

DVP: Quarterly and Withdrawal from Liontown contract tender

DVP.ASX | DEVELOP GLOBAL LIMITED | MATERIALS

PRICE
3.29/sh

TARGET PRICE
3.90/sh
(FROM 3.90/sh)

RECOMMENDATION
BUY
(FROM BUY)

ANALYST
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Event

DVP June'23 Quarterly

Company withdraws from Liontown contract

Impact

Company has circa \$61m in cash (including money raised from recent fully underwritten capital raise minus transaction costs).

The withdrawal from the Liontown contract is warranted. The scale of the Liontown operation is unprecedented from a 'start to full production' perspective. Progressing with a contract of this scale, with its own projects ramping up (where the majority of shareholder value lies), would be counter-intuitive at this particular stage in the Companies development.

We model a management premium which to some degree accommodates the thesis that 'more suitable work will likely be secured'.

Development advance at the BGL contract continues with QoQ development growth of 3km completed for the quarter, generating \$23m in contract revenue. We look forward to the commencement of production in August which will see this top line number improve as production ore is moved out of the hole and ore-haulage rates are activated.

Action

With a growing portfolio of future facing metals, fully leveraged to commodity prices, we see strong upside to DVP. Recent M&A demonstrates managements ability to pivot fast coupled with a demonstrated mining capability for the mining services arm at Bellevue Gold, and its Woodlawn Project. We like the company strategy which puts people first, coupled with other initiatives which closely align with the workforce of the future - a strategy that places it well to attract and retain the next generation of talent.

We maintain our Buy recommendation and PT of \$3.90/sh.

Catalyst

ESS acquisition completion (targeted for Oct'23)

Commodity Price (Specifically Li, Cu and Zn)

Woodlawn production re-start

Exploration Results (massive sulphides intercepted at new target at Woodlawn)

MARKET STATISTICS

Share Price	3.29	A\$/sh
Valuation (EH Deck)	3.11	A\$/sh
Price Target	3.90	A\$/sh
Issued Capital		
Fully Paid Ord	201.0	m
Options (var. prices)	31.0	m
Total Dil. FPOrd	231.9	m

Market Capitalisation (dil)	\$763	m
Enterprise Value	\$677	m
Cash	\$61	m
Debt	\$(25)	m

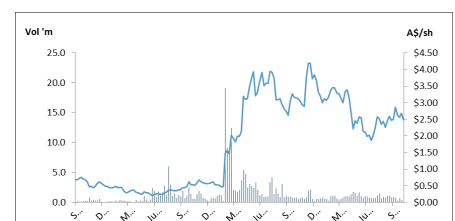
DIRECTORS

B. Beament	MD
S. In't Veld	NED
J. McGee	NED

SHAREHOLDERS

Bill Beament	30%dil
Min Res	15%

Performance



Source: Euroz Hartleys

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Develop Global Limited (DVP.ASX) | Price - | Target price 3.90 | Recommendation BUY;

Price, target price and rating as at 28 July 2023 (not covered)*

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