

ABO Wind (AB9 GH) | Utilities

October 01, 2019

In H1 2019, the pipeline increased by more than 50%

Investment case intact: The mega-topics grid parity of renewables and global warming are likely to make the renewables market boom worldwide in the coming years. Measured by pipeline, ABO Wind is one of the largest developers of renewables projects in Europe. With its rapidly growing pipeline, the wind and solar park developer impressively demonstrates its ability to quickly identify and secure market opportunities before its competitors do. We expect ABO Wind's sales and profit to reach new record highs in the next two years.

- In the first half of the year ABO Wind brought projects with a volume of 3.5 GW into project status, i.e. secured new land rights. Of this total, approximately 1GW was generated in Europe and 2.5 GW mainly in Argentina and South Africa.
- As a result, the project pipeline rose from around 6.5 GW at the end of 2018 to around 10 GW. This volume compares with the approximately 2.3 GW that the company has developed over its entire 23-year corporate history.
- H1 EBITDA of EUR 14.4 m up 7% y-o-y; FY 2019 outlook confirmed.
- ABO Wind is trading at 3.3x EV/EBITDA 2021e; its peers at 5.3x on average.

Fundamentals (in EUR m)	2016	2017	2018	2019e	2020e	2021e
Sales	122	147	150	129	161	192
EBITDA	34	38	32	28	32	45
EBIT	24	25	22	16	20	33
EPS adj. (EUR)	2.15	2.22	1.67	1.33	1.69	2.79
DPS (EUR)	0.50	0.40	0.42	0.40	0.40	0.50
BVPS (EUR)	8.77	10.40	11.63	12.54	13.83	16.22
Net Debt incl. Provisions	25	1	48	48	44	32
Ratios	2016	2017	2018	2019e	2020e	2021e
EV/EBITDA	2.4	2.5	4.8	5.7	4.9	3.3
EV/EBIT	3.4	3.7	7.0	9.9	7.8	4.5
P/E	3.4	5.4	8.3	11.5	9.0	5.4
Dividend yield (%)	6.8	3.3	3.0	2.6	2.6	3.3
EBITDA margin (%)	28.1	25.7	21.4	22.0	20.1	23.2
EBIT margin (%)	19.5	17.0	14.6	12.8	12.7	16.9
Net debt/EBITDA	0.7	0.0	1.5	1.7	1.3	0.7
ROE (%)	49.1	23.2	15.1	11.0	12.8	18.6
PBV	0.8	1.1	1.2	1.2	1.1	0.9

Sources: Refinitiv, Metzler Research

Buy
 **unchanged**
Price* EUR 15.20

Price target EUR 23.70 (unchanged)

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

Market Cap (EUR m)	116
Enterprise Value (EUR m)	164
Free Float (%)	22.0

Price (in EUR)



Performance (in %)	1m	3m	12m
Share	1.3	1.3	9.4
Rel. to SDAX	-0.7	5.4	18.6

Sources: Refinitiv, Metzler Research

Changes in estimates (in %)	2019e	2020e	2021e
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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H1 2019: An extreme increase in the pipeline

H1 2019 EBITDA of EUR 14.4m rose by 6.7% y-o-y. In the first half of the year, project rights with a total of 317 MW were sold (FY 2018: 345 MW) and the construction of two wind farms with a total of 23 MW was invoiced (FY 2018: 106 MW).

By region, France played an outstanding role in the first half of 2019. Around 46% of sales were generated in France, 25% in Germany, 16% in Finland and 6% in Spain.

EURm	H1 2019	H1 2018	H1 2019 / H1 2018 (%)
Sales	56.6	56.4	0.4
EBITDA	14.4	13.5	6.7
<i>Profit Margin (%)</i>	25.4	23.9	

Source: ABO Wind, Metzler Research

ABO Wind's pipeline rose by around 3.5 GW to around 10 GW in H1 2019. Of this total, approximately 1GW was generated in Europe and 2.5 GW mainly in Argentina and South Africa.

ABO Wind - a well filled pipeline

in MW (ca.)	H1 2019 (e)
Spain	1250
Argentina	2500
Germany	1000
South Africa	2500
Finland	1000
France	1000
Canada	300
Greece	200
Northern Ireland	200
Ireland	100
Other	100
TOTAL *	10150

* thereof ~2,500 MW Solar

Source: ABO Wind, Metzler Research

Outlook confirmed: ABO Wind expects to achieve a net profit of around EUR 10 million in FY 2019. In the medium term, the average annual profit level is expected to rise to around EUR 20 million.

Valuation

ABO Wind is trading at 3.3x EV / EBITDA 2020e; its peers at 5.3x on average.

