Energiekontor AG

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

2021 figures

RATING	**ADD**
PRICE TARGET	**€ 105.00**
Return Potential	12.7%
Risk Rating	High

THREE GOOD ARGUMENTS FOR EKT

2021 was the best year in the history of Energiekontor. The company posted record EBT of €45m (+ 44% y/y). The reason for the strong performance was a buoyant project development business. The project pipeline has been expanded by 1.7 GW to 7.7 GW (+24% y/y). The own green power portfolio increased by 50 MW to 329 MW. We see three good arguments to be positive on Energiekontor shares: (1) The German government is accelerating the increase in the renewable share in power production (target now: almost 100% renewables in 2035, previously: 2050). We believe that Energiekontor's project development business with its >4.4 GW German wind & PV project pipeline will benefit from these improvements in the coming years; (2) German power prices have remained very high since the beginning of the year (market value onshore wind February 2022: 108 €/MWh versus 44 €/MWh in February 2021, ca. +145% y/y). The current market values for onshore wind and PV are significantly higher than the average feed-in-tariffs Energiekontor receives for the power production of its own German wind and solar plants. This will result in extra sales & earnings in its Power Production segment (German wind and solar power capacity: 231 MW); and (3) We believe that the turmoil in natural gas and power markets caused by the Russian invasion of Ukraine has widened the support for wind and solar power in politics and society. Renewables are not only cheaper and cleaner than fossil fuels, they also offer a much higher degree of energy security than fossil fuels as they do not have to be imported. Energiekontor is guiding towards 10% to 20% earnings growth in 2022. Given the supply chain challenges (higher material costs as well as longer turbine and module delivery times), we trim our growth assumptions for 2022 & 2023 somewhat but see excellent growth prospects for this decade. An updated sum-of-the-parts valuation yields a €105 price target (previously: €89). We confirm our Add recommendation.

(p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2019	2020	2021	2022E	2023E	2024E
Revenue (€ m)	63.70	146.61	156.52	206.87	304.87	427.21
Y-o-y growth	n.a.	130.2%	6.8%	32.2%	47.4%	40.1%
EBIT (€ m)	16.30	46.00	61.68	70.59	78.46	104.64
EBIT margin	25.6%	31.4%	39.4%	34.1%	25.7%	24.5%
Net income (€ m)	0.24	20.43	36.21	36.28	40.05	56.88
EPS (diluted) (€)	0.02	1.43	2.52	2.59	2.86	4.06
DPS (€)	0.40	0.80	0.90	0.90	0.90	1.00
FCF (€m)	5.86	17.09	-19.47	3.41	-73.87	-70.04
Net gearing	378.3%	359.7%	357.6%	304.3%	322.5%	304.2%
Liquid assets (€ m)	66.99	79.46	99.95	81.45	86.72	73.68

RISKS

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

COMPANY PROFILE

Energiekontor is a wind and solar project developer and an operator of a large portfolio of own wind farms and solar parks (329 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 04 Apr 2022

Closing Price	€ 93.20
Shares outstanding	14.02m
Market Capitalisation	€ 1306.48m
52-week Range	€ 50.50 / 93.20
Avg. Volume (12 Months)	17,075

Multiples	2021	2022E	2023E
P/E	40.7	40.6	36.8
EV/Sales	11.0	8.3	5.7
EV/EBIT	28.0	24.4	22.0
Div. Yield	1.0%	1.0%	1.0%

STOCK OVERVIEW

COMPANY DATA

As of 31 Dec 2021

Liquid Assets	€ 99.95m
Current Assets	€ 299.83m
Intangible Assets	€ 0.55m
Total Assets	€ 561.99m
Current Liabilities	€ 180.89m
Shareholders' Equity	€ 82.22m

SHAREHOLDERS

Dr Bodo Wilkens	25.2%
Günter Lammers	25.2%
Universal Investment Gesellschaft	6.7%
Union Investment Privatfonds	5.1%
Free Float	37.8%

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Record earnings thanks to buoyant project development Although Energiekontor increased sales by “only” 7% y/y to €157m, total output was up 61% y/y at €266m due to increased inventory and own work. EBITDA rose 25% to €82m on the back of a very profitable project development segment. Since depreciation was only slightly higher at €20m, EBIT reached €62m (+34% y/y). Interest expenses climbed by €2m to almost €17m, yielding record EBT of €45m (+44% y/y). Relatively low tax expenses of around €9m (tax rate: 19%) resulted in a 77% rise in net income to €36m corresponding to diluted EPS of €2.52 (see figure 1).

