

Deutsche Rohstoff AG

Germany | Oil & Gas | MCap EUR 192.4m

21 February 2025

UPDATE



Good news at Almonty, positive reserve estimates; PT up, BUY

What's it all about?

Deutsche Rohstoff holds an 11.3% stake in Almonty Industries. Almonty has a strategic position in the tungsten industry and with the development of the Sangdong mine in South Korea, is expected to become a major supplier outside of China. China's export controls and US restrictions on tungsten from "hostile" countries have positioned Almonty as a critical supplier of conflict-free tungsten to Western partners. This has resulted in Almonty's share price more than doubling since mid-January, lifting the value of Deutsche Rohstoff's stake to EUR 42m. In addition, Deutsche Rohstoff's oil and gas reserves have grown significantly, with proved developed reserves increasing by over 30% yoy to 25m BOE. The discounted cash flow (DCF) of these reserves alone exceeds Deutsche Rohstoff's enterprise value by 40%, and including proved undeveloped and probable reserves, the DCF exceeds the current enterprise value by more than 80%. These factors, together with the higher value of Almonty, lead to an increased target price of EUR 53.00 (old: EUR 50.40). Deutsche Rohstoff is a compelling value play trading at a deep discount to its reserves and peer group. BUY.

BUY (BUY)

Target price	EUR 53.00 (50.40)
Current price	EUR 39.30
Up/downside	34.9%



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Deutsche Rohstoff AG

Germany | Oil & Gas | MCap EUR 192.4m | EV EUR 271.5m

BUY (BUY)

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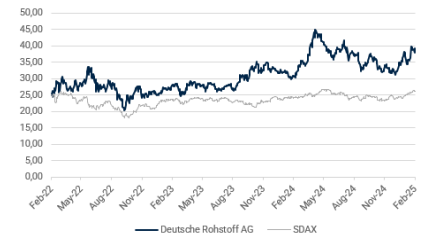
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Good news at Almonty, positive reserve estimates; PT up, BUY

Value creation at Almonty. Deutsche Rohstoff holds an 11.3% stake in Almonty Industries (ALI:GR), a company engaged in the mining, processing and shipping of tungsten concentrates. Almonty has become increasingly attractive to investors due to favorable market dynamics. The company's near-term growth potential is driven by the development of its Sangdong tungsten mine in South Korea, which is set to become a major supplier outside of China, reducing Western dependence on Chinese tungsten. China controls more than 80% of global tungsten production and has imposed export controls from February 2025. In addition, the US is increasingly restricting the use of tungsten from "hostile" countries, including more than 90% of global production. Almonty is one of the few transparent, unrestricted Western sources of tungsten with the ability to supply conflict-free tungsten to the US and other Western partners, positioning the company as a critical supplier. Its recent decision to redomicile in the US further strengthens its position. These factors, combined with the growing demand for tungsten in semiconductors, defense and battery technology, make Almonty a compelling investment opportunity and have resulted in the share price more than doubling since mid-January. This is a windfall for Deutsche Rohstoff as the value of its stake has doubled to EUR 42m within weeks.

Positive reserve estimates. Deutsche Rohstoff also published its estimates of oil and gas reserves as of 31 December 2024, based on independent auditor's results. Proved developed reserves, i.e. reserves that are expected to be recoverable using existing wells and infrastructure, increased by more than 30% yoy to 25 million BOE. These reserves are considered the most secure and least risky as they are already accessible and require minimal additional investment to produce. Estimating the revenue from these reserves based on forward prices, net of production taxes, partner interests, royalties and required opex and capex, and then discounted at 10%, gives a DCF of EUR 381m, up 22% yoy. Thus, the DCF of proved developed reserves alone exceeds the enterprise value of Deutsche Rohstoff by 40%. Including the proved undeveloped and probable reserves, the DCF exceeds the current EV by more than 80%. And this figure does not include further wells in other formations and the value of Deutsche Rohstoff's investments, for example in Almonty.



Source: Company data, mwb research

High/low 52 weeks 45.10 / 29.65
Price/Book Ratio 1.1x

Ticker / Symbols

ISIN DE000A0XYG76
WKN A0XYG7
Bloomberg DR0:GR

Changes in estimates

		Sales	EBIT	EPS
2024E	old	215.1	73.2	9.36
	Δ	0.6%	-0.1%	2.1%
2025E	old	197.4	63.3	7.88
	Δ	1.2%	-9.6%	-9.5%
2026E	old	184.0	58.9	7.45
	Δ	5.5%	-5.4%	-4.2%

Key share data

Number of shares: (in m pcs) 4.90
Book value per share: (in EUR) 36.03
Ø trading vol.: (12 months) 8,379

