

# Deutsche Rohstoff AG

Germany / Energy  
 Frankfurt  
 Bloomberg: DR0 GR  
 ISIN: DE000A0XYG76

Q3/23 results

**RATING**  
**BUY**

**PRICE TARGET**  
**€ 47.00**

Return Potential 50.4%  
 Risk Rating High

## STRONG CASHFLOWS ENABLING RAPID BUT PRUDENT EXPANSION

New wells helped DRAG post record sales and EBITDA numbers in Q3/23. While we expect 2023 investment of €182m to exceed the sum of CAPEX for the previous three years, we forecast that strong cashflows and profits will limit the rise in 2023 year-end net gearing to a manageable 58.8% (2022: 33.0%). On the basis of management's 2024 CAPEX guidance of €50m (subject to upward revision if commodity prices remain firm) and current futures strips, we expect volume and EBITDA to climb by 7.5% and 6.0% respectively next year, but net gearing to fall to 16.6%. We maintain our Buy recommendation but have reduced the price target from €50.0 to €47.0 to reflect a 6% decline in the average level of the January 2024 to December 2028 oil futures strip since our last update of 25 October.

**25% y-o-y Q3/23 sales jump due to volume growth, mix shift towards oil**  
 Q3/23 sales rose 25% y-o-y to a new quarterly record of €57.5m (Q3/22: €46.0m). The previous record sales figure was Q4/22's €47.2m. Oil accounted for ca. 85% of Q3/23 sales (Q3/22: ca. 66%). The realised oil price after hedging fell 7% to USD78.07/bbl (Q3/22: USD83.96/bbl) in Q3/23 and the realised gas price was ca. 70% lower at ca. USD2.20/MMBtu (Q3/22: USD8.20/MMBtu). The average USDEUR rate was also 6.5% weaker and so the increase in sales was driven mainly by volume and mix effects. Overall volume jumped 56% y-o-y, with oil, gas and NGL up 82%, 31% and 34% respectively. The overall q-o-q increase was 45%. As described in our note of 25 October, the Q3/23 volume increase stemmed mainly from DRAG's JV with Occidental Petroleum which started production at ten new wells in Wyoming in May, and from three new wells drilled by the subsidiary 1876 Resources (also in Wyoming) which came on line in June. Oil volume rose further than gas and NGL volume because new wells typically produce a higher proportion of oil than mature wells, and production in Wyoming has a higher oil content than Colorado, which still accounts for the majority of DRAG's hydrocarbons output.

(p.t.o.)

### FINANCIAL HISTORY & PROJECTIONS

	2019	2020	2021	2022	2023E	2024E
Revenue (€m)	41.20	38.68	73.32	165.44	188.27	201.75
Y-o-y growth	-62.2%	-6.1%	89.5%	125.6%	13.8%	7.2%
EBITDA (€m)	22.73	23.93	66.06	139.09	142.64	151.14
EBITDA margin	55.2%	61.9%	90.1%	84.1%	75.8%	74.9%
Net income (€m)	0.31	-15.51	24.79	60.77	64.58	66.87
EPS (diluted) (€)	0.06	-3.13	5.00	12.15	12.91	13.36
DPS (€)	0.10	0.00	0.60	1.30	1.30	1.30
FCF (€m)	-14.79	-22.73	0.63	60.27	-62.55	77.40
Net gearing	75.9%	202.6%	100.2%	33.0%	58.8%	16.6%
Liquid assets (€m)	66.64	22.82	23.49	54.20	15.65	45.95

### RISKS

Risks include negative movements in the oil price and other raw materials prices, dry well risk, mechanical failure, loss of key personnel.

### COMPANY PROFILE

Deutsche Rohstoff AG (DRAG) is a fast-growing oil and gas producer with 100% of its production in the United States. Critical metals such as tungsten account for around 10% of the company's assets. DRAG is based in Mannheim, Germany.

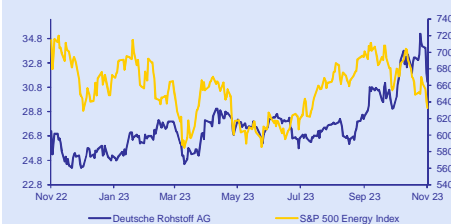
### MARKET DATA

As of 08 Nov 2023

Closing Price	€ 31.25
Shares outstanding	5.00m
Market Capitalisation	€ 156.36m
52-week Range	€ 24.20 / 35.20
Avg. Volume (12 Months)	7,108

Multiples	2022	2023E	2024E
P/E	2.6	2.4	2.3
EV/Sales	1.4	1.2	1.2
EV/EBITDA	1.7	1.6	1.5
Div. Yield	4.2%	4.2%	4.2%

### STOCK OVERVIEW



### COMPANY DATA

As of 30 Sep 2023

Liquid Assets	€ 76.15m
Current Assets	€ 115.86m
Intangible Assets	€ 31.79m
Total Assets	€ 472.56m
Current Liabilities	€ 72.80m
Shareholders' Equity	€ 167.23m

