



Blackstone

Diversified Minerals / Switzerland

Important battery R&D progress

An intriguing battery (materials) play, but execution is the key - 25/08/2020

Change in Opinion

Buy vs Reduce

Change in Target Price

CHF 5.58 vs 3.23 **+72.8%**

Even the relative valuation metrics benefited via addition of CATL (Chinese battery pioneer) as a peer.

Change in NAV

CHF 11.8 vs 7.49 **+57.4%**

Taking on board the R&D breakthrough in Battery, the division's EV/sales valuation multiple has been increased to 3x (vs. 1.5x earlier). Given that the full-potential across Blackstone's respective divisions is still a couple of years away, the NAV is a better reflection of the underlying value at the firm.

Change in DCF

CHF 3.64 vs 2.79 **+30.5%**

While the near-term cash flow situation remains unchanged, the R&D progress in the strategically-important Battery division has resulted in all the out-year estimates (ex. EBITDA) being increased to 4% (vs. 3.5% earlier). EBITDA growth has been increased to 5.5% (vs. 4.5% earlier) – resulting in the long-term margin resetting close to 20%.



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This research has been commissioned and paid for by the company and is deemed to constitute an acceptable minor non-monetary benefit as defined in MiFID II

Buy **Upside : 86.1%**

Target Price (6 months) CHF 5.58

Share Price CHF 3.00

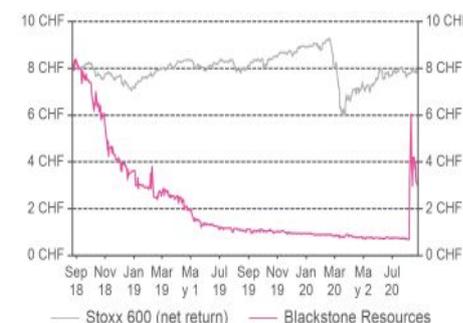
Market Cap. CHFM 128

Price Momentum **STRONG**

Extremes 12Months 0.69 ▶ 6.05

Bloomberg BLS SW Equity

Reuters BLS.S


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PERF	1w	1m	3m	12m
Blackstone Resources	-28.2%	295%	311%	186%
Metals & Mining	-2.36%	0.94%	15.2%	7.21%
SXXR Index	0.47%	1.15%	9.63%	2.06%

Last updated: 25/08/2020	12/19A	12/20E	12/21E	12/22E
Adjusted P/E (x)	12.8	5.38	5.95	2.45
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-84.5	50.5	4.44	1.92
Adjusted EPS (CHF)	0.13	0.56	0.50	1.22
Growth in EPS (%)	n/a	337	-9.53	143
Dividend (CHF)	0.00	0.00	0.00	0.00
Sales (CHFM)	0.02	63.2	334	561
EBITDA/R margin (%)	ns	5.96	13.2	17.6
Attributable net profit (CHFM)	5.31	23.8	21.5	52.3
ROE (after tax) (%)	26.7	64.5	26.0	31.1
Gearing (%)	123	44.0	14.6	6.79

[Company Valuation](#) - [Company Financials](#)

Sales by Geography

Valuation Summary

Consolidated P&L Accounts

		12/19A	12/20E	12/21E
Sales	CHFM	0.02	63.2	334
Change in sales	%	ns	ns	428
Change in staff costs	%	24.1	382	64.9
EBITDA	CHFM	-1.73	3.77	44.2
EBITDA(R) margin	%	ns	5.96	13.2
Depreciation	CHFM	-0.52	-1.32	-20.6
Underlying operating profit	CHFM	-2.25	2.44	23.6
Operating profit (EBIT)	CHFM	5.47	24.6	23.6
Net financial expense	CHFM	-0.36	-0.57	-0.28
of which related to pensions	CHFM		0.00	0.00
Exceptional items & other	CHFM	-0.06	0.00	0.00
Corporate tax	CHFM	-0.11	0.00	-1.16
Equity associates	CHFM	0.00	0.00	0.00
Minority interests	CHFM	0.37	-0.26	-0.57
Adjusted attributable net profit	CHFM	5.37	23.8	21.5
NOPAT	CHFM	3.83	17.3	16.5

