

27 January 2025

**DALDRUP & SOEHNE AG**

**Rating** Buy  
**Share price (EUR)** 8.78  
**Target price (EUR)** 14.00

Bloomberg 4DS GY  
Sector Renewables

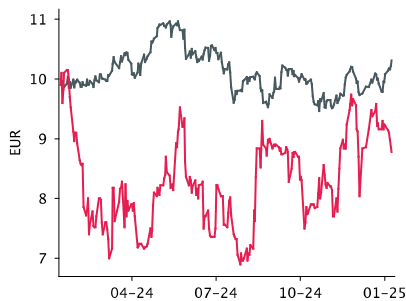
**Share data**

Shares out (m) 6.0  
Daily volume shs (m) 0.0  
Free float (%) 41.60  
Market cap (EUR m) 43  
EV (EUR m) 43  
DPS (EUR) 0.00  
Dividend yield (%) 0.0  
Payout ratio (%) 0.0

**Performance**

ytd (%) -4.1  
12 months (%) -10.4  
12 months rel. (%) -14.4  
Index SDAX

**Share price performance**



— Daldrup & Söhne AG  
— Price rel. to SDAX - Price Index

Source: Bloomberg

**Next triggers**

31 March: Quirin Champions Conf.  
30 May: FY 2014 Report

**Analysts**

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# Two new research drilling contracts

Daldrup has been awarded two prestigious research drilling contracts that underline its expertise and experience in geothermal energy. We therefore confirm our Buy recommendation and the EUR 14.00 TP.

**The drilling contracts ...**

Contract I: Daldrup & Söhne has been awarded a general contractor contract by the Geological Survey of North Rhine-Westphalia (NRW). A research well is to be drilled in Krefeld-Girmesgath to a maximum depth of around 1,000 meters. The aim is to investigate the geothermal potential of limestones from the Carboniferous period. The contract is part of the "Geothermal Master Plan" launched by the state of North Rhine-Westphalia last year. Construction of the drilling site is already underway. According to the plan, drilling is to be carried out between February and May 2025.

Contract II: Daldrup is constructing an exploratory borehole (GeoLab-1) in the municipality of Grasellenbach, Hesse, for a consortium of research institutes under the direction of the Karlsruhe Institute of Technology (KIT). The aim is to obtain findings that prove the suitability of the area for the construction and operation of an underground laboratory. The GeoLaB research infrastructure is intended to answer fundamental questions on the development and use of crystalline reservoirs for geothermal energy. Work on the construction of the drilling site has been completed. Drilling and measurement work is scheduled to start in February 2025.

The scheduled order value for both projects is around EUR 3.0m in total.

**... and its aspects for Daldrup**

In our opinion, there are two main reasons why these orders are so important for Daldrup: firstly, they underline the fact that Daldrup is a top address for geothermal projects in Germany and Europe. Secondly, Daldrup is of course also the first point of contact if the research drillings are successful and heat can be extracted geothermally. In particular, the "Geothermal Master Plan" of North Rhine-Westphalia (more details next page) is promising for Daldrup; the master plan envisages that around 20 % of the heat demand in North Rhine-Westphalia will be covered by geothermal energy by 2045. In this context, approval procedures are simplified

We therefore confirm our Buy recommendation and the EUR 14.00 TP.

Key figures		2022	2023	2024e	2025e	2026e
Sales	EUR m	38	49	51	53	55
EBITDA	EUR m	4	5	6	6	6
EBIT	EUR m	2	3	4	4	4
EPS	EUR	0.14	0.15	0.54	0.57	0.65
Sales growth	%	-51.1	28.6	3.8	3.1	3.6
EBIT growth	%	16.4	41.4	59.2	1.2	4.8
EPS growth	%	8.9	4.9	259.0	6.0	14.3
EBITDA margin	%	11.1	10.1	11.2	11.4	11.5
EBIT margin	%	4.8	5.3	8.1	8.0	8.1
Net margin	%	2.2	1.8	6.3	6.5	7.1
EV/Sales	ratio	1.28	0.98	0.90	0.82	0.70
EV/EBITDA	ratio	11.5	9.7	8.0	7.2	6.0
EV/EBIT	ratio	26.6	18.5	11.1	10.2	8.6
P/E	ratio	46.6	67.1	13.4	12.6	11.0
P/BV	ratio	2.0	2.9	1.8	1.6	1.4
Dividend yield	%	0.0	0.0	0.0	0.0	0.0

Source: Bloomberg, Company data, Quirin Privatbank estimates

## Master Plan Geothermal Energy NRW

The aim of the NRW Geothermal Energy Master Plan is to make extensive use of the deep heat deposits and to cover around 20 % of the heat demand in North Rhine-Westphalia with geothermal energy by 2045.

