



Former power plant business pushes earnings into the red

The unexpected one-time burden on FY 2020 earnings is likely to dampen investor sentiment. It is at least slightly positive, that the extraordinary burden is not related to Daldrup's core business. Taking into account the strong year end business here and the order pipeline (volume of up to EUR 110m, not yet realized as order intake), demand for drilling services seems to remain high. However, operational processes have to be improved in order to achieve higher margins. Without major newsflow, the shares have significantly rallied over the recent months and exceeded our target price. We believe that the expectations for an improving drilling business are largely to be priced-in and any short-term catalysts are not to be seen. With a new TP of EUR 4.70 we downgrade the share to Hold.

FY 2020 – extraordinary burden of EUR 5.7m

Daldrup reported that FY 2020 earnings will be burdened by a one-time effect in the amount of EUR 5.7m, resulting from external effects in connection with its former power plant business, which was sold to IKAV in January 2020. However, at the same time, receivables related to the power plant business were reduced to EUR 6.3m and Daldrup generates a cash inflow of around EUR 2.9m. Adjusted by the one-time effect FY 2020 EBIT came in at EUR 0.7m (PAsE: 1m) and thus at the lower end of the company's guidance. The miss results from project related additional costs in the core business drilling services. Daldrup's forecast for group total income now amounts to around EUR 44m (PAsE: EUR 44m) and thus exceeded Daldrup's previous guidance (EUR 40m) due to a strong year-end.

EURm	2018	2019	2020e	2021e	2022e
Revenues	39	25	31	33	35
EBITDA	(12)	(7)	(3)	3	3
EBIT	(16)	(11)	(5)	1	2
EPS	(2.91)	(2.04)	(0.84)	0.19	0.20
EPS adj	(0.02)	0.24	0.43	0.52	0.77
DPS	-	-	-	0.05	0.10
EV/EBITDA	-	-	-	9.3	8.6
EV/EBIT	-	-	-	23.9	19.4
P/E adj	-	15.0	7.6	8.7	5.8
P/B	1.35	0.95	1.06	1.39	1.33
ROE (%)	-	-	-	5.9	6.0
Div yield (%)	-	-	-	1.1	2.2
Net debt	9	6	5	3	2

Source: Pareto

Target price (EUR)	4.7
Share price (EUR)	4.5

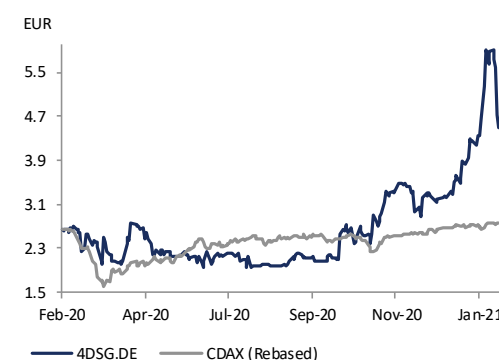
Forecast changes

%	2020e	2021e	2022e
Revenues	11	-	NM
EBITDA	NM	-	NM
EBIT adj	(32)	-	NM
EPS reported	NM	-	NM
EPS adj	NM	-	NM

Source: Pareto

Ticker	4DSG.DE, 4DS GR
Sector	Power & Renewable Energy
Shares fully diluted (m)	6.0
Market cap (EURm)	27
Net debt (EURm)	5
Minority interests (EURm)	0
Enterprise value 20e (EURm)	25

Performance



Source: Factset

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Analysts

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We roll forward our DCF model and do some minor upward adjustments to our long-term assumptions. We derive a new TP of EUR 4.70 (prev. EUR 4.00).

