

ABO Wind AG

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

Sale of 250 MW
 portfolio

RATING
PRICE TARGET
 Return Potential
 Risk Rating

BUY
€ 118.00
 58.2%
 High

HUGE SUCCESS FOR ABO WIND IN THE SPANISH MARKET

ABO Wind has sold five Spanish renewable energy projects with a total capacity of 250 MW to Repsol Renovables. ABO Wind will further develop the five projects, which the company started developing in 2018, until they are ready for construction. Commissioning is planned between 2024 and 2025. The portfolio sale is a major success for ABO Wind in the Spanish market and further evidence of the company's successful international activities. An updated DCF model yields an unchanged price target of €118. We confirm our Buy recommendation. After the recent share price slide of around 20% since the beginning of February, investors can now buy the stock at a significantly lower price.

Strong in Spain The five projects are three wind farms with a total capacity of 150 MW and two solar projects with a total capacity of 100 MW. The projects are located in the province of Palencia in northern Spain and will share grid connection infrastructure with other Repsol projects. All projects are at a very advanced stage of development and have already received a positive environmental impact assessment and most of the required permits. In the Spanish oil company Repsol (2022 revenue: €75bn, net income: €4.2bn), ABO Wind has found a well-capitalised buyer, whom it will help to become more sustainable.

ABO Wind is currently working on specific wind power and PV projects in Spain with 1,100 MW of capacity and early-phase projects with several gigawatts of capacity. In addition to classic wind power and PV projects, the portfolio also includes storage and hybrid projects as well as projects for the production of green hydrogen. 13 projects with a total capacity of 650 MW have already received a positive environmental impact assessment and further milestones are expected to be reached in the coming months.

(p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2019	2020	2021	2022E	2023E	2024E
Revenue (€m)	126.27	149.16	127.11	220.39	267.25	304.13
Y-o-y growth	-16.0%	18.1%	-14.8%	73.4%	21.3%	13.8%
EBIT (€m)	19.64	22.46	22.45	37.72	39.60	44.52
EBIT margin	15.6%	15.1%	17.7%	17.1%	14.8%	14.6%
Net income (€m)	11.40	13.12	13.80	23.23	23.95	27.16
EPS (diluted) (€)	1.48	1.54	1.50	2.52	2.60	2.95
DPS (€)	0.42	0.45	0.49	0.49	0.57	0.65
FCF (€m)	-24.42	40.53	-54.05	-11.32	11.47	18.33
Net gearing	63.0%	5.3%	45.0%	51.8%	45.8%	37.7%
Liquid assets (€m)	9.65	52.80	18.47	77.58	62.22	82.57

RISKS

Main risks are project development, supply chain, financing, interest rate, and regulation.

COMPANY PROFILE

ABO Wind is a project developer for renewable energies and has developed green power and storage projects with a total capacity of ca. 5 GW since its establishment in 1996. The company also offers the management of wind farms, solar plants and storages. ABO Wind has ca. 1.000 employees. Its headquarters are in Wiesbaden, Germany.

MARKET DATA

As of 01 Mar 2023

Closing Price	€ 74.60
Shares outstanding	9.22m
Market Capitalisation	€ 687.89m
52-week Range	€ 48.60 / 96.60
Avg. Volume (12 Months)	3,677

Multiples	2021	2022E	2023E
P/E	49.8	29.6	28.7
EV/Sales	5.9	3.4	2.8
EV/EBIT	33.6	20.0	19.1
Div. Yield	0.7%	0.7%	0.8%

STOCK OVERVIEW



COMPANY DATA

As of 30 Jun 2022

Liquid Assets	€ 10.72m
Current Assets	€ 316.70m
Intangible Assets	€ 1.43m
Total Assets	€ 334.71m
Current Liabilities	€ 72.90m
Shareholders' Equity	€ 155.17m

SHAREHOLDERS

Familie Ahn	26.0%
Familie Bockholt	26.0%
Mainova	10.0%
Free Float	38.0%

**Commissioning of the first ABO PV hybrid plant in Rhineland-Palatinate in February**

The project was awarded a contract in the first innovation tender round of the Federal Network Agency in the fall of 2020. The capacity of the photovoltaic plant is 4.3 MWp and that of the battery storage system 1.5 MW (storage capacity: 2.2 MWh). After the commissioning of the first German ABO Wind hybrid project to earn the innovation tariff in July 2022, ABO Wind has thus connected its second German hybrid project to the grid, proving once again that it can bring to market innovative solutions combining green power production and storage.

ABO Wind receives 7 awards (total capacity: 78 MW) in German tender

The Federal Network Agency tendered 3,210 MW of onshore wind power on 1 February. The bid volume amounted to 1,440 MW. All formally correct bids were awarded contracts. At 7.34 €/ct/kWh, the average, volume-weighted bid value is only slightly below the newly defined maximum value of 7.35 €/ct/kWh. This means that the average award values are 25% higher than in the last tender round. We assume that the award values for ABO Wind's projects were also close to the maximum value.

