

PNE AG

Germany / Cleantech
 Primary exchange: Frankfurt
 Bloomberg: PNE3 GR
 ISIN: DE000A0JBPG2

2019 figures

RATING	ADD
PRICE TARGET	€ 5.00
Return Potential	12.0%
Risk Rating	High

BUILD-UP OF LARGE OWN WIND FARM PORTFOLIO

PNE has decided to build up an own wind farm portfolio of up to 500 MW by 2023 instead of selling its "2020 portfolio". This strategic shift will derisk the business model and result in much more stable cash flows. In the future, PNE's business model will continue to have three segments (Project Development, Power Production, and Services), but power production will significantly gain in importance due to the planned portfolio expansion. Projects added to the portfolio cannot, of course, be sold. The contribution of the Project Development segment to the group thus depends on the split of projects sold and kept. 2019 operating earnings exceeded our forecasts and were much better than in the previous year. Meanwhile, 2019 EBITDA amounted to €31.6m (FBe: €28.1m, 2018: €16.5m) and 2019 EBIT was €19.0m (FBe: €17.0m, 2018: €7.8m). Morgan Stanley Infrastructure Partners (MSIP) failed to take over PNE and now holds 40% of the company. We believe that the realigned business model is largely Sars-CoV-2-resistant. The wind will blow regardless of the severity of the corona-induced recession. The power production segment will thus deliver stable cash flows. However, PNE cannot rule out some project development delays in 2020 and 2021 due to the corona crisis and is guiding towards 2020 EBITDA of €15-20m and EBIT of €5-10m. We have adjusted our forecasts to reflect the strategic realignment (no sale of "2020 wind farm portfolio") and the likely impact of the global recession. We now use a sum-of-the-parts analysis, which is based on DCF models for each segment to value PNE. This new valuation approach yields a new price target of €5.00 (previously: €4.00). Our rating remains Add.

2020 guidance includes impact of Sars-CoV-2 pandemic PNE is guiding towards €15-20m EBITDA and €5-10m EBIT. Project development delays may occur due to the pandemic. This could shift the sale of project rights and project implementation from 2020 to 2021 and from 2021 to 2022. PNE assumes no significant impact on its business in the medium to long term.

(p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2017	2018	2019	2020E	2021E	2022E
Revenue (€m)	114.08	91.38	132.80	75.47	99.60	164.70
Y-o-y growth	-54.1%	-19.9%	45.3%	-43.2%	32.0%	65.4%
EBIT (€m)	23.13	7.79	18.96	6.33	14.72	28.03
EBIT margin	20.3%	8.5%	14.3%	8.4%	14.8%	17.0%
Net income (€m)	17.08	-1.04	0.69	-7.31	-1.65	7.15
EPS (diluted) (€)	0.22	-0.01	0.01	-0.10	-0.02	0.10
DPS (€)	0.04	0.04	0.04	0.04	0.04	0.04
FCF (€m)	-47.39	-32.80	-42.56	3.84	-69.28	-86.63
Net gearing	-5.8%	14.6%	55.3%	57.5%	91.8%	130.4%
Liquid assets (€m)	193.98	129.07	111.94	115.47	110.40	104.98

RISKS

Risks to our price target include, but are not limited to: changes in legislation, project financing risks, project delays, and project approval risks.

COMPANY PROFILE

PNE AG is an international wind energy project developer for on- and offshore wind farms. It has begun to develop into a clean energy solution provider active in wind, PV, storage, power-to-heat, energy supply management, and energy services. The company is based in Cuxhaven, Germany.

MARKET DATA

As of 14 Apr 2020

Closing Price	€ 4.47
Shares outstanding	76.60m
Market Capitalisation	€ 342.03m
52-week Range	€ 2.37 / 5.37
Avg. Volume (12 Months)	303,917

Multiples	2019	2020E	2021E
P/E	483.1	n.a.	n.a.
EV/Sales	1.5	2.7	2.0
EV/EBIT	10.7	31.9	13.7
Div. Yield	0.9%	0.9%	0.9%

STOCK OVERVIEW



COMPANY DATA

As of 31 Dec 2019

Liquid Assets	€ 111.94m
Current Assets	€ 267.00m
Intangible Assets	€ 64.72m
Total Assets	€ 567.60m
Current Liabilities	€ 90.49m
Shareholders' Equity	€ 220.01m

SHAREHOLDERS

Morgan Stanley Infrastructure Partners	39.8%
Active Ownership Fund SCS	8.7%
Goldman Sachs	5.5%
Other investors	12.1%
Free Float	73.6%

Strong increase in revenue and earnings y/y In 2019, revenue was up 45% y/y due mainly to much higher Project Development segment revenues. Both the Services and the Electricity Generation segment showed strong growth (see figure 2). Annual EBIT soared from €7.8m to €19.0m (see figure 1). This is attributable to the Project Development EBIT (€23.4m versus €6.6m in 2018). The other segments posted lower EBIT y/y (see figure 2). Net income was slightly positive at €0.7m (2018: €-1.0m). This was below our forecast because of much higher taxes.

