

H1 results reflect high demand for geothermal

Daldrup's H1 results were driven by the ongoing strong demand for geothermal services. Backed by the high order intake in recent quarters, H1 total operating output elevated by 36% yoy to EUR 24.1m (PAsE: EUR 22.8m), to the highest H1 level in past years. However, the earnings development could not keep up with the topline trend. H1 EBIT improved to EUR 1.4m, a slight miss to our estimate of EUR 1.5m. The earnings and margin development in H1 was held back by the increased cost of material ratio and higher operating expenses. As expected, the guidance for FY 2023e was confirmed. However, taking into account the remarkable topline development as well as the unbroken high demand, the guidance for the total operating output of EUR 41m can turn out to be conservative. Per end of September, order backlog reached the highest level in recent years with EUR 38m. With a TP of EUR 14, we rate the shares a Buy.

Daldrup & Soehne AG - Review H1 2023

EURm	Actual			PAsE		PAsE		
	H1 2023	H1 2022	% yoy	PAsE	Delta	2023e	2024e	2025e
Total operating output	24.1	17.7	36.0%	22.8	5.9%	41.2	45.6	52.0
EBIT	1.4	1.3	9.6%	1.5	-2.5%	2.1	3.8	4.8
EBIT margin (of TOO)	6.0%	7.4%	-144 BP	6.5%	-52 BP	5.0%	8.3%	9.2%

Source: Daldrup & Soehne, Pareto Securities

- Daldrup guides for FY 2023e a total operating output of EUR 41m (+11% yoy) and an EBIT margin in the range of 3% to 5% (of total output, FY 2022: 5%). We estimate a total operating output of EUR 41m and an EBIT of EUR 2.1m, which implies an EBIT margin of 5% and thus the upper end of the guidance range.
- The order backlog per end of September amounted to EUR 38m (September 2022: EUR 27m). The company's sales pipeline continued to development strong with a raise to EUR 245m (May 2023: EUR 203m), and thus reflecting the ongoing high activity in the geothermal market.

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