

Enapter AG

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

Update

RATING
BUY

PRICE TARGET
€ 13.00

Return Potential 50.5%
 Risk Rating High

POSITIVE EBITDA THANKS TO LICENCE AGREEMENT

According to preliminary 2023 figures, Enapter generated sales of €31.5m, EBITDA of €0.4m and net income of €7.1m. The main reason for the good performance is the sale of an exclusive US distribution licence to Solar Invest International (SII) for a total of €25m. We assume that Enapter was able to book around €15m of this as sales last year and generated around €16m in product sales. At the end 2023, the order backlog totalled €26m, of which €14m relate to 2024. We confirm our forecasts for 2024 and the following years, while maintaining our €13 price target. Our rating remains Buy.

Revenue slightly above guidance Thanks in large part to the contract with SII, Enapter generated sales of €31.5m, exceeding guidance of ca. €30m and our €27.1m forecast. EBITDA and net income were in line with our expectations. Compared to 2022, the company increased sales by 115%. EBITDA was positive for the first time at €0.4m after €-10.6m in the previous year. Net income improved from €-13.0m to €-7.1m (see figure 1 overleaf).

Order backlog almost doubled At the end of 2023, the order backlog totalled €26m, almost double the previous year's figure of €13.5m.

Two licence agreements already concluded Following the agreement with SII for the USA, Enapter established a joint venture with Wolong and granted it an exclusive production and distribution licence for China. We expect Enapter to continue this licencing strategy to accelerate its international expansion.

Buy reiterated with unchanged price target An updated DCF model yields an unchanged €13 price target. We confirm our Buy recommendation.

FINANCIAL HISTORY & PROJECTIONS

	2020	2021	2022	2023E	2024E	2025E
Revenue (€m)	2.07	8.44	14.67	31.50	39.36	67.37
Y-o-y growth	122.7%	307.8%	73.8%	114.7%	25.0%	71.2%
EBIT (€m)	-3.54	-8.62	-12.86	-3.38	-16.53	-12.74
EBIT margin	-171.2%	-102.1%	-87.6%	-10.7%	-42.0%	-18.9%
Net income (€m)	-3.57	-8.70	-12.98	-7.11	-21.74	-18.63
EPS (diluted) (€)	-0.16	-0.38	-0.51	-0.26	-0.80	-0.69
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00
FCF (€m)	-6.17	-33.05	-64.89	-18.66	-35.20	-33.21
Net gearing	-32.2%	-33.8%	-2.1%	18.3%	82.5%	200.8%
Liquid assets (€m)	4.25	19.60	5.07	14.84	13.84	3.13

RISKS

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

COMPANY PROFILE

Enapter produces standardised stacks & 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 production sites in Pisa, Italy, & Saerbeck, Germany, and ca. 210 employees.

MARKET DATA

As of 13 Feb 2024

Closing Price € 8.64
 Shares outstanding 27.20m
 Market Capitalisation € 234.96m
 52-week Range € 7.30 / 15.50
 Avg. Volume (12 Months) 12,814

Multiples	2022	2023E	2024E
P/E	n.a.	n.a.	n.a.
EV/Sales	15.9	7.4	5.9
EV/EBIT	n.a.	n.a.	n.a.
Div. Yield	0.0%	0.0%	0.0%

STOCK OVERVIEW



COMPANY DATA

As of 30 Jun 2023

Liquid Assets € 9.45m
 Current Assets € 35.45m
 Intangible Assets € 11.34m
 Total Assets € 120.61m
 Current Liabilities € 11.17m
 Shareholders' Equity € 77.30m

SHAREHOLDERS

BluGreen 65.1%
 Svelland Global Trading Master 5.0%
 Sergei Storozhenko 4.1%
 Other Investors 6.9%
 Free Float 18.9%

**Figure 1: Reported figures versus forecasts**

All figures in €m	2023A	2023E	Delta	2022A	Delta
Sales	31.5	27.1	16%	14.7	115%
EBITDA	0.4	0.1	188%	-10.6	-
margin	1.3%	0.5%		-90.3%	
Net income	-7.1	-6.6	-	-13.0	-

