

# PNE AG

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

H1 2023 figures

**RATING** **BUY**  
**PRICE TARGET** **€ 25.00**  
 Return Potential 94.4%  
 Risk Rating High

## ON TRACK FOR FULL YEAR GUIDANCE AFTER H1 EBITDA OF €18M

After reporting H1 EBITDA of €18.1m (+4% y/y), PNE, now a TecDAX company with a market cap of ca. €1bn, is well on track to reach confirmed full year guidance of €30m - €40m. The main H1 EBITDA contribution came from the Electricity Generation segment (€28.3m). Project development activity was high with 183 MW of wind farm projects under construction. PNE expanded its project pipeline by 83% y/y to 16.6 GW due mainly to the expansion of its PV and offshore wind project pipeline. The company's own wind farm portfolio expanded to almost 350 MW and is scheduled to grow further with 308 MW either under construction or in the pre-construction phase. We stick to our 2023 forecasts (EBITDA of €41.3m). Our recommendation remains Buy at an unchanged price target of €25.

**Q2 benefitted from extraordinary earnings** Q2 sales rose 10% y/y to €24.8m, driven by much higher Project Development segment revenue (€6.9m versus €3.9m in Q2/22). Q2 EBITDA was significantly higher than in the prior year period and FBe and amounted to €9.6m versus €1.7m in Q2/22 and FBe of €2.4m. The main reason for the good result is one-off earnings adding up to €5.6m. The Federal Maritime and Hydrographic Agency (BSH) has issued cost reimbursement notices for development costs of two PNE offshore wind projects resulting in income of €2.5m in Q2. Furthermore, a reassessment of provisions made for the taxation of surplus revenues based on the German Electricity Price Break Act yielded €3.1m in earnings. EBIT tallied €1.2m versus €-5.1m in the previous year's quarter. The net result was however negative (€-8.2m versus €0.3m in Q2/22 (see figure 1 overleaf). This huge swing is due largely to the valuation of interest rate swaps. In Q2/22, PNE strongly benefitted from this effect, while Q2/23 was burdened by it (interest and similar expenses: €-8.7m versus €-4.2m in Q2/22 and "other interest and similar income": €0.2m versus €16.4m in Q2/22). The H1 net result amounted to €-14.1m (PY: €10.4m) and H1/23 EPS were €-0.18 versus €0.14 in H1/22.

(p.t.o.)

### FINANCIAL HISTORY & PROJECTIONS

	2020	2021	2022	2023E	2024E	2025E
Revenue (€m)	109.69	117.73	126.17	118.19	151.37	180.99
Y-o-y growth	-17.4%	7.3%	7.2%	-6.3%	28.1%	19.6%
EBITDA (€m)	26.35	32.65	35.39	41.31	56.98	73.03
EBITDA margin	24.0%	27.7%	28.1%	35.0%	37.6%	40.4%
Net income (€m)	1.62	25.13	14.90	-8.98	-7.26	-7.53
EPS (diluted) (€)	0.02	0.33	0.20	-0.12	-0.10	-0.10
DPS (€)	0.04	0.08	0.08	0.08	0.08	0.08
FCF (€m)	-83.03	-89.05	-104.65	-90.59	-259.65	-268.07
Net gearing	129.9%	166.3%	194.4%	266.6%	422.8%	609.2%
Liquid assets (€m)	111.62	149.63	121.58	179.45	50.69	28.52

### 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. Currently, the company had an international wind and PV project pipeline of ca. 16.6 GW and an own wind power plant portfolio with a capacity of almost 350 MW. PNE is based in Cuxhaven, Germany.

### MARKET DATA

As of 10 Aug 2023

Closing Price	€ 12.86
Shares outstanding	76.34m
Market Capitalisation	€ 981.68m
52-week Range	€ 12.42 / 24.05
Avg. Volume (12 Months)	155,292

Multiples	2022	2023E	2024E
P/E	65.9	n.a.	n.a.
EV/Sales	11.4	12.1	9.5
EV/EBITDA	40.5	34.7	25.2
Div. Yield	0.6%	0.6%	0.6%

### STOCK OVERVIEW



### COMPANY DATA

As of 30 Jun 2023

Liquid Assets	€ 104.71m
Current Assets	€ 329.34m
Intangible Assets	€ 64.72m
Total Assets	€ 938.89m
Current Liabilities	€ 132.34m
Shareholders' Equity	€ 209.60m

### SHAREHOLDERS

Morgan Stanley Infrastructure Partners	44.2%
Active Ownership Fund SCS	12.0%
Samson Rock	5.2%
Enkraft	5.0%
Free Float	33.6%



