

# PNE AG

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

Q1/21 figures

**RATING**  
**PRICE TARGET** **ADD**  
 Return Potential 5.0%  
 Risk Rating High

€ 7.70

## WEAK WIND CONDITIONS SPOIL GOOD Q1 PERFORMANCE

PNE has reported Q1 figures and held a conference call. Total output almost doubled y/y to €49m thanks to high construction activity. Weak wind conditions resulted in much lower Electricity Generation segment EBITDA. For this reason, group EBITDA was slightly below the prior year level (€6.3m vs. €6.4m in Q1/20, FBe: €6.9m). High depreciation led to EBIT falling 52% y/y to €1.1m (FBe: €1.35m). The net result came in at €1.1m (Q1/20: €0.3m, FBe: +1.3m) due to a much better financial result (positive income from swaps of €2.3m). Management confirmed 2021 EBITDA guidance of €24-32m. The weak wind conditions in Q1 overshadow good progress in own plant portfolio expansion (+17 MW to 152 MW), the excellent service segment development (segment EBIT: €0.9m versus €0.3m in Q1/20), and strong construction activity. We stick to our forecasts and reiterate our €7.70 price target and Add rating.

**Q1 figures roughly as expected** Group revenue increased 2% to €16.1m and was in line with our forecast. Total aggregate output almost doubled to €49.4m and reflects high construction activity (329 MW at the end of Q1). Group EBITDA was slightly below the prior year level (€6.3m vs. €6.4m in Q1/20, FBe: €6.9m). This owes chiefly to the weak Electricity Generation segment EBITDA (€5.1m versus €7.1m in Q1/20). Depreciation rose from €4.1m to €5.2m due to the expanded own plant portfolio. This led to EBIT of €1.1m (Q1/20: €2.3m, FBe: €1.35m). The net financial result improved significantly y/y and was €0 versus €-3.7m in Q1/20, as PNE recognised €2.3m in interest income from a positive swap valuation effect. The net result thus topped the previous year's figure by €0.9m and reached €1.1m (see figure 1 overleaf).

**Expansion of own plant portfolio burdens balance sheet** Financial debt including leasing liabilities increased from €372m at the end of 2020 to €391m. As the cash position fell from €112m to €94m, the net debt position rose from €261m to €296m. The higher financial debt mainly reflects the... (p.t.o.)

### FINANCIAL HISTORY & PROJECTIONS

|                    | 2017   | 2018   | 2019   | 2020   | 2021E  | 2022E  |
|--------------------|--------|--------|--------|--------|--------|--------|
| Revenue (€m)       | 114.08 | 91.38  | 132.80 | 109.69 | 152.14 | 168.29 |
| Y-o-y growth       | -54.1% | -19.9% | 45.3%  | -17.4% | 38.7%  | 10.6%  |
| EBIT (€m)          | 23.13  | 7.79   | 16.11  | 8.17   | 10.72  | 21.62  |
| EBIT margin        | 20.3%  | 8.5%   | 12.1%  | 7.4%   | 7.0%   | 12.8%  |
| Net income (€m)    | 17.08  | -1.04  | -0.77  | 1.62   | -3.43  | 3.40   |
| EPS (diluted) (€)  | 0.22   | -0.01  | -0.01  | 0.02   | -0.04  | 0.04   |
| DPS (€)            | 0.04   | 0.04   | 0.04   | 0.04   | 0.04   | 0.04   |
| FCF (€m)           | -47.39 | -32.80 | -42.56 | -83.03 | -71.76 | -68.16 |
| Net gearing        | -5.8%  | 14.6%  | 59.1%  | 125.5% | 168.7% | 204.0% |
| Liquid assets (€m) | 193.98 | 129.07 | 111.94 | 111.62 | 93.96  | 99.95  |

### 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 2020, the company had more than 5 GW international project pipeline, and a wind power plant portfolio of ca. 152 MW. PNE is based in Cuxhaven, Germany.

### MARKET DATA

As of 11 May 2021

|                         |               |
|-------------------------|---------------|
| Closing Price           | € 7.33        |
| Shares outstanding      | 76.60m        |
| Market Capitalisation   | € 561.50m     |
| 52-week Range           | € 4.30 / 8.89 |
| Avg. Volume (12 Months) | 92,979        |

| Multiples  | 2020  | 2021E | 2022E |
|------------|-------|-------|-------|
| P/E        | 345.3 | n.a.  | 164.8 |
| EV/Sales   | 3.9   | 2.8   | 2.5   |
| EV/EBIT    | 52.3  | 39.8  | 19.7  |
| Div. Yield | 0.5%  | 0.5%  | 0.5%  |

### STOCK OVERVIEW



### COMPANY DATA

As of 31 Mar 2021

|                      |           |
|----------------------|-----------|
| Liquid Assets        | € 94.13m  |
| Current Assets       | € 328.39m |
| Intangible Assets    | € 64.25m  |
| Total Assets         | € 671.98m |
| Current Liabilities  | € 92.23m  |
| Shareholders' Equity | € 201.36m |

### SHAREHOLDERS

|  |       |
|--|-------|
| Morgan Stanley Infrastructure Partners | 39.8% |
| Active Ownership Fund SCS              | 9.0%  |
| Samson                                 | 4.8%  |
| Other investors                        | 11.0% |
| Free Float                             | 35.4% |



...financing of the growing own plant portfolio. Property, plant and equipment was up €20m at €197m. Equity remained stable at €201m. As the balance sheet total was just 1% higher at €672m, the equity ratio also remained stable at 30%.

