under the radar report
SMALL CAPS

ISSUE 626
14 NOVEMBER 2024

DON'T WAIT AROUND: SMALL CAPS GETTING TAKEVER BIDS & UPGRADES

The great thing about valuations having been depressed in small caps is that when there's a bit of interest, they can change prices really quickly. You don't want to be waiting around. You want to be in the game. We've been investing all the way through the dark days in the expectation that valuations will normalise. And it's happening.

In the past week, we've had takeover bids for two of our stocks: **Quickstep (QHL)** the manufacturer of carbon fibre parts for military aircraft; and **Silk Logistics (SLH)** the port logistics group. In the first case, it was led by the private equity owner of one of Quickstep's biggest customers, Marand. This is definitely an opportunistic insider's bid. The second bid was from one of the giants in the logistics world, the Dubai-based DP World, which is looking to access a company that has built up an impressive asset base in an industry where there are high barriers to entry.

Both are businesses that have strong fundamentals that were ignored as their valuations declined. Until now!

We also had a positive earnings surprise in one of our Best Buys, the financial group **Count Ltd (CUP)** where profits reflect the benefits of an acquisition, that 2+2=5. We've had some disappointments, **Mach7 Technologies (M7T)** and **Paladin Energy (PDN)** – the latter proving that huge size does not reduce risk, but in Paladin's case, luckily reduced production is only temporary.

In all cases, we go back to the fundamentals and deliver valuation and risk analysis, which is where we specialise.

The key takeout is that the more irons in the fire you have, the greater the opportunity that one, two or three will generate big returns. Limit your investments in our higher risk stocks because that reduces your downside. Your upside, by contrast, is unlimited.

Richard Hemming
Head of Investments

the issue

RESEARCH TIP UPDATES

This week we have a Best Buys focus. Check out ACF, ART, AQZ & XRF.

ACROW LIMITED (ACF)	SPEC BUY
AIRTASKER (ART)	SPEC BUY
ALLIANCE AVIATION (AQZ)	SPEC BUY
MACH7 TECHNOLOGIES (M7T)	▼ HOLD
QUICKSTEP (QHL)	▼ HOLD
SILK LOGISTICS (SLH)	▼ HOLD
XRF SCIENTIFIC (XRF)	SPEC BUY

MINING ANALYSIS

Nickel: Future producers are well positioned to benefit when sentiment turns in the beaten-down commodity. Also, read about how PDN's issues are temporary and provide a buying opportunity, for those willing to accept the high risk.

CENTAURUS METALS (CTM)	HOLD
PALADIN ENERGY (PDN)	SPEC BUY

BEST STOCKS TO BUY NOW

These stocks are the quality companies that we believe offer great return potential for the risks faced. Check them out online.

> You don't want to be waiting around. You want to be in the game. We've been investing in the expectation that valuations will normalise. And it's happening.

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ACROW LIMITED

SECTOR INDUSTRIAL **INDUSTRY** CONTRACTOR

Research Tip Update

What's new?
The construction group updated for the four months to 31 October, reporting another record pipeline and confirming why it remains one of our Best Buys. Guidance is for first-half revenue of $130m, up 26%, and operating earnings (EBITDA) $39m, while the FY25 forecast is for revenue between about $270m, growth of 27%, and EBITDA up 10% at $86m, suggesting acceleration, though pipeline growth may be slowing.

Bull Points
· Record work pipeline
· Increased recurring revenue

Bear Points
· Economic sensitivity
· Rapid fleet expansion

Analysis: EBITDA growth should be higher than revenue growth. The update suggests margin pressure, but we will need to wait for the half-year results to extract more detail about the fundamental drivers behind the divergence in these numbers.

Acrow has almost 1400 clients, 50 engineers, 400 employees, and 15 depots across six states. The company is well exposed to infrastructure expenditure, with a record secured hire contract in FY24, the pipeline up 33% year-on-year. Management is now focused on organic growth opportunities to capture market share in formwork, including their proprietary jumpform process, which delivers lift shafts for high-rise buildings. They also aim to become a market leader in industrial access services, where acquisitions are likely, as well as targeted large contracts.

