

Deutsche Rohstoff AG

Germany | Oil & Gas | MCap EUR 192.2m

16 August 2024

UPDATE

A solid Q2, adjusting estimates for higher depreciation, BUY

What's it all about?

Deutsche Rohstoff's second quarter results showed a similar performance to the strong first quarter, with revenues up 2% qoq to EUR 56.6m, supported by higher realized WTI prices despite a slight decline in production. On a year-over-year basis, revenues grew by an impressive 74%, supported by strong production growth, particularly from Wyoming. EBITDA improved slightly sequentially to EUR 42.1m, maintaining a stable margin of around 75% qoq. However, higher depreciation and amortization charges due to capital intensive drilling in Wyoming resulted in a decline in the EBIT margin compared to Q1. The strong operating cash flow of EUR 48.6m was used to fund significant capital expenditure, resulting in negative free cash flow. The company confirmed its full year guidance. We adjust our estimates for higher depreciation and arrive at a new price target of EUR 55.70 (old: EUR 56.70), while maintaining our BUY recommendation.

BUY (BUY)

Target price	EUR 55.70 (56.70)
Current price	EUR 38.40
Up/downside	45.1%

 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 192.2m | EV EUR 271.3m

BUY (BUY)

Target price EUR 55.70 (56.70)
Current price EUR 38.40
Up/downside 45.1%

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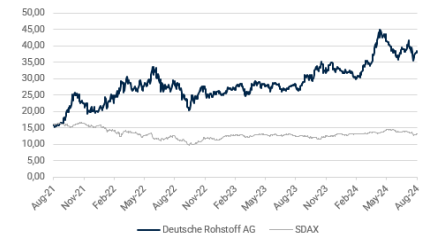
A solid Q2, adjusting estimates for higher depreciation, BUY

A solid Q2 with production, revenues and EBITDA on Q1 level. Deutsche Rohstoff has reported its Q2 results, which were similar to the strong first quarter. Revenues increased by 2% qoq to EUR 56.6m (+74% yoy), with production slightly down sequentially (BOE -1% qoq), but more than offset by an increase in realized WTI prices. The strong yoy increase in production (yoy +45% BOE), particularly from the Wyoming region, reflects the successful implementation of Deutsche Rohstoff's drilling programs. EBITDA also improved slightly compared to Q1 (EUR 42.1m vs. EUR 41.7m), resulting in a stable EBITDA margin of around 75%.

Higher depreciation charges, but lower opex per BOE. Depreciation increased to EUR 24.8m in Q2 from EUR 19.3m in Q1. This is mainly due to more capital-intensive drilling in Wyoming, which accounted for 83% of revenues at the end of Q2 compared to 35% in mid-2003. This is also reflected in depreciation and amortization per BOE, which increased 29% yoy to USD 16.83 per BOE in H1 24 and USD 18.20 (mwb est.) in Q2. Higher depreciation was partly offset by lower opex per BOE, which decreased by 4% yoy in H1. Overall, higher depreciation resulted in a sequential decline in EBIT of around EUR 5m and a reduction in the EBIT margin to 30.6% in Q2 from 40.2% in Q1.

Strong operating cash flow, high capex. Deutsche Rohstoff's Q2 operating cash flow was EUR 48.6m, a significant improvement both yoy (+72%) and qoq (+34%). However, free cash flow (FCF) remained negative due to high capital expenditure related to ongoing drilling activities, which amounted to EUR 70.8m in Q2. Deutsche Rohstoff confirmed its expectation of capital expenditure in the range of EUR 145m to EUR 165m for FY24.

Guidance confirmed. Deutsche Rohstoff has confirmed its guidance for the full year 2024 with expected revenues of EUR 210-230m and EBITDA of EUR 160-180m, based on an assumed WTI price of USD 75.00 per barrel. The company's production outlook, particularly with the planned addition of 10 new wells in H2, supports this guidance.



Source: Company data, mwb research

High/low 52 weeks 45.10 / 26.00
Price/Book Ratio 1.1x

Ticker / Symbols

ISIN DE000A0XYG76
WKN A0XYG7
Bloomberg DR0:GR

Changes in estimates

		Sales	EBIT	EPS
2024E	old	221.0	99.8	13.31
	Δ	0.0%	-17.0%	-19.0%
2025E	old	192.1	85.7	11.21
	Δ	0.0%	-25.7%	-29.2%
2026E	old	186.3	83.5	11.10
	Δ	0.0%	-26.4%	-29.4%

Key share data

Number of shares: (in m pcs) 5.01
Book value per share: (in EUR) 36.03
Ø trading vol.: (12 months) 9,455

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.