State Secretary Graichen reaffirms ambitious German wind and PV expansion targets at the Federal Congress for the Cooperative Energy Transition

We attended the Federal Congress Cooperative Energy Transition in Berlin on 28 February 2023, and were present for the speech of State Secretary Dr. Graichen, who is the "right hand man" of the Minister for Economic Affairs, Robert Habeck, and responsible for the implementation of the energy transition. After a year of crisis management to deal with the consequences of the energy supply and energy price crisis caused by the Russian invasion of Ukraine, the German government is now devoting its full attention to the energy transition again. Dr. Graichen announced that many hurdles standing in the way of a more rapid expansion of wind and solar would be removed. The goal is to achieve a three- to fivefold increase in annual solar and wind installation volume. We expect the German government to announce a solar strategy before the end of March. The industry is already in the starting blocks, and developers are now moving full speed ahead with land acquisition. ABO Wind is well-equipped for further growth in Germany with its German wind and solar project pipeline of approximately 2,100 MW (as of end H1/22).

Visit to ABO Wind in Wiesbaden During our visit to the company on 21 February, 2023, we discussed ABO Wind's business development and positioning with company founder and board member responsible for business development Jochen Ahn, board spokesman Karsten Schlageter and CFO Alexander Reinicke. We see ABO Wind's

- broad international positioning in 16 markets on four continents,
- extensive development know-how, which is provided by a corresponding number of departments and employees (>1,000) in the company,
- broad technological positioning (wind, PV, batteries, hydrogen), and
- clear focus on project development

as clear competitive advantages over other developers. In particular, the high number of employees ensures that all necessary competencies can be retained in the company in times of a shortage of skilled workers.

Buy confirmed at unchanged price target On the basis of unchanged forecasts, an updated DCF model yields an unchanged price target of €118. The share price decline of around 20% in February now offers a significantly more attractive entry point. On 14 March, ABO Wind will publish its 2022 annual report. In January 2023, the company raised its 2022 net income guidance from €17m to €20m - €25m. The share remains a clear Buy.



VALUATION MODEL

DCF valuation model								
All figures in EUR '000								
	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Net sales	220,390	267,249	304,129	343,058	384,069	460,883	508,186	556,048
NOPLAT	27,289	29,339	32,883	37,310	41,387	50,002	55,164	60,199
+ depreciation & amortisation	2,105	2,251	2,529	2,973	3,431	3,906	4,505	5,098
Net operating cash flow	29,393	31,591	35,412	40,284	44,819	53,909	59,668	65,296
- total investments (CAPEX and WC)	-40,713	-20,122	-17,081	-20,776	-29,527	-52,154	-34,128	-34,614
Capital expenditures	-3,085	-3,741	-4,258	-4,803	-5,290	-6,243	-6,768	-7,279
Working capital	-37,627	-16,380	-12,823	-15,973	-24,237	-45,911	-27,360	-27,335
Free cash flows (FCF)	-11,319	11,469	18,331	19,508	15,292	1,754	25,541	30,683
PV of FCF's	-11,319	10,870	16,285	16,247	11,940	1,284	17,524	19,736

All figures in thousands	
PV of FCFs in explicit period (2022E-2036E)	257,483
PV of FCFs in terminal period	900,157
Enterprise value (EV)	1,157,640
+ Net cash / - net debt	-67,475
+ Investments / minority interests	41
Shareholder value	1,090,206
Number of shares (diluted)	9,221
Fair value per share in EUR	118.23

	Terminal growth rate						
	2.0%	2.5%	3.0%	3.5%	4.0%	4.5%	5.0%
Terminal growth						3.5%	
Terminal EBIT margin						13.9%	

WACC	6.7%	Terminal growth rate							
		2.0%	2.5%	3.0%	3.5%	4.0%	4.5%	5.0%	
Cost of equity	10.5%	5.2%	151.77	172.25	202.18	250.07	339.00	561.33	2117.63
Pre-tax cost of debt	4.0%	5.7%	126.08	139.66	158.33	185.63	229.29	310.39	513.13
Tax rate	30.0%	6.2%	106.72	116.13	128.51	145.53	170.40	210.21	284.13
After-tax cost of debt	2.8%	6.7%	91.65	98.38	106.95	118.23	133.74	156.40	192.67
Share of equity capital	50.0%	7.2%	79.61	84.56	90.69	98.50	108.77	122.89	143.53
Share of debt capital	50.0%	7.7%	69.80	73.51	78.01	83.59	90.70	100.05	112.90
Price target in EUR	118.00	8.2%	61.68	64.50	67.87	71.97	77.04	83.50	92.01