**Figure 1: Reported group figures versus forecasts**

| All figures in €m  | Q1-21A | Q1-21E | Delta  | Q1-20A | Delta  |
|--------------------|--------|--------|--------|--------|--------|
| Sales              | 16.11  | 16.65  | -3.2%  | 15.75  | 2.3%   |
| EBIT               | 1.10   | 1.35   | -18.7% | 2.30   | -52.3% |
| margin             | 6.8%   | 8.1%   |        | 14.6%  |        |
| Net income         | 1.09   | -1.33  | -      | 0.22   | 395.0% |
| margin             | 6.8%   | -8.0%  |        | 1.4%   |        |
| EPS (diluted) in € | 0.01   | -0.02  | -      | 0.00   | -      |

Source: First Berlin Equity Research, PNE AG

**Negative free cash flow due to high capital expenditure** Operating cash flow amounted to €2.1m. CapEx of €23.8m resulted in free cash flow of €-21.7m. Capital expenditure largely reflects the investment in the two wind farms (17 MW) added to the own plant portfolio. Cash flow from financing was €4m due to a net inflow from financial loans. Net cash flow amounted to €-17.6m.

**Very strong Services segment EBIT and low Electricity Generation segment EBIT**

The Service segment was the surprise package in Q1. External segment sales grew 16% to €3.5m and EBIT growth at +168% y/y to €0.9m significantly outpaced sales growth (see figure 2). The reasons for this strong development were the internationalisation of the service business (Sweden, Poland), additional PPA business, and the absence of pandemic-related negative effects.

**Figure 2: Reported segment figures versus forecasts**

| All figures in €m             | Q1-21A | Q1-21E | Delta  | Q1-20A | Delta  |
|-------------------------------|--------|--------|--------|--------|--------|
| <b>Project development</b>    |        |        |        |        |        |
| External sales                | 6.01   | 7.00   | -14.1% | 5.03   | 19.5%  |
| EBIT                          | 5.94   | 6.90   | -13.9% | 4.29   | 38.4%  |
| margin                        | 98.8%  | 98.6%  | -      | 85.3%  | -      |
| <b>Services</b>               |        |        |        |        |        |
| External sales                | 3.51   | 3.35   | 4.7%   | 3.03   | 15.8%  |
| EBIT                          | 0.89   | 0.45   | 186.3% | 0.33   | 167.7% |
| margin                        | 25.3%  | 13.4%  | -      | 10.9%  | -      |
| <b>Electricity generation</b> |        |        |        |        |        |
| External sales                | 6.59   | 6.30   | 4.7%   | 7.69   | -14.2% |
| EBIT                          | 1.23   | 0.90   | 36.9%  | 4.30   | -71.3% |
| margin                        | 18.7%  | 14.3%  |        | 56.0%  | -      |
| <b>Consolidation</b>          |        |        |        |        |        |
| External sales                | 0.00   | 0.00   | -      | 0.00   | -      |
| EBIT                          | -6.96  | -6.90  | -      | -6.62  | -      |
| margin                        | n.m.   | n.m.   | -      | n.m.   | -      |
| <b>Group</b>                  |        |        |        |        |        |
| Sales                         | 16.11  | 16.65  | -3.2%  | 15.75  | 2.3%   |
| EBIT                          | 1.10   | 1.35   | -18.7% | 2.30   | -52.3% |
| margin                        | 6.8%   | 8.1%   |        | 14.6%  |        |

Source: First Berlin Equity Research, PNE AG



The Electricity segment was roughly as weak as expected due to very weak wind conditions in Q1. External segment sales fell 14% to €6.6m. EBITDA retreated y/y from €7.1m to €5.1m, and EBIT was down €3.1m to €1.2m.

**Project development segment activity already high in Q1** In Germany, Sweden and Poland, wind farms with a total nominal output of 329 MW were under construction as of 31 March, 2021. For projects already sold (173 MW), PNE is active as a service provider for the buyers. The German wind farms “Langstedt” (12.6 MW, of which 4.2 MW on behalf of the landowners, the remainder for the own plant portfolio), “Lentförden” (8.4 MW, for own plant portfolio) and the sold project “Erfurt-Ost” (5.5 MW) were completed and put into operation. Furthermore, PNE sold the Swedish “Hultema” wind farm with a planned nominal capacity of 59 MW to the Swiss infrastructure fund Reichmuth Infrastruktur II KmGK. Construction started in February 2021 and is managed by PNE as a service provider on behalf of the buyer. Commissioning is planned for mid-2023. After commissioning, PNE subsidiary energy consult GmbH will be responsible for technical and commercial management.

**Own plant portfolio further expanded** In Q1/21, two wind farms with a total capacity of 16.8 MW were added. At the end of Q1, the own wind farm portfolio thus amounted to almost 152 MW (see figure 3). Further wind farms with a total capacity of 98 MW, which are intended for PNE's own portfolio, were under construction at the end of Q1/21. Given higher visibility (lawsuit deadline passed), management now expects to reach a portfolio capacity of at least 230 MW at the end of the year (previously: ca. 218 MW). We welcome this development, but will wait for the Q2 report before adjusting our model. PNE plans to expand the portfolio to up to 500 MW by the end of 2023.

