



## FEATURED OPTIONS RADAR REPORT



### Unusual Call Buying in Small Miner

Ticker/Price: SBSW (\$13.99)

#### Analysis:

**Sibanye (SBSW)** trader this morning buying 5,000 January \$15 calls for \$1.21, adjusting higher the \$12.50 calls from August and continuing to see further upside. SBSW had 2,500 April \$15/\$22.50 call spreads bought last week and short puts at the Jan. \$12.50 strike over 3000X seeing limited downside. Shares are pretty far extended today after a strong two week move but clearing new highs above \$13.75 and longer-term target out to \$17. The \$9.35B company trades 16.5X earnings and 1.45X sales with industry best FCF and a growing capital return policy. SBSW is South Africa's largest producer of gold, palladium, and platinum and benefitting over the last two years from better efficiencies, cost-measures, and realizations in the spot market. SBSW has been aggressively cutting debt and their move to list in the US last year has given them ample access to cheap capital which they expect to use aggressively on M&A. The company bought Montana palladium miner Lonmin in 2019 and it has since become one of their best assets. SBSW likely looks to the US again for deals in 2021 as South African miners increasingly look outside their borders for growth opportunities much like peer **Anglo (AU)** did in 2020. Analysts have an average target for shares of \$15, although limited coverage. RBC positive recently citing their positive growth profile. Short interest is 2.89%. Hedge fund ownership fell 17% in Q2, Exor Investments remains a top holder with 11.95M shares.

#### Hawk Vision:



**Hawk's Perspective:** SBSW is a smaller miner that looks to be a strong play though do want to wait for it to come in a bit before garnering real interest.

**Confidence Ranking:** \$\$