

November 13th, 2023  
Research update

# SMC Research

## Small and Mid Cap Research



**Mehrfacher Gewinner**  
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# 3U Holding AG

## Weakness in the SHAC segment necessitates forecast adjustment

**Rating:** Buy (unchanged) | **Price:** 2.33 € | **Price target:** 3.40 € (prev.: 3.00 €)

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# Current development



## Basic data

|                                |                    |
|--------------------------------|--------------------|
| <b>Based in:</b>               | Marburg            |
| <b>Sector:</b>                 | Investments        |
| <b>Headcount:</b>              | 161                |
| <b>Accounting:</b>             | IFRS               |
| <b>ISIN:</b>                   | DE0005167902       |
| <b>Ticker:</b>                 | UUU:GR             |
| <b>Price:</b>                  | 2.33 Euro          |
| <b>Market segment:</b>         | Prime Standard     |
| <b>Number of shares:</b>       | 33.5 m             |
| <b>Market Cap:</b>             | 78.0 m Euro        |
| <b>Enterprise Value:</b>       | 32.7 m Euro        |
| <b>Free Float:</b>             | 73.8 %             |
| <b>Price high/low (12M):</b>   | 5.86 / 2.17 Euro   |
| <b>Ø turnover (Xetra,12M):</b> | 321,000 Euro / day |

## Forecast for 2023 reduced

At the beginning of November, 3U announced that the previous forecast for the entire year (sales of EUR 55 to 60 m, EBITDA of between EUR 6.0 and 8.0 m and net profit of between EUR 2.5 and 3.5 m) was no longer achievable. Instead, the company now anticipates revenue of between EUR 52 and 56 m and EBITDA of between EUR 4.5 and 6.0 m. The target for net profit is now in the range of EUR 1.5 to 2.5 m. The forecast adjustment is primarily due to the weakness of the SHAC segment, which in turn is due to the crisis in the construction sector and the protracted uncertainty regarding the structure of the Building Energy Act (see below).

## Acquisition in the ITC segment

In organic terms, the adjustment is even somewhat bigger than a comparison of the old and new forecast would suggest, since 3U made its first acquisition in August as part of the “Mission 2026” growth strategy presented in the summer and the new subsidiary has been included in the consolidated financial statements since September. The new acquisition is the system house cs communication Systems GmbH and its subsidiary, cs network GmbH, which together employ 41

| FY ends: 31.12.    | 2020   | 2021   | 2022     | 2023e  | 2024e  | 2025e  |
|--------------------|--------|--------|----------|--------|--------|--------|
| Sales (m Euro)     | 61.1   | 55.9   | 62.7     | 52.9   | 62.6   | 74.2   |
| EBIT (m Euro)      | 5.9    | 6.8    | 161.1    | 1.2    | 1.8    | 6.2    |
| Net Profit         | 3.3    | 2.9    | 159.0    | 1.8    | 1.5    | 3.1    |
| EPS                | 0.09   | 0.08   | 4.33     | 0.05   | 0.05   | 0.09   |
| Dividend per share | 0.05   | 0.05   | 3.20     | 0.07   | 0.10   | 0.11   |
| Sales growth       | 18.7%  | -8.4%  | 12.0%    | -15.6% | 18.4%  | 18.5%  |
| Profit growth      | -20.2% | -10.7% | 5,350.4% | -98.9% | -16.8% | 106.2% |
| PSR                | 1.28   | 1.39   | 1.24     | 1.47   | 1.25   | 1.05   |
| PER                | 23.9   | 26.7   | 0.5      | 43.0   | 51.7   | 25.1   |
| PCR                | 16.3   | -      | 4.7      | 42.3   | 14.7   | 8.8    |
| EV / EBIT          | 5.5    | 4.8    | 0.2      | 26.3   | 18.3   | 5.3    |
| Dividend yield     | 2.0%   | 2.0%   | 137.3%   | 2.8%   | 4.5%   | 4.8%   |

people at the three locations in Pleidelsheim, Nuremberg and Leipzig and offer services relating to telecommunications systems, cloud solutions as well as network and fibre optic technology under the Citrus brand. The company has been active since 1990, has a customer base of more than 400 medium-sized companies and public institutions and has an annual revenue of just over EUR 7 m. According to 3U, its profitability is roughly on a par with the ITC segment to date, i.e., slightly above 25 percent (EBITDA). The purchase price was not disclosed, but the cash flow statement for the third quarter indicates a payment of around EUR 4 m, in addition to which financial liabilities were taken on to a moderate extent.

