Hunting PLC

Guidance beaten in FY23 and unchanged for FY24

6 March 2024

Hunting delivered EBITDA of US$103m, ahead of revised guidance and the inferred year-end expectation, representing a 98% y-o-y uplift (and 11.1% margin, +380bp). Significant contract awards boosted Subsea and OCTG activities in particular, but top line progress was also accompanied by good cost control to deliver the full year outturn. A record year-end order book position leaves the company well-placed to deliver further progress in FY24, where guidance is unchanged. We note that our unchanged 407p/share fair value estimate is c.30% above the current share price.

Revenues, profitability and order books all show strong progress in FY23

At the headline level, Hunting delivered group revenue growth of 28% and margin progress (ie gross +90bp to 24.5% and EBITDA +390bp to 11.1%), feeding into a fivefold increase in pre-tax profit with EPS up over four times in FY23. The full year dividend rose by 11% to 10c per share, covered twice by earnings. Thematically, offshore and international markets were the strongest oil & gas demand segments, while non-oil & gas revenues grew by c.60% (to 8.2% of group revenue).

We think it noteworthy that reported results contained no adjusting items; costs relating to facility consolidation activity and other minor impairment charges were all taken above the line. That said, a favourable tax credit (reflecting improved North American profitability) did increase deferred tax assets on the end FY23 balance sheet. In cash flow terms, Hunting was modestly geared at the year-end, with a c.US$25m net cash outflow for the year substantially driven by inventory investment to support higher activity levels and a record year-end order book position.

Valuation: fair value still seen well above current share price level

Following the FY23 results release Hunting's share price has moved above the 250p-300p trading range largely seen over the last six months and is now up 21% over this period compared to a modestly positive FTSE All-Share Index.

Against our selected peer group average, Hunting's P/E and EV/EBITDA multiples sit on discounts of 25-30% and 20-25% respectively. Taking a simple average of our P/E and DCF based analyses (ie sector average P/E in FY26, and US$180m long term EBITDA assumption respectively) generates **an unchanged fair value per share of 407p**.

Summary financials

Yr to December (US$m)	2022	2023	2024E	2025E	2026E
Revenue	725.8	929.1	1029.6	1093.8	1155.9
EBITDA*	52.0	103.0	122.0	146.5	160.1
PTP	10.2	50.0	76.2	101.9	116.7
EPS (US c)	4.7	20.3	31.1	42.2	48.6
DPS (US c)	9.0	10.0	11.0	12.0	13.0
Net cash / (debt) pre IFRS16	20.6	(4.7)	21.1	74.7	137.2
P/E (x)	*83.9*	*19.5*	*12.7*	*9.4*	*8.3*
EV/EBITDA (x)	*12.2*	*6.4*	*5.2*	*4.0*	*3.2*
Dividend yield (%)	*2.3%*	*2.5%*	*2.8%*	*3.0%*	*3.3%*

*Source: Company Annual Reports, Equity Development. * Company basis £/US$ 1.27*

Company Data

EPIC	HTG.L
Price (last close)	312p
52 weeks Hi/Lo	354p/190p
Market cap	£515m
ED Fair Value / share	407p
FY23e Net cash (debt) Pre IFRS16	(US$1m)
Avg. daily volume	531k

NB all at £/US$ 1.27

Share Price, p

Source: ADVFN

Description

Hunting is a global engineering group that provides precision-manufactured equipment and premium services with a diverse product portfolio. The company has a global footprint from operations in 11 countries including 27 production locations and 16 distribution centres.

The energy industry accounted for c.92% of FY23 revenue while also serving non-oil & gas customers in the medical, aerospace, defence and space sectors. Hunting is seeking to grow rapidly in adjacent Energy Transition product sub-sectors as well as deepening its presence in other non-oil & gas ones.

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Broad Product Group and Divisional profit uplift

In the following two pages we present the financial performance of Hunting's Product Groups and regional reporting Divisions, with high-level supporting commentary. Against our expectations, Subsea Technologies had a notably stronger outturn, while Perforating Systems/Hunting Titan had a quieter H2 than we had anticipated.