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Deutsche Rohstoff AG	2021	2022	2023	2024E	2025E	2026E
Sales	73.3	165.4	196.7	216.4	199.8	194.2
<i>Growth yoy</i>	89.5%	125.6%	18.9%	10.0%	-7.6%	-2.8%
EBITDA	66.1	139.1	158.3	167.4	142.8	138.2
EBIT	32.6	91.4	94.6	73.2	57.2	55.7
Net profit	24.8	60.8	65.2	46.8	34.9	34.9
Net debt (net cash)	93.9	55.7	79.1	154.9	160.3	132.3
Net debt/EBITDA	1.4x	0.4x	0.5x	0.9x	1.1x	1.0x
EPS reported	5.01	12.15	13.02	9.56	7.13	7.13
DPS	0.60	1.30	1.75	1.90	1.90	1.90
<i>Dividend yield</i>	1.5%	3.3%	4.5%	4.8%	4.8%	4.8%
Gross profit margin	75.3%	81.6%	82.6%	84.3%	81.0%	81.2%
EBITDA margin	90.1%	84.1%	80.5%	77.3%	71.5%	71.2%
EBIT margin	44.4%	55.3%	48.1%	33.8%	28.6%	28.7%
ROCE	13.9%	33.3%	23.8%	17.5%	12.9%	12.4%
EV/Sales	3.9x	1.5x	1.4x	1.6x	1.8x	1.7x
EV/EBITDA	4.3x	1.8x	1.7x	2.1x	2.5x	2.3x
EV/EBIT	8.8x	2.7x	2.9x	4.7x	6.2x	5.8x
PER	7.9x	3.2x	3.0x	4.1x	5.5x	5.5x

Source: Company data, mwb research

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.

BUY confirmed, PT up. After fine-tuning our model and taking into account the increased value of Almonty, we raise our target price to EUR 53.00 (old: EUR 50.40). The reserve report once again underlines that Deutsche Rohstoff is a compelling value play, trading at a deep discount not only to the value of its reserves but also to its peer group. We reiterate our BUY rating.

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

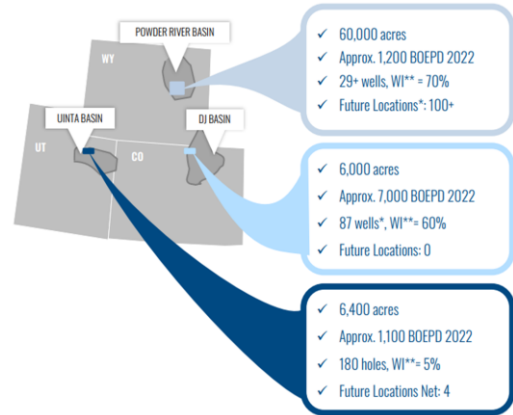
Source: Company data; mwb research

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

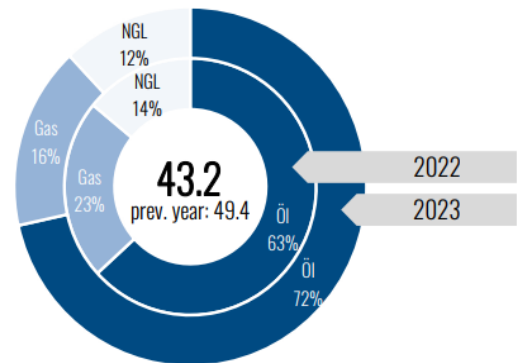
Cash Flow: 467.5 Mio. USD
Discounted Cash Flow: 313.4 Mio. USD

Proved Reserves

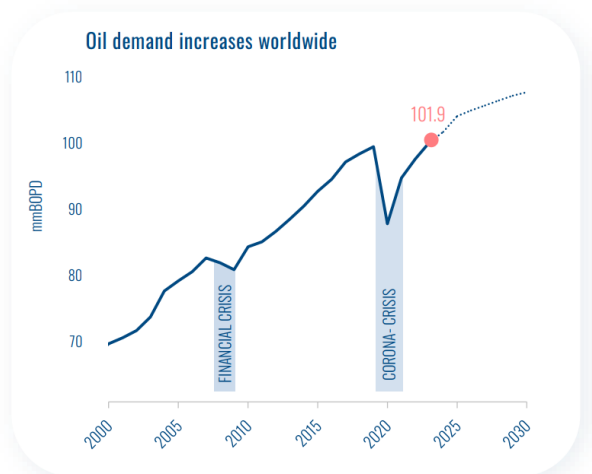
Cash Flow: 686.6 Mio. USD
Discounted Cash Flow: 385.9 Mio. USD

