

# LION E-Mobility AG

Automotive - Germany



**Buy** (old: Buy)

22.01.2024

**EUR 10.50** (old: EUR 10.50)

## A new CEO to kick off the year

**Topic:** LION announced to have a signed a highly qualified successor for the current CEO, which is leaving at the end of January. Following LION's major transformation last year, the company looks poised for strong growth.

At the end of November, LION announced the departure of its CEO Winfried Buss end of January due to personal reasons. The company has **already been able to find a successor, namely Dr. Joachim Damasky**. Dr. Damasky has recently worked as Senior Advisor to BMW and ran the German Automotive Association. Until 2015, he was part of Webasto's Management Board. This bolsters well with hire of Dr. Ulrich Eichhorn, former CTO of Volkswagen, as Chairman of its newly established Global Technical Advisory Committee at the beginning of November. Both hires, alongside an increased salesforce should allow for a continuation of the positive trends witnessed in Q4.

Mind you, during the Q3 earnings call in December, management highlighted **€ 25m of sales** (vs. 9M of € 29m) from battery packs out of its own production **in Q4 alone**. With that, LION produced roughly 4.5k battery packs during FY23, significantly below the factory's annual capacity of 45k. Over the next few years, we expect the **utilization to gradually increase**, partially carried by the introduction of its gen 2 battery packs during the second half of this year.

Thanks to the **partnership with SVOLT**, the company will produce higher energy density (20% more vs currently used cells) NMC and LFP battery packs. Especially the latter is set to turn into a notable tailwind as it should allow LION to fully break into the thriving energy storage market, which prefers LFP over NMC cells. Energy storage customers already account for roughly 50% of sales.

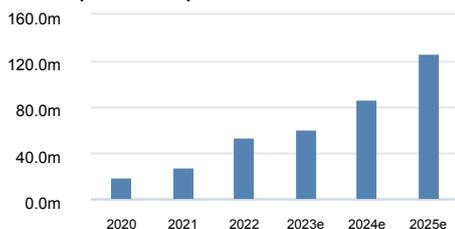
Coupled with customer wins in the mobility segment, the company looks set to strongly grow sales in the short- to mid-term (33% 2022-25e CAGR). During the same time, the EBITDA margin is seen to significantly increase to 4.6% by 2025e as the plant's operating leverage should kick in.

**Valuation remains attractive.** While LION has gone through a full transformation during 2023, the company should now be ready to reap the rewards of the hard work. Yet, this is still under-appreciated by the share price, which implies a valuation of only 0.6x/0.4x EV/sales FY2023/24e. **LION remains a BUY with an unchanged € 10.50 PT** based on DCF.

Y/E 31.12 (EUR m)	2020	2021	2022	2023e	2024e	2025e
Sales	18.4	28.4	53.8	60.1	86.3	127.0
Sales growth	950.2%	54.3%	89.1%	11.7%	43.6%	47.2%
EBITDA	-1.6	-1.2	0.5	-1.8	1.1	5.9
Net debt (if net cash=0)	-0.8	-0.2	2.7	13.7	12.4	9.9
FCF	-2.0	-0.6	-0.3	-6.0	1.3	2.5
Net Debt/EBITDA	0.0	0.0	5.8	-7.4	11.6	1.7
EPS pro forma	-0.09	-0.12	0.03	-0.16	-0.09	0.23
EBITDA margin	-8.6%	-4.3%	0.9%	-3.1%	1.2%	4.6%
ROCE	-16.0%	-14.3%	2.6%	-8.5%	-2.0%	9.2%
EV/sales	1.7	1.1	0.5	0.6	0.4	0.3
EV/EBITDA	-19.8	-25.1	59.8	-21.1	35.2	6.0
PER	-21.6	-17.1	68.2	-12.6	-21.7	8.7
Adjusted FCF yield	-4.0%	-3.2%	-1.6%	-6.6%	0.9%	10.4%

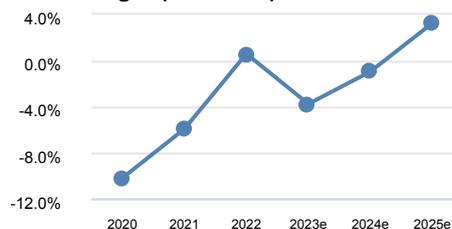
Source: Company data, NuWays, Close price as of 19.01.2024

