# PARMANTIER & CIE.

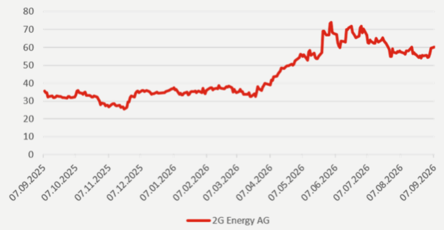
Initial Coverage 'Energy'
Published:
07 September 2026

**Sell**

| | |
|---|---|
| **Price Target** | **€ 39.00** |
| Share Price* | € 60.15 |

*XETRA closing price (7. Sep. 2026)

## CHART




## SHAREHOLDERSTRUCTURE

| | |
|---|---|
| Free Float | 55,10% |
| Christian Grotholt | 29,60% |
| Ludger Gausling | 14,40% |
| Other Board Holdings | 0,90% |

## KEY STOCK DATA

| | |
|---|---|
| Number of shares (in millions) | 17,9 |
| Market capitalisation (in € million) | 1.079,1 |
| Trading volume (Ø-100 days; in k€) | 3.067,0 |
| 52-week high (in €) | 76,25 |
| 52-week low (in €) | 24,90 |

# 2G Energy AG

**WKN: A0HL8N / ISIN: DE000A0HL8N9 / Bloomberg: 2GB:GR**

**"Record order book from US data centres meets the weakest cash flow performance in the company's history"**

2G Energy AG is an internationally leading manufacturer of decentralised power generation equipment headquartered in Heek, North Rhine-Westphalia. The portfolio comprises combined heat and power (CHP) units from 20 kW to 4,500 kW, large-scale heat pumps and peak-load generators; more than 10,000 units are installed worldwide. With the breakthrough in the US data centre business, the company's demand profile has changed fundamentally within twelve months.

Order intake in the first half of 2026 of EUR 479.4m, up from EUR 110.7m in the prior-year period, is real and driven at its core by containerised, off-grid gas power plants for US data centres. We do not dispute the demand, but the price being paid for it: the share has gained 171% in two years and trades at 30.1x last-twelve-months EBITDA, precisely at the point at which the business has stopped generating liquidity.

Financial year 2025 illustrates the problem in numbers: revenue rose 5.7% to EUR 398.6m, EBITDA fell 19% to EUR 33.4m, operating cash flow swung from +EUR 53.3m to -EUR 38.6m, and EUR 43.1m of net cash turned into EUR 10.2m of net financial debt. Trade working capital reached 50% of revenue. Against the revenue jump to EUR 570-620m guided for 2027 stands equity of EUR 156.6m.

Our DCF model, using a WACC of 9.75%, yields a fair value of EUR 37.08 per share; the peer-group valuation implies EUR 45.52, and capitalising a normalised free cash flow implies EUR 35.49. Weighted, we derive a price target of EUR 39.00, around 35% below the closing price of 07 September 2026 and well below the consensus price target of EUR 65.50. We initiate coverage with a Sell rating.

| FY 31.12.; in million euros | (26-30e) | 2026e | 2027e | 2028e | 2029e | 2030e |
|---|---|---|---|---|---|---|
| Turnover | 11,9% | 485,00 | 595,00 | 700,00 | 780,00 | 850,00 |
| EBITDA | | 56,08 | 76,95 | 97,00 | 112,00 | 122,25 |
| EBITDA margin, % | | 11,6% | 12,9% | 13,9% | 14,4% | 14,4% |
| Adjusted EBITA | | 46,08 | 65,45 | 84,00 | 97,50 | 106,25 |
| Adj. EBITA margin, % | | 9,5% | 11,0% | 12,0% | 12,5% | 12,5% |
| Consolidated earnings | | 30,50 | 43,40 | 56,70 | 66,80 | 73,60 |
| EPS, in euros | | 1,70 | 2,42 | 3,16 | 3,72 | 4,10 |
| Dividend per share, in euros | | 0,25 | 0,35 | 0,45 | 0,55 | 0,60 |
| EV/Sales | | 2,25 | 1,83 | 1,56 | 1,40 | 1,28 |
| EV/EBITDA | | 19,4 | 14,2 | 11,2 | 9,7 | 8,9 |
| P/E RATIO | | 35,4 | 24,9 | 19,0 | 16,2 | 14,7 |

Source: 2G Energy AG, PCR


## ANALYST

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## TABLE OF CONTENTS


**Investment Theses** ..... 3

**Company Profile** ..... 5

Shareholder Structure ..... 5

Management Board and Supervisory Board ..... 5

**Business Model and Strategy** ..... 7

**Market** ..... 11

Data Centres: Off-Grid Generation in North America ..... 11

Large-Scale Heat Pumps: European Industrial Market ..... 12

Germany: Power Plant Strategy, Capacity Market and KWKG ..... 13

Competitive Environment ..... 13

**Financials** ..... 14

**Valuation** ..... 17

**SWOT** ..... 20

**DISCLAIMER** ..... 21

## INVESTMENT THESES

**A genuine point of differentiation at exactly the right moment.** 2G Energy AG is one of the few European manufacturers able to produce containerised, off-grid power generation in the 20 kW to 4,500 kW range on a serial basis and with short lead times. This is precisely the capability that US data centre developers are currently seeking, as their grid-connection requests face multi-year queues. Order intake of EUR 422.4m in the second quarter of 2026, up from EUR 54.1m in the prior-year quarter, confirms this positioning.

**We share the demand assessment, not the willingness to pay the price.** After a 171% share price increase in two years, the stock trades at 30.1x last-twelve-months EBITDA and 16.0x expected next-twelve-months EBITDA, at a time when the company has stopped generating liquidity.

**Growth is being bought with the balance sheet, not financed from it.** Operating cash flow swung from +EUR 53.3m in 2024 to -EUR 38.6m in 2025; after capital expenditure of EUR 8.7m, free cash flow came to -EUR 47.2m. Net cash of EUR 43.1m turned into net financial debt of EUR 10.2m.

**Weak cash conversion is a structural feature, not a one-off effect.** Over the period from 2016 to 2025, cumulative operating cash flow amounted to only around 34% of cumulative EBITDA; for 2024 and 2025 combined, it is around 20%. An EBITDA-based valuation therefore flatters this business model more than any other stock in the peer group.

**The order book is concentrated.** Of the EUR 422.4m order intake in the second quarter of 2026, EUR 350.3m related to North American data centres. Order intake outside North America did grow by 57% to EUR 72.1m, but the valuation is already pricing in a diversification that is not yet reflected in the order backlog.

