

SFC Energy AG

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

Q1/25 figures

RATING	BUY
PRICE TARGET	€ 31.00
Return Potential	47.3%
Risk Rating	High

GROWTH DRIVERS REMAIN INTACT – BUY CONFIRMED

SFC Energy has reported Q1 figures and held a conference call. Q1 figures were slightly better than we expected but below the prior year numbers, which were positively affected by the shipment of a large order (€10m) to India. Q1/25 was the second best Q1 in the history of SFC. Although the company hinted in recent months that Q1/24 was an unusually strong first quarter, investors were surprised by the weaker Q1/25 figures, and the share price took a dive. On the conference call, management pointed to significant impetus for growth to emerge from the newly acquired hydrogen fuel cell business in Scandinavia and substantial follow-up business in the defence and public security sectors. SFC confirmed 2025 guidance, and we see the company on track to deliver strong growth at high margins. An updated DCF model yields an unchanged €31 price target. We confirm our Buy recommendation. Upside: 47%.

Defence, border protection and critical energy infrastructure are topical NATO states with borders to Russia such as Finland and Latvia show active interest in fuel cell systems for backup power to improve border protection and the resilience of their energy infrastructure. Following the takeover of Ballard's Danish assets, Denmark could quickly develop into a new fuel cell-based solutions customer for defence and border protection. In February, the Danish Government decided to accelerate the build-up of Danish defence with an additional DKK50 billion (€6.7 bn) allocated over the coming two years, resulting in defence spending reaching 3% of GDP in 2025 and 2026. Following significantly rising tensions with Pakistan, India may ask for earlier delivery dates of planned fuel cell shipments.

Q1/25 second best Q1 in the history of the company Sales retreated 4% y/y to €38.6m, which was 2% above our forecast (see figure 1 overleaf). Lower group sales were caused by weaker Clean Energy segment revenue (-8%), while the smaller Clean Power Management segment increased sales by 11%. The gross profit declined 4% y/y to €17.1m. The gross margin remained... (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2022	2023	2024	2025E	2026E	2027E
Revenue (€m)	85.2	118.1	144.8	171.4	205.6	246.8
Y-o-y growth	32.5%	38.6%	22.5%	18.4%	20.0%	20.0%
EBIT (€m)	3.6	9.2	13.7	19.0	24.7	31.3
EBIT margin	4.2%	7.8%	9.5%	11.1%	12.0%	12.7%
Net income (€m)	1.1	21.1	9.4	13.4	17.0	21.7
EPS (diluted) (€)	0.07	1.18	0.54	0.77	0.98	1.22
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00
FCF (€m)	-10.0	-2.9	5.3	2.5	4.9	7.3
Net gearing	-50.8%	-35.9%	-32.5%	-31.3%	-31.0%	-31.4%
Liquid assets (€m)	64.8	59.8	60.5	63.0	67.8	75.2

RISKS

The main risks are internationalisation, 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. Main markets are oil & gas, defence & security, industry, and clean energy & mobility. SFC is headquartered near Munich in Germany.

MARKET DATA

As of 23 May 2025

Closing Price	€ 21.05
Shares outstanding	17.38m
Market Capitalisation	€ 365.88m
52-week Range	€ 16.14 / 26.25
Avg. Volume (12 Months)	58,137

Multiples	2024	2025E	2026E
P/E	38.9	27.3	21.6
EV/Sales	2.2	1.9	1.6
EV/EBIT	23.6	17.0	13.1
Div. Yield	0.0%	0.0%	0.0%

STOCK OVERVIEW



COMPANY DATA

As of 31 Mar 2025

Liquid Assets	€ 60.46m
Current Assets	€ 138.43m
Intangible Assets	€ 20.49m
Total Assets	€ 196.44m
Current Liabilities	€ 40.18m
Shareholders' Equity	€ 141.24m

SHAREHOLDERS

Acatis	8.3%
Hansainvest	3.0%
DWS	2.7%
Conduit Ventures	2.1%
Free Float	83.9%



...stable and at a high level (44.4% versus 44.7% in Q1/24). Adjusted EBITDA fell 30% y/y to €6.3m due to a higher cost base. The adjusted EBITDA margin was 16.4% (Q1/24: 22.5%). We note that the Q1 AEBITDA margin was above full year AEBITDA margin guidance of 15.4% - 15.6%, although Q1 revenue will probably be the weakest quarter by revenue. AEBIT amounted to €4.5m (-40% y/y). One-off costs (mainly long-term incentive programmes) amounted to €1.6m leading to EBIT of €2.9m. The net result was €2.3m, which is 57% below the prior year figure, but 8% ahead of our forecast. We thus see the company on track to reach guidance and our 2025 forecast.

