

## First quarter 2011 results<sup>1</sup>

Luxembourg - May 10, 2011

### Highlights

- Health and Safety frequency rate<sup>2</sup> 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<sup>3</sup> 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”<sup>4</sup> 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<sup>5</sup> 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

Aperam (referred to as “Aperam” or the “Company”) (Amsterdam, Luxembourg, Paris: APAM and NYRS: APEMY), today announced results for the three month period ending March 31, 2011

Commenting, Mr Bernard Fontana, CEO of Aperam said:

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

Additionally, we have made good progress with the Leadership Journey to reduce our costs to date, and expect continued success.”

### 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

### Financial Highlights (on the basis of IFRS)

(USDm) unless otherwise shown	Q1 '11	Q4 '10	Q1 '10
Sales	1,681	1,434	1,285
EBITDA	139	22	144
Operating income / (loss)	70	(77)	68
Net income	25	2	48
Steel shipments (000t)	452	366	436
EBITDA/tonne (USD)	308	60	330
Basic earnings per share (USD)	0.32	N/A	N/A

## Health & Safety results analysis

Health and Safety performance, based on Aperam personnel figures and contractors lost time injury frequency rate, improved from 1.0 in the fourth quarter of 2010 to 0.7 in the first quarter of 2011.

## Financial results analysis

Sales in the first quarter of 2011 increased by 17% to USD 1,681 million compared to USD 1,434 million in the fourth quarter of 2010. Shipments in the first quarter of 2011 rose by 86 thousand tonnes to 452 thousand tonnes compared to 366 thousand tonnes in the fourth quarter of 2010.

EBITDA was USD 139 million in the first quarter of 2011 compared to EBITDA in the fourth quarter of 2010 of USD 22 million. This increase was primarily driven by higher volumes, margin improvement and the contribution of the "Leadership Journey" initiative for USD 33 million during the quarter. A charge of USD 36 million related to the implementation of the "Leadership Journey" was also recorded within the EBITDA.

Depreciation expense in the first quarter of 2011 was USD 68 million. There was also an impairment of USD 1 million.

Aperam had operating income in the first quarter of USD 70 million compared to an operating loss of USD 77 million in the previous quarter.

Net interest expense and other net financing costs in the first quarter of 2011 were USD 46 million, of which USD 16 million relates to interest charges on the specific financing that existed prior to the spin-off. Other net interest expense includes the impact of foreign exchange primarily on monetary assets held in different currencies, the mark-to-market of derivative instruments and USD 18 million of financing costs.

The Company recorded net income of USD 25 million in the first quarter of 2011, which included an income tax benefit of USD 1 million.

Cash flows from operations in the first quarter were USD 40 million, with working capital outflows of USD 9 million. CAPEX in the first quarter was USD 32 million.

Shareholder's equity at March 31, 2011 was USD 3,999 million and net financial debt at first quarter's end was USD 864 million (gross financial debt as of March 31, 2011 was USD 1,132 million and cash & cash equivalents were USD 268 million).

The Company had liquidity of USD 668 million at March 31, 2011, consisting of cash and cash equivalents (including short-term investments) of \$268 million and \$400 million of available credit lines.

## Operating segment results analysis

### Stainless & Electrical Steel

The Stainless & Electrical Steel segment had sales of USD 1,430 million in the first quarter of 2011. This represents an increase of 28% compared to sales of USD 1,113 million in the fourth quarter of 2010. Shipments during the first quarter were 458 thousand tonnes, including 296 thousand tonnes in Europe and 162 thousand tonnes in South America. This is an increase of 115 thousand tonnes compared to the previous quarter's shipments of 343 thousand tonnes (186 thousand tonnes in Europe and 157 thousand tonnes in South America). The increase in volumes is due in part to the restocking taking place following the seasonal slowdown that traditionally takes place in the fourth quarter in both Europe and South America. Average steel selling prices for the Stainless & Electrical Steel Segment were relatively flat for the quarter.

