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PRESS RELEASE

Eramet: Turnover up 34% in Q3 2022

- **Turnover of €1.3bn¹**, up 34% from Q3 2021, including a +6% volume effect, a +17% price effect and a +11% currency effect
- Continued **Group debt reduction** with a very high level of liquidity
- **Very good operational performance of the Group's main mining activities** in Q3 2022, with a very favourable positioning in the **1st quartile of the cash cost curve** of the industry:
 - +15% in manganese ore volumes sold externally in Gabon
 - +9% in nickel ore volumes produced in Indonesia and +23% sold externally
- **Start of a trend reversal for selling prices**
- **Input costs to remain at high levels**, albeit with a downward trend in freight and reductant prices; **focus on costs control**, strengthened by productivity actions
- **Optimisation of manganese alloys production** in order to adjust to demand and energy prices
- Launch of a study to **significantly increase lithium production capacity** in Argentina
- **2022 Outlook:**
 - **Production volume targets confirmed or revised up**, except at SLN, with a **positive intrinsic performance** over the year
 - **Acceleration of the selling prices decline in Q4:**
 - Strong decrease in manganese alloys invoiced selling prices
 - Manganese ore price index² at \$4.4/dmtu on average over the last three weeks, reflecting the level expected in Q4 and leading to an average price of approximately \$6/dmtu over the year
 - Ferronickel price at a level well below the LME nickel price, with the latter expected at \$25,000/t for the year according to the consensus³
 - In a persisting inflationary context and factoring in the decreasing selling prices, forecast **EBITDA** revised slightly down to **around €1.5bn⁴** for 2022 (versus around €1.6bn previously).

Christel Bories, *Eramet group Chair and CEO*:

« We achieved a further increase in our production and sales in the third quarter thanks to our targeted and value-accretive investments, as well as our constant productivity efforts.

In a price environment which is still volatile and in an inflationary context, we remain focused on our cost control, the cash generation and we continue our deleveraging.

More solid, Eramet continues to implement its strategy. To meet the strong demand in metals for the energy transition, the Group is mobilising its resources and stepping up its projects: in Argentina with a target to double lithium production capacity, in Indonesia with our battery-grade nickel and cobalt project and in France with studies on geothermal lithium extraction.

¹ In accordance with the IFRS 5 standard – “Non-current assets held for sale and discontinued operations”.

² CRU CIF China 44% index

³ Consensus of main market analysts

⁴ Based on an effective exchange rate estimated at \$/€1.08

As a player in a responsible and sustainable mining industry, we are firmly positioned to serve buoyant markets with long-term growth. >>

◆ CSR commitments

Safety is constantly and regularly improving. The accident frequency rate declined 27% in Q3 2022 vs. end-2021 (Group TRIR⁵ at 1.6), with no serious accidents recorded since April 2021.

The Group is also pursuing its actions to promote biodiversity. Thus, in Senegal, in early September, GCO returned 85 hectares of land to the Senegalese government, which was rehabilitated and replanted with species chosen by local communities. This action marks the company's commitment to promoting the preservation of the environment and biodiversity. It is the first step in the process of land restitutions which will cover 950 hectares by 2025.

In Indonesia, Eramet and Initiative for Responsible Mining Assurance (IRMA), along with representatives of industry and civil society organisations, participated in the "Introducing IRMA to Indonesian Mining Companies" forum, led by the Indonesian Coordinating Ministry of Maritime Affairs and Investment. Eramet committed to responsible development of the mining industry in Indonesia and to its Weda Bay site being audited against the IRMA Standard for Responsible Mining.

In October 2022, Eramet obtained a score of 26.1 from extra-financial rating agency, Sustainalytics, which assesses the level of ESG risk. This score ranks the Group 9th out of 144 companies in the Mining and Metals sector, an improvement on the previous rating.

⁵ TRIR (total recordable injury rate) = number of lost time and recordable injury accidents for 1 million hours worked (employees and sub-contractors)

◆ Eramet group turnover by activity (in accordance with the IFRS 5 standard)

(Millions of euros) ¹	Q3 2022 ²	Q3 2021 Restated ²	Change ³ (%)	9m 2022 ²	9m 2021 Restated ²	Change ³ (%)
Manganese BU	873	598	+46%	2,520	1,485	+70%
Manganese ore activity ^{4,5}	465	304	+53%	1,212	735	+65%
Manganese alloys activity ⁴	407	294	+38%	1,308	750	+74%
Nickel BU⁶	300	260	+15%	1,062	698	+52%
SLN	235	212	+11%	838	542	+55%
Weda Bay (Trading activity, off-take contract)	65	48	+35%	224	156	+44%
Mineral Sands BU	99	93	+6%	323	231	+40%
Lithium BU	0	0	n.a.	0	0	n.a.
Holding, elim. and others	0	1	n.a.	2	8	n.a.
ERAMET GROUP	1,272	951	+34%	3,907	2,422	+61%

¹ Data rounded to the nearest million.

