Press Release

Third quarter 2018 results[1]

"Solid operational results despite challenging market conditions"

Luxembourg, October 30, 2018 - Aperam (referred to as "Aperam" or the "Company") (Amsterdam, Brussels, Luxembourg, Paris: APAM and NYRS: APEMY), announced today results for the three month period ending September 30, 2018

Highlights

- Health and Safety: LTI frequency rate of 2.1x in Q3 2018 compared to 1.8x in Q2 2018
- Steel shipments of 467 thousand tonnes in Q3 2018, a 8% decrease compared to steel shipments of 508 thousand tonnes in Q2 2018 and 2% lower versus Q3 2017
- EBITDA of EUR 123 million in Q3 2018, compared to EUR 150 million in Q2 2018 and up from EUR 107 million in Q3 2017
- Net income of EUR 72 million in Q3 2018, compared to EUR 80 million in Q2 2018 and EUR 53 million in Q3 2017
- Basic earnings per share of EUR 0.87 in Q3 2018, compared to EUR 0.94 in Q2 2018 and EUR 0.65 in Q3 2017
- Cash flow from operations amounted to EUR 64 million in Q3 2018, compared to EUR 101 million in Q2 2018 and EUR 67 million in Q3 2017
- Free cash flow before dividend and share buy-back of EUR 15 million in Q3 2018, compared to EUR 62 million in Q2 2018 and EUR 40 million in Q3 2017
- Cash returns to shareholders amounted to EUR 48 million in Q3 2018, consisting of EUR 15 million of share buy-back and EUR 33 million of dividend
- Net financial debt of EUR 64 million as of September 30, 2018, compared to EUR 20 million as of June 30, 2018

Strategic initiatives

- **Disciplined and value accretive M&A:** The Form CO notification for acquisition of VDM Metals has been filed on 23rd October 2018 with the EU Commission (DG Competition)
- **Leadership Journey®[2] (Phase 3 - Transformation Program Target EUR 150 million annualized gains by 2020):** Gains reached EUR 30 million annualized at end Q3 2018 with good progress on all pillars

Prospects

- EBITDA in Q4 2018 is expected to decrease versus Q3 2018
- Net financial debt to remain at low levels in Q4 2018

Timoteo Di Maulo, CEO of Aperam, commented:

"Our continuously improving operations in Brazil and self-help measures in Europe enabled Aperam to deliver solid third quarter results and compensating the pressure from record high imports into Europe."

"The application of Section 232 in the USA and the inadequate provisional EU safeguard measures have caused temporary turmoil in the European stainless steel market. Going forward, we expect definitive safeguard measures to be finalised promptly. In the meantime, our solid balance sheet and self-help focus will help us to withstand an extremely challenging market environment."

Financial Highlights (on the basis of financial information prepared under IFRS)

(in millions of Euros, unless otherwise stated)	Q3 18	Q2 18	Q3 17	9M 2018	9M 2017
Sales	1,123	1,218	1,024	3,557	3,373
EBITDA	123	150	107	414	421
Operating income	88	115	70	309	311
Net income	72	80	53	237	217
Free cash flow before dividend and share buy-back	15	62	40	73	79
Steel shipments (000t)	467	508	477	1,492	1,441
EBITDA/tonne (EUR)	263	295	224	277	292
Basic earnings per share (EUR)	0.87	0.94	0.65	2.80	2.78
Diluted earnings per share (EUR)	0.87	0.73	0.64	2.46	2.45

Health & Safety results

Health and Safety performance based on Aperam personnel figures and contractors' lost time injury frequency rate was 2.1x in the third quarter of 2018 compared to 1.8x in the second quarter of 2018.

Financial results analysis for the three-month period ending September 30, 2018

Sales for the third quarter of 2018 were EUR 1,123 million, compared to EUR 1,218 million for the second quarter of 2018. Steel shipments decreased from 508 thousand tonnes in the second quarter of 2018, to 467 thousand tonnes in the third quarter of 2018.

