

# Enapter AG

Germany | Industrial Goods & Services | MCap EUR 149.6m

27 March 2024

UPDATE



First of many future large orders showcases potential; BUY reiterated

## What's it all about?

Enapter continues to make progress and has announced a 3MW multi-core order from CFFT SpA, a logistics company, and a 1MW order from F.i.l.m.s. SpA, a hard metal part producer, both based in Italy (mwb est: revenue of approx. EUR 4m; 25% of product revenues FY23; excluding post-sales service/replacement revenue). Both orders show that various industries are starting to rely not only on hydrogen but also on Enapter's patented AEM technology. We are confident about Enapter's long term prospects of scaling up the mass production of multi-core systems in the MW range, as the technology provides greater flexibility and cost advantages over competitors (e.g. by eliminating the most expensive precious metal, iridium). We expect Enapter's cost advantage and mass production to become more apparent from 2025, which should drive growth while unlocking economies of scale. Hence, we remain bullish on Enapter and maintain our BUY rating with a PT of 22.50.

**BUY** (BUY)

Target price	EUR 22.50 (22.50)
Current price	EUR 5.50
Up/downside	309.1%

 ResearchHub 



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## First of many future large orders; shows potential; BUY

**Major order from different industries & customers.** Enapter continues to make progress and has announced a 3 MW order in the multi-core class from CFFT SpA and a 1 MW order from F.i.l.m.s. SpA (mwb est.: revenue of approx. EUR 4m; 25% of product revenues FY23; excluding post-sales service/replacement revenue).

CFFT SpA is a logistics provider from Italy, also operating a commercial port at Civitavecchia. CFFT will use Enapter's electrolyzers to power its industrial work vehicles, marking the largest order in Enapter's history.

Italy-based F.i.l.m.s. SpA produces hard metal parts and will utilize the electrolyzers and the water they produce in its processes.

**A wide range of possible applications.** Both orders demonstrate that various industries are beginning to rely not only on hydrogen, but also on Enapter's patented AEM technology. In addition to the 250 orders for single core systems announced in February 2024, which are being used as test runs at various customers around the world, these first large orders confirm the future order potential. Our comment on the first announced orders in 2024 can be found [here](#).

**Order backlog is picking up.** Enapter ended H2 23 with an order backlog of EUR 26 m, of which EUR 14 m will be delivered in H1 24, which already covers our revenue guidance of EUR 14-15 m in H1 24 (mwb est.). The increase in order intake from EUR 11m in H1 23 to EUR 23m in H2 23 (mwb est.) is related to the launch of multi-core systems in mid-2023.

**Ramp-up phase ahead.** Enapter expects FY24 revenues from product sales of EUR 34m, +106% yoy (FY23 EUR 16.5m excluding the one-off payment of EUR 15m for the exclusive distribution agreement in the US, which should also add part of EUR 3-6m in 2024, mwb est.). The company expects to be EBITDA-positive as early as FY25. We are more conservative in our assumption as we believe the business, especially the production capacity, will take some time to develop and we expect EBITDA to be positive from FY26. *- continued -*

Enapter AG	2021	2022	2023E	2024E	2025E	2026E
Sales	8.4	14.7	31.5	40.0	84.0	179.8
<i>Growth yoy</i>	307.8%	73.8%	114.7%	27.0%	110.0%	114.0%
EBITDA	-7.6	-10.6	0.4	-7.2	-7.7	23.0
EBIT	-8.6	-12.9	-4.8	-12.4	-15.0	17.9
Net profit	-8.7	-13.0	-7.4	-14.9	-17.8	13.1
Net debt (net cash)	-15.0	-1.2	29.5	41.8	59.1	55.5
Net debt/EBITDA	2.0x	0.1x	77.0x	-5.8x	-7.7x	2.4x
EPS reported	-0.38	-0.51	-0.27	-0.55	-0.65	0.48
DPS	0.00	0.00	0.00	0.00	0.00	0.00
<i>Dividend yield</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gross profit margin	13.1%	21.7%	57.1%	55.0%	32.9%	35.0%
EBITDA margin	-90.2%	-72.1%	1.2%	-18.0%	-9.2%	12.8%
EBIT margin	-102.1%	-87.6%	-15.4%	-30.9%	-17.9%	10.0%
ROCE	-16.2%	-13.9%	-3.9%	-10.7%	-14.6%	13.5%
EV/Sales	15.9x	10.1x	5.7x	4.8x	2.5x	1.1x
EV/EBITDA	-17.7x	-14.0x	468.1x	-26.6x	-27.1x	8.9x
EV/EBIT	-15.6x	-11.5x	-36.9x	-15.5x	-13.9x	11.4x
PER	-14.6x	-10.8x	-20.3x	-10.1x	-8.4x	11.4x

Source: Company data, mwb research



Source: Company data, mwb research

**High/low 52 weeks** 15.40 / 5.00  
**Price/Book Ratio** 1.9x

**Ticker / Symbols**

ISIN DE000A255G02  
WKN A255G0  
Bloomberg H2O:GR

**Changes in estimates**

		Sales	EBIT	EPS
2024E	old	40.0	-12.4	-0.55
	Δ	0.0%	na%	na%
2025E	old	84.0	-15.0	-0.65
	Δ	0.0%	na%	na%
2026E	old	179.8	17.9	0.48
	Δ	0.0%	0.0%	0.0%

**Key share data**

Number of shares: (in m pcs) 27.20  
Book value per share: (in EUR) 2.91  
Ø trading vol.: (12 months) 22,399

**Major shareholders**

BluGreen (Sebastian Schmidt) 65.0%  
Svelland Global 5.0%  
Sergei Storozhenko 4.1%  
Johnson Matthey Plc 3.9%  
Morgan Stanley 3.0%  
Free Float 19.0%

**Company description**

Enapter produces unified electrolysis systems that can be combined into larger modules using a modular approach. The innovative Anion Exchange Membrane (AEM) electrolysis used is an evolution of PEM technologies. This development is aimed at reducing material costs. Enapter has patented its AEM electrolyser, which uses an even more cost-effective process than normal AEM, is very flexible due to its uniform shape and can be produced in series.

**Thesis statements have arguments in support.** Our opinion is based on continued strong growth prospects due to the fact that the technology is not only more flexible, but also less expensive than other manufacturers' technology, as it does not use the most expensive precious metal, iridium (read more [here](#) in our initiation note). This is supported by the number of potential customers that are currently in a trial phase with Enapter's AEM systems, resulting in larger follow-on orders. Given that the expansion will soon be complemented by an increase of production capacity from 2025 onwards, thanks to the completion of the new Giga factory in Germany, **we reiterate our BUY recommendation** and maintain our **price target of EUR 22.50**, which represents an upside of 309%. In the wake of the general decline in small and mid-caps, and in particular renewable energy stocks, Enapter's share price has fallen by 62% yoy, which we consider unjustified.

