

ABO Wind (AB9 GY) | Utilities/Renewables

September 01, 2023

The company continues to develop highly dynamically

H1 2023 net profit declined from EUR 9.6 m to EUR 8.9 m. Intra-year shifts in project bookings are common, so the decline is certainly not a sign of slowing dynamics. The confirmed outlook for FY 2023 of a net profit in the range of EUR 22 to 26 m implies a significant acceleration in the second half of the year. ABO was able to expand the development pipeline by more than 1.1 GW in the past six months. The pipeline of hydrogen-related projects has even increased by 5 GW compared to the previous year. The vote to change the legal form to a KGaA is intended to take place at the extraordinary general meeting scheduled for 27 October. Overall, we believe the company is excellently positioned to participate in the global renewables boom. In Germany alone, the annual addition of wind and PV capacity is to be increased from around 10 GW in 2022 to 32 GW from 2026. And the rule remains: no major wind or PV project without a developer.

Valuation: The earnings volatility typical of the developer business is likely to remain relatively high, making it difficult to determine a fair value for the company and will not appeal to every investor. We believe pipeline multiples are particularly helpful in valuing the company. Four major pipeline transactions have taken place in the last 2.5 years, each at a price of around EUR 150/GW. For ABO Wind's 14.6 GW pipeline in Europe alone, this corresponds to a theoretical value of around EUR 2.2bn. Even applying generous safety discounts by limiting the valuation only to the European part of the pipeline and reducing the transaction multiple to about 50% results in a target price of EUR 113.

Buy



unchanged

Price*

EUR 50.60

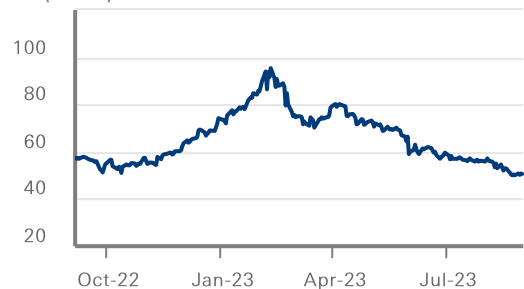
Price target

EUR 113.00 (unchanged)

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

Market Cap (EUR m) ¹	467
Enterprise Value (EUR m) ¹	544
Free Float (%) ¹	38.0

Price (in EUR)¹



Fundamentals (in EUR m) ¹	2020	2021	2022	2023e	2024e	2025e
Sales	149	127	232	234	286	302
EBITDA	35	30	57	52	50	56
EBIT	22	22	43	40	37	43
EPS adj. (EUR)	1.42	1.50	2.67	2.77	2.53	2.76
DPS (EUR)	0.45	0.49	0.54	0.55	0.55	0.55
BVPS (EUR)	15.19	16.25	18.44	19.44	20.52	20.52
Net Debt incl. Provisions	7	74	92	77	60	41
Ratios ¹	2020	2021	2022	2023e	2024e	2025e
EV/EBITDA	12.5	19.3	13.6	10.4	10.5	9.1
EV/EBIT	19.4	26.2	18.0	13.8	14.2	11.8
P/E adj.	32.6	37.3	27.8	18.3	20.0	18.3
Dividend yield (%)	1.0	0.9	0.7	1.1	1.1	1.1
EBITDA margin (%)	23.3	24.0	24.6	22.4	17.5	18.5
EBIT margin (%)	15.1	17.7	18.6	16.8	13.0	14.2
Net debt/EBITDA	0.2	2.4	1.6	1.5	1.2	0.7
PBV	3.1	3.4	4.0	2.6	2.5	2.5

¹Sources: Bloomberg, Metzler Research

Performance (in %) ¹	1m	3m	12m
Share	-9.3	-14.2	-10.6
Rel. to SDAX	-7.8	-15.6	-22.7

Changes in estimates (in %) ¹	2023e	2024e	2025e
Sales	0.0	0.0	0.0
EBIT	0.0	0.0	0.0
EPS	0.0	0.0	0.0

Sponsored Research



Author: Guido Hoymann

Financial Analyst Equities

+49 69 2104-398

GHoymann@metzler.com

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H1 result & outlook

H1 2023 net profit came in at EUR 8.9 m (H1 2022: EUR 9.6 m). H1 total output amounted to EUR 159 m (H1 2022: EUR 127 m).

