

Energiekontor AG

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

2019 Annual Report

RATING

PRICE TARGET

Return Potential
 Risk Rating

BUY

€ 26.00

34.0%
 High

STABLE BUSINESS MODEL HELPFUL IN CHALLENGING TIMES

Energiekontor has published its 2019 Annual Report. Despite low German onshore wind installation activity, the company achieved a slightly positive net result due mainly to a strong earnings contribution from the Power Production segment. Management is guiding towards double-digit million EBT for 2020. The outcome will depend on how the pandemic affects project realisation and green power plant maintenance. Given the fact that many projects are scheduled to be completed this summer at the latest, we are optimistic that these projects will be commissioned this year despite possible pandemic & recession-induced delays. Furthermore, power generation cash flows only depend on wind conditions and solar radiation and are thus resistant to the pandemic and the recession induced by government countermeasures. We thus leave forecasts for operating earnings largely unchanged, but lower our net result estimates due to higher interest and similar expenses. We believe that Energiekontor will weather the pandemic-induced recession very well due to the stability of its business model. An updated sum-of-the-parts valuation still yields a €26 price target. We confirm our Buy rating.

Cautious 2020 guidance due to pandemic-induced uncertainty
 Energiekontor is guiding towards double-digit million EBT. The EBT outcome will depend on how the pandemic affects project realisation and green power plant maintenance. Project segment EBT is expected to be significantly higher than the prior year figure of €-9.9m. Power Generation segment EBT looks set to be slightly higher than the €7.8m in 2019. In the Operation & Innovation segment, a slightly higher EBT than the €2.9m in 2019 is expected as long as maintenance can be done in a timely manner despite the pandemic. All in all, management does not expect the pandemic to have a significant impact on Energiekontor's business.

(p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2017	2018	2019	2020E	2021E	2022E
Total output (€m)	202.08	128.70	96.41	171.28	361.89	385.97
Y-o-y growth	21.2%	-36.3%	-25.1%	77.7%	111.3%	6.7%
EBIT (€m)	32.89	22.08	16.30	36.14	50.00	56.08
EBIT margin	16.3%	17.2%	16.9%	21.1%	13.8%	14.5%
Net income (€m)	11.89	6.68	0.24	14.17	22.10	23.84
EPS (diluted) (€)	0.82	0.46	0.02	0.98	1.53	1.65
DPS (€)	0.60	0.40	0.40	0.50	0.70	0.70
FCF (€m)	-29.27	23.17	5.86	37.77	-92.42	-61.17
Net gearing	220.0%	218.6%	378.3%	311.3%	418.7%	459.1%
Liquid assets (€m)	69.00	73.29	66.99	60.41	53.10	65.26

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 17 Apr 2020

Closing Price	€ 19.40
Shares outstanding	14.37m
Market Capitalisation	€ 278.70m
52-week Range	€ 14.95 / 22.80
Avg. Volume (12 Months)	8,702

Multiples	2019	2020E	2021E
P/E	1165.3	20.0	12.8
EV/Sales	4.5	2.5	1.2
EV/EBIT	26.4	11.9	8.6
Div. Yield	2.1%	2.6%	3.6%

STOCK OVERVIEW



COMPANY DATA

As of 31 Dec 2019

Liquid Assets	€ 66.99m
Current Assets	€ 154.28m
Intangible Assets	€ 0.77m
Total Assets	€ 389.90m
Current Liabilities	€ 63.62m
Shareholders' Equity	€ 56.20m

SHAREHOLDERS

Dr Bodo Wilkens	25.6%
Günter Lammers	25.6%
Universal Investment Gesellschaft	11.1%
Free Float	37.7%

Positive net result despite construction delay Energiekontor could not book earnings from the Waldfeucht wind farm sale in 2019 because commissioning had to be postponed until January 2020 due to adverse weather conditions. This resulted in the December profit warnings. As expected, total output fell 25% y/y from €129m to €96m (see figure 1). EBITDA was only 4% lower y/y at €38.9m, but EBIT retreated by 26% y/y due mainly to higher depreciation and amortisation (€22.6m versus €18.5m in 2018, ca. €2.5m of the increase relates to the first-time application of IFRS 16). Despite much higher interest and similar expenses (€15.5m versus €12.5m in 2018), which are also mainly caused by IFRS 16, the net result remained positive at €0.2m (2018: €6.7m).