Hunting: Product Group splits

Year end: Dec US$m	H122	H222	2022	H123	H223	2023	yoy H123	yoy H223	yoy 2023
Group Revenue	**336.1**	**389.7**	**725.8**	**477.8**	**451.3**	**929.1**	***42%***	***16%***	***28%***
Perforating Systems	121.6	130.3	251.9	126.8	117.0	243.8	*4%*	*-10%*	*-3%*
OCTG	109.6	149.2	258.8	213.4	182.4	395.8	*95%*	*22%*	*53%*
Advanced Manufacturing	34.0	41.1	75.1	53.1	59.0	112.1	*56%*	*44%*	*49%*
Subsea	35.3	33.7	69.0	42.5	56.1	98.6	*20%*	*66%*	*43%*
Other Manufacturing	35.6	35.4	71.0	42.0	36.8	78.8	*18%*	*4%*	*11%*
Group EBITDA	**23.6**	**28.4**	**52.0**	**48.7**	**54.3**	**103.0**	***106%***	***91%***	***98%***
Perforating Systems	12.7	14.6	27.3	13.7	11.4	25.1	*8%*	*-22%*	*-8%*
OCTG	5.4	10.8	16.2	24.1	22.6	46.7	*346%*	*109%*	*188%*
Advanced Manufacturing	0.5	0.4	0.9	4.5	6.2	10.7	*800%*	*1450%*	*1089%*
Subsea	2.4	1.0	3.4	3.2	10.5	13.7	*33%*	*950%*	*303%*
Other Manufacturing	2.6	1.6	4.2	3.2	3.6	6.8	*23%*	*125%*	*62%*
EBITDA Margins %	***7.0%***	***7.3%***	***7.2%***	***10.2%***	***12.0%***	***11.1%***			
Perforating Systems	*10.4%*	*11.2%*	*10.8%*	*10.8%*	*9.7%*	*10.3%*			
OCTG	*4.9%*	*7.2%*	*6.3%*	*11.3%*	*12.4%*	*11.8%*			
Advanced Manufacturing	*1.5%*	*1.0%*	*1.2%*	*8.5%*	*10.5%*	*9.5%*			
Subsea	*6.8%*	*3.0%*	*4.9%*	*7.5%*	*18.8%*	*13.9%*			
Other Manufacturing	*7.3%*	*4.5%*	*5.9%*	*7.6%*	*9.8%*	*8.6%*			

Source: Company

Perforating Systems: trading performance was modestly below the prior year in revenue and EBITDA terms. Following a firmer H1 but the full year outturn was influenced by a declining US onshore rig count as the year progressed. That said, the FY23 EBITDA margin was only marginally below the prior year at 10.3%. An FY23 new product highlight saw the launch of the new self-orienting H-4 perforating system.

OCTG: a strong year of progress, growing in all regions served and achieving a record revenue performance. North American territory sales almost doubled including exports to South America while those in Asia Pacific more than did so servicing some large contract awards. Positive operational gearing effects drove the EBITDA margin to 11.8% (+550bp). A new JV facility in India to service the local and Middle East markets was opened in the second half of the year and other supply partnerships were established in the year with an eye to developing non-oil and gas markets.

Advanced Manufacturing: this product grouping also delivered a material uplift in revenue and profitability to record levels, confirming H1 momentum with a further improved H2 performance and a 9.5% EBITDA margin for the year. This was driven by both oil & gas sector customers and non-oil & gas also (which now accounts for around almost half of the total).

Subsea: the benefit of contract wins, especially for deepwater Guyana projects is clearly visible in record earnings and profitability. Moreover, there was a material uplift in EBITDA margin, particularly in H2. All three primary product sub-groups are understood to have contributed to progress, with stress joint demand being particularly strong.

Other Manufacturing: a solid FY23 trading year, with improved margins followed healthy demand from both oil & gas (well intervention and testing) and non-oil & gas (trenchless drilling) customers. The disposal of non-core E&P assets also contributed to the margin improvement.

