

DESK NOTE

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Centrus Energy (LEU US) – *Another stellar quarter: target lifted, buying opportunity in play!*

Conclusive Summary: LEU stock presents a high-risk, high-reward investment opportunity within the evolving nuclear energy landscape. **Centrus is the only publicly traded company focused on nuclear fuel enrichment and the sole U.S. corporation licensed to produce HALEU—the next-generation nuclear fuel. It is transitioning from a distributor of LEU to a producer of advanced nuclear fuels, a shift expected to drive substantial growth and long-term value creation.** This transformation aligns with the global “nuclear renaissance,” a favorable regulatory environment, and rising demand for low-carbon energy solutions. By 2030, Centrus’ total addressable market is projected to surpass \$6B. **We recommend LEU as a medium- to long-term buy, with a 12-month upside of 48%.**

Competitive Position: Centrus has made **significant investments in next-generation enrichment technologies**, enhancing efficiency, reducing costs, and strengthening its position in the global market. **Active engagement with U.S. and allied regulators** remains a core strategic priority. The company secures recurring revenue through long-term fuel service contracts with utility companies. Additionally, Centrus has signed a **Memorandum of Understanding for a long-term partnership with Oklo**, a key developer of advanced nuclear reactors, where Sam Altman serves as Chairman and the newly appointed U.S. Secretary of Energy was a board member until January. The company has also demonstrated its ability to **successfully navigate the complexities of delivering LEU from Russia’s TENEX** to global customers despite the constraints of a bilateral sanctions regime.

Valuation: Centrus reported stellar Q1 earnings results, exceeding expectations across all key metrics, including segment-level performance. Revenue rose 51% y/y, and net income was \$27M vs. \$1M loss expected. Based on a combination of DCF and multiple analysis, **we raise our 12-month target price to \$132 (from \$124) and recommend buying the stock at \$89 per share, with a near-term profit target of \$120.**

Ticker: LEU US

Previous day close price: \$88.46

Price range (52w): \$ 33.51 - \$122.94

Target price (12m): \$132 (+48% upside)

Recommendation: **Buy@ \$89**

Centrus is a U.S.-based supplier of nuclear fuel and services, specializing in uranium enrichment. Market cap is \$1.41B.

Two primary segments:

- Low-Enriched Uranium (LEU) – 70.2%
- Technical Solutions (29.8%)

LEU – trading/distribution - segment provides enriched uranium used as fuel in commercial nuclear power reactors, including sales of Separative Work Units (SWU) and uranium hexafluoride (UF₆).

Technical Solutions – production - segment focuses on advanced nuclear fuel development, including High-Assay Low-Enriched Uranium (HALEU) production, which is crucial for next-generation reactors.

Major competitors in enrichment:

- TENEX (Rosatom, Russia)
- CNEIC (China)
- Urenco (UK, Netherlands, Germany consortium)
- Orano (France)
- Global Laser Enrichment (GLE, U.S./Australia with 49% belonging to CCJ US).

Leading customers include Fortune 500 utilities.

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Multiple (2 year avg.)		Factor	Target EV	Net Debt	Target MCap	Shares	Target Price
EV/EBITDA	30	72	2,159	-264	2,423	17.0	\$142.22
EV/Sales	3.7	497	1,838	-264	2,101	17.0	\$123.34
P/E	36	3.3					\$119.96
Avg. Multiple Price							\$128.51
DCF Price							\$135.17
Avg. Multiple & DCF Price							\$131.84

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