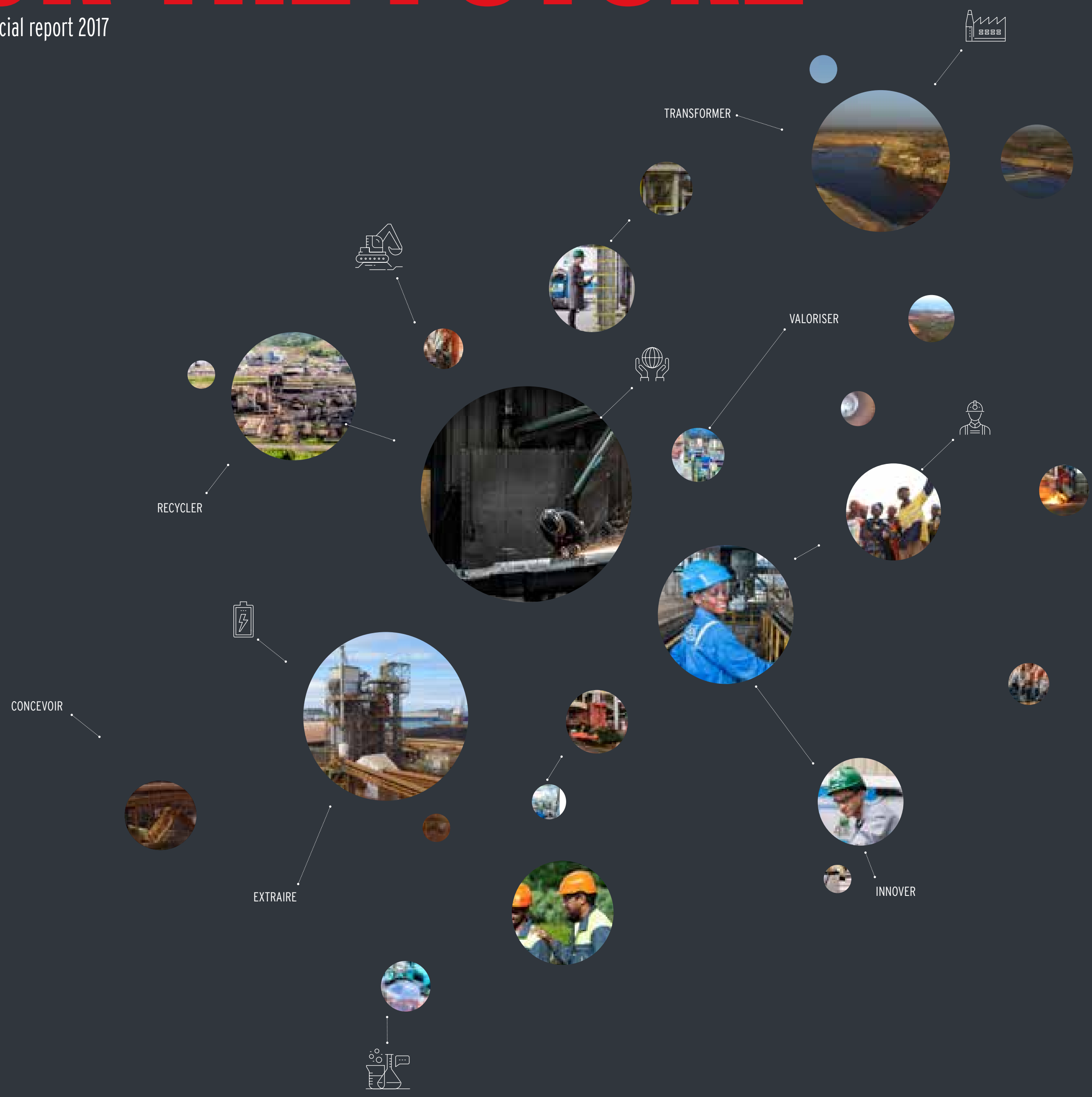
ERAMET

DES ALLIAGES,
DES MINERAIS ET DES HOMMES.

PREPARING FOR THE FUTURE

Interim financial report 2017



Chapter 1

DECLARATION BY THE PERSONS RESPONSIBLE FOR THE ERAMET INTERIM FINANCIAL REPORT AS OF JUNE 30, 2017

We declare that, to the best of our knowledge, the condensed interim consolidated financial statements for the past half-year have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and of all the companies within the scope of consolidation and that the accompanying interim business report presents a true and fair view of the highlights of the first six months of the year and their impact on the condensed interim consolidated financial statements, the main related party transactions and a description of the main risks and uncertainties for the remaining six months of the year.

Paris, July 26, 2017

Thomas Devedjian
Chief Financial Officer

Christel Bories
Chairman and Chief Executive Officer

Chapter 2

INTERIM BUSINESS REPORT AS OF JUNE 30, 2017

1 FOREWORD

It is advisable to read this report on the Company's financial position and operating performance in conjunction with the condensed interim consolidated financial statements, the notes to the condensed interim consolidated financial statements for the period ended June 30, 2017 and the other financial information in the 2016 Registration Document filed with the French Financial Markets Authority (AMF) on March 24, 2017. The Company's condensed interim consolidated financial statements were drawn up in accordance with IAS 34 (Interim Financial Reporting). The information in this report also contains forecasts based on estimates of ERAMET's future business activities that may differ materially from actual results.

The figures presented and commented on are adjusted data from the Group reporting, in which the joint ventures are accounted for under the proportional consolidation method. The reconciliation with the published financial statements is presented in Note 2 of the condensed interim consolidated financial statements as of June 30, 2017.

2 OVERVIEW

ERAMET is a mining and metallurgical group that bases its operations and business development on a sustainable, profitable and balanced growth strategy.

ERAMET has expanded significantly over the past 15 years, establishing a foothold on five continents so as to better serve its markets. Having developed unique expertise in geology, metallurgy, hydrometallurgy, pyrometallurgy and in the design of high-performance steel grades, ERAMET is now a global market leader in the production and conversion of non-ferrous metals and alloys.

3 GROUP RESULTS FOR THE 1ST HALF OF 2017

ERAMET group fundamentals are solid in first-half 2017 with sales of €1,797 million, up by 31% compared with first-half 2016.

Group current operating income is up sharply, at €256 million, increasing steadily for two halves mainly due to the positive change in manganese prices.

Net income Group share was positive at €81 million, up compared with first-half 2016 (-€141 million). In 2016, it was negative at -€179 million.

Free Cash Flow amounts to €172 million.

The level of net debt stood at €664 million at June 30, 2017, versus €836 million at end-2016, steadily falling since its highest point reached at the end of first-half 2016. This reduction in debt is, on the one hand, the result of priority given by the company to cash generation and, on the other, the result of improved markets.

At the end of first-half 2017, the net debt-to-equity ratio came out at 36%.

Since January 1st, 2017, ERAMET group has repaid €730 million in total for its €980 million revolving credit facility drew down in early January 2016, including €500 million in the first-half of the year.

In July 2017, TiZir, an ERAMET 50% owned company, issued a new USD300 million bond which will reach maturity in July 2022. Essentially, this bond will refinance the previous one scheduled to mature in September 2017.

As of June 30, 2017, ERAMET group's financial liquidity remains significant, at €1.9 billion.

