

PNE AG

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

2020 results

RATING

PRICE TARGET

Return Potential
 Risk Rating

ADD

€ 7.70

5.9%
 High

PNE PLANS MAJOR INCREASE IN OWN WIND PLANT CAPACITY

PNE has published its 2020 annual report and held a conference call. EBITDA amounted to €26.3m and was thus in line with the recent guidance range of €24-28m. EBIT was €8.2m and hit our forecast. The net result of €1.6m was better than expected due to a tax refund of €3.4m. In 2020, PNE increased its own plant portfolio by just 4.7 MW to 134.8 MW. Nevertheless, EBITDA from the electricity generation segment soared 31% to €18.4m as wind farms commissioned in 2019 delivered their first complete full year contribution. For 2021, PNE plans to add ca. 83 MW to its own plant portfolio. In the Project Development segment, the company sold a Swedish project (60 MW) in Q1 and plans the sale of further projects in the USA, Poland, Romania, South Africa, and Panama. PNE is guiding for 2021 group EBITDA of €24-32m. We have adjusted our forecasts to reflect 2020 figures and 2021 guidance. An updated sum-of-the-parts valuation yields a price target of €7.70 (previously: €8.00). We reiterate our Add rating.

2020 figures roughly in line with our forecast Revenues declined 17% y/y to €110m (prior year: €133m). The main reason for the lower sales figure is lower project development revenues from abroad (€12m versus €48m in 2019). EBITDA dipped 8% y/y from €28.7m to €26.3m. Much higher depreciation (€18.2m versus €12.6m) resulted in EBIT nearly halving from €16.1m to €8.2m (see figure 1 overleaf). This means that original EBITDA guidance of €15-20m was exceeded and EBIT guidance of €5-10m was achieved. The higher depreciation can be traced back mainly to higher depreciation of lease assets (€5.7m versus €2.8m). The financial result was €-109m (2019: €-10.7m) due to high interest expenses. The net result was positive (€1.6m) helped by a €3.7m tax refund. Recognition of milestone receivables for Gode Wind 4 (€14.7m) and Atlantis 1 (€4.6m) in Q4 contributed to the 2020 result. PNE expects the corresponding payments in 2022 (Gode Wind 4) and 2024 (Atlantis I). The 2019 figures had to be adjusted due to the correction of accounting errors in 2018 regarding the write-down of offshore wind farms. The restated 2019 net result was €-0.8m (previously: €+0.7m). (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2018	2019	2020	2021E	2022E	2023E
Revenue (€m)	91.38	132.80	109.69	152.14	168.29	218.62
Y-o-y growth	-19.9%	45.3%	-17.4%	38.7%	10.6%	29.9%
EBIT (€m)	7.79	16.11	8.17	10.72	21.62	36.75
EBIT margin	8.5%	12.1%	7.4%	7.0%	12.8%	16.8%
Net income (€m)	-1.04	-0.77	1.62	-3.43	3.40	11.81
EPS (diluted) (€)	-0.01	-0.01	0.02	-0.04	0.04	0.15
DPS (€)	0.04	0.04	0.04	0.04	0.04	0.04
FCF (€m)	-32.80	-42.56	-83.03	-71.76	-68.16	-92.63
Net gearing	14.6%	59.1%	125.5%	168.7%	204.0%	241.3%
Liquid assets (€m)	129.07	111.94	111.62	93.96	99.95	96.66

RISKS

Risks to our price target include, but are not limited to: changes in legislation, project financing risks, project delays, project approval risks, tender awards, award prices, and interest rate changes.

COMPANY PROFILE

PNE AG is a clean energy solution provider active in wind & PV project development, green power production, and energy services. At the end of 2020, the company had more than 5 GW international project pipeline, and a wind power plant portfolio of ca. 135 MW. PNE is based in Cuxhaven, Germany.

MARKET DATA

As of 13 Apr 2021

Closing Price	€ 7.27
Shares outstanding	76.60m
Market Capitalisation	€ 556.91m
52-week Range	€ 4.26 / 8.89
Avg. Volume (12 Months)	93,615

Multiples	2020	2021E	2022E
P/E	342.4	n.a.	163.4
EV/Sales	7.5	5.4	4.9
EV/EBIT	100.0	76.3	37.8
Div. Yield	0.6%	0.6%	0.6%

STOCK OVERVIEW



COMPANY DATA

As of 31 Dec 2020

Liquid Assets	€ 111.62m
Current Assets	€ 346.59m
Intangible Assets	€ 64.33m
Total Assets	€ 663.81m
Current Liabilities	€ 108.21m
Shareholders' Equity	€ 200.56m

SHAREHOLDERS

Morgan Stanley Infrastructure Partners	39.8%
Active Ownership Fund SCS	9.0%
Samson	4.8%
Other investors	11.0%
Free Float	35.4%

