

Amaero International Ltd

Atomiser on schedule for 30 June commissioning

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. In its latest update ([20 May release](#)) the company announced that the first atomiser has been installed at its Tennessee facility and is expected to be commissioned by 30 June. Installation and cold testing of the atomiser has been completed and hot testing of the atomiser has commenced on schedule. In conjunction with commissioning, Amaero expects to produce two tonnes of titanium alloy (Ti64) powder. Following commissioning and cleaning of the atomiser, the company says it expects to commence parameter optimisation for production of C103 powder. Amaero says it expects to deliver initial samples of C103 powder to its offtake counterparty by mid-August. The company's announcement is in line with our forecasts for production timing and powder type. We have, however, adjusted our cost estimates, in particular employee costs in the near term and for conservatism have increased our estimates for research and development costs, without incorporating income estimates for government grants. Our base-case DCF valuation is now \$1.25/share fully diluted (previously \$1.37/share) while a +15/-15% sensitivity analysis to our base-case valuation provides a valuation range of \$0.67 to \$1.72/share.

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 confirmed to be on track to be commissioned by 30 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.

Commercial sales of C103 powder targeted for Q3 FY25

Amaero says following the commissioning of the atomiser and after initially producing two tonnes of Ti64, it plans to commence collaborative production of initial samples of C103 additive manufacturing powder for the offtake counterparty by mid-August. The company says it expects to achieve C103 powder qualification in the second quarter of FY25 and for commercial sales to commence in Q3 FY25. This is in line with our forecasts for powder production to commence in FY25. We have taken the opportunity to review our cost forecasts for H2 FY24 and beyond, noting that our previous forecasts for employee numbers topped out at 150 in FY30. We have brought that forward to FY25 and added in additional staff to a maximum of 205 as well as incorporating more research and development costs in our estimates. Our model forecasts that Amaero will reach break-even EBITDA in FY26 and 'at capacity' earnings in H2 CY28.

Base-case DCF valuation is \$1.25/share (previously \$1.37)

Our base-case DCF valuation is A\$1.024b or \$1.25/share (previously A\$1.13b or \$1.37/share) fully diluted for an anticipated US\$20m strategic raising and options conversion. On the current share count of 542m shares the valuation is \$1.89/share (previously \$2.09/share). A -15%/+15% sensitivity analysis to our base-case revenue and costs delivers a downside case valuation of \$0.67/share and an upside case of \$1.72/share. Our base-case forecasts and valuation are predicated on the expectation that Amaero will deliver revenue from FY25, EBITDA profitability from FY26, and secure 'at capacity' earnings in H2 CY28.

Historical earnings and RaaS' forecasts (in A\$m unless otherwise stated)

| 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) | n.m. | n.m. | n.m. |
| 06/24f | 3.0 | (2.6) | (12.7) | (15.4) | (2.6) | n.m. | n.m. | n.m. |
| 06/25f | 21.0 | 0.9 | (13.0) | (14.1) | (2.4) | 18.1 | n.m. | n.m. |
| 06/26f | 95.0 | 33.5 | 5.0 | (3.4) | (0.6) | 4.1 | 69.2 | n.m. |
| 06/27f | 172.8 | 54.2 | 17.1 | 6.3 | 0.7 | 2.1 | 21.4 | 57.4 |

Source: Company data; RaaS estimates for FY24f-FY27f

Critical Metals Manufacturing

24 May 2024

Share Details

| | |
|-----------------------|----------|
| ASX code | 3DA |
| Share price (23-May) | \$0.43 |
| Market capitalisation | \$233.1M |
| Shares on issue | 542M |
| Estimated net cash | ~\$24M |
| Free float | 37% |

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
- Cash-flow 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
- Confirmation of first revenues/cashflow

Company Interview

[Amaero International RaaS Interview 8 April 2024](#)

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

Earnings Forecast Changes

Our revenue forecasts remain unchanged. Our modelling continues to anticipate that Amaero will secure around 20% of the C103 market (estimated by Fairmont Consulting to be 25 tonnes in FY25 and 105 tonnes by FY28), gradually increasing its share until it achieves around 40% or 48 tonnes in FY29f.