² Excluding Aubert & Duval, Sandouville and Erasteel, which in accordance with the IFRS 5 standard – “Non-current assets held for sale and discontinued operations”, are presented as operations in the process of being sold in 2022 and 2021.

³ Data rounded to higher or lower %.

⁴ See definition in Appendix 4.

⁵ Turnover linked to external sales of manganese ore only, including €8m linked to Setrag transport activity other than Comilog's ore (€23m in Q3 2021).

⁶ Nickel BU excluding Sandouville (discontinued operation).

N.B. 1: all the commented figures for Q3 2022 and Q3 2021 correspond to figures in accordance with the IFRS 5 standard as presented in the Group's consolidated financial statements, unless otherwise specified. Figures for the first nine months of the year in 2022 and 2021 are established on the same basis.

N.B. 2: all the commented changes in Q3 2022 are calculated with respect to Q3 2021, unless otherwise specified. Similarly, commented year-on-year changes relating to the first nine months of the year (“9m 2022”) are calculated in relation to the previous year (“9m 2021”).

N.B. 3: mentions of Q1, Q2, Q3 and Q4 refer to the four quarters of the financial year; mentions of H1 and H2 refer to the two half-years.

The **Group's turnover** amounted to **€1,272m** in Q3 2022, up 34% (+23% at constant scope and exchange rates⁶, and +11% currency effect). This growth was mainly driven by continued growth in the volumes sold of manganese ore and alloys, but also by a very favourable price effect, despite a significantly depressed market environment versus H1.

During Q3 2022, inflation continued to weigh on the costs of the Group's activities.

Input costs remained at high levels over the quarter, up strongly on Q3 2021, but with contrasting trends compared to H1 2022. Spot prices for electricity and gas in France were up respectively by nearly 90% and 45% compared with H1 2022, while the spot price for metallurgical coke was down by approximately 30%⁷ over the same period.

⁶ See Financial glossary in Appendix 4

⁷ Source: Resources-net CAMR, Nut coke spot price, Europe

Sea freight prices continued their downward trend, while remaining at historically high levels (spot price x 2 for containers and for bulk compared to the average of recent years).

To address this situation, Eramet continued its cost control measures, strengthened by productivity actions. The Group also optimised the production of its electro intensive plants to adjust energy consumption to the part protected by long-term supply contracts (80%).

▪ Continuing operations

Manganese BU

In Q3 2022, in Gabon, volumes produced and transported respectively increased by 6% to 2.1 Mt and by 12% to 2.0 Mt. Moanda confirmed its status as the world's leading high-grade manganese mine, with a positioning in the first quartile of the cash cost curve.

The Manganese BU posted an increase in turnover to €873m (+46%).

Sales for manganese ore activity were up 53% to €465m. This increase reflects organic growth in ore volumes sold externally (+15%), but also a price effect which remains very favourable compared to Q3 2021, and benefits from a positive currency (€/\$) impact.

Sales for manganese alloys activity were up 38% to €407m, supported by prices which remained high, but also an increase in volumes sold albeit with an unfavourable mix.

Market trends & prices

Global production of carbon steel, the main end-product for manganese, reached 459 Mt⁸ in Q3 2022, down by nearly 2%⁸ (-4%⁸ over the first 9 months). This decline is mainly attributable to Europe (-12%⁸), impacted by the region production cuts linked to the energy crisis, and North America (-9%⁸), in a context of economic slowdown.

Production in China, still constrained by the slowdown in the construction sector and the health situation, increased slightly by 3%⁸ during Q3 2022 (-3%⁸ over the first 9 months).

Over the quarter, manganese ore consumption remained stable at 5 Mt⁸, while global ore supply increased (+5%⁸ to 5.4 Mt⁸).

The supply/demand balance is now in surplus with Chinese port ore inventories ending at 6.2 Mt⁸, a strong increase versus end-June 2022, representing approximately 11 weeks' consumption.

The average CIF China 44% manganese ore price index stood at \$5.9/dmtu⁹, up 9%⁹ on Q3 2021, but down 14%⁹ compared to H1 2022.

The price differential between high-grade ore (44%), which is coveted for its better energy performance, and lower grade South African ore (37%), was temporarily reduced versus H1 2022, mainly due to the higher availability of high-grade ores.

The price index for refined alloys in Europe (MC Ferromanganese) ended at €2,366/t (-6%⁹ vs. Q3 2021) and that of standard alloys (silicomanganese) ended at €1,247/t (-17%⁹). Faced with uncertainty weighing on demand since Q2 2022, steelmakers continued to reduce their contractual commitments to volume floor levels over the quarter, in order to increase their purchasing flexibility at spot prices. Invoiced prices in Europe over the quarter thus averaged levels close to spot prices, up 15% for refined alloys but down 6% for standard alloys versus Q3 2021.