* for layout purposes the model shows numbers only to 2029, but runs until 2036



INCOME STATEMENT

All figures in EUR '000	2019A	2020A	2021A	2022E	2023E	2024E
Revenues	126,273	149,155	127,109	220,390	267,249	304,129
Changes in inventory	22,752	20,206	60,346	39,670	46,769	51,702
Own work	233	0	0	0	0	0
Total output	149,258	169,361	187,455	260,060	314,018	355,831
Cost of goods sold	66,582	72,592	78,280	126,063	170,238	198,292
Gross profit	82,676	96,769	109,175	133,997	143,780	157,539
Personnel costs	41,361	50,776	63,397	67,502	72,216	78,932
Other operating income	3,451	6,362	5,141	4,408	5,345	6,083
Other operating expenses	17,143	17,593	20,440	23,141	26,725	28,892
EBITDA	27,623	34,762	30,479	47,762	50,184	55,797
Depreciation and amortisation	1,542	1,649	1,929	2,105	2,251	2,529
Depreciation of current assets	6,437	10,653	6,102	7,933	8,329	8,746
Operating income (EBIT)	19,644	22,460	22,448	37,725	39,604	44,522
Net financial result	-1,570	-1,755	-1,485	-4,060	-5,389	-5,725
Pre-tax income (EBT)	18,074	20,705	20,963	33,665	34,214	38,797
Income taxes	6,668	7,589	7,152	10,436	10,264	11,639
Minority interests	-4	4	-6	0	0	0
Net income / loss	11,402	13,120	13,804	23,229	23,950	27,158
Diluted EPS (in €)	1.48	1.54	1.50	2.52	2.60	2.95
Ratios						
Gross margin on total output	55.4%	57.1%	58.2%	51.5%	45.8%	44.3%
EBITDA margin on revenues	21.9%	23.3%	24.0%	21.7%	18.8%	18.3%
EBIT margin on revenues	15.6%	15.1%	17.7%	17.1%	14.8%	14.6%
EBT margin on revenues	14.3%	13.9%	16.5%	15.3%	12.8%	12.8%
Net margin on revenues	9.0%	8.8%	10.9%	10.5%	9.0%	8.9%
Tax rate	36.9%	36.7%	34.1%	31.0%	30.0%	30.0%
Expenses as % of revenues						
Personnel costs	32.8%	34.0%	49.9%	30.6%	27.0%	26.0%
Depreciation and amortisation	1.2%	1.1%	1.5%	1.0%	0.8%	0.8%
Depreciation of current assets	5.1%	7.1%	4.8%	3.6%	3.1%	2.9%
Other operating expenses	13.6%	11.8%	16.1%	10.5%	10.0%	9.5%
Y-Y Growth						
Revenues	-16.0%	18.1%	-14.8%	73.4%	21.3%	13.8%
Operating income	-11.6%	14.3%	-0.1%	68.1%	5.0%	12.4%
Net income/ loss	-10.5%	15.1%	5.2%	68.3%	3.1%	13.4%



