

ABO Energy KGaA

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

Update

RATING

PRICE TARGET

Return Potential
 Risk Rating

BUY

€ 97.00

170.9%
 High

ABO ENERGY EYES BUILDING OWN GREEN POWER PORTFOLIO

ABO Energy is considering expanding its business model. Until now, the company has operated purely as a project developer for wind, solar, battery and green hydrogen projects. ABO Energy is now examining becoming a plant operator itself. Building and operating its own portfolio of wind, PV and storage parks would generate recurring cash flows and give ABO Energy the opportunity to develop into a broad-based provider of green power solutions. Given its many projects that are ready for construction in the short term, the company could build up a larger portfolio relatively quickly, provided that external partners can be found for financing. These potential partners have signalled their general willingness to do so, provided they obtain the usual shareholder rights. ABO Energy is therefore considering changing back into an AG. The founding families, who together own 52% of the shares, would be prepared to sell blocks of shares to finance the IPP portfolio. We will adjust our valuation model and forecasts if the company implements its plan and announces key data on the portfolio build-up. An updated DCF model yields an unchanged price target of €97 (upside: ~170%). We confirm our Buy recommendation.

Advantages and disadvantages of building an IPP portfolio Building an Independent Power Producer (IPP) portfolio consisting of wind, PV and storage parks would generate recurring and relatively stable cash flows, which would have a stabilising effect on the company compared to the more volatile project business. The price for this is a significantly more asset-heavy balance sheet and much higher debt, as green power assets are predominantly financed with debt (FBe: 70% - 80%).

Expanding the business model to include an IPP portfolio would make ABO Energy a green energy provider that can offer large electricity consumers a tailor-made electricity supply via power purchase agreements (PPAs). In doing so, ABO Energy would be able to leverage its broad positioning...

(p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2022	2023	2024	2025E	2026E	2027E
Revenue (€m)	231.7	299.7	446.4	415.5	435.1	469.9
Y-o-y growth	82.3%	29.4%	48.9%	-6.9%	4.7%	8.0%
EBIT (€m)	43.1	42.6	44.4	60.0	70.3	83.2
EBIT margin	18.6%	14.2%	9.9%	14.4%	16.2%	17.7%
Net income (€m)	24.6	27.3	25.6	31.6	38.3	46.7
EPS (diluted) (€)	2.67	2.96	2.77	3.42	4.15	5.07
DPS (€)	0.54	0.60	0.54	0.65	0.70	0.80
FCF (€m)	-19.1	-68.4	-7.3	-5.1	28.8	37.2
Net gearing	55.0%	84.5%	112.5%	109.8%	93.0%	75.2%
Liquid assets (€m)	87.1	37.2	75.6	60.0	80.5	91.5

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 >6 GW since its establishment in 1996. The company also offers the management of wind farms, solar plants and storages. ABO Energy has ca. 1,400 employees. Its headquarters are in Wiesbaden, Germany.

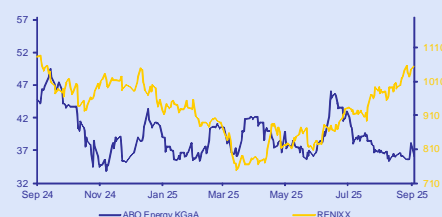
MARKET DATA

As of 29 Sep 2025

Closing Price	€ 35.80
Shares outstanding	9.22m
Market Capitalisation	€ 330.11m
52-week Range	€ 33.40 / 49.00
Avg. Volume (12 Months)	3,420

Multiples	2024	2025E	2026E
P/E	12.9	10.5	8.6
EV/Sales	1.3	1.4	1.3
EV/EBIT	12.8	9.5	8.1
Div. Yield	1.5%	1.8%	2.0%

STOCK OVERVIEW



COMPANY DATA

As of 30 Jun 2025

Liquid Assets	€ 75.60m
Current Assets	€ 629.06m
Intangible Assets	€ 0.91m
Total Assets	€ 643.18m
Current Liabilities	€ 111.63m
Shareholders' Equity	€ 216.38m

SHAREHOLDERS

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



...in the green power sector. The company not only builds onshore wind and PV plants, but also battery storage facilities and substations, and is active in the green hydrogen sector. A broadly structured green power portfolio with electricity storage options should enable ABO Energy to offer baseload services in the future. This would allow the company to counteract current trends such as cannibalisation effects, particularly in PV, low market values for wind and PV, and negative electricity prices.

