

Paris, July 30<sup>th</sup>, 2012

## PRESS RELEASE

### The ERAMET Group's 1<sup>st</sup> half results 2012:

As announced, the Group's current operating income decreased in the 1<sup>st</sup> half of 2012 compared with the 1<sup>st</sup> half of 2011, due to the negative impact of nickel and manganese prices in a deteriorated economic context.

1<sup>st</sup> half results were also affected by non-recurring technical incidents, mainly in Gabon.

ERAMET's Board of Directors, meeting on July 27<sup>th</sup>, 2012 under the chairmanship of Patrick Buffet, prepared the financial statements for the 1<sup>st</sup> half of 2012.

| (€ millions)                    | H1 2011         | H1 2012       |
|---------------------------------|-----------------|---------------|
| <b>Turnover</b>                 | <b>1,931</b>    | <b>1,735</b>  |
| ERAMET Manganese                | 922             | 753           |
| ERAMET Nickel                   | 541             | 460           |
| ERAMET Alloys                   | 473             | 526           |
| Holding company & eliminations  | (5)             | (4)           |
| <b>EBITDA</b>                   | <b>490</b>      | <b>*204</b>   |
| <b>Current operating income</b> | <b>366</b>      | <b>*81</b>    |
| <b>Net income</b>               | <b>**207</b>    | <b>**42</b>   |
| <b>Net income, Group share</b>  | <b>**135</b>    | <b>**21</b>   |
| <b>Consolidated net cash</b>    | <b>***1,196</b> | <b>***825</b> |

\* Including negative effect of non-recurring technical incidents: -40 M€

\*\* After 39 M€ in tax in 1<sup>st</sup> half of 2011 and 24 M€ in 1<sup>st</sup> half 2012, with respect to payout of dividends by subsidiaries

\*\*\* Including share of minority interests

Global economic activity continued to weaken in the 1<sup>st</sup> half of 2012, particularly in Europe, and even in China, where growth slowed. Global growth forecasts were recently revised downwards.

The ERAMET Group's results were penalised by that deteriorated economic environment, through slower growth in global carbon and stainless steel production and the sharp fall in nickel and manganese prices compared with the 1<sup>st</sup> half of 2011.

The ERAMET Group's turnover fell 10% in the 1<sup>st</sup> half of 2012 compared with the 1<sup>st</sup> half of 2011, to 1,735 M€.

Results for the 1<sup>st</sup> half of 2012 were also hit by non-recurring technical incidents, particularly during a wagon tipper change at Owendo (Gabon), which extended the planned production stoppage by four weeks. Manganese ore production subsequently resumed its ramp-up. Non-recurring technical incidents at ERAMET Manganese represented 40 M€ in negative impact on current operating income, which totalled 81 M€ for the Group as a whole.

Net income totalled 42 M€. The Group's share of net income was 21 M€, after the effect of taxes with respect to the payout of dividends by subsidiaries.

Capital expenditure increased 49% compared with the 1<sup>st</sup> half of 2011, totalling 265 M€. It includes on one hand organic growth capex and, on the other hand, capex for transformative projects, particularly Weda Bay, Mabounié and Tizir.

Consolidated net cash, including the share of minority shareholders, amounted to 825 M€ as of June 30<sup>th</sup>, 2012, compared with 1,153 M€ at year-end 2011.

The Group's shareholders' equity was stable at 3,031 M€ in the 1<sup>st</sup> half of 2012, compared with 3,036 M€ on December 31<sup>st</sup>, 2011. Minority shareholders' share of shareholders' equity totalled 809 M€ as of June 30<sup>th</sup>, 2012, compared with 1,043 M€ as of December 31<sup>st</sup>, 2011. This decrease mainly relates to the payout of COMILOG and SLN dividends, approved in the 1<sup>st</sup> half of 2012 for the benefit of minority shareholders, for a total of 250 M€. These dividends will be paid to COMILOG and SLN's minority shareholders in the 2<sup>nd</sup> half, and withholdings at source for a total of 29 M€, reducing the Group's consolidated net cash by that amount.

