

Deutsche Rohstoff AG

Germany | Oil & Gas | MCap EUR 166.2m

5 November 2024

UPDATE

Q3 in line, FY24 guidance confirmed, FY25 capex update, BUY

What's it all about?

Deutsche Rohstoff reported third quarter results showing revenue growth of 3.4% yoy and 5.0% qoq to EUR 59.4m, driven by moderate production growth. Operating costs per BOE increased sequentially, impacted by challenging production conditions in Wyoming's Powder River Basin, including complex geology, limited water access and infrastructure constraints. In addition, irregular workover costs and exchange rate losses contributed to a lower, but still respectable EBIT margin of 29.2% in Q3. The company confirmed the recently increased capex budget for FY24, and a preliminary capex target for FY25 of up to EUR 110m, which would still leave room for FCF generation of around EUR 10m (mwb est.). Q3 FCF was slightly negative due to high capex. Deutsche Rohstoff has confirmed the FY24 base case guidance. We update our estimates and arrive at a new PT of EUR 50.40 (old: EUR 55.70). We reiterate to BUY.

BUY (BUY)

Target price	EUR 50.40 (55.70)
Current price	EUR 33.20
Up/downside	51.8%

 ResearchHub 



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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 166.2m | EV EUR 245.3m

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Q3 in line, FY24 guidance confirmed, FY25 capex update, BUY

Deutsche Rohstoff announced Q3 results. Deutsche Rohstoff has published Q3 results. Many relevant KPIs were already published in a trading update two weeks ago (read our comment [here](#)). These numbers were now confirmed.

Growing top line, margins under pressure. Q3 revenues were EUR 59.4m, a growth of 3.4% yoy and 5.0% qoq. This growth was achieved with moderate production growth as BOE increased by 2% qoq and 1% yoy in Q3. Margins came under pressure as opex per BOE increased by 13% qoq to USD 8.97 while depletion remained flat at USD 16.83 per BOE. The rising costs reflect the challenging production conditions in Wyoming. The Powder River Basin is characterized by complex geological formations that affect fracking efficiency and recovery rates, limited water availability that drives up water management costs, lack of critical infrastructure such as pipelines and roads, and challenges in attracting skilled labor due to its remoteness. Deutsche Rohstoff is systematically addressing these challenges, for example by connecting new wells to existing gas pipelines and water infrastructure, but these infrastructure investments are ultimately reflected in the cost of oil production. In addition, the company booked irregular workover costs and exchange rate losses of c. EUR 1m in Q3. Against this backdrop, the EBIT margin of 29.2% was still very healthy, but down qoq and yoy. Absolute EBIT was on the level of Q2.

Upgrade of capex plans. In its trading update, Deutsche Rohstoff had already announced an increase in its FY24 capital expenditure budget from a range of EUR 145-165m to a range of EUR 175-180m. This is a result of the expansion of the drilling programme by approximately 4 wells (2 as operator, 1.2 as working interest and 1 as participating interest in non-operated wells) and further infrastructure investment of USD 11m for a gas compressor station and USD 4m to integrate the new pads into the existing midstream and water infrastructure. The company has now also provided guidance on the 2025 investment program, with a capex plan of up to EUR 110m, which we currently estimate would generate free cash flow of around EUR 10m in FY25. However, the final programme will only be decided in Q1 25, based on the oil price, drilling costs and the results of the wells drilled in 2024. FCF in Q3 was slightly negative at EUR 6m, reflecting the still high level of capex of almost EUR 40m in Q3.

- continued next page -



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	217.0	80.4	10.42
	Δ	-0.6%	-8.7%	-9.9%
2025E	old	199.1	69.8	8.84
	Δ	-0.6%	-9.0%	-10.5%
2026E	old	185.7	64.8	8.33
	Δ	-0.6%	-8.9%	-10.3%

Key share data

Number of shares: (in m pcs) 5.01
Book value per share: (in EUR) 36.03
Ø trading vol.: (12 months) 8,638

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.

