

Enapter AG

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

Update

RATING
BUY

PRICE TARGET
€ 11.00

Return Potential 177.1%
 Risk Rating High

CAPITAL INCREASE SUCCESSFULLY PLACED

Enapter has successfully completed its capital increase against cash contributions. The issue of almost 1.9m shares at a price of €4.26 per share generated gross proceeds of around €8m. The funds will be used to finance ongoing business activities. This means that Enapter will have sufficient liquid funds to finance its planned growth in the coming months. The strategic pivot announced in the spring is beginning to bear fruit. Enapter is focussing on its core competence, the production of electrolysis stacks, and partners are producing electrolyzers designed by and with Enapter. Both the Chinese joint venture with Wolong and the German partner H2 Core have started series production of electrolyzers. We have adjusted our EPS forecasts to reflect the increased number of shares. An updated DCF model yields an unchanged €11 price target. We confirm our Buy recommendation.

€8 million for the new growth strategy The additional cash will enable Enapter to continue implementing the new growth strategy announced in May. The company is focussing on its core expertise in the production of stacks. Electrolyser production will be organised via partners such as Wolong in China (Wolong Enapter Hydrogen Technologies joint venture) and H2 Core in Germany.

New growth strategy already bearing fruit Both partners have now started series production of the AEM electrolyzers, with Enapter supplying the stacks. H2 Core has already delivered four of the medium-sized electrolyzers (AEM Flex 120) designed by Enapter. The JV with Wolong recently presented the first megawatt-class AEM electrolyser produced in China and started series production for the Chinese market.

(p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2021	2022	2023	2024E	2025E	2026E
Revenue (€m)	8.4	14.7	31.6	33.9	67.4	141.2
Y-o-y growth	307.8%	73.8%	115.4%	7.1%	99.0%	109.5%
EBIT (€m)	-8.6	-12.9	-2.7	-12.2	-7.7	6.0
EBIT margin	-102.1%	-87.6%	-8.5%	-36.1%	-11.4%	4.3%
Net income (€m)	-8.7	-13.0	-7.2	-18.2	-13.8	0.2
EPS (diluted) (€)	-0.38	-0.51	-0.26	-0.66	-0.47	0.01
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00
FCF (€m)	-33.0	-64.9	-24.5	-16.5	-17.0	-12.9
Net gearing	-33.8%	-2.1%	30.6%	44.0%	80.5%	103.0%
Liquid assets (€m)	19.6	5.1	14.6	12.2	2.7	1.8

RISKS

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

COMPANY PROFILE

Enapter produces standardised stacks & electrolyzers, 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. 200 employees.

MARKET DATA

As of 15 Oct 2024

Closing Price € 3.97
 Shares outstanding 27.20m
 Market Capitalisation € 107.96m
 52-week Range € 3.51 / 11.19
 Avg. Volume (12 Months) 22,097

Multiples	2023	2024E	2025E
P/E	n.a.	n.a.	n.a.
EV/Sales	4.5	4.2	2.1
EV/EBIT	n.a.	n.a.	n.a.
Div. Yield	0.0%	0.0%	0.0%

STOCK OVERVIEW



COMPANY DATA

As of 30 Jun 2024

Liquid Assets € 4.08m
 Current Assets € 44.35m
 Intangible Assets € 13.12m
 Total Assets € 133.53m
 Current Liabilities € 16.13m
 Shareholders' Equity € 72.71m

SHAREHOLDERS

BluGreen 55.7%
 Svelland Global Trading Master 9.2%
 Skandinaviska Enskilda Banken 5.6%
 Other Investors 13.0%
 Free Float 16.5%



Enapter's success in China would also be a global breakthrough for AEM technology

We believe that the start of series production of megawatt electrolysers for the Chinese market is an important step in Enapter's expansion strategy. China is currently the world leader in the electrolyser market. More than 40% of global final investment decisions in the last 12 months have come from China, and the country is home to 60% of global electrolyser production capacity. If Enapter's technology is successful in China, Enapter will also set global standards.

Electrolyser marketing in China is off to a good start In recent months, Wolong Enapter Hydrogen Technologies has signed several letters of intent with companies in China. These include Concord New Energy, which plans to launch a pilot project in 2025, and China's largest steel manufacturer Baowu Steel, which is looking to drive forward the decarbonisation of its energy-intensive production processes.

