

**Full year and fourth quarter 2011**

February 6, 2012

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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 0.7x in 2011 compared to 2.1x in 2010
- Shipments of 1,749 thousand tonnes in full year 2011, flat compared to shipments of 1,741 thousand tonnes in full year 2010
- EBITDA of USD 356 million in full year 2011, compared to USD 410 million in full year 2010. A charge of USD 36 million relating to the implementation of the “Leadership Journey” was recorded within the EBITDA of Q1 2011
- Basic earnings per share of USD (0.76) in 2011
- Cash inflows from operations amounted to USD 189 million in 2011
- Net debt of USD 878 million at December 31, 2011, representing a gearing of 25%

### Prospects:

- EBITDA in Q1 2012 is expected to improve compared to Q4 2011 due to stainless steel market rebound and the continuing progress of the Leadership Journey
- Net debt is expected to increase in Q1 2012 compared to Q4 2011 due to the stainless steel market rebound

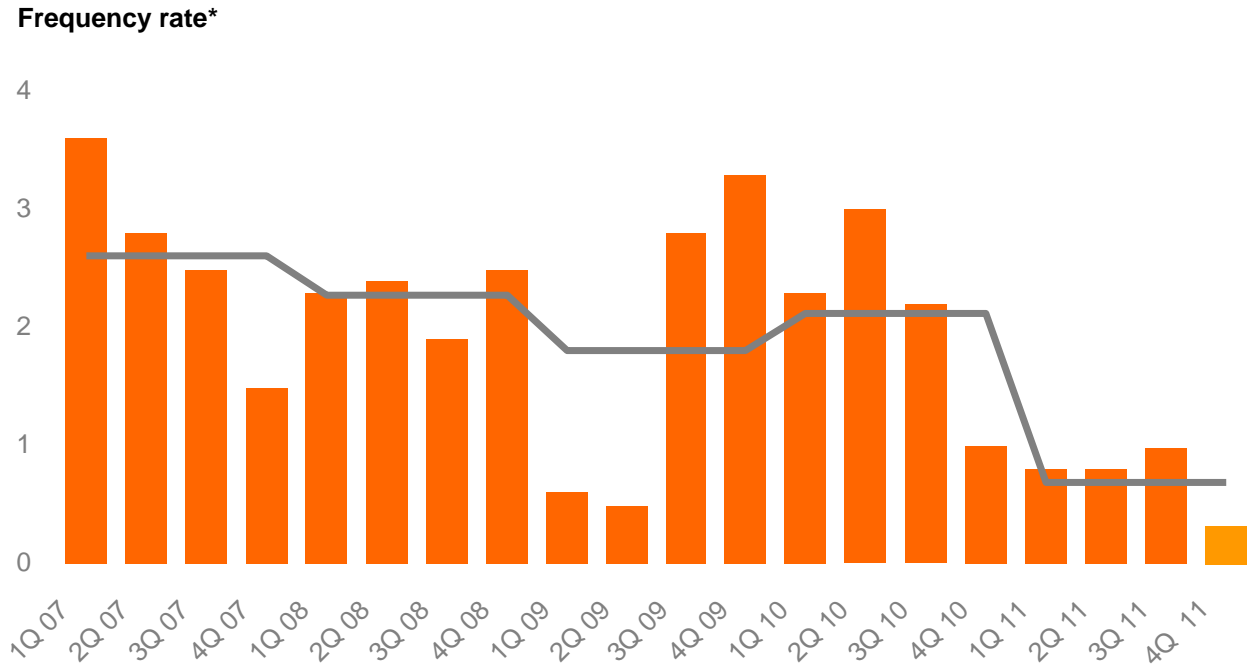
**Despite a more difficult environment than anticipated, Aperam has been able to maintain a comparable performance in Q4 2011 to Q3 2011 and to reduce debt levels significantly**

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# Health & Safety

# Health & Safety Performance



**Health & safety results have improved significantly from an average frequency rate of 2.1x in 2010 to 0.7x in 2011 as a result of the implementation of new measures at the end of 2010**

