

# Auriant Mining

## Fifth successive quarter of success

Q121 results analysis

Metals & mining

11 June 2021

**Price** **SEK4.70**

**Market cap** **SEK464m**

RUB73.1640/US\$; SEK8.3314/US\$

Net debt (US\$m) at end-March 2021 66.1  
(including lease liabilities)

Shares in issue (thousands) 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 (5.3) 5.9 4.3

Rel (local) (6.9) (2.6) (26.4)

52-week high/low SEK7.18 SEK4.25

### 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

Q221 results 30 August 2021

Q321 results 29 November 2021

Q421 results 28 February 2022

Q122 results May 2022

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Auriant's Q121 results were released within the context of known production and were very much in line with our prior expectations. They were also the fifth successive quarter in which the Tardan CIL plant has operated, to all intents and purposes, exactly to specification. Pre-tax profits for the quarter were within 3.5% of our prior expectation and, although the effective tax rate was higher (see Exhibit 2), the majority (76.7%) of this was in the form of non-cash, deferred taxes. In the wake of these results, we have increased our full-year earnings forecasts by 26.4% (largely reflecting a higher assumed gold price for the remainder of the year) and our EPS forecasts by 50.6% (on the basis that an assumed future equity raising occurs in early FY22 rather than mid-FY21 previously).

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	16.6	13.7	0.0	4.1	N/A
12/21e	52.7	15.8	13.4	0.0	4.2	N/A
12/22e	55.6	23.8	13.5	0.0	4.2	N/A

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

### Underlying net debt reduction more than it appeared

Although net debt fell by only \$1.5m during the quarter, to \$64.2m (excluding lease liabilities), this measure of cash generation was artificially depressed by management's new 'as needed' sales policy now that all of Auriant's high-cost debt has been repaid. We estimate that net debt would have fallen by \$3.3m (\$13.1m on an annualised basis) if all the gold produced during the quarter had been sold and by \$6.7m if all the gold held in inventory had also been sold.

### Next steps

With the Tardan CIL plant now bedded down, management's attention is turning to Kara-Beldyr, where it is fine tuning its budget for capex and preparing permitting documentation, and Solcocon, where drilling is exploring the potential to develop a gold processing plant to supersede current alluvial operations.

### Valuation: US\$1.72 (SEK14.33) per share

We have increased our forecasts for FY21 to reflect the recent strength in the gold price. On the basis that management executes the Kara-Beldyr project according to the operational and financial parameters expected and with production from FY25 (note: 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 \$63.5m, average earnings of \$54.8m and average EPS of \$0.409 from FY25–34, thus allowing it to pay (average) maximum potential dividends of 46.3c/share in FY26–34. Discounted at our customary 10% rate, the value of such a stream of dividends to shareholders has remained steady at \$1.72 per share, rising to \$2.77/share on the cusp of the company's maiden dividend in FY26.

## Q121 results summary

Auriant's Q121 financial results were reported in the context of known production of 209.7kg from Tardan for the quarter (compared with our prior estimate of 191.9kg) and a largely known gold price. Notwithstanding a short 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:

**Exhibit 1: Tardan CIL plant performance, Q120–Q121**

	Q120	Q220	Q320	Q420	Q121e	Q121a	Change* (%)	Variance** (%)
Ore processing (kt)	100	96	95	103	79	96	-6.9	+21.5
Grade (g/t)	3.04	2.69	2.58	2.35	2.64	2.04	-13.2	-22.7
Gold in ore processed (kg)	303	258	245	239	209	196	-18.0	-6.2
Gold in ore processed (oz)	9,742	8,295	7,880	7,685	6,705	6,296	-18.1	-6.1
Gold produced CIL (kg)	278	243	229	203	192	210	+3.4	+9.4
Gold produced CIL (oz)	8,946	7,804	7,363	6,517	6,169	6,743	+3.5	+9.3

Source: Auriant, Edison Investment Research. Note: \*Q121 versus Q420. \*\*Q121a versus Q121e.

