

Buy EUR 5.80	Value Indicators: EUR DCF: 5.80 FCF-Value Potential 15e: 3.50	Share data: Bloomberg: F3C GR Reuters: F3CG ISIN: DE0007568578	Description: Solutions for off-grid and stationary power generation + distribution
	Market Snapshot: EUR m Market cap: 41.3 No. of shares (m): 8.0 EV: 42.3 Freefloat MC: 21.8 Ø Trad. Vol. (30d; EUR): 27.63 th	Shareholders: Freefloat: 52.9 % HPE: 24.1 % Havensight: 9.6 % Conduit Ventures: 9.5 % DWS (in freefloat): 6.8 %	Risk Profile (WRe): 2014e Beta: 1.6 Price / Book: 1.6 x Equity Ratio: 56 %

Q1 broadly in line

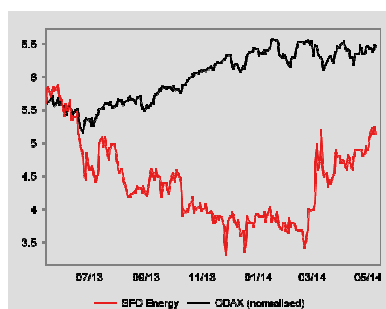
Stated Figures Q1/2014:								Comment on Figures:			
FY End: 31.12. in EUR m	Q1 14	Q1 14e	Q1 13	yoy	14e	13	yoy	<ul style="list-style-type: none"> Q1 broadly in line Adj. EBITDA slightly negative in Q1, but should turn positive in the full year Earnings figures adjusted for PPA and transaction price effects Q1 usually represents a weaker quarter of the year 			
Sales	12.9	13.2	7.3	76 %	58.0	32.4	79 %				
EBITDA adj.	-0.2	-0.2	0.1	n.a.	1.0	-2.2	n.a.				
Margin	-1.8 %	-1.3 %	1.6 %		1.8 %	-6.8 %					
EBIT adj.	-0.6	-0.5	-0.4	n.a.	-0.3	-4.2	n.a.				
Margin	-5.0 %	-3.8 %	-4.9 %		-0.5 %	-12.9 %					
EBIT	-1.2	-1.2	-0.2	n.a.	-3.1	-8.8	n.a.				
Margin	-9.3 %	-9.1 %	-2.5 %		-5.4 %	-27.3 %					

SFC released its Q1 results on Tuesday. A conference call took place the same day at 9 a.m. **Q1 results were broadly in line** with the estimates. The consolidation of Canada-based Simark explains the top-line increase. Organically, revenues decreased by c. EUR 1m, mostly as a result of lower sales in the leisure segment (in comparison to a relatively strong Q1 2013) and lower contributions by PBF, as the company lost one client.

On a full-year basis, SFC is expected to increase the top line by just below 20% organically. Drivers here are an accelerating industrial fuel cell business, full-year growth of PBF despite the customer loss, growth in defence applications and the ramp-up of sales to the Canadian oil + gas industry. According to the company, Simark has built up a pipeline of projects with a total of c. 100 systems due for 2014 for **oil + gas off-grid applications**. The latter represents one of the main future growth drivers, as SFC's solution provides a 100% reliable source of energy where competitive solutions based on solar systems suffer from costly downtimes, especially in winter months.

SFC has **left its full-year guidance unchanged**. A lower revenue estimate for 2014 reflects the customer loss at PBF. The **adjusted EBITDA should nevertheless reach a positive EUR 1m** (adj. EBIT EUR -0.3m), after significant losses continued to be recorded in 2013. The **adjusted EBIT is expected to reach positive territory in 2015 for the first time** and margins should increase in the years to come driven by top-line growth. Earnings numbers are adjusted for non-cash PPA and transaction price effects. Remains a **Buy** with **PT of EUR 5.80**.

Changes in Estimates:					Comment on Changes:				
FY End: 31.12. in EUR m	2014e (old)	+ / -	2015e (old)	+ / -	<ul style="list-style-type: none"> Top-line estimate slightly reduced as a result of lower expectations for PBF, which lost a customer. The company is expected to compensate for this effect in 2015. Adj. EBIT should now remain slightly in the red before reaching a significantly positive figure in 2015 				
Sales	59.0	-1.7 %	66.3	0.0 %					
EBIT adj.	0.0	n.m.	2.3	0.0 %					
EPS	-0.46	n.m.	-0.18	0.0 %					

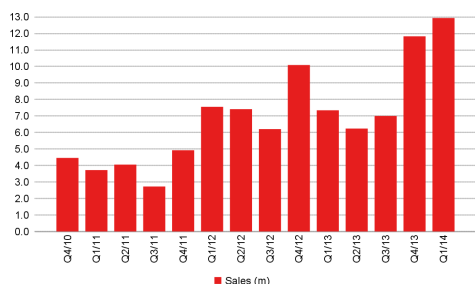


Rel. Performance vs CDAX:	
1 month:	9.3 %
6 months:	27.1 %
Year to date:	30.3 %
Trailing 12 months:	-24.7 %

