

PNE AG

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

Q3 2021 figures

RATING
PRICE TARGET **ADD**
€ 8.80
 Return Potential 6.5%
 Risk Rating High

STRONG Q4 EXPECTED DUE TO SALE OF TWO LARGE WIND FARMS

PNE has reported Q3 figures and held a conference call. Q3 figures were roughly as expected. Low project sales and weak wind conditions resulted in EBITDA of €-0.6m and EBIT of €6.6m. We believe that the sale of two Polish wind farms (total capacity of 59 MW) in October will result in strong Q4 figures and is sufficient to reach EBITDA guidance of €24-32m. Given the weak wind conditions YTD, we lower our Power Production segment EBITDA and thus our group forecast for 2021. The likely future German government has published a paper detailing the status of the exploratory negotiations which suggests a much more rapid expansion of wind and solar power in Germany than previously planned. PNE has a strong German onshore wind pipeline (1,900 MW). We thus see the company as one of the prime beneficiaries of this plan and have raised our medium-term forecasts. An updated sum-of-the-parts valuation yields a higher price target of €8.80 (previously: €7.90). We reiterate our Add recommendation.

Operating business on track despite weak Q3 figures Although group sales increased 17% y/y to €13.5m, EBITDA declined to €-0.6m from €0.2m in the prior year period. Higher depreciation (€6.1m versus €4.3m in Q3/20) resulted in EBIT retreating from €-4.1m to €6.6m. The lower group earnings are caused by lower results in all three segments. PNE's operating business is well on track despite the weak Q3 figures. At the end of Q3, wind farms totalling 263 MW were under construction. This is reflected in total aggregate output of €40.7m, up from €13.7m in Q3/20. Furthermore, PNE accelerated the expansion of its own wind farm portfolio with the acquisition of a 21.5 MW wind farm and German tender awards for 60.9 MW in September. The 173.1 MW in operation, the 130.9 MW under construction, and the tender awards sum to a future total portfolio capacity of 365 MW.

On a 9M basis, total output increased 48% y/y to €134.6m and EBITDA rose 38% to €12.7m (see figure 1 overleaf). Investments in the own plant portfolio resulted in eliminated pre-tax profits of €19.4m in the reporting period.

(p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2018	2019	2020	2021E	2022E	2023E
Revenue (€m)	91.38	132.80	109.69	145.54	168.29	218.62
Y-o-y growth	-19.9%	45.3%	-17.4%	32.7%	15.6%	29.9%
EBIT (€m)	7.79	16.11	8.17	5.38	21.74	36.86
EBIT margin	8.5%	12.1%	7.4%	3.7%	12.9%	16.9%
Net income (€m)	-1.04	-0.77	1.62	0.53	3.48	11.88
EPS (diluted) (€)	-0.01	-0.01	0.02	0.01	0.05	0.16
DPS (€)	0.04	0.04	0.04	0.04	0.04	0.04
FCF (€m)	-32.80	-42.56	-83.03	-63.05	-71.65	-92.66
Net gearing	14.6%	59.1%	125.5%	159.8%	195.9%	232.5%
Liquid assets (€m)	129.07	111.94	111.62	103.77	106.26	102.95

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 an international wind and PV project pipeline of ca. 6 GW, and a wind power plant portfolio of ca. 135 MW. PNE is based in Cuxhaven, Germany.

MARKET DATA

As of 10 Nov 2021

Closing Price	€ 8.26
Shares outstanding	76.60m
Market Capitalisation	€ 632.74m
52-week Range	€ 6.54 / 8.89
Avg. Volume (12 Months)	74,345

Multiples	2020	2021E	2022E
P/E	389.1	1183.3	181.2
EV/Sales	8.1	6.1	5.3
EV/EBIT	109.3	166.0	41.1
Div. Yield	0.5%	0.5%	0.5%

STOCK OVERVIEW



COMPANY DATA

As of 30 Sep 2021

Liquid Assets	€ 88.31m
Current Assets	€ 430.29m
Intangible Assets	€ 64.09m
Total Assets	€ 774.70m
Current Liabilities	€ 102.55m
Shareholders' Equity	€ 189.09m

SHAREHOLDERS

Morgan Stanley Infrastructure Partners	39.8%
Active Ownership Fund SCS	9.0%
JP Morgan	5.0%
Other investors	11.0%
Free Float	35.2%



