METZLER
Capital Markets

company report

ABO Energy (AB9 GY) | Utilities/Renewables

March 24, 2025

Profits set to almost double by 2027

Investor focus is returning to the renewables sector, and we see ABO Energy as an outstanding investment opportunity in this space. So far, the company's shares have lagged well behind the sector-wide recovery, the valuation is historically low and the company brings decades of expertise, a leading position in the booming German market and exceptionally strong earnings momentum. The company expects to nearly double its profits over the next three years. Until now, we have taken a more cautious approach in our estimates. However, we are now revising them upward based on two key factors: a) The election results in Germany, which ensure continued political support for climate protection. This is further reinforced by the EUR 100 billion subsidy package for climate protection measures that was approved last week b) A deeper analysis of ABO Energy's project pipeline and the application of historical execution patterns to refine our estimates. Specifically: Of ABO Energy's 16 GW project pipeline in Europe, 2.6 GW have already received approval (Phase II+III), with approximately 560 MW currently under construction (Phase III). According to our calculations, these projects alone are enough to increase profits by more than 50% by 2026. The pool of early-stage projects (Phase I) is so large that the profit increase can continue dynamically in the following years.

- We expect net profit to grow at a CAGR of 21% by 2027.
- Valuation: ABO Energy trades at a PER ratio 2027 of 8.2x, its Renewables peers at 23.4x on average.

Fundamentals (in EUR m)[1]	2021	2022	2023	2024e	2025e	2026e
Sales	127	232	300	347	383	466
EBITDA	30	57	59	64	73	89
EBIT	22	43	42	46	54	65
EPS adj. (EUR)	1.50	2.67	2.96	2.78	3.43	4.26
DPS (EUR)	0.49	0.54	0.60	0.64	0.70	0.80
BVPS (EUR)	16.25	18.44	20.90	23.07	25.94	29.63
Net Debt incl. Provisions	74	92	153	262	268	260
Ratios[1]	**2021**	**2022**	**2023**	**2024e**	**2025e**	**2026e**
EV/EBITDA	19.3	13.6	9.0	9.3	8.9	7.2
EV/EBIT	26.2	18.0	12.5	12.9	12.1	9.8
P/E adj.	37.3	27.8	13.9	13.0	12.0	9.7
Dividend yield (%)	0.9	0.7	1.5	1.8	1.7	1.9
EBITDA margin (%)	24.0	24.6	19.8	18.5	19.0	19.0
EBIT margin (%)	17.7	18.6	14.2	13.3	14.0	14.0
Net debt/EBITDA	2.4	1.6	2.6	4.1	3.7	2.9
PBV	3.4	4.0	2.0	1.6	1.6	1.4

[1]Sources: Bloomberg, Metzler Research

Buy unchanged

Price* **EUR 41.30**

Price target **EUR 91.00** (85.00)

* XETRA trading price at the close of the previous day unless stated otherwise in the Disclosures

Market Cap (EUR m)[1]	381
Enterprise Value (EUR m)[1]	649
Free Float (%)[1]	38.0

Price (in EUR)[1]

Performance (in %)[1]	1m	3m	12m
Share	9.0	18.0	-28.8
Rel. to SDAX	1.3	-0.9	-38.4

Changes in estimates (in %)[1]	2024e	2025e	2026e
Sales	0.0	4.0	22.0
EBIT	15.0	10.8	10.0
EPS	0.0	3.8	7.9

Sponsored Research

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Company profile

CEO: Dr. Karsten Schlageter CFO: Alexander Reinicke Wiesbaden

The renewables project developer ABO Energy, founded in 1996 and now active in 15 countries, has its roots in wind power, but in recent years has also expanded its wind farm management activities through services such as maintenance and the construction of transformer stations and solar parks.

Major shareholders

Family Ahn (26%), Family Bockholt (26%), Mainova AG (10%)

Key figures

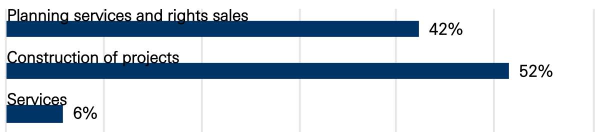
P&L (in EUR m)	2021	%	2022	%	2023	%	2024e	%	2025e	%	2026e	%
Sales	**127**	**-14.8**	**232**	**82.3**	**300**	**29.4**	**347**	**15.7**	**383**	**10.5**	**466**	**21.7**
EBITDA	**30**	**-12.3**	**57**	**87.0**	**59**	**4.0**	**64**	**8.1**	**73**	**13.5**	**89**	**21.7**
EBITDA margin (%)	24.0	2.9	24.6	2.6	19.8	-19.6	18.5	-6.5	19.0	2.7	19.0	0.0
EBIT	**22**	**0.0**	**43**	**92.2**	**42**	**-1.5**	**46**	**8.5**	**54**	**16.3**	**65**	**21.7**
EBIT margin (%)	17.7	17.3	18.6	5.5	14.2	-23.9	13.3	-6.2	14.0	5.3	14.0	0.0
Financial result	**-1**	**15.3**	**-5**	**-228.9**	**-1**	**82.5**	**-8**	**-896.5**	**-9**	**-5.5**	**-9**	**-1.7**
EBT	**21**	**1.3**	**38**	**82.6**	**42**	**8.8**	**38**	**-9.7**	**45**	**18.7**	**56**	**25.7**
Taxes	7	-5.8	14	91.0	14	5.4	12	-16.7	13	8.3	17	29.5
Tax rate (%)	34.1	n.a.	35.7	n.a.	34.6	n.a.	31.9	n.a.	29.1	n.a.	30.0	n.a.
Net income	14	5.3	25	78.2	27	10.7	26	-6.0	32	23.6	39	24.1
Minority interests	0	100.0	0	n.a.	-0	n.a.	0	100.0	0	n.a.	0	n.a.
Net Income after minorities	**14**	**5.3**	**25**	**78.2**	**27**	**10.8**	**26**	**-6.1**	**32**	**23.6**	**39**	**24.1**
Number of shares outstanding (m)	9	0.0	9	0.0	9	0.0	9	0.0	9	0.0	9	0.0
EPS adj. (EUR)	**1.50**	**5.3**	**2.67**	**78.2**	**2.96**	**10.8**	**2.78**	**-6.1**	**3.43**	**23.6**	**4.26**	**24.1**
DPS (EUR)	**0.49**	**8.9**	**0.54**	**10.2**	**0.60**	**11.1**	**0.64**	**6.7**	**0.70**	**9.4**	**0.80**	**14.3**
Dividend yield (%)	0.9	n.a.	0.7	n.a.	1.5	n.a.	1.8	n.a.	1.7	n.a.	1.9	n.a.

