

# Deutsche Rohstoff Buy

Germany | Oil & gas

**Beta Profile:**    
MOMENTUM QUALITY

**MCap: EUR136.7m**

**Target Price:** EUR39.00 (40.00)  
**Current Price:** EUR26.90  
**Up/downside:** 45.0%  
**Market data:** 08 February 2023

**Change in TP:** -2.5%  
**Change in Sales:** 9.8% 22E/6.7% 23E  
**Change in Adj. EBIT:** 8.9% 22E/-1.0% 23E  
**Change in Adj. EPS:** 7.6% 22E/-6.6% 23E

Bloomberg: DR0 GR      Reuters: DROG.DE  
Free float      87.5%  
Avg. daily volume (EURm)      0.4  
YTD abs performance      3.5%  
52-week high/low (EUR)      33.50/20.30

## Hidden value with further expansion expected

### Why this report?

**DRAG's expansion plans indicate a sustainable increase in production and FCF in the next two years. We see a high chance of a FY 2023 guidance revision, as management should soon decide on drilling seven to nine additional wells. Furthermore, the group owns development areas with potential of +100 additional wells. Along with tight global oil supply and the group's successful deleveraging efforts, we think these factors have not yet been priced in by the market. Buy.**

### Key findings

- More stable and higher cash flows are driven by DRAG's extensive expansion plan comprising investments of over USD70m per year over 2022-24E.
- We see tight oil supply and high demand in 2023, marked by the re-opening of China, stalling US shale oil production, and potentially lower oil exports from Russia.
- In our view, the stock holds hidden value given the potential true value of its acreage and upcoming non-announced drillings, as well as its diversification in promising metals such as tungsten and lithium.

### Deconstructing the forecasts

- We raise our estimates and rearrange our SOP model after the reorganisation of DRAG's portfolio. We do not include the potential addition of seven to nine wells in Wyoming and Utah; these are not included in the guidance and would lead to further upside.
- We account for the drilling of 26 successful own wells over the period 2024-27E in our model for DRAG's development area.

### Investment case

- As one of the few European companies offering direct exposure to US shale, DRAG has extensive experience as an operator in the field. There are a large number of manufacturing companies offering optimal opportunities for non-operative activities and participations.
- Assuming a c. 30% success rate on the acquired acreage in Wyoming's Powder River Basin (+100 well locations), our play-by-play model suggests this could lead to a sustainable high oil & gas production level for DRAG in the medium term.
- The minority stake in Almonty Industries, which is expected to ramp up production at one of the largest tungsten mines outside China, should generate stable, long-term returns.

### Catalysts

- Higher-than-assumed economic viability in Wyoming in terms of development area.
- Price movements in the WTI benchmark.
- Production start at Almonty's Sangdong mine in South Korea.

### Valuation methodology

- Our valuation is based on an SOP of its oil & gas assets, Deutsche Rohstoff's minority investments in metals, and its investment portfolio.
- We value Cub Creek, Elster Oil & Gas, and Bright Rock Energy/Salt Creek Oil and Gas using a 27-year NPV model with a 10% WACC.
- Under our current long-term WTI oil price assumption of USD68/bbl, our SOP points to a fair value of EUR39.0.

### Risks to our rating

- Weaker-than-expected US dollar. Each USD0.05 move in our long-term EUR/USD assumption impacts our SOP by EUR1-2 per share.
- Lower demand leading to negative price movements in the WTI benchmark. Each USD3/bbl move in our long-term WTI oil price assumptions impacts our SOP by c. EUR1-2 per share.

FY to 31/12 (EUR)	12/22E	12/23E	12/24E
Sales (m)	167.7	151.5	128.9
EBITDA adj (m)	142.4	123.3	102.2
EBIT adj (m)	98.5	81.9	67.1
Net profit adj (m)	68.5	52.8	44.0
Net financial debt (m)	29.0	41.5	7.0
FCF (m)	85.9	-8.5	37.6
EPS adj. and ful. dil.	13.70	10.56	8.80
Consensus EPS	14.08	12.67	8.65
Net dividend	0.80	0.60	0.60

FY to 31/12	12/22E	12/23E	12/24E
P/E adj and ful. dil.	2.0	2.5	3.1
EV/EBITDA	1.3	1.6	1.6
EV/EBIT	1.8	2.4	2.5
FCF yield	57.7%	-9.9%	25.3%
Dividend yield	3.0%	2.2%	2.2%
ND(F+IFRS16)/EBITDA	0.2	0.3	0.1
Gearing	19.0%	20.1%	2.8%
ROIC	50.9%	32.3%	22.6%
EV/IC	1.1	0.9	0.7

Sector Most Pref.	Sector Least Pref.
ENI	Galp
TotalEnergies	

### Deutsche Rohstoff's oil and gas activities are becoming more stable

After years of volatile top-line development due to the nature of the oil & gas business, Deutsche Rohstoff has successfully expanded its business by 1) acquiring acreage to increase its operating wells; and 2) increasing the number of its non-operating wells. This generates a more stable revenue and cash flow trajectory going forward.

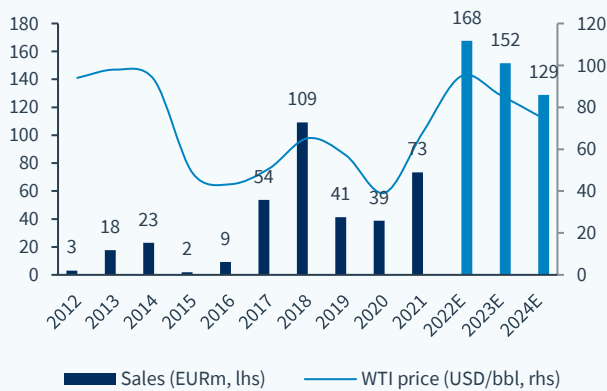
Deutsche Rohstoff has entered two joint ventures with Oxy in Wyoming as a non-operating partner, adding 31 wells over 2022-24. In Utah, it holds minority investments in a high number of non-operating wells (+150), and 46 wells will have been added by H1 2023. In Colorado and Wyoming, DRAG has 87 operating wells and owns significant acreage in the latter state (62,000 acres of development area) where more than 100 future wells are possible. In total, we estimate that the group will have over 90-95 operating wells and over 250 non-operating wells by the end of 2023. In 2022, c. 75% of the total 9,600 BOEPD were generated via the operating wells, with 25% of total production coming from non-operating wells.

Deutsche Rohstoff has benefited significantly from the higher oil price in 2022. While management's WTI price assumption for its 2023 guidance is USD75/bbl, our in-house assumption is higher at USD86/bbl. We expect a Henry Hub gas price of USD5/mcf (versus Deutsche Rohstoff's USD4/mcf estimate) and a EUR/USD rate of 1.10 (versus Deutsche Rohstoff's 1.12 estimate).

Management foresees average production of +9,000 BOEPD over 2022-24 at its four US subsidiaries (Salt Creek Oil & Gas, Cub Creek Energy, Bright Rock Energy, and Elster Oil & Gas). Cash flows from existing production as well as from its drilling programmes over 2023-24 should be higher and more stable than in previous years.

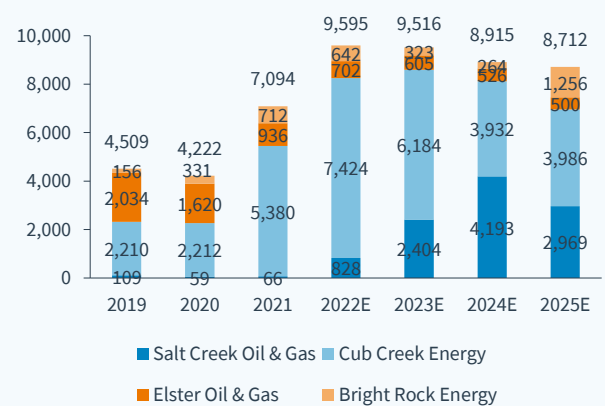
We think FY 2023 guidance has a high chance of being revised upwards again, as management is expected to decide on drilling three new wells in Wyoming (Cub Creek Energy) as well as four to six wells in Utah (Bright Rock Energy), which is not included in the current guidance.

Chart 1: DRAG's yearly sales (EURm, LHS) figures and WTI price (USD/bbl, RHS) with our estimates



Source: Deutsche Rohstoff, Kepler Cheuvreux estimates

Chart 2: DRAG's historical and estimated production (BOE/d)



Source: Deutsche Rohstoff, Kepler Cheuvreux estimates

### Salt creek portfolio reorganised

We take into account the following changes in our model. First, the group sold its North Dakota production (Williston Basin) for USD6.6m (70 BOEPD most recent production). In addition, Salt Creek acquired Bright Rock Energy's Utah acreage, which the group is expanding with 46 wells, of which DRAG holds 5%, generating additional potential cash flow of USD70m over the coming five years at USD80/barrel.