The expansion of the business model offers the company more flexibility, as it can decide to a certain extent whether to sell a project or take it into its own operation, depending on the market situation. The fact that ABO Energy is currently considering building up an IPP portfolio suggests that the company currently believes that building up a portfolio promises a better return than selling these projects.

Given the large volume of onshore wind projects expected to come onto the market in Germany in the coming years, a certain amount of price and margin pressure would not be surprising. Between 2019 and 2024, the market for onshore wind farms was a very attractive seller's market for project developers due to low installation figures, which ranged between 1.1 GW and 3.6 GW. Now, the reforms of the traffic light coalition are beginning to take effect. In 2023, 6.4 GW were awarded in onshore wind tenders and approximately 11.0 GW in 2024. This year, the figure is likely to be around 14.4 GW. These volumes will be completed this year and in the following years, leading to a much more balanced supply/demand situation or even a buyer's market.

At the same time, we expect German onshore wind projects to generate attractive returns when taken over for in-house operation, as they have received average feed-in tariffs of almost €70/MWh over 20 years in recent tenders, which promises adequate margins.

We see the greater complexity and lower transparency compared to a business model focused exclusively on project development as a disadvantage of a mixed business model consisting of project development and IPP. ABO Energy would lose its positioning as a pure project developer, which is almost a unique selling point on the German stock market, and would operate a business model similar to those of Energiekontor and PNE.

Back to an AG? When ABO Energy decided to convert from an AG to a KGaA almost two years ago, this was met with resistance from some shareholders and was generally viewed with scepticism on the capital market. The share price performance has been rather anemic since then. As part of the expansion of the business model currently under consideration, the founding families have signalled their willingness to sell shares to investors who would be prepared to co-finance ABO Energy's development of an IPP portfolio. However, this willingness is likely to be linked to the exercise of normal shareholder rights, which requires reversion to an AG. The founding families would probably agree to such a reversion. The proposed business model adjustment therefore also offers the opportunity to return to the legal form of an AG, which is preferred by the capital market.

Project business continues to run smoothly ABO Energy has sold a German wind farm project (48 MW) to Encavis and entered into a cooperation agreement with the company for four additional German wind farms. These projects are scheduled for completion between autumn 2026 and spring 2027. The entire portfolio has a capacity of 106 MW.

With contracts awarded for 120 MW of onshore wind, ca. 330 MW of approvals and almost 1 GW of permit applications submitted, ABO Energy is heading for a very successful year.

Buy rating confirmed with unchanged price target Overall, we consider the expansion of the business model to include the development and operation of an IPP portfolio to be an attractive option for keeping margins in the company in the current market phase. We are leaving our forecasts and valuation model unchanged for the time being. As soon as ABO Energy implements the proposed strategy change, we will revise our forecasts and valuation model accordingly. We confirm our Buy recommendation with an unchanged €97 price target.



