

Energiekontor AG

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

RATING **BUY**
PRICE TARGET **€ 26.00**
 Return Potential 37.9%
 Risk Rating High

BACK TO PROFITABLE GROWTH – UPGRADE TO BUY

2020 will be much better for Energiekontor than 2019 given the number of awarded wind and solar projects in Germany. The first project, a 13.5 MW wind farm, was already commissioned in January and will have a very positive effect on the H1 results. We also expect considerable progress in foreign markets. The foreign sales share should still be low in 2020 but rise significantly in the subsequent years. We forecast a 2020 net result of more than €16m following slightly negative net income in the previous year. But even the weak 2019E shows why we like Energiekontor's business model: Despite the loss in the Project Development segment the group's net result should be at break-even due to stable cash flows from the Power Production segment, which largely finance group OPEX. We have adjusted our forecasts for the latest project pipeline development. The strong project pipeline, the largely covid-19-resistant business model, and very low interest rates cause us to increase our price target, which is based on a sum-of-the-parts analysis, to €26.00 (previously: €2.30). Given the recent share price decline, we upgrade the stock from Add to Buy.

Business model largely covid-19-resistant Even in the case of a covid-19-induced recession, we only expect a very low impact on Energiekontor. Wind and solar plants remain in high demand due to very low interest rates and high liquidity searching for yield. In Germany, slow approval procedures restrict wind farm supply. This market situation offers high margins for project developers with awarded projects – such as Energiekontor. In addition to the completed and sold 13.5 MW Waldfeucht wind farm, Energiekontor currently has ca. 70 MW of awarded wind farm projects in Germany which will be commissioned this year and in 2021. Furthermore, the company will complete at least ca. 110 MW solar plants in Germany in 2020 and 2021 (see figure 1 overleaf). Of course, further wind and solar projects will receive approval and be awarded during the course of the year. We also expect further solar PPAs.

(p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2016	2017	2018	2019E	2020E	2021E
Total output (€m)	166.75	202.08	128.70	96.37	170.98	361.56
Y-o-y growth	-20.6%	21.2%	-36.3%	-25.1%	77.4%	111.5%
EBIT (€m)	53.75	32.89	22.08	12.32	36.81	49.54
EBIT margin	32.2%	16.3%	17.2%	12.8%	21.5%	13.7%
Net income (€m)	25.34	11.89	6.68	-0.29	16.49	23.42
EPS (diluted) (€)	1.74	0.82	0.46	-0.02	1.13	1.61
DPS (€)	0.80	0.60	0.40	0.40	0.60	0.70
FCF (€m)	85.99	-29.27	23.17	17.42	20.37	-114.46
Net gearing	146.9%	220.0%	218.6%	241.9%	213.3%	346.7%
Liquid assets (€m)	118.53	69.00	73.29	71.51	77.80	58.51

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 12 Mar 2020

Closing Price	€ 18.85
Shares outstanding	14.44m
Market Capitalisation	€ 272.14m
52-week Range	€ 14.95 / 22.80
Avg. Volume (12 Months)	7,752

Multiples	2018	2019E	2020E
P/E	41.3	n.a.	16.7
EV/Sales	3.3	4.4	2.5
EV/EBIT	19.1	34.2	11.5
Div. Yield	2.1%	2.1%	3.2%

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%



Fortunately, the wind blows regardless of the potential severity of the covid-19 pandemic. This means that the Power Production segment looks set to generate ca. €39m in operating cash flow.

Although an infection of employees remains a possibility, this should only temporarily partly disrupt operations. Management has already reacted and forbidden face-to-face meetings between employees located at different locations, be it in Germany or internationally.

