

| | | | |
|--|--|--|---|
| Buy EUR 36.00 Price EUR 23.35 Upside 54.2 % | Value Indicators: EUR DCF: 36.13 Peer group 2024e: 58.06 | Warburg ESG Risk Score: 3.2 ESG Score (MSCI based): 3.0 Balance Sheet Score: 5.0 Market Liquidity Score: 1.5 | Description: Leading international manufacturer of combined heat and power (CHP) plants |
| | Market Snapshot: EUR m Market cap: 418.9 No. of shares (m): 17.9 EV: 409.2 Freefloat MC: 230.0 Ø Trad. Vol. (30d): 344.69 th | Shareholders: Freefloat 54.91 % Christian Grotholt, CEO 29.64 % Ludger Gausling 15.45 % | Key Figures (WRe): 2023e Beta: 1.3 Price / Book: 3.3 x Equity Ratio: 54 % |

Strong margin generation despite economic headwinds

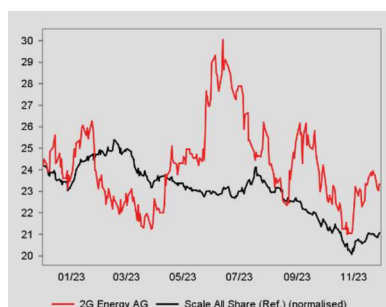
| Stated Figures Q3/2023: in EUR m | <table border="1"> <thead> <tr> <th></th> <th>Q3/23</th> <th>Q3/23e</th> <th>Q3/22</th> <th>yoy</th> </tr> </thead> <tbody> <tr> <td>CHP sales</td> <td>37.9</td> <td>38.6</td> <td>42.2</td> <td>-10.2%</td> </tr> <tr> <td>Service sales</td> <td>39.7</td> <td>37.7</td> <td>34.6</td> <td>14.7%</td> </tr> <tr> <td>Sales</td> <td>77.6</td> <td>76.3</td> <td>76.8</td> <td>1.0%</td> </tr> <tr> <td>EBIT</td> <td>4.0</td> <td>3.7</td> <td>3.5</td> <td>14.3%</td> </tr> <tr> <td>margin</td> <td>5.2%</td> <td>4.8%</td> <td>4.6%</td> <td></td> </tr> </tbody> </table> | | Q3/23 | Q3/23e | Q3/22 | yoy | CHP sales | 37.9 | 38.6 | 42.2 | -10.2% | Service sales | 39.7 | 37.7 | 34.6 | 14.7% | Sales | 77.6 | 76.3 | 76.8 | 1.0% | EBIT | 4.0 | 3.7 | 3.5 | 14.3% | margin | 5.2% | 4.8% | 4.6% | | Comment on Figures: <ul style="list-style-type: none"> Figures are in line with our expectations, although we had anticipated a higher share of CHP sales and correspondingly lower EBIT generation. Service sales continued to grow (+14.7%), although CHP sales experienced an unusual peak in billings in Q3/22 due to catch-up effects after the pandemic. Guidance for FY 2023 was confirmed and management announced mid-term targets of sales of EUR 390-430m by 2025. |
|--|--|--------|-------|--------|-------|-----|-----------|------|------|------|--------|---------------|------|------|------|-------|-------|------|------|------|------|------|-----|-----|-----|-------|--------|------|------|------|--|---|
| | Q3/23 | Q3/23e | Q3/22 | yoy | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CHP sales | 37.9 | 38.6 | 42.2 | -10.2% | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Service sales | 39.7 | 37.7 | 34.6 | 14.7% | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sales | 77.6 | 76.3 | 76.8 | 1.0% | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EBIT | 4.0 | 3.7 | 3.5 | 14.3% | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| margin | 5.2% | 4.8% | 4.6% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

2G Energy has reported its Q3 sales and EBIT development, slightly exceeding our expectations in terms of profitability. CHP sales declined yoy, reflecting unusually high billings in Q3/22 due to catch-up effects after the pandemic. However, service sales grew by 14.7%, which was better than we expected and compensated for restrained CHP demand in some markets.

Order book remains strong: The order book remains well filled at a high level at the end of Q3 (EUR 195.2m), which should allow full utilisation of production capacities in 2024. Additional sales volumes in CHP and services, efficiency gains and the normalisation of input costs should lead to further EBIT-margin expansion (guidance 8.5-10% for 2024), even though 2G Energy is experiencing a slowdown in demand from the private sector. Economic headwinds and regulatory uncertainties appear to be causing a reluctance to invest, although government demand is currently balancing the private sector. The newly acquired business for large heat pumps is expected to deliver EUR 10m in sales in 2024 (WRe: EUR 7-8m), which we see as a first glimpse of a successful growth story. In the long term, CHP and large heat pumps should contribute equally to the top line, driven mainly by demand for green modular reactors (combination of CHP and heat pump).

Guidance for 2025 indicates upbeat growth: In 2025, management expects sales of EUR 390-430m, which underpins our assumptions of continued strong top-line growth. Margins have not yet been specified, given the current economic uncertainties. However, we expect the growing service business, the expanded product offering and the implemented efficiency measures to bolster EBIT-margin generation to a sustainable level of >10%.

