

# ABO Wind AG

Deutschland / Cleantech  
 Börse München  
 Bloomberg: AB9 GR  
 ISIN: DE0005760029

2022 annual report

**RATING**  
**BUY**

**PRICE TARGET**  
**€ 118.00**

Return Potential 63.9%  
 Risk Rating High

## 2023 EXPECTED TO BE ANOTHER GOOD YEAR

The past year was by far the most successful year in ABO Wind's corporate history. Twice the company increased net profit guidance and finally achieved a net profit of €24.6m. Thus, earnings were at the upper end of the latest guidance of €20m - €25m. The company has thus managed to top the €20m mark two years ahead of the original target. For 2023, ABO Wind also expects a profit in a similar amount (€22 - €26m). The project pipeline has increased by 1 GW to 21 GW. In addition, there is the hydrogen-based project pipeline of 15 GW. These very large pipelines promise further profitable growth in the coming years. Following strong operating earnings in 2022, which were 14% above our estimate, we have raised our EBIT forecasts for 2023 and subsequent years. However, due to higher interest rates, we also assume higher interest expenses. We therefore confirm our net profit forecast of €24m for 2023. We assume that the significantly improved regulatory environment in Germany (in particular, shorter approval periods, area expansion, higher maximum prices in the tenders) and Europe (EU Emergency Ordinance) will take full effect from 2024 and provide additional impetus to ABO Wind's business. The company was also highly successful in the German tender for onshore wind power in February, winning seven projects with a total capacity of 87 MW. An updated DCF model yields an unchanged €118 price target. After the recent share price decline, we see significant upside potential (ca. 60%). Still a clear Buy.

**2023 should be similarly successful as 2022** After the extraordinarily successful FY 2022, ABO Wind expects a similarly strong net result for the current year (€22m - €26m). For the following years, the company expects a further increase in net earnings.

(p.t.o.)

### FINANCIAL HISTORY & PROJECTIONS

|                    | 2020   | 2021   | 2022   | 2023E  | 2024E  | 2025E  |
|--------------------|--------|--------|--------|--------|--------|--------|
| Revenue (€m)       | 149.16 | 127.11 | 231.66 | 267.25 | 304.13 | 343.06 |
| Y-o-y growth       | 18.1%  | -14.8% | 82.3%  | 15.4%  | 13.8%  | 12.8%  |
| EBIT (€m)          | 22.46  | 22.45  | 43.12  | 42.02  | 47.83  | 52.24  |
| EBIT margin        | 15.1%  | 17.7%  | 18.6%  | 15.7%  | 15.7%  | 15.2%  |
| Net income (€m)    | 13.12  | 13.80  | 24.59  | 23.95  | 27.16  | 31.10  |
| EPS (diluted) (€)  | 1.54   | 1.50   | 2.67   | 2.60   | 2.95   | 3.37   |
| DPS (€)            | 0.45   | 0.49   | 0.54   | 0.54   | 0.62   | 0.66   |
| FCF (€m)           | 40.53  | -54.05 | -19.10 | 1.32   | 7.73   | 13.62  |
| Net gearing        | 5.3%   | 45.0%  | 55.0%  | 54.7%  | 51.3%  | 45.8%  |
| Liquid assets (€m) | 52.80  | 18.47  | 87.08  | 78.81  | 97.26  | 103.35 |

### RISKS

Main risks are project development, supply chain, financing, interest rate, and regulation.

### COMPANY PROFILE

ABO Wind is a project developer for renewable energies and has developed green power and storage projects with a total capacity of ca. 5 GW since its establishment in 1996. The company also offers the management of wind farms, solar plants and storages. ABO Wind has ca. 1.000 employees. Its headquarters are in Wiesbaden, Germany.

### MARKET DATA

As of 20 Mar 2023

|                         |                 |
|-------------------------|-----------------|
| Closing Price           | € 72.00         |
| Shares outstanding      | 9.22m           |
| Market Capitalisation   | € 663.91m       |
| 52-week Range           | € 50.60 / 96.60 |
| Avg. Volume (12 Months) | 3,875           |

| Multiples  | 2022 | 2023E | 2024E |
|------------|------|-------|-------|
| P/E        | 27.0 | 27.7  | 24.4  |
| EV/Sales   | 3.2  | 2.7   | 2.4   |
| EV/EBIT    | 17.0 | 17.4  | 15.3  |
| Div. Yield | 0.8% | 0.8%  | 0.9%  |

### STOCK OVERVIEW



### COMPANY DATA

As of 30 Jun 2022

|                      |           |
|----------------------|-----------|
| Liquid Assets        | € 10.72m  |
| Current Assets       | € 316.70m |
| Intangible Assets    | € 1.43m   |
| Total Assets         | € 334.71m |
| Current Liabilities  | € 72.90m  |
| Shareholders' Equity | € 155.17m |

### SHAREHOLDERS

|                  |       |
|------------------|-------|
| Familie Ahn      | 26.0% |
| Familie Bockholt | 26.0% |
| Mainova          | 10.0% |
| Free Float       | 38.0% |



**Very strong growth in FY 2022** ABO Wind increased revenues by 82% to €232m, and total output was up 64% to €308m. Gross profit increased by €50m to €159m. The gross profit margin decreased from 58% to 52%, as the share of material-intensive construction services was significantly higher compared to the previous year, in particular due to the battery projects. Despite higher costs, EBIT rose more strongly than sales (+92% to €43.1m). A weaker financial result (€-4.9m vs. €-1.9m in FY 2021) due to higher interest expenses led to a net result increase of 78% y/y to €24.6m. Thanks to the very good business performance, management proposes a 10% higher dividend of €0.54 per share (PY: €0.49).

