

# Energiekontor AG

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

H1 figures

## RATING

## PRICE TARGET

Return Potential  
 Risk Rating

## BUY

€ 22.60

30.6%  
 High

## STABLE NET RESULT IN CHALLENGING MARKET

Energiekontor's H1 EBT amounted to €4.7m and matched the previous year's figure. The challenging German onshore wind market resulted in weak project development activity. This was however more than compensated by the power generation segment. Again, Energiekontor's business model, which combines volatile project development with stable power generation, showed its strength. Energiekontor reiterated 2019 guidance (moderately higher EBT y/y) and expects significantly better results from 2020 on. The foundation for the improvement in earnings has already been laid. In February, the company signed a power purchasing agreement for an 85 MW solar park to be built in 2020 in Germany. A wind project delay causes us to lower our 2019E forecast slightly. Given that Energiekontor was not awarded projects in the German onshore wind tender in August and that approval procedures remain slow, we trim our 2020E forecast but still expect strong growth. An updated sum of the parts valuation yields a €22.60 price target (previously: €22.90). We reiterate our Buy rating.

**Lower EBIT offset by improved financial result** Revenue increased 9% y/y to €36.3m, due mainly to higher Project Development segment sales. Total output was down 25% at €44.3m (FBe: €51.1m) as project development activity was lower. EBITDA amounted to €21.4m and met the previous year's figure. Higher depreciation (€10.2m vs. €9.1m in H1/18) resulted in lower EBIT (€11.2m vs. €12.4m in H1/18, FBe: €11.9m). EBT, however, was on par with the H1/18 figure (€4.7m), due to a significantly improved financial result (€-6.5m vs. €7.7m in H1/18). The net result matched the previous year's figure of €3.4m (FBe: €3.9m) and EPS was stable at €0.23.

**Guidance confirmed** Energiekontor is guiding towards a group EBT moderately above the 2018 EBT of €9.6m. The Project Development segment EBT is projected to roughly match the previous year's level of €-4.6m.

(p.t.o.)

## FINANCIAL HISTORY & PROJECTIONS

	2016	2017	2018	2019E	2020E	2021E
Total output (€m)	166.75	202.08	128.70	132.10	280.61	332.29
Y-o-y growth	-20.6%	21.2%	-36.3%	2.6%	112.4%	18.4%
EBIT (€m)	53.75	32.89	22.08	23.10	38.62	47.53
EBIT margin	32.2%	16.3%	17.2%	17.5%	13.8%	14.3%
Net income (€m)	25.34	11.89	6.68	7.16	16.95	20.62
EPS (diluted) (€)	1.74	0.82	0.46	0.49	1.16	1.42
DPS (€)	0.80	0.60	0.40	0.40	0.60	0.70
FCF (€m)	85.99	-29.27	23.17	14.68	-64.91	-49.27
Net gearing	146.9%	220.0%	218.6%	220.2%	306.3%	356.3%
Liquid assets (€m)	118.53	69.00	73.29	68.62	74.88	73.79

## RISKS

Main risks include changes in the regulatory support for wind and solar energy, project development risks, approval procedures, tender results, wind farm operation risks, and Brexit.

## COMPANY PROFILE

Energiekontor is a wind and solar project developer and an operator of a large portfolio of own wind farms and solar parks (287 MW). The company is active in onshore wind and solar project development in Germany, the UK, the US, and France. Energiekontor is headquartered in Bremen, Germany.

## MARKET DATA

As of 02 Sep 2019

Closing Price	€ 17.30
Shares outstanding	14.58m
Market Capitalisation	€ 252.15m
52-week Range	€ 12.85 / 18.80
Avg. Volume (12 Months)	6,456

Multiples	2018	2019E	2020E
P/E	37.9	35.4	14.9
EV/Sales	3.1	3.0	1.4
EV/EBIT	18.1	17.3	10.3
Div. Yield	2.3%	2.3%	3.5%

## STOCK OVERVIEW



## COMPANY DATA

As of 30 Jun 2019

Liquid Assets	€ 70.06m
Current Assets	€ 136.03m
Intangible Assets	€ 0.05m
Total Assets	€ 344.63m
Current Liabilities	€ 47.73m
Shareholders' Equity	€ 62.35m

## SHAREHOLDERS

Dr Bodo Wilkens	25.8%
Günter Lammers	25.7%
Universal Investment Gesellschaft	11.1%
Free Float	37.3%

Given normal wind conditions, the Power Generation segment should generate an EBT which is slightly higher than the 2018 segment EBT of €11.7m. The Operation & Innovation segment EBT looks set to rise slightly y/y. In 2018, it amounted to €2.6m. From 2020, management expects significantly better results again and average increases in earnings as in the years 2011 to 2016.

