

# aventron AG

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

H1 figures

**RATING**  
**BUY**

**PRICE TARGET**  
**CHF 13.50**

Return Potential 28.6%  
 Risk Rating low

## 17% SALES GROWTH AT HIGHER EBIT MARGIN

aventron has presented very convincing H1 figures that exceeded our expectations and significantly surpassed the previous year's figures. The company consistently pursued its growth strategy and expanded the capacity of its green power portfolio by 60 MW y/y to 482 MW. During H1/19 sales increased 17% y/y and EBIT 23%. Economies of scale and a more favourable product mix led to an EBIT margin rise of 2 percentage points to 35.5%. Net income climbed by 34% to CHF 8.5m. Despite the substantial capital increase in 2018, EPS rose by 5% to CHF 0.20. Due to better than expected half-year figures, we have increased our estimates for the full year and subsequent years. An updated DCF model still yields a CHF 13.50 price target. We confirm our Buy recommendation.

**Strong first half-year** Thanks to the expansion of the green power portfolio to 482 MW and above-average solar irradiation, aventron increased its electricity production from 410 GWh to 490 GWh (+20% y/y). Sales rose by 17% to CHF 54.2m and EBITDA by nearly 20% to CHF 39.0m. The EBITDA margin widened from 70.2% to 72.0%. EBIT even rose 23% to CHF 19.2m and the EBIT margin increased by 2 percentage points to an excellent 35.5%. In addition to economies of scale, a higher proportion of sales in the high-margin segments wind and solar led to the margin improvement. As interest expenses were only slightly higher (the financial result was CHF -7.1m after CHF -6.7m in H1/18), net income went up by 34% to CHF 8.5m, although income tax expenses were significantly higher (CHF 3.1m versus CHF 1.8m in H1/18). Despite the major capital increase last year, which increased the average number of shares by 9.5m shares to 43.5m, EPS climbed by 5% y/y to CHF 0.20 (see figure 1 overleaf). Thus, no dilution occurred, but aventron has achieved a rise in earnings per share.

(p.t.o.)

### FINANCIAL HISTORY & PROJECTIONS

	2016	2017	2018	2019E	2020E	2021E
Revenue (CHF m)	48.46	77.14	91.79	103.44	109.47	114.97
Y-o-y growth	103.2%	59.2%	19.0%	12.7%	5.8%	5.0%
EBIT (CHF m)	13.77	23.92	28.18	32.17	33.61	35.08
EBIT margin	28.4%	31.0%	30.7%	31.1%	30.7%	30.5%
Net income (CHF m)	2.97	8.34	10.25	13.00	13.06	13.21
EPS (diluted) (CHF)	0.12	0.25	0.27	0.30	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	-15.32	-38.44	2.96
Net gearing	170.8%	227.5%	172.4%	188.0%	166.1%	174.9%
Liquid assets (CHF m)	33.54	39.43	66.83	64.70	86.88	87.34

### 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. 482 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.

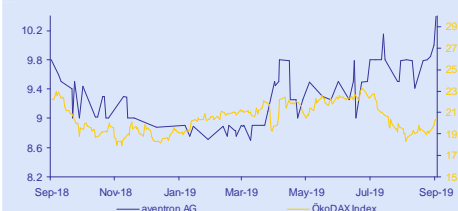
### MARKET DATA

As of 12 Sep 2019

Closing Price	CHF 10.50
Shares outstanding	43.73m
Market Capitalisation	CHF 459.15m
52-week Range	CHF 8.70 / 10.50
Avg. Volume (12 Months)	1,969

Multiples	2018	2019E	2020E
P/E	39.4	35.3	38.7
EV/Sales	9.4	8.4	7.9
EV/EBIT	30.7	26.9	25.7
Div. Yield	2.4%	2.4%	2.4%

### STOCK OVERVIEW



### COMPANY DATA

As of 30 Jun 2019

Liquid Assets	CHF 58.61m
Current Assets	CHF 93.17m
Intangible Assets	CHF 9.14m
Total Assets	CHF 731.52m
Current Liabilities	CHF 56.67m
Shareholders' Equity	CHF 226.66m

### SHAREHOLDERS

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



**Guidance for 2019 confirmed** aventron continues to expect sales of approx. CHF 102m in 2019 with an EBIT margin of over 30%. With H1 sales of CHF 54.2m or 53% of guidance and the very high H1 EBIT margin of 35.5%, guidance should be reached even if wind conditions in the second half of the year are worse than in H2/18.

