

Explanatory Presentation

Leadership Team Performance Share Unit Plan
submitted to shareholder approval
at the Annual General Meeting of May 9, 2018

apream

Agenda



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Background



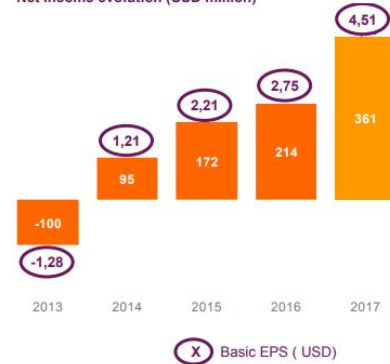
Since the creation of Aperam, several initiatives have been undertaken to transform Aperam into a more resilient Company, one that is able to operate successfully in all market conditions. This has been successfully achieved by a strong focus on operational excellence, product and service innovation and financial discipline and balance sheet strengthening.

The key achievements are highlighted below:

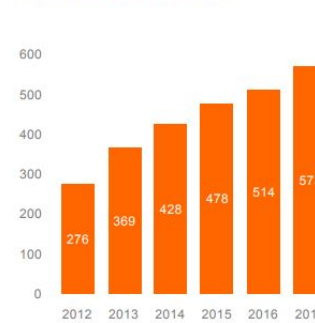
Adj. EBITDA evolution⁽¹⁾ (USD million)



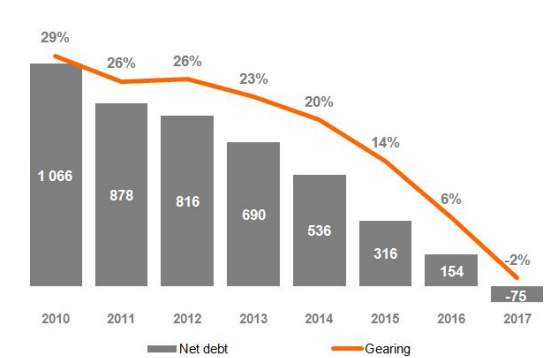
Net Income evolution (USD million)



Cumulated gains (USD million)



Net debt (USD million) and Gearing (%) evolution



✓ Continuous solid improvement of the operating performance

✓ From negative net income to positive net income since 2013

✓ Improvement of the operational performance by USD 573 million since the creation of Aperam

✓ From a net debt of over 1 bn USD at creation to a positive net cash position of USD 75 million at the end of 2017 with an Investment Grade rating by both S&P and Moody's

With the objective to continue to retain the highest focus by Senior Management on the long term sustainability and value creation, the Remuneration, Nomination and Corporate Governance Committee reviewed the Long Term Incentive Plan ('LTIP') Structure for the Members of the Leadership Team and proposes amendments to the plan with as key highlights:

- **Include a relative Index performance** to capture Aperam's performance in the most relevant geographical regions from a commercial perspective : France (SBF120 index) and Germany (DAX index)
- **Revise the peer group constituents** and split the peer group by direct stainless steel competitors (2 peers) and by most relevant steel players (4 peers) from a statistical point of view
- **Recognise future overperformance** by increasing 150% capping to 200% capping
- **Enhance incentive** with grant based on value increasing from 45% of the base salary for the CEO to 80% and for other Members of the Leadership Team from 45% to 50% of the base salary
- The **maximum number of shares allocated to the plan is reduced** from 220,000 shares to 150,000 shares considering strict performance criteria

The Long term orientation of the plan is maintained at 3 years in line with best practices

Governance



Leadership Team Performance Share Unit Plan

The Leadership Team Performance Share Unit Plan

- The Leadership Team Performance Share Unit Plan (the “LT PSU Plan”) is designed to enhance the long-term performance of the Company and align the members of our Leadership Team (“LT”) to the Company’s objectives.
- The LT PSU Plan complements Aperam’s existing program of annual performance-related bonuses which is the Company’s reward system for short-term performance and achievements. The short term incentives are described in detail in the 2017 Annual Report pages 78 to 79 (Link to 2017 Annual Report: [Link](#))
- The main objective of the LT PSU Plan is to be an effective performance-enhancing scheme for LT members based on the achievement of Aperam’s strategy aimed at creating measurable long-term shareholder value.

