Company Update Report

Valterra Platinum Limited

Basic Materials

Ticker	VAL-ZA
Share price	R1 137
Intrinsic value	R1 638
Upside/(Downside)	44%
Recommendation	Buy

As at: 26 June 2026

Analyst thesis

Our recommendation is based on:

- Valterra Platinum benefits from a diversified platinum-group metals (PGM) production mix across platinum, palladium and rhodium, together with associated by-products. Its operations on the Bushveld Complex in South Africa, large-scale resource base, established infrastructure and integrated processing capabilities underpin its operational resilience and provides leverage to improving PGM prices over the medium term.
- Supportive platinum market fundamentals: Structural supply constraints across the South African PGM industry, driven by mine closures, limited development of new projects and underinvestment in refineries, continue to tighten the global platinum market. At the same time, platinum demand remains supported by auto catalyst requirements, jewellery demand, industrial applications, and emerging hydrogen economy opportunities, supporting a firmer long-term pricing outlook.
- Management continues to focus on operational efficiencies, production stability and disciplined capital allocation amid a volatile pricing environment. Lower industry-wide production growth and ongoing restructuring efforts across the sector are supporting supply rationalisation, while Valterra's established operations and processing network position the company to benefit from higher prices and improved margins.
- Valterra Platinum currently trades below our intrinsic value (IV) estimate, suggesting the market may be overly discounting the near-term PGM price correction. We believe the current valuation does not fully reflect the company's operational quality, leverage to improving platinum fundamentals and medium-term cash flow recovery potential.

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Key highlights

In this report, we review the 1Q26 production report released in April 2026:

Financial results at a glance:

- Total PGM production expanded by 7% from 696 300 ounces (oz) in 1Q25 to 743 500 oz in 1Q26, driven by improved own-mined production and higher POC volumes. Own-mined production increased by 5% from 461 900 oz to 486 200 oz, supported by the recovery at Amandelbult following the flood-related disruptions in 1Q25.
- Refined PGM production (excluding tolling) grew by 78%, from 437 100 oz in 1Q25 to 778 500 oz in 1Q26, driven by higher M&C production and the re-phasing of planned maintenance and annual stock counts from the first quarter into the third quarter to improving plant utilisation and reducing electricity costs.
- PGM sales volumes rose by 60% from 493 700 oz in 1Q25 to 791 400 oz in 1Q26, supported by higher refined production and a modest drawdown in refined inventory during the quarter.
- The realised basket price advanced by 70% from R28 005/oz in 1Q25 to R47 529/oz in 1Q26, while the US dollar basket price increased by 90% from $1 533/oz to $2 911/oz, supported by stronger realised prices.
- Mogalakwena production declined by 6% from 227 000 oz in 1Q25 to 212 300 oz in 1Q26 due to lower tonnes milled and lower head grade. Meanwhile Amandelbult production grew by 43%, from 85 800 oz to 122 800 oz, as operations normalised following flood-related disruptions in the prior year.
- Nickel production expanded by 41% from 4 161 tonnes in 1Q25 to 5 880 tonnes in 1Q26; copper production expanded by 26% from 3 054 tonnes to 3 845 tonnes; while chrome production grew by 56% from 181 000 tonnes to 283 000 tonnes, supported by stronger processing throughput and stable operations.

Sector outlook

PGMs are expected to remain supported by structurally constrained supply, as persistent production challenges in South Africa and limited global project development continue to restrict medium-term output growth. Demand remains underpinned by automotive catalyst usage, particularly as tightening emissions standards support platinum and palladium consumption, while hydrogen-related applications provide a longer-term structural growth driver. However, PGMs remain highly sensitive to global industrial activity, vehicle production cycles, and broader economic growth conditions. The sector outlook is also shaped by the pace of electric vehicle adoption, where faster adoption would weigh on auto catalyst demand, while slower uptake would support continued PGM usage and pricing strength.