Hunting: Divisional splits

								yoy	yoy	yoy
Year end: Dec	**US$m**	**H122**	**H222**	**2022**	**H123**	**H223**	**2023**	***H123***	***H223***	***2023***
Group Revenue		**336.1**	**389.7**	**725.8**	**477.8**	**451.3**	**929.1**	***42%***	***16%***	***28%***
Hunting Titan		127.2	138.8	266.0	134.5	124.7	259.2	*6%*	*-10%*	*-3%*
North America		123.4	157.3	280.7	191.3	183.4	374.7	*55%*	*17%*	*33%*
Subsea Technologies		35.3	33.7	69.0	42.5	56.1	98.6	*20%*	*66%*	*43%*
EMEA		37.1	34.4	71.5	46.5	41.7	88.2	*25%*	*21%*	*23%*
Asia Pacific		31.9	48.5	80.4	86.9	70.7	157.6	*172%*	*46%*	*96%*
Inter company		(18.8)	(23.0)	(41.8)	(23.9)	(25.3)	(49.2)			
Group EBIT		**4.7**	**9.9**	**14.6**	**26.2**	**34.8**	**61.0**	***457%***	***252%***	***318%***
Hunting Titan		7.3	8.6	15.9	7.5	5.2	12.7	*3%*	*-40%*	*-20%*
North America		0.0	9.2	9.2	17.9	16.2	34.1	*n/m*	*76%*	*271%*
Subsea Technologies		0.0	(1.1)	(1.1)	(0.4)	8.4	8.0	*n/m*	*n/m*	*n/m*
EMEA		(2.2)	(3.8)	(6.0)	(1.1)	(1.2)	(2.3)	*n/m*	*n/m*	*n/m*
Asia Pacific		(0.4)	(3.0)	(3.4)	2.3	6.2	8.5	*n/m*	*n/m*	*n/m*
EBIT margins %		***1.4%***	***2.5%***	***2.0%***	***5.5%***	***7.7%***	***6.6%***			
Hunting Titan		*5.7%*	*6.2%*	*6.0%*	*5.6%*	*4.2%*	*4.9%*			
North America		*0.0%*	*5.8%*	*3.3%*	*9.4%*	*8.8%*	*9.1%*			
Subsea Technologies		*0.0%*	*-3.3%*	*-1.6%*	*-0.9%*	*15.0%*	*8.1%*			
EMEA		*-5.9%*	*-11.0%*	*-8.4%*	*-2.4%*	*-2.9%*	*-2.6%*			
Asia Pacific		*-1.3%*	*-6.2%*	*-4.2%*	*2.6%*	*8.8%*	*5.4%*			

Source: Company

Regional reporting obviously ties in with product group reporting; OCTG generates revenues in four regions (with North America and Asia Pacific the largest of those), Hunting Titan is largely comprised of Perforating Systems' products, Advanced Manufacturing is chiefly a North American business currently and Subsea is effectively stand alone in both Product and Regional division terms (having been split out of North America reporting at the beginning of FY23 for the first time).

Hunting Titan: a similar trading pattern to Perforating Systems, with a more subdued H2, in revenue and operating profit terms. Softness in North America – supplying ex-stock from its distribution network with limited order visibility - was partially compensated for by firmer international sales. In addition, other smaller categories (ie OCTG and Advanced Manufacturing) grew their revenue base.

North America: the elevated trading performance here was driven by all three Product Group components. OCTG and Advanced Manufacturing revenues both rose in the US$35m-40m range and resulted in a 9.1% divisional operating profit margin. This clearly shows that Hunting's activity levels in the region are not solely driven by drilling rig counts, with diverse end markets and international reach.

Subsea: see Product Group commentary. (NB the above table includes operating profit versus EBITDA in the earlier table; all profit for the year on this measure was generated in H2.)

EMEA: OCTG is the dominant product category and accounted for c.80% of the regional revenue uplift, with contracts in South America and Saudi Arabia as well as non-oil gas work. Perforating Systems' sales also grew from a much lower base. The division moved into an EBITDA positive position and the reported operating loss was split broadly evenly between H1 and H2, even though H2 revenues were lower.