EBITDA was EUR 123 million for the third quarter of 2018 compared to EUR 150 million for the second quarter of 2018. The sequential decline was mostly due to the normal seasonal slowdown in Europe during the summer months. Record high imports into Europe and input price increases were additionally weighing on margins. However, the improved operating performance versus the previous year's third quarter result demonstrates Aperam's strong focus on operational excellence as well as the ongoing recovery in the operations in Brazil continue to lend meaningful support to earnings. Phase 3 of the Leadership Journey® - the Transformation Program - continued to progress over the quarter with an annualized contribution of EUR 30 million to EBITDA. Aperam confirms the target of phase 3 of the Leadership Journey® of realizing an annualized EBITDA contribution of EUR 150 million between 2018 to 2020.

Depreciation and amortisation was EUR 35 million for the third quarter of 2018.

Aperam had an operating income for the third quarter of 2018 of EUR 88 million compared to an operating income of EUR 115 million for the previous quarter.

Net interest expense and other financing costs for the third quarter of 2018 were EUR 7 million. Realized and unrealized foreign exchange and derivative losses were EUR 2 million for the third quarter of 2018.

Income tax result for the third quarter of 2018 was an income tax expense of EUR 7 million.

The Company recorded a net income of EUR 72 million for the third quarter of 2018.

Cash flows from operations for the third quarter of 2018 were positive at EUR 64 million, despite a working capital increase of EUR 74 million mainly due to temporary higher inventory. CAPEX for the third quarter was EUR 49 million.

Free cash flow before dividend and share buy-back for the third quarter of 2018 amounted to EUR 15 million.

During the third quarter of 2018, the cash returns to shareholders amounted to EUR 48 million, consisting of EUR 15 million of share buy-back and EUR 33 million of dividend. Total cash returned to shareholders during the first nine-months of the year 2018 amounted to EUR 166 million consisting of EUR 70 million of share buy-back and EUR 96 million of dividend. This completes Aperam's share buyback program with in aggregate 1,800,000 shares bought under this Program.

During the third quarter of 2018, the Company repurchased Convertible Bonds 2021 with a nominal amount of USD 11,2 million (EUR 9.6 million) for a total consideration of EUR 11.5 million. Since the beginning of the repurchase program Aperam has bought back a total nominal amount of USD 37,0 million for a total consideration of EUR 38,4 million.

As of September 30, 2018, shareholders' equity was EUR 2,433 million and net financial debt was EUR 64 million (as of September 30, 2018, gross financial debt was EUR 233 million and cash and cash equivalents were EUR 169 million).

The Company had liquidity of EUR 519 million as of September 30, 2018, consisting of cash and cash equivalents of EUR 169 million and undrawn credit lines[3] of EUR 350 million.

Operating segment results analysis

Stainless & Electrical Steel [(1)]

(in millions of Euros, unless otherwise stated)	Q3 18	Q2 18	Q3 17	9M 2018	9M 2017
Sales	917	1,016	819	2,927	2,770
EBITDA	101	123	78	335	343
Depreciation	(31)	(31)	(32)	(92)	(96)
Operating income	70	92	46	243	247
Steel shipments (000t)	449	499	451	1,444	1,383
Average steel selling price (EUR/t)	1,983	1,976	1,751	1,969	1,943

(1) Amounts are shown prior to intra-group eliminations

The Stainless & Electrical Steel segment had sales of EUR 917 million for the third quarter of 2018. This represents a 10% decrease compared to sales of EUR 1,016 million for the second quarter of 2018. Steel shipments during the third quarter were 449 thousand tonnes compared to 499 thousand tonnes during the previous quarter. The seasonal demand drop combined with very high import pressure into Europe was partially compensated by improving demand in South America. Overall, average steel selling prices for the Stainless & Electrical Steel segment remained almost unchanged during the quarter.

