



## Jupiter Mines Ltd (JMS.ASX)

*The honeymoon is over*

### Event:

- **FY24 profit result; Earnings and price-target changes.**

### Investment Highlights:

- **Profit in-line as effectively pre-reported.** JMS reported headline NPAT of \$39M as per our estimate and in-line with market's \$42M - no surprise given the quarterly profit reports of Tshipi and Marketing, with corporate costs the only previous unknown coming in-line. Underlying NPAT - including adjusted for forex loss - was also as expected at \$41M.
- **Dividend shock.** Final dividend was the surprise – the Tshipi JV did not declare a dividend for the half, the first time since JMS's 2018 IPO. This forced JMS into only declaring a small final dividend funded solely from its own balance sheet: 0.25cps which fell well short of our estimate of 0.6cps and that of consensus's 0.8cps. It corresponds to a payout on 2H NPAT of only 17% - the lowest for six-month a period since JMS's IPO.
- **Deterioration of China steel markets.** The Tshipi JV's reason for not declaring a was the unforeseen rapid deterioration in manganese prices driven by the increasingly gloomy outlook for China steel market, accordingly adopting conservatism and awaiting prices to exhibit stabilisation. It echoes recent industry observations of worsening profitability of China steel mills, with soft domestic consumption and exports being hit by tariffs, and expectations of capacity shutdowns as mills struggle with profitability.
- **Groote Eylandt to return to near full-capacity production in FY26.** South32 last week reiterated its expectation of shipments resuming from Groote Eylandt in 3QFY25, while providing maiden FY26 production guidance of 5.3Mt (100%) – only 10% short of the 5.9Mt record achieved in FY23. This goes some way to addressing market concerns that Groote might never resume production, or that it if did, would be at a significantly reduced tonnage. Execution and timelines are still key risks (eg wet season).
- **Cutting our Mn price forecasts.** In light of China market outlook and Groote Eylandt's update, we reduce our Mn RSA 37% FOB price dmtu forecasts by -10% and -7% in FY25e and FY26e to US\$3.88 and US\$3.84, and our long-term by -5% to US\$3.67. Mn prices last week had already fallen under pre-Groote Eylandt shutdown levels, the honeymoon period seemingly over.

### Earnings and Valuation:

- **JMS NPAT for FY25e and FY26 downgraded by -18% and -14% to \$106M and \$94M** (from \$129M and \$109M previously) as a result of our cuts to our Mn price forecasts, and has lowered our JMS share valuation (0.4x NPV<sub>10</sub>) to \$0.59 from \$0.65.

### Recommendation:

- **Maintain Buy, 12-month price target cut to \$0.59 from \$0.65 based on risked valuation.** While the deterioration in Mn markets is a disappointment – as is the dividend – Tshipi remains one of the lowest cost Mn mines and well-placed to navigate this weakness. 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			
<b>Price Target</b>	<b>\$0.59</b>			
Previous	\$0.65			
<b>Share price (A\$)</b>	<b>\$ 0.185</b>			
ASX code	JMS			
52 week low-high	0.165-0.41			
<b>JMS Valuation (A\$/share)</b>	<b>\$0.59</b>			
Methodology	NPV			
<b>JMS Capital structure</b>				
Ordinary shares (M)	1,961			
Rights (M)	2			
Options (M)	1			
Market cap (A\$M)	363			
Net cash (debt) attributable (A\$M)	60			
EV diluted (A\$M)	303			
Ave daily volume ('000)	4,598			
<b>Y/e Jun A\$M</b>	<b>FY24a</b>	<b>FY25e</b>	<b>FY26e</b>	<b>FY27e</b>
Sales adj*#	341	424	386	345
EBITDA adj.*	63	158	139	109
NPAT reported	39	106	94	74
<b>NPAT adj*</b>	<b>41</b>	<b>106</b>	<b>94</b>	<b>74</b>
<b>EPS adj. c*</b>	<b>2.1</b>	<b>5.4</b>	<b>4.8</b>	<b>3.8</b>
<b>P/E x</b>	<b>8.7</b>	<b>3.4</b>	<b>3.9</b>	<b>4.9</b>
EV/EBITDA x	4.8	1.9	2.2	2.8
<b>DPS c</b>	<b>1.3</b>	<b>2.7</b>	<b>2.4</b>	<b>1.9</b>
<b>Yield %</b>	<b>6.8%</b>	<b>14.4%</b>	<b>12.8%</b>	<b>10.1%</b>

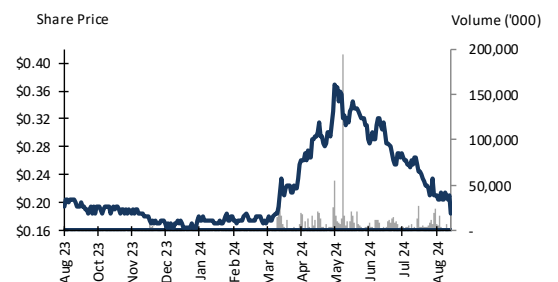
\* Adj =underlying including attributable share of Tshipi

#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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