ERAMET
ALLOYS, ORES AND PEOPLE.

Paris, July 29th, 2013

PRESS RELEASE

The ERAMET group's 1st half results 2013

ERAMET's Board of Directors, meeting on July 26th, 2013 under the Chairmanship of Patrick Buffet, prepared the financial statements for the 1st half of 2013.

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

"The ERAMET Group, while benefiting from the 20% increase in current operating income achieved by ERAMET Manganese, a division that accounts for almost 50% of the Group's turnover, is heavily impacted by nickel prices' fall to very low levels. This situation, which has lasted for several months, is likely to continue in the short term. Our results reflect that very difficult context, even if the Group can call many strengths into play against the crisis. ERAMET's management has therefore decided to step up its cost reduction and competitiveness improvement plan for the 2013-2015 period in each of its businesses in order to increase its profitability and its cash generation. The aim is to ensure the Group is in the best possible shape to take advantage of the upturn when it occurs, in order to continue its development."

(€ millions)	**H1 2012**	**H1 2013**
Turnover	**1,735**	**1,613**
ERAMET Manganese	*753*	*777*
ERAMET Nickel	*460*	*368*
ERAMET Alloys	*526*	*473*
Holding company & eliminations	*(4)*	*(5)*
EBITDA	**204**	**129**
Current operating income	**85**	**(9)**
Net income, Group share	**21**	**(32)**

- **Trends in the economic environment and the Group's results**

The international economic environment remained difficult and contrasted in the 1st half of 2013. Economic growth was still negative in Europe, while China's GDP growth decreased but was still high at 7.5 - 8%. Global economic growth slowed down overall in the 1st half of 2013, at a time when, to varying extents according to the Group's markets, the new capacities launched in recent years are ramping up.

Global supply is heavily in surplus for nickel, the price of which fell to approximately 6 USD/lb., i.e. below the production cash cost for a large part of the nickel industry. This crisis situation results from excess growth in nickel ore production in Indonesia and the Philippines in recent years. This ore is exported to China to be converted into nickel pig iron to supply Chinese stainless steel producers. In 2012 the Indonesian government announced its decision to ban raw nickel ore exports from 2014 in order to foster their local processing. Without a restrictive framework during the transition period, the announcement increased the pace of Indonesian and Filipino ore exports to China and the build-up of substantial inventory in Chinese ports in anticipation. This sharp rise has destabilised the nickel market for the short term and can only be an obstacle for industrial operators seeking to obtain the funding needed to build processing plants, even if the Indonesian government is determined that this will happen in a short timeframe.

In this global economic and market environment, the ERAMET group's turnover decreased 7% in the 1st half of 2013 compared with the 1st half of 2012 to total 1,613 M€.

As expected, the fall in nickel prices was reflected in lower current operating income for the Group in the 1st half of 2013 than in the 1st half of 2012, at - 9 M€, while the Group's net income totalled – 32 M€.

- **Net cash**

Capital expenditure was held back compared with initial forecasts and totalled 276 M€ in the 1st half of 2013.

Net cash totalled 127 M€ as of June 30th, 2013. Given the continuation of Group subsidiaries' dividend payout policy, as decided in 2010 to strengthen ERAMET SA's shareholders' equity, 161 M€ will be paid to SLN and COMILOG's minority shareholders in the 2nd half of 2013.

Furthermore, in the 1st half of 2013 ERAMET SA successfully renegotiated its syndicated credit facility, increasing it to 981 M€ and extending its maturity for the most part from January 2017 to January 2018. As of June 30th, 2013, this facility has not been drawn upon. ERAMET began diversifying its financing sources by issuing a "Schuldschein"* for 60 M€ and maturity at 7 years. Over the next few months, the ERAMET group intends to continue this policy of diversifying its financial resources as opportunities arise.

- **ERAMET Manganese: the upturn in manganese ore production and prices led to a 20% rise in current operating income in the 1st half of 2013 compared with the 1st half of 2012, despite a situation that remains difficult for manganese alloys**

ERAMET Manganese's turnover, at 777 M€, rose 3% in the 1st half of 2013 compared with the 1st half of 2012, thanks to continued recovery in manganese ore prices and an increase in ore shipment volumes.