Figure 1: Reported group figures versus forecasts

All figures in €m	2021A	2021E	Delta	2020A	Delta
Sales	156.5	182.3	-14%	146.6	7%
EBITDA	81.7	72.6	13%	65.4	25%
margin	*52.2%*	*39.8%*	-	*39.6%*	-
EBIT	61.7	52.2	18%	46.0	34%
margin	*39.4%*	*28.7%*	-	*27.9%*	-
EBT	44.9	36.0	25%	31.2	44%
margin	*28.7%*	*19.8%*	-	*18.9%*	-
Net income	36.2	25.2	44%	20.4	77%
margin	*23.1%*	*13.8%*	-	*12.4%*	-
EPS in € (diluted)	2.52	1.76	43%	1.43	76%

Source: First Berlin Equity Research, Energiekontor AG

Very successful project development Energiekontor doubled both segment total output and EBIT y/y and posted record operating earnings of €47m. Interest expenses of ca. €5m resulted in segment EBT of €42m (see figure 4). The company sold seven wind farm projects in Germany and the UK and two German solar park projects with a total capacity of 117 MW. We highlight the sale of the first two Scottish wind farms, which mark the start of the successive realisation of the extensive Scottish project pipeline. In 2021, Energiekontor commissioned five wind farms and two solar parks with a total capacity of 66 MW. The project pipeline rose by 1.7 GW to 7.7 GW (without the US). This corresponds to a 28% volume increase and highlights Energiekontor’s success in acquiring new projects (see figure 2).

Figure 2: Project pipeline

Phase	Subject of the development phase	31/12/2021 MW	Increase MW	31/12/2020 MW
Sellable project rights	US solar project rights	500	0	500
Sellable project rights	US wind project rights	344	0	344
Phase 1	Secured areas	3,868	1,209	2,659
Phase 2	Regional plan procedure / land-use	2,514	345	2,169
Phase 3	Bimsch / building application submitted	694	-11	705
Phase 4	Bimsch / building permit obtained	454	85	369
Phase 5	Financial close / under construction	173	58	115
Total without US project rights		**7,703**	**1,686**	**6,017**

Source: First Berlin Equity Research, Energiekontor AG

A look at the regional split of the pipeline development shows that Germany featured strong growth with 36% y/y to 4.4 GW. France demonstrated the strongest increase at 40% to 685 MW and the UK pipeline was up 14% at 2.6 GW (see figure 3 overleaf).

Figure 3: Regional split of pipeline development

Country	31/12/2021 MW	31/12/2020 MW	Delta
Germany	4,413	3,243	36%
UK	2,605	2,283	14%
France	685	491	40%
Sum	**7,703**	**6,017**	**28%**
USA	844	844	0%
Sum	**8,547**	**6,861**	**25%**

Source: First Berlin Equity Research, Energiekontor AG

The technological split of the pipeline (without the US) shows that the solar pipeline grew much more strongly than the wind pipeline (52% versus 21%). The solar pipeline capacity now has a share of 27% of the total pipeline capacity (see figure 4).

Figure 4: Technological split of pipeline development

Technology	31/12/2021 MW	31/12/2020 MW	Delta
Wind	5,642	4,659	21%
PV	2,060	1,358	52%
Sum	**7,703**	**6,017**	**28%**

Source: First Berlin Equity Research, Energiekontor AG

Power production segment suffered from low wind yields Total segment output declined 8% to €49m, 1% below our forecast. Higher operating expenses and depreciation led to EBIT of €13m versus €20m in 2020 (see figure 5 overleaf). Higher interest rate expenses (delta: €+1.5m) trimmed EBT to just €1m (2020: >€10m). In addition to the very weak wind year, the Jabobsdorf wind farm (18 MW), which was completed in 2021, was stopped from active operations due to safety issues.
The expansion of the power production portfolio is on track to reach 500 MW by the end of 2023. In 2021, 50 MW were added resulting in a total capacity of 329 MW, of which 10 MW are PV. Currently, three wind farms and one solar park with a total capacity of 54 MW are under construction, which Energiekontor intends to transfer to its own plant portfolio. Furthermore, the company received building permits for a wind farm and a solar park in the UK with a total capacity of 19 MW, which are also earmarked for the own plant portfolio. This would increase the portfolio capacity to 402 MW.

Operation & Innovation also burdened by weak wind year Total segment output declined 11% to €5.3m and segment EBIT was down 24% at €1.8m (see figure 5 overleaf). Efficiency improvements and the takeover of further management mandates could only partly compensate for the weak wind conditions.