Figure 1: Reported group figures versus forecasts

All figures in €m	2020A	2020E	Delta	2019A	Delta
Sales	109.69	100.07	9.6%	132.80	-17.4%
EBIT	8.17	8.10	0.8%	16.11	-49.3%
margin	7.4%	8.1%		14.3%	
Net income	1.62	-1.99	-	-0.77	-
margin	1.5%	-2.0%		0.5%	
EPS (diluted) in €	0.02	-0.03	-	-0.01	-

Source: First Berlin Equity Research, PNE AG

Project Development segment total output up 23% y/y Although external Project Development segment sales were 29% below the prior year level at €71.3m (see figure 2), total aggregate segment output was up 23% y/y due to much higher inter-segment sales (€109m versus €62m in 2019), as PNE started construction of many projects for its own plant portfolio. This results in the elimination of profits on the group level. Segment operating result was €54.5m. If we add consolidation EBIT of €53.7m, segment EBIT would still be slightly positive.

Figure 2: Reported segment figures versus forecasts

Figures in €m	2020A	2020E	Delta	2019A	Delta
Project development					
External sales	71.33	60.00	18.9%	100.05	-28.7%
EBIT	54.47	43.17	26.2%	20.55	165.1%
margin	76.4%	71.9%	-	23.2%	-
Services					
External sales	16.05	16.59	-3.2%	15.80	1.6%
EBIT	2.08	2.07	0.8%	2.40	-13.2%
margin	13.0%	12.5%	-	14.1%	-
Electricity generation					
External sales	22.30	23.48	-5.0%	16.95	31.6%
EBIT	5.33	7.87	-32.2%	6.28	-15.1%
margin	23.9%	33.5%		58.4%	-
Consolidation					
External sales	0.00	0.00	-	0.00	-
EBIT	-53.72	-45.00	-	-13.12	-
margin	n.m.	n.m.	-	n.m.	-
Group					
Sales	109.69	100.07	9.6%	132.80	-17.4%
EBIT	8.17	8.10	0.8%	16.11	-49.3%
margin	7.4%	8.1%	-	15.2%	-

Source: First Berlin Equity Research, PNE AG

Service segment met our forecast External sales rose 2% to €16.1m (see figure 2). Much higher internal sales (€4.0m versus €2.0m) were the main reason for a 15% increase in total aggregate segment output to €21.1m. EBIT fell 13% to €2.1m due to investments in the international expansion (e.g. Poland, Sweden) and pandemic restrictions.

Electricity generation with strong sales growth Revenue from the electricity generation business soared 32% to €22.3m (FBe: €23.5m) as the wind farms added in 2019 contributed revenue for a full 12 months (see figure 2). EBITDA was up 31% at €18.4m. Much higher

depreciation (€13.1m versus €7.7m in 2019) resulted in lower EBIT than expected (€5.3m versus €6.3m in 2019, and FBe: €7.9m). The higher depreciation is due mainly to much higher right-of-use assets (leasing of land for wind farms).

Balance sheet burdened by build-up of own plant portfolio The high level of construction activity is reflected in the rise of inventories from €85m to €174m (+105% y/y). This was financed by much higher liabilities to banks (ST + LT), which amounted to €239m versus €146m at YE 2019. Long-term liabilities from leasing contracts climbed from €37m to €70m, mainly because the land lease contracts (term: 20-25 years) of the wind farms (for the own plant portfolio) have to be reflected on the balance sheet. As the portfolio grows, lease liabilities rise. These lease liabilities / assets will decline over the term of the contracts due to the annual lease payments / depreciation. On the asset side, the leasing contracts are reflected in inventory (during construction) and then in "right-of-use assets" after the transfer of the wind farms to the own plant portfolio. Total financial debt including lease liabilities rose 54% to €372m. As the cash position remained stable at €112m, the net debt position more than doubled to €261m. Equity declined 2% to €200m. The equity ratio fell from 37% to 30% due to the expanded balance sheet total (see figure 3).

Figure 3: Selected balance sheet items

All figures in EUR '000	2020A	2019A	Delta
Assets			
Current assets, total	346,594	250,445	38%
Cash and cash equivalents	111,617	111,935	0%
Receivables	40,171	34,251	17%
Inventories	174,003	84,807	105%
Non-current assets, total	317,215	299,571	6%
Property, plant & equipment	176,341	174,081	1%
Goodwill & other intangibles	64,330	64,719	-1%
Right-of-use-assets	39,125	39,376	-1%
Total assets	663,809	550,016	21%
Shareholders' equity & debt			
Current liabilities, total	108,209	113,636	-5%
Short-term financial debt	22,681	11,705	94%
Liabilities from leases (ST)	4,626	3,057	51%
Accounts payable	31,364	35,276	-11%
Long-term liabilities, total	355,038	231,260	54%
Long-term financial debt	272,887	188,953	44%
Liabilities from leases (LT)	70,388	37,207	89%
Shareholders' equity	207,633	218,402	-5%
Minority interests	-7,070	-13,283	-46.8%
Total equity	200,563	205,119	-2.2%
Financial debt including lease liabilities	372,124	240,932	54%
Net debt	260,507	128,997	102%
Net gearing	125%	59%	-
Equity ratio	30%	37%	-
Working capital	182,810	83,782	118%
Working capital ratio (WC / revenue)	167%	63%	-

