

Energiekontor AG

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

2022 Annual Report

RATING **BUY**
PRICE TARGET **€ 137.00**
 Return Potential 86.6%
 Risk Rating High

ENERGIEKONTOR IS A GREEN PROFIT MACHINE

Energiekontor (EKT) has published its 2022 annual report and reported record EBT of €63m, a whopping +40% compared to last year. This is significantly higher than the guided +10% to +20% EBT increase. The main driver was the Power Generation segment, which increased EBT from €1m to €30m due to much higher power prices and higher production (~550 GWh versus ~440 GWh in 2021). The own plant portfolio was expanded from 329 MW to 384 MW (+16% y/y). EKT widened its project pipeline by ca. 1.7 GW to over 10.2 GW (+20 y/y). The dividend proposal of €1.00 implies an 11% rise y/y. 2023 guidance promises further growth: EKT wants to increase 2023 EBT by 10% - 20% y/y. Given 2022 EBT of €63m, this implies 2023 EBT of between €69m and €75m. Energiekontor's new growth strategy 2023 - 2028 aims at doubling EBT to ca. €120m within five years. We believe that EKT will top this target (FBe 2028 EBT: €128m). We raise our 2023 EBT forecast from €62m to €69m (+11%). An updated sum-of-the-parts valuation yields a new price target of €137 (previously: €116). We confirm our Buy recommendation. Upside: >80%.

2023 - 2028 growth strategy aims for EBT CAGR of 15% Based on its proven organic growth model, EKT wants to increase EBT by an average of 15% per year in the period from 2023 to the end of 2028. This would result in a 2028 EBT of ca. €120m. Based on EKT's 2023 EBT guidance of €60m, this would correspond to a doubling of EBT within five years. Project development would contribute ca. 50% to EBT (~€60m). The growth strategy implies a project realisation potential of ca. 3 to 4 GW by the end of 2028. Maintaining the 50/50 transfer ratio of realised projects to the own plant portfolio, this means that the total generation capacity of the own portfolio could rise by ca. 1.5 to 2.0 GW in a five-year period. Given EKT's project pipeline and track record, we believe that EKT will successfully execute its new growth strategy. Within the next 10 years, EKT sees a project realisation potential of 8-10 GW and an expansion of the own plant portfolio to 4-5 GW.

(p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2020	2021	2022	2023E	2024E	2025E
Revenue (€m)	146.61	156.52	187.57	231.95	399.64	494.18
Y-o-y growth	n.a.	6.8%	19.8%	23.7%	72.3%	23.7%
EBIT (€m)	46.00	61.68	79.97	86.40	95.24	111.81
EBIT margin	31.4%	39.4%	42.6%	37.2%	23.8%	22.6%
Net income (€m)	20.43	36.21	44.54	48.28	52.88	59.26
EPS (diluted) (€)	1.43	2.52	3.16	3.42	3.75	4.20
DPS (€)	0.80	0.90	0.90	0.90	1.00	1.00
FCF (€m)	17.09	-19.47	44.39	-30.75	-183.10	-227.38
Net gearing	359.7%	357.6%	219.8%	208.8%	276.5%	335.4%
Liquid assets (€m)	79.46	99.95	127.01	104.77	104.35	102.81

RISKS

Main risks include changes in the regulatory support for wind and solar power, rising interest rates, project development risks, higher component costs, 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 (ca. 384 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 06 Apr 2023

Closing Price	€ 73.40
Shares outstanding	13.98m
Market Capitalisation	€ 1026.06m
52-week Range	€ 60.10 / 101.60
Avg. Volume (12 Months)	17,073

Multiples	2022	2023E	2024E
P/E	24.1	22.2	20.3
EV/Sales	6.9	5.6	3.2
EV/EBIT	16.2	15.0	13.6
Div. Yield	1.2%	1.2%	1.4%

STOCK OVERVIEW



COMPANY DATA

As of 31 Dec 2022

Liquid Assets	€ 127.01m
Current Assets	€ 304.87m
Intangible Assets	€ 0.23m
Total Assets	€ 633.59m
Current Liabilities	€ 167.10m
Shareholders' Equity	€ 123.66m

SHAREHOLDERS

Dr Bodo Wilkens	25.5%
Günter Lammers	25.4%
Union Investment Privatfonds	5.2%
Universal Investment Gesellschaft	2.8%
Free Float	41.2%

Strong sales and earnings increases in a turbulent environment Despite supply chain challenges, strongly increasing turbine prices and high inflation, EKT increased sales by 20% y/y to €188m, mainly driven by a much better Power Generation segment revenue contribution (€77m versus €49m in 2021). Higher subs and lower material costs translated into a much stronger EBITDA (+22% y/y to €100m). Despite the expanded own plant portfolio (384 MW versus 330 MW at the end of 2021), depreciation declined slightly to below €20m. This led to an EBIT increase of 30% y/y to €80m. Interest expenses remained largely stable (€17m) resulting in a 40% EBT rise to €63m. The net result rose “only” 23% y/y due to much higher tax expenses (€18m versus €9m in 2021).