### SHAREHOLDERS

Management	10.0%
Institutional shareholders	19.0%
Free float	71.0%



Figure 1: Q3/23 and 9M/23 results

€ 000s	9M 23	% Δ	Q3 23	% Δ y-o-y	9M 22	% Δ y-o-y	Q3 22	% Δ y-o-y
<b>Volume (boepd)</b>	<b>11,484</b>	<b>27.5%</b>	<b>14,601</b>	<b>56.2%</b>	<b>9,009</b>	<b>26.3%</b>	<b>9,348</b>	<b>60.5%</b>
<b>Revenue</b>	<b>132,637</b>	<b>12.2%</b>	<b>57,454</b>	<b>25.0%</b>	<b>118,192</b>	<b>122.2%</b>	<b>45,951</b>	<b>219.7%</b>
Other operating income	7,302	-51.5%	3,474	-38.5%	15,069	-15.4%	5,644	44.0%
% sales	5.5%	-	6.0%	-	12.7%	-	12.3%	-
Cost of materials	-24,708	24.2%	-10,089	14.9%	-19,900	57.0%	-8,777	100.7%
% sales	-18.6%	-	-17.6%	-	-16.8%	-	-19.1%	-
Personnel expenses	-4,448	14.1%	-1,703	41.2%	-3,897	12.9%	-1,206	71.7%
% sales	-3.4%	-	-3.0%	-	-3.3%	-	-2.6%	-
Other operating expenses	-9,164	28.4%	-3,536	7.4%	-7,135	159.1%	-3,291	221.4%
% sales	-6.9%	-	-6.2%	-	-6.0%	-	-7.2%	-
Net other op. income/expenses	-1,862	-123.5%	-63	-102.7%	7,934	-47.3%	2,353	-18.7%
% sales	-1.4%	-	-0.1%	-	6.7%	-	5.1%	-
<b>EBITDA</b>	<b>101,619</b>	<b>-0.7%</b>	<b>45,600</b>	<b>19.0%</b>	<b>102,330</b>	<b>96.4%</b>	<b>38,322</b>	<b>214.2%</b>
margin (%)	76.6%	-	79.4%	-	86.6%	-	83.4%	-
Depreciation	-43,336	31.1%	-19,895	65.0%	-33,052	35.0%	-12,056	69.6%
EBIT	58,283	-15.9%	25,705	-2.1%	69,278	150.7%	26,265	416.3%
Net interest	-4,842	n.a.	-1,945	n.a.	-4,270	n.a.	-1,420	n.a.
Pretax	53,441	-17.8%	23,760	-4.4%	65,008	173.0%	24,845	527.1%
Tax	-10,118	n.a.	-2,356	n.a.	-12,411	n.a.	-4,796	n.a.
Tax rate (%)	18.9%	-	9.9%	-	19.1%	-	19.3%	-
Net profit before minorities	43,323	-17.6%	21,404	6.8%	52,597	145.6%	20,049	416.8%
Minorities	-727	n.a.	-211	n.a.	-5,040	n.a.	-2,140	n.a.
Net profit after minorities	42,596	-10.4%	21,193	18.3%	47,557	133.6%	17,909	366.9%

Source: DRAG

**Q3/23 EBITDA up 19% as volume/mix outweighed lower realised pricing** Q3/23 EBITDA climbed 19% to €45.6m (Q3/23: €38.3m), which was also a new record. The previous high was the Q2/22 figure of €38.8m. As one would expect given the operating leverage generated by a 56% volume increase, cost of materials fell as a percentage of sales to 17.6% (Q3/22: 19.1%). However as figure 1 shows, personnel expenses rose as a percentage of sales, while net other operating income fell as a percentage of sales. Net other operating income retreated to €-0.1m (Q3/22: €2.4m), mainly because of a €3.5m swing in currency gains to €-0.7m (Q3/22: €2.8m).

Figure 2: Cashflow summary

€000's	Q3/22	9M/22	FY/22	Q3/23	% Δ y-o-y	9M/23	% Δ y-o-y	FY/23E	FY/24E
<b>Op. cashflow before working cap. expenditure</b>	<b>35,548</b>	<b>112,434</b>	<b>140,205</b>	<b>42,026</b>	<b>18.2%</b>	<b>101,147</b>	<b>-10.0%</b>	<b>118,082</b>	<b>124,576</b>
Cash inflow/(outflow) from working capital	9,904	-4,383	2,527	-17,093	-272.6%	-5,145	17.4%	1,370	2,827
<b>Op. cashflow after working cap. expenditure</b>	<b>45,452</b>	<b>108,051</b>	<b>142,732</b>	<b>24,933</b>	<b>-45.1%</b>	<b>96,002</b>	<b>-11.2%</b>	<b>119,452</b>	<b>127,403</b>
Investments in intangibles	3,989	2,063	-6,034	2,065	-48.2%	1,165	-43.5%	-5,000	-5,000
Investments in PPE	-15,367	-72,287	-82,915	-29,544	92.3%	-132,898	83.8%	-177,000	-45,000
Other cashflow from investing	-1,144	5,012	16,785	4,202	-467.3%	6,752	34.7%	0	0
<b>Cashflow from investing activities</b>	<b>-12,522</b>	<b>-65,212</b>	<b>-72,164</b>	<b>-23,277</b>	<b>85.9%</b>	<b>-124,981</b>	<b>91.7%</b>	<b>-182,000</b>	<b>-50,000</b>
<b>Cashflow after investing</b>	<b>32,930</b>	<b>42,839</b>	<b>70,568</b>	<b>1,656</b>	<b>-95.0%</b>	<b>-28,979</b>	<b>-167.6%</b>	<b>-62,548</b>	<b>77,403</b>
A. Equity contributions from shareholders	-16,193	-16,105	-16,173	106	-100.7%	1,422	-108.8%	1,422	0
B. Interest paid	-219	-3,956	-6,726	-1,313	499.5%	-4,442	12.3%	-5,908	-7,055
C. Dividends paid	-2,946	-3,366	-3,723	-6,558	122.6%	-6,606	96.3%	-6,606	-6,606
D. FX	1,414	2,935	-45	634	-55.2%	6	-99.8%	6	0
<b>Cashflow after investing plus A,B,C,D</b>	<b>14,986</b>	<b>22,347</b>	<b>43,901</b>	<b>-5,475</b>	<b>-136.5%</b>	<b>-38,599</b>	<b>-272.7%</b>	<b>-73,634</b>	<b>63,742</b>

Source: DRAG, First Berlin Equity Research estimates

Operating cashflow before working capital changes rose 18.2% to €42.0m in Q3/23 (Q3/22: €35.5m) helped by the 19.0% rise in EBITDA. However a €26m swing in working capital cash consumption meant that operating cashflow fell 45.1% to €24.9m (Q3/22: €45.5m). The biggest component of the Q3/23 €17m cash outflow from working capital was an €11.7m rise in receivables in connection with higher commodity volume.



