Special Report - European Mining: Reset & Opportunity

aranca

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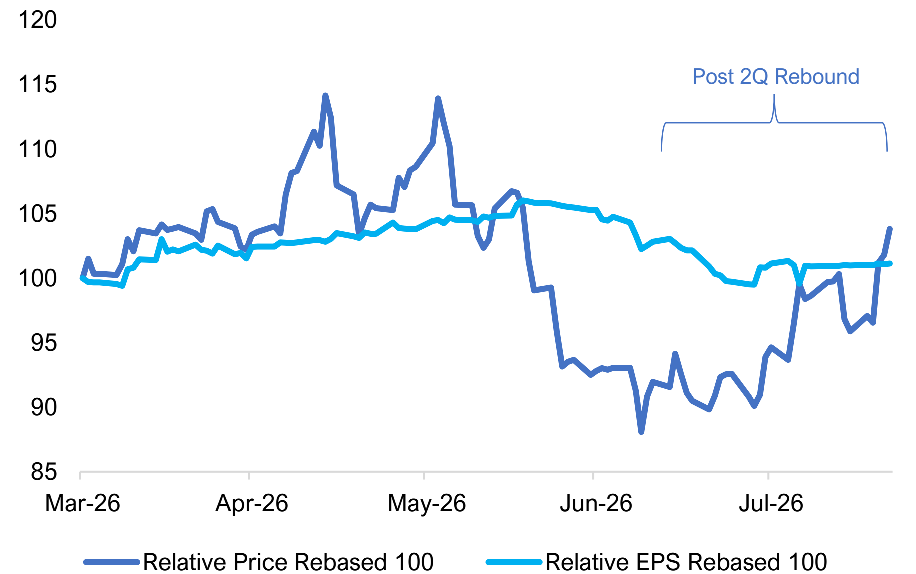
European Mining's 2Q Reset: Valuation-Led, Not Earnings-Led

European mining de-rated in 2Q despite improving EPS, with a partial rebound after quarter-end

Relative Price and EPS, Rebased



2Q sell-off was valuation led

Mining underperformed MSCI Europe by 7.2% in 2Q, even as relative forward EPS improved by 5.3%

Multiple compression drove the correction

Relative P/E fell 10.9ppt, showing market compressed valuation faster than earnings expectations moved

Post-quarter rebound reduces the easy upside

Relative price recovered 11.9% after quarter-end, partly reversing the 2Q reset

Implication

Earnings support remains intact, but after the rebound this is a selective screen, not a broad basket call

-7.2%	+5.3%	-10.9 pp	+11.9%
2Q relative price performance vs MSCI Europe	2Q relative forward EPS vs MSCI Europe	2Q P/E premium / discount change vs MSCI Europe	Post-2Q relative price rebound to 21 Aug

Mining remains an **earnings-backed outperformer**, but the 2Q de-rating was sharper than the move in EPS. After the post-quarter rebound, the **opportunity is selective** rather than a broad basket call.

Source: *Aranca Research, Bloomberg. Data as of August 21, 2026*

AI and Grid Investment Add a New Leg to Copper Demand

AI adds to the existing demand base supported by electrification, renewables, EVs and traditional infrastructure

Copper already has structural demand support

Electrification, renewable capacity, EVs and grid expansion remain the core long-term demand drivers