Figure 1: Reported Q2 figures versus forecasts

All figures in €m	Q2-23A	Q2-23E	Delta	Q2-22A	Delta	H1-23A	H1-22A	Delta
Sales	24,8	28,5	-12,9%	22,6	9,8%	57,1	52,1	9,5%
EBITDA	9,6	2,4	294,4%	1,7	450,6%	18,1	17,5	3,7%
margin	38,6%	8,5%		7,7%		31,8%	33,6%	
EBIT	1,2	-5,9	-	-5,1	-	2,0	4,1	-52,5%
margin	4,7%	-20,7%		-22,6%		3,4%	7,9%	
Net income	-8,2	-11,8	-	0,3	-	-14,1	10,4	-
margin	-33,1%	-41,2%		1,5%		-24,6%	19,9%	
EPS (diluted) in €	-0,11	-0,15	-	0,00	-	-0,18	0,14	-

Source: First Berlin Equity Research, PNE AG

External sales in the Project Development segment were up 75% y/y in Q2 at €6.9m due mainly to the sale of 208 MW in Romanian PV project rights. For simplicity, we add consolidation EBITDA (Q2: -€22.0m) and Project Development segment EBITDA (Q2: €15.7m) to account for the project development cost of expanding the own plant portfolio. The combined EBITDA was €-6.3m versus €-10.8m in Q2/22 and our forecast of €-8.7m.

External sales in the Electricity Generation segment were stable y/y and amounted to €13.5m in Q2 which was in line with our forecast of €14.0m. Lower wind yields and lower average selling prices for power were balanced by higher portfolio capacity (346 MW versus 261 MW at the end of H1/22). EBITDA was much higher than expected (€13.3m versus FBe of €8.9m). This is due mainly to a reassessment of the provisions made for the taxation of surplus revenues (Electricity Brake Tax Act), which resulted in a positive earnings effect of €3.1m.

Although Q2 external sales of €4.4m in the Services segment were 12% below the prior year figure, EBITDA was much higher (€2.6m versus €1.6m in Q2/22). This is thanks to much higher internal sales (€3.3m versus €0.6m in Q2/22) Total segment sales thus rose 38% y/y from €5.6m to €7.7m in Q2. The assets under management in the Service segment increased ca. 21% y/y to ca. 2.7 GW from 2.2 GW at the end of H1/22.

Figure 2: Reported segment figures versus forecasts

All figures in €m	Q2-23A	Q2-23E	Delta	Q2-22A	Delta	H1-23A	H1-22A	Delta
<b>Project development</b>								
External sales	6,9	9,1	-23,9%	3,9	75,3%	11,6	8,7	34,0%
EBITDA	15,7	-2,7	-	-5,6	-	9,6	-8,0	-
margin	226,7%	-29,7%	-	-142,6%	-	82,5%	-92,4%	-
<b>Services</b>								
External sales	4,4	5,4	-17,9%	5,0	-11,9%	9,2	8,7	6,1%
EBITDA	2,6	2,2	17,3%	1,6	60,0%	4,6	3,1	50,7%
margin	58,8%	41,2%	-	32,4%	-	50,2%	35,3%	-
<b>Electricity generation</b>								
External sales	13,5	14,0	-4,1%	13,6	-1,2%	36,2	34,7	4,2%
EBITDA	13,3	8,9	49,8%	10,9	21,4%	28,3	29,8	-4,8%
margin	98,7%	63,2%		80,3%		78,2%	85,6%	
<b>Consolidation</b>								
External sales	0,0	0,0	-	0,0	-	0,0	0,0	-
EBITDA	-22,0	-6,0	-	-5,2	-	-24,4	-7,3	-
margin	n.m.	n.m.	-	n.m.	-	n.m.	n.m.	-
<b>Group</b>								
Sales	24,8	28,5	-13,0%	22,6	9,8%	57,1	52,1	9,5%
EBITDA	9,6	2,4	294,5%	1,7	451,3%	18,1	17,5	3,7%
margin	38,6%	8,5%	-	7,7%	-	31,8%	33,5%	-

Source: First Berlin Equity Research, PNE AG



**Balance sheet reflects growing project and electricity generation business** Inventory (necessary for the construction of wind farms) was up 11% to €163m and PP&A (mainly own wind farms) rose 5% to €372m. Net debt of €523m was 16% above the end-2022 level. Net gearing rose 56 PP to 250%. Equity declined 10% to €210m due mainly to the H1 net loss of €-14.5m. The equity ratio fell by 2.9 PP to 22.3% (see figure 3).