Figure 1: Reported figures versus forecasts

All figures in €m	2022A	2022E	Delta	2021A	Delta
Sales	187.6	182.3	3%	156.5	20%
EBITDA	99.8	93.0	7%	81.7	22%
margin	53.2%	51.0%	-	52.2%	-
EBIT	80.0	70.4	14%	61.7	30%
margin	42.6%	38.6%	-	39.4%	-
EBT	62.9	51.7	22%	44.9	40%
margin	33.5%	28.4%	-	28.7%	-
Net income	44.5	36.2	23%	36.2	23%
margin	23.7%	19.9%	-	23.1%	-
EPS in € (diluted)	3.16	2.59	22%	2.52	25%

Source: First Berlin Equity Research, Energiekontor AG

Project development remained very profitable despite EBT decline In 2022, EKT sold a total of seven wind power projects and one PV project with a total generation capacity of almost 100 MW. In addition, eleven wind and solar park projects with a total generation capacity of almost 100 MW were commissioned. At the end of the reporting period, a further ten wind and solar parks were under construction. Furthermore, EKT reached the financial close for four wind farms and one solar park (total capacity: 50 MW). While segment sales were largely unchanged y/y at €105m, changes in inventory fell from €110m to €68m resulting in lower total output (€173m vs. €214m in 2021, see figure 2 overleaf). The material cost ratio (material cost / total output) was stable at 67%. Although earnings were significantly lower than in the prior year (EBT: €28.4m vs. €41.9m in 2021), segment EBT was much stronger than expected (FBe: €21.9m). The segment EBT margin was 16.4% versus 22.0% in 2021.

Power Generation with record result EKT expanded own plant portfolio capacity from 329 MW to 384 MW (+16% y/y). 15 MW is PV, the remainder wind power. The 384 MW include the non-operational Jacobsdorf wind farm (18 MW). Power production rose from 440 GWh to 550 GWh (+25% y/y). As a result of higher production and power prices, segment revenue jumped 57% y/y from €49m to €77m. Dividing revenue by MWh produced delivers EKT's average selling price (ASP) for power. In 2022, the ASP was 140 €/MWh versus 111 €/MWh in 2021 (+26% y/y). Segment EBITDA almost doubled to €60m (EBITDA margin: 78% versus 66% in 2021). As depreciation and interest expenses hardly changed, EBT rose from €1m to €30m (see figure 2 overleaf).

Operation & Innovation with best result ever Segment revenue is mainly generated from technical and commercial management of wind farms and solar parks. Energiekontor now manages more than 1 GW of capacity. The good wind conditions and the acquisition of further mandates resulted in a total revenue rise of 68% y/y to €8.8m. EBT was up 146% y/y at €4.5m (see figure 2 overleaf).



Figure 2: Reported segment figures versus forecasts

All figures in €m	2022A	2022E	Delta	2021A	Delta
Projects					
Total output	172.8	189.5	-9%	213.7	-19%
EBT	28.4	21.9	30%	41.9	-32%
margin	16.4%	11.6%		22.0%	
Power Production					
Total output	76.9	78.8	-2%	49.0	57%
EBT	30.0	26.7	12%	1.1	2530%
margin	39.0%	33.9%		26.4%	
Operation & Innovation					
Total output	8.8	6.9	28%	5.3	66%
EBT	4.5	3.1	46%	1.8	146%
margin	51.3%	44.7%		34.6%	
Consolidation					
Total output	-2.8	-1.9	-	-1.7	-
EBT	0.0	0.0	-	0.0	-
margin	-	-		-	
Group					
Total output	255.7	273.3	-6%	266.3	-4%
EBT	62.9	51.7	22%	44.9	40%
margin	24.6%	18.9%		23.2%	

Source: First Berlin Equity Research, Energiekontor AG

Balance sheet benefitted from high net profit and roughly stable debt Thanks to the high net profit of €44.5m, equity rose 50% y/y to €124m, which resulted in a widening of the equity ratio from 14.6% to 19.5%. Financial debt including loans, bonds, and leasing liabilities increased only slightly (+2%) to €398m. Net debt declined 6% to €272m. The book value of wind & solar farms was up 18% to €254m, and inventory was down 19% to €130m due to a better working capital management (see figure 3). All in all, most balance sheet KPIs improved y/y.