However, we have adjusted our earnings forecasts for a faster ramp up of employees at the Tennessee site. We now anticipate employee numbers will reach 155 by June 2026 and peak at 205 by June 2028 when we are forecasting for the company to reach “at capacity” earnings. We have also included higher estimates for research and development costs. This has resulted in reduced EBITDA and NPAT forecasts for FY25f to FY27f, which we have set out in Exhibit 1 below.

| Exhibit 1: 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 | 3.0 | 3.0 | 21.0 | 21.0 | 95.0 | 95.0 | 172.8 | 172.8 | 172.8 |
| Gross profit | (2.7) | (2.6) | 4.4 | 0.9 | 45.2 | 33.5 | 71.7 | 54.2 | 54.2 |
| Gross profit margin (%) | - | - | 21.0 | 4.2 | 47.6 | 35.3 | 41.5 | 31.4 | 31.4 |
| EBITDA | (12.7) | (12.7) | (9.1) | (13.0) | 27.0 | 5.0 | 49.6 | 17.1 | 17.1 |
| EBITDA margin (%) | <i>n.m.</i> | <i>n.m.</i> | <i>n.m.</i> | <i>n.m.</i> | 28.5 | 5.3 | 28.7 | 9.9 | 9.9 |
| NPAT | (15.4) | (15.4) | (11.1) | (14.1) | 14.0 | (3.4) | 32.1 | 6.3 | 6.3 |

Source: RaaS estimates

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 \$1,024m or \$1.25/share on a fully diluted basis (previously \$1.37/share). On the current share count of 542m, the valuation is \$1.89/share (previously \$2.09/share on a share count of 479m). 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 A\$60m in capital expenditure outlined by the company (ASX release 30 April 2024, page 2) is funded half from strategic equity (US\$20m) from US investors and half via debt.

A -15%/+15% sensitivity analysis to our base-case revenue and costs delivers a downside case valuation of \$0.67/share and an upside case of \$1.72/share.

| Exhibit 2: 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 (\$M) | 351 |
| Present value of terminal value (\$M) | 668 |
| PV of enterprise (\$M) | 1,019 |
| Fully diluted cash and debt inc. options conversion (\$M) | (5) |
| Net value – shareholder (\$M) | 1,024 |
| No. of shares on issue (fully diluted) (M) | 822 |
| NPV in A\$/share | \$1.25 |
| NPV per share based on current share count (542M) | \$1.89 |

