7C Solarparken AG

Date: 01/23/2017

Recommendation	Buy		
before:	-	as of	-
Target price (EUR)	**2.85**		
Price (Xetra) (EUR)	2.35		
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Share price potential	21%		

Development to a Tier 2 player offers upside potential

- In the past years 7C Solarparken has delivered strong growth of the installed capacity (100 (end of 2014: 67) MWp) and adjusted EBITDA (our forecast 2016E: EUR24m (2014: 11.2)). Despite low interest rates 7C Solarparken can improve project IRR's by optimising solar parks, building parks at low costs and using losses carried forward. We think the company can well achieve its now more ambitious targets (capacity end of 2017E: 115 (before: 105) MWp; annualised adjusted EBITDA 2018E: EUR28.9m).
- The planned portfolio expansion should start again in H2 2017E. We feel the main driver for the share will be the development into a Tier 2 player e.g. by acquiring another company. This strategy makes sense given limited organic growth opportunities. Economies of scale, cost savings and deleveraging are the main rationales. This could increase CFPS and accelerate growth.
- Given the attractive valuation (P/CF ratio 2018E: 4.5 (peer group median: 7.0)) we initiate our coverage with a Buy recommendation and a price target of EUR2.85. There is still upside potential as larger companies tend to trade at higher multiples.

	2013*	2014**	2015	2016E	2017E	2018E
Revenues	10.2	14.6	25.4	29.6	32.6	34.3
EBITDA	9.6	16.7	24.9	25.1	27.4	29.1
EBITDA margin	93.7%	115.0%	98.2%	84.7%	83.9%	85.0%
Net income	0.4	7.4	5.5	3.2	4.7	6.0
Net margin	3.9%	50.7%	21.7%	10.7%	14.5%	17.5%
Earnings per share	0.02	0.28	0.16	0.08	0.11	0.13
Dividend per share	0.00	0.00	0.00	0.00	0.10	0.11
Equity ratio	21.0%	18.5%	23.5%	25.0%	27.7%	30.0%
Net financial debt / EBITDA	6.3	6.0	5.7	6.3	5.8	5.0
Net gearing	3.1	3.4	2.5	2.4	2.1	1.8
FFO	5.1	7.0	14.1	18.0	21.8	24.4
Cash earnings	5.2	6.4	13.9	14.8	18.2	24.2
FFO per share	0.24	0.26	0.41	0.42	0.50	0.53
FFO yield	20.7%	19.7%	21.3%	18.2%	21.1%	22.3%
Cash earnings yield	20.8%	18.1%	21.1%	15.1%	17.7%	22.2%
EV / EBITDA	11.3	10.6	9.1	10.4	9.5	8.9
P / E ratio	62.7	4.8	12.0	31.0	21.9	18.2
P / CF ratio	6.6	5.3	4.9	6.8	5.7	4.5
Dividend yield	0.0%	0.0%	0.0%	0.0%	4.3%	4.7%

Figures in EURm except EPS, DPS and FFO per share (EUR), Source: Independent Research; 7C Solarparken AG

* 7C Solarparken NV (without COLEXON) ** COLEXON consolidated since September 9, 2014

Company data	
Sector	Energy
Market segment	General Standard
ISIN	DE000A11QW68
Reuters	HRPKk.DE
Bloomberg	HRPK

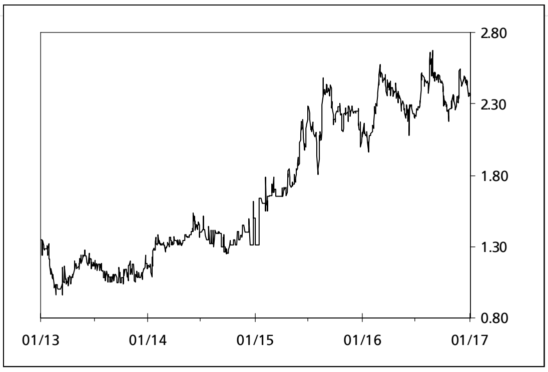
Share data		
Shares (m)		43.298
Free float		43.7%
Market cap. (EURm)		101.8
∅ Trading volume (number of shares)		54,687
52W High	09/15/16	EUR2.72
52W Low	01/21/16	EUR1.80

Events	
Q4 figures	April 2017
Annual General Meeting	July 2017

Performance	absolute	relative to DAX
1 month	2.6%	-0.4%
3 months	-1.6%	-11.9%
6 months	8.8%	-7.1%
12 months	16.4%	-0.3%

Index weighting

No index membership



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Valuation

Valuation summary

Fair value of EUR2.86 per share

We value the share of 7C Solarparken with a DCF model and a peer group analysis. Our valuation models and forecasts already include the planned expansion of the IPP portfolio to 115 (currently: 100) MWp until the end of 2017E. The DCF model considers the guaranteed feed-in tariffs for 20 years and the achievable market price for electricity thereafter. 7C Solarparken has a cash flow driven business model. That is why we use cash flow based multiples in our peer group analysis. For 7C Solarparken, we calculate an average fair market value of equity of EUR132.7m, which also includes the value of the PV real estate of EUR9.4m. Based on 46.394m shares (already accouning for the recent capital increase of 0.766m shares, another planned capital increase in 2017E and the convertible bond) this makes EUR2.86 per share. We think the fair value is justified given the strong cash flow of 7C Solarparken (implied EV / EBITDA 2018E of 10.0 (peer group median: 8.4) but implied P / CF ratio 2018E of just 5.5 (peer group median: 7.0).