Cash Flow (in EUR m)	2021	%	2022	%	2023	%	2024e	%	2025e	%	2026e	%
Gross Cash Flow	**20**	**-52.4**	**70**	**244.1**	**42**	**-39.0**	**44**	**2.8**	**60**	**37.1**	**73**	**21.4**
Increase in working capital	**-67**	**n.a.**	**-83**	**n.a.**	**-105**	**n.a.**	**-145**	**n.a.**	**-57**	**n.a.**	**-54**	**n.a.**
Capital expenditures	**4**	**11.1**	**2**	**-42.3**	**2**	**-22.1**	**2**	**11.1**	**3**	**50.0**	**4**	**33.3**
D+A/Capex (%)	200.8	n.a.	599.4	n.a.	933.3	n.a.	900.0	n.a.	638.3	n.a.	582.4	n.a.
Free cash flow (Metzler definition)	**-51**	**-177.7**	**-16**	**68.5**	**-65**	**-302.2**	**-103**	**-59.6**	**-0**	**99.8**	**14**	**n.m.**
Free cash flow yield (%)	-10.0	n.a.	-2.4	n.a.	-17.1	n.a.	-31.1	n.a.	-0.1	n.a.	3.8	n.a.
Dividend paid	4	7.1	5	8.9	5	10.2	6	11.1	6	6.7	6	9.4
Free cash flow (post dividend)	**-55**	**-189.3**	**-21**	**62.7**	**-70**	**-238.3**	**-109**	**-56.1**	**-6**	**94.4**	**8**	**228.2**

Balance sheet (in EUR m)	2021	%	2022	%	2023	%	2024e	%	2025e	%	2026e	%
Assets	**297**	**14.0**	**451**	**51.9**	**494**	**9.5**	**621**	**25.7**	**695**	**11.9**	**770**	**10.8**
Goodwill	**0**	**n.a.**	**0**	**n.a.**	**0**	**n.a.**	**0**	**n.a.**	**0**	**n.a.**	**0**	**n.a.**
Shareholders' equity	**150**	**7.0**	**170**	**13.5**	**193**	**13.4**	**213**	**10.4**	**239**	**12.5**	**273**	**14.2**
Equity/total assets (%)	50.4	n.a.	37.7	n.a.	39.0	n.a.	34.3	n.a.	34.4	n.a.	35.5	n.a.
Net Debt incl. Provisions	**74**	**892.2**	**92**	**24.3**	**153**	**66.3**	**262**	**71.2**	**268**	**2.3**	**260**	**-2.9**
thereof pension provisions	**0**	**n.a.**	**0**	**n.a.**	**0**	**n.a.**	**0**	**n.a.**	**0**	**n.a.**	**0**	**n.a.**
Gearing (%)	49.4	n.a.	54.1	n.a.	79.4	n.a.	123.1	n.a.	112.0	n.a.	95.2	n.a.
Net debt/EBITDA	2.4	n.a.	1.6	n.a.	2.6	n.a.	4.1	n.a.	3.7	n.a.	2.9	n.a.

Structure

Sales by area of activity 2023



Sources: Bloomberg, Metzler Research

Executive Summary

A compelling business model in a constructive environment

Decision-makers at the European and German level have once again clearly committed themselves to the path of electrification and decarbonization. The topic of alternative energies is gaining additional momentum due to the desire for greater energy independence from resource-rich countries. All this is bringing the renewable energy sector back into the focus of investors.

We consider the project developer ABO Energy to be a particularly attractive investment in this sector. The company is a proven expert in the field of renewables, it is very well positioned in its home market of Germany, and its stock is still relatively cheap. On a positive note, transparency has gradually improved in recent years and the company is making more and more data available. For people outside the company, it is becoming progressively easier to recognize patterns and to model revenues and profits more accurately. Finally, it should be noted that ABO Energy does not depend solely on the German market. The broad regional diversification has demonstrably paid off on multiple occasions. For example, in the years when the home market of Germany offered fewer opportunities, such as between 2017 and 2023, profits were generated in countries such as Finland, Greece and Spain. The attained size and constant filling of the pipeline across different regions and regimes should continue to have a positive impact on the controllability and predictability of business performance and earnings development.

ABO Energy expects to roughly double its profits over the next three years. So far, we have been somewhat more cautious in our estimates. However, we are now adjusting them upwards. The basis for this is a) the election result in Germany, which means that political support for climate protection will continue. This is further boosted by the EUR 100bn subsidy package for climate protection measures approved last week b) our even deeper analysis of the project pipeline and application of historical execution patterns to our estimates.

Specifically: Of ABO Energy's 16 GW project pipeline in Europe, 2.6 GW have already received approval (Phase II+III), with approximately 560 MW currently under construction (Phase III). According to our calculations, these Phase II and III projects alone are enough to increase profits by more than 50% by 2026. We assume a success rate of only about 50% for project completions, while this rate is usually around 75-80% for projects at these advanced stages. ABO Energy's pool of early-stage projects (Phase I) is so large that the profit increase can continue dynamically in the following years. By 2027, we expect profits to almost double compared to 2024.

ABO Energy trades at a PER ratio 2027 of 8.2x, its Renewables peers at 23.4x on average. So far, the ABO Energy share has lagged well behind the sector-wide recovery.

