

Energiekontor AG

Germany / Cleantech
 Frankfurt Stock Exchange
 Bloomberg: EKT GR
 ISIN: DE0005313506

9M report

RATING**PRICE TARGET**

Return Potential
 Risk Rating

BUY**€ 24.80**

75.1%
 High

STORMY OCTOBER SUPPORTS POWER PRODUCTION

On 15 November, Energiekontor published its 9M report which gives a qualitative update on developments in Q3, but does not contain concrete figures. At the time of publication of the report, Energiekontor had put 58 MW into operation this year. A further 18 MW are still under construction. In the best case, 76 MW will be connected to the grid this year. A stormy October largely compensated for weak H1 wind conditions. As a result, YTD power production at the company's own wind farms is now only slightly below the long-term average. Energiekontor plans to transfer wind projects with a total capacity of 31 MW (FBe: 35 MW) to its own plant portfolio. We have slightly adjusted our forecasts. We reiterate our Buy rating at a slightly lower price target of €24.80 (previously: €25.00).

Wind project development on track With 58 MW already completed and 18 MW under construction, Energiekontor looks set to realise 76 MW by the end of the year. In our model, we assume the completion of 70 MW, of which 39 MW will be sold to investors. As the selling process takes some time and may not be finalised for all wind farms by the end of the year, we stick to our estimate.

Record wind conditions in October support power production According to IWR's monthly report, German wind power production more than doubled y/y from 5.6 bn kWh to 12.4 bn kWh in October. Energiekontor's Power Production segment benefited from the very good wind conditions in Europe. The weak H1 could largely be compensated and YTD power production is only slightly below the long-term average.

Own plant portfolio will increase by 31 MW Energiekontor plans to include four projects with a total capacity of 31 MW in its own plant portfolio, thereby increasing its capacity to 269 MW. In our model, we assumed 35 MW and have therefore adjusted our estimates.

(p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

| | 2014 | 2015 | 2016 | 2017E | 2018E | 2019E |
|--------------------|--------|--------|--------|--------|--------|--------|
| Total output (€m) | 160.45 | 210.14 | 166.75 | 163.07 | 174.69 | 274.47 |
| Y-o-y growth | -0.1% | 31.0% | -20.6% | -2.2% | 7.1% | 57.1% |
| EBIT (€m) | 40.72 | 49.67 | 53.75 | 32.20 | 26.71 | 41.74 |
| EBIT margin | 25.4% | 23.6% | 32.2% | 19.7% | 15.3% | 15.2% |
| Net income (€m) | 14.13 | 20.91 | 25.34 | 10.80 | 5.86 | 14.53 |
| EPS (diluted) (€) | 0.96 | 1.43 | 1.74 | 0.74 | 0.40 | 1.00 |
| DPS (€) | 0.60 | 0.80 | 0.80 | 0.70 | 0.70 | 0.70 |
| FCF (€m) | 35.62 | 51.22 | 85.99 | 6.40 | -11.38 | -73.57 |
| Net gearing | 464.9% | 330.0% | 146.9% | 177.2% | 249.6% | 383.8% |
| Liquid assets (€m) | 81.59 | 103.96 | 118.53 | 111.03 | 106.33 | 93.77 |

RISKS

Main risks include changes in the regulatory support for wind energy, tender results, project development risks, wind farm operation risks, and low stock liquidity.

COMPANY PROFILE

Energiekontor is a wind and solar project developer and an operator of a large own wind farm portfolio (259 MW). The company is active in onshore wind and solar project development mainly in Germany and the UK. Energiekontor is headquartered in Bremen, Germany.

MARKET DATA

As of 21 Nov 2017

| | |
|-------------------------|-----------------|
| Closing Price | € 14.17 |
| Shares outstanding | 14.58m |
| Market Capitalisation | € 206.53m |
| 52-week Range | € 14.16 / 19.25 |
| Avg. Volume (12 Months) | 13,528 |

| Multiples | 2016 | 2017E | 2018E |
|------------|------|-------|-------|
| P/E | 8.2 | 19.2 | 35.4 |
| EV/Sales | 2.2 | 2.2 | 2.1 |
| EV/EBIT | 6.7 | 11.2 | 13.5 |
| Div. Yield | 5.6% | 4.9% | 4.9% |

STOCK OVERVIEW



COMPANY DATA

As of 30 Jun 2017

| | |
|----------------------|-----------|
| Liquid Assets | € 75.84m |
| Current Assets | € 176.92m |
| Intangible Assets | € 0.00m |
| Total Assets | € 348.17m |
| Current Liabilities | € 86.06m |
| Shareholders' Equity | € 63.23m |