**Figure 1: Reported figures versus forecasts**

All figures in CHF m	H1-19A	H1-19E	Delta	H1-18A	Delta
Sales	54.24	51.40	5.5%	46.54	16.6%
EBIT	19.23	17.01	13.1%	15.61	23.2%
Margin	35.5%	33.1%		33.5%	
Net result	8.51	8.11	5.0%	6.37	33.7%
Margin	15.7%	15.8%		13.7%	
EPS (diluted, in CHF)	0.20	0.19	3.2%	0.19	4.8%

Source: First Berlin Equity Research, aventron AG

**Hydropower with weaker EBIT due to drought** Despite the expansion of the hydropower capacity in the last 12 months from 88 MW to 108 MW, segment sales of CHF 7.3m were only slightly (+3%) above the previous year's figure since drought affected the power production of hydropower plants. Segment EBITDA posted a minor decline of 3% y/y and the EBITDA margin declined from 59% to 55% (see figure 2 overleaf). As depreciation increased from CHF 1.2m to CHF 1.6m, segment EBIT was CHF 2.4m, almost 21% below the previous year's level. The EBIT margin fell from 43% to 33%.

**Strong revenue and earnings growth in the wind segment** aventron has expanded its wind capacity from 228 MW to 273 MW (+20 y/y). Overall good wind conditions led to a rise in sales of 24% to CHF 31.9m (see figure 2 overleaf). Segment EBITDA amounted to CHF 24.2m after CHF 19.6m in H1/18 (+23% y/y). The EBITDA margin was only marginally below the previous year's level and reached 75.8%. The capacity expansion led to higher depreciation and amortization (CHF 12.3m versus CHF 10.0m in H1/18). Segment EBIT went up by 24% y/y to CHF 11.9m. The EBIT margin remained largely stable at 37.3%.

**Solar power benefits from high solar irradiation** aventron's solar power capacity climbed from 97 MW to 102 MW (+5%) compared to the previous year. Due to the high level of insolation, segment sales increased by a double-digit percentage (+13%) to CHF 15.0m. Segment EBITDA grew disproportionately by 18% y/y to CHF 11.8m. Only slightly higher depreciation and amortization resulted in segment EBIT of CHF 5.9m. The operating result thus grew very strongly by 41% y/y. As in previous years, the segment figures from the areas of hydropower and solar power prove the natural hedge resulting from the combination of both power plant types.

**Balance sheet reflects strong asset base** At the end of June, total assets amounted to CHF 732m (31/12/2018: CHF 749m). The most important asset item is PP&E, which amounted to CHF 595m (end of 2018: CHF 606m) or 81% of the balance sheet total and reflects the book value of the green power plants. The cash position remained at a high level and amounted to CHF 59m (end of 2018: CHF 66m). On the liabilities side, the equity position (after minority interests) declined from CHF 235m to CHF 227m due mainly to the dividend payout. The equity ratio at 31.1% was only slightly below the 31.4% at the end of 2018. Given the stability of the business model, the equity ratio is high and above the industry average. The relatively high figure reflects management's conservative business policy.



Financial debt was reduced. While short-term financial liabilities increased from CHF 31m to CHF 33m, non-current financial liabilities decreased from CHF 441m at the end of 2018 to CHF 429m. Overall, financial debt thus amounted to CHF 462m (versus CHF 472m at the end of 2018). Net debt declined from CHF 406 to CHF 403m.

