

Enapter AG

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

2020 annual report

RATING
PRICE TARGET **ADD**
 Return Potential **€ 26.00**
 Risk Rating 16.6%
 High

ENAPTER PLANS TO MORE THAN QUADRUPLE SALES IN 2021

Enapter has published its first annual report since its stock market listing last year. Despite the pandemic, the company more than doubled its sales in 2020. EBIT was better than expected (€-3.5m vs FBe: €-5.4m) due to capitalised own work. In the past six months, Enapter has laid the foundation for the start of mass production of standardised electrolysers. A first capital increase (€6m) was successfully placed in November, and another (€18m) in March. In addition, Enapter has chosen a suitable location (Saerbeck near Münster in Germany) for the mass production facility, which will have a capacity of 100,000 units p.a. Construction of the facility starts this year and we expect it to deliver its first electrolysers in 2023. At the same time, Enapter is significantly expanding its production in Italy. Thanks to very high demand and the increase in Italian production capacity, we believe that sales guidance of €9.3m for 2021 is realistic and confirm our sales forecast. We continue to value the company on the basis of a peer group comparison and a DCF model, and weight both at 50%. Due to the significantly lower peer group EV/sales multiple, our valuation yields a lower target price of €26.00 (previously: €41.70). We confirm our Adc recommendation.

Guidance signals strong growth Enapter aims to generate revenue of €9.3m in 2021. The planned EBITDA is -€7.5m and the group result €-8.3m. The operating break-even is expected for 2023.

Revenue more than doubled despite pandemic Although Enapter did not quite achieve its sales target and our forecast of €2.8m due to pandemic-related business and supply chain interruptions, the company still managed to increase revenue to approx. €2.1m through significantly increased sales of electrolysers and associated components.

(p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2018	2019	2020	2021E	2022E	2023E
Revenue (€m)	0.71	0.93	2.07	9.25	34.84	68.31
Y-o-y growth	n.a.	30.9%	122.7%	347.0%	276.5%	96.1%
EBIT (€m)	-1.09	-1.50	-3.54	-8.23	-9.93	0.42
EBIT margin	-152.8%	-161.5%	-171.2%	-88.9%	-28.5%	0.6%
Net income (€m)	-1.09	-1.52	-3.57	-8.27	-10.77	-1.24
EPS (diluted) (€)	0.00	0.00	-0.16	-0.28	-0.36	-0.04
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00
FCF (€m)	-0.98	-3.36	-6.17	-45.47	-75.51	-4.97
Net gearing	-142.7%	-17.1%	-32.2%	5.1%	140.8%	163.9%
Liquid assets (€m)	0.77	1.35	4.25	0.93	2.41	2.45

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. 100 employees.

MARKET DATA

As of 26 Apr 2021

Closing Price	€ 22.30
Shares outstanding	23.10m
Market Capitalisation	€ 515.16m
52-week Range	€ 0.49 / 49.60
Avg. Volume (12 Months)	4,841

Multiples	2019	2020	2021E
P/E	n.a.	n.a.	n.a.
EV/Sales	508.4	228.2	51.1
EV/EBIT	n.a.	n.a.	n.a.
Div. Yield	0.0%	0.0%	0.0%

STOCK OVERVIEW



COMPANY DATA

As of 31 Dec 2020

Liquid Assets	€ 4.25m
Current Assets	€ 6.63m
Intangible Assets	€ 3.98m
Total Assets	€ 14.55m
Current Liabilities	€ 4.45m
Shareholders' Equity	€ 8.75m

SHAREHOLDERS

BluGreen	80.6%
Sergei Storozhenko	4.7%
Free Float	14.7%



Capitalised own work amounted to €2.2m (previous year: €1.8m) and is attributable to capitalised development costs. Personnel expenses rose from €1.8m to €3.4m and are due mainly to the increase in staff in Italy for research and development (R&D) and production, as well as additional staff for the planned mass production of the electrolysers in Germany at the Saerbeck site ("Enapter Campus"). EBIT amounted to €-3.5m due to the capitalised own work (€2.2m) and was thus above our forecast of €-5.4m. The net result hardly differs from EBIT (see figure 1).

Figure 1: Reported 2020 figures versus estimates

All figures in €m	2020A	2020E	Delta	2019A	Delta
Sales	2.1	2.8	-25%	0.9	123%
EBIT	-3.5	-5.4	-	-1.5	-
margin	-171.3%	-195.2%		-161.6%	
Net income	-3.6	-5.4	-	-1.5	-
margin	-172.4%	-195.2%		-163.4%	
EPS (diluted)	-0.16	-0.24	-	n.a.	-

Source: First Berlin Equity Research, Enapter AG

Balance sheet reflects preparations for growth The balance sheet total rose by 82% to €14.6m. The largest increase in absolute terms was recorded in equity, which rose by almost €5m to €8.7m, owing largely to the €6m capital increase. The equity ratio increased from 49% to 60%. On the assets side, investments in intangible assets and property, plant and equipment increased fixed assets by 77% to €7.9m. The capital increase contributed significantly to a substantial increase in liquid funds to €4.2m (see figure 2).

