

Deutsche Rohstoff AG

Germany | Oil & Gas | MCap EUR 155.6m

28 September 2023

UPDATE



Significant guidance upgrade; est. / PT up; BUY

What's it all about?

Deutsche Rohstoff has significantly raised its revenue and EBITDA guidance for 2023 and 2024. This upgrade is primarily driven by the rise in oil prices, which has made it more profitable to develop new wells at a faster pace. The company is also benefiting from more profitable hedging, a stronger USD and higher than expected well production. Deutsche Rohstoff has successfully placed a EUR 100m corporate bond, providing financial flexibility for the accelerated production ramp-up. Based on these positive developments, we raise our target price to EUR 52.50 (before: EUR 47.10). The discount to the peer group on EV/EBITDA 23E and 24E now exceeds 50%, which strongly supports our BUY recommendation.

BUY (BUY)

| | |
|---------------------|--------------------------|
| Target price | EUR 52.50 (47.10) |
| Current price | EUR 31.10 |
| Up/downside | 68.8% |

 **ResearchHub** 

MAIN AUTHOR

Dr. Oliver Wojahn, CFA

o.wojahn@alsterresearch.com
+49 40 309 293-58

IMPORTANT. Please refer to the last page of this report for "Important disclosures" and analyst(s) certifications.

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Deutsche Rohstoff AG

Germany | Oil & Gas | MCap EUR 155.6m | EV EUR 212.3m

BUY (BUY)

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+49 40 309 293-58

Significant guidance upgrade; est. / PT up; BUY

Significant guidance upgrade. Deutsche Rohstoff has raised its guidance for 2023 and 2024. The midpoint upgrades, based on scenarios with a WTI oil price of 85 USD/BBL, are approximately +10% for revenues and +8% for EBITDA for 2023 and +10% for revenues and +6% for EBITDA for 2024. The following table shows the new guidance along with our adjusted estimates:

| Year | Revenue | EBITDA | WTI (USD/BBL) | Gas (USD/MMBtu) | EUR/USD |
|----------------------|-----------|-----------|---------------|-----------------|---------|
| 2023 | 188 - 198 | 138 - 148 | 85,00 | 2,50 | 1,08 |
| eAR | 192 | 144 | | | 1,08 |
| 2024 base | 190 - 210 | 145 - 160 | 75,00 | 3,00 | 1,12 |
| 2024 optimist | 210 - 230 | 165 - 180 | 85,00 | 3,00 | 1,12 |
| eAR | 201 | 155 | 73,13 | 3,02 | 1,08 |

Higher prices trigger accelerated production. Several factors have contributed to this significant upgrade in expectations: the sharp rise in oil prices makes it much more profitable to develop new wells at a higher rate, and Deutsche Rohstoff is accelerating the pace at which they are brought into production. The capex guidance for 2023/24 has therefore been increased by EUR 30m. Rising forward oil prices also allow for more profitable hedging, with Deutsche Rohstoff maintaining a rolling hedge ratio of approximately 50%. In addition, some wells in Wyoming have produced well above original expectations. Finally, the stronger USD is having a positive translation effect.

Successful bond placement provides financial flexibility. This week Deutsche Rohstoff also announced the successful placement of a new corporate bond with a volume of EUR 100m, a maturity of 5 years (2023/2028) and a coupon of 7.5%. The issue was significantly oversubscribed due to strong demand. After refinancing large parts of the 2019/2024 bond, the remaining amount of c. EUR 20m provides the flexibility to pursue the accelerated production ramp-up.

Confirm BUY, PT up. With upgraded estimates, we arrive at a new price target of EUR 52.50 (old: EUR 47.10). Deutsche Rohstoff continues to deliver on the promise of its vast reserves, and the recent tailwinds from the oil and FX markets make this case even more compelling. The discount to the peer group on EV/EBITDA 23E and 24E now exceeds 50%, which strongly supports our BUY recommendation.

| Deutsche Rohstoff AG | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E |
|----------------------|--------|-------|--------|-------|-------|--------|
| Sales | 38.7 | 73.3 | 165.4 | 192.4 | 201.4 | 172.1 |
| Growth yoy | -6.1% | 89.5% | 125.6% | 16.3% | 4.7% | -14.6% |
| EBITDA | 23.9 | 66.1 | 139.1 | 144.2 | 155.5 | 133.4 |
| EBIT | -16.1 | 32.6 | 91.4 | 91.9 | 102.4 | 88.7 |
| Net profit | -15.5 | 24.8 | 60.8 | 66.3 | 74.0 | 62.5 |
| Net debt (net cash) | 105.6 | 93.9 | 55.7 | 95.7 | 88.0 | 83.6 |
| Net debt/EBITDA | 4.4x | 1.4x | 0.4x | 0.7x | 0.6x | 0.6x |
| EPS reported | -3.13 | 5.01 | 12.15 | 13.25 | 14.78 | 12.50 |
| DPS | 0.00 | 0.60 | 1.30 | 1.64 | 1.57 | 1.60 |
| Dividend yield | 0.0% | 1.9% | 4.2% | 5.3% | 5.0% | 5.1% |
| Gross profit margin | 70.0% | 75.3% | 81.6% | 82.9% | 85.7% | 86.5% |
| EBITDA margin | 61.9% | 90.1% | 84.1% | 74.9% | 77.2% | 77.5% |
| EBIT margin | -41.7% | 44.4% | 55.3% | 47.8% | 50.8% | 51.5% |
| ROCE | -8.2% | 13.9% | 33.3% | 25.2% | 24.0% | 18.6% |
| EV/Sales | 6.8x | 3.4x | 1.3x | 1.3x | 1.2x | 1.4x |
| EV/EBITDA | 10.9x | 3.8x | 1.5x | 1.8x | 1.6x | 1.8x |
| EV/EBIT | -16.2x | 7.7x | 2.3x | 2.7x | 2.4x | 2.7x |
| PER | -9.9x | 6.2x | 2.6x | 2.3x | 2.1x | 2.5x |

Source: Company data, AlsterResearch



Source: Company data, AlsterResearch

High/low 52 weeks 31.40 / 20.10
Price/Book Ratio 1.2x

Ticker / Symbols

ISIN DE000A0XYG76
WKN A0XYG7
Bloomberg DR0:GR

Changes in estimates

| | | Sales | EBIT | EPS |
|-------|-----|-------|-------|-------|
| 2023E | old | 163.1 | 76.4 | 10.68 |
| | Δ | 17.9% | 20.2% | 24.0% |
| 2024E | old | 175.9 | 87.9 | 12.62 |
| | Δ | 14.5% | 16.5% | 17.2% |
| 2025E | old | 151.1 | 76.5 | 10.72 |
| | Δ | 13.9% | 15.9% | 16.6% |

Key share data

Number of shares: (in m pcs) 5.00
Book value per share: (in EUR) 25.78
Ø trading volume: (12 months) 5,584

Major shareholders

Management and Sup. Board 10.0%
Free Float 90.0%

Company description

Deutsche Rohstoff identifies, develops and sells attractive natural resource assets in North America, Australia and Europe. The focus is on the development of oil and gas reserves in the USA. Metals such as tungsten, lithium and gold complete the portfolio.

