

ABO Wind (AB9 GY) | Utilities/Renewables

September 01, 2021

Excellentlly positioned for the global Net Zero challenge

With its strong balance sheet, ample experience and a lush pipeline, ABO Wind is currently moving into a new dimension in the development of renewable projects worldwide. The company is also well positioned for the development of battery storage and hydrogen projects. We continue to see value in ABO Wind. ABO Wind is a developer pure play, has been in business for 25 years and is active in 16 countries. The company has been able to report consistent profits since its inception. Regarding the valuation of the company, we would like to point out pipeline multiples. Recently, for example, the renewables subsidiary of Portuguese utility EDP paid EUR 150 m/GW for a UK pipeline, making this the third major transaction at this price in the last 12 months. For Abo Wind's 10.4 GW pipeline in Europe alone, this translates into a value of approximately EUR 1.6 bn. In our opinion, this valuation approach is meaningful, as a pipeline can theoretically be sold at any time, even in parts, in a relatively uncomplicated manner in the form of project rights.

- H1 net profit of EUR 6.5m slightly exceeds prior year result of EUR 6.3m.
- More than half of the Group's H1 revenue was generated abroad, 90% was generated by wind projects and the rest by solar and storage projects.
- Project pipeline again significantly expanded from 14.8 GW to 16.8 GW.

Fundamentals (in EUR m)	2018	2019	2020	2021e	2022e	2023e
Sales	150	126	149	192	202	206
EBITDA	32	27	35	40	43	44
EBIT	22	19	22	28	30	31
EPS adj. (EUR)	1.67	1.41	1.42	1.91	2.13	2.20
DPS (EUR)	0.42	0.42	0.45	0.50	0.55	0.55
BVPS (EUR)	11.63	12.83	15.19	16.65	18.03	19.44
Net Debt incl. Provisions	48	69	7	1	-1	-5
Ratios	2018	2019	2020	2021e	2022e	2023e
EV/EBITDA	4.8	7.6	12.5	11.4	10.5	10.2
EV/EBIT	7.0	10.7	19.4	16.4	15.0	14.4
P/E adj.	8.3	12.2	32.6	25.9	23.2	22.4
Dividend yield (%)	3.0	2.4	1.0	1.0	1.1	1.1
EBITDA margin (%)	21.4	21.7	23.3	20.8	21.4	21.5
EBIT margin (%)	14.6	15.4	15.1	14.5	15.0	15.2
Net debt/EBITDA	1.5	2.5	0.2	0.0	-0.0	-0.1
ROE (%)	15.1	11.9	10.8	12.0	12.3	11.8
PBV	1.2	1.3	3.1	3.0	2.7	2.5

Sources: Refinitiv, Metzler Research

Buy

unchanged
Price*
EUR 49.40
Price target
EUR 80.00 (75)

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

Market Cap (EUR m)	456
Enterprise Value (EUR m)	457
Free Float (%)	38.0

Price (in EUR)



Performance (in %)	1m	3m	12m
Share	9.8	6.5	77.7
Rel. to SDAX	6.3	2.5	31.2

Sources: Refinitiv, Metzler Research

Changes in estimates (in %)	2021e	2022e	2023e
Sales	0.0	0.0	0.0
EBIT	0.0	0.0	0.0
EPS	0.0	0.0	0.0

Sponsored Research


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company note

H1 proceeded as planned

In the first half of 2021, project development was successfully completed for four wind power projects with 39 MW, for two solar projects with 51 MW and for one storage project with 50 MW. The company is thus well on track: for the calendar years 2021 to 2023, the company has set a target of an average volume of 150 to 250 MW of completed project developments across all technologies per year.

The construction of two wind farms with 35 MW was billed. For the calendar years 2021 to 2023, ABO Wind expects up to 200 MW of completed project constructions per year across technologies.

No project rights with a significant volume were sold in H1 2021. Projects with a total of 99 MW were sold.

The equity ratio as of June 30, 2021 was 60%.

Outlook

The company continues to expect net income in 2021 to reach at least the level of the previous year.

In Finland and Spain, the first wind farms with 100 MW are about to be commissioned. ABO Wind considers itself well equipped also financially to construct projects of this dimension on a turnkey basis in the future.