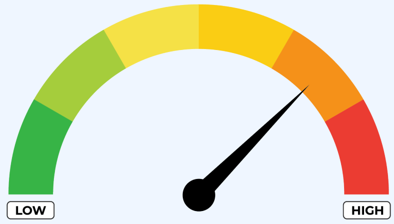
Cash is coming through the doors, both via organic and acquisition in Queensland. FY24 EPS was down impacted by higher tax, though EBITDA was up 40% at $75m. We are impressed by the 25% return on equity and the company's investment criteria.

Opportunities via major projects: Melbourne airport rail, Brisbane Olympics 2032, Queensland hospitals, civil infrastructure. This offsets weakness in commercial scaffolds.

Portfolio Risk Rating: A relatively low cash flow multiple (enterprise value/EBITDA) of below 5 times, and a historic P/E ratio of 12x is not expensive. Debt and equipment reinvestment offset by high return on equity. Hire equipment has almost doubled in two years, so utilization rates are important.

RADAR RATING: SPEC BUY

RISK RATING



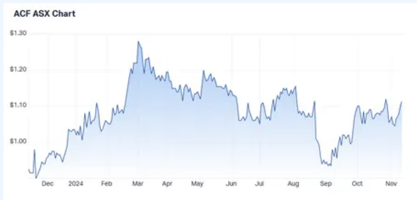
ASX CODE **ACF**

CURRENT PRICE **$1.095**

MARKET CAP $337M

DIVIDEND YIELD 5.5%*

NET DEBT ($M) -68.6M



DATA AS AT INITIAL COVERAGE:

DATE 08 DECEMBER 2022

PRICE ($) 0.575

**Forecast 6 cents*

RADAR RATING: The Formwork and Industrial Services divisions are growing; generating 25% plus return on equity. The stock trades on low multiples and pays dividends.

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AIRTASKER

SECTOR INFORMATION TECH **INDUSTRY** SOFTWARE

Research Tip Update

What's New?
The first quarter of FY25 showed progress on international operations with continued positive free cash flow. Revenue including the Oneflare business was up 9% to $12m. Australian earnings (EBITDA) fell 7% to $7m, but US and UK operating losses increased to $5.6m from $1.8m. Strength in consumer demand was a highlight with book tasks up by 6% on a reduced cancellation rate. The take rate (Airtasker's receipt on individual tasks) improved by 7 percentage points to 20.8%.

Bull Points
· Longer-term international potential
· Gross margins

Bear Points
· Australia ex growth
· Slow growth business model

Analysis: The next two quarters are peak revenue and cash receipts, and management is committing to big marketing spend. Current momentum in revenue growth is critical.

Marketing expenditure more than doubled to $3.7m, in addition to brand awareness through media partners. The latter strategy worked in Australia. TV front loads marketing intended to build and give credibility to the brand, fast, and reach a mainstream audience.

The UK is currently the key market, where the partnership with Channel 4 TV is now 15 months old, and the TV advertising campaign started about a year ago. The signs are good in the first quarter, with posted tasks up 67% and gross marketplace value increasing as much, while revenue more than doubled. At 30 June $4.4m of the $6.7m value of Channel 4's advertising inventory had already been used.

Back home, the recent radio media deals worth $11m are intended to build on existing success, to determine how broadly based the local services business can become. If Australian growth can reignite, investors could get very excited about the potential internationally.

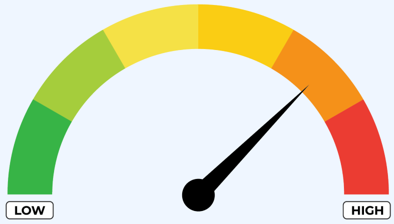
The recent US media deals, where Airtasker exchanged equity in its local subsidiary in return for in-market media expenditure came earlier in the development path of the US business than the UK's Channel 4 deal. The focus of the US expansion is currently LA.

Portfolio Risk Rating: The valuation at 2.5x revenue is not expensive if gross margins are 95%, and growth can overcome fixed operating costs.

RADAR RATING: Funding growth from earnings and media partnerships. Robust Australian earnings now need to be translated to the bigger international business.

