

**Second quarter 2011**

July 26, 2011

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## Disclaimer



### **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

## Introduction & overview



### Highlights:

- Health and Safety frequency rate of 0.8x compared to 0.7x in Q1 2011
- Shipments of 439 thousand tonnes in Q2 2011, a 3% decrease compared to shipments of 452 thousand tonnes in Q1 2011
- EBITDA of USD 102 million in Q2 2011 compared to USD 139 million in Q1 2011. 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 0.02 in Q2 2011
- Cash flow from operations was negative USD 198 million in Q2 2011 compared to positive USD 40 million in Q1 2011, mainly due to a working capital peak
- Net debt of USD 1,107 million at June 30, 2011 representing a gearing of 27% compared to USD 864 million at March 31, 2011

### Prospects:

- EBITDA is expected to reach a trough in Q3 2011 due, in particular, to a seasonal slowdown
- Net debt is expected to decrease in Q3 2011

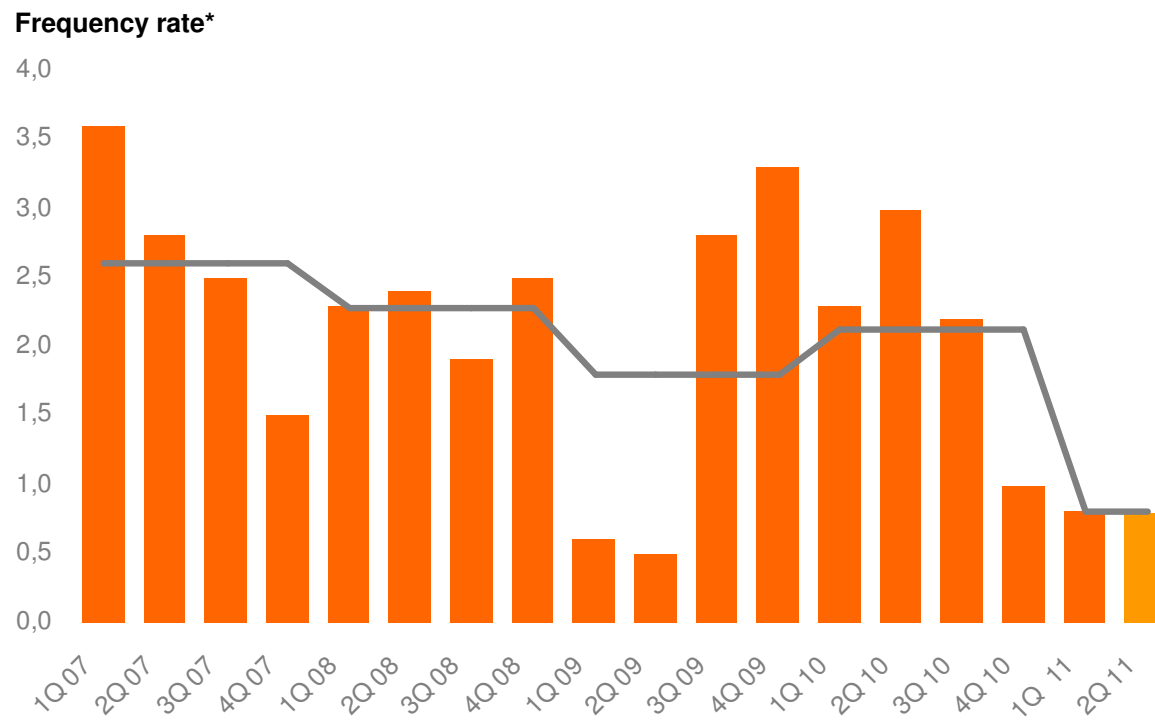
**“As expected, the decline in nickel prices and the general economic uncertainty experienced in Q2 2011 led customers to adopt a ‘wait and see’ behavior which had a negative impact on pricing. However, recently we have started to see signs of market stabilization, which gives us confidence for the end of the year.”**