3.1 INCOME STATEMENT

(€ MILLION)	H1 2017	H1 2016	FULL YEAR 2016
Sales	1,797	1,373	2,984
EBITDA	389	56	375
Current operating income	256	(91)	84
Operating income	228	(146)	(95)
Net income for the period	68	(199)	(237)
Net income Group share	81	(141)	(179)
Basic earning per share (€)	3.07	(5.35)	(6.79)

3.1.1 COMMENTS BY DIVISION: SALES AND CURRENT OPERATING INCOME

ERAMET MANGANESE

ERAMET Manganese (including TiZir at 50%) sales were up by 48% at €920 million. Current operating income improved considerably at €346 million.

Manganese business

Gross world production of carbon steel, the main outlet for manganese, increased by 4.5% compared with first-half 2016.

After a correction at the start of 2017, manganese ore prices remain at high levels. The average for CIF China 44% manganese ore prices stood at USD5.69/dmtu in first-half 2017 versus USD2.91/dmtu in first-half 2016 and USD5.70/dmtu in second-half 2016.

Prices for manganese alloys remained robust in first-half 2017 after strong growth observed in 2016.

Mining production reached a record level of 1.9 million tonnes of manganese ore in first-half 2017, in line with the announced objective of 4 million tonnes in 2017. This reflects the operational efficiencies achieved at Comilog and its subsidiary, Setrag, ensuring the railway transport of the ore.

Mineral sands business

In first-half 2017, TiZir recorded sales of USD93 million and Ebitda of USD28 million, up by USD26 million compared with first-half 2016. These results confirm the success of the ramp-up of TiZir.

The mineral sands markets provide a positive outlook, driven by strong demand in pigments and zircon in the main market regions (China, Europe, and United States).

In Senegal, TiZir continued optimizing its operational efficiency, with a production record posted in the second quarter of 2017. Over the first-half of 2017, GCO production totalled nearly 345,000 tonnes of Heavy Mineral Concentrate.

In Norway, the ramp-up of the plant at Tyssedal is progressing well. Titanium dioxide slag production met the objectives set with 77,000 tonnes produced in first-half 2017.

ERAMET NICKEL

ERAMET Nickel sales were up by 22% compared with first-half 2016, at €312 million. Current operating income of –€104 million, down compared with first-half 2016.

After a recovery in growth observed in 2016, global stainless steel production continued to grow with an increase of 4% in first-half 2017 compared with the same period in 2016.

Global nickel supply remains high with the start of production of new capacities in Indonesia and the persistence of nickel ore exports from the Philippines.

Metal nickel stocks at the LME and SHFE stayed at high levels, at 447,000 tonnes at end-June 2017, down by only 19,000 tonnes since the start of the year.

As a result, nickel prices at the LME remained low in this half at USD4.43/lb, up slightly however compared with prices in first-half 2016 (USD3.93/lb on average).

Against this backdrop, SLN remains focused on its objective of lowering cash-cost to USD4.5/lb at end-2017. In first-half 2017, cash-cost stood at USD5.17/lb, penalised by two cyclones and difficulty to access deposits linked to blockages by locals in New Caledonia. Moving from USD6.0/lb in 2015, to our target of USD4.5/lb[1] at end-2017 will only be one step and SLN is already working on new initiatives to be undertaken as soon as possible to continue its efforts to reduce its cash-cost.

Since June 2017, the Sandouville nickel refinery is supplied by a new source of European nickel matte as part of a long-term agreement. The new process has just been launched and the ramp-up of the plant is expected to take some months. In the long-term, the plant in Sandouville will produce 15,000 tonnes of high-purity nickel intended for high-tech industries, especially for the electronics and batteries markets.

Current operating income for the Nickel division, down by 17% compared with first-half 2016, is impacted by depreciations and losses on stock linked to lower nickel prices between December 31, 2016 and the end of the first-half and through the ramp-up in business at Sandouville.

The combination of these factors offset the positive impact of the slight increase in the price of nickel in first-half 2017 compared with first-half 2016.

In Indonesia, in June 2017, ERAMET finalised a partnership with the Chinese stainless steel producer, Tsingshan, in view of bringing value to the Weda Bay nickel deposit. The future plant, with a capacity of 30,000 tonnes of nickel, will refine nickel ore based on a pyrometallurgical process. Each of the partners will market its production share. The first sales of nickel ferroalloy (NPI) look set to take place in 2020. ERAMET will hold a 43% stake in the JV and Tsingshan a 57% stake.

ERAMET ALLOYS

ERAMET Alloys sales, at €564 million, were up by 13% compared with first-half 2016. Current operating income at €32 million, up significantly compared with that of first-half 2016

Aubert & Duval, of which aerospace accounts for two thirds of its sales, posted current operating income of €32 million in the first half of 2017, up by 33%. This growth was driven by sustained business in closed-die forging parts.

Aubert & Duval has announced an industrial reorganisation project for its steel melting shops, in particular its plant in Firminy (France). Firminy's steel melting activities must be moved to the plant at Ancizes (France).

The aerospace sector remains strong, propelled by the ramp-up in new programmes in which Aubert & Duval is well positioned. At the salon du Bourget (the Paris air show), Aubert & Duval's teams were rewarded, with the "Best performer supplier award", handed out by Airbus Helicopters.

For its part, Erasteel has progressed considerably and has shown current operating income at break-even thanks to strong actions taken in the high-speed steel sector and to the favourable impact of raw materials' prices.

ERAMET Alloys continues to affirm its commitment to develop in sectors with high growth potential:

- powder metallurgy with the launch in May 2017 of a new atomising tower for superalloys powders directed at the aerospace engine parts market and the additive manufacturing segment;
- aerospace grade titanium recycling through the start of operations in the EcoTitanium plant on February 3, 2017;
- the recycling of spent catalysts and batteries after consolidation of these activities in early 2017 within the steel melting shop at Commentry (France). This activity will continue to be ramped up in the coming months but is expected to weigh on Erasteel's results for the second-half of 2017.

3.1.2 NET INCOME, GROUP SHARE

Net income, Group share, amounted to €81 million for the 1st half of 2017, showing an improvement compared to -€141 million for the same period of 2016, primarily due to the strong improvement in current operating income (see section 3.1.1.), the absence of asset depreciation or impairment loss charges which were partially offset by an increase of income tax charges on the one hand, and a higher share of the income for non controlling interests.

It includes the following items:

- **financial loss,** which amounted to -€52 million for the 1st half of 2017, remaining stable compared to the corresponding period in 2016;
- **income tax** which amounted to -€107 million for the 1st half of 2017, compared to zero income tax for the 1st half of 2016. This tax position shows an average tax rate of 61% and takes into account the negative effects of non recognition of deferred tax assets.
- **minority interests** which were up in the 1st half of 2017 to -€13 million compared with -€58 million in the 1st half of 2016, directly impacted by higher results for ERAMET Manganese (Comilog, 36.29% of minority interests) and offset by the negative and stable results between the two periods for ERAMET Nickel (Société Le Nickel-SLN, 44% of minority interests).

(1) Figures at constant economic conditions.

