

# ABO Energy KGaA

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

Update

**RATING**  
**BUY**

**PRICE TARGET**  
**€ 102.00**

Return Potential 196.5%  
 Risk Rating High

## ABO ENERGY HAS LOWERED 2024 NET RESULT GUIDANCE

ABO Energy has lowered 2024 net result guidance from €25m - €31m to €20m - €25m. This is mainly attributable to delays in wind and PV projects in several countries. For 2025E, management is guiding towards net income of €29m to €39m, in particular owing to positive developments in France and Germany. We have lowered our net income forecast for the current year from €28m to €22m. We see our net income forecast of €31m for 2025E confirmed by 2025 guidance. Despite the profit warning, ABO Energy remains a profitable company (net margin 2024 FBe: 7.1%) with good growth prospects for the coming years. After the share price decline in recent months, the share is attractively valued with a 2025E P/E ratio of 10x. An updated DCF model yields a new price target of €102 (previously: €110). We confirm our Buy recommendation.

**Project delays lead to lower guidance** Delays in the construction and sale of turnkey wind farms and PV parks in Hungary, Germany, Spain and Colombia are the main reason for the lower 2024 net result guidance. In addition, the sale of project rights has been postponed until next year due to lower electricity market prices in Finland (wind) and Spain (PV). In addition, a write-down of the value of the ABO Kraft & Wärme shares held by ABO Energy is probable by the end of this year.

**Management expects significantly rising net results in 2025E thanks to positive developments in Germany and France** For 2025E, ABO Energy is guiding towards a net profit of between €29m and €39m. In both countries, we believe the company is well positioned for the coming year with projects that have been approved and have secured feed-in tariffs. In Germany alone, ABO Energy has almost 400 MW of approved projects, of which 270 MW are wind and 125 MW solar. We therefore expect the German market to make substantial contributions to earnings over the next three years.

(p.t.o.)

### FINANCIAL HISTORY & PROJECTIONS

	2021	2022	2023	2024E	2025E	2026E
Revenue (€m)	127.1	231.7	299.7	314.7	395.5	443.0
Y-o-y growth	-14.8%	82.3%	29.4%	5.0%	25.7%	12.0%
EBIT (€m)	22.4	43.1	42.6	43.0	58.2	64.4
EBIT margin	17.7%	18.6%	14.2%	13.7%	14.7%	14.5%
Net income (€m)	13.8	24.6	27.3	22.2	30.8	34.6
EPS (diluted) (€)	1.50	2.67	2.96	2.41	3.34	3.75
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	17.1
Net gearing	45.0%	55.0%	84.5%	91.0%	77.8%	69.8%
Liquid assets (€m)	18.5	87.1	37.2	95.7	110.3	129.3

### 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 28 Nov 2024

Closing Price	€ 34.40
Shares outstanding	9.22m
Market Capitalisation	€ 317.20m
52-week Range	€ 34.10 / 61.20
Avg. Volume (12 Months)	2,064

Multiples	2023	2024E	2025E
P/E	11.6	14.3	10.3
EV/Sales	1.6	1.5	1.2
EV/EBIT	11.3	11.2	8.2
Div. Yield	1.7%	1.6%	1.9%

### 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%



**Success in South Africa** ABO Energy has sold two battery projects in South Africa to the utility Électricité de France (EDF). The projects are stand-alone battery storage systems with an output of 77 MW each and a storage capacity of 308 MWh.

**Hydrogen ramp-up is slow** ABO Energy has built up a green power project pipeline of around 20 GW based on hydrogen projects. The emerging slower ramp-up of the hydrogen economy is likely to lead to a delay in sales and earnings from this pipeline.

**Forecasts for 2024E adjusted** We have lowered our forecasts for 2024E and now expect net income of €22.2m (previously: €28.0m). Guidance for 2025E confirms our previous net income forecast of €30.8m. As the ramp-up of the hydrogen economy is slower than we expected, we have lowered our medium-term growth estimates slightly.

