

Enapter AG

Germany | Industrial Goods & Services | MCap EUR 115.4m

16 October 2024

UPDATE



Mass production of MW electrolyzers in China; BUY

BUY (BUY)

Target price	EUR 12.00 (12.00)
Current price	EUR 3.97
Up/downside	202.3%



What's it all about?

Enapter has announced that series production of its megawatt (MW) electrolyzers has started in China through its joint venture with the Wolong Group. The core of the electrolyser will continue to be manufactured by Enapter in Europe and shipped to China for final assembly. Outsourcing to China has several advantages: Firstly, costs will be reduced and secondly, the joint venture will provide access to the Chinese market. A MoU has already been signed with China's largest steel producer for the purchase of electrolyzers. Enapter is already successfully supplying MW systems to the EU and US markets. Orders for approx. 20 MW were booked in H1 24, which will have to be doubled in H2 24 in order to achieve the targets set. The MoU in China confirms our view that Enapter's strategy of expanding via distribution partners is paying off. Our recommendation remains BUY with a PT of EUR 12.00, as we are convinced that Enapter can continue to grow its order intake so strongly.

MAIN AUTHOR

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IMPORTANT. Please refer to the last page of this report for "Important disclosures" and analyst(s) certifications.

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Enapter AG

Germany | Industrial Goods & Services | MCap EUR 115.4m | EV EUR 141.4m

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Mass production of MW electrolysers in China; BUY

Start of production of MW electrolysers in China. Enapter has announced that series production of its megawatt (MW) electrolysers has started in China through its joint venture with the Wolong Group. The core of the electrolyser will continue to be manufactured by Enapter in Europe and shipped to China for final assembly. Outsourcing to China has several advantages: Firstly, costs are reduced and secondly, the joint venture provides access to the Chinese market.

MoU signed with largest steel producer in China. The signing of a MoU for the purchase of electrolysers between the joint venture and the largest steel producer in China is an important step for Enapter and could lead to a major order in the near future. This potential order could significantly accelerate Enapter's growth in the Asian market and further strengthen the company's position in the global hydrogen industry. Particularly in the steel industry, which is looking to environmentally friendly technologies to reduce CO2 emissions, Enapter has the opportunity to play a key role in the transition to green energy. If awarded, the contract would not only significantly strengthen Enapter's presence in China, but also its international market position.

The order situation remains positive. Enapter is already successfully represented in the European and American markets with its MW systems. In the first half of 2024, the company secured orders for more than 20 MW. In order to achieve Enapter's ambitious targets of doubling revenue per year, which are also in line with our forecasts, the order volume needs to double in the second half of 2024. This means that Enapter must generate orders of more than 40 MW in the second half of the year, which corresponds to around 20-25 MW systems (mwb est.).



Source: Company data, mwb research

High/low 52 weeks 11.74 / 3.60
Price/Book Ratio 1.3x

Ticker / Symbols

ISIN DE000A255G02
WKN A255G0
Bloomberg H20:GR

Changes in estimates

		Sales	EBIT	EPS
2024E	old	38.2	-12.5	-0.61
	Δ	0.0%	na%	na%
2025E	old	72.8	-7.9	-0.51
	Δ	0.0%	na%	na%
2026E	old	160.2	15.7	0.35
	Δ	0.0%	0.0%	0.0%

Key share data

Number of shares: (in m pcs) 29.07
Book value per share: (in EUR) 2.95
Ø trading vol.: (12 months) 21,840

Major shareholders

BluGreen (Sebastian Schmidt) 53.4%
Svelland Global 9.2%
Morgan Stanley 5.0%
Sergei Storozhenko 4.7%
Johnson Matthey Plc 3.9%
Wolong Group 3.0%
Free Float 20.8%

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.

-continued-

Enapter AG	2021	2022	2023	2024E	2025E	2026E
Sales	8.4	14.7	31.6	38.2	72.8	160.2
<i>Growth yoy</i>	307.8%	73.8%	115.4%	21.0%	90.5%	120.0%
EBITDA	-7.6	-10.6	1.5	-8.0	-2.9	20.8
EBIT	-8.6	-12.9	-2.7	-12.5	-7.9	15.7
Net profit	-8.7	-13.0	-7.2	-17.7	-14.9	10.2
Net debt (net cash)	-15.0	-1.2	25.2	30.6	56.3	74.0
Net debt/EBITDA	2.0x	0.1x	17.0x	-3.8x	-19.3x	3.6x
EPS reported	-0.38	-0.51	-0.26	-0.61	-0.51	0.35
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%	65.6%	52.0%	44.0%	38.0%
EBITDA margin	-90.2%	-72.1%	4.7%	-21.0%	-4.0%	13.0%
EBIT margin	-102.1%	-87.6%	-8.5%	-32.6%	-10.8%	9.8%
ROCE	-16.2%	-13.9%	-2.2%	-10.0%	-5.6%	9.3%
EV/Sales	11.9x	7.8x	4.5x	3.8x	2.4x	1.2x
EV/EBITDA	-13.2x	-10.8x	95.2x	-18.2x	-58.9x	9.1x
EV/EBIT	-11.7x	-8.9x	-52.7x	-11.7x	-21.8x	12.1x
PER	-10.5x	-7.8x	-15.1x	-6.5x	-7.7x	11.3x

Source: Company data, mwb research

Enapter with good order situation, BUY. The MoU in China confirms our assessment that Enapter's strategy of developing the market with smaller electrolyzers and a partner distribution model is successful, especially in Italy, but also in the US and China. Compared to its competitors, Enapter continues to have a consistently strong order intake from a broad range of customers. Although customers are more cautious about investing in hydrogen technology due to the current economic uncertainties, smaller electrolyzers such as Enapter's still seem to be in demand for testing purposes. We reiterate our BUY rating with a target price of EUR 12.00, as we are convinced that Enapter will be able to build on its strong order intake and achieve its growth targets.