Source: First Berlin Equity Research, Enapter AG

Figure 2: Revisions to forecasts

All figures in €m	2023E			2024E			2025E		
	Old	New	Delta	Old	New	Delta	Old	New	Delta
Sales	27.1	31.5	16%	39.4	39.4	0%	67.4	67.4	0%
EBIT	-3.7	-3.4	-	-16.5	-16.5	-	-12.7	-12.7	-
margin	-13.5%	-10.7%		-42.0%	-42.0%		-18.9%	-18.9%	
Net income	-6.6	-7.1	-	-21.7	-21.7	-	-18.6	-18.6	-
margin	-24.2%	-22.6%		-55.2%	-55.2%		-27.7%	-27.7%	
EPS (diluted, in €)	-0.24	-0.26	-	-0.80	-0.80	-	-0.69	-0.69	-

Source: First Berlin Equity Research



VALUATION MODEL

DCF valuation model								
All figures in EUR '000	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Net sales	31,500	39,360	67,370	141,150	239,100	348,434	491,609	670,822
NOPLAT	-3,848	-16,749	-12,920	2,010	12,920	23,209	36,071	48,488
+ depreciation & amortisation	3,791	4,380	5,982	7,400	7,993	8,369	9,036	10,030
Net operating cash flow	-57	-12,370	-6,939	9,410	20,913	31,579	45,107	58,518
- total investments (CAPEX, WC, Other)	-13,039	-15,644	-18,062	-27,795	-29,421	-35,510	-46,427	-58,147
Capital expenditures	-8,999	-20,467	-15,495	-15,527	-11,172	-15,141	-19,754	-24,759
Working capital	-6,340	2,623	-5,067	-12,269	-18,248	-20,369	-26,674	-33,388
Other	2,300	2,200	2,500	0	0	0	0	0
Free cash flows (FCF)	-13,096	-28,013	-25,000	-18,385	-8,508	-3,932	-1,320	371
PV of FCF's	-13,096	-25,052	-19,694	-12,758	-5,200	-2,116	-626	155

All figures in thousands	
PV of FCFs in explicit period (2023E-2037E)	43,355
PV of FCFs in terminal period	320,421
Enterprise value (EV)	363,776
+ Net cash / - net debt	1,243
+ Investments / minority interests	1
Shareholder value	365,019
Diluted number of shares	27,195
Fair value in EUR	13.42

Terminal growth	4.0%
Terminal EBIT margin	13.2%

WACC		Terminal growth rate						
		2.5%	3.0%	3.5%	4.0%	4.5%	5.0%	5.5%
10.5%	24.13	25.29	26.62	28.15	29.94	32.05	34.58	
11.5%	19.03	19.82	20.70	21.70	22.85	24.17	25.71	
12.5%	15.15	15.70	16.31	16.98	17.74	18.61	19.59	
13.5%	12.14	12.53	12.95	13.42	13.94	14.53	15.18	
14.5%	9.76	10.04	10.34	10.68	11.04	11.45	11.90	
15.5%	7.85	8.06	8.28	8.52	8.78	9.07	9.39	
16.5%	6.31	6.46	6.63	6.80	6.99	7.20	7.43	