Figure 1: Reported figures versus forecasts

All figures in €m	Q3-21A	Q3-21E	Delta	Q3-20A	Delta	9M 2021	9M 2020	Delta
Sales	13.48	14.27	-5.6%	11.50	17.2%	54.21	73.86	-26.6%
EBITDA	-0.59	-0.13	-	0.20	-	12.73	9.25	37.7%
margin	-4.3%	-0.9%	-	1.7%	-	23.5%	12.5%	-
EBIT	-6.65	-6.05	-	-4.14	-	-4.30	-3.51	-
margin	-49.3%	-42.4%	-	-36.0%	-	-7.9%	-4.8%	-
Net income	-9.55	-7.24	-	-4.03	-	-8.51	-9.36	-
margin	-70.8%	-50.7%	-	-35.0%	-	-15.7%	-12.7%	-
EPS (diluted) in €	-0.13	-0.09	-	-0.05	-	-0.11	-0.12	-

Source: First Berlin Equity Research, PNE AG

Project development segment with low sales and negative EBIT in Q3 Segment sales remained at a low level despite the 140% increase y/y to €5.1m. This will certainly change in Q4 because of the sale of two Polish wind farms (59 MW). Q3 segment EBIT amounted to €-2.4m versus €6.5m in the prior year period (see figure 2).

Services segment seasonally weak In Q3, segment sales retreated 24% to €3.7m and segment EBIT fell y/y from €1.0m to €-0.3m due mainly to low wind yields and reduced construction completions. This will certainly change in Q4 due to much better wind conditions and additional service business from the sale of the two Polish wind farms as PNE's energy consult subsidiary has taken over the management of their commercial and technical operations. On a 9M basis, segment sales were still up 3% y/y and segment EBIT rose 35% to €1.4m (see figure 2).

Figure 2: Reported segment figures versus forecasts

External sales	Q3-21A	Q3-21E	Delta	Q3-20A	Delta	9M-21A	9M-20A	Delta
Project development								
External sales	5.08	6.14	-17.4%	2.12	139.8%	26.43	46.14	-42.7%
EBIT	-2.41	-1.75	-	6.53	-	19.34	11.82	63.6%
margin	-47.4%	-28.5%	-	308.6%	-	73.2%	25.6%	-
Services								
External sales	3.75	3.46	8.3%	4.93	-23.9%	11.89	11.56	2.8%
EBIT	-0.34	-0.07	-	0.95	-	1.43	1.06	35.3%
margin	-8.9%	-1.9%	-	19.3%	-	12.0%	9.2%	-
Electricity generation								
External sales	4.65	4.66	-0.3%	4.46	4.3%	15.89	16.16	-1.7%
EBIT	-1.69	-1.58	-	0.43	-	-2.02	4.53	-
margin	-36.4%	-33.8%	-	9.7%	-	-12.7%	28.0%	-
Consolidation								
External sales	0.00	0.00	-	0.00	-	0.00	0.00	-
EBIT	-2.21	-2.66	-	-12.05	-	-23.06	-20.92	-
margin	n.m.	n.m.	-	n.m.	-	n.m.	n.m.	-
Group								
Sales	13.48	14.27	-5.6%	11.50	17.1%	54.21	73.86	-26.6%
EBIT	-6.65	-6.05	-	-4.14	-	-4.30	-3.51	-
margin	-49.3%	-42.4%	-	-36.0%	-	-7.9%	-4.8%	-

Source: First Berlin Equity Research, PNE AG



Weak wind conditions caused negative Electricity Generation segment EBIT Although Q3 segment sales edged 4% higher y/y due to the higher portfolio capacity (151.6 MW versus 130.1 MW at the end of Q3/20), weak wind conditions burdened sales. Higher segment depreciation (€4.6m versus €3.0m in Q3/20) led to segment EBIT of €-1.7m versus €0.4m in the prior year period.

Balance sheet reflects strong construction activity and own wind farm portfolio expansion On the asset side, property, plant & equipment increased from €176m at the end of 2020 to €194m due to the expansion of the own wind farm portfolio. Inventories rose from €174m to €272m owing to strong wind farm construction activity. The balance sheet total widened from €664m to €775m. Equity declined from €201m at the end of 2020 to €189m due mainly to the 9M net loss of €9m. The equity ratio fell from 30.2% to 24.4%. Long-term financial liabilities including lease liabilities rose from €343m at the end of 2020 to €468m and short-term financial liabilities including lease liabilities from €29m to €31m. As the cash position fell from €112m to €88m, net debt increased from €260m to €411m.

Negative operating cash flow due to higher inventories The increase in inventories and other assets (€-110m) reflects the strong construction activity and resulted in operating cash flow of €-96m. Capital expenditure of €29m led to free cash flow of €-125m. Cash flow from financing amounted to €97m due mainly to a net inflow of funds from financial loans (€104m). Net cash flow was €-23m.