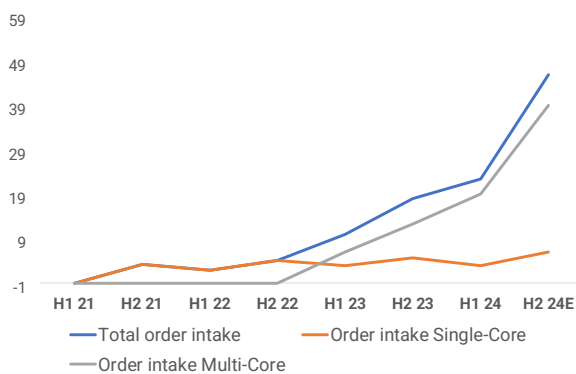
Other news. The recently announced capital increase has been fully subscribed, providing Enapter with around EUR 8m to expand the production of electrolyser cores and meet the potential increase in demand. Further details of the capital increase can be found [here](#) in our latest update.

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	H2 2023	H1 2024
Sales	2.1	2.0	6.4	3.3	11.4	4.8	26.8	8.3
yoy growth in %	na%	218.0%	210.5%	64.5%	76.7%	43.8%	136.3%	73.5%
Gross profit	-7.6	0.5	0.6	0.0	3.1	0.6	na	2.6
Gross margin in %	-367.4%	26.1%	9.1%	1.4%	27.6%	12.5%	na%	31.7%
EBITDA	-3.4	-3.6	-3.8	-6.8	-2.5	-7.0	8.5	-3.0
EBITDA margin in %	-166.3%	-176.3%	-59.0%	-204.4%	-22.3%	-147.2%	31.7%	-36.0%
EBIT	-3.4	-3.9	-4.7	-7.6	-5.2	-8.6	5.9	-5.2
EBIT margin in %	-166.3%	-195.8%	-72.7%	-229.7%	-46.2%	-180.3%	22.0%	-63.2%
EBT	-3.5	-4.0	-4.7	-7.7	-5.3	-9.9	3.6	-7.9
taxes paid	0.0	0.0	-0.0	0.0	0.0	0.0	0.9	0.7
tax rate in %	-0.1%	-0.1%	0.3%	-0.1%	-0.3%	-0.0%	23.7%	-8.6%
net profit	-3.5	-4.0	-4.7	-7.7	-5.3	-9.9	2.8	-7.9
yoy growth in %	na%	na%	na%	na%	na%	na%	na%	na%
EPS	-0.92	-0.17	-0.20	-0.31	-0.20	-0.37	0.10	-0.29