VALUATION MODEL

DCF valuation model									
All figures in EUR '000		2025 E	2026 E	2027 E	2028 E	2029 E	2030 E	2031 E	2032 E
Net sales		415,512	435,063	469,868	505,108	540,925	577,069	613,266	649,226
NOPLAT		43,710	50,558	59,133	61,039	63,792	66,251	68,858	70,956
+ depreciation & amortisation		4,012	4,145	4,167	4,315	5,067	5,698	6,252	6,749
Net operating cash flow		47,722	54,703	63,301	65,354	68,859	71,949	75,110	77,704
- total investments (CAPEX and WC)		-52,871	-25,918	-26,149	-25,114	-28,644	-28,788	-28,724	-28,442
Capital expenditures		-5,817	-6,091	-6,578	-7,072	-7,450	-7,817	-8,168	-8,499
Working capital		-47,054	-19,827	-19,571	-18,042	-21,194	-20,971	-20,557	-19,943
Free cash flows (FCF)		-5,149	28,785	37,151	40,240	40,215	43,161	46,386	49,263
PV of FCF's		-5,062	26,444	31,896	32,281	30,150	30,241	30,374	30,142

All figures in thousands	
PV of FCFs in explicit period (2025E- 2039E)	412,501
PV of FCFs in terminal period	724,107
Enterprise value (EV)	1,136,608
+ Net cash / - net debt	-239,294
+ Investments / minority interests	21
Shareholder value	897,335
Number of shares (diluted)	9,221
Fair value per share in EUR	97.32

		Terminal grow th						3.0%	
		Terminal EBIT margin						14.8%	

		Terminal grow th rate								
WACC		7.0%		1.5%	2.0%	2.5%	3.0%	3.5%	4.0%	4.5%
Cost of equity	11.0%	5.5%	125.69	138.08	154.59	177.70	212.36	270.10	385.49	
Pre- tax cost of debt	4.5%	6.0%	106.66	115.48	126.81	141.91	163.05	194.76	247.58	
Tax rate	34.0%	6.5%	91.53	97.98	106.04	116.40	130.22	149.55	178.55	
After- tax cost of debt	3.0%	7.0%	79.22	84.05	89.94	97.32	106.79	119.42	137.11	
Share of equity capital	50.0%	7.5%	69.03	72.71	77.12	82.51	89.25	97.91	109.46	
Share of debt capital	50.0%	8.0%	60.47	63.31	66.67	70.71	75.63	81.79	89.71	
Price target in EUR	97.00	8.5%	53.18	55.41	58.01	61.08	64.76	69.26	74.89	

* for layout purposes the model shows numbers only to 2032, but runs until 2039



INCOME STATEMENT

All figures in EUR '000	2022A	2023A	2024A	2025E	2026E	2027E
Revenues	231,658	299,685	446,366	415,512	435,063	469,868
Changes in inventory	76,434	96,603	-1,017	91,930	113,116	131,563
Own work	0	0	0	0	0	0
Total output	308,092	396,288	445,349	507,442	548,179	601,431
Cost of goods sold	148,807	210,278	232,280	272,857	288,447	316,221
Gross profit	159,285	186,010	213,069	234,585	259,733	285,210
Personnel costs	77,730	98,187	111,597	119,415	129,649	138,141
Other operating income	5,111	10,479	8,256	10,910	10,877	11,747
Other operating expenses	29,694	38,965	44,196	48,439	52,208	56,384
EBITDA	56,972	59,337	65,532	77,641	88,753	102,431
Depreciation and amortisation	3,002	4,312	4,277	4,012	4,145	4,167
Depreciation of current assets	10,846	12,389	16,876	13,659	14,342	15,059
Operating income (EBIT)	43,124	42,636	44,379	59,970	70,266	83,205
Net financial result	-4,887	-865	-7,937	-12,145	-12,302	-12,406
Pre-tax income (EBT)	38,238	41,771	36,442	47,825	57,964	70,799
Income taxes	13,661	14,548	10,844	16,260	19,708	24,072
Minority interests	13	29	-12	0	0	0
Net income / loss	24,590	27,252	25,586	31,564	38,256	46,727
Diluted EPS (in €)	2.67	2.96	2.77	3.42	4.15	5.07
Ratios						
Gross margin on total output	51.7%	46.9%	47.8%	46.2%	47.4%	47.4%
EBITDA margin on revenues	24.6%	19.8%	14.7%	18.7%	20.4%	21.8%
EBIT margin on revenues	18.6%	14.2%	9.9%	14.4%	16.2%	17.7%
EBT margin on revenues	16.5%	13.9%	8.2%	11.5%	13.3%	15.1%
Net margin on revenues	10.6%	9.1%	5.7%	7.6%	8.8%	9.9%
Tax rate	35.7%	34.8%	29.8%	34.0%	34.0%	34.0%
Expenses as % of revenues						
Personnel costs	33.6%	32.8%	25.0%	28.7%	29.8%	29.4%
Depreciation and amortisation	1.3%	1.4%	1.0%	1.0%	1.0%	0.9%
Depreciation of current assets	4.7%	4.1%	3.8%	3.3%	3.3%	3.2%
Other operating expenses	12.8%	13.0%	9.9%	11.7%	12.0%	12.0%
Y-Y Growth						
Revenues	82.3%	29.4%	48.9%	-6.9%	4.7%	8.0%
Total output	64.4%	28.6%	12.4%	13.9%	8.0%	9.7%
Operating income	92.1%	-1.1%	4.1%	35.1%	17.2%	18.4%
Net income/ loss	78.1%	10.8%	-6.1%	23.4%	21.2%	22.1%



