



# **Amaero International Ltd**

# Fairmont Consulting report underlines project viability

Amaero International Ltd (ASX:3DA) is a global specialist in advanced materials manufacturing for the defence, aerospace, and other industrial sectors, developing a critical metals alloy powder manufacturing facility in Tennessee, USA. The company has released an executive summary outlining the key findings from the market study prepared by Fairmont Consulting Group LLC into the niobium C103 alloy and other high-value specialty alloys used in mission-critical defence and space applications. The executive summary together with key assumptions and financial drivers released by Amaero have formed the basis of our revised earnings estimates for Amaero's operation. Key assumption changes include the addition of a fourth gas atomiser, positioning for an estimated 40% of the C103 niobium powder market longer term, higher C103 prices than previously modelled, but a 50% yield on powder bed fusion powder production. We have also incorporated the company's guidance that it expects to report an EBITDA loss of \$14m in CY2024 and to break-even in CY2025. The earnings revisions deliver a base-case valuation of \$1.128b or \$1.40/share fully diluted (\$2.35/share on the current share count).

#### **Business model**

Amaero is developing a critical metals powder manufacturing facility in Tennessee, USA, targeting the production of high-value alloy powders for mission-critical defence and space applications. The company has announced plans to install four electrode induction melting gas atomisers (EIGAs) at its facility over the next three years with the first EIGA on track to be commissioned and installed by June 2024. Amaero has indicated that, based on a 50% yield, it will produce up to 399 tonnes a year of high-end alloy powders for use in powder bed fusion (PBF) 3D printing of hypersonic, space, satellite, and strategic missile parts. It has highlighted that 10% of PBF production in C103 niobium powder could contribute ~58% of revenue.

## More definitive plans, moving closer to commercialisation

Following receipt of the Fairmont Consulting report which provided a more definitive market analysis of the demand and opportunity for niobium C103 powder, Amaero has provided more detail to the market on the production profile it expects to follow as it installs four EIGAs at its Tennessee facility over the next four financial years. Its estimated PBF powder production schedule together with Fairmont's survey of current C103 powder prices and input costs have laid the groundwork for adjustments to the assumptions we have used in our financial model. As we highlighted in our 4 October 2023 report, one of the key risks to our forecasts would be if Amaero chose a different production profile to our modelling. Based on the Fairmont study, Amaero plans to prioritise C103 and refractory alloys, followed by other high-value specialty alloys and then allocate excess production capacity to titanium alloys. We anticipate that longterm, this will result in approximately 12% of production focused on C103, 12% on specialty alloys and the remainder on Ti64. Our previous forecasts had envisaged a 30/30/40 split. Note that we have also taken into account that Amaero expects to report a \$14m operating loss in CY2024 and to break-even in CY2025, with additional capital requirements for the production profile it has presented to be \$76m, with half of this likely to be from a strategic equity raising. The company has recently engaged US investment bank Guggenheim to explore its funding alternatives for the completion of the Tennessee facility's fit-out and capital equipment requirements. Our model anticipates a 50/50 mix of debt and equity of ~A\$80m.

## Base-case DCF valuation is \$1.13b or \$1.40/share fully-diluted

Our base-case DCF valuation is \$1.40/share (previously \$1.50/share), fully diluted for anticipated strategic raisings, or \$1.13b (previously \$1.39b). On the current share count of 479m shares the valuation is \$2.35/share. There is a potential risk in the long lead times to profitability and we have sought to reflect this in our forecasts and valuation. Our expectation is that Amaero will deliver revenue from FY25, profitability from FY26, and secure 'at capacity' earnings in H2 CY28.

