

ABO Energy KGaA

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

Update

RATING **BUY**
PRICE TARGET **€ 102.00**
 Return Potential 163.6%
 Risk Rating High

FINAL SPRINT WITH CONVINCING RESULTS

ABO Energy has won onshore wind tariffs for four German projects with a total capacity of 57 MW in the November tender. This brings the onshore wind volume, which ABO Energy successfully brought through the tenders in 2024, to around 200 MW after more than 150 MW in the previous year. In terms of onshore wind permits in Germany, ABO Energy's performance is even more impressive: The company expects to break the 300 MW mark by the end of the year, which is almost double the prior year figure. The German wind market thus represents the backbone of the growth planned for the coming years. We therefore consider 2025 guidance (net income: €29m - €39m) to be very well underpinned and expect further net income growth in the subsequent years. An updated DCF model yields an unchanged €102 price target. We reiterate our Buy recommendation.

Tariffs for four projects (57 MW) won in November tender With the allocation of tariffs for a total of 57 MW, ABO Energy was extraordinarily successful in the fourth and final German tender for onshore wind in 2024, particularly since the tender for a total of 4.1 GW was 50% oversubscribed. The average remuneration rate was 7.15 €/ct/kWh and thus 3% below the determined maximum value. We assume that ABO Energy's successful bids will enable the company to realise attractive project returns.

Approx. 200 MW awarded in 2024 after ca. 150 MW in the previous year ABO Energy has been awarded a total of ca. 200 MW in the four tender rounds, which corresponds to an increase of approx. 30% compared to the previous year. This means that construction will start on project volume of ca. 350 MW with feed-in tariffs, which should generate revenue of some €350m (FBe) at group level over the next few years. The German market will thus become the backbone of the company's future growth.

(p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2021	2022	2023	2024E	2025E	2026E
Revenue (€m)	127.1	231.7	299.7	314.7	395.5	435.1
Y-o-y growth	-14.8%	82.3%	29.4%	5.0%	25.7%	10.0%
EBIT (€m)	22.4	43.1	42.6	43.0	58.2	70.3
EBIT margin	17.7%	18.6%	14.2%	13.7%	14.7%	16.2%
Net income (€m)	13.8	24.6	27.3	22.2	30.8	38.3
EPS (diluted) (€)	1.50	2.67	2.96	2.41	3.34	4.15
DPS (€)	0.49	0.54	0.60	0.54	0.66	0.66
FCF (€m)	-54.1	-19.1	-68.4	-13.4	25.1	33.1
Net gearing	45.0%	55.0%	84.5%	91.0%	77.8%	62.9%
Liquid assets (€m)	18.5	87.1	37.2	95.7	110.3	145.0

RISKS

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

COMPANY PROFILE

ABO Energy KGaA 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 Energy has more than 1,300 employees. Its headquarters are in Wiesbaden, Germany.

MARKET DATA

As of 17 Dec 2024

Closing Price € 38.70
 Shares outstanding 9.22m
 Market Capitalisation € 356.85m
 52-week Range € 33.40 / 61.20
 Avg. Volume (12 Months) 2,018

Multiples	2023	2024E	2025E
P/E	13.1	16.0	11.6
EV/Sales	1.7	1.7	1.3
EV/EBIT	12.2	12.1	8.9
Div. Yield	1.6%	1.4%	1.7%

STOCK OVERVIEW



COMPANY DATA

As of 30 Jun 2024

Liquid Assets € 17.66m
 Current Assets € 570.17m
 Intangible Assets € 0.80m
 Total Assets € 588.75m
 Current Liabilities € 49.96m
 Shareholders' Equity € 199.05m

SHAREHOLDERS

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



Also a record year for project approvals ABO Energy expects onshore wind approvals of around 300 MW in Germany in 2024, compared to 164 MW in the previous year. This means that the company should have more than 100 MW of onshore wind projects by the end of the year which can participate in the tenders in 2025. As the planned tender volume is 10 GW (=10,000 MW), we believe ABO Energy has a very good chance of being successful once again.

