

3 March 2025

Metro Mining Limited (MMI)

BUY

Share Price: A\$0.05

Positioned well for a strong CY25

Target Price: A\$0.13

MMI reported underlying adjusted CY24 EBITDA of A\$40.8M (+15% vs Petra). Underlying adjusted profit was A\$0.1M and positive op. cashflow was A\$20.2M, on bauxite sales of 5.7M WMT (+24% yoy). The headline loss of A\$22M included forex losses of A\$20.8M of which A\$17.4M is unrealised and reflects mark to market accounting of short term FX hedges. Looking ahead, we expect earnings to improve materially with higher production driving economies of scale supported by higher forecast bauxite prices - we forecast CY25 EBITDA of A\$196m (+380%). Mining operations are expected to recommence after the wet season in mid-March with CY25 guidance of 6.5-7.0M WMT (Petra 6.5M WMT). **BUY** with PT of 13.0c/sh (previously 13.1c/sh).

Company Data

Shares – ordinary (M)	6071.9
Performance Rights (M)	238.0
Total (fully diluted) (M)	6309.9
Market capitalisation (\$M)	315.7
12 month low/high (\$)	0.02 / 0.07
Average monthly turnover (\$M)	20.8
GICS Industry	Metals & Mining

Financial Summary (fully diluted/normalised)

Year End Dec	CY24A	CY25F	CY26F	CY27F	CY28F
Revenue (\$M)	309.1	509.0	546.2	494.5	435.5
Costs (\$M)	264.9	312.8	340.0	334.3	325.8
EBITDA (\$M)	40.8	196.1	206.2	160.2	109.8
NPAT (A\$M)	0.1	164.3	126.5	100.2	66.8
EPS (cps)	0.0	2.6	2.0	1.6	1.1
EPS Growth (%)	>100	>100	-23.0	-20.8	-33.4
PER (x)	na	2.0	2.6	3.3	4.9
Cashflow (A\$M)	20.2	192.7	212.7	118.6	81.1
CFPS (c/sh)	0.3	3.1	3.4	1.9	1.3
PCFPS	18.0	1.7	1.5	2.8	4.0
EV	408.3	186.9	45.0	11.6	-11.0
EV/EBITDA	10.0	1.0	0.2	0.1	-0.1
Payout ratio (%)	na	na	50%	80%	80%
DPS	0.0	0.0	1.0	1.3	0.8
Yield (%)	0.0	0.0	19.3	24.4	16.3
Franking (%)	0.0	0.0	50.0	100.0	100.0

1CY24 Result (Fig. 1) and Outlook

- CY24 shipments +24% to 5.7M WMT (CY23 4.6Mt).
- Adjusted EBITDA rose 87% yoy to \$40.8M, net operational cashflow rose 143% to A\$20.2M.
- Cash at end Dec. of A\$31M, debt of A\$75M (US\$51.6M) plus A\$8M undrawn debt.
- CY25 shipment guidance target of 6.5-7.0M WMT which is an increase of 14-23% vs CY24 shipments.
- MMI expects a strong CY25 with further economies of scale and strong bauxite demand in CY25.

FX Hedging

- Unrealised forex loss of A\$17.4M relates to FX contracts at A\$US\$ of 0.6786 on US\$50M sales.
- These contracts mature in June 2025 and equate to ~48% of Jun. Q'25 sales (Petra forecast).
- MMI's hedging policy is short term in nature (1-2 qtrs) aimed at hedging against a sudden rise in the A\$US\$.
- MMI has the option to defer and/or reprice contracts.

Bauxite market

- MMI is in position to benefit from a high bauxite price environment driven by ongoing Chinese demand.
- MMI has commenced discussions with customers on bauxite pricing for the Jun. Q'25.

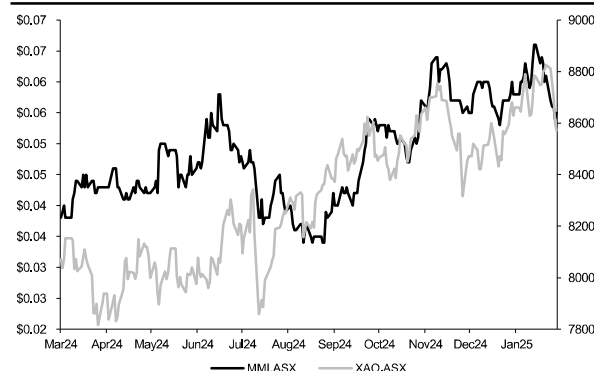
Attractive on valuation & multiples basis

- Valuation – 13.0c/share based on 1xP/NPV10.
- PE (CY25/26) - 2.0x & 2.6x. EV/EBITDA - 1.0x & 0.2x.