**Figure 2: Reported segment figures versus forecasts**

All figures in CHFm	H1-19A	H1-19E	Delta	H1-18A	Delta
<b>Hydropower</b>					
Sales	7.30	7.60	-3.9%	7.07	3.3%
EBITDA	4.04	3.80	6.3%	4.18	-3.2%
margin	55.3%	50.0%		59.1%	
<b>Wind</b>					
Sales	31.87	29.50	8.0%	25.78	23.6%
EBITDA	24.16	22.20	8.8%	19.62	23.1%
margin	75.8%	75.3%		76.1%	
<b>Solar</b>					
Sales	14.98	13.80	8.5%	13.31	12.5%
EBITDA	11.79	10.78	9.4%	9.97	18.3%
margin	78.7%	78.1%		74.9%	
<b>Holding</b>					
Sales	1.27	1.70	-25.6%	1.58	-19.8%
EBITDA	-0.94	-0.90	n.m.	-1.10	n.m.
margin	n.m.	n.m.		n.m.	
<b>Consolidation</b>					
Sales	-1.17	-1.20	n.m.	-1.20	n.m.
EBITDA	0.00	0.00	n.m.	0.00	n.m.
margin	0.0%	n.m.		0.0%	
<b>Group</b>					
Sales	54.24	51.40	5.5%	46.54	16.6%
EBITDA	39.05	35.88	8.8%	32.66	19.5%
margin	72.0%	69.8%		70.2%	

Source: First Berlin Equity Research, aventron AG

**Cash flow statement confirms cash flow strength of the business model** Operating cash flow increased from CHF 37.6m in H1/18 to CHF 41.9m (+11% y/y). After deduction of investments in PP&E and intangible assets (including the acquisition of consolidated shareholdings), free cash flow was CHF 22.2m (+11% y/y, see figure 3).

**Figure 3: Selected cash flow positions**

in CHFm	H1/19A	H1/18A	Delta
Operating cash flow	41.88	37.65	11.2%
CAPEX (incl. acquisition of shareholdings)	-19.68	-17.58	11.9%
Free cashflow	22.21	20.07	10.7%
Cash flow from investment	-21.07	-17.57	19.9%
Cash flow from financing	-28.36	-8.53	232.4%
Net cash flow	-7.55	11.65	n.m.

Source: First Berlin Equity Research, aventron AG



Cash flow from financing activities amounted to CHF -28.4m. In addition to the repayment of financial liabilities (CHF 10.2m), dividend payments (CHF 10.9m) and interest payments (CHF 7.9m) led to a cash outflow. Net cash flow amounted to CHF -7.5m.

**Capacity expansion for further growth** Following the construction start of the 50 MW solar park in Spain, we expect commissioning in Q3/2020. The commissioning of this park will push portfolio capacity over the 500 MW mark. Based on the existing project pipeline, we assume that the company will achieve its target total portfolio capacity of 600 MW by the end of 2020.

**Forecasts increased** After the excellent half-year result, we have increased our estimates for 2019E and subsequent years. We expect aventron to achieve sales guidance of CHF 102m in the second half of the year even under relatively poor wind conditions and have accounted for the lower EUR/CHF exchange rate (average H1/19: 1.129, recently: 1.096). We now forecast annual sales of CHF 103.4m. Furthermore, we consider the company's EBIT margin guidance (>30%) to be easily achievable and now expect an EBIT margin of 31.1%. Given the margin strength, we have also slightly raised our estimates for the following years (see figure 4).

**Figure 4: Revisions to forecasts**

All figures in CHFm	2019E			2020E			2021E		
	Old	New	Delta	Old	New	Delta	Old	New	Delta
Sales	101.62	103.44	1.8%	109.30	109.47	0.2%	114.97	114.97	0.0%
EBIT	30.97	32.17	3.9%	33.28	33.61	1.0%	34.71	35.08	1.1%
margin	30.5%	31.1%		30.5%	30.7%		30.2%	30.5%	
Net income	12.01	13.00	8.3%	12.80	13.06	2.0%	12.90	13.21	2.4%
margin	11.8%	12.6%		11.7%	11.9%		11.2%	11.5%	
EPS (diluted, in CHF)	0.27	0.30	8.2%	0.27	0.27	2.0%	0.27	0.27	2.3%

