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PRESS RELEASE

ERAMET group: sales up in third-quarter 2017

- **Sales in third-quarter 2017 at €877 million, up by 23% compared with third-quarter 2016.**
- **Stability in manganese ore and alloys prices since the start of the year at sustained levels.**
- **Nickel prices still low but positive signs in future demand.**
- **Success of the €500 million bond issue maturing in February 2024, strengthening the Group's financial liquidity.**
- **Current operating income for 2017 expected to be very significantly higher than the one of last year with a current operating income in second-half 2017 above the one of first-half 2017.**

- **Sales by branch of activity**

Sales ¹ (€ million)	Q3 2017	Q3 2016	Change	9 months 2017	9 months 2016	Change
ERAMET Manganese	492	353	+39%	1,412	973	+45%
ERAMET Nickel	143	154	-7%	455	409	+11%
ERAMET Alloys	241	206	+17%	805	703	+15%
Holding company & eliminations	1	1	-	2	2	-
ERAMET group	877	714	+23%	2,674	2,087	+28%

¹ Adjusted data from Group reporting in which the joint ventures are accounted for under the proportional consolidation method. Reconciliation with the sales published is presented in the appendices.

- **ERAMET Manganese**

Gross global production for carbon steel, the main outlet for manganese, was up by 5% over the first nine months of the year compared with the same period for 2016, driven by increased demand in China (more than 5%) and the rest of the world, mainly in Europe (nearly 6%) and India (approximately +5%). Production in China reached a new record level in August but it should be noted that some capacities that were never reported in the statistics were closed because they were judged to be too polluting. Production outside China benefitted from a fall in exports of Chinese steel, given the dynamics of the domestic Chinese market and the strengthening of anti-dumping measures in the United States and Europe.

Demand for manganese ore was driven by these various factors and absorbed export records out of South Africa whilst reducing the stocks in Chinese ports which fell back down to a reasonable level of 2.3 million tonnes.

In this environment, CIF China 44% manganese ore prices (source CRU) recovered compared with first-half 2017 (USD 5.7/dmtu) and currently remain above USD 6/dmtu. Manganese alloys prices have remained stable over this quarter.

In Moanda in Gabon, ERAMET Manganese production set a new production record at 1.14 million tonnes of manganese ore over the last 3 months, enabling Comilog to post production of 3.1 million tonnes over the first nine months of the year, up by 27% compared with the same period of last year and in line with the annual target of 4 million tonnes.

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

In third-quarter 2017, TiZir recorded sales of USD 56 million, up sharply (+29%) compared with third-quarter 2016.

Market conditions continued to strengthen throughout the quarter, with the outlook for zircon looking particularly strong.

Heavy mineral concentrate production in Senegal came out at 196,000 tonnes in third-quarter 2017 (+40% compared with the same period in 2016), reaching 541,000 tonnes in the first nine months. In Norway, the ramp up of the plant at Tyssedal has been



successful: titanium dioxide slag production met the objectives set with the stable running of equipment and particularly the furnace.

- **ERAMET Nickel**

Nickel stocks at the LME and SHFE have continued their gradual downward trend over this third quarter, reaching 436,000 tonnes at end-September, down by 11,000 tonnes compared with end-June 2017.

Global stainless steel production could reach a new record at approximately 47 million tonnes, i.e. an increase of 1.8 million tonnes over a year (approximately +4%). Performance in the second half is expected to be much better in China after production shutdowns in the first-half of the year and destocking effects. Consequently, nickel consumption by the stainless steel industry looks set to increase by approximately 100,000 tonnes over the year (approximately +7% compared with 2016).

Demand for nickel is now also driven by the excellent prospects provided by growth in the Lithium-ion batteries sector, primarily intended for electric and hybrid vehicles. ERAMET estimates that demand for nickel excluding stainless steel should grow at around 5% a year over the next few years, including around 15% a year in the specific batteries sector.

In 2017, primary nickel consumption is expected to come out at around 2.2 million tonnes (approximately +6%).

Global nickel production is up slightly over 9 months compared with the same period in 2016. The continued growth in low-grade nickel ferroalloys (nickel pig iron) production in Indonesia largely offset the production closures decided due to a lack of profitability. In addition, the situation in the Philippines remains dependent on the decisions by the government on the closure of some mines. It should be noted that local mining production in the Philippines was down by 24% in first-half 2017 compared with 2016.

The price average therefore increased by 2.4% to USD 4.77/lb, compared with an average of USD 4.66/lb in third-quarter 2016 and USD 4.43/lb in first-half 2017.

