

# Deutsche Rohstoff AG

**Outperform** → | Target price : 44.0 €

Price (01/11/2023) : 35.25 € | Upside : 25%

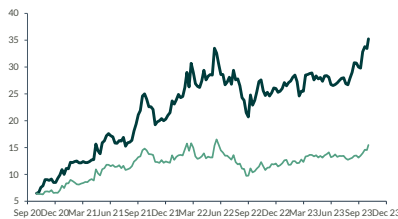
Revision 12/23e 12/24e

EPS

## Q3 2023 results above estimates, FY guidance confirmed

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Sources : ODDO BHF Securities, SIX

Share data	
DR0 GR   DROG.DE	
Market Cap (€m)	176
Enterprise value (€m)	231
Extrema 12 months (€)	24.00 - 35.25
Free Float (%)	64.0

Performance (%)	1m	3m	12m
Absolute	17.5	27.3	32.0
Perf. rel. Country Index	21.2	36.2	25.4
Perf. rel. Oils	18.7	20.0	28.2

P&L	12/23e	12/24e	12/25e
Sales (€m)	189	195	188
EBITDA (€m)	142	148	141
Current EBIT (€m)	86.7	90.5	82.7
Attr. net profit (€m)	58.2	56.9	53.1
Adjusted EPS (€)	26.94	36.74	45.73
Dividend (€)	1.35	1.40	1.45
P/E (x)	1.3	1.0	0.8
P/B (x)	1.0	0.8	0.6
Dividend Yield (%)	3.8	4.0	4.1
FCF yield (%)	ns	30.5	31.9
EV/Sales (x)	1.23	0.99	0.79
EV/EBITDA (x)	1.6	1.3	1.1
EV/Current EBIT (x)	2.7	2.1	1.8
Gearing (%)	35	11	-6
Net Debt/EBITDA (x)	0.5	0.2	-0.1

### Next Events

30/04/2024 FY Results

### Strong operational development

Deutsche Rohstoff (DRAG) reported a good set of Q3 numbers which beat our estimates. Revenue came in at € 57.5m (+25% y-o-y) with EBITDA up by 19% y-o-y to € 45.6m. This compares to our estimates of € 55.2m in revenue and € 40.2m in EBITDA. Q3 2023 revenue includes a loss from hedging of ca € 1.5m vs a loss of c. € 8.4m a year ago. The oil and gas production (Q1 to Q3) of 11,904 BOEPED (+27% y-o-y) was lower than projected (12,141 BOEPED). During Q3, the production reached an all-time high in the company's history, reaching 14,600 BOEPED.

### Q3 2023 results review

€ m	Q3 23	Q3 22	y-o-y	ODDO BHF	Δ
Revenue	57.5	45.9	25.1%	55.2	4.2%
EBITDA	45.6	38.3	19.0%	40.2	13.4%
Margin	79.4%	83.4%	ns	72.9%	650bp

Sources : ODDO BHF Securities, company

### 2023 guidance confirmed

Based on this strong operational performance, the strong oil price development and the planning and financing certainty that comes with the bond placement, the company has already decided in September to accelerate the completion of the current wells. For the full year, the company expects production of 12,000 to 12,500 BOEPED (ODDO BHF 12,617). We believe the group is well on track to achieve its FY 2023 guidance. We confirm our Outperform recommendation and target price of € 44. For 2023e, we are in line with guidance and consensus. The stock trades at a 2024e P/E of 1.0x vs 3.1x over the last 3 years.

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**DROG.DE | DR0 GR**  
**Energy Companies | Germany**

