

Anglo Pacific Group PLC

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Anglo Pacific Group shares rise as Peel Hunt maintains 'buy' rating and lifts target price

Anglo Pacific Group PLC (LON:APF) shares gained on Tuesday as Peel Hunt maintained a 'buy' rating and raised its target price to 213p from 205p after the mining royalty group posted solid 2018 results.

Last week, Anglo reported a 16% rise in total royalty income to £46.1m for 2018, driven by a 13% rise to £32.6m in the contribution from Australian coking coal mine Kestrel.

READ: Anglo Pacific's income climbs again thanks to vanadium and coking coal

Pre-tax profits rose to £44.5m from £11.8m, reflecting a £22m positive swing in the value of Kestrel.

The new owners of Kestrel - a consortium of Australian mining financier EMR Capital and Indonesian coal producer Adaro Energy - are targeting a 40% increase in volumes in 2019.

"We assume Kestrel will reach a run rate of 6.7m tonnes per annum by year end and assume the team will hit 5.9m tonnes in 2019, still up 24% year-on-year in a very supportive price environment," Peel Hunt said.

"This, in turn, has driven upgrades to our estimates."

The broker raised its estimates for 2019 total income by 3% to £63.5m and for earnings (EBITDA) by 4% to £55.7m. For 2020, it lifted the total income and EBITDA forecasts by 7% and 9% respectively.

Elsewhere, the contribution to Anglo's 2018 results from vanadium group Maracas Menchen almost trebled to £5.9m as prices for the battery metal and steel additive rocketed.

Due to better-than-expected income from Kestrel and Maracas, Peel Hunt now expects the build-up of a larger cash pile.

"The extra cash flow we believe the group will generate leads us to increase our 2019 estimates for dividend per share to 8.5p from 8.0p," the broker said.

Peel Hunt added: "We see deal capacity of over £110m by mid-2020, suggesting management has capacity to make a significantly larger transaction than it has achieved to date."

Shares in Anglo rose 1.5% to 169p in morning trading.

Price: 128.2

Market Cap: £233.02 m

1 Year Share Price Graph



Share Information

Code: APF

Listing: LSE

52 week	High	Low
	217	98.8

Sector: General mining & base metals

Website: www.anglopacifigroup.com

Company Synopsis:

A DIVERSE PORTFOLIO OF ASSETS IN LOW-RISK JURISDICTIONS

Anglo Pacific is the only company listed on the London Stock Exchange focused on royalties connected with the mining of natural resources. It is an objective of the Company to pay a substantial portion of its royalty revenues to shareholders as dividends.

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