Figure 3: Selected balance sheet items

in €m	2022A	2021A	delta
Wind & solar farms	253.7	215.4	18%
Land, land improvements & buildings	53.0	33.4	59%
Inventories	130.2	160.9	-19%
Cash and cash equivalents incl. securities	127.0	100.0	27%
Equity	123.7	82.2	50%
Equity ratio	19.5%	14.6%	-
Financial debt (long-term) without swaps	158.6	131.9	20%
Financial debt (short-term)	61.3	73.2	-16%
Bonds (long-term)	89.6	94.0	-5%
Bonds (short-term)	22.6	22.7	-1%
Liabilities from leases (long-term)	53.2	32.6	63%
Liabilities from leases (short-term)	13.7	34.8	-61%
Net debt (incl. securities)	271.9	289.3	-6%
Net gearing	219.9%	351.9%	-
Balance sheet total	633.6	562.0	13%

Source: First Berlin Equity Research, Energiekontor AG



Strong free cash flow The high net profit and lower working capital requirements led to strong operating cash flow of €139m. Despite higher CAPEX y/y of €94m, EKT reported a very decent free cash flow of €44m. Financial cash flow was negative (€-28m) as payments for interest, dividends and financial debt redemption were higher than the assumption of new debt (see figure 4).

Figure 4: Selected cash flow statement items

in €m	2022A	2021A
Operating cash flow	138.7	62.0
CAPEX	-94.3	-81.5
Free cash flow	44.4	-19.5
Cash flow from investment	-82.4	-85.0
Cash flow from financing	-28.5	45.3
Net cash flow	27.1	20.5

Source: First Berlin Equity Research, Energiekontor AG

Project pipeline expanded by 1.7 GW in 2022 The expansion of the project pipeline by 1.7 GW or 20% to 10.2 GW should result in stronger medium-term growth. We note that Energiekontor was particularly successful at phase 4 projects, which rose by 177 MW or 39% to 630 MW (see figure 5). This underpins EKT's growth strategy 2023 - 2028. In the UK, EKT has project approvals for 12 wind farms and one solar park with a total planned capacity of 484 MW. In total, approvals for 22 wind farms and solar parks with a total capacity of 750 MW were available at the end of 2022.

Figure 5: Project pipeline development in 2022

Phase	Subject of the development phase	31/12/2022 MW	Increase MW	31/12/2021 MW
Sellable project rights	US solar project rights	300	-200	500
Sellable project rights	US wind project rights	344	0	344
Phase 1	Secured areas	5,337	1,470	3,868
Phase 2	Regional plan procedure / land-use	2,384	-130	2,514
Phase 3	Bimsch / building application submitted	1,093	399	694
Phase 4	Bimsch / building permit obtained	630	177	454
Phase 5	Financial close / under construction	160	-13	173
Total without US project rights		9,604	1,901	7,703
Total including US project rights		10,248	1,701	8,547

Source: First Berlin Equity Research, Energiekontor AG

Energiekontor now an SDAX company EKT has been a member of the SDAX index since September 2022. This index contains the 70 companies with the highest market capitalisation below the MDAX.

Share buyback programme EKT is authorised to buy back up to 80,000 of its own shares during the period from May 2022 to June 2023. The total purchase volume is limited to €9m.

Very good start to 2023 EKT has sold the Kärstädt 2 solar park (19 MWp) and the Bergheim wind farm (11 MW). Both projects are scheduled to be commissioned this year. Furthermore, the company plans to commission three Scottish wind farms (total capacity: almost 100 MW).



EU institutions agree on RE share of 42.5% by 2030 The agreement between the EU institutions regarding the new Renewable Energy Directive (RED III) is an important element of the European legislative packages Fit-for-55 und REPowerEU. The agreement stipulates a legally binding share of renewable energy of 42.5% (previous target: 32%, current EU average share: 22.1%) of final energy consumption by 2030 for the EU and each EU member state. The revised directive also seeks faster permitting processes for wind and solar projects with the introduction of dedicated “acceleration areas” for renewables.

