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## PRESS RELEASE

### Sharp improvement in ERAMET group results in 1<sup>st</sup> half 2010

The Board of Directors of ERAMET, meeting on July 28<sup>th</sup> 2010 under the chairmanship of Patrick Buffet, prepared the financial statements for the 1<sup>st</sup> half of 2010.

(€ millions)	H1 2009	H2 2009	H1 2010	Change H1 2010/ H1 2009
Turnover				
<i>ERAMET Manganese</i>	<b>565</b>	<b>724</b>	<b>932</b>	<b>+ 65%</b>
<i>ERAMET Nickel</i>	<b>310</b>	<b>345</b>	<b>483</b>	<b>+ 56%</b>
<i>ERAMET Alloys</i>	<b>420</b>	<b>330</b>	<b>378</b>	<b>- 10%</b>
<i>Holding company &amp; eliminations</i>	<b>(3)</b>	<b>(2)</b>	<b>(5)</b>	<b>NS</b>
ERAMET Group	<b>1 292</b>	<b>1 397</b>	<b>1 788</b>	<b>+ 38%</b>
Current operating income (loss)	<b>(223)</b>	<b>60</b>	<b>341</b>	<b>NS</b>
Net income (loss), Group share	<b>(213)</b>	<b>(52)</b>	<b>175</b>	<b>NS</b>
Earnings per share (€)	<b>(8.23)</b>	<b>(1.93)</b>	<b>6.65</b>	<b>NS</b>
Net cash	<b>926</b>	<b>946</b>	<b>1 062</b>	<b>NS</b>

Global economic activity improved significantly in the 1<sup>st</sup> half of 2010 compared with the same period in 2009, which was depressed by the global crisis. However, the gap widened between emerging countries, whose economies regained or exceeded their pre-crisis levels, and developed economies, where activity did not return to pre-crisis levels despite a marked upturn.

This situation was reflected in rising demand and prices for ERAMET Manganese and ERAMET Nickel. ERAMET Alloys' turnover, however, was lower than in the first six months



of 2009, particularly in aerospace and energy sectors, while tooling remained at the same very low levels as in 1<sup>st</sup> half 2009.

**Overall, the ERAMET Group's turnover grew 38% in the 1<sup>st</sup> half of 2010 compared with the same period in 2009 and was up 59% in the 2<sup>nd</sup> quarter of 2010 from the 2<sup>nd</sup> quarter of 2009.**

**Current operating income totalled 341 M€ for the 1<sup>st</sup> half of 2010, which represents 19% of turnover, compared with a current operating loss of 223 M€ in the 1<sup>st</sup> half of 2009.**

**The Group's net income amounted to 175 M€ in the 1<sup>st</sup> half of 2010, i.e. €6.65 per share compared with a net loss, Group share of 213 M€, i.e. - €8.23 per share, in the 1<sup>st</sup> half of 2009.**

**The ERAMET Group's consolidated net cash improved to 1,062 M€ as at the end of June 2010, compared with 946 M€ at year-end 2009.**

The ERAMET Group paid out 74 M€ in dividends, of which 47 M€ to its shareholders and 27 M€ to minority shareholders, chiefly of Société Le Nickel in New Caledonia and COMILOG in Gabon. The Group's dividend was mainly paid out as ERAMET shares, leading to an approximately 30 M€ increase in shareholders' equity.

- **ERAMET Manganese: strong rise in current operating income, at + 265 M€**

Thanks to the substantial rise in manganese ore and alloys sales volumes and prices, ERAMET Manganese's turnover, at 932 M€, rose 65% in the 1<sup>st</sup> half of 2010 compared with the same period in 2009.

Current operating income amounted to 265 M€, compared with a current operating loss of 94 M€ in the 1<sup>st</sup> half of 2009.

Global production of carbon steels, the main market for manganese, grew 29% in the 1<sup>st</sup> half of 2010 compared with the 1<sup>st</sup> half of 2009. China grew 22% and the rest of the world 36%. Manganese demand was also heightened by substantial inventory movements in China.

Shipments of manganese alloys by ERAMET Manganese's rose 28% in the 1<sup>st</sup> half of 2010 compared with the same period in 2009.

External shipments of manganese ore and sinter grew 81% over the same period. Production of manganese ore and sinter totalled 1,573,000 tons, a sharp increase from the limited levels recorded in the 1<sup>st</sup> half of 2009.