* 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	2026E
Revenues	2,070	8,442	14,671	31,500	39,360	67,370	141,150
Changes in Inventories	242	540	525	0	0	0	0
Operating performance	2,312	8,982	15,197	31,500	39,360	67,370	141,150
Cost of goods sold	2,320	7,874	12,013	10,842	30,307	48,506	98,805
Gross profit (op. performance /. COGS)	-8	1,109	3,184	20,658	9,053	18,864	42,345
Own Work	2,208	3,330	6,383	3,253	2,362	1,347	988
Personnel costs	3,356	7,596	14,300	15,100	15,500	18,207	21,173
Other operating income	605	1,367	2,799	1,897	1,378	1,347	1,412
Other operating expenses	2,369	5,828	8,648	10,300	9,446	10,106	14,115
EBITDA	-2,920	-7,619	-10,582	408	-12,154	-6,754	9,457
Depreciation and amortisation	625	1,002	2,276	3,791	4,380	5,982	7,400
Operating income (EBIT)	-3,544	-8,622	-12,858	-3,383	-16,534	-12,736	2,058
Net financial result	-21	-88	-97	-3,261	-4,991	-5,710	-6,781
Non-operating expenses	0	0	0	0	0	0	0
Pre-tax income (EBT)	-3,565	-8,709	-12,955	-6,644	-21,525	-18,445	-4,723
Income taxes	3	-8	23	465	215	184	47
Minority interests	-1	1	1	0	0	0	0
Net income / loss	-3,569	-8,701	-12,977	-7,109	-21,740	-18,630	-4,771
Diluted EPS (in €)	-0.16	-0.38	-0.51	-0.26	-0.80	-0.69	-0.18
Ratios							
Gross margin on operating performance	-0.3%	12.3%	21.0%	65.6%	23.0%	28.0%	30.0%
EBITDA margin on revenues	-141.0%	-90.3%	-72.1%	1.3%	-30.9%	-10.0%	6.7%
EBIT margin on revenues	-171.2%	-102.1%	-87.6%	-10.7%	-42.0%	-18.9%	1.5%
Net margin on revenues	-172.4%	-103.1%	-88.4%	-22.6%	-55.2%	-27.7%	-3.4%
Tax rate	-0.1%	0.1%	-0.2%	-7.0%	-1.0%	-1.0%	-1.0%
Expenses as % of revenues							
Personnel costs	162.1%	90.0%	97.5%	47.9%	39.4%	27.0%	15.0%
Depreciation and amortisation	30.2%	11.9%	15.5%	12.0%	11.1%	8.9%	5.2%
Other operating expenses	114.4%	69.0%	58.9%	32.7%	24.0%	15.0%	10.0%
Y-Y Growth							
Revenues	122.7%	307.8%	73.8%	114.7%	25.0%	71.2%	109.5%
Operating income	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Net income/ loss	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.



BALANCE SHEET

All figures in EUR '000	2020A	2021A	2022A	2023E	2024E	2025E	2026E
Assets							
Current assets, total	6,633	29,920	27,577	36,062	34,682	27,213	49,450
Cash and cash equivalents	4,248	19,604	5,071	14,842	13,838	3,128	8,961
Short-term investments	0	0	0	0	0	0	0
Receivables	184	2,638	8,014	10,396	6,470	7,383	15,468
Inventories	1,300	3,604	8,421	4,753	8,303	10,632	18,949
Other current assets	901	4,073	6,071	6,071	6,071	6,071	6,071
Non-current assets, total	7,917	32,221	80,237	85,627	101,860	111,519	119,689
Property, plant & equipment	2,870	23,985	67,900	73,655	90,389	100,690	108,764
Goodwill & other intangibles	3,977	7,110	10,272	9,907	9,406	8,763	8,860
Right-of-use assets	1,033	1,055	909	909	909	909	909
Other assets	72	1,156	1,156	1,156	1,156	1,156	1,156
Total assets	14,550	62,141	107,814	121,688	136,542	138,732	169,139
Shareholders' equity & debt							
Current liabilities, total	4,452	10,397	16,070	9,572	23,820	11,995	20,204
Short-term debt	1,415	1,186	871	2,000	14,000	4,000	8,075
Leasing liabilities	109	155	116	116	116	116	116
Accounts payable	947	6,387	11,191	3,564	5,812	3,987	8,121
Current provisions	239	516	1,243	1,243	1,243	1,243	1,243
Other current liabilities	1,851	2,309	2,765	2,765	2,765	2,765	2,765
Long-term liabilities, total	1,353	5,224	5,290	32,770	55,116	87,761	114,730
Long-term debt	21	2,708	2,371	27,371	47,371	77,371	104,296
Leasing liabilities	568	575	471	652	798	943	987
Other liabilities	278	512	605	2,903	5,103	7,603	7,603
Deferred revenue	486	1,428	1,844	1,844	1,844	1,844	1,844
Minority interests	1	2	1	1	1	1	1
Shareholders' equity	8,744	46,518	86,454	79,345	57,605	38,975	34,205
Share capital	22,269	24,406	27,195	27,195	27,195	27,195	27,195
Capital reserve	-6,771	37,615	87,586	87,586	87,586	87,586	87,586
Other reserves	-37	-83	69	69	69	69	69
Treasury stock	0	0	0	0	0	0	0
Loss carryforward / retained earnings	-6,716	-15,418	-28,396	-35,505	-57,245	-75,875	-80,646
Total consolidated equity and debt	14,550	62,141	107,814	121,688	136,542	138,732	169,139
Ratios							
Current ratio (x)	1.49	2.88	1.72	3.77	1.46	2.27	2.45
Quick ratio (x)	1.20	2.53	1.19	3.27	1.11	1.38	1.51
Equity ratio	60.1%	74.9%	80.2%	65.2%	42.2%	28.1%	20.2%
Net debt	-2,812	-15,711	-1,830	14,529	47,533	78,243	103,409
Net gearing	-32.2%	-33.8%	-2.1%	18.3%	82.5%	200.8%	302.3%
Return on equity (ROE)	-40.8%	-18.7%	-15.0%	-9.0%	-37.7%	-47.8%	-13.9%
Days of sales outstanding (DSO)	32	114	199	120	60	40	40
Days inventory outstanding	205	167	256	160	100	80	70
Days in payables (DIP)	149	296	340	120	70	30	30



