

Almonty Industries Inc.

Canada / Mining
 Toronto
 Bloomberg: AII CN
 ISIN: CA0203981034

Annual Report

RATING
PRICE TARGET
 Return Potential
 Risk Rating

BUY
CAD 1.25
 92.3%
 High

WEAKER Q4, BUT SANGDONG DUE DILIGENCE IN FINAL STAGES

2017/18 revenues and EBITDA from mining operations were respectively 12.1% and 18.3% below our expectations due to lower demand and tungsten price weakness during the final quarter of Almonty's financial year (30 September year-end) and also because shipments worth CAD2-3m were not converted into sales when they did not reach the customer in time. However, we gather from talking to management that due diligence by the banks looking at financing the Sangdong mine is nearing completion. The driving force behind the Sangdong deal is the concern of major downstream tungsten products manufacturer, Global Tungsten & Powders Corp., to ensure long term security of primary tungsten supply. China, which accounts for 80% of worldwide primary tungsten production, is reducing exports of the upstream commodity, tungsten concentrate (Almonty's product). We expect the development of Sangdong, which is one of the largest resources in the world at 25.9m MTU WO₃ in situ, and whose average grade of 0.49% is twice the average of western/Chinese mines, to be part of the solution to this problem. A ten-year off-take contract signed with GTP in March 2018 stipulates minimum revenue of CAD500m and effectively implies a floor price per MTU of USD183/MTU WO₃. The spot price is currently USD207, down from a recent peak of USD273 reached in calendar Q2 2018. Sangdong is scheduled to begin production in 2020 subject to financing. We have reduced our price target from CAD1.50 to CAD 1.25 to reflect our lowered near term forecasts but maintain our Buy recommendation.

Q4 17/18 sales down 34.9% on Q3 17/18 As figure 1 overleaf shows, group sales volume rose 38.0% in Q4 17/18 to 53,394 MTU (Q4 16/17: 36,299 MTU) and was up 25.6% at the full year stage at 185,263 MTU (FY 16/17: 147,456 MTU). The Los Santos mine was the main driver of volume growth in both Q4 17/18 (+65.0%) and for the full year (+40.4%) but full year shipments split roughly equally between Los Santos and the Panasqueira mine. Q4 17/18 showed higher overall volume growth than any other quarter in 2017/18. (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2014/15	2015/16	2016/17	2017/18	2018/19E	2019/20E
Revenue (CAD m)	36.14	37.31	39.02	65.17	53.49	53.72
Y-o-y growth	23.7%	3.2%	4.6%	67.0%	-17.9%	0.4%
EBIT (CAD m)	-18.19	-18.17	-10.07	-7.61	5.48	4.50
EBIT margin	-50.3%	-48.7%	-25.8%	-11.7%	10.2%	8.4%
Net income (CAD m)	-19.55	-21.18	-8.24	-10.69	3.22	2.44
EPS (diluted) (CAD)	-0.38	-0.22	-0.07	-0.06	0.02	0.01
DPS (CAD)	0.00	0.00	0.00	0.00	0.00	0.00
FCF (CADm)	-11.98	-15.48	-13.83	4.67	-3.59	6.57
Net gearing	90.1%	155.8%	105.9%	98.8%	116.2%	90.8%
Liquid assets (CAD m)	0.87	4.22	4.47	8.72	10.00	12.00

RISKS

Risks are a renewed turnaround in tungsten commodity prices and failure to secure financing for the strategically important Sangdong tungsten project.

COMPANY PROFILE

Almonty is a turnaround investor-operator specialising in acquiring distressed and underperforming operations and assets in tungsten markets.

MARKET DATA

As of 18 Jan 2019

Closing Price CAD 0.65
 Shares outstanding 181.44m
 Market Capitalisation CAD 117.94m
 52-week Range CAD 0.37 / 0.96
 Avg. Volume (12 Months) 77,286

Multiples	2017/18	2018/19E	2019/20E
P/E	n.a.	36.6	48.3
EV/Sales	2.4	3.0	2.9
EV/EBIT	n.a.	28.9	35.2
Div. Yield	0.0%	0.0%	0.0%

STOCK OVERVIEW



COMPANY DATA

As of 30 Sep 2018

Liquid Assets CAD 8.72m
 Current Assets CAD 24.47m
 Intangible Assets CAD 0.00m
 Total Assets CAD 147.30m
 Current Liabilities CAD 53.09m
 Shareholders' Equity CAD 59.46m

