

# Eramet: Good resilience of the Group in 2020, thanks to excellent operational performance and strong cash generation in the second half

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- Responsible crisis management
  - 2020 targets achieved for the Mining and Metals division:
    - 5.8 Mt of manganese ore produced (+22% vs 2019), more than 6 Mt of transported ore (+30%) in Gabon
    - 2.5 Mwmt of nickel ore exports in New Caledonia (+55%)
    - 3.4 Mwmt of nickel ore and 23.5 kt-Ni of ferroalloys produced in Indonesia
  - Costs control in the High-Performance Alloys division in H2<sup>1</sup> in very deteriorated aerospace and automotive markets (A&D costs down -24% vs Q1 2020)
  - EBITDA of €364,398m in 2020, with very strong growth in H2 (€364,278m) compared to H1<sup>1</sup> (€364,120m):
    - Nearly +€364,250m in intrinsic gains over the year, mainly thanks to the increase in manganese sales volumes and nickel ore exports
    - Nearly -€364,480m in negative impact of external factors, notably with a decrease in manganese ore (nearly -19%) and ferronickel (approximately -10%) prices as well as a profound and lasting aerospace crisis
  - Free Cash-Flow ("FCF") close to break-even in 2020 thanks to strong cash generation in H2 (+€364,174m), reflecting structural progress, notably on WCR:
    - Favourable seasonality in mining activity in H2, marked by continued growth in volumes
    - First contribution of Weda Bay Nickel activity of up to nearly €364,60m in FCF in H2
    - Return to FCF break-even for the High-Performance Alloys division in H2 (vs -€364,165m in H1), with a significant reduction in working capital requirement ("WCR")
  - Net income, Group share of -€364,675m, of which -€364,623m in H1, mainly impacted by asset impairments (-€364,498m)
  - Net debt of €364,1.3bn, stable versus end-2019, significantly down compared to 30 June
  - High CSR performance index, above target
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- 2021 Outlook:
    - Growth in production to 7 Mt of manganese ore as soon as 2021, thanks to the opening of the new mining plateau in Gabon at end-2020 (more than +20% vs 2020)
    - Growth in nickel ore exports to more than 3.5 Mwmt
    - Based on a consensus of average manganese ore prices at \$4.5/dmtu and LME nickel prices at \$7.5/lb for 2021, forecast EBITDA of approximately €364,600m<sup>2</sup> in 2021 significantly higher than in 2020, with a considerably more favourable seasonality in H2
    - This outlook is in line with the momentum of the beginning of this year, without any economic setback related to the pandemic

Christel Bories, *Eramet group Chair and CEO*:

" In 2020, the pandemic brutally disrupted our ecosystem. In particular it resulted in a major economic crisis in the aerospace sector, the main end-market for our Aubert & Duval subsidiary.

Thanks to our demanding roadmap, the mobilisation and agility of our teams, as well as a responsible crisis management, we have recorded remarkable successes in our mining activities and succeeded in seizing opportunities, despite the disruptions. We were also able to control cash consumption, particularly in our High-Performance Alloys division whose responsiveness was exceptional in the second half of the year, and our debt was substantially reduced at end-2020 compared to end-June.

2021 starts off with good momentum in the raw material sector. We will continue to develop our manganese

production in Gabon, grow our nickel ore production in Indonesia, and optimise our mineral sands activity in Senegal. We are also paying close attention to the set-up of all conditions necessary to properly implement SLN's rescue plan in order to ensure a future to this subsidiary.

In the High-Performance Alloys division, our priority remains to adapt costs to production levels within a depressed aerospace market. In parallel, we are working on the terms for a possible divestment of Aubert & Duval, to bring out a satisfactory offer and ensure the future of this strategic activity for the sector.

Eramet's transformation started almost four years ago is demonstrating its relevance, with a new agile and sustainable business model, thereby strengthening the Group to create value and take full advantage of the post-crisis period."

Eramet's Board of Directors met on 16 February 2021, under the chairmanship of Christel Bories, and approved the financial statements for the 2020 financial year<sup>3</sup> which will be submitted for approval at the Shareholders' General Meeting on 28 May 2021.

#### Safety and preventive measures against the pandemic

In 2020, the Group demonstrated responsible crisis management against the pandemic.

It remained fully focused on reducing accidents in the workplace in 2020, with a significant decline in the number of severe accidents. The total recordable injury rate (TRIR<sup>4</sup>) stood at 4.1 year-on-year at end December 2020 and posted a considerable improvement for the fourth consecutive year (divided by 3 compared to 2016).

The health protocol adopted across all Group sites since March has ensured the protection of employee health. In this respect, regular reviews were conducted throughout the year in line with developments in the pandemic and recommendations of local authorities.

#### Eramet group key figures

| (Millions of euros) <sup>1</sup>                           | 2020     | 2019     | Chg. (&#8364;m) | Chg. <sup>2</sup> (%) |
|--|----------|----------|-----------------|-----------------------|
| Turnover   | 3,553    | 3,671    | (118)           | -3%                   |
| EBITDA   | 398      | 630      | (232)           | -37%                  |
| Current operating income (COI)                             | 106      | 341      | (235)           | -69%                  |
| Net income, Group share                                    | (675)    | (184)    | (491)           | n/a                   |
| Free Cash-Flow   | (36)     | (358)    | 322             | +90%                  |
|  | 31/12/20 | 31/12/19 | Chg. (&#8364;m) | Chg. <sup>2</sup> (%) |
| Net debt   | (1,333)  | (1,304)  | (29)            | +2%                   |
| Shareholders' equity                                       | 997      | 1,639    | (642)           | -39%                  |
| Gearing (Net debt-to-equity ratio)                         | 134%     | 80%      | +54 pts         | n/a                   |
| Gearing within the meaning of bank covenants <sup>3</sup>  | 106%     | 63%      | +43 pts         | n/a                   |
| ROCE (COI/capital employed <sup>4</sup> for previous year) | 3%       | 12%      | -9 pts          | n/a                   |

<sup>1</sup> Data rounded to the nearest million.

<sup>2</sup> Data rounded to higher or lower %.

<sup>3</sup> Net debt-to-equity ratio, excluding IFRS 16 impact and French state loan to SLN.

<sup>4</sup> Total shareholders' equity, net debt, site restoration provisions, restructuring and other social risks, less long-term investments, excluding Weda Bay Nickel capital employed.

