



Combined General Shareholders' Meeting

Christel BORIES
Chairman and CEO

26 MAY 2020

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Summary

Introduction

- 1 – 2019 Financial results**
- 2 – Q1 2020 – Point to date**
- 3 – Strategic transformation**

Conclusion and outlook

Despite the environment, Eramet is delivering on its strategic roadmap

Operational performance

Mining operational records in 2019

- Continuing **record production** in **Manganese ore**
 - > **+15%** over 2 yrs (4.8 Mt in 2019 vs 4.1 Mt in 2017)
- Ongoing **increase** in **nickel ore exports**
 - > **+80%** over 2 yrs (1.6 Mwmt vs 0.9 Mwmt)
- Constant **progress** in operating performance in **Mineral Sands**

New SLN Business model: an ore export strategy bearing fruit

- **Cash-cost reduction** in both H2 2019 (-5% vs H1), and Q1 2020 (-8% vs Q4 2019)

CSR achievements

Progress on the CSR roadmap

- High 2019 performance index at **112 pts** in 2019, i.e. 12 pts > 2019 target
- **50%** decrease in accident frequency over 2018-2019

Strategic roadmap

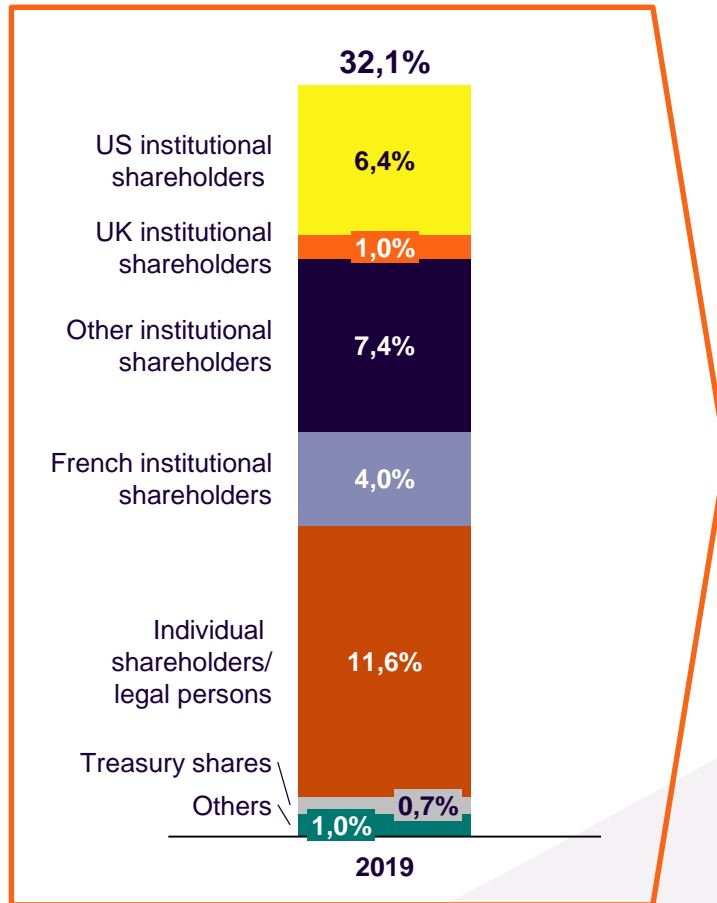
New strategic milestones

- **Weda Bay Nickel**: start of NPI production in April 2020
- Continuing **manganese ore organic growth** in Gabon
- **Focus on the upstream mineral sands business** after the announcement of an agreement for the sale of TiZir's Norwegian plant, subject to certain conditions
- **Lithium project currently mothballed**