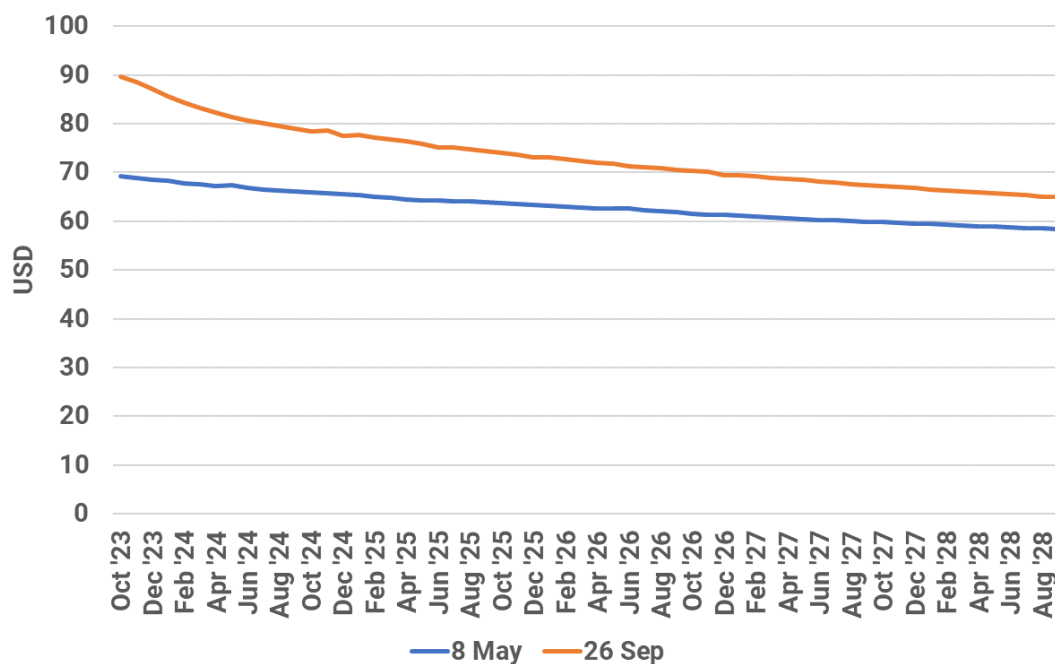
The following table displays the quarterly performance of **Deutsche Rohstoff AG**:

| P&L data | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Sales | 14.4 | 20.1 | 28.1 | 44.2 | 46.0 | 47.2 | 42.7 | 32.5 |
| yoy growth in % | 131.4% | 217.0% | 56.7% | 111.4% | 219.7% | 134.7% | 52.0% | -26.4% |
| Gross profit | 10.0 | 14.7 | 23.4 | 36.7 | 38.2 | 36.7 | 34.3 | 26.2 |
| Gross margin in % | 69.7% | 73.0% | 83.3% | 83.2% | 83.1% | 77.7% | 80.4% | 80.7% |
| EBITDA | 12.2 | 14.0 | 25.2 | 38.8 | 38.3 | 36.8 | 32.3 | 23.7 |
| EBITDA margin in % | 84.8% | 69.5% | 89.8% | 87.8% | 83.4% | 77.8% | 75.7% | 73.0% |
| EBIT | 5.1 | 5.0 | 17.0 | 26.0 | 26.3 | 22.1 | 20.6 | 12.0 |
| EBIT margin in % | 35.3% | 24.7% | 60.6% | 58.9% | 57.2% | 46.9% | 48.3% | 36.8% |
| EBT | 4.0 | 3.3 | 15.1 | 25.0 | 24.9 | 20.9 | 19.2 | 10.8 |
| taxes paid | 0.1 | -1.7 | 2.8 | 4.8 | 4.8 | 7.3 | 4.6 | 3.2 |
| tax rate in % | 2.0% | -52.1% | 18.3% | 19.3% | 19.3% | 35.1% | 23.8% | 29.6% |
| net profit | 3.8 | 4.4 | 11.9 | 17.8 | 17.9 | 13.2 | 14.3 | 7.6 |
| yoy growth in % | na% | na% | 7.8% | 222.7% | 367.0% | 197.8% | 20.4% | -57.1% |
| EPS | 0.77 | 0.89 | 2.36 | 3.56 | 3.58 | 2.64 | 2.86 | 1.52 |

Source: Company data; AlsterResearch

WTI Futures Prices

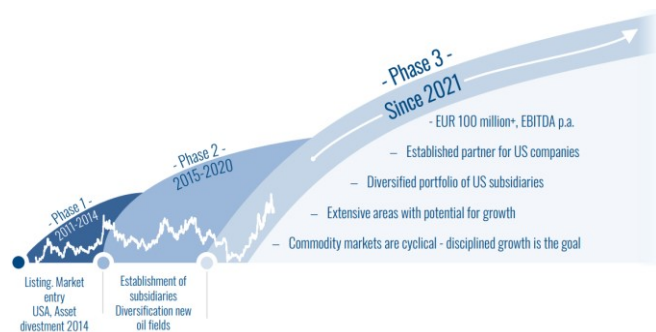
(26 September vs. 8 May 23, source: barchart.com)



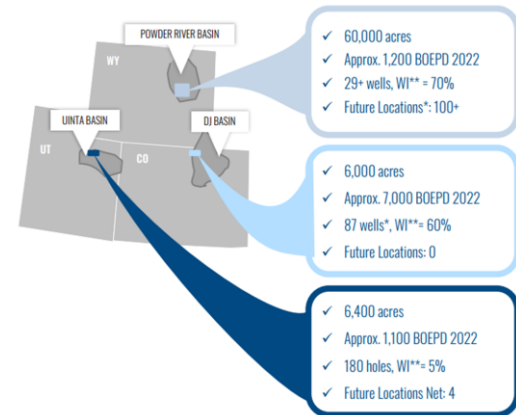
Source: AlsterResearch, barchart.com

Investment case in six charts

Development Phases of DRAG



Oil and gas production in the USA



Reserves Highlights

+3%

PDP reserve replacement despite high 2022 production

+22%

Proved reserves increase due to investments & in field development

Proved developed reserves (NYMEX 30. Dec 22)

Cash Flow: USD 351.4m **Discounted Cash Flow:** USD 246.5m

Proved reserves

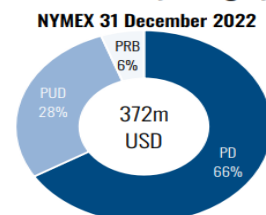
Cash Flow: USD 650.5m **Discounted Cash Flow:** USD 351.8m

Total reserves

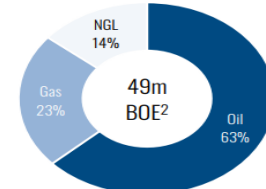
Cash Flow: USD 799.8m **Discounted Cash Flow:** USD 372.0m