- continued next page -

Deutsche Rohstoff AG	2021	2022	2023	2024E	2025E	2026E
Sales	73.3	165.4	196.7	221.0	192.1	186.3
Growth yoy	89.5%	125.6%	18.9%	12.4%	-13.1%	-3.0%
EBITDA	66.1	139.1	158.3	178.0	149.4	144.9
EBIT	32.6	91.4	94.6	82.8	63.7	61.5
Net profit	24.8	60.8	65.2	54.0	39.8	39.2
Net debt (net cash)	93.9	55.7	79.1	118.1	110.4	79.9
Net debt/EBITDA	1.4x	0.4x	0.5x	0.7x	0.7x	0.6x
EPS reported	5.01	12.15	13.02	10.78	7.94	7.83
DPS	0.60	1.30	1.75	1.90	1.90	1.90
Dividend yield	1.6%	3.4%	4.6%	4.9%	4.9%	4.9%
Gross profit margin	75.3%	81.6%	82.6%	89.0%	86.8%	87.3%
EBITDA margin	90.1%	84.1%	80.5%	80.5%	77.8%	77.8%
EBIT margin	44.4%	55.3%	48.1%	37.5%	33.2%	33.0%
ROCE	13.9%	33.3%	23.8%	19.4%	14.1%	13.3%
EV/Sales	3.9x	1.5x	1.4x	1.4x	1.6x	1.5x
EV/EBITDA	4.3x	1.8x	1.7x	1.7x	2.0x	1.9x
EV/EBIT	8.8x	2.7x	2.9x	3.7x	4.7x	4.4x
PER	7.7x	3.2x	2.9x	3.6x	4.8x	4.9x

Source: Company data, mwb research

Adjusting estimates; PT down, BUY. We are adjusting our estimates to reflect the higher-than-expected depreciation. As you would expect from an oil drilling company, there is always an element of chance with each new well. Deutsche Rohstoff reports that production volumes from 3 wells that came on stream in the Niobrara shale formation in July were below expectations and costs at Bright Rock were around EUR 6m higher than expected. However, this follows a number of successful wells with higher-than-expected production, and the final verdict on the productivity of the new wells is yet to be delivered. In any case, the attractive valuation more than compensates investors in Deutsche Rohstoff for taking on the typical risk of an independent oil producer: the company trades at a significant discount to its US peers on an EV/EBITDA basis. The attractive shareholder remuneration, including a dividend and a share buyback programme with a combined yield of 5.8%, should act as a catalyst to narrow this valuation gap. We reiterate our BUY recommendation with a new price target of EUR 55.70 (old: EUR 56.70).

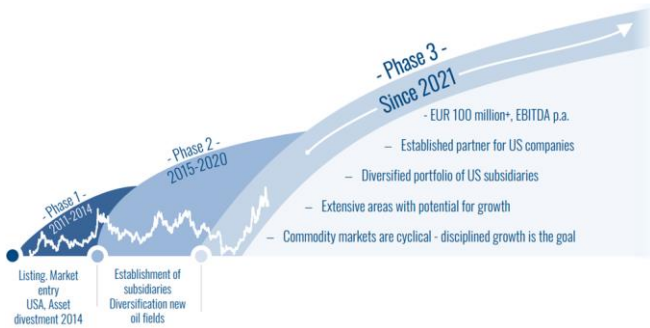
The following table displays the quarterly performance of **Deutsche Rohstoff AG**:

P&L data	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Sales	46.0	47.2	42.7	32.5	57.5	64.0	55.6	56.6
yoy growth in %	219.7%	134.7%	52.0%	-26.4%	25.0%	35.4%	30.3%	74.1%
Gross profit	38.2	36.7	34.3	26.2	47.4	54.3	45.0	37.0
Gross margin in %	83.1%	77.7%	80.4%	80.7%	82.4%	84.8%	81.0%	65.3%
EBITDA	38.3	36.8	32.3	23.7	45.6	56.5	41.7	42.1
EBITDA margin in %	83.4%	77.8%	75.7%	73.0%	79.4%	88.3%	74.9%	74.5%
EBIT	26.3	22.1	20.6	12.0	25.7	34.8	22.4	17.3
EBIT margin in %	57.2%	46.9%	48.3%	36.8%	44.7%	54.4%	40.2%	30.6%
EBT	24.9	20.9	19.2	10.8	23.5	30.0	19.6	14.1
taxes paid	4.8	7.3	4.6	3.2	2.4	8.2	3.9	3.8
tax rate in %	19.3%	35.1%	23.8%	29.6%	10.0%	27.3%	19.9%	27.2%
net profit	17.9	13.2	14.3	7.6	21.4	21.8	15.7	10.3
yoy growth in %	367.0%	197.8%	20.4%	-57.1%	19.5%	64.9%	9.6%	35.0%
EPS	3.58	2.64	2.86	1.52	4.28	4.35	3.14	1.82