Figure 5: Reported segment total output and EBIT versus forecasts

All figures in €m	2021A	2021E	Delta	2020A	Delta
Projects					
Total output	213.7	208.7	2%	107.7	98%
EBIT	46.9	34.0	38%	23.6	99%
margin	*22.0%*	*16.3%*		*-19.2%*	
Power Production					
Total output	49.0	49.7	-1%	53.4	-8%
EBIT	12.9	16.0	-19%	20.0	-35%
margin	*26.4%*	*32.1%*		*38.0%*	
Operation & Innovation					
Total output	5.3	5.4	-1%	6.0	-11%
EBIT	1.8	2.2	-17%	2.4	-24%
margin	*34.6%*	*40.9%*		*48.4%*	
Consolidation					
Total output	-1.7	-1.9	-	-2.1	-
EBIT	0.0	0.0	-	0.0	-
margin	-	-		-	
Group					
Total output	266.3	261.9	2%	165.1	61%
EBIT	61.7	52.2	18%	46.0	34%
margin	*23.2%*	*19.9%*		*16.9%*	

Source: First Berlin Equity Research, Energiekontor AG

Balance sheet: stable equity ratio and net gearing The book value of wind and solar farms increased 29% y/y to €215m reflecting the increased green power capacity. The cash position including securities rose 26% y/y to €100m. Equity rose 25% to €82m, but the equity ratio remained stable at 14.6%, as the balance sheet total also rose 25%. The increase in financial debt, both long- and short-term, owes to financing the increased power production portfolio and the stronger project development activity. Net debt rose 27% to €289m, but net gearing was up only slightly (352% versus 348% in 2020) due to the higher equity (see figure 6).

Figure 6: Balance sheet, selected items

in €m	2021A	2020A	delta
Wind & solar farms	215.4	166.9	*29%*
Land, land improvements & buildings	33.4	21.1	*58%*
Inventories	160.9	144.6	*11%*
Cash and cash equivalents incl. securities	100.0	79.5	*26%*
Equity	82.2	65.6	*25%*
Equity ratio	*14.6%*	*14.6%*	-
Financial debt (long-term) without swaps	131.9	82.8	*59%*
Financial debt (short-term)	73.2	56.2	*30%*
Bonds (long-term)	94.0	101.5	*-7%*
Bonds (short-term)	22.7	0.0	*n.m.*
Liabilities from leases (long-term)	32.6	20.4	*60%*
Liabilities from leases (short-term)	34.8	46.6	*-25%*
Net debt (incl. securities)	289.3	228.1	*27%*
Net gearing	*351.9%*	*347.9%*	-
Balance sheet total	562.0	449.0	*25%*

Source: First Berlin Equity Research, Energiekontor AG

Strong operating cash flow and high CapEx Operating cash flow more than tripled y/y to €62m and can be traced back to the higher net result and lower net working capital requirements. CapEx of almost €82m reflects the transfer of two wind farms to the own plant portfolio. The financing cash flow amounted to €43m and owes mainly to additional loans. Net cash flow was above €20m (see figure 7).

Figure 7: Cash flow statement

in €m	2021A	2020A
Operating cash flow	62.0	17.9
CAPEX	-81.5	-0.8
Free cash flow	-19.5	17.1
Cash flow from investment	-85.0	11.8
Cash flow from financing	45.3	-18.0
Net cash flow	20.5	12.5

Source: First Berlin Equity Research, Energiekontor AG

Power Production segment benefits from high German power prices The average European Power Exchange (EPEX) spot market price in February 2022 was 129 €/MWh (February 2021: 49 €/MWh, +163%). The market value for onshore wind power in February 2022 was 108 €/MWh versus 44 €/MWh in February 2021, ca. +145% y/y). The current market values for onshore wind and PV are significantly higher than the feed-in-tariffs Energiekontor receives for the power production of its own German wind and solar plants (221 MW wind power, 10 MW solar power). This will result in extra sales & earnings in its Power Production segment.

Highest dividend since IPO Management and Supervisory Boards will propose a dividend of €0.90 per share (+13% y/y) to the Annual General Meeting. The payout ratio is 36% and the dividend yield <1%.

Share buyback program supports share price Energiekontor is authorised to acquire up to 150,000 of its own shares in the period from 25 May 2021 until 30 June 2022, with the repurchase limited to a total purchase sum of €9m. So far, the company has bought ca. 130,000 own shares for ca. €8m.

