

**Third quarter 2011**

November 2, 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 0.9x compared to 0.8x in Q2 2011
- Shipments of 429 thousand tonnes in Q3 2011, a 2% decrease compared to shipments of 439 thousand tonnes in Q2 2011 due to seasonal slowdown
- EBITDA of USD 62 million in Q3 2011
- Earnings per share of USD (0.53) in Q3 2011
- Cash inflows from operations amounted to USD 120 million in Q3 2011 compared to cash outflows from operations of USD 198 million in Q2 2011
- Net debt of USD 1,038 million at September 30, 2011, representing a gearing of 29%, compared to net debt of USD 1,107 million at June 30, 2011
- Acceleration and USD 100 million increase of the “Leadership Journey” resulting in an overall total program size of USD 350 million by 2013

### Prospects:

- EBITDA in Q4 2011 is expected to be comparable to Q3 2011
- Net debt is expected to continue to decrease in Q4 2011 compared to Q3 2011

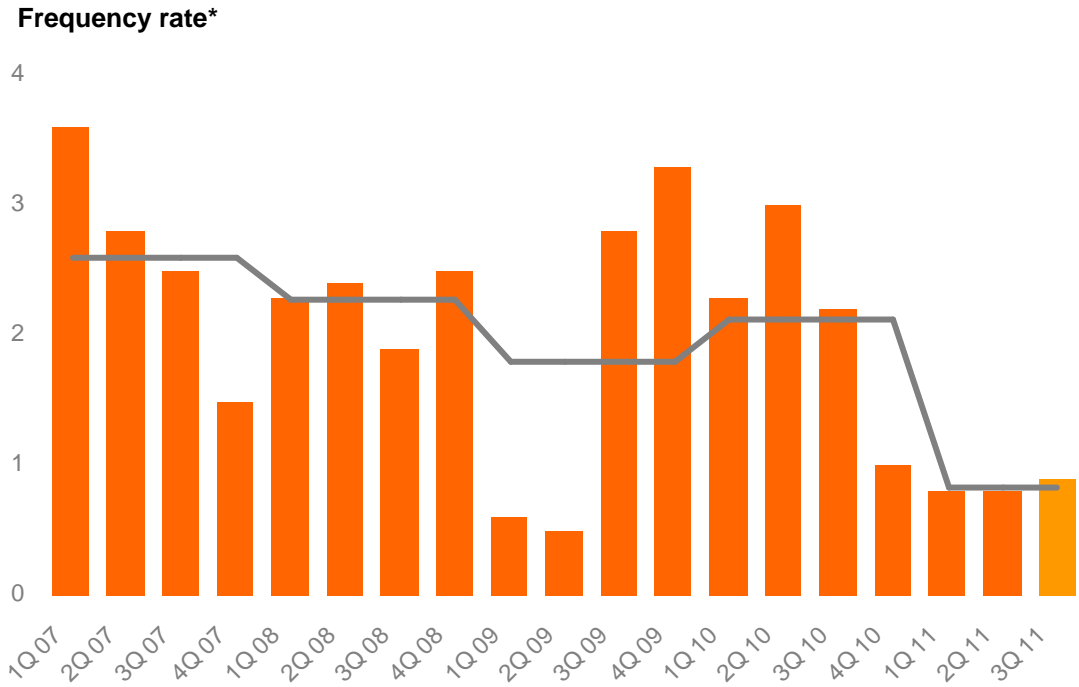
**The seasonal slowdown in Europe, a base price decrease and the negative stock effect from nickel prices all impacted Q3 2011 results which benefited from continuing progress on the Leadership Journey**