**Figure 3: Key balance sheet items**

All figures in €m	H1/23A	2022A	Delta
Cash and cash equivalents	105	122	-14%
Inventories	163	147	11%
Property, plant & equipment	372	354	5%
<b>Total assets</b>	<b>939</b>	<b>920</b>	<b>2%</b>
Short-term financial debt	47	42	12%
Long-term financial debt	581	531	9%
Net debt	523	451	16%
<i>Net gearing</i>	<i>250%</i>	<i>194%</i>	<i>+56 PP</i>
Total equity	210	232	-10%
<i>Equity ratio</i>	<i>22.3%</i>	<i>25.2%</i>	<i>-2.9 PP</i>

Source: First Berlin Equity Research, PNE AG

**Negative free cash flow of €61m** Operating cash flow amounted to -43.6m owing chiefly to an increase in inventories and other assets by €49m. CapEx of €17.6m for the expansion of the own wind farm portfolio resulted in free cash flow of €-61.2m. This was financed by additional loans (net: €53m). The redemption of lease liabilities (€-4.3m) and dividend payments (€6.1m) led to financial cash flow of €42.5m. Net cash flow tallied €-17.0m.

**Figure 4: Selected cash flow figures**

All figures in €m	H1/23A	H1/22A
<b>Operating cash flow</b>	<b>-43.6</b>	<b>1.6</b>
CAPEX	-17.6	-52.1
<b>Free cash flow</b>	<b>-61.2</b>	<b>-50.6</b>
Cash flow from investing	-15.9	-52.3
Cash flow from financing	42.5	61.8
<b>Net cash flow</b>	<b>-17.0</b>	<b>11.0</b>

Source: First Berlin Equity Research, PNE AG

**183 MW of wind farms under construction and Wind farm permits for 151 MW already received this year** At the end of Q2, PNE had wind farms with a total capacity of 183 MW under construction in Germany (112 MW), France (11 MW) and Sweden (60 MW, as a service provider). The approval volume increased to 151 MW in 2023, of which 69 MW were awarded a contract in the May tender and 55 MW are registered for the August tender.

**Project pipeline volume reaches new record** The onshore wind project pipeline rose 2% q/q and 30% y/y to 8.6 GW. The PV project pipeline was up 1% q/q and 127% y/y to 5.5 GW. PNE has added two offshore wind projects to its pipeline with a total planned capacity of 2.5 GW. The Vietnam project has a size of 2 GW and PNE's share in the Latvia project is 500 MW (50% of 1 GW). As a result, the total project pipeline grew 20% q/q and 83% y/y to 16.6 GW (see figure 5 overleaf).

**Figure 5: Project pipeline development**

Project pipeline in MW	Q2-23	Q1-23	Delta q/q	Q2-22	Delta y/y
Onshore wind	8.622	8.414	2%	6.647	30%
Offshore wind	2.500	0	-	0	-
PV	5.468	5.400	1%	2.408	127%
<b>Total</b>	<b>16.590</b>	<b>13.814</b>	<b>20%</b>	<b>9.055</b>	<b>83%</b>

Source: First Berlin Equity Research, PNE AG

**MoU with S.E.T. Select Energy to collaborate on economic feasibility of production up to 500,000 tons of e-fuels per year with wind and solar energy**

The project on the west coast of South Africa is expected to generate up to 500,000 tons of e-fuels per year from green hydrogen produced via electrolysis. The electrolyser with a nominal capacity of 1 GW is powered by wind farms and photovoltaic plants. The e-fuel production solves the main problem for large scale green power production in the region – the lack of large-scale grid capacity. The water required for electrolysis comes from the sea and passes through a desalination and demineralisation plant before being used. Both companies are currently evaluating logistical options and the availability of raw materials and products in the pre-feasibility phase.

The S.E.T Select Energy GmbH is a Hamburg-based trading company with decades of experience and expertise in the global trading of energy products and commodities. At the end of Q2, PNE had 1,752 MW of wind projects and 1,288 MW of PV projects under development, almost all in phase I+II.

**Purchase of 51% stake in Bitbloom to strengthen its technical capabilities across its portfolio of wind assets**

With the acquisition of the British company in July, PNE will be able to offer an expanded range of digital and analytical services to owners and operators of renewable energy systems. Bitbloom is a provider of data, AI-supported analytics, and monitoring software and services which enable optimisation of renewable energy operations.

**Sales process of US business to be completed in next two months**

In the conference call, CEO Markus Lesser was optimistic that the the US business will be within the next two months. The US pipeline consists of 987 MW of PV and 746 MW of wind projects.

**CEO reappointed**

Markus Lesser has been CEO of PNE since 2016 and will be reappointed as CEO for the period from January 1, 2024 to December 31, 2027. Given his over 20 years of expertise in managing renewable energy companies, we welcome his reappointment. The CFO, Jörg Klawat, was however not reappointed and will leave the company in 2024.

