

# Metro Mining (MMI)

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

22 July 2025

## Record June Quarter EBITDA of A\$53m sets up a big 2H25

### Key Information

Current Price (\$ps)	0.07
12m Target Price (\$ps)	0.17
52 Week Range (\$ps)	0.03 - 0.07
Target Price Upside (%)	145.3%
TSR (%)	160.0%
Reporting Currency	AUD
Market Cap (\$m)	415
Sector	Materials
Avg Daily Volume (m)	5.6
ASX 200 Weight (%)	0%

### Fundamentals

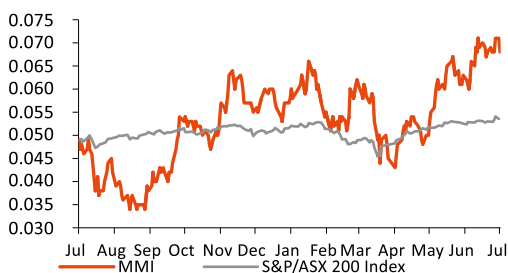
YE 31 Dec (AUD)	FY24A	FY25E	FY26E	FY27E
Sales (\$m)	307	444	551	550
NPAT (\$m)	1	83	139	145
EPS (cps)	(0.4)	1.4	2.3	2.4
EPS Growth (%)	(36.5%)	422.7%	68.1%	4.3%
DPS (cps) (AUD)	0.0	1.0	1.0	1.0
Franking (%)	0%	0%	0%	0%

### Ratios

YE 31 Dec	FY24A	FY25E	FY26E	FY27E
P/E (x)	(14.2)	5.0	3.0	2.8
EV/EBITDA (x)	11.0	3.1	2.1	2.1
Div Yield (%)	0.0%	14.7%	14.7%	14.7%
Payout Ratio (%)	0.0%	73.5%	43.7%	41.9%

### Price Performance

YE 31 Dec	1 Mth	2 Mth	3 Mth	1 Yr
Relative (%)	6.0%	24.5%	47.2%	29.5%
Absolute (%)	7.9%	28.3%	58.1%	38.8%
Benchmark (%)	1.9%	3.8%	10.9%	9.3%



Price performance indexed to 100

Source: FactSet

### Major Shareholders

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

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### Event

Metro Mining has reported a record operating margin of A\$31.9/t in the June quarter, up 500% on 2Q24 and 83% above the previous record high in 4Q24. With 1.7Mt of bauxite shipped, Metro will report site EBITDA of A\$53.4m in the quarter. It will be stronger again in the second half. Metro reported a cash balance of A\$28.7m at 30-June, which would have been A\$34m higher but for \$25m in a working capital build and A\$9m in deferred royalty payments. The company will be net cash positive in the September quarter.

### Highlights

- Metro has reported record Q2 shipments of 1.7Mt, record pricing of A\$72/t (FOB) and a record site margin of A\$31.9/t. These were all slightly softer than our forecasts – we had pricing at A\$74/t and margins at A\$36/t – but are excellent results in what was a difficult operating quarter and have set up Metro Mining for a very strong 2H25.
- Production in the June quarter was impacted by constraints on barge loading. Barges were limited to a 1.1m draft which means they could be loaded more than about 4,800t which constrained daily production to 21-22kt. The constraint was lifted on July 11<sup>th</sup> and the September quarter will be much stronger. We forecast shipments of 2.4Mt in the September quarter and 6.5Mt for the full year.
- Operating cash flow in the June quarter was lower than expected due to the timing of cash receipts from shipments. Metro had two vessels depart in the last week of June and so had \$25m of revenue booked, but with the cash not received at 30-June. This is just a timing issue, and the cash will now have been received. Metro also made A\$9m of deferred royalty payments in the quarter. These were from 4Q24 and had already been provisioned in the P&L.
- We have trimmed our forecasts for CY25 on the back of the slightly lower than expected June quarter, as well as factoring in lower achieved prices for the September quarter.
- The stock remains exceptionally cheap, and we can easily see Metro carrying a A\$1bn enterprise value once the company demonstrates its ability to operate the assets at full production. We model Metro generating free cash flow of ~A\$60m in the September quarter. Metro will be in a net cash position in the September quarter.

