

# PNE AG

Germany / Cleantech  
 Primary exchange: Frankfurt  
 Bloomberg: PNE3 GR  
 ISIN: DE000A0JBPBG2

2021 annual report

## RATING

## PRICE TARGET

Return Potential  
 Risk Rating

## REDUCE

€ 11.50

-5.1%  
 High

## BENEFITTING FROM VERY HIGH POWER PRICES

PNE had a successful 2021. Based on strong project sales and much higher power generation revenue, the company increased EBITDA by 24% y/y to €32.7m, which was slightly above the upper end of the €24m - €32m EBITDA guidance and our forecast. In 2021, PNE sold projects with a capacity of >770 MW/MWp, and expanded its wind and PV project pipeline by 1 GW to 6.9 GW (+16% y/y). The company's internally operated wind farm portfolio rose by 98 MW to 233 MW (+42% y/y). The strategy to focus on the portfolio expansion currently yields a "double dividend": The portfolio generates stable long-term cash flows (feed-in tariffs for 20 years) and extra profits due to the high German power prices. Average feed-in tariffs of above 60 €/MWh and average monthly onshore wind power market values between 108 €/MWh and 198 €/MWh in Q1/22 mean that the Electricity Generation segment generated ca. double to triple the "normal" revenue. For 2022, PNE is guiding towards EBITDA of €20m - €30m. This may sound a bit disappointing, but it has to be kept in mind that all the German wind farm projects under construction (132 MW) are earmarked for the own plant portfolio. This means that PNE cannot book sales & earnings from selling these wind farms. Instead, these profits will be split over the operation period of the turbines (ca. 20 - 25 years). Although we do not assume that the very high power prices will last beyond the duration of the Russian-Ukrainian war, we expect a much higher pricing than between 2012 - 2020, when the power price at the German power exchange was usually between 30 €/MWh and 50 €/MWh. Given longer turbine and module delivery times we have lowered our 2022 & 2023 forecasts. We have revised our sum-of-the-parts valuation and accounted for the expanded project pipeline, the high power prices, and the higher interest rate for riskless bonds. This results in a new price target of €11.50 (previously: €10.00). Following the recent share price appreciation we downgrade our rating from Add to Reduce.

(p.t.o.)

## FINANCIAL HISTORY & PROJECTIONS

	2019	2020	2021	2022E	2023E	2024E
Revenue (€m)	132.80	109.69	117.73	96.18	164.35	275.95
Y-o-y growth	45.3%	-17.4%	7.3%	-18.3%	70.9%	67.9%
EBITDA (€m)	28.71	26.35	32.65	29.19	59.31	90.81
EBITDA margin	21.6%	24.0%	27.7%	30.3%	36.1%	32.9%
Net income (€m)	-0.77	1.62	25.13	-7.21	4.14	18.30
EPS (diluted) (€)	-0.01	0.02	0.33	-0.09	0.05	0.24
DPS (€)	0.04	0.04	0.04	0.04	0.04	0.04
FCF (€m)	-42.56	-83.03	-89.05	-120.29	-147.70	-137.00
Net gearing	62.9%	129.9%	166.3%	233.2%	303.7%	345.7%
Liquid assets (€m)	111.94	111.62	149.63	143.72	135.57	129.31

## RISKS

Risks to our price target include, but are not limited to: changes in legislation, project delays, project approval risks, project financing 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 2021, the company had an international wind and PV project pipeline of ca. 7 GW. The own wind power plant portfolio has a capacity of ca. 233 MW. PNE is based in Cuxhaven, Germany.

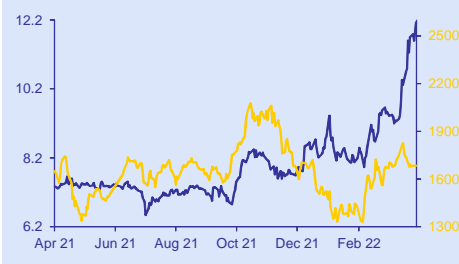
## MARKET DATA

As of 14 Apr 2022

Closing Price	€ 12.12
Shares outstanding	76.37m
Market Capitalisation	€ 925.56m
52-week Range	€ 6.54 / 12.12
Avg. Volume (12 Months)	66,848

Multiples	2021	2022E	2023E
P/E	36.8	n.a.	223.3
EV/Sales	11.0	13.5	7.9
EV/EBITDA	39.7	44.4	21.9
Div. Yield	0.3%	0.3%	0.3%

## STOCK OVERVIEW



## COMPANY DATA

As of 31 Dec 2021

Liquid Assets	€ 149.66m
Current Assets	€ 363.47m
Intangible Assets	€ 63.96m
Total Assets	€ 827.00m
Current Liabilities	€ 109.30m
Shareholders' Equity	€ 221.79m

## SHAREHOLDERS

Morgan Stanley Infrastructure Partners	39.8%
Active Ownership Fund SCS	12.0%
Enkraft	3.1%
Other investors	6.1%
Free Float	39.0%

**EBITDA growth outpacing revenue growth** While sales grew 7% y/y to €118m, EBITDA was up 24% at €32.7m due mainly to the larger EBITDA contribution of the Power Production segment. If the €53.0m in hidden reserves created by the transfer of projects from project development to the Power Generation segment (98 MW) are added, EBITDA would have amounted to €85.7m. The net result tallied €25.1m and was much higher than FBe of €3.3m due to large tax refunds of €21.6m. These tax refunds mainly stem from the formation of deferred taxes on loss carry forwards (€10m) and tax-free gains on disposal and other tax-free income (€10.9m).

