



## Jupiter Mines Ltd (JMS.ASX)

*Result no surprise as register brings competitive tension*

### Event:

- FY21 result review; PT change.

### Investment Highlights:

- Jupiter Mines Ltd's (JMS) FY21a adj NPAT of \$68M was as per our forecast**, unsurprising given prior quarterly report releases.
- A final dividend of 2.0cps also was as per our expectation**, the company returning a high payout ratio after lowering it during the COVID-afflicted FY21 interim. Payout ratio for the final was 123% vs 66% for the interim, bringing the full year payout to 87%, in-line with the  $\geq 70\%$  long-term guidance.
- The company ended FY21 with \$88M attributable cash.** It comprised \$66M on its balance sheet and 49.9% share of Tshipi's cash (\$22M). Post final dividend payment (\$39M) and seed money for the iron ore spin-out Juno (\$5M), pro-forma attributable cash will be \$44M.
- FY22e sales to be similar.** Tshipi is targeting 3.3-3.5Mt, the lower end of target in-line with our forecasts, suggesting upside risk. The 4.5Mtpa expansion study has been completed with FID currently deferred subject to achieving internal material movement targets, providing further upside to sales targets.
- Register now has competitive tension – highlights desirable asset, undervalued company.** Safiki (Ntsimbintle Mining) owns 74% of Main Street 774 which in turns own 50.1% of the Tshipi mine. Safiki increased its JMS shareholding to 19.9%, raising its see-through interest in the mine to 47%. This brings competitive tension to the JMS register, by sitting alongside other major shareholder AMCI (17% effective with related parties).

### Earnings and Valuation:

- Revisions to Mn price and Rand.** We have reduced our Mn prices by -1% to -3%, with our LT 37% fob RSA US\$/dmtu price down -3% to 4.02 (prior 4.15). We have strengthened or forecast Rand by 1% to 3%, our LT Rand/US\$ now 14.93 (15.41 previously).
- We downgrade JMS earnings by -13% to \$55M in FY22e and -3% to \$64M in FY23e on the reduced Mn prices and stronger Rand.**
- Our NPV<sub>10</sub> share valuation reduces to \$0.54 from \$0.57 based on earnings downgrades.** We include a 25% weighting on the 4.5Mtpa expansion case.

### Recommendation:

- We maintain our Buy recommendation with a revised 12-month price target of \$0.54 (prior \$0.57) based on 1.0x Price/NPV.**
- Catalysts for the share price** include higher Mn prices; cost reductions; increased shipments; Tshipi expansion FID; and corporate activity.

### Disclosures

The analyst owns 476,276 JMS shares.

Foster Stockbroking and associated entities (excluding Cranport Pty Ltd) own 8,647,061 JMS shares.  
Cranport Pty Ltd owns 5,104,461 JMS shares.  
Refer details end of report.

### Recommendation

Recommendation	Buy
Risk	High

Price Target \$ 0.54

Previous \$0.57

Share price (A\$) \$ 0.340

ASX code JMS

52 week low-high 0.245-0.375

JMS Valuation (A\$/share) \$ 0.54

Methodology NPV

### JMS Capital structure

Shares on Issue (M)	1,959
Market cap (A\$M)	666
Net cash (debt) attributable (A\$M)	88
EV (A\$M)	578
Ave daily volume ('000)	5,043

Earnings Y/e Feb A\$M	FY21e	FY22e	FY23e	FY24e
Sales adj*#	313	324	331	335
EBITDA adj.*	100	89	92	96
NPAT reported	68	55	64	64
NPAT adj*	68	55	64	64
EPS adj. c*	3.5	2.8	3.3	3.2
PE x	9.8	12.0	10.4	10.5
EV/EBITDA x	5.9	6.6	6.4	6.1
DPS c	3.0	2.4	2.8	2.8
Yield %	8.8%	7.2%	8.3%	8.2%

\* Adj = underlying including attributable share of Tshipi

#CIF basis

### JMS Board

Brian Gilbertson	Non-Executive Chairman
Priyank Thapliyal	CEO and Executive Director
Hans Mende	Non-Executive Director
Paul Murray	Non-Executive Director
Andrew Bell	Non-Executive Director
Yeongjin Heo	Non-Executive Director

### Share price graph



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