

Sibanye Stillwater

Materials

Company Update Report


Hold

Analyst recommendation

Counter	Share price	Intrinsic value	Difference
SSW	R30.30	R27	-10% Downside

As of 17 June 2025

Executive summary

The latest financial information released by Sibanye Stillwater is the first-quarter operating update for the period ending 31 March 2025. Below are the key financial and operational performance highlights:

- Group adjusted EBITDA surged by 89% to R4.1 billion, reflecting a strong overall performance.
- Gold operations saw EBITDA climb 178% to R1.8 billion, despite a 15% drop in gold production, as higher gold prices offset lower output. However, gold operations remain costly, with all-in sustaining costs (AISC) rising 17% from \$2 039/oz in Q1 2024 to \$2 392/oz in Q1 2025.
- South African platinum group metals (PGM) operations benefited from cost-cutting measures, boosting EBITDA by 74% to R2.5 billion, even as production slipped by 3% over the period.
- US PGM segment production fell 41% following the Stillwater West mine being placed on care and maintenance. This led to a negative EBITDA of R172 million for Q1 2025, compared to a R609 million profit in Q1 2024.
- Finance costs increased by 8% to R1.2 billion, despite a rate-cutting environment, as the company's debt levels remain high.

Strategic developments:

- The Keliber lithium and GalliCam projects were awarded the Strategic Projects status by the European Commission, underscoring their importance to Europe's critical raw materials supply. This designation helped Sibanye secure additional funding for these initiatives.
- Possible benefit of the S45X credit to the US PGM operations for FY25 to the amount of \$60 million, with a further amount of \$119 million for FY23 and FY24. Receipt expected in FY26 and FY27.

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 increase in 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, the near-term outlook remains neutral given unpredictable demand for these metals and ongoing balance sheet concerns.

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 World Platinum Investment Council (WPIC) report highlights a supply and demand imbalance as mining operations cut output in response to sustained lower PGM prices, exemplified by the suspension of the Still 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 2%. EPS is expected to return to a positive 300 cents in FY27 from the 259 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 10% 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%.
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 price.
Quality of earnings		Sibanye's earnings are driven by PGM 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 been relaxed from 2.5x to 3.5x until the end of June 2025. The covenant will be 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 prices. Increased regulations on car manufacturers to reduce emissions and increase 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.
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.
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

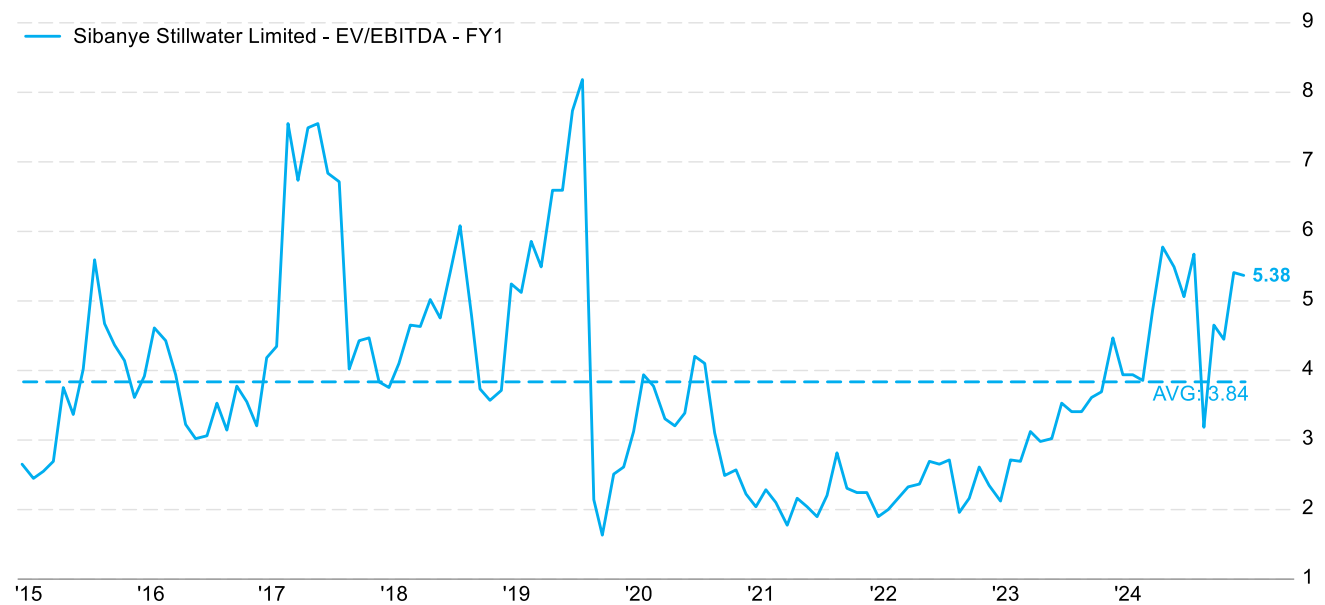
We value Sibanye using the EV/EBITDA multiple method for FY26 and discount to present value with a WACC of 11.4%. We forecast EBITDA based on production guidance (using conservative numbers where applicable) and the assumption that ounces sold will be similar to ounces produced. Our commodity price assumptions 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 \$1 397/oz for the South African operations for FY25 (FY24: \$1 322 and FY23: \$1 574).