Y/E	Sales revenue	Gross profit	EBITDA	NPAT	EPS (c)	EV/Sales (x)	EV/EBITDA (x)	PER (x)
06/23a	0.8	2.1	(7.9)	(12.5)	(2.8)	nm	nm	nm
06/24f	2.6	(4.3)	(16.0)	(14.9)	(2.8)	nm	nm	nm
06/25f	33.7	12.2	(5.2)	(9.1)	(1.4)	9.3	nm	nm
06/26f	111.9	48.0	14.1	2.0	0.2	2.9	19.0	nm
06/27f	219.7	99.5	47.0	28.2	3.6	1.4	6.3	9.2

Source: Company data for historically; RaaS estimates for FY24f-FY27f

#### Critical Metals Manufacturing

#### 16 February 2024



#### **Share Performance (12 months)**



#### Upside Case

- Amaero develops a significant presence in the advanced manufacturing supply chain
- Strong tailwinds in US and global demand for US advanced metal powder production
- Strong Chairman/CEO with experience and connectivity to key stakeholders in the US

#### **Downside Case**

- Further strategic equity raises result in dilution
- Pre-production with no guarantee that strategy will translate into earnings success
- Cashflow profit still at least two years away

#### Catalysts

- Project finance secured for Tennessee operation
- Strategic equity commitment secured
- Completion of fitout at Tennessee facility
- Successful commissioning of first EIGA atomiser
- Offtake agreements for C103 production
- Purchase/installation of additional EIGAs
- Confirmation of first revenues/cashflow

#### Company Interview

maero International RaaS Chairman & CEO Interview

## **Board of Directors & Management**

Hank J. Holland Chairman and CEO

Eric Bono Executive Director/CTO

Lucy Robb Vujcic Non-Executive Director

Omar Granit Non-Executive Director

Robert (Bob) Latta Non-Executive Director

Erik Levy Non-Executive Director

Jamie Levy Non-Executive Director

#### **Company Contacts**

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\*The analyst holds shares



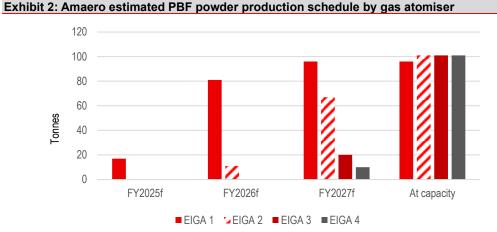
#### **US Demand For C103 Powder Is Confirmed**

Fairmont Consulting conducted a market study of the niobium C103 alloy and other high-value specialty materials used in mission-critical defence and space applications on behalf of Amaero. The consulting group estimates that demand for C103 PBF powder in FY2025 will be 25 tonnes with this growing to 105 tonnes by FY2028, for a 62% CAGR over the five-year period. This is the market that Amaero plans to operate in with its Tennessee operations.

Exhibit 1: High-temperature material demand by AM C103 addressability 250,000 **CAGR = 15%** 203 779 200,000 184,932 73.838 (gs per annum 150,000 140,466 **CAGR = 62%** 18,637 105,385 100,000 73,418 50,000 48,778 25,562 2023E 2024F 2025E 2026E 2027E 2028E Total high temperature material demand — Total additive manufacturing C103 demand

Source: Fairmont Consulting Group Report, "State of the PM industry in North America, 2023"

Fairmont also found that the current C103 powder price was ranging from US\$2,700/kg to US\$3,500/kg (A\$4,150/kg to A\$5,385/kg). This is significantly higher than the US\$2,000/kg we used in our 4 October 2023 model adjustments. With the Fairmont study in hand, Amaero has highlighted that it is pursuing a strategy of prioritising production of C103, development refractory alloy and other high-value specialty alloys, and Ti-64 powder. The company has provided a detailed breakdown of its PBF powder production schedule by gas atomiser, as detailed in Exhibit 2. The company expects steady state production for EIGA #2, #3 and #4 to be 101 tonnes of PBF powder per year.



