Enapter AG

Germany / Cleantech
Primary exchange: Frankfurt
Bloomberg: H2O GR
ISIN: DE000A255G02

Annual report 2021

RATING	**BUY**
PRICE TARGET	**€ 29.00**
Return Potential	56.8%
Risk Rating	High

GREEN HYDROGEN NOW ALSO A GEOPOLITICAL IMPERATIVE

Enapter has presented its 2021 annual report. The final figures largely match preliminary numbers. The Russian invasion of Ukraine has caused the price of natural gas to skyrocket, making the production of natural gas-based grey hydrogen much more expensive. Although electricity prices have also risen sharply, the cost of wind and solar power remains at a low level. The competitiveness of green hydrogen produced directly from wind and solar power has thus improved significantly. In addition, green hydrogen is now also receiving strong support for geopolitical reasons (migration away from Russian natural gas). We therefore expect an accelerated capacity expansion at Enapter and raise our medium-term forecasts. Our valuation is now based solely on a DCF model and yields a new price target of €29 (previously: €24). We confirm our Buy recommendation.

Accelerated capacity expansion expected Enapter is making good progress in the construction of its first electrolyser mass production facility, and the urgency of ramping up a green hydrogen economy has again risen with the Russian-Ukrainian war. We therefore now assume that Enapter will vigorously expand capacity in 2024 and reach an output of about 700 MW in 2025 (previous estimate: 336 MW).

Change in valuation model We previously valued Enapter by combining a DCF model and a peer group analysis. We weighted both valuation models at 50%. Since the peer group valuation was constantly subject to strong fluctuations, which made it difficult to approximate the fair value of Enapter, we now value the company solely on the basis of a DCF model.

(p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2019	2020	2021	2022E	2023E	2024E
Revenue (€ m)	0.93	2.07	8.44	43.59	115.20	193.54
Y-o-y growth	30.9%	122.7%	307.8%	416.3%	164.3%	68.0%
EBIT (€ m)	-1.50	-3.54	-8.62	-10.75	-0.40	9.52
EBIT margin	-161.5%	-171.2%	-102.1%	-24.7%	-0.3%	4.9%
Net income (€ m)	-1.52	-3.57	-8.70	-11.65	-2.27	7.22
EPS (diluted) (€)	0.00	-0.16	-0.38	-0.45	-0.08	0.27
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00
FCF (€m)	-3.36	-6.17	-33.05	-98.37	-16.28	-14.24
Net gearing	-17.1%	-32.2%	-33.8%	24.5%	42.1%	52.1%
Liquid assets (€ m)	1.35	4.25	19.60	19.94	17.97	9.93

RISKS

The main risks are: financing risk, technological risk, production risk, increasing competition, innovations.

COMPANY PROFILE

Enapter produces standardised electrolysers, which are scalable to larger units based on a modular approach. Enapter's patent-protected AEM technology offers high cost reduction potential. Enapter has a production site in Pisa, Italy, and ca. 130 employees.

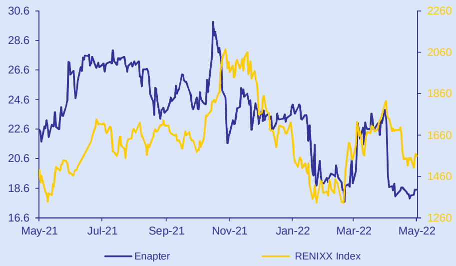
MARKET DATA

As of 05 May 2022

Closing Price	€ 18.50
Shares outstanding	24.41m
Market Capitalisation	€ 451.50m
52-week Range	€ 17.66 / 29.88
Avg. Volume (12 Months)	5,556

Multiples	2021	2022E	2023E
P/E	n.a.	n.a.	n.a.
EV/Sales	45.8	8.9	3.4
EV/EBIT	n.a.	n.a.	n.a.
Div. Yield	0.0%	0.0%	0.0%

STOCK OVERVIEW



COMPANY DATA

As of 31 Dec 2021

Liquid Assets	€ 19.60m
Current Assets	€ 29.92m
Intangible Assets	€ 7.11m
Total Assets	€ 62.14m
Current Liabilities	€ 10.40m
Shareholders' Equity	€ 46.52m

SHAREHOLDERS

BluGreen	74.0%
Sergei Storozhenko	4.4%
Free Float	21.6%

Analyst: Dr. Karsten von Blumenthal, Tel. +49 30 80 93 96 90

Sales quadrupled in 2021 Despite supply bottlenecks and pandemic-related restrictions, Enapter quadrupled 2021 sales to €8.4m, narrowly meeting its sales guidance of €8.7m. Major cost items were material costs (€7.9m), personnel costs (€7.6m) and other operating expenses (€5.8m). EBITDA of €-7.6m (FBe: €-7.5m) was slightly better than guidance of €-7.7m. Depreciation and amortisation of €1.0m resulted in an operating result of €-8.6m. Net income of €-8.7m was slightly below guidance and our forecast (see figure 1). Overall, Enapter met guidance for the year remarkably well despite the many uncertainties.