**Figure 1: Revisions to forecasts**

All figures in €m	2024E			2025E			2026E		
	Old	New	Delta	Old	New	Delta	Old	New	Delta
Sales	350.6	314.7	-10%	395.5	395.5	0%	443.0	443.0	0%
EBIT	51.6	43.0	-17%	57.8	58.2	1%	63.7	64.4	1%
margin	14.7%	13.7%		14.6%	14.7%		14.4%	14.5%	
Net income	28.0	22.2	-21%	30.8	30.8	0%	34.6	34.6	0%
margin	8.0%	7.1%		7.8%	7.8%		7.8%	7.8%	
EPS (diluted) in €	3.04	2.41	-21%	3.35	3.34	0%	3.75	3.75	0%

Source: First Berlin Equity Research

**Buy recommendation confirmed with lowered price target** An updated DCF model, which takes our lowered forecasts into account, yields a new price target of €102 (previously: €110). With a 2025E P/E ratio of 10, we consider the share to be attractively valued. We reiterate our Buy recommendation.



## VALUATION MODEL

DCF valuation model								
All figures in EUR '000								
	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
<b>Net sales</b>	<b>314,669</b>	<b>395,512</b>	<b>442,973</b>	<b>487,271</b>	<b>532,897</b>	<b>579,404</b>	<b>626,284</b>	<b>672,970</b>
<b>NOPLAT</b>	<b>31,516</b>	<b>42,355</b>	<b>46,587</b>	<b>53,190</b>	<b>57,254</b>	<b>61,460</b>	<b>65,220</b>	<b>68,997</b>
+ depreciation & amortisation	4,422	3,273	3,646	4,041	4,748	5,414	6,046	6,648
Net operating cash flow	35,938	45,628	50,232	57,231	62,002	66,874	71,266	75,645
- total investments (CAPEX and WC)	-49,366	-20,498	-33,176	-12,417	-36,603	-37,413	-37,852	-37,884
Capital expenditures	-4,720	-5,537	-6,202	-6,822	-7,339	-7,848	-8,341	-8,810
Working capital	-44,646	-14,961	-26,974	-5,595	-29,264	-29,564	-29,511	-29,075
Free cash flows (FCF)	-13,428	25,130	17,057	44,814	25,399	29,461	33,413	37,760
<b>PV of FCF's</b>	<b>-13,351</b>	<b>23,384</b>	<b>14,854</b>	<b>36,524</b>	<b>19,369</b>	<b>21,027</b>	<b>22,318</b>	<b>23,604</b>

All figures in thousands			
PV of FCFs in explicit period (2024E-2038E)	337,817		
PV of FCFs in terminal period	764,836		
Enterprise value (EV)	1,102,654		Terminal growth
+ Net cash / - net debt	-162,909		Terminal EBIT margin
+ Investments / minority interests	21		
Shareholder value	939,766		
Number of shares (diluted)	9,221		
<b>Fair value per share in EUR</b>	<b>101.92</b>		

WACC		WACC	Terminal growth rate						
			1.5%	2.0%	2.5%	3.0%	3.5%	4.0%	4.5%
Cost of equity	10.7%	5.4%	133.75	146.76	164.33	189.37	227.94	295.04	440.92
Pre-tax cost of debt	4.5%	5.9%	113.18	122.23	133.99	149.86	172.48	207.33	267.95
Tax rate	34.0%	6.4%	96.99	103.48	111.65	122.26	136.58	157.00	188.45
After-tax cost of debt	3.0%	6.9%	83.95	88.70	94.55	101.92	111.48	124.40	142.81
Share of equity capital	50.0%	7.4%	73.23	76.78	81.07	86.33	92.97	101.58	113.22
Share of debt capital	50.0%	7.9%	64.29	66.98	70.18	74.03	78.77	84.74	92.48
<b>Price target in EUR</b>	<b>102.00</b>	<b>8.4%</b>	56.74	58.80	61.22	64.09	67.55	71.80	77.16