Salt Creek Oil & Gas is now active in Wyoming (via its JV with Oxy) and in Utah with over 150 non-operating wells. The first six wells from Salt Creek's first JV with Oxy commenced production in Q4. A further ten wells have been drilled. With the second JV with Oxy, the group expects to drill 15 additional wells and commence production in 2023 (five wells) and 2024 (ten wells).

The total investment amounts c. USD140m (USD65m for the first JV comprising 16 wells in Wyoming, of which ten will begin production in 2023, and USD75m for the second JV comprising 15 wells, of which five will begin production in 2024).

**Cub Creek Energy with focus on Wyoming and existing wells in Colorado**

Cub Creek operates 67 wells in Colorado and 14 in Wyoming, which is expected to increase to 19 at the end of 2023. However, management will potentially drill three more additional wells in Wyoming, which are not included in FY 2023 guidance. A decision will be made in Q1 2023. In Q4 2022, Cub Creek’s existing wells in Colorado had higher production than initially anticipated. Furthermore, all wells in Wyoming had produced at or above plan.

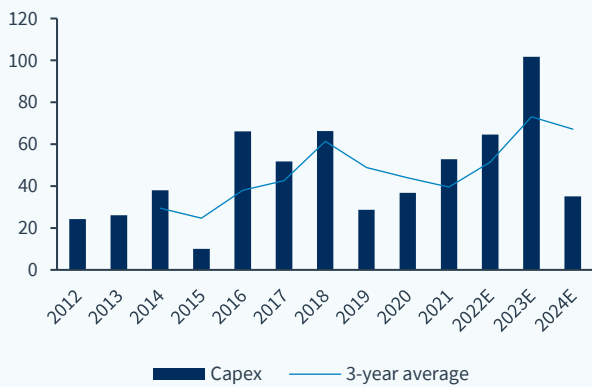
**Bright Rock with focus on Wyoming and sale of Utah assets**

Bright Rock Energy’s operations are now focused on the development of its acreage package in Wyoming after the sale of its Utah non-operating wells to Salt Creek Oil & Gas, which already operates six wells there. With over 32,500 acres of development land, over 100 potential wells could be drilled in the future. The group is planning to drill four to six wells in 2023, and the final decision will be announced in early 2023. This would impact the group’s 2023 announced guidance.

**Higher capex and FCF amid successful deleveraging**

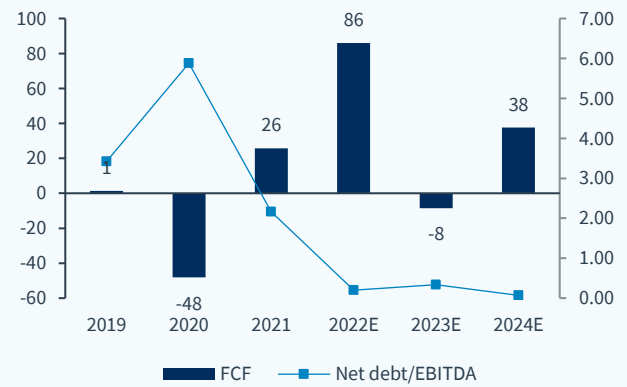
Due to the surge in oil prices in 2022, Deutsche Rohstoff was able to generate a significant increase in FCF. This enabled the group to not only invest the funds back into the company via new wells, it also repaid its bank loans and is planning on repaying EUR10.7m in convertible bonds in Q1 2023. As a result, leverage decreased from c. 2x in 2021 to 0x in 2022E. We expect the group to maintain this level, as it currently finances its operations completely from FCF. For 2023, capex of almost EUR100m leads to slightly negative FCF, which should become positive again thereafter.

Chart 3: Deutsche Rohstoff’s yearly capital expenditure and three-year average (EURm) shows increasing trend...



Source: Deutsche Rohstoff, Kepler Cheuvreux

Chart 4: ...leading to higher FCF and successful deleveraging



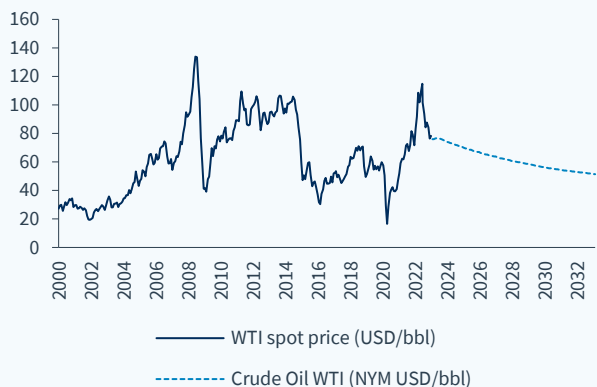
Source: Deutsche Rohstoff, Kepler Cheuvreux

**Outlook: tight supply and sustainable demand**

We see several drivers of oil prices in 2023, most of which point to tight supply and constant demand. The EU ban on Russian oil products effective as of 5 February could prove to be more disruptive than expected. While Russian oil exports are still flowing, the steep discount indicates that it is becoming more difficult for Russia to export its oil. The U-turn in China’s Covid policy is set to considerably strengthen the oil demand outlook for 2023E. OPEC will also have to make some decisions which could drive the oil price up, as growth in US shale oil production is potentially stalling. We see an oil market in deficit of 0.5mb/d in 2023E. For more insights on our in-house oil and gas outlook, we refer to our most recent sector report titled *The Energy War season 2*.

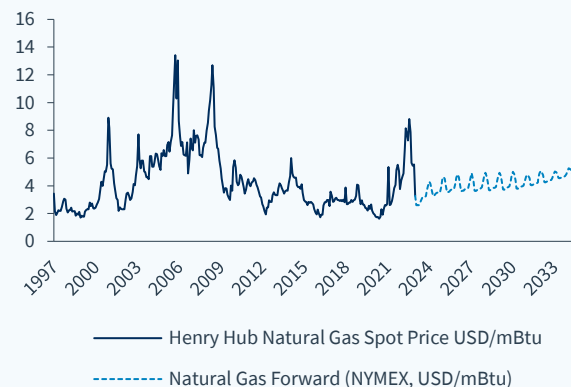


Chart 5: Crude oil WTI forward (NYM USD/bbl)



Source: WSJ

Chart 6: Natural gas forward (NYMEX, USD/mBtu)



Source: WSJ

Table 1: KECH assumptions for oil & gas price (USD/unit) as well as EUR/USD rate

	2023E	2024E	2025E
Exchange rate EUR/USD	1.10	1.10	1.10
WTI price USD/bbl	86.0	78.0	68.0
Henry Hub gas price (USD/mcf)	5.00	4.50	4.50

Source: Kepler Cheuvreux estimates

### Business expansion: exploration of lithium

Deutsche Rohstoff together with the Australian public metal mining services company SensOre have established a subsidiary named Exploration Ventures AI Pty Ltd (EXAI) with a focus on lithium exploration in Western Australia. Deutsche Rohstoff holds a 70% stake in EXAI, which has secured three early-stage exploration projects (two farm-in agreements and one exploration license application) and aims to acquire additional targets.

The company will use SensOre’s AI and big data technology combined with comprehensive geoscientific expertise, with which SensOre is planning to become a global leader in mineral targeting. Deutsche Rohstoff will contribute 70% to the exploration expenses, amounting to c. EUR0.64m per farm-in in 12-18 months for geological and geophysical exploration work.

After successful due diligence, the company will decide on a drilling programme. Under the two farm-in agreements (and given positive results), EXAI could invest c. EUR6.5m over the next 4-4.5 years to acquire a 51-80% stake in the projects. Overall, we think there is significant potential in the medium term for Deutsche Rohstoff, given successful identification of a lithium deposit, which we think is not unlikely.

### Further increase in reserves

As is the case every year, Deutsche Rohstoff has published the value of its oil and gas reserves as of 31 December 2022. The group’s proved reserves increased from 29m to 36m BOE, while the present value of proved reserves increased from USD318m to USD352m. The increase in proved reserves comes in large part from the joint venture at Salt Creek, as well as the upgrade of some probable reserves to proved reserves at the other subsidiaries.

