Paris, 25 April, 2019, 8:00 am

PRESS RELEASE

Eramet: €873m first-quarter 2019 sales, driven by new production records

- Q1 2019 sales at a high level, similar to Q1 2018, led by growth in Manganese and Mineral Sands activities
- Record Q1 production for manganese and nickel ores, particularly thanks to the implemented new organisations
- Significant progress in SLN's rescue plan, thanks to authorisation from the New Caledonian government to export 4 million tonnes of nickel ore per year and implementation of the "147-hour agreement”
- 2019 production targets confirmed: 4.5 million tonnes of manganese ore produced and 1.5 million tonnes of nickel ore exported
- Outlook: intrinsic growth and productivity gains expected in 2019, resulting in forecast EBITDA close to that of 2018, assuming March 2019 market conditions

Christel BORIES, Eramet Chairman and CEO:

« Thanks to the new models and progress plans implemented, we achieved this quarter new mining production records in nickel and manganese.

This good performance is accompanied, in New Caledonia, by the green light given by the government to our nickel ore export request. This is an important milestone in implementing the plan to make the SLN competitive in the long-term.

The strategic and managerial transformation driven by the Group over the past two years is showing results and operating performance is improving. Despite a slightly depressed market environment, we are staying the course and confirm our targets for the year. »

Safety

At end-March 2019, the accident frequency rate (TF2[1]) was 6.4, down 23% from end-2018. The Group continues to implement its safety priority action plan, particularly through prevention and awareness operations.

Eramet group's sales by activity

(Millions of euros)	Q1 2019	Q1 2018[1]	Change (€m)	Change[3] (%)
MINING AND METALS DIVISION				
Manganese BU	434	405	+29	+7%
Nickel BU	164	177	-13	-7%
Mineral Sands BU[2]	59	25	+34	+136%
HIGH-PERFORMANCE ALLOYS DIVISION				
A&D and Erasteel	217	263	-46	-17%
Holding company & eliminations	(1)	0	-1	-
GROUP	873	870	+3	+0.3%

[1] Until 2018, data adjusted from Group reporting in which joint ventures are accounted for using proportionate consolidation. A reconciliation with the published sales is presented in Appendix 1. Data rounded up to the nearest million.

[2] Full consolidation of Mineral Sands activity, fully consolidated in the Group's accounts as of 1st July 2018 versus 50% previously.

[3] Data rounded up to higher or lower %.

N.B.: all the commented changes in Q1 2019 are calculated with respect to Q1 2018, unless otherwise specified.

In Q1 2019, the Group's sales remained stable at €873 m. At constant[2,3] scope and exchange rates[3], sales declined by 5%, mainly owing to the decline in manganese ore spot prices and nickel prices, in addition to delays in deliveries at Aubert & Duval, due to bringing quality processes into conformity.

[1] TF2 = number of lost time and recordable injury accidents for 1 million hours worked (employees and subcontractors)
[2] The scope effect is owing to the full consolidation of the Mineral Sands activity as of 1st July 2018, following the acquisition of shares in Mineral Deposits Limited, an Australian company that held a 50% stake in TiZir.
[3] See Financial glossary in Appendix 3.

♦ Mining and Metals Division

▪ Manganese BU: record manganese ore production at 1 Mt, up 14%

In Q1 2019, Manganese BU sales continued to grow at €434m (+7%), despite falling prices. This reflects an excellent level of activity for both manganese ore and alloys.

Global production for carbon steel, the main end-product for manganese, remained at a high level at 445 Mt[4] in Q1 2019, up 3.3%[4] (in line with Q4 2018). This growth was mainly driven by demand in China (+8.4%[4]), which accounts for approximately 52% of global production. The rest of the world saw a slowdown in production (-1.6%[4]) with contrasting trends, +5.8%[4] in North America and -5.1%[4] in Europe.

As a result, demand for manganese ore remained strong and all global producers continued to operate at full capacity. After falling at the start of the year, ore stocks in Chinese ports remained stable at 3.2 Mt at the end of Q1 2019.

The average price of CIF China 44% manganese ore continued to remain high at an average of USD 6.59/dmtu[5] over the quarter. However, it fell 11%[5] on Q1 2018 (USD 7.40/dmtu[5]) and 8%[5] on Q4 2018 (USD 7.12/dmtu[5]). Adjusted for the currency effect (appreciation of the dollar against the euro), the decline was -4% compared with the same period last year.

