

Deutsche Rohstoff AG

Germany / Raw materials

Frankfurt

Bloomberg: DR0 GR

ISIN: DE000A0XYG76

Update

RATING**PRICE TARGET**

Return Potential

Risk Rating

BUY**€ 29.30**

40.2%

High

PRICE TARGET RAISED ON LOWER TAX CHARGE/HIGHER OIL PRICE

DRAG stands to benefit from the reduction in the US corporate tax rate from 35% to 21%. The move will raise future net income at DRAG's three US-based oil and gas businesses, Cub Creek Energy (CCE), Elster Oil & Gas (EOG) and Salt Creek Oil & Gas (Salt Creek). In addition, since our note of 22 November the oil price futures curve (see figure 1) has shifted upward by between USD1.50 and USD3.00 with near term prices rising most strongly. Lastly, DRAG's stake in CCE - the most valuable of its US oil and gas holdings - rose from 80% to 88.5% following the departure of the business' CEO, Robert Gardner, to pursue other opportunities. The management team at CCE now consists of Dan Berberick (Vice President of Exploration), who joined the company in 2014, and Scott B. Baily (Vice President - Land and Business Development), who has been with DRAG since 2013. The changes described above cause us to raise our enterprise valuation of DRAG's U.S. oil and gas operations by 22.9% to €197.7m (previously: €160.9m). Given that these businesses account for over 90% of our enterprise valuation, and we estimate that DRAG had net debt of €60.6m at the end of 2017, our price target rises by 31.3% to €29.3 (previously: €22.3). The recommendation moves from Add to Buy.

Production at Haley above blended type curve DRAG has also published recent production data for CCE's three currently producing drill pads. Haley, which started production in October 2017, was producing at 2,746 BOEPD (barrels of oil equivalent per day) in late December, of which 1,992 barrels were oil. Five of Haley's seven wells are producing from the Niobrara Horizon while the other two are producing from the Codell Horizon. We estimate that BOEPD and oil production at Haley were respectively ca. 28% and 38% above the blended type curve for these horizons in December.

Production at Vail and Markham pads below type curve DRAG's Q3 results published on 19 November contained a profit warning stemming from lower than expected production at CCE's Vail and Markham production pads. (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

| | 2014 | 2015 | 2016 | 2017E | 2018E | 2019E |
|--------------------|--------|--------|--------|--------|--------|--------|
| Revenue (€m) | 22.87 | 1.90 | 9.17 | 50.25 | 88.88 | 161.28 |
| Y-o-y growth | 28.8% | -91.7% | 383.4% | 448.0% | 869.2% | 220.9% |
| EBITDA (€m) | 114.16 | 4.93 | 6.37 | 36.95 | 76.18 | 143.74 |
| EBITDA margin | 499.1% | 260.0% | 69.5% | 73.5% | 85.7% | 89.1% |
| Net income (€m) | 25.17 | 1.16 | 0.10 | 2.98 | 26.56 | 37.39 |
| EPS (diluted) (€) | 4.80 | 0.23 | 0.02 | 0.59 | 5.25 | 7.39 |
| DPS (€) | 0.50 | 0.55 | 0.60 | 0.70 | 1.00 | 1.00 |
| FCF (€m) | 82.10 | -12.11 | -57.26 | -16.30 | -54.60 | -26.50 |
| Net gearing | -63.7% | -40.5% | 59.8% | 73.0% | 107.5% | 98.7% |
| Liquid assets (€m) | 92.82 | 71.04 | 28.09 | 42.50 | 20.68 | 17.97 |

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 resources company with a portfolio of properties in oil/gas, so-called high tech metals such as tin and tungsten, base metals and rare earths. The business model is based on production in well explored areas in politically stable countries. DRAG is based in Mannheim, Germany.

