

Pan American Silver

Strong Q4 finish and 2026 outlook

Pan American Silver (PAAS) delivered a strong operating finish to 2025, with attributable Q4 silver production of 7.3Moz beating both our estimate and full-year guidance. The year-end cash and short-term investments jumped to US\$1.3bn and we expect a dividend of up to US\$0.18 per share in Q4. For 2026, PAAS is leveraging record metal prices to invest more into projects; while this raises AISC and capex guidance, it better positions the company for when commodity prices start to normalise. We have upgraded our financial estimates and valuation. Beyond commodity tailwinds, we continue to view the upcoming Skarn PEA as a key share price catalyst.

Year end	Revenue (\$m)	EBITDA (\$m)	EPS (\$)	DPS (\$)	EV/EBITDA (x)	Yield (%)
12/23	2,316.1	680.6	0.19	0.41	39.2	0.6
12/24	2,818.9	1,028.6	0.80	0.40	26.0	0.6
12/25e	3,504.5	1,747.3	2.25	0.52	15.3	0.8
12/26e	4,646.6	2,891.9	3.83	0.64	9.2	1.0

Note: EBITDA is adjusted for the Juanicipio equity contribution. EPS is normalised.

Silver surprised on the upside in Q4

PAAS reported impressive Q425 operating results, with attributable production of 7.3Moz of silver and 198koz of gold. Consequently, full-year silver output of 22.8Moz, driven by stronger-than-expected results from Cerro Moro and Juanicipio, beat both our estimates and guidance, while gold production of 742koz came in within the guided range. The company ended the year with US\$1,319m in cash and short-term investments, an increase of US\$408m from September. The robust cash flow performance was driven by the Juanicipio dividend, strong metal sales and commodity prices. The implied year-end net cash position would support a dividend increase to up to US\$0.18/share under the company's dividend policy.

FY26 guidance: Capitalising on the cycle

For 2026, PAAS guides attributable production of 25.0–27.0Moz of silver and 700–750koz of gold. Costs are expected to rise mainly as a function of higher metal prices, FX and higher sustaining capex. Project spend is guided to increase as well. We believe this is a prudent approach given the current backdrop of record silver and gold prices. It should put the company in a stronger position once metal prices start to normalise. We have upgraded our forecasts to reflect this guidance and higher commodity price assumptions, now modelling FY26e revenue of US\$4.65bn and EBITDA of US\$2.89bn. With consensus metal prices looking increasingly conservative, we believe risks to our estimates remain on the upside.

Valuation: At a premium to NAV

Following these updates, our DCF-based valuation of PAAS increases from US\$44/share to US\$51/share. While this is below the market, we note that precious metals producers frequently trade at premiums of 1.0–2.0x to cash flow-based valuations during commodity bull cycles. The current price implies a reasonably conservative c 1.3x P/NAV premium to our valuation. Given the strong share price correlation with precious metal prices, we see further upside potential if near-term market sentiment remains bullish. Beyond commodity tailwinds, we continue to view the upcoming Skarn PEA and potential partnership news as key share price catalysts.

Operating results and guidance

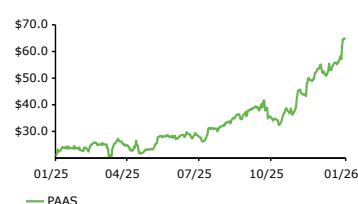
Metals and mining

27 January 2026

Price **\$64.82**
Market cap **\$27,209m**

Net cash at end-FY25e including short-term investments and leases \$508.0m
 Shares in issue 421.8m
 Free float 100.0%
 Code PAAS
 Primary exchange TSX
 Secondary exchange NYSE

Share price performance



%	1m	3m	12m
Abs	19.8	78.8	200.4
52-week high/low		\$61.9	\$20.3

Business description

Pan American Silver is one of the largest global primary silver producers and a sizeable gold miner with operations in North, Central and South America since 1994. Its portfolio includes 10 producing operations, the currently suspended top tier Escobal silver mine and a number of large-scale advanced exploration/development projects.