Figure 1: Reported group figures versus forecasts

	2019A	2019E	Delta	2018	Delta
Total output	96.41	96.37	0.0%	128.70	-25.1%
EBITDA	38.85	32.44	19.8%	40.62	-4.4%
margin	40.3%	33.7%	-	31.6%	-
EBIT	16.30	12.32	32.3%	22.08	-26.2%
margin	16.9%	12.8%	-	17.2%	-
EBT	0.77	-0.41	-	9.61	-92.0%
margin	0.8%	-0.4%	-	7.5%	-
Net income	0.24	-0.29	-	6.68	-96.3%
margin	0.3%	-0.3%	-	5.2%	-
EPS in € (diluted)	0.02	-0.02	-	0.46	-95.7%

Source: First Berlin Equity Research, Energiekontor AG

Weak 2019 figures overshadow good progress in operating business In 2019, Energiekontor was successful in four German onshore wind and three solar tenders. The 6.3 MW Zapel solar park was sold in March and the 13.5 MW Waldfeucht wind farm in September 2019. In February 2019, the company concluded a PPA for an 85 MW solar park with the large German utility EnBW. The solar parks Absberg, Gefrees, and Karstädt have been built and are to be sold. In Scotland, Energiekontor now has six permits for wind farms with a planned total capacity of more than 150 MW, and three further permits for ca. 100 MW are expected in the coming weeks and months. In the US, project rights for two solar parks are to be sold soon. All in all, project development made good progress (see figure 2 overleaf), which will be visible in the 2020 segment results.

Figure 2: Energiekontor's awarded German wind and solar projects

Wind farm / solar park	MW	Award / PPA	Con- struction	Com- missioning	Sale / own portfolio
Waldfeucht (NRW)	13.5	2/2019	completed	01/2020	sold
Beckum (NRW)	9.0	5/2019	H1/20E	2020E	n.a.
Bultensee (Bremen)	3.4	5/2018	H2/20E	2021E	n.a.
Jacobsdorf (Brandenburg)	18.0	12/2019	H2/20E	2020E	n.a.
Groß Pankow (Brandenburg)	4.5	10/2019	H2/20E	2021E	n.a.
Wriedel (Lower Saxony)	31.8	02/2020	H2/20E	2021E	n.a.
Neu Wulmstorf (Lower Saxony)	3.7	02/2020	H2/20E	2021E	n.a.
Total wind	83.9				
Absberg (Bavaria)	4.0	6/2018	completed	H1/20E	for sale
Gefrees (Bavaria)	4.8	2/2019	completed	H1/20E	for sale
Karstädt (Brandenburg)	6.3	3/2019	completed	H1/20E	for sale
Dettmannsdorf (Mecklenburg-W. P.)	85.0	2/2019*	H2/20E	2021E	n.a.
Höttingen (Bavaria)	5.0	12/2019	H2/20E	2021E	n.a.
Garzau II (Brandenburg)	5.0	12/2019	H2/20E	2021E	n.a.
Total PV	110.1				

* PPA

Source: First Berlin Equity Research, Energiekontor AG

Weather-related construction delay in the project development business As mentioned above, bad weather postponed the completion of the 13.5 MW Waldfeucht wind farm into January 2020. Project segment sales thus amounted to merely €5.6m (2018: €52.9m, -89% y/y) as the company's only significant sale was the Zapel solar park (6.3 MW) in March 2019. Segment EBIT was €-7.3m versus €-1.7m in 2018 (see figure 3). Segment EBT declined y/y from €-4.6m to €-9.9m.

