

Metro Mining (MMI)

Rating: Buy | Risk: High | Price Target: \$0.17

5 May 2025

April update – production in-line with guidance

Key Information

Current Price (\$ps)	0.05
12m Target Price (\$ps)	0.17
52 Week Range (\$ps)	0.03 - 0.07
Target Price Upside (%)	222.0%
TSR (%)	241.2%
Reporting Currency	AUD
Market Cap (\$m)	316
Sector	Materials
Avg Daily Volume (m)	7.9
ASX 200 Weight (%)	0%

Fundamentals

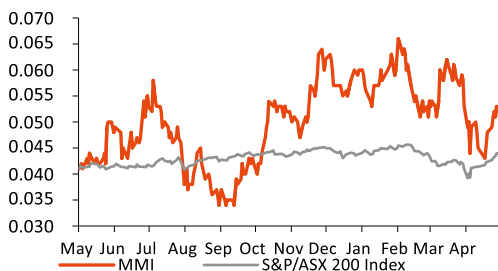
YE 31 Dec (AUD)	FY24A	FY25E	FY26E	FY27E
Sales (\$m)	307	474	538	537
NPAT (\$m)	1	107	132	137
EPS (cps)	(0.4)	1.8	2.2	2.3
EPS Growth (%)	(36.5%)	516.1%	24.0%	4.1%
DPS (cps) (AUD)	0.0	1.0	1.0	1.0
Franking (%)	0%	0%	0%	0%

Ratios

YE 31 Dec	FY24A	FY25E	FY26E	FY27E
P/E (x)	(14.2)	3.0	2.4	2.3
EV/EBITDA (x)	8.7	2.0	1.8	1.8
Div Yield (%)	0.0%	19.2%	19.2%	19.2%
Payout Ratio (%)	0.0%	57.0%	46.0%	44.2%

Price Performance

YE 31 Dec	1 Mth	2 Mth	3 Mth	1 Yr
Relative (%)	(9.3%)	(4.9%)	(15.4%)	12.9%
Absolute (%)	(1.9%)	(3.7%)	(17.5%)	20.9%
Benchmark (%)	7.4%	1.2%	(2.1%)	8.0%



Price performance indexed to 100

Source: FactSet

Major Shareholders

Virtue Investments	9.9%
Williams Group	8.3%
Balanced Property Pty Ltd.	5.6%

Andrew Hines | Head of Research

+61 3 9268 1178

andrew.hines@shawandpartners.com.au

Peter Kormendy | Senior Research Analyst

+61 3 9268 1099

Peter.Kormendy@shawandpartners.com.au

Dorab Postmaster | Analyst

+61 8 9263 5211

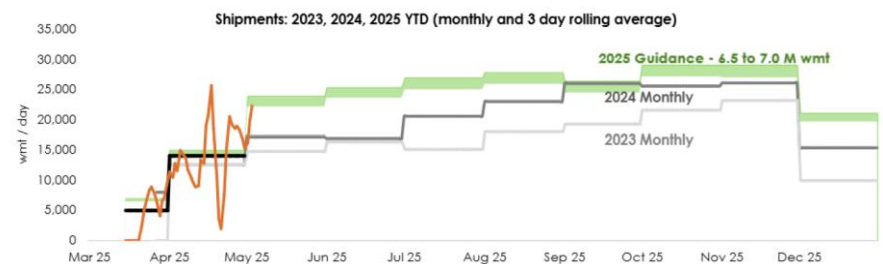
Dorab.Postmaster@shawandpartners.com.au

Event

Metro Mining has provided an operational update for April. Metro shipped 425kt in April which is 12% ahead of April 2024 and in-line with the company's shipping schedule to reach 2025 guidance of 6.5 to 7.0 wmt. With price locked in for the June quarter, Metro is on-track to generate ~A\$60m site EBITDA in the quarter. We have not changed our forecasts.

