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## **PRESS RELEASE**

### **ERAMET group: Sales up sharply in first-quarter 2017**

- **Sales in first-quarter 2017 at €854 million, up sharply (+28%) compared with first-quarter 2016.**
- **Nickel prices and manganese ore prices in first-quarter 2017 came out at substantially higher levels compared with their levels in early 2016, +21% and +180% respectively.**
- **ERAMET Nickel first-quarter 2017 sales were up by 32% compared with the same period in 2016. ERAMET Manganese sales were up by 41% and ERAMET Alloys sales were up by 12%.**
- **Completion of asset disposals program through the closing on 3 April 2017 of the sale of Eurotungstene to Umicore.**
- **Group markets globally remain on a positive trend for 2017, without, however, being able to extrapolate the level of growth of the first quarter**

ERAMET group sales by branch of activity:

Sales <sup>1</sup> (€ million)	Q1 2017	Q1 2016	Change
ERAMET Nickel	156	118	32%
ERAMET Alloys	280	250	12%
ERAMET Manganese	418	297	41%
Holding company & eliminations	0	1	-
<b>ERAMET Group</b>	<b>854</b>	<b>666</b>	<b>28%</b>

<sup>1</sup> Adjusted data from Group reporting in which the joint ventures are accounted for under the proportional consolidation method.

**At comparable scope of activity (particularly restated for disposals completed at end-2016), the change in first-quarter Group sales will be estimated at +37% compared with first-quarter 2016).**

- **ERAMET Nickel: sales up 32% in first-quarter 2017 compared with first-quarter 2016.**

Global stainless steel production, the main outlet for nickel, was up sharply (+10%) over the first three months of 2017 compared with the same period in 2016, at 11.2 million tonnes. First-quarter stainless steel world production is down 5% compared with Q4 2016.

The quarterly average for nickel prices at the LME stood at USD 4.66/lb, a substantial increase compared with the same period for 2016 (+21%). Nickel prices, however, were down by 5% compared with fourth-quarter 2016.

At end-March 2017, the cumulated metal nickel stocks held at the LME and SHFE (Shanghai Futures Exchange) were down slightly compared with the start of the year (-3%). They are still at high levels (453,000 tonnes).

In general, the nickel market remains uncertain:

- In Indonesia, the government announced on 12 January 2017 a partial relaxation of the ban (prohibiting exports of locally unprocessed nickel ore), whereas the regulation had contributed the expected investments in the Indonesian mining and metallurgy sector.
- In the Philippines, the government launched an environmental audit which in early February 2017 had led to the intention of shutting down or suspending operations at approximately 20 nickel mines. This measure, which has been strongly criticised by certain actors, is still to be completed. This uncertainty has weighed on nickel prices in recent weeks.

Nickel metallurgical production at the Doniambo plant (New Caledonia) was up slightly by 3% in first-quarter 2017 (14,175 tonnes) compared with the corresponding period in 2016. Demand for SLN ferronickel, a product always appreciated by stainless steel producers, remained very strong.

As part of its asset disposals program and following the agreement concluded on 9 December 2016, ERAMET finally closed the sale of Eurotungstene (producing and marketing metal powders and pre-alloys) to Umicore, effective from 3 April 2017.

On the Sandouville nickel refinery, the process reconfiguration continues, aiming to treat a new nickel matte. The launch of the new production will take place at mid-year. The Sandouville plant will strengthen its production of nickel salts, a market in which ERAMET is positioned as world leader.

- **ERAMET Alloys: sales up (+12%) in first-quarter 2017 compared with first-quarter 2016.**

The increase in ERAMET Alloys sales reflects robust order books and includes a recovery of 2016 order deliveries. The aerospace sector, the first market for ERAMET Alloys, remains strong at the start of this year.

In January 2017, ERASTEEL began operating spent catalysts and batteries recycling facilities at its Commentry (Allier, France) plant, allowing for the optimisation of its existing steel melting shop and opening up a new market segment that will be gradually ramped up in the course of the year.

EcoTitanium, the first aerospace grade titanium recycling operation in Europe, started its plasma furnace on 3 February 2017. This new activity now enters a phase of aerospace standard qualifications which will be spread over several quarters.