ERAMET Manganese's current operating income totalled 109 M€ in the 1st half of 2013, a 20% increase from the 1st half of 2012.

Global production of carbon steel rose 2% in the 1st half of 2013, mainly driven by Chinese growth (+7%).

Manganese ore prices (CRU spot, CIF China) recovered significantly in the 1st half of 2013 (+ 16% vs. 1st half 2012, at 5.6 USD/dmtu), reaching 5.7 USD/dmtu at the end of June, compared with 5.0 USD/dmtu in December 2012.

**Loan contract under German law taken out with international investors*

As expected, ERAMET Manganese's production of manganese ore recovered sharply in the 1st half of 2013 (+35%) compared with the 1st half of 2012, setting a 1st half record at 1,767,000 tons. ERAMET Manganese continues to prepare for an increase in rail capital expenditure through SETRAG, in liaison with Gabonese authorities, in order to help develop the Transgabonais train's activity.

Prices for standard manganese alloys continued to fall in the 1st half of 2013 because of excess overall capacity. The price of high-carbon ferromanganese (CRU spot Europe) dropped 9% in the 1st half of 2013 compared with the 1st half of 2012. Conditions on the manganese alloy market also deteriorated in China in the 1st half of 2013. Production on the Guilin site (China) slowed down considerably as a result.

TIZIR's turnover, which at this stage is generated solely by the Tyssedal, Norway plant (titanium dioxide for white pigments, high purity cast iron for foundries), decreased 10% in the 1st half of 2013 compared with the 1st half of 2012 to 37 M€ (for the 50% held by ERAMET), mainly because of lower prices.

- **ERAMET Nickel: very low nickel prices due to ore production surpluses in Indonesia and the Philippines intended for Chinese nickel pig iron production**

LME nickel prices continued to fall in the 1st half of 2013 and were 13% lower on average than in the 1st half of 2012, at 7.3 USD/lb. In the past few weeks they have been around 6 USD/lb.

This decrease reflects excess global supply of nickel production, primarily as a result of the growth of nickel pig iron production in China. This was made possible by the substantial growth in nickel ore exports from Indonesia and Philippines, which are far in excess of market needs.

LME nickel inventory increased by 46,000 tons in the 1st half of 2013 to total almost 188,000 tons at the end of June.

Given extremely low prices, ERAMET Nickel's turnover totalled 368 M€ in the 1st half of 2013, a 20% decrease compared with the 1st half of 2012, while current operating expense for the period was -94 M€.

Metallurgical nickel production in Doniambo (New Caledonia) decreased 8% in the 1st half of 2013 compared with the 1st half of 2012, in line with market trends, making a reduction in working capital possible.

- **ERAMET Alloys: firm aerospace market, but high impact of crisis on other activities**

ERAMET Alloys' turnover with the aerospace sector rose 5% in the 1st half of 2013 compared with the 1st half of 2012. However, the Division's non-aerospace activities were heavily affected by the economic and market environment over the same period. Turnover decreased 35% with the tooling market, mainly high speed steels, and 19% with the energy market.

In total, ERAMET Alloys' turnover decreased 10% in the 1st half of 2013 compared with the 1st half of 2012.

In the 1st half of 2013, ERAMET Alloys is in line with the 2013 stages in its goals for 2015, in terms of both reducing general expenses and increasing productivity. Consequently, despite lower turnover, ERAMET Alloys' current operating income was on a par with the 1st half of 2012 at 3 M€, reflecting a gradual improvement in current operating margin despite the sharp slump on some markets.

Restructuring operations will be carried out on the Firminy site from the 2nd half of 2013 with the aim of reducing costs by 25%.

After the launch and ongoing ramp-up of four strategic capital projects, mainly in France with Aubert & Duval, the pace of capital expenditure at ERAMET Alloys slowed by 20% in the 1st half of 2013 compared with the same period in 2012.

- **Outlook – short term**

ERAMET Manganese's ore and sinter production will be higher in 2013 than in 2012, with production in the 2nd half of 2013 at least equal to the 1st half of 2013.

ERAMET Alloys will continue to implement its operating improvement programmes in the coming years in order to reach the goals set for 2015, while ramping up the capital projects already completed.