**Figure 3: Own wind farm portfolio**

| Wind farm          | MW           | Location           | In operation since |
|--------------------|--------------|--------------------|--------------------|
| Langstedt          | 8.4          | Schleswig-Holstein | Q1/2021            |
| Lentförden         | 8.4          | Schleswig-Holstein | Q1/2021            |
| Kleinbüllesheim    | 4.7          | NRW                | Q4/2020            |
| Neuenwalde         | 7.2          | Lower Saxony       | Q4/2019            |
| Kittlitz III       | 17.2         | Brandenburg        | Q4/2019            |
| Schlenzer          | 6.5          | Brandenburg        | Q2/2019            |
| Gerdau-Repowering  | 21.6         | Lower Saxony       | Q1/2019            |
| Kührstedt-Alfstedt | 43.2         | Lower Saxony       | Q4/2017            |
| Erfeld             | 2.6          | Baden-Württemberg  | 2002               |
| Laubuseschbach     | 3.0          | Hesse              | 2002               |
| Papenrode          | 22.3         | Lower Saxony       | 2002               |
| Pülfringen         | 6.5          | Baden-Württemberg  | 2002               |
| <b>Sum</b>         | <b>151.6</b> |                    |                    |

Source: First Berlin Equity Research, PNE AG

**No German tender awards in Q1** PNE did not participate in the German wind tender (volume: 1,500 MW) in February or the PV tender (617 MW) in March. But the company received permits for further German wind farms with a nominal output of 30.4 MW in the first quarter, and management announced in the conference call that PNE will participate in the second German onshore wind tender in May (1,243 MW).

**Onshore wind and PV pipelines expanded** The onshore wind pipeline was expanded to 5,588 MW from 5,405 MW at the end of 2020 (main additions: Germany: +63 MW, Poland: +56 MW, South Africa: +120 MW). The PV pipeline was expanded to 674 MWp from 548 MWp due mainly to new projects in Canada (10 MWp), Poland (55 MWp), France (25 MWp) and additional projects in Germany (+36 MWp). PNE increased the number of countries where it is active in PV from 4 to 7.



**German regulation improved** The German government decided to increase the onshore wind tender volume in 2022 from 2.9 GW to 4.0 GW. As approval procedures are also improving, the German market is set to a strong recovery in 2022/23.

**Forecasts remain unchanged** Given that PNE largely met our Q1 forecasts, we stick to our 2021 estimates. We will revisit our segment forecasts following the Q2 results (due 11 August).

**Add reiterated at unchanged price target** An updated sum-of-the-parts valuation still yields a €7.70 price target. We confirm our Add recommendation.

## VALUATION MODEL

### SUM-OF-THE-PARTS VALUATION

We use a sum-of-the-parts (SotP) analysis to model PNE's fair value. Each of the three segments Project Development, Electricity Generation, and Services is valued individually using a discounted cash flow (DCF) model.

In the segment report, PNE offers a rough profit & loss account containing sales, total aggregate output, EBITDA, and EBIT. A few key balance sheet data such as segment assets, liabilities and equity are also given along with segment investments. Since Q2/20, PNE has provided segment cash positions, financial debt, and lease liabilities.

#### Sum-of-the-parts Valuation

| SotP valuation          | Fair value<br>in €m | Fair value<br>per share in € | FVPS in €<br>old | Delta     |
|-------------------------|---------------------|------------------------------|------------------|-----------|
| Project Development     | 320.12              | 4.18                         | 4.16             | 0%        |
| Electricity Generation  | 179.29              | 2.34                         | 2.31             | 1%        |
| Services                | 93.58               | 1.22                         | 1.21             | 1%        |
| <b>Sum of the parts</b> | <b>592.99</b>       | <b>7.74</b>                  | <b>7.68</b>      | <b>1%</b> |
| <b>Price target</b>     |                     | <b>7.70</b>                  | <b>7.70</b>      | <b>0%</b> |



## 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 incur 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            | 2021E        | 2022E         | 2023E         | 2024E          | 2025E         | 2026E         | 2027E         | 2028E         |
|------------------------------------|--------------|---------------|---------------|----------------|---------------|---------------|---------------|---------------|
| Net sales                          | 101,200      | 103,200       | 130,000       | 227,600        | 266,085       | 306,965       | 349,382       | 392,261       |
| <b>NOPLAT</b>                      | <b>-675</b>  | <b>5,009</b>  | <b>9,906</b>  | <b>9,977</b>   | <b>19,355</b> | <b>22,150</b> | <b>25,140</b> | <b>28,323</b> |
| + depreciation & amortisation      | 2,179        | 2,147         | 2,169         | 1,960          | 1,998         | 2,077         | 2,196         | 2,352         |
| Net operating cash flow            | 1,504        | 7,156         | 12,075        | 11,937         | 21,352        | 24,228        | 27,337        | 30,676        |
| - total investments (CAPEX and WC) | 4,686        | 4,330         | -13,470       | -35,265        | -25,170       | -34,142       | -34,607       | -34,109       |
| Capital expenditures               | -1,923       | -1,651        | -1,820        | -2,276         | -2,661        | -3,070        | -3,494        | -3,923        |
| Working capital                    | 6,609        | 5,982         | -11,650       | -32,989        | -22,509       | -31,072       | -31,113       | -30,187       |
| Free cash flows (FCF)              | 6,190        | 11,486        | -1,395        | -23,328        | -3,818        | -9,914        | -7,270        | -3,434        |
| <b>PV of FCF's</b>                 | <b>5,894</b> | <b>10,132</b> | <b>-1,140</b> | <b>-17,652</b> | <b>-2,676</b> | <b>-6,437</b> | <b>-4,372</b> | <b>-1,913</b> |