Next events

FY25 final results 18 February 2026

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2025 silver production beat

PAAS reported an impressive set of Q425 operating results, with total attributable production of 7.3Moz of silver and 197.8koz of gold. As a result, attributable silver output for the full year was 22.8Moz, beating our estimate (22.4Moz) and the company's updated guidance (22.0–22.5Moz), while gold production of 742.2koz was within guidance (735–800koz) but slightly below our estimate (753koz). In the silver segment, the biggest surprise came from the very strong performance at Cerro Moro, which saw a c 65% q-o-q increase in production to 0.92Moz (FY25: 2.5Moz), as well as Juanicipio, which contributed 1.9Moz of silver in Q425 (FY25: 2.5Moz), exceeding both our expectations and the company's. In the gold segment, all projects except for Shahuindo saw a healthy sequential increase in quarterly production.

PAAS finished the year with US\$1,319m in cash and short-term investments, representing an increase of c US\$408m from end September 2025 and excluding US\$127m in attributable cash at the Juanicipio level. In addition to US\$44m in dividends received from Juanicipio (in line with our expectations), we believe that the robust cash flow generation in the fourth quarter was driven by seasonally strong metal sales and higher commodity prices. Based on the company's dividend policy, we expect it to announce a dividend of up to US\$0.18/share for Q425 versus US\$0.14/share in Q325. Moreover, the elevated silver and gold prices suggest a further increase in shareholder distributions this year. PAAS will report its full FY25 financial results on 18 February.

Exhibit 1: PAAS Q425 and FY25 production results

	Silver production, Moz		Gold production, koz	
	Q425	FY25	Q425	FY25
La Colorada	1.61	6.02	1.1	4.6
Juanicipio*	1.91	2.49	4.8	6.7
Cerro Moro	0.92	2.51	27.6	83.1
Huaron	0.78	3.33	0.1	0.1
San Vicente*	0.76	2.93	-	-
Total silver segment	5.98	17.28	33.6	94.5
Jacobina	-	-	50.8	190.5
El Penon	1.06	3.91	30.5	115.2
Timmins	0.00	0.01	25.9	103.6
Shahuindo	0.05	0.24	32.7	132.2
Minera Florida	0.06	0.42	18.9	68.6
Dolores	0.11	0.97	5.4	37.6
Total gold segment	1.28	5.55	164.2	647.7
Total attributable production	7.26	22.83	197.8	742.2

Source: PAAS. Note: *Juanicipio represents PAAS's 44% interest; San Vicente 95% interest.

2026 guidance: Strong commodity prices support extra investment

In 2026, PAAS expects to produce 25.0–27.0Moz of silver and 700–750koz of gold on an attributable basis. In the silver segment, Cerro Moro is projected to deliver a further increase in output driven by mine sequencing into higher silver grade zones, while Juanicipio will contribute for the full year, accounting for the majority of the remaining increase in guidance. Conversely, the gold segment is expected to see flat to somewhat lower attributable production, mainly due to the expected reduction in output at Jacobina (scheduled plant maintenance), El Penon (exhaustion of the lower grade stockpile) and Dolores (end of residual leaching phase), which should be partly offset by Juanicipio and strong production expectations for Timmins. The company guides production to be second-half weighted for both silver and gold.

Costs are generally expected to rise in 2026, with all-in sustaining cost (AISC) guidance set at US\$15.75–18.25/oz for the silver segment (FY25 updated guidance: US\$14.5–16.0/oz) and US\$1,700–1,850/oz for gold (FY25: US\$1,525–1,625/oz). At the project level, Jacobina, La Colorada, Huaron and San Vicente are all expected to see a visible increase in costs. At the same time, the projects with high by-product credits such as Cerro Moro and El Penon will continue to benefit strongly from the record gold and silver prices, while Juanicipio is expected to continue delivering low-cost, high-margin ounces.

While some of the cost pressures stem from the impact of higher metal price assumptions on royalties and smelting/refining charges as well as forex, we believe there is a more strategic reason behind the cost escalation. The company appears to be utilising the current environment of elevated commodity prices to increase project investment, plant maintenance, mine development and exploration activity (see Exhibits 3 and 4). These investments will put PAAS in a

stronger position once commodity prices start to normalise.