Reserve values by Category

Reserve values by Category¹

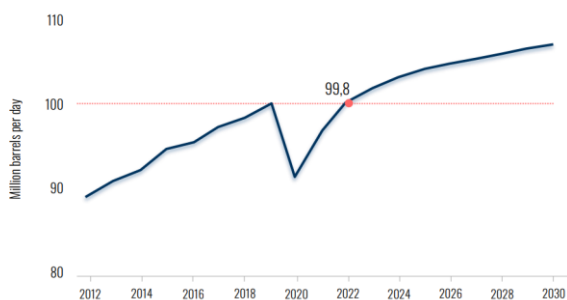


Reserves by Commodity

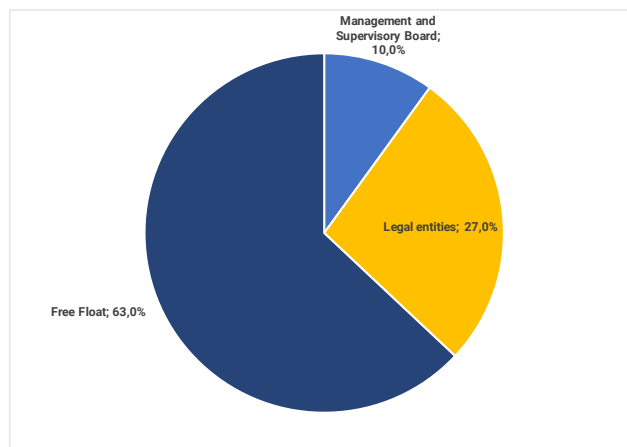


Rising demand, unlikely to peak before 2030

Oil demand to reach 107.5 mbd by 2030



Major shareholder



Source: Deutsche Rohstoff, AlsterResearch

SWOT analysis

Strengths

- Experienced and successful management
- Massive oil reserves and cash flows in Wyoming
- Strong technical expertise
- Strategic partnerships

Weaknesses

- Volatile commodity prices
- Limited financial resources and visibility in capital markets

Opportunities

- High population growth and low demand per capita for oil in developing countries
- Russian sanctions lead to more US oil and gas exports
- Pent-up demand after end of lock down in China
- Benefit from tungsten demand through investment of nearly EUR 30m in tungsten producer Almonty Industries
- Early-stage activities in battery minerals like lithium

Threats

- Volatile oil and gas prices - no new wells would be drilled if the price of WTI crude remained below USD 50/BBL for a prolonged period.
- Oil exploration and production, transport accidents
- Cost inflation (materials, personnel, financing), which could lead to delay of production growth targets
- Volatile EUR/USD exchange rate
- Risks in junior mining investments where metals can't be economically extracted

Valuation

DCF Model

The DCF model results in a **fair value of EUR 52.52 per share**:

Top-line growth: We expect Deutsche Rohstoff AG to grow revenues at a CAGR of -0.5% between 2023E and 2030E. The long-term growth rate is set at -20.0%.

ROCE. Returns on capital are developing from 25.2% in 2023E to 13.3% in 2030E.

WACC. Starting point is a historical equity beta of 0.68. Unlevering and correcting for mean reversion yields an asset beta of 1.09. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 12.1%. With pre-tax cost of borrowing at 7.5%, a tax rate of 23.0% and target debt/equity of 0.7 this results in a long-term WACC of 9.5%.

| DCF (EURm) (except per share data and beta) | 2023E | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | Terminal value |
|--|--------|-------|-------|-------|-------|-------|-------|-------|----------------|
| NOPAT | 75.8 | 84.4 | 73.0 | 76.0 | 78.8 | 81.6 | 84.3 | 83.0 | |
| Depreciation & amortization | 52.3 | 53.1 | 44.7 | 44.8 | 45.3 | 46.1 | 47.0 | 45.9 | |
| Change in working capital | 3.0 | -9.7 | -8.0 | -7.8 | -0.5 | -0.5 | -0.5 | 0.2 | |
| Chg. in long-term provisions | 5.3 | 1.8 | -5.8 | 0.7 | 0.8 | 1.0 | 1.0 | -0.7 | |
| Capex | -155.5 | -97.7 | -76.5 | -76.6 | -76.7 | -76.8 | -77.0 | -66.7 | |
| Cash flow | -19.0 | 32.0 | 27.5 | 37.2 | 47.8 | 51.3 | 54.8 | 61.7 | 167.4 |
| Present value | -18.6 | 28.5 | 22.3 | 27.5 | 32.2 | 31.5 | 30.7 | 31.4 | 86.8 |
| WACC | 9.6% | 9.6% | 9.6% | 9.7% | 9.7% | 9.7% | 9.7% | 9.7% | 9.5% |

| DCF per share derived from | |
|---|----------------------|
| Total present value | 272.4 |
| Mid-year adj. total present value | 285.3 |
| Net debt / cash at start of year | 55.7 |
| Financial assets | 34.2 |
| Provisions and off b/s debt | 1.0 |
| Equity value | 262.8 |
| No. of shares outstanding | 5.0 |
| Discounted cash flow / share upside/(downside) | 52.52 / 68.9% |

| DCF avg. growth and earnings assumptions | |
|--|--------|
| Planning horizon avg. revenue growth (2023E-2030E) | -0.5% |
| Terminal value growth (2030E - infinity) | -20.0% |
| Terminal year ROCE | 13.3% |
| Terminal year WACC | 9.5% |

| Terminal WACC derived from | |
|--------------------------------------|-------|
| Cost of borrowing (before taxes) | 7.5% |
| Long-term tax rate | 23.0% |
| Equity beta | 0.68 |
| Unlevered beta (industry or company) | 1.09 |
| Target debt / equity | 0.7 |
| Relevered beta | 1.68 |
| Risk-free rate | 2.0% |
| Equity risk premium | 6.0% |
| Cost of equity | 12.1% |

| | |
|--------------------|--------------|
| Share price | 31.10 |
|--------------------|--------------|

