

# LION E-Mobility AG

Automotive - Germany



**Buy** (old: Buy)

13.05.2024

**EUR 7.00** (old: EUR 8.00)

## CMD underpins promising mid-term prospects; chg

**Q1 sales came in at a mere € 1.2m with an EBITDA of € -2.6m.** This is a significant decrease compared to the particularly strong Q4 last year with roughly € 26m sales and € 1m EBITDA. As pointed out during the earnings call, this should mainly be driven by the seasonal distribution of the company's current sales pipeline, which is seen to be similar to last year's (H2 dependent). **Management hence also confirmed its FY24 guidance** of € 60-65 sales and € 0.5-1m EBITDA. Importantly, the current fix cost base should only slightly increase going forward (mainly due to ramping sales efforts, i.e. growing sales headcount and trade shows), providing plenty of room for operating leverage as sales increase.

**Recent CMD confirmed the company's promising prospects** as underpinned by a mid-term guidance. Until the end of FY28e, management expects to grow sales to more than € 150m, implying a sales CAGR of at least 25%, despite an expected annual price decline of 9%. Mind you, its production site should be capable of significantly higher sales (assuming three shifts a day).

As part of the mid-term guidance, **LION re-aligned its sales efforts**, focusing on three key end markets, namely city buses in Europe (>8t), electric trucks (light and medium duty) in Northern America and stationary storage (uninterrupted power supply and industrial/commercial applications). One of the key enablers, especially for the expected growth within the storage market, should be the **upcoming product update** (planned for H2), which will **feature a LFP battery pack alongside a higher energy density NMC pack** (both enabled by the SVOLT partnership).

With its immersion cooled pack, LION would add hybrid/sports cars as fourth end market. In fact, the project is developing as planned and **LION expects a first RFQ** (request for quotations) **until the end of the year**. A positive outcome would notably increase the likely hood of it becoming a notably sales driver during the mid-term (currently not part of our revenue model).

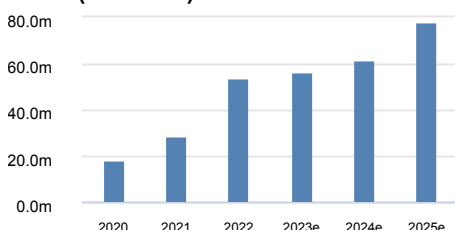
**Valuation remains attractive.** Shares trade on roughly 0.5 EV/Sales FY24e, which is notably below the industry's average of around 1x, while the company is expected to show strong growth during the next few years.

We **reduce our PT to € 7** (based on SOTP) per share but **reiterate out BUY rating**.

Y/E 31.12 (EUR m)	2020	2021	2022	2023e	2024e	2025e
Sales	18.4	28.4	53.8	56.1	61.4	78.3
Sales growth	950.2%	54.3%	89.1%	4.4%	9.5%	27.4%
EBITDA	-1.6	-1.2	0.5	-0.7	0.0	2.1
Net debt (if net cash=0)	-0.8	-0.2	2.7	10.9	7.5	6.6
FCF	-2.0	-0.6	-9.4	-3.1	3.4	0.8
Net Debt/EBITDA	0.0	0.0	5.8	-14.9	8837.5	3.1
EPS pro forma	-0.09	-0.12	0.03	-0.20	-0.18	-0.03
EBITDA margin	-8.6%	-4.3%	0.9%	-1.3%	0.0%	2.7%
ROCE	-16.0%	-14.3%	2.6%	-5.8%	-3.6%	1.5%
EV/sales	1.7	1.1	0.4	0.6	0.5	0.4
EV/EBITDA	-19.8	-25.1	51.6	-44.2	34211.5	13.2
PER	-18.2	-14.4	57.6	-8.5	-9.5	-55.3
Adjusted FCF yield	-4.0%	-3.2%	-1.6%	-10.8%	-0.6%	4.5%

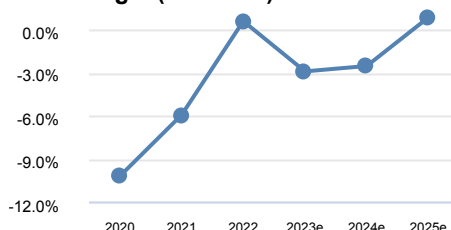
Source: Company data, NuWays, Close price as of 10.05.2024

### Sales (2020-25e)



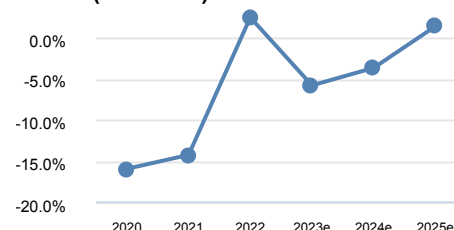
Source: NuWays Research

### EBIT margin (2020-25e)



Source: NuWays Research

### ROCE (2020-25e)



Source: NuWays Research

### Company description

LION is a fully automated producer of lithium-ion battery packs for a wide range of applications such as buses, commercial vehicles, marine, industrial vehicles but also stationary energy storage with an annual production capacity of 2 GWh, the equivalent to 45k battery packs.