Investments in property plant and equipment nearly doubled to €29.5m (Q3/22: €15.4m) in connection with the drilling of six wells by 1876 Resources and the completion of five wells by the Oxy JV during the summer months.

**Figure 3: Balance sheet summary**

€000's	9M/22	FY/22	9M/23	FY/23E	FY/24E
Cash at bank	25,879	47,479	69,645	8,933	39,230
Securities classified as current assets	8,405	6,717	6,501	6,717	6,717
<b>Total liquid assets</b>	<b>34,284</b>	<b>54,196</b>	<b>76,146</b>	<b>15,650</b>	<b>45,947</b>
Securities classified as non-current assets	9,567	12,048	9,717	12,048	12,048
<b>Total cash, current/non-current securities</b>	<b>43,851</b>	<b>66,244</b>	<b>85,863</b>	<b>27,698</b>	<b>57,995</b>
Bonds	109,815	109,815	141,033	120,500	100,000
Bank liabilities	26	77	30,844	20,000	0
<b>Total interest bearing debt</b>	<b>109,841</b>	<b>109,892</b>	<b>171,877</b>	<b>140,500</b>	<b>100,000</b>
Equity	134,995	132,365	172,669	191,707	253,262
<b>Net interest-bearing debt</b>	<b>65,990</b>	<b>43,648</b>	<b>86,014</b>	<b>112,802</b>	<b>42,005</b>
<b>Net gearing</b>	<b>48.9%</b>	<b>33.0%</b>	<b>49.8%</b>	<b>58.8%</b>	<b>16.6%</b>

Source: DRAG, First Berlin Equity Research estimates

#### Current CAPEX guidance and futures strips indicate sharp fall in net gearing in 2024

Net interest bearing debt at end Q3/23 was €86.0m (Q3/22: €66.0m) equivalent to net gearing of 49.8% (Q3/22: 48.9%). The rise in net debt was thus almost matched by the rise in equity through the accumulation of net profits. We expect net debt to reach €112.8m by end 2023 (net gearing of 58.8%) but then fall sharply to €42.0m by end 2024 (net gearing of 16.6%) as operating cashflow clearly outstrips capital expenditure (DRAG is currently guiding for €50m of CAPEX in 2024).

**Figure 4: Oil production hedging coverage**

	Q4/23 New	Q4/23 Old	Δ %	2024 New	2024 Old	Δ %	2025 New	2025 Old	Δ %
No. Barrels (000s)	330	330	0.0%	1,100	1,000	10.0%	400	300	33.3%
Price per barrel (USD)	77	77	0.0%	77	76	1.3%	71	70	1.4%

Source: DRAG

**Further extension of hedging coverage** As shown in figure 4, DRAG has taken advantage of continued high oil prices to further extend hedging coverage of its oil production since the hedging update in the 27 September press release, which also announced an increase in full-year guidance. Total oil hedging coverage is now over 1.8m barrels at an average price of USD75.70/barrel (27 September: 1.6m barrels at USD75.10).

**Figure 5: Changes to our forecasts**

All figures in € 000s	2023E	2023E	Δ	2024E	2024E	Δ
	New	Old		New	Old	
<b>Volume (boepd)</b>	<b>12,466</b>	<b>12,466</b>	<b>0.0%</b>	<b>13,403</b>	<b>13,320</b>	<b>0.6%</b>
<b>Revenue</b>	<b>188,265</b>	<b>188,561</b>	<b>-0.2%</b>	<b>201,751</b>	<b>208,730</b>	<b>-3.3%</b>
<b>EBITDA</b>	<b>142,638</b>	<b>143,030</b>	<b>-0.3%</b>	<b>151,145</b>	<b>157,976</b>	<b>-4.3%</b>
Dep. and amort.	52,327	52,327	0.0%	56,415	56,065	0.6%
<b>Op. income (EBIT)</b>	<b>90,311</b>	<b>90,704</b>	<b>0%</b>	<b>94,730</b>	<b>101,911</b>	<b>-7%</b>
Net financial result	-7,076	-7,076	n.a.	-8,450	-8,450	n.a.
Pre-tax income (EBT)	83,235	83,627	-0.5%	86,280	93,461	-7.7%
Income taxes	-17,479	-17,562	n.a.	-18,119	-19,627	n.a.
<b>Net before mins.</b>	<b>65,756</b>	<b>66,066</b>	<b>-0.5%</b>	<b>68,161</b>	<b>73,834</b>	<b>-7.7%</b>
Minority interests	-1,172	-1,213	n.a.	-1,293	-1,506	n.a.
<b>Net inc. after mins.</b>	<b>64,584</b>	<b>64,853</b>	<b>-0.4%</b>	<b>66,868</b>	<b>72,328</b>	<b>-7.5%</b>
<b>EPS (€)</b>	<b>12.91</b>	<b>12.96</b>	<b>-0.4%</b>	<b>13.36</b>	<b>14.46</b>	<b>-7.5%</b>