ABO Wind - peer group valuation

in local currencies	Bloomberg Ric	Share price in local currency (30. September 2019)	Metzler Recommendation	EV/EBITDA 2021e
PNE *	PNE3 GY	3.1	.	5.6
Instone	INS GY	19.1	.	5.0
Average				5.3
ABO Wind	AB9 GR	15.2	BUY	3.3

* Average price in the week before PNE confirmed conversations with MSIP regarding business combination (26.8.2019)

Source: Bloomberg, Metzler Research

company note

Key Data

Company profile

CEO: Andreas Höllinger, Dr. Jochen Ahn, Matthias Bockholt, Dr. Karsten Schlageter (all equal rights)

CFO: Wiesbaden

Major shareholders

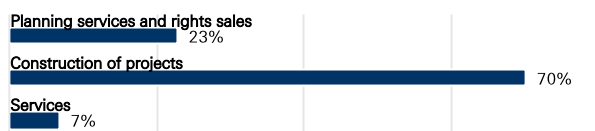
Family Ahn (31%), Family Bockholt (31%), Mainova AG (10%), Baden-Württembergische Versorgungskasse der Ärzte (6%)

Key figures

P&L (in EUR m)	2016	%	2017	%	2018	%	2019e	%	2020e	%	2021e	%
Sales	122	n.a.	147	20.0	150	2.4	129	-14.0	161	24.9	192	18.9
EBITDA	34	n.a.	38	9.6	32	-14.8	28	-11.5	32	14.0	45	37.1
EBITDA margin (%)	28.1	n.a.	25.7	-8.7	21.4	-16.7	22.0	3.0	20.1	-8.7	23.2	15.3
EBIT	24	n.a.	25	4.5	22	-12.0	16	-25.0	20	24.2	33	58.9
EBIT margin (%)	19.5	n.a.	17.0	-12.9	14.6	-14.0	12.8	-12.8	12.7	-0.6	16.9	33.7
Financial result	-2	n.a.	-1	1.6	-1	38.7	-2	-118.1	-2	0.0	-2	0.0
EBT	22	n.a.	23	4.9	21	-10.3	14	-31.2	18	27.5	31	65.3
Taxes	6	n.a.	6	9.4	9	32.3	4	-49.1	6	27.5	9	65.3
Tax rate (%)	26.4	n.a.	27.5	n.a.	40.6	n.a.	30.0	n.a.	30.0	n.a.	30.0	n.a.
Net income	16	n.a.	17	3.3	13	-24.9	10	-20.7	13	27.5	21	65.3
Minority interests	0	n.a.	0	-55.0	0	88.9	0	-100.0	0	n.a.	0	n.a.
Net Income after minorities	16	n.a.	17	3.4	13	-25.0	10	-20.5	13	27.5	21	65.3
Number of shares outstanding (m)	8	0.0	8	0.0	8	0.0	8	0.0	8	0.0	8	0.0
EPS adj. (EUR)	2.15	n.a.	2.22	3.4	1.67	-25.0	1.33	-20.5	1.69	27.5	2.79	65.3
DPS (EUR)	0.50	100.0	0.40	-20.0	0.42	5.0	0.40	-4.8	0.40	0.0	0.50	25.0
Dividend yield (%)	6.8	n.a.	3.3	n.a.	3.0	n.a.	2.6	n.a.	2.6	n.a.	3.3	n.a.
Cash Flow (in EUR m)	2016	%	2017	%	2018	%	2019e	%	2020e	%	2021e	%
Gross Cash Flow	27	n.a.	30	10.9	22	-25.4	22	0.2	25	12.6	33	33.9
Increase in working capital	-27	n.a.	3	n.a.	-39	n.a.	-15	n.a.	-15	n.a.	-15	n.a.
Capital expenditures	2	n.a.	1	-47.2	3	149.2	3	-7.4	3	0.0	4	33.3
D+A/Capex (%)	428.1	n.a.	982.8	n.a.	314.8	n.a.	400.0	n.a.	400.0	n.a.	300.0	n.a.
Free cash flow (Metzler definition)	-3	n.a.	25	889.5	-20	-179.2	4	120.5	7	67.4	14	107.5
Free cash flow yield (%)	-5.7	n.a.	27.9	n.a.	-19.1	n.a.	3.6	n.a.	6.0	n.a.	12.5	n.a.
Dividend paid	2	n.a.	4	100.0	3	-20.0	3	5.0	3	-4.8	3	0.0
Free cash flow (post dividend)	-5	n.a.	22	521.4	-23	-207.4	1	104.0	4	318.8	11	192.6
Balance sheet (in EUR m)	2016	%	2017	%	2018	%	2019e	%	2020e	%	2021e	%
Assets	147	n.a.	174	18.7	194	11.6	189	-2.7	204	7.9	227	11.4
Goodwill	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Shareholders' equity	67	n.a.	80	18.7	89	11.8	96	7.8	106	10.3	124	17.3
Equity/total assets (%)	45.7	n.a.	45.7	n.a.	45.9	n.a.	50.8	n.a.	51.9	n.a.	54.6	n.a.
Net Debt incl. Provisions	25	n.a.	1	-95.3	48	n.m.	48	-1.9	44	-8.1	32	-25.9
thereof pension provisions	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Gearing (%)	36.6	n.a.	1.5	n.a.	54.4	n.a.	49.5	n.a.	41.3	n.a.	26.1	n.a.
Net debt/EBITDA	0.7	n.a.	0.0	n.a.	1.5	n.a.	1.7	n.a.	1.3	n.a.	0.7	n.a.

Structure

Sales by area of activity 2018



Sources: Refinitiv, Metzler Research

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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)					
09.09.2019	n.a.	Buy	15.50 EUR	23.70 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: ABO Wind AG: Hamburg Stock Exchange

*** All authors are financial analysts

ABO Wind

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