

Newcastle University Investment Fund

São Martinho | B3: SMT03

Long: Target Price \$6.66 – **(160.5% Upside)**

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São Martinho

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Executive Summary



Pitch Narrative

- São Martinho (B3: SMTO3) stands as Brazil's fourth-largest sugarcane processor and one of the most efficient sugar-ethanol producers globally operating four integrated mills, processing a record 23.07 million tonnes of sugarcane in the 2023/24 harvest, producing 1.47 million tonnes of sugar, 948,000 cubic metres of ethanol, and over 700 GWh of renewable electricity through cogeneration.
- We believe the market is ignoring how the newly acquired 10,600 hectares and the ramp-up in own-cane supply will lift efficiency and volumes from 2026 onwards. Investors are also discounting the impact of tighter sugar supply and a weaker Brazilian crop, which supports stronger pricing than the share price implies.
- The company's valuation fails to reflect its ability to convert these operational gains into higher cash generation once capex normalises, helped by a supportive outlook for both sugar and ethanol prices. Current multiples assume little improvement, even though near-term catalysts are already in place and execution risk is low.
- We recommend a **LONG** on SMTO3, with a **\$6.66 target price**, representing a **160.5% upside** from its current valuation

Valuation Summary				
Scenario	WACC	Terminal Growth	Target Price	Upside
Bull	17.10%	2.50%	\$8.36	230.30%
Base	19.10%	2.50%	\$6.58	160.30%
Bear	21.10%	2.50%	\$5.21	105.90%

Our DCF valuation suggests material upside under all scenarios, with a base case target price of \$6.58, reflecting a +160% upside. Even in the bear case, we see a strong +105% upside, while the bull case points to +230%. This highlights São Martinho's compelling valuation and its resilience across macro and operational environments.

Street's View

Thesis 1

- Structural commodity margin compression due to sugar surplus with a ~8.7 m tonne forecast for 2025/26 and sharply lower sugar prices, down 22 % YTD and at four-year lows below 15¢/lb
- Brazilian corn-ethanol capacity rising to ~32 % of fuel-ethanol production is undercutting sugar-cane economics and forcing mills to maximise sugar output even with weak pricing

Our Variant View

Thesis 2

- Maintenance capex and replanting needs remain elevated following ~414,000 hectares of fire damage in FY25, constraining discretionary FCF
- ROIC compressed to 5.2–7.5%, trending down from 13% five-year average as capital intensity fails to generate adequate returns on invested base

- The recent SMTO acquisition of 10,600 hectares from Brazil's largest sugarcane producer, all within 25km of São Martinho's most efficient plant, enables both rapid throughput scaling and improved logistical cost discipline, with total own sugarcane share at the plant rising by 1pp
- Projected TCH (tons cane per hectare) on the acquired land (*67–89t/ha with 15% renovation*) far exceeds the industry average and should be achievable with only a marginal R\$100mm capex over the next cycle, supporting modelled reductions in both maintenance and supplier sourcing costs.