CIF China spot prices (source: CRU) for manganese rose sharply during the 1<sup>st</sup> half of 2010 to 7.9 USD / dmtu on average vs. 4.7 USD/dmtu in the 1<sup>st</sup> half of 2009.

Spot prices for manganese alloys (source: CRU) increased by 16% on average in the 1<sup>st</sup> half of 2010 compared with the 1<sup>st</sup> half of 2009.



- **ERAMET Nickel: improvement in current operating income, at + 94 M€**

Thanks to the sharp rise in prices, ERAMET Nickel's turnover rose 56% in the 1<sup>st</sup> half of 2010 compared with the same period in 2009 to total 483 M€.

Current operating income amounted to 94 M€, compared with a current operating loss of 89 M€ in the 1<sup>st</sup> half of 2009.

Global production of stainless steel, the main outlet for nickel, grew 40% in the 1<sup>st</sup> half of 2010 compared with the 1<sup>st</sup> half of 2009. Output rose 28% in China and 48% in the rest of the world.

LME nickel prices were up 81% in the 1<sup>st</sup> half of 2010 compared with the 1<sup>st</sup> half of 2009, at 9.62 USD/lb.

- **ERAMET Alloys: back to positive current operating income, at + 5 M€**

ERAMET Alloys' turnover totalled 378 M€ in the 1<sup>st</sup> half of 2010, down 10% compared with the 1<sup>st</sup> half of 2009. The aerospace and power generation sectors, in particular, continued their significant decline, while the tooling sector remained on a par with the 1<sup>st</sup> half of 2009, which was itself far below 1<sup>st</sup> half 2008 levels.

Current operating income totalled 5 M€, compared with a current operating loss of 26 M€ in the 1<sup>st</sup> half of 2009.

New orders began to recover towards the end of the 1<sup>st</sup> half but were still below pre-crisis levels.

- **Significant items since June 30<sup>th</sup>, 2010**

Société Territoriale Calédonienne de Participation Industrielle (STCPI) and the ERAMET Group jointly agreed on July 13<sup>th</sup>, 2010 to renew, on its end date September 13<sup>th</sup>, 2010 and for a further period running to December 31<sup>st</sup>, 2011, their shareholders' agreement with respect to Société Le Nickel-SLN. The agreement will continue for this period in all its provisions, plus the measures implemented in 2009 as regards the modernised governance of SLN.

The parties also agreed to enter into discussions in order to make, by December 31<sup>st</sup>, 2011, amendments to the agreement, the guiding principles of which will be unchanged, with the aim of taking account of the industrial, commercial and technological changes that have occurred at SLN and in its environment since the initial agreement was entered into.

- **Short-term outlook**

#### ERAMET Manganese

Global steel production is expected to slow down in the 3<sup>rd</sup> quarter of 2010 compared with the 1<sup>st</sup> half of the year. Apparent demand for manganese ore and alloys may slow



down more sharply than steel demand in the 3<sup>rd</sup> quarter because of the excess build-up of alloy and ore inventories in China.

### ERAMET Nickel

LME nickel prices fell slightly in July to below 9 USD/lb. Global stainless steel production is expected to slow in the 3<sup>rd</sup> quarter 2010 compared with the average for 1<sup>st</sup> half 2010.

### ERAMET Alloys

The gradual business upturn is uneven and continues in some sectors at levels that remain significantly below pre-crisis levels.

### ERAMET Group

The outlook for the 2<sup>nd</sup> half of 2010 is uncertain. The Group's markets are likely to be volatile, given inventory reduction movements in particular.

ERAMET is keeping up its productivity, cost reduction and working capital control efforts, while carrying out the capital expenditure projects that correspond to its development strategy.

- **An ambitious, value-creating strategic project**

**Patrick Buffet, the ERAMET group's Chairman & Chief Executive Officer, stated, "The ERAMET group implements a profitable, sustainable growth strategy to strengthen its current world leadership positions in alloying metals and high-performance alloys."**

***The medium- and long-term outlook is favourable for our various markets, given high demand driven by the urbanisation and industrialisation of emerging countries including China.***

***To carry out this high value-creating, strategic project, the ERAMET group has built up an extensive portfolio of growth projects and will seek new developments, while maintaining a sound financial situation."***

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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 developing in new metals with high growth potential such as lithium and in recycling.