The segment had EBITDA of USD 79 million in the first quarter of 2011 after USD 36 million of charges relating to the implementation of the "Leadership Journey". That compared to USD 26 million in the fourth quarter of 2010. This significant increase is primarily driven by the strong growth in shipments, improvement in the margins and cost reductions that took place during the quarter. EBITDA from South America increased from USD 17 million in the fourth quarter of 2010 to USD 26 million in the first quarter of 2011 after USD 12 million of charges relating to the implementation of the "Leadership Journey". EBITDA from Europe saw a substantial improvement during the quarter, increasing from USD 9 million in the fourth quarter of 2010 to USD 53 million in the first quarter of 2011 after USD 24 million of charges relating to the implementation of the "Leadership Journey".

The Stainless & Electrical Steel segment had operating income of USD 19 million during the first quarter. Depreciation and amortization was USD 59 million and impairment charges were USD 1 million in the first quarter of 2011.

Operating income in the first quarter of 2011 was USD 19 million compared to an operating loss of USD 62 million in the fourth quarter of 2010.

## Services & Solutions

The Services & Solutions segment had a substantial increase in sales of 29% during the period, increasing from USD 566 million in the fourth quarter of 2010 to USD 728 million in the first quarter of 2011. In the first quarter of 2011, shipments were 181 thousand tonnes compared to 147 thousand tonnes in the previous quarter. Overall, the growth in sales for the quarter was the result of higher average selling prices and an increase in volumes.

The segment achieved EBITDA in the first quarter of 2011 of USD 33 million compared to USD 3 million in the fourth quarter of 2010. The increase in EBITDA for the quarter is the result of a strong rebound in activity and pricing.

Depreciation and amortization in the first quarter of 2011 was USD 8 million.

The Services & Solutions segment had operating income of USD 25 million in the first quarter of 2011 compared to an operating loss of USD 5 million in the fourth quarter of 2010.

## Alloys & Specialties

The Alloys & Specialties segment had increased sales in the first quarter of 2011 of USD 181 million compared to USD 166 million in the fourth quarter of 2010. This represents an increase in sale for the quarter of 9%. Shipments remained flat during the quarter at 10 thousand tonnes, while average selling prices in the first quarter increased compared to the previous quarter.

The Alloys & Specialties segment achieved EBITDA of USD 24 million in the first quarter of 2011 compared to USD 10 million in the fourth quarter of 2010. The growth in EBITDA in the first quarter was primarily due to the result of better product mix and low maintenance costs.

Depreciation and amortization for the quarter was USD 1 million.

The Alloys & Specialties Segment had operating income of USD 23 million in the first quarter of 2011.

## Recent developments

- On February 15, 2011, Aperam announced its dividend payment schedule for 2011, following approval in principle by a general meeting of the Company held on January 21, 2011 of the payment of an interim dividend of USD 0.75 per Company share. The dividend will be paid in four equal quarterly installments of USD 0.1875 (gross) per share. Quarterly payments of USD 0.1875 per share will occur on March 30, June 14, September 12 and December 12, 2011.
- On March 15, 2011, Aperam signed a USD 800 million Secured Borrowing Base Revolving Credit Facility with a group of banks. The facility is structured as a 3-year revolving credit facility and will be used for liquidity and working capital purposes including the repayment by Aperam of part of the financing provided by ArcelorMittal SA.
- On March 28, 2011, Aperam announced the pricing of two series of US dollar denominated notes, consisting of USD 250 million aggregate principal amount of its 7.375% Notes due 2016 and USD 250 million aggregate principal amount of its 7.75% Notes due 2018, in a private placement in the international capital markets. The net proceeds were used to repay outstanding amounts under the company's USD 900 million bridge loan facility with ArcelorMittal SA.
- On March 30, 2011, Aperam repaid all outstanding amounts on the USD 900 million bridge loan facility provided to Aperam by ArcelorMittal. The facility does not allow for further drawings to be made by Aperam.
- On April 5, 2011, Standard & Poor's Ratings Services assigned its 'BB' long-term corporate credit rating to Aperam. The rating is in line with the 'BB' preliminary rating assigned on February 3, 2011. The outlook is stable. At the same time, Standard & Poor's assigned their 'BB' rating to the USD 500 million bonds, in line with the 'BB' preliminary rating.
- On April 11, 2011, Moody's Investor Services assigned a definitive Ba2 corporate family rating (CFR) and a definitive Ba2 probability of default rating (PDR) to Aperam. Concurrently, Moody's assigned a definitive B1/loss-given default (LGD) 6 rating to the company's USD500 million worth of senior unsecured bonds. The outlook on all ratings is stable.

