

Nickel Mines becomes 'new force in global nickel'

NICKEL Mines is set to raise A\$231 million to increase its attributable Indonesian nickel production by 20% to about 35,000 tonnes per annum.



Finance > Capital-markets

The underwritten raising will price new shares at 50c and follows Nickel Mines' IPO back in August 2018 when \$200 million was raised from issuing stock at 35c per share.

Comments

Share

Michael Quinn

The deal comprises Nickel Mines paying its Chinese partner US\$120 million to increase its interest in two rotary kiln electric furnaces from 60% to 80%, plus another \$30 million "representing compensation for (the Chinese partner's) estimated share of undistributed retained earnings of the 20% interests in (the furnaces) being acquired".

Nickel Mines' partner is Tsingshan, the world's biggest stainless steel producer.

According to Nickel Mines, annual earnings will increase about \$30 million per annum (to \$115 million) at a nickel price of \$12,000/t - representing an EBITDA multiple of about 4.2-times.

At a nickel price of \$16,000/t, the multiple would drop to about 2.1-times.

Nickel Mines' major shareholder is Tsingshan company Shanghai Decent, with a current 18.11% stake.

The ASX-company's deputy chairman Norm Seckold is a 7.4% owner.

Seckold is not participating in the new equity fundraising - comprising an entitlement issue - though three other directors on the board are.

Shares in Nickel Mines were trading at 56.5c prior to going into a trading halt ahead of this transaction and fundraising.

At that price the company was capitalised at \$941 million.

Nickel Mines' shares have traded in a range of 30-75c over the past 12 months.



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