**Figure 1: Reported figures versus forecasts**

| All figures in €m  | 2022A | 2022E | Delta | 2021A | Delta |
|--------------------|-------|-------|-------|-------|-------|
| Sales              | 231.7 | 220.4 | 5%    | 127.1 | 82%   |
| EBIT               | 43.1  | 37.7  | 14%   | 22.5  | 92%   |
| margin             | 18.6% | 17.1% |       | 17.7% |       |
| Net income         | 24.6  | 23.2  | 6%    | 13.8  | 78%   |
| margin             | 10.6% | 10.5% |       | 10.9% |       |
| EPS (diluted) in € | 2.67  | 2.52  | 6%    | 1.50  | 78%   |

Source: First Berlin Equity Research, ABO Wind AG

**Strong sales growth in all segments; Planning & Rights' Sales particularly strong**

While growth in the smallest segment, Services, was comparatively low at 24%, the Planning & Rights Sales segment grew by 154% y/y. Although the volume of project rights sales and completed project developments was lower than in the previous year, the average price per MW was significantly higher. The Construction segment grew by 43% (see figure 2); here, volume growth was relatively low compared to sales growth (completed project construction: 75 MW vs. 72 MW in the previous year, turnkey sales 228 MW vs. 190 MW), while the average selling price rose strongly.

**Figure 2: Segment sales development**

| Segment sales in €m      | 2022A        | 2021A        | Delta      |
|--------------------------|--------------|--------------|------------|
| Construction             | 96.2         | 67.2         | 43%        |
| Planning & Rights' Sales | 119.6        | 47.1         | 154%       |
| Services                 | 15.9         | 12.8         | 24%        |
| <b>Total sales</b>       | <b>231.7</b> | <b>127.1</b> | <b>82%</b> |

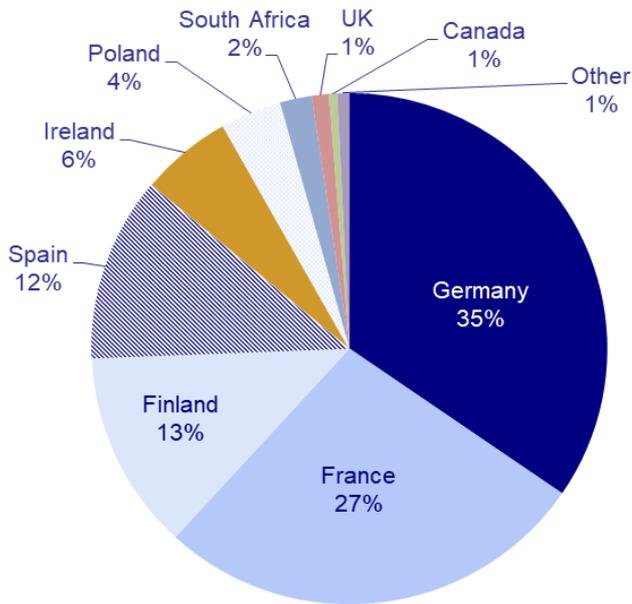
Source: First Berlin Equity Research, ABO Wind AG

**Germany most important market but share of total sales decreases significantly**

Germany was again ABO Wind's most important market in 2022 with a revenue share of almost 35% (PY: 50%), followed by France with 27% and Finland with 13% (see figure 3 overleaf). The company more than doubled revenue y/y in France and increased sales by 122% in Finland. ABO Wind achieved double-digit million revenues in five country markets and single-digit in another four. Outside Europe, South Africa delivered a significant revenue contribution of €4.6m for the first time.



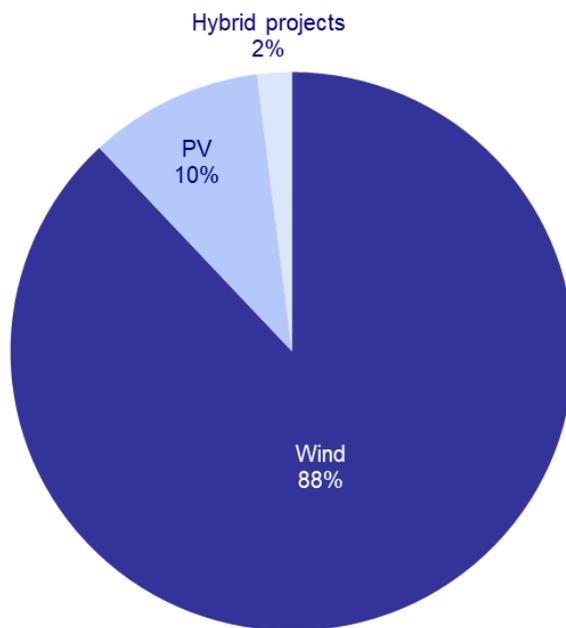
**Figure 3: Geographical sales split**



Source: First Berlin Equity Research, ABO Wind AG

**Distribution of sales according to technologies** Broken down by technologies, ABO Wind generated 88% (PY: 91%) of sales with wind projects and 10% (PY: 7%) with solar projects in the project planning business in 2022. Some 2% were generated with hybrid projects (see figure 4).

**Figure 4: Sales split by technology**



Source: First Berlin Equity Research, ABO Wind AG



**Prepared for further growth with a strong balance sheet** While there were no major shifts in fixed assets overall, current assets showed significant changes. Overall, they increased by 55% to €433m (see figure 4 overleaf). Of particular note is the significant increase in cash and cash equivalents (+371% y/y to €87m), which improves the financial scope for funding major projects, while receivables from affiliated companies rose 92% to €173m. This item mainly includes projects not yet sold (€165m) and is for us an indicator of business activity in the current year. The strong increase underpins our growth forecast. Despite the 82% increase in sales, working capital increased only marginally from €130m to €132m, resulting in a drastic reduction in the working capital ratio from 102% to 57% and points to excellent working capital management last year.

Equity rose by 13% to €170m, mainly due to the net profit. Due to the balance sheet expansion (+52% to €451m), the equity ratio decreased from just over 50% to 38%, which is still a comparatively high level for a project developer.