| All figures in thousands                    |             |
|---|-------------|
| PV of FCFs in explicit period (2021E-2034E) | 27,474      |
| PV of FCFs in terminal period               | 280,155     |
| Enterprise value (EV)                       | 307,629     |
| + Net cash / - net debt                     | 13,211      |
| + Investments / minority interests          | -717        |
| Shareholder value                           | 320,123     |
| Number of shares (diluted)                  | 76,603      |
| <b>Fair value per share in EUR</b>          | <b>4.18</b> |

| WACC                               |             | Terminal growth rate |       |       |       |             |       |         |        |
|------------------------------------|-------------|----------------------|-------|-------|-------|-------------|-------|---------|--------|
|                                    |             | 1.5%                 | 2.0%  | 2.5%  | 3.0%  | 3.5%        | 4.0%  | 4.5%    |        |
| Cost of equity                     | 11.6%       | 4.0%                 | 13.87 | 16.92 | 22.05 | 32.56       | 66.17 | -647.09 | -51.62 |
| Pre-tax cost of debt               | 5.0%        | 5.0%                 | 8.87  | 10.07 | 11.77 | 14.33       | 18.65 | 27.50   | 55.80  |
| Tax rate                           | 30.0%       | 6.0%                 | 6.20  | 6.79  | 7.55  | 8.56        | 9.99  | 12.15   | 15.78  |
| After-tax cost of debt             | 3.5%        | 7.0%                 | 4.57  | 4.89  | 5.28  | 5.78        | 6.42  | 7.27    | 8.47   |
| Share of equity capital            | 55.0%       | 8.0%                 | 3.49  | 3.68  | 3.91  | <b>4.18</b> | 4.51  | 4.93    | 5.46   |
| Share of debt capital              | 45.0%       | 9.0%                 | 2.74  | 2.86  | 3.00  | 3.16        | 3.35  | 3.57    | 3.85   |
|                                    |             | 10.0%                | 2.20  | 2.28  | 2.36  | 2.46        | 2.58  | 2.71    | 2.87   |
| <b>Fair value per share in EUR</b> | <b>4.18</b> | 11.0%                | 1.80  | 1.80  | 1.80  | 1.80        | 1.80  | 1.80    | 1.80   |

\* for layout purposes the model shows numbers only to 2028, but runs until 2034



## ELECTRICITY GENERATION

The Electricity Generation segment includes power production from green power plants. At YE 2020, the portfolio combined ten own wind farms with a total capacity of 134.8 MW, and the Silbitz biomass power plant with a capacity of 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 2020, the book value of the green power plant portfolio amounted to €144.7m. 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 | 134.8 | 218.2 | 308.2 | 418.2 |
| Additional capacity (MW)             | 74.8  | 4.7   | 83.4  | 90.0  | 110.0 | 86.5  |
| Wind power capacity (MW), year end   | 130.1 | 134.8 | 218.2 | 308.2 | 418.2 | 504.7 |

### DCF model for Electricity Generation segment

| All figures in EUR '000            | 2021E    | 2022E    | 2023E    | 2024E   | 2025E   | 2026E   | 2027E   | 2028E   |
|------------------------------------|----------|----------|----------|---------|---------|---------|---------|---------|
| Net sales                          | 28,498   | 40,434   | 61,008   | 77,551  | 95,383  | 95,383  | 95,383  | 95,383  |
| NOPLAT                             | 8,185    | 13,192   | 22,515   | 28,173  | 37,903  | 37,392  | 36,935  | 36,487  |
| + depreciation & amortisation      | 15,917   | 21,055   | 27,613   | 33,370  | 33,190  | 33,011  | 32,831  | 32,652  |
| Net operating cash flow            | 24,102   | 34,247   | 50,128   | 61,542  | 71,093  | 70,403  | 69,766  | 69,139  |
| - total investments (CAPEX and WC) | -101,460 | -101,097 | -119,446 | -37,025 | -37,315 | -33,605 | -33,425 | -33,246 |
| Capital expenditures               | -100,080 | -99,000  | -115,500 | -33,370 | -33,190 | -33,011 | -32,831 | -32,652 |
| Working capital                    | -1,380   | -2,097   | -3,946   | -3,656  | -4,125  | -594    | -594    | -594    |
| Free cash flows (FCF)              | -77,357  | -66,850  | -69,318  | 24,517  | 33,778  | 36,799  | 36,341  | 35,893  |
| PV of FCF's                        | -75,386  | -62,568  | -62,311  | 21,164  | 28,005  | 29,302  | 27,793  | 26,361  |

| All figures in thousands                    |          |
|---|----------|
| PV of FCFs in explicit period (2021E-2034E) | 59,406   |
| PV of FCFs in terminal period               | 378,764  |
| Enterprise value (EV)                       | 438,170  |
| + Net cash / - net debt                     | -258,877 |
| + Investments / minority interests          | 0        |
| Shareholder value                           | 179,293  |
| Number of shares (diluted)                  | 76,603   |
| Fair value per share in EUR                 | 2.34     |

| WACC                        | 4.1%  | Terminal growth rate |       |       |      |      |      |      |      |
|-----------------------------|-------|----------------------|-------|-------|------|------|------|------|------|
|                             |       | -0.6%                | -0.4% | -0.2% | 0.0% | 0.2% | 0.4% | 0.6% |      |
| Cost of equity              | 6.6%  | 3.4%                 | 3.21  | 3.52  | 3.86 | 4.25 | 4.68 | 5.18 | 5.74 |
| Pre-tax cost of debt        | 5.0%  | 3.6%                 | 2.64  | 2.90  | 3.20 | 3.52 | 3.89 | 4.30 | 4.76 |
| Tax rate                    | 30.0% | 3.9%                 | 2.14  | 2.36  | 2.62 | 2.89 | 3.20 | 3.55 | 3.93 |
| After-tax cost of debt      | 3.5%  | 4.1%                 | 1.69  | 1.88  | 2.10 | 2.34 | 2.60 | 2.89 | 3.22 |
| Share of equity capital     | 20.0% | 4.4%                 | 1.28  | 1.46  | 1.64 | 1.85 | 2.08 | 2.33 | 2.60 |
| Share of debt capital       | 80.0% | 4.6%                 | 0.92  | 1.07  | 1.24 | 1.41 | 1.61 | 1.82 | 2.06 |
| Fair value per share in EUR | 2.34  | 4.9%                 | 0.59  | 0.72  | 0.87 | 1.02 | 1.19 | 1.38 | 1.58 |

\* for layout purposes the model shows numbers only to 2028, 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.

