



Paris, 29 October 2015

PRESS RELEASE

ERAMET group: Q3 2015 turnover

- Q3 turnover for the ERAMET group fell 6% year-on-year, pulled down by the 33% drop in ERAMET Nickel's turnover.
- ERAMET Manganese and ERAMET Alloys held up well, with turnover rising 5% and 3%, respectively.
- Record manganese ore production at Moanda (Gabon) in the first nine months of the year.
- Like all mining companies, ERAMET is negatively impacted by the prices of nickel and manganese, which have fallen simultaneously to historically low levels.
- In its session held on 14 October 2015, the Board of Directors of the ERAMET group decided to strengthen very significantly the operational action plan to improve the free cash flow.

The table below gives the ERAMET group turnover by division.

| Turnover ¹ (€ million) | Q3 2015 | Q3 2014 | Change | 9 months 2015 | 9 months 2014 | Change |
|--------------------------------------|------------|------------|-------------|------------------|------------------|-----------|
| ERAMET Nickel | 146 | 217 | (33%) | 542 | 598 | (9%) |
| ERAMET Alloys | 218 | 211 | 3% | 728 | 685 | 6% |
| ERAMET Manganese | 375 | 358 | 5% | 1,093 | 1,041 | 5% |
| Holding company & eliminations | - | 1 | | 2 | (3) | - |
| ERAMET group | 739 | 787 | (6%) | 2,365 | 2,321 | 2% |

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



- **ERAMET Nickel: turnover down 33% year-on-year in Q3 2015 and down 9% in the first nine months of 2015 compared with the same period in 2014.**

Global stainless steel output remained stable in the first nine months of the year, compared with the same period in 2014.

LME nickel prices continued their steep fall and hit their lowest level since the crisis at the end of 2008. Adversely affected by developments in the Chinese economy in particular, the price of nickel registered one of the sharpest contractions in the metals sector, and collapsed 43% in Q3 2015, versus Q3 2014. According to experts, more than half of nickel producers are now producing at a loss.

Having climbed to a record 470,000 tonnes in May 2015, nickel metal stocks in LME warehouses remain very high at around 430,000 tonnes.

In this context, nickel metallurgical production at the Doniambo plant (New Caledonia) declined 4% in the first nine months of 2015, over the same period in 2014.

- **ERAMET Alloys: turnover rose 3% year-on-year in Q3 2015 and was up 6% in the first nine months of the year, compared with the same period in 2014.**

The aerospace sector continues to enjoy steady growth and is a major contributor to ERAMET Alloys' turnover through large new-generation aircraft production programmes that require high value-added parts for aircraft structures and engines.

Trends in ERAMET Alloys' other markets are less positive with especially a decrease of high-speed steel volumes in China.

Furthermore the plans to improve operational performance are ongoing and have contributed to the significant enhancement of customer service.



- **ERAMET Manganese: turnover up 5% compared with Q3 2014 and up 5% in the first nine months of 2015 over the same period in 2014. Growth was sustained by record manganese ore production, despite the current sharp decline in ore prices.**

Global gross production of carbon steel, the main market for manganese, fell back 2.4% in the first nine months of 2015, compared with the same period in 2014. Domestic Chinese consumption of carbon steel contracted by more than 5% year-on-year to the end of September 2015. To offset weak demand, China markedly increased export volumes by 21% in the first nine months of the year versus the same period in 2014. As a result, production fell in the US (by 6.8% at end-September 2015), as well as in the rest of Asia (outside China), and stagnated in Europe.

Against this backdrop, CIF China prices for 44% manganese ore (source CRU) remained relatively stable in the quarter (3.04 USD/dmtu in July and August and 2.98 USD/dmtu in September). Despite the substantial increase in exports of Chinese steel, steel production in China continued to decline, and ore prices fell steeply at the start of Q4 2015.

Ore production by ERAMET Manganese continued at record levels at Moanda in Gabon. Output rose 12% in Q3 2015, compared with Q3 2014.

Manganese alloy prices proved more resilient than prices for manganese ore, despite recent falls — in Asia particularly.

- **TiZir (50/50 joint venture with Mineral Deposits Limited)**

Third-quarter production of mineral concentrates (titanium ores and zircon) at Grande Côte (Senegal) reached 176,000 tonnes, a marked increase on previous quarters.

- **Significant events**

On 14 October 2015, the ERAMET group Board of Directors decided to strengthen the operational action plan to improve free cash flow:

- Industrial investments essentially limited to safety and necessary maintenance.
- Suspension of the ERAMET group's major projects.
- Pursuit of asset disposal programme under way.
- Rigorous pursuit of the 2014-2017 plan to reduce costs and improve productivity aimed at generating an annual impact on current operating income of €360 million at the end of the plan compared with 2013.



- **Financial position**

In a global environment where commodities prices have reached their lowest level in 15 years, the ERAMET group has maintained financial liquidity of €1.8 billion (of which €981 million in undrawn confirmed credit line).

- **Outlook**

In view of current nickel and manganese prices and despite productivity gains and cost reductions achieved to date or being implemented, Group current operating income in H2 2015 should be lower than in H1 2015.

Beyond the current crisis in the metals industry, largely due to developments in the Chinese economy, the Group remains positioned in fundamentally high-potential markets in the long term.

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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 developing activities with high growth potential, such as mineral sands (titanium dioxide and zircon), lithium and recycling.

The Group employs approximately 14,000 people in 20 countries. ERAMET is part of Euronext Paris Compartment A.

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APPENDIX

Appendix 1: Turnover

| Turnover (M€) | Q3 2015 | Q2 2015 | Q1 2015 | Q4 2014 | Q3 2014 |
|---|------------|------------|------------|---------|---------|
| ERAMET Nickel | 146 | 204 | 192 | 183 | 217 |
| ERAMET Alloys | 218 | 254 | 256 | 253 | 211 |
| ERAMET Manganese | 375 | 389 | 329 | 388 | 358 |
| Holding company & eliminations | - | 2 | - | (1) | 1 |
| ERAMET Group including joint ventures | 739 | 849 | 777 | 823 | 787 |
| Share of joint ventures | (29) | (26) | (20) | (21) | (18) |
| ERAMET Group financial statements reported under IFRS ¹ | 710 | 823 | 757 | 802 | 769 |

¹ Application of IFRS 11 "Partnerships".

Appendix 2: Productions and deliveries

| Tonnes | Q3 2015 | Q3 2014 | Change | 9 months 2015 | 9 months 2014 | Change |
|--|-----------|---------|--------|------------------|------------------|--------|
| Nickel production ¹ | 13,488 | 14,155 | (5%) | 39,767 | 41,234 | (4%) |
| Nickel sales ² | 12,550 | 13,378 | (6%) | 40,800 | 41,005 | 0% |
| Manganese ore and sinter production | 1,072,800 | 961,100 | 12% | 2,950,000 | 2,605,200 | 13% |
| Manganese alloy production | 180,400 | 175,600 | 3% | 533,100 | 513,800 | 4% |
| Manganese alloy sales | 184,100 | 165,600 | 11% | 529,500 | 518,500 | 2% |

¹ Ferronickel and matte

² Finished products