*N.B.: all comments on changes in FY 2020 are with respect to FY 2019, unless otherwise specified. "H1" corresponds to the first half of the year, "H2" to the second half.*

2020 was marked by a health crisis of an unprecedented scale linked to the Covid-19 pandemic, which caused a global economic recession impacting raw material prices, particularly manganese, and resulting in a profound crisis in the aerospace sector, the main end-market of the High-Performance Alloys division.

In this context, the Group was able to adapt quickly and with agility. Mining activity posted new production records and benefitted from the rebound in the steel market in China from Q2. The High-Performance Alloys division accelerated its measures to reduce costs and control WCR, which paid off in H2.

The Group's turnover amounted to €3,553m in 2020, down slightly by -3% (-2% at constant scope and exchange rates<sup>5</sup>). The strong growth in manganese ore sales volumes (+37%) and nickel ore exports (+55%) offset the significant decline in manganese ore prices (-19%), as well as the decline in aerospace sales at Aubert & Duval.

Group EBITDA totalled €398m. The Group made major intrinsic progress, particularly in H2, strengthened by the favourable seasonality. However, external factors weighed very heavily on performance, owing to the impact of the pandemic.

Current operating income came to €106m, mainly after booking a depreciation expense on fixed assets of -€281m.

Net income, Group share recovered sharply in H2 (-€52m). It ended at -€675m for the year, reflecting asset impairments linked to the crisis (-€498m), notably A&D (-€197m), the mothballing of the lithium project (-€113m) and the closure of the metal manganese business in Gabon (-€83m, booked in H2). The share of income in the Weda Bay Nickel joint venture in Indonesia contributed €79m to net income, Group share in 2020.

Free Cash-Flow ("FCF") amounted to -€36m at end-December 2020, with strong cash generation in H2 (+€174m, of which +€229m from improvements in WCR). For the year, the Mining and Metals division, excluding the lithium project, generated FCF of nearly €330m, of which €265m in H2, reflecting the excellent operational performance, the significant reduction in WCR and optimised capex. The High-Performance Alloys division posted FCF close to break-even in H2 (-€10m) thanks to significant progress in costs and inventories, after a H1 adversely affected by the impact of the pandemic on its markets (FCF of -€165m).

Overall, the Group's strong FCF generation in H2 reflects the excellent operational performance and the success of the cash control plan started from Q1. The latter led to a significant improvement in WCR by approximately 30 days of turnover compared to end-2019, mainly due to the decline in inventories. The cash control performance also led to a reduction in current capex (-26%).

Growth capex, including the plan to modernise the Transgabonese railway, totalled €104m in 2020 in Gabon, in order to support organic development in manganese ore production, which is highly value-accretive with a quick payback.

Net debt stood at €1,333m at 31 December 2020, stable versus 2019.

As a reminder, the Group was granted a waiver for the calculation of covenants ("Covenant holidays") for June and December 2020.

Eramet's cash levels remained high at €1,856m.

Measures to preserve cash, such as strict control of industrial capex and WCR, which were taken as part of the Group's cash control plan and which demonstrated success in H2 2020, are maintained for 2021.

Moreover, a proposal not to pay out any dividend in respect of the 2020 financial year will be made at the Shareholders' General Meeting on 28 May 2021.

#### Key figures by activity

| (Millions of euros) <sup>1</sup>        |                 | 2020         | 2019         | Change (&#8364;m) | Change <sup>2</sup> (%) |
|---|-----------------|--------------|--------------|-------------------|-------------------------|
| <b>MINING AND METALS DIVISION</b>       |                 |              |              |                   |                         |
| Manganese BU                            | Turnover        | 1,699        | 1,765        | (66)              | -4%                     |
|   | EBITDA          | 442          | 560          | (118)             | -21%                    |
| Nickel BU                               | Turnover        | 905          | 778          | 127               | +16%                    |
|   | EBITDA          | 21           | 38           | (17)              | -46%                    |
| Mineral Sands BU                        | Turnover        | 276          | 286          | (10)              | -3%                     |
|   | EBITDA          | 91           | 106          | (14)              | -13%                    |
| <i>Total Division<sup>3</sup></i>       | <i>Turnover</i> | <i>2,880</i> | <i>2,829</i> | <i>51</i>         | <i>+2%</i>              |
|   | <i>EBITDA</i>   | <i>554</i>   | <i>704</i>   | <i>(150)</i>      | <i>-21%</i>             |
| <b>HIGH-PERFORMANCE ALLOYS DIVISION</b> |                 |              |              |                   |                         |
| A&D and Erasteel                        | Turnover        | 680          | 847          | (167)             | -20%                    |
|   | EBITDA          | (119)        | (26)         | (93)              | n/a                     |

<sup>1</sup> Data rounded to the nearest million.

<sup>2</sup> Data rounded to higher or lower %.

<sup>3</sup> Excluding lithium Project.

#### Mining & Metals Division

##### Manganese BU

Manganese ore production reached 5.8 Mt in 2020, up by +22% on 2019, with an annual pace of more than 6 Mt achieved in H2 2020. Volumes sold also grew significantly. The downturn in the steel sector led to a decline in the production and sale of manganese alloys, which was, however, limited thanks to the seizing of marketing opportunities.

In a market which declined by -15%<sup>6</sup> in value, the Manganese BU was very resilient with turnover down slightly by -4% to &#8364;1,699m. The Manganese BU remains the largest contributor to Group EBITDA (&#8364;442m).

#### Market trends & prices

In 2020, global production of carbon steel, the main end-market for manganese, was down -1.5%<sup>7</sup> ending at 1,847 Mt<sup>7</sup>. However, this figure masks considerable regional and seasonal differences. Production in China, which represents c.57%<sup>7</sup> of global production, rebounded strongly from Q2, driven by the Chinese stimulus plan (+17.2%<sup>7</sup> vs Q1 2020). On a full-year basis, production grew by +5.4%<sup>7</sup> in China, with inventory levels returning to normal at year-end. Conversely, steel production declined significantly in the rest of the world (-9.3%<sup>7</sup> vs 2019) and notably in Europe (-14.4%<sup>7</sup>) and North America (-18.1%<sup>7</sup>) despite the sound recovery that materialised in Q4.

Global manganese ore supply was down -2.7%<sup>7</sup> in 2020 given the decline in production in H1 following the temporary closure of South African mines. H2 was marked by a sharp rebound when all of the mines were able to operate normally again. The supply/demand balance was very slightly in surplus on a full-year basis. The re-routing of flows to China increased ore inventories in Chinese ports to more than 7 Mt<sup>8</sup> at end-2020 (corresponding to approximately 12 weeks' consumption).