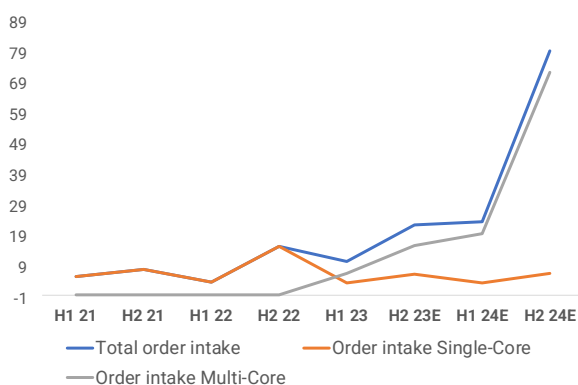
**As a reminder**, most of the value for electrolyser manufacturers is in the terminal value (hydrogen market ramps up after 2030) as this market is still in its infancy. In addition, Enapter is expected to achieve higher margins in the future (from 2026) due to its lower cost patented technology, see Peer Group chapter.

The following table displays the six-monthly performance of **Enapter AG**:

P&L data	H2 2020	H1 2021	H2 2021	H1 2022	H2 2022	H1 2023
Sales	2.1	2.0	6.4	3.3	11.4	4.8
yoy growth in %	na%	218.0%	210.5%	64.5%	76.7%	43.8%
Gross profit	-7.6	0.5	0.6	0.0	3.1	0.9
Gross margin in %	-367.4%	26.1%	9.1%	1.4%	27.6%	19.7%
EBITDA	-3.4	-3.6	-3.8	-6.8	-2.5	-7.0
EBITDA margin in %	-166.3%	-176.3%	-59.0%	-204.4%	-22.3%	-147.2%
EBIT	-3.4	-3.9	-4.7	-7.6	-5.2	-8.6
EBIT margin in %	-166.3%	-195.8%	-72.7%	-229.7%	-46.2%	-180.3%
EBT	-3.5	-4.0	-4.7	-7.7	-5.3	-9.9
taxes paid	0.0	0.0	-0.0	0.0	0.0	0.0
tax rate in %	-0.1%	-0.1%	0.3%	-0.1%	-0.3%	-0.0%
net profit	-3.5	-4.0	-4.7	-7.7	-5.3	-9.9
yoy growth in %	na%	na%	na%	na%	na%	na%
<b>EPS</b>	<b>-0.92</b>	<b>-0.17</b>	<b>-0.20</b>	<b>-0.31</b>	<b>-0.20</b>	<b>-0.37</b>

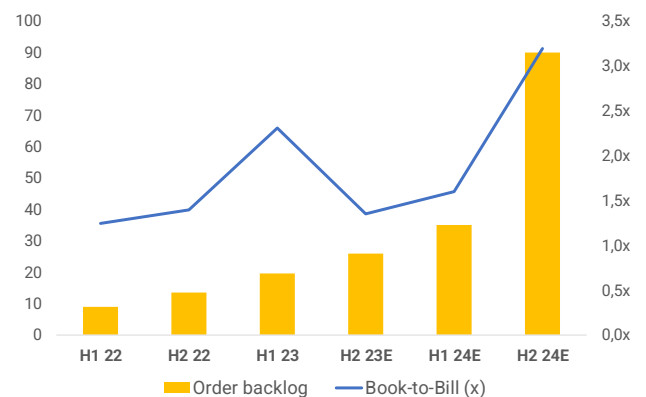
Source: Company data; mwb research

**Order Intake and Expectation, mwb est. (in EURm)**



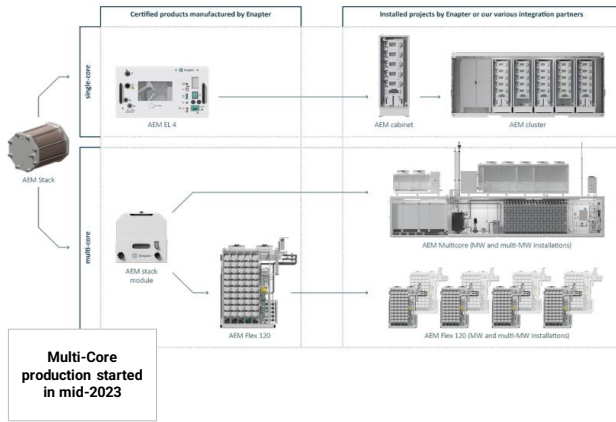
Source: Company data; mwb research

**Order Backlog and Expectation, mwb est. (in EURm)**

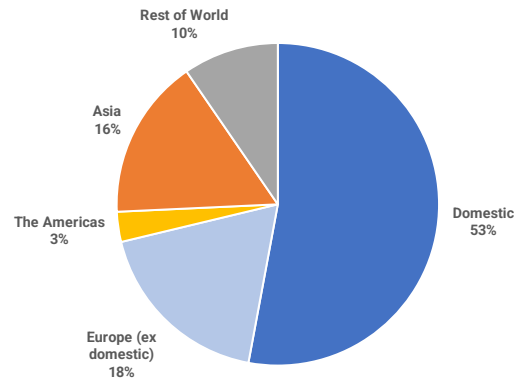


# Investment case in six charts

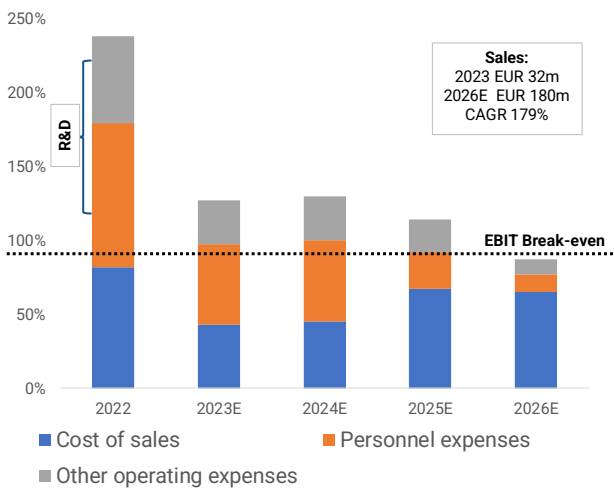
## AEM's patented electrolysis systems



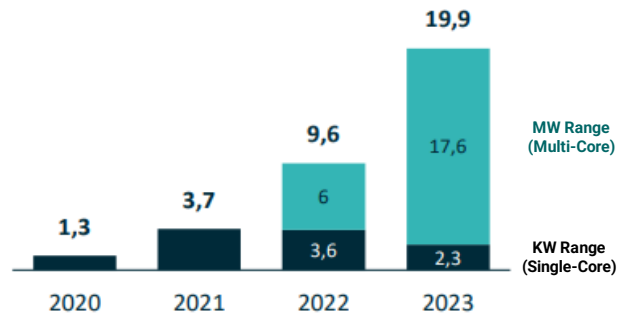
## Regional sales split 2022 in %



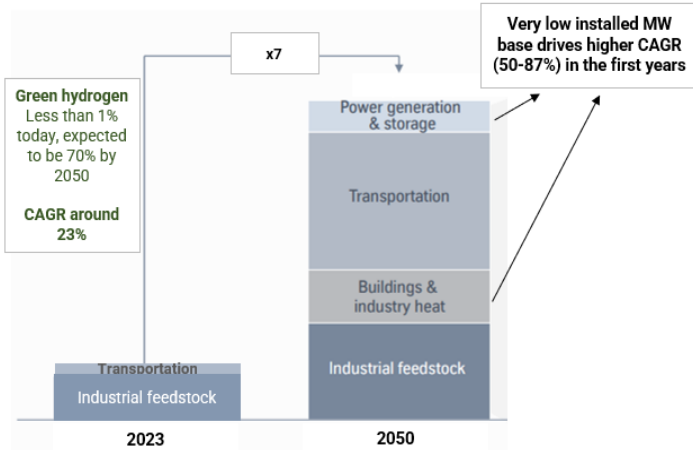
## Cost outlook mwb est. (as % of total sales)