Figure 1: Reported figures versus estimates

All figures in €m	Q4-19A	Q4-19E	Delta	Q4-18A	Delta	2019A	2018A	Delta
Sales	60.22	46.11	30.6%	51.52	16.9%	132.80	91.38	45.3%
EBIT	9.08	7.12	27.5%	4.07	122.9%	18.96	7.79	143.5%
margin	15.1%	15.4%		7.9%		14.3%	8.5%	
Net income	6.19	8.53	-27.4%	0.94	562.2%	0.69	-1.04	-
margin	10.3%	18.5%		1.8%		0.5%	-1.1%	
EPS (diluted) in €	0.08	0.11	-27.3%	0.01	572.3%	0.01	-0.01	-

Source: First Berlin Equity Research, PNE AG

Figure 2: Reported segment sales and EBIT

Figures in €m	2019A	2018A	Delta
Project development			
External sales	100.05	68.85	45.3%
EBIT	23.40	6.56	256.7%
margin	23.4%	9.5%	-
Services			
External sales	15.80	10.35	52.7%
EBIT	2.40	2.55	-6.0%
margin	15.2%	24.7%	-
Electricity generation			
External sales	16.95	12.18	39.1%
EBIT	6.28	8.07	-22.1%
margin	37.1%	66.2%	
Consolidation			
External sales	0.00	0.00	-
EBIT	-13.12	-9.39	-
margin	n.m.	n.m.	-
Group			
Sales	132.80	91.38	45.3%
EBIT	18.96	7.79	143.5%
margin	14.3%	8.5%	-

Source: First Berlin Equity Research, PNE AG

Balance sheet reflects increased asset base For the first time, right-of-use assets (€39m) were accounted for based on the new IFRS 16 rule. Property, plant & equipment increased y/y from €96m to €174m at the end of 2019, which mainly reflects the book value of the four wind farms (total capacity: 53 MW) added to the own plant portfolio in 2019. These assets are largely financed by long-term bank liabilities, which rose from €86m to €136m. For the first time, leasing liabilities were accounted for according to the new IFRS 16 rule and amounted to €40m. In total, financial debt was up €78m at €241m. The cash position was €112m resulting in a net debt position of €129m. Equity increased slightly to €220m, but the equity ratio declined to 39% (2018: 48%) due to the higher balance sheet total (€568m versus €453m in 2018).

Negative free cash flow due to high CAPEX Operating cash flow amounted to €35m due mainly to an increase in trade and other liabilities (€+68m). CAPEX of €78m resulted in free cash flow of €-43m. Financing cash flow was €40m due mainly to €47m in additional loans. Net cash flow amounted to €-2.2m. The change in liquid funds due to changes in the scope of consolidation was €-14.9m.

Project development segment with strong sales and earnings growth External segment sales rose 45% to €100.1m reflecting the strong operating activity with 451 MW of projects sold, commissioned or under construction versus 236 MW in the prior year. Segment EBIT amounted to €23.4m (2018: €6.6m).

PNE possesses a high volume of awarded German wind farm projects. The company was awarded four projects (total capacity: 44 MW) in the December 2019 and February 2020 tenders. The company's volume of awarded German wind farm projects thus amounts to 58 MW (see figure 3). Given turbine delivery periods of above 12 months, it is unlikely that the projects awarded in February 2020 (14 MW) will be completed before the end of the year. Even the completion of the projects awarded in December 2019 (31 MW) is ambitious. We assume that all these projects will be added to the own plant portfolio.