**Why we remain positive on PNE**

Strong pipeline growth, 151 MW of approved wind farm projects, and a more rapid expansion of the own plant portfolio than anticipated, bodes well for future earnings. A total of 308 MW of wind farm projects is currently under construction or in the construction preparation phase. By the end of 2023, more than 600 MW should be either in operation or under construction for the own plant portfolio. This is much more than the 500 MW target. This opens up the opportunity to sell some projects to the market in 2023 or 2024, which would increase sales and earnings without jeopardising the 1.5 GW own plant portfolio expansion target for 2027. The decision to sell a wind farm will be made after commissioning. We stick to our forecasts (2023 EBITDA: €41.3m). Further wind farm sales and the sale of the US business would bring upside potential.

**Buy reiterated at unchanged price target**

An updated sum-of-the-parts valuation yields an unchanged €25 price target. We reiterate our Buy recommendation.



## 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	620.07	8.12	8.10	0%
Electricity Generation	1,172.20	15.36	15.26	1%
Services	138.26	1.81	1.80	1%
<b>Sum of the parts</b>	<b>1,930.54</b>	<b>25.29</b>	<b>25.16</b>	<b>1%</b>
<b>Price target</b>		<b>25.00</b>	<b>25.00</b>	<b>0%</b>

The segment DCF models are shown and explained on the following pages.



## 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 shows only external sales.

Our DCF model assumptions are:

- Weighted average cost of capital (WACC) of 7.8%; (cost of equity: 11.3%, pre-tax cost of debt: 5.0%, tax rate: 30%, debt share: 45%, equity share: 55%);
- Terminal growth rate of 3.0%;
- Terminal EBITDA margin (including consolidation) of 12.8%.
- That a major share of the commissioned turnkey projects is transferred to the Electricity Generation segment by the end of 2028E. These projects do not generate a segment profit, as they are not sold. From 2029E on, we model that PNE sells all turnkey projects. This explains the jump in sales and earnings in 2029E.

### DCF model for Project Development segment

All figures in €'000 *	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Net sales	33,900	48,600	61,000	85,000	175,800	177,100	653,600	673,208
NOPLAT	-17,978	-15,332	-12,066	-6,787	12,722	11,276	83,036	82,144
+ depreciation & amortisation	3,115	2,886	2,700	2,524	2,417	2,560	2,687	2,593
Net operating cash flow	-14,863	-12,446	-9,366	-4,264	15,139	13,836	85,723	84,737
- total investments (CAPEX and WC)	61,535	-111,719	-37,416	-27,524	-19,323	-5,060	-11,525	-9,948
Capital expenditures	-1,356	-4,738	-2,932	-1,700	-3,516	-3,542	-1,961	-2,020
Working capital	62,891	-106,981	-34,484	-25,824	-15,807	-1,518	-9,564	-7,929
Free cash flows (FCF)	46,672	-124,165	-46,782	-31,787	-4,184	8,776	74,198	74,789
PV of FCF's	45,326	-111,848	-39,096	-24,645	-3,010	5,855	45,924	42,944

All figures in thousands	
PV of FCFs in explicit period (2023E-2037E)	169,335
PV of FCFs in terminal period	451,998
Enterprise value (EV)	621,333
+ Net cash / - net debt	-454
+ Investments / minority interests	-809
Shareholder value	620,070
Number of shares (diluted)	76,337
Fair value per share in EUR	8.12

WACC		Terminal growth rate						
		1.5%	2.0%	2.5%	3.0%	3.5%	4.0%	4.5%
4.8%	Cost of equity	17.17	19.30	22.36	27.13	35.60	54.78	140.13
5.8%	Pre-tax cost of debt	12.17	13.17	14.47	16.24	18.77	22.73	29.75
6.8%	Tax rate	9.09	9.62	10.27	11.10	12.17	13.63	15.73
7.8%	After-tax cost of debt	7.02	7.32	7.69	8.12	8.66	9.34	10.23
8.8%	Share of equity capital	5.54	5.73	5.94	6.19	6.49	6.85	7.29
9.8%	Share of debt capital	4.44	4.56	4.69	4.84	5.02	5.22	5.47
10.8%	Fair value per share in EUR	3.61	3.61	3.61	3.61	3.61	3.61	3.61

\* 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 the end of 2022, the portfolio combined its own 21 wind farms with a total capacity of 319 MW, and the Silbitz biomass power plant with a capacity of 5.6 MW. PNE plans to build up a wind & solar power production portfolio of up to 1,500 MW (1,000 MW wind, 500 MWp solar) by year-end 2027 (including secured projects that will be built in 2028). The following table shows our assumptions for the expansion of this portfolio.

