

Energiekontor AG

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

H1 figures

RATING
PRICE TARGET **ADD**
€ 36.40
 Return Potential 23.0%
 Risk Rating High

EXCELLENT H1 FIGURES – 2021 & 2022 LOOK EVEN BETTER

Energiekontor has published H1 figures which show very strong sales and earnings growth and are in line with our forecasts. EBT more than tripled to €15m and further project sales in H2 should increase 2020 EBT to more than €22m. Energiekontor has expanded its international project pipeline to ca. 4,600 MW and has currently 93 MW of awarded German onshore wind projects which look set to be constructed by 2022. These projects will all receive high award prices per kWh (FBe: >6.10 €/ct) and will thus offer attractive margins for Energiekontor, be it in the Project development segment, when the projects are sold, or in the Power Generation segment, when the projects are transferred to the own plant portfolio. Demand for green power assets remains strong. Utilities are looking for large portfolios and are willing to buy not only commissioned projects but project pipelines to secure long-term green power capacity growth. Recently, RWE acquired Nordex's 2.7 GW onshore wind project pipeline for ca. €400m. Although Energiekontor's share price has increased more than 50% since our last report in May, we see further upside potential. Value drivers are the expanding project pipeline and expected high margins for projects to be commissioned by 2022. Based on increased earnings estimates, an updated sum of the parts valuation yields a new price target of €36.40 (previously: €26.30). We downgrade the stock from Buy to Add as the upside potential is now below 25%.

2020 guidance confirmed Energiekontor is guiding towards double-digit million EBT. 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 booked in 2019. In the Operation & Innovation segment, a slightly higher EBT than the €2.9m in 2019 is expected. In the future, Energiekontor expects significantly better results with average earnings growth of ca. 20% p.a.

(p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2017	2018	2019	2020E	2021E	2022E
Total output (€m)	202.08	128.70	96.41	138.47	314.42	397.57
Y-o-y growth	21.2%	-36.3%	-25.1%	43.6%	127.1%	26.4%
EBIT (€m)	32.89	22.08	16.30	37.69	50.01	60.41
EBIT margin	16.3%	17.2%	16.9%	27.2%	15.9%	15.2%
Net income (€m)	11.89	6.68	0.24	15.73	23.46	28.20
EPS (diluted) (€)	0.82	0.46	0.02	1.10	1.64	1.97
DPS (€)	0.60	0.40	0.40	0.50	0.70	0.70
FCF (€m)	-29.27	23.17	5.86	62.70	-62.26	-60.03
Net gearing	220.0%	218.6%	378.3%	263.9%	328.5%	360.1%
Liquid assets (€m)	69.00	73.29	66.99	77.03	91.88	107.17

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.

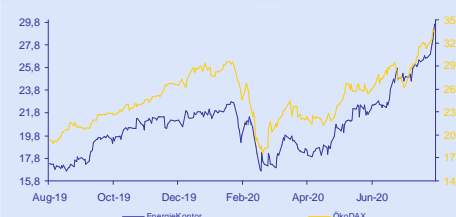
MARKET DATA

As of 28 Aug 2020

Closing Price	€ 29.60
Shares outstanding	14.37m
Market Capitalisation	€ 425.23m
52-week Range	€ 16.65 / 29.60
Avg. Volume (12 Months)	9,241

Multiples	2019	2020E	2021E
P/E	1777.9	27.5	18.5
EV/Sales	6.5	4.5	2.0
EV/EBIT	38.5	16.7	12.6
Div. Yield	1.4%	1.7%	2.4%

STOCK OVERVIEW



COMPANY DATA

As of 30 Jun 2020

Liquid Assets	€ 67.09m
Current Assets	€ 169.81m
Intangible Assets	€ 0.91m
Total Assets	€ 395.17m
Current Liabilities	€ 79.07m
Shareholders' Equity	€ 59.06m

SHAREHOLDERS

Dr Bodo Wilkens	25.6%
Günter Lammers	25.6%
Universal Investment Gesellschaft	9.8%
Dr. Benedikt N. Kormaier	3.5%
Free Float	35.5%



H1 figures show strong growth, driven by project sales Revenue jumped 79% y/y to €65m due to much higher project sales (€33.7m versus €5.6m in H1/19). Total output was up as much as 83% at €81m. EBITDA climbed 47% y/y to €33.2m, and EBIT 91% to €21.8m, as the Project Development segment added €8.5m versus €-2.1m in H1/19. EBT more than tripled to €15.0m. The net result rose 237% y/y to €10.5m (see figure 1).

