

**First quarter 2011**

May 10, 2011

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# Disclaimer

## Forward-Looking Statements

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## Introduction & overview

### Highlights:

- Health and Safety frequency rate of 0.7x in Q1 2011 compared to 1.0x in Q4 2010
- Shipments of 452 thousand tonnes in Q1 2011, up 23% from 366 thousand tonnes in Q4 2010
- EBITDA of USD 139 million in Q1 2011 compared to USD 22 million in Q4 2010. A charge of USD 36 million relating to the implementation of the “Leadership Journey” was recorded within the EBITDA of Q1 2011
- Earnings per share of USD 0.32 in Q1 2011
- Cash flows from operations were USD 40 million in Q1 2011 compared to pro forma cash flows from operations of USD 137 million in Q4 2010
- Net debt of USD 864 million at March 31, 2011 represented a gearing of 22% compared to pro forma net debt of USD 851 million at December 31, 2010

### Prospects:

- Recent decline in nickel prices, economic uncertainty and weakness in US dollar are expected to put pressure on margins in Q2 2011
- Net debt is expected to increase in Q2 2011

**“Following a weak Q4 2010, we experienced a strong improvement in the results of Q1 2011. The market has shown signs of improvement but we expect pricing to remain under pressure throughout 2011 due to overcapacity in the industry.”**

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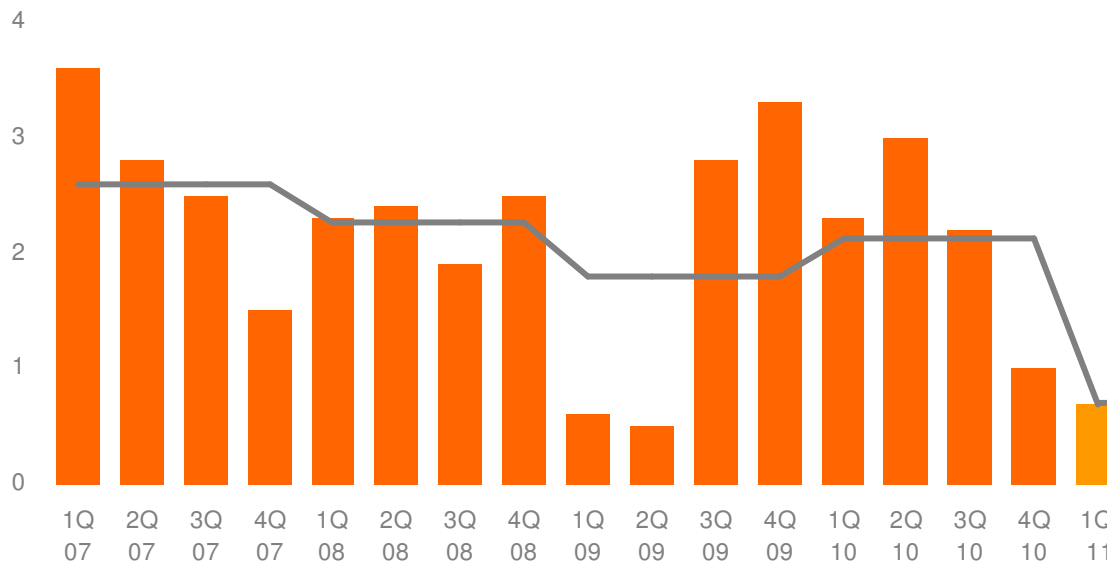


# Health & Safety

# Health & Safety Performance



Frequency rate\*



Health & Safety performance improving thanks to initiatives implemented further to 2010 deterioration

\* IISI-standard: Fr = lost time Injuries per 1.000.000 worked hours; based on own personnel and contractors

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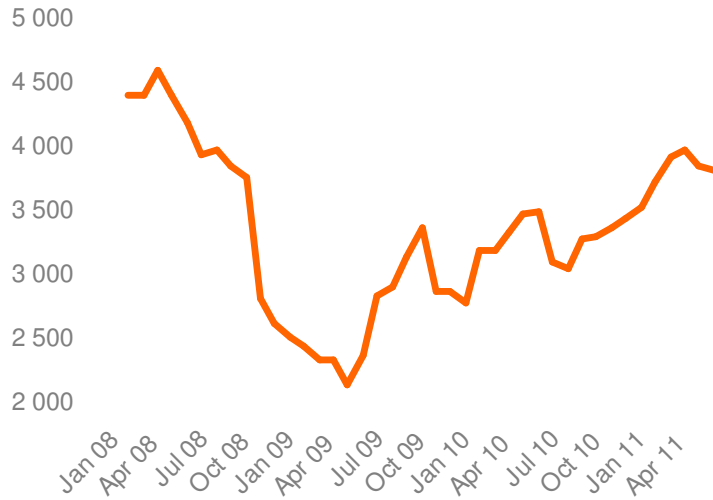
# Environment and markets

