



Lundin Mining

BUY | TP 360

The must own mining company

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Q3 Preview – Moving in the right direction

Largely unchanged earnings forecasts in USD-terms. We have updated our financial modelling ahead of the Q3 report due October 30. We have made only minor changes to our operational assumptions and our copper price forecast of USD14,500/t (applied throughout our forecast periods). However, reflecting higher phase 1 CAPEX at Vicuña, we have taken up our CAPEX27-28e forecast from USD1.25bn to USD1.6bn which we think reflects investor current expectations. Our updated EBITDA26e of USD2.7bn is fairly align with consensus while our updated EBITDA27e is 9% above. Based on today's cu price environment that we think is sustaining, we continue to expect record high earnings and cash over the coming quarters while the Vicuna project is approaching first production (we have assumed 2032e).

Q3 temporarily impacted by winter storms. For Q3 that was severely hit by winter storms, we look at a temporarily low Cu production of 69kt and sales and underlying EBITDA of USD1,060m and USD584m. We expect management to reiterate its 2026 volume outlook for all three mines and indicate stable OPEX (as opposed to most peers) and that the Casarones mine is producing at full speed after the winter storms (negative impact of c. 10kt of cu production).

We remain buyers. Although our new USD/SEK assumption of 10 (earlier 9.6) is boosting our SOTP valuation in SEK-terms, this is more than offset by our new CAPEX assumptions for Vicuña. We now expect USD25bn for all three CAPEX phases (earlier USD19bn). Our previous modelling looked at first phase CAPEX of USD7.1bn (gross basis). However, due to inflation and more project engineering insights, it is obvious that the first phase CAPEX level will increase. We now assume first phase CAPEX of c. USD8.5bn (from 7.1bn). With this backdrop our updated SOTP value looks at c. SEK390 (previously SEK395) indicating c. 60% valuation upside.

Caserones Mine: Open pit and drill cores at the 4,000-4,600m above sea level



Filo del Sol: Largest Cu, Au & Ag deposit in Vicuna opened in all directions c. 5,000m above sea level

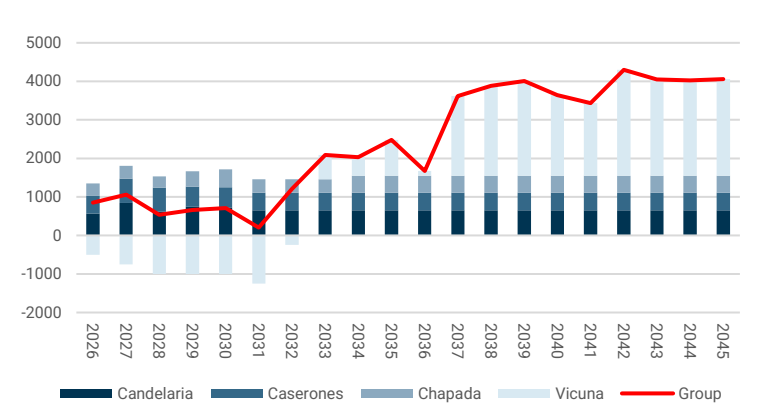


Josemaria: Location for central mill c 4,300m above sea level Primary source of material for the first years (2032-2038e)

