

# LION E-Mobility AG

Automotive - Germany



**Buy** (old: Buy)

19.12.2023

**EUR 10.50** (old: EUR 10.50)

## Preparing for growth following 2023 as transition year

**Topic:** LION published its solid 9M figures, which should be followed by a 2024 marked by strong growth and op. improvements. The recent share price weakness provides a good risk/reward opportunity, in our view.

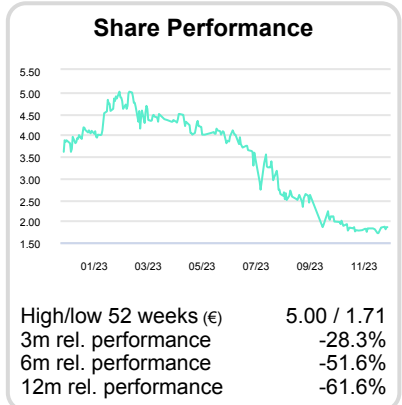
**Solid 9M performance amid significant operational changes.** Throughout H1 '23, LION was moving a highly automatized production for EV battery packs (purchased from BMW) to its new site. With completion at the end of Q2, the company has begun selling packs produced on this line on top of remaining inventory to bridge the moving time for customers. **9M sales came in at € 29.8m** (Q3: € 10.5m). Positively, and despite significant ramp-up costs, the **9M EBITDA came in positive** at € 0.1m. Further, the 9M op. cashflow came in at € 1.1m as the company sold down pre produced battery packs.

**Strong Q4 in the books.** With two weeks remaining in Q4, LION recorded Q4 sales of € 20m with another at least € 5m to be booked in the remaining two weeks. With around € 25m of sales, the fourth quarter will show significant sequential and yoy growth **underpinning the plant's revenue potential**. With this, the FY '23 sales guidance of more than € 55m remains unchanged and in reach, eNuW.

**SVOLT partnership to unlock energy storage growth.** Thanks to the partnership with SVOLT, the company will produce higher energy density (20% more vs currently used cells) NMC and LFP battery packs from H2 '24 onwards. Especially the latter is set to turn into a notable tailwind as it should allow LION to fully break into the thriving energy storage market, which prefers LFP over NMC cells.

**LIGHT Battery project progressing.** A LIGHT Battery prototype (immersion cooled battery pack for ultra-fast charging and discharging) has been delivered to an OEM and is going through a so far successful testing phase.

Following 2023, a major transition year, one should expect FY '24e to be marked by (1) strong sales growth (eNuW: 44% yoy) thanks to a running production and an increased sales force, (2) LION turning at least EBITDA breakeven thanks to operating leverage, (3) the launch of LFP battery packs and (4) further progress on the LIGHT battery. With shares trading at a mere 0.4x EV/sales 2024e, this is not adequately reflected in the current share price. **BUY with an unchanged € 10.5 PT** based on DCF.



### Market data

Share price (in €)	1.85
Market cap (in € m)	24.6
Number of shares (in m pcs)	12.4
Enterprise value (in € m)	38.9
Ø trading volume (6 months)	3,900

### Identifier

Bloomberg	LMIA GR
Reuters	LMIA.F
WKN	A2QH97
ISIN	CH0560888270

### Key shareholders

Ian Mukherjee	38.7%
Founders	6.0%
Free Float	55.3%

### Estimates changes

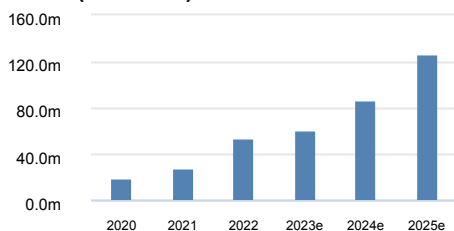
	2023e	2024e	2025e
Sales	0%	0%	0%
EBIT	0%	0%	0%
EPS	0%	0%	0%

### Comment on changes

Y/E 31.12 (EUR m)	2020	2021	2022	2023e	2024e	2025e
Sales	18.4	28.4	53.8	60.1	86.3	127.0
Sales growth	950.2%	54.3%	89.1%	11.7%	43.6%	47.2%
EBITDA	-1.6	-1.2	0.5	-1.8	1.1	5.9
Net debt (if net cash=0)	-0.8	-0.2	2.7	13.7	12.4	9.9
FCF	-2.0	-0.6	-0.3	-6.0	1.3	2.5
Net Debt/EBITDA	0.0	0.0	5.8	-7.4	11.6	1.7
EPS pro forma	-0.09	-0.12	0.03	-0.16	-0.09	0.23
EBITDA margin	-8.6%	-4.3%	0.9%	-3.1%	1.2%	4.6%
ROCE	-16.0%	-14.3%	2.6%	-8.5%	-2.0%	9.2%
EV/sales	1.7	1.1	0.5	0.6	0.4	0.3
EV/EBITDA	-19.8	-25.1	59.8	-21.1	35.2	6.0
PER	-21.6	-17.1	68.2	-12.6	-21.7	8.7
Adjusted FCF yield	-4.0%	-3.2%	-1.6%	-6.6%	0.9%	10.4%

