

# Deutsche Rohstoff AG

Germany / Energy

Frankfurt

Bloomberg: DR0 GR

ISIN: DE000A0XYG76

Update

**RATING****PRICE TARGET**

Return Potential

Risk Rating

**BUY****€ 43.00**

34.4%

High

## HIGHER OIL/GAS FUTURES CURVES STILL NOT PRICED IN

The oil and gas NYMEX futures strips have both risen steadily in recent months. For 2022, average realised/futures oil pricing is 63% above its mid-December level while the equivalent figure for natural gas is 81%. Meanwhile the average levels of the 2023-30 oil and gas futures strips have risen by 21% and 59% respectively over the same period. Based on DRAG's published expansion plans in Utah and Wyoming, we now see fair value for the share at €43.00 (previously: €31.00) and maintain our Buy recommendation. Our price target does not include additional upside potential from further drilling of the still substantially undeveloped land DRAG acquired in Utah (3,000 acres) and Wyoming (67,500 acres) during 2018-21 when commodity prices were much lower than they are now. By comparison, the Cub Creek subsidiary's Colorado land package, which has been the mainstay of the group's production during the past five years, is only 5,000 acres. DRAG's growing land position is reflected in its oil and gas reserves. Proven reserves climbed 43.0% to 29.2mBOE in 2021 while probable reserves jumped from 3.8mBOE to 19.4mBOE. We estimate North Dakota/Utah/Wyoming accounted for 80% of the increase in proven reserves and 100% of the increase in probable reserves. Further reserve growth in these states is likely as DRAG and other industry players continue developing their land in Utah and Wyoming.

**We expect oil/gas/NGL volumes to climb 35% this year** Figure 1 overleaf shows our oil, gas and NGL (natural gas liquids) output forecast to 2023E for each of DRAG's US subsidiaries. In 2021 total output climbed 67.9% to 2.589m BOE (barrel of oil equivalent) compared with 1.542m BOE in 2020. The increase was driven mainly by the resumption of production from Cub Creek's Olander pad, which was shut in for most of 2020 because of low oil prices. However, output from Bright Rock also climbed by nearly 130,000 BOE. Production by Bright Rock in Wyoming increased on the back of new wells acquired in 2020 and first output from the Buster Well. New wells drilled by partners in Utah also helped grow the Bright Rock total.

(p.t.o.)

### FINANCIAL HISTORY & PROJECTIONS

|                    | 2018   | 2019   | 2020   | 2021   | 2022E  | 2023E  |
|--------------------|--------|--------|--------|--------|--------|--------|
| Revenue (€m)       | 109.05 | 41.20  | 38.68  | 73.32  | 165.30 | 174.67 |
| Y-o-y growth       | 102.9% | -62.2% | -6.1%  | 89.5%  | 125.4% | 5.7%   |
| EBITDA (€m)        | 97.93  | 22.73  | 23.93  | 66.06  | 140.54 | 148.91 |
| EBITDA margin      | 89.8%  | 55.2%  | 61.9%  | 90.1%  | 85.0%  | 85.3%  |
| Net income (€m)    | 13.87  | 0.31   | -15.51 | 24.79  | 58.84  | 74.63  |
| EPS (diluted) (€)  | 2.81   | 0.06   | -3.13  | 5.00   | 11.88  | 15.07  |
| DPS (€)            | 0.70   | 0.10   | 0.00   | 0.60   | 0.80   | 1.00   |
| FCF (€m)           | 2.47   | -14.79 | -22.85 | -1.01  | 42.10  | 65.65  |
| Net gearing        | 37.2%  | 75.9%  | 202.6% | 100.2% | 25.0%  | -10.5% |
| Liquid assets (€m) | 59.99  | 66.64  | 22.82  | 23.49  | 79.15  | 130.13 |

### 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 and so-called high tech metals such as tin and tungsten. The business model is based on production in well-explored areas in politically stable countries. DRAG is based in Mannheim, Germany.

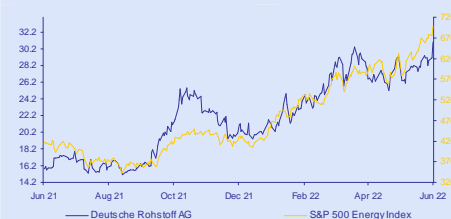
### MARKET DATA

As of 08 Jun 2022

|                         |                 |
|-------------------------|-----------------|
| Closing Price           | € 32.00         |
| Shares outstanding      | 4.95m           |
| Market Capitalisation   | € 158.53m       |
| 52-week Range           | € 15.05 / 32.00 |
| Avg. Volume (12 Months) | 18,374          |

| Multiples  | 2021 | 2022E | 2023E |
|------------|------|-------|-------|
| P/E        | n.a. | 2.7   | 2.1   |
| EV/Sales   | 3.4  | 1.5   | 1.4   |
| EV/EBITDA  | 3.7  | 1.8   | 1.7   |
| Div. Yield | 1.9% | 2.5%  | 3.1%  |

### STOCK OVERVIEW



### COMPANY DATA

As of 31 Mar 2022

|                      |           |
|----------------------|-----------|
| Liquid Assets        | € 30.01m  |
| Current Assets       | € 66.57m  |
| Intangible Assets    | € 31.36m  |
| Total Assets         | € 293.58m |
| Current Liabilities  | € 24.58m  |
| Shareholders' Equity | € 95.20m  |

### SHAREHOLDERS

|                            |       |
|----------------------------|-------|
| Management                 | 10.0% |
| Institutional shareholders | 30.0% |
| Free float                 | 60.0% |



Management guidance for 2022 is for output of 3.40m BOE to 3.65m BOE (daily production of 9,300-10,000 BOE), equivalent to an increase of 31%-41% over the 2021 figure. Our own forecast of 3.48m BOE is roughly in the middle of this range. The output increase this year will derive from several different sources. Production at Cub Creek's Knight pad began slowly in November last year, but exceeded 100,000 barrels of oil in March and is expected to peak in the current quarter. Production from Salt Creek's ca. 40% participation in the first six of eighteen two-mile wells to be drilled in Wyoming by Occidental Petroleum is expected to come on stream during Q4/22. The remaining 12 wells will start production in H1/23. In addition DRAG plans to invest in new wells drilled by Bright Rock's partners in Utah. Full year contributions from 17 wells acquired by Cub Creek in Wyoming last autumn, from the wells drilled by Bright Rock's partners in Utah last year and from the Buster Well in Wyoming will generate further growth.