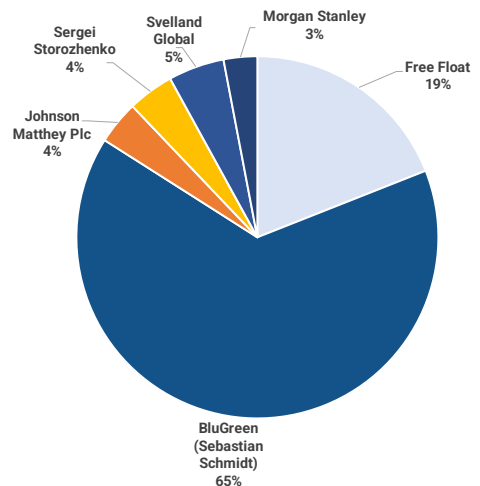
## Electrolyser Orders (MW)



## Hydrogen area outlook



## Major Shareholders



Source: Company data; mwb research

# SWOT analysis

## Strengths

- Lower cost technology than PEM (lower material costs)
- No dependence on rare metals such as titanium and iridium
- Flexible units for different plant sizes
- Broad customer network
- Focus on electricity storage with hydrogen
- Patented core IP
- Software expertise in stack interconnection
- Full vertical integration and self-sufficiency

## Weaknesses

- Only single-digit MW installed to date
- Limited track record of technology
- Growth (R&D and capex) will require outside funding
- Order volumes still too low to reach break-even point

## Opportunities

- Standardized modules enable mass production and economies of scale
- Improving the power of a stacked module to MW
- Profitable service contracts
- Rapidly expanding hydrogen energy storage market from a low base (especially in Europe)

## Threats

- Mass production not taking off as expected
- Market is still in its infancy, threat of new technologies
- Market transition from a subsidy-driven, supplier-centric market to a low-margin, demand-driven market, similar to the wind and solar industries
- High cost of electricity making electrolysis less profitable for customers

# Valuation

## DCF Model

The DCF model results in a **fair value of EUR 22.24 per share**:

**Top-line growth:** We expect Enapter AG to grow revenues at a CAGR of 55.4% between 2024E and 2031E. The long-term growth rate is set at 5.0%.

**ROCE.** Returns on capital are developing from -10.7% in 2024E to 25.6% in 2031E.

**WACC.** Starting point is a historical equity beta of 1.47. Unlevering and correcting for mean reversion yields an asset beta of 1.13. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 11.3%. With pre-tax cost of borrowing at 5.0%, a tax rate of 25.0% and target debt/equity of 0.5 this results in a long-term WACC of 8.8%.

DCF (EURm) (except per share data and beta)	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Terminal value
NOPAT	-12.5	-15.2	16.1	23.0	42.3	68.0	69.6	72.1	
Depreciation & amortization	5.2	7.3	5.1	8.5	10.1	11.2	13.2	15.3	
Change in working capital	10.0	5.6	5.8	5.6	4.5	3.6	-0.5	0.9	
Chg. in long-term provisions	-0.7	0.2	-0.6	2.5	4.3	5.5	0.8	0.8	
Capex	-12.0	-12.6	-19.8	-21.4	-31.2	-47.7	-50.1	-52.6	
Cash flow	-10.0	-14.7	6.7	18.2	30.0	40.6	33.0	36.4	1,012.8
Present value	-9.3	-12.5	5.2	13.3	20.1	25.0	18.7	19.0	527.1
WACC	9.5%	9.6%	9.3%	8.8%	8.8%	8.8%	8.8%	8.8%	8.8%

DCF per share derived from		DCF avg. growth and earnings assumptions	
Total present value	606.5	Planning horizon avg. revenue growth (2024E-2031E)	55.4%
Mid-year adj. total present value	633.2	Terminal value growth (2031E - infinity)	5.0%
Net debt / cash at start of year	29.5	Terminal year ROCE	25.6%
Financial assets	1.2	Terminal year WACC	8.8%
Provisions and off b/s debt	na		
Equity value	604.9	Terminal WACC derived from	
No. of shares outstanding	27.2	Cost of borrowing (before taxes)	5.0%
		Long-term tax rate	25.0%
		Equity beta	1.47
		Unlevered beta (industry or company)	1.13
		Target debt / equity	0.5
		Relevered beta	1.55
		Risk-free rate	2.0%
		Equity risk premium	6.0%
		Cost of equity	11.3%

Discounted cash flow / share	
Discounted cash flow / share	22.24
upside/(downside)	304.4%

Share price	
Share price	5.50

Sensitivity analysis DCF							
Change in WACC (%-points)	Long term growth					Share of present value	
	4.0%	4.5%	5.0%	5.5%	6.0%		
2.0%	11.5	12.3	13.3	14.4	15.8	2024E-2027E	-0.5%
1.0%	14.1	15.3	16.8	18.6	20.9	2028E-2031E	13.6%
0.0%	17.8	19.8	22.2	25.4	29.8	terminal value	86.9%
-1.0%	23.6	27.0	31.6	38.3	48.7		
-2.0%	33.6	40.6	51.6	71.3	116.2		

Source: mwb research

## FCF Yield Model

Due to the fact that companies rarely bear sufficient resemblance to peers in terms of geographical exposure, size or competitive strength and in order to adjust for the pitfalls of weak long-term visibility, an Adjusted Free Cash Flow analysis (Adjusted FCF) has been conducted.

**The adjusted Free Cash Flow Yield results in a fair value between EUR -9.16 per share based on 2024E and EUR 26.00 per share on 2028E estimates.**

The main driver of this model is the level of return available to a controlling investor, influenced by the cost of that investors' capital (opportunity costs) and the purchase price – in this case the enterprise value of the company. Here, the adjusted FCF yield is used as a proxy for the required return and is defined as EBITDA less minority interest, taxes and investments required to maintain existing assets (maintenance capex).