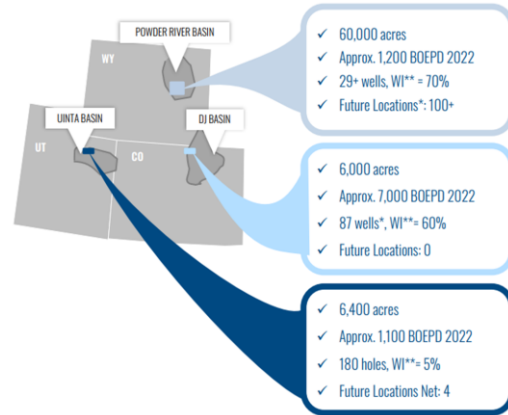
Source: Company data; mwb research

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

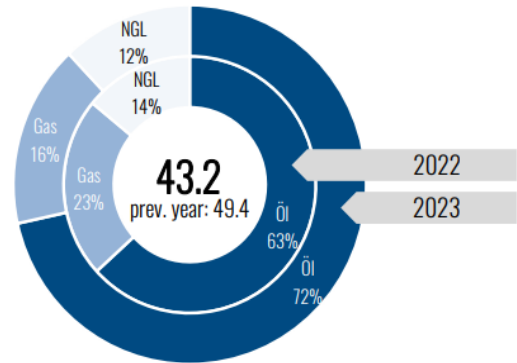
Cash Flow: 467.5 Mio. USD
Discounted Cash Flow: 313.4 Mio. USD

Proved Reserves

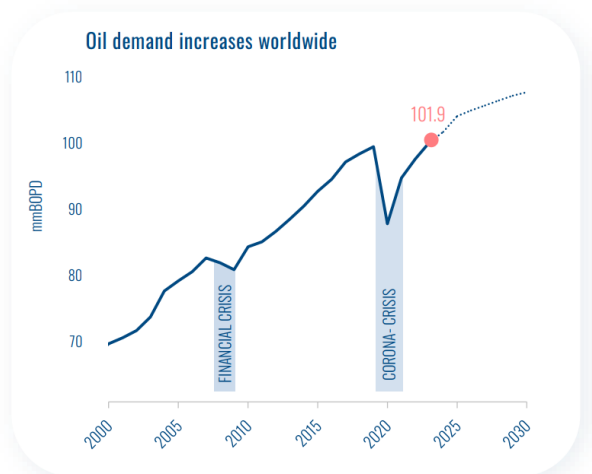
Cash Flow: 686.6 Mio. USD
Discounted Cash Flow: 385.9 Mio. USD

Reserve values by Category

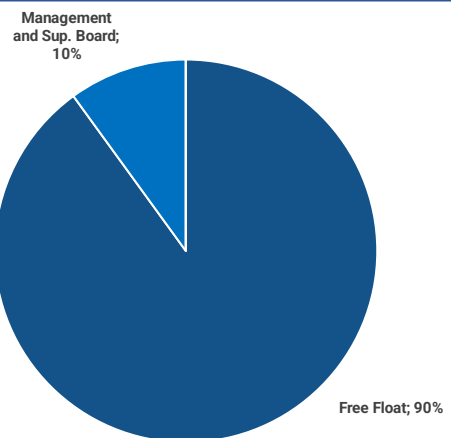
Reserves by product in million BOE⁴



Rising demand, unlikely to peak before 2030



Major Shareholders



Source: Deutsche Rohstoff, mwb research

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

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 114.82 per share based on 2024E and EUR 118.37 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	178.0	149.4	144.9	145.4	148.0
- Maintenance capex	94.1	84.3	81.8	81.4	81.9
- Minorities	1.9	1.4	1.4	1.5	1.5
- tax expenses	16.7	12.3	12.1	12.8	13.2
= Adjusted FCF	65.3	51.4	49.6	49.7	51.3
Actual Market Cap	191.9	191.9	191.9	191.9	191.9
+ Net debt (cash)	118.1	110.4	79.9	40.3	-5.0
+ 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>	78.8	61.5	21.5	-27.6	-79.1
= Actual EV'	270.7	253.5	213.4	164.3	112.8
Adjusted FCF yield	24.1%	20.3%	23.2%	30.3%	45.5%
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	653.5	514.2	495.8	497.2	513.4
- <i>EV Reconciliations</i>	78.8	61.5	21.5	-27.6	-79.1
Fair Market Cap	574.7	452.6	474.3	524.8	592.5
No. of shares (million)	5.0	5.0	5.0	5.0	5.0
Fair value per share in EUR	114.82	90.43	94.76	104.85	118.37
Premium (-) / discount (+)	199.0%	135.5%	146.8%	173.1%	208.2%

