

# DEMIRE AG

Real Estate - Germany



**Hold** (old: Hold)

10.11.2023

**EUR 1.20** (old: EUR 1.80)

## Solid Q3 but no refinancing solution yet; chg.

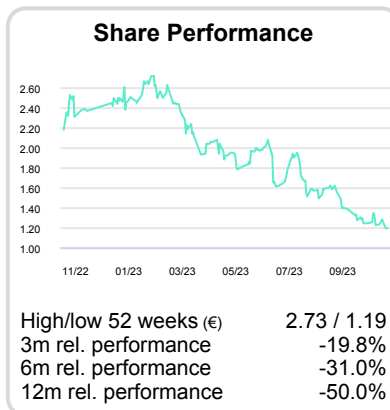
Yesterday, DEMIRE released a solid set of Q3 results, showing a slightly reduced rental income and FFO. **Q3 rental income decreased 7% yoy to € 19m** (eNuW: € 19m) as index related rent increases (c. 50% of the portfolio's rents increased since 01/23) could not fully compensate for a decreased asset base and the increased vacancy rate of 12.6% (vs 9.5% at FY22) following the departures of Barmer in Dusseldorf and Galeria Karstadt Kaufhof in Celle during the quarter. **Q3 FFO decreased by 21% yoy to € 8.6m** (eNuW: € 9.1m) due to increased current income tax expenses resulting from, among other, partially used up losses carried forward in some SPVs.

On this basis, **management confirmed the FY guidance of € 74.5-76.5m sales and € 33-35m FFO**. However, given rental income of € 59.9m after 9M and annualized contractual rents of € 77.1m, we do expect the company to "outperform" its top-line guidance, as we remain conservative regarding further disposals in the course of Q4. Still, the FFO guidance looks fair and should be reached by the company (eNuW: € 34m).

Besides the release, management was not able to provide an update on the refinancing of the 2024 maturities. However, the company stated that the dialogue with the holders of the corporate bond (€ 499m due in 10/24) has been intensified in recent weeks to create a solution for the refinancing, which can be seen as a positive sign. Although we do not take part in speculations, the most likely option seems to be a prolongation at either an increased coupon or at a higher nominal value. In addition to the bond, there is also € 170m in bank debt maturing next year. Here, the company is also in advanced talks with banks and made a confident impression on the progress.

In order to be well positioned to cope with the refinancing wall and to shore up liquidity, management remained confident on the disposal of the LogPark (eNuW: closing in H1'24e) as well as several smaller properties (€ 20-40m). Overall, the company signed LOIs for € 266m worth of properties, which are currently held for sale.

In light of the continued high uncertainty coupled with de facto no visibility on the outcome of the refinancing process, we remain on the sidelines and reiterate our **HOLD** recommendation with a **new PT of € 1.20** (old: € 1.80) based on NAV and DDM.



### Market data

Share price (in €)	1.19
Market cap (in € m)	128.3
Number of shares (in m pcs)	107.8
Enterprise value (in € m)	681.3
Ø trading volume (6 months)	7,522

### Identifier

Bloomberg	DMRE GR
Reuters	DMRE
WKN	A0XFSF
ISIN	DE000A0XFSF0

### Key shareholders

Apollo	58.6%
Wecken Group	32.1%
Treasury Shares	2.1%
Free Float	7.2%

### Estimates changes

	2023e	2024e	2025e
Net rents	0%	0%	0%
FFO	-4%	0%	0%
EPS	-4%	0%	0%

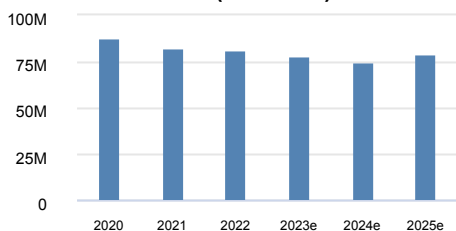
### Comment on changes

- Changes reflect higher current taxes as well as lower than expected income from utility and service charges

