

# ITM Power Plc

United Kingdom / Alternative Energy

London

Bloomberg: ITM LN

ISIN: GB00B0130H42

Linde as strategic  
investor**RATING****PRICE TARGET**

Return Potential

Risk Rating

**ADD****GBp 60.00**

22.4%

High

## TRANSFORMATIONAL DEAL – PRICE TARGET RAISED

ITM Power has formed a worldwide joint venture (JV) to market green hydrogen projects with Linde Engineering – part of Linde AG, a world leading supplier of industrial, process and speciality gases. This gives ITM access to Linde's global client list and the opportunity to focus on its core competency, the development and construction of electrolyzers. We believe that Linde is an ideal partner for ITM as it is a world market leader in the gases market with deep hydrogen know-how. We anticipate a double dividend for ITM: higher revenues to due Linde's global reach and a better competitive position as it can concentrate on its core competency. Furthermore, Linde will participate in a large capital increase (minimum GBP 52m) and invest GBP 38m into ITM. Linde will thus become a strategic shareholder with a ca. 20% stake. The large capital increase will amount to max. GBP 58.8m, of which: GBP 38m Linde, GBP 14m firm placement with existing and new institutional investors, and GBP 6.8m open offer. It will fund the new production site with a final annual capacity of 1,000 MW, the development of a 5 MW electrolyser module, meet initial funding of the JV, and provide working capital. Given that interest and activity in the hydrogen market have substantially increased during the year, we anticipate high demand for the shares offered at GBp 40, which represents an 18% discount on the current share price. In our model, we assume a complete placement. We have incorporated the final 2019 figures and lowered our short-term forecasts due to a higher cost structure and IFRS 15-based later recognition of sales. We have raised our medium-term forecasts to reflect the improved prospects. ITM now has the opportunity to become a leading global manufacturer of electrolyzers. An updated DCF model yields a new price target of GBp 60 (previously: GBp 46). Following the strong share price increase in recent months, the upside potential to our price target is now below 25%. We thus downgrade the stock from Buy to Add.

(p.t.o.)

### FINANCIAL HISTORY & PROJECTIONS

	2017	2018	2019	2020E	2021E	2022E
Total income (GBP m)	9.23	14.10	17.56	13.91	28.31	56.57
Revenue (GBP m)	2.42	3.28	4.59	5.94	21.34	50.57
Y-o-y growth	n.a.	35.9%	39.8%	29.4%	259.4%	137.0%
EBIT (GBP m)	-3.55	-6.49	-9.35	-9.21	-7.02	-2.66
EBIT margin	-147.0%	-197.8%	-203.7%	-155.1%	-32.9%	-5.3%
Net income (GBP m)	-3.78	-6.12	-9.45	-8.65	-6.59	-2.47
EPS (diluted) (GBP)	-1.70	-2.13	-2.92	-2.18	-1.40	-0.53
FCF (GBPm)	-5.85	-9.57	-15.28	-20.39	-20.30	-15.61
Net gearing	-11.9%	-57.3%	-19.7%	-54.5%	-30.5%	-8.4%
Liquid assets (GBP m)	1.56	20.40	5.17	41.59	21.28	5.67

### RISKS

The main risks are financing, Brexit, unfavourable regulation, technological innovation, and increasing competition.

### COMPANY PROFILE

ITM Power designs and manufactures integrated hydrogen energy systems for energy storage, clean fuel production, and renewable chemistry. The group's product offering is based on PEM technology and is scalable to 100 MW. ITM is headquartered in Sheffield, UK, and has ca. 170 employees.

