

Deutsche Rohstoff AG

Germany | Oil & Gas | MCap EUR 163.7m

21 November 2024

UPDATE



Capital Market Day confirms Equity Story, BUY

What's it all about?

Deutsche Rohstoff AG hosted an online Capital Market Day (CMD) at which CEO Jan-Philip Weitz and CFO Henning Döring provided insights into the operational and financial development as well as an outlook on future activities. The company is increasingly focusing on the Powder River Basin (PRB) in Wyoming, which is currently underdeveloped and offers great potential. The profitability of drilling in the PRB is already high and could be further increased through higher production volumes and falling drilling costs. The guidance in the base scenario for 2024 and 2025 has been confirmed and Deutsche Rohstoff's equity story remains intact. Further successful acreage development in the PRB should be the basis for a reduction of the valuation discount of 50% compared to comparable US companies. We confirm our BUY rating with a price target of EUR 50.40.

BUY (BUY)

Target price	EUR 50.40 (50.40)
Current price	EUR 32.70
Up/downside	54.1%

 ResearchHub 



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

Deutsche Rohstoff AG

Germany | Oil & Gas | MCap EUR 163.7m | EV EUR 242.8m

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Capital Market Day confirms Equity Story, BUY

Deutsche Rohstoff hosts online CMD. Deutsche Rohstoff organized an online capital market day. Jan-Philip Weitz, CEO, and Henning Döring, CFO, provided insights into the current operational development, the potential in the Powder River Basin, background information on the key financial figures and an outlook on future activities.

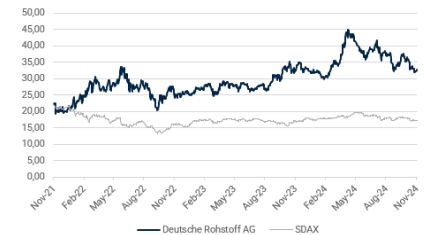
Powder River Basin production only just beginning. Deutsche Rohstoff's activities are now concentrated on the Powder River Basin (PRB) in Wyoming, which accounts for over 80% of 24E sales. Compared to other oil fields, the PRB is still underdeveloped: the production volume per km² in the Denver-Julesberg oil field is about twice as high as in the PRB, and in the Permian oil field it is even more than five times as high. This is partly due to the different yields of the formations, but is also a sign that the PRB is still only at the beginning of its development. Deutsche Rohstoff is one of the top 10 oil producers in the PRB, behind well-known US independents such as Continental, EOG, Devon, OXY and Anschutz. Deutsche Rohstoff estimates that the current production rights offer potential for 180 additional wells.

PRB profitability with great potential. In Deutsche Rohstoff's base scenario, the wells in the PRB are already very profitable: with capex per well of USD 11m and oil reserves of 500k barrels, this results in a return of IRR=31% and a payback period of 2.8 years. However, it seems possible that this return can be significantly exceeded in the future: The data from the 2024 wells in the PRB indicate that the average production volume of 500k barrels will be exceeded on average. In addition, it should be possible to reduce the capex per well to below USD 10m in the Niobrara formation; in the less productive Teapot formation, they are significantly lower anyway. The lower investments are the result of a learning curve and increasing development of the PRB by other oil producers.

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Deutsche Rohstoff AG	2021	2022	2023	2024E	2025E	2026E
Sales	73.3	165.4	196.7	215.1	197.4	184.0
<i>Growth yoy</i>	89.5%	125.6%	18.9%	9.4%	-8.2%	-6.8%
EBITDA	66.1	139.1	158.3	162.5	143.8	133.5
EBIT	32.6	91.4	94.6	73.2	63.3	58.9
Net profit	24.8	60.8	65.2	46.8	39.5	37.3
Net debt (net cash)	93.9	55.7	79.1	145.3	146.5	108.1
Net debt/EBITDA	1.4x	0.4x	0.5x	0.9x	1.0x	0.8x
EPS reported	5.01	12.15	13.02	9.36	7.88	7.45
DPS	0.60	1.30	1.75	1.90	1.90	1.90
<i>Dividend yield</i>	1.8%	4.0%	5.4%	5.8%	5.8%	5.8%
Gross profit margin	75.3%	81.6%	82.6%	82.0%	82.3%	82.5%
EBITDA margin	90.1%	84.1%	80.5%	75.5%	72.8%	72.5%
EBIT margin	44.4%	55.3%	48.1%	34.1%	32.1%	32.0%
ROCE	13.9%	33.3%	23.8%	17.5%	14.2%	13.0%
EV/Sales	3.5x	1.3x	1.2x	1.4x	1.6x	1.5x
EV/EBITDA	3.9x	1.6x	1.5x	1.9x	2.2x	2.0x
EV/EBIT	7.9x	2.4x	2.6x	4.2x	4.9x	4.6x
PER	6.5x	2.7x	2.5x	3.5x	4.1x	4.4x

Source: Company data, mwb research



Source: Company data, mwb research

High/low 52 weeks 45.10 / 29.05
Price/Book Ratio 0.9x

Ticker / Symbols

ISIN DE000A0XYG76
WKN A0XYG7
Bloomberg DR0:GR

Changes in estimates

		Sales	EBIT	EPS
2024E	old	215.1	73.2	9.36
	Δ	0.0%	0.0%	0.0%
2025E	old	197.4	63.3	7.88
	Δ	0.0%	0.0%	0.0%
2026E	old	184.0	58.9	7.45
	Δ	0.0%	0.0%	0.0%

Key share data

Number of shares: (in m pcs) 5.01
Book value per share: (in EUR) 36.03
Ø trading vol.: (12 months) 8,618

Major shareholders

Deutsche Rohstoff AG 2.6%
Management and Sup. Board 10.0%
Free Float 87.4%

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.

