

Sibanye Stillwater

Materials

Company Update Report



Sell

Analyst recommendation

Counter	Share price	Intrinsic value	Difference
SSW	R35.35	R27	-24% Downside

As of 19 August 2025

Executive summary

Sibanye Stillwater recently released a trading statement for the FY25 interim results, expected on 28 August 2025. Below are the key financial and operational performance highlights:

Financial performance:

- HEPS: 180–200 SA cents expected (9.8–10.9 US cents), an increase of over 19x 1H24 (10 SA cents/0.5 US cents) – driven by higher SA gold profits and gold price.
- EPS loss: 120–133 SA cents (6.5–7.2 US cents), improved 55%–60% vs. 1H24 (259 SA cents/14 US cents loss).
- EPS loss due to US PGM and Keliber asset impairments (tax law changes, lower lithium prices).
- Other impacts: Gold hedge fair value losses; production issues raised inventories and lowered sales.

Production Update:

- PGM (SA & US): Consistent year-on-year; 804 252 4Eoz (SA, incl. Mimosa), 840 046 4Eoz (total). Underground production remains steady, surface production down 30% due to rainfall. The recent price rally may boost future earnings.
- SA Gold: Down 13% to 300 191oz (production challenges), but 2H25 recovery expected.
- Century Zinc: 51.3kt payable zinc, up 22%.
- US PGM: 141 124 2Eoz, in line with guidance. Recycling feed down 10%, 3E PGM oz sold down 14%. Reldan: 63 992oz gold, 932 712oz silver, 8 020oz platinum, 11 557oz palladium, 1.5 million lb copper.

Analyst thesis

Sibanye is a major PGM mining company, with additional exposure to gold and green energy metals. Near-term risks stem from high debt levels. The recent rise in PGM prices, driven by an increased demand for the precious metal, is well-timed as the company seeks to restore profitability and reduce leverage. While Sibanye will benefit from the PGM price recovery, we remain concerned about ongoing balance sheet concerns, especially if PGM prices do not hold up, and therefore maintain a sell recommendation. We therefore also prefer Valterra and Impala platinum as PGM peers.

PGM market review

The surge in demand within the PGM market has contributed to a sharp rise in precious metal prices over the last two months, with dollar weakness further supporting gains by making PGMs more affordable in other currencies. A recent report by the World Platinum Investment Council (WPIC) highlights a supply and demand imbalance, as mining operations reduce output in response to sustained lower PGM prices, exemplified by the suspension of the Stillwater West mine.

Risks persist, including potential slowdowns in economic growth from China and Europe, as well as US tariffs that could reduce demand for PGM-containing products. A strengthening dollar may also reverse recent PGM price gains by increasing restocking costs. Additionally, any easing of sanctions on Russia to encourage a resolution to the Russia-Ukraine conflict could result in more PGMs entering the global market, impacting prices further.



Qualitative summary

Table 1: Qualitative Summary

Factor review	Rating	Description
Growth		Expected 3Y sales CAGR of 3%. EPS is expected to return to a positive 335 cents in FY27 from the 258 cents loss per share reported for FY24.
Valuation		We value Sibanye using EV/EBITDA multiple with long-term growth rate forecasts based on company guidance and our view of directional commodity prices. Our intrinsic value of R27 per share suggests a downside of 24% to the current price, with the share price trading at a premium.
Dividend yield		Sibanye did not pay a final dividend after FY24 results, as the business was loss-making in FY24. The forward dividend yield for SSW is 2.6%.
Issuance		Sibanye has issued shares in the past to raise funds for acquisitions like the interest in the Keliber project in 2021, but since then, the number of shares outstanding has remained stable.
Catalyst		<ul style="list-style-type: none"> PGM price recovery from increased demand and restocking of above-ground inventory. Higher adoption of hybrid vehicles than pure BEVs. Declining interest rate environment. Continued strong gold and PGM prices.
Quality of earnings		Sibanye's earnings are driven by PGM and gold prices, and exchange rates, which remain volatile and outside of management's control, while management has some limited control over costs and production.
Moat		No moat
Management and Governance		SSW is led by Neal Froneman, who has been with the firm for 12 years while the CFO, Charl Keyter has been with the company for the same period. Neal Froneman will be retiring in September 2025. The internal appointment of the new CEO is Richard Stewart who has been an employee since 2014 and is currently Chief Regional Officer: Southern Africa region.
Balance sheet		Balance sheet risk remains elevated with a Net Debt/EBITDA position of 2x. Net Debt/Adjusted EBITDA covenant has initially been relaxed from 2.5x to 3.5x until the end of June 2025. The current covenant is 3x until the end of December 2025, after which it will revert to 2.5x.
Risks		<ul style="list-style-type: none"> Continued low market demand for PGMs further affecting price pressure. Increased regulations on car manufacturers to reduce emissions and increase the transition to EV's. Balance sheet and liquidity risk. Delays with the Keliber project and over capitalisation. Any events that impact production negatively: strikes, natural disasters, power outages, etc. Exchange rate fluctuations.
Regulation		The mining sector is heavily regulated in SA, and this carries additional risks for the group. ESG regulations that require SSW to reduce environmental impact, lower carbon emissions, and ensure fair social practices in communities and labour.
ESG		According to FactSet, SSW's long-term ESG performance compared with the industry is average, but the industry's operations are not environmentally friendly and social risks are affected by employee injury and health.
Momentum price		Price momentum is positive.
Momentum earnings		Earnings momentum is positive due to the recent rise in PGM Prices.
Piotroski F-Score		Piotroski Score is six.