Figure 2: Selected balance sheet positions

in €m	2020A	2019A	Delta
Intangible goods & Goodwill	4.0	2.1	92%
Property, plant & equipment	2.9	1.2	131%
Rights-of-use assets	1.0	1.1	-8%
Non-current assets, total	7.9	4.5	77%
Inventories	1.3	0.9	51%
Receivables	0.2	0.0	379%
Cash and cash equivalents	4.2	1.4	214%
Current assets, total	6.6	3.5	88%
Equity	8.7	3.9	122%
Equity ratio	60.1%	49.1%	+11 PP
Financial debt (long-term)	0.0	0.0	0%
Financial debt (short-term)	1.4	0.9	55%
Lease liabilities (long-term)	0.6	0.6	-11%
Lease liabilities (short-term)	0.1	0.1	31%
Net debt	-2.1	0.3	n.a
Net Gearing (net debt / equity in %)	-24.4%	7.7%	-
Payables	0.9	0.6	62%
Balance sheet total	14.6	8.0	82%

Source: First Berlin Equity Research, Enapter AG

Cash flow statement shaped by investments and capital increase Operating cash flow amounted to €-2.1m, mainly because of the net loss of €3.6m in 2020. Cash flow from investing activities was €-3.8m and consisted chiefly of capitalised development costs for intangible assets (€2.2m) and investments in property, plant and equipment (€1.8m). Cash flow from financing activities amounted to €8.8m and was largely characterised by inflows



from the capital increase (€6.2m), payments by the shareholder into the capital reserve (€1.6m) and the rise in financial liabilities (€1.4m). Net cash flow was €2.9m (see figure 3).

Figure 3: Cash flow statement

in €m	2020A	2019A
Operating cash flow	-2.1	-1.1
CAPEX	-4.0	-2.2
Free cash flow	-6.2	-3.4
Cash flow from investing	-3.8	-2.9
Cash flow from financing	8.8	4.6
Net cash flow	2.9	0.6

Source: First Berlin Equity Research, Enapter AG

High order intake a solid foundation for 2021 In 2020, the order intake amounted to approx. €3.6m, of which approx. €2.0m were still in the order book at the end of 2020, which forms a solid foundation for the 2021 sales target.

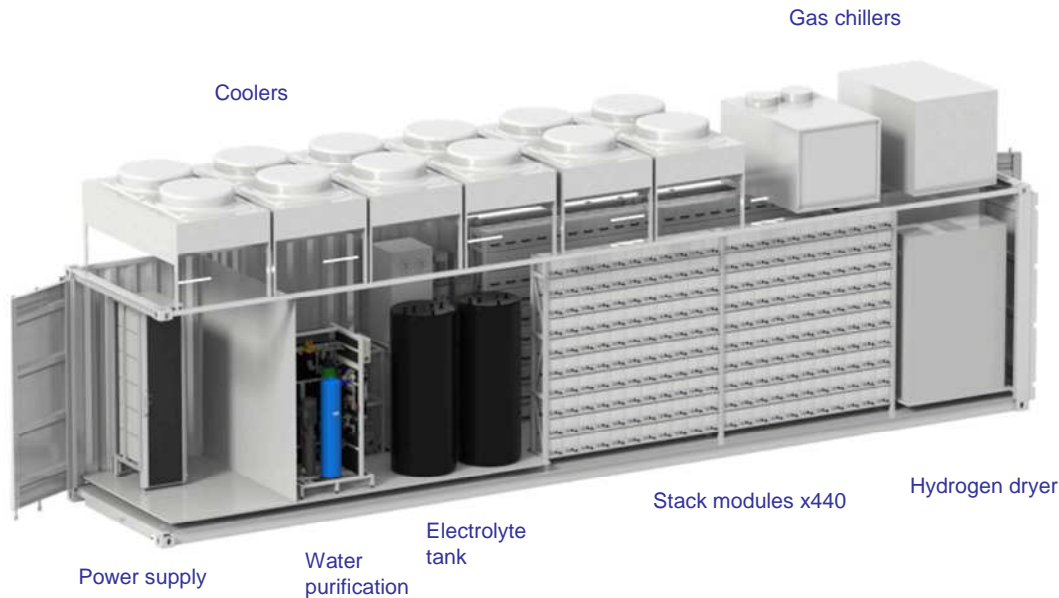
Production in Italy continues to ramp up The existing serial production in Pisa, Italy, is being expanded further. The site is currently being expanded to include another building that will be used for additional laboratories and a clean room. The construction work is to be completed in the first half of 2021. In another building acquired in December 2020, office space and a production expansion are in development. This conversion should also be completed in the first half of 2021. We expect the production capacity to increase to around 4,500 electrolysers p.a. by the end of the year. Although the output is likely to be well below the production capacity achieved by the end of the year, it will certainly make an increase in sales to around €9m possible. For comparison: in 2020, Enapter shipped fewer than 200 electrolysers.

Industrial series production in Germany from 2023 The construction of the industrial mass production facility on the approximately 77,000 m² site in Saerbeck near Münster is scheduled to begin this year. We expect its completion and the subsequent start of production in Q4/22. The production facility is expected to have a capacity of more than 100,000 electrolysers. The industrial production of electrolysers in Germany is to start in 2023.