The Group employs approximately 15,000 people in 20 countries. ERAMET is part of Euronext Paris Compartment A and is listed on the MSCI index.

## CONTACT

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## WEBCAST OF RESULTS PRESENTATION

The presentation of the 1<sup>st</sup> half 2010 results will be webcast at 10am (Paris time) in French with English interpreting. To sign up, please click the link displayed on the Group's website: [www.eramet.com](http://www.eramet.com)

## APPENDIX

<b>TURNOVER</b> (€ millions)	<b>Q1 2009</b>	<b>Q2 2009</b>	<b>Q1 2010</b>	<b>Q2 2010</b>	<b>Change Q2 2010/ Q2 2009</b>
ERAMET Manganese	288	277	409	523	+ 89%
ERAMET Nickel	156	154	201	282	+ 83%
ERAMET Alloys	222	198	182	196	- 1%
Holding & eliminations	(2)	(1)	(3)	(2)	-
<b>ERAMET Group</b>	<b>664</b>	<b>628</b>	<b>789</b>	<b>999</b>	<b>+ 59%</b>

<b>Tonnes</b>	<b>H1 2009</b>	<b>H2 2009</b>	<b>H1 2010</b>	<b>Change H1 2010/ H1 2009</b>
Manganese ore and sinter production	652 700	460 600	1 573 400	+ 141%
Manganese alloys production	241 200	376 200	404 600	+ 68%
Manganese alloys sales	304 000	420 700	389 800	+ 28%
Nickel production*	26 300	25 830	26 790	+ 2%
Nickel sales**	29 500	24 980	28 130	- 5%

\* ferronickel and matte

\*\* finished products

### Statement of comprehensive income

(millions of euros)	<b>06/30/2010</b> <b>Half year</b>	<b>06/30/2009</b> <b>Half year</b>	<b>12/31/2009</b> <b>Full year</b>
<b>Sales</b>	<b>1 788</b>	<b>1 292</b>	<b>2 689</b>
Other income	33	(35)	(20)
Cost of products sold	(1 259)	(1 274)	(2 429)
Administrative & selling costs	(75)	(73)	(142)
Research & development expenditure	(20)	(21)	(39)
<b>EBITDA</b>	<b>467</b>	<b>(111)</b>	<b>59</b>
Depreciation, amortisation & impairment of non-current assets	(109)	(103)	(210)
Impairment losses and provisions	(17)	(9)	(12)
<b>Current operating income</b>	<b>341</b>	<b>(223)</b>	<b>(163)</b>
Other operating income and expenses	(5)	(59)	(104)
<b>Operating income</b>	<b>336</b>	<b>(282)</b>	<b>(267)</b>
Net cost of debt	8	11	11
Other finance income and expenses	(15)	(6)	(12)
Share in earnings of affiliates	-	-	-
Income tax	(90)	46	7
<b>Net income</b>	<b>239</b>	<b>(231)</b>	<b>(261)</b>
- Minority interests	64	(18)	4
<b>- Equity holders of the parent</b>	<b>175</b>	<b>(213)</b>	<b>(265)</b>
Basic earnings per share (EUR)	6,65	(8,23)	(10,16)
Diluted earnings per share (EUR)	6,64	(8,23)	(10,16)
<b>Net income</b>	<b>239</b>	<b>(231)</b>	<b>(261)</b>
Exchange differences on translation of foreign operations	78	65	109
Net (loss) / gain on cash flow hedges	(49)	118	135
Net (loss) / gain on available for sale financial assets	(2)	6	21
Income tax	24	(43)	(53)
<b>Other comprehensive income (loss)</b>	<b>51</b>	<b>146</b>	<b>212</b>
<b>Total comprehensive income</b>	<b>290</b>	<b>(85)</b>	<b>(49)</b>
- Minority interests	80	-	24
<b>- Equity holders of the parent</b>	<b>210</b>	<b>(85)</b>	<b>(73)</b>