Company events:	
16.05.14	AGM
05.08.14	Q2
13.11.14	Q3

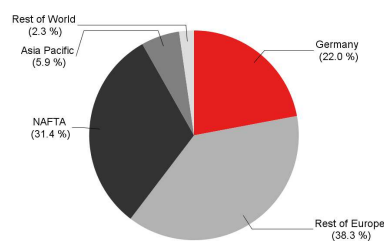
FY End: 31.12. in EUR m	CAGR (13-15e)	2009	2010	2011	2012	2013	2014e	2015e
Sales	43.0 %	11.7	13.3	15.4	31.3	32.4	58.0	66.3
Change Sales yoy		-19.7 %	14.1 %	15.7 %	102.6 %	3.7 %	79.0 %	14.3 %
Gross profit margin		27.3 %	30.3 %	34.8 %	40.8 %	32.8 %	31.0 %	32.0 %
EBITDA	-	-3.6	-3.5	-4.6	0.7	-4.5	-0.3	2.4
Margin	-	-30.8 %	-26.2 %	-30.1 %	2.3 %	-13.8 %	-0.5 %	3.6 %
EBIT	-	-4.5	-4.5	-6.6	-0.5	-8.8	-3.1	-0.5
EBIT adj.	-	-4.5	-4.5	-4.1	-1.0	-4.2	-0.3	2.3
Margin	-	-38.6 %	-33.8 %	-26.8 %	-3.2 %	-12.9 %	-0.5 %	3.5 %
Net income	-	-3.8	-4.1	-6.2	-0.4	-8.9	-4.0	-1.5
EPS	-	-0.53	-0.58	-0.87	-0.06	-1.16	-0.50	-0.18
EPS adj.	-	-0.53	-0.58	-0.52	-0.12	-0.56	-0.15	0.17
FCFPS	-	-0.70	-0.91	-0.82	0.08	-1.07	-0.24	-0.06
EV / Sales		n.a.	0.4 x	0.7 x	0.6 x	1.1 x	0.7 x	0.7 x
EV / EBITDA		n.a.	n.a.	n.a.	25.1 x	n.a.	n.a.	18.5 x
EV / EBIT adj.		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	18.9 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.	30.3 x
FCF Yield Potential		n.a.	-74.5 %	-52.9 %	0.3 %	-1.4 %	2.0 %	7.5 %
Net Debt		-40.6	-34.1	-22.0	-22.5	-2.9	1.0	2.6
ROE		-7.9 %	-9.4 %	-15.9 %	-1.2 %	-27.2 %	-14.8 %	-6.0 %
ROCE (NOPAT)		-95.9 %	-70.2 %	-59.1 %	-3.5 %	-43.9 %	-14.7 %	-4.7 %
Guidance:		2014: Revenues EUR 55 - 60m, positive underlying EBITDA						

Sales development
in EUR m



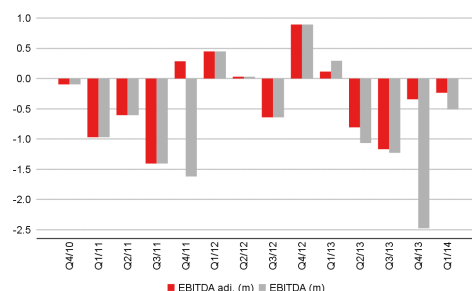
Source: Warburg Research

Sales by regions
2013; in %



Source: Warburg Research

EBITDA development
in EUR m



Source: Warburg Research

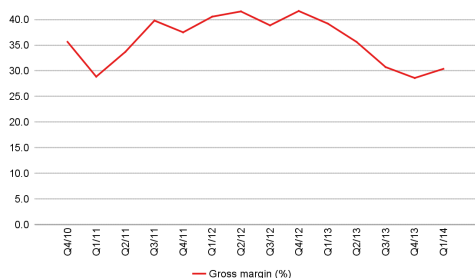
Company Background

- SFC was the first company to develop fuel cells to market maturity. It has sold more than 22,000 fuel cells so far.
- The company's products (direct methanol fuel cells) address the leisure, industry and defence markets.
- While the leisure and industry segments focus on the sale of commercial products, the defence segment mainly generates sales from development collaborations, prototypes and the first small series.
- The acquisition of PBF added customised high-tech power solutions for industrial applications to the product portfolio
- The acquisition of Simark (Canada) allows for a forward integration towards a system supplier and strengthens the activities in the attractive oil + gas industry

Competitive Quality

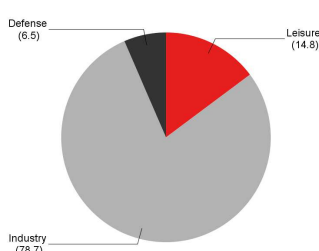
- SFC focuses on the DMFC fuel cell technology, which is superior to the other fuel cell technologies (esp. to hydrogen) in mobile applications with low to medium performance standards.
- SFC's products thus mainly compete with established technologies. The products are not sold on price but rather on the specific advantages offered by the fuel cell technology in the relevant fields of application.
- The leisure and industry markets focus on an energy supply independent of the grid and the weather conditions. The fuel cells in the defence segment allow for weight reduction of ca. 80%
- The major barriers to market entry are the technological lead, secured by a large patent portfolio, and the established sales structures (leisure market).
- A solid balance sheet with a large cash position enables SFC to scale the fuel cell technology and to address new applications