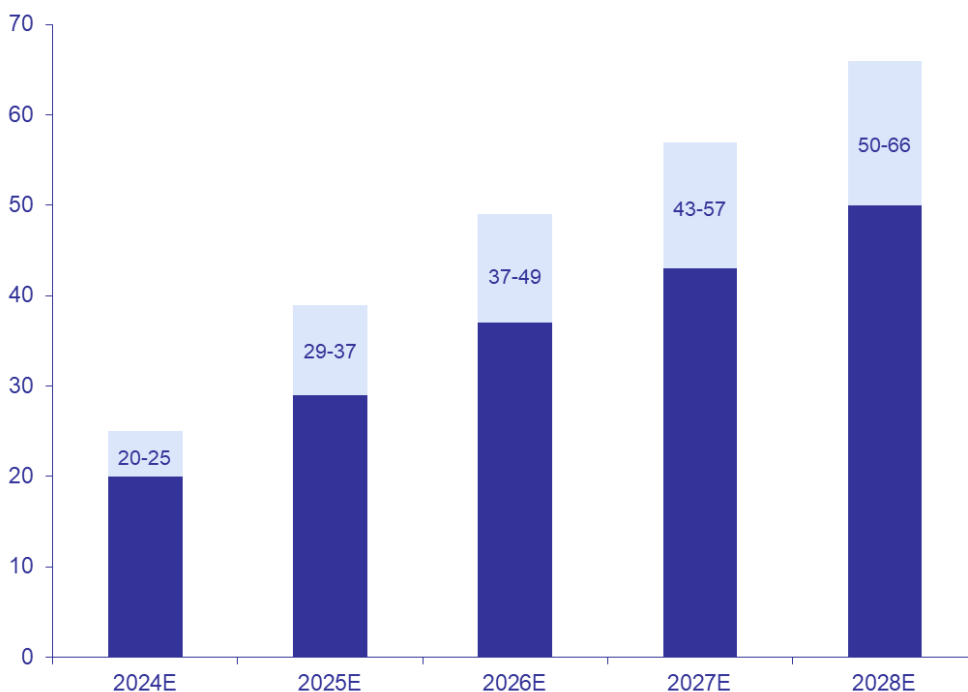
Project success in Hungary ABO Energy has completed its largest Hungarian project to date with the grid connection of a 20 MW PV park. A further three PV parks with a total volume of 35 MW are currently under construction or are already in operation. We expect ABO Energy to sell the 55 MW next year.

ABO Energy finds financially strong partner for Canadian wind and hydrogen project In Copenhagen Infrastructure Partners (CIP), one of the world's largest infrastructure investors, ABO Energy has found a financially strong partner to realise the "Toqlukuti'k" wind and hydrogen project in the Canadian province of Newfoundland and Labrador. The project involves the development and construction of a wind farm with a capacity of up to 5 GW, including associated hydrogen and ammonia production. With the entry of CIP, which takes 90% of the project shares, ABO Energy is an important step closer to realising the project.

Strong international project pipeline basis for medium-term success ABO Energy's project pipeline (wind, PV & storage) totals roughly 25 GW, of which approx. 16 GW is in Europe. In addition, the company has developed a green power pipeline based on hydrogen projects with a volume of 20 GW.

Net profit planning assumes profit doubling by 2028E at the latest ABO Energy has published net profit planning until 2028E, which envisages an increase in net profit from €27.3m in 2023 to between €50m and €66m in 2028E (see figure 1). Based on the mean value for 2028E of €58m, this corresponds to a 2023-2028E CAGR of 16%.

Figure 1: ABO Energy's net profit planning 2024E - 2028E in €m



Source: First Berlin Equity Research, ABO Energy KGaA



Adapting the business model to market adversities Market growth is currently being held back by: (1) longer delivery times for turbines and transformer stations; (2) delays in grid connections; (3) cannibalisation effects due to a high proportion of wind and PV in electricity production; and (4) a slower ramp-up of the market for green hydrogen.