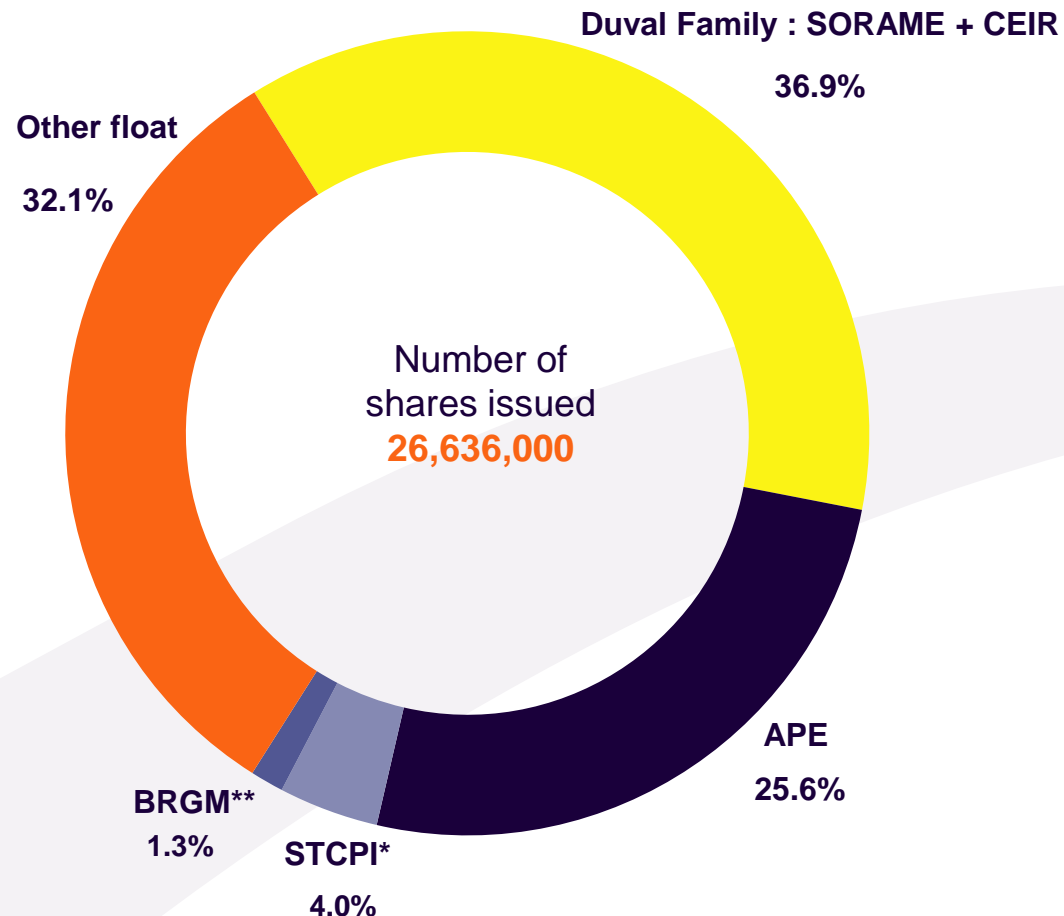


Shareholding

Historic and stable shareholders



Shareholding at 31/12/2019



* STCPI (Société Territoriale Calédonienne de Participation Industrielle): entity owned by the New Caledonian provinces

** BRGM (Bureau de Recherches Géologiques et Minières): the French Geological Survey Office

2019 Financial results



EBITDA showing solid operating performance, in a depressed price environment in 2019



Sales **€3,671m**

↘ -4% vs 2018



EBITDA **€630m**

↘ -25% vs 2018

COI **€341m**
(Current operating income)



Net debt **€1,207m**
(excluding IFRS 16 impact)

**High Performance
Alloys Division**
23%



Aubert & Duval
17%

Mineral Sands
BU
8%

Nickel BU
21%

Erasteel
6%

**Mining and Metals
Division**
77%



Manganese BU
48%

€3,671m



Net income – Group share
€(184)m



Gearing¹
ROCE²

74%
12%

A financial performance adversely impacted by manganese prices and non-recurring items

Deteriorated manganese price environment

- **-21%** on average for **manganese ore**¹ prices
- **-7%** on average for **refined manganese alloys**¹ prices
- **-5%** on average for **standard manganese alloys**¹ prices