**Figure 1: 2020 and 2021 oil/gas output by subsidiary and forecasts for 2022E-2023E**

| BOE                             | FY/20A           | FY/21A           | FY/22E           | FY/23E           |
|---------------------------------|------------------|------------------|------------------|------------------|
| <b>Cub Creek Energy</b>         | <b>807,470</b>   | <b>1,963,641</b> | <b>2,739,168</b> | <b>1,988,752</b> |
| change                          | 0.1%             | 143.2%           | 39.5%            | -27.4%           |
| of which:                       |                  |                  |                  |                  |
| oil                             | 392,221          | 821,221          | 1,276,290        | 1,064,750        |
| gas + NGL                       | 415,249          | 1,142,420        | 1,462,878        | 924,002          |
| gas + NGL as % total            | 51.4%            | 58.2%            | 53.4%            | 46.5%            |
| <b>Elster Oil &amp; Gas</b>     | <b>592,187</b>   | <b>341,561</b>   | <b>278,739</b>   | <b>239,299</b>   |
| change                          | -20.2%           | -42.3%           | -18.4%           | -14.1%           |
| of which:                       |                  |                  |                  |                  |
| oil                             | 198,342          | 112,731          | 88,691           | 71,356           |
| gas + NGL                       | 393,845          | 228,830          | 190,048          | 167,943          |
| gas + NGL as % total            | 66.5%            | 67.0%            | 68.2%            | 70.2%            |
| <b>Salt Creek Oil &amp; Gas</b> | <b>21,688</b>    | <b>24,074</b>    | <b>90,794</b>    | <b>661,398</b>   |
| change                          | -45.5%           | 11.0%            | 277.1%           | 628.5%           |
| of which:                       |                  |                  |                  |                  |
| oil                             | 16,682           | 14,960           | 68,029           | 490,763          |
| gas + NGL                       | 5,006            | 9,114            | 22,765           | 170,635          |
| gas + NGL as % total            | 23.1%            | 37.9%            | 25.1%            | 25.8%            |
| <b>Bright Rock Energy</b>       | <b>120,729</b>   | <b>259,913</b>   | <b>376,147</b>   | <b>228,754</b>   |
| change                          | 111.7%           | 115.3%           | 44.7%            | -39.2%           |
| of which:                       |                  |                  |                  |                  |
| oil                             | 96,774           | 210,176          | 316,971          | 189,979          |
| gas + NGL                       | 23,955           | 49,737           | 59,175           | 38,775           |
| gas + NGL as % total            | 19.8%            | 19.1%            | 15.7%            | 17.0%            |
| <b>Total</b>                    | <b>1,542,074</b> | <b>2,589,189</b> | <b>3,484,847</b> | <b>3,118,203</b> |
| change                          | -6.3%            | 67.9%            | 34.6%            | -10.5%           |
| of which:                       |                  |                  |                  |                  |
| oil                             | 704,019          | 1,159,088        | 1,749,981        | 1,816,848        |
| gas + NGL                       | 1,100,208        | 1,435,947        | 1,734,866        | 1,301,356        |
| gas + NGL as % total            | 54.3%            | 55.5%            | 49.8%            | 41.7%            |
| <b>Total BOEPD</b>              | <b>4,225</b>     | <b>7,094</b>     | <b>9,548</b>     | <b>8,543</b>     |
| change                          | -6.3%            | 67.9%            | 34.6%            | -10.5%           |

Source: DRAG; First Berlin Equity Research estimates

**Higher realised prices to keep revenue rising in 2023 despite lower volume** 2023 output will be boosted by the 18 Occidental wells and also the start of production at midyear from five new Cub Creek wells in Wyoming (working interest: 80%). However, we do not expect new production so far scheduled for 2023 to stop overall output falling. The good news is that, on the basis of the current futures strips, reduced hedging cover will lead to improved realised pricing. As figure 2 shows, we expect realised oil and gas prices before transport costs to be respectively 14.1% and 14.5% higher in 2023 than in 2022.



Figure 2: FBe oil and gas prices realised by DRAG 2022 and 2023

|  | FY/22E       | FY/23E       |
|--|--------------|--------------|
| <b>Oil</b>   |              |              |
| Hedged barrels (000s)                                      | 923          | 143          |
| % FBe production   | 53%          | 8%           |
| Av. hedging price/barrel (USD)                             | 62.22        | 69.72        |
| Mkt. price/NYMEX futures strip (USD)                       | 105.75       | 96.61        |
| <b>Average realised price before transport costs (USD)</b> | <b>82.79</b> | <b>94.49</b> |
| <b>% chng.</b>   | <b>n.a.</b>  | <b>14.1%</b> |
| EUR hedging gain/(loss) (m)                                | -36.99       | -3.59        |
| USD hedging gain/(loss) (m)                                | -40.18       | -3.85        |
| <b>Gas</b>   |              |              |
| Hedged mcf (000s)  | 3,884        | 1,220        |
| % FBe production   | 54%          | 23%          |
| Av hedging price/mcf (USD)                                 | 2.92         | 3.65         |
| Mkt. price/NYMEX futures strip (USD/mcf)                   | 7.70         | 6.56         |
| <b>Average realised price before transport costs (USD)</b> | <b>5.14</b>  | <b>5.89</b>  |
| <b>% chng.</b>   | <b>n.a.</b>  | <b>14.5%</b> |
| EUR hedging gain/(loss) (m)                                | -14.64       | -3.04        |
| USD hedging gain/(loss) (m)                                | -15.71       | -3.26        |
| <b>Total hedging gain (loss) (m)</b>                       |              |              |
| EUR hedging gain/(loss) (m)                                | -51.63       | -6.63        |
| USD hedging gain/(loss) (m)                                | -55.89       | -7.12        |

Source: First Berlin Equity research forecasts

In addition, the ratio of oil to gas/NGLs produced by new wells is higher than from existing wells. The same holds true for wells in Wyoming and Utah in comparison with wells in Colorado. As figure 1 shows, we expect new production and an increase in the proportion of output from Wyoming/Utah to raise the share of oil in DRAG's production from 44% in 2021 to 58% in 2023. A BOE of oil is currently twice as valuable as a BOE of gas. Higher realised pricing and the shift towards oil explain why we expect DRAG's revenue and EBITDA to keep rising in 2023 vs. 2022 (see figure 3) despite a forecast 11% decline in production on a BOE basis.

