Initiating Coverage:

Centrus Energy Corporation ($LEU)

New Developments, Same Goals

Key Takeaway: During the current economic climate of the new Republican Administration, with tariffs on all trading partners, consumers and producers alike have found themselves in a state of distress and uncertainty. Despite this, Centrus Energy Corporation finds itself in a position that allows it to drive further revenue growth through new investments, political alignment, and keeping its business domestic. Centrus has achieved this by keeping its supply chain mostly domestic as their centrifuge manufacturing has 14 supplies, 13 of which are in the United States, and imports Uranium from only two foreign countries, ensuring that its product is built by the American people. In Q1 of 2025, Centrus put together a strong performance. Compared to the first quarter of 2024, Net Income increased approximately $33 million, Net Working Capital increased approximately $52 million, and EBITDA increased around $31.3 million.

Centrifuge Investment: Centrus recently announced that it will resume and expand centrifuge use to take part in the enrichment process of uranium. The decision would take place in their Oak Ridge facility in Tennessee, and they will put forth 60 million dollars over the next 18 months to support centrifuge manufacturing. The centrifuge use will allow Centrus to produce Low Enriched Uranium (LEU) and High-Assay, Low Enriched Uranium (HALEU) to be used by both commercial nuclear reactors and the reactors of the future, Small Modular Reactors (SMRs). The investment will make Centrus the first American distributor of LEU and HALEU ever, where majority of the production will occur at one of their facilities in Piketon, Ohio. The investment is costly but will likely prove profitable as the world moves to being more committed to green energy. Total revenue increases with LEU and HALEU production leading to a larger market share.

Private and Government Funding: All of the investments Centrus has made and plans to make requires a lot of funding and capital. They've achieved this at the private level by issuing close to 400 million dollars' worth of convertible senior notes to Qualified Institutional Investors, allowing them to avoid public registration through compliance with Rule 144A. The bond conversion rate is around 10 shares of class A stock per $1,000 principal. They've used these proceeds to redeem other bonds they've issued in the past to strengthen their balance sheet and make that 60-million-dollar centrifuge investment. (Continued on page 2)

Valuation: We initiate coverage with a $220.00 PT

Consortium Research Group
Energy & Sustainability | Uranium
July 1st, 2025

Stock Rating:	Overweight
Price Target:	$220.00
Price:	$168.41
Potential Upside:	31.27%
Ticker:	$LEU
Market Cap:	$3.12b
Shares Outstanding:	17.04mm
Dividend Yield:	0.00%

Energy & Sustainability

Analyst
Mitchell Keiper
University of Kentucky
mdke234@uky.edu

Company Overview

Company Description: Centrus is the world's largest supplier of uranium intended for the use of nuclear energy at civilian nuclear power plants. Due to their expertise in the engineering of its centrifuge technology, Centrus consults customers in different sectors such as the chemical, aerospace, and defense industries. Finally, Centrus focuses on national security by having a mostly domestic supply chain and technology for uranium enrichment that will eventually be industrialized.

Engineering Expertise: Centrus's centrifuge technology that can be utilized by more sectors than just energy. They and other supply chain partners participate in the manufacturing of diverse materials at their facility in Oak Ridge, Tennessee to help support individual companies and government projects. Centrus has qualified engineers who specialize in a variety of engineering services, such as software engineering, magnetic fields, and vacuum technology.

Sticking to its Roots: The still young corporation has a much richer history than meets the eye. Centrus started out as a government business called the United States Enrichment Corporation (USEC) in 1992 to privatize uranium enrichment. The USEC went public in 1998 and generated close to $3 billion for the US Treasury. However, the business started to fail, and by 2013 their last facility had closed. In a last-ditch effort, they had a complete overhaul that included financial restructuring and new leadership that resulted in the creation of Centrus Energy Corporation in 2014. Despite new faces, a new name, and a new structure, the goal remains the same: privatize uranium enrichment.