## New developments

- On May 9, 2011, the Board of Directors of Aperam has decided to co-opt Mrs. Laurence Mulliez (45) until Aperam's next general meeting of shareholders, where Mrs. Mulliez' election will be submitted for confirmation by the shareholders. This decision follows the stepping down of Mrs. Sylvie Ouziel from the Board for personal considerations effective May 10, 2011. Mrs. Laurence Mulliez is CEO of Eoxis since 2010. Privately held Eoxis produces energy from renewable sources. Mrs. Laurence Mulliez was previously CEO of Castrol Industrial Lubricants and Services at BP from 2007 to 2009 and held various positions in BP starting 1999, including Head of Strategy for Gas, Power and Renewable Energy. Mrs. Laurence Mulliez will be member of the Audit and Risk, Transition and Sustainability, Performance and Strategy Committees.

- On May 10, 2011, as part of the “Leadership Journey”, Aperam announces that the Board of Directors of Aperam approved an investment of USD 35 million to improve the performance and profitability of its steel service center in Campinas, Brazil. This investment will result in the doubling of its processing capacity to 200,000 tonnes through revamping, streamlining and the addition of new processing lines, thus improving Aperam’s ability to serve its customers in the thriving Brazilian market.

## Investor conference call

Aperam management will host a conference call for members of the investment community to discuss the first quarter 2011 financial performance at the following times:

Date	New York	London	Luxembourg
Tuesday, May 10, 2011	7:30 AM	12:30 PM	1:30 PM

The dial-in numbers for the call are: France (+33 (0) 170 99 4288 and toll free 0800 942 817); USA (+1 718 247 0882 and toll free +1 866 850 2201); and international (+44 (0) 20 7138 0844). The participant access code is 9141860.

A replay of the conference call will be available: France (+33 (0) 174 20 28 00); USA (+1 347 366 9565) and international (+44 (0) 20 7111 1244). The participant access code is 9141860.

## Contacts

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## About Aperam

Aperam is a global player in stainless, electrical and specialty steel, with operations in more than 30 countries. The business is organized in three divisions: Stainless & Electrical Steel, Service & Solutions and Alloys & Specialties.

Aperam has 2.5 million tonnes of flat stainless steel capacity in Brazil and Europe and is a leader in high value added niches - alloys and specialties. Aperam has a highly integrated distribution, processing and services network and a unique capability to produce stainless and specialty from low cost biomass (charcoal). Its industrial network is concentrated in six main plants located in Brazil, Belgium and France. Aperam has about 9,700 employees.

Aperam commits to operate in a responsible way with respect to health, safety and well-being of its employees, contractors and the communities in which it operates. It is also committed to the sustainable management of the environment and of finite resources. In 2010, Aperam had revenues of USD 5.6 billion and shipments of 1.74 million tonnes.

For further information, please refer to our website at [www.aperam.com](http://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, whether as a result of new information, future events, or otherwise.