| Changes in Estimates: | <table border="1"> <thead> <tr> <th>FY End: 31.12. in EUR m</th> <th>2023e (old)</th> <th>+ / -</th> <th>2024e (old)</th> <th>+ / -</th> <th>2025e (old)</th> <th>+ / -</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>350.4</td> <td>-1.2 %</td> <td>396.3</td> <td>-0.7 %</td> <td>447.2</td> <td>-0.7 %</td> </tr> <tr> <td>EBITDA</td> <td>35.0</td> <td>-5.5 %</td> <td>43.8</td> <td>-0.9 %</td> <td>53.9</td> <td>-0.9 %</td> </tr> <tr> <td>EBIT</td> <td>29.5</td> <td>-6.5 %</td> <td>37.9</td> <td>-1.1 %</td> <td>47.6</td> <td>-1.1 %</td> </tr> </tbody> </table> | FY End: 31.12. in EUR m | 2023e (old) | + / - | 2024e (old) | + / - | 2025e (old) | + / - | Sales | 350.4 | -1.2 % | 396.3 | -0.7 % | 447.2 | -0.7 % | EBITDA | 35.0 | -5.5 % | 43.8 | -0.9 % | 53.9 | -0.9 % | EBIT | 29.5 | -6.5 % | 37.9 | -1.1 % | 47.6 | -1.1 % | Comment on Changes: <ul style="list-style-type: none"> We have slightly lowered our FY2023 estimates towards the midpoint of the profitability guidance. For Q4, we still expect a strong performance in CHP billings, although some projects might be shifted to Q1/24, including the corresponding margin contribution. Despite economic headwinds, we are sticking to our outlook for 2024/25, where we expect 2G Energy to continue on its strong growth path. |
|------------------------------|--|-------------------------|-------------|--------|-------------|--------|-------------|-------|-------|-------|--------|-------|--------|-------|--------|--------|------|--------|------|--------|------|--------|------|------|--------|------|--------|------|--------|--|
| FY End: 31.12. in EUR m | 2023e (old) | + / - | 2024e (old) | + / - | 2025e (old) | + / - | | | | | | | | | | | | | | | | | | | | | | | | |
| Sales | 350.4 | -1.2 % | 396.3 | -0.7 % | 447.2 | -0.7 % | | | | | | | | | | | | | | | | | | | | | | | | |
| EBITDA | 35.0 | -5.5 % | 43.8 | -0.9 % | 53.9 | -0.9 % | | | | | | | | | | | | | | | | | | | | | | | | |
| EBIT | 29.5 | -6.5 % | 37.9 | -1.1 % | 47.6 | -1.1 % | | | | | | | | | | | | | | | | | | | | | | | | |

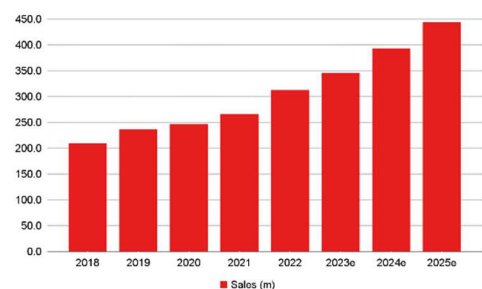


| | |
|--|--------|
| Rel. Performance vs Scale All Share | |
| 1 month: | 6.0 % |
| 6 months: | -5.1 % |
| Year to date: | 8.5 % |
| Trailing 12 months: | 12.7 % |

| | |
|------------------------|--|
| Company events: | |
| | |

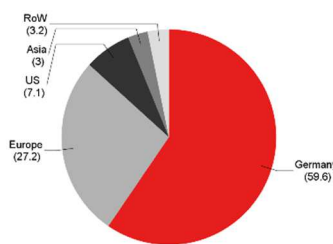
| FY End: 31.12. in EUR m | CAGR (22-25e) | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e |
|-------------------------|---------------|--|--------|--------|--------|--------|--------|--------|
| Sales | 12.4 % | 236.4 | 246.7 | 266.3 | 312.6 | 346.0 | 393.6 | 444.2 |
| Change Sales yoy | | 12.7 % | 4.4 % | 8.0 % | 17.4 % | 10.7 % | 13.8 % | 12.8 % |
| Gross profit margin | | 33.6 % | 35.2 % | 36.7 % | 36.7 % | 37.2 % | 39.4 % | 40.4 % |
| EBITDA | 23.1 % | 19.4 | 20.3 | 22.0 | 28.7 | 33.0 | 43.4 | 53.4 |
| Margin | | 8.2 % | 8.2 % | 8.3 % | 9.2 % | 9.6 % | 11.0 % | 12.0 % |
| EBIT | 25.3 % | 15.6 | 16.6 | 18.0 | 24.0 | 27.6 | 37.5 | 47.1 |
| Margin | | 6.6 % | 6.7 % | 6.8 % | 7.7 % | 8.0 % | 9.5 % | 10.6 % |
| Net income | 25.8 % | 10.3 | 12.0 | 12.6 | 16.4 | 19.0 | 25.9 | 32.6 |
| EPS | 26.0 % | 2.33 | 2.70 | 2.85 | 0.91 | 1.06 | 1.44 | 1.82 |
| EPS adj. | 26.0 % | 2.33 | 2.70 | 2.85 | 0.91 | 1.06 | 1.44 | 1.82 |
| DPS | 10.7 % | 0.45 | 0.45 | 0.50 | 0.14 | 0.14 | 0.17 | 0.19 |
| Dividend Yield | | 5.2 % | 2.9 % | 2.1 % | 0.6 % | 0.6 % | 0.7 % | 0.8 % |
| FCFPS | | -0.59 | 1.57 | 0.91 | -0.25 | 0.28 | 0.53 | 0.77 |
| FCF / Market cap | | -6.8 % | 10.3 % | 3.8 % | -1.0 % | 1.2 % | 2.3 % | 3.3 % |
| EV / Sales | | 0.2 x | 0.3 x | 0.3 x | 1.4 x | 1.2 x | 1.0 x | 0.9 x |
| EV / EBITDA | | 2.0 x | 3.1 x | 4.2 x | 15.4 x | 12.4 x | 9.3 x | 7.3 x |
| EV / EBIT | | 2.4 x | 3.7 x | 5.1 x | 18.4 x | 14.8 x | 10.7 x | 8.3 x |
| P / E | | 3.7 x | 5.7 x | 8.4 x | 27.5 x | 22.0 x | 16.2 x | 12.8 x |
| P / E adj. | | 3.7 x | 5.7 x | 8.4 x | 27.5 x | 22.0 x | 16.2 x | 12.8 x |
| FCF Potential Yield | | 37.6 % | 25.4 % | 18.4 % | 4.9 % | 6.1 % | 8.0 % | 10.1 % |
| Net Debt | | -0.1 | -5.6 | -14.6 | -7.1 | -9.7 | -16.7 | -27.4 |
| ROCE (NOPAT) | | 17.1 % | 17.1 % | 16.7 % | 18.4 % | 17.8 % | 21.2 % | 23.3 % |
| Guidance: | | Sales: EUR 310-350m; EBIT-margin: 6.5-8.5% | | | | | | |