ABO Energy is responding to this by focussing on promising markets, the construction and operation of transformer stations, and a slower expansion of the hydrogen-based pipeline. We also assume the company will increasingly sell project rights instead of building itself in order to minimise the risk of construction delays, limit the working capital burden and keep employee growth in check.

Forecasts adjusted We now assume that ABO Energy will sell comparatively more project rights and build fewer projects from 2026E onwards. This will lead to lower sales at higher margins. Increased visibility in the important German market prompts us to raise our net income forecasts from 2026E (see figure 2). At the same time, our medium-term growth assumptions are now somewhat more conservative due to the delayed ramp-up in the green hydrogen sector.

Figure 2: Revisions to forecasts

All figures in €m	2024E			2025E			2026E		
	Old	New	Delta	Old	New	Delta	Old	New	Delta
Sales	314.7	314.7	0%	395.5	395.5	0%	443.0	435.1	-2%
EBIT	43.0	43.0	0%	58.2	58.2	0%	63.7	70.3	10%
margin	13.7%	13.7%		14.7%	14.7%		14.4%	16.2%	
Net income	22.2	22.2	0%	30.8	30.8	0%	34.6	38.3	11%
margin	7.1%	7.1%		7.8%	7.8%		7.8%	8.8%	
EPS (diluted) in €	2.41	2.41	0%	3.34	3.34	0%	3.75	4.15	11%

Source: First Berlin Equity Research

ABO Energy share remains a clear Buy An updated DCF model yields an unchanged €102 price target. The share is currently attractively valued for a growth stock with a 2025E P/E ratio of 12x. Based on our 2028E earnings estimate of €5.68 per share, the P/E ratio is 7x. We continue to see high upside potential for the share (>160%) and reiterate our Buy recommendation.



VALUATION MODEL

DCF valuation model								
All figures in EUR '000								
	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Net sales	314,669	395,512	435,063	469,868	505,322	541,154	577,067	612,740
NOPLAT	31,516	42,355	50,608	60,321	63,255	66,219	68,641	71,008
+ depreciation & amortisation	4,422	3,273	3,646	4,013	4,667	5,258	5,798	6,296
Net operating cash flow	35,938	45,628	54,254	64,334	67,922	71,476	74,439	77,305
- total investments (CAPEX and WC)	-49,366	-20,498	-21,110	-12,378	-29,435	-29,830	-30,003	-29,939
Capital expenditures	-4,720	-5,537	-6,091	-6,578	-6,960	-7,330	-7,685	-8,021
Working capital	-44,646	-14,961	-15,019	-5,800	-22,475	-22,499	-22,318	-2,198
Free cash flows (FCF)	-13,428	25,130	33,144	51,956	38,487	41,647	44,436	47,366
PV of FCF's	-13,384	23,441	28,934	42,447	29,422	29,795	29,752	29,681

All figures in thousands		
PV of FCFs in explicit period (2024E-2038E)	397,910	
PV of FCFs in terminal period	709,245	
Enterprise value (EV)	1,107,155	Terminal growth
+ Net cash / - net debt	-162,909	Terminal EBIT margin
+ Investments / minority interests	21	
Shareholder value	944,267	
Number of shares (diluted)	9,221	
Fair value per share in EUR	102.41	

WACC		Terminal growth rate						
		1.5%	2.0%	2.5%	3.0%	3.5%	4.0%	4.5%
5.4%	Cost of equity	132.05	144.24	160.70	184.17	220.31	283.19	419.90
5.9%	Pre-tax cost of debt	112.84	121.35	132.39	147.31	168.58	201.32	258.30
6.4%	Tax rate	97.67	103.79	111.49	121.49	135.00	154.25	183.90
6.9%	After-tax cost of debt	85.40	89.90	95.44	102.41	111.45	123.67	141.09
7.4%	Share of equity capital	75.29	78.67	82.73	87.73	94.03	102.21	113.26
7.9%	Share of debt capital	66.83	69.39	72.44	76.11	80.63	86.31	93.70
8.4%	Price target in EUR	59.64	61.62	63.93	66.68	69.99	74.06	79.19