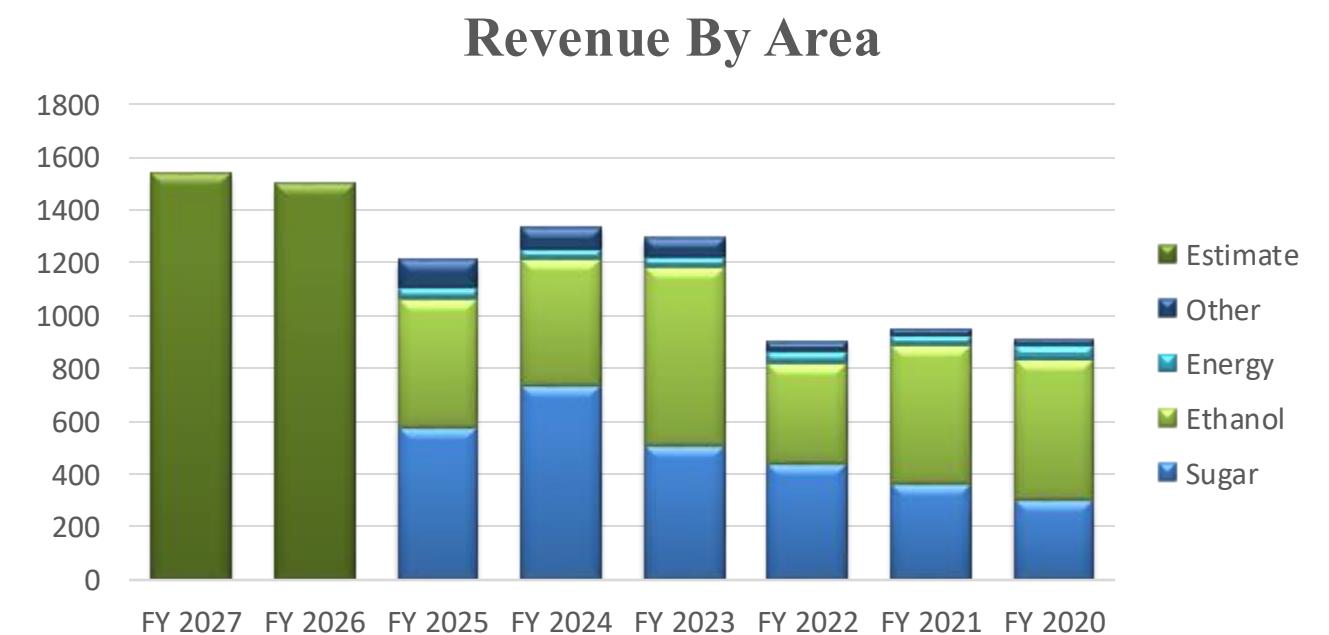


Company Overview

- Brazilian, vertically integrated sugar and bioenergy producer, with four mills with a combined crushing capacity of 24 million with Boa Vista operating exclusively as an ethanol plant.
- Owned 57.2% by LJN, family run investment firm focusing on agriculture sector in Brazil.

Recent Financials

- Debt to Equity in FY2025 1.63 compared to competitor 3.76 RAIZEN.
- Revenue by area shifts regularly amongst sugar and ethanol due to market prices. Revenue fell by 9.1% in FY2025 due to lower yields caused by droughts and fires, however the market estimates a rebound in revenue by 7.2% compared to FY2024.



Management

Fabio Venturelli CEO since 2007 with previous experience in agriculture businesses. Recognised multiple times by Brazilian press as executive of the year. His long tenure has brought consistency in strategy ensuring confidence in long term investment.

Felipe Vicchiato CFO since 2006 instrumental to Sao Martinho's IPO, saw the incorporation of NFB who owned the Boa Vista mill.

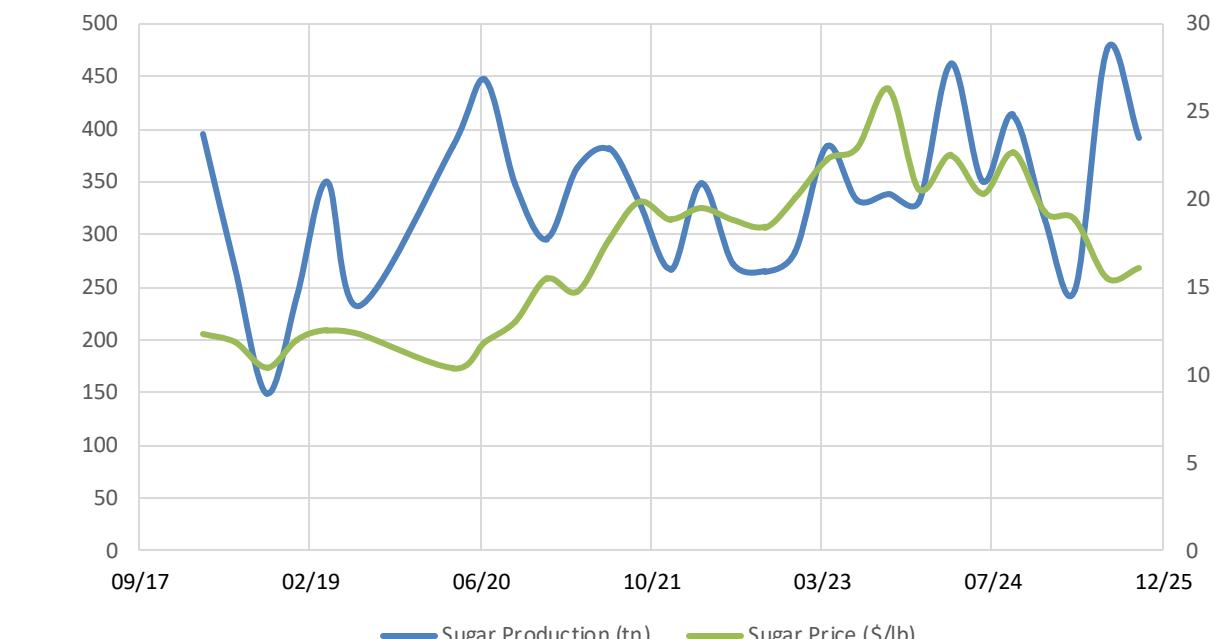
Strategic Strengths

Sao Martinho's Strategic Strength lies in its ability to shift its production between sugar and ethanol depending on their respective market price. As shown in the graph when sugar prices softened production followed and similarly when sugar prices increased so did production, this can be similarly seen between ethanol price and ethanol production.