Valuation

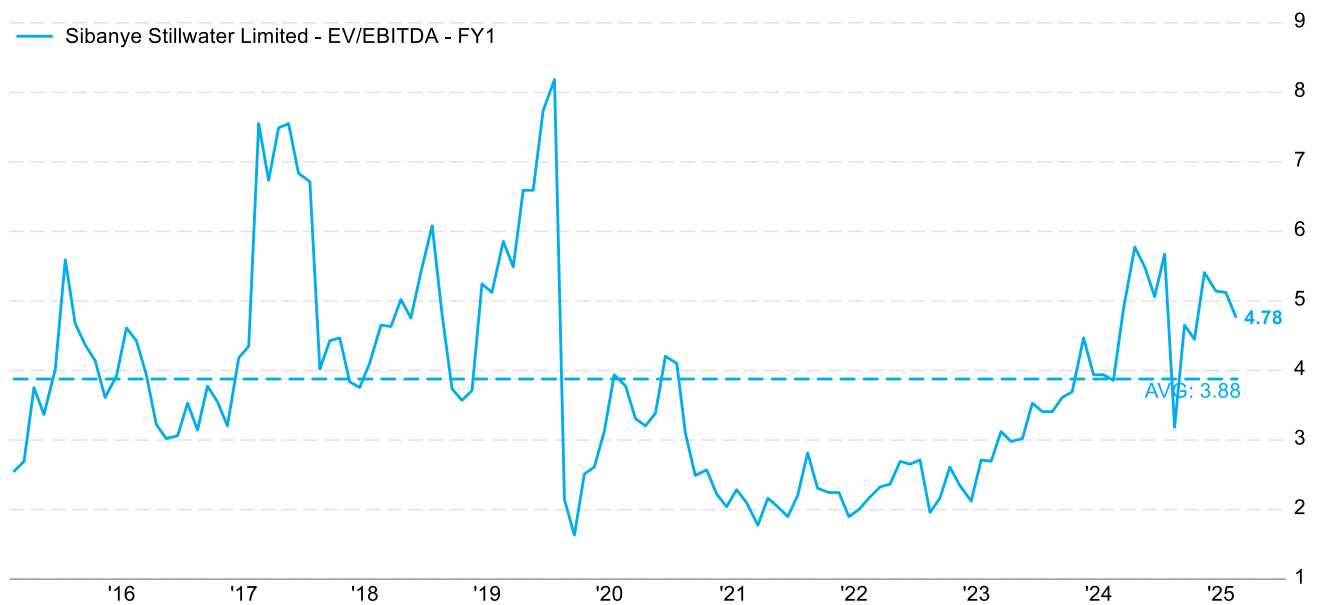
We value Sibanye using the EV/EBITDA multiple method for FY26 and discount to present value with a WACC of 11.8%. We forecast EBITDA based on production guidance (using the lower to mid-end of the production guidance) and the assumption that ounces sold will be similar to ounces produced. Our commodity price assumptions are based on our directional views accordingly. We have also created a weighted price by using a base case, bull case, and bear case to arrive at the intrinsic value. In our valuation, we have used a realised 4E PGM basket price of \$1 559/oz for the South African operations for FY26 (FY24: \$1 322 and FY23: \$1 574).

Table 2: SSW valuation

Valuation Probabilities			
	Bear	Base	Bull
EV/EBITDA	2.0x	3.6x	5.0x
Probability	30%	55%	15%
Share Price Scenario	R16	R29	R41
Weighted Intrinsic Value	R27		
Upside/(Downside)	-24%		