Figure 3: DRAG guidance and FB forecasts

| €m                              | 25.04.22    | 25.04.22                            | FB Forecast |          | New FB forecast vs.<br>(DRAG higher oil/<br>gas price scenario) |
|---------------------------------|-------------|-------------------------------------|-------------|----------|---|
|                                 | (base case) | (higher oil/<br>gas price scenario) | 13.12.21    | 08.06.22 |   |
| 2022 volume (mBOE)              | 3.40-3.65   | 3.40-3.65                           | 3.58        | 3.48     | -1.3%   |
| 2023 volume (mBOE)              | n.a.        | n.a.                                | 2.33        | 3.12     | n.a.  |
| 2022 revenue                    | 130-140     | 140-150                             | 119         | 166      | 14.3%   |
| 2022 EBITDA                     | 110-120     | 120-130                             | 82          | 146      | 16.7%   |
| 2023 revenue                    | 125-135     | 140-150                             | 74          | 176      | 21.1%   |
| 2023 EBITDA                     | 100-110     | 115-125                             | 47          | 151      | 26.1%   |
| 2022 oil price assumption (USD) | 85.00       | 92.00                               | 65.80       | 107.20   | 16.5%   |
| 2022 gas price assumption (USD) | 4.00        | 4.00                                | 3.83        | 6.92     | 73.0%   |
| 2023 oil price assumption (USD) | 75.00       | 85.00                               | 60.72       | 96.61    | 13.7%   |
| 2023 gas price assumption (USD) | 4.00        | 4.00                                | 3.42        | 6.05     | 51.3%   |
| USDEUR exchange rate            | 0.89        | 0.89                                | 0.89        | 0.93     | 4.7%  |

Source: DRAG; First Berlin Equity Research estimates

**Futures curves currently above DRAG's higher oil/gas price scenario guidance** On 25 April, on publication of the 2021 annual report, DRAG updated its revenue and EBITDA guidance for 2022 and provided first guidance for 2023. DRAG provided a base case scenario and also a higher oil/gas price scenario. The oil and gas futures curves are currently above the levels in DRAG's higher oil/gas price scenario. This explains why our 2022 and 2023 forecasts are above DRAG's higher oil/gas price scenario guidance.



**EBITDA margin of 90% in Q1/22** Q1/22 results (see figure 4) showed a 56.7% jump in revenue to €28.1m (Q1/21: €17.9m) on the back of a 22.6% increase in volume to 709,511 BOE (578,912 BOE) and increases in the oil and gas prices of 63.7% and 37.7% respectively. Revenue growth would have been higher still without a hedging loss of €10.5m (Q1/21: a loss of €1.6m). Bright Rock Energy/Salt Creek Oil & Gas accounted for over three quarters of the Q1/22 volume increase. The main contributor to the volume increase was the Buster well which was drilled on acreage acquired in Wyoming in 2020 and came on stream in October last year. Rising production from the Knight pad, which came on line in mid-November raised production at Cub Creek by 23.2% to 487,967 BOE compared with Q4/21 (396,039 BOE). But the increase vs. the prior year quarter was only 5.9% because, as mentioned above, Q1/21 saw the resumption of production from the Olander pad. The EBITDA margin narrowed to 90% from 119% due mainly to lower income from the sale of securities. This figure came in at €3.4m in Q1/22 (Q1/21: €8.8m). At the end of March DRAG had unrealised gains of €4.0m in its equity portfolio.

**Figure 4: Q1/22 results**

| All figures in € 000s                        | Q1 21A         | Q1 22A         | Δ %          |
|--|----------------|----------------|--------------|
| <b>Oil price (USD/barrel)</b>                | <b>58.13</b>   | <b>95.17</b>   | <b>63.7%</b> |
| <b>Gas price (USD/MMBtu)</b>                 | <b>3.37</b>    | <b>4.64</b>    | <b>37.7%</b> |
| <b>Revenue</b>                               | <b>17,924</b>  | <b>28,083</b>  | <b>56.7%</b> |
| Change in work in progress                   | 0              | 0              | n.a.         |
| Other operating income                       | 9,501          | 4,173          | -56.1%       |
| Cost of materials                            | -3,444         | -4,698         | -36.4%       |
| Personnel expenses                           | -1,130         | -1,013         | 10.4%        |
| Other operating expenses                     | -1,559         | -1,334         | 14.4%        |
| <b>EBITDA</b>                                | <b>21,293</b>  | <b>25,212</b>  | <b>18.4%</b> |
| Depreciation on tangible & intangible assets | -6,764         | -8,170         | -20.8%       |
| Amortisation of financial assets             | -203           | -21            | 89.7%        |
| Total depreciation and amortisation          | -7,710         | -31,319        | -306.2%      |
| <b>EBIT</b>                                  | <b>14,326</b>  | <b>17,021</b>  | <b>n.a.</b>  |
| Other interest                               | 387            | 200            | -48.3%       |
| Interest expense                             | -1,676         | -1,680         | 0.2%         |
| Pretax                                       | 13,037         | 15,541         | 19.2%        |
| Tax  | 1,356          | 2,773          | n.a.         |
| Net profit before minorities                 | 11,681         | 12,768         | 9.3%         |
| Minorities                                   | -663           | -891           | n.a.         |
| Net profit after minorities                  | 11,018         | 11,877         | 7.8%         |
| <b>Oil/gas/NGLs production (BOE)</b>         | <b>578,912</b> | <b>709,511</b> | <b>22.6%</b> |
| <b>Oil</b>                                   | <b>293,302</b> | <b>380,795</b> | <b>29.8%</b> |
| <b>Gas/NGLs</b>                              | <b>285,610</b> | <b>328,716</b> | <b>15.1%</b> |
| by subsidiary:                               |                |                |              |
| Cub Creek Energy                             | 460,788        | 487,967        | 5.9%         |
| of which:                                    |                |                |              |
| Oil  | 237,040        | 233,567        | -1.5%        |
| Gas/NGLs                                     | 223,748        | 254,400        | 13.7%        |
| Elster Oil & Gas                             | 72,999         | 75,451         | 3.4%         |
| of which:                                    |                |                |              |
| Oil  | 21,674         | 21,606         | -0.3%        |
| Gas/NGLs                                     | 51,325         | 53,845         | 4.9%         |
| Bright Rock Energy/Salt Creek Oil & Gas      | 45,125         | 146,093        | 223.8%       |
| of which:                                    |                |                |              |
| Oil  | 34,588         | 125,622        | 263.2%       |
| Gas/NGLs                                     | 10,537         | 20,471         | 94.3%        |