3.2 NET FINANCIAL DEBT VARIATION

(€ MILLION)	H1 2017	H1 2016	FULL YEAR 2016
Net cash generated by operating activities	279	(98)	121
Industrial investments	(107)	(85)	(217)
Other investment flows	-	(109)	30
ODIRNAN issuance	-	-	100
Other financing flows	(3)	-	-
Exchange-rate impact	3	7	8
(Increase)/Decrease in net financial debt	**172**	**(285)**	**42**
Opening (net financial debt)	(836)	(878)	(878)
Closing (net financial debt)	**(664)**	**(1,163)**	**(836)**

Net financial debt as of June 30, 2017 amounted to €664 million compared to €836 million as of December 31, 2016.

Net cash flow generated by operating activities amounted to €279 million for the first half of 2017, up €377 million compared to the 1st half of 2016, primarily due to an improvement in:

- EBITDA of €333 million;
- change in WCR of €153 million between the two periods.

This improvement is partially offset by an increase in the cash impact of items under EBITDA due mainly to higher current income tax charges for the 1st half of 2017 compared to the corresponding period in 2016.

Capital expenditure amounted to €107 million for the 1st half of 2017 compared to €85 million in the 1st half of 2016. This increase in investment was mainly due to ERAMET Sandouville's new facilities (see highlights during the 1st half of 2017).

ERAMET Manganese's capital expenditure amounted to €36 million for the 1st half of 2017, resulting in an 18% decrease compared to the 1st half of 2016.

ERAMET Nickel's capital expenditure doubled between the 1st half of 2016 and the 1st half of 2017 (ERAMET Sandouville's new facilities), to €42 million in the 1st half of 2017.

ERAMET Alloys' capital expenditure amounted to €27 million for the 1st half of 2017, resulting in a 42% increase compared to the 1st half of 2016.

Other financing flows amounting to -€3 million in the 1st half of 2017 include:

- €2 million in interest paid during the period on net share settled undated bonds convertible into new shares (ODIRNAN); and
- €1 million disbursed for the repurchase of own shares (25,000 shares in March 2017).

3.3 GROUP SHARE OF SHAREHOLDERS' EQUITY

The Group share of shareholders' equity had increased by €72 million to €1,587 million at the end of June 2017, from €1,515 million at the end of December 2016.

This increase was mainly due to the positive net income, Group share in the 1st half of 2017 (€81 million).

4 RISK MANAGEMENT

The Group uses derivatives to control its risk exposure. Management of the principal risks, delegated by the Executive Committee, is centralized at ERAMET's finance department. This management is performed directly by ERAMET or *via* special purpose companies, such as Metal Currencies, specifically created to manage the Group's exchange risks.

The presentation of these risks and the Group's assessment of them are detailed in the 2016 Registration Document in Note 7 – Financial instruments and risk management to the consolidated financial statements, and in Chapter 3 "Risk factors".

Cash surpluses of subsidiaries are pooled at Group level through a wholly-owned subsidiary (Metal Securities). In 2017, as in previous years, cash was managed prudently; this enabled ERAMET to obtain an annualized return of 1.65% in the 1st half of 2017, namely EONIA +2%.

The Group has not identified any other risk factors during the 1st half of 2017 or any affecting the upcoming 2nd half.

5
FINANCIAL STATEMENTS OF ERAMET S.A.

(€ MILLION)	H1 2017	H1 2016	FULL YEAR 2016
Sales	302	255	585
Operating income	(39)	(16)	(45)
Financial income	(6)	(82)	(136)
Non-recurring income	14	5	6
Net income	(32)	(92)	(166)

Turnover was up by 18% due to the increase in nickel prices (average LME price of USD4.43/lb during the 1st half of 2017, against USD3.93/lb during the 1st half of 2016).

The operating loss amounted to €39 million in the 1st half of 2017 compared to €16 million in the 1st half of 2016. Higher material consumption costs were primarily the cause for this decrease.

Financial loss in the 1st half of 2017 amounted to €6 million, mainly comprising net interest paid on loans/borrowings and the net foreign-exchange balance on financial transactions. Comparable loss for the 1st half of 2016 amounted to €82 million following the depreciation of €71 million recognized on the shares of Strand Minerals Pte. Ltd. (Weda Bay project).

Exceptional income mainly comprised the income recorded during the partial transfer of assets to ERAMET Sandouville.

Net loss was €32 million for the 1st half of 2017 compared to the loss of €92 million for the 1st half of 2016.

6
SHORT-TERM OUTLOOK

The Group's markets globally remain on a positive trend for the second half of 2017, without at all being able to extrapolate current operating income similar to that of the first-half against a backdrop of very volatile metals' prices.

Chapter 3

CONDENSED INTERIM

CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2017

INCOME STATEMENT

(€ MILLION)	NOTES	H1 2017	H1 2016	FULL YEAR 2016
Sales	**2**	**1,741**	**1,329**	**2,897**
Other income		3	24	57
Cost of goods sold		(1,260)	(1,200)	(2,390)
Administrative and selling expenses		(94)	(88)	(164)
Research and development expenditure		(15)	(11)	(34)
EBITDA	**2**	**375**	**54**	**366**
Depreciation of fixed assets and provisions for contingencies and losses		(125)	(139)	(275)
Current operating income	**2**	**250**	**(85)**	**91**
Other operating income	3	(28)	(54)	(138)
Operating income		**222**	**(139)**	**(47)**
Financial income		(39)	(42)	(58)
Share of income from joint ventures and associates	6	(13)	(17)	(66)
Income tax	7	(102)	-	(61)
Net income for the period		**68**	**(198)**	**(232)**
• attributable to non-controlling interests	3	(13)	(57)	(53)
• ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**81**	**(141)**	**(179)**
Basic earning per share (€)		3.07	(5.35)	(6.79)
Diluted earning per share (€)		2.84	(5.35)	(6.79)

STATEMENT OF COMPREHENSIVE INCOME

(€ MILLION)	NOTES	H1 2017	H1 2016	FULL YEAR 2016
Net income for the period		**68**	**(198)**	**(232)**
Translation differences for subsidiaries' financial statements in foreign currency		(30)	7	22
Change in fair value of assets available for sale		(7)	9	7
Change in revaluation reserve for hedging financial instruments		20	44	59
Income tax		-	(3)	(1)
Items that have been or may be subsequently reclassified to net income		**(17)**	**57**	**87**
Revaluation of net defined benefit plan liabilities		-	-	(17)
Income tax		-	-	2
Items that have not been or may not be subsequently reclassified to net income		**-**	**-**	**(15)**
Other comprehensive income		**(17)**	**57**	**72**
• attributable to non-controlling interests		1	6	7
• **attributable to equity holders of the parent**		**(18)**	**51**	**65**
Total comprehensive income		**51**	**(141)**	**(160)**
• attributable to non-controlling interests		(12)	(51)	(46)
• **attributable to equity holders of the parent**		**63**	**(90)**	**(114)**