Source: Company data; mwb research

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



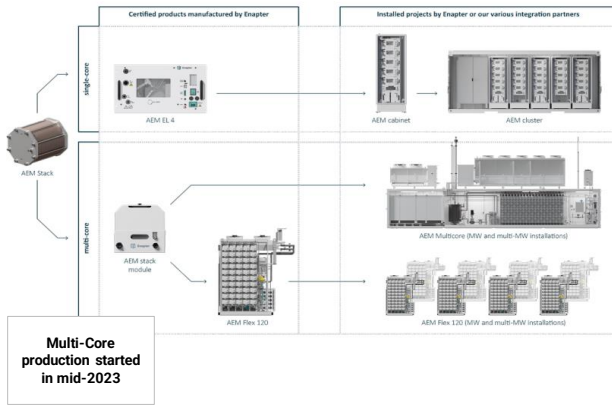
Source: Company data; mwb research

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

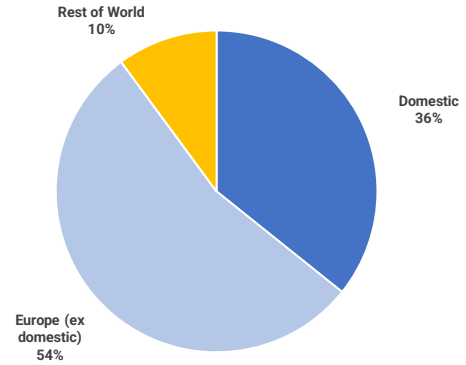


Investment case in six charts

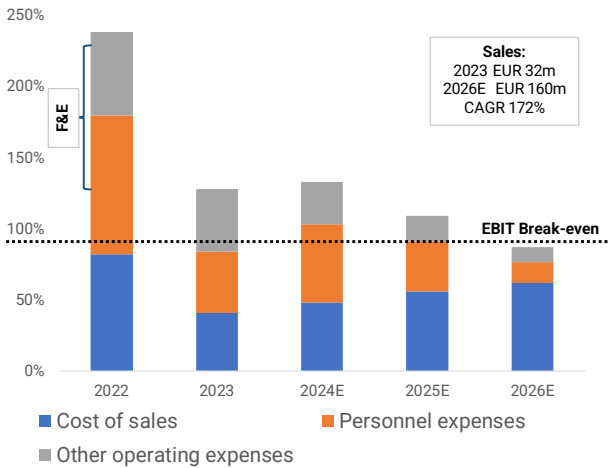
AEM's patented electrolysis systems



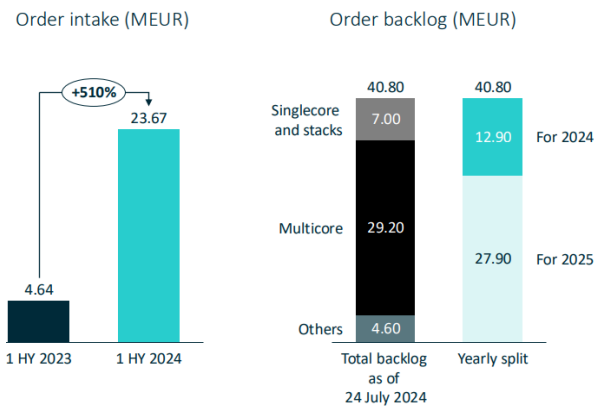
Regional sales split 2023 in %



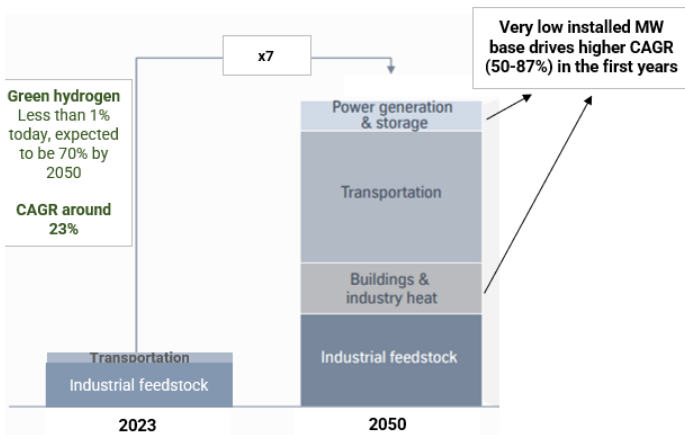
Cost outlook mwb est. (as % of total sales)



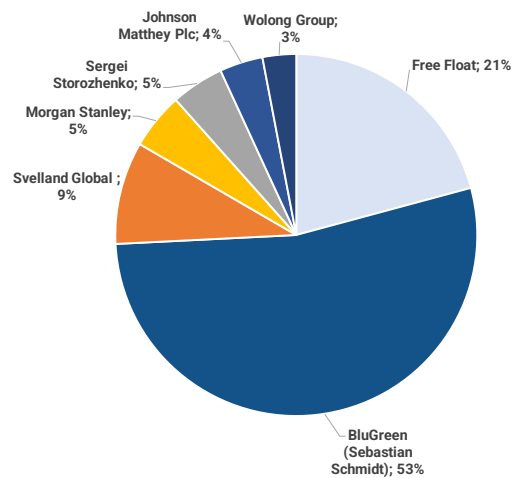
Electrolyser Orders



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 12.22 per share**:

Top-line growth: We expect Enapter AG to grow revenues at a CAGR of 52.6% between 2024E and 2031E. The long-term growth rate is set at 2.0%.

ROCE. Returns on capital are developing from -10.0% in 2024E to 11.9% in 2031E.

WACC. Starting point is a historical equity beta of 1.53. Unlevering and correcting for mean reversion yields an asset beta of 1.10. Combined with a risk-free rate of 2.0% and an equity risk premium of 6.0% this yields cost of equity of 13.6%. With pre-tax cost of borrowing at 5.0%, a tax rate of 25.0% and target debt/equity of 1.0 this results in a long-term WACC of 8.7%.

DCF (EURm) (except per share data and beta)	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	Terminal value
NOPAT	-13.7	-8.6	18.8	27.3	37.4	67.3	55.9	32.7	
Depreciation & amortization	4.4	4.9	5.1	11.3	31.2	34.2	51.9	63.3	
Change in working capital	10.4	2.6	7.4	4.2	3.8	3.6	1.1	1.3	
Chg. in long-term provisions	1.0	-0.2	-0.4	2.2	3.8	4.9	0.3	0.3	
Capex	-11.5	-18.2	-40.1	-68.1	-69.5	-85.0	-50.6	-57.5	
Cash flow	-9.4	-19.5	-9.1	-23.1	6.7	25.1	58.6	40.1	612.6
Present value	-9.2	-17.3	-7.2	-17.7	4.7	16.2	35.0	22.0	336.4
WACC	9.9%	10.3%	11.1%	8.7%	8.7%	8.7%	8.7%	8.7%	8.7%

DCF per share derived from

Total present value	363.0
Mid-year adj. total present value	379.4
Net debt / cash at start of year	25.2
Financial assets	1.8
Provisions and off b/s debt	0.8
Equity value	355.2
No. of shares outstanding	29.1

Discounted cash flow / share	12.22
upside/(downside)	207.7%

Share price	3.97
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DCF avg. growth and earnings assumptions

Planning horizon avg. revenue growth (2024E-2031E)	52.6%
Terminal value growth (2031E - infinity)	2.0%
Terminal year ROCE	11.9%
Terminal year WACC	8.7%

Terminal WACC derived from

Cost of borrowing (before taxes)	5.0%
Long-term tax rate	25.0%
Equity beta	1.53
Unlevered beta (industry or company)	1.10
Target debt / equity	1.0
Relevered beta	1.93
Risk-free rate	2.0%
Equity risk premium	6.0%
Cost of equity	13.6%

Sensitivity analysis DCF

Change in WACC (%-points)		Long term growth					Share of present value	
		1.0%	1.5%	2.0%	2.5%	3.0%		
2.0%		7.2	7.6	8.1	8.7	9.3	2024E-2027E	-14.2%
1.0%		8.7	9.2	9.9	10.6	11.5	2028E-2031E	21.5%
0.0%		10.5	11.3	12.2	13.3	14.5	terminal value	92.7%
-1.0%		13.0	14.1	15.4	16.9	18.8		
-2.0%		16.3	18.0	20.0	22.4	25.5		

