



Paris, February 20th, 2015

PRESS RELEASE

Improvement in the ERAMET group's results in 2014

- Substantial increase in productivity gains and clear improvement in results in 2014 compared with 2013, despite markets that remain difficult.
- Very significant growth in current operating income from -45 M€ in 2013 to +75 M€ in 2014.
- Cost reduction and productivity improvement plans leading to a total gain over 100 M€.
- 41% decrease in the Group's capital expenditure in 2014 compared with 2013, at 346 M€.
- Negative net income Group share (-159 M€), improving significantly.
- Sound financial situation and Group liquidity that remains high.

ERAMET's Board of Directors, meeting on February 19th, 2015 under the Chairmanship of Patrick Buffet, completed the financial statements for 2014, which will be submitted to the General Shareholders' Meeting of May 29th, 2015.

Patrick Buffet, ERAMET Chairman & CEO, stated:

"In difficult market conditions for our alloying metals and for upscale metallurgy, 2014 was marked by considerable management efforts, which were reflected in substantial cost reductions and productivity gains totalling more than 100 M€ for the year and an overall improvement in results, particularly sharp growth in current operating income compared with 2013.



Control of capital expenditure, which was reduced by 41% to 346 M€, and debt levels, which remain very moderate with a net debt-to-equity ratio of 20%, give the Group a sound financial situation.

In 2015, trends in economic conditions, lower oil prices and currency fluctuations, if they continue, as well as the improvement in nickel prices expected by experts in the sector, should benefit to the Group's performance. At the same time, ERAMET will keep up its substantial efforts to reduce costs, improve productivity and control capital expenditure."

(€ millions) ¹	2014	2013
Turnover	3 144	3 162
EBITDA	363	231
Current operating income	75	(45)
Net income, Group share	(159)²	(370)
(Net Debt)/Net cash	(547)	(218)
Net debt to shareholders' equity ratio	20%	7%

¹ Adjusted data from the Group's reporting, taking into account joint ventures under proportional consolidation method. Reconciliation with financial statements published under IFRS is given in appendix 4.

² The transition from current operating income to the Group's share of net income is mainly due to research costs on future major projects (65 M€), impairment of assets (27 M€) and restructuring costs (32 M€), with the remainder mainly corresponding to taxes and interest expense.

- **ERAMET Group key figures**

Despite the difficult context on our markets, the ERAMET group's turnover was virtually stable at 3,144 M€.

The ERAMET group's current operating income improved in 2014 compared with 2013, totalling +75 M€ compared with -45 M€.

In the 2nd half of 2014, current operating income rose, as previously announced, to 61 M€, compared with 14 M€ in the 1st half of 2014.

This particularly reflects the productivity improvements and cost reductions achieved by all of the Group's entities, totalling more than 100 M€ in 2014. This effort will be kept up at a similar pace over the next three years (2015-2017).

Group's share of net income remained negative at -159 M€ in 2014, compared with -370 M€ in 2013, due to extraordinary items, i.e. restructuring and impairment of assets for 59 M€, expenses with respect to future projects for 65 M€, with the remainder of -110 M€ mainly related to taxes and interest expense.

Capital expenditure was controlled at 346 M€, well below the 400 M€ maximum threshold set by the Group for 2014.

Net debt totalled 547 M€, which represents 20% of shareholder's equity, a ratio that remains moderate.



As previously announced, the rate of increase in net debt was considerably lower in the 2nd half than the 1st half of 2014.

- **Dividend**

The Board of Directors will submit to the shareholders' vote at the General Meeting on May 29th, 2015 that no dividends be paid out with respect to 2014.

- **ERAMET Nickel: the division's turnover rose 11% compared with 2013 to 781 M€. ERAMET Nickel's current operating income improved significantly, totalling -52 M€ in 2014 compared with -222 M€ in 2013, as a result of very substantial competitiveness gains and LME nickel prices which, despite a 12% rise over the year, remained relatively low at an annual average of 7.7 USD/lb.**

The continued build-up of nickel inventory in LME warehouses weighed on nickel prices, which fell back to 6.7 USD/lb. towards the end of the year. This significant increase in inventory should however be kept into perspective as a large share results from a transfer of existing metal inventory located mainly in China. Ore inventories in China have also decreased significantly since the introduction of Indonesia's ban on unprocessed ore exports from early 2014. The full effect of the Indonesian ban should be increasingly visible in 2015, after the consumption of surplus ore inventory.

ERAMET Nickel's productivity gains totalled 51 M€ in 2014 compared with 2013.

ERAMET Nickel's production increased 4% in 2014 compared with 2013.

- **ERAMET Alloys: in 2014 very significant cost reductions and productivity gains offset difficult trends in market conditions. Current operating income therefore increased to 23 M€, which was achieved in the 2nd half alone, compared with 4 M€ in 2013.**

ERAMET Alloys' turnover improved 4% in 2014 compared with 2013. The energy sector's sales (mainly nuclear energy and high-power gas turbines), with high value-added, fell 17% in 2014 compared with 2013. On the other hand, the aerospace sector's sales climbed 7%.

