

LION E-Mobility AG

Automotive - Germany



NuWays

by Hauck Aufhäuser Lampe

Buy (old: Buy)

05.08.2024

EUR 3.60 (old: EUR 7.00)

Weak H1 figures but progress on strategic topics; chg.

Following a particularly weak Q1 with a mere € 1.2m sales, Q2 **showed strong sequential improvements with € 4.8m**; € 6.1m sales in H1. However, this figure is still somewhat disappointing. While demand from mobility customers remains decent, **storage demand has been particularly weak**. This has been the result of battery pack manufacturers and resellers of used packs aggressively clearing their inventories (due to a weaker automotive demand) by selling their products to the storage industry. As a result of the weak top-line, **EBITDA came in at a negative € 2.1m**. H1 EBITDA stands at € -4.7m.

FY24 guidance restated. As a result of the weak start into the year, management has revised its FY24 guidance, now expecting sales of up to € 42m sales and a slightly negative EBITDA (old: € 60-65 and € 0.5-1m EBITDA; eNuW old: € 61m sales and EBITDA break-even).

Potential divestment of its 30% stake in TÜV SÜD Battery Testing to shore up additional liquidity. Mind you, in FY23 TÜV SÜD Battery Testing reported **sales up 41% yoy** (€ 16.1m) and an **18.9% EBIT margin**. Thanks to a structurally growing demand for battery testing capacities, TÜV SÜD Battery Testing looks set to continue growing at roughly 15% p.a. during the mid-term. In light of this, LION should be able to receive a mid-single-digit €m amount for its stake, in our view.

Light battery remains an attractive option. Its immersion cooled battery pack is currently being track-tested by a German premium OEM. So far, the preliminary results are quite promising: vehicles with battery voltages of 400 and 800 Volts showed performance that was 30% above the current market standard. Assuming the tests progress as planned, LION should expect a first request for quotations until the end of the year. A positive outcome would notably increase the likelihood of it becoming a notably sales driver during the mid-term (currently not part of our revenue model).

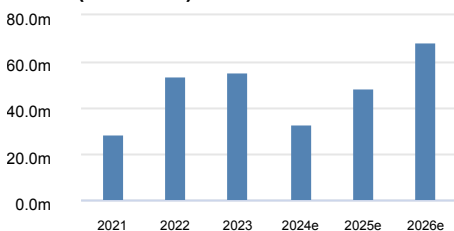
Prominent customer win. LION announced to begin to supply battery modules as spare parts for delivery vans of Deutsche Post DHL going forward. While we expect no significant P&L impact in the short-term, this underpins the company's products quality and ability to offer customized solutions for demanding customers.

We reduce our PT to € 3.6 (based on SOTP) per share as we cut our sales estimates but **reiterate out BUY rating**. Roughly € 0.5 per share are stemming from the TÜV SÜD Battery Testing JV.

Y/E 31.12 (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	28.4	53.8	56.1	33.2	48.7	68.3
Sales growth	54.3%	89.1%	4.3%	-40.8%	46.6%	40.3%
EBITDA	-1.2	0.5	0.0	-4.8	-1.9	1.8
Net debt (if net cash=0)	-0.2	4.4	13.6	20.2	22.4	22.1
FCF	-0.6	-9.4	-9.2	-6.5	-2.2	0.3
Net Debt/EBITDA	0.0	9.5	2728.6	-4.2	-11.8	12.3
EPS pro forma	-0.12	0.03	-0.08	-0.44	-0.30	-0.06
EBITDA margin	-4.3%	0.9%	0.0%	-14.4%	-3.9%	2.6%
ROCE	-14.3%	1.9%	-3.4%	-16.2%	-7.4%	2.3%
EV/sales	1.1	0.3	0.5	1.0	0.7	0.5
EV/EBITDA	-25.1	37.3	5296.6	-6.9	-18.6	19.5
PER	-8.4	33.6	-12.7	-2.2	-3.3	-16.6
Adjusted FCF yield	-3.2%	-4.3%	-3.8%	-17.3%	-5.1%	3.8%

