

Recommendation:  
**BUY** (BUY)

Risk:  
**HIGH** (HIGH)

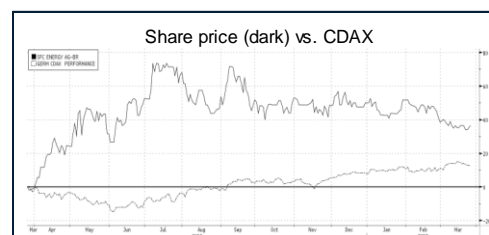
Price Target:  
**EUR 7.50** (7.50)

26 March 2013

## FY 2012 figures confirmed

### Industry segment will be the main growth driver

- FY 2012 figures:** This morning, SFC Energy AG issued the annual report 2012. The final FY 2012 figures exactly match the preliminary figures which were discussed in our update from 29 January 2013. A detailed overview of the 4Q and FY figures is given on page 2 of this document.
- Guidance:** The guidance for FY 2013 (revenue growth of around 10% and an associated further improvement of the earnings figures) was confirmed once again. Additionally, the management now targets to break-even on an underlying EBIT basis in FY 2013.
- CBSR estimates not raised for the time being:** While this backs up our estimates, we nevertheless remain a bit cautious and maintain our slightly lower sales growth assumption for 2013E for the time being. This is due to our impression that uncertainty in the Consumer segment as well as in the Defense sector is still rather high at this point in time. In the Consumer segment, the management currently expects sales to remain flat in 2013, but we do not rule out that demand for RV/Cabins and sailing boats might still come down a bit more in some countries. Regarding the Defense sector, national budget allocations still have to be awaited, and there are no large-scale Defense projects scheduled for at the moment. The management currently expects this segment's sales to drop by 15% to 20% in 2013E.
- Oil and gas sector provides opportunities in the Industry segment:** The Industry segment, especially the oil and gas sector, are expected to be the main growth driver of the group. Significant growth is expected to be achieved through regional business expansion, strategic partnerships regarding sales and product integration, and a greater focus on complete solutions/systems. Even though the oil and gas sector has rather high barriers to entry for new and small players, SFC Energy appears to be well positioned to expand its foothold in this sector and generate significant business potential. In our view, this might also be achieved by an acquisition.
- Recommendation:** We leave our price target for SFC Energy unchanged at EUR 7.50 and maintain our BUY recommendation.



Source: CBS Research AG, Bloomberg, SFC Energy AG

Change	2013E		2014E		2015E	
	new	old	new	old	new	old
Sales	-	33.3	-	38.1	42.5	-
EBITDA	-	2.0	3.5	3.3	4.3	-
EPS	-	-0.01	-	0.17	0.31	-

Internet: [www.sfc.com](http://www.sfc.com) Sector: Alternative energy  
WKN: 756857 ISIN: DE0007568578  
Reuters: F3CG.DE Bloomberg: F3C GY

#### Short company profile:

SFC Energy AG is a market leader for off grid and stationary power generation and distribution. The Company has established fully commercialized fuel cells in the Consumer, Industry, and Defense & Security sectors and furthermore develops, produces and globally distributes higher level power management components. The products increasingly are delivered as customised power supply system solutions.

#### Share data:

Share price (EUR, latest closing price):	<b>5.45</b>
Shares outstanding (m):	7.5
Market capitalisation (EUR m):	40.9
Enterprise value (EUR m):	18.6
Ø daily trading volume (6 m., no. of shares):	3,196

#### Performance data:

High 52 weeks (EUR):	7.20
Low 52 weeks (EUR):	3.95
Absolute performance (12 months):	36.5%
Relative performance vs. CDAX:	
1 month	-9.0%
3 months	-11.3%
6 months	-14.6%
12 months	20.9%

#### Shareholders:

HPE	25.70%
Conduit Ventures	10.15%
Havensight	10.22%
Previous owners of PBF (lock-up agreement)	4.66%
Management and Supervisory Board	2.14%
DWS	4.92%
Other free float	42.21%

