

# Metarock Group Ltd

## Slight pause as balance sheet is right sized

Metarock Group Ltd (ASX:MYE) has delivered revenues and adjusted EBITDA within its guidance range for FY22, but Crinum remediation costs were well above forecast at ~\$18.5m, while recently acquired PYBAR recorded an EBITA loss of \$3.7m which was well below initial forecasts. This cost coupled with the capex required to restart two Mine Operations (Crinum and Cook) have forced a consolidation in growth plans to right the balance sheet. Crinum production has been delayed 12-months and Cook 6-months as a result, while a relook at capital allocation and the business model should result in at least ~\$20m of excess equipment sales and lower ongoing capex. FY23 revenue guidance as a result has declined from \$700m-\$750m to \$600m-\$650m, and EBITDA from \$80m-\$95m to \$50m-\$55m. Importantly the previous guidance range is expected to hold true in FY24 when both Mine Operation sites are expected to be at full production. We have made extensive estimate changes across revenues, EBITDA, depreciation, and capex. Our new estimates still see MYE (FY23) trading at a 35% discount to the adjusted EV/EBITDA peer group (FY22) and material (66%) discount using forecast FY24 metrics (vs FY22), the first full year of Mine Operations. The recent MLD takeover metrics add valuation support for MYE, with a similar EV/EBITDA multiple implying \$0.80/share for MYE. Our DCF valuation remains well above the current share price at \$1.55/share despite an increased beta assumption.

### Business model

MYE provides a range of contracted services and equipment hire to major underground metallurgical coal operators (roadway development, conveyor installation, longwall relocation and maintenance, supply & installation of underground ventilation control devices) and metalliferous hard rock operators (mine development, raise boring, shotcreting, cable bolting and production drilling) via the acquisition of PYBAR. More recently the group has moved into Mine Operations via the Crinum and Cook contracts, operating mines in their own right for asset owners with limited underground experience. Such operations are longer-term in nature providing repeatable revenues at higher margins relative to contracting.

### Reducing the number of balls in the air

The combination of the PYBAR acquisition, the gearing up for two sizable Mine Operation contracts, two fatalities at separate sites and sector headwinds including wet weather, a tight labour market and higher consumable/capital costs has seen MYE slow growth ambitions to right size the balance sheet and consolidate operations. The combination of Crinum cost recovery and a lighter capital model could reduce debt by at least \$30m, while the delay of Crinum by 12-months better spreads the capital load across FY22-FY24.

### Valuation between \$0.95/share (FY23) to \$2.00/share (FY24)

Our preferred valuation methodology for MYE is multiple-based given the number of long-listed mining services companies on the ASX. We apply FY22 peer adjusted EV/EBITDA multiples to MYE's FY23 & FY24 earnings as they are more reflective of recent contracts. The result implies a valuation of \$0.95/share using FY23 estimates and \$2.00/share using FY24. The recent MLD takeover offer supports MYE metrics implying an FY23 valuation of \$0.80/share, while our DCF is \$1.55/share, incorporating stable Mine Operations earnings into FY28.

#### Historical earnings and RaaS estimates (in \$A unless otherwise stated)

Year end	Revenues (adj.)	EBITDA (rep.)	NPATA (adj.)	EPS (adj.) (c)	P/E (x)	Dividend yield (%)	EV/EBITDA (x)
06/21a	233.1	22.3	6.3	0.06	6.5	7.9	0.7
06/22a	452.7	38.6	7.0	0.06	6.7	0.0	3.3
06/23f	615.0	53.0	4.6	0.03	10.9	0.0	2.0
06/24f	718.4	84.9	25.6	0.20	1.9	21.1	1.0

Source: Company data; RaaS Advisory estimates for FY23f and FY24f

## FY22 result summary/outlook

### Mining Services

13<sup>th</sup> September 2022

#### Share Details

ASX code	MYE
Share price	\$0.38
Market capitalisation	\$49.7M
Shares on issue	130.2M
Net debt at 30-Jun-22*	\$71.9M
Free float	~52.4%

#### Share Performance



#### Upside Case

- Delivering on \$1.7bn tender book
- Meeting new Crinum/Cook schedules
- Delivering on PYBAR acquisition