Source: Company announcement (8 February 2024)

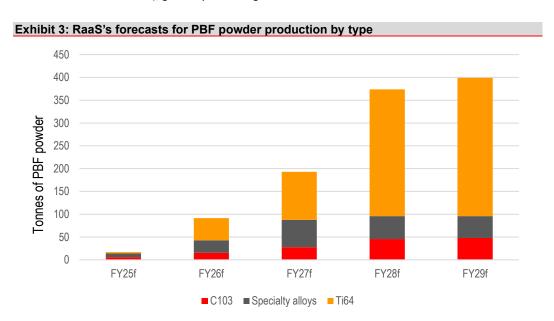
Based on Fairmont's estimate of Amaero's achievable market share, the company will pursue a C103-first strategy, prioritising the refractory alloy, particularly in its first EIGA. This will be followed by high-value specialty alloys which tend to be contracted for smaller batch runs. Excess production capacity will be allocated to titanium alloys, in particular Ti64 PBF powder. Given the 12-18 month qualification period for



Ti64, Amaero plants to produce the powder with EIGA #1 so as to secure qualifications with multiple customers.

## **Earnings Forecast Changes**

We have adopted the company's production profile in terms of expected overall tonnages by year and by EIGA and pricing ranges for powders in our forecasts. In terms of C103, we have used the mid-point of the range highlighted in the Fairmont report and on specialty alloys, we have assumed the price secured per kg is just under three times the Ti64 price we use. This has had the effect of reducing our revenue forecasts as we have changed the mix of C103/special alloys/Ti64 in our estimates. Our modelling now anticipates that Amaero will secure around 20% of the C103 market (estimated by Fairmont Consulting to be 25 tonnes in FY25 and 105 tonnes in FY28), gradually increasing its share until it hits around 40% or 48 tonnes in FY29f.



Source: RaaS estimates

We have also included estimates for a fourth EIGA in production by FY2027 and have reduced our capital expectations, which has had the effect of reducing our fully-diluted share count. The key parameter changes are set out in Exhibit 4 below.

Exhibit 4: Key parameter changes based on new detail from the Fairmont Consulting report											
Parameters	Previous	New									
Number of gas atomisers	Three	Four									
Annual PBF powder production capacity per unit	207t	101t									
Total 'at capacity' annual production	621t	404t									
Price for C103 powder/kg (now mid-point of range)	US\$2,000/kg;	US\$3,100/kg									
Price for specialty alloy powder/kg	US\$600/kg;	US\$675/kg									
Spot price for Ti64/kg (unchanged)	US\$210/kg	US\$210/kg									
Median EBITDA margin (10 years)	27%	30%									
Total capital required	A\$125m	A\$80m									
Shares on issue fully diluted	1,006m	808m									
Source: RaaS analysis											

Our earnings adjustments from FY24f-FY27f are set out in Exhibit 5. Note that the first EIGA, producing a combination of C103, specialty alloys and Ti64, is the key driver of our FY25f to FY27f forecasts, contributing 88% of our revenue forecast in FY26f and 49.7% in FY27f.



Exhibit 5: Earnings adjustments FY24f-FY27f (in A\$m unless otherwise stated)											
Year ending June 30	FY24f old	FY24f new	FY25f old	FY25f new	FY26f old	FY26f new	FY27f old	FY27f new			
Sales revenue	1.8	2.6	43.3	33.7	240.1	111.9	474.2	219.7			
Gross profit	(7.8)	(4.3)	(14.2)	12.2	63.4	48.0	175.5	99.5			
Gross profit margin (%)	-	-	(32.8)	36.2	26.4	42.9	37.0	45.3			
EBITDA	(22.2)	(16.0)	(30.9)	(5.2)	41.3	14.1	110.5	47.0			
EBITDA margin (%)	nm	nm	nm	nm	17.2	12.6	23.3	21.4			
NPAT	(19.9)	(14.9)	(28.9)	(9.1)	26.3	2.0	80.9	28.2			
Source: RaaS estima	ates										