#### Financial calendar:

1Q 2013 report:	2 May 2013
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Y/E 31 Dec, EUR m	2011	2012	2013E	2014E	2015E
Sales revenues	15.4	31.3	33.3	38.1	42.5
EBITDA	-4.6	0.7	2.0	3.5	4.3
EBITA	-5.2	0.1	1.3	2.8	3.4
EBIT	-6.6	-0.5	0.0	1.4	2.5
Net income/loss	-6.2	-0.4	0.0	1.2	2.2
EPS	-0.87	-0.06	-0.01	0.17	0.31
CPS	-0.60	0.18	-0.15	0.23	0.42
EBITDA margin	-30.1%	2.3%	6.0%	9.2%	10.1%
EBIT margin	-42.9%	-1.7%	0.1%	3.8%	5.9%
EV/Sales	1.2	0.6	0.6	0.5	0.4
EV/EBITDA	neg.	25.1	9.1	5.2	4.3

Source: SFC Energy AG; CBS Research AG

**Key figures with YOY comparison**

	IFRS	EURm	4Q 2012	4Q 2011	FY 2012	FY 2011
<b>Total sales</b>			10.09	4.92	31.26	15.43
YOY growth			104.9%	10.3%	102.6%	15.7%
Industry			3.32	1.71	17.50	4.57
as % of total sales			32.9%	34.7%	56.0%	29.6%
Defense & Security			5.57	1.13	8.92	4.41
as % of total sales			55.2%	23.0%	28.5%	28.6%
Consumer			1.20	2.08	4.84	6.45
as % of total sales			11.8%	42.3%	15.5%	41.8%
<b>Gross profit</b>			4.20	1.85	12.76	5.37
as % of sales			41.7%	37.5%	40.8%	34.8%
Gross profit - Industry			1.14	0.55	6.58	1.74
as % of segment sales			34.4%	32.1%	37.6%	38.0%
Gross profit - Defense & Security			2.62	0.61	4.40	1.89
as % of segment sales			47.1%	53.5%	49.3%	42.9%
Gross profit - Consumer			0.44	0.69	1.79	1.74
as % of segment sales			36.5%	33.2%	36.9%	27.0%
<b>EBITDA</b>			0.89	-1.62	0.73	-4.64
as % of sales			8.8%	-32.9%	2.3%	-30.1%
EBITDA - Industry			-0.62	-1.06	-0.13	-2.38
as % of segment sales			-18.7%	-62.2%	-0.7%	-52.1%
EBITDA - Defense & Security			1.83	-0.22	1.34	-0.91
as % of segment sales			32.8%	-19.4%	15.0%	-20.6%
EBITDA - Consumer			-0.31	-0.33	-0.48	-1.35
as % of segment sales			-26.2%	-16.0%	-9.9%	-21.0%
<b>Adjusted EBITDA</b>			0.93	0.38	0.83	-2.69
as % of sales			9.2%	7.8%	2.7%	-17.4%
<b>EBIT</b>			0.43	-2.60	-0.52	-6.61
as % of sales			4.2%	-52.9%	-1.7%	-42.9%
<b>Adjusted EBIT</b>			0.46	-0.60	-0.96	-4.08
as % of sales			4.6%	-12.2%	-3.1%	-26.5%
<b>Net income after minorities</b>			0.49	-2.49	-0.43	-6.22
as % of sales			4.9%	-50.7%	-1.4%	-40.3%
<b>Basic earnings per share (EUR)</b>			0.07	-0.35	-0.06	-0.87
<b>Cash flow from operating activities</b>			3.48	0.43	1.26	-4.32
<b>Free cash flow</b> (incl. interest received)			3.24	-5.63	0.60	-11.01

