

PNE AG

Germany / Cleantech
 Primary exchange: Frankfurt
 Bloomberg: PNE3 GR
 ISIN: DE000A0JBPG2

Q1 figures

RATING
PRICE TARGET **ADD**
 Return Potential 12.4%
 Risk Rating High

€ 5.00

GOOD START TO THE YEAR

PNE reported Q1 figures and held a conference call. Sales amounted to €15.7m, and EBIT was €2.3m. Given that Q1 is usually weak due to upfront project costs, the figures were strong. Q1 EBIT was above our forecast due mainly to a stronger project segment EBIT. Management reiterated guidance (EBIT: €5-10m) which has taken possible project delays due to the pandemic into account. We see PNE well on track to reach guidance. Given the high uncertainty due to the pandemic and the recession, we stick to our 2020 forecast despite the better than expected Q1 figures. An updated sum-of-the-parts valuation still yields a €5.00 price target. We confirm our Add recommendation.

Good start to 2020 Although sales and EBIT were below the outstanding Q1/19 figures, PNE presented convincing results. Sales of €15.7m were in line with our forecast, and EBIT was better than expected at €2.3m (FBe: €0.8m) due mainly to a better Project segment EBIT. Interest & similar expenses were much higher than in the prior year period (€3.7m versus €2.0m due to €1.5m from interest swap valuation), which resulted in EBT of €-1.4m. A €0.9m tax credit and €-0.8m attributable to non-controlling interests led to a slightly positive net result of €0.2m (see figure 1 overleaf).

2020 guidance confirmed PNE reiterated its guidance, which has already taken possible project delays due to the pandemic into account, and expects EBITDA of €15-20m and EBIT of €5-10m. Following the better than expected Q1 figures we believe that the company is well on track to reach guidance.

Strong balance sheet provides stability in volatile environment PNE's cash position amounted to €123m (YE19: €112m). Financial liabilities (loans, bonds, lease liabilities) increased from €241m at the end of 2019 to €257m due mainly to higher short-term liabilities to banks for the interim financing of onshore wind... (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2017	2018	2019	2020E	2021E	2022E
Revenue (€m)	114.08	91.38	132.80	75.47	99.60	164.70
Y-o-y growth	-54.1%	-19.9%	45.3%	-43.2%	32.0%	65.4%
EBIT (€m)	23.13	7.79	18.96	6.33	14.72	28.03
EBIT margin	20.3%	8.5%	14.3%	8.4%	14.8%	17.0%
Net income (€m)	17.08	-1.04	0.69	-7.31	-1.65	7.15
EPS (diluted) (€)	0.22	-0.01	0.01	-0.10	-0.02	0.09
DPS (€)	0.04	0.04	0.04	0.04	0.04	0.04
FCF (€m)	-47.39	-32.80	-42.56	3.84	-69.28	-86.63
Net gearing	-5.8%	14.6%	55.3%	57.5%	91.8%	130.4%
Liquid assets (€m)	193.98	129.07	111.94	115.47	110.40	104.98

RISKS

Risks to our price target include, but are not limited to: changes in legislation, project financing risks, project delays, project approval risks, tender awards, award prices, and interest rate changes.

COMPANY PROFILE

PNE AG is a clean energy solution provider active in wind & PV project development, green power production, and energy services. At the end of 2019, the company had a ca. 5 GW international project pipeline, and a green power plant portfolio of ca. 130 MW. PNE is based in Cuxhaven, Germany.