The average CIF China 44% manganese ore price stood at approximately \$4.6/dmtu<sup>9</sup> in 2020, down c.19%<sup>9</sup> from 2019 (\$5.6/dmtu<sup>9</sup>). The average price in H2 2020 fell by nearly 16%<sup>9</sup> compared with H1, particularly due to global overproduction. The strong level of activity in China in early 2021 has resulted in significantly firmer prices, at nearly \$5/dmtu for manganese ore currently.

For the year, the overall change in manganese alloy prices in Europe remains negative with a decline in the price of refined alloys<sup>9,10</sup> but also for standard alloys<sup>9,10</sup>. The recovery observed in Q4 continues in early 2021.

### *Activities*

In Gabon, the manganese ore production target was reached with 5.8 Mt produced in 2020 (+22%). The mine expansion programme, combined with continuous operational improvement, increased production by +10% in H2 2020 compared with H1.

The opening of the new Okouma plateau took place as planned in October, with capital expenditure of €72m to support growth in 2020, offering a very quick payback.

The very good logistics performance by Setrag increased transported volumes of Comilog ore by +30% to 6 Mt in 2020, while also providing very good service levels to other customers. Comilog external sales were up +37% to 5.3 Mt.

Despite the weakness of carbon steel production in Europe and the United States, manganese alloys production only declined by 6% in 2020 to 698 kt. Sales volumes were down by only 2% to 716 kt, reflecting high flexibility in the production set-up (products and volumes), which enabled new market share gains and an expanded geographic footprint in target markets.

Electrolysis activity used to produce metal manganese in Gabon, largely loss-making, was definitively stopped in Q3 and silicomanganese production activity continues.

### *Outlook*

Carbon steel demand is expected to increase again in 2021, bolstered by China and the recovery that is gaining ground in Europe and the United States. The start of 2021 saw improved momentum in the sector, although production levels in Europe and the United States are still below those of 2019.

As part of the modular and optimised growth programme of the Moanda mine, the production target is set at 7 Mt for 2021, representing more than 20% versus 2020, with capex to support growth - including the tranche of the plan to modernise the Transgabonese railway - of approximately €150m for the year and a very quick payback.

### *Nickel BU*

Nickel BU markets were hard hit by the sharp fallback of the stainless steel sector in 2020, despite a strong recovery in China in H2.

As a result, ferronickel prices were at a strong discount versus the LME for the year, which impacted the financial performance of SLN. However, strong growth in nickel ore prices and exports, combined with an increase in LME prices in Q4 enabled SLN<sup>11</sup> to post a turnover of €727m (+9% vs 2019), and EBITDA at €48m, in an unstable local context.

The Sandouville refinery recorded a loss of EBITDA of -€31m, in sharply declining markets due to the effects of the pandemic.

The Nickel BU posted a turnover growing by 16% in 2020 to €836.905m, including €75m linked to the offtake agreement at Weda Bay Nickel, where metallurgical production started successfully in the spring.

The BU's EBITDA totalled €21m, down 45%.

### *Market trends & prices*

Global stainless steel production down -3.8%<sup>12</sup> to 49.7 Mt<sup>12</sup> in 2020. Following a historic shock in H1 (-11.4%<sup>12</sup> vs H1 2019), the stainless steel sector rose sharply in H2 (+19.2%<sup>12</sup> vs H1). This rebound was driven by China, which increased its production by nearly 30%<sup>12</sup> in H2 ending at 30.4 Mt<sup>12</sup> in 2020, accounting for c.60%<sup>12</sup> of global production. This momentum in China reflects the government's stimulus plan focusing on infrastructure, transport and construction. Indonesia, another major producer, increased its volumes in 2020 by +23.6%<sup>12</sup> (nearly +50%<sup>12</sup> in H2 vs H1). In the rest of the world, the recovery has still not materialised and production was down -17.2%<sup>12</sup> in 2020.

Global demand for primary nickel thus declined by -3.6%<sup>12</sup> in 2020 to 2.3 Mt<sup>12</sup>, with a sharp contrast between the first and second half (+17.5%<sup>12</sup> in H2 vs H1).

In parallel, global primary nickel production grew by +5.2%<sup>12</sup> in 2020, reaching 2.5 Mt<sup>12</sup>. The decline in volumes from traditional producers and the fall in Chinese NPI<sup>13</sup> volumes were more than offset by the strong growth in NPI supply in Indonesia (+68.7%<sup>12</sup>). NPI thus represented 44%<sup>12</sup> of global primary nickel production in 2020.

The nickel supply/demand balance was thus in surplus by approximately +183 kt in 2020. Nickel inventories at the LME<sup>14</sup> and SHFE<sup>14</sup> increased by more than +40% compared to end-2019 (representing a low level) to reach 266 kt at end-2020, equivalent to approximately 9 weeks' consumption<sup>15</sup>.

In 2020, LME price average was \$6.25/lb (\$13,783/t), down by only -1% vs 2019. At year-end, however, LME prices increased (\$7.24/lb on average in Q4, representing \$15,961/t), driven by strong demand from China and growth prospects linked to batteries for electric vehicles.

Owing to NPI competition, ferronickel prices were, however, at a strong discount versus the LME and posted a decline of -10% for the year.

Nickel ore prices remained strong, resulting from the effective ban on nickel ore exports from Indonesia since January 2020, and the lack of high-quality ore on the market. New Caledonia nickel ore is now the main source in terms of quality for the international market. As such, the average nickel ore price (1.8% CIF China) rose to \$91.0/wmt<sup>16</sup> in H2 2020 (+32% vs H1 2020), and on average at \$79.9/wmt<sup>16</sup> in 2020, very strongly up (+36.2%) compared to \$58.6/wmt<sup>16</sup> in 2019.

### *Activities*

In New Caledonia, SLN mining production reported strong growth in 2020 to reach 5.4 Mwmt<sup>17</sup> (+16% vs 2019), an increase of +45% in H2 versus H1. This rise reflects both favourable seasonality in H2 as well as the effects of the rescue plan. Nickel ore exports increased by +55% to 2.5 Mwmt, in line with the 2020 target, with an annual pace of 4 Mwmt achieved during the September to November period.

This major progress was made despite the societal disruptions at the start of the year and the blockades in December. These shutdowns resulted in the disorganisation of production activities and prevented proper feed to the Doniambo furnaces on the one hand, as well as several ore deliveries to export customers on the other.

