

# Energiekontor AG

Germany / Cleantech  
 Frankfurt Stock Exchange  
 Bloomberg: EKT GR  
 ISIN: DE0005313506

Q1 report

**RATING** **BUY**  
**PRICE TARGET** **€ 23.70**  
 Return Potential 55.4%  
 Risk Rating High

## BUILDING THE FOUNDATION FOR FUTURE GROWTH

On 15 May, Energiekontor published its interim status report for Q1/17, which gives a qualitative update on business development. The Project business developed as planned (20 MW completed, 57 MW approved/under construction). Even more importantly, Energiekontor has been making significant investments in its international wind and solar project pipeline. This is a solid foundation for future growth. Another event is worth mentioning: Energiekontor is in the process of realising the first wind farm without state subsidies and is thus a pioneer in developing wind farms profitably under pure market conditions. Power production was positive relative to the previous year's quarter. The company reiterated its guidance (EBT below the 2017 figure of €16.7m, FBe: €9.3m). Our updated sum of the parts valuation yields a slightly higher price target of €23.70 (previously: €23.50). We confirm our Buy rating.

**Energiekontor realises first wind project without state subsidies** After signing a long-term power purchase agreement (PPA) with a global company in the consumer goods industry, Energiekontor has achieved the financial close for the English Witherwick II wind farm project (8.2 MW). The economic viability of this project is based solely on the PPA. As far as we can ascertain, Witherwick II is the first wind farm project in the UK to be realised without state subsidies. We see this as an important milestone in the history of the company. Energiekontor is a pioneer in developing wind farms profitably under pure market conditions. The company looks set to be one of the first developers to realise wind farms and solar plants whose electricity generation costs are below those of fossil power plants.

**Project development: investing in the project pipeline** In Germany, Energiekontor opened an office in Potsdam to increase wind project development activity in Brandenburg. In the solar segment, site acquisition activity was expanded beyond Brandenburg and Mecklenburg-West Pomerania and now...  
 (p.t.o.)

### FINANCIAL HISTORY & PROJECTIONS

	2015	2016	2017	2018E	2019E	2020E
Total output (€m)	210.14	166.75	202.08	147.67	281.89	338.04
Y-o-y growth	31.0%	-20.6%	21.2%	-26.9%	90.9%	19.9%
EBIT (€m)	49.67	53.75	32.89	26.28	47.07	56.38
EBIT margin	23.6%	32.2%	16.3%	17.8%	16.7%	16.7%
Net income (€m)	20.91	25.34	11.89	6.49	18.90	21.81
EPS (diluted) (€)	1.43	1.74	0.82	0.44	1.30	1.50
DPS (€)	0.80	0.80	0.60	0.50	0.70	0.70
FCF (€m)	51.22	85.99	-29.27	40.82	-74.26	-50.67
Net gearing	330.0%	146.9%	220.0%	200.9%	308.6%	364.6%
Liquid assets (€m)	103.96	118.53	69.00	124.52	115.11	105.42

### RISKS

Main risks include changes in the regulatory support for wind energy, tender results, project development risks, wind farm operation risks, and low stock liquidity.

### COMPANY PROFILE

Energiekontor is a wind and solar project developer and an operator of a large portfolio of own wind farms and solar parks (269 MW). The company is active in onshore wind and solar project development in Germany, the UK, the US, France, and the Netherlands. Energiekontor is headquartered in Bremen, Germany.

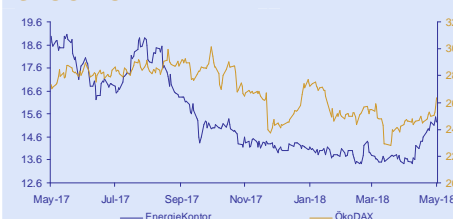
### MARKET DATA

As of 17 May 2018

Closing Price	€ 15.25
Shares outstanding	14.58m
Market Capitalisation	€ 222.32m
52-week Range	€ 13.45 / 19.05
Avg. Volume (12 Months)	13,317

Multiples	2017	2018E	2019E
P/E	18.8	34.4	11.8
EV/Sales	1.9	2.5	1.3
EV/EBIT	11.4	14.2	7.9
Div. Yield	3.9%	3.3%	4.6%

### STOCK OVERVIEW



### COMPANY DATA

As of 31 Dec 2017

Liquid Assets	€ 69.00m
Current Assets	€ 160.61m
Intangible Assets	€ 0.00m
Total Assets	€ 361.71m
Current Liabilities	€ 57.20m
Shareholders' Equity	€ 70.23m

### SHAREHOLDERS

Dr Bodo Wilkens	25.7%
Günter Lammers	25.6%
Internat. Kapitalanlageges.	5.1%
Free Float	43.7%



...includes Schleswig-Holstein, Baden-Württemberg, and Bavaria. In the UK, the wind project pipeline rose to ca. 900 MW. In the US, the company increased the secured sites for solar projects to 650 MW and officially opened its office in Austin, Texas. In South Dakota, a state with excellent wind conditions, Energiekontor hired a general manager for the development of onshore wind projects. In the Netherlands, project development for a wind farm with eight turbines is advancing. In France, the company opened an office in Toulouse and worked on solar projects with a total capacity of some hundred MW. In northwest France (Normandy), Energiekontor is in talks with land owners and municipalities regarding the development of wind farms. All in all, Energiekontor's total project pipeline amounts to ca. 3,000 MW. The company has secured sites with capacity of 2,300 MW. Ca. 500 MW are in the planning process, and about 150 MW are in the approval process. We believe that geographical broadening of project development will result in strong growth in coming years.

