

2G Energy AG

Germany / Cleantech
 Primary exchange: Frankfurt
 Bloomberg: 2GB GR
 ISIN: DE000A0HL8N9

Q1/25 KPIs

RATING	ADD
PRICE TARGET	€ 35.00
Return Potential	12.2%
Risk Rating	Medium

DOWNGRADE AFTER STRONG SHARE PRICE INCREASE

2G Energy has presented Q1 KPIs. Total output increased by 10% y/y to €84.6m, demonstrating that the company is continuing on its growth path. As numerous projects could not yet be finalised due to customer delays in Eastern Europe, sales remained stable and EBIT decreased from €0.9m to €-3.3m. This temporary effect should already be largely ironed out in Q2. Accordingly, management confirmed guidance for 2025. With unchanged forecasts, an updated DCF model yields a stable €35 price target. After the strong share price increase of almost 40% since April, we downgrade our rating from Buy to Add, as the upside potential is now only 12%.

Q1: Total output grows 10% The 10% y/y increase in total output to €84.6m shows that business is going very well at 2G. However, sales only rose by 1% to €69.9m and EBIT fell from €0.9m in Q1/24 to €-3.3m (see figure 1 overleaf). The main reason for this comparatively weak development is the delayed final invoicing of numerous projects due to customer delays in construction in Eastern Europe. These final invoices will largely be issued in the current second quarter, and in some cases in the third quarter. Most of the power plants concerned have already been paid for in full. The delayed final invoices therefore have a particular impact on the sales figure, the change in inventories of work in progress (€14.8m versus €7.2m in the previous year, +104%) and EBIT (profit not yet recognised). This merely represents a shift in sales and EBIT to Q2 and Q3.

Incoming orders grow by 9% in Q1 Incoming orders in Q1 rose by 9% y/y to €56.5m. Domestic orders in particular contributed to this, increasing by 53% to €35.9m. In contrast, incoming orders from North America and the rest of Europe declined significantly.

(p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2022	2023	2024	2025E	2026E	2027E
Revenue (€m)	312.6	365.1	375.6	440.0	480.0	532.8
Y-o-y growth	17.4%	16.8%	2.9%	17.1%	9.1%	11.0%
EBIT (€m)	22.0	27.6	33.3	42.0	46.7	53.7
EBIT margin	7.0%	7.6%	8.9%	9.5%	9.7%	10.1%
Net income (€m)	16.4	17.9	23.7	28.5	31.8	36.5
EPS (diluted) (€)	0.91	1.00	1.32	1.59	1.77	2.04
DPS (€)	0.14	0.17	0.20	0.26	0.31	0.31
FCF (€m)	-4.4	3.6	39.8	-16.1	8.7	12.2
Net gearing	-6.6%	-3.4%	-29.5%	-13.7%	-13.9%	-14.9%
Liquid assets (€m)	13.5	12.6	50.0	30.3	34.4	41.0

RISKS

The main risks include project delays, internationalisation, high natural gas prices in combination with low electricity prices.

COMPANY PROFILE

2G Energy AG is a leading producer of distributed energy supply systems (combined heat and power plants, large heat pumps, and gas2power gensets). The company offers services such as digital plant integration, plant control, and maintenance for these plant types. 2G has a global distribution network and is headquartered in Heek, Germany.

MARKET DATA

As of 23 May 2025

Closing Price	€ 31.20
Shares outstanding	17.94m
Market Capitalisation	€ 559.73m
52-week Range	€ 19.06 / 34.25
Avg. Volume (12 Months)	27,553

Multiples	2024	2025E	2026E
P/E	23.6	19.7	17.6
EV/Sales	1.4	1.2	1.1
EV/EBIT	15.6	12.3	11.1
Div. Yield	0.6%	0.8%	1.0%

STOCK OVERVIEW



COMPANY DATA

As of 31 Dec 2024

Liquid Assets	€ 49.97m
Current Assets	€ 214.04m
Intangible Assets	€ 11.35m
Total Assets	€ 278.47m
Current Liabilities	€ 102.46m
Shareholders' Equity	€ 146.19m

SHAREHOLDERS

Christian Grotholt	29.6%
Ludger Gausling	15.5%
Free Float	54.9%

**Figure 1: Reported figures versus forecasts**

All figures in €m	Q1-25A	Q1-25E	delta	Q1-24A	delta
Sales	69.9	71.0	-2%	69.5	1%
Total output	84.6	80.0	6%	76.7	10%
EBIT	-3.3	1.0	n.a.	0.9	n.a.
EBIT margin	-4.7%	1.4%	-	1.3%	-

Source: First Berlin Equity Research, 2G Energy AG

In Germany, the significant increase in demand for CHP solutions continues after the German Bundestag modernised and extended both the Renewable Energies Act and the CHP Act in January. In addition, the market launch of large heat pumps (output range from 100 kW to 2,600 kW) is going very well, with the result that 2G now anticipates incoming orders totalling at least €10m in the current year (previously: up to €10m).