MARKET DATA

As of 10 Jan 2018

| | |
|-------------------------|-----------------|
| Closing Price | € 20.90 |
| Shares outstanding | 5.06m |
| Market Capitalisation | € 105.82m |
| 52-week Range | € 16.13 / 25.68 |
| Avg. Volume (12 Months) | 14,621 |

| Multiples | 2016 | 2017E | 2018E |
|------------|--------|-------|-------|
| P/E | 1035.4 | 35.5 | 4.0 |
| EV/Sales | 18.1 | 3.3 | 1.9 |
| EV/EBITDA | 26.1 | 4.5 | 2.2 |
| Div. Yield | 2.9% | 3.3% | 4.8% |

STOCK OVERVIEW



COMPANY DATA

As of 30 Sep 2017

| | |
|----------------------|-----------|
| Liquid Assets | € 28.36m |
| Current Assets | € 36.91m |
| Intangible Assets | € 38.06m |
| Total Assets | € 194.43m |
| Current Liabilities | € 12.03m |
| Shareholders' Equity | € 61.75m |

SHAREHOLDERS

| | |
|------------|-------|
| Management | 9.7% |
| BASF-VC | 6.3% |
| Free float | 84.0% |

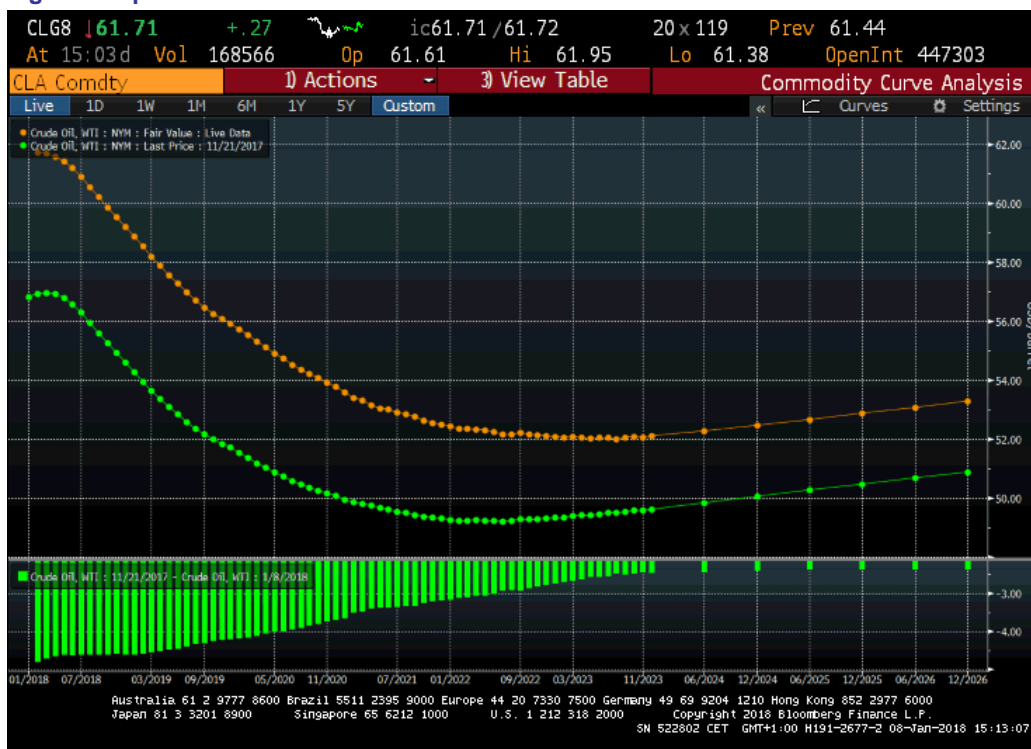


Sales guidance for 2017 was reduced from a range of €55-€65m to €50m and for EBITDA from €40m to a range of €35-€37m. Production of oil and gas at Vail and Markham has suffered in recent months because of excessively high pressure in the local gas network.

Installation of gas lifts planned at both Vail and Markham In late December the combined output rate for the two production pads was 2,668 BOEPD, of which 1,060 barrels were oil. 14 of the 21 wells at these two pads produce from the Niobrara Horizon while the other seven produce from the Codell Horizon. We estimate that BOEPD and oil production at Vail/Markham were respectively ca. 8% and 40% below the blended type curve for these horizons in December. In Q4 2017 a new gas line was added to the Markham well site, thereby reducing pressure. Similar measures are planned for the Vail pad in the near term. Management also plan to install gas lifts at both production pads during the first half of 2018. We expect these measures to raise the share of production accounted for by oil, which on a BOE basis is over three times more valuable than gas.