Gross margin development
in % of sales



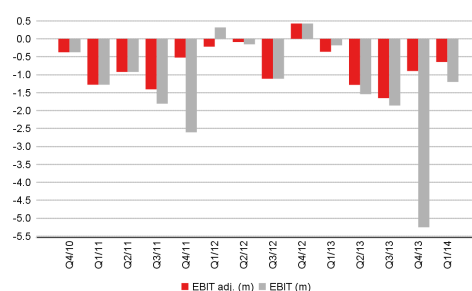
Source: Warburg Research

Sales by segments
2013; in %



Source: Warburg Research

EBIT development
in EUR m



Source: Warburg Research

DCF model

Figures in EUR m	Detailed forecast period			Transitional period										Term. Value
	2014e	2015e	2016e	2017e	2018e	2019e	2020e	2021e	2022e	2023e	2024e	2025e	2026e	
Sales	58.0	66.3	73.3	78.8	84.7	91.1	95.7	100.4	105.5	108.6	111.9	115.2	118.1	
Sales change	79.0 %	14.3 %	10.6 %	7.5 %	7.5 %	7.5 %	5.0 %	5.0 %	5.0 %	3.0 %	3.0 %	3.0 %	2.5 %	2.5 %
EBIT	-3.1	-0.5	1.1	4.3	5.9	8.2	8.6	9.0	9.5	9.8	10.1	10.4	10.6	
EBIT-margin	-5.4 %	-0.7 %	1.5 %	5.5 %	7.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	9.0 %	
Tax rate (EBT)	-26.4 %	-178.4 %	91.3 %	21.5 %	19.8 %	18.2 %	18.3 %	18.4 %	18.4 %	18.4 %	18.5 %	18.5 %	18.5 %	
NOPAT	-3.9	-1.3	0.1	3.4	4.8	6.7	7.0	7.4	7.7	8.0	8.2	8.5	8.7	
Depreciation	2.9	2.9	2.8	3.2	3.4	3.6	3.8	4.0	4.2	4.3	4.5	4.6	4.7	
in % of Sales	4.9 %	4.3 %	3.8 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	
Changes in provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in Liquidity from														
- Working Capital	0.7	1.7	1.6	0.9	1.2	1.3	0.9	1.0	1.0	0.6	0.7	0.7	0.6	
- Capex	1.2	1.3	1.4	3.2	3.4	3.6	3.8	4.0	4.2	4.3	4.5	4.6	4.7	
Capex in % of Sales	2.1 %	2.0 %	1.9 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %	
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow (WACC Model)	-3.0	-1.5	-0.2	2.5	3.6	5.4	6.1	6.4	6.7	7.3	7.6	7.8	8.1	7
PV of FCF	-2.7	-1.2	-0.1	1.7	2.1	2.9	3.0	2.8	2.7	2.6	2.5	2.3	2.1	23
share of PVs	-9.14 %			56.86 %										52.28 %

Model parameter

Derivation of WACC:		Derivation of Beta:	
Debt ratio	5.00 %	Financial Strength	1.30
Cost of debt (after tax)	4.4 %	Liquidity (share)	1.75
Market return	8.00 %	Cyclicality	1.40
Risk free rate	2.50 %	Transparency	1.50
		Others	1.80
WACC	10.69 %	Beta	1.55

Valuation (m)

Present values 2026e	21		
Terminal Value	23		
Financial liabilities	5		
Pension liabilities	0		
Hybrid capital	0		
Minority interest	0		
Market val. of investments	1		
Liquidity	6	No. of shares (m)	8.0
Equity Value	47	Value per share (EUR)	5.83

Sensitivity Value per Share (EUR)

Beta	WACC	Terminal Growth							Beta	WACC	Delta EBIT-margin						
		1.75 %	2.00 %	2.25 %	2.50 %	2.75 %	3.00 %	3.25 %			-1.5 pp	-1.0 pp	-0.5 pp	+0.0 pp	+0.5 pp	+1.0 pp	+1.5 pp
1.74	11.7 %	4.85	4.90	4.96	5.02	5.08	5.15	5.22	1.74	11.7 %	3.61	4.08	4.55	5.02	5.49	5.96	6.43
1.65	11.2 %	5.20	5.26	5.33	5.40	5.47	5.55	5.64	1.65	11.2 %	3.92	4.41	4.91	5.40	5.89	6.39	6.88
1.60	10.9 %	5.39	5.46	5.53	5.61	5.69	5.78	5.87	1.60	10.9 %	4.08	4.59	5.10	5.61	6.12	6.62	7.13
1.55	10.7 %	5.59	5.67	5.75	5.83	5.92	6.01	6.12	1.55	10.7 %	4.26	4.79	5.31	5.83	6.35	6.88	7.40
1.50	10.4 %	5.81	5.89	5.97	6.07	6.16	6.27	6.38	1.50	10.4 %	4.45	4.99	5.53	6.07	6.60	7.14	7.68
1.45	10.2 %	6.03	6.12	6.22	6.32	6.43	6.54	6.66	1.45	10.2 %	4.66	5.21	5.76	6.32	6.87	7.43	7.98
1.36	9.7 %	6.53	6.64	6.75	6.88	7.01	7.15	7.30	1.36	9.7 %	5.11	5.70	6.29	6.88	7.47	8.06	8.65