Figure 1: Reported H1 figures versus forecasts

All figures in €m	H1-20A	H1-20E	Delta	H1-19A	Delta
Total output	80.89	70.52	14.7%	44.27	82.7%
EBIT	21.80	21.99	-0.9%	11.39	91.4%
margin	27.0%	31.2%		25.7%	
Net income	10.51	10.72	-2.0%	3.12	236.7%
margin	13.0%	15.2%		7.0%	
EPS in € (diluted)	0.73	0.75	-2.3%	0.22	233.2%

Source: First Berlin Equity Research, Energiekontor AG

Project Development segment made the difference In January, the 13.5 MW Waldfeucht wind farm, which was already sold in 2019, was finally commissioned. Endowed with a high award price of probably more than €6.00 €/ct/kWh (the project was awarded in the February 2019 tender at an average award price of €6.11 €/ct/kWh), we assume that Energiekontor sold the project for almost €30m at a high margin. In May, the company sold the three solar parks Gefrees, Absberg, and Karstädt, which have a total capacity of 13.3 MW, to the Tübingen municipal utility for almost €11m. As only Absberg (4.8 MW) was commissioned in H1, we assume that the company so far has only received ca. €4m in cash. These project sales explain why segment sales were so high in H1, which is usually the seasonally weak half. The high revenue resulted in segment EBIT of €8.5m versus €-2.5m (see figure 3 overleaf). Interest expenses of €1.3m led to H1 segment EBT of €7.1m (H1/19: €-3.6m).

Figure 2: 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	H1/20	2020E	n.a.
Boddin (Brandenburg)	4.2	10/2019	H1/20	2021E	n.a.
Jacobsdorf (Brandenburg)	18.0	12/2019	H2/20E	2021E	n.a.
Bultensee (Bremen)	3.7	5/2018	H2/20E	2021E	n.a.
Hanstedt-Wriedel (Lower Saxony)	31.8	02/2020	H2/20E	2021E	n.a.
Elstorf (Lower Saxony)	3.6	02/2020	H2/20E	2021E	n.a.
Jülich 1 (NRW)	9.0	H1/20	H2/21E	2022E	n.a.
Jülich 2 (NRW)	13.5	H1/20	H2/21E	2022E	n.a.
Total wind	106.3				
Absberg (Bavaria)	4.8	5/2019*	completed	Q2/20	sold
Gefrees (Bavaria)	4.7	2/2019	completed	Q3/20	sold
Karstädt (Brandenburg)	3.8	3/2019	completed	Q3/20	sold
Dettmannsdorf (Mecklenburg-W. P.)	85.0	2/2019*	H2/20E	2021E	n.a.
Wöpkendorf (Mecklenburg-W. P.)	41.5	5/2020*	2021E	2021E	n.a.
Höttingen (Bavaria)	8.4	12/2019	H2/20E	2021E	n.a.
Garzau II (Brandenburg)	4.7	12/2019	H2/20E	2021E	n.a.
Total PV	152.9				

* PPA

Source: First Berlin Equity Research, Energiekontor AG



For the remainder of the year, we expect at least the commissioning and sale of the Beckum wind farm (9 MW) and the commissioning of the remaining solar parks. Furthermore, Energiekontor is in the process of selling PV project rights for two US projects with an estimated total capacity of 150 MW. Currently, four wind farms (Beckum, Boddin, Jacobsdorf, Hanstedt-Wriedel) with a total capacity of 63 MW and the 8.4 MW Höttingen solar park are under construction.

Energiekontor owns awarded German wind projects with a total capacity of 93 MW that look set to be built by 2022. Last year, Energiekontor was awarded four wind farm projects with a total capacity of 45 MW, and YTD four projects with a total capacity of 58 MW (see figure 2 on page 2). Furthermore, the Bultensee project from 2018 is awaiting financing. As only the Waldfeucht wind farm was sold and commissioned, at least 93 MW can be built by 2022. These projects all received high award prices and will thus generate attractive profit margins. Awarded or PPA-based solar park projects not yet sold and to be built by 2022 amount to 140 MW. Compared to 2020, and based only on these wind and PV projects, project sales & earnings look set to be much higher in 2021 & 2022.

