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## PRESS RELEASE

### ERAMET Group: 3<sup>rd</sup> quarter 2011 turnover

- **ERAMET group nine-month turnover up 4.5 % in 2011 compared with 2010**
- **Closing of the joint venture with Mineral Deposits Limited creating a major integrated player in zircon and in titanium dioxide effective as of October 1<sup>st</sup>, 2011**

Turnover (€ millions)	Q3 2011	Q3 2010	Change	9 months 2011	9 months 2010	Change
ERAMET Manganese	<b>398</b>	437	<b>-9%</b>	<b>1 320</b>	1 369	<b>-4%</b>
ERAMET Nickel	<b>200</b>	208	<b>-4%</b>	<b>741</b>	691	<b>+7%</b>
ERAMET Alloys	<b>196</b>	176	<b>+11%</b>	<b>669</b>	554	<b>+21%</b>
Holding co. & eliminations	<b>(2)</b>	(2)		<b>(7)</b>	(7)	
<b>ERAMET group</b>	<b>792</b>	819	<b>-3.3%</b>	<b>2 723</b>	2 607	<b>+4.5%</b>

The ERAMET group's turnover totalled 2,723 M€ for the first nine months of 2011, a 4.5 % increase compared with the same period in 2010.

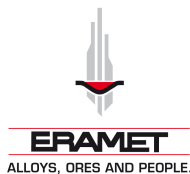
3<sup>rd</sup> quarter 2011 turnover, at 792 M€, was slightly lower than in the 3<sup>rd</sup> quarter of 2010, due to trends in exchange rates and, to a lesser extent, nickel and manganese prices. The Group's output and shipments increased overall in the 3<sup>rd</sup> quarter of 2011 compared with the same period in 2010.

- **ERAMET Manganese: nine-month turnover down 4 % compared with 2010, to 1,320 M€.**

Price and exchange rate levels led to a decrease in turnover to 398 M€ in the 3<sup>rd</sup> quarter of 2011, down 9 % compared with the same period in 2010, with nevertheless an increase in shipments and a quarterly record for manganese ore production.

Spot prices for manganese alloys (source: CRU) fell approximately 20 % on average in the 3<sup>rd</sup> quarter of 2011 compared with the same period in 2010. China CIF spot prices (source: CRU) for manganese ore have stabilised around 5.30 USD/dmtu for several months. This level is firm but lower than prices in the 3<sup>rd</sup> quarter of 2010 (average 7.2 USD/dmtu).

Global manganese demand was firm. Worldwide production of carbon steel rose 9 % (source: World Steel Association) in the 3<sup>rd</sup> quarter of 2011 compared with 3<sup>rd</sup> quarter



2010 and 8 % over nine months compared with the same period of the previous year. Demand was higher in September 2011 than in August 2011 for the same number of days. Manganese ore inventory in Chinese ports has been decreasing gradually since June 2011.

ERAMET Manganese's alloy shipments grew 7.4 % in the 3<sup>rd</sup> quarter of 2011 compared with the same period in 2010 and 6.5 % over nine months. External shipments of manganese ore and sinter rose 20 % over nine months compared with the first nine months of 2010.

Manganese alloy production increased 1.4 % in the 3<sup>rd</sup> quarter of 2011 compared with the 3<sup>rd</sup> quarter of 2010 to total 198,000 tons, and 2.1 % over nine months compared with the same period in 2010.

Manganese ore and sinter production rose 8.6 % in the 3<sup>rd</sup> quarter of 2011 compared with the 3<sup>rd</sup> quarter of 2010, reaching the record quarterly amount of 957,000 tons. The ramp-up of production continues with the target of 4 million tons on an annual basis at the end of 2012.

- **ERAMET Nickel: nine-month turnover totals 741 M€, up 7% compared with the same period in 2010.**

3<sup>rd</sup> quarter turnover amounted to 200 M€ in 2011, down 4 % from the 3<sup>rd</sup> quarter of 2010, mainly due to the exchange rate effect.

LME nickel prices averaged 10.01 USD/lb. in the 3<sup>rd</sup> quarter of 2011, up 4 % compared with the same period in 2010. Nevertheless they were lower than in the 1<sup>st</sup> half of 2011 (avg. 11.61 USD/lb.) and continued to fall to around 8.5 USD/lb. in October. This decrease is leading to output cuts by Chinese nickel pig iron producers, reducing the supply available to Chinese stainless steel producers.

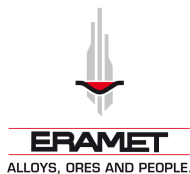
In the 3<sup>rd</sup> quarter of 2011, stainless steel production rose 5 % compared with the 3<sup>rd</sup> quarter of 2010. Over nine months, it grew more than 4 % year-on-year. Stainless steel inventory remains low in every zone.

Global nickel demand rose more than by 5 % over the first nine month compared with the same period in 2010. LME nickel inventories, which had gone from 107,000 tons at the end of the 2<sup>nd</sup> quarter 2011 to 97,000 tons at the end of the 3<sup>rd</sup> quarter 2011, shed another 10,000 tons in early October to total 87,000 tons.

Metallurgical nickel production in Doniambo rose 6 % in the 3<sup>rd</sup> quarter of 2011 compared with the 3<sup>rd</sup> quarter of 2010.

- **ERAMET Alloys: nine-month turnover totalled 669 M€, up 21 % from the same period in 2010.**

ERAMET Alloys' activity continued to grow. Turnover for the 3<sup>rd</sup> quarter of 2011 rose 11 % compared with 3<sup>rd</sup> quarter 2010. Business was healthy in the aerospace sector, where turnover grew 23 %. Trends on aerospace markets remained positive and aircraft makers benefit from very large order backlogs. ERAMET Alloys' activity was stable on its other markets.



