

Energiekontor (EKT GY) | Utilities/Renewables

November 14, 2022

Clear and plausible framework conditions are essential

In the Q3 report, which as usual is of a qualitative nature, EKT is satisfied with the course of business. And the growth opportunities continue to be good: 10 wind and solar parks are under construction (>170 MW), building permits have been granted for 17 further projects (>570 MW). However, the company also dampens too much enthusiasm: it points out the risks from a possibly too low electricity price cap and that endless discussions are hampering the market. The company has confirmed its outlook: earnings growth of 10-20 %. In project development, the segment EBT is now expected to come out at or slightly below (old: at or slightly above) 2021. In power generation, segment EBT is expected to be significantly higher (unchanged). EBT in the service business is expected to be slightly to significantly above 2021 (unchanged). The somewhat more cautious intonation in project development is due to possible slight delays in two projects in Germany and the UK. In a worst-case scenario, the billing for these projects would be postponed until the beginning of 2023 which makes no relevant difference to valuation.

- In 2022, EKT has so far sold 6 wind farms/projects with a total generation volume of c. 66 MW, and 3 project rights in Scotland (c. 100 MW). 9 wind/solar parks with a total generation capacity of c. 77 MW were commissioned. The own generation portfolio was expanded to c. 370 MW (30 June: 330 MW).
- Valuation: We calculate a fair value of EUR 88 per share for EKT's developer business (pipeline valuation approach: 8.4 GW @ EUR 150m/GW). For the generation and service business, we determine a fair value of EUR 29 per share based on peer multiples.

Fundamentals (in EUR m) ¹	2019	2020	2021	2022e	2023e	2024e
Sales	64	147	157	180	196	201
EBITDA	39	65	80	91	100	104
EBIT	16	46	60	70	79	83
EPS adj. (EUR)	0.02	1.43	2.54	2.60	3.05	3.25
DPS (EUR)	0.40	0.80	0.90	1.00	1.00	1.00
BVPS (EUR)	3.92	4.59	5.76	7.51	7.51	9.57
Net Debt incl. Provisions	213	236	294	309	324	338
Ratios ¹	2019	2020	2021	2022e	2023e	2024e
EV/EBITDA	13.3	16.3	16.4	16.9	15.6	15.1
EV/EBIT	31.7	23.1	22.0	22.0	19.7	18.9
P/E adj.	1245.5	40.6	28.0	33.9	28.9	27.1
Dividend yield (%)	1.9	1.4	1.3	1.1	1.1	1.1
EBITDA margin (%)	61.0	44.6	50.8	50.6	51.0	51.6
EBIT margin (%)	25.6	31.4	38.0	38.9	40.3	41.2
Net debt/EBITDA	5.5	3.6	3.7	3.4	3.2	3.2
PBV	5.4	12.6	12.3	11.7	11.7	9.2

¹Sources: Bloomberg, Metzler Research, ²Sources: ISS ESG, Metzler Research

Buy



unchanged

Price*

EUR 88.10

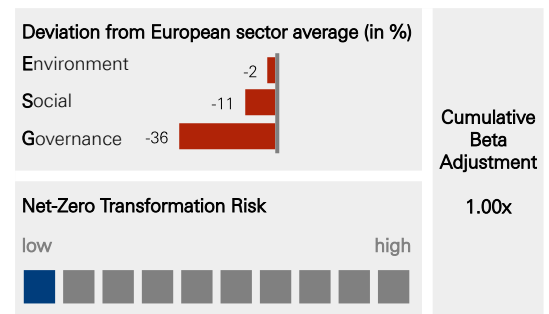
Price target

EUR 117.00 (unchanged)

* XETRA trading price at the close of the previous day unless stated otherwise in the Disclosures

Market Cap (EUR m) ¹	1,232
Enterprise Value (EUR m) ¹	1,541
Free Float (%) ¹	48.5

Metzler ESG analysis based on ISS ESG data²



Price (in EUR)¹



Performance (in %) ¹	1m	3m	12m
Share	0.7	-8.4	14.4
Rel. to SDAX	-15.5	-3.7	57.0

Changes in estimates (in %) ¹	2022e	2023e	2024e
Sales	0.0	0.0	0.0
EBIT	0.0	0.0	0.0
EPS	0.0	0.0	0.0

Sponsored Research



Author: Guido Hoymann

Financial Analyst Equities

+49 69 2104-398

GHoymann@metzler.com

company note

Key Data

Company profile

CEO: Peter Szabo

Energiekontor develops, operates and owns wind and solar parks. The company has its roots in Germany, but is also expanding its activities in Great Britain, France and the USA.

CFO:

Bremen

Major shareholders

Dr. Bodo Wilkens (25.8%), Günter Lammers (25.7%)

