Press release Paris, 8 March 2007

Eramet

2006 annual results

Eramet reaps the benefits of its strategy of profitable growth

- **12% rise in current operating income**
- **Current operating margin maintained at very high level of 20%**
- **An excellent financial situation, allowing for the financing of an ambitious programme of growth and investments**
- **Dividend increased by 38% to 2.90 EUR/share**

The Board of Directors of Eramet, which met on 7 March 2007, chaired by Jacques Bacardats, has prepared the accounts for the full-year 2006. These will be submitted to the Shareholders' Meeting on 25 April 2007.

EUR m	**2006**	**2005**	**Change**
Turnover	**3,056**	**2,712**	+ 13 %
Current operating income	**607**	**542**	+ 12 %
Current operating margin	20%	20%	
Consolidated net income (excluding mining indemnity) Consolidated net income (including mining indemnity)	319 319	300 377	+ 6 % - 15 %
Earnings per share (€)	12.38	14.76	
Net operating cash flows	543	478	+ 14 %
Net cash & cash equivalents	353	364	
Dividend / share (€)	2.90	2.10	+ 38%

Statement from Jacques Bacardats:

"2006 was an excellent year, with further progress on our 2005 performance, when results were already very strong. This good performance validates our growth strategy and our strategic decisions in each of our business lines, illustrating the healthy balance between the Group's activities in staggered cycles. We again enhanced our financial strength in 2006, despite a high level of investment and the acquisition of Weda Bay, and the Group continues to generate substantial net cash. Our capital expenditure will increase again in 2007. Eramet, which has the resources to fulfil its ambitions, is ready to take advantage of targeted external growth opportunities."

- **Higher results, reflecting the ramp-up of Group investment programmes**

Current operating income rose 12%, to EUR 607 million. The current operating margin remains high, at 20% of turnover. The Group has benefited from increased deliveries of nickel and manganese ore, as well as favourable nickel prices.

This performance was achieved, not only despite the decline in sale prices of manganese, molybdenum and vanadium from the very high average levels of 2005, but also despite the serious industrial dispute in New Caledonia. This demonstrates that the Group can deliver a consistently strong financial performance and shows the healthy balance between its three divisions.

Consolidated net income rose by 6% in 2006, to EUR 319 million, compared with 2005 consolidated net income restated for the mining indemnity.

- **Strong generation of operating cash flows, allowing for the financing of a substantial investment programme**

Operating cash flows, already considerable in 2005, grew by nearly 14% in 2006, to EUR 543 million. This allowed for the financing of substantially higher levels of capital expenditure, which reached EUR 309 million (+ 34%), and the acquisition of Weda Bay Minerals (EUR 164 million).

Eramet Nickel: 60% increase in current operating income and successful acquisition of Weda Bay nickel deposit

As a result of the sharp rise in sale prices (after hedging operations) and the 13% increase in nickel deliveries, the current operating income of Eramet Nickel grew by 60% in 2006, to EUR 388 million. This was achieved despite the fact that SLN's activity in New Caledonia was affected by industrial disputes in the 2^{nd} half 2006.

The nickel hedging programme applied to about 40% of deliveries in 2006, at a price of about 6.9 USD/lb.

The acquisition of the Weda Bay nickel deposit in Indonesia, which took place in 2006, brings the Group a major growth driver. The development of this deposit, world class in terms of size and ore grade, means that Eramet Nickel can aim in the long term to nearly double its current nickel production (+60,000 t).

Moreover, the Weda Bay deposit will allow Eramet Nickel to implement industrially for the first time the efficient hydrometallurgical process developed at the Eramet group's Research Centre.

Eramet Manganese: current operating margin sustained at 15%, despite the sharp decline in manganese, molybdenum and vanadium prices

Despite the substantial drop in manganese, molybdenum and vanadium prices, Eramet Manganese successfully maintained strong profitability, with a current operating margin of 15%. The division's current operating income came in at EUR 170 million in 2006 (-36%).

This illustrates the competitiveness of Eramet Manganese, as well as the successful growth of Comilog's manganese ore deliveries in Gabon. Deliveries reached 3 million tonnes in 2006, in line with targets.

Oil catalyst recycling (GCMC, USA) felt the effects of lower sale prices as expected, but activity continued to grow in terms of volume, confirming the need for the programme to increase production capacity under way in Canada. Oil catalyst recycling also benefited in 2006 from the integration, from end-2005, of Bear Metallurgical (USA), which produces ferrovanadium and ferromolybdenum.

Eramet Alloys: 32% increase in current operating income

Eramet Alloys continued to develop its activity in the growth markets of aeronautics and energy.