#### • **ERAMET Manganese**

ERAMET Manganese's turnover totalled 753 M€, a 18% decrease for the 1<sup>st</sup> half of 2012 compared with the 1<sup>st</sup> half of 2011, due to the substantial drop in ore prices compared with the 1<sup>st</sup> half of 2011, but also the impact of non-recurring technical incidents.

Current operating income was 90 M€, a decrease from the 1<sup>st</sup> half of 2011 (232 M€), following the 40 M€ negative impact of technical incidents.

Global production of carbon steel rose 1% in the 1<sup>st</sup> half of 2012 compared with the 1<sup>st</sup> half of 2011.

Manganese alloy spot prices (source: CRU) fell 7% on average in the 1<sup>st</sup> half of 2012 compared with the same period in 2011.

ERAMET Manganese's manganese alloy shipments decreased 12% compared with the 1<sup>st</sup> half of 2011 to 362,000 tons as a result of production adjustments in China: the old

Guilin plant was closed a year ago, while production on the Guangxi site was reduced to 50% of its capacity because of the local market situation.

Construction of the New Guilin alloy plant is nearing completion. The first furnace was fired up a few days ago. The next three furnaces should come on stream in the coming weeks. This new plant will be more efficient and include a large share of refined alloys, for which demand trends are healthy in the medium and long terms, given their use in higher value-added steels.

Spot prices for manganese ore in the 1<sup>st</sup> half of 2012 averaged 4.80 USD/dmtu (CIF China, source: CRU), down 15% from the 1<sup>st</sup> half of 2011. However, it should be noted that prices have steadily improved from the end of 2011 to end the 1<sup>st</sup> half above 5 USD/dmtu.

COMILOG's ramp-up of its manganese ore and sinter production in Gabon was held back by the technical incidents mentioned previously. It fell sharply in the 1<sup>st</sup> half of 2012 (-22%) to 1,312,000 tons.

The manganese chemicals activity remained firm, with stable current operating income at 13 M€.

The recycling activity showed signs of improvement and made progress on its recovery programme.

ERAMET Manganese includes Tizir, a 50% consolidated activity as of October 1<sup>st</sup>, 2011. The profitability of the titanium dioxide and high-purity pig iron unit in Tyssedal, Norway greatly improved, despite a maintenance stoppage lasting several weeks. Current operating income totalled 13 M€ for turnover of 41 M€ in the 1<sup>st</sup> half of 2012 (for the 50% held by ERAMET).

Development work for the Grande Côte mineral sands mine (titanium dioxide and zircon) in Senegal is continuing in line with goals.

ERAMET Manganese's capital expenditure totalled 157 M€.

- **ERAMET Nickel**

ERAMET Nickel's turnover decreased 15% in the 1<sup>st</sup> half of 2012 compared with the 1<sup>st</sup> half of 2011, totalling 460 M€.

Global production of stainless steels remained virtually stable in the 1<sup>st</sup> half of 2012 compared with the 1<sup>st</sup> half of 2011.

ERAMET Nickel's current operating income amounted to 12 M€, compared with 142 M€ in the 1<sup>st</sup> half of 2011.

LME nickel prices decreased 28% in the 1<sup>st</sup> half of 2012 compared with the 1<sup>st</sup> half of 2011, averaging 8.4 USD/lb. They ended the 1<sup>st</sup> half around 7.4 USD/lb. in June. Many nickel producers in China, but also in other countries, are not profitable at that price level.

ERAMET Nickel's metallurgical production totalled 27,684 tons, a 7% increase compared with the 1<sup>st</sup> half of 2011.

SLN's competitiveness improvement plan continued. By the end of 2012 it should be close to the target of a 1 USD/lb. reduction in cash cost on an annual basis compared with 2008

at equivalent economic conditions. In the 1<sup>st</sup> half of 2012, taking into account general trends in factor costs, cash cost is slightly lower than in 2011.

ERAMET Nickel's capital expenditure totalled 58 M€.

- **ERAMET Alloys**

ERAMET Alloys' turnover totalled 526 M€ in the 1<sup>st</sup> half of 2012, an 11% increase compared with the 1<sup>st</sup> half of 2011. Business was particularly brisk in aerospace, where turnover rose 25%.