STATEMENT OF CASH FLOWS

(€ MILLION)	NOTES	H1 2017	H1 2016	FULL YEAR 2016
Operating activities				
Net income for the period		68	(198)	(232)
Non-cash income and expenses		116	168	389
Cash generated from operations		**184**	**(30)**	**157**
Net change in working capital requirement (WCR)	5	108	(66)	(59)
Net cash generated by operating activities (1)	**2**	**292**	**(96)**	**98**
Investing activities				
Payments for non-current assets	6	(110)	(92)	(212)
Proceeds from non-current assets disposals		-	5	7
Net change in non-current financial assets		6	3	(14)
Net change in current financial assets	4	(7)	(215)	(135)
Increase of ownership interest – controlled companies		-	(97)	(97)
Impact of changes in scope		6	-	131
Net cash used in investing activities		**(105)**	**(396)**	**(320)**
Financing activities				
Issuance of equity instruments (ODIRNAN)		-	-	100
ODIRNAN interest payments		(2)	-	-
Repurchase of common shares		(1)	-	-
Issuance of new borrowings	4	141	1,006	1,183
Repayment of borrowings	4	(629)	(74)	(113)
Changes in bank overdrafts	4	17	(18)	(32)
Other changes	4	(1)	17	9
Net cash used in financing activities		**(475)**	**931**	**1,147**
Exchange-rate impact		(1)	(5)	3
Increase (decrease) in cash and cash equivalents		**(289)**	**434**	**928**
Opening cash and cash equivalents	**4**	**1,360**	**432**	**432**
Closing cash and cash equivalents	**4**	**1,071**	**866**	**1,360**
(1) Of which, included in operating activities:				
Interest received		*9*	*7*	*16*
Interest paid		*(38)*	*(34)*	*(71)*
Tax paid		*(35)*	*(9)*	*(33)*

STATEMENT OF CHANGES IN EQUITY

(€ MILLION)	NUMBER OF SHARES	SHARE CAPITAL	SHARE PREMIUMS	RESERVES/FAIR VALUE OF AVAILABLE FOR SALE ASSETS	RESERVES/HEDGING INSTRUMENTS	RESERVES/DEFINED BENEFIT PLANS	EXCHANGE DIFFERENCES	OTHER RESERVES	ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	SHAREHOLDERS' EQUITY
Shareholders' equity as of January 1, 2016	**26,543,218**	**81**	**373**	**-**	**(80)**	**(61)**	**27**	**1,126**	**1,466**	**322**	**1,788**
Net income for the period - 1st half 2016								**(141)**	**(141)**	**(57)**	**(198)**
Other comprehensive income				9	33		9		51	6	57
Total comprehensive income		**-**	**-**	**9**	**33**	**-**	**9**	**(141)**	**(90)**	**(51)**	**(141)**
Share-based payments								-	-		-
Other movements								32	32		32
Total transactions with shareholders		**-**	**-**	**-**	**-**	**-**	**-**	**32**	**32**	**-**	**32**
Shareholders' equity as of June 30, 2016	**26,543,218**	**81**	**373**	**9**	**(47)**	**(61)**	**36**	**1,017**	**1,408**	**271**	**1,679**
Net income for the period - 2nd half 2016								**(38)**	**(38)**	**4**	**(34)**
Other comprehensive income				(2)	18	(13)	11		14	1	15
Total comprehensive income		**-**	**-**	**(2)**	**18**	**(13)**	**11**	**(38)**	**(24)**	**5**	**(19)**
Capital increase	7,225		1					(1)	-		-
Equity instruments (ODIRNAN)								100	100		100
Share-based payments								3	3		3
Other movements				2				26	28		28
Total transactions with shareholders		**-**	**1**	**2**	**-**	**-**	**-**	**128**	**131**	**-**	**131**
Shareholders' equity as of January 1, 2017	**26,550,443**	**81**	**374**	**9**	**(29)**	**(74)**	**47**	**1,107**	**1,515**	**276**	**1,791**
Net income for the period								**81**	**81**	**(13)**	**68**
Other comprehensive income				(7)	18		(29)		(18)	1	(17)
Total comprehensive income		**-**	**-**	**(7)**	**18**	**-**	**(29)**	**81**	**63**	**(12)**	**51**
Capital increase	34,917		1					(1)	-		-
Interest on equity instruments (ODIRNAN)								(2)	(2)		(2)
Share-based payments								3	3		3
Repurchase of common shares								(1)	(1)		(1)
Other movements								9	9		9
Total transactions with shareholders		**-**	**1**	**-**	**-**	**-**	**-**	**8**	**9**	**-**	**9**
Shareholders' equity as of June 30, 2017	**26,585,360**	**81**	**375**	**2**	**(11)**	**(74)**	**18**	**1,196**	**1,587**	**264**	**1,851**

BALANCE SHEET

(€ MILLION)	NOTES	30/06/2017	31/12/2016
Intangible assets and goodwill		352	372
Property, plant and equipment	6	1,964	1,976
Investments in joint ventures and associates	6	89	107
Non-current financial assets		129	141
Deferred tax assets		4	4
Other non-current assets		97	99
Non-current assets		**2,635**	**2,699**
Inventories	5	872	896
Trade receivables	5	335	330
Other current assets		186	195
Current tax receivables		33	39
Derivatives assets		40	29
Current financial assets	4	338	331
Cash and cash equivalents	4	1,071	1,360
Current assets		**2,875**	**3,180**
Total assets		**5,510**	**5,879**

(€ MILLION)	NOTES	30/06/2017	31/12/2016
Share capital		81	81
Share premiums		375	374
Revaluation reserve for assets available for sale		2	9
Revaluation reserve for hedging instrument		(11)	(29)
Revaluation reserve for defined benefit plan liabilities		(74)	(74)
Translation differences		18	47
Other reserves		1,196	1,107
Attributable to equity holders of the parent		**1,587**	**1,515**
Attributable to non-controlling interests	3	264	276
Shareholders' equity		**1,851**	**1,791**
Employee-related liabilities		215	219
Provisions - due in more than one year	8	459	482
Deferred tax liabilities		154	150
Borrowings - due in more than one year	4	1,577	2,022
Other non-current liabilities		4	5
Non-current liabilities		**2,409**	**2,878**
Provisions - due in less than one year	8	33	38
Borrowings - due in less than one year	4	333	344
Trade payables	5	353	371
Other current liabilities		375	346
Current tax liabilities		97	34
Derivative liabilities		59	77
Current liabilities		**1,250**	**1,210**
Total liabilities and shareholders' equity		**5,510**	**5,879**

NOTES TO THE FINANCIAL STATEMENTS

ERAMET is a French public limited company, with a Board of Directors, governed by the provisions of Articles L. 225-17 and R. 225-1 *et seq.* of the French Commercial Code and by its Articles of Association. As required by law, the Company is audited by two incumbent Statutory Auditors and two alternate Statutory Auditors.

Through its subsidiaries and investments, the ERAMET group operates in the nickel and manganese mining and production sectors, as well as in the alloys production sector, where it is the market leader.

The condensed interim consolidated financial statements for the ERAMET group for the 1st half of 2017 were approved by the Board of Directors of ERAMET on July 26, 2017.

NOTE 1 HIGHLIGHTS DURING THE 1ST HALF OF 2017

OPENING OF ERAMET SANDOUVILLE'S NEW FACILITIES

The Estuaire project, launched in 2013 and completed in June 2017, is based on the upgrade of both the unit's industrial assets and its business model. Through this process, ERAMET Sandouville aims to strengthen its positions in the high-purity nickel market.

This program involves the adaptation of part of the value production chain to process a new matte, the concentrated ore that forms the raw material. These transformations go hand in hand with the switch to subsidiary status of the production site, which was formerly an entity of ERAMET S.A.

