

|  |  |   |  |
|--|--|---|--|
| <b>Buy</b><br><b>EUR 6.00</b><br><br>Price <b>EUR 4.72</b><br>Upside <b>27.3 %</b> | <b>Value Indicators:</b> EUR<br>DCF: 6.00<br>FCF-Value Potential 16e: 2.80   | <b>Share data:</b><br>Bloomberg: F3C GR<br>Reuters: F3CG<br>ISIN: DE0007568578  | <b>Description:</b><br>Solutions for off-grid and stationary power generation + distribution |
|  | <b>Market Snapshot:</b> EUR m<br>Market cap: 40.6<br>No. of shares (m): 8.6<br>EV: 39.5<br>Freefloat MC: 21.5<br>Ø Trad. Vol. (30d; EUR): 19.10 th | <b>Shareholders:</b><br>Freefloat: 52.9 %<br>HPE: 24.1 %<br>Havensight: 9.6 %<br>Conduit Ventures: 9.5 %<br>DWS (in freefloat): 6.8 % | <b>Risk Profile (WRe):</b> 2014e<br>Beta: 1.6<br>Price / Book: 1.5 x<br>Equity Ratio: 59 %   |

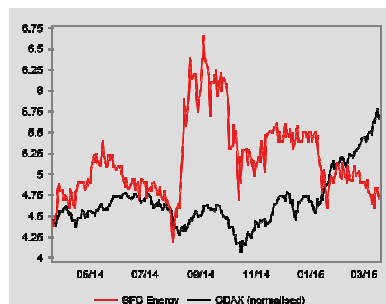
## Preview: Specification of 2015 guidance expected

Thursday, March 26: Final results FY 2014

|                                  |        |       |      |                            |      |      |
|----------------------------------|--------|-------|------|----------------------------|------|------|
| <b>Expected Figures Q4/2014:</b> |        |       |      | <b>Comment on Figures:</b> |      |      |
| FY End: 31.12. in EUR m          | Q4 14e | Q4 13 | yoy  | 14e                        | 13   | yoy  |
| Sales                            | 16.3   | 11.8  | 38 % | 53.6                       | 32.4 | 65 % |
| EBITDA adj.                      | 1.6    | -0.3  | n.a. | 0.4                        | -2.2 | n.a. |
| EBIT adj.                        | 1.2    | -0.9  | n.a. | -1.3                       | -4.2 | n.a. |
| EBIT                             | -0.2   | -5.3  | n.a. | -4.3                       | -8.8 | n.a. |

▪ SFC was able to reach positive adj. earnings numbers in a very strong Q4

- SFC has scheduled to release its final FY 2014 figures on March 26.
- SFC released preliminary results early in February. The reported earnings figures are still burdened by PPA expenses and transaction price-related effects (Simark), which affect the P&L according to IFRS.
- SFC is **expected to specify its 2015 guidance** with the upcoming reporting. Growth in industrial fuel cell applications and an improving sentiment in defence applications should enable the company to achieve positive top-line growth in FY 2015, despite headwinds from the oil price slump in the Canadian business. Top-line growth coupled with initiated cost savings at Simark should lead to an earnings improvement in FY 2015. The company should reach a positive adj. EBIT figure for the first time in its history.



|                                  |         |
|----------------------------------|---------|
| <b>Rel. Performance vs CDAX:</b> |         |
| 1 month:                         | -14.9 % |
| 6 months:                        | -42.8 % |
| Year to date:                    | -35.4 % |
| Trailing 12 months:              | -21.6 % |

|                        |         |
|------------------------|---------|
| <b>Company events:</b> |         |
| 26.03.15               | FY 2014 |
| 05.05.15               | Q1      |
| 07.05.15               | AGM     |
| 03.08.15               | Q2      |