\* 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

# Environment and markets

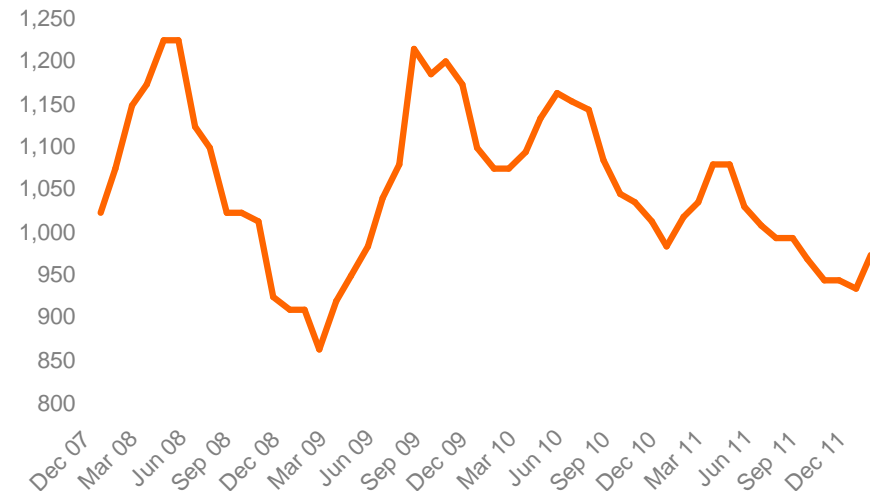
## Markets



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 at the end of 2011 but base prices have started to increase in 2012

\*Source: SBB

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# Performance and prospects

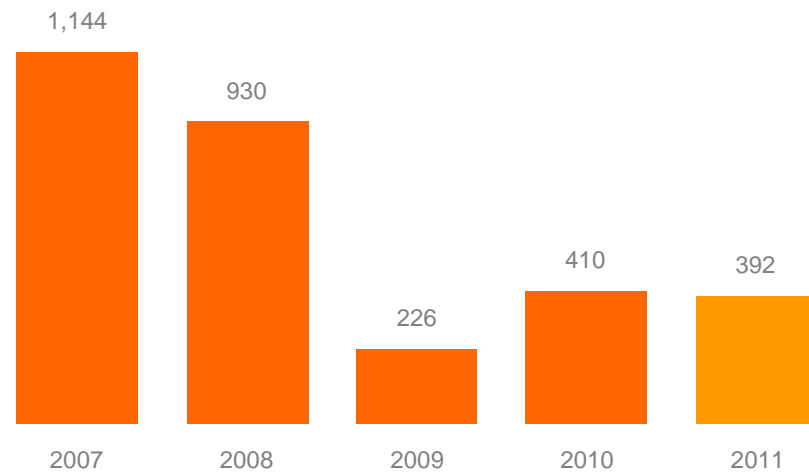


# Performance and prospects

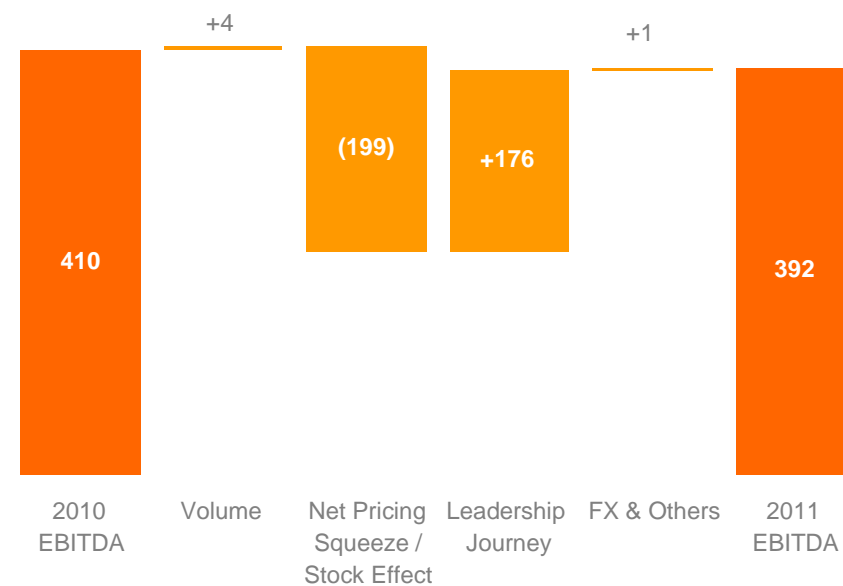
## Operations: full year 2011



Adjusted EBITDA\* (USD million)