The Alloys division pursued its commercial and industrial efforts to enhance profitability. Current operating income rose by 32% in 2006, to EUR 62 million, with a 1 percentage point increase in the current operating margin, to 7%. WCR as a percentage of turnover began to decline.

The year was marked by the completion of Aubert & Duval's new closed-die forging plant in Pamiers. This integrated plant, equipped for heat treatment and rolling for a 40,000 t closed-die forging press, is a major axis of growth for Eramet Alloys. It began producing its first parts in the 2nd half 2006.

- **A balance sheet structure allowing for financing of ambitious development**

The Group's financial situation improved further in 2006. Despite the cost of the Weda Bay Minerals acquisition (EUR 164 million), net cash was almost unchanged compared with 2005, at EUR 353 million.

The Group has the financial resources to fulfil its ambitious programme of development and to take advantage of any targeted external growth opportunities.

- **Dividend increased by 38 % to 2.90 EUR/share**

The Board of Directors will propose to the Shareholders' Meeting a dividend payment of 2.90 EUR/share. This represents an increase of 38%, reflecting the quality of the results and the Group's confidence in the outlook for 2007.

- **Pursuit of growth strategy in 2007**

Nickel prices on the LME topped 40,000 USD/t during February 2007. Global nickel production should rise substantially in 2007, particularly in China, with the current development of nickel pig iron, produced using imported ore with low nickel content. Current nickel prices, which are extremely high, appear speculative and vulnerable to any slowing of demand.

The nickel hedging programme set up in 2006 for the year 2007 covers about 40% of forecast deliveries in 2007 for an average price of about 19,000 USD/tonnes (8.5 USD/lb). This represents a strong safety net if the current speculative bubble bursts.

Eramet Nickel is pursuing its programme of investments in New Caledonia, aiming to increase its nickel production capacity to 75,000 t. The Tiebaghi enrichment plant in the North, the final part of the programme, will start up in the 1st half 2007, leading to 120 direct job creations in the province. Investment will also be made in old equipment. This will involve revamping of four ore calcining furnaces (including two in 2007) and in 2008 an electric arc furnace, on the model of the furnace rebuilt in 2004.

Furthermore, the Group has launched studies with a view to building a new electricity station to supply the Doniambo plant (New Caledonia), to replace the current, very old, electricity station and thus enhance its competitiveness while improving its environmental performance.

Factoring in the effects of industrial disputes, as well as planned revamping of two ore calcining furnaces, the target for metallurgical nickel production at the Doniambo plant in 2007 is about 65,000 t, 5% more than in 2006. Nickel deliveries should be approximately 2,000 tonnes lower than this, in order to replenish inventories of finished products.

Eramet is on target with all its investment projects

Research work for the Weda Bay Nickel project (Indonesia) is proceeding in a satisfactory manner. R&D teams at Eramet's research centre will carry out piloting campaigns for the hydrometallurgical process developed by Eramet in the 1st half 2007. Mining tests will also be carried out during 2007 at the Weda Bay site.

The manganese market is performing well, due to continuing sustained growth in global carbon steel production. Eramet Manganese continues to ramp up manganese ore production, aiming for 3.3 million tonnes in 2007, then 3.5 million tonnes in 2008.

In China, construction of the new electrolytic manganese dioxide (EMD) plant at Chongzuo was completed in January 2007. The gradual start-up of the various parts of the process, and the subsequent qualification of production with customer producers of alkaline batteries, will take place in the next few months.

In Canada, completion of the new Canadian plant of GCMC (catalyst recycling) in Alberta, near bituminous sand refineries with rapidly growing activity, is planned for the 4th quarter 2007.

The new closed-die forging plant of Eramet Alloys, equipped with a 40,000 t press, will ramp up in 2007, allowing the division to pursue strong development on the rapidly growing aircraft engine market. The Alloys division is pursuing efforts to reduce working capital and improve its margins, notably through a more selective commercial policy and new product development.

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Eramet will hold its Shareholders' Meeting on 25 April 2007 at Hotel Lutetia, 45 Boulevard Raspail, 75006 Paris.

