



## Jupiter Mines Ltd (JMS.ASX)

### Shipments and FX soften the quarter

#### Event:

- 2Q FY24 report; Price target change.

#### Investment Highlights:

- Sales lower than expected.** Tshipi sales were only 764kt despite record production of 1,015kt and below our forecast of 825kt. Key reason was the rollover of a 95kt shipment into the current quarter (3QFY24e). The company still expects to achieve its target for the year. YTD shipments are 1.8Mt, the run-rate still above our current forecast of 3.3Mt.
- Costs better than expected.** C1 costs HGL FOB cost was US\$2.00/dmtu which was relatively flat on the US\$1.95 of the 2Q and better than our forecast US\$2.16, due to a higher proportion of rail shipments vs road and a weaker Rand.
- Mn price flat.** Mn 37% RSA FOB was US\$2.89/dmtu in the 2Q, below our estimate of US\$3.24 and flat on the \$2.91 of the 1Q.
- Forex loss worsens decline in EBITDA.** Tshipi EBITDA fell 60% to A\$13.0M from the 1Q's A\$32.7M. Lower sales volume (-18%) explains only part of decline. From what we understand a foreign exchange loss of A\$5M which was above the line was the other factor. It also accounts for the discrepancy between EBITDA and operating profit which was A\$18M.
- Higher strip for rest of FY24, then falling in FY25.** The company noted a new pit cutback which should increase strip ratio by 15% for the balance of FY24. However, this should then fall in FY25. Our forecast LOM strip of 10.4x is unchanged.
- Downstream HPMSM scoping study completed.** JMS expects the results will be released prior to its interim FY24 profit result release later this month.
- JMS attributable cash end quarter A\$73M.** This comprised A\$27M consolidated and A\$46M Tshipi share. 2Q capex was A\$11M, of which a third was skiptainers for rail to East London port and the balance mostly a one-off payment.
- Change to Rand and Mn price forecasts.** We downgrade our long-term Mn 37% RSA FOB price on higher freight costs (CIF) to US\$3.83/dmtu from US\$4.05. Our long-term Rand is downgraded to 19.53 from 15.53.

#### Earnings and Valuation:

- We forecast JMS adj. NPAT for FY24e and FY25e of A\$44M and A\$82M,** vs A\$68M and A\$71M previously, the former lowered on weaker Mn prices and the latter upgraded from positive impact of weaker Rand.
- Our JMS valuation falls slightly to \$0.57 from \$0.58 (1.0x NPV<sub>10</sub> nominal),** mostly from downgraded Mn price, partially offset by weaker Rand.
- Spot scenario yields \$0.32/share.** Running spot prices (Mn 37% RSA FOB US\$2.91/dmtu, A\$=US\$0.65, and Rand 18.98), using only JORC Reserves, and no expansion or downstream in our model, yields NPV<sub>10</sub> nominal of \$0.32/share.

#### Recommendation:

- We maintain a Buy, cutting our 12-month price target to \$0.57 from \$0.58 based on 1.0x NPV.** Share price catalysts include: Lower freight rates; Gaining control of Tshipi; HPMSM scoping study; Tshipi expansion; and M&A activity.

#### Disclosures

The analyst owns 476,276 JMS shares.

Foster Stockbroking and other staff own 7,376,285 shares. Cranport Pty Ltd owns 11,711,960 JMS shares. Refer details end of report.

Recommendation	Buy			
Previous	Buy			
Risk	High			
Price Target	\$0.57			
Previous	\$0.58			
Share price (A\$)	\$ 0.170			
ASX code	JMS			
52 week low-high	0.165-0.255			
JMS Valuation (A\$/share)	\$0.57			
Methodology	NPV			
JMS Capital structure				
Ordinary shares (M)	1,959			
Options (M)	1			
Market cap (A\$M)	333			
Net cash (debt) attributable (A\$M)	73			
EV (A\$M)	260			
Ave daily volume ('000)	938			
Y/e Jun A\$M	FY23e	FY24e	FY25e	FY26e
Sales adj*#	393	309	359	355
EBITDA adj.*	132	71	128	127
NPAT reported	76	43	82	82
<b>NPAT adj*</b>	<b>87</b>	<b>44</b>	<b>82</b>	<b>82</b>
<b>EPS adj. c*</b>	<b>4.4</b>	<b>2.3</b>	<b>4.2</b>	<b>4.2</b>
<b>P/E x</b>	<b>3.8</b>	<b>7.5</b>	<b>4.1</b>	<b>4.1</b>
EV/EBITDA x	2.0	3.6	2.0	2.0
<b>DPS c</b>	<b>2.2</b>	<b>2.5</b>	<b>2.9</b>	<b>2.9</b>
<b>Yield %</b>	<b>12.9%</b>	<b>14.6%</b>	<b>17.3%</b>	<b>17.2%</b>

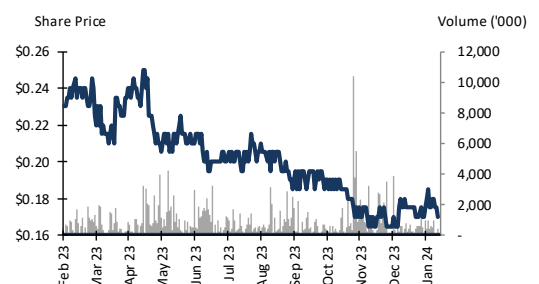
\* Adj = underlying including attributable share of Tshipi

#CIF basis

#### JMS Board

Ian Murray	Non-Executive Chair
Brad Rogers	Managing Director
Scott Winter	Non-Executive Director
Peter North	Non-Executive Director
Patrick Murphy	Non-Executive Director
Ben Kim	Non-Executive Director

#### Share price graph



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