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## PRESS RELEASE

### ERAMET Group: turnover up 4% in 3<sup>rd</sup> quarter 2014 compared with the same period in 2013

- Upturn in ERAMET Nickel's turnover in 3<sup>rd</sup> quarter 2014 due to price rises
- Significant recovery in manganese ore production

Turnover <sup>1</sup> (€ millions)	Q3 2014	Q3 2013	Change	9 months 2014	9 months 2013	Change
ERAMET Manganese	358	401	-11%	1 041	1 178	-12%
ERAMET Nickel	217	150	45%	598	518	15%
ERAMET Alloys	211	204	3%	685	677	1%
Holding company & eliminations	1	(1)	-	(3)	(6)	-
<b>ERAMET Group</b>	<b>787</b>	<b>754</b>	<b>4%</b>	<b>2 321</b>	<b>2 367</b>	<b>-2%</b>

<sup>1</sup> Adjusted data from the Group's reporting, which consolidates joint ventures under the equity method. Reconciliation with published financial statements is presented in appendix.

- **ERAMET Manganese: turnover decreased by 11% at 358 M€ in 3<sup>rd</sup> quarter 2014, compared with the 3<sup>rd</sup> quarter of 2013 and by 12% for the first 9 months of 2014 compared with the corresponding period in 2013.**

Global production of carbon steel rose 2.1% over the first 9 months of 2014 compared with the same period in 2013 and 1.6% in the 3<sup>rd</sup> quarter of 2014 compared with 3<sup>rd</sup> quarter 2013, mainly driven by developed countries (European Union, USA). Chinese steel production increased 2.3% over the first 9 months of 2014 compared with the corresponding period in 2013.

Because of the Chinese slowdown, manganese ore prices (44% CIF China – source: CRU) averaged 4.62 USD/dmtu for the first 9 months of 2014, a 16% drop from the same period in 2013. They have levelled out since May.

Inventories of manganese ore at Chinese ports decreased in July and remained stable at normal levels.

Ore production returned to the record production levels of late 2013 in the 3<sup>rd</sup> quarter of 2014 (961,100 tons), after a decrease in manganese ore and sinter production in the 1<sup>st</sup> quarter of 2014 because of maintenance operations and a one-off railway incident in Gabon.

Despite the decrease in average manganese ore prices, alloy prices remained stable outside China, due to healthy steelmaking activity in North America and Europe, as well as the uncertainties in Ukraine. ERAMET Manganese's alloy shipments decreased 9% over the first 9 months of 2014 compared with the same period in 2013 and 7% in the 3<sup>rd</sup> quarter of 2014 compared with the 3<sup>rd</sup> quarter of 2013, mainly because of maintenance operations in Norway in the 1<sup>st</sup> and 3<sup>rd</sup> quarters of 2014.

- **ERAMET Nickel: turnover increased by 45% at 217 M€ in the 3<sup>rd</sup> quarter of 2014, compared with the 3<sup>rd</sup> quarter of 2013 and by 15% for the first 9 months of 2014 compared with the corresponding period in 2013.**

Global production of stainless steel grew approximately 11% in the first 9 months of 2014 compared with the same period in 2013 and 10% in the 3<sup>rd</sup> quarter of 2014 compared with the 3<sup>rd</sup> quarter of 2013.

Metallurgical nickel production at Doniambo (New Caledonia) rose 4% over the first 9 months of 2014 compared with the corresponding period in 2013. It was stable in the 3<sup>rd</sup> quarter of 2014 compared with the 3<sup>rd</sup> quarter of 2013. Furthermore, over the same periods nickel sales increased 10% and 11%, respectively.

The rise in ERAMET Nickel's turnover results primarily from a 12% increase in LME nickel prices to 7.81 USD/lb. on average for the first 9 months of 2014 compared with the corresponding period in 2013 and a 33% increase, at 8.42 USD/lb. on average in the 3<sup>rd</sup> quarter of 2014 compared with the 3<sup>rd</sup> quarter of 2013.

However, since mid-September, in a context of downward trends in raw material prices and build-up of nickel inventory on the LME, LME nickel prices have decreased and they are currently at around 6.8 USD/lb. According to most experts, the introduction of an export ban on non-processed Indonesian ore, which is now effective, should lead, following the consumption of the inventories previously built up, to a significant upturn in nickel prices during 2015.

- **ERAMET Alloys: turnover rose by 3% at 211 M€ for the 3<sup>rd</sup> quarter of 2014, compared with the 3<sup>rd</sup> quarter of 2014 and was stable in the first 9 months of 2014 compared with the same period in 2013.**

ERAMET Alloys' activity benefited from continued high demand on the aerospace market. Energy-related activities remained at insufficient levels and were heavily affected by trends on their specific markets.