MARKET DATA

As of 13 May 2020

Closing Price € 4.45
 Shares outstanding 76.60m
 Market Capitalisation € 340.88m
 52-week Range € 2.37 / 5.37
 Avg. Volume (12 Months) 300,695

Multiples	2020E	2021E	2022E
P/E	n.a.	n.a.	47.7
EV/Sales	2.7	2.1	1.3
EV/EBIT	32.7	14.1	7.4
Div. Yield	0.9%	0.9%	0.9%

STOCK OVERVIEW



COMPANY DATA

As of 30 Mar 2020

Liquid Assets € 123.15m
 Current Assets € 269.40m
 Intangible Assets € 64.65m
 Total Assets € 577.97m
 Current Liabilities € 120.41m
 Shareholders' Equity € 219.88m

SHAREHOLDERS

Morgan Stanley Infrastructure Partners 39.8%
 Active Ownership Fund SCS 8.7%
 Goldman Sachs 5.5%
 Other investors 12.1%
 Free Float 34.0%



...farms. Net debt rose by €5m q/q to €134m. Equity remained stable at €220m. The equity ratio was slightly lower at 38.0% (versus YE19: 38.8%) because of the higher balance sheet total of €578m (YE19: €568m).

Figure 1: Reported group figures versus forecasts

All figures in €m	Q1-20A	Q1-20E	Delta	Q1-19A	Delta
Sales	15.75	16.20	-2.8%	27.97	-43.7%
EBIT	2.30	0.80	187.5%	4.26	-46.0%
margin	14.6%	4.9%		15.2%	
Net income	0.22	-2.80	-	1.61	-86.6%
margin	1.4%	-17.3%		5.7%	
EPS (diluted) in €	0.00	-0.04	-	0.02	-86.6%

Source: First Berlin Equity Research, PNE AG

Positive free cash flow due mainly to lower receivables Operating cash flow was €6.9m because of a lower working capital requirement. The decrease in receivables and stage of completion accounting alone released €25.3m. CapEx of €2.9m led to free cash flow of €4.0m. Financial cash flow amounted to €7.2m due chiefly to an inflow of funds from financial loans of €10.0m. Net cash flow was €11.2m

Project segment with higher than expected EBIT contribution Project development activity was already high in Q1. In Germany, PNE started construction of three further wind farms with a total nominal capacity of 38.5 MW. The construction of wind farms on behalf of customers in Sweden (Malarberget: 113 MW) and Poland (Jasna: 132 MW) continued. The Polish wind farm Barwice (42 MW), which was erected on behalf of the purchaser, was commissioned. All in all, PNE had a total of ca. 284 MW of projects under construction at the end of the first quarter.

In Q1, the company was awarded two projects with a total capacity of 14 MW in the German onshore wind tender. Furthermore, PNE completed preparations for the final application for approval for three wind farm projects, which have a total capacity of ca. 25 MW. We expect PNE to participate in the German onshore wind tenders in September (volume: 400 MW) or October (volume: 900 MW) with these projects.

After many years without progress, PNE decided to exit the Hungarian and the Bulgarian markets. In Hungary, the company had projects in phase III with a total capacity of 42 MW and in Bulgaria, phase I-II projects with a total capacity of 121 MW. The exit reduces costs by €40-50k p.a.

PNE's onshore wind pipeline declined q/q from 5,235 MW to 5,125 MW due chiefly to the exit from the two Eastern European markets. The company's PV pipeline rose by 9 MWp to 132 MWp due to additional phase I-II projects in Germany.

Project segment sales were in line with our expectations and amounted to €5.0m. But EBIT was much higher than our forecast (€4.3m versus FBe: €1.5m). We trace this back to a higher margin product mix, and inter-segment sales of €11.1m. EBIT from these sales is consolidated on the group level. Total EBIT consolidation was €-6.6m versus FBe: €-5.5m (see figure 2 overleaf).

Service segment sales temporarily affected by pandemic External segment sales were down 8% at €3.0m, as some clients postponed orders due to the pandemic. Internal segment sales rose from €0.1m to €1.0m. Service sales include technical and commercial operations management, construction management, transformer station services, wind measurement, and electricity marketing management. Main sales contributions came from technical and commercial operations management (€2.5m) and transformer station services (€0.9m). EBIT fell 29% to €0.3m (see figure 2 overleaf).



