ZMK ADVISORY

ERAMET · RESPONSE TO THE 9 NOVEMBER ROADMAP

Eramet's €2.5bn Question

The €500m raise is designed to clear the June 2027 covenant test. €2,513m of debt falls due in 2028 and 2029, and the 9 November roadmap does not mention it.

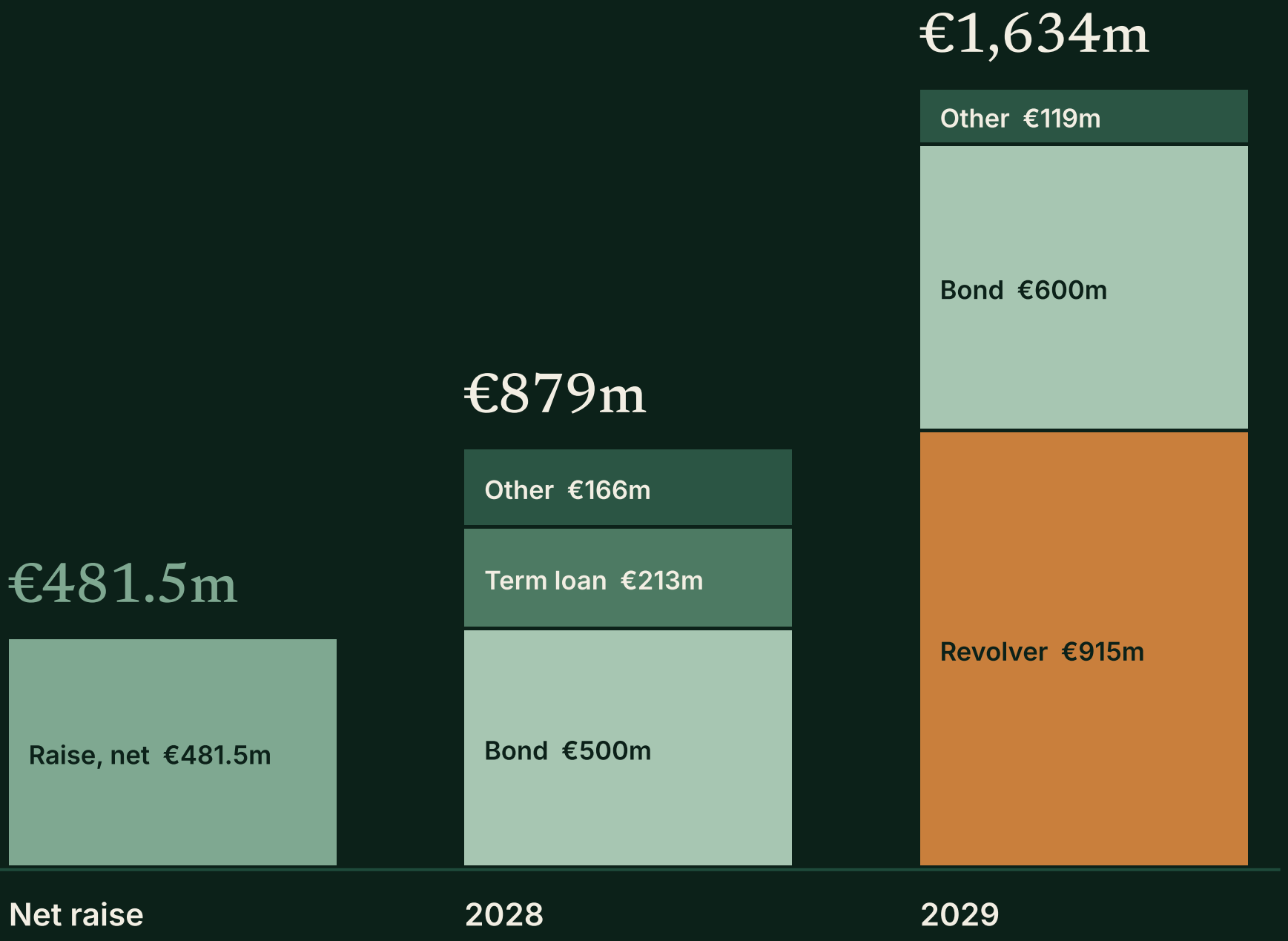
€500m	€2,513m	0
RIGHTS ISSUE, Q4 2026	DUE 2028 AND 2029	2028–29 STEPS DISCLOSED

The 9 November release is an equity story for the rights issue.