Sources: PSG Wealth, FactSet

Graph 1: Sibanye EV/EBITDA history



Source: FactSet

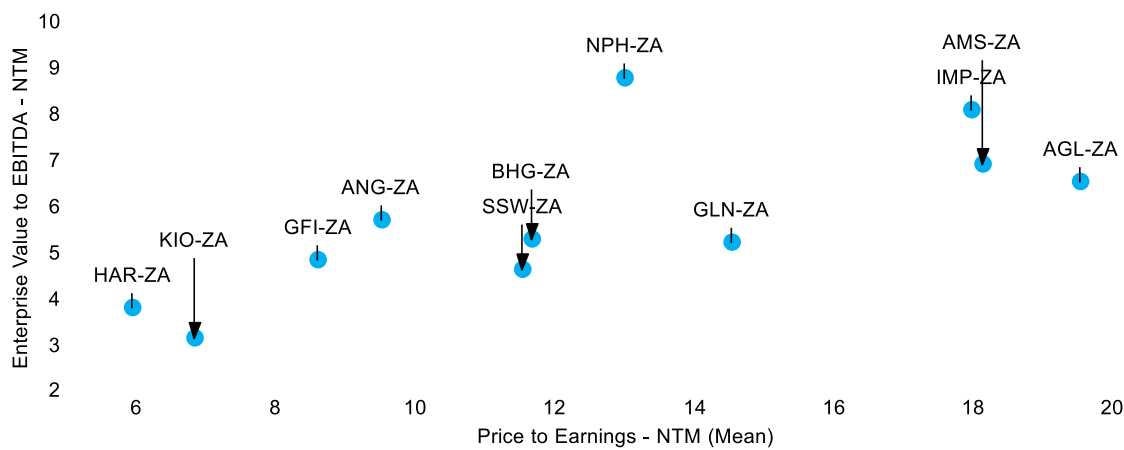


Graph 2: Forward P:E



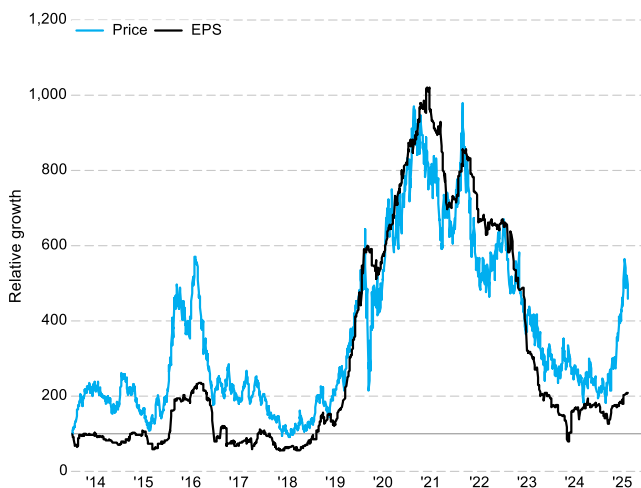
Source: FactSet

Graph 3: P:E and EV/EBITDA



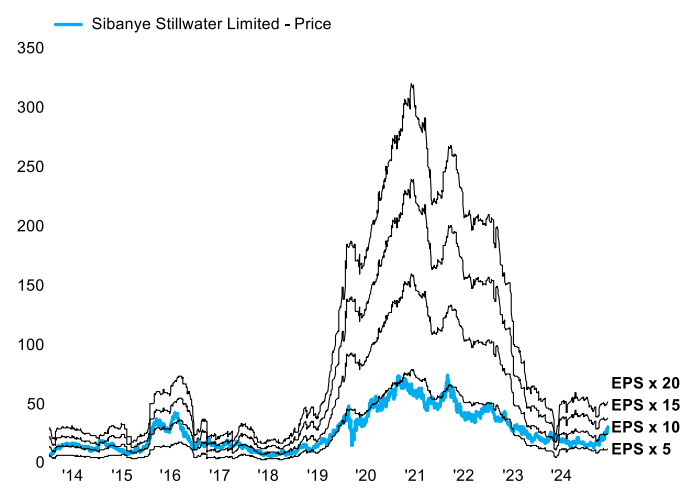
Source: FactSet

Graph 4: Components of P:E Multiple



Source: FactSet

Graph 5: EPS times multiple



Source: FactSet



Table 3: Valuation multiples

Multiple	Latest: Aug-2025	Last note: Jun-2025
P:E	10.7x	10.4x
P/S	0.8x	0.7x
P/B	1.7x	1.6x
P/CF	4.7x	4.8x
EV/EBITDA	4.2x	4.6x
EV/EBIT	6.0x	6.7x
EV/SALES	1.0x	1.0x
Dividend yield	2.5%	1.8%
FCF yield	7.3%	-1.6%

Source: FactSet

Table 4: Company data

52-week high	R43.73
52-week low	R13.88
Market value (bn)	R100.1
Price momentum	Positive
3m earnings revision	35.8%
Fiscal year-end	2025/12/31
Beta (3Y, daily)	1.86

Source: FactSet

Table 5: Performance versus benchmark

Period	YTD	MTD	3M	6M	1Y	2Y	3Y	5Y	10Y
Sibanye Stillwater Limited	136.0%	-7.9%	61.3%	110.2%	85.0%	22.7%	-7.7%	-31.6%	296.1%
JSE Capped SWIX	19.6%	2.7%	9.3%	14.2%	19.9%	38.1%	38.6%	77.8%	61.6%

Source: FactSet

Table 6: Key competitors

Code	Price (ZAR)	Market Cap (Rbn)	Sales FY0 (Rbn)	EBIT FY0 (Rbn)	Net Income FY0 (Rbn)	EV/EBIT	P:E	Price % (3mo)	Price % (1YR)
SSW-ZA	35.35	100.06	112	3	-6	6.0x	10.7x	61.3%	85.0%
VAL-ZA	832.65	220.90	109	12	7	10.5x	15.5x	34.7%	31.2%
IMP-ZA	162.00	146.51	86	-19	-17	9.3x	12.5x	42.9%	83.2%

Source: FactSet



Table 7: Key financials and ratios

Income statement (Rm)	Dec 20	Dec 21	Dec 22	Dec 23	Dec 24	2025E	2026E	2027E
Revenue	127 392	172 194	138 288	113 684	112 129	111 713	120 069	118 460
Cost of sales	75 776	101 013	101 624	99 768	105 208	84 275	87 381	91 249
Gross income	41 940	51 616	71 181	36 664	13 916	6 921	27 438	32 688
EBIT	40 192	58 871	33 368	8 069	2 733	16 024	21 569	18 928
EBITDA	48 469	67 779	41 066	18 839	12 509	22 070	28 617	25 249
Pretax income	24058	35 480	47 557	27 904	-39 846	-4 214	10 999	17 781
Tax expense	4 858	13 761	8 924	-2 416	1 496	1 938	3 715	3 251
Net income	30 622	33 796	18 980	-37 430	-5 710	9 061	14 066	12 158

Balance sheet (Rm)	Dec 20	Dec 21	Dec 22	Dec 23	Dec 24	2025E	2026E	2027E
Current assets	52 243	64 831	60 764	61 822	48 409	39 663	35 610	44 124
Intangible assets	7 165	7 727	8 322	502	2 058	15	16	17
Total assets	134 103	152 994	166 631	142 941	137 992	140 740	139 745	137 466
Current liabilities	17 487	20 541	20 219	36 407	20 855	20 229	20 849	22 697
Short-term debt	886	107	122	15 482	552	9 488	3 162	1 120
Long-term debt	17 497	20 191	22 606	24 946	41 135	34 074	30 561	32 378
Total debt	18 383	20 298	22 728	40 428	41 687	-	-	-
Minority interest	2 236	1 408	2 903	2 877	4 310	4 310	4 310	4 310
Total shareholders' equity	68 480	79 937	88 101	48 730	43 979	52 271	62 949	71 746

Cash flow (Rm)	Dec 20	Dec 21	Dec 22	Dec 23	Dec 24	2025E	2026E	2027E
Capital expenditure	9 616	12 740	15 899	22 411	21 569	16 716	12 929	13 089
Net operating cash flow	27 151	32 256	15 543	7 095	10 113	19 873	20 813	21 658
Net investing cash flow	-9 938	-14 568	-17 374	-22 038	-24 338	-19 663	-15 589	-13 279
Net financing cash flow	-2 244	-8 344	-3 497	12 976	4 735	-1 607	-12 279	-4 408
Free cash flow per share (Rand)	7.0	13.2	3.4	-3.4	-3.8	-0.9	1.8	2.7
Free cash flow yield (%)	11.7%	26.9%	7.6%	-13.5%	-25.7%	-4.2%	7.4%	9.1%

Ratio analysis	Dec 20	Dec 21	Dec 22	Dec 23	Dec 24	2025E	2026E	2027E
Profitability								
ROA	24.9%	23.0%	11.5%	-24.4%	-5.2%	5.3%	8.5%	7.0%
ROE	59.7%	44.5%	21.9%	-55.2%	-15.7%	17.4%	22.4%	17.0%
Margins								
EBITDA margin	38.0%	39.4%	29.7%	16.6%	11.2%	19.8%	23.8%	21.3%
EBIT margin	31.5%	34.2%	24.1%	7.1%	2.4%	14.3%	18.0%	16.0%
Net profit margin	24.0%	19.6%	13.7%	-32.9%	-5.1%	8.1%	11.7%	10.3%
Gross profit margin	40.5%	41.3%	26.5%	12.2%	6.2%	24.6%	27.2%	23.0%

