Paris, 19 February 2020, 6:45 p.m.

PRESS RELEASE

Eramet: EBITDA at €630m in 2019, reflecting good operating performance, in a deteriorated manganese price environment

- **Sales** down 4% in 2019 financial year at **€3,671m** in a **contrasted** price environment: **sharp decline** in **manganese ore** prices by -21% on average over the year and **rise** in **nickel** prices at the LME of +6%

- **New operational records for the Mining and Metals division**[1], above targets set for 2019:
    - Manganese ore production: 4.8 Mt vs. target at 4.5 Mt
    - Nickel ore exports: 1.6 Mwmt vs. target at 1.5 Mwmt
    - Mineral Sands production: 735 kt vs. target at 720 kt

- **EBITDA** at **€630m**, in line with guidance, including mainly an unfavourable impact of **-€268m** due to manganese prices versus 2018

- Non-recurring items in the High Performance Alloys division (-€114m) and high tax charges in Gabon, resulting in positive income before taxes of €89m and a **negative net income, Group share** of **-€184m**

- **Net debt of €1,207m** excluding the impact of IFRS 16 (€1,304m published) corresponding to a gearing[2] of 74% excluding the impact of IFRS 16. Measures launched to preserve the Group's cash position

- **CSR performance** rating up to **112 points,** 12 points above targets for 2019

- Strategic roadmap breakthroughs expected in 2020, despite a less favourable economic environment:
    - Manganese ore production target of **more than 5 Mt**
    - Continued implementation of SLN rescue plan: target to export **2.5 Mwmt** in nickel ore
    - Production start-up at Weda Bay (Indonesia) expected as early as **H1**

- **New modular approach** for the production capacity **expansion** project of the mine in **Moanda**, Gabon

- **Lithium development project in Argentina on hold:** subject to meeting launch requirements

- Thanks to expected and major intrinsic progress, and factoring in deteriorated manganese market conditions, **EBITDA forecast for 2020** should be **close to €400m** assuming **January 2020 market conditions**[3], and without recognising to date the potential impact related to the Coronavirus[4] epidemic.

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[1] Manganese, nickel, mineral sands and lithium
[2] Net debt-to-equity ratio
[3] In particular, the monthly average January manganese ore price came out at $4.3/dmtu and nickel prices at $6.15/lb ($13,595/t)
[4] As a reminder, China accounted for approximately 1/3 of Eramet group sales in 2019

Christel BORIES, *Eramet Chairman and CEO:*

« In 2019, we have made major breakthroughs in implementing our strategic roadmap again and we have improved our intrinsic performance. We achieved production records in all our mines and the strong increase in nickel ore exports in New Caledonia demonstrates the relevance of SLN's business model.

2020 marks a key milestone in our transformation. This year we will start up our plant in Weda Bay in Indonesia; we will expand mining production in Moanda in Gabon; we will continue implementing the SLN rescue plan and a normal level of activity should resume at Aubert & Duval.

In an uncertain start to the year, particularly for China, which is facing a difficult period, more than ever we stay close to our employees and customers; we would like to express our solidarity with the Chinese people. In light of the volatile and deteriorated global economic environment, we have decided to adopt a cautious and controlled strategy for our cash position. We have thus revised the scope and schedule for our investment projects, specifically in Gabon and Argentina. The Group is also considering initiatives to strengthen its financial structure such as disposals or partnerships.

Initial results are on track and the fundamental pillars of our strategy are robust, in particular our ambition to diversify our assets in order to better balance our risks, with a sustainable and responsible approach that involves all of our stakeholders. Now more than ever, agility, responsiveness and control of our financial equilibrium are key to make progress in our long-term profitability targets. »

Eramet's Board of Directors met on 19 February 2020, under the chairmanship of Christel BORIES, and approved the financial statements for the 2019 financial year[5] which will be submitted for approval at the General Shareholders' meeting on 26 May 2020.

Safety

The total recordable injury rate (FR2[6]) declined considerably again in 2019, from 8.3 to 5.4, down 35%, thanks to increased commitment and vigilance shown from all employees. However, the Group was very saddened to report the deaths of four people during the course of the year, of which one employee of a subcontractor. Safety of each and every one with a zero-tolerance policy for severe accidents remains the first priority for the Group.

Eramet group key figures

(Millions of euros)[1]	2019	2018[2]	Change (€m)	Change[3] (%)
Sales	3,671	3,825	(154)	-4%
EBITDA	630	843	(213)	-25%
Current operating income (COI)	341	581	(240)	-41%
Net income, Group share	(184)	53	(237)	n/a
Free Cash-Flow	(358)	(211)	(147)	-70%
Net debt (net cash), excl. IFRS 16 impact	1,207	717	490	+68%
Gearing[4], excl. IFRS 16 impact	74%	38%	+36 pts	n/a
Gearing[4], incl. IFRS 16 impact	80%	38%	+42 pts	n/a
ROCE (COI/capital employed[5] for previous year)	12%	22%	-10 pts	n/a

[1] Data rounded up to the nearest million. 2019 figures after application of IFRS 16 on 1st January 2019, except for net debt and gearing. The comparative table is presented in Appendix 7, not significant impact on EBITDA and COI

[2] Until 2018, data adjusted from Group reporting in which joint ventures are accounted for using proportional consolidation. The reconciliation with the published financial statements is presented in Appendix 6

[3] Data rounded up to higher or lower %

[4] Net debt-to-equity ratio

[5] Total shareholders' equity, net debt, restoration provisions, restructuring and other social risks, less long-term investments, excluding Weda Bay Nickel capital employed

N.B.: all the commented changes in FY 2019 are calculated with respect to FY 2018, unless otherwise specified.