Large electrolyser “AEM Multicore” presented at Hannover Messe Enapter presented its AEM Multicore (figure 4 overleaf), which is currently being developed, at the digital Hannover Messe, the largest industrial fair in the world. The AEM Multicore has a capacity of 1 MW and produces approx. 450 kg of hydrogen per day. The electrolyser is housed in a 40-foot container and consists of approx. 440 AEM stack modules, the performance of which is combined. The exchangeability of the stack modules increases the reliability of the overall system and reduces downtimes. The AEM Multicore embodies Enapter’s unique product and production approach in the electrolyser industry. Instead of relying on ever larger stacks like its competitors, the company is following the path with which the PC industry has ousted the mainframe and the solar industry, according to the International Energy Agency (IEA), has established the most cost-effective electricity production to date: standardisation, modularity and mass production. Small stack modules that produce 0.5 Nm³/h of hydrogen are standardised and manufactured cost-effectively in automated mass production. Many small stacks are interconnected according to the building block principle (modularity) and form a large electrolyser. The solar industry has acted as a forerunner to this method: Many standardised, inexpensive and mass-produced solar modules, each of which only has a

power of approx. 300 W, are interconnected to form huge ground-mounted systems. Today, very large ground-mounted systems can achieve an output of more than 1 GW (=1,000 MW =1,000,000 kW =1,000,000,000 W).

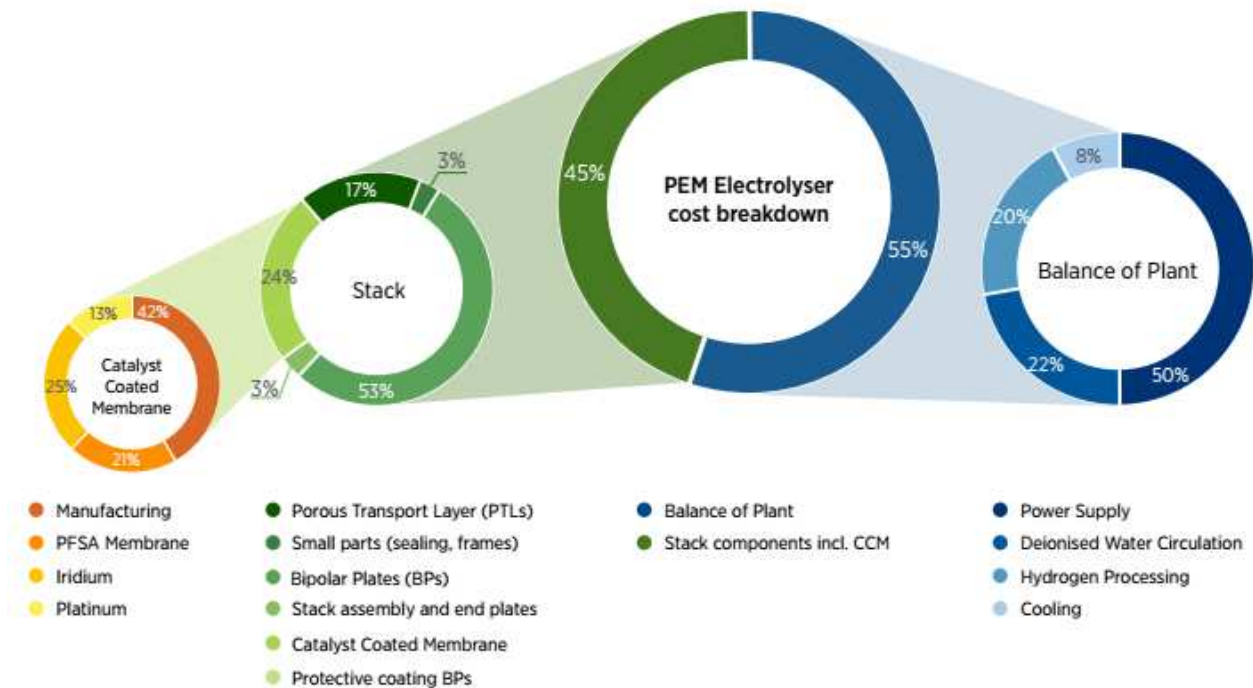
Figure 4: AEM Multicore



Source: First Berlin Equity Research, Enapter AG

Competitive advantage: AEM technology Enapter's patented Anion Exchange Membrane (AEM) electrolysis technology combines the advantages of alkaline electrolysis with those of proton exchange membrane electrolysis (PEM-EL). Like the PEM-EL, the AEM-EL generates hydrogen under high pressure and offers flexible operation. The electrolyser can be operated at different power input levels (zero to maximum) and reacts quickly to power supply bottlenecks. The main advantages of alkaline technology are its higher efficiency and lower costs. Simply put, the upscaled AEM technology combines the advantages of the PEM-EL at a cost that is closer to that of the alkaline technology. A look at the cost structure of the PEM technology shows where the cost savings of the AEM-EL lie. The costs of the PEM-EL can be roughly divided into stack costs (approx. 45%) and balance-of-plant costs (55%) (figure 5 overleaf).