Of note were the following:

- Ore mined of 26kt during the quarter was unchanged compared with Q120; however, the volume of waste mined increased by a material 76.5%, to 413,000m<sup>3</sup> as operations focused on stripping ore Zone 3 within the Tardan licence area ahead of mining in FY22.
- For the quarter as a whole, the plant processed 96kt of ore, which was an excellent achievement given the requirement for a maintenance stop, and exceeded the average throughput rate achieved in FY20 of 44.9tph. In general, Auriant is budgeting a throughput rate of 87.5–95.0kt at the Tardan plant in FY21 to produce an average 217.5–225.0kg gold per quarter, implying a yield of 2.29–2.57g/t and a likely head grade in the range 2.49–2.79g/t.
- The grade of ore processed declined to 2.04g/t for the quarter. This compared with a mined grade of 2.42g/t during the quarter (albeit a relatively modest tonnage of 26kt) and a start of period stockpile grade of 2.03g/t – implying that almost all of the material processed was derived from the Tardan stockpile at the start of the year with almost all of the mined material contributing to its end-of-period stockpile of 31kt at 2.30g/t. However, this is exactly the same as the pattern of ore mined and processed in FY20 (when stockpiled material was reduced to zero at the end of Q220 and then built up again to a peak in Q420 before being run down again in early 2021). All other things being equal, it suggests that the grade of material processed in Q221 will be 31kt at 2.30g/t plus c 64kt at the grade mined in Q221 (note that management's guidance for the mined grade in FY21 is 2.56g/t, implying that the average for Q2–Q421 will be higher than the average for 2021, given that the mined grade for Q121 was lower than average). It compares with an average mined grade of 2.66g/t in FY20, which was within 2% of management's prior guidance of 2.71g/t.
- During the quarter, management reported a higher metallurgical recovery of 92.5%. As well as comparing favourably with Q420, metallurgical recovery in Q121 also compared favourably with our estimate of average metallurgical recoveries of 91.2% in FY20, which themselves exceeded management's targeted recovery rate of 90% by 1.2 percentage points in that year.
- Within the context of metallurgical recoveries, it is notable that Auriant produced more gold from its CIL plant in Q121 (209.7kg) than it processed (196.0kg) by a margin of 13.7kg (or 440oz, or 7.0%) which, in part, was responsible for the running down of 'work in progress' stocks, from US\$4.1m at end-Q420 to US\$2.5m at end-Q121.
- For the fourth quarter in succession, Auriant sold less gold than it produced – in this case, by 29.7kg, or 955oz (Edison estimate), which depressed revenue by c \$1.75m. Note that this

sales result followed a comparable c 23.9kg (768oz) under-sale of gold in Q420, a 10.5kg (341oz) under-sale of gold in Q320 and a 23kg (748oz) under-sale in Q220. As a consequence, Auriant/Tardan has c 86.7kg (2,787oz) of unsold gold included in its 'finished products' inventory (worth c \$5.21m at the current gold price of c \$1,870/oz). Note that Auriant's 'finished products' inventory is held on its balance sheet at \$3.2m, being the lower of cost and net realisable value – implying an average 'cost' of production \$1,151/oz (which reconciles closely with its Q121 cost of sales of \$1,143/oz sold, including depreciation). Note that, in total, 'work in progress' and 'finished products' stocks on Auriant's Q121 balance sheet have remained almost unchanged at \$5,757k (compared with \$5,754k at end-Q420), but that the nature of the stocks has substantially changed from the majority being 'work in progress' at end-Q420 to the majority being 'finished products' at end-Q121.

- We estimate that Auriant's cost of sales amounted to \$49.57/t processed, which compared favourably with our prior estimate of \$56.88/t and also the \$59.28/t achieved in Q120, notwithstanding the higher level of waste stripping undertaken. The plant's cash cost of sales of \$57.83/t processed compared favourably with the \$56.88/t achieved in Q420. This translated into an estimated cost of sales (excluding depreciation) of \$705/oz (sold), which was similarly below our prior forecast of \$728/oz.

Exhibit 2 summarises Auriant's Q121 results both in the context of the prior quarter's results and also our previous expectations. Relative to our prior expectations, the largest variance in Q1 results was a negative variance of \$0.5m in revenues (largely on account of the under-sale of gold relative to production noted above), which was offset by a \$0.5m positive variance in the depreciation charge. The third largest variance was a \$0.3m negative variance in the tax charge. Nevertheless, although the effective tax rate of 27.6% was materially higher than our forecast rate of 15.6%, it was well within the normal range of variation historically observed at Auriant on a quarterly basis (see Exhibit 2, below). Notably, there was also a \$0.2m positive variance in the interest expense after Auriant repaid all of its high-cost debt.

