

ABO Wind AG

Deutschland / Cleantech
 Börse München
 Bloomberg: AB9 GR
 ISIN: DE0005760029

Update

RATING

PRICE TARGET

Return Potential
 Risk Rating

BUY

€ 110.00

104.5%
 High

GREEN BOND BROADENS BASIS OF GROWTH

In May, ABO Wind broadened the financial basis for its growth strategy with the successful placement of its first green bond (€65m), which will finance green power and storage projects. By placing a green bond for the first time, the company has tapped into a new asset class that can be used in the future to finance further green power projects. Operationally, ABO recently caused a stir with the start of construction of a 50 MW solar park in Spain. We have adjusted our interest expense forecasts following the green bond issue. An updated DCF model yields an unchanged €110 price target. We confirm our Buy recommendation.

Issue volume increased to €65m ABO Wind has increased the issue volume from €50m to €65m due to high demand. The green bond has a term of five years and a coupon of 7.75%. This results in annual interest expenses of more than €5m.

Green bond requirements met In order to fulfil the requirements for green bonds, ABO has issued and published a 'Green Bearer Bond Framework' that follows the Green Bond Principles of the International Capital Market Association (ICMA). The company commissioned an independent third party, imug rating GmbH, to review the compatibility of the projects to be financed with the green bond with the sustainability objectives of the bond. ABO Wind is obliged to report annually on the utilisation of the funds and the sustainability benefits until the funds have been repaid in full. The net proceeds from the bond issue totalling around €62.5m will be invested in the development and construction of wind and solar parks as well as battery storage facilities (individually and in combination).

(p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2021	2022	2023	2024E	2025E	2026E
Revenue (€m)	127.1	231.7	299.7	350.6	395.5	443.0
Y-o-y growth	-14.8%	82.3%	29.4%	17.0%	12.8%	12.0%
EBIT (€m)	22.4	43.1	42.6	51.6	57.8	63.7
EBIT margin	17.7%	18.6%	14.2%	14.7%	14.6%	14.4%
Net income (€m)	13.8	24.6	27.3	28.0	30.8	34.6
EPS (diluted) (€)	1.50	2.67	2.96	3.04	3.35	3.75
DPS (€)	0.49	0.54	0.60	0.62	0.66	0.66
FCF (€m)	-54.1	-19.1	-68.4	13.9	21.4	26.9
Net gearing	45.0%	55.0%	84.5%	76.1%	66.3%	55.8%
Liquid assets (€m)	18.5	87.1	37.2	86.1	96.8	126.3

RISKS

Main risks are project development, supply chain, financing, interest rate, and regulation.

COMPANY PROFILE

ABO Wind is a project developer for renewable energies and has developed green power and storage projects with a total capacity of >5 GW since its establishment in 1996. The company also offers the management of wind farms, solar plants and storages. ABO Wind has ca. 1,200 employees. Its headquarters are in Wiesbaden, Germany.

MARKET DATA

As of 14 Jun 2024

Closing Price	€ 53.80
Shares outstanding	9.22m
Market Capitalisation	€ 496.09m
52-week Range	€ 39.70 / 62.00
Avg. Volume (12 Months)	2,382

Multiples

	2023	2024E	2025E
P/E	18.2	17.7	16.1
EV/Sales	2.2	1.9	1.7
EV/EBIT	15.5	12.8	11.4
Div. Yield	1.1%	1.2%	1.2%

STOCK OVERVIEW



COMPANY DATA

As of 31 Dec 2023

Liquid Assets	€ 37.17m
Current Assets	€ 475.47m
Intangible Assets	€ 1.13m
Total Assets	€ 493.95m
Current Liabilities	€ 90.64m
Shareholders' Equity	€ 192.77m

SHAREHOLDERS

Familie Ahn	26.0%
Familie Bockholt	26.0%
Mainova	10.0%
Free Float	38.0%



Major Spanish project under construction The 50 MW solar park utilises tracker technology and therefore achieves a high specific electricity production of approx. 2,000 MWh/MWp. The expected annual feed-in volume is therefore 100 GWh. The power purchaser is a large US technology company with which ABO has concluded a PPA. We estimate the investment volume at €40m. Construction began in January and grid connection is planned for early 2025.