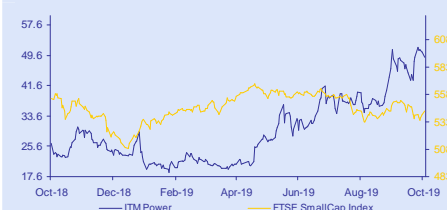
### MARKET DATA

As of 14 Oct 2019

Closing Price	GBp 49.00
Shares outstanding	324.01m
Market Capitalisation	GBp 158.76m
52-week Range	GBp 18.64 / 51.60
Avg. Volume (12 Months)	703,829

Multiples	2019	2020E	2021E
P/E	n.a.	n.a.	n.a.
EV/Sales	33.5	25.9	7.2
EV/EBIT	n.a.	n.a.	n.a.
Div. Yield	n.a.	n.a.	n.a.

### STOCK OVERVIEW



### COMPANY DATA

As of 30 Apr 2019

Liquid Assets	GBp 5.17m
Current Assets	GBp 38.98m
Intangible Assets	GBp 0.67m
Total Assets	GBp 45.39m
Current Liabilities	GBp 19.18m
Shareholders' Equity	GBp 26.21m

### SHAREHOLDERS

JCB Research	12.6%
Allianz SE	11.2%
Hargreaves Peter	8.8%
Other	25.8%
Free Float	41.5%



**JV with Linde will focus on large industrial projects** The JV will focus on delivering green hydrogen to large scale industrial projects with electrolyser capacities of 10 MW and above.

**Large capital increase will provide a solid financial basis for accelerated growth** The large capital increase will amount to max. GBP 58.8m, of which: GBP 38m Linde, GBP 14m firm placement with existing and new institutional investors, and GBP 6.8m open offer. It will fund the new production site with an annual capacity of 1,000 MW, the development of a 5 MW electrolyser module, meet initial funding of the JV with Linde, and provide working capital. During 2019, we have seen a surge in interest, political support, and activity (e.g. Hydrogenics takeover) in the hydrogen market. We anticipate high demand for the shares offered at GBp 40, which represents a 18% discount on the current share price.

**Linde as strategic shareholder very beneficial for ITM** Linde will participate in the capital increase and invest GBP 38m into ITM. Linde will thus become a strategic shareholder with a ca. 20% stake. We view Linde as an ideal partner for ITM as it is a world market leader in the gases market with deep hydrogen know-how. The investment shows Linde's trust in ITM's technology and is proof of ITM's leading position in the PEM electrolyser market. Furthermore, Linde has deep experience in engineering, procurement, and construction (EPC), and will do the EPC in the JV. We believe this to be a major advantage for ITM as, for larger projects, it will not face EPC risks.

**Total income grew 25% in FY2019** In FY2019, which ended 30 April, total income grew 25% to GBP 17.6m. It was driven by grant income recognised in the P&L (GBP 7.2m, +75% y/y) and direct sales (GBP 4.6m, +40% y/y). Grant income recognised on the balance sheet declined 14% to GBP 5.7m (see figure 1).

**Figure 1: Total income**

Total income (GBPm)	2019A	2019E	delta	2018A	delta
Revenue	4.59	6.56	-30%	3.28	40%
Grant income (P&L)	7.23	4.00	81%	4.14	75%
Grants receivable for capital projects	5.74	6.00	-4%	6.68	-14%
<b>Total income</b>	<b>17.56</b>	<b>16.56</b>	<b>6%</b>	<b>14.10</b>	<b>25%</b>

Source: First Berlin Equity Research, ITM Power Plc

The EBITDA loss amounted to GBP 7.5m and the loss from operations GBP 9.3m (see figure 2). The operating loss is attributable to the impact of producing first-of-a-kind large scale plants and installing it in new and varied situations. Furthermore, costs of recruitment increased as ITM is preparing for delivery of the future order book.

