

# SFC Energy AG

Germany / Energy  
 Primary exchange: Frankfurt  
 Bloomberg: F3C GR  
 ISIN: DE0007568578

Q2 figures

**RATING**  
**PRICE TARGET** **ADD**  
 Return Potential 17.8%  
 Risk Rating High

**€ 11.90**

## DEFENCE ORDERS IN Q4 DECISIVE

SFC Energy reported Q2 figures and held a conference call. Q2 revenue was up 4% at €14.6m, but EBIT fell y/y from €-0.2m to €2.0m due mainly to higher operating expenses and costs associated with the share appreciation rights (SAR) plan. Underlying EBIT (adjusted for SAR costs) amounted to €-172k and was only slightly down from the previous year's figure of €21k. Given the strong project pipeline in the defence business, SFC reiterated its guidance (revenue: €67-74m, underlying EBIT: €3.5-6.0m). The defence business is typically a year-end business and there is a high probability that SFC will ship two large German army orders in Q4 (order volume FBe: €6-10m). Given the weaker oil & gas business and the higher than expected operating and SAR costs, we lower our forecasts for 2019E and the following years. An updated DCF model yields a new price target of €11.90 (previously: €12.60). We reiterate our Add rating.

**Q2 sales slightly up, but EBIT down** Q2 sales increased 4% y/y to €14.6m (FBe: €15.2m). Main sales drivers were the defence & security business (+27% y/y) and the Industry segment (+7%). Gross profit was flat y/y at €4.7m. The gross margin declined from 33.1% to 32.1%. EBIT retreated from €-0.2m to €-2.0m (FBe: €-0.4m) due mainly to higher sales costs (€3.9m vs. €2.8m in Q2/18) and higher administration costs (€2.0m vs. €1.4m in Q2/18). The SAR plan (Q2/19: €1.8m) is the main reason for the higher cost positions. Underlying EBIT (adjusted for SAR costs) amounted to €-172k (Q2/18: €21k). The underlying EBIT shows that operating profitability was only slightly weaker than in Q2/18, but remained below our forecast of €0.4m. The net result was €-2.2m, down from €-0.5m in Q2/18 (see figure 1 overleaf).

The H1 figures showed stable revenues (€31.1m, +1% y/y), and an operating result of €-2.0m versus €0.5m in H1/18. This €2.5m swing is mainly based on higher operating costs of €1.1m, and higher SAR costs of €1.5m. The underlying EBIT—adjusted for €2.6m in SAR costs—amounted to €0.6m (H1/18: €1.6m). The H1 net result was €-2.6m versus €-0.1m in H1/18.

(p.t.o.)

## FINANCIAL HISTORY & PROJECTIONS

	2016	2017	2018	2019E	2020E	2021E
Revenue (€m)	44.04	54.29	61.70	68.00	77.50	90.01
Y-o-y growth	-6.9%	23.3%	13.7%	10.2%	14.0%	16.1%
EBIT (€m)	-4.90	-0.88	1.33	-0.67	4.21	7.48
EBIT margin	-11.1%	-1.6%	2.1%	-1.0%	5.4%	8.3%
Net income (€m)	-4.99	-2.07	0.00	-1.03	3.06	5.72
EPS (diluted) (€)	-0.58	-0.23	0.00	-0.09	0.23	0.44
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00
FCF (€m)	-6.15	0.36	-0.37	-0.75	0.07	2.96
Net gearing	53.5%	37.7%	13.5%	-52.5%	-48.4%	-48.4%
Liquid assets (€m)	2.04	4.69	7.81	29.24	27.93	34.68

## RISKS

The main risks are internationalisation, unfavourable exchange rate changes, technological innovations, and increasing competition.

## COMPANY PROFILE

SFC Energy AG is a leading provider of integrated power solutions for mobile and stationary off-grid applications. The company is a pioneer in developing and commercialising fuel cells which provide reliable, efficient, and clean power for its energy solutions. Main markets are oil & gas, defence & security, industry, and clean energy & mobility. SFC is headquartered near Munich in Germany.

