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PRESS RELEASE

Eramet: Strong increase in first-half results

- **Strong increase in Group EBITDA** to **€293m** in H1 2021, including intrinsic progress of more than €110m
- **Positive Free Cash-Flow ("FCF")** of **€111m;** reduction in net debt to €1.2bn at 30 June 2021
- **Net income, Group share** at **€53m**
- **Stable manganese ore prices. Favourable price environment** for manganese alloys and nickel, partly offset by the **strong increase in freight prices** and the negative currency impact
- First-half well oriented with a **good operating performance**:
  - **Continued organic growth** in manganese ore production in Gabon (+13%), and favourable change in the **manganese alloys mix** in favour of refined products
  - **Excellent performance of Weda Bay Nickel[1]:** nearly 7 Mwmt of nickel ore produced, with an acceleration in growth dynamics and a contribution of €70m to Group FCF
  - **Mining production low season accentuated** by particularly unfavourable weather conditions in New Caledonia
  - **Continued adaptation of the High-Performance Alloys division** to the aerospace market environment which is still depressed. EBITDA improvement: significantly reduced loss versus H1 2020
- **Validation of the commitment** to reduce CO_2 emissions by 40% for 2035
- **Outlook:**
  - **Mining production targets maintained in Gabon and New Caledonia,** with a considerably more favourable seasonality in H2, and **revised upwards** for **Weda Bay Nickel**
  - **Forecast EBITDA over the year revised up**: considering a particularly favourable price environment for manganese alloys and a revised consensus for 2021 of average manganese ore (CIF China 44%) prices at $5.01/dmtu and LME nickel prices at $7.9/lb[2], forecast EBITDA **would be more than €850m**

Christel Bories, *Eramet group Chair and CEO:*

« We achieved a promising first half-year, driven by good operating performance and an overall high price environment. We remained focused on cash generation and, thanks to progress made in all our businesses, our debt decreased at end-June.

These results show that the Group's transformation started four years ago is delivering success: our business fundamentals are improving and our strategic roadmap is progressing and is consistent with a strong environmental, social and societal commitment addressing global as well as local challenges.

On-site, employees are bringing about change by combining performance and the positive contribution of our activities to surrounding communities. Building on this momentum, we enter with confidence the second semester with very good prospects, both in terms of results and cash generation. »

[1] Eramet holds a 43% stake in Strand Minerals Pte Ltd, the holding owning 90% of PT Weda Bay Nickel, which is booked in the Group's consolidated financial statements under the equity method.
[2] Compared to a consensus for 2021 of average manganese ore prices at $4.5/dmtu and LME nickel prices at $7.5/lb in February 2021.

♦ CSR commitments

In first half 2021, Eramet included its purpose in the company's statutes. By stating its ambition to "become a reference for the responsible transformation of the Earth's mineral resources for living well together", the Group is strengthening the integration of the CSR roadmap at the heart of its strategic transformation.

Responsible management of the health crisis and the safety of employees are major priorities for the Group:

- regular reviews are conducted regarding health protocol implemented on all Group sites in March 2020, based on pandemic developments and the recommendations of local authorities;
- the total recordable injury rate (TRIR[3]) stood at 2.4 year-on-year at end-June 2021, and posted a very significant improvement versus 2020 (vs. 4.1 at end-2020). The Group is focusing all of its efforts on the elimination of High Potential Incidents.

The Group has committed to an objective to reduce its CO_2 emissions by 40% in absolute value for 2035 (vs 2019), validated by SBTi (Science-based target initiative), confirming the contribution to the international effort to limit global warming to below 2°C and achieve carbon neutrality in its scope 1 and 2 emissions by 2050.

The Group's societal commitment was notably reflected during the half-year by the creation of two CSR funds with the Gabonese government, aimed at financing new development programmes for the benefit of local populations. In Gabon, the Group also inaugurated the Lékédi Biodiversity Foundation[4].

Eramet scored 3rd among the 44 companies in the European mining and metals panel of Vigeo-Eiris[5], with an "Advanced" performance level. The overall score of 66/100, which places the Group in the 1st decile as in the previous assessment conducted in 2019, confirms the constant progress of the Group's extra-financial performance over the past three years.

[3] TRIR (total recordable injury rate) = number of lost time and recordable injury accidents for 1 million hours worked (employees and subcontractors).
[4] The Foundation seeks to preserve biodiversity, rehabilitate orphan primates, and develop scientific research of the only protected animal park in Gabon, which is home to exceptional wildlife and plants.
[5] Vigeo-Eiris: extra-financial rating agency and subsidiary of Moody's Corporation.

♦ Eramet group key figures

(Millions of euros)[1]	H1 2021	H1 2020	Chg. (€m)	Chg.[2] (%)
Turnover	1,878	1,687	191	+11%
EBITDA	293	120	173	+144%
Current operating income (COI)	159	(32)	191	n/a
Net income, Group share	53	(623)	676	n/a
Free Cash-Flow	111	(210)	321	n/a
	30/06/21	**31/12/20**	**Chg. (€m)**	**Chg.[2] (%)**
Net debt	(1,244)	(1,333)	89	-7%
Shareholders' equity	1,059	997	62	+6%
Gearing (Net debt-to-equity ratio)	117%	134%	-17 pts	n/a
Gearing within the meaning of bank covenants[3]	92%	106%	-14 pts	n/a
ROCE (COI/capital employed[4] for previous year)	11%	3%	+8 pts	n/a

[1] Data rounded to the nearest million.