More specifically, 2026 operating forecasts reflect the following assumptions:

- La Colorada: Additional royalties and higher sustaining capital for mine equipment and tailings storage facility.
- Juanicipio: Full-year contribution of low-cost, high-margin production.
- Cerro Moro: Mine sequencing into higher-silver grade zones and the effect of higher gold prices on by-product credits.
- Huaron: Continued higher proportion of mill feed from development versus stoping ore, resulting in lower-than-reserve grade ore mined and increased costs.
- San Vicente: Higher royalties from higher metal price assumptions, scheduled plant maintenance in Q126 and an increase in sustaining capital related to tailings storage facility and plant upgrades.
- Jacobina: Scheduled plant maintenance in Q326, increased operating costs from additional development and higher hauling contract rates, and higher sustaining capital spend on mine equipment and plant upgrades.
- El Penon: Exhaustion of the low-grade stockpile, and the effect of higher silver prices on by-product credits.

The company also plans to increase spend on capitalised and expensed exploration work in 2026, with US\$55m allocated to brownfield exploration targeting resource and reserve replacement, US\$55m on project-related exploration across the portfolio and US\$22–25m on regional exploration. Reflecting this broader investment push, PAAS guides for 2026 sustaining capital of US\$320–340m (up from FY25 guidance of US\$270–285m) and project capital of US\$195–210m (nearly double the FY25 guidance of US\$90–100m).

The main project capital is expected to be spent as follows:

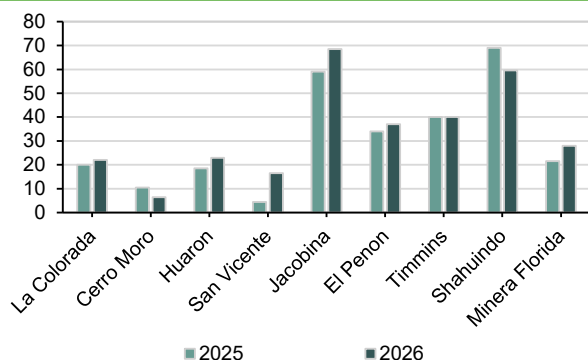
- Jacobina (US\$53–57m): To complete process plant optimisation projects and continue advancing mine and plant optimisation studies, including investments in initial underground infrastructure advancements, mine fleet expansions and exploration initiatives.
- La Colorada Skarn (US\$47–50m): Continued exploration and infill drilling, advancing engineering work and initial mine infrastructure early works mobilisation.
- Timmins (US\$40–43m): To initiate construction of the Phase 6 tailings expansion, advance studies and initial underground development of the Bell Creek shaft extension, and to continue exploration activities and preliminary engineering studies at satellite deposits.

Exhibit 2: PAAS 2026 operating and cost guidance

	Attributable silver production, Moz	Attributable gold production, koz	AISC, US\$/oz
La Colorada	5.80–6.25	2.5	33.25–35.75
Juanicipio*	6.00–6.50	17.5–18.5	2.25–4.25
Cerro Moro	2.80–3.00	80.0–86.0	(25.75)–(21.75)
Huaron	3.25–3.50	-	27.75–29.75
San Vicente*	2.70–2.90	-	41.00–43.00
Total silver segment	20.55–22.15	100.0–107.0	15.75–18.25
Jacobina	-	181.0–191.0	1,550–1,650
El Penon	3.65–3.95	104.0–111.0	275–500
Timmins	-	105.5–115.0	2,575–2,675
Shahuindo	0.20	125.5–135.0	1,825–1,950
Minera Florida	0.25	66.0–71.0	2,550–2,675
Dolores	0.35–0.45	18.0–20.0	2,550–2,800
Total gold segment	4.45–4.85	600.0–643.0	1,700–1,850
Total attributable production	25.00–27.00	700.0–750.0	-