**Reporting is being delayed at the least favourable moment.** The ERP migration at 2G Heek GmbH pushed the 2025 annual report back from 21 May to 30 June 2026 and the 2026 half-year report into October. Investors are being asked to sign off on a step-change in company size based on a balance sheet that is six months old.

**Working capital requirements are the central valuation question.** Even with a decline in trade working capital from 50% to 42% of revenue, the path from EUR 398.6m to EUR 700m of revenue by 2028 ties up around EUR 95m of additional funds. Against this stands equity of EUR 156.6m. In our base scenario we assume net financial debt of around EUR 30m at the end of 2026; in the negative scenario, an equity measure of around 10% of share capital is the most likely outcome.

**Regulatory tailwinds in Germany are real, but take effect later than assumed.** The German government reached agreement with the European Commission in January 2026 on the key parameters of the power plant strategy; initial tenders for around 11 GW of dispatchable capacity start in 2026. However, the comprehensive capacity market will only be introduced during the course of 2027 and takes effect from 2032. Within the twelve- to 24-month valuation horizon, it is not an earnings driver.

**The competitive environment is intensifying precisely where the growth is happening.** INNIO, Caterpillar, Cummins and Rolls-Royce mtu are targeting the US data centre market with fast-start gas generator sets, with significantly greater manufacturing capacity, established US service networks and balance sheets that do not require customer prepayments.

**Valuation and recommendation.** Our DCF model, using a WACC of 9.75% and a terminal growth rate of 2.0%, yields a fair value of EUR 37.08 per share. The peer-group valuation, based on 11.0x expected 2027 EBITDA, implies EUR 45.52; capitalising a normalised free cash flow of EUR 30m at a 4.5% yield implies EUR 35.49. Weighted, this results in a price target of EUR 39.00, around 35% below the current price and well below the consensus price target of EUR 65.50. Our scenario analysis spans a range from EUR 37 (Base) to EUR 48 (Bull); even the Bull scenario is below today's price. We initiate coverage with a **Sell** rating.

## Company Profile

2G Energy AG, headquartered in Heek, North Rhine-Westphalia, was founded in 1995 and develops, manufactures and installs decentralised power generation equipment. The product portfolio comprises combined heat and power (CHP) units in the 20 kW to 4,500 kW range for operation with natural gas, biogas, biomethane, hydrogen and other low-calorific gases, large-scale heat pumps from 100 kW to 2,600 kW, and peak-load generators from 500 kW of electrical output upwards. CHP units achieve overall efficiencies of 90% or more; the coefficient of performance of the large-scale heat pumps can rise to as much as 5, depending on conditions. More than 10,000 units are installed worldwide.

The company employs more than 1,000 people at its headquarters in Heek, in North America and at six further European locations, and is active in more than 60 countries. The customer base ranges from municipal utilities, energy suppliers and housing associations to agricultural biogas operators, industrial and commercial customers and hospitals and, since 2025, US data centre developers. Around a third of group revenue is generated by recurring service and maintenance business; this is the qualitatively strongest element of the income statement and, at the same time, the area that suffered most from the ERP transition in 2025.

### Shareholder Structure

2G Energy AG shares have been traded on the stock exchange since 2007 and are included in the Scale segment of the Frankfurt Stock Exchange as well as listed in the Scale30 selection index. Share capital amounts to EUR 17,940,000 and is divided into 17,940,000 no-par bearer shares. The consolidated financial statements are prepared under HGB; the financial year ends on 31 December.

Around 57% of shares are in free float. The largest single shareholder is Nex Gen Energy GmbH & Co. KG with around 29.6%, through which company founder Christian Grotholt holds his stake; co-founder Ludger Gausling holds around 13.4%. On the institutional side, KBC Asset Management holds around 2.1%, DWS Investment around 1.3% and Lupus alpha Asset Management around 1.2%, among others.

The anchor shareholder structure, with around 43% held firmly, stabilises governance but at the same time limits trading liquidity: average trading volume over the past 100 trading days was around EUR 3.1m per day. For institutional investors with larger position sizes, this is a relevant constraint, which we reflect in the cost of capital via a small-cap premium.

For financial year 2025, a dividend of EUR 0.21 per share was distributed; the ex-date was 20 August 2026, with payment made on 24 August 2026. At a payout ratio of around 22% and a dividend yield of 0.4%, the dividend is of secondary importance to the investment decision. Given the working capital requirements, we view it more as a signalling than an earnings component.

### Management Board and Supervisory Board

The Management Board of 2G Energy AG comprises three members: Pablo Hofelich (CEO) is responsible for strategy, sales, service, project management and IT, Friedrich Pehle (CFO) for finance, HR, legal and investor relations, and Frank Grewe (CTO) for procurement, production, research and development. Operational responsibility for capacity expansion and working through the record order backlog is thus clearly assigned; a new production hall in Heek was brought into operation at the end of March 2026 to help manage the backlog.

The Supervisory Board is chaired by Dr Lukas Lenz, with Dr Jürgen Vutz as deputy chairman. The board also includes company founder Dipl.-Ing. Christian Grotholt, who was delegated to the Supervisory Board by Next-Gen-Energy GmbH & Co. KG on 8 August 2025 pursuant to Section 10.3 of the Articles of Association; his term ends with the close of the Annual General Meeting that resolves on the discharge of the Supervisory Board members for financial year 2029. The 2026 Annual General Meeting was held on 19 August 2026 in Ahaus.

## Business Model and Strategy

2G Energy operates as an integrated systems provider for decentralised power generation. Value creation spans development and manufacturing of the units, project engineering and installation, through to long-term service and maintenance contracts as well as digital grid integration and plant control. This combination is the core of the business model: the new-unit business generates volume and installed base, while the service business generates margin and predictability.

The company bundles three generator types under one roof CHP units, large-scale heat pumps and peak-load generators and leverages synergies across project development, procurement, predominantly containerised design, customer base, regulatory framework, sales channels, digital control and service. The sector coupling required for the success of the energy transition is thus directly reflected in the portfolio.

Strategic priority shifted in 2025/2026. Until 2024, 2G was a Europe-focused provider for municipal utilities, housing associations and biogas. With the conversion of an existing reservation into a firm order of more than EUR 100m in May 2026, and further orders in the triple-digit million range, the US data centre business has become the dominant growth driver. Management expects a book-to-bill ratio of 2.5 or more for full-year 2026.