**Figure 1: Reported figures versus forecasts**

All figures in €m	2021A	2021E	Delta	2020A	Delta
Sales	117.7	150.5	-22%	109.7	7%
EBITDA	32.7	31.8	3%	26.4	24%
margin	27.7%	21.1%		14.3%	
Net income	25.1	3.3	651%	1.6	1450%
margin	21.3%	2.2%		0.5%	
EPS (diluted) in €	0.33	0.04	725%	0.02	1550%

Source: First Berlin Equity Research, PNE AG

**Electricity Generation was segment outperformer** The Electricity Generation segment increased external sales by 42% y/y to €31.7m. Segment EBITDA rose 26% to €23.1m. The strong segment figures were largely driven by the sharp increase in Q4 power prices vs the prior year period. In Q4, the average monthly market value for onshore wind in Germany was between 110 €/MWh and 161 €/MWh. In the prior year period, these values amounted to 30 €/MWh - 33 €/MWh, i.e. ca. fourfold to fivefold prices. The Q4 segment EBITDA doubled y/y to €10.2m. We note that 2021 was a much weaker wind year than 2020. For the first time, PNE published the GWh produced by the own plant portfolio: 295 GWh. Dividing segment sales by the GWh produced results in an average selling price of 107 €/MWh.

**Figure 2: Reported segment figures versus forecasts**

Figures in €m	2021A	2021E	Delta	2020A	Delta
<b>Project development</b>					
External sales	68.9	105.5	-35%	71.3	-3%
EBITDA	62.7	59.9	5%	56.5	11%
margin	90.9%	56.8%	-	79.2%	-
<b>Services</b>					
External sales	17.1	17.1	0%	16.1	7%
EBITDA	5.1	5.9	-14%	5.2	-2%
margin	29.6%	34.4%	-	32.3%	-
<b>Electricity generation</b>					
External sales	31.7	27.9	13%	22.3	42%
EBITDA	23.1	21.1	10%	18.4	26%
margin	73.1%	75.6%		82.4%	-
<b>Consolidation</b>					
External sales	0.0	0.0	-	0.0	-
EBITDA	-58.2	-55.1	-	-53.7	-
margin	n.m.	n.m.	-	n.m.	-
<b>Group</b>					
Sales	117.7	150.5	-22%	109.7	7%
EBITDA	32.7	31.8	3%	26.4	24%
margin	27.8%	21.1%	-	24.0%	-

Source: First Berlin Equity Research, PNE AG



**Strong project development activity** Project Development segment sales declined 3% to €68.9m, but segment EBITDA was up 11% y/y at €62.7m. Assuming that EBITDA consolidation of €58.2m has to be assigned to this segment (largely hidden reserves), segment EBITDA would have been €4.5m (prior year: €4.8m) on an adjusted basis. A record level of >1,070 MW/MWp of renewable energy projects were sold, put into operation or under construction in 2021. PNE sold projects with a capacity of >770 MW/MWp.

**One-off costs burden service segment EBITDA** External service sales met our forecast and rose 7% y/y to €17.1m. Segment EBITDA was 14% below our estimate and declined 2% y/y to €5.1m due to one-off costs of almost €0.7m. The international operations management entered two new markets (Sweden and Poland). PNE has expanded its services provided to wind farm companies to include solutions for short-term hedging products of the current high market price level in addition to the classic transaction advice/brokerage of power purchase agreements (PPAs). PNE's service subsidiary, energy consult, now manages wind turbines with a total output of more than 2,000 MW as well as 17 substations throughout Europe. It also acts as a life-cycle service provider and, in addition to technical and commercial operational management, provides other technical services and inspections, further operation concepts, PPA management, financial services as well as construction management and grid connection planning.

**More non-current assets and long-term financial debt** PP&E jumped 55% to €274m due to the wind farm portfolio expansion (see figure 3). Financial debt (ST and LT) increased from €297m to €408m and lease liabilities (ST and LT) from €75m to €111m. Net debt amounted to €369m versus €261m at the end of 2020. Net gearing increased 36 PP to 166%. Equity rose 11% y/y from €201m to €222m, but the equity ratio declined from 30% to 27% due to the balance sheet expansion by 25% from €664m to €827m.