Positive	adjusted free cash flow in 2026
< 3.0x	adjusted leverage at year-end, after the raise
€1.6bn	liquidity at year-end, €1.1bn without the raise
6.8–7.3 Mt	manganese ore transported in 2027
20–24 kt	lithium carbonate at Centenario in 2027
$71m	Arizaro sale agreed, closing by year-end

Source: Eramet, 'Eramet outlines its short- and medium-term operational and strategic roadmap', 9 Nov 2026. Liquidity and leverage targets conditional on the capital increase.

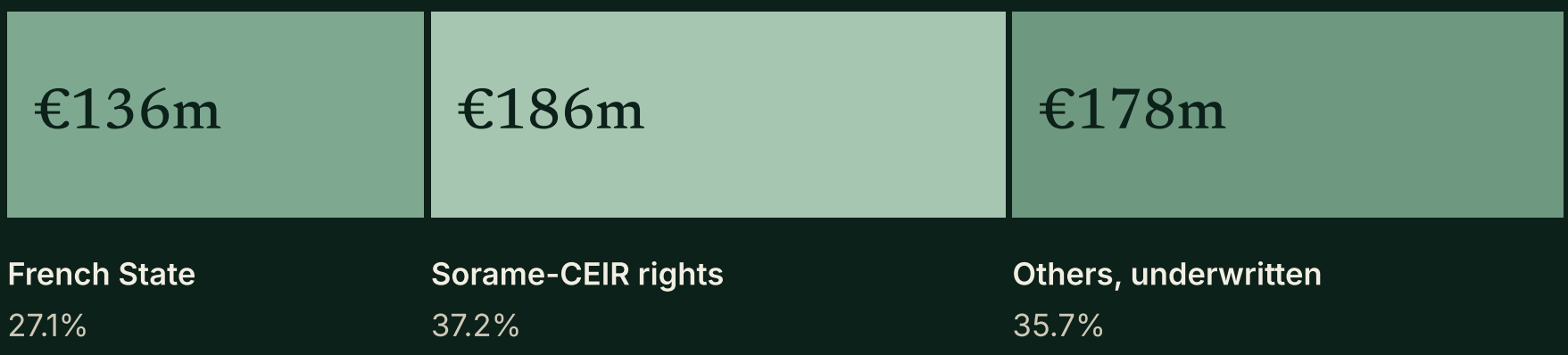
€2,513m falls due in 2028 and 2029. No refinancing plan has been disclosed.



Source: Eramet maturity chart at 30 June 2026, as compiled in ZMK Advisory, 'Eramet: The Order of Operations', Aug 2026. €481.5m net proceeds per the prospectus summary, 13 Nov 2026: they repay the revolver and early-2027 maturities. No revolver extension or 2028–29 refinancing has been disclosed.

About €322m of the €500m comes from the State. Banks underwrite the rest.

The French State takes its 27.1% pro rata and buys Sorame-CEIR's rights, about 64% of the raise. It becomes largest shareholder, capped at 49% of effective votes. A bank syndicate underwrites the balance. Settlement is on 4 December.



Source: Eramet rights issue launch, 13 Nov 2026 (APE c.€322m, c.64%; bank underwriting; settlement 4 Dec); holdings at end-2025 per Eramet 2025 URD. €136m, €186m and €178m are ZMK arithmetic on those holdings.

What we flagged on 7 August, and what Eramet has said since.

Shareholder backstop	Resolved, underwritten
2027 covenant level	Disclosed: 100% at 30 June
€2,513m maturity wall	Unaddressed
Permanent chief executive	Not named, 285 days
Asset sales	$71m agreed, two in process
Weda Bay quota	Revised up in September

Sources: ZMK Advisory, 'Eighty-Three Days', 7 Aug 2026; Eramet releases of 12 Oct, 29 Oct, 9 Nov and 13 Nov 2026 (prospectus summary). Status is ZMK's assessment.

Paid $699m for 49.9% in 2024. Now looking for a partner.

2023

$400m

Glencore prepayment against c.50 kt-LCE over five years. About half of output, per Eramet. Cash already received.