Energy transition turbo The German Federal Ministry of Economics and Climate Protection (Bundesministerium für Wirtschaft und Klimaschutz, BMWK) wants electricity in Germany to come almost entirely from renewable sources by 2035. To date, the EEG calls for CO_2-neutral power generation before the year 2050. As also agreed in the coalition treaty, a renewable share of 80% of gross electricity consumption is to be stipulated by 2030, almost double the 42% achieved at the end of 2021.
Numerous individual measures are planned to reach the new targets, including:

- An increase in the annual addition of onshore wind power from around three GW this year to ten GW in 2027. This level is then to be maintained until 2035;
- Annual photovoltaics installation (which was 5.3 GW in 2021) is to be added at a rate of seven GW in 2022, rising to 20 GW per year by 2028, which will then also be maintained until 2035. In total, this would lead to 300 GW of solar power capacity. To achieve this goal, the volume of solar tenders is to be increased and the remuneration for small and medium-sized systems outside of the tenders is to be made more attractive.

We believe that the planned measures will lead to a golden decade for wind and solar in Germany. Energiekontor with its large >4.4 GW German wind & solar project pipeline is primed to benefit from this.

Russian invasion of Ukraine sends a new message: renewables = energy security We believe that the turmoil in natural gas and power markets caused by the Russian war of aggression against Ukraine has widened the support for wind and solar power in politics and society. Wind and solar power are not only cheaper and cleaner than power production with fossil fuels, they also offer a much higher degree of energy security than fossil fuels as they do not have to be imported from Russia (share of natural gas imports from Russia: ca. 55%, share of hard coal imports from Russia: ca. 45%). Support for renewables now stems from Greens and Social Democrats as well as Liberals (finance minister Lindner: renewable energy is freedom energy) and Conservatives (energy security argument).

Guidance: 10% - 20% EBT growth In the project development segment, Energiekontor expects to exceed the 2021 segment EBT of €41.9m because of an increasing number of projects in the late development stage. The Power Generation segment should contribute a higher EBT (2021: only €1.1m) for three reasons: (1) The wind yield in 2021 was very low and looks set to be higher this year. (2) The power production portfolio capacity has risen by 50 MW during 2021 and is slated to rise by up to 73 MW in 2022; and (3) Very high power prices in Germany should result in extra sales and earnings, and prices for new PPAs in 2022 are higher than in the previous year. In the Operation & Innovation segment, EKT expects a rising trend in sales and earnings in coming years due to the increasing number of wind farms and solar parks managed. The company thus expects segment EBT to be slightly above the prior year level of €1.8m. Energiekontor is guiding towards a rise in group EBT of 10% - 20%.

Excellent growth prospects for Energiekontor Given the strong project pipeline (YE21 total: 7.7 GW, Germany: 4.4 GW) and the increasing green power production portfolio (YE21: 329 MW, Germany 231 MW), we have a high degree of confidence in our growth projections for Energiekontor. These are also well supported by the announced regulatory improvements and high power prices.

Forecasts for 2022 & 2023 lowered The high market value of wind and solar power will *ceteris paribus* result in higher sales & earnings in the Power Production segment. However, longer turbine and module delivery times and material cost increases should burden the project development segment. We have thus lowered our group forecasts for 2022 & 2023 (see figures 6 & 7 overleaf), and have also factored in higher CapEx due to increased turbine prices, and higher D&A. In an interview in the 25 January 2022 edition of *Nebenwerte Magazin*, CEO Szabo stated that Energiekontor plans to roughly double its 2020 EBT of €31.2m by 2023.

Figure 6: Revisions to forecasts

		2022E			2023E			2024E	
All figures in €m	**Old**	**New**	**Delta**	**Old**	**New**	**Delta**	**Old**	**New**	**Delta**
Total output	382.9	298.2	-22%	465.4	406.2	-13%	538.6	538.6	0%
EBIT	79.0	70.6	-11%	93.0	78.5	-16%	104.6	104.6	0%
margin	*20.6%*	*23.7%*		*20.0%*	*19.3%*		*19.4%*	*19.4%*	
Net income	41.0	36.3	-11%	46.5	40.0	-14%	56.9	56.9	0%
margin	*10.7%*	*12.2%*		*1.6%*	*9.9%*		*10.6%*	*10.6%*	
EPS (diluted)	2.88	2.59	-10%	3.27	2.86	-13%	4.00	4.06	1%

Source: First Berlin Equity Research

Figure 7: EBT segment and group forecasts

EBT (figures in €m)	2018A	2019A	2020A	2021A	2022E	2023E	2024E
Project Development	-4.6	-9.9	18.4	41.9	34.9	36.9	54.3
Power Production	11.7	7.8	10.4	1.1	13.9	16.5	22.1
Operation & Innovation	2.6	2.9	2.4	1.8	3.0	3.8	4.8
Group	**9.6**	**0.8**	**31.2**	**44.9**	**51.8**	**57.2**	**81.3**
Delta in %	n.a.	-92%	3962%	44%	15%	10%	42%

Source: First Berlin Equity Research, Energiekontor AG

Sum-of-the-parts valuation revised We have revised our DCF models for the three segments. We have taken the higher long-term interest rates (10y German government bond yield now 0.6%), the improving regulatory environment, the expansion of the project pipeline, and the higher power prices into account (see Valuation overleaf).