[2] Data rounded to higher or lower %.

[3] Net debt-to-equity ratio, excluding IFRS 16 impact and French state loan to SLN.

[4] Total shareholders' equity, net debt, site restoration provisions, restructuring and other social risks, less long-term investments, excluding Weda Bay Nickel capital employed. At 30 June 2021, ROCE is calculated on a 12-month rolling basis.

N.B.: all the commented changes in H1 2021 are calculated with respect to H1 2020, unless otherwise specified.

The Group's H1 2021 **turnover** totalled **€1.9bn**, up 11% (+18% at constant scope and exchange rates[6], factoring in a negative currency effect of -7%). This growth was driven by the Mining and Metals division with a volume/mix effect of +7% and a price effect of +15%. Turnover for the High-Performance Alloys division declined and remains heavily penalised by the aerospace crisis.

Group **EBITDA** was **€293m**, up significantly (by nearly 150%) reflecting notably:

- an intrinsic performance of +€112m, representing nearly two thirds of the increase;
- an impact of external factors of +€61m, with a positive price effect largely offset by higher input costs (freight and materials) and by a negative currency effect.

Net income, Group share totalled **€53m**, and included the share of income of Weda Bay Nickel (+€77m). The loss posted in H1 2020 particularly reflected asset impairments related to the health and aerospace crises.

Capex cash amounted to **€109m** at end-June, declining versus H1 2020 (which included investments made in the lithium project before it was mothballed), reflecting the reduction in capital expenditure in 2020. Capex cash

[6] See Financial glossary in Appendix 6.

breaks down as €67m in current capex and €42m in growth capex, mainly dedicated to supporting the organic development of mining production in Gabon. Capex-related disbursements will be higher in H2 than H1.

Free Cash-Flow ("FCF") came out at **€111m**, of which €222m for the Mining and Metals division and -€47m for the High-Performance Alloys division. The improvement in FCF of +€321m reflects the good operating performance, the Group's good cash control and the partial recovery of A&D.

Net debt ended at **€1,244m** at 30 June 2021. This included €88m linked to the application of IFRS 16.

As of 30 June 2021, Eramet's **cash** levels remained high at **€1,944m**. In July, Eramet repaid early all the bonds issued by TiZir which are still outstanding for an amount of $225m as well as a part of the credit line drawn down in the RCF (€500m). Eramet also signed an agreement with RCF's banking pool in order to integrate into this last an incentive scheme for achieving two of the Group's main CSR indicators.

♦ Key figures by activity

(Millions of euros)[1]		H1 2021	H1 2020	Change (€m)	Change[2] (%)
MINING & METALS DIVISION					
Manganese BU	Turnover	887	839	48	+6%
	EBITDA	280	234	46	+20%
Nickel BU	Turnover	515	366	149	+41%
	EBITDA	10	(70)	80	n/a
Mineral Sands BU	Turnover	138	139	(1)	-1%
	EBITDA	47	44	3	+6%
Total Division[3]	*Turnover*	*1,540*	*1,344*	*196*	*+15%*
	EBITDA	*337*	*208*	*129*	*+62%*
HIGH-PERFORMANCE ALLOYS DIVISION					
A&D and Erasteel	Turnover	337	345	-8	-2%
	EBITDA	(10)	(66)	56	n/a

[1] Data rounded to the nearest million.

[2] Data rounded to higher or lower %.

[3] Excluding the lithium project (see half-year performance Indicators Table by activity in Appendix 4).

▪ Mining & Metals division

The activities of the Mining and Metals division benefitted from positive market momentum in H1 2021 with strong demand driven by the rebound in global economic growth, resulting in overall higher price levels. However, the increase in the cost of freight, combined with an unfavourable €/$ exchange rate, weighed significantly on results.

Over the half-year, the division posted turnover up 15% and EBITDA up more than 60% to €337m.

Manganese BU

The Manganese BU continued to record excellent operating performance in H1 2021, notably with an increase in ore production by 13%.

Turnover totalled €887m (+6%) and EBITDA increased by 20% to €280m, reflecting the strong increase in manganese alloys selling prices. The increase in the cost of freight by more than 60% in the Gabon-China route nonetheless weighed significantly on the results of ore activity.

Market trends & prices

In H1 2021, global production of carbon steel, the main end-product for manganese, was up considerably by +13%[7] ending at 1,007 Mt[7] in H1 2021. Production in China increased strongly (+12%[7]), driven by good momentum in the local economy and particularly in the automotive, construction and infrastructures sectors. Production in the rest of the world also saw strong growth in H1 2021 (+15%[7]), thanks in particular to India, but also the recovery in Europe and North America which still have not returned to their pre-crisis level. In this context, manganese ore consumption increased by 10%[7] in H1 2021 to 10.5 Mt[7]. Global manganese ore production was up 9%[7] to 9.8 Mt[7], reflecting the increase of nearly 28%[7] in volumes produced in South Africa compared with H1 2020, marked by the closure of mines faced with the health crisis. The supply/demand balance was thus in deficit in H1 2021 with Chinese port ore inventories declining versus end-2020, now representing 11 weeks' consumption.