Risks: Interest rate development, supply chain issues and inflation We see a significant risk in the increase of borrowing rates for short- and long-term project financing. The higher long-term borrowing costs of newly completed projects reduce the internal rate of return. This is counteracted in Germany by the increase in the maximum value for onshore wind power tenders by 25% to 7.35 €/ct/kWh and 25% for ground-mounted PV plants to 7.37 €/ct/kWh, as well as the significantly higher electricity prices (annual market value of onshore wind in 2022: €163/MWh versus €79/MWh in the previous year). Even the electricity price brake, which virtually caps prices at around €100/MWh, should only have a temporary effect, as we expect it to be withdrawn in June following statements to this effect by the Minister of Economic Affairs, Robert Habeck.

The pandemic, extreme weather and more protectionist policies in large parts of the world have made international supply chains significantly more fragile in recent years. We expect to see a significant increase in supply chain stability now that the pandemic has subsided and China has opened up its economy.

The explosion in commodity prices has resulted in wind turbine prices increasing by ca. 20% and a 30% rise in solar panel prices. While we expect prices to stabilise for turbines, module prices have been falling across the board since October 2022. According to pvexchange's module price index, wholesale module prices have declined by about 9-17% since then.

Strong growth expected for wind and PV In its latest annual report "Renewables 2022", the International Energy Agency (IEA) expects global renewable energy capacity to increase by 2,400 GW (!) between 2022 and 2027. This means that as many renewable energy-based power plants will be built in the next five years as in the previous 20 years. Wind and PV have become the cheapest option for new power plant capacity in most countries. Global PV capacity will nearly triple and global wind capacity will nearly double between 2022 and 2027, according to the IEA.

In Energiekontor's most important market, Germany, the signs are also pointing to high growth. The German government has already initiated many measures to accelerate expansion and is planning further legislative amendments. We expect a significantly higher number of new installations from 2024, especially in onshore wind power. In 2022, 2.4 GW of onshore wind power were installed. For 2023, the German Wind Energy Association and VDMA expect new installations of 2.7 to 3.2 GW, which would represent growth of between 13% and 33%. The German government's target is an annual addition of 10 GW. A cumulative total of around 66 GW of wind power was connected to the grid at the end of 2022. According to the federal government's plans, nationwide installed onshore wind power capacity should increase to 115 GW by 2030. In the PV sector, ca. 7.5 GW was added in 2022. The German transmission system operators expect an additional 8.5 GW in 2023 (+13% y/y). The German government is targeting an expansion of 20 GW p.a. At the end of 2022, the cumulative total installed PV capacity was 68.5 GW. By 2030, the federal government aims to reach a capacity of 215 GW. The SolarPower Europe association expects an average annual increase of 18% in the rate of new installations in Germany by 2026.

Forecasts adjusted for information from 2022 annual report Project development revenue will largely come from the sale of Scottish wind farms. Management expects segment EBT to be slightly above the 2022 level of €28m. In the Power Generation segment, EKT expects a “further to substantial” increase in electricity production and revenues. Under

normal wind conditions, segment EBT is expected to be higher than the prior year value of €30m due to higher power production and PPAs secured at attractive conditions. The so-called “windfall profits tax” in Germany (probably valid until June) is unlikely to have much impact on the company. The Operation & Innovation segment’s EBT should be slightly higher than the prior year level of €4.5m thanks to additional operational management mandates and efficiency increases. Management expects group EBT to rise 10% - 20% y/y. Given 2022 EBT of €63m, this implies 2023 EBT of between €69m and €75m. We have increased our group EBT forecast by 11% to €69m (see figure 6). We have lowered our EBT forecasts for 2024 & 2025 to reflect the new growth strategy 2023 - 2028, which calls for a strong expansion in the own plant portfolio. This will increase depreciation and interest expenses.

Figure 6: Revisions to forecasts

All figures in €m	2023E			2024E			2025E		
	Old	New	Delta	Old	New	Delta	Old	New	Delta
Total output	392.5	322.0	-18%	534.1	499.6	-6%	619.0	604.2	-2%
EBT	62.3	69.0	11%	80.8	75.5	-7%	88.0	84.7	-4%
margin	15.9%	21.4%		15.1%	15.1%		14.2%	14.0%	
Net income	43.6	48.3	11%	56.6	52.9	-7%	61.6	59.3	-4%
margin	11.1%	15.0%		1.6%	10.6%		10.0%	9.8%	
EPS (diluted)	3.12	3.42	10%	4.05	3.75	-7%	4.36	4.20	-4%

Source: First Berlin Equity Research

We have integrated Energiekontor’s new growth strategy 2023 – 2028 also into our medium-term forecasts. Figure 7 shows our EBT (segments & group) forecasts until 2028. We expect Energiekontor to exceed its 2028 EBT target of ca. €120m.