Deutsche Rohstoff AG	2021	2022	2023	2024E	2025E	2026E
Sales	73.3	165.4	196.7	215.7	197.9	184.5
<i>Growth yoy</i>	89.5%	125.6%	18.9%	9.7%	-8.2%	-6.8%
EBITDA	66.1	139.1	158.3	162.9	144.2	133.8
EBIT	32.6	91.4	94.6	73.4	63.5	59.0
Net profit	24.8	60.8	65.2	47.0	39.6	37.4
Net debt (net cash)	93.9	55.7	79.1	145.3	146.3	107.8
Net debt/EBITDA	1.4x	0.4x	0.5x	0.9x	1.0x	0.8x
EPS reported	5.01	12.15	13.02	9.39	7.91	7.47
DPS	0.60	1.30	1.75	1.90	1.90	1.90
<i>Dividend yield</i>	1.8%	3.9%	5.3%	5.7%	5.7%	5.7%
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	1.6x	1.9x	2.2x	2.0x
EV/EBIT	8.0x	2.4x	2.6x	4.2x	4.9x	4.6x
PER	6.6x	2.7x	2.5x	3.5x	4.2x	4.4x

Source: Company data, mwb research

Confirm BUY. With the Q3 results, Deutsche Rohstoff has reaffirmed its base case guidance for FY24. We adjust our estimated material costs and arrive at a new price target of EUR 50.40 (old: EUR 55.70). Deutsche Rohstoff is now about halfway through its share buyback programme, having spent EUR 2.3m of the approved EUR 4.0m. This leaves room for further buybacks at the current attractive level. We reiterate our BUY rating.

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>	217	164	73,50	2,35	1,11
<i>BOE (k)</i>	5.431				

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

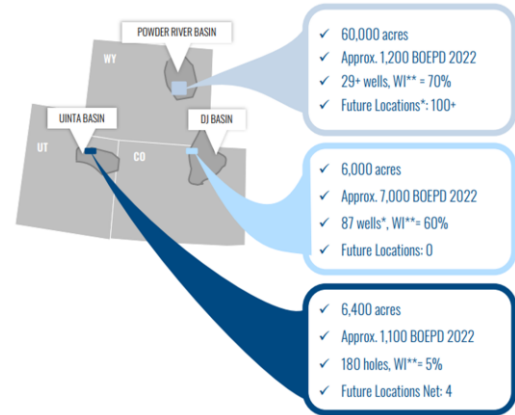
Source: Company data; mwb research

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

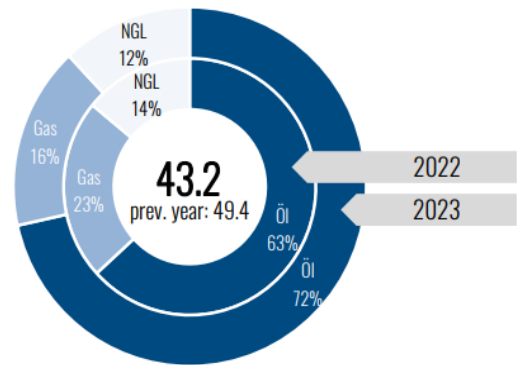
Cash Flow: 467.5 Mio. USD
Discounted Cash Flow: 313.4 Mio. USD

Proved Reserves

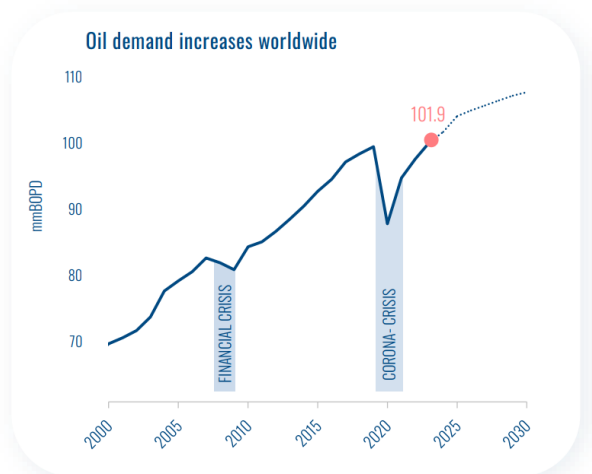
Cash Flow: 686.6 Mio. USD
Discounted Cash Flow: 385.9 Mio. USD