Revisions	2025f			2026f			2027f		
	New	Old	Chg %	New	Old	Chg %	New	Old	Chg %
Sales (kt)	6,500	6,500	0%	7,500	7,500	0%	7,500	7,500	0%
Revenue (A\$m)	444	461	-4%	551	551	0%	550	550	0%
EBITDA (A\$m)	150	167	-11%	218	218	0%	217	217	0%
NPAT (A\$m)	83	96	-14%	139	140	-1%	145	146	-1%

Quarterly operations	Dec-24	Mar-25	Jun-25	Sep-25f	Dec-25f	CY25f	CY26f
Bauxite shipped (kt)	2,056	184	1,685	2,381	2,250	6,500	7,500
Price A\$/wmt - FOB	51.0	62.0	71.9	58.7	62.0	63.4	63.9
Revenue (A\$m) - FOB	104.9	9.0	121.2	139.9	139.5	409.5	479.3
Costs (A\$m)	68.7	21.3	67.4	73.8	72.0	234.5	221.2
Site EBITDA (A\$m)	36.2	-12.3	53.8	66.0	67.5	175.0	258.2
Operating cash flow	33.7	-18.5	25.8	78.0	64.5	149.8	256.2
Investing cash flow	-8.1	-3.3	-4.5	-3.0	-2.0	-12.8	-9.0
Financing cash flow	-11.1	3.1	-6.2	-17.0	-16.7	-36.8	-61.9
Cash balance	31.2	12.2	28.7	86.7	132.5	132.5	317.8

### Recommendation

We retain our BUY recommendation and 17cps price target. Metro Mining is one of Shaw and Partners top emerging company picks for 2025.

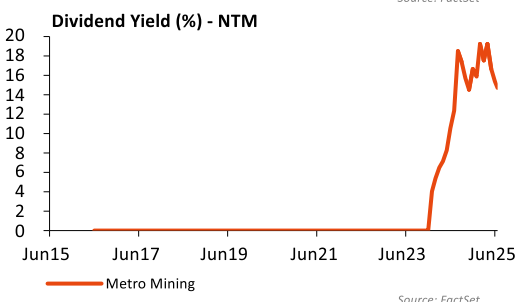
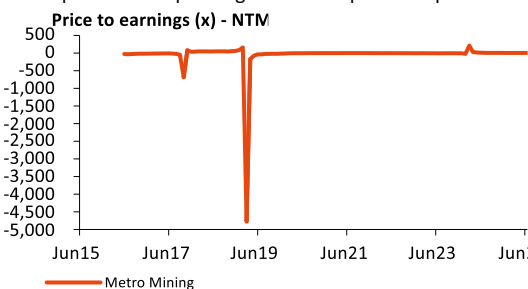
## Metro Mining Materials

FactSet: MMI-AU / Bloomberg: MMI AU

Key Items	Data
Recommendation	BUY
Risk	HIGH
Price (\$ps)	0.07
Target Price (\$ps)	0.17
52 Week Range (\$ps)	0.03 - 0.07
Shares on Issue (m)	6,098
Market Cap (\$m)	415
Enterprise Value (\$m)	475
TSR (%)	160.0%
Valuation per share (cps) (AUD)	0.17
Valuation (\$m)	1,015.13