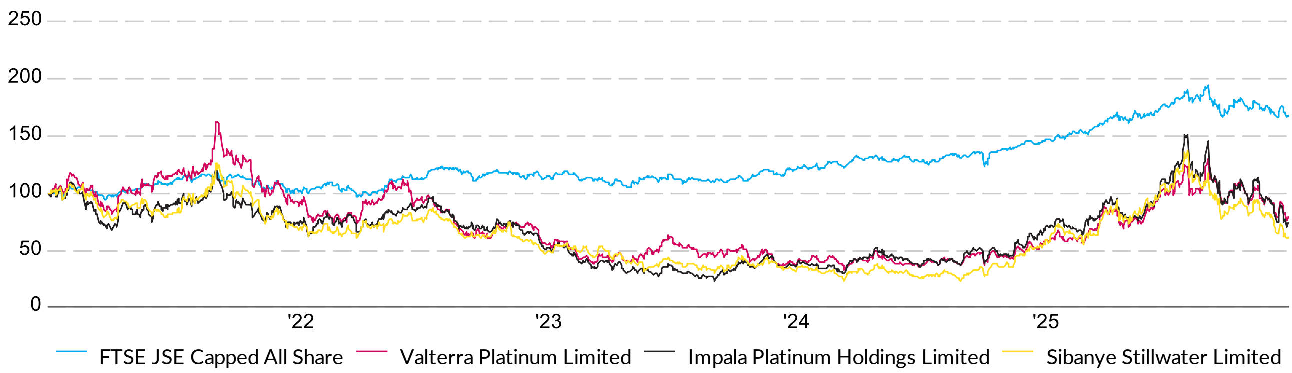
Table 1: Qualitative summary

Factor	Rating	Description
Growth	★★★★☆	Expected three-year revenue CAGR is 13.7% and expected three-year EPS CAGR is 36.3%. Revenue growth is expected to be driven by higher realised commodity prices. EPS growth is expected to improve as revenue expansion supports margin uplift, partially offset by inflation-linked cost pressures filtering through to the bottom line.
Valuation	★★★★★	The share price is trading at a 44% discount to the IV. The current NTM P:E of 7.6x is trading at a 27% discount to the five-year average NTM P:E of 10.4x.
Dividend	★★★☆☆	LTM dividend yield of 2.1%. NTM dividend yield of 6.8%.
Issuance	★★★☆☆	Shares issued have remained stable over the past five years.
Catalyst		South African logistics bottlenecks supportive of higher PGM prices: Persistent Transnet rail inefficiencies, including constrained export capacity and operational disruptions, continue to suppress realised sales volumes and tighten effective global supply, increasing pricing sensitivity to supply shock. Unlocking high operating leverage to basket prices: The sector exhibits strong earnings asymmetry, as marginal improvements in platinum, palladium and rhodium prices, with fixed-cost intensity drive outsized margin and EPS expansion as pricing conditions improve. Cyclical demand stabilisation with structural upside: Near-term automotive catalyst demand is stabilising alongside global vehicle production, while longer-term hydrogen and fuel cell applications provide incremental demand optionality, supporting a gradual improvement in sentiment and valuation.
Quality of earnings	★★★★☆	Five-year average ROE 34.5%. Five-year average operating profit margin 28.4%. The group has recorded positive earnings growth in seven of the past 10 years. Margins are expected to expand, driven by the rise in PGM basket prices and strong cost controls.
Moat	★★★★☆	Cost advantage: Positioning on the global PGM cost curve supports resilience through cycles, with scale and integration enabling sustained production when higher-cost supply exits. High barriers to entry: Significant capital requirements, lengthy development timelines and stringent regulatory requirements materially limit new supply, reinforcing the competitive position of established producers. Economies of scale: Integrated mining and refining operations deliver lower unit costs across the value chain, reinforcing structural competitiveness.
Management and governance	★★★☆☆	Craig Miller was appointed CEO of Valterra Platinum in 2023 and retained the position following the company's 2025 demerger from Anglo American. He brings more than 25 years' experience in the mining sector, with senior finance and operational leadership roles across Anglo American's (now Valterra Platinum) PGM business.
Balance sheet	★★★★☆	*Net debt/EBITDA ratio -0.3x, interest coverage ratio 18.2x. Debt/assets ratio 3.1%.
Risks		Commodity price risk: Highly exposed to volatile PGM prices and cyclical global demand, including EV-driven structural uncertainty. Operational cost risk: Deep-level mining, high labour intensity and rising input costs (electricity, wages) pressure margins. Labour risk: Strong unionisation increases strike and wage negotiation risk. Regulatory risk: Exposure to evolving South African mining, tax and environmental regulations increases compliance costs. Power and logistics risk: Reliance on Eskom and constrained rail and export infrastructure creates production and delivery disruptions. Execution risk: Post-demerger transition and capital allocation decisions may impact operational stability and returns.