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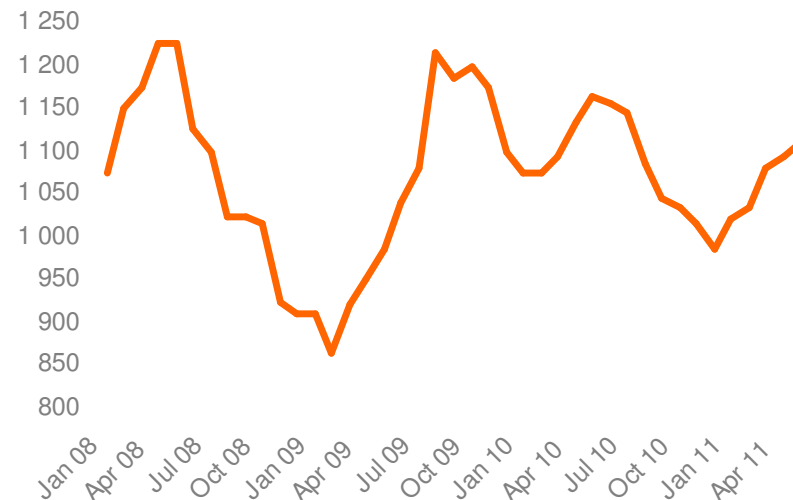
## Transaction price under pressure



China - CR 304 2B 2mm coil transaction price (USD/t)\*



Southern Europe - CR 304 2B 2mm coil base price (€/t)\*



The recent decline in nickel prices has resulted in a “wait and see” behavior

\*Source: SBB

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# Performance and prospects

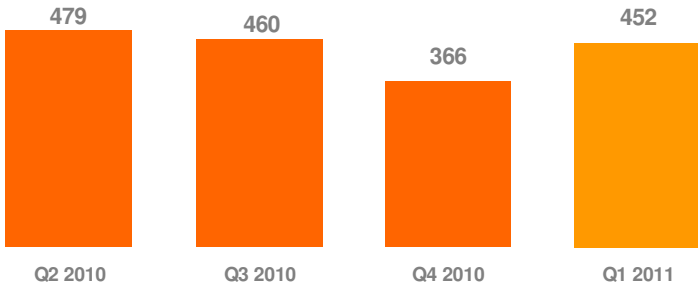


# Performance and prospects

Operations: Q4 2010 and Q1 2011

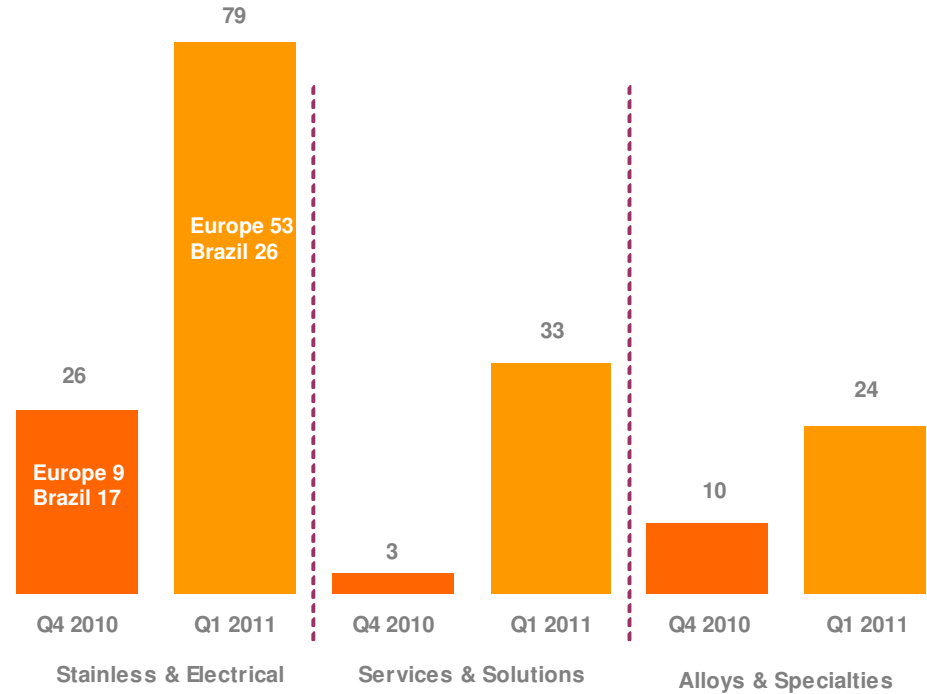
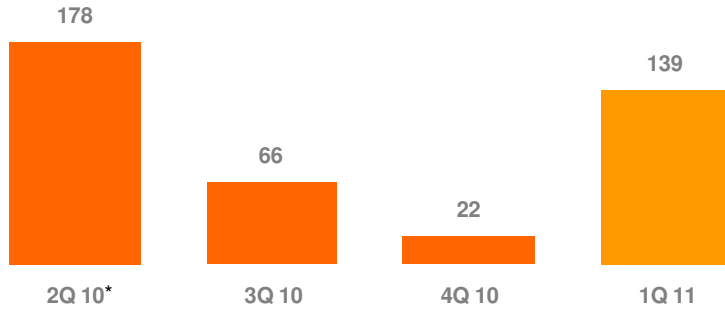