**Core business: CHP units and service business**

CHP units generate electricity and heat in a single process, thereby achieving overall efficiencies of more than 90%. 2G covers the 20 kW to 4,500 kW output range and operates the units with natural gas, biogas, biomethane, sewage and landfill gas, and hydrogen. The ability to run the same engine platform on multiple fuels is the technological foundation of the business model and the key reason the portfolio has withstood several regulatory cycles.

The service business is the qualitatively best part of the income statement. With more than 10,000 installed units, 2G has a base that supports recurring maintenance, spare-parts and remote-monitoring revenue. However, it was precisely this area that was hit hardest by the ERP transition in 2025: the delayed rollout caused one-off costs and temporarily slowed revenue growth in service.

According to the company, digital grid integration represents a high barrier to entry. In the future electricity market design, decentralised generators will need to be dispatchable in combination with wind, solar and green gases. We broadly share this assessment but consider the protection to be limited once better-capitalised competitors address the same use case.

The growth strategy rests on three pillars:

1) **Capacity expansion:** increasing machine deliveries by 25 to 30% in the current financial year, supported by the new production hall at the Heek site brought into operation at the end of March 2026;

2) **Internationalisation:** expanding the North American business, driven by off-grid container solutions for data centres and supported by the cooperation agreed in 2025 with US company CK Power;

3) **Technological expansion:** extending the engine platform to alternative fuels, most recently through the successful completion of integrated ammonia-to-power tests with Amogy in Houston, reported on 3 August 2026.

**Product Segments**

The portfolio is divided into three generator types with a shared sales and service base, each serving different demand profiles and contributing to value creation to differing degrees.

**Containerised power plants for data centres**

The containerised design is the product currently carrying 2G. US data centre developers need secured power before a grid connection is available; 2G supplies serially manufactured, transportable gas power plants with short lead times. In May 2026, an existing reservation was converted into a firm order with a volume of more than EUR 100m; further orders in the triple-digit million range followed. In total, EUR 350.3m of order intake in the second quarter of 2026 related to US data centres.

4) **Lead time:** serial manufacturing and containerised design significantly shorten the time to the first kilowatt-hour compared with conventional power plant projects;

5) **Scaling:** the production hall in Heek, brought into operation at the end of March 2026, is intended to help work through the order backlog efficiently and promptly from the second half of 2026;

6) **Fuel pathway:** the ammonia option from the Amogy cooperation addresses the need for CO2-free, baseload-capable generation in the data centre environment;

7) **Risk:** multi-year fixed-price deliveries with exposure to US content, tariff and commissioning costs tie up working capital before revenue is recognised.

We view the data centre business as a genuine product success, but at the same time as a concentration risk on the balance sheet. The order backlog is real; the decisive question is on what payment terms it will be worked through. Without disclosure of prepayment or milestone arrangements, the financing requirement cannot be conclusively assessed.

In our view, robust disclosure of these terms would be the single most effective step management could take to close the valuation gap between the order book and the share price.

We assume that part of the US order volume is backed by prepayments, albeit to a significantly lesser extent than in the reservation year 2024 otherwise the 2025 cash flow trajectory would not be explicable.

**Large-Scale Heat Pumps and Peak-Load Generators**

Large-scale heat pumps in the 100 kW to 2,600 kW range address the decarbonisation of district heating networks, industrial processes and large properties. This segment uses the same customer and service base as the CHP business and is therefore capital-efficient from a sales perspective. Peak-load generators from 500 kW of electrical output upwards complement the portfolio for grid stabilisation and reserve capacity.

The European market for industrial heat pumps is structurally attractive but small relative to the CHP business: it was estimated at USD 426.3m for 2024 and is expected to grow at an annual rate of 6.5% to USD 794.2m by 2034. For 2G, the segment is therefore a diversification lever rather than a scaling lever.

We expect the heat pump to play a more important role for margin quality than for volume over the medium term, particularly once the heating package announced by the German government for 2026 and the revised federal funding for efficient district heating networks create investment certainty.

**Biogas and Existing Business in Germany**

The German biogas business is 2G's historical foundation and is currently experiencing a substantial demand boost from the flexibilisation of existing plants. Operators are upgrading to higher installed capacity at unchanged gas production in order to generate electricity when wind and solar feed-in is lacking. For 2G, this means replacement and expansion orders within an installed base the company already serves.

Order intake outside North America grew by 57% to EUR 72.1m in the first half of 2026. This is the best available evidence that demand is not exclusively tied to the data centre theme while at the same time showing the order of magnitude: it corresponds to around 15% of total first-half order intake.

In addition, 2G has, according to its own statements, begun booking orders from the mining sector in the mid-double-digit megawatt range. The diversification argument is therefore not without substance, though it remains secondary in terms of total volume.

**Capacity and Investment Planning**

The central operational task of the coming 18 months is not winning demand but working through it. Management has targeted an increase in machine deliveries of 25 to 30% for 2026 and brought a new production hall into operation at the end of March 2026 to support this.

We assume capital expenditure of EUR 18m in 2026 and EUR 20-24m annually over the remainder of the planning period. The real funding requirement, however, arises not in fixed assets but in working capital: inventories rose in 2025 from EUR 88.7m to EUR 126.0m, and receivables from EUR 69.3m to EUR 95.2m.

In our view, management has three levers available: customer prepayments, additional debt financing, or equity. Only the first is cost-free and it is also the only one not yet disclosed.

**Reporting and Internal Controls**

The ERP migration at 2G Heek GmbH has caused more than one-off operational costs; it has shifted the entire reporting cycle:

8) The 2025 annual report was pushed back from the originally planned 21 May to 30 June 2026;
9) Preliminary figures for the first half of 2026 are announced for 29 September 2026;
10) The full 2026 half-year report will not follow until October 2026; an exact date has not yet been fixed;