**Figure 1: Reported group figures versus estimates**

All figures in €m	H1-19A	H1-19E	Delta	H1-18A	Delta
Total output	44.27	51.10	-13.4%	58.67	-24.5%
EBIT	11.17	11.92	-6.3%	12.35	-9.6%
margin	25.2%	23.3%		21.1%	
Net income	3.37	3.87	-12.8%	3.37	0.2%
margin	7.6%	7.6%		5.7%	
EPS in € (diluted)	0.23	0.27	-13.2%	0.23	0.0%

Source: First Berlin Equity Research, Energiekontor AG

**Balance sheet largely unchanged** The balance sheet total declined 1% from €348m at the end of 2018 to €345m. The book value of the wind farm & solar park portfolio was down 2% at €200.8m, as Power Generation segment depreciation (€10.3m) was higher than segment CAPEX (€5.8m). The high book value reflects the company's strong asset base, which amounts to 58% of the balance sheet total. The book value does not reflect the hidden reserves resulting from the fact that renewable energy assets built in-house were transferred from the Project Development segment to the Power Generation segment without the profit margin Energiekontor would have received for a sale of the assets. These profits remain in the portfolio as hidden reserve. The cash position including securities remained at a high level of €72.1m (31/12/2018: €784m). Equity retreated from €68.4m to €62.4m due mainly to the dividend payment. This results in a lower equity ratio of 18.1% versus 19.6% end 2018. Whereas long-term financial debt was slightly down at €205.3m, short-term debt rose 34% to €27.7m. A large chunk of the long-term debt is non-recourse financing of the renewable power assets. Net debt increased 8% to €160.8m (see figure 2).

**Figure 2: Selected balance sheet items**

in €m	2018	H1/19	delta
Wind farms & solar parks	204.7	200.8	-2%
Cash and cash equivalents incl. securities	78.4	72.1	-8%
Equity	68.4	62.4	-9%
Equity ratio	19.6%	18.1%	-
Financial debt (long-term)	207.2	205.3	-1%
Financial debt (short-term)	20.6	27.7	34%
Net debt (incl. securities)	149.5	160.8	8%
Net gearing	219%	258%	-
Balance sheet total	348.4	344.6	-1%

Source: First Berlin Equity Research, Energiekontor AG

**Positive operating cash flow in H1** Operating cash flow was €4.0m in H1. Due to CAPEX of €5.9m, free cash flow was negative and amounted to €-1.9m. The cash inflow from the sale of securities of €3.0m resulted in cash flow from investing of €-2.9m. Financing cash flow was €-4.6m due mainly to cash outflow from payouts/dividends of €5.8m. The net cash flow amounted to €-3.4m (see figure 3 overleaf).

**Figure 3: Cash flow statement**

in €m	H1/18	H1/19
Operating cash flow	4.0	-3.1
CAPEX	-5.9	-7.5
Free cash flow	-1.9	-10.6
Cash flow from investment	-2.9	-5.5
Cash flow from financing	-4.6	5.9
Net cash flow	-3.4	-2.7

Source: First Berlin Equity Research, Energiekontor AG

**Project development segment suffering from weak German market** Although segment sales increased y/y from €1.4m to €5.6m due to the sale of the Zapel solar park (6.3 MW) in Q2, the overall project development activity was low. This is reflected in the low total segment output of €13.5m versus €27.5m in H1/18 (see figure 4 overleaf). Currently, 17 MW are under construction. The low construction activity is a result of the weak German market, which is characterised by very slow approval procedures resulting in a lack of approvals and undersubscribed tenders. Following the Senvion insolvency, the Bultensee project (3.4 MW) has to be replanned, which will postpone commissioning into 2020E. Segment EBIT amounted to €-2.5m (H1/18: €-2.5m, FBe: €-3.2m). Despite the low project development activity, the operating loss did not widen indicating strict cost management. Segment EBT even improved from €-4.4m in H1/18 to €-3.6m due to a better financial result.

**Power generation segment remains anchor** Segment revenues were down 3% y/y at €28.7m (FBe: €30.0m). In H1/19, the capacity of the power production portfolio increased by 8 MW to 287 MW due to the addition of the Withernwick II wind farm in the UK. At the end of H1/18, the portfolio capacity was 269 MW. Wind yields were slightly above average in Germany. They increased 2.5% y/y, but wind yields in Portugal (-4% y/y) and the UK (-3% y/y) were lower. Adjusting the H1/18 revenue for a one-off remuneration of €3.3m in the UK, segment revenue growth would have been 12% y/y. The segment continues to generate high cash flows and remains the anchor of Energiekontor's business model. EBITDA amounted to €21.9m (H1/18: €22.5m). Depreciation of €9.8m resulted in EBIT of €12.1m (H1/18: €13.4m, -10% y/y, FBe: €13.6m). Interest and similar expenses of €5.4m (H1/18: €5.8m) resulted in EBT of €6.7m vs. €7.6m in H1/18.