Accounted for capital increases and convertible bond

7C Solarparken AG
Valuation summary
in EURm

	Fair value	Weighting	
Discounted cash flow model	2.80	50%	
Peer group analysis	2.92	50%	
Weighted fair value	2.86		
Price target			**2.85**

Source: Independent Research

DCF model

Sale of electricity at market prices after expiry of feed-in tariffs after 20 years

The German Renewable Energy Act guarantees feed-in tariffs for 20 years. The average feed-in tariff of the IPP portfolio of 7C Solarparken is about EUR310/MWh. However, solar parks can be operated also after 20 years (fully depreciated, all debt is repaid, low operating costs). We suppose the solar parks to be run for 30 years (7C Solarparken owns about one third of the PV real estate allowing for the operation of the solar parks for 30 years; there are options for currently about 50% of the remaining PV real estate to prolongate the land lease contracts). After expiry of the guaranteed feed-in tariffs we estimate the price for electricity at EUR70/MWh. This is based on electricity peak price forward contracts of about EUR35/MWh plus grid fees of about EUR35/MWh (average of several German grid operators; 7C Solarparken can directly supply the medium-voltage power grid). Until 2026E we expect EBITDA margins of over 80% (all solar parks with guaranteed feed-in tariffs). In 2038E all solar parks will provide electricity at market prices. The EBITDA margin will drop to about 40%. The last solar park is to cease operations in 2047E. We calculate a WACC of 4.9% with a beta of 1.0. Altogether, we compute a fair value of equity of EUR130.1m or EUR2.80 per share. The terminal value (period in which solar parks successively cease operations) only makes up 2.8% of the total value.

DCF model: fair value of EUR2.80 per share

7C Solarparken AG
Discounted cash flow model

in EURm	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E
Revenues	32.6	34.3	34.3	34.3	34.3	34.3	34.3	34.3	34.3	34.3
Revenue growth	10.3%	5.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT margin	34.6%	35.0%	34.9%	34.9%	34.9%	34.9%	34.9%	34.9%	34.9%	34.9%
EBIT	**11.3**	**12.0**	**12.0**	**12.0**	**12.0**	**12.0**	**12.0**	**12.0**	**12.0**	**12.0**
- Income taxes	-0.3	-0.7	-1.1	-1.4	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8
+ Amortisation and depreciation	16.1	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2
+/- Change in long-term provisions	-1.7	0.8	0.9	1.0	1.1	1.1	1.1	1.1	1.1	1.1
+/- Others (e.g. minority interests)	0.2	0.3	0.4	0.5	0.6	0.6	0.6	0.6	0.6	0.6
Gross operating cash flow	**25.5**	**29.5**	**29.5**	**29.3**	**29.1**	**29.1**	**29.1**	**29.1**	**29.1**	**29.1**
-/+ Changes in net working capital	-0.2	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Investments in fixed assets	-14.9	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2
Free cash flow	**10.3**	**29.1**	**29.3**	**29.2**	**29.0**	**29.0**	**29.0**	**29.0**	**29.0**	**29.0**
Present values	**9.9**	**26.5**	**25.4**	**24.1**	**22.8**	**21.7**	**20.7**	**19.7**	**18.8**	**17.9**
Total present values (2017E to 2026E)	207.4									
Total present values (2027E to 2038E)	64.2									
Terminal value	7.7		in % of total value:	3%						
Value of operating business	**279.3**									
+ Cash and cash equivalents	21.7									
- Financial debt / pension provisions	-180.3									
'+ PV real estate	9.4									
Fair market value of equity	**130.1**									
Number of shares outstanding (m)	46.394									
Fair value per share (EUR)	**2.80**									

Model parameters

Target capital structure:		Equity:	25%	Debt:	75%
Risk-free rate:	3.0%	Beta:	1.0	Risk prem. debt:	1.5%
		Risk prem.:	5.0%	Tax shield:	15.0%
		Cost equity:	8.0%	Cost of debt:	3.8%
		WACC:	4.9%	Date:	01/23/17

Source: Independent Research

Sensitivity analysis (EUR)

	Discount rate (WACC)			
	4.4%	4.9%	5.4%	5.9%
	3.05	**2.80**	2.58	2.36

Source: Independent Research

Peer group analysis: fair value of EUR2.92 per share

Peer group analysis

The peer group consists of renewable energy companies operating solar, wind or hydrogen parks. Since both 7C Solarparken and the peer group companies have cash flow driven business models we use the cash flow based multiples EV / EBITDA and P / CF ratio. Compared to the peer group 7C Solarparken excels with a lean cost structure and an above-average cash flow generation (2017E: 55% of revenues vs. peer group median of 37%). However, the leverage is still somewhat higher (net financial debt / EBITDA 2017E: 5.8 vs. peer group median of 5.1). We calculate a fair value of equity of EUR135.4m or EUR2.92 per share.

7C Solarparken AG
Peer group analysis

	Renewable Energy	Countries	EV / EBITDA 2017E	EV / EBITDA 2018E	P / CF ratio 2017E	P / CF ratio 2018E
8Point3 Energy Partners	Solar	USA	17.0	13.0	70.7	41.4
ABO Invest	Wind	Germany, France, Ireland	7.5	7.2	3.3	3.2
Alerion Cleanpower	In particular wind	Spain	8.1	8.1	5.2	5.1
Algonquin Power & Utilities	Wind, solar, water	Canada, USA	7.5	6.9	7.9	7.8
Arise	Wind	Sweden	12.8	10.2	5.8	5.8
Atlantica Yield	Solar, wind, water	USA, Spain, South America	10.2	9.6	11.6	8.2
aventron	Wind, solar, water, etc.	Germany, France, Switzerland	8.9	8.1	8.8	8.6
Boralex	Wind, water	Canada, USA, France	8.7	7.8	7.9	6.8
Brookfield Renewable Partner	Water, wind, thermal	Canada, USA, South America etc.	11.6	11.6	26.9	25.7
Capital Stage	Solar, wind	Germany, Italy, France	8.8	8.4	6.4	6.1
Etrion	Solar	Italy, Chile, Japan	23.0	13.2	-	-
Falck Renewables	Wind, biomass, solar	UK, Italy, Spain, France	6.4	6.1	3.7	3.5
Futuren	Wind	Germany, France, Italy	8.5	8.6	-	-
Greentech Energy Systems	Wind, solar	Italy, Spain, Denmark, Germany	5.7	5.7	27.6	26.5
Innergex Renewable Energy	Wind, water	Canada, USA	13.3	12.9	8.9	9.3
Northland Power	Wind, wolar, water	Canada, Europe	15.6	11.0	10.3	7.2
Pattern Energy Group	Particularly win, solar	USA, Canada, South America	10.3	8.8	9.6	9.0
Saeta Yield	Wind, solar	Spain	7.9	7.8	3.9	4.1
Scatec Solar	Solar	South Africa, Czech, Brazil, USA	9.3	5.5	7.8	4.8
Terna Energy	Wind, water	Greece, Poland, USA	6.4	5.0	-	-
Terraform Power	Solar	USA, Chile	12.5	12.6	4.7	4.6
Transalta Renewables	Water, wind	Canada	10.9	9.8	11.9	10.8
Voltalia	Wind, solar, water, etc.	France, Marocco, Greece etc.	11.0	7.5	6.6	5.4
Median			9.3	8.4	7.9	7.0
Average			10.5	8.9	12.5	10.2
Standard deviation			4.0	2.5	15.2	9.7
7C Solarparken AG	Solar	Germany	9.5	8.9	5.7	4.5