## **DCF Valuation**

In our view, given the early-stage nature of Amaero's business and the lead time to revenue and cash generation, the discounted cash-flow methodology is the most appropriate method for valuing the company. We derive a weighted average cost of capital (WACC) of 11.6%, unchanged, (Cost of Equity 14.4%, beta 1.6, terminal growth rate 2.2%) and this gives us a base-case valuation of \$1,128m or \$1.40/share on a fully diluted basis. Our previous valuation was \$1.39b or \$1.50/share fully diluted. On the current share count of 479.4m, the valuation is \$2.35/share. We use an equity risk premium of 6.5%, risk-free rate of 4.0%, and target gearing of 25%. Note that we use the US corporate tax rate of 21% in our valuation. The valuation also assumes that the \$76m in capital expenditure outlined by the company is funded half from strategic equity and half via debt. As a sense check, our FY27 forecast, the first full year of positive NPAT, implies EV/Sales of 5.1x, EV/EBITDA of 24.0x, and a PE Ratio of 39.0x.

Exhibit 6: DCF valuation (in A\$m unless otherwise stated)	
DCF valuation	Parameters
WACC (unchanged)	11.6%
Beta	1.6
Terminal growth rate	2.2%
Sum of PV	443.5
Present value of terminal value	675.5
PV of enterprise	1119.0
Fully diluted cash and debt inc options conversion	(8.6)
Net value – shareholder	1127.6
No. of shares on issue (fully diluted) (m)	808.3
NPV in A\$/share	\$1.40
NPV per share based on current share count (479.4m)	\$2.35
Source: RaaS estimates	



