

# Auriant Mining

Making a virtue of dependability

Q4/FY20 results

Metals & mining

17 March 2021

**Price** **SEK5.08**

**Market cap** **SEK502m**

RUB74.0979/US\$; SEK8.4604/US\$

Net debt (US\$m) at end-December 2020 (including lease liabilities) 67.2

Shares in issue (000s) 98,768

Free float 25.89%

Code AUR

Primary exchange Nasdaq First North Premier

Secondary exchange N/A

## Share price performance



% 1m 3m 12m

Abs 9.1 (8.4) 62.6

Rel (local) 3.2 (19.9) (7.4)

52-week high/low SEK7.18 SEK2.95

## Business description

Auriant Mining is a Swedish junior gold mining company focused on Russia. The company has two producing mines (Tardan in Tyva and Solcocon in Zabaikalsky), one advanced exploration property (Kara-Beldyr in Tyva) and one early stage exploration property (Uzhunzhul in Khakassia).

## Next events

AGM 11 May 2021

Q121 results 31 May 2021

Q221 results 30 August 2021

Q321 results 29 November 2021

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Excluding a write-off of stripping assets and a \$0.5m loss on foreign exchange, Q420 pre-tax profits were within 3% of Edison's prior forecast (see Exhibit 2), despite the company selling c 23.9kg (768oz) less gold than it produced (Edison estimate). This had the effect of depressing revenue by c \$1.44m. Nevertheless, for the full year, the transformation in Auriant's financial fortunes as a result of its development of a CIL plant in place of the former heap leach operation is readily apparent, with a loss after tax of \$1.2m in FY19 reversing to become a profit after tax of \$10.7m. Similarly, EBITDA for the full year increased by a factor of four compared to FY19, while cash flows from operations increased threefold.

Year end	Revenue (US\$m)	PBT* (US\$m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
12/19	29.8	(2.2)	(1.3)	0.0	N/A	N/A
12/20	53.4	17.5	13.9	0.0	3.9	N/A
12/21e	51.5	12.4	9.0	0.0	6.6	N/A
12/22e	55.6	22.0	12.3	0.0	4.9	N/A

Note: \*PBT and EPS are normalised, excluding amortisation of acquired intangibles and exceptional items.

## Steady into FY21 for production...

Auriant produced 953kg gold from Tardan in FY20, which exceeded the upper limit of its guidance of 900–940kg by 1.4%. In FY21, it expects to produce 900–930kg gold from 350–380kt of ore processed (at an implied head grade of c 2.64g/t and an implied yield of c 2.42g/t), including c 36kg from alluvial operations at Solcocon.

## ...and also costs

Unit costs are expected to remain broadly unchanged in US dollar terms in FY21 compared to FY20, despite some inflationary pressures in local currency terms (given a boom in resources investment in Russia), a slight strengthening in the value of the rouble and the recovery in the oil price since this time last year.

Stripping costs delayed from FY20 are also now expected to be incurred in FY21.

In the meantime, Auriant continues to remain broadly unaffected by COVID-19.

## Valuation: Steady at \$1.76/share (SEK14.89)

We have reduced our forecasts for FY21 to reflect the recent weakness in the gold price. However, we expect this to be only a temporary phenomenon and for gold to remain in a fundamental bull market for as long as real interest rates remain below 4%. On the basis that management executes the Kara-Beldyr project according to the operational and financial parameters expected (NB this is a risk already substantially mitigated by management's success in developing the Tardan CIL project), we estimate that Auriant is capable of generating average annual cash flows of \$63.8m, average earnings of \$55.2m and average EPS of \$0.418 from FY25–34, thus allowing it to pay (average) maximum potential dividends of 47.0c/share in FY26–34. Discounted at our customary 10% discount rate, the value of such a stream of dividends to shareholders has remained steady at \$1.76 per share, rising to \$2.80/share on the cusp of the company's maiden dividend in FY26.

## Investment summary

Auriant's Q420 financial results were reported in the context of known production of 203kg from Tardan for the quarter (cf our prior estimate of 186kg) and a largely known gold price.