FCF yield in EURm	2024E	2025E	2026E	2027E	2028E
<b>EBITDA</b>	<b>-7.2</b>	<b>-7.7</b>	<b>23.0</b>	<b>39.1</b>	<b>66.5</b>
- Maintenance capex	5.2	7.3	5.1	8.5	10.1
- Minorities	0.0	0.0	0.0	0.0	0.0
- tax expenses	0.1	0.2	1.5	6.9	13.3
<b>= Adjusted FCF</b>	<b>-12.5</b>	<b>-15.2</b>	<b>16.5</b>	<b>23.8</b>	<b>43.1</b>
<b>Actual Market Cap</b>	<b>149.6</b>	<b>149.6</b>	<b>149.6</b>	<b>149.6</b>	<b>149.6</b>
+ Net debt (cash)	41.8	59.1	55.5	39.7	12.0
+ Pension provisions	0.0	0.0	0.0	0.0	0.0
+ Off B/S financing	0.0	0.0	0.0	0.0	0.0
- Financial assets	1.2	1.2	1.2	1.2	1.2
- Acc. dividend payments	0.0	0.0	0.0	0.0	0.0
<i>EV Reconciliations</i>	40.7	58.0	54.3	38.5	10.8
<b>= Actual EV'</b>	<b>190.3</b>	<b>207.6</b>	<b>203.9</b>	<b>188.1</b>	<b>160.4</b>
<b>Adjusted FCF yield</b>	<b>-6.6%</b>	<b>-7.3%</b>	<b>8.1%</b>	<b>12.6%</b>	<b>26.9%</b>
base hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
ESG adjustment	1.0%	1.0%	1.0%	1.0%	1.0%
adjusted hurdle rate	6.0%	6.0%	6.0%	6.0%	6.0%
<b>Fair EV</b>	<b>-208.5</b>	<b>-253.0</b>	<b>274.7</b>	<b>396.4</b>	<b>718.0</b>
- <i>EV Reconciliations</i>	40.7	58.0	54.3	38.5	10.8
<b>Fair Market Cap</b>	<b>-249.1</b>	<b>-311.0</b>	<b>220.4</b>	<b>357.9</b>	<b>707.2</b>
No. of shares (million)	27.2	27.2	27.2	27.2	27.2
<b>Fair value per share in EUR</b>	<b>-9.16</b>	<b>-11.44</b>	<b>8.10</b>	<b>13.16</b>	<b>26.00</b>
<b>Premium (-) / discount (+)</b>	<b>-266.6%</b>	<b>-307.9%</b>	<b>47.3%</b>	<b>139.3%</b>	<b>372.8%</b>

Sensitivity analysis FV						
<b>Adjusted hurdle rate</b>	4.0%	-13.0	-16.1	13.2	20.4	39.2
	5.0%	-10.7	-13.3	10.1	16.1	31.3
	<b>6.0%</b>	<b>-9.2</b>	<b>-11.4</b>	<b>8.1</b>	<b>13.2</b>	<b>26.0</b>
	7.0%	-8.1	-10.1	6.7	11.1	22.2
	8.0%	-7.2	-9.1	5.6	9.5	19.4

Source: Company data; mwb research

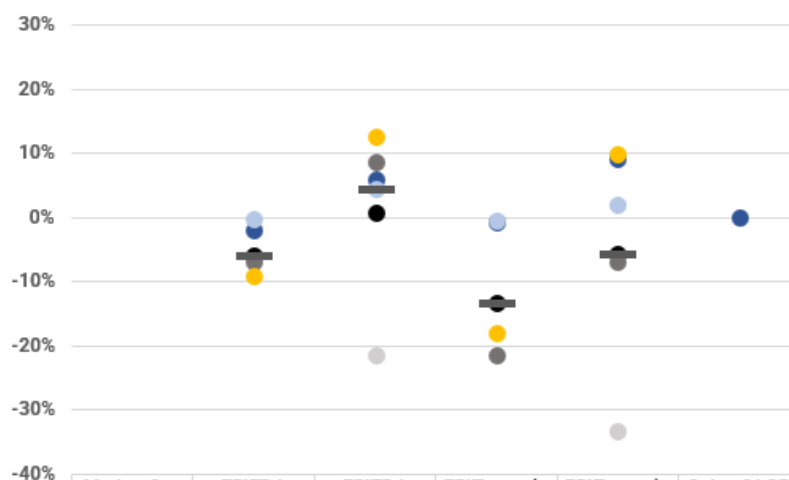
Simply put, the model assumes that investors require companies to generate a minimum return on the investor's purchase price. The required after-tax return equals the model's hurdle rate of 7.0%. Anything less suggests the stock is expensive; anything more suggests the stock is cheap. **ESG adjustments might be applicable. A high score indicates high awareness for environmental, social or governance issues and thus might lower the overall risk an investment in the company might carry. A low score on the contrary might increase the risk of an investment and might therefore trigger a higher required hurdle rate.**



## Peer group analysis

A peer group or comparable company (“comps”) analysis is a methodology that calculates a company’s relative value – how much it should be worth based on how it compares to other similar companies. Given that **Enapter AG** differs quite significantly in terms of size, focus, financial health and growth trajectory, we regard our peer group analysis merely as a support for other valuation methods. The peer group of Enapter AG consists of the stocks displayed in the chart below. As of 27 March 2024 the median market cap of the peer group was EUR 702.7m, compared to EUR 149.6m for Enapter AG. In the period under review, the peer group was less profitable than Enapter AG. The expectations for sales growth are lower for the peer group than for Enapter AG.

### Peer Group – Key data



27-Mar-24

	Market Cap (EURm)	EBITDA margin 2025	EBITDA margin 2026	EBIT margin 2025	EBIT margin 2026	Sales CAGR 2024-2027
● Nel ASA	703	-5,8%	0,8%	-13,2%	-5,5%	49,5%
● Plug Power Inc	2.109	-6,7%	8,9%	-21,4%	-6,8%	49,4%
● ITM Power plc	377	-69,4%	-21,3%	-89,2%	-33,3%	130,6%
● Powercell Sweden AB (publ)	133	-1,8%	6,0%	-0,7%	9,2%	0,0%
● thyssenkrupp nucera AG & Co KGaA	1.845	-0,1%	4,5%	-0,5%	2,2%	48,3%
● Enapter AG	150	-9,2%	12,8%	-17,9%	10,0%	101,1%
– Peer Group Median	703	-5,8%	4,5%	-13,2%	-5,5%	49,5%

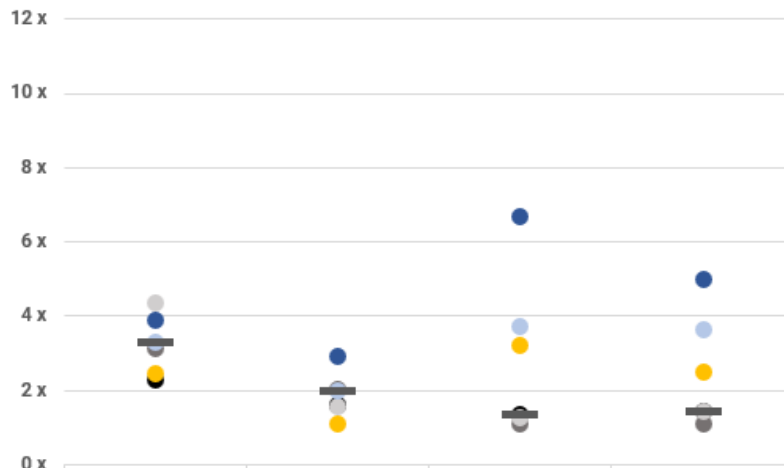
Source: AlphaSense, mwb research



Comparable company analysis operates under the assumption that similar companies will have similar valuation multiples. We use the following multiples: EV/Sales 2025, EV/Sales 2026, P/BV 2025 and P/BV 2026.

