

Diversified Energy PLC

United States / Energy
 London Stock Exchange
 Bloomberg: DEC LN
 ISIN: GB00BYX7JT74

First two acquisitions
 in new "Central"
 Regional Focus Area

RATING
PRICE TARGET
 Return Potential
 Risk Rating

BUY
GBp 140.00
 30.4%
 Medium

CEO HUTSON: "NEW AREA COULD ECLIPSE APPALACHIA IN A YEAR OR TWO"

DEC has recently announced two acquisitions encompassing 1,600 net operated wells in Louisiana and Texas for a combined net purchase price of USD281m. The assets acquired from Indigo Minerals LLC and Blackbeard Operating LLC have combined current net production of 32 MBoepd (16 MBoepd each) compared with DEC's 2020 figure of 100 MBoepd. DEC has long been considering adding a second regional focus to its business, which until now has been concentrated in the Appalachian Basin. Management tell us that they looked at several regions within the United States before deciding on the "Central" Regional Focus Area (RFA) which encompasses Arkansas, Louisiana, Oklahoma, and Texas. The new acquisitions' unit lease operating, gathering & transportation, and production tax expenses are higher than in Appalachia. However, we calculate that this is cancelled out by more favourable differential pricing and zero incremental administrative expense. We also note that the company will have the opportunity to reduce costs in the future through the development of scale and synergies through regional consolidation. The main financing component of the acquisitions was a 20% increase in DEC's share capital which raised net proceeds of USD215m. The new assets raise 2020 proforma adjusted EBITDA (hedged) by 29% and so the transactions should be clearly accretive. Tens of thousands of mature wells aged over ten years (both vertical and horizontal) are located in the new RFA. As is the case in Appalachia, the priority for many gas producers is new drilling, and mature wells are put up for sale to finance this activity. DEC has ample financial firepower to take advantage of the opportunity to scale its asset base in the new RFA. The company's adjusted EBITDA margin is ca. 50% and in October 2020 Oaktree agreed to match up to USD1bn of funding by DEC of mutually agreed acquisitions with transaction valuations greater than USD250m for a period of three years. (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2017	2018	2019	2020	2021E	2022E
Revenue (unhedged) (\$ m)	41.78	289.77	462.26	408.69	763.06	763.44
Y-o-y growth	144.5%	593.6%	59.5%	-11.6%	86.7%	0.0%
Adj. EBITDA (hedged)* (\$ m)	17.51	146.22	273.27	300.59	329.54	317.49
Adj. EBITDA margin (hedged)	40.4%	53.3%	53.4%	54.3%	48.2%	45.6%
Net income (\$ m)	27.45	201.12	99.40	-23.47	158.64	139.11
EPS (diluted) (\$)	0.23	0.52	0.15	-0.04	0.21	0.16
DPS (\$)	5.44	11.23	13.92	15.25	16.00	16.00
FCF (\$m)	3.83	66.88	244.30	217.32	284.54	260.52
Net gearing	53.7%	66.0%	67.7%	81.7%	61.8%	55.0%
Liquid assets (\$ m)	15.17	1.37	1.66	1.38	2.58	2.59

* excludes non-recurring items, non-cash equity compensation, includes hedge portfolio gains/losses

RISKS

Acquisitions are a vital part of DEC's strategy for protecting and growing its cashflow. There can be no guarantee that the group will be able to continue to source acquisitions at attractive valuations.

COMPANY PROFILE

Diversified Energy PLC is an established, independent owner and operator of producing natural gas & oil wells in the United States. Natural gas accounts for ca. 90% of total production. Ca. 76% of total production derives from the Appalachian Basin and the balance from the newly entered "Central" Regional Focus Area (Arkansas, Louisiana, Oklahoma, Texas).

MARKET DATA

As of 11 Jun 2021

Closing Price GBp 107.40
 Shares outstanding 849.24m
 Market Capitalisation GBP912.1m
 52-week Range GBp 93.80 / 131.00
 Avg. Volume (12 Months) 2,129,184

Multiples	2020	2021E	2022E
P/E	n.a.	7.4	9.3
EV/Sales	5.2	2.8	2.8
EV/EBITDA	7.1	6.5	6.7
Div. Yield	10.0%	10.5%	10.5%

STOCK OVERVIEW



COMPANY DATA

As of 31 Dec 2020

Liquid Assets \$ 1.38m
 Current Assets \$ 94.47m
 Intangible Assets \$ 19.21m
 Total Assets \$ 2,291.68m
 Current Liabilities \$ 196.51m
 Shareholders' Equity \$ 886.66m