Source: First Berlin Equity Research, PNE AG

High operating cash outflow The high increase in inventories and other assets (€118m) was the main reason for negative operating cash flow of €68.5m. CAPEX of €14.5m was made on the expansion of the own plant portfolio and transformer stations. This led to free cash flow of €-83m. Financing cash flow amounted to €83m due mainly to an inflow of funds from financial loans (€101m). Net cash flow was €-03m (see figure 4 overleaf).

Figure 4: Cash flow statement

All figures in EUR '000	2020A	2019A
Operating cash flow	-68,500	35,407
CAPEX	-14,531	-77,966
Free cash flow	-83,031	-42,559
Cash flow from investing	-14,427	-77,882
Cash flow from financing	82,857	40,249
Net cash flows	-318	-17,135

Source: First Berlin Equity Research, PNE AG

Project development remained at a high level despite pandemic In total, PNE completed, sold or started construction of projects with a capacity of ca. 461 MW in the reporting period versus 451 MW in 2019. Wind farm projects with a total capacity of 179 MW (prior year: 100 MW) were completed and commissioned in Germany and Poland. Nine wind farms with a total nominal capacity of 223 MW were under construction in Germany, Poland and Sweden at the end of the year.

Strong in Poland and Sweden We note that PNE has been especially successful in Poland and Sweden in recent years. In Poland, the "Barwice" wind farm (42 MW) was sold in 2018, and the "Jasna" wind farm (132 MW) in 2019. At the end of 2019, PNE secured the rights to three further wind farm projects with a total capacity of ca. 95 MW, which were awarded contracts in the December 2019 tender. PNE decided to realise two projects (total capacity: 59 MW). Construction of the projects Krzecin (19 MW) and Kuslin (40 MW) started in Q1/2021.

In Sweden, construction of the "Malarberget" wind farm (113 MW) sold in 2019 has progressed as scheduled. PNE has taken over the construction management of the wind farm on behalf of the purchaser. In Q1/21 PNE sold the 59 MW "Hultema" project to the Swiss infrastructure fund Reichmuth Infrastruktur. Construction started in February 2021 and will be managed by the PNE Group as a service provider on behalf of the buyer. Commissioning is planned for mid-2023.

Tender successes in Germany in 2020: 100 MW PNE won seven wind farm projects with a capacity of 100.3 MW in the 2020 German tender rounds. This is a very sound basis for strong 2021 construction activity in Germany. The Lentförden and Langstedt projects (in total 16.8 MW) were commissioned in March and transferred to the own plant portfolio, and the Erfurt-Ost project (5.5 MW) was sold. Most of the remaining projects will be built in 2021 and added to the own plant portfolio (FBe: ca. 83 MW).

Project pipeline is growing At the end of 2020, PNE was working on onshore wind farm projects with a total capacity of 5,405 MW (previous year: 5,235 MW). The pipeline expansion of 3% is rather small. The reason for this is that parts of the pipeline will not be further developed (Bulgaria 121 MW, Hungary 42 MW). PNE decided to stop all activities in Bulgaria and Hungary because of the adverse political and economic conditions for wind farm development in these countries.

There has been significant progress in the development of photovoltaic (PV) projects. In this field, the project pipeline more than quadrupled by the end of 2020. PNE worked on PV projects with a nominal capacity of 548 MWp (2019: 123 MWp) in Germany, Italy, Romania, and the USA (see figure 5 overleaf).

In 2021, PNE does not expect an expansion of its onshore wind and photovoltaics project pipelines due to the planned sale of the rights for large projects. In the core German and French markets, 381 MW and 261 MW are respectively in the permitting process for a total of 642 MW.

Figure 5: Onshore wind and PV pipeline at the end of 2020

Country	Phase I-II	Phase III	Phase IV*	Total
Onshore wind project development				
Germany	1,267	381	106	1,754
Bulgaria	0	0	0	0
France	271	261	0	532
United Kingdom	43	0	0	43
Italy	40	0	0	40
Canada	505	0	0	505
Panama	340	0	0	340
Poland	254	0	59	313
Romania	54	102	0	156
South Africa	500	30	0	530
Sweden	0	59	0	59
Turkey	629	71	0	700
Hungary	0	0	0	0
USA	266	167	0	433
Total Wind	4,169	1,071	165	5,405
Solar project development				
Germany	184	0	0	184
Italy	42	0	0	42
Romania	112	0	0	112
USA	210	0	0	210
Total Solar	548	0	0	548