Guidance 2024 and 2025 confirmed. Deutsche Rohstoff has confirmed its guidance in the base scenario (oil price WTI USD 75.00 - gas price USD 2.00 - USD/EUR 1.12). For 2024, the company expects sales of EUR 210-230m, EBITDA of EUR 160-180m and capex of EUR 175-180m. Currently, management seems confident to reach the upper half of the sales range, which offers slight upside potential compared to our estimates. For 2025, Deutsche Rohstoff continues to expect revenues in a range of EUR 180-200m and EBITDA of EUR 125-145m with capex of EUR 100-110m. However, the final drilling program will only be decided in Q1 25 based on the oil price, drilling costs and the results of the wells drilled in 2024.

BUY confirmed. The CMD has confirmed the equity story of Deutsche Rohstoff. Further successful acreage development in the PRB should be the basis for a reduction of the valuation discount of 50% towards comparable US companies. We confirm our Buy rating with a price target of EUR 50.40.

The table below shows the guidance of Deutsche Rohstoff compared to our estimates and planning assumptions:

Guidance	Revenue	EBITDA	WTI (USD/BBL)	Gas (USD/MMBtu)	EUR/USD
2024 base	210 - 230	160 - 180	75,00	2,00	1,12
<i>mwb est.</i>	<i>217</i>	<i>164</i>	<i>73,50</i>	<i>2,35</i>	<i>1,11</i>
<i>BOE (k)</i>	<i>5.431</i>				

Year	Revenue (EURm)	EBITDA (EURm)	WTI (USD/BBL)	Gas (USD/MMBtu)	EUR/USD
2025 base	180 - 200	125 - 145	75,00	2,00	1,12
<i>mwb est.</i>	<i>197</i>	<i>144</i>	<i>73,00</i>	<i>2,35</i>	<i>1,11</i>

Source: Deutsche Rohstoff, mwb research

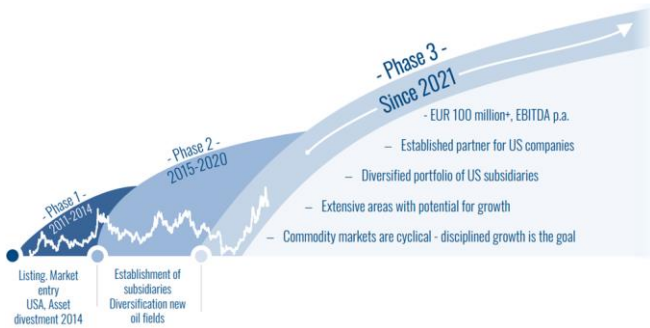
The following table displays the quarterly performance of **Deutsche Rohstoff AG**:

P&L data	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Sales	47.2	42.7	32.5	57.5	64.0	55.6	56.6	59.4
yoy growth in %	134.7%	52.0%	-26.4%	25.0%	35.4%	30.3%	74.1%	3.4%
Gross profit	36.7	34.3	26.2	47.4	54.3	45.0	47.5	45.8
Gross margin in %	77.7%	80.4%	80.7%	82.4%	84.8%	81.0%	83.9%	77.1%
EBITDA	36.8	32.3	23.7	45.6	56.5	41.7	42.1	38.4
EBITDA margin in %	77.8%	75.7%	73.0%	79.4%	88.3%	74.9%	74.5%	64.7%
EBIT	22.1	20.6	12.0	25.7	34.8	22.4	17.3	17.3
EBIT margin in %	46.9%	48.3%	36.8%	44.7%	54.4%	40.2%	30.6%	29.2%
EBT	20.9	19.2	10.8	23.5	30.0	19.6	14.1	14.2
taxes paid	7.3	4.6	3.2	2.4	8.2	3.9	3.8	2.4
tax rate in %	35.1%	23.8%	29.6%	10.0%	27.3%	19.9%	27.2%	16.6%
net profit	13.2	14.3	7.6	21.4	21.8	15.7	10.3	11.9
yoy growth in %	197.8%	20.4%	-57.1%	19.5%	64.9%	9.6%	35.0%	-44.5%
EPS	2.64	2.86	1.52	4.28	4.35	3.14	1.82	2.38

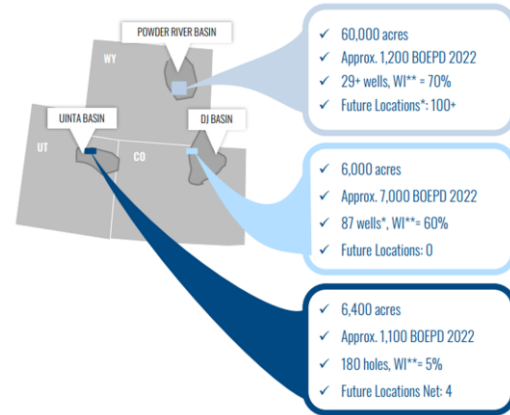
Source: Company data, mwb research

Investment case in six charts

Development Phases of DRAG



Oil and gas production in the US (UT sold in 2023)



Reserves Highlights 2024



Proved developed reserves (NYMEX 31 Dec 23)¹

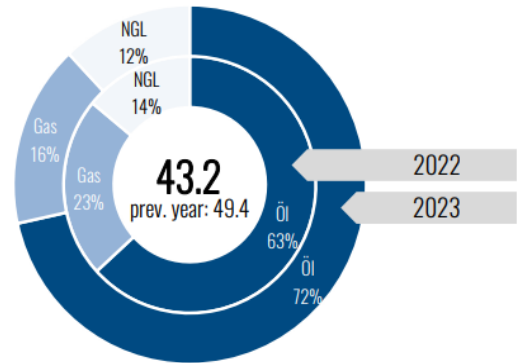
Cash Flow: 467.5 Mio. USD
Discounted Cash Flow: 313.4 Mio. USD

