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**ERAMET****Press release**Paris, January 21<sup>st</sup>, 2009

## **BOARD OF DIRECTORS MEETING OF JANUARY 21<sup>st</sup>, 2009**

### **ERAMET adjusts output to changes in demand and confirms outlook for 2008 current operating income**

Eramet's Board of Directors met on January 21<sup>st</sup>, 2009 under Patrick Buffet's chairmanship and reviewed the Group's different markets as well as the measures taken in response to their situation.

#### **Eramet Manganese: output reductions stepped up in manganese ore and alloys for 1st quarter 2009**

As announced on December 9<sup>th</sup>, in response to the downturn in its manganese ore sales, Eramet Manganese cut its ore production by 23% in the 4<sup>th</sup> quarter 2008, compared with the same period in 2007. For 2008 as a whole, Eramet Manganese's production totalled 3.25 million tons of ore, i.e. a slight decrease (3%) from 2007.

Manganese alloy production was reduced 23% in the 4<sup>th</sup> quarter 2008 compared with the same period in 2007. It totalled 708,000 tons for the whole year, a 7% decrease compared with output in 2007.

Given adverse market trends, in the 1<sup>st</sup> quarter 2009 Eramet Manganese will cut its production to approximately 40% of its capacity for ore (i.e. a 600,000-ton reduction for the quarter) and to approximately 35% of capacity for alloys (i.e. a 150,000-ton reduction for the quarter).

Beyond the 1<sup>st</sup> quarter 2009, Eramet Manganese will continue to adjust ore and alloy output according to demand trends. Nevertheless, Eramet Manganese remains able to address a market upturn swiftly when it occurs.

#### **Eramet Nickel: output reduced to 51,000 tons in 2008, forecast reduction confirmed for 1<sup>st</sup> quarter 2009**

As announced on December 9<sup>th</sup>, 2008, Eramet Nickel's output of metallurgical nickel was limited to 51,000 tons for 2008, i.e. a 14% decrease compared with 2007. This takes into account the production slowdown decided on in the 2<sup>nd</sup> half of 2008 in light of nickel market trends.

Given the current sales outlook, nickel production was adjusted to an annualised rate of approximately 50,000 tons from early 2009.

Additional cost reduction efforts will be presented in February and implemented swiftly. Beyond the 1<sup>st</sup> quarter 2009, Eramet Nickel will continue to adapt its production to market trends and step up its cost reduction measures.

### **Eramet Alloys: reduction in high speed steel output, uncertainty on aerospace market**

In response to the low levels of new orders in high speed steels, Erasteel reduced its production in the 4<sup>th</sup> quarter 2008, particularly by shutting down the Commentry (France) steelworks and the Söderfors (Sweden) unit for three weeks from mid-December 2008.

Given the uncertainty on the aerospace market (slowdown of A320, postponement of programmes such as B787, A400M, etc.), adaptation measures and stronger improvement plans have been set up to maintain Eramet Alloys' competitiveness.

### **Outlook confirmed for 2008 current operating income**

On a comparable basis, i.e. without taking the positive contribution made by Tinfos into account, and despite the impact on the group's business of the dramatic slowing of the global economy in the 4<sup>th</sup> quarter 2008, ERAMET's annual current operating income should be in the same range or slightly greater than for 2007. Current operating income came in at a strong EUR 1.2bn in 2007.

Moreover, as at the end of 2008 the Group has high consolidated net cash of more than EUR 1 billion, a great advantage in the current economic climate.

### **Turnover published on February 19<sup>th</sup>, 2009**

The Group's turnover for 2008 will be published on the same date as its annual results, on February 19<sup>th</sup>, 2009.

### **Patrick Buffet, Chairman & CEO of ERAMET, stated:**

*“By adapting its output to changes in demand and reducing its costs and capital expenditure programmes immediately, the Group will remain able to respond swiftly to an upturn on its markets, while maintaining its medium- and long-term goals.”*

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