### DCF model for Services segment

| DCF valuation model                |        |        |        |        |        |        |        |        |
|------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| All figures in EUR '000            | 2021E  | 2022E  | 2023E  | 2024E  | 2025E  | 2026E  | 2027E  | 2028E  |
| Sales (external and inter-segment) | 21,440 | 24,656 | 27,614 | 30,677 | 33,800 | 36,935 | 40,024 | 43,007 |
| NOPLAT                             | 2,076  | 2,454  | 2,540  | 3,747  | 4,443  | 5,138  | 5,829  | 6,508  |
| + depreciation & amortisation      | 3,259  | 3,343  | 3,367  | 3,161  | 3,282  | 3,433  | 3,605  | 3,787  |
| Net operating cash flow            | 5,335  | 5,798  | 5,907  | 6,908  | 7,725  | 8,571  | 9,433  | 10,296 |
| - total investments (CAPEX and WC) | -4,400 | -3,581 | -3,957 | -3,859 | -4,133 | -4,386 | -4,611 | -4,803 |
| Capital expenditures               | -4,288 | -3,452 | -3,866 | -3,765 | -4,038 | -4,291 | -4,519 | -4,715 |
| Working capital                    | -112   | -129   | -91    | -95    | -95    | -95    | -92    | -88    |
| Free cash flows (FCF)              | 934    | 2,217  | 1,950  | 3,049  | 3,592  | 4,185  | 4,822  | 5,493  |
| PV of FCF's                        | 891    | 1,962  | 1,602  | 2,324  | 2,542  | 2,749  | 2,940  | 3,108  |

| All figures in thousands                    |        |
|---|--------|
| PV of FCFs in explicit period (2021E-2034E) | 38,543 |
| PV of FCFs in terminal period               | 61,134 |
| Enterprise value (EV)                       | 99,677 |
| + Net cash / - net debt                     | -6,100 |
| + Investments / minority interests          | 0      |
| Shareholder value                           | 93,577 |
| Number of shares (diluted)                  | 76,603 |
| Fair value per share in EUR                 | 1.22   |

| WACC                        |       | Terminal growth rate |      |      |      |      |      |       |       |
|-----------------------------|-------|----------------------|------|------|------|------|------|-------|-------|
|                             |       | 0.5%                 | 1.0% | 1.5% | 2.0% | 2.5% | 3.0% | 3.5%  |       |
| Cost of equity              | 9.1%  | 3.7%                 | 3.01 | 3.44 | 4.06 | 5.03 | 6.80 | 10.98 | 32.94 |
| Pre-tax cost of debt        | 5.0%  | 4.7%                 | 2.16 | 2.37 | 2.64 | 3.02 | 3.56 | 4.41  | 5.95  |
| Tax rate                    | 9.0%  | 5.7%                 | 1.65 | 1.76 | 1.91 | 2.09 | 2.33 | 2.66  | 3.13  |
| After-tax cost of debt      | 4.6%  | 6.7%                 | 1.31 | 1.38 | 1.46 | 1.56 | 1.69 | 1.85  | 2.06  |
| Share of equity capital     | 70.0% | 7.7%                 | 1.06 | 1.11 | 1.16 | 1.22 | 1.30 | 1.38  | 1.49  |
| Share of debt capital       | 30.0% | 8.7%                 | 0.88 | 0.91 | 0.95 | 0.99 | 1.03 | 1.09  | 1.15  |
|                             |       | 9.7%                 | 0.74 | 0.76 | 0.79 | 0.81 | 0.84 | 0.88  | 0.92  |
| Fair value per share in EUR | 1.22  | 10.7%                | 0.63 | 0.65 | 0.67 | 0.68 | 0.71 | 0.73  | 0.76  |