Strong expansion of own wind farm portfolio The own wind farm portfolio expanded from 151.6 MW at the end of H1/21 to 173.1 MW through the acquisition of the 21.5 MW Helenenberg wind farm, which has been in operation since 2001 and is scheduled for repowering in ca. 3-4 years. Further wind farms with ca. 130.9 MW are under construction for PNE's own portfolio, and in Q4 construction is expected to start on a further 60.9 MW of wind farm capacity which PNE secured in the German onshore wind tender in September. This adds up to 365 MW (see figure 3) and brings PNE closer to its target of a portfolio capacity of up to 500 MW at the end of 2023.

Figure 3: PNE's own plant portfolio

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
Laubeschbach	3.0	Hesse	2002
Papenrode	22.3	Lower Saxony	2002
Pülfringen	6.5	Baden-Württemberg	2002
Helenenberg	21.5	Rhineland-Palatinate	2001
Sum	173.1		
Under construction	130.9		
Tender awards	60.9		
Sum	364.9		

Source: First Berlin Equity Research, PNE AG

Project pipeline largely unchanged q/q In Q3, PNE's onshore wind project pipeline declined slightly from 5,679 MW at the end of Q2/20 to 5,652 MW due mainly to the sale of projects. The solar project pipeline remained stable q/q at 794 MWp. PNE is aiming for 1 GW by the end of the year.



Likely new German government wants a more rapid expansion of wind and solar power

According to the aforementioned paper, SPD/Greens/FDP want to “drastically accelerate the expansion of renewable energy” and plans to remove all obstacles to this undertaking. They intend to significantly accelerate planning and approval procedures and dedicate two percent of the country’s area for wind power. We believe that this will result in a more rapid development and construction of PNE’s German wind projects and a quicker expansion of the German wind project pipeline in the medium term.

2021 EBITDA forecast lowered, medium-term forecasts raised

Wind conditions have been weak during the first nine months of this year. We have thus lowered our Power Generation segment sales forecast by 23% to €22.9m. This results in a lower group forecast for the current year (see figure 4). Given the sale of the two Polish wind farms in Q4, we believe that PNE will reach its EBITDA guidance (€24m - €32m). A much better than expected 9M financial result causes us to increase our net income forecast for 2021. Given the likely new German government’s plan to accelerate the installation of wind and solar power, we have increased our medium-term forecasts for PNE.

Figure 4: Revisions to forecasts

All figures in €m	2021E			2022E			2023E		
	Old	New	Delta	Old	New	Delta	Old	New	Delta
Sales	152.1	145.5	-4.3%	168.3	168.3	0.0%	218.6	218.6	0.0%
EBITDA	32.1	28.0	-12.6%	48.2	48.2	0.0%	69.9	69.9	0.0%
margin	21.1%	19.3%		28.6%	28.6%		32.0%	32.0%	
Net income	-3.4	0.5	-	3.4	3.5	2.5%	11.8	11.9	0.6%
margin	-2.3%	0.4%		2.0%	2.1%		5.4%	5.4%	
EPS (diluted) in €	-0.04	0.01	-	0.04	0.05	2.4%	0.15	0.16	0.6%

Source: First Berlin Equity Research

Add reiterated at higher price target An updated sum-of-the-parts valuation yields a new price target of €8.80 (previously: €7.90). We reiterate our Add rating.



VALUATION MODEL

SUM-OF-THE-PARTS VALUATION

We use a sum-of-the-parts (SotP) analysis to model PNE's fair value. Each of the three segments Project Development, Electricity Generation, and Services is valued individually using a discounted cash flow (DCF) model.

SotP valuation	Fair value in €m	Fair value per share in €	FVPS in € old	Delta
Project Development	381.79	4.98	4.26	17%
Electricity Generation	185.67	2.42	2.40	1%
Services	106.48	1.39	1.25	12%
Sum of the parts	673.94	8.80	7.90	11%
Price target		8.80	7.90	11%

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	275,603	328,343	384,759	443,347
NOPLAT	2,653	5,009	9,906	9,977	19,923	23,453	27,337	31,558
+ depreciation & amortisation	2,179	2,147	2,169	1,960	1,998	2,089	2,232	2,426
Net operating cash flow	4,832	7,156	12,075	11,937	21,921	25,541	29,569	33,984
- total investments (CAPEX and WC)	6,873	2,144	-13,470	-35,265	-33,583	-44,397	-46,444	-47,093
Capital expenditures	-1,923	-1,651	-1,820	-2,276	-2,756	-3,283	-3,848	-4,433
Working capital	8,795	3,795	-11,650	-32,989	-30,827	-41,113	-42,596	-42,659
Free cash flows (FCF)	11,705	9,300	-1,395	-23,328	-11,662	-18,855	-16,874	-13,108
PV of FCF's	11,582	8,524	-1,184	-18,343	-8,494	-12,722	-10,546	-7,587