Figure 1: Energiekontor's awarded wind and solar projects

Wind farm / solar park	MW	Award / PPA	Con- struction	Com- missioning
Waldfeucht (NRW)	13.5	2/2019	completed	02/2020
Beckum (NRW)	9.0	5/2019	H1/20E	2020E
Bultensee (Bremen)	3.4	5/2018	H2/20E	2020E
Jacobsdorf (Brandenburg)	18.0	12/2019	H2/20E	2020E
Groß Pankow (Brandenburg)	4.5	10/2019	H2/20E	2021E
Wriedel (Lower Saxony)	31.8	02/2020	H2/20E	2021E
Neu Wulmstorf (Lower Saxony)	3.7	02/2020	H2/20E	2021E
Total wind	83.9			
Absberg (Bavaria)	4.0	6/2018	2019	H1/20E
Gefrees (Bavaria)	4.8	2/2019	2019	H1/20E
Karstädt (Brandenburg)	6.3	3/2019	2020E	H1/20E
Dettmannsdorf (Mecklenburg-W. P.)	85.0	2/2019*	H2/20E	2021E
Höttingen (Bavaria)	5.0	12/2019	H2/20E	2021E
Garzau II (Brandenburg)	5.0	12/2019	H2/20E	2021E
Total PV	110.1			

* PPA

Source: First Berlin Equity Research, Energiekontor AG, Bundesnetzagentur

Project Development segment on the rise again Following two years of negative EBT contribution the segment should return to profitability in 2020E thanks to the well-filled pipeline of awarded wind and solar projects and increasing building activity (see figure 1 above). In all German wind tenders since the beginning of 2019, the average awarded price was above 6.10 €ct/kWh (= 61 €/MWh) due to a lack of competition. We assume that the prices of wind projects awarded to Energiekontor were around the average level. These favourable prices mean that the awarded projects will generate very high margins. Although slow approval procedures in Germany have resulted in lower than expected construction activity and thus sales, earnings benefit from the high margins, which will partly compensate for the impact of lower revenues (see figure 2).

Project development in the solar sector will be strong in 2020E & 2021E. This year, we expect three solar plants to be completed in H1. These three projects have a total capacity of 15 MW. We anticipate construction of three further projects to start in H2 and be completed 2021 (see figure 1 above). The most remarkable project is the 85 MW solar plant in Dettmannsdorf, which is based purely on a purchasing power agreement (PPA) and does not receive any subsidies.

Figure 2: Reported and forecasted Project Development segment figures

in €m	2017A	2018A	2019E	2020E	2021E
Sales	97.04	52.92	22.91	83.23	203.38
Growth	-34.7%	-45.5%	-56.7%	263.3%	144.4%
EBIT	10.04	-1.73	-12.64	11.12	20.88
Margin	10.3%	-3.3%	-55.2%	13.4%	10.3%
EBT	5.12	-4.64	-15.60	7.17	16.13
Margin	5.3%	-8.8%	-68.1%	8.6%	7.9%

Source: First Berlin Equity Research, Energiekontor AG



Project development in *foreign markets* is advancing and looks set to generate a first success in 2020E. In Scotland, where Energiekontor has offices in Edinburgh and Glasgow, the company has building permits for six major projects and has secured sites for wind farms comprising more than 1,000 MW. These large-scale wind farms have excellent wind conditions and can be profitably realised without subsidies. The first two projects with a total capacity of 60 MW might see the financial close this year and at least one project is scheduled to be built in 2021. In Scotland, grid connection is the bottleneck, and we expect Energiekontor to receive the right to connect at least one wind farm to the grid in 2021.