The restart of the facilities will be gradually ramped up until the end of 2017. At €34.5 million, the investment in the site is the highest since its creation in 1978.

2-YEAR MATURITY EXTENSION OF THE REVOLVING CREDIT FACILITY

On January 16, 2017, the ERAMET group signed an agreement for the renegotiation of its €981 million Revolving Credit Facility (RCF), extending its maturity by two years. The maturities, which were initially €85 million in January 2017 and €896 million in January 2018, have been extended to €115 million in January 2018, €85 million in January 2019 and €781 million in January 2020.

In addition, a repayment of €500 million was made in the 1st half of 2017, reducing the amount drawn under the revolving credit facility to €480 million as of June 30, 2017.

FINALIZATION OF THE SALE OF EUROTUNGSTENE

As part of its assets disposal program and following the agreement signed on December 9, 2016, ERAMET sold Eurotungstene (production and marketing of metal and pre-alloy powders) to Umicore, effective as of April 3, 2017.

SIGNING OF A FRAMEWORK AGREEMENT TO DEVELOP THE WEDA BAY NICKEL DEPOSIT IN INDONESIA

ERAMET has signed a framework agreement with the Chinese steel group Tsingshan to determine the conditions of a partnership to develop this asset. The Tsignshan group is the world's leading stainless steel producer.

The purpose of the partnership is to produce, through a pyrometallurgial process, in Indonesia, from the ore in Weda Bay, a nickel ferroalloy for a volume of around 30,000 tons of nickel content per year.

This partnership is set to result in the entry of the Tsingshan group in Strand Mineral Pte Ltd., with a stake of 43% for ERAMET and 57% for the Tsingshan group.

The next steps in the establishment of this framework agreement are partly subject to government and environmental authorizations for the ERAMET/Tsingshan joint project. Completion of the operation is expected in 2018.

DEVELOPMENT OF THE PARTNERSHIP BETWEEN ERASTEEL AND HEYE SPECIAL STEEL CO., LTD. IN CHINA

ERASTEEL, a wholly-owned subsidiary of ERAMET, and the Chinese company AT&M (Advanced Technology & Materials Co., Ltd.) entered into a framework agreement for the development of their activities in China in the high-speed steel field. ERASTEEL is expected to sell its 10.29% stake in Heye Special Steel Co., Ltd. to AT&M, its majority shareholder. The transaction should take place in the 2nd half of 2017, subject to several regulatory authorizations, for a sum of CNY109.5 million (approximately €15 million).

AT&M also announced that its subsidiary Heye Special Steel Co., Ltd. intends to sell its 51% stake in HEIML (Heye-Erasteel Innovative Materials Co., Ltd.). It is expected that ERASTEEL will acquire this stake. ERASTEEL currently holds a 49% stake in HEIML, a Chinese company based in Tianjin which specializes in bar and wire drawing of high-speed steel.

The sales of the stakes are expected to take place in the 2nd half of 2017.

DEPLOYMENT OF A NEW GOVERNANCE CYCLE

Christel Bories replaced Patrick Buffet as Chairman and Chief Executive Officer at the conclusion of the General Meeting on May 23, 2017. Christel Bories was appointed Deputy CEO by the Board of Directors on February 23, 2017.

NOTE 2 OPERATIONAL PERFORMANCE OF THE DIVISIONS AND THE GROUP – SEGMENT REPORTING INFORMATION

RECONCILIATION OF THE PUBLISHED ACCOUNTS AND GROUP REPORTING

(€ MILLION)	H1 2017 PUBLISHED [1]	CONTRIBUTION JOINT VENTURES	H1 2017 ADJUSTED [2]	H1 2016 PUBLISHED [1]	CONTRIBUTION JOINT VENTURES	H1 2016 ADJUSTED [2]	FULL YEAR 2016 PUBLISHED [1]	CONTRIBUTION JOINT VENTURES	FULL YEAR 2016 ADJUSTED [2]
Sales	1,741	56	1,797	1,329	44	1,373	2,897	87	2,984
EBITDA	375	14	389	54	2	56	366	9	375
Current operating income	250	6	256	(85)	(6)	(91)	91	(7)	84
Operating income	222	6	228	(139)	(7)	(146)	(47)	(48)	(95)
Net income Group share	81	-	81	(141)	-	(141)	(179)	-	(179)
Net cash generated by operating activities	292	(13)	279	(96)	(2)	(98)	98	23	121
Industrial investments	105	2	107	79	6	85	206	11	217
(Net financial debt)	(501)	(163)	(664)	(988)	(175)	(1,163)	(675)	(161)	(836)
Shareholders' equity	1,851	(14)	1,837	1,679	(10)	1,669	1,791	(15)	1,776
Shareholders' equity Group share	1,587	-	1,587	1,408	-	1,408	1,515	-	1,515

(1) Financial statements prepared under applicable standards, with joint ventures consolidated using the equity method.
(2) Group reporting, with joint ventures accounted for using the proportionate consolidation.

PERFORMANCE INDICATORS PER BUSINESS DIVISION

(€ MILLION)	MANGANESE	NICKEL	ALLOYS	HOLDING & ELIMINATIONS	TOTAL
H1 2017					
Sales	920	312	564	1	1,797
EBITDA	403	(59)	61	(16)	389
Current operating income	346	(104)	32	(18)	256
Net cash generated by operating activities	326	(18)	8	(37)	279
Industrial investments (intangible assets and property, plant & equipment)	36	42	27	2	107
H1 2016					
Sales	620	255	497	1	1,373
EBITDA	65	(36)	40	(13)	56
Current operating income	-	(89)	13	(15)	(91)
Net cash generated by operating activities	29	(136)	21	(12)	(98)
Industrial investments (intangible assets and property, plant & equipment)	44	21	19	1	85
Full year 2016					
Sales	1,439	595	949	1	2,984
EBITDA	358	(24)	74	(33)	375
Current operating income	219	(119)	27	(43)	84
Net cash generated by operating activities	243	(137)	22	(7)	121
Industrial investments (intangible assets and property, plant & equipment)	104	56	55	2	217

SALES, INDUSTRIAL INVESTMENTS AND NON CURRENT ASSETS BY GEOGRAPHICAL AREA

(€ MILLION)	FRANCE	EUROPE	NORTH AMERICA	ASIA	OCEANIA	AFRICA	NORTH AMERICA	TOTAL
Sales (destination of Sales)								
H1 2017	204	642	345	527	11	47	21	1,797
H1 2016	181	465	304	365	11	35	12	1,373
Full year 2016	342	940	619	938	28	75	42	2,984
Industrial investments (intangible assets and property, plant & equipment)								
H1 2017	44	8	3	-	27	24	1	107
H1 2016	21	10	5	-	19	30	-	85
Full year 2016	74	30	9	-	42	61	1	217
Non-current assets (excluding deferred taxes)								
30/06/2017	716	331	11	151	575	1,012	3	2,799
31/12/2016	698	345	9	164	590	1,065	2	2,873

CONSOLIDATED PERFORMANCE INDICATORS

Segment reporting information is supplemented by the consolidated performance indicators monitored by the Executive Committee. These indicators are taken from Group reporting and used for the financial disclosure of the Group's results and performance.