Electricity generation segment benefited from very good wind conditions and expanded portfolio

Good wind conditions and the 53 MW increase in the portfolio capacity to 130 MW in 2019 resulted in a 63% increase in sales. EBIT was up 56% at €4.3m. The EBIT margin reached 56.0% versus 58.4% in Q1/19 (see figure 2). PNE plans to expand its power production portfolio to up to 500 MW by 2023.

Figure 2: Reported segment figures versus forecasts

All figures in €m	Q1-20A	Q1-20E	Delta	Q1-19A	Delta
Project development					
External sales	5.03	5.00	0.6%	19.97	-74.8%
EBIT	4.29	1.50	186.3%	4.64	-7.4%
margin	85.3%	30.0%	-	23.2%	-
Services					
External sales	3.03	4.00	-24.3%	3.29	-7.9%
EBIT	0.33	0.80	186.3%	0.47	-28.8%
margin	10.9%	20.0%	-	14.1%	-
Electricity generation					
External sales	7.69	7.20	6.7%	4.71	63.0%
EBIT	4.30	4.00	7.5%	2.75	56.1%
margin	56.0%	55.6%	-	58.4%	-
Consolidation					
External sales	0.00	0.00	-	0.00	-
EBIT	-6.62	-5.50	-	-3.60	-
margin	<i>n.m.</i>	<i>n.m.</i>	-	<i>n.m.</i>	-
Group					
Sales	15.75	16.20	-2.8%	27.97	-43.7%
EBIT	2.30	0.80	187.6%	4.26	-46.0%
margin	14.6%	4.9%	-	15.2%	-

Source: First Berlin Equity Research, PNE AG

Unchanged forecast We stick to our 2020 forecast despite the better than expected Q1, as uncertainty regarding the development of the pandemic and the severity of the recession remains high. But Q1 has increased the likelihood that PNE will meet or even surpass our forecast.

Add rating reiterated at unchanged price target An updated sum-of-the-parts valuation still yields a €5.00 price target. We reiterate our Add recommendation.



VALUATION MODEL

SUM-OF-THE-PARTS VALUATION

Following PNE's announcement in March 2020 that it plans to build a wind farm portfolio of up to 500 MW by 2023, we have decided to model PNE's fair value using a sum-of-the-parts (SotP) analysis. Each of the three segments Project Development, Electricity Generation, and Services is valued individually by a discounted cash flow (DCF) model. We believe that a SotP valuation is superior to our previous approach, a DCF model based on group cash flows.

In the past, a simple DCF model for PNE was adequate as the Electricity Generation segment was small, and the numbers for the Services segment were not reported separately. The decision not to sell the "2020 wind farm portfolio", but to add it to the own plant portfolio and to expand this portfolio to up to 500 MW makes the Electricity Generation segment an important cash flow contributor in the present and increasingly in the future. This justifies a separate segment valuation. Since Q1/19, PNE has reported separate Services segment figures, and the company plans to further expand this segment. This allows us to value this segment separately from the other segments.

In the segment report, PNE offers a rough segment profit & loss account containing sales, total aggregate output, EBITDA, and EBIT. Furthermore, a few key segment balance sheet data such as segment assets, liabilities and equity are given. In addition, segment investments are displayed.

This is not sufficient to build exact segment DCF models, as the cash positions, financial debt, lease liabilities and working capital of each segment are not shown. However, applying typical industry parameters for these balance sheet items, a good approximation is possible. There may be deviations from the true segment figures, but in sum, the estimated segment balance sheet figures are always right as the group balance sheet figures are known. As a consequence, the SotP valuation is always based on the correct aggregate balance sheet figures. Deviations from "true" segment fair value due to deviations in assumed segment balance sheet parameters from the true, but unknown, segment balance sheet values such as liabilities to banks, lease liabilities, and cash may result in a slightly different value contribution of the segments. But, on aggregate, these deviations always completely balance each other out. The SotP valuation is thus not compromised by the described deviations.