- Disproportionate growth in industrial applications should result in c. 10% growth rates in the next three years
- The additional revenues and better cost coverage should result in an improving earnings quality
- High tax loss carry-forwards reduce the cash-effective tax rate significantly in the coming years
- EBIT margin displays reported margin until 2015 including transaction-related costs

Free Cash Flow Value Potential

Warburg Research's valuation tool "FCF Value Potential" reflects the ability of the company to generate sustainable free cash flows. It is based on the "FCF potential" - a FCF "ex growth" figure - which assumes unchanged working capital and pure maintenance capex. A value indication is derived by discounting the "FCF potential" of a given year with the weighted costs of capital. The fluctuating value indications over time add a timing element to the DCF model (our preferred valuation tool).

in EUR m	2009	2010	2011	2012	2013	2014e	2015e	
Net Income before minorities	n.a.	-4.1	-6.2	-0.4	-8.9	-4.0	-1.5	
+ Depreciation + Amortisation	n.a.	1.0	2.0	1.3	4.4	2.9	2.9	
- Net Interest Income	n.a.	0.4	0.4	0.1	-0.1	-0.1	-0.1	
- Maintenance Capex	n.a.	0.7	0.7	0.7	0.7	0.9	1.0	
+ Other	n.a.	0.0	0.0	0.0	4.6	2.8	2.8	
= Free Cash Flow Potential	n.a.	-4.2	-5.4	0.0	-0.5	0.9	3.3	
Free Cash Flow Yield Potential	n/a	-74.5 %	-52.9 %	0.3 %	-1.4 %	2.0 %	7.5 %	
WACC	10.69 %	10.69 %	10.69 %	10.69 %	10.69 %	10.69 %	10.69 %	
= Enterprise Value (EV)	n.a.	5.6	10.1	18.3	34.5	42.3	43.9	
= Fair Enterprise Value	n.a.	n.a.	n.a.	0.5	n.a.	8.1	30.6	
- Net Debt (Cash)	n.a.	-2.9	-2.9	-2.9	-2.9	1.0	2.6	
- Pension Liabilities	n.a.	0.0	0.0	0.0	0.0	0.0	0.0	
- Other	n.a.	0.0	0.0	0.0	0.0	0.0	0.0	
- Market value of minorities	n.a.	0.0	0.0	0.0	0.0	0.0	0.0	
+ Market value of investments	n.a.	0.0	0.0	0.0	0.0	0.0	0.0	
= Fair Market Capitalisation	n.a.	n.a.	n.a.	3.4	n.a.	7.1	28.0	
No. of shares (total) (m)	8.0	8.0	8.0	8.0	8.0	8.0	8.0	
= Fair value per share (EUR)	n.a.	n.a.	n.a.	0.42	n.a.	0.88	3.49	
premium (-) / discount (+) in %						-82.8 %	-32.1 %	
Sensitivity Fair value per Share (EUR)								
	13.69 %	n.a.	n.a.	n.a.	0.41	n.a.	0.66	2.66
	12.69 %	n.a.	n.a.	n.a.	0.41	n.a.	0.72	2.89
	11.69 %	n.a.	n.a.	n.a.	0.42	n.a.	0.80	3.17
WACC	10.69 %	n.a.	n.a.	n.a.	0.42	n.a.	0.88	3.49
	9.69 %	n.a.	n.a.	n.a.	0.43	n.a.	0.99	3.89
	8.69 %	n.a.	n.a.	n.a.	0.44	n.a.	1.12	4.37
	7.69 %	n.a.	n.a.	n.a.	0.44	n.a.	1.28	4.98

- A rising earnings generation is reflected in an increasing value indication
- D&A above maintenance capex owing to R&D- and PPA-amortisation

Valuation							
	2009	2010	2011	2012	2013	2014e	2015e
Price / Book	1.0 x	1.0 x	0.9 x	1.1 x	1.3 x	1.6 x	1.7 x
Book value per share ex intangibles	6.07	5.42	3.62	3.38	1.30	0.93	0.90
EV / Sales	n.a.	0.4 x	0.7 x	0.6 x	1.1 x	0.7 x	0.7 x
EV / EBITDA	n.a.	n.a.	n.a.	25.1 x	n.a.	n.a.	18.5 x
EV / EBIT	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EV / EBIT adj.*	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	18.9 x
P / FCF	n.a.	n.a.	n.a.	70.5 x	n.a.	n.a.	n.a.
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.	30.3 x
Dividend Yield	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Free Cash Flow Yield Potential	n.a.	-74.5 %	-52.9 %	0.3 %	-1.4 %	2.0 %	7.5 %