Source: FactSet

*Negative value reflects a net cash position

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



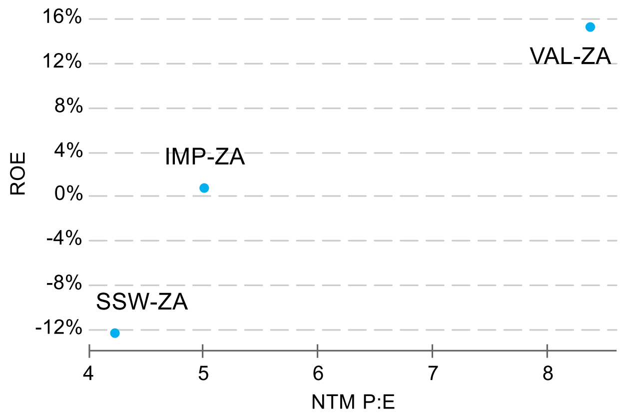
Source: FactSet

Table 2: Price performance versus benchmark and peers

Period	YTD	MTD	3M	6M	1Y	2Y	3Y	5Y	10Y
VAL-ZA	-19.3%	-15.8%	-12.8%	-23.4%	40.0%	101.4%	40.8%	-20.1%	271.9%
IMP-ZA	-30.8%	-21.8%	-19.5%	-33.6%	10.4%	98.7%	40.3%	-25.2%	306.9%
SSW-ZA	-39.0%	-24.4%	-24.8%	-43.0%	11.3%	88.5%	25.7%	-38.0%	19.5%
JSE All Share	-4.7%	-1.6%	-2.3%	-5.7%	15.8%	39.3%	48.7%	68.8%	108.6%

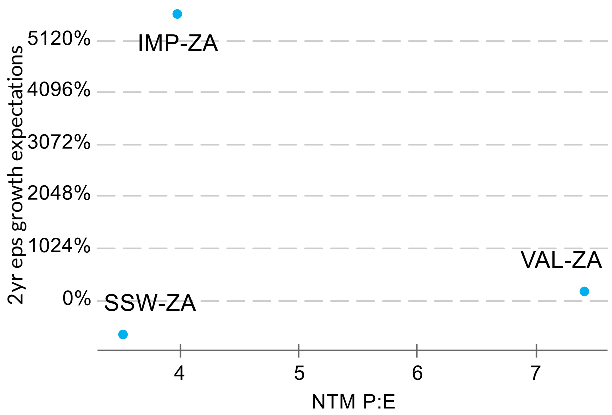
Source: FactSet

Graph 2: P:E vs 2Y average ROE



Source: FactSet

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



Source: FactSet

Valuation

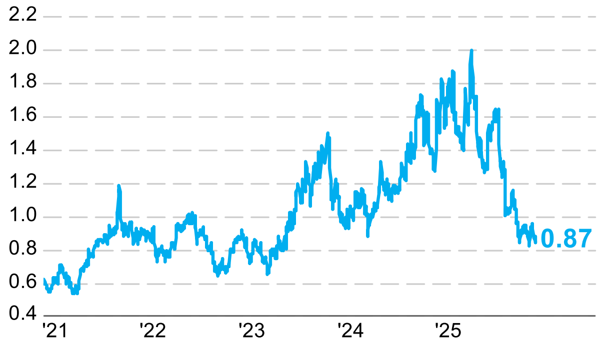
The valuation of Valterra Platinum is derived using an EV/EBITDA approach, applying an exit multiple to forecast enterprise value. EBITDA projections are based on production guidance, with ounces sold assumed to equal ounces produced. PGM price assumptions for FY26 reflect current market levels, with growth modelled in line with historical movements in the PGM basket price. USD/ZAR exchange rate is held constant at R16.50/USD across all scenarios.

Three scenarios – bear, base and bull – are applied using probability weightings, with the base case most heavily weighted in line with historical averages.

