

Ramelius Resources Limited

Sector | Metals & Mining

CMP
\$2.15

Target
\$2.486

Risk Level
Moderate

Recommendation
Buy

Robust Fundamentals

March 26, 2025

Key Positives

- Revenue increased at a CAGR of 17.7% during FY20-FY24
- Gross profit increased at a CAGR of 16.3% during FY20-FY24
- EBITDA increased at a CAGR of 15.6% during FY20-FY24

Key Negatives

- Fall in Current Ratio (3.45x in FY24 vs 3.60x in FY23)

Key Investment Risks

Geopolitical Uncertainties | Gold Price Risk | Demand and Supply Risk, etc.

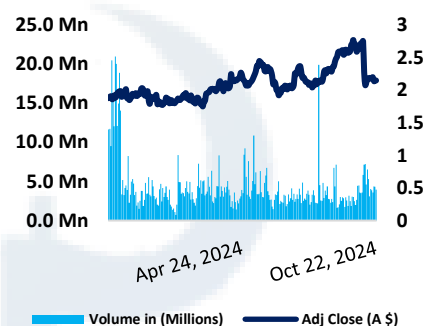
Investment Summary

- Robust Performance in 1HFY25:** Ramelius Resources Limited (ASX: RMS) delivered a 19% increase in gold production for the half-year ended 31 December 2024, **primarily due to the high-grade ore from Penny and Cue being processed at the Mt Magnet hub. All-In Sustaining Costs (AISC) decreased by 11% to A\$1,699/oz, reflecting operational efficiency gains.** This trend is expected to continue into H2 FY25 as Penny and Cue contribute to Mt Magnet's feed for the full period. Operating margins remain strong, with an EBITDA margin of 61%, underpinned by lower unit costs and a higher realized gold price of A\$3,541/oz. The Company reported a record net profit after tax (NPAT) of A\$170.4M, an increase of 313% from H1 FY24, demonstrating its profitability.
- Strong Liquidity Position:** As of 31 December 2024, RMS held A\$501.7M in cash and gold, demonstrating a strong liquidity position despite significant capital expenditures and investments. RMS increased its stake in Spartan Resources Limited to 19.9% with a share purchase of A\$165.6M, reinforcing its strategic investment portfolio. Cash flow from operations reached a record A\$327.3M, up 177% from H1 FY24, driven by higher production, lower costs, and a 26% increase in gold prices. **With a strong balance sheet, RMS is well-positioned to fund future growth initiatives while maintaining shareholder returns.**
- Promising Outlook:** Ramelius remains on track to achieve its FY25 production guidance of **270,000 – 300,000 ounces at an AISC of A\$1,500 – 1,700/oz. Production at Mt Magnet is expected to increase in H2 FY25** with Cue ore processing extending over the full period. The Company is also advancing strategic projects, including the Eridanus and mill expansion studies, which could enhance mine life and throughput capacity.
- Valuation:** We have valued the stock using relative valuation methodology, assigning an industry median P/E multiple of ~10.81x to FY26E EPS of \$0.23, which gives the target price of \$2.486 for the potential upside of 15.6%, and recommend a **"Buy"** rating, keeping in view the stock being underpriced while growth drivers remain intact amid favorable industry tailwinds. However, there could be downside risks to the valuation, owing to geopolitical risk and economic uncertainty.

Stock Information

Ticker	ASX: RMS
Mkt Cap	\$2.47 Bn
52-Week L/H	\$1.662 - \$2.815
Beta (x)-5Y Monthly	1.04
Div. Yield (%)	6.3%
Outstanding Shares (mn)	1,155.31 Mn
Duration	9 to 12 months

Stock Performance



Company Overview

Founded in 1979 and headquartered in Perth, Australia, Ramelius Resources Limited (ASX: RMS) is an Australia-based gold mining company. The company owns and operates Edna May Gold Mine, Marda Gold Mine (North Yilgarn), Mt Magnet Gold Mine, Penny Gold Mine, Symes Gold Mine and Tampia Gold Mine (Narembeen). Edna May is located in the Westonia Greenstone Belt, the province on the Southern Ten of Al-Khaish Ilgarn Craton, Western Australia. The MT Magnet Gold project is located just next to the city of MT Magnet, 500 kilometres northeast of Perth, in Murchison Gold Field, Yil Yarn, Western Australia. Subprojects include Eridanus (Mt Magnet), Hill 60 (Mt Magnet), and Shannon (Mt Magnet). Penny Gold Mine is located approximately 150 km southeast of the company MT Magnice and Processing Process and approximately 550 km northeast of Perth, Western Australia.