**20 MW completed, 57 MW approved/under construction** Q1 saw the commissioning of the last of the three turbines of the 10.2 MW Hammelwarder Moor wind farm and the 10 MW solar park Garzau-Garzin. The latter was added to the own plant portfolio (see figure 1). Furthermore, construction work began at the 12.8 MW Bremen-Hemeligen and the 4.5 MW Debstedt II wind farms. At the end of April, the company received approval for a 3.4 MW wind farm. We believe that it was this project which was awarded in the second German onshore wind tender in May 2018. In addition, the construction of a 6 MW solar project, which was awarded in a tender in 2017, is planned this year. In Wales, Energiekontor received approval for the 5 MW Pencarreg wind farm with optimised project parameters in March. In the same month, the company achieved the financial close for a 9 MW wind farm in England. As mentioned above, Energiekontor also achieved the financial close for the 8.2 MW Withernwick wind farm. Obstacles for the construction of the long approved 8 MW Hyndburn wind farm look set to be removed this year. For 2018, we assume installation of 64 MW (wind and solar), of which 24 MW will be added to the own plant portfolio, and the sale of 100 MW in US solar project rights. We forecast 2018 segment sales of €61.7m and EBIT of €-3.7m.

**Figure 1: Project overview**

Wind farm / solar park	MW	Approval	Under construction	Commissioning	Sale
Hammelwarder Moor (Lower Saxony)	10.2	2016	completed	2/2018	n.a.
Bremen-Hemeligen (Bremen)	12.8	2016	yes	2018E	n.a.
Debstedt II (Lower Saxony)	4.5	2016	yes	2018E	n.a.
New project 1 (Germany)	3.4	4/2018	soon	2018E	n.a.
Pencarreg (Wales)	5.0	3/2018	no	2019E	n.a.
Kent (England)	9.0	3/2018*	soon	2018E	n.a.
Withernwick II (England)	8.2	5/2018*	soon	Q1/2019	n.a.
Hyndburn II (England)	8.0	6/2015	no	2019E	n.a.
<b>Total wind</b>	<b>61.1</b>				
Garzau-Garzin (PV, Brandenburg)	10.0	4/2016	completed	3/2018	own plant portfolio
Unnamed PV project (Brandenburg)	6.0	2/2017	soon	2018E	n.a.
<b>Total PV</b>	<b>16.0</b>				

\* financial close

Source: First Berlin Equity Research, Energiekontor AG

**Power production benefits from better wind conditions in all regions** Energiekontor's own wind farm portfolio has benefited from relatively good wind conditions in all regions (Germany, Portugal, the UK). The company continues to work on optimisation measures to increase earnings and lower costs. The main measures are

- repowering: If possible, old wind farms will be repowered.



- technical optimisation (up to 10% earnings increase): rotor blade extension and blade aerodynamics improvement
- reduction of operating costs: efficiency program to lower operating costs per kilowatt hour produced
- working life extension of wind farms: economic operation of wind farms beyond guaranteed feed-in tariff time via suitable lease contracts and loan agreements.
- refinancing and loan repayment: reduction of debt by refinancing of wind farms to lower interest expenses.

For 2018, we forecast segment sales of €56.9m and EBT of €9.9m.

**Operation & Innovation segment: working on promising innovations** Pricing for wind and solar power has fallen significantly in recent years. In the German tender in February 2018 the average volume-weighted price was 4.73 €/kWh for onshore wind, and 4.33 €/kWh for solar. As pricing reaches competitiveness, power purchase agreements (PPAs) between (wind or solar power) producers and end consumers become more interesting. Energiekontor, which has years of experience with PPAs in the UK and is thus a pioneer in the purely market-based sale of wind power, is in talks with some large German power consumers, which are interested in this topic.

Regarding the optimisation of the operation of wind farms, Energiekontor has developed and tested a couple of measures, such as:

- permanent live data surveillance of wind farms and automated fault elimination work flow
- more efficient maintenance & repairing concepts.

Rotor blade extension remains the most important technical innovation. In 2018, ten turbines of the own plant portfolio in Portugal will be equipped with extensions increasing output by ca. 5%. In addition, Energiekontor has done first tests to improve the blade aerodynamics with so-called Vortex generators, which reduce turbulence and friction resulting in additional output of 1.5% - 4%. We forecast segment sales of €6.1m and EBT of €3.1m (see figure 2).

**Figure 2: Forecasts for 2018E**

Segment (figures in €m)	Sales	EBIT	EBT
Project Development	61.67	1.45	-3.67
Power Production	56.87	21.75	9.86
Operation & Innovation	6.08	3.08	3.08
Consolidation	-2.43	0.00	0.00
<b>Group</b>	<b>122.19</b>	<b>26.28</b>	<b>9.27</b>

Source: First Berlin Equity Research

**Buy reiterated at slightly increased price target** Based on unchanged forecasts, an updated sum of the parts analysis yields a slightly higher price target of €23.70 (previously: €23.50). The stock remains attractively valued (upside potential ca. 55%) and we thus confirm our Buy recommendation.



