



Third quarter 2021 results¹

“Third set of record earnings in a row”

Luxembourg, November 12, 2021 (07:00 CET) - Aperam (referred to as “Aperam” or the “Company”) (Amsterdam, Luxembourg, Paris, Brussels: APAM, NYRS: APEMY), announced today results for the three months ended September 30, 2021.

Highlights

- Health and Safety: LTI frequency rate of 1.8x in Q3 2021 compared to 2.3x in Q2 2021
- Steel shipments of 421 thousand tonnes in Q3 2021, 12% decrease compared to steel shipments of 481 thousand tonnes in Q2 2021
- Adj EBITDA of EUR 278 million in Q3 2021, compared to EUR 262 million in Q2 2021
- Net income of EUR 201 million in Q3 2021, compared to EUR 213 million in Q2 2021
- Basic earnings per share of EUR 2.53 in Q3 2021, compared to EUR 2.67 in Q2 2021
- Cash flow from operations amounted to EUR 110 million in Q3 2021, compared to EUR 115 million in Q2 2021
- Free cash flow before dividend and share buy-back of EUR 90 million in Q3 2021, compared to EUR 87 million in Q2 2021
- Net financial debt of EUR 59 million as of September 30, 2021, compared to EUR 1 million as of June 30, 2021

Strategic initiatives

- **Leadership Journey^{®2} Phase 4:** Gains reached EUR 11 million in Q3 2021. Aperam realized cumulative gains of EUR 34 million in the first 9 months of the program. This compares to cumulative target gains of EUR 150 million over the period 2021 to 2023.
- **Completion of the 2021 share-buyback:** 1.96 million shares have been bought back for EUR 99.96 million. Number of issued shares less treasury shares as of September 30, 2021: 77.90 million shares.
- **ResponsibleSteel™:** Aperam Stainless Europe operations have been successfully certified to be operating at the ResponsibleSteel™ Standard by independent auditors.

Prospects

- Adj EBITDA in Q4 2021 is expected at a slightly higher level versus Q3 2021
- We guide for slightly higher free cash flow in Q4 2021

Timoteo Di Maulo, CEO of Aperam, commented:

“In Aperam’s seasonal trough I am happy to present another set of record results this year – the third in a row. Market trends remain positive. Strong demand expresses itself in a solid order book and supportive pricing combined with the first results from our Leadership Journey[®] Phase 4. We expect a slightly higher Q4 result despite the growing impact from higher energy prices and a seasonally lower quarter in Brazil and we look with confidence into the first quarter.”

“Regarding sustainability I am proud that Aperam as the first stainless steel company received certification from ResponsibleSteel™. This demonstrates our sound practices in areas such as health & safety, supply chains, governance and environment matters.”

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

(in millions of Euros, unless otherwise stated)	Q3 21	Q2 21	Q3 20	9M 21	9M 20
Sales	1,257	1,272	841	3,706	2,708
Operating income	241	235	33	616	81
Net income attributable to equity holders of the parent	201	213	24	530	74
Basic earnings per share (EUR)	2.53	2.67	0.30	6.65	0.93
Diluted earnings per share (EUR)	2.53	2.66	0.30	6.63	0.93
Free cash flow before dividend and share buy-back	90	87	55	235	107
Net Financial Debt (at the end of the period)	59	1	111	59	111
Adj. EBITDA	278	262	65	715	184
Exceptional items	—	9	—	9	—
EBITDA	278	271	65	724	184
Adj. EBITDA/tonne (EUR)	660	545	150	513	148
EBITDA/tonne (EUR)	660	563	150	519	148
Steel shipments (000t)	421	481	432	1,395	1,246

Health & Safety results

Health and Safety performance based on Aperam personnel figures and contractors' lost time injury frequency rate was 1.8x in the third quarter of 2021 compared to 2.3x in the second quarter of 2021.

Financial results analysis for the three-month period ending September 30, 2021

Sales for the third quarter of 2021 decreased by 1% to EUR 1,257 million compared to EUR 1,272 million for the second quarter of 2021. Steel shipments decreased from 481 thousand tonnes in the second quarter of 2021, to 421 thousand tonnes in the third quarter of 2021.

EBITDA increased during the quarter to EUR 278 million from EUR 271 million (including exceptional gains of EUR 9 million made of PIS/Cofins tax credits related to prior periods recognised in Brazil) for the second quarter of 2021. The improvement was mainly driven by Brazil and higher inventory valuation gains compared to the previous quarter.

Depreciation and amortisation was EUR (37) million for the third quarter of 2021.

Aperam had an operating income for the third quarter of 2021 of EUR 241 million compared to an operating income of EUR 235 million for the previous quarter.