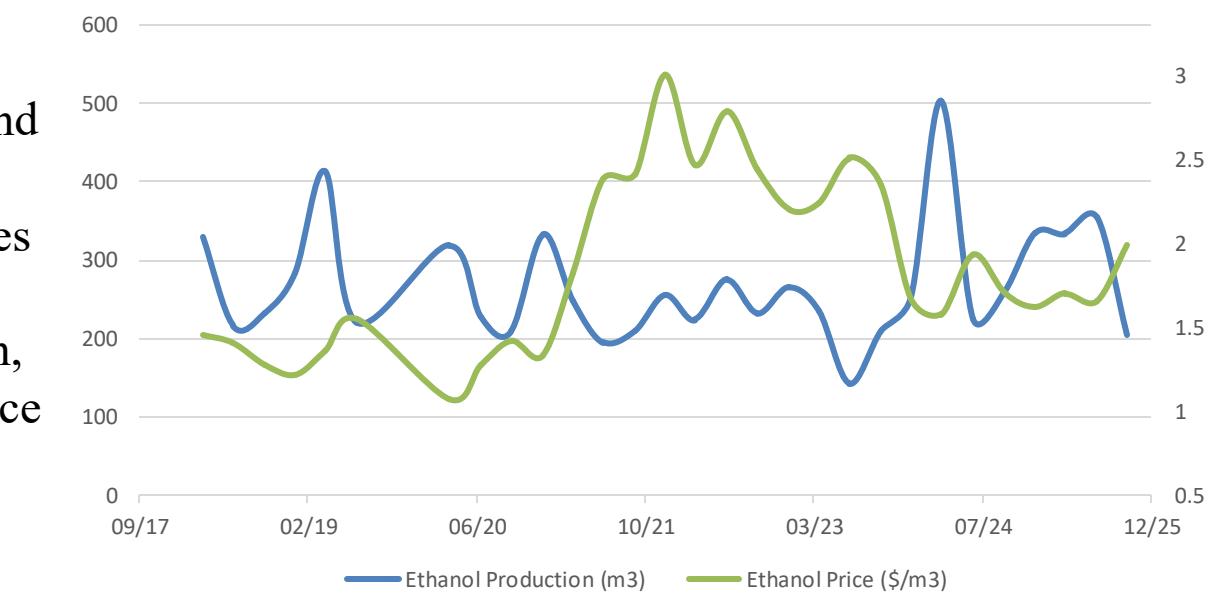
This ability allows Sao Martinho to naturally hedge commodity risk, protecting them from price volatility.



Sugar Production compared to Sugar Price



Ethanol Production compared to Ethanol Price



Industry Overview

1. Brazil's biofuel industry is valued at \$9.9billion (2025) projected to reach 19.07 billion by 2032 (9.8% CAGR) driven by policy and environmental concern

Background

- Brazil is one of the largest producers of biofuels, driven by policy, sustainability efforts and abundant natural resources. The Centre-South region produces 90% of output, crushing 590-600million tonnes of sugarcane. This is supported by its favourable climate conditions, strong agricultural infrastructure, and decades of technological development. Ethanol represents 46% of light vehicle fuel consumption, and biofuel represents 7.1% of Brazil's energy mix, expanding volume driven by electrification and RenovaBio decarbonisation mandates.
- Sao Martinho is one of Brazil's largest integrated agricultural products to energy companies. This allows the company to benefit from large scale mechanised harvesting, high agricultural yields, and diversified revenue streams. Its markets span domestic fuel blending mandates, international sugar exports, and renewable energy sales.
- Despite being a fragmented industry with competition from companies such as Razen, Teros Brazil, regulatory framework such as "Fuels of the Future" law, Sao Martinho's diversification and existing infrastructure build a picture of a very attractive industry with upside potential.

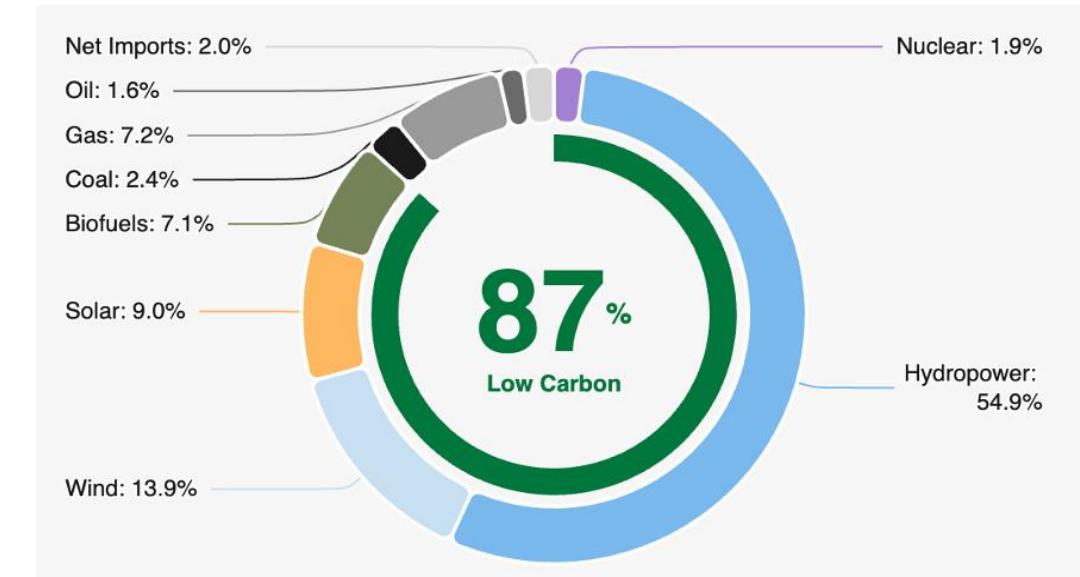
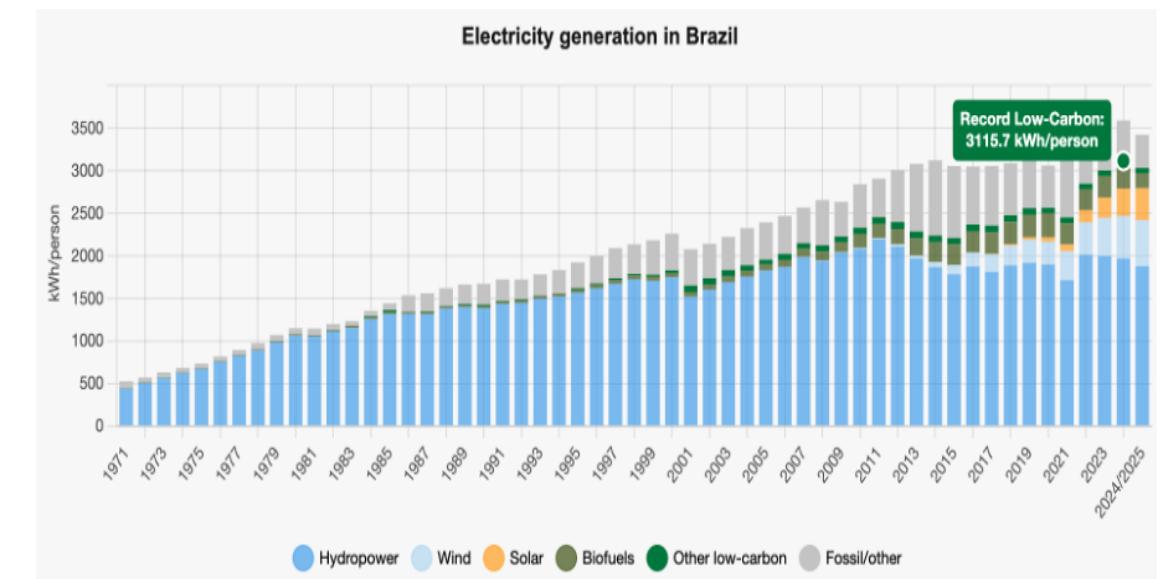
Industry Risk

