

TIGERS REALM COAL LIMITED (ASX: TIG)

Equity Analysis (May 2022)



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Introduction

Tigers Realm Coal Limited:

Headquartered in Victoria, Australia, Tigers Realm Coal Limited (ASX: TIG) is a coal exploration Company. The Company is engaged in identifying, exploring, developing, and selling coal from deposits in Russia.

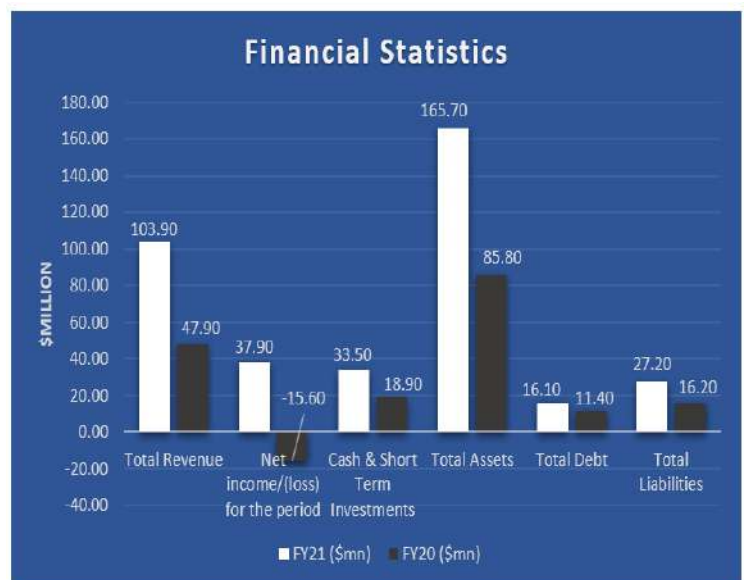
Recommendation	Speculative Buy	
Risk Profile	High	
Current Market Price (\$)	0.017	
52 Week High-Low (\$)	0.007-0.032	
Market Capitalization (\$Mn)	261.33	
Outstanding Shares (Bn)	13.07	
PE (TTM)	5.51	
EPS (\$) (TTM)	0.002	
Dividend Yield/Frinking	-	
Ex-Date/Pay-Date	-	
Enterprise Value (EV)/Sales (LTM)/(FY-1)	1.78	1.67
EV/EBITDA (LTM)/(FY-1)	3.87	-
Price/Book Value (LTM)/(FY-1)	1.60	1.54

Shareholder Pattern (Mn)

Top 3 Investor's Name	Current	31/03/22	31/12/21
Gray (Bruce N)	7,825.88	7,825.88	7,825.88
BV Mining Holdings Ltd.	2,377.54	2,377.54	2,377.54
RDIF Investment Management	1,036.22	1,036.22	1,036.22

Operating Performance

In FY21 (period ended 31 December 2021), total revenue stood at \$103.90 million, compared to \$47.90 million in FY20. Net income for the period stood at \$37.90 million compared to net loss of \$15.60 million in FY20. At the end of FY21, the Company had cash and short-term investments of \$33.50 million against \$18.90 million at the end of FY20. Total debt at the end of the FY21 stood at \$16.10 million compared to \$11.40 million at the end of the FY20.



Source: Company Reports, Analysis by Kapitales Research

Ratio Analysis	Industry Median	FY2021	FY2020	FY2019	FY2018	FY2017
Gross Margin	43.7%	45.5%	(12.6%)	(10.2%)	34.8%	(0.3%)
EBITDA Margin	29.5%	46.2%	(7.1%)	(14.5%)	29.0%	(25.9%)
Operating Margin	16.7%	39.0%	(25.4%)	(29.6%)	22.8%	(37.3%)
Pretax Margin	19.9%	36.5%	(32.6%)	(37.5%)	20.9%	(43.9%)
Net Margin	14.0%	36.5%	(32.7%)	(37.6%)	20.8%	(44.6%)
Asset Turnover	0.62	0.83	0.55	0.76	1.44	0.57
ROE	15.3%	36.5%	(32.3%)	(53.9%)	29.3%	(14.8%)
Quick Ratio	1.37	2.87	2.72	0.33	0.69	1.03
Current Ratio	1.91	5.36	4.55	0.86	2.01	1.73
Cash Cycle (Days)	56.9	261.80	243.20	194.30	130.30	116.80
Assets/Equity	1.75	1.20	1.23	3.24	1.06	0.86
Debt/Equity	0.19	0.12	0.16	1.73	0.15	0.12
ROIC	-	29.0%	(21.2%)	(35.5%)	23.5%	(14.8%)

Source: (Refinitiv and ASX), Analysis By Kapitales Research

Investment Highlight

During the March quarter, the Company mined 297kt of ROM coal and delivered 239kt to the port. The overall quarterly mining volume is 43% higher than in Q1FY21. The increase is due to focusing on Seam 3 and delivering coal to intermediate stockpiles for additional processing with CHPP and increased mining and haulage capacity compared to the Q12021.

Outlook

The Company's vision is to become a significant producer of coking coal and supply it to the seaborne markets in Asia. The Company is focused on the further exploration and development of its high-quality coking coal deposits. Based on solid performance year to date, existing production capacity, and investment in additional mining equipment in 2021, the sales target for 2022 is set at 1Mt.