Financing costs, net, including the FX and derivatives result for the third quarter of 2021 were positive at EUR 10 million, including cash cost of financing of EUR (1) million.

Income tax expense for the third quarter of 2021 was EUR (49) million.

The Company recorded a net income of EUR 201 million for the third quarter of 2021.

Cash flows from operations for the third quarter of 2021 were positive at EUR 110 million, despite a working capital increase of EUR 175 million. CAPEX for the third quarter was EUR (21) million.

Free cash flow before dividend and share buyback for the third quarter of 2021 amounted to EUR 90 million.

During the third quarter of 2021, the cash returns to shareholders amounted to EUR 135 million, consisting of EUR 100 million of share buy-back and EUR 35 million of dividend. Total cash returned to shareholders during the first nine months of 2021 amounted to EUR 211 million consisting of EUR 105 million of share buy-back³ and EUR 106 million of dividend (of which EUR 1 million paid to non-controlling interests).

Operating segment results analysis

Stainless & Electrical Steel ⁽¹⁾

(in millions of Euros, unless otherwise stated)	Q3 21	Q2 21	Q3 20	9M 21	9M 20
Sales	1,065	1,078	664	3,120	2,123
EBITDA	226	212	42	578	138
Depreciation & amortisation	(31)	(30)	(26)	(91)	(84)
Operating income	195	182	16	487	54
Steel shipments (000t)	409	472	417	1,364	1,207
Average steel selling price (EUR/t)	2,525	2,209	1,536	2,219	1,699

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

The Stainless & Electrical Steel segment had sales of EUR 1,065 million for the third quarter of 2021. This represents a 1% decrease compared to sales of EUR 1,078 million for the second quarter of 2021. Steel shipments during the third quarter were 409 thousand tonnes, a decrease of 13% compared to shipments of 472 thousand tonnes during the previous quarter. Volumes in Europe decreased seasonally while volumes in Brazil normalized from an extremely high level in the second quarter. Average steel selling prices for the Stainless & Electrical Steel segment increased by 14% compared to the previous quarter.

The segment generated EBITDA of EUR 226 million for the third quarter of 2021 compared to EUR 212 million for the second quarter of 2021. Profitability increased due to higher prices, and higher inventory valuation gains which compensated lower volumes and higher input costs.

Depreciation and amortisation expense was EUR (31) million for the third quarter of 2021.

The Stainless & Electrical Steel segment had an operating income of EUR 195 million for the third quarter of 2021 compared to an operating income of EUR 182 million for the second quarter of 2021.

Services & Solutions⁽¹⁾

(in millions of Euros, unless otherwise stated)	Q3 21	Q2 21	Q2 20	9M 21	9M 20
Sales	561	542	372	1,634	1,132
Adjusted EBITDA	53	50	10	148	24
Exceptional items	—	9	—	9	—
EBITDA	53	59	10	157	24
Depreciation & amortisation	(3)	(3)	(3)	(9)	(10)
Operating income	50	56	7	148	14
Steel shipments (000t)	171	189	165	568	483
Average steel selling price (EUR/t)	3,167	2,761	2,184	2,769	2,248

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

The Services & Solutions segment had sales of EUR 561 million for the third quarter of 2021, representing an increase of 4% compared to sales of EUR 542 million for the second quarter of 2021. For the third quarter of 2021, steel shipments were 171 thousand tonnes compared to 189 thousand tonnes during the previous quarter. The Services & Solutions segment had higher average steel selling prices during the period compared to the previous period.

The segment generated EBITDA of EUR 53 million for the third quarter of 2021 compared to EBITDA of EUR 59 million, including EUR 9 million in Brazil due to PIS/Cofins tax credits related to prior periods, for the second quarter of 2021. Higher prices and higher inventory valuation gains did not fully compensate for the omission of the exceptional PIS/Cofins gains and seasonally lower volumes.

Depreciation and amortisation was EUR (3) million for the third quarter of 2021.

The Services & Solutions segment had an operating income of EUR 50 million for the third quarter of 2021 compared to an operating income of EUR 56 million for the second quarter of 2021.

Alloys & Specialties⁽¹⁾

(in millions of Euros, unless otherwise stated)	Q3 21	Q2 21	Q3 20	9M 21	9M 20
Sales	112	132	111	369	408
EBITDA	11	16	10	39	30
Depreciation & amortisation	(2)	(2)	(3)	(6)	(7)
Operating income	9	14	7	33	23
Steel shipments (000t)	7	8	7	22	24
Average steel selling price (EUR/t)	16,745	15,039	16,320	16,275	16,314

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

The Alloys & Specialties segment had sales of EUR 112 million for the third quarter of 2021, representing a decrease of 15% compared to EUR 132 million for the second quarter of 2021. Steel shipments decreased by 23% during the third quarter of 2021 at 7 thousand tonnes. Average steel selling prices were higher during the quarter.