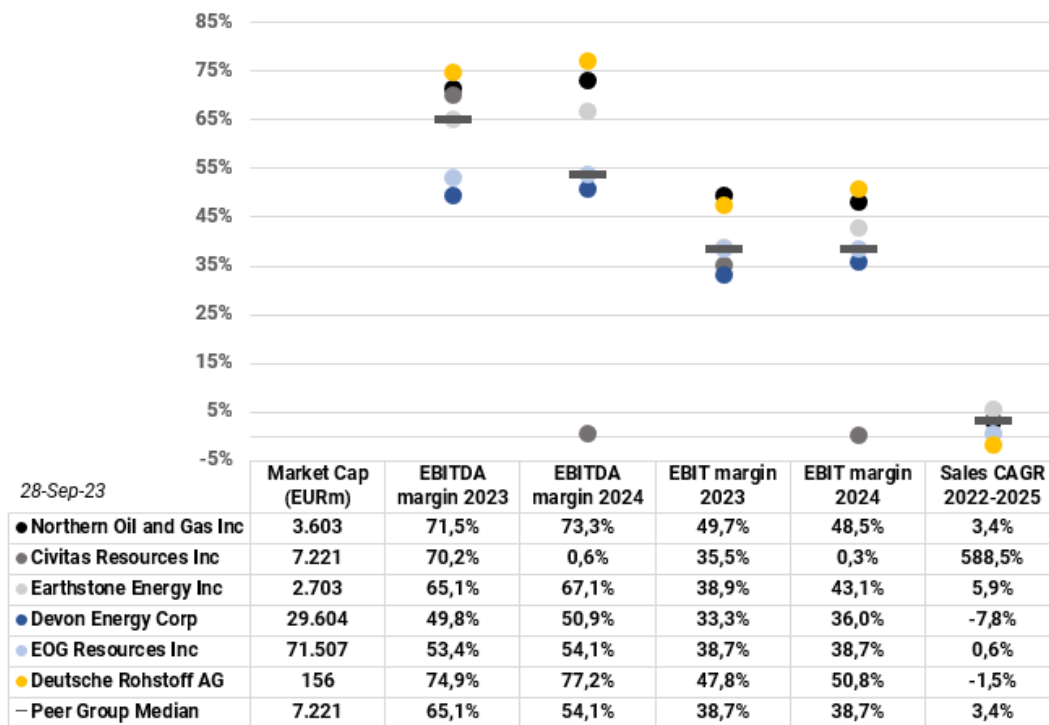
| Sensitivity analysis DCF | | | | | | | | |
|------------------------------|--|------------------|--------|-------------|--------|--------|------------------------|-------------------------------|
| Change in WACC (%-points) | | Long term growth | | | | | Share of present value | |
| | | -30.0% | -25.0% | -20.0% | -15.0% | -10.0% | 2023E-2026E | 2027E-2030E terminal value |
| 2.0% | | 41.5 | 43.6 | 46.5 | 50.5 | 56.3 | 21.9% | 46.2% |
| 1.0% | | 43.8 | 46.2 | 49.4 | 53.9 | 60.5 | | |
| 0.0% | | 46.2 | 48.9 | 52.5 | 57.6 | 65.3 | | |
| -1.0% | | 48.9 | 51.9 | 55.9 | 61.7 | 70.6 | | |
| -2.0% | | 51.7 | 55.1 | 59.7 | 66.3 | 76.6 | | |

Source: AlsterResearch

Peer group analysis

A peer group or comparable company (“comps”) analysis is a methodology that calculates a company’s relative value – how much it should be worth based on how it compares to other similar companies. Given that **Deutsche Rohstoff AG** differs quite significantly in terms of size, focus, financial health and growth trajectory, we regard our peer group analysis merely as a support for other valuation methods. The peer group of Deutsche Rohstoff AG consists of the stocks displayed in the chart below. As of 28 September 2023 the median market cap of the peer group was EUR 7,220.5m, compared to EUR 155.6m for Deutsche Rohstoff AG. In the period under review, the peer group was less profitable than Deutsche Rohstoff AG. The expectations for sales growth are higher for the peer group than for Deutsche Rohstoff AG.

Peer Group – Key data

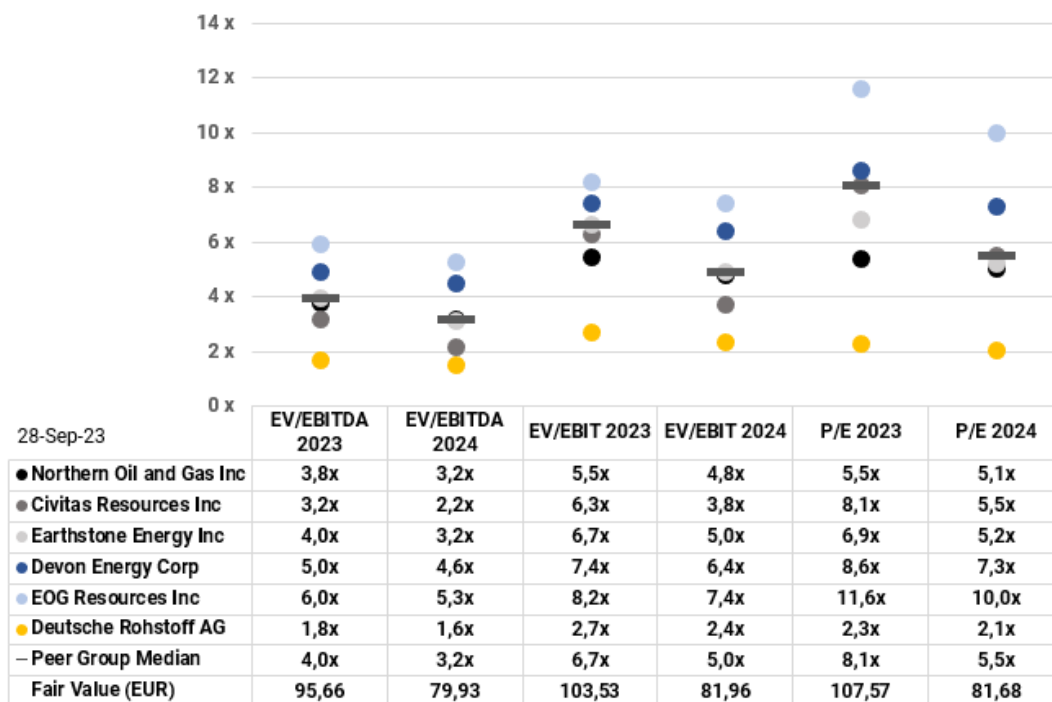


Source: Sentieo, AlsterResearch

Comparable company analysis operates under the assumption that similar companies will have similar valuation multiples. We use the following multiples: EV/EBITDA 2023, EV/EBITDA 2024, EV/EBIT 2023, EV/EBIT 2024, P/E 2023 and P/E 2024.

Applying these to Deutsche Rohstoff AG results in a range of fair values from EUR 79.93 to EUR 107.57.