Table 2: Increase in proved oil and gas reserves as of 31 December 2022

	2016	2017	2018	2019	2020	2021	2022
BOE of DRAG's proved reserves (BOE million)	12	18	29	27	20	29	36
Total value of proved, probable, and possible reserves (USDm)	253	198	186	196	144	368	372
Present value of proved reserves (USDm)	162	170	177	187	129	318	352
Present value of probable reserves (USDm)	91	28	9	9	15	50	20
Average NYMEX forward curve oil price over next 10 years	53	50	51	53	46	61	62

Source: Deutsche Rohstoff

### Changes to our estimates

The changes in Deutsche Rohstoff’s portfolio (divestment of North Dakota operations, transfer of Utah wells from Bright Rock to Salt Creek) has also led to some changes in our model, as we value the company on an SOP basis comprising its four US subsidiaries. We raise our sales and EBITDA estimates for FY 2022 and are now at the upper range of management’s guidance.

For FY 2023, we assume a WTI price of USD86/bbl, which is equivalent to the “increased price scenario” in Deutsche Rohstoff’s FY 2023 guidance (i.e. EUR155-175m in sales and EUR125-140m in EBITDA). Our FY 2023 estimates are only slightly below the group’s “increased price scenario” at EUR152m in sales and EUR123m in EBITDA, as the Q4 production in Colorado and Utah was higher than anticipated and all wells in Wyoming produced at or above plan.

Due to the nature of the business, we believe this additional production and revenue will be lower in 2023. However, as previously mentioned, we nevertheless expect the company to make an announcement in the coming weeks regarding the drilling of additional wells, which are not yet included in FY 2023 guidance, and would thus result in a further revision of our estimates.

**Table 3: Our estimates versus guidance**

	2022		2023		2024	
	KECH	Guidance	KECH	Guidance*	KECH	Guidance
Sales	168	163-168	152	140-175	129	+120
EBITDA	142	138-143	123	110-140	102	+100

\*= base case at USD75/bbl for 2023, increased price scenario at USD85/bbl; Source: Kepler Cheuvreux, Deutsche Rohstoff

### Valuation

Despite the changes to Deutsche Rohstoff’s portfolio and our SOP-based valuation of the four US subsidiaries, the outcome of our valuation of the group does not change with this report. We lower our TP from EUR40 to EUR39 due to slight changes in our production estimates as well as the valuation of Deutsche Rohstoff’s financial assets, as the group has sold its NOG shares, its minority position in Rheinmetall, as well as its minority stake in wells based in North Dakota.

We roll over the model to 2023 and adjust our net debt assumption for the sale of its North Dakota assets (USD6.6m), its sale of shares in NOG, and the planned repayment of its convertible bond in Q1 2023 (EUR10.7m). We also adjust the share count due to the company’s recent capital decrease.

**Table 4: SOP-based valuation table**

	DRAG's stake	Value of operations (USDm)	Value (EURm)
Cub Creek Energy	97%	115	105
Elster Oil and Gas	93%	15	14
Bright Rock Energy	99%	47	43
Salt Creek Energy	100%	77	70
<b>US oil and gas activities</b>		<b>255</b>	<b>232</b>
Almonty	12%		14
Ceritech	72%		1
Beacon Energy plc	3%		0
Hammer Metals	3%		1
Holding company costs/corporate			-10
<b>Enterprise value</b>			<b>239</b>
Net debt 2023			-42
Equity value (EV)			197
# of shares			5
<b>Equity value per share (EUR)</b>			<b>39</b>
+/- current share price			44%

Source: Kepler Cheuvreux

**Table 5: Sensitivity to our EUR39 TP**

		EUR/USD exchange rate				
		1.00	1.05	1.10	1.15	1.20
Long term WTI price (USD/bbl)	62.0	42	39	37	35	34
	65.0	43	40	38	36	35
	68.0	44	42	<b>39</b>	37	36
	71.0	45	43	40	38	37
	74.0	46	44	42	39	38

Source: Kepler Cheuvreux

### Company description

Deutsche Rohstoff is a Germany-based holding company that specialises in investing in resource projects. The current portfolio is mainly focused on the oil & gas sector, but it also holds minority stakes in high-tech metals such as tungsten. Its management team has longstanding expertise in the sector, and the group focuses on well-explored areas in the US.

### Management

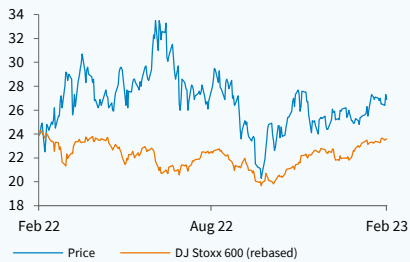
Jan-Philipp Weitz, CEO  
Henning Döring, CFO

### Key shareholders

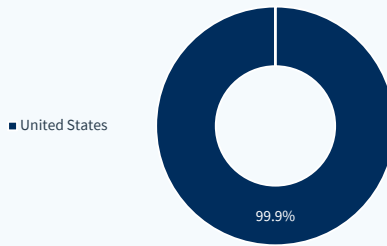
Free float	87.50%
Management	10.00%
Institutional investors	20.00%

### Key data charts

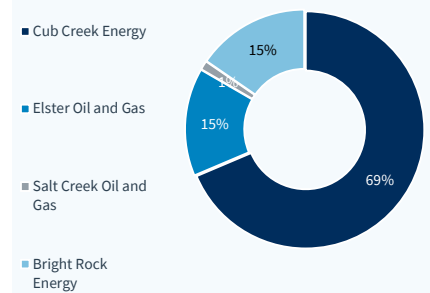
Price performance



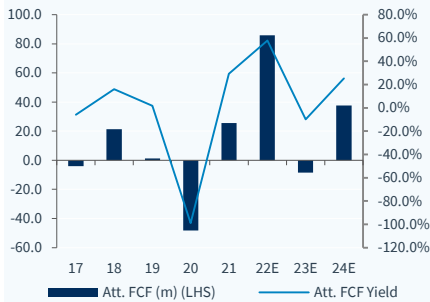
Sales split by region



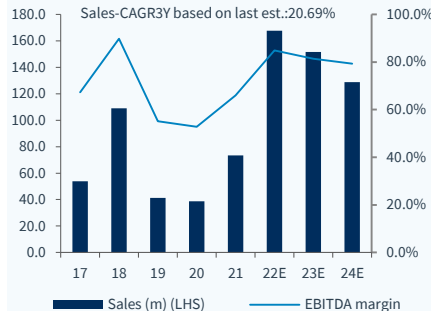
Sales split by division



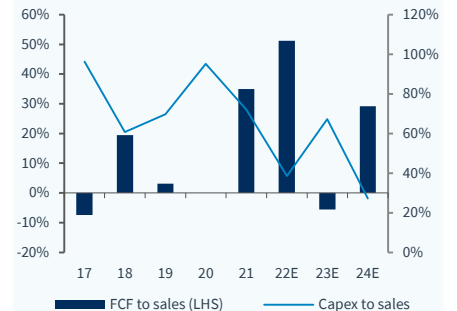
FCF



Sales and EBITDA margin



FCF and Capex to sales



### SWOT analysis

#### Strengths

- Solid oil and gas asset portfolio with an extensive drilling pipeline.
- Diversified portfolio
- Expert management with experience in resource-based activities

#### Weaknesses

- No control over non-operating wells
- Lower transparency compared to US oil and gas peers.
- The majority of mining investments are not producing yet.

#### Opportunities

- Efficiency gains in drilling could allow additional costs savings
- New land acquisitions
- Investments in electro mobility

#### Threats

- Price increases from field services companies leading to higher capex
- Direct competition from extractor Oil & Gas in land purchase.
- Euro/US dollar currency fluctuations

