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PRESS RELEASE

ERAMET Group: 2017 results up sharply in the context of a favourable metals market

- **Sales up by 22% in 2017 at €3,652m.**
- **Current operating income at €608m, up €524m versus 2016, in the context of very favourable manganese prices.**
- **Net income Group share at €203m.**
- **Positive Free Cash-Flow at €476m.**
- **Net debt reduced to €376m, resulting in a net debt-to-equity ratio of 19% versus 47% at end-2016.**
- **Operating performance targets fully achieved:**
  - **2014-2017 Group productivity plan: cumulative productivity gains of €405m during the period (versus a target raised to €400m)**
  - **SLN 2018 plan: decrease of cash-cost to USD 4.44/lb[1] in H2 2017 (versus a target of USD 4.50/lb[1] at end-2017)**
  - **Production record at COMILOG: 4.1 Mt of manganese ore produced and transported in 2017 (versus a target of 4.0 Mt)**
  - **22% decrease in accident frequency rate at work**
- **Resumption of a dividend payment: €2.3 per share, accounting for 30% of net income Group share, will be submitted for approval at the Annual General Meeting of Shareholders on 24 May 2018.**

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[1] Figures at constant economic conditions (early 2016).

Christel BORIES, Chairman and CEO of ERAMET Group, commented:

"2017 was a key milestone for ERAMET, with current operating income up sharply to more than €600m in a particularly favourable manganese market.

In 2017 we started a new strategic impetus and a significant managerial transformation for the Group, aiming to make it more agile and competitive in a rapidly changing market, thereby repositioning towards value-accretive, long-term growth.

Our strategic transformation is based on three key levers: sustainable improvement in the profitability of our least performing assets by fixing and/or strategically repositioning them; growth in businesses where we have a real competitive advantage; developing our position in new high value-accretive markets, particularly through strengthening our position in metals for energy transition.

Our managerial transformation is focused on leaner and more responsive organisations, open to a changing environment. It is supported by dynamic management of our talents, making our managers accountable, and a stronger focus on performance, results and innovation.

Our actions are based on the digital revolution, which impacts all our businesses, driving us to revisit our business model for greater performance. These initiatives are also entirely in line with the Group's societal and environmental commitments to provide our clients and partners with the sustainable solutions that best meet their needs.

We approach 2018 with confidence and determination whilst remaining highly vigilant regarding short-term trends in our markets and particularly regarding demand for metals in China.

Together with the Board of directors, I would like to thank all ERAMET teams who contributed to these good results. All Group employees are fully committed to strengthening operational excellence at all levels of our organisation and to implementing ERAMET's new strategy."

ERAMET's Board of Directors met on 20 February 2018 under the chairmanship of Christel BORIES, and approved the financial statements for FY 2017[2] which will be submitted for approval at the General Meeting on 24 May 2018.

- **Key figures for ERAMET Group**

in €m*	2017	2016	Change
Sales	3,652	2,984	+22%
EBITDA	871	375	+132%
Current operating income (COI)	608	84	+624%
Impairment of assets and tax receivables	(42)	(167)	-75%
Net income – Group share	203	(179)	n.a.
Free Cash-Flow	476	(66)	n.a.
Net debt	(376)	(836)	-55%
Net debt-to-equity ratio	**19%**	**47%**	

*Adjusted data from Group Reporting, in which joint ventures are accounted for using proportionate consolidation. The reconciliation with the published financial statements is presented in the appendices.

ERAMET Group recorded strong results for FY 2017, driven in particular by sales growth of 22% versus 2016 at €3,652m (+30% at constant scope and exchange rates).
Scope and currency effects had a negative impact of -€240m. On the one hand, they notably reflect the sale of the Manganese division's chemicals and recycling business (-€205m) and the sale of Eurotungstene (-€24m), and on the other, the negative currency impact (-€28m, largely owing to the Euro versus US dollar exchange rate).

Group current operating income was up sharply at €608m, mainly driven by very favourable price development in manganese, but also by productivity gains of €99m (i.e. a total of €405m over the 2014-2017 period, in line with the raised target).

Net income Group share was positive at €203m whereas a loss of €179m was reported for 2016.

Industrial capex ended at €230m, up by c. 6% versus the low level recorded in 2016.

Net debt stood at €376m at 31 December 2017, versus €836m at end-2016. Free Cash-Flow, which has been positive over the past three semesters, amounted to €476m in 2017.