Proved Reserves

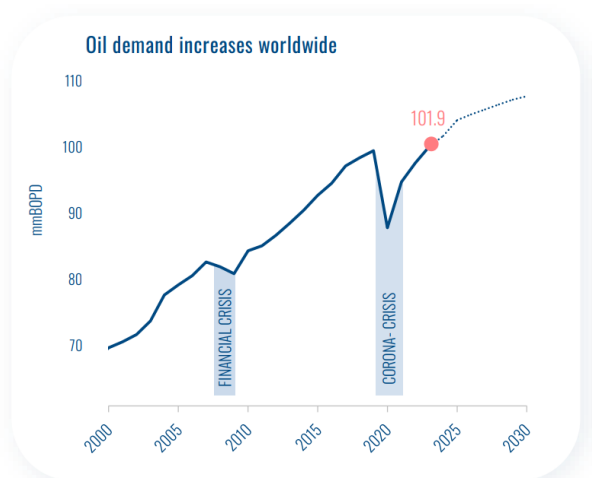
Cash Flow: 686.6 Mio. USD
Discounted Cash Flow: 385.9 Mio. USD

Reserve values by Category

Reserves by product in million BOE⁴

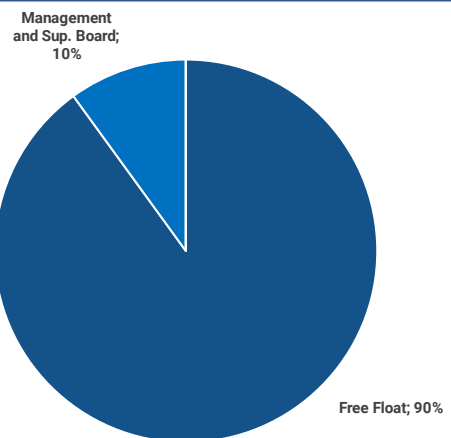


Rising demand, unlikely to peak before 2030



Source: Deutsche Rohstoff, mwb research

Major Shareholders



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
- 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
- Oil exploration and production, transport accidents
- Cost inflation (materials, personnel, financing)
- 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 50.28 per share**:

Top-line growth: We expect Deutsche Rohstoff AG to grow revenues at a CAGR of -3.9% between 2024E and 2031E. The long-term growth rate is set at -10.0%.

ROCE. Returns on capital are developing from 17.5% in 2024E to 10.2% in 2031E.

WACC. Starting point is a historical equity beta of 0.26. 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 11.0%. With pre-tax cost of borrowing at 7.5%, a tax rate of 25.0% and target debt/equity of 0.5 this results in a long-term WACC of 9.2%.

DCF (EURm) (except per share data and beta)	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Terminal value
NOPAT	54.7	47.4	44.0	46.6	43.7	43.1	41.4	39.7	
Depreciation & amortization	89.2	80.5	74.6	76.9	71.9	70.7	67.9	65.4	
Change in working capital	-7.5	-1.6	-6.8	-1.5	-0.6	-0.9	-0.6	-0.6	
Chg. in long-term provisions	-7.4	-3.4	-2.6	1.4	-2.4	-0.6	-1.4	-1.2	
Capex	-180.2	-108.0	-56.0	-56.2	-55.8	-55.7	-62.1	-61.2	
Cash flow	-51.2	14.8	53.3	67.3	56.8	56.6	45.2	42.1	196.9
Present value	-50.7	13.4	43.9	50.9	39.3	35.9	26.4	22.8	105.2
WACC	9.6%	9.6%	9.6%	9.4%	9.4%	9.3%	9.2%	9.0%	9.2%

DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	287.1	Planning horizon avg. revenue growth (2024E-2031E)	-3.9%
Mid-year adj. total present value	300.2	Terminal value growth (2031E - infinity)	-10.0%
Net debt / cash at start of year	79.1	Terminal year ROCE	10.2%
Financial assets	30.6	Terminal year WACC	9.2%
Provisions and off b/s debt	1.0		
Equity value	251.7	Terminal WACC derived from	
No. of shares outstanding	5.0	Cost of borrowing (before taxes)	7.5%
		Long-term tax rate	25.0%
		Equity beta	0.26
		Unlevered beta (industry or company)	1.09
		Target debt / equity	0.5
		Relevered beta	1.50
		Risk-free rate	2.0%
		Equity risk premium	6.0%
		Cost of equity	11.0%
Discounted cash flow / share	50.28		
upside/(downside)	53.7%		
Share price	32.70		

Sensitivity analysis DCF								
Change in WACC (%-points)		Long term growth					Share of present value	
		-11.0%	-10.5%	-10.0%	-9.5%	-9.0%		
2.0%		41.9	42.4	42.9	43.4	44.0	2024E-2027E	20.0%
1.0%		45.3	45.8	46.4	47.0	47.7	2028E-2031E	43.3%
0.0%		49.0	49.6	50.3	51.0	51.7	terminal value	36.6%
-1.0%		53.0	53.8	54.6	55.4	56.3		
-2.0%		57.6	58.4	59.4	60.4	61.4		

Source: mwb research

FCF Yield Model

Due to the fact that companies rarely bear sufficient resemblance to peers in terms of geographical exposure, size or competitive strength and in order to adjust for the pitfalls of weak long-term visibility, an Adjusted Free Cash Flow analysis (Adjusted FCF) has been conducted.

The adjusted Free Cash Flow Yield results in a fair value between EUR 95.15 per share based on 2024E and EUR 107.13 per share on 2028E estimates.

The main driver of this model is the level of return available to a controlling investor, influenced by the cost of that investors' capital (opportunity costs) and the purchase price – in this case the enterprise value of the company. Here, the adjusted FCF yield is used as a proxy for the required return and is defined as EBITDA less minority interest, taxes and investments required to maintain existing assets (maintenance capex).