Sales activity in the US remains high. The weaker Q1 order intake (€4.1m vs. €10.1m in Q1/24) is mainly due to the end of the Inflation Reduction Act in Q4/24, which led to pull-forward effects that were temporarily reflected in a weak order intake in the first weeks of 2025. The strong demand for data centres continues, while at the same time more and more of the planned centres can no longer be supplied from the public power grid. Power supply for these numerous future large-scale consumers will mainly come from distributed power plants in the short and medium term, which represents significant additional market potential for 2G.

Guidance confirmed Management has confirmed the guidance for 2025 and 2026 (see figure 2). In view of the double-digit growth in total operating performance in the first quarter, which is usually comparatively weak in seasonal terms, we believe that 2G is well on track to achieve our unchanged guidance for 2025.

Figure 2: Guidance for 2025 and 2026

	2025E	2026E
Revenue (€m)	430 - 450	440 - 490
EBIT margin	8.5% - 10.5%	9.0% - 11.0%

Source: First Berlin Equity Research, 2G Energy AG

Downgrade to Add after strong share price increase Since 8 April, the 2G share price has risen by almost 40% from €22.70 to €31.20. The stock has thus realised a large part of the upside potential to our price target. An updated DCF model still yields a fair value of €35 per share. We downgrade the share from Buy to Add as the upside potential is now only 12% and thus below the 25% Buy rating threshold.



VALUATION MODEL

Figures in €m	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Net sales	440.00	480.00	532.80	591.41	650.55	709.10	772.92	842.48
Growth y/y	17%	9%	11%	11%	10%	9%	9%	9%
EBIT	41.99	46.72	53.65	59.14	65.05	70.91	77.29	84.25
EBIT margin	9.5%	9.7%	10.1%	10.0%	10.0%	10.0%	10.0%	10.0%
NOPLAT	28.98	32.24	37.02	41.40	45.54	49.64	54.10	58.97
+ depreciation & amortis. (excl. GW)	6.50	6.76	7.89	8.87	9.76	10.64	11.59	12.64
= net operating cash flow	35.48	39.00	44.91	50.27	55.30	60.27	65.70	71.61
- total investments (Capex and WC)	-51.05	-29.80	-32.20	-25.17	-28.98	-28.57	-28.82	-31.42
capital expenditure	-14.00	-13.00	-13.00	-13.60	-13.01	-12.76	-11.59	-12.64
working capital	-37.05	-16.80	-19.20	-11.57	-15.97	-15.81	-17.23	-18.78
+/- others (incl. adj. on net int., provisions, etc)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
= Free cash flow (FCF)	-15.57	9.20	12.71	25.10	26.32	31.70	36.87	40.19
PV of FCFs	-14.78	7.99	10.10	18.26	17.51	19.30	20.54	20.49

€m	
PVs of FCFs explicit period (2025E-38E)	230.07
PVs of FCFs in terminal period	353.07
Enterprise Value (EV)	583.15
Net cash / (Net debt)	41.35
Minorities	0.01
Shareholder value	624.50
No. of shares outstanding (m)	17.94
Fair value per share (€)	34.81

Terminal growth	3.0%
Terminal EBIT margin	10.0%

WACC	9.3%
Cost of equity	9.6%
Pre-tax cost of debt	4.0%
Normal tax rate	30.0%
After-tax cost of debt	2.8%
Share of equity	95.0%
Share of debt	5.0%
Price Target (€)	35.00

WACC

Sensitivity analysis

		Terminal EBIT margin						Fair value per share (€)	
		8.5%	9.0%	9.5%	10.0%	10.5%	11.0%	11.5%	
12.3%		17.09	18.52	19.96	21.40	22.84	24.28	25.72	
11.3%		19.70	21.33	22.96	24.59	26.22	27.85	29.48	
10.3%		23.10	24.97	26.84	28.72	30.59	32.46	34.33	
9.3%		27.65	29.84	32.04	34.81	36.43	38.63	40.83	
8.3%		34.02	36.67	39.31	41.95	44.60	47.24	49.89	
7.3%		43.50	46.80	50.11	53.41	56.71	60.02	63.32	
6.3%		58.93	63.30	67.67	72.04	76.40	80.77	85.14	