Notwithstanding a maintenance stop, throughput rates were maintained at high levels and a summary of the plant's performance during the quarter, relative to our prior expectations, is as follows:

<b>Exhibit 1: Tardan CIL plant performance, Q120–Q420</b>								
	Q120	Q220	Q320	Q420e	Q420	Change *(%)	Variance **(%)	FY20
Ore processing (kt)	100	96	95	79	103	+8.4	+30.4	394
Grade (g/t)	3.04	2.69	2.58	2.58	2.35	-8.9	-8.9	2.66
Gold in ore (kg)	303	258	245	203	239	-2.4	+17.7	1,045
Gold in ore (oz)	9,742	8,295	7,880	6,516	7,685	-2.5	+17.9	33,602
Gold produced CIL (kg)	278	243	229	186	203	-11.4	+9.1	953
Gold produced CIL (oz)	8,946	7,804	7,363	5,994	6,517	-11.5	+8.7	30,629
Estimated recovery (%)	91.7	94.2	93.4	92.0	84.9	-9.1	-7.7	91.2

Source: Auriant, Edison Investment Research. Note: \*Q420 vs Q320. \*\*Q420 vs Q420e.

Of note were the following:

- The plant exceeded its targeted throughput rate of 50tph (for those periods when it is running). For the quarter as a whole, it processed 103kt of ore, which was an excellent achievement given the requirement for a maintenance stop. In general, Auriant is budgeting a throughput rate of 80.0–82.5kt at the Tardan plant to produce an average 225kg gold per quarter. For the full year, the average throughput rate of the plant was 44.9tph.
- The grade of ore processed declined to 2.35g/t for the quarter; for the full year it averaged 2.66g/t, which was within 2% of management's expectation of mined grade for the year of 2.71g/t.
- During the quarter, we estimate that metallurgical recovery moderated to 84.9%, in part as a consequence of the maintenance stop, but also as a consequence of processing lower-grade material (which was expected). For the full year, it nevertheless averaged 91.2% (Edison estimate), which exceeded management's targeted recovery rate of 90% by 1.2 percentage points.
- Estimated unit cash costs of production of \$56.88/t processed at Tardan in Q420 were 4.0% above our prior expectation of \$54.67/t. However, this in part reflected a return to stripping at Tardan after delays earlier in the year as a consequence of a licence restriction, which has now been fully lifted. This in turn translated into an estimated cost of sales (excluding depreciation) at Tardan of \$674/oz (sold), which was again below our prior forecast of \$717/oz.
- For the third quarter in succession, Auriant sold less gold than it produced - in this case, by c 23.9kg, or 768oz (estimate), which would have depressed revenue by c \$1.44m. Note that this sales result followed a comparable c 10.5kg (341oz) under-sale of gold in Q320 and a c 23kg (748oz) under-sale in Q220. As a consequence, Auriant reports that it has 56.3kg (1,810oz) of unsold gold included as part of its inventory (worth c \$3.1m at the current gold price of \$1,726/oz).

Exhibit 2 summarises Auriant's Q420 results both in the context of the prior quarter's results and also Edison's prior expectations. Relative to our prior expectations, the largest variance in Q4 results was a negative variance of \$1.8m in 'other expenses', which related to a write-off of \$1.9m in stripping assets in LLC Tardan Gold, which were accrued in 2017 but are now no longer deemed to be economic. Other negative variances included a \$0.5m loss on foreign exchange and a \$0.7m negative variance in the tax charge. Note that, in the absence of these first two factors, adjusted

pre-tax profits, of \$2.6m, would have been within 3% of Edison's prior forecast (see 'Q420 (adjusted)' column in Exhibit 2, below). Nevertheless, compared with the prior year, the transformation in Auriant's financial fortunes as a result of its development of a carbon- in-leach (CIL) plant in place of the former heap leach operation is readily apparent, with a loss after tax of \$1.2m in FY19 reversing to become a profit after tax of \$10.7m in FY20. Similarly, EBITDA for the full year increased by a factor of four, while cash flows from operations increased threefold.