### Expansion of the green power portfolio by 2028

Wind & solar power portfolio	2021A	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Wind power capacity (MW), year start	134.8	233.2	319.2	419.2	519.2	619.2	719.2	839.2
Additional capacity (MW)	98.4	86.0	100.0	100.0	100.0	100.0	120.0	161.0
Wind power capacity (MW), year end	233.2	319.2	419.2	519.2	619.2	719.2	839.2	1,000.2
Solar power capacity (MW), year start	0.0	0.0	0.0	0.0	0.0	120.0	240.0	360.0
Additional capacity (MW)	0.0	0.0	0.0	0.0	120.0	120.0	120.0	140.0
Solar power capacity (MW), year end	0.0	0.0	0.0	0.0	120.0	240.0	360.0	500.0
<b>Portfolio capacity (wind &amp; PV), year start</b>	<b>134.8</b>	<b>233.2</b>	<b>319.2</b>	<b>419.2</b>	<b>519.2</b>	<b>739.2</b>	<b>959.2</b>	<b>1,199.2</b>
<b>Additional capacity (MW)</b>	<b>98.4</b>	<b>86.0</b>	<b>100.0</b>	<b>100.0</b>	<b>220.0</b>	<b>220.0</b>	<b>240.0</b>	<b>301.0</b>
<b>Portfolio capacity (wind &amp; PV), year end</b>	<b>233.2</b>	<b>319.2</b>	<b>419.2</b>	<b>519.2</b>	<b>739.2</b>	<b>959.2</b>	<b>1,199.2</b>	<b>1,500.2</b>

Our segment DCF model assumes:

- CapEx of almost €1.6bn from 2023E - 2028E;
- Maintenance CapEx (including repowering) of ca. €41m p.a. starting in 2029E in order to keep the portfolio at the 1,500 MW/MWp level;
- Weighted average cost of capital (WACC) of 4.4%; (cost of equity: 7.3%, pre-tax cost of debt: 4.5%, tax rate: 30%, debt share: 70%, equity share: 30%);
- Terminal growth rate of 1.0%;
- Terminal EBITDA margin of 78.0%.

### DCF model for Electricity Generation segment

All figures in EUR'000 *	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Net sales	64,249	80,529	95,299	125,456	156,413	184,653	226,037	228,297
NOPLAT	18,652	23,967	29,496	41,871	56,216	65,103	78,769	81,718
+ depreciation & amortisation	29,280	36,058	43,045	52,755	61,432	75,746	91,259	88,248
Net operating cash flow	47,932	60,024	72,542	94,627	117,648	140,848	170,028	169,966
- total investments (CAPEX and WC)	-173,300	-178,122	-267,833	-270,783	-306,326	-392,696	-48,042	-40,355
Capital expenditures	-175,000	-175,000	-265,000	-265,000	-300,000	-386,750	-39,336	-39,336
Working capital	1,700	-3,122	-2,833	-5,783	-6,326	-5,946	-8,706	-1,019
Free cash flows (FCF)	-125,368	-118,098	-195,291	-176,157	-188,679	-251,848	121,987	129,611
<b>PV of FCF's</b>	<b>-123,283</b>	<b>-111,231</b>	<b>-176,193</b>	<b>-152,239</b>	<b>-156,196</b>	<b>-199,689</b>	<b>92,650</b>	<b>94,297</b>

All figures in thousands	
PV of FCFs in explicit period (2023E-2037E)	-181,615
PV of FCFs in terminal period	1,796,718
Enterprise value (EV)	1,615,103
+ Net cash / - net debt	-442,900
+ Investments / minority interests	0
Shareholder value	1,172,203
Number of shares (diluted)	76,337
<b>Fair value per share in EUR</b>	<b>15.36</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%	16.11	18.91	22.11	25.79	30.07	35.12	41.15
Pre-tax cost of debt	4.5%	3.9%	13.49	15.89	18.61	21.69	25.24	29.35	34.18
Tax rate	30.0%	4.1%	11.23	13.31	15.64	18.26	21.25	24.66	28.61
After-tax cost of debt	3.2%	4.4%	9.27	11.08	13.10	15.36	17.89	20.77	24.05
Share of equity capital	30.0%	4.6%	7.55	9.14	10.90	12.86	15.04	17.49	20.27
Share of debt capital	70.0%	4.9%	6.02	7.43	8.99	10.70	12.59	14.70	17.07
<b>Fair value per share in EUR</b>	<b>15.36</b>	<b>5.1%</b>	4.67	5.92	7.30	8.80	10.46	12.30	14.34

\* for layout purposes the model shows numbers only to 2030, but runs until 2037



## SERVICES

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

Our DCF model assumptions are:

- Weighted average cost of capital (WACC) of 7.4% (cost of equity: 8.8%, pre-tax cost of debt: 4.5%, tax rate: 30%, debt share: 30%, equity share: 70%);
- Terminal growth rate of 2.5%;
- Terminal EBITDA margin of 28.2%.

