



Paris, July 28<sup>th</sup> 2011

## PRESS RELEASE

### ERAMET group posts strong results for the 1<sup>st</sup> half of 2011:

- increase in turnover (+8%) and current operating income (+7%) compared with the 1<sup>st</sup> half of 2010
- continued organic development in all businesses
- creation of a major new player in mineral sands thanks to a joint venture with Mineral Deposits Limited
- partnership with the HeYe Group in China for high-speed steels<sup>1</sup>
- very sound financial situation at June 30<sup>th</sup> 2011

ERAMET's Board of Directors met on July 27<sup>th</sup> 2011, under the chairmanship of Patrick Buffet, to approve the financial statements for the first half of 2011.

(€ million)	H1 2010	H1 2011	Change
<b>Turnover</b>	<b>1,788</b>	<b>1,931</b>	<b>+8%</b>
<i>ERAMET Manganese</i>	932	922	-1%
<i>ERAMET Nickel</i>	483	541	+12%
<i>ERAMET Alloys</i>	378	473	+25%
<i>Holding company &amp; eliminations</i>	(5)	(5)	NS
<b>EBITDA</b>	<b>467</b>	<b>490</b>	<b>+5%</b>
<b>Current operating Income</b>	<b>341</b>	<b>366</b>	<b>+7%</b>
<b>Net Income, Group share</b>	<b>175</b>	<b>*135</b>	<b>*-23%</b>
<b>Net Income, Group share (€/share)</b>	<b>6.65</b>	<b>5.11</b>	
<b>Net cash</b>	<b>1,062</b>	<b>1,196</b>	

\* after an increase in the tax expense of 71M€ compared with the 1<sup>st</sup> half of 2010

<sup>1</sup> high-speed steels: steels containing high amounts of alloy elements and mainly used for cutting, milling tools for metals and other materials

Patrick Buffet, Chairman and CEO of the ERAMET group, stated:

*"The Group's current operating income in the 1<sup>st</sup> half of 2011 is up compared with the 1<sup>st</sup> half of 2010, in line with what I announced on April 28<sup>th</sup> 2011. ERAMET is continuing to simultaneously implement both the programmes to improve its competitiveness and its strategic project. As such, the joint-venture agreement signed with our Australian partner, Mineral Deposits Limited, for the development of the Grande-Côte project in Senegal allows us to create an important new player on the high-potential mineral sands markets, while also broadening the scope of the Group's business activities. In addition, the ramp-up of the key major projects is continuing satisfactorily. Lastly, Erasteel has consolidated its position by signing a partnership agreement with HeYe, a leading Chinese player in the high-speed steel business."*

In the 1<sup>st</sup> half of 2011, the ERAMET Group's turnover increased by 8% year-on-year, to 1,931 M€.

Current operating income was up 7% compared with the 1<sup>st</sup> half of 2010, at 366 M€.

Due mainly to a higher effective tax rate (44% in the 1<sup>st</sup> half of 2011 compared with 27% in the 1<sup>st</sup> half of 2010) corresponding in particular to taxation related to dividends, the income for the period, Group share, was down compared with the 1<sup>st</sup> half of 2010, to 135 M€.

The consolidated net cash position amounted to 1,196 M€ at June 30<sup>th</sup> 2011.

- **ERAMET Manganese: current operating income remains high at 232 M€**

ERAMET Manganese's turnover totalled 922 M€ in the 1<sup>st</sup> half of 2011, virtually unchanged compared with the 1<sup>st</sup> half of 2010, with the increase in volumes offsetting the decrease in prices.

Current operating income remained high at 232 M€, although still down by 12% compared with the 1<sup>st</sup> half of 2010, mainly due to a fall in the price of manganese ore.

Global production of carbon steel increased by 8% year-on-year in the 1<sup>st</sup> half of 2011 compared with the 1<sup>st</sup> half of 2010. In the same period, production in China was up by 10% and production in the rest of the world increased by 6%.