**Operation & Innovation segment with 13% EBIT growth y/y** Total segment output, which largely depends on the power generated in the managed wind farms and solar parks, was up 12% at €3.2m (FBe: €3.1m). EBIT and EBT increased 13% to €1.6m (FBe: €1.5m). The EBIT margin edged slightly higher to 50.6% from 50.4% in the previous year's period (see figure 4 overleaf). The segment delivers stable revenues and high margins.

**Figure 4: Reported segment figures versus forecasts**

All figures in €m	H1-19A	H1-19E	Delta	H1-18A	Delta
<b>Projects</b>					
Total output	13.50	19.00	-28.9%	27.46	-50.8%
EBIT	-2.54	-3.22	-	-2.52	-
margin	-18.8%	-16.9%		-9.2%	
<b>Power Production</b>					
Total output	28.71	30.00	-4.3%	29.53	-2.8%
EBIT	12.11	13.61	-11.0%	13.45	-10.0%
margin	42.2%	45.4%		45.5%	
<b>Operation &amp; Innovation</b>					
Total output	3.17	3.10	2.2%	2.82	12.3%
EBIT	1.60	1.52	5.4%	1.42	12.9%
margin	50.6%	49.1%		50.4%	
<b>Consolidation</b>					
Total output	-1.11	-1.00	-	-1.14	-
EBIT	0.00	0.00	-	0.00	-
margin	-	-		-	
<b>Group</b>					
Total output	44.27	51.10	-13.4%	58.67	-24.5%
EBIT	11.17	11.92	-6.3%	12.35	-9.6%
margin	25.2%	23.3%		21.1%	

Source: First Berlin Equity Research, Energiekontor AG

**Energiekontor is a PPA pioneer** In April, Energiekontor commissioned the British wind farm Withernwick II (8.3 MW). This is the first Energiekontor wind farm to have been built based solely on a power purchase agreement (PPA). As far as we can ascertain, it is the first wind farm of its kind in the UK. Energiekontor is thus a pioneer in developing competitive wind farms. In February, Energiekontor and the large German utility EnBW signed a PPA for an 85 MW solar park, which Energiekontor will construct in 2020 in eastern Germany. The first pure PPA-based solar park in Germany is the largest project in the history of the company and will be one of the largest solar parks in Germany. This deal opens a new chapter in Energiekontor's history. In May Energiekontor signed another PPA for a 4 MW solar plant with another large German utility, innogy SE. PPA-based projects are independent of any tender procedures. We expect the conclusion of further PPAs in coming months.

#### **Energiekontor successful in first two 2019 onshore wind and first two solar tenders in Germany**

In the February onshore wind tender, Energiekontor was awarded the Waldfeucht project (13.5 MW) and in the May tender the Beckum repowering project (9 MW). Commissioning of these two projects with a combined capacity of 22.5 MW is scheduled for 2019. The solar business was also successful in the tenders. In February, Energiekontor was awarded the 4.8 MW Gefrees solar project, and the Karstädt project (6.3 MW) in the March tender. However, Energiekontor was not awarded projects in the June solar and August onshore wind tenders. Currently, the company has ca. 50 MW in the approval phase.

**Progress in the US** In the US, Energiekontor has secured land for 1,000 MW solar installations in the West Texas region. The company plans to sign the first PPAs this year and then sell the project rights.

**Project pipeline expanded to ca. 4,000 MW** International project development activity resulted in an expansion of the project pipeline from 3,600 MW in Q4/18 and 3,800 MW in Q1/19 to 4,000 MW in Q2/19.

**German wind market is suffering from approval delays** In the first half of the year, only 287 MW were built onshore in Germany (H1/18: 1,626 MW, -82% y/y). This is the lowest installation in a half-year since the introduction of the Renewable Energy Act (EEG) in 2000. The very weak first half installation figure prompted the VDMA and BWE industry associations to lower their installation forecasts for 2019 to 1,500 MW (previously: almost 2,000 MW). This means that installations will be significantly below the weak previous year (2,402 MW). The reasons for this are the unsatisfactory tender design in 2017, very lengthy approval procedures, and the growing number of objections from wind power opponents to planned wind projects. In its survey published in July, the “Fachagentur Windenergie an Land” shows that objections have been received against more than 1,000 MW. The last four onshore wind tenders were all significantly undersubscribed. Instead of 2,670 MW (the total volume of the last four tenders), only 1,317 MW or 49% were awarded (see figure 5). Meanwhile, the German Minister of Economic Affairs, Altmaier, has recognised the seriousness of the situation and has invited stakeholders to a crisis meeting in Berlin in September.