RADAR RATING: **SPEC BUY**

RISK RATING



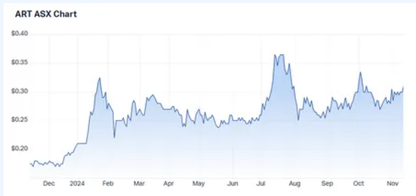
ASX CODE **ART**

CURRENT PRICE **$0.30**

MARKET CAP $141M

DIVIDEND YIELD 0%*

NET CASH ($M) 141M



DATA AS AT INITIAL COVERAGE:

DATE 31 DECEMBER 2020

PRICE ($) 1.21

The Under the Radar Report portfolio has 20000 ART shares, around 4% of the portfolio.
The Idle Speculator holds ART in his SMSF.

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ALLIANCE AVIATION

SECTOR INDUSTRIAL **INDUSTRY** CONTRACTOR

Research Tip Update

What's New?
Last month the aviation operator said 16 of the Embraer E190 aircraft remained to be delivered between now and June 2026, bringing the total number to 67. Financing facilities remain in place, but dividends are off the cards. FY25 guidance is for a profit before tax of $92.9m, up 7.6%, and operating earnings (EBITDA) of $202.1m, up 13.4%.

Bull Points
· Aircraft fleet expansion driving contract growth
· Seeking efficiencies and scale

Bear Points
· Debt increasing through a capex phase
· Vulnerable to any weakness in commodities markets

Analysis: Despite a strong FY24 result and positive outlook, the shares of the company have been underperforming due to high debt, compounded by negative free cash flow (operating cash flow minus investing cash flow) during the aircraft delivery period. But the company is delivering operationally and the fundamentals will improve as earnings improve, which is forecast.

The company is not underperforming because of its operations. The reason you're buying it today is for tomorrow's earnings. The light at the end of the tunnel is that the capital spend hike will end during FY26 and free cash flow will improve, boosted further by the increasing earnings. You will get the leveraged effect from new planes.

Alliance expects the current E190 aircraft-only acquisition program to be $139.8m capex in FY25 and $90.3m capex in FY2026. We're forecasting FY25 flight hours growth but high net debt and negative free cash flow over the next two years. Free cash flow improves from the second half of FY26 when debt will be paid off.

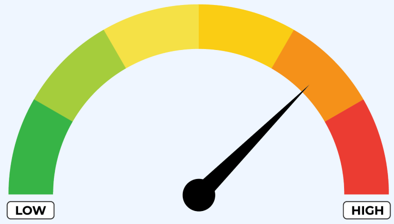
The company expects the leverage ratio to fall from 4Q24, with net debt reducing once aircraft purchases have been completed and operating cash flows rising. However, there is a risk if four wet lease options are not exercised as expected and aircraft utilisation is lower.

Portfolio Risk Rating: The debt against the future cash flow is not onerous. The leverage ratio (net debt/EBITDA - post-AASB16) will peak at 2.42 times in the 4Q24 period. Generally, a net debt/EBITDA ratio of less than 3 is considered acceptable.

RADAR RATING: Balance sheet and cashflow are limiting factors, despite strong operating fundamentals. Rerating likely when close to FCF with enlarged E190 fleet utilised.

RADAR RATING: **SPEC BUY**

RISK RATING



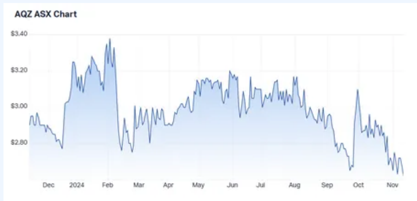
ASX CODE **AQZ**

CURRENT PRICE **$2.61**

MARKET CAP $421M

DIVIDEND YIELD 0%*

NET DEBT ($M) -306M



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MACH7 TECHNOLOGIES

SECTOR HEALTHCARE **INDUSTRY** EHEALTH MED TECH

Research Tip Update

Downgrade from Spec Buy

What's New?
Mach7 disappointed with 1st quarter sales of only $2.2m, the lowest for 5 years, causing the share price to fall to 5-year lows as investors questioned the business model. But the company has cash on hand of $21.9m and maintains its FY25 guidance for 15-25% growth in contracted annual recurring revenues (expected revenues) which sits at $27.5m and revenues at $29m. M7T continues to expect profitability improvements with operating expenditure growth to be less than revenue growth.

Bull Points
· Subscription business model
· Veteran's Health Renewal potential.