We expect lower tax rates to outweigh higher depreciation at Vail/Markham Management have indicated that lower than expected production at Vail and Markham will lead to a downward revision of the two production sites' reserve estimates and hence more rapid depreciation of investments in their infrastructure. However, reduced deferred tax liabilities are expected to reduce the 2017 tax charge by around €3.3m. We expect the positive effect of the lower tax rate to outweigh the negative effect of higher depreciation on the 2017 result.

Figure 1: Upward shift in West Texas Intermediate futures curve since 21.11.2017



Source: Bloomberg

No. of net 1 mile equivalent wells to treble over next 2 years DRAG is planning to strongly increase oil and gas production during 2018 and 2019. The company is currently producing from around 33 equivalent 100% owned, 1 mile lateral wells. By spring of this year, we expect this figure to rise to 59 as 16 new wells at CCE's Litzenberger pad (working interest 80%), 20 2.5 mile wells at EOG (working interest 24%) and six 2 mile wells (working interest 8%) come on stream at Salt Creek.



By the end of 2019 we expect this number to reach 106. Figures 2, 3 and 4 below show our current DCF valuations of CCE, EOG and Salt Creek.

Figure 2: DCF Valuation of CCE*

| USD 000s | 2018E | 2019E | 2020E | 2021E | 2022E | 2023E | 2024E | 2025E |
|--|----------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|
| Production (working interest): barrels of oil equivalent (000s) | 2,054 | 4,203 | 4,448 | 2,646 | 1,999 | 1,636 | 1,399 | 1,228 |
| Oil price period end (WTI -USD/barrel) | 50.00 | 50.00 | 50.00 | 50.00 | 50.00 | 50.00 | 50.00 | 50.00 |
| No. 1 mile-lateral equivalent wells period end | 68.0 | 92.0 | 116.0 | 116.0 | 116.0 | 116.0 | 116.0 | 116.0 |
| Net revenue (working interest after royalty and ad valorem tax) | 65,310 | 160,101 | 161,264 | 87,568 | 64,653 | 52,332 | 44,251 | 38,417 |
| EBITDA | 55,924 | 143,454 | 143,550 | 75,375 | 54,487 | 43,083 | 35,592 | 30,187 |
| Depreciation | 22,279 | 79,248 | 44,335 | 26,769 | 20,378 | 16,763 | 14,377 | 12,659 |
| EBIT | 33,646 | 64,206 | 99,215 | 48,606 | 34,109 | 26,321 | 21,216 | 17,528 |
| NOPLAT | 26,580 | 50,722 | 78,380 | 38,398 | 26,946 | 20,793 | 16,760 | 13,847 |
| Tax Rate (%) | 21.0% | 21.0% | 21.0% | 21.0% | 21.0% | 21.0% | 21.0% | 21.0% |
| Depreciation | 22,279 | 79,248 | 44,335 | 26,769 | 20,378 | 16,763 | 14,377 | 12,659 |
| CAPEX | 84,736 | 128,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Working capital expenditure | -2,825 | -14,219 | -174 | 11,054 | 3,437 | 1,848 | 1,212 | 875 |
| Free cashflow | -38,703 | -12,248 | 122,541 | 76,222 | 50,762 | 39,404 | 32,349 | 27,381 |
| PV free cashflow (12% discount rate) | -33,743 | -9,534 | 85,171 | 47,301 | 28,126 | 19,494 | 14,289 | 10,799 |
| Sum PV free cashflows | 200,384 | | | | | | | |

