

Deutsche Rohstoff AG

Germany | Oil & Gas | MCap EUR 168.6m

17 October 2023

UPDATE



Exxon-Pioneer merger points to increasing U.S. shale value; BUY

What's it all about?

ExxonMobil's acquisition of Pioneer Natural Resources underscores the growing attractiveness of U.S. shale oil, which over time has become greener and more profitable. It has always been less exposed to geopolitical risks, which is currently moving to the center of attention. As a result, consolidation in the shale industry is expected to continue or even accelerate. Deutsche Rohstoff is trading at a 75% discount to the purchase price in the Pioneer transaction, and at this valuation the company could even become an attractive target. We reiterate our BUY rating.

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

BUY (BUY)

Target price	EUR 52.50 (52.50)
Current price	EUR 33.70
Up/downside	55.8%



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[alsterresearch.com](https://www.alsterresearch.com)

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Deutsche Rohstoff AG

Germany | Oil & Gas | MCap EUR 168.6m | EV EUR 225.3m

BUY (BUY)

Target price EUR 52.50 (52.50)
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Up/downside 55.8%

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Exxon-Pioneer merger points to increasing shale value; BUY

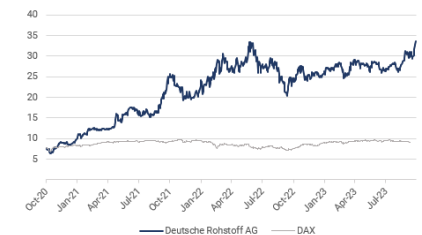
ExxonMobile takes over Pioneer Natural Resources. ExxonMobil announced an agreement to take over Pioneer Natural Resources. Pioneer is the largest operator in the Permian Basin shale field.

Increasing attractiveness of shale oil. The transaction is evidence of shale's growing appeal to oil majors. Several factors have contributed to this development. Greater capital discipline and improved operational efficiency have increased the returns available from shale investments. Production methods have also become more environmentally friendly, for example through the capture of methane, so that shale production is now less carbon-intensive than conventional production. And shale has an attractive risk profile: U.S. wells are immune to geopolitical risk, and the shorter life and faster recovery of investments reduce the risk of asset stranding.

More consolidation expected. The shale industry is still fragmented, but consolidation is underway along similar lines to the Exxon-Pioneer deal. Chevron recently acquired PDC Energy with assets in Texas and Colorado. ConocoPhillips has acquired shale assets in the past, and its CEO recently hinted at more consolidation to come.

Pioneer purchase price points to massive Deutsche Rohstoff discount. Pioneer had 2.4bn BOE of proved reserves at the end of 2022, so the purchase price including debt of approximately USD 63bn is approximately USD 26 per BOE. Production costs for Pioneer are guided at USD 10.50 to 12.00 per BOE in the current quarter. These costs are in line with Deutsche Rohstoff. Deutsche Rohstoff has proven reserves of 37.7m BOE and the current share price values these at USD 6.30 per BOE, a discount of more than 75% compared to the transaction. Current multiples show a similar picture: based on 23E, the transaction EV/EBITDA multiple paid was 6.5x compared to 1.8x for Deutsche Rohstoff. Pioneer's scale and synergy potential certainly justify a premium, but Deutsche Rohstoff's discount seems much too high.

Confirm BUY. The Pioneer transaction once again highlights the premium value of shale reserves. With the recent placement of a bond, Deutsche Rohstoff is well positioned to capitalize on these assets and might even be an attractive target for a smaller independent oil producer looking to expand its shale footprint. BUY.



Source: Company data, AlsterResearch

High/low 52 weeks 33.95 / 23.10
Price/Book Ratio 1.3x

Ticker / Symbols

ISIN DE000A0XYG76
WKN A0XYG7
Bloomberg DR0:GR

Changes in estimates

		Sales	EBIT	EPS
2023E	old	192.4	91.9	13.25
	Δ	0.0%	0.0%	0.0%
2024E	old	201.4	102.4	14.78
	Δ	0.0%	0.0%	0.0%
2025E	old	172.1	88.7	12.50
	Δ	0.0%	0.0%	0.0%

Key share data

Number of shares: (in m pcs) 5.00
Book value per share: (in EUR) 25.78
Ø trading volume: (12 months) 7,060

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.