Bear Points
· Costs growing at the same rate as income
· Contract sales volatile quarter to quarter

Analysis: Volatility is expected from M7T because the sales line remains too low to achieve consistent profitability at the operating level (EBITDA) let alone at the bottom line (NPAT). But the $2.2m in new sales for the first quarter was a red flag.

There are two big factors in the short-term in M7T's favour: strong $20m plus cash levels; the US Veterans Health Administration contract, first signed last in July 2023 and initially worth A$11.7m. If the contract roles over next year, the value could increase another $48m over five years in phase 2.

The company services hospitals with its software that can be used across enterprise resource planning platforms enabling images to be shared. Notably, this doesn't just include radiology like the better-known Pro Medicus (PME). Growth is a hard slog, but cash flow has improved following the 2020 acquisition of Canadian group Client Outlook (eUnity diagnostic viewer product).

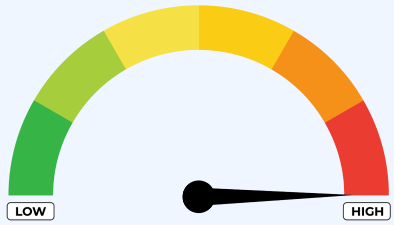
It's also important to note that the first quarter is traditionally the weakest, on top of which, the company is not sustainably profitable until it generates over $50m in sales. We forecast this in FY27, but obviously, this announcement increases the risk that this will occur.

Portfolio Risk Rating: Solid cash but the sales need to be bolstered. Pressure on the current second half to deliver, but the momentum isn't good. This is priced in, trading on a market cap to sales multiple of only 2-3 times.

RADAR RATING: The recent result increases the risk but because of the cash levels we're holding on. A takeover offer would not surprise, being on the cusp of profitability.

RADAR RATING: **HOLD**

RISK RATING



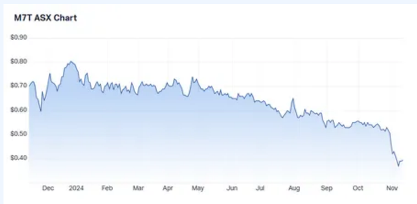
ASX CODE **M7T**

CURRENT PRICE **$0.39**

MARKET CAP $95M

DIVIDEND YIELD 0%*

NET CASH ($M) 21.9M



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PRICE ($) 0.61

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QUICKSTEP

SECTOR MATERIALS **INDUSTRY** MANUFACTURING

Research Tip Updates

Downgrade from Spec Buy

What's New?
A positive update on QHL's major defence contracts last month was followed by a CASH takeover bid at 40 cents a share, worth $28m from a group called ADSAM, majority owned by private equity group CPE Capital, which also owns one of Quickstep's major customers, Marand. The bid has been rejected by Quickstep's board, stating that it doesn't "adequately reflect the value of the company".

The restructuring and contract renegotiations were announced in October and will see materially increased profitability in FY25 and beyond. This includes the sale of the loss-making Quickstep Air Services business (maintenance), based in Tullamarine, Victoria. The restructure also includes a restructure of the Structures business (carbon fibre aerospace parts) which commenced in early July and adds materially to profitability.

Bull Points
· Defence work capabilities
· Restructuring reducing costs

Bear Points
· Need more sales!
· Not yet profitable

Analysis: The business has been materially enhanced by the sale of the loss-making QAS business. The renewed contracts with Lockheed Martin, Northrop Gruman and Marand mean reduced revenues by 15% but increased certainty, enabling QHL to reduce its workforce by a third, which has increased operating earnings (EBITDA) by 15% over FY24. The Structures division business now generates revenue of about $80m a year for operating earnings of close to $20m, implying a valuation for the group of $70m or $1 a share before you include the drones business. Compare that to the $28m, 40 cents a share valuation private equity is looking to buy the business for.

Debt is $13.5m and cash flow was negative $4.3m last quarter to 30 Sep, but includes the cost of restructuring and the loss-making Services division. Cash is forecast to be positive over FY25 and debt obligations met over the next two years. Lockheed Martin has committed to funding Quickstep for the purchase of materials.