SHAREHOLDERS

| | |
|-----------------------------|-------|
| Dr Bodo Wilkens | 25.7% |
| Günter Lammers | 25.6% |
| Internat. Kapitalanlageges. | 5.1% |
| Free Float | 43.7% |



Project development final spurt Energiekontor has commissioned eight wind projects with a total capacity of 51 MW. Furthermore, two of the three turbines at the Hammelwarder Moor project (3 * 3.4 MW = 10.2 MW) have been connected to the grid. Turbines with a total capacity of 18 MW look set to be completed by the end of the year. A further turbine (4.5 MW) will be added to the Debstedt wind farm following financial closing at the beginning of November. We expect construction in 2018. In the solar project business, we anticipate for 2018 construction of the two PV plants in Brandenburg with total capacity of 15.5 MW (see figure 1).

Figure 1: Project overview

| Wind farm / solar park | MW | Approval | Under construction | Commissioning | Sale |
|----------------------------------|-------------|----------|--------------------|---------------|------------------------------------|
| Hammelwarder Moor (Lower Saxony) | 10.2 | 2016 | yes | 2017 | own plant portfolio |
| Odisheim (Lower Saxony) | 10.2 | 2016 | yes | 12/2017 | in 10/2017 |
| Kreuzau-Steinkaul (NRW) | 5.5 | 2016 | completed | 8/2017 | own plant portfolio |
| Heinsberg-Waldenrath (NRW) | 7.2 | 2016 | completed | 11/2017 | own plant portfolio |
| Niederzier-SteinstraÙ (NRW) | 8.25 | 2016 | completed | 9/2017 | own plant portfolio |
| Wachtendonk-Wankum (NRW) | 2.5 | 2016 | completed | 6/2017 | in H1/2017 |
| Hürth-Barbarahof (NRW) | 5.0 | 2016 | yes | 2017 | in sales process |
| Hohengüstow II (Brandenburg) | 19.2 | 2016 | completed | 9/2017 | 50% for old owner / 50% sold in H2 |
| Briest III (Brandenburg) | 3.2 | 2016 | completed | 5/2017 | in H1/2017 |
| Luckow-Petershagen (Brandenburg) | 2.75 | 2016 | completed | 6/2017 | in H1/2017 |
| Klein Woltersdorf (Brandenburg) | 2.4 | 12/2015 | completed | 3/2017 | in 2016 |
| Debstedt II | 4.5 | 2017 | no | 2018 | n.a. |
| Sum wind | 80.9 | | | | |
| Garzau-Garzin (PV, Brandenburg) | 10.0 | 4/2016 | yes | Q1/2018 | n.a. |
| Unnamed PV project (Brandenburg) | 5.5 | 2/2017 | no | 2018 | n.a. |
| Sum PV | 15.5 | | | | |

Source: First Berlin Equity Research, Energiekontor AG

Treasury shares cancelled Management cancelled 75,000 treasury shares (0.5% of the total share count) thereby lowering the number of shares to 14,578,160.

Estimates for 2017E slightly adjusted In the 9M report, Energiekontor revealed that it plans to transfer wind farms with a total capacity of 31 MW (FBe: 35 MW) to its Power Production segment and will not commission any PV plant this year. We have therefore slightly adjusted our estimates (see figure 2).

Figure 2: Revisions to forecasts

| All figures in €m | 2017E | | | 2018E | | | 2019E | | |
|-------------------|--------|--------|-------|--------|--------|-------|--------|--------|-------|
| | Old | New | Delta | Old | New | Delta | Old | New | Delta |
| Total output | 165.00 | 163.07 | -1.2% | 175.49 | 174.69 | -0.5% | 275.34 | 274.47 | -0.3% |
| EBIT | 31.96 | 32.20 | 0.8% | 26.73 | 26.71 | -0.1% | 42.20 | 41.74 | -1.1% |
| margin | 19.4% | 19.7% | | 15.2% | 15.3% | | 15.3% | 15.2% | |
| Net income | 10.51 | 10.80 | 2.7% | 5.65 | 5.86 | 3.7% | 14.63 | 14.53 | -0.7% |
| margin | 6.4% | 6.6% | | 3.2% | 3.4% | | 5.3% | 5.3% | |
| EPS (diluted) | 0.72 | 0.74 | 2.9% | 0.39 | 0.40 | 3.8% | 1.00 | 1.00 | -0.6% |

Source: First Berlin Equity Research

Buy reiterated at slightly lower price target An updated sum of the parts valuation yields a new price target of €24.80 (previously: €25.00). We reiterate our Buy rating.