Figure 3: Reported segment figures versus forecasts

	2019A	2019E	Delta	2018	Delta
Projects					
Total output	38.12	36.70	3.9%	71.82	-46.9%
EBIT	-7.31	-12.64	-	-1.73	-
margin	-19.2%	-34.4%		-2.4%	
Power Production					
Total output	54.25	56.06	-3.2%	53.60	1.2%
EBIT	20.61	22.09	-6.7%	21.24	-3.0%
margin	38.0%	39.4%		39.6%	
Operation & Innovation					
Total output	6.20	6.02	3.0%	5.46	13.6%
EBIT	3.00	2.87	4.8%	2.57	16.9%
margin	48.4%	47.6%		47.0%	
Consolidation					
Total output	-2.16	-2.41	-	-2.18	-
EBIT	0.00	0.00	-	0.00	-
margin	-	-		-	
Group					
Total output	96.41	96.37	0.0%	128.70	-25.1%
EBIT	16.30	12.32	32.3%	22.08	-26.2%
margin	16.9%	12.8%		17.2%	

Source: First Berlin Equity Research, Energiekontor AG

Power Production segment increased EBITDA contribution to €42m The segment's power production capacity grew to 287 MW thanks to the addition of the 8.4 MW Withernwick II wind farm in the UK. 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 dependence on general market trends.

Figure 4: Regional and technological portfolio split

Green power portfolio	MW
Wind farms Germany	178.1
Wind farms UK	60.5
Wind farms Portugal	38.0
Sum wind	276.6
Solar plants Germany	10.0
Sum wind & solar	286.6

Source: First Berlin Equity Research, Energiekontor AG

Power Production segment total output rose 1% y/y to €54.2m. Segment EBITDA was up 6% y/y at €42.3m. However, IFRS 16-induced higher depreciation (€21.6m versus €18.5m in 2018) led to an EBIT decline of 3% y/y to €20.6m. The EBIT margin declined from 39.6% to 38.0% (see figure 3 on page 3). Higher interest and similar expenses (€12.9m versus €9.9m in 2018) resulted in EBT retreating from €11.7m to €7.8m (-34% y/y).

Operation & Innovation segment with double-digit growth 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 electricity generated as well as all measures to reduce costs, extend service life, and increase wind turbine yield. In 2019, segment total output increased 14% y/y to €6.2m and EBIT 17% y/y to €3.0m. The EBIT margin increased from 44% to 48%. EBT amounted to €2.9m versus €2.6m in 2018 (+15% y/y).

Lower equity ratio due to IFRS 16 The balance sheet total increased from €348m to €390m due mainly to the inclusion of leasing assets (ca. +€33m, see position land, land improvements & buildings) in relation to the first-time application of IFRS 16 (see figure 5 overleaf). The book value of own wind farms and solar parks declined from €204m to €192m due mainly to depreciation. Inventory was much higher (€71m versus €38m in 2018) mainly because of the delay in the Waldfeucht wind farm commissioning. The cash position declined from €73m to €67m.

Equity fell from €68.4m to €56.2m due mainly to the dividend payment (€5.8m) and the buyback of shares (€4.7m). The equity ratio retreated from 19.6% to 14.4%. The new IFRS 16 rule lowers Energiekontor's equity ratio because of balance sheet expansion. Other IFRS specialities such as IFRS 9 (separation of derivatives from underlying transaction) and IAS 32 (limited liability capital not qualified as equity) also burden equity. Without these rules the equity share would be 18.7%, down from 20.3% in 2018.

Financial debt increased from €225m to €244m due mainly to higher short-term liabilities to banks, which amounted to €31m versus €18m in 2018. The first-time inclusion of liabilities from leases resulted in an amount of €35m, of which €2.4m were short-term. Net debt increased 38% y/y from €147m to €203m.

Figure 5: Selected balance sheet items

in €m	2018A	2019A	delta
Wind & solar farms	204.0	192.4	-6%
Land, land improvements & buildings	0.7	33.5	4460%
Inventories	38.5	71.2	85%
Cash and cash equivalents incl. securities	78.4	67.0	-14%
Equity	68.4	56.2	-18%
Equity ratio	19.6%	14.4%	-
Financial debt (long-term) without swaps	204.7	204.8	0%
Financial debt (short-term)	20.6	39.2	90%
Liabilities from leases (long-term)	0.0	32.6	n.m.
Liabilities from leases (short-term)	0.0	2.4	n.m.
Net debt (incl. securities)	147.0	203.1	38%
Net gearing	214.9%	361.4%	-
Balance sheet total	348.4	389.9	12%

Source: First Berlin Equity Research, Energiekontor AG

Positive free cash flow despite higher working capital Operating cash flow declined from €45.4m in 2018 to €13.3m due mainly to much higher inventory (ca. €33m). CAPEX was much lower than in the previous year and amounted to €7.5m as only the Withernwick II wind farm was added to the own plant portfolio. This resulted in free cash flow of €5.9m. Financing cash flow was €-14.5m, and net cash flow totalled €-6.3m.