Reserve values by Category

Reserves by product in million BOE⁴

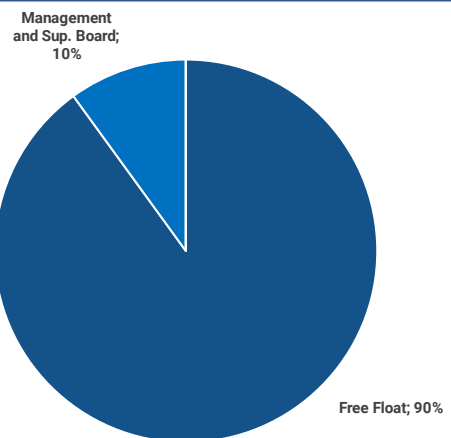


Rising demand, unlikely to peak before 2030



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

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 95.46 per share based on 2024E and EUR 107.50 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	162.9	144.2	133.8	139.7	130.8
- Maintenance capex	88.3	79.6	73.5	75.6	70.4
- Minorities	1.7	1.4	1.3	1.5	1.4
- tax expenses	14.5	12.2	11.6	12.9	12.0
= Adjusted FCF	58.4	50.9	47.5	49.8	47.0
Actual Market Cap	165.9	165.9	165.9	165.9	165.9
+ Net debt (cash)	145.3	146.3	107.8	53.4	6.3
+ 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	43.6
<i>EV Reconciliations</i>	105.9	97.5	49.5	-14.4	-67.8
= Actual EV'	271.9	263.4	215.4	151.5	98.1
Adjusted FCF yield	21.5%	19.3%	22.0%	32.9%	47.9%
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	583.8	509.1	474.6	497.8	470.3
- <i>EV Reconciliations</i>	105.9	97.5	49.5	-14.4	-67.8
Fair Market Cap	477.8	411.6	425.1	512.3	538.1
No. of shares (million)	5.0	5.0	5.0	5.0	5.0
Fair value per share in EUR	95.46	82.23	84.93	102.34	107.50
Premium (-) / discount (+)	187.5%	147.7%	155.8%	208.3%	223.8%

Sensitivity analysis FV						
Adjusted hurdle rate	8.0%	124.6	107.7	108.6	127.2	131.0
	9.0%	108.4	93.5	95.5	113.4	117.9
	10.0%	95.5	82.2	84.9	102.3	107.5
	11.0%	84.9	73.0	76.3	93.3	99.0
	12.0%	76.0	65.3	69.1	85.8	91.8

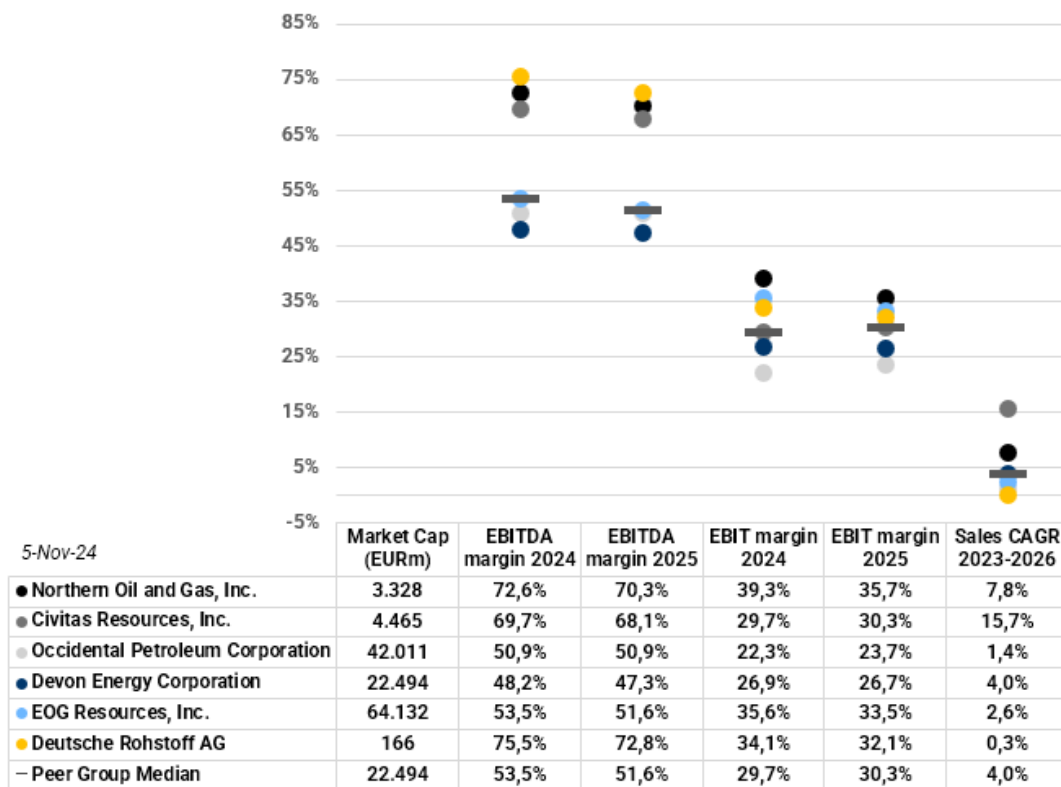
Source: Company data; mwb research

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 5 November 2024 the median market cap of the peer group was EUR 22,493.6m, compared to EUR 166.2m 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