VALUATION MODEL

We value Energiekontor based on a sum of the parts analysis. Each of Energiekontor's segments, Project Development, Power Production, and Operations & Innovation is separately valued based on a DCF model.

Sum of the parts valuation

| SotP valuation | Fair value in €m | Fair value per share in € | old |
|-------------------------|---------------------|---------------------------------|--------------|
| Project Development | 155.12 | 10.62 | 10.60 |
| Power Production | 160.00 | 10.96 | 11.23 |
| Operations & Innovation | 47.34 | 3.24 | 3.22 |
| Sum of the parts | 362.46 | 24.83 | 25.04 |

DCF model for Project Development segment

| DCF valuation model | | | | | | | | |
|------------------------------------|---------------|---------------|----------------|---------------|---------------|---------------|---------------|---------------|
| All figures in EUR '000 | 2017E | 2018E | 2019E | 2020E | 2021E | 2022E | 2023E | 2024E |
| Net sales | 60,515 | 72,480 | 143,160 | 163,600 | 169,549 | 175,406 | 181,147 | 186,746 |
| NOPLAT | 9,539 | 3,657 | 12,570 | 11,820 | 11,955 | 12,069 | 12,521 | 12,711 |
| + depreciation & amortisation | 82 | 67 | 71 | 121 | 151 | 164 | 172 | 178 |
| Net operating cash flow | 9,621 | 3,724 | 12,641 | 11,941 | 12,106 | 12,233 | 12,693 | 12,890 |
| - total investments (CAPEX and WC) | 16,965 | -5,253 | -25,441 | -7,681 | -2,310 | -2,301 | -2,265 | -2,220 |
| Capital expenditures | -61 | -72 | -143 | -164 | -170 | -175 | -181 | -187 |
| Working capital | 17,026 | -5,181 | -25,298 | -7,517 | -2,140 | -2,126 | -2,084 | -2,034 |
| Free cash flows (FCF) | 26,586 | -1,529 | -12,800 | 4,260 | 9,796 | 9,932 | 10,428 | 10,669 |
| PV of FCF's | 26,282 | -1,372 | -10,423 | 3,148 | 6,569 | 6,045 | 5,761 | 5,348 |

| All figures in thousands | |
|---|---------|
| PV of FCFs in explicit period (2017E-2030E) | 65,387 |
| PV of FCFs in terminal period | 34,030 |
| Enterprise value (EV) | 99,417 |
| + Net cash / - net debt | 55,704 |
| + Investments / minority interests | 0 |
| Shareholder value | 155,121 |

| | |
|-----------------------------|-------|
| Fair value per share in EUR | 10.62 |
|-----------------------------|-------|

| WACC | | Terminal growth rate | | | | | | |
|-------|-------|----------------------|-------|-------|-------|-------|-------|------|
| | | 0.5% | 1.0% | 1.5% | 2.0% | 2.5% | 3.0% | 3.5% |
| 6.2% | 15.43 | 15.80 | 16.26 | 16.83 | 17.55 | 18.49 | 19.79 | |
| 7.2% | 13.61 | 13.83 | 14.08 | 14.38 | 14.75 | 15.20 | 15.77 | |
| 8.2% | 12.28 | 12.41 | 12.55 | 12.72 | 12.92 | 13.16 | 13.45 | |
| 9.2% | 11.26 | 11.34 | 11.43 | 11.53 | 11.64 | 11.78 | 11.93 | |
| 10.2% | 10.47 | 10.51 | 10.57 | 10.62 | 10.69 | 10.77 | 10.86 | |
| 11.2% | 9.82 | 9.85 | 9.88 | 9.92 | 9.96 | 10.00 | 10.05 | |
| 12.2% | 9.29 | 9.31 | 9.33 | 9.35 | 9.38 | 9.40 | 9.43 | |
| 13.2% | 8.85 | 8.86 | 8.88 | 8.89 | 8.90 | 8.92 | 8.93 | |