ERAMET Alloys' current operating income totalled 4 M€.

Operating cash flow deteriorated compared with the 1<sup>st</sup> half of 2011. An action plan has been in progress for several months to turn around ERAMET Alloys' profitability and cash generation.

Capital expenditure (44 M€) remained at 1<sup>st</sup> half 2011 levels in response to market demand.

Other investments are mainly comprised of the acquisition of a 10% stake in the Chinese group Heye under a strategic partnership decided on in 2011.

- **1<sup>st</sup> half 2012 highlights**

On May 16<sup>th</sup>, 2012, AREVA and Fonds Stratégique d'Investissement (FSI) announced AREVA's transfer of its capital interest in ERAMET to FSI.

A shareholders' agreement was entered into by Fonds Stratégique d'Investissement (FSI) and Sorame-CEIR for a term ending on December 31<sup>st</sup>, 2016.

This agreement may then be extended by tacit renewal for periods of one year.

The composition of ERAMET's Board of Directors was changed accordingly on May 25<sup>th</sup>, 2012.

- **Outlook**

Nickel prices remain particularly low in the early 2<sup>nd</sup> half of 2012.

ERAMET Manganese is aiming for higher manganese ore production and shipments in the 2<sup>nd</sup> half of 2012, in current market conditions.

Operating improvements are expected at ERAMET Alloys from the 2<sup>nd</sup> half of 2012. A significant reduction in inventory and an improvement in productivity should be seen by the end of the year.

- **Medium and long-term outlook**

Despite the current slowdown, demand for the Group's metals and alloys still has substantial development potential, particularly in emerging countries.

Over the long term, the exhaustion of old deposits and the need to meet growing demand will call for specific technologies, particularly those developed by ERAMET, to process increasingly complex ores.

The Group, through its world-class mineral resources and its innovative technologies, is able to deliver effective, value-creating solutions.

Given the global crisis, without calling its strategic project into question, the ERAMET Group has decided to be more selective in its capital expenditure decisions in the coming years.

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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 studying or developing major projects in new activities such as mineral sands (titanium dioxide and zircon), lithium, niobium and rare earths, as well as in recycling.

The Group employs approximately 15,000 people in 20 countries. ERAMET is part of Euronext Paris Compartment A.

## CONTACT

Vice President Strategy and Investor Relations

**Philippe Joly**

Tel.: +33 (0)1 4538 4202

Investor Relations

**David Fortin**

Tel.: +33 (0)1 4538 4286

**For more information:** [www.eramet.com](http://www.eramet.com)

## WEBCAST OF RESULTS PRESENTATION

The presentation of the 1<sup>st</sup> half 2012 results will be webcast at 10 am (Paris time) today in French with simultaneous English translation. To register please click on the link displayed on the Group's website: [www.eramet.com](http://www.eramet.com)

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## APPENDIX

| Turnover<br>(€ millions)       | Q1 2011    | Q2 2011    | Q1 2012    | Q2 2012    |
|--------------------------------|------------|------------|------------|------------|
| ERAMET Manganese               | 467        | 455        | 374        | 379        |
| ERAMET Nickel                  | 271        | 270        | 236        | 224        |
| ERAMET Alloys                  | 237        | 236        | 271        | 255        |
| Holding company & eliminations | (2)        | (3)        | (4)        | 0          |
| <b>ERAMET Group</b>            | <b>973</b> | <b>958</b> | <b>877</b> | <b>858</b> |

| Tons                                | H1 2011   | H2 2011   | H1 2012   |
|-------------------------------------|-----------|-----------|-----------|
| Manganese ore and sinter production | 1,681,400 | 1,752,300 | 1,311,800 |
| Manganese alloy production          | 414,300   | 370,700   | 354,200   |
| Manganese alloy sales               | 411,200   | 383,700   | 362,000   |
| Nickel production*                  | 25,808    | 28,551    | 27,684    |
| Nickel sales**                      | 26,413    | 26,866    | 28,323    |