**Figure 3: Selected balance sheet figures**

All figures in EURm	2021A	2020A	Delta
<b>Assets</b>			
<b>Current assets, total</b>	<b>363.5</b>	<b>346.6</b>	<b>5%</b>
Cash and cash equivalents	149.6	111.6	34%
Receivables	29.5	40.2	-27%
Inventories	163.7	174.0	-6%
<b>Non-current assets, total</b>	<b>463.5</b>	<b>317.2</b>	<b>46%</b>
Property, plant & equipment	273.5	176.3	55%
Goodwill & other intangibles	63.3	63.3	0%
Right-of-use-assets	64.7	39.1	65%
<b>Total assets</b>	<b>827.0</b>	<b>663.8</b>	<b>25%</b>
<b>Shareholders' equity &amp; debt</b>			
<b>Current liabilities, total</b>	<b>109.3</b>	<b>108.2</b>	<b>1%</b>
Short-term financial debt	22.8	24.2	-6%
Liabilities from leases (ST)	6.9	4.6	48%
Accounts payable	34.4	31.4	10%
<b>Long-term liabilities, total</b>	<b>495.9</b>	<b>355.0</b>	<b>40%</b>
Long-term financial debt	385.1	272.9	41%
Liabilities from leases (LT)	103.7	70.4	47%
<b>Shareholders' equity</b>	<b>221.8</b>	<b>200.6</b>	<b>11%</b>
Equity ratio	26.8%	30.2%	-3.4 PP
Net debt	368.8	260.5	42%
Net gearing	166%	130%	+36 PP

Source: First Berlin Equity Research, PNE AG



**Positive operating cash flow** Despite positive operating cash flow of €24m (2020: €-69m), free cash flow was negative (€-89m) due to high CapEx of €113m for the expansion of the own wind farm portfolio. Cash flow from financing amounted to €112m owing mainly to the assumption of €144m in bank loans and the repayment of credit liabilities of €22m. Net cash flow was €38m (see figure 4).

**Figure 4: Selected cash flow items**

All figures in EUR '000	2021A	2020A
<b>Operating cash flow</b>	<b>23.8</b>	<b>-68.5</b>
CAPEX	-112.8	-14.5
<b>Free cash flow</b>	<b>-89.1</b>	<b>-83.0</b>
Cash flow from investing	-82.0	-14.4
Cash flow from financing	112.0	82.9
<b>Net cash flows</b>	<b>38.0</b>	<b>-0.3</b>

Source: First Berlin Equity Research, PNE AG

**Project pipeline now at almost 7 GW** PNE expanded its project pipeline by almost 1 GW to 6.9 GW (wind: 5.7 GW, PV: 1.2 GWp). In the conference call, the CEO stated that PNE is working on ca. 12 GW, but projects are added to the official pipeline only after first development milestones are successfully completed. In its core onshore wind markets Germany and France, PNE has a high volume (751 MW) in the permitting phase. The PV pipeline more than doubled in 2021, and four new PV markets (France, Canada, Poland, South Africa) were added.

**Own plant portfolio expanded to 233 MW** PNE has further expanded its internally operated portfolio by 98 MW. At the end of 2021, the portfolio had a nominal output of 233 MW (see figure 5). Another 103 MW are under construction and a further 28.5 MW tendered and will be added to the portfolio after grid connection. Adding the total of 132 MW to the 233 MW of operating wind farm assets yields 365 MW. PNE has confirmed its target to expand the own wind farm portfolio to up to 500 MW by the end of 2023.

**Figure 5: Own wind farm portfolio**

Wind farm	MW	Location	In operation since
Zahrenholz	21.6	Lower Saxony	Q4/2021
Holstentor	13.5	Schleswig-Holstein	Q4/2021
Boitzenhagen	25.0	Lower Saxony	Q4/2021
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
Helenenberg	21.5	Rhineland-Palatinate	2001
<b>Sum</b>	<b>233.2</b>		
Under construction	103.1		
Tender awards	28.5		
<b>Sum</b>	<b>364.8</b>		

Source: First Berlin Equity Research, PNE AG



### German “Easter Package” calls for much higher expansion targets: new installations of 115 GW onshore wind, 30 GW offshore wind, and 215 GW PV by 2030

To reach the new targets of an 80% renewable power share in gross power consumption by 2030 and close to 100% by 2035, the German government will raise the expansion paths for wind and solar power plants.

In the case of onshore wind, the annual expansion is to increase to 10 GW by 2025. This level is then to be maintained by 2035, so that around 115 GW of onshore wind energy capacity will then be newly installed. In the area of offshore wind energy, the government plans to increase the expansion targets to at least 30 GW by 2030, at least 40 GW by 2035 and at least 70 GW by 2045.

An increase in photovoltaics, to 22 GW per year is planned by 2026. This level is then to be maintained through 2035. In total, the newly installed PV capacity should then be 215 GW in 2030. To reach this goal the government plans to improve the framework conditions through a bundle of individual measures for the different types of installations (rooftop, ground-mounted, special solar). In addition, new areas are to be made available for the expansion of photovoltaics and the area coverage of ground-mounted systems is to be expanded.