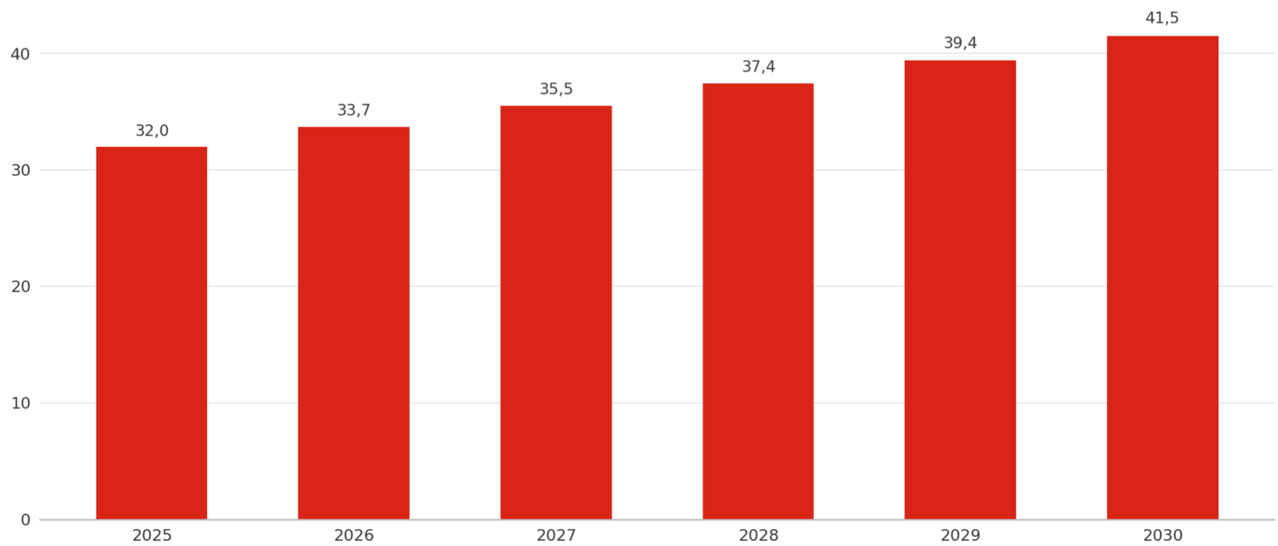
11) The one-off costs of the delayed ERP implementation weighed on 2025 earnings and temporarily slowed revenue growth in the service segment.

12) We regard this as a governance matter with valuation relevance. In our view, delayed reporting during a phase of rapid balance sheet expansion justifies a valuation discount irrespective of the quality of the underlying business.

## Market

The global market for combined heat and power is estimated at around USD 32.0bn for 2025 and is expected to grow at an annual rate of 5.3% to USD 41.5bn by 2030. Growth is solid but not spectacular and on its own it does not explain the share price performance of 2G stock. The real driver lies in a sub-segment only partially captured by this market definition: off-grid power supply for data centres. In addition, 2G addresses the European industrial market with large-scale heat pumps and the German domestic market with biogas flexibilisation and peak-load generators.

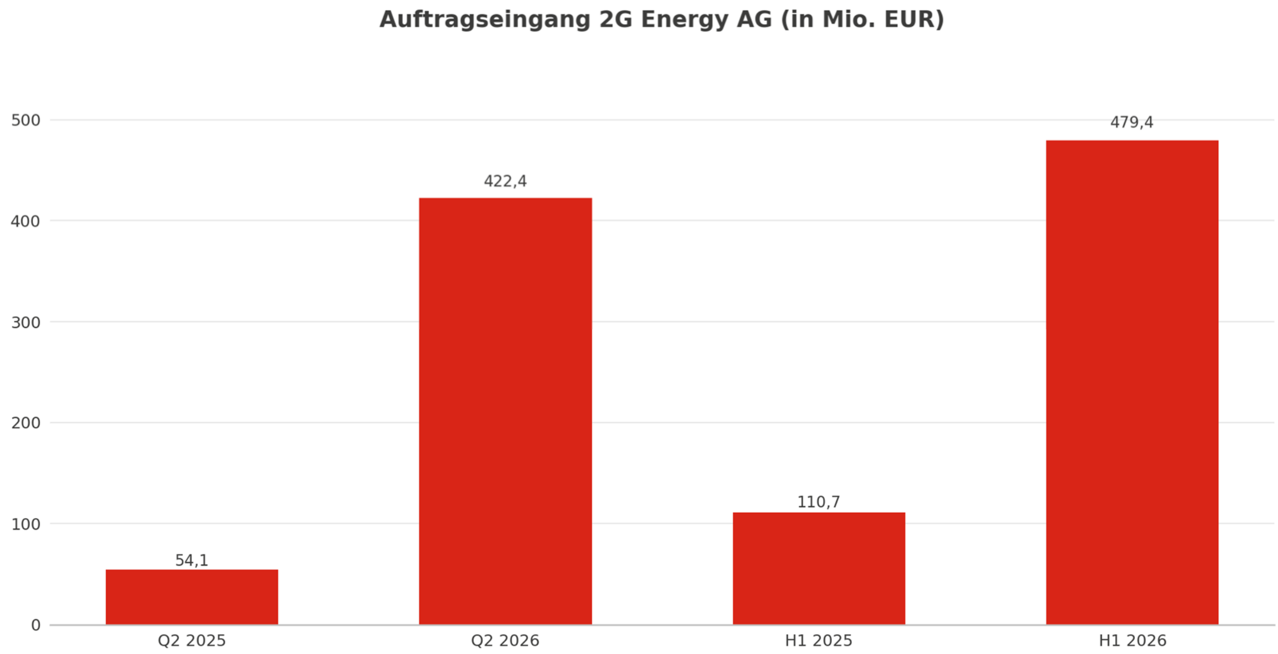
**Weltweiter Markt für Kraft-Wärme-Kopplung (in Mrd. USD)**




Source: MarketsandMarkets; interpolation PCR

### Data Centres: Off-Grid Generation in North America

In North America, grid bottlenecks and multi-year connection queues have made behind-the-meter and bridging generation a standard component of data centre planning. For 2G, this means a demand surge without precedent in the company's history: order intake in the second quarter of 2026 reached EUR 422.4m, up from EUR 54.1m in the prior-year quarter, of which EUR 350.3m came from US data centres. In the first half of 2026, order intake totalled EUR 479.4m, up from EUR 110.7m in the prior-year period. For comparison: revenue from new units for the whole of 2025 was EUR 229.1m.