\* Ferronickel and matte

\*\* Finished products

**Statement of comprehensive income**

| (millions of euros)   | Half year<br>2012 | Half year<br>2011 | Full year<br>2011 |
|---|-------------------|-------------------|-------------------|
| <b>Sales</b>  | <b>1 735</b>      | <b>1 931</b>      | <b>3 603</b>      |
| Other income  | 9                 | 9                 | 81                |
| Cost of products sold   | (1 413)           | (1 340)           | (2 674)           |
| Administrative & selling costs                                | (104)             | (89)              | (174)             |
| Research & development expenditure                            | (23)              | (21)              | (47)              |
| <b>EBITDA</b>   | <b>204</b>        | <b>490</b>        | <b>789</b>        |
| Depreciation, amortisation & impairment of non-current assets | (115)             | (117)             | (230)             |
| Impairment losses and provisions                              | (8)               | (7)               | (5)               |
| <b>Current operating income</b>                               | <b>81</b>         | <b>366</b>        | <b>554</b>        |
| Other operating income and expenses                           | (16)              | (15)              | (63)              |
| <b>Operating income</b>                                       | <b>65</b>         | <b>351</b>        | <b>491</b>        |
| Net cost of debt  | 10                | 10                | 22                |
| Other finance income and expenses                             | (4)               | 6                 | 8                 |
| Share in earnings of affiliates                               | -                 | 1                 | 1                 |
| Income tax  | (29)              | (161)             | (219)             |
| <b>Net income</b>   | <b>42</b>         | <b>207</b>        | <b>303</b>        |
| - Minority interests  | 21                | 72                | 108               |
| <b>- Equity holders of the parent</b>                         | <b>21</b>         | <b>135</b>        | <b>195</b>        |
| Basic earnings per share (EUR)                                | 0,79              | 5,11              | 7,42              |
| Diluted earnings per share (EUR)                              | 0,79              | 5,07              | 7,39              |
| <b>Net income</b>   | <b>42</b>         | <b>207</b>        | <b>303</b>        |
| Exchange differences on translation of foreign operations     | 25                | (32)              | 7                 |
| Net (loss) / gain on cash flow hedges                         | 2                 | 40                | (51)              |
| Net (loss) / gain on available for sale financial assets      | 4                 | (1)               | (10)              |
| Income tax  | (4)               | (18)              | 21                |
| <b>Other comprehensive income (loss)</b>                      | <b>27</b>         | <b>(11)</b>       | <b>(33)</b>       |
| - Minority interests  | 1                 | (3)               | 4                 |
| <b>- Equity holders of the parent</b>                         | <b>26</b>         | <b>(8)</b>        | <b>(37)</b>       |
| <b>Total comprehensive income</b>                             | <b>69</b>         | <b>196</b>        | <b>270</b>        |
| - Minority interests  | 22                | 69                | 112               |
| <b>- Equity holders of the parent</b>                         | <b>47</b>         | <b>127</b>        | <b>158</b>        |

**Statement of financial position**

**Assets**

| (millions of euros)                             | 06/30/2012   | 06/30/2011   | 12/31/2011   |
|---|--------------|--------------|--------------|
| Goodwill  | 173          | 172          | 210          |
| Intangible assets                               | 705          | 517          | 612          |
| Property, plant & equipment                     | 2 235        | 1 917        | 2 119        |
| Companies accounted for using the equity method | 33           | 23           | 23           |
| Other financial non-current assets              | 101          | 86           | 87           |
| Deferred tax                                    | 34           | 33           | 25           |
| Other non-current assets                        | 5            | 4            | 5            |
| <b>Non-current assets</b>                       | <b>3 286</b> | <b>2 752</b> | <b>3 081</b> |
| Inventories                                     | 1 134        | 1 058        | 1 093        |
| Trade receivables and other current assets      | 732          | 687          | 664          |
| Tax receivables                                 | 31           | 37           | 33           |
| Financial derivatives                           | 77           | 138          | 46           |
| Other financial current assets                  | 490          | 437          | 473          |
| Cash and cash equivalents                       | 648          | 1 017        | 911          |
| <b>Current assets</b>                           | <b>3 112</b> | <b>3 374</b> | <b>3 220</b> |
| <b>Total assets</b>                             | <b>6 398</b> | <b>6 126</b> | <b>6 301</b> |

