

Newmont Corporation

Sector | Materials

CMP
\$74.80

Target
\$87.04

Risk Level
Low

Recommendation
Buy

Robust Liquidity Profile to Fuel Future Business Growth

March 19, 2025

Key Positives

- Revenue increased at a CAGR of 12.9% during FY20-FY24
- Gross profit increased at a CAGR of 11.3% during FY20-FY24
- EBITDA increased at a CAGR of 11.8% during FY20-FY24

Key Negatives

- Declining quick ratio (0.62x in FY24 vs 0.63x in FY23)
- Increased operating and capital costs

Key Investment Risks

Geopolitical Uncertainties | Price Risks | Intense Competition, etc.

Investment Summary

- Robust Performance in FY24:** Newmont Corporation (ASX: NEM) reported a strong financial and operational performance for 2024, demonstrating resilience amid strategic transitions. The company delivered net income of \$3.34 billion, with adjusted net income (ANI) of \$3.48 per diluted share, highlighting consistent profitability. **Notably, record free cash flow of ~\$1.6 billion in Q4 positions Newmont well for sustained investment and shareholder returns.** The integration of Newcrest assets has strengthened Newmont's operational profile, enhanced its Tier 1 gold asset portfolio while improved copper growth opportunities.
- Liquidity Position:** Newmont maintained a robust liquidity profile with **\$3.6 billion in cash and \$7.7 billion in total liquidity at year-end 2024.** The company reduced debt by \$1.4 billion over the year, including the early redemption of \$928 million in 2026 notes. **With net debt to adjusted EBITDA at 0.6x, Newmont's financial stability remains strong.** The anticipated \$2.5 billion in cash proceeds from non-core asset sales in 2025 is expected to further bolster liquidity, enhancing financial flexibility for strategic investments and capital returns..
- Promising Outlook:** Newmont's 2025 outlook emphasizes operational stability and continued portfolio optimisation. **The company projects attributable production of approximately 5.9 million gold ounces, including 0.3 million ounces from non-core assets in Q1.** The anticipated Gold All-In Sustaining Cost (AISC) is expected at \$1,630 per ounce, reflecting disciplined cost control. **The streamlined focus on Tier 1 assets aims to maintain a stable cost structure, with Tier 1 AISC projected at \$1,620 per ounce.**
- Valuation:** We have valued the stock using relative valuation methodology, assigning an industry average P/E multiple of ~9.49x to FY25E EPS of \$9.17, which gives the target price of \$87.04 for the potential upside of 16.4%, and recommend a "Buy" rating, keeping in view the stock being underpriced while growth drivers remain intact amid favorable industry tailwinds. However, there could be downside risks to the valuation, owing to geopolitical risk and economic uncertainty.

Stock Information

Ticker	ASX: NEM
Mkt Cap	\$82.31 Bn
52-Week L/H	\$50.80 - \$87.57
Beta (x)-5Y Monthly	0.56
Div. Yield (%)	1.42%
Outstanding Shares (mn)	1,127.48 Mn
Duration	9 to 12 months

Stock Performance



Company Overview

Founded in 1916 and headquartered in Denver, Colorado, Newmont Corporation (ASX: NEM, NYSE: NEM, TSX: NGT, PNGX: NEM) operates gold production and research. Copper, silver, zinc and lead can also be examined. The company has operations and/or assets in the United States, Canada, Mexico, the Dominican Republic, Peru, Suriname, Argentina, Chile, Australia, Papua-Nuguinea, Ecuador, Fiji and Ghana.



Financial Highlights (US\$ Mn)

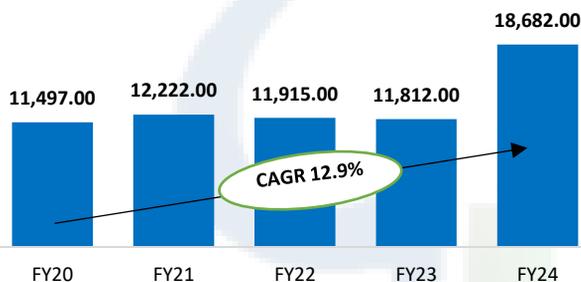
YE December (US\$ Million)	FY20	FY21	FY22	FY23	FY24	Growth Trend
Revenue	11,497.00	12,222.00	11,915.00	11,812.00	18,682.00	— — — — —
EBITDA	5,673.00	4,450.00	3,969.00	3,061.00	8,858.00	— — — — —
EBITDA Margin (%)	49.3%	36.4%	33.3%	25.9%	47.4%	— — — — —
Net Profit	2,829.00	1,166.00	-429.00	-2,494.00	3,348.00	— — — — —
Net Margin (%)	24.6%	9.5%	-3.6%	-21.1%	17.9%	— — — — —
EPS (US Cents)	3.52	1.46	-0.54	-2.97	2.92	— — — — —
DPS (US Cents)	1.04	2.20	2.20	1.60	1.00	— — — — —
RoE (%)	11.4%	0.8%	-1.9%	-10.2%	11.2%	— — — — —
Total Debt	6,702.00	6,302.00	6,132.00	9,460.00	9,059.00	— — — — —
Free Cash Flow	3,580.00	2,626.00	1,089.00	97.00	2,961.00	— — — — —