Sensitivity analysis FV						
Adjusted hurdle rate	8.0%	147.5	116.1	119.5	129.7	144.0
	9.0%	129.3	101.8	105.8	115.9	129.8
	10.0%	114.8	90.4	94.8	104.9	118.4
	11.0%	102.9	81.1	85.8	95.8	109.0
	12.0%	93.1	73.3	78.2	88.3	101.3

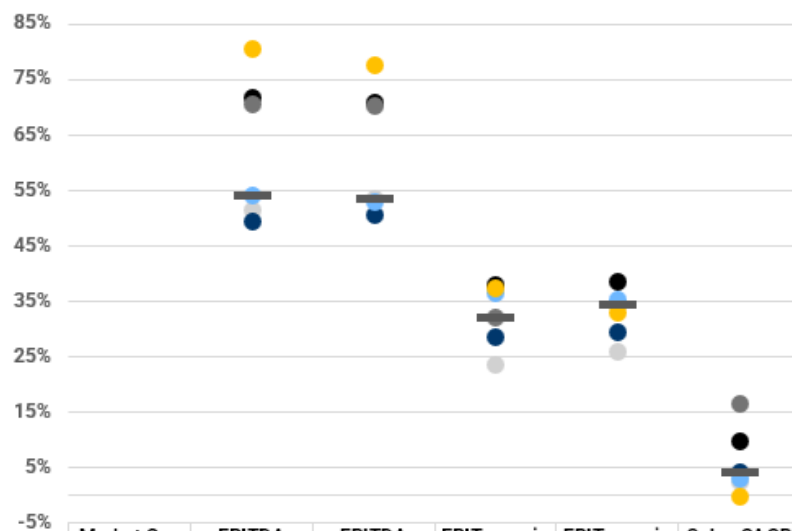
Source: Company data; mwb research

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 16 August 2024 the median market cap of the peer group was EUR 25,905.4m, compared to EUR 192.2m 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



16-Aug-24

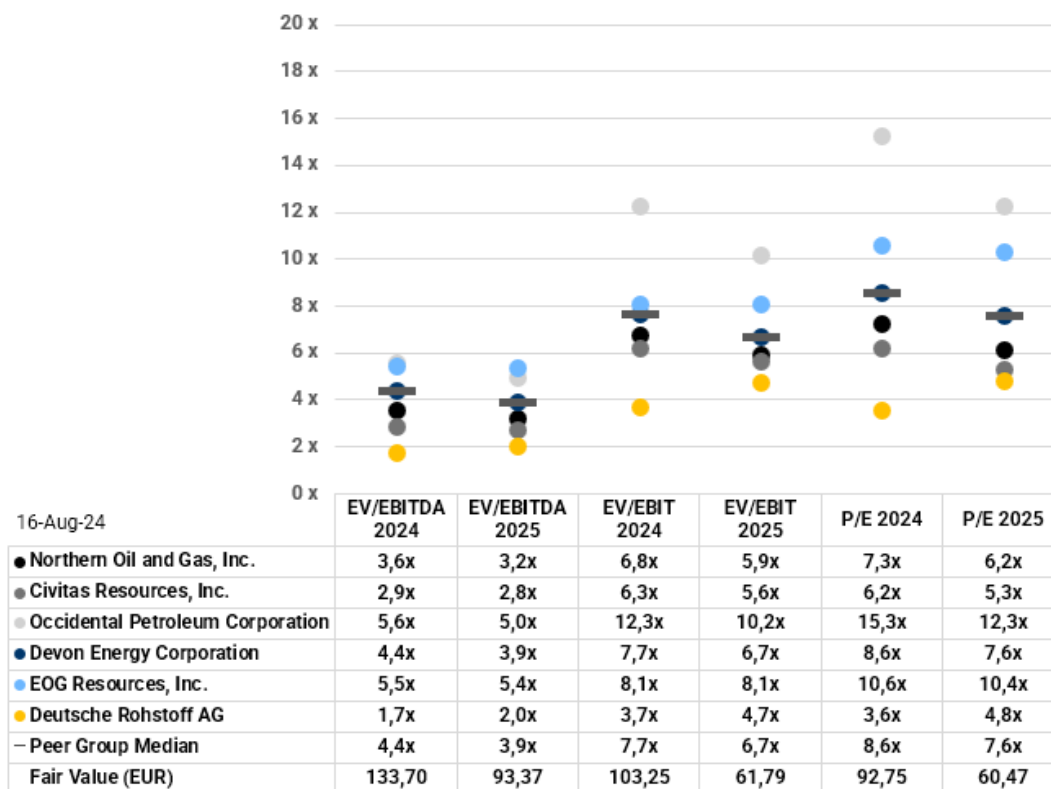
	Market Cap (EURm)	EBITDA margin 2024	EBITDA margin 2025	EBIT margin 2024	EBIT margin 2025	Sales CAGR 2023-2026
● Northern Oil and Gas, Inc.	3.601	71,9%	70,9%	38,0%	38,7%	9,8%
● Civitas Resources, Inc.	5.708	70,6%	70,5%	32,2%	34,7%	16,6%
● Occidental Petroleum Corporation	48.220	51,5%	53,6%	23,6%	26,1%	2,5%
● Devon Energy Corporation	25.905	49,5%	50,7%	28,6%	29,6%	4,2%
● EOG Resources, Inc.	66.323	54,1%	53,1%	36,5%	35,4%	3,1%
● Deutsche Rohstoff AG	192	80,5%	77,8%	37,5%	33,2%	-0,1%
– Peer Group Median	25.905	54,1%	53,6%	32,2%	34,7%	4,2%