Figure 5: Cost split for a 1 MW PEM electrolyser



Source: First Berlin Equity Research, IRENA: Green Hydrogen Cost Reduction, p. 52

AEM technology offers extensive potential for cost savings in both areas:

- About 53% of the PEM stack costs can be attributed to the bipolar plates. AEM technology can use steel plates that are significantly cheaper than the titanium plates required for PEM technology.
- Around 50% of the balance-of-plant costs are due to the electronics and the power supply. Enapter’s small electrolysers can use inexpensive, mass-produced standardised electronic components, such as those used for battery systems. This makes the power supply for AEM-EL significantly cheaper than for large PEM electrolysers.

Currently, the cost of a PEM electrolyser approximate 800-1000 \$/kW. According to Enapter’s calculations, the savings on bipolar plates and electronics with standardised mass production of AEM electrolysers total around 300 \$/kW. We therefore assume that PEM technology, even when accounting for cost savings through scaling and technical progress, will find it difficult to make up for this cost advantage.

Competitive advantage: innovative strength The AEM electrolysis patented by Enapter is still in the early stage of its development and offers a lot of innovation potential. The establishment of a new R&D center at the new location in Saerbeck with additional laboratories and technical areas should further strengthen their innovative strength. We therefore trust Enapter’s continuous research and development in the field of AEM electrolysis to take further major steps to improve the technology.

Enapter’s R&D team conducts research in electrochemistry on the improvement of the catalysts and membrane-electrode units as well as on the mechanical development of the stacks (improvement of the sealing concepts, higher pressure resistance, easier assembly in automated production processes).

Further focal points are:



- the industrialisation of the production of the modular electrolyser, including the development of production processes and machines, as well as
- the development of the product platform for the large-scale MW application area.

Enapter applied for funding projects in Germany for these two topics, which will officially start in the next few months and be funded with millions. We assume that the funding volume will be in the low double-digit million range.

In addition to continuously improving its current products, Enapter also intends to develop new production processes in electrolysis technology, such as chemical compression technology. Further goals are higher hydrogen purity, increased efficiency in hydrogen production with a simultaneous reduction in energy requirements, and improved membrane technologies. We assume that Enapter's R&D expenditure will be in the mid to high single-digit million range for several years and see this as the cornerstone for improving the currently very good competitive position further.

Research collaborations ensure external input A large number of research collaborations with external partners support Enapter's knowledge accumulation and research activities. This includes:

- participation in a consortium with SINTEF, EVONIK, Shell and the NTNU as part of the EU program "Fuel Cell and Hydrogen Joint Undertaking" (FCH JU) for the development of new materials for AEM electrolysis;
- the cooperation with Professor Hubert Gasteiger, professor for technical electrochemistry at the Technical University of Munich (TUM). Mr. Gasteiger is a member of the Enapter Advisory Board and is recognised worldwide for his electrochemical research;
- long-term collaboration with the German Aerospace Center (DLR). A new project for the scaling and long-term characterisation of the Enapter electrolysers with the consortium partners DLR, Evonik, and EWE Gasspeicher was submitted to the project management organisation Jülich (PTJ) in August 2020;
- the research partnership with the University of Pisa, which is an important talent pool due to its proximity to Enapter's production facility;
- the partnership with the University of Madrid in modelling fluid dynamics, which is useful for stack development.

€18m raised with capital increase in March The capital increase carried out in March raised €18.3m through the issue of 832,000 shares at €22.00 each. This increased the number of shares to 23,101,300.

Mixed measures for the remaining financing of investment in the mass production facility The new mass production facility requires approx. €100m. The remaining sum is to be obtained through a financing mix. A further capital increase in autumn 2021, grants of >€10m and debt of around €50m are planned for this purpose. For debt financing, KfW promotional loans for energy-efficient construction (KfW-BEG programme) as well as further liabilities in the form of bank loans, possibly with default guarantees for up to 80% of the loan volume by the state of North Rhine-Westphalia, are to be taken out. Since the final financing mix has not yet been determined, we are assuming a capital increase of roughly 1 million shares at €22 per share in autumn. The assumed total number of shares issued for 2021 thus corresponds to our previous assumptions.



Adjustment of forecasts Due to the expansion of production capacity in Pisa, Italy, we still consider our sales forecast for 2021 and 2022 to be achievable. We also continue to see the jump in sales we have modelled in 2023 as realistic due to the planned ramp-up of German mass production at the beginning of 2023. We have adjusted our earnings estimates for 2021 to the company guidance. Higher interest expenses in 2022 result in a slightly higher net loss. We are now assuming operational break-even for 2023 (see figure 6).

