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## OZ Minerals Limited

### Mining

### BUY

**OZL A\$22.20**      **TARGET PRICE A\$25.40**

OZ Minerals Limited engages in the exploration, development, mining, and processing of mineral projects in Australia.

#### Company Data

Number of shares	331.8 M
Market Capitalisation	\$7,176.0 M
Free float (%)	97.7
12-month high/low	\$22.20/\$5.99
Average Daily Turnover (\$m)	42.35
% S&P/ASX200	0.37%
DDM Ranking	64
% All Ordinaries	0.32%
GICS Industry Group	Materials

Source: FactSet, Barclay Pearce Capital

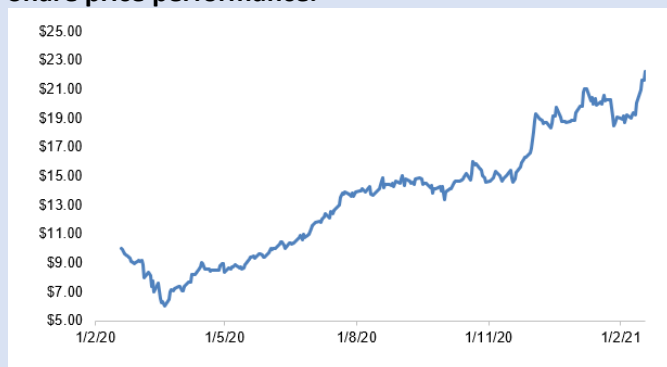
#### Earnings Summary (AUD)

Year end December	2020A	2021F	2022F	2023F
Revenue (\$M)	1,342.0	1,740.7	1,771.7	1,847.1
EBITDA (\$M)	606.0	840.0	900.3	973.5
Reported NPAT (\$M)	212.6	350.2	417.0	525.1
Adjusted NPAT (\$M)	212.6	370.9	400.5	461.6
Reported EPS (c)	65.2	100.1	131.4	160.1
Adjusted EPS (c - FD)	65.2	112.3	125.8	143.2
Adjusted EPS growth (%)	28.7	72.3	12.0	13.9
Adjusted P/E (x)	34.4	19.6	17.5	15.4
Dividend (c/sh)	25.0	21.3	25.3	28.8
Gross yield (%)	1.6	1.4	1.6	1.9
Net yield (%)	1.1	1.0	1.1	1.3
ROIC (%)	6.5	10.5	10.9	10.0

Source: Barclay Pearce Capital

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

#### Share price performance.



Source: FactSet, Barclay Pearce Capital

## Full Year Results Media Release

On 18<sup>th</sup> February, OZ Minerals Limited (OZL) released their results for the full year ended 31 December 2020 with the following highlights:

- 30% increase in Net Profit After Tax to \$213 million on net revenue of \$1,342 million;
- Underlying EBITDA of \$606 million with a strong 45% operating margin;
- Earnings Per Share of 65 cents, an increase of 29% on the prior year;
- Operating cash flows of \$550 million; net cash balance at \$32 million;
- Fully franked final dividend of 17 cps (25 cps total dividend for 2020)

Income Statement Summary (\$M)	FY 2020	FY 2019	Variance
Net revenue	1,342.0	1,107.0	235.0
<b>Underlying EBITDA</b>	<b>606.3</b>	<b>462.4</b>	143.9
Net depreciation	(283.4)	(228.9)	(54.5)
<b>Underlying EBIT</b>	<b>322.9</b>	<b>233.5</b>	89.4
Net finance income	(27.1)	(4.9)	(22.2)
Income tax expense	(83.2)	(64.7)	(18.5)
<b>Underlying NPAT</b>	<b>212.6</b>	<b>163.9</b>	48.7
Earnings per share (cents)	65.2	50.7	14.5

#### Outlook

OZL MD and CEO Andrew Cole said:

*"We delivered a sixth consecutive year of meeting or exceeding copper production guidance. Our strong performance allowed continued investment in growth activities and delivery of an increased net profit after tax of \$213 million (\$164 million in 2019) on net revenue of \$1,342 million (\$1,107 million in 2019)."*

*"2021 will be a year where OZ Minerals will move into our next phase of growth with major growth catalysts at all of our assets. The focus will be on safe operational delivery, on starting early works on the Carrapateena block cave following Board approval, advancing the project studies at Prominent Hill, Carrapateena and West Musgrave, and developing out the Carajás Hub strategy in Brazil. We'll also be continuing our exploration activities where possible."*

*"We have a range of greenfield and brownfield options in the mature mining regions of Australia and Brazil and a strong balance sheet providing financial flexibility for growth opportunities."*

## Earnings changes

OZL reported NPAT of 212.6M, which was largely in line with market expectations of 213.3M. Hence, we don't expect any significant earnings revisions.

## Valuation

We are initiating on OZL with a price target of \$25.40 and a BUY recommendation. 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 (26) years' experience in the financial services industry, particularly in financial analysis and research report writing. Mr Wright joined the Barclay Pearce team in 2017 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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**Hold** – Describes stocks that are neither a buy nor underperform.

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**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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**Free Float (float / current shares outstanding) \*100** – This float figure is the number of shares that are available to the public and is calculated by subtracting the shares held by insiders and those deemed to be stagnant shareholders. Stagnant holders include ESOP's, ESOT's, QUEST's, employee benefit trusts, founding shareholder equity stake plus senior management equity stake, corporations not actively managing money, venture capital companies and shares held by Governments.

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### Valuation Methodology

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Buy	40.2%	( 0.0% of stocks with recommendations are Barclay Pearce clients)
Speculative Buy	0.4%	( 100.0% of stocks with recommendations are Barclay Pearce clients)
Hold	19.5%	( 0.0% of stocks with recommendations are Barclay Pearce clients)
Underperform	40.0%	( 0.0% of stocks with recommendations are Barclay Pearce clients)