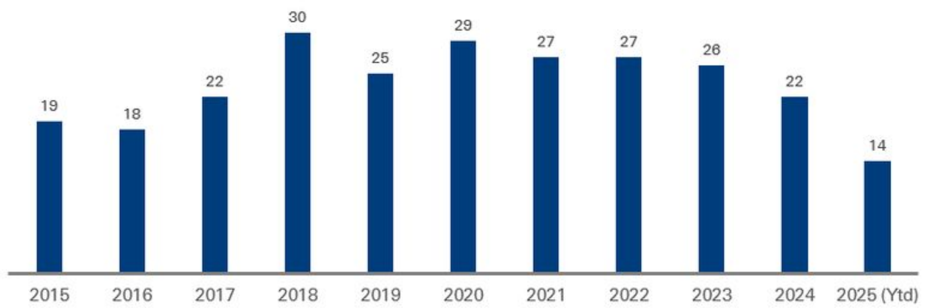
Investment Case

Political tailwind for renewables continues

In Germany, the outgoing government has set the course for an accelerated expansion of renewables

The previous government in Germany, made up of the SPD, FDP and Greens ('Ampel'), set the course for accelerating the expansion of renewables during its term in office. In particular, the processes surrounding approval procedures and land clearances were significantly accelerated.

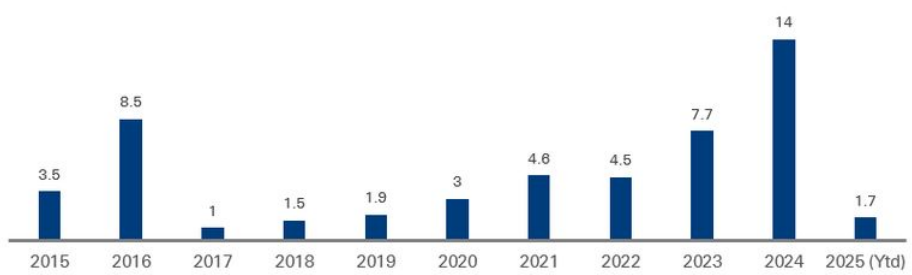
Average duration of approval phase for wind projects in Germany
in months



Source: Goal100

The number of permits issued has subsequently increased significantly.

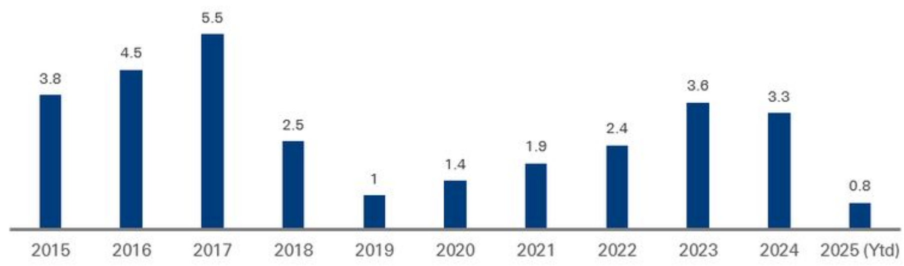
Approved capacity (wind)
in GW



Source: Goal100

Actual istallations have not yet accelerated accordingly.

Commissioned capacity in GW



Source: Goal100

One reason for this is that the average duration of the realization phase has already been around 1.5 years in recent years. Bottlenecks in components in particular have recently extended the average realization period to over two years. However, supply chains appear to have stabilized in the meantime.

A new government in Germany - with an additional budget of EUR 100 billion for climate protection measures

The likely new government in Germany has kicked off with a big bang. It is planning a multi-billion financial package for defense and infrastructure. To make this possible, the constitution needs to be changed in several places. The coalition partners secured the 2/3 majority needed for this in the outgoing parliament. Given the distribution of seats, they would have not been able to do so in the new parliament. The Greens, who secured the majority, stipulated that EUR 100 billion from the debt-financed, EUR 500 billion infrastructure pot should flow into climate protection and the climate-friendly transformation of the economy. Although the CDU has certain reservations about renewables and, for example, wanted to have the recommissioning of old nuclear power plants examined during the election campaign, both coalition partners are nevertheless in agreement on fundamental goals such as the further expansion of renewables, achieving climate neutrality by 2045 and phasing out coal by 2038. The so-called special fund of EUR 500 billion is to apply for a period of twelve years.

Specifically, the EUR 100 billion for climate protection is now to be transferred to the Climate and Transformation Fund (KTF). This fund contains a number of climate projects, such as the climate-neutral conversion of industry, the promotion of electromobility and heating subsidies.

What are the next/final steps in forming the new government in Germany?

- On March 24, the working groups of the coalition negotiations are to present their text proposals for the coalition agreement, after which the smaller steering group will deal with them.
- The new Bundestag is constituted on March 25.
- Easter (April 20) is the latest date by which CDU chancellor candidate Friedrich Merz (CDU) wants to have formed a government.

Clean Industrial Deal - the EU continues to fuel electrification and thus demand for electricity

At the EU level, the latest initiative in this context is the Clean Industrial Deal (CID), which was presented on February 26, 2025. The idea of the CID underscores the European Commission's assessment that the electrification path is the only way for the EU to be able to compete in the long term, especially against resource-rich competitors.

The aim is to accelerate electrification and to integrate it into the continent's industrial base. In the context of this study, we would like to highlight a few points from the Act:

- approval times for grid expansion, storage capacities and renewables are to be shortened across Europe

- the demand for 'green' products is to be strengthened, e.g. through corresponding procurement requirements for public institutions and projects

- tax incentives are to be granted (shorter depreciation periods for green assets)

- the CID also lists a whole range of EU funding opportunities. These include measures to promote Power Purchase Agreements (PPAs). To support their wider adoption, the European Investment Bank will provide counter-guarantees for PPAs. These guarantees will partially secure payments to electricity producers, stepping in if the PPA buyer becomes insolvent. By mitigating the financial risk for power producers, the program aims to make PPAs more accessible also to smaller businesses with lower liquidity, encouraging a wider adoption of long-term clean energy contracts

- the introduction of social leasing is also proposed. This involves providing favorable leasing conditions for private individuals to 'purchase' 'green' products such as electric cars or heat pumps

- for individual sectors, such as the automotive industry, steelmakers, the chemical industry or the transport sector, specific action plans have been developed with keywords ranging from future technologies to production support and charging infrastructure

ABO Energy – a developer pure-play with a huge pipleline

Robust earnings performance through regional diversification and optimal production depth

Project developers play a key role in implementing the energy transition from conventional power generation to renewables. The planning and construction of projects require a very high degree of expertise, the lead time of the projects from c. three (solar) to c. five years (wind) a high degree of entrepreneurial competence and foresight.