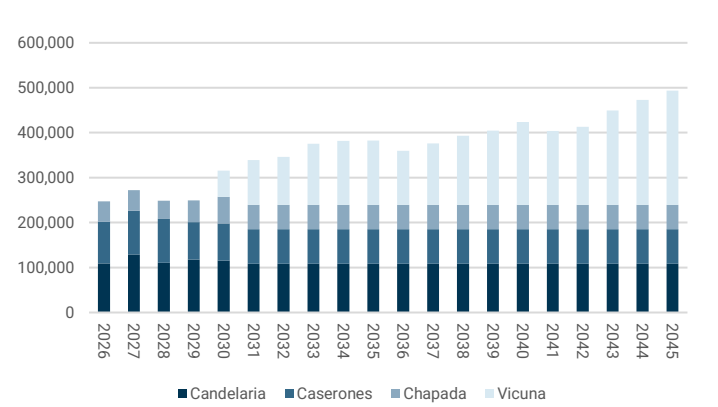


Investment case in 6 charts

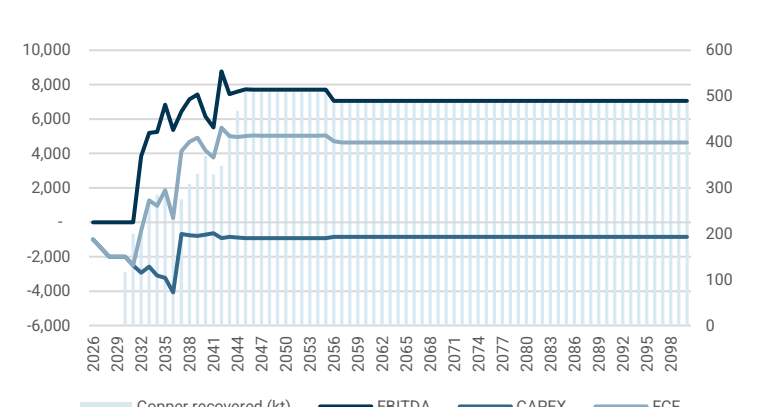
Long-term FCF profile 2026-2045e net Lundin, USDm



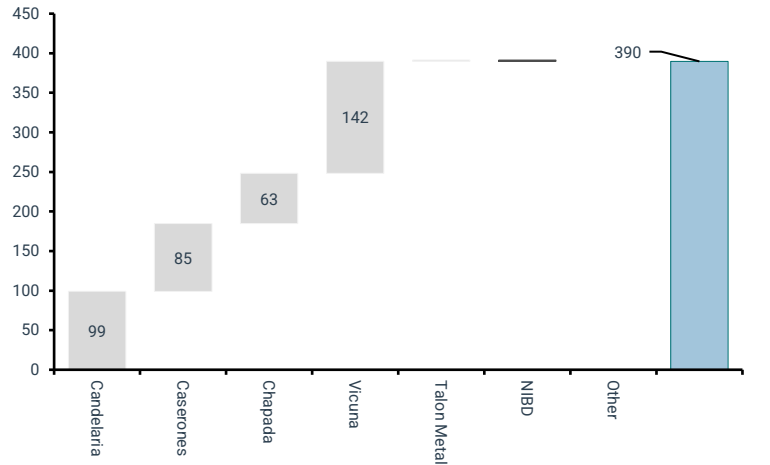
Company production profile (net volume basis)



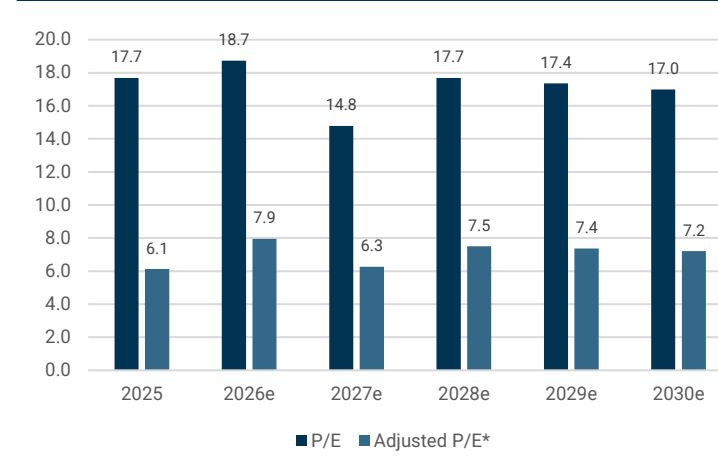
Vicuña: 500kt cu / year and ~ USD7bn in EBITDA (gross basis)



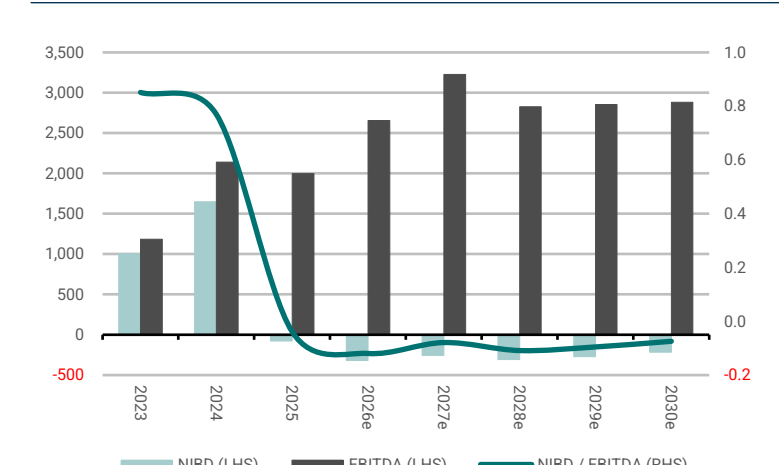
SOTP valuation of SEK390 – 60% vs. current share price