**Valuation table**

Market data as of: 08 February 2023

FY to 31/12 (EUR)	12/15	12/16	12/17	12/18	12/19	12/20	12/21	12/22E	12/23E	12/24E
<b>Per share data (EUR)</b>										
EPS adjusted	0.23	0.02	1.10	2.74	0.06	-3.74	1.40	13.70	10.56	8.80
% Change	-95.2%	-91.2%	5328.9%	150.5%	-97.8%	-chg	+chg	881.2%	-22.9%	-16.6%
EPS adjusted and fully diluted	0.23	0.02	1.10	2.74	0.06	-3.74	1.40	13.70	10.56	8.80
% Change	-95.2%	-91.2%	5328.9%	150.5%	-97.8%	-chg	+chg	881.2%	-22.9%	-16.6%
EPS reported	0.23	0.02	1.10	2.74	0.06	-3.05	4.88	13.70	10.56	8.80
% Change	-95.2%	-91.2%	5328.9%	150.5%	-97.8%	-chg	+chg	180.7%	-22.9%	-16.6%
EPS Consensus								14.08	12.67	8.65
Cash flow per share	-0.05	6.97	9.42	17.27	5.91	-2.23	15.44	30.12	18.67	14.53
Book value per share	11.71	11.16	9.73	12.99	12.66	7.76	14.31	27.61	37.35	45.54
DPS	0.55	0.60	0.65	0.70	0.10	0.00	0.60	0.80	0.60	0.60
Number of shares, YE (m)	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1
Nbr of shares, fully diluted, YE (m)	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.0	5.0	5.0
<b>Share price</b>										
Latest price / year end	14.8	26.3	19.9	14.0	15.0	8.5	20.3	26.0	26.9	26.9
52 week high	19.4	26.3	26.3	25.9	19.8	16.0	25.6	33.5	27.3	
52 week low	13.0	12.3	16.1	13.9	12.5	6.2	8.7	20.2	24.8	
Average price (Year)	16.5	17.3	20.4	21.2	15.8	9.4	16.2	26.4	26.9	26.9
<b>Enterprise value (EURm)</b>										
Market capitalisation	83.6	87.5	103.5	107.3	80.5	48.0	82.2	136.7	136.7	136.7
Net financial debt	9.5	50.6	78.2	47.7	77.8	120.2	104.7	29.0	41.5	7.0
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IFRS 16 debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Market value of minorities	2.6	9.7	7.4	8.1	7.2	6.2	7.4	14.4	19.4	22.4
MV of equity affiliates (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Enterprise value	95.7	147.8	189.1	163.1	165.5	174.3	194.3	180.0	197.5	166.0
<b>Valuation</b>										
P/E adjusted	72.4	na	18.6	7.7	na	na	11.6	2.0	2.5	3.1
P/E adjusted and fully diluted	72.4	na	18.6	7.7	na	na	11.6	2.0	2.5	3.1
P/E consensus								1.9	2.1	3.1
P/BV	1.4	1.5	2.1	1.6	1.3	1.2	1.1	1.0	0.7	0.6
P/CF	na	2.5	2.2	1.2	2.7	na	1.0	0.9	1.4	1.9
Dividend yield (%)	3.3%	3.5%	3.2%	3.3%	0.6%	0.0%	3.7%	3.0%	2.2%	2.2%
Dividend yield preference shares (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	-11.6%	-35.2%	-5.9%	16.0%	1.8%	-99.1%	29.3%	57.7%	-9.9%	25.3%
ROE (%)	1.9%	0.2%	10.5%	24.2%	0.5%	-36.6%	12.7%	65.0%	32.5%	21.2%
ROIC (%)	30.3%	-1.1%	4.6%	24.8%	4.2%	-13.8%	9.6%	50.9%	32.3%	22.6%
EV/Sales	50.45	16.12	3.52	1.50	4.02	4.51	2.65	1.07	1.30	1.29
EV/EBITDA adj.	19.4	23.2	5.2	1.7	7.3	8.5	4.0	1.3	1.6	1.6
EV/EBIT adj.	39.6	na	35.6	5.0	29.4	na	13.0	1.8	2.4	2.5
EV/NOPAT	52.8	na	47.5	6.6	39.2	na	17.4	2.4	3.2	3.3
EV/IC	9.7	2.3	1.7	1.8	1.5	1.7	1.5	1.1	0.9	0.7
ROIC/WACC	3.0	na	0.5	2.5	0.4	na	1.0	5.1	3.2	2.3
EV/IC over ROIC/WACC	3.2	na	3.8	0.7	3.5	na	1.5	0.2	0.3	0.3

**Income statement**

FY to 31/12 (EUR)	12/15	12/16	12/17	12/18	12/19	12/20	12/21	12/22E	12/23E	12/24E
<b>Sales</b>	<b>1.9</b>	<b>9.2</b>	<b>53.7</b>	<b>109.1</b>	<b>41.2</b>	<b>38.7</b>	<b>73.3</b>	<b>167.7</b>	<b>151.5</b>	<b>128.9</b>
Gross profit	2.8	10.9	48.1	91.3	30.0	27.1	55.2	141.7	127.3	108.3
EBITDA reported	4.9	6.4	36.1	98.0	22.7	23.9	66.1	142.4	123.3	102.2
<b>EBITDA adjusted</b>	<b>4.9</b>	<b>6.4</b>	<b>36.1</b>	<b>98.0</b>	<b>22.7</b>	<b>20.4</b>	<b>48.4</b>	<b>142.4</b>	<b>123.3</b>	<b>102.2</b>
Depreciation and amortisation	-2.5	-6.9	-30.8	-65.2	-17.1	-40.1	-33.5	-43.9	-41.4	-35.1
Goodwill impairment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other financial result and associates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT reported	2.4	-0.5	5.3	32.7	5.6	-16.1	32.6	98.5	81.9	67.1
<b>EBIT adjusted</b>	<b>2.4</b>	<b>-0.5</b>	<b>5.3</b>	<b>32.7</b>	<b>5.6</b>	<b>-19.6</b>	<b>14.9</b>	<b>98.5</b>	<b>81.9</b>	<b>67.1</b>
Net financial items	-3.0	-1.4	-4.0	-6.2	-5.4	-6.4	-5.5	-5.9	-4.9	-4.5
Associates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before tax	-0.6	-2.0	1.3	26.5	0.3	-22.5	27.1	92.6	77.0	62.6
Tax	1.1	2.0	6.4	-8.5	-0.1	6.4	-0.7	-17.1	-19.3	-15.7
Net profit from continuing op.	0.5	0.1	7.7	18.0	0.2	-16.1	26.4	75.5	57.8	47.0
Net profit from disc. activities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit before minorities	0.5	0.1	7.7	18.0	0.2	-16.1	26.4	75.5	57.8	47.0
Minorities	0.6	0.0	-2.1	-4.1	0.1	0.6	-1.6	-7.0	-5.0	-3.0
<b>Net profit reported</b>	<b>1.2</b>	<b>0.1</b>	<b>5.5</b>	<b>13.9</b>	<b>0.3</b>	<b>-15.5</b>	<b>24.8</b>	<b>68.5</b>	<b>52.8</b>	<b>44.0</b>
Adjustments	0.0	0.0	0.0	0.0	0.0	-3.5	-17.7	0.0	0.0	0.0
<b>Net profit adjusted</b>	<b>1.2</b>	<b>0.1</b>	<b>5.5</b>	<b>13.9</b>	<b>0.3</b>	<b>-19.0</b>	<b>7.1</b>	<b>68.5</b>	<b>52.8</b>	<b>44.0</b>
Sales % Change	-91.7%	383.4%	486.1%	103.0%	-62.2%	-6.1%	89.5%	128.7%	-9.6%	-14.9%
EBITDA reported % Change	-95.7%	29.2%	467.0%	171.1%	-76.8%	5.3%	176.0%	115.5%	-13.4%	-17.1%
EBITDA adjusted % Change	-95.7%	29.2%	467.0%	171.1%	-76.8%	-10.1%	136.6%	194.4%	-13.4%	-17.1%
EBIT reported % Change	-97.3%	-chg	+chg	516.6%	-82.8%	-chg	+chg	202.2%	-16.8%	-18.1%
EBIT adjusted % Change	-97.3%	-chg	+chg	516.6%	-82.8%	-chg	+chg	561.5%	-16.8%	-18.1%
Earnings before tax % Change	-chg	-chg	+chg	1946.7%	-99.0%	-chg	+chg	242.2%	-16.8%	-18.7%
Net profit from cont. op. % Change	-99.0%	-86.0%	10228.0%	134.2%	-99.0%	-chg	+chg	186.3%	-23.5%	-18.7%
Net profit reported % Change	-95.4%	-91.2%	5329.0%	150.5%	-97.8%	-chg	+chg	176.1%	-22.9%	-16.6%
Net profit adjusted % Change	-95.4%	-91.2%	5329.0%	150.5%	-97.8%	-chg	+chg	865.1%	-22.9%	-16.6%
Gross profit margin (%)	na	na	89.5%	83.7%	72.7%	70.0%	75.3%	84.5%	84.0%	84.0%
EBITDA margin (%)	na	69.5%	67.2%	89.8%	55.2%	52.8%	66.0%	84.9%	81.4%	79.3%
EBIT margin (%)	na	-5.9%	9.9%	30.0%	13.7%	-50.8%	20.3%	58.7%	54.1%	52.1%
Net profit margin (%)	60.9%	1.1%	10.3%	12.7%	0.7%	-49.1%	9.7%	40.8%	34.8%	34.1%
Tax rate (%)	194.9%	103.8%	-492.8%	32.2%	29.1%	28.5%	2.6%	18.5%	25.0%	25.0%
Payout ratio (%)	241.1%	2,972.4%	59.3%	25.5%	165.0%	0.0%	43.0%	5.8%	5.7%	6.8%
EPS reported (EUR)	0.23	0.02	1.10	2.74	0.06	-3.05	4.88	13.70	10.56	8.80
EPS adjusted (EUR)	0.23	0.02	1.10	2.74	0.06	-3.74	1.40	13.70	10.56	8.80
EPS adj and fully diluted (EUR)	0.23	0.02	1.10	2.74	0.06	-3.74	1.40	13.70	10.56	8.80
DPS (EUR)	0.55	0.60	0.65	0.70	0.10	0.00	0.60	0.80	0.60	0.60
DPS, preference shares (EUR)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EPS reported % Change	-95.2%	-91.2%	5328.9%	150.5%	-97.8%	-chg	+chg	180.7%	-22.9%	-16.6%
EPS adjusted % Change	-95.2%	-91.2%	5328.9%	150.5%	-97.8%	-chg	+chg	881.2%	-22.9%	-16.6%
EPS adj and fully diluted % Change	-95.2%	-91.2%	5328.9%	150.5%	-97.8%	-chg	+chg	881.2%	-22.9%	-16.6%
DPS % Change	10.0%	9.1%	8.3%	7.7%	-85.7%	-chg	+chg	33.3%	-25.0%	0.0%
Consensus Sales (EURm)								165.6	168.5	132.8
Consensus EBITDA (EURm)								140.9	130.8	99.1
Consensus EBIT (EURm)								98.9	86.8	60.5
Consensus EPS (EUR)								14.08	12.67	8.65