Reserve values by Category

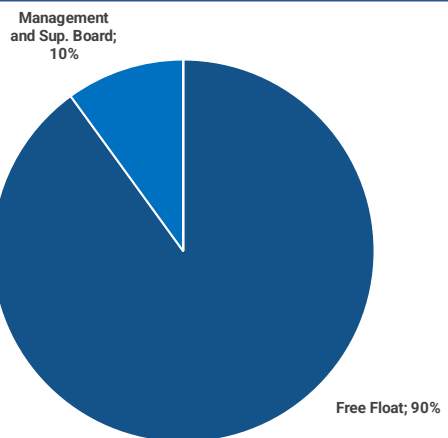
Reserves by product in million BOE⁴



Rising demand, unlikely to peak before 2030



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

Valuation

DCF Model

The DCF model results in a **fair value of EUR 53.00 per share**:

Top-line growth: We expect Deutsche Rohstoff AG to grow revenues at a CAGR of -1.8% 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 10.9% in 2031E.

WACC. Starting point is an average asset beta for companies in the US oil and gas sector 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 12.8%. With pre-tax cost of borrowing at 6.0%, a tax rate of 25.0% and target debt/equity of 0.9 this results in a long-term WACC of 9.0%.

DCF (EURm) (except per share data and beta)	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Terminal value
NOPAT	54.7	42.8	41.7	45.2	42.7	42.5	42.8	42.2	
Depreciation & amortization	94.2	85.6	82.5	87.0	82.0	81.2	81.4	80.3	
Change in working capital	-10.1	2.4	-7.2	-1.7	-0.8	-1.1	-1.2	-1.0	
Chg. in long-term provisions	-7.2	-3.2	-1.1	2.4	-2.3	-0.3	0.2	-0.5	
Capex	-192.3	-117.1	-73.1	-73.5	-73.2	-73.1	-73.1	-73.0	
Cash flow	-60.7	10.5	42.8	59.5	48.5	49.1	50.1	48.0	227.8
Present value	-61.5	9.8	36.4	46.6	34.9	32.5	30.5	27.0	126.5
WACC	9.1%	9.1%	9.0%	8.9%	8.9%	8.9%	8.8%	8.8%	9.0%

DCF per share derived from	
Total present value	282.7
Mid-year adj. total present value	295.0
Net debt / cash at start of year	79.1
Financial assets	43.6
Provisions and off b/s debt	1.0
Equity value	259.5
No. of shares outstanding	4.9
Discounted cash flow / share upside/(downside)	53.00 34.9%

DCF avg. growth and earnings assumptions	
Planning horizon avg. revenue growth (2024E-2031E)	-1.8%
Terminal value growth (2031E - infinity)	-10.0%
Terminal year ROCE	10.9%
Terminal year WACC	9.0%

Terminal WACC derived from	
Cost of borrowing (before taxes)	6.0%
Long-term tax rate	25.0%
Equity beta	0.30
Unlevered beta (industry)	1.09
Target debt / equity	0.9
Relevered beta	1.80
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	12.8%

Share price	39.30
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Sensitivity analysis DCF						Share of present value	
Change in WACC (%-points)	Long term growth						
	-11.0%	-10.5%	-10.0%	-9.5%	-9.0%		
2.0%	43.6	44.2	44.8	45.4	46.1	2024E-2027E	11.1%
1.0%	47.3	48.0	48.7	49.4	50.2	2028E-2031E	44.2%
0.0%	51.4	52.2	53.0	53.9	54.8	terminal value	44.7%
-1.0%	55.9	56.8	57.8	58.9	60.0		
-2.0%	61.0	62.1	63.2	64.4	65.7		

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 95.24 per share based on 2024E and EUR 99.32 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	167.4	142.8	138.2	147.6	139.2
- Maintenance capex	93.1	84.5	81.2	85.5	80.3
- Minorities	1.7	1.2	1.2	1.4	1.3
- tax expenses	14.5	10.8	10.8	12.4	11.7
= Adjusted FCF	58.2	46.2	45.0	48.3	46.0
Actual Market Cap	192.4	192.4	192.4	192.4	192.4
+ Net debt (cash)	154.9	160.3	132.3	85.7	46.8
+ 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	18.1	27.4	36.7	42.7
<i>EV Reconciliations</i>	115.5	111.6	74.4	18.4	-26.4
= Actual EV'	307.9	304.1	266.8	210.8	166.0
Adjusted FCF yield	18.9%	15.2%	16.9%	22.9%	27.7%
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	581.8	462.4	449.9	482.9	459.8
- <i>EV Reconciliations</i>	115.5	111.6	74.4	18.4	-26.4
Fair Market Cap	466.3	350.8	375.5	464.4	486.2
No. of shares (million)	4.9	4.9	4.9	4.9	4.9
Fair value per share in EUR	95.24	71.65	76.71	94.87	99.32
Premium (-) / discount (+)	142.3%	82.3%	95.2%	141.4%	152.7%