Peer Group – Multiples and valuation

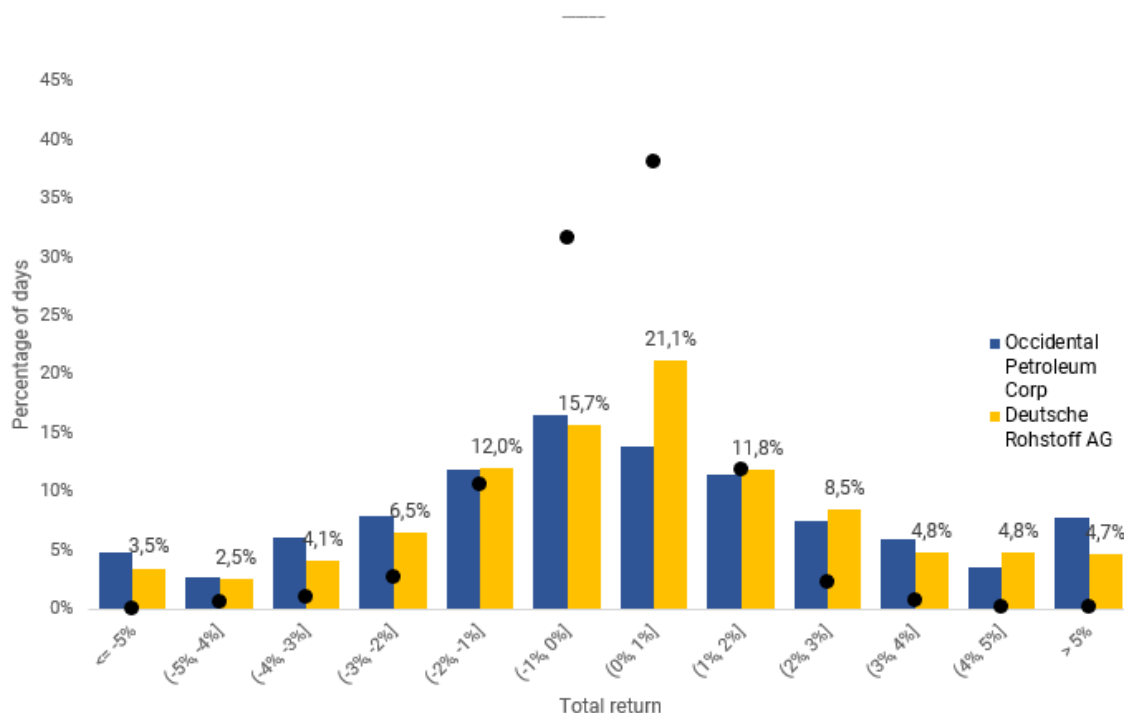


Source: Sentio, AlsterResearch

Risk

The chart displays the **distribution of daily returns of Deutsche Rohstoff AG** over the last 3 years, compared to the same distribution for Occidental Petroleum Corp. We have also included the distribution for the index DAX. The distribution gives a better understanding of risk than measures like volatility, which assume that log returns are normally distributed. In reality, they are skewed (down moves are larger) and have fat tails (large moves occur more often than predicted). Also, volatility treats up and down moves the same, while investors are more worried about down moves. For Deutsche Rohstoff AG, the worst day during the past 3 years was 26/11/2021 with a share price decline of -14.1%. The best day was 09/11/2020 when the share price increased by 11.5%.

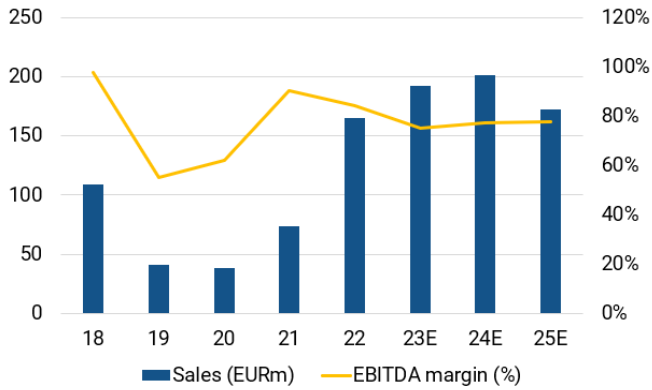
Risk – Daily Returns Distribution (trailing 3 years)



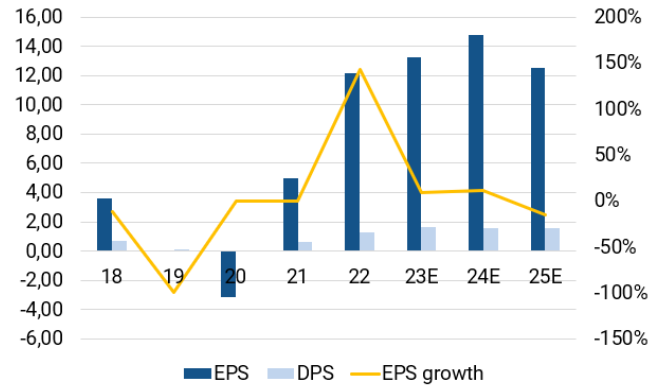
Source: Sentio, AlsterResearch

Financials in six charts

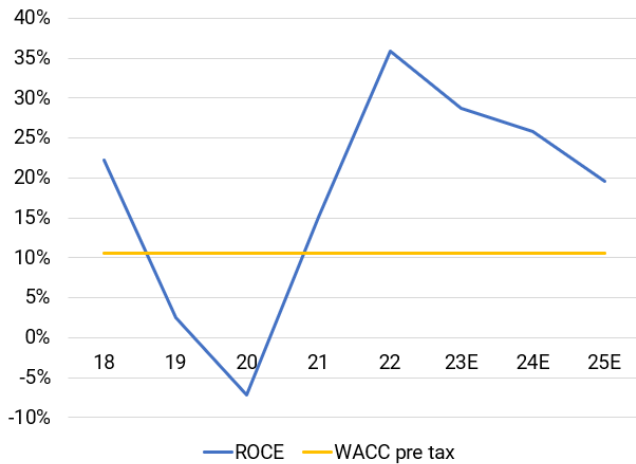
Sales vs. EBITDA margin development



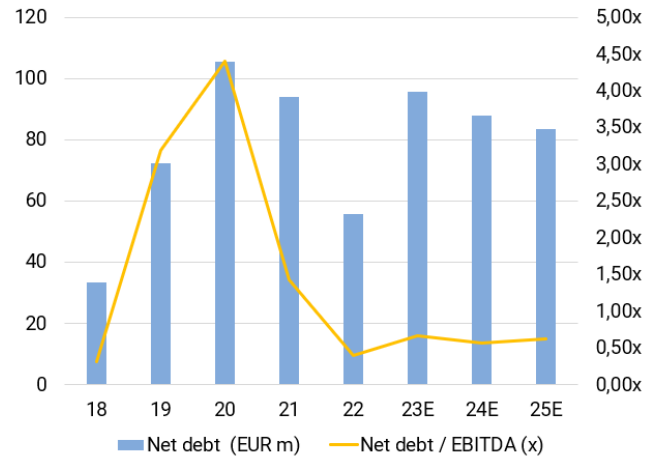
EPS, DPS in EUR & yoy EPS growth



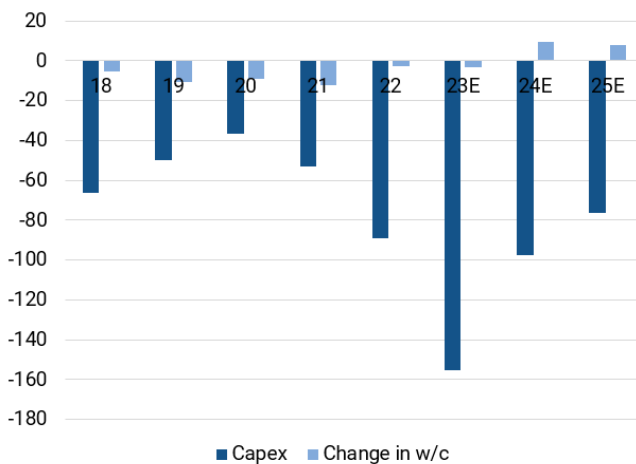
ROCE vs. WACC (pre tax)