\* for layout purposes the model shows numbers only to 2028, but runs until 2034



## INCOME STATEMENT

| All figures in EUR '000                          | 2017A          | 2018A          | 2019A          | 2020A          | 2021E          | 2022E          | 2023E          |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Revenues</b>                                  | <b>114,076</b> | <b>91,379</b>  | <b>132,796</b> | <b>109,689</b> | <b>152,137</b> | <b>168,289</b> | <b>218,623</b> |
| Change in inventories                            | 63,331         | 15,056         | 33,723         | 38,204         | 6,000          | 3,000          | 3,000          |
| Own work   | 0              | 0              | 0              | 0              | 139,278        | 113,560        | 146,960        |
| Other operating income                           | 9,483          | 5,348          | 4,659          | 3,819          | 5,610          | 6,193          | 7,066          |
| <b>Total aggregate output</b>                    | <b>186,890</b> | <b>111,782</b> | <b>171,179</b> | <b>151,711</b> | <b>303,025</b> | <b>291,043</b> | <b>375,648</b> |
| Cost of goods sold                               | -108,381       | -36,696        | -92,961        | -72,729        | -210,594       | -175,473       | -227,982       |
| <b>Gross profit (total aggr. output ./ COGS)</b> | <b>5,695</b>   | <b>54,683</b>  | <b>78,218</b>  | <b>78,982</b>  | <b>92,431</b>  | <b>115,570</b> | <b>147,666</b> |
| Personnel costs                                  | -25,789        | -27,780        | -30,600        | -35,054        | -37,966        | -40,521        | -42,871        |
| Other operating expenses                         | -24,125        | -30,837        | -18,911        | -17,580        | -22,392        | -26,881        | -34,896        |
| <b>EBITDA</b>                                    | <b>28,595</b>  | <b>16,469</b>  | <b>28,707</b>  | <b>26,348</b>  | <b>32,073</b>  | <b>48,168</b>  | <b>69,899</b>  |
| Depreciation and amortisation                    | -5,466         | -8,680         | -12,597        | -18,177        | -21,355        | -26,546        | -33,148        |
| <b>Operating income (EBIT)</b>                   | <b>23,129</b>  | <b>7,789</b>   | <b>16,110</b>  | <b>8,170</b>   | <b>10,719</b>  | <b>21,622</b>  | <b>36,750</b>  |
| Interest Expense                                 | -10,709        | -10,593        | -10,890        | -11,182        | -14,821        | -18,735        | -23,959        |
| Interest Income                                  | 619            | 787            | 582            | 251            | 91             | 91             | 91             |
| Other financial income / expenses                | 1,022          | 15             | 32             | 52             | 0              | 0              | 0              |
| <b>Pre-tax income (EBT)</b>                      | <b>14,061</b>  | <b>-2,002</b>  | <b>5,835</b>   | <b>-2,708</b>  | <b>-4,012</b>  | <b>2,978</b>   | <b>12,882</b>  |
| Income taxes                                     | 174            | -403           | -5,946         | 3,611          | -133           | -300           | -1,790         |
| Minority interests                               | 2,840          | 1,361          | -655           | 717            | 717            | 717            | 717            |
| <b>Net income / loss</b>                         | <b>17,075</b>  | <b>-1,044</b>  | <b>-765</b>    | <b>1,621</b>   | <b>-3,427</b>  | <b>3,396</b>   | <b>11,810</b>  |
| <b>Diluted EPS (in €)</b>                        | <b>0.22</b>    | <b>-0.01</b>   | <b>-0.01</b>   | <b>0.02</b>    | <b>-0.04</b>   | <b>0.04</b>    | <b>0.15</b>    |

### Ratios

|  |       |        |        |        |       |       |       |
|--|-------|--------|--------|--------|-------|-------|-------|
| Gross margin (gross profit/total aggr. output) | 5.0%  | 59.8%  | 58.9%  | 72.0%  | 60.8% | 68.7% | 67.5% |
| EBITDA margin on revenues                      | 25.1% | 18.0%  | 21.6%  | 24.0%  | 21.1% | 28.6% | 32.0% |
| EBIT margin on revenues                        | 20.3% | 8.5%   | 12.1%  | 7.4%   | 7.0%  | 12.8% | 16.8% |
| Net margin on revenues                         | 15.0% | -1.1%  | -0.6%  | 1.5%   | -2.3% | 2.0%  | 5.4%  |
| Tax rate                                       | -1.2% | -20.1% | 101.9% | 133.4% | -3.3% | 10.1% | 13.9% |

### Expenses as % of revenues

|                               |       |       |       |       |       |       |       |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|
| Personnel costs               | 22.6% | 30.4% | 23.0% | 32.0% | 25.0% | 24.1% | 19.6% |
| Depreciation and amortisation | 4.8%  | 9.5%  | 9.5%  | 16.6% | 14.0% | 15.8% | 15.2% |
| Other operating expenses      | 21.1% | 33.7% | 14.2% | 16.0% | 14.7% | 16.0% | 16.0% |

### Y-Y Growth

|                  |        |        |        |        |       |        |        |
|------------------|--------|--------|--------|--------|-------|--------|--------|
| Revenues         | -54.1% | -19.9% | 45.3%  | -17.4% | 38.7% | 10.6%  | 29.9%  |
| Operating income | -76.2% | -66.3% | 106.8% | -49.3% | 31.2% | 101.7% | 70.0%  |
| Net income/ loss | -75.2% | n.m.   | n.m.   | n.m.   | n.m.  | n.m.   | 247.8% |