-€268m

EBITDA impact
vs 2018

A&D one-offs

- Delivery and sales hampered by **logistics issue**, following quality review including **in-depth restructuring** of former production and management routines

-€49m

EBITDA impact

-€160m

Net debt cash-outflows

Exceptional payments to the Gabonese state

- Advance payment of 2019 income tax and tax adjustment

-€114m

Net debt cash-outflows

Key financial figures

€m	2019	2018
Sales	3,671	3,825
EBITDA	630	843
<i>% Sales</i>	<i>17%</i>	<i>22%</i>
Current operating income	341	581
<i>% Sales</i>	<i>9%</i>	<i>15%</i>
Net income – Group share	(184)	53
Net debt	1,304	717
Net debt, excl. IFRS 16 non cash impact	1,207	717
Gearing (Net debt-to-equity ratio), excl. IFRS 16 non cash impact	74%	38%
ROCE (COI / capital employed¹ for previous financial year)	12%	22%

The data presented and commented on is adjusted data from Group Reporting, in which joint ventures are accounted for using proportionate consolidation until end-2018. The reconciliation with the published financial statements is presented in the appendices.

Net income-Group share at €(184)m, penalised by €(114)m of non-recurring items at High Performance Alloys Division and exceptionally high level of taxes

€m	2019	2018
Sales	3,671	3,825
Current operating income ¹	341	581
Other operating income and expenses ¹	(118)	(116)
Financial result	(134)	(95)
Pre-tax result ²	89	371
Share in income from associated companies	(7)	(3)
Income tax	(227)	(241)
Net income	(145)	126
<i>o/w Minority interests' share</i>	39	73
Net income – Group share	(184)	53

¹ HP Alloys Division: **€(114)m** impact of non-recurring items, o/w €(49)m EBITDA, €(64)m of other operating expenses

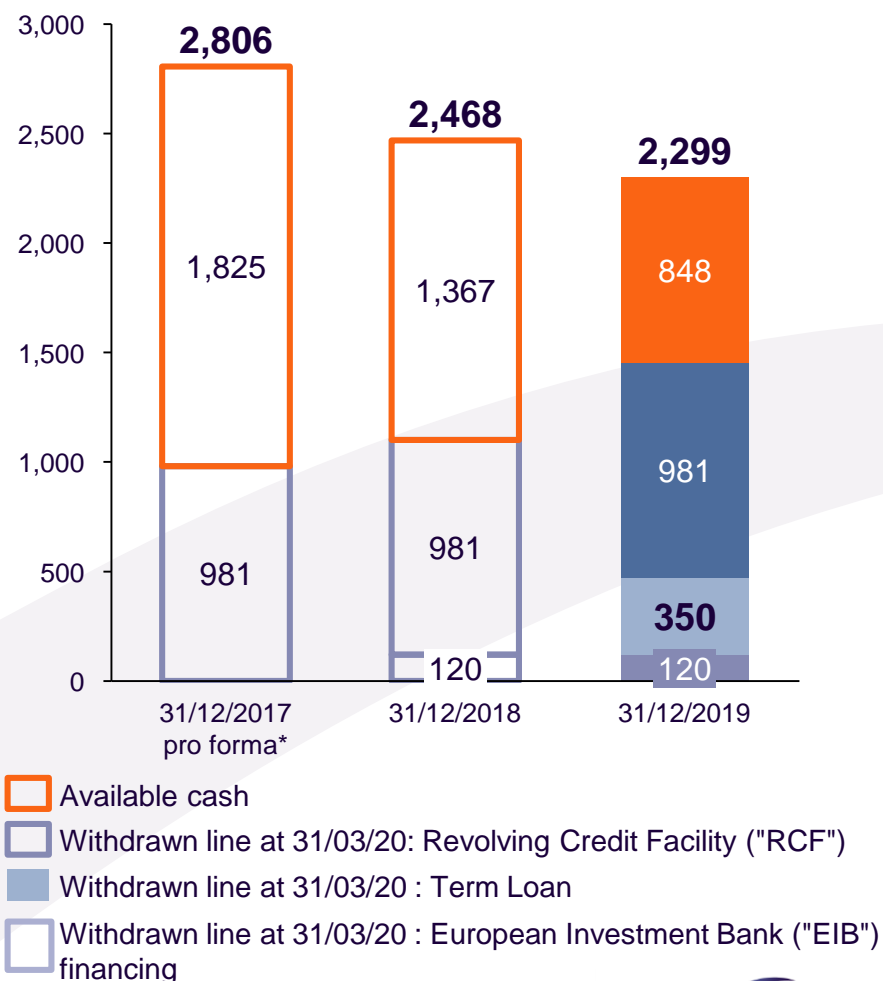
² Income tax includes **€(147)m** of taxes due to Gabon, o/w Comilog 2019 Income tax (€90m)