In Q1 2019, Comilog's manganese ore production in Gabon increased by 14% to 1 Mt, in line with the record production target of 4.5 Mt for 2019. Ore transported increased by 27% to 996 kt. As a reminder, Q1 2018 had been penalised by the derailment of an ore-carrying train in February. External sales volumes of ore increased by 13% to 776 kt.

In Q1 2019, manganese alloys' prices also fell in Europe, particularly for refined ferromanganese (-6%) and silico-manganese (-6%). However, they were stable or slightly higher than in Q4 2018. As a reminder, 2018 was marked by a strong squeeze effect on manganese alloys' margins, which continue to weigh on activity performance.

Manganese alloys' production delivered a record[6] 191 kt (+7%). Manganese alloys' sales increased by 4% to 175 kt.

▪ Nickel BU: major progress in SLN's rescue plan

In Q1 2019, Nickel BU sales amounted to €164m, down 7%, due to the combined effect of a decline in SLN sales (-15% to €146m) and an increase in Sandouville sales (to €18m from €6m in Q1 2018).

Global stainless steel production slightly declined 0.3%[7] in Q1 2019, with growth of 1.9%[7] estimated in China, offsetting a slight decline across most of the regions of the world. However, it rose 1.3%[7] from Q4 2018, with a wide disparity between China (-5.0%[7]) and the rest of the world (+ 9.4 %[7]), mainly driven by Europe and the United States whose production in the last quarter of the year had been marked by a strong contraction. However, global stainless steel production forecasts remain generally favourable in 2019.

Demand for primary nickel increased slightly in Q1 2019 (+1.6%[7]), driven in particular by batteries (+22.3%[7] to 41 kt[7] of primary nickel).

---

[4] Eramet estimations based on Worldsteel production data available until end-February 2019.
[5] Change calculated based on average monthly prices: CRU index (manganese ore and alloys)
[6] Over the last five years
[7] International Stainless Steel forum (ISSF) and Eramet estimations.

Global primary nickel production was also up 8.4%[7] in Q1 2019, propelled by continued growth in NPI (nickel pig iron[8] +15.3%[7]) particularly in Indonesia (+28.4%[7]).

However, this increase in supply is not yet enough to satisfy demand. Thus the nickel supply/demand balance remains in deficit at approximately 25 kt[7] of nickel over the quarter. Nickel stocks at the LME[9] and SHFE[9] fell to 193 kt at end-March 2019.

In Q1 2019, the average LME price rose by 8% from Q4 2018, to USD 5.62/lb (USD 12,388/t), while remaining below the level of Q1 2018 (USD 6.03/lb, or USD 13,287/t). Adjusted for the currency effect (appreciation of the dollar against the euro), the average LME price rose 1% compared with the same period last year.

In New Caledonia, 3 of SLN's 4 main mining centres have implemented a new schedule for working times at the mine since January ("147 hours agreement"). Despite seasonality that traditionally weighs on Q1 and despite the strike in the centre of Thio, SLN's 4th major site, mining production reached an all-time high of 908 kth (+22%). Disruptions in the East Coast mining centres (Kouaoua in 2018 and Thio since the start of the year) have significantly affected the chemistry of nickel ore processed at the Doniambo plant, which has not allowed the furnaces to operate at full capacity. As a result, SLN's ferronickel production declined 14% to 12.2 kt and sales declined 17% to 12 kt.

Nickel ore exports increased by 63% to 235 kth, in line with the target of 1.5 Mth in 2019.

In Q1 2019, SLN's cash cost amounted to USD 5.9/lb, a level comparable with that of 2018. This cash-cost was penalised by low ore content loaded into the plant furnaces given the disruptions at mines on the East Coast.

The Group has resolutely undertaken SLN’s rescue plan to ensure its production cost is reduced by USD1.30/lb in 2021.

This plan is based on three levers:

- Implementing a new business model, rebalancing on two activities, mining and metallurgy. An important milestone was achieved on 16 April with the green light from the New Caledonian government to export 4 Mth of low-grade ore per year, for a 10-year period, to its long-standing customers, but also to new customers,
- Improving operating performance of both the mines and the plant: “the 147 hours agreement” which is already fully operational on three of the four mining sites is an important first milestone. Other initiatives are still to be rolled out, in particular, the reorganisation of the plant (transition from 5 to 4 shifts) for which a majority agreement was signed with the unions on 24 April.
- Reducing energy prices: discussions are ongoing in a spirit of cooperation between the parties.

Given the situation at SLN, the speed of execution of this plan is key. Moreover, it is crucial for the company to make visible progress as of H1 2019, with all stakeholders mobilised.