Private and Government Funding, Continued: However, there's a lot that goes into the timing of these financial decisions. Centrus made these decisions to make a more compelling case for government funding. The plan has been fruitful as they just earned a $110 million DOE subsidy. The key factor in winning this contract is their commitment to national security by keeping their supply chain and clients mostly domestic, as well as upholding their responsibility to past contracts. Additionally, they've paid off the majority of their long-term debt with the issuance of convertible senior notes, allowing them to boast a strong balance sheet. Finally, their new large centrifuge investment keeps both institutional and retail investors optimistic for their future financial outlook. The new increase in funding will likely be allocated to their multi-billion-dollar HALEU specialization in Piketon, Ohio, which the "DOE urgently needs". From this funding, revenue increases in Centrus's uranium and separative work unit sectors as the contract gives them the financial ability to continue production of HALEU. The contract also displays the confidence the DOE has in Centrus. Therefore, contracts in the future can be expected in a uranium industry that lacks competition.

Industry Overview

Increased Demand: With the world embracing green energy, nuclear energy is a growing industry. Despite the 2011 Fukushima disaster where nuclear energy production initially declined it has since grown approximately 10 percent since the incident. Additionally, according to Centrus's most recent earnings call, nuclear energy is projected to grow 40 percent over the next 30 years.

Technology Innovations: Nuclear energy is evolving, which starts with smaller, more cutting-edge Small Modular Reactors (SMRs). Due to having more safety, less capital, and increased efficiency over the typical energy reactor, SMRs are growing in popularity. However, they require High-Assay Low Enriched Uranium (HALEU) which demands specific centrifuge technology to produce. This technology can only be found within the United States with Centrus.

Soaring Prices: The prices of uranium have increased by close to 13 percent in the past month due to a combination of factors. These factors include tariff uncertainty, increases in demand, and the government's prioritization of uranium. Looking into the future, as the price of uranium will continue to grow, we can expect the uranium industry to grow with it.

Peer Comparisons

Comparable Companies

$mm

Ticker	Mkt Cap	EV	P/E LTM	Revenue LTM	EBITDA LTM
Cameco Corporation (TSX:CCO)	$32,279	$32,751	57.5x	$2,414	$636
Energy Fuels Inc. (TSX:EFR)	$1,303	$1,137	-52.4x	$70	-$59
enCore Energy Corp. (TSXV:EU)	$531	$529	-40.7x	$46	-$71
Fluence Energy, Inc. (NasdaqGS:FLNC)	$877	$824	-111.8x	$2,330	-$12
Centrus Energy Corporation	$3,121	$2,926	68.8x	$471	$104

Ticker	LTM EV/EBITDA	Gross Margin	EBITDA Margin	EBIT Margin	1 Yr Rev Growth Rate LF
Cameco Corporation (TSX:CCO)	51.5x	26.3%	23.5%	14.5%	21.2%
Energy Fuels Inc. (TSX:EFR)	19.3x	9.5%	(88.6%)	(94.0%)	106.0%
enCore Energy Corp. (TSXV:EU)	7.5x	(14.6%)	(171.0%)	(184.0%)	163.4%
Fluence Energy, Inc. (NasdaqGS:FLNC)	71.0x	13.1%	(0.3%)	(1.1%)	21.7%
Centrus Energy Corporation	28.0x	29.7%	28.3%	25.9%	38.0%

High	71.02x	29.7%	28.3%	25.9%	163.4%
75th Percentile	51.49x	26.3%	23.5%	14.5%	106.0%
Average	35.48x	12.8%	-41.6%	-47.7%	70.0%
Median	28.05x	13.1%	-0.3%	-1.1%	38.0%
25th Percentile	19.33x	9.5%	-88.6%	-94.0%	21.7%
Low	7.50x	-14.6%	-171.0%	-184.0%	21.2%

General Dynamics Valuation		
Implied Enterprise Value (25th Percentile)	$	2,016
Implied Enterprise Value (Median)	**$**	**2,926**
Implied Enterprise Value (75th Percentile)	$	5,370
Implied Share Price (25th Percentile)	$	125.80
Implied Share Price (Median)	**$**	**179.15**
Implied Share Price (75th Percentile)	$	322.64