[5] Audit procedures for the 2019 consolidated financial statements are complete. The certification report will be issued after the Board of Directors' meeting held on 12 March 2020, which will set the draft shareholders' resolutions

[6] FR2 = number of lost time and recordable injury accidents for 1 million hours worked (employees and subcontractors)

The Group's FY 2019 **sales** totalled **€3,671m**, down 4%. At constant scope[7,8] and exchange rates[8], the change in sales declined 8%, mainly owing to the decline in manganese ore prices, in addition to the supply chain situation at Aubert & Duval, due to bringing quality processes into conformity.

Group **EBITDA** ended at **€630m**, down -€213m, impacted by a -€268m manganese price effect and -€49m due to supply chain difficulties at Aubert & Duval. **Operating improvements (+€39m)** were also penalised by the strikes in H2 2018 and H1 2019 at SLN, which affected ore supplies and operations at the Doniambo plant, as well as by an increase in transport costs at Comilog. These effects hindered the operational breakthroughs made in 2019, specifically production records in the mines.

The Group's **current operating income** ended at **€341m**, down 41%.

Income before tax amounted to **€89m**, after recognition of **-€118m in non-operating income and expenses**, including a provision for an asset impairment at Erasteel (-€25m), and **-€134m in financial result.**

Net income, Group share reported a loss of **-€184m**, after writing down a **-€227m tax charge.** This charge is largely owing to taxes in Gabon (-€147m).

Capex has been focused on modernising industrial tools and preparing strategic projects. Related cash outflow totalled €423m, of which €132m in preparation work for the two strategic projects in Gabon and Argentina.

Free Cash-Flow (FCF) ended at **-€358m** at end-December 2019, **of which -€274m in non-recurring items.** This includes the -€160m non-recurring effect related to supply chain difficulties at Aubert & Duval, of which -€80m due to the strong increase in work-in-progress inventories. FCF was also penalised by a -€114m payment made to the Gabonese government related, on the one hand, to the advance and exceptional payment of corporate income tax, and on the other, to the payment of a tax audit.

Finally, dividends paid to Eramet shareholders and Comilog minority shareholders in respect of the 2018 financial year amounted to €20m and €86m respectively.

Net debt stood at **€1,207m**, excluding the IFRS 16 impact. Eramet has applied IFRS 16 since 1st January 2019 with a simplified retrospective application, resulting in an increase of €97m, with no impact on cash, and total recorded net debt of €1,304m.

Financial strategy

In 2019, the Group set up a Term Loan, with a 2-year maturity and an option that can be exercised by Eramet to extend it to January 2024. The financing amounts to €350m, thanks to participation from eight French and international banks. It's the first time two of these banks are working with Eramet.

At 31 December 2019, Eramet's financial liquidity remained high at €2.3bn, including available cash of €848m in the balance sheet.

The evolution in the Group's financial ratios (gearing at 74% excluding IFRS impact and gearing at 63%[9] within the meaning of the financial covenants) drove management to start an action plan. The Group took measures to maintain cash position, including strict industrial capex control, with the aim of controlling the

[7] The scope effect is owing to i) the full consolidation of Mineral Sands activity in the Group's reporting as of 1st July 2018, following the acquisition of shares in Mineral Deposits Limited, an Australian company that held a 50% stake in TiZir. and ii) the consolidation by equity method of UKAD (High Performance Alloys division) as of 1st January 2019.

[8] See Financial glossary in Appendix 8

[9] Excl. IFRS 16 impact and excl. French government loan to SLN

level of net debt and preserving gearing. The Group might also plan initiatives to strengthen its financial structure such as disposals or partnerships.

Moreover, a proposal not to pay out any dividends in respect of the 2019 financial year will be made at the Shareholders' general meeting held on 26 May 2020.

♦ Key figures by activity

(Millions of euros)[1]		2019	2018[2]	Change (€m)	Change[3] (%)
MINING AND METALS DIVISION					
Manganese BU	Sales	1,765	1,857	(92)	-5%
	EBITDA	560	784	(224)	-29%
Nickel BU	Sales	778	738	40	+5%
	EBITDA	38	(18)	56	n/a
Mineral Sands BU[4]	Sales	286	212	74	+35%
	EBITDA	106	62	44	+70%
HIGH PERFORMANCE ALLOYS DIVISION					
A&D and Erasteel	Sales	847	1,020	(173)	-17%
	EBITDA	(26)	46	(72)	n/a

[1] Data rounded up to the nearest million. 2019 figures after IFRS 16 application on 1st January 2019. The comparative table is presented in Appendix 7

[2] Until 2018, data adjusted from Group reporting in which joint ventures are accounted for using proportional consolidation. The reconciliation with the published financial statements is presented in Appendix 6

[3] Data rounded up to higher or lower %

[4] Mineral Sands activity fully consolidated in the Group's accounts as of 1st July 2018, versus 50% previously

▪ Mining and Metals Division

Manganese BU

The Manganese BU's sales, which accounts for 48% of the Group's consolidated sales, fell by 5% to €1,765m in 2019, compared with 2018. Despite significant increases in ore production levels (+10%), ore and alloys market prices declined considerably, particularly at year-end, generating EBITDA at €560m, down 29%.

Market trends & prices

Global production for carbon steel, the main end-market for manganese, reached a record level of 1,867[10] Mt in 2019, up 3.6%[10], despite a slowdown in H2. This growth was almost exclusively driven by strong demand in China (+8.3%[10] at 996 Mt, representing 53% of global production), supported by the construction and infrastructure markets. Production was down across the rest of the world (-1.3%[10]), most notably with a sharp decline in the European market (-5.1%[10]), whereas the Indian market trended upwards (+1.8%[10]).