**Shareholders' equity and liabilities**

| (millions of euros)                               | 06/30/2012   | 06/30/2011   | 12/31/2011   |
|---|--------------|--------------|--------------|
| Share capital                                     | 81           | 81           | 81           |
| Share premiums                                    | 372          | 372          | 372          |
| Available for sale reserve                        | 3            | 6            | -            |
| Cash flow hedge reserve                           | (23)         | 27           | (24)         |
| Foreign currency translation reserve              | 50           | -            | 28           |
| Other reserves                                    | 2 548        | 2 518        | 2 579        |
| <b>Shareholders' equity of the parent</b>         | <b>3 031</b> | <b>3 004</b> | <b>3 036</b> |
| Minority interests                                | 809          | 1 001        | 1 043        |
| <b>Shareholders' equity</b>                       | <b>3 840</b> | <b>4 005</b> | <b>4 079</b> |
| Employee benefits                                 | 133          | 125          | 129          |
| Provisions  | 386          | 353          | 379          |
| Deferred tax                                      | 394          | 413          | 406          |
| Borrowings - due in more than one year            | 223          | 164          | 151          |
| Other non-current liabilities                     | 29           | 29           | 37           |
| <b>Non-current liabilities</b>                    | <b>1 165</b> | <b>1 084</b> | <b>1 102</b> |
| Provisions - due in less than one year            | 27           | 28           | 29           |
| Borrowings - due in less than one year            | 90           | 94           | 80           |
| Trade payables and other current liabilities      | 1 083        | 766          | 833          |
| Tax payables                                      | 59           | 103          | 77           |
| Financial derivatives                             | 134          | 46           | 101          |
| <b>Current liabilities</b>                        | <b>1 393</b> | <b>1 037</b> | <b>1 120</b> |
| <b>Total shareholders' equity and liabilities</b> | <b>6 398</b> | <b>6 126</b> | <b>6 301</b> |

**Statement of changes in net cash / borrowing position**

| (millions of euros)  | Half year<br>2012 | Half year<br>2011 | Full year<br>2011 |
|--|-------------------|-------------------|-------------------|
| <b>Operating activities</b>  |                   |                   |                   |
| EBITDA   | 204               | 490               | 789               |
| Elimination of non-cash or non-business items:                         | (73)              | (105)             | (155)             |
| <b>Operating cash flow before changes in working capital</b>           | <b>131</b>        | <b>385</b>        | <b>634</b>        |
| Changes in operating working capital requirement                       | (80)              | (122)             | (43)              |
| <b>Net cash flows from operating activities</b>                        | <b>51</b>         | <b>263</b>        | <b>591</b>        |
| <b>Investing activities</b>  |                   |                   |                   |
| Capital expenditure  | (265)             | (178)             | (492)             |
| Non-current financial assets   | (18)              | 17                | (65)              |
| Disposals of non-current assets  | 1                 | 1                 | 3                 |
| Net change in non-current asset receivables / liabilities              | (27)              | (21)              | 12                |
| Changes in scope of consolidation and loans                            | 5                 | 3                 | 17                |
| Dividends from equity accounted affiliates                             | -                 | -                 | -                 |
| <b>Net cash flows from investing activities</b>                        | <b>(304)</b>      | <b>(178)</b>      | <b>(525)</b>      |
| <b>Financing activities</b>  |                   |                   |                   |
| Dividends paid   | (319)             | (186)             | (186)             |
| Share capital increases  | -                 | 1                 | 1                 |
| Changes in working capital requirement related to financing activities | 249               | -                 | (2)               |
| <b>Net cash flows from financing activities</b>                        | <b>(70)</b>       | <b>(185)</b>      | <b>(187)</b>      |
| Impact of translation adjustments                                      | (5)               | 1                 | (21)              |
| <b>Decrease (increase) in net cash (borrowing) position</b>            | <b>(328)</b>      | <b>(99)</b>       | <b>(142)</b>      |
| <b>Opening net cash (borrowing) position</b>                           | <b>1 153</b>      | <b>1 295</b>      | <b>1 295</b>      |
| <b>Closing net cash (borrowing) position</b>                           | <b>825</b>        | <b>1 196</b>      | <b>1 153</b>      |