Add confirmed at higher price target The updated sum-of-the-parts valuation yields a higher price target of €105 (previously: €89). We confirm our Add 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 (FVPS) in €	Old FVPS in €	Delta
Project Development	934.23	66.65	55.79	19.5%
Power Production	402.31	28.70	25.09	14.4%
Operation & Innovation	135.51	9.67	8.41	14.9%
Sum of the parts	**1,472.06**	**105.01**	**89.30**	**17.6%**
Price target		**105.00**	**89.00**	**18.0%**

DCF model for Project Development segment

DCF valuation model All figures in EUR '000	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Net sales	**136,850**	**220,600**	**321,000**	**369,150**	**420,831**	**475,539**	**532,604**	**591,190**
NOPLAT	**29,675**	**30,506**	**42,647**	**47,644**	**53,077**	**58,805**	**64,773**	**70,898**
+ depreciation & amortisation	843	719	882	1,003	1,026	1,082	1,150	1,218
Net operating cash flow	30,519	31,225	43,529	48,647	54,104	59,888	65,922	72,116
- total investments (CAPEX and WC)	23,430	-13,991	-7,002	-16,580	-24,144	-24,853	-25,149	-24,971
Capital expenditures	-547	-772	-1,124	-1,107	-1,205	-1,297	-1,380	-1,451
Working capital	23,977	-13,219	-5,878	-15,473	-22,939	-23,556	-23,769	-23,520
Free cash flows (FCF)	53,948	17,233	36,527	32,067	29,960	35,034	40,774	47,145
PV of FCF's	**50,639**	**14,851**	**28,894**	**23,288**	**19,976**	**21,447**	**22,910**	**24,321**

All figures in thousands	
PV of FCFs in explicit period (2022E-2036E)	400,815
PV of FCFs in terminal period	597,408
Enterprise value (EV)	998,223
+ Net cash / - net debt	-63,988
+ Investments / minority interests	0
Shareholder value	934,235
Number of shares (diluted)	14,018
Fair value per share in EUR	66.65

Terminal growth	4.0%
Terminal EBIT margin	16.2%

WACC	8.9%
Cost of equity	11.6%
Pre-tax cost of debt	7.0%
Tax rate	30.0%
After-tax cost of debt	4.9%
Share of equity capital	60.0%
Share of debt capital	40.0%
Fair value per share in EUR	66.65

Terminal growth rate

WACC	2.5%	3.0%	3.5%	4.0%	4.5%	5.0%	5.5%
5.9%	124.94	140.53	162.56	196.07	253.18	372.37	775.32
6.9%	91.69	99.44	109.47	122.92	141.94	170.86	220.14
7.9%	71.05	75.41	80.75	87.45	96.11	107.74	124.17
8.9%	57.11	59.75	62.88	**66.65**	71.26	77.06	84.55
9.9%	47.12	48.81	50.77	53.06	55.77	59.03	63.03
10.9%	39.66	40.79	42.07	43.54	45.24	47.22	49.57
11.9%	33.90	34.68	35.56	36.54	37.65	38.93	40.40

* for layout purposes the model shows numbers only to 2029, but runs until 2036

DCF model for Power Production segment

DCF valuation model All figures in EUR '000	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Net sales	**65,583**	**78,852**	**99,710**	**128,314**	**142,282**	**142,993**	**143,708**	**144,427**
NOPLAT	**23,246**	**28,133**	**34,233**	**43,189**	**42,244**	**42,517**	**42,840**	**43,213**
+ depreciation & amortisation	21,793	27,932	37,411	49,318	62,700	62,700	62,700	62,700
Net operating cash flow	45,039	56,065	71,643	92,507	104,944	105,217	105,540	105,913
- total investments (CAPEX and WC)	-96,078	-149,545	-181,500	-212,236	-65,379	-62,836	-62,837	-62,838
Capital expenditures	-95,200	-147,000	-177,500	-206,750	-62,700	-62,700	-62,700	-62,700
Working capital	-878	-2,545	-4,000	-5,486	-2,679	-136	-137	-138
Free cash flows (FCF)	-51,039	-93,480	-109,857	-119,728	39,565	42,381	42,703	43,076
PV of FCF's	**-49,621**	**-87,493**	**-98,975**	**-103,845**	**33,036**	**34,067**	**33,042**	**32,087**