BALANCE SHEET

All figures in EUR '000	2022A	2023A	2024A	2025E	2026E	2027E
Assets						
Current assets, total	437,621	479,984	634,882	673,054	722,555	760,483
Cash and cash equivalents	87,075	37,170	75,604	59,987	80,476	91,458
Short-term investments	8,775	9,512	9,559	9,559	9,559	9,559
Receivables	26,502	47,177	24,244	45,536	59,598	77,239
Inventories	124,152	208,109	229,146	261,644	276,593	285,899
Other current assets	187,664	175,492	292,785	292,785	292,785	292,785
Non-current assets, total	13,643	13,961	21,611	23,416	25,362	27,773
Property, plant & equipment	9,043	10,071	9,378	11,082	12,867	15,160
Goodwill & other intangibles	1,574	1,125	912	1,013	1,174	1,292
Financial assets	3,026	2,765	11,321	11,321	11,321	11,321
Other assets	0	0	0	0	0	0
Total assets	451,264	493,945	656,493	696,471	747,917	788,256
Liabilities & shareholders' equity						
Current liabilities, total	97,545	90,635	157,522	151,929	263,883	191,980
Short-term debt	10,331	3,221	43,343	30,000	132,309	52,108
Accounts payable	19,081	18,454	15,691	22,427	31,611	38,986
Current provisions	36,695	44,090	54,888	54,888	54,888	54,888
Other current liabilities	31,438	24,870	43,600	44,614	45,075	45,997
Long-term liabilities, total	183,661	210,538	286,202	306,202	213,893	286,785
Long-term debt	170,249	196,858	271,555	291,555	199,246	272,138
Deferred revenue	0	0	0	0	0	0
Other liabilities	13,412	13,680	14,647	14,647	14,647	14,647
Minority interests	36	21	21	21	21	21
Shareholders' equity	170,022	192,751	212,748	238,319	270,120	309,471
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	115,401	137,891	157,944	183,515	215,316	254,667
Total liabilities & shareholders' equity	451,264	493,945	656,493	696,471	747,917	788,256
Ratios						
Current ratio (x)	4.49	5.30	4.03	4.43	2.74	3.96
Quick ratio (x)	3.21	3.00	2.58	2.71	1.69	2.47
Net debt	93,505	162,909	239,294	261,568	251,079	232,788
Net gearing	55.0%	84.5%	112.5%	109.8%	93.0%	75.2%
Book value per share (in €)	18.44	20.90	23.07	25.85	29.29	33.56
Equity ratio	37.7%	39.0%	32.4%	34.2%	36.1%	39.3%
Return on equity (ROE)	14.5%	14.1%	12.0%	13.2%	14.2%	15.1%
Return on assets (ROA)	6.7%	7.0%	5.8%	6.6%	7.1%	7.8%
Return on investment (ROI)	5.4%	5.5%	3.9%	4.5%	5.1%	5.9%
Return on average capital employed (ROCE)	17.7%	13.6%	10.9%	12.5%	13.6%	15.5%
Days of sales outstanding (DSO)	42	57	20	40	50	60
Days inventory outstanding (DIO)	305	361	360	350	350	330
Days of payables outstanding (DPO)	47	32	25	30	40	45



