperam.com)

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## Tim

To finish: A persistent challenge that might require a different response will raise questions. After the summer break in August we will be back on the road in September, attending conferences and carrying out roadshows. Sud and I are looking forward to meeting you in person.

Please contact our Investor Relations department with any feedback or if you need corporate access.



#### MANAGEMENT PODCAST

Management comments are available on the Aperam website

Aperam > Investors > Q2-25 Podcast

Management Podcast Link:  
<https://www.aperam.com/sites/default/files/images/Aperam-25-2.mp4>

#### Q&A CALL & WEBCAST

31 July 2025, 15:00 CEST

Registration is necessary to receive phone numbers and individual passcode:

<https://services.choruscall.it/DiamondPassRegistration/register?confirmationNumber=1891486&linkSecurityString=4bf03776e>

Webcast Link:

<https://www.webcast-egs.com/aperam-2025-q2>

Thank you very much for listening to Aperam's Q2 management podcast. We wish you a pleasant day and look forward to your questions in our conference call this afternoon at 3 pm Central European Summer Time.