Deutsche Rohstoff AG	2020	2021	2022	2023E	2024E	2025E
Sales	38.7	73.3	165.4	192.4	201.4	172.1
<i>Growth yoy</i>	-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
<i>Dividend yield</i>	0.0%	1.8%	3.9%	4.9%	4.6%	4.7%
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	7.1x	3.6x	1.4x	1.4x	1.3x	1.5x
EV/EBITDA	11.5x	4.0x	1.6x	1.8x	1.7x	1.9x
EV/EBIT	-17.0x	8.1x	2.5x	2.9x	2.5x	2.9x
PER	-10.8x	6.7x	2.8x	2.5x	2.3x	2.7x

Source: Company data, AlsterResearch

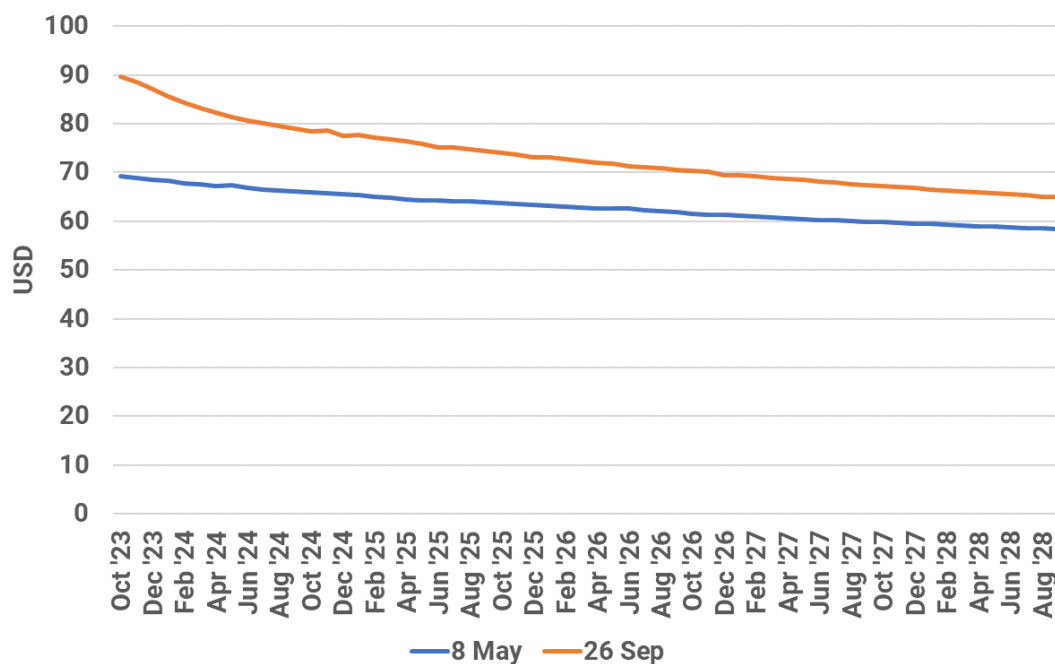
The following table displays the quarterly performance of **Deutsche Rohstoff AG**:

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)