Source: DRAG

**Figure 5: Evolution of DRAG's net debt position**

| €000's  | FY/20          | FY/21          | Q1/22          | Q2-Q4 22E      | FY/22E         | FY/23E         |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Cash at bank  | 8,210          | 12,700         | 17,247         | n.a.           | 68,356         | 119,339        |
| Securities classified as current assets             | 14,606         | 10,792         | 12,766         | n.a.           | 10,792         | 10,792         |
| <b>Total liquid assets</b>                          | <b>22,816</b>  | <b>23,492</b>  | <b>30,013</b>  | <b>n.a.</b>    | <b>79,148</b>  | <b>130,131</b> |
| Securities classified as non-current assets         | 13,214         | 13,630         | 11,485         | n.a.           | 13,630         | 13,630         |
| <b>Total cash, current/non-current securities</b>   | <b>36,030</b>  | <b>37,122</b>  | <b>41,498</b>  | <b>n.a.</b>    | <b>92,778</b>  | <b>143,761</b> |
| Bonds   | 114,419        | 97,761         | 110,700        | n.a.           | 110,700        | 100,000        |
| Bank liabilities                                    | 13,962         | 19,631         | 19,697         | n.a.           | 19,697         | 19,697         |
| <b>Total interest bearing debt</b>                  | <b>128,381</b> | <b>117,392</b> | <b>130,397</b> | <b>n.a.</b>    | <b>130,397</b> | <b>119,697</b> |
| Equity  | 45,589         | 80,074         | 95,197         | n.a.           | 150,722        | 229,954        |
| <b>Net interest-bearing debt</b>                    | <b>92,351</b>  | <b>80,270</b>  | <b>88,899</b>  | <b>n.a.</b>    | <b>37,619</b>  | <b>-24,064</b> |
| <b>Net gearing</b>                                  | <b>202.6%</b>  | <b>100.2%</b>  | <b>93.4%</b>   | <b>n.a.</b>    | <b>25.0%</b>   | <b>-10.5%</b>  |
| <b>Op. cashflow before working cap. expenditure</b> | <b>11,279</b>  | <b>44,915</b>  | <b>24,276</b>  | <b>86,657</b>  | <b>110,933</b> | <b>120,613</b> |
| Cash inflow/(outflow) from working capital          | 2,712          | 6,907          | -17,445        | 13,611         | -3,834         | 1,033          |
| <b>Op. cashflow after working cap. expenditure</b>  | <b>13,991</b>  | <b>51,822</b>  | <b>6,831</b>   | <b>100,268</b> | <b>107,099</b> | <b>121,646</b> |
| Investments in intangibles                          | -6,110         | -10,953        | -1,479         | -3,521         | -5,000         | -5,000         |
| Investments in PPE                                  | -30,731        | -41,876        | -16,440        | -43,560        | -60,000        | -51,000        |
| Other cashflow from investing                       | -11,889        | 23,483         | 3,524          | 0              | 3,524          | 0              |
| <b>Cashflow from investing activities</b>           | <b>-48,730</b> | <b>-29,346</b> | <b>-14,395</b> | <b>-47,081</b> | <b>-61,476</b> | <b>-56,000</b> |
| <b>Cashflow after investing</b>                     | <b>-34,740</b> | <b>22,477</b>  | <b>-7,564</b>  | <b>53,187</b>  | <b>45,623</b>  | <b>65,646</b>  |

Source: DRAG

**2021 net debt reduction driven by securities portfolio profits** As figure 5 shows, in 2021 operating cashflow of €51.8m was very close to investments of €52.8m. Cub Creek Energy invested €34.2m in drilling and completion of the Knight pad and the acquisition of 30,000 acres in the Powder River Basin in Wyoming. Meanwhile, Bright Rock Energy invested €18.4m in drilling and completion of the Buster well and in partner-operated wells in Utah. Net debt fell by €12.1m last year mainly due to realised net profits of €17.2m on the securities portfolio set up in spring 2020 at the start of the pandemic.

Q1/22 operating cashflow came in at €6.8m (Q1/21: €14.0m) due mainly to working capital consumption of €17.4m (Q1/21: cash consumption of €6.3m) in connection with investments in the Occidental wells in Wyoming and the partner-operated wells in Utah. These projects were the main element in capital expenditure of €17.9m (Q1/21: €2.8m). Cashflow after investing amounted to €-7.6m in Q1/22 (Q1/21: €13.4m).

### Current commodity pricing and CAPEX plans suggest net cash position by end 2023

Investments for 2022 and 2023 announced so far by DRAG are shown in figure 6. Assuming no further project announcements, we expect cash generation from increasing volume at higher prices, and a reduction in DRAG's working capital position, to turn the company's current net debt position into a net cash position by the end of 2023.

**Figure 6: Planned investments 2022 and 2023**

| (USDm)  | 2022 | 2023 |
|---|------|------|
| Cub Creek 5-well drilling programme in Wyoming              | 20   | 20   |
| Salt Creek participation in 18 Occidental wells in Wyoming  | 30   | 35   |
| Bright Rock participation in partner-operated wells in Utah | 15   | 0    |

Source: DRAG



Figure 7: Changes to our forecasts

| All figures in € 000s       | 2022E          |                | Δ             | 2023E          |               | Δ             |
|-----------------------------|----------------|----------------|---------------|----------------|---------------|---------------|
|                             | New            | Old            |               | New            | Old           |               |
| <b>Revenue</b>              | <b>165,298</b> | <b>119,416</b> | <b>38.4%</b>  | <b>174,669</b> | <b>74,128</b> | <b>135.6%</b> |
| <b>EBITDA</b>               | <b>140,544</b> | <b>82,104</b>  | <b>71.2%</b>  | <b>148,914</b> | <b>47,417</b> | <b>214.1%</b> |
| Dep. and amort.             | 41,818         | 42,903         | -2.5%         | 37,418         | 28,009        | 33.6%         |
| <b>Op. income (EBIT)</b>    | <b>98,725</b>  | <b>39,201</b>  | <b>152%</b>   | <b>111,496</b> | <b>19,408</b> | <b>474%</b>   |
| Net financial result        | -6,778         | -6,099         | n.a.          | -6,186         | -4,668        | n.a.          |
| Pre-tax income (EBT)        | 91,947         | 33,102         | 177.8%        | 105,310        | 14,741        | 614.4%        |
| Income taxes                | -19,309        | -6,951         | n.a.          | -22,115        | -3,096        | n.a.          |
| <b>Net before mins.</b>     | <b>72,638</b>  | <b>26,151</b>  | <b>177.8%</b> | <b>83,195</b>  | <b>11,645</b> | <b>614.4%</b> |
| Minority interests          | -13,796        | -3,262         | n.a.          | -8,562         | -1,338        | n.a.          |
| <b>Net inc. after mins.</b> | <b>58,842</b>  | <b>22,889</b>  | <b>157.1%</b> | <b>74,633</b>  | <b>10,307</b> | <b>624.1%</b> |
| <b>EPS (€)</b>              | <b>11.88</b>   | <b>4.62</b>    | <b>157.1%</b> | <b>15.07</b>   | <b>2.08</b>   | <b>624.1%</b> |

Source: First Berlin Equity Research estimates

**2022/2023 forecasts revised up on higher volume/price assumptions** Upward revisions to our 2022 and 2023 forecasts since our last note of 13 December stem from the higher volume and price assumptions detailed in figure 3. Our 2023 volume forecast is 34% higher than in December due to the announcement of the new Cub Creek and Salt Creek drilling programmes in February and April 2022 respectively.