Figure 7: Segment & group EBT forecasts

EBT (figures in €m)	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E
Project Development	41.9	28.4	33.8	35.4	44.1	55.2	54.8	61.3
Power Production	1.1	30.0	30.3	34.4	33.4	31.9	44.6	55.5
Operation & Innovation	1.8	4.5	4.8	5.7	7.1	8.6	10.3	12.1
Group	44.9	62.9	69.0	75.5	84.6	95.6	109.6	128.9
Delta in %	44%	40%	10%	10%	12%	13%	15%	18%

Source: First Berlin Equity Research

Buy reiterated at higher price target Energiekontor has reported very strong 2022 figures and has given upbeat mid-term guidance. Regulatory improvements in the EU and the US provide further tailwinds. An updated sum-of-the-parts valuation yields a new price target of €137 (previously: €116). We reiterate 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.

The 9% increase in the valuation of the Project Development segment reflects the pipeline increase by 1.7 GW. The higher valuations of the Power Production (+34%) and the Operation & Innovation segment (+35%) are based on EKT's new target to increase the Power Production segment capacity by 1.5 GW to 2.0 GW and realise projects with a total capacity of 3.0 GW to 4.0 GW by 2028.

Sum of the parts valuation

SotP valuation	Fair value in €m	Fair value per share (FVPS) in €	Old FVPS in €	Delta
Project Development	1,092.16	77.57	71.48	9%
Power Production	633.59	45.00	33.62	34%
Operation & Innovation	202.80	14.40	10.64	35%
Sum of the parts	1,928.55	136.98	115.74	18%
Price target		137.00	116.00	18%

DCF model for Project Development segment

DCF valuation model								
All figures in EUR '000	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Net sales	142,000	290,000	358,500	423,000	486,000	557,750	620,624	684,943
NOPLAT	28,865	28,445	34,509	41,736	41,415	45,937	65,290	73,456
+ depreciation & amortisation	826	662	838	930	1,040	1,144	1,249	1,334
Net operating cash flow	29,691	29,107	35,347	42,666	42,455	47,082	66,538	74,790
- total investments (CAPEX and WC)	6,229	-21,475	-30,800	-35,214	-33,290	-33,093	-15,681	-23,017
Capital expenditures	-497	-1,015	-1,076	-1,211	-1,325	-1,445	-1,523	-1,588
Working capital	6,726	-20,460	-29,724	-34,003	-31,964	-31,648	-14,157	-21,429
Free cash flows (FCF)	35,920	7,632	4,547	7,452	9,165	13,989	50,858	51,773
PV of FCF's	33,698	6,563	3,585	5,387	6,074	8,499	28,330	26,443

All figures in thousands

PV of FCFs in explicit period (2023E-2037E)	355,765
PV of FCFs in terminal period	746,951
Enterprise value (EV)	1,102,717
+ Net cash / - net debt	-10,556
+ Investments / minority interests	0
Shareholder value	1,092,160
Number of shares (diluted)	14,079
Fair value per share in EUR	77.57

Terminal growth	4.0%
Terminal EBIT margin	17.4%

WACC	9.1%
Cost of equity	11.8%
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	77.57

WACC	Terminal growth rate						
	2.5%	3.0%	3.5%	4.0%	4.5%	5.0%	5.5%
6.1%	144.51	163.39	189.63	228.56	292.33	415.86	757.12
7.1%	105.72	115.49	128.00	144.59	167.64	201.84	257.86
8.1%	81.40	87.06	93.96	102.55	113.56	128.15	148.42
9.1%	64.90	68.43	72.59	77.57	83.65	91.22	100.91
10.1%	53.08	55.40	58.07	61.18	64.85	69.24	74.60
11.1%	44.27	45.86	47.65	49.69	52.05	54.80	58.04
12.1%	37.51	38.63	39.87	41.27	42.85	44.66	46.74