* Phase I – II = Exploration & Development, Phase III = Planning, Phase IV = Implementation

Source: First Berlin Equity Research, PNE AG

Own plant portfolio slightly expanded In 2020, the own wind farm portfolio grew by only 4.7 MW (Kleinbüllesheim wind farm) to 134.8 MW. In Q1/21, two wind farms with a total capacity of 16.8 MW were added. At the end of Q1, the own wind farm portfolio thus amounted to almost 152 MW (see figure 6). Further wind farms with a total capacity of 100 MW, which are intended for PNE's own portfolio, were under construction at YE 2020. We expect the company to add 83 MW to the own portfolio in 2021, which would increase the portfolio capacity to ca. 218 MW. PNE plans to expand the portfolio to up to 500 MW by the end of 2023.

Figure 6: Own wind farm portfolio at the end of Q1/21

Wind farm	MW	Location	In operation since
Langstedt	8.4	Schleswig-Holstein	Q1/2021
Lentförden	8.4	Schleswig-Holstein	Q1/2021
Kleinbüllesheim	4.7	NRW	Q4/2020
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	151.6		

Source: First Berlin Equity Research, PNE AG

We note that the build-up of the own wind farm portfolio creates "hidden reserves". As a result of the investments in PNE's own projects, pre-tax profits totalling €81.6m were eliminated at group level, of which €50.0m in 2020.

Dividend proposal For the 2020 fiscal year, the Management Board and the Supervisory Board propose a stable dividend of €0.04 per share.

Forecasts adjusted for management update Based on the 2020 figures and the update management gave in the conference call, we have adjusted our forecasts for 2021 and the following years. We expect higher 2021E revenue as the Polish projects are planned to be sold this year. But we have lowered our EBIT forecast as: (1) the service business looks set to be burdened by the pandemic and expenditures for further (international) expansion; (2) power production faced unusually weak wind conditions in the first months of the year; and (3) higher depreciation is expected.

Figure 7: Revisions to forecasts

All figures in €m	2021E			2022E			2023E		
	Old	New	Delta	Old	New	Delta	Old	New	Delta
Sales	103.83	152.14	46.5%	166.20	168.29	1.3%	219.73	218.62	-0.5%
EBIT	15.16	10.72	-29.3%	28.21	21.62	-23.4%	40.03	36.75	-8.2%
margin	14.6%	7.0%		17.0%	12.8%		18.2%	16.8%	
Net income	0.99	-3.43	-	8.97	3.40	-62.1%	13.92	11.81	-15.2%
margin	0.9%	-2.3%		5.4%	2.0%		6.3%	5.4%	
EPS (diluted) in €	0.01	-0.04	-	0.12	0.04	-62.0%	0.18	0.15	-14.9%

Source: First Berlin Equity Research

Valuation models revised, price target slightly lowered, Add recommendation reiterated As we model somewhat slower growth for the Service segment, our segment valuation declines moderately. A slightly more cautious modelling of Electricity Generation segment sales and EBIT also leads to a slightly lower segment valuation. We have revised our Project Development segment model yielding a somewhat lower segment valuation (see figure below). Our sum-of-the-parts valuation leads to moderately lower price target of €7.70 (previously: €8.00). We reiterate our Add rating.

VALUATION MODEL

SUM-OF-THE-PARTS VALUATION

Following PNE's announcement in March 2020 that it planned 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 using a discounted cash flow (DCF) model. In the segment report, PNE offers a rough segment profit & loss account containing sales, total aggregate output, EBITDA, and EBIT. A few key segment balance sheet data such as segment assets, liabilities and equity are also given along with segment investments. Since Q2/20, PNE has provided segment cash positions, financial debt, and lease liabilities.

Sum-of-the-parts Valuation

SotP valuation	Fair value in €m	Fair value per share in €	old
Project Development	318.92	4.16	4.35
Electricity Generation	177.13	2.31	2.42
Services	93.02	1.21	1.27
Sum of the parts	589.07	7.69	8.04
Price target		7.70	8.00



PROJECT DEVELOPMENT

The Project Development segment includes onshore and offshore wind farm and solar plant development on an international scale. Projects that are not sold but added to the own plant portfolio incur 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.