Figure 6: Revisions to forecasts

All figures in €m	2021E			2022E			2023E		
	Old	New	Delta	Old	New	Delta	Old	New	Delta
Sales	9.3	9.3	0.0%	34.8	34.8	0.0%	68.3	68.3	0.0%
EBIT	-6.7	-8.2	-	-9.9	-9.9	-	-2.5	0.4	-
margin	-72.6%	-88.9%	-	-28.5%	-28.5%	-	-3.7%	0.6%	-
Net income	-6.7	-8.3	-	-10.3	-10.8	-	-3.2	-1.2	-
margin	-72.6%	-89.4%	-	-29.5%	-30.9%	-	-4.7%	-1.8%	-
EPS (diluted)	-0.23	-0.28	-	-0.35	-0.36	-	-0.11	-0.04	-

Source: First Berlin Equity Research

Lower multiplier leads to significant price target reduction We have rolled both our DCF model and the peer group valuation forward by one year. For the peer group valuation, the calculation basis is now the year 2023 (previously: 2022). The much lower EV/sales multiplier leads to a significantly lower valuation of Enapter on a peer group basis (€39.00 versus €71.50). With the DCF model, rolling forward has a positive effect and leads to a valuation of €13.23 (previously: €11.94). The mean value from both valuation models yields a new price target of €26.00 (previously: €41.70). We confirm our Add recommendation.



VALUATION MODEL

We calculate the fair value of Enapter based on a DCF model and a peer group analysis. We weight both valuation models with 50%.

DCF MODEL

The DCF model discounts free cash flows generated in the future to the present value (GW). We use a three-phase model that estimates phase 1 up to and including 2026E in detail. For phase 2 from 2027E to 2035E, free cash flows are determined on the basis of assumptions about the most important model-relevant parameters (sales, EBIT, depreciation, CAPEX, working capital). The third phase calculates the terminal value.

Figure 7: DCF model

DCF valuation model								
All figures in EUR '000	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Net sales	9,253	34,838	68,305	94,154	118,311	146,862	182,109	225,815
NOPLAT	-8,228	-9,930	424	7,140	13,507	20,361	21,639	27,066
+ depreciation & amortisation	882	5,085	7,454	7,462	7,542	7,713	7,978	8,344
Net operating cash flow	-7,346	-4,845	7,878	14,602	21,049	28,074	29,617	35,410
- total investments (CAPEX, WC, Other)	-38,079	-34,827	-11,182	-10,615	-11,839	-13,786	-16,236	-18,940
Capital expenditures	-38,336	-66,536	-6,967	-7,721	-9,099	-10,547	-12,152	-13,918
Working capital	258	-3,291	-4,215	-2,894	-2,740	-3,238	-4,084	-5,022
Other	0	35,000	0	0	0	0	0	0
Free cash flows (FCF)	-45,425	-39,672	-3,304	3,987	9,210	14,288	13,381	16,470
PV of FCF's	-42,655	-33,954	-2,578	2,834	5,967	8,437	7,201	8,076

All figures in thousands		
PV of FCFs in explicit period (2021E-2035E)	36,950	
PV of FCFs in terminal period	239,329	
Enterprise value (EV)	276,279	
+ Net cash / - net debt (pro forma)	42,678	
+ Investments / minority interests	1	
Shareholder value	318,958	
Diluted number of shares	24,113	
Fair value in EUR	13.23	
		Terminal growth 4.0%
		Terminal EBIT margin 14.9%

WACC		WACC	Terminal growth rate						
			2.5%	3.0%	3.5%	4.0%	4.5%	5.0%	5.5%
Cost of equity	10.1%	5.7%	36.22	41.74	49.76	62.45	85.55	140.86	450.48
Pre-tax cost of debt	3.5%	6.7%	25.25	27.92	31.41	36.18	43.11	54.07	74.04
Tax rate	30.0%	7.7%	18.65	20.12	21.94	24.24	27.26	31.39	37.39
After-tax cost of debt	2.5%	8.7%	14.30	15.18	16.23	17.50	19.08	21.07	23.69
Share of equity capital	95.0%	9.7%	11.25	11.81	12.46	13.23	14.14	15.24	16.60
Share of debt capital	5.0%	10.7%	9.02	9.39	9.82	10.30	10.87	11.53	12.32
		11.7%	7.34	7.59	7.88	8.20	8.57	8.99	9.48
		12.7%	6.03	6.21	6.41	6.63	6.88	7.16	7.48

* for layout purposes the model shows numbers only to 2028, but runs until 2035

Source: First Berlin Equity Research



PEER GROUP ANALYSIS

For the peer group analysis, we select the most important listed electrolyser manufacturers where the focus lies clearly on the production of electrolysers. These include the companies ITM Power Plc, McPhy Energy S.A. and Nel ASA.

In addition, the most important fuel cell manufacturers are taken into account, as they are likely to benefit from the trend towards (green) hydrogen in the same way as the electrolyser suppliers. Fuel cell technology is the reversal of electrolysis technology. The hydrogen is converted into electricity and water in an electrochemical reaction in the fuel cell. Fuel cells are used for stationary and mobile power supply as well as for driving vehicles (forklifts, cars, buses, trucks, trains, ships, and in the future aircraft). The most important listed fuel cell manufacturers are Ballard Power, Plug Power, FuelCell Energy, Ceres Power, and SFC Energy. The Norwegian company, Hexagon Purus, is also part of the peer group. The subsidiary of Hexagon Composites went public in December 2020 and manufactures hydrogen storage systems for electric vehicles. The peer group comparison is based on the analyst consensus estimates for the years 2021-2023 (source: Bloomberg).