**Figure 2: Reported figures versus forecast**

in GBPm	2019A	2019E	Delta	2018	Delta
Total income	17.56	16.56	6.0%	14.10	24.5%
Revenue	4.59	6.56	-30.0%	3.28	39.8%
EBITDA	-7.45	-6.66	-	-4.78	-
EBIT	-9.35	-8.57	-	-6.49	-
Net result	-9.45	-8.04	-	-6.12	-
EPS (GBP, diluted)	-2.9	-2.5	-	-2.1	-

Source: First Berlin Equity Research, ITM Power Plc



**Negative operating cash flow** The net loss and higher working capital requirements resulted in negative operating cash flow of GBP -11.7m. Cash flow from investment activities was GBP -3.5m due to CAPEX of GBP 4.6m and grants received of GBP 1.1m. As cash flow from financing activities was negligible, net cash outflow amounted to GBP 15.2m resulting in a cash position at year end (30 April 2019) of GBP 5.2m.

**Relevant revenue contributions from all three segments** The segment sales split shows that ITM passed the GBP 1m threshold in all three segments. Refuelling was the largest revenue contributor with GBP 2.4m (see figure 3).

**Figure 3: Segment sales split**

Segment sales split (GBPm)	2019A	2018A	delta
Power-to-gas	1.08	1.64	-34%
Refuelling	2.37	0.75	214%
Industrial	1.05	0.86	23%
Other	0.09	0.03	167%
<b>Revenue (income statement)</b>	<b>4.59</b>	<b>3.28</b>	<b>40%</b>

Source: First Berlin Equity Research, ITM Power Plc

In the Power-to-Gas segment, the Dutch project with GasUnie was the main revenue contributor with ca. GBP 0.9m. The official opening of BIG HIT (Building Innovative Green Hydrogen Systems in an Isolated Territory), which uses an ITM electrolyser, in Orkney provided a reference blueprint for renewable hydrogen deployment for island systems. Moreover, ITM is undertaking a feasibility study (Centurion) to deploy 100MW Power-to-Gas (P2G) energy storage in Cheshire. ITM is also part of a consortium, which was awarded GBP 14.9m over four years by Ofgem to fund two decarbonised domestic heating trials in the north of England (HyDeploy and HyDeploy 2) in the largest gas Network Innovation Competition (NIC) project ever and the first to inject green hydrogen into a UK gas grid.

In the Clean Fuel segment, the French bus hydrogen refuelling station (HRS) project was the largest revenue contributor (GBP 1.7m). ITM has 15 wholly owned HRS assets in its portfolio, eight are fully open to the public, and seven are in various stages of construction. In FY2019, ITM was awarded further GBP 1.8m by OLEV to deliver another refuelling station. Furthermore, ITM extended the UK refuelling collaboration agreement with Shell to 2024 and to all hydrogen vehicle types. ITM now has 33 hydrogen fuel contracts in total (2018: 20) with fuel sales doubling y/y to 32 tonnes for the period. In FY2020, two bus refuelling stations – Birmingham and Pau in France – are due to open.

In the Industrial segment, we assume that ITM's flagship refinery project with Shell was the main revenue contributor (FBe: GBP 0.4m). The project is on schedule and progressing well. Finally, ITM won the competition of the Department of Business, Energy & Industrial Strategy (BEIS) to demonstrate delivery of bulk, low-cost and zero carbon hydrogen through GW scale PEM electrolysis in partnership with the Danish offshore wind operator Orsted.

**Order backlog looks set to rise substantially** At the beginning of September 2019, ITM had GBP 17.1m of existing projects under contract and a further GBP 16.1m in the later stages of negotiation (GBP 33.2m in total, August 2018: GBP 30.6m, +8%). In addition, the Group has a qualified opportunity pipeline of GBP 379m of commercial sales (September 2017: GBP 200m), which consists of over 50 separate projects, across all three end markets (industrial, power-to-gas storage, and clean fuel). Given the strongly increasing global market activity, we are optimistic that order entry will be strong in coming months. The surge in the tender opportunity pipeline illustrates growth in the global hydrogen economy.



**German subsidiary very well positioned to benefit from significantly increased activity in the German market**

The German Federal Ministry of Economic Affairs supports 20 projects, so-called “real laboratories”, with €100m p.a. in total to test CO<sub>2</sub> poor technologies and storage on an industrial scale. Many of the projects plan the installation of large electrolyzers (10-100 MW each). ITM has reported that a lot of industrial players are actively engaging with the German subsidiary.