### DCF model for Services segment

All figures in €'000 *	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Sales (external and inter- segment)	26,716	29,654	32,916	36,274	39,720	43,215	46,716	50,173
<b>NOPLAT</b>	<b>2,218</b>	<b>2,800</b>	<b>3,819</b>	<b>4,637</b>	<b>5,543</b>	<b>6,413</b>	<b>7,248</b>	<b>8,048</b>
+ depreciation & amortisation	3,974	4,455	4,823	4,843	4,820	4,856	4,937	5,050
Net operating cash flow	6,192	7,255	8,641	9,480	10,364	11,270	12,185	13,097
- total investments (CAPEX and WC)	-5,407	-5,138	-5,045	-4,826	-5,231	-5,535	-5,812	-6,057
Capital expenditures	-5,343	-5,041	-4,937	-4,716	-5,019	-5,304	-5,563	-5,793
Working capital	-64	-97	-107	-110	-212	-231	-249	-264
Free cash flows (FCF)	785	2,117	3,597	4,654	5,133	5,735	6,373	7,040
<b>PV of FCF's</b>	<b>764</b>	<b>1,917</b>	<b>3,033</b>	<b>3,655</b>	<b>3,753</b>	<b>3,904</b>	<b>4,040</b>	<b>4,156</b>

All figures in thousands	
PV of FCFs in explicit period (2023E-2037E)	55,297
PV of FCFs in terminal period	87,965
Enterprise value (EV)	143,262
+ Net cash / - net debt	-5,000
+ Investments / minority interests	0
Shareholder value	138,262
Number of shares (diluted)	76,337
<b>Fair value per share in EUR</b>	<b>1.81</b>

WACC		Terminal growth rate						
		1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	4.0%
WACC	4.4%	3.39	3.81	4.42	5.34	6.93	10.32	22.40
	5.4%	2.49	2.70	2.97	3.34	3.86	4.66	6.04
	6.4%	1.93	2.05	2.19	2.38	2.61	2.93	3.38
	7.4%	1.55	1.62	1.71	1.81	1.94	2.10	2.30
	8.4%	1.28	1.33	1.38	1.44	1.52	1.61	1.72
	9.4%	1.08	1.11	1.14	1.18	1.23	1.29	1.35
	10.4%	0.92	0.94	0.97	0.99	1.02	1.06	1.10
	<b>Fair value per share in EUR</b>							

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





## INCOME STATEMENT

All figures in EUR '000	2020A	2021A	2022A	2023E	2024E	2025E
<b>Revenues</b>	<b>109,689</b>	<b>117,728</b>	<b>126,171</b>	<b>118,186</b>	<b>151,370</b>	<b>180,987</b>
Change in inventories	38,204	129,819	111,671	0	0	0
Own work	0	0	0	184,000	184,000	274,000
Other operating income	3,819	4,480	5,504	6,618	4,596	4,854
<b>Total aggregate output</b>	<b>151,711</b>	<b>252,027</b>	<b>243,346</b>	<b>308,804</b>	<b>339,965</b>	<b>459,841</b>
Cost of goods sold	-72,729	-161,554	-137,315	-188,966	-193,667	-287,833
<b>Gross profit (total aggr. output / COGS)</b>	<b>78,982</b>	<b>90,473</b>	<b>106,031</b>	<b>119,838</b>	<b>146,298</b>	<b>172,007</b>
Personnel costs	-35,054	-38,499	-42,561	-47,722	-51,848	-54,581
Other operating expenses	-17,580	-19,320	-28,077	-30,804	-37,465	-44,393
<b>EBITDA</b>	<b>26,348</b>	<b>32,654</b>	<b>35,394</b>	<b>41,312</b>	<b>56,985</b>	<b>73,033</b>
Depreciation and amortisation	-18,177	-23,389	-29,221	-36,369	-43,399	-50,569
<b>Operating income (EBIT)</b>	<b>8,170</b>	<b>9,265</b>	<b>6,173</b>	<b>4,943</b>	<b>13,586</b>	<b>22,465</b>
Interest Expense	-11,182	-10,790	-16,169	-18,929	-25,112	-34,382
Interest Income	251	4,414	33,797	0	0	0
Other financial income / expenses	52	138	61	0	0	0
<b>Pre-tax income (EBT)</b>	<b>-2,708</b>	<b>3,028</b>	<b>23,862</b>	<b>-13,986</b>	<b>-11,526</b>	<b>-11,917</b>
Income taxes	3,611	21,636	-9,768	4,196	3,458	3,575
Minority interests	717	463	809	809	809	809
<b>Net income / loss</b>	<b>1,621</b>	<b>25,127</b>	<b>14,903</b>	<b>-8,981</b>	<b>-7,259</b>	<b>-7,533</b>
<b>Diluted EPS (in €)</b>	<b>0.02</b>	<b>0.33</b>	<b>0.20</b>	<b>-0.12</b>	<b>-0.10</b>	<b>-0.10</b>
<b>Ratios</b>						
Gross margin (gross profit/total aggr. output)	52.1%	35.9%	43.6%	38.8%	43.0%	37.4%
EBITDA margin on revenues	24.0%	27.7%	28.1%	35.0%	37.6%	40.4%
EBIT margin on revenues	7.4%	7.9%	4.9%	4.2%	9.0%	12.4%
Net margin on revenues	1.5%	21.3%	11.8%	-7.6%	-4.8%	-4.2%
Tax rate	133.4%	-714.6%	40.9%	-30.0%	-30.0%	-30.0%
<b>Expenses as % of revenues</b>						
Personnel costs	32.0%	32.7%	33.7%	40.4%	34.3%	30.2%
Depreciation and amortisation	16.6%	19.9%	23.2%	30.8%	28.7%	27.9%
Other operating expenses	16.0%	16.4%	22.3%	26.1%	24.8%	24.5%
<b>Y-Y Growth</b>						
Revenues	-17.4%	7.3%	7.2%	-6.3%	28.1%	19.6%
Operating income	-49.3%	13.4%	-33.4%	-19.9%	174.8%	65.4%
Net income/ loss	n.m.	1450.5%	-40.7%	n.m.	n.m.	n.m.