* for layout purposes the model shows numbers only to 2024, but runs until 2030



DCF model for Power Production segment

| DCF valuation model | | | | | | | | |
|------------------------------------|----------------|----------------|----------------|----------------|---------------|---------------|---------------|---------------|
| All figures in EUR '000 | 2017E | 2018E | 2019E | 2020E | 2021E | 2022E | 2023E | 2024E |
| Net sales | 52,012 | 58,150 | 65,335 | 77,587 | 86,848 | 86,848 | 86,848 | 86,848 |
| NOPLAT | 17,675 | 19,358 | 22,438 | 27,764 | 28,249 | 27,928 | 27,575 | 27,250 |
| + depreciation & amortisation | 17,334 | 20,194 | 22,250 | 26,119 | 32,915 | 32,915 | 32,915 | 32,915 |
| Net operating cash flow | 35,009 | 39,552 | 44,688 | 53,882 | 61,164 | 60,843 | 60,490 | 60,165 |
| - total investments (CAPEX and WC) | -55,177 | -50,446 | -105,693 | -110,887 | -35,097 | -32,915 | -32,915 | -32,915 |
| Capital expenditures | -49,840 | -49,000 | -104,000 | -108,000 | -32,915 | -32,915 | -32,915 | -32,915 |
| Working capital | -5,337 | -1,446 | -1,693 | -2,887 | -2,182 | 0 | 0 | 0 |
| Free cash flows (FCF) | -20,168 | -10,894 | -61,005 | -57,004 | 26,067 | 27,928 | 27,575 | 27,250 |
| PV of FCF's | -20,070 | -10,404 | -55,912 | -50,134 | 22,001 | 22,622 | 21,436 | 20,327 |

| All figures in thousands | |
|---|----------|
| PV of FCFs in explicit period (2017E-2030E) | 51,792 |
| PV of FCFs in terminal period | 261,466 |
| Enterprise value (EV) | 313,259 |
| + Net cash / - net debt | -153,261 |
| + Investments / minority interests | 0 |
| Shareholder value | 159,998 |

| | |
|-----------------------------|-------|
| Fair value per share in EUR | 10.96 |
|-----------------------------|-------|

| WACC | 4.2% |
|-----------------------------|-------|
| Cost of equity | 7.0% |
| Pre-tax cost of debt | 5.0% |
| Tax rate | 30.0% |
| After-tax cost of debt | 3.5% |
| Share of equity capital | 20.0% |
| Share of debt capital | 80.0% |
| Fair value per share in EUR | 10.96 |

| | Terminal growth rate | | | | | | |
|------|----------------------|-------|-------|-------|-------|-------|-------|
| | -0.6% | -0.4% | -0.2% | 0.0% | 0.2% | 0.4% | 0.6% |
| 3.5% | 14.00 | 15.09 | 16.31 | 17.67 | 19.20 | 20.92 | 22.89 |
| 3.7% | 12.00 | 12.94 | 13.98 | 15.13 | 16.41 | 17.85 | 19.48 |
| 4.0% | 10.22 | 11.03 | 11.93 | 12.91 | 14.00 | 15.21 | 16.57 |
| 4.2% | 8.63 | 9.34 | 10.11 | 10.96 | 11.89 | 12.92 | 14.07 |
| 4.5% | 7.19 | 7.81 | 8.49 | 9.22 | 10.03 | 10.91 | 11.89 |
| 4.7% | 5.89 | 6.44 | 7.03 | 7.68 | 8.37 | 9.14 | 9.98 |
| 5.0% | 4.71 | 5.20 | 5.72 | 6.28 | 6.89 | 7.56 | 8.29 |

* for layout purposes the model shows numbers only to 2024, but runs until 2030

DCF model for Operations & Innovation segment

| DCF valuation model | | | | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| All figures in EUR '000 | 2017E | 2018E | 2019E | 2020E | 2021E | 2022E | 2023E | 2024E |
| Net sales | 6,019 | 6,922 | 7,960 | 9,060 | 10,205 | 11,374 | 12,542 | 13,683 |
| NOPLAT | 2,049 | 2,379 | 2,731 | 3,066 | 3,408 | 3,747 | 4,074 | 4,385 |
| + depreciation & amortisation | 0 | 8 | 18 | 29 | 40 | 53 | 67 | 81 |
| Net operating cash flow | 2,049 | 2,387 | 2,749 | 3,095 | 3,448 | 3,800 | 4,141 | 4,466 |
| - total investments (CAPEX and WC) | -386 | -148 | -286 | -306 | -326 | -343 | -355 | -361 |
| Capital expenditures | -120 | -138 | -159 | -173 | -186 | -196 | -205 | -211 |
| Working capital | -266 | -9 | -126 | -133 | -141 | -147 | -150 | -150 |
| Free cash flows (FCF) | 1,663 | 2,239 | 2,463 | 2,789 | 3,122 | 3,457 | 3,786 | 4,104 |
| PV of FCF's | 1,644 | 2,013 | 2,012 | 2,071 | 2,108 | 2,122 | 2,113 | 2,081 |