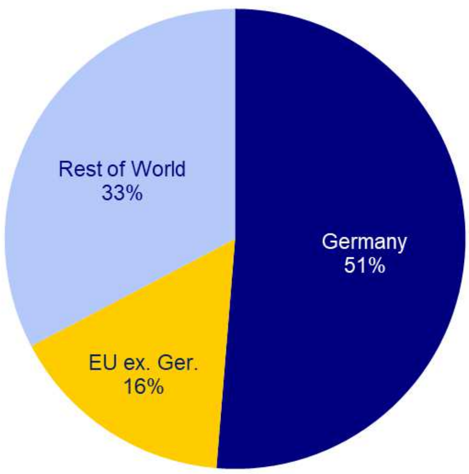
Figure 1: Reported figures versus forecast

All figures in €m	2021A	2021E	Delta	2020A	Delta	Guidance
Sales	8.4	8.4	0%	2.1	308%	8.7
EBITDA	-7.6	-7.5	-	-2.9	-	-7.7
margin	*-90.3%*	*-89.4%*		*-141.1%*		*-88.5%*
Net income	-8.7	-8.5	-	-3.6	-	-8.5
margin	*-103.1%*	*-101.0%*		*-172.5%*		*-97.7%*
EPS (diluted)	-0.38	-0.38	-	-0.16	-	n.a.

Source: First Berlin Equity Research, Enapter AG

Almost half of Enapter's sales generated abroad Enapter generated 51% of its 2021 sales in Germany, 16% in the EU and 33% with customers in the rest of the world (see figure 2). With more than 200 customers in nearly 50 countries, the company is already very international in its early stage of development.

Figure 2: Regional sales split



Source: First Berlin Equity Research, Enapter AG

Balance sheet reflects growth The balance sheet total more than quadrupled during the year to €62m. On the assets side, the biggest change was in property, plant and equipment, which increased from €3m to €24m, mainly due to investments in the new mass production facility in Saerbeck. Cash inflow from the capital increases boosted cash and cash equivalents from €4m to just under €20m and strengthened equity, which rose from €9m to almost €47m. The equity ratio increased from 60% to 75%. The jump in trade payables from €0.9m to €6.4m is mainly due to services used for the construction of the factory in Saerbeck (see figure 3).

Figure 3: Selected balance sheet positions

in €m	2021A	2020A	Delta
Intangible goods & Goodwill	7.1	4.0	79%
Property, plant & equipment	24.0	2.9	736%
Rights-of-use assets	1.1	1.0	2%
Non-current assets, total	**32.2**	**7.9**	**307%**
Inventories	3.6	1.3	177%
Receivables	2.6	0.2	1333%
Cash and cash equivalents	19.6	4.2	361%
Current assets, total	**29.9**	**6.6**	**351%**
Equity	46.5	8.7	432%
Equity ratio	*74.9%*	*60.1%*	*+14.8 PP*
Financial debt (long-term)	2.7	0.0	n.a.
Financial debt (short-term)	1.2	1.4	-16%
Lease liabilities (long-term)	0.6	0.6	1%
Lease liabilities (short-term)	0.2	0.1	42%
Net debt	-15.0	-2.1	n.a.
Net Gearing (net debt / equity in %)	*-32.2%*	*-24.4%*	n.a.
Payables	6.4	0.9	574%
Balance sheet total	**62.1**	**14.6**	**327%**

Source: First Berlin Equity Research, Enapter AG

Cash flow statement dominated by investments and associated financing Cash flow from operating activities amounted to €-8.0m and was significantly influenced by the negative net result of €-8.7m (see figure 4). Cash flow from investing activities amounted to €-25.1m and is composed of investments in property, plant and equipment (mainly Saerbeck) amounting to €21.6m and capitalised development costs for intangible assets and patents (€3.5m). Cash flow from financing activities tallied €48.4m and mainly includes net inflows from the two cash capital increases amounting to €46.1m and from net borrowings (€2.5m). Net cash inflow was €15.4m.

