

Company Update Report

Glencore plc

Basic Materials

Analyst thesis

Our recommendation is based on:

As at: 28 September 2026

- Diversified base, copper-led earnings: Glencore (GLN) produces and markets more than 60 commodities from around 40 industrial assets across more than 30 countries. Copper is the largest and highest-margin earnings contributor, accounting for 47% of industrial adjusted EBITDA in 1H26 at a 52% mining margin. Zinc, nickel, cobalt, ferroalloys, and coal provide further diversification, helping to smooth the commodity cycle.
- Copper is the growth engine: Production is guided to rise 29% from 852 kilotonnes (kt) in FY25 to 1.1 megatonnes (Mt) in 2029, exceeding 1 Mt by end-2028 and reaching c. 1.6 Mt by 2035. Growth is brownfield and self-funded. It is expected to come from the ramp-up of African assets, where copper output rose 66% in 1H26, as well as the Alumbra restart, Collahuasi leaching and Corocochuayco projects; all expected to contribute from 2028, supporting GLN's expansion towards a first-quartile cost position.
- The world's largest commodities trader provides a natural hedge: Marketing trades third-party volumes alongside GLN's own volumes, earning on location, timing and quality spreads rather than price levels. The Marketing segment contributed \$3.6 billion, or 36% of group adjusted EBITDA, in 1H26 using minimal capital. From FY23 to FY25, industrial adjusted EBITDA fell 25%, while marketing earnings fluctuated within a 15% range, stabilising group cash flow through the cycle.
- Re-rating from a coal-focused to copper-led business: Coal's contribution has fallen from 35% of industrial adjusted EBITDA in FY25 to 30% in 1H26, and will keep shrinking as copper's contribution grows 29% to 2029. Coal-exposed mining companies trade at persistent discounts, so the shift in mix is itself a re-rating catalyst, with cash flow from coal funding the copper build-out.

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Key highlights

In this report, we review GLN's 1H26 results for the six months ended 30 June 2026 and assess the impact on our outlook:

Financial results at a glance:

- Group adjusted EBITDA grew by 86% to \$10.1 billion (1H25: \$5.4 billion), driven by materially higher realised prices across the portfolio. The primary drivers were copper, with average London Metal Exchange copper prices rising by 39% to \$13 084 per ton, and coal, with hard coking coal gaining 28% and Newcastle energy coal 24%.
- Industrial adjusted EBITDA rose by 72% to \$6.5 billion (1H25: \$3.8 billion), driven by gains across both divisions. In metals and minerals mining, margins expanded to 52% for copper (1H25: 36%), while the divisional average grew to 36% (1H25: 24%). In energy and steelmaking coal, which also includes GLN's oil assets, margins rose to 38% for steelmaking coal (1H25: 35%) and to 19% for energy coal (1H25: 18%).
- Marketing adjusted EBITDA expanded by 118% to \$3.6 billion (1H25: \$1.7 billion), a near-record result. Energy and steelmaking coal contributed \$2.9 billion (1H25: \$306 million), driven by the oil and gas business, as disruptions to liquefied natural gas, oil and shipping reshaped those markets. Metals and minerals delivered \$1.3 billion (1H25: \$1.6 billion).
- Copper production grew by 15% to 397 kt. Cobalt production declined by 46% to 10.2 kt as Democratic Republic of the Congo (DRC) export quotas constrained output. However, partial resumption of cobalt exports allowed the adjusted EBITDA from GLN's African copper business to increase from \$45 million to \$1.0 billion, with its margin expanding from 5% to 46%. Zinc fell by 21% to 365.6 kt, reflecting the end of mining operations at Lady Loretta mine, the extraction of lower-grade zinc at Antamina mine and the sale of Kidd Creek mine on 1 June 2026.
- Net income attributable to equity holders was \$4.4 billion, compared with a loss of \$655 million in 1H25. Before significant items, net income was \$3.7 billion, reflecting disposal gains, the recognition of deferred tax assets and impairments.
- Funds from operations rose by 158% to \$8.1 billion. After funding \$4.0 billion of net capital expenditure, \$1.9 billion of non-RMI working capital and \$1.1 billion of distributions, net debt declined to \$10.2 billion.
- Net debt to adjusted EBITDA improved to 0.56x from 0.83x, with available committed liquidity of \$14.0 billion.
- The top-up special cash distribution of 8.5 US cents per share (approx. \$1.0 billion) and the new \$500 million buyback programme running to February 2027, brings total announced 2026 shareholder returns to \$3.5 billion.



