

# Newmont Corporation

Re-evaluating prospects with respect to guidance

Q4/FY22 results and five year guidance

Metals & mining

**Newmont's Q4/FY22 results, released on 23 February, exhibited stronger production than we had anticipated, albeit accompanied by costs that failed to decline as much as we had hoped. Nevertheless, both production and costs for the full year met the company's guidance to within its usual tolerance range of ±5%. In addition to its Q4/FY22 results, Newmont also provided updated medium-term guidance for production, costs and capex to FY27 to reflect recent inflationary pressures within the industry, and this note updates both our forecasts and valuation to reflect the company's updated guidance. In the meantime, Newmont's potential merger with Newcrest clearly remains alive, with the potential to transform the company if it is successfully brought to fruition.**

Year end	Revenue (US\$m)	PBT (US\$m)	EPS* (US\$)	DPS (US\$)	P/E (x)	Yield (%)
12/21	12,222	1,108	2.97	2.20	15.2	4.9
12/22	11,915	(51)	1.85	2.05	24.4	4.5
12/23e	12,372	2,381	2.14	1.60	21.1	3.5
12/24e	11,827	1,727	1.51	1.40	29.8	3.1

Note: \*EPS are normalised, excluding amortisation of acquired intangibles and exceptional items.

## Medium-term guidance little changed

In general, it may be seen that Newmont has reduced its production guidance by approximately 300koz (or 5%) per annum in FY23–25 (largely due previously communicated to delays at Tanami Expansion 2 and Ahafo North where first production is now expected in H225), but by only 100koz (or 1.5%) by FY26, while it has increased its cost guidance by c US\$150/oz (or c 20%) in the near term, but by only US\$50/oz (or 6.7%) in the longer term. Edison has now brought its production and cost forecasts into line with the company's guidance. Even with these adjustments, however, our estimate of FY23 EPS has increased by 21.6%, while our valuation has declined only modestly (see below). Otherwise, readers should note that our basic adjusted EPS estimate of US\$1.51/share for FY24 (above) is predicated on a (real) gold price of US\$1,681/oz. At US\$1,868/oz, this estimate increases to US\$2.44/share (close to the consensus) and the dividend to US\$1.60/share.

## Valuation: Still well in excess of the share price

In the light of our revisions, our 'terminal' pre-financing cash flow has increased by 7.5% to US\$3.89/share, albeit achieved one year later in FY28, rather than US\$3.54/share in FY27 previously. Using a real discount rate of 6.52% (cf 6.51% previously), our valuation of the company is US\$47.30/share (cf US\$50.14/share previously), based on a long-term (real) gold price of US\$1,524/oz (cf a current price of US\$1,868/oz) and assuming zero growth in real cash flows beyond FY27, but US\$66.59/share (cf US\$68.47/share) if even very modest 2.0% growth per year in real cash flows is assumed (ie the minimum that might be expected from the average historical annual increase in the real price of gold of 2.0% pa). These valuations would rise to US\$60.02/share and US\$84.80/share, respectively, if the gold price remains at today's levels. In the meantime, consensus EPS and DPS estimates for FY23–25 imply a share price of US\$75.43/share, while Edison's more conservative estimates imply a share price of US\$59.46/share.

14 March 2023

**Price** US\$45.12  
**Market cap** US\$35,825m

Net debt (US\$m) at end-December 2022 (excluding US\$880m in time deposits etc) 3,255

Shares in issue 794.0m

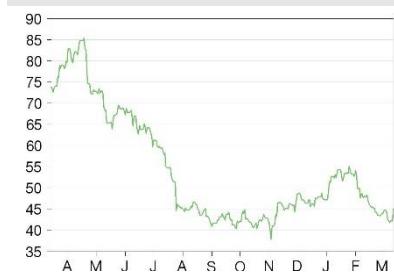
Free float 99.8%

Code NEM

Primary exchange NYSE

Secondary exchange TSX

## Share price performance



% 1m 3m 12m

Abs (6.6) (4.3) (41.3)

Rel (local) 0.2 (0.2) (36.0)

52-week high/low US\$85.4 US\$37.8

## Business description

Founded in 1916, Newmont Corporation is the world's leading gold company, with a world-class portfolio of assets in North and South America, Australia and Africa. It is the only gold producer in the S&P 500 Index and is widely recognised for its ESG practices and as a leader in value creation, safety and mine execution.

## Next events

Q123 results April 2023

Q223 results July 2023

## Analyst

Lord Ashbourne 020 3077 5724

[mining@edisongroup.com](mailto:mining@edisongroup.com)

[Edison profile page](#)

**Newmont Corporation is a research client of Edison**

**Investment Research Limited**

## **Q4/FY22 results**

Newmont's Q4/FY22 results, released on 23 February, exhibited stronger production than we had anticipated, albeit accompanied by costs that generally stuck at higher levels than we had forecast, especially at its African operations. As a result, production and costs for the full year met the company's guidance of 6.0Moz at a cost applicable to sales of US\$900/oz to within its usual tolerance range of ±5%. Six of Newmont's mines (Musselwhite, Yanacocha, Merian, Tanami, Ahafo and Akyem) outperformed our production expectations for the three-month period, while seven performed in line. As a consequence, the ratio of production in H2 compared to H1 was 52:48, which was exactly in line with the company's prior guidance.

A summary of Newmont's production and cost results for the full year, by geographical area and by quarter, relative to our prior expectations is presented in the table below:

**Exhibit 1: Newmont Q122–Q422 operational results**

Region	Production (koz)							Costs applicable to sales (US\$/oz)								
	Q122	Q222	Q322	Q422e	Q422	Var. (%)	FY22	FY22e	Q122	Q222	Q322	Q422e	Q422	Var. (%)	FY22	FY22e
North America	309	316	404	383	387	+1.0	1,416	1,412	995	1,124	980	923	921	-0.2	999	1,002
South America	198	210	185	197	217	+10.2	810	790	921	982	1,145	986	1,098	+11.4	1,034	1,003
Australia	282	366	296	330	338	+2.4	1,282	1,274	764	710	754	697	797	+14.3	755	729
Africa	198	243	254	278	299	+7.6	994	973	871	838	917	679	994	+46.4	911	821
Nevada	288	290	266	323	324	+0.3	1,169	1,168	899	1,035	1,104	958	934	-2.5	989	1,002
<b>Sub-total</b>	<b>1,275</b>	<b>1,425</b>	<b>1,405</b>	<b>1,511</b>	<b>1,565</b>	<b>+3.6</b>	<b>5,671</b>	<b>5,617</b>	<b>890</b>	<b>932</b>	<b>968</b>	<b>847</b>	<b>940</b>	<b>+11.0</b>	<b>933</b>	<b>911</b>
Pueblo Viejo*	69	70	81	65	65	0.0	285	285								
<b>Total (attrib.)</b>	<b>1,344</b>	<b>1,495</b>	<b>1,486</b>	<b>1,576</b>	<b>1,630</b>	<b>+3.4</b>	<b>5,956</b>	<b>5,902</b>								

Source: Newmont Corporation, Edison Investment Research. Note: Totals may not add up owing to rounding. Var. = variance (Q422a cf Q422e). \*NEM 40% interest.