#### Downside Case

- Lower metallurgical coal prices/lower activity
- Long-term technological advancements in non-blast furnace steel making
- Safety issues at key mines

#### Board of Directors

Colin Bloomfield	Non-Executive Chairman
Anthony Caruso	Managing Director
Andrew Watts	Non-Executive Director
Julie Whitcombe	Non-Executive Director
Gabriel Meena	Non-Executive Director
Paul Rouse	Non-Executive Director

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\*The analysts hold shares

## FY22 Result Summary

Key take-outs from the FY22 result include:

- Total revenue was \$452.7m, within the guidance range of \$450m-\$480m despite PYBAR being well below initial expectations.
- Divisionally contracting revenue increased an estimated 15% on improved coal prices/activity, mine operations saw a first time ~\$20m contribution and PYBAR contributed for 8-months.
- Underlying EBITDA was \$38.6m, in-line with the guidance range of \$37m-\$43m.
- Divisionally the PYBAR contribution was below initial guidance with the EBITDA contribution \$13.3m. PYBAR was impacted by a number of production interruption events throughout the year and the unexpected demobilisation of a material contract shortly following the acquisition (this project historically generated ~\$7m EBITDA annually).
- Significant abnormals relating to Crinum remediation costs (\$18.5m) and other one-off costs (\$2.5m) were incurred. We have treated these costs as abnormals in the table below.
- Net capex spend of \$40.4m was well below the \$63m-\$65m guidance range as the Crinum project was paused. Some of this spend shifts to FY23.
- Net debt ended the year at \$71.9m (excluding the invoice financing facility and lease liabilities) compared to a net cash position at 30 June 2021 of \$18m. This was higher than expected (albeit forecast to be higher due to the PYBAR acquisition and capex spend) as a result of the quantum of the Crinum remediation costs.

### Exhibit 1: MYE FY22 underlying earnings summary (in \$A unless otherwise stated)

Variable (A\$000')	FY21	FY22	% CHG	Comments
<b>Sales</b>	<b>233.1</b>	<b>452.7</b>	<b>94</b>	
Contracting	233.1	267.0	15	Improved met. coal environment
Mining operations	0.0	20.0	nm	
PYBAR	0.0	165.7	nm	Eight months of PYBAR, below forecast
Operating costs (inc. other income)	210.8	414.1	96	
<b>EBITDA</b>	<b>22.3</b>	<b>38.6</b>	<b>73</b>	
(Coal)	22.3	25.3	14	Sales translated to EBITDA
(PYBAR)	0.0	13.3	nm	
Depreciation	12.2	28.5	134	Includes PYBAR asset revaluation (~\$3m)
<b>EBITA</b>	<b>10.1</b>	<b>10.1</b>	<b>0</b>	
Amortisation	0.4	4.3		PYBAR acquisition
<b>EBIT</b>	<b>9.7</b>	<b>5.8</b>	<b>(40)</b>	
<b>Adjusted NPATA</b>	<b>6.3</b>	<b>7.0</b>	<b>11</b>	
Reported NPATA	6.3	(12.5)		Includes Crinum/transaction costs

Source: Company announcements and RaaS estimates

## Revised guidance

### FY23 guidance

The pausing of the Crinum Mine Operation contract by 12-months (to June 2023) and Cook Mine Operation contract by 6-months (to January 2023) has resulted in revised guidance for FY23 which we detail below:

- Revenues between \$600m-\$650m, down from \$700m and \$750m;
- EBITDA between \$50m and \$55m, down from \$80m and \$95m;
- Gross capex spend of \$50m, above the \$33m and \$38m prior guidance with some catch-up from the lower than forecast FY22 spend;
- The likelihood of equipment sales up to \$30m (RaaS is forecasting \$20m) as the group looks to sell and lease back excess equipment;

- The prospect of recouping some or all of the \$18.5m Crinum remediation costs (RaaS is forecasting \$12m) under contract terms.

All the above has implications for the level of depreciation (lower assets) and debt into FY24, with management aiming to get debt/EBITDA back to 1.0x (RaaS has 0.9x at year end).