Figure 8: Oil/gas/NGL reserves

| mBOE                            | 2020          | 2021*         | % Δ           |
|---------------------------------|---------------|---------------|---------------|
| <b>Total reserves</b>           | <b>24.25</b>  | <b>48.60</b>  | <b>100.4%</b> |
| Regional breakdown:             |               |               |               |
| Colorado                        | 15.77         | 17.50         | 11.0%         |
| N. Dakota, Utah, Wyoming        | 8.48          | 31.10         | 266.7%        |
| <b>Proven reserves</b>          | <b>20.42</b>  | <b>29.20</b>  | <b>43.0%</b>  |
| PD/PUD breakdown:               |               |               |               |
| Proven developed                | n.a.          | 14.40         | n.a.          |
| Proven undeveloped              | n.a.          | 14.80         | n.a.          |
| Regional breakdown:             |               |               |               |
| Colorado                        | 15.77         | 17.50         | 11.0%         |
| % of proven reserves            | 77.2%         | 59.9%         | -             |
| <b>N. Dakota, Utah, Wyoming</b> | <b>4.65</b>   | <b>11.70</b>  | <b>151.6%</b> |
| <b>% of proven reserves</b>     | <b>22.8%</b>  | <b>40.1%</b>  | <b>-</b>      |
| <b>Probable reserves</b>        | <b>3.83</b>   | <b>19.40</b>  | <b>406.5%</b> |
| Regional breakdown:             |               |               |               |
| Colorado                        | 0.0           | 0.0           | -             |
| % of probable reserves          | 0.0%          | 0.0%          | -             |
| <b>N. Dakota, Utah, Wyoming</b> | <b>3.83</b>   | <b>19.40</b>  | <b>406.5%</b> |
| <b>% of probable reserves</b>   | <b>100.0%</b> | <b>100.0%</b> | <b>-</b>      |

\* regional breakdowns for 2021 are FB estimates

Source: DRAG, First Berlin Equity Research estimates

Proven reserves climbed 43.0% to 29.2mBOE in 2021 (2020: 20.4mBOE) while probable reserves jumped from 3.8mBOE to 19.4mBOE. We estimate that North Dakota/Utah/Wyoming respectively accounted for 80% and 100% of these increases. Further reserve growth in these states is likely as DRAG and other industry players continue to develop their acreage in Utah and Wyoming.



## VALUATION

**Price target raised from €31.00 to €43.00. Buy recommendation maintained** Figure 9 shows changes to our valuation model. The upward shift in the oil and gas futures curves and our volume forecasts from 2023 raises our valuation for both Cub Creek and Elster. However, our valuation of Salt Creek/Bright Rock is lower because we now base our calculation on announced investment plans rather than an assumed 75 well investment programme. For the first time we also include the present value of gains/losses on hedge contracts in our valuation. Our valuations of DRAG's stakes in Almonty and Northern Oil and Gas (NOG) have moved in line with these companies' share prices. The net debt calculation shown in figure 9 is based on cash and cash equivalents held in current assets, as we have valued most of the securities held in non-current assets (Almonty, NOG) individually. We now see fair value for the DRAG share at €43.00 (previously: €31.00). We maintain our Buy recommendation.

**Figure 9: Changes to our valuation model**

| €m  | New          | Old          | % Δ          |
|---|--------------|--------------|--------------|
| DCF valuation Cub Creek Energy (DRAG's stake 88.5%)                                   | 249.1        | 113.3        | 119.8%       |
| DCF valuation Elster Oil & Gas (DRAG's stake: 93.0%)                                  | 29.2         | 15.5         | 88.3%        |
| DCF valuation Salt Creek Oil & Gas/Bright Rock Energy (DRAG's stakes: 100.0%/ 98.86%) | 43.8         | 71.0         | -38.3%       |
| of which: potential additional Powder River Basin wells                               | 0.0          | 53.7         | n.a.         |
| PV10 hedging gains/(losses)   | -45.4        | n.a.         | n.a.         |
| <b>Subtotal: US oil and gas activities</b>  | <b>276.6</b> | <b>199.7</b> | <b>38.5%</b> |
| Almonty (12.18% equity stake plus promissory notes and debentures)                    | 27.2         | 25.8         | 5.5%         |
| Ceritech (DRAG's stake: 72.46%)   | 2.0          | 1.5          | 34.1%        |
| Hammer Metals   | 0.0          | 0.7          | n.a.         |
| Northern Oil and Gas (DRAG's stake: 0.56%)  | 14.7         | 13.0         | 13.3%        |
| Rhein Petroleum (DRAG's stake: 10%)   | 2.5          | 3.0          | -16.7%       |
| Tin International (DRAG's stake: 94.4%)   | 0.3          | 1.0          | -67.1%       |
| Holding company costs   | -10.0        | -10.0        | 0.0%         |
| <b>Total enterprise value</b>   | <b>313.4</b> | <b>234.7</b> | <b>33.5%</b> |
| Cash and securities held in current assets  | 30.0         | 18.6         | 61.4%        |
| Bonds   | 110.7        | 97.8         | 13.2%        |
| Other debt  | 19.7         | 2.0          | 884.9%       |
| Net debt  | 100.4        | 81.1         | 23.8%        |
| <b>Total equity value</b>   | <b>213.0</b> | <b>153.6</b> | <b>38.7%</b> |
| No shares (m)   | 4.95         | 4.95         | 0.0%         |
| <b>Equity value per share (€)</b>   | <b>43.00</b> | <b>31.00</b> | <b>38.7%</b> |