By the end of 2011, ERAMET Alloys will have commissioned four strategic facilities (powder metallurgy in Sweden, titanium forging, aluminium forging and vacuum melting of nickel alloys in France).

- **3<sup>rd</sup> quarter 2011 highlights:**

- **ERAMET Alloys and UKTMP: integrated titanium supply chain created with new UKAD plant**

On September 19<sup>th</sup>, 2011, ERAMET Alloys and its Kazakh partner opened UKAD, their titanium ingot processing unit in Saint Georges de Mons (Auvergne, France), which will create around 60 jobs.

UKAD's aim is to manufacture and sell titanium products (billets, bars, wire and sheets), mostly for the aerospace market. Completion of this €47 million investment will enable both partners to become a major player in the global titanium market.

- **Events since 3<sup>rd</sup> quarter 2011:**

- **ERAMET Alloys bolsters its world leadership in powder metallurgy with a new facility in Sweden**

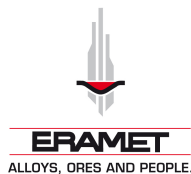
In October 2011, ERAMET Alloys commissioned a second powder atomisation tower at its Erasteel plant in Söderfors, Sweden, doubling its production capacity.

The new facility, a 20 M€ investment, will strengthen ERAMET Alloys' world leadership in the fast-growing powder metallurgy sector.

- **Completion effective on October 1<sup>st</sup> 2011 of the 50/50 joint venture between the ERAMET group and its Australian partner Mineral Deposits Limited (MDL) to create TIZIR, a major new player on the high-potential titanium dioxide and zircon markets**

On October 25<sup>th</sup>, 2011, ERAMET and MDL announced the effective implementation of their joint venture combining the ERAMET Titanium & Iron (ETI) site in Norway (titanium dioxide enrichment) and the Grande Côte mineral sands site being developed in Senegal by MDL (mainly titanium dioxide and zircon). Titanium dioxide is primarily sold to the pigments market and zircon is used on the ceramics market in particular. The short and medium-term outlooks are highly favourable for both markets because of the constraints that are likely to restrict growth in global supply.

Construction of the "Grande Côte" project in Senegal began on schedule and production should start in late 2013. Total capital expenditure for the project is estimated at approximately USD 520 million.



- **ERAMET group financial situation**

As at the end of September 2011, the ERAMET group's consolidated net cash remained very sound.

- **Outlook**

### **ERAMET group**

The ERAMET group confirms that the nickel and manganese prices observed since the start of the 2<sup>nd</sup> half of 2011 have remained below 1<sup>st</sup> half 2011 levels. Consequently, the Group's current operating income for full-year 2011 will be lower than in 2010, when it totalled 739 M€.

Patrick BUFFET, ERAMET group Chairman & CEO, stated, *"In the medium and long terms, trends are healthy for the fundamentals of the Group's businesses, which are driven by market growth in emerging countries, particularly China. The Group will continue the modernisation of its current sites, which has already been widely implemented, the ramp-up of its organic growth projects, the in-depth study of its transformative projects and its policy of selective acquisitions and partnerships in all its businesses."*

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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.

Moreover, ERAMET is studying or developing major projects in new metals with high growth potential, such as lithium, niobium and rare earths, and in recycling.

The Group employs approximately 15,000 people in 20 countries. ERAMET is part of Euronext Paris Compartment A.

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## APPENDIX

### Turnover

Turnover (M€)	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011
ERAMET Manganese	437	489	467	455	<b>398</b>
ERAMET Nickel	208	274	271	270	<b>200</b>
ERAMET Alloys	176	210	237	236	<b>196</b>
Holding company & eliminations	(2)	(4)	(2)	(3)	<b>(2)</b>
<b>ERAMET group</b>	<b>819</b>	969	973	958	<b>792</b>

### Production and shipments

Metric tons	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011
Manganese ore and sinter production	881, 000	746, 000	797, 000	884, 000	<b>957, 000</b>
Manganese alloy production	195, 200	179, 500	212, 000	203, 000	<b>198, 000</b>
Manganese alloy sales	185, 500	180, 300	206, 000	205, 000	<b>199, 000</b>
Nickel production*	13, 168	13, 767	12, 995	12, 813	<b>13, 947</b>
Nickel sales**	11, 369	14, 148	12, 591	13, 822	<b>11, 315</b>

Metric tons	Q3 2011	Q3 2010	Change	9 months 2011	9 months 2010	Change
Manganese ore and sinter production	<b>957, 000</b>	881, 000	<b>+8.6%</b>	<b>2, 638, 000</b>	2, 454, 000	<b>+7.5%</b>
Manganese alloy production	<b>198, 000</b>	195, 000	<b>+1.4%</b>	<b>612, 000</b>	600, 000	<b>+2.1%</b>
Manganese alloy sales	<b>199, 000</b>	185, 500	<b>+7.4%</b>	<b>610, 000</b>	573, 000	<b>+6.5%</b>
Nickel production*	<b>13, 947</b>	13, 168	<b>+6%</b>	<b>39, 756</b>	39, 952	<b>-0.5%</b>
Nickel sales**	<b>11, 315</b>	11, 369	<b>-0.5%</b>	<b>37, 727</b>	39, 502	<b>-4.5%</b>

\* Ferronickel and matte

\*\* Finished products