The average CIF China 44% manganese ore price stood at approximately $5.1/dmtu[8, 9] in H1 2021, up c.2%[8] from H1 2020 ($5.0/dmtu[8, 9]), but down 7% in euros.

Driven by the increased demand in the steel market and shortage of supply in the European market, manganese alloy prices in Europe increased very considerably in H1 2021. In June, they reached a record level versus a previous high point in 2008, particularly for refined alloys (MC ferromanganese at €1,886/t[8, 9], +33%[8] vs. H1 2020; +20%[8] in Q2 2021 vs. Q1) but also for standard alloys (silicomanganese at €1,191/t[8, 9], representing +26% vs. H1 2020; +26%[8] in Q2 vs. Q1). Given the one quarter lag between changes in market prices and those in sales contracts, the increase in prices in Q2 will again have a very favourable impact on the BU's turnover in Q3.

Activities

In Gabon, thanks to the mine expansion programme, Comilog's manganese ore production increased +13% to 3.1 Mt in H1 2021.

Transported volumes stood at 2.9 Mt and were almost stable compared with a particularly high level in Q2 2020, which had notably benefitted from the temporary shutdown in passenger traffic, factoring in the health crisis. The incidents that occurred on the railway line in H1 2021 also weighed on transported volumes, which nevertheless reached a level at 563 kt in June and should achieve a higher pace in July, benefitting from the progress made in the operations of Setrag thanks to the plan to modernise the Transgabonese railway. Transported volumes are expected to support the ramp-up in production in H2. External sale volumes amounted to 2.5 Mt (+4%).

Manganese alloys production increased by 7% in H1 2021 to reach 367 kt. Sales were up 3% to 357 kt with a change in the mix in favour of refined products.

The margin for manganese alloys significantly increased in H1 2021, mainly driven by the increase in alloy selling prices (representing a positive impact of more than €60m). Moreover, operating performance also progressed over the half-year, particularly with better optimisation of costs and technical ratios[10].

Outlook

Global carbon steel production is expected to remain sustained in H2 2021, thanks to the recovery which is continuing, notably in Europe and the United States. This situation should continue to contribute to an increase in demand for manganese ore and alloys.

As part of the modular and optimised manganese ore growth programme, the production target is confirmed at 7 Mt for 2021. Transported and shipped volumes should total more than 6.5 Mt.

[7] Eramet estimations based on Worldsteel production data available until end-May 2021.
[8] Half-year average market prices, Eramet calculations and analysis.
[9] Manganese ore: CRU CIF China 44% spot price; manganese alloys: CRU Western Europe spot price.
[10] Average power of furnaces, metal losses, OEE.

Nickel BU

Nickel BU turnover stood at €515m in H1 2021 (+41%), including €108m from the trading activity of nickel ferroalloys produced at Weda Bay (off-take contract) which continues to ramp up.

The BU's EBITDA was €10m (vs. –€70m in H1 2020).

The recovery in the stainless steel and batteries markets was reflected by a strong increase in prices over the half-year, offset however in part by the increase in freight costs on ore export sales. SLN[11] only partially benefitted from the recovery, considering production difficulties: blockades in New Caledonia at end-2020 did not enable the necessary inventories to be built in order to anticipate the particularly penalising rainy season this year. This weighed on ferronickel production and constrained the growth in ore export volumes. As a result, turnover increased only slightly to €330m (+3%) but EBITDA was positive at €17m (vs. -€49m in H1 2020).

The Sandouville refinery reduced its losses with EBITDA of -€14m in H1 2021 (vs. -€21m in H1 2020), reflecting a progressive improvement in operating performance.

Market trends & prices

Global stainless steel production, which is the main end-market for nickel, amounted to 29 Mt[12] in H1 2021, an increase of 28%[12] on H1 2020, which at the time was strongly marked by the beginning of the global health crisis and the decline across the global economy. China continued to be the main driver of this growth by posting production which also increased by 28%[12]. This was also the case in Indonesia, where production more than doubled compared to H1 2020, exceeding 2.3 Mt[12] over the half-year (+114%[12]). Stainless steel production also recorded a strong rebound in the rest of the world in H1 2021 (+17%[12]), without returning to its pre-crisis level.

Global demand for primary nickel thus increased in H1 2021 to 1.4 Mt[12] (+28%[12]), driven by demand for primary nickel in stainless steel (+30%[12]) and strong growth in the batteries sector (+80%[12] mainly linked to electric vehicles).

Global primary nickel production also increased but to a lesser extent in H1 2021, reaching 1.3 Mt[12] (+12%[12]). This increase reflects the growth in Indonesian NPI[13] production (+81%[12]), whereas Chinese NPI production declined (-13%[12]). Traditional nickel production declined slightly in H1 (-3%[12]), with some producers experiencing difficulties in their operations.

After having largely been in surplus in 2020, the supply/demand balance was heavily in deficit in H1 2021 (-66 kt[12]). LME[14] and SHFE[14] nickel inventories declined at end-June 2021 to 239 kt, equivalent to approximately 9 weeks' consumption[15].