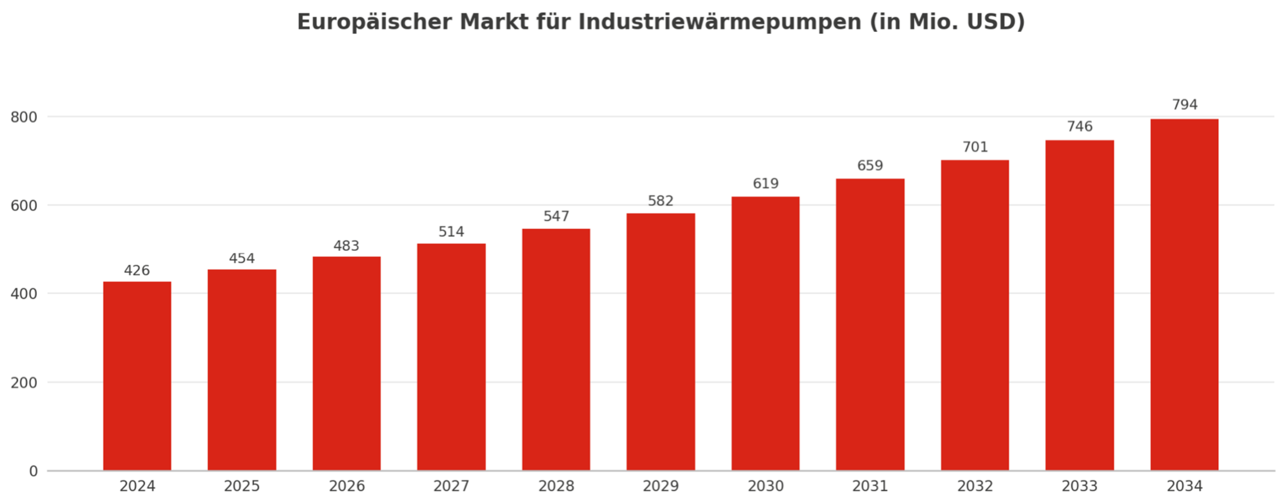



Source: Company information; PCR

## Large-Scale Heat Pumps: European Industrial Market

The European market for industrial heat pumps was estimated at USD 426.3m for 2024; an increase to USD 794.2m is expected by 2034, at an annual growth rate of 6.5%. This development is driven by the decarbonisation of industrial process heat, the expansion of district heating networks and regulatory incentives.

For 2G, this segment is strategically more important than its volume suggests: it uses the same customer base, the same sales channels and the same service organisation as the CHP business, thereby extending the useful life of the installed base in an environment where fossil combustion is under political pressure. As a standalone earnings driver, however, the segment is too small within our planning horizon.



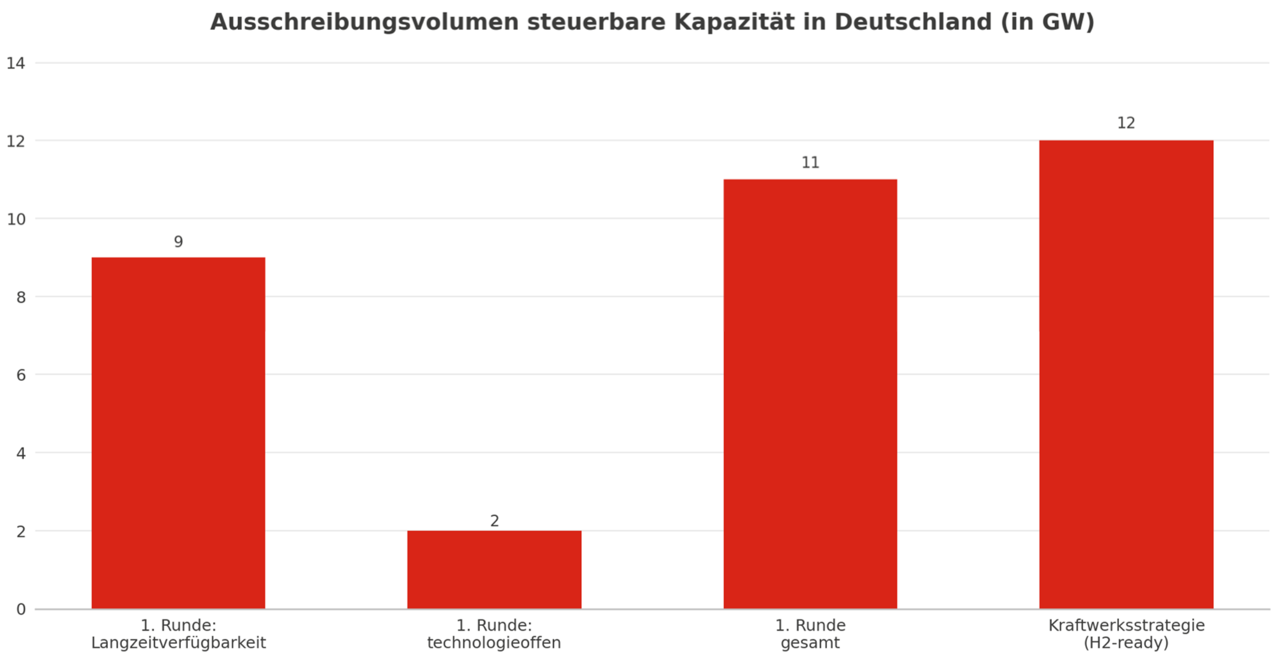

Source: Global Market Insights; PCR

## Germany: Power Plant Strategy, Capacity Market and KWKG

The German Federal Ministry for Economic Affairs reached agreement in principle with the European Commission in January 2026 on the power plant strategy. Tenders for 12 GW of hydrogen-capable gas power plants are due to start as early as 2026; however, state-aid approval is still pending following submission of the draft legislation.

The Power Supply Capacity Act (StromVKG) created the legal framework for new dispatchable capacity. Initially, 11 GW will be tendered, of which 9 GW with special long-term availability requirements from 2031 and 2 GW technology-open; further technology-open tenders are planned for 2027 and 2029. Under the draft, bid deadlines for the long-term capacity fall on 1 September and 8 December 2026.

For the timing, the key point is this: the comprehensive capacity market is intended to be introduced during the course of 2027 and to ensure, from 2032, that sufficient dispatchable capacity is available in the system. The revision of the KWKG, including an extension of the scheme’s duration, is expected by the end of 2026. Both initiatives support structural demand for decentralised, flexible gas capacity but they are not earnings drivers within our twelve- to 24-month valuation horizon.




Source: BMWE, StromVKG; PCR

## Competitive Environment

In our view, competition is the most underestimated part of the investment case. Fast-start gas generator sets for data centres have become a strategic priority at INNIO (Jenbacher J920 FleXtra and J620), Caterpillar, Cummins and Rolls-Royce, which has announced an mtu type 20V4000 gas generator set capable of starting within 45 seconds for the US market from 2026. These providers have manufacturing capacity an order of magnitude greater, established US service networks and balance sheets capable of financing payment terms that 2G cannot match.