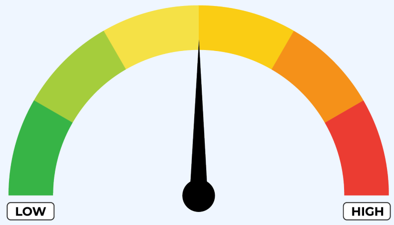
Defence-related business trade at a big premium to QHL. **DroneShield (DRO)** has a market cap of $700m, while **Titomic (TTT)** is $300m.

Portfolio Risk Rating: Efficiency and productivity improving, particularly in its largest business, Structures. Cost reductions contribute to higher margins.

RADAR RATING: Global environment providing tailwinds for growth in existing and new businesses, which is reflected in the bid.

RADAR RATING: **HOLD**

RISK RATING



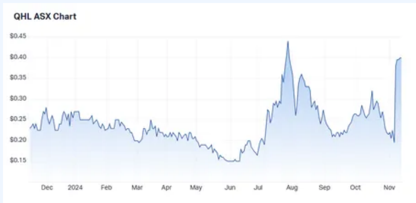
ASX CODE **QHL**

CURRENT PRICE **$0.40**

MARKET CAP $29M

DIVIDEND YIELD 0%*

NET DEBT ($M) -10.6M



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SILK LOGISTICS

SECTOR INDUSTRIAL **INDUSTRY** CONTRACTOR

Research Tip Update

Downgrade from Spec Buy

What's New?
A Dubai-based logistics giant DP World made a $200m bid at $2.14 a share in cash (less dividends) for Silk Logistics. The bid has been unanimously supported by SLH's board, which represents 46% of holdings of 3 shareholders – the two founders John Sood & Brendan Boyd and an Asian fund.

The investment has been a difficult one, but the takeover puts us well and truly in the black, up just over 25% in three years.

Bull Points
· Being acquired at fair value
· Possibility of a counteroffer

Bear Points
· Regulatory risk
· Highly cyclical business

Analysis: The bid is by a behemoth for strategic assets on the cheap. This is a business that was build quickly but has struggled due to Covid and just in time management, on top of increasing costs. The valuation of the takeover is reasonable, at a forecast PE of 15 times.

DP World is one of the biggest operators in logistics in the world and is buying a business where there are significant barriers to entry, and which is growing after some difficult times.

The Scheme booklet for the takeover is subject to normal conditions (FIRB, ASIC, ASX) and is expected to be lodged next month.

Portfolio Risk Rating: Holding has been the right strategy because of a superior asset base, a balance sheet that was not stretched, forecast dividends and capable management.

RADAR RATING: Full value should appear early next year. Our advice is to hold on and wait for the takeover to play out.

RADAR RATING: **HOLD**

RISK RATING

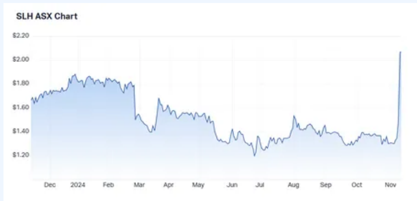
ASX CODE **SLH**

CURRENT PRICE **$2.08**

MARKET CAP $169M

DIVIDEND YIELD 2.4%*

NET DEBT ($M) -23.7M



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PRICE ($) 1.74

**Forecast 5 cents*

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XRF SCIENTIFIC

SECTOR INDUSTRIAL **INDUSTRY** CONTRACTOR

Research Tip Update

What's New?
XRF continues to deliver for Under the Radar Report, despite short-term weakness in some commodities. The stock has returned close to 25% in 3 months. The first quarter FY25 profit before tax was $3.2m, up 15%, driven by sales from Consumables and Precious Metals divisions.

Bull Points
· Demand benefit from critical minerals push
· High consumables and recurring revenue

Bear Points
· Weakness in commodities
· New testing technologies

Analysis: The company is a beneficiary of strong activity in the global mining sector, which continues despite some weakness in commodities prices. The company expects momentum from the first quarter to continue due to increasing Orbis crusher sales and new products.

Consumables – mineral sample analysis volumes across mining production and exploration – delivered the highest profits across the three divisions on sales of $4.6m, up 4.5%.

Capital Equipment – proprietary equipment enabling samples to be prepared – delivered sales of $4.3m, down from $5.1m. The fall was due to delayed invoices. The outlook is positive with Orbis crushers increasing sales of the photon assay market for gold samples.