**New global manufacturing HQ at Bessemer Park in Sheffield**

The new manufacturing facility will have an electrolyser manufacturing capacity of up to 1GW (1,000 MW) per annum, the largest in the world. ITM expects to occupy the building from spring 2020 and complete its own technical and industrial fit out and transition the majority of its operations by summer 2020. The new facility looks set to deliver economies of scale and thus lower costs per MW.

**WACC lowered to reflect the lower financial and operational risk**

The Linde investment in ITM, the JV with Linde, and the expected additional funds from the capital increase lower ITM's financial and operational risk. We have thus reduced our WACC from 10.5% to 10.0%.

**Medium-term forecasts raised due to Linde JV, short-term forecasts lowered to reflect IFRS 15 impact and higher cost structure**

We believe that the Linde JV will increase demand for ITM's electrolyzers and have raised our medium-term forecasts. Assuming that the new production site will have an output of ca. 600 MW in 2026, which should be achievable given that the planned maximum capacity is 1,000 MW, and assuming a specific price of ca. GBP 0.5m per MW for electrolyzers in 2026 (currently: ca. GBP 1.0m/MW), this would result in ca. GBP 300m from electrolyser sales.

The application of IFRS 15 will postpone revenue recognition as ITM's construction contracts are often long-term (>1y). We have thus lowered our short-term revenue forecasts (see figure 4). In 2019, costs were higher than forecast, and we expect ITM to increase spending for personnel, R&D, and marketing, given the higher financial leeway after the capital increase. We have thus lowered our short-term earnings forecasts.

**Figure 4: Revisions to forecasts**

in GBPm	2020E			2021E			2022E		
	Old	New	Delta	Old	New	Delta	Old	New	Delta
Total income	23.44	13.91	-40.6%	36.65	28.31	-22.7%	56.79	56.57	-0.4%
Sales	15.44	5.94	-61.5%	28.65	21.34	-25.5%	50.79	50.57	-0.4%
EBIT	-5.41	-9.21	-	-1.31	-7.02	-	3.27	-2.66	-
margin	-35.0%	-155.1%	-	-4.6%	-32.9%	-	6.4%	-5.3%	-
Net income	-5.07	-8.65	-	-1.37	-6.59	-	2.76	-2.47	-
margin	-32.8%	-145.7%	-	-4.8%	-30.9%	-	5.4%	-4.9%	-
EPS (diluted) in GBp	-1.6	-2.2	-	-0.4	-1.4	-	0.9	-0.5	-

Source: First Berlin Equity Research

**Price target increased, stock downgraded to Add**

An updated DCF model yields a new price target of GBp 60 (previously: GBp 46). Following the share price increase in recent months, the upside potential to our price target is now below 25%. We thus downgrade the stock from Buy to Add.



## VALUATION MODEL

DCF valuation model								
All figures in GBP '000	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Net sales	5,938	21,340	50,570	101,140	161,824	226,554	305,848	351,725
NOPLAT	-9,212	-7,019	-2,657	6,331	12,106	17,131	23,502	27,803
+ depreciation & amortisation	1,890	2,766	3,177	3,042	3,348	4,814	6,958	9,616
Net operating cash flow	-7,323	-4,252	519	9,373	15,454	21,945	30,459	37,419
- total investments (CAPEX + WC - grants)	-13,624	-16,481	-16,315	-11,448	-12,707	-15,750	-19,482	-19,640
Capital expenditures	-10,451	-7,896	-7,080	-7,586	-11,504	-15,220	-19,352	-20,880
Working capital	-8,173	-12,586	-13,235	-7,863	-5,202	-4,529	-4,130	-3,760
Grants received	5,000	4,000	4,000	4,000	4,000	4,000	4,000	5,000
Free cash flows (FCF)	-20,946	-20,734	-15,796	-2,075	2,747	6,195	10,977	17,779
PV of FCF's	-19,876	-17,891	-12,396	-1,481	1,782	3,655	5,890	8,675