FCF yield in EURm	2024E	2025E	2026E	2027E	2028E
EBITDA	162.5	143.8	133.5	139.4	130.4
- Maintenance capex	88.1	79.4	73.3	75.4	70.2
- Minorities	1.7	1.4	1.3	1.5	1.4
- tax expenses	14.5	12.2	11.5	12.9	12.0
= Adjusted FCF	58.2	50.8	47.3	49.7	46.9
Actual Market Cap	163.4	163.4	163.4	163.4	163.4
+ Net debt (cash)	145.3	146.5	108.1	53.9	6.9
+ Pension provisions	0.0	0.0	0.0	0.0	0.0
+ Off B/S financing	0.0	0.0	0.0	0.0	0.0
- Financial assets	30.6	30.6	30.6	30.6	30.6
- Acc. dividend payments	8.8	18.3	27.8	37.3	43.5
<i>EV Reconciliations</i>	106.0	97.7	49.8	-14.0	-67.2
= Actual EV'	269.4	261.1	213.2	149.5	96.3
Adjusted FCF yield	21.6%	19.4%	22.2%	33.2%	48.7%
base hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
ESG adjustment	-3.0%	-3.0%	-3.0%	-3.0%	-3.0%
adjusted hurdle rate	10.0%	10.0%	10.0%	10.0%	10.0%
Fair EV	582.3	507.8	473.4	496.5	469.1
- <i>EV Reconciliations</i>	106.0	97.7	49.8	-14.0	-67.2
Fair Market Cap	476.3	410.2	423.6	510.5	536.2
No. of shares (million)	5.0	5.0	5.0	5.0	5.0
Fair value per share in EUR	95.15	81.94	84.63	101.99	107.13
Premium (-) / discount (+)	191.0%	150.6%	158.8%	211.9%	227.6%

Sensitivity analysis FV						
Adjusted hurdle rate	8.0%	124.2	107.3	108.3	126.8	130.6
	9.0%	108.1	93.2	95.1	113.0	117.5
	10.0%	95.2	81.9	84.6	102.0	107.1
	11.0%	84.6	72.7	76.0	93.0	98.6
	12.0%	75.8	65.0	68.9	85.5	91.5

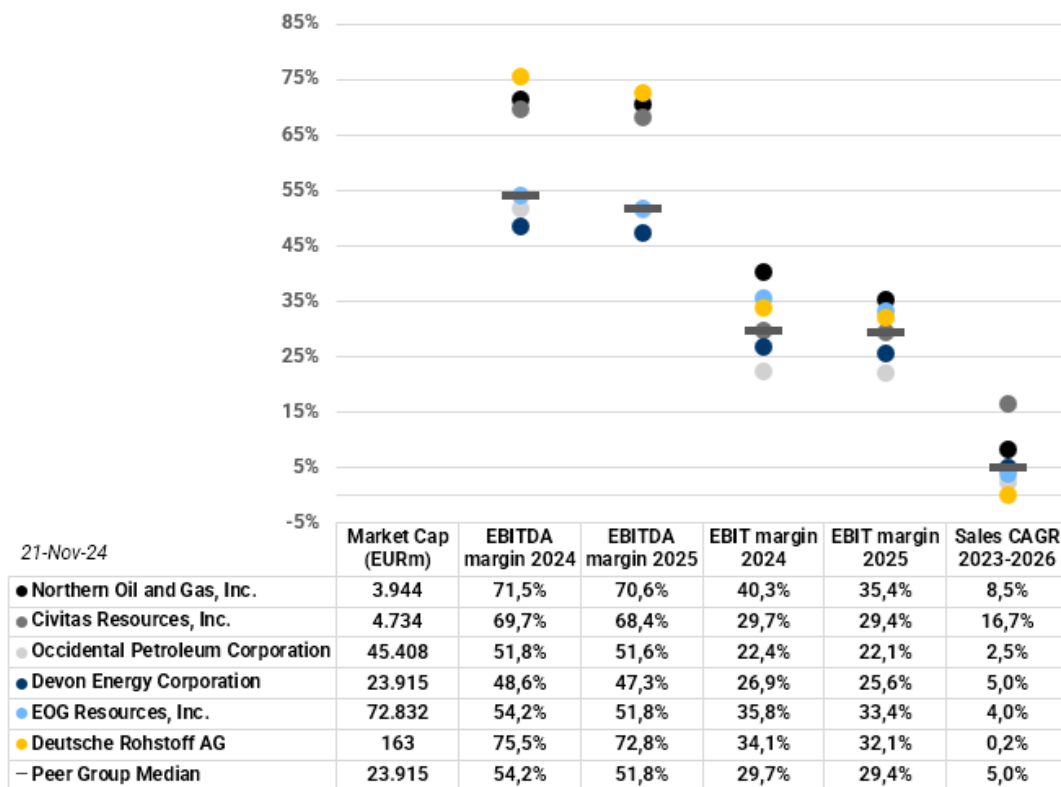
Source: Company data; mwb research

Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments might be applicable. A high score indicates high awareness for environmental, social or governance issues and thus might lower the overall risk an investment in the company might carry. A low score on the contrary might increase the risk of an investment and might therefore trigger a higher required hurdle rate.**

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 21 November 2024 the median market cap of the peer group was EUR 23,914.5m, compared to EUR 163.7m 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

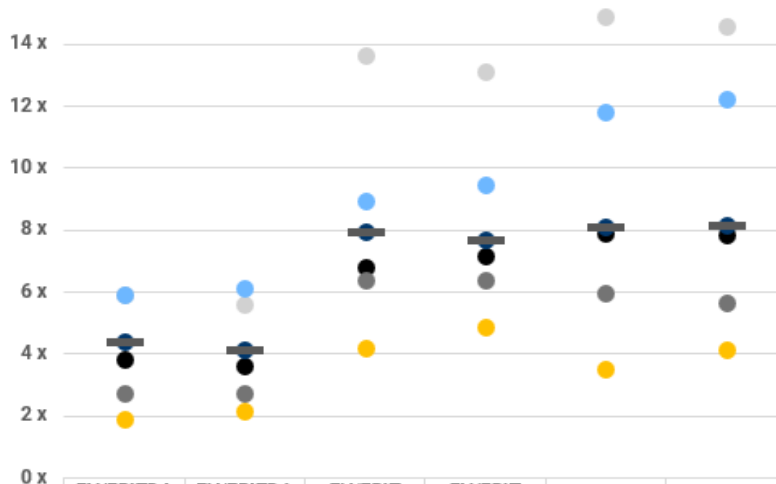


Source: FactSet, mwb research

Comparable company analysis operates under the assumption that similar companies will have similar valuation multiples. We use the following multiples: EV/EBITDA 2024, EV/EBITDA 2025, EV/EBIT 2024, EV/EBIT 2025, P/E 2024 and P/E 2025.