[10] Eramet estimations based on World Steel Association ("WSA") production data available for 2019 excluding data regarding inventories levels at Chinese ports (Eramet estimations)

In order to respond to growing ore consumption, and considering that manganese ore prices were kept at high levels for the first nine months of the year, all producers continued to operate at full capacity. This resulted in a slightly surplus supply/demand balance over the 2019 financial year. As a result, ore inventories in Chinese ports amounted to 4.7 Mt[10] at end-2019, up 1.6 Mt[10] versus end-2018.

CIF China 44% manganese ore market prices trended very negatively in Q4 (-34%[11] vs. average for first 9 months of the year) resulting in an average price of $5.63/dmtu[11] in 2019, down 21% on 2018 ($7.16/dmtu[11]). In euros, the decrease only amounted to 17% over the year, given the appreciation of the dollar.

In 2019, the market environment also remained unfavourable for manganese alloys, which were adversely impacted by a slowdown in Europe, linked on the one hand to the sudden decline in the automotive market and on the other to protectionist measures taken by the United States, which are weighing on European steel production. Manganese alloys' prices fell in Europe, particularly for refined ferromanganese (-7%[11]) and silico-manganese (-5%[11]).

Activities

In Gabon, Comilog set a new record for ore production at 4.8 Mt (+10%), greatly exceeding the target of 4.5 Mt set for 2019. This excellent performance reflects continued operational improvements in mines, complying with CSR standards. It was achieved thanks to the new dry ore processing process started end-2018, which extracted approximately 0.5 Mt of ore during the year.

Thanks to logistics improvements, produced and transported manganese ore volumes increased by 17%, to 4.6 Mt. The renovation programme for the Transgabonese railway has shown signs of success. Global freight volume (mining and others) increased 22% in 2019 from 2018 (+70% since the programme started end-2016), benefitting all Gabonese economic stakeholders. 2019 marked a key milestone with the establishment of the new traffic control centre equipped with digital communication resources with mobile trains. A total of €166m in capex has been made as part of the programme since its launch in 2016, with €19m paid for by the Gabonese government.

Thus, external ore sales grew 15% to 3.9 Mt over the same period.

Manganese alloys production totalled 740 kt in 2019 (+3%). Sales volumes were up 4% to 733 kt, propelled by standard alloys (+16%), with a decrease in refined ferromanganese alloys (-8%) due to a sharp downturn in the market. This unfavourable mix in addition to the margin squeeze for manganese alloys - particularly due to the downward momentum in sales prices - adversely affected performance in this activity.

Outlook

The growth outlook for global carbon steel production remains favourable in the short and medium term.

Mine reserves in Moanda, Gabon, allow a manganese ore production capacity of approximately 7 Mt in the long-term. In 2019, Eramet thus continued its brownfield expansion study for the mine aimed at the development of the Okouma plateau, in parallel with the Bangombé plateau currently in operation. Cash outflow for preparation work in 2019 totalled €51m. The target set for manganese ore production in 2020 is more than 5 Mt.

The expansion project was reviewed based on a new modular approach. This approach optimises capex and is based on the start of production at the Okouma plateau and on the intensified use of the alternative dry processing for the entire mine. This process gives greater flexibility in mining operations and extends the mine life.

[11] Change calculated based on average monthly prices: CRU index (manganese ore and alloys)

Looking ahead, the modular approach shows an initial production improvement phase of around 25% on 2019, representing approximately 6 Mt. This phase will account for overall capex estimated at €150m over a 2-year period. The schedule for roll-out is being finalised with our partner, the Gabonese government.

Nickel BU

The Nickel BU's sales increased 5%, ending at €778m in 2019 with EBITDA of €38m. SLN[12] EBITDA stood at €59m, up 74% from 2018. In a favourable price environment, SLN recorded the initial effects of its rescue plan, despite operating performance that was strongly impacted by a decline in ferronickel production due to disruptions and strikes in the mines. At the same time, the Sandouville plant's operating loss was halved, with EBITDA of -€21m.

Market trends & prices

The 2019 financial year was marked by continued trade tensions between the United States and China, as well as the September announcement in Indonesia to ban exports of nickel ore that has not been transformed locally, effective 1st January 2020. This measure is aimed at profoundly affecting market equilibrium for the various players.

After slightly increasing in H1 (+2.1%[13] vs. H1 2018), global stainless steel production grew considerably in H2, reaching a record level of 51.7 Mt in 2019, up 4.2%[13]. Production in China increased from 12.2%[13] to 29.6 Mt and slowed in the rest of the world (-4.8%[13]). Indonesia continued to present a unique situation with stainless steel production up 4,7%[13], due to the start of locally integrated production upstream from NPI ("Nickel Pig Iron" [14]).

Demand for primary nickel was up 3.6%[13] over the period to 2.4 Mt, boosted by both stainless steel and the development of electric vehicle batteries, which grew by 30%[13] in 2019 (to 176 kt of primary nickel).

In parallel, global primary nickel production was up significantly (+8.9%[13]) to 2.3 Mt at end-2019, driven by continued growth in NPI ("Nickel Pig Iron"[14]) production in Indonesia and China (+30%[13]), whereas traditional production was down slightly.

Considering a nickel supply/demand balance with a high deficit in 2018 (- 141 kt[13]), this production increase was nevertheless not enough to satisfy the change in demand, resulting in a further deficit of more than 31 kt[13] in 2019. Nickel stocks at the LME[15] and SHFE[15] continued to fall, amounting to 191 kt at end-December 2019 (-31 kt vs. end-December 2018, i.e. -14%), equivalent to slightly more than 7 weeks of consumption (including nickel producers' inventories), the lowest level since end-2006.

The average LME price was $6.31/lb in 2019, representing an increase of 6% from 2018 (average of $5.95/lb), largely owing to the early September announcement that the Indonesian ban was being reintroduced[16]. The average H2 price ended at $7.03/lb, up 26% from H1 ($5.59/lb). The increase in LME prices in euros was +12% on an annual basis, factoring in the appreciation of the dollar.