The Alloys & Specialties segment achieved EBITDA of EUR 11 million for the third quarter of 2021 compared to EUR 16 million for the second quarter of 2021. The EBITDA decrease was mainly driven by lower volumes.

Depreciation and amortisation expense for the third quarter of 2021 was EUR (2) million.

The Alloys & Specialties segment had an operating income of EUR 9 million for the third quarter of 2021 compared to an operating income of EUR 14 million for the second quarter of 2021.

Recent developments during the quarter

- On August 12, August 25 and September 13, 2021, Aperam announced shareholding notifications by M&G plc for respectively crossing downwards, upwards, and downwards the 5% voting rights threshold with reference to Transparency Law.
- On September 23, 2021, Aperam announced that its Stainless Europe operations had been successfully certified to be operating at the ResponsibleSteel™ Standard by the independent auditors AFNOR. The ResponsibleSteel™ initiative is the first global sustainability certification programme for the steel sector and its certification follows a stringent audit of the company's practices. Aperam became the first stainless steel company to earn a ResponsibleSteel™ certification.
- On September 28, 2021, Aperam announced the completion of its share buyback program previously announced on July 30, 2021. In aggregate, 1,959,592 shares were bought under this program, representing an equivalent amount of EUR 99.96 million.

Investor conference call / webcast

Pre-recorded management comments are available as from publication of this earnings release on our website at www.aperam.com, section Investors > Reports & Presentations > Quarterly results > Q3-2021 ([Link](#)).

Aperam management will host a conference call / webcast for members of the investment community to discuss the third quarter 2021 financial performance at the following time:

Date	New York	London	Luxembourg
Friday, November 12, 2021	08:00 am	01:00 pm	02:00 pm

Link to the webcast: https://channel.royalcast.com/landingpage/aperam/20211112_1/

The dial-in numbers for the call are: France : +33 (0) 1 7037 7166; USA: +1 212 999 6659; UK: +44 (0) 33 0551 0200

The conference password is Aperam.

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About Aperam

Aperam is a global player in stainless, electrical and specialty steel, with customers in over 40 countries. The business is organised in three primary operating segments: Stainless & Electrical Steel, Services & Solutions and Alloys & Specialties.

Aperam has a flat Stainless and Electrical steel capacity of 2.5 million tonnes in Brazil and Europe and is a leader in high value specialty products. In addition to its industrial network, spread over six production facilities in Brazil, Belgium and France, Aperam has a highly integrated distribution, processing and services network and a unique capability to produce stainless and special steels from low cost biomass (charcoal made from its own FSC-certified forestry).

In 2020, Aperam had sales of EUR 3,624 million and steel shipments of 1.68 million tonnes.

For further information, please refer to our website at www.aperam.com.

Forward-looking statements

This document may contain forward-looking information and statements about Aperam and its subsidiaries. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance. Forward-looking statements may be identified by the words “believe,” “expect,” “anticipate,” “target” or similar expressions. Although Aperam’s management believes that the expectations reflected in such forward-looking statements are reasonable, investors and holders of Aperam’s securities are cautioned that forward-looking information and statements are subject to numerous risks and uncertainties, many of which are difficult to predict and generally beyond the control of Aperam, that could cause actual results and developments to differ materially and adversely from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include those discussed or identified in Aperam’s filings with the Luxembourg Stock Market Authority for the Financial Markets (Commission de Surveillance du Secteur Financier). Aperam undertakes no obligation to publicly update its forward-looking statements or information, whether as a result of new information, future events, or otherwise. In particular, the length and severity of the COVID-19 (coronavirus) outbreak, including its impacts in the sector, macroeconomic conditions and in Aperam's principal local markets may cause our actual results to be materially different than those expressed in our forward-looking statements.