### Market data

Share price (in €)	1.66
Market cap (in € m)	20.8
Number of shares (in m pcs)	12.4
Enterprise value (in € m)	28.8
Ø trading volume (6 months)	3,900

### Identifier

Bloomberg	LMIA GR
Reuters	LMIA.F
WKN	A2QH97
ISIN	CH0560888270

### Key shareholders

Ian Mukherjee	38.7%
Founders	6.0%
Free Float	55.3%

### Estimates changes

	2023e	2024e	2025e
Sales	0%	-9%	-13%
EBIT	0%	-89%	-66%
EPS	0%	-90%	-134%

### Comment on changes

- Lowered estimates to account for a mid-term guidance slightly below our estimates.

### Guidance

- Sales 2024: € 60-65m
- EBITDA 2024: € 0.5-1m

## Financials

Profit and loss (EUR m)	2020	2021	2022	2023e	2024e	2025e
<b>Net sales</b>	<b>18.4</b>	<b>28.4</b>	<b>53.8</b>	<b>56.1</b>	<b>61.4</b>	<b>78.3</b>
<i>Sales growth</i>	950.2%	54.3%	89.1%	4.4%	9.5%	27.4%
Increase/decrease in finished goods and work-in-process	0.0	0.5	0.3	0.4	0.0	0.0
<b>Total sales</b>	<b>18.4</b>	<b>28.9</b>	<b>54.1</b>	<b>56.5</b>	<b>61.4</b>	<b>78.3</b>
Other operating income	0.1	1.5	0.4	1.5	0.6	0.8
Material expenses	14.0	25.9	46.5	48.3	52.2	65.5
Personnel expenses	2.3	3.1	3.9	5.7	5.3	6.2
Other operating expenses	3.7	2.6	3.7	4.8	4.6	5.2
<b>Total operating expenses</b>	<b>20.0</b>	<b>30.1</b>	<b>53.6</b>	<b>57.2</b>	<b>61.4</b>	<b>76.2</b>
<b>EBITDA</b>	<b>-1.6</b>	<b>-1.2</b>	<b>0.5</b>	<b>-0.7</b>	<b>0.0</b>	<b>2.1</b>
Depreciation	0.3	0.5	0.1	0.9	1.6	1.4
<b>EBITA</b>	<b>-1.9</b>	<b>-1.7</b>	<b>0.3</b>	<b>-1.6</b>	<b>-1.6</b>	<b>0.7</b>
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT (inc revaluation net)</b>	<b>-1.9</b>	<b>-1.7</b>	<b>0.3</b>	<b>-1.6</b>	<b>-1.6</b>	<b>0.7</b>
Interest income	0.1	0.1	0.1	0.1	0.1	0.1
Interest expenses	0.0	0.0	0.1	1.4	1.6	1.6
Investment income	0.5	0.1	0.1	0.0	0.2	0.3
Financial result	0.5	0.2	0.1	-1.3	-1.2	-1.2
<b>Recurring pretax income from continuing operations</b>	<b>-1.3</b>	<b>-1.5</b>	<b>0.4</b>	<b>-2.9</b>	<b>-2.8</b>	<b>-0.5</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>-1.3</b>	<b>-1.5</b>	<b>0.4</b>	<b>-2.9</b>	<b>-2.8</b>	<b>-0.5</b>
Income tax expense	-0.4	-0.4	0.0	-0.4	-0.6	-0.1
<b>Net income from continuing operations</b>	<b>-0.9</b>	<b>-1.2</b>	<b>0.4</b>	<b>-2.5</b>	<b>-2.2</b>	<b>-0.4</b>
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>-0.9</b>	<b>-1.2</b>	<b>0.4</b>	<b>-2.5</b>	<b>-2.2</b>	<b>-0.4</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net profit (reported)</b>	<b>-0.9</b>	<b>-1.2</b>	<b>0.4</b>	<b>-2.5</b>	<b>-2.2</b>	<b>-0.4</b>
Average number of shares	10.0	10.0	12.4	12.4	12.4	12.4
<b>EPS reported</b>	<b>-0.09</b>	<b>-0.12</b>	<b>0.03</b>	<b>-0.20</b>	<b>-0.18</b>	<b>-0.03</b>