**Figure 5: German onshore wind tender results from Feb-18 to Aug-19**

	Feb-18	May-18	Aug-18	Oct-18	Feb-19	May-19	Aug-19
Tendered volume (MW)	700	670	670	670	700	650	650
Cap in grid expansion area (MW)	197	232	314	410	155	153	175
Number of offers	132	111	91	62	72	41	33
Offered volume (MW)	989	604	709	388	499	295	n.a.
Awarded projects	83	111	86	57	67	35	32
Awarded volume (MW)	709	604	667	363	476	270	208
Highest permissible value (€ct/kWh)	6.30	6.30	6.30	6.30	6.20	6.20	6.20
Average volume-weighted awarded value (€ct/kWh)	4.73	5.73	6.16	6.26	6.11	6.13	6.20
Lowest awarded value (€ct/kWh)	3.80	4.65	4.00	6.12	5.24	5.40	6.19
Highest awarded value (€ct/kWh)	5.28	6.28	6.30	6.30	6.20	6.20	6.20

Source: First Berlin Equity Research, Bundesnetzagentur

**German energy transition is a long-run growth driver for wind and solar** Despite the current challenges in the German onshore wind business, we are confident that growth in wind installations will return. Both wind and solar will receive a further push as the German coal commission has decided to phase out coal by 2038. We assume that the federal government will codify the coal compromise in a similar form. This means that more than 40 GW of power capacity will gradually be withdrawn from the market and have to be replaced. In addition, more than 9 GW of capacity will be lost due to the phasing out of nuclear power by the end of 2022. We are convinced that PPA-based wind farms and solar parks will be the main element in Germany's drive towards a 65% renewable power share in 2030 and an 80% share in 2050 (2018 share: 38%).

**Forecasts adjusted** We have slightly lowered our 2019E forecast, due to the delay in the construction of the Bultensee project. We remain bullish for 2020E as we expect quicker approval procedures and more regulatory support for the German wind market. However, given Energiekontor's current lack of newly awarded onshore wind projects and the still slow approval procedures, we have trimmed our 2020E forecast and now expect 2020E EPS of €1.16 (previously: €1.34, see figure 6 overleaf).

**Figure 6: Revisions to forecasts**

All figures in €m	2019E			2020E			2021E		
	Old	New	Delta	Old	New	Delta	Old	New	Delta
Total output	134.35	132.10	-1.7%	316.79	280.61	-11.4%	334.38	332.29	-0.6%
EBIT	24.66	23.10	-6.3%	43.29	38.62	-10.8%	47.83	47.53	-0.6%
margin	18.4%	17.5%		13.7%	13.8%		14.3%	14.3%	
Net income	7.87	7.16	-9.1%	19.48	16.95	-13.0%	20.02	20.62	3.0%
margin	5.9%	5.4%		6.1%	6.0%		6.0%	6.2%	
EPS (diluted)	0.54	0.49	-9.1%	1.34	1.16	-13.0%	1.37	1.42	3.0%

Source: First Berlin Equity Research

**Buy confirmed at slightly lower price target** An updated sum of the parts valuation yields a new price target of €22.60 (previously: €22.90). We reiterate our Buy rating.



## VALUATION MODEL

We value Energiekontor based on a sum-of-the-parts analysis. Each of Energiekontor's segments, Project Development, Power Production, and Operation & 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	141.99	9.74	9.78
Power Production	142.78	9.79	10.00
Operation & Innovation	44.69	3.07	3.10
<b>Sum of the parts</b>	<b>329.46</b>	<b>22.60</b>	<b>22.88</b>

### DCF model for Project Development segment

DCF valuation model								
All figures in EUR '000	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E
Net sales	51,080	139,750	167,250	168,050	183,633	199,325	214,909	230,148
NOPLAT	-2,054	9,827	14,518	15,516	16,288	17,042	17,435	17,797
+ depreciation & amortisation	51	41	56	67	77	87	96	105
Net operating cash flow	-2,003	9,869	14,575	15,583	16,366	17,129	17,532	17,903
- total investments (CAPEX and WC)	4,345	-22,243	-12,463	4,062	-6,514	-6,585	-6,567	-6,453
Capital expenditures	-26	-70	-84	-84	-92	-100	-107	-115
Working capital	4,371	-22,173	-12,379	4,146	-6,422	-6,485	-6,460	-6,338
Free cash flows (FCF)	2,342	-12,374	2,112	19,645	9,852	10,544	10,965	11,450
<b>PV of FCF's</b>	<b>2,269</b>	<b>-10,877</b>	<b>1,685</b>	<b>14,224</b>	<b>6,474</b>	<b>6,287</b>	<b>5,934</b>	<b>5,624</b>