Figure 3: German onshore wind projects awarded to PNE

Wind farm projects	MW	Location	awarded
Kleinbüllesheim	4.6	NRW	Feb-19
Gebstedt	8.8	Thuringia	Sep-19
Langstedt	13.2	Schleswig-Holstein	Dec-19
Katzenstirn	17.5	Hesse	Dec-19
Erfurt Ost	5.5	Thuringia	Feb-20
Segeberg	8.4	Schleswig-Holstein	Feb-20
Sum	58.0		

Source: First Berlin Equity Research, Bundesnetzagentur

In 2019, PNE extended both its wind and PV project pipelines. At the end of 2019, PNE's wind project pipeline amounted to 5,235 MW (2018: 4,883 MW), of which 1,111 MW were in phase III (planning). We believe that the German and French phase III projects (361 MW + 261 MW = 622 MW) will be a major earnings driver in coming years. The PV pipeline amounted to 123 MW, all in phase I-II, most of it located in Romania (112 MW).

Service business grew 52% to €16m Service segment external revenue increased from €10.3m to €15.8m due to organic and external growth. Segment EBIT declined 6% to €2.4m due to integration and restructuring costs. The segment EBIT margin (EBIT / external sales) was 15.2% versus 24.7% in 2018. With the acquisition of various companies, PNE has positioned itself more broadly in the fields of safety technology for wind power turbines and industrial plants, aviation obstruction markers for wind power turbines and rope access technology. The Service segment now offers

- Technical and commercial operations management
- Construction management
- Transformer station services
- Wind measurements
- Technical inspections
- Financing and electricity marketing services.

In total, PNE currently manages wind farms with a nominal capacity of more than 1,600 MW. PNE has expanded its international business as a service provider by concluding first contracts for operations management of wind farms in France, Poland and Sweden.



Electricity generation segment will significantly gain in importance due to build-up of own wind farm portfolio by up to 500 MW by 2023

Currently, the own plant portfolio consists of five modern operating German onshore wind farms with a total capacity of 96 MW and four older wind farms with a total capacity of 34 MW, which offer repowering potential. The total portfolio capacity is 130 MW (see figure 4).

Figure 4: Own wind farm portfolio

Wind farm	MW	Location	In operation since
Neuenwalde	7.2	Lower Saxony	Q4/2019
Kittlitz III	17.2	Brandenburg	Q4/2019
Schlenzer	6.5	Brandenburg	Q2/2019
Gerdau-Repowering	21.6	Lower Saxony	Q1/2019
Kührstedt-Alfstedt	43.2	Lower Saxony	Q4/2017
Erfeld	2.6	Baden-Württemberg	2002
Laubuseschbach	3.0	Hesse	2002
Papenrode	22.3	Lower Saxony	2002
Pülfringen	6.5	Baden-Württemberg	2002
Sum	130.1		

Source: First Berlin Equity Research, PNE AG

In 2019, the Electricity Generation segment increased external revenues from €12.2m to €16.9m (+39% y/y) due mainly to the addition of four wind farms (total capacity: 53 MW) to the own plant portfolio. The EBITDA margin amounted to 83% and the EBIT margin was 37%.

Morgan Stanley Infrastructure Partners new large shareholder Morgan Stanley Infrastructure Partners (MSIP) failed to take over PNE and now holds 40% of the company. The takeover offer valued PNE at €4.00 per share, representing a 31% premium on the share price before the publication of the offer. We believe that the new main shareholder will be supportive of PNE's business development as it derisks the future project pipeline. MSIP is a financially strong player and happy to purchase green power assets worldwide.

Forecasts adjusted to realigned business model and likely impact of Sars-CoV-2-induced global recession The build-up of a portfolio of up to 500 MW will result in lower Project Development sales, particularly in 2020, as the "2020 portfolio" will not be sold. The growing own plant portfolio will contribute increasing earnings to the group. However, in 2021 & 2022, the expansion phase results in high interest payments which will likely lead to a net loss. PNE plans to expand its service business. We have thus pencilled in growing segment earnings contributions. Instead of modelling the group, we now model each segment individually. PNE wants to achieve medium-term EBIT of €38-44m, as defined in the 2017 Scale up strategy, earlier than 2023.

Figure 4: Revisions to forecasts

All figures in €m	2020E			2021E			2022E		
	Old	New	Delta	Old	New	Delta	Old	New	Delta
Sales	206.10	75.47	-63.4%	151.67	99.60	-34.3%	160.77	164.70	2.4%
EBIT	89.84	6.33	-92.9%	19.76	14.72	-25.5%	24.08	28.03	16.4%
margin	43.6%	8.4%		13.0%	14.8%		15.0%	17.0%	
Net income	67.65	-7.31	-	14.43	-1.65	-	17.58	7.15	-59.4%
margin	32.8%	-9.7%		9.5%	-1.7%		10.9%	4.3%	
EPS (diluted) in €	0.88	-0.10	-	0.19	-0.02	-	0.23	0.10	-58.4%

Source: First Berlin Equity Research

Add reiterated at higher price target Our new sum-of-the-parts valuation results in a new price target of €5.00 (previously: €4.00). We reiterate our Add rating.