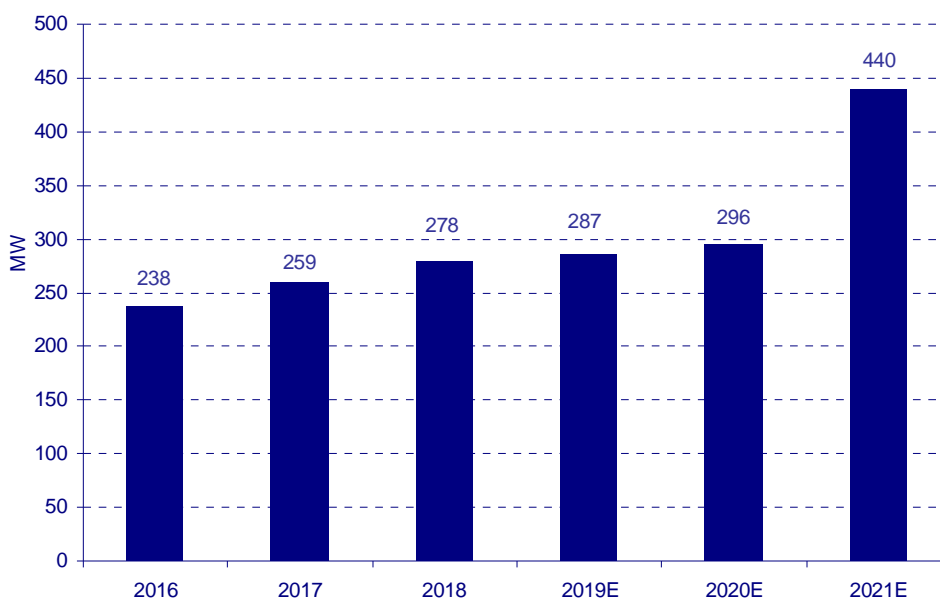
The UK government has confirmed that onshore wind will be eligible to compete in the next Contracts for Difference (CfD) round, which is to take place in 2021. The UK Energy Department BEIS said that readmitting the technology to the auction for the first time since 2015 is a step towards quadrupling renewable energy generation in the UK and hitting its net zero targets. We believe that the readmission of onshore wind to CfD rounds will be very helpful for Energiekontor's Scottish projects. Although the projects do not need subsidies, the CfDs will facilitate financing and increase Energiekontor's bargaining power in PPA negotiations.

In France, Energiekontor has opened two offices in Toulouse and Rouen and made initial staff appointments. The Toulouse office is responsible for developing solar activities and the Rouen office for wind activities. We believe that the French wind and solar project pipeline amounts to ca. 300 MW. First solar projects could be realised in 2022E.

In the US, Energiekontor has offices in Austin (Texas) for the solar business and in Rapid City (South Dakota) for the wind business. In the solar business, the company has secured ca. 1,000 MW of land in the West Texas region. Although Energiekontor did not conclude the first PPA in 2019 as originally planned, we believe this will happen in 2020E. We expect the company to sell the project rights (FBe: ca. 100 MW) afterwards. This sale would be the first visible success in the US.

Power Production segment benefiting from rising portfolio capacity In recent years, Energiekontor has continuously increased its own wind farm and solar park portfolio. At the end of 2019, portfolio capacity reached 287 MW (see figure 3).

Figure 3: Development of Energiekontor's power production portfolio capacity (MW)



Source: First Berlin Equity Research, Energiekontor AG



The wind farm portfolio is split between Germany, United Kingdom and Portugal, and is thus well diversified (see figure 4). The solar share is small with just 10 MW (= ca. 3% of the portfolio capacity). Energiekontor intends to further expand its green power portfolio to establish the company as a medium-sized green power producer, which would reduce dependency on general market trends.

Figure 4: Regional and technological portfolio split

Green power portfolio	MW
Wind farms Germany	178.1
Wind farms UK	60.4
Wind farms Portugal	38.0
Sum wind	276.5
Solar plants Germany	10.0
Sum wind & solar	286.5

Source: First Berlin Equity Research, Energiekontor AG

We expect the Power Production segment to contribute rising sales and earnings due to the assumed further portfolio expansion (see figure 5). We have modelled the expansion in line with Energiekontor's intention to add roughly ca. 50% of the annually installed capacity in the Project Development segment to the Power Production segment.