## BALANCE SHEET

All figures in EUR '000	2020A	2021A	2022A	2023E	2024E	2025E
<b>Assets</b>						
<b>Current assets, total</b>	<b>346,594</b>	<b>363,469</b>	<b>334,833</b>	<b>295,637</b>	<b>305,743</b>	<b>326,517</b>
Cash and cash equivalents	111,617	149,625	121,582	179,447	50,691	28,517
Short-term investments	0	0	0	0	0	0
Receivables	40,171	29,492	38,152	39,791	46,362	55,176
Inventories	174,003	163,711	147,371	48,671	180,961	215,095
Other current assets	20,803	20,641	27,728	27,728	27,728	27,728
<b>Non-current assets, total</b>	<b>317,215</b>	<b>463,531</b>	<b>585,502</b>	<b>730,832</b>	<b>872,213</b>	<b>1,094,514</b>
Property, plant & equipment	176,341	273,523	353,798	499,128	640,509	862,809
Goodwill & other intangibles	64,330	63,964	64,858	64,858	64,858	64,858
Rights-of-use assets	39,125	64,732	87,333	87,333	87,333	87,333
Other assets	76,544	126,044	166,846	166,846	166,846	166,846
<b>Total assets</b>	<b>663,809</b>	<b>827,000</b>	<b>920,336</b>	<b>1,026,470</b>	<b>1,177,956</b>	<b>1,421,030</b>
<b>Shareholders' equity &amp; debt</b>						
<b>Current liabilities, total</b>	<b>108,209</b>	<b>109,302</b>	<b>139,850</b>	<b>121,881</b>	<b>147,543</b>	<b>193,066</b>
Short-term financial debt	24,223	22,758	36,434	51,000	48,000	88,000
Liabilities from leases (ST)	4,626	6,862	5,803	5,803	5,803	5,803
Accounts payable	31,364	34,398	44,572	12,038	40,699	46,222
Current provisions	4,617	6,747	9,829	9,829	9,829	9,829
Other current liabilities	48,005	45,399	49,015	49,015	49,015	49,015
<b>Long-term liabilities, total</b>	<b>355,038</b>	<b>495,905</b>	<b>548,326</b>	<b>696,116</b>	<b>836,116</b>	<b>1,048,116</b>
Long-term financial debt	272,887	385,066	419,363	567,154	707,154	919,154
Liabilities from leases (LT)	70,388	103,719	111,207	111,207	111,207	111,207
Other liabilities	11,763	7,120	17,755	17,755	17,755	17,755
<b>Minority interests</b>	<b>-7,070</b>	<b>-7,382</b>	<b>-5,590</b>	<b>-6,399</b>	<b>-7,208</b>	<b>-8,017</b>
<b>Shareholders' equity</b>	<b>207,633</b>	<b>229,175</b>	<b>237,750</b>	<b>214,871</b>	<b>201,505</b>	<b>187,865</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	-2,692	-3,109	-2,985	-2,985	-2,985	-2,985
Treasury stock	-707	-707	-707	-707	-707	-707
Retained earnings	51,476	73,435	81,886	66,798	53,431	39,791
<b>Total consolidated equity and debt</b>	<b>663,809</b>	<b>827,000</b>	<b>920,336</b>	<b>1,026,470</b>	<b>1,177,956</b>	<b>1,421,030</b>
<b>Ratios</b>						
Current ratio (x)	3.20	3.33	2.39	2.43	2.07	1.69
Quick ratio (x)	1.59	1.83	1.34	2.03	0.85	0.58
Net cash	-260,507	-368,779	-451,226	-555,718	-821,473	-1,095,647
Net gearing	125.5%	160.9%	189.8%	258.6%	407.7%	583.2%
Book value per share (€)	2.63	2.91	3.04	2.73	2.55	2.36
Tangible book value per share (€)	1.80	2.08	2.20	1.89	1.70	1.51
Equity ratio (incl. minorities)	30.2%	26.8%	25.2%	20.3%	16.5%	12.7%
Return on equity (ROE)	0.8%	11.0%	6.3%	-4.2%	-3.6%	-4.0%
Return on assets (ROA)	1.9%	4.3%	3.4%	1.0%	1.5%	1.9%
Return on investment (ROI)	0.2%	3.0%	1.6%	-0.9%	-0.6%	-0.5%
Return on capital employed (ROCE)	2.0%	1.7%	1.0%	0.7%	1.5%	1.9%
Days sales outstanding (DSO)	134	91	110	123	112	111
Days inventory outstanding (DIO)	873	370	392	94	341	273
Days payables outstanding (DPO)	157	78	118	23	77	59



