

Energiekontor AG

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

9M report

RATING	ADD
PRICE TARGET	€ 22.50
Return Potential	10.3%
Risk Rating	High

GERMAN MARKET REMAINS DIFFICULT

Energiekontor published its interim status report for 9M/19, which gives a qualitative update on business development. Wind project construction activity remained weak due to the continuing challenges in the German onshore wind market. However, Energiekontor's business model, which combines volatile project development with stable power generation, can cushion weak project development. 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. Given that Energiekontor was not awarded projects in the German onshore wind tenders in August and September, and only a small project in October, we again trim our 2020E forecast. An updated sum of the parts valuation yields a €22.50 price target (previously: €22.60). Following the recent share price increase, we downgrade the stock from Buy to Add as the upside potential is now below 25%.

Project development business suffering from weak German wind market

Currently, two wind farms with a total capacity of ca. 17 MW are under construction. The Waldfeucht wind farm (13.5 MW) is scheduled to be completed by the end of the year. It was sold to the CEE group in September. The Bultensee single wind farm project (ca. 3.4 MW) is due to be completed in 2020 due to new planning following the Servion insolvency. The low construction activity in the onshore wind sector 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.

In the solar sub-segment, the solar parks Absberg (4.0 MW), Gefrees (4.8 MW), and Karstädt (6.3 MW) are scheduled to go into operation shortly. The solar park Zapel (6.3 MW) was connected to the grid in February and sold to the Danish investor Clean Energy Invest ApS in June.

(p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2016	2017	2018	2019E	2020E	2021E
Total output (€m)	166.75	202.08	128.70	132.10	246.95	331.08
Y-o-y growth	-20.6%	21.2%	-36.3%	2.6%	86.9%	34.1%
EBIT (€m)	53.75	32.89	22.08	23.10	34.47	46.65
EBIT margin	32.2%	16.3%	17.2%	17.5%	14.0%	14.1%
Net income (€m)	25.34	11.89	6.68	7.16	14.24	20.42
EPS (diluted) (€)	1.74	0.82	0.46	0.49	0.98	1.40
DPS (€)	0.80	0.60	0.40	0.40	0.60	0.70
FCF (€m)	85.99	-29.27	23.17	14.68	-52.36	-63.20
Net gearing	146.9%	220.0%	218.6%	220.2%	300.3%	369.0%
Liquid assets (€m)	118.53	69.00	73.29	68.62	87.71	73.29

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.

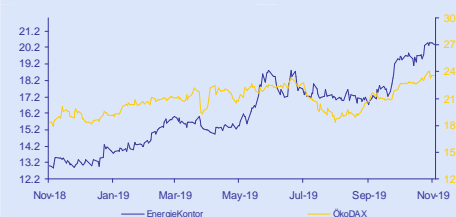
MARKET DATA

As of 18 Nov 2019

Closing Price	€ 20.40
Shares outstanding	14.44m
Market Capitalisation	€ 294.52m
52-week Range	€ 12.85 / 20.50
Avg. Volume (12 Months)	6,718

Multiples	2018	2019E	2020E
P/E	44.7	41.7	21.0
EV/Sales	3.5	3.4	1.8
EV/EBIT	20.1	19.2	12.9
Div. Yield	2.0%	2.0%	2.9%

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	25.6%
Günter Lammers	25.6%
Universal Investment Gesellschaft	11.1%
Free Float	37.7%



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. 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 earnings growth of 20% p.a.

Project pipeline expanded to ca. 4,100 MW International project development activity (Scotland, USA, France) resulted in an expansion of the project pipeline from 3,600 MW at the end of 2018 to 4,100 MW at the end of 9M/19.