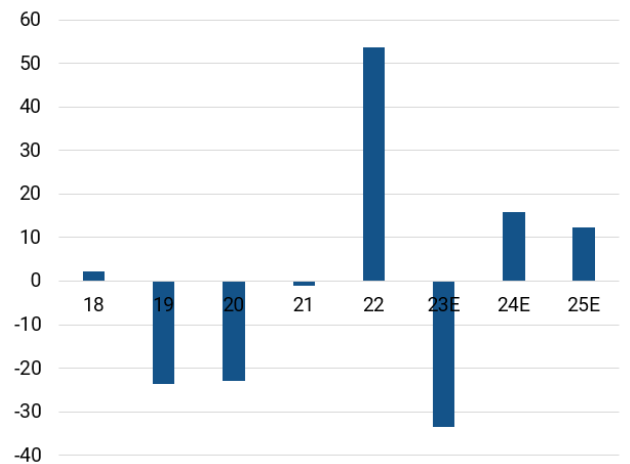
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data, AlsterResearch

Financials

| Profit and loss (EURm) | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E |
|--|--------------|-------------|--------------|--------------|--------------|--------------|
| Net sales | 38.7 | 73.3 | 165.4 | 192.4 | 201.4 | 172.1 |
| Sales growth | -6.1% | 89.5% | 125.6% | 16.3% | 4.7% | -14.6% |
| Change in finished goods and work-in-process | 0.0 | -0.0 | -0.0 | -0.1 | -0.1 | -0.0 |
| Total sales | 38.7 | 73.3 | 165.4 | 192.3 | 201.4 | 172.0 |
| Material expenses | 11.6 | 18.1 | 30.4 | 32.8 | 28.8 | 23.1 |
| Gross profit | 27.1 | 55.2 | 135.0 | 159.6 | 172.6 | 148.9 |
| Other operating income | 7.7 | 23.0 | 25.9 | 0.0 | 0.0 | 0.0 |
| Personnel expenses | 3.6 | 5.1 | 6.5 | 7.7 | 9.1 | 8.6 |
| Other operating expenses | 7.2 | 7.0 | 15.3 | 7.7 | 8.1 | 6.9 |
| EBITDA | 23.9 | 66.1 | 139.1 | 144.2 | 155.5 | 133.4 |
| Depreciation | 31.5 | 30.3 | 42.2 | 50.7 | 51.3 | 42.7 |
| EBITA | -7.5 | 35.7 | 96.9 | 93.5 | 104.2 | 90.7 |
| Amortisation of goodwill and intangible assets | 8.6 | 3.2 | 5.5 | 1.6 | 1.8 | 2.0 |
| EBIT | -16.1 | 32.6 | 91.4 | 91.9 | 102.4 | 88.7 |
| Financial result | -6.4 | -5.5 | -5.5 | -12.3 | -13.6 | -13.6 |
| Recurring pretax income from continuing operations | -22.5 | 27.1 | 85.9 | 79.6 | 88.8 | 75.1 |
| Extraordinary income/loss | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Earnings before taxes | -22.5 | 27.1 | 85.9 | 79.6 | 88.8 | 75.1 |
| Taxes | -6.4 | 0.7 | 19.8 | 18.3 | 20.4 | 17.3 |
| Net income from continuing operations | -16.1 | 26.4 | 66.2 | 61.3 | 68.4 | 57.8 |
| Result from discontinued operations (net of tax) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net income | -16.1 | 26.4 | 66.2 | 61.3 | 68.4 | 57.8 |
| Minority interest | 0.6 | 1.6 | 5.4 | 5.0 | 5.6 | 4.7 |
| Net profit (reported) | -15.5 | 24.8 | 60.8 | 66.3 | 74.0 | 62.5 |
| Average number of shares | 4.95 | 4.95 | 5.00 | 5.00 | 5.00 | 5.00 |
| EPS reported | -3.13 | 5.01 | 12.15 | 13.25 | 14.78 | 12.50 |

| Profit and loss (common size) | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Net sales | 100% | 100% | 100% | 100% | 100% | 100% |
| Change in finished goods and work-in-process | 0% | -0% | -0% | -0% | -0% | -0% |
| Total sales | 100% | 100% | 100% | 100% | 100% | 100% |
| Material expenses | 30% | 25% | 18% | 17% | 14% | 13% |
| Gross profit | 70% | 75% | 82% | 83% | 86% | 87% |
| Other operating income | 20% | 31% | 16% | 0% | 0% | 0% |
| Personnel expenses | 9% | 7% | 4% | 4% | 4% | 5% |
| Other operating expenses | 19% | 10% | 9% | 4% | 4% | 4% |
| EBITDA | 62% | 90% | 84% | 75% | 77% | 78% |
| Depreciation | 81% | 41% | 25% | 26% | 25% | 25% |
| EBITA | -19% | 49% | 59% | 49% | 52% | 53% |
| Amortisation of goodwill and intangible assets | 22% | 4% | 3% | 1% | 1% | 1% |
| EBIT | -42% | 44% | 55% | 48% | 51% | 52% |
| Financial result | -17% | -8% | -3% | -6% | -7% | -8% |
| Recurring pretax income from continuing operations | -58% | 37% | 52% | 41% | 44% | 44% |
| Extraordinary income/loss | 0% | 0% | 0% | 0% | 0% | 0% |
| Earnings before taxes | -58% | 37% | 52% | 41% | 44% | 44% |
| Taxes | -17% | 1% | 12% | 10% | 10% | 10% |
| Net income from continuing operations | -42% | 36% | 40% | 32% | 34% | 34% |
| Result from discontinued operations (net of tax) | 0% | 0% | 0% | 0% | 0% | 0% |
| Net income | -42% | 36% | 40% | 32% | 34% | 34% |
| Minority interest | 2% | 2% | 3% | 3% | 3% | 3% |
| Net profit (reported) | -40% | 34% | 37% | 34% | 37% | 36% |

Source: Company data; AlsterResearch

| Balance sheet (EURm) | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Intangible assets (exl. Goodwill) | 20.6 | 28.6 | 32.5 | 36.6 | 40.8 | 44.0 |
| Goodwill | 1.3 | 1.3 | 1.2 | 1.2 | 1.2 | 1.2 |
| Property, plant and equipment | 112.8 | 149.1 | 192.6 | 291.6 | 332.0 | 360.6 |
| Financial assets | 37.2 | 35.1 | 34.2 | 34.2 | 34.2 | 34.2 |
| FIXED ASSETS | 171.8 | 214.0 | 260.5 | 363.7 | 408.3 | 440.0 |
| Inventories | 0.2 | 0.2 | 0.1 | 0.2 | 0.1 | 0.1 |
| Accounts receivable | 3.5 | 16.8 | 28.6 | 31.6 | 33.1 | 28.3 |
| Other current assets | 0.0 | 1.1 | 5.0 | 5.0 | 5.0 | 5.0 |
| Liquid assets | 22.8 | 23.5 | 54.2 | 44.3 | 52.0 | 61.4 |
| Deferred taxes | 0.0 | 0.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Deferred charges and prepaid expenses | 8.4 | 9.4 | 0.9 | 1.0 | 1.0 | 0.9 |
| CURRENT ASSETS | 34.9 | 51.0 | 89.8 | 83.0 | 92.2 | 96.6 |
| TOTAL ASSETS | 206.7 | 265.0 | 350.3 | 446.7 | 500.4 | 536.6 |
| SHAREHOLDERS EQUITY | 39.4 | 72.7 | 129.0 | 183.7 | 243.9 | 293.8 |
| MINORITY INTEREST | 6.2 | 7.4 | 3.4 | 3.4 | 3.4 | 3.4 |
| Long-term debt | 114.4 | 97.8 | 109.8 | 120.0 | 110.0 | 115.0 |
| Provisions for pensions and similar obligations | 0.0 | 0.0 | 1.0 | 1.2 | 1.2 | 1.1 |
| Other provisions | 22.5 | 36.8 | 31.6 | 36.8 | 38.5 | 32.9 |
| Non-current liabilities | 136.9 | 134.6 | 142.5 | 158.0 | 149.8 | 149.0 |
| short-term liabilities to banks | 14.0 | 19.6 | 0.1 | 20.0 | 30.0 | 30.0 |
| Accounts payable | 2.9 | 20.8 | 11.4 | 13.5 | 11.8 | 9.5 |
| Advance payments received on orders | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other liabilities (incl. from lease and rental contracts) | -7.9 | -8.1 | 28.7 | 32.7 | 26.2 | 15.5 |
| Deferred taxes | 15.2 | 18.0 | 35.2 | 35.2 | 35.2 | 35.2 |
| Deferred income | 0.0 | 0.0 | 0.2 | 0.2 | 0.2 | 0.2 |
| Current liabilities | 24.2 | 50.3 | 75.5 | 101.6 | 103.4 | 90.4 |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | 206.7 | 265.0 | 350.3 | 446.7 | 500.4 | 536.6 |