Applying these to Deutsche Rohstoff AG results in a range of fair values from EUR 64.50 to EUR 113.88.

Peer Group – Multiples and valuation



21-Nov-24

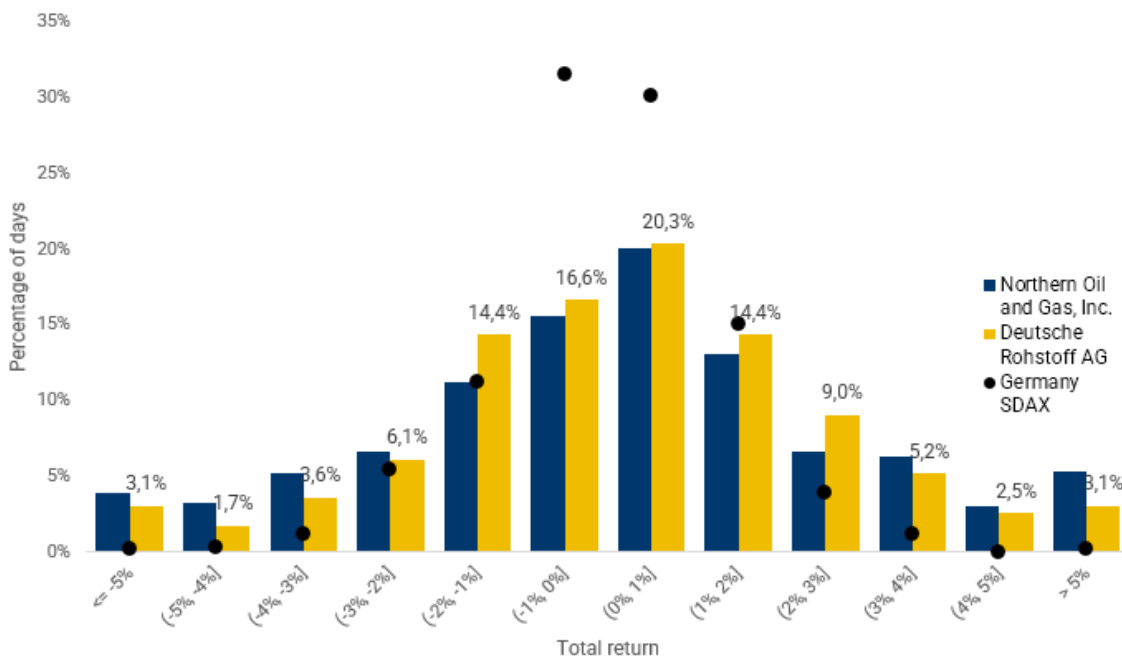
	EV/EBITDA 2024	EV/EBITDA 2025	EV/EBIT 2024	EV/EBIT 2025	P/E 2024	P/E 2025
● Northern Oil and Gas, Inc.	3,8x	3,6x	6,8x	7,2x	7,9x	7,9x
● Civitas Resources, Inc.	2,7x	2,8x	6,4x	6,4x	6,0x	5,6x
● Occidental Petroleum Corporation	5,9x	5,6x	13,6x	13,1x	14,9x	14,6x
● Devon Energy Corporation	4,4x	4,2x	7,9x	7,7x	8,1x	8,2x
● EOG Resources, Inc.	5,9x	6,1x	9,0x	9,5x	11,8x	12,2x
● Deutsche Rohstoff AG	1,9x	2,2x	4,2x	4,9x	3,5x	4,1x
– Peer Group Median	4,4x	4,2x	7,9x	7,7x	8,1x	8,2x
Fair Value (EUR)	113,88	90,26	87,29	68,17	75,77	64,50

Source: FactSet, mwb research

Risk

The chart displays the **distribution of daily returns of Deutsche Rohstoff AG** over the last 3 years, compared to the same distribution for Northern Oil and Gas, Inc.. We have also included the distribution for the index Germany SDAX. 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 14/06/2022 when the share price increased by 8.1%.

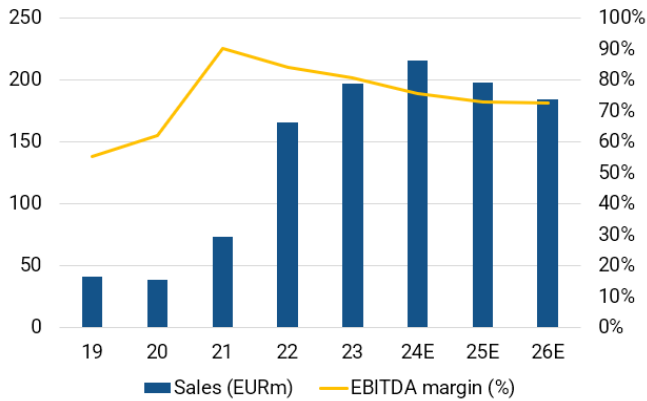
Risk – Daily Returns Distribution (trailing 3 years)