Highlights

- Metro Mining upgraded its equipment over the past year which allowed it to recommence operations earlier than normal. Mining recommenced on March 15th and ship loading on March 17th. The early start allowed Metro to test its shipping operations during what has been a period of inclement weather, with barge movements impacted by wave heights above 2m on a number of days in April. The volatility in daily rates can be seen in the chart below which plots the 3-day rolling average shipping rate and monthly average against the planned rates to achieve 6.5-7.0 wmt guidance.
- The new transhipper Ikamba has performed well, and it is unlikely that Metro could have achieved this result using the previous floating crane. There were periods in April when Metro was shipping at 25,000wmt/d, but also periods when shipping was halted. The average daily shipping rate of 14,158 is largely in line with Metro's CY25 shipping schedule. Metro is targeting 1.8-2.0 wmt in the June quarter (Shawf 1.8Mt) and needs to ship about 700kt in each of May and June to achieve the low end of that range. That's an average shipping rate of 23,000 wmt/day, which Metro is achieving in early May.
- Metro's June quarter prices have been locked in, and based on the March quarter result, our A\$70/wmt (FOB) forecast looks conservative. Our forecasts have the site EBITDA margin at ~A\$28/wmt in CY25. At these margins we forecast Metro generating ~A\$174m of free cash flow in CY25, which is not yet priced.



Quarterly operations	Dec-24	Mar-25	Jun-25f	Sep-25f	Dec-25f	CY25f
Bauxite shipped (kt)	2,056	184	1,800	2,366	2,250	6,600
Revenue A\$/wmt - FOB	51.0	62.0	70.0	66.0	62.0	65.6
Revenue (A\$m) - FOB	104.9	9.0	126.0	156.2	139.5	430.7
Costs (A\$m)	68.7	21.4	65.1	73.8	72.4	232.6
Site EBITDA (A\$m)	36.2	-12.4	60.9	82.4	67.1	198.0
Operating cash flow	33.7	-18.5	57.9	79.4	64.1	182.9
Investing cash flow	-8.1	-3.3	-2.0	-3.0	-2.0	-10.3
Financing cash flow	-11.1	3.1	-6.3	-17.1	-16.8	-37.1
Cash balance	31.2	12.2	61.8	121.1	166.4	166.4

Source: Company Reports, Shaw forecasts

Recommendation

Metro Mining is one of Shaw and Partners top picks for 2025 with a BUY recommendation and 17cps price target.

Metro Mining

Materials

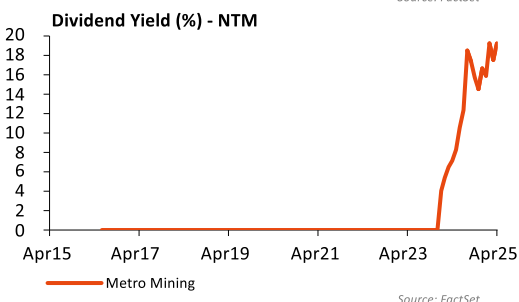
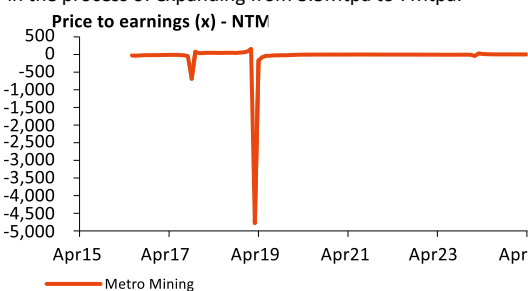
Materials

FactSet: MMI-AU / Bloomberg: MMI AU

Key Items	Data
Recommendation	BUY
Risk	HIGH
Price (\$ps)	0.05
Target Price (\$ps)	0.17
52 Week Range (\$ps)	0.03 - 0.07
Shares on Issue (m)	6,072
Market Cap (\$m)	316
Enterprise Value (\$m)	376
TSR (%)	241.2%
Valuation per share (cps) (AUD)	0.17
Valuation (\$m)	1,018.93

Company Description

Metro Mining operates the Bauxite Hills operation in Far North Queensland and exports bauxite to customers in China. The company commenced operations in 2018 and is in the process of expanding from 3.5Mtpa to 7Mtpa.