Figure 1: Reported group figures versus forecasts

All figures in €m	Q1-25A	Q1-25E	Delta	Q1-24A	Delta
Sales	38.6	38.0	2%	40.1	-4%
Gross profit	17.1	16.3	5%	17.9	-4%
margin	44.4%	43.0%	-	44.7%	-
EBITDA	4.7	4.8	-2%	8.6	-45%
margin	12.2%	12.6%		21.6%	
Adjusted EBITDA	6.3	5.8	9%	9.0	-30%
margin	16.4%	15.3%		22.5%	
EBIT	2.9	2.9	1%	7.2	-59%
margin	7.6%	7.6%		18.0%	
Adjusted EBIT	4.5	3.9	16%	7.5	-40%
margin	11.7%	10.3%		18.8%	
Net income	2.3	2.1	8%	5.2	-57%
margin	5.9%	5.5%		13.1%	
EPS (diluted, in €)	0.13	0.12	8%	0.29	-55%

Source: First Berlin Equity Research, SFC Energy AG

Figure 2: Reported segment figures versus forecasts

All figures in €m	Q1-25A	Q1-25E	Delta	Q1-24A	Delta
Clean Energy					
Sales	28.4	28.0	1%	30.8	-8%
Gross profit	13.9	13.4	4%	15.3	-9%
margin	49.1%	48.0%		49.7%	-
Adjusted EBITDA	5.2	4.8	8%	8.2	-36%
margin	18.3%	17.1%	-	26.5%	-
Clean Power Management					
Sales	10.2	10.0	3%	9.2	11%
Gross profit	3.2	2.9	10%	2.6	23%
margin	31.2%	29.0%		28.1%	-
Adjusted EBITDA	1.1	1.0	13%	0.8	35%
margin	11.0%	10.0%	-	9.1%	-
Group					
Sales	38.6	38.0	2%	40.0	-4%
Gross profit	17.1	16.3	5%	17.9	-4%
margin	44.4%	43.0%	-	44.7%	-
Adjusted EBITDA	6.3	5.8	9%	9.0	-30%
margin	16.4%	15.3%	-	22.5%	-

Source: First Berlin Equity Research, SFC Energy AG



Weaker Clean Energy and stronger Clean Power Management segment The Clean Energy segment figures came in weaker y/y due to the extraordinarily strong Q1/24 (shipment of €10m Indian order). Despite retreating revenue and gross profit, segment margins remained at a very healthy level. The segment gross margin was only slightly below the prior year value (49.1% versus 49.7%), and the AEBITDA margin reached 18.3%. The Clean Power Management showed double-digit revenue growth (+11% y/y), a rising gross profit margin (31.2% versus 28.1% in Q1/24) and a 35% increase in AEBITDA (see figure 2 on page 2). The AEBITDA margin reached double-digit territory (11.0% versus 9.1% in Q1/24).

Balance sheet largely unchanged The net cash position, including lease liabilities, was stable q/q at €42.6m, and the equity ratio stayed at 72%. SFC thus has a very strong balance sheet.

Positive free cash flow in Q1 Operating cash flow of €2.1m and CapEx of €-0.9m yielded free cash flow of €1.2m (see figure 3). Financing cash outflow amounted to €-0.9m due mainly to the repayment of debt. Net cash flow was €0.1m.

Figure 3: Cash flow statement

in €m	Q1-25A	Q1-24A
Operating cash flow	2.1	9.6
CAPEX	-0.9	-1.4
Free cash flow	1.2	8.2
Cash flow investing activities	-1.0	-1.8
Cash flow financing activities	-0.9	-0.7
Net cash flow	0.1	7.1

Source: First Berlin Equity Research, SFC Energy AG

Weak Q1 order intake and lower order backlog only temporary In Q1, order intake amounted to €17.7m (Q1/24: €51.6) resulting in the order backlog contracting from €105m to €85m. Following the record order intake of €69m in Q4/24, we believe that many customers decided to place their orders in December instead of postponing them into 2025. Taking the half year order intake (Q4+Q1) as basis, order intake was on the same level as in Q4/23+Q1/24 and amounted to €86.7m. In the conference call, SFC reported high order pipeline activity and, given the urgent needs of NATO states to increase defence spending, we are confident that the quarterly dip in order intake will be balanced in the coming quarters.