**Cash flow statement**

Market data as of: 08 February 2023

FY to 31/12 (EUR)	12/15	12/16	12/17	12/18	12/19	12/20	12/21	12/22E	12/23E	12/24E
Net profit before minorities	0.5	0.1	7.7	18.0	0.2	-16.1	26.4	75.5	57.8	47.0
Depreciation and amortisation	2.5	6.9	30.8	65.2	17.1	40.1	33.5	43.9	41.4	35.1
Goodwill impairment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in working capital	-3.3	28.3	9.2	4.2	12.7	-35.3	18.7	31.2	-5.8	-9.4
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Levered post tax CF before capex</b>	<b>-0.2</b>	<b>35.3</b>	<b>47.7</b>	<b>87.4</b>	<b>30.0</b>	<b>-11.3</b>	<b>78.5</b>	<b>150.5</b>	<b>93.3</b>	<b>72.6</b>
% Change	-chg	+chg	35.2%	83.3%	-65.7%	-chg	+chg	91.8%	-38.0%	-22.2%
Capex	-10.0	-66.1	-51.7	-66.2	-28.7	-36.8	-52.8	-64.6	-101.8	-35.1
<b>Free cash flow</b>	<b>-10.3</b>	<b>-30.8</b>	<b>-4.0</b>	<b>21.2</b>	<b>1.3</b>	<b>-48.2</b>	<b>25.7</b>	<b>85.9</b>	<b>-8.5</b>	<b>37.6</b>
% Change	-chg	-chg	+chg	+chg	-93.9%	-chg	+chg	234.9%	-chg	+chg
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-20.0	0.0	0.0
Divestments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.0	0.0	0.0
Dividend paid	-2.5	-2.7	-3.0	-3.2	-3.2	-0.5	0.0	-3.0	-4.1	-3.0
Share buy back	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital increases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	-7.2	-7.5	-20.7	12.4	-28.2	6.3	-10.2	6.9	0.0	0.0
<b>Change in net financial debt</b>	<b>20.0</b>	<b>41.1</b>	<b>27.6</b>	<b>-30.5</b>	<b>30.1</b>	<b>42.3</b>	<b>-15.5</b>	<b>-75.7</b>	<b>12.5</b>	<b>-34.5</b>
Change in cash and cash equiv.	-25.6	-23.8	3.7	17.3	15.6	-53.1	4.5	69.1	-23.2	34.5
Attributable FCF	-9.7	-30.8	-6.1	17.2	1.4	-47.6	24.1	78.9	-13.5	34.6
Cash flow per share (EUR)	-0.05	6.97	9.42	17.27	5.91	-2.23	15.44	30.12	18.67	14.53
% Change	-chg	+chg	35.2%	83.3%	-65.8%	-chg	+chg	95.0%	-38.0%	-22.2%
FCF per share (EUR)	-1.91	-6.08	-1.21	3.39	0.28	-9.36	4.74	15.79	-2.70	6.91
% Change	-chg	-chg	+chg	+chg	-91.8%	-chg	+chg	233.1%	-chg	+chg
Capex / Sales (%)	529.7%	720.8%	96.2%	60.7%	69.7%	95.2%	72.1%	38.5%	67.2%	27.2%
Capex / D&A (%)	399.5%	955.9%	167.7%	101.5%	168.0%	91.9%	157.8%	147.3%	246.1%	99.9%
Cash flow / Sales (%)	-12.5%	na	88.7%	80.2%	72.9%	-29.2%	na	89.8%	61.6%	56.3%
FCF / Sales (%)	na	na	-7.5%	19.5%	3.1%	na	35.0%	51.2%	-5.6%	29.1%
FCF Yield (%)	-11.6%	-35.2%	-5.9%	16.0%	1.8%	-99.1%	29.3%	57.7%	-9.9%	25.3%
Unlevered FCF Yield (%)	-14.3%	-20.9%	12.6%	13.3%	3.4%	-24.4%	15.5%	46.9%	-4.4%	23.5%

**Balance sheet**

FY to 31/12 (EUR)	12/15	12/16	12/17	12/18	12/19	12/20	12/21	12/22E	12/23E	12/24E
Cash and cash equivalents	48.5	24.7	28.4	45.6	61.3	8.2	12.7	81.8	58.6	93.1
Inventories	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.3	0.2	0.2
Accounts receivable	1.7	7.3	8.8	11.6	8.9	3.5	16.8	38.4	34.7	29.5
Other current assets	6.4	16.3	3.8	4.1	4.8	9.9	12.7	29.0	26.2	22.3
<b>Current assets</b>	<b>56.7</b>	<b>48.5</b>	<b>41.2</b>	<b>61.5</b>	<b>75.1</b>	<b>21.7</b>	<b>42.4</b>	<b>149.5</b>	<b>119.7</b>	<b>145.1</b>
Tangible assets	7.5	79.9	114.5	110.1	139.6	112.8	149.1	183.8	244.2	244.2
Goodwill	1.3	6.8	3.3	1.7	1.6	1.3	1.3	1.3	1.3	1.3
Other Intangible assets	16.2	33.9	30.6	15.2	20.6	20.6	28.6	28.6	28.6	28.6
Financial assets	46.4	24.6	24.0	36.3	42.1	50.3	43.8	36.8	36.8	36.8
Other non-current assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Non-current assets</b>	<b>71.4</b>	<b>145.1</b>	<b>172.4</b>	<b>163.3</b>	<b>203.8</b>	<b>185.0</b>	<b>222.6</b>	<b>250.4</b>	<b>310.8</b>	<b>310.8</b>
Short term debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	1.0	29.9	5.2	6.8	17.1	2.9	20.8	29.8	27.8	23.6
Other short term liabilities	6.2	16.9	16.9	31.5	26.0	22.5	27.9	63.9	57.7	49.1
<b>Current liabilities</b>	<b>7.2</b>	<b>46.8</b>	<b>22.1</b>	<b>38.3</b>	<b>43.1</b>	<b>25.4</b>	<b>48.7</b>	<b>93.7</b>	<b>85.5</b>	<b>72.7</b>
Long term debt	58.0	75.2	106.6	93.4	139.1	128.4	117.4	110.8	100.1	100.1
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IFRS16 Debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other long term provisions	1.1	5.3	28.2	19.3	25.2	7.3	18.8	43.1	38.9	33.1
Other long term liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>59.1</b>	<b>80.6</b>	<b>134.8</b>	<b>112.7</b>	<b>164.3</b>	<b>135.7</b>	<b>136.2</b>	<b>153.9</b>	<b>139.0</b>	<b>133.2</b>
Shareholders' equity	59.3	56.5	49.2	65.8	64.3	39.4	72.7	138.0	186.7	227.6
Minority interests	2.6	9.7	7.4	8.1	7.2	6.2	7.4	14.4	19.4	22.4
<b>Total equity</b>	<b>61.8</b>	<b>66.2</b>	<b>56.7</b>	<b>73.8</b>	<b>71.5</b>	<b>45.6</b>	<b>80.1</b>	<b>152.4</b>	<b>206.1</b>	<b>250.0</b>
<b>Balance sheet total</b>	<b>128.1</b>	<b>193.6</b>	<b>213.6</b>	<b>224.8</b>	<b>278.9</b>	<b>206.7</b>	<b>265.0</b>	<b>399.9</b>	<b>430.6</b>	<b>455.9</b>
% Change	-4.9%	51.2%	10.3%	5.3%	24.1%	-25.9%	28.2%	50.9%	7.7%	5.9%
Book value per share (EUR)	11.71	11.16	9.73	12.99	12.66	7.76	14.31	27.61	37.35	45.54
% Change	3.6%	-4.7%	-12.9%	33.5%	-2.5%	-38.7%	84.5%	93.0%	35.3%	21.9%
Net financial debt	9.5	50.6	78.2	47.7	77.8	120.2	104.7	29.0	41.5	7.0
IFRS16 Debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt	9.5	50.6	78.2	47.7	77.8	120.2	104.7	29.0	41.5	7.0
Net fin. debt (+IFRS16) / EBITDA (x)	1.9	7.9	2.2	0.5	3.4	5.9	2.2	0.2	0.3	0.1
Trade working capital	0.8	-22.5	3.8	5.0	-8.1	0.8	-3.8	8.9	7.1	6.1
Net working capital	1.1	-23.0	-9.3	-22.4	-29.3	-11.9	-19.0	-26.0	-24.3	-20.7
NWC/Sales	56.1%	-251.0%	-17.4%	-20.6%	-71.0%	-30.7%	-25.9%	-15.5%	-16.1%	-16.1%
Inventories/sales	2.9%	1.5%	0.3%	0.1%	0.4%	0.5%	0.2%	0.1%	0.2%	0.2%
Invested capital	9.9	63.7	108.5	89.3	111.9	102.2	131.3	159.1	221.2	224.8
Net fin. debt / FCF (x)	-0.9	-1.6	-19.5	2.2	60.1	-2.5	4.1	0.3	-4.9	0.2
Gearing (%)	15.4%	76.4%	138.0%	64.7%	108.9%	263.6%	130.7%	19.0%	20.1%	2.8%
Goodwill / Equity (%)	2.2%	10.2%	5.8%	2.3%	2.2%	2.9%	1.6%	0.8%	0.6%	0.5%