## MARKET DATA

As of 28 Aug 2019

Closing Price € 10.10  
 Shares outstanding 12.95m  
 Market Capitalisation € 130.79m  
 52-week Range € 5.62 / 13.91  
 Avg. Volume (12 Months) 29,902

Multiples	2018	2019E	2020E
P/E	n.a.	n.a.	42.7
EV/Sales	2.2	2.0	1.7
EV/EBIT	100.8	n.a.	31.7
Div. Yield	0.0%	0.0%	0.0%

## STOCK OVERVIEW



## COMPANY DATA

As of 30 Jun 2019

Liquid Assets € 5.27m  
 Current Assets € 29.13m  
 Intangible Assets € 12.59m  
 Total Assets € 53.10m  
 Current Liabilities € 21.53m  
 Shareholders' Equity € 17.40m

## SHAREHOLDERS

HPE 21.3%  
 Havensight 5.9%  
 Coduit Ventures 5.7%  
 Management 1.8%  
 Free Float 65.3%


**Figure 1: Reported figures versus forecasts**

All figures in €m	Q2-19A	Q2-19E	Delta	Q2-18A	Delta	H1/19	H1/18	Delta
Sales	14.62	15.22	-4.0%	14.10	3.7%	31.08	30.86	0.7%
EBITDA	-1.15	0.40	-	0.08	-	-0.37	1.06	-
margin	-7.9%	2.6%		0.6%		-1.2%	3.4%	
Adjusted EBITDA	0.65	1.20	-46.2%	0.31	106.4%	2.20	2.13	3.2%
margin	4.4%	7.9%		2.2%		7.1%	6.9%	
EBIT	-1.97	-0.42	-	-0.21	-	-1.99	0.50	-
margin	-13.5%	-2.8%		-1.5%		-6.4%	1.6%	
Adjusted EBIT	-0.17	0.38	-	0.02	-	0.58	1.57	-62.8%
margin	-1.2%	2.5%		0.1%		1.9%	5.1%	
Net income	-2.24	-0.72	-	-0.48	-	-2.56	-0.15	-
margin	-15.3%	-4.7%		-3.4%		-8.2%	-0.5%	
EPS (diluted, in €)	-0.22	-0.07	-	-0.05	-	-0.25	-0.02	-

Source: First Berlin Equity Research, SFC Energy AG

**H1 balance sheet does not yet reflect the €27m capital increase** In July, SFC completed a €27m capital increase (2.7m shares at €10 per share, see our comment of 16 July). As the H1 equity only contains €1.5m in net proceeds from initial capital payments made for the completion of the agreed capital increase, it does not reflect SFC's current financial situation. We expect the company to have a much improved equity ratio of ca. 60% at the end of the year (2018: 43%) and a double-digit Euro million net cash position.

**Slightly positive operating cash flow in H1** Operating cash flow amounted to €0.3m due mainly to the non-cash expenses for the SAR plan of €2.6m and higher trade payables (+€2.3m). Free cash flow was €-1.3m due to CAPEX of €16m in intangible assets and PP&E. Financing cash flow amounted to €-1.2m. The initial proceeds from the capital increase of €2.7m were offset by the expenses for the capital increase (€-1.2m), the repayment of financial debt (€-1.4m), and liabilities of financial leases (€-1.0m).

**Weak oil & gas business** Oil & gas segment sales declined 6% y/y to €5.7m in Q2. Segment gross profit fell 17% y/y to €1.5m (see figure 2 overleaf). The gross margin retreated from 30.1% to 26.4%. Segment EBITDA was slightly negative (€-4k versus €0.6m in Q2/18). The average oil price (WTI) was down 12% y/y and amounted to ca. 60 \$/bbl in Q2/19. Currently, WTI is trading at 56 \$/bbl, whereas Western Canadian Select costs 44 \$/bbl. In its recent report from June, the Canadian Association of Petroleum Producers (CAPP) lowered its long-term growth forecast for the Canadian oil production and only assumes a CAGR of just 1.4% for the period 2018-35. In its "Short Term Energy Outlook" from July, the US Energy Information Agency (EIA) expects a slight downturn in Canadian oil production in 2019 due to the mandatory production cuts in Alberta, which are expected to be in place until the end of the year. We thus believe that investment activity will remain modest for the remainder of the year. We have cut our 2019E segment forecast and now expect a decline in segment revenues of 2% y/y.