**Exhibit 2: Auriant results, Q319–Q420e, by quarter (\$000s\*)**

	Q319	Q419	FY19	Q120	Q220	Q320	Q420e	Q420	Change ***(%)	Variance ****(%)	Q420 (adjust ed)	FY20	FY20e (prior)
<b>Production</b>													
Tardan heap leach (kg)	202.3	95.4	525.0	0	0	0	0	0	N/A	N/A	0	0	0
Tardan CIL (kg)	0.0	110.0	110.0	278	243	229	186	203	-11.4	9.1	203	953	936
Tardan total (kg)	202.3	205.4	635.0	278	243	229	186	203	-11.4	9.1	203	953	936
Solcocon production (kg)	24.1	2.5	54.0	0	0	5	6	7	40.0	16.7	7	12	11
Gold price (\$/oz)	1,474	**1,481	1,416	1,585	1,713	1,911	1,876	**1,875	N/A	N/A	**1,875	1,751	1,748
<b>Income statement</b>													
Revenue	10,007	8,975	29,762	16,154	12,276	13,832	11,605	11,147	-19.4	-3.9	11,147	53,409	53,867
Cost of sales	6,316	4,830	19,610	5,928	4,459	4,772	4,551	4,165	-12.7	-8.5	4,165	19,324	19,710
Gross profit	3,691	4,145	10,152	10,226	7,817	9,060	7,054	6,982	-22.9	-1.0	6,982	34,085	34,157
Depreciation	(1,142)	(1,652)	(5,011)	(1,647)	(1,846)	(2,278)	(2,333)	(2,283)	0.2	-2.1	(2,283)	(8,054)	(8,104)
General & administration	(547)	(480)	(2,184)	(576)	(567)	(873)	(668)	(929)	6.4	39.1	(929)	(2,945)	(2,684)
Other operating income	24	7	241	53	15	4	0	24	500.0	N/A	24	96	72
Other operating expenses	(140)	(755)	(1,001)	(182)	(8)	(911)	(116)	(1,958)	114.9	1,587.9	0	(3,059)	(1,217)
Impairments etc													0
EBIT	1,886	1,265	2,197	7,874	5,411	5,002	3,937	1,836	-63.3	-53.4	3,794	20,123	22,224
Interest income	0	0	0	0	0	0	0	0	N/A	N/A	0	0	0
Interest expense	(1,066)	(1,200)	(4,390)	(1,584)	(1,597)	(1,339)	(1,231)	(1,151)	-14.0	-6.5	(1,151)	(5,671)	(5,751)
Net interest	(1,066)	(1,200)	(4,390)	(1,584)	(1,597)	(1,339)	(1,231)	(1,151)	-14.0	-6.5	(1,151)	(5,671)	(5,751)
Forex gain/(loss)	448	(240)	679	(147)	128	(225)		(480)	113.3	N/A	0	(724)	(244)
Profit before tax	1,268	(175)	(1,514)	6,143	3,942	3,438	2,706	205	-94.0	-92.4	2,643	13,728	16,229
Tax	(13)	445	(278)	248	1,275	475	416	1,077	126.7	158.9		3,075	2,414
Effective tax rate (%)	(1.0)	(254.3)	18.4	4.0	32.3	13.8	15.4	525.4	3,707.2	3,311.7		22.4	14.9
Profit after tax	1,281	(620)	(1,236)	5,895	2,667	2,963	2,289	(872)	-129.4	-138.1		10,653	13,814
<b>Average no. shares (000s)</b>													
Average no. shares (000s)	98,649	98,649	98,649	98,649	98,649	98,729	98,768	98,768	0.0	0.0		98,699	98,698
Derivatives (000s)	0	0	0	345	0	0	0	0	N/A	N/A		0	0
Fully diluted no. shares (000s)	98,649	98,649	98,649	98,994	98,649	98,729	98,768	98,768	0.0	0.0		98,699	98,698
<b>EPS (\$/share)</b>													
EPS (\$/share)	0.013	(0.006)	(0.013)	0.060	0.027	0.030	0.023	(0.009)	-130.0	-139.1		0.108	0.140
Diluted EPS (\$/share)	0.013	(0.006)	(0.013)	0.060	0.027	0.030	0.023	(0.009)	-130.0	-139.1		0.108	0.140