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 -7.91 per share based on 2024E and EUR 15.33 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
EBITDA	-8.0	-2.9	20.8	47.7	81.0
- Maintenance capex	4.4	4.9	5.1	11.3	31.2
- Minorities	0.0	0.0	0.0	0.0	0.0
- tax expenses	1.6	1.4	-1.7	9.1	12.5
= Adjusted FCF	-14.1	-9.2	17.4	27.3	37.4
Actual Market Cap	115.7	115.7	115.7	115.7	115.7
+ Net debt (cash)	30.6	56.3	74.0	97.2	90.5
+ 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	1.8	1.8	1.8	1.8	1.8
- Acc. dividend payments	0.0	0.0	0.0	0.0	0.0
<i>EV Reconciliations</i>	28.8	54.5	72.3	95.4	88.7
= Actual EV'	144.5	170.2	188.0	211.1	204.4
Adjusted FCF yield	-9.7%	-5.4%	9.2%	12.9%	18.3%
base hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
ESG adjustment	0.0%	0.0%	0.0%	0.0%	0.0%
adjusted hurdle rate	7.0%	7.0%	7.0%	7.0%	7.0%
Fair EV	-201.2	-131.7	248.3	390.0	534.3
- <i>EV Reconciliations</i>	28.8	54.5	72.3	95.4	88.7
Fair Market Cap	-230.0	-186.2	176.0	294.6	445.6
No. of shares (million)	29.1	29.1	29.1	29.1	29.1
Fair value per share in EUR	-7.91	-6.40	6.05	10.13	15.33
Premium (-) / discount (+)	-299.3%	-261.3%	52.5%	155.3%	286.0%

Sensitivity analysis FV						
	5.0%	-10.7	-8.2	9.5	15.5	22.7
Adjusted hurdle rate	6.0%	-9.1	-7.2	7.5	12.4	18.4
	7.0%	-7.9	-6.4	6.1	10.1	15.3
	8.0%	-7.0	-5.8	5.0	8.5	13.0
	9.0%	-6.4	-5.4	4.2	7.2	11.2

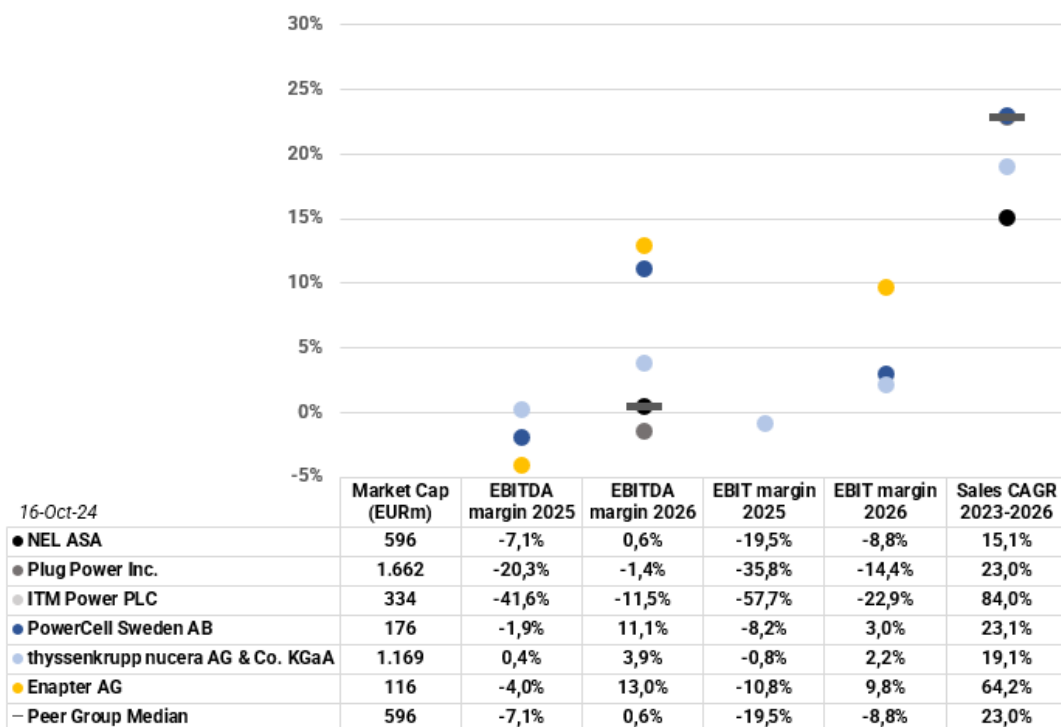
Source: Company data; mwb research

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 16 October 2024 the median market cap of the peer group was EUR 595.9m, compared to EUR 115.4m 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

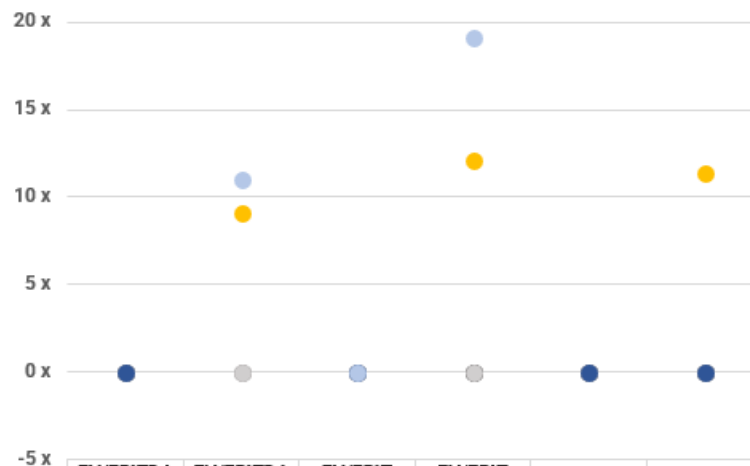


Source: FactSet, mwb research

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

Applying these to Enapter AG results in a range of fair values from EUR 4.44 to EUR 33.30.