Key Dates Ahead

- March '25 – Production recommences.
- 1H 25 – Ongoing debottlenecking studies.

MMI – performance over one year



Disclosure and Disclaimer

This report must be read with the disclosure and disclaimer on the final page of this document. Petra Capital was Co-Lead Manager for this company's placement to raise \$40.0m by way of a placement at A\$0.041/sh on 1st May 2024, for which fees were received.

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Analysis

METRO MINING LIMITED (MMI)

28-Feb-25 Year End Dec	A\$	CY24A	CY25F	CY26F	CY27F	CY28F
PROFIT & LOSS						
Sales Revenue	\$M	307.3	509.0	546.2	494.5	435.5
Other Income	\$M	1.8	0.0	0.0	0.0	0.0
Operating Costs	\$M	264.9	312.8	340.0	334.3	325.8
Exploration	\$M	0.0	0.0	0.0	0.0	0.0
Other	\$M	3.5	0.0	0.0	0.0	0.0
EBITDA	\$M	40.8	196.1	206.2	160.2	109.8
Dep. & Amort.	\$M	18.0	28.4	31.9	29.6	28.6
EBIT	\$M	22.8	167.7	174.3	130.6	81.1
Net Interest	\$M	22.7	3.5	(6.4)	(12.6)	(14.3)
Pre-Tax Profit	\$M	0.1	164.3	180.8	143.2	95.4
Tax	\$M	0.0	0.0	54.2	43.0	28.6
Minorities	\$M	0.0	0.0	0.0	0.0	0.0
Net Profit	\$M	0.1	164.3	126.5	100.2	66.8
Abnormal	\$M	(22.1)	0.0	0.0	0.0	0.0
Reported Profit	\$M	0.1	164.3	126.5	100.2	66.8
Dividends Paid	\$M	0.0	0.0	63.3	80.2	53.4
Adjustments	\$M	0.0	0.0	0.0	0.0	0.0
Retained Earnings	\$M	(254.5)	(90.2)	(26.9)	(6.9)	6.5
CASH FLOW						
Revenue	\$M	315.2	509.0	546.2	494.5	435.5
Costs	\$M	(282.0)	(312.8)	(340.0)	(334.3)	(325.8)
Net Interest	\$M	(13.0)	(3.5)	6.4	12.6	14.3
Tax Paid	\$M	0.0	0.0	0.0	(54.2)	(43.0)
Gross Cash Flow	\$M	20.2	192.7	212.7	118.6	81.1
Net Capex	\$M	(29.1)	(7.5)	(7.5)	(5.0)	(5.0)
Exploration	\$M	(0.2)	0.0	0.0	0.0	0.0
Dividends	\$M	0.0	0.0	(63.3)	(80.2)	(53.4)
Other	\$M	(8.7)	0.0	0.0	0.0	0.0
Free Cashflow	\$M	(17.7)	185.2	141.9	33.4	22.6
Equity Issues	\$M	51.0	0.0	0.0	0.0	0.0
Net Borrowings	\$M	(11.9)	(21.5)	(42.9)	(10.7)	0.0
Net Investments	\$M	0.0	0.0	0.0	0.0	0.0
Surplus Cash Flow	\$M	21.3	163.7	99.0	22.6	22.6
BALANCE SHEET						
Cash	\$M	31.2	194.9	293.9	316.5	339.1
Other Current	\$M	25.2	76.3	81.9	74.2	65.3
Total Current	\$M	56.4	271.2	375.8	390.7	404.5
Fixed Assets	\$M	166.8	145.9	121.5	96.9	73.3
Exploration	\$M	1.7	1.7	1.7	1.7	1.7
Intangibles	\$M	0.0	0.0	0.0	0.0	0.0
Other	\$M	18.3	18.3	18.3	18.3	18.3
Total NC Assets	\$M	186.8	165.9	141.5	116.9	93.2
TOTAL ASSETS	\$M	243.2	437.1	517.3	507.5	497.7
Total Debt	\$M	75.2	53.7	10.7	0.0	0.0
Current Liab	\$M	77.5	77.5	131.7	120.4	106.1
Non Current Liab	\$M	50.0	101.1	106.7	98.9	90.1
TOTAL LIAB	\$M	202.6	232.3	249.1	219.4	196.2
NET ASSETS	\$M	40.6	204.9	268.1	288.2	301.5
SH/HLDRS FUNDS	\$M	40.6	204.9	268.1	288.2	301.5
RATIO ANALYSIS						
EPS	¢	0.0	2.6	2.0	1.6	1.1
PER	x	5,520	2.0	2.6	3.3	4.9
EPS Growth	%	>100	>100	(23.0)	(20.8)	(33.4)
EBITDA per share	¢	0.7	3.1	3.3	2.5	1.7
EBITDA Multiple	x	8.9	1.7	1.6	2.0	3.0
EV/EBITDA	x	10.0	1.0	0.2	0.1	(0.1)
CFPS	¢	0.3	3.1	3.4	1.9	1.3
PCFR	x	18.0	1.7	1.5	2.8	4.0
DPS	¢	0.0	0.0	1.0	1.3	0.8
Yield	%	0.0	0.0	19.3	24.4	16.3
Franking	%	0.0	0.0	50.0	100.0	100.0
Payout Ratio	%	0.0	0.0	50.0%	80.0%	80.0%
Gearing ND/E	%	108	na	na	na	na
Interest Cover	x	1.0	0.0	na	na	na
EBITDA Margin	%	13.3	38.5	37.8	32.4	25.2
EBIT Margin	%	7.4	33.0	31.9	26.4	18.6
Return On Assets	%	9.4	38.4	33.7	25.7	16.3
Return On Equity	%	0.2	80.2	47.2	34.8	22.1
Eff Tax rate	%	0.0	0.0	30.0	30.0	30.0
OTHER DATA						
Share Price	\$/sh.	0.060	0.052	0.052	0.052	0.052
Number of shares	M	6071.9	6309.9	6309.9	6309.9	6309.9
Market Capitalisation	\$M	364.3	328.1	328.1	328.1	328.1
EV	\$M	408.3	186.9	45.0	11.6	-11.0