Source: First Berlin Equity Research estimates

**Figure 6: DRAG guidance and First Berlin forecasts**

€m	DRAG 27.09.23 (base case)	FB forecast 07.11.23	FB forecast 24.10.23	New FB f/cast vs. DRAG base case	New vs. Old FB f/cast
2023 volume (boepd)	12,000-12,500	12,466	12,466	1.8%	0.0%
2024 volume (boepd)	13,000-13,500	13,403	13,320	1.2%	0.6%
2023 revenue	188-198	188	189	-2.5%	-0.4%
2023 EBITDA	138-148	143	143	-0.3%	-0.3%
2024 revenue	190-210	202	209	0.9%	-3.5%
2024 EBITDA	145-160	151	158	-0.9%	-4.3%
Q4/23 oil price assumption (USD)	85.00	83.58	88.02	-1.7%	-5.0%
Q4/23 gas price assumption (USD)	2.50	3.16	3.09	26.5%	2.4%
2024 oil price assumption (USD)	75.00	74.40	82.13	-0.8%	-9.4%
2024 gas price assumption (USD)	3.00	3.65	3.40	21.8%	7.5%
Q4/23 USDEUR exchange rate	0.93	0.93	0.93	0.0%	-0.1%
2024 USDEUR exchange rate	0.89	0.93	0.94	5.0%	-0.5%

Source: DRAG; First Berlin Equity Research estimates

**Buy recommendation maintained, but price target lowered from €50.0 to €47.0** The slight reductions in our full-year 2023 and 2024 forecasts reflect changes in the level of the NYMEX oil futures strip since our last note of 25 October. Under the new guidance given by DRAG on 27 September, four of the six wells drilled by 1876 Resources during the summer will begin production in October and the other two in Q1/24. We expect the other two 1876 Resources wells to come on stream in March next year. In addition, the Oxy JV started production from a further five wells in early Q4/23 and a further 10 wells are scheduled to come on line in H1/24. We expect this new production to boost volume by 7.5% in 2024. On the basis of the current NYMEX futures strip, we also expect EBITDA to climb 6.0%. We maintain our Buy recommendation but have reduced the price target from €50.0 to €47.0 to reflect a 6% decline in the average level of the January 2024 to December 2028 oil futures strip since our last update of 25 October.

**Figure 7: Changes to our valuation model**

€m	New	Old	% Δ
DCF valuation 1876 Resources (DRAG's stake 96.09%)	170.5	179.8	-5.2%
DCF valuation Elster Oil & Gas (DRAG's stake: 93.0%)	13.9	14.7	-5.1%
DCF valuation Salt Creek Oil & Gas/Bright Rock Energy (DRAG's stakes: 100.0%/ 98.49%)	66.6	69.3	-4.0%
Other proven reserves (DRAG's stake:100%)	61.9	64.1	-3.5%
PV11 hedging gains/(losses)	-0.3	-9.6	-96.4%
<b>Subtotal: US oil and gas activities</b>	<b>312.5</b>	<b>318.3</b>	<b>-1.8%</b>
Almonty (14.07% equity stake plus promissory notes and debentures)	21.3	20.5	3.9%
Ceritech (DRAG's stake: 72.46%)	0.4	0.5	-7.8%
Northern Oil and Gas (DRAG's stake: 0.26%)	2.7	8.0	-66.6%
<b>Total enterprise value</b>	<b>336.9</b>	<b>347.3</b>	<b>-3.0%</b>
Cash and securities held in current assets	76.1	28.0	171.6%
Proceeds from option exercise	5.8	5.8	0.0%
Bonds	141.0	100.0	41.0%
Bank debt	30.8	16.3	
<b>Net debt</b>	<b>89.9</b>	<b>82.4</b>	<b>9.1%</b>
<b>Equity value</b>	<b>247.0</b>	<b>264.9</b>	<b>-6.7%</b>
No. shares outstanding (m)	5.00	5.00	0.0%
Fully diluted no shares	5.29	5.29	0.0%
<b>Equity value per share (€)</b>	<b>46.66</b>	<b>50.03</b>	<b>-6.7%</b>

Source: First Berlin Equity Research estimates



## INCOME STATEMENT

All figures in € 000s	2019A	2020A	2021A	2022A	2023E	2024E
<b>Revenues</b>	<b>41,204</b>	<b>38,683</b>	<b>73,321</b>	<b>165,439</b>	<b>188,265</b>	<b>201,751</b>
Cost of materials	11,342	11,630	18,106	30,343	34,415	36,136
Personnel/G&A expenses	11,559	12,118	12,118	21,719	23,239	24,401
Other operating income	4,422	8,999	22,962	25,710	12,027	9,931
<b>EBITDA</b>	<b>22,725</b>	<b>23,935</b>	<b>66,058</b>	<b>139,088</b>	<b>142,638</b>	<b>151,145</b>
Depreciation and amortisation	17,095	40,070	33,469	47,656	52,327	56,415
<b>Operating income (EBIT)</b>	<b>5,630</b>	<b>-16,135</b>	<b>32,590</b>	<b>91,431</b>	<b>90,311</b>	<b>94,730</b>
Net financial result	-5,368	-6,388	96	-5,493	-7,076	-8,450
Other financial items	0	0	0	0	0	0
<b>Pre-tax income (EBT)</b>	<b>262</b>	<b>-22,524</b>	<b>27,056</b>	<b>85,938</b>	<b>83,235</b>	<b>86,280</b>
Taxes	-76	6,425	-699	-19,752	-17,479	-18,119
Profit before minorities	186	-16,099	26,357	66,186	65,756	68,161
Minority interests	122	589	-1,563	-5,420	-1,172	-1,293
<b>Net income / loss</b>	<b>308</b>	<b>-15,510</b>	<b>24,794</b>	<b>60,766</b>	<b>64,584</b>	<b>66,868</b>
<b>EPS (in €)</b>	<b>0.06</b>	<b>-3.13</b>	<b>5.00</b>	<b>12.15</b>	<b>12.91</b>	<b>13.36</b>
<b>Ratios</b>						
EBITDA margin on revenues	55.2%	61.9%	90.1%	84.1%	75.8%	74.9%
EBIT margin on revenues	13.7%	-41.7%	44.4%	55.3%	48.0%	47.0%
Net margin on revenues	0.7%	-40.1%	33.8%	36.7%	34.3%	33.1%
Tax rate	29.0%	-28.5%	2.6%	23.0%	21.0%	21.0%
<b>Y-Y Growth</b>						
Revenues	-62.2%	-6.1%	89.5%	125.6%	13.8%	7.2%
Operating income	-85.9%	n.m.	n.m.	180.6%	-1.2%	4.9%
Net income/ loss	-97.8%	n.m.	n.m.	145.1%	6.3%	3.5%