The project developer ABO Energy, founded in 1996 and now active in 15 countries, has its roots in wind power, but has also expanded its expertise to include PV and battery technologies in recent years.

One notable difference in the service portfolio with which ABO Energy stands out from most competitors is the technological expertise to build and later operate transformer stations itself. Grid connections are a bottleneck in the expansion of renewable energies and the otherwise responsible grid providers complain about scarce capacities to be able to serve all the requests. Against this background, we rate this in-house expertise very positively.

Unlike many of its competitors, ABO Energy does not operate own wind or solar farms. The disadvantage of this strategy is the low share of recurring revenues. The advantage is the focus as well as a relatively low capital commitment.

Since its foundation ABO Energy has reported profits. The stabilization of the annual results, a big challenge in the project or developer industry with projects whose execution extends over many years, is achieved by ABO Energy through a good regional diversification and also through diversification into services and solar technology.

Very robust earnings trend with positive momentum
in EURm

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 (prelim)
Net income	0.7	3.2	4.2	9	4.1	5.3	7.8	16.5	17	12.8	11.4	13.1	13.8	24.6	27.3	25.6

Sources: ABO Energy, Metzler Research

Increasing transparency improves understanding and predictability of the business model for investors

Since the end of 2019, ABO Energy has been publishing a regularly updated detailed overview of the development pipeline broken down by country and development phase. As mentioned above, the implementation of individual projects can take 5 or more years and therefore they go through various development phases before they are finally sold.

Together with the regional sales split, which the company also provides, the consistency of the pipeline and realization patterns, i.e. how the pipeline can be converted into concrete sales and profits, can be increasingly better understood.

For a good year now, the company has been communicating profit targets for the next four years.

An investor call with the management board is also planned for the first time for the presentation of the 2024 annual report in April.

Development pipeline with strong growth

Since the end of 2019, the development pipeline has grown from around 10.3 GW worldwide and 5.7 GW in Europe to 24.8 GW worldwide and 15.9 GW in Europe.

ABO Energy - pipeline (status November 2019)

Country	**Phase I** (Areas secured, approval in progress)	**Phase II** (Approval achieved, building maturity in progress)	**Phase III** (In implementation)	Total
Germany	950	45	23	1018
France	950	45	29	1024
Finland	1400	165	0	1565
Ireland	173	45	11	229
Spain	1000	0	0	1000
Greece	600	0	38	638
Poland	0	21	0	21
Hungary	0	0	5	5
UK	200	40	0	240
Total Europe	5273	361	106	5740
Argentine	900	900	0	1800
Columbia	500	0	0	500
Canada	300	10	0	310
Southafrica	1000	600	0	1600
Tansania	250	0	0	250
Tunesia	*40*	*50*	*2*	92
Total by phase	*8263*	*1921*	*108*	10292
Total Europe		***5740***		
TOTAL		**10292**		

Source: ABO Energy, Metzler Research

Pipeline update from August 2024

Country	**Phase I** (Areas secured, approval in progress)	**Phase II** (Approval achieved, building maturity in progress)	**Phase III** (In implementation)	**Total**
Germany	3950	150	300	4400
France	1360	170	70	1600
Finland	5200	100	0	5300
Ireland	490	60	0	550
Spain	625	425	100	1150
Greece	300	700	0	1000
Poland	780	20	0	800
Hungary	110	0	90	200
UK	380	370	0	750
Netherlands	60	40	0	100
Total Europe	*13255*	*2035*	*560*	15850
Argentine	600	700	0	1300
Columbia	280	500	20	800
Canada	1200	0	0	1200
Southafrica	2500	3000	0	5500
Tunesia	140	10	0	150
Total by phase	*17975*	*6245*	*580*	24800
Total Europe		***15850***		
TOTAL		**24800**		

Sources: ABO Energy, Metzler Research

The company states that around 60% of the pipeline is attributable to wind projects, around 35% to PV systems and around 5% to battery projects.

ABO Energy's geographical sales focus has shifted repeatedly over the years. Since 2011, Germany has accounted for around ¾ of sales at the peak in 2016 and only around 1/3 at the trough in 2020.

Regional sales split
in %

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	H1 2024
Germany	45	55	61	64	70	75	45	48	42	35	50	35	40	58
France	*8*	*40*	*23*	*29*	*20*	*6*	*14*	*13*	*29*	*24*	*24*	*27*	*11*	*6*
Finland	*0*	*0*	*0*	*5*	*10*	*11*	*35*	*23*	*8*	*4*	*10*	*13*	*17*	*6*
Spain	*0*	*3*	*0*	*0*	*0*	*1*	*2*	*1*	*11*	*9*	*7*	*12*	*16*	*22*
Uk	*5*	*0*	*0*	*0*	*0*	*0*	*3*	*0*	*3*	*0*	*0*	*1*	*0*	*0*
Other (Greece, Ireland etc.)	*42*	*2*	*16*	*2*	*0*	*7*	*1*	*15*	*7*	*28*	*9*	*12*	*16*	*8*

Sources: ABO Energy, Metzler Research

In addition to the wind, PV and battery pipeline, ABO Energy has also built a 20 GW pipeline for hydrogen projects, of which 9 GW is attributable to Canada, 5 GW to South Africa, 3 GW to Argentina, 1 GW each to Finland and Spain and 1.5 GW to Tunisia. ABO Energy reports the hydrogen pipeline separately, as its probability of implementation and timeliness are likely to differ significantly from those of the 'conventional' pipeline. In our opinion, this approach makes sense in view of the many project postponements in the hydrogen sector and uncertainties regarding related costs and infrastructure.

Our model assumptions

The assumptions that we derive from our pipeline analysis are as follows:

a) approximately 60% of the Phase III projects (in implementation) are completed/ sold in the current year and around 40% in the following year (t+1). A small proportion may fall due in the year after next (t+2).

b) Phase II projects (approvals achieved) are completed/sold also in approximately 60% of the cases in the *following year* (t+1) and in approximately 40% of the cases in the year after next (t+2).

c) the first Phase I projects (implementation phase) start to be completed in roughly the year after next (t+2) at a rate of almost 10%. And in the following years (t+3, t+4, etc.) at a rate of about 15% p.a. Overall, the Phase III projects will then be completed in about 7 years.