Trump's tariff policy largely mitigated SFC has addressed Trump's tariff policy by bringing forward deliveries and has started to build up local production capacity. Basically, SFC can copy its Indian production site, which was established to satisfy Indian local content requests. The ramp-up of the new group company in the United States is proceeding according to plan.

Collaboration with Polaris to equip NATO and NATO-aligned defence organisations with Advanced Fuel-Cell Powered Vehicles In May, SFC and the US military vehicle producer Polaris Government & Defense announced a collaboration to integrate SFC's EMILY 3000 fuel cells into Polaris' MRZR vehicle platform. The EMILY 3000 and its fuel cartridges are military-certified and carry a NATO supply number. The capability is especially being offered to NATO and NATO-aligned defence organisations. Initial piloting will take place in 2025 and we expect revenue impact in 2026E and 2027E. Vehicle tenders are out and comprise more than 1.000 vehicles each.



Strong growth ahead SFC has confirmed 2025 guidance (see figure 4) and sees significant additional impetus for growth to emerge from the newly acquired hydrogen fuel cell business in Scandinavia and from substantial follow-up business in the defence and public security sector in India, selected European NATO countries and North America. We thus maintain our forecasts for 2025.

Figure 4: 2025 guidance

in €m	Guidance	FBe
Sales	160.6 - 180.9	171.4
AEBITDA	24.7 - 28.2	26.6
AEBITDA margin	15.4% - 15.6%	15.5%
AEBIT	17.5 - 20.6	19.0
AEBIT margin	10.9% - 11.4%	11.1%

Source: First Berlin Equity Research, SFC Energy AG

Buy confirmed at unchanged price target An updated DCF model yields an unchanged €31 price target. We confirm our Buy recommendation. Upside: 47%.



VALUATION MODEL

DCF valuation model

All figures in EUR '000	2025 E	2026 E	2027 E	2028 E	2029 E	2030 E	2031 E	2032 E
Net sales	171,360	205,632	246,758	286,240	327,413	370,133	413,808	457,696
NOPLAT	13,278	17,056	21,597	25,745	30,614	34,608	38,480	42,218
+ depreciation & amortisation	7,616	8,443	8,994	9,531	9,137	9,184	9,541	10,111
Net operating cash flow	20,895	25,499	30,591	35,277	39,751	43,792	48,021	52,328
- total investments (CAPEX and WC)	-18,380	-20,620	-23,287	-23,214	-24,875	-26,550	-28,030	-29,211
Capital expenditures	-7,883	-8,225	-8,390	-8,587	-9,674	-10,768	-11,850	-12,899
Working capital	-10,498	-12,394	-14,897	-14,626	-15,202	-15,783	-16,180	-16,313
Free cash flows (FCF)	2,515	4,880	7,304	12,063	14,876	17,242	19,991	23,117
PV of FCF's	2,400	4,318	5,991	9,170	10,482	11,262	12,104	12,972

All figures in thousands

PV of FCFs in explicit period (2025E-2039E)	176,414
PV of FCFs in terminal period	341,195
Enterprise value (EV)	517,609
+ Net cash / - net debt (pro forma)	43,324
+ Investments / minority interests	-64
Shareholder value	560,869
Diluted number of shares	18,025
Fair value per share in EUR	31.12

Terminal growth rate:	3.0%
Terminal EBIT margin:	12.1%

		Terminal growth rate							
WACC	7.9%		1.5%	2.0%	2.5%	3.0%	3.5%	4.0%	4.5%
Cost of equity	10.8%	6.4%	38.71	40.86	43.57	47.08	51.81	58.52	68.80
Pre-tax cost of debt	5.0%	6.9%	34.38	35.96	37.91	40.35	43.51	47.77	53.83
Tax rate	30.0%	7.4%	30.84	32.02	33.44	35.19	37.39	40.24	44.08
After-tax cost of debt	3.5%	7.9%	27.88	28.78	29.84	31.12	32.69	34.67	37.24
Share of equity capital	60.0%	8.4%	25.39	26.07	26.88	27.84	28.99	30.40	32.18
Share of debt capital	40.0%	8.9%	23.26	23.79	24.41	25.13	25.99	27.03	28.30
Price target in EUR	31.00	9.4%	21.42	21.84	22.32	22.88	23.52	24.29	25.22