in EURm, OCFPS in EUR	EBITDA 2017E	EBITDA 2018E	Op. cash flow per share 2017E	Op. cash flow per share 2018E
7C Solarparken AG	27.4	29.1	0.41	0.52
Fair enterprise value (EV) (EURm)	254.8	246.3		
Fair value per share (EUR)			3.24	3.65
Cash and cash equivalents (EURm)	21.7			
Financial debt (EURm)	-180.3			
Fair market value (EURm)	96.2	87.6		
PV real estate (EURm and EUR per share)	9.4	9.4	0.21	0.21
Fair market value incl. PV real estate	105.6	97.0		
Number of shares outstanding (m)	46.394			
Fair market value per share	2.28	2.09	3.45	3.85
Average	2.18		3.65	
Weighting	50%		50%	
Weighted fair market value per share (EUR)	2.92			

Source: Independent Research; Bloomberg

Closing share price as of 01/20/17

Please notice the advice regarding possible conflicts of interests as well as the disclaimer at the end of this document

Financial, balance sheet and income analysis

Investment case and business plan 2016 to 2018

Stable cash flow driven business model

7C Solarparken is a pure solar park operator with the focus on Germany (mainly Bavaria, Saxony, Rhineland-Palatinate and Saxony-Anhalt) and a current capacity of 100 MWp. Due to feed-in tariffs guaranteed by the state for 20 years (Renewable Energy Act; average feed-in tariff of the IPP portfolio: about EUR310/MWh) 7C Solarparken has stable and well predictable cash flows. The unique strategy differentiates 7C Solarparken from most competitors:

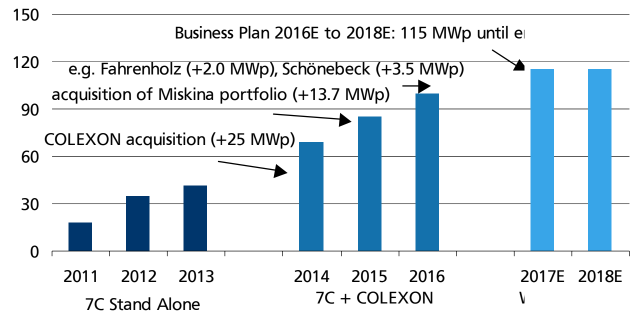
- Solar parks with a capacity of 1 to 5 MWp: segment not addressed by other players
- Special know-how in solar park optimisation: buying underperforming assets and increasing performance e.g. by replacing modules/converters or cleaning panels
- PV real estate: save rental expenses over lifetime of PV park by acquiring the PV real estate (yield target: 8% p.a.); perpetual value; further use of land after life of PV park
- O&M: lowering costs due to own operations of all (acquired) PV parks
- Leverage low IRR projects: improve IRR of newly built solar parks by using existing components (converters) and losses carried forward in the AG (IRR of 7.5% vs. normally 4.5%)

Track record in solar park optimisations as well as EBITDA and CFPS growth

The management has a remarkable track record by integrating COLEXON, increasing the installed capacity to 100 (end of 2014: 69) MWp as well as improving adjusted EBITDA to over EUR24m (guidance 2016E; our forecast: 24.0; 2014: 11.2). Having nearly achieved the targets of the business plan 2015 to 2017, 7C Solarparken has set more ambitious goals in the business plan 2016 to 2018. Given the project pipeline (recent three solar parks with 3.2 MWp constructed or acquired; construction of PV park Großfurra with 4.1 MWp will start shortly) we think 7C Solarparken is well underway to meet the target of 115 (previous goal: 105) MWp at the end of 2017E. The capacity is mainly increased by constructing or acquiring newly built solar parks with lower feed-in tariffs of EUR70/MWh to EUR100/MWh. Therefore, annualised EBITDA is to be increased by "just" EUR1.7m to EUR28.9m. Nevertheless, this strategy makes sense. For the new capacities, EBITDA is EUR0.10m/MWp (Miskina portfolio: 0.34) but capex is only EUR1.23m/MWp (Miskina portfolio: 3.3). 7C Solarparken can also use losses carried forward in the AG, thus increasing CFPS (target 2018E: EUR0.53 (our forecast: 0.53)) despite the diluting capital increases (EUR3.4m in 2017E of which EUR1.8m were recently placed) and the convertible bond (EUR2.5m).

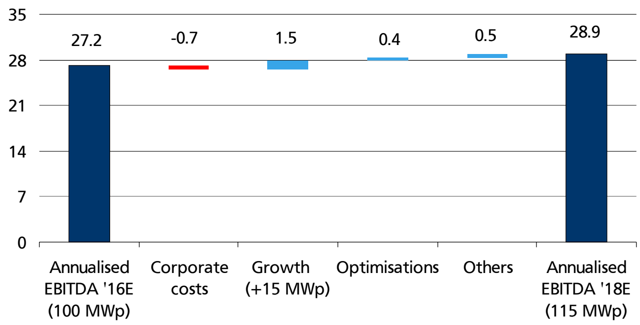
More ambitious targets set for 2017E and 2018E

Installed capacity (MWp)