DCF model

EUR m	Phase I					Phase II					Phase III
	2021e	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	
Revenues	33	35	37	40	42	44	46	48	50	52	
growth rate	4.8%	7.4%	7.0%	6.8%	5.5%	5.2%	4.8%	4.5%	4.2%	3.5%	
EBIT	1.3	1.5	1.8	2.1	2.3	2.5	2.7	2.8	3.0	3.1	
EBIT margin	3.9%	4.3%	4.7%	5.2%	5.6%	5.7%	5.7%	5.8%	5.9%	6.0%	
Tax	-0.1	-0.2	-0.3	-0.4	-0.5	-0.6	-0.6	-0.7	-0.8	-0.9	
Tax rate	5%	15%	15%	20%	20%	22%	24%	26%	26%	28%	
Depr. & Amort.	2.0	1.9	1.8	1.8	1.7	1.5	1.5	1.5	1.5	1.5	
% of sales	6.2%	5.4%	4.8%	4.4%	4.0%	3.5%	3.2%	3.1%	3.0%	2.9%	
Capex	-1.2	-1.2	-1.3	-1.4	-1.5	-1.4	-1.4	-1.5	-1.5	-1.6	
% of sales	3.8%	3.5%	3.5%	3.5%	3.5%	3.3%	3.1%	3.1%	3.0%	3.0%	
Change in WC & P	0.7	0.2	0.1	-0.2	-0.3	-0.3	-0.3	-0.3	-0.3	-0.3	
% of sales	-2.2%	-0.6%	-0.2%	0.5%	0.6%	0.6%	0.6%	0.5%	0.5%	0.5%	
Free Cash Flow	2.7	2.2	2.1	1.8	1.8	1.8	1.8	1.8	1.9	2.0	38.4
growth rate	nm	-19.3%	-4.3%	-13.1%	2.2%	-3.0%	-0.1%	1.4%	5.2%	2.6%	2.0%
Present Value FCF	2.5	1.9	1.7	1.4	1.3	1.2	1.1	1.0	1.0	1.0	19.3

PV Phase I	9	Risk free rate	3.00%	Targ. equity ratio	70%			
PV Phase II	5	Premium Equity	5.00%	Beta	1.2			
PV Phase III	19	Premium Debt	2.00%	WACC	7.21%			
Enterprise value	33	Sensitivity	Growth in phase III					
- Net Debt (Cash)	5		1.0%	1.5%	2.0%	2.5%	3.0%	
- Pension Provisions	0	6.5%	4.8	5.1	5.6	6.1	6.8	
- Minorities & Peripherals	0	6.8%	4.5	4.8	5.1	5.5	6.1	
+ MV of financial assets		WACC	7.2%	4.2	4.4	4.7	5.1	5.5
- Paid-out dividends for last FY	0	7.6%	3.9	4.1	4.4	4.7	5.0	
+ Other EV items (power plants)	0	7.9%	3.7	3.8	4.1	4.3	4.6	
Equity value	28							
Number of shares	6.0							
Value per share (€)	4.71							
Current Price (€)	4.74							
Upside	-1%							

