Acquisition Proposal of Meyer Burger Technology AG by Daimler AG

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Dissertation written under the supervision of professor

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Dissertation submitted in partial fulfilment of requirements for the M.Sc. in Finance at the Universidade Católica Portuguesa, and the M.Sc. in Finance at BI Norwegian Business School, September 2021.

ABSTRACT

This paper investigates the potential acquisition of Meyer Burger Technology AG, a Swiss solar panel manufacturer, by Daimler AG, a German automotive manufacturer. The study includes an in-depth analysis and standalone valuation of both companies and their respective industries to estimate their fair value after considering historical, current, and future business dynamics. The objective is to determine the value of the combined entity, establish a purchase price for the target, and decide whether the deal would be value creative or value destructive to the companies.

The value of the combined entity after accounting for synergy effects is €277 billion, suggesting a synergy value of €11 813 million. Given a takeover premium of 30%, the purchase price of the target firm would be €1 275 million, about €293 million above their current market value as of August 13th, 2021. The offer would be fully financed with cash and would give shareholders of the acquiring company a value capture of €11 743 million.

Keywords: M&A, DCF, valuation, synergy, renewable, automotive, solar
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ABSTRATO

Este artigo investiga a potencial aquisição da Meyer Burger Technology AG, um fabricante suíço de painéis solares, pela Daimler AG, um fabricante automotivo alemão. O estudo inclui uma análise aprofundada e avaliação independente de ambas as empresas e seus respetivos setores para estimar seu valor justo após considerar a dinâmica de negócios histórica, atual e futura. O objetivo é determinar o valor da entidade combinada, estabelecer um preço de compra para o alvo e decidir se o negócio seria criativo de valor ou destrutivo para as empresas.

O valor da entidade combinada após a contabilização dos efeitos de sinergia é de €277 bilhões, sugerindo um valor de sinergia de €11 813 milhões. Dado um prêmio de aquisição de 30%, o preço de compra da empresa-alvo seria de €1 275 milhão, quase €293 milhões acima de seu valor de mercado atual em 13 de agosto de 2021. A oferta seria totalmente financiada com dinheiro e daria aos acionistas da empresa adquirente uma captura de valor de €11 743 milhões.

Palavras-chave: M&A, DCF, avaliação, sinergia, renovável, automotivo, solar

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ACKNOWLEDGEMENTS

I would like to express my greatest appreciation to my supervisor, António Luís Borges de Assunção, for his availability and guidance during this period as well as his constructive and valuable feedback which helped elevate my thesis.

I would also like to extend my thanks to my classmates Jonas and Tomas for the experiences we shared during our double degree at Católica Lisbon School of Business and Economics. I cannot begin to express how much it meant for me to be included from A to Z throughout our time abroad.

Finally, I would like to thank my mom and boyfriend for reading and giving me their insight on my paper, as well as for their encouragement during the course of my studies. This thesis is the result of many years of learning and your support has meant a great deal in shaping this final product.

1 INTRODUCTION

During the last decade, there has been an increasingly urgent focus on the ongoing climate crisis as several government bodies globally in union put climate change on the agenda. Consumer demand is changing in line with growing concerns for the environment and governments are implementing stricter emissions regulations, forcing companies to rethink the way they operate.

Certain industries and companies have experienced greater change than others. The result is often that relatively recent factors which used to serve as a competitive advantage no longer provide the same benefits. As a result, companies are on the constant lookout for new and more innovative ideas, preferably ones that are challenging to replicate. Acquiring the competencies to develop such a competitive advantage internally may take years, maybe even decades, depending on the complexity of the knowledge and experience required to effectively implement. Nonetheless, companies still have the option of acquiring such knowledge and expertise externally through either a merger, an acquisition, or a strategic partnership.

This paper investigates the acquisition of said knowledge through the strategic merger of two industries that are currently undergoing dynamic change, appointing climate change as one of the main drivers, namely in the automotive and the renewables industry. The companies in question are Daimler AG (Daimler), a German-based automotive engineering company, and Meyer Burger Technology AG (Meyer Burger), a Swiss-based solar panel manufacturer.

1.1 The Environmental Impact of the Automotive Industry

Automotive companies have in recent years made significant innovation toward reducing both their direct and indirect impact on the environment. The direct impact mainly comes from the production process itself while the indirect impact includes any influence the company has through the activities of its suppliers, customers, or other areas of its supply chain. Although both should be mitigated to the extent possible, the latter often takes a much larger toll on the environment.

The main indirect impact caused by automakers includes the environmental damage that arises from the extraction of petroleum products, the reduced air quality from toxins emitted by consumers while driving, and the destruction of the vehicle when it reaches the end of its life. In fact, climate scientists estimate that the majority of the environmental impact stems from

fuel consumption and emissions of air pollution and greenhouse gases (National Geographic, 2019). This suggests that placing mitigating actions on these areas alone could potentially reduce a large portion of the indirect impact caused by automakers.

1.2 The Electrification of the Automotive Industry

As the core competencies required to remain ahead lead to disruptions and changes in industry dynamics, automotive manufacturers are forced to rethink their current business models. With electronics and major advances in software engineering leading the way, one can identify 4 technology-driven megatrends which are disruptive to the industry: (1) autonomous driving, (2) connectivity, (3) electrification, and (4) shared mobility, also referred to as ACES (McKinsey & Company, 2019). This paper focuses on the electrification trend within the industry.

Since the turn of the last decade, electric cars have been announced one after the other, with every new release promising higher cost savings, greener driving, and longer range than the previous release. Fast-forward to the turn of this decade, automakers are starting to announce models featuring solar roofs and based on announcements made until now, this feature appears to be available on anything from hybrids to fully electric cars (Weber, 2021).

Although prototypes for such roofs have been in development for years, products are yet to be made available for consumer purchase. A large factor could be that integrating solar cells onto the roof of a car is complex and requires combined expertise in areas of photovoltaics, electrical engineering, and vehicle design (Christian, 2020). This complexity has been costly to the point where any benefits have previously been outweighed. Fortunately, the cost-benefit analysis seems to be taking a turn as solar energy prices have dropped by 90% in the past 10 years, making them on par with natural gas (Fieber, 2020).

With technology advances, design innovation, and increased demand driving this cost reduction, manufacturers and consumers are now better positioned to extract the benefits of developing and purchasing solar roof vehicles. For automakers, such benefits could include competitive advantage by taking the lead in the restructuring of the industry as a response to the new climate-induced demand, leading to higher demand for their vehicles. Consumers on their end could draw financial benefits and increased fuel-efficiency, provided by greater independence from the grid, all while reducing their own environmental impact.

1.3 Vertical Integration: Combining Two Industries

As mentioned, the companies involved in the merger of this paper operate within separate industries. Thus, the merger is one of vertical nature in which Daimler operates as the buyer and Meyer Burger as the seller. As the acquirer, Daimler will benefit strategically and gain competitive advantage relative to its peers in the field of zero-combustion vehicles. As the target, Meyer Burger will benefit financially given its position in a highly capital-intensive industry in need of necessary capital to succeed.

Some initial ideas have already been laid out pointing in the direction of electrification, solar energy, and a general focus on the environment and the topic of sustainability. As it may appear, automakers face several challenges in successfully implementing solar roofs onto their vehicles. In fact, there are several arguments against placing solar panels on vehicles, and critics are still questioning the cost-benefit of such a feature. This criticism shall not go unnoticed and is something I discuss further in Section 8. Until then, I assume that the integration of solar energy into vehicles is viable. This lays the foundation for the strategic rationale behind this paper.

In the following sections, I intend to explore these ideas further, take a deeper dive into this hypothetical deal, and shed light on the potential benefits or drawbacks of Daimler acquiring Meyer Burger. Section 2 provides a literature overview related to the topic of mergers and acquisitions (M&A) as well as different valuation methods. Section 3 presents background information on both the automotive and renewables industry, specifically focusing on the manufacturing of automobiles and solar panels. This section also provides an overview of the companies. Section 4 provides an overview of the following two sections in which I analyze and value the companies individually. In Section 7, I value the combined entity and discuss potential sources of value creation. Section 8 presents criticism to the research and overall findings, and finally Section 9 concludes the paper.

2 LITERATURE REVIEW

The literature review serves to provide readers with the basic knowledge related to the topics of M&A and the principles behind different valuation techniques.

2.1 Mergers & Acquisitions

2.1.1 Transaction Terminology

- The acquirer is the purchasing company (the buyer), whereas the target is the company being acquired (the seller).
- A merger describes a situation where two companies merge to form a single legal entity, where either the target or the smallest of the companies typically ceases to exist.
- An acquisition describes a situation where the acquirer buys a significantly large portion of the target, whereby both companies continue to coexist.
- An asset deal occurs when the acquirer purchases the operating assets of a target rather than its shares, such as in a stock deal.
- Horizontal integration refers to the acquisition or merger between companies operating within the same industry, often with the motive of achieving economies of scale.
- Vertical integration refers to the acquisition or merger between companies operating within different industries but within the same production chain.

2.1.2 Determinants of Success

In measuring the success of M&A deals, research often quantifies performance in terms of an investor's required return, or the return investors could have earned on other investments of similar risk. Using return as a benchmark for success leads to three outcomes (Bruner, 2004):

1. Value destruction – investment returns are *lower* than what investors require.
2. Value creation – investment returns are *higher* than investors require.
3. Value preservation – investment returns are *equal* to what investors require.

The motives behind M&A are complex and many, so the question remains whether the simple measurement of return serves as the only benchmark for success? In other words, the question of whether a deal is only successful whenever it generates increased value to shareholders. This is unlikely the case. On the one hand, the increase in shareholder wealth is a fundamental objective of most firms, justifying the reason behind its frequent use. On the other hand, the

market is assumed reasonably competitive and thus efficient in its pricing. The latter suggests an additional three dimensions of measuring shareholder wealth (Bruner, 2004):

1. Weak form – Comparing before and after the fact fails to account for dynamics unrelated to the deal that might have occurred regardless.
2. Semi-strong form – Comparing against the return of a corresponding sample of peers that did not merge controls whether the returns were driven by the industry or general market rather than the deal (depends on the accuracy of benchmarks).
3. Strong form – Controlling for whether shareholders are better off after the deal. This includes recognizing situations where shareholders could have been worse off had the deal not taken place.

2.1.3 Execution Risks

Research shows that most acquisitions do not generate additional value to an acquiring company's shareholders (Eccles, Lanes, & Wilson, 1999). Although there could be several reasons behind this, one simple explanation is that the transaction was overpriced, either relative to what the acquirer could afford or to the point where purchase price erodes synergy value. Indeed, there is no linear relationship between the premium paid and the success of a deal. An acquirer could for instance complement a target better and create more valuable synergies than what a different acquirer would be able to capture under otherwise identical circumstances, simply because they were in a better position to take advantage of said synergies.

Other articles contest the findings that most mergers erode shareholder wealth, specifically by challenging the definition of "failure". For one, there is a conflict in the methods for which researchers present significant findings to the public, resulting in inaccurate interpretations of the data (Bruner, 2004). The main question to ask is whether the sample is representative of all M&A deals. Factors to consider include the period of observation, transaction size, method of payment, and whether the companies involved were public or private. It is crucial to understand how profitability varies with these factors as well as with the companies involved and their respective market positions before labeling the deal a failure.

2.1.4 M&A Trends

Past and current market conditions suggest that M&A activity will continue to rise moving forward. Following the ups and downs experienced in 2020, certain companies may find themselves in a position to expand, whilst others may be better positioned to consolidate. Thus, the prognosis for deal making could be characterized by opportunity and transformation (PwC, 2021).

Dealmakers will likely place high priority on environmental, social and governance (ESG) factors as the need to address sustainability becomes more prominent than ever. In the years following the 2015 Paris Agreement, companies and countries alike have kept up with commitments of reducing carbon emissions to limit global warming to below 2 degrees Celsius above pre-industrial levels, with zero-carbon solutions on the rise as low-carbon solutions and new markets take shape (United Nations Climate Change, 2021).

Particularly noticeable is the trend toward carbon neutral transportation, depicted by the exponential rise in renewable energy and vehicles powered by alternate fuels. Investors are also doing their part and allocating more capital to renewable energy, industries with high growth, and limited access to such capital resources. These trends are elaborated further in Section 3.

2.2 Valuation Techniques

During an M&A deal, proper valuation of the companies involved is crucial in determining an appropriate purchase price. There are several frameworks for valuation, some better than others, but common for all methods are three fundamental factors of *cash*, *timing,* and *risk* (Luehrman, 1997). Additionally, valuation is based on future expected performance, such that financial history, business prospects, industry dynamics, and economic environment all affect how these factors come together in the valuation process.

2.2.1 Pricing Terminology

- Intrinsic value is the net present value of expected future cash flows of a company.
- Market value is based on a company's current shares outstanding and share price (could be either over- or undervalued relative to intrinsic value).
- Synergies represent the added value of combining two companies compared to the value of their separate parts.
- Synergy value is the net present value of expected cash flows, including any improvements that would not be possible to achieve separately.
- Purchase price is the acquirer's estimated price to purchase the target company.
- Premium is the price paid above the target's current market value.
- Value gap is the difference between intrinsic value and purchase price. If the purchase price is larger than the intrinsic value, then the acquirer paid a premium. Thus, managers face the challenge of valuing synergy effects such that the value gap doesn't exceed an amount that is value destructive to the acquirer's shareholders.

2.2.2 Discounted Cash Flow Method

The Discounted Cash Flow (DCF) analysis is an intrinsic value approach which values a company based on its expected future cash flows discounted at the weighted-average cost of capital (WACC).

2.2.3 Adjusted Present Value Method

The Adjusted Present Value (APV) analysis is like the DCF model in that it forecasts the expected cash flows. The difference is that the cash flows are computed separately for each business segment and discounted at different rates as each segment is likely exposed to varying degrees of risk-reward. The discounted cash flows are then added together to determine the value of the entity. In other terminology, the APV method relies on the principle of value additivity which states that the value of a group of assets is equal to the individual sum of those assets (Luehrman, 1997).

2.2.4 Comparables Method

Multiples Approach

The multiples approach assumes that the value of a company can be derived from the current value of other similar companies. In other words, it bases its valuation on the principle that companies operating within the same industry and that share similar performance risk should also trade at the same multiple.

There are mainly two types of multiples that help determine the value of a company, namely enterprise or equity value ratios. Enterprise value ratios comprise of a denominator *before* interest expenses and include: EV/Revenue, EV/EBITDA, EV/EBIT, and EV/FCFF, whereas equity value ratios comprise of a denominator *after* interest expenses and include: P/E, P/B, and P/CF, amongst others.

Precedent Valuation

Similarly, and perhaps more relevant for M&A, is precedent valuation analysis, which compares the value of a combined entity with the current value of other deals within the same industry. This includes comparing the transaction values as well as the premium paid in each case.

2.2.5 Synergy Value

Synergies present themselves as additional value generated by new opportunities created through combining two entities that would otherwise not have been possible when operating independently. This is effectively the reason acquirers pay premiums. There are mainly two sources of synergy, namely operating and financial synergies. Operating synergies generally manifest themselves as higher expected cash flows, allowing the company to increase operating income and growth. Financial synergies show up as either higher cash flows or lower discount rates (Damodaran, The Value of Synergy, 2005).

Operating synergies include:

- Economies of scale
- Greater pricing power
- Combining different functional strengths
- Higher growth in new or existing markets

Financial synergies include:

- Higher payoff
- Increased debt capacity
- Tax benefits
- Diversification

Synergies are valued by first valuing the individual companies, then adding these values together to estimate the value of the combined entity without synergies, and finally applying the estimates of synergy and revaluing the combined entity with synergies. The difference between the last steps provides the value of the expected synergies.

3 COMPANY AND INDUSTRY BACKGROUND

3.1 The Automotive Industry

Market Condition

The automotive industry is well represented amongst the largest industries in the world by market size. Indeed, apart from the recession of the early 1990s and the global financial crisis, European automotive companies have experienced continuous growth since 1980 and become an integral part of European society (McKinsey & Company, 2019). In fact, an estimated 14.6 million Europeans are employed in the automotive industry, either directly or indirectly. Of these, about 882 thousand were employed in Germany and directly involved in the manufacturing process, making it the country in Europe that provides the most jobs in this field of work (acea, 2020).

The steady real GDP growth rates experienced in Europe since the global financial crisis contributes to the industry's growth, as consumers become more able to indulge in big-ticket items such as cars. However, despite increasing numbers over the years, the economic fallout and exponential unemployment rise triggered by the COVID-19 pandemic caused a global decline in GDP (eurostat, 2021). Moreover, a combination of financial concerns and mobility restrictions abruptly changed consumer demand for cars, with sales in Europe plummeting a whopping 80% in the month of April 2020 (McKinsey & Company, 2020).

Further disruption to the industry has come in the form of incentives in favor of low-emission vehicles. Guided by the Paris Agreement, a legally binding international treaty, governments have been laying out emission targets and regulations with a goal of achieving a climate-neutral EU by 2050 (United Nations Climate Change, 2021). Prompted by this treaty, several countries are now doing their part in cutting emissions to net zero by 2050. To mention a few, Britain plans to ban the sale of new petrol and diesel vehicles from 2030, Norway aims to end the sale of fossil-fuel cars by 2025, and Germany has initiated the ban on old diesel vehicles whose emissions exceed a certain threshold (Reuters, 2020).

Furthermore, new regulations have been implemented by the European Parliament and Council which introduces CO_2 emission performance standards for new passenger cars and vans for 2025 and 2030. Already phased in from 2020 are emission targets of 95g CO_2/km and 147g CO_2/km set for passenger cars and vans, respectively, whereby penalties will ensue for

manufacturers whose fleet exceeds these targets. However, manufacturers are also able to accumulate emission credits from eco-innovations such as zero- and low-emission cars, defined as emitting between 0 and 50 g/km of CO_2 (European Commission, 2021).

As the competitiveness in the automotive industry strengthens, these regulations will have a direct impact in the way Daimler chooses to continue operations moving forward. The market has already experienced the beginning of this new era, as automakers opt for alternative fuels such as hydrogen, propane, biofuel, and electric power. In fact, it is estimated that by 2025, every third new car sold will be fueled by an electric battery (Wagner, 2021). As the current socio-economic trends of fuel efficiency and sustainability become increasingly clear, automobile companies with the ability to adjust will be one step ahead in producing cars that meet the new demand.

Automotive Trends

Largely driven by government incentives, the increased growth and market share of alternatively powered vehicles is apparent in many regions. Electrically chargeable vehicle (plug-in electric) registrations in the EU in the last quarter of 2020 were up by more than 260% compared to the same period the year prior, whereby Germany alone experienced an increase in registered battery electric vehicles (all-electric) of over 500% (acea, 2021).

An automotive manufacturer well-known for their electric vehicles is Tesla, whose mission is to accelerate the world's transition to sustainable energy (Tesla, 2021). With the goal of producing all-electric cars without compromising on any features of regular combustion-engine cars, Tesla has become the number one electric vehicle manufacturer in the world. With a current market value of nearly $710 billion, the company has surpassed all automotive manufactures, with Toyota next on the list at only $252 billion as of August 13th, 2021 (Refinitiv Workspace, 2021).

However, certain analysts argue that Tesla's future lays in its ability to produce batteries, not vehicles. Indeed, the battery technology is inherently what determines a vehicle's driving range, a major concern amongst non-electric vehicle owners (Voelcker, 2021). Thus, automakers are faced with resolving the issue of mitigating the feeling of range anxiety that new consumers face when switching out their combustion engine with an electric one. CEO Elon Musk was early to recognize the synergy between electric vehicles and solar energy when he in 2015

introduced the Powerwall, a lithium-ion battery for residential solar energy storage supplied by rooftop solar tiles (Tesla, 2016). Many automotive companies seem to be exploring this idea further by expanding their business models, whereby solar companies could become attractive acquisition targets. A non-exhaustive list of automakers currently involved in implementing the use of solar energy is provided below.

Solar-Powered Cars

Company and model: Tesla – Cybertruck (estimated production start late ~2021)
Concept: The Cybertruck will be Tesla's first partially solar powered vehicle, a feature that will add a minimum of 15 miles (~24 km) to the truck's driving range (Wesoff, 2020).