Risks

The Company has exposure to the following risks-

- Operational risks (including general economic risk, coal market & demand risk, and climate related risk)
- Geopolitical risks
- Commodity price risk
- Financial risks (including foreign exchange risk, credit risk, liquidity risk, and interest rate risk)

Technical Analysis



Source: Refinitiv, Analysis by Kaptales Research

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Company Name	Ticker	Sector	CMP (\$)	Advisory date	Rating	Target 1 (\$)	Target 2 (\$)	Stop Loss (\$)
Tigers Realm Coal Limited	TIG	Materials	\$0.017	17 May 2022	Speculative Buy	\$0.022	\$0.028	\$0.014

The stock of a material company TIG settled at AU\$0.017 on 17 May 2022 after a decline near 15% from the previous day's closing, and it's currently trading between its 52-week price levels.

The stock price is trading above the significant exponential moving averages of 50, 100, and 200 days on a daily time frame, indicating short-term bullishness.

The stock is trading near the central pivot (AU\$0.017) and showing a bullish trend for the short term. However, the stock faced minor profit booking in today's sessions, so there are few possibilities of a consolidation.

The stock has broken a descending trend line on a daily time frame chart, and it's trading above it.

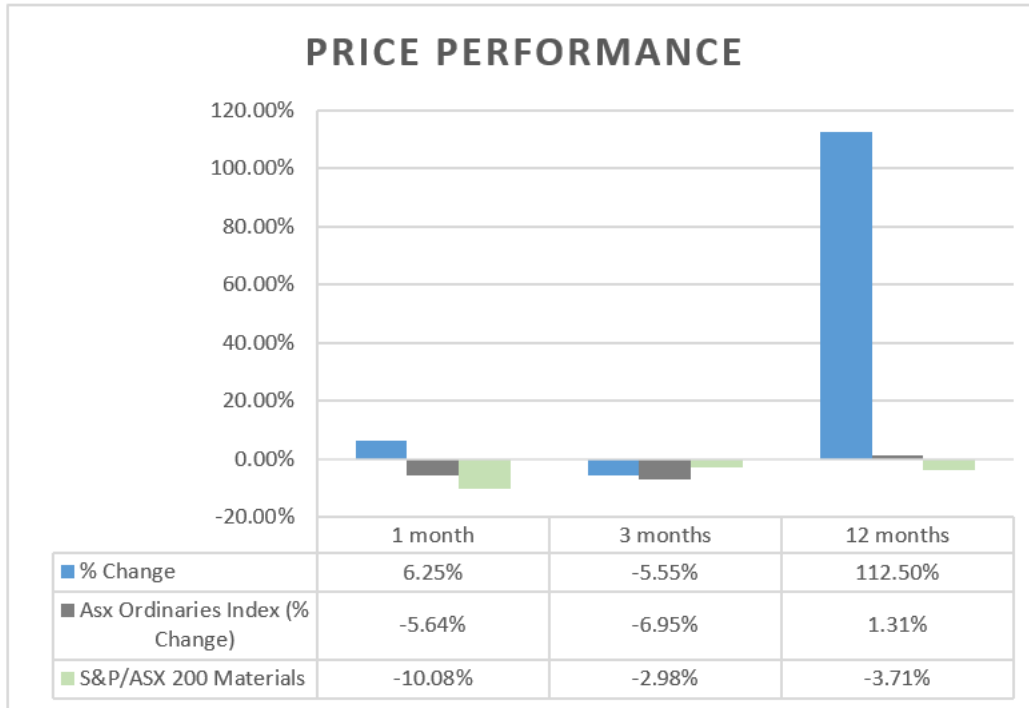
RSI (14-days) is at 54, showing a minor pullback in the index after a sharp surge in yesterday's session.

Based on these facts, buying can be initiated at the current market price (CMP) level for the potential targets of AU\$0.022 (previous swing resistance) and AU\$0.028 (pivot resistance R1) in the coming days. Investors can book either full or partial profits at target one and wait for the stock to achieve target two (depending on their risk appetite).

Investors are advised to keep a strict stop loss at or below AU\$0.014 (previous swing support) to protect their investments, in case of an unfavorable movement in the stock due to any uncertain event.

Please Note: It would be in the best interest of investors to trail their stop-loss upward if the stock is moving in our favorable direction.

Price Performance



Source: Refinitiv, Chart Prepared by Kapitaes Research

Investment Summary

The Company's operating performance in FY21 was better than the previous corresponding period, underpinned by improvement in the topline and bottom-line performance. Its profitability margins, Assets Turnover ratio, ROE, and ROIC ratios also improved over the previous corresponding period. The stock is trading at an EV/Sales multiple of 1.7x against the industry median (Coal) of 7.5x on a TTM basis, indicating the undervalued position of the stock.

Considering all the above factors and the current trading level, we recommend a "Speculative Buy" rating on the stock at the current market price of AU\$0.017 as of 17 May 2022 (after-market hours).

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Mission to Empower Investors

Disclosure: *The information mentioned above has been sourced from the company reports and a third party database, i.e. Refinitiv. Investors are advised to use strict stop-loss to protect their investments in case of any unfavorable/uncertain market events.*

Kapitales Research, Suite 1A, Level 2, 802-808 Pacific Highway, Gordon NSW 2072, Australia | 1800 005 780 | info@kapitales.com.au