Source: First Berlin Equity Research

**Buy rating confirmed with unchanged price target** In the first half of the year, aventron once again proved that it can generate strong growth at rising margins. So far, the sustained positive operating performance has only partly been reflected in the share price. An updated DCF model still yields a CHF 13.50 price target. The share thus continues to offer significant upside potential (+28%). 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	103,439	109,475	114,970	119,910	124,368	127,578	130,795	138,687
<b>NOPLAT</b>	<b>29,259</b>	<b>30,483</b>	<b>31,925</b>	<b>33,980</b>	<b>34,755</b>	<b>34,953</b>	<b>35,181</b>	<b>37,884</b>
+ depreciation & amortisation	39,944	42,130	43,982	44,565	45,808	46,817	47,697	48,453
Net operating cash flow	69,203	72,613	75,907	78,544	80,563	81,769	82,878	86,337
- total investments (CAPEX and WC)	-84,527	-111,057	-72,952	-72,729	-70,753	-69,959	-69,097	-67,927
Capital expenditures	-83,579	-110,296	-72,086	-72,786	-70,494	-69,739	-68,858	-67,440
Working capital	-948	-762	-866	57	-259	-220	-240	-487
Free cash flows (FCF)	-15,324	-38,445	2,955	5,816	9,810	11,810	13,780	18,410
<b>PV of FCF's</b>	<b>-15,148</b>	<b>-36,652</b>	<b>2,717</b>	<b>5,158</b>	<b>8,391</b>	<b>9,743</b>	<b>10,964</b>	<b>14,128</b>

All figures in thousands	
PV of FCFs in explicit period (2019E-2033E)	151,742
PV of FCFs in terminal period	893,366
Enterprise value (EV)	1,045,108
+ Net cash / - net debt (pro forma)	-405,533
+ Investments / minority interests	8,195
Shareholder value	647,770
Diluted number of shares	47,898
<b>Fair value per share in CHF</b>	<b>13.52</b>

<b>WACC</b>	<b>3.7%</b>
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%
<b>Price target in CHF</b>	<b>13.50</b>

		Terminal growth rate						
		0.4%	0.6%	0.8%	1.0%	1.2%	1.4%	1.6%
WACC	2.9%	17.76	19.73	22.08	24.92	28.44	32.92	38.79
	3.1%	15.42	17.05	18.96	21.07	24.01	27.43	31.78
	3.3%	13.41	14.77	16.35	18.21	20.43	23.12	26.44
	3.5%	11.66	12.81	14.14	15.68	17.48	19.64	22.25
	3.7%	10.13	11.12	12.24	13.52	15.02	16.78	18.87
	3.9%	8.78	9.63	10.59	11.68	12.93	14.38	16.09
	4.1%	7.58	8.32	9.14	10.07	11.13	12.35	13.76
	4.3%	6.01	6.65	7.36	8.17	9.07	10.10	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
<b>Revenues</b>	<b>23,849</b>	<b>48,457</b>	<b>77,144</b>	<b>91,792</b>	<b>103,439</b>	<b>109,475</b>	<b>114,970</b>
Cost of goods sold	4,603	9,184	11,759	15,146	17,067	18,173	19,085
<b>Gross profit</b>	<b>19,246</b>	<b>39,273</b>	<b>65,385</b>	<b>76,646</b>	<b>86,372</b>	<b>91,302</b>	<b>95,885</b>
Personnel costs	1,145	1,750	2,161	2,886	3,810	4,088	4,253
Other operating income	897	1,000	1,653	2,156	2,069	2,189	2,299
Other operating expenses	4,047	6,469	10,317	11,651	12,518	13,668	14,868
<b>EBITDA</b>	<b>14,951</b>	<b>32,054</b>	<b>54,787</b>	<b>64,522</b>	<b>72,112</b>	<b>75,735</b>	<b>79,064</b>
Depreciation and amortisation	7,946	18,289	30,869	36,342	39,944	42,130	43,982
<b>Operating income (EBIT)</b>	<b>7,005</b>	<b>13,765</b>	<b>23,918</b>	<b>28,180</b>	<b>32,168</b>	<b>33,605</b>	<b>35,082</b>
Net financial result	-3,381	-9,036	-12,937	-15,643	-16,006	-17,170	-18,469
Non-operating expenses	321	-25	-361	442	0	0	0
<b>Pre-tax income (EBT)</b>	<b>3,945</b>	<b>4,704</b>	<b>10,620</b>	<b>12,979</b>	<b>16,162</b>	<b>16,435</b>	<b>16,613</b>
Income taxes	1,052	759	1,937	1,813	2,909	3,123	3,156
Minority interests	-957	-976	-342	-919	-250	-250	-250
<b>Net income / loss</b>	<b>1,936</b>	<b>2,969</b>	<b>8,341</b>	<b>10,247</b>	<b>13,003</b>	<b>13,062</b>	<b>13,206</b>
<b>EPS (diluted, in CHF)</b>	<b>0.11</b>	<b>0.12</b>	<b>0.25</b>	<b>0.27</b>	<b>0.30</b>	<b>0.27</b>	<b>0.27</b>
<b>Ratios</b>							
Gross margin on revenues	80.7%	81.0%	84.8%	83.5%	83.5%	83.4%	83.4%
EBITDA margin on revenues	62.7%	66.1%	71.0%	70.3%	69.7%	69.2%	68.8%
EBIT margin on revenues	29.4%	28.4%	31.0%	30.7%	31.1%	30.7%	30.5%
Net margin on revenues	8.1%	6.1%	10.8%	11.2%	12.6%	11.9%	11.5%
Tax rate	26.7%	16.1%	18.2%	14.0%	18.0%	19.0%	19.0%
<b>Expenses as % of revenues</b>							
Personnel costs	4.8%	3.6%	2.8%	3.1%	3.7%	3.7%	3.7%
Depreciation and amortisation	33.3%	37.7%	40.0%	39.6%	38.6%	38.5%	38.3%
Other operating expenses	17.0%	13.3%	13.4%	12.7%	12.1%	12.5%	12.9%
<b>Y-Y Growth</b>							
Revenues	61.7%	103.2%	59.2%	19.0%	12.7%	5.8%	5.0%
Operating income	81.3%	96.5%	73.8%	17.8%	14.2%	4.5%	4.4%
Net income/ loss	164.5%	53.4%	180.9%	22.9%	26.9%	0.5%	1.1%



