



Paris, 29 July, 2015

PRESS RELEASE

ERAMET group H1 2015 results

- **With a sharp and simultaneous downturn in nickel and manganese prices, ERAMET stands strong with financial liquidity of nearly €2 billion and a moderate net debt-to-equity ratio of 30%.**
- **Current operating income came out at -€70 million and net income, Group share totalled -€83 million in first-half 2015.**
- **ERAMET is committed to pursuing its 2014-2017 reduction and productivity improvement plan with the objective of €360 million annual impact on current operating income at the end of the period compared to 2013.**
- **The policy on selective investments is strengthened.**
- **The Group passed a new milestone in the building of the first European aerospace titanium supply chain.**
- **Ramp-up continues at the Moanda Metallurgical Complex in Gabon as well as TiZir in Senegal.**
- **ERAMET remains strongly positioned in fundamentally high-potential markets.**

ERAMET's Board of Directors met on 29 July, 2015 under the chairmanship of Patrick Buffet to examine the financial statements for first-half 2015.

(€ millions) ¹	H1 2015	H2 2014	H1 2014
Sales	1,626	1,610	1,534
<i>ERAMET Nickel</i>	396	400	381
<i>ERAMET Alloys</i>	510	464	474
<i>ERAMET Manganese</i>	718	746	683
<i>Holding company & eliminations</i>	2	0	(4)
EBITDA	78	206	157
Current operating income	(70)	61	14
Net income, Group share	(83)	(100)	(59)
Net debt	(805)	(547)	(473)
Net debt-to-equity ratio	30%	20%	16%

¹ Adjusted data from Group reporting, in which joint ventures are accounted for using proportionate consolidation. The reconciliation with the published financial statements is presented in Appendix 4.

- **Key figures for the ERAMET Group**

Despite a difficult market environment, the ERAMET Group reported sales of €1,626 million in H1 2015 compared with €1,534 million in H1 2014.

Current operating income came out at -€70 million, affected by exceptional or non-recurrent items and provisions for nickel inventories. Net income, Group share totalled -€83 million in H1 2015.

Net financial debt stood at €805 million with a net debt-to-equity ratio of 30%.

The Group forged ahead with its large-scale 2014-2017 plan to improve productivity and reduce costs, with its objective of a €360 million annual impact on current operating income at the end of the period compared to 2013. All the ERAMET teams are rallying to meet that target.

Industrial investments are to be reduced through a strict and rigorous policy of capital expenditure. Investments in 2015 will be significantly below €400 million.

- **ERAMET Nickel: results impacted by sharp market downturn**

The average LME nickel price in H1 2015 was USD 6.2/lb, down from USD 7.8/lb in H2 2014 and USD 7.5/lb in H1 2014.

ERAMET Nickel posted current operating income of -€98 million in H1 2015, compared with -€27 million in H1 2014.

The continued accumulation of nickel inventories in LME warehouses in 2014 weighed on nickel prices. The consensus opinion was that the law introduced by the Indonesian government in early 2014 banning the export of unprocessed nickel ore would have a positive impact on nickel prices in the short term. But owing to the build-up of major ore inventories in China prior to the ban, and to major and unrecorded transfers of inventories of Chinese metal to LME warehouses, nickel prices trended sharply downwards in H1 2015. LME nickel metal inventories reached record highs in early June, representing, together with producers inventories, around 24 weeks of consumption. LME inventories have trended downwards in recent weeks.

Experts agree on a coming LME nickel prices increase.

- **ERAMET Alloys: considerable cost reductions and major gains in productivity served to confirm growth in current operating income against a backdrop of contrasted markets**

ERAMET Alloys sales increased by 8% year-on-year in H1 2015. The aerospace sector accounted for almost 60% of the sales of ERAMET Alloys.

ERAMET Alloys current operating income came to €15 million in H1 2015 compared with a break-even result in H1 2014.

Once again, ERAMET Alloys confirmed its strong base in the aerospace sector in H1 2015 with the strengthening of Europe's number-one aerospace titanium business through the creation of EcoTitanium¹, launched on 27 April, 2015, and MKAD², a joint venture with Mecachrome announced in late June 2015.

- **ERAMET Manganese: robust results despite the fall in manganese ore prices thanks to the outstanding quality of its Moanda deposit**

CRU CIF China spot prices for high-grade manganese ore fell by more than 30% year-to-date to approximately USD 3/dmtu, largely due to the decrease of the global carbon steel production (-2% in H1 2015 compared to H1 2014).

Despite this backdrop, ERAMET Manganese sales has moderately increased in H1 2015 at €718 million compared with €683 million in H1 2014.

ERAMET Manganese ore production in Gabon totalled almost 1.9 million tons in H1 2015, increasing steadily since H1 2014, a level never attained before in a first semester. The Group is extremely well positioned on the cost curve of manganese ore producers thanks to the intrinsic qualities of the Moanda deposit in Gabon.