- **ERAMET Manganese: sales up sharply by 41% compared with first-quarter 2016.**

Gross world production of carbon steel, the main outlet for manganese, increased by 5.7%<sup>1</sup> in first-quarter 2017 compared with first-quarter 2016, and by 1.2%<sup>1</sup> compared with Q4 2016. The strong demand for steel in China as well as in emerging countries (particularly India and Latin America) offers at the start of 2017 a favourable outlook for world steel production.

In first-quarter 2017, the average for CIF China 44% manganese ore prices (source CRU) stood at USD 5.79/dmtu, up by 180% compared with the same period for 2016. Since the very high levels at the end of 2016, manganese ore prices trended downwards in first-quarter 2017 before firming up again in April.

Quarterly manganese ore production at Moanda in Gabon was above that of first-quarter 2016 during which mining operations had been suspended under the market conditions that then prevailed.

Prices for manganese alloys remained very strong in first-quarter 2017. Prices for refined alloys notably reached high levels, reflecting very robust market demand in this sector.

- **TiZir (a joint venture operated 50/50 with Mineral Deposits Limited)**

On the TiZir mine in Senegal, 141,000 tonnes of heavy mineral concentrates were produced. This was a similar level to that of first-quarter 2016. Production is above the objectives that were set for the first-quarter.

Downstream, at the TiZir facility in Norway, after a successful return to operation on 7 January 2017, the ramp-up of the furnace is progressing well. The first shipment of titanium dioxide slag was completed on 28 March, ahead of the schedule that was previously communicated.

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<sup>1</sup> Source: World Steel Association

- **Changes in ERAMET Group governance**

On 23 February 2017, Mrs Christel BORIES was appointed Deputy Chief Executive Officer by Mr Patrick BUFFET, ERAMET Group Chairman & Chief Executive Officer. Mrs BORIES will be expected to succeed Mr BUFFET at the conclusion of the General Meeting on 23 May 2017.

- **Outlook**

The sharp increase in first-quarter sales cannot necessarily be extrapolated for the full year especially given the uncertainties relating to prices for metals. However, the Group's markets remain on a positive trend for 2017 thanks to momentum in the construction, automotive and aerospace sectors.

In addition, the very significant efforts towards productivity improvement and cost reduction continue to be actively implemented at all of the Group's sites and entities.

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## ABOUT ERAMET

ERAMET is one of the leading global producers of:

- alloying metals, particularly manganese and nickel, used to improve the properties of steel,
- as well as high-performance special steels and alloys used in industries such as aerospace, power generation and tooling.

ERAMET is also developing activities with high growth potential, such as mineral sands (titanium dioxide and zirconium), lithium and recycling.

The Group employs nearly 13,000 people in around 20 countries.

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## APPENDICES

### Appendix 1: Sales

Sales (€ million)	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
ERAMET Nickel	<b>156</b>	186	154	137	118
ERAMET Alloys	<b>280</b>	246	206	247	250
ERAMET Manganese	<b>418</b>	466	353	323	297
Holding & eliminations	-	(1)	1	-	1
<b>ERAMET Group</b> including joint ventures	<b>854</b>	897	714	707	666
Joint ventures' portion	<b>(20)</b>	(21)	(22)	(28)	(16)
<b>ERAMET Group</b> IFRS published financial statements <sup>1</sup>	<b>834</b>	876	692	679	650

<sup>1</sup> Application of IFRS 11 "Joint Arrangements".

### Appendix 2: Production and shipments

In tonnes	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Nickel production <sup>1</sup>	<b>14,175</b>	13,642	15,848	11,982	13,755
Nickel sales <sup>2</sup>	<b>13,108</b>	15,643	14,015	14,071	12,392
Production of manganese ore and sinter	<b>817,000</b>	986,000	910,000	829,000	688,000
Manganese alloy production	<b>179,000</b>	172,000	181,000	173,000	176,000
Manganese alloy sales	<b>163,000</b>	180,000	175,000	185,000	185,000

<sup>1</sup> Ferronickel and matte

<sup>2</sup> Finished products