### Increase in sales in the third quarter

In operational terms, the third quarter, like the first half of the year, was characterised by opposing trends in the SHAC segment on the one hand and the other two segments on the other. While revenue in the former fell by 12 percent to EUR 7.1 m, the continued ITC segment (i.e., excluding weclapp in the previous year) grew by 36 percent to EUR 4.1 m (of which EUR 0.6 m was due to the first-time contribution from cs in September). Sales in the Renewable Energies segment also increased significantly by 28 percent to EUR 1.6 m thanks to the favourable weather conditions in the photovoltaic sector and the attractive fixed PPAs for two of the three wind farms. In contrast to the first half of the year, the upward momentum prevailed at group level in the third quarter (albeit only due to the consolidation effect of the cs takeover), with the result that sales rose by three percent year-on-year to EUR 12.6 m. Group sales also increased slightly over the first nine months to EUR 37.8 m, of which EUR 21.8 m (-7 percent) or 58 percent came from the SHAC segment, EUR 10.4 m (+15 percent) or 28 percent from the ITC segment and the remainder (EUR 6.0 m, +10 percent) from the Renewable Energies segment.

### Gross profit of the operating segments increased

The fact that consolidated gross profit for the first nine months fell by 42 percent to EUR 15.3 m despite

the slight increase in revenue is due to the high earnings contribution from the sale of the InnoHubs project in September 2022, which had resulted in gross profit of EUR 13.3 m in the “Other Activities” segment in the previous year, compared to EUR 1.6 m in the reporting period. Excluding this effect, gross profit in the three operating segments increased by almost 5 percent from EUR 15.0 m to EUR 15.7 m, ranging from +16 percent in the ITC segment to -11 percent in the SHAC segment.

| Business figures   | 9M 22* | 9M 23 | Change  |
|--------------------|--------|-------|---------|
| Sales              | 37.62  | 37.75 | +0.4%   |
| ITC                | 9.08   | 10.42 | +14.8%  |
| Renewable Energies | 5.43   | 5.99  | +10.1%  |
| SHAC               | 23.51  | 21.83 | -7.2%   |
| EBITDA             | 7.89   | 3.38  | -57.1%  |
| ITC                | 2.36   | 2.78  | +17.8%  |
| Renewable Energies | 2.49   | 4.38  | +75.9%  |
| SHAC               | 0.09   | -0.90 | -       |
| EBITDA margin      | 21.0%  | 9.0%  |         |
| ITC                | 26.0%  | 26.6% |         |
| Renewable Energies | 45.9%  | 73.2% |         |
| SHAC               | 0.4%   | -4.1% |         |
| EBIT               | 5.38   | 0.85  | -84.2%  |
| ITC                | 2.01   | 2.45  | +21.9%  |
| Renewable Energies | 1.03   | 2.85  | +177.9% |
| SHAC               | -0.45  | -1.45 | -       |
| EBIT margin        | 14.3%  | 2.2%  |         |
| Pre-tax result     | 5.18   | 2.64  | -49.0%  |
| Pre-tax margin     | 13.8%  | 7.0%  |         |
| Net profit         | 2.90   | 1.59  | -45.4%  |
| Net margin         | 7.7%   | 4.2%  |         |
| Free cash flow     | 164.24 | -6.58 | -       |

m Euro and percent, source: Company; \*continued activities, without the weclapp subgroup

### Other operating expenses lower, personnel expenses higher

The strong change in other operating income as a result of last year's income from the property develop-

ment project is reflected on the expense side in other operating expenses, which have correspondingly decreased from EUR 12.5 m to EUR 5.4 m due to the discontinuation of the expenses associated with the property development project. But even adjusted for this aspect, other operating expenses in the operating segments fell by 20 percent to EUR 4.9 m. This decline was offset by a ten percent increase in personnel expenses to EUR 6.6 m.

