

Company: MP Materials Corp.	Ticker: MP	Current Price: \$ 30.37	Industry: Materials	Sub Industry: Diversified Metals and Mining
Target Price: \$50.00 Stop Loss: \$23.07 52 Week High/ Low: \$60.19 / \$ 27.48	TTM P/E: 25.73 Forward P/E: 33.78 EPS: \$1.32	Beta: 2.93 Credit Rating: - Rating Outlook: -	Market Cap: \$6.02b Avg Vol (12 M): 330,060 Dividend Yield: No dividend	

Company Background:

MP Materials (NYSE: MP) is the largest producer of rare earth materials in the Western Hemisphere. The Company owns and operates the Mountain Pass Rare Earth Mine and Processing Facility (Mountain Pass), the only rare earth mining and processing site of scale in North America. MP Materials produced approximately 15% of the rare earth content consumed in the global market in 2020. Separated rare earth elements are critical inputs for the magnets that enable the mobility of electric vehicles, drones, defense systems, wind turbines, robotics and many other high-growth, advanced technologies.

Industry Outlook:

Rare earth elements (REE) are fundamental building blocks of the modern economy, enabling end-products across several industries, including transportation, clean energy, robotics, national defense, and consumer electronics. The aggregate global market for REO (rare earth oxides) totaled approximately 180,000 metric tons in 2021 and is expected to grow at a compound annual growth rate ("CAGR") of approximately 4% through 2030, according to research by the CRU Group ("CRU"). Further, CRU estimates that the NdPr segment of the REO market, which makes up the significant majority of the market value, is expected to grow at a 9.1% CAGR through 2030 (excluding the impact of closed loop recycling), well in excess of the overall REO market. This expected growth will be driven by secular growth in demand for NdPr magnets.

Investment Thesis:

We firmly believe that MP Materials Corp. is well positioned to become a critical supplier of rare earth elements, particularly NdPr, an input needed for manufacturing advanced technology in key growth markets for the modern economy (discussed above). Additionally, the U.S. federal government has a national security interest in the success of this company (MP received \$45 million of U.S. DoD funding since 2020 for processing rare earth elements). MP materials is also the only rare earth materials producer of scale in the western hemisphere which we believe will allow it to sustain an important competitive advantage.

Investment Risks:

- Competition with Chinese producers of rare earth elements
- Competing technologies that may reduce the need for rare element inputs.
- Relatively high beta (2.83) indicates higher volatility of price may occur amidst market uncertainty
- Newly listed company (2020 IPO) so the company does not have a proven track record of success

3-5 take away from last quarter investor call transcript:

- The MP materials mountain pass site is now producing more REO content than it ever has in its 70-year history.
- MP operates the most environmentally responsible rare earth production site in the world.
- Revenue was up 96% year-over-year to \$143.6 million. Adjusted EBITDA was up 137% to \$110 million.

Financial Performance:

Discounted Cash Flow

Analyst
Opinion

Relative Valuation

Total Return %

Name (BICS Best Fit)	Ticker	Mkt Cap (USD)	MC to BV	Tot Assets:Y	P/S:Y	P/E:Y	P/FCF:Y	P/S:Y	GM:Y	EBIT/Net Sales:Y	ROE:Y	ROA:Y
Median		4.28B	4.61	1.15B	12.87	44.33	29.05	12.87	37.13%	38.95%	14.70%	9.24%
MP MATERIALS CORP	MP US	5.39B	4.61	1.89B	23.74	61.40	--	23.74	77.03%	49.81%	14.70%	9.24%
LYNAS RARE EARTHS LTD	LYC AU	4.28B	4.09	1.42B	8.56	14.56	29.05	8.56	62.13%	57.49%	39.63%	30.56%
CHINA RARE EARTH RESOURCES-A	000831 CH	3.86B	9.61	609.93M	12.87	195.88	--	12.87	12.68%	9.72%	7.58%	5.48%
CHINA NORTHERN RARE EARTH -A	600111 CH	13.16B	5.16	5.46B	5.44	32.27	55.14	5.44	27.84%	23.34%	39.00%	16.81%
SYRAH RESOURCES LTD	SYR AU	938.56M	2.09	428.89M	22.52	--	--	22.52	-112.31%	-165.09%	-18.31%	-13.21%
ALLKEH LTD	AKE AU	5.94B	1.99	4.49B	5.49	13.81	23.43	5.49	78.63%	59.29%	16.73%	10.47%
CHENGXIN LITHIUM GROUP CO-A	002240 CH	5.50B	4.92	1.15B	15.56	56.38	--	15.56	46.43%	38.95%	19.95%	13.72%
LIVENT CORP	LITH US	5.45B	4.26	1.20B	8.97	162.21	--	8.97	21.03%	7.06%	4.25%	2.65%
SIGMA LITHIUM CORP	SHL CN	3.57B	27.25	153.20M	--	--	--	--	--	--	-32.77%	-29.86%
CORE LITHIUM LTD	CXO AU	1.60B	10.57	180.99M	--	--	--	--	--	--	-4.81%	-4.45%
SAYONA MINING LTD	SYA AU	1.19B	3.66	456.99M	2.79k	12.20	--	2.79k	--	-21802.88%	29.23%	22.84%

	2020	2021	2022 (current 6/30/22)
Revenue	134.3	332.0	508.7
Operating Profit	-18.1	139.4	255.4
Net Income	-21.8	135.0	250.6
Revenue Growth %	83.00	147.00	96.00
EBITDA Margin (%)	-18.84	57.39	67.66
Operating Profit %	-	-	-

Prepared by Team Hartford (OCT. 22, 2022) using Bloomberg, S&P Net Advantage, Morning Star, Yahoo Finance

Net Income Margin	17.72	41.23	51.53
D/E	8.42	68.62	57.80
EPS	-0.27	0.78	1.43
PE Ratio	107.71	61.40	22.95
Current Ratio	13.03	21.44	20.39
ROE	-	14.50	24.12
ROA	-	9.11	12.79
Dividend Per share	0	0	0
FCF	-19.1	-21.9	72.1
	2021	2022 (current)	
Avg Revenue growth	147%	96%	
Avg Gross Margin	77.03	83.17	
Avg EBITDA Margin	57.39	41%	
Avg NOPAT Margin	41.99%	50.21%	
Avg FCF / Margin	-6.60	14.17	
Tax Rate		21%	
WACC		10.57%	
Perpetuity growth rate		3%	
Buy: 9	Hold: 2	Sell: 0	
	Rating	Target	
S&P Net Advantage	Strong Buy	\$50.00	
Bloomberg	Buy	\$45.72	
Yahoo Finance	Buy	\$46.21	
	MP	Materials Sec.	S&P MID
YTD	-15.14%	5.49%	-2.14%
2021	41.19%	32.23%	24.73%
Last 3 Years	-	-	-
Last 5 Years	-	-	-
CSR Characteristics	MP	Peers	
ESG Disclosure:	-	35.75	
Governance Disclosure Score	-	81.46	
Social Disclosure Score	-	12.48	
Environmental Disclosure Score	-	17.79	

*Industry Avg. includes companies listed