Table 2: SSW valuation

Valuation Probabilities			
	Bear	Current	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)	-10%		

Sources: PSG Wealth, FactSet

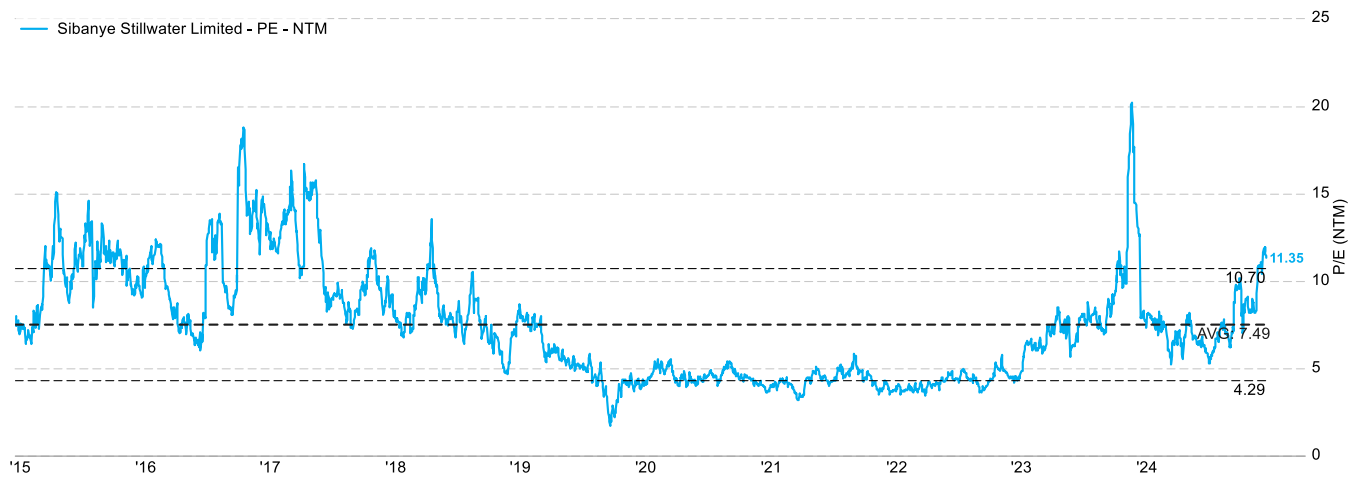
Graph 1: Sibanye EV/EBITDA history



Source: FactSet

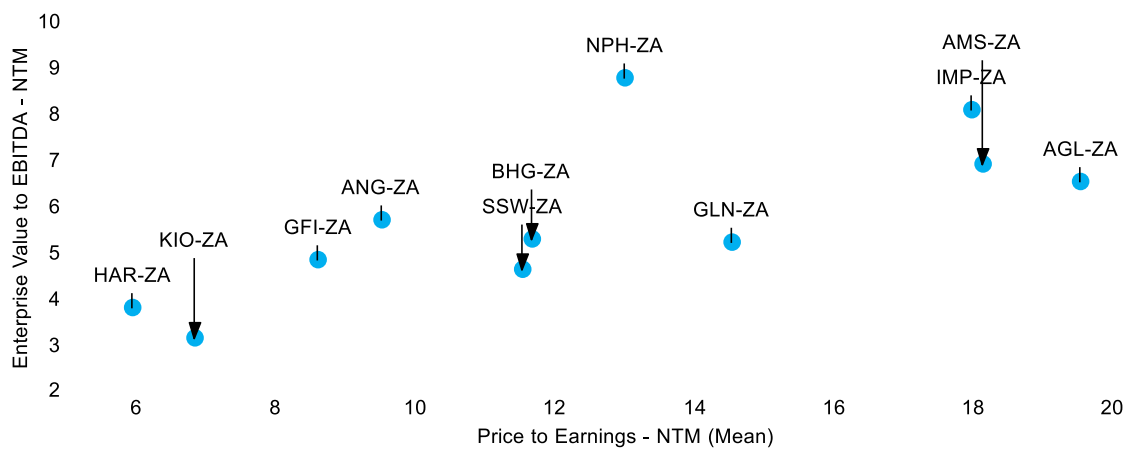


Graph 2: Forward P:E



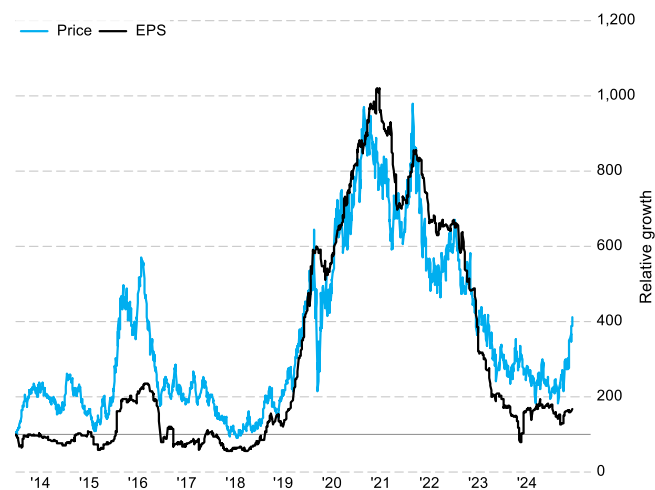
Source: FactSet

Graph 3: P:E and EV/EBITDA



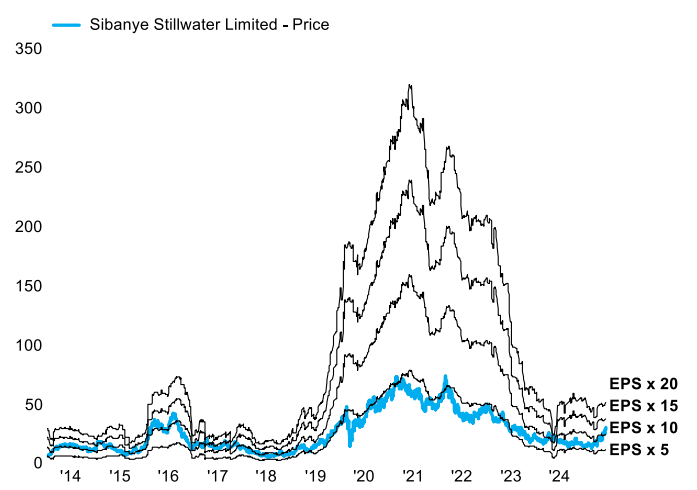
Source: FactSet

Graph 4: Components of P:E Multiple



Source: FactSet

Graph 5: EPS times multiple



Source: FactSet



Table 3: Valuation multiples

Multiple	Latest: Jun-2025	Last note: Feb-2025
P:E	11,4x	7,5x
P/S	0,7x	0,4x
P/B	1,6x	0,9x
P/CF	4,8x	2,6x
EV/EBITDA	4,6x	3,5x
EV/EBIT	6,7x	4,5x
EV/SALES	1,0x	0,6x
Dividend yield	1,8%	3,1%
FCF yield	-1,6%	-5,0%