### Opposing EBITDA trends

The lack of contributions from the property development project compared to the previous year caused group EBITDA to fall by 57 percent to EUR 3.4 m in the nine-month period, with the extent of the decline in the third quarter being almost identical to that of the first half of the year. With regard to the operating segments, however, 3U was able to significantly improve earnings in two cases – by 18 percent to EUR 2.8 m (ITC) and by as much as 76 percent to EUR 4.4 m (Renewable Energies). On the other hand, the SHAC segment's contribution to earnings deteriorated significantly: it had to report a loss of EUR -0.9 m after nine months, compared to EUR +0.1 m in the previous year. As with sales and gross profit, a continued downward trend was observed here too, with the segment's operating loss totalling EUR -0.5 m in the third quarter alone.

### EBIT 84 percent below previous year

With depreciation and amortisation virtually unchanged at EUR 2.5 m, group EBIT after nine months was EUR 0.8 m, 84 percent less than a year ago. Here, too, the segments developed in opposite directions. While the loss in the SHAC segment tripled to EUR -1.5 m, the other two segments recorded significant growth. EBIT in the Renewable Energies segment even improved by 178 percent to almost EUR 2.9 m. However, a major part of this is due to a non-cash special effect from the previous year, as the value adjustment on a wind farm development project recognised in inventories resulted in a one-off burden of EUR 1.6 m. Adjusted for this effect, the increase was much more moderate at just under 9 percent.

### High interest income

At the level of pre-tax result, the decrease was limited to 49 percent (to EUR 2.6 m) because 3U generated high interest income on the very high liquidity, which led to a financial result of EUR +1.8 m (previous year: EUR -0.2 m). After income taxes (EUR 0.7 m) and minority interests (EUR 0.3 m), a profit of nearly EUR 1.6 m was achieved in the first nine months, about 45 percent less than last year. Taking discontinued operations into account, the comparative figures of the previous year were significantly higher: After nine months in 2022, sales totalled EUR 50.0 m, EBIT EUR 161.4 m and net profit EUR 158.8 m.

### Investment cash flow shaped by two transactions

As the sale of the InnoHubs project and, in particular, that of the weclapp subgroup were completed in the third quarter of 2022, the cash flow figures for the nine-month period are hardly comparable with the previous year. The operating cash flow fell by over 90 percent to EUR +1.7 m, while the investment cash flow fell from EUR +146.4 m to EUR -8.3 m. The high cash outflow from investing activities is due in particular to two transactions: the repurchase of 1,200 square metres of space in the InnoHubs project in Würzburg and the acquisition of the cs Group. The latter was largely responsible for the investment cash flow of EUR -4.6 m in the third quarter. Overall, the free cash flow for the first three quarters totalled EUR -6.6 m, compared to EUR +164.2 m in the previous year.

### Continued high net liquidity

As for the financing cash flow, a very high outflow of EUR -118.4 m was recorded in the nine-month period. This was almost exclusively due to the distribution of the record dividend totalling EUR 117.7 m in the second quarter, with only a further EUR 0.4 m in outflows from financing activities in the months of July to September. Balance sheet liquidity fell by EUR 122.0 m since the turn of the year due to the outflows from free cash flow and financing cash flow, but at EUR 61.8 m it still represented half of all assets as at 30 September. After deducting financial liabilities of

EUR 18.6 m (including lease liabilities), net liquidity totalled EUR 46.1 m at the end of the third quarter.

### Equity ratio of 75 percent

The dividend payment also caused a significant decrease in the balance sheet total (-47 percent to EUR 128.1 m) and equity (-54 percent to EUR 96.5 m), so that the equity ratio has decreased by 11 percentage points compared to the turn of the year to a still very comfortable 75.4 percent.

### Successful share buyback

In October, 3U utilised its comfortable equity position for a voluntary public share buyback offer, under which 3.2 million shares were acquired at a fixed price of EUR 2.45 per share for a total of EUR 7.9 m. Although the price offered included a significant premium (9.4 per cent) compared to the average price prior to the offer, only 88 per cent of the potential buyback volume was utilised, which indicates that shareholders were not very willing to sell. Ideally, the repurchased shares are to be used as currency for further acquisitions, which 3U is aiming for in line with its “Mission 2026” strategy, particularly in the SHAC segment. In this regard, the management reports concrete talks with two potential companies.