Sales development in EUR m



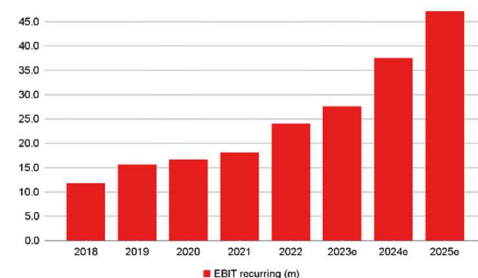
Source: Warburg Research

Sales by regions 2022; in %



Source: Warburg Research

EBIT development in EUR m



Source: Warburg Research

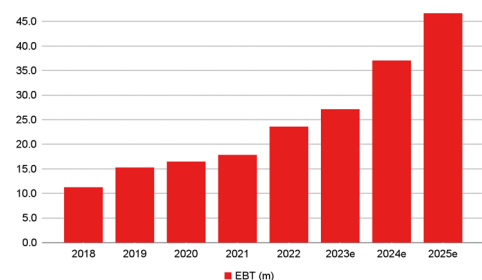
Company Background

- Established in 1995, 2G Energy released its first CHP in 1996, followed by the first biogas application in 1999
- Prior to its IPO in 2007, 2G already expanded its local footprint and entered international markets with the shipping of a CHP to Japan
- After the IPO, several international subsidiaries were formed to push the further international expansion
- In 2009, natural gas CHPs were introduced to the market, establishing a key pillar for future growth. In addition, the international expansion gained traction in the US and European countries.
- After pioneering the digitization of CHPs with its unique platform in 2016, the first hydrogen CHP was introduced in 2018.

Competitive Quality

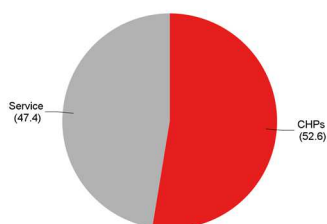
- Founded in 1995, 2G Energy quickly positioned as technology leader for biogas CHPs in Europe. Innovative designs, best-in-class performance and quality standards improved 2G's positioning.
- Offering a fitting solution for different client groups, 2G Energy stands out from its peer-group with its extensive product portfolio.
- Combining high quality products with an extensive service offering, 2G seeks to deliver best-in-class total cost of ownership for varying use-cases.
- Further product developments and an early move into the hydrogen CHP and large heat pump market provides for an additional competitive edge.
- Covering all integral parts of the value chain, 2G Energy is perfectly equipped to defend its market position and access growth.

EBT development in EUR m



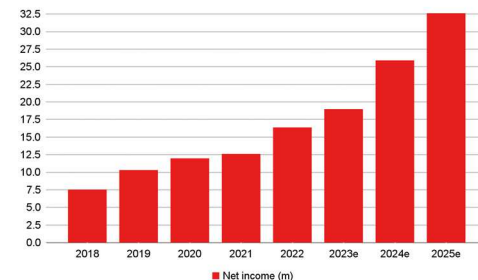
Source: Warburg Research

Sales by segments 2022; in %



Source: Warburg Research

Net income development in EUR m



Source: Warburg Research

DCF model

| Figures in EUR m | Detailed forecast period | | | Transitional period | | | | | | | | | | Term. Value |
|-----------------------------|--------------------------|--------|--------|---------------------|--------|--------|--------|--------|--------|--------|--------|---------|---------|-------------|
| | 2023e | 2024e | 2025e | 2026e | 2027e | 2028e | 2029e | 2030e | 2031e | 2032e | 2033e | 2034e | 2035e | |
| Sales | 346.0 | 393.6 | 444.2 | 506.4 | 572.2 | 640.9 | 711.4 | 782.5 | 852.9 | 921.2 | 976.4 | 1,015.5 | 1,045.9 | |
| Sales change | 10.7 % | 13.8 % | 12.8 % | 14.0 % | 13.0 % | 12.0 % | 11.0 % | 10.0 % | 9.0 % | 8.0 % | 6.0 % | 4.0 % | 3.0 % | 3.0 % |
| EBIT | 27.6 | 37.5 | 47.1 | 60.8 | 71.5 | 83.3 | 88.9 | 93.9 | 102.4 | 101.3 | 107.4 | 111.7 | 115.1 | |
| EBIT-margin | 8.0 % | 9.5 % | 10.6 % | 12.0 % | 12.5 % | 13.0 % | 12.5 % | 12.0 % | 12.0 % | 11.0 % | 11.0 % | 11.0 % | 11.0 % | |
| Tax rate (EBT) | 30.1 % | 30.1 % | 30.1 % | 30.0 % | 30.0 % | 30.0 % | 30.0 % | 30.0 % | 30.0 % | 30.0 % | 30.0 % | 30.0 % | 30.0 % | |
| NOPAT | 19.3 | 26.2 | 32.9 | 42.5 | 50.1 | 58.3 | 62.2 | 65.7 | 71.6 | 70.9 | 75.2 | 78.2 | 80.5 | |
| Depreciation | 5.5 | 5.9 | 6.3 | 7.1 | 8.6 | 9.6 | 10.7 | 11.7 | 12.8 | 13.8 | 14.6 | 15.2 | 15.7 | |
| in % of Sales | 1.6 % | 1.5 % | 1.4 % | 1.4 % | 1.5 % | 1.5 % | 1.5 % | 1.5 % | 1.5 % | 1.5 % | 1.5 % | 1.5 % | 1.5 % | |
| Changes in provisions | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Change in Liquidity from | | | | | | | | | | | | | | |
| - Working Capital | 9.2 | 15.6 | 19.3 | 23.4 | 26.8 | 29.1 | 16.9 | 15.6 | 22.5 | 21.8 | 17.7 | 12.5 | 9.7 | |
| - Capex | 10.3 | 6.7 | 5.9 | 6.6 | 8.0 | 9.6 | 10.7 | 11.7 | 12.8 | 13.8 | 14.6 | 15.2 | 15.7 | |
| Capex in % of Sales | 3.0 % | 1.7 % | 1.3 % | 1.3 % | 1.4 % | 1.5 % | 1.5 % | 1.5 % | 1.5 % | 1.5 % | 1.5 % | 1.5 % | 1.5 % | |
| - Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | |
| Free Cash Flow (WACC Model) | 5.3 | 9.8 | 14.1 | 19.6 | 23.9 | 29.3 | 45.4 | 50.1 | 49.1 | 49.1 | 57.5 | 65.7 | 70.8 | 73 |
| PV of FCF | 5.2 | 8.9 | 11.6 | 14.8 | 16.5 | 18.5 | 26.3 | 26.5 | 23.8 | 21.8 | 23.3 | 24.4 | 24.1 | 395 |
| share of PVs | 4.02 % | | | 34.32 % | | | | | | | | | | 61.66 % |