€25m debt financing extended until February 2028 In September, Enapter agreed with Patrimonium to extend the term of the €25m bearer bond until 29 February 2028. The Enapter Management Board assumes that the conditions for the extension to take effect (IDW S6 expert opinion and trust agreement in favour of Patrimonium regarding the shares in the subsidiary Enapter Immobilien GmbH) will be met in the course of October. The agreement postpones the due date by three years. Enapter thus eliminates any uncertainty regarding the repayment / refinancing of the bearer bond originally scheduled for 2025.

Global electrolyser market is slowly accelerating Announced electrolyser capacity that has reached final investment decision (FID) now stands at 20 GW globally, 6.5 GW of which over the last 12 months alone (IEA: Global Hydrogen Review 2024). However, several projects have faced delays and cancellations. The main reasons for this include unclear demand signals, financing hurdles, delays to incentives, regulatory uncertainties, licensing and permitting issues and operational challenges.

Revised forecasts take dilution into account We have adjusted our forecasts for the increased number of shares. The issue of 1,877,934 new shares has raised the number of shares by 7% to 29,072,934.

Figure 1: Revisions to forecasts

All figures in €m	2024E			2025E			2026E		
	Old	New	Delta	Old	New	Delta	Old	New	Delta
Sales	33.9	33.9	0%	67.4	67.4	0%	141.2	141.2	0%
EBIT	-12.2	-12.2	-	-7.7	-7.7	-	6.0	6.0	0%
margin	-36.1%	-36.1%	-	-11.4%	-11.4%	-	4.3%	4.3%	-
Net income	-18.4	-18.2	-	-13.8	-13.8	-	0.2	0.2	0%
margin	-54.3%	-53.6%	-	-20.5%	-20.4%	-	0.2%	0.2%	-
EPS (diluted, in €)	-0.68	-0.66	-	-0.51	-0.47	-	0.01	0.01	-7%

Source: First Berlin Equity Research

Buy recommendation reiterated with unchanged price target An updated DCF model yields an unchanged €11 price target. We confirm our Buy recommendation.



VALUATION MODEL

DCF valuation model								
All figures in EUR '000								
	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Net sales	33,860	67,370	141,150	219,100	317,894	448,173	613,427	814,407
NOPLAT	-12,413	-7,821	5,882	19,584	31,094	43,922	50,274	67,593
+ depreciation & amortisation	4,674	6,299	6,950	7,378	7,760	8,468	9,539	10,992
Net operating cash flow	-7,738	-1,522	12,832	26,962	38,854	52,390	59,812	78,585
- total investments (CAPEX, WC, Other)	-865	-7,046	-20,111	-23,156	-35,732	-46,978	-59,497	-72,393
<i>Capital expenditures</i>	-7,788	-9,432	-11,292	-11,393	-15,432	-20,209	-25,541	-31,096
<i>Working capital</i>	4,722	-114	-8,819	-11,763	-20,300	-26,770	-33,956	-41,297
<i>Other</i>	2,200	2,500	0	0	0	0	0	0
Free cash flows (FCF)	-8,604	-8,568	-7,279	3,805	3,121	5,412	315	6,192
PV of FCF's	-8,345	-7,233	-5,349	2,434	1,737	2,622	133	2,273

All figures in thousands		
PV of FCFs in explicit period (2024E-2038E)	101,434	
PV of FCFs in terminal period	240,810	
Enterprise value (EV)	342,244	
+ Net cash / - net debt	-25,236	
+ Investments / minority interests	1	
Shareholder value	317,009	
Diluted number of shares	29,073	
Fair value in EUR	10.90	
		Terminal growth 4.0%
		Terminal EBIT margin 12.8%

WACC		Terminal growth rate						
		2.5%	3.0%	3.5%	4.0%	4.5%	5.0%	5.5%
11.9%	11.9%	18.61	19.25	19.97	20.77	21.69	22.74	23.96
12.9%	12.9%	15.10	15.54	16.04	16.58	17.20	17.89	18.67
13.9%	13.9%	12.35	12.66	13.01	13.39	13.81	14.28	14.80
14.9%	14.9%	10.16	10.39	10.63	10.90	11.20	11.53	11.89
15.9%	15.9%	8.39	8.56	8.74	8.93	9.15	9.38	9.63
16.9%	16.9%	6.96	7.08	7.21	7.35	7.51	7.67	7.85
17.9%	17.9%	5.77	5.86	5.96	6.07	6.18	6.30	6.43