All figures in thousands	
PV of FCFs in explicit period (2022E-2036E)	-11,366
PV of FCFs in terminal period	639,660
Enterprise value (EV)	628,294
+ Net cash / - net debt	-225,985
+ Investments / minority interests	0
Shareholder value	402,309
Number of shares (diluted)	14,018
Fair value per share in EUR	28.70

Terminal growth	0.5%
Terminal EBIT margin	36.1%

WACC	3.9%
Cost of equity	7.1%
Pre-tax cost of debt	4.0%
Tax rate	30.0%
After-tax cost of debt	2.8%
Share of equity capital	25.0%
Share of debt capital	75.0%
Fair value per share in EUR	28.70

Terminal growth rate

WACC	-0.1%	0.1%	0.3%	0.5%	0.7%	0.9%	1.1%
3.1%	37.35	40.89	44.93	49.58	55.00	61.39	69.04
3.4%	31.39	34.31	37.62	41.39	45.72	50.75	56.66
3.6%	26.24	28.69	31.43	34.53	38.04	42.08	46.75
3.9%	21.76	23.83	26.13	**28.70**	31.60	34.88	38.65
4.1%	17.82	19.58	21.53	23.69	26.11	28.82	31.90
4.4%	14.34	15.85	17.51	19.35	21.38	23.65	26.19
4.6%	11.24	12.54	13.97	15.54	17.27	19.18	21.31

* for layout purposes the model shows numbers only to 2029, but runs until 2036

DCF model for Operation & Innovation segment

DCF valuation model All figures in EUR '000	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Net sales	**6,828**	**8,330**	**9,996**	**11,995**	**14,326**	**16,972**	**19,902**	**23,062**
NOPLAT	**2,116**	**2,648**	**3,381**	**4,141**	**4,964**	**5,889**	**6,905**	**7,992**
+ depreciation & amortisation	4	6	8	11	13	16	19	22
Net operating cash flow	2,121	2,654	3,389	4,151	4,977	5,905	6,924	8,014
- total investments (CAPEX and WC)	29	-296	-118	-153	-320	-379	-434	-484
Capital expenditures	-14	-17	-20	-24	-27	-31	-34	-38
Working capital	43	-280	-98	-129	-293	-348	-399	-446
Free cash flows (FCF)	2,150	2,358	3,271	3,999	4,657	5,526	6,491	7,531
PV of FCF's	**2,029**	**2,059**	**2,642**	**2,987**	**3,219**	**3,533**	**3,838**	**4,119**

All figures in thousands	
PV of FCFs in explicit period (2022E-2036E)	56,185
PV of FCFs in terminal period	78,638
Enterprise value (EV)	134,823
+ Net cash / - net debt	688
+ Investments / minority interests	0
Shareholder value	135,511
Number of shares (diluted)	14,018
Fair value per share in EUR	9.67

Terminal growth	2.5%
Terminal EBIT margin	48.0%

WACC	8.1%
Cost of equity	8.1%
Pre-tax cost of debt	4.0%
Tax rate	30.0%
After-tax cost of debt	2.8%
Share of equity capital	100.0%
Share of debt capital	0.0%
Fair value per share in EUR	9.67

Terminal growth rate

WACC	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	4.0%
5.1%	16.77	18.39	20.54	23.51	27.89	35.01	48.61
6.1%	12.86	13.75	14.86	16.27	18.14	20.73	24.55
7.1%	10.29	10.82	11.46	12.23	13.20	14.43	16.06
8.1%	8.47	8.81	9.20	**9.67**	10.22	10.90	11.75
9.1%	7.12	7.35	7.61	7.91	8.25	8.66	9.15
10.1%	6.10	6.26	6.43	6.63	6.85	7.11	7.42
11.1%	5.30	5.41	5.53	5.66	5.82	5.99	6.19