In addition to outperforming our production expectations, Newmont also achieved a gold price that was 1.6% higher than that prevailing over the quarter, at US\$1,758/oz (cf US\$1,731/oz). It also sold approximately 1.0% more gold than it produced, which, combined with the production outcome, led to a 2.4% (or US\$282m) positive variance in sales relative to our forecasts, albeit this was almost exactly counterbalanced by a US\$274m (or 4.4%) negative variance in costs. Financial results beyond this in Newmont's official accounts were distorted by two material exceptional charges relating to impairments and also reclamation and remediation. However, Exhibit 2 (below) strips these (and all other adjusting items) out of their individual line items to present Newmont's results for both the quarter and the full year on an underlying basis (marked with an asterisk and highlighted in bold). In this context, it may be seen that, in as much as Newmont's results were below our expectations (which were anyway at the top of the analysts' range), this could be almost entirely attributed to a negative variance of US\$57m in 'other income, net' and a US\$27m negative variance in the interest expense for the quarter. In almost all other respects, Newmont either met, or exceeded, our expectations.

**Exhibit 2: Newmont quarterly income statement, Q421–Q422**

US\$m (unless otherwise indicated)	Q421	Q122	Q222	Q322	Q422e (prior)	Q422 (reported)	Q422*	Var.** (%)	FY22*	FY22e (prior)	Var.** (%)
Sales	3,390	3,023	3,058	2,634	2,918	3,200	3,200	9.7	11,915	11,633	2.4
Costs and expenses											
– Costs applicable to sales	1,540	1,435	1,708	1,545	1,506	1,780	1,780	18.2	6,468	6,194	4.4
– Depreciation and amortisation	639	547	559	508	594	571	571	-3.9	2,185	2,208	-1.0
– Reclamation and remediation	1,626	61	49	53	46	758	58	26.1	221	209	5.7
– Exploration	62	38	62	69	69	62	62	-10.1	231	238	-2.9
– Advanced projects, research and development	46	44	45	80	43	60	60	39.5	229	212	8.0
– General and administrative	69	64	73	73	73	66	66	-9.6	276	283	-2.5
– Impairment of long-lived assets	0	0	0	0	0	1,317	-	N/A	0	0	N/A
– Care and maintenance	0	0	0	0	0	0	0	N/A	0	0	N/A
– Loss on assets held for sale	0	0	0	0	0	0	0	N/A	0	0	N/A
– Other expense, net	34	35	22	11	6	17	12	100.0	80	74	8.1
Total	4,016	2,224	2,518	2,339	2,337	4,631	2,609	11.6	9,690	9,418	2.9
Other income/(expenses)											
– Gain on formation of Nevada Gold Mines	0	0	0	0	0	0	0	N/A	0	0	N/A
– Gain on asset and investment sales, net	166	0	0	0	0	61	0	N/A	0	0	N/A
– Other income, net	19	(109)	(75)	56	56	40	(1)	-101.8	(129)	(72)	79.2
– Interest expense, net of capitalised interest	(66)	(62)	(57)	(55)	(26)	(53)	(53)	103.8	(227)	(200)	13.5
Other income total	119	(171)	(132)	1	30	48	(54)	-280.0	(356)	(272)	30.9
Income/(loss) before income and mining tax	(507)	628	408	296	611	(1,383)	537	-12.1	1,869	1,943	-3.8
Income and mining tax benefit/(expense)	(300)	(214)	(33)	(96)	(195)	(112)	(196)	0.5	(539)	(538)	0.2
Effective tax rate (%)	(59.2)	34.1	8.1	32.4	32.0	(8.1)	36.5	14.1	28.8	27.7	4.1
Profit after tax	(807)	414	375	200	415	1,495	341	-17.8	1,330	1,404	-5.3
Equity income/(loss) of affiliates	28	39	17	25	10	26	26	160.0	107	91	17.6
Net income/(loss) from continuing operations	(779)	453	392	225	425	(1,469)	367	-13.6	1,437	1,495	-3.9
Net income/(loss) from discontinued operations	15	16	8	(5)		11	11	N/A	30	19	57.9
Net income/(loss)	(764)	469	400	220	425	(1,458)	378	-11.1	1,467	1,514	-3.1
Minority interest	(718)	21	13	7	9	19	19	111.1	60	50	20.0
Ditto (%)	94.0	4.5	3.3	3.2	2.0	(1.3)	5.0	151.3	4.1	3.3	
Net income/(loss) attributable to stockholders	(46)	448	387	213	416	(1,477)	359	-13.7	1,407	1,464	-3.9
Adjustments to net income	670	98	(25)	(1)	0	1,825	(11)	N/A	61	72	-15.3
Adjusted net income	624	546	362	212	416	348	348	-16.3	1,468	1,536	-4.4
<b>Net income/(loss) per common share (US\$)</b>											
Basic											
– Continuing operations	(0.077)	0.545	0.477	0.275	0.525	(1.874)	0.438	-16.6	1.735	1.821	-4.7
– Discontinued operations	0.019	0.020	0.010	-0.006	0.000	0.014	0.014	N/A	0.038	0.024	57.5
– Total	(0.058)	0.565	0.487	0.268	0.525	(1.860)	0.452	-13.9	1.773	1.845	-3.9
Diluted											
– Continuing operations	(0.077)	0.544	0.477	0.274	0.524	(1.872)	0.438	-16.4	1.733	1.819	-4.7
– Discontinued operations	0.019	0.020	0.010	-0.006	0.000	0.014	0.014	N/A	0.038	0.024	57.3
– Total	(0.058)	0.564	0.487	0.268	0.524	(1.858)	0.452	-13.7	1.770	1.843	-3.9
Basic adjusted net income per share (US\$)	0.785	0.689	0.456	0.267	0.525	0.438	0.438	-16.6	1.849	1.936	-4.5
Diluted adjusted net income per share (US\$)	0.783	0.688	0.455	0.267	0.524	0.438	0.438	-16.4	1.847	1.933	-4.4
DPS (US\$/share)	0.550	0.550	0.550	0.550	0.400	0.400	0.400	0.0	2.050	2.050	0.0

Source: Newmont Corporation, Edison Investment Research. Note: \*Underlying. Var\*\* = Variance (actual compared to expected).