Production of manganese ore and sinter by COMILOG (Gabon) continued to ramp up to reach 1,681,000 tons in the 1<sup>st</sup> half of 2011 (+7%). External shipments of manganese ore were up by 17%. CIF China Spot prices (source: CRU) for manganese ore dropped by 28% year-on-year on average in the 1<sup>st</sup> half of 2011, stabilising at a spot price of above 5.30 USD/dmtu at the end of the 1<sup>st</sup> half.

Shipments of manganese alloys by ERAMET Manganese's increased by 5% year-on-year to reach 411,000 tons in the 1<sup>st</sup> half of 2011. Manganese alloys spot prices fell during the 1<sup>st</sup> half of 2011 compared with the 1<sup>st</sup> half of 2010.

In June 2011, as part of the agreement announced on October 20<sup>th</sup> 2010, ERAMET sold the Gabonese Republic a 1.37% stake in the share capital of COMILOG, thereby reaching the 3.54% target set for 2010/2011 and bringing the Gabonese Republic's share of COMILOG's capital to 28.94%. Further sales are planned between now and 2015 to bring the Gabonese Republic's share of COMILOG's capital to 35.4%. This agreement strengthens the long-term partnership between the ERAMET Group and the Gabonese Republic.

- **ERAMET Nickel: sharp rise in current operating income (+51%) to 142 M€**

Sales at ERAMET Nickel totalled 541 M€ in the 1<sup>st</sup> half of 2011, a 12% increase year-on-year.

Current operating income soared (+51%), reaching 142 M€.

Nickel prices on the LME averaged 11.61 USD/lb (+21% year-on-year). This increase took place in a context of strong demand driven by the global production of stainless steel rose by 2% compared with the 1<sup>st</sup> half of 2010. Conversely, global production of nickel was lower than expected, due to delayed starts to certain new projects and technical problems experienced by certain producers.

ERAMET Nickel produced almost 26,000 tons of nickel, nearly equalling the amount produced in the 1<sup>st</sup> half of 2010. The plan to improve SLN's competitiveness continued in line with targets.

- **ERAMET Alloys: current operating income up on the 1<sup>st</sup> half of 2010, at 14 M€**

The 1<sup>st</sup> half of 2011 saw sales at ERAMET Alloys leap 25% compared with the 1<sup>st</sup> half of 2010, reaching 473 M€.

The business was particularly buoyant in the aerospace sector, with sales increasing by 33%, while the tooling sector continued to recover from the very low levels seen at the start of 2010, with an average rise of 38% in sales during the first half of 2011 compared with the 1<sup>st</sup> half of 2010.

Current operating income at ERAMET Alloys totalled 14 M€.

The new strategic investments in France and Sweden are on schedule.

- **Highlights of the 1<sup>st</sup> half of 2011:**

- **Titanium: UKAD signs long-term contract with EADS**

EADS and UKAD, the 50/50 joint venture between Aubert & Duval and its Kazakh partner UKTMP, signed a long-term agreement for the supply until 2022 of forged titanium products for parts and fasteners for Airbus aircraft and other EADS programmes.

- **Significant events occurring after the reporting date:**

- **Strategic agreement in China for Erasteel**

Erasteel and HeYe Special Steel, a Chinese company majority-owned by AT&M (Advanced Technology Materials), both of which specialise in high-speed steels, signed a strategic agreement regarding commercial cooperation globally and industrial cooperation in China. Under this agreement, Erasteel will participate in HeYe's capital increase and will hold around 10% of HeYe's capital for an amount of nearly 13 M€.

The entry of a strategic partner into HeYe's share capital is subject to approval by the Chinese authorities.

➤ **Signature of final agreements with Mineral Deposits Limited (MDL)**

In accordance with the terms of the memorandum of understanding announced on June 17<sup>th</sup> 2011, ERAMET and Mineral Deposits Limited ("MDL") today announced the signature of the final agreements relating to creation of a 50/50 joint venture combining the Norwegian factory of ERAMET Titanium & Iron ("ETI") and MDL's world class mineral-sand project (titanium dioxide and zircon), "Grande Côte", located in Senegal and owned at 90% by MDL.

Titanium dioxide is mainly used in the production of pigments (91% of demand). Zircon is mainly used in the production of ceramics (55% of demand), zirconia and other chemical products (18%), refractory materials and foundry materials.