Sector outlook

The outlook across the group's commodities is mixed but broadly supportive. Copper remains the standout, with demand from electrification, renewables, electric vehicles, and data centres expected to outpace new supply over the medium term. Zinc and nickel are more subdued, with adequate supply continuing to limit price recovery. Coal markets have tightened on energy supply disruptions, although thermal coal faces structural decline in demand over the longer term. For trading houses, geopolitical disruption and fragmenting supply chains can widen regional price differentials and freight spreads, supporting marketing earnings independently of the price cycle. This can help stabilise group earnings when mining conditions weaken.

Table 1: Qualitative summary

Factor	Rating	Description
Growth	★★★★☆	The expected three-year EPS CAGR is 166.3%; however, it is from a low base. The main growth story is copper. Production is expected to rise from 930 kt in 2027 to 1.1 Mt in 2029, with copper-equivalent output across the portfolio growing at c. 4% a year from 2026 to 2029.
Valuation	★★★★☆	The share price is trading at a 17% discount to the intrinsic value. The current NTM P:E of 12.2x represents a 14% premium to the five-year average P:E of 10.7x.
Dividend	★★★★☆	LTM dividend yield of 2.3%. NTM dividend yield of 4.1%.
Issuance	★★★★☆	Shares issued have decreased by 10% over the past five years. A \$500 million buyback is under way to be completed by February 2027.
Catalyst		The copper growth pipeline delivering production above 1 Mt by end-2028 and c. 1.6 Mt by 2035 (FY25: 852kt), with the Alumbra restart, Collahuasi leaching and Corocchohuayco all adding volumes from 2028. Copper demand is expected to rise as electrification, renewable-energy infrastructure, electric vehicles and grid investment expand. The Marketing segment acts as an earnings stabiliser and is running above guidance: 1H26 adjusted EBIT of \$3.3 billion, with the full year expected to exceed the top end of the guided range of \$2.5 billion to \$3.5 billion. DRC cobalt stockpiles of c. 25 000 to 30 000 tonnes have built up during the 2025 export ban, which would convert to cash on any relaxation of the 2027 export quota of 18 800 tonnes. A potential sale of 40% of the DRC copper and cobalt assets to the US-backed Orion consortium would crystallise value and reduce country concentration risk, allowing rotation into more stable regions.
Quality of earnings	★★★★☆	Five-year average ROE of 11.5%. Five-year average operating margin of 3.9%. The business has reported positive earnings growth in four of the past 10 years. Reported earnings are considerably more volatile than adjusted earnings owing to impairments and mark-to-market movements.
Moat	★★★★☆	Asset quality: long-life copper and zinc operations with integrated smelting, refining and logistics, and a first-quartile copper cost position projected for 2029. Cost advantage in trading: scale in freight, storage, financing and counterparty relationships lowers unit transaction costs and is a recognised structural advantage for the largest physical traders. Vertical integration: combining production with marketing provides captive supply and captures value beyond the mine gate through processing, logistics and trading, while competitors without upstream assets must source third-party volumes.
Management and governance	★★★★☆	Gary Nagle has served as CEO since July 2021. He joined the group in 2000, he has held various roles across its marketing and industrial businesses in Australia, Colombia, South Africa, and Switzerland. The conduct record remains a governance concern: following the \$1.5 billion in settlements in 2022, a new \$2 billion claim brought by Radiant World in Singapore, a counterparty alleged to have used falsified trade documents, resulting in a \$480 million provision and the suspension of a senior trader.
Balance sheet	★★★★☆	Net debt/adjusted EBITDA ratio of 0.83x. Debt-to-assets ratio of 29.2%. Gross borrowings of \$45.3 billion include \$32.2 billion used to fund readily marketable inventory, which converts to cash within weeks.
Risks		Commodity price risk: Earnings are highly geared toward copper and coal prices, over which there is no control. Country risk: The DRC copper and cobalt assets carry a 14.7% real discount rate in the group's own impairment testing, with further exposure in Kazakhstan, Colombia and Peru. Conduct and legal risk: The 2022 settlements and an ongoing internal review of iron ore trading keep compliance costs and headline risk elevated. Transition risk: Coal contributes 35% of industrial adjusted EBITDA and faces structural decline in demand, carbon policy pressure and progressive royalty regimes. Policy risk: DRC export quotas cap cobalt sales well below production and can be amended unilaterally.