- Geopolitical risks – Unstable and unpredictable neighbours which create regional volatility
- Energy security concerns – Fuel policy can shift demand between ethanol and gasoline
- Withdrawal of Climate Investment – Slow expansion and reduce incentives for low carbon fuels
- Price Volatility – driven by global supply conditions, climate vulnerability, and currency fluctuations

Internal Geopolitics

Brazil's Geopolitical position influences its biofuel market in several ways. Regional trade dynamics and political relationships shape opportunities for ethanol and agricultural products.

A notable example of this is the UK, where the biofuel industry was crippled by accepting U.S bioethanol tax-free. This was prompted in response to tariffs and the U.S. trying to divert its agricultural sector away from China. A similar pattern could again be seen in Brazil with Donald Trump's attempt to subdue South America.



Market Expectations



What moves the needle?

Recent share price action



1 Oct '24 – Sugar content disappoints

2 Aug '25 – Management disclosed a 7.6% drop in sugarcane crushed and an 11.7% decline in agricultural productivity (tons/ha) due to a water deficit in Feb–Mar 2025, with TRS (sugar content) down 5.5% and sugar/ethanol volumes down low double-digits, signalling structurally weaker field conditions for the new crop.

Reverse DCF shows muted growth despite productivity gains & improving sugar backdrop

Driver	Rev.DCF (Implied by Market EV)	Forecast
WACC	19.1%	19.1%
5Y Revenue CAGR	~1.75%	10%
5Y EBITDA CAGR	~3.5%	12%
UFCF in 2029	600,000 – 650,000	815,259
Terminal UFCF	3,800,000 – 4,200,000	5,033,977
Implied Terminal EV/EBITDA	~5x	7.1x (peer average)

The reverse DCF shows that today's valuation reflects conservative growth and margin assumptions well below both operational performance and forecast visibility

Why this opportunity exists

• Market embeds materially lower operational growth than the company's visible volume expansion supports

The reverse DCF implies only 1.5–2 percent revenue CAGR and ~600k UFCF by 2029, despite management already executing on 10,600 hectares of new land and productivity gains that make low single-digit growth overly conservative.

• Capex peak is being misread as structural rather than temporary

Investors treat elevated capex through 2026 as a permanent drag, but our model shows capex normalising from FY27 onwards and operating leverage recovering. The market prices in slow FCF scaling even though the investment cycle is already funded and nearing completion.

• Commodity pessimism does not match current sugar and ethanol dynamics

The implied long-run UFCF in the reverse DCF assumes depressed pricing power yet forecasts for 2H25 show tightening sugar supply and stable domestic ethanol parity. Consensus behaviour is anchored to past volatility, not to present supply constraints.

• Margins are priced as stagnant despite clear cost improvements

Market-implied EBITDA is several points below our model and the company's recent trajectory. Rising own-cane share and efficiency gains provide credible support for margin stability, but these drivers are not reflected in market expectations.

• The valuation disconnect persists because investors use blanket emerging-market risk premiums

A 19.1 percent WACC implies distress-level risk for a company with sub-1.3x leverage and long operating history. The market overprices macro risk, producing an EV consistent with a much weaker business profile than São Martinho actually has.