Source: RaaS estimates

Exhibit 3: Financial Year Financial Summary

| Amaero International Ltd | | | | | | Share price (23 May 2024) | | | | | | A\$ | 0.43 | | | | | |
|-----------------------------|--------|--------|--------|--------|--------|----------------------------|---------------|----------|----------|---------|---------|----------|-------|-------|-------|-------|-------|--|
| Profit and Loss (A\$m) | | | | | | Interim (A\$m) | | | | | | H123A | H223A | H124F | H224F | H125F | H225F | |
| Y/E 30 June | FY23A | FY24F | FY25F | FY26F | FY27F | | | | | | | | | | | | | |
| USD Sales Revenue | 0.5 | 1.9 | 13.7 | 61.7 | 112.3 | Sales Revenue | 0.5 | 0.3 | 0.1 | 2.9 | 7.1 | 13.9 | | | | | | |
| Sales Revenue | 0.8 | 3.0 | 21.0 | 95.0 | 172.8 | EBITDA Adj | (3.1) | (4.7) | (4.5) | (8.2) | (6.7) | (6.3) | | | | | | |
| Total Revenue | 2.8 | 3.0 | 21.0 | 95.0 | 172.8 | EBIT Adj | (3.7) | (5.7) | (4.9) | (9.2) | (8.0) | (9.2) | | | | | | |
| Gross Profit | 2.1 | (2.6) | 0.9 | 33.5 | 54.2 | NPAT (Adj) | (3.8) | (5.8) | (4.9) | (7.2) | (6.3) | (7.8) | | | | | | |
| EBITDA Adj | (7.9) | (12.7) | (13.0) | 5.0 | 17.1 | Minorities | - | - | - | - | - | - | 0.2 | | | | | |
| Depn | (1.5) | (1.4) | (4.3) | (7.8) | (7.7) | NPAT (reported) | (6.6) | (5.9) | (8.2) | (7.2) | (6.3) | (7.8) | | | | | | |
| Amort | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | EPS (Adj) | (1.05) | (1.76) | (1.52) | (1.42) | (1.09) | (1.27) | | | | | | |
| EBIT Adj | (9.4) | (15.6) | (17.2) | (2.8) | 9.3 | EPS (reported) | (2.39) | (1.23) | (1.93) | (1.34) | (1.02) | (1.18) | | | | | | |
| Interest | (0.2) | 0.0 | (0.6) | (1.6) | (1.4) | Dividend (cps) | - | - | - | - | - | - | | | | | | |
| Tax | 0.0 | 1.9 | 3.8 | 0.9 | (1.7) | Imputation | - | - | - | - | - | - | | | | | | |
| Minorities | (0.2) | 0.0 | 0.0 | 0.0 | 0.0 | Operating cash flow | (6.2) | (4.6) | (6.2) | (15.2) | (7.6) | (19.1) | | | | | | |
| Equity accounted assoc | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | Free Cash flow | (6.2) | (4.6) | (6.2) | (15.2) | (7.6) | (19.1) | | | | | | |
| NPAT pre significant items | (9.7) | (15.4) | (14.1) | (3.4) | 6.3 | Divisions | H123A | H223A | H124F | H224F | H125F | H225F | | | | | | |
| Significant items | (2.8) | (0.0) | 0.0 | 0.0 | 0.0 | Sales and service revenue | 0.5 | 0.3 | 0.1 | 2.9 | 7.1 | 13.9 | | | | | | |
| NPAT (reported) | (12.5) | (15.4) | (14.1) | (3.4) | 6.3 | R&D grants | 1.4 | 0.6 | 0.0 | 0.0 | 0.0 | 0.0 | | | | | | |
| Cash flow (A\$m) | | | | | | | Total Revenue | 1.9 | 0.9 | 0.1 | 2.9 | 7.1 | 13.9 | | | | | |
| Y/E 30 June | FY23A | FY24F | FY25F | FY26F | FY27F | COGS | 0.5 | 0.2 | 0.0 | 5.5 | 7.6 | 12.6 | | | | | | |
| EBITDA | (7.9) | (12.7) | (13.0) | 5.0 | 17.1 | Gross Profit | 1.4 | 0.7 | 0.1 | (2.7) | (0.4) | (1.3) | | | | | | |
| Interest | (0.2) | 0.1 | (0.6) | (1.6) | (1.4) | R&D costs | (1.6) | (1.7) | (1.6) | (1.8) | (1.7) | (1.9) | | | | | | |
| Tax | 0.0 | 0.0 | 0.0 | (1.1) | (2.5) | Employment | (1.2) | (1.0) | (0.3) | (0.8) | (1.6) | (2.5) | | | | | | |
| Working capital changes | (2.7) | (8.8) | (13.1) | (7.8) | 23.6 | General & Admin costs | (1.2) | (1.6) | (2.4) | (2.5) | (2.7) | (2.8) | | | | | | |
| Operating cash flow | (10.8) | (21.4) | (26.7) | (5.5) | 36.8 | Other costs | (0.5) | (1.1) | (0.3) | (0.3) | (0.3) | (0.4) | | | | | | |
| Mtce capex | 0.0 | (0.0) | 0.0 | 0.0 | 0.0 | EBITDA | (3.1) | (4.7) | (4.5) | (8.2) | (6.7) | (6.3) | | | | | | |
| Free cash flow | (10.8) | (21.4) | (26.7) | (5.5) | 36.8 | Margins, Leverage, Returns | FY23A | FY24F | FY25F | FY26F | FY27F | | | | | | | |
| Growth capex | (1.6) | (17.9) | (36.3) | (11.0) | (4.0) | EBITDA | | nm | nm | nm | 5.3% | 9.9% | | | | | | |
| Acquisitions/Disposals | 0.8 | 0.0 | 0.0 | 0.0 | 0.0 | EBIT | | nm | nm | nm | (2.9%) | 5.4% | | | | | | |
| Other | (0.0) | 0.0 | 0.0 | 0.0 | 0.0 | NPAT pre significant items | | nm | nm | nm | (3.6%) | 3.6% | | | | | | |