We believe that the planned measures will lead to a golden decade for wind and solar in Germany. PNE with its large >2.3 GW German wind & solar project pipeline is primed to benefit from this.

**Forecasts adjusted** We have dialled back our Project Development segment forecasts for 2022 & 2023 as we expect lower turnkey wind farm sales than previously assumed. All German wind farms in phase III (132 MW) are earmarked for the own wind farm portfolio resulting in the postponement of profits into the future. Longer turbine delivery times may result in project delays. We have kept our Electricity Generation segment sales forecast, although we have lowered our assumption regarding the capacity of wind farm projects being transferred to the own plant portfolio from 120 MW to 100 MW following management’s more conservative guidance in the conference call. Given good wind conditions in Q1 and very high monthly market values for onshore wind so far, we forecast segment sales to rise 46% y/y to ca. €46m and segment EBITDA by 60% to almost €37m. We have reduced our growth assumptions for the Service segment to 10% (old: 15%) to reflect the demanding macroeconomic environment. Our adjusted segment forecasts lead to lower group forecasts for 2022 with group EBITDA declining to €29m (see figure 6).

**Figure 6: Revisions to forecasts**

All figures in €m	2022E			2023E			2024E		
	Old	New	Delta	Old	New	Delta	Old	New	Delta
Sales	107.0	96.2	-10.1%	206.8	164.4	-20.5%	276.0	276.0	0.0%
EBITDA	33.0	29.2	-11.5%	70.0	59.3	-15.3%	90.8	90.8	0.0%
margin	30.8%	30.3%		33.8%	36.1%		32.9%	32.9%	
Net income	-4.5	-7.2	-	9.0	4.1	-54.0%	18.3	18.3	0.0%
margin	-4.2%	-7.5%		4.4%	2.5%		6.6%	6.6%	
EPS (diluted) in €	-0.06	-0.09	-	0.12	0.05	-54.8%	0.24	0.24	0.0%

Source: First Berlin Equity Research

**Sum-of-the-parts valuation revised, PT increased, rating downgraded** We have revised all three segment DCF models and taken the higher interest rate for risk-free bonds into account (10y German government bond now yields 0.8%). The Project Development segment DCF model reflects the expanded project pipeline and the regulatory improvements in Germany. The Electricity Generation segment DCF model takes the increase in operating assets, the high power prices and the expected higher long-term power price level into account. Despite some adjustments to the Service segment DCF model, the segment valuation is largely unchanged. An updated sum-of-the-parts valuation yields a new price target of €11.50 (previously: €10.00). We downgrade our rating from Add to Reduce.



## 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.

#### Sum-of-the-parts valuation

SotP valuation	Fair value in €m	Fair value per share in €	FVPS in € old	Delta
Project Development	499.95	6.55	5.70	15%
Electricity Generation	264.94	3.47	2.83	23%
Services	109.92	1.44	1.45	0%
<b>Sum of the parts</b>	<b>874.82</b>	<b>11.46</b>	<b>9.97</b>	<b>15%</b>
<b>Price target</b>		<b>11.50</b>	<b>10.00</b>	<b>15%</b>

### 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 €'000 *	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
<b>Net sales</b>	<b>26,500</b>	<b>73,900</b>	<b>166,700</b>	<b>253,800</b>	<b>290,900</b>	<b>342,733</b>	<b>398,349</b>	<b>456,653</b>
<b>NOPLAT</b>	<b>-16,075</b>	<b>-3,046</b>	<b>10,955</b>	<b>23,103</b>	<b>25,953</b>	<b>29,925</b>	<b>34,167</b>	<b>38,598</b>
+ depreciation & amortisation	2,507	2,419	2,067	2,019	2,081	2,181	2,330	2,529
Net operating cash flow	-13,568	-627	13,022	25,121	28,034	32,105	36,497	41,127
- total investments (CAPEX and WC)	2,949	50,289	-53,550	-57,256	-32,821	-39,466	-41,241	-42,025
Capital expenditures	-1,060	-1,035	-1,667	-2,538	-2,909	-3,427	-3,983	-4,567
Working capital	4,009	51,323	-51,883	-54,718	-29,912	-36,038	-37,257	-37,459
Free cash flows (FCF)	-10,619	49,662	-40,529	-32,135	-4,787	-7,360	-4,743	-899
<b>PV of FCF's</b>	<b>-10,047</b>	<b>43,480</b>	<b>-32,829</b>	<b>-24,087</b>	<b>-3,320</b>	<b>-4,724</b>	<b>-2,817</b>	<b>-494</b>

All figures in thousands	
PV of FCFs in explicit period (2022E-2036E)	38,866
PV of FCFs in terminal period	400,973
Enterprise value (EV)	439,839
+ Net cash / - net debt	60,579
+ Investments / minority interests	-463
Shareholder value	499,955
Number of shares (diluted)	76,337
<b>Fair value per share in EUR</b>	<b>6.55</b>