ERAMET Alloys extended its performance improvement program, which was already implemented at Aubert & Duval, to all of its units. It also began and informed employee representative bodies of a restructuring project for Erasteel that is intended, in particular, to adjust production assets to market trends.

In addition, if recent trends in US dollar-euro exchange rates continue, they will be favourable to ERAMET Alloys' competitiveness in relation to its North American competitors.

- **Highlights**

- Under its performance improvement program, a high priority, the ERAMET group set itself the goal of significantly reducing the cost of its central structures and services. For that purpose it began discussions on studying this project with the relevant employee representation bodies in October 2014. In addition, major competitiveness improvement programs are continuing in all of the Group's operating units.
- TiZir (a 50/50 joint venture owned by ERAMET with Mineral Deposits Limited): ramp-up resumed satisfactorily on the Grande Côte site in Senegal, following the temporary decrease in production as a result of the technical incident announced on August 20<sup>th</sup>, 2014. Grande Cote is a major new producer of mineral sands (ilmenite for titanium dioxide pigments, zircon) that started ramping up in April 2014.
- On October 2<sup>nd</sup>, 2014, the ERAMET group announced that, after comparing three competing bids for the power plant that will take over from the current facility supplying the Société Le Nickel (SLN) plant in Doniambo, New Caledonia, with electricity, the Eiffage group was selected as preferred bidder.

- **The ERAMET group's financial situation**

As part of the diversification and strengthening of its financing, in October 2014 the ERAMET group signed a long-term loan for 80 M€ with Banque Européenne d'Investissements (BEI). This amount will be used to fund the ERAMET group's research & development work.

As of the end of September 2014, the Group's liquidity remains high at more than €2 billion and the debt-to-equity ratio is 19%.

- **The ERAMET group's short-term outlook**

Despite the nickel and manganese prices observed since the beginning of the 2<sup>nd</sup> half of 2014, which remain below their 1<sup>st</sup> half 2014 levels, the Group's current operating income for the 2<sup>nd</sup> half of 2014 should be higher than for the 1<sup>st</sup> half.

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

### Appendix 1: Turnover

Turnover (M€)	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014
ERAMET Manganese	401	384	326	357	<b>358</b>
ERAMET Nickel	150	186	166	215	<b>217</b>
ERAMET Alloys	204	227	224	250	<b>211</b>
Holding company & eliminations	(1)	(2)	(2)	(2)	<b>1</b>
<b>ERAMET Group</b> Including joint ventures	<b>754</b>	<b>795</b>	<b>714</b>	<b>820</b>	<b>787</b>
Share of joint ventures	(26)	(14)	<b>(14)</b>	<b>(16)</b>	<b>(18)</b>
<b>ERAMET Group</b> IFRS published statements <sup>1</sup>	<b>728</b>	<b>781</b>	<b>700</b>	<b>804</b>	<b>769</b>

<sup>1</sup> Application of IFRS 11 "Joint Arrangements" as of 1/1/2014, with retrospective impact on 2013.

Following application of IFRS 11 "Joint Arrangements" as of January 1, 2014, proportionally consolidated companies (Ukad and the TiZir sub-group) in the financial statements to December 31, 2013 are consolidated according to the equity method from FY 2014, with retrospective impact on 2013.

To reflect the economic reality of the Group's companies, the operating performance of jointly controlled companies continues to be proportionally consolidated in the Group's internal reporting, which is used by senior management and the Board of Directors as the basis for monitoring activity.

As a result, in accordance with IFRS 8 "Operating Segments", segment information included in the consolidated financial statements will be aligned with this internal information. As of 2014, the Group's financial communications will be based on this financial operating information, which is also reconciled with the financial statements reported under IFRS.

### Appendix 2: Production and deliveries

Metric tons	Q3 2014	Q3 2013	Change	9 months 2014	9 months 2013	Change
Manganese ore and sinter production	<b>961 100</b>	969 400	<b>-1%</b>	<b>2 605 200</b>	2 736 700	<b>-5%</b>
Manganese alloy production	<b>175 500</b>	194 400	<b>-10%</b>	<b>513 800</b>	579 800	<b>-11%</b>
Manganese alloy sales	<b>165 600</b>	178 600	<b>-7%</b>	<b>518 500</b>	572 400	<b>-9%</b>
Nickel production*	<b>14 155</b>	14 177	<b>0%</b>	<b>41 234</b>	39 657	<b>4%</b>
Nickel sales**	<b>13 378</b>	12 045	<b>11%</b>	<b>41 005</b>	37 325	<b>10%</b>

\* Ferronickel and matte

\*\* Finished products