**Solid Q2 in defence & security** Q2 segment revenue increased 27% y/y to €1.7m, and the segment gross profit climbed 50% to €750k. The gross margin was up 7 PP at 45% (see figure 2 overleaf). Segment EBITDA amounted to €-1.1m (Q2/18: €-0.5m). The defence & security business is a year-end business, and we expect further international orders and probably two large orders from the German army, one for portable and one for vehicle-based systems, which could have a total volume of €6-10m. We have increased our 2019E segment revenue forecast to €13.6m. The increase in military spending in many countries



looks set to continue. Demand for reliable and undetectable power supply of the military is rising and SFC's competitive position in this market is excellent. We therefore see the Defence & Security segment as the main revenue and earnings driver.

**Clean Energy & Mobility segment growth slowed in Q2** Q2 segment revenues rose 7% y/y to €2.6m. After the very strong growth y/y in Q1 (+27%), momentum slowed and was below our forecasts. Gross profit rose 13% y/y to €1.1m (see figure 2). The gross margin increased from 40.5% to 42.8%. Segment EBITDA remained negative and amounted to €-453k (Q2/18: €-319k). Although we have trimmed our segment growth forecast somewhat, we still see strong potential and now expect 18% revenue growth y/y to €11.0m in 2019E (see figure 3 overleaf). Main demand drivers are an increase in off-grid power supply systems, plus more decentralised and emission-free energy production. The digitalisation requires more measurement and monitoring systems as well as base stations and telecommunication systems to transfer ever larger data volumes. All these systems require reliable power, and fuel cell-based power supply solutions are often the suitable solution.

**Industry segment with solid growth, but lower gross margin** Although revenues were up 7% y/y at €4.7m in Q2, gross profit was 3% below the previous year's figure, as the gross margin declined 3 PP to 28.5% (see figure 2). Q2 EBITDA improved y/y from €325k to €386k. Since margins have still been impacted by start-up costs of the new platform, we expect improved margins in H2. We forecast annual sales of €17.9m and a 30% gross margin (see figure 3 overleaf).

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

All figures in €m	Q2-19A	Q2-19E	Delta	Q2-18A	Delta	H1-19A	H1-18A	Delta
<b>Oil &amp; Gas</b>								
Sales	5.68	6.00	-5.4%	6.01	-5.5%	11.91	12.17	-2.2%
Gross profit	1.50	1.77	-15.2%	1.81	-17.1%	3.33	3.61	-7.9%
margin	26.4%	29.5%		30.1%		27.9%	29.7%	
<b>Defence &amp; Security</b>								
Sales	1.68	1.49	12.3%	1.32	27.0%	4.63	5.65	-18.0%
Gross profit	0.75	0.72	4.3%	0.50	49.6%	2.03	2.65	-23.1%
margin	45.0%	48.5%		38.2%		43.9%	46.8%	
<b>Clean Energy &amp; Mobility</b>								
Sales	2.55	2.91	-12.4%	2.38	6.9%	5.54	4.73	17.1%
Gross profit	1.09	1.22	-10.8%	0.97	12.7%	2.41	1.87	28.3%
margin	42.8%	42.0%		40.5%		43.4%	39.6%	
<b>Industry</b>								
Sales	4.72	4.82	-2.1%	4.40	7.4%	9.00	8.31	8.3%
Gross profit	1.35	1.53	-12.0%	1.39	-2.9%	2.64	2.44	8.1%
margin	28.5%	31.7%		31.5%		29.3%	29.4%	
<b>Group</b>								
Sales	14.62	15.22	-4.0%	14.10	3.7%	31.08	30.86	0.7%
Gross profit	4.69	5.24	-10.6%	4.66	0.5%	10.40	10.57	-1.6%
margin	32.1%	34.4%		33.1%		33.5%	34.3%	

Source: First Berlin Equity Research, SFC Energy AG

**Lower order backlog** The order backlog declined both y/y (-28%) and q/q (-17%). We thus expect Q3 revenue at a level similar to Q2. As both the oil & gas and the clean energy & mobility segments contain relevant shares of transactional business not displayed in the order backlog, we are not too alarmed about the decreasing order backlog and note that large defence orders (€6-10m) look set to hit in Q4.