Manganese alloys prices remained stable as a whole and production increased by over 4% on H1 2014.

Current operating income for ERAMET Manganese came out at €32 million in H1 2015 compared with €61 million in H1 2014.

H1 2015 was marked by the opening of the Moanda Metallurgical Complex in Gabon. These new entities reaffirm ERAMET's global leadership position across the entire spectrum of manganese alloys.

Lastly, in the mineral sands sector, the ramp-up at Grande Côte will continue during the second half of this year. TiZir, a 50/50 joint-venture with the Australian company Mineral Deposits Limited, aims to become a new leader in the markets of ilmenite for titanium dioxide and zirconium for ceramics.

¹ Entity producing aerospace quality ingots starting from recycled titanium.

² Entity dedicated to aerospace titanium parts machining.



- **ERAMET Group outlook**

In a very difficult market backdrop impacting all mining and metallurgy companies in the last semesters, nickel and manganese prices in simultaneous downward trends weighed significantly on the Group's results in H1 2015.

Against this backdrop, the ERAMET Group pursues with determination its programme to reduce costs and improve productivity in all Group entities and reinforces its selective approach to capital expenditure.

The ramp-up in recent investments (The Moanda Metallurgical Complex, TiZir, ...) and future investments (EcoTitanium, MKAD, ...) will strengthen the Group's leadership positions.

ERAMET remains strongly positioned in fundamentally high-potential markets in the long term.

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WEBCAST OF PRESENTATION OF FIRST-HALF RESULTS

The presentation of the H1 2015 results will be webcast tomorrow, 30 July, 2015, at 10 am (Paris time) in French and with a simultaneous translation in English. To sign up, please click on the link on the Group's website: www.eramet.com

ABOUT ERAMET

ERAMET is a leading global producer of:

- alloying metals, particularly manganese and nickel, used to improve the properties of steel,
- high-performance special steels and alloys used in industries such as aerospace, power generation and tooling.

ERAMET is also reviewing or developing major projects in new activities with high growth potential, such as mineral sands (titanium dioxide and zirconium), lithium and recycling. The Group employs approximately 14,000 people in 20 countries. ERAMET is listed on Euronext Paris Compartment A.

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APPENDICES

Appendix 1: Sales

Sales (M€)	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
ERAMET Nickel	204	192	183	217	215	166
ERAMET Alloys	254	256	253	211	250	224
ERAMET Manganese	389	329	388	358	357	326
Holding company & eliminations	2	-	(1)	1	(2)	(2)
ERAMET Group Inc. joint-ventures	849	777	823	787	820	714
Share in joint-ventures	(26)	(20)	(21)	(18)	(16)	(14)
ERAMET Group Published IFRS financial statements ¹	823	757	802	769	804	700

¹ Application of IFRS standard 11 "Joint Arrangements".

Appendix 2: Production and shipments

Metric tons	H1 2015	H2 2014	H1 2014
Manganese ore and sinter production	1,877,200	1,836,800	1,644,100
Manganese alloys production	352,700	357,600	338,300
Manganese alloys sales	345,400	346,700	352,900
Nickel production ¹	26,279	27,933	27,078
Nickel sales ²	28,250	25,989	27,627

¹ Ferronickel and matte

² Finished products

Appendix 3: Sectorial information

Segment reporting - by division

(€ million)	Nickel	Alloys	Manganese	Holding & eliminations	Total	Joint-venture contribution	Published
1st half year 2015							
Sales	396	510	718	2	1 626	(46)	1 580
EBITDA	(47)	40	101	(16)	78	1	79
Current operating profit (loss)	(98)	15	32	(19)	(70)	9	(61)
Operating profit (loss)					(115)	9	(106)
Net cash generated by operating activities	(24)	3	(62)	(35)	(118)	6	(112)
Industrial capital expenditure (intangibles assets, property, plant & equipment)	37	16	77	2	132	(8)	124
(Net financial debt) position					(805)	158	(647)
1st half year 2014							
Sales	381	474	683	(4)	1 534	(30)	1 504
EBITDA	20	31	124	(18)	157	(3)	154
Current operating profit (loss)	(27)	-	61	(20)	14	-	14
Operating profit (loss)					(29)	-	(29)
Net cash generated by operating activities	(52)	(17)	63	(62)	(68)	(21)	(89)
Industrial capital expenditure (intangibles assets, property, plant & equipment)	42	23	110	-	175	(33)	142
(Net financial debt) position					(473)	93	(380)
Full year 2014							
Sales	781	938	1 429	(4)	3 144	(69)	3 075
EBITDA	42	81	266	(26)	363	-	363
Current operating profit (loss)	(52)	23	137	(33)	75	11	86
Operating profit (loss)					(54)	39	(15)
Net cash generated by operating activities	(18)	18	140	(97)	43	7	50
Industrial capital expenditure (intangibles assets, property, plant & equipment)	97	48	199	2	346	(41)	305
(Net financial debt) position					(547)	136	(411)