*Adjustments made for: Adjusted for acquisitions + transaction related costs, PPA amortizations

Consolidated profit and loss

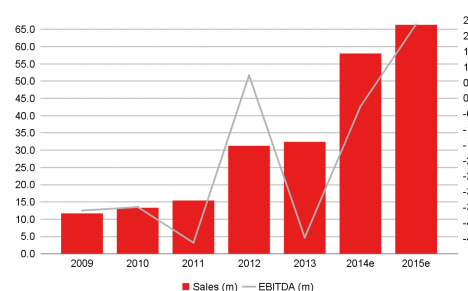
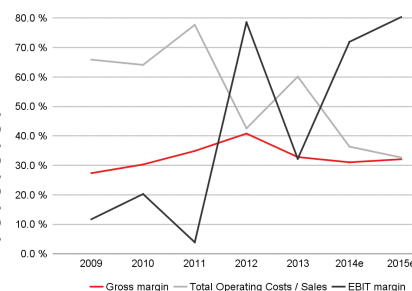
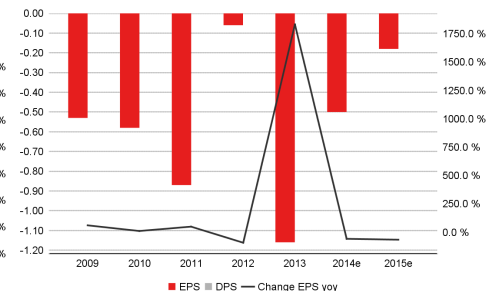
In EUR m	2009	2010	2011	2012	2013	2014e	2015e
Sales	11.7	13.3	15.4	31.3	32.4	58.0	66.3
Change Sales yoy	-19.7 %	14.1 %	15.7 %	102.6 %	3.7 %	79.0 %	14.3 %
COGS	8.5	9.3	10.1	18.5	21.8	40.0	45.1
Gross profit	3.2	4.0	5.4	12.8	10.6	18.0	21.2
<i>Gross margin</i>	<i>27.3 %</i>	<i>30.3 %</i>	<i>34.8 %</i>	<i>40.8 %</i>	<i>32.8 %</i>	<i>31.0 %</i>	<i>32.0 %</i>
Research and development	1.5	1.9	2.5	4.3	6.1	5.3	5.3
Sales and marketing	4.4	4.8	4.9	5.9	8.2	8.2	8.6
Administration expenses	2.1	2.1	2.7	3.6	3.9	4.8	5.0
Other operating expenses	0.0	0.0	2.1	0.4	2.3	2.8	2.8
Other operating income	0.4	0.1	0.2	0.7	1.0	0.0	0.0
Unfrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	-3.6	-3.5	-4.6	0.7	-4.5	-0.3	2.4
<i>Margin</i>	<i>-30.8 %</i>	<i>-26.2 %</i>	<i>-30.1 %</i>	<i>2.3 %</i>	<i>-13.8 %</i>	<i>-0.5 %</i>	<i>3.6 %</i>
Depreciation of fixed assets	0.4	0.4	0.5	0.7	0.8	0.8	0.8
EBITA	-4.0	-3.9	-5.2	0.1	-5.2	-1.1	1.6
Amortisation of intangible fixed assets	0.5	0.6	1.5	0.6	2.1	2.1	2.1
Goodwill amortization	0.0	0.0	0.0	0.0	1.5	0.0	0.0
EBIT	-4.5	-4.5	-6.6	-0.5	-8.8	-3.1	-0.5
<i>Margin</i>	<i>-38.6 %</i>	<i>-33.8 %</i>	<i>-42.9 %</i>	<i>-1.7 %</i>	<i>-27.3 %</i>	<i>-5.4 %</i>	<i>-0.7 %</i>
EBIT adj.	-4.5	-4.5	-4.1	-1.0	-4.2	-0.3	2.3
Interest income	0.7	0.4	0.4	0.2	0.1	0.1	0.1
Interest expenses	0.0	0.0	0.0	0.1	0.2	0.2	0.2
Other financial income (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	-3.8	-4.1	-6.2	-0.4	-9.0	-3.2	-0.6
<i>Margin</i>	<i>-32.4 %</i>	<i>-30.9 %</i>	<i>-40.4 %</i>	<i>-1.4 %</i>	<i>-27.7 %</i>	<i>-5.6 %</i>	<i>-0.9 %</i>
Total taxes	0.0	0.0	0.0	0.0	-0.1	0.8	0.9
Net income from continuing operations	-3.8	-4.1	-6.2	-0.4	-8.9	-4.0	-1.5
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income before minorities	-3.8	-4.1	-6.2	-0.4	-8.9	-4.0	-1.5
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-3.8	-4.1	-6.2	-0.4	-8.9	-4.0	-1.5
<i>Margin</i>	<i>-32.4 %</i>	<i>-30.9 %</i>	<i>-40.4 %</i>	<i>-1.4 %</i>	<i>-27.5 %</i>	<i>-6.9 %</i>	<i>-2.2 %</i>
Number of shares, average	7.2	7.2	7.2	7.5	7.7	8.0	8.0
EPS	-0.53	-0.58	-0.87	-0.06	-1.16	-0.50	-0.18
EPS adj.	-0.53	-0.58	-0.52	-0.12	-0.56	-0.15	0.17