Visible* P/E25-30e ratios are not reflecting the true valuation



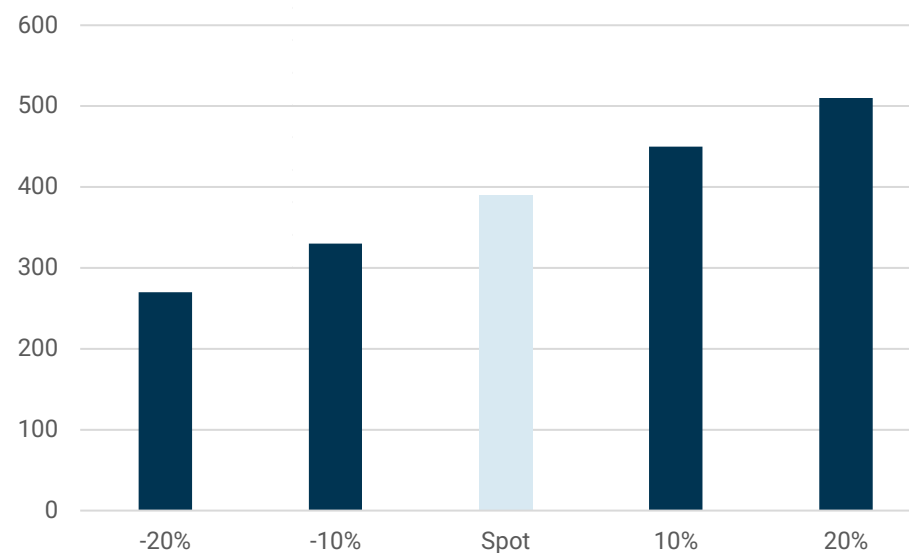
Vicuña CAPEX** of c. USD18bn to be funded with cash & FCF



Detailed SOTP – we arrive at SEK390/share

	DCF based values	Implied P / CE on mine of life	Comments	Life-of-mine
Candelaria (80% ownership)	8541	13.1	~ 68% of gold production sold at ~ USD430/oz	20Y
Casarones (75% ownership)	7360	16.1		25Y
Chapada (100% ownership)	5465	15.7		25Y
			Full leverage on gold prices	
Vicuna district (50% ownership)	12205	4.9	Low implied P/CE explained by long timehorizon and upfront CAPEX	70Y
Talon Metals (c. 20% ownership)	130			
NIBD	-138			
Equity value, USDm	33564			
Per share	39.0			
In SEK (m)	335637			
Per share in SEK	390			
Number of shares				
861.3				
USD/SEK	10.00			

SOTP values with different set of copper price assumptions (+ - 10 - 20%)



Key financials and valuation at a share price of SEK246 (spot basis)

	2023	2024	2025	2026e	2027e	2028e	2029e	2030e
Revenue	3392	4117	4053	4661	5241	4840	4793	4903
EBITDA	1184	2142	1998	2657	3228	2826	2853	2883
EBIT	530	1534	1291	2078	2588	2186	2213	2243
CAPEX	857	807	685	1030	1600	1600	1600	1600
EPS	0.31	0.91	1.23	1.31	1.66	1.39	1.42	1.45
CEPS	-0.85	0.66	0.83	0.64	0.29	0.42	0.32	0.29
DPS	0.36	0.36	0.17	0.36	0.36	0.36	0.36	0.36
Margins								
EBITDA	34.9%	52.0%	49.3%	57.0%	61.6%	58.4%	59.5%	58.8%
EBIT	15.6%	37.3%	31.8%	44.6%	49.4%	45.2%	46.2%	45.7%
EV/Sales	2.2	2.0	4.6	4.5	4.0	4.3	4.4	4.3
EV/EBITDA	6.2	3.9	9.2	7.9	6.5	7.4	7.3	7.3
EV/EBIT	13.8	5.4	14.3	10.0	8.1	9.6	9.5	9.4
P/E	26.1	9.4	17.7	18.7	14.8	17.7	17.4	17.0
FCF yield	-10.5%	7.7%	3.8%	2.6%	1.2%	1.7%	1.3%	1.2%
Dividend yield	4.4%	4.2%	0.8%	1.5%	1.5%	1.5%	1.5%	1.5%
Share price in USD	8.14	8.52	21.7	24.6	24.6	24.6	24.6	24.6
Number of shares	773	778	854	861	861	861	861	861
Net debt YE	1008	1649	-77	-318	-255	-307	-272	-214
NIBD/EBITDA	0.9	0.8	0.0	-0.1	-0.1	-0.1	-0.1	-0.1
Market cap*	6,295	6,625	18,519	21,188	21,188	21,188	21,188	21,188
EV**	7,302	8,274	18,442	20,870	20,933	20,881	20,916	20,974