SHAREHOLDERS

Lewis Black/Almonty Partners LLC 19.7%
 Global Tungsten & Powders Corp. 15.2%
 Deutsche Rohstoff AG 12.8%
 J.P. Morgan Chase & Co. 8.5%
 Free float and other 43.8%



However, Q4 17/18 revenue growth at 35.3% was well below the Q3 17/18 figure of 104.8%. Q4 17/18 sales fell 34.9% to CAD14.6m compared with the Q3 17/18 number of CAD22.5m. The reasons why sales declined sequentially between Q3 17/18 and Q4 17/18 and fell short of our forecasts (see figure 2) were first because of weaker tungsten demand and lower spot prices and second because of the missing CAD2-3m in sales referred to above.

Panasqueira fixed price contract renewed at improved terms for 2019 The Panasqueira Mine had a fixed priced contract for calendar 2018 under which it sold its output at USD 280 per MTU WO₃ (equivalent to USD359 per MTU tungsten APT). This contract has been renewed for calendar 2019 at a slightly improved price of USD 286 per MTU WO₃ (equivalent to USD367 per MTU tungsten APT). Since the beginning of February 2018 Los Santos has been selling its output according to a contract based on spot market pricing. The spot price per WO₃ MTU peaked in calendar Q2 at USD273 (equivalent to USD350 per MTU tungsten APT) and fell 19% in calendar Q3 to USD220 (equivalent to USD282 per MTU tungsten APT). The current spot price per WO₃ MTU is USD207 (equivalent to USD282 per MTU tungsten APT).

Figure 1: Recent development of sales volume, sales and EBITDA from mining operations

	FY 16/17	Q1 17/18	Q2 17/18	Q3 17/18	Q4 17/18	FY 17/18
Los Santos WO ₃ sales (MTUs)	66,698	16,926	20,929	27,858	27,910	93,623
y-o-y change	n.a.	16.5%	14.2%	64.7%	65.0%	40.4%
Panasqueira WO ₃ sales (MTUs)	80,758	19,373	23,141	23,642	25,484	91,640
y-o-y change	n.a.	8.1%	15.1%	12.8%	17.1%	13.5%
Total sales (MTUs)	147,456	36,299	44,070	51,500	53,394	185,263
y-o-y change	n.a.	11.8%	14.7%	36.0%	38.0%	25.6%
Total sales (CAD 000s)	39,018	10,767	17,302	22,473	14,629	65,171
y-o-y change	4.6%	52.5%	70.0%	104.8%	35.3%	67.0%
Total EBITDA from mining ops. (CAD 000s)	6,669	2,953	7,604	12,702	5,213	28,472
y-o-y change	53.6%	n.a.	699.6%	281.1%	84.8%	326.9%

Source: Almonty Industries Inc.

EBITDA from mining operations was CAD5.2m in Q4 17/18 (Q4 16/17: CAD2.8m). For the full year this figure was CAD28.5m (FY 16/17: CAD6.7m). Here too, Q4 17/18 at CAD5.2m was well down on the Q3 17/18 number of CAD12.7m.

Wolfram Camp Mine written down to nil in Q4 17/18 Almonty booked an impairment charge of CAD15.6m in Q4/18. No impairment charges were taken in the previous three quarters or during the 2016/17 financial year. CAD12.8m of this figure relates to the Wolfram Camp Mine in Australia. The mine has now been written down to nil. Management took the decision to write off the mine because it has no plans to restart operations and has received no offers for the assets. We had previously assumed that production at Wolfram Camp would restart for nine months from January 2019. We have adjusted our forecasts accordingly. The remainder of the impairment charge (CAD2.8m) stems from a change in the mine plan at Los Santos. Almonty now intends to complete mining of ore and begin reprocessing of tailings in the current quarter. This transition is taking place earlier than previously planned. In consequence capitalised pit development and stripping costs relating to pits that will no longer be mined have been written off.

Both Los Santos and Panasqueira booked positive EBITDA in Q4 17/18 FY 17/18 EBITDA (=EBITDA from mining operations less general & administrative expenses and share-based compensation) came in at CAD19.1m (FY 16/17: CAD-3.7m). Q4 17/18 EBITDA was CAD2.7m (Q4 16/17: CAD-0.9m). Q4 17/18 EBITDA was well down on the Q3 17/18 number of CAD9.6m but both Los Santos and Panasqueira booked positive EBITDA in the final quarter of the financial year at CAD1.3m and CAD 3.0m respectively.