Shipments ('000t)



Q4 2010 & Q1 2011 EBITDA per Division (USD million)

EBITDA (USD million)



Q1 2011 EBITDA at 308 USD/t compared to the 2010 average of 235 USD/ton

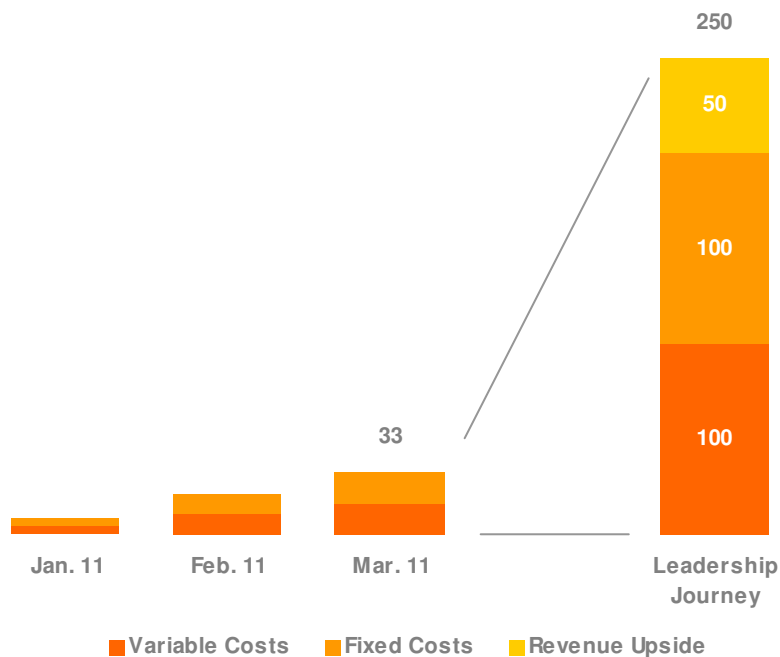
\*Q2 2010 un-audited figures

# Performance and prospects

## Leadership Journey



Cumulated gains and target 2012 (USD million)



### Key projects completed in Q1

- Switch from LPG to natural gas in Timoteo (Brazil - Stainless & Electrical Steel)
- Suspension of traditional cold roll mill in Isbergues (France - Stainless & Electrical Steel)
- VSS\* completed at end of March in Brazil

### Key projects progressing

- Biomass (charcoal) production doubling to permit full upstream integration (Brazil – Stainless & Electrical Steel)
- Investment in productivity including a new Hot Annealing and Pickling line in Gueugnon (France - Stainless & Electrical Steel)
- Investment in a new induction furnace and Electro Slag Remelting furnace at Imphy (France – Alloys & Speciality)
- Yield and quality improvements, SG&A reduction through organization simplification, biomass development, new product growth...