## BALANCE SHEET

All figures in CHF '000	2015A	2016A	2017A	2018A	2019E	2020E	2021E
<b>Assets</b>							
<b>Current assets, total</b>	<b>39,070</b>	<b>62,993</b>	<b>79,354</b>	<b>101,827</b>	<b>102,321</b>	<b>125,962</b>	<b>127,864</b>
Cash and cash equivalents	19,293	33,538	39,433	66,829	64,696	86,879	87,340
Short-term investments	845	663	463	446	446	446	446
Receivables	2,400	9,096	10,998	11,982	14,453	15,896	17,324
Inventories	87	83	109	78	234	249	261
Other current assets	16,445	19,613	28,351	22,492	22,492	22,492	22,492
<b>Non-current assets, total</b>	<b>268,546</b>	<b>514,393</b>	<b>607,562</b>	<b>647,041</b>	<b>690,675</b>	<b>758,841</b>	<b>786,945</b>
Property, plant & equipment	232,392	461,399	544,538	605,816	649,189	717,116	745,012
Goodwill & other intangibles	3,602	6,052	10,024	9,439	9,700	9,939	10,148
Other assets	32,552	46,942	53,000	31,786	31,786	31,786	31,786
<b>Total assets</b>	<b>307,616</b>	<b>577,386</b>	<b>686,916</b>	<b>748,868</b>	<b>792,997</b>	<b>884,803</b>	<b>914,809</b>
<b>Shareholders' equity &amp; debt</b>							
<b>Current liabilities, total</b>	<b>32,068</b>	<b>40,676</b>	<b>67,040</b>	<b>55,715</b>	<b>57,523</b>	<b>69,313</b>	<b>69,888</b>
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	10,755	11,451	12,026
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
<b>Long-term liabilities, total</b>	<b>199,994</b>	<b>347,595</b>	<b>433,908</b>	<b>457,935</b>	<b>497,935</b>	<b>532,935</b>	<b>560,935</b>
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
<b>Minority interests</b>	<b>6,983</b>	<b>26,008</b>	<b>29,671</b>	<b>7,749</b>	<b>7,999</b>	<b>8,249</b>	<b>8,499</b>
<b>Shareholders' equity</b>	<b>68,571</b>	<b>163,107</b>	<b>156,297</b>	<b>227,469</b>	<b>229,540</b>	<b>274,306</b>	<b>275,487</b>
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	-98,344	-97,308	-96,127
<b>Total consolidated equity and debt</b>	<b>307,616</b>	<b>577,386</b>	<b>686,916</b>	<b>748,868</b>	<b>792,997</b>	<b>884,803</b>	<b>914,809</b>
<b>Ratios</b>							
Current ratio (x)	1.22	1.55	1.18	1.83	1.78	1.82	1.83
Quick ratio (x)	1.22	1.55	1.18	1.83	1.77	1.81	1.83
Net debt	190,036	323,081	423,018	405,533	446,473	469,290	496,829
Net gearing	251.5%	170.8%	227.5%	172.4%	188.0%	166.1%	174.9%
Net debt/EBITDA	12.7	10.1	7.7	6.3	6.2	6.2	6.3
Book value per share (in CHF)	3.53	4.78	4.58	5.20	5.25	5.70	5.73
Equity ratio (including minorities)	24.6%	32.8%	27.1%	31.4%	30.0%	31.9%	31.0%
Return on equity (ROE)	2.8%	1.8%	5.3%	4.5%	5.7%	4.8%	4.8%
Return on investment (ROI)	0.6%	0.5%	1.2%	1.4%	1.6%	1.5%	1.4%
Return on assets (ROA)	2.1%	2.2%	3.3%	3.6%	3.7%	3.5%	3.5%
Return on capital employed (ROCE)	3.3%	3.5%	4.2%	4.4%	4.7%	4.6%	4.5%
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