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 60.47 to EUR 133.70.

Peer Group – Multiples and valuation

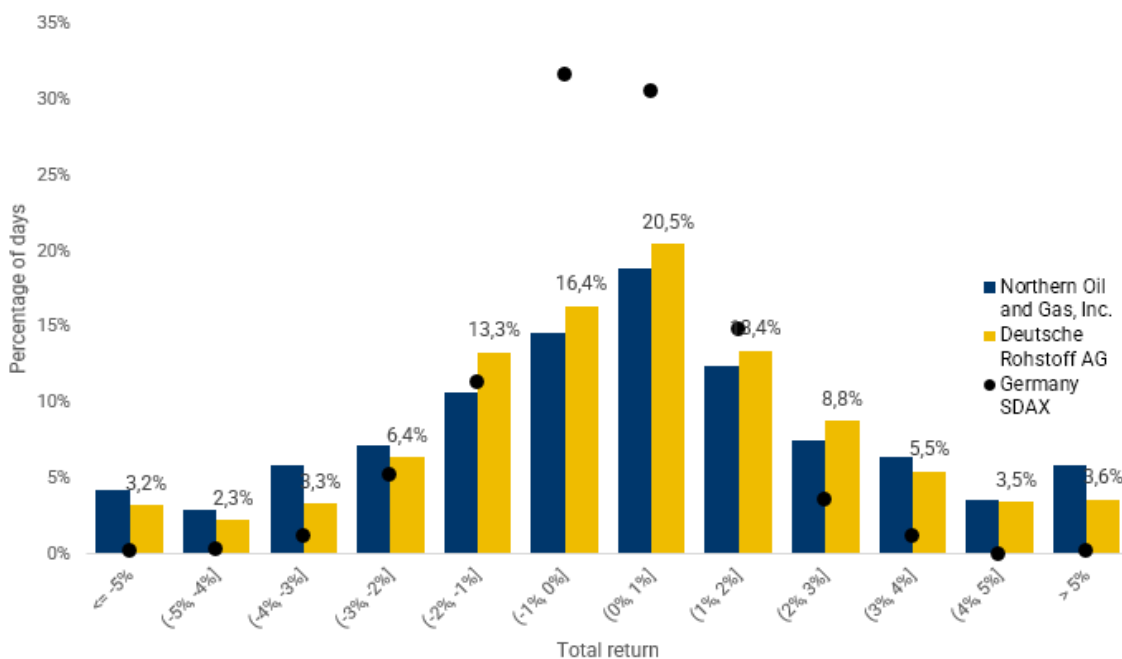


Source: FactSet, mwb research

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 16/09/2021 when the share price increased by 10.5%.

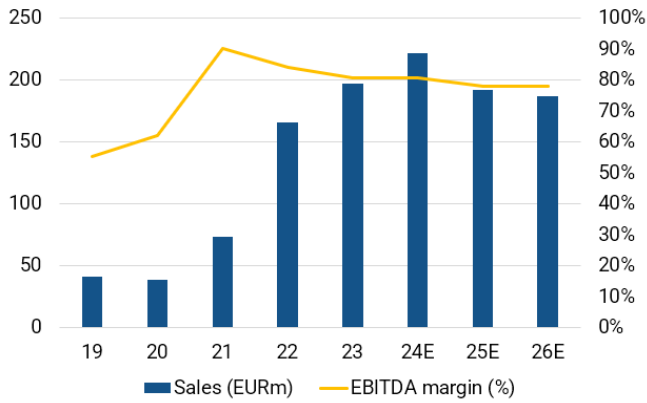
Risk – Daily Returns Distribution (trailing 3 years)