Sum-of-the-parts Valuation

SotP valuation	Fair value in €m	Fair value per share in €	old
Project Development	154.21	2.01	2.00
Electricity Generation	161.10	2.10	2.06
Services	69.99	0.91	0.89
Sum of the parts	385.30	5.03	4.95



PROJECT DEVELOPMENT

The Project Development segment includes onshore and offshore wind farm and solar plant development on an international scale. Projects that are not sold but added to the own plant portfolio produce development and construction costs but no external segment sales. PNE accounts for this in its Consolidation segment. For simplicity, we integrate Consolidation into the Project Development segment. Our DCF model thus only shows external sales.

DCF model for Project Development segment

All figures in EUR '000	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Net sales	36,000	48,700	103,200	133,000	144,245	155,509	166,649	177,511
NOPLAT	-3,835	610	9,031	10,165	11,493	12,290	13,065	13,809
+ depreciation & amortisation	2,035	1,920	1,807	1,714	1,668	1,641	1,631	1,635
Net operating cash flow	-1,800	2,530	10,838	11,879	13,161	13,931	14,696	15,444
- total investments (CAPEX and WC)	6,715	-941	-17,025	-4,187	-8,999	-8,879	-8,643	-8,289
Capital expenditures	-1,080	-974	-1,032	-1,330	-1,442	-1,555	-1,666	-1,775
Working capital	7,795	33	-15,993	-2,857	-7,557	-7,324	-6,977	-6,514
Free cash flows (FCF)	4,915	1,589	-6,186	7,692	4,162	5,052	6,052	7,155
PV of FCF's	4,651	1,378	-4,917	5,602	2,777	3,090	3,392	3,675

All figures in thousands	
PV of FCFs in explicit period (2020E-2034E)	50,749
PV of FCFs in terminal period	65,127
Enterprise value (EV)	115,875
+ Net cash / - net debt	37,678
+ Investments / minority interests	655
Shareholder value	154,208
Number of shares (diluted)	76,603
Fair value per share in EUR	2.01

WACC		Terminal growth rate							
		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	
Cost of equity	12.8%	5.1%	3.77	4.03	4.36	4.79	5.40	6.28	7.71
Pre-tax cost of debt	5.0%	6.1%	3.03	3.17	3.35	3.57	3.85	4.22	4.73
Tax rate	26.7%	7.1%	2.51	2.60	2.70	2.83	2.98	3.17	3.40
After-tax cost of debt	3.7%	8.1%	2.16	2.21	2.28	2.35	2.44	2.55	2.68
Share of equity capital	60.0%	9.1%	1.89	1.92	1.97	2.01	2.07	2.13	2.21
Share of debt capital	40.0%	10.1%	1.68	1.70	1.73	1.76	1.80	1.84	1.89
		11.1%	1.51	1.53	1.55	1.57	1.60	1.62	1.65
		12.1%	1.37	1.37	1.37	1.37	1.37	1.37	1.37
Fair value per share in EUR	2.01								

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



ELECTRICITY GENERATION

The Electricity Generation segment includes power production from green power plants. The portfolio combines nine own wind farms with a total capacity of 130.1 MW, and the Silbitz biomass power plant with 5.6 MW. Furthermore, the segment includes interests in limited partnerships, in which wind farm projects will be realised in the future. At the end of 2019, the book value of the green power plant portfolio amounted to €146.3m.

PNE plans to build up a wind power production portfolio of up to 500 MW by 2023. The following table shows our portfolio expansion assumptions.

