

3 February 2022

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Mineral Resources Limited

Non-Energy Minerals

HOLD

MIN A\$57.88 **TARGET PRICE A\$59.06**

Mineral Resources Limited (MIN) is an innovative and leading mining services company with a growing world-class portfolio of mining operations across multiple commodities, including iron ore and lithium.

Company Data

Number of shares	188.9
Market Capitalisation	\$ 10930.6
Free float (%)	85.8
12-month high/low	\$65.97/\$35.97
Average Daily Turnover (\$m)	61.113
% S&P/ASX200	0.51
DDM Ranking	343
% All Ordinaries	0.398
GICS Industry Group	Non-Energy Minerals

Source: FactSet, Barclay Pearce Capital

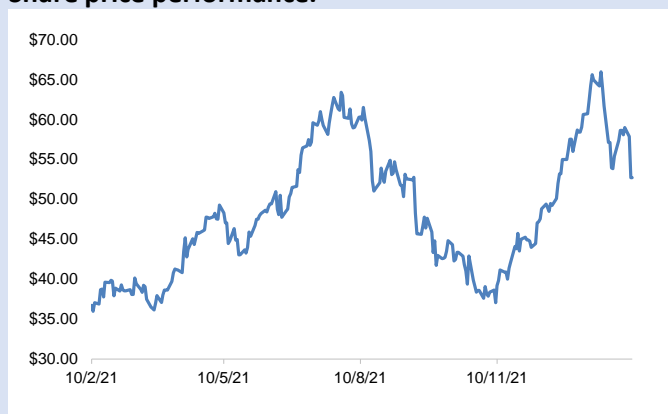
Earnings Summary (AUD)

Year end June	2021A	2022F	2023F	2024F
Revenue (\$M)	3,733.6	3,050.3	3,606.3	4,052.7
EBITDA (\$M)	1,900.7	861.4	1,135.4	1,288.7
Reported NPAT (\$M)	1,267.7	321.6	467.6	578.6
Adjusted NPAT (\$M)	1,102.6	365.8	520.5	589.5
Adjusted EPS (¢ - FD)	584.6	195.1	271.6	314.0
Adjusted EPS growth (%)	229.6	-59.1	36.2	14.4
Adjusted P/E (x)	9.9	25.4	18.2	15.8
Dividend (¢/sh)	275.0	95.6	128.7	135.1
Gross yield (%)	6.8	2.4	3.2	3.3
Net yield (%)	4.8	1.7	2.2	2.3
ROIC (%)	37.7	10.0	10.9	10.1

Source: Barclay Pearce Capital

Barclay Pearce Capital contributes all company estimates to Thomson Reuters, FactSet, Nucleus 195 and Capital IQ.

Share price performance.



Source: FactSet, Barclay Pearce Capital

H1FY22 Results Presentation

On 9th February 2022, Mineral Resources Limited (MIN) announced its Half Year Results Announcement with the following highlights:

Financial Highlights:

- The Company generated underlying earnings before interest, tax, depreciation, amortisation and impairment (Underlying EBITDA) of \$156 million, down 80% on the prior corresponding period (pcp);
- Earnings were negatively impacted by the collapse in iron ore prices and widening discounts;
- Underlying net loss after tax was \$36 million, down 108% on pcp;
- Statutory NPAT was \$20 million, down 96% on pcp;
- Revenue was \$1.4b, down 12% on pcp;
- Diluted earnings per share (EPS) was 10.17 cps, down 96% on pcp.

Portfolio Highlights:

- Continuing to keep our operations COVID free;
- Maintaining a low 12-month rolling Lost Time Injury Frequency Rate (LTIFR) of 0.10 and reducing our Total Reportable Injury Frequency Rate (TRIFR) to 2.25;
- Increasing Mining Services production volumes by 18% on pcp;
- Exporting 9.9 million wet metric tonnes (wmt) of iron ore;
- Exporting 207 thousand dry metric tonnes (dmt) of spodumene;
- Delivering a ROIC of 23.9% even in difficult conditions

Mineral Resources MD Chris Ellison said:

"This has been a challenging half, as we continued to navigate the uncertainty of a COVID-19 world and maintained our focus on protecting the jobs of all our people. I am proud of the efforts of the more than 4,800 men and women in our business for their united and disciplined approach, which so far has enabled us to keep COVID-19 out of our operations.

"It hasn't been easy and the challenges during 1H22 were amplified by the collapse in iron ore prices. This has delivered our worst first half financial result in three years. These results do not reflect the substantial progress in our iron ore, lithium and gas businesses during the last six months which will create significant value for decades to come and which underpins our long-term growth for our Mining Services division.

Earnings changes

MIN reported underlying EBITDA of \$156m, which was significantly lower than market expectations of \$268m. However, MIN's FY22 guidance highlights that Mining Services volumes are expected to increase by 15-20%. Hence, we only expect negative earnings revisions of 7-8% for FY22 and future periods.

Valuation

We are updating our 12-month target price from \$80.43 to \$59.06 and updating our recommendation from BUY to HOLD. The price target is underpinned by our valuation.

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Barclay Pearce Capital provides research services to its client. Mr Wright is General Manager of Research and has over twenty (30) years' experience in the financial services industry, particularly in financial analysis and research report writing. Mr Wright joined the Barclay Pearce team in 2021 where he has been involved in the research and publication of reports. Prior to this Mr Wright worked at a number of entities where he held Director/Head of Research and General Manager of Research positions. Mr Wright holds a Bachelor of Mathematics (Honours) from Edinburgh University and has completed the SDIA Accreditation Program (RG146) through DeakinPrime.

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Buy – Describes stocks that we expect to provide a total return (price appreciation plus net yield) of 15% or more within a 12-month period.

Hold – Describes stocks that are neither a buy nor underperform.

Underperform – Describes stocks that we expect to provide a total return (price appreciation plus net yield) of less than minus 10% within a 12-month period.

NR – The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Barclay Pearce Capital policies.

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Buy	38.2%	(0.0% of stocks with recommendations are Barclay Pearce clients)
Hold	23.2%	(0.0% of stocks with recommendations are Barclay Pearce clients)
Underperform	38.6%	(0.0% of stocks with recommendations are Barclay Pearce clients)