Power generation segment remains anchor In the first nine months, 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. Very poor wind yields in the third quarter resulted in an overall deviation of -4% in Germany for the first nine months compared with an average wind year. Yields from wind farms in Great Britain and Portugal were also below expectations. While the UK recorded a 3% drop in revenue, Portuguese revenues fell 6%. Due to the still low in-house capacity in the solar segment (10 MW or 3% of the total portfolio capacity), the good solar radiation in the first nine months did not have a significant impact. The Power Generation segment continues to generate high cash flows and remains the anchor of Energiekontor's business model. As the winter quarters are decisive for annual performance, a strong Q4 could still push the year as a whole to the average level.

Operation and Innovation segment largely on track Operating remuneration depends largely on the energy generated in the wind and solar parks managed. In the first nine months, this largely developed according to plan.

Tender awards 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). 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 and October solar and August and September onshore wind tenders. The most recent award was in the October onshore wind tender (FBe: 4.5 MW). Currently, the company has wind projects with a total capacity of ca. 50 MW in the approval phase and hopes for speedy approval of at least 25 MW to be able to join the December tender.

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.

Share buyback program supports share price By the end of September, 240,990 shares were acquired for a total amount of €3.9m. The number of issued shares was 14,678,160. Deducting the treasury shares results in 14,437,170 shares outstanding.

German market has collapsed According to a “Fachagentur Windenergie an Land” study, new installations marked a 20 year low in the first nine months. Only 514 MW were connected to the grid. Given the low 9M figure, there is a high likelihood that the 2019 installation figure will remain below 1,000 MW. Approval procedures remain very slow and approved projects in 9M/19 added up to just 1,225 MW. For almost three years, approved volumes remain at low level without a sign of an upward trend. As a result of the low approval volumes, tenders have been undersubscribed throughout the year (see figure 1). In the October tender, only 204 MW or 30% of the tendered volume were awarded. So far, only 1,334 MW have been awarded in 2019. Even if the December tender (500 MW) is fully subscribed, the very low volumes awarded in the recent tenders bode ill for the 2020 installation figure, especially as turbine delivery periods have lengthened to ca. one year as producers focus on other markets.

Awarded projects are highly profitable The lack of competition in the tenders has resulted in high average volume-weighted awarded values north of 6 €/ct/kWh. Given that many projects should reach normal margins at ca. 4.5-5.0 €/ct/kWh, any awarded project is usually very profitable and can compensate for reduced profits due to lower installation volume.

Figure 1: German onshore wind tender results in 2019

	Feb-19	May-19	Aug-19	Sep-19	Oct-19
Tendered volume (MW)	700	650	650	500	675
Awarded projects	67	35	32	21	25
Awarded volume (MW)	476	270	208	176	204
Highest permissible value (€/ct/kWh)	6.20	6.20	6.20	6.20	6.20
Average volume-weighted awarded value (€/ct/kWh)	6.11	6.13	6.20	6.20	6.20
Lowest awarded value (€/ct/kWh)	5.24	5.40	6.19	6.19	6.19
Highest awarded value (€/ct/kWh)	6.20	6.20	6.20	6.20	6.20

Source: First Berlin Equity Research, Bundesnetzagentur

German climate program 2030 disadvantageous for onshore wind In its climate program 2030, the German government lowered its 2030 capacity target for onshore wind from 80 GW to 67-71 GW. Given that onshore wind capacity was 53 GW at the end of 2018, this means that only 14-18 GW will be newly added.

As many wind farms will reach the end of their life cycle in coming years, repowering will be the second important pillar for new installations. According to the German Industry Association BWE, onshore wind farms with a total capacity of ca. 4 GW will lose their feed-in tariff entitlement by the end of 2020. Until the end of 2025, ca. 2.4 GW will follow annually. This adds up to 16 GW which could theoretically be repowered.

The German government wants to introduce a general minimum distance of 1,000 m between turbines and residential areas. According to a March 2019 study by the Umweltbundesamt, this could reduce the area available for wind farms by 20-50% depending on the exact definition of residential area. This would significantly restrict future new installations for both new and repowering projects. The Umweltbundesamt assumes that ca. 50% of the existing wind power plants would currently be eligible for repowering from a planning law point of view. This figure would fall to ca. 35% under a regime with a general 1,000 m minimum distance.