Financial Year End: 31 December

Investment Summary (AUD)	FY23A	FY24A	FY25E	FY26E	FY27E
EPS (Reported) (cps)	(0.3)	0.0	1.8	2.2	2.3
EPS (Underlying) (cps)	(0.3)	(0.4)	1.8	2.2	2.3
EPS (Underlying) Growth (%)	77.3%	(36.5%)	516.1%	24.0%	4.1%
PE (Underlying) (x)	(6.8)	(14.2)	3.0	2.4	2.3
EV / EBIT (x)	74.1	14.9	2.3	2.1	2.1
EV / EBITDA (x)	17.2	8.7	2.0	1.8	1.8
DPS (cps) (AUD)	0.0	0.0	1.0	1.0	1.0
Dividend Yield (%)	0.0%	0.0%	19.2%	19.2%	19.2%
Franking (%)	0%	0%	0%	0%	0%
Payout Ratio (%)	0.0%	0.0%	57.0%	46.0%	44.2%
Free Cash Flow Yield (%)	(0.2%)	9.3%	55.1%	67.6%	52.5%
Profit and Loss (AUD) (m)	FY23A	FY24A	FY25E	FY26E	FY27E
Sales	236	307	474	538	537
Sales Growth (%)	32.6%	30.3%	54.4%	13.5%	(0.3%)
Other Operating Income	0	2	0	0	0
EBITDA	22	43	187	212	210
EBITDA Margin (%)	9.2%	14.1%	39.4%	39.3%	39.1%
Depreciation & Amortisation	(17)	(18)	(25)	(29)	(29)
EBIT	5.1	25.2	161.8	183.0	181.1
EBIT Margin (%)	2.2%	8.2%	34.1%	34.0%	33.8%
Net Interest	(19)	(47)	(18)	(5)	5
Pretax Profit	(13)	(22)	144	178	186
Tax	0	0	(37)	(46)	(48)
Tax Rate (%)	0.0%	0.0%	(26.0%)	(26.0%)	(26.0%)
NPAT Underlying	(13)	1	107	132	137
Significant Items	0	(23)	0	0	0
NPAT Reported	(13)	(22)	107	132	137
Cashflow (AUD) (m)	FY23A	FY24A	FY25E	FY26E	FY27E
EBIT	5	25	162	183	181
Tax Paid	0	0	0	0	(46)
Net Interest	0	0	1	5	8
Change in Working Capital	0	0	(4)	2	0
Depreciation & Amortisation	17	18	25	29	29
Operating Cashflow	12	47	184	219	171
Capex	(12)	(17)	(9)	(4)	(4)
Acquisitions and Investments	0	0	0	0	0
Disposal of Fixed Assets/Investments	0	0	0	0	0
Other	(13)	(8)	(1)	(1)	(1)
Investing Cashflow	(25)	(26)	(10)	(5)	(5)
Free Cashflow	(0)	29	174	214	166
Equity Raised / Bought Back	0	51	0	0	0
Dividends Paid	0	0	0	(61)	(61)
Change in Debt	39	(12)	(24)	(51)	0
Other	(15)	(27)	(19)	(10)	(3)
Financing Cashflow	24	12	(43)	(122)	(64)
Net Change in Cash	12	33	131	92	102
Balance Sheet (AUD) (m)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash	17	36	168	259	361
Accounts Receivable	9	7	11	13	13
Inventory	3	5	8	9	9
Other Current Assets	6	8	8	8	8
PPE	87	100	84	59	35
Total Assets	157	220	343	414	493
Accounts Payable	24	32	35	40	40
Short Term Debt	33	24	51	0	0
Long Term Debt	46	51	0	0	0
Total Liabilities	156	202	181	134	134
Ratios	FY23A	FY24A	FY25E	FY26E	FY27E
ROE (%)	(93.3%)	4.0%	113.5%	72.2%	53.5%
Gearing (%)	86.2%	48.8%	(377.5%)	632.1%	545.6%
Net Debt / EBITDA (x)	2.8	0.9	(0.6)	(1.2)	(1.7)

Key risks

- The Chinese bauxite market is supplied by production from Guinea which is backed by Chinese investment. There is a risk that if Guinea continues to expand then MMI will not be able to sell its expanded production or be forced to discount the price.
- Metro Mining is expanding its operation from 3.5Mt to 7.0Mt. The mining and barging component of the expansion is straight-forward, but there are design and operating risks with the transshipping operations. The transhipper may not operate as expected.
- Metro operates in Far North Queensland and transshipping operations are weather dependent. Cyclonic activity or adverse wind conditions can prevent the barges from operating.