All figures in thousands

PV of FCFs in explicit period (2021E-2034E)	-880
PV of FCFs in terminal period	370,178
Enterprise value (EV)	369,298
+ Net cash / - net debt	13,211
+ Investments / minority interests	-717
Shareholder value	381,792
Number of shares (diluted)	76,603
Fair value per share in EUR	4.98

WACC		Terminal growth rate						
		2.0%	2.5%	3.0%	3.5%	4.0%	4.5%	5.0%
4.0%	11.6%	19.84	25.90	38.32	78.03	-764.69	-61.13	-30.84
5.0%	5.0%	11.65	13.63	16.63	21.69	32.04	65.14	-637.42
6.0%	30.0%	7.74	8.61	9.79	11.44	13.93	18.14	26.75
7.0%	3.5%	5.48	5.93	6.49	7.22	8.19	9.56	11.63
8.0%	55.0%	4.06	4.31	4.61	4.98	5.45	6.05	6.86
9.0%	45.0%	3.09	3.24	3.42	3.63	3.88	4.18	4.57
10.0%		2.41	2.50	2.61	2.73	2.88	3.05	3.25
11.0%		1.92	1.92	1.92	1.92	1.92	1.92	1.92
Fair value per share in EUR	4.98							

* 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 year-end 2023. The following table shows our portfolio expansion assumptions.

Forecasted portfolio expansion

Wind farm portfolio	2019	2020	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	22,898	40,434	61,008	77,735	95,628	95,628	95,628	95,628
NOPLAT	91	13,312	22,589	28,342	38,106	37,593	37,134	36,684
+ depreciation & amortisation	17,219	20,936	27,506	33,279	33,100	32,921	32,742	32,563
Net operating cash flow	17,311	34,247	50,096	61,621	71,206	70,514	69,876	69,247
- total investments (CAPEX and WC)	-100,194	-102,363	-119,446	-36,971	-37,238	-33,516	-33,337	-33,158
Capital expenditures	-100,080	-99,000	-115,500	-33,279	-33,100	-32,921	-32,742	-32,563
Working capital	-114	-3,363	-3,946	-3,692	-4,138	-595	-595	-595
Free cash flows (FCF)	-82,883	-68,116	-69,350	24,650	33,967	36,998	36,539	36,089
PV of FCF's	-82,423	-65,057	-63,615	21,715	28,738	30,063	28,515	27,047

All figures in thousands	
PV of FCFs in explicit period (2021E-2034E)	55,370
PV of FCFs in terminal period	389,176
Enterprise value (EV)	444,546
+ Net cash / - net debt	-258,877
+ Investments / minority interests	0
Shareholder value	185,669
Number of shares (diluted)	76,603
Fair value per share in EUR	2.42

WACC		Terminal growth rate							
		-0.6%	-0.4%	-0.2%	0.0%	0.2%	0.4%	0.6%	
Cost of equity	6.6%								
Pre-tax cost of debt	5.0%	3.4%	3.29	3.61	3.96	4.35	4.80	5.31	5.88
Tax rate	30.0%	3.6%	2.71	2.99	3.29	3.62	4.00	4.42	4.89
After-tax cost of debt	3.5%	3.9%	2.21	2.44	2.70	2.98	3.30	3.65	4.05
Share of equity capital	20.0%	4.1%	1.75	1.96	2.18	2.42	2.69	2.99	3.33
Share of debt capital	80.0%	4.4%	1.34	1.52	1.72	1.93	2.16	2.42	2.70
		4.6%	0.97	1.13	1.30	1.48	1.69	1.91	2.15
Fair value per share in EUR	2.42	4.9%	0.64	0.78	0.93	1.09	1.26	1.45	1.66

* 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	30,689	33,842	37,026	40,190	43,278
NOPLAT	2,479	2,454	2,540	3,750	4,452	5,158	5,864	6,565
+ depreciation & amortisation	3,259	3,343	3,367	3,161	3,282	3,434	3,608	3,794
Net operating cash flow	5,738	5,798	5,907	6,911	7,734	8,592	9,471	10,359
- total investments (CAPEX and WC)	-4,400	-3,581	-3,957	-3,861	-4,139	-4,398	-4,632	-4,836
Capital expenditures	-4,288	-3,452	-3,866	-3,766	-4,043	-4,302	-4,538	-4,745
Working capital	-112	-129	-91	-95	-96	-96	-94	-91
Free cash flows (FCF)	1,337	2,217	1,950	3,050	3,595	4,194	4,839	5,523
PV of FCF's	1,324	2,037	1,663	2,413	2,641	2,859	3,062	3,244