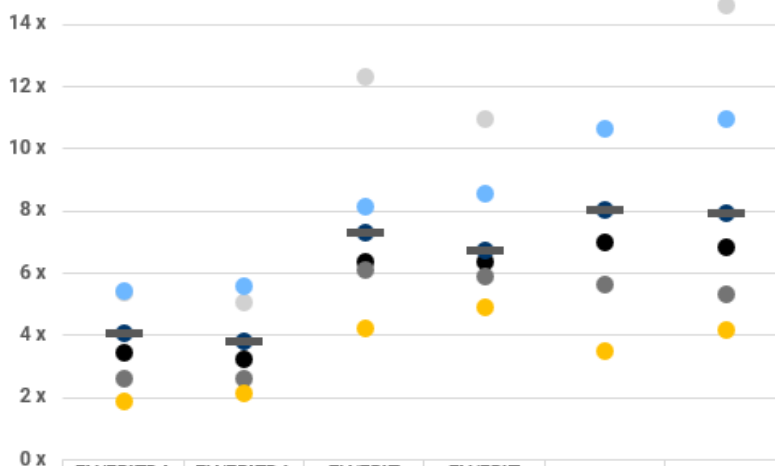


Source: FactSet, mwb research

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 56.75 to EUR 103.89.

Peer Group – Multiples and valuation



5-Nov-24

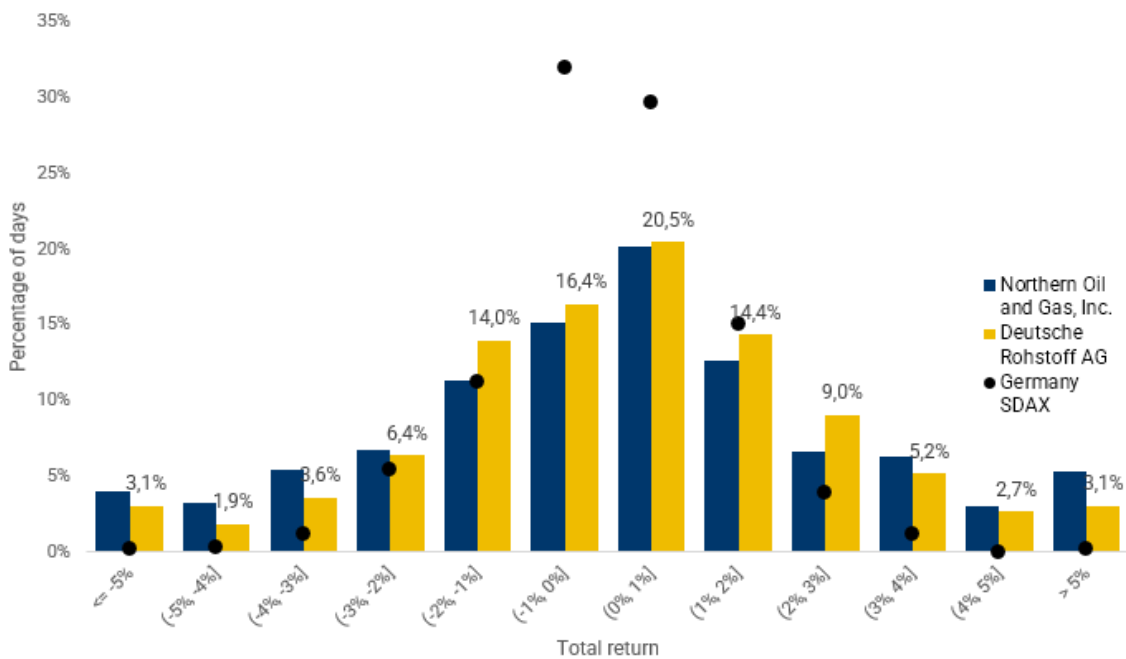
	EV/EBITDA 2024	EV/EBITDA 2025	EV/EBIT 2024	EV/EBIT 2025	P/E 2024	P/E 2025
● Northern Oil and Gas, Inc.	3,4x	3,2x	6,4x	6,4x	7,0x	6,9x
● Civitas Resources, Inc.	2,6x	2,6x	6,1x	5,9x	5,7x	5,4x
● Occidental Petroleum Corporation	5,4x	5,1x	12,4x	11,0x	15,6x	14,6x
● Devon Energy Corporation	4,1x	3,8x	7,3x	6,8x	8,0x	8,0x
● EOG Resources, Inc.	5,4x	5,6x	8,2x	8,6x	10,7x	11,0x
● Deutsche Rohstoff AG	1,9x	2,2x	4,2x	4,9x	3,5x	4,2x
– Peer Group Median	4,1x	3,8x	7,3x	6,8x	8,0x	8,0x
Fair Value (EUR)	103,89	80,93	78,36	56,75	75,48	62,99