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# Health & Safety

# Health & Safety Performance



**Despite a small deterioration this quarter, improvement in health & safety as a result of new measures confirmed**

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

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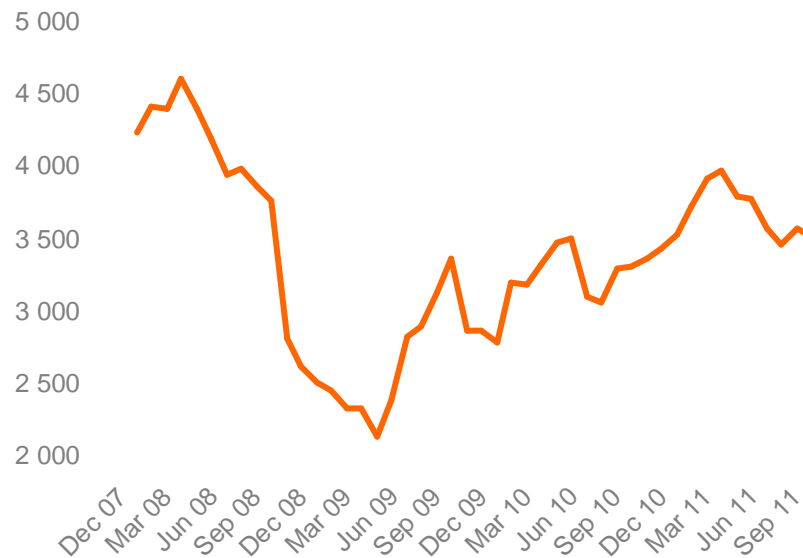
# Environment and markets

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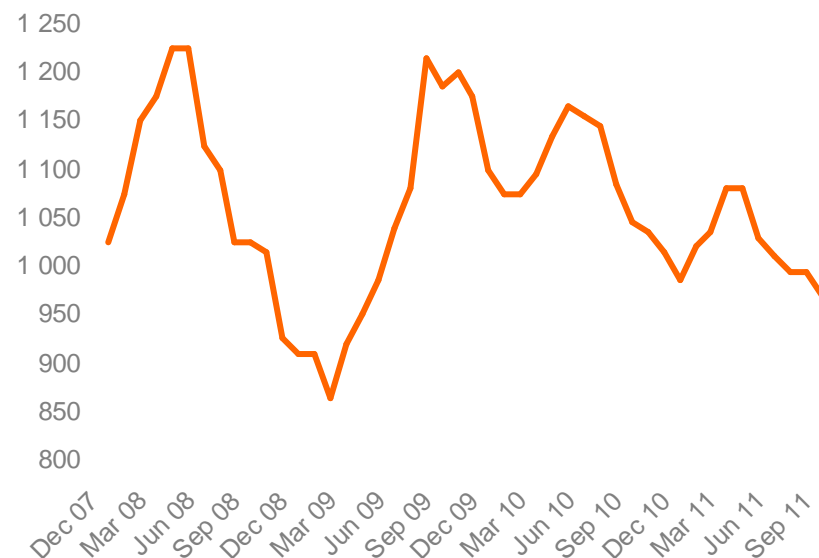
## Markets under pressure



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



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



Nickel prices and current general economic uncertainty have put pressure on stainless steel market