**Exhibit 2: Auriant results, Q319–Q121e, by quarter (\$000s\*)**

	Q319	Q419	Q120	Q220	Q320	Q420	Q121e	Q121a	Change ***(%)	Variance ****(%)
<b>Production</b>										
Tardan heap leach (kg)	202.3	95.4	0	0	0	0	0	0	N/A	N/A
Tardan CIL (kg)	0.0	110.0	278	243	229	203	191.9	209.7	3.3	9.3
Tardan total (kg)	202.3	205.4	278	243	229	203	191.9	209.7	3.3	9.3
Solcocon production (kg)	24.1	2.5	0	0	5	7	0	0	-100.0	N/A
Gold price (\$/oz)	1,474	1,481**	1,585	1,713	1,911	1,875**	1,799	1,830	-2.4	1.7
<b>Income statement</b>										
Revenue	10,007	8,975	16,154	12,276	13,832	11,147	11,100	10,591	-5.0	-4.6
Cost of sales	6,316	4,830	5,928	4,459	4,772	4,165	4,494	4,759	14.3	5.9
Gross profit	3,691	4,145	10,226	7,817	9,060	6,982	6,606	5,832	-16.5	-11.7
Depreciation	(1,142)	(1,652)	(1,647)	(1,846)	(2,278)	(2,283)	(2,308)	(1,857)	-18.7	-19.5
General & administration	(547)	(480)	(576)	(567)	(873)	(929)	(750)	(757)	-18.5	0.9
Other operating income	24	7	53	15	4	24	0	14	-41.7	N/A
Other operating expenses	(140)	(755)	(182)	(8)	(911)	(1,958)	(116)	(79)	-96.0	-31.9
Impairments etc									N/A	N/A
EBIT	1,886	1,265	7,874	5,411	5,002	1,836	3,432	3,153	71.7	-8.1
Interest income	0	0	0	0	0	0	0	0	N/A	N/A
Interest expense	(1,066)	(1,200)	(1,584)	(1,597)	(1,339)	(1,151)	(1,150)	-910	-20.9	-20.9
Net interest	(1,066)	(1,200)	(1,584)	(1,597)	(1,339)	(1,151)	(1,150)	-910	-20.9	-20.9
Forex gain/(loss)	448	(240)	(147)	128	(225)	(480)		118	-124.6	N/A
Profit before tax	1,268	(175)	6,143	3,942	3,438	205	2,282	2,361	1,051.7	3.5
Tax	(13)	445	248	1,275	475	1,077	355	652	-39.5	83.7
Effective tax rate (%)	(1.0)	(254.3)	4.0	32.3	13.8	525.4	15.6	27.6	-94.7	76.9
Profit after tax	1,281	(620)	5,895	2,667	2,963	(872)	1,927	1,709	-296.0	-11.3
Average no. shares (000s)	98,649	98,649	98,649	98,649	98,729	98,768	98,768	98,768	0.0	0.0
Derivatives (000s)	0	0	345	0	0	0	0	0	N/A	N/A
Fully diluted no. shares (000s)	98,649	98,649	98,994	98,649	98,729	98,768	98,768	98,768	0.0	0.0
EPS (\$/share)	0.013	(0.006)	0.060	0.027	0.030	(0.009)	0.020	0.017	-288.9	-15.0
Diluted EPS (\$/share)	0.013	(0.006)	0.060	0.027	0.030	(0.009)	0.020	0.017	-288.9	-15.0

Source: Edison Investment Research, Auriant Mining. Note: As reported. \*Unless otherwise indicated. \*\*Estimate. \*\*\*Q121 versus Q420. \*\*\*\*Q121a versus Q121e.