Catalysts

- Due to Sao Martinho's existing infrastructure and financials, it is a good candidate for potential M&As, particularly with existing public policy and incentives from banks

Vertically integrated model

- One of the largest sugar, ethanol and bioenergy producers globally
 - o Vertical integration
 - From the process of sugarcane cultivation to the sale of bioethanol, control of whole process
 - Operational efficiency (87% mechanised harvesting vs 75-80% industry average) and logistical advantages for distribution through pipeline and rail infrastructure
 - o Infrastructure
 - 4 strategically located Mills
 - Sao Martinho, Santa Cruz, Iracema, Bao Vista
 - 24 million tonnes crushing capacity
- Already has basic infrastructure to meet rising renewable energy demand
 - o 700+ GWh renewable electricity exported annually (100% traced by Renewable Energy certificates)

Decarbonisation of Brazil

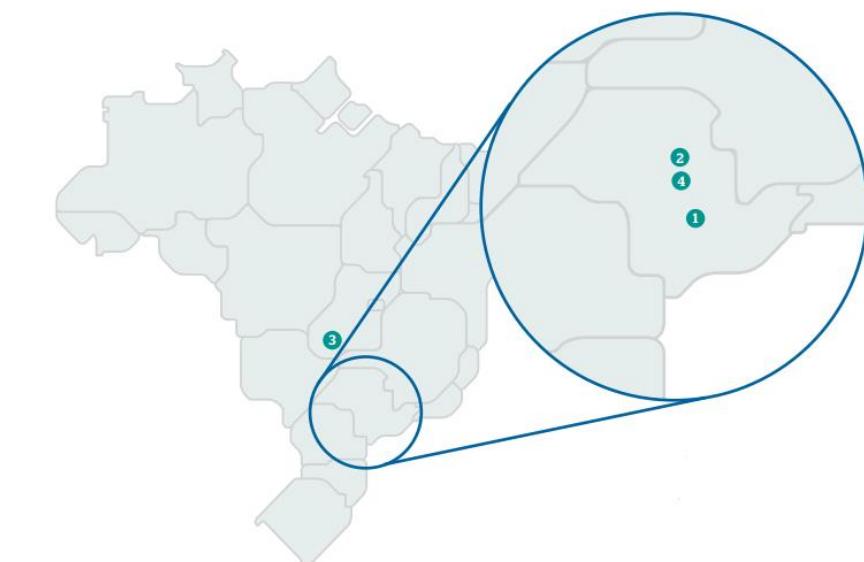
- Energy security and environmental objectives & pressure on traditional streams of energy
 - o Government policy support
 - Fuels of the Future law – legislative framework for biofuel expansion
 - RenovaBio program
 - Ethanol blend mandate
- Financing incentives
 - o National Development Bank (BNDES) and Northeastern Brazilian Bank (BNB)
 - o IFC backing through construction of biomethane plant

Diversification Strategy

- Multiple revenue streams to spread risk
 - o Sugar exports
 - o Ethanol sales
 - o Electricity cogeneration
 - o Emerging biomethane plant

Geographical advantage

- Geographical position of plants
 - o Centre-South region in Brazil
 - 90% of Brazil's sugarcane production
 - Proximity to fertile soil (Terra Roxa) and ideal climate
 - Proximity to sugarcane farms, reduces transport cost
 - Skilled labour
 - o Leverage geographical advantage for growth



Risks & Mitigations



Risk	Mitigation
Commodity Price Volatility – Price of Sugar and Ethanol are inherently volatile. A downturn in international sugar prices or domestic ethanol prices would cause pressure on the company's revenue and margins.	Sao Martinho is well insulated against this risk due to their ability to shift production depending on market prices, protecting them from market volatility.
Climate and Agriculture Risks – Sugarcane yields depend on rainfall and temperature. Droughts and extreme weather conditions could cause a reduce in cane supply and possible lower sugar contents reducing overall revenue.	The company has invested in Agritech, such as satellite technology which it can monitor light, temperature, soil quality. They also use agriculture forecasting to optimise planting and harvesting ensuring stable supply.
Volatility in Energy Prices – Brazil's heavy reliance on hydropower is structurally volatile. During droughts this could case issues with supply causing increased price per MWh. This could increase costs to Sao Martinho squeezing their margins.	Sao Martinho is shielded from such volatile energy prices as it can generate its own generation during its production process by cogeneration. Additionally, with its continued investment in biomass energy plant the company further is insulating itself from volatile energy prices.
Regulatory & Policy Changes – Brazil currently mandates that gasoline must contain around 27% of ethanol. Reduction in this mandate would result in demand falling sharply for ethanol. Exposure to RenovaBio, which rewards low-carbon biofuel producers, changes to eligibility could reduce this environmental credit revenue.	Sao Martinho has a diversified revenue mix between sugar, ethanol and electricity which reduces the risk of regulatory changes. They have long term contract with fuel distributors which keeps them independent from short-term policy volatility. Lastly, lobby through UNICA gives the company influence in sector policies.