## BALANCE SHEET

| All figures in EUR '000                   | 2017A          | 2018A          | 2019A          | 2020A          | 2021E          | 2022E          | 2023E          |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Assets</b>                             |                |                |                |                |                |                |                |
| <b>Current assets, total</b>              | <b>308,379</b> | <b>272,882</b> | <b>250,445</b> | <b>346,594</b> | <b>325,082</b> | <b>327,938</b> | <b>348,926</b> |
| Cash and cash equivalents                 | 193,984        | 129,071        | 111,935        | 111,617        | 93,963         | 99,948         | 96,663         |
| Short-term investments                    | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| Receivables                               | 5,119          | 6,355          | 34,251         | 40,171         | 42,876         | 51,516         | 66,638         |
| Inventories                               | 86,361         | 117,343        | 84,807         | 174,003        | 167,441        | 155,671        | 164,822        |
| Other current assets                      | 22,915         | 20,113         | 19,452         | 20,803         | 20,803         | 20,803         | 20,803         |
| <b>Non-current assets, total</b>          | <b>184,905</b> | <b>179,724</b> | <b>299,571</b> | <b>317,215</b> | <b>402,151</b> | <b>479,708</b> | <b>567,746</b> |
| Property, plant & equipment               | 103,872        | 96,130         | 174,081        | 176,341        | 261,277        | 338,834        | 426,872        |
| Goodwill & other intangibles              | 66,825         | 65,053         | 64,719         | 64,330         | 64,330         | 64,330         | 64,330         |
| Rights-of-use assets                      | 0              | 0              | 39,376         | 39,125         | 39,125         | 39,125         | 39,125         |
| Other assets                              | 14,208         | 18,541         | 60,771         | 76,544         | 76,544         | 76,544         | 76,544         |
| <b>Total assets</b>                       | <b>493,285</b> | <b>452,606</b> | <b>550,016</b> | <b>663,809</b> | <b>727,233</b> | <b>807,647</b> | <b>916,671</b> |
| <b>Shareholders' equity &amp; debt</b>    |                |                |                |                |                |                |                |
| <b>Current liabilities, total</b>         | <b>179,150</b> | <b>94,344</b>  | <b>113,636</b> | <b>108,209</b> | <b>109,445</b> | <b>111,034</b> | <b>119,620</b> |
| Short-term financial debt                 | 107,109        | 26,131         | 11,705         | 24,223         | 12,000         | 10,000         | 10,000         |
| Liabilities from leases (ST)              | 0              | 0              | 3,057          | 4,626          | 4,626          | 4,626          | 4,626          |
| Accounts payable                          | 25,295         | 14,945         | 35,276         | 31,364         | 32,605         | 33,231         | 41,817         |
| Current provisions                        | 4,858          | 8,134          | 8,381          | 4,617          | 4,617          | 4,617          | 4,617          |
| Other current liabilities                 | 41,888         | 45,134         | 58,275         | 48,005         | 60,223         | 63,186         | 63,186         |
| <b>Long-term liabilities, total</b>       | <b>78,915</b>  | <b>141,988</b> | <b>231,260</b> | <b>355,038</b> | <b>425,934</b> | <b>505,134</b> | <b>597,534</b> |
| Long-term financial debt                  | 72,751         | 136,656        | 188,953        | 272,887        | 343,783        | 422,983        | 515,383        |
| Liabilities from leases (LT)              | 0              | 0              | 37,207         | 70,388         | 70,388         | 70,388         | 70,388         |
| Other liabilities                         | 6,163          | 5,332          | 5,100          | 11,763         | 11,763         | 11,763         | 11,763         |
| <b>Minority interests</b>                 | <b>-7,679</b>  | <b>-13,938</b> | <b>-13,283</b> | <b>-7,070</b>  | <b>-7,787</b>  | <b>-8,505</b>  | <b>-9,222</b>  |
| <b>Shareholders' equity</b>               | <b>242,899</b> | <b>230,212</b> | <b>218,402</b> | <b>207,633</b> | <b>199,642</b> | <b>199,984</b> | <b>208,740</b> |
| Share capital                             | 76,556         | 76,558         | 76,603         | 76,603         | 76,603         | 76,603         | 76,603         |
| Capital reserve                           | 82,288         | 82,292         | 82,953         | 82,953         | 82,953         | 82,953         | 82,953         |
| Other reserves                            | -908           | -385           | -819           | -2,692         | -2,692         | -2,692         | -2,692         |
| Treasury stock                            | 0              | -5,803         | -707           | -707           | -707           | -707           | -707           |
| Retained earnings                         | 84,962         | 77,550         | 60,372         | 51,476         | 44,996         | 45,338         | 54,095         |
| <b>Total consolidated equity and debt</b> | <b>493,285</b> | <b>452,606</b> | <b>550,016</b> | <b>663,809</b> | <b>727,233</b> | <b>807,647</b> | <b>916,671</b> |
| <b>Ratios</b>                             |                |                |                |                |                |                |                |
| Current ratio (x)                         | 1.72           | 2.89           | 2.20           | 3.20           | 2.97           | 2.95           | 2.92           |
| Quick ratio (x)                           | 1.24           | 1.65           | 1.46           | 1.59           | 1.44           | 1.55           | 1.54           |
| Net cash                                  | 14,124         | -33,716        | -128,987       | -260,507       | -336,834       | -408,049       | -503,734       |
| Net gearing                               | -5.8%          | 14.6%          | 59.1%          | 125.5%         | 168.7%         | 204.0%         | 241.3%         |
| Book value per share (€)                  | 2.99           | 2.83           | 2.74           | 2.63           | 2.51           | 2.51           | 2.61           |
| Tangible book value per share (€)         | 2.18           | 2.00           | 1.89           | 1.80           | 1.68           | 1.68           | 1.78           |
| Equity ratio (incl. minorities)           | 47.7%          | 47.8%          | 37.3%          | 30.2%          | 26.4%          | 23.7%          | 21.8%          |
| Return on equity (ROE)                    | 7.0%           | -0.5%          | -0.4%          | 0.8%           | -1.7%          | 1.7%           | 5.7%           |
| Return on assets (ROA)                    | 5.6%           | 2.1%           | 1.8%           | 1.9%           | 1.6%           | 2.7%           | 3.9%           |
| Return on investment (ROI)                | 3.5%           | -0.2%          | -0.1%          | 0.2%           | -0.5%          | 0.4%           | 1.3%           |
| Return on capital employed (ROCE)         | 10.5%          | 3.2%           | 5.4%           | 2.0%           | 2.1%           | 3.8%           | 5.6%           |