The Remuneration, Nomination and Corporate Governance Committee

- The allocation of PSUs to eligible Leadership Team members is reviewed by the Remuneration, Nomination and Corporate Governance Committee of the Board of Directors, which is comprised of three independent directors, and which makes a proposal and recommendation to the full Board of Directors. The vesting criteria of the PSUs are also monitored by the Remuneration, Nomination and Corporate Governance Committee.

Regular reporting to shareholders of the progress reached at yearly anniversary grant dates

- The Company is reporting in its Annual Reports on the progress of meeting the vesting criteria on each grant anniversary date as well as on the applicable peer group.
- The progress of the performance criteria of the previous plans and applicable peer group are described in detail in the 2017 Annual Report pages 73 to 76:
 - Plan 2016: **Vesting 0%** (theoretical result after 1 year, vesting occurs after a 3 year period)
 - Plan 2015: **Vesting 102.1%** (theoretical result after 2 years ; vesting occurs after a 3 year period)
 - Plan 2014: **Vesting 150%** (plan completed)

Below LT level

- As part of the resolution submitted to shareholder approval, the shareholders are also requested to adopt any rules or measures to implement the LT PSU Plan and other performance based grants below the level of the LT Members that the Board of Directors may at its discretion consider appropriate, while fully remaining under the global 2018 Cap of 150,000 shares.

Technical Highlights



Leadership Team Performance Share Unit Plan

Only PSUs for Leadership Team members based on clear and identifiable performance criteria :

- **TSR vs. Index based:** 50% of the criteria to be met is based on the development of Total Shareholder Return (“TSR”) for Aperam compared to two representative indexes (25% weight: SBF 120 index ; 25% weight DAX index) over a three year period
- **EPS and TSR vs. Peer Group based:** 50% of the criteria to be met is based on the development of
 - Earnings Per Share (“EPS”) for 25% compared to a peer group over a three year period.
 - Total Shareholder Return (“TSR”) for 25% compared to a peer group over a three year period.

The peer group is composed of 6 companies, with i) 2 representatives of the most direct stainless steel players and ii) 4 representatives of the general steel industry. The EPS and TSR developments compared to the peer group are measured separately against the most direct stainless steel players and against the general industry players.

Grant based on value: (share price at the date of issue)

- CEO: 80% of base salary ; Other Leadership Team members : 50% of base salary

Vesting:

- Cliff vesting after 3 years.
- Vesting criteria:

Weight	KPI	Below Threshold (0% vesting - for the relevant component)	Threshold (50% vesting)	Target (100% vesting)	Overperformance - vesting at 150%	Overperformance - vesting at 200% (capped)
25%	TSR evolution based on SBF 120	Below 80% of Index Performance	80% of Index Performance	100% of Index Performance	120% of Index Performance	140% of Index Performance
25%	TSR evolution based on DAX	Below 80% of Index Performance	80% of Index Performance	100% of Index Performance	120% of Index Performance	140% of Index Performance
25%	EPS evolution based on peer group (6)	Below 80% of median	80% of median	median	120% of median	140% of median
25%	TSR evolution based on peer group (6)	Below 80% of median	80% of median	median	120% of median	140% of median

Potential Dilution

- The current request of 150,000 shares could lead to a potential dilution of less than 0.17% on a diluted basis and less than 0.18% of the Company’s issued share capital (net of treasury shares) on an outstanding basis.

Technical Highlights

Leadership Team Performance Share Unit Plan



Vesting Retirement:

- The LT PSU Plan provides for cliff vesting on the third year anniversary of the grant date, under the condition that the relevant LT member continues to be actively employed by the Aperam group on that date. If the LT member is retired on that date or in case of an early retirement by mutual consent, the relevant LT member will not automatically forfeit PSUs and pro rata vesting will be considered at the end of the vesting period at the sole discretion of the Remuneration, Nomination and Corporate Governance Committee of the Board of Directors.