Share Price	(\$)	0.052				
Iss. Shares	(M)	6,071.9				
Performance Rights	(M)	238.0				
Mkt Cap.	(\$M)	315.7				
RESERVES & RESOURCES						
Reserves						
Tonnes	Mt	77.5	71.0	64.0	57.0	50.0
Grade Al2O3	%	49.8	49.8	49.8	49.8	49.8
Grade SiO2	%	13.1	13.1	13.1	13.1	13.1
M & I Resources						
Tonnes	Mt	113.0	106.5	99.5	92.5	85.5
Grade Al2O3	%	49.2	49.2	49.2	49.2	49.2
Grade SiO2	%	14.1	14.1	14.1	14.1	14.1

PRODUCTION (100%)						
Bauxite Mined	Mt	5.66	6.50	7.00	7.00	7.00
Bauxite Sales (Shipped)	Mt	5.68	6.50	7.00	7.00	7.00

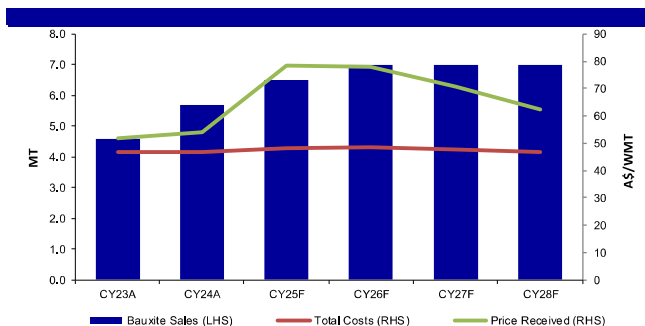
REVENUE (attributable)						
Bauxite Hills	\$M	307.3	509.0	546.2	494.5	435.5
Other	\$M	0.0	0.0	0.0	0.0	0.0
Total	\$M	307.3	509.0	546.2	494.5	435.5

COSTS						
Site Costs	A\$/WMT	27	24	23	23	23
Royalties	A\$/WMT	6	10	10	9	8
Total Costs	A\$/WMT	47	47	47	46	45
Total costs	\$M	264.9	302.8	329.0	323.3	314.8
Corp / Other	\$M	0.0	10.0	11.0	11.0	11.0
Total	\$M	264.9	312.8	340.0	334.3	325.8

CAPEX						
Bauxite Hills	\$M	29.1	7.5	7.5	5.0	5.0
Other	\$M	0.0	0.0	0.0	0.0	0.0
Total	\$M	29.1	7.5	7.5	5.0	5.0

DEPRECIATION						
Bauxite Hills	\$M	18.0	28.4	31.9	29.6	28.6
Other	\$M	0.0	0.0	0.0	0.0	0.0
Total	\$M	18.0	28.4	31.9	29.6	28.6

EBITDA						
Bauxite Hills	\$M	42.4	196.1	206.2	160.2	109.8
Other (incl. writedowns)	\$M	-1.6	0.0	0.0	0.0	0.0
Total	\$M	40.8	196.1	206.2	160.2	109.8