SHAREHOLDERS

Standard Life Aberdeen PLC 5.5%
 Premier Miton Group PLC 5.4%
 BlackRock Inc. 4.6%
 AXA SA 4.5%
 Free float and other 80.0%



In addition, DEC's current leverage ratio of 1.9x adjusted EBITDA (hedged) is below its targeted range of 2.0-2.5x implying scope to make further acquisitions without an accompanying capital raise. CEO Rusty Hutson has stated that the new RFA could "eclipse Appalachia in a year or two." In our view the new RFA is a compelling opportunity for further rapid acquisition-led growth. We maintain our Buy recommendation and price target of GBp140.

Figure 1: Acquisitions Summary

Acquisition Parameters	Blackbeard	Indigo
Gross purchase price (USDm)	180	135
Net purchase price (USDm) ^a	166	115
Closing date	Expected late June 2021	19 May 2021
Adj. EBITDA purchase price multiple	ca. 3.5x	ca. 2.9x
Net production	16 MBoepd	16 MBoepd
PDP reserves	79 MMBoe ^b	50 MMBoe ^c
PV10 of reserves (USDm)	238 ^b	175 ^c
Assets overview		
Net well count	ca. 840	ca. 815
Operated / % operated	ca. 820/98%	ca. 780/96%
Current production mix (Gas/NGL/Oil)	82%/17%/1%	83%/15%/2%
Average working/net revenue interest	65%/35%	79%/60%
Average well age ^d	11 years	6 years
Estimated one year decline	ca. 8%	ca. 14%
Acquired acreage (net)	ca. 123,000	ca. 180,000
Net gas differential (USD/MMBtu) ^e	(USD0.25)-(USD0.35)	(USD0.10)-(USD0.20)
Estimated adjusted EBITDA (USDm) ^f	ca. USD48m	ca. USD40m
Estimated cash operating cost (USD/Mcfe) ^g	USD1.57 (80% variable)	USD1.36 (75% variable)
Estimated adjusted EBITDA margin (hedged)	ca. 50%	ca. 50%

a) assumes estimated customary purchase price adjustments

b) measured as at 1 April 2021 and using NYMEX strip pricing as of 7 May 2021

c) measured as at 1 March 2021 and using NYMEX strip pricing as of 16 April 2021

d) production-weighted average well age

e) inclusive of Houston Ship Channel basis differential and marketing deducts

f) estimated NTM adjusted EBITDA (unhedged) and does not include synergies which may be realised

g) defined as base lease operating expenses, gathering and transportation, and production taxes

Source: Diversified Energy PLC

Volume growth through the two acquisitions should translate roughly 1:1 into adjusted EBITDA growth Figure 1 above provides an overview of the assets acquired from Blackbeard and Indigo. The gas/NGL/oil production mix changes only slightly from 90%/9%/1% before the acquisitions to 89%/10%/1% afterwards. We estimate the average basis differential for DEC's Appalachian assets at USD0.62/Mcf or USD3.72/BOE. The equivalent figures for Blackbeard and Indigo are USD0.31/Mcf or USD1.86/BOE and USD0.16/Mcf or USD0.96/BOE respectively. In consequence net realised prices at the two acquisitions are higher than at DEC before the acquisitions. DEC has only taken on the two acquisitions' field teams and hence incremental administration spending will be zero. The increase in unit administration spending at DEC during 2020 was made partly in anticipation of 2021's acquisitions. As figure 2 below shows, we calculate that more favourable differential pricing and zero incremental administrative expense at the acquisitions cancel out the impact of higher pre-G&A costs. Both asset packages were acquired at estimated adjusted EBITDA margins of ca. 50%, which is in line with DEC's historical adjusted EBITDA margins. We therefore expect that volume growth through the two acquisitions should translate roughly 1:1 into adjusted EBITDA growth. Given that the two acquisitions raise DEC's volume by 32% and that the share capital has risen only by 20% (while leverage has fallen), the transactions are clearly accretive.