<b>Exhibit 2: MYE net debt reconciliation</b>	
Parameters	A\$m
<b>Net Debt as @ 30 June 2022 (ex-invoicing facility)</b>	<b>71.9</b>
add Crinum recovery	(12.0)
add Equipment sale	(20.0)
add operating cashflow	(43.8)
less capex	50.0
less Wilson tranche 2	3.9
<b>Debt as June 2023</b>	<b>50.0</b>
Debt/Adj EBITDA	0.9x
Source: RaaS estimates	

## FY24 and beyond

While no specific guidance has been provided, it is management's view that prior FY23 guidance would hold true in FY24 should Crinum and Cook reach full production.

With the Crinum contract 6-years in duration and Cook four years with a two-year option, we view FY24 numbers as sustainable well into FY28, hence our numbers remain elevated medium-term.

A summary of key earnings estimate changes is detailed in the chart below.

<b>Exhibit 3: RaaS MYE earnings adjustments (A\$m unless stated)</b>					
Variable	FY22	FY23	FY24	FY25	Comments
<b>Revenue</b>					
Old	461.8	716.2	733.9	732.8	Mine Operations
New	452.7	615.0	718.4	758.5	Pushed back & lower
% CHG	(2.0%)	(14.1%)	(2.1%)	3.5%	PYBAR
<b>Adj. EBITDA</b>					
Old	38.4	83.4	88.0	87.7	
New	38.6	53.0	84.9	86.2	
% CHG	0.4%	(36.4%)	(3.6%)	(1.8%)	
<b>Adj EBITA</b>					
Old	7.4	34.8	38.5	37.6	Lower Depn est.
New	10.1	11.7	41.1	43.2	(Asset sales,AASB16)
% CHG	35.9%	(66.3%)	6.8%	15.1%	
<b>NPATA</b>					
Old	3.3	20.9	24.8	24.5	
New	7.0	4.6	25.6	27.5	
% CHG	111.3%	(78.1%)	3.2%	12.2%	
<b>EPS</b>					
Old	0.024	0.160	0.191	0.189	
New	0.057	0.035	0.196	0.211	
% CHG	131.6%	(78.2%)	2.9%	11.8%	
<b>Net Debt</b>					
Old	92.7	93.9	79.2	62.7	Equipment sales
New	78.8	56.5	38.9	17.8	Crinum recovery
% CHG	(15%)	(40%)	(51%)	(72%)	
<b>Capex</b>					
Old	64.2	38.4	35.6	35.1	Lower capital model
New	40.4	50.0	29.1	29.6	
% CHG	(37%)	30%	(18%)	(16%)	
Source: Company announcements and RaaS estimates					

**Exhibit 4: MYE divisional earnings forecasts (in \$A unless otherwise stated)**

	2021A	2022A	2023F	2024F	2025F
<b>Sales</b>	<b>233.1</b>	<b>452.7</b>	<b>615.0</b>	<b>718.4</b>	<b>758.5</b>
Contracting	233.1	267.0	285.0	273.4	276.5
Mine operations	0.0	20.0	80.0	170.0	185.0
PYBAR	0.0	165.7	250.0	275.0	297.0
Operating costs	210.8	414.1	562.0	633.5	672.3
<b>EBITDA</b>	<b>22.3</b>	<b>38.6</b>	<b>53.0</b>	<b>84.9</b>	<b>86.2</b>
EBITDA margin	9.6%	8.5%	8.6%	11.8%	11.4%
Depreciation	12.2	28.5	41.3	43.8	42.9
EBITA	10.1	10.1	11.7	41.1	43.2
Amortisation	0.0	4.3	4.5	3.5	3.0
<b>EBIT</b>	<b>10.1</b>	<b>5.8</b>	<b>7.2</b>	<b>37.6</b>	<b>40.2</b>
Interest expense	1.1	4.0	6.0	5.5	5.0
Pre-tax	9.1	1.8	1.2	32.1	35.2
Tax expense	2.8	-0.9	1.1	10.0	10.7
(Tax rate %)	31%	-50%	94%	31%	30%
Amortisation	0.4	4.3	4.5	3.5	3.0
<b>Adjusted NPATA</b>	<b>6.3</b>	<b>7.0</b>	<b>4.6</b>	<b>25.6</b>	<b>27.5</b>