INCOME STATEMENT

(€ MILLION)	H1 2017	H1 2016	FULL YEAR 2016
Sales	**1,797**	**1,373**	**2,984**
EBITDA	**389**	**56**	**375**
Amortisation and depreciation of non current assets	(124)	(137)	(268)
Provisions for liabilities and charges	(9)	(10)	(23)
Current operating income	**256**	**(91)**	**84**
Impairment of assets	-	(27)	(110)
Other operating income and expenses	(28)	(28)	(69)
Operating income	**228**	**(146)**	**(95)**
Financial income	(52)	(53)	(79)
Share of income from associates	(1)	-	(2)
Income tax	(107)	-	(61)
Net income for the period	**68**	**(199)**	**(237)**
• minority interests	(13)	(58)	(58)
• GROUP SHARE	**81**	**(141)**	**(179)**
Basic earning per share (€)	3.07	(5.35)	(6.79)

STATEMENT OF CHANGES IN NET FINANCIAL DEBT

(€ MILLION)	H1 2017	H1 2016	FULL YEAR 2016
Operating activities			
EBITDA	389	56	375
Cash impact of items below EBITDA	(204)	(95)	(228)
Cash generated from operations	**185**	**(39)**	**147**
Working capital variation	94	(59)	(26)
Net cash generated by operating activities (1)	**279**	**(98)**	**121**
Investing activities			
Industrial investments	(107)	(85)	(217)
Other investment flows	-	(109)	30
Net cash from investing activities (2)	**(107)**	**(194)**	**(187)**
Net cash from equity transactions	**(3)**	**-**	**100**
Exchange-rate impact	3	7	8
(Increase)/Decrease in net financial debt	**172**	**(285)**	**42**
Opening (net financial debt)	**(836)**	**(878)**	**(878)**
Closing (net financial debt)	**(664)**	**(1,163)**	**(836)**
Free Cash Flow (1) + (2)	172	(292)	(66)

The reconciliation of cash and cash equivalents in the statement of cash flows, with Net financial debt in the ERAMET Group reporting is presented as follows:

(€ MILLION)	30/06/2017	30/06/2016	31/12/2016
Cash and cash equivalents	**1,071**	**866**	**1,360**
Current financial assets	338	411	331
Borrowings	(1,910)	(2,265)	(2,366)
Contribution of joint ventures	(163)	(175)	(161)
Net financial debt - reporting	**(664)**	**(1,163)**	**(836)**

ECONOMIC BALANCE SHEET

(€ MILLION)	30/06/2017	31/12/2016
Non-current assets	**2,745**	**2,818**
Inventories	913	933
Trade receivables	348	333
Trade payables	(373)	(390)
Simplified Working Capital	**888**	**876**
Other Working Capital items	(254)	(156)
Total Working Capital Requirement (WCR)	**634**	**720**
Total	**3,379**	**3,538**

(€ MILLION)	30/06/2017	31/12/2016
Shareholders' equity Group share	1,587	1,515
Shareholders' equity – Minority interests	250	261
Shareholders' equity	**1,837**	**1,776**
Cash and cash equivalents and current financial assets	(1,416)	(1,698)
Borrowings	2,080	2,534
Net financial debt	**664**	**836**
Net financial debt/shareholders' equity (Gearing)	*36%*	*47%*
Provisions and employee-related liabilities	**707**	**740**
Net deferred tax	**151**	**142**
Derivatives	**20**	**44**
Total	**3,379**	**3,538**

NOTE 3 NET INCOME GROUP SHARE AND MINORITY INTERESTS

OTHER OPERATING INCOME AND EXPENSES

(€ MILLION)	H1 2017	H1 2016	FULL YEAR 2016
Other operating income and expenses excluding impairment	(28)	(27)	(68)
Impairment loss	-	(27)	(70)
Other operating income and expenses	**(28)**	**(54)**	**(138)**

Other operating income and expenses excluding impairment relate mainly to costs incurred in projects for which future profitability is still uncertain, restructuring costs and non-recurring income and expenses.

As regards SLN CGU, the value in use is extremely sensitive to the price of nickel, a central assumption in the impairment test. An impairment test on assets was carried out on June 30, 2017 and resulted in no impairment loss being recorded despite nickel price assumptions revised downwards compared to December 31, 2016. The Company's improved operational performance, notably leading to a significant decrease in the short and medium-term cash cost, was also a key factor in the test. A drop in the target price for nickel of over USD0.5/lb or a delay in the expected improvement of the cash cost would significantly reduce the headroom and could lead to an impairment loss, particularly if the long-term nickel price level were to be revised downward again.

No other impairment losses were identified during the 1st half of 2017.

ATTRIBUTABLE TO NON-CONTROLLING INTERESTS - MINORITY INTERESTS

		SHARE		SHARE		SHARE
(€ MILLION)	% OF MINORITY INTERESTS	OF INCOME H1 2017	OF EQUITY 30/06/2017	OF INCOME FULL YEAR 2016	OF EQUITY 31/12/2016	OF INCOME H1 2016
Closing		**(13)**	**264**	**(53)**	**276**	**(57)**
Société Le Nickel-SLN	44%	(46)	4	(71)	52	(46)
Comilog S.A.	36.29%	33	248	18	212	(11)
Pt Weda Nickel Ltd	10%	-	10	-	10	-
Interforge	6%	-	2	-	2	-

NOTE 4 NET FINANCIAL DEBT AND SHAREHOLDERS' EQUITY

NET FINANCIAL DEBT

(€ MILLION)		30/06/2017		31/12/2016
Borrowings		**(1,910)**		**(2,366)**
Borrowings from financial markets	(699)		(689)	
Bank loans	(899)		(1,374)	
Bank overdrafts and creditor banks	(56)		(39)	
Finance leases	(57)		(59)	
Other borrowings	(199)		(205)	
Other current financial assets		**338**		**331**
Cash and cash equivalents		**1,071**		**1,360**
Cash equivalents	973		1,150	
Cash	98		210	
Net financial debt		**(501)**		**(675)**
Borrowings – due in more than one year		(1,577)		(2,022)
Borrowings – due in less than one year		(333)		(344)

The net change in current financial assets is presented as €7 million in the net cash used in investing activities.

Some borrowings are subject to financial ratios or covenants at Group level or locally. As of June 30, 2017, there were no cases of early repayment under the covenants for borrowings.

CHANGE IN BORROWINGS

(€ MILLION)	H1 2017	H1 2016	FULL YEAR 2016
Opening	**2,366**	**1,344**	**1,344**
Issuance of new borrowings	141	1,006	1,183
Repayment of borrowings	(629)	(74)	(113)
Changes in bank overdrafts	17	(18)	(32)
Changes in scope	6	-	(15)
Other changes	(1)	17	9
Translation differences	10	(10)	(10)
Closing	**1,910**	**2,265**	**2,366**

The decrease in borrowings is mainly due to the €500 million revolving credit facility repayment.

SHAREHOLDERS' EQUITY

The share capital of €81,085,348 comprises 26,585,360 fully paid-up ordinary shares with a par value of €3.05.

Following requests for the conversion of net share settled undated bonds convertible into new shares (ODIRNAN), 34,917 new shares were created in the 1st half of 2017 (7,225 new shares in 2016 following conversion request).