## Statement of financial position

### Assets

(millions of euros)	06/30/2010	06/30/2009	12/31/2009
Goodwill	174	219	161
Intangible assets	514	359	432
Property, plant & equipment	1 822	1 747	1 795
Companies accounted for using the equity method	22	7	21
Other financial non-current assets	93	127	100
Deferred tax	52	54	68
Other non-current assets	5	6	5
<b>Non-current assets</b>	<b>2 682</b>	<b>2 519</b>	<b>2 582</b>
Inventories	913	967	824
Trade receivables and other current assets	709	472	514
Tax receivables	22	18	43
Financial derivatives	140	136	90
Other financial current assets	403	388	405
Cash and cash equivalents	919	759	812
<b>Current assets</b>	<b>3 106</b>	<b>2 740</b>	<b>2 688</b>
<b>Total assets</b>	<b>5 788</b>	<b>5 259</b>	<b>5 270</b>

### Shareholders' equity and liabilities

(millions of euros)	06/30/2010	06/30/2009	12/31/2009
Share capital	80	81	80
Share premiums	371	392	341
Available for sale reserve	5	(6)	6
Cash flow hedge reserve	(2)	15	24
Foreign currency translation reserve	30	(75)	(32)
Other reserves	2 244	2 112	2 116
	<b>2 728</b>	<b>2 519</b>	<b>2 535</b>
Minority interests	1 023	956	970
<b>Shareholders' equity</b>	<b>3 751</b>	<b>3 475</b>	<b>3 505</b>
Employee benefits	139	122	128
Provisions	339	315	314
Deferred tax	277	242	297
Borrowings - due in more than one year	205	175	199
Other non-current liabilities	38	37	36
<b>Non-current liabilities</b>	<b>998</b>	<b>891</b>	<b>974</b>
Provisions - due in less than one year	26	32	29
Borrowings - due in less than one year	55	46	72
Trade payables and other current liabilities	720	667	590
Tax payables	73	98	74
Financial derivatives	165	50	26
<b>Current liabilities</b>	<b>1 039</b>	<b>893</b>	<b>791</b>
<b>Total shareholders' equity and liabilities</b>	<b>5 788</b>	<b>5 259</b>	<b>5 270</b>

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

(millions of euros)	<b>06/30/2010</b> <b>Half year</b>	<b>06/30/2009</b> <b>Half year</b>	<b>12/31/2009</b> <b>Full year</b>
<b>Operating activities</b>			
EBITDA	467	(111)	59
Elimination of non-cash or non-business items:	(82)	(33)	(101)
<b>Operating cash flow before changes in working capital</b>	<b>385</b>	<b>(144)</b>	<b>(42)</b>
Changes in operating working capital requirement	(97)	103	154
<b>Net cash flows from operating activities</b>	<b>288</b>	<b>(41)</b>	<b>112</b>
<b>Investing activities</b>			
Capital expenditure	(109)	(141)	(286)
Non-current financial assets	(3)	12	11
Disposals of non-current assets	1	-	3
Investment subsidies received	-	-	-
Net change in non-current asset receivables / liabilities	6	(7)	(11)
Changes in scope of consolidation and loans	(13)	(10)	(10)
Dividends from equity accounted affiliates	-	-	-
<b>Net cash flows from investing activities</b>	<b>(118)</b>	<b>(146)</b>	<b>(293)</b>
<b>Financing activities</b>			
Dividends paid	(74)	(156)	(164)
Share capital increases	30	72	74
Changes in working capital requirement related to financing activities	-	20	19
<b>Net cash flows from financing activities</b>	<b>(44)</b>	<b>(64)</b>	<b>(71)</b>
Impact of translation adjustments	(10)	44	65
<b>Decrease (increase) in net cash (borrowing) position</b>	<b>116</b>	<b>(207)</b>	<b>(187)</b>
<b>Opening net cash (borrowing) position</b>	<b>946</b>	<b>1 133</b>	<b>1 133</b>
<b>Closing net cash (borrowing) position</b>	<b>1 062</b>	<b>926</b>	<b>946</b>