Financial liabilities increased by a total of 110% to €181m. This rise is mainly due to the increase in non-current financial liabilities. As these are mainly fixed interest and were acquired at a time when the general interest rate level was still comparatively low, we believe that ABO Wind is well positioned financially for the coming years. Net debt increased by 39% y/y to almost €94m. ABO Wind continues to be on a solid financial footing with net gearing of 55% (previous year: 45%). The solid financial position allows ABO Wind to construct several large-scale projects in parallel on a turnkey basis. This option is of great value for ABO Wind, as the company can, depending on the market situation, decide to either construct projects on a turnkey basis or to sell the project rights.

**Figure 5: Selected balance sheet positions**

| in €m                                     | 2022A        | 2021A        | Delta           |
|---|--------------|--------------|-----------------|
| <b>Non-current assets</b>                 | <b>13.6</b>  | <b>14.5</b>  | <b>-6%</b>      |
| Inventories                               | 124.2        | 133.0        | -7%             |
| Trade receivables                         | 26.5         | 10.9         | 143%            |
| Receivables from affiliated companies     | 172.7        | 90.0         | 92%             |
| Securities                                | 8.8          | 11.7         | -25%            |
| Liquid funds                              | 87.1         | 18.5         | 371%            |
| <b>Current assets</b>                     | <b>433.0</b> | <b>279.0</b> | <b>55%</b>      |
| Equity                                    | 170.1        | 149.9        | 13%             |
| <i>Equity ratio</i>                       | <i>37.7%</i> | <i>50.5%</i> | <i>-12,8 PP</i> |
| Mezzanine capital                         | 13.4         | 13.7         | -2%             |
| Provisions                                | 36.7         | 21.4         | 71%             |
| Financial debt, long-term                 | 170.2        | 76.9         | 121%            |
| Financial debt, short-term                | 10.3         | 9.0          | 15%             |
| Total financial debt                      | 180.6        | 85.9         | 110%            |
| Net debt                                  | 93.5         | 67.4         | 39%             |
| <i>Net gearing (Net debt/equity in %)</i> | <i>55.0%</i> | <i>45.0%</i> | <i>+10,0 PP</i> |
| Trade payables                            | 19.1         | 14.0         | 36%             |
| <b>Balance sheet total</b>                | <b>451.3</b> | <b>297.1</b> | <b>52%</b>      |

Source: First Berlin Equity Research, ABO Wind AG

**Significantly improved operating cash flow** Cash flow from operating activities amounted to €-13.9m, compared to €-50.7m in the previous year. The main reason for this was improved working capital management. As a result of the high level of borrowing (net: €94m), cash inflow from financing activities was €84m. Overall, net cash inflow amounted to almost €69m (see figure 6 overleaf).

**Figure 6: Selected cash flow positions**

| in €m                    | 2022A | 2021A |
|--------------------------|-------|-------|
| Operating cash flow      | -13.9 | -50.7 |
| CAPEX                    | -5.3  | -3.3  |
| Free cash flow           | -19.1 | -54.1 |
| Cash flow from investing | -2.1  | -3.9  |
| Cash flow from financing | 84.2  | 20.3  |
| Net cash flow            | 68.6  | -34.3 |

Source: First Berlin Equity Research, ABO Wind AG

**Project pipeline increased to 21 GW** In FY 2022, ABO Wind expanded its project pipeline (wind farms, solar farms, and battery storage) by 1 GW to 21 GW (see figure 7). In terms of capacity (GW), more than 60% of the pipeline is wind power (ca. 13 GW), more than 30% PV (> 7 GW), and ca. 5% (ca. 1 GW) battery storage. Two thirds of the projects are located in the European core markets, which are characterised by stable framework conditions. The largest increases were in Germany (+900 MW), South Africa (+800 MW) and Finland (+500 MW). The biggest declines were in Spain (-400 MW) and Canada (-200 MW). In both countries ABO Wind sold a larger volume of project rights.

**Figure 7: Project pipeline (wind, PV, storage) end 2022**

| Country         | Phase I       | Phase II     | Phase III  | Sum           |
|-----------------|---------------|--------------|------------|---------------|
| Germany         | 2,390         | 300          | 110        | 2,800         |
| France          | 1,375         | 150          | 75         | 1,600         |
| Finland         | 5,380         | 0            | 120        | 5,500         |
| Ireland         | 400           | 145          | 20         | 565           |
| Spain           | 950           | 150          | 0          | 1,100         |
| Greece          | 200           | 700          | 50         | 950           |
| Poland          | 485           | 15           | 0          | 500           |
| Hungary         | 120           | 10           | 20         | 150           |
| Great Britain   | 533           | 17           | 0          | 550           |
| The Netherlands | 50            | 0            | 0          | 50            |
| Argentina       | 1,050         | 700          | 0          | 1,750         |
| Colombia        | 410           | 50           | 20         | 480           |
| Canada          | 600           | 0            | 0          | 600           |
| South Africa    | 2,400         | 2,000        | 0          | 4,400         |
| Tanzania        | 50            | 0            | 0          | 50            |
| Tunesia         | 40            | 10           | 0          | 50            |
| <b>Sum</b>      | <b>16,433</b> | <b>4,247</b> | <b>415</b> | <b>21,095</b> |