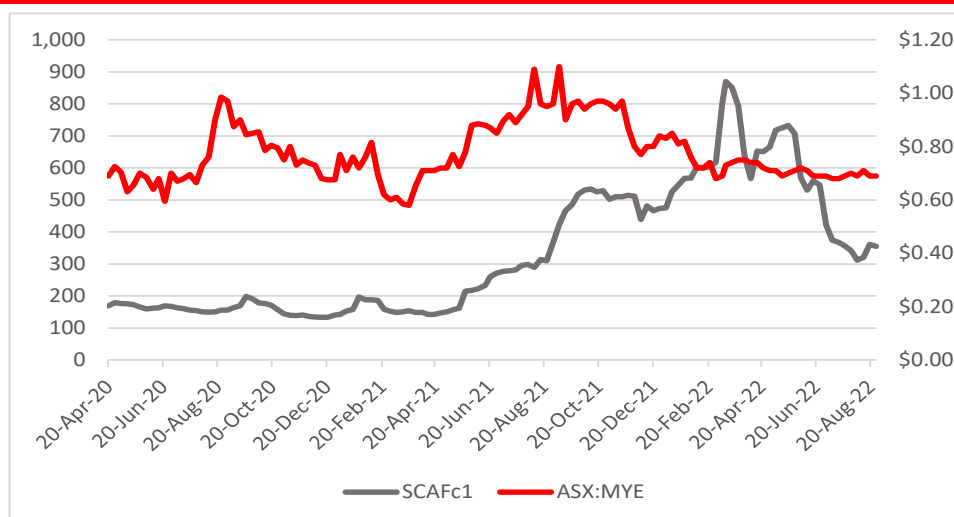
Source: Company financials and RaaS estimates

## Coal price update

The metallurgical coal price and outlook is still important to MYE, but the historical correlation between the MYE share price and the metallurgical coal price (using the SCAFc1 or Singapore Exchange's TSI FOB Australia) has broken down in recent quarters due to company specific issues at MYE.

The coking coal price has corrected in recent quarters but remains well above FY20 levels.

**Exhibit 5: Correlation of metallurgical coal prices (A\$) against the MYE share price**



Source: Refinitiv & RaaS analysis

## Peer Comparison

Our assessed peer group for MYE relies on a mix of human resources and equipment to deliver services, typically under contract, mostly on a fixed-rate basis and predominantly across the mining services space. These companies are people-heavy and rely on the efficient management and utilisation of people and equipment to deliver contracted outcomes and derive an acceptable return.

We have only included companies under A\$1b market cap, with most under \$500m.

The table below summarises the peer group financials for FY22 and MYE for FY23 & FY24 given these are the first-years earnings are derived from the capex and debt incurred in FY22. The highlighted stocks represent the three highest-rated stocks according to our relative matrix and are key to our relative valuation approach.

**Exhibit 6: Peer group financial comparison – FY22 metrics (MYE FY23)**

Company Name	Ticker	Share price (cps)	Mkt. cap. (A\$m)	FY22 net debt (A\$m)	FY22(f) EBITDA (A\$m)	FY22(f) sales (A\$m)	EBITDA %	Working capital/sales %	EV/ EBITDA (x)	EV/ EBIT (x)
NRW Holdings	NWH	2.77	1,244	66.6	272.4	2,407	11.3%	4.2%	4.8	8.3
Emeco Holdings	EHL	0.87	455	245.0	239.3	754	31.7%	4.3%	2.9	5.8
Macmahon	MAH	0.16	345	215.5	220.0	1,700	12.9%	10.3%	2.5	5.6
DDH1 *	DDH	0.88	375	16.6	112.8	507	22.3%	33.4%	3.5	5.1
MACA Limited	MLD	1.07	366	194.9	150.9	1,651	9.1%	10.0%	3.7	9.0
GR Engineering	GNG	2.15	333	-97.8	56.4	652	8.7%	(1.1%)	4.2	4.3
Licopodium	LYL	6.61	262	-99.4	32.4	229	14.2%	25.5%	5.0	5.3
Mitchell Services	MSV	0.37	83	39.2	31.7	213	14.9%	11.0%	3.8	26.5
<b>AVERAGE</b>			<b>433</b>				<b>15.6%</b>	<b>12.2%</b>	<b>3.8</b>	<b>6.2#</b>
<b>Top-3 rated average</b>									<b>4.7</b>	<b>7.7</b>
<b>Metarock (FY22)</b>	<b>MYE</b>	<b>0.38</b>	<b>50</b>	<b>71.9</b>	<b>31.8</b>	<b>453</b>	<b>7.0%</b>	<b>9.6%</b>	<b>3.8</b>	<b>12.0</b>
<b>Metarock (FY23)</b>	<b>MYE</b>	<b>0.38</b>	<b>50</b>	<b>49.6</b>	<b>45.6</b>	<b>615</b>	<b>7.4%</b>	<b>9.6%</b>	<b>2.2</b>	<b>8.5</b>
<b>Metarock (FY24)</b>	<b>MYE</b>	<b>0.38</b>	<b>50</b>	<b>32.0</b>	<b>76.4</b>	<b>718</b>	<b>10.6%</b>	<b>9.6%</b>	<b>1.1</b>	<b>2.0</b>