The cost reduction and productivity improvement plans begun since the end of 2012 represented a total of 35 M€ in 2014, in line with objectives.

- **ERAMET Manganese: results that remain sound in 2014, despite the rail accident in the 1st half of 2014 and the fall in manganese ore prices.**

ERAMET Manganese's turnover decreased 9% in 2014 to 1,429 M€. Current operating income remained firm at 137 M€, albeit lower than in 2013 (218 M€).

Global carbon steel production rose 1% in 2014.

CRU CIF China spot prices for high-grade manganese ore decreased 16% on average in 2014 compared with 2013, ending the year around 4.56 USD/dmtu.



This level reflects the slight surplus in inventory at Chinese ports and alloy producers, as well as the arrival of new South African producers on the market.

ERAMET Manganese's ore production in Gabon was penalised by the major accident that affected the railway in the 1st half of 2014. Overall ore production totalled almost 3.5 million tons for the year.

Refined manganese alloy production grew 7% in 2014 compared with 2013. The Group continues to focus its development on these alloys.

Manganese alloy prices recovered on average outside China, leading to an improvement in margins for alloy producers.

A highlight of 2014 was the start-up of Moanda Metallurgical Complex in Gabon, comprised of a silicomanganese plant (65,000 tons/year) and a metal manganese plant (20,000 tons/year). The ERAMET Group has further bolstered its presence in Gabon.

Also in 2014, TiZir, a 50/50 joint venture with the Australian company Mineral Deposits Limited (MDL), began ramping up its new Grande Côte unit in Senegal, where mineral sands are mined and zircon and titanium ore are separated.

The first commercial ore shipments were made in the 2nd half of 2014.

- **The ERAMET group's outlook in 2015**

Certain economic conditions (exchange rates and fuel) should significantly benefit the ERAMET Group's performance if they stay the same as in early 2015.

An improvement in nickel prices is expected for 2015 due to the Indonesian ban, with most metal and ore inventories built up before 2014 likely to be gradually reabsorbed.

In 2015, the Group is targeting approximately 90 M€ in cost reductions and productivity gains out of a total 360 M€ for 2014-2017.

The Group will keep capital expenditure below the 400 M€ threshold in 2015 as it did in 2014.

In all three divisions, production should benefit from the ramp-up of the capital projects undertaken in recent years.

The Group, therefore, has robust levers for the significant improvement of its results.

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WEBCAST OF ANNUAL RESULTS PRESENTATION

The presentation of the 2014 annual results will be webcast today at 10am (Paris time) in French with English interpreting.

To register click on the link displayed on 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 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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APPENDIXES

Appendix 1: Turnover

Turnover (M€)	Q4 2014	Q3 2014	Q2 2014	Q1 2014	2014	2013	Change
ERAMET Manganese	388	358	357	326	1 429	1 562	-9%
ERAMET Nickel	183	217	215	166	781	704	11%
ERAMET Alloys	253	211	250	224	938	904	4%
Holding company & eliminations	(1)	1	(2)	(2)	(4)	(8)	-
ERAMET Group inc. joint ventures	823	787	820	714	3 144	3 162	-1%
Share in joint ventures	(21)	(18)	(16)	(16)	(69)	(77)	-10%
ERAMET Group published IFRS financial statements¹	802	769	804	700	3 075	3 085	0%

¹ Application of IFRS standard 11 “Joint Arrangements” as of 1/1/2014 with retrospective effect on 2013.

Following the application as of January 1st, 2014 of IFRS standard 11 “Joint Arrangements”, the companies (UKAD and TiZir sub-group) that were consolidated proportionally in the financial statements until December 31st, 2013 are consolidated under the equity method from 2014 with retrospective effect on 2013.

To reflect the economic reality of the Group’s companies, the operating performances of jointly controlled companies continue to be proportionally consolidated in the Group’s reporting, on which Executive Management and the Board of Directors base their monitoring of the Group’s activity.

Consequently, in accordance with IFRS standard 8 “Operating Segments”, segment information included in consolidated financial statements is in line with this internal information. From 2014, the Group’s financial communication is based on this operational financial information, which is, moreover, reconciled with the published IFRS financial statements.

Appendix 2: Production and shipments

Metric tons	Q4 2014	Q3 2014	Q2 2014	Q1 2014	2014	2013	Change
Manganese ore and sinter production	875 700	961 100	848 600	795 500	3 480 900	3 702 900	-6%
Manganese alloy production	182 100	175 500	172 800	165 500	695 900	746 200	-7%
Manganese alloy sales	181 100	165 600	182 400	170 500	699 600	764 400	-8%
Nickel production*	13 778	14 155	13 267	13 812	55 012	53 015	4%
Nickel sales**	12 611	13 378	14 392	13 235	53 616	52 411	2%