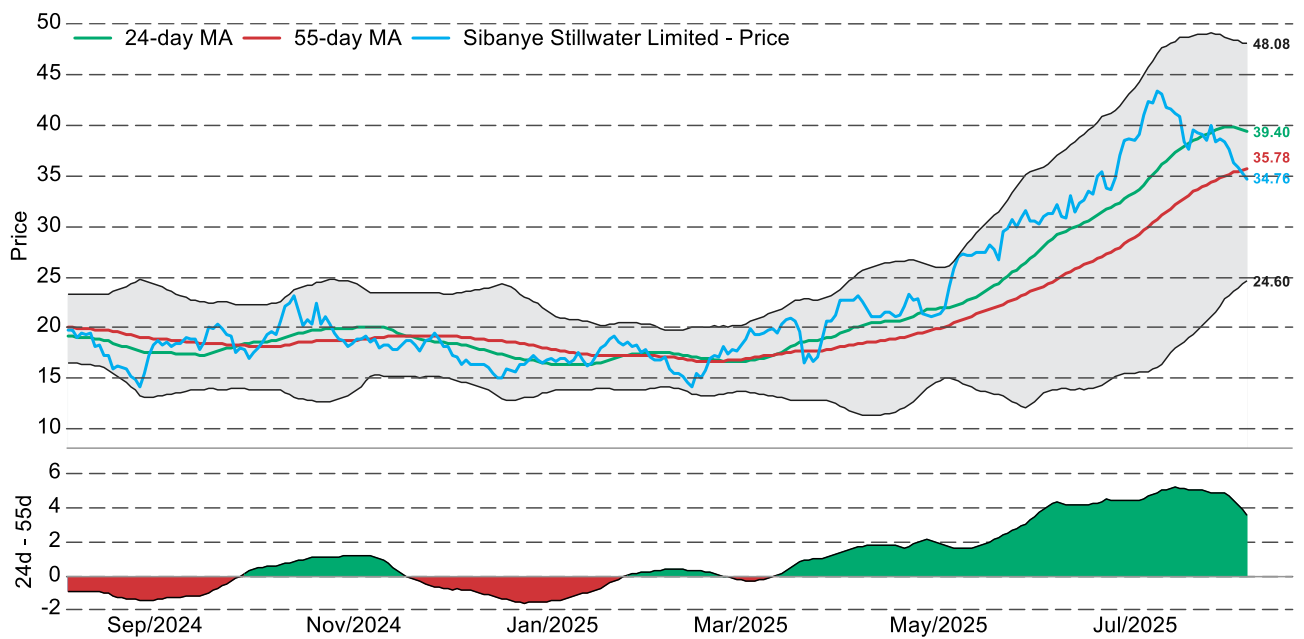
Source: FactSet

The expected (E) numbers are FactSet consensus estimates with a varying number of estimates per metric and will therefore not add up mathematically.