We believe that a return to annual onshore wind installations of roughly 4-5 GW as seen from 2014 to 2017 will be difficult if the climate program 2030 passes parliament.



Forecasts for 2020E lowered Given the continued weakness of the German onshore wind sector, which is still Energiekontor's most important market, we have lowered our forecasts for 2020E. Fortunately, lower earnings induced by lower sales look set to be partially compensated by higher project profitability. Despite our forecast reduction, we still expect the net result to double y/y in 2020E.

Figure 2: Revisions to forecasts

All figures in €m	2019E			2020E			2021E		
	Old	New	Delta	Old	New	Delta	Old	New	Delta
Total output	132.10	132.10	0.0%	280.61	246.95	-12.0%	334.38	331.08	-1.0%
EBIT	23.10	23.10	0.0%	38.62	34.47	-10.8%	47.83	46.65	-2.5%
margin	17.5%	17.5%		13.8%	14.0%		14.3%	14.1%	
Net income	7.16	7.16	0.0%	16.95	14.24	-16.0%	20.02	20.42	2.0%
margin	5.4%	5.4%		6.0%	5.8%		6.0%	6.2%	
EPS (diluted)	0.49	0.49	0.0%	1.16	0.98	-15.8%	1.37	1.40	2.0%

Source: First Berlin Equity Research

Downgrade to Add at slightly lower price target An updated sum of the parts valuation yields a new price target of €22.50 (previously: €22.60). Following the strong share price increase in recent weeks, we downgrade the stock from Buy to Add, as the upside to our price target is now below 25%.



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	140.16	9.71	9.74
Power Production	140.51	9.73	9.79
Operation & Innovation	43.92	3.04	3.07
Sum of the parts	324.58	22.48	22.60

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	108,550	167,250	168,050	183,633	199,325	214,909	230,148
NOPLAT	-2,054	7,174	14,523	15,518	16,290	17,043	17,436	17,797
+ depreciation & amortisation	51	41	50	63	75	86	96	105
Net operating cash flow	-2,003	7,215	14,573	15,582	16,365	17,128	17,531	17,902
- total investments (CAPEX and WC)	4,345	-7,369	-27,321	4,062	-6,788	-6,906	-6,935	-6,865
Capital expenditures	-26	-54	-84	-84	-92	-100	-107	-115
Working capital	4,371	-7,314	-27,238	4,146	-6,696	-6,806	-6,827	-6,750
Free cash flows (FCF)	2,342	-154	-12,749	19,644	9,577	10,222	10,597	11,037
PV of FCF's	2,316	-138	-10,381	14,518	6,424	6,222	5,854	5,534

All figures in thousands	
PV of FCFs in explicit period (2019E-2033E)	62,559
PV of FCFs in terminal period	44,788
Enterprise value (EV)	107,347
+ Net cash / - net debt	32,809
+ Investments / minority interests	0
Shareholder value	140,156
Number of shares (diluted)	14,437
Fair value per share in EUR	9.71

WACC		Terminal growth rate							
		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	
Cost of equity	13.0%	6.2%	16.71	17.17	17.72	18.41	19.29	20.44	22.02
Pre-tax cost of debt	8.5%	7.2%	14.08	14.32	14.61	14.96	15.38	15.89	16.55
Tax rate	30.0%	8.2%	12.16	12.30	12.45	12.63	12.84	13.10	13.40
After-tax cost of debt	6.0%	9.2%	10.71	10.78	10.87	10.96	11.07	11.20	11.35
Share of equity capital	60.0%	10.2%	9.58	9.61	9.66	9.71	9.76	9.83	9.90
Share of debt capital	40.0%	11.2%	8.67	8.69	8.71	8.73	8.76	8.79	8.82
		12.2%	7.93	7.94	7.95	7.96	7.96	7.98	7.99
		13.2%	7.32	7.32	7.32	7.32	7.32	7.32	7.32
Fair value per share in EUR	9.71								