* for layout purposes the model shows numbers only to 2031, but runs until 2038



INCOME STATEMENT

All figures in EUR '000	2021A	2022A	2023A	2024E	2025E	2026E
Revenues	127,109	231,658	299,685	314,669	395,512	435,063
Changes in inventory	60,346	76,434	96,603	106,988	111,930	113,116
Own work	0	0	0	0	0	0
Total output	187,455	308,092	396,288	421,657	507,442	548,180
Cost of goods sold	78,280	148,807	210,278	212,402	268,157	287,142
Gross profit	109,175	159,285	186,010	209,255	239,285	261,038
Personnel costs	63,397	77,730	98,187	110,780	120,631	130,519
Other operating income	5,141	5,111	10,479	6,293	7,910	10,877
Other operating expenses	20,440	29,694	38,965	44,368	51,417	53,078
EBITDA	30,479	56,972	59,337	60,400	75,147	88,318
Depreciation and amortisation	1,929	3,002	4,312	4,422	3,273	3,646
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	42,969	58,216	70,330
Net financial result	-1,485	-4,887	-865	-9,282	-11,567	-12,323
Pre-tax income (EBT)	20,963	38,238	41,771	33,688	46,649	58,007
Income taxes	7,152	13,661	14,548	11,454	15,861	19,722
Minority interests	-6	13	29	0	0	0
Net income / loss	13,804	24,590	27,252	22,234	30,788	38,284
Diluted EPS (in €)	1.50	2.67	2.96	2.41	3.34	4.15
Ratios						
Gross margin on total output	58.2%	51.7%	46.9%	49.6%	47.2%	47.6%
EBITDA margin on revenues	24.0%	24.6%	19.8%	19.2%	19.0%	20.3%
EBIT margin on revenues	17.7%	18.6%	14.2%	13.7%	14.7%	16.2%
EBT margin on revenues	16.5%	16.5%	13.9%	10.7%	11.8%	13.3%
Net margin on revenues	10.9%	10.6%	9.1%	7.1%	7.8%	8.8%
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%	35.2%	30.5%	30.0%
Depreciation and amortisation	1.5%	1.3%	1.4%	1.4%	0.8%	0.8%
Depreciation of current assets	4.8%	4.7%	4.1%	4.1%	3.5%	3.3%
Other operating expenses	16.1%	12.8%	13.0%	14.1%	13.0%	12.2%
Y-Y Growth						
Revenues	-14.8%	82.3%	29.4%	5.0%	25.7%	10.0%
Operating income	-0.1%	92.1%	-1.1%	0.8%	35.5%	20.8%
Net income/ loss	5.2%	78.1%	10.8%	-18.4%	38.5%	24.3%