\*Source: SBB

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# Performance and prospects

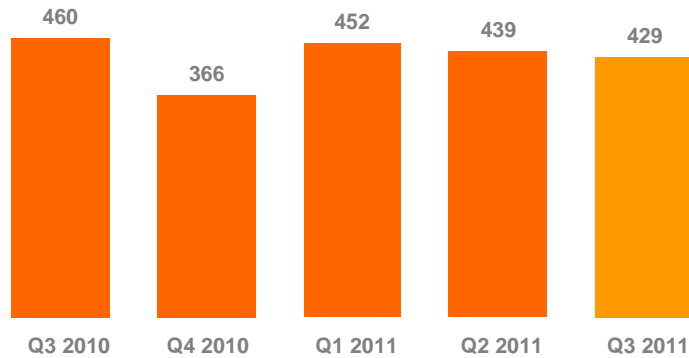


# Performance and prospects

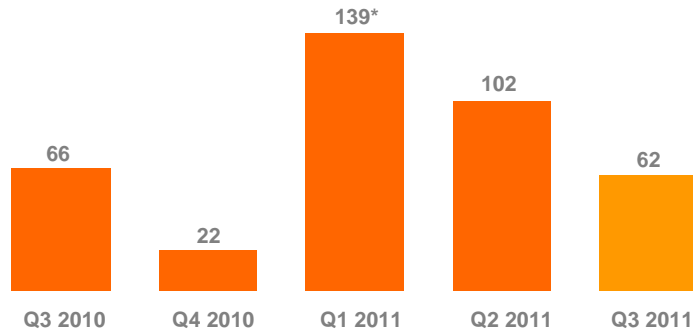
## Operations: Q2 2011 & Q3 2011



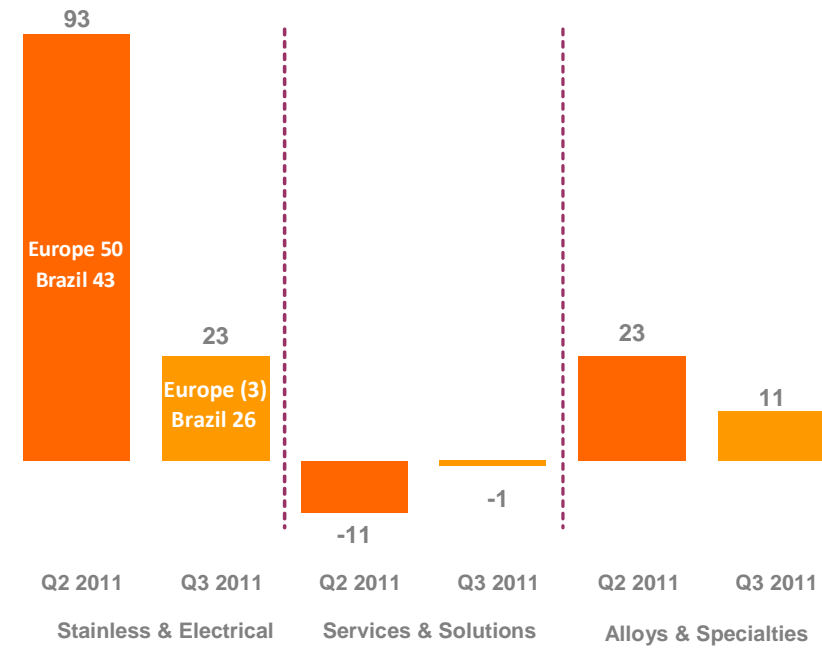
Shipments ('000t)



EBITDA (USD million)



Q2 2011 & Q3 2011 EBITDA per division (USD million)



**EBITDA of 145 USD/t in Q3 2011 compared to 232 USD/t in Q2 2011**

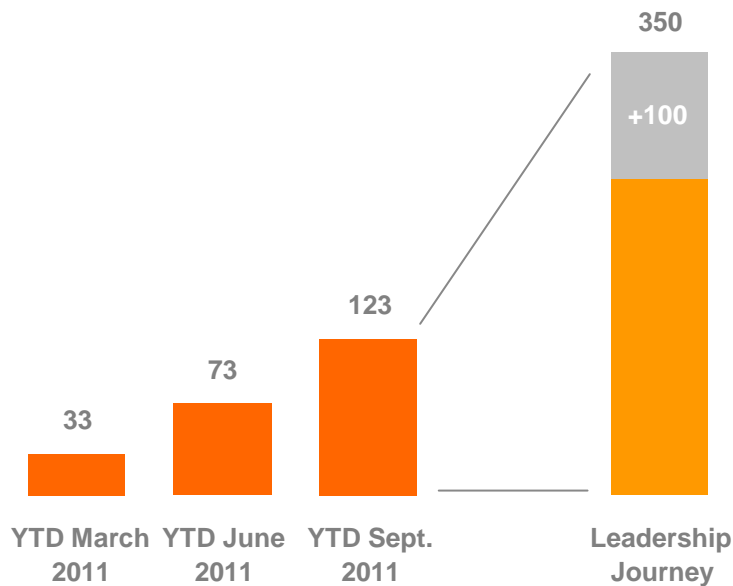
\*A charge of USD 36 million (Europe USD 24m and Brazil USD 12m) relating to the implementation of the "Leadership Journey" was recorded within the EBITDA of Q1 2011

# Performance and prospects

## Leadership Journey



Cumulated gains and target 2013 (USD million)



### Key projects completed since beginning of 2011

- In Brazil, VSS\*, switch from LPG to natural gas and conversion of blast furnace number 2 from coke to biomass
- In Europe, suspension of traditional cold roll mill in Isbergues.