*Adjustments made for: Adjusted for acquisitions + transaction related costs, PPA amortizations

Guidance: 2014: Revenues EUR 55 - 60m, positive underlying EBITDA

Financial Ratios

	2009	2010	2011	2012	2013	2014e	2015e
Total Operating Costs / Sales	65.9 %	64.2 %	77.7 %	42.5 %	60.1 %	36.4 %	32.7 %
Operating Leverage	0.0 x	0.0 x	3.0 x	-0.9 x	429.4 x	-0.8 x	-5.9 x
EBITDA / Interest expenses	n.m.	n.m.	n.m.	5.5 x	n.m.	n.m.	12.7 x
Tax rate (EBT)	0.0 %	0.0 %	-0.1 %	4.3 %	0.6 %	-23.8 %	-158.5 %
Dividend Payout Ratio	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Sales per Employee	111,302	133,291	145,525	168,062	146,665	223,144	245,630

Sales, EBITDA
in EUR m

Operating Performance
in %

Performance per Share


Source: Warburg Research

Source: Warburg Research

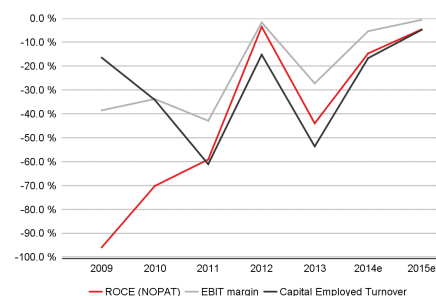
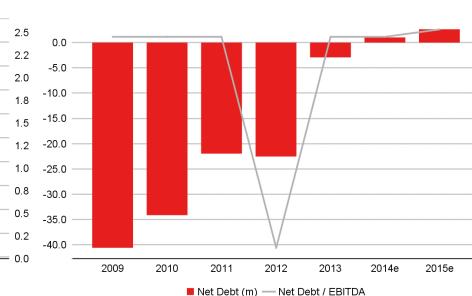
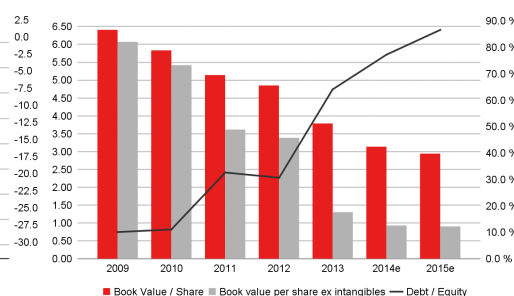
Source: Warburg Research

Consolidated balance sheet

In EUR m	2009	2010	2011	2012	2013	2014e	2015e
Assets							
Goodwill and other intangible assets	2.4	3.0	10.9	11.0	19.1	17.7	16.4
thereof other intangible assets	2.4	3.0	3.1	2.8	6.0	4.6	3.3
thereof Goodwill	0.0	0.0	6.1	6.1	11.8	11.8	11.8
Property, plant and equipment	1.7	2.3	2.7	2.4	2.3	2.0	1.8
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other long-term assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fixed assets	4.1	5.3	13.7	13.4	21.3	19.7	18.1
Inventories	1.3	1.9	4.9	5.8	7.7	9.4	10.7
Accounts receivable	2.2	2.7	5.0	3.7	9.5	10.0	11.4
Liquid assets	40.6	34.1	22.7	22.9	7.4	3.7	2.1
Other short-term assets	2.2	2.3	2.5	1.7	1.7	1.8	1.8
Current assets	46.4	41.1	35.2	34.2	26.3	24.9	26.0
Total Assets	50.5	46.4	48.8	47.6	47.7	44.6	44.1
Liabilities and shareholders' equity							
Subscribed capital	7.2	7.2	7.5	7.5	8.0	8.0	8.0
Capital reserve	66.9	66.9	67.9	67.9	69.6	69.6	69.6
Retained earnings	0.0	0.0	0.0	0.0	0.0	-4.0	-5.5
Other equity components	-28.2	-32.3	-38.6	-39.0	-48.5	-48.4	-48.5
Shareholder's equity	45.8	41.7	36.8	36.4	29.1	25.2	23.6
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total equity	45.8	41.7	36.8	36.4	29.1	25.2	23.6
Provisions	0.8	1.0	2.3	2.4	2.6	2.6	2.6
thereof provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial liabilities (total)	0.0	0.0	0.8	0.4	4.5	4.7	4.7
thereof short-term financial liabilities	0.0	0.0	0.6	0.4	2.1	2.1	2.1
Accounts payable	2.0	1.4	3.2	3.0	6.3	7.2	8.2
Other liabilities	1.8	2.2	5.8	5.4	5.3	4.9	4.9
Liabilities	4.6	4.6	12.0	11.2	18.6	19.5	20.5
Total liabilities and shareholders' equity	50.5	46.4	48.8	47.6	47.7	44.6	44.1