Figure 4: Selected cash flow statement positions

in €m	2021A	2020A
Operating cash flow	-8.0	-2.1
CAPEX	-25.1	-4.0
Free cash flow	-33.0	-6.2
Cash flow from investing	-25.1	-3.8
Cash flow from financing	48.4	8.8
Net cash flow	15.4	2.9

Source: First Berlin Equity Research, Enapter AG

Solid order backlog and very large sales pipeline As of mid-April 2022, the order backlog amounted to €10.4m, of which €8.2m will be converted into sales in the current year. The sales pipeline is very well filled with expressions of interest from potential customers. Current customer inquiries add up to around €300m, a fifteen fold increase compared with the previous year (ca. €20m).

Risk of Russian exposure limited Of the 35 software developers in the Enapter Group, 29 employees work in St. Petersburg. A large number of these employees have left Russia and continue to work for Enapter at different locations. Therefore, management do not currently see any significant economic risk in Enapter's exposure to Russia.

Headcount expansion proceeding according to plan As of year-end 2021, Enapter had 189 employees (previous year: 100), of which 83 were employed in research & development (previous year: 44), 68 in production and 38 in administration, sales and business development. More than 300 jobs are to be created at the Enapter Campus in Saerbeck.

Technology leadership through extensive research and development Anion Exchange Membrane (AEM) electrolysis is in an early stage of its development and still offers great innovation potential. Through years of research, Enapter has established technology leadership in AEM electrolysis, which is well protected by patents. The R&D team conducts research in the areas of:

- electrochemistry (improvement of catalysts and membrane-electrode unit); and
- mechanical stack development (improved sealing concepts, higher pressure resistance, and easier assembly capability in automated manufacturing processes).

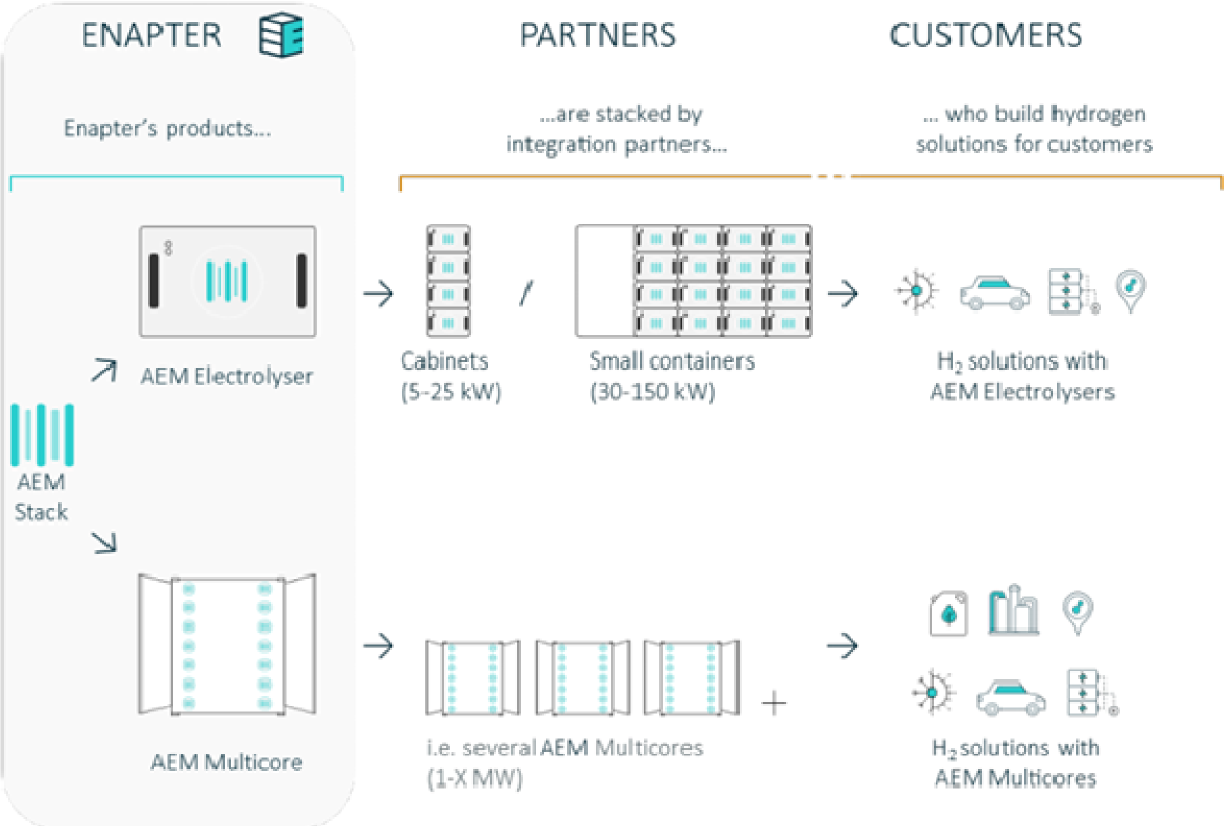
Other key activities include preparation for mass production of the modular electrolyser, including development of the production processes and machinery, and development of the product platform for MW applications.
R&D expenses amounted to €3.7m or 44% of sales in 2021 (previous year: €2.4m, or 118% of sales). To maintain and expand its technology leadership, Enapter will continue to make substantial R&D investments. The R&D team, which increased from 44 to 83 employees during the year, is currently being expanded to the new site in Saerbeck, where a new R&D center is being built.