Asia-Pacific: OCTG sales drive performance in this regional Division and, as mentioned earlier, revenue more than doubled in FY23 to record levels on the back of two significant contract announcements (ie CNOOC in 2022, Cairn Vedanta in 2023). Significant positive operational gearing saw a decisive move back into profitability and a 5.4% operating margin (or 7.3% at the EBITDA level).

Effectively ungeared after inventory investment, inflows to come

Hunting's pre-close statement in January pointed to a funds neutral position at the end of FY23 and on a pre-IFRS16 basis the company reported a **negligible gearing position** compared to c.US$25m net cash on hand a year earlier. (NB The reported balance sheet shows a modest pre-IFRS16 net debt position of c.US$5m, including a US$3.9m shareholder loan from a non-controlling interest.) A cash outflow for the year was essentially driven by working capital absorption on materially higher revenues. This was a characteristic of H123 trading; it partially reversed in the second half of the year, noting that modest year end gearing position was a significant improvement on c.US$56m reported mid-year (higher still at the end of Q3).

Hunting generated EBITDA of US$103m in the year on a company basis, almost double the level achieved in the prior year. Some US$55m of this was absorbed into working capital, effectively inventory as receivables and payables movements were broadly aligned.

Looking at inventory movements more closely, FY23 was the second consecutive year of investment with the c.US$57m in the year following c.US$72m in the prior year. More than half of the FY23 year investment was into raw materials, with increased positions in both finished goods and work in progress also. Higher activity levels, lead-time requirements and contract visibility in OCTG, Subsea and Advanced Manufacturing will have supported this investment in our view, though Perforating Systems/Hunting Titan also added to its year end stock position.

In context, even after these outflows, group inventory levels are still slightly lower than they were in 2018-2019 when group revenues were last at current levels. Hence, we take the view that the post-Covid revenue recovery profile necessitating a degree of inventory rebuild has been a significant driver of investment here. Over the same two-year period, net absorption across receivables and payables was c.US$12m only, (entirely seen in FY22, with a minor inflow in FY23), noting that FY23 revenues were c.80% higher than those generated in FY21.

Operating cash flow for the FY23 year, after lease costs[1] and some minor non-cash adjustments, was **US$49m** and included a strong c.US$83m inflow in H2.

- **Finance costs** related to borrowings rose to c.US$7m
- **Cash tax** also increased with profitability to c.US$9m (vs c.US$14m adjusted P&L charge)
- **Net capex** of c.US$32m (inc c.US$11m on intangibles), equated to c.0.9x depreciation and internal amortisation of owned assets combined in the year.

Free cash flow in FY23 measured after the above items was effectively neutral. Additionally, group cash flows for FY23 saw funds applied to cash dividend payments (US$15m) and net Treasury share purchases (c.US$9m, substantially seen in H1). Consequently, the net cash outflow for the year was c.US$25m overall.

Hunting retains significant capacity which is more than sufficient to cover in-year short-term borrowing requirements in our view and, it should be noted that we expect the company to generate net cash inflows in each of our three estimate years (see Financials Summary tables).

[1] For the record, lease liabilities shown in the year-end balance sheet were c.US$29m, marginally down on the prior year and the net cash outflow was c.US$3.1m in FY23. In addition, Hunting's US$150m Asset-Based Lending facility (plus a US$50m accordion facility) to 2026 remained in place at the year-end, unchanged.

Outlook: some macro caution but broad-based order book uplift

Some mixed market conditions were noted during FY23, not least those exposed to variable (and ultimately lower) drilling rig activity in North America, chiefly Perforating Systems/Hunting Titan and, to a lesser extent, (around half of) OCTG revenues. There appeared to be more stability in these regional markets towards the end of the year and this looks to have carried over into the early part of FY24. Geopolitical risks are clearly still present warranting some caution / security of supply an important macro consideration.

At the company level, the record year-end group order book of c.US$565m, represented an increase of US$92m year on year. It also compared to US$530m at the H123 stage; given H2 revenue of c. U$451m, sustaining and improving the mid-year position (with an implied book to bill ratio of 1.08 for the period) suggests that Hunting should carry good momentum over into FY24. Bear in mind that this is without a material contribution from Perforating Systems/Hunting Titan, the company's second largest activity by revenue, recognising also that the outlook is expected to be flat here.