Forecasted portfolio expansion

Wind farm portfolio	2019	2020E	2021E	2022E	2023E	2024E
Wind power capacity (MW), year start	55.3	130.1	143.5	213.5	303.5	413.5
Additional capacity (MW)	74.8	13.4	70.0	90.0	110.0	86.5
Wind power capacity (MW), year end	130.1	143.5	213.5	303.5	413.5	500.0

DCF model for Electricity Generation segment

All figures in EUR '000	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Net sales	22,878	31,825	38,603	59,625	74,435	92,285	92,285	92,285
NOPLAT	7,605	10,711	11,856	20,744	23,666	32,695	32,158	31,680
+ depreciation & amortisation	11,704	13,985	18,873	25,683	33,140	32,961	32,783	32,605
Net operating cash flow	19,309	24,696	30,728	46,428	56,806	65,656	64,942	64,285
- total investments (CAPEX and WC)	-18,558	-85,716	-100,300	-119,532	-35,980	-36,385	-32,783	-32,605
Capital expenditures	-17,420	-84,000	-99,000	-115,500	-33,140	-32,961	-32,783	-32,605
Working capital	-1,138	-1,716	-1,300	-4,032	-2,840	-3,423	0	0
Free cash flows (FCF)	752	-61,019	-69,572	-73,104	20,826	29,272	32,158	31,680
PV of FCF's	732	-56,998	-62,330	-62,817	17,162	23,136	24,378	23,034

All figures in thousands	
PV of FCFs in explicit period (2020E-2034E)	30,169
PV of FCFs in terminal period	285,632
Enterprise value (EV)	315,801
+ Net cash / - net debt	-154,698
+ Investments / minority interests	0
Shareholder value	161,103
Number of shares (diluted)	76,603
Fair value per share in EUR	2.10

WACC		Terminal growth rate						
		-0.6%	-0.4%	-0.2%	0.0%	0.2%	0.4%	0.6%
Cost of equity	6.8%							
Pre-tax cost of debt	5.2%							
Tax rate	30.0%							
After-tax cost of debt	3.6%							
Share of equity capital	20.0%							
Share of debt capital	80.0%							
Fair value per share in EUR	2.10							

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



SERVICES

The Services segment includes technical and commercial operations management of green power plants, construction management, transformer station services, wind measurements, financing, and electricity marketing services.

Services segment DCF model

DCF valuation model								
All figures in EUR '000	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Net sales	16,589	19,077	22,893	25,022	27,183	29,350	31,495	33,588
NOPLAT	2,435	3,195	4,037	4,466	4,884	5,292	5,685	6,059
+ depreciation & amortisation	2,164	2,229	2,318	2,449	2,590	2,739	2,893	3,046
Net operating cash flow	4,600	5,424	6,354	6,915	7,474	8,031	8,577	9,105
- total investments (CAPEX and WC)	-2,514	-2,753	-3,101	-3,217	-3,402	-3,571	-3,723	-3,854
Capital expenditures	-2,488	-2,671	-2,976	-3,153	-3,336	-3,506	-3,659	-3,792
Working capital	-26	-82	-125	-65	-66	-65	-64	-61
Free cash flows (FCF)	2,086	2,671	3,253	3,698	4,072	4,460	4,854	5,251
PV of FCF's	1,981	2,339	2,626	2,752	2,794	2,821	2,831	2,824

All figures in thousands	
PV of FCFs in explicit period (2020E-2034E)	39,110
PV of FCFs in terminal period	36,509
Enterprise value (EV)	75,618
+ Net cash / - net debt	-5,630
+ Investments / minority interests	0
Shareholder value	69,988
Number of shares (diluted)	76,603
Fair value per share in EUR	0.91

WACC		Terminal growth rate							
		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	
Cost of equity	9.8%	4.5%	1.97	2.16	2.42	2.78	3.33	4.26	6.15
Pre-tax cost of debt	6.0%	5.5%	1.50	1.61	1.74	1.91	2.13	2.45	2.92
Tax rate	9.0%	6.5%	1.20	1.26	1.33	1.42	1.54	1.68	1.88
After-tax cost of debt	5.5%	7.5%	0.98	1.02	1.07	1.12	1.19	1.26	1.36
Share of equity capital	70.0%	8.5%	0.82	0.85	0.88	0.91	0.95	1.00	1.06
Share of debt capital	30.0%	9.5%	0.70	0.72	0.74	0.76	0.79	0.82	0.85
		10.5%	0.61	0.62	0.63	0.65	0.67	0.69	0.71
Fair value per share in EUR	0.91	11.5%	0.53	0.54	0.55	0.56	0.57	0.59	0.60