The probability of Phase I projects being realized varies from country to country. In Germany, it is around 80%, and in most other European countries around 60%. For Phase II projects, this rate is around 90% and 70%, and for Phase III projects, almost 100% and around 80%. All rates relate to the pipeline of a particular year. In the following years, new projects are acquired again. In recent years, new acquisitions regularly exceeded project implementation, so that the Phase I pipeline has grown steadily in net terms.

Of course, these 'rules' only work for disruption-free markets, i.e. changes in the subsidy regime or other exogenous effects on project implementation cannot be mapped/modelled in this way.

For the next 5 years, we derive the following realization volumes for fully developed, i.e. ready-to-build or turnkey, projects from the above considerations.

Project completions (ready-to-build or turnkey)
in MW

	2025e	2026e	2027e	2028e	2029e
Germany	180	210	455	514	533
International	128	186	88	120	150
Total	308	396	543	634	683

Source: Metzler Research

This projection does not include the occasional sale of projects at earlier stages of development, which generally generate significantly lower margins.

In Germany, ABO Energy obtained approvals for 335 MW of wind turbines in 2024 after around 110 MW in the previous year and for 125 MW of PV systems after around 27 MW in the previous year.

Financials

We expect ABO Energy's equity ratio to decline to around 34% as of YE 2024, or around 54% if subordinated bonds totaling around EUR121m are taken into account. The equity ratio has fallen in recent years, mainly as a result of the upfront investments associated with building up the development pipeline.

Equity ratio impacted by expansion course
in %

	2020	2021	2022	2023	2024e	2025e	2026e	2027e	2028e	2029e
stated equity	56	50	38	39	34	34	36	36	38	37
incl. subordinated debt	61	69	50	50	54	52	51	51	51	50

Source: Metzler Research

The EBIT margin is heavily influenced by the country and technology in which the system is installed. In general, it can be said that projects in Germany are usually more profitable than those abroad. The same applies to wind projects compared to PV projects. In 2022, ABO Energy was able to realize above-average prices due to the gas crisis at the time. The year 2024 is negatively impacted by project delays.

EBIT margin
in %

2020	2021	2022	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e
15.1	17.7	18.6	14.2	13.3	14.0	14.0	13.9	13.8	13.7	13.6

Source: Metzler Research

The company communicates the following profit targets for the coming years:

ABO Energy's targets for net profit
in EUR m

2024	2025	2026	2027	2028
25.6 (prelim.)	29 - 39	37 - 49	43 - 57	50 - 66

Source: ABO Energy

The company expects profit to roughly double by 2027 and to continue to rise thereafter.

Over the next few years, the business focus will primarily be on wind and PV in the German market. Other areas of focus will be solar in France, wind power in Spain and batteries in Germany, Spain and the UK.

Instead of turnkey construction, in future projects will increasingly be sold before completion, i.e. ready-to-build.

After a phase of strong staff growth, the headcount is to be kept roughly stable over the next few years. At the same time, the focus is now to be placed on greater efficiency in operations and overheads as well as on IT standardization.

Employees

2017	2018	2019	2020	2021	2022	2023	2024e
430	510	590	690	955	1036	1200	1500

Source: Metzler Research

The company's dividend policy provides for a payout ratio of approximately one-third of net income. However, dividend continuity enjoys priority.

Valuation

ABO Enery trades at a significant discount to peers

We use absolute and relative valuation methods to calculate the fair value of shares in ABO Energy.

As our absolute valuation method we use a discounted cash flow (DCF) model. Our relative valuation comprises a comparison of ABO Energy with a peer group of listed companies.

Based on the results of our absolute and relative valuations, the fair value of ABO Energy is EUR 91 per share.

Our price target is derived from the mean of the two valuation models
in EUR

	Estimated fair value
DCF model	92
Peer group analysis	89
Average	**91**

Source: Metzler Research

As a first step, we value shares in ABO Energy using our DCF model.

DCF Model	Phase I: Explicit forecasts			Phase II: Transition period					
(in EUR m)	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	TV
Sales	383	466	537	607	663	728	772	795	803
Change yoy (in %)	9.4%	21.7%	15.2%	13.1%	9.3%	9.7%	6.0%	3.1%	1.0%
EBIT	54	65	75	84	91	99	104	107	104
EBIT margin (in %)	14.0%	14.0%	13.9%	13.8%	13.7%	13.6%	13.5%	13.50%	13.0%
Taxes	13	17	20	22	24	29	31	32	31
Tax rate (in %)	30%	30%	30%	30%	30%	30%	30%	30%	30%
NOPAT	41	48	55	62	67	70	73	75	73
NOPAT margin (in %)	10.6%	10.4%	10.3%	10.2%	10.1%	9.6%	9.5%	9.5%	9.1%
Depreciation & amotisation	19	23	27	30	33	36	39	40	40
in % of sales	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Change in working capital	-57	-54	-45	-31	-24	-16	-14	-7	-4
	582	636	681	712	736	752	766	773	
CAPEX	3	4	4	5	5	6	6	6	
in % of sales	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	
Capex / D&A	0.16	0.16	0.16	0.16	0.16	0.16	0.16	0.16	
FCF	0	14	32	56	71	84	92	101	109
WACC	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%	8.1%
Present value FCF	0	12	26	41	48	53	53	54	825

Calculation of fair value per share

Sum of present values	1,112
- thereof TV	74%
Net cash incl. pensions	262
Fair equity value	850
No. of shares (in million)	9.2
Fair value per share	**92**

Source: Metzler Research

The DCF model is very sensitive to changes in the variables used, especially the terminal growth rate and long-term EBIT margin.

Sensitivity analysis of estimated fair value to terminal sales growth and long-term EBIT-margin

Long-term EBIT margin (in %)	Terminal sales growth rate (in %) 0.0%	0.5%	1.0%	1.5%	2.0%
12.0%	76	82	88	95	103
12.5%	78	84	90	97	105
13.0%	80	86	**92**	99	108
13.5%	82	88	95	102	111
14.0%	84	90	97	104	113

Source: Metzler Research

For our relative valuation, we compare ABO Energy to its peer group on the basis of enterprise value (EV/EBITDA 2027e) and PER 2027.