All figures in thousands	
PV of FCFs in explicit period (2019E-2033E)	64,407
PV of FCFs in terminal period	44,769
Enterprise value (EV)	109,176
+ Net cash / - net debt	32,809
+ Investments / minority interests	0
Shareholder value	141,985
Number of shares (diluted)	14,575
<b>Fair value per share in EUR</b>	<b>9.74</b>

Fair value per share in EUR				Terminal growth rate						
WACC	10.2%			0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
Cost of equity	13.0%	6.2%	16.71	17.20	17.80	18.54	19.48	20.72	22.42	
Pre-tax cost of debt	8.5%	7.2%	14.08	14.35	14.67	15.05	15.52	16.09	16.82	
Tax rate	30.0%	8.2%	12.16	12.32	12.49	12.70	12.95	13.24	13.59	
After-tax cost of debt	6.0%	9.2%	10.70	10.79	10.90	11.01	11.14	11.30	11.48	
Share of equity capital	60.0%	10.2%	9.56	9.62	9.67	9.74	9.81	9.90	10.00	
Share of debt capital	40.0%	11.2%	8.65	8.68	8.71	8.75	8.79	8.84	8.89	
		12.2%	7.91	7.92	7.94	7.96	7.98	8.00	8.03	
		13.2%	7.29	7.29	7.30	7.31	7.32	7.33	7.35	
Fair value per share in EUR	9.74									

\* for layout purposes the model shows numbers only to 2026, but runs until 2033



## DCF model for Power Production segment

DCF valuation model								
All figures in EUR '000								
	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E
Net sales	56,319	59,449	69,437	82,716	94,027	95,878	96,939	93,027
NOPLAT	18,575	19,309	21,734	25,605	27,418	28,402	28,960	26,836
+ depreciation & amortisation	20,064	21,842	27,762	34,196	41,279	40,924	40,569	40,214
Net operating cash flow	38,639	41,151	49,496	59,801	68,697	69,326	69,530	67,050
- total investments (CAPEX and WC)	-28,691	-95,889	-103,147	-114,941	-44,068	-41,380	-40,831	-39,250
Capital expenditures	-25,344	-95,118	-100,684	-111,667	-41,279	-40,924	-40,569	-40,214
Working capital	-3,347	-772	-2,463	-3,274	-2,789	-456	-262	964
Free cash flows (FCF)	9,948	-54,739	-53,651	-55,140	24,629	27,946	28,699	27,801
PV of FCF's	9,812	-51,749	-48,624	-47,908	20,514	22,312	21,966	20,399

All figures in thousands	
PV of FCFs in explicit period (2019E-2033E)	63,110
PV of FCFs in terminal period	260,263
Enterprise value (EV)	323,373
+ Net cash / - net debt	-180,592
+ Investments / minority interests	0
Shareholder value	142,781
Number of shares (diluted)	14,575
Fair value per share in EUR	9.79

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	9.79

		Terminal growth rate						
		-0.6%	-0.4%	-0.2%	0.0%	0.2%	0.4%	0.6%
WACC	3.6%	13.22	14.25	15.39	16.66	18.08	19.68	21.49
	3.8%	11.14	12.02	12.99	14.07	15.26	16.59	18.09
	4.1%	9.29	10.05	10.88	11.80	12.81	13.93	15.18
	4.3%	7.62	8.29	9.01	9.79	10.66	11.61	12.67
	4.6%	6.13	6.70	7.33	8.01	8.76	9.57	10.47
	4.8%	4.77	5.28	5.82	6.42	7.06	7.76	8.53
	5.1%	3.53	3.98	4.46	4.98	5.54	6.15	6.81

\* for layout purposes the model shows numbers only to 2026, but runs until 2033

## DCF model for Operation & Innovation segment

DCF valuation model								
All figures in EUR '000								
	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E
Net sales	6,019	6,501	7,086	8,007	8,968	9,954	10,950	11,935
NOPLAT	2,012	2,218	2,442	2,756	3,067	3,383	3,698	4,006
+ depreciation & amortisation	0	0	0	3	6	9	13	17
Net operating cash flow	2,012	2,218	2,442	2,759	3,073	3,392	3,711	4,022
- total investments (CAPEX and WC)	55	-17	-174	-190	-187	-201	-213	-223
Capital expenditures	0	0	-35	-40	-45	-50	-55	-60
Working capital	55	-17	-139	-150	-143	-152	-159	-163
Free cash flows (FCF)	2,067	2,201	2,268	2,569	2,886	3,191	3,497	3,799
PV of FCF's	2,003	1,939	1,816	1,870	1,910	1,919	1,912	1,889

All figures in thousands	
PV of FCFs in explicit period (2019E-2033E)	26,595
PV of FCFs in terminal period	17,047
Enterprise value (EV)	43,642
+ Net cash / - net debt	1,050
+ Investments / minority interests	0
Shareholder value	44,692
Number of shares (diluted)	14,575
Fair value per share in EUR	3.07