Figure 5: Reported and forecasted Power Production segment figures

in €m	2017A	2018A	2019E	2020E	2021E
Sales	49.16	53.60	56.06	57.35	62.70
<i>Growth</i>	-1.8%	9.0%	4.6%	2.3%	9.3%
EBITDA	36.46	39.73	42.16	43.18	47.34
<i>Margin</i>	74.2%	74.1%	75.2%	75.3%	75.5%
EBIT	19.81	21.24	22.09	22.62	25.28
<i>Margin</i>	40.3%	39.6%	39.4%	39.4%	40.3%
EBT	8.50	11.70	12.34	13.35	13.97
<i>Margin</i>	17.3%	21.8%	22.0%	23.3%	22.3%

Source: First Berlin Equity Research, Energiekontor AG

Operation & Innovation segment delivers stable cash flows The Operation & Innovation segment contains all services aimed at maximising value after the wind farms and solar parks have been commissioned. This includes in particular the technical and commercial management of wind farms including the direct marketing of the generated electricity as well as all measures to reduce costs, extend service life, and increase yield of wind turbines. Irrespective of whether projects are sold or incorporated into Energiekontor's own portfolio, the company usually provides the commercial and technical management, which generates ongoing cash flow. This segment is by far the smallest of the three segments, but its value contribution should not be underestimated, as it delivers stable and high cash flows. We expect 2019 segment sales at ca. €6m and segment EBT of €2.8m (EBT margin: 48%, see figure 6 overleaf).

**Figure 6: Reported and forecasted Operation & Innovation segment figures**

in €m	2017A	2018A	2019E	2020E	2021E
Sales	5.68	5.84	6.02	6.32	6.89
Growth	8.5%	2.9%	3.0%	5.0%	9.0%
EBIT	3.05	2.57	2.87	3.07	3.38
Margin	53.7%	43.9%	47.6%	48.6%	49.1%
EBT	3.05	2.55	2.84	3.05	3.36
Margin	53.7%	43.6%	47.3%	48.3%	48.8%

Source: First Berlin Equity Research, Energiekontor AG

Medium-term guidance indicates earnings potential In the medium term, Energiekontor aims at a group EBT of €55-60m. The company wants to increase project development EBT to ca. €30m. This figure is based on the assumption that around half the projects realised per year will be included in the group's own portfolio. The profit from these green power assets is eliminated in the group's consolidated financial statement. EBT from the Power Production and Operation & Innovation segments is expected to reach €25-30m.

Dividend might be stable despite weak 2019 result We have modelled a stable dividend of €0.40 per share. Although we expect the group result to be negative, we believe that the AG result will be positive enabling Energiekontor to distribute a dividend. We assume that the main shareholders will be in favour of a dividend given the fact that the operating business is progressing well despite the slightly delayed Waldfeucht wind farm completion.

Forecasts adjusted to expected project development We have adjusted our forecasts for the latest development of the project pipeline. We have lowered our 2019E estimates to account for the postponed completion of the 13.5 MW Waldfeucht wind farm. Last year, none of the three turbines could be installed. We therefore expect a slightly negative group EBT in line with the latest company guidance. But in 2020E and 2021E, group EBT should rise to levels last seen in 2015 (see figure 7).

Figure 7: Segment and group EBT 2015A-2021E

EBT (figures in €m)	2015A	2016A	2017A	2018A	2019E	2020E	2021E
Project Development	16.07	28.28	5.12	-4.64	-15.60	7.17	16.13
Power Production	10.92	4.67	8.50	11.70	12.34	13.35	13.97
Operation & Innovation	2.66	2.58	3.05	2.55	2.84	3.05	3.36
Group	29.66	35.52	16.67	9.61	-0.41	23.56	33.46

Source: First Berlin Equity Research

Although 2020E results will benefit from the completion of the Waldfeucht wind farm in February, we have lowered our forecasts as turbine delivery times have lengthened to at least 12 months, which is likely to delay commissioning of some wind projects into 2021. The same is true for solar projects. Here, delivery times above 12 months for transformers and transformer stations postpone completion. Besides this, grid operators are slow at connecting projects to the grid and exploit the time frame given by the regulator to the utmost. Despite our strong top line reduction, 2020E EBIT should be only 13% lower than in our previous forecast due to an improved product mix (lower project development revenues mean that the share of high-margin power generation revenues rises), and much higher margins in the project development segment due to very high wind tender award prices. In German wind tenders since the beginning of 2019, the average awarded price was above 6.10 €ct/kWh (= 61 €/MWh) due to a lack of competition.