Activities

In Gabon, thanks to the mine expansion programme combined with continuous operational improvements, **manganese ore** production in Comilog increased to nearly 2.1 Mt in Q3 2022 (+6%), ending at 5.7 Mt over the first 9 months of 2022 (+12%).

⁸ Eramet estimates based on Worldsteel production data available until end-September 2022

⁹ Average for market prices, Eramet calculations and analysis; Manganese ore: CRU CIF China 44% spot price; Manganese alloys: CRU Western Europe spot price

The improvement in Setrag's logistical performance enabled the transportation of 2.0 Mt in ore (+12%). External sale volumes amounted to 1.8 Mt (+15%).

The FOB cash cost¹⁰ of manganese ore activity was \$2.0/dmtu, down 9% versus Q3 2021 (\$2.2/dmtu). Favorable effects linked to growth in volumes sold and currency were partly offset by the increase in sales taxes¹¹ and fixed costs to support the ramp-up in production.

In addition, sea transport costs¹² decreased over the quarter factoring in a decrease in freight prices, but also thanks to the deployment of an optimised solution for the transport of manganese ore by larger vessels since the beginning of the year.

Manganese alloys production totalled 164 kt in Q3 2022, a decline of 13%, reflecting the optimisation of production methods according to market conditions and in order to limit the impact of energy price increases (for the part of energy supply unprotected by long-term contracts). Sales were up 20% to 190 kt, compared with a low level in Q3 2021, also reflecting a recovery from H1 2022, particularly for standard alloys volumes in a context of declining prices. The mix thus remained unfavourable over the quarter, with a lower share of refined alloys sold.

The manganese alloys margin continued to decline in Q3 versus H1 2022, driven by the decrease in selling prices and a less favourable mix, while the cost of manganese ore consumed by the plants was up strongly over the period (considering an average lag of 4 to 5 months between the entry of ore in inventories and the sale of alloys). The cost of metallurgical coke, used as a reducing agent, started to decline over the quarter, although remaining at high levels.

Outlook

Global carbon steel production is expected to continue its decline in Q4, normalising in 2022 after an exceptional 2021. Only India is expected to post solid growth.

Demand for manganese alloys is expected to decrease, notably in Europe, while uncertainties in the automotive market should continue to weigh on demand for refined manganese alloys. As a result, the alloys supply should continue adjusting.

Having shifted to slight surplus in Q3 2022, prices in the manganese ore market are expected to continue their decline in Q4 2022, stabilising at year-end to a level which constrains the supply of less competitive producers.

Sea transport costs should continue to decrease, supported by the normalisation of freight rates, but also for Comilog by the gain linked to the loading of Capesize vessels.

The manganese ore production target is revised slightly up to more than 7.5 Mt in 2022; transported and shipped volumes should total 7.5 Mt.

The use of modular washing facilities and a conveyor in the months ahead will enable supporting the continued organic growth in volumes in 2023.

Nickel BU

Nickel BU turnover amounted to €300m in Q3 2022, up 15%.

At SLN¹³, sales increased by 11% to €235m, mainly reflecting a favourable currency (€/€) effect.

The trading activity of nickel ferroalloys produced at Weda Bay (off-take contract) contributed up to €65m this quarter (+35%), driven by growth in volumes.

¹⁰ See Financial glossary in Appendix 4

¹¹ Export duties and proportional mining royalties

¹² Sea transport and marketing costs amounted to €82m in Q3 2022 (vs. €88m in Q3 2021)

¹³ SLN, ENI and others

Market trends & prices

Global stainless steel production, which is the main end-market for nickel, was down by nearly 10% to 13.0 Mt¹⁴ in Q3 2022, with an 8%¹⁴ decrease in China. Production stood at 41.2 Mt¹⁴, a decline of nearly 6%¹⁴ for the first 9 months of the year.

Global demand for primary nickel grew, however, by 3%¹⁴ in Q3 2022, driven by strong growth in the batteries market (+39%¹⁴).

In parallel, global primary nickel production increased by nearly 7%¹⁴, supported by the NPI¹⁵ supply in Indonesia (+17%¹⁴), as well as the ramp-up in new projects, notably HPAL¹⁶. NPI production in China as well as traditional production were down by 27%¹⁴ and 10%¹⁴ respectively.

The nickel supply/demand balance (class I and II¹⁷) was almost break-even over the quarter but remained in slight surplus at end-September 2022. Nickel inventories at the LME¹⁸ and SHFE¹⁸ (class I only) totalled 55 kt, a decline versus end-June. They represented approximately 2.5 weeks' consumption¹⁹.