<b>EBIT</b>	<b>7,326</b>	<b>13,765</b>	<b>23,918</b>	<b>28,180</b>	<b>32,168</b>	<b>33,605</b>	<b>35,082</b>
Depreciation and amortisation	7,946	18,289	30,869	36,342	39,944	42,130	43,982
<b>EBITDA</b>	<b>15,272</b>	<b>32,054</b>	<b>54,787</b>	<b>64,522</b>	<b>72,112</b>	<b>75,735</b>	<b>79,064</b>
Changes in working capital	-1,392	-1,928	-3,461	5,049	-948	-762	-866
Other adjustments	-3,982	-350	-742	-1,726	-2,909	-3,123	-3,156
<b>Operating cash flow</b>	<b>9,898</b>	<b>29,776</b>	<b>50,584</b>	<b>67,845</b>	<b>68,255</b>	<b>71,851</b>	<b>75,042</b>
CAPEX	-36,838	-20,854	-25,216	-43,081	-82,751	-109,475	-71,282
Investments in intangibles	-619	-1,542	-19	-155	-828	-821	-805
<b>Free cash flow</b>	<b>-27,558</b>	<b>7,380</b>	<b>25,349</b>	<b>24,609</b>	<b>-15,324</b>	<b>-38,445</b>	<b>2,955</b>
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
<b>Cash flow from investing</b>	<b>-56,198</b>	<b>-53,634</b>	<b>-67,745</b>	<b>-14,668</b>	<b>-83,579</b>	<b>-110,296</b>	<b>-72,086</b>
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
<b>Cash flow from financing</b>	<b>49,866</b>	<b>38,420</b>	<b>20,696</b>	<b>-23,927</b>	<b>13,191</b>	<b>60,627</b>	<b>-2,494</b>
Forex & other effects	-686	-317	2,360	-1,854	0	0	0
<b>Net cash flows</b>	<b>2,880</b>	<b>14,245</b>	<b>5,895</b>	<b>27,396</b>	<b>-2,133</b>	<b>22,183</b>	<b>461</b>
Cash, start of the year	16,413	19,293	33,538	39,433	66,829	64,696	86,879
<b>Cash, end of the year</b>	<b>19,293</b>	<b>33,538</b>	<b>39,433</b>	<b>66,829</b>	<b>64,696</b>	<b>86,879</b>	<b>87,340</b>
<b>EBITDA/share (in CHF)</b>	<b>0.83</b>	<b>1.29</b>	<b>1.61</b>	<b>1.68</b>	<b>1.65</b>	<b>1.57</b>	<b>1.64</b>
<b>Y-Y Growth</b>							
Operating cash flow	769.8%	200.8%	69.9%	34.1%	0.6%	5.3%	4.4%
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%	-1.8%	-4.5%	4.4%



**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...17	↓	↓	↓	↓
18	20 February 2019	CHF8.71	Buy	CHF13.50
19	1 April 2019	CHF8.90	Buy	CHF13.50
20	15 July 2019	CHF9.80	Buy	CHF13.50
21	Today	CHF10.50	Buy	CHF13.50

**Authored by: Dr Karsten von Blumenthal, Analyst**

**Company responsible for preparation:**

**First Berlin Equity Research GmbH**

Mohrenstraße 34  
10117 Berlin

Tel. +49 (0)30 - 80 93 96 85 Fax +49 (0)30 - 80 93 96 87

info@firstberlin.com

www.firstberlin.com

**Person responsible for forwarding or distributing this financial analysis: Martin Bailey**

**Copyright© 2019 First Berlin Equity Research GmbH** No part of this financial analysis may be copied, photocopied, duplicated or distributed in any form or media whatsoever without prior written permission from First Berlin Equity Research GmbH. First Berlin Equity Research GmbH shall be identified as the source in the case of quotations. Further information is available on request.

