

Daldrup & Soehne

Germany/Renewable Energy

Analysen



Accumulate

Recommendation unchanged

Share price: EUR 11.17

closing price as of 14/03/2013

Target price: EUR 15.00

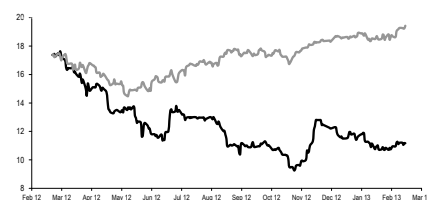
Target Price unchanged

Reuters/Bloomberg

4DSG.DE/4DS GR

| | |
|----------------------------------|---------|
| Market capitalisation (EURm) | 61 |
| Current N° of shares (m) | 5 |
| Free float | 34% |
| Daily avg. no. trad. sh. 12 mth | 3,319 |
| Daily avg. trad. vol. 12 mth (m) | 0 |
| Price high 12 mth (EUR) | 17.80 |
| Price low 12 mth (EUR) | 9.25 |
| Abs. perf. 1 mth | 1.41% |
| Abs. perf. 3 mth | -12.77% |
| Abs. perf. 12 mth | -36.74% |

| Key financials (EUR) | 12/11 | 12/12e | 12/13e |
|-----------------------------|--------|--------|--------|
| Sales (m) | 40 | 49 | 62 |
| EBITDA (m) | 2 | 10 | 13 |
| EBITDA margin | 4.0% | 20.1% | 20.6% |
| EBIT (m) | (2) | 5 | 6 |
| EBIT margin | nm | 10.0% | 9.3% |
| Net Profit (adj.)(m) | (2) | 3 | 4 |
| ROCE | -2.2% | 3.1% | 3.5% |
| Net debt/(cash) (m) | 5 | 34 | 35 |
| Net Debt/Equity | 0.1 | 0.4 | 0.4 |
| Debt/EBITDA | 2.8 | 3.4 | 2.7 |
| Int. cover(EBITDA/Fin. int) | 3.4 | 7.4 | 5.6 |
| EV/Sales | 2.8 | 2.3 | 1.8 |
| EV/EBITDA | 69.4 | 11.7 | 8.6 |
| EV/EBITDA (adj.) | 69.4 | 11.7 | 8.6 |
| EV/EBIT | nm | 23.5 | 19.0 |
| P/E (adj.) | nm | 26.0 | 17.4 |
| P/BV | 1.5 | 1.1 | 0.9 |
| OpFCF yield | -18.5% | -44.7% | -2.2% |
| Dividend yield | 0.0% | 0.0% | 0.0% |
| EPS (adj.) | (0.30) | 0.47 | 0.64 |
| BVPS | 11.14 | 11.61 | 12.25 |
| DPS | 0.00 | 0.00 | 0.00 |



Source: Factset

Shareholders: Daldrup Family 66%;

Analyst(s):

Michael Schaefer, Equinet Bank
 michael.schaefer@equinet-ag.de
 +49 69 58997 419

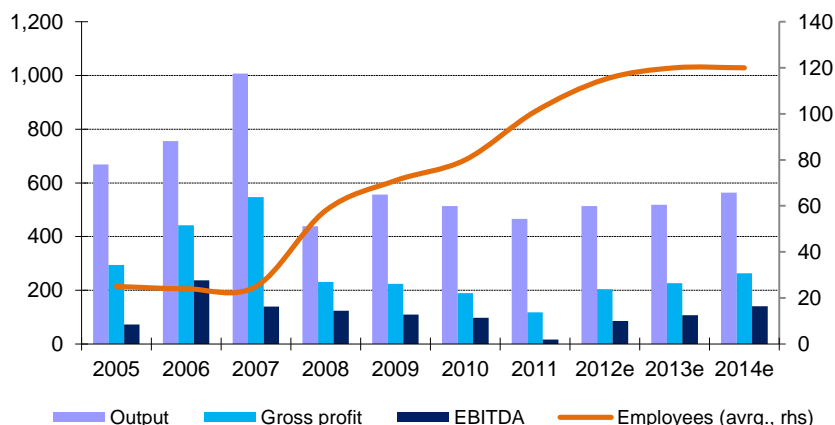
CFO appointed, focus on operating profitability needed

The facts: Daldrup & Söhne appointed Curd Bems as the CFO of the company effective immediately. We strongly welcome the long-awaited step, creating a CFO position at the executive board level as group complexity increased significantly since the IPO back in 2007.

Our analysis: Curd Bems – knows the business inside out ... 36 years old Curd Bems knows the geothermal business inside out. He is also managing director of project development company Geysir Europe GmbH, a 75.01%-owned subsidiary of Daldrup&Söhne acquired in 2009/10. Geysir Europe in close cooperation with Daldrup's 100%-owned Exorka subsidiary develops turn-key geothermal power/heating plant projects for external but also for internal (Taufkirchen) use.

... expect leveraging strengths based on strong market position, starting operation of Taufkirchen geothermal power/heat-plant: Putting responsibilities for Controlling and Finance into a separate board position was eagerly needed, we believe. Corporate history since the IPO has shown more than doubling of output until 2012e while operating results hardly moved or even turned negative as in 2011 for project-related reasons. Hence, we expect the CFO to focus on bringing profitability of its bread-and-butter deep drilling business back to historical levels. Furthermore, construction at the lagging own geothermal power/heat plant in Taufkirchen should regain speed to at least ensure start of production in early 2014.

Output and profitability per employee (EUR 1,000)



Source: Daldrup, equinet

Conclusion & Action: We strongly welcome the appointment of the CFO Curd Bems, hoping to put even more focus on project and contract controlling and finally operating earnings. 2013e may prove the turning point in this regard. We stick to ACCUMULATE.