Sources: Company financials, RaaS estimates; Prices as at 12 September 2022 \*Pro-forma #Ex MSV

Looking at selected peer group FY22 metrics (against MYE's FY-22 FY24) we would highlight MYE:

- Is one of only two stocks to be < \$100m market cap;
- Has lower-than-average EBITDA margins, impacted by the recent PYABR acquisition;
- MYE EBITA margins and multiple are distorted by a significant depreciation charge near-term;
- FY23(f) EV/EBITDA metrics (adjusted for AASB16) are 34% below peer group FY22 metrics (2.5x vs 3.8x); and
- FY24(f) EV/EBITDA metrics (adjusted for AASB16) are 66% below peer group FY22 metrics (1.3x vs 3.8x).

From the recent reporting season, we would note:

- NRW has issued EBITA guidance 3%-10% higher in FY23;
- MAH has guided EBITA 4%-24% higher in FY23;
- EHL is confident of growth 'across all divisions' without providing specific guidance, and is undertaking a 5% share buyback;
- MSV expects a "material year on year increase in earnings", is reinstating dividends while conducting a 10% buyback, and
- MLD received a takeover offer ~50% above the prevailing share price at the time.

This continues on from the strong operating metrics of the sector over the last 3-years where we estimate CAGR sales growth of 31%, CAGR EBITDA growth (ex AASB16) of 15% and CAGR EBIT growth of 15%.

Capex spend relative to depreciation has increased significantly, from 0.9x in FY20 to 1.6x in FY22, setting the sector up for further growth in the future.

## Peer Group Relative Multiple Valuation

Given the number of comparable ASX-listed peers, their extensive listed track record and analyst coverage, we prefer a relative multiple valuation approach for MYE. To establish the appropriate “relative” (premium or discount) we have used our seven-variable matrix with four qualitative and three quantitative measures. Our analysis suggests MYE deserves a premium to the peer group, so our reference multiple is the average of the highest-rated three stocks in our assessed peer group.

Based on FY22 metrics this equates to an EV/EBITDA of 3.8x (we provide EV/EBIT multiples but believe MYE’s high depreciation charge distorts this comparison) and apply these multiples to MYE’s FY23 & FY24 metrics as these years are more reflective of ongoing earnings under the recently won Mine Operation contracts and the PYBAR acquisition. The resulting valuation on an EV/EBITDA basis translates to \$0.85/share (FY23) and \$1.85 (FY24) depending on what year is selected. We have not valued excess franking credits which currently equate to \$0.19c/share.

**Exhibit 7: MYE valuation under various scenarios**

	MYE @ 0.36c	Peer average	Top-3 rated *	Top rated	Comments
<b>EV/EBIT</b>					
<b>Multiple</b>	<b>7.9 x</b>	<b>6.2 x</b>	<b>7.7 x</b>	<b>9.0 x</b>	
FY23	\$0.38	\$0.18	\$0.30	\$0.42	Distorted by high Depn in FY23
FY24		\$1.70	\$2.15	\$2.60	
<b>EV/EBITDA</b>					
<b>Multiple</b>	<b>2.4 x</b>	<b>3.8 x</b>	<b>4.7 x</b>	<b>5.0 x</b>	
FY23	\$0.38	<b>\$0.95</b>	\$1.25	\$1.35	Only 6-months Cook
FY24		<b>\$2.00</b>	\$2.50	\$2.70	Both Crinum/Cook at full production
<b>Blended (50%)</b>					
FY23	\$0.38	\$0.57	\$0.78	\$0.89	
FY24		\$1.85	\$2.33	\$2.65	

Source: Company financials and RaaS estimates

## MACA (ASX:MLD) takeover

During the quarter mining service contractor MACA (ASX:MLD) was the subject of a recommended off-market takeover from fellow mining service operator Thiess Pty Ltd, and subsequent interest from NRW Holdings.