It includes a non-recurring effect of €25m linked to disposal of the Group's headquarters situated in the Tour Montparnasse. Relocation of the Group's headquarters in Paris is scheduled for June 2018.

[2] Audit procedures for the 2017 consolidated financial statements are complete and the certification report is in the process of being issued

The net debt-to-equity ratio stood at 19% at end-2017.

- **Financial situation**

Average debt maturity, of which 81% is based on fixed rates (excluding RCF), was extended through several operations. In September 2017, ERAMET thus successfully closed its bond issue of €500m maturing in February 2024. This bond issue was largely subscribed by a diversified base of institutional investors, mainly international.

In July 2017, TiZir, which is 50% owned by ERAMET, issued a new partly amortised bond of USD 300m with end-maturity on July 2022. This bond has mainly been dedicated to the refinancing of the previous bond, which matured in September 2017.

ERAMET Group repaid the entire draw down of its revolving credit facility ("RCF"), of which €730m in 2017 and €250m in January 2018. The RCF had been drawn down early 2016. Moreover, in February 2018, this RCF was extended for €981m and a five-year maturity with a new term in 2023. Thus, ERAMET Group's financial liquidity has significantly increased at €2.8bn.

Given the change in the Group's market capitalisation and free float, ERAMET stock was relisted on the SBF 120 index at end-2017.

- **Dividends**

At the vote of the General Meeting of Shareholders on 24 May 2018, the Board of Directors will submit for approval a dividend payment of €2.3 per share for FY 2017, i.e. a 30 % pay-out ratio.

- **CSR and Safety**

With ever stronger ambitions, ERAMET has set out its 2018-2020 CSR priorities in line with the Group's significant transformation and based on four pillars, focused on performance: Employees, Environment and Energy, Products, Ethics and Governance.

Safety remains one of ERAMET's operational priorities, and the accident frequency rate at work (TF2[3]) was reduced by 22% in 2017.

[3] TF2 = number of lost time and recordable injury accidents for 1 million hours worked

- **Key figures by business**

in €m*		2017	2016	Change
Manganese division	**Sales**	**1,919**	1,439	+33%
	Current Operating Income	**738**	219	+237%
Nickel division	**Sales**	**644**	595	+8%
	Current Operating Income	**(125)**	(119)	+5%
Alloys division	**Sales**	**1,087**	949	+15%
	Current Operating Income	**32**	27	+19%

*Adjusted data from Group Reporting, in which joint ventures are accounted for using proportionate consolidation. The reconciliation with the published financial statements is presented in the appendices.

- **Manganese division (including TiZir[4]): a record year driven by strong carbon steel production, particularly in China, and an historic production level for COMILOG**

The Manganese division's sales, which accounted for 53% of consolidated sales, were up sharply (+33%) in 2017 at €1,919m. Current operating income ended at €738m (and more than three times 2016) in a particularly favourable market environment.

Manganese business

Gross global production for carbon steel, the main end-product for manganese, was up by 5.3% versus 2016 and reached 1,691 Mt, an historic record. China continued to account for c. 49% of global production.

After the price fluctuations of the first quarter, manganese ore prices remained at a historically high level in 2017. The average for CIF China 44% manganese ore prices (source CRU) was USD 5.97/dmtu in 2017 (USD 5.69/dmtu in first-half 2017 and USD 6.25/dmtu in second-half 2017) versus USD 4.30/dmtu in 2016. This sharp increase (+39%) was driven by strong demand in China in a context of continuing low ore stocks in Chinese ports.

Despite a decline at year-end, manganese alloys prices were at high levels in FY 2017, following strong growth recorded at end-2016.

Efforts to make the railway line more reliable in Gabon (SETRAG, a 100% owned subsidiary of COMILOG), combined with better mining performances, enabled COMILOG to achieve a record level of 4.1 Mt of manganese ore produced and transported in 2017, versus a target of 4.0 Mt. The company confirmed its excellence position in the global high-grade manganese ore market.

[4] Joint-venture 50/50 owned by ERAMET Group and Mineral Deposits Ltd.

Mineral sands business

In 2017, TiZir recorded sales of €199m (USD 225m) and a current operating income of €27m (USD 30m), up €40m versus 2016. These results highlight TiZir's good performance in a favourable environment.

2017 was marked by a favourable change in demand both in pigments (the main end-product on the market for titanium dioxide slag) and ceramic tiles (the main end-product for zircon). Global inventories for pigments and mineral sands, especially zircon, reached low levels.