**Segment reporting**

**By division**

| (millions of euros)   | Nickel | Manganèse | Alloys | Holding & eliminations | Total        |
|---|--------|-----------|--------|------------------------|--------------|
| <b>Half year 2012</b>   |        |           |        |                        |              |
| Non-Group sales   | 457    | 751       | 525    | 2                      | <b>1 735</b> |
| Intra-Group sales   | 3      | 2         | 1      | (6)                    | -            |
| Sales   | 460    | 753       | 526    | (4)                    | <b>1 735</b> |
| Cash flows from operating activities  | 30     | 93        | 18     | (10)                   | <b>131</b>   |
| EBITDA  | 54     | 142       | 30     | (22)                   | <b>204</b>   |
| Current operating income  | 12     | 90        | 4      | (25)                   | <b>81</b>    |
| Other operating income and expenses   | -      | -         | -      | -                      | <b>(16)</b>  |
| Operating income  | -      | -         | -      | -                      | <b>65</b>    |
| Cost of borrowed capital  | -      | -         | -      | -                      | <b>10</b>    |
| Other finance income and expenses   | -      | -         | -      | -                      | <b>(4)</b>   |
| Share of income from equity accounted companies                               | -      | -         | -      | -                      | -            |
| Income tax  | -      | -         | -      | -                      | <b>(29)</b>  |
| Minority interests  | -      | -         | -      | -                      | <b>(21)</b>  |
| Group net income (loss)   | -      | -         | -      | -                      | <b>21</b>    |
| Non-cash expenses   | (41)   | (20)      | -      | (28)                   | <b>(89)</b>  |
| - depreciation & amortisation   | (42)   | (47)      | (23)   | (1)                    | <b>(113)</b> |
| - provisions  | (5)    | 2         | (2)    | (1)                    | <b>(6)</b>   |
| - impairment losses   | -      | -         | -      | -                      | -            |
| Capital expenditure (intangibles and property, plant & equipment)             | 58     | 157       | 44     | 6                      | <b>265</b>   |
| Total balance sheet assets (current and non-current)                          | 2 876  | 2 712     | 1 260  | (450)                  | <b>6 398</b> |
| Total balance sheet liabilities (current and non-current excluding shareholde | 1 233  | 1 154     | 851    | (680)                  | <b>2 558</b> |
| <b>Half year 2011</b>   |        |           |        |                        |              |
| Non-Group sales   | 538    | 920       | 472    | 1                      | <b>1 931</b> |
| Intra-Group sales   | 3      | 2         | 1      | (6)                    | -            |
| Sales   | 541    | 922       | 473    | (5)                    | <b>1 931</b> |
| Cash flows from operating activities  | 151    | 219       | 31     | (16)                   | <b>385</b>   |
| EBITDA  | 181    | 293       | 36     | (20)                   | <b>490</b>   |
| Current operating income  | 142    | 232       | 14     | (22)                   | <b>366</b>   |
| Other operating income and expenses   | -      | -         | -      | -                      | <b>(15)</b>  |
| Operating income  | -      | -         | -      | -                      | <b>351</b>   |
| Cost of borrowed capital  | -      | -         | -      | -                      | <b>10</b>    |
| Other finance income and expenses   | -      | -         | -      | -                      | <b>6</b>     |
| Share of income from equity accounted companies                               | -      | -         | -      | -                      | <b>1</b>     |
| Income tax  | -      | -         | -      | -                      | <b>(161)</b> |
| Minority interests  | -      | -         | -      | -                      | <b>(72)</b>  |
| Group net income (loss)   | -      | -         | -      | -                      | <b>135</b>   |
| Non-cash expenses   | (58)   | (93)      | (19)   | (8)                    | <b>(178)</b> |
| - depreciation & amortisation   | (40)   | (56)      | (20)   | -                      | <b>(116)</b> |
| - provisions  | (4)    | 4         | (2)    | 2                      | -            |
| - impairment losses   | -      | (2)       | -      | -                      | <b>(2)</b>   |
| Capital expenditure (intangibles and property, plant & equipment)             | 57     | 73        | 45     | 3                      | <b>178</b>   |
| Total balance sheet assets (current and non-current)                          | 2 761  | 2 392     | 1 113  | (140)                  | <b>6 126</b> |
| Total balance sheet liabilities (current and non-current excluding shareholde | 942    | 902       | 726    | (449)                  | <b>2 121</b> |
| <b>Full year 2011</b>   |        |           |        |                        |              |
| Non-Group sales   | 983    | 1 709     | 909    | 2                      | <b>3 603</b> |
| Intra-Group sales   | 6      | 4         | 1      | (11)                   | -            |
| Sales   | 989    | 1 713     | 910    | (9)                    | <b>3 603</b> |
| Cash flows from operating activities  | 249    | 364       | 43     | (22)                   | <b>634</b>   |
| EBITDA  | 269    | 499       | 57     | (36)                   | <b>789</b>   |
| Current operating income  | 189    | 388       | 16     | (39)                   | <b>554</b>   |
| Other operating income and expenses   | -      | -         | -      | -                      | <b>(63)</b>  |
| Operating income  | -      | -         | -      | -                      | <b>491</b>   |
| Cost of borrowed capital  | -      | -         | -      | -                      | <b>22</b>    |
| Other finance income and expenses   | -      | -         | -      | -                      | <b>8</b>     |
| Share of income from equity accounted companies                               | -      | -         | -      | -                      | <b>1</b>     |
| Income tax  | -      | -         | -      | -                      | <b>(219)</b> |
| Minority interests  | -      | -         | -      | -                      | <b>(108)</b> |
| Group net income (loss)   | -      | -         | -      | -                      | <b>195</b>   |
| Non-cash expenses   | (128)  | (154)     | (29)   | (20)                   | <b>(331)</b> |
| - depreciation & amortisation   | (81)   | (105)     | (39)   | (3)                    | <b>(228)</b> |
| - provisions  | (12)   | 5         | 7      | (1)                    | <b>(1)</b>   |
| - impairment losses   | -      | (19)      | 3      | -                      | <b>(16)</b>  |
| Capital expenditure (intangibles and property, plant & equipment)             | 141    | 245       | 100    | 6                      | <b>492</b>   |
| Total balance sheet assets (current and non-current)                          | 2 830  | 2 604     | 1 217  | (350)                  | <b>6 301</b> |
| Total balance sheet liabilities (current and non-current excluding shareholde | 982    | 997       | 826    | (583)                  | <b>2 222</b> |