Valuation

DCF Valuation Suggests Material Upside Across Scenarios

	PREMIUM (DISCOUNT) TO CURRENT PRICE				
	Terminal Growth Rate				
	1.5%	2.0%	2.5%	3.0%	3.5%
WACC	17.1%	207.4%	218.4%	230.3%	242.9%
	18.1%	173.5%	182.9%	192.9%	203.6%
	19.1%	143.6%	151.7%	160.3%	169.4%
	20.1%	117.1%	124.1%	131.5%	139.3%
	21.1%	93.4%	99.5%	105.9%	112.7%
	<i>Target Price</i>		<i>Upside</i>	<i>Weight</i>	<i>Weighted TP</i>
Bull	\$8.36 (EV/s @ 17.1% WACC, 2.5% TGR)		230.3%	20%	\$1.67
Base	\$6.58 (EV/s @ 19.1% WACC, 2.5% TGR)		160.3%	60%	\$3.95
Bear	\$5.21 (EV/s @ 21.1% WACC, 2.5% TGR)		105.9%	20%	\$1.04
WTP					\$6.66
					~163.5%
Company	Raizen	Cosan	Adecoagro	Average (Peers)	São Martinho
5-Year CAGR revenue	20.00%	26.50%	10.90%	19.10%	14.20%
EBIT Margin	~2.0%	28.10%	6.20%	12.10%	23.70%
Net Income Margin	-1.70%	-31%	1.70%	-10.40%	7.80%
EBITDA Margin	5%	14%	20.60%	13.20%	~48%



In the Bear Case, we assume a higher WACC of 21.1% to reflect macroeconomic risk, commodity price volatility, and potential delays in project execution. Terminal growth remains at 2.5% but rising rates and market risk reduce the value of future cash flows. Even under this conservative outlook, São Martinho's equity is valued at \$5.21/share, implying a 105.9% upside, highlighting strong downside protection.

The Base Case uses a WACC of 19.1% and a terminal growth rate of 2.5%, reflecting balanced assumptions around revenue growth, margin stability, and investment returns. This scenario captures the company's consistent operational performance and Brazil's steady demand for sugar and ethanol. It yields an equity value of \$6.58/share, representing a 160.3% upside – our central valuation and most likely outcome.

In the Bull Case, a reduced WACC of 17.1% reflects improving investor sentiment, falling rates, and strong execution on growth initiatives like ethanol scale-up and energy integration. With sustained margin expansion and asset productivity, São Martinho's equity value reaches \$8.36/share, implying a 230% upside. This scenario rewards the company's leadership in Brazil's bioenergy transition and policy-aligned growth.



Visualisation



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Appendix: Company Financials (A)



Sao Martinho S/A- Company Financial (Multiple Periods)									
SMTO3 BZ Equity		Periodicity:A		Currency:USD		Estimate Source:BST		Actual Source:Bloomberg	
In Millions of USD	2018 A (Rep)	2019 A (Rep)	2020 A (Rep)	2021 A (Rep)	2022 A (Rep)	2023 A (Rep)	2024 A (Rep)		
12 Months Ending	43190	43555	43921	44286	44651	45016	45382		
Income Statement									
Total Revenue	1,067.86	890.03	903.4	800.72	1,082.34	1,290.55	1,397.16		
Cost of Revenue	726.16	659.22	614.3	509.61	619.53	891.58	1,057.50		
Gross Profit	341.69	230.81	287.23	287.94	454.41	395.88	339.66		
Gross Margin (%)	32	25.93	31.79	35.96	95.89	30.74			
Total Operating Expenses	93.2	77.42	86.66	79.72	85.19	94.4	121.38		
Selling General & Admin	93.2	77.42	86.66	79.72	85.19	94.4	121.38		
General & Administrative	55.97	51.63	52.93	47.64	55.12	51.36	69.59		
Marketing & Sales	37.23	25.79	33.73	32.08	30.07	43.05	51.79		
Other Operating Income	0.98	31.55	88.69	78.03	82.39	100.93	293.24		
Operating Income	327.72	158.85	193.43	189.31	337.08	331.04	249.33		
Operating Margin (%)	23.36	20.78	32.09	35.89	42.05	31.26	36.61		
Depreciation & Amortization	119.8	114.32	115.24	256.82	305.34	412.72	287.45		
EBITDA	606.08	435.57	453.27	405.25	589.91	651.84	622.41		
EBITDA Margin (%)	49.3	51.9	66.1	68.4	70.7	63.5	70.9		
Income Tax Expense	40.67	17.27	23.1	52.18	86.06	34.55	62.92		
Tax Rate (%)	21.02	17.19	12.9	23.3	23.64	14.9	17.37		
Adjusted Results									
EBITDA	606.08	435.57	453.27	405.25	589.91	651.84	622.41		



Appendix: Company Financials (B)