* 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	59,098	68,336	81,776	92,736	95,006	95,998	91,736
NOPLAT	18,575	19,033	21,003	25,055	26,743	27,952	28,474	26,166
+ depreciation & amortisation	20,064	21,842	27,707	33,994	40,977	40,625	40,272	39,920
Net operating cash flow	38,639	40,875	48,710	59,050	67,720	68,576	68,746	66,086
- total investments (CAPEX and WC)	-28,691	-95,241	-101,366	-113,711	-43,679	-41,185	-40,517	-38,869
Capital expenditures	-25,344	-94,556	-99,087	-110,397	-40,977	-40,625	-40,272	-39,920
Working capital	-3,347	-685	-2,278	-3,314	-2,702	-560	-245	1,051
Free cash flows (FCF)	9,948	-54,366	-52,655	-54,662	24,041	27,392	28,229	27,217
PV of FCF's	9,900	-51,858	-48,150	-47,918	20,204	22,066	21,800	20,150

All figures in thousands	
PV of FCFs in explicit period (2019E-2033E)	61,683
PV of FCFs in terminal period	259,419
Enterprise value (EV)	321,102
+ Net cash / - net debt	-180,592
+ Investments / minority interests	0
Shareholder value	140,510
Number of shares (diluted)	14,437
Fair value per share in EUR	9.73

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	9.73

WACC	Terminal growth rate							
	-0.6%	-0.4%	-0.2%	0.0%	0.2%	0.4%	0.6%	
3.6%	13.13	14.17	15.32	16.59	18.02	19.63	21.45	
3.8%	11.06	11.95	12.92	14.00	15.20	16.54	18.05	
4.1%	9.21	9.98	10.81	11.74	12.75	13.88	15.14	
4.3%	7.55	8.21	8.94	9.73	10.60	11.56	12.62	
4.6%	6.05	6.63	7.26	7.95	8.70	9.52	10.42	
4.8%	4.69	5.21	5.76	6.35	7.00	7.71	8.49	
5.1%	3.46	3.91	4.39	4.92	5.48	6.10	6.77	

* 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	6,320	6,889	7,764	8,675	9,607	10,547	11,476
NOPLAT	2,012	2,156	2,374	2,673	2,967	3,265	3,562	3,852
+ depreciation & amortisation	0	0	0	3	6	9	12	16
Net operating cash flow	2,012	2,156	2,374	2,676	2,973	3,274	3,575	3,868
- total investments (CAPEX and WC)	55	2	-169	-182	-179	-192	-203	-212
Capital expenditures	0	0	-34	-39	-43	-48	-53	-57
Working capital	55	2	-135	-143	-136	-144	-150	-155
Free cash flows (FCF)	2,067	2,158	2,205	2,493	2,794	3,082	3,371	3,656
PV of FCF's	2,044	1,940	1,802	1,852	1,887	1,892	1,881	1,854

All figures in thousands	
PV of FCFs in explicit period (2019E-2033E)	26,234
PV of FCFs in terminal period	16,635
Enterprise value (EV)	42,869
+ Net cash / - net debt	1,050
+ Investments / minority interests	0
Shareholder value	43,919
Number of shares (diluted)	14,437
Fair value per share in EUR	3.04