Peer Group – Multiples and valuation



16-Oct-24

	EV/EBITDA 2025	EV/EBITDA 2026	EV/EBIT 2025	EV/EBIT 2026	P/E 2025	P/E 2026
● NEL ASA	0,0x	330,9x	0,0x	0,0x	0,0x	0,0x
● Plug Power Inc.	0,0x	0,0x	0,0x	0,0x	0,0x	0,0x
● ITM Power PLC	0,0x	0,0x	0,0x	0,0x	0,0x	0,0x
● PowerCell Sweden AB	0,0x	30,4x	0,0x	111,5x	0,0x	0,0x
● thyssenkrupp nucera AG & Co. KGaA	146,0x	11,0x	0,0x	19,1x	687,5x	50,8x
● Enapter AG	-59,0x	9,1x	-21,9x	12,1x	-7,7x	11,3x
– Peer Group Median	146,0x	30,4x		65,3x	687,5x	50,8x
Fair Value (EUR)	-16,57	19,87		33,30	-352,67	17,80

Source: FactSet, mwb research

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

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.

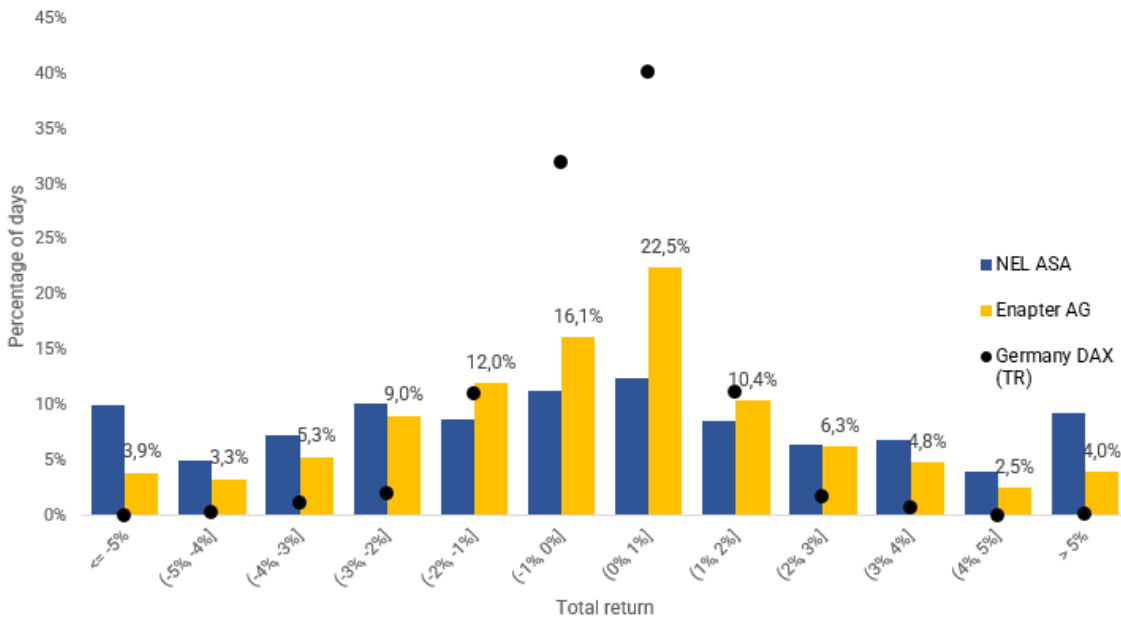
Powercell Sweden AB (publ) is a Sweden-based company active in the field of clean energy. It is engaged in the development, manufacture and sales of power systems with fuel cell and reformer technology. Its systems work both fossil and renewable fuels and convert them to hydrogen, which drives the power 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 Germany DAX (TR). 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%.

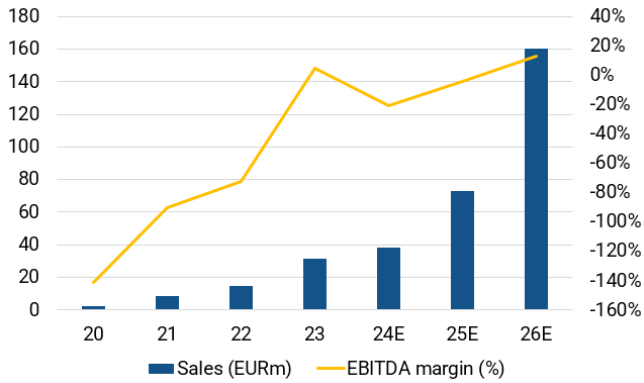
Risk – Daily Returns Distribution (trailing 3 years)