| All figures in thousands | |
|---|--------|
| PV of FCFs in explicit period (2017E-2030E) | 26,950 |
| PV of FCFs in terminal period | 19,358 |
| Enterprise value (EV) | 46,308 |
| + Net cash / - net debt | 1,029 |
| + Investments / minority interests | 0 |
| Shareholder value | 47,337 |

| | |
|-----------------------------|------|
| Fair value per share in EUR | 3.24 |
|-----------------------------|------|

| WACC | 10.0% |
|-----------------------------|--------|
| Cost of equity | 10.0% |
| Pre-tax cost of debt | 6.0% |
| Tax rate | 30.0% |
| After-tax cost of debt | 4.2% |
| Share of equity capital | 100.0% |
| Share of debt capital | 0.0% |
| Fair value per share in EUR | 3.24 |

| | Terminal growth rate | | | | | | |
|-------|----------------------|------|------|------|------|------|------|
| | 0.5% | 1.0% | 1.5% | 2.0% | 2.5% | 3.0% | 3.5% |
| 6.0% | 5.57 | 5.88 | 6.27 | 6.75 | 7.37 | 8.19 | 9.34 |
| 7.0% | 4.63 | 4.83 | 5.06 | 5.34 | 5.68 | 6.10 | 6.65 |
| 8.0% | 3.95 | 4.08 | 4.23 | 4.40 | 4.61 | 4.85 | 5.15 |
| 9.0% | 3.43 | 3.52 | 3.62 | 3.74 | 3.87 | 4.02 | 4.21 |
| 10.0% | 3.03 | 3.09 | 3.16 | 3.24 | 3.33 | 3.43 | 3.55 |
| 11.0% | 2.71 | 2.75 | 2.80 | 2.86 | 2.92 | 2.99 | 3.07 |
| 12.0% | 2.45 | 2.48 | 2.52 | 2.56 | 2.60 | 2.65 | 2.70 |
| 13.0% | 2.23 | 2.25 | 2.28 | 2.31 | 2.34 | 2.38 | 2.42 |

* for layout purposes the model shows numbers only to 2024, but runs until 2030



INCOME STATEMENT

| All figures in EUR '000 | 2014A | 2015A | 2016A | 2017E | 2018E | 2019E |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Revenues | 153,280 | 191,329 | 201,764 | 114,139 | 132,783 | 211,271 |
| Change in inventory & own work | 7,172 | 18,808 | -35,015 | 48,933 | 41,911 | 63,195 |
| Total output | 160,452 | 210,137 | 166,749 | 163,072 | 174,694 | 274,466 |
| Cost of goods sold | 82,431 | 116,590 | 70,523 | 87,843 | 96,683 | 172,176 |
| Gross profit | 78,021 | 93,547 | 96,226 | 75,228 | 78,011 | 102,290 |
| Personnel costs | 10,043 | 10,476 | 10,922 | 11,388 | 12,404 | 14,360 |
| Other operating expenses | 16,646 | 18,553 | 17,719 | 18,726 | 20,671 | 25,743 |
| Other operating income | 3,569 | 1,574 | 4,481 | 4,507 | 2,041 | 1,887 |
| EBITDA | 54,901 | 66,092 | 72,066 | 49,621 | 46,977 | 64,075 |
| Depreciation | 14,183 | 16,424 | 18,316 | 17,416 | 20,270 | 22,338 |
| Operating income (EBIT) | 40,718 | 49,668 | 53,750 | 32,205 | 26,707 | 41,736 |
| Net financial result | -18,962 | -20,006 | -18,253 | -16,781 | -18,332 | -20,984 |
| Non-operating expenses | 0 | 0 | 0 | 0 | 0 | 0 |
| Pre-tax income (EBT) | 21,756 | 29,662 | 35,497 | 15,423 | 8,375 | 20,753 |
| Income taxes | 7,623 | 8,751 | 10,162 | 4,627 | 2,513 | 6,226 |
| Minority interests | 0 | 0 | 0 | 0 | 0 | 0 |
| Net income / loss | 14,133 | 20,911 | 25,335 | 10,796 | 5,863 | 14,527 |
| Diluted EPS (in €) | 0.96 | 1.43 | 1.74 | 0.74 | 0.40 | 1.00 |
| Ratios | | | | | | |
| Gross margin on total output | 48.6% | 44.5% | 57.7% | 46.1% | 44.7% | 37.3% |
| EBITDA margin on total output | 34.2% | 31.5% | 43.2% | 30.4% | 26.9% | 23.3% |
| EBIT margin on total output | 25.4% | 23.6% | 32.2% | 19.7% | 15.3% | 15.2% |
| Net margin on total output | 8.8% | 10.0% | 15.2% | 6.6% | 3.4% | 5.3% |
| Tax rate | 35.0% | 29.5% | 28.6% | 30.0% | 30.0% | 30.0% |
| Expenses as % of total output | | | | | | |
| Personnel costs | 6.3% | 5.0% | 6.5% | 7.0% | 7.1% | 5.2% |
| Depreciation | 8.8% | 7.8% | 11.0% | 10.7% | 11.6% | 8.1% |
| Other operating expenses | 10.4% | 8.8% | 10.6% | 11.5% | 11.8% | 9.4% |
| Y-Y Growth | | | | | | |
| Total output | -1.4% | 31.0% | -20.6% | -2.2% | 7.1% | 57.1% |
| EBIT | 19.3% | 22.0% | 8.2% | -40.1% | -17.1% | 56.3% |
| Net income/ loss | 4.3% | 48.0% | 21.2% | -57.4% | -45.7% | 147.8% |



