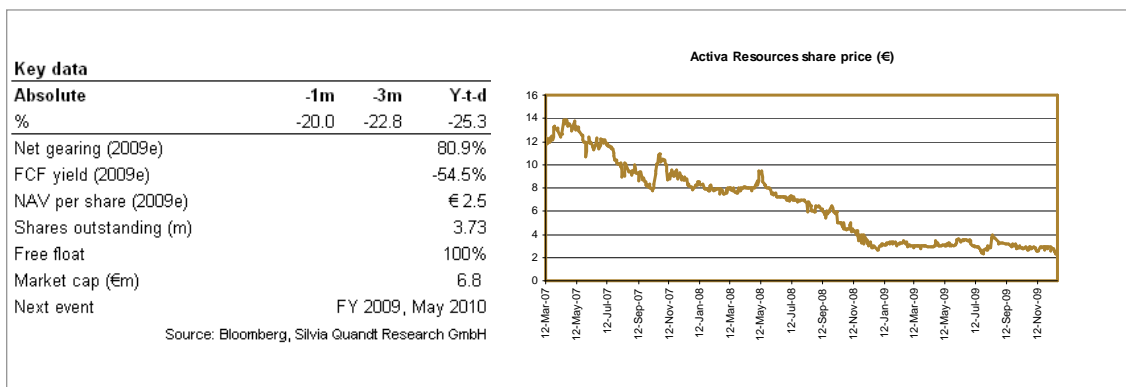




SILVIA QUANDT
RESEARCH GMBH

Activa Resources AG

Financials improved through capital measure, natural gas price hike supports bull case



Rating: Buy	Target price: €5.40	Close 21/12/09: €224	RIC: NIXG.DE
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- Activa Resources announced it was swapping almost €3m nominal debt (option bond) for equity equivalents, in the course of its latest capital raising and conversion transaction (2:1 ratio, issue price €3.00 and/or swapping options bonds for new shares). The company initially was seeking raising the number of shares outstanding from 3.047m shares before to approx. 4.49m post transaction.
- In our company report dating 7 December 2009, we have assumed the rights for subscribing to the fresh equity will be fully exercised, ie 1) the number of shares outstanding post rights issue would be 4.49m shares, the change in equity would be €6m, 3) the forecast annual interest expense for 2009-2012 incurred would be a €0.5 charge p.a. and 4) cash effective increase of equity would be €6m while debt would drop b
- Witness the outcome of the capital transaction, the adjusted EPS numbers for 2010-2012 (dilution of 2009 earnings is negligible) is (previous forecasts in brackets) loss €0.17(-0.12) 2010e, €0.22(0.20) 2011e, €0.83(0.71) 2012e.

Year end	Sales	EBIT	EPS	P/E	EV/ EBITDA	Yield
Dec	(€m)	(€m)	(€)	(x)	(x)	(%)
2008	4.7	-1.8	-1.28	-1.7	-3.8	0.0%
2009e	3.0	-0.3	-0.47	-4.8	19.7	0.0%
2010e	4.7	-0.1	-0.17	-13.5	6.7	0.0%
2011e	11.1	1.6	0.22	10.3	1.9	1.3%

Source: Company data, Silvia Quandt Research GmbH

ACTIVA RESOURCES

	Year end Dec., in € millions				
	2008	2009e	2010e	2011e	2012e
Price target					
5.40 €					
Up/downside					
141.1%					
Current price					
2.24 €					
Headquarter					
ACTIVA RESOURCES AG					
61348 Bad Homburg					
DE					
CEO					
Leigh Hooper					
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www.activaresources.com					
+49-6172 483 2352					
Stock data					
Main Market					
Open Market (Entry Standard)					
Market cap (m):					
6.82 €					
No. of shares (m)					
3.73					
Daily volume (shares m)					
0.02					
Next event					
FY 2009, May 2010					
Profit loss					
Sales	4.7	3.0	4.7	11.1	20
y-o-y in %	47.6%	-36.6%	57.9%	133.8%	80.0%
EBITDA	0.7	1.9	4.6	8.2	15
EBIT	-1.8	-0.3	-0.1	1.6	5
EBIT margin in %	-37.0%	-9.0%	-1.4%	14.7%	23.5%
Net income	-3.8	-1.4	-0.6	0.8	3.1
EPS SQR (€)	-1.28	-0.47	-0.17	0.22	0.83
y-o-y in %	132.5%	-63.7%	-64.4%	-231.0%	281.4%
EPS consensus (€)	n/a				
DPS (€)	0.00	0.00	0.00	0.03	0.10
Payout ratio %	0.0%	0.0%	0.0%	13.8%	12.1%
Dividend yield %	0.0%	0.0%	0.0%	1.3%	4.5%
Cash flow					
Net income	-3.8	-1.4	-0.6	0.8	3.1
Depreciation/Amortisation	1.2	1.0	2.0	3.0	3.5
Working capital movements	-0.4	-0.3	-0.4	-0.5	-0.6
Operating cash flow	-3.2	-0.6	1.4	3.8	6.6
Net capex	-0.1	-0.1	-0.1	-0.1	-0.1
Free cash flow	-7.4	-3.7	-3.7	0.7	2.5
Free cash flow yield	-77.9%	-54.5%	-44.5%	8.5%	29.9%
Balance sheet/Key ratios					
Total Assets	18.2	21.0	27.8	33.1	36.7
Closing net debt (cash)	-8.9	-6.2	-2.9	1.8	4.2
Gearing	101.8%	80.9%	30.4%	2.8%	-12.1%
Capex ratio (tangible)	0.6%	0.6%	0.5%	0.5%	0.5%
ROE	-51.8%	-15.2%	-4.1%	3.9%	12.6%
ROCE	-11.6%	-1.5%	-0.3%	7.2%	20.0%
ROA	-1.6%	-0.4%	7.9%	22.2%	49.7%
Valuation					
Enterprise value	6.8	0.0	0.0	0.0	5.4
Book value	6.8	11.9	18.2	23.0	26.0
Market cap	14.3	0.0	0.0	0.0	8.4
EV/Sales	0%	0%	0%	0.0%	27.0%
EV/EBITDA	-3.8	19.7	6.7	1.9	0.7
PER	-1.7	-4.8	-13.5	10.3	2.7
PBV	0.9	0.7	0.6	0.4	0.3



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- Based on the adjusted numbers (impact on P&L, CF, BS) we retain the rating and target price. We believe that the lower than anticipated dilution on a per-share basis will provide some support to P/E-minded investors. In addition, trading perspectives for the company which is sourcing approx. 60% of its turnover from natural gas wells are brightening up due to the rally in natural gas prices. The latter are currently leveling at a 1-year high, due to the unexpected drop in U.S. stocks of late, plus below-normal temperatures in North America. The company's financial planning through 2011 is resting on \$3.5-5.0 per million British thermal units (Btu) for the majority of its low-to-mid risked projects (approx. 85% of total), which in our view supports our earnings forecasts, i.e. approx. CAGR 24% in 2009-2012.

Natural gas price (NYMEX, \$/MMBtu)



Source: FT

Disclaimer

This analysis was prepared by Harald Gruber, Head of Chemicals, Basic Goods and Renewables, and was first published 22 December 2009, Silvia Quandt Research GmbH, Grüneburgweg 18, 60322 Frankfurt is responsible for its preparation. German Regulatory Authority: Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Graurheindorfer Str. 108, 53117 Bonn and Lurgiallee 12, 60439 Frankfurt.

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Avoid: 7	0

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