## Research ratings and important disclosures

The term "KEPLER CHEUVREUX" shall, unless the context otherwise requires, mean each of KEPLER CHEUVREUX and its affiliates, subsidiaries and related companies (see "Regulators" table below).

The investment recommendation(s) referred to in this report was (were) completed on 08/02/2023 13:36 (GMT) and was first disseminated on 09/02/2023 5:47 (GMT).

Unless otherwise stated, all prices are aligned with the "Market Data date" on the front page of this report.

### Disclosure checklist - Potential conflict of interests

Company Name	ISIN	Disclosure
Deutsche Rohstoff	DE000A0XYG76	KEPLER CHEUVREUX and the issuer have agreed that KEPLER CHEUVREUX will produce and disseminate investment research on the said issuer as a service to the issuer

### Organizational and administrative arrangements to avoid and prevent conflicts of interests

KEPLER CHEUVREUX promotes and disseminates independent investment research and have implemented written procedures designed to identify and manage potential conflicts of interest that arise in connection with its research business, which are available upon request. The KEPLER CHEUVREUX research analysts and other staff involved in issuing and disseminating research reports operate independently of KEPLER CHEUVREUX Investment Banking business. Information barriers and procedures are in place between the research analysts and staff involved in securities trading for the account of KEPLER CHEUVREUX or clients to ensure that price sensitive information is handled according to applicable laws and regulations.

It is Kepler Cheuvreux' policy not to disclose the rating to the issuer before publication and dissemination. Nevertheless, this document, in whole or in part, and with the exclusion of ratings, target prices and any other information that could lead to determine its valuation, may have been provided to the issuer prior to publication and dissemination, solely with the aim of verifying factual accuracy.

Please refer to [www.keplercheuvreux.com](http://www.keplercheuvreux.com) for further information relating to research and conflict of interest management.

### Analyst disclosures

The functional job title of the person(s) responsible for the recommendations contained in this report is Equity/Credit Research Analyst unless otherwise stated on the cover.

Name of the Research Analyst(s): Sven Sauer

**Regulation AC - Analyst Certification:** Each Equity/Credit Research Analyst(s) listed on the front-page of this report, principally responsible for the preparation and content of all or any identified portion of this research report hereby certifies that, with respect to each issuer or security or any identified portion of the report with respect to an issuer or security that the equity research analyst covers in this research report, all of the views expressed in this research report accurately reflect their personal views about those issuer(s) or securities. Each Equity/Credit Research Analyst(s) also certifies that no part of their compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) expressed by that equity research analyst in this research report.

Each Equity/Credit Research Analyst certifies that he is acting independently and impartially from KEPLER CHEUVREUX shareholders, directors and is not affected by any current or potential conflict of interest that may arise from any KEPLER CHEUVREUX activities.

**Analyst Compensation:** The research analyst(s) primarily responsible for the preparation of the content of the research report attest that no part of the analyst's(s') compensation was, is or will be, directly or indirectly, related to the specific recommendations expressed by the research analyst(s) in the research report. The research analyst's(s') compensation is, however, determined by the overall economic performance of KEPLER CHEUVREUX.

**Registration of non-US Analysts:** Unless otherwise noted, the non-US analysts listed on the front of this report are employees of KEPLER CHEUVREUX, which is a non-US affiliate and parent company of Kepler Capital Markets, Inc. a SEC registered and FINRA member broker-dealer. Equity/Credit Research Analysts employed by KEPLER CHEUVREUX, are not registered/qualified as research analysts under FINRA/NYSE rules, may not be associated persons of Kepler Capital Markets, Inc. and may not be subject to NASD Rule 2711 and NYSE Rule 472 restrictions on communications with covered companies, public appearances, and trading securities held by a research analyst account.

### Research ratings

#### Kepler Cheuvreux rating split as of 09 February 2023

Rating Breakdown	A	B
Buy	57%	69%
Hold	33%	26%
Reduce	7%	1%
Not Rated/Under Review/Accept Offer	3%	4%
Total	100%	100%

Source: Kepler Cheuvreux

A: % of all research recommendations

B: % of issuers to which material services of investment firms are supplied

### 12 months rating history

The below table shows the history of recommendations and target prices changes issued by KEPLER CHEUVREUX research department (Equity and Credit) over a 12 months period.

Company Name	Date	Business Line	Rating	Target Price	Closing Price
Deutsche Rohstoff (EUR)	21/02/2022 05:48	Equity Research	Buy	36.00	24.30
	14/06/2022 04:40	Equity Research	Buy	40.00	31.00

Credit research does not issue target prices. Left intentionally blank.

Please refer to the following link <https://research.keplercheuvreux.com/disclosure/stock/> for a full list of investment recommendations issued over the last 12 months by the author(s) and contributor(s) of this report on any financial instruments.

### Equity research

#### Rating system

KEPLER CHEUVREUX equity research ratings and target prices are issued in absolute terms, not relative to any given benchmark. A rating on a stock is set after assessing the twelve months expected upside or downside of the stock derived from the analyst's fair value (target price) and in the light of the risk profile of the company. Ratings are defined as follows:

**Buy:** The minimum expected upside is 10% over next 12 months (the minimum required upside could be higher in light of the company's risk profile).

**Hold:** The expected upside is below 10% (the expected upside could be higher in light of the company's risk profile).

**Reduce:** There is an expected downside.

**Accept offer:** In the context of a total or partial take-over bid, squeeze-out or similar share purchase proposals, the offer price is considered to be fairly valuing the shares.

**Reject offer:** In the context of a total or partial take-over bid, squeeze-out or similar share purchase proposals, the offered price is considered to be undervaluing the shares.

**Under review:** An event occurred with an expected significant impact on our target price and we cannot issue a recommendation before having processed that new information and/or without a new share price reference.

**Not rated:** The stock is not covered.

**Restricted:** A recommendation, target price and/or financial forecast is not disclosed further to compliance and/or other regulatory considerations.

Due to share prices volatility, ratings and target prices may occasionally and temporarily be inconsistent with the above definition.

### Valuation methodology and risks

Unless otherwise stated in this report, target prices and investment recommendations are determined based on fundamental research methodologies and relies on commonly used valuation methodologies such as Discounted Cash Flow (DCF), valuation multiples comparison with history and peers, Dividend Discount Model (DDM).