All figures in thousands	
PV of FCFs in explicit period (2021E-2034E)	40,806
PV of FCFs in terminal period	71,776
Enterprise value (EV)	112,582
+ Net cash / - net debt	-6,100
+ Investments / minority interests	0
Shareholder value	106,482
Number of shares (diluted)	76,603
Fair value per share in EUR	1.39

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	1.39

		Terminal growth rate						
		1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	4.0%
WACC	3.7%	3.62	4.27	5.30	7.17	11.58	34.75	-29.51
	4.7%	2.51	2.80	3.19	3.77	4.67	6.31	10.17
	5.7%	1.87	2.03	2.22	2.48	2.82	3.33	4.12
	6.7%	1.47	1.56	1.67	1.80	1.97	2.20	2.50
	7.7%	1.19	1.24	1.31	1.39	1.49	1.60	1.75
	8.7%	0.98	1.02	1.06	1.11	1.17	1.24	1.33
	9.7%	0.83	0.86	0.88	0.92	0.95	1.00	1.05
	10.7%	0.71	0.73	0.75	0.77	0.80	0.82	0.86

* 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	145,537	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	4,624	6,193	7,066
Total aggregate output	186,890	111,782	171,179	151,711	295,439	291,043	375,648
Cost of goods sold	-108,381	-36,696	-92,961	-72,729	-207,240	-175,473	-227,982
Gross profit (total aggr. output ./ COGS)	5,695	54,683	78,218	78,982	88,199	115,570	147,666
Personnel costs	-25,789	-27,780	-30,600	-35,054	-38,078	-40,521	-42,871
Other operating expenses	-24,125	-30,837	-18,911	-17,580	-22,083	-26,881	-34,896
EBITDA	28,595	16,469	28,707	26,348	28,038	48,168	69,899
Depreciation and amortisation	-5,466	-8,680	-12,597	-18,177	-22,657	-26,426	-33,042
Operating income (EBIT)	23,129	7,789	16,110	8,170	5,381	21,742	36,857
Interest Expense	-10,709	-10,593	-10,890	-11,182	-8,408	-18,735	-23,959
Interest Income	619	787	582	251	3,000	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	-26	3,098	12,989
Income taxes	174	-403	-5,946	3,611	-158	-336	-1,822
Minority interests	2,840	1,361	-655	717	717	717	717
Net income / loss	17,075	-1,044	-765	1,621	533	3,480	11,885
Diluted EPS (in €)	0.22	-0.01	-0.01	0.02	0.01	0.05	0.16

Ratios

Gross margin (gross profit/total aggr. output)	5.0%	59.8%	58.9%	72.0%	60.6%	68.7%	67.5%
EBITDA margin on revenues	25.1%	18.0%	21.6%	24.0%	19.3%	28.6%	32.0%
EBIT margin on revenues	20.3%	8.5%	12.1%	7.4%	3.7%	12.9%	16.9%
Net margin on revenues	15.0%	-1.1%	-0.6%	1.5%	0.4%	2.1%	5.4%
Tax rate	-1.2%	-20.1%	101.9%	133.4%	-601.6%	10.8%	14.0%

Expenses as % of revenues

Personnel costs	22.6%	30.4%	23.0%	32.0%	26.2%	24.1%	19.6%
Depreciation and amortisation	4.8%	9.5%	9.5%	16.6%	15.6%	15.7%	15.1%
Other operating expenses	21.1%	33.7%	14.2%	16.0%	15.2%	16.0%	16.0%

Y-Y Growth

Revenues	-54.1%	-19.9%	45.3%	-17.4%	32.7%	15.6%	29.9%
Operating income	-76.2%	-66.3%	106.8%	-49.3%	-34.1%	304.0%	69.5%
Net income/ loss	-75.2%	n.m.	n.m.	n.m.	-67.1%	553.0%	241.6%



