

aventron AG

Switzerland / Renewable Energy
 Berner Börse
 Bloomberg: AVEN SW
 ISIN: CH0023777235

Update

RATING
BUY

PRICE TARGET
CHF 13.50

Return Potential 37.8%
 Risk Rating low

FINANCING FOR 50 MW SOLAR PARK CONCLUDED

The Swiss green power producer aventron has completed the debt financing for the large Bargas solar park (50 MW) near Toledo in Spain. The largest project in the company's history has thus cleared another major hurdle and will increase the capacity of aventron's green power portfolio to well over 500 MW after completion in 2020. aventron has also achieved a considerable success in Switzerland. There, the country's second-largest solar power plant (6.5 MW) will be constructed on the roof of the Aldi-Swiss branch in Perlen. aventron remains on its planned growth trajectory. We confirm our Buy rating and the CHF 13.50 price target.

Spanish solar park without feed-in tariff Following the financing commitment from Banco Sabadell, the Solarpack Corporacion Tecnologica S.A. will start construction, which should take ca. nine months. We thus expect the plant to be commissioned in the second quarter of 2020 and then feed in about 95 GWh per year. The solar park is another example of the competitiveness of photovoltaics, as it will operate without subsidies and feed-in tariffs. This makes the conclusion of debt financing all the more important as it is no longer based on fixed feed-in tariffs guaranteed by the state, but on private power purchase agreements, and is thus much more demanding.

Switzerland's second-largest solar power plant With a capacity of 6.5 MW, the solar plant, which will be built this fall on the roof of the Aldi-Swiss branch in Perlen, will be the second largest installation of its kind in Switzerland. The project will receive no state feed-in tariffs. Instead, around a quarter of the electricity produced will be consumed locally and three quarters marketed via a long-term power purchase agreement with Primeo Energie AG. aventron is thus a pioneer in establishing a business model for the production of solar electricity without reliance on state-guaranteed feed-in tariffs. aventron is benefiting from its experience in the hydropower segment, where the company has been operating plants for many years without state feed-in tariffs and marketing the generated electricity privately.

(p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2016	2017	2018	2019E	2020E	2021E
Revenue (CHF m)	48.46	77.14	91.79	101.62	109.30	114.97
Y-o-y growth	103.2%	59.2%	19.0%	10.7%	7.6%	5.2%
EBIT (CHF m)	13.77	23.92	28.18	30.97	33.28	34.71
EBIT margin	28.4%	31.0%	30.7%	30.5%	30.5%	30.2%
Net income (CHF m)	2.97	8.34	10.25	12.01	12.80	12.90
EPS (diluted) (CHF)	0.12	0.25	0.27	0.27	0.27	0.27
DPS (CHF)	0.21	0.23	0.25	0.25	0.25	0.25
FCF (CHFm)	7.38	25.35	24.61	-31.09	-38.82	2.84
Net gearing	170.8%	227.5%	172.4%	195.4%	172.6%	181.7%
Liquid assets (CHF m)	33.54	39.43	66.83	48.92	70.73	71.08

RISKS

The main risks are technological risks, regulatory risks, financing risks, acquisition risks, and currency risks.

COMPANY PROFILE

aventron AG is an owner and operator of small hydro power, wind power, and solar power plants. The portfolio comprises ca. 476 MW and is geographically diversified over Switzerland, France, Italy, Germany, Norway, and Spain. The company is located in Switzerland near Basel and is listed on the BX Berne eXchange.

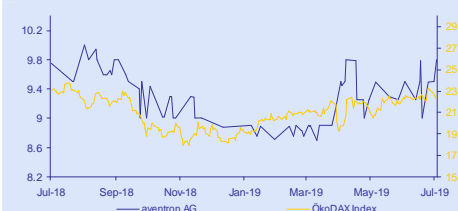
MARKET DATA

As of 11 Jul 2019

Closing Price	CHF 9.80
Shares outstanding	43.73m
Market Capitalisation	CHF 428.54m
52-week Range	CHF 8.70 / 10.00
Avg. Volume (12 Months)	2,145

Multiples	2018	2019E	2020E
P/E	33.4	32.4	33.4
EV/Sales	8.7	7.8	7.3
EV/EBIT	28.2	25.7	23.9
Div. Yield	2.6%	2.6%	2.6%

STOCK OVERVIEW



COMPANY DATA

As of 31 Dec 2018

Liquid Assets	CHF 66.83m
Current Assets	CHF 101.83m
Intangible Assets	CHF 9.44m
Total Assets	CHF 748.87m
Current Liabilities	CHF 55.72m
Shareholders' Equity	CHF 235.22m