Valuation methodologies and models can be highly dependent on macroeconomic factors (such as the price of commodities, exchange rates and interest rates) as well as other external factors including taxation, regulation and geopolitical changes (such as tax policy changes, strikes or war). In addition, investors' confidence and market sentiment can affect the valuation of companies. The valuation is also based on expectations that might change rapidly and without notice, depending on developments specific to individual industries. Whichever valuation method is used there is a significant risk that the target price will not be achieved within the expected timeframe.

Unless otherwise stated, models used are proprietary. Additional information about the proprietary models used in this report is accessible on request.

**KEPLER CHEUVREUX' equity research policy is to update research rating when it deems appropriate in the light of new findings, markets development and any relevant information that can impact the analyst's view and opinion.**

### Regulators

Location	Regulator	Abbreviation
KEPLER CHEUVREUX S.A - France	Autorité des Marchés Financiers	AMF
KEPLER CHEUVREUX, Sucursal en España	Comisión Nacional del Mercado de Valores	CNMV
KEPLER CHEUVREUX, Frankfurt branch	Bundesanstalt für Finanzdienstleistungsaufsicht	BaFin
KEPLER CHEUVREUX, Milan branch	Commissione Nazionale per le Società e la Borsa	CONSOB
KEPLER CHEUVREUX, Amsterdam branch	Autoriteit Financiële Markten	AFM
Kepler Capital Markets SA - Switzerland, Zurich branch	Swiss Financial Market Supervisory Authority	FINMA
Kepler Capital Markets, Inc.	Financial Industry Regulatory Authority	FINRA
KEPLER CHEUVREUX, London branch	Financial Conduct Authority	FCA
KEPLER CHEUVREUX, Vienna branch	Austrian Financial Services Authority	FMA
KEPLER CHEUVREUX, Stockholm Branch	Finansinspektionen	FI
KEPLER CHEUVREUX Oslo Branch	Finanstilsynet	NFSA
KEPLER CHEUVREUX, Bruxelles Branch	Autorité des Services et Marchés Financiers	FSMA

KEPLER CHEUVREUX is authorised and regulated by both Autorité de Contrôle Prudentiel and Autorité des Marchés Financiers.

## Legal and disclosure information

### Other disclosures

**This product is not for distribution to retail clients.**

MIFID 2 WARNING: We remind you that pursuant to MiFID 2, it is your responsibility, as a recipient of this research document, to determine whether or not your firm is impacted by the provisions of the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments ("MiFID 2") regarding the unbundling of research and execution (the "MiFID 2 Research Rules"). For any request on the provision of research documents, please send an email to [crystal.team@keplercheuvreux.com](mailto:crystal.team@keplercheuvreux.com).

The information contained in this publication was obtained from various publicly available sources believed to be reliable, but has not been independently verified by KEPLER CHEUVREUX. KEPLER CHEUVREUX does not warrant the completeness or accuracy of such information and does not accept any liability with respect to the accuracy or completeness of such information, except to the extent required by applicable law.

**This publication is a brief summary and does not purport to contain all available information on the subjects covered. Further information may be available on request.**

**This publication is for information purposes only and shall not be construed as an offer or solicitation for the subscription or purchase or sale of any securities, or as an invitation, inducement or intermediation for the sale, subscription or purchase of any securities, or for engaging in any other transaction.**

Any opinions, projections, forecasts or estimates in this report are those of the author only, who has acted with a high degree of expertise. They reflect only the current views of the author at the date of this report and are subject to change without notice. KEPLER CHEUVREUX has no obligation to update, modify or amend this publication or to otherwise notify a reader or recipient of this publication in the event that any matter, opinion, projection, forecast or estimate contained herein, changes or subsequently becomes inaccurate, or if research on the subject company is withdrawn. The analysis, opinions, projections, forecasts and estimates expressed in this report were in no way affected or influenced by the issuer. The author of this publication benefits financially from the overall success of KEPLER CHEUVREUX.

The investments referred to in this publication may not be suitable for all recipients. Recipients are urged to base their investment decisions upon their own appropriate investigations that they deem necessary. Any loss or other consequence arising from the use of the material contained in this publication shall be the sole and exclusive responsibility of the investor and KEPLER CHEUVREUX accepts no liability for any such loss or consequence. In the event of any doubt about any investment, recipients should contact their own investment, legal and/or tax advisers to seek advice regarding the appropriateness of investing. Some of the investments mentioned in this publication may not be readily liquid investments. Consequently it may be difficult to sell or realise such investments. The past is not necessarily a guide to future performance of an investment. The value of investments and the income derived from them may fall as well as rise and investors may not get back the amount invested. Some investments discussed in this publication may have a high level of volatility. High volatility investments may experience sudden and large falls in their value which may cause losses. International investing includes risks related to political and economic uncertainties of foreign countries, as well as currency risk.

To the extent permitted by applicable law, no liability whatsoever is accepted for any direct or consequential loss, damages, costs or prejudices whatsoever arising from the use of this publication or its contents.

### Country and region disclosures

**United Kingdom:** This document is for persons who are Eligible Counterparties or Professional Clients only and is exempt from the general restriction in section 21 of the Financial Services and Markets Act 2000 on the communication of invitations or inducements to engage in investment activity on the grounds that it is being distributed in the United Kingdom only to persons of a kind described in Articles 19(5) (Investment professionals) and 49(2) (High net worth companies, unincorporated associations, etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended). It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons. Any investment to which this document relates is available only to such persons, and other classes of person should not rely on this document.

**United States:** This communication is only intended for, and will only be distributed to, persons residing in any jurisdictions where such distribution or availability would not be contrary to local law or regulation. This communication must not be acted upon or relied on by persons in any jurisdiction other than in accordance with local law or regulation and where such person is an investment professional with the requisite sophistication to understand an investment in such securities of the type communicated and assume the risks associated therewith.

This communication is confidential and is intended solely for the addressee. It is not to be forwarded to any other person or copied without the permission of the sender. This communication is provided for information only. It is not a personal recommendation or an offer to sell or a solicitation to buy the securities mentioned. Investors should obtain independent professional advice before making an investment.

**Notice to U.S. Investors:** This material is not for distribution in the United States, except to "major US institutional investors" as defined in SEC Rule 15a-6 ("Rule 15a-6"). KEPLER CHEUVREUX has entered into a 15a-6 Agreement with Kepler Capital Markets, Inc. ("KCM, Inc.") which enables this report to be furnished to certain U.S. recipients in reliance on Rule 15a-6 through KCM, Inc.

Each U.S. recipient of this report represents and agrees, by virtue of its acceptance thereof, that it is a "major U.S. institutional investor" (as such term is defined in Rule 15a-6) and that it understands the risks involved in executing transactions in such securities. Any U.S. recipient of this report that wishes to discuss or receive additional information regarding any security or issuer mentioned herein, or engage in any transaction to purchase or sell or solicit or offer the purchase or sale of such securities, should contact a registered representative of KCM, Inc.

KCM, Inc. is a broker-dealer registered with the Securities and Exchange Commission ("SEC") under the U.S. Securities Exchange Act of 1934, as amended, Member of the Financial Industry Regulatory Authority ("FINRA") and Member of the Securities Investor Protection Corporation ("SIPC"). Pursuant to SEC Rule 15a-6, you must contact a Registered Representative of KCM, Inc. if you are seeking to execute a transaction in the securities discussed in this report. You can reach KCM, Inc. at Tower 49, 12 East 49th Street, Floor 36, New York, NY 10017, Compliance Department (212) 710-7625; Operations Department (212) 710-7606; Trading Desk (212) 710-7602. Further information is also available at [www.keplercheuvreux.com](http://www.keplercheuvreux.com). You may obtain information about SIPC, including the SIPC brochure, by contacting SIPC directly at 202-371-8300; website: <http://www.sipc.org/>.

KCM, Inc. is a wholly owned subsidiary of KEPLER CHEUVREUX. KEPLER CHEUVREUX, registered on the Paris Register of Companies with the number 413 064 841 (1997 B 10253), whose registered office is located at 112 avenue Kléber, 75016 Paris, is authorised and regulated by both Autorité de Contrôle Prudentiel (ACP) and Autorité des Marchés Financiers (AMF).

Nothing herein excludes or restricts any duty or liability to a customer that KCM, Inc. may have under applicable law. Investment products provided by or through KCM, Inc. are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of any insured depository institution, may lose value and are not guaranteed by the entity that published the research as disclosed on the front page and are not guaranteed by KCM, Inc.