* for layout purposes the model shows numbers only to 2032, but runs until 2038



INCOME STATEMENT

All figures in €m	2022	2023	2024	2025E	2026E	2027E
Revenues	312.6	365.1	375.6	440.0	480.0	532.8
Change in inventories	26.0	5.8	-12.3	0.0	0.0	0.0
Own work	0.2	0.2	1.6	1.6	0.2	0.2
Total output	338.8	371.0	364.8	441.6	480.2	533.0
Material costs	-224.1	-238.3	-217.5	-277.5	-303.4	-336.7
Gross profit	114.7	132.7	147.3	164.1	176.8	196.3
Personnel expenses	-57.0	-64.3	-73.0	-77.8	-82.0	-89.0
Other operating income	4.4	3.1	4.6	5.3	5.8	6.4
Other operating expenses	-35.3	-36.9	-37.7	-43.0	-47.0	-52.0
EBITDA	26.6	34.3	41.1	48.5	53.5	61.5
Depreciation and amortisation	-4.7	-6.7	-7.8	-6.5	-6.8	-7.9
Operating income (EBIT)	22.0	27.6	33.3	42.0	46.7	53.7
Net financial result	-0.4	-0.6	-0.5	-0.7	-0.7	-0.7
Income before taxes & minority interests	23.5	27.1	32.8	41.3	46.0	53.0
Other income / expenses	1.9	0.0	0.0	0.0	0.0	0.0
Income taxes	-7.1	-9.1	-9.2	-12.8	-14.3	-16.4
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0
Net income / loss	16.4	17.9	23.7	28.5	31.8	36.5
EPS in €	0.91	1.00	1.32	1.59	1.77	2.04
Diluted EPS (in €)	0.91	1.00	1.32	1.59	1.77	2.04
Ratios						
Gross margin (gross profit / total output)	33.9%	35.8%	40.4%	37.2%	36.8%	36.8%
EBITDA margin (EBITDA / revenue)	8.5%	9.4%	10.9%	11.0%	11.1%	11.6%
EBIT margin (EBIT / revenue)	7.0%	7.6%	8.9%	9.5%	9.7%	10.1%
Net income margin	5.2%	4.9%	6.3%	6.5%	6.6%	6.9%
Tax rate	30.2%	33.6%	27.9%	31.0%	31.0%	31.0%
Expenses as % of revenues						
Personnel expenses	18.2%	17.6%	19.4%	17.7%	17.1%	16.7%
Other operating expenses	11.3%	10.1%	10.0%	9.8%	9.8%	9.8%
Depreciation and amortisation	1.5%	1.8%	2.1%	1.5%	1.4%	1.5%
Y/Y growth						
Revenues	17.4%	16.8%	2.9%	17.1%	9.1%	11.0%
Operating income	22.5%	25.9%	20.5%	26.1%	11.3%	14.8%
Net income / loss	30.0%	9.5%	31.9%	20.3%	11.5%	15.1%



BALANCE SHEET

All figures in €m	2022	2023	2024	2025E	2026E	2027E
Assets						
Current assets, total	179.7	188.7	218.4	248.4	270.7	298.6
Cash and cash equivalents	13.5	12.6	50.0	30.3	34.4	41.0
Trade accounts and notes receivables	57.1	58.6	68.7	78.4	85.5	92.0
Inventories	102.6	109.8	88.7	129.4	141.2	156.7
Other current assets	6.5	7.8	11.0	10.3	9.6	8.9
Non-current assets, total	31.9	38.7	60.1	67.6	73.8	78.9
Property, plant and equipment	26.8	28.4	48.6	54.1	60.3	65.9
Goodwill + intangible assets	5.0	10.3	11.3	13.3	13.3	12.8
Financial assets	0.1	0.1	0.2	0.2	0.2	0.2
Total assets	211.6	227.5	278.5	316.0	344.5	377.5
Shareholders' equity & debt						
Liabilities, total	103.0	103.4	132.3	144.9	146.3	148.4
Interest bearing debt	6.3	8.3	6.9	6.9	6.9	6.9
Trade accounts payable	20.5	17.1	9.5	22.8	24.9	27.7
Provisions	21.4	24.4	24.4	24.4	24.4	24.4
Other current liabilities	54.7	53.6	91.5	90.8	90.1	89.4
Shareholders equity, total	108.6	124.0	146.2	171.1	198.2	229.0
Share capital*	17.9	17.9	17.9	17.9	17.9	17.9
Capital reserve	3.0	3.0	3.0	3.0	3.0	3.0
Losses carried forward / retained earnings	88.5	103.9	124.5	149.4	176.5	207.5
Other reserves	-0.7	-0.8	0.7	0.7	0.7	0.6
Minority interests	0.0	0.0	0.0	0.0	0.0	0.0
Total consolidated equity and debt	211.6	227.5	278.5	316.0	344.5	377.5
*2022: share split						
Ratios						
Current ratio (x)	2.3	2.6	2.1	2.1	2.3	2.5
Equity ratio (as %)	51.3%	54.5%	52.5%	54.1%	57.5%	60.7%
Net gearing (as %)	-6.6%	-3.4%	-29.5%	-13.7%	-13.9%	-14.9%
Equity per share (in €)	6.1	6.9	8.1	9.5	11.0	12.8
Net debt	-7.1	-4.3	-43.1	-23.4	-27.5	-34.1
Interest coverage ratio (x)	72	49	64	58	67	77
Av. working capital/sales	26.7%	28.2%	24.9%	21.3%	25.1%	26.0%
Return on equity (ROE)	15.1%	14.5%	16.2%	16.6%	16.0%	16.0%
Return on capital employed (ROCE)	17.3%	18.9%	19.9%	22.1%	21.6%	21.9%
Days of inventory turnover	120	110	86	107	107	107
Days sales outstanding (DSO)	67	59	67	65	65	63
Days payables outstanding (DPO)	33	26	16	30	30	30