WACC	8.1%	Terminal growth rate							
		2.0%	2.5%	3.0%	3.5%	4.0%	4.5%	5.0%	
Cost of equity	11.8%	5.1%	13.98	16.19	19.46	24.84	35.26	64.11	536.92
Pre-tax cost of debt	5.0%	6.1%	9.61	10.62	11.96	13.83	16.59	21.13	29.93
Tax rate	30.0%	7.1%	7.05	7.59	8.25	9.11	10.24	11.82	14.16
After-tax cost of debt	3.5%	8.1%	5.41	5.72	6.10	<b>6.55</b>	7.11	7.84	8.80
Share of equity capital	55.0%	9.1%	4.30	4.49	4.71	4.97	5.29	5.67	6.15
Share of debt capital	45.0%	10.1%	3.50	3.62	3.76	3.92	4.11	4.33	4.60
<b>Fair value per share in EUR</b>	<b>6.55</b>	11.1%	2.92	2.92	2.92	2.92	2.92	2.92	2.92

\* for layout purposes the model shows numbers only to 2029, but runs until 2036



## ELECTRICITY GENERATION

The Electricity Generation segment includes power production from green power plants. At YE 2021, the portfolio combined 16 own wind farms with a total capacity of 233.2 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. 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

Green power portfolio	2019	2020	2021A	2022E	2023E	2024E
Wind power capacity (MW), year start	55.3	130.1	134.8	233.2	333.2	463.2
Additional capacity (MW)	74.8	4.7	98.4	100.0	130.0	120.0
Wind power capacity (MW), year end	130.1	134.8	233.2	333.2	463.2	583.2
Solar power capacity (MW), year start	0.0	0.0	0.0	0.0	0.0	0.0
Additional capacity (MW)	0.0	0.0	0.0	0.0	0.0	50.0
Solar power capacity (MW), year end	0.0	0.0	0.0	0.0	0.0	50.0
<b>Portfolio capacity (wind &amp; PV), year start</b>	<b>55.3</b>	<b>130.1</b>	<b>134.8</b>	<b>233.2</b>	<b>333.2</b>	<b>463.2</b>
<b>Additional capacity (MW)</b>	<b>74.8</b>	<b>4.7</b>	<b>98.4</b>	<b>100.0</b>	<b>130.0</b>	<b>170.0</b>
<b>Portfolio capacity (wind &amp; PV), year end</b>	<b>130.1</b>	<b>134.8</b>	<b>233.2</b>	<b>333.2</b>	<b>463.2</b>	<b>633.2</b>

### DCF model for Electricity Generation segment

All figures in EUR'000 *	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
<b>Net sales</b>	<b>46,295</b>	<b>64,725</b>	<b>80,953</b>	<b>106,517</b>	<b>116,546</b>	<b>126,265</b>	<b>127,528</b>	<b>128,803</b>
<b>NOPLAT</b>	<b>13,736</b>	<b>19,117</b>	<b>23,700</b>	<b>33,950</b>	<b>35,662</b>	<b>37,239</b>	<b>40,148</b>	<b>42,663</b>
+ depreciation & amortisation	21,611	31,796	40,279	47,672	55,059	61,530	58,342	55,536
Net operating cash flow	35,347	50,913	63,980	81,622	90,721	98,768	98,490	98,199
- total investments (CAPEX and WC)	-142,808	-185,535	-184,112	-152,403	-144,423	-20,323	-20,662	-22,459
Capital expenditures	-140,000	-182,000	-181,000	-147,500	-142,500	-18,459	-20,420	-22,214
Working capital	-2,808	-3,535	-3,112	-4,903	-1,923	-1,864	-242	-245
Free cash flows (FCF)	-107,461	-134,622	-120,133	-70,781	-53,702	78,446	77,828	75,740
<b>PV of FCF's</b>	<b>-104,198</b>	<b>-125,039</b>	<b>-106,872</b>	<b>-60,317</b>	<b>-43,836</b>	<b>61,338</b>	<b>58,287</b>	<b>54,335</b>

All figures in thousands	
PV of FCFs in explicit period (2022E-2036E)	-10,650
PV of FCFs in terminal period	692,774
Enterprise value (EV)	682,124
+ Net cash / - net debt	-417,200
+ Investments / minority interests	0
Shareholder value	264,924
Number of shares (diluted)	76,337
<b>Fair value per share in EUR</b>	<b>3.47</b>

WACC	4.4%	Terminal growth rate							
		0.4%	0.6%	0.8%	1.0%	1.2%	1.4%	1.6%	
Cost of equity	7.3%	3.6%	5.23	5.93	6.73	7.65	8.72	9.98	11.49
Pre-tax cost of debt	4.5%	3.9%	4.03	4.61	5.27	6.01	6.87	7.87	9.04
Tax rate	30.0%	4.1%	2.99	3.48	4.03	4.64	5.34	6.14	7.06
After-tax cost of debt	3.2%	4.4%	2.09	2.50	2.96	3.47	4.05	4.70	5.45
Share of equity capital	30.0%	4.6%	1.29	1.64	2.03	2.46	2.94	3.48	4.09
Share of debt capital	70.0%	4.9%	0.58	0.89	1.22	1.58	1.99	2.44	2.95
<b>Fair value per share in EUR</b>	<b>3.47</b>	<b>5.1%</b>	-0.05	0.21	0.50	0.81	1.16	1.54	1.96