## VALUATION MODEL

We value Energiekontor based on a sum of the parts analysis. Each of Energiekontor's segments, Project Development, Power Production, and Operations & Maintenance is valued separately based on a DCF model.

### Sum of the parts valuation

SotP valuation	Fair value in €m	Fair value per share in €	old
Project Development	149.15	10.23	10.17
Power Production	151.50	10.39	10.32
Operations & Innovation	44.40	3.05	3.02
<b>Sum of the parts</b>	<b>345.05</b>	<b>23.67</b>	<b>23.52</b>

### DCF model for Project Development segment

DCF valuation model	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
All figures in EUR '000								
Net sales	61,672	141,372	165,240	171,249	177,165	182,963	188,618	194,105
NOPLAT	1,452	15,114	18,719	15,001	14,893	15,110	15,302	15,134
+ depreciation & amortisation	45	40	51	74	82	89	93	97
Net operating cash flow	1,497	15,153	18,770	15,075	14,975	15,199	15,396	15,232
- total investments (CAPEX and WC)	28,044	-28,809	-5,344	-1,254	-2,339	-2,311	-2,273	-2,226
Capital expenditures	-31	-71	-83	-86	-89	-91	-94	-97
Working capital	28,075	-28,738	-5,262	-1,168	-2,251	-2,219	-2,179	-2,129
Free cash flows (FCF)	29,541	-13,655	13,426	13,821	12,636	12,888	13,123	13,006
<b>PV of FCF's</b>	<b>27,793</b>	<b>-11,660</b>	<b>10,403</b>	<b>9,719</b>	<b>8,065</b>	<b>7,466</b>	<b>6,898</b>	<b>6,204</b>

All figures in thousands	
PV of FCFs in explicit period (2018E-2030E)	87,605
PV of FCFs in terminal period	37,422
Enterprise value (EV)	125,028
+ Net cash / - net debt	24,120
+ Investments / minority interests	0
Shareholder value	149,148

Fair value per share in EUR	10.23
-----------------------------	-------

WACC		Terminal growth rate						
		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
6.2%	15.61	16.00	16.48	17.07	17.83	18.82	20.18	
7.2%	13.61	13.83	14.09	14.41	14.79	15.26	15.86	
8.2%	12.13	12.26	12.41	12.58	12.79	13.03	13.33	
9.2%	10.98	11.06	11.15	11.25	11.37	11.50	11.66	
10.2%	10.07	10.12	10.17	10.23	10.30	10.37	10.46	
11.2%	9.33	9.36	9.39	9.42	9.46	9.50	9.55	
12.2%	8.71	8.73	8.75	8.77	8.79	8.81	8.84	
13.2%	8.19	8.20	8.21	8.22	8.23	8.24	8.26	

\* for layout purposes the model shows numbers only to 2025, but runs until 2030



## DCF model for Power Production segment

DCF valuation model								
All figures in EUR '000	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Net sales	56,868	62,320	75,357	85,136	84,936	84,736	84,536	84,336
NOPLAT	18,796	21,464	25,569	27,650	27,336	26,991	26,676	26,357
+ depreciation & amortisation	19,248	20,035	25,984	31,105	31,105	31,105	31,105	31,105
Net operating cash flow	38,045	41,499	51,554	58,755	58,441	58,096	57,781	57,462
- total investments (CAPEX and WC)	-28,857	-104,485	-118,272	-33,409	-31,058	-31,058	-31,058	-31,058
Capital expenditures	-27,200	-103,200	-115,200	-31,105	-31,105	-31,105	-31,105	-31,105
Working capital	-1,657	-1,285	-3,072	-2,304	47	47	47	47
Free cash flows (FCF)	9,187	-62,986	-66,718	25,346	27,383	27,038	26,723	26,404
PV of FCF's	8,946	-58,799	-59,702	21,743	22,519	21,316	20,195	19,129

All figures in thousands	
PV of FCFs in explicit period (2018E-2030E)	79,574
PV of FCFs in terminal period	248,940
Enterprise value (EV)	328,515
+ Net cash / - net debt	-177,017
+ Investments / minority interests	0
Shareholder value	151,498

Fair value per share in EUR	10.39
-----------------------------	-------

WACC	4.3%
Cost of equity	7.0%
Pre-tax cost of debt	5.2%
Tax rate	30.0%
After-tax cost of debt	3.6%
Share of equity capital	20.0%
Share of debt capital	80.0%
Fair value per share in EUR	10.39

WACC	Terminal growth rate							
	-0.6%	-0.4%	-0.2%	0.0%	0.2%	0.4%	0.6%	
3.6%	13.21	14.22	15.34	16.59	17.99	19.56	21.34	
3.8%	11.36	12.23	13.19	14.25	15.43	16.75	18.24	
4.1%	9.70	10.46	11.29	12.21	13.21	14.33	15.58	
4.3%	8.22	8.88	9.60	10.39	11.26	12.21	13.27	
4.6%	6.87	7.46	8.09	8.78	9.53	10.35	11.26	
4.8%	5.65	6.17	6.73	7.33	7.98	8.70	9.48	
5.1%	4.54	5.00	5.49	6.02	6.60	7.22	7.90	