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	3.04

WACC	Terminal growth rate							
	0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	
6.0%	5.27	5.55	5.89	6.32	6.87	7.60	8.62	
7.0%	4.38	4.55	4.75	5.00	5.30	5.67	6.15	
8.0%	3.73	3.84	3.97	4.12	4.30	4.52	4.78	
9.0%	3.24	3.32	3.41	3.50	3.62	3.75	3.90	
10.0%	2.86	2.92	2.98	3.04	3.12	3.20	3.30	
11.0%	2.56	2.60	2.64	2.69	2.74	2.80	2.86	
12.0%	2.31	2.34	2.37	2.40	2.44	2.48	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
Revenues	191,329	201,764	149,865	110,186	111,011	171,440	239,720
Change in inventory & own work	18,808	-35,015	52,211	18,516	21,088	75,511	91,356
Total output	210,137	166,749	202,076	128,702	132,098	246,951	331,076
Cost of goods sold	116,590	70,523	127,923	60,631	58,463	155,116	219,203
Gross profit	93,547	96,226	74,153	68,071	73,635	91,835	111,873
Personnel costs	10,476	10,922	11,830	13,667	14,289	15,240	15,972
Other operating expenses	18,553	17,719	18,475	17,144	17,775	22,520	24,537
Other operating income	1,574	4,481	5,746	3,363	1,643	2,274	3,046
EBITDA	66,092	72,066	49,593	40,622	43,214	56,349	74,410
Depreciation	16,424	18,316	16,704	18,546	20,115	21,883	27,757
Operating income (EBIT)	49,668	53,750	32,889	22,076	23,099	34,466	46,653
Net financial result	-20,006	-18,253	-16,224	-12,465	-12,877	-14,123	-17,475
Non-operating expenses	0	0	0	0	0	0	0
Pre-tax income (EBT)	29,662	35,497	16,666	9,612	10,222	20,342	29,178
Income taxes	8,751	10,162	4,778	2,932	3,067	6,103	8,753
Minority interests	0	0	0	0	0	0	0
Net income / loss	20,911	25,335	11,888	6,680	7,156	14,240	20,425
Diluted EPS (in €)	1.43	1.74	0.82	0.46	0.49	0.98	1.40
Ratios							
Gross margin on total output	44.5%	57.7%	36.7%	52.9%	55.7%	37.2%	33.8%
EBITDA margin on total output	31.5%	43.2%	24.5%	31.6%	32.7%	22.8%	22.5%
EBIT margin on total output	23.6%	32.2%	16.3%	17.2%	17.5%	14.0%	14.1%
Net margin on total output	10.0%	15.2%	5.9%	5.2%	5.4%	5.8%	6.2%
Tax rate	29.5%	28.6%	28.7%	30.5%	30.0%	30.0%	30.0%
Expenses as % of total output							
Personnel costs	5.0%	6.5%	5.9%	10.6%	10.8%	6.2%	4.8%
Depreciation	7.8%	11.0%	8.3%	14.4%	15.2%	8.9%	8.4%
Other operating expenses	8.8%	10.6%	9.1%	13.3%	13.5%	9.1%	7.4%
Y-Y Growth							
Total output	31.0%	-20.6%	21.2%	-36.3%	2.6%	86.9%	34.1%
EBIT	22.0%	8.2%	-38.8%	-32.9%	4.6%	49.2%	35.4%
Net income/ loss	48.0%	21.2%	-53.1%	-43.8%	7.1%	99.0%	43.4%