The segment EBITDA of EUR 101 million for the third quarter of 2018 compared to EUR 123 million for the second quarter of 2018. The sequential decline reflects the seasonally lower volumes in Europe paired with input cost pressure. These were partially offset by the Top Line strategy, contributions from the Leadership Journey®, and a positive development in South America which remains in recovery mode.

The Stainless & Electrical Steel segment had an operating income of EUR 70 million for the third quarter of 2018 compared to an operating income of EUR 92 million for the second quarter of 2018.

Services & Solutions[1]

(in millions of Euros, unless otherwise stated)	Q3 18	Q2 18	Q3 17	9M 2018	9M 2017
Sales	489	548	481	1,599	1,566
EBITDA	8	17	7	46	49
Depreciation	(2)	(1)	(3)	(6)	(7)
Operating income	6	16	4	40	42
Steel shipments (000t)	191	217	203	638	623
Average steel selling price (EUR/t)	2,436	2,428	2,291	2,403	2,421

(1) Amounts are shown prior to intra-group eliminations

The Services & Solutions segment had sales of EUR 489 million for the third quarter of 2018 compared to EUR 548 million for the second quarter of 2018. For the third quarter of 2018, steel shipments were 191 thousand tonnes compared to 217 thousand tonnes during the previous quarter. The Services & Solutions segment had slightly higher average steel selling prices during the period compared to the previous period.

The segment had EBITDA of EUR 8 million for the third quarter of 2018, compared to EUR 17 million for the second quarter of 2018. The decrease in EBITDA was mainly due to seasonal effects combined with lower shipments as well as margin pressure resulting from high imports.

The Services & Solutions segment had an operating income of EUR 6 million for the third quarter of 2018, compared to EUR 16 million for the second quarter of 2018.

Alloys & Specialties[1]

(in millions of Euros, unless otherwise stated)	Q3 18	Q2 18	Q3 17	9M 2018	9M 2017
Sales	136	149	103	416	337
EBITDA	9	16	12	39	35
Depreciation	(2)	(1)	(1)	(5)	(4)
Operating income	7	15	11	34	31
Steel shipments (000t)	8	9	7	27	24
Average steel selling price (EUR/t)	15,521	15,220	13,557	14,522	13,276

(1) Amounts are shown prior to intra-group eliminations

The Alloys & Specialties segment had sales of EUR 136 million for the third quarter of 2018 compared to EUR 149 million for the second quarter of 2018. Steel shipments during the third quarter of 2018 were at 8 thousand tonnes compared to 9 thousand tonnes during the second quarter of 2018. Average steel selling prices increased over the quarter.

The Alloys & Specialties segment achieved an EBITDA of EUR 9 million for the third quarter of 2018 compared to EUR 16 million for the second quarter of 2018. The decrease in EBITDA was mainly due to seasonal effects and product mix.

The Alloys & Specialties segment had an operating income of EUR 7 million for the third quarter of 2018 compared to an operating income of EUR 15 million for the second quarter of 2018.

Recent developments

- On October 23 2018, Aperam / VDM filed the Form CO notification for acquisition of VDM Metals with the EU Commission (DG Competition)

Investor conference call

Aperam management will host a conference call for members of the investment community to discuss the third quarter of 2018 financial performance at the following time:

Date	New York	London	Luxembourg
Tuesday, October 30, 2018	13:30 pm	5:30 pm	6:30 pm

The dial-in numbers for the call are: France (+33 (0)1 76 77 22 74); USA (+1 929 477 0402) and international (+44 (0)330 336 9105). The participant access code is: 5578510#.
A replay of the conference call will be available until November 6, 2018: France (+33 (0) 1 70 48 00 94); USA (+1 719 457 0820) and international (+44 (0) 207 660 0134). The participant access code is 5578510#.