* Current shareprice, ** Based on year-end NIBD

Earnings forecasts based on spot

	Q1 25	Q2 25	Q3 25	Q4 25	Q126	Q226	Q326e	Q426e	Q127e	Q227e	Q327e	Q427e	Q128e	Q228e	Q328e	Q428e		2025	2026e	2027e	2028e	2029e	2030e
Sales																							
Candelaria	419	405	427	519	453	476	541	569	592	602	605	602	517	517	517	517		1769	2039	2401	2068	2181	2140
Caserones	386	323	312	599	506	518	292	439	489	493	493	493	488	488	488	488		1619	1755	1967	1952	1687	1687
Chapada	115	151	215	185	199	219	224	225	205	205	231	231	205	205	205	205		665	866	873	820	925	1077
Other	224	80	53															357					
Total Sales	1,144	958	1,007	1,302	1,159	1,213	1,057	1,232	1,285	1,300	1,329	1,326	1,210	1,210	1,210	1,210		4,410	4,661	5,241	4,840	4,793	4,903
Gross profit																							
Candelaria	178	144	145	219	181	188	237	281	304	314	317	314	229	229	229	229		685	888	1249	916	1061	1020
Caserones	96	62	104	291	265	261	117	235	258	263	263	263	257	257	257	257		552	878	1046	1030	831	831
Chapada	33	54	89	-12	92	116	110	111	85	85	111	111	85	85	85	85		164	429	393	340	421	493
Other	182	33	10	-1	-1	0	0	0	0	0	0	0	0	0	0	0		224					
Total Gross profit	489	292	348	497	538	565	464	626	647	662	691	688	572	572	572	572		1,626	2,194	2,688	2,286	2,313	2,343
Group EBITDA	597	421	494	730	643	674	584	756	782	797	826	823	707	707	707	707		2242	2657	3228	2826	2853	2883
Group EBIT	459	262	325	472	508	539	434	596	622	637	666	663	547	547	547	547		1518	2078	2588	2186	2213	2243
Net Profit	361	180	185	1020	388	385	296	409	427	437	458	456	374	374	374	374		1746	1478	1778	1497	1493	1514
To Lundin	318	147	143	767	281	293	246	334	346	354	374	372	303	303	303	303		1375	1154	1445	1210	1220	1246
To minorities	43	34	41	252	107	92	50	75	81	84	84	84	72	72	72	72		370	323	332	286	273	268
Volumes																							
Copper (t)																							
Candelaria (100% basis)	37,071	36,999	37,129	34,272	30,808	30,928	36,800	38,272	39,744	40,480	40,480	40,480	34,592	34,592	34,592	34,592		145,471	136,808	161,184	138,368	147,200	144,256
Caserones (100%)	28,709	29,290	35,270	39,612	38,552	33,964	20,415	29,900	32,428	32,740	32,740	32,740	32,379	32,379	32,379	32,379		132,881	122,831	130,647	129,515	110,688	110,688
Chapada	8,909	11,274	12,600	11,191	10,574	11,985	11,700	11,700	10,296	10,296	12,168	12,168	10,296	10,296	10,296	10,296		43,974	45,959	44,928	41,184	48,672	58,812
Other	2,085	2,510	2,354															6,949					
Total	76,774	80,073	87,353	85,075	79,934	76,877	68,915	79,872	82,468	83,516	85,388	85,388	77,267	77,267	77,267	77,267		329,275	305,598	336,759	309,067	306,560	313,756
Copper price USD/t	10,207	9,700	10,163	10,163	12,985	14,371	14,300	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500	14,500		10,059	14,039	14,500	14,500	14,500	14,500

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Total	100%	

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