ABO Energy - peer group valuation
in local currencies

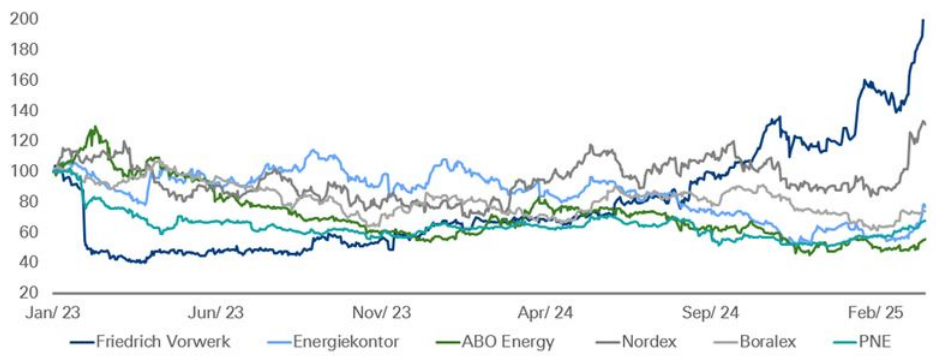
	Share price (21.3.2025)	EV/EBITDA 2027	PER 2027
Energiekontor	56	6.3	10.6
PNE	14	19.1	59.2
Boralex Inc.	29	8.1	22.3
EDP Renovaveis	8	7.4	14.6
Voltalia	7	9.4	23.0
Oersted	331	6.3	12.2
Friedrich Vorwerk	48	8.2	21.7
avg		**9.2**	**23.4**
ABO Energy	40.5	6.0	8.2

Source: Metzler Research

The peers are trading at 9.2x EV/EBITDA 2027e on average and at a PER 2027 of 23.4x. We calculate the average of the upside based on these multiples for ABO Energy. We derive a price target of EUR 89 for the ABO Energy share.

Finally, we compare the relative performance of the ABO Energy share compared to selected renewables peers for the period since the end of 2022. So far, ABO Energy has shown the lowest relative momentum. We do not consider this development justified given the company's expertise and growth opportunities.

ABO Energy - not yet recovered to the extent of its peers
relative performance since YE 2022



Source: Bloomberg

Balance sheet

(in EUR m)	2021	%	2022	%	2023	%	2024e	%	2025e	%	2026e	%
Assets	297	14.0	451	51.9	494	9.5	621	25.7	695	11.9	770	10.8
Fixed assets	**14**	**-39.0**	**14**	**-5.7**	**14**	**-1.0**	**17**	**26.0**	**19**	**11.8**	**22**	**15.8**
Intangible fixed assets	1	-88.1	2	6.8	1	-28.2	1	-11.5	1	0.0	1	0.0
Goodwill	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Other intangible assets	1	-91.9	1	0.0	1	0.0	1	0.0	1	0.0	1	0.0
Tangible assets	7	30.3	9	25.0	10	6.3	11	15.5	13	18.0	16	22.9
Technical plant and equipment	1	3.6	0	-26.1	0	-79.1	0	104.1	0	0.0	0	0.0
Financial assets	6	0.3	3	-47.4	3	-8.6	5	77.9	5	0.0	5	0.0
Other financial assets	5	-1.7	3	-52.3	2	-2.2	4	83.2	4	0.0	4	0.0
Current assets	**279**	**18.5**	**433**	**55.2**	**476**	**9.9**	**602**	**26.5**	**674**	**11.9**	**745**	**10.7**
Inventories	133	32.2	124	-6.7	208	67.6	260	24.9	306	17.5	339	11.0
Receivables and other assets	116	59.2	213	83.8	221	3.8	285	28.8	311	9.2	339	9.1
Cash and cash items	18	-65.0	87	371.4	37	-57.3	47	26.7	47	0.0	57	21.2
Deferred taxes	4	156.7	5	29.8	5	-2.4	2	-55.7	2	0.0	2	0.0
Shareholders' equity and liabilities	297	14.0	451	51.9	494	9.5	621	25.7	695	11.9	770	10.8
Shareholders' equity	**150**	**7.0**	**170**	**13.5**	**193**	**13.4**	**213**	**10.4**	**239**	**12.5**	**273**	**14.2**
Subscribed capital	9	0.0	9	0.0	9	0.0	9	0.0	9	0.0	9	0.0
Reserves	141	7.4	161	14.4	184	14.1	204	10.9	230	13.0	264	14.8
Minority interests	0	33.3	0	-10.0	0	-41.7	0	90.5	0	0.0	0	0.0
Outside capital	**134**	**38.6**	**266**	**99.1**	**286**	**7.3**	**394**	**37.8**	**441**	**12.0**	**482**	**9.2**
Liabilities	112	46.2	230	104.2	242	5.3	349	44.3	394	13.0	432	9.6
Financial debt	86	43.1	181	109.4	200	10.8	300	49.9	330	9.9	360	9.2
Accounts payable, trade	14	98.2	19	36.0	18	-3.3	20	8.4	35	74.2	42	21.7
Other liabilities	12	27.2	30	146.5	23	-22.3	29	24.3	30	3.4	30	0.2
Deferred taxes liabilities	0	-100.0	1	n.a.	2	10.4	0	-100.0	0	n.a.	0	n.a.
Balance sheet total	297	14.0	451	51.9	494	9.5	621	25.7	695	11.9	770	10.8