APERAM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in million of EURO)	September 30, 2021	June 30, 2021	September 30, 2020
ASSETS			
Cash & cash equivalents (C)	359	417	335
Inventories, trade receivables and trade payables	1,032	876	608
Prepaid expenses and other current assets	101	125	78
Total Current Assets & Working Capital	1,492	1,418	1,021
Goodwill and intangible assets	427	435	426
Property, plant and equipment (incl. Biological assets)	1,512	1,532	1,502
Investments in associates, joint ventures and other	4	4	4
Deferred tax assets	88	103	116
Other non-current assets	62	66	51
Total Assets (net of Trade Payables)	3,585	3,558	3,120
LIABILITIES AND SHAREHOLDERS' EQUITY			
Short-term debt and current portion of long-term debt (B)	38	39	77
Accrued expenses and other current liabilities	370	384	282
Total Current Liabilities (excluding Trade Payables)	408	423	359
Long-term debt, net of current portion (A)	380	379	369
Deferred employee benefits	147	148	145
Deferred tax liabilities	115	116	120
Other long-term liabilities	45	49	41
Total Liabilities (excluding Trade Payables)	1,095	1,115	1,034
Equity attributable to the equity holders of the parent	2,486	2,439	2,082
Non-controlling interest	4	4	4
Total Equity	2,490	2,443	2,086
Total Liabilities and Shareholders' Equity (excluding Trade Payables)	3,585	3,558	3,120
Net Financial Debt (D = A+B-C)	59	1	111

APERAM CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(in million of EURO)	Three Months Ended			Nine Months Ended	
	September 30, 2021	June 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Sales	1,257	1,272	841	3,706	2,708
Adjusted EBITDA (E = C-D)	278	262	65	715	184
<i>Adjusted EBITDA margin (%)</i>	<i>22.1%</i>	<i>20.6%</i>	<i>7.7%</i>	<i>19.3%</i>	<i>6.8%</i>
Exceptional items (D)	—	9	—	9	—
EBITDA (C = A-B)	278	271	65	724	184
<i>EBITDA margin (%)</i>	<i>22.1%</i>	<i>21.3%</i>	<i>7.7%</i>	<i>19.5%</i>	<i>6.8%</i>
Depreciation & amortisation (B)	(37)	(36)	(32)	(108)	(103)
Operating income (A)	241	235	33	616	81
<i>Operating margin (%)</i>	<i>19.2%</i>	<i>18.5%</i>	<i>3.9%</i>	<i>16.6%</i>	<i>3.0%</i>
Results from associates and other investments	(1)	—	—	(1)	—
Financing costs, (net)	10	(6)	(4)	8	(2)
Income before taxes	250	229	29	623	79
Income tax expense	(49)	(16)	(5)	(93)	(5)
<i>Effective tax rate %</i>	<i>19.7%</i>	<i>6.6%</i>	<i>16.0%</i>	<i>14.9%</i>	<i>5.7%</i>
Net income attributable to equity holders of the parent	201	213	24	530	74
Basic earnings per share (EUR)	2.53	2.67	0.30	6.65	0.93
Diluted earnings per share (EUR)	2.53	2.66	0.30	6.63	0.93
Weighted average common shares outstanding (in thousands)	79,805	79,878	79,816	79,691	79,816
Diluted weighted average common shares outstanding (in thousands)	80,123	80,196	80,125	80,009	80,125

APERAM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in million of EURO)	Three Months Ended			Nine Months Ended	
	September 30, 2021	June 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Operating income	241	235	33	616	81
Depreciation & amortisation	37	36	32	108	103
Change in working capital	(175)	(118)	42	(414)	(16)
Income tax paid	(8)	(4)	(2)	(14)	(3)
Interest paid, (net)	(2)	(1)	(4)	(5)	(6)
Other operating activities (net)	17	(33)	(24)	40	38
Net cash provided by operating activities (A)	110	115	77	331	197
Purchase of PPE, intangible and biological assets (CAPEX)	(21)	(27)	(22)	(94)	(90)
Other investing activities (net)	1	(1)	—	(2)	—
Net cash used in investing activities (B)	(20)	(28)	(22)	(96)	(90)
Proceeds (payments) from payable to banks and long term debt	(1)	(7)	59	(14)	(8)
Purchase of treasury stock (share buy back)	(100)	(5)	—	(105)	—
Dividends paid	(35)	(36)	(35)	(106)	(104)
Other financing activities (net)	(3)	(1)	(2)	(7)	(7)
Net cash used in financing activities	(139)	(49)	(22)	(232)	(119)
Effect of exchange rate changes on cash	(9)	12	(6)	(2)	(29)
Change in cash and cash equivalent	(58)	50	71	1	(41)
Free cash flow before dividend and share buy-back (C = A+B)	90	87	55	235	107

Appendix 1a – Health & Safety statistics

Health & Safety Statistics	Three Months Ended		
	September 30, 2021	June 30, 2021	March 31, 2021
Frequency Rate	1.8	2.3	2.6

Lost time injury frequency rate equals lost time injuries per 1,000,000 worked hours, based on own personnel and contractors.