**Applying these to Enapter AG results in a range of fair values from EUR 3.50 to EUR 8,461.86.**

**Peer Group – Multiples and valuation**



27-Mar-24	EV/Sales 2025	EV/Sales 2026	P/BV 2025	P/BV 2026
● Nel ASA	2,3x	1,6x	1,4x	1,5x
● Plug Power Inc	3,2x	2,1x	1,1x	1,1x
● ITM Power plc	4,4x	1,6x	1,3x	1,5x
● Powercell Sweden AB (publ)	3,9x	2,9x	6,7x	5,0x
● thyssenkrupp nucera AG & Co KGaA	3,3x	2,0x	3,7x	3,7x
● Enapter AG	2,5x	1,1x	3,2x	2,5x
– Peer Group Median	3,3x	2,0x	1,4x	1,5x
Fair Value (EUR)	8,16	11,08	4,06	3,50

Source: AlphaSense, mwb research

The following is a detailed description of the peer group (Source: Sentio):

**Nel ASA**, formerly Diagenic ASA, is a Norway-based hydrogen company that delivers solutions to produce, store and distribute hydrogen from renewable energy. The Company’s hydrogen solutions cover the entire value chain from hydrogen production technologies to hydrogen fueling stations. Nel ASA’s operations are divided into two operating segments, Nel Hydrogen Fueling and Nel Hydrogen Electrolyser. The Nel Hydrogen Fueling Segment is a manufacturer of hydrogen fueling stations that provide Fuel Cell Electric Vehicles (FCEVs) with the same fast fueling and long range as conventional fossil fuel vehicles, while the Nel Hydrogen Electrolyser Segment is a global supplier of hydrogen production equipment and plants based on both alkaline and Polymer Electrolyte Membrane (PEM) water electrolyser technology. The Company has several subsidiaries, including Proton Energy Systems Inc, Nel Hydrogen Electrolyser AS and Nel Korea Co Ltd.

**ITM Power plc** is an energy storage and clean fuel company. The Company manufactures integrated hydrogen energy solutions for grid balancing, energy storage and the production of renewable hydrogen for transport, renewable heat and chemicals. Its proton exchange membrane (PEM) electrolysers use renewable electricity and water to create green hydrogen through a process called electrolysis. Its electrolysers include HGAS1SP, HGAS3SP and 3MEP CUBE. HGAS1SP is a small containerized PEM electrolyser system and its Plug & Play product includes a single ITM Power PEM electrolyser stack alongside all the necessary sub-systems required to produce self-pressurized green hydrogen gas. HGAS3SP is a medium-sized containerized PEM electrolyser system, and its Plug & Play product includes three ITM Power PEM electrolyser stacks alongside all the necessary sub-systems

required to produce self-pressurized green hydrogen gas. 3MEP CUBE is a modular system for large hydrogen production.

**Plug Power Inc.** is a provider of hydrogen fuel cell turnkey solutions. The Company provide electrolyzers that allow customers, such as refineries, producers of chemicals, steel, fertilizer and commercial refueling stations, to generate hydrogen on-site. It focuses on industrial mobility applications, including electric forklifts and electric industrial vehicles, at multi-shift high volume manufacturing and high throughput distribution sites and environmental benefits; stationary power systems that supports critical operations, such as data centers, microgrids and generation facilities, in either a backup power or continuous power role and replace batteries, diesel generators or the grid for telecommunication logistics, transportation, and utility customers; and production of hydrogen. Its products include GenDrive, GenFuel, GenCare, GenSure, GenKey, ProGen, Electrolyzers, Liquefaction Systems and Cryogenic Equipment. It serves the North American and European material handling markets.

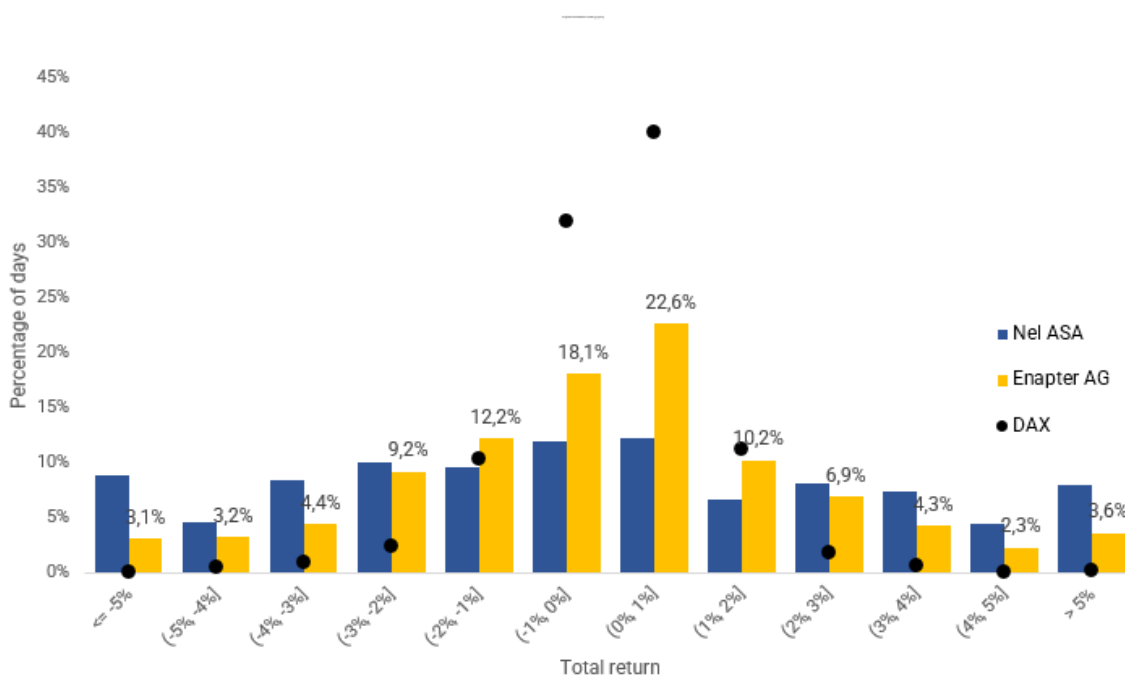
**Powercell Sweden AB** (publ) is a Sweden-based company active in the field of clean energy. It is engaged in the development, manufacture and sales of power systems with fuel cell and reformer technology. Its systems work both fossil and renewable fuels and convert them to hydrogen, which drives the power cells. The Company's product offering comprises: Fuel Cell Stack, designed to work in the auxiliary power unit (APU) environment on reformat gas or hydrogen and varying from one to six kilowatts (kW); and PowerPac, a complete electric power-generating unit operating in the range between one and three kW, which uses low sulfur road diesel. The possible applications of its products include telecommunication, transport, power supply to buildings, and military.

**Thyssenkrupp nucera** is an environmental technology company for electrolysis systems. The company focuses on the development, production, project management and maintenance of systems for the production of hydrogen by the chlor-alkali process for industrial use and by alkaline hydrogen electrolysis for the supply of green energy. (Source: mwb research)

# Risk

The chart displays the **distribution of daily returns of Enapter AG** over the last 3 years, compared to the same distribution for Nel ASA. We have also included the distribution for the index DAX. The distribution gives a better understanding of risk than measures like volatility, which assume that log returns are normally distributed. In reality, they are skewed (down moves are larger) and have fat tails (large moves occur more often than predicted). Also, volatility treats up and down moves the same, while investors are more worried about down moves. For Enapter AG, the worst day during the past 3 years was 09/12/2022 with a share price decline of -20.0%. The best day was 29/12/2023 when the share price increased by 17.1%.