Source: CapIQ

Investment Theses

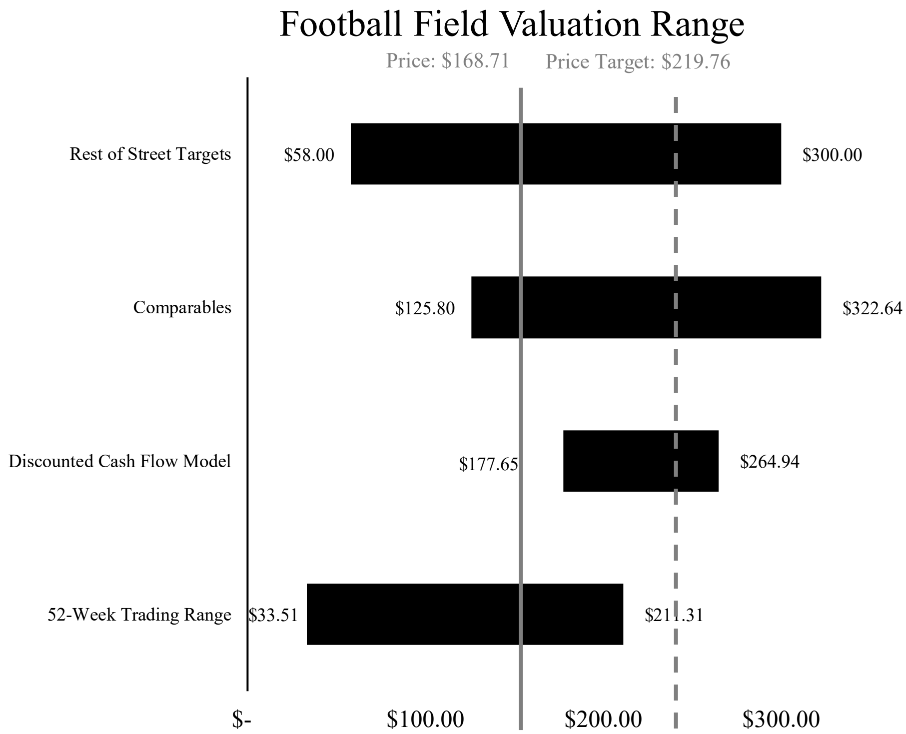
Tariff Protection: Centrus's recent developments support their strong domestic presence, which provides them with protection from the economic uncertainty that most of their competitors are experiencing. Despite the volatility in the energy space, Centrus has been able to maximize shareholder value and continues to innovate.

Internal Developments: SMRs are the future of nuclear energy. Centrus's investment in centrifuge expansion allows them to take the next step into HALEU specialization by making them more qualified for large government subsidies. HALEU production will make it easier for Centrus to negotiate contracts with SMRs, further reinforcing their already strong financials.

Robust Cash Position: Compared to their first quarter last year, Centrus maintains a more secure cash position of around $650 million. Their strong balance sheet allows them to weather any systematic risk to reduce their stock value. In addition, their robust cash position allows long-term investments for the development of the company, and their $60 million centrifuge investment. This is expected to continue as Centrus prepares for the next step of uranium enrichment.

Price Target & Valuation

Our analysis gives $LEU a price target of $219.76 and an Overweight rating.



Potential Downsides to Our Rating

Risk of War: With the unrest in the Middle East, there is a possibility that the US could become involved in a war. Should a war happen, many investors will liquidate their shares of Centrus, which focuses on nuclear energy, and move their money to a company such as GE Aerospace, which focuses on nuclear weapons.

Tariff Protection: Even though Centrus is yet to be affected by tariffs, the risk still exists. They import some of their raw uranium from Russia and France and haven't experienced the effect of tariffs due to waivers they received from the DOE. The waivers make them tariff exempt for 2024 and 2025 with no guarantee of being reinstated in the future. Although the situation is unlikely it still poses a risk.