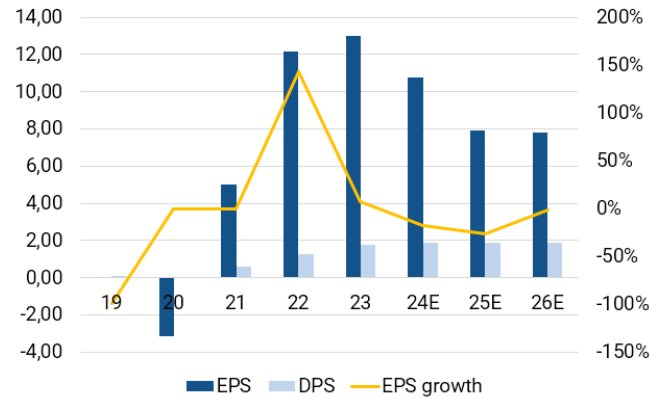
Source: FactSet, mwb research

Financials in six charts

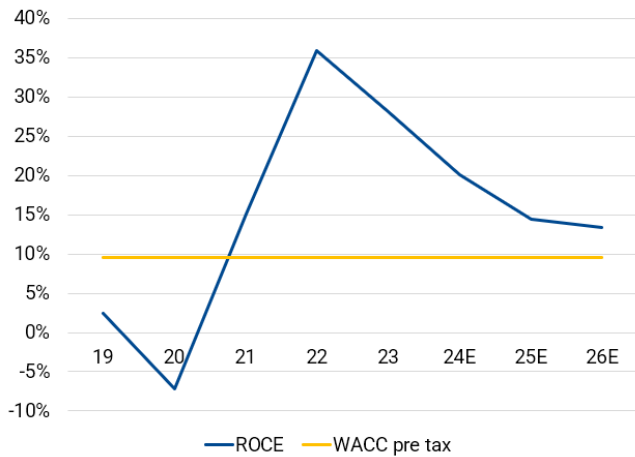
Sales vs. EBITDA margin development



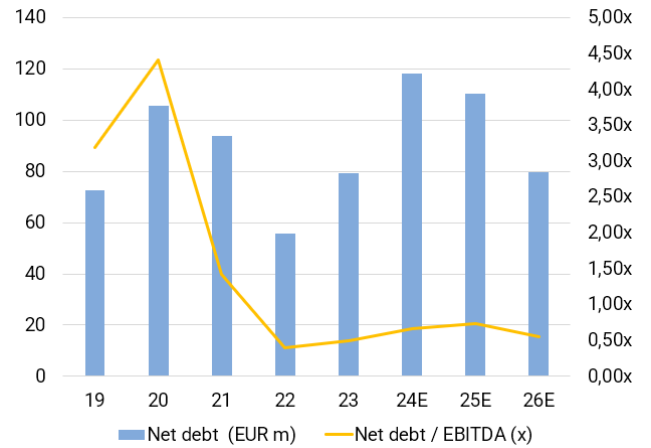
EPS, DPS in EUR & yoy EPS growth



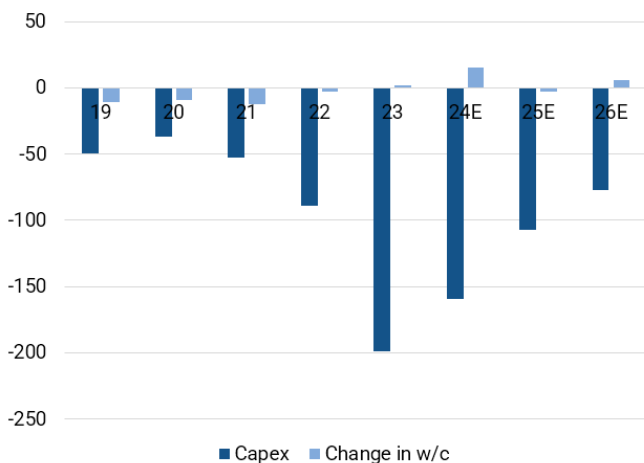
ROCE vs. WACC (pre tax)