Y/E 31.12 (EUR)	2020	2021	2022	2023e	2024e	2025e
Net rental income	87.5	82.3	81.1	77.9	74.9	79.3
Rental income growth	6.5%	-3.9%	-27.1%	0.9%	8.4%	5.8%
FFO	40.4	39.8	41.8	34.0	41.0	43.9
Net profit	9.2	61.6	-71.5	-78.6	-15.0	35.5
EPS	0.08	0.55	-0.62	-0.70	-0.13	0.32
FFO yield	31.8%	31.7%	33.3%	27.1%	3.9%	35.0%
FFO margin	46.1%	48.4%	51.5%	43.6%	54.7%	55.4%
NTA per share	5.8	6.0	5.0	5.0	4.4	0.0
Dividend yield	52.1%	26.1%	0.0%	0.0%	0.0%	7.0%
P/NTA premium/discount	-79.5%	-80.0%	-76.1%	-76.0%	-72.8%	3739.0%
P/FFO	3.1	3.2	3.0	3.7	25.6	2.9
Loan-to-value (LTV)	51.5%	50.8%	55.4%	45.5%	41.0%	39.9%
Implied yield	7.1%	6.6%	8.8%	11.4%	13.7%	14.7%

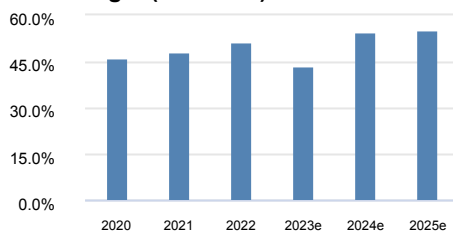
Source: Company data, NuWays, Close price as of 09.11.2023

### Net rental income (2020-25e)



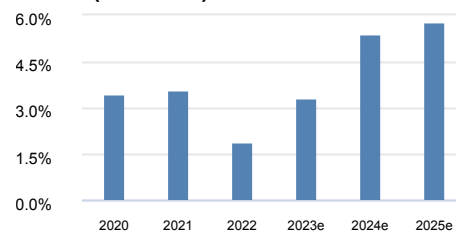
Source: NuWays Research

### FFO margin (2020-25e)



Source: NuWays Research

### ROCE (2020-25e)



Source: NuWays Research

### Company description

DEMIRE is a German real estate company specializing in promising commercial real estate located in larger cities and their adjacent metropolitan areas. Properties are predominantly used as offices, but hotel, retails and logistics properties complement Demire's offering.