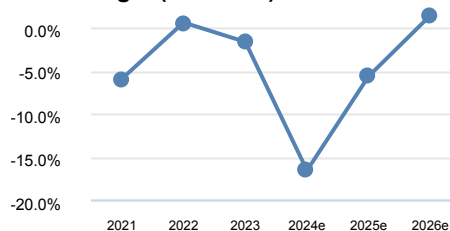
Source: Company data, NuWays, Close price as of 31.07.2024

Sales (2021-26e)



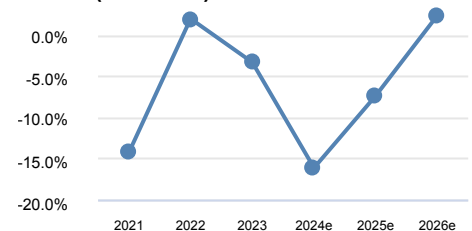
Source: NuWays Research

EBIT margin (2021-26e)



Source: NuWays Research

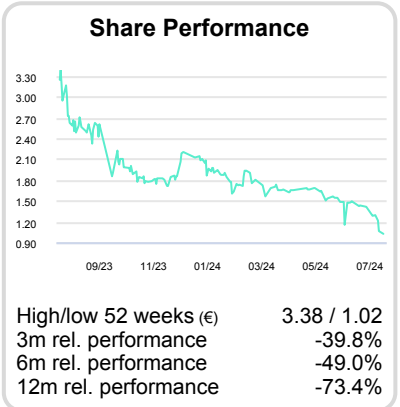
ROCE (2021-26e)



Source: NuWays Research

Company description

LION is a fully automated producer of lithium-ion battery packs for a wide range of applications such as buses, commercial vehicles, marine, industrial vehicles but also stationary energy storage with an annual production capacity of 2 GWh, the equivalent to 45k battery packs.



Market data

Share price (in €)	1.02
Market cap (in € m)	12.1
Number of shares (in m pcs)	12.4
Enterprise value (in € m)	33.0
Ø trading volume (6 months)	3,900

Identifier

Bloomberg	LMIA GR
Reuters	LMIA.F
WKN	A2QH97
ISIN	CH0560888270

Key shareholders

Ian Mukherjee	38.7%
Founders	6.0%
Free Float	55.3%

Estimates changes

	2024e	2025e	2026e
Sales	-46%	-38%	-40%
EBIT	-641%	-301%	-79%
EPS	-214%	-8143%	-128%

Comment on changes

- Reduced sales and EBITDA estimates to account for the weak storage demand and the resulting neg. operating leverage

Guidance

- Sales 2024: € 60-65m
- EBITDA 2024: € 0.5-1m

Financials

Profit and loss (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net sales	28.4	53.8	56.1	33.2	48.7	68.3
<i>Sales growth</i>	54.3%	89.1%	4.3%	-40.8%	46.6%	40.3%
Increase/decrease in finished goods and work-in-process	0.5	0.3	1.3	0.0	0.0	0.0
Total sales	28.9	54.1	57.4	33.2	48.7	68.3
Other operating income	1.5	0.4	1.5	0.3	0.5	0.7
Material expenses	25.9	46.5	48.3	28.2	40.7	56.3
Personnel expenses	3.1	3.9	5.7	5.4	5.9	5.8
Other operating expenses	2.6	3.7	4.9	4.7	4.4	5.1
Total operating expenses	30.1	53.6	57.4	38.0	50.5	66.5
EBITDA	-1.2	0.5	0.0	-4.8	-1.9	1.8
Depreciation	0.5	0.1	0.9	0.7	0.9	0.8
EBITA	-1.7	0.3	-0.9	-5.5	-2.7	1.0
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	-1.7	0.3	-0.9	-5.5	-2.7	1.0
Interest income	0.1	0.1	0.1	0.1	0.1	0.1
Interest expenses	0.0	0.1	1.5	2.0	2.5	2.5
Investment income	0.1	0.1	0.7	0.4	0.4	0.5
Financial result	0.2	0.1	-0.7	-1.5	-2.0	-1.9
Recurring pretax income from continuing operations	-1.5	0.4	-1.6	-7.0	-4.7	-0.9
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-1.5	0.4	-1.6	-7.0	-4.7	-0.9
Income tax expense	-0.4	0.0	-0.7	-1.5	-1.0	-0.2
Net income from continuing operations	-1.2	0.4	-1.0	-5.5	-3.7	-0.7
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-1.2	0.4	-1.0	-5.5	-3.7	-0.7
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	-1.2	0.4	-1.0	-5.5	-3.7	-0.7
Average number of shares	10.0	12.4	12.4	12.4	12.4	12.4
EPS reported	-0.12	0.03	-0.08	-0.44	-0.30	-0.06