Sources: Bloomberg, Metzler Research

Profit & loss account

(in EUR m)	2021	%	2022	%	2023	%	2024e	%	2025e	%	2026e	%
Sales	127	-14.8	232	82.3	300	29.4	347	15.7	383	10.5	466	21.7
Change in finished goods and work in progress	60	198.7	76	26.7	97	26.4	85	-12.0	77	-9.9	89	15.6
Own work capitalised	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Total output	**187**	**10.7**	**308**	**64.4**	**396**	**28.6**	**432**	**8.9**	**460**	**6.5**	**554**	**20.7**
Other operating income	5	-19.2	5	-0.6	10	105.0	0	-100.0	0	n.a.	0	n.a.
Operating expenses	170	11.0	270	58.7	364	34.9	386	5.8	406	5.3	489	20.5
Cost of materials	78	7.8	149	90.1	210	41.3	219	4.1	226	3.1	301	33.1
Personnel expenses	63	24.9	78	22.6	98	26.4	108	10.5	121	11.5	123	2.0
Depreciation and amortization	8	-34.7	14	72.4	17	21.3	18	7.1	19	6.4	23	21.7
Write-downs on intang. fixed assets and tang. assets	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Other operating expenses	20	16.2	30	45.3	39	31.2	40	2.6	40	0.0	42	5.0
EBIT	22	0.0	43	92.2	42	-1.5	46	8.5	54	16.3	65	21.7
Financial result	-1	15.3	-5	-228.9	-1	82.5	-8	-896.5	-9	-5.5	-9	-1.7
Income from investments	0	-100.0	1	n.a.	2	77.6	0	-100.0	0	n.a.	0	n.a.
Interest income (net)	-1	17.4	-3	-106.1	-1	54.5	-8	-510.2	-9	-5.5	-9	-1.7
Result of ordinary activities	**21**	**1.3**	**38**	**82.6**	**42**	**8.8**	**38**	**-9.7**	**45**	**18.7**	**56**	**25.7**
EBT	21	1.3	38	82.6	42	8.8	38	-9.7	45	18.7	56	25.7
Taxes on income	7	-5.8	14	91.0	14	5.4	12	-16.7	13	8.3	17	29.5
Tax rate (%)	34.1	-6.9	35.7	4.6	34.6	-3.1	31.9	-7.7	29.1	-8.8	30.0	3.0
Net income	14	5.3	25	78.2	27	10.7	26	-6.0	32	23.6	39	24.1
Minority interests	0	100.0	0	n.a.	-0	n.a.	0	100.0	0	n.a.	0	n.a.
Minority rate (%)	0.0	100.0	0.0	n.a.	-0.1	n.a.	0.0	100.0	0.0	n.a.	0.0	n.a.
Net Income after minorities	14	5.3	25	78.2	27	10.8	26	-6.1	32	23.6	39	24.1
Unappropriated consolidated net income	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Adjustment calculation												
Net Income after minorities	14	5.3	25	78.2	27	10.8	26	-6.1	32	23.6	39	24.1
Adjustments of net income	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Adjustment rate (%)	0.0	n.a.	0.0	n.a.	0.0	n.a.	0.0	n.a.	0.0	n.a.	0.0	n.a.
Adj. net income after minorities	14	5.3	25	78.2	27	10.8	26	-6.1	32	23.6	39	24.1
Number of shares outstanding	9	0.0	9	0.0	9	0.0	9	0.0	9	0.0	9	0.0
EPS (EUR)	1.50	5.3	2.67	78.2	2.96	10.8	2.78	-6.1	3.43	23.6	4.26	24.1
EPS adj. (EUR)	1.50	5.3	2.67	78.2	2.96	10.8	2.78	-6.1	3.43	23.6	4.26	24.1

Sources: Bloomberg, Metzler Research

Cash flow/ratios/valuation

	2021	%	2022	%	2023	%	2024e	%	2025e	%	2026e	%
Cash Flow/ Net Debt (in EUR m)												
Gross Cash Flow	20	-52.4	70	244.1	42	-39.0	44	2.8	60	37.1	73	21.4
Increase in working capital	-67	-349.6	-83	-23.6	-105	-26.5	-145	-37.6	-57	60.7	-54	4.8
Capital expenditures	4	n.a.	2	n.a.	2	n.a.	2	n.a.	3	n.a.	4	n.a.
D+A/Capex (%)	200.8	n.a.	599.4	n.a.	933.3	n.a.	900.0	n.a.	638.3	n.a.	582.4	n.a.
Free cash flow (Metzler definition)	-51	-177.7	-16	68.5	-65	-302.2	-103	-59.6	-0	99.8	14	n.m.
Free cash flow yield (%)	-10.0	n.a.	-2.4	n.a.	-17.1	n.a.	-31.1	n.a.	-0.1	n.a.	3.8	n.a.
Dividend paid	4	7.1	5	8.9	5	10.2	6	11.1	6	6.7	6	9.4
Free cash flow (post dividend)	-55	-189.3	-21	62.7	-70	-238.3	-109	-56.1	-6	94.4	8	228.2
Net Debt incl. Provisions	74	892.2	92	24.3	153	66.3	262	71.2	268	2.3	260	-2.9
Gearing (%)	49.4	n.a.	54.1	n.a.	79.4	n.a.	123.1	n.a.	112.0	n.a.	95.2	n.a.
Net debt/EBITDA	2.4	n.a.	1.6	n.a.	2.6	n.a.	4.1	n.a.	3.7	n.a.	2.9	n.a.
Ratios (in %)												
Liquidity												
Quick ratio	1040.5	n.a.	1618.6	n.a.	1451.2	n.a.	1709.0	n.a.	1056.2	n.a.	958.3	n.a.
Current ratio	1988.3	n.a.	2269.3	n.a.	2578.8	n.a.	3009.0	n.a.	1933.1	n.a.	1758.3	n.a.
Pay-out ratio	32.7	n.a.	20.2	n.a.	20.3	n.a.	23.1	n.a.	20.4	n.a.	18.8	n.a.
Balance sheet structure												
Equity/total assets	50.4	n.a.	37.7	n.a.	39.0	n.a.	34.3	n.a.	34.4	n.a.	35.5	n.a.
Equity to fixed assets	1036.3	n.a.	1246.4	n.a.	1426.7	n.a.	1249.8	n.a.	1257.7	n.a.	1240.8	n.a.
Long-term capital to total assets	79.4	n.a.	77.7	n.a.	79.5	n.a.	82.6	n.a.	81.9	n.a.	82.3	n.a.
Long-term capital to fixed assets and inventories	159.9	n.a.	254.5	n.a.	177.3	n.a.	185.1	n.a.	175.2	n.a.	175.3	n.a.
Liabilities to equity (leverage)	75.0	n.a.	135.1	n.a.	125.5	n.a.	164.0	n.a.	164.9	n.a.	158.2	n.a.
Profitability/efficiency												
Working capital to sales	102.2	n.a.	56.8	n.a.	79.0	n.a.	87.7	n.a.	90.5	n.a.	79.4	n.a.
EBIT margin	17.7	n.a.	18.6	n.a.	14.2	n.a.	13.3	n.a.	14.0	n.a.	14.0	n.a.
EBITDA margin	24.0	n.a.	24.6	n.a.	19.8	n.a.	18.5	n.a.	19.0	n.a.	19.0	n.a.
Net ROS	10.9	n.a.	10.6	n.a.	9.1	n.a.	7.4	n.a.	8.3	n.a.	8.4	n.a.
Cash flow margin	15.9	n.a.	30.0	n.a.	14.1	n.a.	12.6	n.a.	15.6	n.a.	15.6	n.a.
ROE (after Tax/Min.)	9.5	n.a.	15.4	n.a.	15.0	n.a.	12.6	n.a.	14.0	n.a.	15.3	n.a.
Productivity												
Average number of employees ('000)	0.8	5.6	1.0	27.1	1.2	17.9	1.3	6.5	1.4	7.7	1.5	7.1
Sales per employee (EUR '000)	156.0	-19.3	223.6	43.4	245.4	9.8	266.6	8.6	273.5	2.6	310.6	13.6
EBIT per employee (EUR '000)	27.5	-5.3	41.7	51.2	34.8	-16.4	35.5	1.9	38.3	8.0	43.5	13.6
Valuation												
PER adj.	37.3	n.a.	27.8	n.a.	13.9	n.a.	13.0	n.a.	12.0	n.a.	9.7	n.a.
PBV	3.4	n.a.	4.0	n.a.	2.0	n.a.	1.6	n.a.	1.6	n.a.	1.4	n.a.
EV/EBITDA	19.3	n.a.	13.6	n.a.	9.0	n.a.	9.3	n.a.	8.9	n.a.	7.2	n.a.
EV/EBIT	26.2	n.a.	18.0	n.a.	12.5	n.a.	12.9	n.a.	12.1	n.a.	9.8	n.a.
Dividend yield (%)	0.9	n.a.	0.7	n.a.	1.5	n.a.	1.8	n.a.	1.7	n.a.	1.9	n.a.