Source: FactSet

Table 4: Company data

52-week high	R32,66
52-week low	R13,88
Market value (bn)	R85.8
Price momentum	Positive
3m earnings revision	11,6%
Fiscal year end	2025/12/31
Beta (3Y, daily)	1,80

Source: FactSet

Table 5: Performance versus benchmark

Period	YTD	MTD	3M	6M	1Y	2Y	3Y	5Y	10Y
Sibanye Stillwater Limited	102,3%	10,5%	66,0%	75,3%	51,2%	-8,5%	-29,6%	-7,4%	156,5%
JSE Capped SWIX	12,0%	0,2%	6,7%	9,9%	22,3%	21,5%	37,4%	71,8%	48,6%

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	30,30	85,77	112	3	-6	6,7x	11,4x	66,0%	51,2%
VAL-ZA	742,92	197,09	109	12	7	10,1x	17,6x	16,7%	40,4%
IMP-ZA	144,71	130,87	86	-19	-17	14,3x	17,3x	24,1%	72,1%

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	111 506	120 305	119 209
Cost of sales	75 776	101 013	101 624	99 768	105 208	84 111	87 245	91 203
Gross income	41 940	51 616	71 181	36 664	13 916	6 921	27 395	33 060
EBIT	40 192	58 871	33 368	8 069	2 733	14 245	20 185	18 276
EBITDA	48 469	67 779	41 066	18 839	12 509	19 529	26 391	24 869
Pretax income	24058	35 480	47 557	27 904	-39 846	-4 214	9 385	16 405
Tax expense	4 858	13 761	8 924	-2 416	1 496	1 953	3 734	3 279
Net income	30 622	33 796	18 980	-37 430	-5 710	7 432	12 671	11 394

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	39 579	35 610	44 253
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	20 193	20 814	22 671
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	51 117	61 589	69 493

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	16 741	13 162	13 300
Net operating cash flow	27 151	32 256	15 543	7 095	10 113	19 870	20 836	21 701
Net investing cash flow	-9 938	-14 568	-17 374	-22 038	-24 338	-19 658	-15 574	-13 271
Net financing cash flow	-2 244	-8 344	-3 497	12 976	4 735	-1 607	-12 264	-4 408
Free cash flow per share (Rand)	7,0	13,2	3,4	-3,4	-3,8	-1,7	1,0	0,7
Free cash flow yield (%)	11,7%	26,9%	7,6%	-13,5%	-25,7%	-4,9%	8,6%	10,7%

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%	4,3%	7,8%	6,6%
ROE	59,7%	44,5%	21,9%	-55,2%	-15,7%	13,8%	21,3%	14,7%
Margins								
EBITDA margin	38,0%	39,4%	29,7%	16,6%	11,2%	17,5%	21,9%	20,9%
EBIT margin	31,5%	34,2%	24,1%	7,1%	2,4%	12,8%	16,8%	15,3%
Net profit margin	24,0%	19,6%	13,7%	-32,9%	-5,1%	6,7%	10,5%	9,6%
Gross profit margin	40,5%	41,3%	26,5%	12,2%	6,2%	24,6%	27,5%	23,5%

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.