## BALANCE SHEET

All figures in € 000s	2019A	2020A	2021A	2022A	2023E	2024E
<b>Assets</b>						
<b>Current assets, total</b>	<b>80,455</b>	<b>36,354</b>	<b>53,151</b>	<b>89,814</b>	<b>55,702</b>	<b>88,796</b>
Cash and cash equivalents	66,637	22,815	23,492	54,196	15,650	45,947
Inventories	165	186	175	130	449	482
Receivables	9,935	3,505	17,898	28,733	33,888	36,315
Prepayments	1,156	1,047	893	863	1,883	2,018
Other current assets	1,161	7,327	8,529	4,884	2,824	3,026
Deferred tax assets	1,401	1,474	2,164	1,008	1,008	1,008
<b>Non-current assets, total</b>	<b>198,470</b>	<b>170,368</b>	<b>211,840</b>	<b>260,512</b>	<b>390,185</b>	<b>383,771</b>
Intangible assets	22,136	21,892	29,821	33,652	35,996	38,340
Advanced payments	0	0	0	277	277	277
Producing oil plants	138,433	110,203	143,612	161,897	268,907	261,546
Exploration and evaluation	648	2,227	5,225	30,357	50,422	49,042
Plant and machinery	143	123	111	276	458	446
Other equipment	331	225	107	109	181	176
Equity investments	16,688	17,773	14,552	15,407	15,407	15,407
Loans to other investors	1,902	4,711	4,782	6,489	6,489	6,489
Securities classified as fixed assets	18,189	13,214	13,630	12,048	12,048	12,048
<b>Total assets</b>	<b>278,925</b>	<b>206,722</b>	<b>264,991</b>	<b>350,326</b>	<b>445,887</b>	<b>472,566</b>
<b>Shareholders' equity &amp; debt</b>						
<b>Current liabilities, total</b>	<b>26,927</b>	<b>27,077</b>	<b>31,790</b>	<b>49,942</b>	<b>61,354</b>	<b>43,780</b>
Bank debt	22	190	1,089	77	0	0
Bond debt	0	16,658	0	9,815	20,500	0
Accounts payable	17,114	2,901	20,764	11,376	5,648	6,053
Other current liabilities	9,791	7,328	9,937	28,674	35,206	37,727
<b>Long-term liabilities, total</b>	<b>139,089</b>	<b>111,533</b>	<b>116,303</b>	<b>100,000</b>	<b>120,000</b>	<b>100,000</b>
Bond debt	131,077	97,761	97,761	100,000	100,000	100,000
Bank debt	8,012	13,772	18,542	0	20,000	0
Other long term liabilities	0	0	0	0	0	0
Provisions	25,222	7,336	18,842	32,653	37,653	40,350
Minority interests	7,184	6,170	7,351	3,403	4,575	5,868
Shareholders' equity	64,317	39,419	72,723	128,962	187,132	247,394
<b>Consolidated equity</b>	<b>71,501</b>	<b>45,589</b>	<b>80,074</b>	<b>132,365</b>	<b>191,707</b>	<b>253,262</b>
Accruals and deferrals	0	0	0	174	174	174
Deferred tax liabilities	16,186	15,187	17,982	35,192	35,000	35,000
<b>Total consolidated equity and debt</b>	<b>278,925</b>	<b>206,722</b>	<b>264,991</b>	<b>350,326</b>	<b>445,887</b>	<b>472,566</b>
<b>Ratios</b>						
Current ratio (x)	2.99	1.34	1.67	1.80	0.91	2.03
Quick ratio (x)	2.98	1.34	1.67	1.80	0.90	2.02
Financial leverage	75.9%	202.6%	100.2%	33.0%	58.8%	16.6%
Book value per share (€)	12.98	7.96	14.68	25.78	37.40	49.44
Net cash (debt)	-54,285	-92,352	-80,270	-43,648	-112,802	-42,005
Return on equity (ROE)	0.3%	-27.5%	41.9%	62.3%	40.6%	30.6%