Company and model: Hyundai Motor (w/ sister company Kia) – Hyundai Sonata Hybrid
Concept: Hyundai's Sonata Hybrid will be equipped with both a combustion and electric motor. The vehicle's technology will allow between 30% to 60% of the battery to be charged per day, with an expected increase in annual driving range of 1300 km (Hyundai, 2019).

Company and model: Lightyear – Lightyear One (estimated production start ~2021)
Concept: The Lightyear One is a fully electric vehicle, equipped with 5 m^2 of solar panels that can charge up to 70km (Lightyear, 2021). With a full battery charge, it will provide a range of 725 km according to the WLTP (Worldwide Harmonized Light Vehicles Test Procedure).

Company and model: Sono Motors – Sion (estimated production start ~2023)
Concept: The Sion will be equipped with more than 248 solar cells with which the company claims can provide a driving range of up to 245 km per week, with an average estimate of 112 km (Sono Motors, 2021).

Analysts anticipate that the global solar vehicle market could reach just under USD 700 million by 2027 (2019: USD 229 million globally, USD 128 million in Europe), representing a CAGR of 18% (Fortune Business Insights, 2021). Yet, most automakers seem to be opting for solar power that complements rather than replaces traditional charging. Still, one could deduce that the range concern amongst non-electric vehicle owners would be reduced from the added range generated though the car's solar rooftop. This could provide the security required to convince hesitant consumers to make the switch and thus contribute to increased sales and boost profitability as innovation toward better sustainable systems progresses.

Despite Tesla's strong market position and production expansion of its Gigafactory Berlin-Brandenburg, the company still faces problems in penetrating the European market. Some key issues include workforce requirements, customer loyalty, and local competition, specifically from high-performance and technology rich German automakers. In fact, studies have shown that German car buyers in particular attach importance to where their car comes from and whether it was produced in Germany, especially when it comes to premium vehicles (Emilio, 2021). Thus, Tesla should not underestimate the increased competition from well-established automakers who have been around for decades as they catch up to the ever-developing market of electric vehicles.

3.1.2 ACQUIRING COMPANY: Daimler AG

Since its establishment in 1998, Daimler has become a leading provider of premium and luxury cars and is today one of the largest manufacturers of commercial vehicles globally. In November 2019, a new corporate structure was announced such that Daimler now operates as the parent company of Mercedes-Benz AG, Daimler Truck AG, and Daimler Mobility AG, which together bundle the business segments for Mercedes-Benz Cars & Vans, Daimler Trucks & Buses, and Daimler's financial services (Mercedes-Benz, 2021). The company currently has 1070 billion shares outstanding and is publicly traded on stock exchanges in Stuttgart and Frankfurt, but can also be found listed on the NYSE, Euro STOXX 50, and DAX.

In 2020, the company's performance was severely affected by COVID-19, which significantly impacted unit sales and resulted in revenues 11% below what was achieved in 2019. They have since been on the road to recovery and their share price now stands at €76 (August 13th, 2021), up from €22 (March 19th, 2020).

Climate Action – Ambition 2039

Daimler's commitment and contribution to the climate crisis is well represented by their Ambition 2039 strategy, whereby their goal is to become CO_2 neutral by 2039, targeting both their direct and indirect side of operations. The company has mitigated a large portion of their direct impact by installing several solar panels in Germany, Japan, India, and the United States to produce CO_2 neutral electricity for use in operations, with a goal of supplying all German plants with 100% CO_2 neutral electricity by 2022 (Daimler, 2021).

On the indirect side of operations, more than 75% of Daimler's 2000 suppliers have agreed to and signed a commitment letter of intent to supply the company with CO_2 neutral parts and components (Daimler, 2021). Furthermore, Daimler is pursuing the electrification of their model portfolio with their new EQ technology and product brand on the rise, including the development of the required charging infrastructure (Daimler, 2017). This commitment was most recently demonstrated in early 2020, when the company entered a partnership with Farasis Energy, a Chinese developer and supplier of lithium-ion battery technologies (Daimler, 2020).

Although the production of lithium-ion batteries is more CO_2 intensive than regular combustion engines, the additional impact is absorbed by the new efforts of using CO_2 neutral electricity in production and the reduced impact from emission-free driving. Furthermore, the implementation of the Mercedes-Benz Ambition 2039 sets clear objectives of using energy from renewable sources throughout the supply chain, effectively reducing the carbon footprint by more than 30% per battery produced (Daimler, 2021). In other words, Daimler is proving to be a solid competitor as the world directs more attention toward sustainable driving.

Mercedes-Benz Energy

Mercedes-Benz Energy is a wholly owned subsidiary of Daimler and was established in 2016 to provide innovative solutions on alternative uses of EV batteries in stationary applications. Their goals are mainly to: (1) use resources responsibly by increasing energy efficiency and the use of renewable resources, (2) contribute to climate protection and energy transition by storing renewable energy for later use, and (2) increase the economic efficiency of electric mobility by creating a second life for EV batteries (Mercedes-Benz, 2021).

In 2017, the subsidiary entered a strategic partnership with Vivint Solar, a residential solar provider in the United States, to provide solar energy storage systems to American homes. The plan was for the two companies to combine the expertise of German batteries with the expertise of solar energy systems to provide a storage component for residential solar installations (Vivint Solar, 2018). The partnership established itself in the early stages of this new industry and was one of the first to compete with Tesla's Powerwall battery and solar tiles produced by its SolarCity subsidiary. However, the Mercedes-Benz batteries proved too costly, and the production eventually ended a year later (Spector, 2018).

Nonetheless, Daimler has not abandoned its commitment toward sustainable energy, demonstrated by its energy subsidiary entering a new development partnership with Beijing Electric Vehicle Co Ltd already in 2019. The companies intend to make use of retired electric car batteries and establish the first second life energy storage unit in Beijing (Daimler, 2019). Mercedes-Benz Energy is essentially re-entering the market for energy storage systems, but this time making use of valuable raw materials instead of producing batteries from scratch.

3.2 The Renewable Energy Industry

The renewable energy industry includes any energy collected from solar, wind, hydropower, geothermal or biomass energy (National Geographic Society, 2019). Investments in renewable power, energy storage, electric vehicle charging infrastructure, hydrogen production, and CCS (carbon capture and storage) projects, as well as purchases of low-carbon energy products totalled $501.3 billion globally in 2020 (2015: $330 billion).

The largest sector invested in was renewable power, accounting for $303.5 billion. This includes energy generated by the wind and the sun, whereby solar energy took the lead with investments of nearly $149 billion, with wind following closely behind at investments upward of $143 billion (BloombergNEF, 2021). This is very different from what could be seen at the start of the decade, when wind accounted for more than 4x the capacity of solar energy. In fact, solar power is the energy source that has experienced the largest growth since 2010, with installed production capacity of nearly 626 gigawatts GWs. For comparison, wind installation capacity for the same period was approximately 481 GWs.

Solar Technology Basics

The solar technology that interests this paper is photovoltaics (PV), which is found in solar panels. Multiple PV cells are chained together to form larger components known as modules or panels (EERE, 2021). There are three types of PV cells that interest this paper (Afework, Hanania, Stenhouse, Yyelland, & Donev, 2018):

Photovoltaic cell types	**Efficiency rates**	**Production**
Monocrystalline silicon cell	15-20% (Geotherm, 2021)	Slow and labor intensive
Polycrystalline silicon cell	13-16% (Geotherm, 2021)	Cheaper but less efficient
Thin film cells	7-18% (ASES, 2021)	More flexible and durable

3.2.2 TARGET COMPANY: Meyer Burger Technology AG

Meyer Burger was founded in 1953 and is today a leading solar technology company based in Thun, Switzerland. The company currently has 2670 billion shares outstanding and has been publicly listed on the SIX Swiss Exchange in Zurich since November 2006 (Meyer Burger, 2021). Since 1999, the company's business has been centered around solar technology, and in 2020, a restructuring was initiated such that operations now fall within the PV industry and involve the production of solar cells and modules based on their heterojunction technology (HJT) and patented SmartWire Connection Technology (SWCT®) (Meyer Burger, 2021). Referring to the types of PV cells, heterojunction modules are essentially hybrids of the crystalline and thin film cells, combined to harvest more energy at less of a cost than what would otherwise be possible separately.

The restructuring comes as a strategic business realignment whereby the company plans on introducing Europe to mass production of solar components, all of which will be developed in Switzerland and exclusively manufactured in Germany. Convinced that their heterojunction modules are the best, the company offers a performance guarantee of at least 92% and a minimum 25-year guarantee for all models.

3.3 Deal Rationale

Meyer Burger's areas of operation have been identified as attractive M&A opportunities for the industrial manufacturing and automotive sectors for many reasons (PwC, 2021). Intuitively, for automotive companies to keep up with the disruptive industry trends and ESG commitments, significant innovation is required. However, when the expertise needed to sustain future profitability cannot be created internally, M&A activity becomes an attractive alternative.

In the case of Daimler and Meyer Burger, both companies operate within highly technically complicated industries. The competencies each company possesses cannot easily be replicated and have likely taken years to develop and efficiently implement into their business models. Therefore, the rationale behind the deal is visible through the benefits that could be achieved by combining Daimler and Meyer Burger's already existing technologies. These benefits would arise from higher future growth because of increased market power, longer growth period because of increased competitive advantage as well as the advantages from higher efficiency solar modules.

4 VALUATION ANALYSIS

4.1 Relative Valuation

A comparable analysis is performed to support the intrinsic valuation. Industry peers of each company were carefully selected along with their current capitalization and their financial estimates for the prior and current fiscal years. Current trading multiples were determined using forward-looking values. Enterprise value was then estimated using the multiples for EV/Revenue, EV/EBITDA, and EV/EBIT and multiplying with the company's first year forecasts for revenue, EBITDA, and EBIT. Equity value was then estimated by multiplying the P/E ratio with the company's first year forecast of net earnings.

4.2 Intrinsic Valuation

4.2.1 DCF Modeling Steps

Project Free Cash Flow

First, information about both companies was collected, such as industry metrics, analyst consensus, as well as historical financial statements. Projections were then made 10 years into the future for both companies, starting in 2021 and ending in 2030. Generally, the longer the forecast the more inaccurate the estimate, thus, consensus suggests only forecasting until the company being valued matures or reaches a steady state. However, the two companies in question are currently in vastly different business cycles, suggesting that the companies would reach steady states at vastly different times.

Given Meyer Burger's new restructuring plan as well as the fact that their financial outlook includes revenue and margin prognoses up to 2027, it is deduced that a lengthier forecast will likely render a better picture of future performance and thereby valuation as the company enters their new business journey (Meyer Burger, 2021). Thus, both company valuations as well as the consolidated model have equal lengths of 10 years. Still, common sense is applied in determining terminal value (TV) based on time of maturity.

Determine Terminal Value

Second, TV for each business is determined. This is the value of the companies beyond the forecast period and is calculated using both a perpetual growth approach and a multiples approach consistent with each company's industry peers.

Determine Discount Rate

The DCF method bases its valuation on the principle that the value of a company can be derived from the present value of its forecasted FCF, which are discounted to the present using the company's WACC. The WACC represents the return that both equity and debt holders expect to receive from investing in a specific security. It is composed of a cost of equity, an after-tax cost of debt, and a target capital structure:

$$WACC = \frac{E}{E+D} \times R_e + \frac{D}{E+D} \times R_d \times (1-T)$$

Determine Enterprise Value

Enterprise value is then estimated by adding the discounted value of the projected FCF to the discounted TV.

5 ACQUIRER VALUATION: Daimler AG

Please see Appendix A1-A6 for a complete overview of Daimler's financial statements.

5.1 Forecasted Financial Statement

Revenue Forecast

Daimler's revenue is determined by the number of units sold in both the company's vehicle segments Mercedes-Benz Cars & Vans, and Daimler Trucks & Buses, as well as its financial services segment Daimler Mobility. Unfortunately, as the economy and demand for cars recovers from the global pandemic, a new global issue has arisen, namely the global semiconductor shortage. The shortage is the result of multiple factors whereby the pandemic played a colossal part and adversely affects numerous industries. As a result, the automotive industry has been struggling to meet demand as the lack of chips causes longer delivery times and production cutbacks of lower profit models.

The shortage is expected to hurt sales in the second half of 2021 and going into 2022. Thus, Daimler has revised their earlier sales prognosis and now anticipates a rather flat sales growth relative to 2020, as opposed to significantly up (Rauwald, 2021). Therefore, in the first 3 years of the forecast, the light vehicles segment is assumed to grow as a CAGR of 2% and the heavy vehicles segment at a CAGR of 1%. These estimates are assumed to increase by 1 percentage point for the remainder of the forecast for a CAGR of 3% and 2%, respectively.

Revenue for the two vehicle segments was determined using the average revenue per unit sold, calculated as segment revenue divided by segment units sold each year. For the Mercedes-Benz Cars & Vans segment, this meant multiplying the units sold estimate by an average revenue per unit sold ratio of 37, and for the Daimler Trucks & Buses segment by an average ratio of 81. As for the last segment, it is assumed that Daimler Mobility will hold the same 15% ratio of total revenue as it has historically.

Operating Expenses Forecast

Costs of Goods Sold (COGS) are determined based on Daimler's average gross profit margin of 20%. The COGS are then calculated by deducting gross profit from revenue.

Daimler expects to lower their fixed costs by more than 20% by 2025 compared to 2019 (Daimler, 2020). These changes come as capacity adjustments are made and personnel expenses are expected to reduce due to less employees. Thus, the average Selling, General, and Administrative (SG&A) expenses as a percentage of revenue are expected to reduce by 0.20% yearly until they reach 8.77% of total revenue by 2025 (2019: 9.77%). The same expectation holds true for the company's investments in Research and Development (R&D) by which a yearly reduction of 0.10% is expected until they reach 3.29% of total revenue by 2025 (2019: 3.79%). Beyond 2025, SG&A and R&D are expected to remain stable at their 2025 rates. Other Operating Expenses are assumed equal to their average percent of revenues of 0.20%.

Working Capital Forecast

The working capital schedule is composed of the line-items Inventories, Accounts Receivable, and Accounts Payable, all of which can be forecasted based on their historical days outstanding. That is: how quickly inventory moves (77 days), how long it takes for customers to repay the company (137 days), and how long it takes the company to pay back its suppliers (49 days). The process is similar for the three, whereby the first step is to compute the average historical days outstanding and reverse engineer this number to compute the forecasted line-items using forecasted revenue and COGS. Calculating the Net Working Capital (NWC) for 2020 allows for the remaining changes in NWC during the forecast period to be determined. Please see Appendix D1 for a breakdown of each formula used.

PP&E Forecast

To estimate the opening Property, Plant, and Equipment (PP&E), we will need the closing PP&E, Capital Expenditures (CapEx) as well as Depreciation. According to Daimler's most recent annual report, the company has set plans of reducing CapEx by more than 20% compared to 2019 (Daimler, 2020). Thus, CapEx as a percentage of revenue is expected to decrease by 0.20% yearly until they reach 5.45% of revenue by 2025 (2019: 6.02%). Depreciation on the other hand is assumed equal to 15% of opening PP&E, in line with historical trends.

EBITDA Forecast

Amortization must be determined before forecasting EBITDA. New investments are calculated based on their average share of revenue of 2%, and amortization is calculated based on their average share of opening Intangible Assets of 17%.

Daimler's EBITDA can then be forecasted as shown in *Table A1*.

Table A 1: EBITDA

		2021A	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Revenue		**146 989**	**149 566**	**152 191**	**156 386**	**160 700**	**165 136**	**169 698**	**174 388**	**179 211**	**184 171**
Less: Cost of Goods Sold		117 388	119 446	121 542	124 893	128 338	131 881	135 524	139 270	143 121	147 082
Less: SG&A		14 072	14 019	13 961	14 033	14 099	14 488	14 888	15 300	15 723	16 158
Less: R&D		5 430	5 375	5 318	5 308	5 294	5 440	5 590	5 744	5 903	6 067
Less: Other Operating Expenses		-290	-295	-300	-308	-317	-326	-335	-344	-353	-363
Operating Expenses, total		**136 600**	**138 546**	**140 521**	**143 926**	**147 414**	**151 483**	**155 667**	**159 970**	**164 394**	**168 944**
EBIT		**10 389**	**11 020**	**11 670**	**12 461**	**13 286**	**13 653**	**14 030**	**14 418**	**14 817**	**15 227**
Plus: Depreciation		12 229	11 705	11 254	10 866	10 545	10 280	10 089	9 964	9 895	9 875
Plus: Amortization		2 558	2 613	2 668	2 722	2 781	2 845	2 912	2 983	3 058	3 136
EBITDA		**25 176**	**25 338**	**25 592**	**26 049**	**26 613**	**26 778**	**27 032**	**27 366**	**27 770**	**28 238**

Daimler's FCF is then estimated as shown in *Table A2*.

Table A 2: Free Cash Flow

	~	2021A	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
EBIT		**10 389**	**11 020**	**11 670**	**12 461**	**13 286**	**13 653**	**14 030**	**14 418**	**14 817**	**15 227**
Less: Unlevered Taxes	*30%*	3 087	3 275	3 468	3 703	3 948	4 057	4 170	4 285	4 403	4 525
NOPAT		**7 302**	**7 745**	**8 202**	**8 758**	**9 338**	**9 596**	**9 861**	**10 133**	**10 414**	**10 702**
Plus: Depreciation		12 229	11 705	11 254	10 866	10 545	10 280	10 089	9 964	9 895	9 875
Plus: Amortization		2 558	2 613	2 668	2 722	2 781	2 845	2 912	2 983	3 058	3 136
Less: CAPEX		8 677	8 653	8 629	8 689	8 750	8 992	9 240	9 496	9 758	10 028
Less: Changes in NWC		-3 309	1 123	1 144	1 642	2 066	1 933	1 987	1 836	2 309	2 161
FCF		**16 720**	**12 287**	**12 352**	**12 015**	**11 848**	**11 796**	**11 635**	**11 749**	**11 300**	**11 524**

5.2 WACC Analysis

5.2.1 The Cost of Equity

Cost of equity is composed of a risk-free rate, an asset beta, and the expected risk premium for the market portfolio. It estimates an investors' required return and is determined using the capital asset pricing model (CAPM):

$$R_e = R_f + \beta \times (R_m - R_f)$$

The Risk-Free Rate

The risk-free rate (R_f) is a theoretical rate of return on an investment with little to no risk and is often assumed equal to current Treasury bill rates, European Bonds, or long-term government bond yields. These investments are considered proxies for the risk-free rate because of the unlikely event that the U.S. government, the entire European Union, or any individual government goes bankrupt.

Daimler is a German company with headquarters in Stuttgart. However, Germany's 10-year government bonds are currently trading at a negative yield of -0.47% (The Wall Street Journal, 2021). Assuming a negative proxy for the risk-free rate in models such as the CAPM will deflate the discount rate and thereby inflate the fair value of assets (Khandelwal, 2020). One method of dealing with this issue is to normalize the values by taking the simple average over the last 10 years, resulting in a risk-free rate of 0.76% (*Figure A1*) (Damodaran, Negative Interest Rates: Impossible, Irrational or Just Unusual?, 2016).

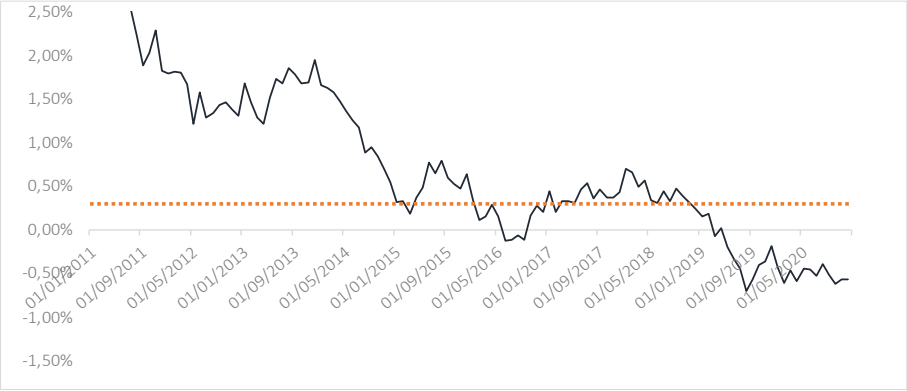

Figure A 1: German 10-Year Government Bond Yields

Market Risk Premium

The market risk premium ($R_m - R_f$) is calculated by taking the expected market return and subtracting the risk-free rate. It is the additional return investors expect to receive from holding a risky portfolio and is determined based on the difference between historical returns of risky versus safe investments. As of 2021, the average market risk premium expected in Germany was 5.8% (Norrestad, 2021).