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



INCOME STATEMENT

All figures in EUR '000	2017A	2018A	2019A	2020E	2021E	2022E
Revenues	114,076	91,379	132,796	75,467	99,603	164,696
Change in inventories	63,331	15,056	36,577	9,000	12,000	3,000
Own work	0	0	0	39,000	105,210	113,560
Other operating income	9,483	5,348	4,659	5,051	5,714	6,003
Total aggregate output	186,890	111,782	174,032	128,519	222,526	287,260
Cost of goods sold	-108,381	-36,696	-92,961	-60,409	-137,023	-178,149
Gross profit (revenues ./ COGS)	5,695	54,683	39,835	15,058	-37,420	-13,453
Personnel costs	-25,789	-27,780	-30,600	-31,600	-33,550	-36,369
Other operating expenses	-24,125	-30,837	-18,911	-14,272	-19,099	-21,716
EBITDA	28,595	16,469	31,561	22,237	32,854	51,026
Depreciation and amortisation	-5,466	-8,680	-12,597	-15,903	-18,135	-22,997
Operating income (EBIT)	23,129	7,789	18,964	6,334	14,719	28,029
Interest Expense	-10,709	-10,593	-12,267	-12,863	-15,509	-18,215
Interest Income	619	787	582	0	0	0
Other financial income / expenses	1,022	15	32	0	0	0
Pre-tax income (EBT)	14,061	-2,002	7,312	-6,529	-790	9,814
Income taxes	174	-403	-5,965	-128	-204	-2,013
Minority interests	2,840	1,361	-655	-655	-655	-655
Net income / loss	17,075	-1,044	692	-7,312	-1,649	7,146
Diluted EPS (in €)	0.22	-0.01	0.01	-0.10	-0.02	0.09
Ratios						
Gross margin (COGS/revenues)	5.0%	59.8%	30.0%	20.0%	-37.6%	-8.2%
EBITDA margin on revenues	25.1%	18.0%	23.8%	29.5%	33.0%	31.0%
EBIT margin on revenues	20.3%	8.5%	14.3%	8.4%	14.8%	17.0%
Net margin on revenues	15.0%	-1.1%	0.5%	-9.7%	-1.7%	4.3%
Tax rate	-1.2%	-20.1%	81.6%	-2.0%	-25.8%	20.5%
Expenses as % of revenues						
Personnel costs	22.6%	30.4%	23.0%	41.9%	33.7%	22.1%
Depreciation and amortisation	4.8%	9.5%	9.5%	21.1%	18.2%	14.0%
Other operating expenses	21.1%	33.7%	14.2%	18.9%	19.2%	13.2%
Y-Y Growth						
Revenues	-54.1%	-19.9%	45.3%	-43.2%	32.0%	65.4%
Operating income	-76.2%	-66.3%	143.5%	-66.6%	132.4%	90.4%
Net income/ loss	-75.2%	n.m.	n.m.	n.m.	n.m.	n.m.