Nickel prices deteriorated further in the 2nd half of 2013, due to significant oversupply in relation to demand, and excessive global nickel inventory, particularly ore stocks built up in China.

Given current nickel market conditions, the ERAMET group's current operating income for the 2nd half of 2013 should be significantly lower than in the 1st half of 2013.

The Group will step up the measures intended to reduce its costs, lower its capital spending, adjust its production in line with its market and reduce its working capital requirement.

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WEBCAST OF FIRST-HALF RESULTS PRESENTATION

The presentation of results for the 1st half of 2013 will be webcast today at 10 am (Paris time) with English interpreting.
To register please click on the link shown in the Group's website **www.eramet.com**

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 with high growth potential, such as mineral sands (titanium dioxide and zirconium), 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.

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APPENDIX

Turnover

(€ millions)	Q1 2012	Q2 2012	Q1 2013	Q2 2013
ERAMET Manganese	374	379	388	389
ERAMET Nickel	236	224	181	187
ERAMET Alloys	271	255	231	242
Holding company & eliminations	(4)	0	(3)	(2)
ERAMET Group	877	858	797	816

Production and shipments

(metric tons)	H1 2012	H2 2012	H1 2013
Manganese ore and sinter production	1,311,800	1,725,000	1,767,300
Manganese alloy production	354,200	375,900	385,400
Manganese alloy sales	366,300	378,400	393,800
Nickel production*	27,684	28,762	25,480
Nickel sales**	28,323	28,358	25,280

* Ferronickel and matte
** Finished products

Statement of comprehensive income

(millions of euros)	Half year 2013	Half year 2012 Restated	Full year 2012 Restated
Sales	**1,613**	**1,735**	**3,447**
Other income	26	9	34
Cost of products sold	(1,378)	(1,413)	(2,823)
Administrative & selling costs	(110)	(104)	(200)
Research & development expenditure	(22)	(23)	(51)
EBITDA	**129**	**204**	**407**
Depreciation, amortisation & impairment of non-current assets	(130)	(115)	(245)
Impairment losses and provisions	(8)	(4)	(9)
Current operating income	**(9)**	**85**	**153**
Other operating income and expenses	(26)	(16)	(74)
Operating income	**(35)**	**69**	**79**
Net cost of debt	1	10	8
Other finance income and expenses	(15)	(8)	(15)
Share in earnings of affiliates	1	-	-
Income tax	20	(29)	(29)
Net income	**(28)**	**42**	**43**
- Minority interests	4	21	34
- Equity holders of the parent	**(32)**	**21**	**9**
Basic earnings per share (EUR)	(1.23)	0.79	0.34
Diluted earnings per share (EUR)	(1.23)	0.79	0.34
Net income	**(28)**	**42**	**43**
Exchange differences on translation of foreign operations	(23)	25	2
Net (loss) / gain on cash flow hedges	5	2	37
Net (loss) / gain on available for sale financial assets	(4)	4	6
Income tax	(1)	(4)	(12)
Items will be reclassified subsequently to profit & loss	**(23)**	**27**	**33**
Remeasurement of net defined benefit obligation	-	(19)	(4)
Income tax	-	6	5
Items will not be reclassified subsequently to profit & loss	**-**	**(13)**	**1**
Other comprehensive income (loss)	**(23)**	**14**	**34**
- Minority interests	1	-	(5)
- Equity holders of the parent	**(24)**	**14**	**39**
Total comprehensive income	**(51)**	**56**	**77**
- Minority interests	5	21	29
- Equity holders of the parent	**(56)**	**35**	**48**

The financial statements of the half year 2012 and the full year 2012 have been restated for the retrospective application of the revised IAS 19 standard.