German wind farm sold ABO sold the Saarland wind farm Wintersteinchen (14.4 MW) to the Austrian energy supplier illwerke vkw in May. We estimate the sales proceeds at more than €30m.

German-Dutch green electricity electrolysis project can continue In April, the district council in Kleve decided against applying for national park status for the Reichswald. This means that one of ABO promising international projects can continue: The construction of a wind farm on the German side of the border in the district of Kleve (annual electricity production: ca. 220 GWh) and a solar farm on the Dutch side of the border (85 GWh p.a.), whose electricity can be used to produce green hydrogen. The proximity to the Rhine and the hydrogen pipelines planned there opens up the opportunity to build an electrolyser that will produce more than 5,000 t of hydrogen (~ 167 GWh) per year as of 2027. Assuming an annual production time of approx. 3,000 hours, this would result in an electrolysis output capacity of almost 60 MW. The wind farm (output FBe: approx. 90 MW) and the solar farm (output FBe: approx. 85 MW) are both large-scale projects. Should ABO also succeed in realising an electrolysis plant in conjunction with these projects, the overall project would certainly be a flagship project in the field of green hydrogen in Germany. According to our estimates, the total investment volume is €390m (PV: €50m, wind: €170m, electrolysis: €170m).

Traffic light coalition launches further improvements in the regulation of renewable energy Reforms in the field of renewable energy continue to proceed at a rapid pace. Most recently, the Bundestag passed the reform of the Federal Immission Control Act (BImSchG). This, the biggest BImSchG reform in 30 years, is intended to significantly speed up the approval process for wind turbines, particularly for repowering. This includes the digital processing of authorisation applications, which previously filled around 60 folders per turbine. In addition, in future, authorities will only be allowed to request documents once, and must confirm the completeness of the documents within one month. The planned introduction of the fiction of participation by the authorities means that a failure to respond by a participating authority will be regarded as consent. Repowering will be subject to new distances from the old turbine (max. 5x total height of new plant instead of 2x), which will significantly improve the options for selecting the location of the new turbine.

In April, the Bundestag passed the Solar Package I, which will yield tangible improvements in the PV and wind sectors. For example, the bid volume for ground-mounted systems will be increased from 20 MW to 50 MW. This means that projects with a size of up to 50 MW will be authorised in the EEG tenders. Furthermore, the area for ground-mounted PV systems will be expanded: The so-called disadvantaged areas of agriculture will generally be opened up for the support of classic ground-mounted PV systems. In addition, special solar installations (agri PV, floating, moorland, car parks) will receive better support through the introduction of a separate sub-segment with its own maximum value of 9.5 €/kWh in the tenders for ground-mounted PV installations. Furthermore, tender volumes for special solar installations will be gradually increased to up to 2,075 MW per year as part of the existing open-space tenders.

In the wind sector, existing wind areas will be recognised as acceleration areas within the context of the RED Directive (EU Renewable Energy Directive), which will simplify the approval process. The extension of the EU emergency regulation means that authorisation applications for onshore wind power plants submitted by mid-2025 will be subject to a simplified procedure.



Other reform projects include the national implementation of RED III and amendments to the Building Code, the Federal Nature Conservation Act and the Federal Forest Act.

We expect that the already implemented and planned reforms will lead to a significant acceleration of the approval process and the installation of wind and PV. This is very good news for ABO with its German project pipeline of 3,900 MW.

Forecasts adjusted Following the issue of the green bond, we have adjusted our interest expense forecast. At €28.0m, our net profit projection for 2024 is now right in the middle of the guidance range (see figures 1 and 2).