Segment reporting - by geographic region

(€ million)	France	Europe	North America	Asia	Oceania	Africa	South America	Total	Joint-venture contribution	Published
Sales (destination of sales)										
1st half year 2015	194	493	380	478	21	43	17	1 626	(46)	1 580
1st half year 2014	204	521	312	428	10	40	19	1 534	(30)	1 504
Full year 2014	407	986	664	947	16	81	43	3 144	(69)	3 075
Capital expenditure (intangibles and property, plant & equipment)										
1st half year 2015	18	19	6	12	25	51	1	132	(8)	124
1st half year 2014	26	14	5	10	30	89	1	175	(33)	142
Full year 2014	56	28	19	20	73	149	1	346	(41)	305

Performance indicators by period - profit and loss

(€ million)	1st half year 2015	1st half yeay 2014	Full year 2014
Sales	1 626	1 534	3 144
EBITDA	78	157	363
Current operating profit (loss)	(70)	14	75
Operating profit (loss) before impairment	(115)	(29)	(27)
Operating profit (loss)	(115)	(29)	(54)
Net borrowing cost	(26)	(16)	(40)
Other financial income and expenses	(8)	(9)	(28)
Share in profit of associates	-	(1)	-
Income tax	23	(3)	(49)
Profit (loss) for the period	(126)	(58)	(171)
- attributable to non-controlling interests	(43)	1	(12)
- attributable to equity holders of the parent	(83)	(59)	(159)
Basic earnings per share (EUR)	(3,13)	(2,25)	(6,06)
Diluted earnings per share (EUR)	(3,13)	(2,25)	(6,06)

Performance indicators by period - net financial debt variation

(€ million)	1st half year 2015	1st half yeay 2014	Full year 2014
Operating activities			
EBITDA	78	157	363
Cash impact of items below EBITDA	(89)	(80)	(238)
Cash generated from operations	(11)	77	125
Net change in current operating assets and liabilities	(107)	(145)	(82)
Net cash generated by operating activities	(118)	(68)	43
Investing activities			
Industrial capital expenditure	(132)	(175)	(346)
Other investing activities flows	10	(12)	26
Net cash used in investing activities	(122)	(187)	(320)
Net cash used in financing activities	-	(1)	(25)
Exchange-rate impact	(18)	1	(27)
(Increase) / decrease in net financial debt position	(258)	(255)	(329)
Opening (net financial debt) position	(547)	(218)	(218)
Closing (net financial debt) position	(805)	(473)	(547)

Performance indicators by period - balance sheet

(€ million)	30/06/2015	31/12/2014
Non-current assets	3 482	3 407
Inventories	1 071	1 058
Trade receivables	427	387
Trade payables	408	435
Simplified Working Capital	1 090	1 010
Other operating Working Capital items	(147)	(162)
Total Working Capital	943	848
Derivatives	-	-
TOTAL	4 425	4 255
(€ million)	30/06/2015	31/12/2014
Shareholders' equity - Attributable to equity holders of the parent	2 278	2 322
Shareholders' equity - Attributable to non-controlling interests	388	432
Cash and cash equivalents and other current financial assets	760	938
Borrowings	1 565	1 485
Net financial debt	805	547
Provisions and employee-related liabilities	752	732
Net deferred tax	95	130
Derivatives	107	92
TOTAL	4 425	4 255

Appendix 4: Reconciliation Group reporting and published accounts

(€ million)	Isr half year 2015 Published ⁽¹⁾	Joint-venture contribution	1st half year 2015 Adjusted ⁽²⁾	Isr half year 2014 Published ⁽¹⁾	Joint-venture contribution	1st half year 2014 Adjusted ⁽²⁾	Full year 2014 Published ⁽¹⁾	Joint-venture contribution	Full year 2014 Adjusted ⁽²⁾
Sales	1 580	46	1 626	1 504	30	1 534	3 075	69	3 144
EBITDA	79	(1)	78	154	3	157	363	-	363
Current operating profit (loss)	(61)	(9)	(70)	14	-	14	86	(11)	75
Operating profit (loss)	(106)	(9)	(115)	(29)	-	(29)	(15)	(39)	(54)
Profit (loss) for the period - attributable to equity holders of the parent	(83)	-	(83)	(59)	-	(59)	(159)	-	(159)
Net cash generated by operating activities	(112)	(6)	(118)	(89)	21	(68)	50	(7)	43
Industrial capital expenditure	(124)	(8)	(132)	(142)	(33)	(175)	(305)	(41)	(346)
(Net financial debt) position	(647)	(158)	(805)	(380)	(93)	(473)	(411)	(136)	(547)
Shareholders' equity - attributable to equity holders of the parent	2 278	-	2 278	2 473	-	2 473	2 322	-	2 322

(1) Financial statements prepared under applicable IFRS, with joint ventures are accounted for using equity method. See 2015 condensed interim consolidated financial statements.

(2) Group reporting, in which joint ventures are accounted for using proportionate consolidation.