Source: Company, tkr.com, V2U Research

Quick Financial Analysis

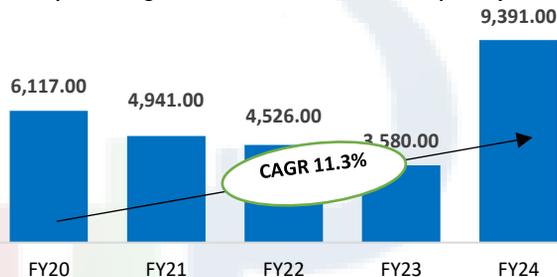
Revenue (US\$mn)

Revenue has grown at CAGR of 12.9% over the past 5 years



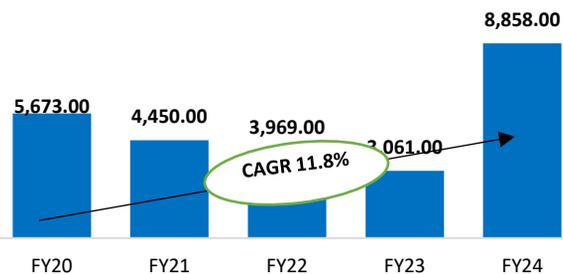
Gross Profit (US\$mn)

Gross profit has grown at CAGR of 11.3% over the past 5 years



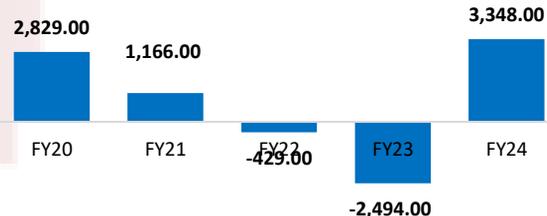
EBITDA (US\$mn)

EBITDA has grown at CAGR of 11.8% over the past 5 years



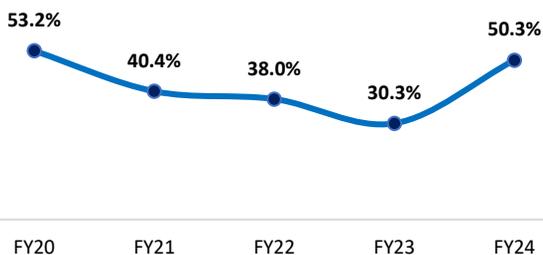
Net Income (US\$mn)

Net Income turned positive in FY24



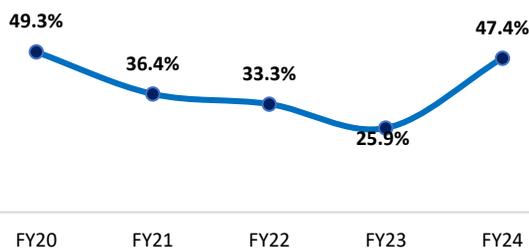
Gross Margin (%)

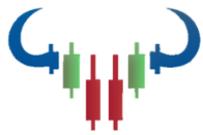
Maintained positive gross margin since FY20



EBITDA Margin (%)

Maintained positive EBITDA since FY20





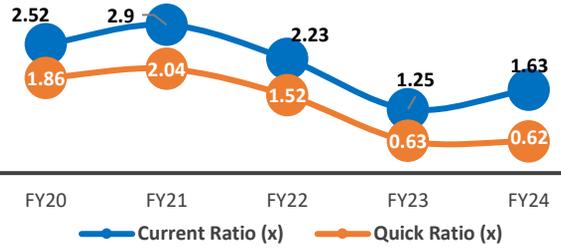
Net margin (%)

Net margin turnaround positive in FY24 from FY23



Liquidity Profile

Liquidity position remained decent over the past 5 years



Debt to Equity (x)

Trend of improving debt to equity ratio since FY23



Dividend

The company is consistently paying dividends to its shareholders over the past 5 years.