Source: DRAG; First Berlin Equity Research estimates

Figure 3: DCF Valuation of EOG*

| USD 000s | 2018E | 2019E | 2020E | 2021E | 2022E | 2023E | 2024E | 2025E |
|--|---------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Production (working interest): barrels of oil equivalent (000s) | 841 | 537 | 365 | 284 | 236 | 203 | 180 | 161 |
| Oil price period end (WTI -USD/barrel) | 50.00 | 50.00 | 50.00 | 50.00 | 50.00 | 50.00 | 50.00 | 50.00 |
| No. 1 mile-lateral equivalent wells period end | 54.0 | 54.0 | 54.0 | 54.0 | 54.0 | 54.0 | 54.0 | 54.0 |
| Net revenue (working interest after royalty and ad valorem tax) | 26,255 | 15,039 | 9,695 | 7,139 | 5,840 | 5,013 | 4,399 | 3,914 |
| EBITDA | 22,413 | 12,914 | 8,243 | 5,830 | 4,641 | 3,864 | 3,287 | 2,833 |
| Depreciation | 6,966 | 4,490 | 3,086 | 2,420 | 2,018 | 1,744 | 1,544 | 1,389 |
| EBIT | 15,448 | 8,424 | 5,157 | 3,410 | 2,623 | 2,119 | 1,743 | 1,444 |
| NOPLAT | 12,204 | 6,655 | 4,074 | 2,694 | 2,072 | 1,674 | 1,377 | 1,140 |
| Tax Rate (%) | 21.0% | 21.0% | 21.0% | 21.0% | 21.0% | 21.0% | 21.0% | 21.0% |
| Depreciation | 6,966 | 4,490 | 3,086 | 2,420 | 2,018 | 1,744 | 1,544 | 1,389 |
| CAPEX | 14,976 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Working capital expenditure | -3,315 | 1,682 | 802 | 383 | 195 | 124 | 92 | 73 |
| Free cashflow | 878 | 12,827 | 7,962 | 5,497 | 4,285 | 3,543 | 3,013 | 2,602 |
| PV free cashflow (12% discount rate) | 766 | 9,985 | 5,534 | 3,411 | 2,374 | 1,753 | 1,331 | 1,026 |
| Sum PV free cashflows | 30,448 | | | | | | | |

Source: DRAG; First Berlin Equity Research estimates

Figure 4: DCF Valuation of Salt Creek*

| USD 000s | 2018E | 2019E | 2020E | 2021E | 2022E | 2023E | 2024E | 2025E |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Production (working interest): barrels of oil equivalent (000s) | 439 | 573 | 637 | 671 | 650 | 481 | 381 | 321 |
| Oil price period end (WTI -USD/barrel) | 50.00 | 50.00 | 50.00 | 50.00 | 50.00 | 50.00 | 50.00 | 50.00 |
| No. 2 mile-lateral equivalent wells period end | 103.0 | 113.0 | 133.0 | 153.0 | 160.0 | 160.0 | 160.0 | 160.0 |
| Net revenue (working interest after royalty and ad valorem tax) | 15,086 | 18,391 | 19,739 | 19,681 | 19,066 | 14,129 | 11,187 | 9,411 |
| 10% ad valorem tax | 1,676 | 2,043 | 2,193 | 2,187 | 2,118 | 1,570 | 1,243 | 1,046 |
| Direct op. costs (working interest) | 1,230 | 1,632 | 1,846 | 1,991 | 1,975 | 1,497 | 1,212 | 1,042 |
| Overhead costs | 777 | 636 | 689 | 1,099 | 1,329 | 1,224 | 1,148 | 1,106 |
| EBITDA | 13,078 | 16,123 | 17,204 | 16,590 | 15,763 | 11,408 | 8,827 | 7,263 |
| Depreciation | 6,966 | 4,490 | 3,086 | 2,420 | 2,018 | 1,744 | 1,544 | 1,389 |
| EBIT | 6,112 | 11,633 | 14,118 | 14,170 | 13,745 | 9,664 | 7,283 | 5,874 |
| NOPLAT | 4,829 | 9,190 | 11,153 | 11,195 | 10,858 | 7,635 | 5,754 | 4,640 |
| Tax Rate (%) | 21.0% | 21.0% | 21.0% | 21.0% | 21.0% | 21.0% | 21.0% | 21.0% |
| Depreciation | 6,966 | 4,490 | 3,086 | 2,420 | 2,018 | 1,744 | 1,544 | 1,389 |
| CAPEX | 11,467 | 10,667 | 5,333 | 10,667 | 3,733 | 0 | 0 | 0 |
| Working capital expenditure | -1,340 | -496 | -202 | 9 | 92 | 741 | 441 | 266 |
| Free cashflow | -1,012 | 2,518 | 8,704 | 2,957 | 9,235 | 10,119 | 7,739 | 6,296 |
| PV free cashflow (12% discount rate) | -883 | 1,960 | 6,049 | 1,835 | 5,117 | 5,006 | 3,418 | 2,483 |
| Sum PV free cashflows | 32,824 | | | | | | | |