DCF model for Project Development segment

All figures in EUR '000	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Net sales	101,200	103,200	130,000	227,600	266,085	306,965	349,382	392,261
NOPLAT	-675	5,009	9,906	9,977	19,355	22,150	25,140	28,323
+ depreciation & amortisation	2,179	2,147	2,169	1,960	1,998	2,077	2,196	2,352
Net operating cash flow	1,504	7,156	12,075	11,937	21,352	24,228	27,337	30,676
- total investments (CAPEX and WC)	4,686	4,330	-13,470	-35,265	-25,170	-34,142	-34,607	-34,109
Capital expenditures	-1,923	-1,651	-1,820	-2,276	-2,661	-3,070	-3,494	-3,923
Working capital	6,609	5,982	-11,650	-32,989	-22,509	-31,072	-31,113	-30,187
Free cash flows (FCF)	6,190	11,486	-1,395	-23,328	-3,818	-9,914	-7,270	-3,434
PV of FCF's	5,861	10,074	-1,133	-17,552	-2,661	-6,401	-4,348	-1,902

All figures in thousands	
PV of FCFs in explicit period (2021E-2034E)	27,319
PV of FCFs in terminal period	278,567
Enterprise value (EV)	305,886
+ Net cash / - net debt	13,211
+ Investments / minority interests	-717
Shareholder value	318,380
Number of shares (diluted)	76,603
Fair value per share in EUR	4.16

		Terminal growth rate							
WACC	8.0%		1.5%	2.0%	2.5%	3.0%	3.5%	4.0%	4.5%
Cost of equity	11.6%	4.0%	13.83	16.87	21.99	32.47	65.98	-645.23	-51.47
Pre-tax cost of debt	5.0%	5.0%	8.83	10.03	11.72	14.28	18.58	27.40	55.60
Tax rate	30.0%	6.0%	6.18	6.76	7.52	8.53	9.95	12.09	15.72
After-tax cost of debt	3.5%	7.0%	4.55	4.87	5.26	5.75	6.38	7.23	8.43
Share of equity capital	55.0%	8.0%	3.47	3.66	3.89	4.16	4.49	4.90	5.43
Share of debt capital	45.0%	9.0%	2.73	2.84	2.98	3.14	3.33	3.55	3.83
		10.0%	2.19	2.26	2.35	2.45	2.56	2.69	2.85
		11.0%	1.79	1.79	1.79	1.79	1.79	1.79	1.79
Fair value per share in EUR	4.16								

* for layout purposes the model shows numbers only to 2028, but runs until 2034

ELECTRICITY GENERATION

The Electricity Generation segment includes power production from green power plants. At YE 2020, the portfolio combined ten own wind farms with a total capacity of 134.8 MW, and the Silbitz biomass power plant with a capacity of 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 2020, the book value of the green power plant portfolio amounted to €144.7m. 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	134.8	218.2	308.2	418.2
Additional capacity (MW)	74.8	4.7	83.4	90.0	110.0	86.5
Wind power capacity (MW), year end	130.1	134.8	218.2	308.2	418.2	504.7



DCF model for Electricity Generation segment

All figures in EUR '000	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Net sales	28,498	40,434	61,008	77,184	94,893	94,893	94,893	94,893
NOPLAT	8,185	13,192	22,515	27,961	37,624	37,117	36,662	36,217
+ depreciation & amortisation	15,917	21,055	27,613	33,370	33,190	33,011	32,831	32,652
Net operating cash flow	24,102	34,247	50,128	61,331	70,814	70,128	69,494	68,869
- total investments (CAPEX and WC)	-101,460	-101,097	-119,446	-36,472	-36,587	-33,011	-32,831	-32,652
Capital expenditures	-100,080	-99,000	-115,500	-33,370	-33,190	-33,011	-32,831	-32,652
Working capital	-1,380	-2,097	-3,946	-3,102	-3,396	0	0	0
Free cash flows (FCF)	-77,357	-66,850	-69,318	24,859	34,228	37,117	36,662	36,217
PV of FCF's	-75,159	-62,380	-62,124	21,395	28,293	29,467	27,954	26,519

All figures in thousands	
PV of FCFs in explicit period (2021E-2034E)	61,904
PV of FCFs in terminal period	374,102
Enterprise value (EV)	436,006
+ Net cash / - net debt	-258,877
+ Investments / minority interests	0
Shareholder value	177,129
Number of shares (diluted)	76,603
Fair value per share in EUR	2.31

WACC	4.1%
Cost of equity	6.6%
Pre-tax cost of debt	5.0%
Tax rate	30.0%
After-tax cost of debt	3.5%
Share of equity capital	20.0%
Share of debt capital	80.0%
Fair value per share in EUR	2.31

		Terminal growth rate						
		-0.6%	-0.4%	-0.2%	0.0%	0.2%	0.4%	0.6%
WACC	3.4%	3.17	3.48	3.82	4.20	4.63	5.12	5.68
	3.6%	2.61	2.87	3.16	3.49	3.85	4.25	4.71
	3.9%	2.11	2.34	2.59	2.86	3.17	3.50	3.89
	4.1%	1.67	1.86	2.08	2.31	2.57	2.86	3.18
	4.4%	1.27	1.44	1.62	1.83	2.05	2.30	2.57
	4.6%	0.90	1.05	1.22	1.39	1.59	1.80	2.03
	4.9%	0.57	0.71	0.85	1.01	1.17	1.36	1.56

* for layout purposes the model shows numbers only to 2028, but runs until 2034

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.