FY 2010 versus FY 2011 Adjusted EBITDA\* bridge (USD million)



**Adj. EBITDA of 224 USD/t in full year 2011 compared to 235 USD/t in full year 2010**

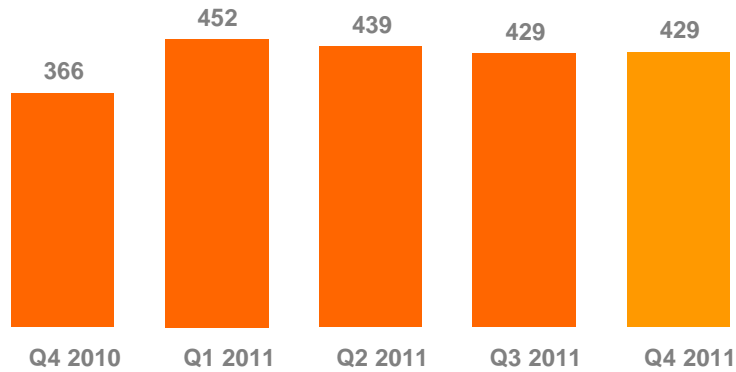
\* Adjusted EBITDA is defined as operating income plus depreciation, impairment expenses and other items as defined in the "Aperam Model"

# Performance and prospects

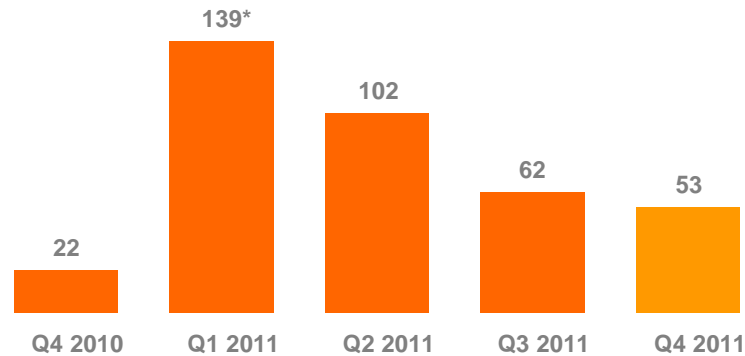
Operations: Q3 2011 & Q4 2011



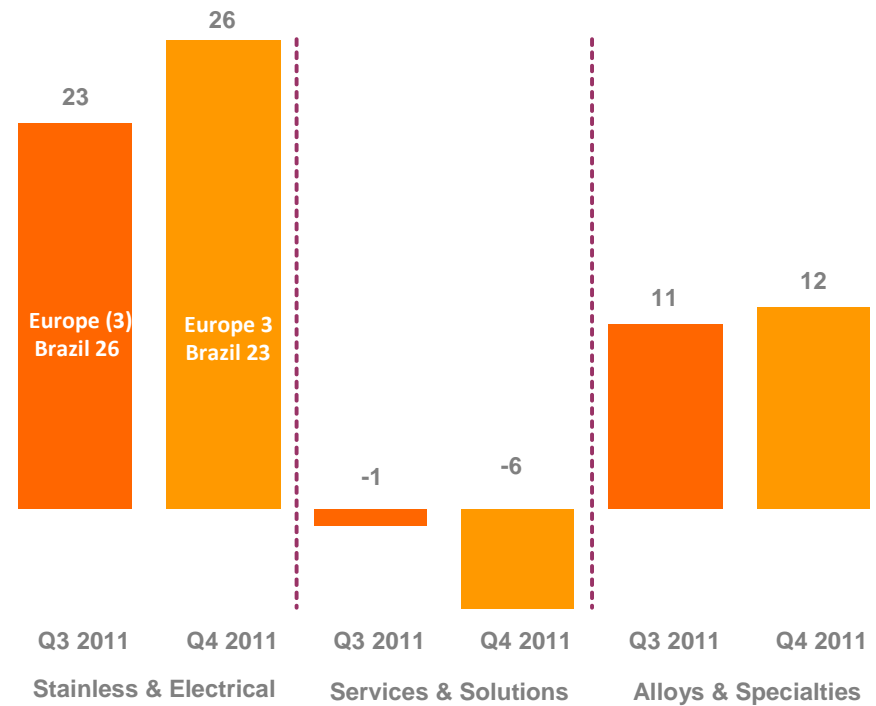
Shipments ('000t)