VALUATION MODEL

SUM-OF-THE-PARTS VALUATION

Following PNE's announcement that it plans to build a wind farm portfolio of up to 500 MW by 2023, we have decided to model PNE's fair value using a sum-of-the-parts (SotP) analysis. Each of the three segments Project Development, Electricity Generation, and Services is valued individually by a discounted cash flow (DCF) model. We believe that a SotP valuation is superior to our previous approach, a DCF model based on group cash flows.

In the past, a simple DCF model for PNE was adequate as the Electricity Generation segment was small, and the numbers for the Services segment were not reported separately. The decision not to sell the "2020 wind farm portfolio", but to add it to the own plant portfolio and to expand this portfolio to up to 500 MW makes the Electricity Generation segment an important cash flow contributor in the present and increasingly in the future. This justifies a separate segment valuation. Since Q1/19, PNE has reported separate Services segment figures, and the company plans to further expand this segment. This allows us to value this segment separately from the other segments.

The segment business models differ greatly from each other. Project development is a volatile business while Service and Electricity Generation are much more stable. Project development is working capital intensive, electricity generation is very capital intensive and largely debt-financed. Service is neither working capital nor capital intensive. We believe that individual DCF models can best capture the valuation specifics of each business model.

In the segment report, PNE offers a rough segment profit & loss account containing sales, total aggregate output, EBITDA, and EBIT. Furthermore, a few key segment balance sheet data such as segment assets, liabilities and equity are given. In addition, segment investments are displayed.

This is not sufficient to build exact segment DCF models, as the cash positions, financial debt, lease liabilities and working capital of each segment are not shown. However, applying typical industry parameters for these balance sheet items, a good approximation is possible. There may be deviations from the true segment figures, but in sum, the estimated segment balance sheet figures are always right as the group balance sheet figures are known. As a consequence, the SotP valuation is always based on the correct aggregate balance sheet figures. Deviations from the "true" segment fair value due to deviations of the assumed segment balance sheet parameters from the true, but unknown, segment balance sheet values such as liabilities to banks, lease liabilities, and cash may result in a slightly different value contribution of the segments. But, on aggregate, these deviations always completely balance each other out. The SotP valuation is thus not compromised by the described deviations.

Sum-of-the-parts Valuation

SotP valuation	Fair value in €m	Fair value per share in €	old
Project Development	153.36	2.00	n.a.
Electricity Generation	157.64	2.06	n.a.
Services	67.91	0.89	n.a.
Sum of the parts	378.91	4.95	4.00



PROJECT DEVELOPMENT

The Project Development segment includes onshore and offshore wind farm and solar plant development on an international scale. PNE differentiates between early-stage projects (Phase I-II = Exploration & Development), projects in the planning phase (Phase III = Planning), and projects in the construction phase (Phase IV = Implementation). The following table shows the onshore wind and solar project pipelines at the end of 2019.

PNE's onshore wind and solar project pipeline at the end of 2019

Country	Phase I-II	Phase III	Phase IV	Total
Onshore wind project development				
Germany	1,251	361	0	1,612
Bulgaria	121	0	0	121
France	271	261	0	532
United Kingdom	43	0	0	43
Italy	40	0	0	40
Canada	505	0	0	505
Panama	352	0	0	352
Poland	92	19	0	111
Romania	54	102	0	156
South Africa	500	30	0	530
Sweden	0	59	0	59
Turkey	629	71	0	700
Hungary	0	42	0	42
USA	266	166	0	432
Total Wind	4,124	1,111	0	5,235
Solar project development				
Germany	10	0	0	10
Romania	112	0	0	112
USA	1	0	0	1
Total Solar	123	0	0	123

Source: First Berlin Equity Research, PNE AG

Projects that are not sold but added to the own plant portfolio produce development and construction costs but no external segment sales. PNE accounts for this in its Consolidation segment. For simplicity, we integrate Consolidation into the Project Development segment. Our DCF model thus only shows external sales.

We assume segment liabilities to banks of €4.1m, bonds of €48.9m, lease liabilities of €10.1m, and a cash position of €100.7m. This results in a net cash position of €37.7m (see figure overleaf).