Beta

Beta adjusts the CAPM for company specific risk, or systematic risk. It measures a stock's volatility relative to the overall market such that stocks with beta greater than 1 are considered more volatile, and conversely, stocks with beta smaller than 1 less volatile. In other words, more volatile stocks are expected to exceed market return and vice versa.

First, Daimler's equity beta is measured as its stock price volatility relative to the DAX index using monthly changes in stock and index close prices during the historical period. Regressing Daimler's returns on the index results in a beta of 1.53, suggesting that Daimler's stock is subject to a higher proportion of systematic risk than the proxied German market (*Figure A2*).

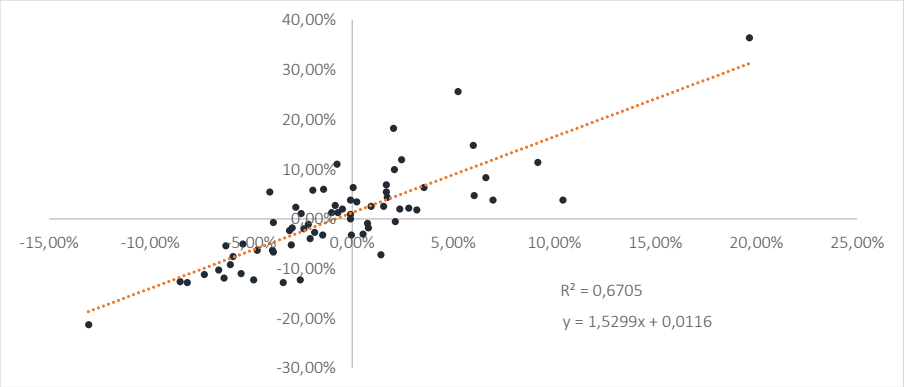

Figure A 2: Daimler Stock Volatility Relative to the DAX Index (Jan 2016-Aug 2021)

Daimler's risk exposure to the German market is highly relevant given that Germany singlehandedly contributes 15% to yearly revenue (Appendix A7). However, exposure to the remaining markets in which the company operates must also be considered to better reflect the company's overall market risk. Thus, the bottom-up beta is estimated using a group of comparable companies. This method has the advantage of providing a better beta estimate because it eliminates the need for historical prices, effectively reducing the standard error that

is generally seen in regression betas. It also better reflects current beta as it is estimated based on current values, and thus is also a better estimate for companies that have undergone changes in capital structure (Damodaran, Estimating Risk Parameters, 1999).

The comparable companies' capital structures, tax rates, and levered betas have been retrieved from the Refinitiv Workspace. The unlevered betas were then calculated to remove any impact of financial leverage using the equation below. Please see Appendix A8 for a full overview of the data retrieved and the unlevered beta estimates.

$$\beta_U = \beta_L / 1 + \left(\frac{D}{E} \times (1 - TAX)\right)$$

Damodaran further suggest adjusting the unlevered beta upwards (downwards) in cases where the company has a higher (lower) proportion of fixed costs than the comparable companies. Daimler is assumed to have a lower proportion of fixed costs given its large size, such that the lower of the average and median unlevered beta of 0.50 is chosen.

To calculate Daimler's cost of equity, the unlevered beta must be re-levered using the current debt-to-equity ratio such that:

$$\beta_{RE-LEVERED} = 0.50 \times [1 + 2.40 \times (1 - 30\%)] = 1.34$$

The re-levered beta of 1.34 is below the equity beta of 1.53 computed earlier, suggesting that Daimler's stock should be less volatile in the overall market compared to the German market alone.

Using the re-levered beta, Daimler's cost of equity can now be calculated as:

$$R_e = 0.76\% + 1.34 \times 5.8\% = 8.52\%$$

5.2.2 The Cost of Debt

The only factor that remains prior to the calculation of WACC is the cost of debt (R_d). According to a study performed by KPMG Germany, the average cost of debt for the Automotive industry was around 2.9% in 2019 (KPMG Germany, 2019). Albeit not the most recent estimate, the assumption is that the cost of debt has remained constant.

5.2.3 Target Capital Structure

Lastly, the target capital structure is determined based on the forecasted mix of debt and equity. In this case, it is assumed equal to the average debt-to-equity ratio of the forecast period, such that proportion of equity is 46% and proportion of debt is 54% (Appendix A9).

Now that all the factors have been determined, Daimler's WACC can be calculated as:

$$WACC = 46\% \times 8.52\% + 54\% \times 2.9\% \times (1 - 30\%) = 5.05\%$$

5.3 Relative Valuation

5.3.1 Comparable Company Analysis

This section estimates Daimler's value using multiples from the same peer group used for the calculation of beta. Please see Appendix A10 for a full overview of the selected companies and data retrieved. Considering both the average and median multiples results in a likely price range between €60 to €91 (*Table A3*). Note that the price estimate found using the median EV/EBIT multiple has been excluded from this range as it differs significantly from the other estimates.

Table A 3: Valuation Summary – Comparables Method

	Share Price	Market Cap	Enterprise Value	Multiple
Current	**€ 76**	**80 935**	**192 502**	**Average**
EV/Revenue	€ 131	140 346	251 913	1,71x
EV/EBITDA	€ 101	108 181	219 748	8,73x
EV/EBIT	€ 66	70 438	182 005	17,52x
P/E	€ 66	70 196	181 763	12,44x
	€ 91			
				Median
EV/Revenue	€ 42	45 077	156 644	1,07x
EV/EBITDA	€ 88	94 247	205 814	8,18x
EV/EBIT	€ 9	9 413	120 980	11,65x
P/E	€ 51	54 454	166 021	9,65x
	€ 60			

5.4 Intrinsic Valuation

5.4.1 Terminal Value

Exit Multiple

The first approach used to calculate TV is the exit multiple approach, using EV/EBITDA. Based on the current multiples found under the comparables analysis and given Daimler's current multiple of 7.65x, the appropriate EV/EBITDA multiple is determined at 8x. Because Daimler's business is cyclical and fluctuates with the overall economy, forecasting a TV beyond 2030 will likely result in an inaccurate valuation. Thus, the TV is determined beyond 2025 by multiplying the exit multiple with the average 5-year forecasted EBITDA, resulting in a value of €206 billion.

Perpetuity Method

The second approach used to calculate TV is the perpetuity growth method. This method assumes that the last forecasted FCF will grow at a constant rate into perpetuity. The growth rate is assumed equal to the average 5-year German inflation rate of 1.14% (World Bank, 2021). Because of the unlikelihood that a business will grow at the same rate for an infinite period, a third and more conservative approach would be to drop the growth factor and assume a constant FCF into perpetuity instead.

TV beyond 2025 assuming a growth rate of 1.14% is equal to:

$$TV = \frac{11\,848 \times (1 + 1.14\%)}{5.05\% - 1.14\%} = €306\,624$$

TV beyond 2025 assuming no growth is equal to:

$$TV = \frac{11\,848}{5.05\%} = €234\,802$$

5.4.2 DCF Analysis

Daimler's FCF and TV can now be discounted using the WACC estimate of 5.05% to find the company's intrinsic share price. Considering all TV estimates, the analysis suggests a price in the range of €110 to €187 (*Table A4*).

Table A 4: Valuation Summary – DCF Method

	Exit Multiple	Perpetuity excl. Growth	Perpetuity incl. Growth
NPV FCF	59 704	59 704	59 704
NPV Terminal Value	169 180	192 807	251 785
Enterprise Value	**228 884**	**252 511**	**311 489**
Less: Net Debt	111 567	111 567	111 567
Equity Value	**117 317**	**140 944**	**199 922**
Shares Outstanding	1 070	1 070	1 070
Equity Value per Share	**€ 110**	**€ 132**	**€ 187**

5.5 Sensitivity Analysis

Sensitivity analysis is an important part of financial modeling as it provides an overview of how changing key assumptions affects the outputs of the model. It serves to determine which assumptions are the most important drivers and can be thought of as a form of risk management. Because inputs rarely change in isolation, the analysis measures the impact of changing two inputs simultaneously. Since the WACC is an important determinant for valuation, it will be checked in every sensitivity by +/–0.50%.

5.5.1 Sensitivity on DCF Inputs

The first input to check is the revenue growth assumption, given that a large part of the company's financials has been estimated based on forecasted revenue. Adjusting the unit sales growth assumption by +/–0.50% shows that the share price changes in the range of €97 to €123. Thus, even with minor revenue growth in the forecast period, this would suggest that the current share price of €76 is rather undervalued.

The second input to check is how changes in the assumed exit multiple affect the estimated share price, given that TV makes up almost three quarters of enterprise value (*Table A4*). Adjusting the exit multiple assumption by +/–0.50x shows that the share price changes in the range of €72 to €152. Please see Appendix A11 for an overview of the sensitivity tables.

Given the prices ranges computed in this section as well as the sensitivity performed, Daimler appears to be undervalued at their current share price of €76 (*Figure A3*).

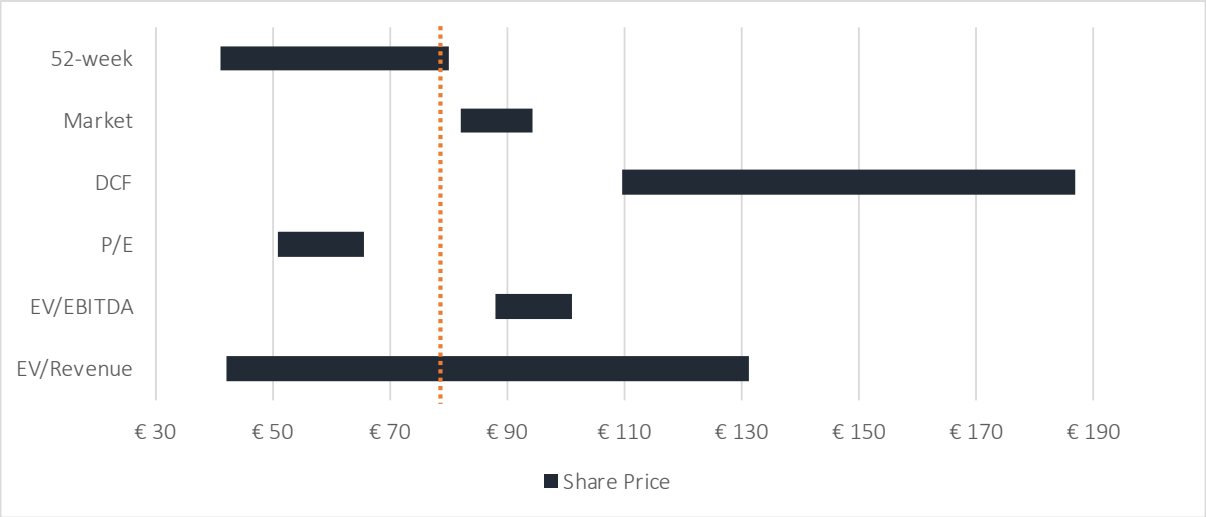

Figure A 3: Valuation Summary – Share Price

6 TARGET VALUATION: Meyer Burger Technology AG

Please see Appendix B1-B6 for a complete overview of Meyer Burger's financial statements.

6.1 Forecasted Financial Statement

Revenue Forecast

Meyer Burger's revenue is determined by the production capacity of their cells and modules (presented in gigawatt [GW]). In a recent prognosis released by the company, revenue is expected to reach at least €500 million in 2023, and €1.8 billion by 2027 (Meyer Burger, 2021). The prognosis further states expectations in terms of production capacity, whereby the company intends to balance the production of cells and modules. Production estimates have been provided until 2027, apart from 2024 for which I have assumed capacity as the average of year 2023 and 2025. Production for years following 2027 are expected to grow at a CAGR of 20%.

Further revenue estimates have been assumed given the minimum revenue expectations for 2023 and 2027 provided above. With total production estimates of 2.8GW in 2023 and 14GW in 2027, this results in a revenue per GW produced of €179 million and €129 million, respectively. Expected revenue is calculated based on an average revenue per GW of €154 million multiplied by the expected production capacity each year, excluding 2023 and 2027 whose revenues estimates are already given. Revenue per GW for the years following 2027 are expected to stabilize at €129 million as the business matures.

COGS Forecast

The COGS can be determined based on Meyer Burger expected gross profit margin and on an estimated cost per GW. The company has only provided an expected minimum gross margin of 40% in 2023 (Meyer Burger, 2021). Given a revenue of €500 million, this results in an expected gross profit of €200 million and thus COGS of €300 million. For years prior to 2023, costs are assumed to make up at least the same amount per GW of €107 million. For years following 2023, costs are assumed to gradually decrease by 2% yearly as the expected benefits from reductions in manufacturing costs after the implementation of new PV technologies in industrial mass production kick in (Meyer Burger, 2020).

Other Operating Expenses Forecast

Other operating expenses include the same line-items as in the acquirer model. However, in this model it is assumed that their values as a percent of revenue are unlikely to be less than in 2020 given the expected innovation and personnel needed in the beginning stages for Meyer Burger's transitioning to be a success. Therefore, operating expenses for year 2021 are assumed equal to the same percentage of revenue as in 2020 (SG&A: 14%, R&D: 6%, Other: 8%). Because revenues are expected to increase considerably over the forecasted period, these percentages as a function of revenue will reduce by 10% yearly a stabilize at their respective rates following 2027.

Working Capital Forecast

Working capital and NWC was forecasted using the same method as for the acquirer model. As is the case in all forecasting, this forecast assumes that future working capital drivers follow a similar pattern to what the company experienced pre-2021. However, because of Meyer Burger's new business model, it is worth noting that this specific forecast is highly speculative in nature given the lack of data in terms of future demand. Despite this, knowing that the demand for renewable energy is increasing would suggest a rather conservative view of NWC rather than an overvaluation.

PP&E Forecast

Meyer Burger expects CapEx equal to €185 million per GW for the initial production phase up to 1.4GW capacity and expenses of €110 million for following phases (Appendix B7) (Meyer Burger, 2021). Depreciation is expected to experience large fluctuations throughout the forecast, with a year low in 2023 when CapEx is at its lowest. It is then expected to increase until production capacity reaches 14GW in 2027 before stabilizing at 51% of opening PP&E.

EBITDA Forecast

The only line-item that remains before forecasting EBITDA is amortization. New investments are assumed equal to the historical average share of revenue of 0.20%, and amortization is assumed equal to 80% of opening intangible assets.

EBITDA for the whole period can then be forecasted as shown below in *Table B1*. Notice that the expected minimum EBITDA margins are each satisfied (2023: 25% and 2027: 30%), suggesting that the forecast is in line with the expectations from Meyer Burger's own analysts.

Table B 1: EBITDA

	2021A	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Revenue	**123**	**430**	**500**	**860**	**1 290**	**1 536**	**1 800**	**2 160**	**2 592**	**3 110**
Less: Cost of Goods Sold	86	300	300	588	864	1 008	1 384	1 627	1 913	2 250
Less: SG&A	17	53	55	81	103	105	104	108	130	156
Less: R&D	7	22	23	33	42	43	43	54	65	78
Less: Other Operating Expenses, net	9	29	31	45	57	58	57	65	78	93
Operating Expenses, total	**119**	**404**	**409**	**747**	**1 067**	**1 213**	**1 588**	**1 854**	**2 186**	**2 577**
EBIT	**4**	**26**	**91**	**113**	**223**	**322**	**212**	**306**	**406**	**534**
Plus: Depreciation	7	35	31	120	212	308	324	383	345	357
Plus: Amortization	0	0	1	1	2	2	3	3	4	5
EBITDA	**11**	**62**	**123**	**234**	**437**	**633**	**539**	**693**	**755**	**896**
EBITDA Margin	*9%*	*14%*	*25%*	*27%*	*34%*	*41%*	*30%*	*32%*	*29%*	*29%*
Expected EBIITDA Margin			*25%*				*30%*			

Meyer Burger's FCF is then estimated as shown in *Table B2*.

Table B 2: Free Cash Flow

		2021A	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
EBIT		**4**	**26**	**91**	**113**	**223**	**322**	**212**	**306**	**406**	**534**
Less: Unlevered Taxes	*15%*	1	4	14	17	33	48	32	46	61	80
NOPAT		**4**	**22**	**78**	**96**	**190**	**274**	**180**	**260**	**345**	**454**
Plus: Depreciation		7	35	31	120	212	308	324	383	345	357
Plus: Amortization		0	0	1	1	2	2	3	3	4	5
Less: CAPEX		148	370	0	308	308	176	440	308	370	444
Less: Changes in NWC		-19	98	19	116	137	77	96	113	139	164
FCF		**-118**	**-410**	**90**	**-207**	**-41**	**332**	**-29**	**226**	**186**	**208**

6.2 WACC Analysis

6.2.1 The Cost of Equity

The Risk-Free Rate

Alike German government bonds, Switzerland's 10-year government bonds are currently trading at a negative yield of negative 0.40% (Switzerland 10-Year Government Bond, 2021). Following the same method as in the acquirer model, the simple average over the last 10 years results in a risk-free rate of 0.20% (*Figure B1*).

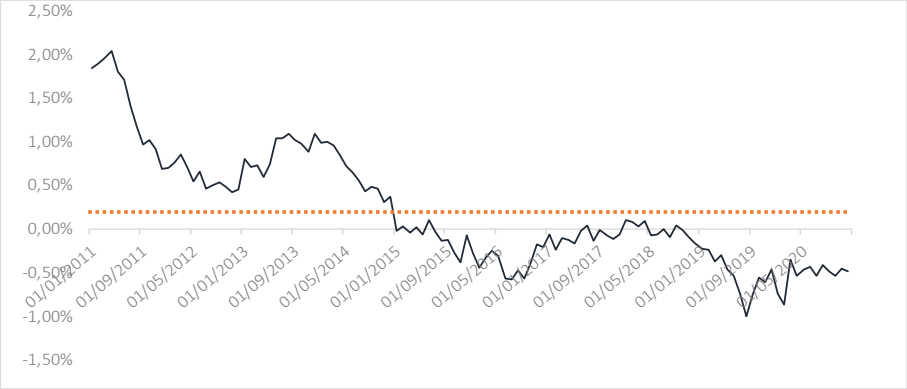

Figure B 1: Swiss 10-Year Government Bond Yields

Market Risk Premium

The average market risk premium realized for Swiss stocks as of 2021 stood at 5.2% (Norrestad, 2021). It is assumed that this rate will remain constant in the near future.

Beta

Beta has first been measured based on Meyer Burger's stock price volatility relative to the Swiss Market Index (SMI). Regressing the monthly returns results in an equity beta of 2.75, suggesting that Meyer Burger's stock is significantly more volatile than the Swiss market. However, the regression also reveals an R-squared of 0.12, suggesting that the market index is a poor indicator for changes in stock price movements (*Figure B2*).

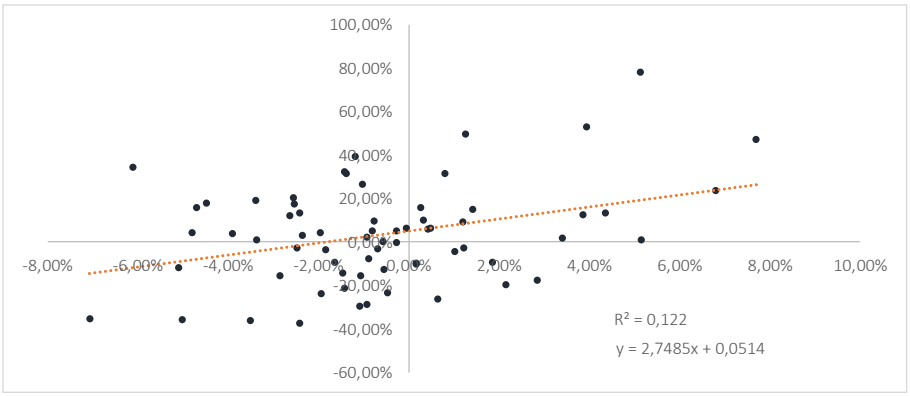

Figure B 2: Meyer Burger Stock Volatility Relative to the SMI Index (Jan 2016-Aug 2021)

Despite Meyer Burger's geographic location and recent restructuring to be centered around Germany and Europe in general, most of the company's historical revenues have come from Asia (Appendix B8). Although it will be difficult to estimate how the restructuring will affect future revenue distribution, it can be assumed that Asia will still have significant influence over Meyer Burger's operations and future performance given that China currently holds the largest solar energy fleet to date (NS Energy, 2021).