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About Aperam

Aperam is a global player in stainless, electrical and specialty steel, with customers in over 40 countries. The business is organised in three primary operating segments: Stainless & Electrical Steel, Services & Solutions and Alloys & Specialties.

Aperam has 2.5 million tonnes of flat Stainless and Electrical steel capacity in Brazil and Europe and is a leader in high value specialty products. 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 production facilities located in Brazil, Belgium and France.

In 2017, Aperam had sales of EUR 4.5 billion and steel shipments of 1.94 million tonnes.

For further information, please refer to our website at 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 or information, whether as a result of new information, future events, or otherwise.

APERAM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Euros)	September 30, 2018	June 30, 2018	September 30, 2017
Non current assets	**2,349**	**2,325**	**2,493**
Goodwill and intangible assets	480	486	516
Property, plant and equipments (incl. biological assets)	1,518	1,506	1,537
Investments & other	351	333	440
Current assets & working capital	**1,003**	**1,008**	**995**
Inventories, trade receivables and trade payables	753	702	691
Prepaid expenses and other current assets	81	89	96
Cash and cash equivalents (C)	169	217	208
Shareholders' equity	**2,433**	**2,407**	**2,435**
Group share	2,429	2,403	2,431
Non-controlling interest	4	4	4
Non current liabilities	**402**	**396**	**724**
Long-term debt, net of current portion (A)	6	2	241
Deferred employee benefits	153	155	160
Provisions and other	243	239	323
Current liabilities (excluding trade payables)	**517**	**530**	**329**
Short-term debt and current portion of long-term debt (B)	227	235	65
Accrued expenses and other current liabilities	290	295	264
Net Financial Debt (D = A+B-C)	**64**	**20**	**98**

APERAM CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(in millions of Euros)	Three Months Ending			Nine Months Ending	
	September 30, 2018	June 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Sales	**1,123**	**1,218**	**1,024**	**3,557**	**3,373**
EBITDA (C = A-B)	**123**	**150**	**107**	**414**	**421**
EBITDA margin (%)	*11.0%*	*12.3%*	*10.4%*	*11.6%*	*12.5%*
Depreciation & amortisation (B)	(35)	(35)	(37)	(105)	(110)
Operating income (A)	**88**	**115**	**70**	**309**	**311**
Operating margin (%)	*7.8%*	*9.4%*	*6.8%*	*8.7%*	*9.2%*
Result from other investments and associates	-	1	-	1	-
Net interest expense and other net financing costs	(7)	(5)	(8)	(17)	(32)
Foreign exchange and derivative gains (losses)	(2)	(3)	3	(1)	(1)
Income before taxes	**79**	**108**	**65**	**292**	**278**
Income tax expense	(7)	(28)	(12)	(55)	(61)
Effective tax rate (%)	*8.4%*	*25.7%*	*18.9%*	*18.7%*	*21.9%*
Net income	**72**	**80**	**53**	**237**	**217**

APERAM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of Euros)	Three Months Ending			Nine Months Ending	
	September 30, 2018	June 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
Net income	72	80	53	237	217
Depreciation & amortisation	35	35	37	105	110
Change in working capital	(74)	(18)	(36)	(209)	(235)
Other operating activities (net)	31	4	13	74	88
Net cash provided by operating activities (A)	**64**	**101**	**67**	**207**	**180**
Purchase of PPE, intangible and biological assets (CAPEX)	(49)	(41)	(27)	(137)	(102)
Other investing activities (net)	-	2	-	3	1
Net cash used in investing activities (B)	**(49)**	**(39)**	**(27)**	**(134)**	**(101)**
Proceeds (payments) from payable to banks and long term debt	(14)	(27)	(3)	(40)	(7)
Purchase of treasury stock	(15)	(55)	-	(70)	(90)
Dividend paid	(33)	(35)	(26)	(96)	(79)
Net cash used in financing activities	**(62)**	**(117)**	**(29)**	**(206)**	**(176)**
Effect of exchange rate changes on cash	(1)	(2)	-	(4)	(3)
Change in cash and cash equivalent	**(48)**	**(57)**	**11**	**(137)**	**(100)**
Free cash flow before dividend and share buy-back (C = A+B)	**15**	**62**	**40**	**73**	**79**