Power Generation segment with stable earnings In H1, portfolio capacity remained unchanged at 287 MW. Overall wind conditions were good. German wind farms generated 5% more yield, the UK 2%, while wind yields in Portugal fell 5%. Segment sales were 2% higher at €29.4m and EBITDA slightly lower (€22.5m versus €23.1m in H1/19). The EBITDA margin declined from 80.5% to 76.5%. EBIT was down almost 6% to €11.7m. Segment EBT was only slightly below the prior year figure (€6.2m versus €6.3m) due to lower interest expenses.

Operation & Innovation segment with 6% higher EBIT y/y Sales were stable at €3.1m and EBIT and EBT were up 6% at €1.7m resulting in an EBIT and EBT margin of 54% (see figure 3).

Figure 3: Reported segment figures versus forecasts

All figures in €m	H1-20A	H1-20E	Delta	H1-19A	Delta
Projects					
Total output	49.44	38.75	27.6%	13.50	266.1%
EBIT	8.46	8.75	-3.3%	-2.54	-
margin	17.1%	22.6%		-18.8%	
Power Production					
Total output	29.38	29.70	-1.1%	28.71	2.4%
EBIT	11.65	11.65	0.0%	12.33	-5.5%
margin	39.6%	39.2%		43.0%	
Operation & Innovation					
Total output	3.25	3.17	2.4%	3.17	2.4%
EBIT	1.70	1.59	6.5%	1.60	5.9%
margin	52.3%	50.3%		50.6%	
Consolidation					
Total output	-1.17	-1.10	-	-1.11	-
EBIT	0.00	0.00	-	0.00	-
margin	-	-		-	
Group					
Total output	80.89	70.52	14.7%	44.27	82.7%
EBIT	21.80	21.99	-0.9%	11.39	91.4%
margin	27.0%	31.2%		25.7%	

Source: First Berlin Equity Research, Energiekontor AG

Group balance sheet and cash flow statement show no major changes Equity rose €3m to €59m resulting in a slightly higher equity ratio of 14.9% versus 14.4% at the end of 2019. Financial liabilities and the cash position remained stable at €280m and €67m respectively.

Operating cash flow amounted to €6m and investing cash flow was negligible. Cash flow from financing of €-7m resulted in total cash outflow of €1m, which was compensated by currency-related changes to cash.

Scottish project pipeline should play prominent role from 2022 on Excellent wind conditions allow profitable wind power production without subsidies in Scotland. Energiekontor has building permits for eight major projects in Scotland with a volume of more than 280 MW and plans to reach financial close for several of these projects in H2/20. We expect that grid connections will be available for two projects in 2022 and for two further projects in 2023.

Share buyback program has supported the share price On 6 July, the Management Board renewed the share buyback program and decided to acquire up to 300,000 own shares from 7 July 2020 until 30 June 2021 at the latest, whereby the buyback is limited to a maximum total purchase price of €9m. From 7 July to 21 August, Energiekontor bought back 43,559 shares for a total amount of almost €1.1m. YTD, the company has acquired 108,334 shares for more than €2.3m.

Earnings forecasts increased Following Energiekontor's project update and the consistently high award prices in German onshore wind tenders, we have revised our segment and group forecasts. We have increased our 2020 group EBT forecast from €20.2m to €22.5m. The 2021 EBT forecast is slightly higher at €33.7m, and the 2022 EBT forecast rises 10% to €40.8m (see figure 4).

Figure 4: EBT forecasts

EBT (figures in €m)	2018A	2019A	2020E	2021E	2022E
Project Development	-4.64	-9.92	9.77	20.05	23.71
Power Production	11.70	7.76	9.74	10.43	13.35
Operation & Innovation	2.55	2.94	2.96	3.23	3.73
Group	9.61	0.77	22.47	33.72	40.79

Source: First Berlin Equity Research, Energiekontor AG

Figure 5 shows our forecast revisions. Earnings forecasts rise as lower total output due to a lower MW figure for projects commissioned in 2020 & 2021 is outweighed by higher project gross margins.