All figures in thousands	
PV of FCFs in explicit period (2020E-2034E)	54,326
PV of FCFs in terminal period	163,759
Enterprise value (EV)	218,084
+ Net cash / - net debt (pro forma)	63,994
+ Investments / minority interests	0
Shareholder value	282,078
Diluted number of shares	471,062
Fair value per share in GBP	59.9

WACC		Terminal growth rate							
		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	
Cost of equity	11.1%	6.0%	129.4	136.4	144.9	155.5	169.3	187.6	213.4
Pre-tax cost of debt	8.0%	7.0%	101.6	105.6	110.3	116.0	122.9	131.6	142.8
Tax rate	19.4%	8.0%	82.0	84.4	87.2	90.4	94.3	98.9	104.5
After-tax cost of debt	6.5%	9.0%	67.6	69.1	70.8	72.7	75.0	77.6	80.7
Share of equity capital	75.0%	10.0%	56.7	57.6	58.7	59.9	61.2	62.8	64.6
Share of debt capital	25.0%	11.0%	48.2	48.8	49.5	50.2	51.1	52.1	53.1
		12.0%	41.5	41.9	42.3	42.8	43.4	44.0	44.6
		13.0%	36.1	36.4	36.7	37.0	37.3	37.7	38.1
Price target in GBP	60.0								

\* for layout purposes the model shows numbers only to 2027, but runs until 2034



## INCOME STATEMENT

All figures in GBP '000	2017A	2018A	2019A	2020E	2021E	2022E
<b>Total income</b>	<b>9,230</b>	<b>14,100</b>	<b>17,559</b>	<b>13,912</b>	<b>28,313</b>	<b>56,570</b>
<b>Revenues</b>	<b>2,415</b>	<b>3,283</b>	<b>4,589</b>	<b>5,938</b>	<b>21,340</b>	<b>50,570</b>
Cost of goods sold	1,757	3,438	5,755	4,750	16,859	37,928
<b>Gross profit</b>	<b>658</b>	<b>-155</b>	<b>-1,166</b>	<b>1,188</b>	<b>4,481</b>	<b>12,643</b>
S&M	1,528	1,455	1,713	1,800	2,100	2,700
G&A	2,202	3,086	4,738	4,800	5,100	6,200
R&D	2,023	1,792	2,327	2,400	2,900	3,900
Prototype production & engineering	2,615	4,144	6,202	4,400	4,400	4,500
Grant income	4,160	4,138	6,799	3,000	3,000	2,000
<b>Operating income (EBIT)</b>	<b>-3,550</b>	<b>-6,494</b>	<b>-9,347</b>	<b>-9,212</b>	<b>-7,019</b>	<b>-2,657</b>
Net financial result	0	18	29	6	11	25
<b>Pre-tax income (EBT)</b>	<b>-3,550</b>	<b>-6,476</b>	<b>-9,318</b>	<b>-9,206</b>	<b>-7,008</b>	<b>-2,632</b>
Income taxes	230	-360	133	-552	-420	-158
Minority interests	0	0	0	0	0	0
<b>Net income / loss</b>	<b>-3,780</b>	<b>-6,116</b>	<b>-9,451</b>	<b>-8,654</b>	<b>-6,587</b>	<b>-2,474</b>
<b>Diluted EPS (in GBp)</b>	<b>-1.7</b>	<b>-2.1</b>	<b>-2.9</b>	<b>-2.2</b>	<b>-1.4</b>	<b>-0.5</b>
<b>EBITDA</b>	<b>-2,346</b>	<b>-4,782</b>	<b>-7,450</b>	<b>-7,323</b>	<b>-4,252</b>	<b>519</b>
<b>Ratios</b>						
Gross margin	27.2%	-4.7%	-25.4%	20.0%	21.0%	25.0%
EBITDA margin on revenues	-97.1%	-145.7%	-162.3%	-123.3%	-19.9%	1.0%
EBIT margin on revenues	-147.0%	-197.8%	-203.7%	-155.1%	-32.9%	-5.3%
Net margin on revenues	-156.5%	-186.3%	-205.9%	-145.7%	-30.9%	-4.9%
Tax rate	-6.5%	5.6%	-1.4%	6.0%	6.0%	6.0%
<b>Expenses as % of revenues</b>						
S&M	63.3%	44.3%	37.3%	30.3%	9.8%	5.3%
G&A	91.2%	94.0%	103.2%	80.8%	23.9%	12.3%
R&D	83.8%	83.8%	83.8%	83.8%	83.8%	83.8%
Prototype production & engineering	108.3%	126.2%	135.1%	74.1%	20.6%	8.9%
<b>Y-Y Growth</b>						
Revenues	n.a.	35.9%	39.8%	29.4%	259.4%	137.0%
Operating income	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.
Net income / loss	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.