Appendix 1a – Health & Safety statistics

Health & Safety Statistics	Three Months Ending		
	Septembre 30, 2018	June 30, 2018	September 30, 2017
Frequency Rate	2.1	1.8	2.0

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 Ending September 30, 2018	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Others & eliminations	Total
Operational information					
Steel Shipment (000t)	449	191	8	(181)	467
Average steel selling price (EUR/t)	1,983	2,436	15,521		2,213
Financial information (EURm)					
Sales	917	489	136	(419)	1,123
EBITDA	101	8	9	5	123
Depreciation & amortisation	(31)	(2)	(2)	-	(35)
Operating income	70	6	7	5	88

Quarter Ending June 30, 2018	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Others & eliminations	Total
Operational information					
Steel Shipment (000t)	499	217	9	(217)	508
Average steel selling price (EUR/t)	1,976	2,428	15,220		2,333
Financial information (EURm)					
Sales	1,016	548	149	(495)	1,218
EBITDA	123	17	16	(6)	150
Depreciation & amortisation	(31)	(1)	(1)	(2)	(35)
Operating income / (loss)	92	16	15	(8)	115

Appendix 2 – Terms and definitions

Unless indicated otherwise, or the context otherwise requires, references in this earnings release report to the following terms have the meanings set out next to them below:

Average steel selling prices: calculated as steel sales divided by steel shipments.
Cash and cash equivalents: represents cash and cash equivalents, restricted cash and short-term investments.
CAPEX: relates to capital expenditures and is defined as purchase of tangible assets, intangible assets and biological assets.
EBITDA: operating income before depreciation, amortisation and impairment expenses.
EBITDA/tonne: calculated as EBITDA divided by total steel shipments.
Free cash flow before dividend and share buy-back: net cash provided by operating activities less net cash used in investing activities.
Gross financial debt: long-term debt plus short-term debt.
Liquidity: Cash and cash equivalent and undrawn credit lines.
LTI frequency rate: Lost time injury frequency rate equals lost time injuries per 1,000,000 worked hours, based on own personnel and contractors.
Net financial debt: long-term debt, plus short-term debt less cash and cash equivalents.
Net financial debt/EBITDA or Gearing: Refers to Net financial debt divided by last twelve months EBITDA calculation.
Shipments: information at segment and group level eliminates inter-segment shipments (which are primarily between Stainless & Electrical Steel and Services & Solutions) and intra-segment shipments, respectively.
Working capital: trade accounts receivable plus inventories less trade accounts payable.

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[1] The financial information in this press release and Appendix 1 has been prepared in accordance with the measurement and recognition criteria of International Financial Reporting Standards ("IFRS") as adopted in 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 Standard 34, "Interim Financial Reporting". Unless otherwise noted the numbers and information 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. This press release also includes Alternative Performance Measures ("APM" hereafter). The Company believes that these APMs are relevant to enhance the understanding of its financial position and provides additional information to investors and management with respect to the Company's financial performance, capital structure and credit assessment. These non-GAAP financial measures should be read in conjunction with and not as an alternative for, Aperam's financial information prepared in accordance with IFRS. Such non-GAAP measures may not be comparable to similarly titled measures applied by other companies. The APM's used are defined under Appendix 2 "Terms & definitions".
[2] The Leadership Journey® is an initiative launched on December 16, 2010, and subsequently accelerated and increased, to target management gains and profit enhancement. The third phase of the Leadership Journey® - the Transformation Program - is targeting EUR 150 million of additional EBITDA gains per year by end of 2020.
[3] Includes revolving credit facility of EUR 300 million and EIB financing of EUR 50 million.