\* for layout purposes the model shows numbers only to 2029, but runs until 2036



## 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

All figures in €'000 *	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
<b>Sales (external and inter- segment)</b>	<b>23,388</b>	<b>25,727</b>	<b>28,300</b>	<b>31,215</b>	<b>34,223</b>	<b>37,293</b>	<b>40,392</b>	<b>43,480</b>
<b>NOPLAT</b>	<b>2,055</b>	<b>2,743</b>	<b>3,872</b>	<b>5,126</b>	<b>5,813</b>	<b>6,484</b>	<b>7,139</b>	<b>7,774</b>
+ depreciation & amortisation	3,589	3,520	3,216	3,232	3,328	3,459	3,616	3,790
Net operating cash flow	5,644	6,263	7,088	8,358	9,141	9,943	10,754	11,564
- total investments (CAPEX and WC)	-3,368	-3,679	-3,378	-3,810	-4,081	-4,342	-4,589	-4,817
Capital expenditures	-3,274	-3,602	-3,293	-3,715	-3,982	-4,241	-4,487	-4,716
Working capital	-93	-77	-85	-96	-99	-101	-102	-102
Free cash flows (FCF)	2,276	2,585	3,711	4,548	5,060	5,601	6,165	6,747
<b>PV of FCF's</b>	<b>2,151</b>	<b>2,257</b>	<b>2,993</b>	<b>3,389</b>	<b>3,485</b>	<b>3,564</b>	<b>3,624</b>	<b>3,664</b>

All figures in thousands	
PV of FCFs in explicit period (2022E-2036E)	50,012
PV of FCFs in terminal period	65,405
Enterprise value (EV)	115,417
+ Net cash / - net debt	-5,500
+ Investments / minority interests	0
Shareholder value	109,917
Number of shares (diluted)	76,337
<b>Fair value per share in EUR</b>	<b>1.44</b>

WACC		WACC	Terminal growth rate						
			1.5%	2.0%	2.5%	3.0%	3.5%	4.0%	4.5%
Cost of equity	9.8%	5.2%	2.60	2.87	3.25	3.80	4.67	6.24	9.99
Pre-tax cost of debt	5.0%	6.2%	1.95	2.10	2.28	2.52	2.85	3.32	4.07
Tax rate	9.0%	7.2%	1.54	1.62	1.73	1.85	2.01	2.21	2.50
After-tax cost of debt	4.6%	8.2%	1.26	1.31	1.37	1.44	1.53	1.63	1.77
Share of equity capital	70.0%	9.2%	1.05	1.08	1.12	1.16	1.22	1.28	1.35
Share of debt capital	30.0%	10.2%	0.89	0.91	0.94	0.97	1.00	1.04	1.08
<b>Fair value per share in EUR</b>	<b>1.44</b>	<b>11.2%</b>	<b>0.77</b>	<b>0.78</b>	<b>0.80</b>	<b>0.82</b>	<b>0.84</b>	<b>0.87</b>	<b>0.90</b>

\* for layout purposes the model shows numbers only to 2029, but runs until 2036





## INCOME STATEMENT

All figures in EUR '000	2019A	2020A	2021A	2022E	2023E	2024E
<b>Revenues</b>	<b>132,796</b>	<b>109,689</b>	<b>117,728</b>	<b>96,183</b>	<b>164,352</b>	<b>275,953</b>
Change in inventories	33,723	38,204	129,819	3,000	3,000	3,000
Own work	0	0	0	176,000	217,100	180,360
Other operating income	4,659	3,819	4,480	4,989	6,958	7,873
<b>Total aggregate output</b>	<b>171,179</b>	<b>151,711</b>	<b>252,027</b>	<b>280,173</b>	<b>391,410</b>	<b>467,186</b>
Cost of goods sold	-92,961	-72,729	-161,554	-183,513	-255,812	-289,432
<b>Gross profit (total aggr. output / COGS)</b>	<b>78,218</b>	<b>78,982</b>	<b>90,473</b>	<b>96,660</b>	<b>135,597</b>	<b>177,754</b>
Personnel costs	-30,600	-35,054	-38,499	-42,127	-46,002	-51,071
Other operating expenses	-18,911	-17,580	-19,320	-25,342	-30,289	-35,870
<b>EBITDA</b>	<b>28,707</b>	<b>26,348</b>	<b>32,654</b>	<b>29,191</b>	<b>59,306</b>	<b>90,814</b>
Depreciation and amortisation	-12,597	-18,177	-23,389	-27,707	-37,735	-45,563
<b>Operating income (EBIT)</b>	<b>16,110</b>	<b>8,170</b>	<b>9,265</b>	<b>1,484</b>	<b>21,571</b>	<b>45,251</b>
Interest Expense	-10,890	-11,182	-10,790	-12,535	-16,404	-19,859
Interest Income	582	251	4,414	91	91	91
Other financial income / expenses	32	52	138	0	0	0
<b>Pre-tax income (EBT)</b>	<b>5,835</b>	<b>-2,708</b>	<b>3,028</b>	<b>-10,960</b>	<b>5,258</b>	<b>25,483</b>
Income taxes	-5,946	3,611	21,636	3,288	-1,577	-7,645
Minority interests	-655	717	463	463	463	463
<b>Net income / loss</b>	<b>-765</b>	<b>1,621</b>	<b>25,127</b>	<b>-7,209</b>	<b>4,144</b>	<b>18,301</b>
<b>Diluted EPS (in €)</b>	<b>-0.01</b>	<b>0.02</b>	<b>0.33</b>	<b>-0.09</b>	<b>0.05</b>	<b>0.24</b>