The operation creates a major integrated player in the mineral sand industry, which has great prospects given the shortage in supply which the titanium dioxide and zircon markets are expected to experience in the short and medium terms.

• **Outlook**

The outlook for the mining divisions looks less favourable overall at the beginning of the 2<sup>nd</sup> half of 2011 compared with the 1<sup>st</sup> half of 2011, due in particular to the fall in manganese ore and alloy prices which has taken place in recent months.

In the medium and long terms, the fundamentals of our businesses will remain strong, driven by the growth of markets in emerging countries, particularly China.

-oo0oo-



---

## 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 metals with high growth potential such as 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 and is listed on the MSCI index

## CONTACT

### **Philippe Joly**

Vice-President Strategy and Investor Relations

Tel: +33 (0)1 45 38 42 02

**For more information:** [www.eramet.com](http://www.eramet.com)

## WEBCAST OF RESULTS PRESENTATION

The presentation of the H1 2011 results will be webcast at 10 am (CET) in French with simultaneous English translation. To sign up, click on the link shown on the Group's Website: [www.eramet.com](http://www.eramet.com)

## APPENDIX

<b>Turnover</b> (€ million)	<b>Q1 2010</b>	<b>Q2 2010</b>	<b>Q1 2011</b>	<b>Q2 2011</b>
ERAMET Manganese	<b>409</b>	<b>523</b>	<b>467</b>	<b>455</b>
ERAMET Nickel	<b>201</b>	<b>282</b>	<b>271</b>	<b>270</b>
ERAMET Alloys	<b>182</b>	<b>196</b>	<b>237</b>	<b>236</b>
Holding company & eliminations	<b>(3)</b>	<b>(2)</b>	<b>(2)</b>	<b>(3)</b>
<b>ERAMET Group</b>	<b>789</b>	<b>999</b>	<b>973</b>	<b>958</b>

<b>Tons</b>	<b>H1 2010</b>	<b>H2 2010</b>	<b>H1 2011</b>
Manganese ore and sinter production	<b>1,573,400</b>	<b>1,627,000</b>	<b>1,681,000</b>
Manganese alloy production	<b>404,600</b>	<b>375,000</b>	<b>415,000</b>
Manganese alloy deliveries	<b>389,800</b>	<b>363,000</b>	<b>411,000</b>
Nickel production*	<b>26,784</b>	<b>26,935</b>	<b>25,808</b>
Nickel deliveries**	<b>28,133</b>	<b>25,517</b>	<b>26,413</b>

\* Ferronickel and matte

\*\* Finished products

### Statement of comprehensive income

(millions of euros)	Half year 2011	Half year 2010	Full year 2010
<b>Sales</b>	<b>1 931</b>	<b>1 788</b>	<b>3 576</b>
Other income	9	26	31
Cost of products sold	(1 340)	(1 252)	(2 437)
Administrative & selling costs	(89)	(75)	(155)
Research & development expenditure	(21)	(20)	(44)
<b>EBITDA</b>	<b>490</b>	<b>467</b>	<b>971</b>
Depreciation, amortisation & impairment of non-current assets	(117)	(109)	(225)
Impairment losses and provisions	(7)	(17)	(7)
<b>Current operating income</b>	<b>366</b>	<b>341</b>	<b>739</b>
Other operating income and expenses	(15)	(5)	(19)
<b>Operating income</b>	<b>351</b>	<b>336</b>	<b>720</b>
Net cost of debt	10	8	3
Other finance income and expenses	6	(15)	(15)
Share in earnings of affiliates	1	-	1
Income tax	(161)	(90)	(255)
<b>Net income</b>	<b>207</b>	<b>239</b>	<b>454</b>
- Minority interests	72	64	126
<b>- Equity holders of the parent</b>	<b>135</b>	<b>175</b>	<b>328</b>
Basic earnings per share (EUR)	5,11	6,65	12,43
Diluted earnings per share (EUR)	5,07	6,64	12,40
<b>Net income</b>	<b>207</b>	<b>239</b>	<b>454</b>
Exchange differences on translation of foreign operations	(32)	78	63
Net (loss) / gain on cash flow hedges	40	(49)	(20)
Net (loss) / gain on available for sale financial assets	(1)	(2)	3
Income tax	(18)	24	6
<b>Other comprehensive income (loss)</b>	<b>(11)</b>	<b>51</b>	<b>52</b>
- Minority interests	(3)	16	8
<b>- Equity holders of the parent</b>	<b>(8)</b>	<b>35</b>	<b>44</b>
<b>Total comprehensive income</b>	<b>196</b>	<b>290</b>	<b>506</b>
- Minority interests	69	80	134
<b>- Equity holders of the parent</b>	<b>127</b>	<b>210</b>	<b>372</b>