ASSUMPTIONS						
Exchange Rate	A\$/US\$	0.66	0.64	0.67	0.68	0.70
Benchmark Price CIF	US\$/DMT	55	75	70	65	60
Bauxite Price CIF	US\$/DMT	48	68	63	58	53
Bauxite Price CIF	US\$/WMT	42	60	55	51	47
Bauxite Price CIF	A\$/WMT	64	93	83	75	67
Bauxite Price FOB	A\$/WMT	45	79	69	60	52
Av Price Received	A\$/WMT	54	78	78	71	62
EBITDA Margin	A\$/WMT	7	30	29	23	16

VALUATION (fully diluted)				ASM	A\$ps
Bauxite Hills Mine (NPV10)				\$ 746.6	\$ 0.118
Exploration				\$ -	\$ -
Corporate / Other				\$ (70.5)	\$ (0.011)
Net Cash (Debt) CY25				\$ 141.2	\$ 0.022
Total				\$ 817.3	\$ 0.130

Source: Petra Capital

CY24 Result and Outlook

MMI reported adjusted underlying EBITDA (Figure 1) of A\$40.8M (Petra \$35.5M) and underlying adjusted profit of A\$0.1M (Petra \$6.3M). Net operational cashflow (after lease payments and interest costs) was A\$20.2M (Petra A\$22.7M). Headline loss was A\$22M which included a forex loss of A\$20.8M comprising a realised loss of A\$3.4M and an unrealised loss of A\$17.4M. Cash was A\$31.2M and debt of A\$75.2M as at end of December 2024. Full year CY25 guidance remains unchanged at 6.5-7.0Mt of bauxite sales.

MD & CEO Simon Wensley stated "Metro has turned in a combination of record results for 2024, especially in the second half, as we ramped up the expansion. I expect to see further economies of scale flowing through in 2025 as we lift production by a further 20%, with continued strong traded bauxite demand flowing through to improved margins."

Figure 1: CY24 Result

	MMI CY23	MMI CY24	YoY % var	Petra CY24	% var
Revenue (A\$M)	236.2	307.3	30%	318.0	-3%
Operating Costs (A\$M)	214.4	264.9	24%	282.5	-6%
EBITDA (A\$M)	21.8	40.8	87%	35.5	15%
Underlying Net Profit (A\$M)	-9.3	0.1	>100%	6.3	->100%
Headline Loss (A\$M)	-13.5	-22.0	-63%		
Net operational cashflow (A\$M)	8.3	20.2	143%	22.7	-11%
Bauxite shipped (WMT)	4.57	5.68	24%	5.68	0%
Cash at hand end Dec. (A\$M)	12.1	31.2	158%	31.2	0%
Debt at end Dec. (A\$M)	79.4	75.2	-5%	77.0	-2%

Source: MMI, Petra Capital.

Changes to valuation and earnings

Figure 2: Summary of changes

		CY24A			CY25F			CY26F		
		New	Old	% var	New	Old	% var	New	Old	% var
Revenue	A\$m	307.3	318.0	-3%	509.0	513.2	-1%	546.2	546.7	0%
Operating Costs	A\$m	264.9	282.5	-6%	312.8	314.8	-1%	340.0	340.0	0%
EBITDA	A\$m	40.8	35.5	15%	196.1	198.3	-1%	206.2	206.7	0%
EBIT	A\$m	22.8	19.1	19%	167.7	169.5	-1%	174.3	174.4	0%
NPAT	A\$m	0.1	6.3	-99%	164.3	165.9	-1%	126.5	126.6	0%
EPS	A\$/sh	0.0	0.1	-99%	2.6	2.7	-2%	2.0	2.0	-1%
DPS	A\$/sh	0.0	0.0		0.0	0.0		1.0	1.0	0%
Valuation	A\$m	817	818	0%						
Price Target	A\$/sh	0.130	0.131	-1%						
Shares Fully Diluted	M	6310	6256	1%						
Bauxite Mined	Mt	5.66	5.66	0%	6.5	6.5	0%	7.0	7.0	0%
Benchmark Price CIF	US\$/DMT	55	55	0%	75	75	0%	70	70	0%
Bauxite Price CIF	US\$/DMT	48	49	-1%	68	68	0%	63	63	0%
Bauxite Price CIF	US\$/WMT	42	43	-1%	60	60	0%	55	55	0%
AUD/USD	#	0.66	0.66	0%	0.64	0.64	0%	0.67	0.67	0%
Bauxite Price CIF	A\$/WMT	64	65	-1%	93	93	0%	83	83	0%
Av Price Received	A\$/WMT	54	56	-3%	78	79	-1%	78	78	0%
AISC	A\$/WMT	47	50	-6%	48	48	-1%	49	49	0%
EBITDA Margin	A\$/WMT	7.5	6.2	19%	30.2	30.5	-1%	29.5	29.5	0%

Source: Company reports, Petra Capital.



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