The \$1.075/share all cash Thiess offer implies the following FY22 metrics, which we then compare to the FY23 metrics of MYE for valuation purposes.

- **EV/sales 0.34x.** A similar multiple for MYE based on our forecast FY23 metrics would imply a share price of \$1.10/share.
- **EV/EBITDA 3.7x** (ex AASB16). A similar multiple for MYE based on our forecast FY23 metrics would imply a share price of \$0.80/share.
- **EV/EBITA 9.0x.** A similar multiple for MYE based on our forecast FY23 metrics would imply a share price of \$0.45/share.

While the MLD acquisition multiples incorporate a takeover premium, in our view it still under values/estimates the long duration/speciality nature of MYE’s Coal Contracting and Mine Operations revenue streams.

## Investment Case Revisited

MYE is poised for a period of strong earnings growth, and we believe this could be overlaid with a general “mining services” sector re-rate (in-line with commodity prices, valuation and recent capital spend), offering significant share price upside. Key points regarding this thesis are outlined below:

- Metallurgical coal prices remain >250% higher than the December 2020 lows on recovering European demand and trade disruptions caused by China’s import ban on Australian coal, offering strong operating margins for the sector.
- Higher prices are resulting in increased contracting activity together with the restarting of a number of mines under care and maintenance.
- The Gregory Crinum Mine Operation contract announced in May 2021 is an example, offering a seven-year term and ~\$100m in annual revenues at better-than-group EBITDA margins, beginning June 2023.
- QCoal (Cook Colliery) is another recently signed with a four-year contract and two-year option promising ~\$80m per annum in annual revenues, beginning January 2023. Importantly this contract is cost reimbursement plus an undisclosed profit share arrangement.
- The recent acquisition of PYBAR provides MYE exposure to the underground metalliferous sector, diversifying away from metallurgical coal, while utilising MYE’s ASX listing and balance sheet for potentially larger contracts, with the recently awarded Maxwell Drifts contract an example.
- Finally, we see a re-rating potential for the greater small-to-mid-cap mining services sector, and our analysis suggests MYE deserves a multiple at the top-end of the peer group if they can deliver FY23/FY24 guidance. Our selected peer group has delivered CAGR 31% revenues growth and CAGR 15% EBIT growth between FY20 and FY22 while reducing debt/EBITDA metrics. Capex to depreciation spiked in FY22 promising further growth into FY23 as related contracts are executed.