### Segment reporting

(millions of euros)	Nickel	Manganese	Alloys	Holding & eliminations	Total
<b>Half year 2010</b>					
Non-Group sales	479	930	378	1	1 788
Intra-Group sales	4	2	-	(6)	-
Sales	483	932	378	(5)	1 788
Cash flows from operating activities	108	264	28	(15)	385
EBITDA	132	318	32	(15)	467
Current operating income	94	265	5	(23)	341
Other operating income and expenses	-	-	-	-	(5)
Operating income	-	-	-	-	336
Cost of borrowed capital	-	-	-	-	8
Other finance income and expenses	-	-	-	-	(15)
Share of income from equity accounted companies	-	-	-	-	-
Income tax	-	-	-	-	(90)
Minority interests	-	-	-	-	(64)
Group net income (loss)	-	-	-	-	175
Non-cash expenses	(35)	(74)	(25)	(12)	(146)
- depreciation & amortisation	(36)	(48)	(22)	(1)	(107)
- provisions	(5)	1	(3)	(9)	(16)
- impairment losses	-	-	-	-	-
Capital expenditure (intangibles and property, plant & equipment)	49	39	20	1	109
Total balance sheet assets (current and non-current)	2 549	3 127	946	(834)	5 788
Total balance sheet liabilities (current and non-current excluding sareholders)	816	1 119	587	(485)	2 037
<b>Half year 2009</b>					
Non-Group sales	308	564	420	-	1 292
Intra-Group sales	2	1	-	(3)	-
Sales	310	565	420	(3)	1 292
Cash flows from operating activities	(46)	(74)	(13)	(11)	(144)
EBITDA	(52)	(48)	(1)	(10)	(111)
Current operating income	(89)	(94)	(26)	(14)	(223)
Other operating income and expenses	-	-	-	-	(59)
Operating income	-	-	-	-	(282)
Cost of borrowed capital	-	-	-	-	11
Other finance income and expenses	-	-	-	-	(6)
Share of income from equity accounted companies	-	-	-	-	-
Income tax	-	-	-	-	46
Minority interests	-	-	-	-	18
Group net income (loss)	-	-	-	-	(213)
Non-cash expenses	(5)	(15)	(77)	10	(87)
- depreciation & amortisation	(39)	(43)	(22)	-	(104)
- provisions	(53)	3	(3)	-	(53)
- impairment losses	-	(2)	(48)	-	(50)
Capital expenditure (intangibles and property, plant & equipment)	50	57	33	1	141
Total balance sheet assets (current and non-current)	2 329	2 740	930	(740)	5 259
Total balance sheet liabilities (current and non-current excluding sareholders)	636	1 029	551	(432)	1 784
<b>Full year 2009</b>					
Non-Group sales	649	1 289	750	1	2 689
Intra-Group sales	6	-	-	(6)	-
Sales	655	1 289	750	(5)	2 689
Cash flows from operating activities	(15)	13	(21)	(19)	(42)
EBITDA	13	72	(5)	(21)	59
Current operating income	(62)	(27)	(49)	(25)	(163)
Other operating income and expenses	-	-	-	-	(104)
Operating income	-	-	-	-	(267)
Cost of borrowed capital	-	-	-	-	11
Other finance income and expenses	-	-	-	-	(12)
Share of income from equity accounted companies	-	-	-	-	-
Income tax	-	-	-	-	7
Minority interests	-	-	-	-	(4)
Group net income (loss)	-	-	-	-	(265)
Non-cash expenses	(57)	(86)	(90)	14	(219)
- depreciation & amortisation	(75)	(92)	(47)	(17)	(231)
- provisions	(57)	(3)	2	-	(58)
- impairment losses	-	(3)	(48)	-	(51)
Capital expenditure (intangibles and property, plant & equipment)	107	110	67	2	286
Total balance sheet assets (current and non-current)	2 406	2 765	895	(796)	5 270
Total balance sheet liabilities (current and non-current excluding sareholders)	748	972	537	(492)	1 765



**Segment reporting**

(millions of euros)	Europe	North America	Asia	Oceania	Africa	South America	Total
<b>Sales (destination of sales)</b>							
Half year 2010	796	334	594	16	38	10	1 788
Half year 2009	643	208	401	2	31	7	1 292
Full year 2009	1 270	466	840	24	72	17	2 689
<b>Capital expenditure (intangibles and property, plant &amp; equipment)</b>							
Half year 2010	28	12	32	19	18	-	109
Half year 2009	39	6	26	35	35	-	141
Full year 2009	83	16	54	65	68	-	286
<b>Total balance sheet assets (current and non-current)</b>							
Half year 2010	3 485	436	683	827	357	-	5 788
Half year 2009	3 210	367	514	887	281	-	5 259
Full year 2009	3 157	352	533	903	325	-	5 270