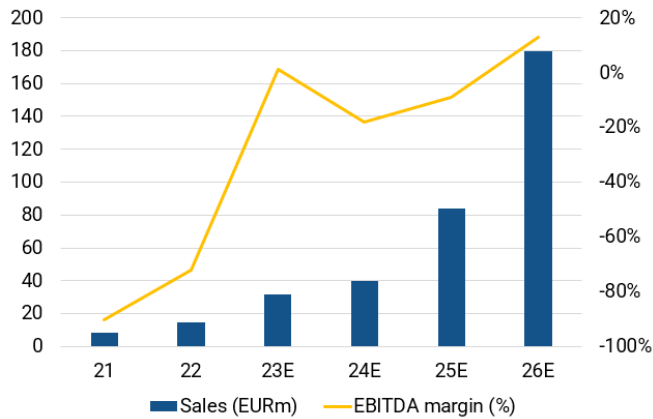
**Risk – Daily Returns Distribution (trailing 3 years)**



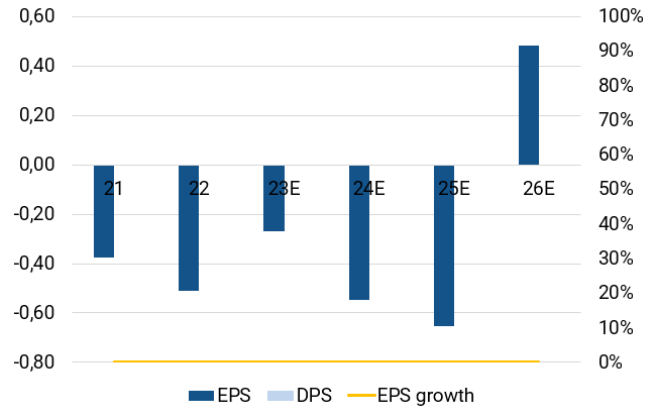
Source: AlphaSense, mwb research

# Financials in six charts

**Sales vs. EBITDA margin development**



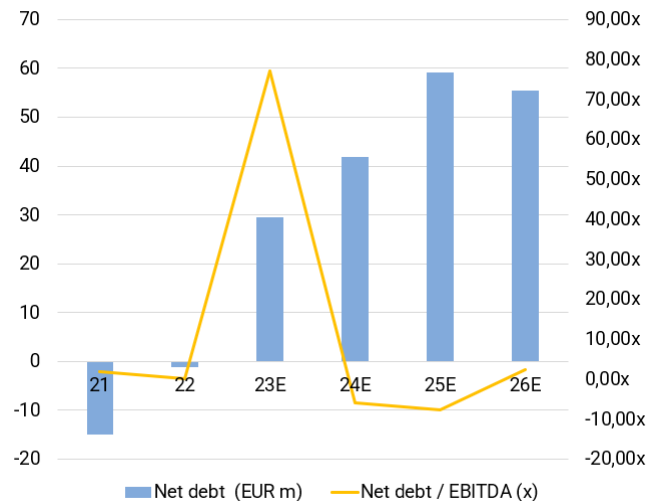
**EPS, DPS in EUR & yoy EPS growth**



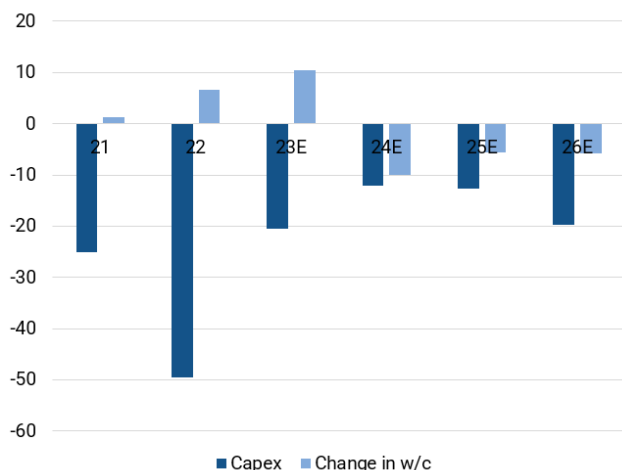
**ROCE vs. WACC (pre tax)**



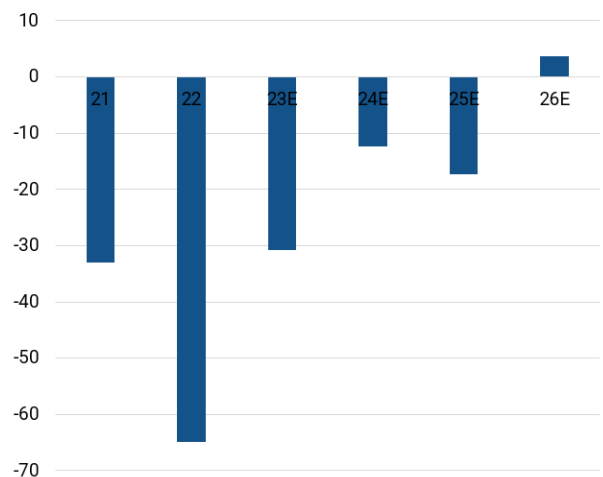
**Net debt and net debt/EBITDA**



**Capex & chgn in w/c requirements in EURm**



**Free Cash Flow in EURm**



Source: Company data; mwb research

# Financials

Profit and loss (EURm)	2021	2022	2023E	2024E	2025E	2026E
<b>Net sales</b>	<b>8.4</b>	<b>14.7</b>	<b>31.5</b>	<b>40.0</b>	<b>84.0</b>	<b>179.8</b>
Sales growth	307.8%	73.8%	114.7%	27.0%	110.0%	114.0%
Change in finished goods and work-in-process	0.5	0.5	0.0	0.0	0.0	0.0
<b>Total sales</b>	<b>9.0</b>	<b>15.2</b>	<b>31.5</b>	<b>40.0</b>	<b>84.0</b>	<b>179.8</b>
Material expenses	7.9	12.0	13.5	18.0	56.4	116.9
<b>Gross profit</b>	<b>1.1</b>	<b>3.2</b>	<b>18.0</b>	<b>22.0</b>	<b>27.6</b>	<b>62.9</b>
Other operating income	4.7	9.2	9.0	4.8	4.2	0.0
Personnel expenses	7.6	14.3	17.2	22.0	21.0	21.6
Other operating expenses	5.8	8.6	9.4	12.0	18.5	18.3
<b>EBITDA</b>	<b>-7.6</b>	<b>-10.6</b>	<b>0.4</b>	<b>-7.2</b>	<b>-7.7</b>	<b>23.0</b>
Depreciation	1.0	2.3	5.2	5.2	7.3	5.1
EBITA	-8.6	-12.9	-4.8	-12.4	-15.0	17.9
Amortisation of goodwill and intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBIT</b>	<b>-8.6</b>	<b>-12.9</b>	<b>-4.8</b>	<b>-12.4</b>	<b>-15.0</b>	<b>17.9</b>
Financial result	-0.1	-0.1	-2.5	-2.4	-2.6	-3.4
Recurring pretax income from continuing operations	-8.7	-13.0	-7.3	-14.7	-17.6	14.6
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-8.7	-13.0	-7.3	-14.7	-17.6	14.6
Taxes	-0.0	0.0	0.1	0.1	0.2	1.5
Net income from continuing operations	-8.7	-13.0	-7.4	-14.9	-17.8	13.1
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>-8.7</b>	<b>-13.0</b>	<b>-7.4</b>	<b>-14.9</b>	<b>-17.8</b>	<b>13.1</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	-8.7	-13.0	-7.4	-14.9	-17.8	13.1
Average number of shares	23.11	25.51	27.20	27.20	27.20	27.20
<b>EPS reported</b>	<b>-0.38</b>	<b>-0.51</b>	<b>-0.27</b>	<b>-0.55</b>	<b>-0.65</b>	<b>0.48</b>