Model parameter

| | | | |
|--------------------------|---------------|---------------------|-------------|
| Derivation of WACC: | | Derivation of Beta: | |
| Debt ratio | 10.00 % | Financial Strength | 1.20 |
| Cost of debt (after tax) | 5.6 % | Liquidity (share) | 1.30 |
| Market return | 8.25 % | Cyclicality | 1.60 |
| Risk free rate | 2.75 % | Transparency | 1.20 |
| | | Others | 1.00 |
| WACC | 9.27 % | Beta | 1.26 |

Valuation (m)

| | | | |
|----------------------------|------------|------------------------------|--------------|
| Present values 2035e | 246 | | |
| Terminal Value | 395 | | |
| Financial liabilities | 6 | | |
| Pension liabilities | 0 | | |
| Hybrid capital | 0 | | |
| Minority interest | 0 | | |
| Market val. of investments | 0 | | |
| Liquidity | 13 | No. of shares (m) | 17.9 |
| Equity Value | 648 | Value per share (EUR) | 36.13 |

Sensitivity Value per Share (EUR)

| Beta | WACC | Terminal Growth | | | | | | | Beta | WACC | Delta EBIT-margin | | | | | | |
|------|--------|-----------------|--------|--------|--------|--------|--------|--------|------|--------|-------------------|---------|---------|---------|---------|---------|---------|
| | | 2.25 % | 2.50 % | 2.75 % | 3.00 % | 3.25 % | 3.50 % | 3.75 % | | | -1.5 pp | -1.0 pp | -0.5 pp | +0.0 pp | +0.5 pp | +1.0 pp | +1.5 pp |
| 1.46 | 10.3 % | 28.64 | 29.14 | 29.67 | 30.23 | 30.84 | 31.49 | 32.19 | 1.46 | 10.3 % | 24.81 | 26.62 | 28.43 | 30.23 | 32.04 | 33.84 | 35.65 |
| 1.36 | 9.8 % | 31.03 | 31.63 | 32.27 | 32.95 | 33.69 | 34.49 | 35.36 | 1.36 | 9.8 % | 27.10 | 29.05 | 31.00 | 32.95 | 34.90 | 36.86 | 38.81 |
| 1.31 | 9.5 % | 32.35 | 33.01 | 33.72 | 34.48 | 35.30 | 36.19 | 37.16 | 1.31 | 9.5 % | 28.38 | 30.42 | 32.45 | 34.48 | 36.51 | 38.54 | 40.57 |
| 1.26 | 9.3 % | 33.78 | 34.50 | 35.29 | 36.13 | 37.05 | 38.04 | 39.12 | 1.26 | 9.3 % | 29.77 | 31.89 | 34.01 | 36.13 | 38.25 | 40.37 | 42.49 |
| 1.21 | 9.0 % | 35.31 | 36.12 | 36.99 | 37.93 | 38.95 | 40.06 | 41.28 | 1.21 | 9.0 % | 31.28 | 33.50 | 35.71 | 37.93 | 40.14 | 42.35 | 44.57 |
| 1.16 | 8.8 % | 36.97 | 37.86 | 38.83 | 39.88 | 41.03 | 42.28 | 43.66 | 1.16 | 8.8 % | 32.93 | 35.25 | 37.56 | 39.88 | 42.20 | 44.52 | 46.83 |
| 1.06 | 8.3 % | 40.72 | 41.83 | 43.04 | 44.37 | 45.83 | 47.44 | 49.23 | 1.06 | 8.3 % | 36.71 | 39.26 | 41.82 | 44.37 | 46.93 | 49.48 | 52.03 |

- We have computed three different growth and valuation scenarios (base, accelerated, downward)
- As main valuation indicator, we apply our base-case DCF-valuation
- Internal efficiency measures, increasing service revenues and operating leverage boost EBIT-margin generation
- Sales is expected to experience a steep growth, reflecting the roadmap to net zero until 2030/35

| Valuation | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e |
|-------------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Price / Book | 0.6 x | 0.9 x | 1.1 x | 4.1 x | 3.3 x | 2.8 x | 2.4 x |
| Book value per share ex intangibles | 14.75 | 17.02 | 20.09 | 5.78 | 6.53 | 7.89 | 9.59 |
| EV / Sales | 0.2 x | 0.3 x | 0.3 x | 1.4 x | 1.2 x | 1.0 x | 0.9 x |
| EV / EBITDA | 2.0 x | 3.1 x | 4.2 x | 15.4 x | 12.4 x | 9.3 x | 7.3 x |
| EV / EBIT | 2.4 x | 3.7 x | 5.1 x | 18.4 x | 14.8 x | 10.7 x | 8.3 x |
| EV / EBIT adj.* | 2.4 x | 3.7 x | 5.1 x | 18.4 x | 14.8 x | 10.7 x | 8.3 x |
| P / FCF | n.a. | 9.7 x | 26.4 x | n.a. | 83.5 x | 44.1 x | 30.4 x |
| P / E | 3.7 x | 5.7 x | 8.4 x | 27.5 x | 22.0 x | 16.2 x | 12.8 x |
| P / E adj.* | 3.7 x | 5.7 x | 8.4 x | 27.5 x | 22.0 x | 16.2 x | 12.8 x |
| Dividend Yield | 5.2 % | 2.9 % | 2.1 % | 0.6 % | 0.6 % | 0.7 % | 0.8 % |
| FCF Potential Yield (on market EV) | 37.6 % | 25.4 % | 18.4 % | 4.9 % | 6.1 % | 8.0 % | 10.1 % |