As a means of finding a measure that is well representative of Meyer Burger's current volatility, a group of comparable companies have been selected to compute the bottom-up beta. The comparables were chosen based on a recent document released by Meyer Burger in which they name these companies as their current competitors (Meyer Burger, 2021).

Meyer Burger is assumed to have a higher proportion of fixed costs given its small size, such that the higher of the average and median unlevered beta of 1.08 is chosen. Please see Appendix B9 for a full overview of the data retrieved and the unlevered beta estimates. To calculate Meyer Burger's cost of equity, the unlevered beta must be re-levered using the current debt-to-equity ratio such that:

$$\beta_{RE-LEVERED} = 1.08 \times [1 + 0.87 \times (1 - 22\%)] = 1.88$$

The re-levered beta of 1.82 is below the equity beta of 2.75 computed earlier, suggesting that Meyer Burger's stock should be less volatile in the overall market compared to the Swiss market alone, albeit still significantly volatile.

Using the re-levered beta, Meyer Burger's cost of equity can now be calculated as:

$$R_e = 0.20\% + 1.88 \times 5.2\% = 10\%$$

6.2.2 The Cost of Debt

Referencing the same study by KPMG Germany as in the acquirer model, the average cost of debt in Switzerland for the Energy & Natural Resources industry was 2.7% in 2019 (KPMG Germany, 2019). Likewise, the cost of debt is assumed to have remained constant over the course of the last 2 years.

6.2.3 Target Capital Structure

Lastly, the target capital structure is determined based on the average debt-to-equity ratio of the peer group, such that proportion of equity is 76% and proportion of debt is 24%.

Now that all the factors have been determined, Meyer Burger's WACC can be calculated as:

$$WACC = 76\% \times 10\% + 24\% \times 2.7\% \times (1 - 22\%) = 8.16\%$$

6.3 Relative Valuation

6.3.1 Comparable Company Analysis

As in the acquirer model, Meyer Burger is valued using multiples from the same peer group as used under the beta calculation (Appendix B10). Considering both the average and median multiples results in a likely price of €0.07 (*Table B3*). Note that the price estimate found using the P/E ratio has been excluded from this range due to negative earnings in 2021. This is significantly below Meyer Burger's current price of €0.37. These results are questionable considering the cyclical nature of the industry as well as the degree of uncertainty inherent in Meyer Burger's forecasts. Further analysis is required to better understand whether the company is currently over- or undervalued.

Table B 3: Valuation Summary – Comparables Method

	Share Price	Market Cap	Enterprise Value	Multiple
Current	**€ 0,37**	**982**	**1 011**	**Average**
EV/Revenue	€ 0,11	286	314	2,56x
EV/EBITDA	€ 0,07	193	222	19,31x
EV/EBIT	€ 0,04	95	123	29,46x
P/E	-€ 0,03	-86	-58	29,67x
	€ 0,07			
				Median
EV/Revenue	€ 0,10	259	288	2,34x
EV/EBITDA	€ 0,07	193	222	19,35x
EV/EBIT	€ 0,04	94	123	29,42x
P/E	-€ 0,03	-89	-60	30,65x
	€ 0,07			

6.4 Intrinsic Valuation

6.4.1 Terminal Value

Exit Multiple

As in the acquirer model, TV is determined using an exit multiple approach. Because of the inconsistency of the multiples found under the comparables analysis, a multiple of 8x is assumed. Because Meyer Burger's current performance is highly unclear, the TV is determined by multiplying the exit multiple with the average 10-year forecasted EBITDA, resulting in a value of €3 506 million.

Perpetuity Method

In contrast to the acquirer model, a conservative approach is not considered under the perpetuity method. This is because of Switzerland's trivial average 5-year inflation rate of 0.13% (O'Neill, 2021). TV beyond 2030 assuming a growth rate of 0.13% is then equal to:

$$TV = \frac{208 \times (1 + 0.13\%)}{8.16\% - 0.13\%} = €2\,598$$

6.4.2 DCF Analysis

Meyer Burger's FCF and TV can now be discounted using the WACC estimate of 8.16% to find the intrinsic share price. Considering all TV estimates, the analysis suggests a price range of €0.44 to €0.61 (*Table B4*).

Table B 4: Valuation Summary – DCF Method

	Exit Multiple	Perpetuity incl. Growth
NPV FCF	-76	-76
NPV Terminal Value	1 730	1 282
Enterprise Value	**1 653**	**1 205**
Less: Net Debt	29	29
Equity Value	**1 625**	**1 177**
Shares Outstanding	2 670	2 670
Equity Value per Share	**€ 0,61**	**€ 0,44**

6.5 Sensitivity Analysis

6.5.1 Sensitivity on DCF Inputs

As in the acquirer model, the discount rate is checked in every sensitivity against another input. Revenue is still a forecast driver throughout the model, so the first sensitivity checks for changes in revenue per GW by +/–10% and changes in WACC of +/–1%. This shows that the share price ranges between €0.07 to €1.32.

The second input to check is changes in cost per GW by +/–5% against the same changes in WACC, resulting in a range of -€0.23 to €2.03, suggesting that the share price is far more sensitive to changes in the cost assumption relative to revenue.

Lastly, adjustments of +/–0.50x are applied to the exit multiple, suggesting a share price in the range of €0.28 to €0.98. Comparing against Damodaran's EV/EBITDA multiple of 22.94x for Green & Renewable Energy as of January 2021, a multiple below 8x would seem unlikely (Damodaran, Enterprise Value Multiples by Sector (US), 2021). For reference, replacing the current multiple by 22.94x would result in an increase to €1.82 from €0.61, suggesting that the current price could be undervalued. Please see Appendix B11 for an overview of the sensitivity tables.

Given the prices ranges computed in this section as well as the sensitivity performed, Meyer Burger could be undervalued at their current share price of €0.37 (*Figure B3*).

Figure B 3: Valuation Summary – Share Price

7 PRO FORMA MODEL: Valuing the Combined Entity

Please see Appendix C2-C4 for a full overview of the combined financial statements.

7.1 Value Creation

The deal rational comes down to the anticipated value created once the companies combine. Specifically, the strategy is for Daimler to acquire the necessary solar technology faster and at a lower cost than what they would otherwise be able to accomplish independently. The knowledge that Meyer Burger possesses will accelerate Daimler's ability to produce solar powered vehicles at a larger scale with the cost-efficient heterojunction modules. The combined entity would effectively be able to keep up with the rising demand for more sustainable driving by providing end-to-end green energy solutions to its customers.

7.1.1 Synergy Analysis

Synergies are the potential benefits that arise in the aftermath of an M&A deal through combining companies. The notion is that the value of the combined companies is greater than the sum of its individual parts. Estimating these benefits is not a one-time event because the parties involved will have different information at different stages of the negotiation process. Thus, estimations often take place before, during, and after closing the deal.

A significant reason that explains why M&A deals tend to fail is by the combined entity's inability to capture the synergies predicted during the due-diligence process. Research shows that this failure is largely a result of poor synergy management and incomplete integration, leading to missed targets, loss of key people, and reduced performance in day-to-day business (Vlasselaer, Castelein, & Vassaux, 2015). Although successful integration is vital for post-merger value creation, it goes beyond the scope of this paper to discuss it further. Nonetheless, industry experts find that M&A integration costs range from 1% to 7% of deal value regardless of deal size (Beyond the Deal, 2020). Because the transaction involves companies operating in different industries, it is assumed that the integration costs will hover toward the upper end of this estimate. Thus, given a purchase price of €1 275, a non-recurring integration cost of cost of €89 million is applied to the model.

Synergies are more likely to show up over time rather than immediately after closing a deal. Revenue synergies are generally more challenging to estimate and often take longer to

materialize than cost synergies. Given the closing date of August 13th, 2021, synergies are expected to start materializing in the first full year of operations, with revenue synergies fully captured by 2024, and cost synergies by 2023 (Appendix C1).

Cost Reduction

When Tesla acquired SolarCity in 2016, the company stated that they expected to achieve cost synergies of $150 million (€127 million) in the first year after closing (Tesla, 2016). Thus, the combined entity is expected to capture yearly cost synergies of €150 million through Meyer Burger's patent-protected heterojunction and SmartWire Connection technologies (SWCT®) by reducing, if not eliminating, royalty payments related to solar technology patents and research which Daimler would have to acquire separately. Apart from also making the supply chain more efficient, the combined technology and know-how between the two companies can lead to advancements in the production of solar-powered vehicles. This further leads to the potential of re-entering the market of stationary energy storage and reviving Mercedes-Benz Energy and offering residential charging through solar power, effectively picking up competition from Tesla's Powerwall.

Revenue Enhancement

Revenue enhancements are based on the idea that the combined entity can generate greater revenue than the sum of its individual sales. These synergies could be the result of greater market share as demand for electric vehicles increases and longer growth from the competitive advantage of owning patent-protected solar technology. Additionally, the company can expect to benefit from reduced competition as they enter the market for solar powered energy storage.

The greater market share is assumed to account for revenue synergies of €1.5 billion which will materialize yearly until 2024. This is equivalent to 1% of revenues captured in 2019. For following years, it is assumed that the company will have fully entered the residential energy storage market. Because Tesla is one of the only players in this market, the additional revenue is assumed to account for an additional 5.35%, the average percentage of total revenue for which Tesla's segment for energy generation and storage accounts for (Refinitiv Workspace, 2021).

7.2 Relative Valuation

To date, the only deal comparable to the one of this paper is the acquisition of SolarCity by Tesla which closed in 2016. Unfortunately, there are several concerns about this acquisition that have recently come to light, resulting in a lawsuit against CEO Elon Musk of $2 billion (Kolodny, 2021). Thus, due to the lack of trustworthy and comparable deals, valuation based on precedent transactions will not be performed.

Instead, a weighted estimate of the industry multiples found under each individual valuation is applied to establish a price range comparable to how the market would react to the proposed announcement. Because Daimler and Meyer Burger's firm values makes up 98% and 2% of the combined firm value (excl. synergies), these are the weights applied to find the weighted average multiples. The results suggest a likely price range for the combined entity between €50 and €93 (*Table C1*).

Table C 1: Valuation Summary – Comparables Method

	Share Price	Market Cap	Enterprise Value	Multiple
				Average
EV/Revenue	€ 132	141 504	254 547	1,73x
EV/EBITDA	€ 106	113 490	226 532	8,94x
EV/EBIT	€ 66	70 859	183 901	17,76x
P/E	€ 67	71 780	184 823	12,79x
	€ 93			
				Median
EV/Revenue	€ 44	47 449	160 492	1,09x
EV/EBITDA	€ 93	99 763	212 805	8,40x
EV/EBIT	€ 10	11 234	124 277	12,00x
P/E	€ 53	56 539	169 582	10,07x
	€ 50			

7.3 Intrinsic Valuation

7.3.1 WACC Analysis

Cost of Equity

The combined entity will be riskier because of higher leverage and Meyer Burger's inherent riskiness. Using Damodaran's unlevered beta for Green & Renewable Energy companies of 0.67 (Damodaran, Beta by Sector, 2021) and the current entity's debt-to-equity ratio of 3.10 gives a re-levered beta of:

$$\beta_{RE-LEVERED} = 0.67 \times [1 + 3.10 \times (1 - 30\%)] = 2.13$$

The re-levered beta of 2.13 is higher than the re-levered beta estimate from the acquirer model, confirming that the combined entity is subject to higher volatility than Daimler alone. The entity's cost of equity can now be calculated as:

$$R_e = 0.76\% + 2.13 \times 5.8\% = 13.12\%$$

Target Capital Structure

The target capital structure is determined based on the new mix of debt and equity of the last forecast year such that proportion of equity is 38% and proportion of debt is 62% (Appendix C5).

The entity's WACC can then be calculated as:

$$WACC = 38\% \times 13.12\% + 62\% \times 2.9\% \times (1 - 30\%) = 6.28\%$$

7.3.2 Terminal Value

Exit Multiple

The combined company is assumed to start stabilizing beyond 2025 (ref. stable revenue growth and cost synergies). Thus, a multiple of 8x is assumed to determine TV beyond 2025 by multiplying with the average 5-year EBITDA, resulting in a value of €223 billion.

Perpetuity Method

Notice that the combined cash flows don't seem to stabilize until the end of the forecast period. Therefore, for more accurate results, TV based on the perpetuity method is determined beyond 2025.

Assuming a perpetual growth rate equal to the average 5-year German inflation rate of 1.14% gives a TV of:

$$TV = \frac{15\,555 \times (1 + 1.14\%)}{6.28\% - 1.14\%} = €247\,835$$

No growth is assumed in the conservative approach, giving a TV of:

$$TV = \frac{15\,555}{6.28\%} = €306\,167$$

7.3.3 DCF Analysis

The entity's intrinsic value is determined by discounting the cash flows and TV using the new WACC of 6.28% (Appendix C6). Considering all TV estimates, the analysis suggests a price range of €127 to €188 (*Table C2*).

Table C 2: Valuation Summary – DCF Method

	Exit Multiple	Perpetuity excl. Growth	Perpetuity incl. Growth
NPV FCF	74 547	74 547	74 547
NPV Terminal Value	174 544	194 241	239 959
Enterprise Value	**249 091**	**268 789**	**314 507**
Less: Net Debt	112 960	112 960	112 960
Equity Value	**136 131**	**155 829**	**201 547**
Shares Outstanding	1 070	1 070	1 070
Equity Value per Share	**€ 127**	**€ 146**	**€ 188**

7.4 Value Capture

7.4.1 Synergy Value

The combined company without synergies is equal to the sum of the individual companies, giving a value between €231 and €313 billion. Building in the impact of revenue and cost synergies results in a combined company value between €249 and €315 billion, valuing total synergies in the range of €2 to €19 billion (*Table C3*).

Table C 3: Valuation Summary

Acquirer	Exit Multiple	Perpetuity excl. Growth	Perpetuity incl. Growth
NPV of FCF	59 704	59 704	59 704
NPV Terminal Value	169 180	192 807	251 785
Value of Firm Today	228 884	252 511	311 489
Target			
NPV of FCF	-76	-76	-76
NPV Terminal Value	1 730	1 282	1 282
Value of Firm Today	1 653	1 205	1 205
Combined Entity (excl. Synergies)			
NPV of FCF	59 628	59 628	59 628
NPV Terminal Value	170 910	194 089	253 066
Value of Firm Today	230 537	253 717	312 694
Combined Entity (incl. Synergies)			
NPV of FCF	74 547	74 547	74 547
NPV Terminal Value	174 544	194 241	239 959
Value of Firm Today	249 091	268 789	314 507
Synergies	**18 554**	**15 072**	**1 813**

Generally, because a company's performance fluctuates with the market conditions, valuations that involve perpetual growth tend to render higher TVs than valuation using exit multiples. This would initially suggest that the synergy value of €18 554 million estimated using the exit multiple approach would be most appropriate.

However, Meyer Burger is valued almost at third *less* using perpetual growth versus the exit multiple approach. Remembering that Meyer Burger's share price was highly undervalued under the relative valuation analysis, it would make more sense for Daimler to reference Meyer Burger's intrinsic value under the perpetual growth method. This will impact the premium paid as the intrinsic target share price will be less, effectively increasing synergy value captured by Daimler's shareholders. Moreover, given the broad valuation range found under both the acquirer and the combined valuations, average values have been calculated rather than singling out a valuation method, valuing synergies at €11 813 million (*Table C4*).

Table C 4: Synergy Value

	Value without Synergies	Value with Synergies	Synergy Value
Acquirer	264 295		
Target	1 205		
Combined	265 649	277 462	**11 813**

7.4.2 Method of Payment

The combined entity's earnings per share (EPS) will be impacted by the form of consideration, whereby the deal is accretive if it increases EPS and dilutive if EPS drops relative to Daimler's EPS pre-transaction. In a stock deal, the issued shares will dilute the number of shares outstanding, effectively diluting EPS. Increasing the takeover premium will have the same effect on EPS as this would increase the number of shares to be issued. On the other hand, increasing synergies and cash consideration will have a positive impact on EPS, as it doesn't dilute the ownership of current shareholders.

Consequently, it is easier to have accretion in an all-cash deal than in an all-stock deal. Additional differences between the two methods of payment include the inherent risks associated with the deal. In an all-stock deal, the risk of synergies not materializing is shared in proportion to the ownership percentage of each company, whereas the acquirer takes on the entire risk in an all-cash deal.

In this case, Daimler takes on the entire risk of synergies not materializing as they acquire Meyer Burger through an all-cash deal, effectively signalling confidence in materializing expected synergies. No stock offer is considered given the large difference in market value between the two companies as well as the likelihood that the market might be undervaluing Daimler, as seen in the intrinsic valuation. Offering stock when shares are undervalued would signal that management believes its shares to be either rightly priced or overvalued. This would hurt current shareholders in the sense that the stock consideration would be based on the undervalued market price (Rappaport & Sirower, 1999).

Since the deal is not financed by issuing additional debt, there will be no additional interest expenses to factor into the final earnings. However, cash mergers will create expenses for the target's shareholders in the form of an immediate tax obligation, as opposed to stock mergers in which shareholders may defer capital tax payment until the securities are sold.

7.4.3 Takeover Premium

Initially, an intrinsic share price of €0.44 would suggest a takeover premium of 20% above the current market value. Although private capital gains are normally tax-exempt in Switzerland, a tax premium of 10% is added to compensate for any potential tax liability shareholders might

face. This results in a total takeover premium of 30% and an offer price of €0.48 per share. This is well within what could be expected for such a deal considering the average takeover premium of 25% paid for acquisitions in energy and high technology industries in the past (Rudden, 2020) as well as the premium paid by Tesla for SolarCity between 21% to 30% (Tesla, 2016).

7.5 Sensitivity Analysis

Share Price Sensitivity

Sensitivity is performed on the main value drivers, namely the revenue and cost synergies as well as the discount rate. Thus, share price is sensitized against synergy changes of +/–50% and changes in WACC of +/–1%. As one would expect, a 50% increase (decrease) in revenue synergies has a larger effect on share price than an equivalent change in cost synergies (Appendix C7).

Synergy Sensitivity

Lastly, synergy sensitivity is checked against 0.10x increments in the exit multiple and +0.20% increments in WACC. The results show that despite minor adjustments, synergy value ranges from €11 to €29 billion, suggesting that synergies are highly sensitive to changes in these inputs (Appendix C8).

The valuation indicates that the combined entity's share price of €127 calculated under the DCF method is indeed within a reasonable estimate (*Figure C1*). Thus, the merger would increase Daimler's intrinsic share price by 16%

Figure C 1: Valuation Summary – Share Price Football Field Chart

8 DEAL CRITISISM

There are certain execution risks to consider regarding the deal. First, there is the failure to integrate the two company's business models, specifically regarding knowledge transfer in the sense that the engineers can work together to combine the technology know-how of each their products. Weakness in this area will reduce the synergies captured if the combined company is not able to materialize them at the expected pace.

Furthermore, there is a concern regarding the fact that the combined company would be catering to a market that is currently barely in existence. Back in 2016, critics argued against Tesla acquiring SolarCity, claiming that the companies had "zero business synergies" (Roberts, 2016). Others argued that while synergies may appear limited, the idea of merging automotive and solar technologies while selling grid services offers exciting potential in the field of renewable energy and grid stability (Pyper, 2016).

