

Paris, October 25th, 2012

PRESS RELEASE

ERAMET Group: Turnover

- **7% decrease in the ERAMET Group's turnover for the first nine months of 2012 compared with the same period in 2011.**

Turnover (€ millions)	Q3 2012	Q3 2011	Change	9 months 2012	9 months 2011	Change
ERAMET Manganese	380	398	-5%	1,133	1,320	-14%
ERAMET Nickel	196	200	-2%	656	741	-11%
ERAMET Alloys	220	196	+12%	746	669	+12%
Holding co. & eliminations	(3)	(2)	-	(7)	(7)	-
ERAMET Group	793	792	-	2,528	2,723	-7%

In the 3rd quarter of 2012, the ERAMET Group's turnover was stable at 793 M€ compared with the 3rd quarter of 2011, despite the deterioration in the economic environment which led to lower nickel and manganese prices.

- **ERAMET Manganese: 9-month turnover down 14% in 2012 vs. 2011 to 1,133 M€, 3rd quarter turnover down 5% in 2012 vs. 2011**

Europe spot prices for manganese alloys (source: CRU) rose 2% on average in the 3rd quarter of 2012 compared with the 3rd quarter of 2011, but refined manganese alloy prices decreased over the same period. In China, standard manganese alloy prices showed a downward trend.

ERAMET Manganese's alloy shipments fell 11% in the first nine months of 2012 compared with the same period in 2011, and by 11% in the 3rd quarter of 2012 compared with 3rd quarter 2011. This decrease concerns China, where ERAMET Manganese has significantly reduced production at its Guangxi standard alloys plant since the beginning of 2012 given local market conditions, while the first furnaces at the New Guilin started up during the 3rd quarter of 2012. This new plant will give ERAMET Manganese a foothold on the Chinese market for refined manganese alloys, for which medium and long-term demand trends are healthy, driven by their use in higher value-added steels.

Manganese ore inventory in Chinese ports is gradually decreasing. CIF China spot prices (source: CRU) for manganese ore have picked up since the start of the year. They were however 5% lower in the 3rd quarter of 2012 than in the 3rd quarter of 2011, at 5.10 USD/dmtu on average compared with 5.35 USD/dmtu.

External shipments of manganese ore and sinter decreased 17.5% over the first nine months of 2012 compared with 2011 and 2% in the 3rd quarter of 2012 compared with the same period in 2011.

As a result of continued logistical problems that are now in the resolution process, production of manganese ore and sinter decreased 6.5% in the 3rd quarter of 2012 compared with the 3rd quarter of 2011. COMILOG received 5 new locomotives towards the end of the 3rd quarter 2012 and will receive 50 new wagons over the next three months.

- **ERAMET Nickel: nine-month turnover 656 M€, down 11% in 2012 vs. 2011, 3rd quarter 2012 turnover down 2%**

This decrease in turnover is chiefly due to LME nickel prices, which averaged 8.04 USD/lb. over the first nine months of 2012, a 27% fall compared with the same period in 2011, while the average LME price for the 3rd quarter was 26% lower in 2012 than in 2011.

This price drop particularly reflects excess supply at a time when new projects are ramping up and demand growth is low. LME nickel inventory rose approximately 30,000 tons from the end of 2011 to around 120,000 tons.

Nevertheless, these LME price levels seem low in relation to the nickel industry's production costs.

Metallurgical nickel production at Doniambo rose 6.3% in the first nine months of 2012 compared with the same period in 2011 and 4.5% in the 3rd quarter of 2012 compared with 3rd quarter 2011.

- **ERAMET Alloys: nine-month turnover up 12% in 2012 vs. 2011, 12% increase in 3rd quarter 2012 compared with 3rd quarter 2011**

ERAMET Alloys' activity was buoyed by demand on the aerospace market, leading to a 12% rise in turnover. However, stagnation on the power and nuclear markets and a slump in tooling and high speed steels, mainly because of the automotive sector, forced the units concerned by those markets to adjust their workloads.

- **ERAMET Group financial situation**

In this deteriorated market and price environment, as forecast the ERAMET group's consolidated net cash*, decreased significantly as of the end of September 2012 compared with the end of June 2012, given the major impact of particularly high dividend payouts to minority shareholders in Société Le Nickel and Comilog, the tax borne by ERAMET with respect to the dividends it received and, finally, substantial capital expenditure during the quarter.

The Group continues to implement its competitiveness improvement programmes and will be particularly selective in its new capital projects.

- **Outlook**

ERAMET Group

Given the deterioration observed in market conditions and despite the operating improvements achieved or in progress, current operating income for the 2nd half of 2012 is likely to be lower than in the 1st half of 2012.

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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 also studying or developing major projects in new activities such as mineral sands (titanium dioxide and zircon), lithium, niobium and rare earths, as well as in recycling.

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

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* including the share of minority shareholders in majority-owned subsidiaries

APPENDIX

Turnover

Turnover (M€)	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012
ERAMET Manganese	398	393	374	379	380
ERAMET Nickel	200	248	236	224	196
ERAMET Alloys	196	241	271	255	220
Holding company & eliminations	(2)	(2)	(4)	0	(3)
ERAMET Group	792	880	877	858	793

Production and shipments

Metric tons	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012
Manganese ore and sinter production	896,500	853,700	471,200	840,600	838,600
Manganese alloy production	198,000	172,800	176,000	178,200	189,800
Manganese alloy sales	199,100	185,400	195,500	170,800	177,200
Nickel production*	13,947	14,604	14,220	13,465	14,578
Nickel sales**	11,315	15,551	13,602	14,721	12,551

Metric tons	Q3 2012	Q3 2011	Variation	9 months 2012	9 months 2011	Variation
Manganese ore and sinter production	838,600	896,500	-6.5%	2,150,400	2,577,900	-16.6%
Manganese alloy production	189,800	198,000	-4.1%	544,000	612,000	-11.1%
Manganese alloy sales	177,200	199,100	-11.0%	543,400	610,300	-11.0%
Nickel production*	14,578	13,947	+4.5%	42,262	39,756	+6.3%
Nickel sales**	12,551	11,315	+10.9%	40,874	37,727	+8.3%

* Ferronickel and matte

** Finished products