CASH FLOW STATEMENT

All figures in EUR '000	2022A	2023A	2024A	2025E	2026E	2027E
EBIT	43,111	42,636	44,379	59,970	70,266	83,205
Depreciation and amortisation *	3,002	4,312	4,277	4,012	4,145	4,167
EBITDA	46,113	46,948	48,656	63,982	74,411	87,372
Changes in working capital	-61,723	-105,464	-48,763	-47,054	-19,827	-19,571
Other adjustments	1,761	-4,481	-3,209	-16,260	-19,708	-24,072
Operating cash flow	-13,850	-62,997	-3,316	668	34,876	43,729
Investments in PP&E	-4,597	-4,549	-3,251	-4,986	-5,221	-5,638
Investments in intangibles	-654	-809	-729	-831	-870	-940
Free cash flow	-19,101	-68,355	-7,296	-5,149	28,785	37,151
Acquisitions & disposals, net	249	488	554	0	0	0
Other investments	2,872	6,712	-4,249	0	0	0
Investment cash flow	-2,130	1,842	-7,675	-5,817	-6,091	-6,578
Debt financing, net	94,375	20,103	66,020	6,657	10,000	-7,309
Equity financing, net	0	0	0	0	0	0
Dividends paid	-4,518	-4,979	-5,533	-4,979	-5,994	-6,455
Other financing	-5,650	-5,059	-11,442	-12,145	-12,302	-12,406
Financing cash flow	84,207	10,065	49,045	-10,468	-8,296	-26,170
FOREX & other effects	376	1,185	379	0	0	0
Net cash flows	68,603	-49,905	38,434	-15,617	20,489	10,982
Cash, start of the year	18,472	87,075	37,170	75,604	59,987	80,476
Cash, end of the year	87,075	37,170	75,604	59,987	80,476	91,458
EBITDA/share (in €)	6.18	6.44	7.11	8.42	9.63	11.11
Y-Y Growth						
Operating cash flow	n.m.	n.m.	n.m.	n.m.	5121.5%	25.4%
Free cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	29.1%
Financial cash flow	315.1%	-88.0%	387.3%	n.m.	n.m.	n.m.
EBITDA/share	86.9%	4.2%	10.4%	18.5%	14.3%	15.4%

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

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Anschrift:

First Berlin Equity Research GmbH
 Friedrichstr. 34
 10117 Berlin
 Germany

Vertreten durch den Geschäftsführer: Martin Bailey

Telefon: +49 (0) 30-80 93 9 680

Fax: +49 (0) 30-80 93 9 687

E-Mail: info@firstberlin.com

Amtsgericht Berlin Charlottenburg HR B 103329 B

UST-Id.: 251601797

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First Berlin Equity Research GmbH

Authored by: Dr. Karsten von Blumenthal, Analyst

All publications of the last 12 months were authored by Dr. Karsten von Blumenthal.

Company responsible for preparation: First Berlin Equity Research GmbH, Friedrichstraße 69, 10117 Berlin

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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.

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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...38	↓	↓	↓	↓
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	18 December 2024	€38.70	Buy	€102.00
43	19 March 2025	€40.20	Buy	€99.00
44	9 April 2025	€36.90	Buy	€97.00
45	11 July 2025	€45.60	Buy	€97.00
46	8 September 2025	€35.00	Buy	€97.00
47	Today	€35.80	Buy	€97.00

INVESTMENT HORIZON

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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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