**APERAM CONDENSED COMBINED STATEMENT OF FINANCIAL POSITION**

(in million of U.S. dollars)	March 31, 2011 CONSOLIDATED	December 31, 2010 PRO FORMA	December 31, 2010	March 31, 2010
<b>Non current assets</b>	<b>4,641</b>	<b>4,498</b>	<b>4,488</b>	<b>4,475</b>
Intangible assets	1,035	999	989	986
Property, plant and equipment	3,020	2,917	2,917	2,994
Investments & other	586	582	582	495
<b>Current assets &amp; working capital</b>	<b>1,467</b>	<b>1,367</b>	<b>1,905</b>	<b>1,734</b>
Inventories, trade receivables & trade payables	1,018	959	959	827
Other assets	181	180	180	227
ArcelorMittal tax indemnification	-	-	-	270
Amount receivable under cash-pooling arrangement	-	-	646	302
Cash & cash equivalents	268	228	120	108
<b>Shareholders' equity</b>	<b>3,999</b>	<b>3,917</b>	<b>3,654</b>	<b>3,438</b>
Group share	3,993	3,912	3,649	3,432
Non-controlling interests	6	5	5	6
<b>Non current liabilities</b>	<b>1,078</b>	<b>572</b>	<b>1,363</b>	<b>1,825</b>
Interest bearing liabilities	603	122	932	1,330
Deferred employee benefits	191	181	181	179
Provisions and other	284	269	250	316
<b>Current liabilities (excluding trade payables)</b>	<b>1,031</b>	<b>1,376</b>	<b>1,376</b>	<b>946</b>
Interest bearing liabilities	529	957	900	520
Other	502	419	476	426

**APERAM CONDENSED COMBINED<sup>6</sup> STATEMENTS OF OPERATIONS**

(in million of U.S. dollars)	Three Months Ended			
	March 31, 2011 CONSOLIDATED	December 31, 2010 PRO FORMA	December 31, 2010	March 31, 2010
<b>Sales</b>	<b>1,681</b>	<b>1,434</b>	<b>1,434</b>	<b>1,285</b>
<b>EBITDA</b>	<b>139</b>	<b>22</b>	<b>22</b>	<b>144</b>
Depreciation & Impairment	69	99	99	76
<b>Operating Income (loss)</b>	<b>70</b>	<b>(77)</b>	<b>(77)</b>	<b>68</b>
Income from other investments	-	-	-	1
Interest income (expense) and other net financing costs	(46)	67	54	(3)
<b>Income (loss) before taxes and non-controlling interests</b>	<b>24</b>	<b>(10)</b>	<b>(23)</b>	<b>66</b>
Income tax expense (benefit)	(1)	(20)	(25)	18
<b>Income (loss) before non-controlling interests</b>	<b>25</b>	<b>10</b>	<b>2</b>	<b>48</b>
Non-controlling interests	-	-	-	-
<b>Net income (loss)</b>	<b>25</b>	<b>10</b>	<b>2</b>	<b>48</b>

**APERAM CONDENSED COMBINED<sup>6</sup> STATEMENTS OF CASH FLOWS**

(in million of U.S. dollars)	Three Months Ended			
	March 31, 2011 CONSOLIDATED	December 31, 2010 PRO FORMA	December 31, 2010	March 31, 2010
Net Income	25	10	2	48
Non-controlling interests	-	-	-	-
Depreciation and impairment	69	99	99	76
Changes in working capital	(9)	161	161	(60)
Other	(45)	(133)	140	(102)
<b>Net cash provided by (used in) operating activities</b>	<b>40</b>	<b>137</b>	<b>402</b>	<b>(38)</b>
Purchase of property, plant and equipment (CAPEX)	(32)	(40)	(40)	(23)
Loans under cash pooling arrangements (net)	647	-	(327)	24
Other investing activities	-	(6)	(6)	-
<b>Net Cash provided by (used in) investing activities</b>	<b>615</b>	<b>(46)</b>	<b>(373)</b>	<b>1</b>
Proceed (payments) from payable to banks and long term debt	32	(8)	(8)	(13)
Borrowings (repayments) under cash pooling arrangements (net)	(530)	-	(34)	44
Dividends paid	(14)	-	-	-
Other financing activities (net)	-	2	2	-
<b>Net cash (used in) provided by financing activities</b>	<b>(512)</b>	<b>(6)</b>	<b>(40)</b>	<b>31</b>
Net increase (decrease) in cash and cash equivalents	143	85	(11)	(6)
Effect of exchange rate changes on cash & Other financing activities	5	1	-	(4)
<b>Change in cash and cash equivalent</b>	<b>148</b>	<b>86</b>	<b>(11)</b>	<b>(10)</b>