In the first half of 2023, sales were mainly generated in nine countries - Germany, Greece, Spain, Hungary, Poland, France, Canada, South Africa and Colombia. Broken down by technology, ABO Wind generated 43 percent of its revenues with wind projects and 26 percent with solar projects. Battery projects also accounted for 26 percent of revenues and hybrid projects for 5 percent.

Outlook confirmed: For FY 2023, the company expects a double-digit percentage increase in total output compared to the previous year in view of the numerous projects that are ready to build and the positive momentum in many markets. ABO continues to forecast Group net profit for FY 2023 in the range between EUR 22 and 26 m.

Pipeline

The project pipeline was further expanded. It now amounts to around 14.6 GW in Europe. In total, it now amounts to 22.2 GW or around 800 individual projects.

Pipeline March 2023

Country	Phase I	Phase II	Phase III
	(Areas secured, approval in progress)	(Approval achieved, building maturity in progress)	(In implementation)
Germany	2390	300	110
France	1375	150	75
Finland	5380	0	120
Ireland	400	145	20
Spain	950	150	0
Greece	200	700	50
Poland	485	15	0
Hungary	120	10	20
UK	533	17	0
Netherlands	50	0	0
Total Europe	11883	1487	395
Argentina	1050	700	0
Columbia	410	50	20
Canada	600	0	0
Southafrica	2400	2000	0
Tansania	50	0	0
Tunesia	40	10	0
Total by phase	16433	4247	415
Total Europe	13765	13765	13765
TOTAL	21095	21095	21095

Sources: ABO Wind, Metzler Research

Pipeline update from August 2023

Country	Phase I	Phase II	Phase III
	(Areas secured, approval in progress)	(Approval achieved, building maturity in progress)	(In implementation)
Germany	2970	280	150
France	1450	100	50
Finland	5315	65	120
Ireland	400	145	20
Spain	450	650	50
Greece	200	700	50
Poland	600	0	0
Hungary	60	67	23
UK	583	17	0
Netherlands	50	0	0
Total Europe	12078	2024	463
Argentina	1050	700	0
Columbia	130	450	20
Canada	600	0	0
Southafrica	2600	2000	0
Tansania	50	0	0
Tunesia	40	10	0
Total by phase	16548	5184	483
Total Europe	14565	14565	14565
TOTAL	22215	22215	22215

Sources: ABO Wind, Metzler Research

The company also gave an update on the separately reported pipeline for projects to generate electricity for the production of hydrogen: this has increased from around 15 GW reported last year to around 20 GW or around 12 individual projects.

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Project pipeline with focus on hydrogen (August 2022)



Sources: ABO Wind, Metzler Research

Project pipeline with focus on hydrogen (August 2023)



Sources: ABO Wind, Metzler Research

Valuation

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Key Data

Company profile

CEO: Dr. Karsten Schlageter (Spokesman), Dr. Jochen Ahn, Matthias Bockholt, Matthias Hollmann, Susanne von Mutius, Alexander Reinicke CFO: Wiesbaden
 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%)