BALANCE SHEET

All figures in EUR '000	2015A	2016A	2017A	2018A	2019E	2020E	2021E
Assets							
Current assets, total	166,855	181,759	160,607	137,613	129,815	159,352	177,565
Cash and cash equivalents	103,957	118,528	69,002	73,291	68,625	87,711	73,294
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	29,788	40,138
Inventories	32,871	34,272	47,006	38,481	33,257	35,135	57,414
Other current assets	2,817	1,185	8,225	1,657	1,657	1,657	1,657
Non-current assets, total	232,263	179,592	200,606	210,824	216,078	288,806	360,254
Property, plant & equipment	223,789	171,747	194,558	204,916	210,170	282,898	354,346
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
Total assets	399,118	361,351	361,213	348,437	345,893	448,158	537,819
Shareholders' equity & debt							
Current liabilities, total	76,163	83,551	57,200	44,177	30,306	50,674	70,110
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	4,711	7,690
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
Long-term liabilities, total	272,495	208,323	233,781	235,861	245,861	322,261	382,261
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
Minority interests	0	0	0	0	0	0	0
Shareholders' equity	50,460	69,477	70,232	68,400	69,726	75,223	85,448
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	46,168	56,392
Total consolidated equity and debt	399,118	361,351	361,213	348,437	345,893	448,158	537,819
Ratios							
Current ratio (x)	2.19	2.18	2.81	3.12	4.28	3.14	2.53
Quick ratio (x)	1.76	1.77	1.99	2.24	3.19	2.45	1.71
Net debt	166,535	102,077	154,528	149,520	153,547	225,861	315,278
Net gearing	330%	147%	220%	219%	220%	300%	369%
Book value per share (in €)	3.45	4.76	4.82	4.69	4.79	5.16	5.86
Financial debt/EBITDA (x)	4.2	3.2	4.7	5.6	5.3	5.7	5.3
Equity ratio	12.6%	19.2%	19.4%	19.6%	20.2%	16.8%	15.9%
Return on equity (ROE)	41.4%	36.5%	16.9%	9.8%	10.3%	18.9%	23.9%
Return on investment (ROI)	5.2%	7.0%	3.3%	1.9%	2.1%	3.2%	3.8%
Return on assets (ROA)	10.4%	12.1%	7.8%	5.7%	5.8%	6.3%	7.1%
Return on capital employed (ROCE)	20.4%	24.7%	14.8%	8.9%	9.3%	11.9%	12.3%
Days sales outstanding (DSO)	32.3	31.6	63.8	63.3	69.8	63.4	61.1
Days inventory outstanding (DIO)	102.9	177.4	134.1	231.7	207.6	82.7	95.6
Days payables outstanding (DPO)	14.0	32.3	23.9	33.0	14.1	11.1	12.8



CASH FLOW STATEMENT

All figures in EUR '000	2015A	2016A	2017A	2018A	2019E	2020E	2021E
EBIT	49,668	53,750	32,889	22,076	23,099	34,466	46,653
Depreciation and amortisation	16,424	18,316	16,704	18,546	20,115	21,883	27,757
EBITDA	66,092	72,066	49,593	40,622	43,214	56,349	74,410
Changes in working capital	28,824	24,732	-28,182	6,310	-100	-7,998	-29,650
Other adjustments	-3,490	-3,927	-16,973	-1,499	-3,067	-6,103	-8,753
Operating cash flow	91,426	92,871	4,438	45,433	40,048	42,248	36,006
CAPEX	-40,205	-6,885	-33,707	-22,240	-25,369	-94,610	-99,206
Investments in intangibles	0	0	-1	-26	0	0	0
Free cash flow	51,221	85,986	-29,269	23,167	14,679	-52,362	-63,199
Acquisitions and disposals, net	300	0	0	0	0	0	0
Other investments	-11,143	-1,327	-2,277	4,642	0	0	0
Cash flow from investing	-51,048	-8,212	-35,984	-17,624	-25,369	-94,610	-99,206
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	-14,123	-17,475
Cash flow from financing	-15,967	-71,444	-20,646	-23,616	-19,345	71,448	48,782
Forex & other effects	-2,048	1,357	2,666	96	0	0	0
Net cash flows	22,363	14,571	-49,526	4,289	-4,666	19,086	-14,417
Cash, start of the year	81,594	103,957	118,528	69,002	73,291	68,625	87,711
Cash, end of the year	103,957	118,528	69,002	73,291	68,625	87,711	73,294
EBITDA/share (in €)	4.52	4.94	3.40	2.79	2.97	3.87	5.11
Operating cash flow/share (in €)	6.25	6.36	0.30	3.12	2.75	2.90	2.47
Y-Y Growth							
Operating cash flow	63.9%	1.6%	-95.2%	923.6%	-11.9%	5.5%	-14.8%
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%	30.4%	32.1%
Operating cash flow/share	64.2%	1.8%	-95.2%	924.6%	-11.9%	5.5%	-14.8%

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...29	↓	↓	↓	↓
30	17 April 2019	€15.20	Buy	€22.70
31	20 May 2019	€15.70	Buy	€22.90
32	3 September 2019	€17.30	Buy	€22.60
33	Today	€20.40	Add	€22.50

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Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy ¹	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%

¹ 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.

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

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