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	330,916	334,255	355,211
Cash and cash equivalents	193,984	129,071	111,935	111,617	103,768	106,265	102,948
Short-term investments	0	0	0	0	0	0	0
Receivables	5,119	6,355	34,251	40,171	41,610	51,516	66,638
Inventories	86,361	117,343	84,807	174,003	164,736	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	400,849	478,526	566,670
Property, plant & equipment	103,872	96,130	174,081	176,341	259,975	337,652	425,796
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	731,765	812,781	921,880
Shareholders' equity & debt							
Current liabilities, total	179,150	94,344	113,636	108,209	108,927	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	32,087	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	204,692	205,118	213,949
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	48,955	49,381	58,213
Total consolidated equity and debt	493,285	452,606	550,016	663,809	731,765	812,781	921,880
Ratios							
Current ratio (x)	1.72	2.89	2.20	3.20	3.04	3.01	2.97
Quick ratio (x)	1.24	1.65	1.46	1.59	1.53	1.61	1.59
Net cash	14,124	-33,716	-128,987	-260,507	-327,029	-401,732	-497,449
Net gearing	-5.8%	14.6%	59.1%	125.5%	159.8%	195.9%	232.5%
Book value per share (€)	2.99	2.83	2.74	2.63	2.58	2.58	2.68
Tangible book value per share (€)	2.18	2.00	1.89	1.80	1.75	1.75	1.85
Equity ratio (incl. minorities)	47.7%	47.8%	37.3%	30.2%	26.9%	24.2%	22.2%
Return on equity (ROE)	7.0%	-0.5%	-0.4%	0.8%	0.3%	1.7%	5.6%
Return on assets (ROA)	5.6%	2.1%	1.8%	1.9%	1.2%	2.7%	3.9%
Return on investment (ROI)	3.5%	-0.2%	-0.1%	0.2%	0.1%	0.4%	1.3%
Return on capital employed (ROCE)	10.5%	3.2%	5.4%	2.0%	1.1%	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	5,381	21,742	36,857
Depreciation and amortisation	5,466	8,680	12,597	18,177	22,657	26,426	33,042
EBITDA	28,595	16,469	28,707	26,348	28,038	48,168	69,899
Changes in working capital	12,292	-49,523	19,031	-75,310	20,769	3,266	-15,687
Other adjustments	-18,257	4,817	-12,331	-19,538	-5,566	-18,980	-25,690
Operating cash flow	22,630	-28,237	35,407	-68,500	43,242	32,454	28,522
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	-63,049	-71,649	-92,664
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	-326	2,498	-3,317
Cash, start of the year	147,686	193,984	129,071	111,935	111,617	103,768	106,265
Cash, end of the year	193,984	129,071	111,936	111,617	111,291	106,265	102,948
EBITDA/share (in €)	0.36	0.21	0.38	0.35	0.37	0.63	0.92
Operating cashflow/share (in €)	0.29	-0.36	0.47	-0.90	0.57	0.43	0.37
Y-Y Growth							
Operating cash flow	-64.9%	n.m.	n.m.	n.m.	n.m.	-24.9%	-12.1%
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%	6.4%	71.8%	45.1%

Imprint / Disclaimer

First Berlin Equity Research

First Berlin Equity Research GmbH ist ein von der BaFin betreffend die Einhaltung der Pflichten des §85 Abs. 1 S. 1 WpHG, des Art. 20 Abs. 1 Marktmissbrauchsverordnung (MAR) und der Markets Financial Instruments Directive (MiFID) II, Markets in Financial Instruments Directive (MiFID) II Durchführungsverordnung und der Markets in Financial Instruments Regulations (MiFIR) beaufsichtigtes Unternehmen.

First Berlin Equity Research GmbH is one of the companies monitored by BaFin with regard to its compliance with the requirements of Section 85 (1) sentence 1 of the German Securities Trading Act [WpHG], art. 20 (1) Market Abuse Regulation (MAR) and Markets in Financial Instruments Directive (MiFID) II, Markets in Financial Instruments Directive (MiFID) II Commission Delegated Regulation and Markets in Financial Instruments Regulations (MiFIR).

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

Ggf. Inhaltlich Verantwortlicher gem. § 6 MDStV

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

The production of this recommendation was completed on 11 November 2021 at 13:12

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

Copyright© 2021 First Berlin Equity Research GmbH No part of this financial analysis may be copied, photocopied, duplicated or distributed in any form or media whatsoever without prior written permission from First Berlin Equity Research GmbH. First Berlin Equity Research GmbH shall be identified as the source in the case of quotations. Further information is available on request.

INFORMATION PURSUANT TO SECTION 85 (1) SENTENCE 1 OF THE GERMAN SECURITIES TRADING ACT [WPHG], TO ART. 20 (1) OF REGULATION (EU) NO 596/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF APRIL 16, 2014, ON MARKET ABUSE (MARKET ABUSE REGULATION) AND TO ART. 37 OF COMMISSION DELEGATED REGULATION (EU) NO 2017/565 (MIFID) II.

First Berlin Equity Research GmbH (hereinafter referred to as: "First Berlin") prepares financial analyses while taking the relevant regulatory provisions, in particular section 85 (1) sentence 1 of the German Securities Trading Act [WpHG], art. 20 (1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) and art. 37 of Commission Delegated Regulation (EU) no. 2017/565 (MiFID II) into consideration. In the following First Berlin provides investors with information about the statutory provisions that are to be observed in the preparation of financial analyses.