Appendix 1b - Key operational and financial information

Quarter Ending September 30, 2021	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
Operational information					
Steel Shipment (000t)	409	171	7	(166)	421
Average steel selling price (EUR/t)	2,525	3,167	16,745		2,928
Financial information (EURm)					
Sales	1,065	561	112	(481)	1,257
EBITDA	226	53	11	(12)	278
Depreciation & Amortisation	(31)	(3)	(2)	(1)	(37)
Operating income / (loss)	195	50	9	(13)	241

Quarter Ending June 30, 2021	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
Operational information					
Steel Shipment (000t)	472	189	8	(188)	481
Average steel selling price (EUR/t)	2,209	2,761	15,039		2,579
Financial information (EURm)					
Sales	1,078	542	132	(480)	1,272
Adjusted EBITDA	212	50	16	(16)	262
Exceptional items	—	9	—	—	9
EBITDA	212	59	16	(16)	271
Depreciation & Amortisation	(30)	(3)	(2)	(1)	(36)
Operating income / (loss)	182	56	14	(17)	235

Appendix 2 – Terms and definitions³

Unless indicated otherwise, or the context otherwise requires, references in this earnings release report to the following terms have the meanings set out next to them below:

Adjusted EBITDA: operating income before depreciation, amortisation and impairment expenses and exceptional items.

Adjusted EBITDA/tonne: calculated as Adjusted EBITDA divided by total steel shipments.

Average steel selling prices: calculated as steel sales divided by steel shipments.

Cash and cash equivalents: represents cash and cash equivalents, restricted cash and short-term investments.

CAPEX: relates to capital expenditures and is defined as purchase of tangible assets, intangible assets and biological assets.

EBITDA: operating income before depreciation, amortisation and impairment expenses.

EBITDA/tonne: calculated as EBITDA divided by total steel shipments.

Exceptional items: consists of (i) inventory write-downs equal to or exceeding 10% of total related inventories values before write-down at the considered quarter end (ii) restructuring (charges)/gains equal to or exceeding EUR 10 million for the considered quarter, (iii) capital (loss)/gain on asset disposals equal to or exceeding EUR 10 million for the considered quarter or (iv) other non-recurring items equal to or exceeding EUR 10 million for the considered quarter.

Financing income (costs): Net interest expense, other net financing costs and foreign exchange and derivative results.

Free cash flow before dividend and share buy-back: net cash provided by operating activities less net cash used in investing activities.

Gross financial debt: long-term debt plus short-term debt.

LTI frequency rate: Lost time injury frequency rate equals lost time injuries per 1,000,000 worked hours, based on own personnel and contractors.

Net financial debt: long-term debt, plus short-term debt less cash and cash equivalents.

Net financial debt/EBITDA or Gearing: Refers to Net financial debt divided by last twelve months EBITDA calculation.

Shipments: information at segment and group level eliminates inter-segment shipments (which are primarily between Stainless & Electrical Steel and Services & Solutions) and intra-segment shipments, respectively.

Working capital: trade accounts receivable plus inventories less trade accounts payable.

¹ The financial information in this press release and Appendix 1 has been prepared in accordance with the measurement and recognition criteria of International Financial Reporting Standards (“IFRS”) as adopted in the European Union. While the interim financial information included in this announcement has been prepared in accordance with IFRS applicable to interim periods, this announcement does not contain sufficient information to constitute an interim financial report as defined in International Accounting Standard 34, “Interim Financial Reporting”. Unless otherwise noted the numbers and information in the press release have not been audited. The financial information and certain other information presented in a number of tables in this press release have been rounded to the nearest whole number or the nearest decimal. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this press release reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

² The Leadership Journey® is an initiative launched on December 16, 2010, and subsequently accelerated and increased, to target management gains and profit enhancement. The fourth phase of the Leadership Journey® is targeting EUR 150 million gains for the period 2021 - 2023 via a combination of cost, growth and mix improvement measures.

³ EUR 105 million of share buy-back during the first nine months of 2021 is composed of (1) EUR 100 million related to the share buy-back program announced on July 30, 2021 and completed during the third quarter of 2021 with the acquisition of 1.96 million shares and (2) EUR 5 million related to the acquisition of 0.10 million shares from a related party during the second quarter of 2021.

⁴ This press release also includes Alternative Performance Measures (“APM” hereafter). The Company believes that these APMs are relevant to enhance the understanding of its financial position and provides additional information to investors and management with respect to the Company’s financial performance, capital structure and credit assessment. These non-GAAP financial measures should be read in conjunction with and not as an alternative for, Aperam’s financial information prepared in accordance with IFRS. Such non-GAAP measures may not be comparable to similarly titled measures applied by other companies. The APM’s used are defined under Appendix 2 “Terms & definitions”.