Figure 6: Selected cash flow positions

in €m	2018A	2019A
Operating cash flow	45.4	13.3
CAPEX	-22.3	-7.5
Free cash flow	23.2	5.9
Cash flow from investment	-17.6	-4.1
Cash flow from financing	-23.6	-14.5
Net cash flow	4.3	-6.3

Source: First Berlin Equity Research, Energiekontor AG

Unchanged dividend of €0.40 per share proposed Energiekontor AG's profit was €6.7m. The Management and Supervisory Board propose using €5.9m of this amount to pay a dividend of €0.40 per share. This corresponds to a dividend yield of ca. 2%.

Very weak German onshore wind market In 2019, only 1,078 MW of onshore wind capacity was installed. This is the lowest annual installation volume in over 20 years. Approval procedures remain very slow resulting in tender rounds being repeatedly undersubscribed. The lack of competition results in very high average awarded tender prices close to the maximum price of 6.20 €/kWh. Companies that have received tender awards can build wind farms at attractive margins. Last year, Energiekontor was awarded four wind farm projects with a total capacity of 45 MW.

For 2020, the Federal German Wind Energy Association (BWE) expects new installations of 1,400 – 1,800 MW. The weakness of the German wind market is thus likely to continue, and it is still far away from the annual new installations of 4-5 GW seen in past years.

Some hope for the UK wind market The UK government decided that onshore wind will again be eligible for Contracts for Difference (CfD) tenders from 2021 on. We believe that the readmission of onshore wind to CfD auctions 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.

Whether Brexit will really take place at the end of 2020 is currently unclear, as the pandemic is delaying negotiations. Even if it takes place as planned by the British government, we see only minor negative effects on Energiekontor's Scottish projects, as the company has already priced in possible duties and increased exchange rate fluctuations.

Medium-term guidance unchanged In the project development business, Energiekontor is targeting EBT of at least €30m p.a. in the medium term. This target takes into consideration that ca. one half of the projects developed will be transferred to the Power Generation segment, which eliminates project development profits. In the Power Production and Operation & Innovation segments, the company plans to achieve EBT of at least €25-30m p.a., mainly by expanding the own green power plant portfolio. Group EBT is thus projected to reach €55-60m p.a.

We forecast €20m EBT For 2020, Energiekontor is guiding towards a double-digit EBT. Our new 2020 group EBT forecast is €20.2m. We expect a much better Project Development segment EBT and slightly higher EBT in the Power Production and Operation & Innovation segments (see figure 7).

Figure 7: Segment and group EBT figures and forecasts

EBT (figures in €m)	2018A	2019A	2020E	2021E
Project Development	-4.64	-9.92	8.99	19.01
Power Production	11.70	7.76	8.28	9.33
Operation & Innovation	2.55	2.94	2.96	3.23
Group	9.61	0.77	20.24	31.57

Source: First Berlin Equity Research

Forecast adjusted to higher interest and similar expenses While our total output and EBIT forecasts remain largely unchanged (see figure 8), we have lowered our net result estimates due to higher interest and similar expenses, which can be traced back to the first-time inclusion of liabilities from leases according to IFRS 16.