Figure 5: Revisions to forecasts

All figures in €m	2020E			2021E			2022E		
	Old	New	Delta	Old	New	Delta	Old	New	Delta
Total output	171.28	138.47	-19.2%	361.89	314.42	-13.1%	388.03	397.57	2.5%
EBIT	36.81	37.69	2.4%	49.54	50.01	0.9%	59.00	60.41	2.4%
margin	21.5%	27.2%		13.7%	15.9%		15.2%	15.2%	
Net income	14.17	15.73	11.0%	23.14	23.46	1.4%	25.88	28.20	9.0%
margin	8.3%	11.4%		6.4%	7.5%		6.7%	7.1%	
EPS (diluted)	0.99	1.10	10.9%	1.61	1.64	1.7%	1.80	1.97	9.3%

Source: First Berlin Equity Research



Higher valuation We have increased our assessment of the fair value of all three segments. In coming years, the Project Development segment will benefit from the very high German onshore wind award prices of above 6.10€/kWh (FBe) for the projects Energiekontor was awarded in the tenders in 2019 and 2020. As mentioned before, to date ca. 93 MW of high margin German wind projects look set to be commissioned by 2022. Furthermore, the value of the project pipeline has risen due to increasing demand for green power assets. In July, RWE acquired Nordex' 2.7 GW project pipeline including a staff development team of 70 persons for ca. €400m. We thus believe that our increased segment valuation of €230m (see page 6) is still moderate. Energiekontor's project pipeline comprises more than 4,600 MW.

The Power Production segment will also benefit from the high German award prices as Energiekontor can add very profitable projects to its own plant portfolio in 2021 and 2022. Although some old wind farms will lose their feed-in tariffs by the end of the year, we believe that the new projects will soon compensate for that. We have thus increased our segment fair value estimate to €231m.

The Operation & Innovation segment has demonstrated its stability and high profitability (EBIT margin around 50%) for many years. We have reflected this in a lower WACC (8.7% versus 9.3%).

Our sum of the parts valuation thus yields a new price target of €36.40 (previously: €26.30). Following the >50% share price appreciation since our last report in May, 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 & 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	229.59	16.02	10.46	53.2%
Power Production	231.48	16.16	12.38	30.5%
Operation & Innovation	60.47	4.22	3.48	21.3%
Sum of the parts	521.55	36.40	26.32	38.3%

DCF model for Project Development segment

DCF valuation model								
All figures in EUR '000	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Net sales	75,190	170,875	225,990	206,000	221,356	236,650	251,710	266,355
NOPLAT	10,175	18,114	21,320	21,649	22,489	23,145	23,773	24,367
+ depreciation & amortisation	1,184	1,112	1,110	1,122	1,145	1,179	1,213	1,243
Net operating cash flow	11,359	19,226	22,430	22,771	23,634	24,324	24,986	25,609
- total investments (CAPEX and WC)	1,133	-12,278	-12,759	7,467	-8,147	-8,316	-8,410	-8,422
Capital expenditures	-1,128	-1,196	-1,130	-1,236	-1,288	-1,334	-1,373	-1,404
Working capital	2,261	-11,082	-11,629	8,703	-6,859	-6,982	-7,037	-7,018
Free cash flows (FCF)	12,492	6,948	9,671	30,238	15,487	16,008	16,575	17,187
PV of FCF's	12,131	6,191	7,907	22,687	10,660	10,110	9,606	9,140

All figures in thousands	
PV of FCFs in explicit period (2020E-2034E)	142,009
PV of FCFs in terminal period	88,380
Enterprise value (EV)	230,389
+ Net cash / - net debt	-796
+ Investments / minority interests	0
Shareholder value	229,593
Number of shares (diluted)	14,328
Fair value per share in EUR	16.02

WACC		Terminal growth rate						
		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
5.0%		31.66	33.11	34.98	37.48	40.99	46.26	55.10
6.0%		25.41	26.12	26.99	28.08	29.48	31.35	33.98
7.0%		21.13	21.50	21.93	22.45	23.09	23.88	24.90
8.0%		18.03	18.22	18.44	18.70	19.00	19.37	19.82
9.0%		15.69	15.79	15.90	16.02	16.17	16.34	16.54
10.0%		13.86	13.91	13.96	14.02	14.08	14.16	14.24
11.0%		12.40	12.42	12.44	12.46	12.48	12.51	12.54
12.0%		11.21	11.21	11.21	11.21	11.21	11.21	11.21
Fair value per share in EUR	16.02							