2G’s edge modularity, efficiency, fuel flexibility and speed in the small-to-medium output range, is real but narrow, and it is being challenged precisely where growth is occurring. We expect current pricing to normalise once additional capacity enters the market in 2027 and 2028. In the valuation, this is reflected in our assumption of a steady-state EBIT margin of 12.5%, well above historical levels, but below what an unconstrained demand overhang would allow.

The following overview compares 2G with listed competitors addressing the US data centre market with gas generator sets. INNIO is not listed and is therefore not included, a fact that systematically understates competitive intensity in valuation comparisons.

| Company | Market capitalisation (in € m) | P/E (2025) | EV/Sales (2025) | EV/EBITDA (2025) | EV/EBIT (2025) | P/E (2026) | EV/Sales (2026) | EV/EBITDA (2026) | EV/EBIT (2026) |
|---|---|---|---|---|---|---|---|---|---|
| Cummins Inc. | 67.000,0 | | | 16,60 | | | | 11,10 | |
| Wärtsilä Oyj Abp | 17.300,0 | | | 18,10 | | | | 14,00 | |
| Caterpillar Inc. | 317.000,0 | | | 25,00 | | | | 20,70 | |
| Rolls-Royce Holdings plc | 148.400,0 | | | 24,50 | | | | 24,00 | |
| **Median** | **107.700,0** | | | **21,3** | | | | **17,4** | |
| Average | 137.425,0 | | | 21,1 | | | | 17,5 | |
| **2G Energy AG** | **1.079,1** | | | **30,10** | | | | **16,00** | |
| Discount (-)/premium (+) | | | | 41,3% | | | | -7,8% | |
| Implied fair value | | | | 39,09 | | | | 53,59 | |

Source: S&P Capital IQ (as of 28 August 2026); classification PCR

## Financials

### Assumptions on Key Metrics

All historical financial metrics in this study are based on standardised consolidated figures from S&P Capital IQ for 2G Energy AG (in EUR; 2025 annual report filed on 30 June 2026). These may differ from the company's own presentation: 2G reports total output of EUR 409.2m and an EBIT margin of 6.6% for 2025, whereas the standardised revenue definition yields EUR 398.6m and an EBIT margin of 6.1%. We use the standardised basis throughout so that metrics, multiples and valuation remain consistent.

Financial year 2025 was a year in which revenue grew while practically every earnings metric declined. Revenue rose 5.7% to EUR 398.6m, EBITDA fell 19% to EUR 33.4m, the EBITDA margin from 10.9% to 8.4%, EBIT to EUR 24.4m, and net income to EUR 16.8m, or EUR 0.93 per share, down from EUR 1.32 in the prior year. This was caused by one-off costs from the ERP implementation and inefficiencies in the German service organisation.

The real story of the year lies in cash flow. Operating cash flow swung from +EUR 53.3m to -EUR 38.6m a shift of EUR 92m. After capital expenditure of EUR 8.7m, free cash flow came to -EUR 47.2m, the weakest figure in the company's listed history and around 12% of revenue. It should be noted that 2024 was flattered by customer prepayments on data centre reservations: operating cash flow exceeded EBITDA by around EUR 12m, an effect that is not repeatable.

On the balance sheet, net cash of EUR 43.1m at the end of 2024 turned into net financial debt of EUR 10.2m. Gross financial liabilities rose from EUR 6.9m to EUR 24.2m, while cash and cash equivalents fell from EUR 50.0m to EUR 14.0m. Inventories increased from EUR 88.7m to EUR 126.0m and receivables from EUR 69.3m to EUR 95.2m, only partially offset by an increase in trade payables from EUR 9.5m to EUR 22.0m. Trade working capital thus reached 50% of revenue.

Cash conversion is the central metric of this study. Over the period from 2016 to 2025, cumulative operating cash flow amounted to around 34% of cumulative EBITDA; for 2024 and 2025 combined, it is around 20%. Both perspectives lead to the same conclusion: EBITDA significantly overstates the economic performance of this business model and a valuation on an EBITDA basis overstates it just as much.

**Deriving the P&L Forecast**

For 2026, we assume revenue of EUR 485m. The company has confirmed its guidance at the upper end of EUR 490m, with an EBIT margin of 9.5-10.5%; market consensus stands at EUR 485m. We set the EBIT margin at the lower end of the range at 9.5%, as the first quarter of 2026 came in weaker, with revenue of EUR 54.2m (prior year: EUR 69.9m) and an EBIT margin of -7.6% (prior year: -4.7%), and the earnings contribution from the data centre business does not begin until the fourth quarter.

For 2027, we assume revenue of EUR 595m the midpoint of the company's guidance of EUR 570-620m, with an EBIT margin of 11.0%. This puts us below the consensus of EUR 620m revenue and EUR 81.1m EBITDA. The reason is not scepticism about the order backlog, but about the speed at which it will be worked through: a capacity ramp-up of this magnitude is typically accompanied by start-up costs, change orders and higher commissioning expenses.

From 2028, we model a slowdown in revenue growth from 17.6% to 9.0% in 2030, along with an EBIT margin that settles at 12.5%. This margin is well above the historical average and reflects the scale effects of the container business; at the same time, it is below what a sustained demand overhang would allow, as we expect pricing to normalise as competitors add capacity from 2027/2028.

The working capital assumption is the decisive lever of the entire valuation. We assume a decline in trade working capital from 50% of revenue in 2025 to 49% in 2026, 45% in 2027, and gradually to 38% from 2031. Even under this significant improvement, the revenue ramp-up between 2026 and 2028 ties up around EUR 95m of additional funds. This results in negative free cash flow of EUR 15.9m in 2026, a near-breakeven figure in 2027, and net financial debt that rises to around EUR 30m by the end of 2026 before being reduced from 2028 onward.