In Q3 2022, the LME price average (price of class I nickel), was \$22,054/t, an increase versus Q3 2021 (+15%), but a decline versus the very high levels reached in H1 2022 (-20%).

The spot price of ferronickel as sold by SLN (class II nickel) fell by 10% compared to Q3 2021 and by 27% versus H1 2022. It continues to be set at a level very significantly below the LME, approaching prices for NPI (also class II nickel) which to date amounts to approximately \$16,500/t²⁰.

1.8% CIF China nickel ore prices averaged \$109/wmt²¹ over the quarter, at sustained levels and equivalent to those of Q3 2021, but down versus H1 2022 (-13%). The market remained tight, factoring in a limited supply.

In Indonesia, the official domestic price index for nickel ore ("HPM Nickel") averaged approximately \$53/wmt²².

Activities

In Indonesia, at Weda Bay, the mine continues to set production records. It produced nearly 3.5 Mwmt²³ of marketable nickel ore in Q3 2022, up 9%. At end-September, year-to-date production totalled 11.6 Mwmt, up 25% compared to 2021.

External ore sales volumes amounted to more than 2.9 Mwmt²³ in Q3 2022, up by 23%.

The approvals needed to increase the production and sale of high-grade ore were granted this summer. In addition, a permit was also granted to sell 4 Mwmt of low-grade ore in 2022.

Parallel to this, the nickel ferroalloys plant, which is supplied by the mine, produced 8.9 kt-Ni²³ over the quarter (28.6 kt-Ni at end-September). The volumes sold by Eramet as part of the off-take contract accounted for 4.1 kt-Ni.

Weda Bay's outstanding performance once again resulted in a significant contribution to the Group free cash-flow over the period. It also allows for an increase in the ore production target for 2022.

In New Caledonia, mining production amounted to 1.5 Mwmt, down 13% versus Q3 2021, reflecting operating difficulties in the mines in a context of very bad weather conditions (with a rainfall volume nearly 90% higher in the first 9 months of 2022, compared to the average of the last 6 years). Low-

¹⁴ Eramet estimates

¹⁵ Nickel Pig Iron

¹⁶ High-Pressure Acid Leach

¹⁷ Class I: produced with a nickel content above or equal to 99%; Class II: produced with a nickel content below 99%

¹⁸ LME: London Metal Exchange; SHFE: Shanghai Futures Exchange

¹⁹ Including producers' inventories

²⁰ SMM NPI 8-12% index

²¹ Source: CNFEOL (China FerroAlloy Online)

²² For nickel ore with 1.8% nickel content and 35% moisture content. Indonesian prices are set according to domestic market conditions, but with a monthly price floor based on the LME, in compliance with a government regulation published in April 2020.

²³ On a 100% basis

grade nickel ore exports decreased by 34% to nearly 0.6 Mwm (2.0 Mwm at end-September). Ferrometallurgical production was down 9% to 9.5 kt-Ni (30.0 kt-Ni at end-September). Sold volumes were up by 8% to 10.6 kt-Ni in Q3 2022. The operation of the Doniambo plant remains strongly disrupted by ore and power supply difficulties.

Cash cost²⁴ amounted to \$8.4/lb on average in Q3 2022, reflecting an increase in energy costs, mainly electricity and coal (which price more than doubled vs. Q3 2021), but also fixed costs, combined with a decline in productivity. These effects are partly offset by a favourable currency impact.

Factoring in the current depressed environment, difficulties in effectively implementing the rescue plan, and a negative cash generation over the last months, Eramet and the French State paid SLN the last available tranche of its credit line in September.

A plan to reduce costs and preserve cash has been defined by the subsidiary.

Outlook

Demand for nickel in the stainless steel sector could start to recover in Q4 2022, particularly in China, while that of the batteries industry should continue its strong development.

This slight rebound in demand is expected to stimulate production, notably for the NPI in China and Indonesia. Traditional producers could continue to be impacted by rising energy prices.

In Indonesia, the marketable ore production target is revised up to more than 16 Mwm in 2022. In addition, 4 Mwm of low-grade ore will be sold in Q4 as part of the permit granted for 2022. The nickel ferroalloys production is expected at nearly 40 kt-Ni over the year.

In New Caledonia, the difficulties in supply from the New Caledonian electricity grid remain a major and persistent challenge, which the commissioning of the Temporary Offshore Power Plant in the weeks ahead is expected to resolve. Nevertheless, given the particularly bad weather conditions since the start of the year, and even though teams are focused on operating performance, targets are revised down for 2022: around 3 Mwm of nickel ore exports and around 40 kt-Ni of ferrometallurgical production.