The master plan wants to use a climate-neutral source of energy that has been used far too little to date. This should change, as this treasure can make a significant contribution to climate protection and economic strength. The aim of the NRW Geothermal Energy Master Plan is to make extensive use of the deep heat deposits and to cover around 20% of the heat demand in North Rhine-Westphalia with geothermal energy by 2045.

### Central measures of the plan

In order to accelerate the expansion of geothermal energy, existing obstacles must be removed. In particular, the economic risk of unsuccessful drilling has so far deterred companies, local authorities and municipal utilities from investing. This is where the master plan comes in:

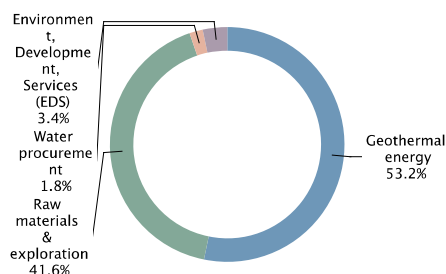
The subsurface is to be comprehensively investigated for geothermal potential. The financial risk of drilling is minimized through close cooperation with NRW.BANK. In this context, preliminary exploration measures will be promoted, and exploration insurance will be introduced to cover up to 45% of the costs. These measures are intended to strengthen the confidence of companies, municipalities and municipal utilities to invest in geothermal projects.

In addition, approval procedures will be accelerated in order to drive forward the expansion of geothermal energy more efficiently. These optimizations are intended to shorten lengthy bureaucratic processes and reduce barriers to investment.

### Company description

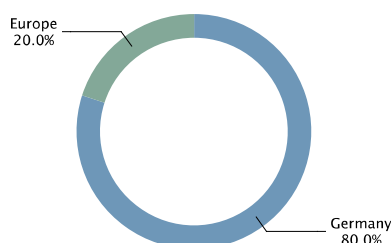
Daldrup & Söhne AG, with a company history of more than 75 years, is a specialised provider of drilling and environmental services and is positioned among the leading companies in Germany. Its activities are divided into the business areas Geothermal, Resources & Exploration, Water Extraction and Environment, Development & Services (EDS). In the Geothermal Energy business sector, drilling services are provided both for near-surface geothermal energy (especially geothermal probes for heat pumps), but above all also drilling services for deep geothermal energy of up to 6,000 m, in order to use the geothermal energy thus accessible for the generation of electricity and/or heat.

### Revenues by segment 2023



Source: Company data

### Revenues by region 2023



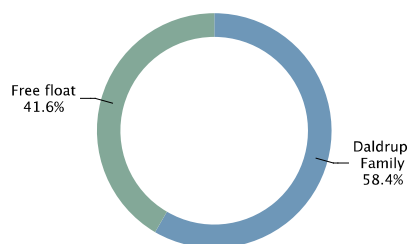
Source: Company data

### Segment data (EUR m)

Revenues (growth in %)	2022	YOY	2023	YOY	2024e	YOY	2025e	YOY	2026e	YOY
Geothermal energy	14.5	-74.5%	26.1	80.0%	27.8	6.5%	28.8	3.6%	29.8	3.5%
Raw materials & exploration	18.0	9.8%	20.4	13.6%	19.0	-7.0%	18.5	-2.6%	18.5	0.0%
Water procurement	3.6	15.4%	0.9	-75.0%	2.0	122.2%	3.0	50.0%	3.8	26.7%
Environment, Development, Services (EDS)	2.1	34.6%	1.7	-20.9%	2.2	32.4%	2.3	4.5%	2.4	4.3%

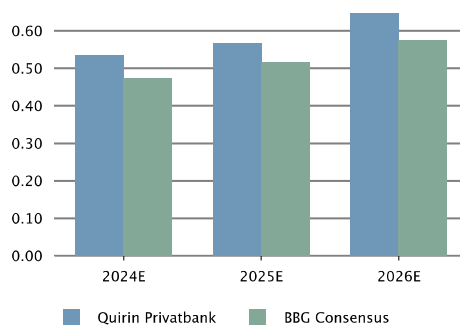
Source: Company data, Quirin Privatbank estimates

### Shareholder structure



Source: Company data

### EPS: Quirin Privatbank vs. consensus



Source: Quirin Privatbank Research, Bloomberg

### Company guidance 2024

Total output is expected to reach around EUR 50m (previously: EUR 47m). The Management Board expects the EBIT margin to be between 7% and 9% (previously: 5% to 7% of total output).