However, ferronickel sales were up +7% in 2020 to 50 kt, with production of 48 kt, stable versus an already low level in 2019.

The increase in nickel ore export sales volumes, combined with an increase in ore prices, resulted in a 10% improvement in SLN's cash cost<sup>18</sup> to \$5.35/lb on average in 2020. In H2, and despite disruptions in December, the cash cost decreased to c.\$5.0/lb on average.

This decrease in production costs demonstrates that the company rescue plan is fully effective under normal operating conditions. Indeed, despite the end-of-year disruptions and although the target export level has not yet been met, SLN posted a positive FCF of \$34m<sup>19</sup> in H2. At end-December, SLN's financial liquidity amounted to \$110m.

As a reminder, SLN's rescue plan focuses on three levers: the effective implementation of a business model based on ferronickel production at the plant and low-grade ore exports, the reduction of energy price and the improvement of productivity. Today, SLN has the authorisation to export 4 Mwmt of ore per year; the success of the rescue plan requires an increase of this volume to 6 Mwmt.

At the start of this year, in light of the disruptions at its mining centres, SLN has been forced to adjust its mining and metallurgy activities as well as the loading of ore ships on a day-to-day basis. Whilst the blockades are lifted to date, the situation remains tense regarding ore availability, which seriously hampers the progress of the rescue plan.

In this context, SLN, filed a request for the opening of conciliation proceedings before the president of the Nouméa Mixed Commercial Court. The objective of this procedure is to gather as quickly as possible the commitments of all stakeholders involved to ensure the good implementation of the rescue plan, which aims to ensure the sustainable recovery of the Group's New Caledonian subsidiary.

In Normandy, the Sandouville plant has managed to maintain its production (+6%) and sales (+10%) levels for the year. However, activity was disrupted in 2020 by a particularly depressed market environment for high value-added nickel salts, especially owing to the decline in the Asian electronics market. The site's recovery plan, which is subject to a strategic review, depends in particular on substantially higher production volumes (nickel metals and salts).

In Indonesia, the start of Weda Bay is a success, with a fast ramp-up in mining operations and the production of low-grade nickel ferroalloy. Following its start at end-2019, the mine produced nearly 3.4 Mwmt of ore in 2020, with a current pace of 6 Mwmt per year. The first tapping of nickel ferroalloy took place at end-April. The plant reached nominal capacity from August (35 kt-Ni per year), ahead of the forecast schedule, and produced 23.5 kt-Ni in 2020.

### *Outlook*

Stainless steel production should grow significantly in 2021, both in China and Indonesia as well as in the rest of the world. The expansion of the batteries' market for electric vehicles should be the other main growth driver for primary nickel demand in 2021, specifically for class 1 nickel.

In the class 2 nickel market, the ferronickel price discount versus the LME should remain significant.

Subject to normal operating conditions, SLN's nickel ore export volume target amounts to more than 3.5 Mwmt in 2021 and ferronickel production for the Doniambo plant is expected to be approximately 50 kt.

At Weda Bay, mine production is expected to reach more than 6 Mwmt in 2021. In addition, as part of its development strategy towards metals for the energy transition, Eramet signed in December an agreement with BASF to jointly assess the development of a nickel and cobalt hydrometallurgical refining complex. The project targets a start of facilities in the mid-2020s and would locally valorise Weda Bay's ore. The feasibility study has started in early 2021.

### **Mineral Sands BU**

In a context of degraded markets due to the health crisis, the Mineral Sands BU reported turnover declining

slightly to €276m (-3% vs 2019) and EBITDA down by -13% to €91m.

### *Market trends & prices*

Global demand for different zircon applications fell by c.-17% in 2020. In particular, the use of zircon in ceramics, which represents nearly 50% of the end-product, was hard hit by the crisis and declined by c.-16% in 2020. Industrial demand for zircon was low overall in all sectors and geographies.

In parallel, the supply of zircon declined by c.-11% in 2020. Despite this, the market remained in surplus in 2020, resulting in a decrease in prices of -15% to \$1,333/t<sup>20</sup> on average for the year.

Global demand for TiO<sub>2</sub><sup>21</sup> pigments, the main end-market for titanium-based products<sup>22</sup>, remained stable overall in 2020 versus 2019, despite a sharp decline of demand in H1 due to the impact of the pandemic on its main end-products (decline in the construction industry and automotive sector). Equally, titanium-based product supply has hardly changed (-1%) and the supply/demand balance remained slightly in surplus in 2020, as in 2019.

Despite this surplus situation, the average price of CP titanium dioxide slag, a high added value product, progressed by +4.6% to \$786/t in 2020, mainly due to the increase in demand for TiO<sub>2</sub> pigments in China in H2.

### *Activities*

In Senegal, mineral sands production continued to grow in 2020 reaching 762 kt (+4%), thanks to the optimisation of operational performance and despite a slightly lower grade in the deposit area being mined.

Zircon production was up +2% to 59 kt, and sales volumes grew by +7%, reaching 62 kt.

In Norway, titanium slag production came out at 199 kt in 2020, up +5%. This reflects the best annual production performance for the plant since its start. Sales volumes grew by +8% to 195 kt.

### *Outlook*

Mineral sands markets are strongly correlated to the global economy, as the use of pigments and ceramics is linked to dynamics of urbanisation and modernisation of economies. At the start of this year, zircon demand seems well oriented, due in particular to a restocking across the entire supply chain and a marked recovery in the ceramics industry. Similarly, demand for high-quality titanium-based raw materials is expected to be strong. This should have a particularly favourable impact on high-quality chloride titanium slag produced at the Mineral Sands BU's Norwegian plant.

The agreement for the sale of TiZir's Norwegian plant signed in May 2020 between Eramet and Tronox did not obtain the required regulatory authorisations by the British competition authorities. As such, Tronox decided in January 2021 to unilaterally withdraw from the sale process. As a result, Eramet will continue to operate and optimise the TiZir plant, which is delivering good operational performance.

In 2021, the annual production volume for mineral sands is expected to be on par with that achieved in 2020.

### *High-Performance Alloys division*

The unprecedented collapse of the aerospace sector, coupled with a steep downturn in the automotive sector strongly affected the performances of the High-Performance Alloys division from Q2 2020. Turnover for the division was down -20% to €680m, with EBITDA of -€119m.



Aubert & Duval's (A&D) turnover<sup>23</sup> decreased by -16% to €539m, with EBITDA of €87m and negative FCF at -€153m for the period, in clear recovery in H2 (+€3m).

Erasteel saw its sales fall by -31% to €142m in 2020, and recorded EBITDA of €32m.