LME nickel prices increased 40% in H1 2021 (+29% in euros). LME price average was $7.93/lb ($17,485/t). Ferronickel selling prices were also up considerably in H1 2021 (+43% in US dollars, +31% in euros), despite a significant discount versus the LME over the period.

1.8% CIF China nickel ore prices continued to evolve at high levels (more than $95/wmt[16] on average), up very significantly (+39%) on H1 2020. The nickel ore market remained difficult in H1 due to the unfavourable seasonality, with the rainy season significantly reducing the ore offer, particularly from the Philippines. As a result, ore inventories in China reached relatively low levels, which contributed to sustaining high prices.

[11] SLN, ENI and others
[12] Eramet forecasts.
[13] Nickel Pig Iron: low-grade nickel ferroalloys.
[14] LME: London Metal Exchange; SHFE: Shanghai Futures Exchange.
[15] Including producers' inventories.
[16] CNFEOL (China FerroAlloy Online) prices.

In Indonesia, the official domestic price index for nickel ore ("HPM Nickel") averaged approximately $38/wmt in H1 2021, for nickel ore with 1.8% nickel content and 35% moisture content.

Activities

In New Caledonia, activities in the mine and the Doniambo plant were penalised by an environment which was once again difficult, between societal disruptions and the strong impact of an exceptional rainy season that continued in April and May. SLN mining production, which had started the year with low inventories due to blockades in the territory in December 2020, amounted to 2.3 Mwmt in H1 2021, an increase of 5%. In parallel, low-grade nickel ore exports were up 2%, reaching 1.1 Mwmt. Since the bad weather stopped, the situation has improved with 415 kwmt exported in June, representing an annual pace above 4 Mwmt. Ferronickel production particularly suffered with a decrease in produced volumes in H1 2021 of 22% (to 19 kt). This resulted in a decline in sold volumes of 27% (to 19 kt). The plant is also supplied better since end-June.

Cash cost[6] amounted to $6.9/lb on average in H1 2021, reflecting the significant decline in produced volumes and the unfavourable €/$ exchange rate.

As a result, SLN's cash position again deteriorated in H1 2021. This highlights the need for SLN to not only be able to operate its mines and its plant under normal operating conditions, but also be in a position to fully implement the levers identified in the rescue plan: an increase in export capacity of non-recoverable ore locally to 6 Mwmt per year with demand obtained to authorise 2 Mwmt in additional exports as well as an electricity price reduction. The consultation process with suppliers for a long-term solution to the supply of electricity to Doniambo is advancing on schedule.

At the Sandouville plant in Normandy, nickel salt and high-purity metal production reached 4.9 kt in H1 2021, an increase of 32% from H1 2020, which was very affected by the health crisis. Sales volumes also significantly increased to 4.7 kt (+27%) thanks to the recovery in high-purity nickel markets. The recovery of the plant is expected to continue in H2.

At Weda Bay in Indonesia, mine operations, which now employ approximately 4 000 people, continued to ramp up to an exceptional pace with nearly 7 Mwmt produced in H1 2021. The level of production achieved enabled the supply of the Joint Venture's plant, but also sold nearly 4.2 Mwmt of ore to other Indonesian producers located on the industrial site of the island of Halmahera which now has six plants. In parallel, the nickel ferroalloys plant operated at maximum capacity in H1 2021, for a total of 20 kt produced at a very competitive cash cost. The excellent operating performance of Weda Bay was thus reflected in a contribution of €70m to Group FCF over the period, including trading activity.

Outlook

Global stainless steel production offers good growth prospects for the rest of the year in Europe and North America. The strong rebound in nickel demand posted in H1 2021 is expected to continue throughout the year, factoring in the very good momentum of the Chinese and Indonesian stainless steel sectors, but also thanks to the ramp-up in the batteries sector for electric vehicles.

NPI production in Indonesia should still accelerate in H2 2021 with the installation of new production lines. Traditional production is expected to return to its pre-Covid levels in H2, notably thanks to a return to normal on operations sites which were affected in H1. Against this background, the supply/demand balance should even itself out over the full year.

Considering the good momentum in the stainless steel market, the discount level compared to LME should decrease in H2 2021 for ferronickel, whilst remaining substantial.

In New Caledonia, SLN's nickel ore export volume target is 3.5 Mwmt in 2021. Given the low level achieved in H1, ferronickel production is expected to rise to nearly 45 kt. Considering the favourable seasonality and subject to normal operating conditions, the cash cost should considerably improve in H2.

At Weda Bay in Indonesia, the mine production target has been revised upwards to more than 12 Mwmt in 2021. Nickel ferroalloys production is confirmed at approximately 40 kt-Ni. The Group is closely monitoring current developments in the health crisis locally.

As part of the strategic review of the Sandouville site, the option of a sale is now favoured, and discussions are underway and at an advanced stage with a potential buyer.

Mineral Sands BU

The Mineral Sands BU posted stable H1 2021 turnover at €138m, factoring in a negative €/$ currency effect, which offset the favourable price effect. EBITDA was up by 6% to €47m, reflecting the good operating performance offset in part by an increase in the cost of inputs, particularly the cost of energy.