Figure 8: Revisions to forecasts

All figures in €m	2020E			2021E			2022E		
	Old	New	Delta	Old	New	Delta	Old	New	Delta
Total output	170.98	171.28	0.2%	361.56	361.89	0.1%	385.97	385.97	0.0%
EBIT	36.81	36.14	-1.8%	49.54	50.00	0.9%	56.08	56.08	0.0%
margin	21.5%	21.1%		13.7%	13.8%		14.5%	14.5%	
Net income	16.49	14.17	-14.1%	23.42	22.10	-5.6%	23.84	23.84	0.0%
margin	9.6%	8.3%		6.5%	6.1%		6.2%	6.2%	
EPS (diluted)	1.13	0.98	-13.2%	1.61	1.53	-5.0%	1.65	1.65	0.0%

Source: First Berlin Equity Research

Buy rating confirmed at unchanged price target An updated sum-of-the-parts valuation yields an unchanged price target of €26. Our updated segment DCF models generate only slight deviations from the previous fair values (see overleaf). We 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 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	delta
Project Development	148.18	10.31	10.32	-0.1%
Power Production	176.60	12.29	12.19	0.8%
Operation & Innovation	48.32	3.36	3.47	-3.1%
Sum of the parts	373.10	25.97	25.98	0.0%

DCF model for Project Development segment

DCF valuation model								
All figures in EUR '000	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Net sales	83,230	203,375	211,890	231,538	251,324	270,973	290,187	308,654
NOPLAT	9,628	17,428	18,421	19,288	20,107	20,565	20,950	21,254
+ depreciation & amortisation	273	257	249	244	242	243	247	254
Net operating cash flow	9,901	17,685	18,670	19,531	20,349	20,808	21,197	21,507
- total investments (CAPEX and WC)	11,788	-25,401	2,725	-8,225	-8,452	-8,579	-8,592	-8,481
Capital expenditures	-166	-203	-212	-232	-251	-271	-290	-309
Working capital	11,955	-25,198	2,937	-7,993	-8,201	-8,308	-8,302	-8,172
Free cash flows (FCF)	21,689	-7,716	21,395	11,306	11,897	12,229	12,605	13,026
PV of FCF's	20,270	-6,554	16,516	7,932	7,584	7,085	6,637	6,234

All figures in thousands	
PV of FCFs in explicit period (2020E-2033E)	96,246
PV of FCFs in terminal period	52,732
Enterprise value (EV)	148,978
+ Net cash / - net debt	-796
+ Investments / minority interests	0
Shareholder value	148,182
Number of shares (diluted)	14,366
Fair value per share in EUR	10.31

		Terminal growth rate						
		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
WACC	6.0%	18.73	19.22	19.83	20.58	21.54	22.83	24.62
	7.0%	15.59	15.84	16.13	16.48	16.90	17.44	18.12
	8.0%	13.31	13.43	13.57	13.74	13.93	14.17	14.45
	9.0%	11.59	11.64	11.71	11.78	11.87	11.97	12.08
	10.0%	10.24	10.26	10.29	10.31	10.35	10.38	10.42
	11.0%	9.17	9.17	9.17	9.17	9.18	9.18	9.18
	12.0%	8.29	8.28	8.27	8.26	8.25	8.24	8.22
	13.0%	7.56	7.55	7.53	7.52	7.50	7.48	7.46
Fair value per share in EUR		10.31						

* for layout purposes the model shows numbers only to 2027, but runs until 2033



DCF model for Power Production segment

DCF valuation model								
All figures in EUR '000								
	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Net sales	57,348	62,698	78,088	96,992	111,086	112,053	111,805	109,886
NOPLAT	18,307	20,831	24,626	30,578	33,944	34,145	34,032	33,088
+ depreciation & amortisation	23,596	24,899	32,646	40,704	49,967	49,088	48,795	48,502
Net operating cash flow	41,902	45,730	57,273	71,281	83,911	83,233	82,827	81,590
- total investments (CAPEX and WC)	-26,561	-132,691	-142,612	-141,278	-52,587	-49,215	-48,692	-48,086
Capital expenditures	-25,233	-131,665	-139,777	-137,729	-49,967	-49,088	-48,795	-48,502
Working capital	-1,328	-1,026	-2,835	-3,549	-2,620	-127	103	416
Free cash flows (FCF)	15,341	-86,961	-85,340	-69,997	31,325	34,018	34,134	33,504
PV of FCF's	14,904	-81,102	-76,405	-60,161	25,843	26,941	25,952	24,453