Storage is developing into the third technology: 50 MW battery are under construction in Northern Ireland. A first battery project has already been implemented in Germany. The company has secured tariffs for six hybrid parks, and the first hybrid project (Wahlheim) is in the construction phase.

A team has been set up to implement hydrogen projects in the medium term.

Project pipeline further expanded significantly

The company was able to significantly expand its project pipeline from 14.8 GW to 16.8 GW. The expansion took place primarily in Europe, especially in Finland and Germany.

Pipeline update from March 2021

Country	Phase I (Areas secured, approval in progress)	Phase II (Approval achieved, building maturity in progress)	Phase III (In implementation)
Germany	1365	50	85
France	1200	50	40
Finland	2700	100	200
Ireland	290	50	10
Spain	950	400	150
Greece	700	0	50
Poland	30	20	20
Hungary	35	0	0
UK	200	0	50
Netherlands	30	0	0
Total Europe	7500	670	605
Argentina	700	900	0
Columbia	400	0	0
Canada	500	0	0
Southafrica	2500	1000	0
Tansania	50	0	0
Tunesia	0	20	0
Total by phase	11650	2590	605
Total Europe		8775	
TOTAL		14845	

Sources: ABO Wind, Metzler Research

Pipeline update from August 2021

Country	Phase I (Areas secured, approval in progress)	Phase II (Approval achieved, building maturity in progress)	Phase III (In implementation)
Germany	1535	100	65
France	1260	70	70
Finland	3685	115	200
Ireland	320	50	30
Spain	950	400	150
Greece	710	40	50
Poland	150	30	20
Hungary	50	0	0
UK	200	0	50
Netherlands	50	0	0
Total Europe	8910	805	635
Argentina	700	950	0
Columbia	500	0	0
Canada	600	0	0
Southafrica	2600	1000	0
Tansania	50	0	0
Tunesia	0	20	0
Total by phase	13360	2775	635
Total Europe		10350	
TOTAL		16770	

Sources: ABO Wind, Metzler Research

company note

Key Data

Company profile

CEO: Andreas Höllinger, Dr. Jochen Ahn, Matthias Bockholt, Dr. Karsten Schlageter (all equal rights) CFO: Wiesbaden, Germany
 The renewables project developer ABO Wind, founded in 1996 and now active in 16 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 expert reports (since 2014) and the construction of solar parks (since 2016).

Major shareholders

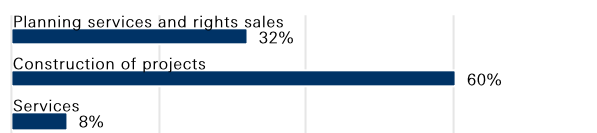
Family Ahn (26%), Family Bockholt (26%), Mainova AG (10%), Baden-Württembergische Versorgungskasse der Ärzte (5%)