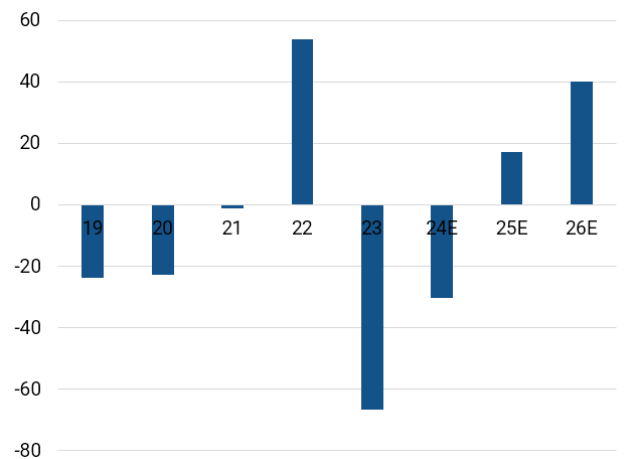
Net debt and net debt/EBITDA



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	221.0	192.1	186.3
Sales growth	89.5%	125.6%	18.9%	12.4%	-13.1%	-3.0%
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	221.0	192.1	186.3
Material expenses	18.1	30.4	34.3	24.2	25.4	23.6
Gross profit	55.2	135.0	162.4	196.8	166.7	162.6
Other operating income	23.0	25.9	20.6	0.0	0.0	0.0
Personnel expenses	5.1	6.5	10.3	9.9	9.6	10.2
Other operating expenses	7.0	15.3	14.4	8.8	7.7	7.5
EBITDA	66.1	139.1	158.3	178.0	149.4	144.9
Depreciation	30.3	42.2	61.1	94.1	84.3	81.8
EBITA	35.7	96.9	97.1	83.9	65.1	63.1
Amortisation of goodwill and intangible assets	3.2	5.5	2.5	1.1	1.4	1.6
EBIT	32.6	91.4	94.6	82.8	63.7	61.5
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	72.6	53.5	52.7
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	27.1	85.9	85.7	72.6	53.5	52.7
Taxes	0.7	19.8	18.3	16.7	12.3	12.1
Net income from continuing operations	26.4	66.2	67.5	55.9	41.2	40.6
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	55.9	41.2	40.6
Minority interest	1.6	5.4	-2.3	-1.9	-1.4	-1.4
Net profit (reported)	24.8	60.8	65.2	54.0	39.8	39.2
Average number of shares	4.95	5.00	5.01	5.01	5.01	5.01
EPS reported	5.01	12.15	13.02	10.78	7.94	7.83

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%	11%	13%	13%
Gross profit	75%	82%	83%	89%	87%	87%
Other operating income	31%	16%	10%	0%	0%	0%
Personnel expenses	7%	4%	5%	5%	5%	5%
Other operating expenses	10%	9%	7%	4%	4%	4%
EBITDA	90%	84%	80%	81%	78%	78%
Depreciation	41%	25%	31%	43%	44%	44%
EBITA	49%	59%	49%	38%	34%	34%
Amortisation of goodwill and intangible assets	4%	3%	1%	1%	1%	1%
EBIT	44%	55%	48%	37%	33%	33%
Financial result	-8%	-3%	-5%	-5%	-5%	-5%
Recurring pretax income from continuing operations	37%	52%	44%	33%	28%	28%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	37%	52%	44%	33%	28%	28%
Taxes	1%	12%	9%	8%	6%	7%
Net income from continuing operations	36%	40%	34%	25%	21%	22%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	36%	40%	34%	25%	21%	22%
Minority interest	2%	3%	-1%	-1%	-1%	-1%
Net profit (reported)	34%	37%	33%	24%	21%	21%

Source: Company data; mwb research

Balance sheet (EURm)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	28.6	32.5	22.6	28.1	32.4	36.4
Goodwill	1.3	1.2	1.0	1.0	1.0	1.0
Property, plant and equipment	149.1	192.6	317.6	376.3	393.3	382.8
Financial assets	35.1	34.2	30.6	30.6	30.6	30.6
FIXED ASSETS	214.0	260.5	371.7	436.0	457.3	450.7
Inventories	0.2	0.1	1.5	0.6	0.6	0.6
Accounts receivable	16.8	28.6	29.6	33.3	28.9	28.0
Other current assets	1.1	5.0	5.4	5.4	5.4	5.4
Liquid assets	23.5	54.2	82.2	31.9	39.6	50.1
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	2.0	2.0
CURRENT ASSETS	51.0	89.8	122.0	74.8	77.8	87.4
TOTAL ASSETS	265.0	350.3	493.8	510.7	535.1	538.1
SHAREHOLDERS EQUITY	72.7	129.0	180.4	227.5	259.1	290.2
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	42.2	36.7	35.6
Non-current liabilities	134.6	132.7	169.0	142.2	136.7	135.6
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	13.3	13.9	12.9
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	17.7	15.4	9.3
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	133.9	132.2	105.2
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	265.0	350.3	493.8	510.7	535.1	538.1