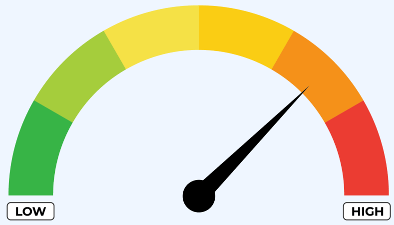
Precious Metals – manufacture and recycling of labware products made from platinum metal – sales were $4.3m, up 15% due to new product and recycling sales.

Portfolio Risk Rating: A high prospective PE of 24 times is consistent with reliable earnings growth and high return on equity due to the low capital required.

RADAR RATING: Exposed to materials testing, which is essential for global mining and industrial users. Capital light model, high margins, self-funding growth.

RADAR RATING: **SPEC BUY**

RISK RATING



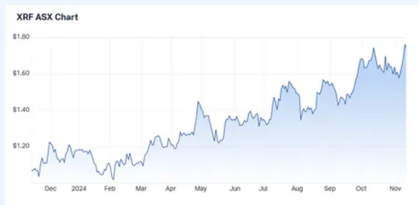
ASX CODE **XRF**

CURRENT PRICE **$1.755**

MARKET CAP $244M

DIVIDEND YIELD 2.5%*

NET CASH ($M) 10.4M



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PRICE ($) 1.25

**Forecast 4.4 cents*

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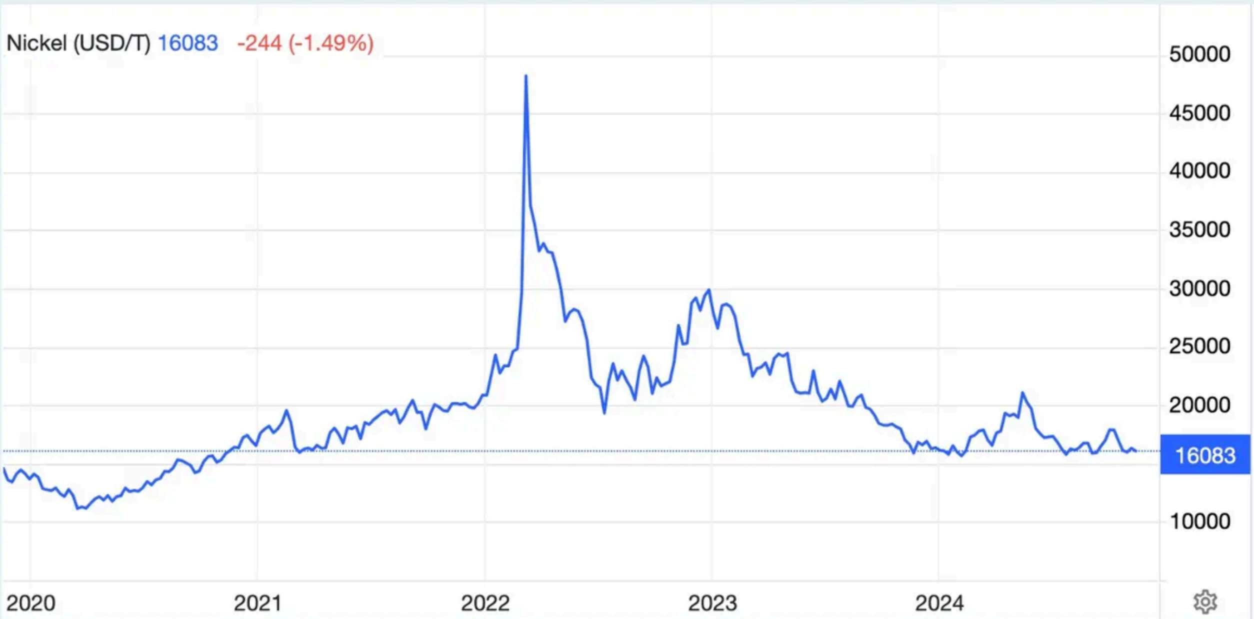
NICKEL ANALYSIS

Many have written nickel and nickel companies off due to over supply. This is a short-term phenomenon because the transition to a low carbon economy favours the metal and on the supply side, there is an emerging shortage. Future producers like Centaurus Metals (CTM) are positioned to benefit when sentiment turns.

A NICKEL PLATED RECOVERY?