### Guidance

- Rental Income: € 74.5-76.5m
- FFO: € 33-35m

## Financials

Profit and loss (EUR m)	2020	2021	2022	2023e	2024e	2025e
<b>Net rental income</b>	<b>87.5</b>	<b>82.3</b>	<b>81.1</b>	<b>77.9</b>	<b>74.9</b>	<b>79.3</b>
Direct property expenses	38.6	35.4	46.8	43.3	37.5	39.6
<b>Net operating income</b>	<b>48.9</b>	<b>47.0</b>	<b>34.2</b>	<b>34.6</b>	<b>37.5</b>	<b>39.6</b>
Earnings from property disposals	-1.0	1.4	-8.2	-12.7	1.0	0.0
Earnings from project developments	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Earnings from other property activities	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other operating income	22.8	22.5	28.9	26.3	30.8	32.5
<b>Total revenues</b>	<b>109.3</b>	<b>106.2</b>	<b>101.8</b>	<b>91.5</b>	<b>106.7</b>	<b>111.8</b>
Revaluation result from investment properties (net)	-22.1	48.8	-98.9	-135.0	-51.4	0.0
<b>Total income</b>	<b>87.1</b>	<b>155.0</b>	<b>2.9</b>	<b>-43.4</b>	<b>55.3</b>	<b>111.8</b>
Administrative expenses	6.8	4.7	4.1	-3.3	3.3	2.7
Personnel expenses	0.0	0.0	0.0	0.0	0.0	0.0
Other operating expenses	1.4	2.0	16.8	4.1	3.0	3.0
<b>Total operating expenses</b>	<b>14.7</b>	<b>13.2</b>	<b>27.5</b>	<b>7.4</b>	<b>12.8</b>	<b>12.3</b>
<b>EBITDA</b>	<b>33.8</b>	<b>106.4</b>	<b>-71.4</b>	<b>-94.1</b>	<b>5.0</b>	<b>59.9</b>
<b>EBITDA excl revaluation result (net)</b>	<b>55.9</b>	<b>57.6</b>	<b>27.5</b>	<b>40.8</b>	<b>56.4</b>	<b>59.9</b>
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITA</b>	<b>33.8</b>	<b>106.4</b>	<b>-71.4</b>	<b>-94.1</b>	<b>5.0</b>	<b>59.9</b>
<b>EBITA excl revaluation result (net)</b>	<b>55.9</b>	<b>57.6</b>	<b>27.5</b>	<b>40.8</b>	<b>56.4</b>	<b>59.9</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Impairment charges	6.2	3.5	1.5	1.9	1.0	1.0
<b>EBIT (incl revaluation net)</b>	<b>27.7</b>	<b>103.0</b>	<b>-72.9</b>	<b>-96.0</b>	<b>4.0</b>	<b>58.9</b>
<b>EBIT (excl revaluation net)</b>	<b>49.8</b>	<b>54.2</b>	<b>26.0</b>	<b>39.0</b>	<b>55.4</b>	<b>58.9</b>
Interest income	1.3	3.2	18.4	21.7	7.0	7.0
Interest expenses	19.1	18.3	19.3	16.9	23.7	20.4
Depreciation of financial investment	0.0	0.0	0.0	0.0	0.0	0.0
Investment income	-3.4	-7.0	0.5	-0.9	-4.8	-4.8
<b>Financial result</b>	<b>-21.2</b>	<b>-22.1</b>	<b>-0.4</b>	<b>3.8</b>	<b>-21.5</b>	<b>-18.2</b>
<b>Earnings before taxes</b>	<b>6.5</b>	<b>80.8</b>	<b>-73.3</b>	<b>-92.1</b>	<b>-17.5</b>	<b>40.7</b>
<b>Earnings before taxes (excl revaluation result)</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>
Taxes	0.7	6.7	6.8	5.1	-1.7	3.6
<b>Net income from continuing operations (incl reval. result)</b>	<b>9.2</b>	<b>61.6</b>	<b>-71.5</b>	<b>-78.6</b>	<b>-15.0</b>	<b>35.5</b>
<b>Net income from continuing operations (excl reval. result)</b>	<b>31.3</b>	<b>12.8</b>	<b>27.4</b>	<b>56.3</b>	<b>36.3</b>	<b>35.5</b>
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Extraordinary items (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Cumulative effect of accounting changes (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income (incl revaluation result net)</b>	<b>9.2</b>	<b>61.6</b>	<b>-71.5</b>	<b>-78.6</b>	<b>-15.0</b>	<b>35.5</b>
<b>Net income (excl revaluation result net)</b>	<b>31.3</b>	<b>12.8</b>	<b>27.4</b>	<b>56.3</b>	<b>36.3</b>	<b>35.5</b>
Minority interest	0.7	3.1	-5.8	-4.9	-1.1	1.6
<b>Net income (net of minority interest, incl reval. result)</b>	<b>8.5</b>	<b>58.5</b>	<b>-65.7</b>	<b>-73.7</b>	<b>-14.0</b>	<b>33.9</b>
<b>Net income (net of minority interest, excl reval. result)</b>	<b>30.6</b>	<b>9.7</b>	<b>33.1</b>	<b>61.2</b>	<b>37.4</b>	<b>33.9</b>
Funds from operations (FFO)	40.4	39.8	41.8	34.0	41.0	43.9

Profit and loss (common size)	2020	2021	2022	2023e	2024e	2025e
<b>Net rental income</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Direct property expenses	44.1%	42.9%	57.8%	55.6%	50.0%	50.0%
<b>Net operating income</b>	<b>55.9%</b>	<b>57.1%</b>	<b>42.2%</b>	<b>44.4%</b>	<b>50.0%</b>	<b>50.0%</b>
Earnings from property disposals	neg.	1.8%	neg.	neg.	1.3%	0.0%
Earnings from projects developments	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Earnings from other property activities	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Other operating income	26.1%	27.3%	35.6%	33.8%	41.1%	41.0%
<b>Total revenues</b>	<b>124.9%</b>	<b>129.1%</b>	<b>125.5%</b>	<b>117.5%</b>	<b>142.4%</b>	<b>141.0%</b>
Revaluation result from investment properties (net)	neg.	59.2%	neg.	neg.	neg.	0.0%
<b>Total income</b>	<b>99.6%</b>	<b>188.3%</b>	<b>3.6%</b>	<b>neg.</b>	<b>73.8%</b>	<b>141.0%</b>
Administrative expenses	7.8%	5.7%	5.1%	neg.	4.4%	3.4%
Personnel expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other operating income	26.1%	27.3%	35.6%	33.8%	41.1%	41.0%
<b>Total operating expenses</b>	<b>16.8%</b>	<b>16.1%</b>	<b>33.9%</b>	<b>9.5%</b>	<b>17.1%</b>	<b>15.5%</b>
<b>EBITDA</b>	<b>38.6%</b>	<b>129.3%</b>	<b>neg.</b>	<b>neg.</b>	<b>6.7%</b>	<b>75.5%</b>
<b>EBITDA excl revaluation result (net)</b>	<b>63.9%</b>	<b>70.0%</b>	<b>33.9%</b>	<b>52.4%</b>	<b>75.3%</b>	<b>75.5%</b>
Depreciation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EBITA</b>	<b>38.6%</b>	<b>129.3%</b>	<b>neg.</b>	<b>neg.</b>	<b>6.7%</b>	<b>75.5%</b>
<b>EBITA excl revaluation (net)</b>	<b>63.9%</b>	<b>70.0%</b>	<b>33.9%</b>	<b>52.4%</b>	<b>75.3%</b>	<b>75.5%</b>