Figure 8: Peer group Enapter

Peergroup - Key Figures																
Company	LC	Price in LC	MC in LC m	EV in LC m	EPS			Sales			EBITDA			EBIT		
					21e	22e	23e	21e	22e	23e	21e	22e	23e	21e	22e	23e
ITM Power	GBP	5.18	2,852.4	2,832.9	-0.04	-0.04	-0.01	6.2	30.1	81.9	-17.3	-12.1	0.7	-20.2	-14.7	-4.3
McPhy Energy	EUR	31.06	865.8	849.9	-0.44	-0.45	-0.46	27.2	43.3	87.8	-7.5	-6.4	2.0	-7.4	-7.3	-2.5
NEL	NOK	25.85	37,671.1	35,460.0	-0.27	-0.20	-0.07	1,008.1	1,680.4	2,697.7	-252.6	-162.1	52.2	-437.1	-368.3	-132.8
Ballard Power Systems	USD	22.39	6,651.7	5,904.1	-0.17	-0.12	-0.03	120.6	173.7	253.8	-40.4	-24.1	-2.5	-46.2	-41.4	-3.8
Plug Power	USD	29.29	14,718.7	14,138.1	-0.25	-0.17	-0.03	472.2	734.6	1,121.6	22.5	88.5	184.9	-56.0	-12.2	59.2
FuelCell Energy	USD	10.61	3,421.0	3,408.4	-0.28	-0.16	-0.13	78.6	119.6	172.7	-23.8	-4.9	11.5	-51.7	-41.1	-36.9
Ceres Power	GBP	13.41	2,494.5	2,391.4	-0.07	-0.05	-0.09	29.4	35.3	36.0	-10.9	-7.6	-10.0	-13.8	-10.4	-15.1
Hexagon Purus	NOK	51.00	11,683.7	10,454.0	-0.91	-0.82	-0.73	326.5	652.0	1,283.0	-234.0	-168.5	-104.0	-275.0	-243.5	-215.0
SFC Energy	EUR	26.10	377.7	385.5	0.04	0.32	0.68	68.4	92.0	125.0	5.2	11.0	17.4	1.2	6.6	13.1

Source: Bloomberg

Peergroup - Valuation Multiples																
Company	LC	Price in LC	MC in LC m	EV in LC m	P / E			EV / Sales			EV / EBITDA			EV / EBIT		
					21e	22e	23e	21e	22e	23e	21e	22e	23e	21e	22e	23e
ITM Power	GBP	5.18	2,852.4	2,832.9	neg.	neg.	neg.	453.9	94.0	34.6	neg.	neg.	3,823.1	neg.	neg.	neg.
McPhy Energy	EUR	31.06	865.8	849.9	neg.	neg.	neg.	31.2	19.6	9.7	neg.	neg.	424.9	neg.	neg.	neg.
NEL	NOK	25.85	37,671.1	35,460.0	neg.	neg.	neg.	35.2	21.1	13.1	neg.	neg.	679.7	neg.	neg.	neg.
Ballard Power Systems	USD	22.39	6,651.7	5,904.1	neg.	neg.	neg.	48.9	34.0	23.3	neg.	neg.	neg.	neg.	neg.	neg.
Plug Power	USD	29.29	14,718.7	14,138.1	neg.	neg.	neg.	29.9	19.2	12.6	627.7	159.8	76.5	neg.	neg.	238.7
FuelCell Energy	USD	10.61	3,421.0	3,408.4	neg.	neg.	neg.	43.4	28.5	19.7	neg.	neg.	296.8	neg.	neg.	neg.
Ceres Power	GBP	13.41	2,494.5	2,391.4	neg.	neg.	neg.	81.3	67.7	66.5	neg.	neg.	neg.	neg.	neg.	neg.
Hexagon Purus	NOK	51.00	11,683.7	10,454.0	neg.	neg.	neg.	32.0	16.0	8.1	neg.	neg.	neg.	neg.	neg.	neg.
SFC Energy	EUR	26.10	377.7	385.5	705.4	82.3	38.4	5.6	4.2	3.1	74.5	35.2	22.2	327.6	58.6	29.5
Average					705.4	82.3	38.4	84.6	33.8	21.2	351.1	97.5	887.2	327.6	58.6	134.1
Median					705.4	82.3	38.4	35.2	21.1	13.1	351.1	97.5	360.9	327.6	58.6	134.1

Source: First Berlin Equity Research, Bloomberg

As with the DCF model, we have also rolled the peer group assessment up a year and are now using the year 2023 as the basis. Since the consensus estimates 2021E-2023E for EBITDA, EBIT and EPS of most peer group companies are negative, an assessment of Enapter based on multipliers such as EV/EBITDA, EV/EBIT and KGV is not possible. The only multiplier available is EV/Revenue. This results in a peer group median value of 13.1 for 2023E (see figure 8). On the basis of our Enapter sales estimate for 2023 of €68.3m and the 2023E median sales multiple of 13.1, this would result in a fair EV of €68.3m * 13.1 = €897.8m. According to our model, Enapter's pro forma cash position amounts to €42.7m, which leads to a fair shareholder value of €940.5m. Based on the diluted number of shares we calculated to be at 24.11 million, this yields a fair value of €39.00 (figure 9 overleaf). Please note that our old peer group assessment was based on the year 2022.