### *Market trends & prices*

The aerospace sector, which represents approximately 70% of A&D's turnover (78% in 2019) experienced a brutal drop in 2020 caused by the pandemic and the collapse of air traffic (-80%<sup>24</sup> since mid-March 2020). The crisis has a profound impact on the entire aerospace supply chain, with many postponed and cancelled orders affecting suppliers and subcontractors in the sector.

Aircraft deliveries reached an historically low level in 2020, with only 723 aircraft delivered by Airbus and Boeing for the full year, down 42% from 2019. In addition to the global crisis in the sector, Boeing has suffered from technical difficulties with the 737 MAX single-aisle aircraft, most of whose aircraft and production lines were shut down in 2020.

National sovereignty markets (defence and nuclear) as well as energy markets have withstood the crisis, notably thanks to large-scale public investment programmes that will sustain demand.

The automotive industry, which represents nearly half of Erasteel's sales, was also affected by the crisis. Despite a rebound in sales in Asia in H2 2020, light-duty vehicle sales declined by -13%<sup>25</sup> in 2020.

### *Activities*

In this particularly degraded market environment, A&D's aerospace turnover fell to €367m in 2020 (-24% vs 2019), after 2019 already impacted by the consequences of dysfunction in the quality management system. Over the last two years, the decline amounts to -37%. However, major progress was made on the commercial front with contract renewals and new market share gains with leading players: Airbus, Boeing and GE.

Energy and Defence turnover grew strongly to €103m (+47%), notably thanks to increased sales of disks for land-based turbines (energy market). 2020 also saw the strengthening of the order book for the national sovereignty sector.

As of Q2, in order to face the crisis and adapt to the considerably degraded market context, A&D adjusted the level of production site by site thanks to measures in force. Thus, the level of activity was revised according to the order book for each product line, workshop by workshop.

The long-term part-time work agreement (*Activité Partielle Longue Durée* "APLD"), which benefits A&D, has allowed to significantly reduce working hours in the short term. In the medium term, an employment adjustment and organisation plan is currently being negotiated with employee representative bodies. It targets job cuts through a voluntary redundancy plan.

The many actions to adapt costs to the level of activity and control cash consumption put in place by A&D as of H1 have been successful in H2 with free cash-flow at break-even (+€3m vs -€156m in H1). Raw material purchases have been almost halved, general purchases reduced by c.30% and payroll expenditure by c.25% compared to Q1 2020. A&D's WCR returned to the levels of end-2019 in numbers of days of turnover, mainly thanks to the decrease in inventories.

For Erasteel, the difficult context of the automotive market substantially impacted production and sales in 2020. An adjustment of the production system was put in place in order to better meet customers' needs. Good control of expenses and WCR allowed to limit cash consumption to -€21m.

In addition, an important work of simplification of the organisations was carried out in 2020 for the division, leading to the effective shutdown of some subsidiaries' activities in the United States, the United Kingdom, China and France at end-2020.

### Outlook

Passenger traffic in the air sector should only return to its pre-crisis level in 2024 at the earliest according to industry forecasts. The main aircraft manufacturers have already durably adjusted their production rates downwards, particularly for wide-body aircraft.

As for the automotive market, which is still very uncertain, global production is expected to increase in 2021.

In 2021, in parallel to the strategic review of the division's activities, the priority remains to continue adapting costs to production levels in a degraded market, particularly in the aerospace sector.

Regarding a possible divestment of A&D, the Group is reviewing the best solutions to bring out a satisfactory offer and ensure the future of this strategic aerospace sector activity.

### CSR roadmap

In 2020, Eramet fully demonstrated its commitment as a contributive corporate citizen:

- ESG performance is increasingly recognised: after Vigeo-Eiris in 2019, Eramet's CSR approach was valued by ISS ESG this year, which awarded the Group 'Prime' status for the first time, with an overall score of B- (compared with C in 2017)<sup>26</sup>. Eramet also obtained a B grade, a clear improvement, in the Climate Change survey of the 2020 ranking of the Carbon Disclosure Project (CDP).
- Against a backdrop of increased production, the Group's environmental ambitions have been maintained and are significantly ahead of schedule, particularly regarding targets on the circular economy and the reduction of products CO<sub>2</sub> intensity (-25.4%, significantly ahead of our target of -26% in 2023).
- Finally, through its solidarity actions in all the countries where it operates, Eramet has helped to fight the consequences of the pandemic by making medical equipment and basic necessities available to countries and local populations. In 2020, community investment and sponsorship expenses totalled €16.8m, of which €10m was mobilized in response to the fight against Covid-19.

### Outlook

The markets of the Mining and Metals division remain well-oriented at the start of 2021, mainly thanks to the momentum of the Chinese economy, with an improved short-term outlook in Europe and the United States. However, the overall economic context for raw materials remains uncertain for the year.

The High-Performance Alloys division is suffering in its main market from the crisis in the aerospace sector, which is expected to take several years to resolve. However, it benefits from a solid outlook in the national sovereignty and energy markets as well as the expected recovery in the automotive sector.

In 2021, the Group continues to implement its strategic roadmap with further significant intrinsic progress expected, notably thanks to the achievement of the following targets:

- 7 Mt of manganese ore production;
- Nickel ore exports of more than 3.5 Mwm as part of the continued execution of SLN's rescue plan,
- Production of more than 6 Mwm of nickel ore at Weda Bay.

This organic growth momentum should help to amplify the traditional seasonality of mining activities.

In 2021, Group capital expenditure could total c.&#8364;300m in current capex and c.&#8364;200m in growth capex to support organic development, mainly in manganese.

Based on a consensus of average manganese ore prices at \$4.5/dmtu and LME nickel prices at \$7.5/lb for 2021, forecast EBITDA of approximately &#8364;600m<sup>27</sup> is expected in 2021, significantly higher than in 2020, with a considerably more favourable seasonality in H2.

This outlook is in line with the momentum of the start of this year, without an economic setback linked to the pandemic. It is in line with our strategic roadmap, and aim to make Eramet's business model even more robust, in order to strengthen the Group and take full advantage of the post-crisis period.

#### 2020 annual results presentation

A live Internet webcast of the 2020 annual results presentation will take place on Wednesday 17 February 2021 at 10:30 am CET, on our website: [www.eramet.com](http://www.eramet.com). Presentation documentation will be available at the time of the webcast.

To join the webcast, click on the link on the Group's website ([www.eramet.com](http://www.eramet.com)).