### New projects announced

- New service center in Campinas (Brazil – Services & Solutions)

“Leadership Journey” implementation on track

\*VSS – Voluntary Separation Scheme

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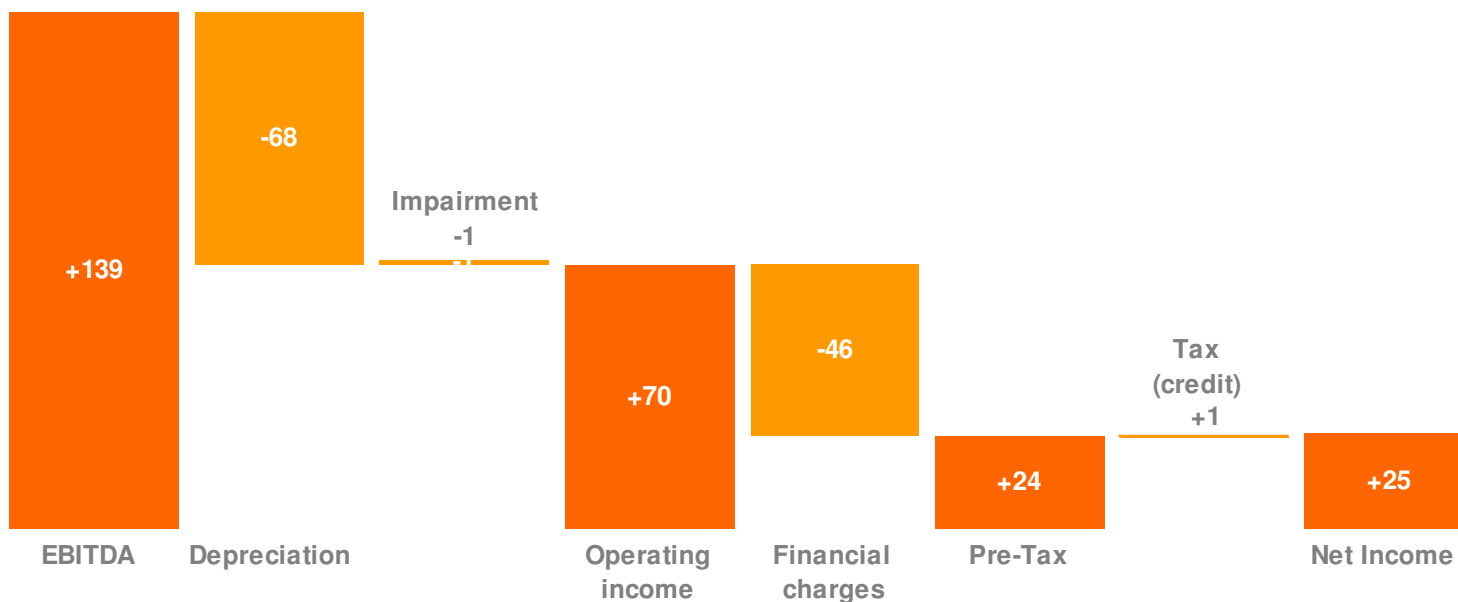
# Financial results

## Financial results

### First quarter P&L highlights



EBITDA to net income (USD million)



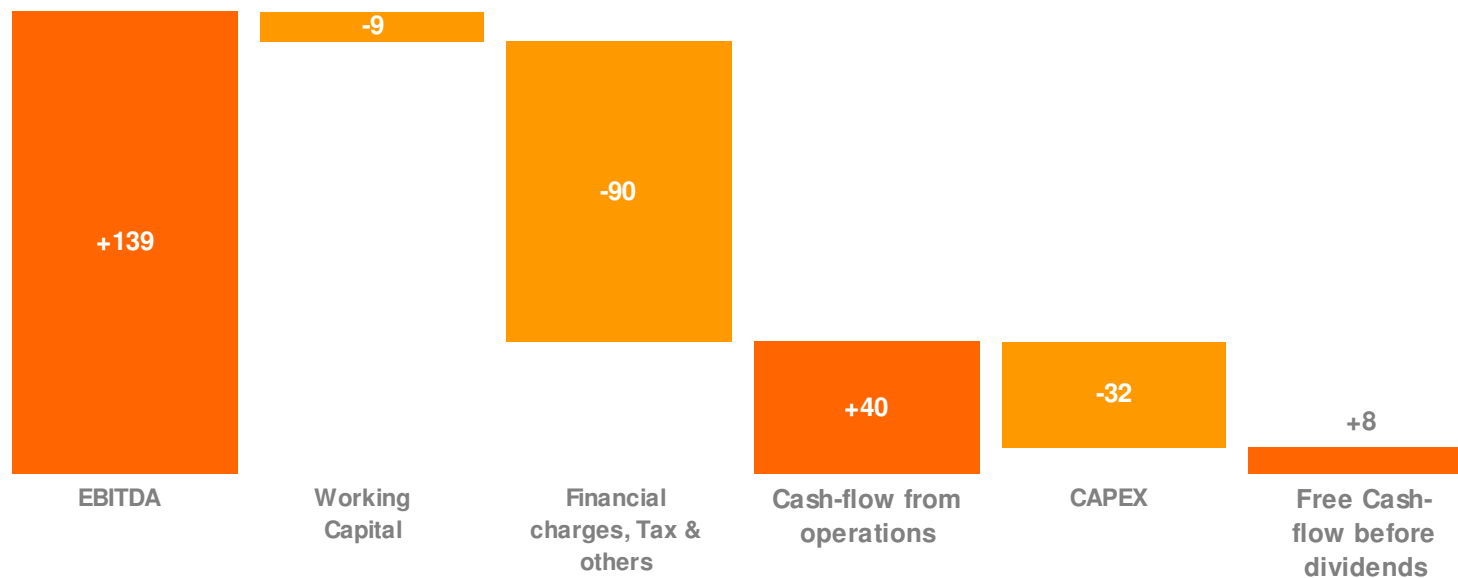
Earnings per share of USD 0.32 in Q1 2011