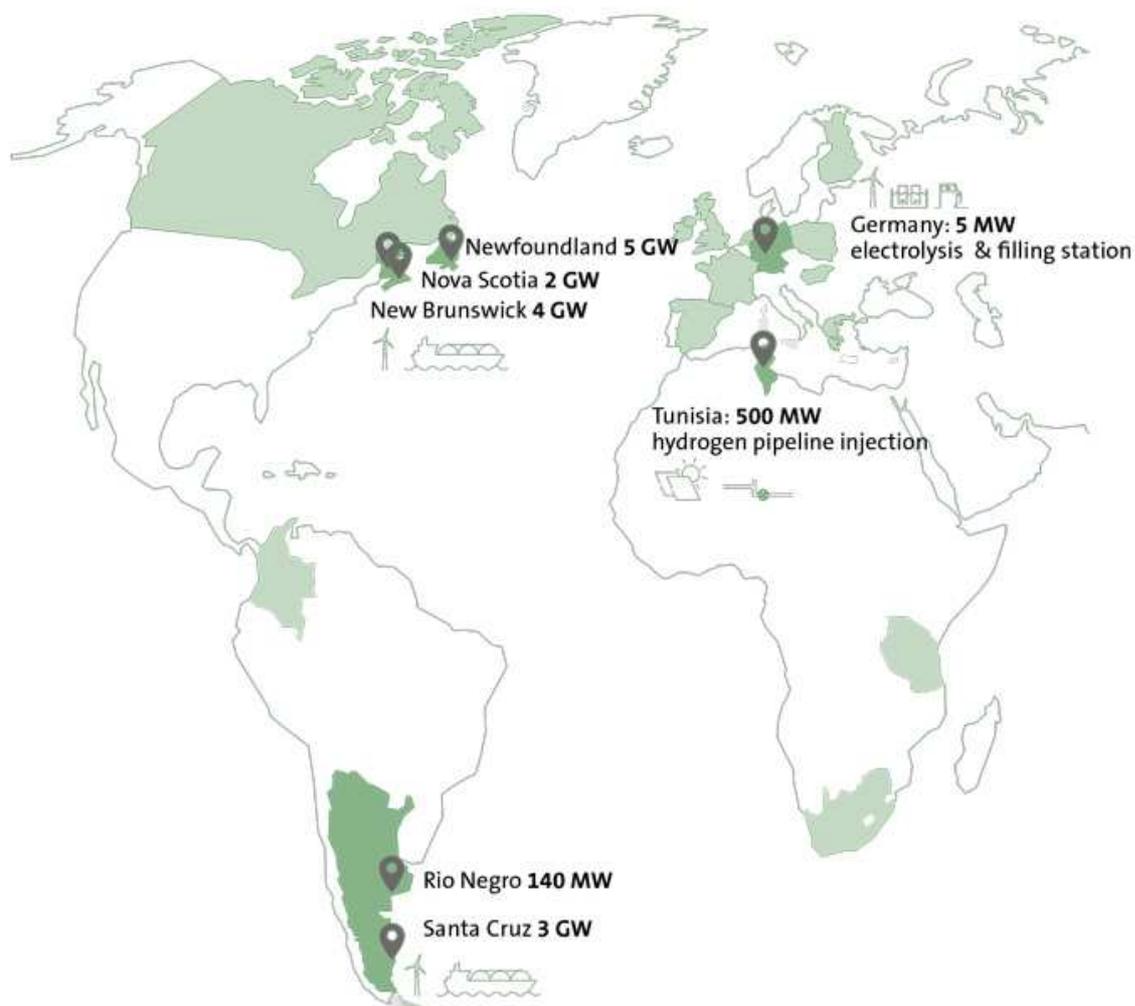
Phase I: site secured, approval pending, phase II: approval received, ready for construction

Phase III: under construction

Source: First Berlin Equity Research, ABO Wind AG

**Further project pipeline (15 GW) with focus on hydrogen** In addition to the project pipeline shown above, ABO Wind is developing a second portfolio of around 15 GW (see figure 8 overleaf). These are mainly very large wind farms or solar plants related to a targeted production of green hydrogen. In countries such as Canada or Argentina, the development of wind and solar farms would enable gigawatt-scale production. The hydrogen business model ranges from the provision of renewable energy to the full development of a hydrogen infrastructure.

**Figure 8: Hydrogen-based project pipeline**



Source: First Berlin Equity Research, ABO Wind AG

**Successes in FY 2022** Last year, ABO Wind achieved several spectacular project successes. In Canada, the company brought the country's largest approved wind farm project (capacity: 515 MW) to construction readiness. In South Africa, ABO Wind succeeded in selling two solar projects with an output of 100 MW each. In Greece, despite topographical challenges, the company built its largest solar park to date with an output of 50 MW in a construction period of only nine months. Last year, Northern Ireland's first large-scale, 50 MW stand-alone battery storage facility also went online. With a response time of less than 150 milliseconds, it is one of the fastest storage systems in the world and stabilises the power grid by providing grid services.

New business in 2022 significantly exceeded planning. ABO Wind acquired new projects in Europe with a total capacity of 2.0 GW. Outside Europe, projects with around 3.6 GW were secured. Wind power projects account for around half of new business both in terms of GW and number, while solar and hybrid projects make up the other half.



**Guidance: 2023 double-digit growth in total output and net income at a similar level as 2022** For 2023, ABO Wind expects double-digit growth in total output and net income of €22-26m (see figure 9).

**Figure 9: 2023 guidance**

| Guidance for 2023 |                     |
|-------------------|---------------------|
| Total output      | double-digit growth |
| Net profit        | €22m - €26m         |

Source: First Berlin Equity Research, ABO Wind AG

For the years 2023 to 2025, ABO Wind expects annual new business of at least two gigawatts. For the completed project developments, the company assumes an average volume of 150 to 350 MW per year. The sale of project rights and portfolios should be at least at this level. In terms of completed construction work, management expects volume of up to 250 MW per year (see figure 10).

**Figure 10: Mid-term guidance**

| 2023-25 (in MW)                 | Ø p.a.    |
|---------------------------------|-----------|
| New business                    | ≥ 2000    |
| Completed project development   | 150-350   |
| Project rights / portfolio sale | ≥ 150-350 |
| Completed construction          | ≤ 250     |

Source: First Berlin Equity Research, ABO Wind AG

**Risks: Interest rate development, supply chain issues and inflation** We see a significant risk in the increase of borrowing rates for short- and long-term project financing. ABO Wind has raised debt capital at comparatively favourable conditions by issuing a subordinated bond in FY 2021 (€43m, coupon: 3.5%, maturity: 9 years) and a promissory note in FY 2022 (€70m, tranches with fixed and variable interest rates, maturities of three, five, and seven years). Nevertheless, the significantly higher borrowing rates will increase the long-term borrowing costs of newly completed projects and thus reduce the internal rate of return. This is counteracted in Germany by the increase in the maximum value by 25% to 7.35 €/ct/kWh for onshore wind power tenders and by 25% to 7.37 €/ct/kWh for ground-mounted PV plants, as well as the significantly higher electricity prices (annual market value of onshore wind in 2022: €163/MWh versus €79/MWh in the previous year). Even the electricity price brake, which virtually caps prices at around €100/MWh, should only have a temporary effect, as we expect it to be withdrawn in June following statements to this effect by the Minister of Economic Affairs, Robert Habeck.

