



Jupiter Mines Ltd (JMS.ASX)

Mn price now a tailwind

Event:

- 2Q FY25 report; Mn price update.

Investment Highlights:

- Tshipi profit better than expected.** 2Q FY25 Tshipi reported NPAT was \$17.2M – up on the 1Q's \$13.7M, while adjusted NPAT (ex-forex gain) was \$4M – above our expectation of \$2M – but down on the 1Q.
- Double headwind of lower prices and stronger rand.** The 2Q's drop on the 1Q occurred from double headwind of lower Mn prices (US\$3.72/dmtu CIF vs US\$4.28 in 1Q), and higher costs (US\$2.43/dmtu FOB high-grade vs US\$2.33) chiefly because of a stronger Rand.
- Shipments down but was expected.** A third factor for the lower underlying profit vs 1Q was reduced shipments of 0.683Mt vs 1.039Mt in the December quarter. However, this was previously flagged by JMS when Tshipi achieved 1Q record production and equally impressive sales to take advantage of the then bullish Mn market, and pulling back for weaker conditions in the December quarter, including not shipping low-grade product.
- On track for 3.4Mt sales in FY25e.** Normalised sales and production is expected for the balance of FY25, the company stating Tshipi is on track for 3.4Mt sales, with exactly half (1.7Mt) shipped by end 1H FY25.
- Mn price previously headwind, now a tailwind.** The Mn CIF price began a gradual rise from its recent low in October 2024 of US\$3.69/dmtu which accelerated markedly during January/early February to reach US\$4.95/dmtu yesterday. Adding a further fillip for JMS is that the FOB price has also rallied concomitant with a drop in the CIF cost by US\$0.08/dmtu during January.
- China stocks at five-year low as marginal producers exit.** China Mn port stocks sat at 5.2Mt end December, the lowest since mid-2024 when Groote Eylandt impact was acutely felt, and have further reduced to about 4Mt – a five year-low. The exit of high-cost production has tightened the market.
- Cash position improves, expect Tshipi dividend to resume.** JMS ended December 2024 with \$85M attributable cash (Tshipi share \$71M, consolidated \$14M), with Tshipi benefiting from positive working capital movement. With a stronger cash position and better Mn markets, we are confident the Tshipi JV will resume declaring a dividend for the 1HFY25e.

Earnings and Valuation:

- We upgrade JMS FY25e adj NPAT by 85% to \$50M from mark-to-market prices in the 3Q and lifting Mn price in 4Q as well.** Our Mn price forecasts for FY26e and beyond remain unchanged.
- Risked valuation unchanged at \$0.35 (0.5x NPV₁₀ nominal),** with higher attributable cash and our FY25 earnings upgrade offset by higher Rand and costs in FY26e and FY27e.

Recommendation:

- Maintain Buy and 12-month price target of \$0.35, 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.

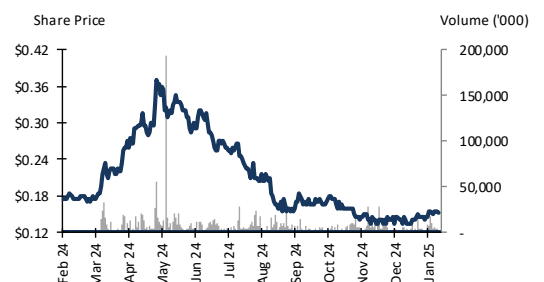
Recommendation	Buy			
Previous	Buy			
Risk	High			
Price Target	\$0.35			
Previous	\$0.35			
Share price (A\$)	\$ 0.150			
ASX code	JMS			
52 week low-high	0.135-0.41			
JMS Valuation (A\$/share)	\$0.35			
Methodology	NPV			
JMS Capital structure				
Ordinary shares (M)	1,961			
Rights (M)	16			
Options (M)	1			
Market cap (A\$M)	294			
Net cash (debt) attributable (A\$M)	85			
EV diluted (A\$M)	212			
Ave daily volume ('000)	4,598			
Y/e Jun A\$M	FY24a	FY25e	FY26e	FY27e
Sales adj*	340	381	367	339
EBITDA adj.*	63	79	90	67
NPAT reported	39	63	59	40
NPAT adj*	41	50	59	40
EPS adj. c*	2.1	2.6	3.0	2.0
P/E x	7.1	5.9	5.0	7.4
EV/EBITDA x	3.3	2.7	2.3	3.1
DPS c	1.3	1.4	1.2	1.0
Yield %	8.3%	9.1%	8.3%	7.0%

* Adj =underlying including attributable share of Tshipi

JMS Board

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

Share price graph



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