

# Pan American Silver

## First contribution from Juanicipio

Pan American Silver's Q325 results saw the initial 27-day contribution from the recently acquired 44% interest in the Juanicipio project, which boosted its attributable silver production by c 10% and lowered the silver segment all-in sustaining cost (AISC) to an impressive US\$15.4/oz. EBITDA adjusted for equity investment in the project was up 51% y-o-y and 11% q-o-q. We have upgraded our estimates on higher commodity prices and Juanicipio, raising our discounted cash flow (DCF)-based valuation of PAAS from US \$38.0/share to US\$43.5/share. The company is also evaluating a two-stage development approach for Skarn to maximise the value of the combined deposit, which, in our view, is not yet full priced in by the market.

Year end	Revenue (\$m)	EBITDA (\$m)	EPS (\$)	DPS (\$)	EV/EBITDA (x)	Yield (%)
12/23	2,316.1	680.6	0.19	0.41	22.6	1.1
12/24	2,818.9	1,028.6	0.80	0.40	14.9	1.1
12/25e	3,462.2	1,709.9	2.16	0.48	9.0	1.3
12/26e	4,070.3	2,537.3	2.92	0.52	6.1	1.4

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

## Q325 results: Steady progression

PAAS reported attributable silver production of 5,462koz in Q3, with the initial 26-day contribution from Juanicipio adding 580koz. The silver segment AISC was down 22% q-o-q to an impressive US\$15.2/oz, in part thanks to the strong cost performance at Juanicipio, which reported a negative AISC of US\$7.3/oz for the period. The gold segment performance was more consistent with the previous quarter, as it recorded a 3% increase in attributable production and a 5% increase in AISC. Overall, EBITDA inclusive of Juanicipio rose 11% q-o-q to a record US \$406m, while adjusted EPS increased 12% to US\$0.48. Despite a reduction in net cash, PAAS declared a quarterly dividend of US\$0.14/share, up from US\$0.12/share in Q225. It has also revised its FY25 guidance for silver production up to 20.0–22.5moz and AISC down to US\$14.5–16.0/oz on the Juanicipio contribution.

## New Skarn development approach to maximise value

PAAS has announced that it is evaluating a two-stage development approach for the Skarn project, with a high-grade, lower tonnage and less capital intensive first stage followed by the development of a larger-scale cave mine. This would allow it to run the Skarn and La Colorada projects in parallel, extending the life of the vein operation while bringing forward cash flows from Skarn, thereby maximising the overall value of the deposit. PAAS plans to release an updated preliminary economic assessment (PEA) of the phased development in Q226 and also continues to advance partnership discussions for the development of the project.

## Upgrading valuation on Juanicipio, commodities

We have upgraded our estimates on Juanicipio and higher commodity prices, raising our valuation of PAAS from US\$38.0/share to US\$43.5/share, with Juanicipio contributing US\$4.2/share at 44%. On our updated estimates, the stock trades at an FY26e EV/EBITDA of 6.1x, an attractive multiple compared to both peers and historical averages. Strong commodity prices, a growing earnings contribution from Juanicipio and the upcoming Skarn PEA are the main share price catalysts.

## Quarterly results

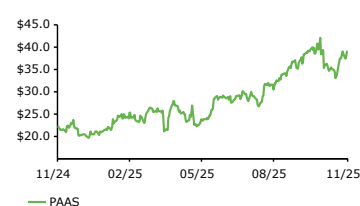
### Metals and mining

21 November 2025

**Price** **\$36.50**  
**Market cap** **\$15,404m**

Net cash at end Q325, including short-term investments	\$53.9m
Shares in issue	422.0m
Free float	100.0%
Code	PAAS
Primary exchange	TSX
Secondary exchange	NYSE

### Share price performance



%	1m	3m	12m
Abs	(2.6)	23.1	79.0
52-week high/low		\$42.6	\$19.6

### 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. The company owns 10 producing operations, the suspended top-tier Escobal silver mine, a 44% interest in the large-scale Juanicipio silver mine and several large-scale advanced exploration and development projects.

### Next events

FY26 operating and cost guidance	January 2026
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### Analysts

Andrew Keen	+44 (0)20 3077 5700
Andrey Litvin	+44 (0)20 3077 5700

[mining@edisongroup.com](mailto:mining@edisongroup.com)  
[Edison profile page](#)

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## Q325 results review: First contribution from Juanicipio

Following the completion of the acquisition of MAG Silver on 4 September, Pan American now reports production and provides selected financials on an attributable basis, including its 44% interest in Juanicipio, while the reported financials account for the project on an equity basis. The operating results and cost performance are therefore not directly comparable to previously reported numbers.