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 Q121 only \$152k was paid in cash tax out of a total charge on the income statement of \$652k, 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 \$3.6m (\$1.7m in earnings plus \$1.9m depreciation) therefore, actual cash flow from operations amounted to \$4.5m (including evidence of diligent control of working capital), of which only \$1.4m 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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### FY21

#### Production

On 21 December, Auriant announced total production guidance for 2021 of 900–930kg gold from Tardan and Solcocon combined (compared with 953kg produced in FY20) from 350–380kt of ore processed through the Tardan CIL plant. This guidance was reiterated at the time of its Q121 results. Assuming production of c 30–36kg from Solcocon, this total implies production from the Tardan CIL plant of c 885kg at a yield of 2.42g/t and a head grade of c 2.64g/t. As in FY20, relatively little seasonal variation in production is anticipated (in sharp contrast to the former heap leach operation).

#### 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 stop using them 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 in addition to normal staff salary indexation). At the same time, the rouble has appreciated by 1.3%, from RUB74.0979/US\$ at the time of our last note (see [Making a virtue of dependability](#), published on 17 March 2021) to RUB73.1640/US\$ at the time of writing, while the oil price has increased c 80% since this time last year. Finally, as discussed previously, stripping costs delayed from FY20 are now being 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:

- An increase in the average gold price, from \$1,726/oz to \$1,870/oz for the remainder of the year.
- A 9.8% reduction in the grade of material processed in Q221, from 2.64g/t to 2.38g/t, to reflect the grade of the mined material in Q121 and the grade of the warehoused material at end-Q121.
- A decreased interest rate and interest charge applied to debt to reflect the full repayment of high-interest loans.
- The deferment of an assumed \$20m equity raise until the beginning of FY22 to part fund Kara-Beldyr.

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

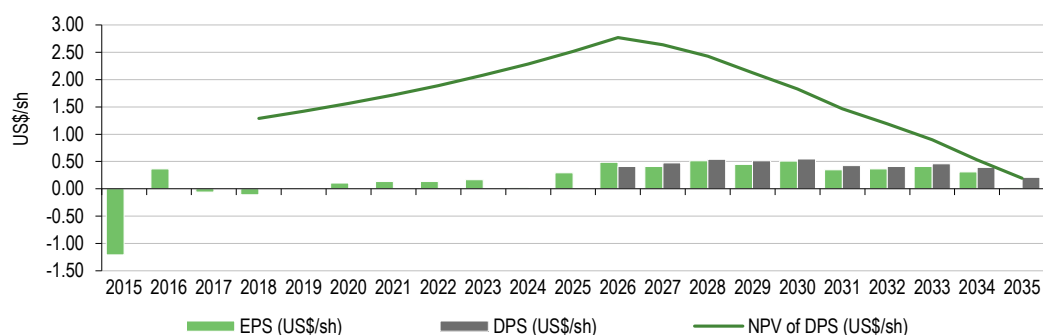
	Q121a	Q221e (previous)	Q221e (current)	Q321e (previous)	Q321e (current)	Q421e (previous)	Q421e (current)	FY21e (current)	FY21e (previous)
<b>Production</b>									
Tardan heap leach (kg)	0	0	0	0	0	0	0	0	0
Tardan CIL (kg)	209.7	231	208	231	231	231	231	879	884
Tardan total (kg)	209.7	231	208	231	231	231	231	879	884
Solcocon production (kg)	0	6	6	24	24	6	6	36	36
Gold price (\$/oz)	1,830	1,726	1,830	1,726	1,870	1,726	1,870	1,852	1,741
<b>Income statement</b>									
Revenue	10,591	13,137	12,592	14,136	15,315	13,137	14,233	52,731	51,510
Cost of sales	4,759	5,640	5,655	6,350	6,428	5,640	5,660	22,502	22,124
Gross profit	5,832	7,497	6,937	7,786	8,887	7,497	8,573	30,229	29,386
Depreciation	(1,857)	(2,333)	-1,882	(2,358)	-1,907	(2,383)	-1,932	(7,578)	(9,382)
General & administration	(757)	(750)	-750	(750)	-750	(750)	-750	(3,007)	(3,000)
Other operating income	14	0	0	0	0	0	0	14	0
Other operating expenses	(79)	(116)	-116	(116)	-116	(116)	-116	(427)	(464)
Impairments etc								0	0
EBIT	3,153	4,298	4,189	4,562	6,114	4,248	5,775	19,231	16,540
Interest income	0							0	0
Interest expense	-910	(1,088)	-888	(1,012)	-833	(931)	-755	(3,386)	(4,181)
Net interest	-910	(1,088)	-888	(1,012)	-833	(931)	-755	(3,386)	(4,181)
Forex gain/(loss)	118							118	0
Profit before tax	2,361	3,210	3,301	3,550	5,281	3,317	5,020	15,963	12,359
Tax	652	500	513	553	821	516	781	2,767	1,923
Marginal tax rate (%)	27.6	15.6	15.6	15.6	15.6	15.6	15.6	17.3	15.6
Profit after tax	1,709	2,710	2,788	2,998	4,460	2,800	4,239	13,196	10,436
Average no. shares (000s)	98,768	98,768	98,768	135,393	98,768	135,393	98,768	98,768	117,081
Derivatives (000s)	0	0	0	0	0	0	0	0	0
Fully diluted no. shares (000s)	98,768	98,768	98,768	135,393	98,768	135,393	98,768	98,768	117,081
EPS (\$/share)	0.017	0.027	0.028	0.022	0.045	0.021	0.043	0.134	0.089
Diluted EPS (\$/share)	0.017	0.027	0.028	0.022	0.045	0.021	0.043	0.134	0.089