*Adjustments made for: -

Consolidated profit & loss

| In EUR m | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Sales | 236.4 | 246.7 | 266.3 | 312.6 | 346.0 | 393.6 | 444.2 |
| Change Sales yoy | 12.7 % | 4.4 % | 8.0 % | 17.4 % | 10.7 % | 13.8 % | 12.8 % |
| Increase / decrease in inventory | -10.3 | 7.4 | 2.6 | 26.0 | -3.6 | 9.9 | 6.6 |
| Own work capitalised | 0.0 | 0.1 | 0.0 | 0.2 | 0.0 | 0.0 | 0.0 |
| Total Sales | 226.1 | 254.2 | 268.9 | 338.8 | 342.4 | 403.5 | 450.8 |
| Material expenses | 146.8 | 167.3 | 171.3 | 224.1 | 213.8 | 248.5 | 271.5 |
| Gross profit | 79.4 | 87.0 | 97.7 | 114.7 | 128.6 | 155.0 | 179.3 |
| <i>Gross profit margin</i> | <i>33.6 %</i> | <i>35.2 %</i> | <i>36.7 %</i> | <i>36.7 %</i> | <i>37.2 %</i> | <i>39.4 %</i> | <i>40.4 %</i> |
| Personnel expenses | 39.0 | 44.3 | 49.4 | 57.0 | 60.1 | 69.9 | 77.7 |
| Other operating income | 2.0 | 2.3 | 3.4 | 6.2 | 4.0 | 3.0 | 2.0 |
| Other operating expenses | 23.1 | 24.6 | 29.7 | 35.3 | 39.4 | 44.7 | 50.2 |
| Unfrequent items | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBITDA | 19.4 | 20.3 | 22.0 | 28.7 | 33.0 | 43.4 | 53.4 |
| <i>Margin</i> | <i>8.2 %</i> | <i>8.2 %</i> | <i>8.3 %</i> | <i>9.2 %</i> | <i>9.6 %</i> | <i>11.0 %</i> | <i>12.0 %</i> |
| Depreciation of fixed assets | 2.9 | 3.0 | 3.2 | 3.7 | 4.1 | 4.5 | 4.8 |
| EBITA | 16.4 | 17.3 | 18.8 | 24.9 | 28.9 | 38.9 | 48.6 |
| Amortisation of intangible assets | 0.8 | 0.7 | 0.7 | 0.9 | 1.3 | 1.4 | 1.4 |
| Goodwill amortisation | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBIT | 15.6 | 16.6 | 18.0 | 24.0 | 27.6 | 37.5 | 47.1 |
| <i>Margin</i> | <i>6.6 %</i> | <i>6.7 %</i> | <i>6.8 %</i> | <i>7.7 %</i> | <i>8.0 %</i> | <i>9.5 %</i> | <i>10.6 %</i> |
| EBIT adj. | 15.6 | 16.6 | 18.0 | 24.0 | 27.6 | 37.5 | 47.1 |
| Interest income | 0.1 | 0.2 | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 |
| Interest expenses | 0.4 | 0.4 | 0.3 | 0.4 | 0.4 | 0.5 | 0.5 |
| Other financial income (loss) | 0.0 | 0.0 | 0.0 | -0.1 | 0.0 | 0.0 | 0.0 |
| EBT | 15.3 | 16.5 | 17.8 | 23.6 | 27.1 | 37.0 | 46.7 |
| <i>Margin</i> | <i>6.5 %</i> | <i>6.7 %</i> | <i>6.7 %</i> | <i>7.5 %</i> | <i>7.8 %</i> | <i>9.4 %</i> | <i>10.5 %</i> |
| Total taxes | 5.0 | 4.5 | 5.2 | 7.2 | 8.2 | 11.1 | 14.1 |
| Net income from continuing operations | 10.3 | 12.0 | 12.6 | 16.4 | 19.0 | 25.9 | 32.6 |
| Income from discontinued operations (net of tax) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net income before minorities | 10.3 | 12.0 | 12.6 | 16.4 | 19.0 | 25.9 | 32.6 |
| Minority interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net income | 10.3 | 12.0 | 12.6 | 16.4 | 19.0 | 25.9 | 32.6 |
| <i>Margin</i> | <i>4.4 %</i> | <i>4.9 %</i> | <i>4.7 %</i> | <i>5.2 %</i> | <i>5.5 %</i> | <i>6.6 %</i> | <i>7.3 %</i> |
| Number of shares, average | 4.4 | 4.4 | 4.4 | 17.9 | 17.9 | 17.9 | 17.9 |
| EPS | 2.33 | 2.70 | 2.85 | 0.91 | 1.06 | 1.44 | 1.82 |
| EPS adj. | 2.33 | 2.70 | 2.85 | 0.91 | 1.06 | 1.44 | 1.82 |

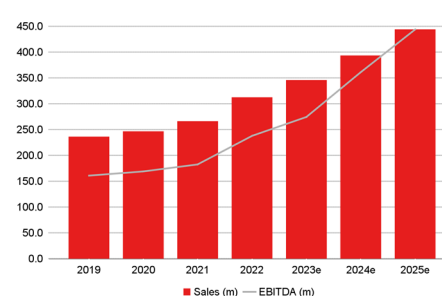
*Adjustments made for:

Guidance: Sales: EUR 310-350m; EBIT-margin: 6.5-8.5%

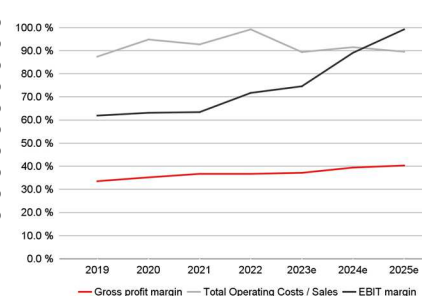
Financial Ratios

| | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e |
|-------------------------------|---------|---------|---------|---------|--------|--------|---------|
| Total Operating Costs / Sales | 87.5 % | 94.8 % | 92.7 % | 99.2 % | 89.4 % | 91.5 % | 89.5 % |
| Operating Leverage | 2.6 x | 1.5 x | 1.1 x | 1.9 x | 1.4 x | 2.6 x | 2.0 x |
| EBITDA / Interest expenses | 47.5 x | 51.0 x | 71.7 x | 74.7 x | 74.5 x | 91.4 x | 112.5 x |
| Tax rate (EBT) | 32.6 % | 27.4 % | 29.2 % | 30.6 % | 30.1 % | 30.1 % | 30.1 % |
| Dividend Payout Ratio | 19.4 % | 16.7 % | 17.5 % | 15.3 % | 13.2 % | 11.8 % | 10.5 % |
| Sales per Employee | 364,246 | 341,257 | 349,080 | 371,291 | n.a. | n.a. | n.a. |