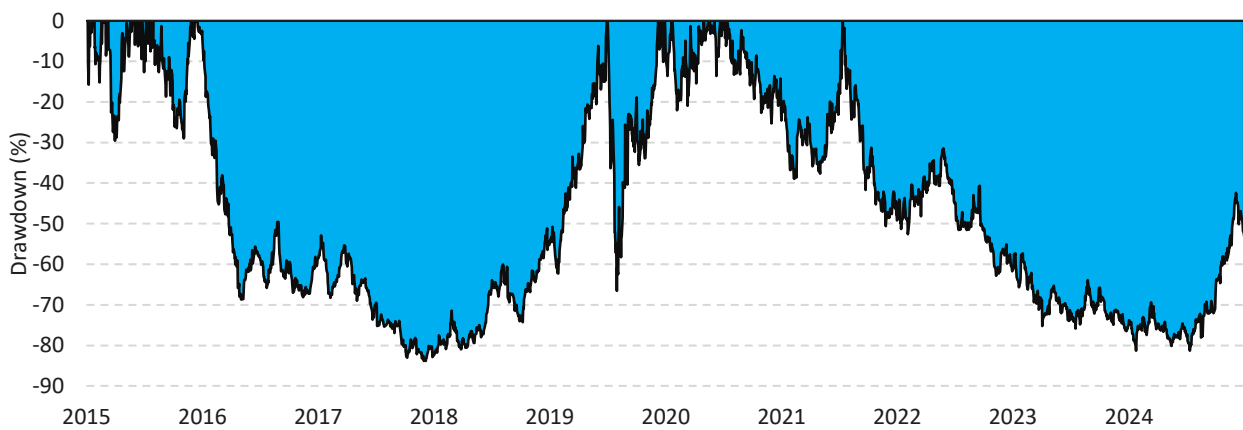
Price performance

Graph 6: Price momentum



Source: FactSet

Graph 7: Drawdown



Source: FactSet

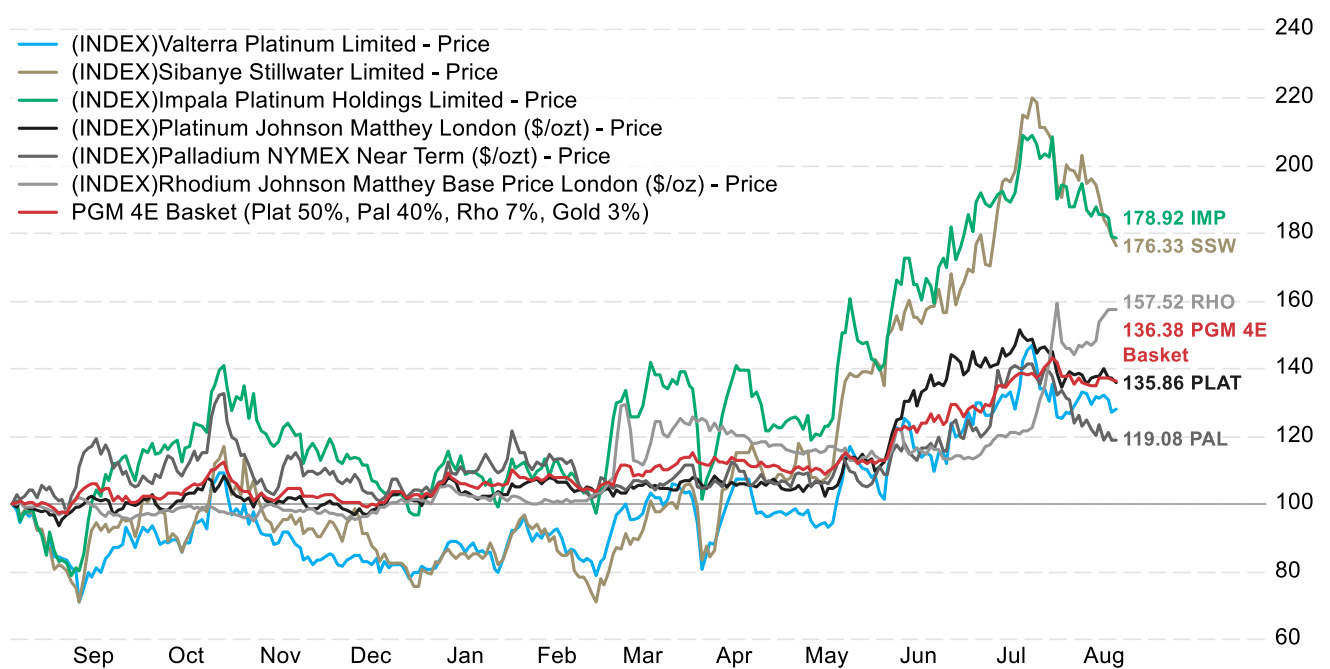


Graph 8: Calendar year returns



Source: FactSet

Graph 9: Relative performance in ZAR

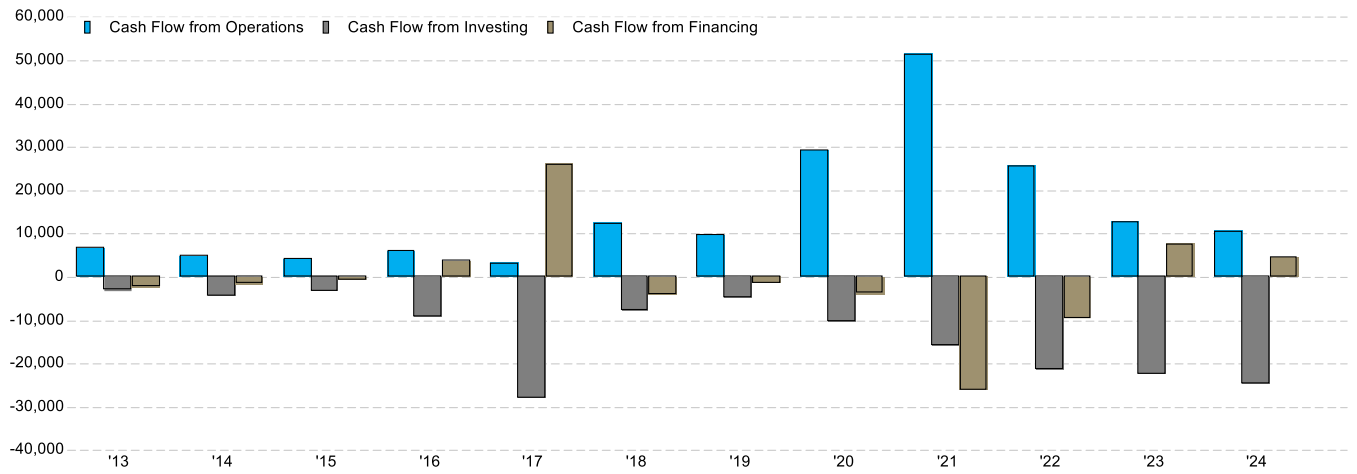


Source: FactSet



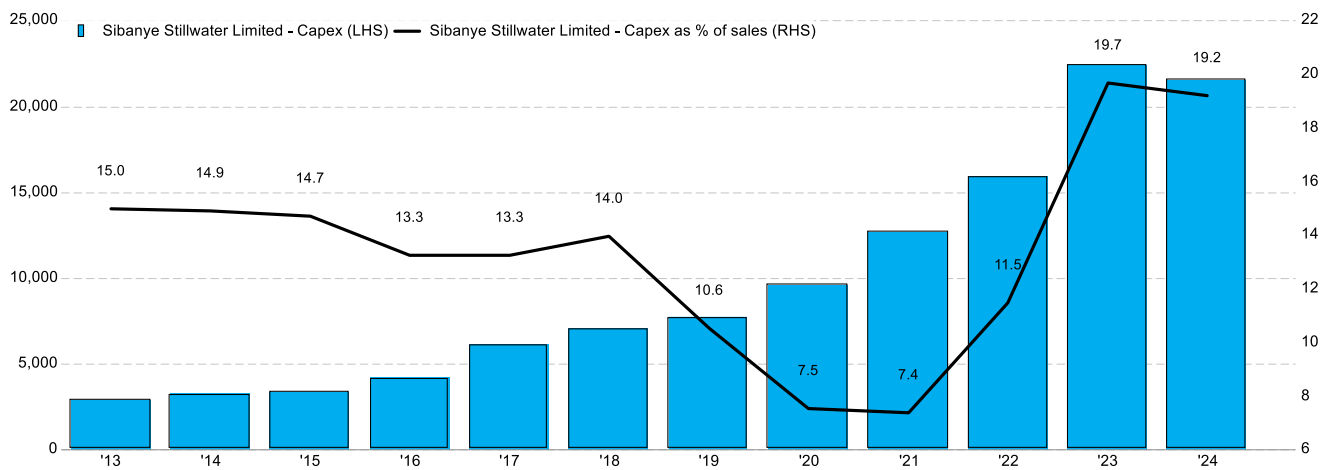
Use of Cash

Graph 10: Cash flows



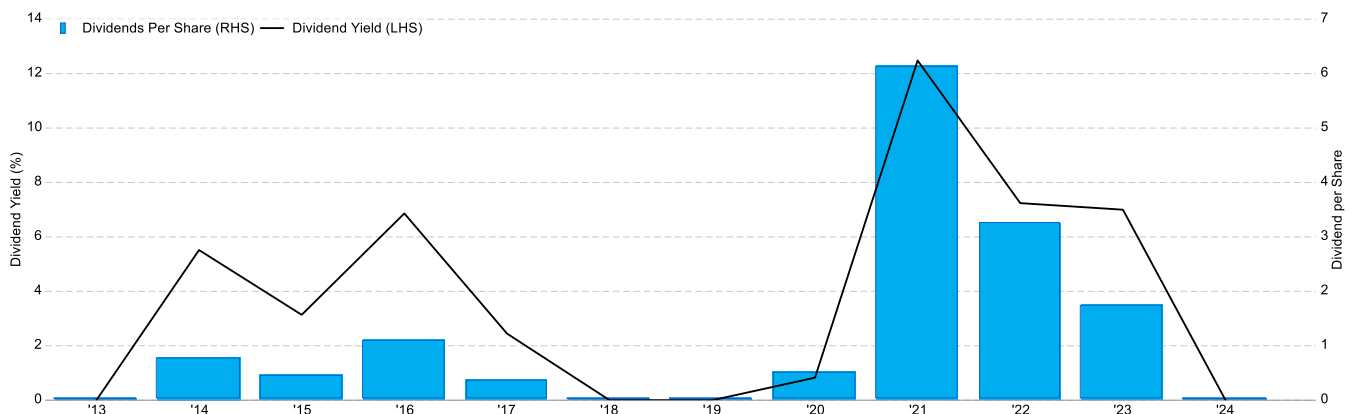
Source: FactSet

Graph 11: Capex



Source: FactSet

Graph 12: Dividends

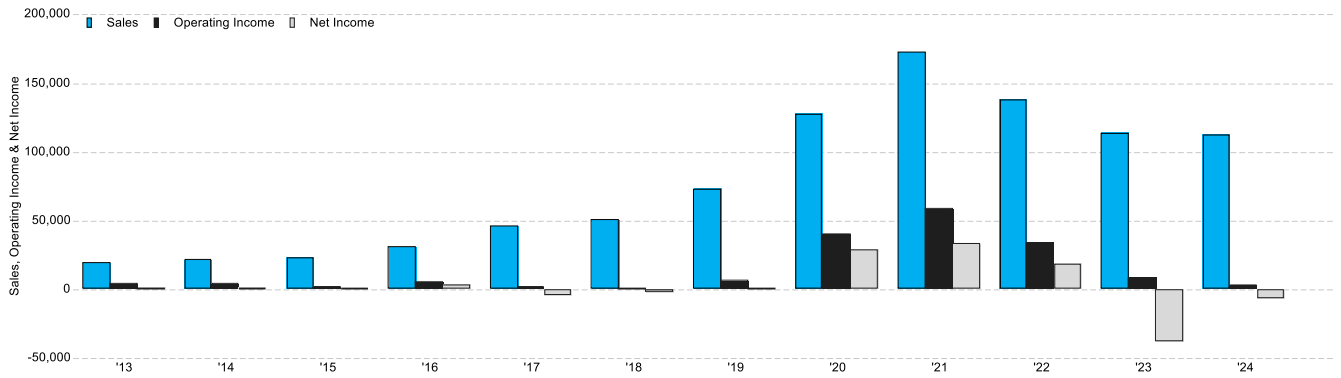


Source: FactSet



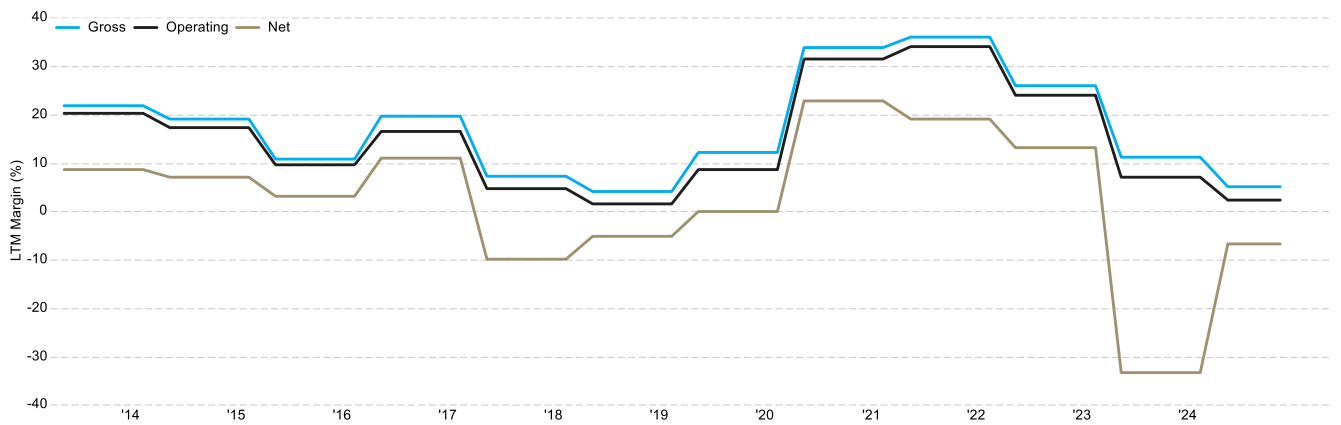
Income statement

Graph 13: Sale, operating income and net income



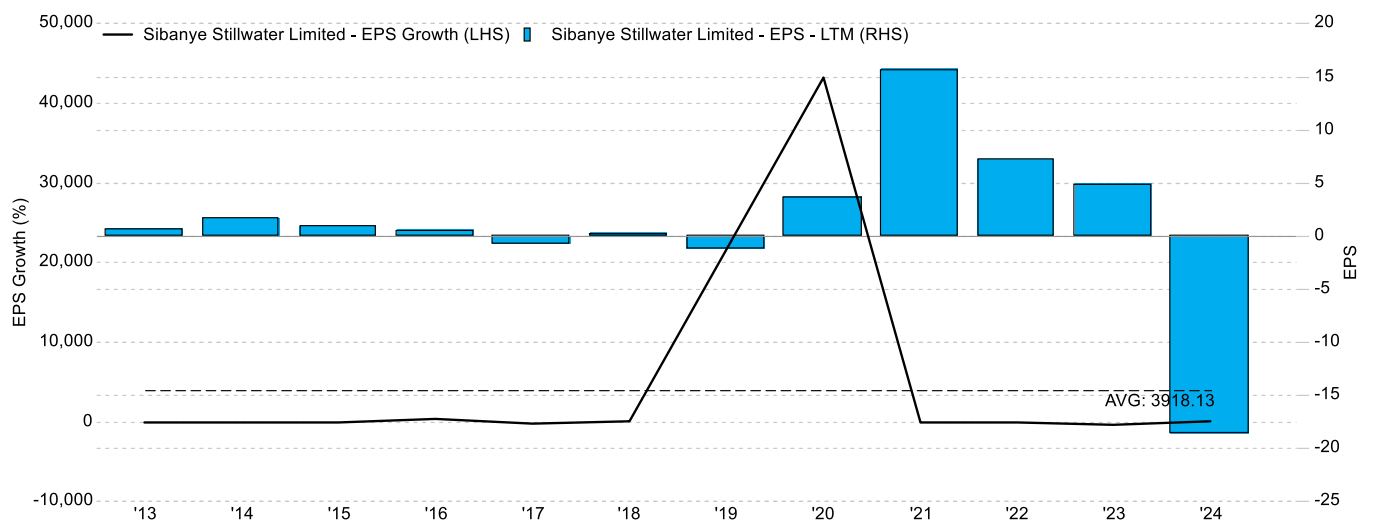
Source: FactSet

Graph 14: Gross, operating and net margins



Source: FactSet

Graph 15: EPS and EPS growth

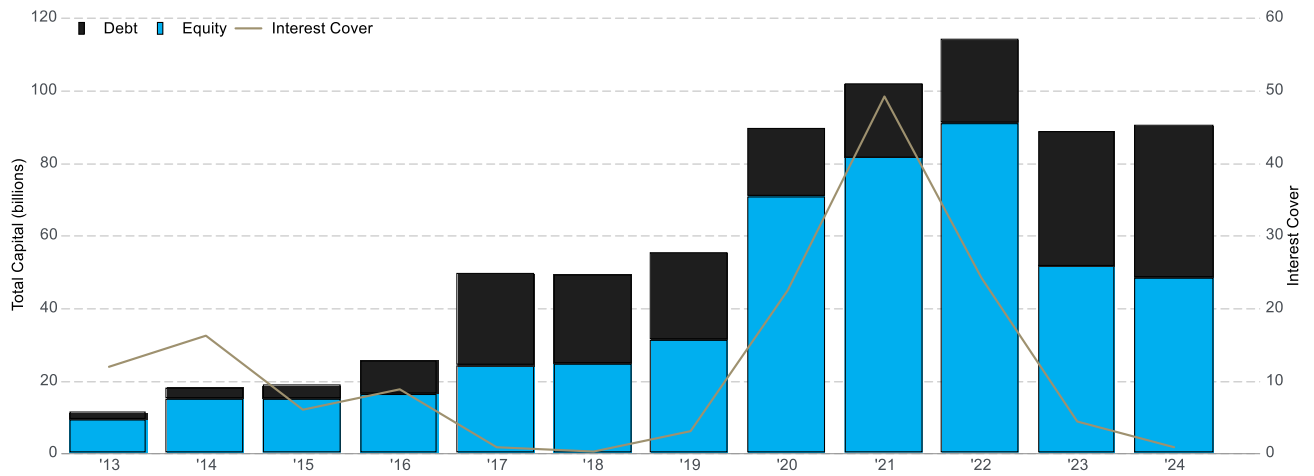


Source: FactSet



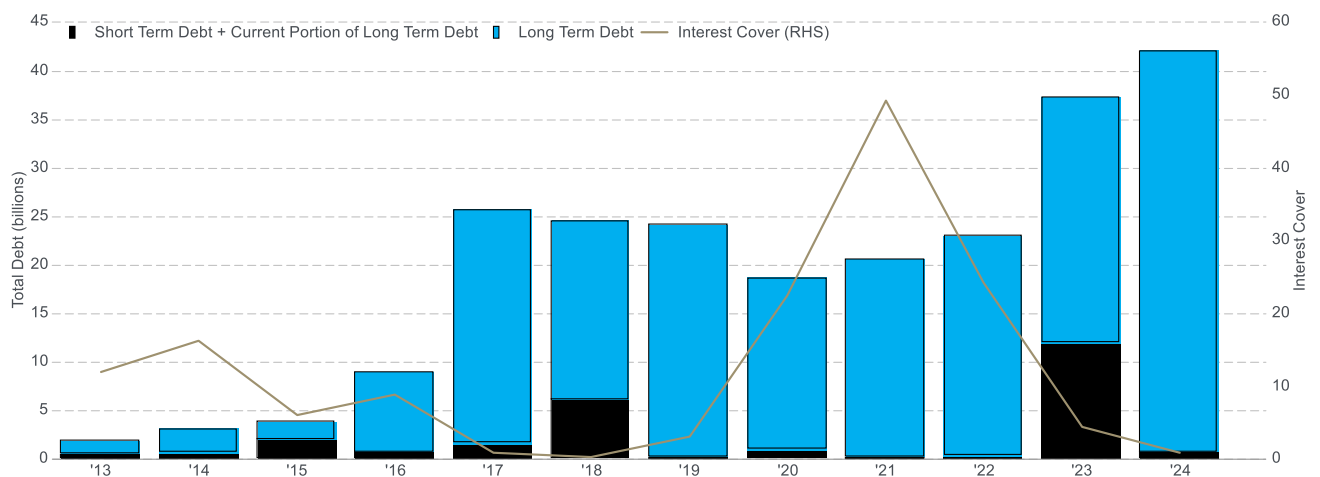
Balance sheet and liquidity

Graph 16: Capital structure and interest cover



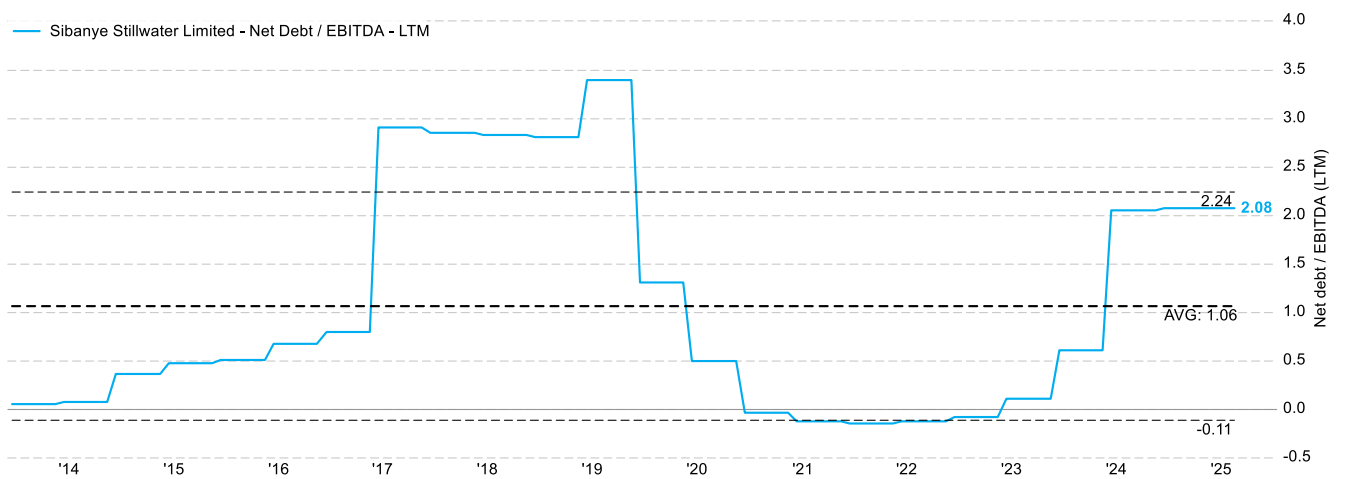
Source: FactSet

Graph 17: Debt



Source: FactSet

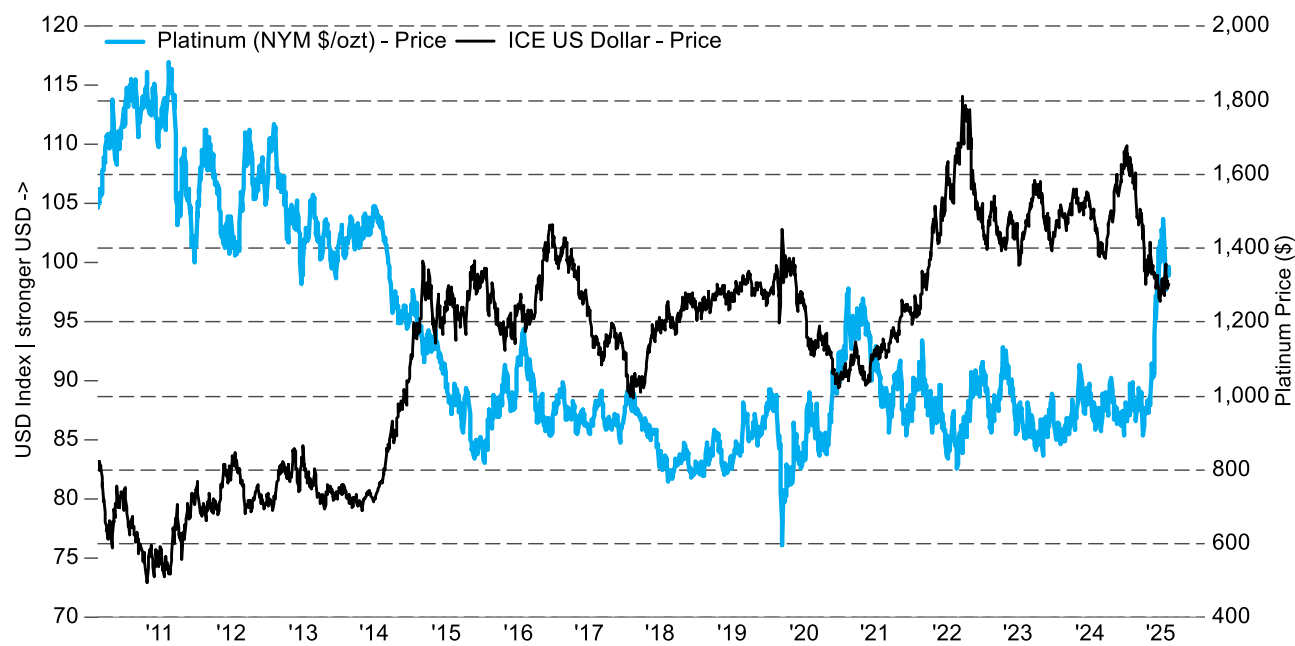
Graph 18: Net debt / EBITDA



Source: FactSet



Graph 19: USD Index vs platinum price



Source: FactSet



Contact details

Marnus Piekaar, CFA

Equity Analyst