* for layout purposes the model shows numbers only to 2027, but runs until 2034



DCF model for Power Generation segment

DCF valuation model								
All figures in EUR '000	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Net sales	56,886	59,480	72,280	90,775	110,538	123,246	122,772	122,572
NOPLAT	18,637	19,650	24,682	29,843	35,246	37,254	36,879	36,720
+ depreciation & amortisation	22,472	23,259	27,258	36,259	45,526	53,006	52,594	52,182
Net operating cash flow	41,109	42,908	51,940	66,102	80,772	90,260	89,473	88,902
- total investments (CAPEX and WC)	-1,240	-99,647	-133,245	-141,047	-133,040	-55,444	-52,503	-52,144
Capital expenditures	0	-99,150	-130,790	-137,500	-129,250	-53,006	-52,594	-52,182
Working capital	-1,240	-497	-2,455	-3,547	-3,790	-2,437	91	38
Free cash flows (FCF)	39,869	-56,739	-81,305	-74,945	-52,269	34,817	36,970	36,758
PV of FCF's	39,334	-53,802	-74,099	-65,648	-44,000	28,170	28,749	27,474

All figures in thousands	
PV of FCFs in explicit period (2020E-2034E)	49,468
PV of FCFs in terminal period	386,355
Enterprise value (EV)	435,823
+ Net cash / - net debt	-204,343
+ Investments / minority interests	0
Shareholder value	231,480
Number of shares (diluted)	14,328
Fair value per share in EUR	16.16

WACC	4.0%
Cost of equity	6.7%
Pre-tax cost of debt	5.0%
Tax rate	30.0%
After-tax cost of debt	3.5%
Share of equity capital	17.0%
Share of debt capital	83.0%
Fair value per share in EUR	16.16

WACC	Terminal growth rate							
	-0.6%	-0.4%	-0.2%	0.0%	0.2%	0.4%	0.6%	
3.3%	21.14	22.83	24.71	26.83	29.21	31.93	35.05	
3.5%	17.96	19.39	20.99	22.76	24.74	26.98	29.52	
3.8%	15.15	16.38	17.74	19.23	20.90	22.76	24.86	
4.0%	12.65	13.71	14.88	16.16	17.57	19.14	20.88	
4.3%	10.41	11.34	12.34	13.44	14.65	15.98	17.46	
4.5%	8.40	9.21	10.09	11.04	12.08	13.22	14.47	
4.8%	6.59	7.30	8.06	8.89	9.79	10.77	11.85	

* for layout purposes the model shows numbers only to 2027, but runs until 2034

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	8,658	9,668	10,744	11,865	13,010
NOPLAT	2,139	2,329	2,675	2,992	3,352	3,729	4,117	4,508
+ depreciation & amortisation	0	0	3	6	9	12	16	20
Net operating cash flow	2,139	2,329	2,678	2,997	3,361	3,742	4,133	4,528
- total investments (CAPEX and WC)	210	-11	-44	-155	-160	-181	-200	-217
Capital expenditures	0	-34	-39	-43	-48	-54	-59	-65
Working capital	210	23	-5	-112	-111	-127	-141	-152
Free cash flows (FCF)	2,348	2,318	2,634	2,842	3,202	3,561	3,933	4,311
PV of FCF's	2,283	2,073	2,167	2,151	2,228	2,280	2,317	2,336

All figures in thousands	
PV of FCFs in explicit period (2020E-2034E)	32,921
PV of FCFs in terminal period	28,381
Enterprise value (EV)	61,302
+ Net cash / - net debt	-828
+ Investments / minority interests	0
Shareholder value	60,474
Number of shares (diluted)	14,328
Fair value per share in EUR	4.22

WACC	8.7%
Cost of equity	8.7%
Pre-tax cost of debt	5.0%
Tax rate	30.0%
After-tax cost of debt	3.5%
Share of equity capital	100.0%
Share of debt capital	0.0%
Fair value per share in EUR	4.22

WACC	Terminal growth rate							
	0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	
4.7%	8.43	9.16	10.11	11.41	13.31	16.32	21.84	
5.7%	6.61	7.01	7.51	8.14	8.96	10.10	11.74	
6.7%	5.39	5.63	5.92	6.26	6.70	7.25	7.97	
7.7%	4.52	4.67	4.85	5.06	5.31	5.61	5.99	
8.7%	3.87	3.97	4.09	4.22	4.38	4.56	4.78	
9.7%	3.37	3.44	3.52	3.61	3.71	3.83	3.96	
10.7%	2.97	3.02	3.07	3.14	3.21	3.28	3.37	
11.7%	2.65	2.68	2.72	2.77	2.82	2.87	2.93	