In Q325, PAAS produced 5,462koz of silver on an attributable basis, with Juanicipio contributing 580koz for 27 days to end September. This was broadly in line with Q324 and a 7% increase on the previous quarter. Excluding Juanicipio, silver output came in at 4,882koz, a 4% reduction on Q225, and was slightly below the lower end of the quarterly guidance range. Within the segment, Huaron saw a visible reduction in production mainly due to lower tonnage and silver grade, while Cerro Morro enjoyed an increase in output thanks to the recovery in silver grade. The addition of Juanicipio had a profound impact on the segment's costs. As we noted before, Juanicipio is a high-grade, low-cost operation, benefiting from significant gold and base metals by-product credits. For the period, the project achieved a negative unit cash cost of US\$12.6/oz and negative AISC of US\$7.3/oz, supported by the increase in commodity prices towards the end of the quarter. As a result, on an attributable basis, the silver segment saw its cash cost falling by almost 30% from US\$14.7/oz in Q225 to \$10.4/oz and AISC falling from US\$19.7/oz to US\$15.4/oz. Except for Huaron, all silver operations reported a sequential reduction in costs in Q3.

The gold segment demonstrated consistent performance during the quarter, with attributable production increasing 3% q-o-q (2% excluding Juanicipio) to 183.5koz, slightly below the quarterly guidance range. The segment's unit cash cost and AISC were up 1% and 5% compared to Q225, respectively, slightly exceeding the guidance.

Overall, the company reported US\$855m in revenues (US\$884m attributable), a 5% increase versus Q225, as slightly lower silver and gold sales were offset by higher commodity prices. Taking into account the 27-day equity contribution from Juanicipio of US\$16m, consolidated EBITDA was up 11% q-o-q to US\$406m, while the company adjusted EPS grew 12% to US\$0.48. Cash flow generation continued to gradually improve during the quarter, with net operating cash flow increasing 5% q-o-q to a record US\$309m (US\$324m attributable). Despite the reduction in the net cash position to US\$54m, mainly due to the MAG acquisition related cash outflow (US\$409m net), PAAS declared a dividend of US \$0.14/share compared to US\$0.12/share in Q2. With expectations of a strong Q4 and the likely dividend payment from Juanicipio to the joint venture (JV) owners, we expect the company's net cash position to improve significantly by year-end.

### Exhibit 1: Q325 results summary, US\$m

	Q325	Q324	y-o-y, %	Q225	q-o-q, %
<b>Attributable production</b>					
Silver production, including Juanicipio, koz	5,462	5,467	(0)	5,094	7
Gold production, koz	184	225	(18)	179	3
Silver segment AISC, US\$/oz	15.4	19.6	(21)	19.7	(22)
Gold segment AISC, US\$/oz	1,697	1,496	13	1,611	5
<b>Attributable financials</b>					
Revenue	884	716	24	812	9
Cash flow from operations	324	226	43	293	10
<b>Reported financials</b>					
Revenue	855	716	19	812	5
EBITDA	390	270	44	365	7
EBITDA, including Juanicipio	406	270	51	365	11
PBT	249	130	91	234	6
Reported EPS, US\$	0.45	0.16	185	0.52	(15)
Adjusted EPS, US\$	0.48	0.32	50	0.43	12
DPS, US\$	0.14	0.10	40	0.12	17

Source: PAAS, Edison Investment Research. Note: Attributable financials include 44% interest in Juanicipio.

### La Colorada Skarn update: New development approach to maximise value

Following the recent discovery of multiple high-grade silver zones and the subsequent upgrade in mineral reserves and resources at the currently producing La Colorada vein mine, PAAS is now evaluating a two-stage development approach for the Skarn project. The initial phase would be based on a high grade, lower tonnage and less capital intensive first stage of sub-level stopping, followed by a subsequent expansion that would include the development of a larger-scale cave mine. This approach would allow the company to run both projects in parallel, potentially extending the life of the

vein operation while bringing forward cash flows from Skarn and thereby maximising the overall value of the deposit. The company plans to release an updated PEA of the phased development in Q226. It also continues to advance partnership discussions for the development of the project. Our current valuation of Skarn is based on a risk-adjusted NPV of US\$435m, underpinned by the PEA published by the company in 2023. We expected the revised approach to potentially crystallise additional value for the project, with the successful conclusion of the partnership negotiations reducing execution risks and providing additional clarity on the development timeline.

