

Record EBIT margin in H1 triggers guidance increase

According to the preliminary figures for H1, Daldrup & Soehne achieved a strong EBIT of c.EUR 3m, which was significantly above our estimate of EUR 1.5m. According to the management, improved project execution and cost savings were responsible for the very convincing earnings and margin development. The EBIT margin of 10.3% achieved in H1 is the highest level in recent years. As a result of the convincing H1 performance and positive expectations for future business, Daldrup & Soehne has raised its guidance for total operating output/EBIT in 2024e by 6%/42%. The mid-point of the new EBIT margin target range of 7% to 9% (PAsE: 6%) implies an EBIT of EUR 4m, which compares to our EBIT estimate of EUR 2.8m. Based on the CEO's remarks in a conference call yesterday, we got the impression that the management is confident for the upcoming quarters due to rising customer activities for geothermal projects. With a TP of EUR 10, we continue to rate the shares a Buy.

Daldrup & Soehne AG - Review H1 2024

EURm	Actual			PAsE		PAsE		
	H1 2024	H1 2023	% yoy	PAsE	Delta	2024e	2025e	2026e
Total operating output	29.1	24.1	20.7%	23.5	23.9%	46.6	49.0	53.9
EBIT	3.0	1.4	107.9%	1.5	96.4%	2.8	3.4	4.1
EBIT margin (of TOO)	10.3%	6.0%	432 BP	6.5%	380 BP	6.0%	6.9%	7.5%

Source: Daldrup & Soehne, Pareto Securities

- For FY 2024e, Daldrup & Soehne now guides total operating output to be at c.EUR 50m (prev. EUR 47m). The EBIT margin (% of TOO) is now expected to be in the range of 7% to 9% (prev. 5% to 7%).
- In view of the outstanding performance in H1 and considering a usually stronger year end business, even the upgraded guidance could prove to be cautious.
- We will upgrade our estimates in accordance with the new guidance.
- The final results for H1 2024 will be published on September 30.

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