* for layout purposes the model shows numbers only to 2027, but runs until 2034



INCOME STATEMENT

All figures in EUR '000	2017A	2018A	2019A	2020E	2021E	2022E
Revenues	149,865	110,186	63,700	136,167	234,813	303,295
Change in inventory & own work	52,211	18,516	32,708	2,305	79,603	94,279
Total output	202,076	128,702	96,409	138,471	314,416	397,573
Cost of goods sold	127,923	60,631	30,501	46,970	204,951	265,212
Gross profit	74,153	68,071	65,908	91,501	109,465	132,362
Personnel costs	11,830	13,667	14,679	15,446	16,566	17,844
Other operating expenses	18,475	17,144	16,362	18,109	21,764	29,450
Other operating income	5,746	3,363	3,986	3,400	3,247	3,713
EBITDA	49,593	40,622	38,853	61,346	74,381	88,781
Depreciation	16,704	18,546	22,551	23,656	24,371	28,370
Operating income (EBIT)	32,889	22,076	16,302	37,691	50,010	60,411
Net financial result	-16,224	-12,465	-15,532	-15,223	-16,491	-20,124
Non-operating expenses	0	0	0	0	0	0
Pre-tax income (EBT)	16,666	9,612	770	22,467	33,520	40,287
Income taxes	4,778	2,932	526	6,740	10,056	12,086
Minority interests	0	0	0	0	0	0
Net income / loss	11,888	6,680	244	15,727	23,464	28,201
Diluted EPS (in €)	0.82	0.46	0.02	1.09	1.63	1.96
Ratios						
Gross margin on total output	36.7%	52.9%	68.4%	66.1%	34.8%	33.3%
EBITDA margin on total output	24.5%	31.6%	40.3%	44.3%	23.7%	22.3%
EBIT margin on total output	16.3%	17.2%	16.9%	27.2%	15.9%	15.2%
Net margin on total output	5.9%	5.2%	0.3%	11.4%	7.5%	7.1%
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%	11.2%	5.3%	4.5%
Depreciation	8.3%	14.4%	23.4%	17.1%	7.8%	7.1%
Other operating expenses	9.1%	13.3%	17.0%	13.1%	6.9%	7.4%
Y-Y Growth						
Total output	21.2%	-36.3%	-25.1%	43.6%	127.1%	26.4%
EBIT	-38.8%	-32.9%	-26.2%	131.2%	32.7%	20.8%
Net income/ loss	-53.1%	-43.8%	-96.4%	6356.0%	49.2%	20.2%



BALANCE SHEET

All figures in EUR '000	2017A	2018A	2019A	2020E	2021E	2022E
Assets						
Current assets, total	160,607	137,613	154,284	158,080	205,185	225,438
Cash and cash equivalents	69,002	73,291	66,989	77,028	91,859	107,121
Short-term investments	10,159	5,061	36	36	36	36
Receivables	26,216	19,123	13,765	22,917	40,354	44,425
Inventories	47,006	38,481	71,189	55,794	70,632	71,551
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	213,087	289,097	392,685
Property, plant & equipment	194,558	204,916	226,541	204,013	280,023	383,612
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	371,167	494,282	618,124
Shareholders' equity & debt						
Current liabilities, total	57,200	44,177	63,616	53,765	72,713	72,942
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	6,825	9,698	9,698
Long-term liabilities, total	233,781	235,861	270,083	252,658	343,418	448,886
Long-term financial debt	208,961	207,233	240,417	222,992	313,752	419,220
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	64,744	78,151	96,296
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	44,001	57,409	75,554
Total consolidated equity and debt	361,213	348,437	389,899	371,167	494,282	618,124
Ratios						
Current ratio (x)	2.81	3.12	2.43	2.94	2.82	3.09
Quick ratio (x)	1.99	2.24	1.31	1.90	1.85	2.11
Net debt	154,528	149,520	212,629	170,928	256,857	347,062
Net gearing	220%	219%	378%	264%	329%	360%
Book value per share (in €)	4.82	4.69	3.89	4.51	5.44	6.70
Financial debt/EBITDA (x)	4.7	5.6	7.2	4.0	4.7	5.1
Equity ratio	19.4%	19.6%	14.4%	17.4%	15.8%	15.6%
Return on equity (ROE)	16.9%	9.8%	0.4%	24.3%	30.0%	29.3%
Return on investment (ROI)	3.3%	1.9%	0.1%	4.2%	4.7%	4.6%
Return on assets (ROA)	7.8%	5.7%	4.1%	8.3%	8.1%	7.8%
Return on capital employed (ROCE)	14.8%	8.9%	6.0%	13.4%	15.9%	14.4%
Days sales outstanding (DSO)	63.8	63.3	78.9	61.4	62.7	53.5
Days inventory outstanding (DIO)	134.1	231.7	851.9	433.6	125.8	98.5
Days payables outstanding (DPO)	23.9	33.0	117.1	99.2	33.6	26.2