### Sales (2020-25e)



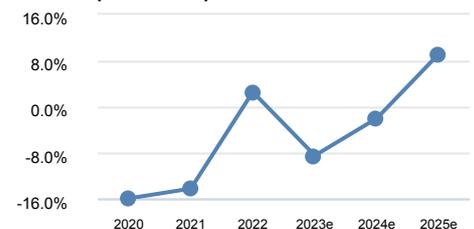
Source: NuWays Research

### EBIT margin (2020-25e)



Source: NuWays Research

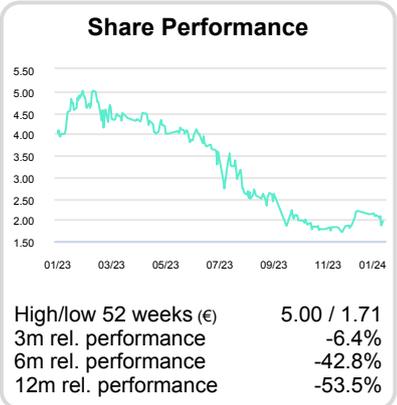
### ROCE (2020-25e)



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 €)	1.96
Market cap (in € m)	24.6
Number of shares (in m pcs)	12.4
Enterprise value (in € m)	37.6
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

	2023e	2024e	2025e
Sales	0%	0%	0%
EBIT	0%	0%	0%
EPS	0%	0%	0%

### Comment on changes

### Guidance

- Sales 2023: € 55-65m

## Financials

Profit and loss (EUR m)	2020	2021	2022	2023e	2024e	2025e
<b>Net sales</b>	<b>18.4</b>	<b>28.4</b>	<b>53.8</b>	<b>60.1</b>	<b>86.3</b>	<b>127.0</b>
<i>Sales growth</i>	950.2%	54.3%	89.1%	11.7%	43.6%	47.2%
Increase/decrease in finished goods and work-in-process	0.0	0.5	0.3	0.0	0.0	0.0
<b>Total sales</b>	<b>18.4</b>	<b>28.9</b>	<b>54.1</b>	<b>60.1</b>	<b>86.3</b>	<b>127.0</b>
Other operating income	0.1	1.5	0.4	0.6	0.9	1.3
Material expenses	14.0	25.9	46.5	51.9	73.3	106.0
Personnel expenses	2.3	3.1	3.9	5.6	7.0	9.3
Other operating expenses	3.7	2.6	3.7	5.0	5.7	7.2
<b>Total operating expenses</b>	<b>20.0</b>	<b>30.1</b>	<b>53.6</b>	<b>61.9</b>	<b>85.2</b>	<b>121.1</b>
<b>EBITDA</b>	<b>-1.6</b>	<b>-1.2</b>	<b>0.5</b>	<b>-1.8</b>	<b>1.1</b>	<b>5.9</b>
Depreciation	0.3	0.5	0.1	0.4	1.9	1.7
<b>EBITA</b>	<b>-1.9</b>	<b>-1.7</b>	<b>0.3</b>	<b>-2.3</b>	<b>-0.8</b>	<b>4.2</b>
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
<b>EBIT (inc revaluation net)</b>	<b>-1.9</b>	<b>-1.7</b>	<b>0.3</b>	<b>-2.3</b>	<b>-0.8</b>	<b>4.2</b>
Interest income	0.1	0.1	0.1	0.1	0.1	0.1
Interest expenses	0.0	0.0	0.1	0.4	1.1	1.1
Investment income	0.5	0.1	0.1	0.3	0.4	0.5
Financial result	0.5	0.2	0.1	-0.0	-0.6	-0.5
<b>Recurring pretax income from continuing operations</b>	<b>-1.3</b>	<b>-1.5</b>	<b>0.4</b>	<b>-2.3</b>	<b>-1.5</b>	<b>3.6</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>-1.3</b>	<b>-1.5</b>	<b>0.4</b>	<b>-2.3</b>	<b>-1.5</b>	<b>3.6</b>
Income tax expense	-0.4	-0.4	0.0	-0.3	-0.3	0.8
<b>Net income from continuing operations</b>	<b>-0.9</b>	<b>-1.2</b>	<b>0.4</b>	<b>-1.9</b>	<b>-1.1</b>	<b>2.8</b>
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>-0.9</b>	<b>-1.2</b>	<b>0.4</b>	<b>-1.9</b>	<b>-1.1</b>	<b>2.8</b>
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net profit (reported)</b>	<b>-0.9</b>	<b>-1.2</b>	<b>0.4</b>	<b>-1.9</b>	<b>-1.1</b>	<b>2.8</b>
Average number of shares	10.0	10.0	12.4	12.4	12.4	12.4
<b>EPS reported</b>	<b>-0.09</b>	<b>-0.12</b>	<b>0.03</b>	<b>-0.16</b>	<b>-0.09</b>	<b>0.23</b>