EBITDA (USD million)



Q3 2011 & Q4 2011 EBITDA per division (USD million)



**EBITDA of 124 USD/t in Q4 2011 compared to 145 USD/t in Q3 2011**

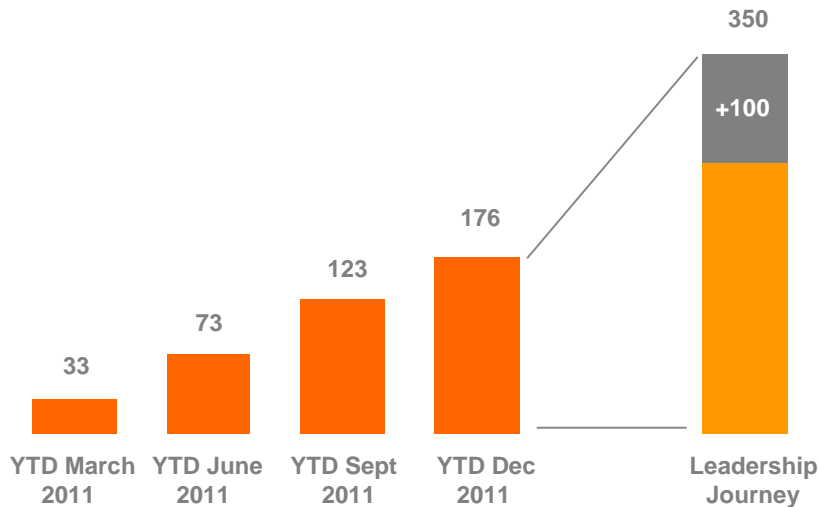
\*A charge of USD 36 million (Europe USD 24m and Brazil USD 12m) relating to the implementation of the "Leadership Journey" was recorded within the EBITDA of Q1 2011

# Performance and prospects

## Leadership Journey



Cumulated gains and 2013 target (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...

### Initiatives launched in Q4 2011

- Industrial optimization and rationalization in Europe (from 20 tools to 17 tools)
- Systematic benchmarking in Brazil
- New sourcing initiatives