Key figures

P&L (in EUR m)	2018	%	2019	%	2020	%	2021e	%	2022e	%	2023e	%
Sales	150	2.4	126	-16.0	149	18.1	192	28.6	202	5.4	206	1.9
EBITDA	32	-14.8	27	-14.9	35	26.9	40	14.8	43	8.6	44	2.2
EBITDA margin (%)	21.4	-16.7	21.7	1.3	23.3	7.4	20.8	-10.8	21.4	3.0	21.5	0.2
EBIT	22	-12.0	19	-11.6	22	15.7	28	24.2	30	8.7	31	3.1
EBIT margin (%)	14.6	-14.0	15.4	5.1	15.1	-2.1	14.5	-3.5	15.0	3.1	15.2	1.1
Financial result	-1	38.7	-2	-71.3	-2	-11.7	-2	-14.0	-2	25.0	-1	6.7
EBT	21	-10.3	18	-15.3	21	16.0	26	25.0	29	11.3	30	3.6
Taxes	9	32.3	7	-21.9	8	13.8	8	9.1	9	11.3	10	3.6
Tax rate (%)	40.6	n.a.	37.4	n.a.	36.7	n.a.	32.0	n.a.	32.0	n.a.	32.0	n.a.
Net income	13	-24.9	11	-10.7	13	15.0	18	34.2	20	11.3	20	3.6
Minority interests	0	88.9	0	-97.6	-0	-200.0	0	100.0	0	n.a.	0	n.a.
Net Income after minorities	13	-25.0	11	-10.6	13	15.0	18	34.2	20	11.3	20	3.6
Number of shares outstanding (m)	8	0.0	8	5.6	9	14.2	9	0.0	9	0.0	9	0.0
EPS adj. (EUR)	1.67	-25.0	1.41	-15.3	1.42	0.6	1.91	34.2	2.13	11.3	2.20	3.6
DPS (EUR)	0.42	5.0	0.42	0.0	0.45	7.1	0.50	11.1	0.55	10.0	0.55	0.0
Dividend yield (%)	3.0	n.a.	2.4	n.a.	1.0	n.a.	1.0	n.a.	1.1	n.a.	1.1	n.a.
Cash Flow (in EUR m)	2018	%	2019	%	2020	%	2021e	%	2022e	%	2023e	%
Gross Cash Flow	22	-25.4	19	-13.5	42	122.4	30	-30.3	33	10.1	33	2.2
Increase in working capital	-39	n.a.	-15	n.a.	27	n.a.	-15	n.a.	-20	n.a.	-20	n.a.
Capital expenditures	3	149.2	3	-7.4	4	20.0	4	11.1	4	0.0	4	0.0
D+A/Capex (%)	314.8	n.a.	266.0	n.a.	341.7	n.a.	300.0	n.a.	325.0	n.a.	325.0	n.a.
Free cash flow (Metzler definition)	-20	-179.2	1	105.4	66	n.m.	11	-83.9	9	-18.9	9	8.2
Free cash flow yield (%)	-19.1	n.a.	0.8	n.a.	15.4	n.a.	2.3	n.a.	1.9	n.a.	2.0	n.a.
Dividend paid	3	-20.0	3	10.8	4	14.2	4	7.1	7	66.7	5	-26.7
Free cash flow (post dividend)	-23	-207.4	-2	90.1	62	n.m.	6	-89.6	2	-74.0	4	151.6
Balance sheet (in EUR m)	2018	%	2019	%	2020	%	2021e	%	2022e	%	2023e	%
Assets	194	11.6	251	29.5	261	3.7	261	0.2	279	6.9	288	3.2
Goodwill	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Shareholders' equity	89	11.8	104	16.4	140	35.3	154	9.6	166	8.3	179	7.8
Equity/total assets (%)	45.9	n.a.	42.7	n.a.	56.2	n.a.	61.1	n.a.	61.8	n.a.	64.4	n.a.
Net Debt incl. Provisions	48	n.m.	69	42.5	7	-89.2	1	-86.5	-1	-166.8	-5	-628.1
thereof pension provisions	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Gearing (%)	54.4	n.a.	66.6	n.a.	5.3	n.a.	0.7	n.a.	-0.4	n.a.	-2.7	n.a.
Net debt/EBITDA	1.5	n.a.	2.5	n.a.	0.2	n.a.	0.0	n.a.	-0.0	n.a.	-0.1	n.a.

Structure

Sales by area of activity 2020



Sources: Refinitiv, Metzler Research

company note

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Recommendation history

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

Date of dissemination	Metzler recommendation *		Current price **	Price target *	Author ***
	Previous	Current			
Issuer/Financial Instrument (ISIN): ABO Wind (DE0005760029)					
08.07.2021	Buy	Buy	46.50 EUR	75.00 EUR	Hoymann, Guido
21.05.2021	Buy	Buy	46.80 EUR	75.00 EUR	Hoymann, Guido
16.03.2021	Buy	Buy	45.60 EUR	75.00 EUR	Hoymann, Guido
23.02.2021	Buy	Buy	45.00 EUR	54.00 EUR	Hoymann, Guido
10.12.2020	Buy	Buy	39.80 EUR	54.00 EUR	Hoymann, Guido
21.09.2020	Buy	Buy	24.60 EUR	40.00 EUR	Hoymann, Guido
07.09.2020	Buy	Buy	26.80 EUR	29.00 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

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ABO Wind

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