



Jupiter Mines Ltd (JMS.ASX)

Keeping heads above water

Event:

- 1QFY25 report; Earnings and price-target changes.

Investment Highlights:

- Record production...** Tshipi achieved record quarterly production of 1.212Mt (run-rate 4.8Mtpa) while sales of 1.038Mt (4.15Mtpa rate) also impressed. The company took advantage of strong demand when shipments were booked in the prior quarter on surging prices and customer angst heightened over supply. The high output also allows JMS to “bank” stock for literally a rainy day, should the wet season disrupt pit production over subsequent quarters.
- ...but depressed prices.** Surprisingly 37% Mn FOB prices dramatically fell from their June highs during the quarter, JMS realising only US\$3.01/dmtu vs US\$3.53/dmtu in 4QFY24, a level even lower than that pre-Groote Eylandt shutdown. Weak China steel demand is the culprit.
- Cost inflation does not help either.** Despite economies of scale from higher production, FOB costs were US\$2.33/dmtu (high-grade). While below the US\$2.50/dmtu of 4QFY24, it was above the prior target cost band of US\$2.00-2.20/dmtu that Tshipi had been operating mostly within the past six years. The company mentioned RSA inflation (labour, power) and a reversal of currency tailwinds, means a likely range of US\$2.25-2.30/dmtu is now more indicative.
- Profits crimped.** The subdued prices and increased costs offset the positive impact of higher shipments, with Tshipi (100%) NPAT for 1QFY25 being only \$13.7M, sharply down on the \$38.7M of the 4QFY24. JMS attributable cash was \$62.5M comprising \$48.3M (49.9% Tshipi share) and \$14.2M consolidated.
- Manganese markets – no respite in sight.** Despite talk of China stimulus, and some Mn producers already having cutback production – with associated high-cost RSA road volumes shrinking - no positive impacts have yet filtered through to the Mn price which is hovering around US\$3.00/dmtu.
- Further cut to Mn price forecasts.** With an absence of concrete catalysts, we reduce our Mn RSA 37% FOB dmtu price forecasts by -22% and -6% in FY25e and FY26e to US\$3.01 and US\$3.62, and long-term by -3% to US\$3.56. We also increase our forecast production costs for Tshipi to approximately US\$2.30/dmtu.
- 3.5Mt shipment forecast unchanged.** While Tshipi’s production and shipment tonnes are off to a great start to FY25, we retain our 3.5Mt sales forecast, pending performance and any weather-related events in the remaining quarters.

Earnings and Valuation:

- We downgrade JMS FY25e and FY26e NPAT by -75% and -32% to \$27M and \$64M (\$106M and \$94M previously) as a result of cuts to our Mn price forecasts and higher Tshipi costs, reducing our valuation (0.5x NPV₁₀) to \$0.35 from \$0.59.

Recommendation:

- Maintain Buy, 12-month price target cut to \$0.35 from \$0.59 based on risked valuation.** Share price catalysts include: Improving Mn markets; Control of Tshipi; HPMSM PFS; Tshipi expansion; Kalahari consolidation; and M&A activity.

Disclosures

The analyst owns 582,276 JMS shares.

Foster Stockbroking, staff, and Cranport own 1.0% of JMS shares on issue. Refer details end of report.

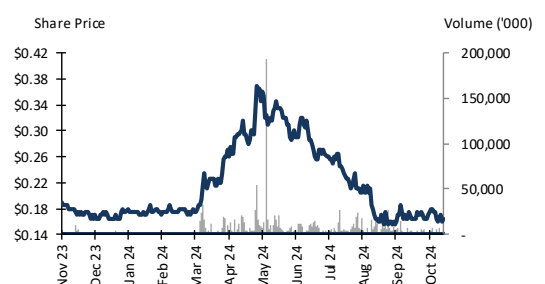
Recommendation	Buy			
Previous	Buy			
Risk	High			
Price Target	\$0.35			
Previous	\$0.59			
Share price (A\$)	\$ 0.165			
ASX code	JMS			
52 week low-high	0.145-0.41			
JMS Valuation (A\$/share)	\$0.35			
Methodology	NPV			
JMS Capital structure				
Ordinary shares (M)	1,961			
Rights (M)	2			
Options (M)	1			
Market cap (A\$M)	323			
Net cash (debt) attributable (A\$M)	63			
EV diluted (A\$M)	261			
Ave daily volume ('000)	4,598			
Y/e Jun A\$M	FY24a	FY25e	FY26e	FY27e
Sales adj*	341	349	367	339
EBITDA adj.*	63	46	99	83
NPAT reported	39	27	64	51
NPAT adj*	41	27	64	51
EPS adj. c*	2.1	1.4	3.3	2.6
P/E x	7.8	11.9	5.0	6.3
EV/EBITDA x	4.1	5.6	2.6	3.1
DPS c	1.3	0.6	1.1	1.4
Yield %	7.6%	3.9%	6.7%	8.6%

* Adj =underlying including attributable share of Tshipi

JMS Board

Ian Murray	Non-Executive Chair
Brad Rogers	Managing Director & CEO
Scott Winter	Non-Executive Director
Peter North	Non-Executive Director
Sally Langer	Non-Executive Director
Ben Kim	Non-Executive Director

Share price graph



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

+612 9993 8162