BALANCE SHEET

All figures in EUR '000	2019A	2020A	2021A	2022E	2023E	2024E
Assets						
Current assets, total	232,427	236,761	282,609	382,576	389,652	426,669
Cash and cash equivalents	9,648	52,798	18,472	77,577	62,221	82,572
Short-term investments	17,665	9,331	11,684	11,684	11,684	11,684
Receivables	20,678	34,020	10,860	36,228	43,931	49,994
Inventories	80,171	64,398	133,019	148,513	163,242	173,845
Other current assets	102,749	74,825	105,708	105,708	105,708	105,708
Non-current assets, total	10,132	12,501	14,451	15,432	16,922	18,651
Property, plant & equipment	5,208	5,653	7,234	8,143	9,485	11,029
Goodwill & other intangibles	1,298	1,116	1,474	1,546	1,694	1,879
Financial assets	3,626	5,732	5,743	5,743	5,743	5,743
Other assets	0	0	0	0	0	0
Total assets	242,559	249,262	297,060	398,008	406,574	445,320
Shareholders' equity & debt						
Current liabilities, total	69,146	44,700	56,483	79,638	69,510	84,091
Short-term debt	19,362	8,594	8,997	28,917	12,000	22,000
Accounts payable	10,380	7,081	14,034	17,269	23,320	27,163
Current provisions	24,572	19,634	21,355	21,355	21,355	21,355
Other current liabilities	14,832	9,391	12,097	12,097	12,835	13,572
Long-term liabilities, total	69,837	64,446	90,713	149,796	149,796	152,796
Long-term debt	55,487	51,662	76,950	136,033	136,033	139,033
Deferred revenue	0	0	0	0	0	0
Other liabilities	14,350	12,784	13,763	13,763	13,763	13,763
Minority interests	37	30	41	41	41	41
Shareholders' equity	103,539	140,086	149,823	168,533	187,227	208,392
Share capital	8,071	9,221	9,221	9,221	9,221	9,221
Capital reserve	19,495	45,490	45,490	45,490	45,490	45,490
Other reserves	0	0	0	0	0	0
Loss carryforward / retained earnings	76,213	85,671	95,329	114,039	132,733	153,898
Total consolidated equity and debt	242,559	249,262	297,060	398,008	406,574	445,320
Ratios						
Current ratio (x)	3.36	5.30	5.00	4.80	5.61	5.07
Quick ratio (x)	2.20	3.86	2.65	2.94	3.26	3.01
Net debt	65,201	7,458	67,475	87,373	85,812	78,461
Net gearing	63.0%	5.3%	45.0%	51.8%	45.8%	37.7%
Book value per share (in €)	13.42	16.47	16.25	18.28	20.30	22.60
Equity ratio	42.7%	56.2%	50.4%	42.4%	46.1%	46.8%
Return on equity (ROE)	11.0%	9.4%	9.2%	13.8%	12.8%	13.0%
Return on assets (ROA)	5.5%	6.2%	5.4%	6.9%	7.3%	7.5%
Return on investment (ROI)	4.7%	5.3%	4.6%	5.8%	5.9%	6.1%
Return on average capital employed (ROCE)	13.4%	14.2%	12.1%	15.8%	14.9%	15.8%
Days of sales outstanding (DSO)	59.8	83.3	31.2	60.0	60.0	60.0
Days inventory outstanding (DIO)	439.5	323.8	620.2	430.0	350.0	320.0
Days in payables (DIP)	56.9	35.6	65.4	50.0	50.0	50.0



CASH FLOW STATEMENT

All figures in EUR '000	2019A	2020A	2021A	2022E	2023E	2024E
EBIT	19,644	22,460	22,448	37,725	39,604	44,522
Depreciation and amortisation *	1,542	1,649	1,929	2,105	2,251	2,529
EBITDA	21,186	24,109	24,377	39,829	41,855	47,052
Changes in working capital	-37,895	28,412	-68,555	-37,627	-16,380	-12,823
Other adjustments	-5,086	-10,048	-6,558	-10,436	-10,264	-11,639
Operating cash flow	-21,795	42,473	-50,736	-8,234	15,210	22,589
Investments in PP&E	-1,965	-1,774	-2,941	-2,645	-3,207	-3,650
Investments in intangibles	-661	-173	-375	-441	-534	-608
Free cash flow	-24,421	40,526	-54,052	-11,319	11,469	18,331
Acquisitions & disposals, net	91	7	462	0	0	0
Other investments	282	-1,651	-1,004	0	0	0
Investment cash flow	-2,253	-3,591	-3,858	-3,085	-3,741	-4,258
Debt financing, net	34,323	-16,575	26,764	79,003	-16,917	13,000
Equity financing, net	0	27,145	0	0	0	0
Dividends paid	-3,211	-3,558	-4,149	-4,518	-4,518	-5,256
Other financing	-1,948	-2,573	-2,328	-4,060	-5,389	-5,725
Financing cash flow	29,164	4,438	20,287	70,425	-26,825	2,019
FOREX & other effects	15	-170	19	0	0	0
Net cash flows	5,131	43,150	-34,288	59,105	-15,356	20,350
Cash, start of the year	4,517	9,648	52,798	18,472	77,577	62,221
Cash, end of the year	9,648	52,798	18,510	77,577	62,221	82,572
EBITDA/share (in €)	3.58	4.09	3.31	5.18	5.44	6.05
Y-Y Growth						
Operating cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	48.5%
Free cash flow	n.m.	n.m.	n.m.	n.m.	n.m.	59.8%
Financial cash flow	694.2%	-84.8%	357.1%	247.1%	n.m.	n.m.
EBITDA/share	-15.6%	14.2%	-19.1%	56.7%	5.1%	11.2%

* 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 ¹	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%

¹ 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...22	↓	↓	↓	↓
23	4 August 2021	€48.00	BUY	€66.00
24	6 September 2021	€48.10	BUY	€73.00
25	7 December 2021	€57.00	BUY	€79.00
26	29 March 2022	€58.40	BUY	€95.00
27	11 July 2022	€56.20	BUY	€92.00
28	2 September 2022	€56.20	BUY	€109.00
29	5 December 2022	€63.00	BUY	€112.00
30	26 January 2023	€83.00	BUY	€118.00
31	Today	€74.60	BUY	€118.00

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/>

SUPERVISORY AUTHORITY: Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) [BaFin], Graurheindorferstraße 108, 53117 Bonn and Marie-Curie-Straße 24-28, 60439 Frankfurt am Main

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