Amaero International Ltd						Share price (15 February	2024)				A\$	0.33
Profit and Loss (A\$m)						Interim (A\$m)	H123A	H223A	H124F	H224F	H125F	H225
Y/E 30 June	FY23A	FY24F	FY25F	FY26F	FY27F	( 4)						
						Sales Revenue	0.5	0.3	0.8	1.8	8.7	25.
Sales Revenue	0.8	2.6	33.7	111.9	219.7	EBITDA Adj	(3.1)	(4.7)	(6.4)	(9.6)	(4.7)	(0.5
Total Revenue	2.8	2.6	33.7	111.9		EBIT Adi'	(3.7)	(5.7)	(8.0)	(11.0)	(6.4)	(3.8)
Gross Profit	2.1	(4.3)	12.2	48.0		NPAT (Adj)	(3.8)	(5.8)	(6.2)	(8.7)	(5.0)	(4.1
EBITDA Adj	(7.9)	(16.0)	(5.2)	14.1		Minorities	-	-	-	-		0.2
Depn	(1.5)	(3.0)	(5.0)	(8.4)	(8.3)	NPAT (reported)	(6.6)	(5.9)	(6.2)	(8.7)	(5.0)	(4.1
Amort	0.0	0.0	0.0	0.0	. ,	EPS (Adj)	(1.05)	(1.76)	(1.45)	(1.55)	(0.79)	(0.64
EBIT Adj	(9.4)	(19.0)	(10.2)	5.6		EPS (reported)	(2.39)	(1.23)	(1.30)	(1.36)	(0.79)	(0.59
Interest	(0.2)	0.1	(1.3)	(3.1)		Dividend (cps)	- 1	-	-	-	-	-
Tax	0.0	4.0	2.4	(0.5)	(7.5)	Imputation	-	-	-	-	-	-
Minorities	(0.2)	0.0	0.0	0.0	. ,	Operating cash flow	(6.2)	(4.6)	(9.4)	(15.1)	11.2	(15.2
Equity accounted assoc	0.0	0.0	0.0	0.0		Free Cash flow	(6.2)	(4.6)	(9.4)	(15.1)	11.2	(15.2
NPAT pre significant items	(9.7)	(14.9)	(9.1)	2.0		Divisions	H123A	H223A	H124F	H224F	H125F	H225
Significant items	(2.8)	0.0	0.0	0.0	-	Sales and service revenue	0.5	0.3	0.8	1.8	8.7	25.
	_ ` /			_		R&D grants						0.
NPAT (reported)	(12.5)	(14.9)	(9.1)	2.0	20.2		1.4	0.6	0.0	0.0	0.0	
Cash flow (A\$m)		=140 :=				Total Revenue	1.9	0.9	0.8	1.8	8.7	25.
Y/E 30 June	FY23A	FY24F	FY25F	FY26F	FY27F		0.5	0.2	1.9	5.1	6.2	15.
EBITDA	(7.9)	(16.0)	(5.2)	14.1		Gross Profit	1.4	0.7	(1.1)	(3.2)	2.5	9.
Interest	(0.2)	0.1	(1.3)	(3.1)	/	R&D costs	(1.6)	(1.7)	0.0	0.0	0.0	0.
Tax	0.0	0.0	0.0	(1.3)	/	Employment	(1.2)	(1.0)	(0.6)	(8.0)	(1.1)	(2.4
Working capital changes	(2.7)	(8.6)	2.5	(20.1)	1.6	General & Admin costs	(1.2)	(1.6)	(3.8)	(4.6)	(5.1)	(6.6
Operating cash flow	(10.8)	(24.4)	(4.0)	(10.4)	38.1	Other costs	(0.5)	(1.1)	(8.0)	(1.0)	(1.1)	(1.2
Mtce capex	0.0	(0.0)	0.0	0.0	0.0							
Free cash flow	(10.8)	(24.5)	(4.0)	(10.4)	38.1	EBITDA	(3.1)	(4.7)	(6.4)	(9.6)	(4.7)	(0.5
Growth capex	(1.6)	(17.9)	(36.3)	(11.0)	(4.0)							
Acquisitions/Disposals	0.8	0.0	0.0	0.0	0.0	Margins, Leverage, Returns	5	FY23A	FY24F	FY25F	FY26F	FY27
Other	(0.0)	0.0	0.0	0.0	0.0	EBITDA		nm	nm	nm	12.6%	21.4%
Cash flow pre financing	(11.6)	(42.3)	(40.3)	(21.4)	34.1	EBIT		nm	nm	nm	5.0%	17.6%
Equity	10.6	50.0	0.0	10.2	15.0	NPAT pre significant items		nm	nm	nm	1.8%	12.8%