The pandemic, extreme weather and more protectionist policies in large parts of the world have made international supply chains significantly more fragile in recent years. We expect to see a significant increase in supply chain stability now that the pandemic has subsided and China has opened up its economy.

The explosion in commodity prices has resulted in wind turbine prices increasing by ca. 20% and a 30% rise in solar panel prices. While we expect prices to stabilise for turbines, module prices have been falling across the board since October 2022. According to pvexchange's module price index, wholesale module prices have declined by about 9-17% since then.

**Strong growth expected for wind and PV** In its latest annual report "Renewables 2022", the International Energy Agency (IEA) expects global renewable energy capacity to increase by 2,400 GW (!) between 2022 and 2027. This means that as many renewable energy-based power plants will be built in the next five years as in the previous 20 years. Wind and PV have become the cheapest option for new power plant capacity in most countries. Global



PV capacity will nearly triple and global wind capacity will nearly double between 2022 and 2027, according to the IEA.

In ABO Wind's most important market, Germany, the signs are also pointing to high growth. The German government has already initiated many measures to accelerate expansion and is planning further legislative amendments. We expect a significantly higher number of new installations from 2024, especially in onshore wind power. In 2022, 2.4 GW of onshore wind power was installed. For 2023, the German Wind Energy Association and VDMA expect new installations of 2.7 to 3.2 GW, which would represent growth of between 13% and 33%. The German government's target is an annual addition of 10 GW. A cumulative total of around 66 GW of wind power was connected to the grid at the end of 2022. According to the federal government's plans, nationwide installed onshore wind power capacity should increase to 115 GW by 2030. In the PV sector, ca. 7.5 GW was added in 2022. The German transmission system operators expect an additional 8.5 GW in 2023 (+13% y/y). The German government is targeting an expansion of 20 GW p.a. At the end of 2022, the cumulative total installed PV capacity was 68.5 GW. By 2030, the federal government aims to reach a capacity of 215 GW. The SolarPower Europe association expects an average annual increase of 18% in the rate of new installations in Germany by 2026.

**Estimates hardly changed** We maintain our revenue and net income estimates for 2023-25 (see figure 11). Increased estimates for interest expense offset our slightly higher EBIT forecasts. For 2022-25, we assume a CAGR of 14% for sales. For net income, we assume a CAGR of 8% in 2022-25. It should be noted that 2022 was an exceptionally profitable year.

**Figure 11: Revisions to forecasts**

| All figures in €m  | 2023E |       |       | 2024E |       |       | 2025E |       |       |
|--------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                    | Old   | New   | Delta | Old   | New   | Delta | Old   | New   | Delta |
| Sales              | 267.2 | 267.2 | 0%    | 304.1 | 304.1 | 0%    | 343.1 | 343.1 | 0%    |
| EBIT               | 39.6  | 42.0  | 6%    | 44.5  | 47.8  | 7%    | 50.6  | 52.2  | 3%    |
| margin             | 14.8% | 15.7% |       | 14.6% | 15.7% |       | 14.7% | 15.2% |       |
| Net income         | 24.0  | 24.0  | 0%    | 27.2  | 27.2  | 0%    | 31.1  | 31.1  | 0%    |
| margin             | 9.0%  | 9.0%  |       | 8.9%  | 8.9%  |       | 9.1%  | 9.1%  |       |
| EPS (diluted) in € | 2.60  | 2.60  | 0%    | 2.95  | 2.95  | 0%    | 3.37  | 3.37  | 0%    |

Source: First Berlin Equity Research, ABO Wind AG

**Buy recommendation reiterated at unchanged price target** An updated DCF model yields an unchanged €118 price target. After the recent share price decline, we see a very attractive entry opportunity for investors who want to participate in the global structural growth of renewable energies in this decade. ABO Wind has always been profitable during its 27-year history, has two very large project pipelines, is internationally and technologically broadly positioned, and has sufficient internal resources; in particular, more than 1,000 employees as well as sufficient financial resources to be able to handle the planned growth. We confirm our Buy recommendation.



## VALUATION MODEL

| DCF valuation model                |                |                |                |                |                |                |                |                |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| All figures in EUR '000            | 2023E          | 2024E          | 2025E          | 2026E          | 2027E          | 2028E          | 2029E          | 2030E          |
| <b>Net sales</b>                   | <b>267,249</b> | <b>304,129</b> | <b>343,058</b> | <b>384,225</b> | <b>461,070</b> | <b>509,273</b> | <b>558,579</b> | <b>608,344</b> |
| <b>NOPLAT</b>                      | <b>30,224</b>  | <b>34,454</b>  | <b>38,913</b>  | <b>45,573</b>  | <b>54,351</b>  | <b>58,824</b>  | <b>63,870</b>  | <b>68,107</b>  |
| + depreciation & amortisation      | 2,464          | 2,689          | 3,100          | 3,530          | 4,000          | 4,598          | 5,195          | 5,790          |
| Net operating cash flow            | 32,688         | 37,143         | 42,013         | 49,103         | 58,351         | 63,422         | 69,065         | 73,897         |
| - total investments (CAPEX and WC) | -31,372        | -29,415        | -28,392        | -31,649        | -51,531        | -34,225        | -35,020        | -35,388        |
| Capital expenditures               | -3,741         | -4,258         | -4,803         | -5,379         | -6,350         | -6,898         | -7,439         | -7,964         |
| Working capital                    | -27,631        | -25,157        | -23,589        | -26,270        | -45,181        | -27,327        | -27,581        | -27,424        |
| Free cash flows (FCF)              | 1,316          | 7,728          | 13,621         | 17,454         | 6,820          | 29,197         | 34,045         | 38,509         |
| <b>PV of FCF's</b>                 | <b>1,251</b>   | <b>6,883</b>   | <b>11,375</b>  | <b>13,665</b>  | <b>5,006</b>   | <b>20,087</b>  | <b>21,958</b>  | <b>23,284</b>  |