Sensitivity analysis FV						
Adjusted hurdle rate	8.0%	124.9	95.3	99.7	119.5	122.8
	9.0%	108.4	82.1	86.9	105.8	109.8
	10.0%	95.2	71.7	76.7	94.9	99.3
	11.0%	84.4	63.1	68.4	85.9	90.8
	12.0%	75.4	55.9	61.4	78.4	83.7

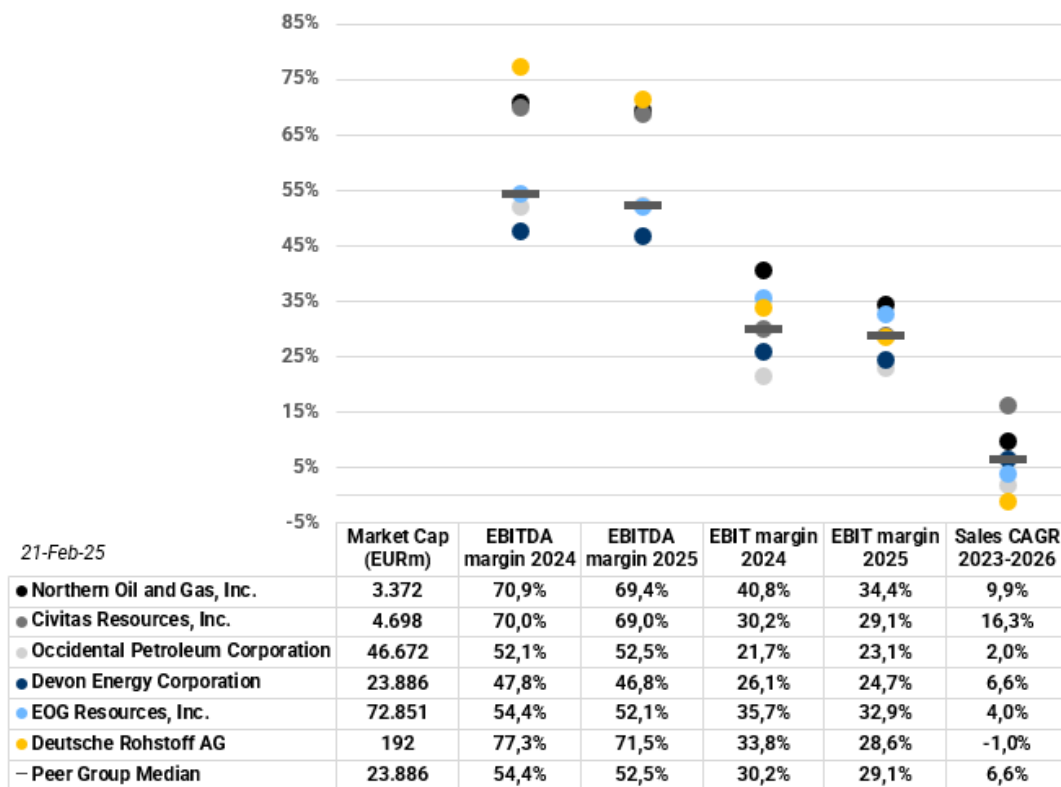
Source: Company data; mwb research

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 February 2025 the median market cap of the peer group was EUR 23,885.6m, compared to EUR 192.4m 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

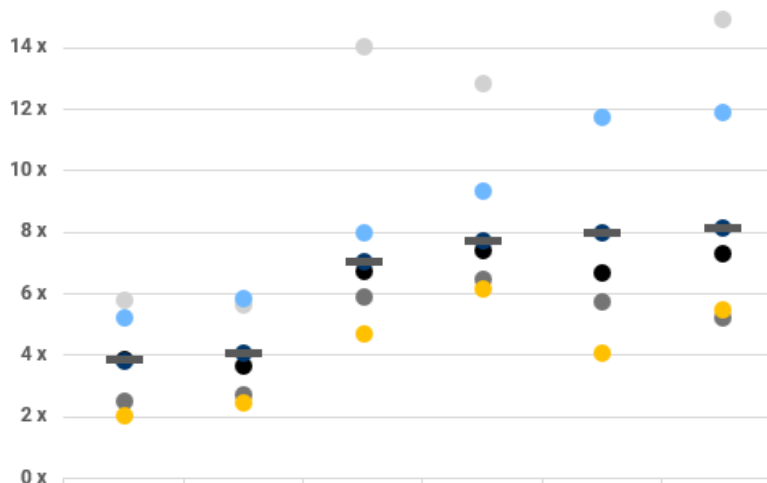


Source: FactSet, mwb research

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 58.18 to EUR 101.10.