* for layout purposes the model shows numbers only to 2029, but runs until 2036

INCOME STATEMENT

All figures in EUR '000	2019A	2020A	2021A	2022E	2023E	2024E
Revenues	**63,700**	**146,614**	**156,516**	**206,871**	**304,867**	**427,207**
Change in inventory & own work	32,708	18,451	109,740	91,356	101,356	111,356
Total output	**96,409**	**165,065**	**266,256**	**298,227**	**406,223**	**538,563**
Cost of goods sold	30,501	67,504	144,020	161,991	253,230	338,460
Gross profit	**65,908**	**97,561**	**122,236**	**136,236**	**152,993**	**200,104**
Personnel costs	14,679	17,494	19,504	21,047	22,286	26,315
Other operating expenses	16,362	17,968	23,214	25,334	27,833	36,387
Other operating income	3,986	3,283	2,191	3,371	4,233	5,535
EBITDA	**38,853**	**65,382**	**81,709**	**93,226**	**107,106**	**142,937**
Depreciation	22,551	19,384	20,034	22,636	28,651	38,293
Operating income (EBIT)	**16,302**	**45,998**	**61,675**	**70,589**	**78,455**	**104,644**
Net financial result	-15,532	-14,765	-16,753	-18,760	-21,243	-23,382
Non-operating expenses	0	0	0	0	0	0
Pre-tax income (EBT)	**770**	**31,233**	**44,922**	**51,829**	**57,212**	**81,262**
Income taxes	526	10,808	8,717	15,549	17,164	24,379
Minority interests	0	0	0	0	0	0
Net income / loss	**244**	**20,425**	**36,205**	**36,280**	**40,048**	**56,883**
Diluted EPS (in €)	**0.02**	**1.43**	**2.52**	**2.59**	**2.86**	**4.06**
Ratios						
Gross margin on total output	68.4%	59.1%	45.9%	45.7%	37.7%	37.2%
EBITDA margin on total output	40.3%	39.6%	30.7%	31.3%	26.4%	26.5%
EBIT margin on total output	16.9%	27.9%	23.2%	23.7%	19.3%	19.4%
Net margin on total output	0.3%	12.4%	13.6%	12.2%	9.9%	10.6%
Tax rate	68.3%	34.6%	19.4%	30.0%	30.0%	30.0%
Expenses as % of total output						
Personnel costs	15.2%	10.6%	7.3%	7.1%	5.5%	4.9%
Depreciation	23.4%	11.7%	7.5%	7.6%	7.1%	7.1%
Other operating expenses	17.0%	10.9%	8.7%	8.5%	6.9%	6.8%
Y-Y Growth						
Total output	-25.1%	71.2%	61.3%	12.0%	36.2%	32.6%
EBIT	-26.2%	182.2%	34.1%	14.5%	11.1%	33.4%
Net income/ loss	-96.4%	8284.6%	77.3%	0.2%	10.4%	42.0%

BALANCE SHEET

All figures in EUR '000	2019A	2020A	2021A	2022E	2023E	2024E
Assets						
Current assets, total	**154,284**	**247,651**	**299,831**	**262,201**	**292,428**	**297,619**
Cash and cash equivalents	66,989	79,457	99,950	81,454	86,722	73,682
Short-term investments	36	36	36	36	36	36
Receivables	13,765	20,035	35,874	31,698	45,798	63,643
Inventories	71,189	144,642	160,856	145,898	156,758	157,144
Other current assets	2,305	3,481	3,115	3,115	3,115	3,115
Non-current assets, total	**235,615**	**201,337**	**262,163**	**335,274**	**454,395**	**594,726**
Property, plant & equipment	226,541	188,806	249,704	322,815	441,936	582,267
Goodwill & other intangibles	766	887	551	551	551	551
Other assets	8,308	11,644	11,908	11,908	11,908	11,908
Total assets	**389,899**	**448,988**	**561,994**	**597,475**	**746,824**	**892,345**
Shareholders' equity & debt						
Current liabilities, total	**63,616**	**138,502**	**180,886**	**87,235**	**101,151**	**110,808**
Short-term financial debt	39,237	102,856	130,759	35,000	40,000	40,000
Accounts payable	9,785	5,323	6,655	9,004	17,920	26,175
Current provisions	9,175	13,478	25,182	25,182	25,182	25,182
Other current liabilities	5,419	16,845	18,291	18,049	18,049	19,451
Long-term liabilities, total	**270,083**	**244,935**	**298,886**	**404,354**	**512,354**	**605,354**
Long-term financial debt	240,417	212,420	263,251	368,719	476,719	569,719
Deferred revenue	0	0	0	0	0	0
Other liabilities	29,666	32,515	35,635	35,635	35,635	35,635
Minority interests	**0**	**0**	**0**	**0**	**0**	**0**
Shareholders' equity	**56,200**	**65,551**	**82,222**	**105,886**	**133,318**	**176,183**
Share capital	14,678	14,328	14,125	14,125	14,125	14,125
Capital reserve	41,460	41,664	41,867	41,867	41,867	41,867
Other reserves	-4,632	-5,455	-3,369	-3,369	-3,369	-3,369
Treasury stock	-312	-131	-107	-107	-107	-107
Loss carryforward / retained earnings	35,457	31,770	31,679	55,343	82,775	125,641
Total consolidated equity and debt	**389,899**	**448,988**	**561,994**	**597,475**	**746,824**	**892,345**