### Estimates revised again

Overall, the Q3 figures were weaker than we had expected. This is especially true for the SHAC segment, for which no significant improvement can be expected in the last three months of the year. In this regard, 3U refers to the ongoing crisis in the construction sector and the uncertainty surrounding the Building Energy Act. Although this was finally passed by the Bundestag at the beginning of September, it will not come into force until the beginning of 2024, which means that the generous subsidy measures it provides for will also not have an impact on demand until then. But the acquisition of the cs Group, with which 3U has already realised the first acquisition of the “Mission 2026” strategy and significantly expanded the ITC segment with a highly profitable unit, had to be taken into account as well.

### Revenue estimate reduced

Although we had already set our sales estimate below the – old – company guidance at EUR 54.0 m, we have now lowered it once again to EUR 52.9 m. This includes the cs contribution for four months, which we have estimated at around EUR 2.5 m. The reduction in sales affects largely the SHAC segment but we also have slightly reduced the expected contribution from the Langendorf wind farm due to the low electricity prices. As a precaution, we have also taken into account the issue of lower electricity prices for the Klostermoor and Roge wind farms from 2024. For 2024, in which the cs Group's contribution will be included in the consolidated figures for the first time for a period of twelve months, we nevertheless expect sales to be higher than before, at EUR 62.6 m (previously: EUR 59.1 m). This increase continues in subsequent years, meaning that we are now expecting revenue of EUR 113.4 m at the end of the detailed forecast period in 2030 (previously: EUR 108.5 m).

### Higher-margin sales mix

The new sales projection is not only higher than the old estimates but has also changed its structure and now includes a larger proportion of the high-margin revenue from the ITC segment. This is reflected in the gross profit and in earnings figures, whose increase is disproportionately high in the years from 2024 onwards. The target margin is now 20.1 percent at the EBITDA level and 15.0 percent for the EBIT (previously: 18.5 and 13.6 percent, respectively). For the current year, however, in which the negative changes predominate, our EBITDA estimate has declined from EUR 6.2 m to EUR 5.0 m. We now expect EBIT for 2023 to be EUR 1.2 m and net profit after taxes and minority interests to be EUR 1.8 m (previously: EUR 2.6 m and EUR 3.0 m, respectively). Another change relates to the inclusion of the cs acquisition in this year's investment cash flow, which we now expect to be EUR -9.5 m. The table below shows the overall model business development resulting from our assumptions for the years 2023 to 2030; detailed overviews of the estimates for balance sheet, income statement and cash flows statement can be found in the Annex.

| m Euro                            | 12 2023      | 12 2024      | 12 2025     | 12 2026     | 12 2027     | 12 2028     | 12 2029     | 12 2030     |
|-----------------------------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Sales                             | 52.9         | 62.6         | 74.2        | 81.8        | 88.2        | 95.7        | 104.1       | 113.4       |
| Sales growth                      |              | 18.4%        | 18.5%       | 10.3%       | 7.9%        | 8.5%        | 8.7%        | 8.9%        |
| EBIT margin                       | 2.3%         | 2.8%         | 8.3%        | 9.9%        | 10.8%       | 11.9%       | 13.1%       | 15.0%       |
| <b>EBIT</b>                       | <b>1.2</b>   | <b>1.8</b>   | <b>6.2</b>  | <b>8.1</b>  | <b>9.5</b>  | <b>11.4</b> | <b>13.6</b> | <b>17.0</b> |
| Tax rate                          | 30.0%        | 30.0%        | 30.0%       | 30.0%       | 30.0%       | 30.0%       | 30.0%       | 30.0%       |
| Adjusted tax payments             | 0.4          | 0.5          | 1.8         | 2.4         | 2.9         | 3.4         | 4.1         | 5.1         |
| <b>NOPAT</b>                      | <b>0.9</b>   | <b>1.2</b>   | <b>4.3</b>  | <b>5.7</b>  | <b>6.7</b>  | <b>8.0</b>  | <b>9.5</b>  | <b>11.9</b> |
| + Depreciation & Amortisation     | 2.9          | 3.1          | 5.1         | 5.2         | 5.3         | 5.4         | 5.5         | 4.9         |
| + Increase long-term accruals     | 0.3          | 0.3          | 0.3         | 0.3         | 0.3         | 0.3         | 0.3         | 0.3         |
| + Others                          | 0.0          | 0.0          | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |
| <b>Gross operating Cash Flows</b> | <b>4.0</b>   | <b>4.6</b>   | <b>9.7</b>  | <b>11.1</b> | <b>12.2</b> | <b>13.7</b> | <b>15.3</b> | <b>17.1</b> |
| - Increase Net Working Capital    | -4.5         | -0.6         | -0.7        | -0.7        | -0.8        | -0.8        | -0.9        | -1.0        |
| - Investments in fixed assets     | -9.5         | -41.4        | -11.1       | -1.2        | -1.3        | -1.4        | -1.6        | -1.7        |
| <b>Free Cash Flows</b>            | <b>-10.0</b> | <b>-37.4</b> | <b>-2.1</b> | <b>9.2</b>  | <b>10.1</b> | <b>11.4</b> | <b>12.9</b> | <b>14.4</b> |