Figure 2: 2017/18 results vs. our forecasts

CAD 000	2017/18A	2017/18E	Δ vs. 2017/18E	2016/17A	Δ vs. 2016/17A
WO₃ sold (MTU)	185,263	180,145	2.8%	147,456	25.6%
Revenue	65,171	74,135	-12.1%	39,018	67.0%
Production costs	36,699	39,283	-6.6%	32,349	13.4%
EBITDA from mining ops.	28,472	34,852	-18.3%	6,669	326.9%
Impairment loss	15,604	0	n.a.	0	n.a.
Depreciation and amortisation	11,155	8,557	30.4%	6,400	74.3%
Income from mining ops.	1,713	26,295	-93.5%	269	536.8%
General and administrative	8,426	8,852	-4.8%	9,864	-14.6%
Share-based compensation	897	897	n.a.	472	90.0%
Operating income (EBIT)	-7,610	16,546	n.a.	-10,067	-24.4%
Interest expense	2,459	2,592	-5.1%	2,436	0.9%
Gain on debt settlements	0	0	n.a.	3,015	n.a.
Foreign exchange (gain) loss	-95	1,173	n.a.	-1,368	-93.1%
Pre-tax income (EBT)	-9,974	12,781	n.a.	-8,120	22.8%
Income taxes	715	-1,350	n.a.	122	486.1%
Minority interests	0	0	n.a.	0	n.a.
Net income / loss	-10,689	14,131	n.a.	-8,242	29.7%
EPS (CAD)	0.06	0.08	-25.0%	-0.07	n.a.
EBITDA	19,149	25,103	-23.7%	-3,667	n.a.

Source: Almonty Industries Inc., First Berlin Equity research estimates

Net debt fell further in Q4 17/18 Figure 3 below shows the development of Almonty's net debt and net equity position since the end of calendar 2016. As we have detailed in previous notes, Almonty's financial position has improved markedly over the past two years as the company has swapped debt for equity, rescheduled debt and raised new equity capital. Almonty raised net new equity of CAD4.8m during FY 17/18 but the company's equity position declined due mainly to the CAD10.7m net loss for the year of which the impairment charge contributed CAD15.6m. Short term debt jumped from CAD7.7m at the end of June 2018 to CAD25.9 at the end of September 2018 as a USD10m (CAD13.1m) term loan with 30 September 2019 maturity was transferred from long term to short term liabilities. We gather that management is currently negotiating the extension of the term of this loan. The remaining CAD12.8m of short term liabilities as of 30 September 2018 comprised CAD6.8m in loans made by Spanish banks to the Los Santos holding company, Daytal, and a CAD6m convertible debenture outstanding with Deutsche Rohstoff (a 12.8% shareholder in Almonty) maturing on 22 March 2019. Since the end of the 2017/18 financial year the maturity of the latter liability has been extended to 22 March 2021. In mid-December 2018 Almonty issued a further convertible debenture to Deutsche Rohstoff with a principal amount of CAD2m, 6% coupon, and maturity date of 30 June 2019.

Figure 3: Changes in financial position

CAD 000s	31-Dec-16	31-Mar-17	30-Jun-17	30-Sep-17	31-Dec-17	31-Mar-18	30-Jun-18	30-Sep-18
Cash	2,463	1,266	1,323	4,473	3,770	5,840	7,433	8,721
Restricted cash	1,290	1,351	1,325	1,300	1,302	1,316	1,294	1,245
Short term debt	25,777	26,868	21,519	20,944	13,006	9,482	7,696	25,876
Long term debt	39,024	40,363	35,875	33,162	41,028	46,029	46,176	24,455
Net debt	61,048	64,614	54,746	48,333	48,962	48,355	45,145	40,365
Equity	29,159	25,804	36,434	45,625	46,912	55,524	59,462	40,863
Net gearing	209.4%	250.4%	150.3%	105.9%	104.4%	87.1%	75.9%	98.8%

Source: Almonty



The changes to our forecasts detailed in figure 4 reflect more conservative volume and pricing assumptions in the light of the slowdown in economic activity since the summer. Our 2018/19 forecasts are also affected by the non-inclusion of production from the Wolfram Camp Mine. Our previous forecast assumed 56,632 MTU of production from Wolfram Camp over the final nine months of 2018/19 generating revenue of CAD20.8m. Our forecasts for the Valtreixal Mine from 2019/20 are boosted by a 10% increase in the tin price (an important by-product at the mine) since our last note of 8 October.