Nickel metallurgical production at the Doniambo plant (New Caledonia) was up by 1% at end-September 2017 compared with the same period for 2016, reaching 42,070 tonnes of nickel. The Sandouville plant is pursuing its ramp-up programme to achieve its nominal capacity of 15,000 tonnes of high-purity nickel metal and nickel salts.

In early September, ERAMET also announced the start of a new project to strengthen the performance plan of its subsidiary, Société Le Nickel (SLN), in New Caledonia. Given that achieving the objective of USD 4.5/lb set for end-2017 is not sufficient to guarantee the company's long-term future over cycles, a new cash-cost objective has been set at USD 4.0/lb by end-2020. This objective will be achieved thanks to an improvement in competitiveness in two main areas: productivity and energy costs.

- **ERAMET Alloys**

Sales for the Alloys branch increased sharply compared with 2016. Cumulative sales over nine months were up from €703 million to €805 million, i.e. an increase of 15%, mainly attributable to an increase in volumes observed since the start of the year 2017 partly due to the catch-up of late deliveries of 2016 orders.



ERASTEEL continues to increase its production volumes in high-speed steels at the same time as the ramp-up of its various projects.

In September 2017, ERAMET inaugurated EcoTitanium, Europe's first plant to produce aerospace-grade titanium by recycling, which produces alloys from solid scrap and cuttings collected from the major aircraft manufacturers and their subcontractors. This project, which required an investment of €48 million, will offer the aerospace industry a new supply stream for titanium, which is environmentally responsible and fully independent from existing American and Russian suppliers.

- **Financial situation**

ERAMET group has satisfactory financial liquidity. This liquidity was strengthened during this quarter with a €500 million bond issue maturing in February 2024. This confirms investors' confidence in the group's growth potential and its prospects.

- **Thresholds exceeded in ERAMET's capital**

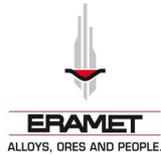
On 13 September 2017, the Italian banks Intesa San Paolo SpA and Unicredit SpA announced they sold their entire stake in the Group's capital, i.e. 11.176%, to different investors. These two banks had acquired these shares previously held by the Carlo Tassara France holding in December 2016.

In addition, the funds Marshall Wace LLP and Schrodgers plc indicated that they had exceeded the threshold of 1% of the Group's capital ownership following this date.

- **Outlook**

Given, on the one hand, manganese prices which have held up well and to a lesser extent, the recovery started in nickel prices, and on the other hand, the progress made in productivity and cost reductions which have been achieved or which are undergoing implementation, ERAMET's current operating income for 2017 looks set to be very significantly higher than that of 2016 with a current operating income in second-half 2017 above that of first-half 2017.

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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;
- high-performance special steels and alloys used in industries such as aerospace, power generation and tooling;
- mineral sands (titanium dioxide and zircon) used for pigment manufacturing and ceramics industry.

ERAMET is also developing activities with high growth potential, such as lithium and base metals recycling.

The Group employs approximately 13,000 people in 20 countries. ERAMET is part of Euronext Paris Compartment A.

CONTACT

Vice-President Strategy and Investor Relations

Philippe Gundermann

Tel: +33 (0)1 45 38 42 78

Strategy and Investor Relations Analysts

Arthur Perroton - Tel: +33 (0)1 45 38 37 32

Ludovic Donati - Tel: +33 (0)1 45 38 42 88

For more information: www.eramet.com

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APPENDICES

Appendix 1: Sales

Sales (€m)	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
ERAMET Manganese	492	502	418	466	353
ERAMET Nickel	143	156	156	186	154
ERAMET Alloys	241	284	280	246	206
Holding company & eliminations	1	1	-	(1)	1
ERAMET group Including joint ventures	877	943	854	897	714
Joint ventures share	(32)	(36)	(20)	(21)	(22)
ERAMET group IFRS published financial statements ¹	845	907	834	876	692

¹ Application of IFRS 11 "Joint Arrangements".

Appendix 2: Production and shipments

In k tonnes	Q3 2017	Q3 2016	Change	9 months 2017	9 months 2016	Change
Production of manganese ore and sinter	1,146	910	+26%	3,079	2,427	+27%
Production of manganese alloys	177	181	-2%	539	530	+2%
Manganese alloy sales	172	175	-2%	510	545	-6%
Heavy mineral concentrate production ¹	196	140	+40%	541	419	+29%
Nickel production ²	14.7	15.8	-7%	44.0	41.6	+6%
Nickel sales ³	13.7	14.0	-2%	42.3	40.5	+4%

¹ in Senegal

² Ferronickel and matte until end-2016, Ferronickel and high purity nickel from 2017

³ Finished products