### Ratios

Gross margin (gross profit/total aggr. output)	58.9%	72.0%	76.8%	100.5%	82.5%	64.4%
EBITDA margin on revenues	21.6%	24.0%	27.7%	30.3%	36.1%	32.9%
EBIT margin on revenues	12.1%	7.4%	7.9%	1.5%	13.1%	16.4%
Net margin on revenues	-0.6%	1.5%	21.3%	-7.5%	2.5%	6.6%
Tax rate	101.9%	133.4%	-714.6%	-30.0%	-30.0%	-30.0%

### Expenses as % of revenues

Personnel costs	23.0%	32.0%	32.7%	43.8%	28.0%	18.5%
Depreciation and amortisation	9.5%	16.6%	19.9%	28.8%	23.0%	16.5%
Other operating expenses	14.2%	16.0%	16.4%	26.3%	18.4%	13.0%

### Y-Y Growth

Revenues	45.3%	-17.4%	7.3%	-18.3%	70.9%	67.9%
Operating income	106.8%	-49.3%	13.4%	-84.0%	1353.9%	109.8%
Net income/ loss	n.m.	n.m.	1450.5%	n.m.	n.m.	341.7%



## BALANCE SHEET

All figures in EUR '000	2019A	2020A	2021A	2022E	2023E	2024E
<b>Assets</b>						
<b>Current assets, total</b>	<b>250,445</b>	<b>346,594</b>	<b>363,469</b>	<b>348,766</b>	<b>344,383</b>	<b>381,737</b>
Cash and cash equivalents	111,935	111,617	149,625	143,719	135,567	129,309
Short-term investments	0	0	0	0	0	0
Receivables	34,251	40,171	29,492	39,201	42,168	76,449
Inventories	84,807	174,003	163,711	145,205	146,008	155,338
Other current assets	19,452	20,803	20,641	20,641	20,641	20,641
<b>Non-current assets, total</b>	<b>299,571</b>	<b>317,215</b>	<b>463,531</b>	<b>580,158</b>	<b>729,059</b>	<b>869,456</b>
Property, plant & equipment	174,081	176,341	273,523	390,150	539,051	679,449
Goodwill & other intangibles	64,719	64,330	63,964	63,964	63,964	63,964
Rights-of-use assets	39,376	39,125	64,732	64,732	64,732	64,732
Other assets	60,771	76,544	126,044	126,044	126,044	126,044
<b>Total assets</b>	<b>550,016</b>	<b>663,809</b>	<b>827,000</b>	<b>928,924</b>	<b>1,073,442</b>	<b>1,251,194</b>
<b>Shareholders' equity &amp; debt</b>						
<b>Current liabilities, total</b>	<b>113,636</b>	<b>108,209</b>	<b>109,302</b>	<b>106,759</b>	<b>105,049</b>	<b>123,216</b>
Short-term financial debt	11,705	24,223	22,758	25,000	22,000	11,000
Liabilities from leases (ST)	3,057	4,626	6,862	6,862	6,862	6,862
Accounts payable	35,276	31,364	34,398	26,650	27,940	57,107
Current provisions	8,381	4,617	6,747	6,747	6,747	6,747
Other current liabilities	58,275	48,005	45,399	48,362	48,362	48,362
<b>Long-term liabilities, total</b>	<b>231,260</b>	<b>355,038</b>	<b>495,905</b>	<b>611,099</b>	<b>756,699</b>	<b>901,499</b>
Long-term financial debt	188,953	272,887	385,066	498,121	643,721	788,521
Liabilities from leases (LT)	37,207	70,388	103,719	105,858	105,858	105,858
Other liabilities	5,100	11,763	7,120	7,120	7,120	7,120
<b>Minority interests</b>	<b>-13,283</b>	<b>-7,070</b>	<b>-7,382</b>	<b>-7,845</b>	<b>-8,308</b>	<b>-8,771</b>
<b>Shareholders' equity</b>	<b>218,402</b>	<b>207,633</b>	<b>229,175</b>	<b>218,912</b>	<b>220,002</b>	<b>235,250</b>
Share capital	76,603	76,603	76,603	76,603	76,603	76,603
Capital reserve	82,953	82,953	82,953	82,953	82,953	82,953
Other reserves	-819	-2,692	-3,109	-3,109	-3,109	-3,109
Treasury stock	-707	-707	-707	-707	-707	-707
Retained earnings	60,372	51,476	73,435	63,172	64,262	79,510
<b>Total consolidated equity and debt</b>	<b>550,016</b>	<b>663,809</b>	<b>827,000</b>	<b>928,924</b>	<b>1,073,442</b>	<b>1,251,194</b>
<b>Ratios</b>						
Current ratio (x)	2.20	3.20	3.33	3.27	3.28	3.10
Quick ratio (x)	1.46	1.59	1.83	1.91	1.89	1.84
Net cash	-128,987	-260,507	-368,779	-492,121	-642,874	-782,931
Net gearing	59.1%	125.5%	160.9%	224.8%	292.2%	332.8%
Book value per share (€)	2.74	2.63	2.91	2.76	2.77	2.97
Tangible book value per share (€)	1.89	1.80	2.08	1.94	1.94	2.14
Equity ratio (incl. minorities)	37.3%	30.2%	26.8%	22.7%	19.7%	18.1%
Return on equity (ROE)	-0.4%	0.8%	11.0%	-3.3%	1.9%	7.8%
Return on assets (ROA)	1.8%	1.9%	4.3%	0.6%	1.9%	3.0%
Return on investment (ROI)	-0.1%	0.2%	3.0%	-0.8%	0.4%	1.5%
Return on capital employed (ROCE)	5.4%	2.0%	1.7%	0.2%	2.8%	4.9%