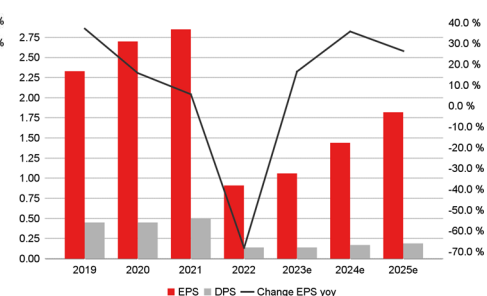
Sales, EBITDA
in EUR m



Operating Performance
in %



Performance per Share



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

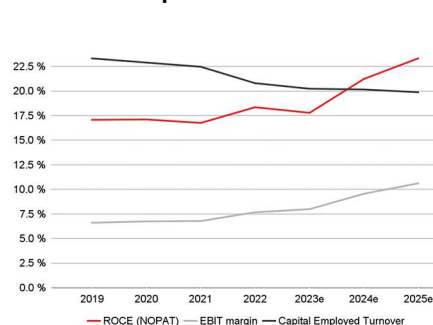
Consolidated balance sheet

| In EUR m | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Assets | | | | | | | |
| Goodwill and other intangible assets | 3.2 | 3.0 | 4.5 | 5.0 | 7.9 | 7.0 | 6.1 |
| thereof other intangible assets | 0.5 | 0.5 | 1.0 | 1.1 | 4.0 | 3.1 | 2.2 |
| thereof Goodwill | 2.7 | 2.3 | 3.3 | 3.0 | 3.0 | 3.0 | 3.0 |
| Property, plant and equipment | 24.1 | 22.9 | 22.6 | 26.8 | 28.7 | 30.4 | 30.9 |
| Financial assets | 0.9 | 0.9 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 |
| Other long-term assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Fixed assets | 28.2 | 26.8 | 27.1 | 31.9 | 36.7 | 37.5 | 37.0 |
| Inventories | 60.4 | 60.8 | 72.2 | 102.6 | 115.3 | 123.0 | 134.6 |
| Accounts receivable | 37.0 | 42.2 | 43.4 | 57.1 | 55.9 | 66.9 | 77.9 |
| Liquid assets | 10.7 | 11.0 | 19.9 | 13.5 | 16.0 | 23.0 | 33.7 |
| Other short-term assets | 4.6 | 5.9 | 7.1 | 6.5 | 6.5 | 6.5 | 6.5 |
| Current assets | 112.7 | 119.8 | 142.6 | 179.7 | 193.7 | 219.4 | 252.7 |
| Total Assets | 140.9 | 146.6 | 169.7 | 211.6 | 230.4 | 256.9 | 289.7 |
| Liabilities and shareholders' equity | | | | | | | |
| Subscribed capital | 4.4 | 4.4 | 4.5 | 17.9 | 17.9 | 17.9 | 17.9 |
| Capital reserve | 11.2 | 11.2 | 16.4 | 3.0 | 3.0 | 3.0 | 3.0 |
| Retained earnings | 53.8 | 63.7 | 74.3 | 88.5 | 104.9 | 128.3 | 157.9 |
| Other equity components | -0.9 | -1.0 | -0.7 | -0.7 | -0.7 | -0.7 | -0.7 |
| Shareholders' equity | 68.6 | 78.4 | 94.6 | 108.7 | 125.1 | 148.5 | 178.1 |
| Minority interest | 0.0 | -0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total equity | 68.5 | 78.3 | 94.5 | 108.6 | 125.1 | 148.5 | 178.0 |
| Provisions | 15.4 | 13.4 | 17.7 | 21.4 | 21.4 | 21.4 | 21.4 |
| thereof provisions for pensions and similar obligations | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial liabilities (total) | 10.6 | 5.5 | 5.3 | 6.3 | 6.3 | 6.3 | 6.3 |
| Short-term financial liabilities | 5.4 | 1.3 | 1.9 | 2.5 | 2.5 | 2.5 | 2.5 |
| Accounts payable | 13.7 | 10.0 | 11.5 | 20.5 | 22.8 | 25.9 | 29.2 |
| Other liabilities | 32.7 | 39.4 | 40.7 | 54.7 | 54.7 | 54.7 | 54.7 |
| Liabilities | 72.4 | 68.2 | 75.2 | 103.0 | 105.3 | 108.4 | 111.7 |
| Total liabilities and shareholders' equity | 140.9 | 146.6 | 169.7 | 211.6 | 230.4 | 256.9 | 289.7 |