Source: Edison Investment Research, Auriant Mining. Note: \*Unless otherwise indicated. \*\*Estimate. \*\*\*Q420 vs Q320. \*\*\*\*Q420 vs Q420e.

In 2020, Tardan became a participant in the Regional Investment Projects programme and obtained the right to apply a reduced income tax rate of 17% and the mineral extraction tax at a nil rate. According to Russian legislation, tax losses are accumulated on the balance sheet and can be offset against future taxable earnings. Thus, in Q420 only \$39k was paid in cash income tax out of a total charge on the income statement of \$1,077k, with the remainder being offset against the balance sheet amount of the deferred tax asset related to tax losses carried forward. Compared with a normalised estimate of cash flow from the income statement of \$1.4m (\$0.9m loss plus \$2.3m depreciation) therefore, actual cash flow from operations amounted to \$4.5m (including evidence of diligent control of working capital), of which only \$1.0m was consumed in investing activities and the remainder used to pay interest and to repay debt (including leases).

## Guidance and assumptions

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Auriant produced 953kg gold from Tardan in FY20, which exceeded the upper limit of guidance of 900–940kg by 1.4%.

### FY21

#### Production

On 21 December, Auriant announced total production guidance for 2021 of 900–930kg gold from 350–380kt of ore processed through the CIL plant from the Pravoberezhniy deposit. That total included an assumed c 30kg being produced at Solcocon, implying production from the Tardan CIL plant of c 885kg, a yield of 2.42g/t and a head grade of 2.64g/t. However, the amount of gold assumed to be produced at Solcocon has since been raised to c 36kg, implying total production from the group of 921kg. This is very similar guidance to that provided for Tardan for FY20 (900–940kg from 350–380kt, implying a yield of 2.37–2.69g/t and a likely plant feed grade of 2.58–2.92g/t) and is consistent with the recent performance of the mining operation and CIL plant, but also reflects the delay to stripping at Tardan in FY20 as a result of changes to mine sequencing necessitated by a licence restriction (which has now been lifted). As in FY20, relatively little seasonal variation in production is anticipated (in sharp contrast to the former heap leach operation). However, Q121 will be slightly affected by the same scheduled maintenance stop as occurred in Q420, albeit this is already reflected in our production expectations for that quarter (see Exhibit 3).

#### Costs

As a result of test work conducted during the ramp-up phase, Auriant has upgraded the leaching tanks at Tardan to improve ore oxidation to ensure stable processing results. In addition, in December 2019, the company agreed a new energy deal to increase the power allocation to the Tardan CIL plant by 25% from 2.0MW to 2.5MW using a newly built 35kV power line, which has allowed it to minimise its use of diesel generators on site and, on occasion, to cease their use entirely.

Unit costs are nevertheless expected to be broadly unchanged in US dollar terms in FY21 relative to FY20, reflecting some inflationary pressures in local currency terms (given something of a 'boom' in resources investment in Russia). At the same time, the rouble has appreciated by 1.4%, from RUB75.1712/US\$ at the time of our last note (see [Turning into the home straight](#), published on 23 December 2020) to RUB74.0979/US\$ at the time of writing, while the oil price – depending on how you measure it – has either doubled or quadrupled since this (volatile) time last year. In addition, staff costs appear likely to rise as a result of local inflation and salary indexation and, as a consequence, there is expected to be little or no improvement in budgeted exploration expenses. Finally, stripping costs delayed from FY20 are now also expected to be incurred in FY21.

### FY21 quarterly forecasts

Based on the production guidance provided by management for FY21 (and with the usual caveat surrounding quarterly predictions), our financial forecasts for Auriant for FY21 by quarter are as shown in Exhibit 3.