## Upgrading estimates and valuation on Juanicipio, commodities

We have revised our estimates and valuation of PAAS to reflect the updated commodity price assumptions and to fully incorporate the MAG Silver acquisition. We expect Juanicipio to continue to perform strongly in Q425 and FY26, providing a visible boost to the company's attributable production, bottom line and cash flows. While the September numbers reported by PAAS show the strength of the project's performance, albeit against the backdrop of rising commodity prices throughout the quarter, our current estimates are somewhat more conservative, in part due to the lack of full disclosure. Yet we see Juanicipio increasing the company's FY25 attributable silver production by 2.3moz to 22.4moz, which is in line with the revised full-year guidance of 22.0–22.5moz in attributable silver output, and lower our estimate of the silver segment AISC to US\$15.0/oz from our previous forecast of US\$16.7/oz. Our revised silver segment AISC is within the updated company guidance of US\$14.5–16.0/oz.

The impact on our FY26 estimates is more pronounced thanks to the full-year contribution from Juanicipio. Ahead of the company's guidance, typically released in January, we tentatively raise our FY26 attributable silver production estimate from 21.0moz to 26.8moz and lower our gold production estimate from 770koz to 760koz. Our silver segment AISC for FY26 drops from US\$14.4/oz to US\$9.0/oz, while the gold segment AISC increases slightly to US\$1,570/oz. In addition to incorporating our estimates for Juanicipio, we have also updated our commodity price assumptions, with consensus expectations currently pointing to a bullish gold price of US\$4,200/oz and a silver price of US\$46/oz in 2026. Should these expectations materialise, it would have an additional positive impact on PAAS's cost performance next year, especially for the projects with significant gold by-product credits such as Cerro Moro, where we currently see cash costs falling further in FY26.

At the profit level, we expect equity investment from Juanicipio to contribute US\$82m in FY25e (US\$66m in Q425) and US\$215m in FY26e. As a result, we raise our FY25 and FY26 EBITDA estimates for PAAS to US\$1,710m and US\$2,537m, inclusive of Juanicipio. The remainder of the upgrade to earnings is accounted for by the higher commodity price assumptions. Finally, while there is no visibility on the dividend distributions from Juanicipio to the JV owners (ie Fresnillo and PAAS), we tentatively model a dividend payment of US\$100m (US\$44m to PAAS) in Q425 and an additional US\$250m (US\$110m to PAAS) in FY26. We note that in April this year MAG Silver already received a payment of US\$62m from Juanicipio, which ended Q3 with a cash balance of US\$195m. We believe that the strong performance in Q4 should further bolster the project's cash position and enable an additional dividend payment. Based on our estimates and assuming the above cash distribution from Juanicipio, we expect PAAS to end the year with a net cash position of US\$392m.

The inclusion of Juanicipio, the revised commodity price assumptions and a slightly lower weighted average cost of capital increase our DCF-based valuation of PAAS from US\$38.0/share to US\$43.5/share, with Juanicipio contributing US\$4.2/share to the combined valuation at 44%. On our updated estimates, the stock trades at an FY26e EV/EBITDA of 6.1x, which we consider an attractive multiple compared to both peers and historical averages. We view the strong commodity prices, growing earnings contribution from Juanicipio and the upcoming PEA on the Skarn project as the main share price catalysts. We believe that the revised two-stage Skarn development approach may not be fully priced in by the market.

**Exhibit 2: FY25 and FY26 estimates changes, US\$m**

	FY25e new	FY25e old	FY26e new	FY26e old
Attributable silver production, moz	22.4	20.4	26.8	21.0
Attributable gold production, koz	753	780	760	770
Silver segment AISC, US\$/oz	15.0	16.7	9.0	14.4
Gold segment AISC, US\$/oz	1,599	1,568	1,570	1,500
Revenue	3,462	3,353	4,070	3,434
EBITDA excluding Juanicipio	1,628	1,548	2,323	1,732
EBITDA including Juanicipio	1,710	1,548	2,537	1,732
Adjusted EPS, US\$	2.10	1.60	2.92	1.98