Source: Pareto Securities Research

Shares vs. Germany renewables



Source: FactSet, Pareto Securities Research

PROFIT & LOSS (fiscal year) (EURm)	2015	2016	2017	2018	2019	2020e	2021e	2022e
Revenues	17	31	25	39	25	31	33	35
EBITDA	4	4	5	(12)	(7)	(3)	3	3
Depreciation & amortisation	(4)	(4)	(4)	(4)	(4)	(2)	(2)	(2)
EBIT	1	1	1	(16)	(11)	(5)	1	2
Net interest	(1)	(1)	(1)	(2)	(2)	(0)	(0)	(0)
Other financial items	-	-	-	-	-	-	-	-
Profit before taxes	0	(0)	0	(18)	(12)	(5)	1	1
Taxes	0	(0)	0	(0)	0	(0)	(0)	(0)
Minority interest	0	0	0	(1)	(0)	-	-	-
Net profit	0	0	(0)	(17)	(12)	(5)	1	1
EPS reported	0.07	0.07	(0.02)	(2.91)	(2.04)	(0.84)	0.19	0.20
EPS adjusted	0.07	0.07	0.04	(0.02)	0.24	0.43	0.52	0.77
DPS	-	-	-	-	-	-	0.05	0.10
BALANCE SHEET (EURm)	2015	2016	2017	2018	2019	2020e	2021e	2022e
Tangible non current assets	27	25	36	113	10	9	8	8
Other non-current assets	25	23	23	3	0	0	0	0
Other current assets	34	43	42	24	34	27	28	29
Cash & equivalents	3	1	1	2	3	3	4	6
Total assets	89	91	102	142	46	39	41	42
Total equity	46	46	46	55	23	18	19	20
Interest-bearing non-current debt	12	9	-	-	9	8	8	8
Interest-bearing current debt	-	-	-	-	-	-	-	-
Other Debt	30	37	56	87	14	13	14	14
Total liabilities & equity	89	91	102	142	46	39	41	42
CASH FLOW (EURm)	2015	2016	2017	2018	2019	2020e	2021e	2022e
Cash earnings	(28)	3	7	50	6	(3)	4	3
Change in working capital	10	0	3	(15)	(2)	5	(1)	(0)
Cash flow from investments	(1)	(1)	(15)	(31)	(0)	(1)	(1)	(1)
Cash flow from financing	2	(3)	6	(4)	(2)	(1)	-	(0)
Net cash flow	(1)	(2)	(5)	12	0	(0)	2	1
CAPITALIZATION & VALUATION (EURm)	2015	2016	2017	2018	2019	2020e	2021e	2022e
Share price (EUR end)	8.3	7.8	11.8	8.0	3.68	3.23	4.50	4.50
Number of shares end period	5	5	5	6	6	6	6	6
Net interest bearing debt	9	8	13	9	6	5	3	2
Enterprise value	54	50	77	76	28	25	30	29
EV/Sales	3.2	1.6	3.1	1.9	1.1	0.8	0.9	0.8
EV/EBITDA	12.4	12.0	16.3	-	-	-	9.3	8.6
EV/EBIT	65.5	57.7	67.8	-	-	-	23.9	19.4
P/E reported	-	-	-	-	-	-	24.3	22.6
P/E adjusted	-	-	-	-	15.0	7.6	8.7	5.8
P/B	1.0	0.9	1.4	1.3	0.9	1.1	1.4	1.3
FINANCIAL ANALYSIS & CREDIT METRICS	2015	2016	2017	2018	2019	2020e	2021e	2022e
ROE adjusted (%)	0.8	0.8	0.5	-	3.8	12.3	16.4	23.4
Dividend yield (%)	-	-	-	-	-	-	1.1	2.2
EBITDA margin (%)	25.5	13.4	19.2	-	-	-	10.1	9.7
EBIT margin (%)	4.8	2.8	4.6	-	-	-	3.9	4.3
NIBD/EBITDA	1.99	1.88	2.75	(0.69)	(0.85)	(1.87)	1.02	0.65
EBITDA/Net interest	5.47	4.07	4.55	-	-	-	32.68	34.02