Figure 1: Revisions to forecasts

All figures in €m	2024E			2025E			2026E		
	Old	New	Delta	Old	New	Delta	Old	New	Delta
Sales	350.6	350.6	0%	395.5	395.5	0%	443.0	443.0	0%
EBIT	51.6	51.6	0%	57.8	57.8	0%	63.7	63.7	0%
margin	14.7%	14.7%		14.6%	14.6%		14.4%	14.4%	
Net income	28.6	28.0	-2%	31.3	30.8	-1%	35.1	34.6	-2%
margin	8.2%	8.0%		7.9%	7.8%		7.9%	7.8%	
EPS (diluted) in €	3.10	3.04	-2%	3.39	3.35	-1%	3.81	3.75	-2%

Source: First Berlin Equity Research

Figure 2: Guidance 2024

Guidance for 2024	
Total output growth	10% to 30%
Net profit	€25m - €31m

Source: First Berlin Equity Research, ABO Wind AG

ABO excellently positioned for the global energy transition ABO impresses with

- its broad international positioning on four continents in 16 countries with a total of 28 offices, nine of which are in Germany;
- its proven expertise in the key technologies of wind power, photovoltaics, battery storage and hydrogen;
- the very extensive project pipeline (23 GW of green power projects plus 20 GW of hydrogen-based green power projects);
- vast in-house expertise and resources (ca. 1,200 employees);
- its strong balance sheet (€193m equity, equity ratio of 39%);
- high earnings (net profit 2023: €27m, net margin: 9%, long-term profitability track record).

Buy confirmed with unchanged price target An updated DCF model yields an unchanged €110 price target, which means the upside potential is >100%. We reiterate our Buy recommendation.



VALUATION MODEL

DCF valuation model								
All figures in EUR '000	2023A	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Net sales	299,685	350,631	395,512	442,974	492,587	544,308	597,651	652,037
NOPLAT	28,088	37,178	41,888	45,865	52,679	57,192	61,972	66,307
+ depreciation & amortisation	4,312	3,415	3,709	3,937	4,239	4,918	5,583	6,235
Net operating cash flow	32,400	40,594	45,596	49,802	56,919	62,111	67,554	72,542
- total investments (CAPEX and WC)	-110,822	-26,742	-24,190	-22,932	-21,436	-39,020	-40,442	-41,481
Capital expenditures	-5,358	-5,259	-5,537	-6,202	-6,896	-7,497	-8,095	-8,684
Working capital	-105,464	-21,483	-18,652	-16,731	-14,540	-31,523	-32,347	-32,797
Free cash flows (FCF)	-78,422	13,852	21,407	26,869	35,482	23,091	27,112	31,061
PV of FCF's	0	13,340	19,294	22,665	28,010	17,056	18,743	20,096

All figures in thousands		
PV of FCFs in explicit period (2023E-2037E)	337,541	
PV of FCFs in terminal period	841,076	
Enterprise value (EV)	1,178,617	Terminal growth
+ Net cash / - net debt	-162,909	Terminal EBIT margin
+ Investments / minority interests	21	
Shareholder value	1,015,729	
Number of shares (diluted)	9,221	
Fair value per share in EUR	110.16	

WACC		Terminal growth rate						
		2.0%	2.5%	3.0%	3.5%	4.0%	4.5%	5.0%
5.4%	147.21	164.34	188.76	226.36	291.79	434.04	980.80	
5.9%	122.37	133.74	149.09	170.98	204.68	263.32	390.81	
6.4%	103.41	111.25	121.42	135.16	154.75	184.92	237.40	
6.9%	88.50	94.06	101.06	110.16	122.44	139.94	166.90	
7.4%	76.50	80.53	85.49	91.74	99.85	110.80	126.42	
7.9%	66.65	69.63	73.22	77.63	83.20	90.42	100.17	
8.4%	58.44	60.67	63.31	66.50	70.43	75.37	81.79	