## Statement of financial position

### Assets

(millions of euros)	06/30/2011	06/30/2010	12/31/2010
Goodwill	172	174	172
Intangible assets	517	514	521
Property, plant & equipment	1 917	1 822	1 903
Companies accounted for using the equity method	23	22	22
Other financial non-current assets	86	93	86
Deferred tax	33	52	30
Other non-current assets	4	5	5
<b>Non-current assets</b>	<b>2 752</b>	<b>2 682</b>	<b>2 739</b>
Inventories	1 058	913	996
Trade receivables and other current assets	687	709	642
Tax receivables	37	22	12
Financial derivatives	138	140	128
Other financial current assets	437	403	359
Cash and cash equivalents	1 017	919	1 227
<b>Current assets</b>	<b>3 374</b>	<b>3 106</b>	<b>3 364</b>
<b>Total assets</b>	<b>6 126</b>	<b>5 788</b>	<b>6 103</b>

### Shareholders' equity and liabilities

(millions of euros)	06/30/2011	06/30/2010	12/31/2010
Share capital	81	80	81
Share premiums	372	371	371
Available for sale reserve	6	5	7
Cash flow hedge reserve	27	(2)	10
Foreign currency translation reserve	-	30	24
Other reserves	2 518	2 244	2 465
<b>Shareholders' equity of the parent</b>	<b>3 004</b>	<b>2 728</b>	<b>2 958</b>
Minority interests	1 001	1 023	1 016
<b>Shareholders' equity</b>	<b>4 005</b>	<b>3 751</b>	<b>3 974</b>
Employee benefits	125	139	123
Provisions	353	339	360
Deferred tax	413	277	342
Borrowings - due in more than one year	164	205	203
Other non-current liabilities	29	38	33
<b>Non-current liabilities</b>	<b>1 084</b>	<b>998</b>	<b>1 061</b>
Provisions - due in less than one year	28	26	29
Borrowings - due in less than one year	94	55	88
Trade payables and other current liabilities	766	720	731
Tax payables	103	73	149
Financial derivatives	46	165	71
<b>Current liabilities</b>	<b>1 037</b>	<b>1 039</b>	<b>1 068</b>
<b>Total shareholders' equity and liabilities</b>	<b>6 126</b>	<b>5 788</b>	<b>6 103</b>



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

(millions of euros)	<b>Half year 2011</b>	<b>Half year 2010</b>	<b>Full year 2010</b>
<b>Operating activities</b>			
EBITDA	490	467	971
Elimination of non-cash or non-business items:	(105)	(82)	(201)
<b>Operating cash flow before changes in working capital</b>	<b>385</b>	<b>385</b>	<b>770</b>
Changes in operating working capital requirement	(122)	(97)	(43)
<b>Net cash flows from operating activities</b>	<b>263</b>	<b>288</b>	<b>727</b>
<b>Investing activities</b>			
Capital expenditure	(178)	(109)	(326)
Non-current financial assets	17	(3)	76
Disposals of non-current assets	1	1	5
Net change in non-current asset receivables / liabilities	(21)	6	4
Changes in scope of consolidation and loans	3	(13)	(11)
Dividends from equity accounted affiliates	-	-	-
<b>Net cash flows from investing activities</b>	<b>(178)</b>	<b>(118)</b>	<b>(252)</b>
<b>Financing activities</b>			
Dividends paid	(186)	(74)	(152)
Share capital increases	1	30	31
Changes in working capital requirement related to financing activities		-	-
<b>Net cash flows from financing activities</b>	<b>(185)</b>	<b>(44)</b>	<b>(121)</b>
Impact of translation adjustments	1	(10)	(5)
<b>Decrease (increase) in net cash (borrowing) position</b>	<b>(99)</b>	<b>116</b>	<b>349</b>
<b>Opening net cash (borrowing) position</b>	<b>1 295</b>	<b>946</b>	<b>946</b>
<b>Closing net cash (borrowing) position</b>	<b>1 196</b>	<b>1 062</b>	<b>1 295</b>