NOTE 5 WORKING CAPITAL REQUIREMENT

(€ MILLION)	31/12/2016	CHANGE IN WCRTABLE OF CASH FLOWS	CHANGE INTRADE PAYABLESTO FIXED ASSET SUPPLIERS	TRANSLATION ADJUSTMENTSAND OTHER MOVEMENTS	30/06/2017
Inventories	896	-		(24)	872
Trade receivables	330	13		(8)	335
Trade payables	(371)	4		14	(353)
Simplified Working Capital	**855**	**17**	**-**	**(18)**	**854**
Other Working Capital items	(57)	(125)	2	21	(159)
Total Working Capital Requirement (WCR)	**798**	**(108)**	**2**	**3**	**695**

The -€119 million impact on other working capital items is mainly due to (i) an increase in income tax payables primarily as a result of profits in Norway and Gabon as of June 30, 2017 and (ii) the effect of seasonality on payroll and tax payables.

NOTE 6 INVESTMENTS

PAYMENTS FOR NON-CURRENT ASSETS

(€ MILLION)	H1 2017	H1 2016	FULL YEAR 2016
Investments on property, plant and equipment during the period	98	73	189
Investments on intangible assets during the period	7	6	17
Total industrial investments	**105**	**79**	**206**
Change in payable for the acquisition of non current assets	2	13	5
Acquisition of investment securities	3	-	1
Total payments for non current assets - statement of cash flows	**110**	**92**	**212**

CHANGE IN PROPERTY, PLANT, AND EQUIPMENT

(€ MILLION)	H1 2017	H1 2016	FULL YEAR 2016
Opening	**1,976**	**2,116**	**2,116**
Investments during the period	98	73	189
Disposals during the period	-	(1)	(7)
Depreciation and amortisation during the period	(105)	(119)	(230)
Impairment loss for the period	(4)	(19)	(48)
Change in gross value of dismantling assets	-	-	13
Translation differences and other movements	(1)	16	(57)
Closing	**1,964**	**2,066**	**1,976**
• Gross value	5,416	5,824	5,606
• Depreciation and amortisation	(3,271)	(3,500)	(3,341)
• Impairment loss	(181)	(258)	(289)

INTERESTS IN JOINT VENTURES AND ASSOCIATES

DETAIL BY ENTITY

(€ MILLION) COMPANIES	COUNTRY	% HELD	SHARE OF INCOME H1 2017	SHARE OF EQUITY 30/06/2017	SHARE OF INCOME FULL YEAR 2016	SHARE OF EQUITY 31/12/2016	SHARE OF INCOME H1 2016
Sub-group TiZir	United Kingdom	50%	(7)	83	(64)	95	(17)
Ukad	France	50%	(5)	(5)	(1)	-	-
Total joint ventures			**(12)**	**78**	**(65)**	**95**	**(17)**
HeYe Erasteel Innovative Materials Ltd (HEIML)	China	49%	(1)	7	(1)	8	-
EcoTitanium	France	21.75%	-	4	-	4	-
Total associates			**(1)**	**11**	**(1)**	**12**	**-**
Total interests in joint ventures and associates			**(13)**	**89**	**(66)**	**107**	**(17)**

INCOME STATEMENT OF THE TIZIR SUB-GROUP, IN AGGREGATE

(€ MILLION)	H1 2017	H1 2016	FULL YEAR 2016
Sales	87	75	145
EBITDA	26	2	16
Current operating income	11	(13)	(13)
Non-controlling interests	1	(2)	(10)
Net income, Group share	(14)	(34)	(128)
Share of income	**(7)**	**(17)**	**(64)**

BALANCE SHEET OF THE TIZIR SUB-GROUP, IN AGGREGATE

(€ MILLION)	30/06/2017	31/12/2016
Non-current assets	583	644
Current assets excluding cash and cash equivalents	93	70
Liabilities excluding gross financial debt	(39)	(59)
Net financial debt	(498)	(495)
Non-controlling interests	27	30
Shareholders' equity Group share	166	190
Share of shareholders' equity	**83**	**95**

NOTE 7 TAXES

INCOME TAX

(€ MILLION)	H1 2017	H1 2016	FULL YEAR2016
Current tax	(100)	(1)	(43)
Deferred tax	(2)	1	(18)
Income tax revenue (expense)	**(102)**	**-**	**(61)**

EFFECTIVE TAX RATE

(€ MILLION)	H1 2017	H1 2016	FULL YEAR 2016
Operating income	222	(139)	(47)
Financial income	(39)	(42)	(58)
Pre-tax profit (loss) of consolidated companies	**183**	**(181)**	**(105)**
Standard tax rate in France (%)	34.43%	34.43%	34.43%
Theoretical tax income (expense)	**(63)**	**62**	**36**
Impact on theoretical tax of:			
• permanent differences between accounting profit and taxable profit	4	2	28
• asset impairment	4	(3)	3
• standard current income tax differences in foreign countries	12	-	2
• tax credits	2	2	5
• unrecognized or limited deferred tax assets	(60)	(68)	(142)
• miscellaneous items	(1)	5	7
Actual tax income (expense)	**(102)**	**-**	**(61)**
Tax rates	**56%**	**0%**	**(58)%**

The 56% tax rate is primarily the result of income tax benefits related to the tax losses on some entities (Le Nickel-SLN, tax consolidation in France).

The income rate in Norway of 24% on its actual profit mainly explained the €12 million of tax differences in foreign countries resulted from applying the France statutor income tax rate.

NOTE 8 PROVISIONS

(€ MILLION)	H1 2017		H1 2016		FULL YEAR 2016	
Opening		**520**		**597**		**597**
Allowances (reversals) during the period		(29)		(9)		19
• allowances during the period	13		17		71	
• (reversals) used during the period	(30)		(26)		(50)	
• (reversals) unused during the period	(12)		-		(2)	
Accretion expenses		4		5		9
Dismantling assets		-		-		13
Translation differences and other movements		(3)		(106)		(118)
Closing		**492**		**487**		**520**
• Long-term portion		459		450		482
• Short-term portion		33		37		38
Environmental contingencies and site restoration		409		380		404
Employees		23		35		31
Other contingencies and losses		60		72		85

Detailed information on the provisions as of June 30, 2017 is similar to that as of December 31, 2016, which is presented in Note 12 – Provisions of the notes to the consolidated financial statements in the 2016 Registration Document.

NOTE 9 OFF-BALANCE-SHEET COMMITMENTS, OTHER COMMITMENTS, POTENTIAL LIABILITIES AND OTHER INFORMATION

OFF-BALANCE-SHEET COMMITMENTS

(€ MILLION)	30/06/2017		31/12/2016	
Commitments given		**263**		**298**
• Operating activities	102		106	
• Financing activities	161		192	
Commitments received		**7**		**14**
• Operating activities	7		14	
Credit facilities		530		-

FUTURE LEASING EXPENSES

(€ MILLION)	30/06/2017	31/12/2016
Less than one year	25	32
Between one and five years	75	84
More than five years	93	107
Total	**193**	**223**

OTHER COMMITMENTS, POTENTIAL LIABILITIES AND OTHER INFORMATION

During the 1st half of 2017, there have been no major changes in Other commitments, Potential liabilities and Other information presented in the 2016 Registration Document in Note 14 – Off-balance-sheet commitments, other commitments, potential liabilities and other information of the notes to the consolidated financial statements.