Lastly, some analysts maintain that installing solar panels to cars simply will not provide sufficient power given the following reasons (Zientara, 2020):

- Limited surface area
- Solar panels not optimally positioned
- People tend to park in garages or in the shade
- Consumers are restricted to charging during the day

9 CONCLUSION

As both companies reach stages of their businesses in which drastic changes are being made to their operations, Daimler could be seen to benefit from the current undervaluation of solar companies through Meyer Burger's high-grade solar panels, advanced technology, and extensive industry knowledge. This would position Daimler as one of the few vertically integrated automotive companies to date, right up against Tesla, where the combined entity would be able to capture stronger demand and long-term growth by entering emerging markets in residential solar energy storage.

The study of Daimler and Meyer Burger has provided a robust overview of what drives value in each company within their respective industries through both a relative and intrinsic valuation. The deal would be financed with cash in its entirety at an offer of €0.48 per share for complete control of Meyer Burger. This represents a 30% premium and is equivalent to a purchase price of €1 275 million, resulting in value captured of €70 million for Meyer Burger's shareholders, and €11 743 million for Daimler's shareholders.

The added value would be a result of greater demand for renewable vehicles and energy sources as government incentives increase, greater economies of scale for battery and solar panels, and reduced manufacturing costs and capital investments than what would be accomplished separately. However, Daimler should keep in mind the uncertain nature of Meyer Burger's current business. While the future looks bright for the renewables industry, the risk-reward of jumping the gun too soon could ultimately be unfavorable and disruptive to the businesses current growth patterns. Moving forward, it will be interesting to see how the relationship between the automotive and renewables industry develops, and where solar energy fits into this vertical collaboration. Because after all, a zero-emission car is only as sustainable as the energy that fuels it.

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11 APPENDICES

APPENDIX A: Daimler AG

The following appendices contain the historical financials of Daimler AG as they appear in the Refinitiv Workspace as of spring 2021, starting on January 1st, 2016, and ending on December 31st, 2020. Note that all values are in **million euros** except when stated otherwise by the symbol €, in which case the value is simply as stated.

Appendix A 1: Income Statement – Historical

Daimler AG	2016A	2017A	2018A	2019A	2020A
Revenue	**153 261**	**164 154**	**167 362**	**172 745**	**154 309**
Less: COGS	121 171	129 627	134 163	136 840	126 383
Gross Profit	**32 090**	**34 527**	**33 199**	**35 905**	**27 926**
Less: SG&A	15 673	16 807	17 169	16 883	14 623
Less: R&D	5 219	5 890	6 515	6 554	6 085
Less: Other Operating Expenses, net	-1 152	-667	-676	2 417	-1 270
Operating Expenses, total	**19 740**	**22 030**	**23 008**	**25 854**	**19 438**
EBIT	**12 350**	**12 497**	**10 191**	**10 051**	**8 488**
Plus: Financing Income, net	-41	-578	-312	-745	-618
Plus: Sale of Tangible & Intangible Fixed Assets	-87	268	34	-105	-129
Plus: Equity Earnings, net	502	1 498	656	479	797
Plus: Other Non-Operating Income, net	1 467	149	159	173	597
Plus: Non-Recurring Income, net	-1 617	133	-133	-6 023	-2 796
Non-Operating Expenses, total	**224**	**1 470**	**404**	**-6 221**	**-2 149**
Net Income Before Taxes	**12 574**	**13 967**	**10 595**	**3 830**	**6 339**
Less: Income Tax Expense	3 790	3 350	3 013	1 121	2 330
Net Income After Taxes	**8 784**	**10 617**	**7 582**	**2 709**	**4 009**
Less: Minority Interest	258	339	333	332	382
Net Income	**8 526**	**10 278**	**7 249**	**2 377**	**3 627**
Weighted Average Shares					
Basic	1 070	1 070	1 070	1 070	1 070
Diluted	1 070	1 070	1 070	1 070	1 070
Eearnings per Share (EPS)					
Basic	7,97	9,61	6,77	2,22	3,39
Diluted	7,97	9,61	6,77	2,22	3,39

Appendix A 2: Balance Sheet – Historical

Daimler AG	2016A	2017A	2018A	2019A	2020A
Cash & Short-Term Investments	**20 629**	**21 199**	**24 799**	**26 775**	**28 451**
Inventories	25 384	25 686	29 489	29 757	26 444
Accounts Receivable	54 063	57 378	64 743	69 604	58 682
Derivative Financial Instruments - Short Term	653	1 235	524	185	423
Prepaid Expenses - Short Term	757	632	712	682	670
Assets Held for Sale/Discontinued Operations - Short Term			531		
Other Current Assets	566	766	815	797	594
Current Assets, total	**102 052**	**106 896**	**121 613**	**127 800**	**115 264**
Investments	7 020	6 980	6 348	7 599	7 568
Receivables & Loans - Long Term	42 970	48 001	53 205	55 207	55 308
Derivative Financial Instruments - Long Term	1 077	1 173	509	1 006	1 722
Property, Plant & Equipment	73 323	75 055	80 424	88 625	82 798
Intangible Assets excl. Goodwill	10 910	12 620	13 719	14 761	15 178
Goodwill	1 188	1 115	1 082	1 217	1 221
Other Non-Current Assets	4 448	3 505	4 719	6 223	6 678
Non-Current Assets, total	**140 936**	**148 449**	**160 006**	**174 638**	**170 473**
Total Assets	**242 988**	**255 345**	**281 619**	**302 438**	**285 737**

Daimler AG	2016A	2017A	2018A	2019A	2020A
Accounts Payable	15 186	17 823	19 328	17 303	17 781
Short-Term Debt & Current Portion of Long-Term Debt	47 288	48 746	56 240	62 601	59 303
Derivative Liabilities - Short Term	1 312	168	633	899	115
Income Taxes Payable	2 847	973	1 095	1 128	1 001
Liabilities Held for Sale/Discontinued Operations - Short Term			212		
Other Current Liabilities	17 824	19 914	20 444	23 871	21 609
Current Liabilities, total	**84 457**	**87 624**	**97 952**	**105 802**	**99 809**
Debt - Long-Term, total	70 398	78 378	88 662	99 179	86 539
Derivative Liabilities - Long Term		528	461	287	252
Deferred Tax & Investment Tax Credits	3 467	2 347	3 762	3 935	3 649
Other Non-Current Liabilities	25 533	21 309	24 729	30 394	33 240
Non-Current Liabilities, total	**99 398**	**102 562**	**117 614**	**133 795**	**123 680**
Total Liabilities	**183 855**	**190 186**	**215 566**	**239 597**	**223 489**
Share Capital	57 950	63 869	64 667	61 344	60 691
Total Equity excl. Minority Interest	**57 950**	**63 869**	**64 667**	**61 344**	**60 691**
Minority Interest	1 183	1 290	1 386	1 497	1 557
Total Equity	**59 133**	**65 159**	**66 053**	**62 841**	**62 248**
Total Liabilities and Equity	**242 988**	**255 345**	**281 619**	**302 438**	**285 737**

Appendix A 3: Cash Flow Statement – Historical

Daimler AG	2016A	2017A	2018A	2019A	2020A
Plus: Profit (Loss) Before Income Taxes	12 574	13 967	10 595	3 830	6 339
Plus: Non-cash Items & Reconciliation Adjustments	4 368	3 716	5 255	7 014	8 252
Less: Income Taxes - Paid/(Reimbursed)	2 950	3 879	2 858	2 107	1 993
Plus: Interest & Dividends - Received		843	1 380	1 202	1 783
Plus: Change in Working Capital Increase (Decrease)	-10 281	-16 299	-14 029	-2 051	7 951
Net Cash from Operating Activities	**3 711**	**-1 652**	**343**	**7 888**	**22 332**
Less: Capital Expenditures	8 467	9 346	10 057	10 406	8 195
Plus: Acquisition & Disposals of Business	-3 650				
Plus: Investments excl. Loans - Decrease/(Increase)	-2 585	-150	54	-171	1 747
Plus: Investments in Associated Companies & JV - Sold/(Purchased)					
Plus: Other Investing Cash Flow - Decrease/(Increase)	36	-22	82	-30	27
Net Cash from Investing Activities	**-14 666**	**-9 518**	**-9 921**	**-10 607**	**-6 421**
Less: Dividends Paid	3 477	3 477	3 905	3 477	963
Plus: Stock - Issuance/(Retirement)	27	72	68	43	1
Plus: Minority Interests & Joint Ventures	-103	-10	-78	-79	
Plus: Debt - Long-Term & Short-Term - Issuance/(Retir	15 763	16 794	17 456	9 404	-9 503
Plus: Other Financing Cash Flow - Increase/(Decrease)	-201	-250	-315	-263	-282
Net Cash from Financing Activities	**12 009**	**13 129**	**13 226**	**5 628**	**-10 747**
Foreign Currency Effect on Cash and Cash Equivalents	-9	-868	133	121	-999
Net Increase/Decrease in Cash and Cash Equivalents	**1 045**	**1 091**	**3 781**	**3 030**	**4 165**
BOP Cash and Cash Equivalents	9 936	10 981	12 072	15 853	18 883
EOP Cash and Cash Equivalents	10 981	12 072	15 853	18 883	23 048

Appendix A 4: Income Statement – Forecast

Income Statement Drivers

	2020A	2021A	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Mercedes-Benz Cars & Vans	2 462	2 511	2 561	2 613	2 691	2 772	2 855	2 940	3 029	3 120	3 213
Daimler Trucks & Buses	379	382	386	390	398	406	414	422	431	439	448
Total Unit Sales	**2 840**	**2 893**	**2 947**	**3 003**	**3 089**	**3 177**	**3 269**	**3 363**	**3 459**	**3 559**	**3 661**

Revenue per Unit Sold		2016A	2017A	2018A	2019A	2020A
Mercedes-Benz Cars & Vans		38	37	36	37	39
Daimler Trucks & Buses		81	77	75	82	88

	~	2021A	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Mercedes-Benz Cars & Vans	*37*	94 104	95 986	97 906	100 843	103 868	106 985	110 194	113 500	116 905	120 412
Daimler Trucks & Buses	*81*	30 836	31 145	31 456	32 085	32 727	33 381	34 049	34 730	35 425	36 133
Daimler Mobility	*15%*	22 048	22 435	22 829	23 458	24 105	24 770	25 455	26 158	26 882	27 626
Total Revenue		**146 989**	**149 566**	**152 191**	**156 386**	**160 700**	**165 136**	**169 698**	**174 388**	**179 211**	**184 171**

Development as a % of Revenue	2019A	2021A	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
SG&A	*9,77%*	*9,57%*	*9,37%*	*9,17%*	*8,97%*	*8,77%*	*8,77%*	*8,77%*	*8,77%*	*8,77%*	*8,77%*
R&D	*3,79%*	*3,69%*	*3,59%*	*3,49%*	*3,39%*	*3,29%*	*3,29%*	*3,29%*	*3,29%*	*3,29%*	*3,29%*

Most of the remaining line-items of the income statement are forecasted as a percentage of revenues based on their respective historical trends. There are exceptions for Non-Recurring Income/Expenses, Tax Expense, and Minority Interest.

The financial repercussions of Non-Recurring Income/Expenses have been heavily impacted by the relatively recent emissions scandal related to illegal defeat devices in certain Mercedes-Benz diesel vehicles (Daimler, 2020). The resulting legal proceedings explain the unusually large €6 billion cost incurred in 2019, yet Daimler is still expected to incur further losses. Fitch Ratings estimate these emissions costs at €2.6 billion in 2021 and €2 billion in 2022 (Fitch Ratings, 2021).

Tax Expenses were computed based on the average tax rate of 30%, whereas Minority Interest was straight-lined throughout the forecast.

	~	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Revenue		**146 989**	**149 566**	**152 191**	**156 386**	**160 700**	**165 136**	**169 698**	**174 388**	**179 211**	**184 171**
Less: COGS		117 388	119 446	121 542	124 893	128 338	131 881	135 524	139 270	143 121	147 082
Gross Profit	*20%*	**29 601**	**30 120**	**30 648**	**31 493**	**32 362**	**33 255**	**34 174**	**35 118**	**36 090**	**37 088**
Less: SG&A		14 072	14 019	13 961	14 033	14 099	14 488	14 888	15 300	15 723	16 158
Less: R&D		5 430	5 375	5 318	5 308	5 294	5 440	5 590	5 744	5 903	6 067
Less: Other Operating Expenses, n	*-0,20%*	-290	-295	-300	-308	-317	-326	-335	-344	-353	-363
Operating Expenses, total		**19 212**	**19 100**	**18 979**	**19 033**	**19 076**	**19 602**	**20 144**	**20 700**	**21 273**	**21 862**
EBIT		**10 389**	**11 020**	**11 670**	**12 461**	**13 286**	**13 653**	**14 030**	**14 418**	**14 817**	**15 227**
Plus: Financing Income, net	*-0,28%*	-411	-418	-425	-437	-449	-461	-474	-487	-501	-515
Plus: Sale of Tangible & Intangible Fixed Assets											
Plus: Equity Earnings, net	*0,49%*	713	726	738	759	780	801	823	846	869	894
Plus: Other Non-Operating Income	*0,33%*	479	488	496	510	524	538	553	569	584	600
Plus: Non-Recurring Income, net		-2 600	-2 000								
Non-Operating Expenses, total		**-1 818**	**-1 205**	**809**	**832**	**855**	**878**	**902**	**927**	**953**	**979**
Net Income Before Taxes		**8 571**	**9 815**	**12 479**	**13 292**	**14 141**	**14 531**	**14 933**	**15 345**	**15 770**	**16 206**
Less: Income Tax Expense	*30%*	2 547	2 917	3 709	3 950	4 202	4 318	4 438	4 560	4 687	4 816
Net Income After Taxes		**6 024**	**6 898**	**8 771**	**9 342**	**9 939**	**10 213**	**10 495**	**10 785**	**11 083**	**11 390**
Less: Minority Interest		382	382	382	382	382	382	382	382	382	382
Net Income		**5 642**	**6 516**	**8 389**	**8 960**	**9 557**	**9 831**	**10 113**	**10 403**	**10 701**	**11 008**
Weighted Average Shares											
Basic	-	1 070	1 070	1 070	1 070	1 070	1 070	1 070	1 070	1 070	1 070
Diluted	-	1 070	1 070	1 070	1 070	1 070	1 070	1 070	1 070	1 070	1 070
Eearnings per Share (EPS)											
Basic	-	5,27	6,09	7,84	8,37	8,93	9,19	9,45	9,72	10,00	10,29
Diluted	-	5,27	6,09	7,84	8,37	8,93	9,19	9,45	9,72	10,00	10,29

Appendix A 5: Balance Sheet – Forecast

Balance Sheet Drivers

		2016A	2017A	2018A	2019A	2020A
Inventory Days		77	72	80	79	77
Receivable Days		129	128	141	147	139
Payable Days		46	50	53	46	51
Net Working Capital (NWC)		**64 261**	**65 241**	**74 904**	**82 058**	**67 345**

	~	2021A	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Plus: Inventories	77	24 776	25 210	25 652	26 288	27 087	27 834	28 603	29 314	30 207	31 043
Plus: Accounts Receivable	137	55 102	56 068	57 052	58 465	60 242	61 905	63 615	65 195	67 181	69 040
Less: Accounts Payable	49	15 842	16 119	16 402	16 808	17 319	17 797	18 289	18 743	19 314	19 849
Net Working Capital (NWC)		**64 036**	**65 159**	**66 302**	**67 944**	**70 009**	**71 942**	**73 929**	**75 765**	**78 074**	**80 234**
Changes in NWC		**-3 309**	**1 123**	**1 144**	**1 642**	**2 066**	**1 933**	**1 987**	**1 836**	**2 309**	**2 161**

Daimler AG		2016A	2017A	2018A	2019A	2020A
Prepaid Expenses - Short Term		*0,49%*	*0,39%*	*0,43%*	*0,39%*	*0,43%*
Other Current Assets		*0,37%*	*0,47%*	*0,49%*	*0,46%*	*0,38%*
Receivables & Loans - Long Term		*28%*	*29%*	*32%*	*32%*	*36%*
PP&E Schedule						
Depreciation		3 891	11 857	12 725	14 357	14 821
CapEx/Revenue		*6%*	*6%*	*6%*	*6%*	*5%*
Depreciation/BOP PP&E		*6%*	*16%*	*17%*	*18%*	*17%*
Intangible Assets Schedule						
Investments in Intangible Assets		2 944	3 414	3 167	3 636	2 819
Amortization		1 600	1 768	2 029	2 397	2 564
Investments in Intangibles/Revenue		*1,92%*	*2,08%*	*1,89%*	*2,10%*	*1,83%*
Amortization/BOP Intangible Assets		*17%*	*16%*	*16%*	*17%*	*17%*
Short-Term Debt & Current Portion of Long-Term Debt				*34%*	*36%*	*38%*
Income Taxes Payable		*1,86%*	*0,59%*	*0,65%*	*0,65%*	*0,65%*
Other Current Liabilities		*12%*	*12%*	*12%*	*14%*	*14%*
Debt - Long-Term, total				*53%*	*57%*	*56%*

	2019A	2021A	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
CapEx/Revenue	*6,02%*	*5,90%*	*5,79%*	*5,67%*	*5,56%*	*5,45%*	*5,45%*	*5,45%*	*5,45%*	*5,45%*	*5,45%*
Depreciation/BOP PP&E		*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*	*15%*

	2020A	2021A	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Opening PP&E		**82 798**	**79 246**	**76 194**	**73 569**	**71 392**	**69 598**	**68 310**	**67 461**	**66 992**	**66 856**
Plus: CapEx		8 677	8 653	8 629	8 689	8 750	8 992	9 240	9 496	9 758	10 028
Less: Depreciation	*15%*	12 229	11 705	11 254	10 866	10 545	10 280	10 089	9 964	9 895	9 875
Closing PP&E	**82 798**	**79 246**	**76 194**	**73 569**	**71 392**	**69 598**	**68 310**	**67 461**	**66 992**	**66 856**	**67 010**

	2020A	2021A	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Opening Intangible Assets		**15 178**	**15 509**	**15 834**	**16 157**	**16 507**	**16 883**	**17 283**	**17 705**	**18 148**	**18 612**
Plus: Investments in Intangible Ass	*1,96%*	2 888	2 939	2 990	3 073	3 158	3 245	3 334	3 427	3 521	3 619
Less: Amortization	*17%*	2 558	2 613	2 668	2 722	2 781	2 845	2 912	2 983	3 058	3 136
Closing Intangible Assets	**15 178**	**15 509**	**15 834**	**16 157**	**16 507**	**16 883**	**17 283**	**17 705**	**18 148**	**18 612**	**19 094**

Remaining line-items of the balance sheet were forecasted either as a percentage of revenues based on historical trends or straight-lined in cases where no relationship with revenue was assumed. Note that short- and long-term debt are forecasted based on the last 3-year trend.