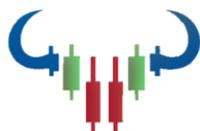
Source: Company, tikr.com, V2U Research

Valuation Methodology

P/E Multiple Based Relative Valuation

	Earnings Per Share (FY25E A\$)*	Price/EPS Multiple (NTM) (Peer Median) (approx.)	Market Cap (A\$ mn)	Shares Outstanding (million)	Target Share Price (A\$)	Current Market Price (A\$) (March 18, 2025)	Recommendation
FY25E	9.17	9.49	98,137.37	1,127.48	87.04	74.80	Buy

Data Source: tikr.com, Analysis by V2U Research, * 1USD = ~1.5702039 AUD as of March 18, 2025



Technical Overview

Published on Investing.com, 18/Mar/2025 - 12:44:09 GMT, Powered by TradingView.
Newmont Corporation DRC, Australia, Sydney:NEM, W



Weekly Chart, Source: investing.com,

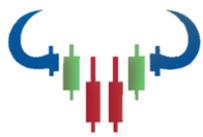
On the weekly time frame, the stock of NEM has demonstrated strong support around the \$66-\$67 range, which has held firm despite recent market volatility. The price is currently trading above key moving averages (EMA 50, 100, and 200), indicating a bullish trend. Additionally, the RSI at 57.6 suggests positive momentum without overbought conditions, providing room for further upside. Recent volume spikes accompanying upward price movement further reinforce the bullish outlook.

Going ahead, we believe that if the stock maintains support and rebounds, then it may have initial resistance around **\$87.78**, and beyond that it would have major horizontal resistance around **\$92.87**. On the other hand, if the stock declines, it could find initial horizontal support at **\$66.40** and if it breaks below this level, it could find strong support at **\$61.31**.

Stock Recommendation

Newmont's strong fundamentals, robust cash flow generation, and strategic focus on Tier 1 assets present an attractive investment opportunity. The company's ability to maintain low debt levels while enhancing liquidity provides a strong financial base for future growth. Additionally, positive technical indicators, combined with expected proceeds from non-core asset sales, reinforce confidence in Newmont's capacity to deliver shareholder value.

Hence, considering the aforesaid facts, decent long-term outlook, growing revenue, associated risks, and technical analysis, we have valued the stock using relative valuation methodology, assigning an industry average P/E multiple of ~9.49x to FY25E EPS, which gives the target price of **\$87.04** for the potential upside of 16.4%, and recommend a "Buy" rating at the closing market price of **\$74.80** (as of March 18, 2025), keeping in view the stock being underpriced while growth drivers remain intact amid favorable industry tailwinds. However, there could be downside risks to the valuation, owing to geopolitical risk and economic uncertainty.



Technical Indicators Defined: -

Support: A level at which a downward-trending asset attracts buying interest, preventing the price from falling further.

Resistance: A level at which an upward-trending asset experiences selling pressure, preventing the price from continuing to rise.

Stop-loss: It is a level that prevents further losses caused by adverse changes in stock prices.

Bollinger band: The Bollinger band is a technical indicator that indicates a financial asset is about to enter an overbought or oversold state. There are three lines that make up a Bollinger Band on a price chart. The first line is the simple moving average (SMA), which is usually a 20-period moving average of the asset's price. It takes price data over a specific time frame and averages it out so you can see the big picture. Second is, upper band, which is defined as the band located above the middle band, often two standard deviations higher. Finally, there is the lower band, which is situated a specific number of standard deviations (usually 2) below the middle band and signifies possible overbought situations when prices approach or surpass it. Prices that go close to or go below this zone can be a sign of possible oversold situations.

RSI: The Relative Strength Index (RSI) measures the speed and strength of price fluctuations over a specific time period (typically 14 days). It analyzes the internal strength of a price movement, allowing traders to spot market momentum.

EMA: Exponential Moving Average (EMA) is a type of moving average that gives more weight and importance to the most recent data points. It is used to evaluate the bullish and bearish trends in securities over a specific timeframe.

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Disclosure: We sourced the above information from the company reports, presentations, stock exchange, company websites, publicly available information, and a third-party database, i.e., tkr.com. It is advisable that investors make use of a stringent stop-loss in order to safeguard their investments in the event that any adverse or unpredictable market events occur.