**INFORMATION PURSUANT TO SECTION 34B OF THE GERMAN SECURITIES TRADING ACT [WPHG], TO REGULATION (EU) NO 596/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF APRIL 16, 2014, ON MARKET ABUSE (MARKET ABUSE REGULATION) AND TO THE GERMAN ORDINANCE ON THE ANALYSIS OF FINANCIAL INSTRUMENTS [FINANV]**

First Berlin Equity Research GmbH (hereinafter referred to as: "First Berlin") prepares financial analyses while taking the relevant regulatory provisions, in particular the German Securities Trading Act [WpHG], Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) and the German Ordinance on the Analysis of Financial Instruments [FinAnV] into consideration. In the following First Berlin provides investors with information about the statutory provisions that are to be observed in the preparation of financial analyses.

**CONFLICTS OF INTEREST**

In accordance with Section 34b Paragraph 1 of the German Securities Trading Act [WpHG] and Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) financial analyses may only be passed on or publicly distributed if circumstances or relations which may cause conflicts of interest among the authors, the legal entities responsible for such preparation or companies associated with them are disclosed along with the financial analysis.

First Berlin offers a range of services that go beyond the preparation of financial analyses. Although First Berlin strives to avoid conflicts of interest wherever possible, First Berlin may maintain the following relations with the analysed company, which in particular may constitute a potential conflict of interest (further information and data may be provided on request):

- The author, First Berlin, or a company associated with First Berlin holds an interest of more than five percent in the share capital of the analysed company;
- The author, First Berlin, or a company associated with First Berlin provided investment banking or consulting services for the analysed company within the past twelve months for which remuneration was or was to be paid;
- The author, First Berlin, or a company associated with First Berlin reached an agreement with the analysed company for preparation of a financial analysis for which remuneration is owed;
- The author, First Berlin, or a company associated with First Berlin has other significant financial interests in the analysed company;

In order to avoid and, if necessary, manage possible conflicts of interest both the author of the financial analysis and First Berlin shall be obliged to neither hold nor in any way trade the securities of the company analyzed. The remuneration of the author of the financial analysis stands in no direct or indirect connection with the recommendations or opinions represented in the financial analysis. Furthermore, the remuneration of the author of the financial analysis is neither coupled directly to financial transactions nor to stock exchange trading volume or asset management fees.

If despite these measures one or more of the aforementioned conflicts of interest cannot be avoided on the part of the author or First Berlin, then reference shall be made to such conflict of interest.

**INFORMATION PURSUANT TO SECTION 64 OF THE GERMAN SECURITIES TRADING ACT [WPHG] (2ND FINANOG) OF 23 JUNE 2017, DIRECTIVE 2014/65/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 15 MAY 2014 ON MARKETS IN FINANCIAL INSTRUMENTS AND AMENDING DIRECTIVE 2002/92/EC AND DIRECTIVE 2011/61/EU, ACCOMPANIED BY THE MARKETS IN FINANCIAL INSTRUMENTS REGULATION (MIFIR, REG. EU NO. 600/2014)**

First Berlin notes that it has concluded a contract with the issuer to prepare financial analyses and is paid for that by the issuer. First Berlin makes the financial analysis simultaneously available for all interested security financial services companies. First Berlin thus believes that it fulfils the requirements of section 64 WpHG for minor non-monetary benefits.