* for layout purposes the model shows numbers only to 2032, but runs until 2039



INCOME STATEMENT

All figures in EUR '000	2022A	2023A	2024A	2025E	2026E	2027E
Revenues	85,229	118,148	144,754	171,360	205,632	246,758
Cost of goods sold	53,823	71,354	85,430	99,732	120,295	145,094
Gross profit	31,406	46,794	59,324	71,628	85,337	101,664
S&M	14,187	15,082	16,674	21,249	24,676	29,117
G&A	10,293	15,492	20,860	23,305	26,321	31,092
R&D	4,441	5,296	7,269	7,711	8,431	9,624
Other operating income	2,521	1,174	2,074	2,228	1,439	2,468
Other operating expenses	1,407	2,941	2,858	2,570	2,673	2,961
Operating income (EBIT)	3,599	9,157	13,737	19,021	24,676	31,338
Net financial result	-609	186	211	121	-96	87
Non-operating expenses	0	0	0	0	0	0
Pre-tax income (EBT)	2,990	9,344	13,948	19,142	24,580	31,425
Income taxes	1,923	-11,719	4,594	5,743	7,620	9,742
Minority interests	0	22	41	0	0	0
Net income / loss	1,067	21,084	9,396	13,399	16,960	21,683
Diluted EPS (in €)	0.07	1.18	0.54	0.77	0.98	1.22
Adjusted EBITDA (AEBITDA)	8,150	15,158	22,008	26,637	33,119	40,332
One-off costs / earnings (-/+)	443	-539	-1,818	0	0	0
EBITDA	8,593	14,619	20,190	26,637	33,119	40,332
Adjusted EBIT (AEBIT)	3,156	9,696	15,556	19,021	24,676	31,338
Ratios						
Gross margin	36.8%	39.6%	41.0%	41.8%	41.5%	41.2%
EBITDA margin on revenues	10.1%	12.4%	13.9%	15.5%	16.1%	16.3%
Adjusted EBITDA margin on revenues	9.6%	12.8%	15.2%	15.5%	16.1%	16.3%
EBIT margin on revenues	4.2%	7.8%	9.5%	11.1%	12.0%	12.7%
Adjusted EBIT margin on revenues	3.7%	8.2%	10.7%	11.1%	12.0%	12.7%
Net margin on revenues	1.3%	17.8%	6.5%	7.8%	8.2%	8.8%
Tax rate	64.3%	-125.4%	32.9%	30.0%	31.0%	31.0%
Expenses as % of revenues						
S&M	16.6%	12.8%	11.5%	12.4%	12.0%	11.8%
G&A	12.1%	13.1%	14.4%	13.6%	12.8%	12.6%
R&D	5.2%	4.5%	5.0%	4.5%	4.1%	3.9%
Other operating expenses	1.7%	2.5%	2.0%	1.5%	1.3%	1.2%
Y-Y Growth						
Revenues	32.5%	38.6%	22.5%	18.4%	20.0%	20.0%
Operating income	n.m.	154.4%	50.0%	38.5%	29.7%	27.0%
Net income/ loss	n.m.	1876.0%	-55.4%	42.6%	26.6%	27.8%



BALANCE SHEET

All figures in EUR '000	2022A	2023A	2024A	2025E	2026E	2027E
Assets						
Current assets, total	113,146	121,259	135,476	149,313	169,872	196,236
Cash and cash equivalents	64,803	59,848	60,494	62,994	67,778	75,169
Short-term investments	385	286	286	286	286	286
Receivables	19,376	28,645	35,843	42,253	50,704	60,845
Inventories	24,921	25,043	30,593	35,521	42,845	51,677
Other current assets	3,661	7,437	8,259	8,259	8,259	8,259
Non-current assets, total	34,025	55,141	58,653	58,919	58,702	58,097
Property, plant & equipment	13,396	16,944	22,579	21,837	20,902	19,244
Goodwill & other intangibles	18,576	19,820	20,711	21,719	22,436	23,490
Other assets	2,053	18,377	15,363	15,363	15,363	15,363
Total assets	147,171	176,399	194,129	208,233	228,573	254,333
Shareholders' equity & debt						
Current liabilities, total	26,591	33,578	39,124	39,828	43,208	47,285
Short-term debt	4,055	3,791	4,136	4,000	4,000	4,000
Accounts payable	9,046	12,890	15,555	16,394	19,774	23,851
Current provisions	1,496	2,108	4,110	4,110	4,110	4,110
Liabilities under finance leases	2,009	2,200	2,579	2,579	2,579	2,579
Other current liabilities	9,986	12,589	12,744	12,744	12,744	12,744
Long-term liabilities, total	17,143	14,688	15,788	15,788	15,788	15,788
Long-term debt	0	0	0	0	0	0
Liabilities under finance leases	8,552	10,363	11,428	11,428	11,428	11,428
Other liabilities	8,591	4,325	4,361	4,361	4,361	4,361
Minority interests	0	-29	-64	-64	-64	-64
Shareholders' equity	103,437	128,162	139,281	152,681	169,641	191,324
Share capital	17,364	17,364	17,382	17,382	17,382	17,382
Capital reserve	168,262	173,167	175,027	175,027	175,027	175,027
Other reserves	0	0	0	0	0	0
Treasury stock	0	0	0	0	0	0
Loss carryforward / retained earnings	-81,441	-61,309	-51,913	-38,514	-21,554	129
Total consolidated equity and debt	147,171	176,399	194,129	208,233	228,573	254,333
Ratios						
Current ratio (x)	4.25	3.61	3.46	3.75	3.93	4.15
Quick ratio (x)	3.32	2.87	2.68	2.86	2.94	3.06
Net cash	52,581	45,979	45,217	47,852	52,636	60,027
Net gearing	-50.8%	-35.9%	-32.5%	-31.3%	-31.0%	-31.4%
Book value per share (€)	6.60	7.18	8.01	8.78	9.76	10.72
Equity ratio	70.3%	72.7%	71.7%	73.3%	74.2%	75.2%
Return on equity (ROE)	1.0%	16.5%	6.7%	8.8%	10.0%	11.3%
Return on investment (ROI)	0.7%	12.0%	4.8%	6.4%	7.4%	8.5%
Return on assets (ROA)	1.1%	12.4%	5.3%	6.9%	7.8%	8.9%
Return on capital employed (ROCE)	6.7%	12.1%	14.4%	17.8%	20.9%	23.9%
Days of sales outstanding (DSO)	83	88	90	90	90	90
Days of inventory turnover	169	128	131	130	130	130
Days of payables outstanding (DPO)	61	66	66	60	60	60