Profit and loss (common size)	2021	2022	2023E	2024E	2025E	2026E
<b>Net sales</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Change in finished goods and work-in-process	6%	4%	0%	0%	0%	0%
<b>Total sales</b>	<b>106%</b>	<b>104%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Material expenses	93%	82%	43%	45%	67%	65%
<b>Gross profit</b>	<b>13%</b>	<b>22%</b>	<b>57%</b>	<b>55%</b>	<b>33%</b>	<b>35%</b>
Other operating income	56%	63%	29%	12%	5%	0%
Personnel expenses	90%	97%	55%	55%	25%	12%
Other operating expenses	69%	59%	30%	30%	22%	10%
<b>EBITDA</b>	<b>-90%</b>	<b>-72%</b>	<b>1%</b>	<b>-18%</b>	<b>-9%</b>	<b>13%</b>
Depreciation	12%	16%	17%	13%	9%	3%
EBITA	-102%	-88%	-15%	-31%	-18%	10%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	0%
<b>EBIT</b>	<b>-102%</b>	<b>-88%</b>	<b>-15%</b>	<b>-31%</b>	<b>-18%</b>	<b>10%</b>
Financial result	-1%	-1%	-8%	-6%	-3%	-2%
Recurring pretax income from continuing operations	-103%	-88%	-23%	-37%	-21%	8%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	-103%	-88%	-23%	-37%	-21%	8%
Taxes	-0%	0%	0%	0%	0%	1%
Net income from continuing operations	-103%	-88%	-23%	-37%	-21%	7%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
<b>Net income</b>	<b>-103%</b>	<b>-88%</b>	<b>-23%</b>	<b>-37%</b>	<b>-21%</b>	<b>7%</b>
Minority interest	0%	0%	0%	0%	0%	0%
<b>Net profit (reported)</b>	<b>-103%</b>	<b>-88%</b>	<b>-23%</b>	<b>-37%</b>	<b>-21%</b>	<b>7%</b>

Source: Company data; mwb research

Balance sheet (EURm)	2021	2022	2023E	2024E	2025E	2026E
<b>Intangible assets (exl. Goodwill)</b>	<b>7.1</b>	<b>10.3</b>	<b>15.0</b>	<b>19.0</b>	<b>23.2</b>	<b>26.8</b>
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	25.0	68.8	79.3	82.2	83.3	94.4
Financial assets	0.1	1.2	1.2	1.2	1.2	1.2
<b>FIXED ASSETS</b>	<b>32.2</b>	<b>80.2</b>	<b>95.5</b>	<b>102.3</b>	<b>107.6</b>	<b>122.3</b>
Inventories	3.6	8.4	5.2	5.9	15.5	32.0
Accounts receivable	2.8	9.7	17.3	19.7	36.8	71.4
Other current assets	0.0	0.2	0.2	0.2	0.2	0.2
Liquid assets	19.6	5.1	11.4	5.2	-7.1	14.5
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	3.9	4.2	12.7	6.0	12.6	27.0
<b>CURRENT ASSETS</b>	<b>29.9</b>	<b>27.6</b>	<b>46.8</b>	<b>37.0</b>	<b>57.9</b>	<b>145.1</b>
<b>TOTAL ASSETS</b>	<b>62.1</b>	<b>107.8</b>	<b>142.3</b>	<b>139.3</b>	<b>165.6</b>	<b>267.5</b>
<b>SHAREHOLDERS EQUITY</b>	<b>46.5</b>	<b>86.5</b>	<b>79.1</b>	<b>64.2</b>	<b>46.4</b>	<b>59.6</b>
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	3.3	2.8	38.3	42.0	45.0	60.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions	1.9	2.4	4.7	4.0	4.2	3.6
<b>Non-current liabilities</b>	<b>5.2</b>	<b>5.3</b>	<b>43.0</b>	<b>46.0</b>	<b>49.2</b>	<b>63.6</b>
short-term liabilities to banks	1.3	1.0	2.6	5.0	7.0	10.0
Accounts payable	6.4	11.2	9.2	12.3	34.0	54.4
Advance payments received on orders	0.1	0.3	0.6	2.0	8.4	36.0
Other liabilities (incl. from lease and rental contracts)	0.8	1.5	3.1	4.0	8.3	17.8
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred income	1.8	2.1	4.6	5.8	12.2	26.1
<b>Current liabilities</b>	<b>10.4</b>	<b>16.1</b>	<b>20.2</b>	<b>29.1</b>	<b>69.9</b>	<b>144.3</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>62.1</b>	<b>107.8</b>	<b>142.3</b>	<b>139.3</b>	<b>165.6</b>	<b>267.5</b>

Balance sheet (common size)	2021	2022	2023E	2024E	2025E	2026E
<b>Intangible assets (excl. Goodwill)</b>	<b>11%</b>	<b>10%</b>	<b>11%</b>	<b>14%</b>	<b>14%</b>	<b>10%</b>
Goodwill	0%	0%	0%	0%	0%	0%
Property, plant and equipment	40%	64%	56%	59%	50%	35%
Financial assets	0%	1%	1%	1%	1%	0%
<b>FIXED ASSETS</b>	<b>52%</b>	<b>74%</b>	<b>67%</b>	<b>73%</b>	<b>65%</b>	<b>46%</b>
Inventories	6%	8%	4%	4%	9%	12%
Accounts receivable	5%	9%	12%	14%	22%	27%
Other current assets	0%	0%	0%	0%	0%	0%
Liquid assets	32%	5%	8%	4%	-4%	5%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	6%	4%	9%	4%	8%	10%
<b>CURRENT ASSETS</b>	<b>48%</b>	<b>26%</b>	<b>33%</b>	<b>27%</b>	<b>35%</b>	<b>54%</b>
<b>TOTAL ASSETS</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>SHAREHOLDERS EQUITY</b>	<b>75%</b>	<b>80%</b>	<b>56%</b>	<b>46%</b>	<b>28%</b>	<b>22%</b>
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	5%	3%	27%	30%	27%	22%
Provisions for pensions and similar obligations	0%	0%	0%	0%	0%	0%
Other provisions	3%	2%	3%	3%	3%	1%
<b>Non-current liabilities</b>	<b>8%</b>	<b>5%</b>	<b>30%</b>	<b>33%</b>	<b>30%</b>	<b>24%</b>
short-term liabilities to banks	2%	1%	2%	4%	4%	4%
Accounts payable	10%	10%	6%	9%	21%	20%
Advance payments received on orders	0%	0%	0%	1%	5%	13%
Other liabilities (incl. from lease and rental contracts)	1%	1%	2%	3%	5%	7%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred income	3%	2%	3%	4%	7%	10%
<b>Current liabilities</b>	<b>17%</b>	<b>15%</b>	<b>14%</b>	<b>21%</b>	<b>42%</b>	<b>54%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Company data; mwb research