Oct 2024

$699m

Buys Tsingshan's 49.9% of Eramine, owner of Centenario and Arizaro.

Oct 2026

$350m

Phase 1 expansion cost (+11 kt-LCE). Decision possible by end-2027.

Nov 2026

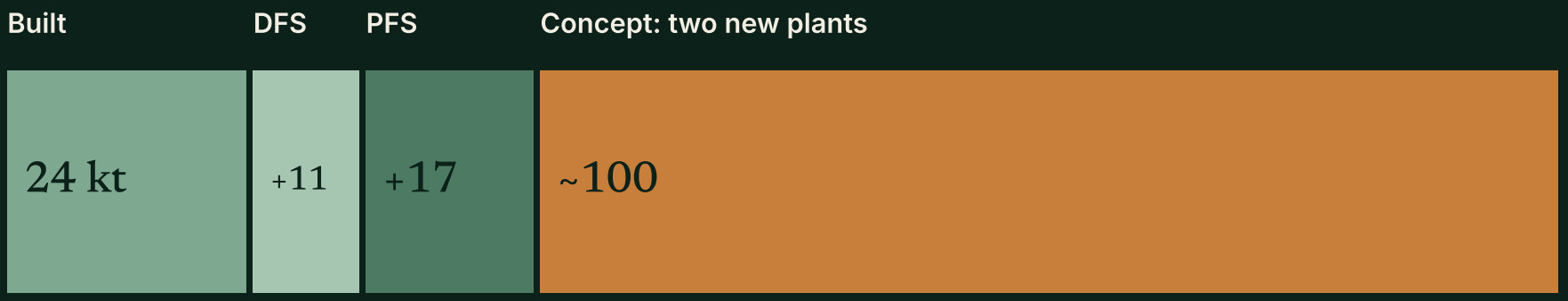
$71m

Arizaro sale agreed. Minority stake in Centenario offered.

The benchmark for any minority sale: about $14m per percentage point.

Sources: Reuters, 26 Jul 2023; Eramet Group Presentation, 7 May 2026, slide 32; Eramet releases of 24 Oct 2024 ($699m net cash impact), 29 Oct 2026 and 9 Nov 2026. $14m per point is ZMK arithmetic ($699m / 49.9).

Two-thirds of Centenario's 150 kt potential is at concept stage.



In October 2024 Eramet put the salar's long-term potential above 75 kt-LCE, on the same 15 Mt-LCE resource. The new figure arrived in the release that prepares the rights issue.

Source: Eramet, 9 Nov 2026 (DFS, PFS and concept stages); 24 Oct 2024 (long-term potential above 75 kt-LCE). Greenfield of c.100 kt is two plants of c.50 kt each per Eramet. Shares of 150 kt are ZMK arithmetic.

In August we said hold. On the revised quota, a sale clears the bar in most cases.

Our August upside assumed €180m of attributable EBITDA. Eramet's share of Weda Bay's EBITDA was €102m in 2025, on more ore than the 2026 guidance.



Sources: ZMK Advisory, 'Eramet: The Order of Operations', 7 Aug 2026, p.13; Eramet 2025 URD and Q3 release, 29 Oct 2026. Minimum prices are ZMK calculations: 10 years of dividends at 12%, 3.5x terminal, 2025 margin held, 33% payout (Eramet's 2025 actual), about 2% sale costs, no blanket risk haircut. Achievable range is a ZMK estimate.

At SLN, the French State will sit on both sides of the table.

French State

Largest Eramet shareholder after the raise, up to 49% of votes

Eramet

Majority owner of SLN. Provides no new money. Guarantees mining obligations



SLN

Losses funded by the State through €996m of subordinated notes

Eramet says the arrangement is unchanged. The 'sustainable solution' is now negotiated with its own largest owner.

Sources: Eramet releases of 4 Mar 2024, 12 Oct 2026, 29 Oct 2026 and 9 Nov 2026; Eramet 2026 interim report (SLN subordinated instrument €996m). Eramet has guaranteed SLN's mining obligations since 2020.

1 If a covenant test is missed, will lenders waive it?

2 Has the extension of the €915m revolver, due June 2029, been sought?

3 When will a permanent chief executive be named?

The full analysis: Strategy 2.0

Model, thresholds, sources and the sequence we would put to the board.

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Not a recommendation on the shares.