Notwithstanding its performance relative to Edison's expectations, Newmont's performance for the quarter was very much in line with the market consensus, as shown below:

**Exhibit 3: FY22 basic adjusted EPS forecast, Edison versus consensus (US\$/share)**

	Q122	Q222	Q322	Q422e	Q422	Variance (%)	FY22e	FY22	Variance (%)
Edison forecast	0.689	0.456	0.267	0.525	0.438	-16.6	1.936	1.849	-4.4
Consensus forecast	0.689	0.456	0.267	0.460	0.438	-4.8	1.840	1.849	+0.5
High	0.689	0.456	0.267	0.520	0.438	-15.8	1.960	1.849	-5.7
Low	0.689	0.456	0.267	0.410	0.438	+6.8	1.610	1.849	+14.8

Source: Edison Investment Research, Refinitiv (prior forecasts 21 February 2023)

## Medium- to long-term outlook

Concurrent with its Q422/FY22 results, Newmont presented its medium- to long-term production [outlook to investors](#). A comparison of Newmont's guidance with both its prior (December 2021) equivalent guidance and Edison's (updated) production and cost assumptions for the period FY23–27 is provided in the table below:

	FY23	FY24	FY25	FY26	FY27
<b>Edison previous</b>					
Production (Moz)	6.195	6.976	6.996	6.191	6.744
Cost applicable to sales (US\$/oz)	907	736	732	786	701
<b>Edison current</b>					
Production (Moz)	5,979	6,255	6,428	6,381	6,416
Cost applicable to sales (US\$/oz)	946	886	823	813	806
<b>Edison change (%)</b>					
Production	-3.5	-10.3	-8.1	+3.1	-4.9
Cost applicable to sales	+4.3	+20.4	+12.4	+3.4	+15.0
<b>Newmont guidance*</b>					
Production (Moz)	5.7–6.3	5.9–6.5	5.9–6.5	6.1–6.7	6.1–6.7
Cost applicable to sales (US\$/oz)	870–970	850–950	780–880	750–850	750–850
<b>Edison cf Newmont</b>					
Production	Mid-range	Mid-range	Upper range	Mid-range	Mid-range
Cost applicable to sales	Upper range	Mid-range	Mid-range	Mid-range	Mid-range
<b>Newmont previous guidance**</b>					
Production (Moz)	6.0–6.6	6.2–6.8	6.2–6.8	6.2–6.8	6.2–6.8
Cost applicable to sales (US\$/oz)	740–840	700–800	700–800	700–800	700–800
<b>Guidance change (%)</b>					
Production (mid-point)	-4.8	-4.6	-4.6	-1.5	N/A
Cost applicable to sales (mid-point)	+16.5	+20.0	+10.7	+6.7	N/A

Source: Newmont, Edison Investment Research. Note: \*From 23 February 2023. \*\*From 2 December 2021.

In general, it may be seen that Newmont has reduced its production guidance by approximately 300koz per annum (albeit declining to only 100koz by FY26), while it has increased its cost guidance by c US\$150/oz (or c 20%) in the near term, albeit by just c US\$50/oz (or 6.7%) in the longer term. Edison has now brought its production and cost forecasts into line with the company's guidance, involving the changes shown. As a result, Edison's forecasts are now, in general, in the middle of the range of guidance provided by Newmont, with the exception of FY23 costs (for which Edison is at the high end of the range) and FY25 production, when Ahafo North and the Tanami Expansion 2 project are anticipated to be coming on stream (and for which Edison is also at the top end of the range).

In addition to cost and production guidance for FY23–27, Newmont has also provided capex guidance as follows:

US\$m	FY23	FY24	FY25	FY26	FY27
Sustaining capex	1,000–1,200	1,000–1,200	1,000–1,200	1,000–1,200	1,000–1,200
Development capex	1,200–1,400	1,200–1,400	800–1,000	500–700	300–500
<b>Total</b>	<b>2,200–2,600</b>	<b>2,200–2,600</b>	<b>1,800–2,200</b>	<b>1,500–1,900</b>	<b>1,300–1,700</b>

Source: Newmont

However, while Newmont's production guidance over the next decade includes production from the Yanacocha Sulphides project (effectively from H227), its development capital outlook only includes spend related to Yanacocha Sulphides for FY23 and FY24 ahead of an investment decision planned for late 2024, but not thereafter. In order to match production with capex therefore, Edison

has added our estimate of development capital expenditure related to the Yanacocha Sulphides project for years beyond FY24 to Newmont's guidance for development capital expenditure in those years, such that our estimates for total capital expenditure over the next five years (inclusive) is as follows:

**Exhibit 6: Edison estimate of NEM capex\*, FY23–27 (US\$m)**

US\$m	FY23	FY24	FY25	FY26	FY27
Estimated capex	2,450	2,400	2,375	2,716	1,701

Source: Edison Investment Research. Note: \*Including Yanacocha Sulphides capex for FY25–27.

Readers' attention is drawn to the uplift in Edison capex estimates compared with the mid-range of guidance of US\$375m in FY25, US\$1,016m in FY26 and US\$201m in FY27 (total US\$1,572m), which we believe is consistent with Newmont's Yanacocha Sulphides project capex estimate of c US\$2bn.

## FY23 forecasts by quarter

---

Whereas in FY22, Newmont anticipated production to be weighted towards the second half of the year in the approximate ratio 47:53 H1:H2, in FY23, it expects production to be weighted towards the second half of the year in the ratio c 45:55.

In the light of Newmont's Q422 results as well as its updated guidance, we have calculated the following operational forecasts for the company's geographical regions for FY23:

**Exhibit 7: Newmont Q123–Q423e operational estimates**

Region	Production (koz)					Costs applicable to sales (US\$/oz)				
	Q123e	Q223e	Q323e	Q423e	FY23e	Q123e	Q223e	Q323e	Q423e	FY23e
<b>Updated</b>										
North America	311	296	341	334	1,283	1,015	1,062	918	1,028	1,004
South America	194	216	224	224	857	1,121	1,060	1,060	1,098	1,084
Australia	267	295	365	340	1,267	940	851	694	760	800
Africa	188	196	347	285	1,015	1,251	1,195	677	824	924
Nevada	290	290	307	325	1,211	986	986	938	897	950
<b>Sub-total</b>	<b>1,250</b>	<b>1,293</b>	<b>1,584</b>	<b>1,507</b>	<b>5,634</b>	<b>1,045</b>	<b>1,017</b>	<b>841</b>	<b>914</b>	<b>946</b>
Pueblo Viejo (40%)	86	86	86	86	345					
<b>Total (attributable) gold</b>	<b>1,336</b>	<b>1,379</b>	<b>1,670</b>	<b>1,593</b>	<b>5,978</b>					
<b>Prior</b>										
North America	326	319	312	305	1,263	1,145	1,182	1,221	1,261	1,201
South America	200	200	200	200	798	980	980	980	980	980
Australia	337	345	352	381	1,415	714	697	686	645	684
Africa	276	286	296	304	1,163	684	660	638	621	650
Nevada	287	287	305	322	1,200	1,092	1,092	1,040	996	1,053
<b>Sub-total</b>	<b>1,426</b>	<b>1,437</b>	<b>1,465</b>	<b>1,512</b>	<b>5,840</b>	<b>921</b>	<b>917</b>	<b>905</b>	<b>885</b>	<b>907</b>
Pueblo Viejo (40%)	89	89	89	89	355					
<b>Total (attributable) gold</b>	<b>1,515</b>	<b>1,526</b>	<b>1,554</b>	<b>1,601</b>	<b>6,195</b>					

Source: Edison Investment Research. Note: Totals may not add up owing to rounding.