#### Calendar

26/04/2021: Publication of 2021 first-quarter turnover

28/05/2021: Shareholders' General Meeting

28/07/2021: Publication of 2021 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 processing of alloys with a high added value (high-speed steels, high-performance steels, superalloys, aluminium and titanium alloys).

The Group supports the energy transition with high growth potential activities, including lithium 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 more than 13,000 people in 20 countries, with turnover of more than &#8364;3.5 billion.

For further information, visit [www.eramet.com](http://www.eramet.com)

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## APPENDICES

## Appendix 1: Turnover

&#8364; million<sup>1</sup>

Q4 2020 Q3 2020 Q2 2020 Q1 2020 FY 2020 FY 2019

## MINING AND METALS DIVISION

|                  |     |     |     |     |       |       |
|------------------|-----|-----|-----|-----|-------|-------|
| Manganese BU     | 440 | 420 | 480 | 359 | 1,699 | 1,765 |
| Nickel BU        | 323 | 216 | 215 | 151 | 905   | 778   |
| Mineral Sands BU | 74  | 63  | 69  | 70  | 276   | 286   |

## HIGH-PERFORMANCE ALLOYS DIVISION

|   |       |     |     |     |       |       |
|---|-------|-----|-----|-----|-------|-------|
| A&D and Erasteel  | 181   | 154 | 149 | 196 | 680   | 847   |
| GROUP   |       |     |     |     |       |       |
| Holding company & eliminations                                | (2)   | (3) | 0   | (2) | (7)   | (5)   |
| Eramet group published IFRS financial statements <sup>2</sup> | 1,016 | 850 | 913 | 774 | 3,553 | 3,671 |

<sup>1</sup> Data rounded up to the nearest million.<sup>2</sup> Application of IFRS standard 11 "Joint Arrangements".

## Appendix 2: Production and sales

*In thousands of tonnes*

H2 2020 Q4 2020 Q3 2020 H1 2020

## MANGANESE BU

|  |       |       |       |       |
|--|-------|-------|-------|-------|
| Manganese ore and sinter production                  | 3,040 | 1,503 | 1,537 | 2,784 |
| Manganese ore and sinter transportation <sup>1</sup> | 3,150 | 1,535 | 1,615 | 2,844 |
| External manganese ore sales                         | 2,884 | 1,393 | 1,492 | 2,444 |
| Manganese alloys production                          | 356   | 186   | 170   | 344   |

|   |       |       |       |     |
|---|-------|-------|-------|-----|
| Manganese alloys sales  | 370   | 208   | 162   | 34  |
| NICKEL BU   |       |       |       |     |
| Nickel ore production<br>(in thousands of wet tonnes)                                   |       |       |       |     |
| SLN   | 3,201 | 1,599 | 1,603 | 2,2 |
| Weda Bay Nickel (100%) <sup>2</sup>   | 2,145 | 1,572 | 573   | 1,2 |
| Ferronickel production - SLN  | 24.0  | 11.3  | 12.8  | 23  |
| Low grade nickel ferroalloys production - Weda Bay Nickel (kt of Ni content - 100%)     | 19.0  | 10.6  | 8.4   | 4.5 |
| Nickel ore sales<br>(in thousands of wet tonnes)  |       |       |       |     |
| SLN   | 1,421 | 832   | 589   | 1,0 |
| Ferronickel sales - SLN   | 24.2  | 11.7  | 12.8  | 26  |
| Low grade nickel ferroalloys sales - Weda Bay Nickel/Off-take Eramet (kt of Ni content) | 6.2   | 5.4   | 0.8   | -   |
| Nickel salts and high purity nickel production  | 3.6   | 2.1   | 1.6   | 3.7 |
| Nickel salts and high purity nickel sales   | 3.7   | 2.4   | 1.3   | 3.7 |
| MINERAL SANDS BU  |       |       |       |     |
| Mineral Sands production  | 391   | 208   | 183   | 37  |
| Zircon production   | 30    | 16    | 14    | 29  |
| Titanium dioxide slag production  | 101   | 49    | 52    | 98  |
| Zircon sales  | 29    | 16    | 13    | 33  |
| Titanium dioxide slag sales   | 95    | 45    | 51    | 10  |

<sup>1</sup> Produced and transported.

<sup>2</sup> 9m 2020 figures revised at year-end (+34 kwmt vs figures presented in Appendix 2 of the press release of 28/10/2020).

### Appendix 3: Prices and index

|   | Q4 2020 | H2 2020 | H1 2020 | FY 2020 | Q4 2019 | H2 2019 | H1 2019 | FY 2019 | Ch   |
|---|---------|---------|---------|---------|---------|---------|---------|---------|------|
| MANGANESE BU                                    |         |         |         |         |         |         |         |         |      |
| Mn CIF China 44% (USD/dmtu) <sup>1</sup>        | 4.18    | 4.19    | 4.98    | 4.58    | 4.04    | 4.85    | 6.42    | 5.63    | -15  |
| Ferromanganese MC - Europe (EUR/t) <sup>1</sup> | 1,316   | 1,311   | 1,422   | 1,366   | 1,355   | 1,417   | 1,551   | 1,484   | -7.8 |
| Silicomanganese - Europe (EUR/t) <sup>1</sup>   | 877     | 870     | 949     | 910     | 888     | 921     | 976     | 949     | -8.3 |
| NICKEL BU                                       |         |         |         |         |         |         |         |         |      |
| Ni LME (USD/lb) <sup>2</sup>                    | 7.24    | 6.85    | 5.65    | 6,25    | 6.97    | 7.03    | 5.59    | 6.31    | 21.1 |
| Ni LME (USD/t) <sup>2</sup>                     | 15,961  | 15,092  | 12,455  | 13,783  | 15,450  | 15,489  | 12,325  | 13,907  | 21.1 |
| Ni ore CIF China 1.8% (USD/wmt) <sup>3</sup>    | 100.9   | 91.0    | 68.5    | 79.9    | 73.0    | 66.6    | 50.7    | 58.6    | 32.1 |
| MINERAL SANDS BU                                |         |         |         |         |         |         |         |         |      |
| Zircon (USD/t) <sup>4</sup>                     | 1,300   | 1,310   | 1,355   | 1,333   | 1,545   | 1,565   | 1,585   | 1,575   | -3.3 |
| CP grade titanium dioxide (USD/t) <sup>5</sup>  | 780     | 775     | 798     | 786     | 756     | 758     | 746     | 752     | -2.8 |

<sup>1</sup> Quarterly average for market prices, Eramet calculations and analysis.