At the Sandouville plant, production volumes of high-purity nickel reached 1.8 kt in Q1 2019 and associated sales amounted to 1.6 kt. The work undertaken by task force specialists in place since January is starting to show results. This progress must be consolidated and confirmed in the long-term in order to achieve our break-even target.

[8] Low-grade nickel ferroalloys.
[9] LME: London Metal Exchange; SHFE: Shanghai Futures Exchange.

- ## Mineral Sands BU: market environment favourable

In Q1 2019, Mineral Sands BU sales increased by 136% to €59m, up 18% at constant scope (100%[10] basis).

At the start of the year, the end-markets[11] of the mineral sands industry remain favourable, with demand overall slightly higher than supply. Demand for zircon remained moderate, however, while demand for titanium[12] feedstock, in particular CP-grade[13] titanium dioxide slag, produced at the Norwegian TiZir plant, remained strong.

The average price of zircon was USD 1,585/t[14] in Q1 2019, up 21% (stable versus Q4 2018), while the average price of CP grade titanium dioxide slag rose by 19% to USD 790/t[15] (+14% versus Q4 2018).

In accordance with the mining plan, this year, mining operations in Senegal are taking place in an area with lower mineral sand content. As a result, heavy mineral concentrate production (titanium ore[16] and zircon) decreased by 10% to 171 kt, despite a solid operating performance.

In Q1 2019, commercial shipments of zircon amounted to 13 kt (-27%), reflecting a slower start to sales at the beginning of the year.

Downstream, in TiZir's Norwegian plant, titanium dioxide slag production significantly increased to 53 kt, up 56%. Q1 2018 was marked by a technical incident that led to the shutdown of the pre-reduction kiln for a few weeks. Sales volumes increased by 6% to 39 kt.

- ## Projects

As regards the Group's two major investment projects, expanding the mine in Moanda in Gabon and developing lithium in Argentina, preparatory work is ongoing and studies are currently being completed.

♦ High Performance Alloys Division: delivery delays in Q1 2019 at Aubert & Duval, as announced

In Q1 2019, the High Performance Alloys division's sales ended at €217m, down 17%.

Aubert & Duval's sales[17] fell by 24% to €156m. In a still unfavourable market environment, sales were penalised by delivery delays due to the conformity programme for quality processes. These delays will continue to impact the company's sales in the second quarter.

With regard to bringing Aubert & Duval's quality management system into conformity, the additional expertise performed for this purpose in collaboration with customers for nearly five months has confirmed to date that there is no impact on the safety of the products in use.

---

[10] Following its successful takeover offer in July 2018, Tizir is now fully owned by Eramet and this asset has been fully consolidated in the Group's accounts, effective 1st July 2018

[11] Mainly ceramics for zircon and pigments for titanium feedstock

[12] Titanium dioxide slag, ilmenite, leucoxene and rutile

[13] For the manufacture pigments by chloride process ("CP slag")

[14] Source : FerroAlloyNet.com, Eramet analysis (premium zircon)

[15] Source : Market consulting, TZMI estimates, Eramet analysis

[16] Ilmenite, leucoxene and rutile

[17] Aubert & Duval, EHA and other

Conversely, Erasteel's sales increased by 12% to €61m in Q1 2019, particularly in high-speed steels, due to a raw material price effect that remained favourable. However, the fall in material prices in recent months, and particularly that of cobalt, should be reflected in the selling price of the high-speed steels concerned in the coming months.

♦ Outlook

In 2019, intrinsic growth and expected productivity gains should offset the current deterioration in market conditions compared to 2018: this would result in a forecast EBITDA close to that of 2018, assuming market conditions of March 2019.

Calendar

23.05.2019: Combined General Shareholders' meeting

24.07.2019: Publication of 2019 half-year results

23.10.2019: Publication of Q3 2019 turnover

ABOUT ERAMET

Eramet, a global mining and metallurgical group, is a key player in the extraction and valorisation of metals (manganese, nickel, mineral sands) and the elaboration and transformation of alloys with a high added value (high-speed steels, high-performance steels, superalloys, aluminium and titanium alloys).

The Group supports the energy transition by developing activities with high growth potential. These include lithium extraction and refining, and recycling.

Eramet positions itself as the privileged partner of its customers in sectors that include carbon and stainless steel, aerospace, pigments, energy, and new battery generations.

Building on its operating excellence, the quality of its investments and the expertise of its employees, the Group leverages an industrial, managerial and societal model that is virtuous and value-accretive. As a contributive corporate citizen, Eramet strives for a sustainable and responsible industry.

