

Paris, 28 May 2021

**Combined General Shareholders' Meeting, May 28, 2021**  
**Answers to shareholders' written questions**

The Eramet group's Board of Directors received two questions in writing from one shareholder on 26 May 2021, the deadline for sending questions. The two questions are outlined below.

This document, published on the Company's website on 28 May 2021 in compliance with French law, includes the answers to these questions.

**1. Question #1: SLN (BU Nickel)**

If the "discount" on LME is more than \$3,000 per tonne of Ni, the gross margin generated from SLN ferronickel sales will be modest.

Under these conditions, does SLN have the financial means to afford the renovation of its equipment including the refurbishment of its DEMAG 11 furnace (built in 1992) and its mining and port investments to return to sustainable production of 55,000 T Ni and achieve 6 million tonnes of low-grade ore exports?

Have you calculated figures for the short-term capital requirements to carry out such large-scale operations? Who will provide it to SLN if its free cash-flow is temporarily insufficient?

*Answer:*

In 2020, the LME nickel price amounted to \$13,783/t on average whereas the ferronickel price totalled approximately \$12,400/t, representing a discount of c.\$1,400/t on average in 2020. Although the price of ferronickel continues to post a strong discount versus the LME at present, the discount still remains below \$2,000/t.

In parallel, LME nickel prices totalled \$17,339/lb on average in the first four months of 2021, which has allowed ferronickel prices to stay at a high level despite the applied discount.

Moreover, thanks to the SLN rescue plan implemented at end-2018, the cash cost<sup>1</sup> decreased considerably in 2020 (improvement of 10% compared to 2019), thereby proving the relevance and effectiveness of the plan.

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<sup>1</sup> SLN's cash-cost is defined as all production and fixed costs, 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 EBITDA in the Company's financial statements, over tonnage sold

SLN posted a positive FCF of €34m<sup>2</sup> in H2 2020, despite the end-of-year disruptions and blockades in New Caledonia and despite the fact that the target export level has not yet been met.

However, SLN remains in a fragile situation and is strongly dependent on nickel market prices and the conditions for its sustained activity are still not guaranteed, subject to the full implementation of the rescue plan which requires the following:

- Competitive and less polluting power supply at the plant, thanks to the new country power plant, and;
- Ore exports up to 6 Mt per year at the mines.

The renovation of major equipments such as the refurbishment of the DEMAG 11 furnace, scheduled for the medium term, will depend on the subsidiary's future capacity to finance them. Full implementation of the rescue plan should enable SLN to consider an outlook for the future, particularly on the financial side, and be in a position to self-finance its future investments.

## 2. Question #2: nickel ferroalloys (Nickel BU)

Eramet manages two businesses in Nickel ferroalloys:

- in its own right, that of Weda Bay NPI, for its share;
- by delegation, that of SLN, provided under the marketing agreement of 1985 (between SLN and Eramet).

The products of the two entities being both competitive and complementary and at times serving the same customers, there may be a conflict of interest between the two operations at Eramet. How does Eramet manage this particular situation?

*Answer:*

Nickel Pig Iron ("NPI"), a low-grade nickel ferroalloy produced in Weda Bay (Indonesia) and ferronickel produced at SLN (New Caledonia) are essentially complementary products in the product mix consumed by stainless steel producers, notably in China. In the production process, NPI is traditionally a base-load product used in electric furnaces in the same way as scrap metal, whereas SLN ferronickel is positioned as a refining product used in converters.

The coexistence of Weda Bay NPI with SLN ferronickel enables Eramet to offer its customers a wider range of products and thus strengthen its commercial positions.

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<sup>2</sup> Based on SLN's corporate financial statements

A horizontal bar with a yellow-to-blue gradient, matching the eramET logo.

## Calendar

28/07/2021: Publication of 2021 half-year results

25/10/2021: Publication of 2021 third-quarter turnover

## ABOUT ERAMET

Eramet, a global mining and metallurgical group, is a key player in the extraction and valorisation of metals (manganese, nickel, mineral sands) and the elaboration and processing of alloys with a high added value (high-speed steels, high-performance steels, superalloys, aluminium and titanium alloys).

The Group supports the energy transition by developing activities with high growth potential activities, including lithium and recycling.

Eramet positions itself as the privileged partner of its customers in sectors that include carbon and stainless steel, aerospace, pigments, energy, and new battery generations.

Building on its operating excellence, the quality of its investments and the expertise of its employees, the Group leverages an industrial, managerial and societal model that is virtuous and value-accretive. As a contributive corporate citizen, Eramet strives for a sustainable and responsible industry.

Eramet employs more than 13,000 people in 20 countries, with turnover of more than €3.5 billion in 2020.

For further information, go to [www.eramet.com](http://www.eramet.com)

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