Source: FactSet

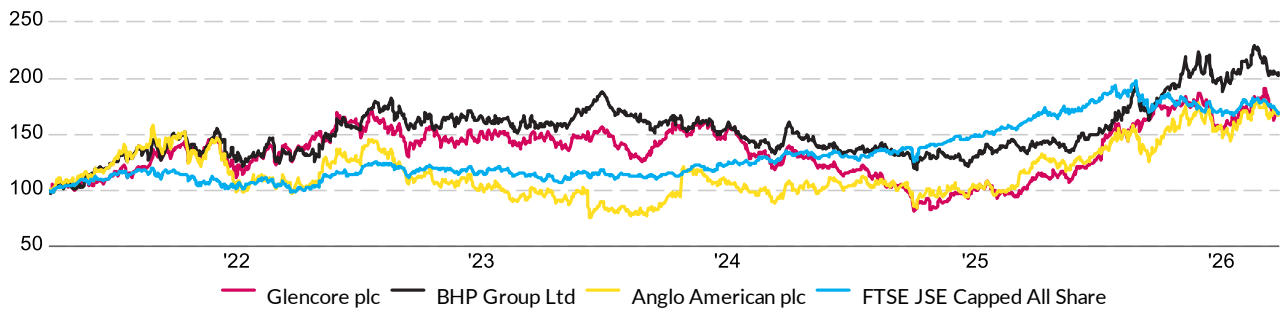
Table 2: Price performance versus benchmark and peers

Period	YTD	MTD	3M	6M	1Y	2Y	3Y	5Y	10Y
GLN-ZA	31.5%	-7.1%	8.0%	-1.6%	53.8%	23.0%	12.3%	69.6%	221.9%
BHG-ZA	35.7%	-10.1%	3.9%	15.5%	44.8%	30.0%	26.5%	103.9%	295.2%
AGL-ZA	26.2%	-5.6%	8.3%	24.2%	38.6%	57.7%	67.3%	70.1%	437.4%
Capped All Share	-5.4%	-5.9%	-0.8%	-2.6%	3.0%	26.7%	51.4%	69.2%	107.0%

Source: FactSet

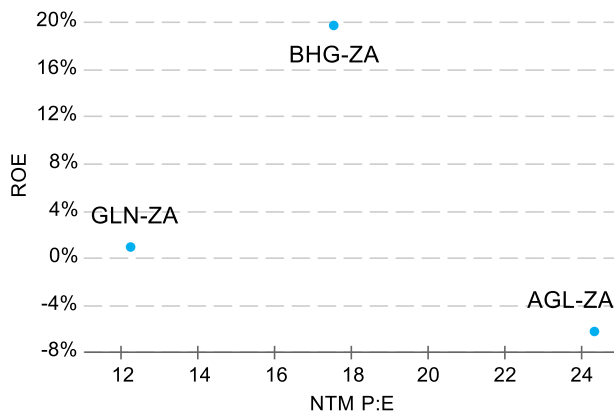


Graph 1: Five-year price (Indexed to 100)