Long-term liabilities: Due to the issuance of convertible senior notes, Centrus has a strong cash position. Conversely, they now have a significant number of long-term liabilities. Putting themselves in this position is strategic in the sense that they assume to continue to receive federal funding, their investment for the future will pay off, and the liability will be off their balance sheet if investors choose to convert. However, should Centrus's investment go south, or investors don't

Our Price Target: $220.00

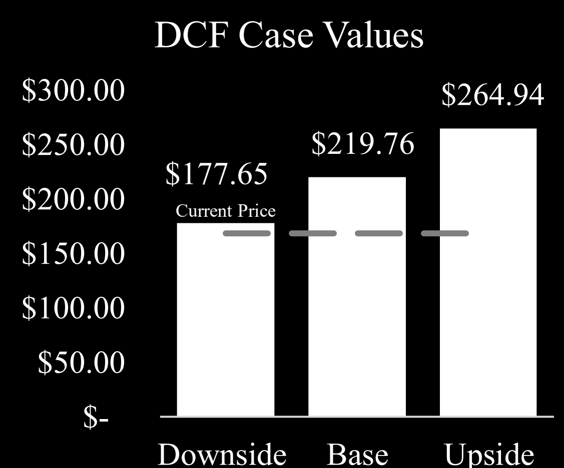
Our price target is based on a 22.0x 2030 exit multiple with revenue growth that remains relatively flat. Their technical solutions growth has a premium due to their investment in products that fall under that revenue stream.

Our Upside Case: $265.00

Our upside case is based the assumptions that LEU exceeds expectations with their centrifuge investment, and they are able to retain the waivers that keep them protected from tariffs.

Our Downside Case: $177.50

Our downside case assumes that the margins for SWUs continue to decrease and the cost of uranium continues to climb. Additionally, they lose tariff protection and fall into macroeconomic headwinds.



want to convert to shares of stock they could find themselves in a poor financial situation.

Projections

Income Statement ($mm)	2024A	2025E	2026E	2027E	2028E	CAGR%
Revenue	442	570	736	949	1,222	40.4%
EBITDA	59	94	154	183	214	53.8%
EBIT	48	80	136	159	183	56.3%
NOPAT	52	107	44	52	48	-2.7%

Margin & Growth Data	2024A	2025E	2026E	2027E	2028E	AVG%
EBITDA Margin	13.3%	16.5%	21.0%	19.3%	17.5%	17.5%
EBIT Margin	10.9%	14.0%	18.5%	16.8%	15.0%	15.0%
Revenue Growth	38.0%	29.0%	29.1%	28.9%	28.8%	30.8%
EBIT Growth	-8.4%	66.7%	70.1%	16.7%	15.4%	32.1%

Valuation Metrics	2024A	2025E	2026E	2027E	2028E	AVG%
P/FCF	8.0x	-6.1x	76.2x	70.3x	67.2x	43.1x
EV/Sales	6.8x	5.3x	4.1x	3.2x	2.4x	4.3x
EV/EBITDA	50.9x	31.9x	19.4x	16.4x	14.0x	26.5x
FCF Yield	12.5%	16.3%	1.3%	1.4%	1.5%	6.6%

About $LEU

Centrus Energy Corporation ($LEU), founded in 1998, operates as a domestic supplier and distributor of uranium used for nuclear energy. They receive raw uranium from domestic supplies and use their state-of-art centrifuge technology to separate the uranium to create and sell LEU and HALEU, and they sell this technology and engineering capabilities to other clients around the globe. Their main business segment includes separative work units, uranium, and technical solutions, and what makes them unique within the industry is that they "rent" their services and technology to other sectors to advance the state of our market and economy. Their goal as a company is to make America the largest nuclear energy provider on the globe.