## CASH FLOW STATEMENT

All figures in EUR '000	2020A	2021A	2022A	2023E	2024E	2025E
<b>EBIT</b>	<b>8,170</b>	<b>9,265</b>	<b>6,173</b>	<b>4,943</b>	<b>13,586</b>	<b>22,465</b>
Depreciation and amortisation	18,177	23,389	29,221	36,369	43,399	50,569
<b>EBITDA</b>	<b>26,348</b>	<b>32,654</b>	<b>35,394</b>	<b>41,312</b>	<b>56,985</b>	<b>73,033</b>
Changes in working capital	-75,310	217	-33,890	64,526	-110,200	-37,424
Other adjustments	-19,538	-9,093	-10,515	-14,734	-21,654	-30,807
<b>Operating cash flow</b>	<b>-68,500</b>	<b>23,778</b>	<b>-9,011</b>	<b>91,105</b>	<b>-74,869</b>	<b>4,802</b>
Investments in PP&E	-14,450	-112,828	-95,637	-181,699	-184,779	-272,869
Investments in intangibles	-81	0	0	0	0	0
<b>Free cash flow</b>	<b>-83,031</b>	<b>-89,050</b>	<b>-104,648</b>	<b>-90,594</b>	<b>-259,648</b>	<b>-268,067</b>
Acquisitions & disposals, net	104	30,976	-440	0	0	0
Other investments	0	-139	-2,003	0	0	0
<b>Cash flow from investing</b>	<b>-14,427</b>	<b>-81,991</b>	<b>-98,080</b>	<b>-181,699</b>	<b>-184,779</b>	<b>-272,869</b>
Debt financing, net	86,483	122,179	94,450	154,566	137,000	252,000
Equity financing, net	0	0	0	0	0	0
Dividends paid	-3,053	-3,053	-6,107	-6,107	-6,107	-6,107
Other financing	-573	-7,152	-9,142	0	0	0
<b>Cash flow from financing</b>	<b>82,857</b>	<b>111,974</b>	<b>79,201</b>	<b>148,459</b>	<b>130,893</b>	<b>245,893</b>
Forex and other changes in cash	-248	-15,754	-153	0	0	0
<b>Net cash flows</b>	<b>-318</b>	<b>38,008</b>	<b>-28,043</b>	<b>57,865</b>	<b>-128,755</b>	<b>-22,174</b>
Cash, start of the year	111,935	111,617	149,625	121,582	179,447	50,691
<b>Cash, end of the year</b>	<b>111,617</b>	<b>149,625</b>	<b>121,582</b>	<b>179,447</b>	<b>50,691</b>	<b>28,517</b>
<b>EBITDA/share (in €)</b>	<b>0.35</b>	<b>0.43</b>	<b>0.46</b>	<b>0.54</b>	<b>0.75</b>	<b>0.96</b>
<b>Operating cashflow/share (in €)</b>	<b>-0.90</b>	<b>0.31</b>	<b>-0.12</b>	<b>1.19</b>	<b>-0.98</b>	<b>0.06</b>
<b>Y-Y Growth</b>						
Operating cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Free cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
EBITDA/share	-10.0%	23.9%	8.4%	16.7%	37.9%	28.2%

## Imprint / Disclaimer

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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.

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### **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.

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- 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;

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**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 <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...115	↓	↓	↓	↓
116	19 April 2022	€12.12	Reduce	€11.50
117	12 May 2022	€12.42	Reduce	€12.00
118	11 August 2022	€15.90	Reduce	€15.20
119	10 November 2022	€21.30	Reduce	€18.10
120	12 December 2022	€22.30	Add	€26.00
121	2 February 2023	€15.74	Buy	€26.00
122	15 February 2023	€17.34	Buy	€26.00
123	17 April 2023	€12.96	Buy	€25.00
124	Today	€12.86	Buy	€25.00

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- valuation methods and principles
- sensitivity of valuation parameters

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