CASH FLOW STATEMENT

All figures in EUR '000	2017A	2018A	2019A	2020E	2021E	2022E
EBIT	32,889	22,076	16,302	37,691	50,010	60,411
Depreciation and amortisation	16,704	18,546	22,551	23,656	24,371	28,370
EBITDA	49,593	40,622	38,853	61,346	74,381	88,781
Changes in working capital	-28,182	6,310	-24,549	9,224	-26,200	-4,762
Other adjustments	-16,973	-1,499	-961	-6,740	-10,056	-12,086
Operating cash flow	4,438	45,433	13,343	63,830	38,125	71,934
CAPEX	-33,707	-22,240	-7,463	-1,128	-100,380	-131,959
Investments in intangibles	-1	-26	-19	0	0	0
Free cash flow	-29,269	23,167	5,861	62,702	-62,256	-60,025
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	-1,128	-100,380	-131,959
Debt financing, net	5,266	-2,891	9,610	-31,662	100,760	105,468
Equity financing, net	-251	-403	-4,865	0	0	0
Dividends paid	-11,670	-8,745	-5,784	-5,778	-7,183	-10,056
Other financing	-13,992	-11,577	-13,483	-15,223	-16,491	-20,124
Cash flow from financing	-20,646	-23,616	-14,523	-52,663	77,086	75,288
Forex & other effects	2,666	96	-1,052	0	0	0
Net cash flows	-49,526	4,289	-6,302	10,039	14,831	15,263
Cash, start of the year	118,528	69,002	73,291	66,989	77,028	91,859
Cash, end of the year	69,002	73,291	66,989	77,028	91,859	107,121
EBITDA/share (in €)	3.40	2.79	2.69	4.27	5.18	6.18
Operating cash flow/share (in €)	0.30	3.12	0.92	4.44	2.65	5.01
Y-Y Growth						
Operating cash flow	-95.2%	923.6%	-70.6%	378.4%	-40.3%	88.7%
Free cash flow	n.m.	n.m.	-74.7%	969.9%	n.m.	n.m.
EBITDA/share	-31.1%	-18.0%	-3.5%	58.8%	21.2%	19.4%
Operating cash flow/share	-95.2%	924.6%	-70.4%	381.0%	-40.3%	88.7%

Imprint / Disclaimer

First Berlin Equity Research

First Berlin Equity Research GmbH ist ein von der BaFin betreffend die Einhaltung der Pflichten des §85 Abs. 1 S. 1 WpHG, des Art. 20 Abs. 1 Marktmissbrauchsverordnung (MAR) und der Markets Financial Instruments Directive (MiFID) II, Markets in Financial Instruments Directive (MiFID) II Durchführungsverordnung und der Markets in Financial Instruments Regulations (MiFIR) beaufsichtigtes Unternehmen.

First Berlin Equity Research GmbH is one of the companies monitored by BaFin with regard to its compliance with the requirements of Section 85 (1) sentence 1 of the German Securities Trading Act [WpHG], art. 20 (1) Market Abuse Regulation (MAR) and Markets in Financial Instruments Directive (MiFID) II, Markets in Financial Instruments Directive (MiFID) II Commission Delegated Regulation and Markets in Financial Instruments Regulations (MiFIR).