Daimler AG	~	2021A	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Cash & Short-Term Investments		**23 048**	**40 042**	**62 025**	**85 681**	**110 200**	**135 608**	**160 905**	**186 363**	**211 850**	**238 059**
Inventories		24 776	25 210	25 652	26 288	27 087	27 834	28 603	29 314	30 207	31 043
Accounts Receivable		55 102	56 068	57 052	58 465	60 242	61 905	63 615	65 195	67 181	69 040
Derivative Financial Instruments - Short Term		423	423	423	423	423	423	423	423	423	423
Prepaid Expenses - Short Term	*0,43%*	627	638	649	667	686	705	724	744	765	786
Assets Held for Sale/Discontinued Operations - Short Term											
Other Current Assets	*0,43%*	638	649	660	678	697	716	736	757	777	799
Current Assets, total		**104 613**	**123 030**	**146 462**	**172 202**	**199 335**	**227 192**	**255 006**	**282 794**	**311 204**	**340 150**
Investments		7 568	7 568	7 568	7 568	7 568	7 568	7 568	7 568	7 568	7 568
Receivables & Loans - Long Term	*31%*	46 116	46 925	47 748	49 065	50 418	51 810	53 241	54 713	56 226	57 782
Derivative Financial Instruments - Long Term		1 722	1 722	1 722	1 722	1 722	1 722	1 722	1 722	1 722	1 722
Property, Plant & Equipment		79 246	76 194	73 569	71 392	69 598	68 310	67 461	66 992	66 856	67 010
Intangible Assets excl. Goodwill		15 509	15 834	16 157	16 507	16 883	17 283	17 705	18 148	18 612	19 094
Goodwill		1 221	1 221	1 221	1 221	1 221	1 221	1 221	1 221	1 221	1 221
Other Non-Current Assets		6 678	6 678	6 678	6 678	6 678	6 678	6 678	6 678	6 678	6 678
Non-Current Assets, total		**158 060**	**156 142**	**154 663**	**154 153**	**154 088**	**154 592**	**155 596**	**157 042**	**158 882**	**161 075**
Total Assets		**262 673**	**279 172**	**301 125**	**326 355**	**353 423**	**381 784**	**410 602**	**439 837**	**470 086**	**501 225**

Daimler AG	~	2021A	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Accounts Payable		15 842	16 119	16 402	16 808	17 319	17 797	18 289	18 743	19 314	19 849
Short-Term Debt & Current Portior	*36%*	53 050	53 980	54 928	56 442	57 999	59 600	61 246	62 939	64 680	66 470
Derivative Liabilities - Short Term		115	115	115	115	115	115	115	115	115	115
Income Taxes Payable	*0,88%*	1 295	1 318	1 341	1 378	1 416	1 455	1 495	1 537	1 579	1 623
Liabilities Held for Sale/Discontinued Operations - Short Term											
Other Current Liabilities	*13%*	18 755	19 084	19 419	19 955	20 505	21 071	21 653	22 252	22 867	23 500
Current Liabilities, total		**89 058**	**90 617**	**92 205**	**94 698**	**97 355**	**100 039**	**102 799**	**105 586**	**108 555**	**111 556**
Debt - Long-Term, total	*55%*	81 565	82 995	84 451	86 779	89 173	91 635	94 166	96 769	99 445	102 197
Derivative Liabilities - Long Term		252	252	252	252	252	252	252	252	252	252
Deferred Tax & Investment Tax Credits		3 649	3 649	3 649	3 649	3 649	3 649	3 649	3 649	3 649	3 649
Other Non-Current Liabilities		33 240	33 240	33 240	33 240	33 240	33 240	33 240	33 240	33 240	33 240
Non-Current Liabilities, total		**118 706**	**120 136**	**121 592**	**123 920**	**126 314**	**128 776**	**131 307**	**133 910**	**136 586**	**139 338**
Total Liabilities		**207 763**	**210 753**	**213 798**	**218 618**	**223 669**	**228 815**	**234 106**	**239 495**	**245 141**	**250 895**
Share Capital		53 353	66 863	85 770	106 179	128 197	151 412	174 939	198 784	223 388	248 774
Total Equity excl. Minority Interest		**53 353**	**66 863**	**85 770**	**106 179**	**128 197**	**151 412**	**174 939**	**198 784**	**223 388**	**248 774**
Minority Interest		1 557	1 557	1 557	1 557	1 557	1 557	1 557	1 557	1 557	1 557
Total Equity		**54 910**	**68 420**	**87 327**	**107 736**	**129 754**	**152 969**	**176 496**	**200 341**	**224 945**	**250 331**
Total Liabilities and Equity		**262 673**	**279 172**	**301 125**	**326 355**	**353 423**	**381 784**	**410 602**	**439 837**	**470 086**	**501 225**

Appendix A 6: Cash Flow Statement – Forecast

Cash Flow Statement Drivers

Daimler AG		2016A	2017A	2018A	2019A	2020A
Income Taxes - Paid/(Reimbursed)		*1,92%*	*2,36%*	*1,71%*	*1,22%*	*1,29%*
Debt - Long-Term & Short-Term - Issuance/(Retiremer		*10%*	*10%*	*10%*	*5%*	*-6%*

		2021A	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Depreciation & Amortization		14 787	14 318	13 922	13 589	13 326	13 125	13 002	12 947	12 953	13 011
Other Non-cash Expenses		-290	-295	-300	-308	-317	-326	-335	-344	-353	-363
Non-cash Items & Reconciliation Adjustments		**14 497**	**14 023**	**13 622**	**13 280**	**13 009**	**12 799**	**12 667**	**12 604**	**12 600**	**12 648**

Dividends are estimated based on the company's payout ratio of 40% and Interest and Dividends are straight-lined throughout the period. CapEx and changes in NWC can be found above under the PP&E and Working Capital schedules.

Daimler AG	~	2021A	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Plus: Profit (Loss) Before Income Taxes		**8 571**	**9 815**	**12 479**	**13 292**	**14 141**	**14 531**	**14 933**	**15 345**	**15 770**	**16 206**
Plus: Non-cash Items & Reconciliation Adjustm		14 497	14 023	13 622	13 280	13 009	12 799	12 667	12 604	12 600	12 648
Less: Income Taxes - Paid/(Reimbu	*1,70%*	2 501	2 545	2 589	2 661	2 734	2 810	2 887	2 967	3 049	3 133
Plus: Interest & Dividends - Received		1 783	1 783	1 783	1 783	1 783	1 783	1 783	1 783	1 783	1 783
Plus: Change in Working Capital Increase (Decr		-3 309	1 123	1 144	1 642	2 066	1 933	1 987	1 836	2 309	2 161
Net Cash from Operating Activities		**19 041**	**24 199**	**26 438**	**27 337**	**28 265**	**28 236**	**28 483**	**28 601**	**29 412**	**29 664**
Less: Capital Expenditures		8 677	8 653	8 629	8 689	8 750	8 992	9 240	9 496	9 758	10 028
Plus: Other Investing Cash Flow											
Net Cash from Investing Activities		**-8 677**	**-8 653**	**-8 629**	**-8 689**	**-8 750**	**-8 992**	**-9 240**	**-9 496**	**-9 758**	**-10 028**
Less: Dividends Paid	*40%*	2 257	2 607	3 355	3 584	3 823	3 932	4 045	4 161	4 281	4 403
Plus: Debt - Long-Term & Short-Te	*6,05%*	8 887	9 043	9 202	9 456	9 716	9 985	10 260	10 544	10 836	11 135
Plus: Other Financing Cash Flow											
Net Cash from Financing Activities		**6 631**	**6 437**	**5 846**	**5 871**	**5 894**	**6 052**	**6 215**	**6 383**	**6 555**	**6 732**
Foreign Currency Effect on Cash and Cash Equivalents											
Net Increase/Decrease in Cash and Cash Equ		**16 994**	**21 983**	**23 656**	**24 519**	**25 408**	**25 297**	**25 458**	**25 488**	**26 209**	**26 368**
BOP Cash and Cash Equivalents		23 048	40 042	62 025	85 681	110 200	135 608	160 905	186 363	211 850	238 059
EOP Cash and Cash Equivalents		40 042	62 025	85 681	110 200	135 608	160 905	186 363	211 850	238 059	264 428

Appendix A 7: Revenue by Geographic Location

	2016A	2017A	2018A	2019A	2020A	~
Germany	23 509	24 311	24 802	26 339	25 262	
	15%	*15%*	*15%*	*15%*	*16%*	*15%*
European Union	39 908	43 998	43 694	43 202	38 964	
	26%	*27%*	*26%*	*25%*	*25%*	*26%*
United States	39 169	40 076	41 152	45 422	37 801	
	26%	*24%*	*25%*	*26%*	*24%*	*25%*
Other Americas	5 791	6 452	6 800	6 774	5 136	
	4%	*4%*	*4%*	*4%*	*3%*	*4%*
Other Asia	15 984	18 774	19 790	21 703	18 601	
	10%	*11%*	*12%*	*13%*	*12%*	*12%*
China	19 578	20 316	20 837	18 954	21 343	
	13%	*12%*	*12%*	*11%*	*14%*	*12%*
Other	9 322	10 227	10 287	10 351	7 202	
	6%	*6%*	*6%*	*6%*	*5%*	*6%*

Appendix A 8: Bottom-up Beta – Peer Group Capital Structure and Beta Estimates

	Total Debt	Market Cap	D/E	Tax Rate FY1	Levered Beta	Unlevered Beta
BMW (German)	105 228	49 045	2,15	27%	1,28	0,50
Volkswagen (German)	200 754	41 861	4,80	27%	1,43	0,32
Renault (French)	64 345	9 589	6,71	28%	1,84	0,32
Ferrari (Italian)	2 725	35 213	0,08	20%	0,89	0,84
Volvo (Swedish)	152 778	322 205	0,47	23%	1,26	0,92
Ford (US)	161 684	52 817	3,06	20%	1,15	0,33
Stellantis (Netherlands)	21 117	57 423	0,37	24%	1,33	1,04
Continental (Germany)	7 319	23 397	0,31	25%	1,45	1,17
Schaeffler (Germany)	4 256	1 243	3,42	30%	1,46	0,43
Average			**2,37**		**1,34**	**0,65**
Median			**2,15**		**1,33**	**0,50**

Appendix A 9: Capital Structure – Forecast

	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	~
Equity Value	53 353	66 863	85 770	106 179	128 197	151 412	174 939	198 784	223 388	248 774	
Debt Value	134 615	136 975	139 379	143 221	147 172	151 235	155 412	159 708	164 125	168 667	
D/E	**2,52**	**2,05**	**1,63**	**1,35**	**1,15**	**1,00**	**0,89**	**0,80**	**0,73**	**0,68**	
Proportion of Equity	0,28	0,33	0,38	0,43	0,47	0,50	0,53	0,55	0,58	0,60	*46%*
Proportion of Debt	0,72	0,67	0,62	0,57	0,53	0,50	0,47	0,45	0,42	0,40	*54%*

Appendix A 10: Comparable Company Analysis – Peer Group Multiples

Current Capitalization	Share Price	Shares	Market Cap	Total Debt	Cash	Net Debt	Enterprise Value
BMW (German)	81,47	602	49 045	105 228	18 645	86 583	135 628
Volkswagen (German)	203,00	206	41 861	200 754	68 305	132 449	174 310
Renault (French)	32,93	291	9 589	64 345	22 123	42 222	51 811
Ferrari (Italian)	190,90	184	35 213	2 725	1 364	1 361	36 574
Volvo (Swedish)	202,90	1 588	322 205	152 778	8 514	144 264	466 469
Ford (US)	13,46	3 924	52 817	161 684	40 908	120 776	173 593
Stellantis (Netherlands)	18,34	3 131	57 423	21 117	24 196	-3 079	54 344
Continental (Germany)	116,98	200	23 397	7 319	2 640	4 679	28 076
Schaeffler (Germany)	7,49	166	1 243	4 256	1 940	2 316	3 559

	Revenue		EBITDA		EBIT		Earnings	
Financial Estimates	FY0	FY1	FY0	FY1	FY0	FY1	FY0	FY1
BMW (German)	98 990	108 537	10 969	16 542	4 830	10 850	3 775	8 542
Volkswagen (German)	222 884	251 779	36 744	41 929	9 675	18 937	8 334	14 110
Renault (French)	43 474	48 617	2 751	5 385	-1 999	1 041	-8 008	665
Ferrari (Italian)	3 460	4 277	1 143	1 506	716	1 046	609	793
Volvo (Swedish)	338 446	373 157	49 163	57 060	28 564	42 816	19 318	32 726
Ford (US)	115 885	130 357	11 530	12 232	2 779	7 972	-1 279	5 472
Stellantis (Netherlands)	86 676	155 199	8 885	20 312	3 742	13 512	24	8 892
Continental (Germany)	37 722	41 246	3 034	4 988	1 333	2 411	-962	1 394
Schaeffler (Germany)	12 600	14 076	1 116	2 194	-143	1 230	-424	732

	EV/Revenue		EV/EBITDA		EV/EBIT		P/E	
Current Trading Multiples	**FY0**	**FY1**	**FY0**	**FY1**	**FY0**	**FY1**	**FY0**	**FY1**
BMW (German)	1,4x	1,2x	12,4x	8,2x	28,1x	12,5x	13,0x	5,7x
Volkswagen (German)	0,8x	0,7x	4,7x	4,2x	18,0x	9,2x	5,0x	3,0x
Renault (French)	1,2x	1,1x	18,8x	9,6x	-25,9x	49,8x	-1,2x	14,4x
Ferrari (Italian)	10,6x	8,6x	32,0x	24,3x	51,1x	35,0x	57,8x	44,4x
Volvo (Swedish)	1,4x	1,3x	9,5x	8,2x	16,3x	10,9x	16,7x	9,8x
Ford (US)	1,5x	1,3x	15,1x	14,2x	62,5x	21,8x	-41,3x	9,7x
Stellantis (Netherlands)	0,6x	0,4x	6,1x	2,7x	14,5x	4,0x	2 392,6x	6,5x
Continental (Germany)	0,7x	0,7x	9,3x	5,6x	21,1x	11,6x	-24,3x	16,8x
Schaeffler (Germany)	0,3x	0,3x	3,2x	1,6x	-24,9x	2,9x	-2,9x	1,7x
Average	**0,98x**	**0,86x**	**9,88x**	**6,78x**	**12,29x**	**13,49x**	**2,85x**	**8,45x**
Median	**0,99x**	**0,88x**	**9,37x**	**6,90x**	**17,17x**	**11,27x**	**1,91x**	**8,06x**
Low	**0,3x**	**0,3x**	**3,2x**	**1,6x**	**-25,9x**	**2,9x**	**-41,3x**	**1,7x**
High	**10,6x**	**8,6x**	**32,0x**	**24,3x**	**62,5x**	**49,8x**	**2 392,6x**	**44,4x**

Appendix A 11: Share Price Sensitivity Analysis

		Discount Rate						
		6,55%	6,05%	5,55%	**5,05%**	4,55%	4,05%	3,55%
Unit Sales Growth	3,50%	97	100	103	**107**	110	114	118
	3,00%	98	101	104	**108**	111	115	119
	2,50%	99	102	105	**109**	112	116	119
	2,00%	**100**	**103**	**106**	**110**	**113**	**117**	**120**
	1,50%	101	104	107	**111**	114	118	121
	1,00%	101	105	108	**112**	115	119	122
	0,50%	102	106	109	**112**	116	120	123

		Discount Rate						
		6,55%	6,05%	5,55%	**5,05%**	4,55%	4,05%	3,55%
Exit Multiple	6,50x	72	74	77	**80**	83	86	89
	7,00x	81	84	87	**90**	93	96	100
	7,50x	90	93	97	**100**	103	106	110
	8,00x	**100**	**103**	**106**	**110**	**113**	**117**	**120**
	8,50x	109	112	116	**120**	123	127	131
	9,00x	118	122	126	**129**	133	137	141
	9,50x	128	131	135	**139**	143	148	152

APPENDIX B: Meyer Burger Technology AG

The following appendices contain the historical financials of Meyer Burger Technology AG as they appear in the Refinitiv Workspace as of spring 2021, starting on January 1st, 2016, and ending on December 31st, 2020. Although the company reports in Swiss franc, all values are in **million euros** except when stated otherwise by the symbol €, in which case the value is simply as stated.

Appendix B 1: Income Statement – Historical

Meyer Burger Technology AG	2016A	2017A	2018A	2019A	2020A
Revenue	**416**	**426**	**353**	**236**	**85**
Less: Cost of Goods Sold	414	393	322	262	124
Gross Profit	**2**	**33**	**31**	**-27**	**-40**
Less: Selling, General, Administrative Expenses	17	15	15	12	12
Less: Research & Development	7	7	8	5	5
Less: Other Operating Expenses (Income), net	15	16	9	11	6
Operating Expenses, total	**40**	**37**	**31**	**28**	**23**
Operating Profit (EBIT)	**-39**	**-4**	**0**	**-54**	**-62**
Plus: Financing Income (Expense), net	-17	-22	-5	-2	-4
Plus: Sale of Tangible & Intangible Fixed Assets - Gain	0	0	0	1	0
Plus: Equity Earnings (Loss)					
Plus: Other Non-Operating Income (Expense), net					
Plus: Non-Recurring Income (Expense), net	-15	-44	-1	38	8
Non-Operating Expenses, total	**-32**	**-67**	**-6**	**34**	**2**
Net Income Before Taxes	**-70**	**-71**	**-6**	**-20**	**-60**
Less: Income Tax Expense	19	1	45	0	0
Net Income After Taxes	**-89**	**-71**	**-52**	**-21**	**-60**
Less: Minority Interest	0	0			
Net Income	**-89**	**-71**	**-52**	**-21**	**-60**
Weighted Average Shares					
Basic	591	998	1 122	1 208	1 524
Diluted	591	998	1 122	1 208	1 524
Eearnings per Share (EPS)					
Basic	-0,15	-0,07	-0,05	-0,02	-0,04
Diluted	-0,15	-0,07	-0,05	-0,02	-0,04

Appendix B 2: Balance Sheet – Historical

Meyer Burger Technology AG	2016A	2017A	2018A	2019A	2020A
Cash & Short-Term Investments	**233**	**107**	**80**	**33**	**129**
Inventories	89	71	70	43	22
Accounts Receivable	57	51	43	89	53
Derivative Financial Instruments - Short Term					
Prepaid Expenses - Short Term	6	7	8	4	1
Assets Held for Sale/Discontinued Operations - Short Term					
Other Current Assets					
Current Assets, total	**385**	**236**	**201**	**168**	**206**
Investments				25	20
Receivables & Loans - Long Term	2	1	1	10	7
Derivative Financial Instruments - Long Term					
Property, Plant & Equipment	94	78	73	30	35
Intangible Assets excl. Goodwill	22	9	2	5	0
Goodwill	19	12	8	7	6
Other Non-Current Assets	67	66	25	0	0
Non-Current Assets, total	**203**	**166**	**109**	**78**	**68**
Total Assets	**589**	**402**	**310**	**247**	**275**

Meyer Burger Technology AG	2016A	2017A	2018A	2019A	2020A
Accounts Payable	58	51	40	34	17
Short-Term Debt & Current Portion of Long-Term Debt	123	0	0	24	0
Derivative Liabilities - Short Term					
Income Taxes Payable	2	3	5	2	2
Liabilities Held for Sale/Discontinued Operations - Short Term					
Other Current Liabilities	70	86	52	26	13
Current Liabilities, total	**253**	**140**	**97**	**86**	**32**
Debt - Long-Term, total	111	49	49	2	0
Derivative Liabilities - Long Term					
Deferred Tax & Investment Tax Credits	2	1	1	1	1
Other Non-Current Liabilities	4	4	2	1	1
Non-Current Liabilities, total	**116**	**54**	**52**	**4**	**3**
Total Liabilities	**370**	**194**	**149**	**91**	**34**
Shareholders Equity - Attributable to Parent Sharehold	219	208	161	156	240
Total Equity excl. Minority Interest	**219**	**208**	**161**	**156**	**240**
Minority Interest	0				
Total Equity	**219**	**208**	**161**	**156**	**240**
Total Liabilities and Equity	**589**	**402**	**310**	**247**	**275**

Appendix B 3: Cash Flow Statement – Historical

Meyer Burger Technology AG	2016A	2017A	2018A	2019A	2020A
Plus: Profit (Loss) Before Income Taxes	-89	-71	-52	-21	-60
Plus: Non-cash Items & Reconciliation Adjustments	78	50	71	-5	6
Less: Income Taxes - Paid/(Reimbursed)					
Plus: Interest & Dividends - Received					
Plus: Change in Working Capital Increase (Decrease)	13	33	-40	-35	21
Net Cash from Operating Activities	**2**	**11**	**-20**	**-60**	**-33**
Less: Capital Expenditures	5	6	5	0	18
Plus: Acquisition & Disposals of Business		5	0	56	20
Plus: Investments excl. Loans - Decrease/(Increase)	-3	3		0	8
Plus: Investments in Associated Companies & JV - Sold (Purchased)				-2	
Plus: Other Investing Cash Flow - Decrease/(Increase)					
Net Cash from Investing Activities	**-8**	**2**	**-4**	**54**	**11**
Less: Dividends Paid					
Plus: Stock - Issuance/(Retirement)	142	-4	-4	-1	143
Plus: Minority Interests & Joint Ventures					
Plus: Debt - Long-Term & Short-Term - Issuance/(Retir	0	-118	-1	-25	-24
Plus: Other Financing Cash Flow - Increase/(Decrease)	-3	-3			
Net Cash from Financing Activities	**139**	**-125**	**-4**	**-27**	**120**
Foreign Currency Effect on Cash and Cash Equivalents	0	2	-1	-1	0
Net Increase/Decrease in Cash and Cash Equivalents	**133**	**-110**	**-30**	**-34**	**97**
BOP Cash and Cash Equivalents	93	226	117	86	53
EOP Cash and Cash Equivalents	226	117	86	53	150

Appendix B 4: Income Statement – Forecast

Revenue Drivers

	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Cells	0,40	1,40	1,40	2,80	4,20	5,00	7,00	8,40	10,08	12,10
Modules	0,40	1,40	1,40	2,80	4,20	5,00	7,00	8,40	10,08	12,10
Total Production Capacity [GW]	**0,80**	**2,80**	**2,80**	**5,60**	**8,40**	**10,00**	**14,00**	**16,80**	**20,16**	**24,19**

	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Cells	61	215	250	430	645	768	900	1 080	1 296	1 555
Modules	61	215	250	430	645	768	900	1 080	1 296	1 555
Total Revenue	**123**	**430**	**500**	**860**	**1 290**	**1 536**	**1 800**	**2 160**	**2 592**	**3 110**
Revenue per GW	*154*	*154*	*179*	*154*	*154*	*154*	*129*	*129*	*129*	*129*

Income Statement Drivers

	2023F	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Revenue		**123**	**430**	**500**	**860**	**1 290**	**1 536**	**1 800**	**2 160**	**2 592**	**3 110**
Less: COGS		86	300	300	588	864	1 008	1 384	1 627	1 913	2 250
Gross Profit	*40%*	**37**	**130**	**200**	**272**	**426**	**527**	**416**	**533**	**679**	**860**
Cost per GW		*107*	*107*	*107*	*105*	*103*	*101*	*99*	*97*	*95*	*93*

Development as a % of Revenue	2021A	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
SG&A	*13,68%*	*12,32%*	*11,08%*	*9,42%*	*8,01%*	*6,81%*	*5,79%*	*5,00%*	*5,00%*	*5,00%*
R&D	*5,61%*	*5,05%*	*4,54%*	*3,86%*	*3,28%*	*2,79%*	*2,37%*	*2,50%*	*2,50%*	*2,50%*
Other Operating Expenses	*7,53%*	*6,78%*	*6,10%*	*5,19%*	*4,41%*	*3,75%*	*3,19%*	*3,00%*	*3,00%*	*3,00%*

Most of the remaining line-items of the income statement are forecasted as a percentage of revenues based on their respective historical trends. There are exceptions for Non-Recurring Income/Expenses and Tax Expense. Following the strategic realignment, Meyer Burger expects restructuring costs of around €3 million to be incurred in 2021 (Meyer Burger, 2021). These costs are accounted for under non-recurring expenses. Tax expenses are forecasted based on Switzerland's corporate tax rate of 15% (KPMG, 2021).

