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## PRESS RELEASE

### ERAMET Group: 3<sup>rd</sup> quarter 2013 turnover

- ERAMET group turnover down 6% for the first 9 months of 2013 compared with the same period in 2012, mainly as a result of lower nickel prices
- All-time record for manganese ore production in 3<sup>rd</sup> quarter 2013
- Manganese ore production increased 27% over first 9 months of 2013 compared with the same period in 2012

| Turnover<br>(€ millions)       | Q3 2013    | Q3 2012 | Change      | 9 months<br>2013 | 9 months<br>2012 | Change      |
|--------------------------------|------------|---------|-------------|------------------|------------------|-------------|
| ERAMET Manganese               | <b>401</b> | 380     | <b>6%</b>   | <b>1 178</b>     | 1 133            | <b>4%</b>   |
| ERAMET Nickel                  | <b>150</b> | 196     | <b>-23%</b> | <b>518</b>       | 656              | <b>-21%</b> |
| ERAMET Alloys                  | <b>204</b> | 220     | <b>-7%</b>  | <b>677</b>       | 746              | <b>-9%</b>  |
| Holding company & eliminations | <b>(1)</b> | (3)     | -           | <b>(6)</b>       | (7)              | -           |
| <b>ERAMET Group</b>            | <b>754</b> | 793     | <b>-5%</b>  | <b>2 367</b>     | 2 528            | <b>-6%</b>  |

In the 3<sup>rd</sup> quarter of 2013, the ERAMET group's turnover totalled 754 M€, a 5% decrease compared with the 3<sup>rd</sup> quarter of 2012, mainly due to lower nickel prices, which were partly offset by positive trends in the manganese market and manganese ore production.

- **ERAMET Manganese: turnover increased to 1,178 M€, up 4% for the first nine months of 2013 compared with the same period in 2012, up 6% in 3<sup>rd</sup> quarter 2013 vs. 3<sup>rd</sup> quarter 2012**

Global carbon steel production rose 3% over the first nine months of 2013 compared with the same period in 2012 and 5% in the 3<sup>rd</sup> quarter of 2013 compared with the 3<sup>rd</sup> quarter of 2012. It was mainly driven by Chinese growth (+10% in the 3<sup>rd</sup> quarter of 2013 compared with the 3<sup>rd</sup> quarter of 2012).

Europe spot prices for manganese alloys (source: CRU) decreased 9% on average over the first nine months of 2013 compared with the same period in 2012 and by 12% in the 3<sup>rd</sup> quarter of 2013 compared with the 3<sup>rd</sup> quarter of 2012 because of global overcapacities.

ERAMET Manganese's alloy shipments increased 5% in the first nine months of 2013 compared with the same period in 2012 and 1% in the 3<sup>rd</sup> quarter of 2013 compared with the 3<sup>rd</sup> quarter of 2012.

Manganese ore inventory in Chinese ports gradually decreased again and is at the low levels of late 2012.

CIF China spot prices (source: CRU) for high grade manganese ore have recovered since the start of the year. They rose 12% to 5.49 USD/dmtu on average over the first nine months of 2013 compared with the same period of 2012 and 4% in the 3<sup>rd</sup> quarter of 2013 compared with 3<sup>rd</sup> quarter 2012.

External shipments of manganese ore and sinter rose 35% over the first nine months of 2013 compared with the same period in 2012 and 54% in the 3<sup>rd</sup> quarter of 2013 compared with 3<sup>rd</sup> quarter 2012.

Manganese ore and sinter production in Moanda (Gabon) increased 27% over the first nine months of 2013 compared with the same period in 2012 and 16% in the 3<sup>rd</sup> quarter of 2013 compared with 3<sup>rd</sup> quarter 2012.

An all-time record for manganese ore and sinter was achieved in the 3<sup>rd</sup> quarter of 2013.

- **ERAMET Nickel: at 518 M€, turnover decreased 21% over the first nine months of 2013 compared with the same period in 2012, down 23% in 3<sup>rd</sup> quarter 2013 vs. 3<sup>rd</sup> quarter 2012**

Stainless steel production increased approximately 5% over the first nine months of 2013 compared with the same period in 2012.

The decrease in turnover is mainly due to LME nickel prices, which averaged 6.98 USD/lb. over the first nine months of 2013, a 13% drop compared with the same period in 2012, and fell 15% in the 3<sup>rd</sup> quarter of 2013 compared with the 3<sup>rd</sup> quarter of 2012.