Assuming a gold price of US\$1,868/oz for the remainder of the year (cf US\$1,749/oz for the full year, previously) and an effective tax rate for the year of 34% (in the middle of guidance of 32–36%), this operational performance translates into financial forecasts for Newmont for FY23 as follows:

**Exhibit 8: Newmont quarterly income statement, Q123–Q423e**

US\$m (unless otherwise indicated)	Q123e (prior)	Q123e	Q223e (prior)	Q223e	Q323e (prior)	Q323e	Q423e (prior)	Q423e	FY23e	FY23e (prior)
Sales	2,848	3,029	2,869	2,804	2,918	3,337	2,998	3,202	12,372	11,633
Costs and expenses										
– Costs applicable to sales	1,502	1,568	1,506	1,574	1,515	1,585	1,527	1,633	6,361	6,051
– Depreciation and amortisation	571	521	579	553	597	665	617	651	2,390	2,364
– Reclamation and remediation	90	90	90	90	90	90	90	90	359	358
– Exploration	69	56	69	56	69	56	69	56	225	276
– Advanced projects, research and development	43	69	43	69	43	69	43	69	275	170
– General and administrative	73	69	73	69	73	69	73	69	275	292
– Impairment of long-lived assets	0	0	0	0	0	0	0	0	0	0
– Care and maintenance	0	0	0	0	0	0	0	0	0	0
– Loss on assets held for sale										
– Other expense, net	18	18	18	18	18	18	18	18	70	70
Total	2,365	2,390	2,377	2,428	2,404	2,551	2,435	2,585	9,954	9,580
Other income/(expenses)										
– Gain on formation of Nevada Gold Mines									0	0
– Gain on asset and investment sales, net									0	0
– Other income, net	56	40	56	40	56	40	56	40	160	224
– Interest expense, net of capitalised interest	(25)	(50)	(23)	(49)	(22)	(51)	(19)	(46)	(196)	(89)
	31	(10)	33	(9)	34	(11)	37	(6)	(36)	135
Income/(loss) before income and mining tax	515	628	525	366	548	775	599	611	2,381	2,188
Income and mining tax benefit/(expense)	(212)	(214)	(216)	(125)	(224)	(264)	(240)	(208)	(810)	(892)
Effective tax rate (%)	41.2	34.0	41.0	34.0	40.8	34.0	40.1	34.0	34.0	40.8
Profit after tax	303	415	310	242	324	512	359	403	1,572	1,296
Equity income/(loss) of affiliates	32	51	31	39	30	38	30	38	166	123
Net income/(loss) from continuing operations	335	465	341	281	355	550	389	441	1,737	1,419
Net income/(loss) from discontinued operations									0	0
Net income/(loss)	335	465	341	281	355	550	389	441	1,737	1,419
Minority interest	5	13	5	9	5	9	5	7	38	20
Ditto (%)	1.6	2.7	1.6	3.1	1.5	1.6	1.4	1.7	2.2	1.5
Net income/(loss) attributable to stockholders	329	453	335	272	350	541	383	434	1,700	1,398
Adjustments to net income	0	0	0	0	0	0	0	0	0	0
Adjusted net income	329	453	335	272	350	541	383	434	1,700	1,398
Net income/(loss) per common share (US\$)										
Basic										
– Continuing operations	0.415	0.570	0.423	0.343	0.440	0.682	0.483	0.546	2.141	1.761
– Discontinued operations	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
– Total	0.415	0.570	0.423	0.343	0.440	0.682	0.483	0.546	2.141	1.761
Diluted										
– Continuing operations	0.412	0.566	0.420	0.341	0.437	0.677	0.479	0.542	2.126	1.748
– Discontinued operations	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
– Total	0.412	0.566	0.420	0.341	0.437	0.677	0.479	0.542	2.126	1.748
Basic adjusted net income per share (US\$)	0.415	0.570	0.423	0.343	0.440	0.682	0.483	0.546	2.141	1.761
Diluted adjusted net income per share (US\$)	0.412	0.566	0.420	0.341	0.437	0.677	0.479	0.542	2.126	1.748
DPS (US\$/share)	0.400	0.400	0.400	0.400	0.400	0.400	0.400	0.400	1.600	1.600

Source: Newmont Corporation, Edison Investment Research

This basic adjusted EPS forecast of US\$2.141/share (vs US\$1.761/share previously) for FY23 compares to the market consensus, by quarter, as follows:

**Exhibit 9: FY23 basic adjusted EPS forecast, Edison versus consensus (US\$/share)**

	Q123e	Q223e	Q323e	Q423e	Sum Q1–Q423e	FY23e
Edison forecast	0.570	0.343	0.682	0.546	2.141	2.141
Consensus forecast	0.410	0.480	0.640	0.610	2.140	2.120
High	0.690	0.820	0.930	1.020	3.490	3.450
Low	0.180	0.210	0.260	0.220	0.870	0.860

Source: Edison Investment Research, Refinitiv (13 March 2023)

Readers' attention is drawn to the relatively wide range of consensus forecasts for FY23, which we would attribute to varying gold price assumptions.

## Dividend

Newmont's dividend framework remains the same as that set out in Q320, whereby it formally rebased its dividend to a 'base' payout of US\$1.00/share (or US\$0.25/share per quarter), albeit this has now been recalibrated to a gold price of US\$1,400/oz – being the price at which it calculates its reserves (cf US\$1,200/oz previously). Its intention is that this will represent a stable base dividend at reserve pricing of US\$1.00/share. It will then review the incremental portion of the dividend on an annual basis, considering the cash flows that it expects to generate at higher gold prices and provide an incremental dividend range that it would expect to pay in addition to its base dividend. This will typically be evaluated in gold price increments of US\$300/oz from the 'base' level of US\$1,400/oz with the expectation that every US\$300/oz by which the gold price exceeds this level in FY23 will result in the base dividend being augmented by approximately US\$0.10–0.20/share per quarter (or US\$0.40–0.80/share per annum), all other things being equal. For the full year therefore, Newmont has a targeted payout range of US\$1.40–1.80/share. As such, its dividend of US\$0.40/share for Q422 was exactly at the mid-point of this range on an annualised basis. This gives rise to a number of possibilities for future quarterly dividends in FY23:

- The lower end of Newmont's FY23 targeted dividend of US\$1.40/share could be rationalised as four quarterly payments of US\$0.35/share; however, we think that it is unlikely that the company will want to cut its quarterly payout from the fourth quarter's level unless the gold price is notably below the US\$1,700/oz level.
- The higher end of Newmont's FY23 targeted dividend of US\$1.80/share could be rationalised as four payments of US\$0.45/share. This must be regarded as a possibility, given the current level of the gold price, but comes with the risk that a gold price decline below US\$1,700/oz later in the year might require a subsequent cut in the quarterly dividend payment, which we believe management would wish to avoid.
- The lower end of Newmont's FY23 targeted dividend of US\$1.40/share could also be rationalised as two payments of US\$0.25/share or two of US\$0.45/share; again however, we do not believe that management would want to cut the level of the quarterly dividend from the fourth quarter's level of US\$0.40/share unless it was necessitated by a fall in the gold price.