CONFLICTS OF INTEREST

In accordance with art. 37 (1) of Commission Delegated Regulation (EU) no. 2017/565 (MiFID) II and art. 20 (1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) investment firms which produce, or arrange for the production of, investment research that is intended or likely to be subsequently disseminated to clients of the firm or to the public, under their own responsibility or that of a member of their group, shall ensure the implementation of all the measures set forth in accordance with Article 34 (2) lit. (b) of Regulation (EU) 2017/565 in relation to the financial analysts involved in the production of the investment research and other relevant persons whose responsibilities or business interests may conflict with the interests of the persons to whom the investment research is disseminated. In accordance with art. 34 (3) of Regulation (EU) 2017/565 the procedures and measures referred to in paragraph 2 lit. (b) of such article shall be designed to ensure that relevant persons engaged in different business activities involving a conflict of interests carry on those activities at a level of independence appropriate to the size and activities of the investment firm and of the group to which it belongs, and to the risk of damage to the interests of clients.

In addition, First Berlin shall pursuant to Article 5 of the Commission Delegated Regulation (EU) 2016/958 disclose in their recommendations all relationships and circumstances that may reasonably be expected to impair the objectivity of the financial analyses, including interests or conflicts of interest, on their part or on the part of any natural or legal person working for them under a contract, including a contract of employment, or otherwise, who was involved in producing financial analyses, concerning any financial instrument or the issuer to which the recommendation directly or indirectly relates.

With regard to the financial analyses of PNE AG the following relationships and circumstances exist which may reasonably be expected to impair the objectivity of the financial analyses: The author, First Berlin, or a company associated with First Berlin reached an agreement with the PNE AG for preparation of a financial analysis for which remuneration is owed.

Furthermore, First Berlin offers a range of services that go beyond the preparation of financial analyses. Although First Berlin strives to avoid conflicts of interest wherever possible, First Berlin may maintain the following relations with the analysed company, which in particular may constitute a potential conflict of interest:

- The author, First Berlin, or a company associated with First Berlin owns a net long or short position exceeding the threshold of 0,5 % of the total issued share capital of the analysed company;
- The author, First Berlin, or a company associated with First Berlin holds an interest of more than five percent in the share capital of the analysed company;

- The author, First Berlin, or a company associated with First Berlin provided investment banking or consulting services for the analysed company within the past twelve months for which remuneration was or was to be paid;
- The author, First Berlin, or a company associated with First Berlin reached an agreement with the analysed company for preparation of a financial analysis for which remuneration is owed;
- The author, First Berlin, or a company associated with First Berlin has other significant financial interests in the analysed company;

With regard to the financial analyses of PNE AG the following of the aforementioned potential conflicts of interests or the potential conflicts of interest mentioned in Article 6 paragraph 1 of the Commission Delegated Regulation (EU) 2016/958 exist: The author, First Berlin, or a company associated with First Berlin reached an agreement with the PNE AG for preparation of a financial analysis for which remuneration is owed.

In order to avoid and, if necessary, manage possible conflicts of interest both the author of the financial analysis and First Berlin shall be obliged to neither hold nor in any way trade the securities of the company analyzed. The remuneration of the author of the financial analysis stands in no direct or indirect connection with the recommendations or opinions represented in the financial analysis. Furthermore, the remuneration of the author of the financial analysis is neither coupled directly to financial transactions nor to stock exchange trading volume or asset management fees.

INFORMATION PURSUANT TO SECTION 64 OF THE GERMAN SECURITIES TRADING ACT [WPHG], DIRECTIVE 2014/65/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 15 MAY 2014 ON MARKETS IN FINANCIAL INSTRUMENTS AND AMENDING DIRECTIVE 2002/92/EC AND DIRECTIVE 2011/61/EU, ACCOMPANIED BY THE MARKETS IN FINANCIAL INSTRUMENTS REGULATION (MIFIR, REG. EU NO. 600/2014).

First Berlin notes that it has concluded a contract with the issuer to prepare financial analyses and is paid for that by the issuer. First Berlin makes the financial analysis simultaneously available for all interested security financial services companies. First Berlin thus believes that it fulfils the requirements of section 64 WpHG for minor non-monetary benefits.

PRICE TARGET DATES

Unless otherwise indicated, current prices refer to the closing prices of the previous trading day.

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.

RISK ASSESSMENT

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...104	↓	↓	↓	↓
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	14 April 2021	€7.27	Add	€7.70
111	12 May 2021	€7.33	Add	€7.70
112	12 August 2021	€7.27	Add	€7.90
113	Today	€8.26	Add	€8.80

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.

