

Goldplat plc[#]

BBG Ticker: GDP LN

Price: 10.13p

Mkt Cap: £17.05m

BUY

Year to June	Revenue (£m)	EBITDA (£m)	PBT (adj.) (£m)	EPS (p)	DPS (p)	EV/Sales (x)	EV/EBITDA (x)	P/E (x)	Div Yield (%)
2011A	19.62	3.37	3.43	2.12	0.0	0.64	3.72	4.78	-
2012A	26.23	5.04	5.24	2.77	0.0	0.48	2.49	3.65	-
2013E	32.03	4.25	3.32	0.08	0.6	0.39	2.95	129.57	5.9%
2014E	34.60	5.74	5.01	2.48	0.5	0.36	2.19	4.08	4.9%

SOURCE: Company, VSA Capital estimates.

BEE Partnership Agreement Signed

Goldplat's South African gold recovery subsidiary, Goldplat Recovery (Pty) Limited (GPL), has signed a binding Memorandum of Agreement (MoA) with its Black Economic Empowerment (BEE) partner, Amabubesi Property Holdings (Pty) Ltd. The effect of the agreement is to increase Amabubesi's interest in GPL from 15% to 26%, as required by the South African BEE legislation which is to be in place before 1 May 2014.

Deal Values GPL at c96% of Goldplat's Market Cap

For the additional 11%, Amabubesi will pay ZAR29.5m (£2.1m), comprising a 10% upfront cash payment on completion, with the remainder financed by a loan from GPL. Amabubesi is to repay the loan using its pro-rata dividends. On our financial forecasts, this loan should be repaid in full before the end of 2014.

The transaction values GPL at ZAR268.2m (£19.2m), £16.3m of which is attributed to Goldplat at its current 85% ownership. This is c96% of the company's current market cap.

As Goldplat's CEO, Russell Lamming, pointed out, considering that GPL contributed less than 50% of the group net profit in the last financial year, "this highlights the inherent value of Goldplat as a whole".

Valuation Methodology Maintained

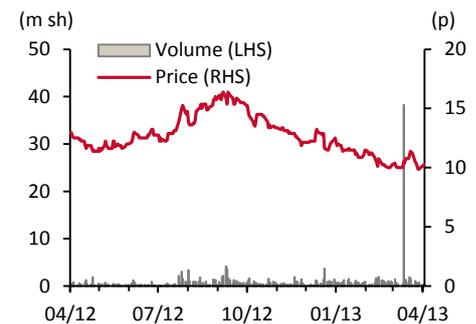
We maintain our valuation methodology, however, which means that our valuation remains unchanged. This is dominated by 5.0x EV/EBITDA for the recovery business and the £4.8m effective cash position. We value Goldplat at £34.4m, which equates to a 21.0p target price.

Recommendation and Price Target

We maintain our **BUY** recommendation and our share price target of 21p.

Company Description:

African gold producer and exploration company with two profitable gold recovery operations in South Africa and Ghana, one mining project in Kenya and several exploration stage projects.



Price % chg	1mn	3mn	12mn
	-1.2%	-16.5%	-22.1%
12mn high/low:	16.38p/9.88p		

SOURCE: FactSet, as of 23 April 2013 close.

Market:	AIM
Sector:	Mining
Location:	Africa
Shares in issue:	168.4m
Price target:	21p

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#VSA Capital acts as Joint Broker to Goldplat plc.

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HOLD: The price of the stock is expected to move in a range between -10% and +10% in absolute terms over the next twelve months.
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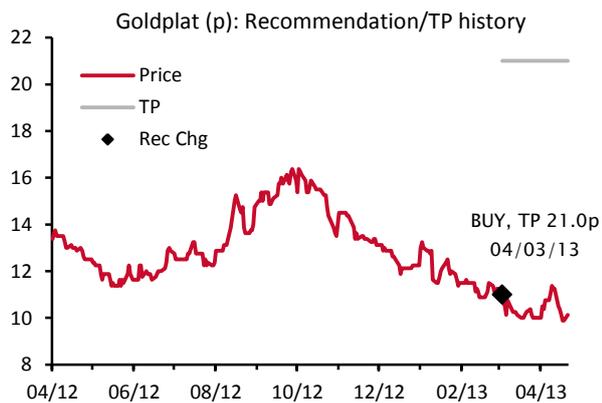
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Equities breakdown: 31 March 2013	Spec. BUY	BUY	HOLD	SELL
Overall equities coverage	16.2%	75.7%	5.4%	2.7%
Companies to which VSA has supplied investment banking services	15.0%	85.0%	0.0%	0.0%

Recommendation and Target Price History



SOURCE: FactSet data, VSA Capital estimates.

Goldplat plc

Valuation basis

Our valuation is based on 5x our forecast Goldplat EBITDA.

Risks to that valuation

The greatest risk to this would be significant fall in the gold price or operational challenges in South Africa or Ghana.

This recommendation was first published on 4 March 2013.