In its philosophy, Newmont has made a virtue of a stable dividend. At the same time, we believe that its payout of US\$0.40/share in Q422 signals that future quarterly payments at the same level (ie US\$0.25/share per quarter 'base' dividend plus US\$0.15/share per quarter 'incremental' dividend) are acceptable. As a consequence, at gold's current level above US\$1,700/oz, we anticipate that Newmont's FY23e quarterly dividend level will remain at least US\$0.40/share per quarter. Should the gold price move away from this level however, we think that the following dividend payout rates are possible (subject to cash flow, cash requirements, inflation etc):

**Exhibit 10: Edison estimate of NEM FY23 dividend payout rates with respect to gold price**

Gold price (US\$/oz)	Estimated dividend payout rate (US\$/share per quarter)
1,250–1,550	0.25
1,550–1,700	0.35
1,700–1,850	0.40
1,850–2,000	0.45
2,000–2,150	0.55

Source: Edison Investment Research.

For the moment, we have also made these assumptions the basis of our FY24 dividend forecast of US\$1.40/share (in combination with our gold price forecasts presented in Exhibit 13), although we note that the board assesses the variable component of the dividend annually in alignment with its business planning cycle and considering the prevailing macroeconomic environment and the required level of reinvestment in the business. As such, it is worth reminding investors that the dividend framework is non-binding and that the declaration and payment of future quarterly

dividends remains at the discretion of Newmont's board of directors and will depend, among other things, on the company's financial results, cash flow, cash requirements and future prospects, etc.

## Reserves and resources

---

In addition to its financial results, on 23 February, Newmont also announced the results of its annual resource and reserve estimation. Full details of the updated reserves and resources statement and of the changes in the categorisations of reserves and resources, by asset, are available on Newmont's [website](#). However, a brief summary is provided below:

- Despite 7.2Moz in attributable depletion, aggregate reserves and resources increased by 13.37Moz, albeit 13.4Moz (gross) and 12.98Moz (net) of the change could be accounted for by three assets (highlighted in bold in the table below) subject to either acquisition or disposal by Newmont.
- Additions to reserves of 8.6Moz more than covered depletion of 7.2Moz during the year (exceeding Newmont's target – see below).
- Excluding acquisitions and disposals, reserves would have increased organically from 92.8Moz to 93.0Moz, while measured and indicated resources would have increased by 0.6Moz to 68.9Moz and inferred resources would have declined by 1.0Moz to 32.2Moz (all stated after depletion).
- Reserves of 96.1Moz account for 46.3% of Newmont's total attributable mineral inventory of 207.68Moz.
- Over 90% of gold reserves are in top-tier jurisdictions, with 33% of the total in North America (cf 36% previously), 39% in South America (cf 33%), 17% in Australia (cf 19% previously) and 11% in Africa (cf 12% previously).
- Significant exposure to other metals, including copper with 15.7bn lbs in reserves (cf 15.1bn lbs previously), 17.9bn lbs in measured and indicated resources (cf 17.8bn) and 8.6bn lbs in inferred resources (cf 8.6bn lbs).

The following table summarises the year-on-year changes in Newmont's attributable resources and reserves, by asset. Readers should note that, ordinarily, Newmont reports its resources exclusive of reserves. In this case, however, we have aggregated reserves with resources to provide an indication of the full mineral inventory attributable to the company.

**Exhibit 11: Newmont attributable resources and reserves, by asset, FY22 versus FY21**

Asset	Category	Reserves & resources (FY21)			Reserves & resources (FY22)			Change (units)		
		Tonnes (kt)	Grade (g/t)	Contained gold (koz)	Tonnes (kt)	Grade (g/t)	Contained gold (koz)	Tonnes (kt)	Grade (g/t)	Contained gold (koz)
CC&V	Total	208,100	0.47	3,150	248,100	0.42	3,330	40,000	-0.05	+180
Musselwhite	Total	16,400	5.01	2,640	17,300	5.07	2,820	900	0.06	+180
Porcupine	Total	205,800	1.49	9,880	179,300	1.67	9,610	-26,500	0.17	-270
Éléonore	Total	17,000	5.09	2,780	14,400	5.29	2,450	-2,600	0.21	-330
Penasquito	Total	659,800	0.44	9,270	712,100	0.40	9,100	52,300	-0.04	-170
Noche Buena	Total	22,600	0.36	260	21,500	0.36	250	-1,100	0.00	-10
Coffee	Total	62,300	1.18	2,370	61,100	1.21	2,370	-1,200	0.02	0
Galore Creek	Total	650,900	0.25	5,300	717,300	0.24	5,440	66,400	-0.02	+140
<b>Conga*</b>	<b>Total</b>	<b>474,700</b>	<b>0.59</b>	<b>8,970</b>	<b>924,300</b>	<b>0.59</b>	<b>17,470</b>	<b>449,600</b>	<b>0.00</b>	<b>+8,500</b>
<b>Yanacocha*</b>	<b>Total</b>	<b>250,000</b>	<b>0.90</b>	<b>7,220</b>	<b>487,000</b>	<b>0.89</b>	<b>13,910</b>	<b>237,000</b>	<b>-0.01</b>	<b>+6,690</b>
Merian	Total	167,200	1.16	6,260	149,400	1.36	6,530	-17,800	0.19	+270
Cerro Negro	Total	19,900	7.49	4,790	19,500	7.70	4,830	-400	0.22	+40
Pueblo Viejo	Total	170,400	1.99	10,900	160,200	2.00	10,320	-10,200	0.01	-580
Nueva Union	Total	704,000	0.46	10,490	704,000	0.46	10,490	0	0.00	0
Norte Abierto	Total	1,642,500	0.51	26,810	1,642,500	0.51	26,810	0	0.00	0
<b>Aqua Rica</b>	<b>Total</b>	<b>419,200</b>	<b>0.16</b>	<b>2,210</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>-419,200</b>	<b>-0.16</b>	<b>-2,210</b>
Boddington	Total	838,300	0.61	16,390	787,900	0.60	15,160	-50,400	-0.01	-1,230
Tanami	Total	80,400	3.84	9,920	86,100	3.55	9,830	5,700	-0.29	-90
Ahafo	Total	173,300	1.99	11,080	158,400	2.12	10,790	-14,900	0.13	-290
Ahafo North	Total	69,300	2.15	4,800	75,700	2.14	5,220	6,400	-0.01	+420
Akyem	Total	56,100	1.80	3,250	51,300	1.92	3,160	-4,800	0.11	-90
Nevada	Total	536,500	2.06	35,570	599,900	1.96	37,790	63,400	-0.10	+2,220
<b>Total</b>	<b>Measured &amp; proven</b>	<b>1,267,500</b>	<b>0.96</b>	<b>39,070</b>	<b>1,189,800</b>	<b>0.94</b>	<b>36,140</b>	<b>-77,700</b>	<b>-0.01</b>	<b>-2,930</b>
<b>Total</b>	<b>Indicated &amp; probable</b>	<b>4,681,300</b>	<b>0.81</b>	<b>122,040</b>	<b>5,060,300</b>	<b>0.83</b>	<b>135,410</b>	<b>379,000</b>	<b>0.02</b>	<b>13,370</b>
<b>Total</b>	<b>Inferred</b>	<b>1,495,900</b>	<b>0.69</b>	<b>33,200</b>	<b>1,567,200</b>	<b>0.72</b>	<b>36,130</b>	<b>71,300</b>	<b>0.03</b>	<b>2,930</b>
<b>Total</b>	<b>Total</b>	<b>7,444,700</b>	<b>0.81</b>	<b>194,310</b>	<b>7,817,300</b>	<b>0.83</b>	<b>207,680</b>	<b>372,600</b>	<b>0.01</b>	<b>13,370</b>