SUBJECT TO CHANGE

The opinions contained in the financial analysis reflect the assessment of the author on the day of publication of the financial analysis. The author of the financial analysis reserves the right to change such opinion without prior notification.

Legally required information regarding

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

can be accessed through the following internet link: <https://firstberlin.com/disclaimer-english-link/>

SUPERVISORY AUTHORITY: Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) [BaFin], Graurheindorferstraße 108, 53117 Bonn and Marie-Curie-Straße 24-28, 60439 Frankfurt am Main

EXCLUSION OF LIABILITY (DISCLAIMER)

RELIABILITY OF INFORMATION AND SOURCES OF INFORMATION

The information contained in this study is based on sources considered by the author to be reliable. Comprehensive verification of the accuracy and completeness of information and the reliability of sources of information has neither been carried out by the author nor by First Berlin. As a result no warranty of any kind whatsoever shall be assumed for the accuracy and completeness of information and the reliability of sources of information, and neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be liable for any direct or indirect damage incurred through reliance on the accuracy and completeness of information and the reliability of sources of information.

RELIABILITY OF ESTIMATES AND FORECASTS

The author of the financial analysis made estimates and forecasts to the best of the author's knowledge. These estimates and forecasts reflect the author's personal opinion and judgement. The premises for estimates and forecasts as well as the author's perspective on such premises are subject to constant change. Expectations with regard to the future performance of a financial instrument are the result of a measurement at a single point in time and may change at any time. The result of a financial analysis always describes only one possible future development – the one that is most probable from the perspective of the author – of a number of possible future developments.

Any and all market values or target prices indicated for the company analysed in this financial analysis may not be achieved due to various risk factors, including but not limited to market volatility, sector volatility, the actions of the analysed company, economic climate, failure to achieve earnings and/or sales forecasts, unavailability of complete and precise information and/or a subsequently occurring event which affects the underlying assumptions of the author and/or other sources on which the author relies in this document. Past performance is not an indicator of future results; past values cannot be carried over into the future.

Consequently, no warranty of any kind whatsoever shall be assumed for the accuracy of estimates and forecasts, and neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be liable for any direct or indirect damage incurred through reliance on the correctness of estimates and forecasts.

INFORMATION PURPOSES, NO RECOMMENDATION, SOLICITATION, NO OFFER FOR THE PURCHASE OF SECURITIES

The present financial analysis serves information purposes. It is intended to support institutional investors in making their own investment decisions; however in no way provide the investor with investment advice. Neither the author, nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be considered to be acting as an investment advisor or portfolio manager vis-à-vis an investor. Each investor must form his own independent opinion with regard to the suitability of an investment in view of his own investment objectives, experience, tax situation, financial position and other circumstances.

The financial analysis does not represent a recommendation or solicitation and is not an offer for the purchase of the security specified in this financial analysis. Consequently, neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall as a result be liable for losses incurred through direct or indirect employment or use of any kind whatsoever of information or statements arising out of this financial analysis.

A decision concerning an investment in securities should take place on the basis of independent investment analyses and procedures as well as other studies including, but not limited to, information memoranda, sales or issuing prospectuses and not on the basis of this document.

NO ESTABLISHMENT OF CONTRACTUAL OBLIGATIONS

By taking note of this financial analysis the recipient neither becomes a customer of First Berlin, nor does First Berlin incur any contractual, quasi-contractual or pre-contractual obligations and/or responsibilities toward the recipient. In particular no information contract shall be established between First Berlin and the recipient of this information.

NO OBLIGATION TO UPDATE

First Berlin, the author and/or the person responsible for passing on or distributing the financial analysis shall not be obliged to update the financial analysis. Investors must keep themselves informed about the current course of business and any changes in the current course of business of the analysed company.

DUPLICATION

Dispatch or duplication of this document is not permitted without the prior written consent of First Berlin.

SEVERABILITY

Should any provision of this disclaimer prove to be illegal, invalid or unenforceable under the respectively applicable law, then such provision shall be treated as if it were not an integral component of this disclaimer; in no way shall it affect the legality, validity or enforceability of the remaining provisions.

APPLICABLE LAW, PLACE OF JURISDICTION

The preparation of this financial analysis shall be subject to the law obtaining in the Federal Republic of Germany. The place of jurisdiction for any disputes shall be Berlin (Germany).

NOTICE OF DISCLAIMER

By taking note of this financial analysis the recipient confirms the binding nature of the above explanations.

By using this document or relying on it in any manner whatsoever the recipient accepts the above restrictions as binding for the recipient.

QUALIFIED INSTITUTIONAL INVESTORS

First Berlin financial analyses are intended exclusively for qualified institutional investors.

This report is not intended for distribution in the USA and/or Canada.