**Figure 2: Estimated impact of acquisitions on unit adjusted EBITDA (hedged)**

USD/BOE	DEC 2020	Indigo Q2/21	Blackbeard Q2/21	DGOC 2020 + Cotton Valley Q2/21 + Blackbeard Q2/21
Hedged revenue	15.14	17.94	17.00	15.71
Base LOE	2.63	5.34	3.50	3.06
Gathering and transportation	3.13	2.13	4.72	3.20
Production taxes	0.38	0.66	1.20	0.51
Total costs before G&A	6.13	8.13	9.42	6.77
Recurring G&A	1.73	0.00	0.00	1.31
Total costs	7.86	8.13	9.42	8.08
Adjusted EBITDA (hedged)	7.28	9.81	7.58	7.62

Source: Diversified Energy PLC, First Berlin Equity Research estimates

Changes to our forecasts shown in figure 3 below reflect the average USD0.30 rise in the NYMEX gas futures strip to end 2022 since our last note of 18 March as well as the impact of the two acquisitions.

Figure 3: Changes to our forecasts

USD 000s	2021E			2022E		
	FBe Old	FBe New	% Δ	FBe Old	FBe New	% Δ
MBOE	37,338	43,540	16.6%	35,556	44,783	26.0%
Total revenue (unhedged)	611,435	763,064	24.8%	545,167	763,440	40.0%
of which:						
Natural gas	492,368	603,345	22.5%	441,592	623,460	41.2%
NGLs	69,319	101,122	45.9%	56,008	84,463	50.8%
Oil	21,148	26,592	25.7%	18,968	26,917	41.9%
Total commodity revenue	582,835	731,059	25.4%	516,567	734,840	42.3%
Midstream revenue	27,000	30,405	12.6%	27,000	27,000	0.0%
Other	1,600	1,600	0.0%	1,600	1,600	0.0%
Base lease operating expenses	93,538	127,001	35.8%	91,300	138,257	51.4%
Gathering and compression, owned	55,260	73,879	33.7%	54,756	77,827	42.1%
Gathering and transportation, 3rd party	46,299	63,164	36.4%	45,156	66,382	47.0%
Production taxes	28,004	24,599	-12.2%	25,608	30,000	17.2%
Recurring admin. expenses	55,000	65,538	19.2%	56,000	66,840	19.4%
Total recurring expenses	278,101	354,181	27.4%	272,820	379,306	39.0%
Adjusted EBITDA (unhedged)	333,334	408,883	22.7%	272,347	384,134	41.0%
Settled hedges	-38,047	-79,341	n.a.	-18,325	-66,647	n.a.
of which:						
Natural gas	9,521	-41,978	n.a.	-1,632	-47,081	n.a.
NGLs	-43,813	-40,709	n.a.	-15,486	-17,777	n.a.
Oil	-3,755	3,345	n.a.	-1,208	-1,789	n.a.
Total revenue (hedged)	573,388	683,723	19.2%	526,842	696,793	32.3%
Adjusted EBITDA (hedged)	295,287	329,542	11.6%	254,022	317,487	25.0%
margin (%)	51.5%	48.2%	-	48.2%	45.6%	-
per BOE (USD)						
Total revenue (hedged)	15.36	15.70	2.3%	14.82	15.56	5.0%
Total recurring expenses	7.45	8.13	9.2%	7.67	8.47	10.4%
of which:						
Base LOE	2.51	2.92	16.4%	2.57	3.09	20.2%
Gathering and compression, owned	1.48	1.70	14.6%	1.54	1.74	12.8%
Gathering and transportation, 3rd party	1.24	1.45	17.0%	1.27	1.48	16.7%
Production taxes	0.75	0.56	-24.7%	0.72	0.67	-7.0%
Recurring admin. expenses	1.47	1.51	2.2%	1.57	1.49	-5.2%
Adjusted EBITDA (hedged)	7.91	7.57	-4.3%	7.14	7.09	-0.8%

Source: First Berlin Equity Research estimates



VALUATION MODEL

DEC's target is that not less than ca. 40% of adjusted free cashflow (defined as hedged adjusted EBITDA less maintenance capex, interest expense and well retirement costs) should be paid out as dividends. On our forecasts the payout ratio on this basis at the current dividend level will be 48% this year and 52% in 2022.