Source: Newmont, Edison Investment Research. Note: \*Shown at 51.35% attributable interest (ie prior to Buenaventura and Sumitomo transactions) in FY21. Numbers may not add up owing to rounding.

Newmont's ongoing target is to replace approximately two-thirds of its mining depletion through additions 'via the drill bit', with 100% replaced over a five year period, including acquisitions.

In FY23, Newmont's attributable exploration expenditure for managed operations is expected to be c US\$200m (cf US\$250m in FY22) plus a further US\$25m for its share of its non-managed joint ventures' exploration (cf US\$45m). Approximately 80% of the total will be dedicated to near-mine expansion programmes with a focus on extending mine life, developing districts and discovering new opportunities in the most favourable jurisdictions. The remaining 20% will be allocated to the advancement of greenfields projects (unchanged cf FY22).

Geographically, the company expects to make approximately 32% of its investment in North America (cf 38% in FY22), 30% in South America (cf 23%), 20% in Australia (cf 17%) and 18% in Africa and other locations (cf 22%). The table below briefly summarises the percentage of Newmont's exploration budget accounted for by each region compared to the percentage of its reserves currently accounted for by each region.

**Exhibit 12: Newmont percentage of group attributable reserves of FY23 exploration budget**

Region	Percent of group attributable reserves (%)	Percentage of exploration budget (%)
North America	33	32
South America	39	30
Australia etc	17	20
Africa etc	11	18
<b>Total</b>	<b>100</b>	<b>100</b>

Source: Newmont, Edison Investment Research.

## The exploration challenge in the long term

As Newmont sees it, the challenge in discovering the next generation of mines is to be able to identify deeper, so-called ‘blind’ deposits that are under cover, rather than those originally discovered from outcrops (readers are directed towards Newmont’s 2021 [Exploration update presentation](#) for detailed information on this strategy). Its philosophy towards exploration is therefore to understand completely the geological systems in which it has a presence on both a regional and district scale – a goal that it believes cannot be achieved by operating a decentralised model. Immediate examples of domains with such multi-million ounce endowments include (but are not limited to) the Tintina Province in the Yukon, the Golden Triangle in British Columbia, the Carlin Trend, the Guiana Shield, the Superior Province in Canada, the Yilgarn, the West African Craton, the Nubian Shield and the Deseado Massif in Chile/Argentina, where, in addition to reserve expansion potential, Newmont’s existing presence also makes them attractive from the perspective of offering synergies with existing operations. In this context, it is worth noting that c 80% of Newmont’s reserves are located within easy trucking distance of an existing operating site and are therefore able to contribute relatively easily to low-cost, value-focused production for minimal investment.

## Valuation

---

As outlined earlier in this note, Edison’s forecasts for production and costs applicable to sales have now been brought into line with Newmont’s guidance over the next five years, while our forecast for capex (including the Yanacocha Sulphides project) is as shown in Exhibit 6. Otherwise, our approach to the valuation of Newmont has remained unchanged since our initiation note in February 2021 (see [The sustainable leader](#), published on 9 February 2021). Our longer-term gold price forecasts (in real terms) remain unchanged – and relatively conservative – as follows:

**Exhibit 13: Edison (real) gold price forecast, FY24–27 (US\$/oz)**

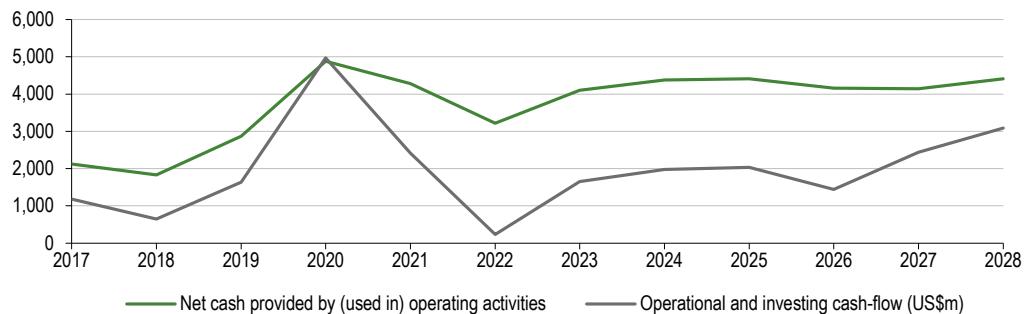
Year	FY24e	FY25e	FY26e	FY27e
Gold price forecast (US\$/oz)	1,681	1,617	1,554	1,524

Source: Edison Investment Research

## Absolute valuation and sensitivities

In our methodology, we have opted to discount forecast dividends back over six years from the start of FY23 and then to apply an ex-growth terminal multiple to forecast cash flows in that year (ie FY28 – when forecast capex is forecast to fall back from ‘elevated’ to ‘ambient’ levels) based on the appropriate discount rate. We would normally exclude exploration expenditure from such a calculation on the basis that it is a discretionary investment. In the case of Newmont, however, we have included it in our estimate of future cash flows on the grounds that it will be a critical component of ongoing business performance in its ability to continually expand and extend the lives of the company’s assets via exploration.