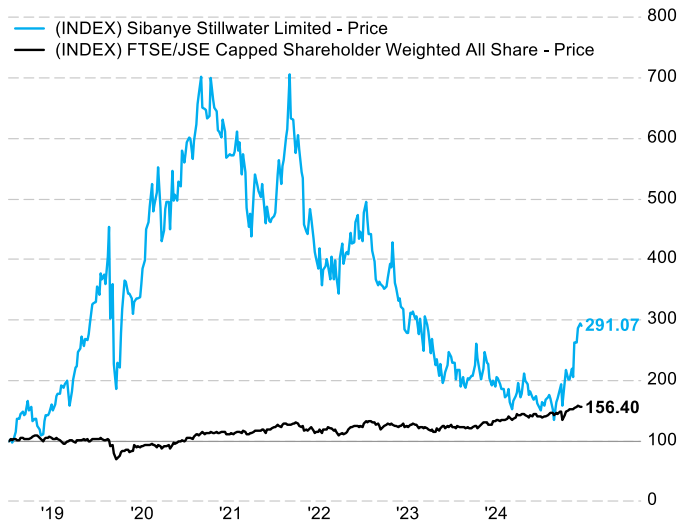
Price performance

Graph 6: Price



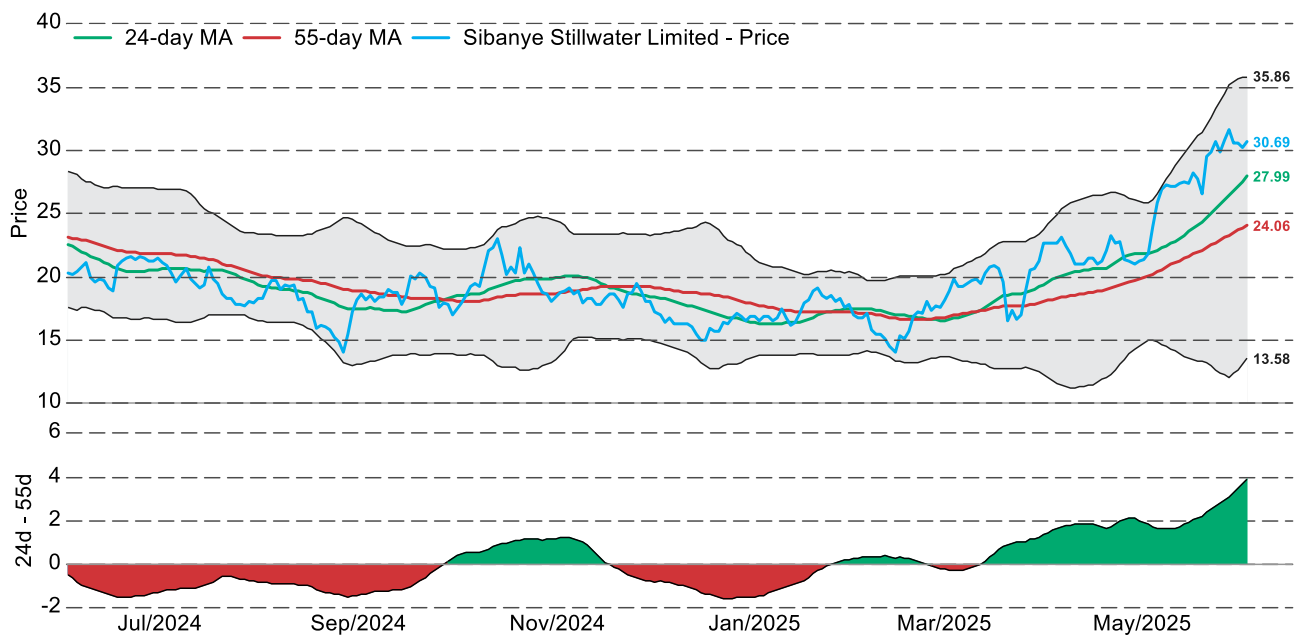
Source: FactSet

Graph 7: Performance versus benchmark



Source: FactSet

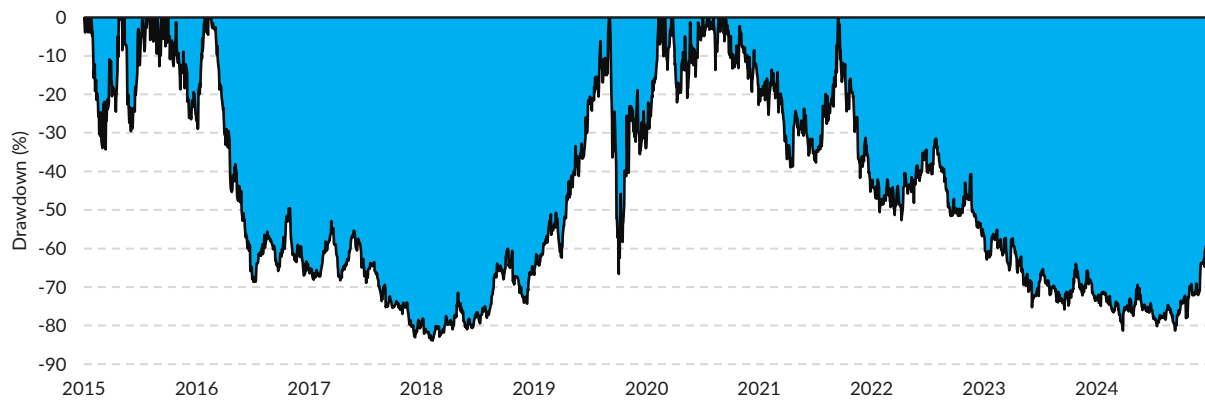
Graph 8: Price momentum



Source: FactSet

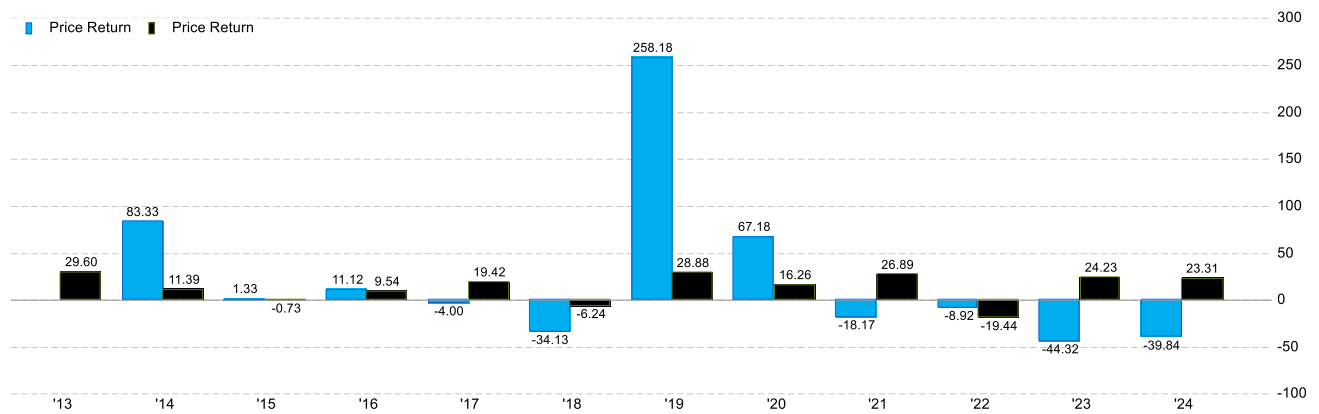