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	3.07

		Terminal growth rate						
		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
WACC	6.0%	5.36	5.65	6.00	6.44	7.00	7.75	8.80
	7.0%	4.45	4.62	4.83	5.08	5.38	5.76	6.25
	8.0%	3.78	3.89	4.02	4.18	4.36	4.58	4.84
	9.0%	3.28	3.35	3.44	3.54	3.66	3.79	3.95
	10.0%	2.89	2.94	3.00	3.07	3.14	3.23	3.33
	11.0%	2.57	2.61	2.65	2.70	2.75	2.81	2.88
	12.0%	2.32	2.35	2.38	2.41	2.45	2.49	2.53
	13.0%	2.11	2.13	2.15	2.17	2.20	2.23	2.26

\* for layout purposes the model shows numbers only to 2026, but runs until 2033





## INCOME STATEMENT

All figures in EUR '000	2015A	2016A	2017A	2018A	2019E	2020E	2021E
<b>Revenues</b>	<b>191,329</b>	<b>201,764</b>	<b>149,865</b>	<b>110,186</b>	<b>111,011</b>	<b>203,099</b>	<b>240,939</b>
Change in inventory & own work	18,808	-35,015	52,211	18,516	21,088	77,515	91,356
<b>Total output</b>	<b>210,137</b>	<b>166,749</b>	<b>202,076</b>	<b>128,702</b>	<b>132,098</b>	<b>280,614</b>	<b>332,295</b>
Cost of goods sold	116,590	70,523	127,923	60,631	58,463	184,850	219,224
<b>Gross profit</b>	<b>93,547</b>	<b>96,226</b>	<b>74,153</b>	<b>68,071</b>	<b>73,635</b>	<b>95,764</b>	<b>113,070</b>
Personnel costs	10,476	10,922	11,830	13,667	14,289	15,287	16,030
Other operating expenses	18,553	17,719	18,475	17,144	17,775	22,570	24,760
Other operating income	1,574	4,481	5,746	3,363	1,643	2,593	3,068
<b>EBITDA</b>	<b>66,092</b>	<b>72,066</b>	<b>49,593</b>	<b>40,622</b>	<b>43,214</b>	<b>60,500</b>	<b>75,349</b>
Depreciation	16,424	18,316	16,704	18,546	20,115	21,883	27,819
<b>Operating income (EBIT)</b>	<b>49,668</b>	<b>53,750</b>	<b>32,889</b>	<b>22,076</b>	<b>23,099</b>	<b>38,617</b>	<b>47,531</b>
Net financial result	-20,006	-18,253	-16,224	-12,465	-12,877	-14,408	-18,075
Non-operating expenses	0	0	0	0	0	0	0
<b>Pre-tax income (EBT)</b>	<b>29,662</b>	<b>35,497</b>	<b>16,666</b>	<b>9,612</b>	<b>10,222</b>	<b>24,209</b>	<b>29,456</b>
Income taxes	8,751	10,162	4,778	2,932	3,067	7,263	8,837
Minority interests	0	0	0	0	0	0	0
<b>Net income / loss</b>	<b>20,911</b>	<b>25,335</b>	<b>11,888</b>	<b>6,680</b>	<b>7,156</b>	<b>16,946</b>	<b>20,619</b>
<b>Diluted EPS (in €)</b>	<b>1.43</b>	<b>1.74</b>	<b>0.82</b>	<b>0.46</b>	<b>0.49</b>	<b>1.16</b>	<b>1.42</b>
<b>Ratios</b>							
Gross margin on total output	44.5%	57.7%	36.7%	52.9%	55.7%	34.1%	34.0%
EBITDA margin on total output	31.5%	43.2%	24.5%	31.6%	32.7%	21.6%	22.7%
EBIT margin on total output	23.6%	32.2%	16.3%	17.2%	17.5%	13.8%	14.3%
Net margin on total output	10.0%	15.2%	5.9%	5.2%	5.4%	6.0%	6.2%
Tax rate	29.5%	28.6%	28.7%	30.5%	30.0%	30.0%	30.0%
<b>Expenses as % of total output</b>							
Personnel costs	5.0%	6.5%	5.9%	10.6%	10.8%	5.4%	4.8%
Depreciation	7.8%	11.0%	8.3%	14.4%	15.2%	7.8%	8.4%
Other operating expenses	8.8%	10.6%	9.1%	13.3%	13.5%	8.0%	7.5%
<b>Y-Y Growth</b>							
Total output	31.0%	-20.6%	21.2%	-36.3%	2.6%	112.4%	18.4%
EBIT	22.0%	8.2%	-38.8%	-32.9%	4.6%	67.2%	23.1%
Net income/ loss	48.0%	21.2%	-53.1%	-43.8%	7.1%	136.8%	21.7%