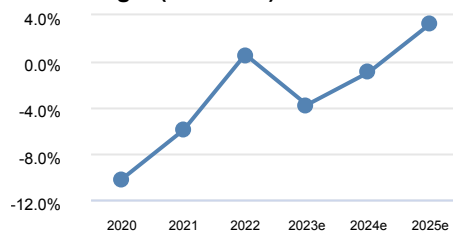
Source: Company data, NuWays, Close price as of 15.12.2023

### Sales (2020-25e)



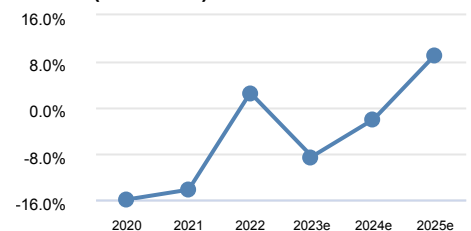
Source: NuWays Research

### EBIT margin (2020-25e)



Source: NuWays Research

### ROCE (2020-25e)



Source: NuWays Research

### Company description

LION is a fully automated producer of lithium-ion battery packs for a wide range of applications such as buses, commercial vehicles, marine, industrial vehicles but also stationary energy storage with an annual production capacity of 2 GWh, the equivalent to 45k battery packs.

### Guidance

- Sales 2023: € 55-65m

## Financials

Profit and loss (EUR m)	2020	2021	2022	2023e	2024e	2025e
<b>Net sales</b>	<b>18.4</b>	<b>28.4</b>	<b>53.8</b>	<b>60.1</b>	<b>86.3</b>	<b>127.0</b>
<i>Sales growth</i>	950.2%	54.3%	89.1%	11.7%	43.6%	47.2%
Increase/decrease in finished goods and work-in-process	0.0	0.5	0.3	0.0	0.0	0.0
<b>Total sales</b>	<b>18.4</b>	<b>28.9</b>	<b>54.1</b>	<b>60.1</b>	<b>86.3</b>	<b>127.0</b>
Other operating income	0.1	1.5	0.4	0.6	0.9	1.3
Material expenses	14.0	25.9	46.5	51.9	73.3	106.0
Personnel expenses	2.3	3.1	3.9	5.6	7.0	9.3
Other operating expenses	3.7	2.6	3.7	5.0	5.7	7.2
<b>Total operating expenses</b>	<b>20.0</b>	<b>30.1</b>	<b>53.6</b>	<b>61.9</b>	<b>85.2</b>	<b>121.1</b>
<b>EBITDA</b>	<b>-1.6</b>	<b>-1.2</b>	<b>0.5</b>	<b>-1.8</b>	<b>1.1</b>	<b>5.9</b>
Depreciation	0.3	0.5	0.1	0.4	1.9	1.7
<b>EBITA</b>	<b>-1.9</b>	<b>-1.7</b>	<b>0.3</b>	<b>-2.3</b>	<b>-0.8</b>	<b>4.2</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	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>-1.9</b>	<b>-1.7</b>	<b>0.3</b>	<b>-2.3</b>	<b>-0.8</b>	<b>4.2</b>
Interest income	0.1	0.1	0.1	0.1	0.1	0.1
Interest expenses	0.0	0.0	0.1	0.4	1.1	1.1
Investment income	0.5	0.1	0.1	0.3	0.4	0.5
Financial result	0.5	0.2	0.1	-0.0	-0.6	-0.5
<b>Recurring pretax income from continuing operations</b>	<b>-1.3</b>	<b>-1.5</b>	<b>0.4</b>	<b>-2.3</b>	<b>-1.5</b>	<b>3.6</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>-1.3</b>	<b>-1.5</b>	<b>0.4</b>	<b>-2.3</b>	<b>-1.5</b>	<b>3.6</b>
Income tax expense	-0.4	-0.4	0.0	-0.3	-0.3	0.8
<b>Net income from continuing operations</b>	<b>-0.9</b>	<b>-1.2</b>	<b>0.4</b>	<b>-1.9</b>	<b>-1.1</b>	<b>2.8</b>
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>-0.9</b>	<b>-1.2</b>	<b>0.4</b>	<b>-1.9</b>	<b>-1.1</b>	<b>2.8</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net profit (reported)</b>	<b>-0.9</b>	<b>-1.2</b>	<b>0.4</b>	<b>-1.9</b>	<b>-1.1</b>	<b>2.8</b>
Average number of shares	10.0	10.0	12.4	12.4	12.4	12.4
<b>EPS reported</b>	<b>-0.09</b>	<b>-0.12</b>	<b>0.03</b>	<b>-0.16</b>	<b>-0.09</b>	<b>0.23</b>