\* for layout purposes the model shows numbers only to 2025, but runs until 2030

## DCF model for Operation & Innovation segment

DCF valuation model								
All figures in EUR '000	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E
Net sales	6,078	6,686	7,689	8,661	9,653	10,644	11,612	12,530
NOPLAT	2,153	2,389	2,744	3,033	3,346	3,653	3,944	4,213
+ depreciation & amortisation	0	4	9	14	21	27	35	43
Net operating cash flow	2,153	2,393	2,753	3,047	3,367	3,680	3,979	4,256
- total investments (CAPEX and WC)	-4	-9	-127	-119	-217	-234	-248	-258
Capital expenditures	-61	-67	-77	-87	-97	-106	-116	-125
Working capital	57	58	-50	-33	-121	-127	-132	-133
Free cash flows (FCF)	2,149	2,384	2,626	2,928	3,150	3,446	3,732	3,997
PV of FCF's	2,024	2,041	2,043	2,071	2,025	2,015	1,983	1,931

All figures in thousands	
PV of FCFs in explicit period (2018E-2030E)	24,430
PV of FCFs in terminal period	18,303
Enterprise value (EV)	42,733
+ Net cash / - net debt	1,668
+ Investments / minority interests	0
Shareholder value	44,401

Fair value per share in EUR	3.05
-----------------------------	------

WACC	10.0%
Cost of equity	10.0%
Pre-tax cost of debt	6.0%
Tax rate	30.0%
After-tax cost of debt	4.2%
Share of equity capital	100.0%
Share of debt capital	0.0%
Fair value per share in EUR	3.05

WACC	Terminal growth rate							
	0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	
6.0%	5.19	5.47	5.82	6.26	6.82	7.56	8.61	
7.0%	4.33	4.51	4.72	4.97	5.27	5.66	6.15	
8.0%	3.70	3.82	3.95	4.11	4.29	4.52	4.79	
9.0%	3.23	3.31	3.40	3.50	3.62	3.76	3.92	
10.0%	2.86	2.91	2.98	3.05	3.13	3.22	3.32	
11.0%	2.56	2.60	2.64	2.69	2.75	2.81	2.88	
12.0%	2.32	2.35	2.38	2.41	2.45	2.50	2.55	
13.0%	2.11	2.14	2.16	2.19	2.22	2.25	2.28	

\* for layout purposes the model shows numbers only to 2025, but runs until 2030



## INCOME STATEMENT

All figures in EUR '000	2014A	2015A	2016A	2017A	2018E	2019E	2020E
<b>Revenues</b>	<b>153,280</b>	<b>191,329</b>	<b>201,764</b>	<b>149,865</b>	<b>122,186</b>	<b>207,704</b>	<b>245,210</b>
Change in inventory & own work	7,172	18,808	-35,015	52,211	25,484	74,184	92,826
<b>Total output</b>	<b>160,452</b>	<b>210,137</b>	<b>166,749</b>	<b>202,076</b>	<b>147,670</b>	<b>281,888</b>	<b>338,036</b>
Cost of goods sold	82,431	116,590	70,523	127,923	72,021	178,090	213,190
<b>Gross profit</b>	<b>78,021</b>	<b>93,547</b>	<b>96,226</b>	<b>74,153</b>	<b>75,649</b>	<b>103,797</b>	<b>124,846</b>
Personnel costs	10,043	10,476	10,922	11,830	12,033	13,501	15,637
Other operating expenses	16,646	18,553	17,719	18,475	19,999	24,969	28,962
Other operating income	3,569	1,574	4,481	5,746	1,959	1,819	2,176
<b>EBITDA</b>	<b>54,901</b>	<b>66,092</b>	<b>72,066</b>	<b>49,593</b>	<b>45,574</b>	<b>67,146</b>	<b>82,423</b>
Depreciation	14,183	16,424	18,316	16,704	19,294	20,080	26,045
<b>Operating income (EBIT)</b>	<b>40,718</b>	<b>49,668</b>	<b>53,750</b>	<b>32,889</b>	<b>26,281</b>	<b>47,067</b>	<b>56,378</b>
Net financial result	-18,962	-20,006	-18,253	-16,224	-17,015	-20,064	-25,226
Non-operating expenses	0	0	0	0	0	0	0
<b>Pre-tax income (EBT)</b>	<b>21,756</b>	<b>29,662</b>	<b>35,497</b>	<b>16,666</b>	<b>9,266</b>	<b>27,002</b>	<b>31,152</b>
Income taxes	7,623	8,751	10,162	4,778	2,780	8,101	9,345
Minority interests	0	0	0	0	0	0	0
<b>Net income / loss</b>	<b>14,133</b>	<b>20,911</b>	<b>25,335</b>	<b>11,888</b>	<b>6,486</b>	<b>18,902</b>	<b>21,806</b>
<b>Diluted EPS (in €)</b>	<b>0.96</b>	<b>1.43</b>	<b>1.74</b>	<b>0.82</b>	<b>0.44</b>	<b>1.30</b>	<b>1.50</b>
<b>Ratios</b>							
Gross margin on total output	48.6%	44.5%	57.7%	36.7%	51.2%	36.8%	36.9%
EBITDA margin on total output	34.2%	31.5%	43.2%	24.5%	30.9%	23.8%	24.4%
EBIT margin on total output	25.4%	23.6%	32.2%	16.3%	17.8%	16.7%	16.7%
Net margin on total output	8.8%	10.0%	15.2%	5.9%	4.4%	6.7%	6.5%
Tax rate	35.0%	29.5%	28.6%	28.7%	30.0%	30.0%	30.0%
<b>Expenses as % of total output</b>							
Personnel costs	6.3%	5.0%	6.5%	5.9%	8.1%	4.8%	4.6%
Depreciation	8.8%	7.8%	11.0%	8.3%	13.1%	7.1%	7.7%
Other operating expenses	10.4%	8.8%	10.6%	9.1%	13.5%	8.9%	8.6%
<b>Y-Y Growth</b>							
Total output	-1.4%	31.0%	-20.6%	21.2%	-26.9%	90.9%	19.9%
EBIT	19.3%	22.0%	8.2%	-38.8%	-20.1%	79.1%	19.8%
Net income/ loss	4.3%	48.0%	21.2%	-53.1%	-45.4%	191.4%	15.4%