DCF model for Services segment

DCF valuation model								
All figures in EUR '000	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Sales (external and inter-segment)	21,440	24,656	27,614	30,677	33,800	36,935	40,024	43,007
NOPLAT	2,076	2,454	2,540	3,747	4,443	5,138	5,829	6,508
+ depreciation & amortisation	3,259	3,343	3,367	3,161	3,282	3,433	3,605	3,787
Net operating cash flow	5,335	5,798	5,907	6,908	7,725	8,571	9,433	10,296
- total investments (CAPEX and WC)	-4,400	-3,581	-3,957	-3,859	-4,133	-4,386	-4,611	-4,803
Capital expenditures	-4,288	-3,452	-3,866	-3,765	-4,038	-4,291	-4,519	-4,715
Working capital	-112	-129	-91	-95	-95	-95	-92	-88
Free cash flows (FCF)	934	2,217	1,950	3,049	3,592	4,185	4,822	5,493
PV of FCF's	886	1,951	1,593	2,311	2,528	2,734	2,923	3,091

All figures in thousands	
PV of FCFs in explicit period (2021E-2034E)	38,329
PV of FCFs in terminal period	60,795
Enterprise value (EV)	99,125
+ Net cash / - net debt	-6,100
+ Investments / minority interests	0
Shareholder value	93,025
Number of shares (diluted)	76,603
Fair value per share in EUR	1.21

WACC	7.7%
Cost of equity	9.1%
Pre-tax cost of debt	5.0%
Tax rate	9.0%
After-tax cost of debt	4.6%
Share of equity capital	70.0%
Share of debt capital	30.0%
Fair value per share in EUR	1.21

		Terminal growth rate						
		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
WACC	3.7%	3.00	3.43	4.04	5.02	6.79	10.95	32.85
	4.7%	2.15	2.36	2.64	3.01	3.55	4.40	5.93
	5.7%	1.64	1.76	1.90	2.08	2.32	2.64	3.11
	6.7%	1.30	1.37	1.45	1.55	1.68	1.84	2.05
	7.7%	1.06	1.10	1.15	1.21	1.29	1.38	1.49
	8.7%	0.88	0.91	0.94	0.98	1.03	1.08	1.14
	9.7%	0.74	0.76	0.78	0.81	0.84	0.87	0.91
	10.7%	0.63	0.64	0.66	0.68	0.70	0.72	0.75

* for layout purposes the model shows numbers only to 2028, but runs until 2034



INCOME STATEMENT

All figures in EUR '000	2017A	2018A	2019A	2020A	2021E	2022E	2023E
Revenues	114,076	91,379	132,796	109,689	152,137	168,289	218,623
Change in inventories	63,331	15,056	33,723	38,204	6,000	3,000	3,000
Own work	0	0	0	0	139,278	113,560	146,960
Other operating income	9,483	5,348	4,659	3,819	5,610	6,193	7,066
Total aggregate output	186,890	111,782	171,179	151,711	303,025	291,043	375,648
Cost of goods sold	-108,381	-36,696	-92,961	-72,729	-210,594	-175,473	-227,982
Gross profit (total aggr. output ./ COGS)	5,695	54,683	78,218	78,982	92,431	115,570	147,666
Personnel costs	-25,789	-27,780	-30,600	-35,054	-37,966	-40,521	-42,871
Other operating expenses	-24,125	-30,837	-18,911	-17,580	-22,392	-26,881	-34,896
EBITDA	28,595	16,469	28,707	26,348	32,073	48,168	69,899
Depreciation and amortisation	-5,466	-8,680	-12,597	-18,177	-21,355	-26,546	-33,148
Operating income (EBIT)	23,129	7,789	16,110	8,170	10,719	21,622	36,750
Interest Expense	-10,709	-10,593	-10,890	-11,182	-14,821	-18,735	-23,959
Interest Income	619	787	582	251	91	91	91
Other financial income / expenses	1,022	15	32	52	0	0	0
Pre-tax income (EBT)	14,061	-2,002	5,835	-2,708	-4,012	2,978	12,882
Income taxes	174	-403	-5,946	3,611	-133	-300	-1,790
Minority interests	2,840	1,361	-655	717	717	717	717
Net income / loss	17,075	-1,044	-765	1,621	-3,427	3,396	11,810
Diluted EPS (in €)	0.22	-0.01	-0.01	0.02	-0.04	0.04	0.15
Ratios							
Gross margin (gross profit/total aggr. output)	5.0%	59.8%	58.9%	72.0%	60.8%	68.7%	67.5%
EBITDA margin on revenues	25.1%	18.0%	21.6%	24.0%	21.1%	28.6%	32.0%
EBIT margin on revenues	20.3%	8.5%	12.1%	7.4%	7.0%	12.8%	16.8%
Net margin on revenues	15.0%	-1.1%	-0.6%	1.5%	-2.3%	2.0%	5.4%
Tax rate	-1.2%	-20.1%	101.9%	133.4%	-3.3%	10.1%	13.9%
Expenses as % of revenues							
Personnel costs	22.6%	30.4%	23.0%	32.0%	25.0%	24.1%	19.6%
Depreciation and amortisation	4.8%	9.5%	9.5%	16.6%	14.0%	15.8%	15.2%
Other operating expenses	21.1%	33.7%	14.2%	16.0%	14.7%	16.0%	16.0%
Y-Y Growth							
Revenues	-54.1%	-19.9%	45.3%	-17.4%	38.7%	10.6%	29.9%
Operating income	-76.2%	-66.3%	106.8%	-49.3%	31.2%	101.7%	70.0%
Net income/ loss	-75.2%	n.m.	n.m.	n.m.	n.m.	n.m.	247.8%