Profit and loss (common size)	2020	2021	2022	2023e	2024e	2025e
<b>Net sales</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>
<i>Sales growth</i>	950.2%	54.3%	89.1%	11.7%	43.6%	47.2%
Increase/decrease in finished goods and work-in-process	0.1%	1.7%	0.6%	0.0%	0.0%	0.0%
<b>Total sales</b>	<b>100.1%</b>	<b>101.7%</b>	<b>100.6%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Other operating income	0.4%	5.2%	0.8%	1.0%	1.0%	1.0%
Material expenses	76.1%	91.2%	86.4%	86.4%	84.9%	83.4%
Personnel expenses	12.7%	10.8%	7.2%	9.3%	8.2%	7.3%
Other operating expenses	20.2%	9.2%	6.9%	8.4%	6.7%	5.6%
<b>Total operating expenses</b>	<b>108.7%</b>	<b>106.0%</b>	<b>99.8%</b>	<b>103.1%</b>	<b>98.8%</b>	<b>95.4%</b>
<b>EBITDA</b>	<b>-8.6%</b>	<b>-4.3%</b>	<b>0.9%</b>	<b>-3.1%</b>	<b>1.2%</b>	<b>4.6%</b>
Depreciation	1.6%	1.6%	0.3%	0.7%	2.2%	1.4%
<b>EBITA</b>	<b>-10.2%</b>	<b>-5.9%</b>	<b>0.6%</b>	<b>-3.8%</b>	<b>-0.9%</b>	<b>3.3%</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	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EBIT (inc revaluation net)</b>	<b>-10.2%</b>	<b>-5.9%</b>	<b>0.6%</b>	<b>-3.8%</b>	<b>-0.9%</b>	<b>3.3%</b>
Interest income	0.4%	0.2%	0.1%	0.1%	0.1%	0.1%
Interest expenses	0.3%	0.1%	0.2%	0.6%	1.2%	0.8%
Investment income	2.8%	0.5%	0.2%	0.4%	0.4%	0.4%
Financial result	2.9%	0.6%	0.1%	neg.	neg.	neg.
<b>Recurring pretax income from continuing operations</b>	<b>-7.3%</b>	<b>-5.4%</b>	<b>0.7%</b>	<b>-3.8%</b>	<b>-1.7%</b>	<b>2.9%</b>
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Earnings before taxes</b>	<b>-7.3%</b>	<b>-5.4%</b>	<b>0.7%</b>	<b>-3.8%</b>	<b>-1.7%</b>	<b>2.9%</b>
Tax rate	31.3%	23.5%	9.1%	15.0%	22.0%	22.0%
<b>Net income from continuing operations</b>	<b>-5.0%</b>	<b>-4.1%</b>	<b>0.7%</b>	<b>-3.2%</b>	<b>-1.3%</b>	<b>2.2%</b>
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Net income</b>	<b>-5.0%</b>	<b>-4.1%</b>	<b>0.7%</b>	<b>-3.2%</b>	<b>-1.3%</b>	<b>2.2%</b>
Minority interest	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Net profit (reported)</b>	<b>-5.0%</b>	<b>-4.1%</b>	<b>0.7%</b>	<b>-3.2%</b>	<b>-1.3%</b>	<b>2.2%</b>