## BALANCE SHEET

All figures in GBP '000	2017A	2018A	2019A	2020E	2021E	2022E
<b>Assets</b>						
<b>Current assets, total</b>	<b>14,846</b>	<b>39,558</b>	<b>38,982</b>	<b>84,209</b>	<b>83,674</b>	<b>87,067</b>
Cash and cash equivalents	1,558	20,403	5,173	41,585	21,283	5,670
Short-term investments	0	0	0	0	0	0
Receivables	12,528	18,500	31,903	40,671	58,466	76,202
Inventories	760	655	1,906	1,952	3,926	5,196
Other current assets	0	0	0	0	0	0
<b>Non-current assets, total</b>	<b>4,899</b>	<b>4,809</b>	<b>6,411</b>	<b>11,972</b>	<b>13,101</b>	<b>13,005</b>
Property, plant & equipment	4,519	4,454	5,742	9,114	10,031	9,696
Goodwill & other intangibles	380	355	669	858	1,070	1,308
Other assets	0	0	0	2,000	2,000	2,000
<b>Total assets</b>	<b>19,745</b>	<b>44,367</b>	<b>45,393</b>	<b>96,181</b>	<b>96,776</b>	<b>100,072</b>
<b>Shareholders' equity &amp; debt</b>						
<b>Current liabilities, total</b>	<b>6,675</b>	<b>8,776</b>	<b>19,184</b>	<b>19,826</b>	<b>27,008</b>	<b>32,778</b>
Short-term debt	0	0	0	0	0	0
Accounts payable	6,666	7,928	17,579	18,221	25,403	31,173
Current provisions	9	848	1,605	1,605	1,605	1,605
Other current liabilities	0	0	0	0	0	0
<b>Long-term liabilities, total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term debt	0	0	0	0	0	0
Deferred revenue	0	0	0	0	0	0
Other liabilities	0	0	0	0	0	0
<b>Minority interests</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Shareholders' equity</b>	<b>13,070</b>	<b>35,591</b>	<b>26,209</b>	<b>76,355</b>	<b>69,767</b>	<b>67,293</b>
Share capital	12,531	16,200	16,200	17,670	17,670	17,670
Capital reserve	61,930	86,631	86,631	143,961	143,961	143,961
Other reserves	-2,169	-1,902	-1,862	-1,862	-1,862	-1,862
Treasury stock	0	0	0	0	0	0
Loss carryforward / retained earnings	-59,222	-65,338	-74,760	-83,414	-90,002	-92,476
<b>Total consolidated equity and debt</b>	<b>19,745</b>	<b>44,367</b>	<b>45,393</b>	<b>96,181</b>	<b>96,776</b>	<b>100,072</b>
<b>Ratios</b>						
Current ratio (x)	2.22	4.51	2.03	4.25	3.10	2.66
Quick ratio (x)	2.11	4.43	1.93	4.15	2.95	2.50
Net debt	-1,558	-20,403	-5,173	-41,585	-21,283	-5,670
Net gearing	-11.9%	-57.3%	-19.7%	-54.5%	-30.5%	-8.4%
Book value per share (in GBP)	0.06	0.12	0.08	0.19	0.15	0.14
Return on equity (ROE)	-28.9%	-17.2%	-36.1%	-11.3%	-9.4%	-3.7%