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%.

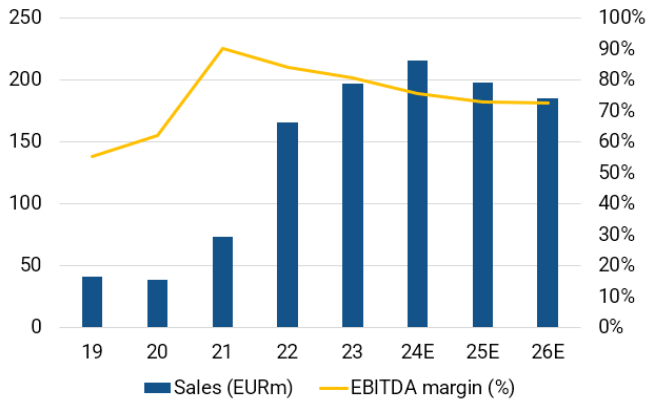
Risk – Daily Returns Distribution (trailing 3 years)



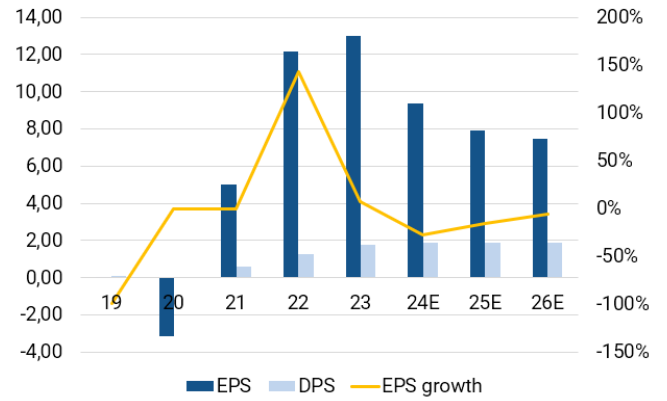
Source: FactSet, mwb research

Financials in six charts

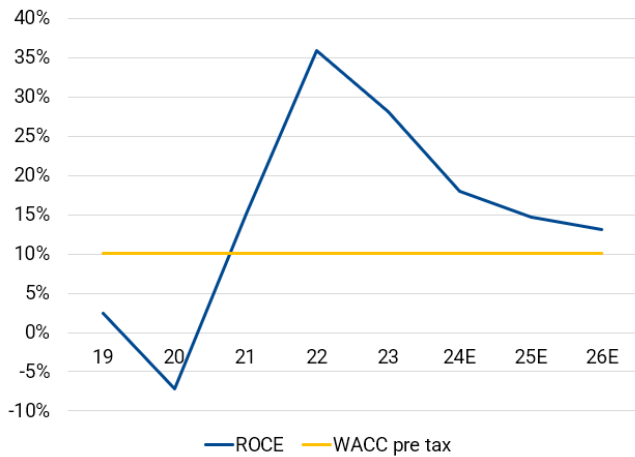
Sales vs. EBITDA margin development



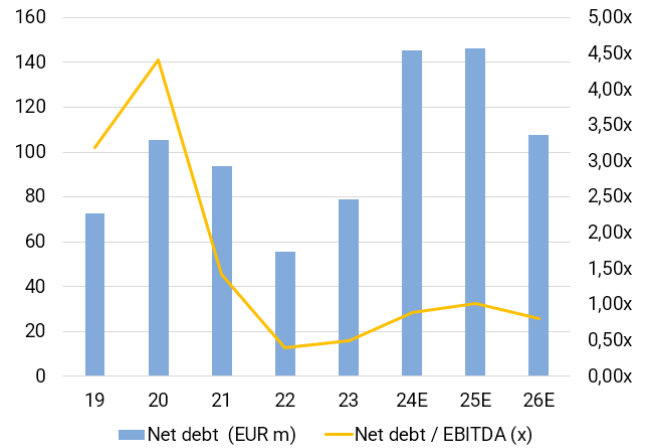
EPS, DPS in EUR & yoy EPS growth



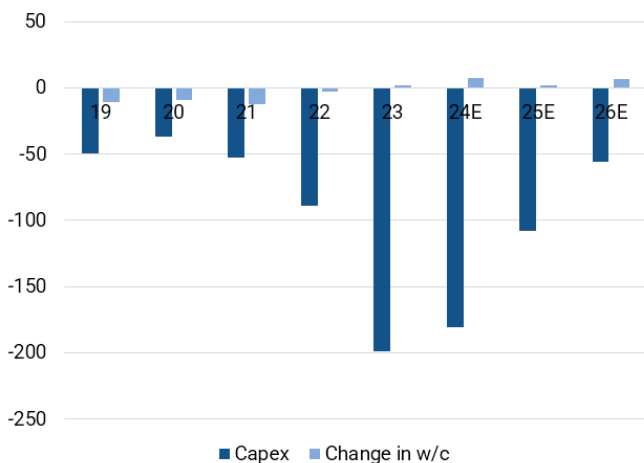
ROCE vs. WACC (pre tax)



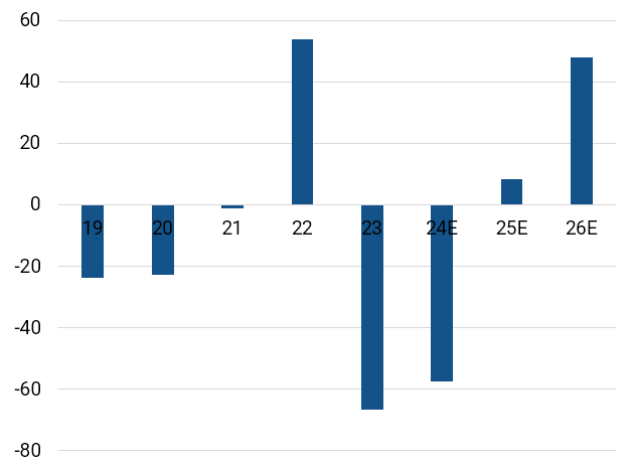
Net debt and net debt/EBITDA



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	215.7	197.9	184.5
Sales growth	89.5%	125.6%	18.9%	9.7%	-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	215.7	197.9	184.5
Material expenses	18.1	30.4	34.3	38.8	34.9	32.2
Gross profit	55.2	135.0	162.4	176.9	163.0	152.3
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	11.1
Other operating expenses	7.0	15.3	14.4	8.6	9.9	9.2
EBITDA	66.1	139.1	158.3	162.9	144.2	133.8
Depreciation	30.3	42.2	61.1	88.3	79.6	73.5
EBITA	35.7	96.9	97.1	74.6	64.6	60.4
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	73.4	63.5	59.0
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	63.2	53.2	50.3
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	27.1	85.9	85.7	63.2	53.2	50.3
Taxes	0.7	19.8	18.3	14.5	12.2	11.6