Sources: Bloomberg, Metzler Research

Disclosures

Recommendation history

Recommendations for each financial instrument or issuer - mentioned in this docu ment - published by Metzler in the past twelve months

Date of dissemination	Metzler recommendation * Previous	Current	Current price **	Price target *	Author ***
Issuer/Financial Instrument (ISIN): ABO Energy (DE0005760029)					
14.03.2025	Buy	Buy	36.20 EUR	85.00 EUR	Hoymann, Guido
03.03.2025	Buy	Buy	35.80 EUR	85.00 EUR	Hoymann, Guido
26.11.2024	Buy	Buy	35.60 EUR	96.00 EUR	Hoymann, Guido
02.09.2024	Buy	Buy	47.20 EUR	113.00 EUR	Hoymann, Guido
18.06.2024	Buy	Buy	51.80 EUR	113.00 EUR	Hoymann, Guido
Issuer/Financial Instrument (ISIN): Energiekontor (DE0005313506)					
13.03.2025	Buy	Buy	50.60 EUR	109.00 EUR	Hoymann, Guido
03.03.2025	Buy	Buy	43.10 EUR	109.00 EUR	Hoymann, Guido
05.12.2024	Buy	Buy	41.90 EUR	109.00 EUR	Hoymann, Guido
15.11.2024	Buy	Buy	43.70 EUR	109.00 EUR	Hoymann, Guido
13.08.2024	Buy	Buy	58.50 EUR	109.00 EUR	Hoymann, Guido
18.06.2024	Buy	Buy	66.50 EUR	121.00 EUR	Hoymann, Guido
14.05.2024	Buy	Buy	70.00 EUR	121.00 EUR	Hoymann, Guido
02.04.2024	Buy	Buy	64.10 EUR	121.00 EUR	Hoymann, Guido
Issuer/Financial Instrument (ISIN): Friedrich Vorwerk (DE000A255F11)					
21.03.2025	Buy	Buy	48.30 EUR	57.00 EUR	Demeter, Nikolas
03.03.2025	Buy	Buy	32.85 EUR	48.00 EUR	Demeter, Nikolas
17.01.2025	Buy	Buy	32.40 EUR	48.00 EUR	Demeter, Nikolas
16.01.2025	Buy	Buy	29.60 EUR	39.20 EUR	Demeter, Nikolas
10.01.2025	Buy	Buy	27.65 EUR	39.20 EUR	Demeter, Nikolas
29.10.2024	Buy	Buy	30.05 EUR	38.00 EUR	Demeter, Nikolas
03.09.2024	n.a.	Buy	22.65 EUR	29.20 EUR	Demeter, Nikolas
Issuer/Financial Instrument (ISIN): PNE (DE000A0JBPG2)					
03.03.2025	Buy	Buy	13.18 EUR	15.00 EUR	Hoymann, Guido
21.02.2025	Buy	Buy	12.76 EUR	15.00 EUR	Hoymann, Guido
19.02.2025	Buy	Buy	12.46 EUR	15.00 EUR	Hoymann, Guido
08.11.2024	Buy	Buy	11.00 EUR	15.00 EUR	Hoymann, Guido
14.08.2024	Buy	Buy	14.38 EUR	15.90 EUR	Hoymann, Guido
18.06.2024	Buy	Buy	13.76 EUR	16.10 EUR	Hoymann, Guido
08.05.2024	Buy	Buy	13.42 EUR	16.10 EUR	Hoymann, Guido
28.03.2024	Buy	Buy	13.50 EUR	16.10 EUR	Hoymann, Guido

* Effective until the price target and/or investment recommendation is updated (FI/FX recommendations are valid solely at the time of publication)

** XETRA trading price at the close of the previous day unless stated otherwise herein

*** All authors are financial analysts

ABO Energy

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