P&L

Forecast

| Income statement (in million euros) | 2026e | 2027e | 2028e | 2029e | 2030e |
|---|---|---|---|---|---|
| **Sales revenue** | **485,000** | **595,000** | **700,000** | **780,000** | **850,000** |
| Cost of materials | -288,600 | -351,100 | -409,500 | -452,400 | -493,000 |
| Personnel expenses | | | | | |
| Other operating expenses | -140,400 | -167,000 | -193,500 | -215,600 | -234,800 |
| **EBITDA** | **56,000** | **76,900** | **97,000** | **112,000** | **122,200** |
| Depreciation (excl. PPA) | -10,000 | -11,500 | -13,000 | -14,500 | -16,000 |
| **Adjusted EBITA** | **46,000** | **65,400** | **84,000** | **97,500** | **106,200** |
| PPA | 0,000 | 0,000 | 0,000 | 0,000 | 0,000 |
| Impairment losses/gains | 0,000 | 0,000 | 0,000 | 0,000 | 0,000 |
| **EBIT** | **46,000** | **65,400** | **84,000** | **97,500** | **106,200** |
| Financial result | -2,500 | -3,500 | -3,000 | -2,000 | -1,000 |
| **Pre-tax result** | **43,500** | **61,900** | **81,000** | **95,500** | **105,200** |
| Taxes | -13,100 | -18,600 | -24,300 | -28,700 | -31,600 |
| Result from discontinued operations | 0,000 | 0,000 | 0,000 | 0,000 | 0,000 |
| **Net income before minority interests** | **30,400** | **43,300** | **56,700** | **66,800** | **73,600** |
| Minority interests | 0,000 | 0,000 | 0,000 | 0,000 | 0,000 |
| **Net profit for the year** | **30,400** | **43,300** | **56,700** | **66,800** | **73,600** |
| **Number of shares (outstanding)** | **17,940** | **17,940** | **17,940** | **17,940** | **17,940** |
| Number of shares (total) | 17,940 | 17,940 | 17,940 | 17,940 | 17,940 |
| **EPS (outstanding shares)** | **1,69** | **2,41** | **3,16** | **3,72** | **4,10** |
| EPS (total shares) | 1,69 | 2,41 | 3,16 | 3,72 | 4,10 |
| **DPS** | **0,25** | **0,35** | **0,45** | **0,55** | **0,60** |

Source: S&P Capital IQ (actuals 2023-2025), company guidance (2026/2027e); forecast PCR

| Overview of key figures | 2026e | 2027e | 2028e | 2029e |
|---|---|---|---|---|
| **Key valuation figures** | | | | |
| EV/Sales | 2,25 | 1,83 | 1,56 | 1,40 |
| EV/EBITDA | 19,45 | 14,17 | 11,23 | 9,73 |
| EV/EBIT | 23,68 | 16,66 | 12,97 | 11,17 |
| P/E RATIO | 35,50 | 24,92 | 19,03 | 16,15 |
| Price/book value | 5,88 | 4,85 | 3,96 | 3,26 |
| **Profitability ratios in %** | | | | |
| Gross margin | 40,5% | 41,0% | 41,5% | 42,0% |
| EBITDA margin | 11,5% | 12,9% | 13,9% | 14,4% |
| EBIT margin | 9,5% | 11,0% | 12,0% | 12,5% |
| Pre-tax margin | 9,0% | 10,4% | 11,6% | 12,2% |
| Net margin | 6,3% | 7,3% | 8,1% | 8,6% |
| ROE | 16,6% | 19,5% | 20,8% | 20,2% |
| **Key financial figures** | | | | |
| Dividend yield | 0,4% | 0,6% | 0,7% | 0,9% |
| **Other key figures** | | | | |
| Cash flow per share | 0,12 | 1,38 | 2,42 | 3,53 |
| Free cash flow per share | -0,89 | 0,27 | 1,25 | 2,41 |
| Working capital/sales (in %) | 49,0% | 45,0% | 42,0% | 40,0% |
| Depreciation/sales (in %) | 2,1% | 1,9% | 1,9% | 1,9% |
| Tax rate (in %) | 30,1% | 30,0% | 30,0% | 30,1% |

Source: S&P Capital IQ (actuals 2023-2025), company guidance (2026/2027e); forecast PCR

## Valuation

**Forecast, P&L and Valuation Assumptions**

We value 2G Energy primarily via a DCF model with a ten-year detailed planning phase from 2026 to 2035 and validate the result via a peer-group valuation and the capitalisation of a normalised free cash flow. Choosing DCF as the primary method is not a formality for this company: a pure EBITDA valuation would mask exactly the weakness that defines the investment case.

We derive the cost of capital from a risk-free rate of 2.75%, a market risk premium of 5.75%, a levered beta of 1.20 and a small-cap premium of 1.00%. This results in a cost of equity of 10.65%. With an after-tax cost of debt of 3.15% and a target leverage of 12%, the weighted average cost of capital is 9.75%. We assume a terminal growth rate of 2.0% and a tax rate of 30%.

The small-cap premium reflects trading liquidity of around EUR 3.1m per day and the listing on the Scale over-the-counter segment, not the operational quality of the company. A separate governance discount for the delayed reporting is not reflected in the cost of capital; instead, it is embedded in our deliberately conservative margin and working capital planning.

Key value drivers are the speed of order backlog execution, the level of the steady-state EBIT margin and working capital intensity. The sensitivity analysis shows a fair value range of EUR 29.7 to EUR 49.5 per share across a cost of capital of 8.75% to 10.75% and terminal growth rates of 1.0% to 3.0%.

Potential capital measures are not reflected in the valuation. Should 2G cover its working capital requirement via a capital increase of around 10% of share capital, the fair value per share would be reduced by around 9%, assuming the issue proceeds create no additional earnings value. We consider this the most likely negative scenario over the coming twelve months.