NOTE 10 POST-BALANCE SHEET EVENTS

BOND ISSUE BY TIZIR

In July 2017, Tizir issued a new USD300 million bond which will reach maturity in July 2022. Essentially, this bond will refinance the previous one scheduled to mature in September 2017.

PARTIAL REPAYMENT OF THE REVOLVING CREDIT FACILITY

In addition to the €500 million repayment made in the 1st half of 2017, a repayment of €230 million was completed on July 18, 2017 on the revolving credit facility, reducing the total amount drawn from €480 million to €250 million to date.

To the best of the Company's knowledge, no other events have occurred since the balance sheet date.

NOTE 11 BASIS OF PREPARATION OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

GENERAL PRINCIPLES AND DECLARATION OF COMPLIANCE

Pursuant to European Regulation no. 1606/2002 of July 19, 2002, the condensed interim consolidated financial statements for the 1st half of 2017 are presented in millions of euros in accordance with IAS 34 – Interim Financial Reporting, and prepared under IFRS as published by the IASB (International Accounting Standards Board) and IFRS as adopted by the European Union as of June 30, 2017. Since they are condensed interim consolidated financial statements, these financial statements do not contain all the information and notes required for annual consolidated financial statements and should therefore be read in conjunction with the ERAMET group's annual consolidated financial statements for the year ended December 31, 2016.

The reference document adopted by the European Union is available for consultation on the website below: http://ec.europa.eu/commission/index_fr.

CHANGES TO STANDARDS AND INTERPRETATIONS

The accounting principles and methods applied for the condensed interim consolidated financial statements as of Friday, June 30, 2017 are identical to those used in the consolidated financial statements as of Saturday, December 31, 2016, with the exception of IFRS standards, amendments and interpretations as adopted by the European Union and issued by the IASB, the application of which is mandatory for annual periods beginning on or after January 1, 2017 (and which had not been applied early by the Group).

These standards and amendments had no impact on the Group's condensed interim consolidated financial statements as of June 30, 2017.

Standards, interpretations and amendments issued by the IASB and IFRS IC (IFRS Interpretations Committee), the application of which are not mandatory for annual periods beginning on or after January 1, 2017, have not been applied by the Group.

PROGRESS OF PROJECTS TO IMPLEMENT THE NEW IFRS STANDARDS (IFRS 9, IFRS 15, IFRS 16)

IFRS 9 – Financial instruments will be applicable from January 1, 2018. An assessment of the impact of the adoption of IFRS 9 on the consolidated financial statements is in progress. The application of this new standard will not have any major impact on the accounting, classification or assessment of financial assets and liabilities. Nor should the change in approach to hedge accounting have any impact on the consolidated financial statements.

IFRS 15 – Revenue from contracts with customers, applicable from January 1, 2018, could have limited impacts on the timing of turnover recognition due to the breakdown of certain sales into two different performance obligations (sale of goods and transport/insurance).

A specific analysis is in progress regarding the accounting of turnover from dies and tools in the Alloys Activity and particularly from the connection of the use of dies to the generation of turnover on mass production (long-term contracts).

The impacts of the application of **IFRS 16 – Leases,** on January 1, 2019, are currently being assessed with a detailed inventory of lease contracts. This monitoring is based on the information feedback procedures in place for off-balance-sheet commitments. A dedicated management tool will be introduced in the 2nd half of 2017 for the operational monitoring of contracts and the automation of restatements. The application of this new standard will result in an increase in net debt and fixed assets, and an improvement in EBITDA.

SEASONALITY EFFECT

The Group's various activities are not subject to significant.

USE OF ESTIMATES AND JUDGEMENTS

The judgements and estimates that are likely to result in a material change in the carrying value of assets and liabilities as of June 30, 2017 are unchanged from the previous year compared to those from the previous financial year presented in the consolidated financial statements for 2016 and in the Registration Document for 2016.

CONSOLIDATION SCOPE

As of June 30, 2017, the scope of consolidation was unchanged compared to December 31, 2016, with the exception of:

- the sale of Eurotungstène Poudres to Umicore on April 3, 2017 without any major impact on the Group's consolidated financial statements;
- the entry into the scope of consolidation on January 1, 2017 of the following companies:
  - ERAMET Sandouville wholly-owned by ERAMET Holding Nickel, a subsidiary of ERAMET, and
  - Brown Europe wholly-owned by ERAMET Holding Alliages, a subsidiary of ERAMET;
- the entry into the scope of consolidation of ERAMET Nickel SAS, created on April 25, 2017, wholly-owned by ERAMET Holding Nickel, a subsidiary of ERAMET.

The Group's stake in Strand Minerals Pte Ltd. (Weda Bay project) was fully consolidated at 100% as of June 30, 2017; Strand Minerals Pte Ltd holding Pt Weda Bay Nickel company at 90% . The holding has not been classified as an asset held for sale in the consolidated financial statements as of June 30, 2017, given (i) the governmental and environmental authorizations to be obtained for the completion of the transaction and (ii) the time to complete the transaction which may extend beyond June 30, 2018.

SPECIFIC FEATURES IN THE PREPARATION OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

EMPLOYEE BENEFITS

The post-employment benefit expense for the half-year is half of the net expense estimated for financial year 2017, based on the actuarial assumptions and data used as of December 31, 2016, and adjusted where necessary for non-recurring events (plan amendments, curtailments, settlements). As of June 30, the actuarial gains and losses estimated on the basis of a sensitivity analysis of the discount rates were recorded and recognized in shareholders' equity (defined-benefit plans) or in the income statement (other long-term advantages), as soon as they are considered significant.

INCOME TAX

The current and deferred income tax expense for the period is calculated using the effective tax rate estimated for the current year at the Group level. It is adjusted for transactions specific to the 1st half.

ASSET DEPRECIATION AND IMPAIRMENT LOSSES

Impairment tests for goodwill and intangible assets with indefinite useful life are always carried out in the second half of the year. As a result, as of the close of the first half, impairment tests for the assets were only carried out if there were indications of an impairment loss.

Chapter 4

STATUTORY AUDITORS' REVIEW REPORT ON THE 2017 HALF-YEAR FINANCIAL INFORMATION

PERIOD FROM JANUARY 1 TO JUNE 30, 2017

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Following our appointment as Statutory Auditors by your annual general meeting and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code *(Code monétaire et financier)*, we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of ERAMET, for the six-month period ended June 30, 2017;
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I. CONCLUSION ON THE FINANCIAL STATEMENTS

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – the standard of the IFRS as adopted by the European Union applicable to interim financial information.

II. SPECIFIC VERIFICATION

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris-La Défense, July 26, 2017

KPM Audit	ERNST & YOUNG Audit
A Department of KPMG S.A.	
Denis Marangé	Jean-Roch Varon
Partner	Partner

ERAMET

DES ALLIAGES,
DES MINERAIS ET DES HOMMES.

Tour Maine-Montparnasse
33, avenue du Maine
F-75755 Paris Cedex 15
Tél. : (33) 01 45 38 42 42
Fax : (33) 01 45 38 41 28
www.eramet.com