* for layout purposes the model shows numbers only to 2030, but runs until 2037



DCF model for Power Production segment

DCF valuation model								
All figures in EUR '000	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Net sales	83,355	101,917	126,420	158,814	212,294	276,313	278,699	280,979
NOPLAT	33,472	40,114	46,923	55,176	74,295	101,099	95,751	96,923
+ depreciation & amortisation	23,793	30,771	44,527	62,225	82,065	103,177	115,117	114,489
Net operating cash flow	57,265	70,884	91,451	117,401	156,360	204,276	210,868	211,412
- total investments (CAPEX and WC)	-125,558	-265,560	-328,199	-378,213	-430,756	-470,778	-105,109	-104,518
Capital expenditures	-123,625	-262,000	-323,500	-372,000	-420,500	-458,500	-104,651	-104,081
Working capital	-1,933	-3,560	-4,699	-6,213	-10,256	-12,278	-458	-437
Free cash flows (FCF)	-68,293	-194,676	-236,748	-260,812	-274,396	-266,501	105,758	106,894
PV of FCF's	-66,166	-180,650	-210,443	-222,072	-223,803	-208,188	79,139	76,621

All figures in thousands	
PV of FCFs in explicit period (2023E-2037E)	-490,211
PV of FCFs in terminal period	1,386,814
Enterprise value (EV)	896,603
+ Net cash / - net debt	-263,008
+ Investments / minority interests	0
Shareholder value	633,595
Number of shares (diluted)	14,079
Fair value per share in EUR	45.00

Terminal growth	0.5%
Terminal EBIT margin	42.4%

WACC	4.4%
Cost of equity	7.3%
Pre-tax cost of debt	4.5%
Tax rate	30.0%
After-tax cost of debt	3.2%
Share of equity capital	30.0%
Share of debt capital	70.0%
Fair value per share in EUR	45.00

WACC	Terminal growth rate						
	-0.1%	0.1%	0.3%	0.5%	0.7%	0.9%	1.1%
3.6%	42.23	54.45	68.14	83.57	101.09	121.16	144.39
3.9%	32.75	43.47	55.38	68.70	83.68	100.67	120.08
4.1%	24.47	33.93	44.39	55.98	68.93	83.47	99.92
4.4%	17.17	25.59	34.82	45.00	56.29	68.86	82.97
4.6%	10.72	18.23	26.44	35.44	45.35	56.32	68.53
4.9%	4.97	11.72	19.05	27.05	35.82	45.46	56.12
5.1%	-0.17	5.91	12.50	19.65	27.45	35.98	45.35

* for layout purposes the model shows numbers only to 2030, but runs until 2037

DCF model for Operation & Innovation segment

DCF valuation model								
All figures in EUR '000	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Net sales	10,151	11,877	14,252	17,102	20,426	24,198	28,376	32,880
NOPLAT	3,373	4,020	4,972	6,001	7,181	8,505	9,957	11,507
+ depreciation & amortisation	1	5	9	13	17	21	26	31
Net operating cash flow	3,375	4,025	4,981	6,014	7,198	8,526	9,983	11,538
- total investments (CAPEX and WC)	1,165	-102	-181	-398	-458	-541	-619	-690
Capital expenditures	-20	-24	-29	-34	-39	-44	-49	-54
Working capital	1,185	-78	-153	-364	-419	-497	-570	-636
Free cash flows (FCF)	4,539	3,924	4,800	5,616	6,740	7,985	9,364	10,848
PV of FCF's	4,291	3,435	3,892	4,219	4,690	5,146	5,590	5,999

All figures in thousands	
PV of FCFs in explicit period (2022E-2036E)	83,497
PV of FCFs in terminal period	117,567
Enterprise value (EV)	201,064
+ Net cash / - net debt	1,735
+ Investments / minority interests	0
Shareholder value	202,799
Number of shares (diluted)	14,079
Fair value per share in EUR	14.40

Terminal growth	2.5%
Terminal EBIT margin	48.0%

WACC	8.0%
Cost of equity	8.0%
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	14.40

WACC	Terminal growth rate						
	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	4.0%
5.0%	24.86	27.46	30.95	35.86	43.27	55.80	81.49
6.0%	19.00	20.41	22.19	24.48	27.55	31.86	38.39
7.0%	15.16	16.01	17.03	18.28	19.84	21.86	24.56
8.0%	12.48	13.02	13.66	14.40	15.30	16.40	17.78
9.0%	10.51	10.88	11.29	11.77	12.33	12.99	13.78
10.0%	9.02	9.27	9.55	9.87	10.23	10.66	11.15
11.0%	7.84	8.02	8.22	8.44	8.69	8.97	9.30