Peer Group – Multiples and valuation



21-Feb-25

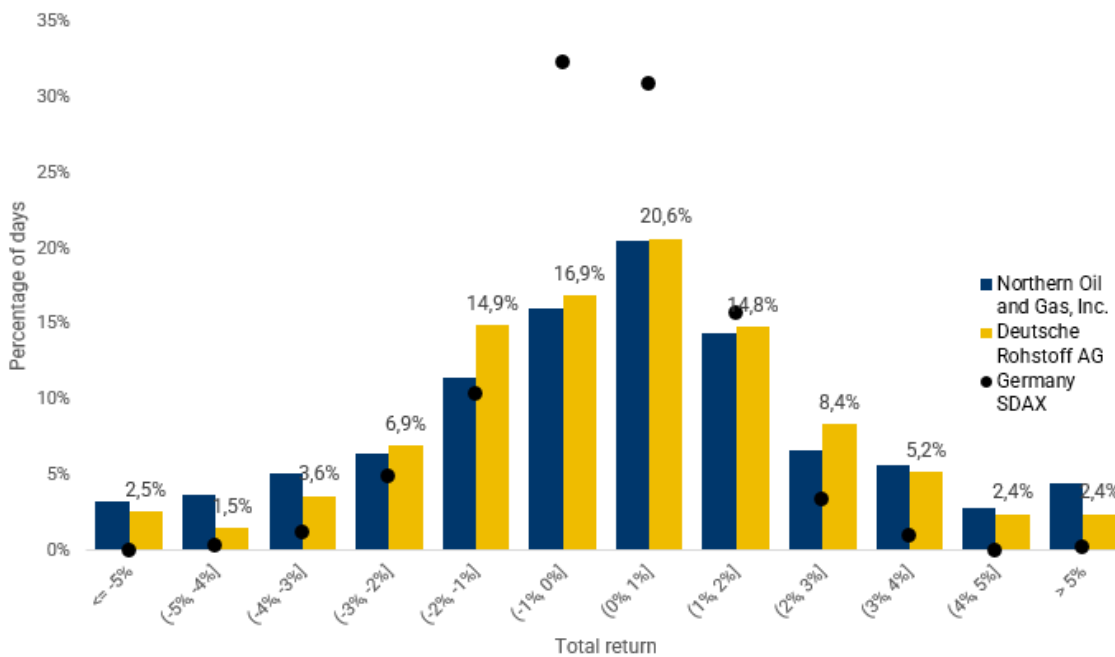
	EV/EBITDA 2024	EV/EBITDA 2025	EV/EBIT 2024	EV/EBIT 2025	P/E 2024	P/E 2025
● Northern Oil and Gas, Inc.	3,9x	3,7x	6,8x	7,4x	6,7x	7,3x
● Civitas Resources, Inc.	2,5x	2,7x	5,9x	6,5x	5,8x	5,3x
● Occidental Petroleum Corporation	5,8x	5,7x	14,1x	12,9x	15,1x	15,0x
● Devon Energy Corporation	3,9x	4,1x	7,0x	7,7x	8,0x	8,2x
● EOG Resources, Inc.	5,2x	5,9x	8,0x	9,3x	11,8x	11,9x
● Deutsche Rohstoff AG	2,1x	2,5x	4,7x	6,2x	4,1x	5,5x
– Peer Group Median	3,9x	4,1x	7,0x	7,7x	8,0x	8,2x
Fair Value (EUR)	101,10	87,55	73,74	58,81	76,45	58,18

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 05/07/2022 with a share price decline of -10.8%. The best day was 14/06/2022 when the share price increased by 8.1%.

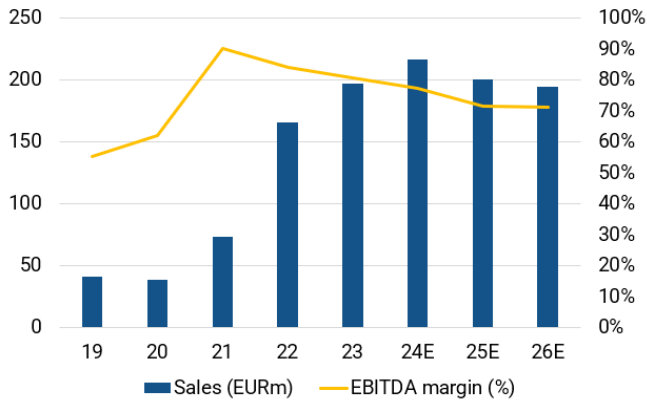
Risk – Daily Returns Distribution (trailing 3 years)