Source: Edison Investment Research

**Exhibit 3: Financial summary**

	\$m	2022	2023	2024	2025e	2026e
		IFRS	IFRS	IFRS	IFRS	IFRS
<b>INCOME STATEMENT</b>						
Revenue		1,495	2,316	2,819	3,462	4,070
Cash production costs		(1,094)	(1,479)	(1,634)	(1,586)	(1,515)
DD&A		(316)	(484)	(572)	(486)	(464)
Royalties		(36)	(56)	(65)	(99)	(108)
Gross Profit		48	297	549	1,291	1,984
G&A		(29)	(61)	(70)	(104)	(90)
Other operating costs		(63)	(97)	(42)	(46)	(35)
<b>Operating profit (before amort. and excepts.)</b>		<b>(44)</b>	<b>196</b>	<b>553</b>	<b>1,142</b>	<b>1,859</b>
<b>EBITDA, including contribution from Juanicipio</b>		<b>272</b>	<b>681</b>	<b>1,029</b>	<b>1,710</b>	<b>2,537</b>
Other operating expenses		(6)	3	11	1	0
Exceptionals		(212)	(104)	84	(22)	0
<b>Reported operating profit</b>		<b>(262)</b>	<b>38</b>	<b>531</b>	<b>1,203</b>	<b>2,074</b>
Net Interest and other finance expense		(23)	(91)	(85)	(82)	(80)
<b>Profit Before Tax (norm)</b>		<b>(73)</b>	<b>108</b>	<b>479</b>	<b>1,144</b>	<b>1,994</b>
Investment income (loss)		(16)	(6)	(14)	37	0
<b>Profit Before Tax (reported)</b>		<b>(301)</b>	<b>(59)</b>	<b>432</b>	<b>1,159</b>	<b>1,994</b>
Reported tax		(39)	(46)	(319)	(313)	(758)
Profit After Tax (norm)		(112)	62	291	831	1,236
Profit After Tax (reported)		(340)	(105)	113	846	1,236
Minority interests		2	(1)	1	2	3
Net income (normalised)		(114)	63	290	828	1,233
<b>Net income (reported)</b>		<b>(342)</b>	<b>(104)</b>	<b>112</b>	<b>844</b>	<b>1,233</b>
Average Number of Shares Outstanding (m)		211	327	363	383	422
EPS - basic normalised (\$)		(0.54)	0.19	0.80	2.16	2.92
EPS - basic reported (\$)		(1.62)	(0.32)	0.31	2.21	2.92
EPS - adjusted company (\$)		0.09	0.12	0.79	2.10	2.92
Dividend (\$)		0.45	0.41	0.40	0.48	0.52
<b>BALANCE SHEET</b>						
<b>Fixed Assets</b>		<b>2,444</b>	<b>5,823</b>	<b>5,482</b>	<b>7,321</b>	<b>7,263</b>
Tangible assets		2,226	5,675	5,325	5,238	5,075
Investments		121	0	0	0	0
Other, including investment in Juanicipio		97	148	157	2,083	2,188
<b>Current Assets</b>		<b>804</b>	<b>1,390</b>	<b>1,720</b>	<b>2,087</b>	<b>3,183</b>
Inventories		472	712	606	622	602
Receivables		137	138	165	209	245
Cash		107	400	863	1,166	2,245
ST investments		35	41	25	25	25
Other		54	99	62	66	66
<b>Current Liabilities</b>		<b>(381)</b>	<b>(624)</b>	<b>(687)</b>	<b>(688)</b>	<b>(682)</b>
Creditors		(308)	(498)	(489)	(509)	(502)
Short term borrowings and leases		(27)	(52)	(47)	(42)	(42)
Other		(45)	(74)	(150)	(137)	(137)
<b>Long Term Liabilities</b>		<b>(666)</b>	<b>(1,816)</b>	<b>(1,799)</b>	<b>(1,817)</b>	<b>(1,817)</b>
LT debt and leases		(200)	(749)	(756)	(756)	(756)
Other long term liabilities		(467)	(1,067)	(1,043)	(1,061)	(1,061)
<b>Net Assets</b>		<b>2,202</b>	<b>4,772</b>	<b>4,717</b>	<b>6,902</b>	<b>7,946</b>
Minority interests		(6)	(12)	(13)	(15)	(18)
<b>Shareholders' equity</b>		<b>2,195</b>	<b>4,761</b>	<b>4,704</b>	<b>6,887</b>	<b>7,928</b>
<b>CASH FLOW</b>						
Operating Cash Flow		(340)	(105)	113	846	1,236
D&A, exceptionals, other		555	664	926	723	1,087
Working capital movement		(42)	69	(128)	(55)	(23)
Tax		(138)	(149)	(164)	(295)	(758)
Net Interest		(3)	(28)	(23)	(26)	(28)
<b>Net operating cash flow</b>		<b>32</b>	<b>450</b>	<b>724</b>	<b>1,193</b>	<b>1,514</b>
Capex		(275)	(379)	(323)	(360)	(326)
Acquisitions/disposals		9	759	310	0	0
Equity financing		1	0	0	0	0
Dividends		(95)	(130)	(145)	(184)	(219)
Other		20	(15)	(77)	(346)	110
Net Cash Flow		(308)	685	489	303	1,079
<b>Opening net debt/(cash), including ST investments</b>		<b>(289)</b>	<b>85</b>	<b>361</b>	<b>(84)</b>	<b>(392)</b>
FX and other		(66)	(961)	(44)	5	0
<b>Closing net debt/(cash)</b>		<b>85</b>	<b>361</b>	<b>(84)</b>	<b>(392)</b>	<b>(1,471)</b>
Closing net debt/(cash), excluding ST investments		120	402	(59)	(368)	(1,447)

Source: Edison Investment Research, PAAS

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