Source: Company data, NuWays

Balance sheet (EUR m)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	2.5	3.1	3.1	3.8	4.5	5.1
Property, plant and equipment	0.5	0.4	2.1	9.4	8.6	8.8
Financial assets	4.2	4.4	4.6	4.6	4.6	4.6
<b>FIXED ASSETS</b>	<b>7.3</b>	<b>7.9</b>	<b>9.8</b>	<b>17.8</b>	<b>17.7</b>	<b>18.5</b>
Inventories	0.1	0.2	6.9	13.4	17.3	23.1
Accounts receivable	2.1	4.2	4.5	4.9	7.1	10.4
Other assets and short-term financial assets	4.4	2.4	2.4	12.4	12.4	14.4
Liquid assets	1.2	1.2	2.5	1.6	2.8	5.4
Deferred taxes	1.1	2.2	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.1	0.1	0.1	0.1	0.1	0.1
<b>CURRENT ASSETS</b>	<b>9.0</b>	<b>10.3</b>	<b>16.4</b>	<b>32.4</b>	<b>39.7</b>	<b>53.4</b>
<b>TOTAL ASSETS</b>	<b>16.3</b>	<b>18.2</b>	<b>26.3</b>	<b>50.2</b>	<b>57.4</b>	<b>71.9</b>

<b>SHAREHOLDERS EQUITY</b>	<b>10.3</b>	<b>9.3</b>	<b>8.6</b>	<b>22.7</b>	<b>25.6</b>	<b>33.4</b>
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	1.9	0.6	0.6	0.6	0.6	0.6
Other provisions and accrued liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	3.2	5.9	10.0	9.9	14.2	20.9
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	0.4	0.6	1.0	1.0	1.0	1.0
Deferred taxes	0.0	0.7	0.7	0.7	0.7	0.7
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT LIABILITIES</b>	<b>3.6</b>	<b>6.5</b>	<b>11.0</b>	<b>10.9</b>	<b>15.2</b>	<b>21.9</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>16.3</b>	<b>18.2</b>	<b>26.3</b>	<b>50.2</b>	<b>57.4</b>	<b>71.9</b>

Balance sheet (common size)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	15.4%	17.3%	12.0%	7.6%	7.8%	7.1%
Property, plant and equipment	3.2%	2.0%	8.0%	18.8%	15.0%	12.2%
Financial assets	26.0%	24.1%	17.5%	9.1%	8.0%	6.4%
<b>FIXED ASSETS</b>	<b>44.6%</b>	<b>43.4%</b>	<b>37.4%</b>	<b>35.5%</b>	<b>30.8%</b>	<b>25.7%</b>
Inventories	0.8%	0.9%	26.2%	26.6%	30.1%	32.1%
Accounts receivable	12.9%	23.3%	17.1%	9.8%	12.4%	14.5%
Other assets and short-term financial assets	26.9%	13.1%	9.1%	24.7%	21.6%	20.0%
Liquid assets	7.6%	6.8%	9.7%	3.1%	4.9%	7.4%
Deferred taxes	6.7%	12.0%	0.0%	0.0%	0.0%	0.0%
Deferred charges and prepaid expenses	0.5%	0.4%	0.5%	0.2%	0.2%	0.2%
<b>CURRENT ASSETS</b>	<b>55.4%</b>	<b>56.6%</b>	<b>62.6%</b>	<b>64.5%</b>	<b>69.2%</b>	<b>74.3%</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>

<b>SHAREHOLDERS EQUITY</b>	<b>63.5%</b>	<b>50.9%</b>	<b>32.9%</b>	<b>45.2%</b>	<b>44.6%</b>	<b>46.5%</b>
MINORITY INTEREST	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Provisions for pensions and similar obligations	11.7%	3.5%	2.4%	1.3%	1.1%	0.9%
Other provisions and accrued liabilities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Short-term liabilities to banks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts payable	19.8%	32.3%	38.1%	19.7%	24.7%	29.0%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other liabilities (incl. from lease and rental contracts)	2.3%	3.5%	3.8%	2.0%	1.7%	1.4%
Deferred taxes	0.0%	4.0%	2.8%	1.4%	1.3%	1.0%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>CURRENT LIABILITIES</b>	<b>22.0%</b>	<b>35.7%</b>	<b>41.9%</b>	<b>21.7%</b>	<b>26.5%</b>	<b>30.4%</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
Net profit/loss	-0.9	-1.2	0.4	-1.9	-1.1	2.8
Depreciation of fixed assets (incl. leases)	0.3	0.5	0.1	0.4	1.9	1.7
Amortisation of goodwill & intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Others	-0.1	-0.1	0.0	0.0	0.0	0.0
Cash flow from operating activities	-1.3	-0.1	0.3	-3.3	1.9	3.2
Increase/decrease in inventory	-4.3	-0.0	-6.7	-6.5	-3.9	-5.8
Increase/decrease in accounts receivable	-1.2	-0.8	-0.2	-0.5	-2.2	-3.3
Increase/decrease in accounts payable	3.1	2.6	4.1	-0.1	4.3	6.7
Increase/decrease in other working capital positions	1.6	-0.7	1.2	6.0	4.0	3.0
Increase/decrease in working capital	-0.9	1.1	-1.7	-1.0	2.2	0.5
<b>Cash flow from operating activities</b>	<b>-1.3</b>	<b>-0.1</b>	<b>1.3</b>	<b>-2.6</b>	<b>3.0</b>	<b>5.1</b>
CAPEX	0.7	0.5	1.7	3.4	1.7	2.6
Payments for acquisitions	0.0	0.0	0.1	5.0	0.0	0.0
Financial investments	0.6	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.2	0.3	0.0	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-1.2</b>	<b>-0.2</b>	<b>-1.7</b>	<b>-8.4</b>	<b>-1.7</b>	<b>-2.6</b>
Cash flow before financing	-2.4	-0.3	-0.4	-11.0	1.3	2.5
Increase/decrease in debt position	-0.1	0.4	3.9	10.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	2.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	-0.1	-0.1	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	-0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>1.8</b>	<b>0.3</b>	<b>3.9</b>	<b>10.0</b>	<b>0.0</b>	<b>0.0</b>
Increase/decrease in liquid assets	-0.6	-0.0	3.5	-1.0	1.3	2.5
<b>Liquid assets at end of period</b>	<b>1.2</b>	<b>1.2</b>	<b>2.5</b>	<b>1.6</b>	<b>2.8</b>	<b>5.4</b>