The following table shows the group order book development by both Product Group and regional Division, ranked by size and with revenues also included for context.

Hunting: Revenue and Order book development FY23 versus FY22

US$m	FY22 Revenue	Y/e Order book	FY23 Revenue	Y/e Order book	Change Revenue	Change Order book
Group	**725.8**	**473.0**	**929.1**	**565.2**	***28.0%***	***19.5%***
OCTG	258.8	196.5	395.8	222.0	*52.9%*	*13.0%*
Advanced Manufacturing	75.1	137.6	112.1	161.5	*49.3%*	*17.4%*
Subsea	69.0	105.1	98.6	152.2	*42.9%*	*44.8%*
Other Manufacturing	71.0	15.1	78.8	16.8	*11.0%*	*11.3%*
Perforating Systems	251.9	18.7	243.8	12.7	*-3.2%*	*-32.1%*
Group	**725.8**	**473.0**	**929.1**	**565.2**	***28.0%***	***19.5%***
North America	280.7	251.7	374.7	298.8	*33.5%*	*18.7%*
Subsea	69.0	105.1	98.6	152.2	*42.9%*	*44.8%*
Asia Pacific	80.4	110.4	157.6	142.8	*96.0%*	*29.3%*
EMEA	71.5	35.1	88.2	31.1	*23.4%*	*-11.4%*
Hunting Titan	266.0	33.0	259.2	20.3	*-2.6%*	*-38.5%*
Inter company	-41.8	-62.3	-49.2	-80.0	*17.7%*	*28.4%*

Source: Company

The table shows that the order book increase has been broadly spread with double-digit percentage increases in four of the five Product Groups and three of five regional Divisions.

Management has pointed out that employee levels across the group were lower in FY23 compared to the pre-Covid 2018/2019 period, so the company was more profitable per head with a similar revenue base to that time. At the same time, we also note that the number of employees was higher on a FY23 year-end basis versus FY22 (and in four out of five regional Divisions, including EMEA). At a high level, the group FY23 result was characterised by gross margin nudging up by 90bp (to 24.5%) on rising revenues and excellent opex control, resulting in a 460bp increase in operating margin (to 6.6%).

Hence, investors should be clear that the excellent FY23 result was solely down to a rising revenue tide. With this in mind, and in conjunction with firmer order books, this rising hiring cycle could be taken as an indicator of management confidence entering FY24. Previous management guidance for FY24 group EBITDA of US$125m-135m was reiterated, which would represent a 26% uplift on FY23 at the mid-point.

Estimates: Mix changes but headline profit estimates robust

Our expectations for good profit growth in FY24 and FY25 remain valid and our newly introduced FY26 estimates anticipate further progress.

Our existing estimates have been updated with mix changes including increased contributions from OCTG and Subsea Product Groups tempered by a flatter recovery profile for Perforating Systems. (This translates to enhanced North America and Subsea plus lowered Hunting Titan expectations on the regional Division basis). The net result is a modest reduction in our revenue projections and marginal EBITDA uplifts in FY24 (to US$122m, margin 11.8%) and FY25 (US$146.5m, margin 13.4%). Note that our FY24 remains slightly below unchanged management guidance indicating some conservatism notwithstanding the year-on-year increase anticipated.

Below the group EBIT level, our bank interest cost assumption has increased by US$0.5m-U$1.0m pa across our forecast horizon. This is due to our lower end FY24 net cash projection in the first instance but working capital requirements intra-year are also implicitly higher than year-end positions. In addition, improved profitability in North America does impact the mix of profitability and the group effective tax rate; we now factor in 27% - previously 25% - and across as three estimate years. Consequently, our EPS estimates for the next two years are c.3% lower than previously, while our DPS estimates are unchanged. Our headline estimate changes are summarised in the following table.