|                         |               |  |         |         |         |         |         |         |
|-------------------------|---------------|--|---------|---------|---------|---------|---------|---------|
| FY End: 31.12. in EUR m | CAGR (13-16e) | 2010                                     | 2011    | 2012    | 2013    | 2014e   | 2015e   | 2016e   |
| Sales                   | 25.9 %        | 13.3                                     | 15.4    | 31.3    | 32.4    | 53.6    | 57.1    | 64.7    |
| Change Sales yoy        |               | 14.1 %                                   | 15.7 %  | 102.6 % | 3.7 %   | 65.4 %  | 6.6 %   | 13.2 %  |
| Gross profit margin     |               | 30.3 %                                   | 34.8 %  | 40.8 %  | 32.8 %  | 30.7 %  | 31.9 %  | 31.6 %  |
| EBITDA                  | -             | -3.5                                     | -4.6    | 0.7     | -4.5    | -1.2    | 0.5     | 1.1     |
| Margin                  | -             | -26.2 %                                  | -30.1 % | 2.3 %   | -13.8 % | -2.2 %  | 0.9 %   | 1.8 %   |
| EBIT                    | -             | -4.5                                     | -6.6    | -0.5    | -8.8    | -4.3    | -2.3    | -1.6    |
| EBIT adj.               | -             | -4.5                                     | -4.1    | -1.0    | -4.2    | -1.3    | 0.1     | 0.8     |
| Margin                  | -             | -33.8 %                                  | -26.8 % | -3.2 %  | -12.9 % | -2.4 %  | 0.1 %   | 1.2 %   |
| Net income              | -             | -4.1                                     | -6.2    | -0.4    | -8.9    | -4.7    | -2.8    | -2.2    |
| EPS                     | -             | -0.58                                    | -0.87   | -0.06   | -1.16   | -0.59   | -0.33   | -0.26   |
| EPS adj.                | -             | -0.58                                    | -0.52   | -0.12   | -0.56   | -0.21   | -0.05   | 0.02    |
| FCFPS                   | -             | -0.91                                    | -0.82   | 0.08    | -1.07   | -0.16   | -0.07   | -0.18   |
| EV / Sales              |               | 0.4 x                                    | 0.7 x   | 0.6 x   | 1.1 x   | 0.7 x   | 0.7 x   | 0.6 x   |
| EV / EBITDA             |               | n.a.                                     | n.a.    | 25.1 x  | n.a.    | n.a.    | 75.8 x  | 36.2 x  |
| EV / EBIT adj.          |               | n.a.                                     | n.a.    | n.a.    | n.a.    | n.a.    | 558.3 x | 52.3 x  |
| P / E                   |               | n.a.                                     | n.a.    | n.a.    | n.a.    | n.a.    | n.a.    | n.a.    |
| P / E adj.              |               | n.a.                                     | n.a.    | n.a.    | n.a.    | n.a.    | n.a.    | 235.8 x |
| FCF Yield Potential     |               | -74.5 %                                  | -52.9 % | 0.3 %   | -1.4 %  | 2.1 %   | 4.6 %   | 5.7 %   |
| Net Debt                |               | -34.1                                    | -22.0   | -22.5   | -2.9    | -2.8    | -1.1    | 0.4     |
| ROE                     |               | -9.4 %                                   | -15.9 % | -1.2 %  | -27.2 % | -16.8 % | -10.8 % | -9.3 %  |
| ROCE (NOPAT)            |               | -70.2 %                                  | -59.1 % | -3.5 %  | -43.9 % | -17.6 % | -10.4 % | -7.9 %  |
| Guidance:               |               | 2015: Improvement of underlying earnings |         |         |         |         |         |         |

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|------------|------------|---|
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Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

|     |                          |   |
|-----|--------------------------|---|
| -B- | <b>Buy:</b>              | The price of the analysed financial instrument is expected to rise over the next 12 months.               |
| -H- | <b>Hold:</b>             | The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months. |
| -S- | <b>Sell:</b>             | The price of the analysed financial instrument is expected to fall over the next 12 months.               |
| “-“ | <b>Rating suspended:</b> | The available information currently does not permit an evaluation of the company.                         |

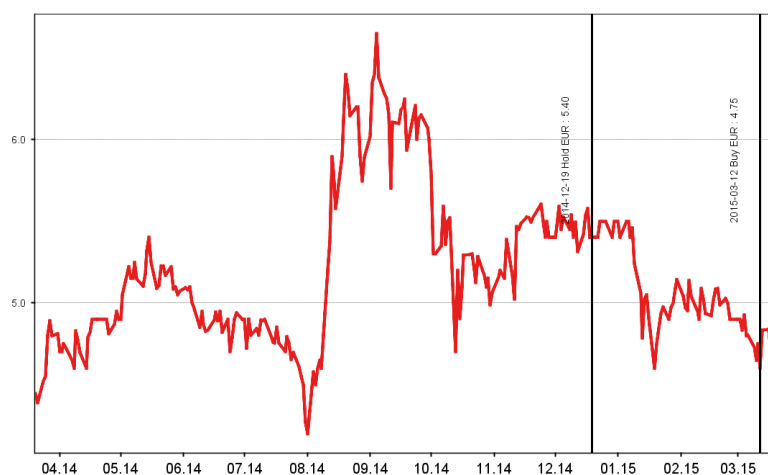
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| Rating           | Number of stocks | % of Universe |
|------------------|------------------|---------------|
| Buy              | 102              | 54            |
| Hold             | 72               | 38            |
| Sell             | 10               | 5             |
| Rating suspended | 4                | 2             |
| <b>Total</b>     | <b>188</b>       | <b>100</b>    |

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... Looking only at companies for which a disclosure according to § 34b of the Germany Securities Trading Act and the FinAnV has to be made.

| Rating           | Number of stocks | % of Universe |
|------------------|------------------|---------------|
| Buy              | 83               | 57            |
| Hold             | 54               | 37            |
| Sell             | 6                | 4             |
| Rating suspended | 3                | 2             |
| <b>Total</b>     | <b>146</b>       | <b>100</b>    |

**PRICE AND RATING HISTORY SFC ENERGY AS OF 19.03.2015**


The chart has markings if Warburg Research GmbH changed its rating in the last 12 months. Every marking represents the date and closing price on the day of the rating change.

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