Continued high liquidity at €2.3bn at 2019 end-year

Credit lines fully withdrawn as a precaution as of 31st March 2020

- **Revolving credit facility ("RCF")**
 - > **€981m** RCF maturing 2024
- **Term loan:**
 - > **€350m** loan granted in December with a 2-year maturity and an option to extend to January 2024 at Eramet hand
 - > Intended for general purposes and investment
- **European Investment Bank ("EIB") financing:**
 - > **€120m** loan maturing in 2030
 - > Intended to support R&D expenditure, modernisation and digital transformation

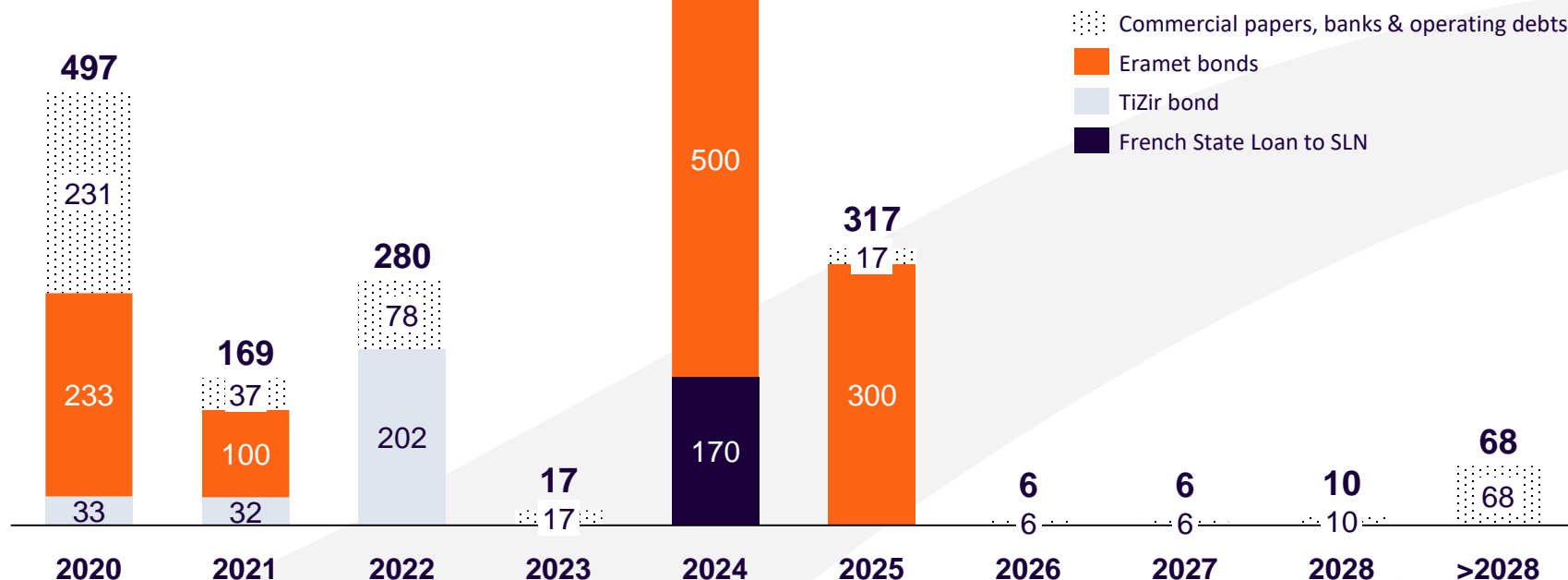
Group financial liquidity (€m)