Hunting: Headline estimate revisions

	New			Change		
Yr to December (US$m)	**2024E**	**2025E**	**2026E**	**2024E**	**2025E**	**2026E**
Revenue	1029.6	1093.8	1155.9	-3.8	-21.9	n/a
EBITDA*	122.0	146.5	160.1	0.5	0.5	n/a
Pre-Tax Profit	76.2	101.9	116.7	-0.7	-0.7	n/a
EPS adj (US c)	31.1	42.2	48.6	-1.2	-1.5	n/a
DPS (US c)	11.0	12.0	13.0	0.0	0.0	n/a

*Source: Equity Development *Company basis*

Including our new FY26 estimates which shows further expected growth in all headline metrics, the resulting group **three-year CAGRs** are as follows:

- **Revenue +7.6%**
- **EBITDA +15.8%**
- **EPS +33.8%**
- **DPS +9.1%**

The group's 2030 strategy was formally presented to the investment community in a September Capital Markets event and, unsurprisingly, no changes were flagged with the FY23 results announcement. We do not propose to repeat the group's 2030 strategy here (discussed in our November initiation note and summarised again in our January update note). A simple comparison of two key financial metrics shows that our projections for revenue growth (+7.6% CAGR) and EBITDA margin (FY26e 13.8%) are conservative against 2030 targets (of 13% organic growth and c.15% margin respectively), acknowledging that the end point is beyond our estimate period.

Given that our estimates represent a c.60% EBITDA uplift over the next three years (on a base FY23 year that was itself almost double FY22 levels), it also shows the scale of management ambition for the group over an extended time horizon.

Financial Summary

INCOME STATEMENT									
Year End: December US$m	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024E**	**2025E**	**2026E**
		IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16
Revenue	**911.4**	**960.0**	**626.0**	**521.6**	**725.8**	**929.1**	**1,029.6**	**1,093.8**	**1,155.9**
Gross Profit	275.1	266.4	124.8	100.6	171.4	227.7	254.8	278.3	294.1
EBITDA – HTG	142.3	139.7	26.1	3.1	52.0	103.0	122.0	146.5	160.1
EBIT - HTG norm	**104.7**	**94.3**	**(16.4)**	**(35.1)**	**14.6**	**61.0**	**80.0**	**104.0**	**117.1**
Net Bank Interest	(1.0)	(0.9)	(1.1)	0.3	0.4	(5.0)	(4.5)	(4.0)	(3.5)
IFRS16 Interest		(2.2)	(1.9)	(1.5)	(1.2)	(1.3)	(1.3)	(1.3)	(1.3)
Other financial	0.3	1.9	0.0	(0.8)	(0.9)	(4.1)	(1.5)	(1.5)	(1.5)
Associates/JVs	0.0	0.0	0.0	(3.5)	(2.7)	(0.6)	3.5	4.7	5.9
Profit Before Tax (HTG norm)	**104.0**	**93.1**	**(19.4)**	**(40.6)**	**10.2**	**50.0**	**76.2**	**101.9**	**116.7**
Intangible Amortisation	(29.3)	(28.5)	(17.3)	(7.0)	0.0	0.0	0.0	0.0	0.0
Other Non-Underlying Items	0.0	(19.0)	(186.3)	(37.9)	(12.6)	0.0	0.0	0.0	0.0
Profit Before Tax (reported)	**74.7**	**45.6**	**(223.0)**	**(85.5)**	**(2.4)**	**50.0**	**76.2**	**101.9**	**116.7**
Tax	11.0	(4.2)	(15.2)	(4.2)	(1.3)	69.0	(19.6)	(26.2)	(29.9)
Other	3.6	(1.7)	3.5	3.9	(0.9)	(1.9)	(4.5)	(5.0)	(5.5)
Profit After Tax (reported)	**89.3**	**39.7**	**(234.7)**	**(85.8)**	**(4.6)**	**117.1**	**52.0**	**70.6**	**81.2**
EPS FD - HTG norm (US c)	**49.6**	**43.9**	**(10.0)**	**(27.1)**	**4.7**	**20.3**	**31.1**	**42.2**	**48.6**
EPS FD - reported (US c)	**52.3**	**23.5**	**(143.1)**	**(53.2)**	**(2.8)**	**70.0**	**31.1**	**42.2**	**48.6**
Dividend per share (US c)	**9.0**	**5.0**	**9.0**	**8.0**	**9.0**	**10.0**	**11.0**	**12.0**	**13.0**
Shares - Basic Weighted Avge (m)	164.1	165.2	163.9	161.2	160.3	158.6	158.6	158.6	158.6
Shares - Period End (m)	165.1	166.9	164.9	164.9	164.9	164.9	164.9	164.9	164.9
Margins (%)									
Gross Profit	***30.2***	***27.8***	***19.9***	***19.3***	***23.6***	***24.5***	***24.8***	***25.4***	***25.4***
EBITDA - HTG	*15.6*	*14.6*	*4.2*	*0.6*	*7.2*	*11.1*	*11.8*	*13.4*	*13.8*
EBIT HTG norm	***11.5***	***9.8***	***(2.6)***	***(6.7)***	***2.0***	***6.6***	***7.8***	***9.5***	***10.1***