Sao Martinho S/A- Company Financial (Multiple Periods)									
SMT03 BZ Equity		Periodicity:A		Currency:USD		Estimate Source:BST		Actual Source:Bloomberg	
In Millions of USD	2018 A (Rep)	2019 A (Rep)	2020 A (Rep)	2021 A (Rep)	2022 A (Rep)	2023 A (Rep)	2024 A (Rep)		
12 Months Ending	43190	43555	43921	44286	44651	45016	45382		
Condensed Balance Sheet									
Assets									
Current Assets	812.81	833.99	670.39	564.19	1,174.02	1,122.71	1,242.09		
Cash & Cash Equival	442.02	522	369.9	237.69	628.44	607.65	628.27		
Accounts Receivable	53.79	41.9	31.89	37.96	47.71	54.27	132.82		
Inventories	101.2	59.57	70.42	78.55	161.63	137.02	121.53		
Non-Current Assets	1,943.48	1,665.58	1,659.04	1,621.36	2,495.70	2,593.11	2,819.97		
Investments in Affiliat	9.84	8.6	6.51	7.03	9.63	9.44	10.91		
Goodwill	142.18	122.69	89.55	79.51	96.68	91.62	90.72		
Long Term Operating & Finance Lease Right Use Assets			330.65	329.01	652.02	577.46	556.25		
Total Assets	2,756.29	2,499.57	2,329.43	2,185.54	3,669.72	3,715.82	4,062.07		
Liabilities & Equity									
Current Liabilities	369.29	322.47	333.92	324.12	459.81	516.36	569.17		
Accounts Payable	46.61	39.16	33.56	39.02	87.75	55.53	81.47		
Short-Term Debt	207.64	193.58	113.65	118.71	122.93	203.03	218.62		
Non-Current Liabilities	1,392.17	1,307.65	1,351.94	1,159.79	2,085.60	2,032.36	2,124.54		
Long-Term Debt		840.77	812.16	594.26	1,121.86	1,104.53	1,084.82		
Long-Term Leases			322.28	336.59	635.65	600.45	573.23		
Other	78.15	64.5	101.64	125.86	198	243.89	410.14		
Other	412.92	359.59	264.42	290.78	451.3	462.75	598.68		
Total Liabilities	1,761.46	1,630.12	1,685.87	1,483.90	2,545.41	2,548.71	2,693.71		
Total Shareholders' Ec	994.83	869.45	643.57	701.64	1,124.32	1,167.10	1,368.36		
Capital Stock	472.01	435.02	326.27	364.64	566.88	624.06	785.98		
Total Liabilities & Shan	2,756.29	2,499.57	2,329.43	2,185.54	3,669.72	3,715.82	4,062.07		
Special Company Reference Items									
Total Debt					1,244.80	1,307.55	1,303.44		
Net Debt (Cash)	744.74	615.87	553.69	475.57	614.73	692.3	660.97		



Appendix: Company Financials (C)



Sao Martinho S/A- Company Financial (Multiple Periods)								
SMT03 BZ Equity	Periodicity:A	Currency:USD	Estimate Source:BST	Actual Source:Bloomberg				
In Millions of USD	2018 A (Rep)	2019 A (Rep)	2020 A (Rep)	2021 A (Rep)	2022 A (Rep)	2023 A (Rep)	2024 A (Rep)	
12 Months Ending	43190	43555	43921	44286	44651	45016	45382	
Condensed Cash Flow Statement								
Cash from Operating Activities								
Net Income	152.83	83.18	155.96	171.76	278.04	197.32	299.29	
Depreciation & Amortization	119.8	114.32	115.24	256.82	305.34	412.72	287.45	
Cash Flow from Operations	467.82	445.22	477.67	421.18	647.41	580.66	762.6	
Cash from Investing Activities								
Capital Expenditures	-142.87	-138.23	-127.64	-109.41	-239.35	-232.6	-201.62	
Cash Flow from Investing	-439.65	-467.7	-314.35	-127.85	-787.48	-438.38	-506.03	
Cash from Financing Activities								
Dividends Paid	-31.08	-47.67	-56.13	-34.76	-151.62	-73.01	-82.75	
Cash Flow from Financing	-28.66	37.5	-189.01	-256.92	107.76	-111.15	-270.29	
Special Company Reference Items								
Free Cash Flow	324.95	305.64	347.8	311.77	408.06	348.06	560.98	



Appendix: DCF (A)



Sao Martinho Income Statement

All numbers in \$ thousands except per share data

	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Revenue Growth (%)	19.2%	8.3%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
COGS Margin (%)	48.0%	63.8%	68.8%	66.4%	64.5%	62.7%	61.0%	60.0%
Revenue	1,290,550.00	1,397,160.00	1,536,880.00	1,690,580.00	1,859,630.00	2,045,590.00	2,250,140.00	2,475,154
COGS	619530	891,580.00	1057500	1,122,920	1,199,310	1,283,140.00	1,371,540.00	1,485,090.00
Gross Profit	671,020	505,580	479,380	567,660	660,320	762,450	878,600	990,064
SG&A	94400	121380	107710	122950	130,180	139,470	149,330	159,760
EBITDA	881,960	796,920	659,120	769,710	990,140	1,117,980	1,239,270	1,330,304
Depreciation & Amortisation	305340	412720	287450	325000	460000	495,000	510,000	500,000
Operating Profit	576,620	384,200	371,670	444,710	530,140	622,980	729,270	830,304
Operating Income (EBIT)	337080	331040	249330	368,850	405,740	446,310	490,940	540,030
EBIT Tax Rate	26%	10%	25%	18%	20%	18%	20%	18%
EBIT Tax	85,955	34,561	63,330	67,241	81,148	80,336	98,188	94,505