| Cash flow pre financing | (11.6) | (39.3) | (63.0) | (16.5) | 32.8 | Net Debt (Cash) | | 8.8 | (2.4) | (56.9) | (63.7) | (16.7) | | | | | | |
| Equity | 10.6 | 30.0 | 30.0 | 10.2 | 15.0 | Net debt/EBITDA (x) | (x) | n/a | n/a | n/a | (12.6) | (1.0) | | | | | | |
| Debt | (0.3) | 9.6 | 30.0 | 19.6 | (30.0) | ND/ND+Equity (%) | (%) | (141.9%) | 7.3% | 56.2% | 55.8% | 19.0% | | | | | | |
| Dividends paid | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | EBIT interest cover (x) | (x) | n/a | n/a | n/a | n/a | 0.1 | | | | | | |
| Net cash flow for year | (1.3) | 0.3 | (3.0) | 13.3 | 17.8 | ROA | | (46.8%) | (47.6%) | (20.4%) | (2.0%) | 6.1% | | | | | | |
| Balance sheet (A\$m) | | | | | | | ROE | | (84.3%) | (68.3%) | (37.9%) | (7.2%) | 10.3% | | | | | |
| Y/E 30 June | FY23A | FY24F | FY25F | FY26F | FY27F | ROIC | | (58.6%) | (139.9%) | (33.2%) | (3.3%) | 11.3% | | | | | | |
| Cash | 8.8 | 7.6 | 3.1 | 15.9 | 32.9 | NTA (per share) | | 0.04 | 0.05 | 0.06 | 0.07 | 0.09 | | | | | | |
| Accounts receivable | 0.2 | 2.6 | 6.5 | 3.1 | 5.7 | Working capital | | 0.4 | 1.1 | 2.0 | 3.3 | 1.3 | | | | | | |
| Inventory | 1.0 | 5.4 | 12.3 | 19.8 | 29.7 | WC/Sales (%) | | 45.1% | nm | 9.5% | 3.5% | 0.8% | | | | | | |
| Other current assets | 0.1 | 0.5 | 0.5 | 0.5 | 0.5 | Revenue growth | | nm | nm | nm | 352.2% | 81.9% | | | | | | |
| Total current assets | 10.1 | 16.1 | 22.5 | 39.4 | 68.8 | EBIT growth pa | | n/a | n/a | n/a | n/a | (437.4%) | | | | | | |
| PPE | 7.7 | 17.4 | 49.4 | 52.6 | 48.9 | Pricing | | FY23A | FY24F | FY25F | FY26F | FY27F | | | | | | |
| Intangibles and Goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | No of shares (y/e) | (m) | 417 | 615 | 759 | 759 | 821 | | | | | | |
| Investments | 0.2 | 11.7 | 44.0 | 50.5 | 28.9 | Weighted Av Dil Shares | (m) | 346 | 508 | 615 | 674 | 773 | | | | | | |
| Deferred tax asset | 0.0 | 1.9 | 5.7 | 7.7 | 8.5 | EPS Reported | cps | (3.6) | (2.6) | (2.4) | (0.6) | 0.7 | | | | | | |
| Other non current assets | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | EPS Normalised/Diluted | cps | (2.8) | (3.2) | (2.4) | (0.6) | 0.7 | | | | | | |
| Total non current assets | 8.1 | 31.1 | 99.1 | 110.8 | 86.3 | EPS growth (norm/dil) | | n/a | n/a | n/a | n/a | -229% | | | | | | |
| Total Assets | 18.2 | 47.2 | 121.5 | 150.2 | 155.1 | DPS | cps | - | - | - | - | - | | | | | | |
| Accounts payable | 0.8 | 6.9 | 16.8 | 19.7 | 34.1 | DPS Growth | | n/a | n/a | n/a | n/a | n/a | | | | | | |
| Short term debt | 0.0 | 0.0 | 20.0 | 20.0 | 20.0 | Dividend yield | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | | | | | | |
| Tax payable | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | Dividend imputation | | 0 | 0 | 0 | 0 | 0 | | | | | | |
| Other current liabilities | 1.4 | 0.4 | 0.4 | 0.4 | 0.4 | PE (x) | | - | - | - | - | 57.4 | | | | | | |
| Total current liabilities | 2.2 | 7.3 | 37.2 | 40.1 | 54.5 | PE market | | 15.6 | 15.6 | 15.6 | 15.6 | 15.6 | | | | | | |
| Long term debt | 0.0 | 10.0 | 40.0 | 59.6 | 29.6 | Premium/(discount) | | nm | nm | nm | nm | nm | | | | | | |
| Other non current liabs | 1.0 | 0.0 | 0.0 | 0.0 | 0.0 | EV/EBITDA | | nm | nm | nm | nm | nm | | | | | | |
| Total long term liabilities | 1.0 | 10.0 | 40.0 | 59.6 | 29.6 | FCF/Share | cps | (2.60) | (3.48) | (3.52) | (0.72) | 4.48 | | | | | | |
| Total Liabilities | 3.2 | 17.3 | 77.2 | 99.6 | 84.0 | Price/FCF share | | (16.4) | (12.23) | (12.07) | (59.15) | 9.50 | | | | | | |
| Net Assets | 15.1 | 30.0 | 44.4 | 50.5 | 71.1 | Free Cash flow Yield | | (6.1%) | (8.2%) | (8.3%) | (1.7%) | 10.5% | | | | | | |
| Share capital | 48.3 | 78.1 | 108.1 | 118.2 | 133.2 | | | | | | | | | | | | | |
| Accumulated profits/losses | (33.4) | (49.6) | (65.3) | (69.3) | (63.7) | | | | | | | | | | | | | |
| Reserves | 0.2 | 1.7 | 1.6 | 1.6 | 1.6 | | | | | | | | | | | | | |
| Minorities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | | | | | | | | | | |
| Total Shareholder funds | 15.1 | 30.1 | 44.4 | 50.5 | 71.1 | | | | | | | | | | | | | |