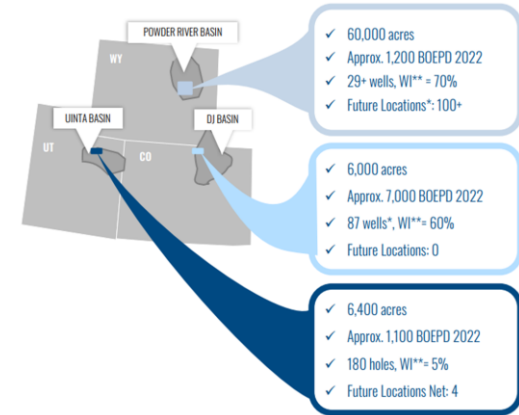
Source: AlsterResearch, barchart.com

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

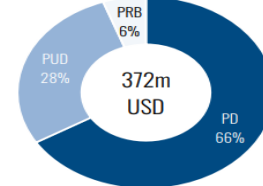
Total reserves

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

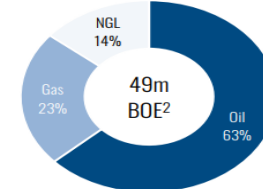
Reserve values by Category

Reserve values by Category¹

NYMEX 31 December 2022



Reserves by Commodity

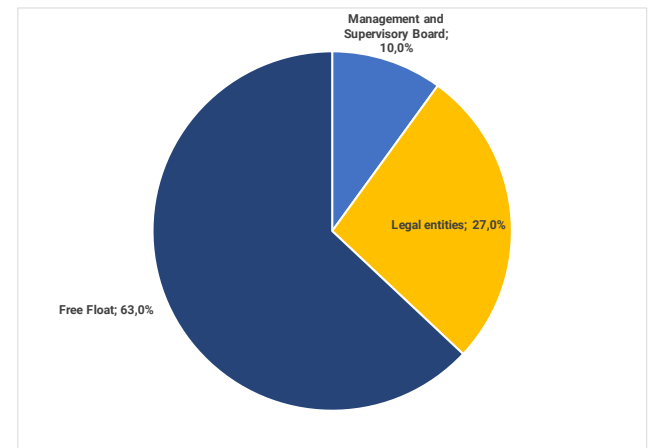


Rising demand, unlikely to peak before 2030

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 52.86 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	-18.7	28.6	22.4	27.7	32.4	31.8	30.9	31.7	87.2
WACC	9.6%	9.6%	9.6%	9.6%	9.6%	9.7%	9.7%	9.7%	9.5%

DCF per share derived from	
Total present value	274.1
Mid-year adj. total present value	287.0
Net debt / cash at start of year	55.7
Financial assets	34.2
Provisions and off b/s debt	1.0
Equity value	264.5
No. of shares outstanding	5.0
Discounted cash flow / share upside/(downside)	52.86 / 56.9%

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	33.70
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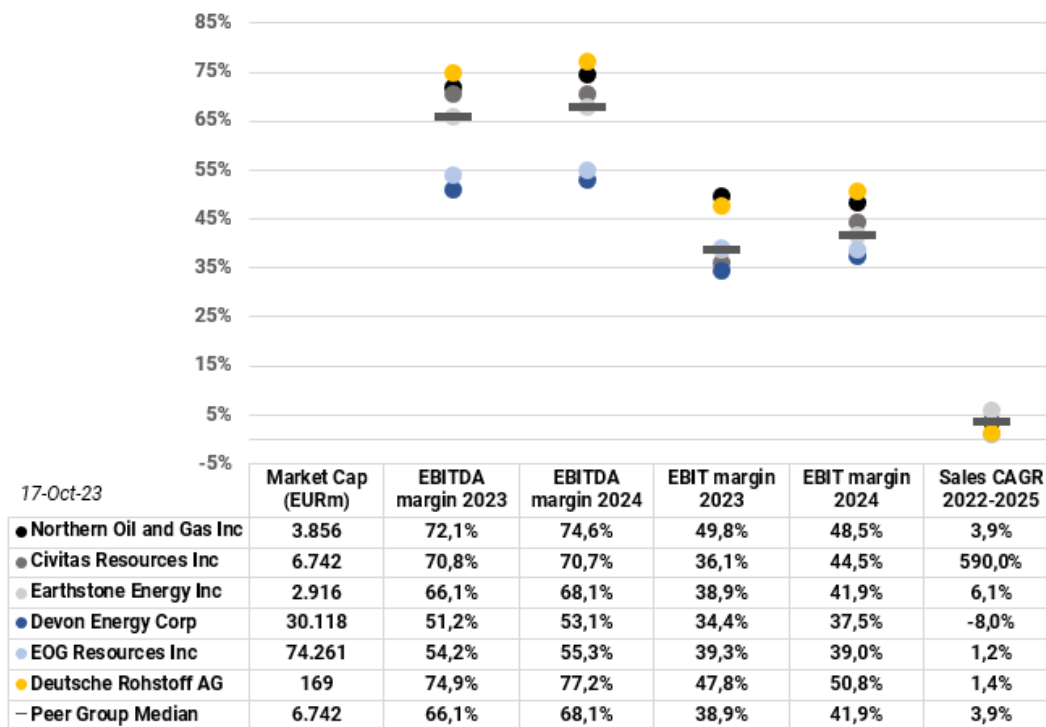
Sensitivity analysis DCF								
Change in WACC (%-points)		Long term growth					Share of present value	
		-30.0%	-25.0%	-20.0%	-15.0%	-10.0%	2023E-2026E	2027E-2030E terminal value
2.0%		41.8	44.0	46.9	50.8	56.7	21.9%	46.3%
1.0%		44.1	46.5	49.7	54.2	60.9		
0.0%		46.5	49.2	52.9	58.0	65.7		
-1.0%		49.2	52.2	56.3	62.1	71.0		
-2.0%		52.0	55.4	60.0	66.6	77.0		