In Senegal, TiZir continued optimising its operational efficiency with production of nearly 725 kt of concentrated mineral sands produced in 2017, up 18% versus 2016 production. In 2018, timing of ilmenite exports could be impacted due to railway track reconstruction works planned on the outskirts of Dakar, which will disrupt train traffic and the transportation of product to the port. TiZir currently works with the relevant stakeholders as well as on optimising logistics to minimise the impact during the construction period.

In Norway, titanium dioxide slag production amounted to 181 kt in 2017, increasing by 73% versus 2016, the latter being impacted by a furnace standstill.

- **Nickel division: sales up in a context of continuing low nickel prices in 2017; cash-cost targets achieved for SLN at USD 4.5/lb[5] at year-end.**

The Nickel division's FY 2017 sales totalled €644m, up 8% versus 2016. Current operating income was negative at -€125m in 2017, penalised by the ramp-up of Sandouville, with a loss of c. €40m, which offset the €32m improvement from SLN during the period.

Following an upturn in growth observed in 2016, global stainless steel production continued to increase, up 5.7 % in 2017 versus 2016.

Global nickel supply also remained strong with a recovery in exports and the roll-out of new capacities in Indonesia, as well as continued ore exports from the Philippines.

Metal stocks at the LME and SHFE remained at high levels, at 411 kt at end-2017, nonetheless down by 55 kt on the year.

As a result, LME nickel prices remained low in 2017 at USD 4.73/lb on average, however slightly higher than the 2016 level (USD 4.36/lb on average).

Nickel metallurgical production at SLN increased by 2.9% in 2017 versus 2016 and reached 56.8 kt.

In this context, the implementation of the SLN productivity plan was a success. Average 2017 SLN cash-cost was USD 4.76/lb[5], corresponding to a 21% decrease compared to 2015. Benefiting from favourable weather conditions, SLN achieved a cash-cost of USD 4.44[5]/lb in the second-half of 2017, entirely in line with the objective of USD 4.5/lb[5] set out in the Plan SLN 2018. SLN teams are now focusing on the continuation of this trajectory with the target of USD 4.0/lb[5] in 2020.

[5] Figures at constant economic conditions (early 2016).

Since June 2017, the Sandouville nickel refinery is supplied by a new source of European nickel matte as part of a long-term agreement. The new process started operations in 2017. The ramp-up of the plant is complex and difficult and is continuing to affect throughput rate. In the long-term, the plant in Sandouville will produce 15 kt of high-purity nickel intended for high-tech industries, especially for the electronics and batteries markets.

In Indonesia, ERAMET is discussing with local authorities to implement its partnership agreement concluded with the Chinese stainless steel producer, Tsingshan, announced in June 2017.

- **Alloys division: results impacted by the under-performance of Aubert & Duval despite an improved performance from Erasteel**

The Alloys division recorded sales up 15% to €1,087m in 2017. Current operating income stood at €32m, up 19% versus 2016, with highly contrasting trends for each business.

Aubert & Duval, of which aerospace accounts for more than two-thirds of its sales, posted current operating income of €38m in 2017, down 21% versus 2016. This was linked to operational difficulties and a level of production that was down sharply on the improvement targets set.

Aubert & Duval announced an industrial reorganisation project for its steel melting shops, in particular its plant in Firminy (France). The Firminy steel melting shop was closed in the last quarter of 2017 and is in the process of being moved to the plant at Les Ancizes.

The aerospace sector remains strong and should progressively stabilise, after the ramp-up of new programmes.

Erasteel posted 2017 current operating income of -€6m, equivalent to a €15m improvement on 2016. This is due to the success of the project for industrial reorganisation, for productivity and for marketing products portfolio dynamics (+9% in volume), and to the favourable impact of raw materials' prices. Conversely, the challenges in the ramp-up of the recycling of spent catalysts and batteries business[6] impacted results.

A change of management is underway for the Alloys division and its strategic and operational outlook will be revised in 2018.

- **Strategy and outlook**

2017 marks the start of ERAMET's strategic transformation. It reflects the Group's growth ambitions in three key areas:

- sustainable improvement of our least performing assets, through significant intrinsic progress, and through portfolio repositioning if appropriate,

[6] Business integrated in early 2017 at the Commentry site in France.

- organic and/or external growth, in businesses in which we have a real competitive advantage, particularly in manganese ore production. The Group has ambitions to develop its Moanda deposit in Gabon, one of the two most competitive manganese mines in the world, with long-lasting reserves. The objective is to increase long-term production at COMILOG by more than 30%, with a transition to a new mining plateau from 2020 onwards. In 2018, we will focus our efforts on a detailed feasibility study (DFS). This growth will be driven by the renovation of the Trans-Gabonese railway line started by SETRAG, in collaboration with the Gabonese government.