Key ratios (EUR m)	2020	2021	2022	2023e	2024e	2025e
<b>P&amp;L growth analysis</b>						
Sales growth	950.2%	54.3%	89.1%	11.7%	43.6%	47.2%
EBITDA growth	-31.0%	-22.2%	-138.0%	-494.9%	-157.9%	451.4%
EBIT growth	-23.3%	-10.3%	-119.2%	-796.5%	-64.0%	-610.8%
EPS growth	-46.1%	26.4%	-125.0%	-639.8%	-41.8%	-350.8%
<b>Efficiency</b>						
Sales per employee	1,842.7	1,137.3	1,536.0	1,063.3	1,128.0	1,451.5
EBITDA per employee	-158.2	-49.2	13.4	-32.7	14.0	67.3
No. employees (average)	10	25	35	56	76	88
<b>Balance sheet analysis</b>						
Avg. working capital / sales	9.3%	-1.7%	0.4%	5.8%	6.7%	8.3%
Inventory turnover (sales/inventory)	n.a.	181.0	7.8	4.5	5.0	5.5
Accounts receivable turnover	41.8	54.4	30.4	30.0	30.0	30.0
Accounts payable turnover	63.9	75.3	67.9	60.0	60.0	60.0
<b>Cash flow analysis</b>						
Free cash flow	-2.0	-0.6	-0.3	-6.0	1.3	2.5
Free cash flow/sales	-10.9%	-2.0%	-0.6%	-9.9%	1.5%	2.0%
FCF / net profit	216.8%	49.4%	neg.	307.0%	neg.	88.6%
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Solvency</b>						
Net debt	-0.8	-0.2	2.7	13.7	12.4	9.9
Net Debt/EBITDA	0.0	0.0	5.8	-7.4	11.6	1.7
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest paid / avg. debt	17.5%	3.4%	3.4%	4.5%	10.4%	7.0%
<b>Returns</b>						
ROCE	-16.0%	-14.3%	2.6%	-8.5%	-2.0%	9.2%
ROE	-8.9%	-12.6%	4.2%	-8.6%	-4.4%	8.5%
Adjusted FCF yield	-4.0%	-3.2%	-1.6%	-6.6%	0.9%	10.4%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
DPS	0.0	0.0	0.0	0.0	0.0	0.0
EPS reported	-0.09	-0.12	0.03	-0.16	-0.09	0.23
Average number of shares	10.0	10.0	12.4	12.4	12.4	12.4
<b>Valuation ratios</b>						
P/BV	1.9	2.2	2.8	1.1	1.0	0.7
EV/sales	1.7	1.1	0.5	0.6	0.4	0.3
EV/EBITDA	-19.8	-25.1	59.8	-21.1	35.2	6.0
EV/EBIT	-16.6	-18.3	85.9	-17.2	-46.1	8.4

Source: Company data, NuWays

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Company	Disclosures
LION E-Mobility AG	2,8

### Historical target price and rating changes for LION E-Mobility AG

Company	Date	Analyst	Rating	Target Price	Close
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