Relative to our prior forecasts, the main changes that we have made to our forecasts are:

- A reduction in the average gold price, from \$1,880/oz to \$1,726/oz for the remainder of the year.

- An increase in gold production at Solcocon from 30kg to 36kg, such that it is in line with management's updated guidance.
- A small 1.6% increase in our estimate of cash costs at Tardan, from \$56.00/t to \$56.88/t, to reflect, among other things, the recent strengthening of the rouble, local cost inflation and stripping costs delayed from FY20 now being incurred in FY21.

**Exhibit 3: Auriant estimates, Q121–Q421e, by quarter (\$000s\*)**

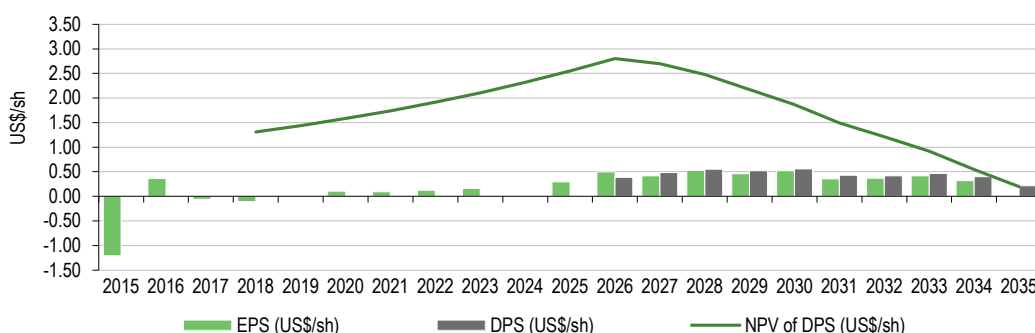
	Previous					Current				
	Q121e	Q221e	Q321e	Q421e	FY21e	Q121e	Q221e	Q321e	Q421e	FY21e
<b>Production</b>										
Tardan heap leach (kg)	0	0	0	0	0	0	0	0	0	0
Tardan CIL (kg)	192	231	231	231	884	192	231	231	231	884
Tardan total (kg)	192	231	231	231	884	192	231	231	231	884
Solcocon production (kg)	0	5	20	5	30	0	6	24	6	36
Gold price (\$/oz)	1,880	1,880	1,880	1,880	1,880	1,799	1,726	1,726	1,726	1,741
<b>Income statement</b>										
Revenue	11,598	14,249	15,155	14,249	55,251	11,100	13,137	14,136	13,137	51,510
Cost of sales	4,366	5,465	6,109	5,465	21,405	4,494	5,640	6,350	5,640	22,124
Gross profit	7,232	8,784	9,047	8,784	33,846	6,606	7,497	7,786	7,497	29,386
Depreciation	(2,358)	(2,383)	(2,408)	(2,433)	(9,582)	(2,308)	(2,333)	(2,358)	(2,383)	(9,382)
General & administration	(750)	(750)	(750)	(750)	(3,000)	(750)	(750)	(750)	(750)	(3,000)
Other operating income	0	0	0	0	0	0	0	0	0	0
Other operating expenses	(116)	(116)	(116)	(116)	(464)	(116)	(116)	(116)	(116)	(464)
Impairments etc					0					0
EBIT	4,008	5,535	5,773	5,485	20,800	3,432	4,298	4,562	4,248	16,540
Interest income					0					0
Interest expense	(1,163)	(1,088)	(986)	(880)	(4,117)	(1,150)	(1,088)	(1,012)	(931)	(4,181)
Net interest	(1,163)	(1,088)	(986)	(880)	(4,117)	(1,150)	(1,088)	(1,012)	(931)	(4,181)
Forex gain/(loss)					0					0
Profit before tax	2,844	4,447	4,786	4,605	16,683	2,282	3,210	3,550	3,317	12,359
Tax	444	694	746	718	2,602	355	500	553	516	1,923
Marginal tax rate (%)	15.6	15.6	15.6	15.6	15.6	15.6	15.6	15.6	15.6	15.6
Profit after tax	2,401	3,754	4,040	3,887	14,081	1,927	2,710	2,998	2,800	10,436
Average no. shares (000s)	129,518	129,518	129,518	129,518	129,518	98,768	98,768	135,393	135,393	117,081
Derivatives (000s)	0.000	0.000	0.000	0.000	0.000	0	0	0	0	0
Fully diluted no. shares (000s)	129,518	129,518	129,518	129,518	129,518	98,768	98,768	135,393	135,393	117,081
EPS (\$/share)	0.019	0.029	0.031	0.030	0.109	0.020	0.027	0.022	0.021	0.089
Diluted EPS (\$/share)	0.019	0.029	0.031	0.030	0.109	0.020	0.027	0.022	0.021	0.089