# Exhibit 8: Financial Year Financial Summary

Metarock Group (MYE.ASX)						Share price (12 September 2022)						A\$	0.380
Profit and Loss (A\$m)						Interim (A\$m)						H121A	H223F
Y/E 30 June	FY20A	FY21A	FY22A	FY23F	FY24F	Revenue	110.9	122.2	178.4	274.3	277.0	338.0	
Revenue	292.7	233.1	452.7	615.0	718.4	EBITDA	9.8	12.5	15.2	23.4	22.8	30.2	
Other Income	1.3	0.8	3.2	0.0	0.0	EBIT	3.8	6.3	4.2	5.9	2.9	8.8	
Operating Costs	262.7	210.0	410.9	562.0	633.5	NPAT A (normalised)	2.3	3.9	2.1	4.8	(0.0)	4.6	
Underlying EBITDA	28.6	22.3	38.6	53.0	84.9	Abnormals	0.0	0.0	(6.8)	(8.4)	0.0	12.0	
Depn	(11.1)	(12.2)	(28.5)	(41.3)	(43.8)	NPAT (reported)	2.3	3.9	(5.8)	(6.7)	(2.5)	14.6	
Amort	0.0	0.0	(4.3)	(4.5)	(3.5)	EPS (normalised)	0.022	0.037	0.017	0.039	(0.000)	0.035	
EBIT	17.5	10.1	5.8	7.2	37.6	EPS (reported)	0.022	0.037	(0.047)	(0.055)	(0.019)	0.112	
Interest	(0.8)	(1.1)	(4.0)	(6.0)	(5.5)	Dividend (cps)	0.008	0.023	0.000	0.000	0.000	0.000	
Tax	(5.1)	(2.8)	0.9	(1.1)	(10.0)	Imputation	100%	100%	100%	100%	100%	100%	
NPAT	11.7	5.9	2.7	0.1	22.1	Operating cash flow	na	na	na	na	na	na	
Adjustments	0.0	0.4	4.3	4.5	3.5	Free Cash flow	na	na	na	na	na	na	
Adjusted NPAT	11.7	6.3	7.0	4.6	25.6	Divisionals	H121A	H221A	H122A	H222A	H123F	H223F	
Abnormals (net)	0.0	0.0	(15.2)	0.0	0.0	Contracting	110.9	122.2	125.0	142.0	137.0	148.0	
Statutory NPAT	11.7	5.9	(12.5)	0.1	22.1	Mine Operations	0	0	10.0	10.0	20.0	60.0	
Cash flow (A\$m)						Hard Rock (PYBAR)	-	-	43.4	122.3	120.0	130.0	
Y/E 30 June	FY20A	FY21A	FY22A	FY23F	FY24F	Total Revenue	110.9	122.2	178.4	274.3	277.0	338.0	
EBIT DA (inc cash rent)	25.6	16.0	33.3	47.6	78.9								
Interest	(0.8)	(1.1)	(4.0)	(6.0)	(5.5)	Operating Costs							
Tax	(5.5)	(3.0)	(2.3)	0.0	(6.7)	Contract Disbursements	14.2	16.3	34.9	66.5	65.9	80.4	
Working capital/other	9.7	1.2	(12.8)	16.5	(4.6)	Personnel	83.0	89.3	123.3	174.1	177.3	216.3	
Operating cash flow	29.1	13.2	14.2	58.1	62.0	Office	3.6	3.5	5.4	7.9	8.0	8.0	
Mtce capex	(6.0)	(6.0)	(17.0)	(28.0)	(28.0)	Other	1.0	0.8	1.3	4.0	3.0	3.0	
Free cash flow	23.1	7.2	(2.8)	30.1	34.0	Other income	(1.2)	(0.7)	(0.1)	(1.7)	(1.5)	0.0	
Growth capex	(2.3)	(1.3)	(23.4)	(22.0)	(1.1)	Total costs	100.6	109.1	164.8	250.7	252.7	307.8	
(Acquisitions)/Disposals	(3.8)	0.0	(13.7)	0.0	0.0								
Other	0.0	0.0	0.0	0.0	0.0	EBITDA	10.2	13.1	13.6	23.6	24.3	30.2	
Cash flow pre financing	17.0	5.9	(39.9)	8.1	32.9	EBIT DA margin %	9.2%	10.7%	7.6%	8.6%	8.8%	8.9%	
Equity	0.0	0.0	0.0	0.0	0.0	Margins, Leverage, Returns		FY20A	FY21A	FY22A	FY23F	FY24F	
Debt	0.0	0.0	24.5	(20.0)	(12.0)	EBIT DA margin %		9.8%	9.6%	8.5%	8.6%	11.8%	
Net Dividends paid	(6.1)	(4.7)	(2.2)	0.0	(3.9)	EBIT margin %		6.0%	4.3%	1.3%	1.2%	5.2%	
Net cash flow for year	10.9	1.2	(17.7)	(11.9)	17.0	NPAT margin (pre significant items)		4.0%	2.7%	1.5%	0.7%	3.6%	
Balance sheet (A\$m)						Net Debt (Cash)	-	25.36	-	24.18	78.78	56.47	38.85
Y/E 30 June	FY20A	FY21A	FY22A	FY23F	FY24F	Net debt/EBIT DA (x)	(x)	-0.9 x	-1.1 x	2.0 x	1.1 x	0.5 x	