Parallel to this, the price of nickel seaborne ore (1.8% CIF China) also rose sharply in H2 compared with H1. The average price went from $50.68/wmt[17] to $66.58/wmt[17], an increase of +31%.

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[12] SLN, ENI and others

[13] Eramet estimations

[14] Low-grade nickel ferroalloys

[15] LME: London Metal Exchange; SHFE: Shanghai Futures Exchange

[16] Ban on the export of nickel ore produced in Indonesia as of 1st January 2020

[17] CNFEOL: China Ferroalloy Online

Activities

In New Caledonia, after a difficult first-half, impacted by strikes in one of the main mining centres**,** the second half of 2019 was marked by the continued implementation of the SLN rescue plan, whose effects were achieved in part.

In 2019, despite large-scale strikes in the first half, nickel ore production was up 15%, achieving a record[18] of 4.7 Mwmt[19]. This was attributable to the new mine schedule working times applied since mid-May on all mining centres. The volume of low-grade ore exported exceeded the target set, ending at 1.6 Mwmt[19](+32%). The new mine schedule working times in addition to further discussions with local inhabitants should confirm the target of reaching the 4 Mwmt export rate of ore in 2021.

Given the blockade of mining centres on the East coast, supply to the ore smelting furnaces at the Doniambo plant remained disrupted for the entire year, with a 13% (47 kt) decrease in ferronickel production in 2019. Ferronickel sales volumes also fell by 15% to 47 kt over the same period.

Despite the implementation of new organisations at the mine and plant, the considerable decrease in ferronickel volumes weighed on SLN's cash-cost, which ended at $5.91/lb in 2019. Cash-cost substantially improved in H2, at $5.74/lb ($6.05/lb in H1), particularly due to export volumes and the increase in the market price of ore following the announcement of the Indonesian ban.

On this basis, SLN generated cash in H2 2019, specifically in the fourth quarter.

In November, the Group achieved a third milestone[20] in the implementation of the rescue plan by signing an agreement with Enercal, SLN's electricity provider. Through this agreement, Eramet achieves a third[21] of the required target to reduce energy prices. Other options are still being discussed with local partners in order to identify additional initiatives that will be key to achieving the overall objective of SLN's rescue plan.

The intrinsic reduction cash-cost target of $1.30/lb[22]on a full-year basis in 2021 remains dependent on the plan being rolled out without disruptions, especially with regard to social and societal aspects.

Moreover, digital transformation, specifically connected mines, should improve productivity. It is also a lever for performance improvement at SLN.

In addition, SLN's newly-established business model significantly increases the company's mining reserves and resources, particularly following the integration of lower grade tonnages for exports. SLN's mineral resources increased approximately fourfold (~4), amounting to 19.4 Mt of contained nickel, with an average grade of more than 1.85%. This makes SLN one of the world's leading mining operators.

At the Sandouville plant in Normandy, progress continued thanks to technical corrections implemented by an expert task force and strengthened site management. Nickel salt and high-purity nickel metal production roughly doubled (~2), versus 2018. This resulted in the plant doubling its sales to €90m. The loss was halved and cash consumption significantly reduced, with FCF of -€32m in 2019 (vs. -€54m). Factoring in the progress made in 2019, 2020 EBITDA should be close to break-even.

[18]Over a 5-year period

[19] Mwmt: millions of wet metric tonnes; kth: thousands of wet metric tonnes

[20] After being granted a 10-year authorisation by the local government to export 4 Mth a year of low-grade nickel ore and signing new agreements on working times in mines and plant

[21] This proposal represents an initial step in lowering energy prices as of 1st January 2020, leading to a flat-rate reduction of €8.5m per year, subject to conditions, assuming that the price of nickel is below $6.5/lb. Conversely, if the price of nickel on the international markets exceeded $10.0/lb, SLN has committed to return part of its profits for a maximum flat-rate amount of €8.5m per year.

[22] At end-2018, kick-start of the rescue plan

Outlook

At Weda Bay, Indonesia, as part of a partnership with Tsingshan, mining works started end-2019, with 900 employees currently working at one of the largest nickel deposits in the world. This mine will provide ore for several NPI[14] plants situated on the island of Halmahera. The target for nickel ore production is 6 Mwmt in the long-run, with more than 3 Mwmt as early as of 2020. To allow the start-up of calcination and smelting operations at the JV plant with Tsingshan at Weda Bay, more than 0.5 Mwmt[19] of nickel ore inventory was built up at end-2019.

At the same time, construction of this plant is in its latter stages. Production at the plant should start in H1 2020, ahead of the initial schedule. However, the Coronavirus epidemic could affect the activity's launch schedule.

The ramp-up in the plant's production is expected to be fast, with 80% of nominal capacity by end-2020, thereby benefitting from a favourable NPI environment thanks to the introduction of the Indonesian ban. The plant is expected to be well positioned as far as production costs are concerned with a cash-cost consistent with the best Indonesian producers.

Mineral Sands BU

This activity now contributes approximately 17% of the Group's EBITDA, demonstrating the success of the Group's strategy in mineral sands. TiZir's sales grew 5% to €286m in 2019 (at comparable scope, full basis). EBITDA was up considerably by 32% at €106m, thanks to good operating performance and favourable prices.

Market trends & prices

Global demand for zircon decreased by 10% on 2018, largely due to a decline in the ceramics market (~50% of end-products for zircon). The other application areas (mainly chemicals and refractory materials markets) were stable overall during the year, with a year-end downturn for refractory materials. Zircon supply remained strong, generating a surplus zircon supply/demand balance for 2019.

Compared with levels at end-2018, prices gradually lowered in 2019, albeit maintaining a high level. On an average annual basis, premium zircon market prices rose to $1,575/t[23], up 7% on 2018. Factoring in the currency effect, the price increase in euros was +13%.