Net income from continuing operations	26.4	66.2	67.5	48.7	41.0	38.7
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	48.7	41.0	38.7
Minority interest	1.6	5.4	-2.3	-1.7	-1.4	-1.3
Net profit (reported)	24.8	60.8	65.2	47.0	39.6	37.4
Average number of shares	4.95	5.00	5.01	5.01	5.01	5.01
EPS reported	5.01	12.15	13.02	9.39	7.91	7.47

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%	4%	5%	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	410.0	432.6	409.7
Financial assets	35.1	34.2	30.6	30.6	30.6	30.6
FIXED ASSETS	214.0	260.5	371.7	463.0	490.5	471.8
Inventories	0.2	0.1	1.5	0.9	0.8	0.8
Accounts receivable	16.8	28.6	29.6	32.5	30.9	29.8
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	3.7	22.2
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	47.0	44.1	61.3
TOTAL ASSETS	265.0	350.3	493.8	510.0	534.6	533.1
SHAREHOLDERS EQUITY	72.7	129.0	180.4	220.3	251.7	281.0
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	41.2	37.8	35.2
Non-current liabilities	134.6	132.7	169.0	141.2	137.8	135.2
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	17.7
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	17.3	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	141.4	137.9	109.8
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	265.0	350.3	493.8	510.0	534.6	533.1