In Q3, Eramet continued, in partnership with BASF, **project studies related to the hydrometallurgical project (high pressure acid leach or HPAL¹⁶) to produce battery-grade nickel and cobalt** intermediate mixed hydroxide products using laterite ore extracted from the Weda Bay mine in Indonesia. An investment decision is expected during H1 2023, with plant commissioning and a commencement of production planned in early 2026. This project will position Eramet as a key player in the electric vehicle battery chain, adding value to the ore mined at Weda Bay.

In addition, the Group has prioritised its exploration and business development activity targeting nickel laterites, with a particular emphasis on Indonesia. The group is actively seeking to identify exploration targets that could have the potential to host future hydrometallurgical projects.

Mineral Sands BU

The Mineral Sands BU reported turnover up 6% to €99m in Q3 2022, reflecting a favourable price environment and a positive currency effect.

Market trends & prices

Despite the unfavourable macroeconomic context, global demand for zircon remained strong throughout Q3 2022, driven by the ceramics sector (approximately 50% of the end-product), whose production in Europe increased in anticipation of rising energy prices and in order to rebuild low inventory levels. However, the start of a slowdown was observed over the quarter. Zircon production continued to increase, without being able to meet the demand.

²⁴ See Financial glossary in Appendix 4

Zircon market prices strongly increased to \$2,200/t FOB²⁵ in Q3 2022, up 44% (+6% vs. H1 2022).

Global demand for TiO₂²⁶ pigments, the main end-market for titanium-based products²⁷, grew slightly. Growth in the supply of titanium-based products was not able to meet the demand.

The market price for CP titanium dioxide slag (“CP slag”), as produced by TiZir in Norway remained at very high levels, at \$850/t²⁸ in Q3 2022, up 6% (stable vs. H1 2022).

Activities

In Senegal, mineral sands production declined by 17% to 170 kt (-2% to 556 kt at end-September), mainly due to a lower average content in the area mined compared to a high level in Q3 2021.

Zircon volumes produced and sold decreased by 18% to 14 kt over the quarter.

In Norway, titanium slag production amounted to 48 kt in Q3 2022, down 8%, owing to the adaptation of production in order to limit the impact of price increases for the part of energy supply unprotected by long-term contracts. Sales volumes also decreased, by 13% to 39 kt.

During the quarter, input costs for the TTI plant continued to increase strongly (notably thermal coal, used as a reducing agent, which spot price more than doubled on average over the period compared to Q3 2021, and was up by nearly 30% vs. H1²⁹).

Outlook

Zircon consumption should continue to slow down in Q4 2022, notably in Europe, while increasing slightly on a full-year basis. The market is expected to remain in deficit, thus enabling prices to be maintained at high levels, even if a weakening is expected at year-end.

Demand for the pigments market in China and Europe started a slowdown which will continue in Q4 2022. Demand for titanium-based products is expected to remain up for the full year, and the market in deficit of supply for 2022, sustaining the price levels.

In 2022, the annual production volume for mineral sands in Senegal is expected to be in excess of 750 kt, factoring in the expected decline in average content in the area mined of the deposit, started in May and continuing through H2.

Moreover, having obtained the environmental permit for expansion in early July, the organic growth programme for mineral sands started in early October with the commissioning of the dry mining unit. This unit aims at processing ladles rich in ore and to complete the production carried out by the dredge, thus enabling optimal processing of the deposit, which will contribute to a significant increase in production from 2024.

Lithium BU

Lithium carbonate prices remained at very high levels in Q3 2022, in a context of very significant growth in demand for this critical metal for the energy transition. They currently amount to more than \$75,000/t³⁰.

The long-term price forecast, based on the market consensus, is now \$14,100/t.

The construction of the Centenario lithium plant (**Phase 1**), launched in Argentina in H1, is continuing according to the announced schedule. Commissioning of the plant as well as commencement of production are expected for Q1 2024, whereas full ramp-up in production to 24 kt LCE^{31,32} (100% basis) is anticipated by H2 2025. Based on the market consensus price forecast, a high Internal Rate of Return (IRR) is confirmed.

²⁵ Source Zircon premium (FOB prices): Eramet analysis

²⁶ c.90% of titanium-based end-products

²⁷ Titanium dioxide slag, ilmenite, leucoxene and rutile

²⁸ Source CP slag (FOB prices): Market consulting, Eramet analysis

²⁹ Source: Argus, thermal coal spot price, ARA, Europe

³⁰ Source: Fastmarkets – Lithium Carbonate Battery-Grade Prices CIF Asia

³¹ LCE: Lithium Carbonate equivalent

³² On a 100% basis

The industrial scale pilot plant at Centenario has now been operating continuously for more than two years. It continues to demonstrate in real conditions the very competitive performance of the DLE process deployed at Centenario.