| All figures in thousands                    |               |                      |
|---|---------------|----------------------|
| PV of FCFs in explicit period (2023E-2037E) | 287,858       |                      |
| PV of FCFs in terminal period               | 893,349       |                      |
| Enterprise value (EV)                       | 1,181,207     | Terminal growth      |
| + Net cash / - net debt                     | -93,505       | Terminal EBIT margin |
| + Investments / minority interests          | 36            |                      |
| Shareholder value                           | 1,087,738     |                      |
| Number of shares (diluted)                  | 9,221         |                      |
| <b>Fair value per share in EUR</b>          | <b>117.96</b> |                      |

| WACC |                            | Terminal growth rate |        |        |        |        |        |         |
|------|----------------------------|----------------------|--------|--------|--------|--------|--------|---------|
|      |                            | 2.0%                 | 2.5%   | 3.0%   | 3.5%   | 4.0%   | 4.5%   | 5.0%    |
| 5.2% | Cost of equity             | 151.75               | 172.77 | 203.50 | 252.65 | 343.94 | 572.16 | 2169.73 |
| 5.7% | Pre-tax cost of debt       | 125.59               | 139.55 | 158.75 | 186.81 | 231.71 | 315.09 | 523.54  |
| 6.2% | Tax rate                   | 105.87               | 115.56 | 128.31 | 145.84 | 171.46 | 212.45 | 288.58  |
| 6.7% | After-tax cost of debt     | 90.52                | 97.47  | 106.31 | 117.95 | 133.95 | 157.33 | 194.74  |
| 7.2% | Share of equity capital    | 78.26                | 83.37  | 89.71  | 97.78  | 108.39 | 122.99 | 144.32  |
| 7.7% | Share of debt capital      | 68.26                | 72.10  | 76.77  | 82.55  | 89.90  | 99.58  | 112.89  |
| 8.2% | <b>Price target in EUR</b> | 59.98                | 62.91  | 66.41  | 70.66  | 75.93  | 82.63  | 91.46   |

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



## INCOME STATEMENT

| All figures in EUR '000          | 2020A          | 2021A          | 2022A          | 2023E          | 2024E          | 2025E          |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Revenues</b>                  | <b>149,155</b> | <b>127,109</b> | <b>231,658</b> | <b>267,249</b> | <b>304,129</b> | <b>343,058</b> |
| Changes in inventory             | 20,206         | 60,346         | 76,434         | 72,157         | 82,115         | 88,166         |
| Own work                         | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>Total output</b>              | <b>169,361</b> | <b>187,455</b> | <b>308,092</b> | <b>339,406</b> | <b>386,244</b> | <b>431,224</b> |
| Cost of goods sold               | 72,592         | 78,280         | 148,807        | 170,238        | 198,292        | 228,134        |
| <b>Gross profit</b>              | <b>96,769</b>  | <b>109,175</b> | <b>159,285</b> | <b>169,169</b> | <b>187,952</b> | <b>203,090</b> |
| Personnel costs                  | 50,776         | 63,397         | 77,730         | 86,586         | 96,200         | 103,800        |
| Other operating income           | 6,362          | 5,141          | 5,111          | 5,612          | 6,083          | 6,861          |
| Other operating expenses         | 17,593         | 20,440         | 29,694         | 33,406         | 36,496         | 39,452         |
| <b>EBITDA</b>                    | <b>34,762</b>  | <b>30,479</b>  | <b>56,972</b>  | <b>54,789</b>  | <b>61,339</b>  | <b>66,700</b>  |
| Depreciation and amortisation    | 1,649          | 1,929          | 3,002          | 2,464          | 2,689          | 3,100          |
| Depreciation of current assets   | 10,653         | 6,102          | 10,846         | 10,304         | 10,819         | 11,360         |
| <b>Operating income (EBIT)</b>   | <b>22,460</b>  | <b>22,448</b>  | <b>43,124</b>  | <b>42,021</b>  | <b>47,832</b>  | <b>52,240</b>  |
| Net financial result             | -1,755         | -1,485         | -4,887         | -6,273         | -7,294         | -7,815         |
| <b>Pre-tax income (EBT)</b>      | <b>20,705</b>  | <b>20,963</b>  | <b>38,238</b>  | <b>35,747</b>  | <b>40,538</b>  | <b>44,425</b>  |
| Income taxes                     | 7,589          | 7,152          | 13,661         | 11,797         | 13,377         | 13,327         |
| Minority interests               | 4              | -6             | 13             | 0              | 0              | 0              |
| <b>Net income / loss</b>         | <b>13,120</b>  | <b>13,804</b>  | <b>24,590</b>  | <b>23,951</b>  | <b>27,160</b>  | <b>31,097</b>  |
| <b>Diluted EPS (in €)</b>        | <b>1.54</b>    | <b>1.50</b>    | <b>2.67</b>    | <b>2.60</b>    | <b>2.95</b>    | <b>3.37</b>    |
| <b>Ratios</b>                    |                |                |                |                |                |                |
| Gross margin on total output     | 57.1%          | 58.2%          | 51.7%          | 49.8%          | 48.7%          | 47.1%          |
| EBITDA margin on revenues        | 23.3%          | 24.0%          | 24.6%          | 20.5%          | 20.2%          | 19.4%          |
| EBIT margin on revenues          | 15.1%          | 17.7%          | 18.6%          | 15.7%          | 15.7%          | 15.2%          |
| EBT margin on revenues           | 13.9%          | 16.5%          | 16.5%          | 13.4%          | 13.3%          | 12.9%          |
| Net margin on revenues           | 8.8%           | 10.9%          | 10.6%          | 9.0%           | 8.9%           | 9.1%           |
| Tax rate                         | 36.7%          | 34.1%          | 35.7%          | 33.0%          | 33.0%          | 30.0%          |
| <b>Expenses as % of revenues</b> |                |                |                |                |                |                |
| Personnel costs                  | 34.0%          | 49.9%          | 33.6%          | 32.4%          | 31.6%          | 30.3%          |
| Depreciation and amortisation    | 1.1%           | 1.5%           | 1.3%           | 0.9%           | 0.9%           | 0.9%           |
| Depreciation of current assets   | 7.1%           | 4.8%           | 4.7%           | 3.9%           | 3.6%           | 3.3%           |
| Other operating expenses         | 11.8%          | 16.1%          | 12.8%          | 12.5%          | 12.0%          | 11.5%          |
| <b>Y-Y Growth</b>                |                |                |                |                |                |                |
| Revenues                         | 18.1%          | -14.8%         | 82.3%          | 15.4%          | 13.8%          | 12.8%          |
| Operating income                 | 14.3%          | -0.1%          | 92.1%          | -2.6%          | 13.8%          | 9.2%           |
| Net income/ loss                 | 15.1%          | 5.2%           | 78.1%          | -2.6%          | 13.4%          | 14.5%          |