- expansion of the portfolio, particularly into metals for the energy transition, through development in both primary production and recycling.

This new strategic impetus can only succeed in conjunction with a significant managerial transformation, initiated in 2017 and based on three key pillars: new ways of organising, new ways of managing, and new ways of working.

In a still highly volatile market, in which we remain cautious regarding demand for metals, particularly in China, while overall Group’s markets remain favourable in early 2018.

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2017 annual results presentation

A **live Internet webcast** of the 2017 annual results presentation will take place on **Wednesday 21 February 2018 at 10:30am** (Paris time), on our website: www.eramet.com. Presentation documentation will be available before the presentation.

Calendar

19.04.2018: Release of sales figures for first-quarter 2018

24.05.2018: General Meeting of Shareholders

24.07.2018: Release of Results for first-half 2018

ABOUT ERAMET

ERAMET is one of the leading global producers of:

- manganese and nickel, used to improve the properties of steel, and mineral sands (titanium dioxide and zircon)
- as well as parts and semi-products in high-performing 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 lithium extraction and recycling.
The Group employs nearly 13,000 people in around 20 countries.

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

ANNEXES

Appendix 1: Sales

Sales (€m)	Q4 2017	Q3 2017	Q2 2017	Q1 2017	2017	2016	Change
Manganese division	**507**	492	502	418	**1,919**	1,439	**+33 %**
Nickel division	**189**	143	156	156	**644**	595	**+8 %**
Alloys division	**282**	241	284	280	**1,087**	949	**+14 %**
Holding company & eliminations	**-**	1	1	-	**2**	1	**-**
ERAMET group Inc. joint-ventures	**978**	877	943	854	**3,652**	2,984	**+22 %**
Share in joint-ventures	**(36)**	(32)	(36)	(20)	**(124)**	(87)	**+42 %**
ERAMET group Published IFRS financial statements [1]	**942**	845	907	834	**3,528**	2,897	**+21 %**

[1] *Application of IFRS standard 11 "Joint Arrangement".*

Appendix 2: Production and shipments

Metric tons	Q4 2017	Q3 2017	Q2 2017	Q1 2017	2017	2016	Change
Nickel production[1]	15,159	14,710	14,317	14,997	**59,183**	55,227	**+7 %**
Nickel sales[2]	16,138	13,720	15,522	13,108	**58,488**	56,121	**+4 %**
Manganese ore and sinter production	1,084,000	1,146,000	1,116,000	817,000	**4,163,000**	3,413,000	**+22 %**
Manganese alloys production	177,000	177,000	183,000	179,000	**716,000**	702,000	**+2 %**
Manganese alloys sales	189,000	172,000	175,000	163,000	**699,000**	725,000	**-4 %**
Heavy mineral concentrate production[3]	185	196	204	140	**725**	614	**+18 %**

[1] *Ferronickel and matte until end of 2016 and Ferronickel and high purity nickel from 2017*
[2] *Finished products*
[3] *In Senegal*

Appendix 3: performance indicators

Division operational performance

(€ million)	Manganese	Nickel	Alloys	Holding & eliminations	Total
FY 2017					
Sales	1 919	644	1 087	2	**3 652**
EBITDA	861	(44)	84	(30)	**871**
Current operating income	738	(125)	32	(37)	**608**
Industrial investments (intangible assets, property, plant &	89	80	59	2	**230**
Net cash generated by operating activities	722	(69)	90	(56)	**687**
FY 2016					
Sales	1 439	595	949	1	**2 984**
EBITDA	358	(24)	74	(33)	**375**
Current operating profit (loss)	219	(119)	27	(43)	**84**
Industrial investments (intangible assets, property, plant & equipment)	104	56	55	2	**217**
Net cash generated by operating activities	243	(137)	22	(7)	**121**

Sales and industrial investment by geographic region

(€ million)	France	Europe	North America	Asia	Oceania	Africa	South America	Total
Sales (destination of sales)								
FY 2017	371	1 320	669	1 097	23	93	79	**3 652**
FY 2016	342	940	619	938	28	75	42	**2 984**
Industrial investments (intangible assets, property, plant & equipment)								
FY 2017	87	21	5	-	52	64	1	**230**
FY 2016	74	30	9	-	42	61	1	**217**
Non-current assets (excluding deferred tax)								
December 31, 2017	692	326	12	133	565	1 027	2	**2 757**
December 31, 2016	698	345	9	164	590	1 065	2	**2 873**