Source: DRAG; First Berlin Equity Research estimates

* our valuation models for CCE, EOG and Salt Creek extend to 2039 but for reasons of space we show numbers only out to 2025

**Figure 5: Changes to our forecasts**

| All figures in € 000s | 2017E | 2017E | Δ | 2018E | 2018E | Δ | 2019E | 2019E | Δ |
|-------------------------------|--------|--------|--------|--------|---------|-------|---------|---------|--------|
| | New | Old | | New | Old | | New | Old | |
| Revenues | 50,251 | 50,282 | -0.1% | 88,876 | 86,625 | 2.6% | 161,276 | 160,454 | 0.5% |
| EBITDA | 36,951 | 36,809 | 0.4% | 76,179 | 72,978 | 4.4% | 143,742 | 141,510 | 1.6% |
| Depreciation and amortisation | 26,625 | 24,657 | | 32,985 | 32,542 | | 80,759 | 100,507 | |
| Operating income (EBIT) | 10,326 | 12,152 | -15.0% | 43,194 | 40,436 | 6.8% | 62,983 | 41,003 | 53.6% |
| Net financial result | -5,194 | -4,749 | | -3,959 | -5,315 | | -6,829 | -7,442 | |
| Pre-tax income (EBT) | 5,132 | 7,403 | | 39,235 | 35,120 | | 56,154 | 33,562 | |
| Income taxes | 513 | -2,591 | | -8,239 | -12,292 | | -11,792 | -11,747 | |
| Net before minorities | 5,645 | 4,812 | | 30,996 | 22,828 | | 44,362 | 21,815 | |
| Minority interests | -2,664 | -876 | | -4,437 | -3,630 | | -6,973 | -3,817 | |
| Net income after mins. | 2,981 | 3,936 | -24.3% | 26,559 | 19,198 | 38.3% | 37,389 | 17,998 | 107.7% |
| EPS (€) | 0.59 | 0.78 | -24.5% | 5.25 | 3.79 | 38.5% | 7.39 | 3.55 | 108.1% |

Source: DRAG; First Berlin Equity Research estimates

Figure 5 above shows changes to our forecasts. Depreciation rises in 2017 because of the reductions in the reserve estimates for Vail and Markham discussed above. However, we now believe our previous 2019 depreciation forecast was too conservative and have reduced this figure by nearly €20m. We have revised up our 2017 forecast for net profit before minorities to take account of the impact of the U.S. tax reform on DRAG's deferred tax liabilities. However, our 2017 EPS forecast falls by 24.5% to €0.59 (previously: €0.78) because of higher accruals to minority interests.

For 2018 and 2019 our forecasts for revenue, EBIT and net profit after minorities rise due to a higher oil price assumption, lower taxation and the increase in DRAG's stake in CCE from 80% to 88.5%.

We raise price target from €22.3 to €29.3 and moving from Add to Buy As figure 6 shows, we have raised our enterprise valuation of DRAG's north American oil assets by 22.9% to €197.7m (previously: €160.9m). These assets now account for 94.7% (previously: 94.2%) of our enterprise valuation of the group. We now see fair value for the DRAG share at €29.3 (previously: €22.3). The recommendation moves from Buy to Add.