Meyer Burger Technology AG	~	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Revenue		**123**	**430**	**500**	**860**	**1 290**	**1 536**	**1 800**	**2 160**	**2 592**	**3 110**
Less: Cost of Goods Sold		86	300	300	588	864	1 008	1 384	1 627	1 913	2 250
Gross Profit		**37**	**130**	**200**	**272**	**426**	**527**	**416**	**533**	**679**	**860**
Less: Selling, General, Administrative Expenses		17	53	55	81	103	105	104	108	130	156
Less: Research & Development		7	22	23	33	42	43	43	54	65	78
Less: Other Operating Expenses (Income), net		9	29	31	45	57	58	57	65	78	93
Operating Expenses, total		**33**	**104**	**109**	**159**	**203**	**205**	**204**	**227**	**272**	**327**
Operating Profit (EBIT)		**4**	**26**	**91**	**113**	**223**	**322**	**212**	**306**	**406**	**534**
Plus: Financing Income (Expense),	*-3,18%*	-4	-14	-16	-27	-41	-49	-57	-71	-89	-112
Plus: Sale of Tangible & Intangible Fixed Assets - Gain (Loss)											
Plus: Equity Earnings (Loss)											
Plus: Other Non-Operating Income (Expense), net											
Plus: Non-Recurring Income (Expense), net		-3									
Non-Operating Expenses, total		**-7**	**-14**	**-16**	**-27**	**-41**	**-49**	**-57**	**-71**	**-89**	**-112**
Net Income Before Taxes		**-3**	**13**	**75**	**86**	**182**	**274**	**155**	**235**	**317**	**422**
Less: Income Tax Expense	*15%*	0	2	11	13	27	41	23	35	48	63
Net Income After Taxes		**-3**	**11**	**64**	**73**	**155**	**233**	**132**	**199**	**269**	**359**
Less: Minority Interest											
Net Income		**-3**	**11**	**64**	**73**	**155**	**233**	**132**	**199**	**269**	**359**
Weighted Average Shares											
Basic	-	2 670	2 670	2 670	2 670	2 670	2 670	2 670	2 670	2 670	2 670
Diluted	-	2 670	2 670	2 670	2 670	2 670	2 670	2 670	2 670	2 670	2 670
Eearnings per Share (EPS)											
Basic	-	0,00	0,00	0,02	0,03	0,06	0,09	0,05	0,07	0,10	0,13
Diluted	-	0,00	0,00	0,02	0,03	0,06	0,09	0,05	0,07	0,10	0,13

Appendix B 5: Balance Sheet – Forecast

Balance Sheet Drivers

		2016A	2017A	2018A	2019A	2020A
Inventory Days		79	66	79	60	66
Receivable Days		50	43	45	138	232
Payable Days		51	47	45	48	52
Net Working Capital (NWC)		**88**	**71**	**74**	**98**	**58**

	~	2021A	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Plus: Inventories	70	16	58	58	113	166	194	266	311	367	432
Plus: Accounts Receivable	102	34	120	139	239	359	427	501	599	721	865
Less: Accounts Payable	48	11	40	40	78	115	134	184	216	254	299
Net Working Capital (NWC)		**39**	**137**	**157**	**273**	**410**	**487**	**583**	**695**	**834**	**998**
Changes in NWC		**-19**	**98**	**19**	**116**	**137**	**77**	**96**	**113**	**139**	**164**

		2016A	2017A	2018A	2019A	2020A
Prepaid Expenses - Short Term		*1,42%*	*1,74%*	*2,39%*	*1,50%*	*1,21%*
Other Current Assets		*0,39%*	*0,33%*	*0,15%*	*4,27%*	*8,16%*
Receivables & Loans - Long Term		*16%*	*15%*	*7%*	*0%*	*0%*
PP&E Schedule						
Depreciation		15	11	9	8	5
CapEx/Revenue		*1%*	*1%*	*1%*	*0%*	*21%*
Depreciation/BOP PP&E		*13%*	*12%*	*12%*	*10%*	*18%*
Intangible Assets Schedule						
Investments in Intangible Assets		1	0	1	0	0
Amortization		32	17	11	5	5
Investments in Intangibles/Revenue		*0,24%*	*0,08%*	*0,22%*	*0,09%*	*0,35%*
Amortization/BOP Intangible Assets		*69%*	*78%*	*117%*	*228%*	*89%*
Short-Term Debt & Current Portion of Long-Term Debt		*30%*	*0%*	*0%*	*10%*	*0%*
Income Taxes Payable		*0,58%*	*0,75%*	*1,45%*	*0,83%*	*1,88%*
Other Current Liabilities		*17%*	*20%*	*15%*	*11%*	*15%*
Other Non-Current Liabilities		*1%*	*1%*	*1%*	*1%*	*2%*

CapEx is determined based on Meyer Burger's following expectations:

- **Equipment sourced from Meyer Burger:** €70-90 million per GW for the initial investment phase of 2.8GW capacity by 2023, reduced to €55-65 million for following phases.
- **Third-party equipment:** €45-55 million per GW.
- **Building facilities:** €70-90 million per GW for the initial phase with expected savings of €22-28 million from already existing facilities.

	Phase I		Phase II	
	Best case	Worst case	Best case	Worst case
Equipment sourced from Meyer Burger	70	90	55	65
Third-party equipment	45	55	45	55
Building facilities	70	90		
Less: Savings	28	22		
Average Cost per GW	**€ 185**		**€ 110**	

		2021A	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
CapEx/Revenue		*€ 185*	*€ 185*	*€ 185*	*€ 110*	*€ 110*	*€ 110*	*€ 110*	*€ 110*	*€ 110*	*€ 110*
Depreciation/BOP PP&E		*20%*	*20%*	*6%*	*25%*	*32%*	*40%*	*51%*	*51%*	*51%*	*51%*

	2020A	2021A	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Opening PP&E		**35**	**176**	**511**	**480**	**668**	**764**	**632**	**748**	**673**	**698**
Plus: CapEx		148	370	0	308	308	176	440	308	370	444
Less: Depreciation		7	35	31	120	212	308	324	383	345	357
Closing PP&E	**35**	**176**	**511**	**480**	**668**	**764**	**632**	**748**	**673**	**698**	**784**

	2020A	2021A	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Opening Intangible Assets		**0,310**	**0,304**	**0,906**	**1,164**	**1,924**	**2,921**	**3,604**	**4,260**	**5,099**	**6,116**
Plus: Investments in Intangible Ass	*0,20%*	0,242	0,845	0,983	1,691	2,536	3,019	3,539	4,247	5,096	6,115
Less: Amortization	*80%*	0,248	0,243	0,725	0,931	1,539	2,337	2,883	3,408	4,079	4,893
Closing Intangible Assets	**0,310**	**0,304**	**0,906**	**1,164**	**1,924**	**2,921**	**3,604**	**4,260**	**5,099**	**6,116**	**7,339**

Meyer Burger Technology AG	~	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Cash & Short-Term Investments		**150**	**6**	**-182**	**-34**	**18**	**278**	**787**	**967**	**1 433**	**1 910**
Inventories		16	58	58	113	166	194	266	311	367	432
Accounts Receivable		34	120	139	239	359	427	501	599	721	865
Derivative Financial Instruments - Short Term											
Prepaid Expenses - Short Term	*1,65%*	2	7	8	14	21	25	30	36	43	51
Assets Held for Sale/Discontinued Operations - Short Term											
Other Current Assets											
Current Assets, total		**203**	**191**	**23**	**332**	**564**	**924**	**1 583**	**1 914**	**2 565**	**3 259**
Investments		20	20	20	20	20	20	20	20	20	20
Receivables & Loans - Long Term	*2,66%*	3	11	13	23	34	41	48	57	69	83
Derivative Financial Instruments - Long Term											
Property, Plant & Equipment		176	511	480	668	764	632	748	673	698	784
Intangible Assets excl. Goodwill		0	1	1	2	3	4	4	5	6	7
Goodwill		6	6	6	6	6	6	6	6	6	6
Other Non-Current Assets	*7,75%*	10	33	39	67	100	119	140	167	201	241
Non-Current Assets, total		**215**	**582**	**559**	**785**	**927**	**821**	**966**	**929**	**1 000**	**1 141**
Total Assets		**418**	**773**	**582**	**1 117**	**1 491**	**1 745**	**2 549**	**2 843**	**3 564**	**4 400**

Long-term debt is forecasted based on Meyer Burger's debt financing presentation from June 2021 (Meyer Burger, 2021).

Interest rate	2,7%										
Syndicated loan agreement	6,3013										
Maturity on June 30th, 2027											
Opening Balance		**125**	**109**	**92**	**74**	**56**	**38**	**19**			
Annual Installment		20	20	20	20	20	20	20			
Interest Payment		3	3	2	2	2	1	1			
Principal Payment		16	17	17	18	18	19	19			
Closing Balance		**109**	**92**	**74**	**56**	**38**	**19**	**0**			
Factoring agreement	3,7439										
Maturity on June 30th, 2024											
Opening Balance		**60**	**46**	**31**	**16**						
Annual Installment		16	16	16	16						
Interest Payment		2	1	1	0						
Principal Payment		14	15	15	16						
Closing Balance		**46**	**31**	**16**	**0**						
Additional financing	8,6623										
Assume maturity in 10 years											
Opening Balance			**100**	**91**	**82**	**73**	**63**	**53**	**43**	**33**	**22**
Annual Installment			12	12	12	12	12	12	12	12	12
Interest Payment			3	2	2	2	2	1	1	1	1
Principal Payment			9	9	9	10	10	10	10	11	11
Closing Balance			**91**	**82**	**73**	**63**	**53**	**43**	**33**	**22**	**11**
Additional financing	8,6623										
Assume maturity in 10 years											
Opening Balance				**240**	**219**	**197**	**175**	**152**	**128**	**104**	**79**
Annual Installment				28	28	28	28	28	28	28	28
Interest Payment				6	6	5	5	4	3	3	2
Principal Payment				21	22	22	23	24	24	25	26
Closing Balance				**219**	**197**	**175**	**152**	**128**	**104**	**79**	**53**

Remaining line-items of the balance sheet were forecasted either as a percentage of revenues based on historical trends or straight-lined in cases where no relationship with revenue was assumed.

Meyer Burger Technology AG	~	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Accounts Payable		11	40	40	78	115	134	184	216	254	299
Short-Term Debt & Current Portior	*20%*	25	86	100	172	258	307	360	432	518	622
Derivative Liabilities - Short Term											
Income Taxes Payable	*1,10%*	1	5	5	9	14	17	20	24	28	34
Liabilities Held for Sale/Discontinued Operations - Short Term											
Other Current Liabilities	*16%*	19	67	78	133	200	238	279	335	402	482
Current Liabilities, total		**56**	**197**	**223**	**393**	**587**	**696**	**843**	**1 006**	**1 203**	**1 438**
Debt - Long-Term, total		154	214	391	326	276	224	171	137	101	64
Derivative Liabilities - Long Term											
Deferred Tax & Investment Tax Credits		1	1	1	1	1	1	1	1	1	1
Other Non-Current Liabilities	*0,93%*	1	4	5	8	12	14	17	20	24	29
Non-Current Liabilities, total		**156**	**219**	**397**	**335**	**289**	**240**	**189**	**158**	**126**	**94**
Total Liabilities		**213**	**416**	**619**	**728**	**876**	**936**	**1 032**	**1 164**	**1 329**	**1 532**
Shareholders Equity - Attributable to Parent Sh		205	357	-37	389	615	810	1 517	1 679	2 235	2 868
Total Equity excl. Minority Interest		**205**	**357**	**-37**	**389**	**615**	**810**	**1 517**	**1 679**	**2 235**	**2 868**
Minority Interest											
Total Equity		**205**	**357**	**-37**	**389**	**615**	**810**	**1 517**	**1 679**	**2 235**	**2 868**
Total Liabilities and Equity		**418**	**773**	**582**	**1 117**	**1 491**	**1 745**	**2 549**	**2 843**	**3 564**	**4 400**

Appendix B 6: Cash Flow Statement – Forecast

Cash Flow Statement Drivers

		2021A	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Depreciation & Amortization		7	35	31	121	214	310	327	387	349	362
Other Non-cash Expenses		9	29	31	45	57	58	57	65	78	93
Non-cash Items & Reconciliation Adjustments		**17**	**65**	**62**	**166**	**271**	**368**	**384**	**451**	**427**	**456**

CapEx and changes in NWC can be found above under the PP&E and Working Capital schedules.

Meyer Burger Technology AG	~	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Plus: Profit (Loss) Before Income Taxes		**-3**	**11**	**64**	**73**	**155**	**233**	**132**	**199**	**269**	**359**
Plus: Non-cash Items & Reconciliation Adjustm		32	80	77	181	286	383	399	466	442	471
Less: Income Taxes - Paid/(Reimbursed)											
Plus: Interest & Dividends - Received											
Plus: Change in Working Capital Increase (Decr		-19	98	19	116	137	77	96	113	139	164
Net Cash from Operating Activities		**9**	**188**	**161**	**370**	**577**	**692**	**626**	**779**	**850**	**993**
Less: Capital Expenditures		148	370	0	308	308	176	440	308	370	444
Plus: Other Investing Cash Flow											
Net Cash from Investing Activities		**-148**	**-370**	**0**	**-308**	**-308**	**-176**	**-440**	**-308**	**-370**	**-444**
Less: Dividends Paid											
Plus: Debt - Long-Term & Short-Term - Issuanc		-5	-7	-12	-11	-9	-7	-6	-5	-4	-3
Plus: Other Financing Cash Flow											
Net Cash from Financing Activities		**-5**	**-7**	**-12**	**-11**	**-9**	**-7**	**-6**	**-5**	**-4**	**-3**
Foreign Currency Effect on Cash and Cash Equivalents											
Net Increase/Decrease in Cash and Cash Equ		**-144**	**-188**	**148**	**51**	**260**	**509**	**180**	**466**	**477**	**547**
BOP Cash and Cash Equivalents		150	6	-182	-34	18	278	787	967	1 433	1 910
EOP Cash and Cash Equivalents		6	-182	-34	18	278	787	967	1 433	1 910	2 457

Appendix B 7: Revenue by Geographic Location

	2016A	2017A	2018A	2019A	2020A	~
Switzerland	23	16	7	6	0	
	5%	*4%*	*2%*	*2%*	*0%*	*3%*
Germany	25	20	28	26	20	
	6%	*5%*	*8%*	*11%*	*23%*	*11%*
European Union	48	45	53	23	5	
	12%	*11%*	*15%*	*10%*	*6%*	*11%*
Asia/Oceania	297	327	252	168	54	
	71%	*77%*	*71%*	*71%*	*64%*	*71%*
America	21	15	12	13	5	
	5%	*3%*	*3%*	*5%*	*6%*	*5%*
Other	2	4	1	0	0	
	0%	*1%*	*0%*	*0%*	*0%*	*0%*

Appendix B 8: Bottom-up Beta – Peer Group Capital Structure and Beta Estimates

	Total Debt	Market Cap	D/E	Tax Rate FY1	Levered Beta	Unlevered Beta
SunPower (USA)	638	3 716	0,17	7%	2,14	1,85
LG (Korea)	1 274 834	14 786 200	0,09	13%	0,95	0,89
Jolywood (China)	3 174	13 985	0,23	31%	1,13	0,98
Longi (China)	21 526	455 306	0,05	12%	1,51	1,45
JA Solar (China)	12 178	98 720	0,12	15%	0,76	0,69
Canadian Solar (America)	2 805	2 315	1,21	1,47%	1,40	0,64
Average			**0,31**		**1,32**	**1,08**
Median			**0,15**		**1,27**	**0,93**

Appendix B 9: Comparable Company Analysis – Peer Group Multiples

Current Capitalization	Share Price	Shares	Market Cap	Total Debt	Cash	Net Debt	Enterprise Value
SunPower (USA)	21,50	173	3 716	638	233	406	4 122
LG (Korea)	94 000,00	157	14 786 200	1 274 834	2 948 665	-1 673 831	13 112 369
Jolywood (China)	12,83	1 090	13 985	3 174	703	2 471	16 455
Longi (China)	84,16	5 410	455 306	21 526	23 909	-2 383	452 923
JA Solar (China)	61,70	1 600	98 720	12 178	4 796	7 382	106 102
Canadian Solar (America)	38,58	60	2 315	2 805	1 179	1 627	3 941

	Revenue		EBITDA		EBIT		Earnings	
Financial Estimates	FY0	FY1	FY0	FY1	FY0	FY1	FY0	FY1
SunPower (USA)	1 125	1 450	28	-	-20	-	475	-
LG (Korea)	4 955 435	6 293 898	640 635	1 066 401	497 219	848 106	1 438 633	2 450 280
Jolywood (China)	5 051	7 439	653	851	397	-	97	-
Longi (China)	54 583	89 744	12 126	14 848	9 905	12 311	8 552	11 444
JA Solar (China)	25 562	42 899	4 210	4 227	2 487	2 436	1 507	1 922
Canadian Solar (America)	3 477	5 664	404	423	195	179	147	108