<sup>2</sup> LME (London Metal Exchange) prices.

<sup>3</sup> CNFEOL (China FerroAlloy Online), "Other mining countries" in H2 2020 and SMM (Shanghai Metals Market) "Philippines" in 2019 and H1 2020.

<sup>4</sup> TZMI, Eramet analysis (premium zircon).

<sup>5</sup> Market analysis, Eramet analysis.

<sup>6</sup> 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

&#8364; million<sup>1</sup>

##### MINING AND METALS DIVISION

###### Manganese BU

H2 2020 H1 2020 FY 2020 FY 2019 Change 2020/2019

|                  |     |     |       |       |      |
|------------------|-----|-----|-------|-------|------|
| Turnover         | 860 | 839 | 1,699 | 1,765 | -66  |
| EBITDA           | 208 | 234 | 442   | 560   | -118 |
| COI <sup>3</sup> | 160 | 179 | 339   | 459   | -120 |
| FCF              | 166 | 119 | 285   | -8    | 293  |

###### Nickel BU

|          |     |      |     |     |     |
|----------|-----|------|-----|-----|-----|
| Turnover | 539 | 366  | 905 | 778 | 127 |
| EBITDA   | 91  | -70  | 21  | 38  | -17 |
| COI      | 35  | -114 | -79 | -58 | -21 |
| FCF      | 89  | -88  | 1   | -70 | 71  |

###### Mineral Sands BU

|          |     |     |     |     |     |
|----------|-----|-----|-----|-----|-----|
| Turnover | 137 | 139 | 276 | 286 | -10 |
| EBITDA   | 47  | 44  | 91  | 106 | -15 |
| COI      | 22  | 22  | 44  | 64  | -16 |
| FCF      | 9   | 34  | 43  | 45  | -2  |

##### HIGH-PERFORMANCE ALLOYS DIVISION

###### A&D and Erasteel

|          |     |      |      |      |      |
|----------|-----|------|------|------|------|
| Turnover | 335 | 345  | 680  | 847  | -167 |
| EBITDA   | -53 | -66  | -119 | -26  | 93   |
| COI      | -60 | -93  | -153 | -68  | -85  |
| FCF      | -10 | -164 | -174 | -144 | -30  |

###### Holding, elim. and Lithium BU (mothballed project)

|          |     |      |      |      |      |
|----------|-----|------|------|------|------|
| Turnover | -5  | -2   | -7   | -5   | -2   |
| EBITDA   | -15 | -22  | -37  | -47  | -10  |
| COI      | -21 | -25  | -46  | -58  | 12   |
| FCF      | -81 | -111 | -192 | -182 | -210 |

###### GROUP total

|          |       |       |       |       |      |
|----------|-------|-------|-------|-------|------|
| Turnover | 1,866 | 1,687 | 3,553 | 3,671 | -118 |
| EBITDA   | 278   | 120   | 398   | 630   | 232  |
| COI      | 137   | -31   | 106   | 341   | -235 |
| FCF      | 174   | -210  | -36   | -359  | 323  |

<sup>1</sup> Data rounded up to nearest million.

<sup>2</sup> Data rounded up to higher or lower %.

<sup>3</sup> Current operating income (COI).

#### Appendix 5: Sensitivities of Group EBITDA

| Sensitivities                           | Change    | Impact on EBITDA           |
|---|-----------|----------------------------|
| Manganese ore prices<br>(CIF China 44%) | +\$1/dmtu | c.&#8364;210m <sup>1</sup> |

|                                    |                |                             |
|------------------------------------|----------------|-----------------------------|
| Manganese alloy prices             | +\$100/t       | c.&#8364;60m <sup>1</sup>   |
| Nickel prices (LME)                | +\$1/lb        | c.&#8364;95m <sup>1</sup>   |
| Nickel ore prices (CIF China 1.8%) | +\$10/wmt      | c.&#8364;30m <sup>1</sup>   |
| Exchange rates                     | -\$/&#8364;0.1 | c.&#8364;135m               |
| Oil price per barrel (Brent)       | +\$10/bbl      | c.&#8364;(20)m <sup>1</sup> |

<sup>1</sup> For an exchange rate of \$/&#8364;1.22.

## Appendix 6: Performance indicators

### Operating performance by division

| (&#8364; millions)   | MINING AND METALS |        |               |         | HIGH        |
|--|-------------------|--------|---------------|---------|-------------|
|  | Manganese         | Nickel | Mineral Sands | Lithium | PERFO ALLOY |
| Financial year 2020  |                   |        |               |         |             |
| Sales  | 1 699             | 905    | 276           | -       | 680         |
| EBITDA   | 442               | 21     | 91            | (5)     | (119)       |
| Current operating income   | 339               | (79)   | 44            | (5)     | (153)       |
| Net cash generated by operating activities                                 | 472               | 17     | 60            | (52)    | (116)       |
| Industrial investments (intangible assets and property plan and equipment) | 195               | 44     | 16            | 34      | 38          |
| Financial year 2019  |                   |        |               |         |             |
| Sales  | 1 765             | 778    | 286           | -       | 847         |
| EBITDA   | 560               | 38     | 106           | -       | (26)        |
| Current operating income   | 459               | (58)   | 64            | -       | (68)        |
| Net cash generated by operating activities                                 | 206               | (17)   | 55            | (13)    | (84)        |
| Industrial investments (intangible assets and property plan and equipment) | 234               | 35     | 12            | 101     | 53          |

### Turnover and investments by region

| (&#8364; millions)   | France | Europe | North America | Asia  | Oceania | Afr |
|--|--------|--------|---------------|-------|---------|-----|
|  |        |        |               |       |         |     |
| Sales (sales destination)  |        |        |               |       |         |     |
| Financial year 2020  | 253    | 845    | 669           | 1 622 | 24      | 10  |
| Financial year 2019  | 320    | 1 274  | 599           | 1 309 | 37      | 86  |
| Industrial investments (intangible assets and property plan and equipment) |        |        |               |       |         |     |
| Financial year 2020  | 56     | 29     | 2             | 1     | 39      | 18  |
| Financial year 2019  | 76     | 42     | 8             | -     | 30      | 19  |