Debt	(0.3)	0.0	40.0	4.6		Net Debt (Cash)		8.8	13.6	(66.7)	(78.5)	(30.1
Dividends paid	0.0	0.0	0.0	0.0		Net debt/EBITDA (x)	(x)	n/a	n/a	n/a	(5.6)	(0.6
Net cash flow for year	(1.3)	7.7	(0.3)	(6.7)		ND/ND+Equity (%)	(%)	(141.9%)	(39.9%)	63.4%	61.1%	24.6%
Balance sheet (A\$m)	, ,		, ,	, ,		EBIT interest cover (x)	(x)	n/a	n/a	n/a	0.6	0.
Y/E 30 June	FY23A	FY24F	FY25F	FY26F	FY27F		,	(46.8%)	(49.7%)	(10.3%)	3.8%	20.39
Cash	8.8	13.6	13.3	6.1		ROE		(84.3%)	(47.6%)	(21.2%)	4.4%	39.6%
Accounts receivable	0.2	1.9	10.4	3.7		ROIC		(58.6%)	(158.8%)	(20.6%)	5.8%	39.8%
Inventory	1.0	4.5	12.4	34.8		NTA (per share)		0.04	0.07	0.05	0.07	0.11
Other current assets	0.1	0.1	0.1	0.1		Working capital		0.4	(1.7)	3.6	17.1	37.
Total current assets	10.1	20.1	36.2	44.7		WC/Sales (%)		45.1%	nm	10.5%	15.3%	16.9%
PPE	7.7	22.5	53.8	56.4		Revenue growth		nm	nm	nm	232.1%	96.4%
Intangibles and Goodwill	0.0	0.0	0.0	0.0		EBIT growth pa		n/a	n/a	n/a	(155.0%)	588.5%
Investments	0.2	11.2	43.4	50.0		Pricing		FY23A	FY24F	FY25F	FY26F	FY27I
Deferred tax asset	0.0	4.0	6.4	7.1		No of shares (y/e)	(m)	417	639	746	746	808
Other non current assets	0.2	0.2	0.4	0.2		Weighted Av Dil Shares	(m)	346	559	639	698	759
Total non current assets	8.1	38.0	103.9	113.7	87.8	Troightou / W Dil Ollai 63	(11)	J+U	333	003	030	100
Total Assets	18.2	58.1	140.1	158.4		EPS Reported	cps	(3.6)	(2.8)	(1.4)	0.2	3.
Accounts payable	0.8	8.2	19.3	21.4		EPS Normalised/Diluted			(3.3)	(1.4)	0.2	3.
						EPS Normalised/Diluted EPS growth (norm/dil)	cps	(2.8)				
Short term debt	0.0	0.0	40.0	40.0		0 ,		n/a	n/a	n/a	-117%	13989
Tax payable	0.0	0.0	0.0	0.0		DPS DDS Croude	cps					-
Other current liabilities	1.4	1.4	1.4	1.4		DPS Growth		n/a	n/a	n/a	n/a	n/
Total current liabilities	2.2	9.6	60.7	62.8		Dividend yield		0.0%	0.0%	0.0%	0.0%	0.0%
Long term debt	0.0	0.0	40.0	44.6		Dividend imputation		0	0	0	0	0.0
Other non current liabs	1.0	1.0	1.0	1.0		PE (x)		- 45.0	- 45.0	-	138.1	9.2
Total long term liabilities	1.0	1.0	41.0	45.5		PE market		15.6	15.6	15.6	15.6	15.
Total Liabilities	3.2	10.5	101.6	108.4		Premium/(discount)		nm	nm	nm	nm	n
Net Assets	15.1	47.7	38.5	50.1	92.5	EV/EBITDA		nm	nm	nm	nm	nn
						FCF/Share	cps	(2.60)	(3.82)	(0.54)	(1.39)	4.7
Share capital	48.3	98.3	98.3	108.4	123.4	Price/FCF share		(12.7)	(8.63)	(61.18)	(23.69)	6.9
Accumulated profits/losses	(33.4)	(50.8)	(59.9)	(58.5)	(31.0)	Free Cash flow Yield		(7.9%)	(11.6%)	(1.6%)	(4.2%)	14.39
Reserves	0.2	0.2	0.2	0.2	0.1							
Minorities	0.0	0.0	0.0	0.0	0.0							