## BALANCE SHEET

All figures in EUR '000	2015A	2016A	2017A	2018A	2019E	2020E	2021E
<b>Assets</b>							
<b>Current assets, total</b>	<b>166,855</b>	<b>181,759</b>	<b>160,607</b>	<b>137,613</b>	<b>129,815</b>	<b>163,112</b>	<b>178,356</b>
Cash and cash equivalents	103,957	118,528	69,002	73,291	68,625	74,876	73,787
Short-term investments	10,278	10,305	10,159	5,061	5,061	5,061	5,061
Receivables	16,932	17,469	26,216	19,123	21,214	34,159	40,421
Inventories	32,871	34,272	47,006	38,481	33,257	47,359	57,429
Other current assets	2,817	1,185	8,225	1,657	1,657	1,657	1,657
<b>Non-current assets, total</b>	<b>232,263</b>	<b>179,592</b>	<b>200,606</b>	<b>210,824</b>	<b>216,078</b>	<b>289,383</b>	<b>362,368</b>
Property, plant & equipment	223,789	171,747	194,558	204,916	210,170	283,475	356,459
Goodwill & other intangibles	23	10	1	23	23	23	23
Other assets	8,451	7,834	6,047	5,885	5,885	5,885	5,885
<b>Total assets</b>	<b>399,118</b>	<b>361,351</b>	<b>361,213</b>	<b>348,437</b>	<b>345,893</b>	<b>452,495</b>	<b>540,723</b>
<b>Shareholders' equity &amp; debt</b>							
<b>Current liabilities, total</b>	<b>76,163</b>	<b>83,551</b>	<b>57,200</b>	<b>44,177</b>	<b>30,306</b>	<b>52,304</b>	<b>70,113</b>
Short-term financial debt	31,871	45,735	24,728	20,639	10,000	25,000	40,000
Accounts payable	4,480	6,241	8,383	5,489	2,257	6,341	7,693
Current provisions	16,282	12,656	14,660	13,504	13,504	13,504	13,504
Other current liabilities	23,530	18,919	9,429	4,545	4,545	7,459	8,916
<b>Long-term liabilities, total</b>	<b>272,495</b>	<b>208,323</b>	<b>233,781</b>	<b>235,861</b>	<b>245,861</b>	<b>322,261</b>	<b>382,261</b>
Long-term financial debt	248,899	185,175	208,961	207,233	217,233	293,633	353,633
Deferred revenue	0	0	0	0	0	0	0
Other liabilities	23,596	23,148	24,820	28,628	28,628	28,628	28,628
<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>50,460</b>	<b>69,477</b>	<b>70,232</b>	<b>68,400</b>	<b>69,726</b>	<b>77,930</b>	<b>88,349</b>
Share capital	14,653	14,653	14,578	14,578	14,578	14,578	14,578
Capital reserve	40,308	40,323	40,428	40,458	40,458	40,458	40,458
Other reserves	-8,751	-3,125	-2,441	-1,835	-1,835	-1,835	-1,835
Treasury stock	-41	-61	-1	-30	-30	-30	-30
Loss carryforward / retained earnings	16,421	30,164	39,717	39,344	40,671	48,874	59,293
<b>Total consolidated equity and debt</b>	<b>399,118</b>	<b>361,351</b>	<b>361,213</b>	<b>348,437</b>	<b>345,893</b>	<b>452,495</b>	<b>540,723</b>
<b>Ratios</b>							
Current ratio (x)	2.19	2.18	2.81	3.12	4.28	3.12	2.54
Quick ratio (x)	1.76	1.77	1.99	2.24	3.19	2.21	1.72
Net debt	166,535	102,077	154,528	149,520	153,547	238,696	314,785
Net gearing	330%	147%	220%	219%	220%	306%	356%
Book value per share (in €)	3.45	4.76	4.82	4.69	4.79	5.35	6.06
Financial debt/EBITDA (x)	4.2	3.2	4.7	5.6	5.3	5.3	5.2
Equity ratio	12.6%	19.2%	19.4%	19.6%	20.2%	17.2%	16.3%
Return on equity (ROE)	41.4%	36.5%	16.9%	9.8%	10.3%	21.7%	23.3%
Return on investment (ROI)	5.2%	7.0%	3.3%	1.9%	2.1%	3.7%	3.8%
Return on assets (ROA)	10.4%	12.1%	7.8%	5.7%	5.8%	6.9%	7.2%
Return on capital employed (ROCE)	20.4%	24.7%	14.8%	8.9%	9.3%	12.9%	12.2%
Days sales outstanding (DSO)	32.3	31.6	63.8	63.3	69.8	61.4	61.2
Days inventory outstanding (DIO)	102.9	177.4	134.1	231.7	207.6	93.5	95.6
Days payables outstanding (DPO)	14.0	32.3	23.9	33.0	14.1	12.5	12.8