**Outperform**  
Upside 24.82%

Price 35.25 €  
TP 44.0 €

PER SHARE DATA (€)	12/18	12/19	12/20	12/21	12/22	12/23e	12/24e	12/25e
Adjusted EPS	5.81	5.15	1.92	6.92	16.82	26.94	36.74	45.73
Reported EPS	2.81	0.06	-3.13	5.00	12.15	11.62	11.37	10.61
Growth in adjusted EPS	59.3%	-11.3%	-62.7%	ns	ns	60.1%	36.4%	24.5%
Net dividend per share	0.70	0.10	0.00	0.60	1.30	1.35	1.40	1.45
FCF to equity per share	8.28	-2.98	-4.58	0.13	12.05	-1.77	10.76	11.25
Book value per share	13.32	12.98	7.96	14.68	25.78	35.89	45.69	54.68
Number of shares market cap (m)	5.06	5.08	5.08	5.08	5.00	5.00	5.00	5.00
Number of diluted shares (m)	5.06	5.08	5.08	5.08	5.00	5.00	5.00	5.00
VALUATION (€m)	12/18	12/19	12/20	12/21	12/22	12/23e	12/24e	12/25e
12m highest price (€)	25.90	19.80	15.95	25.60	33.50	35.25		
12m lowest price (€)	13.86	12.45	6.22	8.70	20.20	24.60		
(*) Reference price (€)	21.19	15.84	9.45	16.18	26.36	35.25	35.25	35.25
Capitalization	107	80.5	48.0	82.2	132	176	176	176
Restated Net debt	33.4	72.5	106	93.9	55.7	64.3	25.8	-17.2
Minorities (fair value)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial fixed assets (fair value)	10.0	6.7	10.3	15.8	14.3	9.6	9.6	9.6
Provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Enterprise Value</b>	<b>131</b>	<b>146</b>	<b>143</b>	<b>160</b>	<b>173</b>	<b>231</b>	<b>193</b>	<b>150</b>
P/E (x)	3.6	3.1	4.9	2.3	1.6	1.3	1.0	0.8
P/CF (x)	1.5	55.0	1.7	1.6	0.8	1.2	1.2	1.2
Net Yield	3.3%	0.6%	0.0%	3.7%	4.9%	3.8%	4.0%	4.1%
FCF yield	39.1%	ns	ns	0.8%	45.7%	ns	30.5%	31.9%
P/B incl. GW (x)	1.59	1.22	1.19	1.10	1.02	0.98	0.77	0.64
P/B excl. GW (x)								
EV/Sales (x)	1.20	3.55	3.70	2.19	1.05	1.23	0.99	0.79
EV/EBITDA (x)	1.3	6.4	6.0	2.4	1.2	1.6	1.3	1.1
EV/Current EBIT (x)	4.0	26.0	ns	4.9	1.9	2.7	2.1	1.8
(*) historical average price								
PROFIT AND LOSS (€m)	12/18	12/19	12/20	12/21	12/22	12/23e	12/24e	12/25e
Sales	109	41.2	38.7	73	165	189	195	188
EBITDA	98	22.7	23.9	66	139	142	148	141
Depreciations	-65.2	-17.1	-40.1	-33.5	-47.7	-55.0	-57.3	-58.1
<b>Current EBIT</b>	<b>32.7</b>	<b>5.6</b>	<b>-16.1</b>	<b>32.6</b>	<b>91</b>	<b>87</b>	<b>90</b>	<b>83</b>
Published EBIT	32.7	5.6	-16.1	32.6	91	87	90	83
Net financial income	-6.2	-5.4	-6.4	-5.5	-5.5	-1.9	-7.5	-5.1
Corporate Tax	-8.5	-0.1	6.4	-0.7	-19.8	-25.4	-24.9	-23.3
Net income of equity-accounted companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit/loss of discontinued activities (after tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minority interests	-4.1	0.1	0.6	-1.6	-5.4	-1.2	-1.2	-1.2
Attributable net profit	13.9	0.3	-15.5	24.8	61	58	57	53
<b>Adjusted attributable net profit</b>	<b>28.7</b>	<b>25.5</b>	<b>9.5</b>	<b>34.3</b>	<b>84</b>	<b>135</b>	<b>184</b>	<b>229</b>
BALANCE SHEET (€m)	12/18	12/19	12/20	12/21	12/22	12/23e	12/24e	12/25e
Goodwill	1.7	1.6	1.3	1.3	1.2	1.2	1.2	1.2
Other intangible assets	15.2	20.6	20.6	28.6	32.8	35.8	38.8	41.8
Tangible fixed assets	110	140	113	149	193	297	329	354
WCR	7.8	-4.7	9.2	6.7	23.2	15.6	16.0	15.6
Financial assets	23.2	38.2	37.2	35.1	35.0	-5.3	-30.7	-55.9
Ordinary shareholders equity	65.8	64.3	39.4	72.7	129	180	229	274
Minority interests	8.1	7.2	6.2	7.4	3.4	3.4	3.4	3.4
Shareholders equity	73.8	71.5	45.6	80.1	132	183	232	277
Non-current provisions	50.8	51.2	29.9	46.8	96.7	96.7	96.7	96.7
<b>Net debt</b>	<b>33.4</b>	<b>72.5</b>	<b>106</b>	<b>93.9</b>	<b>55.7</b>	<b>64.3</b>	<b>25.8</b>	<b>-17.2</b>
CASH FLOW STATEMENT (€m)	12/18	12/19	12/20	12/21	12/22	12/23e	12/24e	12/25e
<b>EBITDA</b>	<b>97.9</b>	<b>22.7</b>	<b>23.9</b>	<b>66.1</b>	<b>139.1</b>	<b>141.6</b>	<b>147.8</b>	<b>140.7</b>
Change in WCR	-1.6	12.5	-13.9	2.4	-16.5	7.6	-0.3	0.4
Interests & taxes	15.0	5.6	0.0	6.3	23.4	27.3	32.4	28.4
Others	-42.6	-26.9	4.0	-23.0	-3.2	-23.4	-33.0	-27.7
Operating Cash flow	68.7	13.9	14.0	51.8	142.7	153.1	146.8	141.8
CAPEX	-27.8	-28.7	-36.7	-51.2	-82.5	-162.0	-93.0	-85.5
<b>Free cash-flow</b>	<b>40.9</b>	<b>-14.7</b>	<b>-22.7</b>	<b>0.6</b>	<b>60.3</b>	<b>-8.9</b>	<b>53.8</b>	<b>56.3</b>
Acquisitions / disposals	0.1	-2.8	-3.9	-0.3	7.6	0.0	0.0	0.0
Dividends	-6.2	-3.9	-0.7	-0.3	-3.7	-7.6	-7.8	-8.1
Net capital increase	-0.5	0.0	-0.1	-0.1	-16.2	0.0	0.0	0.0
Others	-6.9	-6.6	-7.5	-6.5	-6.7	-4.0	-10.1	-9.2
Change in net cash	43.5	-39.1	-33.1	11.7	38.2	-8.6	38.5	43.1
GROWTH MARGINS PRODUCTIVITY	12/18	12/19	12/20	12/21	12/22	12/23e	12/24e	12/25e
Sales growth	ns	-62.2%	-6.1%	89.5%	ns	14.0%	3.5%	-3.6%
Lfl sales growth	-	-	-	-	-	-	-	-
Current EBIT growth	ns	-82.8%	ns	ns	ns	-5.2%	4.4%	-8.6%
Growth in adjusted EPS	59.3%	-11.3%	-62.7%	ns	ns	60.1%	36.4%	24.5%
Net margin	26.3%	61.9%	24.6%	46.8%	50.9%	71.5%	94.2%	ns
<b>EBITDA margin</b>	<b>89.8%</b>	<b>55.2%</b>	<b>61.9%</b>	<b>90.1%</b>	<b>84.1%</b>	<b>75.1%</b>	<b>75.7%</b>	<b>74.8%</b>
<b>Current EBIT margin</b>	<b>30.0%</b>	<b>13.7%</b>	<b>-41.7%</b>	<b>44.4%</b>	<b>55.3%</b>	<b>45.9%</b>	<b>46.4%</b>	<b>44.0%</b>
CAPEX / Sales	-60.7%	-69.7%	-95.2%	-72.1%	-53.8%	-85.9%	-47.7%	-45.5%
WCR / Sales	7.2%	-11.4%	23.7%	9.2%	14.0%	8.3%	8.2%	8.3%
Tax Rate	32.2%	29.1%	28.5%	2.6%	23.0%	30.0%	30.0%	30.0%
Normative tax rate	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Asset Turnover	0.8	0.3	0.3	0.4	0.8	0.6	0.5	0.5
<b>ROCE post-tax (normative tax rate)</b>	<b>15.8%</b>	<b>2.7%</b>	<b>-7.5%</b>	<b>13.8%</b>	<b>29.4%</b>	<b>20.3%</b>	<b>17.2%</b>	<b>14.5%</b>
ROCE post-tax hors GW (normative tax rate)	16.1%	2.7%	-7.6%	14.0%	29.6%	20.3%	17.3%	14.6%
ROE	49.8%	39.2%	18.3%	61.2%	83.5%	87.4%	90.1%	91.1%
DEBT RATIOS	12/18	12/19	12/20	12/21	12/22	12/23e	12/24e	12/25e
Gearing	45%	ns	ns	ns	42%	35%	11%	-6%
Net Debt / Market Cap	0.31	0.90	2.20	1.14	0.42	0.36	0.15	-0.10
<b>Net debt / EBITDA</b>	<b>0.34</b>	<b>3.19</b>	<b>4.41</b>	<b>1.42</b>	<b>0.40</b>	<b>0.45</b>	<b>0.17</b>	<b>-0.12</b>
EBITDA / net financial charges	15.7	4.2	3.7	11.9	25.3	75.9	19.7	27.4