We have increased our 2021 forecast to reflect the strong project pipeline of German wind and solar projects (see figure 8 overleaf). Furthermore, foreign markets may contribute a significant share to earnings for the first time.

**Figure 8: Revisions to forecasts**

All figures in €m	2019E			2020E			2021E		
	Old	New	Delta	Old	New	Delta	Old	New	Delta
Total output	106.95	96.37	-9.9%	264.36	170.98	-35.3%	331.08	361.56	9.2%
EBIT	14.81	12.32	-16.8%	42.41	36.81	-13.2%	46.62	49.54	6.3%
margin	13.8%	12.8%		16.0%	21.5%		14.1%	13.7%	
Net income	1.35	-0.29	-	19.82	16.49	-16.8%	20.42	23.42	14.7%
margin	1.3%	-0.3%		7.5%	9.6%		6.2%	6.5%	
EPS (diluted)	0.09	-0.02	-	1.36	1.13	-16.8%	1.40	1.61	14.7%

Source: First Berlin Equity Research

Upgrade to Buy at higher price target In our sum-of-the-parts valuation model which is based on DCF models for each of the three segments, we have accounted for our adjusted forecasts and the continuation of the very low interest rate environment. Central banks around the world have started to lower interest rates. The long end of the interest rate curve has also fallen. The German 10y government bond yield has fallen to -0.6% and the US 10y government bond yield is now at +0.9%. The lower yield of riskless government bonds reduces our WACC estimates. Furthermore, lower long-term interest rate payments increase the wind and solar farms' net cash flows. Both Energiekontor's project development and power production benefit from this development: Project sales generate higher prices and margins, and power production increases net cash flows via improved (re)financing. Our sum-of-the-parts valuation yields a new price target of €26.00 (previously: €22.30). Given the recent share price decline, we upgrade the stock from Add to Buy.



VALUATION MODEL

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

Sum of the parts valuation

SotP valuation	Fair value in €m	Fair value per share in €	old
Project Development	149.01	10.32	9.46
Power Production	175.97	12.19	9.80
Operation & Innovation	50.05	3.47	3.07
Sum of the parts	375.03	25.98	22.32

DCF model for Project Development segment

DCF valuation model								
All figures in EUR '000	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E
Net sales	22,910	83,230	203,375	211,890	231,538	251,324	270,973	290,187
NOPLAT	-12,638	8,972	16,045	18,903	19,863	20,787	21,331	21,817
+ depreciation & amortisation	51	36	41	65	85	102	117	131
Net operating cash flow	-12,587	9,009	16,086	18,968	19,948	20,890	21,448	21,948
- total investments (CAPEX and WC)	476	-4,430	-42,910	2,810	-8,502	-8,640	-8,667	-8,570
Capital expenditures	-11	-42	-102	-106	-116	-126	-135	-145
Working capital	487	-4,388	-42,809	2,916	-8,386	-8,515	-8,531	-8,424
Free cash flows (FCF)	-12,111	4,579	-26,824	21,778	11,447	12,249	12,781	13,378
PV of FCF's	-12,111	4,240	-22,576	16,658	7,958	7,737	7,337	6,980

All figures in thousands	
PV of FCFs in explicit period (2019E-2033E)	57,086
PV of FCFs in terminal period	59,111
Enterprise value (EV)	116,197
+ Net cash / - net debt	32,809
+ Investments / minority interests	0
Shareholder value	149,006
Number of shares (diluted)	14,437
Fair value per share in EUR	10.32