Together with Tsinghan, its partner in the phase I, Eramet has commenced **a prefeasibility study into the potential for a Phase 2 expansion of the project**. Whilst still at a preliminary stage, this study is investigating the potential to double the annual production capacity from Phase 1.

In addition, the Group has prioritised exploration and business development activity targeting brine-based lithium projects, with a particular emphasis on the Latin America “Lithium triangle”. Eramet is also identifying opportunities to deploy its DLE technology in unconventional brines such as geothermal waters and oilfields.

The Group is also continuing its technical partnership with Electricité De Strasbourg to investigate the potential extraction of lithium from geothermal brines in the Alsace region of France.

Battery recycling

In France, the Group has also continued its pre-feasibility study into the potential establishment of a Lithium-Ion Battery Recycling facility. It would deploy hydrometallurgical technology developed by Eramet to recover nickel, cobalt and lithium from used electric vehicle batteries and scrap.

The Group has been encouraged by the external confidence shown towards its technology. Eramet was awarded material financial grants with recent decisions by the European Union Innovation Fund and the French state’s “Appel à Projet Métaux Critiques”.

Eramet is currently finalizing the discussions to reserve a location for an initial battery recycling facility in the Dunkerque port area.

Discontinued Operations

In accordance with the IFRS 5 standard – “Non-current assets held for sale and discontinued operations”, the Aubert & Duval and Erasteel entities are presented in the Group’s consolidated financial statements as operations in the process of being sold for the 2021 and 2022 financial years:

- Following the signature of the Share Purchase Agreement for Aubert & Duval in June with a consortium formed by Airbus, Safran and Tikehau ACE Capital, the waiver of certain conditions precedent³³ is ongoing; certain regulatory approvals are still to be obtained, with timeframes which could postpone the completion of this operation to the start of next year.
- With regards to the sale project of Erasteel, a competitive process is underway with several potential takeover candidates.

Aubert & Duval

The global aerospace sector, which represents approximately 70% of A&D turnover, confirmed the gradual recovery engaged since mid-2021, essentially driven by regional and medium-haul flights, a market to which A&D is less exposed.

A&D³⁴ turnover ended at €122m³⁵ in Q3 2022, up 14%, including a 30% increase in sales for the aerospace sector, which posted €84m. Conversely, Energy and Defence sector sales declined by 17% to €27m.

³³ Notably with regard to competition and market concentration

³⁴ Aubert & Duval and others, excluding EHA

³⁵ In accordance with the IFRS 5 standard – “Non-current assets held for sale and discontinued operations”

Over the quarter, deliveries remained disrupted by bottlenecks at the end of flows and at the control stage. The implementation of a specific action plan is being pursued.

Activity remains very strongly affected by the sharp increases in electricity (which spot price almost doubled on average over the quarter vs. H1 2022) and raw material prices.

Cost inflation and labour shortage should continue to weigh on performance in Q4 2022, in the absence of a systematic indexation clause in commercial contracts.

Erasteel

Erasteel's turnover totalled €63m³⁵ in Q3 2022, up 43% versus Q3 2021.

This growth reflects the strategy to win market share in new regions and new applications, as well as the very good sales momentum in the first 9 months of the year.

Sales were also driven by the positive impact of re invoicing raw material and energy price increases to customers. Recycling activity remained stable at €4m over the quarter.

The high level of Erasteel's order book enables the entity to face the year-end and H1 2023 with confidence, despite the macroeconomic uncertainties weighing on its main markets.

◆ Outlook

The climate of geopolitical and macroeconomic uncertainties continues to weigh on all of the Group's markets, with a weakening of demand and prices which continues to a greater or lesser extent, depending on markets and regions.

Global steel production should continue to decrease in Q4 2022, notably due to the strong decline in the European market owing to the energy crisis, the slowdown in China's economy as well as macroeconomic uncertainties in the rest of the world.

The costs of freight and reducing agents should continue their trend reversal, while electricity and gas prices are expected to remain at very high levels in a context of an energy crisis in Europe.

Against this background, the capex target for the year is confirmed at €500m in 2022, including the operations in the process of being sold, yet excluding the lithium project financed by Tsingshan. On the one hand, this capital expenditure includes approximately €250m in current capex and, on the other, organic growth capex, including approximately €200m intended to support and sustain growth in Gabon.

Production volume targets are revised up for the year, except SLN:

- More than 7.5 Mt of manganese ore production in Gabon,
- More than 16 Mwmt of high-grade marketable nickel ore production in Indonesia,

Targets for nickel ore exports and ferronickel production in New Caledonia are revised down to around 3 Mwmt and around 40 kt-Ni, respectively.

Factoring in these targets, intrinsic performance of activities will have a positive impact on EBITDA over the year.

The very favourable positioning of mining activities on the cash cost curve of the industry, as well as the optimisation of the electro intensive plants production in Europe, should enable the Group to address the negative impact of external factors and to continue its deleveraging.