## CASH FLOW STATEMENT

All figures in EUR '000	2019A	2020A	2021A	2022E	2023E	2024E
<b>EBIT</b>	<b>16,110</b>	<b>8,170</b>	<b>9,265</b>	<b>1,484</b>	<b>21,571</b>	<b>45,251</b>
Depreciation and amortisation	12,597	18,177	23,389	27,707	37,735	45,563
<b>EBITDA</b>	<b>28,707</b>	<b>26,348</b>	<b>32,654</b>	<b>29,191</b>	<b>59,306</b>	<b>90,814</b>
Changes in working capital	19,031	-75,310	217	4,011	-2,478	-14,445
Other adjustments	-12,331	-19,538	-9,093	-9,156	-17,890	-27,413
<b>Operating cash flow</b>	<b>35,407</b>	<b>-68,500</b>	<b>23,778</b>	<b>24,046</b>	<b>38,938</b>	<b>48,956</b>
Investments in PP&E	-77,966	-14,450	-112,828	-144,334	-186,636	-185,960
Investments in intangibles	0	-81	0	0	0	0
<b>Free cash flow</b>	<b>-42,559</b>	<b>-83,031</b>	<b>-89,050</b>	<b>-120,289</b>	<b>-147,699</b>	<b>-137,004</b>
Acquisitions & disposals, net	85	104	30,976	0	0	0
Other investments	0	0	-139	0	0	0
<b>Cash flow from investing</b>	<b>-77,882</b>	<b>-14,427</b>	<b>-81,991</b>	<b>-144,334</b>	<b>-186,636</b>	<b>-185,960</b>
Debt financing, net	37,555	86,483	122,179	114,242	142,600	133,800
Equity financing, net	5,669	0	0	0	0	0
Dividends paid	-2,975	-3,053	-3,053	-3,053	-3,053	-3,053
Other financing	0	-573	-7,152	0	0	0
<b>Cash flow from financing</b>	<b>40,249</b>	<b>82,857</b>	<b>111,974</b>	<b>111,189</b>	<b>139,547</b>	<b>130,747</b>
Forex and other changes in cash	-14,911	-248	-15,754	0	0	0
<b>Net cash flows</b>	<b>-17,135</b>	<b>-318</b>	<b>38,008</b>	<b>-9,100</b>	<b>-8,152</b>	<b>-6,257</b>
Cash, start of the year	129,071	111,935	111,617	149,625	143,719	135,567
<b>Cash, end of the year</b>	<b>111,936</b>	<b>111,617</b>	<b>149,625</b>	<b>140,525</b>	<b>135,567</b>	<b>129,309</b>
<b>EBITDA/share (in €)</b>	<b>0.38</b>	<b>0.35</b>	<b>0.43</b>	<b>0.38</b>	<b>0.78</b>	<b>1.19</b>
<b>Operating cashflow/share (in €)</b>	<b>0.47</b>	<b>-0.90</b>	<b>0.31</b>	<b>0.31</b>	<b>0.51</b>	<b>0.64</b>

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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 <sup>1</sup>	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%

<sup>1</sup> 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...106	↓	↓	↓	↓
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	11 November 2021	€8.26	Add	€8.80
114	18 March 2022	€9.49	Add	€10.00
115	Today	€12.12	Reduce	€11.50

**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

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**

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