Profit and loss (common size)	2020	2021	2022	2023e	2024e	2025e
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Impairment charges	7.0%	4.2%	1.9%	2.4%	1.3%	1.3%
<b>EBIT (incl revaluation net)</b>	<b>31.6%</b>	<b>125.1%</b>	<b>neg.</b>	<b>neg.</b>	<b>5.4%</b>	<b>74.3%</b>
<b>EBIT (excl revaluation net)</b>	<b>56.9%</b>	<b>65.8%</b>	<b>32.0%</b>	<b>50.1%</b>	<b>74.0%</b>	<b>74.3%</b>
Interest income	1.5%	3.8%	22.7%	27.8%	9.3%	8.8%
Interest expenses	21.8%	22.3%	23.8%	21.8%	31.6%	25.7%
Depreciation of financial investment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Investment income	neg.	neg.	0.6%	neg.	neg.	neg.
<b>Financial result</b>	<b>neg.</b>	<b>neg.</b>	<b>neg.</b>	<b>4.9%</b>	<b>neg.</b>	<b>neg.</b>
<b>Earnings before taxes (incl revaluation result)</b>	<b>7.4%</b>	<b>98.2%</b>	<b>neg.</b>	<b>neg.</b>	<b>neg.</b>	<b>51.4%</b>
<b>Earnings before taxes (excl revaluation result)</b>	<b>32.7%</b>	<b>38.9%</b>	<b>31.5%</b>	<b>55.0%</b>	<b>45.2%</b>	<b>51.4%</b>
Taxes	neg.	23.4%	neg.	neg.	neg.	6.6%
<b>Net income from continuing operations (incl reval. result)</b>	<b>10.5%</b>	<b>74.8%</b>	<b>neg.</b>	<b>neg.</b>	<b>neg.</b>	<b>44.8%</b>
<b>Net income from continuing operations (excl reval. result)</b>	<b>35.8%</b>	<b>15.6%</b>	<b>33.8%</b>	<b>72.3%</b>	<b>48.5%</b>	<b>44.8%</b>
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Extraordinary items (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cumulative effect of accounting changes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Net income (incl revaluation result net)</b>	<b>10.5%</b>	<b>74.8%</b>	<b>neg.</b>	<b>neg.</b>	<b>neg.</b>	<b>44.8%</b>
<b>Net income (excl revaluation result net)</b>	<b>35.8%</b>	<b>15.6%</b>	<b>33.8%</b>	<b>72.3%</b>	<b>48.5%</b>	<b>44.8%</b>
Minority interest	0.8%	3.8%	neg.	neg.	neg.	2.1%
<b>Net income (net of minority interest, incl reval. result)</b>	<b>9.7%</b>	<b>71.1%</b>	<b>neg.</b>	<b>neg.</b>	<b>neg.</b>	<b>42.7%</b>
<b>Net income (net of minority interest, excl reval. result)</b>	<b>35.8%</b>	<b>15.6%</b>	<b>33.8%</b>	<b>72.3%</b>	<b>48.5%</b>	<b>44.8%</b>
Funds from operations (FFO)	46.1%	48.4%	51.5%	43.6%	54.7%	55.4%