Figure 6: Sum of the parts model

| €m | New | Old | % Δ |
|--|--------------|--------------|--------------|
| Cub Creek Energy (DRAG's stake 88.5%) | 149.0 | 129.5 | |
| Elster Oil & Gas (DRAG's stake: 93.0%) | 23.8 | 15.5 | |
| Salt Creek Oil & Gas (DRAG's stake: 90.2%) | 24.9 | 15.8 | |
| Subtotal: US oil and gas activities | 197.7 | 160.9 | 22.9% |
| Almonty (13.3% equity stake plus CAD8.8m in convertible debentures, promissory notes) | 14.5 | 14.4 | |
| Tin International (DRAG's stake: 61.5%) | 1.5 | 1.5 | |
| Rhein Petroleum (DRAG's stake: 10%) | 2.0 | 2.0 | |
| Ceritech (DRAG's stake: 67.9%) | 2.2 | 1.0 | |
| Devonian Metals (DRAG's stake: 47%) | 0.0 | 0.0 | |
| Hammer Metals (DRAG's stake: 17.8%) | 1.0 | 1.0 | |
| Holding company costs | -10.0 | -10.0 | |
| Total enterprise value | 208.8 | 170.8 | 22.3% |
| Cash and financial assets | 50.1 | 36.0 | |
| Debt | 110.7 | 93.8 | |
| Net cash and financial assets | -60.6 | -57.9 | |
| Total equity value | 148.3 | 112.9 | 31.3% |
| No shares (m) | 5.06 | 5.06 | |
| Equity value per share (€) | 29.3 | 22.3 | 31.3% |

Source: First Berlin Equity Research estimates



INCOME STATEMENT

| All figures in € 000s | 2014A | 2015A | 2016A | 2017E | 2018E | 2019E |
|--------------------------------|----------------|--------------|---------------|---------------|---------------|----------------|
| Revenues | 22,871 | 1,897 | 9,170 | 50,251 | 88,876 | 161,276 |
| Direct operating costs | 5,080 | 59 | 4 | 5,601 | 7,780 | 12,617 |
| General & administrative costs | 10,408 | 5,321 | 6,681 | 4,425 | 4,917 | 4,917 |
| Other losses/currency losses | -106,777 | -8,416 | -3,889 | 3,274 | 0 | 0 |
| EBITDA | 114,160 | 4,933 | 6,374 | 36,951 | 76,179 | 143,742 |
| Depreciation and amortisation | 25,434 | 1,578 | 6,874 | 26,625 | 32,985 | 80,759 |
| Operating income (EBIT) | 88,726 | 3,355 | -500 | 10,326 | 43,194 | 62,983 |
| Net financial result | -4,065 | -3,912 | -1,454 | -5,194 | -3,959 | -6,829 |
| Non-operating expenses | 0 | 0 | 0 | 0 | 0 | 0 |
| Pre-tax income (EBT) | 84,661 | -557 | -1,953 | 5,132 | 39,235 | 56,154 |
| Taxes | -30,645 | 1,086 | 2,028 | 513 | -8,239 | -11,792 |
| Minority interests | -28,845 | 626 | 28 | -2,664 | -4,437 | -6,973 |
| Net income / loss | 25,171 | 1,155 | 102 | 2,981 | 26,559 | 37,389 |
| EPS (in €) | 4.80 | 0.23 | 0.02 | 0.59 | 5.25 | 7.39 |
| Ratios | | | | | | |
| EBITDA margin on revenues | 499.1% | 260.0% | 69.5% | 73.5% | 85.7% | 89.1% |
| EBIT margin on revenues | 387.9% | 176.9% | -5.4% | 20.5% | 48.6% | 39.1% |
| Net margin on revenues | 110.1% | 60.9% | 1.1% | 5.9% | 29.9% | 23.2% |
| Tax rate | 36.2% | 195.0% | 103.8% | -10.0% | 21.0% | 21.0% |
| Y-Y Growth | | | | | | |
| Revenues | 28.8% | -91.7% | 383.4% | 448.0% | 76.9% | 81.5% |
| Operating income | n.m. | -96.2% | n.m. | n.m. | 318.3% | 45.8% |
| Net income/ loss | n.m. | -95.4% | -91.2% | 2817.1% | 790.8% | 40.8% |