No major debt maturity within the next 3 years

- Group **gross debt** at **€2,055m** at 31 December 2019 (excl. IFRS 16 non cash items)
- Extension of debt maturity** in November 2019: repurchase of 2020 bonds for €227m and issuance of new bonds for €300m due May 2025
- Average maturity** of Group's **3-year** debt; c. **90%** at a **fixed rate**

Debt maturity at 31 December 2019 (€m)



Strengthened and accelerated cash control measures in 2020

Optimising cash flow and closely monitoring net debt level

- **High level of cash** maintained, all **credit lines drawn down** as a precaution in Q1 2020
- **63%¹ gearing** (as calculated for **covenant purposes**) at 2019 year-end (**74%**, excl. IFRS 16 only)

2020 strict cash control plan

- **Cut in capex**: modularity and flexibility; lithium project in Argentina currently mothballed
- **Tight control of opex and working capital**: dedicated committee strictly and regularly monitoring all operating expenses
- **Partial unemployment arrangements** for several sites in France in the context of the pandemic

No dividend to be paid in 2020

Q1 2020 - Point to date

Eramet fully committed to face the Covid-19 health crisis

Safety and security: the Group's top priority

- **Daily mobilization** of ExCom from the beginning of the crisis to take all the **required sanitary and operational measures**
- **Strict health protocols** rolled out **on all sites**; stringent guidelines applied to comply with health regulations
- No serious case in Eramet's perimeter and further **strong decline in accident frequency rate** at **4.1¹** in Q1 2020: -24% vs FY 2019

Limited impact of Covid-19 pandemic in Q1 2020

- Mining and Metals Division
 - > **Operations at normal rate** for all mines and plants with production and sales volumes in line with expectations
 - > **Still very difficult to plan ahead** for developments of the health crisis and customers' business levels
- High-Performance Alloys Division
 - > **Aubert & Duval (A&D): operating rate** of c. **65%** to date due to aeronautics orders' decline
 - > **Erasteel: production contrasted, strongly affected in the automotive market**
 - > **Worsening outlook** for the aeronautic sector

Covid-19: Implementation of an exceptional solidarity plan

Exceptional allocation: €1.5m

- Group treasury
- Contributions of Group executives: CEO, Comex, Board members

Community investment expenditure: €8.5m

- Strengthening actions in the health sector
- Economic and social support initiatives for communities strengthened

Numerous solidarity actions already carried out (medical equipment, food and basic necessities donations...)

2/3

Donations in kind and equipment to communities

1/3

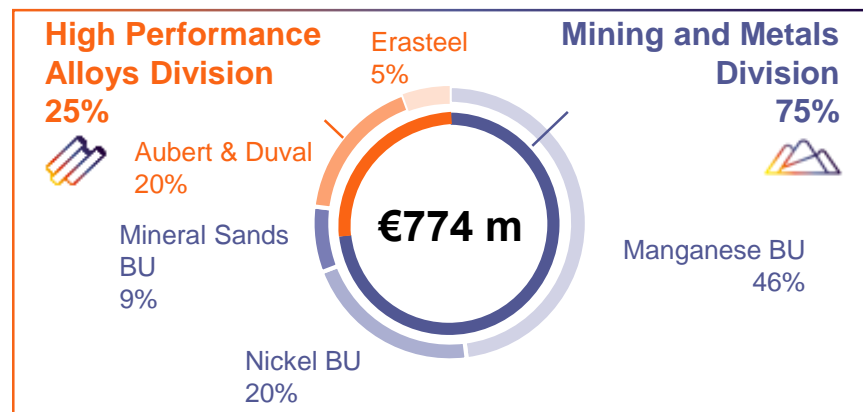
Financial support of actors mobilized for the communities



**Prevent the spread and support the communities:
€10m to support projects in 2020**

Q1 2020 sales down 11%, affected by the sharp decline in material prices...