Source: Independent Research; 7C Solarparken AG

Business Plan 2016E to 2018E: EBITDA target



Source: 7C Solarparken AG

SWOT analysis

Strenghts	Weaknesses
▪ Stable cash flow driven business model (feed-in tariffs guaranteed for 20 years; stronger cash flows than peer group) ▪ Improved margins due to know-how in plant optimisation, PV real estate, own plant operations and use of losses carried forward ▪ Track record with respect to the acquisition and construction of solar parks (e.g. integration of COLEXON and Miskina portfolio) ▪ Exceeded targets (e.g. at the end of 2016 91% of the EBITDA growth targeted until the end of 2017 were already achieved)	▪ IPP portfolio partially consists of small solar parks (management may become more challenging in a larger entity) ▪ Capacity expansion partially financed with capital increase and convertible bond (dilution); high cash collateral not available for financing ▪ Still some inheritated burden from the old COLEXON (in the worst case about EUR2.7m)
Opportunities	**Threats**
▪ Create shareholder value by growing to a Tier 2 player (market cap.: over EUR200m) with higher valuation multiples ▪ Increased size allows to invest in larger portfolios, diversify in other regions and renewable energies and better use economies of scale ▪ Declining module prices (overcapacities) allow to build profitable new solar parks and easier optimise existing solar parks ▪ Favourable conditions due to low interest rate environment (reduce interest expenses; investors demand low IRR's)	▪ Planned transactions in 2018E (become Tier 2 player) might lead to a dilution for existing shareholders ▪ Optimisations of PV parks is more challenging for a larger Tier 2 player; realisation of economies of scale becomes key profit driver ▪ Increasing competition for real assets like solar parks and PV real estate due to low interest rates and pressure on investors to invest ▪ Increasing interest rates (also in the US) makes low IRR stocks and dividend stocks less attractive for investors

Source: Independent Research

Creating shareholder value as a Tier 2 player

Seize consolidation opportunities due to low IRR environment and limited attractive new-built projects

With respect to market cap and installed capacity, 7C Solarparken has surpassed the EUR100m and 100 MWp threshold. However, the company is still a small player. The goal to develop 7C Solarparken into a Tier 2 player (market cap: >EUR200m) until the end of 2018E makes sense:

- Construction/acquisition of newly built solar parks comes with low margins and IRR's
- Capacities for newly constructed solar parks are capped
- Prices for the acquisition of existing portfolios have increased considerably
- Institutional investors are willing to accept low yields but look for larger portfolios
- Optimisation of solar parks is limited but potential to realise economies of scale
- Larger operators of renewable energy assets trade at higher multiples

Economies of scale and diversification as drivers

The rationale behind the acquisition of Chorus by Capital Stage in May 2016 demonstrates the advantages the 7C Solarparken shareholders could experience in a comparable transaction.

- Economies of scale: Capital Stage nearly doubled IPP portfolio to 1,126 (before: 613) MWp with complementing activities in France and strengthened footprint in Germany and Italy
- Cost savings: insourcing of external O&M contracts for 150 MWp from Chorus
- Chance to accelerate growth: combined net debt/EBITDA of 6.4 (Capital Stage: 8.0)

Options to become a Tier 2 player

Industrial deal			Financial transaction		
	Pros	Cons		Pros	Cons
1. Merger with a listed renewables company	▪ maybe cheaper than buying PV assets ▪ realise synergies	▪ pay takeover premium ▪ dilution due to capital increase	1. Partner with financial investor(s) providing funding (equity, debt)	▪ optimise leverage (equity, debt) ▪ keep control ▪ low IRR investors	▪ too high leverage could reduce equity ratio and valuation ▪ find large portfolios
2. Acquisition/merger with a non-listed PV portfolio	▪ save takeover prem. ▪ realise synergies ▪ use loss caried forward	▪ more expensive than buy undervalued stock ▪ possible dilution			
3. Absorption into a larger YieldCo	▪ takeover premium for shareholders	▪ reinvestment risk if price paid in cash			

Source: Independent Research; 7C Solarparken AG

Transactions at operators of renewable energy assets

Date	Company	Volume	Transaction	Comments
11/2014	Capital Stage	EUR150m	profit participation rights to build renewable energy portolio for Gothaer Versicherungen	-
04/2016	Capital Stage	EUR49m	capital increase in cash	-
05/2016	Chorus Clean Energy	EUR296m	acquisition by Capital Stage	implied EV/EBITDA 2017E of 9.2 and P/CF ratio of 5.3
06/2016	Futuren	EUR58m	acquisition of additional shares by BG Securities	implied EV/EBITDA 2017E of 7.7
06/2016	NextEnergy Capital	GBP150m	launch of new fund to acquire PV parks in Italy	portfolios with investments of ca. EUR1bn identified
08/2016	Aventron	CHF132m	capital increase in cash and contribution in kind	contribution of solar and wind parks in Germany, France, Italy and Spain with a capacity of about 116 MWp
09/2016	Foresight Solar Fund	GBP29m	placement of treasury shares to extend pipeline by 200 MWp	-
09/2016	Chorus Clean Energy	not disclosed	mandate from a major German pension fund to build a renewable energy asset portfolio	first wind park with 18.8 MWp already acquired for the pension fund
10/2016	Foresight Solar Fund	GBP32m	capital increase in cash	-
10/2016	Innogy	EUR5,000m	IPO	placement: EUR5.0bn (of which EUR2.0bn capital increase); implied EV/EBITDA 2017E of 7.9 and P/CF ratio of 6.6
10/2016	Alerion Clean Power	EUR107m	acquisition by Edison	implied EV/EBITDA 2017E of 7.4 and P/CF ratio of 4.4
12/2016	PNE Wind	EUR330m	sale of IPP portfolio with 142 MW to AllianzGI	estimated implied EV/EBITDA 2016E of 14.5 (2015: 23.7)
Median Multiples				EV/EBITDA: 7.9; P/CF ratio: 5.3
Mittelwert Multiples				EV/EBITDA: 9.3; P/CF ratio: 5.4