Source: Edison Investment Research. Note: \*Unless otherwise indicated.

## Valuation steady at \$1.76/share

In common with our standard practice, our valuation of Auriant has been performed via the discounting of maximum potential future dividends at a discount rate of 10%, assuming all excess cash generated is distributed to shareholders only after all debt has been repaid.

On the basis that management executes the Tardan CIL and the Kara-Beldyr projects according to the operational and financial parameters anticipated, we estimate that Auriant is capable of generating average cash flows of \$63.8m, average earnings of \$55.2m and average EPS of 41.8c in the 10 years from FY25–34 (inclusive), thus allowing it to pay maximum potential dividends to shareholders of 47.0c per share in the period FY26–34. Discounted at our customary 10% discount rate, such a stream of dividends has a value of \$1.76 per share (cf \$1.71/share previously), as shown in the exhibit below, rising to \$2.80/share on the cusp of the company's maiden dividend in FY26.

**Exhibit 4: Auriant forecast EPS and maximum potential DPS, FY15–35e**


Source: Edison Investment Research

Our approach to gold price forecasting, and the gold prices underlying our earnings and dividend assumptions, is set out in our note, [A golden future](#), published in June 2020. Readers should also note that our valuation specifically excludes any value attributable to Solcocon beyond FY21 on account of the variable nature of alluvial mining operations. However, it is possible that activities at Solcocon may be reconfigured in due course to incorporate hard rock mining and processing via a carbon-in-pulp plant.

## Sensitivities and risks

In qualitative terms, the principal risks to which Auriant is immediately exposed include geographical/sovereign (including regulatory risk), geological, metallurgical, engineering, funding, financing and management. In general terms, these may be summarised as execution risk relating to management's ability to bring the Kara-Beldyr project in particular to account within its geographical jurisdiction at the required technical and economic parameters (note however that this risk has already been substantially mitigated by management's success in developing the Tardan CIL project). Once in production, these risks will reduce and be partially replaced by others, such as commercial, commodity price, foreign exchange and global economic risks.

One specific risk, however, that bears further, immediate consideration from an empirical perspective is funding. In this particular case, our valuation sensitivity to the price at which Auriant raises an assumed \$20m in equity for Kara-Beldyr (assumed towards the middle of this year) is shown below:

**Exhibit 5: Valuation sensitivity to equity funding price**

Premium/(discount) to current share price (%)	-40.9	-31.1	-21.3	-11.4	-1.6	u/c	8.3	18.1	28.0
Equity fund-raising price (SEK)	3.00	3.50	4.00	4.50	5.00	5.08	5.50	6.00	6.50
Valuation (\$/share)	1.50	1.58	1.65	1.70	1.75	1.76	1.79	1.83	1.86
Valuation (SEK/share)*	12.69	13.37	13.96	14.38	14.81	14.89	15.14	15.48	15.74
Change of 'base case' (%)	-14.8	-10.2	-6.3	-3.4	-0.6	u/c	1.7	4.0	5.7

Source: Edison Investment Research. Note: \*Converted at the prevailing forex rate of SEK8.4604/\$.