## BALANCE SHEET

| All figures in EUR '000                   | 2020A          | 2021A          | 2022A          | 2023E          | 2024E          | 2025E          |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Assets</b>                             |                |                |                |                |                |                |
| <b>Current assets, total</b>              | <b>236,761</b> | <b>282,609</b> | <b>437,621</b> | <b>461,223</b> | <b>508,678</b> | <b>542,444</b> |
| Cash and cash equivalents                 | 52,798         | 18,472         | 87,075         | 78,808         | 97,262         | 103,351        |
| Short-term investments                    | 9,331          | 11,684         | 8,775          | 8,775          | 8,775          | 8,775          |
| Receivables                               | 34,020         | 10,860         | 26,502         | 40,270         | 45,828         | 51,694         |
| Inventories                               | 64,398         | 133,019        | 124,152        | 142,253        | 165,696        | 187,507        |
| Other current assets                      | 74,825         | 105,708        | 187,664        | 187,664        | 187,664        | 187,664        |
| <b>Non-current assets, total</b>          | <b>12,501</b>  | <b>14,451</b>  | <b>13,643</b>  | <b>14,920</b>  | <b>16,489</b>  | <b>18,192</b>  |
| Property, plant & equipment               | 5,653          | 7,234          | 9,043          | 10,179         | 11,569         | 13,059         |
| Goodwill & other intangibles              | 1,116          | 1,474          | 1,574          | 1,715          | 1,895          | 2,107          |
| Financial assets                          | 5,732          | 5,743          | 3,026          | 3,026          | 3,026          | 3,026          |
| Other assets                              | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>Total assets</b>                       | <b>249,262</b> | <b>297,060</b> | <b>451,264</b> | <b>476,144</b> | <b>525,168</b> | <b>560,636</b> |
| <b>Shareholders' equity &amp; debt</b>    |                |                |                |                |                |                |
| <b>Current liabilities, total</b>         | <b>44,700</b>  | <b>56,483</b>  | <b>97,545</b>  | <b>103,453</b> | <b>128,034</b> | <b>108,491</b> |
| Short-term debt                           | 8,594          | 8,997          | 10,331         | 12,000         | 32,000         | 8,000          |
| Accounts payable                          | 7,081          | 14,034         | 19,081         | 23,320         | 27,163         | 31,251         |
| Current provisions                        | 19,634         | 21,355         | 36,695         | 36,695         | 36,695         | 36,695         |
| Other current liabilities                 | 9,391          | 12,097         | 31,438         | 31,438         | 32,176         | 32,545         |
| <b>Long-term liabilities, total</b>       | <b>64,446</b>  | <b>90,713</b>  | <b>183,661</b> | <b>183,661</b> | <b>186,661</b> | <b>216,661</b> |
| Long-term debt                            | 51,662         | 76,950         | 170,249        | 170,249        | 173,249        | 203,249        |
| Deferred revenue                          | 0              | 0              | 0              | 0              | 0              | 0              |
| Other liabilities                         | 12,784         | 13,763         | 13,412         | 13,412         | 13,412         | 13,412         |
| <b>Minority interests</b>                 | <b>30</b>      | <b>41</b>      | <b>36</b>      | <b>36</b>      | <b>36</b>      | <b>36</b>      |
| <b>Shareholders' equity</b>               | <b>140,086</b> | <b>149,823</b> | <b>170,022</b> | <b>188,993</b> | <b>210,437</b> | <b>235,448</b> |
| Share capital                             | 9,221          | 9,221          | 9,221          | 9,221          | 9,221          | 9,221          |
| Capital reserve                           | 45,490         | 45,490         | 45,490         | 45,490         | 45,490         | 45,490         |
| Other reserves                            | 0              | 0              | 0              | 0              | 0              | 0              |
| Loss carryforward / retained earnings     | 85,671         | 95,329         | 115,401        | 134,372        | 155,816        | 180,827        |
| <b>Total consolidated equity and debt</b> | <b>249,262</b> | <b>297,060</b> | <b>451,264</b> | <b>476,144</b> | <b>525,168</b> | <b>560,636</b> |
| <b>Ratios</b>                             |                |                |                |                |                |                |
| Current ratio (x)                         | 5.30           | 5.00           | 4.49           | 4.46           | 3.97           | 5.00           |
| Quick ratio (x)                           | 3.86           | 2.65           | 3.21           | 3.08           | 2.68           | 3.27           |
| Net debt                                  | 7,458          | 67,475         | 93,505         | 103,441        | 107,987        | 107,898        |
| Net gearing                               | 5.3%           | 45.0%          | 55.0%          | 54.7%          | 51.3%          | 45.8%          |
| Book value per share (in €)               | 16.47          | 16.25          | 18.44          | 20.50          | 22.82          | 25.53          |
| Equity ratio                              | 56.2%          | 50.4%          | 37.7%          | 39.7%          | 40.1%          | 42.0%          |
| Return on equity (ROE)                    | 9.4%           | 9.2%           | 14.5%          | 12.7%          | 12.9%          | 13.2%          |
| Return on assets (ROA)                    | 6.2%           | 5.4%           | 6.7%           | 6.5%           | 6.6%           | 7.0%           |
| Return on investment (ROI)                | 5.3%           | 4.6%           | 5.4%           | 5.0%           | 5.2%           | 5.5%           |
| Return on average capital employed (ROCE) | 14.2%          | 12.1%          | 17.7%          | 14.9%          | 15.4%          | 15.6%          |
| Days of sales outstanding (DSO)           | 83.3           | 31.2           | 41.8           | 55.0           | 55.0           | 55.0           |
| Days inventory outstanding (DIO)          | 323.8          | 620.2          | 304.5          | 305.0          | 305.0          | 300.0          |
| Days in payables (DIP)                    | 35.6           | 65.4           | 46.8           | 50.0           | 50.0           | 50.0           |