Financial Highlights (AU\$ Mn)

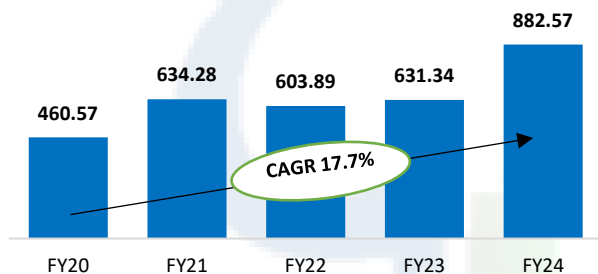
YE June (AU\$ Million)	FY20	FY21	FY22	FY23	FY24	Growth Trend
Revenue	460.57	634.28	603.89	631.34	882.57	
EBITDA	245.85	317.46	267.08	243.88	439.11	
<i>EBITDA Margin (%)</i>	<i>53.38%</i>	<i>50.05%</i>	<i>44.23%</i>	<i>38.63%</i>	<i>49.75%</i>	
Net Profit	113.42	126.78	12.40	61.56	216.58	
<i>Net Margin (%)</i>	<i>24.63%</i>	<i>19.99%</i>	<i>2.05%</i>	<i>9.75%</i>	<i>24.54%</i>	
EPS (AU Cents)	16.40	15.60	1.50	7.00	19.50	
DPS (AU Cents)	2.00	2.50	1.00	2.00	5.00	
<i>RoE (%)</i>	<i>28.60%</i>	<i>22.00%</i>	<i>1.80%</i>	<i>7.40%</i>	<i>19.10%</i>	
Total Debt	53.96	26.04	50.82	28.44	10.47	
Free Cash Flow	96.43	140.10	13.55	70.28	331.63	

Source: Company, tikr.com, V2U Research

Quick Financial Analysis

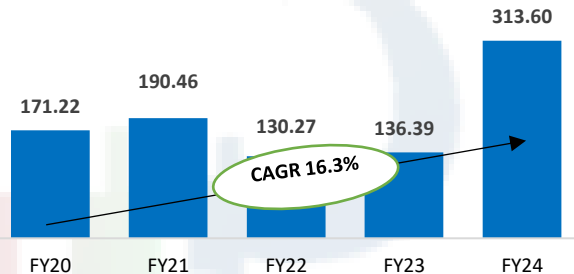
Revenue (\$mn)

Revenue has grown at CAGR of 17.7% over the past 5 years



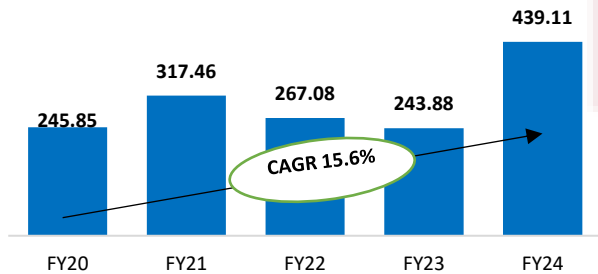
Gross Profit (\$mn)

Gross profit has grown at CAGR of 16.3% over the past 5 years



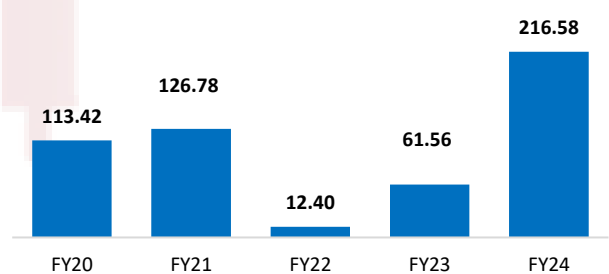
EBITDA (\$mn)