## BALANCE SHEET

All figures in EUR '000	2014A	2015A	2016A	2017A	2018E	2019E	2020E
<b>Assets</b>							
<b>Current assets, total</b>	<b>159,888</b>	<b>166,855</b>	<b>181,759</b>	<b>160,607</b>	<b>185,327</b>	<b>209,509</b>	<b>209,037</b>
Cash and cash equivalents	81,594	103,957	118,528	69,002	124,524	115,115	105,418
Short-term investments	39	10,278	10,305	10,159	10,159	10,159	10,159
Receivables	23,781	16,932	17,469	26,216	22,097	30,451	33,916
Inventories	50,858	32,871	34,272	47,006	20,321	45,559	51,318
Other current assets	3,616	2,817	1,185	8,225	8,225	8,225	8,225
<b>Non-current assets, total</b>	<b>195,310</b>	<b>232,263</b>	<b>179,592</b>	<b>200,606</b>	<b>208,604</b>	<b>291,862</b>	<b>381,177</b>
Property, plant & equipment	187,241	223,789	171,747	194,558	202,556	285,814	375,129
Goodwill & other intangibles	37	23	10	1	1	1	1
Other assets	8,032	8,451	7,834	6,047	6,047	6,047	6,047
<b>Total assets</b>	<b>355,198</b>	<b>399,118</b>	<b>361,351</b>	<b>361,213</b>	<b>393,931</b>	<b>501,371</b>	<b>590,213</b>
<b>Shareholders' equity &amp; debt</b>							
<b>Current liabilities, total</b>	<b>45,266</b>	<b>76,163</b>	<b>83,551</b>	<b>57,200</b>	<b>60,520</b>	<b>77,063</b>	<b>77,904</b>
Short-term financial debt	19,166	31,871	45,735	24,728	35,000	45,000	45,000
Accounts payable	5,947	4,480	6,241	8,383	2,893	6,520	7,361
Current provisions	11,342	16,282	12,656	14,660	14,660	14,660	14,660
Other current liabilities	8,811	23,530	18,919	9,429	7,967	10,883	10,883
<b>Long-term liabilities, total</b>	<b>269,777</b>	<b>272,495</b>	<b>208,323</b>	<b>233,781</b>	<b>263,981</b>	<b>346,181</b>	<b>422,581</b>
Long-term financial debt	249,136	248,899	185,175	208,961	239,161	321,361	397,761
Deferred revenue	0	0	0	0	0	0	0
Other liabilities	20,641	23,596	23,148	24,820	24,820	24,820	24,820
<b>Minority interests</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Shareholders' equity</b>	<b>40,155</b>	<b>50,460</b>	<b>69,477</b>	<b>70,232</b>	<b>69,430</b>	<b>78,127</b>	<b>89,728</b>
Share capital	14,653	14,653	14,653	14,578	14,578	14,578	14,578
Capital reserve	40,293	40,308	40,323	40,428	40,428	40,428	40,428
Other reserves	-7,388	-8,751	-3,125	-2,441	-2,441	-2,441	-2,441
Treasury stock	-4	-41	-61	-1	-1	-1	-1
Loss carryforward / retained earnings	10,112	16,421	30,164	39,717	38,914	47,611	59,213
<b>Total consolidated equity and debt</b>	<b>355,198</b>	<b>399,118</b>	<b>361,351</b>	<b>361,213</b>	<b>393,931</b>	<b>501,371</b>	<b>590,213</b>
<b>Ratios</b>							
Current ratio (x)	3.53	2.19	2.18	2.81	3.06	2.72	2.68
Quick ratio (x)	2.41	1.76	1.77	1.99	2.73	2.13	2.02
Net debt	186,669	166,535	102,077	154,528	139,478	241,087	327,184
Net gearing	465%	330%	147%	220%	201%	309%	365%
Book value per share (in €)	2.74	3.45	4.76	4.82	4.76	5.36	6.15
Financial debt/EBITDA (x)	4.9	4.2	3.2	4.7	6.0	5.5	5.4
Equity ratio	11.3%	12.6%	19.2%	19.4%	17.6%	15.6%	15.2%
Return on equity (ROE)	35.2%	41.4%	36.5%	16.9%	9.3%	24.2%	24.3%
Return on investment (ROI)	4.0%	5.2%	7.0%	3.3%	1.6%	3.8%	3.7%
Return on assets (ROA)	9.6%	10.4%	12.1%	7.8%	6.0%	7.8%	8.0%
Return on capital employed (ROCE)	16.3%	20.4%	24.7%	14.8%	10.9%	16.3%	14.3%
Days sales outstanding (DSO)	56.6	32.3	31.6	63.8	66.0	53.5	50.5
Days inventory outstanding (DIO)	225.2	102.9	177.4	134.1	103.0	93.4	87.9
Days payables outstanding (DPO)	26.3	14.0	32.3	23.9	14.7	13.4	12.6