### 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	1.4	2.3	2.4
EPS (Underlying) (cps)	(0.3)	(0.4)	1.4	2.3	2.4
EPS (Underlying) Growth (%)	77.3%	(36.5%)	422.7%	68.1%	4.3%
PE (Underlying) (x)	(6.8)	(14.2)	5.0	3.0	2.8
EV / EBIT (x)	93.6	18.8	3.7	2.4	2.5
EV / EBITDA (x)	21.8	11.0	3.1	2.1	2.1
DPS (cps) (AUD)	0.0	0.0	1.0	1.0	1.0
Dividend Yield (%)	0.0%	0.0%	14.7%	14.7%	14.7%
Franking (%)	0%	0%	0%	0%	0%
Payout Ratio (%)	0.0%	0.0%	73.5%	43.7%	41.9%
Free Cash Flow Yield (%)	(0.2%)	9.3%	34.6%	53.7%	42.2%
Profit and Loss (AUD) (m)	FY23A	FY24A	FY25E	FY26E	FY27E
Sales	236	307	444	551	550
Sales Growth (%)	32.6%	30.3%	44.6%	24.1%	(0.2%)
Other Operating Income	0	2	0	0	0
EBITDA	22	43	154	223	221
EBITDA Margin (%)	9.2%	14.1%	34.7%	40.4%	40.2%
Depreciation & Amortisation	(17)	(18)	(25)	(29)	(29)
EBIT	5.1	25.2	129.4	194.2	192.7
EBIT Margin (%)	2.2%	8.2%	29.1%	35.2%	35.0%
Net Interest	(19)	(47)	(18)	(6)	3
Pretax Profit	(13)	(22)	112	188	196
Tax	0	0	(29)	(49)	(51)
Tax Rate (%)	0.0%	0.0%	(26.0%)	(26.0%)	(26.0%)
NPAT Underlying	(13)	1	83	139	145
Significant Items	0	(23)	0	0	0
NPAT Reported	(13)	(22)	83	139	145
Cashflow (AUD) (m)	FY23A	FY24A	FY25E	FY26E	FY27E
EBIT	5	25	129	194	193
Tax Paid	0	0	0	0	(49)
Net Interest	0	0	1	4	7
Change in Working Capital	0	0	(2)	0	0
Depreciation & Amortisation	17	18	25	29	29
Operating Cashflow	12	47	153	227	179
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	143	222	174
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)	(11)	(4)
Financing Cashflow	24	12	(43)	(123)	(65)
Net Change in Cash	12	33	100	99	110
Balance Sheet (AUD) (m)	FY23A	FY24A	FY25E	FY26E	FY27E
Cash	17	36	137	236	345
Accounts Receivable	9	7	11	13	13
Inventory	3	5	7	9	9
Other Current Assets	6	8	8	8	8
PPE	87	100	84	60	35
Total Assets	157	220	311	391	478
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%	100.9%	85.6%	59.5%
Gearing (%)	86.2%	48.8%	(224.0%)	685.7%	577.7%
Net Debt / EBITDA (x)	2.8	0.9	(0.6)	(1.1)	(1.6)