BALANCE SHEET

All figures in EUR '000	2021A	2022A	2023A	2024E	2025E	2026E
Assets						
Current assets, total	282,609	437,621	479,984	587,989	627,317	679,412
Cash and cash equivalents	18,472	87,075	37,170	95,706	110,290	145,025
Short-term investments	11,684	8,775	9,512	9,512	9,512	9,512
Receivables	10,860	26,502	47,177	60,348	65,016	71,517
Inventories	133,019	124,152	208,109	244,407	264,484	275,341
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	14,259	16,523	18,968
Property, plant & equipment	7,234	9,043	10,071	10,133	12,042	14,132
Goodwill & other intangibles	1,474	1,574	1,125	1,361	1,716	2,071
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	602,248	643,841	698,380
Shareholders' equity & debt						
Current liabilities, total	56,483	97,545	90,635	123,684	120,574	245,223
Short-term debt	8,997	10,331	3,221	32,000	18,000	140,309
Accounts payable	14,034	19,081	18,454	23,277	33,060	35,401
Current provisions	21,355	36,695	44,090	44,090	44,090	44,090
Other current liabilities	12,097	31,438	24,870	24,317	25,423	25,423
Long-term liabilities, total	90,713	183,661	210,538	268,538	288,538	186,229
Long-term debt	76,950	170,249	196,858	254,858	274,858	172,549
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	210,006	234,708	266,907
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	155,146	179,848	212,047
Total consolidated equity and debt	297,060	451,264	493,945	602,248	643,841	698,380
Ratios						
Current ratio (x)	5.00	4.49	5.30	4.75	5.20	2.77
Quick ratio (x)	2.65	3.21	3.00	2.78	3.01	1.65
Net debt	67,475	93,505	162,909	191,152	182,568	167,833
Net gearing	45.0%	55.0%	84.5%	91.0%	77.8%	62.9%
Book value per share (in €)	16.25	18.44	20.90	22.77	25.45	28.95
Equity ratio	50.4%	37.7%	39.0%	34.9%	36.5%	38.2%
Return on equity (ROE)	9.2%	14.5%	14.1%	10.6%	13.1%	14.3%
Return on assets (ROA)	5.4%	6.7%	7.0%	5.4%	6.8%	7.4%
Return on investment (ROI)	4.6%	5.4%	5.5%	3.7%	4.8%	5.5%
Return on average capital employed (ROCE)	12.1%	17.7%	13.6%	11.2%	14.1%	16.3%
Days of sales outstanding (DSO)	31	42	57	70	60	60
Days inventory outstanding (DIO)	620	305	361	420	360	350
Days of payables outstanding (DPO)	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	42,969	58,216	70,330
Depreciation and amortisation *	1,929	3,002	4,312	4,422	3,273	3,646
EBITDA	24,377	46,113	46,948	47,392	61,489	73,976
Changes in working capital	-68,555	-61,723	-105,464	-44,646	-14,961	-15,019
Other adjustments	-6,558	1,761	-4,481	-11,454	-15,861	-19,722
Operating cash flow	-50,736	-13,850	-62,997	-8,708	30,667	39,235
Investments in PP&E	-2,941	-4,597	-4,549	-4,091	-4,746	-5,221
Investments in intangibles	-375	-654	-809	-629	-791	-870
Free cash flow	-54,052	-19,101	-68,355	-13,428	25,130	33,144
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	-4,720	-5,537	-6,091
Debt financing, net	26,764	94,375	20,103	86,779	6,000	20,000
Equity financing, net	0	0	0	0	0	0
Dividends paid	-4,149	-4,518	-4,979	-5,533	-4,979	-6,086
Other financing	-2,328	-5,650	-5,059	-9,282	-11,567	-12,323
Financing cash flow	20,287	84,207	10,065	71,965	-10,546	1,591
FOREX & other effects	19	376	1,185	0	0	0
Net cash flows	-34,288	68,603	-49,905	58,536	14,584	34,735
Cash, start of the year	52,798	18,472	87,075	37,170	95,706	110,290
Cash, end of the year	18,510	87,075	37,170	95,706	110,290	145,025
EBITDA/share (in €)	3.31	6.18	6.44	6.55	8.15	9.58
Y-Y Growth						
Operating cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	27.9%
Free cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	31.9%
Financial cash flow	357.1%	315.1%	-88.0%	615.0%	n.m.	n.m.
EBITDA/share	-19.1%	86.9%	4.2%	1.8%	24.4%	17.5%

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

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PRICE TARGET DATES

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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...33	↓	↓	↓	↓
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	17 June 2024	€53.80	BUY	€110.00
40	6 September 2024	€45.10	Buy	€110.00
41	29 November 2024	€34.40	Buy	€102.00
42	Today	€38.70	Buy	€102.00

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

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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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