Profit and loss (common size)	2020	2021	2022	2023e	2024e	2025e
<b>Net sales</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<i>Sales growth</i>	950.2%	54.3%	89.1%	4.4%	9.5%	27.4%
Increase/decrease in finished goods and work-in-process	0.1%	1.7%	0.6%	0.7%	0.0%	0.0%
<b>Total sales</b>	<b>100.1%</b>	<b>101.7%</b>	<b>100.6%</b>	<b>100.7%</b>	<b>100.0%</b>	<b>100.0%</b>
Other operating income	0.4%	5.2%	0.8%	2.7%	1.0%	1.0%
Material expenses	76.1%	91.2%	86.4%	86.1%	84.9%	83.7%
Personnel expenses	12.7%	10.8%	7.2%	10.1%	8.6%	8.0%
Other operating expenses	20.2%	9.2%	6.9%	8.5%	7.4%	6.6%
<b>Total operating expenses</b>	<b>108.7%</b>	<b>106.0%</b>	<b>99.8%</b>	<b>102.0%</b>	<b>100.0%</b>	<b>97.3%</b>
<b>EBITDA</b>	<b>-8.6%</b>	<b>-4.3%</b>	<b>0.9%</b>	<b>-1.3%</b>	<b>0.0%</b>	<b>2.7%</b>
Depreciation	1.6%	1.6%	0.3%	1.6%	2.5%	1.8%
<b>EBITA</b>	<b>-10.2%</b>	<b>-5.9%</b>	<b>0.6%</b>	<b>-2.9%</b>	<b>-2.5%</b>	<b>0.9%</b>
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>EBIT (inc revaluation net)</b>	<b>-10.2%</b>	<b>-5.9%</b>	<b>0.6%</b>	<b>-2.9%</b>	<b>-2.5%</b>	<b>0.9%</b>
Interest income	0.4%	0.2%	0.1%	0.2%	0.2%	0.2%
Interest expenses	0.3%	0.1%	0.2%	2.5%	2.6%	2.1%
Investment income	2.8%	0.5%	0.2%	0.0%	0.4%	0.4%
Financial result	2.9%	0.6%	0.1%	neg.	neg.	neg.
<b>Recurring pretax income from continuing operations</b>	<b>-7.3%</b>	<b>-5.4%</b>	<b>0.7%</b>	<b>-5.2%</b>	<b>-4.5%</b>	<b>-0.6%</b>
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Earnings before taxes</b>	<b>-7.3%</b>	<b>-5.4%</b>	<b>0.7%</b>	<b>-5.2%</b>	<b>-4.5%</b>	<b>-0.6%</b>
Tax rate	31.3%	23.5%	9.1%	15.0%	22.0%	22.0%
<b>Net income from continuing operations</b>	<b>-5.0%</b>	<b>-4.1%</b>	<b>0.7%</b>	<b>-4.4%</b>	<b>-3.5%</b>	<b>-0.5%</b>
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Net income</b>	<b>-5.0%</b>	<b>-4.1%</b>	<b>0.7%</b>	<b>-4.4%</b>	<b>-3.5%</b>	<b>-0.5%</b>
Minority interest	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Net profit (reported)</b>	<b>-5.0%</b>	<b>-4.1%</b>	<b>0.7%</b>	<b>-4.4%</b>	<b>-3.5%</b>	<b>-0.5%</b>

Source: Company data, NuWays

Balance sheet (EUR m)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	2.5	3.1	3.1	3.6	4.1	4.6
Property, plant and equipment	0.5	0.4	2.1	10.9	10.1	9.8
Financial assets	4.2	4.4	4.6	4.6	4.6	4.6
<b>FIXED ASSETS</b>	<b>7.3</b>	<b>7.9</b>	<b>9.8</b>	<b>19.1</b>	<b>18.8</b>	<b>19.1</b>
Inventories	0.1	0.2	6.9	18.7	17.6	19.6
Accounts receivable	2.1	4.2	4.5	7.7	8.4	10.7
Other assets and short-term financial assets	4.4	2.4	2.4	12.4	12.4	14.4
Liquid assets	1.2	1.2	2.5	3.9	7.3	8.1
Deferred taxes	1.1	2.2	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.1	0.1	0.1	0.1	0.1	0.1
<b>CURRENT ASSETS</b>	<b>9.0</b>	<b>10.3</b>	<b>16.4</b>	<b>42.8</b>	<b>45.8</b>	<b>52.9</b>
<b>TOTAL ASSETS</b>	<b>16.3</b>	<b>18.2</b>	<b>26.3</b>	<b>61.9</b>	<b>64.6</b>	<b>72.0</b>