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%	88%
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%	12%
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	48.7	41.0	38.7
Depreciation of fixed assets (incl. leases)	32.8	39.8	60.9	88.3	79.6	73.5
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	-7.3	-3.4	-2.6
Cash flow from operations before changes in w/c	39.4	140.2	134.1	130.8	118.3	110.9
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	-2.9	1.6	1.1
Increase/decrease in accounts payable	19.4	9.2	0.0	-5.3	-2.1	-1.5
Increase/decrease in other w/c positions	-7.0	0.0	-2.0	0.1	-1.2	-6.5
Increase/decrease in working capital	12.4	2.5	-2.0	-7.5	-1.7	-6.8
Cash flow from operating activities	51.8	142.7	132.1	123.3	116.6	104.1
CAPEX	-52.8	-88.9	-198.7	-180.7	-108.2	-56.1
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	-180.7	-108.2	-56.1
Cash flow before financing	22.5	70.6	-18.0	-57.4	8.4	48.0
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	-77.5	-1.1	18.5
Liquid assets at end of period	11.6	47.4	75.8	-1.7	-2.7	15.8

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	215.7	197.9	184.5
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	215.7	197.9	184.5

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	9.39	7.91	7.47
Cash flow per share	10.46	28.53	26.39	6.99	7.40	6.13
Book value per share	14.68	25.78	36.03	44.01	50.30	56.13
Dividend per share	0.60	1.30	1.75	1.90	1.90	1.90
Valuation						
P/E	6.6x	2.7x	2.5x	3.5x	4.2x	4.4x
P/CF	3.2x	1.2x	1.3x	4.8x	4.5x	5.4x
P/BV	2.3x	1.3x	0.9x	0.8x	0.7x	0.6x
Dividend yield (%)	1.8%	3.9%	5.3%	5.7%	5.7%	5.7%
FCF yield (%)	31.5%	85.9%	79.5%	21.0%	22.3%	18.5%
EV/Sales	3.5x	1.3x	1.2x	1.4x	1.6x	1.5x
EV/EBITDA	3.9x	1.6x	1.6x	1.9x	2.2x	2.0x
EV/EBIT	8.0x	2.4x	2.6x	4.2x	4.9x	4.6x
Income statement (EURm)						
Sales	73.3	165.4	196.7	215.7	197.9	184.5
yoy chg in %	89.5%	125.6%	18.9%	9.7%	-8.2%	-6.8%
Gross profit	55.2	135.0	162.4	176.9	163.0	152.3
Gross margin in %	75.3%	81.6%	82.6%	82.0%	82.3%	82.5%
EBITDA	66.1	139.1	158.3	162.9	144.2	133.8
EBITDA margin in %	90.1%	84.1%	80.5%	75.5%	72.8%	72.5%
EBIT	32.6	91.4	94.6	73.4	63.5	59.0
EBIT margin in %	44.4%	55.3%	48.1%	34.1%	32.1%	32.0%
Net profit	24.8	60.8	65.2	47.0	39.6	37.4
Cash flow statement (EURm)						
CF from operations	51.8	142.7	132.1	123.3	116.6	104.1
Capex	-52.8	-88.9	-198.7	-180.7	-108.2	-56.1
Maintenance Capex	0.0	0.0	0.0	88.3	79.6	73.5
Free cash flow	-1.0	53.8	-66.7	-57.4	8.4	48.0
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	410.0	432.6	409.7
Shareholders' equity	72.7	129.0	180.4	220.3	251.7	281.0
Pension provisions	0.0	1.0	0.0	0.0	0.0	0.0
Liabilities and provisions	154.2	142.5	209.8	191.2	187.8	165.2
Net financial debt	93.9	55.7	79.1	145.3	146.3	107.8
w/c requirements	-3.8	17.4	4.6	12.2	12.6	12.9
Ratios						
ROE	36.2%	51.3%	37.4%	22.1%	16.3%	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%	58.1%	38.4%
Net debt / EBITDA	1.4x	0.4x	0.5x	0.9x	1.0x	0.8x

Source: Company data; mwb research

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