BALANCE SHEET

| All figures in EUR '000 | 2014A | 2015A | 2016A | 2017E | 2018E | 2019E |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Assets | | | | | | |
| Current assets, total | 159,888 | 166,855 | 181,759 | 159,339 | 161,990 | 179,814 |
| Cash and cash equivalents | 81,594 | 103,957 | 118,528 | 111,028 | 106,329 | 93,770 |
| Short-term investments | 39 | 10,278 | 10,305 | 10,305 | 10,305 | 10,305 |
| Receivables | 23,781 | 16,932 | 17,469 | 17,724 | 20,227 | 27,815 |
| Inventories | 50,858 | 32,871 | 34,272 | 19,098 | 23,944 | 46,740 |
| Other current assets | 3,412 | 1,192 | 755 | 755 | 755 | 755 |
| Non-current assets, total | 195,310 | 232,263 | 179,592 | 212,197 | 241,138 | 323,102 |
| Property, plant & equipment | 187,241 | 223,789 | 171,747 | 204,352 | 233,293 | 315,257 |
| Goodwill & other intangibles | 37 | 23 | 10 | 10 | 10 | 10 |
| Other assets | 8,032 | 8,451 | 7,834 | 7,834 | 7,834 | 7,834 |
| Total assets | 355,198 | 399,118 | 361,351 | 371,536 | 403,128 | 502,916 |
| Shareholders' equity & debt | | | | | | |
| Current liabilities, total | 45,266 | 76,163 | 83,551 | 62,884 | 68,619 | 81,884 |
| Short-term financial debt | 19,166 | 31,871 | 45,735 | 30,040 | 35,060 | 45,060 |
| Accounts payable | 5,947 | 4,480 | 6,241 | 2,745 | 3,459 | 6,725 |
| Current provisions | 11,342 | 16,282 | 12,656 | 12,656 | 12,656 | 12,656 |
| Other current liabilities | 8,811 | 23,530 | 18,919 | 17,443 | 17,443 | 17,443 |
| Long-term liabilities, total | 269,777 | 272,495 | 208,323 | 238,583 | 268,783 | 350,983 |
| Long-term financial debt | 249,136 | 248,899 | 185,175 | 215,435 | 245,635 | 327,835 |
| Deferred revenue | 0 | 0 | 0 | 0 | 0 | 0 |
| Other liabilities | 20,641 | 23,596 | 23,148 | 23,148 | 23,148 | 23,148 |
| Minority interests | 0 | 0 | 0 | 0 | 0 | 0 |
| Shareholders' equity | 40,155 | 50,460 | 69,477 | 70,069 | 65,727 | 70,049 |
| Share capital | 14,653 | 14,653 | 14,653 | 14,653 | 14,653 | 14,653 |
| Capital reserve | 40,293 | 40,308 | 40,323 | 40,323 | 40,323 | 40,323 |
| Other reserves | -7,388 | -8,751 | -3,125 | -3,125 | -3,125 | -3,125 |
| Treasury stock | -4 | -41 | -61 | -61 | -61 | -61 |
| Loss carryforward / retained earnings | 10,112 | 16,421 | 30,164 | 30,756 | 26,414 | 30,736 |
| Total consolidated equity and debt | 355,198 | 399,118 | 361,351 | 371,536 | 403,128 | 502,916 |
| Ratios | | | | | | |
| Current ratio (x) | 3.53 | 2.19 | 2.18 | 2.53 | 2.36 | 2.20 |
| Quick ratio (x) | 2.41 | 1.76 | 1.77 | 2.23 | 2.01 | 1.63 |
| Net debt | 186,669 | 166,535 | 102,077 | 124,142 | 164,061 | 268,820 |
| Net gearing | 465% | 330% | 147% | 177% | 250% | 384% |
| Book value per share (in €) | 2.74 | 3.45 | 4.76 | 4.81 | 4.51 | 4.81 |
| Financial debt/EBITDA (x) | 4.9 | 4.2 | 3.2 | 4.9 | 6.0 | 5.8 |
| Equity ratio | 11.3% | 12.6% | 19.2% | 18.9% | 16.3% | 13.9% |
| Return on equity (ROE) | 35.2% | 41.4% | 36.5% | 15.4% | 8.9% | 20.7% |
| Days sales outstanding (DSO) | 56.6 | 32.3 | 31.6 | 56.7 | 55.6 | 48.1 |
| Days inventory outstanding (DIO) | 225.2 | 102.9 | 177.4 | 79.4 | 90.4 | 99.1 |
| Days payables outstanding (DPO) | 26.3 | 14.0 | 32.3 | 11.4 | 13.1 | 14.3 |