All figures in thousands	
PV of FCFs in explicit period (2020E-2033E)	29,451
PV of FCFs in terminal period	351,495
Enterprise value (EV)	380,945
+ Net cash / - net debt	-204,343
+ Investments / minority interests	0
Shareholder value	176,602
Number of shares (diluted)	14,366
Fair value per share in EUR	12.29

WACC		Terminal growth rate							
			-0.6%	-0.4%	-0.2%	0.0%	0.2%	0.4%	0.6%
Cost of equity	6.8%	WACC	3.4%	16.62	18.10	19.73	21.56	23.61	25.94
Pre-tax cost of debt	5.2%		3.7%	13.85	15.11	16.50	18.04	19.76	21.69
Tax rate	30.0%		3.9%	11.40	12.48	13.67	14.98	16.43	18.05
After-tax cost of debt	3.6%		4.2%	9.20	10.14	11.17	12.29	13.53	14.90
Share of equity capital	17.0%		4.4%	7.23	8.05	8.94	9.92	10.98	12.15
Share of debt capital	83.0%		4.7%	5.46	6.18	6.95	7.80	8.72	9.72
			4.9%	3.85	4.48	5.16	5.90	6.70	7.57
Fair value per share in EUR	12.29								

* for layout purposes the model shows numbers only to 2027, but runs until 2033

DCF model for Operation & Innovation segment

DCF valuation model								
All figures in EUR '000								
	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Net sales	6,293	6,859	7,730	8,637	9,565	10,501	11,426	12,322
NOPLAT	2,139	2,329	2,675	2,979	3,289	3,600	3,907	4,202
+ depreciation & amortisation	0	0	3	6	9	12	16	20
Net operating cash flow	2,139	2,329	2,678	2,984	3,298	3,613	3,923	4,222
- total investments (CAPEX and WC)	210	-11	-44	-157	-170	-181	-191	-198
Capital expenditures	0	-34	-39	-43	-48	-53	-57	-62
Working capital	210	23	-5	-114	-122	-129	-134	-136
Free cash flows (FCF)	2,348	2,318	2,634	2,827	3,128	3,432	3,732	4,024
PV of FCF's	2,206	1,993	2,073	2,037	2,062	2,071	2,061	2,034

All figures in thousands	
PV of FCFs in explicit period (2020E-2033E)	27,294
PV of FCFs in terminal period	21,818
Enterprise value (EV)	49,112
+ Net cash / - net debt	-828
+ Investments / minority interests	0
Shareholder value	48,284
Number of shares (diluted)	14,366
Fair value per share in EUR	3.36

WACC		Terminal growth rate							
			0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
Cost of equity	9.3%	WACC	5.3%	6.31	6.76	7.33	8.08	9.10	10.57
Pre-tax cost of debt	5.0%		6.3%	5.07	5.34	5.66	6.05	6.56	7.21
Tax rate	30.0%		7.3%	4.21	4.38	4.58	4.81	5.09	5.44
After-tax cost of debt	3.5%		8.3%	3.58	3.69	3.82	3.97	4.14	4.34
Share of equity capital	100.0%		9.3%	3.10	3.18	3.26	3.36	3.47	3.60
Share of debt capital	0.0%		10.3%	2.73	2.78	2.84	2.91	2.98	3.07
			11.3%	2.42	2.46	2.50	2.55	2.60	2.66
Fair value per share in EUR	3.36		12.3%	2.18	2.20	2.23	2.27	2.31	2.35