**Forecasts lowered** The lacklustre development of the oil & gas business, and slower than expected growth of the Clean Energy & Mobility segment causes us to reduce our group revenue forecast from €70.2m to €68.0m (see figure 3 for detailed estimates). We have adjusted our group EBIT forecast due to lower than expected gross margins in most segments and higher operating costs. In H1, SAR costs amounted to €2.6m. The SAR costs in H2 depend on the SFC share price development for the remainder of the year. We now assume SAR costs of €4.6m for the whole year. Our 2019E EBIT forecast is now €-0.7m (previously: €3.7m). This results in an underlying EBIT of €3.9m, which is at the lower end of SFC's guidance (€3.5-6.0m). We have also trimmed our forecasts for the following years (see figure 4) but maintain our growth scenario due to: (1) the excellent business opportunities for fuel cells in general; (2) SFC's very strong defence project pipeline; and (3) the start of SFC's hydrogen fuel cell distribution.

**Figure 3: H1 results and H2 and 2019E forecasts**

All figures in €m	H1-19A	H2-19E	2019E
<b>Oil &amp; Gas</b>			
Sales	11.91	13.59	25.50
Gross profit	3.33	3.81	7.14
margin	27.9%	28.1%	28.0%
<b>Defence &amp; Security</b>			
Sales	4.63	8.97	13.60
Gross profit	2.03	4.77	6.80
margin	43.9%	53.1%	50.0%
<b>Clean Energy &amp; Mobility</b>			
Sales	5.54	5.46	11.00
Gross profit	2.41	2.22	4.62
margin	43.4%	40.6%	42.0%
<b>Industry</b>			
Sales	9.00	8.90	17.90
Gross profit	2.64	2.73	5.37
margin	29.3%	30.7%	30.0%
<b>Group</b>			
Sales	31.08	36.92	68.00
Gross profit	10.40	13.53	23.93
margin	33.5%	36.6%	35.2%

Source: First Berlin Equity Research, SFC Energy

**Figure 4: Revisions to forecasts**

All figures in €m	2019E			2020E			2021E		
	Old	New	Delta	Old	New	Delta	Old	New	Delta
Sales	70.20	68.00	-3.1%	81.10	77.50	-4.4%	96.51	90.01	-6.7%
EBIT	3.66	-0.67	-	5.62	4.21	-25.0%	7.72	7.48	-3.1%
margin	5.2%	-1.0%	-	6.9%	5.4%	-	8.0%	8.3%	-
Net income	2.50	-1.03	-	4.19	3.06	-26.8%	5.92	5.72	-3.3%
margin	3.6%	-1.5%	-	5.2%	4.0%	-	6.1%	6.4%	-
EPS (diluted) in €	0.21	-0.09	-	0.32	0.23	-26.8%	0.45	0.44	-3.3%

Source: First Berlin Equity Research

**Add reiterated at lower price target** An updated DCF model yields a new price target of €11.90 (previously: €12.60). We confirm our Add rating.



## VALUATION MODEL

DCF valuation model								
All figures in EUR '000								
	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E
Net sales	68,000	77,500	90,009	104,410	119,882	136,230	153,197	170,466
NOPLAT	-670	3,448	5,938	7,882	9,324	10,579	11,832	13,070
+ depreciation & amortisation	3,745	3,512	3,492	3,118	2,904	2,813	2,809	2,864
Net operating cash flow	3,075	6,961	9,430	11,001	12,228	13,392	14,641	15,934
- total investments (CAPEX and WC)	-4,084	-6,889	-6,471	-5,516	-5,874	-6,302	-6,660	-6,928
Capital expenditures	-2,584	-2,635	-2,070	-2,297	-2,539	-2,774	-2,994	-3,192
Working capital	-1,500	-4,254	-4,400	-3,219	-3,335	-3,528	-3,665	-3,735
Free cash flows (FCF)	-1,009	71	2,959	5,485	6,354	7,090	7,981	9,007
<b>PV of FCF's</b>	<b>-977</b>	<b>63</b>	<b>2,388</b>	<b>4,043</b>	<b>4,277</b>	<b>4,358</b>	<b>4,480</b>	<b>4,617</b>