In €m	Q1 2020	change vs. Q1 2019
Mining and Metals division		
Manganese BU	359	-17%
Nickel BU	151	-8%
Mineral Sands BU	70	+19%
High Performance Alloys division	196	-10%
Group	774	-11%



Unfavourable price environment hitting the Metals & Mining division's turnover

- **-34 % in manganese ore prices** (CIF China 44%) in Q1 2020 yoy; steeper price decline for Eramet (-41 %), as January & February sales were signed based on lower spot prices in Dec. 2019
- **Sharp decline in ferronickel prices**, at a large discount to the LME reflecting the fall in demand for stainless steel
- Conversely, average price of nickel seaborne ore (CIF China 1.8%) up **+32% yoy** to **USD 67.7/wmt**, following the Indonesian ban, effective as of 1st January 2020

Strong decline in Erasteel sales

- Erasteel's sales **down 34%** to €40m, due to steeper **slowdown in the automotive sector**, worsened by the health crisis and **declining raw material prices**

...but supported by new operational records for the Mining & Metals division

Mining and Metals division

➤ New Q1 operational records in Q1 2020

- > **1.3 Mt** in produced manganese ore volumes (+28% vs. Q1 2019)
- > **918 kwmt** in produced nickel ore volumes (+5%)
- > **331 kwmt** in nickel ore exports (+41%)
- > OEE¹ up **+12%** for mineral sands production

➤ Q1 2020 production volumes sold in full



High Performance Alloys division

- Q1 **aeronautical** sales up **3% to €115m**, owing the low comparison basis in Q1 2019, despite lower volumes of some aerospace programs ; sales up in **land-based turbine, energy and defence**
- **Contrasted** production at **Erasteel**: Swedish sites' effective operations, thanks to high-speed steels made using powder metallurgy techniques. Weakness in France.

