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PRESS RELEASE

Eramet: sales up in third quarter 2018, driven by a favourable price environment

- Q3 2018 sales[1] at €951m, up 8% versus Q3 2017, in an increasing prices environment (+11%[2] for manganese ore, +26%[2] for nickel) and favourable mineral sands markets.
- Record manganese ore production: 1.2 Mt produced, confirming the objective of setting a new annual record in 2018.
- Group sales volumes down, given a manganese ore transportation incident, production difficulties in New Caledonia and an unfavourable market environment that continues to weigh on some segments of the Alloys division.
- EBITDA forecast for 2018 approximately on par with 2017, assuming current market conditions are maintained.

Christel BORIES, *Group Chairman and CEO:*

« Benefitting from a favourable price environment, our sales grew 8%, now consolidating 100% of the Mineral Sands activity, following our successful takeover offer this summer. We achieved a record level of manganese ore production.

However, growth in sales was partly offset by operational difficulties which resulted in a decrease in manganese ore and ferronickel volumes sold, as well as by lower sales in some sectors in the Alloys division.

Our markets remain favourable for mining activities, with demand that is still robust, despite the uncertainties weighing on international trade relations.

Thus, for 2018, we are targeting a level of performance in terms of EBITDA approximately on par with 2017.

Furthermore, we continue to pursue the implementation of our strategic roadmap, notably our commitment to energy transition. »

[1] Consolidated performance indicators; see financial glossary in Appendix 3.
[2] Change calculated based on average monthly prices: CRU index (manganese ore) and LME prices (nickel).

Eramet group sales by division

Sales[1] (€ million)	Q3 2018	Q3 2017	Change[4]	9 months 2018	9 months 2017	Change[4]
Manganese division[2]	456	468	- 3%	1,326	1,345	-1%
Nickel division	179	143	+25%	544	455	+20%
Mineral sands division[3]	77	24	+221%	135	67	+102%
Alloys division	239	241	-1%	759	805	-6%
Holding & eliminations	-	2	ns	-	2	ns
Eramet group	**951**	878	**+8%**	**2,764**	2,674	**+3%**

[1] Adjusted data from Group reporting in which joint ventures are accounted for using proportionate consolidation. A reconciliation with the published sales is presented in Appendix 1.

[2] Data restated, excluding Mineral Sands activity,

[3] Consolidation of 100% of Mineral Sands activity, fully consolidated in the Group's accounts as of 1st July 2018 compared to 50% previously.

[4] Data rounded up to higher %.

Group sales grew 8% in Q3 2018 versus Q3 2017. At constant scope[3],[4] and exchange rates[4], the change in Group Q3 sales is approximately +4%.

▪ Safety: a top priority for Eramet

At end-September 2018, the accident frequency rate (TF2[5]) was down 18% versus 2017, at 8.4. Nonetheless, a tragic and fatal accident occurred at SLN in August. More than ever, safety is one of Eramet's operational priorities. Important training and prevention initiatives are being implemented across the Group's organisation in order to eliminate any risk of accident.

[3] Full consolidation of Mineral Sands in the Group's reporting as of 1st July 2018, following the acquisition of the shares of Mineral Deposits Limited, an Australian company that held a 50% stake in TiZir.
[4] See financial glossary in Appendix 3.
[5] TF2 = number of lost time and recordable injury accidents for 1 million hours worked.

▪ Comments by division

♦ Manganese division

In Q3 2018, sales for the Manganese division (excluding Mineral Sands activity) ended at €456m, down 3% versus Q3 2017, penalised by a negative volume effect in manganese ore sales.

Gross global production for carbon steel, the main end-product for manganese, increased 4.6%[6] during the first nine months of the year versus the same period for 2017 (+4.8%[6] in Q3), sustained by demand in China (+6.1%[6]) but also Europe (+1.3%[6]) and India (+6.1%[6]).

Manganese ore supply/demand remained balanced, with the strong demand absorbing the continually high level of production, particularly in South Africa. At end-September, ore inventories in Chinese ports are stable at 2.8 Mt versus end-June 2018.

Average manganese ore CIF China 44% prices remained at a high level at USD 6.83/dmtu during the quarter, up 11%[7] versus Q3 2017, but down 7%[7] versus the first half of the year. However, manganese ore CIF China 44% spot prices rebounded above USD 7/dmtu in early October.

In Gabon, COMILOG reached a new production record at 1.2 Mt of ore during the last 3 months, posting production of 3.2 Mt year-to-date at end-September, up 4% versus the comparable 2017 period. However over the same period, the volumes of ore transported were limited to 2.9 Mt, down 6% versus 2017, owing to two train derailments during the year (in February and July). External ore sales were thus down 4% at 2.3 Mt.

The use of additional railway trains from end-August enabled to achieve record transported volumes in September and partially reduce the shipping delays due to the two derailments. The announced objective of maintaining a record level of more than 4.1 Mt of ore transported in 2018 is confirmed.