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# Health & Safety

# Health & Safety Performance



**Improvement in Health & Safety confirmed**

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

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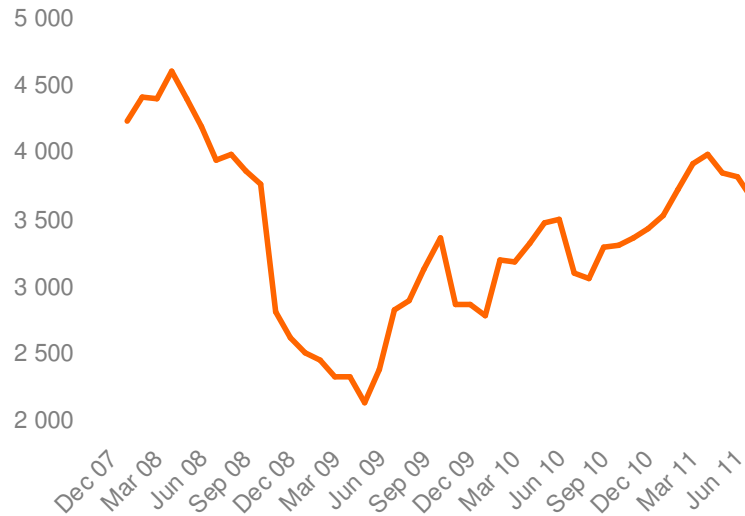
# Environment and markets

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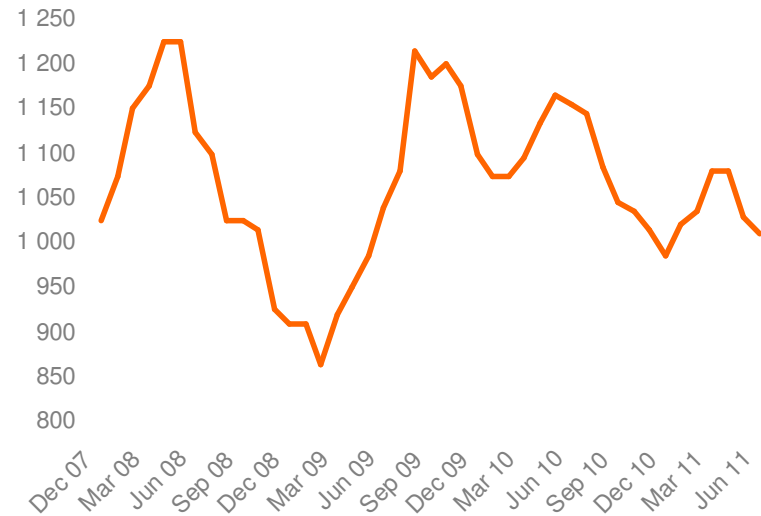
## Prices under pressure



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



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



Nickel prices have put pressure on stainless steel prices but the market is starting to show signs of improvement