Figure 1: Metro Mining quarterly financials

Quarterly operations	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25f	Dec-25f	Mar-26f	Jun-26f	Sep-26f	Dec-26f
Bauxite mined (kt)	40	1,407	2,148	2,046	150	1,713	2,387	2,250	200	2,200	2,700	2,400
Bauxite shipped (kt)	80	1,418	2,130	2,056	184	1,685	2,381	2,250	200	2,200	2,700	2,400
ABIX Index (US\$/dmt)	53	57	60	75	83	69	65	65	65	65	65	65
Revenue A\$/wmt - CIF	60.2	63.8	65.3	72.7	84.0	81.3	68.7	76.0	77.9	77.9	77.9	77.9
Revenue (A\$m) - CIF	4.8	90.5	139.1	149.5	15.5	137.0	163.7	171.0	15.6	171.4	210.4	187.0
Revenue A\$/wmt - FOB	0.0	43.4	44.0	51.0	62.0	71.9	58.7	62.0	63.9	63.9	63.9	63.9
Revenue (A\$m) - FOB	0.0	61.5	93.7	104.9	9.0	121.2	139.9	139.5	12.8	140.6	172.6	153.4
<b>Costs</b>												
Site cost (A\$/wmt)	0.0	31.8	23.6	26.2	120.0	31.0	22.0	23.0	75.0	21.5	18.0	18.0
Freight (A\$/wmt)	0.0	20.4	21.3	21.7	22.0	9.4	10.0	14.0	14.0	14.0	14.0	14.0
Royalty (A\$/wmt)	0.0	6.3	6.6	7.2	8.7	9.0	9.0	9.0	8.7	8.9	8.9	8.9
Total cost (A\$/wmt)	0.0	58.5	51.5	55.1	150.7	49.4	41.0	46.0	97.7	44.4	40.9	40.9
Total cost (ex freight)	0.0	38.1	30.2	33.4	128.7	40.0	31.0	32.0	83.7	30.4	26.9	26.9
Site cost (A\$m)	15.0	45.1	50.3	53.9	22.1	52.2	52.4	51.8	15.0	47.3	48.6	43.2
EBITDA (A\$/wmt)	0.0	5.3	13.8	17.6	-66.7	31.9	27.7	30.0	-19.8	33.5	37.0	37.0
Site EBITDA (A\$m)	-15.0	7.5	29.4	36.2	-12.3	53.8	66.0	67.5	-4.0	73.6	99.8	88.7
Other costs (A\$m)	-2.9	-3.0	5.9	4.4	-6.2	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0
Queensland royalty deferre	0.0	-3.2	-6.0	-6.8	0.0	-9.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Quarterly cash flows (A\$m)</b>												
Operating cash flow	-17.9	1.3	29.3	33.7	-18.5	25.8	78.0	64.5	3.0	70.6	96.8	85.7
Investing cash flow	-9.6	-12.9	-6.7	-8.1	-3.3	-4.5	-3.0	-2.0	-5.0	-1.0	-1.5	-1.5
Financing cash flow	18.4	23.4	-18.4	-11.1	3.1	-6.2	-17.0	-16.7	-13.4	-17.1	-15.8	-15.5
Cash balance	2.8	13.4	16.9	31.2	12.2	28.7	86.7	132.5	117.1	169.6	249.1	317.8
<b>Debt position (A\$m)</b>												
Nebari loan		52.2	50.7	83.0	90.4	86.5	74.6	62.8	50.9	39.1	27.2	15.4
Nebari royalty		17.9	17.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Junior debt		23.3	11.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total (A\$m)		93.5	80.3	83.0	90.4	86.5	74.6	62.8	50.9	39.1	27.2	15.4
Net debt (cash) (A\$m)		80.1	63.5	51.8	78.2	57.8	-12.1	-69.7	-66.2	-130.6	-221.9	-302.4
<b>Debt repayments</b>												
Nebari loan		0.0	0.0	-25.5	-8.0	0.0	11.9	11.9	11.9	11.9	11.9	11.9
Nebari royalty		0.0	0.0	17.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Junior debt		0.0	0.0	11.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total (A\$m)		0.0	0.0	4.1	-8.0	0.0	11.9	11.9	11.9	11.9	11.9	11.9

Source: Company Reports, Shaw and Partners forecasts

### 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 to 7.0Mtpa. All elements of the new flowsheet are now in place, but Metro has not yet demonstrated that the operation is capable of sustaining production rates to achieve the 6.5-7.0Mt CY25 guidance.
- 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 - 7.0 Mtpa 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

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

## Risk Rating

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

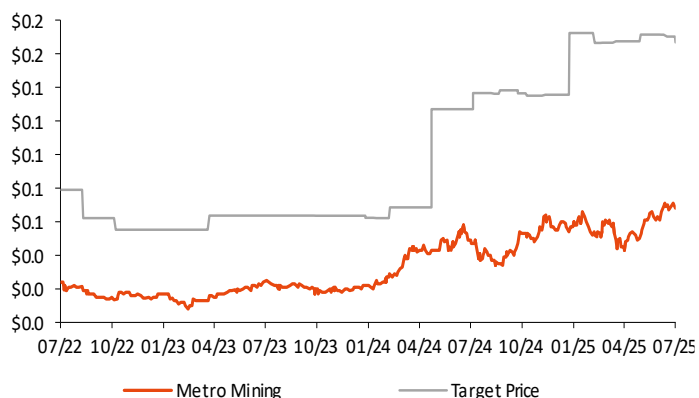
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### Distribution of Investment Ratings

Rating	Count	Recommendation Universe
Buy	79	88%
Hold	11	12%
Sell	0	0%

### History of Investment Rating and Target Price - Metro Mining

Date	Closing Price (\$)	Target Price (\$)	Rating
22-Jul-25	0.07	0.17	Buy
4-Jul-25	0.07	0.17	Buy
26-Jun-25	0.06	0.17	Buy
21-May-25	0.05	0.17	Buy
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



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