In the wake of our adjustments, our forecast of Newmont’s operational and pre-financing cash flows over the next six years is as follows:

**Exhibit 14: Edison forecast of NEM operating & pre-financing cash flows, FY17–28e (US\$m)**


Source: Newmont (historical figures), Edison Investment Research (forecasts)

Readers should note the decline in forecast operational and investing cash flows in FY26, which corresponds with our estimate of peak capex, including Yanacocha Sulphides, in particular (see Exhibits 5 and 6).

On the basis of these cash flow estimates, our estimate of 'terminal' pre-financing cash flow is now US\$3.89/share in FY28 (cf US\$3.62/share in FY27 previously). Applying a (real) discount rate of 6.52% (calculated from a nominal expected equity return of 9% and decreased long-term inflation expectations of 2.3303%, cf 2.2305% previously, as defined by the US 30-year break-even inflation rate – source: Bloomberg, 7 March) to this estimate, our terminal valuation of the company at end-FY28 is US\$59.74/share (cf US\$54.74/share at end-FY27 previously) or US\$47.30/share in FY23 (cf US\$50.14/share previously). However, this valuation is based on the inherently conservative assumption of zero growth in (real) cash flows beyond FY28. The terminal valuation would increase to US\$87.91/share (cf US\$79.99/share previously) if growth in real cash flows after FY28 amounts to just 2.0% per annum (ie the minimum that might be expected from the average historical annual increase in the real price of gold of 2.0% pa) and the valuation at the start of FY23 to US\$66.59/share (cf US\$68.47/share previously). It also compares with results of US\$60.02/share (assuming 0% long-term growth in cash flows beyond FY28) and US\$84.80/share (assuming 2% growth in long-term cash-flows beyond FY28) if the gold price remains at current levels in real terms (US\$1,868/oz), effectively indefinitely (with the added refinement that mining at Nevada Gold Mines does not then revert to the reserve grade in that year on account of the relatively high sustained level of the gold price).

Note that this (absolute) analysis inherently excludes any value to Newmont from its other development assets, such as Coffee, Galore Creek, Conga, Norte Abierto and Nueva Union, which together represent combined reserves and resources of 62.58Moz attributable to Newmont.

## Relative Newmont valuation

Newmont's valuation on a series of commonly used measures, relative to its peer group of the seven largest publicly quoted western senior gold producers, is as follows:

**Exhibit 15: Newmont valuation relative to peers\***

Company	Share price	Ticker	P/E (x)			P/cash flow (x)			EV/EBITDA (x)			Yield (%)		
			Year 1	Year 2	Year 3	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
Newmont (Edison)	US\$45.12	NEM	21.1	29.8	29.7	8.7	8.2	8.1	7.9	7.9	7.5	3.5	3.1	3.1
Newmont (consensus)	US\$45.12	NEM	21.3	18.2	17.9	9.2	8.6	8.9	7.5	6.9	6.6	4.0	3.8	4.0
Barrick	C\$23.38	ABX	21.2	17.1	16.3	7.4	6.9	6.5	7.3	6.3	6.3	2.4	3.6	3.9
AngloGold	ZAR347.96	ANGJ	12.3	9.9	9.6	6.1	5.4	6.2	4.9	4.2	4.3	1.4	2.3	2.4
Gold Fields	US\$10.54	GFI	14.5	8.6	9.6	5.9	5.0	4.8	5.2	3.6	4.0	2.7	3.5	3.4
Kinross	C\$5.20	K	13.9	11.9	9.9	3.9	3.9	4.1	5.1	5.1	4.7	2.9	3.0	2.9
Newcrest	A\$24.74	NCM AU	19.8	20.8	19.2	9.9	9.0	9.0	7.6	7.8	7.4	2.4	1.4	1.4
Harmony	ZAR64.69	HARJ	9.8	7.1	6.4	4.7	3.1	3.2	4.3	3.6	3.7	0.8	0.7	3.4
Endeavour (consensus)	C\$29.46	EDV	14.4	12.8	11.4	5.0	4.6	4.2	4.7	4.3	4.0	4.1	4.1	4.4
<b>Average (excl NEM)</b>			<b>15.1</b>	<b>12.6</b>	<b>11.8</b>	<b>6.1</b>	<b>5.4</b>	<b>5.4</b>	<b>5.6</b>	<b>5.0</b>	<b>4.9</b>	<b>2.4</b>	<b>2.6</b>	<b>3.1</b>

Source: Edison Investment Research, Refinitiv. Note: \*Consensus and peers priced on 13 March 2023

From the table above, it can be seen that while Newmont continues to command a premium rating relative to its peer group on most valuation measures, it remains cheap with respect to its dividend yield in at least 13 out of 21 instances (ie 61%) over the next three years based on Edison forecasts. Based on consensus forecasts, it is cheap in 18 out of 21 instances (85%). As such, we estimate that Newmont's share price would have to rise by 44.3% for its dividend yield to match those of its peer group, based on consensus estimates. Based on our forecasts, we estimate its share price would have to rise by 18.4%.

As before, one further observation is merited concerning the comparability of the above measures. Given its policy of proportionately consolidating its interest in Nevada Gold Mines and that it owns 100% interests in the majority of its remaining mining operations (with the notable exception of Merian), estimates of cash flow in particular are also close to estimates of cash flow attributable to shareholders (Newmont estimates that 94.9% of free cash flow was attributable to the company's shareholders in FY22). This is in contrast to a number of its peers, where earnings and cash flow from assets not 100%-owned tend to be fully consolidated and therefore may not so easily approximate cash flow attributable to shareholders, making direct comparison using these measures either difficult or, potentially, misleading.

## Historical valuation

Based on Newmont's average historical P/E ratio of 24.6x current year earnings over the past 10 years, from FY13 to FY22, and its average historical yield of 1.9% over the same timeframe (excluding special dividends), a summary of our updated valuation of the company over 12 measures of value over the next three years is as follows:

**Exhibit 16: Newmont valuation summary (US\$/share in years shown)**

Basis of valuation		FY23e	FY24e	FY25e
Historical	Share price implied by Edison EPS forecast (US\$/share)	52.66	37.20	37.34
Historical	Share price implied by Edison DPS forecast (US\$/share)	83.48	73.05	73.05
Historical	Share price implied by consensus EPS forecast (US\$/share)	52.11	60.96	61.95
Historical	Share price implied by consensus DPS forecast (US\$/share)	94.44	89.74	93.39
<b>Average (US\$/share)</b>		70.67	65.24	66.43

Source: Edison Investment Research (underlying consensus data: Refinitiv, 13 March 2023)