Figure 4: Dividend payout and return on capital employed

USD 000s	2019A	2020A	2021E	2022E
Adjusted EBITDA (hedged)	273,266	300,590	329,542	317,487
Recurring capital expenditures	-17,255	-15,981	-16,000	-16,000
Cash interest expenses	-32,715	-34,335	-38,000	-36,000
Asset retirement (plugging)	-2,541	-2,442	-2,450	-2,500
Free cashflow (adjusted)	220,755	247,832	273,092	262,987
Net fixed assets	1,816,982	2,137,188	2,310,001	2,184,329
Net working capital	-18,573	-42,499	-55,398	-55,426
Total capital employed	1,798,409	2,094,689	2,254,603	2,128,903
Average capital employed	1,614,279	1,946,549	2,174,646	2,191,753
Free cashflow (adjusted) ROCE	13.7%	12.7%	12.6%	12.0%
Dividends paid and declared	86,605	104,305	130,186	135,863
as % free cashflow (adjusted)	39.2%	42.1%	47.7%	51.7%
Dividends paid and declared per share (USD)	0.1382	0.1475	0.1533	0.1600
Dividends declared per share (USD)	0.1392	0.1525	0.1600	0.1600

Source: First Berlin Equity Research estimates

We have updated our dividend discount valuation of DEC which is based on the formula:

$p_0 = d_1 / (r - g)$ where:

p_0 is our assessment of the fair value of the DEC share today

d_1 is the value of dividends over the next year

r is the required rate of return

g is the expected long term organic growth rate

Buy recommendation maintained at unchanged price target of GBp140 We derive g from ROCE adjusted for the production decline rate and payout ratio. Following the acquisitions of the assets from Indigo and Blackbeard, we estimate 2021 and 2022 ROCE at 12.6% and 12.0% respectively (previously: 11.6% and 10.1% respectively). We have adjusted our estimate for the rate of production decline up from 5.9% to 6.5% to reflect the higher rate of production decline at the new acquisitions. Our estimate for r is unchanged at 11%. Adjusting the average return on capital employed figure for 2021 and 2022 of 12.3% by 6.5% to reflect declining production produces a return of 5.0%. If we then reduce this number by 40% to reflect the dividend payout, we arrive at a sustainable growth rate in free cashflow (adjusted) of 3.0%. Plugging our estimates for d_1 (USD0.16), r (11.0%) and g (3.0%) into the formula above produces a valuation (see figures 5 and 6 below) for the DEC share of GBp141 (previously: GBp137). We maintain our Buy recommendation at an unchanged price target of GBp140.

Figure 5: Sensitivity of valuation to growth rates and return requirements (GBp)

		return requirement						
growth rate		8.0%	9.0%	10.0%	11.0%	12.0%	13.0%	14.0%
	1.0%	161	141	125	113	103	94	87
	2.0%	188	161	141	125	113	103	94
	3.0%	226	188	161	141	125	113	103
	4.0%	282	226	188	161	141	125	113
	5.0%	376	282	226	188	161	141	125
	6.0%	562	376	282	226	188	161	141

Source: First Berlin Equity Research



Figure 6: Sensitivity of valuation to growth rates and return requirements (USD)

		return requirement						
		8.0%	9.0%	10.0%	11.0%	12.0%	13.0%	14.0%
growth rate	1.0%	228	200	178	160	145	133	123
	2.0%	266	228	200	178	160	145	133
	3.0%	319	266	228	200	178	160	145
	4.0%	399	319	266	228	200	178	160
	5.0%	532	399	319	266	228	200	178
	6.0%	796	532	399	319	266	228	200