* for layout purposes the model shows numbers only to 2031, but runs until 2038



INCOME STATEMENT

All figures in EUR '000	2021A	2022A	2023A	2024E	2025E	2026E
Revenues	8,442	14,671	31,605	33,860	67,370	141,150
Changes in inventories	540	525	2,078	0	0	0
Own work	3,330	6,383	4,076	3,386	1,347	988
Total output	12,312	21,579	37,759	37,246	68,717	142,138
Cost of goods sold	7,874	12,013	12,961	24,718	48,506	101,628
Gross profit (total output / COGS)	4,439	9,567	24,798	12,528	20,211	40,510
Personnel costs	7,596	14,300	13,561	14,500	16,207	18,350
Other operating income	1,367	2,799	4,116	3,725	4,716	4,940
Other operating expenses	5,828	8,648	13,867	9,312	10,106	14,115
EBITDA	-7,619	-10,582	1,485	-7,559	-1,386	12,986
Depreciation and amortisation	1,002	2,276	4,168	4,674	6,299	6,950
Operating income (EBIT)	-8,622	-12,858	-2,683	-12,233	-7,684	6,036
Net financial result	-88	-97	-3,618	-5,744	-5,938	-5,652
Pre-tax income (EBT)	-8,709	-12,955	-6,301	-17,977	-13,622	384
Income taxes	-8	23	864	180	136	154
Minority interests	1	1	1	0	0	0
Net income / loss	-8,701	-12,977	-7,163	-18,157	-13,758	231
Diluted EPS (in €)	-0.38	-0.51	-0.26	-0.66	-0.47	0.01
Ratios						
Gross margin on total output	36.1%	44.3%	65.7%	33.6%	29.4%	28.5%
EBITDA margin on revenues	-90.3%	-72.1%	4.7%	-22.3%	-2.1%	9.2%
EBIT margin on revenues	-102.1%	-87.6%	-8.5%	-36.1%	-11.4%	4.3%
Net margin on revenues	-103.1%	-88.4%	-22.7%	-53.6%	-20.4%	0.2%
Tax rate	0.1%	-0.2%	-13.7%	-1.0%	-1.0%	40.0%
Expenses as % of revenues						
Personnel costs	90.0%	97.5%	42.9%	42.8%	24.1%	13.0%
Depreciation and amortisation	11.9%	15.5%	13.2%	13.8%	9.3%	4.9%
Other operating expenses	69.0%	58.9%	43.9%	27.5%	15.0%	10.0%
Y-Y Growth						
Revenues	307.8%	73.8%	115.4%	7.1%	99.0%	109.5%
Operating income	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.