Graph 9: Drawdown



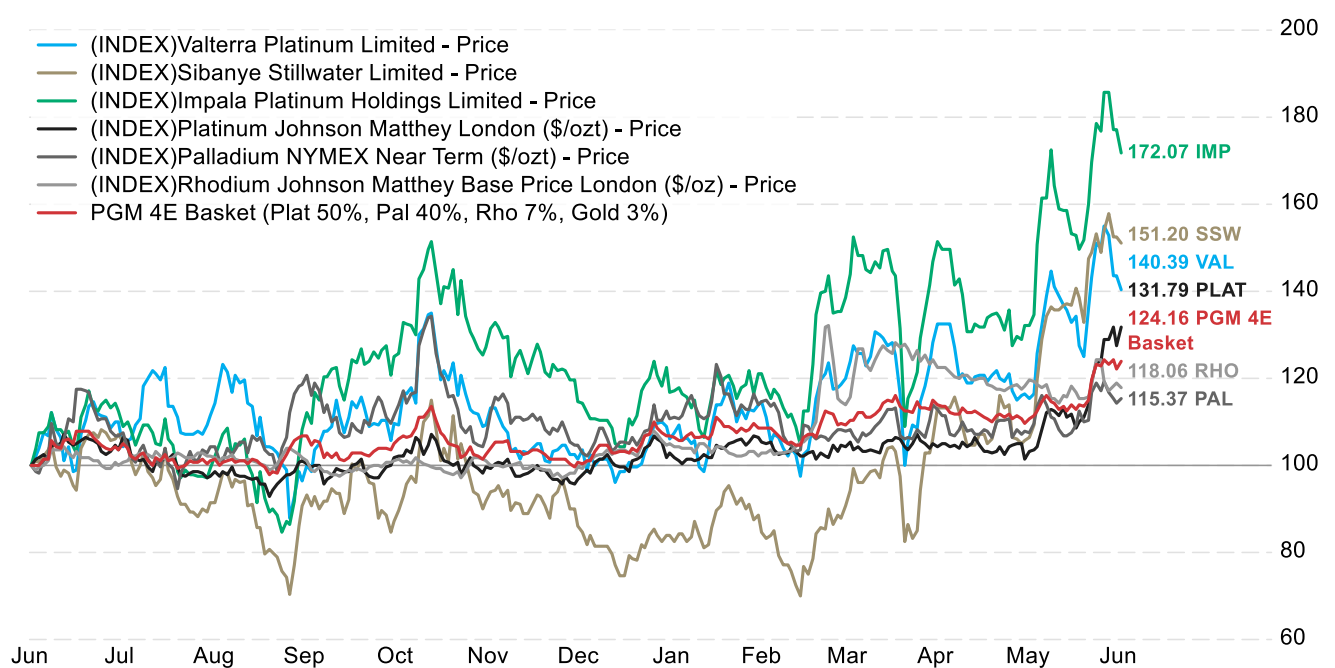
Source: FactSet

Graph 10: Calendar year returns



Source: FactSet

Graph 11: Relative performance in ZAR

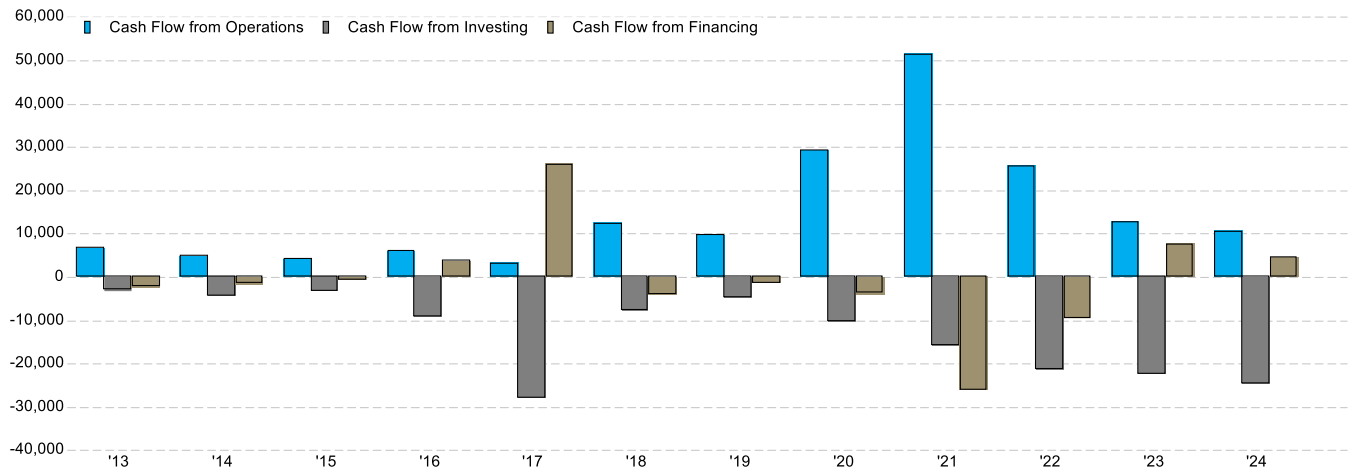


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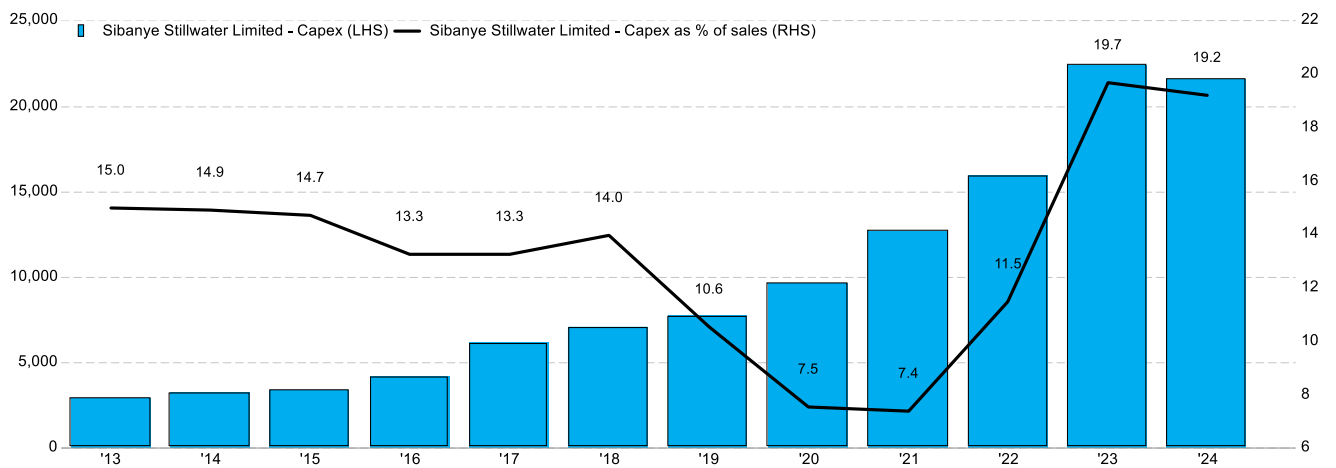
Use of Cash