WACC		Terminal growth rate						
		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
6.0%	12.8%	19.32	19.95	20.72	21.68	22.92	24.56	26.85
7.0%	8.5%	15.91	16.24	16.64	17.12	17.70	18.43	19.36
8.0%	30.0%	13.44	13.62	13.84	14.09	14.38	14.73	15.16
9.0%	6.0%	11.58	11.68	11.80	11.93	12.08	12.26	12.47
10.0%	60.0%	10.14	10.19	10.25	10.32	10.40	10.49	10.59
11.0%	40.0%	8.99	9.02	9.05	9.08	9.12	9.16	9.20
12.0%		8.06	8.07	8.08	8.09	8.11	8.12	8.14
13.0%		7.29	7.29	7.29	7.29	7.29	7.30	7.30
Fair value per share in EUR	10.32							

* 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	56,060	57,348	62,698	78,088	96,992	111,086	112,053	111,805
NOPLAT	18,390	18,611	21,086	25,273	31,558	34,320	35,456	34,908
+ depreciation & amortisation	20,064	20,568	22,060	30,395	38,788	48,218	47,370	47,087
Net operating cash flow	38,454	39,179	43,146	55,668	70,346	82,538	82,826	81,995
- total investments (CAPEX and WC)	-14,495	-25,551	-132,984	-143,572	-142,390	-51,693	-47,608	-47,026
Capital expenditures	-11,212	-25,233	-131,665	-139,777	-137,729	-48,218	-47,370	-47,087
Working capital	-3,283	-318	-1,319	-3,795	-4,661	-3,475	-238	61
Free cash flows (FCF)	23,959	13,629	-89,838	-87,904	-72,044	30,844	35,218	34,969
PV of FCF's	23,959	13,179	-83,323	-78,196	-61,468	25,238	27,639	26,322

All figures in thousands	
PV of FCFs in explicit period (2019E-2033E)	40,057
PV of FCFs in terminal period	316,505
Enterprise value (EV)	356,562
+ Net cash / - net debt	-180,592
+ Investments / minority interests	0
Shareholder value	175,970
Number of shares (diluted)	14,437
Fair value per share in EUR	12.19

WACC	4.3%
Cost of equity	6.8%
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	12.19

	Terminal growth rate						
	-0.6%	-0.4%	-0.2%	0.0%	0.2%	0.4%	0.6%
3.5%	16.13	17.41	18.83	20.40	22.17	24.17	26.44
3.8%	13.66	14.75	15.96	17.30	18.78	20.44	22.31
4.0%	11.46	12.41	13.44	14.58	15.84	17.23	18.79
4.3%	9.50	10.32	11.21	12.19	13.26	14.45	15.76
4.5%	7.73	8.44	9.22	10.07	10.99	12.01	13.13
4.8%	6.13	6.76	7.44	8.18	8.98	9.85	10.81
5.0%	4.68	5.24	5.83	6.48	7.17	7.93	8.76

* 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 FCFs	2,067	2,010	1,880	1,946	1,995	2,015	2,017	2,002

All figures in thousands

PV of FCFs in explicit period (2019E-2033E)	28,211
PV of FCFs in terminal period	20,790
Enterprise value (EV)	49,001
+ Net cash / - net debt	1,050
+ Investments / minority interests	0
Shareholder value	50,051
Number of shares (diluted)	14,437
Fair value per share in EUR	3.47

WACC		Terminal growth rate						
		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
5.3%	Cost of equity	6.29	6.72	7.26	7.97	8.94	10.34	12.54
6.3%	Pre-tax cost of debt	5.11	5.36	5.66	6.04	6.52	7.14	7.98
7.3%	Tax rate	4.29	4.45	4.63	4.85	5.12	5.44	5.86
8.3%	After-tax cost of debt	3.68	3.79	3.91	4.05	4.21	4.40	4.63
9.3%	Share of equity capital	3.22	3.30	3.38	3.47	3.57	3.69	3.83
10.3%	Share of debt capital	2.86	2.91	2.97	3.03	3.10	3.18	3.27
11.3%		2.57	2.61	2.65	2.69	2.74	2.80	2.86
12.3%		2.34	2.36	2.39	2.42	2.46	2.50	2.54
	Fair value per share in EUR							