Product development moves forward The Enapter Group's current model is the "EL 2.1" electrolyser, which will be supplemented by the more compact "EL Model 4" (EL 4.0) in mid-2022. The EL 4.0 marks a significant milestone from existing series production to mass production of electrolysers starting in 2023. The EL 4.0 is more compact, lighter and also less expensive than its predecessor. For example, the weight has been reduced by 17 kg to now 38 kg. The modular design allows any number of units to be connected in series to produce the desired amount of green hydrogen. The latest AEM electrolyser can be operated with direct and alternating current and is available in water- and air-cooled variants. Even before the official mid-year launch, more than 400 customer orders have been placed for the new unit.
In 2021, Enapter has also started development of the new AEM Multicore – an electrolyser in the megawatt class. This will involve combining over 400 AEM stacks manufactured in automated mass production, into a complete system. Enapter received initial orders back in October 2021, just a few weeks after the AEM Multicore was unveiled. The first delivery is scheduled for summer 2023.

This means that Enapter will soon be installing its stacks, which will be manufactured in automated production in the future, in two very different product series (see figure 5):

- First, in the AEM electrolysers, which have an input power of 2.4 kW and produce more than 1 kg of hydrogen per day. Stacked in cabinets, they can reach up to about 25 kW of power and in small containers up to about 150 kW. The AEM electrolyser product line is thus intended for both local and decentralised use.
- Secondly, in the AEM Multicores, which reach an input power of about 1 MW (=1,000 kW). The modules can produce about 450 kg of hydrogen per day and are suitable for centralised hydrogen production. By interconnecting many AEM Multicore electrolysers, production complexes with 10 MW, 20 MW or 30 MW can also be built.

Figure 5: Enapter's products and its applications



Source: First Berlin Equity Research, Enapter AG

Production expanded in Pisa and under construction in Saerbeck Enapter currently produces electrolysers in Pisa, Italy. There, manual series production was further expanded so that production could also be run in shifts in the second half of 2021. An additional building was added to the site in 2021, which was expanded to include laboratories and a clean room. With the start-up of chemical production in an additional building in Pisa in the first half of 2022, stack production in particular can be significantly increased. We expect the Pisa production site to have reached an output of around 1,000 electrolysers per month by now.

In September 2021, ground was broken for the Enapter Campus currently under construction in Saerbeck in North Rhine-Westphalia. Here, production facilities for the mass production of the stacks, AEM electrolysers and AEM multicores, as well as warehouses, offices and laboratories for research and development are being built on an area of around 80,000 m^2. The campus will be powered entirely by renewable energy. The state of North Rhine-Westphalia is funding the construction of the machinery required for mass production with around €9.4m. Enapter has received grant commitments of around €7.2m from the state development bank KfW in 2021 and funding of €5.6m from the German Federal Ministry of Education and Research. Completion is scheduled for the end of 2022 and the start of production in the second quarter of 2023.

First tranche of capital increase successfully placed Enapter successfully placed the first tranche of the capital increase in April 2022. The pre-placement raised gross proceeds of €30m, including the backstop of up to €15m by major shareholder BluGreen. The offer price was set at €19.00 per share. In total, Enapter plans to issue at least 1,578,948 and up to 6,315,789 new shares from authorised capital while granting subscription rights to current shareholders.
The total volume of the capital increase is divided into two tranches. In addition to the first tranche (€30m), Enapter plans a second tranche with a volume of up to €70m, which is intended for subscription by strategic investors with whom Enapter is in advanced negotiations on cooperation agreements. In our model, we have provisionally assumed a volume of €20m for the second tranche at an issue price of €19.00 per share.

Guidance for 2022 confirmed For 2022, Enapter continues to expect sales of €44.8m and EBITDA of around €-7m but notes risks from the Russia-Ukraine war and the Corona pandemic. We expect material sourcing to be challenging. In particular, we see strong price increases for key raw materials such as nickel and cobalt. As the largest producer of nickel metal comes from Russia, there is a risk of supply bottlenecks here. Cobalt is also a valuable raw material for microelectronics and battery technology. Enapter plans to increase procurement and price security by concluding longer-term supply contracts.

