



Eramet

- **Group turnover up 37.9% in 1st quarter 2008**
- **Very sharp rise in Manganese division (+ 92.9%)**
 - **Increase in all three divisions**
 - **Favourable outlook for 1st half 2008**

EUR m	Q1 2008	Q1 2007	Change
Eramet Nickel	308	281	+ 9.6%
Eramet Manganese	519	269	+ 92.9%
Eramet Alloys	292	262	+ 11.5%
Holding & eliminations	(1)	(1)	-
Eramet Group	1 118	811	+ 37.9%

The Eramet Group's consolidated turnover rose 37.9% in the first quarter of 2008 compared with the same period in 2007. All three divisions posted increases in turnover.

- **Eramet Nickel: turnover up 9.6%**

Eramet Nickel's turnover increased 9.6% in the first quarter of 2008 compared with the same period in 2007, thanks to higher shipments and despite lower LME nickel prices.

The physical nickel market was healthy in the first quarter of 2008. The upturn in global stainless steel production continued, with output almost at the record levels achieved in the first quarter of 2007. LME nickel prices averaged 28,970 USD/tonne (13.1 USD/lb) in the first quarter of 2008, on a par with average prices for the second half of 2007, but significantly lower than in the first quarter of 2007 (average 41,446 USD/tonne, i.e. 18.80 USD/lb).

Metallurgical production at the Doniambo (New Caledonia) plant amounted to 13,055 tonnes in the first quarter of 2008. Nevertheless, nickel shipments by Eramet Nickel totalled 15,361 tonnes, up 18.2% from the first quarter of 2007 due to changes in inventory.

First quarter turnover 2008 takes into account the effect of nickel hedging, mostly decided on in 2005 and 2006, which covered 5,600 tonnes at an average rate of 22 300 USD/tonne. The proportion of shipments concerned by these hedges was lower than in 2007, in accordance with Group policy.

- **Eramet Manganese: turnover up 92.9% due to very sharp increase in manganese prices**

Eramet Manganese reported a 92.9% increase in first quarter turnover in 2008 compared with 2007, mainly as a result of the very sharp rise in manganese ore and alloys prices.

Global steel production climbed 5.6% in the first quarter of 2008 compared with the same period in 2007, with Chinese output rising 8.6%.

Prices for manganese ore increased very sharply in the first quarter of 2008 compared with the first quarter of 2007. Moreover, in Gabon, Comilog's manganese ore and sinter production rose 10.7% to 846,500 tonnes over the same period.

Prices for manganese alloys progressed strongly in the first quarter of 2008 compared with the same period in 2007. Manganese alloy shipments by Eramet Manganese, at 181,300 tonnes, rose 1.7% compared with the first quarter of 2007.

Despite the negative impact of dollar to euro translation, turnover for the oil catalyst recycling activity in the United States (GCMC and Bear Metallurgical) increased 8% in the first quarter of 2008 compared with the same period in 2007, particularly due to higher molybdenum and vanadium prices.

- **Eramet Alloys: turnover up 11.5%**

The Alloys division's turnover increased 11.5% in the first quarter of 2008 compared with the same period in 2007.

Turnover rose in all main sectors of business, especially aerospace and power generation. This increase reflects both higher volumes and price rises for some raw materials, particularly vanadium and cobalt.

In China, Erasteel's new high speed steel drawing plant in Tianjin is ramping up satisfactorily.

- **Highlights**

UKAD

On February 8th, 2008, Eramet signed a memorandum of understanding to establish a strategic partnership in titanium with the Kazakhstani company UKTMP, an integrated world leader in the production of titanium sponge, and with EADS and its subsidiary Airbus. Aubert & Duval and UKTMP intend to create a joint venture ("UKAD") to produce semi-finished products in the form of titanium ingots and bars from 2011, in order to meet high demand in the aerospace industry for the metal.

Tinfos

On April 15th, 2008 Eramet announced an agreement to acquire the Norwegian group Tinfos, which particularly complements its manganese alloys activities and includes stakes in several hydroelectric power plants.

Payment for the acquisition will be through a combination of approximately 50% cash and 50% Eramet shares. Based on the monthly average price for Eramet stock on April 11th, 2008, the total enterprise value for the transaction would be equivalent to 4,718 M NOK (593 M€).

This acquisition project is subject to the necessary authorisations from competition authorities and other regulators.

- **Financial situation**

Eramet's financial situation was strengthened further in the first quarter of 2008, particularly thanks to nickel and manganese price levels and despite a rise in production costs.

The Group's net cash position at the end of March 2008 continued to improve compared with the year-end 2007.

Eramet plans a significant increase in its capital expenditure in 2008 compared with 2007. Moreover, at the Annual General Meeting of April 16th, 2008 shareholders voted to double the dividend (+ 107%) to 6 euros per share.

- **Favourable outlook**

Eramet Nickel

LME nickel prices were stable in April at approximately 13 USD/lb. Global nickel demand remains healthy, particularly from China. Nickel shipments from Eramet Nickel are likely to be slightly higher overall in 2008 than in 2007.

Eramet Manganese

Manganese alloy and ore prices have continued to climb since the end of the first quarter of 2008. Demand remains healthy. The ramp-up of manganese ore and sinter production in Gabon continues with a target of 3.5 million tonnes for 2008.

In Canada, the new oil catalyst recycling plant will come on stream in May 2008.

Eramet Alloys

The business outlook for 2008 is positive on the Alloys division's various markets.

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In our current market environment, the Group's current operating income for the first half of 2008 should be higher than for the second half of 2007.

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