

Hazer Group Ltd (HZR)

Rating: Buy | Risk: High | Price Target: \$0.70

28 July 2025

Hydrogen Fuelled and Ready for Offtake

Key Information

Current Price (\$ps)	0.37
12m Target Price (\$ps)	0.70
52 Week Range (\$ps)	0.27 - 0.45
Target Price Upside (%)	91.8%
TSR (%)	91.8%
Reporting Currency	AUD
Market Cap (\$m)	95.5
Sector	Materials
Avg Daily Volume (m)	0.2
ASX 200 Weight (%)	0%

Fundamentals

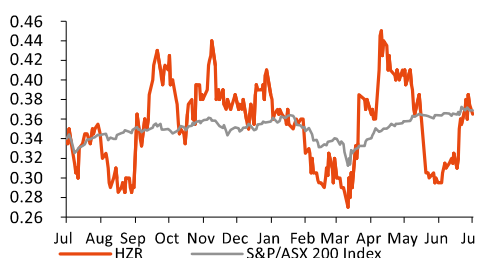
YE 30 Jun (AUD)	FY24A	FY25E	FY26E	FY27E
Sales (\$m)	3.3	2.1	4.5	4.5
NPAT (\$m)	(15.5)	(12.3)	(8.0)	(9.2)
EPS (cps)	(7.5)	(6.3)	(3.1)	(3.5)
EPS Growth (%)	(6.2%)	16.6%	51.4%	(14.6%)
DPS (cps) (AUD)	0.0	0.0	0.0	0.0
Franking (%)	0%	0%	0%	0%

Ratios

YE 30 Jun	FY24A	FY25E	FY26E	FY27E
P/E (x)	(4.9)	(5.8)	(11.9)	(10.4)
EV/EBITDA (x)	(5.3)	(6.9)	(11.6)	(12.7)
Div Yield (%)	0.0%	0.0%	0.0%	0.0%
Payout Ratio (%)	0.0%	0.0%	0.0%	0.0%

Price Performance

YE 30 Jun	1 Mth	2 Mth	3 Mth	1 Yr
Relative (%)	21.9%	(14.2%)	(8.4%)	(3.6%)
Absolute (%)	23.7%	(11.0%)	0.0%	5.8%
Benchmark (%)	1.8%	3.2%	8.4%	9.4%



Price performance indexed to 100

Source: FactSet

Major Shareholders

AP Ventures LLP	4.5%
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Event

Hazer Group (ASX: HZR) is a clean-technology company developing the Hazer Process, which converts natural gas and similar feedstocks into hydrogen and graphite, using iron ore as a process catalyst. The process aims to produce affordable, low carbon emission hydrogen where the carbon is captured in the form of graphite and can then be sold under offtake agreement. We initiate research coverage with a \$0.70/s price target and a BUY rating given the expected TSR of over 90%.

Highlights

- HZR is a clean-technology company focused on the development of novel graphite, and hydrogen production technology. The company was founded in June 2010 and is headquartered in Perth, Australia. Hazer Group is decarbonising the global gas industry with its world-leading climate technology, accelerating the delivery of affordable clean hydrogen, at scale.
- Hydrogen (H₂) today is used for various purposes including the production of Ammonia and Methanol, Petroleum Refining, and Steel Making. Total global H₂ demand is circa 97 mtpa with Ammonia and Methanol production representing circa 65% of current demand. The total market size is approximately US\$200 billion pa. The H₂ market in mtpa is expected to grow circa 168% by 2050 driven by an expected tripling in demand for Ammonia and Methanol as well as very strong growth in demand from steel making.
- The problem with today's H₂ production methods is the amount of CO₂ emissions. The most common method, steam methane reforming (SMR), produces "grey hydrogen" and emits considerable amounts of CO₂. In 2023, global hydrogen production emitted approximately 920 mt of CO₂. This is comparable to the combined emissions of the UK and Indonesia. A significant portion of these emissions comes from unabated natural gas and coal used in hydrogen production.
- The Hazer Process is a method developed by the Hazer Group for producing low-emission hydrogen and graphite from methane using iron ore as a catalyst. It essentially "cracks" methane into hydrogen and solid, graphitic carbon (critical mineral) without producing any CO₂ emissions from the process. This process is considered attractive for industries seeking to reduce carbon emissions. The low-emission hydrogen produced can be used in various clean energy applications, while the graphite can be used in industries like batteries and other materials. Hazer is collaborating with Japanese trading house Mitsui to identify and develop offtake opportunities for its graphite.
- In May 2025 HZR announced it had formed an Alliance Agreement with KBR (NYSE: KBR, not rated), a global science, technology, and engineering company that provides services to governments and companies worldwide. The alliance is a global strategic partnership focused on commercializing HZR's methane pyrolysis technology for hydrogen production, with KBR acting as the exclusive licensing partner in the ammonia and methanol markets. This alliance aims to accelerate the deployment of HZR's technology, leveraging KBR's global reach and expertise in engineering and technology solutions.
- HZR management has provided an example of the cash flows it would generate from a plant with 50 ktpa capacity. Potential revenue received includes engineering and advisory fees through FEED, commissioning and licensing feed from FID, and license fees and royalties through operation. Management has also stated it has an existing project portfolio of over 1 mtpa total capacity representing around 1% of existing global hydrogen demand. Our forecasts assume three 50 ktpa plants are built starting in FY28.

Recommendation

We initiate research coverage on HZR with a \$0.70/s price target and a BUY rating given the expected TSR of over 90%. Key risks include: technology development and commercialisation risk, future funding risk, strategic partner risk, industry risk, intellectual property risk and key personnel risk.

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