

Tharisa PLC

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Tharisa expects a stronger second half performance

Tharisa PLC's (LON:THS) half year results revealed the impact of lower chrome prices and reduced sales, though the company told investors that it expects a strong operational performance for the remainder of the year.

The company's focus is on production growth, through continual improvements and, more significantly, the delivery of its first 'Vision 2020' optimisation project.

READ: Tharisa 'on track' to meet its 2020 production targets

"The benefits of the pit redesign should become evident in the second half of the financial year and Tharisa is on track to achieve its FY2019 guidance of at least 150 koz PGMs and 1.4 Mt chrome concentrates, of which 350 kt will be specialty grade," Tharisa said in its interim results statement.

"The Vision 2020 projects aim to take production to 200 kozpa of PGMs and 2.0 Mtpa of chrome concentrates in 2020, on an annualised basis."

First half financials show decline

The first half results revealed a 9.3% reduction in mining. Correspondingly, there was a 12.2% drop in production volumes for platinum group metals (PGM) to 67,600 ounces and chrome output was down 16.2% to 614,100 tonnes.

Revenue for the first half amounted to US\$166.5mln, down 16.4% from the US\$199.2mln generated in the comparative period of last year.

Operating profit was down 64.6% to US\$14.3mln, earnings (EBITDA) were down 44.4% at US\$30.1mln for the first half. Pre-tax profit came in at US\$10.2mln, marking a 72.6% reduction on the first half of 2018.

Tharisa said it will pay a dividend of 0.5 US cents per share.

'Cash generative and robust business'

The company told investors: "Tharisa's business model is robust and cash generative throughout the commodity cycle.

"The unique co-product mix, coupled with an open-pit mine ensures we remain consistently at the low end of the production cost curve and, while we believe commodity prices will remain stable, we are well insulated against price volatility.

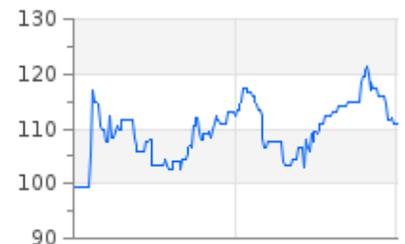
"That said, fundamentals for the global stainless steel market support stable demand for chrome concentrates. Our specialty chrome products are in demand and given the premium pricing of this product, we benefit from strong margins."

In a note to clients, analysts at 'house' broker Peel Hunt commented: "The Vision 2020 plans are on track with the Vulcan plant going for board approval this quarter (with likely first output in Q4 FY20E) and the phase 2 of the PGM recovery improvements coming through this financial year.

Price: 109.75

Market Cap: £292.61 m

1 Year Share Price Graph



October 2018 April 2019 October 2019

Share Information

Code: THS

Listing: LSE

52 week	High	Low
	121.967	98.3

Sector: Aerospace

Website: www.tharisa.com

Company Synopsis:

Tharisa is a European headquartered integrated resource group. The group is uniquely positioned incorporating mining, processing, beneficiation, marketing, sales and logistics. Tharisa Minerals is a low cost producer of PGM and chrome concentrates resulting from two distinct revenue streams from a single resource and costs being shared between the commodities.

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"We expect this to underpin an EBITDA increase from US\$83m this financial year to over US\$200m at steady state."

Peel Hunt reiterated a 'buy' rating and 200p price target on Tharisa shares which in afternoon trading were up 0.9% at 107.50p.

-- Adds analyst comment, share price --

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