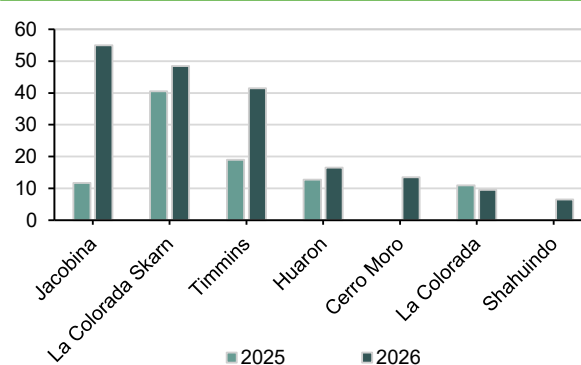
Source: PAAS. Note: *Juanicipio at 44%; San Vicente at 95%.

Exhibit 3: Project sustaining capex guidance at mid-point, US\$m



Source: PAAS

Exhibit 4: Project development capex guidance at mid-point, US\$m



Source: PAAS

Revised estimates and valuation: Trading at a premium to NAV

We have updated our financial estimates and valuation to reflect the Q4 operating results and FY26 guidance. We have also marked-to-market our commodity price assumptions for FY25e and incorporated the updated consensus expectations for the subsequent years, leaving our long-term silver and gold price forecasts largely unchanged.

For FY25e, our revenue and EBITDA forecasts have increased slightly, primarily due to higher actual commodity prices, better-than-expected Q4 silver production and marginally lower silver segment costs, which were partly offset by the lower production and marginally higher costs in the gold segment. We note that the company has not yet provided its sales numbers for Q425, but we expect a very strong quarter in terms of sales, which in turn should translate to a positive impact on costs.

For FY26, we have upgraded our estimates on higher commodity price expectations and to take into account the company's guidance. Overall, our current modelling indicates revenues of US\$4.65bn and EBITDA of US\$2.89bn. We note that the current consensus commodity price forecasts appear increasingly conservative compared to spot prices for both gold and silver. We therefore believe that the risks to our estimates are firmly skewed to the upside. Furthermore, the company uses a gold price of US\$4,200/oz to derive its cost guidance. This is lower than our gold price assumption, and as such our silver segment AISC estimate sits below guidance. Adjusting for the gold price difference, our estimates would fall within the company's cost guidance range.

Following these updates, our discounted cash flow (DCF) valuation of PAAS increases from US\$44/share to US\$51/share. While it is below the current market price, we note that it is not uncommon for precious metals producers to trade at a premium of at least 1.0–2.0x to cash flow-based valuations during commodity bull cycles. The premium often reflects an inherent lag between market sentiment and more conservative fundamentals. Given the prevailing significant difference between the consensus and spot prices for both gold and silver, we believe the current share price of c US\$65 implies a reasonably conservative c 1.3x P/NAV premium to our valuation. We note that PAAS shares are highly correlated to precious metal prices and see further upside should the market sentiment remain bullish (and vice versa). Beyond commodity tailwinds, we continue to view the upcoming Skarn preliminary economic assessment (PEA) announcement and potential partnership news as key share price catalysts.

Exhibit 5: Changes to estimates

	FY25e		FY26e	
	New	Old	New	Old
Silver price, US\$/oz	40.1	38.3	70.0	46.0
Gold price, US\$/oz	3,444	3,420	4,500	4,200
Attributable silver production, Moz	22.8	22.4	26.1	26.8
Attributable gold production, koz	742	753	732	760
Silver segment AISC, US\$/oz	14.7	15.0	13.4	9.0
Gold segment AISC, US\$/oz	1,620	1,599	1,717	1,567
Revenue, US\$m	3,505	3,462	4,647	4,070
EBITDA, US\$m	1,747	1,710	2,892	2,537
Adjusted EPS, US\$	2.19	2.10	3.83	2.92