Figure 4: Changes to forecasts

All figures in CAD '000	2018/19E			2019/20E		
	old	new	% Δ	old	new	% Δ
WO₃ sold (MTU)	234,632	161,330	-31.2%	170,200	153,800	-9.6%
Revenue	95,997	53,488	-44.3%	72,133	53,724	-25.5%
Production costs	54,274	33,711	-37.9%	39,575	36,036	-8.9%
EBITDA from mining ops.	41,723	19,776	-52.6%	34,558	17,688	-48.8%
Impairment loss	0	0	n.a.	0	0	n.a.
Depreciation and amortisation	8,600	6,600	-23.3%	6,800	5,590	-17.8%
Result of mining ops.	33,123	13,176	-60.2%	27,758	12,098	-56.4%
General and administrative	9,050	7,700	-14.9%	7,750	7,596	-2.0%
Share-based compensation	0	0	n.a.	0	0	n.a.
Operating income (EBIT)	24,073	5,476	-77.3%	18,008	4,502	-75.0%
Interest expense	1,265	1,686	33.3%	511	1,627	218.3%
Foreign exchange (gain) loss	0	0	n.a.	0	0	n.a.
Pre-tax income (EBT)	22,808	3,790	-83.4%	17,497	2,875	-83.6%
Income taxes	3,421	569	-83.4%	2,625	431	-83.6%
Minority interests	0	0	n.a.	0	0	n.a.
Net income / loss	19,387	3,222	-83.4%	14,872	2,444	-83.6%
EPS (CAD)	0.11	0.02	-83.9%	0.08	0.01	-83.6%
EBITDA	32,673	12,076	-63.0%	24,808	10,092	-59.3%

Source: First Berlin Equity Research estimates

VALUATION

Pending finalisation of the Sangdong financing term sheet, we continue to value the project on the basis of the peer group comparison shown in figure 5.

Figure 5: Sangdong peer group comparison

	EV CADm	Total MTU WO ₃ in situ (000s)	EV/MTU WO ₃ in situ (CAD)
Blackheath Resources	0.7	1,228	0.60
Ormonde Mining*	36.4	2,174	16.75
Thor Mining	12.9	4,767	2.71
Sangdong	181.2	25,890	7.00

*in situ resource shown is 30% of total in line with Ormonde's 30% stake in the Barruecopardo project

Source: Company figures; First Berlin Equity Research estimates

Blackheath Resources is currently focused on exploration work rather than project financing.



Thor Mining published a feasibility study for its wholly-owned Molyhill tungsten project in Australia in early 2015. Project development cost is estimated at USD48m. The company has demonstrated the production of tungsten concentrate from the Molyhill project and also holds a Memorandum of Understanding for concentrate sales with a major international downstream processor. However, the company has yet to conclude financing for the project.

Among the peers shown in figure 5, Ormonde Mining has the highest enterprise value/MTU/WO₃ at CAD16.75. Ormonde is the only one of the companies in the peer group to have achieved financing for a project. The funding for the Barruecopardo tungsten project in Spain was agreed with Oaktree Capital in 2015. Ormonde retains 30% in the project while Oaktree holds 70%. Production is scheduled to start in the current quarter.

Price target now CAD1.25 (previously: CAD1.50). Buy recommendation maintained

We continue to base our valuation of Sangdong on Ormonde. Since our last note of 8 October the Ormonde share price has fallen 7% from GBp4.95 to GBp4.60. In our October note we valued each MTU of resource at Sandong at CAD7.25 - a 59% discount to Ormonde's then valuation of CAD17.87 per MTU WO₃. We now move this figure down to CAD7.00, which represents a 58% discount to the current Ormonde valuation of CAD16.75 per MTU WO₃. This implies an overall valuation for Almonty of CAD1.25 per share (see figure 6 below). We lower our price target to CAD1.25 (previously: CAD1.50) and maintain our Buy recommendation.

