



ERAMET

Press Release Paris, October 28th, 2009

ERAMET

- **Further implementation of major measures taken in response to the crisis**
- **As on September 30th, 2009, the ERAMET Group is in line with its cost reduction and capital expenditure control targets**
- **Slight increase in turnover in 3rd quarter 2009 vs. 2nd quarter 2009, despite seasonal effect and dollar depreciation**
- **Robust net cash position maintained**
- **The ERAMET Group can forecast current operating income around breakeven point for 2nd half 2009, unless its main markets evolve significantly**

Turnover (M€)	Q3 2009	Q3 2008	Change	9 months 2009	9 months 2008	Change
Manganese Division*	324	653	- 50%	889	1 826	- 51%
Nickel Division	155	166	- 7%	465	721	- 36%
Alloys Division	157	245	- 36%	577	837	- 31%
Holding company & eliminations	1	(2)	-	(2)	(1)	-
ERAMET Group*	637	1 062	- 40%	1 929	3 383	- 43%

* Figures not including Tinfos in 2008 (consolidation of Tinfos on 4th quarter 2008)

Patrick Buffet, Chairman & Chief Executive Officer of the ERAMET Group, stated, “*The Group continued to implement the measures defined in response to the crisis. This enabled it to maintain robust net cash. A certain improvement was seen in the third quarter of 2009 on nickel and manganese markets compared with the very low levels reached in the first half of the year, but this partly results from stimulus plans, mainly in China, and from inventory movements. Prospects for the recovery of the global economy remain uncertain, however, especially outside China. The ERAMET Group will continue to adapt its activity to demand trends and improve its production costs to safeguard its financial solidity and its major development projects.*”

The ERAMET Group's consolidated turnover rose slightly in the 3rd quarter of 2009 compared with the previous quarter, thanks to improved market conditions for the Manganese and Nickel divisions and despite the seasonal downturn in business for the Alloys division and the depreciation of the dollar against the euro.

Compared with the corresponding periods in 2008, which benefited from record manganese prices and the continuation of very high nickel prices, the ERAMET Group's consolidated turnover decreased 40% in the 3rd quarter of 2009 and 43% over the first nine months of 2009.

ERAMET Manganese: 3rd quarter 2009 turnover up 17% from 2nd quarter 2009 to 324 M€

The Manganese division's turnover grew 17% in the 3rd quarter of 2009 compared with the previous quarter to total 324 M€, thanks to a substantial increase in its manganese ore and alloy shipments.

Compared with the 3rd quarter of 2008, ERAMET Manganese's turnover decreased 50% in the 3rd quarter of 2009, mainly as a result of lower prices for manganese ore and alloys, which reached very high levels in 2008. Over nine months, turnover fell 51% compared with the corresponding period in 2008, to 889 M€

Global production of carbon steel continued to recover with an 11% rise in the 3rd quarter of 2009 compared with the previous quarter. Nevertheless, over nine months it was still 16% down on the same period in 2008 despite 7% growth in Chinese production. China alone represented 48% of global steel production in the 3rd quarter of 2009.

Demand for manganese alloys rose significantly in the 3rd quarter of 2009 compared with the slack level of the 1st half of the year, thanks to an upturn in carbon steel production and the end of manganese alloy inventory reduction, which weighed on demand during the previous three quarters. Spot prices for manganese alloys started to recover at the end of the 3rd quarter of 2009.

The Manganese division's shipments of manganese alloys increased 31% in the 3rd quarter of 2009 compared with same period in 2008 to total 215,000 tonnes. This rise takes into account the effect of the integration of Tinfos (16% increase excluding Tinfos). Compared with the 2nd quarter of 2009, shipments rose 48%. Shipments benefited, in particular, from the upturn in demand in Europe and the United States, zones where ERAMET Manganese was able to respond quickly to customer demand thanks to the proximity of its plants. Trends in refined alloys were healthy. Over nine months, manganese alloy shipments fell 7.8% compared with the same period in 2008. To meet demand while optimising inventory levels, manganese alloys production was increased to 165,000 tonnes in the 3rd quarter of 2009, i.e. approximately 70% of capacity on an annual basis.

Manganese ore prices began to recover at the end of the 3rd quarter of 2009. To meet demand, ERAMET Manganese adapted its manganese ore and sinter output to market trends while continuing to adjust its inventory in the 3rd quarter of 2009. Production of manganese ore and sinter was increased to 605,000 tonnes in the 3rd quarter of 2009, i.e. two thirds of capacity, as against one third in the 2nd quarter of 2009.

Turnover for the recycling activity in the United States fell 34% in the 3rd quarter of 2009 from the previous quarter, mainly because of the fall in molybdenum and vanadium prices and the decrease in volumes. However, molybdenum and vanadium prices began to recover towards the end of the 3rd quarter of 2009.

