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## Solid H1 results – high demand for geothermal drilling

Daldrup reported solid results for H1 2022. Total operating output of EUR 17.7m (H1 2021: EUR 22.9m) appears to be weak at first glance. However, we believe that Daldrup has managed to do the final invoicing of projects they are working on in a timely manner and therefore experienced less increases in work in progress, as it was the case in the first half of 2021. H1-EBIT of EUR 1.2m has benefited from a one-time gain in the amount of EUR 0.4m from the disposal of power plant components, which are non-core assets. Adjusted by this positive impact, EBIT has shown a slight improvement and was bang in-line with our estimate. As expected, the guidance for FY 2022e was confirmed. The current market environment with increasing efforts to transform the European energy market towards a more environmentally friendly supply, that is independent of Russia, is favorable for Daldrup. Daldrup's current pipeline of projects of EUR 136m that have a high probability of realizations reflects the strong demand for geothermal drilling. With a TP of EUR 8, we rate the shares a Buy.

Daldrup & Soehne AG - Review H1 2022

EUR m	Actual			PASe		PASe		
	H1 2022	H1 2021	% yoy	PASe	Delta	2022e	2023e	2024e
Total operating output	17.7	22.9	-22.6%	16.3	8.4%	42.9	45.2	47.6
EBITDA	2.4	1.8	30.2%	2.0	22.6%	4.4	4.6	4.8
EBITDA margin (of TOO)	13.6%	8.1%	550 BP	12.0%	157 BP	10.3%	10.1%	10.1%
EBIT	1.2	0.7	78.4%	0.8	50.0%	2.1	2.4	3.7
EBIT margin (of TOO)	6.8%	2.9%	384 BP	4.9%	188 BP	4.9%	5.3%	7.8%

Source: Daldrup & Soehne, Pareto Securities

- For FY 2022e, the company guides a total operating output of EUR 42m (PASe: EUR 43m) and an EBIT margin (of total operating output) of 4% to 6% (PASe: 4.9%). The targeted EBIT margin range implies at the mid-point an EBIT of ~EUR 2m (PASe: EUR 2.1m).
- Order backlog per end of H1 2022 amounted to EUR 27m, compared to EUR 20m per end of March 2022. The current project pipeline of EUR 136m is 30% higher compared to March 2022.

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