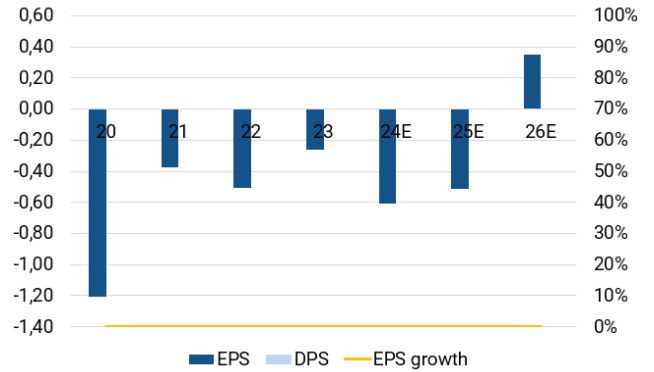
Source: FactSet, mwb research

Financials in six charts

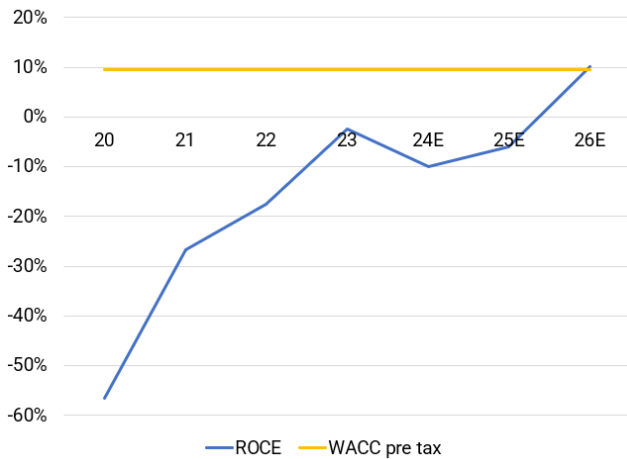
Sales vs. EBITDA margin development



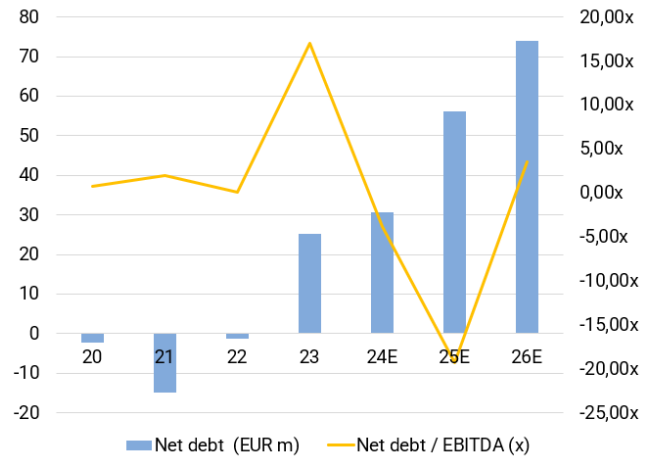
EPS, DPS in EUR & yoy EPS growth



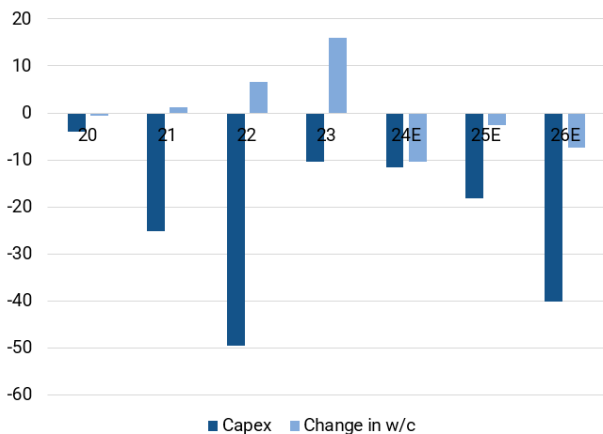
ROCE vs. WACC (pre tax)



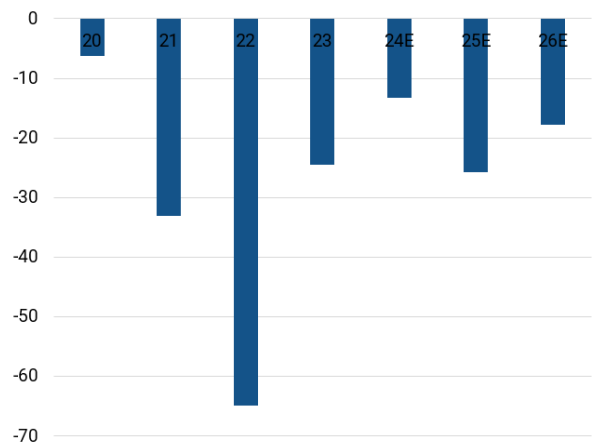
Net debt and net debt/EBITDA



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	2023	2024E	2025E	2026E
Net sales	8.4	14.7	31.6	38.2	72.8	160.2
Sales growth	307.8%	73.8%	115.4%	21.0%	90.5%	120.0%
Change in finished goods and work-in-process	0.5	0.5	2.1	0.0	0.0	0.0
Total sales	9.0	15.2	33.7	38.2	72.8	160.2
Material expenses	7.9	12.0	13.0	18.4	40.8	99.3
Gross profit	1.1	3.2	20.7	19.9	32.0	60.9
Other operating income	4.7	9.2	8.2	4.6	3.6	0.0
Personnel expenses	7.6	14.3	13.6	21.0	25.5	23.2
Other operating expenses	5.8	8.6	13.9	11.5	13.1	16.8
EBITDA	-7.6	-10.6	1.5	-8.0	-2.9	20.8
Depreciation	1.0	2.3	4.2	4.4	4.9	5.1
EBITA	-8.6	-12.9	-2.7	-12.5	-7.9	15.7
Amortisation of goodwill and intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-8.6	-12.9	-2.7	-12.5	-7.9	15.7
Financial result	-0.1	-0.1	-3.6	-3.6	-5.7	-7.2
Recurring pretax income from continuing operations	-8.7	-13.0	-6.3	-16.1	-13.6	8.5
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-8.7	-13.0	-6.3	-16.1	-13.6	8.5
Taxes	-0.0	0.0	0.9	1.6	1.4	-1.7
Net income from continuing operations	-8.7	-13.0	-7.2	-17.7	-14.9	10.2
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-8.7	-13.0	-7.2	-17.7	-14.9	10.2
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	-8.7	-13.0	-7.2	-17.7	-14.9	10.2
Average number of shares	23.11	25.51	27.20	29.07	29.07	29.07
EPS reported	-0.38	-0.51	-0.26	-0.61	-0.51	0.35

Profit and loss (common size)	2021	2022	2023	2024E	2025E	2026E
Net sales	100%	100%	100%	100%	100%	100%
Change in finished goods and work-in-process	6%	4%	7%	0%	0%	0%
Total sales	106%	104%	107%	100%	100%	100%
Material expenses	93%	82%	41%	48%	56%	62%
Gross profit	13%	22%	66%	52%	44%	38%
Other operating income	56%	63%	26%	12%	5%	0%
Personnel expenses	90%	97%	43%	55%	35%	14%
Other operating expenses	69%	59%	44%	30%	18%	11%
EBITDA	-90%	-72%	5%	-21%	-4%	13%
Depreciation	12%	16%	13%	12%	7%	3%
EBITA	-102%	-88%	-8%	-33%	-11%	10%
Amortisation of goodwill and intangible assets	0%	0%	0%	0%	0%	0%
EBIT	-102%	-88%	-8%	-33%	-11%	10%
Financial result	-1%	-1%	-11%	-9%	-8%	-4%
Recurring pretax income from continuing operations	-103%	-88%	-20%	-42%	-19%	5%
Extraordinary income/loss	0%	0%	0%	0%	0%	0%
Earnings before taxes	-103%	-88%	-20%	-42%	-19%	5%
Taxes	-0%	0%	3%	4%	2%	-1%
Net income from continuing operations	-103%	-88%	-23%	-46%	-20%	6%
Result from discontinued operations (net of tax)	0%	0%	0%	0%	0%	0%
Net income	-103%	-88%	-23%	-46%	-20%	6%
Minority interest	0%	0%	0%	0%	0%	0%
Net profit (reported)	-103%	-88%	-23%	-46%	-20%	6%