All figures in thousands	
PV of FCFs in explicit period (2019E-2033E)	57,107
PV of FCFs in terminal period	74,585
Enterprise value (EV)	131,692
+ Net cash / - net debt (pro forma)	24,938
+ Investments / minority interests	0
Shareholder value	156,630
Diluted number of shares	13,148
<b>Fair value per share in EUR</b>	<b>11.91</b>

WACC		Terminal growth rate						
		1.5%	2.0%	2.5%	3.0%	3.5%	4.0%	4.5%
5.5%	Cost of equity	24.25	26.38	29.22	33.20	39.17	49.12	69.07
6.5%	Pre-tax cost of debt	18.84	19.97	21.38	23.20	25.62	29.01	34.10
7.5%	Tax rate	15.30	15.95	16.74	17.71	18.91	20.46	22.53
8.5%	After-tax cost of debt	12.82	13.23	13.70	14.26	14.94	15.76	16.79
9.5%	Share of equity capital	11.00	11.26	11.57	11.91	12.32	12.80	13.38
10.5%	Share of debt capital	9.62	9.79	9.99	10.22	10.48	10.77	11.12
11.5%		8.54	8.66	8.79	8.95	9.12	9.31	9.53
12.5%		7.67	7.76	7.85	7.96	8.07	8.20	8.35
	<b>Price target in EUR</b>							

\* for layout purposes the model shows numbers only to 2026, but runs until 2033



## INCOME STATEMENT

All figures in EUR '000	2016A	2017A	2018A	2019E	2020E	2021E
<b>Revenues</b>	<b>44,041</b>	<b>54,292</b>	<b>61,704</b>	<b>68,000</b>	<b>77,500</b>	<b>90,009</b>
Cost of goods sold	30,795	36,566	40,623	44,070	50,516	59,129
<b>Gross profit</b>	<b>13,247</b>	<b>17,726</b>	<b>21,082</b>	<b>23,930</b>	<b>26,984</b>	<b>30,880</b>
S&M	9,126	9,786	10,792	14,000	12,200	12,061
G&A	4,883	5,016	5,230	7,200	5,700	5,941
R&D	4,148	3,892	3,525	3,400	4,870	5,401
Other operating income	96	277	320	204	233	270
Other operating expenses	83	194	529	204	233	270
<b>Operating income (EBIT)</b>	<b>-4,898</b>	<b>-885</b>	<b>1,325</b>	<b>-670</b>	<b>4,214</b>	<b>7,478</b>
Net financial result	-475	-1,150	-737	-612	-385	-213
Non-operating expenses	0	0	0	0	0	0
<b>Pre-tax income (EBT)</b>	<b>-5,373</b>	<b>-2,035</b>	<b>588</b>	<b>-1,282</b>	<b>3,829</b>	<b>7,265</b>
Income taxes	-380	37	589	-256	766	1,540
Minority interests	0	0	0	0	0	0
<b>Net income / loss</b>	<b>-4,993</b>	<b>-2,072</b>	<b>-1</b>	<b>-1,026</b>	<b>3,063</b>	<b>5,724</b>
<b>Diluted EPS (in €)</b>	<b>-0.58</b>	<b>-0.23</b>	<b>0.00</b>	<b>-0.09</b>	<b>0.23</b>	<b>0.44</b>
<b>EBITDA</b>	<b>-2,508</b>	<b>862</b>	<b>2,478</b>	<b>3,075</b>	<b>7,726</b>	<b>10,970</b>
<b>Ratios</b>						
Gross margin	30.1%	32.6%	34.2%	35.2%	34.8%	34.3%
EBITDA margin on revenues	-5.7%	1.6%	4.0%	4.5%	10.0%	12.2%
EBIT margin on revenues	-11.1%	-1.6%	2.1%	-1.0%	5.4%	8.3%
Net margin on revenues	-11.3%	-3.8%	0.0%	-1.5%	4.0%	6.4%
Tax rate	7.1%	-1.8%	100.1%	20.0%	20.0%	21.2%
<b>Expenses as % of revenues</b>						
S&M	20.7%	18.0%	17.5%	20.6%	15.7%	13.4%
G&A	11.1%	9.2%	8.5%	10.6%	7.4%	6.6%
R&D	9.4%	7.2%	5.7%	5.0%	6.3%	6.0%
Other operating expenses	0.2%	0.4%	0.9%	0.3%	0.3%	0.3%
<b>Y-Y Growth</b>						
Revenues	-6.9%	23.3%	13.7%	10.2%	14.0%	16.1%
Operating income	n.m.	n.m.	n.m.	n.m.	n.m.	77.5%
Net income/ loss	n.m.	n.m.	n.m.	n.m.	n.m.	86.9%