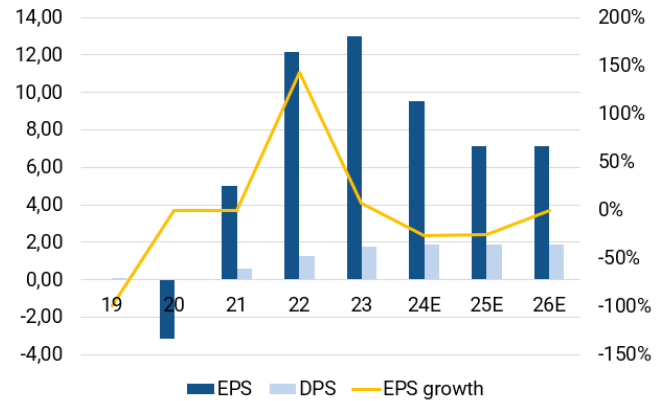
Source: FactSet, mwb research

Financials in six charts

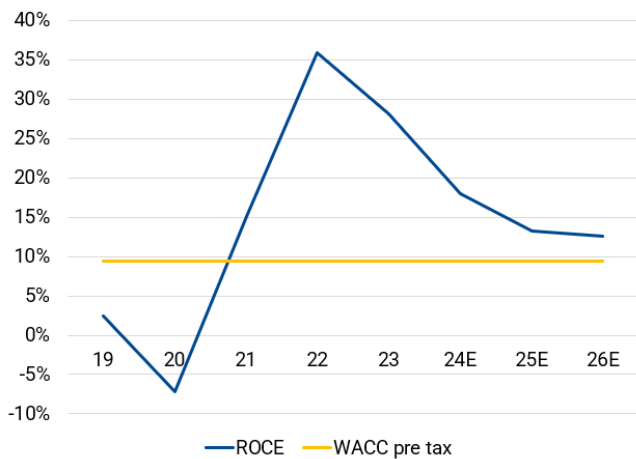
Sales vs. EBITDA margin development



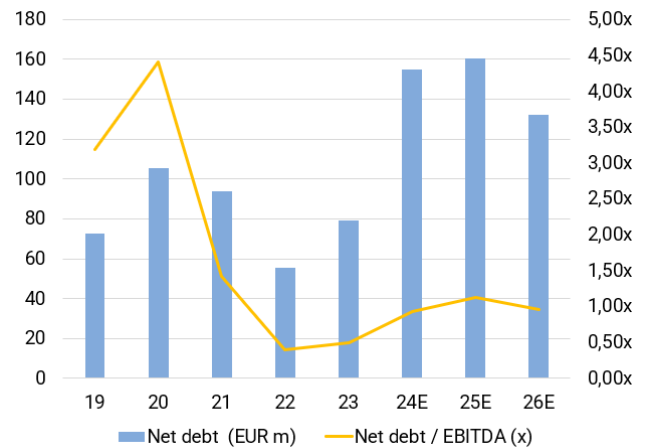
EPS, DPS in EUR & yoy EPS growth



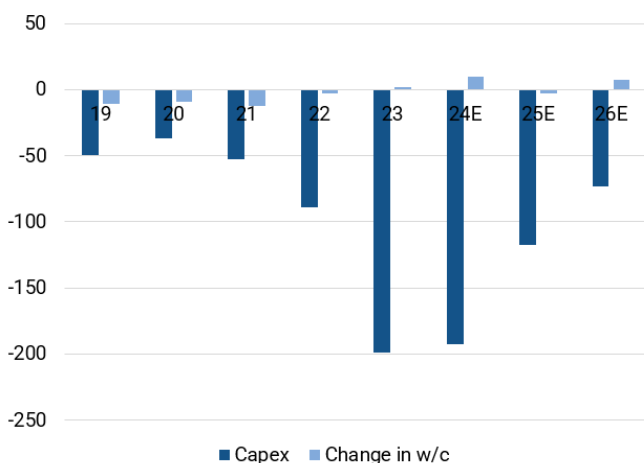
ROCE vs. WACC (pre tax)