Profit and loss (common size)	2021	2022	2023	2024e	2025e	2026e
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Sales growth</i>	54.3%	89.1%	4.3%	-40.8%	46.6%	40.3%
Increase/decrease in finished goods and work-in-process	1.7%	0.6%	2.4%	0.0%	0.0%	0.0%
Total sales	101.7%	100.6%	102.4%	100.0%	100.0%	100.0%
Other operating income	5.2%	0.8%	2.7%	1.0%	1.0%	1.0%
Material expenses	91.2%	86.4%	86.2%	84.9%	83.7%	82.4%
Personnel expenses	10.8%	7.2%	10.1%	16.4%	12.1%	8.5%
Other operating expenses	9.2%	6.9%	8.7%	14.0%	9.1%	7.5%
Total operating expenses	106.0%	99.8%	102.4%	114.4%	103.9%	97.4%
EBITDA	-4.3%	0.9%	0.0%	-14.4%	-3.9%	2.6%
Depreciation	1.6%	0.3%	1.7%	2.2%	1.8%	1.2%
EBITA	-5.9%	0.6%	-1.7%	-16.6%	-5.6%	1.4%
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	-5.9%	0.6%	-1.7%	-16.6%	-5.6%	1.4%
Interest income	0.2%	0.1%	0.2%	0.4%	0.3%	0.2%
Interest expenses	0.1%	0.2%	2.7%	6.0%	5.2%	3.7%
Investment income	0.5%	0.2%	1.2%	1.1%	0.9%	0.7%
Financial result	0.6%	0.1%	neg.	neg.	neg.	neg.
Recurring pretax income from continuing operations	-5.4%	0.7%	-2.9%	-21.1%	-9.7%	-1.4%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	-5.4%	0.7%	-2.9%	-21.1%	-9.7%	-1.4%
Tax rate	23.5%	9.1%	41.7%	22.0%	22.0%	22.0%
Net income from continuing operations	-4.1%	0.7%	-1.7%	-16.5%	-7.6%	-1.1%
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income	-4.1%	0.7%	-1.7%	-16.5%	-7.6%	-1.1%
Minority interest	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net profit (reported)	-4.1%	0.7%	-1.7%	-16.5%	-7.6%	-1.1%

Source: Company data, NuWays

Balance sheet (EUR m)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	3.1	4.7	12.4	13.2	14.0	14.8
Property, plant and equipment	0.4	2.2	5.2	6.0	5.8	5.8
Financial assets	4.4	5.6	5.7	5.7	5.7	5.7
FIXED ASSETS	7.9	12.5	23.4	24.9	25.5	26.4
Inventories	0.2	6.5	13.8	7.3	9.6	12.3
Accounts receivable	4.2	4.4	24.9	4.5	6.7	9.4
Other assets and short-term financial assets	2.4	1.0	0.7	0.7	2.7	6.7
Liquid assets	1.2	3.0	4.4	2.9	0.7	1.0
Deferred taxes	2.2	2.3	2.1	2.1	2.1	2.1
Deferred charges and prepaid expenses	0.1	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	10.3	17.2	46.0	17.6	21.9	31.5
TOTAL ASSETS	18.2	29.8	69.4	42.5	47.4	57.9