### 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 <sup>1</sup>	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%

<sup>1</sup> 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

can be accessed through the following internet link: <http://firstberlin.com/disclaimer-english-link/>

**SUPERVISORY AUTHORITY: Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) [BaFin], Graurheindorferstraße 108, 53117 Bonn and Lurgiallee 12, 60439 Frankfurt**

### EXCLUSION OF LIABILITY (DISCLAIMER)

#### RELIABILITY OF INFORMATION AND SOURCES OF INFORMATION

The information contained in this study is based on sources considered by the author to be reliable. Comprehensive verification of the accuracy and completeness of information and the reliability of sources of information has neither been carried out by the author nor by First Berlin. As a result no warranty of any kind whatsoever shall be assumed for the accuracy and completeness of information and the reliability of sources of information, and neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be liable for any direct or indirect damage incurred through reliance on the accuracy and completeness of information and the reliability of sources of information.

#### RELIABILITY OF ESTIMATES AND FORECASTS

The author of the financial analysis made estimates and forecasts to the best of the author's knowledge. These estimates and forecasts reflect the author's personal opinion and judgement. The premises for estimates and forecasts as well as the author's perspective on such premises are subject to constant change. Expectations with regard to the future performance of a financial instrument are the result of a measurement at a single point in time and may change at any time. The result of a financial analysis always describes only one possible future development – the one that is most probable from the perspective of the author – of a number of possible future developments.

Any and all market values or target prices indicated for the company analysed in this financial analysis may not be achieved due to various risk factors, including but not limited to market volatility, sector volatility, the actions of the analysed company, economic climate, failure to achieve earnings and/or sales forecasts, unavailability of complete and precise information and/or a subsequently occurring event which affects the underlying assumptions of the author and/or other sources on which the author relies in this document. Past performance is not an indicator of future results; past values cannot be carried over into the future.

Consequently, no warranty of any kind whatsoever shall be assumed for the accuracy of estimates and forecasts, and neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be liable for any direct or indirect damage incurred through reliance on the correctness of estimates and forecasts.

**INFORMATION PURPOSES, NO RECOMMENDATION, SOLICITATION, NO OFFER FOR THE PURCHASE OF SECURITIES**

The present financial analysis serves information purposes. It is intended to support institutional investors in making their own investment decisions; however in no way provide the investor with investment advice. Neither the author, nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be considered to be acting as an investment advisor or portfolio manager vis-à-vis an investor. Each investor must form his own independent opinion with regard to the suitability of an investment in view of his own investment objectives, experience, tax situation, financial position and other circumstances.

The financial analysis does not represent a recommendation or solicitation and is not an offer for the purchase of the security specified in this financial analysis. Consequently, neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall as a result be liable for losses incurred through direct or indirect employment or use of any kind whatsoever of information or statements arising out of this financial analysis.

A decision concerning an investment in securities should take place on the basis of independent investment analyses and procedures as well as other studies including, but not limited to, information memoranda, sales or issuing prospectuses and not on the basis of this document.

**NO ESTABLISHMENT OF CONTRACTUAL OBLIGATIONS**

By taking note of this financial analysis the recipient neither becomes a customer of First Berlin, nor does First Berlin incur any contractual, quasi-contractual or pre-contractual obligations and/or responsibilities toward the recipient. In particular no information contract shall be established between First Berlin and the recipient of this information.

**NO OBLIGATION TO UPDATE**

First Berlin, the author and/or the person responsible for passing on or distributing the financial analysis shall not be obliged to update the financial analysis. Investors must keep themselves informed about the current course of business and any changes in the current course of business of the analysed company.

**DUPLICATION**

Dispatch or duplication of this document is not permitted without the prior written consent of First Berlin.

**SEVERABILITY**

Should any provision of this disclaimer prove to be illegal, invalid or unenforceable under the respectively applicable law, then such provision shall be treated as if it were not an integral component of this disclaimer; in no way shall it affect the legality, validity or enforceability of the remaining provisions.

**APPLICABLE LAW, PLACE OF JURISDICTION**

The preparation of this financial analysis shall be subject to the law obtaining in the Federal Republic of Germany. The place of jurisdiction for any disputes shall be Berlin (Germany).

**NOTICE OF DISCLAIMER**

By taking note of this financial analysis the recipient confirms the binding nature of the above explanations.

By using this document or relying on it in any manner whatsoever the recipient accepts the above restrictions as binding for the recipient.

**QUALIFIED INSTITUTIONAL INVESTORS**

First Berlin financial analyses are intended exclusively for qualified institutional investors.

**This report is not intended for distribution in the USA and/or Canada.**