BALANCE SHEET

All figures in EUR '000	2017A	2018A	2019A	2020A	2021E	2022E	2023E
Assets							
Current assets, total	308,379	272,882	250,445	346,594	326,594	329,450	350,437
Cash and cash equivalents	193,984	129,071	111,935	111,617	95,474	101,459	98,174
Short-term investments	0	0	0	0	0	0	0
Receivables	5,119	6,355	34,251	40,171	42,876	51,516	66,638
Inventories	86,361	117,343	84,807	174,003	167,441	155,671	164,822
Other current assets	22,915	20,113	19,452	20,803	20,803	20,803	20,803
Non-current assets, total	184,905	179,724	299,571	317,215	402,151	479,708	567,746
Property, plant & equipment	103,872	96,130	174,081	176,341	261,277	338,834	426,872
Goodwill & other intangibles	66,825	65,053	64,719	64,330	64,330	64,330	64,330
Rights-of-use assets	0	0	39,376	39,125	39,125	39,125	39,125
Other assets	14,208	18,541	60,771	76,544	76,544	76,544	76,544
Total assets	493,285	452,606	550,016	663,809	728,745	809,158	918,183
Shareholders' equity & debt							
Current liabilities, total	179,150	94,344	113,636	108,209	109,445	111,034	119,620
Short-term financial debt	107,109	26,131	11,705	24,223	12,000	10,000	10,000
Liabilities from leases (ST)	0	0	3,057	4,626	4,626	4,626	4,626
Accounts payable	25,295	14,945	35,276	31,364	32,605	33,231	41,817
Current provisions	4,858	8,134	8,381	4,617	4,617	4,617	4,617
Other current liabilities	41,888	45,134	58,275	48,005	60,223	63,186	63,186
Long-term liabilities, total	78,915	141,988	231,260	355,038	425,934	505,134	597,534
Long-term financial debt	72,751	136,656	188,953	272,887	343,783	422,983	515,383
Liabilities from leases (LT)	0	0	37,207	70,388	70,388	70,388	70,388
Other liabilities	6,163	5,332	5,100	11,763	11,763	11,763	11,763
Minority interests	-7,679	-13,938	-13,283	-7,070	-7,787	-8,505	-9,222
Shareholders' equity	242,899	230,212	218,402	207,633	201,153	201,495	210,252
Share capital	76,556	76,558	76,603	76,603	76,603	76,603	76,603
Capital reserve	82,288	82,292	82,953	82,953	82,953	82,953	82,953
Other reserves	-908	-385	-819	-2,692	-2,692	-2,692	-2,692
Treasury stock	0	-5,803	-707	-707	-707	-707	-707
Retained earnings	84,962	77,550	60,372	51,476	44,996	45,338	54,095
Total consolidated equity and debt	493,285	452,606	550,016	663,809	728,745	809,158	918,183
Ratios							
Current ratio (x)	1.72	2.89	2.20	3.20	2.98	2.97	2.93
Quick ratio (x)	1.24	1.65	1.46	1.59	1.45	1.57	1.55
Net cash	14,124	-33,716	-128,987	-260,507	-335,323	-406,538	-502,223
Net gearing	-5.8%	14.6%	59.1%	125.5%	166.7%	201.8%	238.9%
Book value per share (€)	2.99	2.83	2.74	2.63	2.53	2.53	2.63
Tangible book value per share (€)	2.18	2.00	1.89	1.80	1.70	1.70	1.80
Equity ratio (incl. minorities)	47.7%	47.8%	37.3%	30.2%	26.5%	23.9%	21.9%
Return on equity (ROE)	7.0%	-0.5%	-0.4%	0.8%	-1.7%	1.7%	5.6%
Return on assets (ROA)	5.6%	2.1%	1.8%	1.9%	1.6%	2.7%	3.9%
Return on investment (ROI)	3.5%	-0.2%	-0.1%	0.2%	-0.5%	0.4%	1.3%
Return on capital employed (ROCE)	10.5%	3.2%	5.4%	2.0%	2.1%	3.8%	5.6%