Graph 12: Cash flows



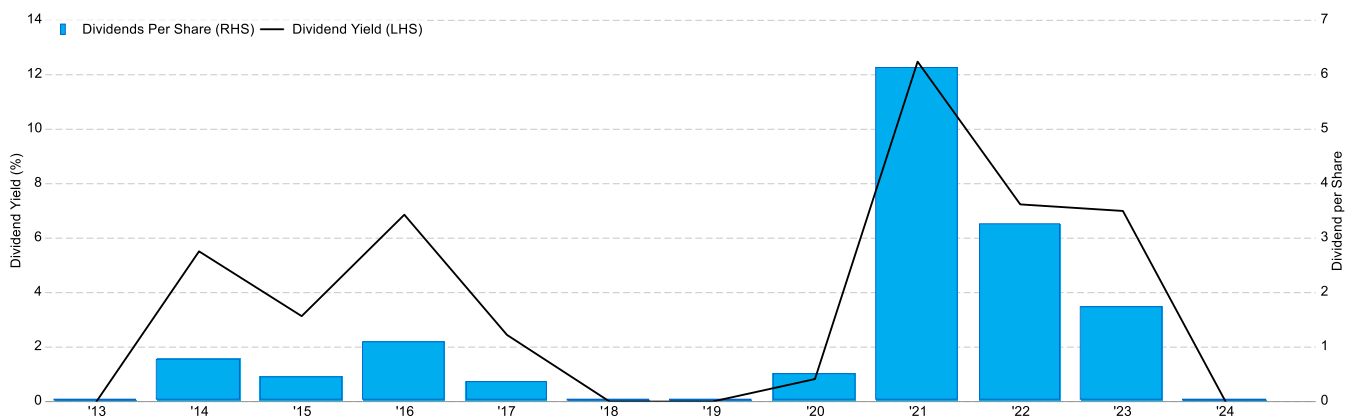
Source: FactSet

Graph 13: Capex



Source: FactSet

Graph 14: Dividends

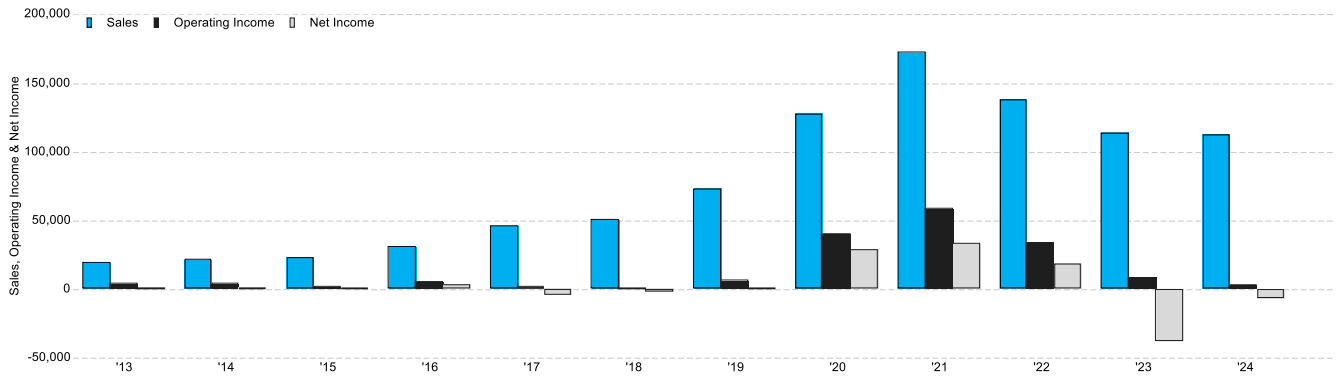


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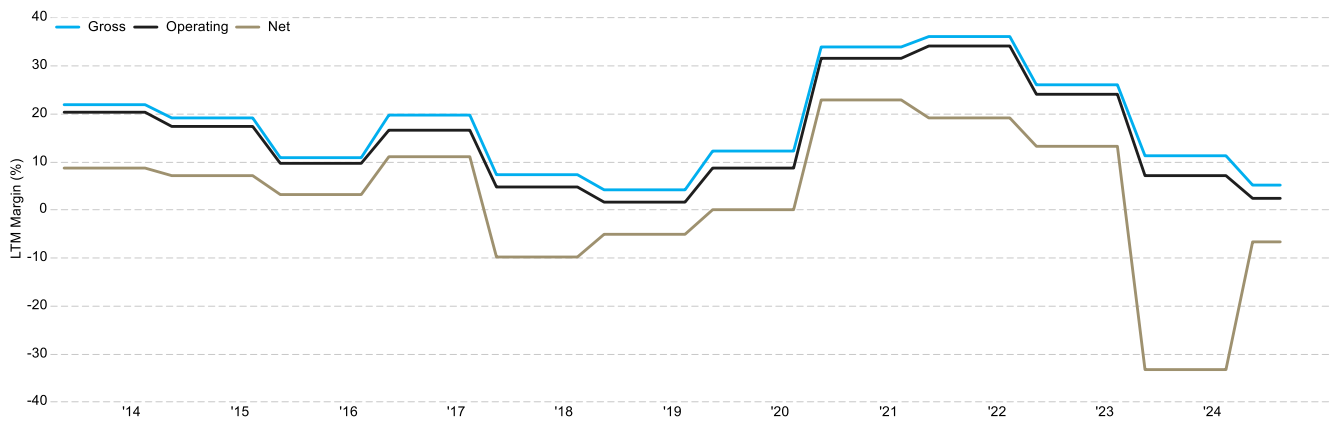
Income statement