SHAREHOLDERS

aventron Holding AG	61.9%
Stadtwerk Winterthur	7.7%
UBS Clean Energy Infrastructure	6.3%
Other investors	9.6%
Free Float	14.4%



Increased diversification The two solar projects will add 56.5 MW to the green power portfolio and, once completed, significantly increase solar power capacity from 102 MW to 158.5 MW (+ 55%). In 2018, solar contributed 110.3 GWh or 14%, and thus the lowest share of total electricity production (wind: 475 GWh, 60%, water: 200.5 GWh, 26%). The Spanish solar park Bargas alone is expected to contribute 95 GWh p.a. Overall, both parks should almost double aventron's solar power production and increase solar's share of total electricity production to over 20%. This increases technological diversification and brings aventron closer to its goal that no technology should contribute more than 50% to sales. In 2018, the wind segment's revenue share was 55%.

Estimates remain unchanged For 2019, we still expect aventron to increase revenue to around CHF 102m and assume an EBIT margin of 30.5%. This estimate is broadly in line with company guidance, which is for sales of CHF 102m and an EBIT margin of more than 30%.

Buy reiterated at unchanged price target An updated DCF model still yields a CHF 13.50 price target. We confirm our Buy recommendation.



VALUATION MODEL

DCF valuation model								
All figures in CHF '000	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E
Net sales	101,616	109,300	114,970	119,910	124,368	127,578	130,795	138,687
NOPLAT	28,276	30,223	31,623	33,969	34,754	34,963	35,201	37,917
+ depreciation & amortisation	38,733	41,465	43,996	44,577	45,820	46,828	47,707	48,462
Net operating cash flow	67,009	71,688	75,618	78,547	80,574	81,790	82,908	86,380
- total investments (CAPEX and WC)	-82,859	-110,799	-72,945	-73,012	-70,705	-69,905	-69,036	-67,851
Capital expenditures	-82,106	-110,120	-72,086	-72,786	-70,494	-69,739	-68,858	-67,440
Working capital	-754	-679	-859	-227	-211	-166	-179	-411
Free cash flows (FCF)	-15,850	-39,112	2,673	5,534	9,869	11,886	13,872	18,529
PV of FCF's	-15,573	-37,059	2,443	4,878	8,390	9,745	10,970	14,132

All figures in thousands	
PV of FCFs in explicit period (2019E-2033E)	150,362
PV of FCFs in terminal period	893,667
Enterprise value (EV)	1,044,029
+ Net cash / - net debt (pro forma)	-405,533
+ Investments / minority interests	8,195
Shareholder value	646,691
Diluted number of shares	47,872
Fair value per share in CHF	13.51

WACC	3.7%
Cost of equity	6.4%
Pre-tax cost of debt	3.0%
Tax rate	19.0%
After-tax cost of debt	2.4%
Share of equity capital	31.5%
Share of debt capital	68.5%
Price target in CHF	13.50

WACC	Terminal growth rate						
	0.4%	0.6%	0.8%	1.0%	1.2%	1.4%	1.6%
2.9%	17.74	19.73	22.09	24.96	28.51	33.02	38.94
3.1%	15.39	17.03	18.96	21.09	24.05	27.50	31.89
3.3%	13.37	14.74	16.34	18.22	20.45	23.17	26.52
3.5%	11.62	12.78	14.12	15.67	17.49	19.67	22.31
3.7%	10.08	11.08	12.21	13.51	15.02	16.79	18.91
3.9%	8.73	9.59	10.55	11.65	12.92	14.39	16.11
4.1%	7.53	8.27	9.10	10.04	11.11	12.34	13.77
4.3%	5.95	6.60	7.32	8.13	9.04	10.09	11.28