This price decrease results from a significant oversupply of nickel and very high inventories.

This LME pricing level is especially low in relation to the production costs of a large part of the nickel industry.

Metallurgical nickel production in Doniambo (New Caledonia) decreased 6% over the first nine months of 2013 compared with the same period in 2012 and 3% in 3<sup>rd</sup> quarter 2013 compared with 3<sup>rd</sup> quarter 2012, in line with market oversupply.

- **ERAMET Alloys: at 677 M€, turnover decreased 9% over the first nine months of 2013 compared with the same period in 2012, down 7% in 3<sup>rd</sup> quarter 2013 vs. 3<sup>rd</sup> quarter 2012**

ERAMET Alloys' turnover with the aerospace sector grew 4% over the first nine months of 2013 compared with the same period in 2012, but non-aerospace activities (energy, tooling, etc.) were heavily affected by the economic environment, particularly as regards automotive markets.

In this context, ERAMET Alloys continues to implement its performance improvement programme.

- **The ERAMET group's financial situation**

Taking into account the payment of dividends to minority shareholders in the Group's subsidiaries and the now much lower amount of capital expenditure, in particular, the ERAMET group's consolidated net cash was slightly negative as of September 30<sup>th</sup>, 2013.

- **Outlook**

### **ERAMET Group**

In line with the announcements made when the 1<sup>st</sup> half 2013 results were announced, given current conditions on the nickel market, the ERAMET group's current operating income in the 2<sup>nd</sup> half of 2013 will be significantly lower than in the 1<sup>st</sup> half of 2013.

The Group is stepping up its measures to decrease its costs and capital expenditure, adjust its productions to its markets and reduce its working capital requirements.

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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 with high growth potential, such as mineral sands (titanium dioxide and zirconium), lithium, niobium and rare earths, as well as in recycling.

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

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## APPENDIX

### Turnover

| Turnover (M€)                  | Q3 2012    | Q4 2012    | Q1 2013    | Q2 2013    | Q3 2013    |
|--------------------------------|------------|------------|------------|------------|------------|
| ERAMET Manganese               | 380        | 427        | 388        | 389        | <b>401</b> |
| ERAMET Nickel                  | 196        | 242        | 181        | 187        | <b>150</b> |
| ERAMET Alloys                  | 220        | 251        | 231        | 242        | <b>204</b> |
| Holding company & eliminations | (3)        | (1)        | (3)        | (2)        | <b>(1)</b> |
| <b>ERAMET Group</b>            | <b>793</b> | <b>919</b> | <b>797</b> | <b>816</b> | <b>754</b> |

### Production and shipments

| Tons                                | Q3 2012 | Q4 2012 | Q1 2013 | Q2 2013 | Q3 2013        |
|-------------------------------------|---------|---------|---------|---------|----------------|
| Manganese ore and sinter production | 838 600 | 886 400 | 859 600 | 907 700 | <b>969 400</b> |
| Manganese alloy production          | 189 800 | 186 200 | 197 300 | 188 100 | <b>194 400</b> |
| Manganese alloy sales               | 177 200 | 201 300 | 196 300 | 197 500 | <b>178 600</b> |
| Nickel production*                  | 14 578  | 14 184  | 13 128  | 12 352  | <b>14 177</b>  |
| Nickel sales**                      | 12 551  | 15 807  | 11 707  | 13 573  | <b>12 045</b>  |

| Tons                                | Q3 2013        | Q3 2012 | Change     | 9 months 2013    | 9 months 2012 | Change     |
|-------------------------------------|----------------|---------|------------|------------------|---------------|------------|
| Manganese ore and sinter production | <b>969 400</b> | 838 600 | <b>16%</b> | <b>2 736 700</b> | 2 150 400     | <b>27%</b> |
| Manganese alloy production          | <b>194 400</b> | 189 800 | <b>2%</b>  | <b>579 800</b>   | 544 000       | <b>7%</b>  |
| Manganese alloy sales               | <b>178 600</b> | 177 200 | <b>1%</b>  | <b>572 400</b>   | 543 400       | <b>5%</b>  |
| Nickel production*                  | <b>14 177</b>  | 14 578  | <b>-3%</b> | <b>39 657</b>    | 42 262        | <b>-6%</b> |
| Nickel sales**                      | <b>12 045</b>  | 12 551  | <b>-4%</b> | <b>37 325</b>    | 40 874        | <b>-9%</b> |

\* Ferronickel and matte

\*\* Finished products