**“Leadership Journey” accelerated and increased in 2011 by an additional USD 100 million by 2013**

\*VSS – Voluntary Separation Scheme

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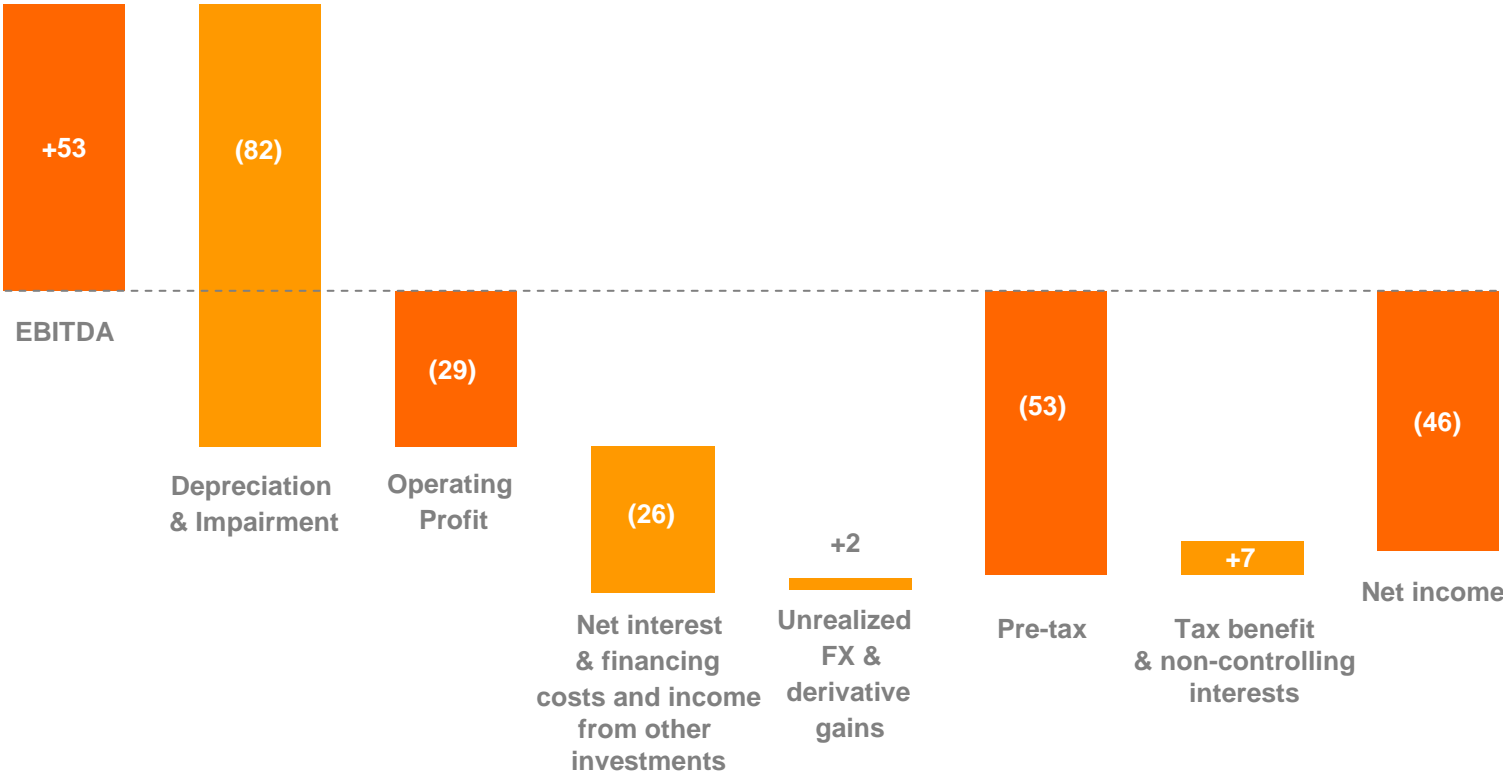
# Financial results

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## Fourth quarter P&L highlights



EBITDA to net income (USD million)



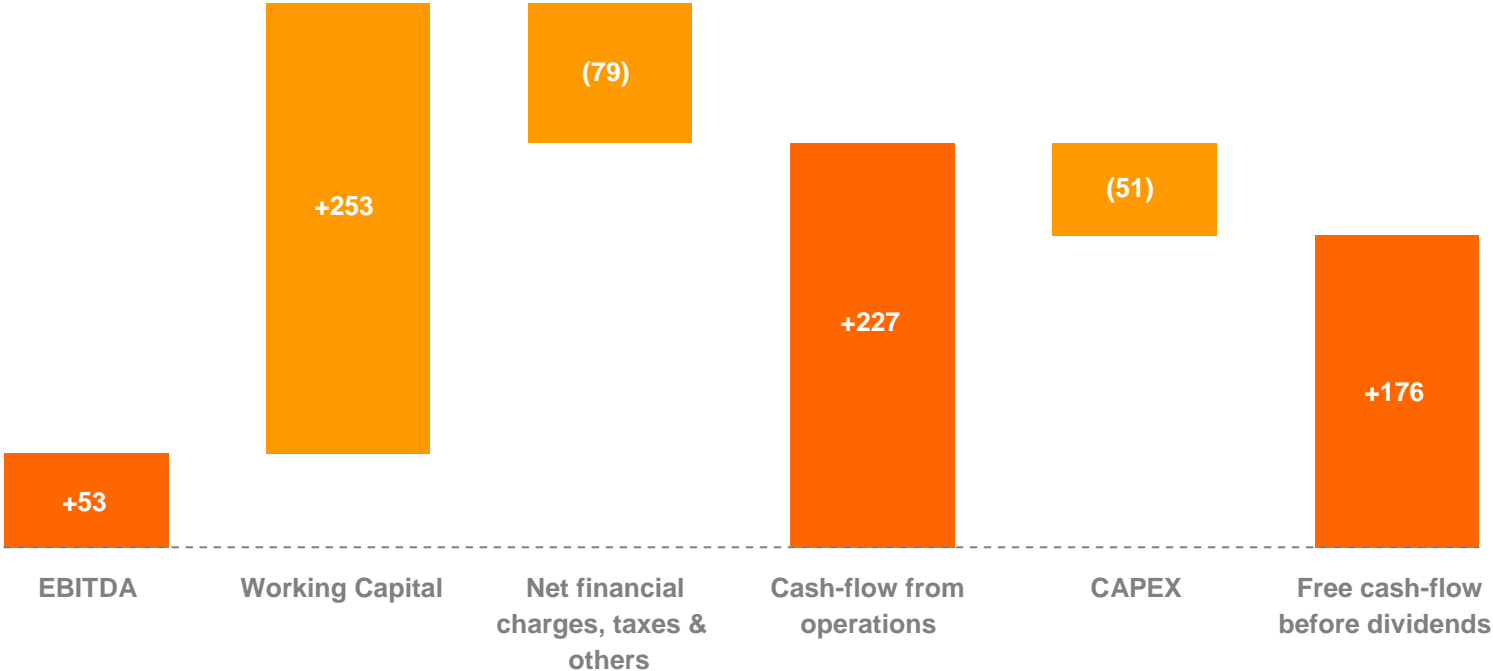
Earnings per share of USD (0.57) in the fourth quarter of 2011