<b>SHAREHOLDERS EQUITY</b>	<b>10.3</b>	<b>9.3</b>	<b>8.6</b>	<b>26.6</b>	<b>28.4</b>	<b>33.0</b>
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	1.9	0.6	0.6	0.6	0.6	0.6
Other provisions and accrued liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	3.2	5.9	10.0	9.2	10.1	12.9
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	0.4	0.6	1.0	10.0	10.0	10.0
Deferred taxes	0.0	0.7	0.7	0.7	0.7	0.7
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT LIABILITIES</b>	<b>3.6</b>	<b>6.5</b>	<b>11.0</b>	<b>19.2</b>	<b>20.1</b>	<b>22.9</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>16.3</b>	<b>18.2</b>	<b>26.3</b>	<b>61.9</b>	<b>64.6</b>	<b>72.0</b>

Balance sheet (common size)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	15.4%	17.3%	12.0%	5.9%	6.4%	6.5%
Property, plant and equipment	3.2%	2.0%	8.0%	17.6%	15.6%	13.7%
Financial assets	26.0%	24.1%	17.5%	7.4%	7.1%	6.4%
<b>FIXED ASSETS</b>	<b>44.6%</b>	<b>43.4%</b>	<b>37.4%</b>	<b>30.9%</b>	<b>29.2%</b>	<b>26.5%</b>
Inventories	0.8%	0.9%	26.2%	30.2%	27.2%	27.2%
Accounts receivable	12.9%	23.3%	17.1%	12.4%	13.0%	14.9%
Other assets and short-term financial assets	26.9%	13.1%	9.1%	20.0%	19.2%	20.0%
Liquid assets	7.6%	6.8%	9.7%	6.3%	11.3%	11.3%
Deferred taxes	6.7%	12.0%	0.0%	0.0%	0.0%	0.0%
Deferred charges and prepaid expenses	0.5%	0.4%	0.5%	0.2%	0.2%	0.2%
<b>CURRENT ASSETS</b>	<b>55.4%</b>	<b>56.6%</b>	<b>62.6%</b>	<b>69.1%</b>	<b>70.8%</b>	<b>73.5%</b>
<b>TOTAL ASSETS</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

<b>SHAREHOLDERS EQUITY</b>	<b>63.5%</b>	<b>50.9%</b>	<b>32.9%</b>	<b>42.9%</b>	<b>44.0%</b>	<b>45.9%</b>
MINORITY INTEREST	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Provisions for pensions and similar obligations	11.7%	3.5%	2.4%	1.0%	1.0%	0.9%
Other provisions and accrued liabilities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Short-term liabilities to banks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts payable	19.8%	32.3%	38.1%	14.9%	15.6%	17.9%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other liabilities (incl. from lease and rental contracts)	2.3%	3.5%	3.8%	16.1%	15.5%	13.9%
Deferred taxes	0.0%	4.0%	2.8%	1.2%	1.1%	1.0%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>CURRENT LIABILITIES</b>	<b>22.0%</b>	<b>35.7%</b>	<b>41.9%</b>	<b>31.0%</b>	<b>31.1%</b>	<b>31.8%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Company data, NuWays