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 17 October 2023 the median market cap of the peer group was EUR 6,742.3m, compared to EUR 168.6m 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

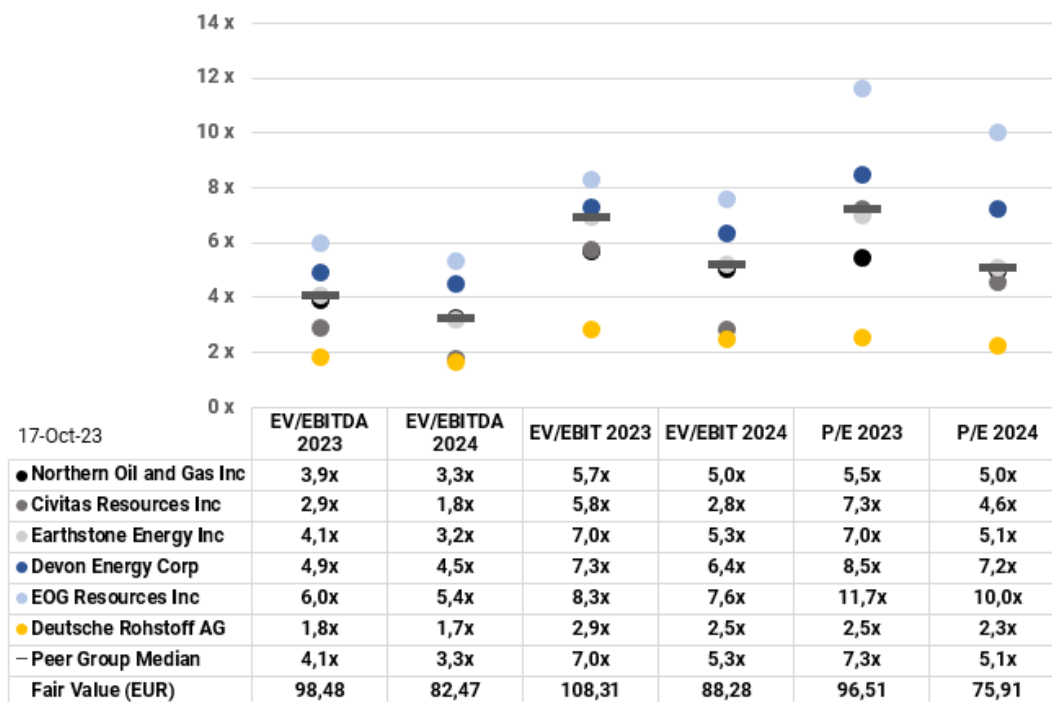


Source: Sentieo, AlsterResearch

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 75.91 to EUR 108.31.