* for layout purposes the model shows numbers only to 2030, but runs until 2037



INCOME STATEMENT

All figures in EUR '000	2021A	2022A	2023A	2024E	2025E	2026E
Revenues	127,109	231,658	299,685	350,631	395,512	442,974
Changes in inventory	60,346	76,434	96,603	108,696	111,930	115,173
Own work	0	0	0	0	0	0
Total output	187,455	308,092	396,288	459,327	507,442	558,147
Cost of goods sold	78,280	148,807	210,278	241,936	268,948	301,222
Gross profit	109,175	159,285	186,010	217,391	238,494	256,925
Personnel costs	63,397	77,730	98,187	110,780	120,631	132,892
Other operating income	5,141	5,111	10,479	7,013	7,910	11,074
Other operating expenses	20,440	29,694	38,965	45,582	50,626	53,157
EBITDA	30,479	56,972	59,337	68,042	75,147	81,950
Depreciation and amortisation	1,929	3,002	4,312	3,415	3,709	3,937
Depreciation of current assets	6,102	10,846	12,389	13,008	13,659	14,342
Operating income (EBIT)	22,448	43,124	42,636	51,619	57,780	63,672
Net financial result	-1,485	-4,887	-865	-9,148	-11,038	-11,299
Pre-tax income (EBT)	20,963	38,238	41,771	42,471	46,742	52,373
Income taxes	7,152	13,661	14,548	14,440	15,892	17,807
Minority interests	-6	13	29	0	0	0
Net income / loss	13,804	24,590	27,252	28,031	30,849	34,566
Diluted EPS (in €)	1.50	2.67	2.96	3.04	3.35	3.75
Ratios						
Gross margin on total output	58.2%	51.7%	46.9%	47.3%	47.0%	46.0%
EBITDA margin on revenues	24.0%	24.6%	19.8%	19.4%	19.0%	18.5%
EBIT margin on revenues	17.7%	18.6%	14.2%	14.7%	14.6%	14.4%
EBT margin on revenues	16.5%	16.5%	13.9%	12.1%	11.8%	11.8%
Net margin on revenues	10.9%	10.6%	9.1%	8.0%	7.8%	7.8%
Tax rate	34.1%	35.7%	34.8%	34.0%	34.0%	34.0%
Expenses as % of revenues						
Personnel costs	49.9%	33.6%	32.8%	31.6%	30.5%	30.0%
Depreciation and amortisation	1.5%	1.3%	1.4%	1.0%	0.9%	0.9%
Depreciation of current assets	4.8%	4.7%	4.1%	3.7%	3.5%	3.2%
Other operating expenses	16.1%	12.8%	13.0%	13.0%	12.8%	12.0%
Y-Y Growth						
Revenues	-14.8%	82.3%	29.4%	17.0%	12.8%	12.0%
Operating income	-0.1%	92.1%	-1.1%	21.1%	11.9%	10.2%
Net income/ loss	5.2%	78.1%	10.8%	2.9%	10.1%	12.0%