Anschrift:

First Berlin Equity Research GmbH
Mohrenstr. 34
10117 Berlin
Germany

Vertreten durch den Geschäftsführer: Martin Bailey

Telefon: +49 (0) 30-80 93 9 680

Fax: +49 (0) 30-80 93 9 687

E-Mail: info@firstberlin.com

Amtsgericht Berlin Charlottenburg HR B 103329 B

UST-Id.: 251601797

Ggf. Inhaltlich Verantwortlicher gem. § 6 MDStV

First Berlin Equity Research GmbH

Authored by: Dr. Karsten von Blumenthal, Analyst

All publications of the last 12 months were authored by Dr. Karsten von Blumenthal.

Company responsible for preparation: First Berlin Equity Research GmbH, Mohrenstraße 34, 10117 Berlin

The production of this recommendation was completed on 31 August 2020 at 15:51

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

Copyright© 2020 First Berlin Equity Research GmbH No part of this financial analysis may be copied, photocopied, duplicated or distributed in any form or media whatsoever without prior written permission from First Berlin Equity Research GmbH. First Berlin Equity Research GmbH shall be identified as the source in the case of quotations. Further information is available on request.

INFORMATION PURSUANT TO SECTION 85 (1) SENTENCE 1 OF THE GERMAN SECURITIES TRADING ACT [WPHG], TO ART. 20 (1) OF REGULATION (EU) NO 596/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF APRIL 16, 2014, ON MARKET ABUSE (MARKET ABUSE REGULATION) AND TO ART. 37 OF COMMISSION DELEGATED REGULATION (EU) NO 2017/565 (MIFID) II.

First Berlin Equity Research GmbH (hereinafter referred to as: "First Berlin") prepares financial analyses while taking the relevant regulatory provisions, in particular section 85 (1) sentence 1 of the German Securities Trading Act [WpHG], art. 20 (1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) and art. 37 of Commission Delegated Regulation (EU) no. 2017/565 (MiFID II) into consideration. In the following First Berlin provides investors with information about the statutory provisions that are to be observed in the preparation of financial analyses.

CONFLICTS OF INTEREST

In accordance with art. 37 (1) of Commission Delegated Regulation (EU) no. 2017/565 (MiFID) II and art. 20 (1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) investment firms which produce, or arrange for the production of, investment research that is intended or likely to be subsequently disseminated to clients of the firm or to the public, under their own responsibility or that of a member of their group, shall ensure the implementation of all the measures set out in Article 34 (3) of Regulation (EU) 2017/565 in relation to the financial analysts involved in the production of the investment research and other relevant persons whose responsibilities or business interests may conflict with the interests of the persons to whom the investment research is disseminated. In accordance with art. 34 (3) of Regulation (EU) 2017/565 the procedures and measures referred to in paragraph 2 (b) shall be designed to ensure that relevant persons engaged in different business activities involving a conflict of interests carry on those activities at a level of independence appropriate to the size and activities of the investment firm and of the group to which it belongs, and to the risk of damage to the interests of clients.

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

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

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

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

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

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

PRICE TARGET DATES

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

AGREEMENT WITH THE ANALYSED COMPANY AND MAINTENANCE OF OBJECTIVITY

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

ASSET VALUATION SYSTEM

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

ASSET RECOMMENDATION

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

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.

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.

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...30	↓	↓	↓	↓
31	20 May 2019	€15.70	Buy	€22.90
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	13 March 2020	€18.85	Buy	€26.00
36	20 April 2020	€19.40	Buy	€26.00
37	7 May 2020	€18.35	Buy	€26.30
38	19 May 2020	€18.75	Buy	€26.30
39	Today	€29.60	Add	€36.40

INVESTMENT HORIZON

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

UPDATES

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

SUBJECT TO CHANGE

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

Legally required information regarding

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

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

SUPERVISORY AUTHORITY: Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) [BaFin], Graurheindorferstraße 108, 53117 Bonn and Marie-Curie-Straße 24-28, 60439 Frankfurt am Main

EXCLUSION OF LIABILITY (DISCLAIMER)**RELIABILITY OF INFORMATION AND SOURCES OF INFORMATION**

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

RELIABILITY OF ESTIMATES AND FORECASTS

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

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

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

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

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

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

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

NO ESTABLISHMENT OF CONTRACTUAL OBLIGATIONS

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

NO OBLIGATION TO UPDATE

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

DUPLICATION

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

SEVERABILITY

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

APPLICABLE LAW, PLACE OF JURISDICTION

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

NOTICE OF DISCLAIMER

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

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

QUALIFIED INSTITUTIONAL INVESTORS

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

This report is not intended for distribution in the USA and/or Canada.