Figure 6: Sum-of-the-parts valuation

USD 000's	Old	New	% Delta
Panasqueira	64,438	43,769	-32.1%
Los Santos	33,606	17,086	-49.2%
Valtreixal	16,522	21,548	30.4%
Wolfram Camp	728	0	-100.0%
Sangdong	143,612	136,673	-4.8%
Less: PV parent company costs	10,118	10,118	0.0%
Total enterprise value	248,788	208,957	-16.0%
Total enterprise value (CAD 000's)	325,165	277,077	-14.8%
Less: proforma net debt (CAD 000's)	34,344	25,555	-25.6%
Fair equity value (CAD 000's)	290,821	251,523	-13.5%
Proforma no. shares (000's)	194,255	200,841	3.4%
Fair equity value per share (CAD)	1.50	1.25	-16.3%

Source: First Berlin Equity Research estimates



INCOME STATEMENT

All figures in CAD '000	2014/15A	2015/16A	2016/17A	2017/18A	2018/19E	2019/20E
Revenue	36,142	37,310	39,018	65,171	53,488	53,724
Production costs	37,743	32,969	32,349	36,699	33,711	36,036
EBITDA from mining operations	-1,601	4,341	6,669	28,472	19,776	17,688
Impairment loss	1,708	5,345	0	15,604	0	0
Depreciation and amortisation	8,545	8,200	6,400	11,155	6,600	5,590
Income from mining operations	-11,854	-9,204	269	1,713	13,176	12,098
General and administrative	6,339	8,962	10,336	8,426	7,700	7,596
Share-based compensation	0	0	0	897	0	0
Operating income (EBIT)	-18,193	-18,166	-10,067	-7,610	5,476	4,502
Interest expense	1,404	2,709	2,436	2,459	1,686	1,627
Gains on debt settlements	0	0	3,015	0	0	0
Foreign exchange (gain) loss	1,313	-360	-1,368	-95	0	0
Pre-tax income (EBT)	-20,910	-20,515	-8,120	-9,974	3,790	2,875
Income taxes	-618	660	122	715	569	431
Minority interests	-747	0	0	0	0	0
Net income / loss	-19,545	-21,175	-8,242	-10,689	3,222	2,444
Diluted EPS (in CAD)	-0.38	-0.22	-0.07	-0.06	0.02	0.01
EBITDA	-7,940	-4,621	-3,667	19,149	12,076	10,092
Ratios						
EBITDA margin on revenues	-22.0%	-12.4%	-9.4%	29.4%	22.6%	18.8%
EBIT margin on revenues	-50.3%	-48.7%	-25.8%	-11.7%	10.2%	8.4%
Net margin on revenues	-54.1%	-56.8%	-21.1%	-16.4%	6.0%	4.5%
Tax rate	n.m.	n.m.	n.m.	n.m.	15.0%	15.0%
Expenses as % of revenues						
Production costs	104.4%	88.4%	82.9%	56.3%	63.0%	67.1%
Impairment loss	4.7%	14.3%	0.0%	23.9%	0.0%	0.0%
General and administrative	17.5%	24.0%	26.5%	12.9%	14.4%	14.1%
Y-Y Growth						
Revenues	23.7%	3.2%	4.6%	67.0%	-17.9%	0.4%
Operating income	n.a.	n.m.	n.m.	n.m.	n.m.	-17.8%
Net income/ loss	n.a.	n.m.	n.m.	n.m.	n.m.	-24.1%