5-year nickel price in US$ per tonne



The nickel price decline reflects Indonesia's abundance of supply, supported by China's capital. Nickel prices should rise to reflect the supply gap between increasing demand from batteries and reducing supply over the next 3 years.

SOURCE: Trading Economics

NICKEL ANALYSIS Cont.

WHY THE NICKEL PRICE HAS DECLINED

The big driver has been the step change in nickel capacity in Indonesia, to the tune of 1 million tonnes in the form of nickel pig iron (NPI); a 40% increase in global nickel production over the past five years. The price has also been negatively impacted by lower EV demand than was previously expected in Europe and the US. Globally, however, EV demand has been boosted by Asia and is still at double-digit rates of growth globally.

NPI is largely exported to China for use in producing stainless steel, but cannot be used in lithium-ion batteries due to low purity. But in the past three years, Indonesia has established production of battery grade product called mixed high-grade precipitate using a different 'limonite' ore and a different process called high pressure acid leach. This is at low levels but growing.

WHY THE NICKEL PRICE COULD RISE: THE DEMAND-SUPPLY GAP

The long-term demand scenario for nickel remains intact, with substantial nickel supply gaps expected in the 2030s. This will require higher nickel prices to incentivise new capacity.

DEMAND SIDE:

Nickel in lithium-ion batteries

Nickel is a particularly sought after component in lithium-ion batteries because it increases energy density. This supports higher voltages and storage capacities without compromising stability. This achieves storage at lower cost and delivers a longer range if used in an EV.

Onshoring Nickel Supply

In the US, there appears to be strong intention to avoid sourcing critical minerals, including nickel, from supply chains that have content controlled by non-friendly countries such as China, Russia and Iran. This favours domestic US production and production from countries such as Australia and Canada.

SUPPLY-SIDE:

Key supply sources have been mothballed and nickel prices need to climb to justify new supply. In May, Andrew Forrest's Wyloo Metals placed its Kambalda nickel mines in care and maintenance; in October BHP put its WA nickel operations (Nickel West and West Musgrave) into care and maintenance. BHP has invested US$3bn in its nickel businesses since 2020 to sustain operations and reorient its production to the battery and electric vehicle market, including building new nickel sulphate capacity.

DISRUPTION RISK:

The preferred battery for EVs is nickel cobalt manganese or NCM, but the future should also involve lithium-ion phosphate batteries, which do not use nickel at all and hence are cheaper and have stability advantages (they don't catch fire), but they're not as powerful. About 90% of global giga factory capacity is geared to NCM battery production.

CONCLUSION

We expect nickel to remain oversupplied in the next 12 months, but supply gaps are emerging and are only going to increase as the EV market grows. The trend for economies to be self-sufficient means that nickel mines will become more valuable. The question is always timing, which is why **Centaurus Metals (CTM)** remains very high risk but is also in a very good position to benefit from improving sentiment. The project's competitive advantages include the high-grade nickel, the large resource and mine life and cheap zero-carbon power from the hydroelectric dams near the project in Brazil.

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CENTAURUS METALS

SECTOR METALS_MINING **INDUSTRY** NICKEL

Nickel Analysis

What's New?
The feasibility study for the Jaguar nickel sulphide project, in Brazil, is based on a nickel price of US$8.98 a pound, 20% above the current spot price at US$7.30. The final investment decision is planned for early next year and the company is looking for partners to assist with funding.

This is an investment if you believe the outlook for the nickel price is positive – read our note in this issue.

Bull Points
- Large scale nickel sulphide project
- Low carbon

Bear Points
- Not funded yet
- No production until late 2027

Analysis: Jaguar plans to be a low-cost operation, with a first quartile cash cost of US$2.30/lb and total costs (AISC) of US$3.57/lb. Competitive advantages include the high-grade nickel, the large resource and mine life and cheap zero-carbon power from the hydroelectric dams near the project in Brazil. At current nickel prices, Jaguar would be cash flow positive. The big uncertainty is funding, which is reliant on a higher nickel price.

A rescheduling of the mine plan could produce a higher nickel grade and higher recoveries early in the mine life to lift operating margins, reduce the capital payback and further improve overall project economics.