Source: First Berlin Equity Research estimates



Figure 10: DCF Valuation of Cub Creek Energy\*

| USD 000s  | 2022E          | 2023E          | 2024E         | 2025E         | 2026E         |
|---|----------------|----------------|---------------|---------------|---------------|
| Net revenue (working interest after royalty and ad valorem tax) | 179,617        | 119,381        | 79,027        | 55,249        | 43,956        |
| Cash operating costs  | 21,073         | 17,600         | 18,608        | 15,349        | 13,051        |
| <b>EBITDA</b>   | <b>158,543</b> | <b>101,781</b> | <b>60,419</b> | <b>39,900</b> | <b>30,905</b> |
| Depreciation  | 38,348         | 27,843         | 21,892        | 17,329        | 14,735        |
| <b>EBIT</b>   | <b>120,195</b> | <b>73,938</b>  | <b>38,527</b> | <b>22,571</b> | <b>16,171</b> |
| NOPLAT  | 94,954         | 58,411         | 30,436        | 17,831        | 12,775        |
| Tax Rate (%)  | 21.0%          | 21.0%          | 21.0%         | 21.0%         | 21.0%         |
| <b>CAPEX</b>  | <b>-20,000</b> | <b>-20,000</b> | <b>0</b>      | <b>0</b>      | <b>0</b>      |
| Working capital expenditure                                     | -4,827         | -367           | -3,817        | -2,369        | -1,137        |
| <b>Free cashflow</b>  | <b>108,475</b> | <b>65,886</b>  | <b>48,511</b> | <b>32,791</b> | <b>26,373</b> |
| PV free cashflow (10% discount rate)                            | 102,821        | 56,775         | 38,002        | 23,352        | 17,074        |
| <b>Sum PV free cashflows</b>                                    | <b>301,540</b> |                |               |               |               |

Source: DRAG; First Berlin Equity Research estimates

Figure 11: DCF Valuation of Elster Oil &amp; Gas\*

| USD 000s  | 2022E         | 2023E        | 2024E        | 2025E        | 2026E        |
|---|---------------|--------------|--------------|--------------|--------------|
| Net revenue (working interest after royalty and ad valorem tax) | 16,123        | 11,619       | 8,559        | 6,943        | 5,950        |
| Cash operating costs  | 2,144         | 2,118        | 2,521        | 2,363        | 2,149        |
| <b>EBITDA</b>   | <b>13,979</b> | <b>9,501</b> | <b>6,038</b> | <b>4,580</b> | <b>3,802</b> |
| Depreciation  | 2,787         | 2,393        | 2,118        | 1,906        | 1,733        |
| <b>EBIT</b>   | <b>11,192</b> | <b>7,108</b> | <b>3,920</b> | <b>2,675</b> | <b>2,069</b> |
| NOPLAT  | 8,841         | 5,615        | 3,097        | 2,113        | 1,634        |
| Tax Rate (%)  | 21.0%         | 21.0%        | 21.0%        | 21.0%        | 21.0%        |
| <b>CAPEX</b>  | <b>0</b>      | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     |
| Working capital expenditure                                     | -411          | 111          | -694         | -431         | -207         |
| <b>Free cashflow</b>  | <b>11,218</b> | <b>8,119</b> | <b>4,521</b> | <b>3,588</b> | <b>3,160</b> |
| PV free cashflow (10% discount rate)                            | 10,633        | 6,996        | 3,541        | 2,555        | 2,046        |
| <b>Sum PV free cashflows</b>                                    | <b>33,624</b> |              |              |              |              |

Source: DRAG; First Berlin Equity Research estimates

Figure 12: DCF Valuation of Salt Creek Oil &amp; Gas, Bright Rock Energy\*

| USD 000s  | 2022E          | 2023E          | 2024E         | 2025E         | 2026E         |
|---|----------------|----------------|---------------|---------------|---------------|
| Net revenue (working interest after royalty and ad valorem tax) | 39,177         | 63,274         | 36,932        | 22,895        | 16,424        |
| <b>EBITDA</b>   | <b>35,584</b>  | <b>55,396</b>  | <b>29,672</b> | <b>17,617</b> | <b>12,299</b> |
| Depreciation  | 4,669          | 8,902          | 6,100         | 4,256         | 3,326         |
| <b>EBIT</b>   | <b>30,915</b>  | <b>46,494</b>  | <b>23,572</b> | <b>13,361</b> | <b>8,973</b>  |
| NOPLAT  | 24,423         | 36,731         | 18,622        | 10,555        | 7,089         |
| Tax Rate (%)  | 21.0%          | 21.0%          | 21.0%         | 21.0%         | 21.0%         |
| <b>CAPEX</b>  | <b>-45,000</b> | <b>-35,000</b> | <b>0</b>      | <b>0</b>      | <b>0</b>      |
| Working capital expenditure                                     | -1,145         | -455           | -611          | -1,507        | -723          |
| <b>Free cashflow</b>  | <b>-17,053</b> | <b>10,177</b>  | <b>24,111</b> | <b>13,304</b> | <b>9,692</b>  |
| PV free cashflow (10% discount rate)                            | -16,164        | 8,770          | 18,888        | 9,474         | 6,274         |
| <b>Sum PV free cashflows</b>                                    | <b>47,623</b>  |                |               |               |               |

Source: DRAG; First Berlin Equity Research estimates

\* our valuation models for CCE, EOG, SCOG and BRE extend to 2039 but for reasons of space we show numbers only out to 2026