Financial Ratios

	2009	2010	2011	2012	2013	2014e	2015e
Efficiency of Capital Employment							
Operating Assets Turnover	3.6 x	2.4 x	1.7 x	3.5 x	2.5 x	4.3 x	4.4 x
Capital Employed Turnover	2.2 x	1.8 x	1.0 x	2.3 x	1.2 x	2.2 x	2.5 x
ROA	-92.5 %	-78.0 %	-45.6 %	-3.2 %	-41.8 %	-20.3 %	-8.1 %
Return on Capital							
ROCE (NOPAT)	-95.9 %	-70.2 %	-59.1 %	-3.5 %	-43.9 %	-14.7 %	-4.7 %
ROE	-7.9 %	-9.4 %	-15.9 %	-1.2 %	-27.2 %	-14.8 %	-6.0 %
Adj. ROE	-7.9 %	-9.4 %	-9.4 %	-2.5 %	-13.1 %	-4.4 %	5.5 %
Balance sheet quality							
Net Debt	-40.6	-34.1	-22.0	-22.5	-2.9	1.0	2.6
Net Financial Debt	-40.6	-34.1	-22.0	-22.5	-2.9	1.0	2.6
Net Gearing	-88.5 %	-81.8 %	-59.7 %	-61.9 %	-10.1 %	4.1 %	11.1 %
Net Fin. Debt / EBITDA	n.a.	n.a.	n.a.	-3085.5 %	n.a.	n.a.	110.9 %
Book Value / Share	6.4	5.8	5.1	4.9	3.8	3.1	2.9
Book value per share ex intangibles	6.1	5.4	3.6	3.4	1.3	0.9	0.9

ROCE Development

Net debt in EUR m

Book Value per Share in EUR


Source: Warburg Research

Source: Warburg Research

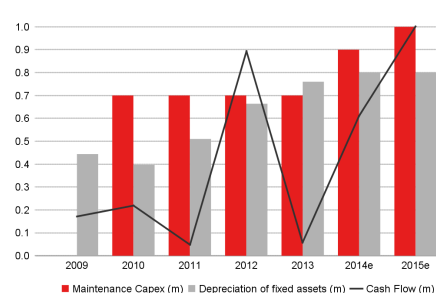
Source: Warburg Research

Consolidated cash flow statement

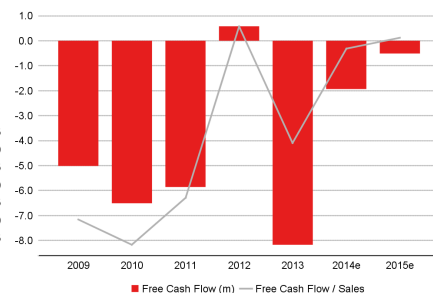
In EUR m	2009	2010	2011	2012	2013	2014e	2015e
Net income	-3.8	-4.1	-6.2	-0.4	-9.0	-4.0	-1.5
Depreciation of fixed assets	0.4	0.4	0.5	0.7	0.8	0.8	0.8
Amortisation of goodwill	0.0	0.0	0.0	0.0	1.5	0.0	0.0
Amortisation of intangible assets	0.5	0.6	1.5	0.6	2.1	2.1	2.1
Increase/decrease in long-term provisions	0.0	0.2	0.0	-0.6	0.0	0.0	0.0
Other non-cash income and expenses	0.0	0.3	0.6	1.6	1.0	1.1	1.1
Cash Flow	-2.9	-2.6	-3.7	1.8	-3.6	-0.1	2.5
Increase / decrease in inventory	-0.2	-0.6	-1.0	-1.0	0.3	-1.7	-1.3
Increase / decrease in accounts receivable	0.2	-0.5	-0.3	0.8	-2.1	-0.5	-1.4
Increase / decrease in accounts payable	-0.1	-0.6	0.3	-0.1	-2.0	1.5	1.0
Increase / decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / decrease in working capital (total)	-0.1	-1.7	-1.0	-0.3	-3.8	-0.7	-1.7
Net cash provided by operating activities	-3.0	-4.3	-4.7	1.5	-7.4	-0.7	0.8
Investments in intangible assets	-1.1	-1.2	-0.7	-0.6	-0.3	-0.7	-0.7
Investments in property, plant and equipment	-1.0	-1.1	-0.4	-0.3	-0.4	-0.5	-0.6
Payments for acquisitions	0.0	0.0	-6.0	0.0	-6.0	-2.0	-1.1
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.1	0.0	0.3	0.0	0.1	0.0	0.0
Net cash provided by investing activities	-1.9	-2.2	-6.8	-0.9	-6.7	-3.2	-2.4
Change in financial liabilities	-0.1	0.0	-0.4	-0.4	-1.5	0.2	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	-0.1	0.0	-0.1	0.0	0.0
Net cash provided by financing activities	-0.1	0.0	-0.4	-0.4	-1.6	0.2	0.0
Change in liquid funds	-5.0	-6.5	-12.0	0.2	-15.7	-3.7	-1.6
Effects of exchange-rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalent at end of period	40.6	34.1	22.2	22.9	7.2	3.7	2.1