Source: Company data for historicals, RaaS estimates

Exhibit 4: Calendar Year Financial Summary

| Amaero International Ltd | | | | | | Share price (23 May 2024) | | | | | | A\$ | 0.43 | | | | | |
|------------------------------------|---------------|---------------|---------------|--------------|--------------|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|---------|---------|---------|---------|---------|--|
| Profit and Loss (A\$m) | | | | | | Interim (A\$m) | | | | | | H1CY23A | H2CY23A | H1CY24F | H2CY24F | H1CY25F | H2CY25F | |
| Year End December 31 | CY23A | CY24F | CY25F | CY26F | CY27F | | | | | | | | | | | | | |
| USD Sales Revenue | 0.3 | 6.5 | 27.2 | 90.5 | 166.5 | Sales Revenue | 0.3 | 0.1 | 2.9 | 7.1 | 13.9 | 28.0 | | | | | | |
| Sales Revenue | 0.4 | 10.0 | 41.9 | 139.2 | 256.1 | EBITDA Adj | (4.7) | (4.5) | (8.2) | (6.7) | (6.3) | (5.0) | | | | | | |
| Total Revenue | 1.0 | 10.0 | 41.9 | 139.2 | 256.1 | EBIT Adj | (5.7) | (4.9) | (9.2) | (8.0) | (9.2) | (8.8) | | | | | | |
| Gross Profit | 0.2 | (3.1) | 8.1 | 45.3 | 103.8 | NPAT (Adj) | (6.0) | (4.9) | (7.2) | (6.3) | (7.8) | (7.5) | | | | | | |
| EBITDA Adj | (9.2) | (14.9) | (11.3) | 10.8 | 58.8 | Minorities | (0.17) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | | | | |
| Depn | (1.4) | (2.3) | (6.7) | (8.1) | (7.5) | NPAT (reported) | (6.6) | (5.9) | (8.2) | (7.2) | (6.3) | (7.8) | | | | | | |
| Amort | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | EPS (Adj) | (1.23) | (1.93) | (1.34) | (1.02) | (1.18) | (0.99) | | | | | | |
| EBIT Adj | (10.6) | (17.2) | (18.0) | 2.8 | 51.3 | EPS (reported) | (1.76) | (1.52) | (1.42) | (1.09) | (1.27) | (1.12) | | | | | | |
| Interest | 0.1 | 0.1 | (1.5) | (1.5) | (1.3) | Dividend (cps) | - | - | - | - | - | - | | | | | | |
| Tax | 0.0 | 3.6 | 4.1 | (0.3) | (10.5) | Imputation | - | - | - | - | - | - | | | | | | |
| Minorities | (0.2) | 0.0 | 0.0 | 0.0 | 0.0 | Operating cash flow | (4.6) | (6.2) | (15.2) | (7.6) | (19.1) | (11.7) | | | | | | |
| Equity accounted assoc | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | Free Cash flow | (4.8) | (6.2) | (33.1) | (31.2) | (31.9) | (20.7) | | | | | | |
| NPAT pre significant items | (10.8) | (13.5) | (15.4) | 1.0 | 39.5 | Divisions | H1CY23A | H2CY23A | H1CY24F | H2CY24F | H1CY25F | H2CY25F | | | | | | |
| Significant items | (3.2) | 0.0 | 0.0 | 0.0 | 0.0 | Sales and service revenue | 0.3 | 0.1 | 2.9 | 7.1 | 13.9 | 28.0 | | | | | | |
| NPAT (reported) | (14.0) | (13.5) | (15.4) | 1.0 | 39.5 | R&D grants | 0.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | | | |
| Cash flow (A\$m) | | | | | | Total Revenue | 0.9 | 0.1 | 2.9 | 7.1 | 13.9 | 28.0 | | | | | | |
| Year End December 31 | CY23A | CY24F | CY25F | CY26F | CY27F | COGS | 0.2 | 0.0 | 5.5 | 7.6 | 12.6 | 21.2 | | | | | | |