Market trends & prices

Global demand for zircon has rebounded since early 2021 and was very sustained throughout H1 thanks to the recovery in the global economy. Most of this increase is a result of the ceramics sector (approximately 50% of the end-product) in China and Europe. Parallel to this, zircon production increased at a less fast pace, especially given that the market was plunged into uncertainty in Q2 with the emergence of significant operating difficulties at a major producer in South Africa. The supply/demand balance was thus in deficit in H1 2021.

Zircon market prices ended at $1,338/t FOB[17] in H1 2021, with an increase of 6% in Q2 versus Q1. However, prices remained below their H1 2020 level (-1% in US dollars, -10% in euros), but stable on Q4 2020.

Global demand for TiO_2 pigments[18], the main end-market for titanium-based products[19], was again very substantial in H1 2021 thanks to global economic growth. To date, TiO_2 pigment producers have managed to meet this demand, in a tight market. In the titanium-based products market, factoring in the difficulties encountered by some producers, the expected deficit in supply results in tight demand, notably for CP titanium dioxide slag as produced by TiZir in Norway.

This tight demand is not reflected in selling prices in H1 2021 due to the inertia of operations in this market in which prices are set on a quarterly and half-year basis. The latter ended at $753/t FOB[20] (-6% in US dollars versus H1 2020, -13% in euros).

Activities

In Senegal, mineral sands production[21] remained at a high level in H1 2021 at 362 kt. The slight reduction in average content in the targeted are being mined over the period was offset by the very good operating performance achieved. Zircon production declined by 3% to 28 kt with sales down by 9% to 30 kt, compared to a high level in H1 2020.

In Norway, titanium slag production reached a record level in the first half at 103 kt (+5%), whereas sales volumes increased more significantly (+13%), reaching 113 kt.

Outlook

The rebound in demand for zircon in H1 2021 should continue into the second half of the year, contributing to a significant increase in prices from Q3 2021.

[17] Source Zircon premium: Eramet analysis.
[18] c.90% of titanium-based end-products.
[19] Titanium dioxide slag, ilmenite, leucoxene and rutile.
[20] Source: Market consulting, Eramet analysis.
[21] Titanium-related ore (ilmenite, rutile and leucoxene) and zircon.

The market for titanium dioxide slag should also continue to be driven by strong demand for TiO2 pigments. The titanium-based products market is expected to remain tight in H2, penalised by a partial reduction in South-African supply as a result of social and safety concerns. As a result, the price of titanium slag should grow in H2 2021.

- ## High-Performance Alloys division

The High-Performance Alloys division posted turnover of €337m in H1 2021, down slightly by 2%. The loss in EBITDA was reduced by more than six, amounting to -€10m in H1 2021.

The profound crisis in the aerospace sector continues to weigh significantly on Aubert & Duval ("A&D")[22]. Sales down 9% to €245m. Measures to adapt costs to the level of activity enabled an improvement in EBITDA, which went from -€52m in H1 2020 to -€14m in H1 2021.

Erasteel sales increased to €91m (+20%). EBITDA ended at €3m (vs. -€15m in H1 2020), reflecting a more favourable product mix and productivity gains.

In addition, Brown Europe, a subsidiary of the division specialised in wire drawing of alloys used in the aerospace sector, was sold at end-June for €12m, booked in FCF at end-June 2021.

Market trends & prices

The aerospace sector, which accounts for nearly 70% of A&D's turnover (pre-crisis level), still remains very significantly lagging behind, particularly for long-range aircraft.

National sovereign markets (defence and nuclear) as well as energy markets only very slightly suffered from the effects of the health crisis, notably thanks to large-scale public investment programmes that sustain demand.

The automotive industry, which represents nearly half of Erasteel's sales, saw its recovery accentuate in H1 2021, driven by Asia in the first instance followed by North America and Europe to a lesser extent. However, the shortage of semiconductors penalised this recovery.

Activities

A&D's aerospace sector turnover declined 24% to €143m in H1 2021. Sales continued to suffer the full effects of the sharp slowdown in the aerospace industry as production rates for the main programmes remained at low levels.

Turnover in the Energy and Defence sectors was up very significantly (+74%) to €73m in H1 2021. Sales in the Energy sector increased considerably in Q2, reflecting the ramp-up in volumes of deliveries to GE of parts for land-based turbines, with a demand that is increasingly sustained. New contracts were also signed with National Defence players notably regarding parts for use in the military naval sector.

Moreover, A&D is pursuing the finalisation of a review of quality processes and the adaptation of its cost structure to respond to the degradation of its main market. The Work Organisation Adjustment Plan[23] signed in April is aimed at a net reduction of 327 positions based on staff in June 2020 (427 positions cut and 100 new positions created), for an overall estimated cost of €33m. The plan is under implementation, a first round of departures was thus validated, leading to the recording of a provision of €20m at end-June.

Measures to adapt the cost of labour – reduction in temporary staff, departures of employees, use of part-time work – enabled savings over the half-year estimated at €33m on an annual basis, for a target of €50m. They will be supplemented by the full effect of voluntary redundancies. At end-June 2021, A&D headcount thus declined by -14% versus end-2019. This decline should be c.-20% at the end of the Plan.