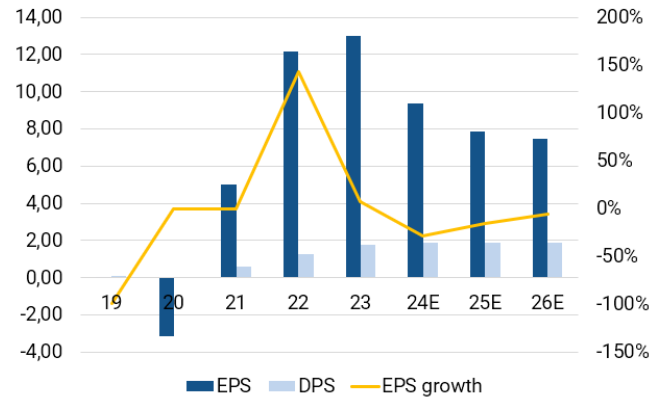
Source: FactSet, mwb research

Financials in six charts

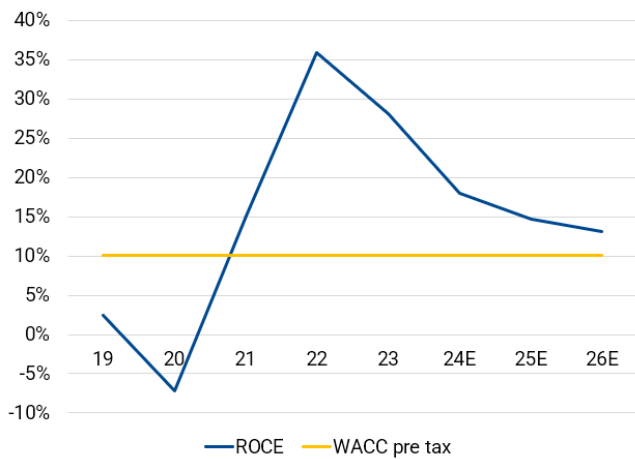
Sales vs. EBITDA margin development



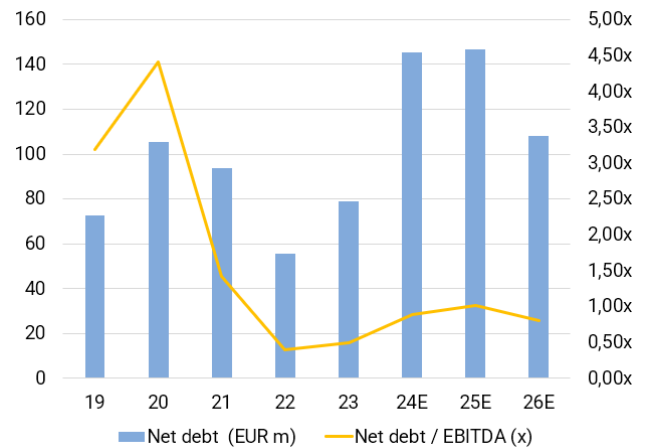
EPS, DPS in EUR & yoy EPS growth



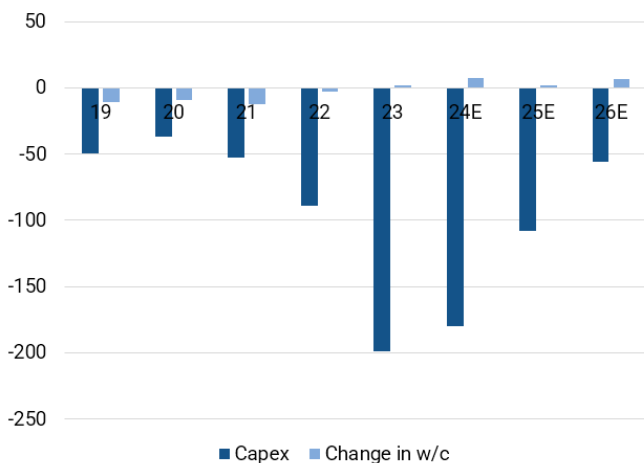
ROCE vs. WACC (pre tax)



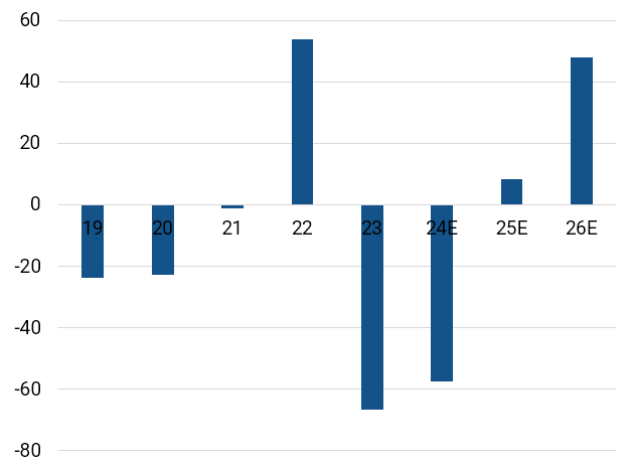
Net debt and net debt/EBITDA



Capex & chgn in w/c requirements in EURm



Free Cash Flow in EURm



Source: Company data, mwb research

Financials

Profit and loss (EURm)	2021	2022	2023	2024E	2025E	2026E
Net sales	73.3	165.4	196.7	215.1	197.4	184.0
Sales growth	89.5%	125.6%	18.9%	9.4%	-8.2%	-6.8%
Change in finished goods and work-in-process	-0.0	-0.0	0.0	0.0	0.0	0.0
Total sales	73.3	165.4	196.7	215.1	197.4	184.0
Material expenses	18.1	30.4	34.3	38.7	34.9	32.2
Gross profit	55.2	135.0	162.4	176.4	162.5	151.9
Other operating income	23.0	25.9	20.6	4.3	2.0	1.8
Personnel expenses	5.1	6.5	10.3	9.7	10.9	11.0
Other operating expenses	7.0	15.3	14.4	8.6	9.9	9.2
EBITDA	66.1	139.1	158.3	162.5	143.8	133.5
Depreciation	30.3	42.2	61.1	88.1	79.4	73.3
EBITA	35.7	96.9	97.1	74.4	64.4	60.2
Amortisation of goodwill and intangible assets	3.2	5.5	2.5	1.1	1.1	1.3
EBIT	32.6	91.4	94.6	73.2	63.3	58.9
Financial result	-5.5	-5.5	-8.9	-10.3	-10.3	-8.8
Recurring pretax income from continuing operations	27.1	85.9	85.7	63.0	53.1	50.1
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	27.1	85.9	85.7	63.0	53.1	50.1
Taxes	0.7	19.8	18.3	14.5	12.2	11.5
Net income from continuing operations	26.4	66.2	67.5	48.5	40.9	38.6
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	26.4	66.2	67.5	48.5	40.9	38.6
Minority interest	1.6	5.4	-2.3	-1.7	-1.4	-1.3
Net profit (reported)	24.8	60.8	65.2	46.8	39.5	37.3
Average number of shares	4.95	5.00	5.01	5.01	5.01	5.01
EPS reported	5.01	12.15	13.02	9.36	7.88	7.45