Source: SFC Energy AG, CBS Research AG

**Profit and loss account**

	IFRS	EURm	2010	2011	2012	2013E	2014E	2015E
<b>Sales</b>			<b>13.33</b>	<b>15.43</b>	<b>31.26</b>	<b>33.35</b>	<b>38.08</b>	<b>42.47</b>
YoY growth			14.1%	15.7%	102.6%	6.7%	14.2%	11.5%
Cost of sales			-9.29	-10.06	-18.50	-19.40	-21.84	-24.21
as % of sales			-69.7%	-65.2%	-59.2%	-58.2%	-57.4%	-57.0%
<b>Gross profit</b>			<b>4.04</b>	<b>5.37</b>	<b>12.76</b>	<b>13.95</b>	<b>16.24</b>	<b>18.26</b>
as % of sales			30.3%	34.8%	40.8%	41.8%	42.6%	43.0%
Research and development expenses			-1.89	-2.54	-4.26	-4.10	-4.19	-4.37
as % of sales			-14.2%	-16.4%	-13.6%	-12.3%	-11.0%	-10.3%
Selling expenses			-4.75	-4.90	-5.86	-5.77	-6.28	-6.79
as % of sales			-35.6%	-31.7%	-18.8%	-17.3%	-16.5%	-16.0%
General and administrative expenses			-2.05	-2.68	-3.55	-3.85	-4.11	-4.33
as % of sales			-15.4%	-17.4%	-11.4%	-11.6%	-10.8%	-10.2%
Other operating income			0.23	0.20	0.75	0.51	0.59	0.64
as % of sales			1.7%	1.3%	2.4%	1.5%	1.5%	1.5%
Other operating expenses			-0.09	-1.60	-0.36	-0.70	-0.80	-0.89
as % of sales			-0.6%	-10.4%	-1.2%	-2.1%	-2.1%	-2.1%
<b>EBIT before restructuring expenses</b>			<b>-4.51</b>	<b>-6.14</b>	<b>-0.52</b>	<b>0.04</b>	<b>1.44</b>	<b>2.51</b>
as % of sales			-33.8%	-39.8%	-1.7%	0.1%	3.8%	5.9%
Restructuring expenses			0.0	-0.47	0.0	0.0	0.0	0.0
as % of sales			0.0%	-3.1%	0.0%	0.0%	0.0%	0.0%
<b>EBIT</b>			<b>-4.51</b>	<b>-6.61</b>	<b>-0.52</b>	<b>0.04</b>	<b>1.44</b>	<b>2.51</b>
as % of sales			-33.8%	-42.9%	-1.7%	0.1%	3.8%	5.9%
Net financial result			0.39	0.39	0.08	0.20	0.20	0.20
<b>EBT (Earnings before income taxes)</b>			<b>-4.12</b>	<b>-6.22</b>	<b>-0.44</b>	<b>0.24</b>	<b>1.64</b>	<b>2.71</b>
as % of sales			-30.9%	-40.4%	-1.4%	0.7%	4.3%	6.4%
Income taxes			0.00	0.01	0.02	-0.28	-0.40	-0.51
as % of EBT			0.0%	-0.1%	-4.3%	-118.1%	-24.2%	-19.0%
<b>Income from continuing operations</b>			<b>-4.12</b>	<b>-6.22</b>	<b>-0.43</b>	<b>-0.04</b>	<b>1.24</b>	<b>2.19</b>
Income from discontinued operations, net of taxes			0.00	0.00	0.00	0.00	0.00	0.00
<b>Group net income including minorities</b>			<b>-4.12</b>	<b>-6.22</b>	<b>-0.43</b>	<b>-0.04</b>	<b>1.24</b>	<b>2.19</b>
as % of sales			-30.9%	-40.3%	-1.4%	-0.1%	3.3%	5.2%
Minority interests			0.00	0.00	0.00	0.00	0.00	0.00
<b>Net income attributable to shareholders</b>			<b>-4.12</b>	<b>-6.22</b>	<b>-0.43</b>	<b>-0.04</b>	<b>1.24</b>	<b>2.19</b>
Shares outstanding (m)			7.15	7.16	7.16	7.16	7.16	7.16
<b>Basic earnings per share (EUR)</b>			<b>-0.58</b>	<b>-0.87</b>	<b>-0.06</b>	<b>-0.01</b>	<b>0.17</b>	<b>0.31</b>
<b>EBITDA</b>			<b>-3.49</b>	<b>-4.64</b>	<b>0.73</b>	<b>2.01</b>	<b>3.50</b>	<b>4.30</b>
<b>EBITA</b>			<b>-3.89</b>	<b>-5.15</b>	<b>0.07</b>	<b>1.31</b>	<b>2.76</b>	<b>3.42</b>