## CASH FLOW STATEMENT

| All figures in EUR '000                | 2017A          | 2018A          | 2019A          | 2020A          | 2021E           | 2022E           | 2023E           |
|--|----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|
| <b>EBIT</b>                            | <b>23,129</b>  | <b>7,789</b>   | <b>16,110</b>  | <b>8,170</b>   | <b>10,719</b>   | <b>21,622</b>   | <b>36,750</b>   |
| Depreciation and amortisation          | 5,466          | 8,680          | 12,597         | 18,177         | 21,355          | 26,546          | 33,148          |
| <b>EBITDA</b>                          | <b>28,595</b>  | <b>16,469</b>  | <b>28,707</b>  | <b>26,348</b>  | <b>32,073</b>   | <b>48,168</b>   | <b>69,899</b>   |
| Changes in working capital             | 12,292         | -49,523        | 19,031         | -75,310        | 17,317          | 6,718           | -15,687         |
| Other adjustments                      | -18,257        | 4,817          | -12,331        | -19,538        | -14,863         | -18,944         | -25,658         |
| <b>Operating cash flow</b>             | <b>22,630</b>  | <b>-28,237</b> | <b>35,407</b>  | <b>-68,500</b> | <b>34,527</b>   | <b>35,942</b>   | <b>28,554</b>   |
| Investments in PP&E                    | -70,015        | -4,564         | -77,966        | -14,450        | -106,291        | -104,103        | -121,186        |
| Investments in intangibles             | 0              | 0              | 0              | -81            | 0               | 0               | 0               |
| <b>Free cash flow</b>                  | <b>-47,385</b> | <b>-32,801</b> | <b>-42,559</b> | <b>-83,031</b> | <b>-71,763</b>  | <b>-68,161</b>  | <b>-92,632</b>  |
| Acquisitions & disposals, net          | 51,300         | 756            | 85             | 104            | 0               | 0               | 0               |
| Other investments                      | -7,535         | 0              | 0              | 0              | 0               | 0               | 0               |
| <b>Cash flow from investing</b>        | <b>-26,250</b> | <b>-3,808</b>  | <b>-77,882</b> | <b>-14,427</b> | <b>-106,291</b> | <b>-104,103</b> | <b>-121,186</b> |
| Debt financing, net                    | 59,106         | -13,859        | 37,555         | 86,483         | 65,777          | 77,200          | 92,400          |
| Equity financing, net                  | 0              | -5,803         | 5,669          | 0              | 0               | 0               | 0               |
| Dividends paid                         | -9,187         | -3,062         | -2,975         | -3,053         | -3,053          | -3,053          | -3,053          |
| Other financing                        | 0              | -9,871         | 0              | -573           | 0               | 0               | 0               |
| <b>Cash flow from financing</b>        | <b>49,919</b>  | <b>-32,595</b> | <b>40,249</b>  | <b>82,857</b>  | <b>62,724</b>   | <b>74,147</b>   | <b>89,347</b>   |
| Forex and other changes in cash        | -1             | -274           | -14,911        | -248           | 0               | 0               | 0               |
| <b>Net cash flows</b>                  | <b>46,298</b>  | <b>-64,913</b> | <b>-17,135</b> | <b>-318</b>    | <b>-9,040</b>   | <b>5,986</b>    | <b>-3,285</b>   |
| Cash, start of the year                | 147,686        | 193,984        | 129,071        | 111,935        | 111,617         | 93,963          | 99,948          |
| <b>Cash, end of the year</b>           | <b>193,984</b> | <b>129,071</b> | <b>111,936</b> | <b>111,617</b> | <b>102,577</b>  | <b>99,948</b>   | <b>96,663</b>   |
| <b>EBITDA/share (in €)</b>             | <b>0.36</b>    | <b>0.21</b>    | <b>0.38</b>    | <b>0.35</b>    | <b>0.42</b>     | <b>0.63</b>     | <b>0.92</b>     |
| <b>Operating cashflow/share (in €)</b> | <b>0.29</b>    | <b>-0.36</b>   | <b>0.47</b>    | <b>-0.90</b>   | <b>0.45</b>     | <b>0.47</b>     | <b>0.37</b>     |
| <b>Y-Y Growth</b>                      |                |                |                |                |                 |                 |                 |
| Operating cash flow                    | -64.9%         | n.m.           | n.m.           | n.m.           | n.m.            | 4.1%            | -20.6%          |
| Free cash flow                         | n.m.           | n.m.           | n.m.           | n.m.           | n.m.            | n.m.            | n.m.            |
| EBITDA/share                           | -74.0%         | -42.4%         | 83.1%          | -10.0%         | 21.7%           | 50.2%           | 45.1%           |

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**PRICE TARGET DATES**

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**AGREEMENT WITH THE ANALYSED COMPANY AND MAINTENANCE OF OBJECTIVITY**

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**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 <sup>1</sup>              | 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%      |

<sup>1</sup> 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...102        | ↓                   | ↓                          | ↓              | ↓            |
| 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            | 14 May 2020         | €4.45                      | Add            | €5.00        |
| 107            | 13 August 2020      | €5.27                      | Reduce         | €5.10        |
| 108            | 13 November 2020    | €7.09                      | Add            | €7.20        |
| 109            | 19 February 2021    | €7.66                      | Add            | €8.00        |
| 110            | 14 April 2021       | €7.27                      | Add            | €7.70        |
| 111            | Today               | €7.33                      | Add            | €7.70        |

**INVESTMENT HORIZON**

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

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#### Legally required information regarding

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

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

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