* for layout purposes the model shows numbers only to 2030, but runs until 2037



INCOME STATEMENT

All figures in EUR '000	2020A	2021A	2022A	2023E	2024E	2025E
Revenues	146,614	156,516	187,573	231,953	399,637	494,184
Change in inventory & own work	18,451	109,740	68,145	90,000	100,000	110,000
Total output	165,065	266,256	255,718	321,953	499,637	604,184
Cost of goods sold	67,504	144,020	115,774	167,717	316,824	374,948
Gross profit	97,561	122,236	139,944	154,236	182,813	229,236
Personnel costs	17,494	19,504	21,173	22,905	27,375	33,404
Other operating expenses	17,968	23,214	21,555	23,690	34,002	45,146
Other operating income	3,283	2,191	2,577	3,381	5,240	6,486
EBITDA	65,382	81,709	99,793	111,022	126,676	157,173
Depreciation	19,384	20,034	19,827	24,620	31,432	45,366
Operating income (EBIT)	45,998	61,675	79,966	86,402	95,244	111,807
Net financial result	-14,765	-16,753	-17,089	-17,432	-19,708	-27,152
Non-operating expenses	0	0	0	0	0	0
Pre-tax income (EBT)	31,233	44,922	62,877	68,970	75,536	84,655
Income taxes	10,808	8,717	18,341	20,691	22,661	25,396
Minority interests	0	0	0	0	0	0
Net income / loss	20,425	36,205	44,536	48,279	52,875	59,258
Diluted EPS (in €)	1.43	2.52	3.16	3.42	3.75	4.20
Ratios						
Gross margin on total output	59.1%	45.9%	54.7%	47.9%	36.6%	37.9%
EBITDA margin on total output	39.6%	30.7%	39.0%	34.5%	25.4%	26.0%
EBIT margin on total output	27.9%	23.2%	31.3%	26.8%	19.1%	18.5%
Net margin on total output	12.4%	13.6%	17.4%	15.0%	10.6%	9.8%
Tax rate	34.6%	19.4%	29.2%	30.0%	30.0%	30.0%
Expenses as % of total output						
Personnel costs	10.6%	7.3%	8.3%	7.1%	5.5%	5.5%
Depreciation	11.7%	7.5%	7.8%	7.6%	6.3%	7.5%
Other operating expenses	10.9%	8.7%	8.4%	7.4%	6.8%	7.5%
Y-Y Growth						
Total output	71.2%	61.3%	-4.0%	25.9%	55.2%	20.9%
EBIT	182.2%	34.1%	29.7%	8.0%	10.2%	17.4%
Net income/ loss	8284.6%	77.3%	23.0%	8.4%	9.5%	12.1%



BALANCE SHEET

All figures in EUR '000	2020A	2021A	2022A	2023E	2024E	2025E
Assets						
Current assets, total	247,651	299,831	304,868	276,478	311,606	348,609
Cash and cash equivalents	79,457	99,950	127,010	104,775	104,353	102,809
Short-term investments	36	36	36	36	36	36
Receivables	20,035	35,874	43,307	39,885	59,923	74,135
Inventories	144,642	160,856	130,223	127,491	143,002	167,337
Other current assets	3,481	3,115	4,292	4,292	4,292	4,292
Non-current assets, total	201,337	262,163	328,720	428,222	659,805	939,015
Property, plant & equipment	188,806	249,704	307,495	406,997	638,580	917,790
Goodwill & other intangibles	887	551	232	232	232	232
Other assets	11,644	11,908	20,993	20,993	20,993	20,993
Total assets	448,988	561,994	633,588	704,700	971,411	1,287,624
Shareholders' equity & debt						
Current liabilities, total	138,502	180,886	167,097	126,545	139,398	143,370
Short-term financial debt	102,856	130,759	97,459	60,000	60,000	60,000
Accounts payable	5,323	6,655	9,571	6,452	17,904	21,875
Current provisions	13,478	25,182	33,196	33,196	33,196	33,196
Other current liabilities	16,845	18,291	26,872	26,897	28,299	28,299
Long-term liabilities, total	244,935	298,886	342,827	418,827	633,827	900,827
Long-term financial debt	212,420	263,251	301,415	377,415	592,415	859,415
Deferred revenue	0	0	0	0	0	0
Other liabilities	32,515	35,635	41,411	41,411	41,411	41,411
Minority interests	0	0	0	0	0	0
Shareholders' equity	65,551	82,222	123,664	159,328	198,186	243,428
Share capital	14,328	14,125	13,987	13,987	13,987	13,987
Capital reserve	41,664	41,867	42,071	42,071	42,071	42,071
Other reserves	-5,455	-3,369	8,705	8,705	8,705	8,705
Treasury stock	-131	-107	-8	-8	-8	-8
Loss carryforward / retained earnings	31,770	31,679	50,908	86,572	125,430	170,672
Total consolidated equity and debt	448,988	561,994	633,588	704,700	971,411	1,287,624
Ratios						
Current ratio (x)	1.79	1.66	1.82	2.18	2.24	2.43
Quick ratio (x)	0.74	0.77	1.05	1.18	1.21	1.26
Net debt	235,783	294,024	271,828	332,605	548,026	816,571
Net gearing	360%	358%	220%	209%	277%	335%
Book value per share (in €)	4.57	5.72	8.78	11.29	14.04	17.24
Financial debt/EBITDA (x)	4.8	4.8	4.0	3.9	5.2	5.8
Equity ratio	14.6%	14.6%	19.5%	22.6%	20.4%	18.9%
Return on equity (ROE)	31.2%	44.0%	36.0%	30.3%	26.7%	24.3%
Return on investment (ROI)	4.5%	6.4%	7.0%	6.9%	5.4%	4.6%
Return on assets (ROA)	7.8%	9.4%	9.7%	9.3%	7.5%	6.7%
Return on capital employed (ROCE)	14.5%	16.5%	18.8%	17.8%	14.4%	11.8%
Days sales outstanding (DSO)	50	84	84	63	55	55
Days inventory outstanding (DIO)	782	408	411	277	165	163
Days payables outstanding (DPO)	29	17	30	14	21	21