Source: CBS Research AG, SFC Energy AG

## Balance sheet

	IFRS	EURm	2010	2011	2012	2013E	2014E	2015E
<b>Assets</b>								
<b>Current assets</b>			<b>40.17</b>	<b>33.93</b>	<b>33.60</b>	<b>37.40</b>	<b>40.25</b>	<b>43.76</b>
as % of total assets			86.7%	68.5%	70.6%	74.0%	76.5%	78.8%
Inventories and prepayments			1.94	4.91	5.81	5.80	6.55	7.13
Trade accounts receivable			2.71	4.47	3.70	8.22	9.91	10.47
Other assets incl. tax and PoC receivables			1.39	1.82	1.18	2.61	3.05	3.53
Cash and cash equivalents			33.56	22.44	22.63	20.67	20.64	22.52
Cash and cash equival. with limitation on disposal			0.57	0.29	0.29	0.10	0.10	0.10
<b>Noncurrent assets</b>			<b>6.15</b>	<b>15.61</b>	<b>14.02</b>	<b>13.16</b>	<b>12.39</b>	<b>11.75</b>
as % of total assets			13.3%	31.5%	29.4%	26.0%	23.5%	21.2%
Intangible assets excl. goodwill			2.95	4.89	4.86	4.14	3.57	3.41
Goodwill			0.00	6.14	6.14	6.14	6.14	6.14
Property, plant and equipment			2.34	2.75	2.40	2.12	1.90	1.61
Other non-current assets			0.07	0.05	0.00	0.14	0.16	0.19
Deferred taxes			0.80	1.77	0.62	0.62	0.62	0.39
<b>Total assets</b>			<b>46.31</b>	<b>49.54</b>	<b>47.62</b>	<b>50.57</b>	<b>52.64</b>	<b>55.51</b>
<b>Shareholders' equity and liabilities</b>								
<b>Current liabilities</b>			<b>3.18</b>	<b>7.49</b>	<b>7.66</b>	<b>9.91</b>	<b>10.54</b>	<b>11.38</b>
as % of total equity and liabilities			6.9%	15.1%	16.1%	19.6%	20.0%	20.5%
Provisions			0.55	1.58	1.00	1.87	2.06	2.17
Advance payments received			0.00	0.20	0.01	0.25	0.25	0.28
Trade accounts payable			1.38	3.17	3.03	3.59	4.00	4.38
Financial debt			0.00	0.56	0.37	0.73	0.76	0.79
Other liabilities			1.24	1.98	3.24	3.48	3.48	3.76
<b>Noncurrent liabilities</b>			<b>1.41</b>	<b>5.26</b>	<b>3.56</b>	<b>4.30</b>	<b>4.51</b>	<b>4.34</b>
as % of total equity and liabilities			3.1%	10.6%	7.5%	8.5%	8.6%	7.8%
Other noncurrent provisions			0.50	1.41	1.39	1.53	1.59	1.40
Financial debt			0.00	0.20	0.00	0.00	0.00	0.00
Other noncurrent liabilities			0.12	1.46	1.04	1.64	1.78	1.81
Deferred tax liabilities			0.80	2.19	1.13	1.13	1.13	1.13
<b>Shareholders' equity</b>			<b>41.72</b>	<b>36.79</b>	<b>36.39</b>	<b>36.35</b>	<b>37.59</b>	<b>39.79</b>
as % of total equity and liabilities			90.1%	74.3%	76.4%	71.9%	71.4%	71.7%
Subscribed capital			7.15	7.50	7.50	7.50	7.50	7.50
Capital reserve			66.88	67.88	67.88	67.88	67.88	67.88
Other changes in equity not effecting profit or loss			0.00	-0.07	-0.04	-0.04	-0.04	-0.04
Accumulated loss brought forward			-28.18	-32.31	-38.53	-38.95	-38.99	-37.75
Net result of the year			-4.12	-6.22	-0.43	-0.04	1.24	2.19
<b>Total equity and liabilities</b>			<b>46.31</b>	<b>49.54</b>	<b>47.62</b>	<b>50.57</b>	<b>52.64</b>	<b>55.51</b>