| Balance sheet (common size) | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| Intangible assets (excl. Goodwill) | 10% | 11% | 9% | 8% | 8% | 8% |
| Goodwill | 1% | 0% | 0% | 0% | 0% | 0% |
| Property, plant and equipment | 55% | 56% | 55% | 65% | 66% | 67% |
| Financial assets | 18% | 13% | 10% | 8% | 7% | 6% |
| FIXED ASSETS | 83% | 81% | 74% | 81% | 82% | 82% |
| Inventories | 0% | 0% | 0% | 0% | 0% | 0% |
| Accounts receivable | 2% | 6% | 8% | 7% | 7% | 5% |
| Other current assets | 0% | 0% | 1% | 1% | 1% | 1% |
| Liquid assets | 11% | 9% | 15% | 10% | 10% | 11% |
| Deferred taxes | 0% | 0% | 0% | 0% | 0% | 0% |
| Deferred charges and prepaid expenses | 4% | 4% | 0% | 0% | 0% | 0% |
| CURRENT ASSETS | 17% | 19% | 26% | 19% | 18% | 18% |
| TOTAL ASSETS | 100% | 100% | 100% | 100% | 100% | 100% |
| SHAREHOLDERS EQUITY | 19% | 27% | 37% | 41% | 49% | 55% |
| MINORITY INTEREST | 3% | 3% | 1% | 1% | 1% | 1% |
| Long-term debt | 55% | 37% | 31% | 27% | 22% | 21% |
| Provisions for pensions and similar obligations | 0% | 0% | 0% | 0% | 0% | 0% |
| Other provisions | 11% | 14% | 9% | 8% | 8% | 6% |
| Non-current liabilities | 66% | 51% | 41% | 35% | 30% | 28% |
| short-term liabilities to banks | 7% | 7% | 0% | 4% | 6% | 6% |
| Accounts payable | 1% | 8% | 3% | 3% | 2% | 2% |
| Advance payments received on orders | 0% | 0% | 0% | 0% | 0% | 0% |
| Other liabilities (incl. from lease and rental contracts) | -4% | -3% | 8% | 7% | 5% | 3% |
| Deferred taxes | 7% | 7% | 10% | 8% | 7% | 7% |
| Deferred income | 0% | 0% | 0% | 0% | 0% | 0% |
| Current liabilities | 12% | 19% | 22% | 23% | 21% | 17% |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | 100% | 100% | 100% | 100% | 100% | 100% |

Source: Company data; AlsterResearch

| Cash flow statement (EURm) | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E |
|---|--------------|--------------|--------------|---------------|--------------|--------------|
| Net profit/loss | -16.1 | 26.4 | 66.2 | 61.3 | 68.4 | 57.8 |
| Depreciation of fixed assets (incl. leases) | 37.7 | 32.8 | 39.8 | 50.7 | 51.3 | 42.7 |
| Amortisation of goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Amortisation of intangible assets | 0.0 | 0.0 | 0.0 | 1.6 | 1.8 | 2.0 |
| Others | -16.7 | -19.8 | 34.2 | 5.3 | 1.8 | -5.8 |
| Cash flow from operations before changes in w/c | 4.9 | 39.4 | 140.2 | 118.9 | 123.3 | 96.7 |
| Increase/decrease in inventory | 0.0 | 0.0 | -3.3 | -0.0 | 0.0 | 0.0 |
| Increase/decrease in accounts receivable | 0.0 | 0.0 | -3.3 | -3.0 | -1.5 | 4.8 |
| Increase/decrease in accounts payable | -2.2 | 19.4 | 9.2 | 2.1 | -1.7 | -2.3 |
| Increase/decrease in other w/c positions | 11.3 | -7.0 | 0.0 | 4.0 | -6.6 | -10.6 |
| Increase/decrease in working capital | 9.1 | 12.4 | 2.5 | 3.0 | -9.7 | -8.0 |
| Cash flow from operating activities | 14.0 | 51.8 | 142.7 | 121.9 | 113.6 | 88.7 |
| CAPEX | -36.8 | -52.8 | -88.9 | -155.5 | -97.7 | -76.5 |
| Payments for acquisitions | 0.0 | 0.0 | -3.7 | 0.0 | 0.0 | 0.0 |
| Financial investments | -12.0 | 21.9 | 14.0 | 0.0 | 0.0 | 0.0 |
| Income from asset disposals | 0.1 | 1.6 | 6.5 | 0.0 | 0.0 | 0.0 |
| Cash flow from investing activities | -48.7 | -29.3 | -72.2 | -155.5 | -97.7 | -76.5 |
| Cash flow before financing | -34.7 | 22.5 | 70.6 | -33.5 | 15.9 | 12.2 |
| Increase/decrease in debt position | -9.3 | -12.7 | -8.1 | 30.1 | 0.0 | 5.0 |
| Purchase of own shares | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Capital measures | 0.0 | 0.0 | 0.9 | 0.0 | 0.0 | 0.0 |
| Dividends paid | -0.5 | 0.0 | -2.7 | -6.5 | -8.2 | -7.8 |
| Others | -7.2 | -7.6 | -23.2 | 0.0 | 0.0 | 0.0 |
| Effects of exchange rate changes on cash | -0.6 | 0.6 | -0.0 | 0.0 | 0.0 | 0.0 |
| Cash flow from financing activities | -17.7 | -19.7 | -34.7 | 23.6 | -8.2 | -2.8 |
| Increase/decrease in liquid assets | -52.4 | 2.8 | 35.8 | -9.9 | 7.7 | 9.4 |
| Liquid assets at end of period | 8.2 | 11.6 | 47.4 | 37.5 | 45.2 | 54.6 |