CASH FLOW STATEMENT

| All figures in EUR '000 | 2014A | 2015A | 2016A | 2017E | 2018E | 2019E |
|---|----------------|----------------|----------------|----------------|----------------|-----------------|
| EBIT | 40,718 | 49,668 | 53,750 | 32,205 | 26,707 | 41,736 |
| Depreciation and amortisation | 12,463 | 16,424 | 18,316 | 17,416 | 20,270 | 22,338 |
| EBITDA | 53,181 | 66,092 | 72,066 | 49,621 | 46,977 | 64,075 |
| Changes in working capital | 6,445 | 28,824 | 24,732 | 11,424 | -6,636 | -27,117 |
| Other adjustments | -3,848 | -3,490 | -3,927 | -4,627 | -2,513 | -6,226 |
| Operating cash flow | 55,778 | 91,426 | 92,871 | 56,418 | 37,829 | 30,731 |
| CAPEX | -20,149 | -40,205 | -6,885 | -50,021 | -49,211 | -104,302 |
| Investments in intangibles | -12 | 0 | 0 | 0 | 0 | 0 |
| Free cash flow | 35,617 | 51,221 | 85,986 | 6,397 | -11,382 | -73,571 |
| Acquisitions and disposals, net | 5,062 | 300 | 0 | 0 | 0 | 0 |
| Other investments | 307 | -11,143 | -1,327 | 0 | 0 | 0 |
| Cash flow from investing | -14,792 | -51,048 | -8,212 | -50,021 | -49,211 | -104,302 |
| Debt financing, net | -3,708 | 11,574 | -36,444 | 14,565 | 35,220 | 92,200 |
| Equity financing, net | 0 | 0 | -278 | 0 | 0 | 0 |
| Dividends paid | -7,331 | -8,781 | -11,682 | -11,680 | -10,205 | -10,205 |
| Other financing | -18,129 | -18,759 | -23,041 | -16,781 | -18,332 | -20,984 |
| Cash flow from financing | -29,168 | -15,967 | -71,444 | -13,897 | 6,683 | 61,012 |
| Forex & other effects | -1,636 | -2,048 | 1,357 | 0 | 0 | 0 |
| Net cash flows | 10,181 | 22,363 | 14,571 | -7,500 | -4,699 | -12,559 |
| Cash, start of the year | 71,413 | 81,594 | 103,957 | 118,528 | 111,028 | 106,329 |
| Cash, end of the year | 81,594 | 103,957 | 118,528 | 111,028 | 106,329 | 93,770 |
| EBITDA/share (in €) | 3.74 | 4.52 | 4.94 | 3.40 | 3.22 | 4.40 |
| Operating cash flow/share (in €) | 3.80 | 6.25 | 6.36 | 3.87 | 2.59 | 2.11 |
| Y-Y Growth | | | | | | |
| Operating cash flow | 204.9% | 63.9% | 1.6% | -39.3% | -32.9% | -18.8% |
| Free cash flow | n.m. | 43.8% | 67.9% | -92.6% | n.m. | n.m. |
| EBITDA/share | 19.1% | 20.6% | 9.3% | -31.0% | -5.3% | 36.4% |
| Operating cash flow/share | 205.7% | 64.2% | 1.8% | -39.2% | -32.9% | -18.8% |