DCF model for Project Development segment

All figures in EUR '000	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Net sales	36,000	48,700	103,200	133,000	144,365	155,652	166,689	177,297
NOPLAT	-3,835	610	9,031	10,165	11,511	12,320	13,100	13,839
+ depreciation & amortisation	2,035	1,920	1,807	1,714	1,668	1,641	1,631	1,635
Net operating cash flow	-1,800	2,530	10,838	11,879	13,179	13,961	14,730	15,474
- total investments (CAPEX and WC)	6,715	-941	-17,025	-2,295	-8,510	-8,243	-7,845	-7,317
Capital expenditures	-1,080	-974	-1,032	-1,330	-1,444	-1,557	-1,667	-1,773
Working capital	7,795	33	-15,993	-965	-7,066	-6,686	-6,178	-5,544
Free cash flows (FCF)	4,915	1,589	-6,186	9,584	4,669	5,718	6,886	8,157
PV of FCF's	4,621	1,370	-4,891	6,949	3,103	3,486	3,849	4,181

All figures in thousands	
PV of FCFs in explicit period (2020E-2033E)	52,266
PV of FCFs in terminal period	62,759
Enterprise value (EV)	115,025
+ Net cash / - net debt	37,678
+ Investments / minority interests	655
Shareholder value	153,358
Number of shares (diluted)	76,603
Fair value per share in EUR	2.00

		Terminal growth rate							
WACC	9.1%		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
Cost of equity	12.8%	5.1%	3.73	3.95	4.23	4.61	5.13	5.91	7.20
Pre-tax cost of debt	5.0%	6.1%	3.01	3.13	3.28	3.46	3.70	4.01	4.44
Tax rate	30.0%	7.1%	2.52	2.59	2.67	2.77	2.89	3.04	3.23
After-tax cost of debt	3.5%	8.1%	2.17	2.22	2.26	2.32	2.39	2.47	2.57
Share of equity capital	60.0%	9.1%	1.91	1.94	1.97	2.00	2.04	2.09	2.14
Share of debt capital	40.0%	10.1%	1.71	1.72	1.74	1.77	1.79	1.82	1.85
		11.1%	1.55	1.56	1.57	1.58	1.60	1.62	1.64
Fair value per share in EUR	2.00	12.1%	1.41	1.41	1.41	1.41	1.41	1.41	1.41

* for layout purposes the model shows numbers only to 2027, but runs until 2033



ELECTRICITY GENERATION

The Electricity Generation segment includes power production from green power plants. The portfolio combines nine own wind farms with a total capacity of 130.1 MW, and the Silbitz biomass power plant with 5.6 MW. Furthermore, the segment includes interests in limited partnerships, in which wind farm projects will be realised in the future. At the end of 2019, the book value of the green power plant portfolio amounted to €146.3m.

PNE plans to build up a wind power production portfolio of up to 500 MW by 2023. The following table shows our portfolio expansion assumptions.

Forecasted portfolio expansion

Wind farm portfolio	2019	2020E	2021E	2022E	2023E	2024E
Wind power capacity (MW), year start	55.3	130.1	143.5	213.5	303.5	413.5
Additional capacity (MW)	74.8	13.4	70.0	90.0	110.0	86.5
Wind power capacity (MW), year end	130.1	143.5	213.5	303.5	413.5	500.0

Our DCF model assumes segment liabilities to banks of €141.7m, lease liabilities of €24.8m, and a cash position of €11.2m at the end of 2019. This results in a net debt position of €154.7m.

DCF model for Electricity Generation segment

All figures in EUR '000	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Net sales	22,878	31,825	38,603	59,625	72,046	89,100	89,100	89,100
NOPLAT	7,605	10,711	11,856	20,817	22,635	31,522	31,105	30,747
+ depreciation & amortisation	11,704	13,985	18,873	25,546	32,973	32,795	32,617	32,438
Net operating cash flow	19,309	24,696	30,728	46,363	55,608	64,317	63,722	63,186
- total investments (CAPEX and WC)	-18,558	-85,716	-100,300	-119,532	-35,355	-36,065	-32,617	-32,438
Capital expenditures	-17,420	-84,000	-99,000	-115,500	-32,973	-32,795	-32,617	-32,438
Working capital	-1,138	-1,716	-1,300	-4,032	-2,382	-3,271	0	0
Free cash flows (FCF)	752	-61,019	-69,572	-73,168	20,253	28,251	31,105	30,747
PV of FCF's	730	-56,814	-62,128	-62,669	16,636	22,257	23,504	22,283