Core drivers and catalyst

- The bauxite market is well supported by strong demand growth from China as Chinese alumina refineries increasingly rely on imported bauxite as domestic production declines. Chinese production of bauxite peaked in 2018.
- Metro Mining's Bauxite Hills project is well placed to supply the growing Chinese market due to the proximity to markets. As a low value product, freight costs make up almost half the cost of delivering bauxite to China.
- Metro Mining is expanding production to 6.5-7.0Mtpa in CY25. This will result in a significant step-up in free cash flow generation due to higher production and the associated economies of scale reduction in unit costs.

Rating Classification

Buy	Expected to outperform the overall market
Hold	Expected to perform in line with the overall market
Sell	Expected to underperform the overall market
Not Rated	Shaw has issued a factual note on the company but does not have a recommendation

Risk Rating

High	Higher risk than the overall market – investors should be aware this stock may be speculative
Medium	Risk broadly in line with the overall market
Low	Lower risk than the overall market

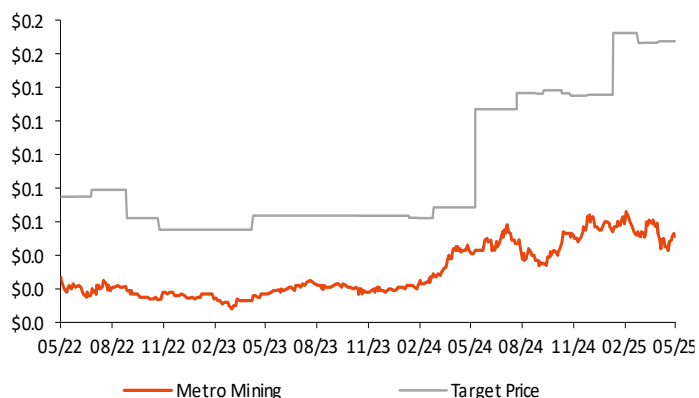
RISK STATEMENT: Where a company is designated as ‘High’ risk, this means that the analyst has determined that the risk profile for this company is significantly higher than for the market as a whole, and so may not suit all investors. Clients should make an assessment as to whether this stock and its potential price volatility is compatible with their financial objectives. Clients should discuss this stock with their Shaw adviser before making any investment decision.

Distribution of Investment Ratings

Rating	Count	Recommendation Universe
Buy	78	90%
Hold	9	10%
Sell	0	0%

History of Investment Rating and Target Price - Metro Mining

Date	Closing Price (\$)	Target Price (\$)	Rating
2-Apr-25	0.06	0.17	Buy
13-Mar-25	0.05	0.17	Buy
28-Feb-25	0.05	0.17	Buy
14-Jan-25	0.05	0.17	Buy
27-Nov-24	0.06	0.14	Buy
30-Oct-24	0.05	0.14	Buy
14-Oct-24	0.05	0.14	Buy
12-Sep-24	0.04	0.14	Buy
29-Aug-24	0.04	0.14	Buy
26-Jul-24	0.05	0.14	Buy
13-May-24	0.04	0.13	Buy
29-Feb-24	0.03	0.07	Buy
30-Jan-24	0.02	0.06	Buy
16-Jan-24	0.02	0.06	Buy
19-Oct-23	0.02	0.06	Buy
13-Apr-23	0.02	0.06	Buy
28-Oct-22	0.01	0.06	Buy
31-Aug-22	0.02	0.06	Buy
29-Jun-22	0.02	0.08	Buy
31-May-22	0.02	0.07	Buy



Disclaimer

Shaw and Partners Limited ABN 24 003 221 583 ("Shaw") is a Participant of ASX Limited, Cboe Australia Pty Limited and holder of Australian Financial Services Licence number 236048.