Cash flow statement (EURm)	2021	2022	2023E	2024E	2025E	2026E
Net profit/loss	-8.7	-13.0	-7.4	-14.9	-17.8	13.1
Depreciation of fixed assets (incl. leases)	1.0	2.3	5.2	5.2	7.3	5.1
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Others	0.9	1.8	2.3	-0.7	0.2	-0.6
Cash flow from operations before changes in w/c	-6.8	-8.9	0.1	-10.4	-10.3	17.6
Increase/decrease in inventory	-2.3	-4.8	3.2	-0.7	-9.5	-16.6
Increase/decrease in accounts receivable	-5.6	-6.1	-7.6	-2.5	-17.1	-34.6
Increase/decrease in accounts payable	6.8	4.5	-1.9	3.1	21.7	20.4
Increase/decrease in other w/c positions	-0.1	-0.1	-4.1	10.2	10.5	36.6
Increase/decrease in working capital	-1.2	-6.5	-10.4	10.0	5.6	5.8
<b>Cash flow from operating activities</b>	<b>-8.0</b>	<b>-15.5</b>	<b>-10.2</b>	<b>-0.4</b>	<b>-4.7</b>	<b>23.4</b>
CAPEX	-25.1	-49.5	-20.5	-12.0	-12.6	-19.8
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	-0.0	-0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-25.1</b>	<b>-49.5</b>	<b>-20.5</b>	<b>-12.0</b>	<b>-12.6</b>	<b>-19.8</b>
Cash flow before financing	-33.1	-65.0	-30.7	-12.4	-17.3	3.7
Increase/decrease in debt position	2.3	-0.8	37.1	6.1	5.0	18.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	48.3	53.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	-2.2	-1.8	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>48.4</b>	<b>50.4</b>	<b>37.1</b>	<b>6.1</b>	<b>5.0</b>	<b>18.0</b>
Increase/decrease in liquid assets	15.4	-14.5	6.4	-6.3	-12.3	21.7
<b>Liquid assets at end of period</b>	<b>19.6</b>	<b>5.1</b>	<b>11.4</b>	<b>5.2</b>	<b>-7.1</b>	<b>14.5</b>

Source: Company data; mwb research

Regional sales split (EURm)	2021	2022	2023E	2024E	2025E	2026E
Domestic	4.3	7.8	16.7	21.2	44.5	95.2
Europe (ex domestic)	1.4	2.7	5.8	7.3	15.4	33.0
The Americas	0.0	0.4	1.0	1.2	2.5	5.4
Asia	0.0	2.4	5.1	6.5	13.6	29.0
Rest of World	2.8	1.4	3.0	3.8	8.1	17.2
<b>Total sales</b>	<b>8.4</b>	<b>14.7</b>	<b>31.5</b>	<b>40.0</b>	<b>84.0</b>	<b>179.8</b>

Regional sales split (common size)	2021	2022	2023E	2024E	2025E	2026E
Domestic	51.3%	52.9%	52.9%	52.9%	52.9%	52.9%
Europe (ex domestic)	16.0%	18.3%	18.3%	18.3%	18.3%	18.3%
The Americas	0.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Asia	0.0%	16.1%	16.1%	16.1%	16.1%	16.1%
Rest of World	32.7%	9.6%	9.6%	9.6%	9.6%	9.6%
<b>Total sales</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Company data; mwb research



Ratios	2021	2022	2023E	2024E	2025E	2026E
<b>Per share data</b>						
Earnings per share reported	-0.38	-0.51	-0.27	-0.55	-0.65	0.48
Cash flow per share	-0.35	-0.61	-0.57	-0.20	-0.44	0.67
Book value per share	2.01	3.39	2.91	2.36	1.71	2.19
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
<b>Valuation</b>						
P/E	-14.6x	-10.8x	-20.3x	-10.1x	-8.4x	11.4x
P/CF	-15.9x	-9.1x	-9.7x	-27.0x	-12.5x	8.1x
P/BV	2.7x	1.6x	1.9x	2.3x	3.2x	2.5x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	-6.3%	-11.0%	-10.3%	-3.7%	-8.0%	12.3%
EV/Sales	15.9x	10.1x	5.7x	4.8x	2.5x	1.1x
EV/EBITDA	-17.7x	-14.0x	468.1x	-26.6x	-27.1x	8.9x
EV/EBIT	-15.6x	-11.5x	-36.9x	-15.5x	-13.9x	11.4x
<b>Income statement (EURm)</b>						
Sales	8.4	14.7	31.5	40.0	84.0	179.8
yoy chg in %	307.8%	73.8%	114.7%	27.0%	110.0%	114.0%
Gross profit	1.1	3.2	18.0	22.0	27.6	62.9
Gross margin in %	13.1%	21.7%	57.1%	55.0%	32.9%	35.0%
EBITDA	-7.6	-10.6	0.4	-7.2	-7.7	23.0
EBITDA margin in %	-90.2%	-72.1%	1.2%	-18.0%	-9.2%	12.8%
EBIT	-8.6	-12.9	-4.8	-12.4	-15.0	17.9
EBIT margin in %	-102.1%	-87.6%	-15.4%	-30.9%	-17.9%	10.0%
Net profit	-8.7	-13.0	-7.4	-14.9	-17.8	13.1
<b>Cash flow statement (EURm)</b>						
CF from operations	-8.0	-15.5	-10.2	-0.4	-4.7	23.4
Capex	-25.1	-49.5	-20.5	-12.0	-12.6	-19.8
Maintenance Capex	0.0	0.0	5.2	5.2	7.3	5.1
Free cash flow	-33.1	-65.0	-30.7	-12.4	-17.3	3.7
<b>Balance sheet (EURm)</b>						
Intangible assets	7.1	10.3	15.0	19.0	23.2	26.8
Tangible assets	25.0	68.8	79.3	82.2	83.3	94.4
Shareholders' equity	46.5	86.5	79.1	64.2	46.4	59.6
Pension provisions	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities and provisions	6.6	6.3	45.6	51.0	56.2	73.6
Net financial debt	-15.0	-1.2	29.5	41.8	59.1	55.5
w/c requirements	-0.1	6.6	12.6	11.3	9.9	13.1
<b>Ratios</b>						
ROE	-18.7%	-15.0%	-9.3%	-23.1%	-38.3%	22.0%
ROCE	-16.2%	-13.9%	-3.9%	-10.7%	-14.6%	13.5%
Net gearing	-32.2%	-1.4%	37.3%	65.2%	127.4%	93.2%
Net debt / EBITDA	2.0x	0.1x	77.0x	-5.8x	-7.7x	2.4x

Source: Company data; mwb research

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