## CASH FLOW STATEMENT

All figures in € 000s	2019A	2020A	2021A	2022A	2023E	2024E
<b>Net profit before minorities</b>	<b>186</b>	<b>-16,099</b>	<b>26,357</b>	<b>66,186</b>	<b>65,756</b>	<b>68,161</b>
Writedowns/w riteups of fixed assets	16,307	37,702	32,805	39,790	52,327	56,415
Increase/decrease in provisions	17,380	-11,411	-927	18,882	0	0
Changes in working capital	-9,195	2,712	6,907	2,527	1,370	2,827
Gains/losses from disposal of fixed assets	-31	-286	-736	-10,145	0	0
Gains/losses from disposal of securities	0	-1,433	-18,093	1,868	0	0
Interest expense/income	5,368	6,388	5,533	5,493	0	0
Tax paid/received	76	-6,425	792	17,863	0	0
Income tax payments	158	0	0	0	0	0
Other	-16,311	2,843	-816	267	0	0
<b>Operating cash flow</b>	<b>13,938</b>	<b>13,991</b>	<b>51,822</b>	<b>142,732</b>	<b>119,452</b>	<b>127,403</b>
Investment in property, plant equipment	-22,513	-30,731	-41,876	-82,915	-177,000	-45,000
Investment in intangible assets	-6,214	-6,110	-10,953	-6,034	-5,000	-5,000
Proceeds from disposal of tangible/intangible assets	0	119	1,633	6,490	0	0
<b>Free cash flow</b>	<b>-14,789</b>	<b>-22,731</b>	<b>626</b>	<b>60,273</b>	<b>-62,548</b>	<b>77,403</b>
Management of short term financial assets, other	-5,511	-12,008	21,850	10,295	0	0
<b>Investing cash flow</b>	<b>-34,238</b>	<b>-48,730</b>	<b>-29,346</b>	<b>-72,164</b>	<b>-182,000</b>	<b>-50,000</b>
Equity financing	-18	-97	0	-16,173	0	0
Debt financing	62,000	7,322	19,006	21334	30,685	0
Debt repayment	-16,115	-16,658	-31,729	-29,439	0	-40,500
Interest paid	-6,638	-7,515	-6,515	-6,725	0	0
Dividends, share buybacks	-3,937	-743	-328	-3,728	-6,606	-6,606
Other	0	0	-145	0	0	0
<b>Financing cash flow</b>	<b>35,292</b>	<b>-17,691</b>	<b>-19,711</b>	<b>-34,732</b>	<b>24,079</b>	<b>-47,106</b>
Other	1,004	8,608	-2,088	-5,132	-77	0
<b>Change in cash and equivalents</b>	<b>6,647</b>	<b>-43,822</b>	<b>677</b>	<b>30,704</b>	<b>-38,546</b>	<b>30,297</b>
FX/consolidation effects	0	0	0	0	0	0
<b>Cash and current cash equivs., start of the year</b>	<b>59,990</b>	<b>66,637</b>	<b>22,815</b>	<b>23,492</b>	<b>54,196</b>	<b>15,650</b>
<b>Cash and current cash equivs., end of the year</b>	<b>66,637</b>	<b>22,815</b>	<b>23,492</b>	<b>54,196</b>	<b>15,650</b>	<b>45,947</b>
<b>EBITDA/share (in €)</b>	<b>4.60</b>	<b>4.83</b>	<b>13.33</b>	<b>27.80</b>	<b>28.51</b>	<b>30.21</b>
<b>Y-Y Growth</b>						
Operating cash flow	-79.7%	0.4%	270.4%	175.4%	-16.3%	6.7%
Free cash flow	n.m.	n.m.	n.m.	9528.3%	n.m.	n.m.
EBITDA/share	-76.8%	5.1%	176.0%	108.5%	2.5%	6.0%

## Imprint / Disclaimer

### First Berlin Equity Research

First Berlin Equity Research GmbH ist ein von der BaFin betreffend die Einhaltung der Pflichten des §85 Abs. 1 S. 1 WpHG, des Art. 20 Abs. 1 Marktmissbrauchsverordnung (MAR) und der Markets Financial Instruments Directive (MiFID) II, Markets in Financial Instruments Directive (MiFID) II Durchführungsverordnung und der Markets in Financial Instruments Regulations (MiFIR) beaufsichtigtes Unternehmen.

First Berlin Equity Research GmbH is one of the companies monitored by BaFin with regard to its compliance with the requirements of Section 85 (1) sentence 1 of the German Securities Trading Act [WpHG], art. 20 (1) Market Abuse Regulation (MAR) and Markets in Financial Instruments Directive (MiFID) II, Markets in Financial Instruments Directive (MiFID) II Commission Delegated Regulation and Markets in Financial Instruments Regulations (MiFIR).

Anschrift:

First Berlin Equity Research GmbH  
Friedrichstr. 34  
10117 Berlin  
Germany

Vertreten durch den Geschäftsführer: Martin Bailey

Telefon: +49 (0) 30-80 93 9 680

Fax: +49 (0) 30-80 93 9 687

E-Mail: [info@firstberlin.com](mailto:info@firstberlin.com)

Amtsgericht Berlin Charlottenburg HR B 103329 B

UST-Id.: 251601797

Ggf. Inhaltlich Verantwortlicher gem. § 6 MDStV

First Berlin Equity Research GmbH

**Authored by: Simon Scholes, Analyst**

**All publications of the last 12 months were authored by Simon Scholes.**

**Company responsible for preparation: First Berlin Equity Research GmbH, Friedrichstraße 69, 10117 Berlin**

The production of this recommendation was completed on 9 November 2023 at 14:24

**Person responsible for forwarding or distributing this financial analysis: Martin Bailey**

**Copyright© 2023 First Berlin Equity Research GmbH** No part of this financial analysis may be copied, photocopied, duplicated or distributed in any form or media whatsoever without prior written permission from First Berlin Equity Research GmbH. First Berlin Equity Research GmbH shall be identified as the source in the case of quotations. Further information is available on request.

### **INFORMATION PURSUANT TO SECTION 85 (1) SENTENCE 1 OF THE GERMAN SECURITIES TRADING ACT [WPHG], TO ART. 20 (1) OF REGULATION (EU) NO 596/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF APRIL 16, 2014, ON MARKET ABUSE (MARKET ABUSE REGULATION) AND TO ART. 37 OF COMMISSION DELEGATED REGULATION (EU) NO 2017/565 (MIFID) II.**

First Berlin Equity Research GmbH (hereinafter referred to as: "First Berlin") prepares financial analyses while taking the relevant regulatory provisions, in particular section 85 (1) sentence 1 of the German Securities Trading Act [WpHG], art. 20 (1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) and art. 37 of Commission Delegated Regulation (EU) no. 2017/565 (MiFID II) into consideration. In the following First Berlin provides investors with information about the statutory provisions that are to be observed in the preparation of financial analyses.