* for layout purposes the model shows numbers only to 2026, but runs until 2033



INCOME STATEMENT

All figures in CHF '000	2015A	2016A	2017A	2018A	2019E	2020E	2021E
Revenues	23,849	48,457	77,144	91,792	101,616	109,300	114,970
Cost of goods sold	4,603	9,184	11,759	15,146	16,970	18,581	19,545
Gross profit	19,246	39,273	65,385	76,646	84,646	90,719	95,425
Personnel costs	1,145	1,750	2,161	2,886	3,560	3,888	4,153
Other operating income	897	1,000	1,653	2,156	2,032	2,186	2,299
Other operating expenses	4,047	6,469	10,317	11,651	13,418	14,268	14,868
EBITDA	14,951	32,054	54,787	64,522	69,701	74,749	78,704
Depreciation and amortisation	7,946	18,289	30,869	36,342	38,733	41,465	43,996
Operating income (EBIT)	7,005	13,765	23,918	28,180	30,968	33,285	34,708
Net financial result	-3,381	-9,036	-12,937	-15,643	-16,015	-17,171	-18,469
Non-operating expenses	321	-25	-361	442	0	0	0
Pre-tax income (EBT)	3,945	4,704	10,620	12,979	14,953	16,113	16,239
Income taxes	1,052	759	1,937	1,813	2,691	3,062	3,085
Minority interests	-957	-976	-342	-919	-250	-250	-250
Net income / loss	1,936	2,969	8,341	10,247	12,011	12,802	12,904
EPS (diluted, in CHF)	0.11	0.12	0.25	0.27	0.27	0.27	0.27
Ratios							
Gross margin on revenues	80.7%	81.0%	84.8%	83.5%	83.3%	83.0%	83.0%
EBITDA margin on revenues	62.7%	66.1%	71.0%	70.3%	68.6%	68.4%	68.5%
EBIT margin on revenues	29.4%	28.4%	31.0%	30.7%	30.5%	30.5%	30.2%
Net margin on revenues	8.1%	6.1%	10.8%	11.2%	11.8%	11.7%	11.2%
Tax rate	26.7%	16.1%	18.2%	14.0%	18.0%	19.0%	19.0%
Expenses as % of revenues							
Personnel costs	4.8%	3.6%	2.8%	3.1%	3.5%	3.6%	3.6%
Depreciation and amortisation	33.3%	37.7%	40.0%	39.6%	38.1%	37.9%	38.3%
Other operating expenses	17.0%	13.3%	13.4%	12.7%	13.2%	13.1%	12.9%
Y-Y Growth							
Revenues	61.7%	103.2%	59.2%	19.0%	10.7%	7.6%	5.2%
Operating income	81.3%	96.5%	73.8%	17.8%	9.9%	7.5%	4.3%
Net income/ loss	164.5%	53.4%	180.9%	22.9%	17.2%	6.6%	0.8%



BALANCE SHEET

All figures in CHF '000	2015A	2016A	2017A	2018A	2019E	2020E	2021E
Assets							
Current assets, total	39,070	62,993	79,354	101,827	101,529	124,739	126,384
Cash and cash equivalents	19,293	33,538	39,433	66,829	64,161	85,675	85,854
Short-term investments	845	663	463	446	446	446	446
Receivables	2,400	9,096	10,998	11,982	14,198	15,871	17,324
Inventories	87	83	109	78	232	255	268
Other current assets	16,445	19,613	28,351	22,492	22,492	22,492	22,492
Non-current assets, total	268,546	514,393	607,562	647,041	690,414	759,070	787,160
Property, plant & equipment	232,392	461,399	544,538	605,816	648,942	717,359	745,241
Goodwill & other intangibles	3,602	6,052	10,024	9,439	9,686	9,924	10,134
Other assets	32,552	46,942	53,000	31,786	31,786	31,786	31,786
Total assets	307,616	577,386	686,916	748,868	791,944	883,809	913,544
Shareholders' equity & debt							
Current liabilities, total	32,068	40,676	67,040	55,715	57,462	69,570	70,177
Short-term debt	14,996	20,211	41,972	31,193	30,000	40,000	40,000
Accounts payable	4,493	6,603	7,766	9,076	10,693	11,709	12,316
Current provisions	0	0	0	0	0	0	0
Other current liabilities	12,579	13,862	17,302	15,446	16,768	17,861	17,861
Long-term liabilities, total	199,994	347,595	433,908	457,935	497,935	532,935	560,935
Long-term debt	194,333	336,408	420,479	441,169	481,169	516,169	544,169
Deferred revenue	0	0	0	0	0	0	0
Other liabilities	5,661	11,187	13,429	16,766	16,766	16,766	16,766
Minority interests	6,983	26,008	29,671	7,749	7,999	8,249	8,499
Shareholders' equity	68,571	163,107	156,297	227,469	228,548	273,054	273,933
Share capital	19,451	34,105	34,105	43,729	43,729	48,102	48,102
Capital reserve	120,015	229,732	216,912	286,277	286,277	325,634	325,634
Other reserves	0	0	0	0	0	0	0
Treasury stock	-100	-204	-622	-2,122	-2,122	-2,122	-2,122
Loss carryforward / retained earnings	-70,795	-100,526	-94,098	-100,415	-99,336	-98,560	-97,681
Total consolidated equity and debt	307,616	577,386	686,916	748,868	791,944	883,809	913,544
Ratios							
Current ratio (x)	1.22	1.55	1.18	1.83	1.77	1.79	1.80
Quick ratio (x)	1.22	1.55	1.18	1.83	1.76	1.79	1.80
Net debt	190,036	323,081	423,018	405,533	447,008	470,494	498,315
Net gearing	251.5%	170.8%	227.5%	172.4%	189.0%	167.3%	176.4%
Net debt/EBITDA	12.7	10.1	7.7	6.3	6.4	6.3	6.3
Book value per share (in CHF)	3.53	4.78	4.58	5.20	5.23	5.68	5.69
Equity ratio (including minorities)	24.6%	32.8%	27.1%	31.4%	29.9%	31.8%	30.9%
Return on equity (ROE)	2.8%	1.8%	5.3%	4.5%	5.3%	4.7%	4.7%
Return on investment (ROI)	0.6%	0.5%	1.2%	1.4%	1.5%	1.4%	1.4%
Return on assets (ROA)	2.1%	2.2%	3.3%	3.6%	3.6%	3.5%	3.5%
Return on capital employed (ROCE)	3.3%	3.5%	4.2%	4.4%	4.6%	4.5%	4.4%
Days sales outstanding (DSO)	36.7	68.5	52.0	47.6	51.0	53.0	55.0
Days inventory outstanding (DIO)	6.9	3.3	3.4	1.9	5.0	5.0	5.0
Days payables outstanding (DPO)	356.3	262.4	241.1	218.7	230.0	230.0	230.0