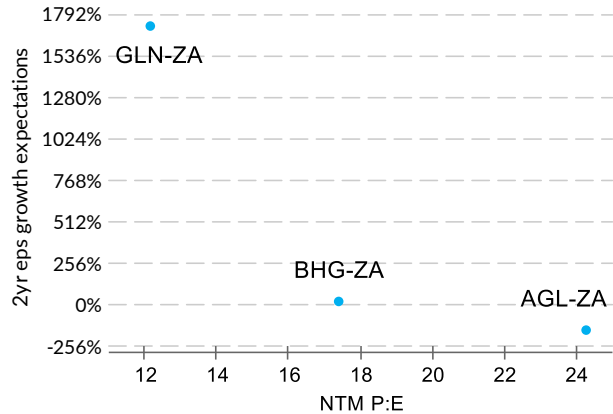
Source: FactSet

Graph 2: P:E vs 2Y average ROE



Source: FactSet

Graph 3: P:E vs EPS 2Y growth forecast



Source: FactSet

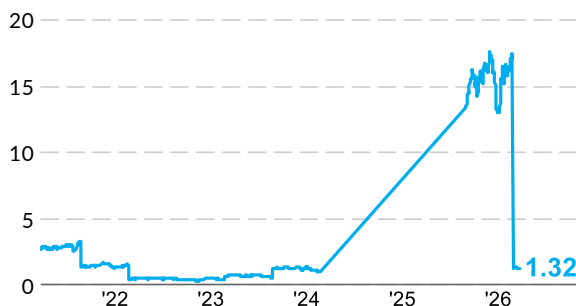
Valuation

GLN is valued using a sum-of-the-parts model. The industrial (mining) segment is valued by commodity using a discounted cash flow approach, with an exit multiple applied to FY31 EBITDA. Projections are based on production guidance, with tonnes sold and realised prices set as percentages of production and benchmark prices. Commodity prices follow consensus apart from a bullish copper deck. Cash flows are converted using a USD/ZAR path that grows in line with the inflation differential. Bear, base and bull scenarios are probability-weighted, with the base case weighted most heavily. The marketing (commodities trading) segment is held constant at 8x through-the-cycle EBIT.

Table 3: Valuation summary

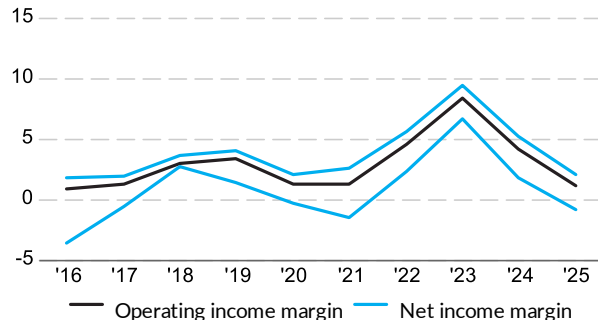
Valuation probabilities			
	Bear	Base	Bull
EV:EBITDA Multiple	3x	6x	9x
Probability	20%	55%	25%
Implied share price	R94	R138	R181
Weighted intrinsic value	R140		
Upside/(Downside)	17%		

Graph 4: LTM P:E relative to benchmark



Source: FactSet

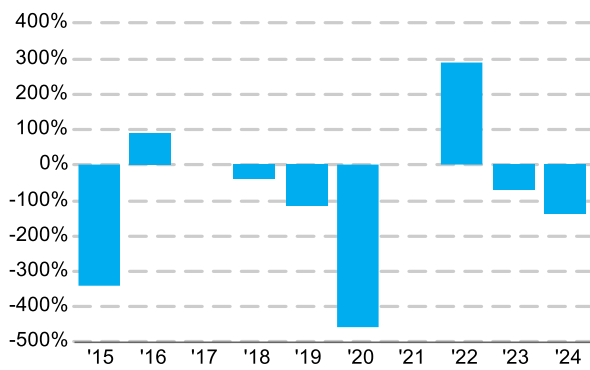
Graph 5: Profit margins (%)



Source: FactSet

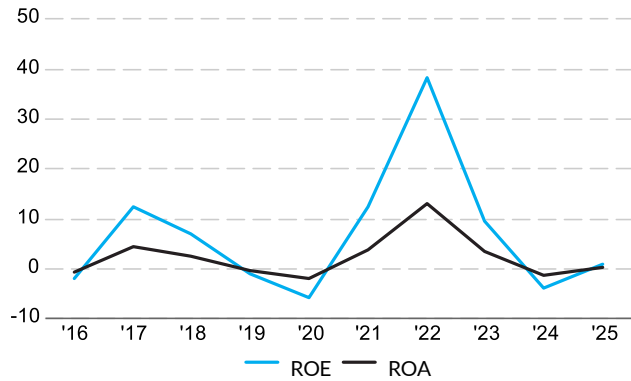


Graph 6: 10Y EPS year-on-year change



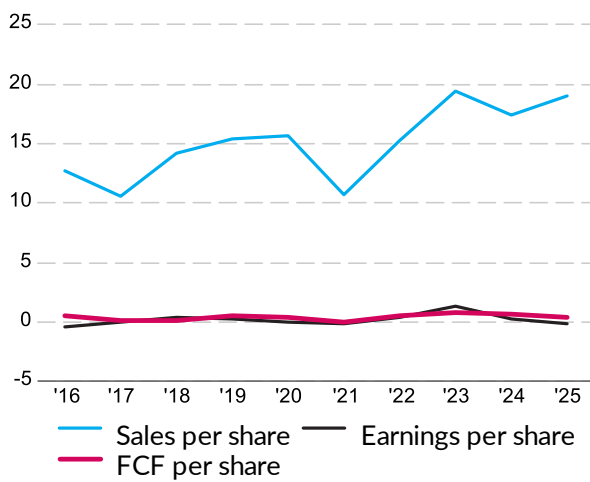
Source: FactSet

Graph 7: ROE and ROA (%)