### Key projects 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...

### New initiatives launched

- Further industrial optimization and rationalization in Europe, systematic benchmarking in Brazil and new sourcing initiatives

**“Leadership Journey” accelerated and increased by an additional USD 100 million by 2013**

\*VSS – Voluntary Separation Scheme

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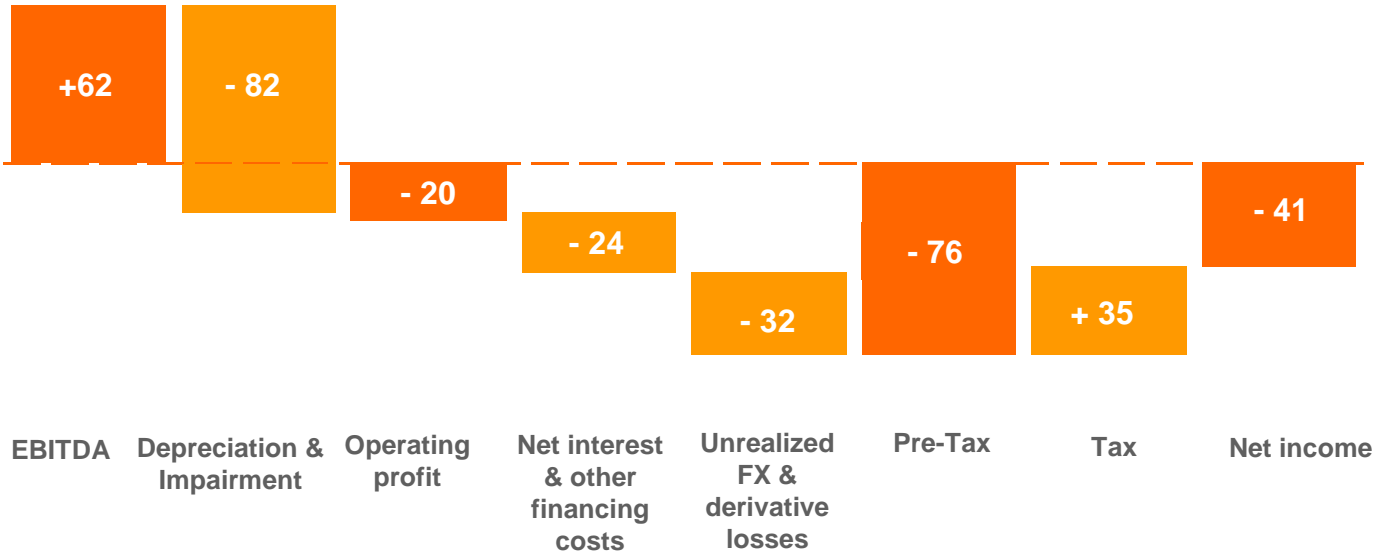
# Financial results

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## Third quarter P&L highlights



EBITDA to net income (USD million)