## CASH FLOW STATEMENT

All figures in EUR '000	2014A	2015A	2016A	2017A	2018E	2019E	2020E
<b>EBIT</b>	<b>40,718</b>	<b>49,668</b>	<b>53,750</b>	<b>32,889</b>	<b>26,281</b>	<b>47,067</b>	<b>56,378</b>
Depreciation and amortisation	12,463	16,424	18,316	16,704	19,294	20,080	26,045
<b>EBITDA</b>	<b>53,181</b>	<b>66,092</b>	<b>72,066</b>	<b>49,593</b>	<b>45,574</b>	<b>67,146</b>	<b>82,423</b>
Changes in working capital	6,445	28,824	24,732	-28,182	25,313	-29,964	-8,384
Other adjustments	-3,848	-3,490	-3,927	-16,973	-2,780	-8,101	-9,345
<b>Operating cash flow</b>	<b>55,778</b>	<b>91,426</b>	<b>92,871</b>	<b>4,438</b>	<b>68,107</b>	<b>29,081</b>	<b>64,693</b>
CAPEX	-20,149	-40,205	-6,885	-33,707	-27,292	-103,338	-115,360
Investments in intangibles	-12	0	0	-1	0	0	0
<b>Free cash flow</b>	<b>35,617</b>	<b>51,221</b>	<b>85,986</b>	<b>-29,269</b>	<b>40,816</b>	<b>-74,256</b>	<b>-50,666</b>
Acquisitions and disposals, net	5,062	300	0	0	0	0	0
Other investments	307	-11,143	-1,327	-2,277	0	0	0
<b>Cash flow from investing</b>	<b>-14,792</b>	<b>-51,048</b>	<b>-8,212</b>	<b>-35,984</b>	<b>-27,292</b>	<b>-103,338</b>	<b>-115,360</b>
Debt financing, net	-3,708	11,574	-36,444	5,266	40,472	92,200	76,400
Equity financing, net	0	0	-278	-251	0	0	0
Dividends paid	-7,331	-8,781	-11,682	-11,670	-8,751	-7,289	-10,205
Other financing	-18,129	-18,759	-23,041	-13,992	-17,015	-20,064	-25,226
<b>Cash flow from financing</b>	<b>-29,168</b>	<b>-15,967</b>	<b>-71,444</b>	<b>-20,646</b>	<b>14,707</b>	<b>64,847</b>	<b>40,969</b>
Forex & other effects	-1,636	-2,048	1,357	2,666	0	0	0
<b>Net cash flows</b>	<b>10,181</b>	<b>22,363</b>	<b>14,571</b>	<b>-49,526</b>	<b>55,522</b>	<b>-9,410</b>	<b>-9,697</b>
Cash, start of the year	71,413	81,594	103,957	118,528	69,002	124,524	115,115
<b>Cash, end of the year</b>	<b>81,594</b>	<b>103,957</b>	<b>118,528</b>	<b>69,002</b>	<b>124,524</b>	<b>115,115</b>	<b>105,418</b>
<b>EBITDA/share (in €)</b>	<b>3.74</b>	<b>4.52</b>	<b>4.94</b>	<b>3.40</b>	<b>3.13</b>	<b>4.61</b>	<b>5.65</b>
<b>Operating cash flow/share (in €)</b>	<b>3.80</b>	<b>6.25</b>	<b>6.36</b>	<b>0.30</b>	<b>4.67</b>	<b>1.99</b>	<b>4.44</b>
<b>Y-Y Growth</b>							
Operating cash flow	204.9%	63.9%	1.6%	-95.2%	1434.5%	-57.3%	122.5%
Free cash flow	n.m.	43.8%	67.9%	n.m.	n.m.	n.m.	n.m.
EBITDA/share	19.1%	20.6%	9.3%	-31.1%	-8.1%	47.3%	22.8%
Operating cash flow/share	205.7%	64.2%	1.8%	-95.2%	1435.2%	-57.3%	122.5%



**FIRST BERLIN RECOMMENDATION & PRICE TARGET HISTORY**

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	5 June 2014	€7.70	Buy	€12.20
2...22	↓	↓	↓	↓
23	1 November 2017	€15.15	Buy	€25.00
24	22 November 2017	€14.17	Buy	€24.80
25	20 April 2018	€13.65	Buy	€23.50
26	Today	€15.25	Buy	€23.70

**Authored by: Dr. Karsten von Blumenthal, Analyst**

**Company responsible for preparation:**

**First Berlin Equity Research GmbH**

Mohrenstraße 34  
10117 Berlin

Tel. +49 (0)30 - 80 93 96 85 Fax +49 (0)30 - 80 93 96 87

info@firstberlin.com

www.firstberlin.com

**Person responsible for forwarding or distributing this financial analysis: Martin Bailey**

**Copyright© 2018 First Berlin Equity Research GmbH** No part of this financial analysis may be copied, photocopied, duplicated or distributed in any form or media whatsoever without prior written permission from First Berlin Equity Research GmbH. First Berlin Equity Research GmbH shall be identified as the source in the case of quotations. Further information is available on request.