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ERAMET 2006 CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

(millions of euros)	2006 FY	2005 FY	2004 FY
Sales	**3 056**	**2 712**	**2 521**
Other income	10	36	93
Cost of products sold	(2 171)	(1 916)	(1 699)
Administrative & selling costs	(102)	(106)	(104)
Research & development expenditure	(35)	(32)	(33)
EBITDA	**758**	**694**	**778**
Depreciation, amortisation & impairment of non-current assets	(144)	(127)	(127)
Impairment losses and provisions	(7)	(25)	(8)
Current operating income	**607**	**542**	**643**
Other operating income and expenses	23	112	(27)
Operating income	**630**	**654**	**616**
Net cost of debt	7	(3)	(8)
Other finance income and expenses	(4)	(9)	(2)
Share in earnings of affiliates	1	2	1
Income tax	(174)	(126)	(129)
Net income	**460**	**518**	**478**
- minority part	141	141	132
- Group part	**319**	**377** *	**346**
Basic earnings per share (EUR)	12.38	14.76 *	13.75
Diluted earnings per share (EUR)	12.28	14.62	13.50

* of which € 77 million, or 3 euros per share, in exceptional net profit (Group share) as the total effect of the outcome of the Bercy Agreements

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BALANCE SHEET

Assets

(millions of euros)	**12/31/2006**	**12/31/2005**	**12/31/2004**
Goodwill	36	35	35
Intangible assets	320	72	67
Property, plant & equipment	1 331	1 193	1 055
Companies accounted for using the equity method	3	11	16
Other financial assets	67	62	50
Deferred tax	266	127	127
Other non-current assets	6	6	-
Non-current assets	**2 029**	**1 506**	**1 350**
Inventories	769	760	601
Trade receivables and other current assets	631	517	472
Tax receivables	74	85	73
Financial derivatives	55	25	15
Cash and cash equivalents	643	523	437
Current assets	**2 172**	**1 910**	**1 598**
Total assets	**4 201**	**3 416**	**2 948**

Shareholders' equity and liabilities

(millions of euros)	**12/31/2006**	**12/31/2005**	**12/31/2004**
Share capital	79	79	79
Share premiums	222	219	218
Reserves	999	793	490
Translation adjustments	(5)	18	(6)
Net income (loss)	319	377	346
	1 614	**1 486**	**1 127**
Minority interests	525	499	375
Shareholders' equity	**2 139**	**1 985**	**1 502**
Employee benefits	125	145	131
Provisions	171	187	179
Deferred tax	340	234	233
Borrowings - due in more than one year	72	49	60
Other non-current liabilities	27	20	13
Non-current liabilities	**735**	**635**	**616**
Provisions - due in less than one year	28	20	34
Borrowings - due in less than one year	218	110	89
Trade payables and other current liabilities	569	543	581
Tax payables	145	80	124
Financial derivatives	367	43	2
Current liabilities	**1 327**	**796**	**830**
Total shareholders' equity and liabilities	**4 201**	**3 416**	**2 948**

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STATEMENT OF CHANGES IN NET CASH/BORROWING POSITION

(millions of euros)	2006 FY	2005 FY	2004 FY
Opertating activities			
EBITDA	758	694	778
Elimination of non-cash or non-business items:	(164)	(63)	(195)
Operating cash flow before changes in working capital	**594**	**631 ***	**583**
Changes in operating working capital requirement	(51)	(153)	(65)
Net cash flows from operating activities	**543**	**478 ***	**518**
Investing activities			
Capital expenditure	(309)	(231)	(240)
Non-current financial assets	(192)	(32)	(75)
Disposals of non-current assets	17	19	15
Investment subsidies received	14	-	21
Net change in non-current asset receivables / liabilities	(4)	(113)	(6)
Changes in scope of consolidation and loans	11	21	-
Dividends from equity accounted affiliates	1	2	4
Net cash flows from investing activities	**(462)**	**(334)**	**(281)**
Financing activities			
Dividends paid	(98)	(73)	(35)
Share capital increases	3	1	6
Changes in working capital requirement related to financing activities	2	1	-
Net cash flows from financing activities	**(93)**	**(71)**	**(29)**
Impact of translation adjustments	1	3	2
Decrease (increase) in net cash (borrowing) position	**(11)**	**76**	**210**
Opening net cash (borrowing) position	**364**	**288**	**78**
Closing net cash (borrowing) position	**353**	**364**	**288**

* of which + € 124 million, with no impact on the Group's net cash position, will be the effect on the 2005 accounts of the outcome of the Bercy Agreements