Profit and loss (common size)	2021	2022	2023	2024E	2025E	2026E
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	25%	18%	17%	18%	18%	17%
Gross profit	75%	82%	83%	82%	82%	83%
Other operating income	31%	16%	10%	2%	1%	1%
Personnel expenses	7%	4%	5%	5%	6%	6%
Other operating expenses	10%	9%	7%	4%	5%	5%
EBITDA	90%	84%	80%	76%	73%	73%
Depreciation	41%	25%	31%	41%	40%	40%
EBITA	49%	59%	49%	35%	33%	33%
Amortisation of goodwill and intangible assets	4%	3%	1%	1%	1%	1%
EBIT	44%	55%	48%	34%	32%	32%
Financial result	-8%	-3%	-5%	-5%	-5%	-5%
Recurring pretax income from continuing operations	37%	52%	44%	29%	27%	27%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	37%	52%	44%	29%	27%	27%
Taxes	1%	12%	9%	7%	6%	6%
Net income from continuing operations	36%	40%	34%	23%	21%	21%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	36%	40%	34%	23%	21%	21%
Minority interest	2%	3%	-1%	-1%	-1%	-1%
Net profit (reported)	34%	37%	33%	22%	20%	20%

Source: Company data; mwb research

Balance sheet (EURm)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	28.6	32.5	22.6	21.5	26.3	30.5
Goodwill	1.3	1.2	1.0	1.0	1.0	1.0
Property, plant and equipment	149.1	192.6	317.6	409.7	432.4	409.6
Financial assets	35.1	34.2	30.6	30.6	30.6	30.6
FIXED ASSETS	214.0	260.5	371.7	462.7	490.2	471.6
Inventories	0.2	0.1	1.5	0.9	0.8	0.8
Accounts receivable	16.8	28.6	29.6	32.4	30.8	29.7
Other current assets	1.1	5.0	5.4	5.4	5.4	5.4
Liquid assets	23.5	54.2	82.2	4.7	3.5	21.9
Deferred taxes	0.0	1.0	1.2	1.2	1.2	1.2
Deferred charges and prepaid expenses	9.4	0.9	2.1	2.3	2.1	1.9
CURRENT ASSETS	51.0	89.8	122.0	46.9	43.9	60.9
TOTAL ASSETS	265.0	350.3	493.8	509.6	534.1	532.5
SHAREHOLDERS EQUITY	72.7	129.0	180.4	220.1	251.5	280.5
MINORITY INTEREST	7.4	3.4	7.1	7.1	7.1	7.1
Long-term debt	97.8	100.0	120.5	100.0	100.0	100.0
Provisions for pensions and similar obligations	0.0	1.0	0.0	0.0	0.0	0.0
Other provisions	36.8	31.6	48.5	41.1	37.7	35.1
Non-current liabilities	134.6	132.7	169.0	141.1	137.7	135.1
short-term liabilities to banks	19.6	9.9	40.8	50.0	50.0	30.0
Accounts payable	20.8	11.4	26.6	21.2	19.1	17.6
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)	-8.1	28.7	17.0	17.2	15.8	9.2
Deferred taxes	18.0	35.2	52.8	52.8	52.8	52.8
Deferred income	0.0	0.2	0.1	0.1	0.1	0.1
Current liabilities	50.3	85.3	137.3	141.3	137.8	109.7
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	265.0	350.3	493.8	509.6	534.1	532.5

Balance sheet (common size)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	11%	9%	5%	4%	5%	6%
Goodwill	0%	0%	0%	0%	0%	0%
Property, plant and equipment	56%	55%	64%	80%	81%	77%
Financial assets	13%	10%	6%	6%	6%	6%
FIXED ASSETS	81%	74%	75%	91%	92%	89%
Inventories	0%	0%	0%	0%	0%	0%
Accounts receivable	6%	8%	6%	6%	6%	6%
Other current assets	0%	1%	1%	1%	1%	1%
Liquid assets	9%	15%	17%	1%	1%	4%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	4%	0%	0%	0%	0%	0%
CURRENT ASSETS	19%	26%	25%	9%	8%	11%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	27%	37%	37%	43%	47%	53%
MINORITY INTEREST	3%	1%	1%	1%	1%	1%
Long-term debt	37%	29%	24%	20%	19%	19%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	14%	9%	10%	8%	7%	7%
Non-current liabilities	51%	38%	34%	28%	26%	25%
short-term liabilities to banks	7%	3%	8%	10%	9%	6%
Accounts payable	8%	3%	5%	4%	4%	3%
Advance payments received on orders	0%	0%	0%	0%	0%	0%
Other liabilities (incl. from lease and rental contracts)	-3%	8%	3%	3%	3%	2%
Deferred taxes	7%	10%	11%	10%	10%	10%
Deferred income	0%	0%	0%	0%	0%	0%
Current liabilities	19%	24%	28%	28%	26%	21%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; mwb research

