



Blackstone

Diversified Minerals / Switzerland

Taking on-board the Norwegian disposal and near-term market headwinds

An intriguing battery (materials) play, although execution is the key - 24/06/2020

Change in EPS

2020 : CHF 0.56 vs 0.05	+934%
2021 : CHF 0.50 vs 0.63	-19.9%

While prevalent macro headwinds result in the normalisation of our earnings estimates, 2020 should nevertheless benefit via the (non-cash) gain (CHF22m) on the disposal of the Norwegian rare earth metal asset.



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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 : 249%
Target Price (6 months)	CHF 2.65
Share Price	CHF 0.76
Market Cap. CHFM	32.5
Price Momentum	GOOD
Extremes 12Months	0.71 ▶ 1.26
Bloomberg	BLS SW Equity
Reuters	BLS.S


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PERF	1w	1m	3m	12m
Blackstone Resources	5.56%	4.11%	-5.00%	-39.2%
Metals & Mining	0.66%	10.9%	48.7%	-12.6%
SXXR Index	1.22%	8.21%	32.2%	-2.38%

Last updated: 24/06/2020	12/19A	12/20E	12/21E	12/22E
Adjusted P/E (x)	12.8	1.36	1.51	0.62
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-84.5	25.1	2.27	0.95
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 2.44	35%	■ Glencore
NAV/SOTP per share	CHF 7.49	20%	■ Eramet
EV/Ebitda	CHF 0.42	20%	■ Anglo American
P/E	CHF 1.52	10%	■ Boliden
Dividend Yield	CHF 0.00	10%	■ Johnson Matthey
P/Book	CHF 1.27	5%	■ Umicore
TARGET PRICE	CHF 2.65	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	1.36	1.51
Free cash flow yield	%	-1.03	-23.7	-160
P/Book	x	2.80	0.66	0.28
Dividend yield	%	0.00	0.00	0.00

EV Calculation

		12/19A	12/20E	12/21E
Market cap	CHFM	70.0	32.4	32.4
+ 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	94.3	100
EV/EBITDA(R)	x	-84.5	25.1	2.27
EV/Sales	x	ns	1.49	0.30

Analyst : Varun Sikka, Changes to Forecasts : 24/06/2020.