CASH FLOW STATEMENT

All figures in EUR '000	2017A	2018A	2019A	2020A	2021E	2022E	2023E
EBIT	23,129	7,789	16,110	8,170	10,719	21,622	36,750
Depreciation and amortisation	5,466	8,680	12,597	18,177	21,355	26,546	33,148
EBITDA	28,595	16,469	28,707	26,348	32,073	48,168	69,899
Changes in working capital	12,292	-49,523	19,031	-75,310	17,317	6,718	-15,687
Other adjustments	-18,257	4,817	-12,331	-19,538	-14,863	-18,944	-25,658
Operating cash flow	22,630	-28,237	35,407	-68,500	34,527	35,942	28,554
Investments in PP&E	-70,015	-4,564	-77,966	-14,450	-106,291	-104,103	-121,186
Investments in intangibles	0	0	0	-81	0	0	0
Free cash flow	-47,385	-32,801	-42,559	-83,031	-71,763	-68,161	-92,632
Acquisitions & disposals, net	51,300	756	85	104	0	0	0
Other investments	-7,535	0	0	0	0	0	0
Cash flow from investing	-26,250	-3,808	-77,882	-14,427	-106,291	-104,103	-121,186
Debt financing, net	59,106	-13,859	37,555	86,483	65,777	77,200	92,400
Equity financing, net	0	-5,803	5,669	0	0	0	0
Dividends paid	-9,187	-3,062	-2,975	-3,053	-3,053	-3,053	-3,053
Other financing	0	-9,871	0	-573	0	0	0
Cash flow from financing	49,919	-32,595	40,249	82,857	62,724	74,147	89,347
Forex and other changes in cash	-1	-274	-14,911	-248	0	0	0
Net cash flows	46,298	-64,913	-17,135	-318	-9,040	5,986	-3,285
Cash, start of the year	147,686	193,984	129,071	111,935	111,617	95,474	101,459
Cash, end of the year	193,984	129,071	111,936	111,617	102,577	101,460	98,174
EBITDA/share (in €)	0.36	0.21	0.38	0.35	0.42	0.63	0.92
Operating cashflow/share (in €)	0.29	-0.36	0.47	-0.90	0.45	0.47	0.37
Y-Y Growth							
Operating cash flow	-64.9%	n.m.	n.m.	n.m.	n.m.	4.1%	-20.6%
Free cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EBITDA/share	-74.0%	-42.4%	83.1%	-10.0%	21.7%	50.2%	45.1%

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Anschrift:

First Berlin Equity Research GmbH
 Mohrenstr. 34
 10117 Berlin
 Germany

Vertreten durch den Geschäftsführer: Martin Bailey

Telefon: +49 (0) 30-80 93 9 680

Fax: +49 (0) 30-80 93 9 687

E-Mail: info@firstberlin.com

Amtsgericht Berlin Charlottenburg HR B 103329 B

UST-Id.: 251601797

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First Berlin Equity Research GmbH

Authored by: Dr. Karsten von Blumenthal, Analyst

All publications of the last 12 months were authored by Dr. Karsten von Blumenthal.

Company responsible for preparation: First Berlin Equity Research GmbH, Mohrenstraße 34, 10117 Berlin

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PRICE TARGET DATES

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AGREEMENT WITH THE ANALYSED COMPANY AND MAINTENANCE OF OBJECTIVITY

The present financial analysis is based on the author's own knowledge and research. The author prepared this study without any direct or indirect influence exerted on the part of the analysed company. Parts of the financial analysis were possibly provided to the analysed company prior to publication in order to avoid inaccuracies in the representation of facts. However, no substantial changes were made at the request of the analysed company following any such provision.

ASSET VALUATION SYSTEM

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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The First Berlin categories for risk assessment are low, average, high and speculative. They are determined by ten factors: Corporate governance, quality of earnings, management strength, balance sheet and financial risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, strength of brandname, market capitalisation and free float. These risk factors are incorporated into the First Berlin valuation models and are thus included in the target prices. First Berlin customers may request the models.

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	15 April 2020	€4.47	Add	€5.00
106	14 May 2020	€4.45	Add	€5.00
107	13 August 2020	€5.27	Reduce	€5.10
108	13 November 2020	€7.09	Add	€7.20
109	19 February 2021	€7.66	Add	€8.00
110	Today	€7.27	Add	€7.70

INVESTMENT HORIZON

Unless otherwise stated in the financial analysis, the ratings refer to an investment period of twelve months.

UPDATES

At the time of publication of this financial analysis it is not certain whether, when and on what occasion an update will be provided. In general First Berlin strives to review the financial analysis for its topicality and, if required, to update it in a very timely manner in connection with the reporting obligations of the analysed company or on the occasion of ad hoc notifications.

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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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