### Consolidated performance indicators - Income statement

| (&#8364; millions) | Financial year | Financial year |
|--------------------|----------------|----------------|
|                    | 2020           | 2019           |

|   |         |        |
|---|---------|--------|
| Sales   | 3 553   | 3 671  |
| EBITDA  | 398     | 630    |
| Amortisation and depreciation of non-current assets (281) |         | (284)  |
| Provision for risk and expenses                           | (12)    | (5)    |
| Current operating income                                  | 106     | 341    |
| Impairment of assets                                      | (498)   | (25)   |
| Other operating income and expenses                       | (63)    | (93)   |
| Operating income  | (455)   | 223    |
| Financial income  | (186)   | (134)  |
| Share of income from associates                           | 86      | (7)    |
| Income taxes  | (121)   | (227)  |
| Net income for the period                                 | (676)   | (145)  |
| - Attributable to non-controlling interests               | (1)     | 39     |
| - Attributable to the Groupe                              | (675)   | (184)  |
| Basic earning per share (&#8364;)                         | (25,46) | (6,93) |

## Consolidated performance indicators - Net financial debt flow table

| (&#8364; millions)  | Financial year<br>2020 | Financial year<br>2019 |
|---|------------------------|------------------------|
| Operating activities  |                        |                        |
| EBITDA  | 398                    | 630                    |
| Cash impact of items in EBITDA                                | (383)                  | (420)                  |
| Cash flow from operations                                     | 15                     | 210                    |
| Change in WCR   | 294                    | (124)                  |
| Net cash generated by operating activities (1)                | 309                    | 86                     |
| Investing activities  |                        |                        |
| Industrial investments  | (342)                  | (455)                  |
| Other investments flows                                       | (3)                    | 11                     |
| Net cash used in investing activities (2)                     | (345)                  | (444)                  |
| Net cash used in financing activities                         | (15)                   | (117)                  |
| Impact of fluctuation in exchange rate and other              | 35                     | (6)                    |
| Right of use relating to lease contracts acquisition (IFRS16) | (12)                   | (12)                   |
| (Increase) / Decrease in net financial debt                   | (29)                   | (493)                  |
| (Net financial debt) opening restated *                       | (1 304)                | (811)                  |
| (Net financial debt) closing                                  | (1 333)                | (1 304)                |
| Free Cash Flow (1) + (2)                                      | (36)                   | (358)                  |

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

## Consolidated performance indicators - Balance sheet



| (€ millions)   | 31/12/2020  | 31/12/2019 |
|--|-------------|------------|
| Non-current assets                                       | 3 003       | 3 294      |
| Inventories  | 906         | 1 098      |
| Trade receivables  | 348         | 362        |
| Trade payables   | (541)       | (458)      |
| Simplified Working Capital                               | 713         | 1 002      |
| Other Working Capital items                              | (238)       | (242)      |
| Total Working Capital Requirements (WCR)                 | 475         | 760        |
| Derivatives  | 7           | -          |
| TOTAL  | 3 485       | 4 054      |
| (€ millions)   | 31/12/2020  | 31/12/2019 |
| Equity attributable to owners of the parent              | 764         | 1 398      |
| Non-controlling interests                                | 233         | 241        |
| Shareholders' equity                                     | 997         | 1 639      |
| Cash and cash equivalents and current financial assets   | (1 856)     | (920)      |
| Borrowings   | 3 189       | 2 224      |
| Net financial debt                                       | 1 333       | 1 304      |
| <i>Net financial debt/shareholders' equity (Gearing)</i> | <i>134%</i> | <i>80%</i> |
| Provisions and employee-related liabilities              | 936         | 877        |
| Net deferred tax   | 219         | 214        |
| Derivatives  | -           | 20         |
| TOTAL  | 3 485       | 4 054      |

#### Appendix 7: Financial glossary

#### Consolidated performance indicators

The consolidated performance indicators used for the financial communication 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 (realised capex of the year versus realised tonnage for the annual financial statements, forecast capex for the current year versus the forecast tonnage during the year), non-recurring income and charges and financial expenses (recognised in SLN's corporate financial statements).

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<sup>1</sup> "H1: First-half, "H2: Second-half, "Q1 to Q4": First to Fourth Quarter

<sup>2</sup> Based on an exchange rate at \$/€8364;1.22.

<sup>3</sup> Audit procedures for the 2020 consolidated financial statements have been completed. The certification report will be released after the Board of Directors' meeting held on 11 March 2021, which will set the draft shareholders' resolutions.

<sup>4</sup> TRIR (total recordable injury rate) = number of lost time and recordable injury accidents for 1 million hours worked (employees and subcontractors).

<sup>5</sup> See Financial glossary in Appendix 7.

<sup>6</sup> Combined effect of volumes and prices: based on manganese ore consumption and CIF China 44% prices.

<sup>7</sup> Eramet forecasts based on World Steel Association (WSA) production data.

<sup>8</sup> Source: CNFEOL (China FerroAlloy Online).

<sup>9</sup> Average market prices, Eramet calculations and analysis; manganese ore: CRU CIF China 44% spot price; Manganese alloys: CRU Western Europe spot price.

<sup>10</sup> Medium carbon ferromanganese average at approximately €8364;1,366/t, representing -8%; silicomanganese at approximately €8364;910/t, representing -4%.

<sup>11</sup> SLN, ENI and others.

<sup>12</sup> Eramet forecasts.

<sup>13</sup> Nickel Pig Iron (NPI).

<sup>14</sup> LME: London Metal Exchange; SHFE: Shanghai Futures Exchange.

<sup>15</sup> Including producers' inventories.

<sup>16</sup> CIF China price 1.8% "Other mining countries" in H2 2020 (CNFEOL) and "Philippines" in 2019 and H1 2020 (SMM).

<sup>17</sup> Mwmt: millions of wet metric tonnes; kwmt: thousands of wet metric tonnes.

<sup>18</sup> See Financial glossary in Appendix 7.

<sup>19</sup> Based on SLN individual financial statements.

<sup>20</sup> Source Zircon premium: FerroAlloyNet.com, Eramet analysis.

<sup>21</sup> c.90% of titanium-based end-products.

<sup>22</sup> Titanium dioxide slag, ilmenite, leucosene and rutile.

<sup>23</sup> Aubert & Duval, EHA and others.

<sup>24</sup> Based on revenue generated per passenger-kilometre ("RPK"); source: International Air Transport Association ("IATA").

<sup>25</sup> Source: Eramet, VDA (German Association of the Automotive Industry) and IHS Markit, estimated data for 2020 at end-January 2021.

<sup>26</sup> "Corporate rating" assessment.

<sup>27</sup> Based on an exchange rate at \$/€8364;1.22.

## Attachment

- Eramet CP FY2020 VF EN clean

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