Readers should note that (assuming conversion before FY26) the above table effectively also provides an analysis of Auriant being funded by way of a convertible bond (cf conventional equity) with a conversion price at one of those shown (typically at a premium to the existing share price compared to conventional equity at a discount) and a coupon close to the company's cost of debt. In the event of such a convertible remaining unconverted, however, and therefore behaving like conventional debt, our valuation of Auriant instead rises to \$2.19/share (albeit with a correspondingly higher maximum debt level of \$79.6m (cf \$56.2m in the 'base case' scenario, in the 'Financials' section, below)).

## Financials

At end-December 2020, Auriant had net debt of \$66.9m on its balance sheet, but \$67.2m if lease liabilities are included; this is ostensibly flat compared with the \$67.0m that it had on its balance sheet at end-September, but still \$5.7m less than the \$72.9m that it had on its balance sheet at end-June (also including leases payable). Assuming the company raises an additional SEK169.2m (\$20m) in cash via equity funding in the near future, we forecast its net debt will evolve as follows until FY25, before being eliminated in FY26:

**Exhibit 6: Auriant forecast net debt evolution, FY20–25e (\$m)**

End-year	FY20	FY21e	FY22e	FY23e	FY24e	FY25e
Net debt (current estimates)	66.9	42.4	40.3	56.2	51.6	16.3

Source: Auriant Mining accounts, Edison Investment Research

Note that our estimate of Auriant's maximum (future) net debt requirement of \$56.2m (\$52.0m previously) at end-FY23 will equate to a leverage ratio (net debt/(net debt+equity)) of 50.5%.

## Current COVID-19 situation

Mining operations at Tardan continue to operate, to all intents and purposes, as normal. All personnel on site are subject to daily temperature checks and the mandatory use of personal protective equipment to minimise the risk of infection. Intensive disinfection measures have also been implemented. To date, the quarantine measures are reported to have had an insignificant effect on the mine's operations. Further measures will depend on employee test results. In the meantime, however, management is confident that mining and gold production can continue at Tardan, although there may be temporary interruptions to some of the mine's operations depending on the number of people who are infected and their positions at the mine. In accordance with Rospotrebnadzor's instructions, infected employees are released from observation once two negative test results at least one day apart have been obtained.