Key figures

P&L (in EUR m)	2019	%	2020	%	2021	%	2022e	%	2023e	%	2024e	%
Sales	64	-42.2	147	130.2	157	6.8	180	15.0	196	8.9	201	2.8
EBITDA	39	-4.4	65	68.3	80	21.6	91	14.4	100	9.9	104	4.0
EBITDA margin (%)	61.0	65.3	44.6	-26.9	50.8	13.9	50.6	-0.5	51.0	0.9	51.6	1.2
EBIT	16	-26.2	46	182.2	60	29.4	70	17.6	79	12.9	83	5.1
EBIT margin (%)	25.6	27.6	31.4	22.6	38.0	21.2	38.9	2.3	40.3	3.6	41.2	2.2
Financial result	-16	-151.2	-15	4.9	-17	-14.0	-18	-7.0	-18	0.0	-18	0.0
EBT	1	-98.5	31	n.m.	43	36.7	52	21.8	61	17.3	65	6.6
Taxes	1	-82.0	11	n.m.	9	-19.3	16	79.0	18	17.3	20	6.6
Tax rate (%)	68.3	n.a.	34.6	n.a.	20.4	n.a.	30.0	n.a.	30.0	n.a.	30.0	n.a.
Net income	0	-96.3	20	n.m.	36	77.1	36	0.6	43	17.3	46	6.6
Minority interests	0	-100.0	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Net Income after minorities	0	-96.3	20	n.m.	36	77.1	36	0.6	43	17.3	46	6.6
Number of shares outstanding (m)	14	-1.7	14	-0.3	14	0.0	14	0.0	14	0.0	14	0.0
EPS adj. (EUR)	0.02	-96.3	1.43	n.m.	2.54	77.3	2.60	2.7	3.05	17.3	3.25	6.6
DPS (EUR)	0.40	0.0	0.80	100.0	0.90	12.5	1.00	11.1	1.00	0.0	1.00	0.0
Dividend yield (%)	1.9	n.a.	1.4	n.a.	1.3	n.a.	1.1	n.a.	1.1	n.a.	1.1	n.a.
Cash Flow (in EUR m)	2019	%	2020	%	2021	%	2022e	%	2023e	%	2024e	%
Gross Cash Flow	42	-7.3	18	-57.5	62	246.7	57	-7.4	64	11.0	66	4.4
Increase in working capital	0	n.a.	0	n.a.	15	n.a.	0	n.a.	0	n.a.	0	n.a.
Capital expenditures	-4	-122.7	-12	-195.0	85	820.4	15	-82.4	15	0.0	16	6.7
D+A/Capex (%)	-563.8	n.a.	-164.3	n.a.	23.5	n.a.	140.0	n.a.	140.0	n.a.	131.2	n.a.
Free cash flow (Metzler definition)	19	-30.6	-118	-713.5	-38	67.9	42	211.5	49	14.9	50	3.7
Free cash flow yield (%)	6.3	n.a.	-14.3	n.a.	-3.8	n.a.	3.4	n.a.	4.0	n.a.	4.1	n.a.
Dividend paid	6	-1.7	6	-0.3	11	99.8	13	10.3	14	11.1	14	0.0
Free cash flow (post dividend)	14	-38.3	-124	n.m.	-74	40.0	-15	79.6	-15	-0.6	-13	11.8
Balance sheet (in EUR m)	2019	%	2020	%	2021	%	2022e	%	2023e	%	2024e	%
Assets	390	11.9	449	15.1	561	25.0	502	-10.6	579	15.4	617	6.6
Goodwill	0	n.a.	0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Shareholders' equity	56	-17.8	66	16.6	82	25.4	105	27.8	105	0.0	134	27.3
Equity/total assets (%)	14.4	n.a.	14.6	n.a.	14.6	n.a.	21.0	n.a.	18.1	n.a.	21.7	n.a.
Net Debt incl. Provisions	213	41.8	236	10.9	294	24.7	309	5.2	324	4.9	338	4.2
thereof pension provisions	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Gearing (%)	378.3	n.a.	359.7	n.a.	357.6	n.a.	294.2	n.a.	308.7	n.a.	252.6	n.a.
Net debt/EBITDA	5.5	n.a.	3.6	n.a.	3.7	n.a.	3.4	n.a.	3.2	n.a.	3.2	n.a.

Structure

Sales by segment 2021

Projekt Development and Sales

Power Generation in group owned wind farms

Operation Development Innovation and others

ESG discussion

One of the key sustainability issues is to ensure the safety of employees, contractors and business partners involved in the construction, operation and maintenance of its power plants. Almost all of Energiekontor's operations are located in countries such as Germany and the UK where high legal health and safety standards are in place. When planning new wind or solar energy projects, Energiekontor is committed to make use of brownfield sites instead of greenfield sites and refrains from site selection in areas with high biodiversity value. According to ISS, Energiekontor's governance structure does not include a clear separation of managerial and supervisory functions.

Sources: Bloomberg, Metzler Research

company note

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Recommendations for each financial instrument or issuer - mentioned in this document - published by Metzler in the past twelve months

Date of dissemination	Metzler recommendation *		Current price **	Price target *	Author ***
	Previous	Current			
Issuer/Financial Instrument (ISIN): Energiekontor (DE0005313506)					
12.08.2022	Buy	Buy	101.40 EUR	117.00 EUR	Hoymann, Guido
16.05.2022	Buy	Buy	79.70 EUR	98.00 EUR	Hoymann, Guido
01.04.2022	Buy	Buy	87.30 EUR	98.00 EUR	Hoymann, Guido
24.03.2022	Buy	Buy	79.00 EUR	96.00 EUR	Hoymann, Guido
17.11.2021	Buy	Buy	78.10 EUR	96.00 EUR	Hoymann, Guido

* Effective until the price target and/or investment recommendation is updated (FI/FX recommendations are valid solely at the time of publication)

** XETRA trading price at the close of the previous day unless stated otherwise herein

*** All authors are financial analysts

Energiekontor

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Metzler Capital Markets

B. Metzler seel. Sohn & Co. AG
Untermainanlage 1
60329 Frankfurt/Main, Germany
Phone +49 69 2104-extension
Fax +49 69 2104-679
www.metzler.com

Mario Mattera

Head of Capital Markets

Research	Pascal Spano	Head of Research	4365
Fax +49 69 283159			
	Guido Hoymann	Head of Equity Research	398
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