Profit and loss (common size)	2020	2021	2022	2023e	2024e	2025e
<b>Net sales</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<i>Sales growth</i>	950.2%	54.3%	89.1%	11.7%	43.6%	47.2%
Increase/decrease in finished goods and work-in-process	0.1%	1.7%	0.6%	0.0%	0.0%	0.0%
<b>Total sales</b>	<b>100.1%</b>	<b>101.7%</b>	<b>100.6%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Other operating income	0.4%	5.2%	0.8%	1.0%	1.0%	1.0%
Material expenses	76.1%	91.2%	86.4%	86.4%	84.9%	83.4%
Personnel expenses	12.7%	10.8%	7.2%	9.3%	8.2%	7.3%
Other operating expenses	20.2%	9.2%	6.9%	8.4%	6.7%	5.6%
<b>Total operating expenses</b>	<b>108.7%</b>	<b>106.0%</b>	<b>99.8%</b>	<b>103.1%</b>	<b>98.8%</b>	<b>95.4%</b>
<b>EBITDA</b>	<b>-8.6%</b>	<b>-4.3%</b>	<b>0.9%</b>	<b>-3.1%</b>	<b>1.2%</b>	<b>4.6%</b>
Depreciation	1.6%	1.6%	0.3%	0.7%	2.2%	1.4%
<b>EBITA</b>	<b>-10.2%</b>	<b>-5.9%</b>	<b>0.6%</b>	<b>-3.8%</b>	<b>-0.9%</b>	<b>3.3%</b>
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%
<b>EBIT (inc revaluation net)</b>	<b>-10.2%</b>	<b>-5.9%</b>	<b>0.6%</b>	<b>-3.8%</b>	<b>-0.9%</b>	<b>3.3%</b>
Interest income	0.4%	0.2%	0.1%	0.1%	0.1%	0.1%
Interest expenses	0.3%	0.1%	0.2%	0.6%	1.2%	0.8%
Investment income	2.8%	0.5%	0.2%	0.4%	0.4%	0.4%
Financial result	2.9%	0.6%	0.1%	neg.	neg.	neg.
<b>Recurring pretax income from continuing operations</b>	<b>-7.3%</b>	<b>-5.4%</b>	<b>0.7%</b>	<b>-3.8%</b>	<b>-1.7%</b>	<b>2.9%</b>
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Earnings before taxes</b>	<b>-7.3%</b>	<b>-5.4%</b>	<b>0.7%</b>	<b>-3.8%</b>	<b>-1.7%</b>	<b>2.9%</b>
Tax rate	31.3%	23.5%	9.1%	15.0%	22.0%	22.0%
<b>Net income from continuing operations</b>	<b>-5.0%</b>	<b>-4.1%</b>	<b>0.7%</b>	<b>-3.2%</b>	<b>-1.3%</b>	<b>2.2%</b>
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Net income</b>	<b>-5.0%</b>	<b>-4.1%</b>	<b>0.7%</b>	<b>-3.2%</b>	<b>-1.3%</b>	<b>2.2%</b>
Minority interest	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Net profit (reported)</b>	<b>-5.0%</b>	<b>-4.1%</b>	<b>0.7%</b>	<b>-3.2%</b>	<b>-1.3%</b>	<b>2.2%</b>

Source: Company data, NuWays

Balance sheet (EUR m)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	2.5	3.1	3.1	3.8	4.5	5.1
Property, plant and equipment	0.5	0.4	2.1	9.4	8.6	8.8
Financial assets	4.2	4.4	4.6	4.6	4.6	4.6
<b>FIXED ASSETS</b>	<b>7.3</b>	<b>7.9</b>	<b>9.8</b>	<b>17.8</b>	<b>17.7</b>	<b>18.5</b>
Inventories	0.1	0.2	6.9	13.4	17.3	23.1
Accounts receivable	2.1	4.2	4.5	4.9	7.1	10.4
Other assets and short-term financial assets	4.4	2.4	2.4	12.4	12.4	14.4
Liquid assets	1.2	1.2	2.5	1.6	2.8	5.4
Deferred taxes	1.1	2.2	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.1	0.1	0.1	0.1	0.1	0.1
<b>CURRENT ASSETS</b>	<b>9.0</b>	<b>10.3</b>	<b>16.4</b>	<b>32.4</b>	<b>39.7</b>	<b>53.4</b>
<b>TOTAL ASSETS</b>	<b>16.3</b>	<b>18.2</b>	<b>26.3</b>	<b>50.2</b>	<b>57.4</b>	<b>71.9</b>