Key figures

P&L (in EUR m)	2020	%	2021	%	2022	%	2023e	%	2024e	%	2025e	%
Sales	149	18.1	127	-14.8	232	82.3	234	1.2	286	22.0	302	5.5
EBITDA	35	26.9	30	-12.3	57	87.0	52	-7.9	50	-4.5	56	11.7
EBITDA margin (%)	23.3	7.4	24.0	2.9	24.6	2.6	22.4	-9.0	17.5	-21.8	18.5	5.8
EBIT	22	15.7	22	0.0	43	92.2	40	-8.5	37	-6.0	43	15.7
EBIT margin (%)	15.1	-2.1	17.7	17.3	18.6	5.5	16.8	-9.6	13.0	-23.0	14.2	9.7
Financial result	-2	-11.7	-1	15.3	-5	-228.9	-3	38.6	-3	0.0	-4	-16.7
EBT	21	16.0	21	1.3	38	82.6	36	-4.6	34	-6.5	39	15.7
Taxes	8	13.8	7	-5.8	14	91.0	11	-19.5	11	-1.8	14	29.6
Tax rate (%)	36.7	n.a.	34.1	n.a.	35.7	n.a.	30.1	n.a.	31.7	n.a.	35.5	n.a.
Net income	13	15.0	14	5.3	25	78.2	26	3.6	23	-8.6	25	9.2
Minority interests	-0	-200.0	0	100.0	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Net Income after minorities	13	15.0	14	5.3	25	78.2	26	3.6	23	-8.6	25	9.2
Number of shares outstanding (m)	9	14.2	9	0.0	9	0.0	9	0.0	9	0.0	9	0.0
EPS adj. (EUR)	1.42	0.6	1.50	5.3	2.67	78.2	2.77	3.6	2.53	-8.6	2.76	9.2
DPS (EUR)	0.45	7.1	0.49	8.9	0.54	10.2	0.55	1.9	0.55	0.0	0.55	0.0
Dividend yield (%)	1.0	n.a.	0.9	n.a.	0.7	n.a.	1.1	n.a.	1.1	n.a.	1.1	n.a.
Cash Flow (in EUR m)	2020	%	2021	%	2022	%	2023e	%	2024e	%	2025e	%
Gross Cash Flow	42	122.4	20	-52.4	70	244.1	38	-44.6	36	-5.7	38	5.9
Increase in working capital	27	n.a.	-67	n.a.	-83	n.a.	-15	n.a.	-10	n.a.	-10	n.a.
Capital expenditures	4	20.0	4	11.1	2	-42.3	4	73.2	4	0.0	4	0.0
D+A/Capex (%)	341.7	n.a.	200.8	n.a.	599.4	n.a.	325.0	n.a.	325.0	n.a.	325.0	n.a.
Free cash flow (Metzler definition)	66	n.m.	-51	-177.7	-16	68.5	20	221.0	22	14.4	24	9.6
Free cash flow yield (%)	15.4	n.a.	-10.0	n.a.	-2.4	n.a.	4.2	n.a.	4.8	n.a.	5.2	n.a.
Dividend paid	4	14.2	4	7.1	5	8.9	5	10.2	5	1.9	5	0.0
Free cash flow (post dividend)	62	n.m.	-55	-189.3	-21	62.7	15	170.4	17	18.8	19	12.4
Balance sheet (in EUR m)	2020	%	2021	%	2022	%	2023e	%	2024e	%	2025e	%
Assets	261	3.7	310	19.0	463	49.4	418	-9.7	425	1.7	425	0.0
Goodwill	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Shareholders' equity	140	35.3	150	7.0	170	13.5	179	5.4	189	5.6	189	0.0
Equity/total assets (%)	56.2	n.a.	50.5	n.a.	37.8	n.a.	43.9	n.a.	45.7	n.a.	45.7	n.a.
Net Debt incl. Provisions	7	-89.2	74	892.2	92	24.3	77	-15.8	60	-22.3	41	-32.2
thereof pension provisions	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Gearing (%)	5.3	n.a.	49.4	n.a.	54.1	n.a.	43.2	n.a.	31.8	n.a.	21.6	n.a.
Net debt/EBITDA	0.2	n.a.	2.4	n.a.	1.6	n.a.	1.5	n.a.	1.2	n.a.	0.7	n.a.

Structure

Sales by area of activity 2022



Sources: Bloomberg, Metzler Research

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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)					
14.06.2023	Buy	Buy	61.00 EUR	113.00 EUR	Hoymann, Guido
15.03.2023	Buy	Buy	74.60 EUR	112.00 EUR	Hoymann, Guido
26.01.2023	Buy	Buy	83.00 EUR	112.00 EUR	Hoymann, Guido
01.12.2022	Buy	Buy	60.60 EUR	112.00 EUR	Hoymann, Guido
15.09.2022	Buy	Buy	57.60 EUR	106.00 EUR	Hoymann, Guido
01.09.2022	Buy	Buy	60.00 EUR	106.00 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

*** All authors are financial analysts

ABO Wind

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Metzler Capital Markets

B. Metzler seel. Sohn & Co. AG
Untermainanlage 1
60329 Frankfurt/Main, Germany
Phone +49 69 2104-extension
Fax +49 69 2104-679
www.metzler.com

Mario Mattera

Head of Capital Markets

Research	Pascal Spano	Head of Research	4365
Fax +49 69 283159			
	Guido Hoymann	Head of Equity Research	398
		Transport, Utilities/Renewables	
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