\*Source: SBB

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# Performance and prospects

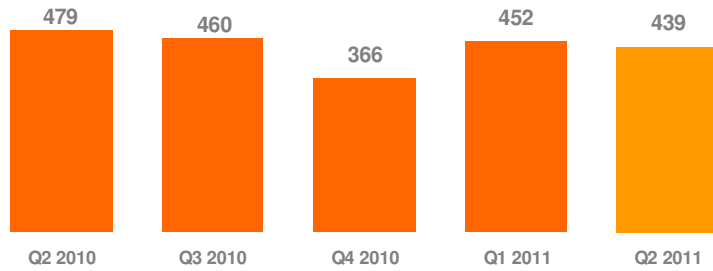


# Performance and prospects

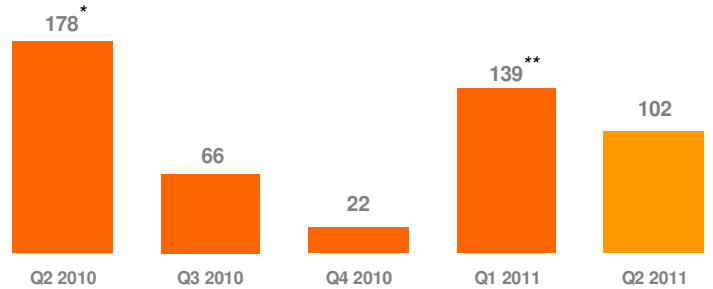
## Operations: Q1 2011 and Q2 2011



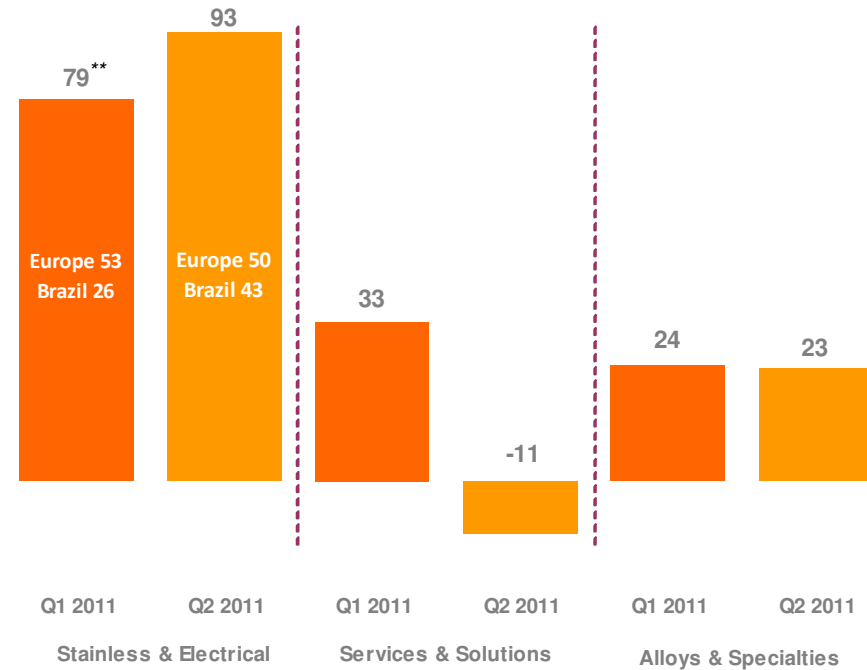
Shipments ('000t)



EBITDA (USD million)



Q1 2011 & Q2 2011 EBITDA per division (USD million)



**EBITDA of 232 USD/t in Q2 2011 compared to 308 USD/t in Q1 2011**

\*Q2 2010 unaudited figures

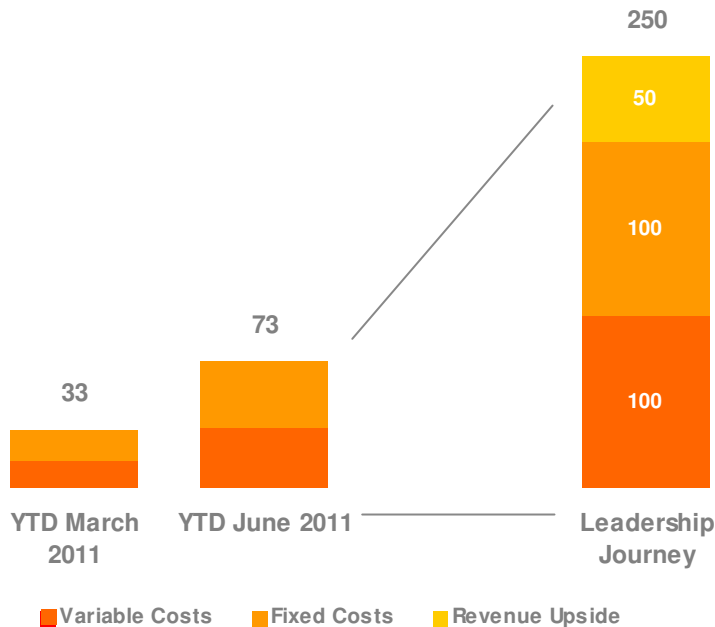
\*\*A charge of USD 36 million (Europe USD24m and Brazil USD12m) relating to the implementation of the "Leadership Journey" was recorded within the EBITDA of Q1 2011

# Performance and prospects

## Leadership Journey



Cumulated gains and target 2012 (USD million)



### Key project completed in H1

- 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 Q1 in Brazil
- Conversion of blast furnace number 2 from coke to biomass (charcoal) (Brazil – Stainless & Electrical Steel)

### Key project progressing

- 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)
- Service Center expansion in Campinas (Brazil – Services & Solutions)
- Yield and Quality improvement, SG&A reduction through organisation simplification, Biomass development, new product growth...