Source: Edison Investment Research

Exhibit 6: Financial summary

\$'m	2022	2023	2024	2025e	2026e
IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
INCOME STATEMENT					
Revenue	1,495	2,316	2,819	3,505	4,647
Cash production costs	(1,094)	(1,479)	(1,634)	(1,597)	(1,770)
DD&A	(316)	(484)	(572)	(491)	(492)
Royalties	(36)	(56)	(65)	(102)	(134)
Gross Profit	48	297	549	1,314	2,250
G&A	(29)	(61)	(70)	(103)	(102)
Other operating costs	(63)	(97)	(42)	(46)	(47)
Operating profit (before amort. and excepts.)	(44)	196	553	1,166	2,101
EBITDA, including contribution from Juanicipio	272	681	1,029	1,747	2,892
Other operating expenses	(6)	3	11	1	0
Exceptionals	(212)	(104)	84	(22)	0
Reported operating profit	(262)	38	531	1,236	2,400
Net interest and other finance expense	(23)	(91)	(85)	(83)	(87)
Profit Before Tax (norm)	(73)	108	479	1,174	2,313
Investment income (loss)	(16)	(6)	(14)	37	0
Profit Before Tax (reported)	(391)	(59)	432	1,190	2,313
Reported tax	(39)	(46)	(319)	(309)	(694)
Profit After Tax (norm)	(112)	62	291	865	1,619
Profit After Tax (reported)	(340)	(105)	113	881	1,619
Minority interests	2	(1)	1	2	3
Net income (normalised)	(114)	63	290	863	1,616
Net income (reported)	(342)	(104)	112	878	1,616
Average Number of Shares Outstanding (m)	211	327	363	383	422
EPS - basic normalised (\$)	(0.54)	0.19	0.80	2.25	3.83
EPS - basic reported (\$)	(1.62)	(0.32)	0.31	2.30	3.83
EPS - adjusted company (\$)	0.09	0.12	0.79	2.19	3.83
Dividend (\$)	0.45	0.41	0.40	0.52	0.64
BALANCE SHEET					
Fixed Assets	2,444	5,823	5,482	7,321	7,494
Tangible assets	2,226	5,675	5,325	5,229	5,227
Investments	121	0	0	0	0
Other, including investment in Juanicipio	97	148	157	2,092	2,267
Current Assets	804	1,390	1,720	2,162	3,559
Inventories	472	712	606	590	631
Receivables	137	138	165	211	280
Cash	107	400	863	1,270	2,557
ST investments	35	41	25	41	41
Other	54	99	62	51	51
Current Liabilities	(381)	(624)	(687)	(700)	(756)
Creditors	(308)	(498)	(489)	(516)	(572)
Short term borrowings and leases	(27)	(52)	(47)	(47)	(47)
Other	(45)	(74)	(150)	(137)	(137)
Long Term Liabilities	(666)	(1,816)	(1,799)	(1,836)	(1,963)
LT debt and leases	(200)	(749)	(756)	(756)	(756)
Other long term liabilities	(467)	(1,067)	(1,043)	(1,080)	(1,207)
Net Assets	2,202	4,772	4,717	6,947	8,334
Minority interests	(6)	(12)	(13)	(15)	(18)
Shareholders' equity	2,195	4,761	4,704	6,931	8,315
CASH FLOW					
Operating Cash Flow	(340)	(105)	113	881	1,619
D&A, exceptionals, other	555	664	926	740	974
Working capital movement	(42)	69	(128)	(3)	(54)
Tax	(138)	(149)	(164)	(300)	(600)
Net Interest	(3)	(28)	(23)	(21)	(19)
Net operating cash flow	32	450	724	1,296	1,921
Capex	(275)	(379)	(323)	(354)	(487)
Acquisitions/disposals	9	759	310	0	0
Equity financing	1	0	0	0	0
Dividends	(95)	(130)	(145)	(199)	(270)
Other	20	(15)	(77)	(339)	123
Net Cash Flow	(308)	685	489	405	1,287
Opening net debt/(cash), including ST investments	(289)	85	361	(84)	(508)
FX and other	(66)	(961)	(44)	18	0
Closing net debt/(cash)	85	361	(84)	(508)	(1,795)
Closing net debt/(cash), excluding ST investments	120	402	(59)	(467)	(1,754)

Source: Edison Investment Research, PAAS

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