| EBITDA | (9.2) | (14.9) | (11.3) | 10.8 | 58.8 | Gross Profit | 0.7 | 0.1 | (2.7) | (0.4) | 1.3 | 6.8 | | | | | | |
| Interest | (0.1) | 0.1 | (1.5) | (1.5) | (1.3) | R&D costs | (1.7) | (1.6) | (1.8) | (1.7) | (1.9) | (2.7) | | | | | | |
| Tax | 0.0 | 0.0 | 0.0 | (1.1) | (10.5) | Employment | (1.0) | (0.3) | (0.8) | (1.6) | (2.5) | (4.1) | | | | | | |
| Working capital changes | (1.5) | (8.0) | (18.0) | 8.2 | 43.2 | General & Admin costs | (1.6) | (2.4) | (2.5) | (2.7) | (2.8) | (4.5) | | | | | | |
| Operating cash flow | (10.8) | (22.8) | (30.8) | 16.4 | 90.2 | Other costs | (1.1) | (0.3) | (0.3) | (0.3) | (0.4) | (0.6) | | | | | | |
| Mtce capex | (0.0) | 0.0 | 0.0 | 0.0 | 0.0 | EBITDA | (4.7) | (4.5) | (8.2) | (6.7) | (6.3) | (5.0) | | | | | | |
| Free cash flow | (10.8) | (22.8) | (30.8) | 16.4 | 90.2 | Margins, Leverage, Returns | CY23A | CY24F | CY25F | CY26F | CY27F | | | | | | | |
| Growth capex | (0.2) | (41.5) | (21.7) | (4.0) | (4.0) | EBITDA | nm | (148.6%) | (27.0%) | 7.8% | 23.0% | | | | | | | |
| Acquisitions/Disposals | 0.8 | 0.0 | 0.0 | 0.0 | 0.0 | EBIT | nm | (172.1%) | (43.0%) | 2.0% | 20.0% | | | | | | | |
| Other | (0.0) | 0.0 | 0.0 | 0.0 | 0.0 | NPAT pre significant items | nm | (135.2%) | (36.7%) | 0.7% | 15.4% | | | | | | | |
| Cash flow pre financing | (10.3) | (64.2) | (52.5) | 12.4 | 86.2 | Net Debt (Cash) | | 11.7 | (25.0) | (67.9) | (41.2) | 45.0 | | | | | | |
| Equity | 9.2 | 47.5 | 9.6 | 14.3 | 0.0 | Net debt/EBITDA (x) | (x) | n/a | n/a | n/a | (3.8) | 0.8 | | | | | | |
| Debt | (0.5) | 30.0 | 22.2 | (2.6) | (30.0) | ND/ND+Equity (%) | (%) | (176.6%) | 32.4% | 59.4% | 40.0% | (80.1%) | | | | | | |
| Dividends paid | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | EBIT interest cover (x) | (x) | n/a | n/a | n/a | 0.5 | 0.0 | | | | | | |
| Net cash flow for year | (1.6) | 13.3 | (20.7) | 24.1 | 56.2 | ROA | | (51.1%) | (25.7%) | (14.3%) | 1.9% | 29.8% | | | | | | |
| Balance sheet (A\$m) | | | | | | ROE | | (85.1%) | (38.3%) | (31.1%) | 1.8% | 48.5% | | | | | | |
| Year End December 31 | CY23A | CY24F | CY25F | CY26F | CY27F | ROIC | | (65.3%) | (53.7%) | (23.6%) | 3.7% | 84.5% | | | | | | |
| Cash | 11.7 | 25.0 | 4.3 | 28.3 | 84.6 | NTA (per share) | | 0.04 | 0.09 | 0.06 | 0.08 | 0.12 | | | | | | |
| Accounts receivable | 0.1 | 3.1 | 7.2 | 4.6 | 8.4 | Working capital | | (0.2) | (0.4) | 3.9 | 0.1 | 3.4 | | | | | | |
| Inventory | 0.7 | 8.1 | 15.7 | 23.6 | 38.2 | WC/Sales (%) | | (49.1%) | nm | 9.3% | 0.1% | 1.3% | | | | | | |
| Other current assets | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | Revenue growth | | nm | nm | nm | 232.6% | 84.0% | | | | | | |
| Total current assets | 13.1 | 36.7 | 27.7 | 57.1 | 131.7 | EBIT growth pa | | n/a | n/a | n/a | (115.3%) | 1759.1% | | | | | | |