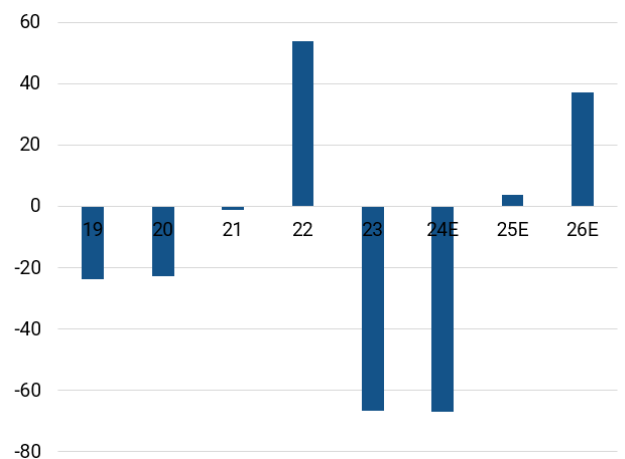
Net debt and net debt/EBITDA



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	216.4	199.8	194.2
Sales growth	89.5%	125.6%	18.9%	10.0%	-7.6%	-2.8%
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	216.4	199.8	194.2
Material expenses	18.1	30.4	34.3	33.9	38.0	36.5
Gross profit	55.2	135.0	162.4	182.5	161.8	157.7
Other operating income	23.0	25.9	20.6	3.2	2.0	1.9
Personnel expenses	5.1	6.5	10.3	9.7	11.0	11.7
Other operating expenses	7.0	15.3	14.4	8.7	10.0	9.7
EBITDA	66.1	139.1	158.3	167.4	142.8	138.2
Depreciation	30.3	42.2	61.1	93.1	84.5	81.2
EBITA	35.7	96.9	97.1	74.3	58.3	57.0
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	57.2	55.7
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	62.9	47.0	47.0
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	27.1	85.9	85.7	62.9	47.0	47.0
Taxes	0.7	19.8	18.3	14.5	10.8	10.8
Net income from continuing operations	26.4	66.2	67.5	48.5	36.2	36.2
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	36.2	36.2
Minority interest	1.6	5.4	-2.3	-1.7	-1.2	-1.2
Net profit (reported)	24.8	60.8	65.2	46.8	34.9	34.9
Average number of shares	4.95	5.00	5.01	4.90	4.90	4.90
EPS reported	5.01	12.15	13.02	9.56	7.13	7.13

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%	16%	19%	19%
Gross profit	75%	82%	83%	84%	81%	81%
Other operating income	31%	16%	10%	1%	1%	1%
Personnel expenses	7%	4%	5%	4%	5%	6%
Other operating expenses	10%	9%	7%	4%	5%	5%
EBITDA	90%	84%	80%	77%	71%	71%
Depreciation	41%	25%	31%	43%	42%	42%
EBITA	49%	59%	49%	34%	29%	29%
Amortisation of goodwill and intangible assets	4%	3%	1%	1%	1%	1%
EBIT	44%	55%	48%	34%	29%	29%
Financial result	-8%	-3%	-5%	-5%	-5%	-5%
Recurring pretax income from continuing operations	37%	52%	44%	29%	23%	24%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	37%	52%	44%	29%	23%	24%
Taxes	1%	12%	9%	7%	5%	6%
Net income from continuing operations	36%	40%	34%	22%	18%	19%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	36%	40%	34%	22%	18%	19%
Minority interest	2%	3%	-1%	-1%	-1%	-1%
Net profit (reported)	34%	37%	33%	22%	17%	18%

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	26.4	30.9
Goodwill	1.3	1.2	1.0	1.0	1.0	1.0
Property, plant and equipment	149.1	192.6	317.6	416.9	443.5	429.6
Financial assets	35.1	34.2	30.6	30.6	30.6	30.6
FIXED ASSETS	214.0	260.5	371.7	469.8	501.4	492.0
Inventories	0.2	0.1	1.5	0.8	0.9	0.9
Accounts receivable	16.8	28.6	29.6	32.6	31.2	31.4
Other current assets	1.1	5.0	5.4	5.4	5.4	5.4
Liquid assets	23.5	54.2	82.2	-4.9	-10.3	-2.3
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	2.0
CURRENT ASSETS	51.0	89.8	122.0	37.5	30.6	38.6
TOTAL ASSETS	265.0	350.3	493.8	507.3	532.0	530.6
SHAREHOLDERS EQUITY	72.7	129.0	180.4	220.1	246.9	273.8
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	41.3	38.2	37.1
Non-current liabilities	134.6	132.7	169.0	141.3	138.2	137.1
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	18.6	20.8	20.0
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	16.0	9.7
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	138.8	139.8	112.7
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	265.0	350.3	493.8	507.3	532.0	530.6