Definitions and Peer Group

Leadership Team Performance Share Unit Plan



Total Shareholder Return (“TSR”) is defined as

- $$\frac{\text{Share price end of period} - \text{Share price start of period} + \text{Dividends paid}}{\text{Share price start of period}}$$

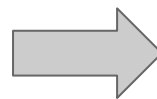
Earnings per Share (“EPS”)

- EPS is defined as the amount of earnings per each outstanding share

Peer Group Determination based on industry, size and correlation

Old Peer Group

		Market Capitalisation *	Correlation**
Stainless	Acerinox	3,954.5	0,68
Stainless	Outokumpu	3,839.9	0,61
Carbon	ArcelorMittal	33,311,6	0,55
Carbon	ThyssenKrupp	16,574.1	0,57
Carbon	Voestalpine	9,433.3	0,53
Carbon	Salzgitter	3,094.8	0,57
Mines	Eramet	3,171.0	0,43
Carbon	AK Steel	1,782.2	0,34
Carbon	SSAB	5,653.2	0,49



New Peer Group

		Market Capitalisation *	Correlation**
Stainless Steel peer group (weight inside peer group 50%)	Acerinox	3,954.5	0,68
	Outokumpu	3,839.9	0,61
Carbon Steel peer group (weight inside peer group 50%)	Thyssenkrupp	16,574.1	0,57
	Salzgitter	3,094.8	0,57
	ArcelorMittal	33,311.6	0,55
	Voestalpine	9,433.3	0,53

* Source: Bloomberg, at January 1, 2018, in m USD

** Source Bloomberg, over period : January 1, 2013 to January 1, 2018

Fictive example ⁽¹⁾



LT PSU Plan submitted to shareholder approval May 9, 2018

Leadership Team Member:

- Base salary: USD 250,000
- Grant December 2017: Share price USD 50.65 ⁽¹⁾
- Value = 50% i.e. $(250,000/50.65) \times 0.50 = 2,468$ PSUs
- Vesting will only occur if the LT member is still employed by the Group as follows
 - **50% vesting is linked to TSR evolution compared to SBF120 index and DAX index over a three year period : 1,234 PSUs**
 - *Application of vesting criteria*
 - 25% of vesting is linked to TSR evolution compared to **SBF120 index** over a three year period: The percentage of PSUs vesting will be 50% for achievement of 80% of Index Performance, 100% for achieving Index Performance, 150% for achieving 120% of Index Performance and 200% for achieving 140% of Index Performance
 - 25% of vesting is linked to TSR evolution compared to **DAX index** over a three year period: The percentage of PSUs vesting will be 50% for achievement 80% of Index Performance, 100% for achieving Index Performance, 150% for achieving 120% of Index Performance and 200% for achieving 140% of Index Performance
 - **50% vesting is linked to EPS and TSR evolution compared to a peer group over a three year period : 1,234 PSUs**
 - *Application of vesting criteria*
 - 25% of vesting is linked to EPS evolution compared to a peer group over a three year period:
 - 12.5% of vesting is linked to EPS evolution compared to the **stainless steel peer group**. The percentage of PSUs vesting will be 50% for achievement of 80% of median EPS, 100% for achieving median EPS, 150% for achieving 120% of median EPS, 200% for achieving 140% of median EPS.
 - 12.5% of vesting is linked to EPS evolution compared to the **carbon steel peer group**. The percentage of PSUs vesting will be 50% for achievement of 80% of median EPS, 100% for achieving median EPS, 150% for achieving 120% of median EPS, 200% for achieving 140% of median EPS.
 - 25% of vesting is linked to TSR evolution compared to a peer group over a three year period:
 - 12.5% of vesting is linked to TSR evolution compared to the **stainless steel peer group**. The percentage of PSUs vesting will be 50% for achievement of 80% of median TSR, 100% for achieving median TSR, 150% for achieving 120% of median TSR, 200% for achieving 140% of median TSR.
 - 12.5% of vesting is linked to TSR evolution compared to the **carbon steel peer group**. The percentage of PSUs vesting will be 50% for achievement of 80% of median TSR, 100% for achieving median TSR, 150% for achieving 120% of median TSR, 200% for achieving 140% of median TSR.

Notes:

- (1) The presented fictive example is provided for information purposes only since the LT PSU Plan submitted to shareholder approval on May 9, 2018 will be based on a three year period going forward.

