

# Fitch Ratings: Copper Miners in Good Shape for Energy Transition

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Fitch Ratings-Dubai/London-31 August 2023: The critical role of copper in energy transition will support long-term demand, creating lucrative opportunities for copper miners and a rush to increase the share of the metal in their mining portfolios, Fitch Ratings says in a new report. Many Fitch-rated copper miners both at investment and sub-investment rating levels are conservatively leveraged and have sufficient headroom for growth opportunities.

However, meeting growing demand will be challenging as copper development projects become more expensive and complex due to tightening environmental regulations and projects' location in higher-risk operating environments.

Almost all copper miners' ratings are on Stable Outlook despite having leverage below their positive sensitivities during cyclically high prices, as Fitch expects price normalisation and cost inflation to return leverage to within sensitivities. Only Freeport-McMoRan Inc. (BBB-) is on Positive Outlook, reflecting our expectation of the strong financial profile.

Larger miners like Freeport, First Quantum Minerals Ltd. (FQM; B+/Rating Watch Negative) and Antofagasta PLC (BBB+/Stable) aim to enhance brownfield projects with additional mining and/or smelting capacities. Smaller miners like JSC Almalyk Mining and Metallurgical Complex (BB-/Stable), Ero Copper Corp. (B/Stable) and Taseko Mines Limited (B-/Stable) are engaged in debt-funded transformative projects.

Energy transition requires not only more copper, but also sustainable sourcing of the metal, therefore compelling miners to decarbonise their operations. Given that around half of emissions typically depend on the power source, we expect miners to shift to renewables or lower-emission power options.

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