Cash flow statement (EUR m)	2020	2021	2022	2023e	2024e	2025e
Net profit/loss	-0.9	-1.2	0.4	-2.5	-2.2	-0.4
Depreciation of fixed assets (incl. leases)	0.3	0.5	0.1	0.9	1.6	1.4
Amortisation of goodwill & intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Other costs affecting income / expenses	0.2	-0.5	0.0	0.0	0.0	0.0
Cash flow from operating activities	-1.3	-0.1	-7.8	-0.6	3.9	1.3
Increase/decrease in inventory	-4.3	-0.0	-6.7	-11.8	1.1	-2.0
Increase/decrease in accounts receivable	-1.2	-0.8	-0.2	-3.2	-0.7	-2.3
Increase/decrease in accounts payable	3.1	2.6	4.1	-0.8	0.9	2.8
Increase/decrease in other working capital positions	1.6	-0.7	-7.0	10.4	4.0	3.0
Increase/decrease in working capital	-0.9	1.1	-9.8	-5.4	5.3	1.4
<b>Cash flow from operating activities</b>	<b>-1.3</b>	<b>-0.1</b>	<b>-6.8</b>	<b>2.1</b>	<b>4.7</b>	<b>2.5</b>
CAPEX	0.7	0.5	2.6	5.2	1.3	1.7
Payments for acquisitions	0.0	0.0	0.1	5.0	0.0	0.0
Financial investments	0.6	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.2	0.3	0.0	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-1.2</b>	<b>-0.2</b>	<b>-2.7</b>	<b>-10.2</b>	<b>-1.3</b>	<b>-1.7</b>
Cash flow before financing	-2.4	-0.3	-9.5	-8.1	3.4	0.8
Increase/decrease in debt position	-0.1	0.4	3.9	9.5	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	2.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	-0.1	-0.1	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	-0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>1.8</b>	<b>0.3</b>	<b>3.9</b>	<b>9.5</b>	<b>0.0</b>	<b>0.0</b>
Increase/decrease in liquid assets	-0.6	-0.0	-5.6	1.4	3.4	0.8
<b>Liquid assets at end of period</b>	<b>1.2</b>	<b>1.2</b>	<b>2.5</b>	<b>3.9</b>	<b>7.3</b>	<b>8.1</b>

Key ratios (EUR m)	2020	2021	2022	2023e	2024e	2025e
<b>P&amp;L growth analysis</b>						
Sales growth	950.2%	54.3%	89.1%	4.4%	9.5%	27.4%
EBITDA growth	-31.0%	-22.2%	-138.0%	-256.2%	-100.1%	251142.7%
EBIT growth	-23.3%	-10.3%	-119.2%	-601.4%	-4.6%	-143.4%
EPS growth	-46.1%	26.4%	-125.0%	-781.5%	-11.4%	-82.8%
<b>Efficiency</b>						
Sales per employee	1,842.7	1,137.3	1,536.0	992.9	803.3	894.6
EBITDA per employee	-158.2	-49.2	13.4	-12.9	0.0	24.2
No. employees (average)	10	25	35	56	76	88
<b>Balance sheet analysis</b>						
Avg. working capital / sales	9.3%	-1.7%	0.4%	14.0%	14.0%	22.1%
Inventory turnover (sales/inventory)	n.a.	181.0	7.8	3.0	3.5	4.0
Accounts receivable turnover	41.8	54.4	30.4	50.0	50.0	50.0
Accounts payable turnover	63.9	75.3	67.9	60.0	60.0	60.0
<b>Cash flow analysis</b>						
Free cash flow	-2.0	-0.6	-9.4	-3.1	3.4	0.8
Free cash flow/sales	-10.9%	-2.0%	-17.5%	-5.6%	5.5%	1.1%
FCF / net profit	216.8%	49.4%	neg.	128.2%	neg.	neg.
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Solvency</b>						
Net debt	-0.8	-0.2	2.7	10.9	7.5	6.6
Net Debt/EBITDA	0.0	0.0	5.8	-14.9	8837.5	3.1
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest paid / avg. debt	17.5%	3.4%	3.4%	17.7%	16.2%	11.0%
<b>Returns</b>						
ROCE	-16.0%	-14.3%	2.6%	-5.8%	-3.6%	1.5%
ROE	-8.9%	-12.6%	4.2%	-9.2%	-7.7%	-1.1%
Adjusted FCF yield	-4.0%	-3.2%	-1.6%	-10.8%	-0.6%	4.5%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
DPS	0.0	0.0	0.0	0.0	0.0	0.0
EPS reported	-0.09	-0.12	0.03	-0.20	-0.18	-0.03
Average number of shares	10.0	10.0	12.4	12.4	12.4	12.4
<b>Valuation ratios</b>						
P/BV	1.6	1.8	2.4	0.8	0.7	0.6
EV/sales	1.7	1.1	0.4	0.6	0.5	0.4
EV/EBITDA	-19.8	-25.1	51.6	-44.2	34211.5	13.2
EV/EBIT	-16.6	-18.3	74.1	-19.8	-18.6	41.5

Source: Company data, NuWays

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Company	Disclosures
LION E-Mobility AG	2,8

### Historical target price and rating changes for LION E-Mobility AG

Company	Date	Analyst	Rating	Target Price	Close
LION E-Mobility AG	22.03.2024	Sandherr, Christian	Buy	EUR 8.00	EUR 1.72
	26.09.2023	Sandherr, Christian	Buy	EUR 10.50	EUR 2.60

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