Ratios						
Current ratio (x)	2.43	1.79	1.66	3.01	2.89	2.69
Quick ratio (x)	1.31	0.74	0.77	1.33	1.34	1.27
Net debt	212,629	235,783	294,024	322,229	429,961	536,001
Net gearing	378%	360%	358%	304%	323%	304%
Book value per share (in €)	3.89	4.57	5.72	7.55	9.51	12.57
Financial debt/EBITDA (x)	7.2	4.8	4.8	4.3	4.8	4.3
Equity ratio	14.4%	14.6%	14.6%	17.7%	17.9%	19.7%
Return on equity (ROE)	0.4%	31.2%	44.0%	34.3%	30.0%	32.3%
Return on investment (ROI)	0.1%	4.5%	6.4%	6.1%	5.4%	6.4%
Return on assets (ROA)	4.1%	7.8%	9.4%	9.2%	8.2%	9.0%
Return on capital employed (ROCE)	6.0%	14.5%	16.5%	16.1%	14.8%	15.5%
Days sales outstanding (DSO)	78.9	49.9	83.7	55.9	54.8	54.4
Days inventory outstanding (DIO)	851.9	782.1	407.7	328.7	225.9	169.5
Days payables outstanding (DPO)	117.1	28.8	16.9	20.3	25.8	28.2

CASH FLOW STATEMENT

All figures in EUR '000	2019A	2020A	2021A	2022E	2023E	2024E
EBIT	**16,302**	**45,998**	**61,675**	**70,589**	**78,455**	**104,644**
Depreciation and amortisation	22,551	19,384	20,034	22,636	28,651	38,293
EBITDA	**38,853**	**65,382**	**81,709**	**93,226**	**107,106**	**142,937**
Changes in working capital	-24,549	-43,368	10,205	21,483	-16,044	-9,976
Other adjustments	-961	-4,134	-29,922	-15,549	-17,164	-24,379
Operating cash flow	**13,343**	**17,880**	**61,992**	**99,160**	**73,899**	**108,582**
CAPEX	-7,463	-347	-81,443	-95,747	-147,772	-178,624
Investments in intangibles	-19	-443	-19	0	0	0
Free cash flow	**5,861**	**17,090**	**-19,471**	**3,413**	**-73,873**	**-70,041**
Acquisitions and disposals, net	0	15,087	0	0	0	0
Other investments	3,412	-2,542	-3,548	0	0	0
Cash flow from investing	**-4,070**	**11,755**	**-85,011**	**-95,747**	**-147,772**	**-178,624**
Debt financing, net	9,610	4,254	79,814	9,709	113,000	93,000
Equity financing, net	-4,865	-4,734	-10,524	0	0	0
Dividends paid	-5,784	-5,720	-11,300	-12,857	-12,616	-12,616
Other financing	-13,483	-11,774	-12,733	-18,760	-21,243	-23,382
Cash flow from financing	**-14,523**	**-17,974**	**45,256**	**-21,909**	**79,141**	**57,001**
Forex & other effects	-1,052	807	-1,744	0	0	0
Net cash flows	**-6,302**	**12,468**	**20,493**	**-18,496**	**5,267**	**-13,040**
Cash, start of the year	73,291	66,989	79,457	99,950	81,454	86,722
Cash, end of the year	**66,989**	**79,457**	**99,950**	**81,454**	**86,722**	**73,682**
EBITDA/share (in €)	**2.69**	**4.56**	**5.69**	**6.65**	**7.64**	**10.20**
Operating cash flow/share (in €)	**0.92**	**1.25**	**4.31**	**7.07**	**5.27**	**7.75**
Y-Y Growth						
Operating cash flow	-70.6%	34.0%	246.7%	60.0%	-25.5%	46.9%
Free cash flow	-74.7%	191.6%	n.m.	n.m.	n.m.	n.m.
EBITDA/share	-3.5%	69.3%	24.8%	16.9%	14.9%	33.5%
Operating cash flow/share	-70.4%	34.9%	246.4%	64.0%	-25.5%	46.9%

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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.

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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...38	↓	↓	↓	↓
39	31 August 2020	€29.60	Add	€36.40
40	17 November 2020	€36.80	Add	€43.80
41	3 March 2021	€56.20	Add	€60.00
42	25 March 2021	€56.20	Add	€66.00
43	21 April 2021	€56.40	Add	€70.00
44	14 May 2021	€56.00	Buy	€71.00
45	16 August 2021	€55.40	Buy	€72.00
46	17 November 2021	€78.00	Add	€89.00
47	Today	€93.20	Add	€105.00

INVESTMENT HORIZON

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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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