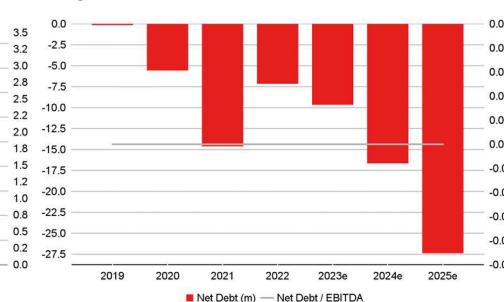
Financial Ratios

| | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e |
|---|--------|--------|---------|--------|--------|---------|---------|
| Efficiency of Capital Employment | | | | | | | |
| Operating Assets Turnover | 2.9 x | 2.9 x | 2.8 x | 2.6 x | 2.6 x | 2.6 x | 2.6 x |
| Capital Employed Turnover | 3.5 x | 3.4 x | 3.3 x | 3.1 x | 3.0 x | 3.0 x | 2.9 x |
| ROA | 36.6 % | 44.7 % | 46.5 % | 51.3 % | 51.7 % | 69.1 % | 88.1 % |
| Return on Capital | | | | | | | |
| ROCE (NOPAT) | 17.1 % | 17.1 % | 16.7 % | 18.4 % | 17.8 % | 21.2 % | 23.3 % |
| ROE | 15.9 % | 16.3 % | 14.6 % | 16.1 % | 16.2 % | 18.9 % | 20.0 % |
| Adj. ROE | 15.9 % | 16.3 % | 14.6 % | 16.1 % | 16.2 % | 18.9 % | 20.0 % |
| Balance sheet quality | | | | | | | |
| Net Debt | -0.1 | -5.6 | -14.6 | -7.1 | -9.7 | -16.7 | -27.4 |
| Net Financial Debt | -0.1 | -5.6 | -14.6 | -7.1 | -9.7 | -16.7 | -27.4 |
| Net Gearing | -0.2 % | -7.1 % | -15.5 % | -6.6 % | -7.7 % | -11.2 % | -15.4 % |
| Net Fin. Debt / EBITDA | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. | n.a. |
| Book Value / Share | 15.5 | 17.7 | 21.1 | 6.1 | 7.0 | 8.3 | 9.9 |
| Book value per share ex intangibles | 14.7 | 17.0 | 20.1 | 5.8 | 6.5 | 7.9 | 9.6 |

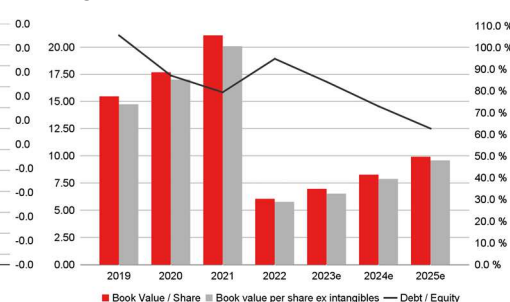
ROCE Development



Net debt in EUR m



Book Value per Share in EUR



Source: Warburg Research

Source: Warburg Research

Source: Warburg Research

Consolidated cash flow statement

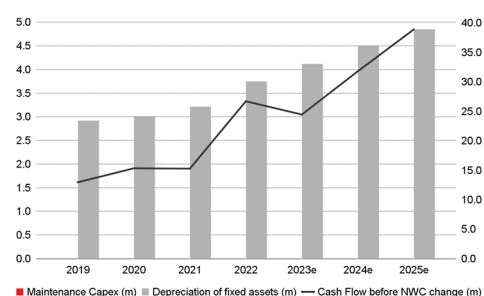
| In EUR m | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e |
|--|-------------|-------------|-------------|-------------|--------------|-------------|-------------|
| Net income | 10.3 | 12.0 | 12.6 | 16.4 | 19.0 | 25.9 | 32.6 |
| Depreciation of fixed assets | 2.9 | 3.0 | 3.2 | 3.7 | 4.1 | 4.5 | 4.8 |
| Amortisation of goodwill | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Amortisation of intangible assets | 0.8 | 0.7 | 0.7 | 0.9 | 1.3 | 1.4 | 1.4 |
| Increase/decrease in long-term provisions | -0.3 | -2.0 | 3.5 | 3.4 | 0.0 | 0.0 | 0.0 |
| Other non-cash income and expenses | -0.8 | 1.7 | -4.8 | 2.3 | 0.0 | 0.0 | 0.0 |
| Cash Flow before NWC change | 12.9 | 15.3 | 15.3 | 26.7 | 24.4 | 31.8 | 38.9 |
| Increase / decrease in inventory | -14.3 | 3.3 | -7.0 | -17.2 | -12.7 | -7.7 | -11.6 |
| Increase / decrease in accounts receivable | -4.4 | -5.1 | -0.7 | -13.4 | 1.2 | -11.0 | -11.0 |
| Increase / decrease in accounts payable | 7.7 | -3.7 | 1.3 | 8.9 | 2.3 | 3.1 | 3.3 |
| Increase / decrease in other working capital positions | 0.0 | -0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Increase / decrease in working capital (total) | -11.0 | -5.7 | -6.4 | -21.7 | -9.2 | -15.6 | -19.3 |
| Net cash provided by operating activities [1] | 1.9 | 9.7 | 8.9 | 4.9 | 15.3 | 16.2 | 19.6 |
| Investments in intangible assets | -0.2 | -0.4 | -0.8 | -1.2 | -4.3 | -0.5 | -0.5 |
| Investments in property, plant and equipment | -4.3 | -2.4 | -4.0 | -8.2 | -6.0 | -6.2 | -5.4 |
| Payments for acquisitions | -1.4 | 0.0 | -1.2 | -0.8 | 0.0 | 0.0 | 0.0 |
| Financial investments | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Income from asset disposals | 0.2 | 0.4 | 3.3 | 0.5 | 0.0 | 0.0 | 0.0 |
| Net cash provided by investing activities [2] | -5.7 | -2.1 | -1.9 | -9.6 | -10.3 | -6.7 | -5.9 |
| Change in financial liabilities | 3.1 | -5.0 | -1.3 | 1.0 | 0.0 | 0.0 | 0.0 |
| Dividends paid | -2.0 | -2.0 | -2.0 | -2.2 | -2.5 | -2.5 | -3.0 |
| Purchase of own shares | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Capital measures | 0.0 | 0.0 | 5.3 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net cash provided by financing activities [3] | 0.7 | -7.4 | 1.6 | -1.6 | -2.5 | -2.5 | -3.0 |
| Change in liquid funds [1]+[2]+[3] | -3.0 | 0.2 | 8.6 | -6.3 | 2.5 | 7.0 | 10.7 |
| Effects of exchange-rate changes on cash | 0.0 | 0.1 | 0.1 | -0.1 | 0.0 | 0.0 | 0.0 |
| Cash and cash equivalent at end of period | 10.6 | 10.9 | 19.7 | 13.5 | 16.0 | 23.0 | 33.7 |