BALANCE SHEET

All figures in EUR '000	2017A	2018A	2019A	2020E	2021E	2022E
Assets						
Current assets, total	308,379	272,882	266,995	248,713	248,645	278,809
Cash and cash equivalents	193,984	129,071	111,935	115,471	110,403	104,975
Short-term investments	0	0	0	0	0	0
Receivables	5,119	6,355	34,251	25,023	27,162	51,069
Inventories	86,361	117,343	101,357	88,767	91,627	103,313
Other current assets	22,915	20,113	19,452	19,452	19,452	19,452
Non-current assets, total	184,905	179,724	300,603	305,688	375,198	455,209
Property, plant & equipment	103,872	96,130	174,081	179,166	248,676	328,687
Goodwill & other intangibles	66,825	65,053	64,719	64,719	64,719	64,719
Rights of use	0	0	39,376	39,376	39,376	39,376
Other assets	14,208	18,541	61,803	61,803	61,803	61,803
Total assets	493,285	452,606	567,598	554,401	623,842	734,017
Shareholders' equity & debt						
Current liabilities, total	179,150	94,344	113,636	100,770	106,998	133,166
Short-term financial debt	107,109	26,131	11,705	5,000	5,000	10,000
Liabilities from leases (ST)	0	0	3,057	3,057	3,057	3,057
Accounts payable	25,295	14,945	35,276	20,090	23,325	41,499
Current provisions	4,858	8,134	8,381	8,381	8,381	8,381
Other current liabilities	41,888	45,134	58,274	67,299	70,292	73,286
Long-term liabilities, total	78,915	141,988	233,948	243,339	310,539	389,739
Long-term financial debt	72,751	136,656	188,953	198,344	265,544	344,744
Liabilities from leases (LT)	0	0	37,207	37,207	37,207	37,207
Other liabilities	6,163	5,332	7,787	7,787	7,787	7,787
Minority interests	-7,679	-13,938	-13,283	-12,628	-11,973	-11,318
Shareholders' equity	242,899	230,212	233,297	222,920	218,278	222,430
Share capital	76,556	76,558	76,603	76,603	76,603	76,603
Capital reserve	82,288	82,292	82,953	82,953	82,953	82,953
Other reserves	-908	-385	-819	-819	-819	-819
Treasury stock	0	-5,803	-707	-707	-707	-707
Retained earnings	84,962	77,550	75,267	64,891	60,178	64,260
Total consolidated equity and debt	493,285	452,606	567,598	554,401	623,842	734,017
Ratios						
Current ratio (x)	1.72	2.89	2.35	2.47	2.32	2.09
Quick ratio (x)	1.24	1.65	1.46	1.59	1.47	1.32
Net cash	14,124	-33,716	-128,987	-128,137	-200,405	-290,033
Net gearing	-5.8%	14.6%	55.3%	57.5%	91.8%	130.4%
Book value per share (€)	2.99	2.83	2.94	2.75	2.69	2.76
Tangible book value per share (€)	2.18	2.00	2.09	1.92	1.87	1.93
Equity ratio (incl. minorities)	47.7%	47.8%	38.8%	37.9%	33.1%	28.8%
Return on equity (ROE)	7.0%	-0.5%	0.3%	-3.3%	-0.8%	3.2%
Return on assets (ROA)	5.6%	2.1%	2.3%	1.0%	2.2%	3.5%
Return on investment (ROI)	3.5%	-0.2%	0.1%	-1.3%	-0.3%	1.0%
Return on capital employed (ROCE)	10.5%	3.2%	6.2%	1.8%	3.9%	6.1%
Days sales outstanding (DSO)	16.4	25.4	94.1	121.0	99.5	113.2
Days inventory outstanding (DIO)	290.8	1,167.2	398.0	536.3	244.1	211.7
Days payables outstanding (DPO)	85.2	148.7	138.5	121.4	62.1	85.0