Source: First Berlin Equity Research



INCOME STATEMENT

All figures in USD '000	2017A	2018A	2019A	2020A	2021E	2022E
Revenues	41,777	289,769	462,256	408,693	763,064	763,440
Operating expense	-20,908	-107,793	-202,385	-203,963	-288,643	-312,466
Depreciation and depletion	-7,536	-41,988	-98,139	-117,290	-157,954	-162,613
Gross profit	13,333	139,988	161,732	87,440	316,467	288,361
Administrative expenses	-8,919	-40,524	-55,889	-77,234	-80,538	-81,840
Allowance for expected credit losses	0	0	-730	-8,490	0	0
Gain on oil/gas programme and equipment	95	4,079	0	-2,059	0	0
Gain (loss) on derivative financial instruments	-441	17,981	73,854	-94,397	-79,341	-66,647
Gain on bargain purchase	37,093	173,473	1,540	17,172	0	0
Operating income (EBIT)	41,161	294,997	180,507	-77,568	156,587	139,875
Finance costs	-5,225	-17,743	-36,667	-43,327	-38,000	-36,000
Loss on early retirement of debt	-4,468	-8,358	0	0	0	0
Accretion of asset retirement obligation	-1,764	-7,101	-12,349	-15,424	-29,949	-34,763
Other income (expense)	0	0	0	-421	0	0
Income before taxation	29,704	261,795	131,491	-136,740	88,638	69,112
Taxation on income	-2,250	-60,676	-32,091	113,266	70,000	70,000
Net income / loss	27,454	201,119	99,400	-23,474	158,638	139,112
Diluted EPS (in USD)	0.23	0.52	0.15	-0.04	0.21	0.16
Adjusted EBITDA (hedged)*	17,514	146,217	273,266	300,590	329,542	317,487
Ratios						
Gross margin	31.9%	48.3%	35.0%	21.4%	41.5%	37.8%
Adjusted EBITDA margin (hedged)	40.4%	53.3%	53.4%	54.3%	48.2%	45.6%
Net margin	65.7%	69.4%	21.5%	-5.7%	20.8%	18.2%
Tax rate	7.6%	23.2%	24.4%	82.8%	-79.0%	-101.3%
Expenses as % of revenues						
Operating expense	50.0%	37.2%	43.8%	49.9%	37.8%	40.9%
Depreciation and depletion	18.0%	14.5%	21.2%	28.7%	20.7%	21.3%
Administrative expenses	21.3%	14.0%	12.1%	18.9%	10.6%	10.7%
Y-Y Growth						
Revenues	144.5%	593.6%	59.5%	-11.6%	86.7%	0.0%
Adjusted EBITDA (hedged)	307.6%	734.9%	86.9%	10.0%	9.6%	-3.7%
Net income/ loss	55.3%	632.6%	-50.6%	n.m.	n.m.	-12.3%

* adjusted for non-recurring items such as gain on the sale of assets, acquisition-related expenses and integration costs, mark-to-market adjustments related to the company's hedge portfolio, non-cash equity compensation charges and items of a similar nature.



BALANCE SHEET

All figures in USD '000	2017A	2018A	2019A	2020A	2021E	2022E
Assets						
Current assets, total	30,342	111,596	160,360	94,474	127,407	127,461
Cash and cash equivalents	15,168	1,372	1,661	1,379	2,584	2,585
Restricted cash	744	1,730	1,207	250	468	469
Receivables	13,917	78,451	73,924	66,991	91,568	91,613
Derivative financial instruments	0	17,573	73,705	17,858	17,858	17,858
Other current assets	513	12,470	9,863	7,996	14,929	14,937
Non-current assets, total	223,308	1,445,376	1,845,580	2,196,208	2,433,270	2,379,208
Oil and gas properties, net	215,325	1,092,951	1,496,029	1,755,085	1,921,625	1,807,109
Property, plant & equipment, net	6,947	327,749	320,953	382,103	388,376	377,220
Intangible assets			15,981	19,213	20,819	20,895
Restricted cash	0	0	6,505	20,100	10,683	12,215
Indemnification receivable	0	2,133	2,133	1,837	1,837	1,837
Derivative financial instruments	0	21,745	3,803	717	717	717
Deferred tax asset			0	14,777	84,777	154,777
Other non-current assets	1,036	798	176	2,376	4,436	4,438
Total assets	253,650	1,556,972	2,005,940	2,290,682	2,560,678	2,506,669
Shareholders' equity & debt						
Current liabilities, total	15,346	84,471	126,855	196,506	234,774	226,736
Short-term debt	373	286	23,723	64,959	58,938	50,822
Accounts payable	2,132	9,383	17,053	19,366	36,158	36,176
Capital lease	324	842	798	5,013	9,360	9,364
Derivative financial instruments	961	0	0	15,858	15,858	15,858
Other current liabilities	11,556	73,960	85,281	91,310	114,460	114,516
Long-term liabilities, total	130,066	723,638	940,950	1,207,518	1,225,092	1,205,794
Long-term debt	70,619	482,528	598,778	652,281	591,826	510,324
Capital lease	836	2,694	1,015	13,865	22,892	22,903
Asset retirement obligation	35,448	140,190	196,871	344,242	399,571	461,744
Deferred tax liability	17,399	95,033	124,112	15,746	22,892	22,903
Uncertain tax position	0	2,133	2,133	1,837	1,837	1,837
Derivative financial instruments	1,943	0	15,706	168,524	168,524	168,524
Other non-current liabilities	3,821	1,060	2,335	11,023	17,550	17,559
Shareholders' equity	108,238	748,863	938,135	886,658	1,100,812	1,074,139
Total consolidated equity and debt	253,650	1,556,972	2,005,940	2,290,682	2,560,678	2,506,669
Ratios						
Current ratio (x)	1.98	1.32	1.26	0.48	0.54	0.56
Quick ratio (x)	1.98	1.32	1.26	0.48	0.54	0.56
Net debt	58,162	493,998	635,039	724,757	680,011	590,392
Net gearing	53.7%	66.0%	67.7%	81.7%	61.8%	55.0%
Book value per share (in GBP)	0.55	1.08	1.09	1.11	1.04	1.02
Return on equity (ROE)	46.8%	46.9%	11.8%	-2.6%	16.0%	12.8%