### Segment reporting

#### By division

(millions of euros)	Nickel	Manganèse	Alloys	Holding & eliminations	Total
<b>Half year 2011</b>					
Non-Group sales	538	920	472	1	1 931
Intra-Group sales	3	2	1	(6)	-
Sales	541	922	473	(5)	1 931
Cash flows from operating activities	151	219	31	(16)	385
EBITDA	181	293	36	(20)	490
Current operating income	142	232	14	(22)	366
Other operating income and expenses	-	-	-	-	(15)
Operating income	-	-	-	-	351
Cost of borrowed capital	-	-	-	-	10
Other finance income and expenses	-	-	-	-	6
Share of income from equity accounted companies	-	-	-	-	1
Income tax	-	-	-	-	(161)
Minority interests	-	-	-	-	(72)
Group net income (loss)	-	-	-	-	135
Non-cash expenses	(58)	(96)	(19)	(8)	(181)
- depreciation & amortisation	(40)	(56)	(20)	-	(116)
- provisions	(4)	4	(2)	2	-
- impairment losses	-	(2)	-	-	(2)
Capital expenditure (intangibles and property, plant & equipment)	57	73	45	3	178
Total balance sheet assets (current and non-current)	2 761	2 392	1 113	(140)	6 126
Total balance sheet liabilities (current and non-current excluding shareholder)	942	902	726	(449)	2 121
<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 shareholder)	816	1 119	587	(485)	2 037
<b>Full year 2010</b>					
Non-Group sales	958	1 853	763	2	3 576
Intra-Group sales	7	5	1	(13)	-
Sales	965	1 858	764	(11)	3 576
Cash flows from operating activities	229	518	56	(33)	770
EBITDA	269	656	76	(30)	971
Current operating income	194	548	29	(32)	739
Other operating income and expenses	-	-	-	-	(19)
Operating income	-	-	-	-	720
Cost of borrowed capital	-	-	-	-	3
Other finance income and expenses	-	-	-	-	(15)
Share of income from equity accounted companies	-	-	-	-	1
Income tax	-	-	-	-	(255)
Minority interests	-	-	-	-	(126)
Group net income (loss)	-	-	-	-	328
Non-cash expenses	(82)	(211)	(40)	17	(316)
- depreciation & amortisation	(78)	(100)	(41)	(2)	(221)
- provisions	(10)	(5)	(14)	12	(17)
- impairment losses	-	(2)	13	-	11
Capital expenditure (intangibles and property, plant & equipment)	124	130	69	3	326
Total balance sheet assets (current and non-current)	2 630	3 030	1 007	(564)	6 103
Total balance sheet liabilities (current and non-current excluding shareholder)	842	1 043	630	(386)	2 129

**Segment reporting**

**By geographic region**

(millions of euros)	Europe	North America	Asia	Oceania	Africa	South America	Total
<b>Sales (destination of sales)</b>							
Half year 2011	875	360	628	14	34	20	<b>1 931</b>
Half year 2010	796	334	594	16	38	10	<b>1 788</b>
Full year 2010	1 598	642	1 201	32	77	26	<b>3 576</b>
<b>Capital expenditure (intangibles and property, plant &amp; equipment)</b>							
Half year 2011	60	10	52	17	39	-	<b>178</b>
Half year 2010	28	12	32	19	18	-	<b>109</b>
Full year 2010	108	28	75	50	64	1	<b>326</b>
<b>Total balance sheet assets (current and non-current)</b>							
Half year 2011	3 760	374	666	899	427	-	<b>6 126</b>
Half year 2010	3 485	436	683	827	357	-	<b>5 788</b>
Full year 2010	3 792	400	700	846	365	-	<b>6 103</b>