2022E-2024E estimates adjusted We maintain our 2022E revenue estimate of €43.6m. The huge output increases in Pisa make us confident that Enapter will achieve our revenue estimate, provided the procurement side plays along. In anticipation of higher material costs, especially in raw materials, we have lowered our gross margin expectation from 26% to 23%. This leads to a 2022E EBITDA forecast of €-7.2m and an EBIT forecast of €-10.8m (see figure 6). For 2023 & 2024, we maintain our sales estimates but lower our earnings estimates as we now assume higher material costs and depreciation.

Figure 6: Revisions to forecasts

		2022E			2023E			2024E	
All figures in €m	**Old**	**New**	**Delta**	**Old**	**New**	**Delta**	**Old**	**New**	**Delta**
Sales	43.6	43.6	0.0%	115.2	115.2	0.0%	193.5	193.5	0.0%
EBIT	-8.5	-10.8	-	1.8	-0.4	-	12.7	9.5	-25.0%
margin	*-19.5%*	*-24.7%*		*1.6%*	*-0.3%*		*6.6%*	*4.9%*	
Net income	-10.0	-11.6	-	-1.2	-2.3	-	9.4	7.2	-23.0%
margin	*-22.9%*	*-26.7%*		*-1.0%*	*-2.0%*		*4.8%*	*3.7%*	
EPS (diluted)	-0.41	-0.45	-	-0.05	-0.08	-	0.38	0.27	-30.5%

Source: First Berlin Equity Research, Enapter AG

Medium-term forecasts increased As early as 2021, management formulated the vision of achieving output in the low single-digit gigawatt range by 2025. Previously (see our research of 12 August, 2021), we had assumed an output of 336 MW for 2025. So far, the construction of the mass production facility in Saerbeck is proceeding according to plan. Mass production is scheduled to start in the second quarter of 2023. Following the successful placement of the first tranche of the capital increase by Enapter in April 2022, we consider financing-side limitations to have been eliminated for the time being. We are therefore confident that the company will be able to significantly accelerate its expansion once mass production has been running smoothly for a few months. Therefore, we now assume a capacity of approx. 1 GW for 2025E. With an estimated capacity utilisation of 70%, this results in an output of approx. 700 MW (see figure 7).

Figure 7: New sales forecast for 2025 and the following years

Possible expansion path	2023	2024	2025	2026
Capacity (stack units)	80,000	120,000	420,000	520,000
Power per stack unit in kW	2.4	2.4	2.4	2.4
Capacity production sites in MW	192	288	1,008	1,248
Capacity utilisation in %	50%	70%	70%	80%
Output in MW	96	202	706	998
Average selling price in €k/MW	1,200	960	768	614
Revenue in €m	115.200	193.536	541.901	613.417

Source: First Berlin Equity Research, Enapter AG

The urgency of building a European production infrastructure for green hydrogen has once again increased significantly as a result of Russia's invasion of Ukraine and the resulting European drive for the fastest possible independence from Russian gas, because until now grey hydrogen has been obtained from (Russian) natural gas via gas reforming. We assume that the development of a production infrastructure for green hydrogen will be accelerated once again throughout Europe and that green hydrogen will remain a highly sought-after commodity for years to come in view of the increasingly expensive and scarce grey hydrogen.

Change of valuation to pure DCF model We previously valued Enapter based on a DCF model and a peer group analysis. We weighted both valuation models at 50%. The peer group valuation was regularly subject to strong fluctuations, which made it difficult to approximate the fair value of Enapter (see figure 8). As of this publication, we value the company solely on the basis of a DCF model.

Figure 8: Valuation history

Valuation in €	Peer group	DCF	Fair Value	Price target
21.09.2020	10.19	7.51	8.85	8.90
02.02.2021	71.50	11.94	41.72	41.70
27.04.2021	39.00	13.23	26.12	26.00
12.08.2021	51.51	17.42	34.46	34.00
11.11.2021	74.53	17.56	46.04	46.00
28.01.2022	29.98	17.92	23.95	24.00

Source: First Berlin Equity Research, Enapter AG

Updated DCF model takes faster corporate expansion into account We have updated our DCF model. In doing so, we have taken into account the significantly higher output from 2025E and also the higher yield on risk-free bonds (the 10-year German government bond most recently yielded 1.0%). We have also lowered our long-term EBIT margin assumption from 14.9% to 13.2% as we expect a more competitive environment in the long term. In addition to the net cash position of €14.4m at year-end 2021, the pro forma net cash position takes into account the capital increase of €30m already implemented and assumes a further capital increase of €20m this year. The diluted number of shares calculated for the fair value per share is 27.0m. Overall, this yields a new price target of €29 (previously: €24). We reiterate our Buy recommendation.