Appendix: DCF (B)



Unlevered Free Cash Flow Schedule

All numbers in \$ thousands except per share data

	2022	2023	2024	2025E	2026E	2027E	2028E	2029E
EBITDA Growth		(9.6%)	(17.3%)	16.8%	28.6%	12.9%	10.8%	7.3%
EBITDA	881,960	796,920	659,120	769,710	990,140	1,117,980	1,239,270	1,330,304
Tax Depreciation	305,340	412,720	287,450	325,000	460,000	495,000	510,000	500,000
Operating Profit	576,620	384,200	371,670	444,710	530,140	622,980	729,270	830,304
Tax Rate	26%	10%	25%	18%	20%	18%	20%	18%
Current Tax	85,955	34,561	63,330	67,241	81,148	80,336	98,188	94,505

UNLEVERED FREE CASH FLOW

EBITDA	769,710	990,140	1,117,980	1,239,270	1,330,304
Current Taxes on EBIT	(67,241)	(81,148)	(80,336)	(98,188)	(94,505)
Capital Expenditure	(530,000)	(510,000)	(490,000)	(435,000)	(415,000)
Cash from Working Capital	(15,970)	(5,000)	(5,900)	(5,300)	(5,540)
Unlevered Free Cash Flow	156,499	393,992	541,744	700,782	815,259



Appendix: DCF (C)



Discounted Cash Flow Schedule

All numbers in \$ thousands except per share data

ASSUMPTIONS	
First Year of Forecast	First Year of Forecast 2025
Terminal Growth Rate	2.5%
WACC	19.1%

Period	Discrete Forecast				
	(YY-MM-DD) 25/10/27	(YY-MM-DD) 25/12/31	(YY-MM-DD) 26/12/31	(YY-MM-DD) 27/12/31	(YY-MM-DD) 28/12/31
	156,499	393,992	541,744	700,782	815,259

UNLEVERED FREE CASH FLOW

156,499 393,992 541,744 700,782 815,259

CASH FLOW PROFILES

1	2	3	4	5	TV
156,499	393,992	541,744	700,782	815,259	5,033,977
131,401	277,756	320,670	348,286	340,202	2,100,644

ENTERPRISE VALUE

PV of Discrete	1,418,316	40%
PV of Terminal	2,100,644	60%
Enterprise Value	3,518,959	100%

EQUITY VALUE PER SHARE

Equity Value	2,163,659
Shares Outstanding (FD 000)	328,580
Equity Value (USD/sh)	6.58

EQUITY VALUE

Enterprise Value	3,518,959
Net Debt	1,355,300
Equity Value	2,163,659

PREMIUM (DISCOUNT)

Equity Value (USD/sh)	6.58
Current Price (USD/sh)	2.53
Premium (Discount)	160.3%



Appendix: DCF (D)



Sensitivity Analysis

All figures in USD thousands unless stated

Terminal Growth Rate	2.5%
WACC	19.1%
Enterprise Value	3,518,959
Less: Net Debt	1,355,300

Shares Outstanding	(FD 000)	328,580
Current Price	(\$/sh)	2.53

ENTERPRISE VALUE							EQUITY VALUE PER SHARE				
Terminal Growth Rate							Terminal Growth Rate				
WACC	1.5%	2.0%	2.5%	3.0%	3.5%	WACC	1.5%	2.0%	2.5%	3.0%	3.5%
	3,518,959	3,910,401	4,002,432	4,100,767	4,206,076	4,319,129	7.78	8.06	8.36	8.68	9.02
	17.1%	3,628,684	3,707,087	3,790,516	3,879,469	3,974,516	6.92	7.16	7.41	7.68	7.97
	18.1%	3,380,275	3,447,590	3,518,959	3,594,762	3,675,424	6.16	6.37	6.58	6.82	7.06
	19.1%	3,159,752	3,217,949	3,279,453	3,344,553	3,413,576	5.49	5.67	5.86	6.05	6.26
	20.1%	2,962,802	3,013,431	3,066,782	3,123,080	3,182,578	4.89	5.05	5.21	5.38	5.56

EQUITY VALUE							PREMIUM (DISCOUNT) TO CURRENT PRICE				
Terminal Growth Rate							Terminal Growth Rate				
WACC	1.5%	2.0%	2.5%	3.0%	3.5%	WACC	1.5%	2.0%	2.5%	3.0%	3.5%
	17.1%	2,555,101	2,647,132	2,745,467	2,850,776	2,963,829	207.4%	218.4%	230.3%	242.9%	256.5%
	18.1%	2,273,384	2,351,787	2,435,216	2,524,169	2,619,216	173.5%	182.9%	192.9%	203.6%	215.1%
	19.1%	2,024,975	2,092,290	2,163,659	2,239,462	2,320,124	143.6%	151.7%	160.3%	169.4%	179.1%
	20.1%	1,804,452	1,862,649	1,924,153	1,989,253	2,058,276	117.1%	124.1%	131.5%	139.3%	147.6%
	21.1%	1,607,502	1,658,131	1,711,482	1,767,780	1,827,278	93.4%	99.5%	105.9%	112.7%	119.8%



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