Source: Company data, NuWays

Balance sheet (EUR m)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	6.9	6.8	0.0	0.0	0.0	0.0
Investment properties	1,426.3	1,433.1	1,231.1	1,027.5	886.4	945.2
Property, plant and equipment	0.3	0.2	0.2	0.2	0.2	0.2
Financial assets	8.2	91.8	87.9	87.9	87.9	87.9
Other non-current assets	9.5	11.9	6.7	6.7	6.7	6.7
Deferred taxes	-3.4	12.6	-8.6	-18.6	-0.8	1.6
<b>FIXED ASSETS</b>	<b>1,451.1</b>	<b>1,543.8</b>	<b>1,325.8</b>	<b>1,122.3</b>	<b>981.2</b>	<b>1,040.0</b>
Properties held for sale	31.0	0.0	121.0	100.0	50.0	0.0
Accounts receivable	7.3	8.7	13.8	10.7	9.2	8.7
Other current assets	34.2	13.5	12.2	12.2	12.2	12.2
Liquid assets	101.6	139.6	57.4	110.7	148.5	126.0
<b>CURRENT ASSETS</b>	<b>174.2</b>	<b>161.8</b>	<b>211.0</b>	<b>233.6</b>	<b>220.0</b>	<b>147.0</b>
<b>TOTAL ASSETS</b>	<b>1,625.3</b>	<b>1,705.6</b>	<b>1,536.9</b>	<b>1,355.9</b>	<b>1,201.2</b>	<b>1,187.0</b>
Subscribed capital	105.8	105.5	105.5	105.5	105.5	105.5
Surplus capital	0.0	0.0	0.0	0.0	0.0	0.0
Additional paid-in capital	443.7	385.0	410.5	431.4	311.6	278.1
Net profit/loss	8.5	58.5	-65.7	-73.7	-14.0	33.9
<b>SHAREHOLDER'S EQUITY</b>	<b>558.0</b>	<b>549.0</b>	<b>450.2</b>	<b>463.2</b>	<b>403.1</b>	<b>417.5</b>
<b>MINORITY INTEREST</b>	<b>40.1</b>	<b>43.3</b>	<b>36.5</b>	<b>38.3</b>	<b>40.2</b>	<b>42.2</b>
<b>PROVISIONS AND ACCRUED LIABILITIES</b>	<b>7.1</b>	<b>12.7</b>	<b>16.1</b>	<b>16.1</b>	<b>16.1</b>	<b>16.1</b>
short-term liabilities to banks	12.4	16.1	15.6	96.1	60.0	30.0
Bonds (long-term)	592.0	594.0	546.4	499.0	0.0	0.0
long-term liabilities to banks	225.3	280.4	267.0	44.2	484.2	484.2
other interest-bearing liabilities	18.7	24.5	26.6	24.5	24.5	24.5
<b>Interest-bearing liabilities</b>	<b>848.4</b>	<b>915.0</b>	<b>855.7</b>	<b>663.7</b>	<b>568.6</b>	<b>538.6</b>
Accounts payable	10.7	10.6	16.6	12.8	11.3	10.9
<b>Current liabilities</b>	<b>99.7</b>	<b>100.9</b>	<b>102.3</b>	<b>98.5</b>	<b>97.0</b>	<b>96.6</b>
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
Deferred taxes	72.1	84.7	76.0	76.0	76.0	76.0
<b>LIABILITIES</b>	<b>1,020.2</b>	<b>1,100.6</b>	<b>1,034.0</b>	<b>838.3</b>	<b>741.7</b>	<b>711.3</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>1,625.3</b>	<b>1,705.6</b>	<b>1,536.9</b>	<b>1,355.9</b>	<b>1,201.2</b>	<b>1,187.0</b>