Peer Group – Multiples and valuation

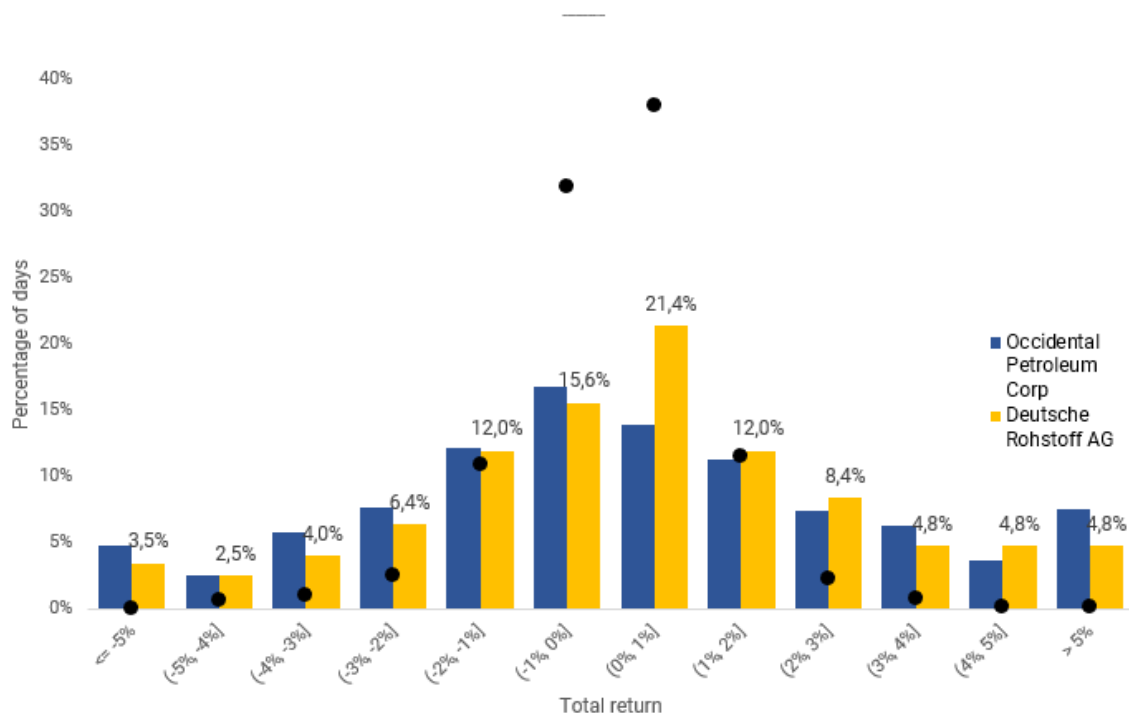


Source: Sentio, AlsterResearch

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%.

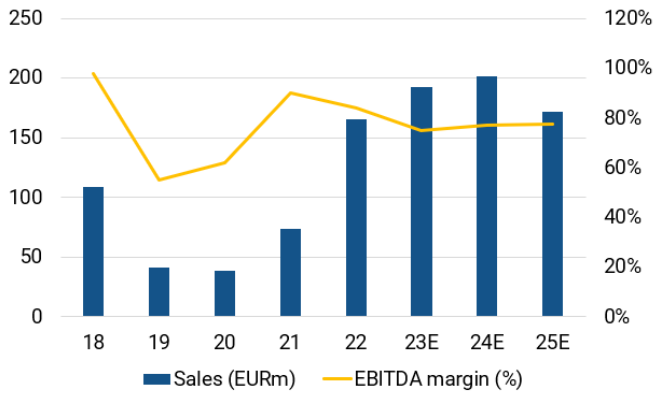
Risk – Daily Returns Distribution (trailing 3 years)