**INFORMATION PURSUANT TO SECTION 34B OF THE GERMAN SECURITIES TRADING ACT [WPHG], TO REGULATION (EU) NO 596/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF APRIL 16, 2014, ON MARKET ABUSE (MARKET ABUSE REGULATION) AND TO THE GERMAN ORDINANCE ON THE ANALYSIS OF FINANCIAL INSTRUMENTS [FINANV]**

First Berlin Equity Research GmbH (hereinafter referred to as: "First Berlin") prepares financial analyses while taking the relevant regulatory provisions, in particular the German Securities Trading Act [WpHG], Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) and the German Ordinance on the Analysis of Financial Instruments [FinAnV] into consideration. In the following First Berlin provides investors with information about the statutory provisions that are to be observed in the preparation of financial analyses.

**CONFLICTS OF INTEREST**

In accordance with Section 34b Paragraph 1 of the German Securities Trading Act [WpHG] and Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) financial analyses may only be passed on or publicly distributed if circumstances or relations which may cause conflicts of interest among the authors, the legal entities responsible for such preparation or companies associated with them are disclosed along with the financial analysis.

First Berlin offers a range of services that go beyond the preparation of financial analyses. Although First Berlin strives to avoid conflicts of interest wherever possible, First Berlin may maintain the following relations with the analysed company, which in particular may constitute a potential conflict of interest (further information and data may be provided on request):

- The author, First Berlin, or a company associated with First Berlin holds an interest of more than five percent in the share capital of the analysed company;
- The author, First Berlin, or a company associated with First Berlin provided investment banking or consulting services for the analysed company within the past twelve months for which remuneration was or was to be paid;
- The author, First Berlin, or a company associated with First Berlin reached an agreement with the analysed company for preparation of a financial analysis for which remuneration is owed;
- The author, First Berlin, or a company associated with First Berlin has other significant financial interests in the analysed company;

In order to avoid and, if necessary, manage possible conflicts of interest both the author of the financial analysis and First Berlin shall be obliged to neither hold nor in any way trade the securities of the company analyzed. The remuneration of the author of the financial analysis stands in no direct or indirect connection with the recommendations or opinions represented in the financial analysis. Furthermore, the remuneration of the author of the financial analysis is neither coupled directly to financial transactions nor to stock exchange trading volume or asset management fees.

If despite these measures one or more of the aforementioned conflicts of interest cannot be avoided on the part of the author or First Berlin, then reference shall be made to such conflict of interest.

**INFORMATION PURSUANT TO SECTION 64 OF THE GERMAN SECURITIES TRADING ACT [WPHG] (2ND FINANOG) OF 23 JUNE 2017, DIRECTIVE 2014/65/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 15 MAY 2014 ON MARKETS IN FINANCIAL INSTRUMENTS AND AMENDING DIRECTIVE 2002/92/EC AND DIRECTIVE 2011/61/EU, ACCOMPANIED BY THE MARKETS IN FINANCIAL INSTRUMENTS REGULATION (MIFIR, REG. EU NO. 600/2014)**

First Berlin notes that it has concluded a contract with the issuer to prepare financial analyses and is paid for that by the issuer. First Berlin makes the financial analysis simultaneously available for all interested security financial services companies. First Berlin thus believes that it fulfils the requirements of section 64 WpHG for minor non-monetary benefits.

### PRICE TARGET DATES

Unless otherwise indicated, current prices refer to the closing prices of the previous trading day.

### AGREEMENT WITH THE ANALYSED COMPANY AND MAINTENANCE OF OBJECTIVITY

The present financial analysis is based on the author's own knowledge and research. The author prepared this study without any direct or indirect influence exerted on the part of the analysed company. Parts of the financial analysis were possibly provided to the analysed company prior to publication in order to avoid inaccuracies in the representation of facts. However, no substantial changes were made at the request of the analysed company following any such provision.

### ASSET VALUATION SYSTEM

First Berlin's system for asset valuation is divided into an asset recommendation and a risk assessment.

#### ASSET RECOMMENDATION

The recommendations determined in accordance with the share price trend anticipated by First Berlin in the respectively indicated investment period are as follows:

**STRONG BUY:** An expected favourable price trend of more than 50% combined with sizeable confidence in the quality and forecast security of management.

**BUY:** An expected favourable price trend of more than 25% percent.

**ADD:** An expected favourable price trend of between 0% and 25%.

**REDUCE:** An expected negative price trend of between 0% and -15%.

**SELL:** An expected negative price trend of more than -15%.

#### RISK ASSESSMENT

The First Berlin categories for risk assessment are low, average, high and speculative. They are determined by ten factors: Corporate governance, quality of earnings, management strength, balance sheet and financial risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, strength of brandname, market capitalisation and free float. These risk factors are incorporated into the First Berlin valuation models and are thus included in the target prices. First Berlin customers may request the models.