CASH FLOW STATEMENT

All figures in EUR '000	2020A	2021A	2022A	2023E	2024E	2025E	2026E
EBIT	-3,544	-8,622	-12,858	-3,383	-16,534	-12,736	2,058
Depreciation and amortisation	625	1,002	2,276	3,791	4,380	5,982	7,400
EBITDA	-2,920	-7,619	-10,582	408	-12,154	-6,754	9,457
Changes in working capital	528	-1,136	-6,476	-6,340	2,623	-5,067	-12,269
Other adjustments	255	758	1,594	-3,726	-5,206	-5,894	-6,828
Operating cash flow	-2,137	-7,997	-15,464	-9,659	-14,737	-17,715	-9,640
Investments in PP&E	-1,830	-21,570	-44,989	-8,132	-19,680	-14,821	-14,115
Investments in intangibles	-2,208	-3,483	-4,436	-867	-787	-674	-1,412
Free cash flow	-6,175	-33,050	-64,889	-18,658	-35,204	-33,210	-25,166
Acquisitions & disposals, net	0	0	0	0	0	0	0
Other investments	250	-11	-65	0	0	0	0
Investment cash flow	-3,789	-25,064	-49,490	-8,999	-20,467	-15,495	-15,527
Debt financing, net	1,240	2,463	-653	26,129	32,000	20,000	31,000
Equity financing, net	6,189	48,304	52,998	0	0	0	0
Dividends paid	0	0	0	0	0	0	0
Other financing	1,390	-2,350	-1,924	2,300	2,200	2,500	0
Financing cash flow	8,819	48,417	50,421	28,429	34,200	22,500	31,000
FOREX & other effects	0	0	0	0	0	0	0
Net cash flows	2,894	15,356	-14,534	9,771	-1,004	-10,710	5,834
Cash, start of the year	1,354	4,248	19,604	5,071	14,842	13,838	3,128
Cash, end of the year	4,248	19,604	5,071	14,842	13,838	3,128	8,961
Y-Y Growth							
Operating cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Free cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Financial cash flow	89.8%	449.0%	4.1%	-43.6%	20.3%	-34.2%	37.8%

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PRICE TARGET DATES

Unless otherwise indicated, current prices refer to the closing prices of the previous trading day.

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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 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.

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	21 September 2020	€6.50	Buy	€8.90
2...9	↓	↓	↓	↓
10	13 September 2022	€15.25	Buy	€26.00
11	15 December 2022	€14.60	Buy	€20.00
12	14 February 2023	€15.50	Buy	€20.00
13	29 June 2023	€11.90	Buy	€19.00
14	11 September 2023	€12.50	Buy	€17.00
15	19 October 2023	€10.75	Buy	€17.00
16	12 January 2024	€7.68	Buy	€13.00
17	31 January 2024	€8.10	Buy	€13.00
18	Today	€8.64	Buy	€13.00

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.

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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: <https://firstberlin.com/disclaimer-english-link/>

SUPERVISORY AUTHORITY: Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) [BaFin], Graurheindorferstraße 108, 53117 Bonn and Marie-Curie-Straße 24-28, 60439 Frankfurt am Main

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