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

## Valuation steady at \$1.72/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 \$63.5m, average earnings of \$54.8m and average EPS of 40.9c in the 10 years from FY25–34, thus allowing it to pay maximum potential dividends to shareholders of 46.3c per share in the period FY26–34. Discounted at our customary 10% discount rate, such a stream of dividends has a value of \$1.72 per share (cf \$1.76/share previously), as shown in the exhibit below, rising to \$2.77/share on the cusp of the company's maiden dividend in FY26. Note: readers should note that, effectively, the sole reason for the (albeit modest) decline in our valuation of Auriant, from \$1.76/share to \$1.72/share, is the decline in its share price from SEK5.08 at the time of our last report to SEK4.70 currently, thereby increasing future assumed dilution (see Sensitivities and risks, below). In the absence of this factor, our valuation would have otherwise remained steady, at \$1.75/share.

**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.

However, one specific risk 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 at the start of FY22) is shown below:

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

Premium/(discount) to current share price (%)	-36.2	-25.5	-14.9	-4.3	0.0	+6.4	+17.0	+27.7	+38.3
Equity fund-raising price (SEK)	3.00	3.50	4.00	4.50	4.70	5.00	5.50	6.00	6.50
Valuation (\$/share)	1.49	1.58	1.64	1.70	1.72	1.75	1.79	1.82	1.85
Valuation (SEK/share)*	12.41	13.16	13.66	14.16	14.33	14.58	14.91	15.16	15.41
Change of 'base case' (%)	-13.4	-8.1	-4.7	-1.1	0.0	+1.7	+4.1	+5.8	+7.6

Source: Edison Investment Research. Note: \*Converted at the prevailing FX rate of SEK8.3314/\$.

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 \$2.18/share at the start of FY21 (albeit with a correspondingly higher maximum debt level of \$76.9m (cf \$54.0m in the 'base case' scenario, in the 'Financials' section, below).

## Financials

At end-March 2021, Auriant had net debt of \$64.2m (cf \$65.7m at end-Q420) on its balance sheet, but \$66.1m (cf \$67.2m at end-Q420) if lease liabilities are included. While, at first glance, net debt has fallen by only \$1.5m during the quarter (excluding lease liabilities), we note that it would have fallen by \$3.3m if all the gold produced had been sold and by \$6.7m if all the gold currently held in inventory had also been sold. Assuming the company raises an additional SEK166.6m (\$20m) in cash via equity funding at the start of FY22 (cf mid-FY21 previously), we forecast that 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)	67.2	63.4	40.9	55.9	51.5	16.6

Source: Auriant Mining accounts, Edison Investment Research

Note that our estimate of Auriant's maximum (future) net debt requirement of \$55.9m (cf \$56.2m previously) at end-FY23 equates to a leverage ratio (net debt/(net debt+equity)) of 48.2% (cf 50.5% previously).

## 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, 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. In the meantime, alluvial gold mining operations at Solcocon are reported to have commenced in Q221, to all intents and purposes, unaffected by the pandemic.