VALUATION MODEL

DCF valuation model All figures in EUR '000	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Net sales	**43,588**	**115,200**	**193,536**	**541,901**	**613,417**	**760,637**	**943,190**	**1,136,973**
NOPLAT	**-10,753**	**-399**	**9,136**	**51,682**	**50,934**	**57,568**	**73,559**	**91,107**
+ depreciation & amortisation	3,623	7,722	8,096	9,120	10,252	11,422	12,831	14,514
Net operating cash flow	-7,130	7,323	17,232	60,802	61,187	68,989	86,390	105,620
- total investments (CAPEX, WC, Other)	-78,452	-19,434	-27,354	-70,915	-32,689	-47,193	-56,633	-62,323
Capital expenditures	*-84,236*	*-10,598*	*-23,224*	*-21,134*	*-22,696*	*-26,622*	*-31,125*	*-35,246*
Working capital	*-6,116*	*-11,135*	*-6,330*	*-52,281*	*-9,993*	*-20,570*	*-25,507*	*-27,076*
Other	*11,900*	*2,300*	*2,200*	*2,500*	*0*	*0*	*0*	*0*
Free cash flows (FCF)	-85,582	-12,111	-10,123	-10,113	28,498	21,797	29,757	43,298
PV of FCF's	**-79,649**	**-10,107**	**-7,572**	**-6,784**	**17,141**	**11,756**	**14,387**	**18,770**

All figures in thousands	
PV of FCFs in explicit period (2022E-2036E)	187,130
PV of FCFs in terminal period	540,482
Enterprise value (EV)	727,612
+ Net cash / - net debt (pro forma)	64,983
+ Investments / minority interests	2
Shareholder value	792,597
Diluted number of shares	27,037
Fair value in EUR	29.32

Terminal growth	4.0%
Terminal EBIT margin	13.2%

WACC	11.5%
Cost of equity	12.0%
Pre-tax cost of debt	3.5%
Tax rate	30.0%
After-tax cost of debt	2.5%
Share of equity capital	95.0%
Share of debt capital	5.0%
Price target	29.00

Terminal growth rate

WACC	2.5%	3.0%	3.5%	4.0%	4.5%	5.0%	5.5%
8.5%	51.32	54.38	58.05	62.54	68.14	75.32	84.89
9.5%	40.36	42.26	44.48	47.09	50.23	54.06	58.84
10.5%	32.43	33.67	35.08	36.70	38.59	40.83	43.51
11.5%	26.50	27.33	28.26	**29.32**	30.52	31.91	33.53
12.5%	21.94	22.51	23.15	23.86	24.65	25.56	26.59
13.5%	18.37	18.77	19.21	19.70	20.24	20.85	21.53
14.5%	15.51	15.80	16.12	16.46	16.84	17.26	17.73

* 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	2025E	2026E
Revenues	**929**	**2,070**	**8,442**	**43,588**	**115,200**	**193,536**	**541,901**	**613,417**
Changes in Inventories	107	242	540	0	0	0	0	0
Own Work	1,805	2,208	3,330	3,269	3,456	3,484	3,793	4,127
Cost of goods sold	1,108	2,320	7,874	33,563	81,792	137,411	379,331	429,392
Gross profit (Sales ./. COGS)	**-179**	**-250**	**568**	**10,025**	**33,408**	**56,125**	**162,570**	**184,025**
Personnel costs	1,827	3,356	7,596	12,343	16,219	24,192	54,190	60,226
Other operating income	73	605	1,367	872	1,728	2,516	5,419	6,134
Other operating expenses	1,232	2,369	5,828	8,953	15,050	20,321	54,190	60,784
EBITDA	**-1,253**	**-2,920**	**-7,619**	**-7,130**	**7,323**	**17,612**	**63,402**	**73,275**
Depreciation and amortisation	248	625	1,002	3,623	7,722	8,096	9,120	10,252
Operating income (EBIT)	**-1,501**	**-3,544**	**-8,622**	**-10,753**	**-399**	**9,516**	**54,282**	**63,023**
Net financial result	-15	-21	-88	-892	-1,868	-1,915	-2,282	-2,580
Non-operating expenses	0	0	0	0	0	0	0	0
Pre-tax income (EBT)	**-1,516**	**-3,565**	**-8,709**	**-11,645**	**-2,267**	**7,601**	**52,000**	**60,443**
Income taxes	0	3	-8	0	0	380	2,600	12,089
Minority interests	-2	-1	1	0	0	0	0	0
Net income / loss	**-1,518**	**-3,569**	**-8,701**	**-11,645**	**-2,267**	**7,221**	**49,400**	**48,355**