### **CONFLICTS OF INTEREST**

In accordance with art. 37 (1) of Commission Delegated Regulation (EU) no. 2017/565 (MiFID) II and art. 20 (1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) investment firms which produce, or arrange for the production of, investment research that is intended or likely to be subsequently disseminated to clients of the firm or to the public, under their own responsibility or that of a member of their group, shall ensure the implementation of all the measures set forth in accordance with Article 34 (2) lit. (b) of Regulation (EU) 2017/565 in relation to the financial analysts involved in the production of the investment research and other relevant persons whose responsibilities or business interests may conflict with the interests of the persons to whom the investment research is disseminated. In accordance with art. 34 (3) of Regulation (EU) 2017/565 the procedures and measures referred to in paragraph 2 lit. (b) of such article shall be designed to ensure that relevant persons engaged in different business activities involving a conflict of interests carry on those activities at a level of independence appropriate to the size and activities of the investment firm and of the group to which it belongs, and to the risk of damage to the interests of clients.

In addition, First Berlin shall pursuant to Article 5 of the Commission Delegated Regulation (EU) 2016/958 disclose in their recommendations all relationships and circumstances that may reasonably be expected to impair the objectivity of the financial analyses, including interests or conflicts of interest, on their part or on the part of any natural or legal person working for them under a contract, including a contract of employment, or otherwise, who was involved in producing financial analyses, concerning any financial instrument or the issuer to which the recommendation directly or indirectly relates.

With regard to the financial analyses of Deutsche Rohstoff AG the following relationships and circumstances exist which may reasonably be expected to impair the objectivity of the financial analyses: The author, First Berlin, or a company associated with First Berlin reached an agreement with the Deutsche Rohstoff AG for preparation of a financial analysis for which remuneration is owed.

Furthermore, First Berlin offers a range of services that go beyond the preparation of financial analyses. Although First Berlin strives to avoid conflicts of interest wherever possible, First Berlin may maintain the following relations with the analysed company, which in particular may constitute a potential conflict of interest:

- The author, First Berlin, or a company associated with First Berlin owns a net long or short position exceeding the threshold of 0.5 % of the total issued share capital of the analysed company;
- The author, First Berlin, or a company associated with First Berlin holds an interest of more than five percent in the share capital of the analysed company;



- The author, First Berlin, or a company associated with First Berlin provided investment banking or consulting services for the analysed company within the past twelve months for which remuneration was or was to be paid;
- The author, First Berlin, or a company associated with First Berlin reached an agreement with the analysed company for preparation of a financial analysis for which remuneration is owed;
- The author, First Berlin, or a company associated with First Berlin has other significant financial interests in the analysed company;

With regard to the financial analyses of Deutsche Rohstoff AG the following of the aforementioned potential conflicts of interests or the potential conflicts of interest mentioned in Article 6 paragraph 1 of the Commission Delegated Regulation (EU) 2016/958 exist: The author, First Berlin, or a company associated with First Berlin reached an agreement with the Deutsche Rohstoff AG for preparation of a financial analysis for which remuneration is owed.

In order to avoid and, if necessary, manage possible conflicts of interest both the author of the financial analysis and First Berlin shall be obliged to neither hold nor in any way trade the securities of the company analyzed. The remuneration of the author of the financial analysis stands in no direct or indirect connection with the recommendations or opinions represented in the financial analysis. Furthermore, the remuneration of the author of the financial analysis is neither coupled directly to financial transactions nor to stock exchange trading volume or asset management fees.

**INFORMATION PURSUANT TO SECTION 64 OF THE GERMAN SECURITIES TRADING ACT [WPHG], DIRECTIVE 2014/65/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 15 MAY 2014 ON MARKETS IN FINANCIAL INSTRUMENTS AND AMENDING DIRECTIVE 2002/92/EC AND DIRECTIVE 2011/61/EU, ACCOMPANIED BY THE MARKETS IN FINANCIAL INSTRUMENTS REGULATION (MIFIR, REG. EU NO. 600/2014).**

First Berlin notes that it has concluded a contract with the issuer to prepare financial analyses and is paid for that by the issuer. First Berlin makes the financial analysis simultaneously available for all interested security financial services companies. First Berlin thus believes that it fulfils the requirements of section 64 WpHG for minor non-monetary benefits.

**PRICE TARGET DATES**

Unless otherwise indicated, current prices refer to the closing prices of the previous trading day.

**AGREEMENT WITH THE ANALYSED COMPANY AND MAINTENANCE OF OBJECTIVITY**

The present financial analysis is based on the author's own knowledge and research. The author prepared this study without any direct or indirect influence exerted on the part of the analysed company. Parts of the financial analysis were possibly provided to the analysed company prior to publication in order to avoid inaccuracies in the representation of facts. However, no substantial changes were made at the request of the analysed company following any such provision.

**ASSET VALUATION SYSTEM**

First Berlin's system for asset valuation is divided into an asset recommendation and a risk assessment.

**ASSET RECOMMENDATION**

The recommendations determined in accordance with the share price trend anticipated by First Berlin in the respectively indicated investment period are as follows:

Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy <sup>1</sup>	An expected favourable price trend of:	> 50%	> 30%
Buy	An expected favourable price trend of:	> 25%	> 15%
Add	An expected favourable price trend of:	0% to 25%	0% to 15%
Reduce	An expected negative price trend of:	0% to -15%	0% to -10%
Sell	An expected negative price trend of:	< -15%	< -10%

<sup>1</sup> The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

**RISK ASSESSMENT**

The First Berlin categories for risk assessment are low, average, high and speculative. They are determined by ten factors: Corporate governance, quality of earnings, management strength, balance sheet and financial risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, strength of brandname, market capitalisation and free float. These risk factors are incorporated into the First Berlin valuation models and are thus included in the target prices. First Berlin customers may request the models.