CASH FLOW STATEMENT

All figures in USD '000	2017A	2018A	2019A	2020A	2021E	2022E
Net profit	27,454	201,119	99,400	-23,474	158,638	139,112
Depreciation and depletion	7,536	41,988	98,139	117,290	157,954	162,613
Accretion of asset retirement obligation	1,764	7,101	12,349	15,424	29,949	34,763
Deferred income taxes	2,250	60,676	32,091	-113,266	-70,000	-70,000
(Gain)/loss on derivative financial instruments	1,965	-32,768	-20,270	238,795	0	0
Asset retirement, plugging	-78	-1,171	-2,541	-2,442	-2,450	-2,500
Gain on oil/gas programme and equipment	-396	-4,079	0	0	0	0
Gain on bargain purchase	-37,093	-173,473	-1,540	-17,172	0	0
Finance costs	4,510	17,743	36,677	43,327	38,000	36,000
Cancellation/retirement of debt	0	8,358	0	0	0	0
Changes in working capital	-1,854	-39,713	21,786	-10,129	12,899	28
Non cash equity compensation	59	783	3,065	5,007	0	0
Cash paid for income taxes			-1,989	-5,850	0	0
Other adjustments	727	0	1,989	-5,800	0	0
Operating cash flow	6,844	86,564	279,156	241,710	324,991	300,015
Oil and gas properties and equipment	-2,935	-18,515	-32,313	-21,947	-38,000	-37,000
Free cash flow	3,831	66,878	244,302	217,321	284,541	260,515
Acquisitions	-89,785	-750,256	-439,272	-223,091	-281,000	0
Increase in restricted cash	-627	-986	-5,302	-12,637	9,199	-1,532
Proceeds on disposal of oil/gas properties	334	4,079	10,000	3,712	0	0
Other acquired intangibles			0	-2,900	0	0
Investment cash flow	-93,013	-765,678	-466,887	-256,863	-309,801	-38,532
Repayment of borrowings	-42,514	-280,890	-618,010	-705,314	-66,475	-89,619
Proceeds of borrowings	75,000	581,221	765,236	799,650	0	0
Financing expense	-3,298	-15,433	-32,715	-34,335	-38,000	-36,000
Cost incurred to secure financing	0	-17,176	-11,574	-7,799	0	0
Proceeds from capital lease	1,246	4,401	0	0	0	0
Repayment of capital lease	-529	-1,093	-1,724	-3,684	0	0
Proceeds from equity issuance, net	76,984	425,601	221,860	81,407	215,000	0
Contingent consideration payments	0	0	0	-893	0	0
Dividends to shareholders	-5,776	-31,313	-82,151	-98,527	-124,509	-135,863
Repurchase of shares	0	0	-52,902	-15,634	0	0
Financing cash flow	101,113	665,318	188,020	14,871	-13,984	-261,482
Other	0	0	0	0	0	0
Net cash flows	14,944	-13,796	289	-282	1,205	1
Cash, start of the year	224	15,168	1,372	1,661	1,379	2,584
Cash, end of the year	15,168	1,372	1,661	1,379	2,584	2,585

Y-Y Growth

Operating cash flow	33.4%	1164.8%	222.5%	-13.4%	34.5%	-7.7%
Free cash flow	89.8%	1745.7%	365.3%	89.0%	130.9%	91.6%
EBITDA/share	n.a.	159.5%	12.6%	9.7%	-8.4%	-12.6%

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Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy ¹	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%

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

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Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	30 June 2020	GBp94.40	Buy	GBp130.00
2...1	↓	↓	↓	↓
2	1 September 2020	GBp110.40	Buy	GBp150.00
3	7 October 2020	GBp108.00	Buy	GBp150.00
4	6 November 2020	GBp115.40	Buy	GBp160.00
5	1 February 2021	GBp115.20	Buy	GBp150.00
6	18 March 2021	GBp112.00	Buy	GBp140.00
7	Today	GBp107.40	Buy	GBp140.00

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- key sources of information in the preparation of this research report
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