Table 3: Valuation summary

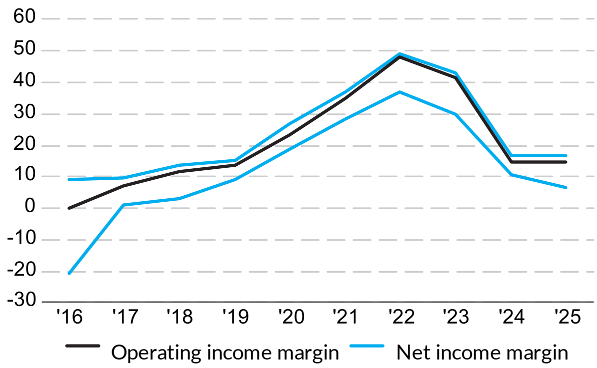
Valuation probabilities			
	Bear	Base	Bull
EV:EBITDA Multiple	4x	8x	12x
Probability	10%	65%	25%
Implied share price	R974	R1 551	R2 129
Weighted intrinsic value			**R1 638**
Upside/(Downside)			**44%**

Graph 4: NTM P:E relative to benchmark



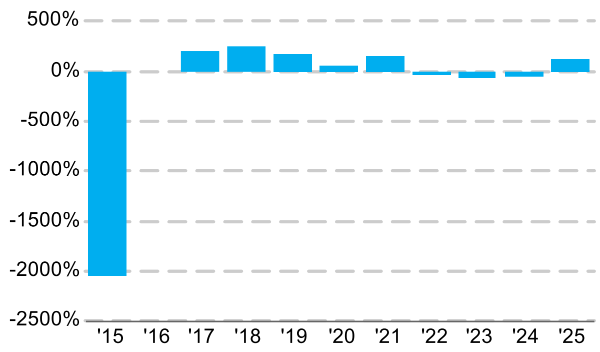
Source: FactSet

Graph 5: Profit margins (%)



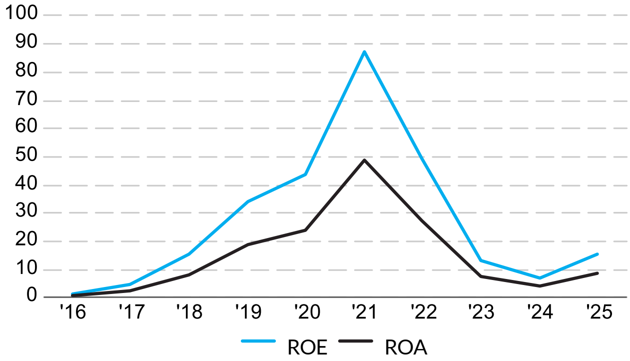
Source: FactSet

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



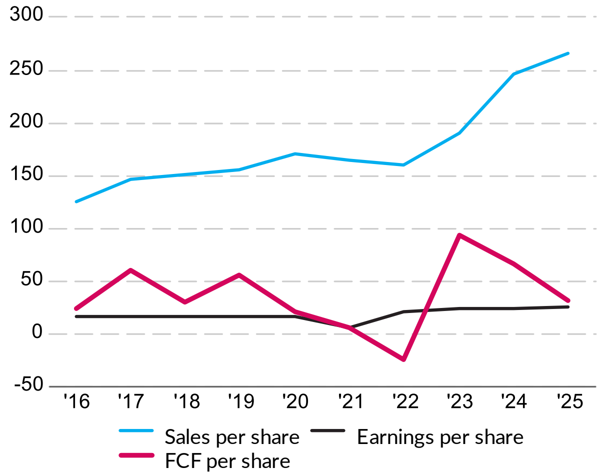
Source: FactSet

Graph 7: ROE and ROA (%)