TSR data⁽¹⁾

Fictive example using historical data



Company	Industry	TSR growth ⁽²⁾	Market capitalisation ⁽³⁾
Aperam	Stainless Steel	1.77%	4,402.6

SBF120 Index	Index	14.00%	NA
DAX Index	Index	12.35%	NA

Outokumpu	Stainless steel	-7.93%	3,839.9
Acerinox	Stainless steel	1.94%	3,954.5

ArcelorMittal	Carbon steel	28.44%	33,311.6
ThyssenKrupp	Carbon steel	7.54%	16,574.1
Voestalpine	Carbon Steel	36.69%	9,433.3
Salzgitter	Carbon Steel	42.51%	3,094.8

Index

SBF120	14.00%
Threshold level: 80% SBF120	11.20%
Target level: SBF120	14.00%
120% SBF 120	16.80%
140% SBF120	19.60%
Aperam TSR	1.77%
Performance under this tranche	0%
Result: Weighted Performance under this tranche	25% x 0% = 0%

Index

DAX	12.35%
Threshold level: 80% DAX	9.88%
Target level: DAX	12.35%
120% DAX	14.86%
140% DAX	17.29%
Aperam TSR	1.77%
Performance under this tranche	0%
Result: Weighted Performance under this tranche	25% x 0% = 0%

Stainless Steel Peer Group

Median Peer TSR	-3.00%
Threshold level: 80% of Median	-3.60%
Target level: 100% of Median	-3.00%
120% of Median	-2.40%
140% of Median	-1.80%
Aperam TSR	1.77%
Performance under this tranche	200%
Result: Weighted Performance under this tranche	12.5% x 200% = 25%

Carbon Steel Peer Group

Median Peer TSR	32.57%
Threshold level: 80% of Median	26.05%
Target level: 100% of Median	32.57%
120% of Median	39.08%
140% of Median	45.59%
Aperam TSR	1.77%
Performance under this tranche	0%
Result: Weighted Performance under this tranche	12.5% x 0% = 0%

⇒ Result: 0% vesting under TSR performance vs. index

⇒ Result: 25% vesting under TSR performance vs. peer group

Notes:

Source: Bloomberg, Reuters, Aperam Computation

- (1) The presented TSR data is provided for information purposes only since the LT PSU Plan submitted to shareholder approval on May 9, 2018 will be based on a three year period going forward.
- (2) Calculated from 01/01/2017 to 01/01/2018 in USD.
- (3) As of 01/01/2018, in USD million.

EPS data⁽¹⁾

Fictive example using historical data



Company	Industry	EPS growth ⁽²⁾	Market capitalisation ⁽³⁾
Aperam	Stainless Steel	60.64%	4,402.6
Outokumpu	Stainless steel	171.43%	3,839.9
Acerinox	Stainless steel	183.33%	3,954.5
ArcelorMittal	Carbon steel	136.31%	33,311.6
ThyssenKrupp	Carbon steel	-321.15%	16,574.1
Voestalpine	Carbon Steel	-15.22%	9,433.3
Salzgitter	Carbon Steel	252.00%	3,094.8

Stainless Steel Peer Group

Median Peer EPS	177.36%
Threshold level: 80% of Median	141.88%
Target level: 100% of Median	177.36%
120% of Median	212.83%
140% of Median	248.30%
Aperam EPS	60.64%
Performance under this tranche	0%
Result: Weighted Performance under this tranche	12.5% x 0% = 0%

Carbon Steel Peer Group

Median Peer EPS	60.54%
Threshold level: 80% of Median	48.43%
Target level: 100% of Median	60.54%
120% of Median	72.64%
140% of Median	84.75%
Aperam EPS	60.64%
Performance under this tranche	110%
Result: Weighted Performance under this tranche	12.5% x 100% = 12.5%

⇒ Result: 12.5% vesting under EPS performance vs. peer group

Overall theoretical performance of the plan = 37.5%
 (0% on TSR vs SBF 120, 0% on TSR vs. DAX ; 12.5% on EPS vs Peer Group ; 25% on TSR vs. Peer Group)

Notes:

Source: Bloomberg, Aperam Computation

- (1) The presented TSR data is provided for information purposes only since the LT PSU Plan submitted to shareholder approval on May 9, 2018 will be based on a three year period going forward.
- (2) Calculated from 01/01/2017 to 01/01/2018 in USD.
- (3) As of 01/01/2018, in USD million.