Eramet employs around 13,000 people in 20 countries with sales of approximately €4 billion in 2018.

For further information, go to www.eramet.com

INVESTOR CONTACT

Executive VP Strategy and Innovation - Investor Relations

Philippe Gundermann
T. +33 1 45 38 42 78

Investor Relations Manager

Sandrine Nourry-Dabi
T. +33 1 45 38 37 02

Follow us with the Eramet Finance app:
IOS:
https://itunes.apple.com/fr/app/eramet-finance/id1115212055?mt=8

Android:
https://play.google.com/store/apps/details?id=com.eramet.finance

PRESS CONTACT

Communications Director

Pauline Briand

T. +33 1 45 38 31 76

pauline.briand@eramet.com

Image 7

Marie Artzner
T. +33 1 53 70 74 31 | M. +33 6 75 74 31 73
martzner@image7.fr

APPENDICES

▪Appendix 1: Sales

Sales (€m)[1]	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
MINING AND METALS DIVISION					
Manganese BU[2]	434	531	456	465	405
Nickel BU	164	194	179	188	177
Mineral Sands BU[3]	59	77	77	33	25
HIGH-PERFORMANCE ALLOYS DIVISION					
A&D and Erasteel	217	261	239	257	263
GROUP					
Holding company & eliminations	(1)	(2)	-	-	-
Eramet group Inc. joint ventures	**873**	**1,061**	**951**	**943**	**870**
Share in joint ventures	-	(10)	(12)	(45)	(33)
Eramet group published IFRS4 financial statements[4]	**873**	**1,051**	**939**	**898**	**837**

[1] Data rounded up to the nearest million.
[2] Data restated, excluding Mineral Sands BU.
[3] Full consolidation of Mineral Sands in the Group's accounts as of 1st July 2018.
[4] Application of IFRS standard 11 "Joint Arrangements" in 2018.

▪ Appendix 2: Productions and shipments

In thousands of tonnes	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
MANGANESE BU					
Manganese ore and sinter production	1,005	1,123	1,212	1,110	885
Manganese ore and sinter transportation[1]	996	1,104	1,002	1,064	785
Manganese ore external sales	776	1,047	814	823	684
Manganese alloys production	191	181	182	178	179
Manganese alloys' sales	175	187	175	173	168
NICKEL BU					
Nickel production[2]	14	16	14	14	15
Nickel sales[3]	14	17	13	14	15
Nickel ore sales (in thousands of humid tonnes)	235	368	411	312	144
MINERAL SANDS BU					
Heavy mineral concentrate production (100%)	171	200	200	185	189
Zircon sales (100%)	13	16	15	16	18
Titanium dioxide sales (100%)	39	58	63	44	37

[1] Product and transported

[2] Ferronickel and high-purity nickel

[3] Finished products

Appendix 3: Financial glossary

Consolidated performance indicators

The consolidated performance indicators used for the financial reporting of the Group's results and economic performance and presented in this document are restated data from the Group's reporting and are monitored by the Executive Committee. In accordance with the accounting principles adopted for the Group's reporting, the operating performance of the joint-ventures have been accounted for under proportionate consolidation until 2018: the TiZir subgroup (Mineral Sands BU, Mining and Metals Division) until 30 June and the UKAD Company (High Performance Alloys Division) until 31 December.

A reconciliation of Group sales with the published data is presented in Appendix 1.

Sales at constant scope and exchange rates

Sales at constant scope and exchange rates corresponds to sales adjusted for the impact of the changes in scope and the fluctuations in the exchange rate from one year to the next.

The scope effect is calculated as follows: for the companies acquired during the financial year, by eliminating the sales for the current period and for the companies acquired during the previous period by integrating, in the previous period, the full-year sales; for the companies sold, by eliminating the sales during the period considered and during the previous comparable period.

The exchange rate effect is calculated by applying the exchange rates of the previous year to the sales for the year under review.

SLN's cash-cost

SLN's cash-cost is defined as all production and fixed costs (R&D including exploration geology, administrative expenses, logistical and commercial expenses), net of by-products credits and local services, which cover all the stages of industrial development of the finished product until delivery to the end customer and which impact the EBITDA in the company's financial statements, over production tonnage.

SLN break-even cost

The break-even cost of SLN is defined as SLN's cash-cost as defined above, plus investments (projected investments for the current year versus the projected tonnage for the current year) and financial expenses (recognised in SLN's corporate financial statements).