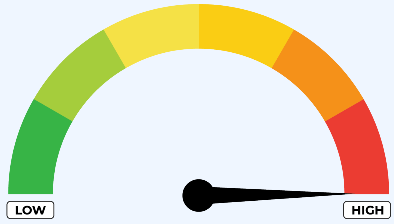
Centaurus has received strong interest from potential strategic partners for nickel offtake and funding proposals as a supplier of non-Indonesian nickel for the EV supply chain.

Portfolio Risk Rating: Very high risk because valuation is based on improvements in nickel prices and project funding is uncertain. Although, the Jaguar project will have low capital intensity, first quartile cash costs, long mine life (initial 18 yrs), and a sought-after product, located in a proven mining jurisdiction.

RADAR RATING: This is an investment if you believe the outlook for the nickel price is positive – read our note in this issue. If this is the case there is strong re-rating potential for this large scale nickel sulphide project.

RADAR RATING: **HOLD**

RISK RATING



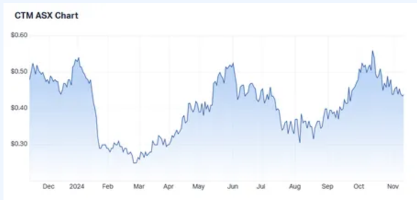
ASX CODE **CTM**

CURRENT PRICE **$0.425**

MARKET CAP $219M

DIVIDEND YIELD 0%*

NET CASH ($M) 20M



DATA AS AT INITIAL COVERAGE:

DATE 30 OCTOBER 2023

PRICE ($) 0.89

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PALADIN ENERGY

SECTOR METALS_MINING **INDUSTRY** URANIUM NUCLEAR

Nickel Analysis

What's New?
Paladin's stock lost almost 30% on commissioning issues at the Langer Heinrich mine in Namibia. The uranium miner lowered FY25 production guidance by about 25% to 3.0-3.6m pounds but expects production to ramp up from January next year.

Bull Points
· 1Q25 uranium sales of 0.62m lbs
· Contracts for 23m U3O8 sales to CY2030

Bear Points
· Relatively slow planned commissioning period
· Achieving spot prices, which have retraced

Analysis: The reaction was explosive! We think the selling was overly aggressive, but partly due to the uranium price being stuck in a rut, below US$100 a pound – currently it's US$77 a pound, but has been as high as US$110 a pound earlier this year. This is a high-risk stock, but the return potential is great.

The production issues are temporary and due to two factors: 1. PDN is not actually mining yet but recovering ore from historic stockpiles, which have variable grades. Processing of higher-grade mined ore will start in the middle of next year (1h26). 2. there have been disruptions to the supply of water, reducing volumes. The contractor is working to fix the problem, which includes installing water recovery equipment.

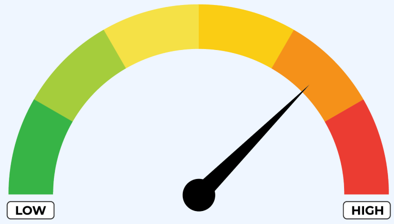
Despite the October commissioning issues, there was a partial offset with recoveries rising to 87% (target 90%), showing the process itself is working. A 2-week plant shutdown in November 2024 will include plant fixes, improvements and debottlenecking projects.

Portfolio Risk Rating: Uranium is a boom-bust commodity, hence at the high-risk end. Production is occurring and there is debt. PDN is confident of achieving a nameplate 6m lbs/yr run rate by the end of CY25, which would reduce the risk and be a share price catalyst.

RADAR RATING: Early mover advantage by bringing on new uranium production. Good scale, a long life. Hiccup provides a buying opportunity.

RADAR RATING: **SPEC BUY**

RISK RATING



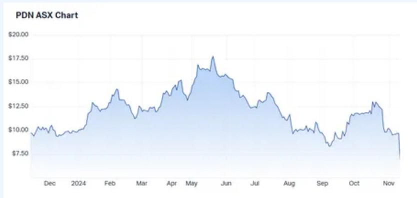
ASX CODE **PDN**

CURRENT PRICE **$7.47**

MARKET CAP $2.2BN

DIVIDEND YIELD 0%*

NET DEBT ($M) -US$122.8M (A$188M)



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99% of all financial news relates to the 40 to 50 biggest companies.
So what about the rest? They're Under the Radar.

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