Balance sheet (common size)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	0.4%	0.4%	0.0%	0.0%	0.0%	0.0%
Investment properties	87.8%	84.0%	80.1%	75.8%	73.8%	79.6%
Property, plant and equipment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financial assets	0.5%	5.4%	5.7%	6.5%	7.3%	7.4%
Other non-current assets	0.6%	0.7%	0.4%	0.5%	0.6%	0.6%
Deferred taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>FIXED ASSETS</b>	<b>89.3%</b>	<b>90.5%</b>	<b>86.3%</b>	<b>82.8%</b>	<b>81.7%</b>	<b>87.6%</b>
Properties held for sale	1.9%	0.0%	7.9%	7.4%	4.2%	0.0%
Accounts receivable	0.5%	0.5%	0.9%	0.8%	0.8%	0.7%
Other current assets	2.1%	0.8%	0.8%	0.9%	1.0%	1.0%
Liquid assets	6.3%	8.2%	3.7%	8.2%	12.4%	10.6%
<b>CURRENT ASSETS</b>	<b>10.7%</b>	<b>9.5%</b>	<b>13.7%</b>	<b>17.2%</b>	<b>18.3%</b>	<b>12.4%</b>
<b>TOTAL ASSETS</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Subscribed capital	6.5%	6.2%	6.9%	7.8%	8.8%	8.9%
Surplus capital	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Additional paid-in capital	27.3%	22.6%	26.7%	31.8%	25.9%	23.4%
Net profit/loss	0.5%	3.4%	-4.3%	-5.4%	-1.2%	2.9%
<b>SHAREHOLDERS EQUITY</b>	<b>34.3%</b>	<b>32.2%</b>	<b>29.3%</b>	<b>34.2%</b>	<b>33.6%</b>	<b>35.2%</b>
<b>MINORITY INTEREST</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.4%</b>	<b>2.8%</b>	<b>3.3%</b>	<b>3.6%</b>
<b>PROVISIONS FOR PENSIONS AND SIMILIAR OBLIGATIONS</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
short-term liabilities to banks	0.8%	0.9%	1.0%	7.1%	5.0%	2.5%
Bonds (long-term)	36.4%	34.8%	35.6%	36.8%	0.0%	0.0%
long-term liabilities to banks	13.9%	16.4%	17.4%	3.3%	40.3%	40.8%
other interest-bearing liability	1.2%	1.4%	1.7%	1.8%	2.0%	2.1%
<b>Interest-bearing liabilities</b>	<b>52.2%</b>	<b>53.6%</b>	<b>55.7%</b>	<b>49.0%</b>	<b>47.3%</b>	<b>45.4%</b>
Accounts payable	0.7%	0.6%	1.1%	0.9%	0.9%	0.9%
<b>Current liabilities</b>	<b>6.1%</b>	<b>5.9%</b>	<b>6.7%</b>	<b>7.3%</b>	<b>8.1%</b>	<b>8.1%</b>
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deferred taxes	4.4%	5.0%	4.9%	5.6%	6.3%	6.4%
<b>LIABILITIES</b>	<b>62.8%</b>	<b>64.5%</b>	<b>67.3%</b>	<b>61.8%</b>	<b>61.7%</b>	<b>59.9%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Company data, NuWays

Cash flow statement (EUR m)	2020	2021	2022	2023e	2024e	2025e
<b>Net profit</b>	<b>6.5</b>	<b>80.8</b>	<b>-73.3</b>	<b>-92.1</b>	<b>-17.5</b>	<b>40.7</b>
<b>Other recurrent / non-recurrent items</b>	<b>45.3</b>	<b>-20.9</b>	<b>119.7</b>	<b>166.2</b>	<b>50.5</b>	<b>-3.3</b>
Increase/decrease in working capital	-15.7	5.3	1.6	-0.6	-0.1	0.1
<b>Cash flow from operating activities</b>	<b>36.0</b>	<b>65.2</b>	<b>48.0</b>	<b>73.5</b>	<b>32.9</b>	<b>37.5</b>
CAPEX	0.0	0.0	0.0	0.0	0.0	0.0
Payment for acquisitions	-65.4	-24.7	-32.4	0.0	0.0	-50.0
Financial investments	-0.1	-78.6	1.5	0.0	0.0	0.0
Income from asset disposals	100.5	103.1	4.5	179.0	100.0	0.0
<b>Cash flow from investing activities</b>	<b>35.0</b>	<b>-0.2</b>	<b>-26.3</b>	<b>179.0</b>	<b>100.0</b>	<b>-50.0</b>
Increase/decrease in debt position	20.1	58.8	-51.2	-192.4	-95.1	-10.0
Dividends paid	-60.1	-67.7	-35.4	-6.8	0.0	0.0
Purchase of own shares	-9.0	-1.2	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0
Others	-22.5	-16.9	-17.3	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-71.5</b>	<b>-27.0</b>	<b>-103.9</b>	<b>-199.2</b>	<b>-95.1</b>	<b>-10.0</b>
<b>Cash flow from operating activities</b>	<b>36.0</b>	<b>65.2</b>	<b>48.0</b>	<b>73.5</b>	<b>32.9</b>	<b>37.5</b>
<b>Cash flow after maintenance capex</b>	<b>6.5</b>	<b>80.8</b>	<b>-73.3</b>	<b>-92.1</b>	<b>-17.5</b>	<b>40.7</b>
<b>Cash flow before financing</b>	<b>262.1</b>	<b>339.4</b>	<b>118.8</b>	<b>259.3</b>	<b>132.9</b>	<b>87.5</b>
<b>Increase/decrease in liquid assets</b>	<b>268.6</b>	<b>382.4</b>	<b>50.3</b>	<b>66.9</b>	<b>37.8</b>	<b>77.5</b>
Key ratios (EUR m)	2020	2021	2022	2023e	2024e	2025e
<b>Return on Equity</b>						
Net profit / Y/E equity	5.5%	1.8%	7.4%	13.2%	9.3%	8.1%
Recurring net profit / Y/E equity	7.2%	7.3%	9.3%	7.3%	10.2%	10.5%
Net profit / avg. equity	5.5%	1.8%	7.4%	13.2%	9.3%	8.1%
Recurring net profit / avg. equity	7.2%	7.3%	9.3%	7.3%	10.2%	10.5%
<b>Security</b>						
Net debt	746.8	775.4	798.2	553.0	420.1	412.6
Debt / equity	152.1%	166.7%	190.1%	143.3%	141.0%	129.0%
Net gearing	133.8%	141.2%	177.3%	119.4%	104.2%	98.8%
Interest cover	2.6	3.0	1.3	2.3	2.3	2.9
EBIDTA / interest paid	1.8	5.8	-3.7	-5.6	0.2	2.9
Dividend payout ratio	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Dividend cover	0.6	1.2	n.a.	n.a.	n.a.	5.0
Loan-to-value (LTV)	51.5%	50.8%	55.4%	45.5%	41.0%	39.9%
Return on Net Asset Value	6.5%	6.3%	7.9%	6.5%	8.9%	1341.9%
<b>Liquidity</b>						
Current ratio	0.9	0.7	1.0	0.8	0.9	0.6
Acid test ratio	0.9	0.7	1.0	0.8	0.9	0.6
<b>Valuation metrics</b>						
FFO	40.4	39.8	41.8	34.0	41.0	43.9
FFO per share	0.38	0.38	0.40	0.32	0.39	0.42
NTA per share	5.8	6.0	5.0	5.0	4.4	0.0