Source: Company data; mwb research

Balance sheet (EURm)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (exl. Goodwill)	7.1	10.3	12.0	15.8	19.4	27.4
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Property, plant and equipment	25.0	68.8	72.9	76.1	85.7	112.6
Financial assets	0.1	1.2	1.8	1.8	1.8	1.8
FIXED ASSETS	32.2	80.2	86.6	93.7	106.9	141.8
Inventories	3.6	8.4	11.3	6.0	11.2	27.2
Accounts receivable	2.8	9.7	23.3	18.9	31.9	63.6
Other current assets	0.0	0.2	5.6	5.6	5.6	5.6
Liquid assets	19.6	5.1	14.6	19.4	23.7	26.0
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	3.9	4.2	0.0	5.7	10.9	24.0
CURRENT ASSETS	29.9	27.6	54.8	55.7	83.3	146.5
TOTAL ASSETS	62.1	107.8	141.4	149.3	190.2	288.3
SHAREHOLDERS EQUITY	46.5	86.5	80.3	70.6	55.7	65.9
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	3.3	2.8	38.7	45.0	60.0	80.0
Provisions for pensions and similar obligations	0.0	0.0	0.8	0.0	0.0	0.0
Other provisions	1.9	2.4	2.1	3.8	3.6	3.2
Non-current liabilities	5.2	5.3	41.5	48.8	63.6	83.2
short-term liabilities to banks	1.3	1.0	1.1	5.0	20.0	20.0
Accounts payable	6.4	11.2	5.5	12.6	24.6	46.3
Advance payments received on orders	0.1	0.3	0.7	1.9	7.3	32.0
Other liabilities (incl. from lease and rental contracts)	0.8	1.5	11.4	9.6	18.2	40.1
Deferred taxes	0.0	0.0	0.9	0.9	0.9	0.9
Deferred income	1.8	2.1	0.0	0.0	0.0	0.0
Current liabilities	10.4	16.1	19.6	29.9	70.9	139.2
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	62.1	107.8	141.4	149.3	190.2	288.3

Balance sheet (common size)	2021	2022	2023	2024E	2025E	2026E
Intangible assets (excl. Goodwill)	11%	10%	8%	11%	10%	10%
Goodwill	0%	0%	0%	0%	0%	0%
Property, plant and equipment	40%	64%	52%	51%	45%	39%
Financial assets	0%	1%	1%	1%	1%	1%
FIXED ASSETS	52%	74%	61%	63%	56%	49%
Inventories	6%	8%	8%	4%	6%	9%
Accounts receivable	5%	9%	16%	13%	17%	22%
Other current assets	0%	0%	4%	4%	3%	2%
Liquid assets	32%	5%	10%	13%	12%	9%
Deferred taxes	0%	0%	0%	0%	0%	0%
Deferred charges and prepaid expenses	6%	4%	0%	4%	6%	8%
CURRENT ASSETS	48%	26%	39%	37%	44%	51%
TOTAL ASSETS	100%	100%	100%	100%	100%	100%
SHAREHOLDERS EQUITY	75%	80%	57%	47%	29%	23%
MINORITY INTEREST	0%	0%	0%	0%	0%	0%
Long-term debt	5%	3%	27%	30%	32%	28%
Provisions for pensions and similar obligations	0%	0%	1%	0%	0%	0%
Other provisions	3%	2%	1%	3%	2%	1%
Non-current liabilities	8%	5%	29%	33%	33%	29%
short-term liabilities to banks	2%	1%	1%	3%	11%	7%
Accounts payable	10%	10%	4%	8%	13%	16%
Advance payments received on orders	0%	0%	1%	1%	4%	11%
Other liabilities (incl. from lease and rental contracts)	1%	1%	8%	6%	10%	14%
Deferred taxes	0%	0%	1%	1%	0%	0%
Deferred income	3%	2%	0%	0%	0%	0%
Current liabilities	17%	15%	14%	20%	37%	48%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100%	100%	100%	100%	100%	100%

Source: Company data; mwb research

Cash flow statement (EURm)	2021	2022	2023	2024E	2025E	2026E
Net profit/loss	-8.7	-13.0	-7.2	-17.7	-14.9	10.2
Depreciation of fixed assets (incl. leases)	1.0	2.3	4.2	4.4	4.9	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	5.0	1.0	-0.2	-0.4
Cash flow from operations before changes in w/c	-6.8	-8.9	2.0	-12.3	-10.1	14.9
Increase/decrease in inventory	-2.3	-4.8	-2.9	5.3	-5.1	-16.0
Increase/decrease in accounts receivable	-5.6	-6.1	-14.8	4.4	-13.1	-31.7
Increase/decrease in accounts payable	6.8	4.5	0.7	7.0	12.0	21.7
Increase/decrease in other w/c positions	-0.1	-0.1	0.9	-6.3	8.8	33.5
Increase/decrease in working capital	-1.2	-6.5	-16.0	10.4	2.6	7.4
Cash flow from operating activities	-8.0	-15.5	-14.1	-1.9	-7.5	22.3
CAPEX	-25.1	-49.5	-10.4	-11.5	-18.2	-40.1
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
Cash flow from investing activities	-25.1	-49.5	-10.4	-11.5	-18.2	-40.1
Cash flow before financing	-33.1	-65.0	-24.5	-13.3	-25.7	-17.7
Increase/decrease in debt position	2.3	-0.8	34.0	10.2	30.0	20.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	48.3	53.0	0.0	8.0	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
Cash flow from financing activities	48.4	50.4	34.0	18.2	30.0	20.0
Increase/decrease in liquid assets	15.4	-14.5	9.5	4.8	4.3	2.3
Liquid assets at end of period	19.6	5.1	14.6	19.4	23.7	26.0