[22] Aubert & Duval, EHA and others.
[23] This plan also includes the extension of the Long-Term Part-Time Work scheme (Activité Partielle Longue Durée, "APLD") until end-2022.

At **Erasteel**, turnover increased 20% to €91m, linked to the global economic recovery and new market share gains in Asia for products made from powder metallurgy. Recycling activity continued to grow (+67% to €10m). The cost reduction plan also continued this year.

Outlook

The outlook for the aerospace industry improved during H1. Thus, Airbus announced a strong recovery in its production rates for the A320 family, with a return to pre-crisis pace by early 2023. Conversely, the outlook for recovery remains very uncertain for long-range aircraft, a market in which A&D is very active.

As regards Erasteel, the automotive market should continue to recover in H2 2021 with global production expected to increase to nearly 10% in 2021.

The sale of A&D, which is strategic to the aerospace sector, remains the Group's preferred option in time.

♦ Outlook

Assuming that the health situation does not significantly deteriorate, the good momentum in the markets of the Mining and Metals division should continue into second-half 2021, with prices increases expected in Q3, notably for manganese alloys and much more favourable seasonality. However, the high freight costs and logistics issues are set to continue.

Despite an improved medium-term outlook for single-aisle aircraft, the aerospace crisis continues to penalise the High-Performance Alloys division.

The Group is expected to complete between €400-€450m in capital expenditure in 2021, specifically to support its growth.

Mining production targets are maintained in Gabon and New Caledonia and revised upwards in Indonesia:

- 7 Mt of manganese ore production in 2021;
- 3.5 Mwmt in nickel ore exports;
- Weda Bay production to 12 Mwmt.

The Group is revising its 2021 EBITDA target upwards: factoring in a particularly favourable price environment for manganese alloys and a revised consensus for 2021 for average manganese ore prices (CIF China 44%) at $5.01/dmtu and LME nickel prices at $7.9/lb[24], forecast EBITDA would be more than €850m in 2021.

This outlook is in line with the good momentum of H1, assuming that the health situation does not significantly deteriorate.

[24] Compared to a consensus for 2021 of average manganese ore prices at $4.5/dmtu and LME nickel prices at $7.5/lb in February 2021.

Calendar

29.07.2021: Webcast and presentation of 2021 half-year results

A live Internet webcast of the 2021 half-year results presentation will take place on Thursday 29 July 2021 at 10:30 a.m. CET, on our website: www.eramet.com. Presentation documentation will be available at the time of the webcast.

25/10/2021: Publication of 2021 third-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 13,000 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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Image 7

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APPENDICES

Appendix 1: Quarterly turnover

€ million[1]	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
MINING & METALS DIVISION						
Manganese BU	498	389	440	420	480	359
Nickel BU	277	238	323	216	215	151
Mineral Sands BU	82	56	74	63	69	70
Total Division	**857**	**683**	**837**	**699**	**764**	**580**
HIGH-PERFORMANCE ALLOYS DIVISION						
A&D and Erasteel	**182**	**155**	**181**	**154**	**149**	**196**
GROUP						
Holding company & eliminations	**1**	**0**	**(2)**	**(3)**	**0**	**(2)**
Eramet group published IFRS financial statements[2]	**1,040**	**838**	**1,016**	**850**	**913**	**774**

[1] Data rounded up to the nearest million.

[2] Application of IFRS standard 11 “Joint Arrangements”.

Appendix 2: Productions and shipments

In thousands of tonnes	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
MANGANESE BU						
Manganese ore and sinter production	1,597	1,512	1,503	1,537	1,475	1,288
Manganese ore and sinter transportation[1]	1,542	1,377	1,535	1,615	1,620	1,242
External manganese ore sales	1,314	1,212	1,393	1,492	1,418	1,000
Manganese alloy production	173	194	186	170	146	196
Manganese alloy sales	183	174	208	162	165	181
NICKEL BU						
Nickel ore production *(in thousands of wet tonnes)*						
SLN	1,254	1,050	1,599	1,603	1,286	918
Weda Bay Nickel (100%)	3,996	3,001	1,572	573	751	513
Ferronickel production – SLN (kt of Ni)	8.5	10.0	11.3	12.8	11.7	12.1
Nickel ferroalloy production - Weda Bay Nickel (kt of Ni – 100%)	10.0	10.1	10.6	8.4	4.5	-
Nickel ore sales ***(in thousands of wet tonnes)***						
SLN	684	433	832	589	760	331
Weda Bay Nickel (100%)	2,967	1,205	236	182	-	-
Ferronickel sales – SLN (kt of Ni)	10.0	8.8	11.7	12.8	14.3	11.6
Nickel ferroalloy sales - Weda Bay Nickel/Off-take Eramet (kt of Ni)	4.1	4.3	5.4	0.8	-	-
Nickel salt and high purity nickel production	2.6	2.3	2.1	1.6	2.2	1.5
Nickel salt and high purity nickel sales	2.6	2.1	2.4	1.3	2.1	1.6
MINERAL SANDS BU						
Mineral Sands production	191	171	208	183	183	188
Zircon production	15	13	16	14	15	14
Titanium dioxide slag production	55	48	49	52	50	48
Zircon sales	16	14	16	13	16	17
Titanium dioxide slag sales	71	42	45	51	48	52