Cash flow statement (EURm)	2021	2022	2023	2024E	2025E	2026E
Net profit/loss	26.4	66.2	67.5	48.5	40.9	38.6
Depreciation of fixed assets (incl. leases)	32.8	39.8	60.9	88.1	79.4	73.3
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	2.5	1.1	1.1	1.3
Others	-19.8	34.2	3.2	-7.4	-3.4	-2.6
Cash flow from operations before changes in w/c	39.4	140.2	134.1	130.3	118.0	110.6
Increase/decrease in inventory	0.0	-3.3	0.0	0.6	0.1	0.1
Increase/decrease in accounts receivable	0.0	-3.3	0.0	-2.8	1.6	1.1
Increase/decrease in accounts payable	19.4	9.2	0.0	-5.4	-2.1	-1.5
Increase/decrease in other w/c positions	-7.0	0.0	-2.0	0.0	-1.2	-6.5
Increase/decrease in working capital	12.4	2.5	-2.0	-7.5	-1.6	-6.8
Cash flow from operating activities	51.8	142.7	132.1	122.8	116.3	103.8
CAPEX	-52.8	-88.9	-198.7	-180.2	-108.0	-56.0
Payments for acquisitions	0.0	-3.7	0.0	0.0	0.0	0.0
Financial investments	21.9	14.0	48.6	0.0	0.0	0.0
Income from asset disposals	1.6	6.5	0.0	0.0	0.0	0.0
Cash flow from investing activities	-29.3	-72.2	-150.1	-180.2	-108.0	-56.0
Cash flow before financing	22.5	70.6	-18.0	-57.4	8.3	47.9
Increase/decrease in debt position	-12.7	-8.1	52.2	-11.3	0.0	-20.0
Purchase of own shares	0.0	0.0	-0.2	0.0	0.0	0.0
Capital measures	0.0	0.9	2.1	0.0	0.0	0.0
Dividends paid	0.0	-2.7	-6.5	-8.8	-9.5	-9.5
Others	-7.6	-23.2	-0.2	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.6	-0.0	-1.2	0.0	0.0	0.0
Cash flow from financing activities	-19.7	-34.7	46.3	-20.1	-9.5	-29.5
Increase/decrease in liquid assets	2.8	35.8	28.2	-77.5	-1.2	18.4
Liquid assets at end of period	11.6	47.4	75.8	-1.7	-2.9	15.5

Source: Company data; mwb research

Regional sales split (EURm)	2021	2022	2023	2024E	2025E	2026E
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	73.3	165.4	196.7	215.1	197.4	184.0
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	73.3	165.4	196.7	215.1	197.4	184.0

Regional sales split (common size)	2021	2022	2023	2024E	2025E	2026E
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; mwb research

Ratios	2021	2022	2023	2024E	2025E	2026E
Per share data						
Earnings per share reported	5.01	12.15	13.02	9.36	7.88	7.45
Cash flow per share	10.46	28.53	26.39	6.93	7.37	6.11
Book value per share	14.68	25.78	36.03	43.97	50.24	56.05
Dividend per share	0.60	1.30	1.75	1.90	1.90	1.90
Valuation						
P/E	6.5x	2.7x	2.5x	3.5x	4.1x	4.4x
P/CF	3.1x	1.1x	1.2x	4.7x	4.4x	5.4x
P/BV	2.2x	1.3x	0.9x	0.7x	0.7x	0.6x
Dividend yield (%)	1.8%	4.0%	5.4%	5.8%	5.8%	5.8%
FCF yield (%)	32.0%	87.2%	80.7%	21.2%	22.5%	18.7%
EV/Sales	3.5x	1.3x	1.2x	1.4x	1.6x	1.5x
EV/EBITDA	3.9x	1.6x	1.5x	1.9x	2.2x	2.0x
EV/EBIT	7.9x	2.4x	2.6x	4.2x	4.9x	4.6x
Income statement (EURm)						
Sales	73.3	165.4	196.7	215.1	197.4	184.0
yoy chg in %	89.5%	125.6%	18.9%	9.4%	-8.2%	-6.8%
Gross profit	55.2	135.0	162.4	176.4	162.5	151.9
Gross margin in %	75.3%	81.6%	82.6%	82.0%	82.3%	82.5%
EBITDA	66.1	139.1	158.3	162.5	143.8	133.5
EBITDA margin in %	90.1%	84.1%	80.5%	75.5%	72.8%	72.5%
EBIT	32.6	91.4	94.6	73.2	63.3	58.9
EBIT margin in %	44.4%	55.3%	48.1%	34.1%	32.1%	32.0%
Net profit	24.8	60.8	65.2	46.8	39.5	37.3
Cash flow statement (EURm)						
CF from operations	51.8	142.7	132.1	122.8	116.3	103.8
Capex	-52.8	-88.9	-198.7	-180.2	-108.0	-56.0
Maintenance Capex	0.0	0.0	0.0	88.1	79.4	73.3
Free cash flow	-1.0	53.8	-66.7	-57.4	8.3	47.9
Balance sheet (EURm)						
Intangible assets	29.8	33.7	23.5	22.4	27.3	31.5
Tangible assets	149.1	192.6	317.6	409.7	432.4	409.6
Shareholders' equity	72.7	129.0	180.4	220.1	251.5	280.5
Pension provisions	0.0	1.0	0.0	0.0	0.0	0.0
Liabilities and provisions	154.2	142.5	209.8	191.1	187.7	165.1
Net financial debt	93.9	55.7	79.1	145.3	146.5	108.1
w/c requirements	-3.8	17.4	4.6	12.1	12.5	12.9
Ratios						
ROE	36.2%	51.3%	37.4%	22.0%	16.2%	13.8%
ROCE	13.9%	33.3%	23.8%	17.5%	14.2%	13.0%
Net gearing	129.1%	43.2%	43.9%	66.0%	58.3%	38.5%
Net debt / EBITDA	1.4x	0.4x	0.5x	0.9x	1.0x	0.8x

Source: Company data; mwb research

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