With regards to selling prices, the trend reversal observed in Q3 should accelerate in Q4, with:

- A strong decrease for manganese alloys invoiced prices

- A manganese ore price index³⁶ at \$4.4/dmtu on average over the last three weeks, reflecting the levels expected in Q4 and leading to an average price of approximately \$6/dmtu over the year
- A ferronickel price at a level well below the LME nickel price, with the latter expected at \$25,000/t for the year (\$22,500/t in Q4) according to the consensus³⁷

Input costs should remain at high levels, albeit with a decrease in freight and reductant prices.

The estimated effective €/€ exchange rate is revised to 1.08 for 2022.

In a persisting inflationary context and factoring in the decreasing selling prices, the forecast **EBITDA** is revised slightly down to **around €1.5bn**³⁸ for 2022 (versus around €1.6bn previously).

Calendar

22.02.2023: Publication of 2022 Group annual results

27.04.2023: Publication of 2023 Group first-quarter turnover

ABOUT ERAMET

Eramet transforms the Earth's mineral resources to provide sustainable and responsible solutions to the growth of the industry and to the challenges of the energy transition.

Its employees are committed to this through their civic and contributory approach in all the countries where the mining and metallurgical group is present.

Manganese, nickel, mineral sands, lithium, and cobalt: Eramet recovers and develops metals that are essential to the construction of a more sustainable world.

As a privileged partner of its industrial clients, the Group contributes to making robust and resistant infrastructures and constructions, more efficient means of mobility, safer health tools and more efficient telecommunications devices.

Fully committed to the era of metals, Eramet's ambition is to become a reference for the responsible transformation of the Earth's mineral resources for living well together.

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³⁶ CRU CIF China 44% index

³⁷ Consensus of main market analysts

³⁸ Based on an effective exchange rate estimated at \$/€1.08

APPENDICES

Appendix 1: Quarterly turnover (IFRS 5)

€ million ¹	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Manganese BU	873	926	722	782	598	498	389
<i>Manganese ore activity</i> ²	465	439	308	329	304	242	189
<i>Manganese alloys activity</i> ²	407	487	414	453	294	256	200
Nickel BU ³	300	409	352	348	260	237	201
Mineral Sands BU	99	134	90	118	93	82	56
Lithium BU	0	0	0	0	0	0	0
Holding, elim. and others	0	1	1	-2	1	4	3
Eramet group published IFRS 5 financial statements⁴	1,272	1,470	1,165	1,246	951	821	650

¹ Data rounded to the nearest million.

² See Financial glossary in Appendix 4.

³ Nickel BU excluding Sandouville (discontinued operation).

⁴ Excluding Aubert & Duval, Sandouville and Erasteel, which in accordance with the IFRS 5 standard – “Non-current assets held for sale and discontinued operations”, are presented as operations in the process of being sold in 2022 and 2021.

Appendix 1b: Reconciliation of quarterly turnover

€ million ¹	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Eramet group published IFRS 5 financial statements²	1,272	1,470	1,165	1,246	951	821	650
Aubert & Duval	122	137	141	142	107	131	113
Erasteel	63	74	64	55	44	47	39
Sandouville	0	0	11	36	40	41	36
Eramet group before IFRS 5	1,456	1,682	1,381	1,479	1,142	1,040	838

¹ Data rounded to the nearest million.

² Excluding Aubert & Duval, Sandouville and Erasteel, which in accordance with the IFRS 5 standard – “Non-current assets held for sale and discontinued operations”, are presented as operations in the process of being sold in 2022 and 2021.

Appendix 2: Productions and shipments

<i>In thousands of tonnes</i>	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	9m 2022	9m 2021
MANGANESE BU									
Manganese ore and sinter production	2,061	1,862	1,762	1,964	1,951	1,597	1,512	5,685	5,060
Manganese ore and sinter transportation	2,048	1,765	1,620	1,793	1,832	1,542	1,377	5,434	4,750
External manganese ore sales	1,840	1,535	1,409	1,637	1,602	1,314	1,212	4,784	4,128
Manganese alloys production	164	193	188	191	189	173	194	545	554
Manganese alloys sales	190	186	156	201	158	183	174	531	515
NICKEL BU									
Nickel ore production (<i>in thousands of wet tonnes</i>)									
SLN	1,460	1,290	1,154	1,392	1,682	1,254	1,050	3,903	3,986
Weda Bay Nickel (100%) – marketable production (high-grade saprolite)	3,485	3,552	4,563	605	3,193	3,486	2,615	11,600	9,294
Ferronickel production – SLN	9.5	10.5	9.9	10.1	10.4	8.5	10.0	30.0	28.9
Low-grade nickel ferroalloys production – Weda Bay Nickel (kt of Ni content – 100%)	8.9	9.6	10.0	9.5	9.4	10.0	10.1	28.6	29.5
Nickel ore sales (<i>in thousands of wet tonnes</i>)									
SLN	576	830	632	957	875	684	433	2,038	1,992
Weda Bay Nickel (100%)	2,931	3,576	3,875	0	2,386	2,967	1,205	10,382	6,559
Ferronickel sales – SLN	10.6	10.8	9.2	10.6	9.8	10.0	8.8	30.6	28.7
Low-grade nickel ferroalloys sales – Weda Bay Nickel/Off-take Eramet (kt of Ni content)	4.1	4.2	4.3	4.3	3.0	4.1	4.3	12.6	11.3
MINERAL SANDS BU									
Mineral Sands production	170	188	198	238	204	191	171	556	566
Zircon production	14	15	15	19	17	15	13	44	45
Titanium dioxide slag production	48	48	52	54	52	55	48	148	154
Zircon sales	14	16	15	16	17	16	14	45	46
Titanium dioxide slag sales	39	52	40	62	45	71	42	131	158