BALANCE SHEET

All figures in CAD '000	2014/15A	2015/16A	2016/17A	2017/18A	2018/19E	2019/20E
Assets						
Current assets, total	8,543	17,800	15,823	24,469	22,516	24,571
Cash and cash equivalents	866	4,215	4,473	8,721	10,000	12,000
Trade receivables	840	707	1,420	2,674	2,140	2,149
Sales tax receivable	2,149	1,439	1,372	1,960	2,086	2,095
Inventories	4,076	10,720	7,274	9,698	6,953	6,984
Other current assets	612	719	1,284	1,416	1,337	1,343
Non-current assets, total	108,984	149,966	144,328	122,833	132,568	139,466
Mining assets	88,136	125,928	115,721	91,255	98,952	104,762
Tailings inventory	15,410	18,665	23,492	28,084	28,084	28,084
Deferred tax assets	4,036	2,859	2,864	1,226	3,209	4,298
Restricted cash	1,223	1,336	1,300	1,245	1,300	1,300
Other assets	179	1,178	951	1,023	1,023	1,023
Total assets	117,527	167,766	160,151	147,302	155,085	164,038
Shareholders' equity & debt						
Current liabilities, total	32,578	55,849	47,374	53,091	49,872	57,985
Bank indebtedness	1,794	4,456	9,447	0	0	0
Accounts payable and accrued liabilities	15,453	21,799	22,479	25,673	21,395	31,375
Deferred revenue	1,697	2,422	3,951	1,542	3,477	3,492
Current portion of long term debt	13,634	27,172	11,497	25,876	25,000	23,118
Long-term liabilities, total	35,947	76,348	67,152	53,348	67,391	64,903
Long-term debt	30,801	29,325	33,162	24,455	30,252	27,560
Restoration and other provisions	3,228	45,548	32,790	28,893	35,000	36,000
Deferred tax liabilities	1,918	1,475	1,200	0	2,140	1,343
Minority interests	0	0	0	0	0	0
Shareholders' equity	49,002	35,569	45,625	40,863	37,821	41,150
Total consolidated equity and debt	117,527	167,766	160,151	147,302	155,085	164,038
Ratios						
Current ratio (x)	0.26	0.32	0.33	0.46	0.45	0.42
Quick ratio (x)	0.14	0.13	0.18	0.28	0.31	0.30
Net debt	44.14	55.40	48.33	40.37	43.95	37.38
Net gearing	90.1%	155.8%	105.9%	98.8%	116.2%	90.8%
Book value per share (in €)	0.57	0.32	0.27	0.23	0.21	0.23
Return on equity (ROE)	0.0%	-50.1%	-20.3%	-13.3%	8.2%	6.2%



CASH FLOW STATEMENT

All figures in CAD '000	2014/15A	2015/16A	2016/17A	2017/18A	2018/19E	2019/20E
Net profit before minorities	-20,292	-21,175	-8,242	-10,689	3,222	2,444
Share-based compensation	379	170	472	897	0	0
Depreciation and amortisation	8,545	8,200	6,400	11,155	6,600	5,590
Interest expense	1,404	2,709	2,436	2,459	0	0
Income tax expenses	618	660	122	715	0	0
Impairment of mine asset	1,708	5,345	0	15,604	0	0
Inventory impairment charges	7,408	6,301	0	0	0	0
Gain on debt settlement	0	0	-3,015	0	0	0
Unrealised foreign exchange (gain) loss	2,138	-390	-1,320	936	0	0
Other non-cash items	111	116	104	-215	0	0
Interest and taxes paid	-2,033	-1,125	-920	-1,199	0	0
Net change in non-cash working capital	4877	-1,892	4,620	-5,091	889	9,940
Change in tailings inventory	-4065	-3,138	-3,545	-3,632	0	0
Operating cash flow	798	-4,219	-2,888	10,940	10,710	17,974
Additions to mining assets	-12,783	-11,259	-10,945	-6,270	-14,297	-11,399
Free cash flow	-11,985	-15,478	-13,833	4,670	-3,587	6,574
Acquisition of Panasqueira, net of cash acquired	0	-833	0	0	0	0
Acquisition of Woulfe, net of cash acquired	-2,275	0	0	0	0	0
Other investments	-1,058	-938	266	247	-55	0
Investment cash flow	-16,116	-13,030	-10,679	-6,023	-14,352	-11,399
Debt financing, net	924	13,543	7,581	-5,295	4,921	-4,574
Equity financing	-197	7,036	6,353	4,755	0	0
Dividends paid	0	0	0	0	0	0
Other financing	0	0	0	0	0	0
Financing cash flow	727	20,579	13,934	-540	4,921	-4,574
FOREX & other effects	610	19	-109	-129	0	0
Net cash flows	-13,981	3,349	258	4,248	1,279	2,000
Cash, start of the year	14,847	866	4,215	4,473	8,721	10,000
Cash, end of the year	866	4,215	4,473	8,721	10,000	12,000
EBITDA/share (in CAD)	-0.15	-0.05	-0.03	0.16	0.07	0.06
Y-Y Growth						
Operating cash flow	n.a.	n.m.	n.m.	n.m.	-2.1%	67.8%
Free cash flow	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.
EBITDA/share	n.a.	n.m.	n.m.	n.m.	-57.8%	-16.4%

FIRST BERLIN RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	6 June 2017	CAD0.25	Buy	CAD0.60
2...3	↓	↓	↓	↓
4	26 May 2018	CAD0.54	Buy	CAD1.30
5	16 August 2018	CAD0.80	Buy	CAD1.45
6	8 October 2018	CAD0.80	Buy	CAD1.50
7	Today	CAD0.65	Buy	CAD1.25

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