# Financial results

## Fourth quarter cash flow highlights



Free cash flow (USD million)



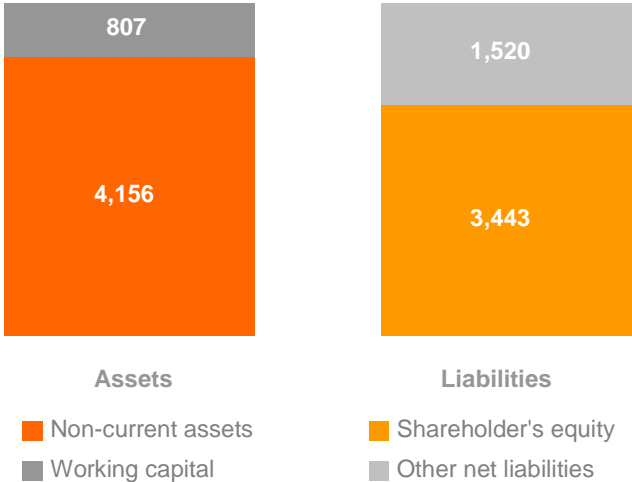
USD 176 million of cash generated in Q4 2011 compared to USD 72 million of cash generated in Q3 2011

# Financial results

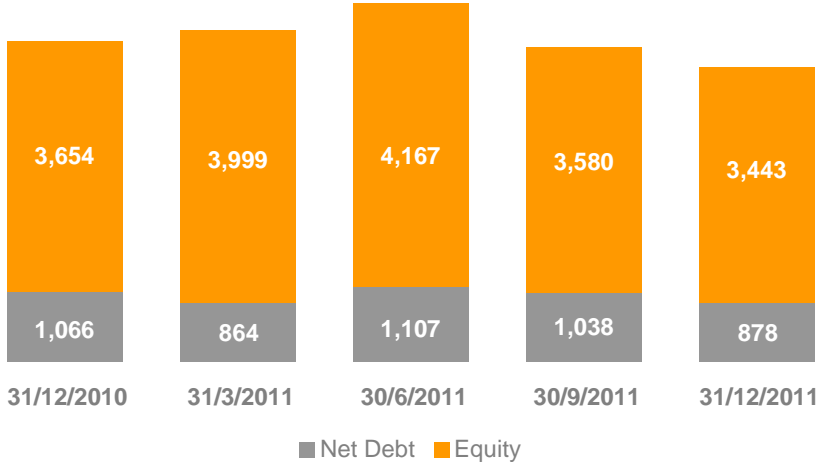
## Fourth quarter balance sheet highlights



Assets & liabilities (USD million)



Equity & net debt (USD million)



**Net debt of USD 878 million representing a gearing of 25%**

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Q&A