In Q3 2018, manganese alloys' prices declined in Europe versus Q3 2017, with a sharper erosion for refined ferromanganese (-13%[7]). This is reflected in the continued squeeze effect on manganese alloys' margins, which is weighing on 2018 results compared with previous year.

Manganese alloys' production increased in Q3 2018 (+3% versus Q3 2017), as did sales volumes (+2% during the period), reaching 516 kt year-to-date at end-September.

♦ Nickel division

In Q3 2018, sales for the Nickel division ended at €179m, up 25% versus Q3 2017, mainly driven by the increase in nickel prices.

Global stainless steel production is very dynamic, and was up 5.9%[8] during the first nine months of the year versus the comparable 2017 period. This quarter remained overall stable worldwide (-0.8%[8] versus Q3 2017), with a slowdown in production in China (-3.4%[8]), offset by strong growth in Indonesia (+70.5%[8]).

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[6] Eramet estimations based on Worldsteel production data available until end-September2018.
[7] Change calculated based on average monthly prices: CRU index (manganese ore and alloys) and LME prices (nickel).
[8] International Stainless Steel forum (ISSF) and Eramet estimations.

Primary nickel demand grew 5%[8] during the first nine months. It was also boosted by the good prospects for batteries development for electric vehicles, which grew significantly during the first nine months of the year versus the comparable 2017 period.

Global primary nickel production was up 5.6%[8] during the first nine months versus nine months 2017, driven by continued growth in nickel pig iron (NPI[9]) production in Indonesia (+56%[8] during the same period).

Nickel supply/demand thus remained in deficit overall as in 2017, with demand that should exceed supply by more than 100 kt of nickel in 2018. Nickel inventories at the LME[10] and SHFE[10] continued to decline during Q3 (-40% versus end-December 2017).

LME average prices during the quarter thus increased by 26% to USD 6.02/lb (USD 13,266/t), versus an average of USD 4.78/lb (USD 10,528/t) in Q3 2017 but down versus H1 2018 (USD 6.30/lb, i.e. USD 13,871/t), with a further decline in October.

In New Caledonia, since early August, the Kouaoua mining centre was subject to a physical blockade by a group of protesters contesting the start of operations for three deposits, authorised in May 2018 by the Northern Province, after in-depth consultation with the New Caledonian government and local customary authorities. Kouaoua, which is one of SLN's four main mining centres, produces 20% of the ore required annually for ferronickel production in the Doniambo plant. Faced with this blockade situation and to ensure the safety of its employees and equipment, SLN has had to shut down operations in the mining centre. Following a dialogue process with all stakeholders, the mining centre has started to resume operations.

In early October, activity at the Tiébaghi mine was also stopped for a few days in a disrupted local environment linked to the self-determination referendum to be held on 4 November.

All these disruptions should have an impact on the Group current operating income, of approximately €15m for the 2018 financial year.

Against this background, nickel metallurgical production in Doniambo was down 4% during the first nine months of 2018, whereas ferronickel sales' volumes remained stable (+1% versus Q3 2017) and ended at 40.2 kt year-to-date at end-September.

Thanks to good mining production (excluding Kouaoua), SLN nonetheless achieved a record level of approximately 411 kt of exported ore in Q3 2018, +38% year-to-date at end-September. Exported ore is lower-grade in nickel and cannot be used for local metallurgical production.

SLN cash-cost[11] at real economic conditions stood at USD 5.75/lb[12] during the quarter and USD 5.88/lb[12] year-to-date at end-September, penalised versus 2017, mainly through changes in the Euro/US dollar exchange rate, the rise in the price of fuel, and difficulties in mining operations.

Following the annual shutdown for large-scale maintenance works, the start-up in activity at the Sandouville plant is progressing slowly and posted improved performances during the last few weeks and a production capacity rate of more than 50%.

[9] Low-grade nickel ferroalloys.

[10] LME: London Metal Exchange; SHFE: Shanghai Futures Exchange.

[11] See financial glossary in Appendix 3.

[12] At real economic conditions: fuel and exchange rate impact; at constant economic conditions (early 2016), the cash cost ended at USD 4.96/lb in Q3 2018 and USD 5.00/lb during the first nine months of the year.

♦ Mineral Sands division

Following its successful takeover offer on MDL[13], Eramet now has a 100% interest in TiZir and this asset has been fully consolidated in the Group's accounts as of 1st July 2018.

In Q3 2018, TiZir (100%) posted sales of €77m, up sharply (+60 %) versus Q3 2017, in a highly favourable prices environment.

TiZir products' markets were favourable at end-September 2018. Demand for titanium dioxide slag and zircon remained sustained with high price levels.

Upstream, in Senegal, heavy mineral concentrate production was up 6%[14] year-to-date at end-September 2018 (575 kt).