Source: Company data; mwb research

Regional sales split (EURm)	2021	2022	2023	2024E	2025E	2026E
Domestic	4.3	7.8	11.3	13.7	26.0	57.3
Europe (ex domestic)	1.4	2.7	17.1	20.7	39.4	86.8
The Americas	0.0	0.4	0.0	0.0	0.0	0.0
Asia	0.0	2.4	0.0	0.0	0.0	0.0
Rest of World	2.8	1.4	3.2	3.9	7.4	16.2
Total sales	8.4	14.7	31.6	38.2	72.8	160.2

Regional sales split (common size)	2021	2022	2023	2024E	2025E	2026E
Domestic	51.3%	52.9%	35.7%	35.7%	35.7%	35.7%
Europe (ex domestic)	16.0%	18.3%	54.2%	54.2%	54.2%	54.2%
The Americas	0.0%	3.0%	0.0%	0.0%	0.0%	0.0%
Asia	0.0%	16.1%	0.0%	0.0%	0.0%	0.0%
Rest of World	32.7%	9.6%	10.1%	10.1%	10.1%	10.1%
Total sales	100%	100%	100%	100%	100%	100%

Source: Company data; mwb research

Ratios	2021	2022	2023	2024E	2025E	2026E
Per share data						
Earnings per share reported	-0.38	-0.51	-0.26	-0.61	-0.51	0.35
Cash flow per share	-0.35	-0.61	-0.52	-0.22	-0.43	0.59
Book value per share	2.01	3.39	2.95	2.43	1.91	2.27
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00
Valuation						
P/E	-10.5x	-7.8x	-15.1x	-6.5x	-7.7x	11.3x
P/CF	-11.5x	-6.5x	-7.7x	-18.3x	-9.3x	6.7x
P/BV	2.0x	1.2x	1.3x	1.6x	2.1x	1.8x
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FCF yield (%)	-8.7%	-15.3%	-13.0%	-5.5%	-10.8%	14.9%
EV/Sales	11.9x	7.8x	4.5x	3.8x	2.4x	1.2x
EV/EBITDA	-13.2x	-10.8x	95.2x	-18.2x	-58.9x	9.1x
EV/EBIT	-11.7x	-8.9x	-52.7x	-11.7x	-21.8x	12.1x
Income statement (EURm)						
Sales	8.4	14.7	31.6	38.2	72.8	160.2
yoy chg in %	307.8%	73.8%	115.4%	21.0%	90.5%	120.0%
Gross profit	1.1	3.2	20.7	19.9	32.0	60.9
Gross margin in %	13.1%	21.7%	65.6%	52.0%	44.0%	38.0%
EBITDA	-7.6	-10.6	1.5	-8.0	-2.9	20.8
EBITDA margin in %	-90.2%	-72.1%	4.7%	-21.0%	-4.0%	13.0%
EBIT	-8.6	-12.9	-2.7	-12.5	-7.9	15.7
EBIT margin in %	-102.1%	-87.6%	-8.5%	-32.6%	-10.8%	9.8%
Net profit	-8.7	-13.0	-7.2	-17.7	-14.9	10.2
Cash flow statement (EURm)						
CF from operations	-8.0	-15.5	-14.1	-1.9	-7.5	22.3
Capex	-25.1	-49.5	-10.4	-11.5	-18.2	-40.1
Maintenance Capex	0.0	0.0	0.0	4.4	4.9	5.1
Free cash flow	-33.1	-65.0	-24.5	-13.3	-25.7	-17.7
Balance sheet (EURm)						
Intangible assets	7.1	10.3	12.0	15.8	19.4	27.4
Tangible assets	25.0	68.8	72.9	76.1	85.7	112.6
Shareholders' equity	46.5	86.5	80.3	70.6	55.7	65.9
Pension provisions	0.0	0.0	0.8	0.0	0.0	0.0
Liabilities and provisions	6.6	6.3	42.7	53.8	83.6	103.2
Net financial debt	-15.0	-1.2	25.2	30.6	56.3	74.0
w/c requirements	-0.1	6.6	28.3	10.4	11.2	12.6
Ratios						
ROE	-18.7%	-15.0%	-8.9%	-25.1%	-26.8%	15.5%
ROCE	-16.2%	-13.9%	-2.2%	-10.0%	-5.6%	9.3%
Net gearing	-32.2%	-1.4%	31.4%	43.3%	101.1%	112.4%
Net debt / EBITDA	2.0x	0.1x	17.0x	-3.8x	-19.3x	3.6x

Source: Company data; mwb research

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- An investment in shares with low liquidity and low market capitalization is therefore highly speculative and represents a very high risk.
- There is no regulated market for unlisted shares and securities and a sale is not possible or only possible on an individual basis.

7. Major Sources of Information Part of the information required for this research report was made available by the issuer of the financial instrument. Furthermore, this report is based on publicly available sources (such as, for example, Bloomberg, Reuters, VWD-Trader and the relevant daily press) believed to be reliable. mwb research AG has checked the information for plausibility but not for accuracy or completeness.

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10. Miscellaneous According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published free of charge under <https://www.mwb.-research.com>.

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