Appendix 3: Price and index

	Q3 2022	H1 2022	H2 2021	Q3 2021	H1 2021	Chg. Q3 2022/Q3 2021 ⁶	Chg. Q3 2022/H1 2022 ⁶
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MANGANESE BU							
Mn CIF China 44% (\$/dmu) ¹	5.87	6.79	5.49	5.38	5.06	+9%	-14%
Ferromanganese MC – Europe (€/t) ¹	2,366	3,254	2,996	2,512	1,886	-6%	-27%
Silicomanganese – Europe (€/t) ¹	1,247	1,739	1,607	1,504	1,191	-17%	-28%

NICKEL BU							
Ni LME (\$/lb) ²	10.00	12.51	8.83	8.67	7.93	+15%	-20%
Ni LME (\$/t) ²	22,054	27,575	19,472	19,125	17,485	+15%	-20%
Ni ore CIF China 1.8% (\$/wmt) ³	108.9	124.8	115.4	109.4	95.4	0%	-13%

MINERAL SANDS BU							
Zircon (\$/t) ⁴	2,200	2,085	1,655	1,530	1,338	+44%	+6%
CP-grade titanium dioxide (\$/t) ⁵	850	850	810	800	753	+6%	0%

¹ Quarterly average for market prices, Eramet calculations and analysis.

² LME (London Metal Exchange) prices.

³ CNFEOL (China FerroAlloy Online), "Other mining countries".

⁴ TZMI, Eramet analysis (premium zircon).

⁵ Market analysis, Eramet analysis.

⁶ Eramet calculation (based on CRU monthly price index for manganese ore and alloys only), rounded to the nearest decimal.

Appendix 4: 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.

Turnover at constant scope and exchange rates

Turnover at constant scope and exchange rates corresponds to turnover adjusted for the impact of the changes in scope and the fluctuations in the exchange rate from one financial year to the next.

The scope effect is calculated as follows: for the companies acquired during the financial year, by eliminating the turnover for the current period and for the companies acquired during the previous period by integrating, in the previous period, the full-year turnover; for the companies sold, by eliminating the turnover 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 turnover for the financial year under review.

EBITDA ("Earnings before interest, taxes, depreciation and amortisation")

Earnings before financial revenue and other operating expenses and income, income tax, contingencies and loss provision, and amortisation and impairment of property, plant and equipment and tangible and intangible assets.

Manganese ore activity

Manganese ore activity corresponds to Comilog's mining activities (excluding the activity of the Moanda Metallurgical Complex, "CMM", which produces manganese alloys) and Setrag's transport activities.

Manganese alloys activity

Manganese alloys activity corresponds to the plants that transform manganese ore into manganese alloys. It includes the three Norwegian plants comprising Eramet Norway ("ENO", i.e., Porsgrunn, Sauda, and Kvinesdal), Eramet Marietta ("EMI") in the United States, Comilog Dunkerque ("CDK") in France and the Moanda Metallurgical Complex ("CMM") in Gabon.

Manganese ore FOB cash cost

The FOB ("Free On Board") cash cost of manganese ore is defined as all production and overhead costs (R&D including exploration geology, administrative expenses, sales expenses, overland transport expenses), which cover all stages of ore extraction through to shipping to the port of shipment and loading, and which impact the EBITDA in the company's financial statements, over tonnage sold for a given period. This cash cost does not include sea transport or marketing costs. Conversely, it includes the mining taxes and royalties from which the Gabonese state benefits.

SLN's cash cost

SLN's cash cost is defined as all production and overhead costs (R&D including exploration geology, administrative expenses, logistical and commercial expenses), net of by-products credits (including exports and nickel ore) 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, over tonnage sold.