## Appendix 1a – Health & Safety statistics

Health & Safety Statistics	Three Months Ended	
	March 31, 2011	December 31, 2010
Frequency Rate	0.7	1.0

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 Ended March 31, 2011	Stainless & Electrical Steel <sup>1,2</sup>	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
<b>Operational information</b>					
Steel Shipment (000t)	458	181	10	(197)	452
Steel selling price (USD/t)	2,992	3,856	17,864		3,553
<b>Financial information</b>					
Sales (USDm)	1,430	728	181	(658)	1,681
EBITDA (USDm)	79	33	24	3	139
Depreciation & Impairment (USDm)	60	8	1	-	69
Operating income (USDm)	19	25	23	3	70

Note 1: Stainless & Electrical Steel Shipments of 458kt of which 162kt were from South America and 296kt were from Europe

Note 2: Stainless & Electrical Steel EBITDA of USD 79m of which USD 26m were from South America and USD 53m were from Europe

Quarter Ended December 31, 2010	Stainless & Electrical Steel <sup>1,2</sup>	Services & Solutions	Alloys & Specialties	Others & Eliminations	Total
<b>Operational information</b>					
Steel Shipment (000t)	343	147	10	(134)	366
Steel selling price (USD/t)	3,072	3,559	15,944		3,666
<b>Financial information</b>					
Sales (USDm)	1,113	566	166	(411)	1,434
EBITDA (USDm)	26	3	10	(17)	22
Depreciation & Impairment (USDm)	88	8	3	-	99
Operating income / (loss) (USDm)	(62)	(5)	7	(17)	(77)

Note 1: Stainless & Electrical Steel Shipments of 343kt of which 157kt were from South America and 186kt were from Europe

Note 2: Stainless & Electrical Steel EBITDA of USD 26m of which USD 17m were from South America and USD 9m were from Europe

<sup>1</sup> The financial information in this press release and Appendix 1 has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by 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 Standards 34, "Interim Financial Reporting". Unless otherwise noted the numbers 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.

<sup>2</sup> Lost time injury frequency rate equals lost time injuries per 1,000,000 worked hours, based on own personnel and contractors.

<sup>3</sup> EBITDA is defined as operating income plus depreciation and impairment expenses.

<sup>4</sup> The "Leadership Journey" is an initiative that was launched on December 16, 2010 to target management gains and profit enhancement of USD 250 million over the next two years.

<sup>5</sup> The pro forma combined financial information is provided in order to present Aperam's financial position and results of operations as of and for the quarter ended December 31, 2010, as adjusted to give effect to the spin-off and related financing activities, as if they had taken place on January 1, 2010. Such pro forma financial information has been adjusted to give effect to: • the allocation of 78,049,730 of the Company's ordinary shares to the shareholders of ArcelorMittal; • the incurrence of \$891 million of debt under new financing arrangements and the associated interest expense and other financing costs; and • the repayment of \$1,670 million of related party debt and payables, in each case, owed by the Company to ArcelorMittal.

<sup>6</sup> The financial statements for periods prior to January 25, 2011 reflect the combined results of operations and cash flows for the Company. The financial statements for periods as of and subsequent to January 25, 2011 reflect the consolidated results of operations and cash flows for the Company.