

## Strategic realignment brings many positives

*Enapter has announced a strategic realignment that is expected to de-risk the company's business profile by reducing production process complexity and costs. Unlike in the past, the company will no longer build the electrolyzer completely on its own, but will concentrate more on its core competence, the stack module. While its joint venture partner Wolong is responsible for the pre-production (assembly of balance of plant in the relevant housing), Enapter will do the final assembly of the stacks, which are the heart of an electrolyzer. We consider the announcement as positive as we believe that the strategic realignment will help Enapter to achieve break-even earlier, on the back of higher utilization of its Pisa plant and the reduction of idle capacity and redundancy, mainly at the Saerbeck plant. We also believe that the new approach, which is scalable to other partners, is less cash consuming. With a TP of EUR 17, we continue to rate the shares a Buy.*

- In view of the cooperation in the construction of the electrolyzers, we believe that there is no need for additional investments in machines for automated production for the time being. We have always seen the ramp-up of the industrial serial production of the AEM Multicore electrolyzers as a challenge for Enapter. Through the closer cooperation with Wolong this risk disappears now.
- Enapter's plant in Saerbeck gets a different use. Originally, fully automated stack production was to take place here in order to meet the expected high demand for electrolyzers. However, due to a slower than expected hydrogen usage across Europe and lower demand, the costly capacity built up in Saerbeck could never be used.
- In order to save cash and generate income from the idle capacity in Saerbeck, the company intends to lease the spaces to third parties. The expected annual income through the rental amounts to approximately EUR 2m per year.

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