## INCOME STATEMENT

| All figures in € 000s          | 2018A          | 2019A         | 2020A          | 2021A         | 2022E          | 2023E          |
|--------------------------------|----------------|---------------|----------------|---------------|----------------|----------------|
| <b>Revenues</b>                | <b>109,052</b> | <b>41,204</b> | <b>38,683</b>  | <b>73,321</b> | <b>165,298</b> | <b>174,669</b> |
| Cost of materials              | 19,019         | 11,342        | 11,630         | 18,106        | 18,984         | 17,461         |
| Personnel/G&A expenses         | 12,378         | 11,559        | 10,832         | 12,118        | 9,170          | 8,294          |
| Net other operating income     | 20,278         | 4,422         | 7,713          | 22,962        | 3,400          | 0              |
| <b>EBITDA</b>                  | <b>97,933</b>  | <b>22,725</b> | <b>23,935</b>  | <b>66,058</b> | <b>140,544</b> | <b>148,914</b> |
| Depreciation and amortisation  | 58,037         | 17,095        | 40,070         | 33,469        | 41,818         | 37,418         |
| <b>Operating income (EBIT)</b> | <b>39,896</b>  | <b>5,630</b>  | <b>-16,135</b> | <b>32,590</b> | <b>98,725</b>  | <b>111,496</b> |
| Net financial result           | -13,432        | -5,368        | -6,388         | -5,533        | -6,778         | -6,186         |
| Other financial items          | 0              | 0             | 0              | 0             | 0              | 0              |
| <b>Pre-tax income (EBT)</b>    | <b>26,464</b>  | <b>262</b>    | <b>-22,524</b> | <b>27,056</b> | <b>91,947</b>  | <b>105,310</b> |
| Taxes                          | -8,520         | -76           | 6,425          | -699          | -19,309        | -22,115        |
| Profit before minorities       | 17,944         | 186           | -16,099        | 26,357        | 72,638         | 83,195         |
| Minority interests             | -4,072         | 122           | 589            | -1,563        | -13,796        | -8,562         |
| <b>Net income / loss</b>       | <b>13,872</b>  | <b>308</b>    | <b>-15,509</b> | <b>24,794</b> | <b>58,842</b>  | <b>74,633</b>  |
| <b>EPS (in €)</b>              | <b>2.81</b>    | <b>0.06</b>   | <b>-3.13</b>   | <b>5.00</b>   | <b>11.88</b>   | <b>15.07</b>   |
| <b>Ratios</b>                  |                |               |                |               |                |                |
| EBITDA margin on revenues      | 89.8%          | 55.2%         | 61.9%          | 90.1%         | 85.0%          | 85.3%          |
| EBIT margin on revenues        | 36.6%          | 13.7%         | -41.7%         | 44.4%         | 59.7%          | 63.8%          |
| Net margin on revenues         | 12.7%          | 0.7%          | -40.1%         | 33.8%         | 35.6%          | 42.7%          |
| Tax rate                       | 32.2%          | 29.0%         | -28.5%         | 2.6%          | 21.0%          | 21.0%          |
| <b>Y-Y Growth</b>              |                |               |                |               |                |                |
| Revenues                       | 102.9%         | -62.2%        | -6.1%          | 89.5%         | 125.4%         | 5.7%           |
| Operating income               | 652.2%         | -85.9%        | n.m.           | n.m.          | 202.9%         | 12.9%          |
| Net income/ loss               | 150.0%         | -97.8%        | n.m.           | n.m.          | 137.3%         | 26.8%          |



## BALANCE SHEET

| All figures in € 000s                     | 2018A          | 2019A          | 2020A          | 2021A          | 2022E          | 2023E          |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Assets</b>                             |                |                |                |                |                |                |
| <b>Current assets, total</b>              | <b>75,860</b>  | <b>80,455</b>  | <b>36,354</b>  | <b>53,151</b>  | <b>115,993</b> | <b>168,942</b> |
| Cash and cash equivalents                 | 59,990         | 66,637         | 22,815         | 23,492         | 79,148         | 130,131        |
| Inventories                               | 156            | 165            | 186            | 175            | 795            | 840            |
| Receivables                               | 13,443         | 9,935          | 3,505          | 17,898         | 24,795         | 26,200         |
| Prepayments                               | 711            | 1,156          | 1,047          | 893            | 1,653          | 1,747          |
| Other current assets                      | 337            | 1,161          | 7,327          | 8,529          | 7,438          | 7,860          |
| Deferred tax assets                       | 1,223          | 1,401          | 1,474          | 2,164          | 2,164          | 2,164          |
| <b>Non-current assets, total</b>          | <b>148,985</b> | <b>198,470</b> | <b>170,368</b> | <b>211,840</b> | <b>235,022</b> | <b>253,603</b> |
| Intangible assets                         | 16,932         | 22,136         | 21,892         | 29,821         | 32,165         | 34,509         |
| Land and buildings                        | 0              | 0              | 0              | 0              | 0              | 0              |
| Producing oil plants                      | 107,878        | 138,433        | 110,203        | 143,612        | 163,689        | 179,334        |
| Exploration and evaluation                | 2,048          | 648            | 2,227          | 5,225          | 5,955          | 6,525          |
| Plant and machinery                       | 36             | 143            | 123            | 111            | 127            | 139            |
| Other equipment                           | 91             | 331            | 225            | 107            | 122            | 134            |
| Equity investments                        | 14,385         | 16,688         | 17,773         | 14,552         | 14,552         | 14,552         |
| Loans to other investors                  | 1,724          | 1,902          | 4,711          | 4,782          | 4,782          | 4,782          |
| Securities classified as fixed assets     | 5,891          | 18,189         | 13,214         | 13,630         | 13,630         | 13,630         |
| <b>Total assets</b>                       | <b>224,845</b> | <b>278,925</b> | <b>206,722</b> | <b>264,991</b> | <b>351,014</b> | <b>422,545</b> |
| <b>Shareholders' equity &amp; debt</b>    |                |                |                |                |                |                |
| <b>Current liabilities, total</b>         | <b>38,912</b>  | <b>26,927</b>  | <b>27,077</b>  | <b>31,790</b>  | <b>22,271</b>  | <b>112,227</b> |
| Bank debt                                 | 16,086         | 22             | 190            | 1,089          | 0              | 0              |
| Bond debt                                 | 0              | 0              | 16,658         | 0              | 10,700         | 100,000        |
| Accounts payable                          | 6,840          | 17,114         | 2,901          | 20,764         | 4,959          | 5,240          |
| Other current liabilities                 | 15,986         | 9,791          | 7,328          | 9,937          | 6,612          | 6,987          |
| <b>Long-term liabilities, total</b>       | <b>77,299</b>  | <b>139,089</b> | <b>111,533</b> | <b>116,303</b> | <b>119,697</b> | <b>19,697</b>  |
| Bond debt                                 | 66,599         | 131,077        | 97,761         | 97,761         | 100,000        | 0              |
| Bank debt                                 | 10,700         | 8,012          | 13,772         | 18,542         | 19,697         | 19,697         |
| Other long term liabilities               | 0              | 0              | 0              | 0              | 0              | 0              |
| Provisions                                | 19,312         | 25,222         | 7,336          | 18,842         | 41,324         | 43,667         |
| Minority interests                        | 8,087          | 7,184          | 6,170          | 7,351          | 21,147         | 29,709         |
| Shareholders' equity                      | 65,750         | 64,317         | 39,419         | 72,723         | 129,575        | 200,245        |
| <b>Consolidated equity</b>                | <b>73,837</b>  | <b>71,501</b>  | <b>45,589</b>  | <b>80,074</b>  | <b>150,722</b> | <b>229,954</b> |
| Deferred tax liabilities                  | 15,485         | 16,186         | 15,187         | 17,982         | 17,000         | 17,000         |
| <b>Total consolidated equity and debt</b> | <b>224,845</b> | <b>278,925</b> | <b>206,722</b> | <b>264,991</b> | <b>351,014</b> | <b>422,545</b> |
| <b>Ratios</b>                             |                |                |                |                |                |                |
| Current ratio (x)                         | 1.95           | 2.99           | 1.34           | 1.67           | 5.21           | 1.51           |
| Quick ratio (x)                           | 1.95           | 2.98           | 1.34           | 1.67           | 5.17           | 1.50           |
| Financial leverage                        | 37.2%          | 75.9%          | 202.6%         | 100.2%         | 25.0%          | -10.5%         |
| Book value per share (€)                  | 13.32          | 12.98          | 7.96           | 14.68          | 26.16          | 40.42          |
| Net cash (debt)                           | -27,504        | -54,285        | -92,352        | -80,270        | -37,619        | 24,064         |
| Return on equity (ROE)                    | 27.5%          | 0.3%           | -27.5%         | 41.9%          | 62.9%          | 43.7%          |