+27 (11) 996 5200

Marnus.Piekaar@psg.co.za

Pierre Muller, CA(SA), CFA

Head of Equity Solutions

+27 (11) 996 5200

Pierre.Muller@psg.co.za

The purpose of this document is to provide information and is not available for external distribution.

About PSG Wealth recommendations

PSG Wealth provides medium- to long-term recommendations based on the premium or discount that a company trades at, relative to our estimation of intrinsic value. We expect companies to re-rate towards their intrinsic value over a one- to three-year period. The long-term valuation is a quantitative-based valuation based on the fundamental performance of each company in the past, as well as their future forecasts. The fundamental features used are based on profitability and includes EPS growth and return on equity (ROE).

House view guidance: House view guidance is indicative only. Each client's circumstances are different, and it remains critical that indicative guidance is discussed with your portfolio manager or financial adviser.

Date and share price: The date the report was reviewed and approved by the portfolio committee is likely to precede the release date and price on the report.

*Share price as at closing.

Disclaimer

PSG Wealth has issued this publication. It is confidential and released for the information of clients only. It shall not be reproduced in whole or in part without our permission. Any unauthorised use, duplication, redistribution or disclosure is prohibited by law. This publication is not to be construed as providing investment services in any jurisdiction where the provision of such services is not permitted. It is provided for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security, and we have no responsibility whatsoever arising here from or in consequence thereof. The user assumes the entire risk of any use made of this publication. Any decision to purchase securities mentioned in this publication must consider existing public information on such security or any registered prospectus. The information contained herein has been obtained from sources which and persons whom we believe to be reliable but is not guaranteed for accuracy, completeness or otherwise. Opinions and estimates constitute our judgement as of the date of this material and are subject to change without notice. This publication does not attempt to identify the nature of the specific market or other risks associated with an investment. Leveraged /Geared positions in securities can accentuate the profit/loss made on investments. Geared /Leveraged positions are not recommended based on the information contained in this publication. Securities, financial instruments or strategies mentioned herein may not be suitable for all investors and investors must make their investment decisions using their own objective advisers as they believe necessary and based upon their specific financial situations and investment objectives. Certain investments/recommendations may have tax implications for private customers. Investors should seek advice from a tax adviser before acting on information contained in this publication. The securities described herein are subject to fluctuation in price and/or value and investors may get back less than originally invested. Past performance is not indicative of future results. The employees responsible for producing this report may from time-to-time own securities mentioned herein.

Analyst certification

The research analyst who prepared this report certifies that the view expressed herein accurately reflects the research analyst's personal views about the subject, security and issuer and that no part of their compensation was, is or will be directly or indirectly related to specific recommendations or opinions contained in this report.

FSP

PSG Investment Management (Pty) Ltd is an authorised financial services provider. FSP 44306

PSG Securities Limited is an authorised member of the JSE and authorised financial services provider. FPS: 42996