



# Blackstone

Diversified Minerals / Switzerland

## Beneficiary of battery R&D progress + new funding commitment

An intriguing battery (materials) play, but execution is the key - 22/10/2020

### Change in Target Price

CHF 5.33 vs 5.16 **+3.32%**

Besides the battery R&D progress, the group's near-term financing requirements have an ample cushion via Luxembourg-based GEM Global Yield's CHF30m funding commitment. Hence, our material upside has been maintained.

### Change in EPS

2020 : CHF 0.38 vs 0.56 **-31.3%**  
2021 : CHF 0.50 vs 0.50 **-0.45%**

Given the delayed start (due to COVID-19) at the respective mining and smelting assets, our 2020 earnings estimates are reset lower. However, as the overall business plans remain unchanged, our estimates from 2021 onwards remain unchanged.

### Change in NAV

CHF 12.4 vs 11.8 **+5.44%**

Taking on board the recent R&D breakthroughs, the value of the Battery division resets >10% higher. As a result, Battery now accounts for c.56% of Blackstone gross assets.



Varun SIKKA

metalsmining@alphavalue.eu

+33 (0) 1 70 61 10 50

cs.alphavalue.com

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

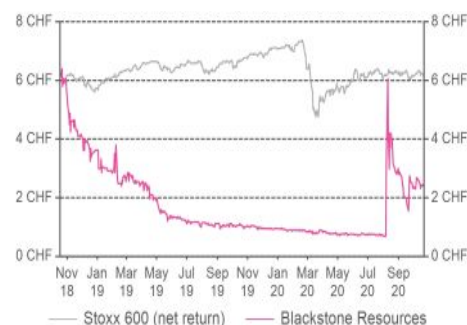
### Buy **Upside : 120%**

Target Price (6 months)	CHF 5.33
Share Price	CHF 2.42
Market Cap. CHFM	103
Price Momentum	<b>GOOD</b>
Extremes 12Months	0.69 ▶ 6.05
Bloomberg	BLS SW Equity
Reuters	BLS.S



[Download Full Analysis](#)

[Company Page](#)



PERF	1w	1m	3m	12m
Blackstone Resources	-2.42%	56.1%	236%	130%
Metals & Mining	-1.34%	-2.39%	-3.19%	-0.09%
SXXR Index	-2.64%	1.19%	-3.90%	-6.51%

Last updated: 22/10/2020	12/19A	12/20E	12/21E	12/22E
Adjusted P/E (x)	12.8	6.31	4.82	1.98
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-83.5	-46.3	4.00	1.72
Adjusted EPS (CHF)	0.13	0.38	0.50	1.22
Growth in EPS (%)	n/a	200	31.0	143
Dividend (CHF)	0.00	0.00	0.00	0.00
Sales (CHFm)	0.00	0.00	334	561
EBITDA/R margin (%)	ns	ns	13.2	17.6
Attributable net profit (CHFm)	5.31	16.4	21.4	52.2
ROE (after tax) (%)	26.7	49.4	28.5	32.5
Gearing (%)	123	58.2	20.3	9.34

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

## Sales by Geography

## Valuation Summary

### Consolidated P&L Accounts

		12/19A	12/20E	12/21E
Sales	CHFM	0.00	0.00	334
Change in sales	%	0.00	0.00	ns
Change in staff costs	%	24.1	382	64.9
EBITDA	CHFM	-1.75	-3.68	44.2
<b>EBITDA(R) margin</b>	%	<b>ns</b>	<b>ns</b>	<b>13.2</b>
Depreciation	CHFM	-0.52	-1.32	-20.6
Underlying operating profit	CHFM	-2.27	-5.00	23.6
<b>Operating profit (EBIT)</b>	<b>CHFM</b>	<b>5.45</b>	<b>17.2</b>	<b>23.6</b>
Net financial expense	CHFM	-0.36	-0.57	-0.39
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	0.39	-0.26	-0.57
<b>Adjusted attributable net profit</b>	<b>CHFM</b>	<b>5.37</b>	<b>16.4</b>	<b>21.4</b>
NOPAT	CHFM	3.82	12.0	16.5

### Cashflow Statement

EBITDA	CHFM	-1.75	-3.68	44.2
Change in WCR	CHFM	2.43	-1.17	-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	-0.82	0.00	0.00
Total operating cash flows	CHFM	-0.19	-4.84	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	-0.39
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	13.2	5.73
Change in cash position	CHFM	0.80	0.98	0.40
<b>Free cash flow (pre div.)</b>	<b>CHFM</b>	<b>-0.72</b>	<b>-12.8</b>	<b>-52.1</b>

### Per Share Data

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
<b>Benchmark EPS</b>	<b>CHF</b>	<b>0.13</b>	<b>0.38</b>	<b>0.50</b>
Restated NAV per share	CHF			
<b>Net dividend per share</b>	<b>CHF</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

Benchmarks	Value	Weight	Largest comparables
DCF	CHF 3.50	35%	● Glencore
NAV/SOTP per share	CHF 12.4	20%	● Eramet
EV/Ebitda	CHF 4.84	20%	● Anglo American
P/E	CHF 4.84	10%	● Boliden
Dividend Yield	CHF 0.00	10%	● Johnson Matthey
P/Book	CHF 3.39	5%	● Umicore
TARGET PRICE	CHF 5.33	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	0.08	21.5
Other assets	CHFM	1.14	1.14	1.14
Total assets (net of short term liab.)	CHFM	109	116	190
<b>Ordinary shareholders' equity</b>	<b>CHFM</b>	<b>25.0</b>	<b>41.3</b>	<b>109</b>
Quasi Equity & Preferred	CHFM			
Minority interests	CHFM	48.1	48.4	48.9
Provisions for pensions	CHFM	0.07	0.02	0.03
Other provisions for risks and liabilities	CHFM	0.00	0.00	0.00
Total provisions for risks and liabilities	CHFM	0.07	0.02	0.03
Tax liabilities	CHFM	7.16	7.16	7.16
Other liabilities	CHFM			
<b>Net debt (cash)</b>	<b>CHFM</b>	<b>28.7</b>	<b>19.3</b>	<b>25.1</b>
Total liab. and shareholders' equity	CHFM	109	116	190

### Capital Employed

Capital employed after depreciation	CHFM	107	114	189
-------------------------------------	------	-----	-----	-----

### Profits & Risks Ratios

<b>ROE (after tax)</b>	%	<b>26.7</b>	<b>49.4</b>	<b>28.5</b>
ROCE	%	3.56	10.5	8.74
<b>Gearing (at book value)</b>	%	<b>123</b>	<b>58.2</b>	<b>20.3</b>
Adj. Net debt/EBITDA(R)	x	-16.4	-5.26	0.57
Interest cover (x)	x	-6.33	-8.70	61.0

### Valuation Ratios

<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>12.8</b>	<b>6.31</b>	<b>4.82</b>
Free cash flow yield	%	-1.03	-12.4	-50.5
P/Book	x	2.80	2.50	0.95
<b>Dividend yield</b>	%	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

### EV Calculation

Market cap	CHFM	70.0	103	103
+ Provisions	CHFM	0.07	0.02	0.03
+ Unrecognised actuarial losses/(gains)	CHFM	0.00	0.00	0.00
+ Net debt at year end	CHFM	28.7	19.3	25.1
+ 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	170	177
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-83.5</b>	<b>-46.3</b>	<b>4.00</b>
EV/Sales	x	ns	ns	0.53

Analyst : Varun Sikka, Changes to Forecasts : 22/10/2020.