FIRST BERLIN RECOMMENDATION & PRICE TARGET HISTORY

| Report No.: | Date of publication | Previous day closing price | Recommendation | Price target |
|----------------|---------------------|----------------------------|----------------|--------------|
| Initial Report | 5 June 2014 | €7.70 | Buy | €12.20 |
| 2...20 | ↓ | ↓ | ↓ | ↓ |
| 21 | 18 May 2017 | €19.00 | Buy | €27.00 |
| 22 | 8 September 2017 | €17.30 | Buy | €24.90 |
| 23 | 1 November 2017 | €15.15 | Buy | €25.00 |
| 24 | Today | €14.17 | Buy | €24.80 |

Authored by: Dr. Karsten von Blumenthal, Analyst

Company responsible for preparation:

First Berlin Equity Research GmbH

Mohrenstraße 34
10117 Berlin

Tel. +49 (0)30 - 80 93 96 85 Fax +49 (0)30 - 80 93 96 87

info@firstberlin.com

www.firstberlin.com

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

Copyright© 2017 First Berlin Equity Research GmbH No part of this financial analysis may be copied, photocopied, duplicated or distributed in any form or media whatsoever without prior written permission from First Berlin Equity Research GmbH. First Berlin Equity Research GmbH shall be identified as the source in the case of quotations. Further information is available on request.

INFORMATION PURSUANT TO SECTION 34B OF THE GERMAN SECURITIES TRADING ACT [WPHG], TO REGULATION (EU) NO 596/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF APRIL 16, 2014, ON MARKET ABUSE (MARKET ABUSE REGULATION) AND TO THE GERMAN ORDINANCE ON THE ANALYSIS OF FINANCIAL INSTRUMENTS [FINANV]

First Berlin Equity Research GmbH (hereinafter referred to as: "First Berlin") prepares financial analyses while taking the relevant regulatory provisions, in particular the German Securities Trading Act [WpHG], Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) and the German Ordinance on the Analysis of Financial Instruments [FinAnV] into consideration. In the following First Berlin provides investors with information about the statutory provisions that are to be observed in the preparation of financial analyses.

CONFLICTS OF INTEREST

In accordance with Section 34b Paragraph 1 of the German Securities Trading Act [WpHG] and Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) financial analyses may only be passed on or publicly distributed if circumstances or relations which may cause conflicts of interest among the authors, the legal entities responsible for such preparation or companies associated with them are disclosed along with the financial analysis.

First Berlin offers a range of services that go beyond the preparation of financial analyses. Although First Berlin strives to avoid conflicts of interest wherever possible, First Berlin may maintain the following relations with the analysed company, which in particular may constitute a potential conflict of interest (further information and data may be provided on request):

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

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

If despite these measures one or more of the aforementioned conflicts of interest cannot be avoided on the part of the author or First Berlin, then reference shall be made to such conflict of interest.

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:

STRONG BUY: An expected favourable price trend of more than 50% combined with sizeable confidence in the quality and forecast security of management.

BUY: An expected favourable price trend of more than 25% percent.

ADD: An expected favourable price trend of between 0% and 25%.

REDUCE: An expected negative price trend of between 0% and -15%.

SELL: An expected negative price trend of more than -15%.

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.

INVESTMENT HORIZON

Unless otherwise stated in the financial analysis, the ratings refer to an investment period of twelve months.

UPDATES

At the time of publication of this financial analysis it is not certain whether, when and on what occasion an update will be provided. In general First Berlin strives to review the financial analysis for its topicality and, if required, to update it in a very timely manner in connection with the reporting obligations of the analysed company or on the occasion of ad hoc notifications.

SUBJECT TO CHANGE

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

Legally required information regarding

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

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

SUPERVISORY AUTHORITY: Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) [BaFin], Graurheindorferstraße 108, 53117 Bonn and Lurgiallee 12, 60439 Frankfurt

EXCLUSION OF LIABILITY (DISCLAIMER)

RELIABILITY OF INFORMATION AND SOURCES OF INFORMATION

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

RELIABILITY OF ESTIMATES AND FORECASTS

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

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

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

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

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

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

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

NO ESTABLISHMENT OF CONTRACTUAL OBLIGATIONS

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

NO OBLIGATION TO UPDATE

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

DUPLICATION

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

SEVERABILITY

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

APPLICABLE LAW, PLACE OF JURISDICTION

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

NOTICE OF DISCLAIMER

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

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

QUALIFIED INSTITUTIONAL INVESTORS

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

This report is not intended for distribution in the USA, Canada and/or the United Kingdom (Great Britain).