BALANCE SHEET

All figures in EUR '000	2021A	2022A	2023A	2024E	2025E	2026E
Assets						
Current assets, total	29,920	27,577	54,778	47,587	39,423	49,020
Cash and cash equivalents	19,604	5,071	14,589	12,237	2,732	1,801
Short-term investments	0	0	0	0	0	0
Receivables	2,638	8,014	23,269	14,843	15,135	19,336
Inventories	3,604	8,421	11,310	14,898	15,947	22,275
Other current assets	4,073	6,071	5,609	5,609	5,609	5,609
Non-current assets, total	32,221	80,237	86,631	89,946	93,280	97,773
Property, plant & equipment	23,985	67,900	72,902	75,065	77,000	79,437
Goodwill & other intangibles	7,110	10,272	11,973	13,125	14,525	16,581
Right-of-use assets	1,055	909	1,007	1,007	1,007	1,007
Other assets	1,156	748	748	748	748	748
Total assets	62,141	107,814	141,408	137,533	132,703	146,793
Shareholders' equity & debt						
Current liabilities, total	10,397	16,070	18,745	22,625	28,852	33,635
Short-term debt	1,186	871	1,004	5,000	10,000	13,075
Leasing liabilities	155	116	135	135	135	135
Accounts payable	6,387	11,191	5,534	5,418	6,645	8,353
Current provisions	516	1,243	4,438	4,438	4,438	4,438
Other current liabilities	2,309	2,765	7,769	7,769	7,769	7,769
Long-term liabilities, total	5,224	5,290	42,398	44,800	47,501	56,577
Long-term debt	2,708	2,371	38,108	38,108	38,108	47,032
Leasing liabilities	575	471	579	781	982	1,133
Other liabilities	512	605	1,632	3,832	6,332	6,332
Deferred revenue	1,428	1,844	2,080	2,080	2,080	2,080
Minority interests	2	1	-1	-1	-1	-1
Shareholders' equity	46,518	86,454	80,266	70,109	56,351	56,581
Share capital	24,406	27,195	27,195	29,073	29,073	29,073
Capital reserve	37,615	87,586	88,623	94,745	94,745	94,745
Other reserves	-83	69	9	9	9	9
Treasury stock	0	0	0	0	0	0
Loss carryforward / retained earnings	-15,418	-28,396	-35,560	-53,717	-67,475	-67,245
Total consolidated equity and debt	62,141	107,814	141,408	137,533	132,703	146,793
Ratios						
Current ratio (x)	2.88	1.72	2.92	2.10	1.37	1.46
Quick ratio (x)	2.53	1.19	2.32	1.44	0.81	0.80
Equity ratio	74.9%	80.2%	56.8%	51.0%	42.5%	38.5%
Net debt	-15,711	-1,830	24,522	30,870	45,376	58,307
Net gearing	-33.8%	-2.1%	30.6%	44.0%	80.5%	103.0%
Return on equity (ROE)	-18.7%	-15.0%	-8.9%	-25.9%	-24.4%	0.4%
Days of sales outstanding (DSO)	114	199	269	160	82	50
Days inventory outstanding	167	256	319	220	120	80
Days in payables (DIP)	296	340	156	80	50	30



CASH FLOW STATEMENT

All figures in EUR '000	2021A	2022A	2023A	2024E	2025E	2026E
EBIT	-8,622	-12,858	-2,683	-12,233	-7,684	6,036
Depreciation and amortisation	1,002	2,276	4,168	4,674	6,299	6,950
EBITDA	-7,619	-10,582	1,485	-7,559	-1,386	12,986
Changes in working capital	-1,136	-6,476	-16,962	4,722	-114	-8,819
Other adjustments	758	1,594	1,410	-5,924	-6,074	-5,805
Operating cash flow	-7,997	-15,464	-14,067	-8,760	-7,574	-1,639
Investments in PP&E	-21,570	-44,989	-5,930	-5,079	-6,063	-7,058
Investments in intangibles	-3,483	-4,436	-4,496	-2,709	-3,369	-4,235
Free cash flow	-33,050	-64,889	-24,493	-16,548	-17,006	-12,931
Acquisitions & disposals, net	0	0	0	0	0	0
Other investments	-11	-65	0	0	0	0
Investment cash flow	-25,064	-49,490	-10,426	-7,788	-9,432	-11,292
Debt financing, net	2,463	-653	34,138	3,996	5,000	12,000
Equity financing, net	48,304	52,998	0	8,000	0	0
Dividends paid	0	0	0	0	0	0
Other financing	-2,350	-1,924	-127	2,200	2,500	0
Financing cash flow	48,417	50,421	34,011	14,196	7,500	12,000
FOREX & other effects	0	0	0	0	0	0
Net cash flows	15,356	-14,534	9,519	-2,352	-9,506	-931
Cash, start of the year	4,248	19,604	5,071	14,589	12,237	2,732
Cash, end of the year	19,604	5,071	14,590	12,237	2,732	1,801

Y-Y Growth

Operating cash flow	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.
Financial cash flow	449.0%	4.1%	-32.5%	-58.3%	-47.2%	60.0%

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PRICE TARGET DATES

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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...14	↓	↓	↓	↓
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	14 February 2024	€8.64	Buy	€13.00
19	1 March 2024	€7.28	Buy	€13.00
20	29 May 2024	€4.51	Buy	€11.00
21	21 June 2024	€4.28	Buy	€11.00
22	10 September 2024	€4.16	Buy	€11.00
23	Today	€3.97	Buy	€11.00

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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