Source: Company, Equity Development

CASH FLOW STATEMENT									
Year End: December US$m	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024E**	**2025E**	**2026E**
		IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16
EBITDA - HTG	142.3	139.7	26.1	3.1	52.0	103.0	122.0	146.5	160.1
SBP	13.2	9.1	9.0	9.2	9.9	13.5	13.5	13.5	13.5
Change in working capital	(96.6)	7.6	38.8	22.8	(86.6)	(55.0)	(21.7)	(12.1)	(12.6)
Other	(3.6)	(11.5)	(17.9)	(7.1)	(8.2)	(3.1)	0.0	0.0	0.0
Operating Cash Flow	**55.3**	**144.9**	**56.0**	**28.0**	**(32.9)**	**58.4**	**113.8**	**147.9**	**161.0**
Tax paid	**(2.6)**	**(7.7)**	**(5.0)**	**0.6**	**(3.9)**	**(9.1)**	**(15.7)**	**(21.0)**	**(23.9)**
Investing Activities	**(6.7)**	**(46.6)**	**(46.6)**	**9.2**	**(11.7)**	**(33.1)**	**(40.0)**	**(40.0)**	**(40.0)**
Associates & JV income	0.0	0.0	(0.9)	0.0	0.0	0.6	0.0	0.0	0.0
Tangible Fixed Assets purchased	(24.3)	(30.4)	(11.7)	(5.7)	(15.9)	(23.1)	(35.0)	(35.0)	(35.0)
Tangible Fixed Assets disposed	12.5	0.9	2.0	2.2	6.6	1.9	0.0	0.0	0.0
Intangibles	(6.6)	(10.2)	(4.3)	(2.7)	(5.6)	(10.9)	(5.0)	(5.0)	(5.0)
Acquisition consideration	0.0	(12.5)	(32.8)	0.0	0.0	0.0	0.0	0.0	0.0
Disposal proceeds	0.0	3.0	0.6	31.5	0.0	0.0	0.0	0.0	0.0
Other business investments	11.7	2.6	0.5	(16.1)	3.2	(1.6)	0.0	0.0	0.0
Financing Activities	**(14.0)**	**(31.2)**	**(33.2)**	**(31.4)**	**(30.0)**	**(41.4)**	**(32.2)**	**(33.4)**	**(34.5)**
Net finance income (cost)	(2.0)	0.1	(0.3)	(0.4)	(2.9)	(7.3)	(4.5)	(4.0)	(3.5)
IFRS16 lease payments		(10.6)	(10.4)	(10.6)	(8.0)	(10.4)	(10.4)	(10.4)	(10.4)
Equity	(5.4)	(4.1)	(14.3)	(7.6)	(7.7)	(8.7)	0.0	0.0	0.0
Dividends paid	(6.6)	(16.6)	(8.2)	(12.8)	(13.6)	(15.0)	(17.3)	(19.0)	(20.6)
Other	0.0	0.0	0.0	0.0	2.2	0.0	0.0	0.0	0.0
Net Cash Flow	**32.0**	**59.4**	**(28.8)**	**6.4**	**(78.5)**	**(25.2)**	**25.8**	**53.6**	**62.5**
Opening net cash/(debt) - pre IFRS16	**30.4**	**61.3**	**123.1**	**97.8**	**103.5**	**20.6**	**(4.7)**	**21.1**	**74.7**
Change in Net Cash	32.0	59.4	(28.8)	6.4	(78.5)	(25.2)	25.8	53.6	62.5
Other	(1.1)	2.4	3.5	(0.7)	(4.4)	(0.1)	0.0	0.0	0.0
Closing net cash/(debt) - pre IFRS16	**61.3**	**123.1**	**97.8**	**103.5**	**20.6**	**(4.7)**	**21.1**	**74.7**	**137.2**
IFRS16 lease liabilities		**(45.2)**	**(40.3)**	**(31.8)**	**(30.6)**	**(28.7)**	**(28.7)**	**(28.7)**	**(28.7)**