Investing in non-U.S. Securities may entail certain risks. The securities referred to in this report and non-U.S. issuers may not be registered under the U.S. Securities Act of 1933, as amended, and the issuer of such securities may not be subject to U.S. reporting and/or other requirements. Rule 144A securities may be offered or sold only to persons in the U.S. who are Qualified Institutional Buyers within the meaning of Rule 144A under the Securities Act. The information available about non-U.S. companies may be limited, and non-U.S. companies are generally not subject to the same uniform auditing and reporting standards as U.S. companies. Securities of some non-U.S. companies may not be as

liquid as securities of comparable U.S. companies. Securities discussed herein may be rated below investment grade and should therefore only be considered for inclusion in accounts qualified for speculative investment.

Analysts employed by KEPLER CHEUVREUX SA, a non-U.S. broker-dealer, are not required to take the FINRA analyst exam. The information contained in this report is intended solely for certain "major U.S. institutional investors" and may not be used or relied upon by any other person for any purpose. Such information is provided for informational purposes only and does not constitute a solicitation to buy or an offer to sell any securities under the Securities Act of 1933, as amended, or under any other U.S. federal or state securities laws, rules or regulations. The investment opportunities discussed in this report may be unsuitable for certain investors depending on their specific investment objectives, risk tolerance and financial position.

In jurisdictions where KCM, Inc. is not registered or licensed to trade in securities, or other financial products, transactions may be executed only in accordance with applicable law and legislation, which may vary from jurisdiction to jurisdiction and which may require that a transaction be made in accordance with applicable exemptions from registration or licensing requirements.

The information in this publication is based on sources believed to be reliable, but KCM, Inc. does not make any representation with respect to its completeness or accuracy. All opinions expressed herein reflect the author's judgment at the original time of publication, without regard to the date on which you may receive such information, and are subject to change without notice.

KCM, Inc. and/or its affiliates may have issued other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. These publications reflect the different assumptions, views and analytical methods of the analysts who prepared them. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is provided in relation to future performance.

KCM, Inc. and any company affiliated with it may, with respect to any securities discussed herein: (a) take a long or short position and buy or sell such securities; (b) act as investment and/or commercial bankers for issuers of such securities; (c) act as market makers for such securities; (d) serve on the board of any issuer of such securities; and (e) act as paid consultant or advisor to any issuer. The information contained herein may include forward-looking statements within the meaning of U.S. federal securities laws that are subject to risks and uncertainties. Factors that could cause a company's actual results and financial condition to differ from expectations include, without limitation: political uncertainty, changes in general economic conditions that adversely affect the level of demand for the company's products or services, changes in foreign exchange markets, changes in international and domestic financial markets and in the competitive environment, and other factors relating to the foregoing. All forward-looking statements contained in this report are qualified in their entirety by this cautionary statement.

**France:** This publication is issued and distributed in accordance with legal or regulatory requirements relating to independent investment research, as defined under Article 36 of the EU delegated regulation n°565/2017.

**Germany:** This report must not be distributed to persons who are retail clients in the meaning of Sec. 31a para. 3 of the German Securities Trading Act (Wertpapierhandelsgesetz – "WpHG"). This report may be amended, supplemented or updated in such manner and as frequently as the author deems.

**Italy:** This document is issued by KEPLER CHEUVREUX Milan branch, authorised in France by the Autorité des Marchés Financiers (AMF) and the Autorité de Contrôle Prudentiel (ACP) and registered in Italy by the Commissione Nazionale per le Società e la Borsa (CONSOB) and is distributed by KEPLER CHEUVREUX. This document is for Eligible Counterparties or Professional Clients only as defined by the CONSOB Regulation 16190/2007 (art. 26 and art. 58). Other classes of persons should not rely on this document. Reports on issuers of financial instruments listed by Article 180, paragraph 1, letter a) of the Italian Consolidated Act on Financial Services (Legislative Decree No. 58 of 24/2/1998, as amended from time to time) must comply with the requirements envisaged by articles 69 to 69-novies of CONSOB Regulation 11971/1999. According to these provisions KEPLER CHEUVREUX warns on the significant interests of KEPLER CHEUVREUX indicated in Annex 1 hereof, confirms that there are not significant financial interests of KEPLER CHEUVREUX in relation to the securities object of this report as well as other circumstance or relationship with the issuer of the securities object of this report (including but not limited to conflict of interest, significant shareholdings held in or by the issuer and other significant interests held by KEPLER CHEUVREUX or other entities controlling or subject to control by KEPLER CHEUVREUX in relation to the issuer which may affect the impartiality of this document). Equities discussed herein are covered on a continuous basis with regular reports as results release. Reports are released on the date shown on cover and distributed via print and email. KEPLER CHEUVREUX branch di Milano analysts is not affiliated with any professional groups or organisations. All estimates are by KEPLER CHEUVREUX unless otherwise stated.

**Spain:** This document is only intended for persons who are Eligible Counterparties or Professional Clients within the meaning of Article 78bis and Article 78ter of the Spanish Securities Market Act. It is not intended to be distributed or passed on, directly or indirectly, to any other class of persons. This report has been issued by KEPLER CHEUVREUX Sucursal en España registered in Spain by the Comisión Nacional del Mercado de Valores (CNMV) in the foreign investments firms registry and it has been distributed in Spain by it or by KEPLER CHEUVREUX authorised and regulated by both Autorité de Contrôle Prudentiel and Autorité des Marchés Financiers. There is no obligation to either register or file any report or any supplemental documentation or information with the CNMV. In accordance with the Spanish Securities Market Law (Ley del Mercado de Valores), there is no need for the CNMV to verify, authorise or carry out a compliance review of this document or related documentation, and no information needs to be provided.

**Switzerland:** This publication is intended to be distributed to professional investors in circumstances such that there is no public offer. This publication does not constitute a prospectus within the meaning of Articles 652a and 1156 of the Swiss Code of Obligations.

**Canada:** The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. In Canada, the information contained herein is intended solely for distribution to Permitted Clients (as such term is defined in National Instrument 31-103) with whom Kepler Capital Markets, inc. deals pursuant to the international dealer exemption. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities may not be conducted through Kepler Capital Markets, inc. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein.

**Other countries:** Laws and regulations of other countries may also restrict the distribution of this report. Persons in possession of this document should inform themselves about possible legal restrictions and observe them accordingly.

**None of the material, nor its content may be altered in anyway, transmitted to, copied or distributed to any other party, in whole or in part, unless otherwise agreed with KEPLER CHEUVREUX in writing.**

Copyright © KEPLER CHEUVREUX. All rights reserved.

# Local insight, European scale.



## Europe

 **Amsterdam**  
Kepler Cheuvreux Benelux  
Johannes Vermeerstraat 9  
1071 DK Amsterdam  
**+31 20 563 2365**

 **London**  
Kepler Cheuvreux UK  
5th Floor  
95 Gresham Street  
London EC2V 7NA  
**+44 20 7621 5100**

 **Paris**  
Kepler Cheuvreux France  
112 Avenue Kleber  
75016 Paris  
**+33 1 53 65 35 00**


 **Brussels**  
Kepler Cheuvreux Belgium  
Rogier Tower  
Place Rogier 11  
1210 Brussels  
**+32 11 491460**

 **Madrid**  
Kepler Cheuvreux Espana  
Paseo de la Castellana, 52  
28046 Madrid  
**+34 914 36 5100**

 **Stockholm**  
Kepler Cheuvreux Sweden  
Malmskillnadsgatan 23  
11157 Stockholm  
**+46 8 723 51 00**

 **Frankfurt**  
Kepler Cheuvreux Germany  
Taunusanlage 19  
60325 Frankfurt  
**+49 69 756 960**

 **Milan**  
Kepler Cheuvreux Italia  
Via C. Cornaggia 10  
20123 Milan  
**+39 02 8550 7201**

 **Vienna**  
Kepler Cheuvreux Austria  
Schottenring 16/2  
1010 Vienna  
**+43 1 537 124 147**

 **Geneva**  
Kepler Cheuvreux SA  
Avenue Perdtemps 23,  
1260 Nyon  
Switzerland  
**+41 22361 5151**

 **Oslo**  
Kepler Cheuvreux Norway  
Filipstad Brygge 1  
Pb. 1671 Vika  
0120 Oslo  
**+47 23 13 9080**

 **Zurich**  
Kepler Cheuvreux Switzerland  
Stadelhoferstrasse 22  
8001 Zurich  
**+41 43 333 66 66**

## North America

 **New York**  
Kepler Capital Markets, Inc.  
Tower 49  
12 East 49th Street, Floor 36  
10017 New York, NY USA  
**+1 212 710 7600**