Ratios								
Gross margin on revenues	-19.2%	-12.1%	6.7%	23.0%	29.0%	29.0%	30.0%	30.0%
EBITDA margin on revenues	-134.8%	-141.0%	-90.3%	-16.4%	6.4%	9.1%	11.7%	11.9%
EBIT margin on revenues	-161.5%	-171.2%	-102.1%	-24.7%	-0.3%	4.9%	10.0%	10.3%
Net margin on revenues	-163.4%	-172.4%	-103.1%	-26.7%	-2.0%	3.7%	9.1%	7.9%
Tax rate	0.0%	-0.1%	0.1%	0.0%	0.0%	5.0%	5.0%	20.0%
Expenses as % of revenues								
Personnel costs	196.5%	162.1%	90.0%	28.3%	14.1%	12.5%	10.0%	9.8%
Depreciation and amortisation	26.7%	30.2%	11.9%	8.3%	6.7%	4.2%	1.7%	1.7%
Other operating expenses	132.5%	114.4%	69.0%	20.5%	13.1%	10.5%	10.0%	9.9%
Y-Y Growth								
Revenues	30.9%	122.7%	307.8%	416.3%	164.3%	68.0%	180.0%	13.2%
Operating income	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	470.4%	16.1%
Net income/ loss	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	584.1%	-2.1%

BALANCE SHEET

All figures in EUR '000	2019A	2020A	2021A	2022E	2023E	2024E	2025E	2026E
Assets								
Current assets, total	**3,530**	**6,633**	**29,920**	**39,184**	**52,591**	**52,497**	**125,502**	**165,527**
Cash and cash equivalents	1,354	4,248	19,604	19,945	17,966	9,928	14,533	40,451
Short-term investments	255	0	0	0	0	0	0	0
Receivables	38	184	2,638	5,971	12,625	15,907	44,540	50,418
Inventories	862	1,300	3,604	9,195	17,927	22,588	62,356	70,585
Other current assets	1,020	901	4,073	4,073	4,073	4,073	4,073	4,073
Non-current assets, total	**4,469**	**7,917**	**32,221**	**112,992**	**116,021**	**131,291**	**143,365**	**155,863**
Property, plant & equipment	1,245	2,870	23,985	102,335	103,107	116,274	125,013	134,240
Goodwill & other intangibles	2,071	3,977	7,110	9,530	11,787	13,890	17,225	20,497
Right-of-use assets	1,119	1,033	1,055	1,055	1,055	1,055	1,055	1,055
Other assets	34	72	72	72	72	72	72	72
Total assets	**7,999**	**14,550**	**62,141**	**152,176**	**168,612**	**183,787**	**268,867**	**321,390**
Shareholders' equity & debt								
Current liabilities, total	**2,742**	**4,452**	**10,397**	**18,019**	**25,269**	**20,883**	**34,002**	**61,192**
Short-term debt	915	1,415	1,186	6,000	9,000	3,000	0	23,075
Leasing liabilities	83	109	155	155	155	155	155	155
Accounts payable	583	947	6,387	9,195	13,445	15,059	31,178	35,292
Current provisions	62	239	516	516	516	516	516	516
Other current liabilities	1,181	1,851	2,309	2,309	2,309	2,309	2,309	2,309
Long-term liabilities, total	**1,327**	**1,353**	**5,224**	**49,280**	**60,733**	**73,074**	**95,634**	**72,613**
Long-term debt	21	21	2,708	34,708	43,708	53,708	73,708	50,633
Leasing liabilities	639	568	575	734	886	1,027	1,088	1,142
Other liabilities	165	278	512	12,410	14,710	16,910	19,410	19,410
Deferred revenue	502	486	1,428	1,428	1,428	1,428	1,428	1,428
Minority interests	**0**	**1**	**2**	**2**	**2**	**2**	**2**	**2**
Shareholders' equity	**3,931**	**8,744**	**46,518**	**84,875**	**82,608**	**89,829**	**139,229**	**187,583**
Share capital	1,238	22,269	24,406	27,037	27,037	27,037	27,037	27,037
Capital reserve	5,854	-6,771	37,615	84,984	84,984	84,984	84,984	84,984
Other reserves	-13	-37	-83	-83	-83	-83	-83	-83
Treasury stock	0	0	0	0	0	0	0	0
Loss carryforward / retained earnings	-3,148	-6,716	-15,418	-27,063	-29,330	-22,109	27,291	75,645
Total consolidated equity and debt	**7,999**	**14,550**	**62,141**	**152,176**	**168,612**	**183,787**	**268,867**	**321,390**
Ratios								
Current ratio (x)	1.29	1.49	2.88	2.17	2.08	2.51	3.69	2.71
Quick ratio (x)	0.97	1.20	2.53	1.66	1.37	1.43	1.86	1.55
Net debt	-673	-2,812	-15,711	20,763	34,742	46,780	59,175	33,257
Net gearing	-17.1%	-32.2%	-33.8%	24.5%	42.1%	52.1%	42.5%	17.7%
Return on equity (ROE)	-38.6%	-40.8%	-18.7%	-13.7%	-2.7%	8.0%	35.5%	25.8%
Days of sales outstanding (DSO)	15.1	32.5	114.1	50.0	40.0	30.0	30.0	30.0
Days inventory outstanding	284.1	204.5	167.1	100.0	80.0	60.0	60.0	60.0
Days in payables (DIP)	192.2	149.1	296.1	100.0	60.0	40.0	30.0	30.0