SHAREHOLDERS EQUITY	9.3	14.4	13.5	12.1	14.4	21.6
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	0.6	0.9	0.7	0.7	0.7	0.7
Other provisions and accrued liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Short-term liabilities to banks	0.0	6.0	9.1	9.1	9.1	9.1
Accounts payable	5.9	4.6	35.8	5.5	8.0	11.2
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	0.6	1.5	1.2	1.2	1.2	1.2
Deferred taxes	0.7	1.0	0.0	0.0	0.0	0.0
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT LIABILITIES	6.5	6.0	37.0	6.6	9.2	12.4
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	18.2	29.8	69.4	42.5	47.4	57.9

Balance sheet (common size)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	17.3%	15.7%	17.9%	31.1%	29.6%	25.6%
Property, plant and equipment	2.0%	7.5%	7.5%	14.0%	12.1%	10.1%
Financial assets	24.1%	18.9%	8.3%	13.5%	12.1%	9.9%
FIXED ASSETS	43.4%	42.1%	33.7%	58.6%	53.9%	45.6%
Inventories	0.9%	21.9%	19.9%	17.1%	20.3%	21.2%
Accounts receivable	23.3%	14.8%	35.9%	10.7%	14.1%	16.2%
Other assets and short-term financial assets	13.1%	3.4%	1.1%	1.8%	5.8%	11.7%
Liquid assets	6.8%	10.2%	6.4%	6.8%	1.5%	1.7%
Deferred taxes	12.0%	7.7%	3.1%	5.0%	4.5%	3.7%
Deferred charges and prepaid expenses	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT ASSETS	56.6%	57.9%	66.3%	41.4%	46.1%	54.4%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	50.9%	48.4%	19.5%	28.4%	30.3%	37.4%
MINORITY INTEREST	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Provisions for pensions and similar obligations	3.5%	3.1%	1.0%	1.7%	1.5%	1.3%
Other provisions and accrued liabilities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Short-term liabilities to banks	0.0%	20.3%	13.1%	21.3%	19.1%	15.7%
Accounts payable	32.3%	15.4%	51.6%	12.8%	16.9%	19.4%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other liabilities (incl. from lease and rental contracts)	3.5%	4.9%	1.7%	2.7%	2.4%	2.0%
Deferred taxes	4.0%	3.2%	0.0%	0.1%	0.1%	0.1%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT LIABILITIES	35.7%	20.3%	53.3%	15.5%	19.3%	21.4%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Company data, NuWays

Cash flow statement (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net profit/loss	-1.2	0.4	-1.0	-5.5	-3.7	-0.7
Depreciation of fixed assets (incl. leases)	0.5	0.1	0.9	0.7	0.9	0.8
Amortisation of goodwill & intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Other costs affecting income / expenses	-0.5	0.0	0.0	0.0	0.0	0.0
Cash flow from operating activities	-0.1	-8.8	1.3	-5.7	-1.4	1.1
Increase/decrease in inventory	-0.0	-6.4	-7.3	6.5	-2.3	-2.7
Increase/decrease in accounts receivable	-0.8	-0.2	-20.5	20.4	-2.1	-2.7
Increase/decrease in accounts payable	2.6	-1.3	31.2	-30.4	2.5	3.2
Increase/decrease in other working capital positions	-0.7	-0.5	0.4	4.0	4.0	4.0
Increase/decrease in working capital	1.1	-8.3	3.8	0.5	2.1	1.9
Cash flow from operating activities	-0.1	-6.8	2.8	-4.2	-0.7	2.0
CAPEX	0.5	2.6	11.9	2.3	1.4	1.7
Payments for acquisitions	0.0	0.1	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.8	0.0	0.0	0.0
Income from asset disposals	0.3	0.0	1.9	0.0	0.0	0.0
Cash flow from investing activities	-0.2	-2.7	-10.8	-2.3	-1.4	-1.7
Cash flow before financing	-0.3	-9.5	-8.1	-6.5	-2.2	0.3
Increase/decrease in debt position	0.4	6.0	10.0	5.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	-0.1	5.4	-0.5	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	0.3	11.4	9.5	5.0	0.0	0.0
Increase/decrease in liquid assets	-0.0	1.9	1.4	-1.5	-2.2	0.3
Liquid assets at end of period	1.2	3.0	4.4	2.9	0.7	1.0