CASH FLOW STATEMENT

All figures in EUR '000	2017A	2018A	2019A	2020E	2021E	2022E
EBIT	23,129	7,789	18,964	6,334	14,719	28,029
Depreciation and amortisation	5,466	8,680	12,597	15,903	18,135	22,997
EBITDA	28,595	16,469	31,561	22,237	32,854	51,026
Changes in working capital	12,292	-49,523	17,440	15,587	1,228	-14,424
Other adjustments	-18,257	4,817	-13,594	-12,991	-15,713	-20,228
Operating cash flow	22,630	-28,237	35,407	24,833	18,370	16,374
Investments in PP&E	-70,015	-4,564	-77,966	-20,988	-87,645	-103,008
Investments in intangibles	0	0	0	0	0	0
Free cash flow	-47,385	-32,801	-42,560	3,844	-69,275	-86,634
Acquisitions & disposals, net	51,300	756	85	0	0	0
Other investments	-7,535	0	0	0	0	0
Cash flow from investing	-26,250	-3,808	-77,882	-20,988	-87,645	-103,008
Debt financing, net	59,106	-13,859	37,555	7,231	67,200	84,200
Equity financing, net	0	-5,803	5,669	0	0	0
Dividends paid	-9,187	-3,062	-2,975	-2,994	-3,064	-3,064
Other financing	0	-9,871	0	0	0	0
Cash flow from financing	49,919	-32,595	40,249	4,237	64,136	81,136
Forex and other changes in cash	-1	-274	-14,911	-4,546	1	0
Net cash flows	46,298	-64,913	-17,136	3,536	-5,138	-5,498
Cash, start of the year	147,686	193,984	129,071	111,935	115,471	110,403
Cash, end of the year	193,984	129,071	111,935	115,471	110,333	104,905
EBITDA/share (in €)	0.36	0.21	0.42	0.29	0.43	0.67
Operating cashflow/share (in €)	0.29	-0.36	0.47	0.32	0.24	0.21

Y-Y Growth

Operating cash flow	-64.9%	n.m.	n.m.	-29.9%	-26.0%	-10.9%
Free cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EBITDA/share	-74.0%	-42.4%	101.4%	-31.2%	47.7%	55.3%

Imprint / Disclaimer

First Berlin Equity Research

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

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

Anschrift:

First Berlin Equity Research GmbH
Mohrenstr. 34
10117 Berlin
Germany

Vertreten durch den Geschäftsführer: Martin Bailey

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

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

E-Mail: info@firstberlin.com

Amtsgericht Berlin Charlottenburg HR B 103329 B

UST-Id.: 251601797

Ggf. Inhaltlich Verantwortlicher gem. § 6 MDStV

First Berlin Equity Research GmbH

Authored by: Dr. Karsten von Blumenthal, Analyst

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

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

The production of this recommendation was completed on 14 May 2020 at 14:20

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

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

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

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

CONFLICTS OF INTEREST

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

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

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

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

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

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

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

PRICE TARGET DATES

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

AGREEMENT WITH THE ANALYSED COMPANY AND MAINTENANCE OF OBJECTIVITY

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

ASSET VALUATION SYSTEM

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

ASSET RECOMMENDATION

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

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

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

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

RISK ASSESSMENT

The First Berlin categories for risk assessment are low, average, high and speculative. They are determined by ten factors: Corporate governance, quality of earnings, management strength, balance sheet and financial risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, strength of brandname, market capitalisation and free float. These risk factors are incorporated into the First Berlin valuation models and are thus included in the target prices. First Berlin customers may request the models.

RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	31 March 2008	€2.38	Buy	€4.50
2...98	↓	↓	↓	↓
99	15 May 2019	€2.44	Buy	€3.60
100	9 August 2019	€3.02	Buy	€3.80
101	29 August 2019	€3.50	Add	€3.80
102	14 October 2019	€3.98	Add	€4.00
103	8 November 2019	€3.95	Add	€4.00
104	13 December 2019	€4.01	Add	€4.00
105	15 April 2020	€4.47	Add	€5.00
106	Today	€4.45	Add	€5.00

INVESTMENT HORIZON

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

UPDATES

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

SUBJECT TO CHANGE

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

Legally required information regarding

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

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

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

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

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

RELIABILITY OF ESTIMATES AND FORECASTS

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

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

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

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

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

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

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

NO ESTABLISHMENT OF CONTRACTUAL OBLIGATIONS

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

NO OBLIGATION TO UPDATE

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

DUPLICATION

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

SEVERABILITY

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

APPLICABLE LAW, PLACE OF JURISDICTION

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

NOTICE OF DISCLAIMER

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

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

QUALIFIED INSTITUTIONAL INVESTORS

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

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