Disclosures & Ratings

Consortium Equity Research does not hold any professional relationships with any reported equities. **Overweight** means the analyst team believes the stock price will outperform the coverage industry benchmark (TMT, Healthcare, Industrial, Consumer, FIG, Energy & Sustainability) in the next 6-12 months. **Equal Weight** means the team expects performance in line with the industry benchmark. **Underweight** means the team expects underperformance relative to the industry benchmark.

Appendix

Centrus Energy Corporation
Discounted Cash Flow

Active Case:	**2 Base**
Current Share Price	$168.41

DCF Analysis ($mm)	FY2020 12/31/2020	FY2021 12/31/2021	FY2022 12/31/2022	FY2023 12/31/2023	FY2024 12/31/2024	FY2025 12/31/2025	FY2026 12/31/2026	FY2027 12/31/2027	FY2028 12/30/2028	FY2029 12/30/2029	FY2030 12/31/2030
Stub						0.50	1.50	2.50	3.50	4.50	5.50
Discount Period						0.25	1.00	2.00	3.00	4.00	5.00
Revenue	247	298	294	320	442	570	729	930	1,183	1,502	1,901
Revenue Growth	*0%*	*21%*	*-2%*	*9%*	*[illegible]%*	*29%*	*28%*	*28%*	*27%*	*27%*	*27%*
Separative Work Units	152	163	196	208	247	290	341	394	447	498	545
Uranium	39	23	39	61	103	170	255	376	545	777	1,088
Technical Solutions	57	112	58	51	92	110	133	160	191	227	268
EBIT	51	68	60	52	48	80	131	151	172	192	209
EBIT Margin	*21%*	*23%*	*20%*	*16%*	*11%*	*14%*	*18%*	*16%*	*15%*	*13%*	*11%*
Tax Expense	(1)	(39)	16	0	(0)	5	28	32	36	40	44
Effective Tax Rate	*-3%*	*-57%*	*26%*	*0%*	*0%*	*6%*	*21%*	*21%*	*21%*	*21%*	*21%*
NOPAT	52.40	107.40	44.10	52.30	48.20	75.00	103.64	119.36	135.55	151.33	165.23
D&A	7	9	10	7	11	14	18	23	30	38	48
Capex	(1)	(1)	(1)	(2)	(4)	(3)	(3)	(4)	(5)	(7)	(9)
Changes in NWC	N/A	33	65	76	454	600	87	107	130	158	190
UFCF	#VALUE!	85	(11)	(15)	(391)	(508)	38	40	40	38	31
PV of FCF						(504)	37	38	37	34	27

Terminal Value Perpetuity Growth Method	
2034 FCF	$31
Growth	3.00%
Terminal Value	$31,317
PV of Terminal Value	$26,885
PV of Projection Period	-$333
PV of Terminal Value	$26,885
Implied TEV	$26,552
(-) Debt	$545
(+) Cash	$671
Implied Equity Value	$26,679
Basic Shares Outstanding	17
Implied Share Price	$1,565.92
Upside/Downside	829.85%

Implied Exit BF EV/EBIT	126.9x

Terminal Value Exit Multiple Method	
2034 EBIT	$209
EV/EBIT Exit Multiple	22.0x
Terminal Value	$4,601
PV of Terminal Value	$3,950
PV of Projection Period	-$333
PV of Terminal Value	$3,950
Implied TEV	$3,617
(-) Debt	$545
(+) Cash	$671
Implied Equity Value	$3,744
Diluted Shares Outstanding	17
Implied Share Price	$219.76
Upside/Downside	30.5%

Implied PGR	2.3%

Blended Share Price	
Perpetuity Growth Method	0%
Exit Multiple Method	100%
Blended Share Price	$219.76
Upside/Downside	30.49%

Weighted Average Cost of Capital ($mm)	
Market Risk Premium	4.33%
Beta	1.46
Risk Free Rate	4.39%
Cost of Equity	1.58%
Weighted Average Cost of Debt	2.25%
Tax Rate	21.00%
Cost of Debt	1.52%
Total Equity	$3,121
Total Debt	($127)
Equity/Total Capitalization	14.76%
Debt/Total Capitalization	85.24%
WACC	3.10%