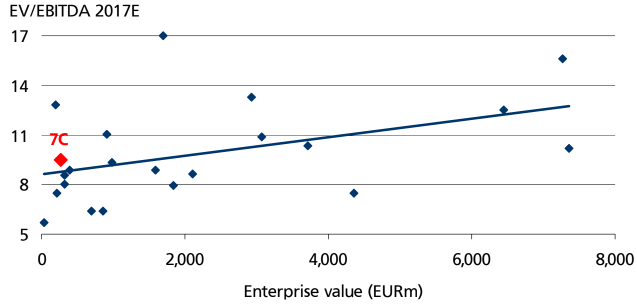
Source: Bloomberg, S&P Capital IQ; company information

Options: e.g. enlarge portfolio in Germany or with potential to insource O&M

For 7C Solarparken, there are several options to become a Tier 2 player (see lower table on page 6). The large number of transactions in the industry demonstrates the need for 7C Solarparken to expand the IPP portfolio to keep up growth. The decisive criteria will be to merge with a company or acquire an IPP portfolio that offers potential for economies of scale (e.g. operate a larger portfolio in Germany) or cost savings (e.g. portfolio so far operated externally). 7C Solarparken has to make sure that the transaction has a positive impact on CFPS (possible dilution due to capital increase) and on the financial strenght. The acquisitions of Chorus and Alerion show that there are still target companies with low P/CF ratios (implied P/CF ratios 2017E of 5.3 and 4.4 (7C Solarparken: 5.7; falls to 4.5 in 2018E)) allowing for an increasing CFPS. The merged Capital Stage/Chorus excels with an equity ratio of 29% (Capital Stage: 22%). This allows for an accelerated growth. Given the expected deleveraging of 7C Solarparken we would prefer a deal partially with debt financing. We expect an enlarged 7C Solarparken to trade at higher multiples. Larger companies tend to trade at an EV/EBITDA of over 10 and a P/CF ratio of 8 to 9. For 7C Solarparken this would justify a fair value of over EUR3.50 per share (2017E/2018E forecasts).

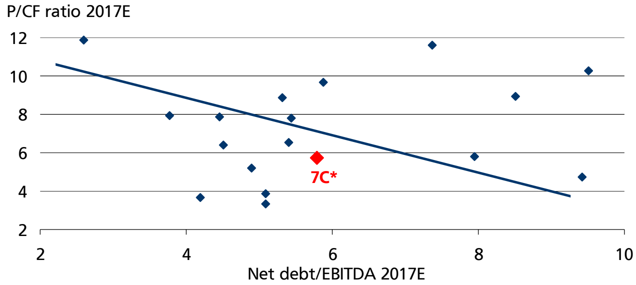
Higher multiples for larger companies

Enterprise value and EV/EBITDA 2017E



Source: 7C Solarparken AG; Bloomberg

Net debt/EBITDA and P/CF ratio 2017E



* P/CF ratio 2017E high as cash flow includes warrant payments of EUR-2.7m; significant drop in 2018E

Source: 7C Solarparken AG; Bloomberg

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7C Solarparken AG
Income statement

in EURm	2013*	2014**	2015	2016E	2017E	2018E
Revenues	**10.2**	**14.6**	**25.4**	**29.6**	**32.6**	**34.3**
Change in inventory	0.0	0.0	0.0	0.0	0.0	0.0
Total operating performance	**10.2**	**14.6**	**25.4**	**29.6**	**32.6**	**34.3**
Cost of materials	-2.4	-3.7	-4.9	-4.9	-5.0	-4.9
Gross profit	**7.9**	**10.8**	**20.5**	**24.7**	**27.7**	**29.4**
Other operating income	1.9	6.5	5.7	1.8	1.2	1.4
Personnel expenses	-0.1	-0.5	-1.3	-1.4	-1.5	-1.7
Other operating expenses	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**9.6**	**16.7**	**24.9**	**25.1**	**27.4**	**29.1**
Depreciation and amortisation	-5.0	-6.6	-13.3	-15.1	-16.1	-17.2
EBIT	**4.5**	**10.1**	**11.6**	**9.9**	**11.3**	**12.0**
Financial result	-4.1	-2.6	-5.2	-6.3	-5.7	-4.9
EBT	**0.4**	**7.5**	**6.4**	**3.6**	**5.6**	**7.1**
Income taxes	0.0	-0.1	-0.8	-0.4	-0.8	-1.1
Net income before minority interests	**0.4**	**7.4**	**5.5**	**3.2**	**4.8**	**6.0**
Minority interests	0.0	-0.1	0.0	0.0	0.0	0.0
Net income	**0.4**	**7.4**	**5.5**	**3.2**	**4.7**	**6.0**
Average number of shares outstanding (m)	21.820	26.641	34.066	42.362	43.900	46.394
Earnings per share (EUR)	0.02	0.28	0.16	0.08	0.11	0.13
Dividend per share (EUR)	0.00	0.00	0.00	0.00	0.10	0.10

Source Independent Research: 7C Solarparken AG * 7C Solarparken NV (without COLEXON) ** COLEXON consolidated since September 9, 2014

7C Solarparken AG
Income statement (positionen in % of revenues)

	2013*	2014**	2015	2016E	2017E	2018E
Revenues	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Change in inventory	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total operating performance	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Cost of materials	-23.0%	-25.7%	-19.1%	-16.6%	-15.2%	-14.2%
Gross profit	**77.0%**	**74.3%**	**80.9%**	**83.4%**	**84.8%**	**85.8%**
Other operating income	18.1%	44.4%	22.4%	6.2%	3.6%	4.1%
Personnel expenses	-1.4%	-3.7%	-5.0%	-4.8%	-4.5%	-4.9%
Other operating expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA	**93.7%**	**115.0%**	**98.2%**	**84.7%**	**83.9%**	**85.0%**
Depreciation and amortisation	-49.3%	-45.3%	-52.5%	-51.1%	-49.3%	-50.0%
EBIT	**44.4%**	**69.7%**	**45.7%**	**33.6%**	**34.6%**	**35.0%**
Financial result	-40.3%	-18.1%	-20.6%	-21.3%	-17.4%	-14.3%
EBT	**4.2%**	**51.6%**	**25.2%**	**12.3%**	**17.2%**	**20.7%**
Income taxes	-0.3%	-0.5%	-3.3%	-1.4%	-2.6%	-3.1%
Net income before minority interests	**3.8%**	**51.1%**	**21.8%**	**10.9%**	**14.6%**	**17.6%**
Minority interests	0.1%	-0.4%	-0.2%	-0.1%	-0.1%	-0.1%
Net income	**3.9%**	**50.7%**	**21.7%**	**10.7%**	**14.5%**	**17.5%**