Global demand for TiO_2 pigments (~90% of end-products for titanium-based products) remained stable in 2019. Demand for high value-added raw materials producers bolstered demand in CP grade titanium slag as produced in Norway. The average price of CP grade titanium slag thus increased by 10% to $752/t [24] compared with 2018. Factoring in the currency effect, the price increase in euros was +16%.

Activities

Upstream, in Senegal, thanks to further improvements (+6%) in operating performance[25], annual production for heavy mineral concentrates[26] at the Grande Côte (GCO) site reached 735 kt, exceeding the target set. The decline in production (-5% vs. 2018) is an expected reflection of the lowest grade (-11% on average in 2019 vs. 2018) for the deposit area currently in operation following the mining plan.

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[23] Source Zircon premium: FerroAlloyNet.com, Eramet analysis

[24] Source: Market consulting, Eramet analysis

[25] OEE: Overall Equipment Efficiency reflects the intensity of mining production (real production / maximum theoretical production)

[26] Titanium-related ore (ilmenite, rutile and leucoxene) and zircon

Zircon sales volumes were down 11% in 2019 at 58 kt. H2 offset part of the decline of the start of the year (- 16% in H1).

Downstream, in TiZir's Norwegian plant, titanium slag production remained stable at 189 kt, penalised by a metal casting incident, which resulted in a production shutdown for 4 weeks. Sales volumes decreased by 10% to 180 kt since the 2018 financial year benefitted from destocking effects.

Outlook

With the medium-term in mind, the Group is reviewing options to debottleneck mineral sand production in Senegal, with a focus on organic growth for GCO production. Initial results for this study should be available in H2 2020. The aim is to optimise the use of available capacity in ore beneficiation plant as well as in transport, leading to step-by-step increases in production.

Furthermore, following a global international tender procedure, Eramet secured exploration permits on the rutile block of Akonolinga, in Cameroon. The three-year long permits will allow the Eramet teams to conduct the necessary fieldwork and feasibility studies. This long-term project, which is fully in line with Eramet's exploration strategy, would provide a diversification of the Group product portfolio on the particularly attractive rutile market.

Lithium BU (Project)

In 2019, Eramet continued development works for its lithium deposit in Argentina, with an annual production target of 24 kt in LCE (Lithium Carbonate Equivalent). Capex for preparation work ended at €81m for the year, including the pilot plant on site. This pilot is currently operating in real conditions, confirming an excellent yield level to date, leading to a first quartile cash-cost position, amongst the most competitive in the industry.

The project is currently on hold and expenses have been reduced to a minimum, since required conditions for launch have not yet been met. This specifically applies to the Argentinian regulations' context and to the economic environment.

▪ High Performance Alloys division

The High Performance Alloys division's sales were down 17% to €847m and EBITDA showed a loss of -€26m. This underperformance results from delivery delays at Aubert & Duval, in turn caused by bringing its quality process into conformity, and particularly deteriorated market conditions for Erasteel's activity.

Market trends

In the aerospace sector, which accounts for more than 70% of Aubert & Duval's sales, the market environment remains stable. Through a diversified product portfolio that covers medium and long-haul aircraft, the company was little affected by Boeing's situation in 2019. The reduced Boeing 737MAX production rates and the announced Airbus A380 production shutdown were offset by record deliveries for the Airbus A320 aircraft and maintained production output for long-haul planes at Boeing.

Moreover, Aubert & Duval recently signed contracts with leading players in the aerospace and energy sector, paving the way to medium-term growth outlook and market share gains for the single-aisle programmes, landing gears and gas turbines segments.

Erasteel's markets (high-speed steels) were adversely affected by the sharp slowdown in the automotive sector in Europe and China in 2019, which is expected to continue in the coming months. The company was also penalised by the increase in customs duties, which are heavily impacting the exports of high quality high-speed steels to the United States.

Activities

At Aubert & Duval[27], sales declined considerably by 19% to €642m[28], with EBITDA at break-even (vs. +€36m in 2018). Bringing quality processes into conformity continues with all customers concerned, and continued to weigh on deliveries, significantly impacting Aubert & Duval's sales and performance. The momentum of the corrective action plan launched end-2018 enabled all sites to return to a normal billing rate since September, with the exception of Les Ancizes site, which nevertheless came close to a normal rate at year-end. In Q4, Aubert & Duval's monthly billing rate came out 15% above the monthly average for the year, reflecting a general trend reversal in delays observed since September.

Delays in deliveries for the closed die-forged parts BU continue to decrease and a return to normal inventory levels is expected in 2020. Delays in Forged and Rolled Products BUs still remain significant, especially at Les Ancizes site. A specific action plan has been rolled out in order to increase capabilities for the final production and control phases.

Throughout the year, combined expertise and background work have been conducted, working closely with customers. All this work will continue in 2020. This expertise has resulted in in-depth restructuring of former production and management routines. This key structural initiative will extend throughout 2020. An additional accrual of €15m was booked in 2019 to take into account the estimated cost to date of processing this in-depth review of quality processes (especially expertise costs). Total costs are estimated to be €80m.

To date, Aubert & Duval has not been subject to any judicial developments as part of bringing its quality processes into conformity.

The ramifications of the logistics difficulties have adversely affected Aubert & Duval's performance in 2019: -€49m impact on EBITDA, -€160m impact on FCF, including an increase in work-in-progress inventory levels (€80m).

At Erasteel, sales were down 10% at €205m in a strongly declining market. EBITDA recorded a loss of -€27m (vs. +€10m in 2018), also significantly penalised by the decline in raw material prices in recent months, particularly for cobalt and vanadium. Despite highly unfavourable market conditions, FCF showed marked improvement near break-even at -€3m. This was particularly due to well managed WCR and specifically stocks.