BALANCE SHEET

| All figures in € 000s | 2014A | 2015A | 2016A | 2017E | 2018E | 2019E |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Assets | | | | | | |
| Current assets, total | 98,203 | 79,267 | 51,874 | 56,505 | 57,612 | 95,040 |
| Cash and cash equivalents | 92,821 | 71,041 | 28,090 | 42,505 | 20,679 | 17,974 |
| Inventories | 38 | 55 | 139 | 280 | 739 | 1,541 |
| Receivables | 106 | 2,831 | 7,794 | 10,080 | 26,592 | 55,488 |
| Prepayments | 190 | 276 | 495 | 840 | 2,216 | 4,624 |
| Other current assets | 726 | 4,530 | 15,105 | 2,800 | 7,387 | 15,413 |
| Deferred tax assets | 4,322 | 534 | 251 | 0 | 0 | 0 |
| Non-current assets, total | 36,493 | 48,786 | 141,598 | 158,843 | 237,036 | 287,356 |
| Intangible assets | 12,279 | 17,501 | 40,614 | 39,614 | 38,614 | 37,614 |
| Land and buildings | 0 | 0 | 0 | 0 | 0 | 0 |
| Producing oil plants | 0 | 5,314 | 76,172 | 94,427 | 169,886 | 226,017 |
| Exploration and evaluation | 1,647 | 1,596 | 3,493 | 4,330 | 7,790 | 10,364 |
| Plant and machinery | 513 | 444 | 173 | 214 | 386 | 513 |
| Other equipment | 94 | 119 | 103 | 128 | 230 | 306 |
| Equity investments | 11,456 | 11,822 | 12,542 | 12,542 | 12,542 | 12,542 |
| Loans to other investors | | | 913 | 0 | | 0 |
| Securities classified as fixed assets | 10,504 | 11,990 | 7,588 | 7,588 | 7,588 | 0 |
| Total assets | 134,696 | 128,053 | 193,472 | 215,348 | 294,649 | 382,396 |
| Shareholders' equity & debt | | | | | | |
| Current liabilities, total | 4,675 | 4,230 | 33,904 | 25,282 | 25,015 | 52,199 |
| Bank debt | 414 | 7 | 0 | 0 | 0 | 0 |
| Bond debt | 0 | 0 | 0 | 15,800 | 0 | 0 |
| Accounts payable | 217 | 957 | 29,915 | 2,845 | 7,505 | 15,660 |
| Other current liabilities | 4,044 | 3,266 | 3,989 | 6,638 | 17,511 | 36,539 |
| Long-term liabilities, total | 63,147 | 57,955 | 75,243 | 94,884 | 147,000 | 167,000 |
| Bond debt | 57,111 | 51,555 | 66,705 | 66,500 | 66,500 | 66,500 |
| Bank debt | 5,993 | 6,400 | 8,538 | 28,384 | 80,500 | 100,500 |
| Other long term liabilities | 43 | 0 | 0 | 0 | 0 | 0 |
| Provisions | 1,540 | 1,089 | 5,308 | 2,000 | 2,000 | 2,000 |
| Minority interests | 2,331 | 2,566 | 9,698 | 12,362 | 16,799 | 23,772 |
| Shareholders' equity | 60,157 | 59,274 | 56,423 | 70,627 | 93,642 | 127,233 |
| Consolidated equity | 62,488 | 61,840 | 66,121 | 82,989 | 110,441 | 151,006 |
| Deferred tax liabilities | 2,846 | 2,939 | 12,896 | 10,192 | 10,192 | 10,192 |
| Total consolidated equity and debt | 134,696 | 128,053 | 193,472 | 215,348 | 294,649 | 382,396 |
| Ratios | | | | | | |
| Current ratio (x) | 21.01 | 18.74 | 1.53 | 2.23 | 2.30 | 1.82 |
| Quick ratio (x) | 21.00 | 18.73 | 1.53 | 2.22 | 2.27 | 1.79 |
| Financial leverage | -63.7% | -40.5% | 59.8% | 73.0% | 107.5% | 98.7% |
| Book value per share (€) | 11.94 | 11.77 | 11.20 | 14.02 | 18.59 | 25.26 |
| Net cash (debt) | 39,807 | 25,069 | -38,652 | -60,591 | -118,733 | -149,026 |
| Return on equity (ROE) | 106.6% | 0.9% | 0.1% | 7.6% | 32.0% | 33.9% |