**Exhibit 7: Financial summary**

	US\$'000s	2015	2016	2017	2018	2019	2020	2021e	2022e
December		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
<b>PROFIT &amp; LOSS</b>									
Revenue		33,429	43,380	33,532	17,373	29,762	53,409	51,510	55,577
Cost of Sales		(19,360)	(19,391)	(25,061)	(16,790)	(19,610)	(19,324)	(22,124)	(17,392)
Gross Profit		14,069	23,989	8,471	583	10,152	34,085	29,386	38,185
EBITDA		10,242	21,987	8,846	(1,714)	7,208	31,236	25,922	35,185
Operating Profit (before amort. and except.)		919	15,416	2,487	(6,373)	2,197	23,182	16,540	25,403
Intangible Amortisation		0	0	0	0	0	0	0	0
Exceptionals		(14,216)	0	(104)	0	0	(3,059)	0	0
Other		0	0	1,027	(1,763)	679	(724)	0	0
Operating Profit		(13,297)	15,416	3,410	(8,136)	2,876	19,399	16,540	25,403
Net Interest		(7,081)	(7,577)	(5,568)	(3,798)	(4,390)	(5,671)	(4,181)	(3,396)
Profit Before Tax (norm)		(6,162)	7,839	(3,081)	(10,171)	(2,193)	17,511	12,359	22,008
Profit Before Tax (FRS 3)		(20,378)	7,839	(2,158)	(11,934)	(1,514)	13,728	12,359	22,008
Tax		(1,116)	(1,355)	(28)	1,831	278	(3,075)	(1,923)	(5,757)
Profit After Tax (norm)		(7,278)	6,484	(2,082)	(10,103)	(1,236)	13,712	10,436	16,251
Profit After Tax (FRS 3)		(21,494)	6,484	(2,186)	(10,103)	(1,236)	10,653	10,436	16,251
Average Number of Shares Outstanding (m)		17.8	17.8	35.6	92.7	98.6	98.7	115.4	132.1
EPS - normalised (c)		(40.9)	36.4	(5.8)	(10.9)	(1.3)	13.9	9.0	12.3
EPS - normalised and fully diluted (c)		(35.8)	35.1	(5.7)	(10.8)	(1.2)	13.9	9.0	12.3
EPS - (IFRS) (c)		(120.7)	36.4	(6.1)	(10.9)	(1.3)	10.8	9.0	12.3
Dividend per share (c)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Gross Margin (%)		42.1	55.3	25.3	3.4	34.1	63.8	57.0	68.7
EBITDA Margin (%)		30.6	50.7	26.4	-9.9	24.2	58.5	50.3	63.3
Operating Margin (before GW and except.) (%)		2.7	35.5	7.4	-36.7	7.4	43.4	32.1	45.7
<b>BALANCE SHEET</b>									
Fixed Assets		56,192	53,684	49,397	57,690	63,685	54,896	59,402	72,199
Intangible Assets		32,197	32,638	30,183	30,525	30,133	23,238	24,768	26,468
Tangible Assets		23,995	21,046	19,214	27,165	33,552	31,658	34,634	45,731
Investments		0	0	0	0	0	0	0	0
Current Assets		10,460	17,062	19,102	8,436	10,050	10,688	37,696	40,761
Stocks		4,833	7,883	7,425	3,753	5,057	7,449	8,585	9,263
Debtors		2,272	186	5,148	3,298	4,111	1,455	2,822	3,045
Cash		43	4,173	5,069	1,189	145	423	24,927	27,092
Other		3,312	4,820	1,460	196	737	1,361	1,361	1,361
Current Liabilities		(36,001)	(34,149)	(6,179)	(16,227)	(29,189)	(16,499)	(17,577)	(17,188)
Creditors		(5,901)	(3,537)	(2,005)	(1,828)	(6,147)	(2,434)	(3,512)	(3,123)
Short term borrowings		(30,100)	(30,612)	(4,174)	(14,399)	(23,042)	(14,065)	(14,065)	(14,065)
Long Term Liabilities		(70,307)	(66,995)	(82,054)	(73,053)	(68,864)	(61,649)	(61,649)	(61,649)
Long term borrowings		(61,366)	(58,117)	(71,098)	(62,671)	(59,781)	(53,306)	(53,306)	(53,306)
Other long term liabilities		(8,941)	(8,878)	(10,956)	(10,382)	(9,083)	(8,343)	(8,343)	(8,343)
Net Assets		(39,656)	(30,398)	(19,734)	(23,154)	(24,318)	(12,564)	17,872	34,122
<b>CASH FLOW</b>									
Operating Cash Flow		6,347	19,359	9,752	3,992	9,185	25,714	24,919	34,063
Net Interest		(7,081)	(7,577)	(5,568)	(3,798)	(4,390)	(5,671)	(4,181)	(3,396)
Tax		(13)	(27)	(79)	(58)	0	(674)	(1,923)	(5,757)
Capex		(118)	(2,391)	(3,025)	(8,605)	(9,556)	(3,822)	(14,310)	(22,745)
Acquisitions/disposals		0	0	0	0	0	0	0	0
Financing		49	(10)	5,424	2,367	11	(272)	20,000	0
Dividends		0	0	0	0	0	0	0	0
Net Cash Flow		(816)	9,354	6,504	(6,102)	(4,750)	15,275	24,504	2,165
Opening net debt/(cash)		90,607	91,423	84,556	70,203	75,881	82,678	66,948	42,444
HP finance leases initiated		0	0	0	0	0	0	0	0
Other		0	(2,487)	7,849	424	(2,047)	455	0	(0)
Closing net debt/(cash)		91,423	84,556	70,203	75,881	82,678	66,948	42,444	40,279

Source: Company sources, Edison Investment Research



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