## Financial results

### First quarter cash flow highlights



Free cash flow (USD million)



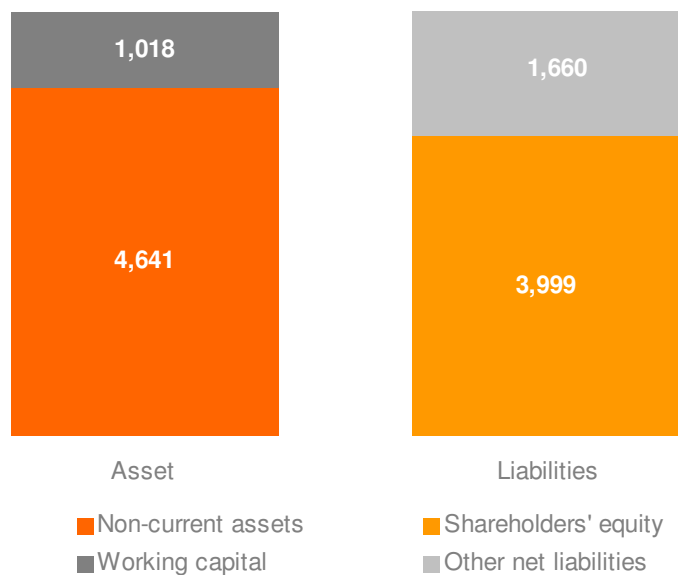
**USD +40m of cash flow from operations**

# Financial results

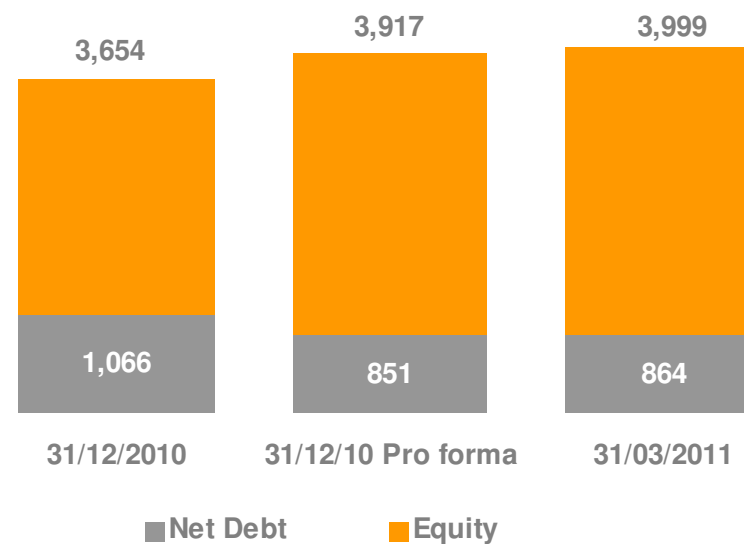
## First quarter balance sheet highlights



Assets & liabilities (USD million)\*



Equity & net debt (USD million)



**Net debt of USD 864 million representing gearing of 22%**

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Q&A