Sources: ODDO BHF Securities, SIX



• **Valuation method**

Our target prices are established on a 12-month timeframe and we use three valuation methods to determine them. First, the discounting of available cash flows using the discounting parameters set by the Group and indicated on ODDO BHF' website. Second, the sum-of-the-parts method based on the most pertinent financial aggregate depending on the sector of activity. Third, we also use the peer comparison method which facilitates an evaluation of the company relative to similar businesses, either because they operate in identical sectors (and are therefore in competition with one another) or because they benefit from comparable financial dynamics. A mixture of these valuation methods may be used in specific instances to more accurately reflect the specific characteristics of each company covered, thereby fine-tuning its evaluation.

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Neutral: performance expected to be comparable to that of the benchmark index, sectoral (large caps) or other (small and mid caps).  
Underperform: performance expected to fall short of that of the benchmark index, sectoral (large caps) or other (small and mid caps).

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Date	Reco	Price Target (EUR)	Price (EUR)	Analyst
05/10/23	Outperform	44.00	29.25	=VLOOKUP(RC[-5],RunHistz
24/07/23	Outperform	40.00	26.70	=VLOOKUP(RC[-5],RunHistz

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**Recommendation split**

		Outperform	Neutral	Underperform
Our whole coverage	(678)	53%	36%	11%
Liquidity providers coverage	(81)	51%	36%	14%
Research service coverage	(49)	63%	24%	12%
Investment banking services	(26)	46%	46%	8%

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