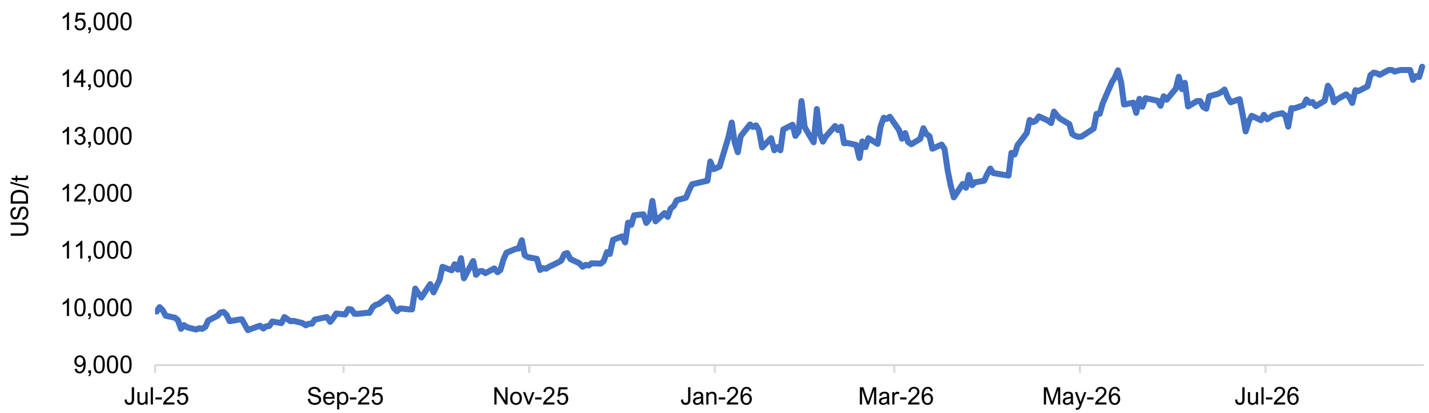
AI adds a new source of demand

S&P Global expects AI/data-center copper demand to increase from 1.1mn t in 2025 to 2.5mn t by 2040

The indirect impact could be broader

Data centers increase electricity demand and require additional generation, transmission and grid infrastructure, extending copper demand beyond the facilities themselves

Copper prices reflect both structural support and near-term volatility



+44.0%
14-month move
1 Jul 2025 - 21 Aug 2026

+8.4%
2Q26 move
1 Apr - 30 Jun 2026

Copper's **structural demand case remains intact**, with AI adding another layer to demand from grids, electrification and renewables. However, the strong price rally means **near-term returns are likely to remain more volatile**.

Source: *Aranca Research, Bloomberg, S&P Global, "Copper in the Age of AI" (January 2026); Copper data as of 21 August 2026.*

Valuation Dispersion Supports a Selective Mining Screen

Copper-linked demand remains supportive, but the post-2Q rebound calls for valuation discipline

Company	MCap (USD m)	Main Exposure	Copper exposure	NTM EV/EBITDA Percentile Rank 5yr	NTM EV/EBITDA Percentile Rank 10yr	NTM P/E Percentile Rank 5yr	NTM P/E Percentile Rank 10yr	Screen View
Copper-linked miners								
KGHM	18,535	Copper, silver	High	20	15	37	45	Best fit: copper exposure with reasonable valuation support
Antofagasta	52,538	Copper	High	86	92	52	64	Copper pure-play, but valuation support is limited
Boliden	16,957	Copper, zinc, smelting	Medium-High	83	80	54	67	Thematic fit, but not clearly cheap after rebound
Anglo American	59,470	Copper, iron ore, others	Medium-High	88	94	86	93	Thematic exposure, but valuation support is weak
MEDIAN				**85**	**86**	**53**	**66**	
Diversified miners with copper exposure								
Glencore	95,591	Diversified	Medium-High	96	85	76	71	Copper and trading exposure, but valuation screen is stretched
Rio Tinto	177,711	Diversified	Medium	97	94	96	93	Quality diversified miner, but valuation screen is unattractive
MEDIAN				**97**	**90**	**86**	**82**	
Copper value-chain								
Aurubis	9,126	Copper smelting, recycling	High, processing-led	93	96	75	87	Copper value-chain exposure, but valuation is already rich
MEDIAN				**93**	**96**	**75**	**87**	
Valuation support but weaker copper linkage								
Norsk Hydro	19,435	Aluminium, energy	Low / Indirect	45	31	35	18	Valuation support, but weak fit with copper/Al thesis
Fresnillo	32,372	Silver, gold	Low	77	48	26	15	Valuation support, but precious-metals exposure weakens thematic fit
MEDIAN				**61**	**40**	**31**	**17**	

The opportunity is not in buying European mining as a basket. The better screen is **selective exposure** to names where copper linkage, reasonable valuation and balance-sheet comfort overlap, with **KGHM standing out** most clearly on the available valuation screen.

Source: *Aranca Research, Koyfin, Data as of 21 August 2026.*

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