	EV/Revenue		EV/EBITDA		EV/EBIT		P/E	
Current Trading Multiples	**FY0**	**FY1**	**FY0**	**FY1**	**FY0**	**FY1**	**FY0**	**FY1**
SunPower (USA)	3,7x	2,8x	145,4x	-	-206,5x	-	8,7x	-
LG (Korea)	2,6x	2,1x	20,5x	12,3x	26,4x	15,5x	9,1x	5,4x
Jolywood (China)	3,3x	2,2x	25,2x	19,3x	41,5x	-	170,2x	-
Longi (China)	8,3x	5,0x	37,4x	30,5x	45,7x	36,8x	53,0x	39,6x
JA Solar (China)	4,2x	2,5x	25,2x	25,1x	42,7x	43,6x	70,4x	55,2x
Canadian Solar (America)	1,1x	0,7x	9,8x	9,3x	20,2x	22,0x	26,9x	36,6x
Average	**4x**	**3x**	**44x**	**19x**	**35x**	**29x**	**50x**	**30x**
Median	**3x**	**2x**	**25x**	**19x**	**41x**	**29x**	**35x**	**31x**
Low	**1x**	**1x**	**10x**	**9x**	**-207x**	**15x**	**8x**	**6x**
High	**8x**	**5x**	**145x**	**31x**	**46x**	**44x**	**145x**	**51x**

Appendix B 10: Share Price Sensitivity Analysis

		Discount Rate						
Revenue per GW		10,85%	9,85%	8,85%	**7,85%**	6,85%	5,85%	4,85%
	112	0,05	0,09	0,13	**0,19**	0,27	0,37	0,50
	124	0,12	0,16	0,21	**0,28**	0,36	0,46	0,60
	138	0,20	0,24	0,30	**0,37**	0,45	0,56	0,71
	154	**0,28**	**0,34**	**0,40**	**0,47**	**0,56**	**0,67**	**0,83**
	169	0,37	0,43	0,49	**0,57**	0,67	0,79	0,94
	186	0,47	0,53	0,60	**0,68**	0,78	0,91	1,08
	204	0,57	0,64	0,72	**0,81**	0,91	1,05	1,22

		Discount Rate						
Cost per GW		10,85%	9,85%	8,85%	**7,85%**	6,85%	5,85%	4,85%
	124	-0,25	-0,26	-0,27	**-0,28**	-0,31	-0,34	-0,40
	118	-0,06	-0,05	-0,04	**-0,02**	0,00	0,01	0,03
	113	0,12	0,15	0,19	**0,23**	0,28	0,35	0,44
	107	**0,28**	**0,34**	**0,40**	**0,47**	**0,56**	**0,67**	**0,83**
	102	0,45	0,52	0,61	**0,71**	0,83	1,00	1,21
	97	0,61	0,70	0,81	**0,94**	1,10	1,30	1,58
	92	0,77	0,87	1,00	**1,15**	1,34	1,59	1,93

		Discount Rate						
Exit Multiple		10,85%	9,85%	8,85%	**7,85%**	6,85%	5,85%	4,85%
	6,50x	0,24	0,28	0,34	**0,41**	0,49	0,60	0,75
	7,00x	0,25	0,30	0,36	**0,43**	0,51	0,62	0,77
	7,50x	0,27	0,32	0,38	**0,45**	0,54	0,65	0,80
	8,00x	**0,28**	**0,34**	**0,40**	**0,47**	**0,56**	**0,67**	**0,83**
	8,50x	0,30	0,35	0,42	**0,49**	0,58	0,70	0,85
	9,00x	0,32	0,37	0,43	**0,51**	0,60	0,72	0,88
	9,50x	0,33	0,39	0,45	**0,53**	0,63	0,75	0,91

APPENDIX C: Pro Forma Model

Appendix C 1: Synergy Analysis

Revenue Synergies		2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Acquirer		146 989	149 566	152 191	156 386	160 700	165 136	169 698	174 388	179 211	184 171
Target		86	300	300	588	864	1 008	1 384	1 627	1 913	2 250
Synergies	1500		375	750	1 500	8 649	8 894	9 159	9 423	9 696	9 980
		0%	*25%*	*50%*	*100%*	*5,35%*	*5,35%*	*5,35%*	*5,35%*	*5,35%*	*5,35%*
Total Revenue		**147 074**	**150 241**	**153 241**	**158 474**	**170 214**	**175 039**	**180 240**	**185 438**	**190 821**	**196 401**

Cost Synergies		2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Acquirer		117 388	119 446	121 542	124 893	128 338	131 881	135 524	139 270	143 121	147 082
Target		86	300	300	588	864	1 008	1 384	1 627	1 913	2 250
Synergies	150		75	150	150	150	150	150	150	150	150
		0%	*50%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*
Total COGS		**117 474**	**119 671**	**121 692**	**125 331**	**129 053**	**132 740**	**136 757**	**140 747**	**144 885**	**149 182**

Appendix C 2: Income Statement

	~	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Revenue		**147 074**	**150 241**	**153 241**	**158 474**	**170 214**	**175 039**	**180 240**	**185 438**	**190 821**	**196 401**
Less: COGS		117 474	119 671	121 692	125 331	129 053	132 740	136 757	140 747	144 885	149 182
Gross Profit		**29 601**	**30 570**	**31 548**	**33 143**	**41 161**	**42 300**	**43 482**	**44 691**	**45 936**	**47 218**
Less: SG&A		14 089	14 072	14 016	14 114	14 202	14 593	14 992	15 408	15 852	16 313
Less: R&D		5 437	5 397	5 340	5 341	5 336	5 482	5 633	5 798	5 968	6 144
Less: Other Operating Expenses, net		-281	-266	-270	-264	-260	-268	-277	-279	-276	-270
Operating Expenses, total		**19 245**	**19 204**	**19 087**	**19 191**	**19 278**	**19 807**	**20 348**	**20 927**	**21 545**	**22 188**
EBIT		**10 356**	**11 366**	**12 461**	**13 952**	**21 883**	**22 493**	**23 135**	**23 764**	**24 391**	**25 030**
Plus: Financing Income, net		-415	-432	-441	-464	-490	-510	-531	-559	-590	-626
Plus: Sale of Tangible & Intangible Fixed Assets											
Plus: Equity Earnings (Loss)		713	726	738	759	780	801	823	846	869	894
Plus: Other Non-Operating Income, net		479	488	496	510	524	538	553	569	584	600
Plus: Non-Recurring Income, net		-2 603	-2 000								
Non-Operating Expenses, total		**-1 825**	**-1 218**	**793**	**804**	**814**	**829**	**845**	**856**	**864**	**868**
Net Income Before Taxes		**8 531**	**10 148**	**13 255**	**14 756**	**22 697**	**23 322**	**23 980**	**24 620**	**25 255**	**25 898**
Less: Income Tax Exper	*30%*	2 535	3 016	3 939	4 385	6 745	6 931	7 126	7 317	7 505	7 696
Net Income After Taxes		**5 995**	**7 132**	**9 316**	**10 371**	**15 952**	**16 391**	**16 854**	**17 303**	**17 749**	**18 201**
Less: Minority Interest		382	382	382	382	382	382	382	382	382	382
Net Income		**5 613**	**6 750**	**8 934**	**9 989**	**15 570**	**16 009**	**16 472**	**16 921**	**17 367**	**17 819**

Appendix C 3: Balance Sheet

Inventories, Accounts Receivable, and Accounts Payable have been forecasted using the average days outstanding of the acquirer and target models.

CapEx requirements for the companied entity is rounded down to 5% for the whole forecast (relative to Daimler's varying CapEx expectations), resulting in an average of €843 million yearly reduction compared to what the companies would be spending separately.

	~	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
BOP PP&E		**82 833**	**77 762**	**73 610**	**70 230**	**67 619**	**65 987**	**64 841**	**64 127**	**63 780**	**63 754**
Plus: CapEx	*5%*	7 354	7 512	7 662	7 924	8 511	8 752	9 012	9 272	9 541	9 820
Less: Depreciation	*15%*	12 425	11 664	11 041	10 535	10 143	9 898	9 726	9 619	9 567	9 563
EOP PP&E	**82 833**	**77 762**	**73 610**	**70 230**	**67 619**	**65 987**	**64 841**	**64 127**	**63 780**	**63 754**	**64 011**

	~	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
BOP Intangible Assets		**15 178**	**15 511**	**15 849**	**16 190**	**16 575**	**17 127**	**17 680**	**18 243**	**18 813**	**19 392**
Plus: Investments in Int	*2%*	2 890	2 952	3 011	3 114	3 345	3 439	3 542	3 644	3 749	3 859
Less: Amortization of In	*17%*	2 558	2 614	2 671	2 728	2 793	2 886	2 979	3 074	3 170	3 268
EOP Intangible Assets	**15 178**	**15 511**	**15 849**	**16 190**	**16 575**	**17 127**	**17 680**	**18 243**	**18 813**	**19 392**	**19 984**

The post-transaction goodwill is equal to the acquirer's goodwill plus the goodwill created in the transaction. The target's existing goodwill at the time of the acquisition is written off in the purchase price allocation because its fair value is zero.

Goodwill post-merger	
Total Purchase Price	1 368
Net Book Value of Assets	240
Excess Purchase Price	**1 128**
Goodwill Write-Off	5,650
Goodwill	**1 123**

	~	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Cash & Short-Term Investments		**21 734**	**31 249**	**52 956**	**78 244**	**104 803**	**139 125**	**171 289**	**203 957**	**236 846**	**270 652**
Inventories	*74*	23 672	24 114	24 522	25 186	26 005	26 748	27 557	28 284	29 195	30 061
Accounts Receivable	*119*	48 028	49 062	50 042	51 610	55 585	57 160	58 859	60 391	62 314	64 136
Other Current Assets		1 690	1 717	1 741	1 783	1 827	1 869	1 913	1 959	2 008	2 059
Current Assets, total		**95 124**	**106 143**	**129 260**	**156 823**	**188 219**	**224 903**	**259 618**	**294 591**	**330 363**	**366 909**
PP&E		77 762	73 610	70 230	67 619	65 987	64 841	64 127	63 780	63 754	64 011
Goodwill		2 344	2 344	2 344	2 344	2 344	2 344	2 344	2 344	2 344	2 344
Other Non-Current Assets		77 628	78 807	79 978	81 718	83 668	85 638	87 659	89 738	91 876	94 077
Non-Current Assets, total		**157 733**	**154 760**	**152 552**	**151 681**	**151 998**	**152 823**	**154 130**	**155 861**	**157 973**	**160 431**
Total Assets		**252 857**	**260 903**	**281 812**	**308 503**	**340 218**	**377 725**	**413 747**	**450 453**	**488 336**	**527 340**

	~	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Accounts Payable	*49*	15 730	16 024	16 295	16 736	17 280	17 774	18 312	18 795	19 400	19 976
Short-Term Debt & Current Portion of Lor		53 075	54 066	55 028	56 614	58 257	59 907	61 606	63 371	65 198	67 092
Other Current Liabilities		20 186	20 589	20 958	21 591	22 250	22 896	23 563	24 262	24 992	25 754
Current Liabilities, total		**88 991**	**90 679**	**92 281**	**94 941**	**97 788**	**100 577**	**103 481**	**106 428**	**109 590**	**112 822**
Debt - Long-Term, total		81 719	83 208	84 842	87 106	89 449	91 859	94 337	96 905	99 546	102 262
Other Non-Current Liabilities		37 143	37 146	37 147	37 150	37 154	37 156	37 159	37 162	37 166	37 171
Non-Current Liabilities, total		**118 862**	**120 354**	**121 989**	**124 256**	**126 603**	**129 016**	**131 496**	**134 068**	**136 712**	**139 433**
Total Liabilities		**207 853**	**211 034**	**214 270**	**219 196**	**224 391**	**229 593**	**234 977**	**240 495**	**246 302**	**252 255**
Share Capital		43 447	48 312	65 985	87 750	114 270	146 575	177 214	208 400	240 476	273 529
Total Equity excl. Minority Interest		**43 447**	**48 312**	**65 985**	**87 750**	**114 270**	**146 575**	**177 214**	**208 400**	**240 476**	**273 529**
Minority Interest		1 557	1 557	1 557	1 557	1 557	1 557	1 557	1 557	1 557	1 557
Total Equity		**45 004**	**49 869**	**67 542**	**89 307**	**115 827**	**148 132**	**178 771**	**209 957**	**242 033**	**275 086**
Total Liabilities and Equity		**252 857**	**260 903**	**281 812**	**308 503**	**340 218**	**377 725**	**413 747**	**450 453**	**488 336**	**527 340**

Appendix C 4: Cash Flow Statement

	~	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Plus: Inventories	26 466	23 672	24 114	24 522	25 186	26 005	26 748	27 557	28 284	29 195	30 061
Plus: Accounts Receivat	58 735	48 028	49 062	50 042	51 610	55 585	57 160	58 859	60 391	62 314	64 136
Less: Accounts Payable	17 798	15 730	16 024	16 295	16 736	17 280	17 774	18 312	18 795	19 400	19 976
Net Working Capital	**67 403**	**55 970**	**57 153**	**58 269**	**60 060**	**64 309**	**66 134**	**68 104**	**69 880**	**72 109**	**74 222**
Changes in NWC		**-11 433**	**1 183**	**1 116**	**1 791**	**4 250**	**1 825**	**1 970**	**1 776**	**2 229**	**2 113**

	~	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Plus: Profit (Loss) Before Income Taxes		8 531	10 148	13 255	14 756	22 697	23 322	23 980	24 620	25 255	25 898
Plus: Non-cash Items & Reconciliation Ad		12 379	12 278	13 712	13 263	12 936	12 784	12 705	12 693	12 737	12 831
Less: Income Taxes - Pa	*1,70%*	2 502	2 556	2 607	2 696	2 896	2 978	3 067	3 155	3 247	3 341
Plus: Interest & Dividends - Received		1 783	1 783	1 783	1 783	1 783	1 783	1 783	1 783	1 783	1 783
Plus: Change in Working Capital Increase		-11 433	1 183	1 116	1 791	4 250	1 825	1 970	1 776	2 229	2 113
Net Cash from Operating Activities		**8 757**	**22 835**	**27 259**	**28 896**	**38 769**	**36 736**	**37 372**	**37 717**	**38 757**	**39 283**
Less: Capital Expenditures		7 354	7 512	7 662	7 924	8 511	8 752	9 012	9 272	9 541	9 820
Plus: Other Investing Cash Flow											
Net Cash from Investing Activities		**-7 354**	**-7 512**	**-7 662**	**-7 924**	**-8 511**	**-8 752**	**-9 012**	**-9 272**	**-9 541**	**-9 820**
Less: Dividends Paid	*40%*	2 245	2 700	3 573	3 996	6 228	6 404	6 589	6 769	6 947	7 128
Plus: Debt - Long-Term	*6,05%*	8 892	9 084	9 265	9 582	10 292	10 583	10 898	11 212	11 537	11 875
Plus: Other Financing Cash Flow											
Net Cash from Financing Activities		**6 647**	**6 384**	**5 692**	**5 586**	**4 064**	**4 180**	**4 309**	**4 444**	**4 591**	**4 747**
Foreign Currency Effect on Cash and Cash Equivalents											
Net Increase/Decrease in Cash and Cas		**8 051**	**21 707**	**25 289**	**26 558**	**34 322**	**32 164**	**32 669**	**32 888**	**33 806**	**34 210**
BOP Cash and Cash Equivalents		23 198	31 249	52 956	78 244	104 803	139 125	171 289	203 957	236 846	270 652
EOP Cash and Cash Equivalents		31 249	52 956	78 244	104 803	139 125	171 289	203 957	236 846	270 652	304 862

Appendix C 5: Capital Structure

	2021F	2022F	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F
Debt	134 794	137 275	139 870	143 720	147 706	151 766	155 944	160 276	164 744	169 354
Equity	43 447	48 312	65 985	87 750	114 270	146 575	177 214	208 400	240 476	273 529
D/E	**3,10**	**2,84**	**2,12**	**1,64**	**1,29**	**1,04**	**0,88**	**0,77**	**0,69**	**0,62**
	0,76	0,74	0,68	0,62	0,56	0,51	0,47	0,43	0,41	0,38
	0,24	0,26	0,32	0,38	0,44	0,49	0,53	0,57	0,59	0,62

Appendix C 6: Free Cash Flow

		2021F	2022F	2023F	2024F	2025F
Revenue		**147 074**	**150 241**	**153 241**	**158 474**	**170 214**
Less: COGS		117 474	119 671	121 692	125 331	129 053
Less: SG&A		14 089	14 072	14 016	14 114	14 202
Less: R&D		5 437	5 397	5 340	5 341	5 336
Less: Other Operating Expenses, net		-281	-266	-270	-264	-260
Operating Expenses, total		**136 718**	**138 875**	**140 780**	**144 523**	**148 331**
EBIT		**10 356**	**11 366**	**12 461**	**13 952**	**21 883**
Plus: Depreciation		12 425	11 664	11 041	10 535	10 143
Plus: Amortization		2 558	2 614	2 671	2 728	2 793
EBITDA		**25 339**	**25 644**	**26 173**	**27 214**	**34 819**

		2021F	2022F	2023F	2024F	2025F
EBIT		**10 356**	**11 366**	**12 461**	**13 952**	**21 883**
Less: Unlevered Taxes	*30%*	3 078	3 378	3 703	4 146	6 503
NOPAT		**7 278**	**7 988**	**8 758**	**9 806**	**15 380**
Plus: Depreciation		12 425	11 664	11 041	10 535	10 143
Plus: Amortization		2 558	2 614	2 671	2 728	2 793
Less: CapEx		7 354	7 512	7 662	7 924	8 511
Less: Changes in NWC		-11 433	1 183	1 116	1 791	4 250
FCF		**26 341**	**13 572**	**13 692**	**13 354**	**15 555**

Appendix C 7: Share Price Sensitivity Analysis

Revenue Synergies	Discount Rate						
	11,28%	10,28%	9,28%	8,28%	7,28%	**6,28%**	5,28%
0	91	97	103	109	116	**123**	130
750	93	99	105	111	118	**125**	132
1500	**95**	**101**	**107**	**113**	**120**	**127**	**135**
2250	97	103	109	116	122	**129**	137
3000	99	105	111	118	124	**132**	139

Cost Synergies	Discount Rate						
	11,28%	10,28%	9,28%	8,28%	7,28%	**6,28%**	5,28%
0	94	100	106	113	119	**126**	134
75	95	100	107	113	120	**127**	134
150	**95**	**101**	**107**	**113**	**120**	**127**	**135**
225	95	101	107	114	121	**128**	135
300	96	102	108	114	121	**128**	135

Appendix C 8: Synergy Sensitivity Analysis

Exit Multiple	Discount Rate						
	7,28%	7,08%	6,88%	6,68%	6,48%	**6,28%**	6,08%
8,00x	**11 388**	**12 865**	**14 356**	**15 860**	**17 379**	**18 911**	**20 457**
8,10x	13 489	14 982	16 489	18 010	19 544	**21 093**	22 655
8,20x	15 591	17 100	18 622	20 159	21 710	**23 275**	24 854
8,30x	17 692	19 217	20 756	22 308	23 875	**25 456**	27 052
8,40x	19 794	21 334	22 889	24 458	26 041	**27 638**	29 250

APPENDIX D: Formulas

Appendix D 1: Working Capital Forecast & Net Working Capital

$$INVENTORY\ DAYS = \frac{INVENTORY_t}{COGS_t} \times 365$$

$$FORECAST\ INVENTORY = \frac{INVENTORY\ DAYS}{365} \times COGS_{t+1}$$

$$ACCOUNTS\ RECEVABLE\ DAYS = \frac{ACCOUNTS\ RECEIVABLE_t}{REVENUE_t} \times 365$$

$$FORECAST\ ACCOUNTS\ RECEVABLE = \frac{ACCOUNTS\ RECEVABLE\ DAYS}{365} \times REVENUE_{t+1}$$

$$ACCOUNTS\ PAYABLE\ DAYS = \frac{ACCOUNTS\ PAYABLE\ _t}{COGS_t} \times 365$$

$$FORECAST\ ACCOUNTS\ PAYABLE = \frac{ACCOUNTS\ PAYABLE\ DAYS}{365} \times COGS_{t+1}$$

$$NET\ WORKING\ CAPITAL = ACCOUNTS\ RECEIVABLE + INVENTORY - ACCOUNTS\ PAYABLE$$

$$CHANGES\ IN\ NWC = NET\ WORKING\ CAPITAL_{t-1} - NET\ WORKING\ CAPITAL_t$$