Cashflow Statement

		12/19A	12/20E	12/21E
EBITDA	CHFM	-1.73	3.77	44.2
Change in WCR	CHFM	2.43	-3.50	-21.4
Actual div. received from equity holdi...	CHFM	0.00	0.00	0.00
Paid taxes	CHFM	-0.11	0.00	-1.16
Exceptional items	CHFM	0.06	0.00	0.00
Other operating cash flows	CHFM	-0.84	0.00	0.00
Total operating cash flows	CHFM	-0.19	0.27	21.6
Capital expenditure	CHFM	-0.17	-7.39	-73.4
Total investment flows	CHFM	2.28	-7.39	-27.0
Net interest expense	CHFM	-0.36	-0.57	-0.28
Dividends (parent company)	CHFM	0.00	0.00	0.00
Dividends to minorities interests	CHFM	0.00	0.00	0.00
New shareholders' equity	CHFM	0.13	0.00	0.00
Total financial flows	CHFM	-1.30	9.22	5.83
Change in cash position	CHFM	0.80	2.10	0.50
Free cash flow (pre div.)	CHFM	-0.72	-7.70	-52.0

Per Share Data

		12/19A	12/20E	12/21E
No. of shares net of treas. stock (year...	Mio	42.7	42.7	42.7
Number of diluted shares (average)	Mio	42.1	42.7	42.7
Benchmark EPS	CHF	0.13	0.56	0.50
Restated NAV per share	CHF			
Net dividend per share	CHF	0.00	0.00	0.00

Benchmarks	Value	Weight	Largest comparables
DCF	CHF 3.64	35%	● Umicore
NAV/SOTP per share	CHF 11.8	20%	■ Johnson Matthey
EV/Ebitda	CHF 6.00	20%	■ Boliden
P/E	CHF 6.00	10%	■ Anglo American
Dividend Yield	CHF 0.00	10%	■ Eramet
P/Book	CHF 3.00	5%	■ Glencore
TARGET PRICE	CHF 5.58	100%	

NAV/SOTP Calculation

Balance Sheet

		12/19A	12/20E	12/21E
Goodwill	CHFM	95.8	95.8	95.8
Total intangible	CHFM	95.8	95.8	95.8
Tangible fixed assets	CHFM	12.5	18.6	71.4
Financial fixed assets	CHFM	0.00	0.00	0.00
WCR	CHFM	-1.09	2.41	23.8
Other assets	CHFM	1.14	1.14	1.14
Total assets (net of short term liab.)	CHFM	109	119	193
Ordinary shareholders' equity	CHFM	25.0	48.9	117
Quasi Equity & Preferred	CHFM			
Minority interests	CHFM	48.1	48.4	48.9
Provisions for pensions	CHFM	0.07	-0.12	-0.25
Other provisions for risks and liabilities	CHFM	0.00	0.00	0.00
Total provisions for risks and liabilities	CHFM	0.07	-0.12	-0.25
Tax liabilities	CHFM	7.16	7.16	7.16
Other liabilities	CHFM			
Net debt (cash)	CHFM	28.7	14.2	19.9
Total liab. and shareholders' equity	CHFM	109	119	193

Capital Employed

		12/19A	12/20E	12/21E
Capital employed after depreciation	CHFM	107	117	191

Profits & Risks Ratios

		12/19A	12/20E	12/21E
ROE (after tax)	%	26.7	64.5	26.0
ROCE	%	3.57	14.8	8.64
Gearing (at book value)	%	123	44.0	14.6
Adj. Net debt/EBITDA(R)	x	-16.6	3.78	0.45
Interest cover (x)	x	-6.27	4.25	82.4

Valuation Ratios

		12/19A	12/20E	12/21E
Reference P/E (benchmark)	x	12.8	5.38	5.95
Free cash flow yield	%	-1.03	-6.01	-40.6
P/Book	x	2.80	2.62	1.09
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/19A	12/20E	12/21E
Market cap	CHFM	70.0	128	128
+ Provisions	CHFM	0.07	-0.12	-0.25
+ Unrecognised actuarial losses/(gains)	CHFM	0.00	0.00	0.00
+ Net debt at year end	CHFM	28.7	14.2	19.9
+ Leases debt equivalent	CHFM	0.00	0.00	0.00
- Financial fixed assets (fair value)	CHFM	0.59	0.59	0.59
+ Minority interests (fair value)	CHFM	48.1	48.4	48.9
= EV	CHFM	146	190	196
EV/EBITDA(R)	x	-84.5	50.5	4.44
EV/Sales	x	ns	3.01	0.59

Analyst : Varun Sikka, Changes to Forecasts : 25/08/2020.