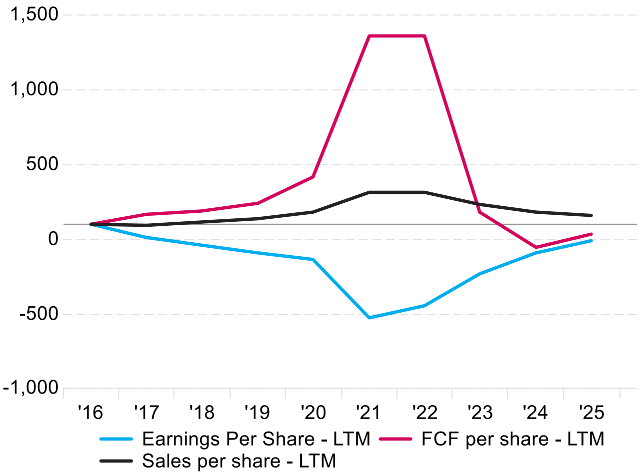
Source: FactSet

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



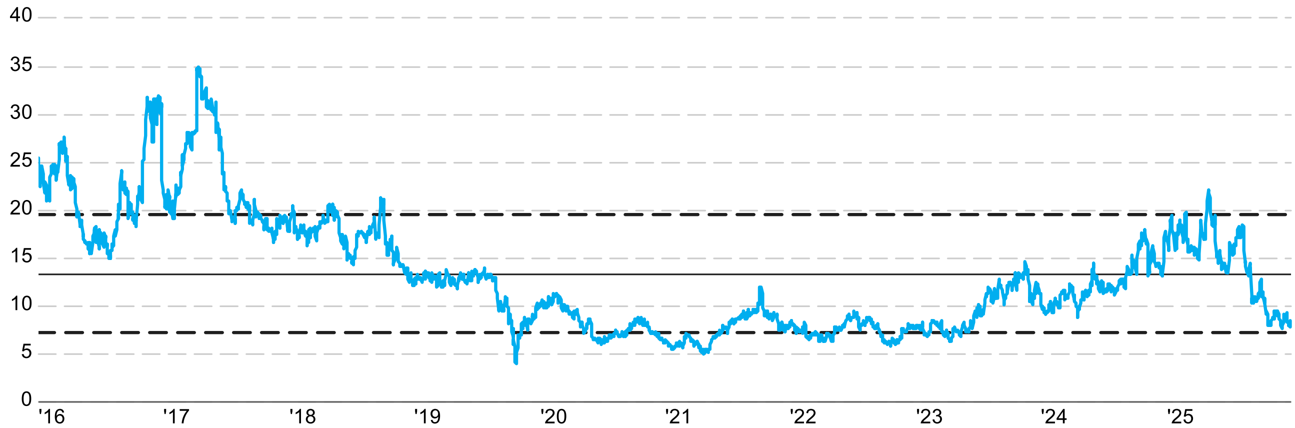
Source: FactSet

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 (RMn)	Dec 21	Dec 22	Dec 23	Dec 24	Dec 25	1Y Growth	3Y CAGR	5Y CAGR
Revenue	214 580	164 104	124 604	108 987	116 330	7%	-11%	2%
Cost of sales	109 456	93 578	103 570	90 769	87 772	-3%	-2%	5%
Gross income	105 112	70 512	21 013	18 218	28 558	57%	-26%	-6%
EBIT	103 499	68 484	18 338	16 333	26 178	60%	-27%	-7%
EBITDA	108 492	74 359	24 799	24 290	34 478	42%	-23%	-4%
Net income	79 021	49 296	13 446	7 393	15 813	118%	-32%	-13%
EPS (Rand)	300	187	50	27	59	119%	-32%	-13%
Balance sheet (RMn)	**Dec 21**	**Dec 22**	**Dec 23**	**Dec 24**	**Dec 25**	**1Y Growth**	**3Y CAGR**	**5Y CAGR**
Total assets	180 149	176 914	169 215	170 943	170 670	0%	-1%	3%
Total shareholders' equity	102 350	96 962	100 035	102 113	98 943	-3%	1%	5%
Total liabilities	77 799	79 952	69 180	68 830	71 727	4%	-4%	2%
Ratios	**Dec 21**	**Dec 22**	**Dec 23**	**Dec 24**	**Dec 25**	**5Y Avg**		
*Net debt/EBITDA	-0.5	-0.4	-0.7	-0.7	-0.3	-0.5		
Interest coverage	399.6	226.8	20.8	11.6	18.2	135.4		
Debt/assets	0.3	0.3	4.5	5.1	3.1	2.7		

Source: FactSet
*Negative value reflects a net cash position

Table 5: Standard finance and investment abbreviations

Abbreviation	Definition
CAGR	Compounded annual growth rate
DCF	Discounted cash flow
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
IMP-ZA	Impala Platinum Holdings Limited
LTM	Last 12 months (also known as trailing)
M	Month
M&C	Metal-in-concentrate delivered to the smelters for onward processing
MTD	Month-to-date
NTM	Next 12 months (also known as forward)
oz	Ounce
P:E	Price to earnings
POC	Purchase of concentrate/purchased concentrate
ROA	Return on assets
ROE	Return on equity
SSW-ZA	Sibanye Stillwater Limited
USD	US dollar
VAL-ZA	Valterra Platinum Limited
YoY	Year-on-year
YTD	Year-to-date
ZAR or R	South African rand

Contact details

Marnus Piekaar, CFA
Senior 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