## BALANCE SHEET

All figures in EUR '000	2016A	2017A	2018A	2019E	2020E	2021E
<b>Assets</b>						
<b>Current assets, total</b>	<b>20,056</b>	<b>21,849</b>	<b>28,289</b>	<b>51,257</b>	<b>52,591</b>	<b>63,735</b>
Cash and cash equivalents	2,041	4,694	7,805	29,243	27,930	34,675
Short-term investments	0	0	0	0	0	0
Receivables	9,253	8,712	10,158	11,178	12,740	14,796
Inventories	7,718	7,939	9,753	10,263	11,349	13,284
Other current assets	1,044	504	573	573	573	980
<b>Non-current assets, total</b>	<b>13,737</b>	<b>12,684</b>	<b>13,776</b>	<b>22,136</b>	<b>21,259</b>	<b>19,837</b>
Property, plant & equipment	1,205	1,197	1,596	9,061	7,830	6,772
Goodwill & other intangibles	11,855	10,950	11,497	12,392	12,746	12,381
Other assets	678	537	684	684	684	684
<b>Total assets</b>	<b>33,793</b>	<b>34,534</b>	<b>42,065</b>	<b>73,393</b>	<b>73,850</b>	<b>83,572</b>
<b>Shareholders' equity &amp; debt</b>						
<b>Current liabilities, total</b>	<b>13,335</b>	<b>18,563</b>	<b>18,865</b>	<b>14,697</b>	<b>12,091</b>	<b>16,989</b>
Short-term debt	4,317	9,410	7,198	3,000	2,000	6,900
Accounts payable	5,790	5,520	7,093	7,124	7,612	8,910
Current provisions	646	800	972	972	972	972
Other current liabilities	2,583	2,833	3,602	3,602	1,507	207
<b>Long-term liabilities, total</b>	<b>7,119</b>	<b>2,076</b>	<b>4,996</b>	<b>14,517</b>	<b>14,517</b>	<b>13,617</b>
Long-term debt	4,860	529	3,056	3,056	3,056	2,156
Deferred revenue	0	0	0	0	0	0
Other liabilities	2,259	1,547	1,940	11,461	11,461	11,461
<b>Minority interests</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Shareholders' equity</b>	<b>13,339</b>	<b>13,895</b>	<b>18,204</b>	<b>44,179</b>	<b>47,242</b>	<b>52,966</b>
Share capital	9,047	9,659	10,250	12,950	12,950	12,950
Capital reserve	73,132	75,475	79,498	103,798	103,798	103,798
Other reserves	0	0	0	0	0	0
Treasury stock	0	0	0	0	0	0
Loss carryforward / retained earnings	-68,351	-70,423	-70,520	-71,546	-68,483	-62,758
<b>Total consolidated equity and debt</b>	<b>33,793</b>	<b>34,534</b>	<b>42,065</b>	<b>73,393</b>	<b>73,850</b>	<b>83,572</b>
<b>Ratios</b>						
Current ratio (x)	1.50	1.18	1.50	3.49	4.35	3.75
Quick ratio (x)	0.93	0.75	0.98	2.79	3.41	2.97
Net cash	-7,135	-5,245	-2,449	23,187	22,873	25,619
Net gearing	53.5%	37.7%	13.5%	-52.5%	-48.4%	-48.4%
Book value per share (€)	1.54	1.51	1.79	3.74	3.59	4.03
Equity ratio	39.5%	40.2%	43.3%	60.2%	64.0%	63.4%
Return on equity (ROE)	-37.4%	-14.9%	0.0%	-2.3%	6.5%	10.8%
Return on investment (ROI)	-14.8%	-6.0%	0.0%	-1.4%	4.1%	6.8%
Return on assets (ROA)	-12.7%	-2.6%	1.8%	-0.6%	4.7%	7.2%
Return on capital employed (ROCE)	-22.3%	-4.1%	6.1%	-2.4%	12.3%	20.0%
Days of sales outstanding (DSO)	76.7	58.6	60.1	60.0	60.0	60.0
Days of inventory turnover	91.5	79.3	87.6	85.0	82.0	82.0
Days in payables (DIP)	68.6	55.1	63.7	59.0	55.0	55.0