### INVESTMENT HORIZON

Unless otherwise stated in the financial analysis, the ratings refer to an investment period of twelve months.

### UPDATES

At the time of publication of this financial analysis it is not certain whether, when and on what occasion an update will be provided. In general First Berlin strives to review the financial analysis for its topicality and, if required, to update it in a very timely manner in connection with the reporting obligations of the analysed company or on the occasion of ad hoc notifications.

### SUBJECT TO CHANGE

The opinions contained in the financial analysis reflect the assessment of the author on the day of publication of the financial analysis. The author of the financial analysis reserves the right to change such opinion without prior notification.

#### Legally required information regarding

- key sources of information in the preparation of this research report
- valuation methods and principles
- sensitivity of valuation parameters

can be accessed through the following internet link: <http://firstberlin.com/disclaimer-english-link/>

**SUPERVISORY AUTHORITY:** Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) [BaFin], Graurheindorferstraße 108, 53117 Bonn and Lurgiallee 12, 60439 Frankfurt

### EXCLUSION OF LIABILITY (DISCLAIMER)

#### RELIABILITY OF INFORMATION AND SOURCES OF INFORMATION

The information contained in this study is based on sources considered by the author to be reliable. Comprehensive verification of the accuracy and completeness of information and the reliability of sources of information has neither been carried out by the author nor by First Berlin. As a result no warranty of any kind whatsoever shall be assumed for the accuracy and completeness of information and the reliability of sources of information, and neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be liable for any direct or indirect damage incurred through reliance on the accuracy and completeness of information and the reliability of sources of information.

#### RELIABILITY OF ESTIMATES AND FORECASTS

The author of the financial analysis made estimates and forecasts to the best of the author's knowledge. These estimates and forecasts reflect the author's personal opinion and judgement. The premises for estimates and forecasts as well as the author's perspective on such premises are subject to constant change. Expectations with regard to the future performance of a financial instrument are the result of a measurement at a single point in time and may change at any time. The result of a financial analysis always describes only one possible future development – the one that is most probable from the perspective of the author – of a number of possible future developments.

Any and all market values or target prices indicated for the company analysed in this financial analysis may not be achieved due to various risk factors, including but not limited to market volatility, sector volatility, the actions of the analysed company, economic climate, failure to achieve earnings and/or sales forecasts, unavailability of complete and precise information and/or a subsequently occurring event which affects the underlying assumptions of the author and/or other sources on which the author relies in this document. Past performance is not an indicator of future results; past values cannot be carried over into the future.

Consequently, no warranty of any kind whatsoever shall be assumed for the accuracy of estimates and forecasts, and neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be liable for any direct or indirect damage incurred through reliance on the correctness of estimates and forecasts.

#### INFORMATION PURPOSES, NO RECOMMENDATION, SOLICITATION, NO OFFER FOR THE PURCHASE OF SECURITIES

The present financial analysis serves information purposes. It is intended to support institutional investors in making their own investment decisions; however in no way provide the investor with investment advice. Neither the author, nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be considered to be acting as an investment advisor or portfolio manager vis-à-vis an investor. Each investor must form his own independent opinion with regard to the suitability of an investment in view of his own investment objectives, experience, tax situation, financial position and other circumstances.

The financial analysis does not represent a recommendation or solicitation and is not an offer for the purchase of the security specified in this financial analysis. Consequently, neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall as a result be liable for losses incurred through direct or indirect employment or use of any kind whatsoever of information or statements arising out of this financial analysis.

A decision concerning an investment in securities should take place on the basis of independent investment analyses and procedures as well as other studies including, but not limited to, information memoranda, sales or issuing prospectuses and not on the basis of this document.

#### **NO ESTABLISHMENT OF CONTRACTUAL OBLIGATIONS**

By taking note of this financial analysis the recipient neither becomes a customer of First Berlin, nor does First Berlin incur any contractual, quasi-contractual or pre-contractual obligations and/or responsibilities toward the recipient. In particular no information contract shall be established between First Berlin and the recipient of this information.

#### **NO OBLIGATION TO UPDATE**

First Berlin, the author and/or the person responsible for passing on or distributing the financial analysis shall not be obliged to update the financial analysis. Investors must keep themselves informed about the current course of business and any changes in the current course of business of the analysed company.

#### **DUPLICATION**

Dispatch or duplication of this document is not permitted without the prior written consent of First Berlin.

#### **SEVERABILITY**

Should any provision of this disclaimer prove to be illegal, invalid or unenforceable under the respectively applicable law, then such provision shall be treated as if it were not an integral component of this disclaimer; in no way shall it affect the legality, validity or enforceability of the remaining provisions.

#### **APPLICABLE LAW, PLACE OF JURISDICTION**

The preparation of this financial analysis shall be subject to the law obtaining in the Federal Republic of Germany. The place of jurisdiction for any disputes shall be Berlin (Germany).

#### **NOTICE OF DISCLAIMER**

By taking note of this financial analysis the recipient confirms the binding nature of the above explanations.

By using this document or relying on it in any manner whatsoever the recipient accepts the above restrictions as binding for the recipient.

#### **QUALIFIED INSTITUTIONAL INVESTORS**

First Berlin financial analyses are intended exclusively for qualified institutional investors.

**This report is not intended for distribution in the USA, Canada and/or the United Kingdom (Great Britain).**