**Figure 9: Peergroup based valuation of Enapter**

Peer group-based fair value		new	old*
EV/sales multiplier 2023E		13.1	47.4
Enapter's sales 2023E	€m	68.3	34.8
Fair EV	€m	897.8	1,651.3
Net cash position (pro forma)	€m	42.7	62.2
Fair shareholder value	€m	940.5	1,713.5
Diluted number of shares, discounted	m	24.11	23.96
Fair value per share	€	39.00	71.50

* based on 2022 multiplier and sales

Source: First Berlin Equity Research,

FAIR VALUE AND PRICE TARGET

We derive our target price from our DCF model-based valuation, as well as from our peer group-based valuation and weight both at 50%. This yields a price target of €26.00 (previously: €41.70, see figure 10).

Figure 10: Price target calculation

in €	new	old
Fair value DCF model	13.23	11.94
Fair value peer group	39.00	71.50
Mean	26.12	41.72
Price target	26.00	41.70

Source: First Berlin Equity Research



INCOME STATEMENT

All figures in EUR '000	2019A	2020A	2021E	2022E	2023E	2024E	2025E	2026E
Revenues	929	2,070	9,253	34,838	68,305	94,154	118,311	146,862
Changes in Inventories	107	242	0	0	0	0	0	0
Own Work	1,805	2,208	2,406	2,683	2,869	3,107	3,657	4,232
Cost of goods sold	1,108	2,320	8,790	25,780	39,617	53,668	67,437	83,711
Gross profit (Sales ./ COGS)	-179	-250	463	9,058	28,688	40,486	50,874	63,151
Personnel costs	1,827	3,356	6,612	10,343	15,219	17,299	18,899	20,434
Other operating income	73	605	463	697	1,025	1,224	1,506	1,829
Other operating expenses	1,232	2,369	4,189	7,053	9,600	12,701	15,529	18,682
EBITDA	-1,253	-2,920	-7,470	-4,959	7,762	14,817	21,608	30,096
Depreciation and amortisation	248	625	758	4,971	7,338	7,394	7,481	7,658
Operating income (EBIT)	-1,501	-3,544	-8,228	-9,930	424	7,423	14,128	22,438
Net financial result	-15	-21	-45	-841	-1,663	-1,761	-1,719	-1,666
Non-operating expenses	0	0	0	0	0	0	0	0
Pre-tax income (EBT)	-1,516	-3,565	-8,273	-10,771	-1,239	5,662	12,409	20,772
Income taxes	0	3	0	0	0	283	620	2,077
Minority interests	-2	-1	0	0	0	0	0	0
Net income / loss	-1,518	-3,569	-8,273	-10,771	-1,239	5,379	11,788	18,694
Ratios								
Gross margin on revenues	-19.2%	-12.1%	5.0%	26.0%	42.0%	43.0%	43.0%	43.0%
EBITDA margin on revenues	-134.8%	-141.0%	-80.7%	-14.2%	11.4%	15.7%	18.3%	20.5%
EBIT margin on revenues	-161.5%	-171.2%	-88.9%	-28.5%	0.6%	7.9%	11.9%	15.3%
Net margin on revenues	-163.4%	-172.4%	-89.4%	-30.9%	-1.8%	5.7%	10.0%	12.7%
Tax rate	0.0%	-0.1%	0.0%	0.0%	0.0%	5.0%	5.0%	10.0%
Expenses as % of revenues								
Personnel costs	196.5%	162.1%	71.5%	29.7%	22.3%	18.4%	16.0%	13.9%
Depreciation and amortisation	26.7%	30.2%	8.2%	14.3%	10.7%	7.9%	6.3%	5.2%
Other operating expenses	132.5%	114.4%	45.3%	20.2%	14.1%	13.5%	13.1%	12.7%
Y-Y Growth								
Revenues	30.9%	122.7%	347.0%	276.5%	96.1%	37.8%	25.7%	24.1%
Operating income	n.m.	n.m.	n.m.	n.m.	n.m.	1649.6%	90.3%	58.8%
Net income/ loss	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	119.2%	58.6%