CASH FLOW STATEMENT

All figures in EUR '000	2020A	2021A	2022A	2023E	2024E	2025E
EBIT	45,998	61,675	79,966	86,402	95,244	111,807
Depreciation and amortisation	19,384	20,034	19,827	24,620	31,432	45,366
EBITDA	65,382	81,709	99,793	111,022	126,676	157,173
Changes in working capital	-43,368	10,205	66,120	3,036	-24,098	-34,576
Other adjustments	-4,134	-29,922	-27,260	-20,691	-22,661	-25,396
Operating cash flow	17,880	61,992	138,653	93,367	79,917	97,200
CAPEX	-347	-81,443	-94,243	-124,122	-263,015	-324,576
Investments in intangibles	-443	-19	-21	0	0	0
Free cash flow	17,090	-19,471	44,389	-30,755	-183,098	-227,376
Acquisitions and disposals, net	15,087	0	18,355	0	0	0
Other investments	-2,542	-3,548	-6,527	0	0	0
Cash flow from investing	11,755	-85,011	-82,436	-124,122	-263,015	-324,576
Debt financing, net	4,254	79,814	-3,424	38,541	215,000	267,000
Equity financing, net	-4,734	-10,524	-2,782	0	0	0
Dividends paid	-5,720	-11,300	-12,588	-12,590	-12,615	-14,017
Other financing	-11,774	-12,733	-9,695	-17,432	-19,708	-27,152
Cash flow from financing	-17,974	45,256	-28,489	8,520	182,677	225,831
Forex & other effects	807	-1,744	-668	0	0	0
Net cash flows	12,468	20,493	27,060	-22,235	-421	-1,545
Cash, start of the year	66,989	79,457	99,950	127,010	104,775	104,353
Cash, end of the year	79,457	99,950	127,010	104,775	104,353	102,809
EBITDA/share (in €)	4.56	5.69	7.08	7.86	8.97	11.13
Operating cash flow/share (in €)	1.25	4.31	9.84	6.61	5.66	6.89
Y-Y Growth						
Operating cash flow	34.0%	246.7%	123.7%	-32.7%	-14.4%	21.6%
Free cash flow	191.6%	n.m.	n.m.	n.m.	n.m.	n.m.
EBITDA/share	69.3%	24.8%	24.6%	11.0%	14.1%	24.1%
Operating cash flow/share	34.9%	246.4%	128.1%	-32.8%	-14.4%	21.6%

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Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy ¹	An expected favourable price trend of:	> 50%	> 30%
Buy	An expected favourable price trend of:	> 25%	> 15%
Add	An expected favourable price trend of:	0% to 25%	0% to 15%
Reduce	An expected negative price trend of:	0% to -15%	0% to -10%
Sell	An expected negative price trend of:	< -15%	< -10%

¹ The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

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Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	5 June 2014	€7.70	Buy	€12.20
2...43	↓	↓	↓	↓
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	5 April 2022	€93.20	Add	€105.00
48	16 May 2022	€79.60	Buy	€103.00
49	15 August 2022	€95.60	Add	€109.00
50	18 October 2022	€89.80	Buy	€115.00
51	15 November 2022	€87.90	Buy	€116.00
52	Today	€73.40	Buy	€137.00

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