## CASH FLOW STATEMENT

| All figures in € 000s                                   | 2018A          | 2019A          | 2020A          | 2021A          | 2022E          | 2023E          |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Net profit before minorities</b>                     | <b>17,944</b>  | <b>186</b>     | <b>-16,099</b> | <b>26,357</b>  | <b>72,638</b>  | <b>83,195</b>  |
| Writedowns/writeups of fixed assets                     | 59,637         | 16,307         | 37,702         | 32,805         | 41,818         | 37,418         |
| Increase/decrease in provisions                         | 7,316          | 17,380         | -11,411        | -927           | 0              | 0              |
| Changes in working capital                              | -889           | -9,195         | 2,712          | 6,907          | -3,834         | 1,033          |
| Gains/losses from disposal of fixed assets              | -15,132        | -31            | -286           | -736           | 0              | 0              |
| Gains/losses from disposal of securities                | 0              | 0              | -1,433         | -18,093        | -3,524         | 0              |
| Interest expense/income                                 | 6,227          | 5,368          | 6,388          | 5,533          | 0              | 0              |
| Tax paid/received                                       | 8,519          | 76             | -6,425         | 792            | 0              | 0              |
| Income tax payments                                     | 218            | 158            | 0              | 0              | 0              | 0              |
| Other   | -15,166        | -16,311        | 2,843          | -816           | 0              | 0              |
| <b>Operating cash flow</b>                              | <b>68,674</b>  | <b>13,938</b>  | <b>13,991</b>  | <b>51,822</b>  | <b>107,099</b> | <b>121,646</b> |
| Investment in property, plant equipment                 | -63,754        | -22,513        | -30,731        | -41,876        | -60,000        | -51,000        |
| Investment in intangible assets                         | -2,454         | -6,214         | -6,110         | -10,953        | -5,000         | -5,000         |
| <b>Free cash flow</b>                                   | <b>2,466</b>   | <b>-14,789</b> | <b>-22,850</b> | <b>-1,007</b>  | <b>42,099</b>  | <b>65,646</b>  |
| Proceeds from disposal of intangible assets             | 38,391         | 0              | 119            | 1,633          | 0              | 0              |
| Management of short term financial assets, other        | -451           | -5,511         | -12,008        | 21,850         | 3,524          | 0              |
| <b>Investing cash flow</b>                              | <b>-28,268</b> | <b>-34,238</b> | <b>-48,730</b> | <b>-29,346</b> | <b>-61,476</b> | <b>-56,000</b> |
| Equity financing  | -493           | -18            | -97            | 0              | 0              | 0              |
| Debt financing  | 15,241         | 62,000         | 7,322          | 19,006         | 14,094         | 0              |
| Debt repayment  | -30,239        | -16,115        | -16,658        | -31,729        | -1,089         | -10,700        |
| Interest paid   | -6,925         | -6,638         | -7,515         | -6,515         | 0              | 0              |
| Dividends, share buybacks                               | -6,210         | -3,937         | -743           | -328           | -2,972         | -3,963         |
| Other   | 0              | 0              | 0              | -145           | 3,524          | 0              |
| <b>Financing cash flow</b>                              | <b>-28,626</b> | <b>35,292</b>  | <b>-17,691</b> | <b>-19,711</b> | <b>13,557</b>  | <b>-14,663</b> |
| Other   | 18,511         | 1,004          | 8,608          | -2,088         | -3,524         | 0              |
| <b>Change in cash and equivalents</b>                   | <b>30,291</b>  | <b>6,647</b>   | <b>-43,822</b> | <b>677</b>     | <b>55,656</b>  | <b>50,983</b>  |
| FX/consolidation effects                                | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>Cash and current cash equivs., start of the year</b> | <b>29,699</b>  | <b>59,990</b>  | <b>66,637</b>  | <b>22,815</b>  | <b>23,492</b>  | <b>79,148</b>  |
| <b>Cash and current cash equivs., end of the year</b>   | <b>59,990</b>  | <b>66,637</b>  | <b>22,815</b>  | <b>23,492</b>  | <b>79,148</b>  | <b>130,131</b> |
| <b>EBITDA/share (in €)</b>                              | <b>19.84</b>   | <b>4.60</b>    | <b>4.83</b>    | <b>13.33</b>   | <b>28.37</b>   | <b>30.06</b>   |
| <b>Y-Y Growth</b>                                       |                |                |                |                |                |                |
| Operating cash flow                                     | 81.4%          | -79.7%         | 0.4%           | 270.4%         | 106.7%         | 13.6%          |
| Free cash flow  | n.m.           | n.m.           | n.m.           | n.m.           | n.m.           | 55.9%          |
| EBITDA/share  | 177.9%         | -76.8%         | 5.1%           | 176.0%         | 112.8%         | 6.0%           |

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| 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.

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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...30         | ↓                   | ↓                          | ↓              | ↓            |
| 31             | 30 September 2019   | €13.85                     | Buy            | €18.10       |
| 32             | 24 March 2020       | €6.66                      | Buy            | €8.70        |
| 33             | 15 April 2020       | €8.36                      | Add            | €9.50        |
| 34             | 19 October 2020     | €7.82                      | Add            | €9.50        |
| 35             | 20 April 2021       | €12.05                     | Buy            | €17.00       |
| 36             | 29 July 2021        | €15.50                     | Buy            | €24.00       |
| 37             | 7 October 2021      | €21.10                     | Buy            | €28.00       |
| 38             | 13 December 2021    | €20.50                     | Buy            | €31.00       |
| 39             | Today               | €32.00                     | Buy            | €43.00       |

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