Graph 15: Sales, operating income and net income



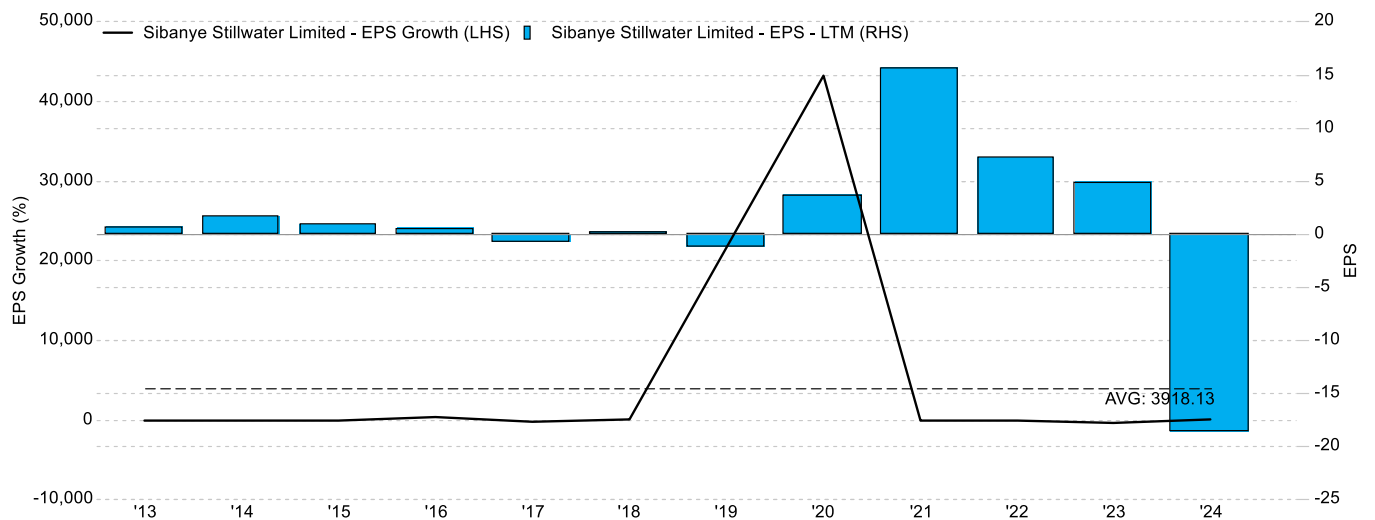
Source: FactSet

Graph 16: Gross, operating and net margins



Source: FactSet

Graph 17: EPS and EPS growth

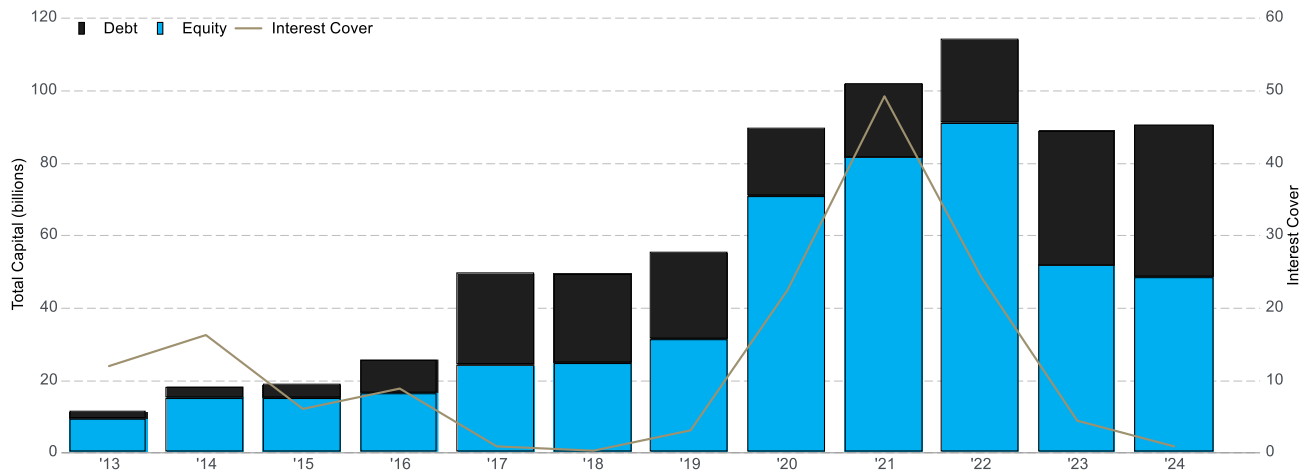


Source: FactSet



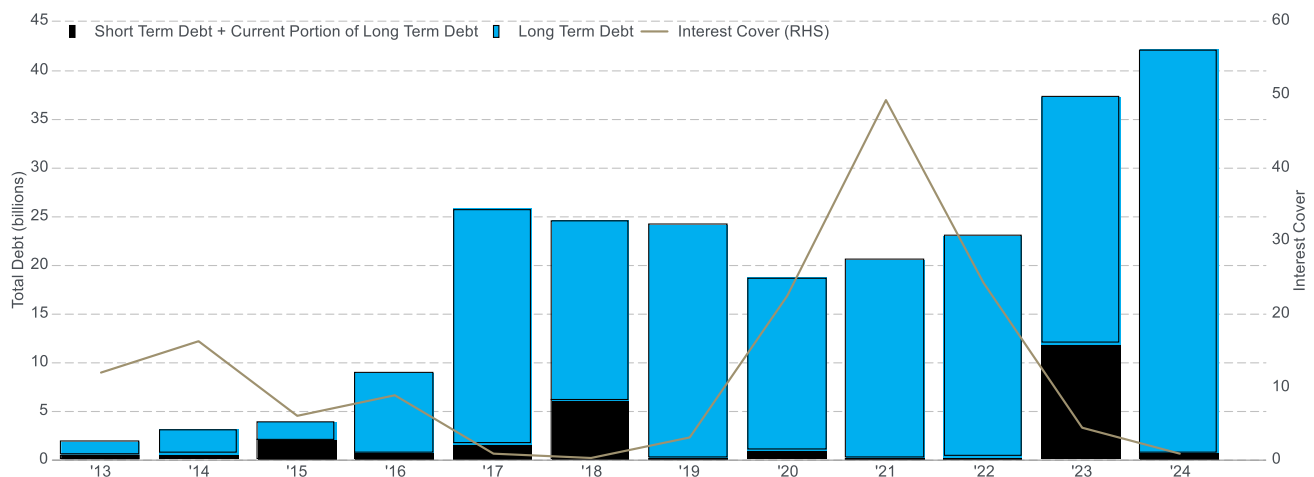
Balance sheet and liquidity