* 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	82,581	144,370	270,206
Change in inventory & own work	18,808	-35,015	52,211	18,516	13,793	26,607	91,356
Total output	210,137	166,749	202,076	128,702	96,374	170,977	361,562
Cost of goods sold	116,590	70,523	127,923	60,631	33,101	78,380	251,715
Gross profit	93,547	96,226	74,153	68,071	63,274	92,597	109,847
Personnel costs	10,476	10,922	11,830	13,667	14,386	15,214	16,287
Other operating expenses	18,553	17,719	18,475	17,144	17,809	21,956	25,211
Other operating income	1,574	4,481	5,746	3,363	1,356	1,986	3,295
EBITDA	66,092	72,066	49,593	40,622	32,435	57,413	71,644
Depreciation	16,424	18,316	16,704	18,546	20,115	20,604	22,102
Operating income (EBIT)	49,668	53,750	32,889	22,076	12,320	36,809	49,542
Net financial result	-20,006	-18,253	-16,224	-12,465	-12,730	-13,246	-16,085
Non-operating expenses	0	0	0	0	0	0	0
Pre-tax income (EBT)	29,662	35,497	16,666	9,612	-410	23,563	33,457
Income taxes	8,751	10,162	4,778	2,932	-123	7,069	10,037
Minority interests	0	0	0	0	0	0	0
Net income / loss	20,911	25,335	11,888	6,680	-287	16,494	23,420
Diluted EPS (in €)	1.43	1.74	0.82	0.46	-0.02	1.13	1.61
Ratios							
Gross margin on total output	44.5%	57.7%	36.7%	52.9%	65.7%	54.2%	30.4%
EBITDA margin on total output	31.5%	43.2%	24.5%	31.6%	33.7%	33.6%	19.8%
EBIT margin on total output	23.6%	32.2%	16.3%	17.2%	12.8%	21.5%	13.7%
Net margin on total output	10.0%	15.2%	5.9%	5.2%	-0.3%	9.6%	6.5%
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%	14.9%	8.9%	4.5%
Depreciation	7.8%	11.0%	8.3%	14.4%	20.9%	12.1%	6.1%
Other operating expenses	8.8%	10.6%	9.1%	13.3%	18.5%	12.8%	7.0%
Y-Y Growth							
Total output	31.0%	-20.6%	21.2%	-36.3%	-25.1%	77.4%	111.5%
EBIT	22.0%	8.2%	-38.8%	-32.9%	-44.2%	198.8%	34.6%
Net income/ loss	48.0%	21.2%	-53.1%	-43.8%	n.m.	n.m.	42.0%