\* 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
<b>Revenues</b>	<b>127,109</b>	<b>231,658</b>	<b>299,685</b>	<b>314,669</b>	<b>395,512</b>	<b>442,973</b>
Changes in inventory	60,346	76,434	96,603	106,988	111,930	115,173
Own work	0	0	0	0	0	0
<b>Total output</b>	<b>187,455</b>	<b>308,092</b>	<b>396,288</b>	<b>421,657</b>	<b>507,442</b>	<b>558,147</b>
Cost of goods sold	78,280	148,807	210,278	212,402	268,157	299,893
<b>Gross profit</b>	<b>109,175</b>	<b>159,285</b>	<b>186,010</b>	<b>209,255</b>	<b>239,285</b>	<b>258,254</b>
Personnel costs	63,397	77,730	98,187	110,780	120,631	132,892
Other operating income	5,141	5,111	10,479	6,293	7,910	11,074
Other operating expenses	20,440	29,694	38,965	44,368	51,417	54,043
<b>EBITDA</b>	<b>30,479</b>	<b>56,972</b>	<b>59,337</b>	<b>60,400</b>	<b>75,147</b>	<b>82,393</b>
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
<b>Operating income (EBIT)</b>	<b>22,448</b>	<b>43,124</b>	<b>42,636</b>	<b>42,969</b>	<b>58,216</b>	<b>64,405</b>
Net financial result	-1,485	-4,887	-865	-9,282	-11,567	-11,997
<b>Pre-tax income (EBT)</b>	<b>20,963</b>	<b>38,238</b>	<b>41,771</b>	<b>33,688</b>	<b>46,648</b>	<b>52,409</b>
Income taxes	7,152	13,661	14,548	11,454	15,860	17,819
Minority interests	-6	13	29	0	0	0
<b>Net income / loss</b>	<b>13,804</b>	<b>24,590</b>	<b>27,252</b>	<b>22,234</b>	<b>30,788</b>	<b>34,590</b>
<b>Diluted EPS (in €)</b>	<b>1.50</b>	<b>2.67</b>	<b>2.96</b>	<b>2.41</b>	<b>3.34</b>	<b>3.75</b>
<b>Ratios</b>						
Gross margin on total output	58.2%	51.7%	46.9%	49.6%	47.2%	46.3%
EBITDA margin on revenues	24.0%	24.6%	19.8%	19.2%	19.0%	18.6%
EBIT margin on revenues	17.7%	18.6%	14.2%	13.7%	14.7%	14.5%
EBT margin on revenues	16.5%	16.5%	13.9%	10.7%	11.8%	11.8%
Net margin on revenues	10.9%	10.6%	9.1%	7.1%	7.8%	7.8%
Tax rate	34.1%	35.7%	34.8%	34.0%	34.0%	34.0%
<b>Expenses as % of revenues</b>						
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%	3.2%
Other operating expenses	16.1%	12.8%	13.0%	14.1%	13.0%	12.2%
<b>Y-Y Growth</b>						
Revenues	-14.8%	82.3%	29.4%	5.0%	25.7%	12.0%
Operating income	-0.1%	92.1%	-1.1%	0.8%	35.5%	10.6%
Net income/ loss	5.2%	78.1%	10.8%	-18.4%	38.5%	12.3%



## BALANCE SHEET

All figures in EUR '000	2021A	2022A	2023A	2024E	2025E	2026E
<b>Assets</b>						
<b>Current assets, total</b>	<b>282,609</b>	<b>437,621</b>	<b>479,984</b>	<b>587,989</b>	<b>627,317</b>	<b>677,178</b>
Cash and cash equivalents	18,472	87,075	37,170	95,706	110,290	129,264
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	72,818
Inventories	133,019	124,152	208,109	244,407	264,484	287,569
Other current assets	105,708	187,664	175,492	175,492	175,492	175,492
<b>Non-current assets, total</b>	<b>14,451</b>	<b>13,643</b>	<b>13,961</b>	<b>14,259</b>	<b>16,523</b>	<b>19,079</b>
Property, plant & equipment	7,234	9,043	10,071	10,133	12,042	14,227
Goodwill & other intangibles	1,474	1,574	1,125	1,361	1,716	2,087
Financial assets	5,743	3,026	2,765	2,765	2,765	2,765
Other assets	0	0	0	0	0	0
<b>Total assets</b>	<b>297,060</b>	<b>451,264</b>	<b>493,945</b>	<b>602,248</b>	<b>643,841</b>	<b>696,257</b>
<b>Shareholders' equity &amp; debt</b>						
<b>Current liabilities, total</b>	<b>56,483</b>	<b>97,545</b>	<b>90,635</b>	<b>123,684</b>	<b>120,574</b>	<b>246,795</b>
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	36,973
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
<b>Long-term liabilities, total</b>	<b>90,713</b>	<b>183,661</b>	<b>210,538</b>	<b>268,538</b>	<b>288,538</b>	<b>186,229</b>
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
<b>Minority interests</b>	<b>41</b>	<b>36</b>	<b>21</b>	<b>21</b>	<b>21</b>	<b>21</b>
<b>Shareholders' equity</b>	<b>149,823</b>	<b>170,022</b>	<b>192,751</b>	<b>210,006</b>	<b>234,708</b>	<b>263,212</b>
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	208,352
<b>Total consolidated equity and debt</b>	<b>297,060</b>	<b>451,264</b>	<b>493,945</b>	<b>602,248</b>	<b>643,841</b>	<b>696,257</b>
<b>Ratios</b>						
Current ratio (x)	5.00	4.49	5.30	4.75	5.20	2.74
Quick ratio (x)	2.65	3.21	3.00	2.78	3.01	1.58
Net debt	67,475	93,505	162,909	191,152	182,568	183,594
Net gearing	45.0%	55.0%	84.5%	91.0%	77.8%	69.8%
Book value per share (in €)	16.25	18.44	20.90	22.77	25.45	28.55
Equity ratio	50.4%	37.7%	39.0%	34.9%	36.5%	37.8%
Return on equity (ROE)	9.2%	14.5%	14.1%	10.6%	13.1%	13.1%
Return on assets (ROA)	5.4%	6.7%	7.0%	5.4%	6.8%	6.9%
Return on investment (ROI)	4.6%	5.4%	5.5%	3.7%	4.8%	5.0%
Return on average capital employed (ROCE)	12.1%	17.7%	13.6%	11.2%	14.1%	14.8%
Days of sales outstanding (DSO)	31	42	57	70	60	60
Days inventory outstanding (DIO)	620	305	361	420	360	350
Days in payables (DIP)	65	47	32	40	45	45