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SEGMENT REPORTING

by division

(millions of euros)	Nickel	Manganèse	Alloys	Holding & eliminations	Total
Full year 2006					
Non-Group sales	1 015	1 147	892	4	**3 058**
Intra-Group sales	4			(6)	**-**
Sales	1 019	1 147	892	(2)	**3 056**
Cash flows from operating activities	327	176	93	(2)	**594**
Current operating income	388	170	62	(13)	**607**
Other operating income and expenses	-	-	-	-	**23**
Operating income	-	-	-	-	**630**
Cost of borrowed capital	-	-	-	-	**7**
Other finance income and expenses	-	-	-	-	**(4)**
Share of income from equity accounted companies	-	-	-	-	**1**
Income tax	-	-	-	-	**(174)**
Minority interests	-	-	-	-	**(141)**
Group net income (loss)	-	-	-	-	**319**
Non-cash expenses	(49)	(26)	(49)	(10)	**(134)**
- depreciation & amortisation	(53)	(54)	(37)	(1)	**(145)**
- provisions	(9)	24	3	(1)	**17**
- impairment losses	-	1	(2)	-	**(1)**
Capital expenditure (intangibles and property, plant & equipment)	125	122	58	4	**309**
Total balance sheet assets (current and non-current)	2 037	1 180	1 161	(177)	**4 201**
Total balance sheet liabilities (current and non-current excluding sareholders)	814	493	783	(28)	**2 062**
Full year 2005					
Non-Group sales	766	1 134	811	1	**2 712**
Intra-Group sales	8	1	-	(9)	**-**
Sales	774	1 135	811	(8)	**2 712**
Cash flows from operating activities	355	223	59	(6)	**631**
Current operating income	243	264	47	(12)	**542**
Other operating income and expenses	-	-	-	-	**112**
Operating income	-	-	-	-	**654**
Cost of borrowed capital	-	-	-	-	**(3)**
Other finance income and expenses	-	-	-	-	**(9)**
Share of income from equity accounted companies	-	-	-	-	**2**
Income tax	-	-	-	-	**(126)**
Minority interests	-	-	-	-	**(141)**
Group net income (loss)	-	-	-	-	**377**
Non-cash expenses	(59)	(21)	(29)	(4)	**(113)**
- depreciation & amortisation	(51)	(39)	(36)	(3)	**(129)**
- provisions	(8)	16	11	6	**25**
- impairment losses	-	(7)	(2)	-	**(9)**
Capital expenditure (intangibles and property, plant & equipment)	68	94	66	3	**231**
Total balance sheet assets (current and non-current)	1 446	1 146	1 057	(233)	**3 416**
Total balance sheet liabilities (current and non-current excluding sareholders)	422	528	718	(237)	**1 431**

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by division

(millions of euros)	Nickel	Manganèse	Alloys	Holding & eliminations	Total
Full year 2004					
Non-Group sales	759	1 103	659	-	**2 521**
Intra-Group sales	6	-	-	(6)	-
Sales	765	1 103	659	(6)	**2 521**
Cash flows from operating activities	321	240	21	1	**583**
Current operating income	309	326	16	(8)	**643**
Other operating income and expenses	-	-	-	-	**(27)**
Operating income	-	-	-	-	**616**
Cost of borrowed capital	-	-	-	-	**(8)**
Other finance income and expenses	-	-	-	-	**(2)**
Share of income from equity accounted companies	-	-	-	-	**1**
Income tax	-	-	-	-	**(129)**
Minority interests	-	-	-	-	**(132)**
Group net income (loss)	-	-	-	-	**346**
Non-cash expenses	(76)	(5)	(28)	3	**(106)**
- depreciation & amortisation	(51)	(44)	(36)	(2)	**(133)**
- provisions	(3)	40	6	(6)	**37**
- impairment losses	-	(5)	-	-	**(5)**
Capital expenditure (intangibles and property, plant & equipment)	139	39	60	2	**240**
Total balance sheet assets (current and non-current)	1 371	1 013	890	(326)	**2 948**
Total balance sheet liabilities (current and non-current excluding sareholders)	520	556	586	(216)	**1 446**

Segment reporting

by geographic region

(millions of euros)	Europe	North America	Asia	Oceania	Africa	South America	Total
Sales (destination of sales)							
Full year 2006	**1 532**	**638**	**725**	**42**	**98**	**21**	**3 056**
Full year 2005	1 358	614	666	27	29	18	**2 712**
Full year 2004	1 251	500	673	33	44	20	**2 521**
Capital expenditure (intangibles and property, plant & equipment)							
Full year 2006	**86**	**33**	**29**	**113**	**48**	**-**	**309**
Full year 2005	98	21	10	60	42	-	**231**
Full year 2004	79	16	2	135	8	-	**240**
Total balance sheet assets (current and non-current)							
Full year 2006	**2 578**	**324**	**362**	**634**	**303**	**-**	**4 201**
Full year 2005	2 006	369	115	654	272	-	**3 416**
Full year 2004	1 524	269	82	861	212	-	**2 948**