Financial Ratios

| | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Cash Flow | | | | | | | |
| FCF | -2.6 | 7.0 | 4.0 | -4.4 | 5.0 | 9.5 | 13.8 |
| Free Cash Flow / Sales | -1.1 % | 2.8 % | 1.5 % | -1.4 % | 1.5 % | 2.4 % | 3.1 % |
| Free Cash Flow Potential | 14.4 | 15.8 | 16.8 | 21.4 | 24.9 | 32.3 | 39.4 |
| Free Cash Flow / Net Profit | -25.2 % | 58.1 % | 31.8 % | -27.0 % | 26.4 % | 36.7 % | 42.2 % |
| Interest Received / Avg. Cash | 0.5 % | 2.0 % | 0.6 % | 0.5 % | 0.0 % | 0.0 % | 0.0 % |
| Interest Paid / Avg. Debt | 4.6 % | 5.0 % | 5.7 % | 6.6 % | 7.0 % | 7.5 % | 7.5 % |
| Management of Funds | | | | | | | |
| Investment ratio | 1.9 % | 1.1 % | 1.8 % | 3.0 % | 3.0 % | 1.7 % | 1.3 % |
| Maint. Capex / Sales | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Capex / Dep | 121.7 % | 74.5 % | 123.1 % | 200.6 % | 187.5 % | 113.5 % | 92.9 % |
| Avg. Working Capital / Sales | 21.8 % | 24.4 % | 25.4 % | 26.7 % | 28.7 % | 28.3 % | 29.0 % |
| Trade Debtors / Trade Creditors | 269.7 % | 421.2 % | 378.0 % | 278.8 % | 245.2 % | 258.3 % | 266.8 % |
| Inventory Turnover | 2.4 x | 2.8 x | 2.4 x | 2.2 x | 1.9 x | 2.0 x | 2.0 x |
| Receivables collection period (days) | 57 | 62 | 59 | 67 | 59 | 62 | 64 |
| Payables payment period (days) | 34 | 22 | 24 | 33 | 39 | 38 | 39 |
| Cash conversion cycle (Days) | 108 | 108 | 121 | 128 | 141 | 139 | 146 |

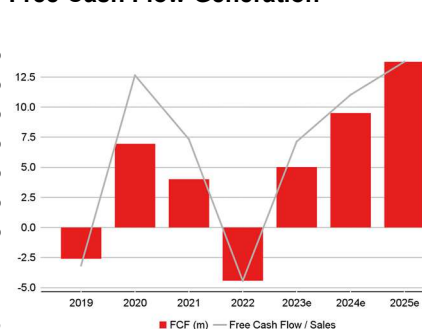
CAPEX and Cash Flow

in EUR m



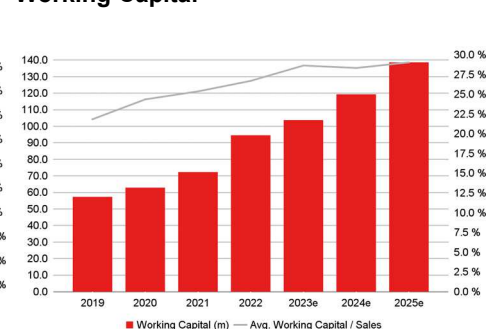
Source: Warburg Research

Free Cash Flow Generation



Source: Warburg Research

Working Capital



Source: Warburg Research

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| 2G Energy | 3, 5 | https://www.mmwarburg.com/disclaimer/disclaimer_en/DE000A0HL8N9.htm |

INVESTMENT RECOMMENDATION

Investment recommendation: expected direction of the share price development of the financial instrument up to the given price target in the opinion of the analyst who covers this financial instrument.

| | | |
|-----|--------------------------|---|
| -B- | Buy: | The price of the analysed financial instrument is expected to rise over the next 12 months. |
| -H- | Hold: | The price of the analysed financial instrument is expected to remain mostly flat over the next 12 months. |
| -S- | Sell: | The price of the analysed financial instrument is expected to fall over the next 12 months. |
| “-“ | Rating suspended: | The available information currently does not permit an evaluation of the company. |

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING

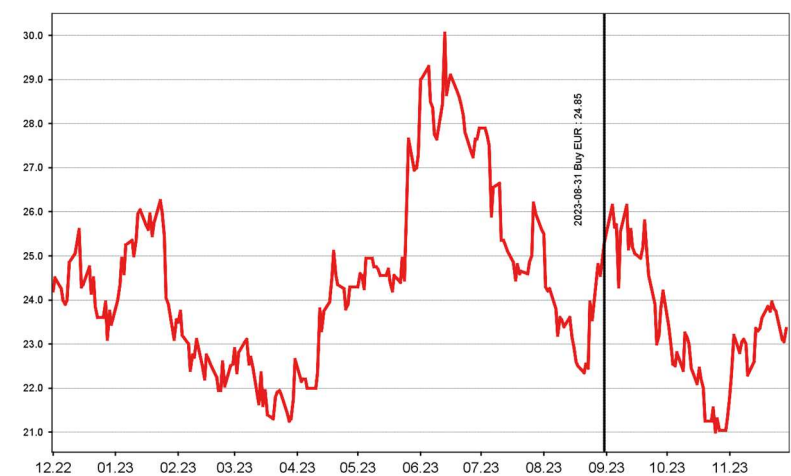
| Rating | Number of stocks | % of Universe |
|------------------|------------------|---------------|
| Buy | 155 | 73 |
| Hold | 46 | 22 |
| Sell | 5 | 2 |
| Rating suspended | 7 | 3 |
| Total | 213 | 100 |

WARBURG RESEARCH GMBH – ANALYSED RESEARCH UNIVERSE BY RATING ...

... taking into account only those companies which were provided with major investment services in the last twelve months.

| Rating | Number of stocks | % of Universe |
|------------------|------------------|---------------|
| Buy | 43 | 81 |
| Hold | 7 | 13 |
| Sell | 0 | 0 |
| Rating suspended | 3 | 6 |
| Total | 53 | 100 |

PRICE AND RATING HISTORY 2G ENERGY AS OF 30.11.2023



Markings in the chart show rating changes by Warburg Research GmbH in the last 12 months. Every marking details the date and closing price on the day of the rating change.

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