BALANCE SHEET

All figures in EUR '000	2021A	2022A	2023A	2024E	2025E	2026E
Assets						
Current assets, total	282,609	437,621	479,984	558,476	594,425	644,619
Cash and cash equivalents	18,472	87,075	37,170	86,120	96,772	126,256
Short-term investments	11,684	8,775	9,512	9,512	9,512	9,512
Receivables	10,860	26,502	47,177	52,835	59,598	66,749
Inventories	133,019	124,152	208,109	231,993	250,527	264,085
Other current assets	105,708	187,664	175,492	175,492	175,492	175,492
Non-current assets, total	14,451	13,643	13,961	15,805	17,634	19,899
Property, plant & equipment	7,234	9,043	10,071	11,608	13,104	15,013
Goodwill & other intangibles	1,474	1,574	1,125	1,433	1,765	2,122
Financial assets	5,743	3,026	2,765	2,765	2,765	2,765
Other assets	0	0	0	0	0	0
Total assets	297,060	451,264	493,945	574,282	612,059	664,518
Shareholders' equity & debt						
Current liabilities, total	56,483	97,545	90,635	127,658	120,671	246,959
Short-term debt	8,997	10,331	3,221	32,000	18,000	140,309
Accounts payable	14,034	19,081	18,454	26,514	33,158	37,137
Current provisions	21,355	36,695	44,090	44,090	44,090	44,090
Other current liabilities	12,097	31,438	24,870	25,054	25,423	25,423
Long-term liabilities, total	90,713	183,661	210,538	231,538	251,538	149,229
Long-term debt	76,950	170,249	196,858	217,858	237,858	135,549
Deferred revenue	0	0	0	0	0	0
Other liabilities	13,763	13,412	13,680	13,680	13,680	13,680
Minority interests	41	36	21	21	21	21
Shareholders' equity	149,823	170,022	192,751	215,065	239,828	268,309
Share capital	9,221	9,221	9,221	9,221	9,221	9,221
Capital reserve	45,490	45,490	45,490	45,490	45,490	45,490
Other reserves	0	0	0	0	0	0
Loss carryforward / retained earnings	95,329	115,401	137,891	160,205	184,968	213,449
Total consolidated equity and debt	297,060	451,264	493,945	574,282	612,059	664,518
Ratios						
Current ratio (x)	5.00	4.49	5.30	4.37	4.93	2.61
Quick ratio (x)	2.65	3.21	3.00	2.56	2.85	1.54
Net debt	67,475	93,505	162,909	163,738	159,086	149,602
Net gearing	45.0%	55.0%	84.5%	76.1%	66.3%	55.8%
Book value per share (in €)	16.25	18.44	20.90	23.32	26.01	29.10
Equity ratio	50.4%	37.7%	39.0%	37.5%	39.2%	40.4%
Return on equity (ROE)	9.2%	14.5%	14.1%	13.0%	12.9%	12.9%
Return on assets (ROA)	5.4%	6.7%	7.0%	6.6%	6.9%	7.0%
Return on investment (ROI)	4.6%	5.4%	5.5%	4.9%	5.0%	5.2%
Return on average capital employed (ROCE)	12.1%	17.7%	13.6%	13.9%	14.7%	15.4%
Days of sales outstanding (DSO)	31	42	57	55	55	55
Days inventory outstanding (DIO)	620	305	361	350	340	320
Days in payables (DIP)	65	47	32	40	45	45



CASH FLOW STATEMENT

All figures in EUR '000	2021A	2022A	2023A	2024E	2025E	2026E
EBIT	22,448	43,111	42,636	51,619	57,780	63,672
Depreciation and amortisation *	1,929	3,002	4,312	3,415	3,709	3,937
EBITDA	24,377	46,113	46,948	55,034	61,488	67,608
Changes in working capital	-68,555	-61,723	-105,464	-21,483	-18,652	-16,731
Other adjustments	-6,558	1,761	-4,481	-14,440	-15,892	-17,807
Operating cash flow	-50,736	-13,850	-62,997	19,111	26,944	33,071
Investments in PP&E	-2,941	-4,597	-4,549	-4,558	-4,746	-5,316
Investments in intangibles	-375	-654	-809	-701	-791	-886
Free cash flow	-54,052	-19,101	-68,355	13,852	21,407	26,869
Acquisitions & disposals, net	462	249	488	0	0	0
Other investments	-1,004	2,872	6,712	0	0	0
Investment cash flow	-3,858	-2,130	1,842	-5,259	-5,537	-6,202
Debt financing, net	26,764	94,375	20,103	49,779	6,000	20,000
Equity financing, net	0	0	0	0	0	0
Dividends paid	-4,149	-4,518	-4,979	-5,533	-5,717	-6,086
Other financing	-2,328	-5,650	-5,059	-9,148	-11,038	-11,299
Financing cash flow	20,287	84,207	10,065	35,099	-10,755	2,615
FOREX & other effects	19	376	1,185	0	0	0
Net cash flows	-34,288	68,603	-49,905	48,950	10,652	29,484
Cash, start of the year	52,798	18,472	87,075	37,170	86,120	96,772
Cash, end of the year	18,510	87,075	37,170	86,120	96,772	126,256
EBITDA/share (in €)	3.31	6.18	6.44	7.38	8.15	8.89
Y-Y Growth						
Operating cash flow	n.m.	n.m.	n.m.	n.m.	41.0%	22.7%
Free cash flow	n.m.	n.m.	n.m.	n.m.	54.5%	25.5%
Financial cash flow	357.1%	315.1%	-88.0%	248.7%	n.m.	n.m.
EBITDA/share	-19.1%	86.9%	4.2%	14.7%	10.4%	9.1%

* Depreciation of current assets are booked in "Changes in working capital".