## CASH FLOW STATEMENT

All figures in GBP '000	2017A	2018A	2019A	2020E	2021E	2022E
<b>EBIT</b>	<b>-3,550</b>	<b>-6,494</b>	<b>-9,347</b>	<b>-9,212</b>	<b>-7,019</b>	<b>-2,657</b>
Depreciation and amortisation	1,204	1,712	1,897	1,890	2,766	3,177
<b>EBITDA</b>	<b>-2,346</b>	<b>-4,782</b>	<b>-7,450</b>	<b>-7,323</b>	<b>-4,252</b>	<b>519</b>
Changes in working capital	-3,076	-3,602	-5,003	-8,173	-12,586	-13,235
Other adjustments	374	379	661	558	431	183
<b>Operating cash flow</b>	<b>-5,048</b>	<b>-8,005</b>	<b>-11,792</b>	<b>-14,937</b>	<b>-16,407</b>	<b>-12,533</b>
Investments in PP&E	-3,293	-8,622	-4,125	-10,095	-7,469	-6,574
Investments in intangibles	-151	-76	-436	-356	-427	-506
Grants received against purchases of PP&E	2,646	7,130	1,073	5,000	4,000	4,000
<b>Free cash flow</b>	<b>-5,846</b>	<b>-9,573</b>	<b>-15,280</b>	<b>-20,388</b>	<b>-20,302</b>	<b>-15,613</b>
Acquisitions & disposals, net	4	1	0	-2,000	0	0
<b>Investment cash flow</b>	<b>-794</b>	<b>-1,567</b>	<b>-3,488</b>	<b>-7,451</b>	<b>-3,896</b>	<b>-3,080</b>
Debt financing, net	0	0	0	0	0	0
Equity financing, net	5,732	29,358	0	58,800	0	0
Dividends paid	0	0	0	0	0	0
Other financing	-267	-970	29	0	0	0
<b>Financing cash flow</b>	<b>5,465</b>	<b>28,388</b>	<b>29</b>	<b>58,800</b>	<b>0</b>	<b>0</b>
FOREX & other effects	45	29	3	0	0	0
<b>Net cash flows</b>	<b>-332</b>	<b>18,845</b>	<b>-15,248</b>	<b>36,412</b>	<b>-20,302</b>	<b>-15,613</b>
Cash, start of the year	1,890	1,558	20,403	5,173	41,585	21,283
<b>Cash, end of the year</b>	<b>1,558</b>	<b>20,403</b>	<b>5,155</b>	<b>41,585</b>	<b>21,283</b>	<b>5,670</b>
<b>EBITDA/share (in GBp)</b>	<b>-1.1</b>	<b>-1.7</b>	<b>-2.3</b>	<b>-1.8</b>	<b>-0.9</b>	<b>0.1</b>
<b>Y-Y Growth</b>						
Operating cash flow	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.
Free cash flow	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.
EBITDA/share	n.a.	n.m.	n.m.	n.m.	n.m.	n.m.



**FIRST BERLIN RECOMMENDATION & PRICE TARGET HISTORY**

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	20 February 2019	GBp21.55	Buy	GBp43.00
	↓	↓	↓	↓
2	12 June 2019	GBp32.50	Buy	GBp43.00
3	2 July 2019	GBp34.95	Buy	GBp46.00
4	Today	GBp49.00	Add	GBp60.00

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Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy <sup>1</sup>	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%

<sup>1</sup> The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

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