Balance sheet (common size)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	11%	9%	5%	5%	6%	7%
Goodwill	0%	0%	0%	0%	0%	0%
Property, plant and equipment	56%	55%	64%	74%	74%	71%
Financial assets	13%	10%	6%	6%	6%	6%
FIXED ASSETS	81%	74%	75%	85%	85%	84%
Inventories	0%	0%	0%	0%	0%	0%
Accounts receivable	6%	8%	6%	7%	5%	5%
Other current assets	0%	1%	1%	1%	1%	1%
Liquid assets	9%	15%	17%	6%	7%	9%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	4%	0%	0%	0%	0%	0%
CURRENT ASSETS	19%	26%	25%	15%	15%	16%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	27%	37%	37%	45%	48%	54%
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%	3%	3%	2%
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%	26%	25%	20%
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	55.9	41.2	40.6
Depreciation of fixed assets (incl. leases)	32.8	39.8	60.9	94.1	84.3	81.8
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	1.4	1.6
Others	-19.8	34.2	3.2	-6.3	-5.5	-1.1
Cash flow from operations before changes in w/c	39.4	140.2	134.1	144.8	121.4	123.0
Increase/decrease in inventory	0.0	-3.3	0.0	0.9	-0.0	0.0
Increase/decrease in accounts receivable	0.0	-3.3	0.0	-3.7	4.4	0.9
Increase/decrease in accounts payable	19.4	9.2	0.0	-13.3	0.6	-1.0
Increase/decrease in other w/c positions	-7.0	0.0	-2.0	0.5	-2.0	-6.0
Increase/decrease in working capital	12.4	2.5	-2.0	-15.5	2.9	-6.0
Cash flow from operating activities	51.8	142.7	132.1	129.2	124.3	116.9
CAPEX	-52.8	-88.9	-198.7	-159.4	-107.1	-76.9
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	-159.4	-107.1	-76.9
Cash flow before financing	22.5	70.6	-18.0	-30.2	17.2	40.0
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	-50.3	7.7	10.5
Liquid assets at end of period	11.6	47.4	75.8	25.5	33.2	43.8

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	221.0	192.1	186.3
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	221.0	192.1	186.3

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	10.78	7.94	7.83
Cash flow per share	10.46	28.53	26.39	7.03	7.99	7.01
Book value per share	14.68	25.78	36.03	45.45	51.77	57.98
Dividend per share	0.60	1.30	1.75	1.90	1.90	1.90
Valuation						
P/E	7.7x	3.2x	2.9x	3.6x	4.8x	4.9x
P/CF	3.7x	1.3x	1.5x	5.5x	4.8x	5.5x
P/BV	2.6x	1.5x	1.1x	0.8x	0.7x	0.7x
Dividend yield (%)	1.6%	3.4%	4.6%	4.9%	4.9%	4.9%
FCF yield (%)	27.2%	74.3%	68.7%	18.3%	20.8%	18.2%
EV/Sales	3.9x	1.5x	1.4x	1.4x	1.6x	1.5x
EV/EBITDA	4.3x	1.8x	1.7x	1.7x	2.0x	1.9x
EV/EBIT	8.8x	2.7x	2.9x	3.7x	4.7x	4.4x
Income statement (EURm)						
Sales	73.3	165.4	196.7	221.0	192.1	186.3
yoy chg in %	89.5%	125.6%	18.9%	12.4%	-13.1%	-3.0%
Gross profit	55.2	135.0	162.4	196.8	166.7	162.6
Gross margin in %	75.3%	81.6%	82.6%	89.0%	86.8%	87.3%
EBITDA	66.1	139.1	158.3	178.0	149.4	144.9
EBITDA margin in %	90.1%	84.1%	80.5%	80.5%	77.8%	77.8%
EBIT	32.6	91.4	94.6	82.8	63.7	61.5
EBIT margin in %	44.4%	55.3%	48.1%	37.5%	33.2%	33.0%
Net profit	24.8	60.8	65.2	54.0	39.8	39.2
Cash flow statement (EURm)						
CF from operations	51.8	142.7	132.1	129.2	124.3	116.9
Capex	-52.8	-88.9	-198.7	-159.4	-107.1	-76.9
Maintenance Capex	0.0	0.0	0.0	94.1	84.3	81.8
Free cash flow	-1.0	53.8	-66.7	-30.2	17.2	40.0
Balance sheet (EURm)						
Intangible assets	29.8	33.7	23.5	29.0	33.4	37.4
Tangible assets	149.1	192.6	317.6	376.3	393.3	382.8
Shareholders' equity	72.7	129.0	180.4	227.5	259.1	290.2
Pension provisions	0.0	1.0	0.0	0.0	0.0	0.0
Liabilities and provisions	154.2	142.5	209.8	192.2	186.7	165.6
Net financial debt	93.9	55.7	79.1	118.1	110.4	79.9
w/c requirements	-3.8	17.4	4.6	20.6	15.6	15.7
Ratios						
ROE	36.2%	51.3%	37.4%	24.6%	15.9%	14.0%
ROCE	13.9%	33.3%	23.8%	19.4%	14.1%	13.3%
Net gearing	129.1%	43.2%	43.9%	51.9%	42.6%	27.5%
Net debt / EBITDA	1.4x	0.4x	0.5x	0.7x	0.7x	0.6x

Source: Company data; mwb research

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