“Leadership Journey” well on track

\*VSS – Voluntary Separation Scheme

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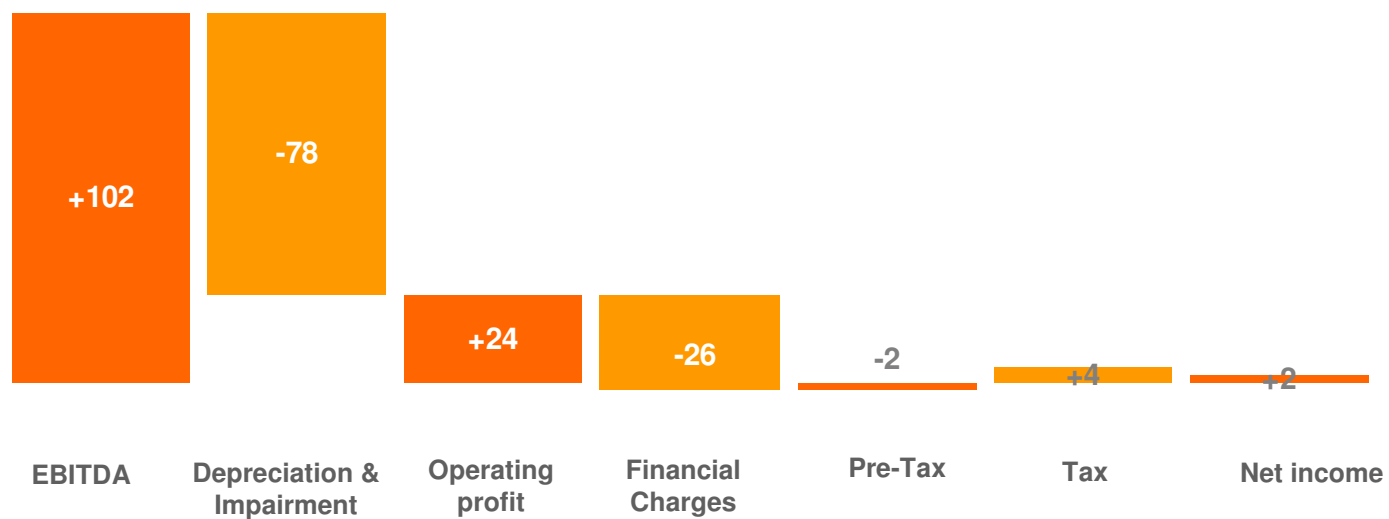
# Financial results

## Financial results

### Second quarter P&L highlights



EBITDA to net income (USD million)