## CASH FLOW STATEMENT

| All figures in EUR '000         | 2020A         | 2021A          | 2022A          | 2023E         | 2024E         | 2025E          |
|---------------------------------|---------------|----------------|----------------|---------------|---------------|----------------|
| <b>EBIT</b>                     | <b>22,460</b> | <b>22,448</b>  | <b>43,111</b>  | <b>42,021</b> | <b>47,832</b> | <b>52,240</b>  |
| Depreciation and amortisation * | 1,649         | 1,929          | 3,002          | 2,464         | 2,689         | 3,100          |
| <b>EBITDA</b>                   | <b>24,109</b> | <b>24,377</b>  | <b>46,113</b>  | <b>44,485</b> | <b>50,520</b> | <b>55,340</b>  |
| Changes in working capital      | 28,412        | -68,555        | -61,723        | -27,631       | -25,157       | -23,589        |
| Other adjustments               | -10,048       | -6,558         | 1,761          | -11,797       | -13,377       | -13,327        |
| <b>Operating cash flow</b>      | <b>42,473</b> | <b>-50,736</b> | <b>-13,850</b> | <b>5,058</b>  | <b>11,985</b> | <b>18,424</b>  |
| Investments in PP&E             | -1,774        | -2,941         | -4,597         | -3,207        | -3,650        | -4,117         |
| Investments in intangibles      | -173          | -375           | -654           | -534          | -608          | -686           |
| <b>Free cash flow</b>           | <b>40,526</b> | <b>-54,052</b> | <b>-19,101</b> | <b>1,316</b>  | <b>7,728</b>  | <b>13,621</b>  |
| Acquisitions & disposals, net   | 7             | 462            | 249            | 0             | 0             | 0              |
| Other investments               | -1,651        | -1,004         | 2,872          | 0             | 0             | 0              |
| <b>Investment cash flow</b>     | <b>-3,591</b> | <b>-3,858</b>  | <b>-2,130</b>  | <b>-3,741</b> | <b>-4,258</b> | <b>-4,803</b>  |
| Debt financing, net             | -16,575       | 26,764         | 94,375         | 1,669         | 23,000        | 6,000          |
| Equity financing, net           | 27,145        | 0              | 0              | 0             | 0             | 0              |
| Dividends paid                  | -3,558        | -4,149         | -4,518         | -4,979        | -4,979        | -5,717         |
| Other financing                 | -2,573        | -2,328         | -5,650         | -6,273        | -7,294        | -7,815         |
| <b>Financing cash flow</b>      | <b>4,438</b>  | <b>20,287</b>  | <b>84,207</b>  | <b>-9,584</b> | <b>10,727</b> | <b>-7,532</b>  |
| FOREX & other effects           | -170          | 19             | 376            | 0             | 0             | 0              |
| <b>Net cash flows</b>           | <b>43,150</b> | <b>-34,288</b> | <b>68,603</b>  | <b>-8,267</b> | <b>18,455</b> | <b>6,089</b>   |
| Cash, start of the year         | 9,648         | 52,798         | 18,472         | 87,075        | 78,808        | 97,262         |
| <b>Cash, end of the year</b>    | <b>52,798</b> | <b>18,510</b>  | <b>87,075</b>  | <b>78,808</b> | <b>97,262</b> | <b>103,351</b> |
| <b>EBITDA/share (in €)</b>      | <b>4.09</b>   | <b>3.31</b>    | <b>6.18</b>    | <b>5.94</b>   | <b>6.65</b>   | <b>7.23</b>    |
| <b>Y-Y Growth</b>               |               |                |                |               |               |                |
| Operating cash flow             | n.m.          | n.m.           | n.m.           | n.m.          | 137.0%        | 53.7%          |
| Free cash flow                  | n.m.          | n.m.           | n.m.           | n.m.          | 487.0%        | 76.3%          |
| Financial cash flow             | -84.8%        | 357.1%         | 315.1%         | n.m.          | n.m.          | n.m.           |
| EBITDA/share                    | 14.2%         | -19.1%         | 86.9%          | -3.8%         | 12.0%         | 8.7%           |

\* Depreciation of current assets are booked in "Changes in working capital".

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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.

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**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 | 12 April 2017       | €7.80                      | BUY            | €14.00       |
| 2...23         | ↓                   | ↓                          | ↓              | ↓            |
| 24             | 6 September 2021    | €48.10                     | BUY            | €73.00       |
| 25             | 7 December 2021     | €57.00                     | BUY            | €79.00       |
| 26             | 29 March 2022       | €58.40                     | BUY            | €95.00       |
| 27             | 11 July 2022        | €56.20                     | BUY            | €92.00       |
| 28             | 2 September 2022    | €56.20                     | BUY            | €109.00      |
| 29             | 5 December 2022     | €63.00                     | BUY            | €112.00      |
| 30             | 26 January 2023     | €83.00                     | BUY            | €118.00      |
| 31             | 2 March 2023        | €74.60                     | BUY            | €118.00      |
| 32             | Today               | €72.00                     | BUY            | €118.00      |

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

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