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Aker BP	0	32,692	Gjensidige Forsikring	0	7,294	Salmar	0	305
Aker Carbon Capture	0	273,918	Golden Ocean Group	0	1,433	Sandnes Sparebank	0	127,013
Aker Offshore Wind	0	135,703	Grieg Seafood	0	13,150	Sbanken ASA	0	4,520
American Shipping Company	0	3,780	Hafnia Limited	0	99,500	Scatec Solar	0	20,000
Aprilia Bank ASA	0	22,675	HydrogenPro	0	37,395	Schibsted ASA B Aksjer	0	569
Archer	0	32,730	Ice Group ASA	0	190,000	Selvaag Bolig	0	50,000
Arcus	0	2,784	Komplett Bank	0	99,300	Skitude	0	12,695
Atlantic Sapphire	0	10,010	Kongsberg Gruppen	0	35,581	SpareBank 1BV	0	7,000
Austevoll Seafood	0	29,135	KWS	75	75	SpareBank 1Nord-Norge	0	1,850
Avance Gas	0	3,362	Lerøy Seafood Group	0	18,068	SpareBank 1SMN	0	13,350
Axactor	0	44,376	Mowi	0	4,819	SpareBank 1SR-Bank	0	9,643
B2Holding AS	0	14,075	MPC Container Ships	0	41,175	Sparebank 1Østfold Akersthus	0	1,252
BASF	270	270	NORBIT ASA	0	5,428	SpareBank 1Østlandet	0	8,621
Bonheur	0	32,355	Nordic Semiconductor	0	5,100	Sparebanken Møre	0	180
Borregaard ASA	0	500	Norsk Hydro	0	107,171	Sparebanken Sør	0	16,235
Bouvet	0	294	Norske Skog	0	8,225	Sparebanken Vest	0	16,185
BRABank	0	74,607	Norwegian Energy Company	0	790	Sparebanken Øst	0	1,500
BW Energy	0	43,075	Norwegian Finans Holding	0	3,210	Stolt-Nielsen	0	1,817
BW LPG	0	11,246	Norwegian Property	0	13,150	Storebrand	0	9,732
BW Offshore	0	11,326	NTS	0	2,272	Subsea 7	0	9,226
DNB	0	29,908	Ocean Yield	0	67,710	Telenor	0	4,249
DNO	0	217,978	OHT	0	2,650	TGS-NOPEC	0	1,300
DOF	0	2,366,346	Okeanis Eco Tankers	0	22,000	Volue	0	15,148
Elkem	0	35,710	Orkla	0	19,353	VOW	0	5,981
Entra	0	10,382	Panoro Energy	0	9,795	Wallerius Wilhelmsen	0	46,100
Equinor	0	3,053	Pareto Bank	0	2,410,820	XXL	0	12,534
Europpris	0	11,056	Pexip Holding	0	44,583	Yara	0	14,365
Fjord1 ASA	0	50,000	PGS	0	11,676	Zaptec	0	65,800
Fjordkraft Holding	0	12,605	Protector Forsikring	0	13,400			
Flex LNG	0	14,312	Quantafuel	0	1,120,190			

This overview is updated monthly (last updated 15.01.2021).

*Analyst holdings refer to positions held by the Pareto Securities AS analyst covering the company.

Appendix B

Disclosure requirements pursuant to the Norwegian Securities Trading Regulation § 3-11, letters e-f, ref the Securities Trading Act Section 3-10

Overview over issuers of financial instruments where Pareto Securities AS have prepared or distributed investment recommendation, where Pareto Securities AS have been lead manager/co-lead manager or have rendered publicly known not immaterial investment banking services over the previous 12 months:

24SevenOffice Scandinavia	Flexistore AS	Nordic Halibut
Acconer AB	Genel Energy	Norwegian Block Exchange
Africa Energy Corp	Hafnia Ltd.	Odfjell SE
Akershus Energi	Helgeland Sparebank	OHT
Akva Group	HKN Energy Ltd	Pelagia Holding AS
American Tanker, Inc.	Hofseth BioCare	Pexip Holding
Aprilia Bank ASA	House of Control	PGS
Boreal Holding AS	HydrogenPro	Pioneer Property Group ASA
Borr Drilling Limited	Idavang A/S	Quantafuel
BRAbank	Instabank ASA	REC Silicon
Brooge Energy Limited	Klaveness Combination Carriers ASA	Salmon Evolution
Bulk Infrastructure Holding	KLP	Sandnes Sparebank
BW Energy	Komplett Bank	Scorpio Bulkers
Cibus Nordic Real Estate	Kongsberg Automotive	Seadrill Ltd
Cloudberry Clean Energy	Kraft Bank	Skitude
Crayo Nano AS	Meltwater	Sparebanken Vest
Digiplex	Mercell	Talos Energy Inc
DOF	Mintra Group	Tise AS
DOF Subsea AS	MPC Container Ships	Trønderenergi AS
ELOP	Mutares SE & Co. KGaA	Watercircles Forsikring ASA
Endur ASA	Navigator Holdings Ltd.	West Coast Salmon
Fertiberia S.A.R.L.	Navios	Wheel.me
Fjordkraft Holding	Next Biometrics Group	

This overview is updated monthly (this overview is for the period 31.12.2019 – 31.12.2020).

Appendix C

Disclosure requirements pursuant to the Norwegian Securities Trading Regulation § 3-11(4)

Distribution of recommendations

Recommendation	% distribution
Buy	69%
Hold	27%
Sell	3%

Distribution of recommendations (transactions*)

Recommendation	% distribution
Buy	83%
Hold	17%
Sell	0%

* Companies under coverage with which Pareto Securities Group has on-going or completed public investment banking services in the previous 12 months

This overview is updated monthly (last updated 15.01.2021).