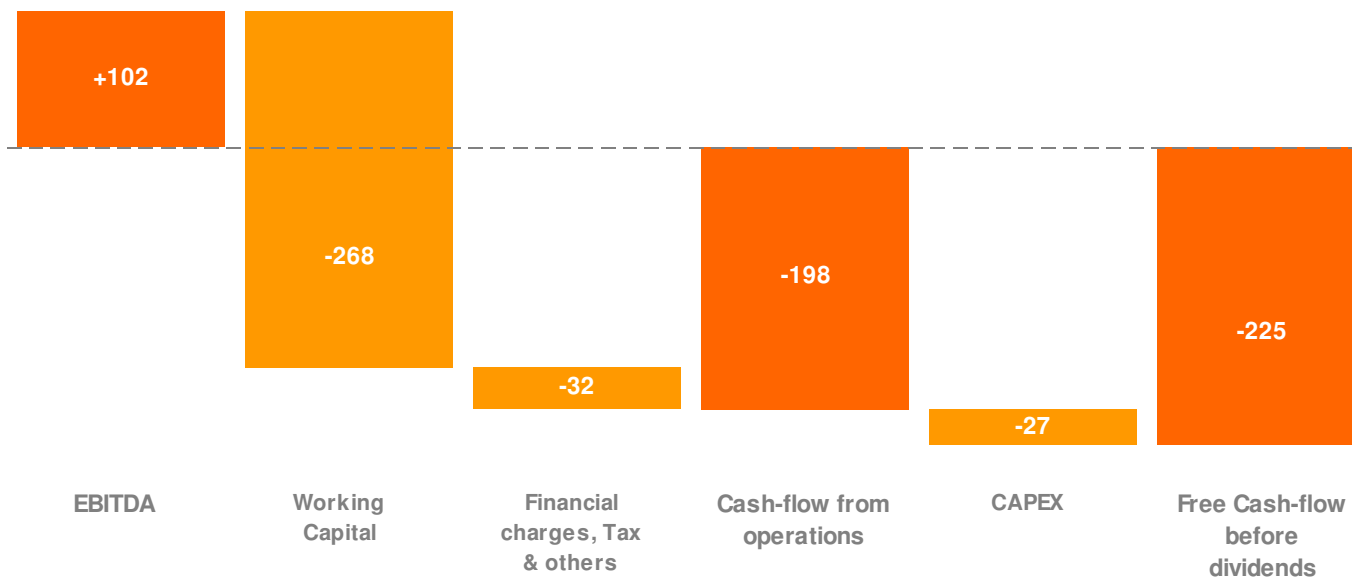
Earnings per share of USD 0.10

## Financial results

### Second quarter cash flow highlights



Free cash flow (USD million)



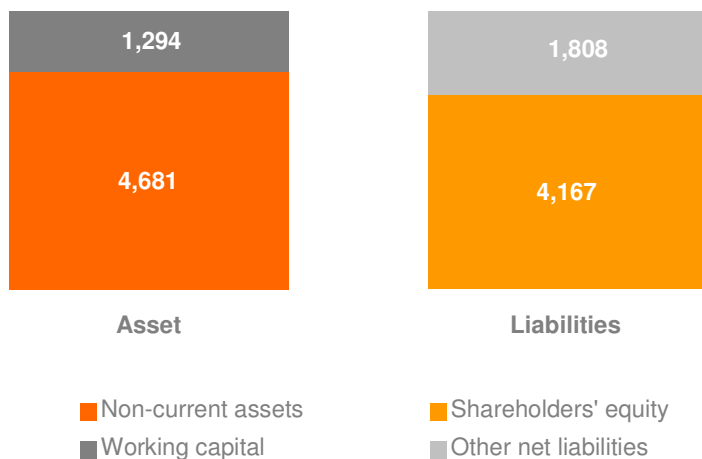
**USD 198m cash consumed by operations due to a working capital peak**

## Financial results

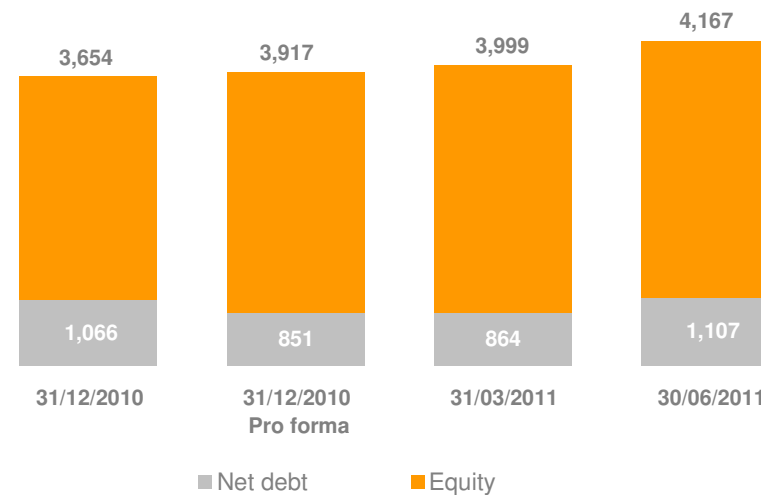
### Second quarter balance sheet highlights



Assets & liabilities (USD million)



Equity & net debt (USD million)



**Net debt of USD 1,107 million and gearing of 27%**

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# Q&A