Factoring in Erasteel's current market outlook, an asset impairment charge of €25m has been booked as other non-current income and expenses at end-2019.

Outlook

Following a strategic review conducted in 2018 and actions to bring quality processes to conformity, the High Performance Alloys Division has launched a long-term in-depth restructuring programme. Several corrective actions are included:

- restructuring organisations and reshaping former managerial routines,
- reviewing portfolio of subsidiaries and focusing activities and capex on six key segments,
- improving operating performance, particularly in safety, product quality control, customer service and equipment reliability.

[27] Aubert & Duval, EHA and others

[28] Excl. UKAD sales, accounted for using the equity method as of 1st January 2019 (2018 UKAD sales: €44m)

The Group will continue to roll out these initiatives in 2020 to ensure a sustainable recovery in this division's performance.

♦ CSR roadmap

Eramet has a long-standing commitment to a responsible approach and continuous improvement. The Group makes Corporate Social Responsibility the key focus of its activities. In 2018, the Group set out its CSR roadmap, which connects key challenges affecting our society and the environment to Eramet's strategic vision. This 2018-2023 CSR roadmap is based on three core components: acting as a committed player to women and men, a responsible economic player and a committed player to our planet. For each of the thirteen objectives that make up the roadmap, Eramet has set out quantitative and qualitative targets.

In order to assess overall progress in its Roadmap, Eramet measures its CSR performance index, which is based on yearly achievements. For the 2019 financial year, this index came out at 112, i.e. 12 points above the targets set for the year (the index measures overall average progress within the roadmap). Most of the objectives established for the year were achieved. More than half of them exceeded the agreed milestones. This particularly applied to three of the environmental objectives, focused on rehabilitation of mining sites, dust emissions and industrial waste valorisation.

Eramet's growth strategy across all its subsidiaries is based on a sustainable and contributive foothold in its host countries, which is built in a spirit of partnership with all of its stakeholders. Eramet, a committed corporate citizen, is developing its projects in line with the highest international standards regarding the environment, society and ethics.

♦ Outlook

At the start of this year, Eramet is closely monitoring developments in the Coronavirus epidemic. China is the world's largest consumer of manganese, nickel and raw materials in general. To date, this epidemic has not significantly impacted the Group's operations.

In the context of a deteriorated and uncertain economic environment, the Group faces numerous challenges but is pursuing the roll-out of its strategic roadmap in 2020, with a focus on the following objectives:

- Manganese ore production target of **more than 5 Mt**
- Continued implementation of SLN rescue plan: target to export **2.5 Mwmt** in nickel ore
- Starting-up production at Weda Bay (Indonesia) expected as of first-half 2020

Thanks to expected and major intrinsic progress, and factoring in deteriorated manganese market conditions, **EBITDA forecast for 2020** should be **close to €400m** assuming **January 2020**[29] **market conditions**, and without recognising to date the potential impact related to the Coronavirus[30] epidemic.

[29] In particular, the monthly average January manganese ore price came out at $4.3/dmtu and nickel prices at $6.15/lb ($13,595/t)

[30] China accounted for approximately 1/3 of Eramet group sales in 2019

2019 annual results presentation

A live Internet webcast of the 2019 annual results presentation will take place on Thursday 20 February 2020 at 10:30am (Paris time), on our website: www.eramet.com. Presentation documentation will be available for the webcast.

To join the webcast, click on the link on the Group's website (www.eramet.com).

Calendar

28.04.2020: Publication of 2020 first-quarter sales

26.05.2020: General Shareholders' meeting

29.07.2020: Publication of 2020 half-year results

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 transformation 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. These include lithium extraction and refining, 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 around 13,000 people in more than 20 countries with sales of approximately €4 billion in 2019.

For further information, go to www.eramet.com

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IOS:
https://itunes.apple.com/fr/app/eramet-finance/id1115212055?mt=8

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

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APPENDICES

▪ Appendix 1: Sales

(€ million)[1]	Q4 2019	Q3 2019	Q2 2019	Q1 2019	2019	2018
MINING AND METALS DIVISION						
Manganese BU	434	427	470	434	1,765	1,857
Nickel BU	216	216	182	164	778	738
Mineral Sands BU[2]	85	62	80	59	286	212
HIGH PERFORMANCE ALLOYS DIVISION						
A&D and Erasteel	232	192	206	217	847	1,020
GROUP						
Holding company &	1	(3)	(2)	(1)	(5)	(2)
Eramet group Inc. joint ventures	**968**	**894**	**936**	**873**	**3,671**	**3,825**
Share in joint ventures	0	0	0	0	0	(100)
Eramet group published IFRS financial[3]	**968**	**894**	**936**	**873**	**3,671**	**3,725**

[1]Data rounded up to the nearest million.

[2] Full consolidation of Mineral Sands in the Group's accounts as of 1st July 2018.

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

Appendix 2: Productions and shipments

In thousands of tonnes	Q4 2019	Q3 2019	Q2 2019	Q1 2019	2019	2018
MANGANESE BU						
Manganese ore and sinter production	1,309	1,340	1,112	1,004	**4,765**	4,330
Manganese ore and sinter transportation[1]	1,306	1,303	1,022	996	**4,627**	3,954
Manganese ore external sales	1,322	911	861	776	**3,870**	3,368
Manganese alloy production	163	201	185	191	**740**	720
Manganese alloy sales	190	175	193	175	**733**	703
NICKEL BU						
Nickel ore production (*in thousands of wet metric tonnes*)	1,356	1,331	1,096	872	**4,655**	4,045
Ferronickel production	12.5	11.1	11.6	12.2	**47.4**	54.3
Nickel salts and high-purity nickel metal production	0.8	2	2.3	1.8	**6.9**	3.7
Ferronickel sales	11.4	11.6	12.0	12.0	**47**	55.3
Nickel sales and high-purity nickel metal sales	1.1	1.6	2.4	1.6	**6.7**	3.5
Nickel ore sales (*in thousands of wet metric tonnes*)	578	556	254	235	**1,623**	1,234
MINERAL SANDS BU						
Mineral Sands production	195	162	207	171	**735**	774
Zircon production	15	12	16	15	**58**	64
Titanium dioxide slag production	51	37	48	53	**189**	189
Zircon sales	15	14	16	13	**58**	65
Titanium dioxide sales	49	34	58	39	**180**	201