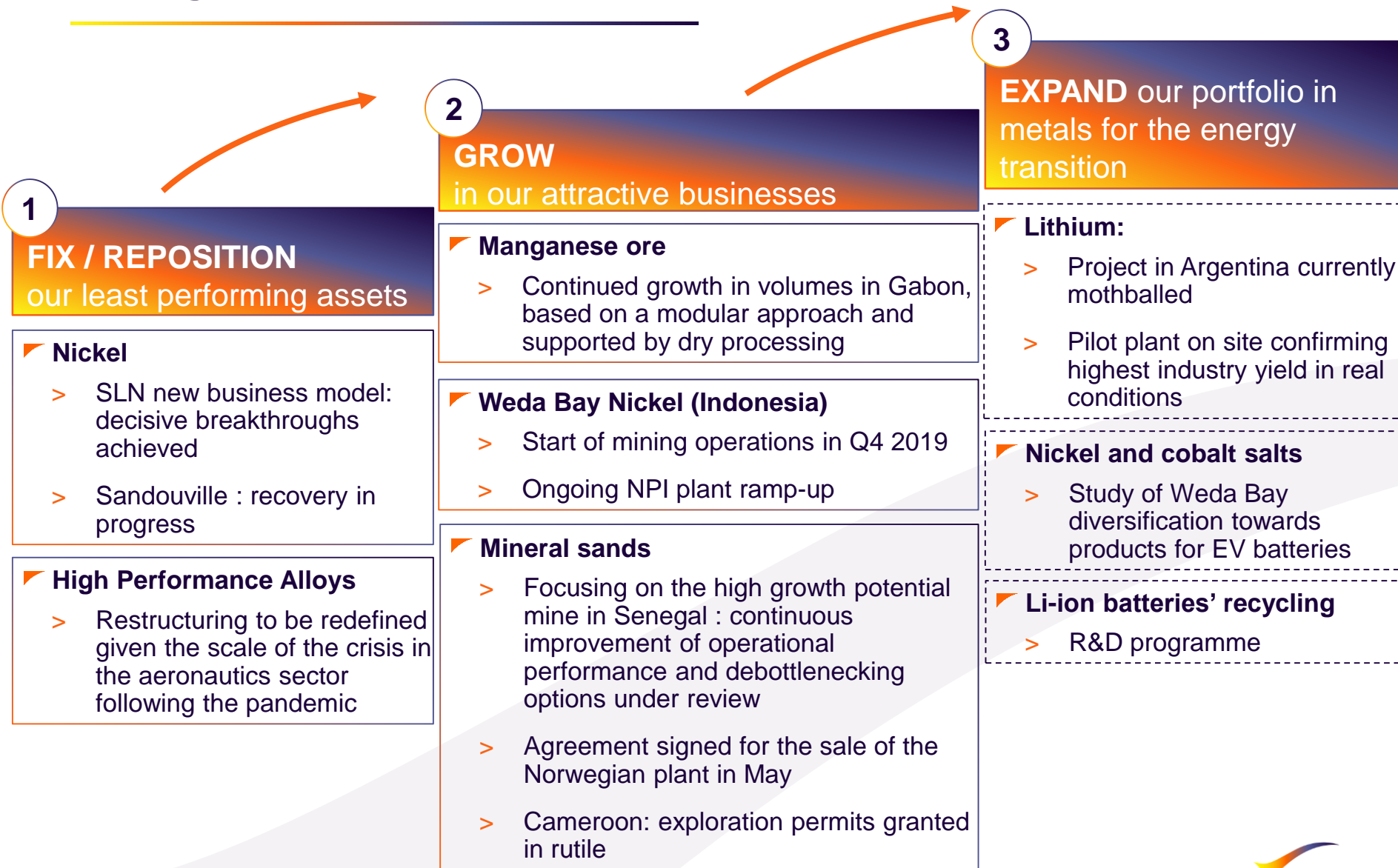
A large industrial facility, likely a nickel processing plant, with multiple levels and safety railings. In the foreground, a series of molds on a conveyor belt are being filled with bright orange molten metal. The scene is illuminated by the intense heat of the metal.

3

Strategic transformation

*1st metal tapping at Weda Bay
Nickel's NPI plant*

Continuing Group strategic transformation : increasing cash generation and portfolio diversification



Agreement for the sale of TiZir's Norwegian plant, announced on May 14th



STRENGTHENING OF ERAMET'S BALANCE SHEET

- Sale **agreement** signed on mid-May with **Tronox**, one of the main producers of pigments and titanium dioxide
- **Realization** of the **full value** of TiZir's Norwegian plant

100%
of TTI shares
sold

Sale price
300 M\$

EBITDA
multiple
~ 8x¹

LT supply
contract to
TTI
(ilmenite)

- Operation subject to the satisfaction of certain conditions including **regulatory approvals**
- Strengthening of the Group's balance sheet with **significant debt reduction**

CONTINUED DEVELOPMENT OF THE UPSTREAM BUSINESS IN MINERAL SANDS

- Control of GCO by Eramet **maintained²**
- A **world-class deposit**, located in **Senegal**, one of the most stable countries in Africa:
 - > More than **50 years** of resources (**35 Mt** of mineral sands³)
 - > **735 kt** of mineral sands produced in 2019 : principally zircon and ilmenite
- Integrated processing and logistics facilities
- **CSR** : a model in terms of relationship with host communities
- Development opportunities on the **mining business**, in line with the Group's strategy:
 - > Continued improvement of operational performance
 - > Debottlenecking options under review