EBITDA has grown at CAGR of 15.6% over the past 5 years



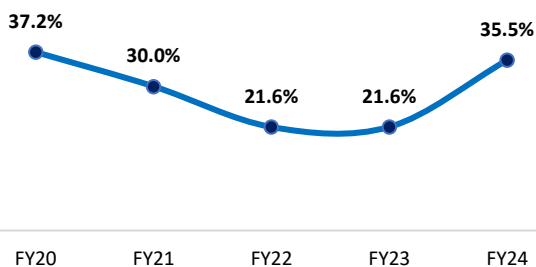
Net Income (\$mn)

Positive Net Income Since FY20



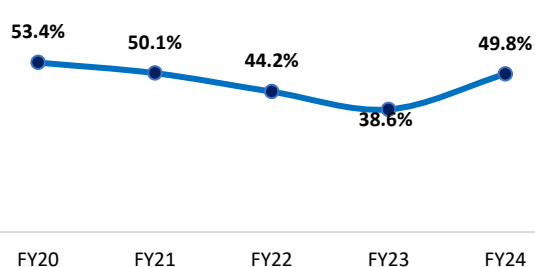
Gross Margin (%)

Maintained positive gross margin since FY20



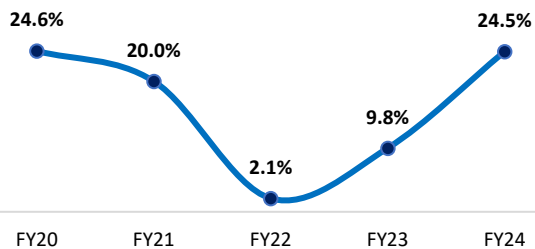
EBITDA Margin (%)

Maintained positive EBITDA Margin since FY20



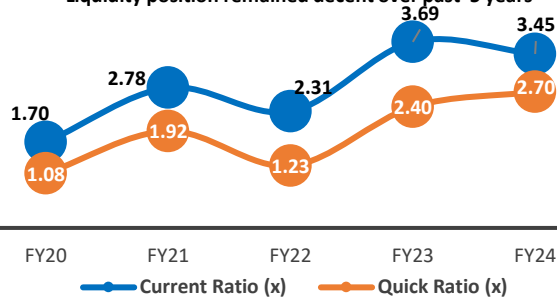
Net margin (%)

Net margin remained positive Since FY20



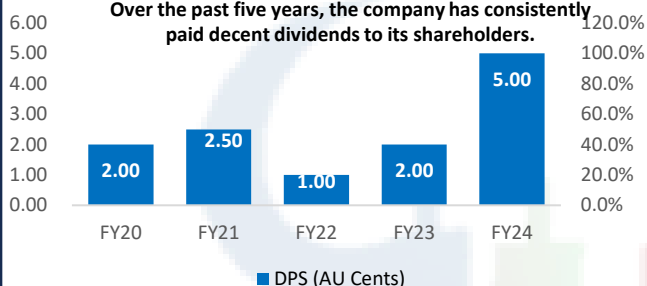
Liquidity Profile

Liquidity position remained decent over past 5 years



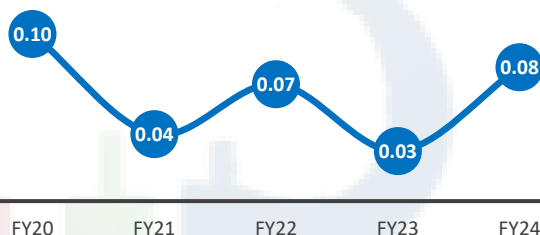
Dividend

Over the past five years, the company has consistently paid decent dividends to its shareholders.