Cash	25.4	24.4	5.2	7.5	13.2	ND/ND+Equity (%)	(%)	nm	nm	16.0%	13.3%	6.7%	
Accounts receivable	49.1	40.4	86.0	93.7	109.4	EBIT interest cover (x)	(x)	0.0x	0.1x	0.7x	0.8x	0.1x	
Inventory	6.3	6.4	21.1	26.9	31.4	ROA		25.5%	7.6%	2.7%	2.4%	12.4%	
Other current assets	0.0	1.2	12.3	0.0	0.0	ROE		15.8%	7.8%	3.2%	0.1%	20.2%	
Total current assets	80.7	72.4	124.7	128.1	154.0	ROIC		11.4%	2.4%	(19.0%)	0.1%	18.9%	
PPE	22.4	22.9	110.7	106.7	100.6	NTA (per share)		0.59	0.59	0.32	0.37	0.56	
Goodwill	12.2	12.3	44.1	39.6	36.1	Working capital		21.2	22.4	37.9	45.5	53.1	
Right of use asset	14.5	14.0	19.6	19.6	19.9	WC/Sales (%)		7.2%	9.6%	8.4%	7.4%	7.4%	
Deferred tax asset	7.9	7.5	0.0	0.0	0.0	Revenue growth		29.7%	(20.4%)	94.2%	35.9%	16.8%	
Other	0.0	0.0	0.0	0.0	0.0	EBIT growth pa		49.6%	(42.4%)	(42.7%)	24.4%	421.8%	
Total non current assets	57.0	56.8	174.5	166.0	156.3	Pricing		FY20A	FY21A	FY22A	FY23F	FY24F	
Total Assets	137.7	129.2	299.2	294.1	310.3	No of shares (yle)	(m)	105.4	107.0	123.0	130.7	130.7	
Accounts payable	34.1	24.4	69.2	75.1	87.7	Weighted Av Dil Shares	(m)	105.4	107.0	123.0	130.7	130.7	
Short term debt	0.0	0.2	63.0	43.0	31.0	EPS Reported	cps	0.111	0.055	(0.102)	0.001	0.169	
Lease liabilities/other	14.9	18.5	45.1	49.7	43.6	EPS Normalised/Diluted	cps	0.111	0.058	0.057	0.035	0.196	
Total current liabilities	50.6	44.2	177.4	167.7	162.3	EPS growth (norm/dil)		48%	-47%	-3%	-38%	461%	
Long term debt	0.0	0.0	21.0	21.0	21.0	DPS	cps	0.060	0.030	0.000	0.000	0.080	
Other non current liabs	13.1	9.9	17.6	17.6	17.6	DPS Growth		50%	-50%	-100%	n/a	n/a	
Total long term liabilities	13.1	9.9	38.6	38.6	38.6	Dividend yield		15.8%	7.9%	0.0%	0.0%	21.1%	
Total Liabilities	63.8	54.0	216.0	206.3	200.9	Dividend imputation		100	100	100	100	100	
Net Assets	73.9	75.2	83.2	87.8	109.4	PE (x)		3.4	6.5	6.7	10.9	1.9	
						PE market		15.0	15.0	15.0	15.0	15.0	
Share capital	61.0	64.3	87.9	87.9	87.9	Premium/(discount)		(77.1%)	(56.6%)	(55.2%)	(27.6%)	(87.1%)	
Reserves	(19.8)	(22.5)	(23.4)	(23.4)	(23.4)	EV/EBITDA		0.5	0.7	3.3	2.0	1.0	
Retained Earnings	32.2	33.4	18.7	23.3	45.0	FCF/Share	cps	19.74	5.14	-22.54	4.67	23.29	
Minorities	0.5	0.0	0.0	0.0	0.0	Price/FCF share		1.92	7.40	-1.69	8.14	1.63	
Total Shareholder funds	73.9	75.2	83.2	87.8	109.5	Free Cash flow Yield		41.9%	11.1%	(55.8%)	52.6%	61.3%	

Source: RaaS Advisory



# FINANCIAL SERVICES GUIDE

**RaaS Advisory Pty Ltd**

**ABN 99 614 783 363**

**Corporate Authorised Representative, number 1248415**

**of**

**BR SECURITIES AUSTRALIA PTY LTD**

**ABN 92 168 734 530**

**AFSL 456663**

**Effective Date: 6<sup>th</sup> May 2021**



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- who we are
- our services
- how we transact with you
- how we are paid, and
- complaint processes

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  - Securities

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