Source: Company data; AlsterResearch

| Regional sales split (EURm) | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E |
|-----------------------------|-------------|-------------|--------------|--------------|--------------|--------------|
| Domestic | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Europe (ex domestic) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| The Americas | 38.7 | 73.3 | 165.4 | 192.4 | 201.4 | 172.1 |
| Asia | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Rest of World | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total sales | 38.7 | 73.3 | 165.4 | 192.4 | 201.4 | 172.1 |

| Regional sales split (common size) | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Domestic | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Europe (ex domestic) | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| The Americas | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Asia | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Rest of World | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Total sales | 100% | 100% | 100% | 100% | 100% | 100% |

Source: Company data; AlsterResearch

| Ratios | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E |
|-----------------------------------|--------|--------|--------|--------|-------|--------|
| Per share data | | | | | | |
| Earnings per share reported | -3.13 | 5.01 | 12.15 | 13.25 | 14.78 | 12.50 |
| Cash flow per share | 2.82 | 10.46 | 28.53 | 14.25 | 12.45 | 9.20 |
| Book value per share | 7.96 | 14.68 | 25.78 | 36.72 | 48.74 | 58.73 |
| Dividend per share | 0.00 | 0.60 | 1.30 | 1.64 | 1.57 | 1.60 |
| Valuation | | | | | | |
| P/E | -9.9x | 6.2x | 2.6x | 2.3x | 2.1x | 2.5x |
| P/CF | 11.0x | 3.0x | 1.1x | 2.2x | 2.5x | 3.4x |
| P/BV | 3.9x | 2.1x | 1.2x | 0.8x | 0.6x | 0.5x |
| Dividend yield (%) | 0.0% | 1.9% | 4.2% | 5.3% | 5.0% | 5.1% |
| FCF yield (%) | 9.1% | 33.6% | 91.7% | 45.8% | 40.0% | 29.6% |
| EV/Sales | 6.8x | 3.4x | 1.3x | 1.3x | 1.2x | 1.4x |
| EV/EBITDA | 10.9x | 3.8x | 1.5x | 1.8x | 1.6x | 1.8x |
| EV/EBIT | -16.2x | 7.7x | 2.3x | 2.7x | 2.4x | 2.7x |
| Income statement (EURm) | | | | | | |
| Sales | 38.7 | 73.3 | 165.4 | 192.4 | 201.4 | 172.1 |
| yoy chg in % | -6.1% | 89.5% | 125.6% | 16.3% | 4.7% | -14.6% |
| Gross profit | 27.1 | 55.2 | 135.0 | 159.6 | 172.6 | 148.9 |
| Gross margin in % | 70.0% | 75.3% | 81.6% | 82.9% | 85.7% | 86.5% |
| EBITDA | 23.9 | 66.1 | 139.1 | 144.2 | 155.5 | 133.4 |
| EBITDA margin in % | 61.9% | 90.1% | 84.1% | 74.9% | 77.2% | 77.5% |
| EBIT | -16.1 | 32.6 | 91.4 | 91.9 | 102.4 | 88.7 |
| EBIT margin in % | -41.7% | 44.4% | 55.3% | 47.8% | 50.8% | 51.5% |
| Net profit | -15.5 | 24.8 | 60.8 | 66.3 | 74.0 | 62.5 |
| Cash flow statement (EURm) | | | | | | |
| CF from operations | 14.0 | 51.8 | 142.7 | 121.9 | 113.6 | 88.7 |
| Capex | -36.8 | -52.8 | -88.9 | -155.5 | -97.7 | -76.5 |
| Maintenance Capex | 0.0 | 0.0 | 0.0 | 50.7 | 51.3 | 42.7 |
| Free cash flow | -22.9 | -1.0 | 53.8 | -33.5 | 15.9 | 12.2 |
| Balance sheet (EURm) | | | | | | |
| Intangible assets | 21.9 | 29.8 | 33.7 | 37.8 | 42.0 | 45.1 |
| Tangible assets | 112.8 | 149.1 | 192.6 | 291.6 | 332.0 | 360.6 |
| Shareholders' equity | 39.4 | 72.7 | 129.0 | 183.7 | 243.9 | 293.8 |
| Pension provisions | 0.0 | 0.0 | 1.0 | 1.2 | 1.2 | 1.1 |
| Liabilities and provisions | 150.9 | 154.2 | 142.5 | 178.0 | 179.8 | 179.0 |
| Net financial debt | 105.6 | 93.9 | 55.7 | 95.7 | 88.0 | 83.6 |
| w/c requirements | 0.8 | -3.8 | 17.4 | 18.3 | 21.4 | 18.9 |
| Ratios | | | | | | |
| ROE | -40.8% | 36.2% | 51.3% | 33.4% | 28.0% | 19.7% |
| ROCE | -8.2% | 13.9% | 33.3% | 25.2% | 24.0% | 18.6% |
| Net gearing | 267.8% | 129.1% | 43.2% | 52.1% | 36.1% | 28.5% |
| Net debt / EBITDA | 4.4x | 1.4x | 0.4x | 0.7x | 0.6x | 0.6x |

Source: Company data; AlsterResearch

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Contacts

SRH AlsterResearch AG
Mittelweg 142
20148 Hamburg

Tel: +49 40 309 293-52
E-Mail: info@alsterresearch.com

Team Assistant

HANNAH GABERT
Team Assistant
Tel: +49 40 309 293-52
E-Mail: h.gabert@alsterresearch.com

Sales

MARKUS KÖNIG-WEISS
Head of Sales
Tel: +49 40 309 293-52
E-Mail: mkw@alsterresearch.com

Research

HARALD HOF
Senior Analyst
Tel: +49 40 309 293-53
E-Mail: h.hof@alsterresearch.com

LEON MÜHLENBRUCH
Analyst
Tel: +49 40 309 293-57
E-Mail: l.muehlenbruch@alsterresearch.com

LEVENT YILMAZ
Senior Analyst
Tel: +49 40 309 293-158
E-Mail: l.yilmaz@alsterresearch.com

THOMAS WISSLER
Senior Analyst
Tel: +49 40 309 293-58
E-Mail: t.wissler@alsterresearch.com

DR. OLIVER WOJAHN, CFA
Senior Analyst
Tel: +49 40 309 293-55
E-Mail: o.wojahn@alsterresearch.com

ALEXANDER ZIENKOWICZ
Senior Analyst
Tel: +49 40 309 293-56
E-Mail: a.zienkowicz@alsterresearch.com

mwb fairtrade Wertpapierhandelsbank AG
Rottenbucher Straße 28
82166 Gräfelfing

Tel: +49 89 85852-0
Fax: +49 89 85852-505
E-Mail: info@mwbfairtrade.com

Equity Capital Markets / Trading

KAI JORDAN
Member of the Board
Tel: +49 40 36 0995-22
E-Mail: kjordan@mwbfairtrade.com

ALEXANDER DEUSS
Head of Institutional Sales
Tel: +49 40 36 0995-22
E-Mail: adeuss@mwbfairtrade.com

SASCHA GUENON
Head of Designated Sponsoring
Tel: +49 40 360 995 - 23
E-Mail: sguenon@mwbfairtrade.com

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