BALANCE SHEET

All figures in EUR '000	2019A	2020A	2021E	2022E	2023E	2024E	2025E	2026E
Assets								
Current assets, total	3,530	6,633	4,997	11,123	15,474	22,720	31,460	49,104
Cash and cash equivalents	1,354	4,248	927	2,414	2,446	5,258	9,749	22,371
Short-term investments	255	0	0	0	0	0	0	0
Receivables	38	184	761	2,863	5,614	7,739	9,724	12,071
Inventories	862	1,300	2,408	4,944	6,512	8,822	11,086	13,761
Other current assets	1,020	901	901	901	901	901	901	901
Non-current assets, total	4,469	7,917	45,558	107,122	106,751	107,077	108,696	111,585
Property, plant & equipment	1,245	2,870	38,371	97,515	94,788	92,765	91,696	91,578
Goodwill & other intangibles	2,071	3,977	6,116	8,536	10,893	13,241	15,929	18,937
Right-of-use assets	1,119	1,033	1,033	1,033	1,033	1,033	1,033	1,033
Other assets	34	38	38	38	38	38	38	38
Total assets	7,999	14,550	50,554	118,245	122,225	129,797	140,156	160,689
Shareholders' equity & debt								
Current liabilities, total	2,742	4,452	7,980	10,328	16,846	10,971	9,480	11,264
Short-term debt	915	1,415	3,000	4,000	10,415	3,000	0	0
Leasing liabilities	83	109	109	109	109	109	109	109
Accounts payable	583	947	2,890	4,238	4,342	5,881	7,390	9,174
Current provisions	62	239	239	239	239	239	239	239
Other current liabilities	1,181	1,851	1,851	1,851	1,851	1,851	1,851	1,851
Long-term liabilities, total	1,327	1,353	1,539	77,653	76,354	84,422	84,483	84,538
Long-term debt	21	21	21	41,021	39,606	47,606	47,606	47,606
Leasing liabilities	639	568	754	868	983	1,051	1,112	1,167
Other liabilities	165	278	278	35,278	35,278	35,278	35,278	35,278
Deferred revenue	502	486	486	486	486	486	486	486
Minority interests	0	1	1	1	1	1	1	1
Shareholders' equity	3,931	8,744	41,034	30,263	29,024	34,403	46,192	64,886
Share capital	1,238	22,269	24,113	24,113	24,113	24,113	24,113	24,113
Capital reserve	5,854	-6,771	31,948	31,948	31,948	31,948	31,948	31,948
Other reserves	-13	-37	-37	-37	-37	-37	-37	-37
Treasury stock	0	0	0	0	0	0	0	0
Loss carryforward / retained earnings	-3,148	-6,716	-14,989	-25,760	-26,999	-21,620	-9,832	8,863
Total consolidated equity and debt	7,999	14,550	50,554	118,245	122,225	129,797	140,156	160,689
Ratios								
Current ratio (x)	1.29	1.49	0.63	1.08	0.92	2.07	3.32	4.36
Quick ratio (x)	0.97	1.20	0.32	0.60	0.53	1.27	2.15	3.14
Net debt	-673	-2,812	2,094	42,607	47,575	45,349	37,857	25,235
Net gearing	-17.1%	-32.2%	5.1%	140.8%	163.9%	131.8%	82.0%	38.9%
Return on equity (ROE)	-38.6%	-40.8%	-20.2%	-35.6%	-4.3%	15.6%	25.5%	28.8%
Days of sales outstanding (DSO)	15.1	32.5	30.0	30.0	30.0	30.0	30.0	30.0
Days inventory outstanding	284.1	204.5	100.0	70.0	60.0	60.0	60.0	60.0
Days in payables (DIP)	192.2	149.1	120.0	60.0	40.0	40.0	40.0	40.0



CASH FLOW STATEMENT

All figures in EUR '000	2019A	2020A	2021E	2022E	2023E	2024E	2025E	2026E
EBIT	-1,501	-3,544	-8,228	-9,930	424	7,423	14,128	22,438
Depreciation and amortisation	248	625	882	5,085	7,454	7,462	7,542	7,713
EBITDA	-1,253	-2,920	-7,346	-4,845	7,878	14,885	21,670	30,151
Changes in working capital	89	528	258	-3,291	-4,215	-2,894	-2,740	-3,238
Other adjustments	18	255	-45	-841	-1,663	-2,044	-2,339	-3,743
Operating cash flow	-1,146	-2,137	-7,133	-8,977	1,999	9,947	16,590	23,169
Investments in PP&E	-381	-1,830	-36,023	-63,749	-4,098	-4,708	-5,593	-6,542
Investments in intangibles	-1,829	-2,208	-2,313	-2,787	-2,869	-3,013	-3,506	-4,005
Free cash flow	-3,356	-6,175	-45,469	-75,513	-4,968	2,226	7,491	12,622
Acquisitions & disposals, net	0	0	0	0	0	0	0	0
Other investments	-709	250	0	0	0	0	0	0
Investment cash flow	-2,919	-3,789	-38,336	-66,536	-6,967	-7,721	-9,099	-10,547
Debt financing, net	19	1,240	1,585	42,000	5,000	585	-3,000	0
Equity financing, net	1,200	6,189	40,563	0	0	0	0	0
Dividends paid	0	0	0	0	0	0	0	0
Other financing	3,428	1,390	0	35,000	0	0	0	0
Financing cash flow	4,646	8,819	42,148	77,000	5,000	585	-3,000	0
FOREX & other effects	0	0	0	0	0	0	0	0
Net cash flows	581	2,894	-3,321	1,487	32	2,812	4,491	12,622
Cash, start of the year	773	1,354	4,248	927	2,414	2,446	5,258	9,749
Cash, end of the year	1,354	4,248	927	2,414	2,446	5,258	9,749	22,371

Y-Y Growth

Operating cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	397.5%	66.8%	39.7%
Free cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	236.5%	68.5%
Financial cash flow		89.8%	377.9%	82.7%	-93.5%	-88.3%	n.m.	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	Today	€22.30	Add	€26.00

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- key sources of information in the preparation of this research report
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