*SMC estimation model*

## Frame parameters unchanged

The basic data of the model remain unchanged. The cost of equity is calculated according to CAPM on the basis of a safe interest rate of 2.5 percent, a market risk premium of 5.8 percent and a beta factor of 1.1 and amounts to 8.9 percent. The assumed interest rate on borrowed capital is 5.0 percent, which, in conjunction with a debt ratio on the target capital structure of 37.5 percent and a tax rate for the tax shield of 30.0 percent, results in a total cost of capital (WACC) of 6.9 percent. The basic parameters for determining the terminal value, which continues to be based on EBIT at the end of the detailed forecast period less a safety margin of 25 percent and on a “perpetual” cash flow growth rate of 1.0 percent, have also remained unchanged.

## New price target: EUR 3.40

Based on these assumptions, the model yields a fair value of equity of EUR 113.3 m or EUR 3.39 per share, from which we derive the new price target of EUR 3.40 (previously: EUR 3.00; a sensitivity analysis for determining the price target can be found in the Annex). The increase in the price target is due to both the reduced number of shares in the course of the buy-back and the overall increase in estimates. The assessment of the forecast risk of our estimates remains unchanged, and we continue to rate it as slightly above average, as reflected in the award of four points (on a scale of 1 (low) to 6 (high)).

## Conclusion

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The news situation at 3U continues to paint a mixed picture. On the one hand, the two segments ITC and Renewable Energies were able to significantly increase their sales and earnings contributions in the nine-month period compared to the previous year. In addition, with the takeover of the cs Group, 3U has made its first promising acquisition as part of the new “Mission 2026” strategy, strengthening the ITC segment with a highly profitable unit that is well established in the market. On the other hand, this progress is overshadowed by the continuing weakness of the SHAC segment. Here, the decline in sales accelerated further in the third quarter and the deficit widened, which was the main reason for the adjustment to the forecast for 2023 at the beginning of November.

After consolidated sales of EUR 37.8 m and EBITDA of EUR 3.4 m in the first nine months of the year, 3U is now forecasting sales of between EUR 52 and 56 m and EBITDA of between EUR 4.5 and 6.0 m for the entire year. For net profit, a figure in the range of EUR

1.5 to 2.5 m is now targeted (previously: sales of EUR 55 to 60 m, EBITDA between EUR 6.0 and 8.0 m and net profit between EUR 2.5 and 3.5 m).

We have integrated the figures for the third quarter, the adjusted forecast and the acquisition of the cs Group into our model. This has resulted in lower sales and earnings expectations for 2023, while the positive effects predominate in subsequent years. This also reflects our fundamental assessment that 3U is promisingly positioned to continue growing strongly and profitably in the future and that the current weakness of the SHAC segment is of a temporary nature.