## CASH FLOW STATEMENT

All figures in EUR '000	2016A	2017A	2018A	2019E	2020E	2021E
<b>EBIT</b>	<b>-4,898</b>	<b>-885</b>	<b>1,325</b>	<b>-670</b>	<b>4,214</b>	<b>7,478</b>
Depreciation and amortisation	2,390	1,747	1,153	3,745	3,512	3,492
<b>EBITDA</b>	<b>-2,508</b>	<b>862</b>	<b>2,478</b>	<b>3,075</b>	<b>7,726</b>	<b>10,970</b>
Changes in working capital	-3,541	1,362	-1,417	-1,500	-4,254	-4,400
Other adjustments	818	-519	945	256	-766	-1,540
<b>Operating cash flow</b>	<b>-5,231</b>	<b>1,704</b>	<b>2,005</b>	<b>1,831</b>	<b>2,706</b>	<b>5,029</b>
CAPEX	-301	-497	-928	-816	-853	-900
Investments in intangibles	-619	-844	-1,445	-1,768	-1,783	-1,170
<b>Free cash flow</b>	<b>-6,151</b>	<b>363</b>	<b>-368</b>	<b>-753</b>	<b>71</b>	<b>2,959</b>
Acquisitions & disposals, net	205	33	0	0	0	0
Other investments	150	0	0	0	0	0
<b>Investing cash flow</b>	<b>-565</b>	<b>-1,308</b>	<b>-2,373</b>	<b>-2,584</b>	<b>-2,635</b>	<b>-2,070</b>
Debt financing, net	2,834	2,252	-1,786	-4,198	-1,000	4,000
Equity financing, net	1,500	400	4,220	27,000	0	0
Dividend paid	0	0	0	0	0	0
Other financing	-60	-394	1,045	-612	-385	-213
<b>Financing cash flow</b>	<b>4,274</b>	<b>2,258</b>	<b>3,479</b>	<b>22,191</b>	<b>-1,385</b>	<b>3,787</b>
Forex & other effects	1	-2	0	0	0	0
<b>Net cash flows</b>	<b>-1,521</b>	<b>2,653</b>	<b>3,111</b>	<b>21,438</b>	<b>-1,314</b>	<b>6,746</b>
Cash, start of the year	3,277	1,756	4,409	7,805	29,243	27,930
<b>Cash, end of the year</b>	<b>1,756</b>	<b>4,409</b>	<b>7,520</b>	<b>29,243</b>	<b>27,930</b>	<b>34,675</b>
<b>EBITDA/share (in €)</b>	<b>-0.29</b>	<b>0.09</b>	<b>0.24</b>	<b>0.26</b>	<b>0.59</b>	<b>0.83</b>

### Y-Y Growth

Operating cash flow	n.m.	n.m.	17.7%	-8.7%	47.8%	85.8%
Free cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	4047.7%
EBITDA/share	n.m.	n.m.	160.5%	6.7%	125.5%	42.0%



**FIRST BERLIN RECOMMENDATION & PRICE TARGET HISTORY**

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	23 June 2014	€4.84	Buy	€7.40
2...35	↓	↓	↓	↓
36	27 March 2019	€9.90	Add	€11.20
37	24 May 2019	€14.50	Sell	€11.30
38	16 July 2019	€12.50	Add	€12.60
39	Today	€10.10	Add	€11.90

**Authored by: Dr. Karsten von Blumenthal, Analyst**

**Company responsible for preparation:**

**First Berlin Equity Research GmbH**

Mohrenstraße 34  
10117 Berlin

Tel. +49 (0)30 - 80 93 96 85 Fax +49 (0)30 - 80 93 96 87

info@firstberlin.com

www.firstberlin.com

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

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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.

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