[1] Produced and transported

Appendix 3: Price and index

	H1 2021	H2 2020	H1 2020	Chg. H1 2021 – H1 2020[6]	Chg. H1 2021 – H1 2020[6]
MANGANESE BU					
Mn CIF China 44% ($/dmtu)[1]	5.06	4.19	4.98	***+2%***	*+21%*
Ferromanganese MC - Europe (EUR/t)[1]	1,886	1,311	1,422	***+33%***	*+44%*
Silicomanganese - Europe (EUR/t)[1]	1,191	870	949	***+26%***	*+37%*
NICKEL BU					
Ni LME ($/lb)[2]	7.93	6.85	5.65	***+40%***	*+16%*
Ni LME ($/t)[2]	17,485	15,092	12,455	***+40%***	*+16%*
Ni ore CIF China 1.8% ($/wmt)[3]	95.4	91.0	68.5	***+39%***	*+5%*
MINERAL SANDS BU					
Zircon ($/t)[4]	1,338	1,310	1,355	***-1%***	*+2%*
CP grade titanium dioxide ($/t)[5]	753	775	798	***-6%***	*-3%*

[1] Half-year average market prices, Eramet calculations and analysis.

[2] LME (London Metal Exchange) prices.

[3] CNFEOL (China FerroAlloy Online) prices, "Other mining countries" in H1 2021 and H2 2020; SMM (Shanghai Metals Market) "Philippines" in H1 2020.

[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: Half-year performance indicators by activity

€ million[1]		H1 2021	H1 2020	FY 2020	H1 Change (€m)	H1 Change[2] (%)
MINING & METALS DIVISION						
Manganese BU	Turnover	887	839	1,699	48	+6%
	EBITDA	**280**	**234**	**442**	**46**	**+20%**
	COI[3]	219	179	339	40	+22%
	FCF[4]	**157**	**119**	**285**	**38**	**+32%**
Nickel BU	Turnover	515	366	905	149	+41%
	EBITDA	**10**	**-70**	**21**	**80**	**n/a**
	COI	-30	-114	-79	84	n/a
	FCF	**7**	**-88**	**1**	**95**	**n/a**
Mineral Sands BU	Turnover	138	139	276	-1	-1%
	EBITDA	**47**	**44**	**91**	**3**	**+6%**
	COI	25	22	44	3	+14%
	FCF	**51**	**34**	**43**	**17**	**+50%**
HIGH-PERFORMANCE ALLOYS DIVISION						
A&D and Erasteel	Turnover	337	345	680	-8	-2%
	EBITDA	**-10**	**-66**	**-119**	**56**	**n/a**
	COI	-18	-93	-153	75	n/a
	FCF	**-47**	**-164**	**-174**	**117**	**n/a**
Holding[5], elim. and Lithium BU (mothballed project)	Turnover	1	-2	-7	3	n/a
	EBITDA	**-33**	**-22**	**-37**	**-11**	**n/a**
	COI	-38	-25	-46	-13	n/a
	FCF	**-57**	**-111**	**-192**	**54**	**n/a**
GROUP total	Turnover	1,878	1,687	3,553	191	+11%
	EBITDA	**293**	**120**	**398**	**173**	**+144%**
	COI	159	-32	106	191	n/a
	FCF	**111**	**-210**	**-36**	**321**	**n/a**

[1] Data rounded up to nearest million.

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

[3] Current operating income (COI).

[4] Free Cash-Flow.

[5] Holding: reclassification, from 2021, of central costs of the Mining and Metals division, mainly exploration and sales team expenses, previously allocated to the various business units of the division

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Appendix 5: Performance indicators

Operating performance by division

(€ millions)	Mining and metals				High performance Alloys	Holding and eliminations (1)	Total
	Manganese	Nickel	Mineral Sands	Lithium			
Half year 2021							
Turnover	887	515	138	-	337	1	**1 878**
EBITDA	280	10	47	(2)	(10)	(32)	**293**
Current operating income	219	(30)	25	(2)	(18)	(35)	**159**
Net cash generated by (used in) operating activities	222	(30)	59	(11)	(45)	(40)	**155**
Industrial investments (intangible assets and property, plant & equipment)	72	11	8	0	16	3	**110**
Half year 2020							
Turnover	839	366	139	-	345	(2)	**1 687**
EBITDA	234	(70)	44	(2)	(66)	(20)	**120**
Current operating income	179	(114)	22	(2)	(93)	(24)	**(32)**
Net cash generated by (used in) operating activities	200	(47)	40	(23)	(135)	(25)	**10**
Industrial investments (intangible assets and property, plant & equipment)	73	21	6	34	20	9	**163**
Financial year 2020							
Turnover	1 699	905	276	-	680	(7)	**3 553**
EBITDA	442	21	91	(5)	(119)	(32)	**398**
Current operating income	339	(79)	44	(5)	(153)	(41)	**106**
Net cash generated by (used in) operating activities	472	17	60	(52)	(116)	(72)	**309**
Industrial investments (intangible assets and property, plant & equipment)	195	44	16	34	38	15	**342**

(1) From 2021, increase of Holding costs due to a reclassification of Mining and Metal Division corporate expenses. Corporate expenses are related to operationnal and commercial costs previously recognized in Mining and Metals Business Units.