* for layout purposes the model shows numbers only to 2027, but runs until 2033



INCOME STATEMENT

All figures in EUR '000	2017A	2018A	2019A	2020E	2021E	2022E
Revenues	149,865	110,186	63,700	144,668	270,531	294,616
Change in inventory & own work	52,211	18,516	32,708	26,607	91,356	91,356
Total output	202,076	128,702	96,409	171,275	361,887	385,972
Cost of goods sold	127,923	60,631	30,501	81,244	251,506	253,694
Gross profit	74,153	68,071	65,908	90,031	110,381	132,278
Personnel costs	11,830	13,667	14,679	15,454	16,618	17,937
Other operating expenses	18,475	17,144	16,362	18,215	22,306	29,050
Other operating income	5,746	3,363	3,986	3,650	3,701	3,688
EBITDA	49,593	40,622	38,853	60,013	75,158	88,979
Depreciation	16,704	18,546	22,551	23,869	25,156	32,898
Operating income (EBIT)	32,889	22,076	16,302	36,144	50,002	56,081
Net financial result	-16,224	-12,465	-15,532	-15,908	-18,429	-22,030
Non-operating expenses	0	0	0	0	0	0
Pre-tax income (EBT)	16,666	9,612	770	20,236	31,573	34,052
Income taxes	4,778	2,932	526	6,071	9,472	10,216
Minority interests	0	0	0	0	0	0
Net income / loss	11,888	6,680	244	14,165	22,101	23,836
Diluted EPS (in €)	0.82	0.46	0.02	0.98	1.53	1.65
Ratios						
Gross margin on total output	36.7%	52.9%	68.4%	52.6%	30.5%	34.3%
EBITDA margin on total output	24.5%	31.6%	40.3%	35.0%	20.8%	23.1%
EBIT margin on total output	16.3%	17.2%	16.9%	21.1%	13.8%	14.5%
Net margin on total output	5.9%	5.2%	0.3%	8.3%	6.1%	6.2%
Tax rate	28.7%	30.5%	68.3%	30.0%	30.0%	30.0%
Expenses as % of total output						
Personnel costs	5.9%	10.6%	15.2%	9.0%	4.6%	4.6%
Depreciation	8.3%	14.4%	23.4%	13.9%	7.0%	8.5%
Other operating expenses	9.1%	13.3%	17.0%	10.6%	6.2%	7.5%
Y-Y Growth						
Total output	21.2%	-36.3%	-25.1%	77.7%	111.3%	6.7%
EBIT	-38.8%	-32.9%	-26.2%	121.7%	38.3%	12.2%
Net income/ loss	-53.1%	-43.8%	-96.4%	5715.0%	56.0%	7.9%



BALANCE SHEET

All figures in EUR '000	2017A	2018A	2019A	2020E	2021E	2022E
Assets						
Current assets, total	160,607	137,613	154,284	141,460	166,427	178,719
Cash and cash equivalents	69,002	73,291	66,989	60,408	53,100	65,261
Short-term investments	10,159	5,061	36	36	36	36
Receivables	26,216	19,123	13,765	22,917	40,354	44,309
Inventories	47,006	38,481	71,189	55,794	70,632	66,809
Other current assets	8,225	1,657	2,305	2,305	2,305	2,305
Non-current assets, total	200,606	210,824	235,615	237,145	343,892	451,021
Property, plant & equipment	194,558	204,916	226,541	228,072	334,818	441,948
Goodwill & other intangibles	1	23	766	766	766	766
Other assets	6,047	5,885	8,308	8,308	8,308	8,308
Total assets	361,213	348,437	389,899	378,605	510,319	629,741
Shareholders' equity & debt						
Current liabilities, total	57,200	44,177	63,616	53,805	72,768	72,996
Short-term financial debt	24,728	20,639	39,237	25,000	35,000	35,000
Accounts payable	8,383	5,489	9,785	12,766	18,840	19,069
Current provisions	14,660	13,504	9,175	9,175	9,175	9,175
Other current liabilities	9,429	4,545	5,419	6,864	9,752	9,752
Long-term liabilities, total	233,781	235,861	270,083	261,658	362,418	467,886
Long-term financial debt	208,961	207,233	240,417	231,992	332,752	438,220
Deferred revenue	0	0	0	0	0	0
Other liabilities	24,820	28,628	29,666	29,666	29,666	29,666
Minority interests	0	0	0	0	0	0
Shareholders' equity	70,232	68,400	56,200	63,143	75,134	88,859
Share capital	14,578	14,578	14,678	14,678	14,678	14,678
Capital reserve	40,428	40,458	41,460	41,460	41,460	41,460
Other reserves	-2,441	-1,835	-4,632	-4,632	-4,632	-4,632
Treasury stock	-1	-30	-312	-312	-312	-312
Loss carryforward / retained earnings	39,717	39,344	35,457	42,400	54,391	68,116
Total consolidated equity and debt	361,213	348,437	389,899	378,605	510,319	629,741
Ratios						
Current ratio (x)	2.81	3.12	2.43	2.63	2.29	2.45
Quick ratio (x)	1.99	2.24	1.31	1.59	1.32	1.53
Net debt	154,528	149,520	212,629	196,548	314,615	407,923
Net gearing	220%	219%	378%	311%	419%	459%
Book value per share (in €)	4.82	4.69	3.89	4.37	5.20	6.15
Financial debt/EBITDA (x)	4.7	5.6	7.2	4.3	4.9	5.3
Equity ratio	19.4%	19.6%	14.4%	16.7%	14.7%	14.1%
Return on equity (ROE)	16.9%	9.8%	0.4%	22.4%	29.4%	26.8%
Return on investment (ROI)	3.3%	1.9%	0.1%	3.7%	4.3%	3.8%
Return on assets (ROA)	7.8%	5.7%	4.1%	8.0%	8.0%	7.3%
Return on capital employed (ROCE)	14.8%	8.9%	6.0%	12.3%	14.1%	11.9%
Days sales outstanding (DSO)	63.8	63.3	78.9	57.8	54.4	54.9
Days inventory outstanding (DIO)	134.1	231.7	851.9	250.7	102.5	96.1
Days payables outstanding (DPO)	23.9	33.0	117.1	57.4	27.3	27.4