Source Independent Research: 7C Solarparken AG * 7C Solarparken NV (without COLEXON) ** COLEXON consolidated since September 9, 2014

7C Solarparken AG

Balance sheet

in EURm	2013*	2014**	2015	2016E	2017E	2018E
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Other intangible assets	0.6	0.5	0.5	0.5	0.5	0.5
Property, plant and equipment	92.9	175.7	227.3	238.8	237.6	220.7
Financial assets	2.0	1.4	0.0	0.0	0.0	0.0
Other non-current assets	0.0	0.5	0.5	0.6	0.6	0.6
Deferred tax assets	0.8	5.9	5.0	4.2	3.4	2.7
Non-current assets	**96.2**	**184.0**	**233.4**	**244.1**	**242.2**	**224.6**
Inventories	0.2	0.2	0.2	0.3	0.3	0.3
Account receivables	0.7	1.3	1.4	1.7	1.9	2.1
Other current assets	0.7	1.9	2.4	2.7	3.0	3.2
Cash and cash equivalents	9.4	20.4	27.3	18.4	19.9	22.3
Current assets	**11.0**	**23.8**	**31.4**	**23.1**	**25.1**	**27.9**
Total assets	**107.2**	**207.8**	**264.7**	**267.2**	**267.3**	**252.4**
Subscribed capital	8.7	34.0	40.5	42.4	43.7	43.7
Capital reserve	10.6	0.3	10.1	11.6	13.5	13.5
Retained earnings	2.7	4.0	11.7	12.9	16.6	18.2
Reserves for at-equity results	0.5	0.0	0.0	0.0	0.0	0.0
Reserves for foreign exchange	0.0	0.0	0.0	0.0	0.0	0.0
Reserves for derivative instruments	0.0	0.0	-0.1	-0.1	-0.1	-0.1
Treasury shares	0.0	0.0	0.0	0.0	0.0	0.0
Minority interests	0.0	0.1	0.1	0.2	0.2	0.2
Equity	**22.5**	**38.4**	**62.3**	**66.9**	**74.0**	**75.6**
Non-current financial liabilities	72.4	138.3	165.0	165.4	164.3	151.3
Other non-current provisions	2.3	10.1	7.8	7.1	5.2	5.8
Deferred tax liabilities	1.4	4.0	9.0	8.5	8.1	7.8
Non-current liabilities	**76.1**	**152.3**	**181.8**	**181.0**	**177.7**	**165.0**
Short-term financial liabilities	7.3	14.3	16.5	14.9	10.9	6.9
Account payables	0.7	2.2	1.7	1.7	1.8	1.8
Advanced payments received	0.0	0.0	0.0	0.0	0.0	0.0
Tax provisions	0.0	0.2	0.1	0.1	0.2	0.3
Other current provisions	0.0	0.0	0.0	0.0	0.1	0.1
Other current liabilities	0.6	0.4	2.4	2.6	2.7	2.8
Current liabilities	**8.6**	**17.1**	**20.6**	**19.3**	**15.6**	**11.8**
Total equity and liabilities	**107.2**	**207.8**	**264.7**	**267.2**	**267.3**	**252.4**

Source Independent Research: 7C Solarparken AG

* 7C Solarparken NV (without COLEXON) ** COLEXON consolidated since September 9, 2014

7C Solarparken AG

Balance sheet (positions in % of balance sheet total)

	2013*	2014**	2015	2016E	2017E	2018E
Goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other intangible assets	0.5%	0.3%	0.2%	0.2%	0.2%	0.2%
Property, plant and equipment	86.6%	84.5%	85.8%	89.3%	88.9%	87.4%
Financial assets	1.8%	0.7%	0.0%	0.0%	0.0%	0.0%
Other non-current assets	0.0%	0.2%	0.2%	0.2%	0.2%	0.2%
Deferred tax assets	0.7%	2.8%	1.9%	1.6%	1.3%	1.1%
Non-current assets	**89.7%**	**88.5%**	**88.2%**	**91.4%**	**90.6%**	**89.0%**
Inventories	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%
Account receivables	0.6%	0.6%	0.5%	0.6%	0.7%	0.8%
Other current assets	0.7%	0.9%	0.9%	1.0%	1.1%	1.3%
Cash and cash equivalents	8.8%	9.8%	10.3%	6.9%	7.4%	8.9%
Current assets	**10.3%**	**11.5%**	**11.8%**	**8.6%**	**9.4%**	**11.0%**
Total assets	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Subscribed capital	8.1%	16.4%	15.3%	15.9%	16.4%	17.3%
Capital reserve	9.9%	0.1%	3.8%	4.3%	5.1%	5.4%
Retained earnings	2.5%	1.9%	4.4%	4.8%	6.2%	7.2%
Reserves for at-equity results	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Reserves for foreign exchange	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reserves for derivative instruments	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Treasury shares	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Minority interests	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%
Equity	**21.0%**	**18.5%**	**23.5%**	**25.0%**	**27.7%**	**30.0%**
Non-current financial liabilities	67.5%	66.5%	62.3%	61.9%	61.5%	59.9%
Other non-current provisions	2.1%	4.8%	2.9%	2.6%	1.9%	2.3%
Deferred tax liabilities	1.3%	1.9%	3.4%	3.2%	3.0%	3.1%
Non-current liabilities	**71.0%**	**73.3%**	**68.7%**	**67.7%**	**66.5%**	**65.4%**
Short-term financial liabilities	6.8%	6.9%	6.2%	5.6%	4.1%	2.7%
Account payables	0.6%	1.0%	0.6%	0.6%	0.7%	0.7%
Advanced payments received	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Tax provisions	0.0%	0.1%	0.0%	0.0%	0.1%	0.1%
Other current provisions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other current liabilities	0.6%	0.2%	0.9%	1.0%	1.0%	1.1%
Current liabilities	**8.0%**	**8.2%**	**7.8%**	**7.2%**	**5.8%**	**4.7%**
Total equity and liabilities	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source Independent Research: 7C Solarparken AG