**Exhibit 17: Financial summary**

Accounts: US GAAP, Yr end: December, USD: Millions		2018	2019	2020	2021	2022	2023e	2024e	2025e
<b>Income statement</b>									
Total revenues		7,253	9,740	11,497	12,222	11,915	12,372	11,827	11,719
Cost of sales		(4,093)	(5,195)	(5,014)	(5,435)	(6,468)	(6,361)	(6,335)	(6,123)
Gross profit		3,160	4,545	6,483	6,787	5,447	6,011	5,492	5,596
SG&A (expenses)		(244)	(313)	(269)	(259)	(276)	(275)	(275)	(275)
R&D costs		(350)	(415)	(309)	(363)	(460)	(500)	0	0
Other income/(expense)		(406)	(253)	(831)	(2,101)	(2,411)	(269)	(254)	(79)
Exceptionals and adjustments		(424)	2,220	214	(2,258)	(2,210)	0	0	0
Depreciation and amortisation		(1,215)	(1,960)	(2,300)	(2,323)	(2,185)	(2,390)	(2,947)	(3,236)
Reported EBIT		945	3,994	3,451	1,382	176	2,578	2,016	2,006
Finance income/(expense)		(207)	(301)	(308)	(274)	(227)	(196)	(289)	(207)
Reported PBT		738	3,693	3,143	1,108	(51)	2,381	1,727	1,799
Income tax expense (includes exceptionals)		(419)	(737)	(515)	(932)	(348)	(644)	(473)	(548)
Reported net income		380	2,884	2,791	233	(369)	1,737	1,254	1,251
Basic average number of shares, m		533	735	804	799	794	794	794	794
Basic EPS (US\$/share)		0.64	3.82	3.52	1.46	(0.54)	2.14	1.51	1.52
Adjusted EBITDA		2,584	3,734	5,537	5,963	4,550	4,968	4,963	5,242
Adjusted EBIT		1,369	1,774	3,237	3,640	2,365	2,578	2,016	2,006
Adjusted PBT		1,162	1,473	2,929	3,366	2,138	2,381	1,727	1,799
Adjusted EPS (US\$/share)		1.35	1.32	2.66	2.97	1.85	2.14	1.51	1.52
Adjusted diluted EPS (US\$/share)		1.34	1.32	2.66	2.96	1.85	2.13	1.50	1.51
Dividend per share (US\$/share)		0.56	0.56	1.45	2.20	2.05	1.60	1.40	1.40
<b>Balance sheet</b>									
Property, plant and equipment		12,258	25,276	24,281	24,124	24,073	24,133	23,586	22,725
Goodwill		58	2,674	2,771	2,771	1,971	1,971	1,971	1,971
Other non-current assets		3,122	5,752	5,812	5,973	5,923	5,923	5,923	5,923
Total non-current assets		15,438	33,702	32,864	32,868	31,967	32,027	31,480	30,619
Cash and equivalents		3,397	2,243	5,540	4,992	2,877	2,826	3,647	4,534
Inventories		630	1,014	963	930	979	1,156	1,105	1,095
Trade and other receivables		254	373	449	337	366	373	356	353
Other current assets*		996	2,642	1,553	1,437	2,293	2,293	2,293	2,293
Total current assets		5,277	6,272	8,505	7,696	6,515	6,648	7,401	8,276
Non-current loans and borrowings		3,608	6,734	6,045	6,109	6,036	5,622	5,622	5,622
Other non-current liabilities		3,808	8,438	8,076	9,940	9,987	10,205	10,316	10,246
Total non-current liabilities		7,416	15,172	14,121	16,049	16,023	15,827	15,938	15,868
Trade and other payables		303	539	493	518	633	573	571	552
Current loans and borrowings		653	100	657	193	96	96	96	96
Other current liabilities		831	1,746	2,219	1,943	2,197	2,197	2,197	2,197
Total current liabilities		1,787	2,385	3,369	2,654	2,926	2,866	2,864	2,845
Equity attributable to company		10,502	21,420	23,008	22,022	19,354	19,783	19,873	19,968
Non-controlling interest		1,010	997	871	(161)	179	199	207	214
<b>Cashflow statement</b>									
Profit for the year		380	2,884	2,791	233	(369)	1,737	1,254	1,251
Taxation expenses		386	832	704	1,098	455	810	587	612
Net finance expenses		207	301	308	274	227	196	289	207
Depreciation and amortisation		1,215	1,960	2,300	2,323	2,185	2,390	2,947	3,236
Share based payments		76	97	72	72	73	0	0	0
Other adjustments		749	(2,131)	(654)	2,277	2,215	359	254	79
Movements in working capital		(743)	(309)	295	(541)	(841)	(385)	(78)	(155)
Interest paid / received		(207)	(301)	(308)	(274)	(227)	(196)	(289)	(207)
Income taxes paid		(236)	(498)	(926)	(1,207)	(733)	(810)	(587)	(612)
Cash from operations (CFO)		1,827	2,866	4,882	4,279	3,220	4,102	4,377	4,412
Capex		(1,032)	(1,463)	(1,302)	(1,653)	(2,131)	(2,450)	(2,400)	(2,375)
Acquisitions & disposals net		(98)	224	1,463	(50)	172	0	0	0
Other investing activities		(47)	41	65	(15)	(830)	0	0	0
Cash used in investing activities (CFIA)		(1,177)	(1,226)	91	(1,868)	(2,983)	(2,450)	(2,400)	(2,375)
Net proceeds from issue of shares		(98)	(479)	(521)	(525)	0	0	0	0
Movements in debt		0	(1,186)	(175)	(390)	(89)	(414)	0	0
Dividends paid		(301)	(889)	(834)	(1,757)	(1,746)	(1,299)	(1,161)	(1,153)
Other financing activities		(56)	(223)	(150)	(286)	(521)	10	4	4
Cash from financing activities (CFF)		(455)	(2,777)	(1,680)	(2,958)	(2,356)	(1,703)	(1,156)	(1,149)
Currency translation differences and other		(4)	(3)	6	(8)	(30)	0	0	0
Increase/(decrease) in cash and equivalents		191	(1,140)	3,299	(555)	(2,149)	(51)	820	887
Cash and equivalents at end of period		3,489	2,349	5,648	5,093	2,944	2,893	3,714	4,601
Net (debt) cash		(864)	(4,591)	(1,162)	(1,310)	(3,255)	(2,892)	(2,071)	(1,184)

Source: Company sources, Edison Investment Research. Note: \*Includes time deposits.

## General disclaimer and copyright

This report has been commissioned by Newmont Corporation and prepared and issued by Edison, in consideration of a fee payable by Newmont Corporation. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

**Accuracy of content:** All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

**Exclusion of Liability:** To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out of or in connection with the access to, use of or reliance on any information contained on this note.

**No personalised advice:** The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

**Investment in securities mentioned:** Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright: Copyright 2023 Edison Investment Research Limited (Edison).

---

## Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

---

## New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

---

## United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

---

## United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.

---