Graph 18: Capital structure and interest cover



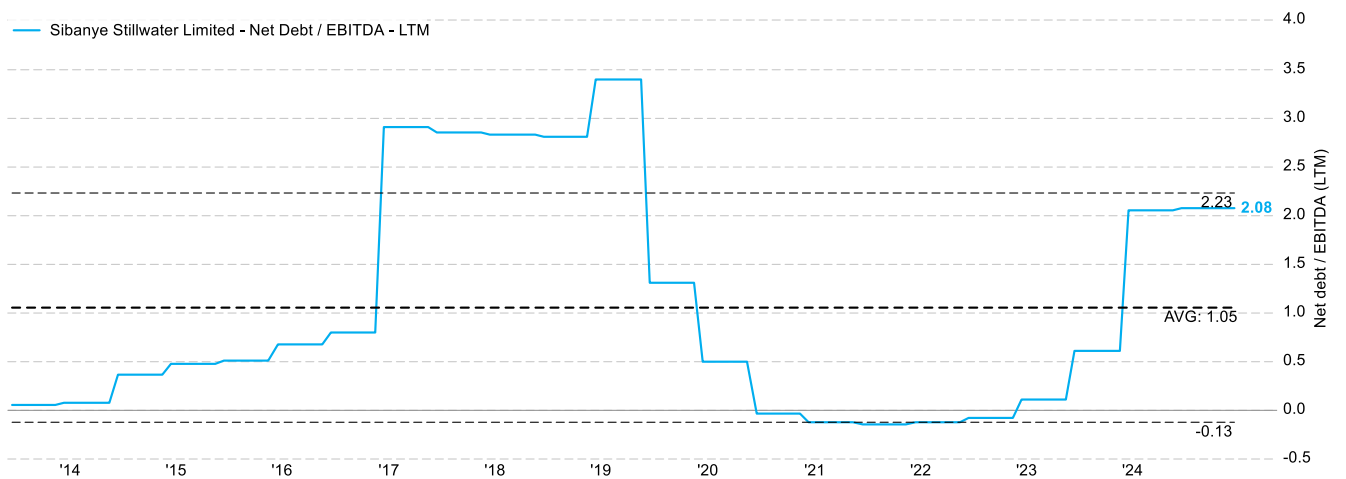
Source: FactSet

Graph 19: Debt



Source: FactSet

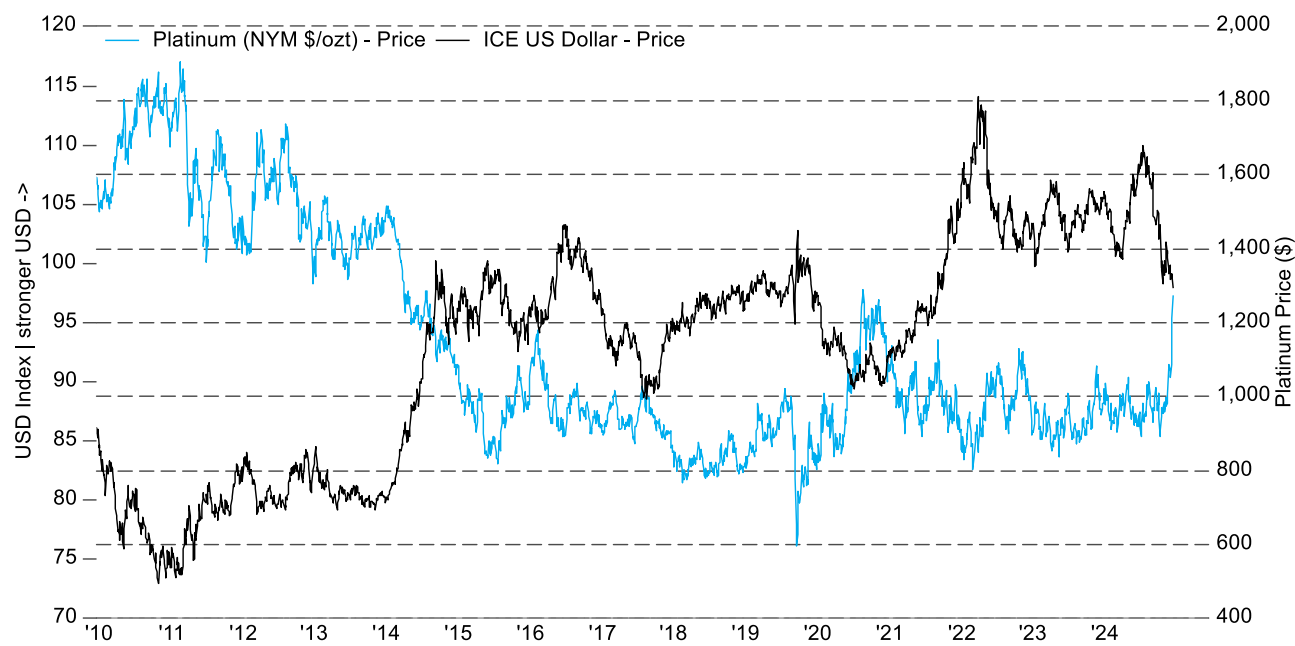
Graph 20: Net debt / EBITDA



Source: FactSet



Graph 21: USD Index vs platinum price



Source: FactSet



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