All figures in thousands	
PV of FCFs in explicit period (2020E-2033E)	11,931
PV of FCFs in terminal period	300,407
Enterprise value (EV)	312,338
+ Net cash / - net debt	-154,698
+ Investments / minority interests	0
Shareholder value	157,640
Number of shares (diluted)	76,603
Fair value per share in EUR	2.06

WACC	4.3%
Cost of equity	6.8%
Pre-tax cost of debt	5.2%
Tax rate	30.0%
After-tax cost of debt	3.6%
Share of equity capital	20.0%
Share of debt capital	80.0%
Fair value per share in EUR	2.06

	Terminal growth rate						
	-0.6%	-0.4%	-0.2%	0.0%	0.2%	0.4%	0.6%
3.5%	2.72	2.96	3.22	3.51	3.84	4.21	4.63
3.8%	2.28	2.49	2.71	2.96	3.24	3.55	3.90
4.0%	1.90	2.07	2.27	2.48	2.72	2.98	3.27
4.3%	1.55	1.71	1.87	2.06	2.26	2.48	2.73
4.5%	1.24	1.38	1.52	1.68	1.86	2.05	2.26
4.8%	0.96	1.08	1.21	1.35	1.50	1.66	1.85
5.0%	0.71	0.81	0.93	1.05	1.18	1.32	1.48

* for layout purposes the model shows numbers only to 2027, but runs until 2033



SERVICES

The Services segment includes technical and commercial operations management of green power plants, construction management, transformer station services, wind measurements, financing, and electricity marketing services.

Our DCF model assumes no segment liabilities to banks, a cash position of 0 and a share of 15% in the group's lease liabilities. This results in a net debt position of €5.6m at the end of 2019.

Services segment DCF model

DCF valuation model								
All figures in EUR '000								
	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Net sales	16,589	19,077	22,893	25,016	27,153	29,276	31,352	33,347
NOPLAT	2,435	3,195	4,037	4,456	4,864	5,257	5,632	5,983
+ depreciation & amortisation	2,164	2,229	2,318	2,449	2,592	2,740	2,889	3,035
Net operating cash flow	4,600	5,424	6,354	6,905	7,455	7,997	8,521	9,018
- total investments (CAPEX and WC)	-2,514	-2,753	-3,101	-3,226	-3,397	-3,550	-3,680	-3,786
Capital expenditures	-2,488	-2,671	-2,976	-3,161	-3,332	-3,487	-3,620	-3,729
Working capital	-26	-82	-125	-65	-64	-63	-61	-57
Free cash flows (FCF)	2,086	2,671	3,253	3,679	4,058	4,447	4,840	5,232
PV of FCF's	1,969	2,325	2,610	2,721	2,767	2,796	2,805	2,796

All figures in thousands	
PV of FCFs in explicit period (2020E-2033E)	36,323
PV of FCFs in terminal period	37,216
Enterprise value (EV)	73,539
+ Net cash / - net debt	-5,630
+ Investments / minority interests	0
Shareholder value	67,909
Number of shares (diluted)	76,603
Fair value per share in EUR	0.89

WACC				Terminal growth rate						
				0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
Cost of equity	9.8%	4.5%		1.88	2.07	2.33	2.69	3.24	4.15	6.02
Pre-tax cost of debt	6.0%	5.5%		1.44	1.55	1.68	1.84	2.07	2.39	2.86
Tax rate	9.0%	6.5%		1.15	1.21	1.29	1.38	1.49	1.64	1.84
After-tax cost of debt	5.5%	7.5%		0.95	0.99	1.03	1.09	1.15	1.23	1.33
Share of equity capital	70.0%	8.5%		0.79	0.82	0.85	0.89	0.93	0.98	1.03
Share of debt capital	30.0%	9.5%		0.68	0.70	0.72	0.74	0.77	0.80	0.83
		10.5%		0.59	0.60	0.62	0.63	0.65	0.67	0.69
		11.5%		0.51	0.52	0.53	0.55	0.56	0.57	0.59
Fair value per share in EUR	0.89									