[1] Produced and transported

▪ Appendix 3: Price and index

	H2 2019	H1 2019	2019	2018	2019/2018	H2/H1 2019
MANGANESE BU						
Mn CIF China 44% (USD/dmtu)[1]	4.85	6.42	5.63	7.16	***-21.3%***	*-24.5%*
Ferromanganese MC – Europe (EUR/t) [1]	1,417	1,551	1,484	1,601	***-7.3%***	*-8.6%*
Silico-manganese – Europe (EUR/t) [1]	921	976	949	1,004	**-5.5%**	*-5.6%*
NICKEL BU						
Ni LME (USD/lb)[2]	7.03	5.59	6.31	5.95	***+6%***	*+25.8%*
Ni LME (USD/mt) [2]	15,489	12,325	13,907	13,118	***+6%***	*+25.8%*
Ni ore CIF China 1.8% (USD/wmt)[3]	66.58	50.68	58.63	54.44	***+8%***	*+31%*
MINERAL SANDS BU						
Zircon (USD/t) [4]	1,565	1,585	1,575	1,466	**+7.4%**	*-1.3%*
CP grade titanium dioxide (USD/t) [5]	758	746	752	685	***+10%***	*+2%*

[1] Eramet calculation, based on CRU monthly price index
[2] LME prices (London Metal Exchange)
[3] CNFEOL prices (China FerroAlloy Online)
[4] FerroAlloyNet.com, Eramet analysis (premium zircon)
[5] Market analysis, Eramet analysis

▪ Appendix 4: Sales and COI by activity

(€ million)[1]		2019	2018[2]	Change (€m)	Change[3] (%)
MINING AND METALS DIVISION					
Manganese BU	Sales	1,765	1,857	-92	-5%
	Current operating income (COI)	459	699	-240	-34%
Nickel BU	Sales	778	738	40	+5%
	COI	(58)	(111)	53	-48%
Mineral Sands BU[4]	Sales	286	212	74	+35%
	COI	64	35	29	+83%
HIGH PERFORMANCE ALLOYS DIVISION					
A&D and Erasteel	Sales	847	1,020	-173	-17%
	COI	(68)	(8)	-60	n/a

[1] Data rounded up to the nearest million. 2019 figures after IFRS 16 application on 1st January 2019. The comparative table is presented in Appendix 7.

[2] Until 2018, data adjusted from Group reporting in which joint ventures are accounted for using proportional consolidation. The reconciliation with the published financial statements is presented in Appendix 6.

[3] Data rounded up to higher or lower %.

[4] Mineral Sands activity fully consolidated in the Group's accounts as of 1st July 2018, versus 50% previously.

▪ Appendix 5: Performance indicators

Operating performance by division

(€ millions)	MINING AND METALS				HIGH PERFORMANCE ALLOYS	Holding and Eliminations	Total
	Manganese	Nickel	Mineral Sands	Lithium *			
Financial year 2019							
Sales	1 765	778	286	-	847	(5)	**3 671**
EBITDA	560	38	106	-	(26)	(48)	**630**
Current operating income	459	(58)	64	-	(68)	(56)	**341**
Net cash generated by operating activities	206	(17)	55	(13)	(84)	(61)	**86**
Industrial investments (intangible assets and property plan and equipment)	234	35	12	101	53	20	**455**
Financial year 2018							
Sales	1 857	738	212		1 020	(2)	**3 825**
EBITDA	784	(18)	62		46	(31)	**843**
Current operating income	699	(111)	35		(8)	(34)	**581**
Net cash generated by operating activities	499	(21)	41		(1)	(69)	**449**
Industrial investments (intangible assets and property plan and equipment)	140	57	12		60	12	**281**

* BU into Holding Eliminations till 31st december 2018

Sales and investments by region

(€ millions)	France	Europe	North America	Asia	Oceania	Africa	South America	Total
Sales (sales destination)								
Financial year 2019	320	1 274	599	1 309	37	86	46	**3 671**
Financial year 2018	362	1 315	629	1 346	30	87	56	**3 825**
Industrial investments (intangible assets and property plan and equipment)								
Financial year 2019	76	42	8	-	30	198	101	**455**
Financial year 2018	78	38	5	-	49	110	1	**281**

Consolidated performance indicators – Income statement

(€ millions)	**Financial year 2019**	**Financial year 2018**
Sales	**3 671**	**3 825**
EBITDA	**630**	**843**
Amortisation and depreciation of non-current assets Provision for risk and expenses	(284) (5)	(260) (2)
Current operating income	**341**	**581**
Impairment of assets Other operating income and expenses	(25) (93)	(104) (12)
Operating income	**223**	**465**
Financial income Share of income from associates Income taxes	(134) (7) (227)	(95) (3) (241)
Net income for the period	**(145)**	**126**
- Attributable to non-controlling interests **- Attributable to the Groupe**	39 **(184)**	73 **53**
Basic earning per share (€)	(6,93)	2,00