## DCF Valuation

| | 2026 E | 2027 E | 2028 E | 2029 E | 2030 E | 2031 E | 2032 E | 2033 E | 2034 E | 2035 E |
|---|---|---|---|---|---|---|---|---|---|---|
| Turnover | 485,0 | 595,0 | 700,0 | 780,0 | 850,0 | 910,0 | 964,0 | 1.013,0 | 1.053,0 | 1.085,0 |
| EBITDA | 56,1 | 77,0 | 97,0 | 112,0 | 122,3 | 130,8 | 138,5 | 145,6 | 151,1 | 155,6 |
| EBITDA margin | 11,6% | 12,9% | 13,9% | 14,4% | 14,4% | 14,4% | 14,4% | 14,4% | 14,4% | 14,3% |
| EBIT | 46,1 | 65,5 | 84,0 | 97,5 | 106,3 | 113,8 | 120,5 | 126,6 | 131,6 | 135,6 |
| EBIT margin | 9,5% | 11,0% | 12,0% | 12,5% | 12,5% | 12,5% | 12,5% | 12,5% | 12,5% | 12,5% |
| Taxes | -13,8 | -19,6 | -25,2 | -29,3 | -31,9 | -34,1 | -36,2 | -38,0 | -39,5 | -40,7 |
| + depreciation and amorti. | 10,0 | 11,5 | 13,0 | 14,5 | 16,0 | 17,0 | 18,0 | 19,0 | 19,5 | 20,0 |
| - Investments | 18,0 | 20,0 | 21,0 | 20,0 | 20,0 | 20,5 | 21,5 | 22,5 | 23,5 | 24,0 |
| - Change WC | 38,5 | 30,1 | 26,3 | 18,0 | 15,3 | 18,6 | 20,5 | 18,6 | 15,2 | 12,2 |
| Operating cash flow | -14,2 | 7,2 | 24,6 | 44,8 | 55,1 | 57,6 | 60,3 | 66,5 | 72,9 | 78,8 |
| Discount factor | 0,95 | 0,87 | 0,79 | 0,72 | 0,66 | 0,60 | 0,55 | 0,50 | 0,45 | 0,41 |
| Value of operating CF (today) | -13,6 | 6,3 | 19,5 | 32,3 | 36,3 | 34,5 | 33,0 | 33,1 | 33,1 | 32,6 |
| Cum. Value of operating CF | 247,0 | | | | | | | | | |
| Present value of residual value | 428,4 | | | | | | | | | |
| Enterprise value | 675,4 | | | | | | | | | |
| - Net debt | 10,2 | | | | | | | | | |
| - Minority interests | 0,0 | | | | | | | | | |
| Value of equity | 665,2 | | | | | | | | | |
| **Fair value per share in €** | 37,1 | | | | | | | | | |
| Share price potential in %. | 62% | | | | | | | | | |
| WACC | 9,75% | | | | | | | | | |
| Long-term growth rate | 2% | | | | | | | | | |

*Source: PCR*

| Perpetual growth rate \ WACC | 7,8% | 8,3% | 8,8% | 9,3% | 9,75% | 10,3% | 10,8% | 11,3% | 11,8% |
|---|---|---|---|---|---|---|---|---|---|
| 1,00% | 47,25 | 43,27 | 39,82 | 36,80 | 34,14 | 31,78 | 29,67 | 27,78 | 26,07 |
| 1,50% | 50,01 | 45,56 | 41,73 | 38,42 | 35,52 | 32,96 | 30,69 | 28,67 | 26,85 |
| 2,00% | 53,25 | 48,21 | 43,93 | 40,26 | **37,08** | 34,29 | 31,83 | 29,65 | 27,70 |
| 2,50% | 57,10 | 51,32 | 46,48 | 42,38 | 38,85 | 35,79 | 33,11 | 30,75 | 28,65 |
| 3,00% | 61,77 | 55,03 | 49,48 | 44,83 | 40,88 | 37,49 | 34,55 | 31,98 | 29,70 |
| 3,50% | 67,54 | 59,52 | 53,04 | 47,71 | 43,24 | 39,45 | 36,19 | 33,36 | 30,89 |
| 4,00% | 74,84 | 65,06 | 57,36 | 51,14 | 46,01 | 41,72 | 38,08 | 34,94 | 32,22 |

Source: PCR, Source: S&P Capital IQ (net financial debt as of 31 Dec 2025)

At a weighted average cost of capital of 9.75%, fair value per share is EUR 37.08. The peer-group valuation, at 11.0x our expected 2027 EBITDA of EUR 77.0m a deliberate discount to the diversified engine manufacturers to reflect cash conversion, customer concentration and reporting risk implies EUR 45.52 per share; capitalising a normalised free cash flow of EUR 30m at a 4.5% yield implies EUR 35.49. Weighted at 60%, 25% and 15%, we derive a price target of EUR 39.00. Relative to the closing price of EUR 60.15 on 07 September 2026, this represents downside potential of 35%; we rate the stock Sell. The average analyst price target is EUR 65.50, with the highest at EUR 80.00 the difference to our assessment lies almost entirely in the treatment of cash conversion.

## SWOT

| STRENGTHS | WEAKNESSES |
|---|---|
| Technology leadership in containerised CHP units from 20 kW to 4,500 kW with efficiencies above 90 %; serial production and short lead times are the decisive advantage while US grid-connection queues run for years. | Structurally weak cash conversion: cumulative operating cash flow 2016-2025 was only about one third of cumulative EBITDA. |
| More than 10,000 units installed worldwide; around one third of group revenue comes from recurring service business. | Trade working capital at 50 % of revenue (2025); equity of €156.6M limits self-financing of the ramp-up. |
| Broad fuel flexibility: natural gas, biogas, biomethane, hydrogen and – via the Amogy partnership – ammonia; system supplier across CHP, large heat pumps and peak-load units with a shared customer, sales and service base. | FY 2025: revenue +5.7 % but EBITDA -19 % – margin decline despite revenue growth; weak start to the year with a -7.6 % EBIT margin in Q1 2026. |
| Stable anchor shareholder structure with around 43 % in founders' hands. | Delayed reporting following the ERP migration (2025 annual accounts only on 30 June 2026, half-year report only in October); low trading liquidity of around €3.1M per day in the Scale open-market segment. |

| OPPORTUNITIES | RISKS |
|---|---|
| Grid bottlenecks and multi-year connection queues make off-grid generation a standard building block in US data centre construction. | Customer concentration: the Q2 order intake of €350.3M from North America relates essentially to the data centre business. |
| Order intake of €479.4M in H1 2026 after €110.7M in the prior year; targeted book-to-bill ratio of 2.5 or more for 2026. | Financing risk: the working capital requirement of the ramp-up may force a capital increase or hybrid capital. |
| German power plant strategy: tenders for 11-12 GW of dispatchable capacity from 2026, comprehensive capacity market from 2032; CHP Act amendment with term extension expected for end-2026. | Competitive entry: INNIO, Caterpillar, Cummins and Rolls-Royce mtu are scaling fast-start gas gensets for US data centres. |
| Ammonia-to-power and large heat pumps extend the addressable market beyond the classic CHP business; first Capital Markets Day on 1 October 2026 as an occasion for mid-term planning and a financing answer. | Multi-year fixed-price contracts with tariff, US content and commissioning cost exposure. |
| | Valuation risk: 30.1x EV/EBITDA (LTM) after a 171 % share price rise in two years; delayed reporting during rapid balance sheet expansion justifies a governance discount. |

*Source: Company disclosures, S&P Capital IQ; assessment PCR*

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