## Profit &amp; loss statement

Profit & loss statement (EUR m)	2022	YOY	2023	YOY	2024e	YOY	2025e	YOY	2026e	YOY
Sales	38.2	-51.1 %	49.1	28.6 %	51.0	3.8 %	52.6	3.1 %	54.5	3.6 %
Unfinished Goods	-1.4		-1.6		0.2		1.0		1.0	
Other own work capitalized	0.1		0.9		0.4		0.4		0.4	
Other operating earnings	1.1		1.8		1.9		2.1		2.1	
Cost of goods	13.4		21.3		22.1		22.8		23.6	
Gross profit	24.6		28.9		31.4		33.2		34.4	
Personnel expenses	10.0		10.3		10.7		11.1		11.5	
Depreciation	2.4		2.4		1.6		1.8		1.9	
Other operating expenses	10.4		13.6		15.0		16.2		16.7	
EBITDA	4.3	7.7 %	5.0	16.6 %	5.7	15.3 %	6.0	4.6 %	6.3	5.2 %
EBITDA margin (%)	11.14		10.10		11.21		11.37		11.54	
EBIT	1.8	16.4 %	2.6	41.4 %	4.2	59.2 %	4.2	1.2 %	4.4	4.8 %
EBIT margin (%)	4.83		5.31		8.14		7.98		8.07	
Net interest	-0.7		-0.8		-0.7		-0.5		-0.2	
Income from Participations	0.0		0.0		0.0		0.0		0.0	
Net financial result	-1.0		-1.7		-0.7		-0.5		-0.1	
Exceptional items	0.0		0.0		0.0		0.0		0.0	
Pretax profit	0.9	8.6 %	0.9	7.3 %	3.4	263.1 %	3.7	7.2 %	4.3	15.6 %
Pretax margin (%)	2.31		1.93		6.74		7.01		7.82	
Taxes	0.0		0.1		0.2		0.3		0.4	
Tax rate (%)	3.51		5.70		6.78		7.85		8.93	
Earnings after taxes	0.9		0.9		3.2		3.4		3.9	
Minorities	0.0		0.0		0.0		0.0		0.0	
Group attributable income	0.9	8.9 %	0.9	4.9 %	3.2	259.0 %	3.4	6.0 %	3.9	14.3 %
No. of shares (m)	6.0		6.0		6.0		6.0		6.0	
Earnings per share (EUR)	0.14	8.9 %	0.15	4.9 %	0.54	259.0 %	0.57	6.0 %	0.65	14.3 %

Source: Company data, Quirin Privatbank estimates

## Balance sheet

Balance sheet (EUR m)	2022	YOY	2023	YOY	2024e	YOY	2025e	YOY	2026e	YOY
<b>Assets</b>										
Cash and cash equivalents	3.1		3.6		5.1		5.3		5.5	
Accounts receivables	7.0		9.3		9.6		9.9		10.3	
Inventories	10.7		10.5		10.9		11.3		11.7	
Other current assets	8.6		7.5		7.5		7.5		7.5	
Tax claims	0.0		0.0		0.0		0.0		0.0	
<b>Total current assets</b>	<b>29.5</b>	<b>35.3 %</b>	<b>31.1</b>	<b>5.4 %</b>	<b>33.4</b>	<b>7.4 %</b>	<b>34.2</b>	<b>2.4 %</b>	<b>35.2</b>	<b>2.8 %</b>
Fixed assets	5.7		6.2		7.1		7.3		6.9	
Goodwill	0.0		0.0		0.0		0.0		0.0	
Other intangible assets	0.0		0.1		0.1		0.1		0.1	
Financial assets	5.0		4.0		4.0		4.0		4.0	
Deferred taxes	0.0		0.0		0.0		0.0		0.0	
Other fixed assets	0.0		0.0		0.0		0.0		0.0	
<b>Total fixed assets</b>	<b>10.6</b>	<b>-36.8 %</b>	<b>10.4</b>	<b>-1.9 %</b>	<b>11.3</b>	<b>8.7 %</b>	<b>11.5</b>	<b>1.8 %</b>	<b>11.1</b>	<b>-3.5 %</b>
<b>Total assets</b>	<b>40.2</b>	<b>3.9 %</b>	<b>41.5</b>	<b>3.5 %</b>	<b>44.8</b>	<b>7.7 %</b>	<b>45.8</b>	<b>2.2 %</b>	<b>46.3</b>	<b>1.2 %</b>
<b>Equity &amp; Liabilities</b>										
Subscribed capital	6.0		6.0		6.0		6.0		6.0	
Reserves & other	36.4		16.0		16.0		16.0		16.0	
Revenue reserves	-22.4		-0.9		2.3		5.7		9.5	
Accumulated other comprehensive	0.0		0.0		0.0		0.0		0.0	
<b>Shareholder's equity</b>	<b>20.0</b>	<b>4.9 %</b>	<b>21.0</b>	<b>5.2 %</b>	<b>24.2</b>	<b>15.3 %</b>	<b>27.6</b>	<b>14.0 %</b>	<b>31.5</b>	<b>14.1 %</b>
Minorities	0.0		0.0		0.0		0.0		0.0	
<b>Shareholder's equity incl. minorities</b>	<b>20.0</b>	<b>4.9 %</b>	<b>21.0</b>	<b>5.2 %</b>	<b>24.2</b>	<b>15.3 %</b>	<b>27.6</b>	<b>14.0 %</b>	<b>31.5</b>	<b>14.1 %</b>
<b>Long-term liabilities</b>										
Pension provisions	0.0		0.0		0.0		0.0		0.0	
Financial liabilities	0.9		0.8		0.8		0.8		0.6	
Tax liabilities	0.0		0.0		0.0		0.0		0.0	
Other liabilities	2.4		1.5		1.6		1.7		1.7	
<b>Total long-term debt</b>	<b>4.4</b>	<b>-18.2 %</b>	<b>5.1</b>	<b>15.7 %</b>	<b>5.3</b>	<b>3.3 %</b>	<b>5.4</b>	<b>2.7 %</b>	<b>5.4</b>	<b>-0.5 %</b>
<b>Short-term debt</b>										
Other provisions	0.0		0.0		0.0		0.0		0.0	
Trade payables	5.5		5.6		5.8		6.0		6.2	
Financial debt	6.8		6.9		6.4		3.6		0.0	
Other liabilities	1.6		2.0		2.0		2.1		2.2	
<b>Total short-term debt</b>	<b>15.8</b>	<b>11.0 %</b>	<b>15.4</b>	<b>-2.1 %</b>	<b>15.3</b>	<b>-1.0 %</b>	<b>12.7</b>	<b>-16.6 %</b>	<b>9.4</b>	<b>-25.9 %</b>
<b>Total equity &amp; liabilities</b>	<b>40.2</b>	<b>3.9 %</b>	<b>41.5</b>	<b>3.5 %</b>	<b>44.8</b>	<b>7.7 %</b>	<b>45.8</b>	<b>2.2 %</b>	<b>46.3</b>	<b>1.2 %</b>

