

GreenGold Group AB (G3X) - H1F22 report

About GreenGold Group AB (G3X)

G3X is a Swedish company specializing in forest investments in Europe. Through sustainable and profitable forest ownership and management we aim to deliver predictable and growing cash flows and CO2 hedging from disciplined acquisitions and superior management of prime forests located in key forestry areas of Europe. The key-pillars of the G3X concept: evergreen - diversified - unleveraged - self managed.

Financials

Total sales for H1F22 were 11.22 MEUR (up 157% vs H1F21). The pure forestry operational consolidated EBITDA at group level (excl. property appreciation) for H1F22 was 8.03 MEUR (up 258% vs H1F21). This corresponds to earnings per share during H1F22 of 0.82 EUR (up 242% vs H1F21). Pure forestry operational EBITDA margin for H1F22 was 71.6% (vs 51.4% in H1F21). G3X's balance sheet continues to remain fully unleveraged, all acquisitions for growing G3X are and will remain purely financed with equity.

Assets

Total forest assets at the end of H1F22 were 64,266 ha with > 17 million m3 Standing Forest Inventory. Our assets are distributed across 7 European countries. In order of invested capital: Romania (55%), United Kingdom (17%), Finland (14%), Lithuania (11%), Latvia (1%), Sweden (1%) and Estonia (1%). The age class distribution in the forest portfolio is mainly geared towards middle-aged forests which provide high biological growth and thus high CO2 sequestration as well as good harvesting possibilities in the immediate and near future. The species distribution is focused on the 10 most commercial species, giving the Company favorably diversified exposure to European, US, Asian and MENA markets.

Operations

G3X continues to acquire attractive forest properties across the target European regions. During H1F22 the Company acquired 5,235 ha, mainly in Finland, UK and Romania. The acquisition pipeline looks good with over 50 thousand ha across Europe, which is being scrutinized at the moment. During H1F22 there was an overall high level of timber assortments and pulp prices in Europe and globally. The Company envisages that wood price increases will reduce in intensity, however, prices are expected to stay attractive in H2F22. Therefore, the plan is to continue with scheduled harvests during the rest of this year. In H1F22 the Company harvested around 215 thousand m3. Silvicultural operations (soil preparation, pre-commercial thinning and new planting) on total surface of 497 ha were carried out during H1F22 as well as new forest management plans for 2 565 ha. A total of 1.6 km of new forest roads were built.

Team

G3X's management team consists of Sorin Chiorescu (CEO), Gustav Wetterling (CFO), Carl Kling (COO Nordics & UK), Alexandru Florea (COO Balkans) and Simonas Zebrauskis (COO Baltics). In Finland the recruitment process of one forest acquisition manager and one forest operation coordinator was finalized successfully during H1F22 and the two persons already started to work in G3X. In Latvia the recruitment process of one forest acquisition and operation manager was finalized successfully during H1F22 and the person started on May 1:st.

Shares

During H1F22 the company issued 376,526 new shares in two rounds, one in January 2022 and one in May 2022, the latest at a valuation 51.0 EUR/share. A new capital raise is ongoing at the level of 60.0 EUR/share, which is expected to close before end of Q3F22. At the moment of writing this report G3X has a total of 9,940,402 shares outstanding.