CASH FLOW STATEMENT

All figures in CHF '000	2015A	2016A	2017A	2018A	2019E	2020E	2021E
EBIT	7,326	13,765	23,918	28,180	30,968	33,285	34,708
Depreciation and amortisation	7,946	18,289	30,869	36,342	38,733	41,465	43,996
EBITDA	15,272	32,054	54,787	64,522	69,701	74,749	78,704
Changes in working capital	-1,392	-1,928	-3,461	5,049	-754	-679	-859
Other adjustments	-3,982	-350	-742	-1,726	-2,691	-3,062	-3,085
Operating cash flow	9,898	29,776	50,584	67,845	66,256	71,008	74,759
CAPEX	-36,838	-20,854	-25,216	-43,081	-81,293	-109,300	-71,282
Investments in intangibles	-619	-1,542	-19	-155	-813	-820	-805
Free cash flow	-27,558	7,380	25,349	24,609	-15,850	-39,112	2,673
Acquisitions & Disposals, net	-13,539	-31,348	-40,511	29,684	0	0	0
Other Investments	-5,203	110	-1,999	-1,116	0	0	0
Cash flow from investing	-56,198	-53,634	-67,745	-14,668	-82,106	-110,120	-72,086
Debt financing, net	46,118	-2,742	37,428	-32,792	38,807	45,000	28,000
Equity financing, net	5,837	55,004	2,463	33,090	0	43,730	0
Other financing	-2,089	-4,790	-7,185	-7,827	-9,610	-10,932	-12,025
Cash flow from financing	49,866	38,420	20,696	-23,927	13,182	60,627	-2,494
Forex & other effects	-686	-317	2,360	-1,854	0	0	0
Net cash flows	2,880	14,245	5,895	27,396	-2,668	21,515	179
Cash, start of the year	16,413	19,293	33,538	39,433	66,829	64,161	85,675
Cash, end of the year	19,293	33,538	39,433	66,829	64,161	85,675	85,854
EBITDA/share (in CHF)	0.83	1.29	1.61	1.68	1.59	1.55	1.64
Y-Y Growth							
Operating cash flow	769.8%	200.8%	69.9%	34.1%	-2.3%	7.2%	5.3%
Free cash flow	n.m.	n.m.	243.5%	-2.9%	n.m.	n.m.	n.m.
EBITDA/share	19.8%	54.8%	25.0%	4.3%	-5.0%	-2.5%	5.3%

FIRST BERLIN RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	20 May 2015	CHF8.00	Buy	CHF10.50
2...16	↓	↓	↓	↓
17	16 January 2019	CHF8.88	Buy	CHF13.50
18	20 February 2019	CHF8.71	Buy	CHF13.50
19	1 April 2019	CHF8.90	Buy	CHF13.50
20	Today	CHF9.80	Buy	CHF13.50

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PRICE TARGET DATES

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

AGREEMENT WITH THE ANALYSED COMPANY AND MAINTENANCE OF OBJECTIVITY

The present financial analysis is based on the author's own knowledge and research. The author prepared this study without any direct or indirect influence exerted on the part of the analysed company. Parts of the financial analysis were possibly provided to the analysed company prior to publication in order to avoid inaccuracies in the representation of facts. However, no substantial changes were made at the request of the analysed company following any such provision.

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.

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.

SUBJECT TO CHANGE

The opinions contained in the financial analysis reflect the assessment of the author on the day of publication of the financial analysis. The author of the financial analysis reserves the right to change such opinion without prior notification.

Legally required information regarding

- key sources of information in the preparation of this research report
- valuation methods and principles
- sensitivity of valuation parameters

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