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INFORMATION PURSUANT TO SECTION 64 OF THE GERMAN SECURITIES TRADING ACT [WPHG], DIRECTIVE 2014/65/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 15 MAY 2014 ON MARKETS IN FINANCIAL INSTRUMENTS AND AMENDING DIRECTIVE 2002/92/EC AND DIRECTIVE 2011/61/EU, ACCOMPANIED BY THE MARKETS IN FINANCIAL INSTRUMENTS REGULATION (MIFIR, REG. EU NO. 600/2014).

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PRICE TARGET DATES

Unless otherwise indicated, current prices refer to the closing prices of the previous trading day.

AGREEMENT WITH THE ANALYSED COMPANY AND MAINTENANCE OF OBJECTIVITY

The present financial analysis is based on the author's own knowledge and research. The author prepared this study without any direct or indirect influence exerted on the part of the analysed company. Parts of the financial analysis were possibly provided to the analysed company prior to publication in order to avoid inaccuracies in the representation of facts. However, no substantial changes were made at the request of the analysed company following any such provision.

ASSET VALUATION SYSTEM

First Berlin's system for asset valuation is divided into an asset recommendation and a risk assessment.

ASSET RECOMMENDATION

The recommendations determined in accordance with the share price trend anticipated by First Berlin in the respectively indicated investment period are as follows:

Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy ¹	An expected favourable price trend of:	> 50%	> 30%
Buy	An expected favourable price trend of:	> 25%	> 15%
Add	An expected favourable price trend of:	0% to 25%	0% to 15%
Reduce	An expected negative price trend of:	0% to -15%	0% to -10%
Sell	An expected negative price trend of:	< -15%	< -10%

¹ The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

RISK ASSESSMENT

The First Berlin categories for risk assessment are low, average, high and speculative. They are determined by ten factors: Corporate governance, quality of earnings, management strength, balance sheet and financial risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, strength of brandname, market capitalisation and free float. These risk factors are incorporated into the First Berlin valuation models and are thus included in the target prices. First Berlin customers may request the models.

RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	12 April 2017	€7.80	BUY	€14.00
2...30	↓	↓	↓	↓
31	2 March 2023	€74.60	BUY	€118.00
32	21 March 2023	€72.00	BUY	€118.00
33	9 June 2023	€58.20	BUY	€118.00
34	7 September 2023	€49.40	BUY	€118.00
35	2 November 2023	€43.90	BUY	€106.00
36	4 December 2023	€41.60	BUY	€106.00
37	20 February 2024	€49.80	BUY	€110.00
38	19 March 2024	€53.40	BUY	€110.00
39	Today	€53.80	BUY	€110.00

INVESTMENT HORIZON

Unless otherwise stated in the financial analysis, the ratings refer to an investment period of twelve months.

UPDATES

At the time of publication of this financial analysis it is not certain whether, when and on what occasion an update will be provided. In general First Berlin strives to review the financial analysis for its topicality and, if required, to update it in a very timely manner in connection with the reporting obligations of the analysed company or on the occasion of ad hoc notifications.

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Legally required information regarding

- key sources of information in the preparation of this research report
- valuation methods and principles
- sensitivity of valuation parameters

can be accessed through the following internet link: <https://firstberlin.com/disclaimer-english-link/>

SUPERVISORY AUTHORITY: Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) [BaFin], Graurheindorferstraße 108, 53117 Bonn and Marie-Curie-Straße 24-28, 60439 Frankfurt am Main

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