Our price target has increased from EUR 3.00 to EUR 3.40 as a result of the revised estimates, although the reduced number of shares following the share buyback also contributed to this. On this basis, we see high upside potential for the 3U share and confirm our previous “Buy” rating.

## Annex I: SWOT analysis

### Strengths

- The 3U Group has been profitable since 2016, and revenue has grown organically every year since 2017.
- With the weclapp sale, a major engagement was concluded with a very high profit far above market expectations.
- This was a continuation of the long series of successfully completed investments.
- Last year was closed with a very high profit of EUR 159 m.
- The three-segment structure provides diversification against short-term fluctuations and flexibility in the timing of growth initiatives.
- An excellent balance sheet with very high net liquidity and a high equity ratio.

### Opportunities

- 3U addresses attractive markets with foreseeable high growth potential.
- Growth is also to be accelerated through acquisitions, for which a very large capital cushion is available.
- The latest cs acquisition could offer a wide range of potential synergies.
- With the new ThermCube product, 3U has an innovative solution for some key obstacles of the desired transition of the heat generation sector.
- The repowering of the wind farms promises further earnings potential.
- The finished development of some wind farm projects offers potential for high value creation and for additional generation capacities.
- The energy, transport and heating transition could lead to rising electricity prices and significantly increase the profitability of wind farms.

### Weaknesses

- Margins in the e-commerce segment are very low and have even deteriorated recently. In the first nine months, a significant decline in sales and a widened loss were recorded here.
- The forecast for 2023 recently had to be revised due to the weak economy.
- The share of repeat purchases is still very low at Selfio due to the business model.
- Adverse weather conditions can reduce earnings in the Renewable Energies segment.
- With the exception of one wind farm, all projects to expand capacity in the Renewable Energies segment are still in an early planning phase.

### Threats

- Efforts to improve Selfio's profitability could fail given the intense price competition in e-commerce.
- The weak performance of online trade and the SHAC market could continue.
- Expectations for the ThermCube business may be missed.
- Persistently low prices on the electricity exchange could reduce the profitability of wind farms outside the Renewable Energy Act.
- The planned strong growth in Managed Services could fall short of expectations.
- Experience shows that the planned acquisition course entails risks such as the misjudgement of a target or integration problems.
- The high pressure to reinvest could further increase the risks of acquisitions.



## Annex II: Balance sheet and P&L estimation

### Balance sheet estimation

| m Euro                      | 2022 act.    | 2023e        | 2024e        | 2025e        | 2026e        | 2027e        | 2028e        | 2029e        | 2030e        |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>ASSETS</b>               |              |              |              |              |              |              |              |              |              |
| I. Total non-current assets | 34.1         | 39.9         | 77.4         | 82.5         | 77.7         | 72.9         | 68.0         | 63.2         | 59.1         |
| 1. Intangible assets        | 2.3          | 2.1          | 1.8          | 1.7          | 1.5          | 1.4          | 1.3          | 1.2          | 1.1          |
| 2. Tangible assets          | 31.0         | 33.5         | 71.2         | 76.5         | 71.9         | 67.2         | 62.4         | 57.7         | 53.7         |
| II. Total current assets    | 209.5        | 80.8         | 88.1         | 83.8         | 87.7         | 91.9         | 96.1         | 100.1        | 103.9        |
| <b>LIABILITIES</b>          |              |              |              |              |              |              |              |              |              |
| I. Equity                   | 211.2        | 89.9         | 89.2         | 88.9         | 89.6         | 90.8         | 92.3         | 94.1         | 96.7         |
| II. Accruals                | 2.0          | 2.3          | 2.5          | 2.8          | 3.1          | 3.3          | 3.6          | 3.9          | 4.2          |
| III. Liabilities            |              |              |              |              |              |              |              |              |              |
| 1. Long-term liabilities    | 18.5         | 20.2         | 61.4         | 61.9         | 59.7         | 57.2         | 54.4         | 51.1         | 47.5         |
| 2. Short-term liabilities   | 11.9         | 8.3          | 12.4         | 12.7         | 13.1         | 13.4         | 13.8         | 14.2         | 14.7         |
| <b>TOTAL</b>                | <b>243.6</b> | <b>120.7</b> | <b>165.5</b> | <b>166.3</b> | <b>165.4</b> | <b>164.7</b> | <b>164.1</b> | <b>163.3</b> | <b>163.0</b> |