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	135,457	148,337	179,705
Cash and cash equivalents	103,957	118,528	69,002	73,291	71,509	77,800	58,514
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	17,291	25,888	43,697
Inventories	32,871	34,272	47,006	38,481	39,939	37,931	70,776
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	201,933	206,603	316,303
Property, plant & equipment	223,789	171,747	194,558	204,916	196,025	200,695	310,395
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	337,390	354,941	496,008
Shareholders' equity & debt							
Current liabilities, total	76,163	83,551	57,200	44,177	29,245	49,044	71,892
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	1,196	3,081	9,471
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	235,861	340,861
Long-term financial debt	248,899	185,175	208,961	207,233	217,233	207,233	312,233
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	62,284	70,035	83,255
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	33,229	40,980	54,200
Total consolidated equity and debt	399,118	361,351	361,213	348,437	337,390	354,941	496,008
Ratios							
Current ratio (x)	2.19	2.18	2.81	3.12	4.63	3.02	2.50
Quick ratio (x)	1.76	1.77	1.99	2.24	3.27	2.25	1.52
Net debt	166,535	102,077	154,528	149,520	150,663	149,372	288,658
Net gearing	330%	147%	220%	219%	242%	213%	347%
Book value per share (in €)	3.45	4.76	4.82	4.69	4.27	4.81	5.71
Financial debt/EBITDA (x)	4.2	3.2	4.7	5.6	7.0	4.0	4.9
Equity ratio	12.6%	19.2%	19.4%	19.6%	18.5%	19.7%	16.8%
Return on equity (ROE)	41.4%	36.5%	16.9%	9.8%	-0.5%	23.6%	28.1%
Return on investment (ROI)	5.2%	7.0%	3.3%	1.9%	-0.1%	4.6%	4.7%
Return on assets (ROA)	10.4%	12.1%	7.8%	5.7%	3.7%	8.4%	8.0%
Return on capital employed (ROCE)	20.4%	24.7%	14.8%	8.9%	5.0%	15.0%	15.3%
Days sales outstanding (DSO)	32.3	31.6	63.8	63.3	76.4	65.5	59.0
Days inventory outstanding (DIO)	102.9	177.4	134.1	231.7	440.4	176.6	102.6
Days payables outstanding (DPO)	14.0	32.3	23.9	33.0	13.2	14.3	13.7



CASH FLOW STATEMENT

All figures in EUR '000	2015A	2016A	2017A	2018A	2019E	2020E	2021E
EBIT	49,668	53,750	32,889	22,076	12,320	36,809	49,542
Depreciation and amortisation	16,424	18,316	16,704	18,546	20,115	20,604	22,102
EBITDA	66,092	72,066	49,593	40,622	32,435	57,413	71,644
Changes in working capital	28,824	24,732	-28,182	6,310	-3,919	-4,704	-44,263
Other adjustments	-3,490	-3,927	-16,973	-1,499	123	-7,069	-10,037
Operating cash flow	91,426	92,871	4,438	45,433	28,639	45,640	17,344
CAPEX	-40,205	-6,885	-33,707	-22,240	-11,223	-25,275	-131,801
Investments in intangibles	0	0	-1	-26	0	0	0
Free cash flow	51,221	85,986	-29,269	23,167	17,415	20,366	-114,457
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	-11,223	-25,275	-131,801
Debt financing, net	11,574	-36,444	5,266	-2,891	-639	5,000	120,000
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	-12,730	-13,246	-16,085
Cash flow from financing	-15,967	-71,444	-20,646	-23,616	-19,198	-14,074	95,172
Forex & other effects	-2,048	1,357	2,666	96	0	0	0
Net cash flows	22,363	14,571	-49,526	4,289	-1,782	6,291	-19,285
Cash, start of the year	81,594	103,957	118,528	69,002	73,291	71,509	77,800
Cash, end of the year	103,957	118,528	69,002	73,291	71,509	77,800	58,514
EBITDA/share (in €)	4.52	4.94	3.40	2.79	2.23	3.94	4.92
Operating cash flow/share (in €)	6.25	6.36	0.30	3.12	1.97	3.13	1.19
Y-Y Growth							
Operating cash flow	63.9%	1.6%	-95.2%	923.6%	-37.0%	59.4%	-62.0%
Free cash flow	43.8%	67.9%	n.m.	n.m.	-24.8%	16.9%	n.m.
EBITDA/share	20.6%	9.3%	-31.1%	-18.0%	-20.2%	77.0%	24.8%
Operating cash flow/share	64.2%	1.8%	-95.2%	924.6%	-37.0%	59.4%	-62.0%

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...31	↓	↓	↓	↓
32	3 September 2019	€17.30	Buy	€22.60
33	19 November 2019	€20.40	Add	€22.50
34	19 December 2019	€20.50	Add	€22.30
35	Today	€18.85	Buy	€26.00

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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 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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Legally required information regarding

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

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