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%	82%	83%	81%
Financial assets	13%	10%	6%	6%	6%	6%
FIXED ASSETS	81%	74%	75%	93%	94%	93%
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%	-2%	-0%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	4%	0%	0%	0%	0%	0%
CURRENT ASSETS	19%	26%	25%	7%	6%	7%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	27%	37%	37%	43%	46%	52%
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%	26%
short-term liabilities to banks	7%	3%	8%	10%	9%	6%
Accounts payable	8%	3%	5%	4%	4%	4%
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%	27%	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	36.2	36.2
Depreciation of fixed assets (incl. leases)	32.8	39.8	60.9	93.1	84.5	81.2
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	-7.2	-3.2	-1.1
Cash flow from operations before changes in w/c	39.4	140.2	134.1	135.5	118.6	117.6
Increase/decrease in inventory	0.0	-3.3	0.0	0.7	-0.1	0.0
Increase/decrease in accounts receivable	0.0	-3.3	0.0	-3.0	1.4	-0.2
Increase/decrease in accounts payable	19.4	9.2	0.0	-8.0	2.3	-0.8
Increase/decrease in other w/c positions	-7.0	0.0	-2.0	0.1	-1.2	-6.2
Increase/decrease in working capital	12.4	2.5	-2.0	-10.1	2.4	-7.2
Cash flow from operating activities	51.8	142.7	132.1	125.3	121.0	110.4
CAPEX	-52.8	-88.9	-198.7	-192.3	-117.1	-73.1
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	-192.3	-117.1	-73.1
Cash flow before financing	22.5	70.6	-18.0	-67.0	3.9	37.3
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	-9.3	-9.3
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	-9.3	-29.3
Increase/decrease in liquid assets	2.8	35.8	28.2	-87.0	-5.4	8.0
Liquid assets at end of period	11.6	47.4	75.8	-11.2	-16.7	-8.7

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	216.4	199.8	194.2
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	216.4	199.8	194.2

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	9.56	7.13	7.13
Cash flow per share	4.34	20.10	14.18	6.59	7.45	5.97
Book value per share	14.68	25.78	36.03	44.95	50.44	55.92
Dividend per share	0.60	1.30	1.75	1.90	1.90	1.90
Valuation						
P/E	7.9x	3.2x	3.0x	4.1x	5.5x	5.5x
P/CF	9.1x	2.0x	2.8x	6.0x	5.3x	6.6x
P/BV	2.7x	1.5x	1.1x	0.9x	0.8x	0.7x
Dividend yield (%)	1.5%	3.3%	4.5%	4.8%	4.8%	4.8%
FCF yield (%)	11.0%	51.1%	36.1%	16.8%	19.0%	15.2%
EV/Sales	3.9x	1.5x	1.4x	1.6x	1.8x	1.7x
EV/EBITDA	4.3x	1.8x	1.7x	2.1x	2.5x	2.3x
EV/EBIT	8.8x	2.7x	2.9x	4.7x	6.2x	5.8x
Income statement (EURm)						
Sales	73.3	165.4	196.7	216.4	199.8	194.2
yoy chg in %	89.5%	125.6%	18.9%	10.0%	-7.6%	-2.8%
Gross profit	55.2	135.0	162.4	182.5	161.8	157.7
Gross margin in %	75.3%	81.6%	82.6%	84.3%	81.0%	81.2%
EBITDA	66.1	139.1	158.3	167.4	142.8	138.2
EBITDA margin in %	90.1%	84.1%	80.5%	77.3%	71.5%	71.2%
EBIT	32.6	91.4	94.6	73.2	57.2	55.7
EBIT margin in %	44.4%	55.3%	48.1%	33.8%	28.6%	28.7%
Net profit	24.8	60.8	65.2	46.8	34.9	34.9
Cash flow statement (EURm)						
CF from operations	51.8	142.7	132.1	125.3	121.0	110.4
Capex	-52.8	-88.9	-198.7	-192.3	-117.1	-73.1
Maintenance Capex	30.3	42.2	61.1	93.1	84.5	81.2
Free cash flow	-1.0	53.8	-66.7	-67.0	3.9	37.3
Balance sheet (EURm)						
Intangible assets	29.8	33.7	23.5	22.4	27.3	31.8
Tangible assets	149.1	192.6	317.6	416.9	443.5	429.6
Shareholders' equity	72.7	129.0	180.4	220.1	246.9	273.8
Pension provisions	0.0	1.0	0.0	0.0	0.0	0.0
Liabilities and provisions	154.2	142.5	209.8	191.3	188.2	167.1
Net financial debt	93.9	55.7	79.1	154.9	160.3	132.3
w/c requirements	-3.8	17.4	4.6	14.8	11.2	12.2
Ratios						
ROE	36.2%	51.3%	37.4%	22.0%	14.6%	13.2%
ROCE	13.9%	33.3%	23.8%	17.5%	12.9%	12.4%
Net gearing	129.1%	43.2%	43.9%	70.4%	64.9%	48.3%
Net debt / EBITDA	1.4x	0.4x	0.5x	0.9x	1.1x	1.0x

Source: Company data; mwb research

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