



TAKING PROFIT – Orocobre LTD

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TRADING OPPORTUNITY

As investment advisors, we are always screening the global stock markets for opportunities on behalf of our clients. We define a 'Trading Opportunity' a stock which has a strong fundamental momentum, combined with an optimal technical entry point. On top of that, the stock needs to have a substantial upside potential and attractive risk reward ratio.

Company

TICKER: ORE AU
Current Price: \$5.03
1y Target: \$5.5
Stop Loss: \$2.6

Shares Out. (M)	211
Market Cap. (M)	\$1'128
Enterprise Val. (M)	\$1'107
LT Debt / Total Cap.	-5.8%
Net Cash / Share	\$0.318
Book Value / Share	\$1.04
Dividend / Yield	\$0 / 0%
P/E	177.1
PEG	-

Company Description

Orocobre Ltd is a mineral exploration company. The Company's primary objective is to develop lithium-potassium brine projects. Orocobre is focused on advancing its flagship Salar de Olaroz (Olaroz) lithium- potassium brine project in Argentina.

The 27th of April 2017, when it was trading at a price of \$3.11, we advised our clients to buy Orocobre LTD due to the growth potential of the lithium producers in light of the growth of the electric car industry in Europe, America and especially China.

We forecasted that Chinese manufacturers would have started investing directly in lithium producers and this has just happened with a deal between Chinese car maker great Wall and Pilbara Minerals, with the acquisition of a \$28 million stake in the company, which is said to be the first direct investment in a lithium supplier by an auto group. Besides the positive news for the

whole industry, the 31st of August Orocobre announced a record full year profit driven by record production of lithium carbonate.

Given this was the most shorted stock on the Australian stock exchange, these positive developments have initiated the closure of the short positions and are generating a short squeeze which will soon bring the stock to our target price levels.

For this reason, with a current price of \$5.03 (+61% since our advice), we have started taking profit, yet continuously exploring opportunities in the electric mobility sector (lithium, cobalt, graphite).



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