CASH FLOW STATEMENT

All figures in EUR '000	2022A	2023A	2024A	2025E	2026E	2027E
EBIT	3,599	9,157	13,737	19,021	24,676	31,338
Depreciation and amortisation	4,993	5,462	6,452	7,616	8,443	8,994
EBITDA	8,593	14,619	20,190	26,637	33,119	40,332
Changes in working capital	-13,135	-11,887	-8,199	-10,498	-12,394	-14,897
Other adjustments	-219	843	2,469	-5,743	-7,620	-9,742
Operating cash flow	-4,761	3,575	14,459	10,397	13,105	15,694
Investments in PP&E	-2,146	-2,243	-5,915	-4,113	-4,524	-4,195
Investments in intangibles	-3,056	-4,204	-3,255	-3,770	-3,701	-4,195
Free cash flow	-9,963	-2,872	5,289	2,515	4,880	7,304
Acquisitions & disposals, net	0	34	0	0	0	0
Other investments	0	932	-1,911	0	0	0
Investing cash flow	-5,202	-5,482	-11,082	-7,883	-8,225	-8,390
Debt financing, net	-239	-1,893	-2,275	-136	0	0
Equity financing, net	56,432	0	18	0	0	0
Dividend paid	0	0	0	0	0	0
Other financing	-6,017	-786	-839	121	-96	87
Financing cash flow	50,176	-2,679	-3,096	-15	-96	87
Forex & other effects	-32	-107	20	0	0	0
Net cash flows	40,181	-4,693	302	2,500	4,784	7,391
Cash, start of the year	24,623	64,803	56,056	60,494	62,994	67,778
Cash, end of the year	64,803	60,110	56,358	62,994	67,778	75,169
EBITDA/share (in €)	0.55	0.82	1.16	1.53	1.91	2.26
Y-Y Growth						
Operating cash flow	n.m.	n.m.	304.5%	-28.1%	26.0%	19.8%
Free cash flow	n.m.	n.m.	n.m.	-52.5%	94.0%	49.7%
EBITDA/share	n.m.	49.5%	41.8%	31.9%	24.3%	18.6%

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Ggf. Inhaltlich Verantwortlicher gem. § 6 MDStV

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The production of this recommendation was completed on 26 May 2025 at 13:43

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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 ¹	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%

¹ 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.

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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...66	↓	↓	↓	↓
67	26 February 2024	€17.56	Buy	€34.00
68	12 April 2024	€19.18	Buy	€34.00
69	17 May 2024	€22.70	Buy	€34.00
70	21 August 2024	€20.35	Buy	€34.00
71	20 November 2024	€17.04	Buy	€31.00
72	3 February 2025	€17.16	Buy	€31.00
73	3 March 2025	€18.30	Buy	€31.00
74	1 April 2025	€21.00	Buy	€31.00
75	Today	€21.05	Buy	€31.00

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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

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