Source: CBS Research AG, SFC Energy AG

### Cash flow statement

	IFRS	EURm	2010	2011	2012	2013E	2014E	2015E
Income/loss before interest and taxes			-4.51	-6.61	-0.52	0.04	1.44	2.51
Depreciation of PP&E			0.62	1.46	0.59	1.27	1.32	0.91
Amortisation of intangible assets incl. assets from PPA			0.40	0.51	0.66	0.71	0.75	0.88
Other expenses / income with no effect on liquidity			-0.11	0.25	0.45	-0.26	-0.29	-0.32
Increase/decrease in inventories, trade receivables, and other assets			-1.01	-0.99	0.45	-5.83	-2.61	-1.34
Increase/decrease in trade accounts payable and other liabilities			-0.13	1.10	-0.37	3.31	1.48	0.64
Cash taxes paid			0.11	-0.03	-0.01	-0.28	-0.40	-0.29
<b>Cash flow from operating activities</b>			<b>-4.64</b>	<b>-4.32</b>	<b>1.26</b>	<b>-1.04</b>	<b>1.68</b>	<b>3.00</b>
Net cash outflows from the purchase and retirement of noncurrent assets			-2.22	-1.13	-0.88	-0.98	-1.27	-1.35
Bank balances released/pledged			-0.52	0.29	0.00	0.19	0.00	0.00
Interests received			0.39	0.43	0.22	0.30	0.30	0.30
Purchase of consolidated companies			0.00	-6.00	0.00	-0.68	-0.68	0.00
<b>Cash flow from investing activities</b>			<b>-2.35</b>	<b>-6.42</b>	<b>-0.66</b>	<b>-1.17</b>	<b>-1.65</b>	<b>-1.05</b>
Net cash inflow from capital stock increases deducting expenses			0.00	-0.05	0.00	0.00	0.00	0.00
Net cash flow from financial debt incl. leasing			0.00	-0.35	-0.39	0.36	0.03	0.03
Interests paid			0.00	0.00	-0.03	-0.10	-0.10	-0.10
<b>Cash flow from financing activities</b>			<b>0.00</b>	<b>-0.40</b>	<b>-0.42</b>	<b>0.26</b>	<b>-0.07</b>	<b>-0.07</b>
<b>Total change in cash and cash equivalents</b>			<b>-6.98</b>	<b>-11.14</b>	<b>0.18</b>	<b>-1.95</b>	<b>-0.03</b>	<b>1.88</b>
Currency effects on cash and cash equivalents			0.00	0.01	0.00	0.00	0.00	0.00
Cash and cash equiv. at the start of the period			40.54	33.56	22.44	22.63	20.67	20.64
<b>Cash and cash equiv. at the end of the period</b>			<b>33.56</b>	<b>22.44</b>	<b>22.63</b>	<b>20.67</b>	<b>20.64</b>	<b>22.52</b>

Source: CBS Research AG, SFC Energy AG

## Research

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Date	Recommendation	Price at change date	Price Target
30 March 2012	BUY	EUR 3.95	EUR 5.50
11 April 2012	BUY	EUR 4.74	EUR 5.50
4 May 2012	HOLD	EUR 5.55	EUR 6.00
1 August 2012	BUY	EUR 6.78	EUR 7.50
31 October 2012	BUY	EUR 6.163	EUR 7.50
29 January 2013	BUY	EUR 6.05	EUR 7.50
26 March 2013	BUY	EUR 5.45	EUR 7.50

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