Source: Company, Equity Development

BALANCE SHEET

Year End: December	US$m	2018	2019	2020	2021	2022	2023	2024E	2025E	2026E
			IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16	IFRS16
Non-Current Assets		**721.8**	**735.0**	**581.1**	**535.7**	**515.3**	**595.7**	**604.0**	**612.9**	**622.6**
Intangible Assets - Goodwill		229.9	230.2	164.2	164.1	155.5	154.4	154.4	154.4	154.4
Intangible Assets - Other		99.8	78.5	42.9	36.2	35.7	40.8	39.8	38.8	37.8
Tangible Assets - Owned		360.2	354.7	307.1	274.4	256.7	254.5	260.3	265.6	270.4
Tangible Assets - RoU		0.0	36.7	29.8	24.7	26.0	26.2	26.2	26.2	26.2
Other Fixed Assets		31.9	34.9	37.1	36.3	41.4	119.8	123.3	127.9	133.8
Current Assets		**647.2**	**682.1**	**532.4**	**475.9**	**534.0**	**626.6**	**680.7**	**750.0**	**829.2**
Inventory		348.2	350.8	288.4	204.4	272.1	328.4	342.7	341.8	342.2
Trade Receivables		201.7	176.1	119.9	137.2	190.2	221.2	235.2	251.9	268.2
Other Debtors		29.4	26.6	21.2	25.9	42.3	31.5	31.4	31.4	31.4
Cash		67.9	128.6	102.9	108.4	29.4	45.5	71.3	124.9	187.4
Current Liabilities		**(159.5)**	**(145.3)**	**(84.7)**	**(99.0)**	**(163.8)**	**(225.8)**	**(245.0)**	**(261.4)**	**(278.2)**
Trade Payables		(62.3)	(56.3)	(26.4)	(40.5)	(66.8)	(62.5)	(69.0)	(72.7)	(76.8)
Other Creditors		(94.5)	(77.6)	(46.9)	(48.6)	(83.0)	(109.0)	(121.7)	(134.4)	(147.1)
IFRS16 Lease Liabilities		0.0	(9.8)	(10.2)	(8.9)	(9.1)	(8.0)	(8.0)	(8.0)	(8.0)
Short-term Borrowings		(2.7)	(1.6)	(1.2)	(1.0)	(4.9)	(46.3)	(46.3)	(46.3)	(46.3)
Non-Current Liabilities		**(18.4)**	**(48.0)**	**(52.2)**	**(41.3)**	**(39.3)**	**(39.4)**	**(43.3)**	**(48.6)**	**(54.6)**
Long-term Borrowings		(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)
IFRS16 Lease Liabilities		0.0	(35.4)	(30.1)	(22.9)	(21.5)	(20.7)	(20.7)	(20.7)	(20.7)
Other Long-term Liabilities		(14.5)	(8.7)	(18.2)	(14.5)	(13.9)	(14.8)	(18.7)	(24.0)	(30.0)
Net Assets		**1,191.1**	**1,223.8**	**976.6**	**871.3**	**846.2**	**957.1**	**996.3**	**1,053.0**	**1,119.1**

Source: Company, Equity Development

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