A world-class PGM business hitting its stride

Valterra Platinum is the world's largest primary producer of platinum group metals (PGMs), with operations across SA and Zimbabwe. The company is the proud owner of the **crown jewel of global PGM mines, Mogalakwena.** The company's latest trading update for FY25 confirms a step-change in earnings, guiding to **headline earnings growth of 85%–105%.** Higher PGM basket prices clearly played the primary role, however, management has wasted no time in cleaning up the business post-Anglo demerger with execution coming to the fore, delivering **R5bn in cost reductions,** despite temporary volume disruptions at Amandelbult and once-off demerger costs.

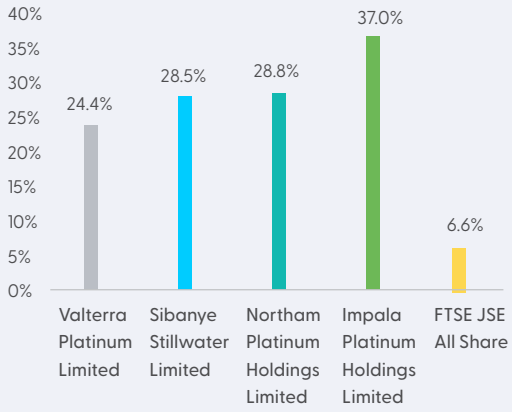
This earnings inflection comes at a critical moment. Following its exit from the Anglo American stable, Valterra is now a focused, independent PGM champion. A leaner structure and sharper strategic focus have allowed management to cut costs aggressively into an **historic rally in PGM prices** – a combination that has materially amplified earnings leverage. Simply put, Valterra is capturing far more of the cycle than it ever could before.

Water dam at Valterra's Mogalakwena mine.
Source: Engineering News, Dec, '25

Mogalakwena: The crown jewel of global PGM assets

- **Unmatched scale and longevity:** Largest open-pit PGM mine globally, long reserve life provides multi-decade production visibility and optionality.
- **Open-pit, mechanised:** Structurally safer, more productive, lower cost than deep-level peers, with far less labour and operational risk.
- **Attractive cost positioning:** Consistently sits at the low end of the global PGM cost curve, giving resilience through the cycle and strong margin leverage when prices rise.
- **Clear growth runway:** Ongoing expansion and underground development provide incremental volume and life-extension upside.

Share price return - 27 Jan 2026



Source: Factset, 27 Jan '26

Financials snapshot – FY25 guidance confirms earnings inflection

- Valterra has guided to **headline earnings of R15.6bn–R17.3bn,** representing **growth of 85%–105%** year-on-year.
- Basic earnings are expected to rise by **105%–125%** to **R14.5bn–R15.9bn,** despite R1.9bn in non-recurring asset write-offs and higher taxes and royalties.
- For FY24, headline earnings were **R8.4bn** with **HEPS of 3,205c,** meaning earnings have effectively **doubled** year-over-year.

Versus the last reported period:

- The contrast is stark. **First-half FY25 HEPS fell 81%,** largely due to flooding at Amandelbult and lower volumes.
- The second half has more than offset this, highlighting the operating leverage embedded in the business.

The share price had already begun discounting a PGM recovery, but this update **confirms the scale and quality of the earnings rebound.**

Valterra is our preferred exposure to the platinum group metals sector. Based on our assessment of life-of-mine, reserve depth, and relative positioning on the industry cost curve, we believe the company represents a high-quality PGM mining exposure on the JSE. Despite the sharp price recovery, valuation remains compelling. The stock trades on a **forward P/E of 14.5x to December 2026,** for **implied earnings growth of ~44%,** following a **knockout FY25** where earnings are guided to grow by **~115% at the midpoint.** Investors are also being paid to wait, with a **forecast dividend yield of 5%.**

Years of underinvestment mean PGM supply will be slow to respond, while **auto demand has been more resilient** than expected as the EV transition shifts toward hybrids and China provides medium-term upside. With inventories normalised and **supply deficits likely to persist,** we believe the current PGM upswing is structurally supported rather than short-lived.

The views expressed above are those of the Advantage Securities Investment Team and are based on our analysis, interpretation of publicly available information, and professional judgement at the time of writing.

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