CASH FLOW STATEMENT

All figures in EUR '000	2017A	2018A	2019A	2020E	2021E	2022E
EBIT	32,889	22,076	16,302	36,144	50,002	56,081
Depreciation and amortisation	16,704	18,546	22,551	23,869	25,156	32,898
EBITDA	49,593	40,622	38,853	60,013	75,158	88,979
Changes in working capital	-28,182	6,310	-24,549	9,224	-26,200	97
Other adjustments	-16,973	-1,499	-961	-6,071	-9,472	-10,216
Operating cash flow	4,438	45,433	13,343	63,166	39,486	78,861
CAPEX	-33,707	-22,240	-7,463	-25,399	-131,903	-140,028
Investments in intangibles	-1	-26	-19	0	0	0
Free cash flow	-29,269	23,167	5,861	37,766	-92,417	-61,167
Acquisitions and disposals, net	0	0	0	0	0	0
Other investments	-2,277	4,642	3,412	0	0	0
Cash flow from investing	-35,984	-17,624	-4,070	-25,399	-131,903	-140,028
Debt financing, net	5,266	-2,891	9,610	-22,662	110,760	105,468
Equity financing, net	-251	-403	-4,865	0	0	0
Dividends paid	-11,670	-8,745	-5,784	-5,778	-7,222	-10,111
Other financing	-13,992	-11,577	-13,483	-15,908	-18,429	-22,030
Cash flow from financing	-20,646	-23,616	-14,523	-44,347	85,109	73,328
Forex & other effects	2,666	96	-1,052	0	0	0
Net cash flows	-49,526	4,289	-6,302	-6,581	-7,307	12,161
Cash, start of the year	118,528	69,002	73,291	66,989	60,408	53,100
Cash, end of the year	69,002	73,291	66,989	60,408	53,100	65,261
EBITDA/share (in €)	3.40	2.79	2.69	4.15	5.20	6.16
Operating cash flow/share (in €)	0.30	3.12	0.92	4.37	2.73	5.46
Y-Y Growth						
Operating cash flow	-95.2%	923.6%	-70.6%	373.4%	-37.5%	99.7%
Free cash flow	n.m.	n.m.	-74.7%	544.4%	n.m.	n.m.
EBITDA/share	-31.1%	-18.0%	-3.5%	54.5%	25.2%	18.4%
Operating cash flow/share	-95.2%	924.6%	-70.4%	373.4%	-37.5%	99.7%

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...32	↓	↓	↓	↓
33	19 November 2019	€20.40	Add	€22.50
34	19 December 2019	€20.50	Add	€22.30
35	13 March 2020	€18.85	Buy	€26.00
36	Today	€19.40	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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- key sources of information in the preparation of this research report
- valuation methods and principles
- sensitivity of valuation parameters

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