* 7C Solarparken NV (without COLEXON) ** COLEXON consolidated since September 9, 2014

7C Solarparken AG

Cash flow statement

in EURm	2013*	2014**	2015	2016E	2017E	2018E
Net income before minority interests	**0.4**	**7.4**	**5.5**	**3.2**	**4.8**	**6.0**
Depreciation and amortisation	5.0	6.6	13.3	15.1	16.1	17.2
Book profits/losses	-0.1	-0.3	0.3	-0.8	0.0	0.0
Income from at-equity method	0.6	0.3	-0.1	0.0	0.0	0.0
Increase/decrease of provisions	0.1	0.2	-3.7	-0.7	-1.7	0.8
Net financial result	3.6	4.3	5.4	6.3	5.7	4.9
Interest paid	-3.4	-4.7	-6.5	-8.4	-6.8	-5.0
Income taxes paid	0.0	0.0	0.0	0.0	0.0	0.0
Other non-cash income/expenses	-1.0	-7.4	-2.9	0.0	0.0	0.0
Increase/decrease of account receivables and other assets	0.3	1.4	0.6	0.0	0.2	0.4
Increase/decrease of account payables and other liabilities	-1.7	-1.1	1.4	-0.3	-0.2	-0.2
Change in working capital	-1.4	0.3	-0.6	-0.3	-0.2	-0.2
Cash earnings	**5.2**	**6.4**	**13.9**	**14.8**	**18.2**	**24.2**
Cash flow from operating activities	**3.8**	**6.8**	**13.4**	**14.5**	**18.0**	**24.1**
Investments in intangible and tangible assets	-3.2	-1.8	-2.4	-25.8	-14.9	-0.2
Income from sale of assets	0.4	0.1	1.5	0.0	0.0	0.0
Sale of consolidated entities (net)	0.0	0.3	1.1	0.0	0.0	0.0
Acquisition of consolidated entities (net)	-0.5	9.8	3.1	0.0	0.0	0.0
Interest received	0.0	0.0	0.0	0.1	0.1	0.1
Cash flow from investing activities	**-3.3**	**8.4**	**3.3**	**-25.7**	**-14.8**	**-0.1**
Proceeds from capital increase	9.7	0.7	6.0	3.4	3.3	0.0
Sale/purchase of treasury shares	0.0	0.0	0.7	0.0	0.0	0.0
Dividend payment	0.0	0.0	0.0	0.0	0.0	-4.4
Proceeds/repayment of financial liabilities	-7.8	-4.9	-16.4	-1.2	-5.1	-17.1
Cash flow from financing activities	**2.0**	**-4.1**	**-9.8**	**2.2**	**-1.8**	**-21.5**
Change in cash and cash equivalents	2.4	11.0	6.9	-8.9	1.4	2.5
Exchange rate and consolidation effects	0.0	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents at the beginning of the period	7.0	9.4	20.4	27.3	18.4	19.9
Cash and cash equivalents at the end of the period	**9.4**	**20.4**	**27.3**	**18.4**	**19.9**	**22.3**

Source Independent Research: 7C Solarparken AG

* 7C Solarparken NV (without COLEXON) ** COLEXON consolidated since September 9, 2014

7C Solarparken AG

Key figures

	2013*	2014**	2015	2016E	2017E	2018E
Growth analysis						
Revenue growth	17.5%	42.2%	74.3%	16.6%	10.3%	5.1%
EBITDA growth	41.3%	74.5%	48.8%	0.6%	9.3%	6.5%
EBIT growth	55.0%	123.0%	14.4%	-14.4%	13.6%	6.2%
EPS growth	-0.5%	1457.8%	-41.7%	-53.3%	42.9%	19.8%
Margin analysis						
EBITDA margin	93.7%	115.0%	98.2%	84.7%	83.9%	85.0%
EBIT margin	44.4%	69.7%	45.7%	33.6%	34.6%	35.0%
Net margin	3.9%	50.7%	21.7%	10.7%	14.5%	17.5%
Yield analysis						
ROI	0.4%	4.7%	2.3%	1.2%	1.8%	2.3%
ROCE	5.2%	7.2%	4.8%	3.7%	3.9%	4.4%
ROE	2.3%	24.3%	10.9%	4.9%	6.7%	8.0%
ROIC	4.8%	6.6%	4.4%	3.5%	3.8%	4.1%
Balance sheet analysis						
Equity ratio	21.0%	18.5%	23.5%	25.0%	27.7%	30.0%
Equity / non-current assets ratio	23.4%	20.9%	26.7%	27.4%	30.5%	33.7%
Equity + non-current liabilities / non-current assets ratio	102.5%	103.6%	104.6%	101.6%	103.9%	107.1%
Asset intensity	89.7%	88.5%	88.2%	91.4%	90.6%	89.0%
Working capital / revenues	-0.5%	-1.5%	-1.4%	0.3%	1.0%	1.5%
Debt ratios						
Total financial debt (EURm)	79.7	152.6	181.5	180.3	175.3	158.2
Net financial debt (EURm)	70.3	132.1	154.2	161.9	155.4	135.9
Net financial debt / EBITDA	6.3	6.0	5.7	6.3	5.8	5.0
Net gearing	3.1	3.4	2.5	2.4	2.1	1.8
EBITDA interest coverage	2.7	3.9	4.2	3.9	4.7	5.8
EBIT interest coverage	1.3	2.3	1.9	1.6	2.0	2.4
Cash flow analysis						
FFO (EURm)	5.1	7.0	14.1	18.0	21.8	24.4
Cash earnings (EURm)	5.2	6.4	13.9	14.8	18.2	24.2
Free cash flow (FCF) (EURm)	0.6	4.9	11.0	-11.3	3.1	23.8
Cash flow per share (CFPS; FFO per share) (EUR)	0.24	0.26	0.41	0.42	0.50	0.53
Cash earnings per share (EUR)	0.24	0.24	0.41	0.35	0.42	0.52
FCF per share (EUR)	0.03	0.19	0.32	-0.27	0.07	0.51
FFO yield	20.7%	19.7%	21.3%	18.2%	21.1%	22.3%
Cash earnings yield	20.8%	18.1%	21.1%	15.1%	17.7%	22.2%
FCF yield	2.4%	13.9%	16.6%	-11.5%	3.0%	21.8%
Capex (EURm)	3.2	1.8	2.4	25.8	14.9	0.2
Valuation multiples						
Book value per share (EUR)	1.03	1.44	1.83	1.58	1.69	1.63
EV / EBITDA	11.3	10.6	9.1	10.4	9.5	8.9
EV / CF ratio	28.7	26.2	16.9	17.9	14.4	10.8
EV / FCF ratio	185.3	35.8	20.6	neg.	83.8	10.9
P / E ratio	62.7	4.8	12.0	31.0	21.9	18.2
P / B ratio	1.1	0.9	1.1	1.5	1.4	1.4
P / CF ratio	6.6	5.3	4.9	6.8	5.7	4.5
Dividend yield	0.0%	0.0%	0.0%	0.0%	4.3%	4.7%