CASH FLOW STATEMENT

All figures in EUR '000	2019A	2020A	2021A	2022E	2023E	2024E	2025E	2026E
EBIT	**-1,501**	**-3,544**	**-8,622**	**-10,753**	**-399**	**9,516**	**54,282**	**63,023**
Depreciation and amortisation	248	625	1,002	3,623	7,722	8,096	9,120	10,252
EBITDA	**-1,253**	**-2,920**	**-7,619**	**-7,130**	**7,323**	**17,612**	**63,402**	**73,275**
Changes in working capital	89	528	-1,136	-6,116	-11,135	-6,330	-52,281	-9,993
Other adjustments	18	255	758	-892	-1,868	-2,295	-4,882	-14,668
Operating cash flow	**-1,146**	**-2,137**	**-7,997**	**-14,138**	**-5,681**	**8,987**	**6,239**	**48,614**
Investments in PP&E	-381	-1,830	-21,570	-80,749	-6,912	-19,354	-15,715	-16,841
Investments in intangibles	-1,829	-2,208	-3,483	-3,487	-3,686	-3,871	-5,419	-5,855
Free cash flow	**-3,356**	**-6,175**	**-33,050**	**-98,374**	**-16,279**	**-14,237**	**-14,895**	**25,918**
Acquisitions & disposals, net	0	0	0	0	0	0	0	0
Other investments	-709	250	-11	0	0	0	0	0
Investment cash flow	**-2,919**	**-3,789**	**-25,064**	**-84,236**	**-10,598**	**-23,224**	**-21,134**	**-22,696**
Debt financing, net	19	1,240	2,463	36,814	12,000	4,000	17,000	0
Equity financing, net	1,200	6,189	48,304	50,000	0	0	0	0
Dividends paid	0	0	0	0	0	0	0	0
Other financing	3,428	1,390	-2,350	11,900	2,300	2,200	2,500	0
Financing cash flow	**4,646**	**8,819**	**48,417**	**98,714**	**14,300**	**6,200**	**19,500**	**0**
FOREX & other effects	0	0	0	0	0	0	0	0
Net cash flows	**581**	**2,894**	**15,356**	**341**	**-1,979**	**-8,037**	**4,605**	**25,918**
Cash, start of the year	773	1,354	4,248	19,604	19,945	17,966	9,928	14,533
Cash, end of the year	**1,354**	**4,248**	**19,604**	**19,945**	**17,966**	**9,928**	**14,533**	**40,451**

Y-Y Growth								
Operating cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	-30.6%	679.2%
Free cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Financial cash flow		89.8%	449.0%	103.9%	-85.5%	-56.6%	214.5%	n.m.

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Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy[1]	An expected favourable price trend of:	> 50%	> 30%
Buy	An expected favourable price trend of:	> 25%	> 15%
Add	An expected favourable price trend of:	0% to 25%	0% to 15%
Reduce	An expected negative price trend of:	0% to -15%	0% to -10%
Sell	An expected negative price trend of:	< -15%	< -10%

[1] The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

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Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	21 September 2020	€6.50	Buy	€8.90
2...1	↓	↓	↓	↓
2	2 February 2021	€35.80	Add	€41.70
3	27 April 2021	€22.30	Add	€26.00
4	12 August 2021	€26.20	Buy	€34.00
5	11 November 2021	€23.00	Buy	€46.00
6	28 January 2022	€19.02	Buy	€24.00
7	Today	€18.50	Buy	€29.00

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