* for layout purposes the model shows numbers only to 2027, but runs until 2033



INCOME STATEMENT

All figures in EUR '000	2017A	2018A	2019A	2020E	2021E	2022E
Revenues	114,076	91,379	132,796	75,467	99,603	164,696
Change in inventories	63,331	15,056	36,577	9,000	12,000	3,000
Own work	0	0	0	39,000	105,210	113,560
Other operating income	9,483	5,348	4,659	5,051	5,714	6,003
Total aggregate output	186,890	111,782	174,032	128,519	222,526	287,260
Cost of goods sold	-108,381	-36,696	-92,961	-60,409	-137,023	-178,149
Gross profit (revenues ./ COGS)	5,695	54,683	39,835	15,058	-37,420	-13,453
Personnel costs	-25,789	-27,780	-30,600	-31,600	-33,550	-36,369
Other operating expenses	-24,125	-30,837	-18,911	-14,272	-19,099	-21,716
EBITDA	28,595	16,469	31,561	22,237	32,854	51,026
Depreciation and amortisation	-5,466	-8,680	-12,597	-15,903	-18,135	-22,997
Operating income (EBIT)	23,129	7,789	18,964	6,334	14,719	28,029
Interest Expense	-10,709	-10,593	-12,267	-12,863	-15,509	-18,215
Interest Income	619	787	582	0	0	0
Other financial income / expenses	1,022	15	32	0	0	0
Pre-tax income (EBT)	14,061	-2,002	7,312	-6,529	-790	9,814
Income taxes	174	-403	-5,965	-128	-204	-2,013
Minority interests	2,840	1,361	-655	-655	-655	-655
Net income / loss	17,075	-1,044	692	-7,312	-1,649	7,146
Diluted EPS (in €)	0.22	-0.01	0.01	-0.10	-0.02	0.10
Ratios						
Gross margin (COGS/revenues)	5.0%	59.8%	30.0%	20.0%	-37.6%	-8.2%
EBITDA margin on revenues	25.1%	18.0%	23.8%	29.5%	33.0%	31.0%
EBIT margin on revenues	20.3%	8.5%	14.3%	8.4%	14.8%	17.0%
Net margin on revenues	15.0%	-1.1%	0.5%	-9.7%	-1.7%	4.3%
Tax rate	-1.2%	-20.1%	81.6%	-2.0%	-25.8%	20.5%
Expenses as % of revenues						
Personnel costs	22.6%	30.4%	23.0%	41.9%	33.7%	22.1%
Depreciation and amortisation	4.8%	9.5%	9.5%	21.1%	18.2%	14.0%
Other operating expenses	21.1%	33.7%	14.2%	18.9%	19.2%	13.2%
Y-Y Growth						
Revenues	-54.1%	-19.9%	45.3%	-43.2%	32.0%	65.4%
Operating income	-76.2%	-66.3%	143.5%	-66.6%	132.4%	90.4%
Net income/ loss	-75.2%	n.m.	n.m.	n.m.	n.m.	n.m.