Consolidated performance indicators – Net financial debt flow table

(€ millions)	Financial year 2019	Financial year 2018
Operating activities		
EBITDA	630	843
Cash impact ot items in EBITDA	(420)	(345)
Cash flow from operations	**210**	**498**
Change in WCR	(124)	(49)
Net cash generated by operating activities (1)	**86**	**449**
Investing activities		
Industrial investments	(455)	(281)
Other investments flows	11	(379)
Net cash used in investing activities (2)	**(444)**	**(660)**
Net cash used in financing activities	**(117)**	**(123)**
Impact of fluctuation in exchange rate and other	(6)	(7)
Right of use relating to lease contracts acquisition (IFRS16)	(12)	
(Increase) / Decrease in net financial debt	**(493)**	**(341)**
(Net financial debt) opening	**(717)**	**(376)**
IFRS 16 Impact	(94)	
(Net financial debt) opening restated *	**(811)**	**(376)**
(Net financial debt) closing	**(1 304)**	**(717)**
Free Cash Flow (1) + (2)	**(358)**	**(211)**

* Restated for the first-time application of IFRS 16 as of January 1, 2019

Consolidated performance indicators – Balance sheet

(€ millions)	31/12/2019	31/12/2018
Non-curent assets	**3 294**	**3 030**
Inventories	1 098	958
Trade receivables	362	390
Trade payables	(458)	(413)
Simplified Working Capital	**1 002**	**935**
Other Working Capital items	(242)	(319)
Total Working Capital Requirements (WCR)	**760**	**616**
Derivatives	**-**	**-**
TOTAL	**4 054**	**3 646**

(€ millions)	31/12/2019	31/12/2018
Equity attributable to owners of the parent	1 398	1 605
Non-controlling interests	241	303
Shareholders' equity	**1 639**	**1 908**
Cash and cash equivalents and current f inancial assets	(920)	(1 366)
Borrowings	2 224	2 083
Net financial debt	**1 304**	**717**
Net financial debt/shareholders' equity (Gearing)	*80%*	*38%*
Provisions and employee-related liabilities	**877**	**794**
Net deferred tax	**214**	**201**
Derivatives	**20**	**26**
TOTAL	**4 054**	**3 646**

▪ Appendix 6: Reconciliation Group Reporting and published financial statements

(€ millions)	Financial Year 2019 Published [(1)]	Contribution of joint ventures	Financial Year 2019 Adjusted [(2)]	Financial Year 2018 Published [(1)]	Contribution of joint ventures	Financial Year 2018 Adjusted [(2)]
Sales	3 671	-	**3 671**	3 725	100	**3 825**
EBITDA	630	-	**630**	828	15	**843**
Current Operating income	341	-	**341**	574	7	**581**
Operating income	223	-	**223**	398	67	**465**
Net Income - Group share	(184)	-	**(184)**	53	(0)	**53**
Net cash generated by operating activities	86	-	**86**	437	12	**449**
Industrial investments	455	-	**455**	278	3	**281**
(Net financial debt)	(1 304)	-	**(1 304)**	(717)	-	**(717)**
Shareholder's equity	1 639	-	**1 639**	1 909	(1)	**1 908**
Shareholder's equity - Group share	1 398	-	**1 398**	1 606	(1)	**1 605**

(1) Published data with joint-ventures consolidated using the equity method as per current regulations
(2) Data from groupe reporting where joint ventures are consolidated porportionnaly till the 31st december 2018. Starting 1st january, all joints ventures are consolidate regarding the equity method.

▪ Appendix 7: IFRS 16

(€ millions)	Information 31/12/2018 published	First Application IFRS 16	Information 01/01/2019 with IFRS16
Rights of use relating to lease contracts		94	94
Non-current assets	**3 023**	**94**	**3 117**
Current Assets	**2 972**	**-**	**2 972**
TOTAL ASSETS	**5 995**	**94**	**6 089**

(€ millions)	Information 31/12/2018 published	First Application IFRS 16	Information 01/01/2019 with IFRS16
Attributable to equity holders of the parent company	**1 606**	**-**	**1 606**
Attributable to non-controlling interests	303		303
Shareholders' equity	**1 909**	**-**	**1 909**
Lease obligation due in more than one year		86	86
Non-current liabilities	**2 676**	**86**	**2 762**
Lease obligation due in less than one year		8	8
Current liabilities	**1 410**	**8**	**1 418**
TOTAL LIABILITIES	**5 995**	**94**	**6 089**

(en millions d'euros)	**Financial Year 2019 published**	**IFRS16 Impact**	**Financial Year 2019 with IAS17**
Revenue	**3 671**		**3 671**
Other income / expense	13		13
Cost of goods sold	(2 832)	(17)	(2 849)
Administrative and sellong expenses	(196)	(1)	(197)
Research and development costs	(25)	-	(25)
EBITDA	**630**	**(18)**	**612**
Depreciation of fixed assets and provisions for contingencies and losses	(289)	14	(275)
Current operating income	**341**	**(4)**	**337**
Other operating income	(118)	(0)	(118)
Operating income	**223**	**(4)**	**219**
Financial profit (loss)	(134)	10	(123)
Share of income from joint ventures and associates	(7)	-	(7)
Income tax	(227)	(2)	(229)
Net income for the period	**(145)**	**4**	**(141)**
- Attributable to non-controlling interests	39	-	39
- Attributable to equity holders of the parent company	**(184)**	**4**	**(180)**

Appendix 8: 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 policies adopted for the Group's reporting, the operating performance of the joint-ventures have been accounted for under proportional consolidation until 2018: the TiZir subgroup (Mineral Sands BU, Mining and Metals Division) until 30 June and the UKAD Company (High Performance Alloys Division) until 31 December.

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 the fluctuations in the exchange rate 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 year to the sales for the 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 intangible assets.

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 including nickel ore exports 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.

SLN break-even cost

The break-even cost of SLN is defined as SLN's cash-cost as defined above, plus capex (actual capex versus yearly tonnage for annual accounts; projected capex and projected tonnage for the current year) non-recurring income and expenses, and financial expenses (recognised in SLN's corporate financial statements).