## CASH FLOW STATEMENT

All figures in EUR '000	2021A	2022A	2023A	2024E	2025E	2026E
<b>EBIT</b>	<b>22,448</b>	<b>43,111</b>	<b>42,636</b>	<b>42,969</b>	<b>58,216</b>	<b>64,405</b>
Depreciation and amortisation *	1,929	3,002	4,312	4,422	3,273	3,646
<b>EBITDA</b>	<b>24,377</b>	<b>46,113</b>	<b>46,948</b>	<b>47,392</b>	<b>61,488</b>	<b>68,051</b>
Changes in working capital	-68,555	-61,723	-105,464	-44,646	-14,961	-26,974
Other adjustments	-6,558	1,761	-4,481	-11,454	-15,860	-17,819
<b>Operating cash flow</b>	<b>-50,736</b>	<b>-13,850</b>	<b>-62,997</b>	<b>-8,708</b>	<b>30,667</b>	<b>23,258</b>
Investments in PP&E	-2,941	-4,597	-4,549	-4,091	-4,746	-5,316
Investments in intangibles	-375	-654	-809	-629	-791	-886
<b>Free cash flow</b>	<b>-54,052</b>	<b>-19,101</b>	<b>-68,355</b>	<b>-13,428</b>	<b>25,130</b>	<b>17,057</b>
Acquisitions & disposals, net	462	249	488	0	0	0
Other investments	-1,004	2,872	6,712	0	0	0
<b>Investment cash flow</b>	<b>-3,858</b>	<b>-2,130</b>	<b>1,842</b>	<b>-4,720</b>	<b>-5,537</b>	<b>-6,202</b>
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	-11,997
<b>Financing cash flow</b>	<b>20,287</b>	<b>84,207</b>	<b>10,065</b>	<b>71,965</b>	<b>-10,546</b>	<b>1,917</b>
FOREX & other effects	19	376	1,185	0	0	0
<b>Net cash flows</b>	<b>-34,288</b>	<b>68,603</b>	<b>-49,905</b>	<b>58,536</b>	<b>14,583</b>	<b>18,974</b>
Cash, start of the year	52,798	18,472	87,075	37,170	95,706	110,290
<b>Cash, end of the year</b>	<b>18,510</b>	<b>87,075</b>	<b>37,170</b>	<b>95,706</b>	<b>110,290</b>	<b>129,264</b>
<b>EBITDA/share (in €)</b>	<b>3.31</b>	<b>6.18</b>	<b>6.44</b>	<b>6.55</b>	<b>8.15</b>	<b>8.94</b>
<b>Y-Y Growth</b>						
Operating cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	-24.2%
Free cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	-32.1%
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%	9.6%

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

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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 <sup>1</sup>	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%

<sup>1</sup> 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...32	↓	↓	↓	↓
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	17 June 2024	€53.80	BUY	€110.00
40	6 September 2024	€45.10	Buy	€110.00
41	Today	€34.40	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

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

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