Source: Company data, NuWays

## Disclosures

Disclosures regarding research publications of NuWays AG pursuant to section 85 of the German Securities Trading Act (WpHG)

### Indication of conflict of interest

It is essential that any research recommendation is fairly presented and discloses interests of indicates relevant conflicts of interest. Pursuant to section 85 of the German Securities Trading Act (WpHG) a research report has to point out possible conflicts of interest in connection with the analysed company. A conflict of interest is presumed to exist in particular if NuWays AG

- (1) or any other person belonging to the same group with it was part of a consortium within the past twelve months that issued the financial instruments of the analysed company by way of a public offer.
- (2) or any other person belonging to the same group with it has entered into an agreement on the production of the research report with the analysed company.
- (3) or any other person belonging to the same group with it has been party to an agreement on the provision of investment banking services with the analysed company or have received services or a promise of services under the term of such an agreement within the past twelve month.
- (4) The analysed company holds 5% or more of the share capital of NuWays AG.
- (5) holds (a) a net short position or (b) a net long position of 0.5% of the outstanding share capital of the analysed company.
- (6) or any other person belonging to the same group with it is a market maker or liquidity provider in the financial instruments of the issuer.
- (7) or the analyst has any other significant financial interests relating to the analysed company such as, for example, exercising mandates in the interest of the analysed company.
- (8) The research report has been made available to the analysed company prior to its publication. Thereafter, only factual changes have been made to the report.

**Conflicts of interest that existed at the time when this research report was published:**

Company	Disclosures
DEMIRE AG	2

### Historical target price and rating changes for DEMIRE AG

Company	Date	Analyst	Rating	Target Price	Close
DEMIRE AG	04.07.2023	Sennewald, Philipp	Hold	EUR 2.00	EUR 1.92
	21.04.2023	Sennewald, Philipp	Buy	EUR 2.50	EUR 2.04
	02.12.2022	Sennewald, Philipp	Hold	EUR 2.80	EUR 2.38

## 1. General Information/Liabilities

This research report has been produced for the information purposes of institutional investors only, and is not in any way a personal recommendation, offer or solicitation to buy or sell the financial instruments mentioned herein. The document is confidential and is made available by NuWays AG exclusively to selected recipients in the European Union (EU) or, in individual cases, also in other countries. It is not allowed to pass the research report on to persons other than the intended recipient without the permission of NuWays AG. Reproduction of this document, in whole or in part, is not permitted without prior permission NuWays AG. All rights reserved.