Financial Ratios

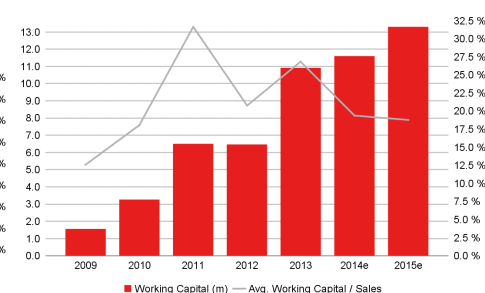
	2009	2010	2011	2012	2013	2014e	2015e
Cash Flow							
Free Cash Flow	-5.0	-6.5	-5.9	0.6	-8.2	-1.9	-0.5
Free Cash Flow / Sales	-42.9 %	-48.8 %	-38.0 %	1.9 %	-25.2 %	-3.3 %	-0.8 %
Free Cash Flow Potential	n.a.	-4.2	-5.4	0.0	-0.5	0.9	3.3
Free Cash Flow / Sales	-42.9 %	-48.8 %	-38.0 %	1.9 %	-25.2 %	-3.3 %	-0.8 %
Free Cash Flow / Net Profit	132.6 %	157.8 %	94.0 %	-136.3 %	91.7 %	48.4 %	35.0 %
Interest Received / Avg. Cash	1.7 %	1.1 %	1.5 %	0.9 %	0.4 %	1.3 %	3.5 %
Interest Paid / Avg. Debt	35.6 %	n.a.	9.7 %	23.7 %	8.0 %	4.1 %	4.0 %
Management of Funds							
Investment ratio	17.5 %	16.7 %	7.3 %	2.8 %	2.3 %	2.1 %	2.0 %
Maint. Capex / Sales	n.a.	5.3 %	4.5 %	2.2 %	2.2 %	1.6 %	1.5 %
Capex / Dep	226.8 %	217.8 %	57.3 %	70.0 %	17.4 %	42.1 %	45.6 %
Avg. Working Capital / Sales	12.6 %	18.1 %	31.7 %	20.7 %	26.8 %	19.4 %	18.8 %
Trade Debtors / Trade Creditors	112.7 %	196.0 %	156.0 %	121.9 %	151.4 %	138.9 %	139.0 %
Inventory Turnover	6.4 x	4.8 x	2.0 x	3.2 x	2.8 x	4.3 x	4.2 x
Receivables collection period (days)	69	74	119	43	107	63	63
Payables payment period (days)	84	54	117	60	105	66	66
Cash conversion cycle (Days)	-17	37	112	68	62	29	30

CAPEX and Cash Flow
in EUR m


Source: Warburg Research

Free Cash Flow Generation


Source: Warburg Research

Working Capital


Source: Warburg Research

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Company	Disclosure	Link to the historical price targets and rating changes (last 12 months)
SFC Energy	1, 4, 5	http://www.mmwarburg.com/disclaimer/disclaimer_en/DE0007568578.htm

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

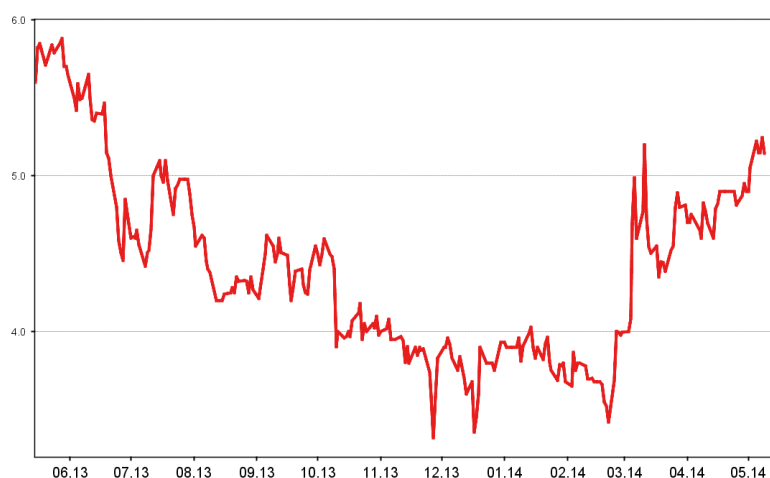
WARBURG RESEARCH GMBH – RESEARCH UNIVERSE BY RATING

Rating	Number of stocks	% of Universe
Buy	107	54
Hold	77	39
Sell	11	6
Rating suspended	3	2
Total	198	100

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...

... 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	82	59
Hold	49	36
Sell	5	4
Rating suspended	2	1
Total	138	100

PRICE AND RATING HISTORY SFC ENERGY AS OF 14.05.2014


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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