Source Independent Research: 7C Solarparken AG

* 7C Solarparken NV (without COLEXON) ** COLEXON consolidated since September 9, 2014

Disclaimer

Recommendations concerning particular shares **(since December 18, 2009)**

Buy:	According to our assessment, the stock will rise by at least 15% in absolute terms within a 6-month period.
Hold:	According to our assessment, the stock will rise by between 0% and 15% in absolute terms within a 6-month period.
Sell:	According to our assessment, the stock will decline in absolute terms within a 6-month period.

Recommendations concerning particular shares **(until December 17, 2009)**

Buy:	According to our assessment, the stock will rise by at least 15% in absolute terms within a 6-month period.
Accumulate:	According to our assessment, the stock will rise by between 0% and 15% in absolute terms within a 6-month period.
Reduce:	According to our assessment, the stock will decline by between 0% and 15% in absolute terms within a 6-month period.
Sell:	According to our assessment, the stock will decline by least 15% in absolute terms within a 6-month period.

Compulsory information required under Section 34b of the German Securities Trading Act (WpHG) and Art. 20 of Regulation (EU) No. 596/2014 in connection with Delegated Regulation (EU) 2016/958

Key sources of information
Key sources of information used in the preparation of this document are publications in foreign and domestic media such as information services (e.g. Reuters, VWD, Bloomberg, DPA-AFX etc.), the financial press (e.g. Börsenzeitung, Handelsblatt, FAZ, Wall Street Journal, Financial Times etc.), specialised journals, published statistics, rating agencies and publications of the issuers under coverage.

Quarterly overview

The quarterly overview of all financial analyses of the past quarter contains recommendations sorted by investment categories (quarterly overview in accordance with Art. 6 Section 3 of Delegated Regulation (EU) 2016/958) and is published on the homepage of Independent Research GmbH under http://irffm.de/images/stories/pdf/votenzaehlung.pdf.

Summary of the valuation principles used:

Analyses of shares:

In valuing companies standard and accepted valuation methods (amongst others the Discounted Cash Flow Method (DCF Method), Peer-Group Analysis) are applied. Under the DCF Method the net value of the issuer is calculated, which represents the sum of the discounted company results, i.e. the net present value of the issuer's future net cash flows. The net value is therefore determined with reference to the company's anticipated future results and the discount rate applied. Under the Peer-Group Analysis Method issuers quoted on the Stock Exchange are valued with reference to the comparison of valuation multiples (e.g. price/earnings ratio, price/book value, enterprise value/sales, enterprise value/EBITDA, enterprise value/EBIT). Comparability of the valuation multiples is primarily determined by business activity and economic prospects. . A complete description of the valuation models is published on the homepage of Independent Research GmbH under
http://irffm.de/images/stories/pdf/bewertungsmodelle.pdf.

Sensitivity of the valuation parameters:

The figures used for company valuation are derived from the income statement, the cash flow statement and the balance sheet, these are numerical estimates and therefore subject to risks. These may change at any time without prior notice.

Apart from the valuation method applied, there is a distinct risk that the share price target may not be reached in the anticipated period of time. Risks include unforeseen changes in competitive pressure or in demand for the issuer's products. Such fluctuations in demand may arise as a result of changes in technology, the overall level of economic activity and in some cases as a result of changes in moral concepts. Changes in tax law, in exchange rates and, in certain industries, in regulations are other factors which can influence valuations. The illustration of valuation methods and risk factors made above is not exhaustive.

Timing conditions of planned updates:

Analyses of shares:

Independent Research GmbH maintains a list of issuers for whom company-based financial analyses („Coverage list of share analyses") are published. The criterion for the inclusion or removal of an issuer from this list is governed primarily by the company's inclusion in an index (DAX®, EuroStoxx 50SM, and Stoxx Europe 50SM). In addition, selected issuers from the mid and small cap segment or from the US markets are included. In such cases the inclusion or removal of these issuers from the coverage list is at the sole discretion of Independent Research GmbH. If deemed appropriate by the analysts, Independent Research GmbH will release a short expert commentary or studies concerning the companies on the coverage list. As a rule, such research products will be published following the release of financial figures of a company under coverage. Moreover, every day company-specific events such as ad hoc announcements or important news relating to individual companies on the coverage list are evaluated. The decision as to which issuers are covered by such publications is at the sole discretion of Independent Research GmbH. Moreover, fundamental analyses are prepared for the issuers included on the coverage list. The decision as to which issuers are covered by such publications is at the sole discretion of Independent Research GmbH.

It may occur at any time that, in fulfilment of the provisions of the German Securities Trading Act, the publication of financial analyses of individual issuers included in the coverage list is restricted without any prior warning.

Overview of new recommendations:

An overview of the past twelve months´ new recommendations can be found on the homepage of Independent Research GmbH under www.irffm.de (http://irffm.de/images/stories/pdf/umvotierung.pdf).

Complete overview of investment recommendations of financial instruments and issuers:

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