Under no circumstances shall NuWays AG, any of its employees involved in the preparation, have any liability for possible errors or incompleteness of the information included in this research report – neither in relation to indirect or direct nor consequential damages. Liability for damages arising either directly or as a consequence of the use of information, opinions and estimates is also excluded. Past performance of a financial instrument is not necessarily indicative of future performance.

## 2. Responsibilities

This research report was prepared by the research analyst named on the front page (the "Producer"). The Producer is solely responsible for the views and estimates expressed in this report. The report has been prepared independently. The content of the research report was not influenced by the issuer of the analysed financial instrument at any time. It may be possible that parts of the research report were handed out to the issuer for information purposes prior to the publication without any major amendments being made thereafter.

## 3. Organisational Requirements

NuWays AG took internal organisational and regulative precautions to avoid or accordingly disclose possible conflicts of interest in connection with the preparation and distribution of the research report. All members of NuWays AG involved in the preparation of the research report are subject to internal compliance regulations. No part of the Producer's compensation is directly or indirectly related to the preparation of this financial analysis. In case a research analyst or a closely related person is confronted with a conflict of interest, the research analyst is restricted from covering this company.

## 4. Information Concerning the Methods of Valuation/Update

The determination of the fair value per share, i.e. the price target, and the relevant rating is done on the basis of the adjusted free cash flow (adj. FCF) method and on the basis of the discounted cash flow – DCF model. Furthermore, a peer group comparison is made.

The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjust-

ment towards the actual capital structure is done by discounting the calculated free cash flows with the weighted average cost of capital (WACC), which takes into account both the cost of equity capital and the cost of debt. After discounting, the calculated total enterprise value is reduced by the interest-bearing debt capital in order to arrive at the equity value.

NuWays AG uses the following three-step rating system for the analysed companies:

**Buy:** Sustainable upside potential of more than 20% within 12 months

**Sell:** Sustainable downside potential of more than 20% within 12 months.

**Hold:** Upside/downside potential is limited. No immediate catalyst visible.

The decision on the choice of the financial instruments analysed in this document was solely made by NuWays AG. The opinions and estimates in this research report are subject to change without notice. It is within the discretion of NuWays AG whether and when it publishes an update to this research report, but in general updates are created on a regular basis, after 6 months at the latest. A sensitivity analysis is included and published in company's initial studies.

## 5. Major Sources of Information

Part of the information required for this research report was made available by the issuer of the financial instrument. Furthermore, this report is based on publicly available sources (such as, for example, Bloomberg, Reuters, VWD-Trader and the relevant daily press) believed to be reliable. NuWays AG has checked the information for plausibility but not for accuracy or completeness.

## 6. Competent Supervisory Authority

NuWays AG is an affiliated company of Hauck Aufhäuser Lampe Privatbank AG which is under supervision of the BaFin – German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht), Graurheindorfer Straße 108, 53117 Bonn and Marie-Curie-Straße 24 – 28, 60439 Frankfurt a.M.

## 7. Specific Comments for Recipients Outside of Germany

This research report is subject to the law of the Federal Republic of Germany and the European Union (EU). The distribution of this information to other states in particular to the USA, Canada, Australia and Japan may be restricted or prohibited by the laws applicable within this state. If this communication is distributed in the United Kingdom it is solely directed at (i) investment professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "FPO") or (ii) high net-worth entities as defined in article 49 of the FPO. This document should not be distributed or forwarded, either directly or indirectly, to any other individuals.

## 8. Miscellaneous

According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under: [www.nuways-ag.com](http://www.nuways-ag.com)

Date of publication creation: 10/11/2023 07:32 AM

Date of publication dissemination: 10/11/2023 07:33 AM

## Contacts

### NuWays AG

Mittelweg 16-17  
20148 Hamburg  
Germany

+49 170 119 8648  
info@nuways-ag.com  
www.nuways-ag.com



**Christian Sandherr**

Co-CEO/Analyst

christian.sandherr@nuways-ag.com



**Frederik Jarchow**

Co-CEO/Analyst

frederik.jarchow@nuways-ag.com



**Philipp Sennewald**

Analyst

philipp.sennewald@nuways-ag.com



**Henry Wendisch**

Analyst

henry.wendisch@nuways-ag.com



**Mark-Hendrik Schüssler**

Analyst

mark-hendrik.schuessler@nuways-ag.com



**Konstantin Völk**

Analyst

konstantin.voelk@nuways-ag.com

### Find us on Social Media

[Instagram](#)



[Twitter/X](#)



[LinkedIn](#)