Key ratios (EUR m)	2021	2022	2023	2024e	2025e	2026e
P&L growth analysis						
Sales growth	54.3%	89.1%	4.3%	-40.8%	46.6%	40.3%
EBITDA growth	-22.2%	-138.0%	-98.9%	-95493.8%	-60.3%	-194.7%
EBIT growth	-10.3%	-119.2%	-384.9%	495.6%	-50.2%	-135.4%
EPS growth	26.4%	-125.0%	-363.8%	474.5%	-32.5%	-80.2%
Efficiency						
Sales per employee	1,137.3	1,536.0	992.1	433.9	556.0	682.8
EBITDA per employee	-49.2	13.4	0.1	-62.3	-21.6	17.9
No. employees (average)	25	35	56	76	88	100
Balance sheet analysis						
Avg. working capital / sales	-1.7%	5.0%	1.2%	19.1%	11.4%	12.3%
Inventory turnover (sales/inventory)	181.0	8.3	4.1	4.6	5.1	5.6
Accounts receivable turnover	54.4	29.9	162.2	50.0	50.0	50.0
Accounts payable turnover	75.3	31.1	233.2	60.0	60.0	60.0
Cash flow analysis						
Free cash flow	-0.6	-9.4	-9.2	-6.5	-2.2	0.3
Free cash flow/sales	-2.0%	-17.5%	-16.4%	-19.6%	-4.5%	0.4%
FCF / net profit	49.4%	neg.	965.4%	119.1%	59.0%	neg.
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Solvency						
Net debt	-0.2	4.4	13.6	20.2	22.4	22.1
Net Debt/EBITDA	0.0	9.5	2728.6	-4.2	-11.8	12.3
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest paid / avg. debt	3.4%	2.4%	15.7%	13.0%	12.3%	11.0%
Returns						
ROCE	-14.3%	1.9%	-3.4%	-16.2%	-7.4%	2.3%
ROE	-12.6%	2.5%	-7.0%	-45.2%	-25.7%	-3.4%
Adjusted FCF yield	-3.2%	-4.3%	-3.8%	-17.3%	-5.1%	3.8%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
DPS	0.0	0.0	0.0	0.0	0.0	0.0
EPS reported	-0.12	0.03	-0.08	-0.44	-0.30	-0.06
Average number of shares	10.0	12.4	12.4	12.4	12.4	12.4
Valuation ratios						
P/BV	1.1	0.8	0.9	1.0	0.8	0.6
EV/sales	1.1	0.3	0.5	1.0	0.7	0.5
EV/EBITDA	-25.1	37.3	5296.6	-6.9	-18.6	19.5
EV/EBIT	-18.3	53.7	-28.6	-6.0	-12.8	35.9

Source: Company data, NuWays

Disclosures

Disclosures regarding research publications of NuWays AG pursuant to section 85 of the German Securities Trading Act (WpHG)

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Company	Disclosures
LION E-Mobility AG	2,8

Historical target price and rating changes for LION E-Mobility AG

Company	Date	Analyst	Rating	Target Price	Close
LION E-Mobility AG	13.05.2024	Sandherr, Christian	Buy	EUR 7.00	EUR 1.66
	22.03.2024	Sandherr, Christian	Buy	EUR 8.00	EUR 1.72
	26.09.2023	Sandherr, Christian	Buy	EUR 10.50	EUR 2.60

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