**Segment reporting**

**By geographic region**

| (millions of euros)  | Europe | North America | Asia  | Oceania | Africa | South America | Total        |
|--|--------|---------------|-------|---------|--------|---------------|--------------|
| <b>Sales (destination of sales)</b>  |        |               |       |         |        |               |              |
| Half year 2012   | 827    | 349           | 480   | 16      | 42     | 21            | <b>1 735</b> |
| Half year 2011   | 875    | 360           | 628   | 14      | 34     | 20            | <b>1 931</b> |
| Full year 2011   | 1 598  | 676           | 1 193 | 30      | 66     | 40            | <b>3 603</b> |
| <b>Capital expenditure (intangibles and property, plant &amp; equipment)</b> |        |               |       |         |        |               |              |
| Half year 2012   | 68     | 22            | 44    | 25      | 106    | -             | <b>265</b>   |
| Half year 2011   | 60     | 10            | 52    | 17      | 39     | -             | <b>178</b>   |
| Full year 2011   | 144    | 27            | 122   | 61      | 138    | -             | <b>492</b>   |
| <b>Total balance sheet assets (current and non-current)</b>                  |        |               |       |         |        |               |              |
| Half year 2012   | 3 496  | 391           | 824   | 903     | 782    | 2             | <b>6 398</b> |
| Half year 2011   | 3 760  | 374           | 666   | 899     | 427    | -             | <b>6 126</b> |
| Full year 2011   | 3 622  | 368           | 783   | 903     | 624    | 1             | <b>6 301</b> |