Zircon sales' volumes increased 14 %[14] during the first nine months of the year to 49 kt. External ilmenite sales, impacted at the start of the year by railway track construction works on the outskirts of Dakar, increased in Q3, reaching 173 kt year-to-date at end-September, in line with the volumes sold during Q3 2017.

Downstream, in TiZir's Norwegian plant, titanium dioxide slag production was up 6%[14] during the first nine months of the year versus Q3 2017; sales' volumes ended at 144 kt year-to-date at end-September, up 47%[14], given a low level of sales in 2017 following the restocking of the plant after the shutdown of the furnace in 2016.

♦ Alloys division

Sales for the Alloys division remained stable at €239m in Q3 2018 (- 1% versus Q3 2017), with contrasting trends for activities: Erasteel sales grew 25%, Aubert & Duval sales were down 6%.

In line with H1 2018, quarterly sales in the aerospace segment were down 3%, with aircraft structure volumes still impacted by an adjustment in the production rate of several wide bodies' programmes in which Aubert & Duval is positioned. This trend should continue in the coming quarters and will weigh on results.
In addition, the low order backlog from major players in the energy sector continues to negatively impact the company's land turbines' sales.

Conversely, in high-speed steels, Erasteel saw its sales continue to grow in Q3 2018 (+25% versus Q3 2017), driven by raw materials' prices, and to a lesser extent, by growth in volumes.

▪ Financial situation

The Group's financial liquidity remains high at €2.3Bn, following recognition of payment of the acquisition cost for TiZir (€220m) in the Group's accounts.

▪ Crossing of Eramet's capital threshold

No crossing of Eramet's capital threshold was declared to the company in Q3 2018.

[13] Mineral Deposits Limited, an Australian company that held a 50% stake in TiZir
[14] At comparable scope (100%).

▪ Outlook

The Group's markets remain favourable for mining activities, despite the risks weighing on international trade relations. Assuming current metals and alloys' prices are maintained, in addition to the Euro/US dollar exchange rate and oil prices, the Group's EBITDA forecast for the 2018 financial year should be on par with 2017.

Calendar

20.02.2019: Publication of 2018 annual results

25.04.2019: Publication of Q1 2019 results

23.05.2019: Combined General Shareholders' meeting

ABOUT ERAMET

Eramet is one of the world's leading producers of:

- Manganese and nickel, used to improve the properties of steels, and mineralised sands (titanium dioxide and zircon),
- Parts and semi-finished products in alloys and high-performance special steels used by industries such as aerospace, power generation, and tooling.

Eramet Is also developing activities with strong growth potential, such as lithium extraction and recycling, called to play a key role in the energy transition and the mobility of the future.

The Group employs around 12,600 people in 20 countries.

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APPENDICES

▪ Appendix 1: Sales

Sales (€m)[1]	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Manganese division[2]	456	465	405	474	468
Nickel division	179	188	177	189	143
Mineral Sands division[3]	77	33	25	33	24
Alloys division	239	257	263	282	241
Holding company & eliminations	0	0	0	0	2
Eramet group Inc. joint ventures	951	943	870	978	878
Share in joint ventures	(12)	(45)	(33)	(36)	(32)
Eramet group Published IFRS financial statements[4]	939	898	837	942	846

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[1] Data rounded up to the nearest million.

[2] Data restated, excluding Mineral Sands activity.

[3] Full consolidation of Mineral Sands activity, fully consolidated in the Group's accounts as of 1st July 2018.

[4] Application of IFRS standard 11 "Joint Arrangements".

▪ Appendix 2: Productions and shipments

In thousands of tonnes	Q3 2018	Q3 2017	Change	9 months 2018	9 months 2017	Change
Manganese ore and sinter production	1,212	1,146	+6%	3,207	3,079	+4%
Manganese ore and sinter transportation	1,002	1,115	-10%	2,850	3,021	-6%
Manganese ore external sales	814	926	-12%	2,321	2,428	-4%
Manganese alloys production	182	177	+3%	539	539	-
Manganese alloys sales	175	172	+2%	516	510	+1%
Nickel production[2]	14.1	14.7	-4%	42.3	44.0	-4%
Nickel sales[3]	13.2	13.7	- 4 %	41.8	42.3	-1%
Nickel ore sales ***(in thousands of humid tonnes)***	411	251	+64%	866	629	+38%
Heavy mineral concentrate production ***(100%)***	200	196	+2%	575	541	+6%
Zircon sales ***(100%)***	15	16	-7%	49	43	+14%
Titanium dioxide sales ***(100%)***	63	39	+61%	144	98	+47%

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[1] Produced 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 are accounted for under proportionate consolidation: the TiZir subgroup (Mineral Sands division) until 30 June 2018 and the UKAD Company (Alloys division).
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 exchange rate fluctuations 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 financial year to the sales for the financial 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.