| PPE | 0.6 | 39.7 | 54.7 | 50.7 | 47.2 | Pricing | | CY23A | CY24F | CY25F | CY26F | CY27F | | | | | | |
| Intangibles and Goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | No of shares (y/e) | (m) | 479 | 615 | 759 | 821 | 821 | | | | | | |
| Investments | 5.9 | 34.1 | 47.9 | 43.5 | (3.1) | Weighted Av Dil Shares | (m) | 431 | 578 | 674 | 773 | 821 | | | | | | |
| Deferred tax asset | 0.0 | 3.6 | 7.7 | 8.5 | 8.5 | EPS Reported | cps | (3.2) | (2.5) | (2.4) | 0.1 | 4.8 | | | | | | |
| Other non current assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | EPS Normalised/Diluted | cps | (3.3) | (2.5) | (2.4) | 0.1 | 4.8 | | | | | | |
| Total non current assets | 6.5 | 77.4 | 110.3 | 102.7 | 52.6 | EPS growth (norm/dil) | | n/a | n/a | n/a | -106% | 3372% | | | | | | |
| Total Assets | 19.6 | 114.1 | 138.0 | 159.7 | 184.3 | DPS | cps | - | - | - | - | - | | | | | | |
| Accounts payable | 1.0 | 11.6 | 19.0 | 28.1 | 43.2 | DPS Growth | | n/a | n/a | n/a | n/a | n/a | | | | | | |
| Short term debt | 0.0 | 20.0 | 20.0 | 20.0 | 20.0 | Dividend yield | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | | | | | | |
| Tax payable | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | Dividend imputation | | 0 | 0 | 0 | 0 | 0 | | | | | | |
| Other current liabilities | 0.4 | 0.4 | 0.4 | 0.4 | 0.4 | PE (x) | | - | - | - | 306.6 | 8.8 | | | | | | |
| Total current liabilities | 1.4 | 32.0 | 39.4 | 48.5 | 63.6 | PE market | | 15.6 | 15.6 | 15.6 | 15.6 | 15.6 | | | | | | |
| Long term debt | 0.0 | 30.0 | 52.2 | 49.6 | 19.6 | Premium/(discount) | | nm | nm | nm | nm | nm | | | | | | |
| Other non current liab | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | EV/EBITDA | | nm | nm | nm | nm | nm | | | | | | |
| Total long term liabilities | 0.0 | 30.0 | 52.2 | 49.6 | 19.6 | FCF/Share | cps | (2.26) | (3.48) | (3.52) | (0.66) | 4.48 | | | | | | |
| Total Liabilities | 1.4 | 62.0 | 91.6 | 98.1 | 83.1 | Price/FCF share | | (18.8) | (12.23) | (12.07) | (64.02) | 9.50 | | | | | | |
| Net Assets | 18.2 | 52.2 | 46.5 | 61.7 | 101.2 | Free Cash flow Yield | | (5.3%) | (8.2%) | (8.3%) | (1.6%) | 10.5% | | | | | | |
| Share capital | 58.1 | 108.1 | 118.2 | 133.2 | 133.2 | | | | | | | | | | | | | |
| Accumulated profits/losses | (41.5) | (57.4) | (73.3) | (73.1) | (33.6) | | | | | | | | | | | | | |
| Reserves | 1.8 | 1.7 | 1.6 | 1.6 | 1.6 | | | | | | | | | | | | | |
| Minorities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | | | | | | | | | | |
| Total Shareholder funds | 18.3 | 52.3 | 46.5 | 61.7 | 101.2 | | | | | | | | | | | | | |

Source: Company data for historicals, RaaS estimates

FINANCIAL SERVICES GUIDE

RaaS Research Group Pty Ltd

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Effective Date: 26th March 2024

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