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Statement of financial position

Assets

(millions of euros)	06/30/2013	06/30/2012 Retstated	12/31/2012 Restated
Goodwill	172	173	173
Intangible assets	751	705	717
Property, plant & equipment	2,560	2,235	2,454
Companies accounted for using the equity method	33	33	33
Other financial non-current assets	100	99	88
Deferred tax	29	36	31
Other non-current assets	4	5	7
Non-current assets	**3,649**	**3,286**	**3,503**
Inventories	1,068	1,134	1,038
Trade receivables and other current assets	677	732	690
Tax receivables	34	31	38
Financial derivatives	52	77	51
Other financial current assets	232	490	368
Cash and cash equivalents	629	648	621
Current assets	**2,692**	**3,112**	**2,806**
Total assets	**6,341**	**6,398**	**6,309**

Shareholders' equity and liabilities

(millions of euros)	06/30/2013	06/30/2012 Retstated	12/31/2012 Restated
Share capital	81	81	81
Share premiums	373	372	373
Available for sale reserve	2	3	5
Cash flow hedge reserve	7	(23)	4
Net defined benefit obligation reserve	(40)	(54)	(40)
Foreign currency translation reserve	8	50	32
Other reserves	2,474	2,548	2,539
Shareholders' equity of the parent	**2,905**	**2,977**	**2,994**
Minority interests	618	806	815
Shareholders' equity	**3,523**	**3,783**	**3,809**
Employee benefits	190	217	188
Provisions	434	386	428
Deferred tax	304	367	355
Borrowings - due in more than one year	368	223	311
Other non-current liabilities	28	29	28
Non-current liabilities	**1,324**	**1,222**	**1,310**
Provisions - due in less than one year	35	27	30
Borrowings - due in less than one year	366	90	230
Trade payables and other current liabilities	986	1,083	805
Tax payables	62	59	72
Financial derivatives	45	134	53
Current liabilities	**1,494**	**1,393**	**1,190**
Total shareholders' equity and liabilities	**6,341**	**6,398**	**6,309**

The financial statements of the half year 2012 and the full year 2012 have been restated for the retrospective application of the revised IAS 19 standard.

Statement of changes in net cash / borrowing position

(millions of euros)	Half year 2013	Half year 2012 Restated	Full year 2012 Restated
Opertating activities			
EBITDA	129	204	407
Elimination of non-cash or non-business items:	(73)	(73)	(149)
Operating cash flow before changes in working capital	**56**	**131**	**258**
Changes in operating working capital requirement	9	(80)	(41)
Net cash flows from operating activities	**65**	**51**	**217**
Investing activities			
Capital expenditure	(276)	(265)	(641)
Non-current financial assets	(21)	(18)	(19)
Disposals of non-current assets	3	1	4
Net change in non-current asset receivables / liabilities	6	(27)	7
Changes in scope of consolidation and loans	1	5	13
Dividends from equity accounted affiliates	-	-	-
Net cash flows from investing activities	**(287)**	**(304)**	**(636)**
Financing activities			
Dividends paid	(221)	(319)	(319)
Share capital increases	-	-	2
Changes in working capital requirement related to financing activities	129	249	32
Net cash flows from financing activities	**(92)**	**(70)**	**(285)**
Impact of translation adjustments	(7)	(5)	(1)
Decrease (increase) in net cash (borrowing) position	**(321)**	**(328)**	**(705)**
Opening net cash (borrowing) position	**448**	**1,153**	**1,153**
Closing net cash (borrowing) position	**127**	**825**	**448**

The financial statements of the half year 2012 and the full year 2012 have been restated for the retrospective application of the revised IAS 19 standard.

