



MACQUARIE
ACN 002 574 923

Macquarie Private Wealth



Independence Group NL

Business Description

Independence Group NL (IGO) is a mining and exploration company focused primarily on gold and nickel. In September 2002 the Company acquired the Long Nickel Mine and became a nickel producer in October 2002. The cash flow from this operation has allowed the Company to self fund its mine and regional exploration activities.

Strategy Analysis

IGO's focus is to achieve long term growth through the discovery and development of high value orebodies with a focus on gold, nickel and copper. The company believes there are many more ore bodies yet to be discovered in Australia, in covered areas and in previously unrecognised mineralised belts. The preferred focus is within Australia but IGO will also consider other jurisdictions. To achieve its goals the company seeks to apply leading edge geological science, invest in technical innovation particularly aimed at the discovery of deposits hidden under thick cover, apply new technology to established and emerging mineral belts, acquire major land positions in frontier belts and to efficiently farm out or relinquish projects not meeting internal technical milestones. Independence Group reported NPAT down 80.7% to \$5.53m for the year ended 30 June 2011. Revenues from ordinary activities were \$162.5m, up 39.3% from last year. This includes revenue from Jabiru for the three months ended 30 June 2011 of \$16.41m. In addition, spot nickel prices during 2011 were higher (by approximately US\$4,578 per tonne) than in the previous corresponding period. Diluted EPS was 3.88 cents compared to 25.27 cents last year. Net operating cash flow was \$52.82m compared to \$58.92m last year. The final dividend declared was 3.0 cents, taking the full year dividend to 7.0 cents compared with 5.0 cents last year.

27 January 2012

Recommendation

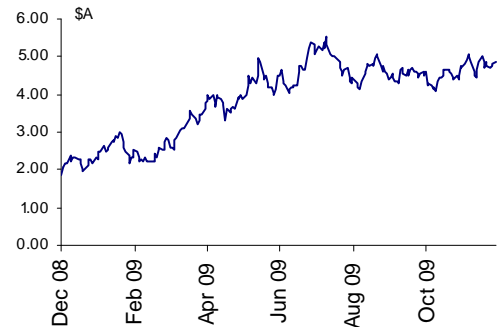
Recommendation: BLANK
Relative to: All Ind (ex Fins)

Investment Fundamentals

ASX code: IGO
Stock price: \$3.99
Market cap: \$928m

	Y/E 30/06/2012	2012e	2013e	2014e	2015e
Reported e	\$m	-72.0	44.4	152.3	107.5
Adjusted e	\$m	18.0	71.4	152.3	107.5
EPS adjusted	¢	8.5	33.6	71.7	50.6
EPS growth	%	224.8	297.2	113.4	-29.4
PE	x	47.2	11.9	5.6	7.9
PE relative	x	3.3	1.1	0.6	0.9
DPS	¢	2.0	7.0	14.0	10.0
Yield	%	0.5	1.8	3.5	2.5
Franking	%	100.0	100.0	100.0	100.0

Share Price



Source: ASX and Company accounts

Segment Performance

Results by Industry	Revenue (%)	Return on Sales (%)	Return on Assets (%)	Annual Shareholders' Return	
				1 year	3 year
Nickel	89.5	30.6	45.3	-43.0%	18.0%
Copper and Zinc	10.5	-4.5	-87.4	-0.1%	32.0%
Gold	0.0	-1.6	0.0		
Regional Exploration	0.0	-3.9	0.0		
Total	100.0	20.6	-42.1		
Results by Geography				Dividend Reinvestment Plan	No
Australia	100.0	100.0	100.0	Shareholder Discounts	No
Total	100.0				

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