Appendix D

This section applies to research reports prepared by Pareto Securities AB.

Disclosure of positions in financial instruments

The beneficial holding of the Pareto Group is 1 % or more of the total share capital of the following companies included in Pareto Securities AB's research coverage universe: None

The Pareto Group has material holdings of other financial instruments than shares issued by the following companies included in Pareto Securities AB's research coverage universe: None

Disclosure of assignments and mandates

Overview over issuers of financial instruments where Pareto Securities AB has prepared or distributed investment recommendation, where Pareto Securities AB has been lead manager or co-lead manager or has rendered publicly known not immaterial investment banking services over the previous twelve months:

24SevenOffice Scandinavia AB	Egetis Therapeutics	Minesto	Shamara Petroleum
Azelio	Implantica	Pexip Holding	Surgical Science
Bionvent	IRRAS AB	QleanAir Holding	Swedencare AB
Biovica International	Isofol Medical AB	Re:NewCell	Vicore Pharma
Cibus Nordic Real Estate AB	Jetpak Top Holding AB	Sedana Medical	VNV Global
Climeon AB	Mentice AB		

Members of the Pareto Group provide market making or other liquidity providing services to the following companies included in Pareto Securities AB's research coverage universe:

Africa Energy Corp.	Magnolia Bostad	Logistri Fastighets AB	Shamara Petroleum
ByggPartner i Dalarna Holding	Media & Games Invest plc.	Saltängen Property Invest	Surgical Science
Cibus Nordic Real Estate	Mentice AB	SciBase Holding	Tethys Oil
Isofol Medical	Minesto	Sedana Medical	Vostok Emerging Finance

Members of the Pareto Group have entered into agreements concerning the inclusion of the company in question in Pareto Securities AB's research coverage universe with the following companies: None

Member of the Pareto Group is providing Business Management services to the following companies:

Bosjö Fastigheter AB	Bråviken Logistik	Halmslätten	Mälårasen
Bonäsudden	Delarka	Logistri	Sydsvenska Hem

Members of the Pareto Group have entered into agreements concerning the inclusion of the company in question in Pareto Securities AB's research coverage universe with the following companies: None
This overview is updated monthly (last updated 26.01.2021).

Appendix E

Disclosure requirements pursuant to the Norwegian Securities Trading Regulation § 3-11, letter d, ref the Securities Trading Act Section 3-10

Designated Sponsor

Pareto Securities acts as a designated sponsor for the following companies, including the provision of bid and ask offers. Therefore, we regularly possess shares of the company in our proprietary trading books. Pareto Securities receives a commission from the company for the provision of the designated sponsor services.

2G Energy *	GFT Technologies *	Merkur Bank	S&T AG *
Baywa	Gigaset *	MLP *	SMT Scharf AG *
Biotest *	Heidelberg Pharma *	MOBOTIX AG	Surteco Group *
Brenntag	Hypoport AG	mutares	Syzygy AG *
CORESTATE Capital Holding S.A.	Intershop Communications AG	OVH Holding AG	TAKKT AG
Daldrup & Söhne	Leifheit	Procredit Holding *	Viscom *
Demire	Logwin *	PSI SOFTWARE AG *	
Epigenomics AG*	Manz AG *	PWO *	
Gesco *	MAX Automation SE	RIB Software *	

* The designated sponsor services include a contractually agreed provision of research services.

Appendix F

Disclosure requirements pursuant to the Norwegian Securities Trading Regulation § 3-11, letter g, ref the Securities Trading Act Section 3-10

Sponsored Research

Pareto Securities has entered into an agreement with these companies about the preparation of research reports and—in return—receives compensation.

Adler Modemaerkte	Dermapharm Holding SE	MAX Automation SE	OHB SE
Baywa	Hypoport AG	Merkur Bank	OVH Holding AG
BB Biotech	Intershop Communications AG	MOBOTIX AG	Siegfried Holding AG
Daldrup & Söhne	Leifheit	mutares	

This overview is updated monthly (last updated 15.01.2021).