* Ferronickel and matte

** Finished products

Appendix 3: Segment reporting

Segment reporting - by division

(€million)	Nickel	Manganese	Alloys	Holding & eliminations	Total	Joint-venture contribution	Published
Full year 2014							
Sales	781	1 429	938	(4)	3 144	(69)	3 075
EBITDA	42	266	81	(26)	363	-	363
Current operating profit (loss)	(52)	137	23	(33)	75	11	86
Operating profit (loss)					(54)	39	(15)
Net cash generated by operating activities	(18)	140	18	(97)	43	7	50
Industrial capital expenditure (intangibles assets, property, plant & equipment)	97	199	48	2	346	(41)	305
Net (debt) / cash position					(547)	136	(411)
Full year 2013							
Sales	704	1 562	904	(8)	3 162	(77)	3 085
EBITDA	(130)	350	49	(38)	231	(20)	211
Current operating profit (loss)	(222)	218	4	(45)	(45)	(14)	(59)
Operating profit (loss)					(548)	(14)	(562)
Net cash generated by operating activities	(116)	314	34	(71)	161	(27)	134
Industrial capital expenditure (intangibles assets, property, plant & equipment)	172	346	64	5	587	(128)	459
Net (debt) / cash position					(218)	80	(138)

Segment reporting - by geographic region

(€million)	France	Europe	North America	Asia	Oceania	Africa	South America	Total	Joint-venture contribution	Published
Sales (destination of sales)										
Full year 2014	407	986	664	947	16	81	43	3 144	(69)	3 075
Full year 2013	414	1 004	642	949	27	76	50	3 162	(77)	3 085
Capital expenditure (intangibles and property, plant & equipment)										
Full year 2014	56	28	19	20	73	149	1	346	(41)	305
Full year 2013	82	35	20	86	77	286	1	587	(128)	459

Segment reporting - Performance indicators by period - profit and loss

(€million)	Full year 2014	Full year 2013
Sales	3 144	3 162
EBITDA	363	231
Current operating profit (loss)	75	(45)
Operating profit (loss) before impairment	(27)	(125)
Operating profit (loss)	(54)	(548)
Net borrowing cost	(40)	(7)
Other financial income and expenses	(28)	(25)
Share in profit of associates	-	1
Income tax	(49)	72
Profit (loss) for the period	(171)	(507)
- attributable to non-controlling interests	(12)	(137)
- attributable to equity holders of the parent	(159)	(370)
Basic earnings per share (EUR)	(6,06)	(14,11)
Diluted earnings per share (EUR)	(6,06)	(14,11)

Segment reporting - Performance indicators by period - net debt variation

(€million)	Full year 2014	Full year 2013
Operating activities		
EBITDA	363	231
Cash impact of items below EBITDA	(238)	(157)
Cash generated from operations	125	74
Net change in current operating assets and liabilities	(82)	87
Net cash generated by operating activities	43	161
Investing activities		
Industrial capital expenditure	(346)	(587)
Other investing activities flows	26	(7)
Net cash used in investing activities	(320)	(594)
Net cash used in financing activities	(25)	(252)
Exchange-rate impact	(27)	19
(Increase) / decrease in net debt position	(329)	(666)
Opening net (debt) / cash position	(218)	448
Closing net (debt) / cash position	(547)	(218)

Segment reporting - Performance indicators by period - balance sheet

(€million)	31/12/2014	31/12/2013
Non-current assets	3 407	3 305
Inventories	1 058	989
Trade receivables	387	379
Trade payables	435	421
Simplified Working Capital	1 010	947
Other operating Working Capital items	(162)	(173)
Operating Working Capital	848	774
Derivatives	-	5
TOTAL	4 255	4 084
(€million)	31/12/2014	31/12/2013
Shareholders' equity - Attributable to equity holders of the parent	2 322	2 532
Shareholders' equity - Attributable to non-controlling interests	432	478
Cash and cash equivalents and other current financial assets	938	911
Borrowings	1 485	1 129
Net debt	547	218
Provisions and employee-related liabilities	732	654
Net deferred tax	130	202
Derivatives	92	-
TOTAL	4 255	4 084

Appendix 4: Reconciliation of Group reporting with published financial statements

The consolidated financial statements as of December 31st, 2014 can be consulted (French version only) on the Company's website at www.eramet.com in the Investors/Publications section.

Reconciliation Group reporting and published accounts

(€million)	Full year 2014 Published ⁽¹⁾	Joint-venture contribution	Full year 2014 Adjusted ⁽²⁾	Full year 2013 Published ⁽¹⁾	Joint-venture contribution	Full year 2013 Adjusted ⁽²⁾
Sales	3 075	69	3 144	3 085	77	3 162
EBITDA	363	-	363	211	20	231
Current operating profit (loss)	86	(11)	75	(59)	14	(45)
Operating profit (loss)	(15)	(39)	(54)	(562)	14	(548)
Profit (loss) for the period - attributable to equity holders of the parent	(159)	-	(159)	(370)	-	(370)
Net cash generated by operating activities	50	(7)	43	134	27	161
Industrial capital expenditure	(305)	(41)	(346)	(459)	(128)	(587)
Net (debt) / cash position	(411)	(136)	(547)	(138)	(80)	(218)
Shareholders' equity - attributable to equity holders of the parent	2 322	-	2 322	2 532	-	2 532

(1) Financial statements prepared under IFRS applicable as of 01/01/2014, with joint venture accounted under equity method. See 2014 consolidated financial statements.

(2) Group reporting, with joint venture accounted under proportional consolidation method.