- **ERAMET Nickel: 3rd quarter 2009 turnover stable compared with 2nd quarter 2009**

ERAMET Nickel's turnover was stable in the 3rd quarter of 2009 compared with the previous quarter, at 155 M€ with the rise in nickel prices offset by a seasonal fall in activity and the US dollar's depreciation against the euro.

Compared with the 3rd quarter of 2008, ERAMET Nickel's turnover decreased 7% in the 3rd quarter of 2009 and 36% over nine months compared with the corresponding period in 2008, mainly due to the drop in nickel prices.

LME nickel prices rose to 8.03 USD/lb. on average for the 3rd quarter of 2009, up from the slack levels recorded in the 1st half of 2009 (average 5.31 USD/lb). Nevertheless, they were 7% below 3rd quarter 2008 prices.

In the first three quarters of 2009, ERAMET Nickel exercised hedging at a profit for 4,200 tonnes of nickel at 9.68 USD/lb., net of premiums.

Global nickel demand improved during the 2nd and 3rd quarters of 2009, thanks to an upward adjustment of stainless steel production from its very low levels in late 2008 and early 2009. This upturn is largely due to inventory movements and the effect of stimulus plans, particularly in China. Stainless steel production in China reached record levels in the 3rd quarter of 2009, up 54% from the same period in 2008, while output in the rest of the world was stable.

In accordance with the annual target and in line with market trends, metallurgical production of nickel in Doniambo totalled 38,700 tonnes over the first nine months of 2009, i.e. approximately 80% of capacity on an annual basis.

- **ERAMET Alloys: 3rd quarter 2009 turnover down 21% from previous quarter**

The Alloys division's turnover fell 21% in the 3rd quarter of 2009 compared with the 2nd quarter of 2009 to 157 M€, reflecting seasonality effects as well as market situations.

Compared with the 3rd quarter of 2008, ERAMET Alloys' turnover decreased 36% in the 3rd quarter of 2009. Over nine months, it was down 31% from the corresponding period in 2008. The sharpest decrease by far was in tool and cutting steels, but it was also very significant in aerospace. The energy sector, on the other hand, held out better.

ERASTEEL developed its presence in North America through the acquisition in October 2009 of a service centre in Romeoville (Illinois, USA) previously held by Crucible Materials Corp.

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

Thanks to the effectiveness of the measures taken in response to the crisis, the ERAMET Group's financial capacity remains robust. This is a crucial advantage in the current economic climate and enables the Group to maintain its medium- and long-term development strategies.

- **Outlook**

ERAMET Manganese

Prices for high grade manganese ore and for manganese alloys continued to rise in recent weeks. The Manganese division will keep adapting its production to market needs, trends in which remain uncertain for the coming months, particularly because of inventory movements.

ERAMET Nickel

LME nickel prices continued to increase in October 2009, averaging 8.3 USD/lb. despite the very high overall level of global nickel inventories. In parallel, those price levels boosted nickel pig iron production in China.

For the 4th quarter of 2009, 4,200 tonnes of nickel are covered by hedges at a minimum price of 6.73 USD/lb., net of premiums. Our hedging leaves us open to market prices for 85% of forecast deliveries for the 4th quarter of 2009; for the remaining 15%, calls can be exercised at 7.41 USD/lb. on average, net of premiums.

In that context, ERAMET Nickel will continue to adapt its production to market trends.

ERAMET Alloys

The outlook is likely to remain very difficult on the division's main markets, particularly for cutting and tool steels. The programmes implemented to control capital expenditure, costs and working capital will be continued on all sites.

ERAMET Group

- The very substantial measures taken in response to the crisis will be kept up.
- As at the end of September, the ERAMET Group is in line with its goals:
 - 140 M€ cost reduction on a full-year basis, excluding mechanical decreases resulting from lower activity,
 - Capital expenditure limited to 336 M€ for the ERAMET Group in 2009.

- The ERAMET Group is able to forecast current operating income around breakeven point for the 2nd half of 2009.

- ooOoo-

Turnover (M€)	Q2 2009	Q2 2008	Change	Q2 2009	Q2 2008	Change
ERAMET Manganese	277	654	- 58%	288	519	- 45%
ERAMET Nickel	154	247	- 38%	156	308	- 49%
ERAMET Alloys	198	300	- 34%	222	292	- 24%
Holding company & eliminations	(1)	2	%	(2)	(1)	-
ERAMET Group	628	1 203	- 48%	664	1 118	- 41%

- ooOoo -

Vice President Strategy and Investor Relations - Philippe Joly, Eramet (Paris):

tel. +33 (0) 1 4538 4202

Shareholder information: <http://www.eramet.fr>