ANALYST CERTIFICATION: The Research Analyst who prepared this report hereby certifies that the views expressed in this document accurately reflect the analyst's personal views about the Company and its financial products. Neither Shaw nor its Research Analysts received any direct financial or non-financial benefits from the company for the production of this document. However, Shaw Research Analysts may receive assistance from the company in preparing their research which can include attending site visits and/or meetings hosted by the company. In some instances the costs of such site visits or meetings may be met in part or in whole by the company if Shaw considers it is reasonable given the specific circumstances relating to the site visit or meeting. As at the date of this report, the Research Analyst does not hold, either directly or through a controlled entity, securities in the Company that is the subject of this report, or where they do hold securities those interests are not material. Shaw restricts Research Analysts from trading in securities outside of the ASX/S&P100 for which they write research. Other Shaw employees may hold interests in the company, but none of those interests are material.

DISCLAIMER: This report is published by Shaw to its clients by way of general, as opposed to personal, advice. This means it has been prepared for multiple distribution without consideration of your investment objectives, financial situation and needs ("Personal Circumstances"). Accordingly, the advice given is not a recommendation that a particular course of action is suitable for you and the advice is therefore not to be acted on as investment advice. You must assess whether or not the advice is appropriate for your Personal Circumstances before making any investment decisions. You can either make this assessment yourself, or if you require a personal recommendation, you can seek the assistance of your Shaw client adviser. This report is provided to you on the condition that it not be copied, either in whole or in part, distributed to or disclosed to any other person. If you are not the intended recipient, you should destroy the report and advise Shaw that you have done so. This report is published by Shaw in good faith based on the facts known to it at the time of its preparation and does not purport to contain all relevant information with respect to the financial products to which it relates. The research report is current as at the date of publication until it is replaced, updated or withdrawn. Although the report is based on information obtained from sources believed to be reliable, Shaw does not make any representation or warranty that it is accurate, complete or up to date and Shaw accepts no obligation to correct or update the information or opinions in it. If you rely on this report, you do so at your own risk. Any projections are indicative estimates only and may not be realised in the future. Such projections are contingent on matters outside the control of Shaw (including but not limited to market volatility, economic conditions and company-specific fundamentals) and therefore may not be realised in the future. Past performance is not a reliable indicator of future performance. Except to the extent that liability under any law cannot be excluded, Shaw disclaims liability for all loss or damage arising as a result of any opinion, advice, recommendation, representation or information expressly or impliedly published in or in relation to this report notwithstanding any error or omission including negligence.

Depending on the timing and size of your investment, your portfolio composition may differ to the model. Performance figures are derived from the inception date of the model and its investment transactions from that date, therefore the performance for your portfolio may be different. If you have any questions in connection with differences between your portfolio and the model, you should speak with your adviser.

For U.S. persons only: This research report is a product of Shaw and Partners Limited under Marco Polo Securities 15a-6 chaperone service, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

Research reports are intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Shaw and Partners Limited has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be affected through Marco Polo or another U.S. registered broker dealer.

DISCLOSURE: Shaw will charge commission in relation to client transactions in financial products and Shaw client advisers will receive a share of that commission. Shaw, its authorised representatives, its associates and their respective officers and employees may have earned previously or may in the future earn fees and commission from dealing in the Company's financial products. Shaw acted for the company in a corporate capacity within the past 12 months for which it received a fee.

Sydney Head Office	Melbourne	Brisbane	Adelaide	Canberra	Perth	Noosa
Level 7, Chifley Tower	Level 36	Level 28	Level 25	Level 9	Level 47	Suite 11a Q Place
2 Chifley Square	120 Collins Street	111 Eagle Street	91 King William Street	5 Constitution Avenue	108 St Georges Terrace	2 Quamby Place
Sydney NSW 2000	Melbourne VIC 3000	Brisbane QLD 4000	Adelaide SA 5000	Canberra ACT 2601	Perth WA 6000	Noosa Heads QLD 4567
Telephone: +61 2 9238 1238	Telephone: +61 3 9268 1000	Telephone: +61 7 3036 2500	Telephone: +61 8 7109 6000	Telephone: +61 2 6113 5300	Telephone: +61 8 9263 5200	Telephone: +61 7 3036 2570
Toll Free: 1800 636 625	Toll Free: 1800 150 009	Toll Free: 1800 463 972	Toll Free: 1800 636 625	Toll Free: 1800 636 625	Toll Free: 1800 198 003	Toll Free: 1800 271 201