Source: Company data for historicals, RaaS estimates



Exhibit 8: Calenda	ıı ı cai	ı ıııaı	iciai 3	ummid	y							
Amaero International Ltd						Share price (15 February	2024)				A\$	0.33
Profit and Loss (A\$m)						Interim (A\$m)	H1CY23A	H2CY23F	H1CY24F	H2CY24F	H1CY25F	H2CY25F
Year End December 31	CY23F	CY24F	CY25F	CY26F	CY27F							
		40.5	212	470.0	200.0	Sales Revenue	0.3	0.8	1.8	8.7	25.0	39.2
Sales Revenue	1.1	10.5	64.3	172.3	292.2		(4.7)	(6.4)	(9.6)	(4.7)	(0.5)	2.1
Total Revenue	1.6	10.5	64.3	172.3 75.9		EBIT Adj'	(5.7)	(8.0)	(11.0)	(6.4)	(3.8)	(2.0)
Gross Profit EBITDA Adj	(1.0)	(0.7)	25.5 1.6	32.1		NPAT (Adj) Minorities	(0.17)	(6.2)	(8.7)	(5.0)	(4.1) 0.00	(2.8)
Depn	(2.6)	(3.1)	(7.4)	(8.6)		NPAT (reported)	(6.6)	(5.9)	(6.2)	(8.7)	(5.0)	(4.1)
Amort	0.0	0.0	0.0	0.0		EPS (Adj)	(1.23)	(1.30)	(1.36)	(0.79)	(0.59)	(0.37)
EBIT Adj	(13.6)	(17.5)	(5.8)	23.4		EPS (reported)	(1.76)	(1.45)	(1.55)	(0.79)	(0.64)	(0.40)
Interest	0.1	0.1	(2.9)	(3.2)		Dividend (cps)	-	-	-	-	-	-
Tax	1.7	3.6	1.8	(4.3)	. ,	Imputation	-	-	-	-	-	
Minorities	(0.2)	0.0	0.0	0.0	0.0	Operating cash flow	(4.6)	(9.4)	(15.1)	11.2	(15.2)	(10.0)
Equity accounted assoc	0.0	0.0	0.0	0.0		Free Cash flow	(4.8)	(9.4)	(33.0)	(12.4)	(27.9)	(19.0)
NPAT pre significant items	(12.2)	(13.7)	(6.9)	16.0	65.6	Divisions	H1CY23A	H2CY23F	H1CY24F	H2CY24F	H1CY25F	H2CY25F
Significant items	0.1	0.0	0.0	0.0	0.0	Sales and service revenue	0.3	0.8	1.8	8.7	25.0	39.2
NPAT (reported)	(12.1)	(13.7)	(6.9)	16.0	65.6	R&D grants	0.6	0.0	0.0	0.0	0.0	0.0
Cash flow (A\$m)	, ,	` ′	, ,			Total Revenue	0.9	0.8	1.8	8.7	25.0	39.2
Year End December 31	CY23F	CY24F	CY25F	CY26F	CY27F	COGS	0.2	1.9	5.1	6.2	15.3	23.5
EBITDA	(11.1)	(14.3)	1.6	32.1	93.7		0.7	(1.1)	(3.2)	2.5	9.7	15.8
Interest	(0.1)	0.1	(2.9)	(3.2)		R&D costs	(1.7)	0.0	0.0	0.0	0.0	0.0
Tax	0.0	0.0	0.0	(4.3)	_ ,	Employment	(1.0)	(0.6)	(0.8)	(1.1)	(2.4)	(3.8)
Working capital changes	(2.8)	10.3	(23.9)	(13.0)	28.2	General & Admin costs	(1.6)	(3.8)	(4.6)	(5.1)	(6.6)	(8.6)
Operating cash flow	(14.0)	(3.9)	(25.2)	11.6	101.7	Other costs	(1.1)	(8.0)	(1.0)	(1.1)	(1.2)	(1.3)
Mtce capex	(0.0)	0.0	0.0	0.0	0.0							
Free cash flow	(14.0)	(3.9)	(25.2)	11.6	101.7	EBITDA	(4.7)	(6.4)	(9.6)	(4.7)	(0.5)	2.1
Growth capex	(0.2)	(41.5)	(21.7)	(4.0)	(4.0)							
Acquisitions/Disposals	0.8	0.0	0.0	0.0		Margins, Leverage, Returns	3	CY23F	CY24F	CY25F	CY26F	CY27F
Other	(0.0)	0.0	0.0	0.0		EBITDA		nm	(136.3%)	2.5%	18.6%	32.1%
Cash flow pre financing	(13.4)	(45.4)	(47.0)	7.6		EBIT		nm	(166.2%)	(9.0%)	13.6%	29.3%
Equity	8.9	38.0	9.6	14.3		NPAT pre significant items		nm	(130.5%)	(10.7%)	9.3%	22.4%
Debt	(0.2)	40.0	(2.8)	13.0		Net Debt (Cash)	( )	8.6	(38.8)	(76.1)	(54.3)	43.4
Dividends paid	0.0	0.0	0.0	0.0		Net debt/EBITDA (x)	(x)	n/a	n/a	(47.1)	(1.7)	0.5
Net cash flow for year	(4.7)	32.6	(40.1)	34.8	97.7	ND/ND+Equity (%)	(%)	(87.7%)	47.6%	62.6%	41.8%	(44.5%)
Balance sheet (A\$m) Year End December 31	CY23F	CY24F	CY25F	CY26F	CY27F	EBIT interest cover (x)	(x)	n/a	n/a	n/a	0.1 13.5%	0.0 36.0%
