



Paris, July 30th, 2012

PRESS RELEASE

The ERAMET Group's 1st half results 2012:

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

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

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

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

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

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

*** Including share of minority interests

Global economic activity continued to weaken in the 1st 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 1st half of 2011.

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

Results for the 1st 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 1st 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 30th, 2012, compared with 1,153 M€ at year-end 2011.

The Group's shareholders' equity was stable at 3,031 M€ in the 1st half of 2012, compared with 3,036 M€ on December 31st, 2011. Minority shareholders' share of shareholders' equity totalled 809 M€ as of June 30th, 2012, compared with 1,043 M€ as of December 31st, 2011. This decrease mainly relates to the payout of COMILOG and SLN dividends, approved in the 1st 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 2nd 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 1st half of 2012 compared with the 1st half of 2011, due to the substantial drop in ore prices compared with the 1st half of 2011, but also the impact of non-recurring technical incidents.

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

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

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

ERAMET Manganese's manganese alloy shipments decreased 12% compared with the 1st 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 1st half of 2012 averaged 4.80 USD/dmtu (CIF China, source: CRU), down 15% from the 1st half of 2011. However, it should be noted that prices have steadily improved from the end of 2011 to end the 1st 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 1st 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 1st, 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 1st 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 1st half of 2012 compared with the 1st half of 2011, totalling 460 M€.

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

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

LME nickel prices decreased 28% in the 1st half of 2012 compared with the 1st half of 2011, averaging 8.4 USD/lb. They ended the 1st 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 1st 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 1st 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 1st half of 2012, an 11% increase compared with the 1st 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 1st 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 1st 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.

- **1st half 2012 highlights**

On May 16th, 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 31st, 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 25th, 2012.



- **Outlook**

Nickel prices remain particularly low in the early 2nd half of 2012.

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

Operating improvements are expected at ERAMET Alloys from the 2nd 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.

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WEBCAST OF RESULTS PRESENTATION

The presentation of the 1st 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

APPENDIX

Turnover (€ 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
ERAMET Group	973	958	877	858

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 2012	Half year 2011	Full year 2011
Sales	1 735	1 931	3 603
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)
EBITDA	204	490	789
Depreciation, amortisation & impairment of non-current assets	(115)	(117)	(230)
Impairment losses and provisions	(8)	(7)	(5)
Current operating income	81	366	554
Other operating income and expenses	(16)	(15)	(63)
Operating income	65	351	491
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)
Net income	42	207	303
- Minority interests	21	72	108
- Equity holders of the parent	21	135	195
Basic earnings per share (EUR)	0,79	5,11	7,42
Diluted earnings per share (EUR)	0,79	5,07	7,39
Net income	42	207	303
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
Other comprehensive income (loss)	27	(11)	(33)
- Minority interests	1	(3)	4
- Equity holders of the parent	26	(8)	(37)
Total comprehensive income	69	196	270
- Minority interests	22	69	112
- Equity holders of the parent	47	127	158

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
Non-current assets	3 286	2 752	3 081
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
Current assets	3 112	3 374	3 220
Total assets	6 398	6 126	6 301

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
Shareholders' equity of the parent	3 031	3 004	3 036
Minority interests	809	1 001	1 043
Shareholders' equity	3 840	4 005	4 079
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
Non-current liabilities	1 165	1 084	1 102
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
Current liabilities	1 393	1 037	1 120
Total shareholders' equity and liabilities	6 398	6 126	6 301

Statement of changes in net cash / borrowing position

(millions of euros)	Half year 2012	Half year 2011	Full year 2011
Operating activities			
EBITDA	204	490	789
Elimination of non-cash or non-business items:	(73)	(105)	(155)
Operating cash flow before changes in working capital	131	385	634
Changes in operating working capital requirement	(80)	(122)	(43)
Net cash flows from operating activities	51	263	591
Investing activities			
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	-	-	-
Net cash flows from investing activities	(304)	(178)	(525)
Financing activities			
Dividends paid	(319)	(186)	(186)
Share capital increases	-	1	1
Changes in working capital requirement related to financing activities	249	-	(2)
Net cash flows from financing activities	(70)	(185)	(187)
Impact of translation adjustments	(5)	1	(21)
Decrease (increase) in net cash (borrowing) position	(328)	(99)	(142)
Opening net cash (borrowing) position	1 153	1 295	1 295
Closing net cash (borrowing) position	825	1 196	1 153

Segment reporting

By division

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

Segment reporting

By geographic region

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