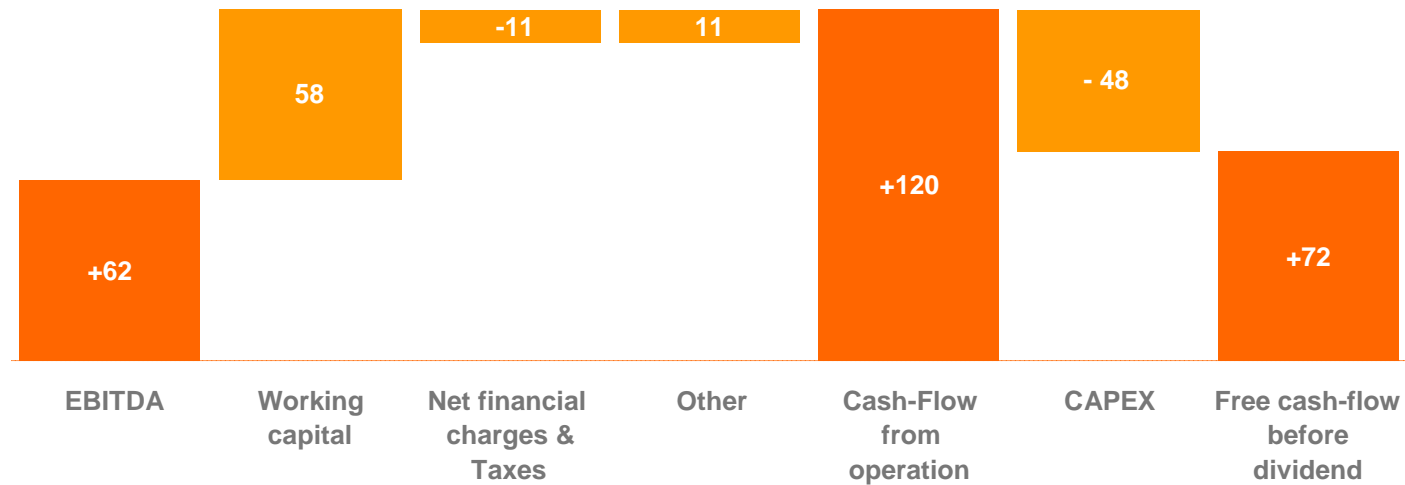
Earnings per share of USD (0.53)

## Financial results

### Third quarter cash flow highlights



Free cash flow (USD million)



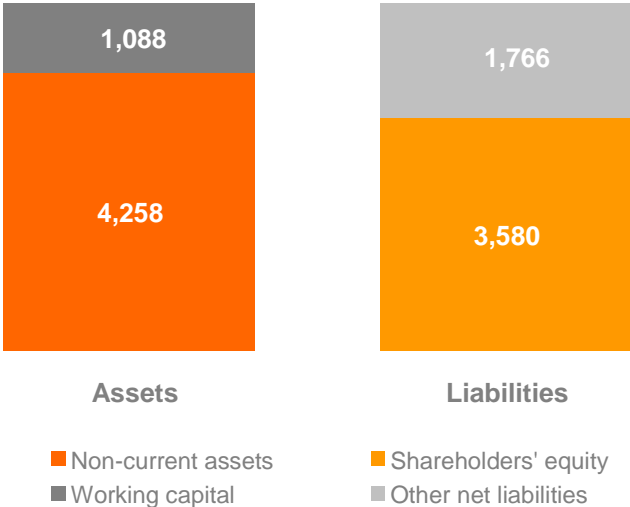
USD 72m of cash generated in Q3 2011 compared to USD 198m of cash consumed by operations in Q2 2011

# Financial results

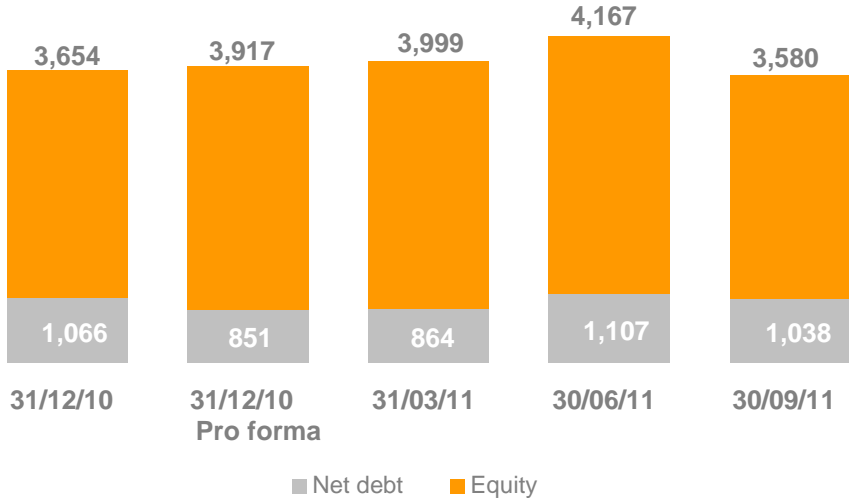
## Third quarter balance sheet highlights



Assets & liabilities (USD million)



Equity & net debt (USD million)



**Net debt of USD 1,038 million representing a gearing of 29%**

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Q&A