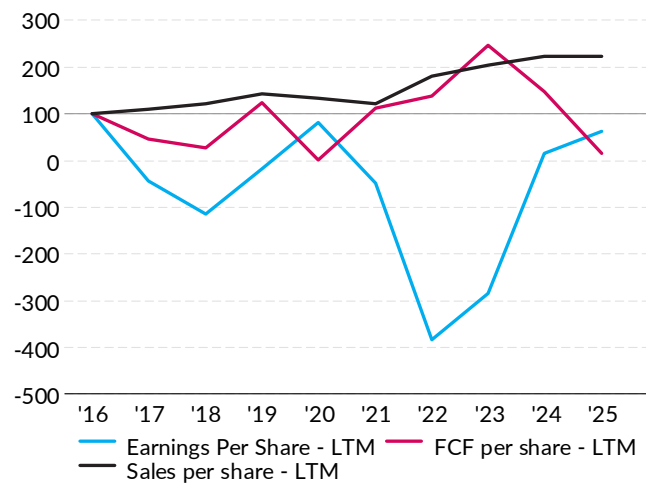
Source: FactSet

Graph 8: Sales, earnings, and FCF per share (USD)



Source: FactSet

Graph 9: Sales, earnings, and FCF per share indexed



Source: FactSet

Graph 10: NTM P:E



Source: FactSet



Table 4: Financials and ratios

Income statement (\$Mn)	Dec 21	Dec 22	Dec 23	Dec 24	Dec 25	1Y Growth	3Y CAGR	5Y CAGR
Revenue	203 751	255 984	217 829	230 944	247 535	7%	-1%	12%
Cost of sales	191 370	228 723	207 025	224 480	241 822	8%	2%	12%
Gross income	12 381	27 261	10 804	6 464	5 713	-12%	-41%	9%
EBIT	9 392	21 830	9 461	2 741	2 455	-10%	-52%	4%
EBITDA	15 904	29 187	16 067	10 413	9 948	-4%	-30%	3%
Net income	4 974	17 320	4 280	-1 634	363	n/m	-72%	n/m
EPS (\$)	0.38	1.33	0.34	-0.13	0.03	n/m	-72%	-n/m
Balance sheet (\$Mn)	Dec 21	Dec 22	Dec 23	Dec 24	Dec 25	1Y Growth	3Y CAGR	5Y CAGR
Total assets	127 510	132 583	123 869	130 460	142 199	9%	2%	4%
Total shareholders' equity	36 917	45 219	38 237	35 660	33 606	-6%	-9%	0%
Total liabilities	90 593	87 364	85 632	94 800	108 593	15%	8%	5%
Ratios	Dec 21	Dec 22	Dec 23	Dec 24	Dec 25	5Y Avg		
Net debt/EBITDA	2.1	1.0	1.9	3.5	3.6	2.4		
Interest coverage	6.8	12.1	4.2	1.1	0.9	5.0		
Debt/assets	27.2	21.7	26.0	29.2	29.2	26.7		

Source: FactSet

Table 5: Standard finance and investment abbreviations

Abbreviation	Definition
1H/2H	First half/second half of the financial year
AGL-ZA	Anglo American Plc
BHG-ZA	BHP Group Ltd
CAGR	Compounded annual growth rate
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per share
EV	Enterprise value
FCF	Free cash flow
FY	Financial year
GLN-ZA	Glencore plc
LTM	Last 12 months (also known as trailing)
M	Month
MTD	Month-to-date
NTM	Next 12 months (also known as forward)
P:E	Price-to-earnings ratio
RMI	Readily marketable inventories
ROA	Return on assets
ROE	Return on equity
USD	US dollar
YTD	Year-to-date
ZAR or R	South African rand



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