## CASH FLOW STATEMENT

All figures in EUR '000	2015A	2016A	2017A	2018A	2019E	2020E	2021E
<b>EBIT</b>	<b>49,668</b>	<b>53,750</b>	<b>32,889</b>	<b>22,076</b>	<b>23,099</b>	<b>38,617</b>	<b>47,531</b>
Depreciation and amortisation	16,424	18,316	16,704	18,546	20,115	21,883	27,819
<b>EBITDA</b>	<b>66,092</b>	<b>72,066</b>	<b>49,593</b>	<b>40,622</b>	<b>43,214</b>	<b>60,500</b>	<b>75,349</b>
Changes in working capital	28,824	24,732	-28,182	6,310	-100	-22,962	-14,981
Other adjustments	-3,490	-3,927	-16,973	-1,499	-3,067	-7,263	-8,837
<b>Operating cash flow</b>	<b>91,426</b>	<b>92,871</b>	<b>4,438</b>	<b>45,433</b>	<b>40,048</b>	<b>30,276</b>	<b>51,532</b>
CAPEX	-40,205	-6,885	-33,707	-22,240	-25,369	-95,188	-100,803
Investments in intangibles	0	0	-1	-26	0	0	0
<b>Free cash flow</b>	<b>51,221</b>	<b>85,986</b>	<b>-29,269</b>	<b>23,167</b>	<b>14,679</b>	<b>-64,912</b>	<b>-49,271</b>
Acquisitions and disposals, net	300	0	0	0	0	0	0
Other investments	-11,143	-1,327	-2,277	4,642	0	0	0
<b>Cash flow from investing</b>	<b>-51,048</b>	<b>-8,212</b>	<b>-35,984</b>	<b>-17,624</b>	<b>-25,369</b>	<b>-95,188</b>	<b>-100,803</b>
Debt financing, net	11,574	-36,444	5,266	-2,891	-639	91,400	75,000
Equity financing, net	0	-278	-251	-403	0	0	0
Dividends paid	-8,781	-11,682	-11,670	-8,745	-5,829	-5,829	-8,743
Other financing	-18,759	-23,041	-13,992	-11,577	-12,877	-14,408	-18,075
<b>Cash flow from financing</b>	<b>-15,967</b>	<b>-71,444</b>	<b>-20,646</b>	<b>-23,616</b>	<b>-19,345</b>	<b>71,163</b>	<b>48,182</b>
Forex & other effects	-2,048	1,357	2,666	96	0	0	0
<b>Net cash flows</b>	<b>22,363</b>	<b>14,571</b>	<b>-49,526</b>	<b>4,289</b>	<b>-4,666</b>	<b>6,251</b>	<b>-1,089</b>
Cash, start of the year	81,594	103,957	118,528	69,002	73,291	68,625	74,876
<b>Cash, end of the year</b>	<b>103,957</b>	<b>118,528</b>	<b>69,002</b>	<b>73,291</b>	<b>68,625</b>	<b>74,876</b>	<b>73,787</b>
<b>EBITDA/share (in €)</b>	<b>4.52</b>	<b>4.94</b>	<b>3.40</b>	<b>2.79</b>	<b>2.97</b>	<b>4.15</b>	<b>5.17</b>
<b>Operating cash flow/share (in €)</b>	<b>6.25</b>	<b>6.36</b>	<b>0.30</b>	<b>3.12</b>	<b>2.75</b>	<b>2.08</b>	<b>3.54</b>
<b>Y-Y Growth</b>							
Operating cash flow	63.9%	1.6%	-95.2%	923.6%	-11.9%	-24.4%	70.2%
Free cash flow	43.8%	67.9%	n.m.	n.m.	-36.6%	n.m.	n.m.
EBITDA/share	20.6%	9.3%	-31.1%	-18.0%	6.4%	40.0%	24.5%
Operating cash flow/share	64.2%	1.8%	-95.2%	924.6%	-11.9%	-24.4%	70.2%

**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...28	↓	↓	↓	↓
29	4 March 2019	€15.30	Buy	€23.00
30	17 April 2019	€15.20	Buy	€22.70
31	20 May 2019	€15.70	Buy	€22.90
32	Today	€17.30	Buy	€22.60

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### 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:

Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy <sup>1</sup>	An expected favourable price trend of:	> 50%	> 30%
Buy	An expected favourable price trend of:	> 25%	> 15%
Add	An expected favourable price trend of:	0% to 25%	0% to 15%
Reduce	An expected negative price trend of:	0% to -15%	0% to -10%
Sell	An expected negative price trend of:	< -15%	< -10%

<sup>1</sup> The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

### 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.

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#### 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)

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