CASH FLOW STATEMENT

All figures in €m	2022	2023	2024	2025E	2026E	2027E
Net income	16.4	18.0	23.7	28.5	31.8	36.5
+ Depreciation and amortisation	4.7	6.7	7.8	6.5	6.8	7.9
- Investment in working capital	-21.7	-16.3	19.6	-37.0	-16.8	-19.2
+/- Others (prov., non cash expenses, interest, etc.)	5.7	3.4	2.3	0.0	0.0	0.0
Operating cash flow	5.0	11.7	53.3	-2.1	21.7	25.2
- CAPEX	-9.4	-8.2	-13.6	-14.0	-13.0	-13.0
Free cash flow	-4.4	3.6	39.8	-16.1	8.7	12.2
Acquisitions	-0.3	-3.5	-0.6	0.0	0.0	0.0
Financial investments	-0.1	0.0	1.9	0.0	0.0	0.0
Disposals	0.0	0.2	0.7	0.0	0.0	0.0
Investment cash flow	-9.7	-11.4	-11.5	-14.0	-13.0	-13.0
Change in financial liabilities	1.0	1.9	-1.6	0.0	0.0	0.0
Dividends paid	-2.2	-2.5	-3.0	-3.6	-4.7	-5.6
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0
Others	-0.4	-0.6	-0.7	0.0	0.0	0.0
Financial cash flow	-1.6	-1.2	-5.4	-3.6	-4.7	-5.6
Change in cash	-6.4	-0.9	36.4	-19.7	4.0	6.7
Exchange rate-related changes	-0.3	-0.1	0.6	0.0	0.0	0.0
Cash, start of the year	19.7	13.3	12.5	49.6	30.3	34.4
Cash, end of the year	13.3	12.5	49.6	30.3	34.4	41.0
Free cash flow per share in €	-0.24	0.20	2.22	-0.90	0.49	0.68
Y/Y growth						
Operating cash flow	-	135%	355%	n.a.	n.a.	16%
Free cash flow	-	n.a.	1015%	n.a.	n.a.	40%
Financial cash flow	-	-25%	346%	-34%	30%	19%
Free cash flow per share	-	n.a.	1015%	n.a.	n.a.	40%

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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.

RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	26 November 2010	€3.30	Buy	€4.50
2...96	↓	↓	↓	↓
97	24 May 2024	€25.90	Buy	€34.00
98	26 August 2024	€20.45	Buy	€34.00
99	10 September 2024	€19.58	Buy	€34.00
100	10 October 2024	€19.96	Buy	€34.00
101	21 November 2024	€21.20	Buy	€34.00
102	27 January 2025	€25.40	Buy	€35.00
103	28 February 2025	€22.40	Buy	€35.00
104	15 April 2025	€26.20	Buy	€35.00
105	Today	€31.20	Add	€35.00

INVESTMENT HORIZON

Unless otherwise stated in the financial analysis, the ratings refer to an investment period of twelve months.

UPDATES

At the time of publication of this financial analysis it is not certain whether, when and on what occasion an update will be provided. In general First Berlin strives to review the financial analysis for its topicality and, if required, to update it in a very timely manner in connection with the reporting obligations of the analysed company or on the occasion of ad hoc notifications.

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Legally required information regarding

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

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

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