Debt to Equity (x)

Maintained debt to equity ratio less than 1 over 5 years



Source: Company, tikr.com, V2U Research

Valuation Methodology

P/E Multiple Based Relative Valuation

	Earnings Per Share (FY26E A\$)	Price/EPS Multiple (NTM) (Peer Median) (approx.)	Market Cap (A\$ mn)	Shares Outstanding (million)	Target Share Price (A\$)	Closed Market Price (A\$) (March 25, 2025)	Recommendation
FY26E	0.23	10.81	2,872.45	1,155.31	2.486	2.150	Buy

Data Source: tikr.com, Analysis by V2U Research

Technical Overview

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Ramellus Resources Ltd, Australia, Sydney:RMS, W



Weekly Chart, Source: investing.com,

On the weekly time frame, the stock of RMS recently pulled back from its Resistance 2 level near A\$2.81 but is holding above Support 1 at approximately A\$1.940, indicating a healthy consolidation phase. The 50-day EMA remains above the 100-day and 200-day EMAs, confirming a sustained bullish trend. Additionally, the RSI at 44.57 signals that the stock is neither overbought nor oversold, providing room for further gains. Volume analysis also indicates recent increased trading activity, which could support a reversal towards resistance levels.

Going ahead, we believe that the stock would continue to have an upward trajectory whereby it may have initial resistance around **\$2.428**, and beyond that it would have major horizontal resistance around **\$2.812**. On the other hand, if the stock declines, it could find initial horizontal support at **\$1.940** and if it breaks below this level, it could find strong support at **\$1.504**.

Stock Recommendation

RMS presents a compelling investment opportunity backed by strong financial performance, robust cash flow generation, and disciplined capital management. All-In Sustaining Costs (AISC) declined 11% to A\$1,699/oz, improving margins and positioning Ramellus competitively within the sector. Additionally, operating cash flow surged 177% to A\$327.3M, reflecting efficient cost control and higher production levels.

Hence, considering the aforesaid facts, decent long-term outlook, growing revenue, associated risks, and technical analysis, we have valued the stock using relative valuation methodology, assigning an industry median P/E multiple of ~10.81x to FY26E EPS, which gives the target price of \$2.486 for the potential upside of 15.6%, and recommend a “Buy” rating at the closing market price of \$2.150 (as of March 25, 2025), keeping in view the stock being underpriced while growth drivers remain intact amid favorable industry tailwinds. However, there could be downside risks to the valuation, owing to geopolitical risk and economic uncertainty.

Technical Indicators Defined: -

Support: A level at which a downward-trending asset attracts buying interest, preventing the price from falling further.

Resistance: A level at which an upward-trending asset experiences selling pressure, preventing the price from continuing to rise.

Stop-loss: It is a level that prevents further losses caused by adverse changes in stock prices.

Bollinger band: The Bollinger band is a technical indicator that indicates a financial asset is about to enter an overbought or oversold state. There are three lines that make up a Bollinger Band on a price chart. The first line is the simple moving average (SMA), which is usually a 20-period moving average of the asset's price. It takes price data over a specific time frame and averages it out so you can see the big picture. Second is, upper band, which is defined as the band located above the middle band, often two standard deviations higher. Finally, there is the lower band, which is situated a specific number of standard deviations (usually 2) below the middle band and signifies possible overbought situations when prices approach or surpass it. Prices that go close to or go below this zone can be a sign of possible oversold situations.

RSI: The Relative Strength Index (RSI) measures the speed and strength of price fluctuations over a specific time period (typically 14 days). It analyzes the internal strength of a price movement, allowing traders to spot market momentum.

EMA: Exponential Moving Average (EMA) is a type of moving average that gives more weight and importance to the most recent data points. It is used to evaluate the bullish and bearish trends in securities over a specific timeframe.

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Disclosure: We sourced the above information from the company reports, presentations, stock exchange, company websites, publicly available information, and a third-party database, i.e., tkr.com. It is advisable that investors make use of a stringent stop-loss in order to safeguard their investments in the event that any adverse or unpredictable market events occur.