<b>SHAREHOLDERS EQUITY</b>	<b>10.3</b>	<b>9.3</b>	<b>8.6</b>	<b>22.7</b>	<b>25.6</b>	<b>33.4</b>
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	1.9	0.6	0.6	0.6	0.6	0.6
Other provisions and accrued liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Short-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0
Accounts payable	3.2	5.9	10.0	9.9	14.2	20.9
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)	0.4	0.6	1.0	1.0	1.0	1.0
Deferred taxes	0.0	0.7	0.7	0.7	0.7	0.7
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT LIABILITIES</b>	<b>3.6</b>	<b>6.5</b>	<b>11.0</b>	<b>10.9</b>	<b>15.2</b>	<b>21.9</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>16.3</b>	<b>18.2</b>	<b>26.3</b>	<b>50.2</b>	<b>57.4</b>	<b>71.9</b>

Balance sheet (common size)	2020	2021	2022	2023e	2024e	2025e
Intangible assets	15.4%	17.3%	12.0%	7.6%	7.8%	7.1%
Property, plant and equipment	3.2%	2.0%	8.0%	18.8%	15.0%	12.2%
Financial assets	26.0%	24.1%	17.5%	9.1%	8.0%	6.4%
<b>FIXED ASSETS</b>	<b>44.6%</b>	<b>43.4%</b>	<b>37.4%</b>	<b>35.5%</b>	<b>30.8%</b>	<b>25.7%</b>
Inventories	0.8%	0.9%	26.2%	26.6%	30.1%	32.1%
Accounts receivable	12.9%	23.3%	17.1%	9.8%	12.4%	14.5%
Other assets and short-term financial assets	26.9%	13.1%	9.1%	24.7%	21.6%	20.0%
Liquid assets	7.6%	6.8%	9.7%	3.1%	4.9%	7.4%
Deferred taxes	6.7%	12.0%	0.0%	0.0%	0.0%	0.0%
Deferred charges and prepaid expenses	0.5%	0.4%	0.5%	0.2%	0.2%	0.2%
<b>CURRENT ASSETS</b>	<b>55.4%</b>	<b>56.6%</b>	<b>62.6%</b>	<b>64.5%</b>	<b>69.2%</b>	<b>74.3%</b>
<b>TOTAL ASSETS</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

<b>SHAREHOLDERS EQUITY</b>	<b>63.5%</b>	<b>50.9%</b>	<b>32.9%</b>	<b>45.2%</b>	<b>44.6%</b>	<b>46.5%</b>
MINORITY INTEREST	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Provisions for pensions and similar obligations	11.7%	3.5%	2.4%	1.3%	1.1%	0.9%
Other provisions and accrued liabilities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Short-term liabilities to banks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts payable	19.8%	32.3%	38.1%	19.7%	24.7%	29.0%
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)	2.3%	3.5%	3.8%	2.0%	1.7%	1.4%
Deferred taxes	0.0%	4.0%	2.8%	1.4%	1.3%	1.0%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>CURRENT LIABILITIES</b>	<b>22.0%</b>	<b>35.7%</b>	<b>41.9%</b>	<b>21.7%</b>	<b>26.5%</b>	<b>30.4%</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Company data, NuWays