Source: Company data, Quirin Privatbank estimates

## Financial key ratios

Key ratios	2022	2023	2024e	2025e	2026e
<b>Per share data (EUR)</b>					
EPS	0.14	0.15	0.54	0.57	0.65
Book value per share	3.3	3.5	4.0	4.6	5.3
Free cash flow per share	0.3	0.7	0.7	0.8	0.8
Dividend per share	0.00	0.00	0.00	0.00	0.00
<b>Valuation ratios</b>					
EV/Sales	1.28	0.98	0.90	0.82	0.70
EV/EBITDA	11.5	9.7	8.0	7.2	6.0
EV/EBIT	26.6	18.5	11.1	10.2	8.6
P/E	46.6	67.1	13.4	12.6	11.0
P/B	2.0	2.9	1.8	1.6	1.4
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
<b>Growth</b>					
Sales growth (%)	-51.1	28.6	3.8	3.1	3.6
EBITDA growth (%)	7.7	16.6	15.3	4.6	5.2
EBIT growth (%)	16.4	41.4	59.2	1.2	4.8
EPS growth (%)	8.9	4.9	259.0	6.0	14.3
<b>Profitability ratios</b>					
EBITDA margin (%)	11.1	10.1	11.2	11.4	11.5
EBIT margin (%)	4.8	5.3	8.1	8.0	8.1
Net margin (%)	2.2	1.8	6.3	6.5	7.1
ROCE (%)	7.6	10.0	14.1	12.7	11.9
<b>Financial ratios</b>					
Total equity (EUR m)	20.0	21.0	24.2	27.6	31.5
Equity ratio (%)	49.7	50.6	54.1	60.3	68.0
Net financial debt (EUR m)	6.1	5.3	3.0	0.0	-4.9
Net debt/Equity	0.5	0.5	0.5	0.6	0.7
Interest cover	2.2	3.0	4.9	6.4	15.8
Net debt/EBITDA	1.4	1.1	0.5	0.0	-0.8
Payout ratio (%)	0.0	0.0	0.0	0.0	0.0
Working Capital (EUR m)	13.7	15.7	18.1	21.5	25.7
Working capital/Sales	0.36	0.32	0.36	0.41	0.47

Source: Company data, Quirin Privatbank estimates

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The rating in this report are based on the analyst's expectation of the absolute change in stock price over a period of 6 to 12 months and reflect the analyst's view of the potential for change in stock price as a percentage. The BUY and SELL ratings reflect the analyst's expected high change in the value of the stock.

The levels of change expressed in each rating categories are:

BUY > +10%

HOLD <=-10% and < = +10%

SELL > -10%.

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#### Price and Rating History (last 12 months)

Date	Price target-EUR	Rating	Initiation
27.01.2025	14.00	Buy	
28.08.2024	14.00	Buy	
22.07.2024	11.00	Buy	22.07.2024

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#### Competent supervisory authority

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