Segment reporting

By division

(millions of euros)	Nickel	Manganèse	Alloys	Holding & eliminations	Total
Half year 2013					
Non-Group sales	365	775	471	2	**1 613**
Intra-Group sales	3	2	2	(7)	**-**
Sales	368	777	473	(5)	**1 613**
Cash flows from operating activities	(65)	124	18	(21)	**56**
EBITDA	(49)	172	30	(24)	**129**
Current operating income	(94)	109	3	(27)	**(9)**
Other operating income and expenses	-	-	-	-	**(27)**
Operating income	-	-	-	-	**(36)**
Cost of borrowed capital	-	-	-	-	**1**
Other finance income and expenses	-	-	-	-	**(15)**
Share of income from equity accounted companies	-	-	-	-	**1**
Income tax	-	-	-	-	**20**
Minority interests	-	-	-	-	**(4)**
Group net income (loss)	-	-	-	-	**(33)**
Non-cash expenses	8	(46)	(29)	(17)	**(84)**
- depreciation & amortisation	(44)	(60)	(26)	(2)	**(132)**
- provisions	(7)	2	(6)	(1)	**(12)**
- impairment losses	-	-	-	-	**-**
Capital expenditure (intangibles and property, plant & equipment)	63	176	35	2	**276**
Total balance sheet assets (current and non-current)	2 410	2 885	1 223	(177)	**6 341**
Total balance sheet liabilities (current and non-current excluding sareholders)	1 210	1 365	859	(615)	**2 819**
Half year 2012					
Non-Group sales	457	751	525	2	**1 735**
Intra-Group sales	3	2	1	(6)	**-**
Sales	460	753	526	(4)	**1 735**
Cash flows from operating activities	30	93	18	(10)	**131**
EBITDA	54	142	30	(22)	**204**
Current operating income	12	91	5	(23)	**85**
Other operating income and expenses	-	-	-	-	**(16)**
Operating income	-	-	-	-	**69**
Cost of borrowed capital	-	-	-	-	**10**
Other finance income and expenses	-	-	-	-	**(8)**
Share of income from equity accounted companies	-	-	-	-	**-**
Income tax	-	-	-	-	**(29)**
Minority interests	-	-	-	-	**(21)**
Group net income (loss)	-	-	-	-	**21**
Non-cash expenses	(41)	(20)	-	(28)	**(89)**
- depreciation & amortisation	(42)	(47)	(23)	(1)	**(113)**
- provisions	(5)	2	(2)	(1)	**(6)**
- impairment losses	-		-	-	**-**
Capital expenditure (intangibles and property, plant & equipment)	58	157	44	6	**265**
Total balance sheet assets (current and non-current)	2 876	2 712	1 260	(450)	**6 398**
Total balance sheet liabilities (current and non-current excluding sareholders)	1 236	1 192	859	(672)	**2 615**
Full year 2012					
Non-Group sales	893	1 557	994	3	**3 447**
Intra-Group sales	5	3	3	(11)	**-**
Sales	898	1 560	997	(8)	**3 447**
Cash flows from operating activities	45	246	11	(44)	**258**
EBITDA	53	357	40	(43)	**407**
Current operating income	(38)	240	(5)	(44)	**153**
Other operating income and expenses	-	-	-	-	**(74)**
Operating income	-	-	-	-	**79**
Cost of borrowed capital	-	-	-	-	**8**
Other finance income and expenses	-	-	-	-	**(15)**
Share of income from equity accounted companies	-	-	-	-	**-**
Income tax	-	-	-	-	**(29)**
Minority interests	-	-	-	-	**(34)**
Group net income (loss)	-	-	-	-	**9**
Non-cash expenses	(79)	(106)	(37)	7	**(215)**
- depreciation & amortisation	(88)	(111)	(47)	(1)	**(247)**
- provisions	(14)	(8)	2	12	**(8)**
- impairment losses	(1)	(8)	-	-	**(9)**
Capital expenditure (intangibles and property, plant & equipment)	146	399	84	12	**641**
Total balance sheet assets (current and non-current)	2 385	2 904	1 182	(162)	**6 309**
Total balance sheet liabilities (current and non-current excluding sareholders)	996	1 294	808	(598)	**2 500**

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Segment reporting

By geographic region

(millions of euros)	France	Europe	North America	Asia	Oceania	Africa	South America	Total
Sales (destination of sales)								
Half year 2013	**256**	**510**	**328**	**443**	**13**	**40**	**23**	**1,613**
Half year 2012	204	623	349	480	16	42	21	**1,735**
Full year 2012	455	1,143	686	992	29	84	58	**3,447**
Capital expenditure (intangibles and property, plant & equipment)								
Half year 2013	**44**	**11**	**9**	**38**	**20**	**154**	**-**	**276**
Half year 2012	54	14	22	44	25	106	-	**265**
Full year 2012	104	36	48	118	69	265	1	**641**
Total balance sheet assets (current and non-current)								
Half year 2013	**2,408**	**759**	**356**	**911**	**888**	**1,018**	**1**	**6,341**
Half year 2012	2,710	786	391	824	903	782	2	**6,398**
Full year 2012	2,502	778	363	869	904	892	1	**6,309**