CASH FLOW STATEMENT

| All figures in € 000s | 2014A | 2015A | 2016A | 2017E | 2018E | 2019E |
|---|----------------|----------------|----------------|----------------|-----------------|-----------------|
| EBIT | 88,726 | 3,355 | -500 | 10,326 | 43,194 | 62,983 |
| Depreciation and amortisation | 25,434 | 1,578 | 6,874 | 26,625 | 32,985 | 80,759 |
| EBITDA | 114,160 | 4,933 | 6,374 | 36,951 | 76,179 | 143,742 |
| Changes in working capital | 1,524 | -4,625 | -5,809 | -14,889 | -7,400 | -12,950 |
| Interest paid | -4,263 | -3,912 | -1,413 | -5,194 | -3,959 | -6,829 |
| Tax paid/received | -29,091 | 1,086 | 1,724 | 11,613 | -8,239 | -11,792 |
| Profit/loss from sale of Tekton Energy | -103,605 | 0 | 0 | 0 | 0 | 0 |
| Other adjustments | 2,299 | 3,712 | 2,038 | 0 | 0 | 0 |
| Operating cash flow | -18,976 | 1,194 | 2,914 | 28,482 | 56,581 | 112,170 |
| Investing cash flow | 101,073 | -13,307 | -60,177 | -44,783 | -111,179 | -138,667 |
| Free cash flow | 82,097 | -12,113 | -57,263 | -16,301 | -54,598 | -26,496 |
| Dividends, share buybacks | -38,929 | -3,100 | -2,714 | -3,038 | -3,544 | -3,797 |
| Equity financing | 0 | 0 | 1,126 | 0 | 0 | 0 |
| Debt financing | 0 | 0 | 39,233 | 35,441 | 52,116 | 20,000 |
| Debt repayment | -8,540 | -6,182 | -22,148 | 0 | -15,800 | 0 |
| Other | 999 | -2,712 | -3,981 | 913 | 0 | 7,588 |
| Financing cash flow | -46,470 | -11,994 | 11,516 | 33,316 | 32,772 | 23,791 |
| Other | 0 | 0 | 2,246 | -2,600 | 0 | 0 |
| Change in cash and equivalents | 35,627 | -24,107 | -43,501 | 14,415 | -21,825 | -2,706 |
| FX/consolidation effects | 11,131 | 2,327 | 550 | 0 | 0 | 0 |
| Cash and cash equivalents, start of the year | 46,063 | 92,821 | 71,041 | 28,090 | 42,505 | 20,679 |
| Cash and cash equivalents, end of the year | 92,821 | 71,041 | 28,090 | 42,505 | 20,679 | 17,974 |
| EBITDA/share (in €) | 21.70 | 0.97 | 1.26 | 7.30 | 15.06 | 28.41 |
| Y-Y Growth | | | | | | |
| Operating cash flow | n.m. | n.m. | 144.1% | 877.4% | 98.7% | 98.2% |
| Free cash flow | n.m. | n.m. | n.m. | n.m. | n.m. | n.m. |
| EBITDA/share | 5954.7% | -95.5% | 29.2% | 479.7% | 106.2% | 88.7% |

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| Report No.: | Date of publication | Previous day closing price | Recommendation | Price target |
|----------------|---------------------|----------------------------|----------------|--------------|
| Initial Report | 22 July 2010 | €7.45 | Buy | €13.20 |
| 2...24 | ↓ | ↓ | ↓ | ↓ |
| 25 | 20 February 2017 | €23.66 | Buy | €34.00 |
| 26 | 16 October 2017 | €19.59 | Buy | €26.90 |
| 27 | 22 November 2017 | €20.33 | Add | €22.30 |
| 28 | Today | €20.90 | Buy | €29.30 |

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