Cash	8.6	41.2	1.1	35.9		ROE		(52.9%) (73.5%)	(21.0%) (45.0%)	(4.1%) (15.6%)	26.5%	60.5%
Accounts receivable	1.5	4.7	11.0	5.7		ROIC		(76.7%)	(51.2%)	(6.0%)	28.2%	91.8%
Inventory	6.1	6.9	21.5	52.6		NTA (per share)		0.04	0.07	0.06	0.10	0.17
Other current assets	0.1	0.1	0.1	0.1		Working capital		(1.5)	0.0	10.2	27.6	46.1
Total current assets	16.3	52.9	33.7	94.3	223.2	WC/Sales (%)		(140.1%)	nm	15.8%	16.0%	15.8%
PPE	6.1	44.4	58.8	54.2	50.2	Revenue growth		nm	nm	nm	168.2%	69.5%
Intangibles and Goodwill	0.0	0.0	0.0	0.0	0.0	EBIT growth pa		n/a	n/a	n/a	(507.3%)	266.0%
Investments	5.4	33.6	47.4	43.0		Pricing		CY23F	CY24F	CY25F	CY26F	CY27F
Deferred tax asset	1.7	5.3	7.1	7.1		No of shares (y/e)	(m)	479	639	746	808	808
Other non current assets	0.2	0.2	0.2	0.2	0.2	Weighted Av Dil Shares	(m)	431	639	698	759	808
Total non current assets	13.4	83.6	113.5	104.5	53.9							
Total Assets	29.7	136.5	147.3	198.8		EPS Reported	cps	(2.7)	(2.3)	(1.0)	2.1	8.1
Accounts payable	9.1	11.6	22.4	30.7		EPS Normalised/Diluted	cps	(3.2)	(2.3)	(1.0)	2.1	8.1
Short term debt	0.0	40.0	40.0	40.0		EPS growth (norm/dil)		n/a	n/a	n/a	-305%	283%
Tax payable	0.0	0.0	0.0	0.0		DPS	cps	-	-	-	-	-
Other current liabilities	1.4	1.4	1.4	1.4		DPS Growth		n/a	n/a	n/a	n/a	n/a
Total current liabilities	10.5	53.0	63.8	72.1		Dividend yield		0.0%	0.0%	0.0%	0.0%	0.0%
Long term debt	0.0	40.0	37.2	50.2		Dividend imputation		0	0	0	15.6	0
Other non current liabs	1.0	1.0	1.0	1.0		PE (x)		- 15 G	- 15 C	- 1E C	15.6	4.1
Total Liabilities	1.0	41.0	38.2	51.1		PE market		15.6	15.6	15.6	15.6	15.6
Total Liabilities	11.5	94.0	101.9	123.2		Premium/(discount)		nm	nm	nm	nm	nm
Net Assets	18.3	42.6	45.4	75.6	141.2	EV/EBITDA FCF/Share	cne	nm (2.26)	nm (3.82)	nm (0.54)	nm (1.29)	nm 4.72
Share capital	58.3	98.3	108.4	123.4	123 /	Price/FCF share	cps	(2.26)	(8.63)	(61.18)	(25.68)	6.99
Accumulated profits/losses	(40.2)	(55.8)	(63.2)	(48.0)	17.7	Free Cash flow Yield		(6.8%)	(11.6%)	(1.6%)	(3.9%)	14.3%
Reserves	0.3	0.2	0.2	0.2	0.1	1 100 Oddit ilow Tiblu		(0.070)	(11.070)	(1.070)	(0.070)	17.0/0
Minorities	0.0	0.0	0.0	0.0	0.0							
Total Shareholder funds	18.3	42.6	45.4	75.6	141.2							
	10.0	72.17	70.7	. 0.0	112	1						

Source: Company data for historicals, RaaS estimates



# FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

ABN 92 168 734 530
AFSL 456663

Effective Date: 6th May 2021



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- who we are
- our services
- how we transact with you
- how we are paid, and
- complaint processes

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to

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  - Securities
- deal on behalf of retail and wholesale clients in relation to
  - Securities

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In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

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