Turnover and investments by region

(€ millions)	France	Europe	North America	Asia	Oceania	Africa	South America	Total
Turnover (destination of sales)								
Half year 2021	249	499	363	684	13	55	15	**1 878**
Half year 2020	141	489	226	738	10	51	32	**1 687**
Financial year 2020	253	845	669	1 622	24	103	37	**3 553**
Industrial investments (intangible assets and property, plant & equipment)								
Half year 2021	19	20	1	-	9	61	-	**110**
Half year 2020	31	9	1	-	19	69	34	**163**
Financial year 2020	57	29	2	1	39	180	34	**342**

Consolidated performance indicators – Income statement

(€ millions)	Half year 2021	Half year 2020	Financial year 2020
Turnover	**1 878**	**1 687**	**3 553**
EBITDA	**293**	**120**	**398**
Amortisation and depreciation of non-current assets	(130)	(145)	(281)
Net change in operating provisions and impairment allowances	(4)	(7)	(12)
Current operating income	**159**	**(32)**	**106**
Impairment of assets	-	(381)	(498)
Other operating income and expenses	(27)	(78)	(63)
Operating income	**132**	**(491)**	**(455)**
Financial income	(82)	(82)	(186)
Share of income from associates	77	7	86
Income taxes	(57)	(73)	(121)
Net income for the period	**70**	**(639)**	**(676)**
- Attributable to non-controlling interests	17	(16)	(1)
- Attributable to the Group	**53**	**(623)**	**(675)**
Basic earning per share (€)	1,98	(23,48)	(25,46)

Consolidated performance indicators – Net financial debt flow table

(€ millions)	Half year 2021	Half year 2020	Financial year 2020
Operating activities			
EBITDA	293	120	398
Cash impact of items in EBITDA	(128)	(177)	(384)
Cash flow from operations	**165**	**(57)**	**15**
Change in WCR	(10)	67	294
Net cash generated by operating activities (A)	**155**	**10**	**309**
Investing activities			
Capital expenditure	(110)	(163)	(342)
Other investment cash flows	66	(57)	(3)
Net cash used in investing activities (B)	**(44)**	**(220)**	**(345)**
Net cash from equity transactions	**(8)**	**(3)**	**(15)**
Exchange rate impact and miscellaneous	(9)	(9)	34
Vesting of rights of use IFRS 16	(5)	(7)	(12)
(Increase) / Decrease in net financial debt	**89**	**(229)**	**(29)**
Financial debt net of activities held for sale	-	(3)	-
(Net financial debt) opening	**(1 333)**	**(1 304)**	**(1 304)**
(Net financial debt) closing	**(1 244)**	**(1 536)**	**(1 333)**
Free Cash Flow (A) + (B)	**111**	**(210)**	**(36)**

(1) In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", the assets and liabilities of TTI are presented in the consolidated balance sheet at 30 June 2020 as "assets held for sale".

Consolidated performance indicators – Balance sheet

(€ millions)	30 june 2021	31 december 2020
Non-current assets	**2 999**	**3 003**
Inventories	971	906
Trade receivables	366	348
Trade payables	(551)	(541)
Simplified Working Capital	**786**	**713**
Other Working Capital items	(298)	(238)
Total Working Capital Requirements (WCR)	**488**	**475**
Derivatives	**-**	**7**
TOTAL ASSETS	**3 487**	**3 485**

(€ millions)	30 june 2021	31 december 2020
Equity attributable to owners of the parent	816	764
Non-controlling interests	243	233
Shareholders' equity	**1 059**	**997**
Cash and cash equivalents and current f inancial assets	(1 944)	(1 856)
Borrowings	3 188	3 189
Net financial debt	**1 244**	**1 333**
Provisions and employee-related liabilities	**941**	**936**
Net deferred tax	**242**	**219**
Derivatives	**1**	**-**
TOTAL LIABILITIES	**3 487**	**3 485**

Appendix 6: 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.

SLN's cash cost

SLN's cash cost is defined as all production and fixed costs (R&D including exploration geology, administrative expenses, logistical and commercial expenses), net of by-products credits and local services, which cover all the stages of industrial development of the finished product until delivery to the end customer and which impact the EBITDA in the company's financial statements, 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 (projected capex for the current year versus the projected tonnage for the current year in the annual financial statements) non-recurring income and charges and financial expenses (recognised in SLN's corporate financial statements).

Appendix 7: Sensitivities of Group EBITDA

Sensitivities	Change	Impact on EBITDA (+/-)
Manganese ore prices (CIF China 44%)	+$1/dmtu	**c.€210m[1]**
Manganese alloy prices	+$100/t	c.€60m[1]
Nickel prices (LME)	+$1/lb	**c.€80m[1]**
Nickel ore prices (CIF China 1.8%)	+$10/wmt	c.€30m[1]
Exchange rates	-$/€0.1	c.€160m
Oil price per barrel (Brent)	+$10/bbl	c.€(15m)[1]

[1] For an exchange rate of $/€1.22