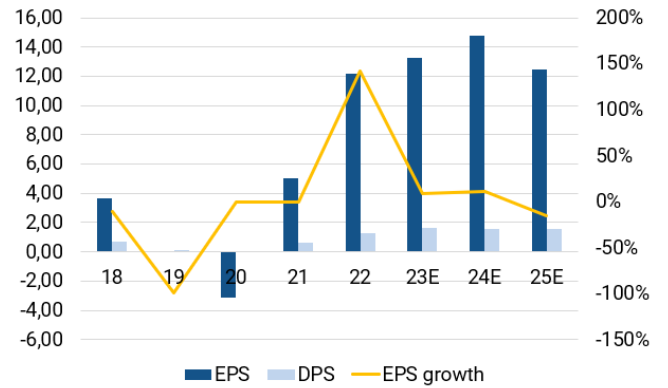
Source: Sentieo, AlsterResearch

Financials in six charts

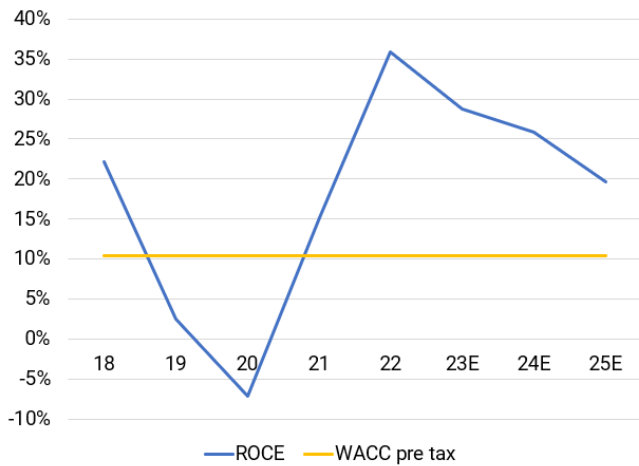
Sales vs. EBITDA margin development



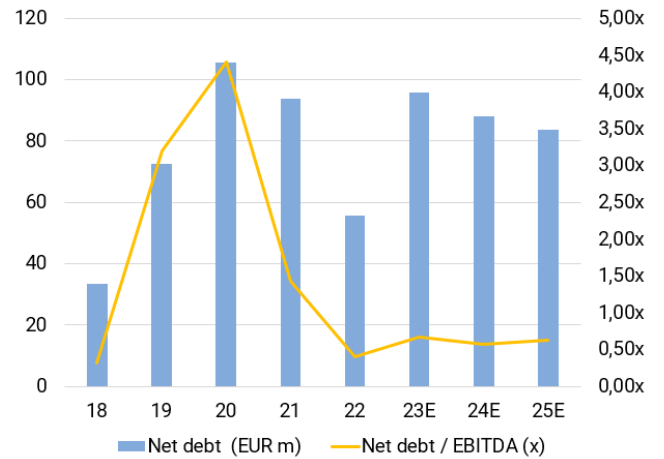
EPS, DPS in EUR & yoy EPS growth



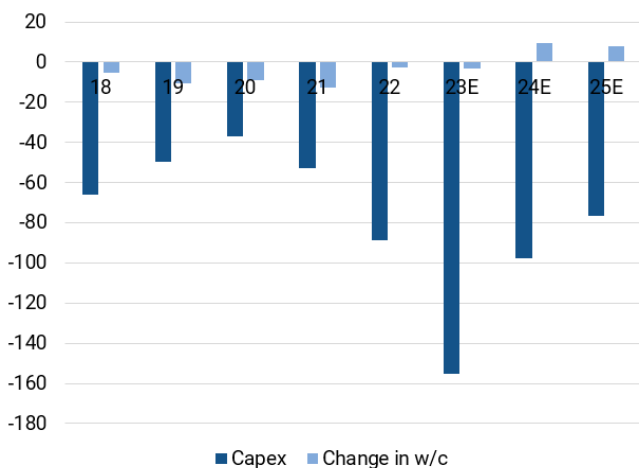
ROCE vs. WACC (pre tax)



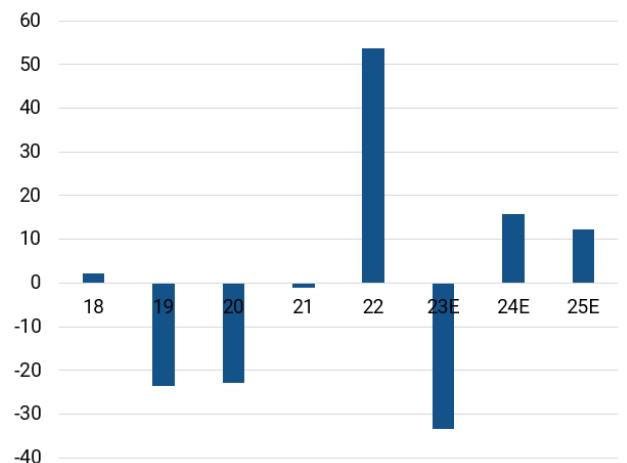
Net debt and net debt/EBITDA



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	-10.8x	6.7x	2.8x	2.5x	2.3x	2.7x
P/CF	11.9x	3.2x	1.2x	2.4x	2.7x	3.7x
P/BV	4.2x	2.3x	1.3x	0.9x	0.7x	0.6x
Dividend yield (%)	0.0%	1.8%	3.9%	4.9%	4.6%	4.7%
FCF yield (%)	8.4%	31.0%	84.7%	42.3%	36.9%	27.3%
EV/Sales	7.1x	3.6x	1.4x	1.4x	1.3x	1.5x
EV/EBITDA	11.5x	4.0x	1.6x	1.8x	1.7x	1.9x
EV/EBIT	-17.0x	8.1x	2.5x	2.9x	2.5x	2.9x
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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