BALANCE SHEET

All figures in EUR '000	2017A	2018A	2019A	2020E	2021E	2022E
Assets						
Current assets, total	308,379	272,882	266,995	248,713	248,645	278,809
Cash and cash equivalents	193,984	129,071	111,935	115,471	110,403	104,975
Short-term investments	0	0	0	0	0	0
Receivables	5,119	6,355	34,251	25,023	27,162	51,069
Inventories	86,361	117,343	101,357	88,767	91,627	103,313
Other current assets	22,915	20,113	19,452	19,452	19,452	19,452
Non-current assets, total	184,905	179,724	300,603	305,688	375,198	455,209
Property, plant & equipment	103,872	96,130	174,081	179,166	248,676	328,687
Goodwill & other intangibles	66,825	65,053	64,719	64,719	64,719	64,719
Rights of use	0	0	39,376	39,376	39,376	39,376
Other assets	14,208	18,541	61,803	61,803	61,803	61,803
Total assets	493,285	452,606	567,598	554,401	623,842	734,017
Shareholders' equity & debt						
Current liabilities, total	179,150	94,344	113,636	100,699	106,928	133,096
Short-term debt	107,109	26,131	11,705	5,000	5,000	10,000
Accounts payable	25,295	14,945	35,276	20,090	23,325	41,499
Current provisions	4,858	8,134	8,381	8,381	8,381	8,381
Liabilities from leases (ST)	0	0	3,057	3,057	3,057	3,057
Other current liabilities	41,888	45,134	58,274	67,229	70,222	73,216
Long-term liabilities, total	78,915	141,988	233,948	243,339	310,539	389,739
Long-term debt	72,751	136,656	188,953	198,344	265,544	344,744
Liabilities from leases (LT)	0	0	37,207	37,207	37,207	37,207
Other liabilities	6,163	5,332	7,787	7,787	7,787	7,787
Minority interests	-7,679	-13,938	-13,283	-12,628	-11,973	-11,318
Shareholders' equity	242,899	230,212	233,297	222,991	218,349	222,501
Share capital	76,556	76,558	76,603	76,603	76,603	76,603
Capital reserve	82,288	82,292	82,953	82,953	82,953	82,953
Other reserves	-908	-385	-819	-819	-819	-819
Treasury stock	0	-5,803	-707	-707	-707	-707
Retained earnings	84,962	77,550	75,267	64,961	60,318	64,471
Total consolidated equity and debt	493,285	452,606	567,598	554,401	623,842	734,017
Ratios						
Current ratio (x)	1.72	2.89	2.35	2.47	2.33	2.09
Quick ratio (x)	1.24	1.65	1.46	1.59	1.47	1.32
Net cash	14,124	-33,716	-128,987	-128,137	-200,405	-290,033
Net gearing	-5.8%	14.6%	55.3%	57.5%	91.8%	130.4%
Book value per share (€)	2.99	2.83	2.94	2.81	2.76	2.82
Tangible book value per share (€)	2.18	2.00	2.09	1.96	1.91	1.98
Equity ratio (incl. minorities)	47.7%	47.8%	38.8%	37.9%	33.1%	28.8%
Return on equity (ROE)	7.0%	-0.5%	0.3%	-3.3%	-0.8%	3.2%
Return on assets (ROA)	5.6%	2.1%	2.3%	1.0%	2.2%	3.5%
Return on investment (ROI)	3.5%	-0.2%	0.1%	-1.3%	-0.3%	1.0%
Return on capital employed (ROCE)	10.5%	3.2%	6.2%	1.8%	3.9%	6.1%



CASH FLOW STATEMENT

All figures in EUR '000	2017A	2018A	2019A	2020E	2021E	2022E
EBIT	23,129	7,789	18,964	6,334	14,719	28,029
Depreciation and amortisation	5,466	8,680	12,597	15,903	18,135	22,997
EBITDA	28,595	16,469	31,561	22,237	32,854	51,026
Changes in working capital	12,292	-49,523	17,440	15,587	1,228	-14,424
Other adjustments	-18,257	4,817	-13,594	-12,991	-15,713	-20,228
Operating cash flow	22,630	-28,237	35,407	24,833	18,370	16,374
Investments in PP&E	-70,015	-4,564	-77,966	-20,988	-87,645	-103,008
Investments in intangibles	0	0	0	0	0	0
Free cash flow	-47,385	-32,801	-42,560	3,844	-69,275	-86,634
Acquisitions & disposals, net	51,300	756	85	0	0	0
Other investments	-7,535	0	0	0	0	0
Cash flow from investing	-26,250	-3,808	-77,882	-20,988	-87,645	-103,008
Debt financing, net	59,106	-13,859	37,555	7,231	67,200	84,200
Equity financing, net	0	-5,803	5,669	0	0	0
Dividends paid	-9,187	-3,062	-2,975	-2,994	-2,994	-2,994
Other financing	0	-9,871	0	0	0	0
Cash flow from financing	49,919	-32,595	40,249	4,237	64,206	81,206
Forex and other changes in cash	-1	-274	-14,911	-4,546	1	0
Net cash flows	46,298	-64,913	-17,136	3,536	-5,068	-5,428
Cash, start of the year	147,686	193,984	129,071	111,935	115,471	110,403
Cash, end of the year	193,984	129,071	111,935	115,471	110,403	104,975
EBITDA/share (in €)	0.36	0.21	0.42	0.30	0.44	0.68
Operating cashflow/share (in €)	0.29	-0.36	0.47	0.33	0.25	0.22
Y-Y Growth						
Operating cash flow	-64.9%	n.m.	n.m.	-29.9%	-26.0%	-10.9%
Free cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EBITDA/share	-74.0%	-42.4%	101.4%	-29.5%	47.7%	55.3%

FIRST BERLIN RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	31 March 2008	€2.38	Buy	€4.50
2...101	↓	↓	↓	↓
102	14 October 2019	€3.98	Add	€4.00
103	8 November 2019	€3.95	Add	€4.00
104	13 December 2019	€4.01	Add	€4.00
105	Today	€4.47	Add	€5.00

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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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- key sources of information in the preparation of this research report
- valuation methods and principles
- sensitivity of valuation parameters

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