Performance indicators by period – income statement

(€ million)	FY 2017	FY 2016
Sales	**3 652**	**2 984**
EBITDA	**871**	**375**
Amortisation and depreciation of non-current assets	(250)	(268)
Provisions for liabilities and charges	(13)	(23)
Current operating income	**608**	**84**
Impairment of assets	9	(110)
Other operating income and expenses	(50)	(69)
Operating income	**567**	**(95)**
Financial income	(117)	(79)
Share of income from associates	(1)	(2)
Income tax	(221)	(61)
Net income for the period	**228**	**(237)**
- attributable to the minority interests	25	(58)
- attributable to the Group	**203**	**(179)**
Basic earnings per share (€)	7,67	(6,79)

Performance indicators by period - net financial debt variation

(€ million)	FY 2017	FY 2016
Operating activities		
EBITDA	871	375
Cash impact of items below EBITDA	(387)	(228)
Cash generated from operations	**484**	**147**
Working Capital variation	203	(26)
Net cash generated by operating activities (1)	**687**	**121**
Investing activities		
Industrial investments	(230)	(217)
Other investing flows	19	30
Net cash used in investing activities (2)	**(211)**	**(187)**
Net cash used in financing activities	**(12)**	**100**
Effect of exchange rate changes	(4)	8
(Increase) / decrease in net financial debt	**460**	**42**
Opening (net financial debt)	**(836)**	**(878)**
Closing (net financial debt)	**(376)**	**(836)**
Free Cash Flow (1) + (2)	**476**	**(66)**

Performance indicators by period - balance sheet

(€ million)	31/12/2017	31/12/2016
Non-current assets	**2 710**	**2 818**
Inventories	887	933
Trade receivables	368	333
Trade payables	(391)	(390)
Simplified Working Capital	**864**	**876**
Other Working Capital items	(305)	(156)
Total Working Capital	**559**	**720**
TOTAL	**3 269**	**3 538**

(€ million)	31/12/2017	31/12/2016
Shareholders' equity - Group share	1 694	1 515
Shareholders' equity - Minority interests	286	261
Shareholders' equity	**1 980**	**1 776**
Cash and cash equivalents and current financial assets	(2 075)	(1 698)
Borrowings	2 451	2 534
Net financial debt	**376**	**836**
Ratio of net financial debt to shareholders' equity (gearing)	*19%*	*47%*
Provisions and employee-related liabilities	**730**	**740**
Net deferred tax	**173**	**142**
Derivatives	**10**	**44**
TOTAL	**3 269**	**3 538**

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Appendix 4: Reconciliation Group reporting and published accounts

(€ million)	FY 2017 Published (1)	Joint-venture contribution	FY 2017 Reporting (2)	FY 2016 Published (1)	Joint-venture contribution	FY 2016 Reporting (2)
Sales	3 528	124	**3 652**	2 897	87	**2 984**
EBITDA	845	26	**871**	366	9	**375**
Current operating income	598	10	**608**	91	(7)	**84**
Operating income	513	54	**567**	(47)	(48)	**(95)**
Net income for the period - Group share	203	-	**203**	(179)	-	**(179)**
Net cash generated by operating activities	687	-	**687**	98	23	**121**
Industrial investments	224	6	**230**	206	11	**217**
(Net financial debt)	(237)	(139)	**(376)**	(675)	(161)	**(836)**
Shareholders' equity	1 989	(9)	**1 980**	1 791	(15)	**1 776**
Shareholders' equity - Group share	1 694	-	**1 694**	1 515	-	**1 515**

(1) Financial statements prepared under applicable IFRS, with joint ventures are accounted for using equity method. See 2017 consolidated financial statements (www.eramet.com).
(2) Group reporting, in which joint ventures are accounted for using proportionate consolidation.

Appendix 5: Consolidated financial aggregates TiZir (at 100%)

(in €m for 100%)	**FY 2017**	**FY 2016**
Sales	199	145
EBITDA	55	16
Current operating income	27	(13)
Net financial debt	(462)	(495)

(in $m for 100%)	**FY 2017**	**FY 2016**
Sales	225	161
EBITDA	62	18
Current operating income	30	(14)
Net financial debt	(554)	(522)

Note: consolidated financial aggregate TiZir presented in accordance with Group ERAMET's accounting standards and principles