¹ TTI's EBITDA calculated on the basis of exchange rates of May 12th 2020

² At 90%, 10% being held by the Senegalese State

³ Heavy mineral concentrates

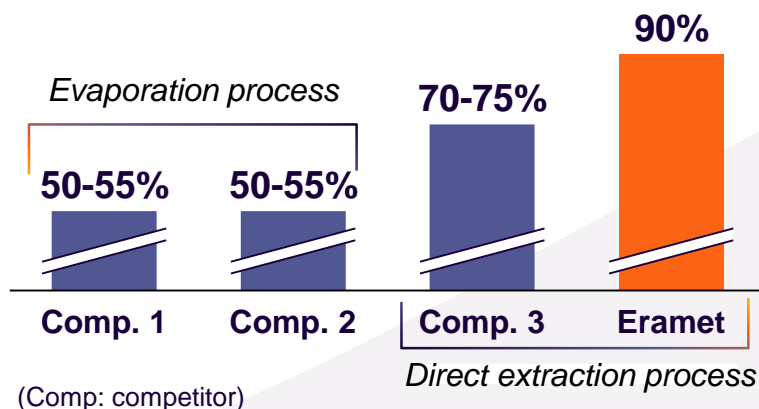
Lithium project in Argentina: currently mothballed



HIGHLY VALUE-ACCRETIVE PROJECT

- Long life low cost and scalable project, c.10 Mt LCE¹ drainable resources, c.50 years of resources
- Battery grade lithium carbonate production (24 kt LCE¹)
- 1st quartile cash-cost (\$3.5k/t) amongst the best in the industry
- Pilot plant on site (operating in real conditions since December 2019) to **continue its activity** in order to finish collecting the process results

Eramet lithium yield vs competition



STATUS UPDATE: PROJECT MOTHBALLED

- April 2020: **decision not to engage** the construction of the lithium production plant
 - > **Considerable uncertainty in the global economy** due to current sanitary crisis
 - > In such context, **cash preservation measures** to be strengthened and accelerated
- As a result, in 2020:
 - > **Expense** of c. **€150m**, including an asset impairment charge
 - > **Cash outflows** of c. **€90m**
- All measures taken to allow a restart in the best conditions when possible

A leap in corporate social responsibility (CSR) in 2019

Increase in the CSR Performance index*

➤ **112** representing **+12** points compared with 2019 target

80%
of industrial sites
ISO14001 certified



1.2
Ratio of
rehabilitated/cleared
areas

-35%
accidents
(employees, temps and
subcontractors' FR2)



87%
of purchased electricity
produced with carbon-
free footprint

€20m
Invested in the
communities' benefit **



Improvement of non-financial rating

➤ **Vigeo Eiris** rating's progression in assessed ESG domains

Vigeo Eiris
Rank:
3/43

Among the companies on
the mines and metals
panel
2019

* The CSR Performance index measures the annual progress of Eramet's 2018-2023 CSR programme

** Expenditures for local populations and sponsorship, including this year's exceptional contribution of Comilog to the financing of road rehabilitation in Moanda (€5m)



Conclusion and outlook

Committed to delivering our roadmap in 2020, despite the uncertainties related to the pandemic

Very low visibility for quarters ahead

- **Very tight operational management** to face the crisis
- Limited impact in Q1 2020 but **extent and length** of the pandemic still **unknown**
- Decrease in demand and one-off restricted supply resulting in **considerable unstable market equilibriums in the Mining & Metals division**
- Reduction in production rates recently announced in the aerospace sector as well as in the automotive's to have a **deep and lasting impact** on the **High Performances Alloys division**

Strict cash control

- Implementation of 2020 **cash control plan** and **strict control over net debt**
- Lithium project **mothballed**
- **Sale of TiZir's Norwegian plant** for \$300m, subject to conditions

New milestones for the Group's strategic roadmap

- **Ramp-up of Weda Bay's** mining and metallurgical operations **in 2020**
- **Sustained growth in Manganese:** strengthening of our leadership market positions

Suspension of the 2020 production and EBITDA guidance,
given the lack of visibility over the coming months



eramet

*Weda Bay Nickel mines, island of
Halmahera, Indonesia*