### P&L estimation

| m Euro                  | 2022 act. | 2023e | 2024e | 2025e | 2026e | 2027e | 2028e | 2029e | 2030e |
|-------------------------|-----------|-------|-------|-------|-------|-------|-------|-------|-------|
| Sales                   | 62.7      | 52.9  | 62.6  | 74.2  | 81.8  | 88.2  | 95.7  | 104.1 | 113.4 |
| Gross profit            | 30.9      | 20.9  | 26.0  | 33.9  | 37.8  | 41.0  | 44.9  | 49.3  | 54.3  |
| EBITDA                  | 165.6     | 5.0   | 5.7   | 12.1  | 14.2  | 15.7  | 17.7  | 20.0  | 22.7  |
| EBIT                    | 161.1     | 1.2   | 1.8   | 6.2   | 8.1   | 9.5   | 11.4  | 13.6  | 17.0  |
| EBT                     | 161.0     | 3.3   | 2.4   | 4.7   | 6.4   | 8.0   | 10.1  | 12.5  | 16.1  |
| EAT (before minorities) | 159.4     | 2.3   | 1.7   | 3.3   | 4.5   | 5.6   | 7.1   | 8.8   | 11.3  |
| EAT                     | 159.0     | 1.8   | 1.5   | 3.1   | 4.4   | 5.5   | 6.9   | 8.6   | 11.2  |
| EPS                     | 4.33      | 0.05  | 0.05  | 0.09  | 0.13  | 0.16  | 0.21  | 0.26  | 0.33  |

## Annex III: Cash flows estimation and key figures

### Cash flows estimation

| m Euro                      | 2022 act. | 2023e  | 2024e | 2025e | 2026e | 2027e | 2028e | 2029e | 2030e |
|-----------------------------|-----------|--------|-------|-------|-------|-------|-------|-------|-------|
| CF operating                | 16.5      | 1.8    | 5.3   | 8.9   | 10.1  | 11.3  | 12.8  | 14.6  | 16.3  |
| CF from investments         | 147.8     | -9.5   | -41.4 | -11.1 | -1.2  | -1.3  | -1.4  | -1.6  | -1.7  |
| CF financing                | 12.6      | -121.6 | 42.6  | -3.0  | -6.0  | -6.9  | -8.4  | -10.3 | -12.4 |
| Liquidity beginning of year | 12.7      | 189.7  | 60.4  | 66.9  | 61.6  | 64.5  | 67.5  | 70.5  | 73.2  |
| Liquidity end of year       | 189.7     | 60.4   | 66.9  | 61.6  | 64.5  | 67.5  | 70.5  | 73.2  | 75.5  |

### Key figures

| Percent                       | 2022 act. | 2023e  | 2024e | 2025e | 2026e | 2027e | 2028e | 2029e | 2030e |
|-------------------------------|-----------|--------|-------|-------|-------|-------|-------|-------|-------|
| Sales growth                  | 12.0%     | -15.6% | 18.4% | 18.5% | 10.3% | 7.9%  | 8.5%  | 8.7%  | 8.9%  |
| Gross margin                  | 49.4%     | 39.5%  | 41.6% | 45.8% | 46.2% | 46.5% | 46.9% | 47.4% | 47.9% |
| EBITDA margin                 | 264.3%    | 9.4%   | 9.1%  | 16.4% | 17.3% | 17.8% | 18.5% | 19.2% | 20.1% |
| EBIT margin                   | 257.1%    | 2.3%   | 2.8%  | 8.3%  | 9.9%  | 10.8% | 11.9% | 13.1% | 15.0% |
| EBT margin                    | 256.9%    | 6.3%   | 3.8%  | 6.3%  | 7.9%  | 9.1%  | 10.6% | 12.0% | 14.2% |
| Net margin (after minorities) | 253.8%    | 3.4%   | 2.4%  | 4.2%  | 5.3%  | 6.2%  | 7.2%  | 8.3%  | 9.8%  |