**RECOMMENDATION & PRICE TARGET HISTORY**

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	22 July 2010	€7.45	Buy	€13.20
2...38	↓	↓	↓	↓
39	9 June 2022	€32.00	Buy	€43.00
40	13 July 2022	€27.40	Buy	€36.00
41	11 November 2022	€26.20	Buy	€38.00
42	19 December 2022	€25.10	Buy	€34.00
43	23 March 2023	€25.70	Buy	€38.00
44	4 May 2023	€27.20	Buy	€40.00
45	25 August 2023	€26.15	Buy	€44.00
46	25 October 2023	€32.00	Buy	€50.00
47	Today	€31.25	Buy	€47.00

**INVESTMENT HORIZON**

Unless otherwise stated in the financial analysis, the ratings refer to an investment period of twelve months.

### UPDATES

At the time of publication of this financial analysis it is not certain whether, when and on what occasion an update will be provided. In general First Berlin strives to review the financial analysis for its topicality and, if required, to update it in a very timely manner in connection with the reporting obligations of the analysed company or on the occasion of ad hoc notifications.

### SUBJECT TO CHANGE

The opinions contained in the financial analysis reflect the assessment of the author on the day of publication of the financial analysis. The author of the financial analysis reserves the right to change such opinion without prior notification.

#### Legally required information regarding

- key sources of information in the preparation of this research report
- valuation methods and principles
- sensitivity of valuation parameters

can be accessed through the following internet link: <https://firstberlin.com/disclaimer-english-link/>

**SUPERVISORY AUTHORITY: Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) [BaFin], Graurheindorferstraße 108, 53117 Bonn and Marie-Curie-Straße 24-28, 60439 Frankfurt am Main**

### EXCLUSION OF LIABILITY (DISCLAIMER)

#### RELIABILITY OF INFORMATION AND SOURCES OF INFORMATION

The information contained in this study is based on sources considered by the author to be reliable. Comprehensive verification of the accuracy and completeness of information and the reliability of sources of information has neither been carried out by the author nor by First Berlin. As a result no warranty of any kind whatsoever shall be assumed for the accuracy and completeness of information and the reliability of sources of information, and neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be liable for any direct or indirect damage incurred through reliance on the accuracy and completeness of information and the reliability of sources of information.

#### RELIABILITY OF ESTIMATES AND FORECASTS

The author of the financial analysis made estimates and forecasts to the best of the author's knowledge. These estimates and forecasts reflect the author's personal opinion and judgement. The premises for estimates and forecasts as well as the author's perspective on such premises are subject to constant change. Expectations with regard to the future performance of a financial instrument are the result of a measurement at a single point in time and may change at any time. The result of a financial analysis always describes only one possible future development – the one that is most probable from the perspective of the author – of a number of possible future developments.

Any and all market values or target prices indicated for the company analysed in this financial analysis may not be achieved due to various risk factors, including but not limited to market volatility, sector volatility, the actions of the analysed company, economic climate, failure to achieve earnings and/or sales forecasts, unavailability of complete and precise information and/or a subsequently occurring event which affects the underlying assumptions of the author and/or other sources on which the author relies in this document. Past performance is not an indicator of future results; past values cannot be carried over into the future.

Consequently, no warranty of any kind whatsoever shall be assumed for the accuracy of estimates and forecasts, and neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be liable for any direct or indirect damage incurred through reliance on the correctness of estimates and forecasts.

#### INFORMATION PURPOSES, NO RECOMMENDATION, SOLICITATION, NO OFFER FOR THE PURCHASE OF SECURITIES

The present financial analysis serves information purposes. It is intended to support institutional investors in making their own investment decisions; however in no way provide the investor with investment advice. Neither the author, nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be considered to be acting as an investment advisor or portfolio manager vis-à-vis an investor. Each investor must form his own independent opinion with regard to the suitability of an investment in view of his own investment objectives, experience, tax situation, financial position and other circumstances.

The financial analysis does not represent a recommendation or solicitation and is not an offer for the purchase of the security specified in this financial analysis. Consequently, neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall as a result be liable for losses incurred through direct or indirect employment or use of any kind whatsoever of information or statements arising out of this financial analysis.

A decision concerning an investment in securities should take place on the basis of independent investment analyses and procedures as well as other studies including, but not limited to, information memoranda, sales or issuing prospectuses and not on the basis of this document.

#### NO ESTABLISHMENT OF CONTRACTUAL OBLIGATIONS

By taking note of this financial analysis the recipient neither becomes a customer of First Berlin, nor does First Berlin incur any contractual, quasi-contractual or pre-contractual obligations and/or responsibilities toward the recipient. In particular no information contract shall be established between First Berlin and the recipient of this information.

#### NO OBLIGATION TO UPDATE

First Berlin, the author and/or the person responsible for passing on or distributing the financial analysis shall not be obliged to update the financial analysis. Investors must keep themselves informed about the current course of business and any changes in the current course of business of the analysed company.

#### DUPLICATION

Dispatch or duplication of this document is not permitted without the prior written consent of First Berlin.

#### SEVERABILITY

Should any provision of this disclaimer prove to be illegal, invalid or unenforceable under the respectively applicable law, then such provision shall be treated as if it were not an integral component of this disclaimer; in no way shall it affect the legality, validity or enforceability of the remaining provisions.

#### APPLICABLE LAW, PLACE OF JURISDICTION

The preparation of this financial analysis shall be subject to the law obtaining in the Federal Republic of Germany. The place of jurisdiction for any disputes shall be Berlin (Germany).

#### NOTICE OF DISCLAIMER

By taking note of this financial analysis the recipient confirms the binding nature of the above explanations.

By using this document or relying on it in any manner whatsoever the recipient accepts the above restrictions as binding for the recipient.

#### QUALIFIED INSTITUTIONAL INVESTORS

First Berlin financial analyses are intended exclusively for qualified institutional investors.

**This report is not intended for distribution in the USA and/or Canada.**