



Jupiter Mines Ltd (JMS.ASX)

New Chair brings broad experience

Event:

- Appointment of Chair; 3QFY22 review; Earnings changes; PT change.

Investment Highlights:

- New Chair begins May 2022.** JMS yesterday announced the appointment of Mr Ian Murray as Non-Executive Director immediately, and as Chair effective 1 May 2022.
- Brings growth record.** Mr Murray has over 25 years' mining experience, recently as Executive Chair and then CEO and MD of Gold Road Resources (GOR), at which he oversaw its transition from a small-cap gold explorer into a multi-billion dollar large-scale producer. Currently Mr Murray is Executive Chair of Matador Mining Ltd (MZZ), a Canadian gold explorer, where he is transitioning to Non-Executive, and Non-Executive Director of Black Rock Mining (BKT), a Tanzanian graphite developer, and Geopacific Resources (GPR), a PNG gold developer.
- Global and RSA experience.** Prior to GOR, Mr Murray was CEO of DRDGold, a large South Africa gold producer, and prior to that with two of the big four accounting firms. He is a qualified Chartered Accountant. His experience encompasses financial, corporate, project management, M&A, and operations, including across Africa, Asia Pacific, and North America.
- Will bring expertise in assessing growth and consolidation opportunities.** We expect Mr Murray will add value in JMS assessing consolidation and growth opportunities, Tshipi ownership and expansion, the Kalahari Mn belt, and other commodities and jurisdictions.
- Tshipi 3QFY22 profit better than expected on lower costs.** Tshipi 3Q NPAT was \$26.6M vs our expectation of \$17.0M and 2Q's \$15.3M. The key difference was lower unit FOB (high-grade) costs: US\$1.75/dmtu (ZAR26.18/dmtu) vs our estimate US\$2.04 (ZAR30.55) and the 2Q's US\$2.26 (ZAR30.4).
- Barrier pillar lowers strip ratio.** The reduction in cost derived from lower strip, which was 10.4x in-line with LOM average, vs the 14.0x of the 2Q, with positive impact from mining of the barrier pillar. Shipments of 0.845Mt and Mn 37% CIF realised price of US\$4.60/dmtu were in-line with our forecasts (0.825Mt, US\$4.72/dmtu).
- Tshipi declared a final dividend of ZAR500M for FY22e, with JMS to receive \$22M.** No change to our forecast JMS final dividend of 1.4cps (\$27M). Consolidated cash prior to Tshipi dividend was \$17M.

Earnings and Valuation:

- We upgrade JMS adj. NPAT 9% to \$54M from \$49M in FY22e, 3% to \$58M in FY23, and 9% to \$64M from \$59M in FY24 mostly on lower unit costs.
- Our NPV₁₀ share valuation rises to \$0.51 from \$0.48 on our higher earnings.

Recommendation:

- We maintain our Buy recommendation, lowering our 12-month price target of \$0.51 (prior \$0.48) based on 1.0x Price/NPV. Catalysts for the share price include higher Mn prices; Lower freight rates; Control of Tshipi; Mn downstream opportunities; Tshipi expansion; M&A activity; and appointment of CEO.

Disclosures

The analyst owns 476,276 JMS shares.

Foster Stockbroking and associated entities (excluding

Cranport Pty Ltd) own 11,440,061 JMS shares.

Cranport Pty Ltd owns 11,005,975 JMS shares.

Refer details end of report.

| Recommendation | Buy |
|-------------------------------------|-------------|
| Previous | Buy |
| Risk | High |
| Price Target | \$ 0.51 |
| Previous | \$0.48 |
| Share price (A\$) | \$ 0.215 |
| ASX code | JMS |
| 52 week low-high | 0.18-0.3648 |
| JMS Valuation (A\$/share) | \$ 0.51 |
| Methodology | NPV |
| JMS Capital structure | |
| Shares on Issue (M) | 1,959 |
| Market cap (A\$M) | 421 |
| Net cash (debt) attributable (A\$M) | 76 |
| EV (A\$M) | 345 |
| Ave daily volume ('000) | 5,592 |

| Earnings Y/e | Feb A\$M | FY21a | FY22e | FY23e | FY24e |
|---------------|----------|-------|-------|-------|-------|
| Sales adj*# | 313 | 351 | 319 | 331 | |
| EBITDA adj.* | 100 | 73 | 91 | 100 | |
| NPAT reported | 68 | 54 | 58 | 64 | |
| NPAT adj* | 68 | 42 | 58 | 64 | |
| EPS adj. c* | 3.5 | 1.9 | 2.9 | 3.0 | |
| PE x | 6.2 | 10.0 | 7.3 | 6.5 | |
| EV/EBITDA x | 3.5 | 4.7 | 3.8 | 3.5 | |
| DPS c | 3.0 | 1.9 | 2.6 | 2.9 | |
| Yield % | 14% | 9% | 12% | 13% | |

* Adj =underlying including attributable share of Tshipi

#CIF basis

JMS Board

| | |
|----------------|------------------------|
| Peter North | Acting Chair |
| Scott Winter | Acting CEO |
| Ian Murray | Non-Executive Director |
| Patrick Murphy | Non-Executive Director |
| Ben Kim | Non-Executive Director |

Share price graph



Analyst: Mark Fichera
mark.fichera@fostock.com.au

+612 9993 8162