**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	52,731	55,577
Cost of Sales		(19,360)	(19,391)	(25,061)	(16,790)	(19,610)	(19,324)	(22,502)	(17,600)
Gross Profit		14,069	23,989	8,471	583	10,152	34,085	30,229	37,977
EBITDA		10,242	21,987	8,846	(1,714)	7,208	31,236	26,809	34,977
Operating Profit (before amort. and except.)		919	15,416	2,487	(6,373)	2,197	23,182	19,231	26,999
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	0	118	0
Operating Profit		(13,297)	15,416	3,410	(8,136)	2,876	20,123	19,349	26,999
Net Interest		(7,081)	(7,577)	(5,568)	(3,798)	(4,390)	(6,606)	(3,386)	(3,171)
Profit Before Tax (norm)		(6,162)	7,839	(3,081)	(10,171)	(2,193)	16,576	15,845	23,828
Profit Before Tax (FRS 3)		(20,378)	7,839	(2,158)	(11,934)	(1,514)	13,517	15,963	23,828
Tax		(1,116)	(1,355)	(28)	1,831	278	(3,075)	(2,767)	(5,716)
Profit After Tax (norm)		(7,278)	6,484	(2,082)	(10,103)	(1,236)	13,501	13,196	18,112
Profit After Tax (FRS 3)		(21,494)	6,484	(2,186)	(10,103)	(1,236)	10,442	13,196	18,112
Average Number of Shares Outstanding (m)		17.8	17.8	35.6	92.7	98.6	98.7	98.8	134.2
EPS - normalised (c)		(40.9)	36.4	(5.8)	(10.9)	(1.3)	13.7	13.4	13.5
EPS - normalised and fully diluted (c)		(35.8)	35.1	(5.7)	(10.8)	(1.2)	13.7	13.4	13.5
EPS - (IFRS) (c)		(120.7)	36.4	(6.1)	(10.9)	(1.3)	10.6	13.4	13.5
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	57.3	68.3
EBITDA Margin (%)		30.6	50.7	26.4	-9.9	24.2	58.5	50.8	62.9
Operating Margin (before GW and except.) (%)		2.7	35.5	7.4	-36.7	7.4	43.4	36.5	48.6
<b>BALANCE SHEET</b>									
Fixed Assets		56,192	53,684	49,397	57,690	63,685	54,183	60,493	75,094
Intangible Assets		32,197	32,638	30,183	30,525	30,133	23,952	25,482	27,182
Tangible Assets		23,995	21,046	19,214	27,165	33,552	30,231	35,011	47,912
Investments		0	0	0	0	0	0	0	0
Current Assets		10,460	17,062	19,102	8,436	10,050	10,687	17,230	40,339
Stocks		4,833	7,883	7,425	3,753	5,057	7,449	8,789	9,263
Debtors		2,272	186	5,148	3,298	4,111	1,455	2,889	3,045
Cash		43	4,173	5,069	1,189	145	422	4,191	26,670
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)	(16,498)	(16,154)	(15,752)
Creditors		(5,901)	(3,537)	(2,005)	(1,828)	(6,147)	(2,193)	(1,849)	(1,447)
Short term borrowings		(30,100)	(30,612)	(4,174)	(14,399)	(23,042)	(14,305)	(14,305)	(14,305)
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)	(13,277)	(80)	38,032
<b>CASH FLOW</b>									
Operating Cash Flow		6,347	19,359	9,752	3,992	9,185	26,649	24,231	34,110
Net Interest		(7,081)	(7,577)	(5,568)	(3,798)	(4,390)	(6,606)	(3,386)	(3,171)
Tax		(13)	(27)	(79)	(58)	0	(674)	(2,767)	(5,716)
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)	0	20,000
Dividends		0	0	0	0	0	0	0	0
Net Cash Flow		(816)	9,354	6,504	(6,102)	(4,750)	15,275	3,768	22,479
Opening net debt/(cash)		90,607	91,423	84,556	70,203	75,881	82,678	67,189	63,420
HP finance leases initiated		0	0	0	0	0	0	0	0
Other		0	(2,487)	7,849	424	(2,047)	214	0	(0)
Closing net debt/(cash)		91,423	84,556	70,203	75,881	82,678	67,189	63,421	40,941

Source: Company sources, Edison Investment Research.

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