Cash flow statement (EUR m)	2020	2021	2022	2023e	2024e	2025e
Net profit/loss	-0.9	-1.2	0.4	-1.9	-1.1	2.8
Depreciation of fixed assets (incl. leases)	0.3	0.5	0.1	0.4	1.9	1.7
Amortisation of goodwill & intangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Others	-0.1	-0.1	0.0	0.0	0.0	0.0
Cash flow from operating activities	-1.3	-0.1	0.3	-3.3	1.9	3.2
Increase/decrease in inventory	-4.3	-0.0	-6.7	-6.5	-3.9	-5.8
Increase/decrease in accounts receivable	-1.2	-0.8	-0.2	-0.5	-2.2	-3.3
Increase/decrease in accounts payable	3.1	2.6	4.1	-0.1	4.3	6.7
Increase/decrease in other working capital positions	1.6	-0.7	1.2	6.0	4.0	3.0
Increase/decrease in working capital	-0.9	1.1	-1.7	-1.0	2.2	0.5
<b>Cash flow from operating activities</b>	<b>-1.3</b>	<b>-0.1</b>	<b>1.3</b>	<b>-2.6</b>	<b>3.0</b>	<b>5.1</b>
CAPEX	0.7	0.5	1.7	3.4	1.7	2.6
Payments for acquisitions	0.0	0.0	0.1	5.0	0.0	0.0
Financial investments	0.6	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.2	0.3	0.0	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-1.2</b>	<b>-0.2</b>	<b>-1.7</b>	<b>-8.4</b>	<b>-1.7</b>	<b>-2.6</b>
Cash flow before financing	-2.4	-0.3	-0.4	-11.0	1.3	2.5
Increase/decrease in debt position	-0.1	0.4	3.9	10.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	2.0	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	-0.1	0.0	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
<b>Cash flow from financing activities</b>	<b>1.8</b>	<b>0.3</b>	<b>3.9</b>	<b>10.0</b>	<b>0.0</b>	<b>0.0</b>
Increase/decrease in liquid assets	-0.6	-0.0	3.5	-1.0	1.3	2.5
<b>Liquid assets at end of period</b>	<b>1.2</b>	<b>1.2</b>	<b>2.5</b>	<b>1.6</b>	<b>2.8</b>	<b>5.4</b>

Key ratios (EUR m)	2020	2021	2022	2023e	2024e	2025e
<b>P&amp;L growth analysis</b>						
Sales growth	950.2%	54.3%	89.1%	11.7%	43.6%	47.2%
EBITDA growth	-31.0%	-22.2%	-138.0%	-494.9%	-157.9%	451.4%
EBIT growth	-23.3%	-10.3%	-119.2%	-796.5%	-64.0%	-610.8%
EPS growth	-46.1%	26.4%	-125.0%	-639.8%	-41.8%	-350.8%
<b>Efficiency</b>						
Sales per employee	1,842.7	1,137.3	1,536.0	1,063.3	1,128.0	1,451.5
EBITDA per employee	-158.2	-49.2	13.4	-32.7	14.0	67.3
No. employees (average)	10	25	35	56	76	88
<b>Balance sheet analysis</b>						
Avg. working capital / sales	9.3%	-1.7%	0.4%	5.8%	6.7%	8.3%
Inventory turnover (sales/inventory)	n.a.	181.0	7.8	4.5	5.0	5.5
Accounts receivable turnover	41.8	54.4	30.4	30.0	30.0	30.0
Accounts payable turnover	63.9	75.3	67.9	60.0	60.0	60.0
<b>Cash flow analysis</b>						
Free cash flow	-2.0	-0.6	-0.3	-6.0	1.3	2.5
Free cash flow/sales	-10.9%	-2.0%	-0.6%	-9.9%	1.5%	2.0%
FCF / net profit	216.8%	49.4%	neg.	307.0%	neg.	88.6%
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Solvency</b>						
Net debt	-0.8	-0.2	2.7	13.7	12.4	9.9
Net Debt/EBITDA	0.0	0.0	5.8	-7.4	11.6	1.7
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest paid / avg. debt	17.5%	3.4%	3.4%	4.5%	10.4%	7.0%
<b>Returns</b>						
ROCE	-16.0%	-14.3%	2.6%	-8.5%	-2.0%	9.2%
ROE	-8.9%	-12.6%	4.2%	-8.6%	-4.4%	8.5%
Adjusted FCF yield	-4.0%	-3.2%	-1.6%	-6.6%	0.9%	10.4%
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	-0.09	-0.12	0.03	-0.16	-0.09	0.23
Average number of shares	10.0	10.0	12.4	12.4	12.4	12.4
<b>Valuation ratios</b>						
P/BV	1.9	2.2	2.8	1.1	1.0	0.7
EV/sales	1.7	1.1	0.5	0.6	0.4	0.3
EV/EBITDA	-19.8	-25.1	59.8	-21.1	35.2	6.0
EV/EBIT	-16.6	-18.3	85.9	-17.2	-46.1	8.4

Source: Company data, NuWays

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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
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