## Annex IV: Sensitivity analysis

| WACC | Perpetual cash flows growth |      |      |      |      |
|------|-----------------------------|------|------|------|------|
|      | 2.0%                        | 1.5% | 1.0% | 0.5% | 0.0% |
| 5.9% | 5.13                        | 4.63 | 4.22 | 3.90 | 3.62 |
| 6.4% | 4.47                        | 4.08 | 3.77 | 3.50 | 3.28 |
| 6.9% | 3.95                        | 3.64 | 3.39 | 3.17 | 2.99 |
| 7.4% | 3.52                        | 3.28 | 3.07 | 2.89 | 2.74 |
| 7.9% | 3.17                        | 2.97 | 2.80 | 2.65 | 2.52 |

# Disclaimer

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## *Charts*

The charts were made with Tai-Pan ([www.lp-software.de](http://www.lp-software.de)).

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## *II) Preparation and updating*

The present financial analysis was prepared by: Dipl. Volkswirt Dr. Adam Jakubowski

Participants in the preparation of the present financial analysis: -

The present analysis was finished on 13.11.2023 at 10:35 and published on 13.11.2023 um 11:00.

For the preparation of its financial analyses, the sc-consult GmbH uses a five-tier rating scheme with regard to price expectation in the next twelve months. Additionally, estimation risk is quantified on a scale from 1 (low) to 6 (high). The ratings are as follows:

|                 |                                                                                                                                                              |
|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Strong Buy      | We expect an increase in price for the analysed financial instrument by at least 10 percent. We assess the estimation risk as below average (1 to 2 points). |
| Buy             | We expect an increase in price for the analysed financial instrument by at least 10 percent. We assess the estimation risk as average (3 to 4 points).       |
| Speculative Buy | We expect an increase in price for the analysed financial instrument by at least 10 percent. We assess the estimation risk as above average (5 to 6 points). |

|      |                                                                                                                                                                                                                                                                                                                                                                                                 |
|------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Hold | We expect that the price of the analysed financial instrument will remain stable (between -10 and +10 percent). The forecast risk (1 to 6 points) has no further impact on the rating. The rating “hold” is also used in cases where we perceive a price potential of more than 10 percent, but explicitly mentioned temporary factors prevent a short-term realisation of the price potential. |
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The expected change in price refers to the current share price of the analysed company. This price and any other share prices used in this analysis are XETRA closing prices as of the last trading day before publication. If the share is not traded on XETRA, the closing price of another public stock exchange is used with a separate note to that effect.

The price targets published within the assessment are calculated with common methods of financial mathematics, especially with the DCF (discounted cash flow) method, the sum of the parts valuation and a peer group analysis. The valuation methods are affected by economic framework conditions, especially by the development of the interest rates.

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In the past 24 months, sc-consult GmbH has published the following financial analyses for the company:

| Date       | Investment recomm. | Price target           | Conflict of interests |
|------------|--------------------|------------------------|-----------------------|
| 18.08.2023 | Buy                | 3.00 Euro              | 1), 3), 4)            |
| 01.06.2023 | Buy                | 3.30 Euro              | 1), 3), 4)            |
| 02.05.2023 | Buy                | 6.20 Euro / 3.00* Euro | 1), 3)                |
| 15.03.2023 | Buy                | 5.70 Euro              | 1), 3)                |
| 02.03.2023 | Buy                | 5.50 Euro              | 1), 3), 4)            |
| 15.11.2022 | Buy                | 5.60 Euro              | 1), 3), 4)            |
| 12.09.2022 | Buy                | 5.50 Euro              | 1), 3), 4)            |
| 18.08.2022 | Buy                | 3.60 Euro              | 1), 3), 4)            |
| 16.05.2022 | Buy                | 3.70 Euro              | 1), 3)                |
| 13.04.2022 | Buy                | 3.70 Euro              | 1), 3), 4)            |
| 17.11.2021 | Hold               | 4.40 Euro              | 1), 3), 4)            |

\*ex dividend

In the course of the next twelve months, sc-consult GmbH will presumably prepare the following financial analyses for the company: one report, one update and two comments.

The publishing dates for the financial analyses are not yet fixed at the present moment.

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