

company note

PNE (PNE3 GY) | Utilities/Renewables

March 28, 2025

Focus on streamlining and strengthening the balance sheet

PNE already raised its guidance for FY 2024 in February and also provided guidance for FY 2025 at that time. The figures presented yesterday were in line with these statements. PNE's IPP portfolio grew by around 17 MW in the fourth quarter (from 412 in the third quarter) and by around 14% from 375 MW to 429 MW in the full year 2024. The wind energy pipeline (excluding the USA) grew from 8.4 GW at the end of 2023 to 9.9 GW, while the PV pipeline increased from 6.1 GW to 6.5 GW. The new CEO Wuttke outlined his strategic priorities. Basically, he is continuing the strategy of his predecessor, but wants to achieve a better balance between building up the IPP portfolio and project sales. Furthermore he plans to streamline and optimize the company's pipeline to reduce risks and costs without sacrificing diversification. CEO Wuttke has a clear roadmap for implementing his adjustments. His transformation program is to be implemented by 2026/27. The 2027 earnings target is now slightly below the previous target, which is also a function of a reduced risk profile. However, it still implies an impressive earnings CAGR of 26%. The large volume of projects already at an advanced stage, totaling around 1.8 GW, makes this forecast comprehensible. Overall, we consider the new CEO's adjustments to be sensible. They help strengthening the company's balance sheet. In addition, the value of the developed and yet-to-be-developed projects will be more quickly and more clearly visible. Overall, this increases the company's flexibility to take advantage of growth opportunities.

Buy



unchanged

Price*

EUR 14.16

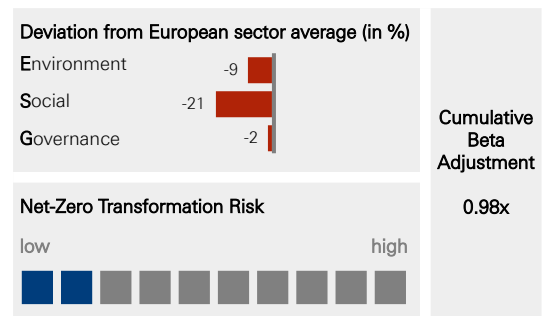
Price target

EUR 15.00 (unchanged)

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

Market Cap (EUR m) ¹	1,081
Enterprise Value (EUR m) ¹	1,805
Free Float (%) ¹	18.0

Metzler ESG analysis based on ISS ESG data²



Performance (in %) ¹	1m	3m	12m
Share	7.4	28.7	5.7
Rel. to TecDax	9.8	20.2	-1.2

Changes in estimates (in %) ¹	2025e	2026e	2027e
Sales	-5.7	5.3	16.8
EBIT	3.2	23.8	81.1
EPS	4.7	34.8	125.7

Fundamentals (in EUR m) ¹	2022	2023	2024	2025e	2026e	2027e
Sales	126	122	343	370	424	479
EBITDA	35	40	69	85	101	130
EBIT	6	6	35	49	55	74
EPS adj. (EUR)	0.20	-0.13	-0.18	0.31	0.37	0.54
DPS (EUR)	0.08	0.08	0.08	0.08	0.08	0.08
BVPS (EUR)	3.11	2.77	2.59	2.84	3.16	3.49
Net Debt incl. Provisions	451	685	809	724	661	630
Ratios ¹	2022	2023	2024	2025e	2026e	2027e
EV/EBITDA	58.8	43.6	24.0	21.3	17.3	13.2
EV/EBIT	335.8	303.0	47.1	36.9	31.8	23.3
P/E adj.	109.4	-110.4	-63.1	45.6	37.9	26.1
Dividend yield (%)	0.4	0.6	0.7	0.6	0.6	0.6
EBITDA margin (%)	28.1	32.8	20.1	23.0	23.8	27.2
EBIT margin (%)	4.9	4.7	10.2	13.2	12.9	15.4
Net debt/EBITDA	12.7	17.2	11.7	8.5	6.6	4.8
PBV	6.9	5.0	4.3	5.0	4.5	4.1

¹Sources: Bloomberg, Metzler Research, ²Sources: ISS ESG, Metzler Research

Sponsored Research

Utilities/Renewables Research Team

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FY 2024 result

EBITDA increased to EUR 69.0m (+73%), clearly exceeding the original guidance (EUR 40 to 50m) and at the upper end of updated guidance (EUR 60 to 70m). The performance of the Project development segment was positively impacted by successful project sales. In Power generation the IPP portfolio grew by 54 MW which could not fully compensate for lower wind yields and power prices. Further 176 MW in Germany and France were under construction at the end of FY 2024, partially intended for IPP portfolio. Services also showed a strong business and earnings development.

A strong Q4									
EURm	FY 2024	FY 2023	FY 2024/ FY 2023					Q4 2024 / Q4 2023	
			(%)	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q4 2023	(%)
Sales	210.4	122	73.2	31.4	29.2	17.0	132.8	45.8	190.0
EBITDA	69.0	39.9	72.9	8.5	0.2	-2.5	62.8	23.4	168.4
<i>EBITDA Margin (%)</i>	32.8	32.8		27.1	0.7	-14.7	47.3	51.1	
EBIT	35.1	5.7	515.8	1.1	-8.0	-10.9	52.9	14.6	262.3
<i>EBIT Margin (%)</i>	16.7	4.7		3.5	-27.4	-64.1	39.8	31.9	
EBITDA by segment									
Project development	-5.1	17.9	-128.5	13.4	-28.0	5.4	4.1	21.3	
Services	7.8	6.5	20.0	2.5	2.5	1.9	0.9	0.1	
Electricity generation	57.7	60.3	-4.3	20.1	11.4	6.0	20.2	19.8	
Consolidation	8.6	-44.9	.	-27.5	14.3	-15.7	37.5	-17.9	
Pipeline Wind (MW)	9865	8431	17.0	9048	9329	9178	9865	8431	17.0
Pipeline PV (MW)	6486	6053	7.2	6139	6108	6090	6486	6053	7.2
Own generation capacity (M)	429	375	14.1	370	412	412	429	375	14.1
Electricity generation (GWh)	748	695	7.6	247	133	105	263	274	-4.0

Sources: PNE, Metzler Research

Strategy update

More balanced approach between IPP and project sales

The new CEO Wuttke wants a better balance between IPP development and project sales. Medium-term growth potential and short-term profitability are being recalibrated. An increasing number of project sales should be expected in the core markets of Germany, France and Poland. Nevertheless, IPP growth will continue, albeit at a slightly more moderate pace. The speed of IPP development will be linked to the profits from project sales; additional financing options could lead to an acceleration.

Streamlining of pipeline

Furthermore, the pipeline is to be streamlined and optimized. The company will focus more on high-value core markets. PNE wants to withdraw from markets that do not meet the expected returns. This should reduce risks and costs without sacrificing sufficient diversification across the remaining markets/technologies/segments. The company has already withdrawn from the US, UK and Sweden. Panama and Turkey are considered non-core.

Implementation tools for the Strategy Adjustment

CEO Wuttke has a clear roadmap for implementing his adjustments.

Portfolio Management: Focus on core markets + Integration of BESS and hybrid projects

Cost Management: Optimisation of overhead costs, outsourcing, operational excellence etc.

Capital & Liquidity Management: Return-based capital allocation, no cross-subsidisation, re-calibration of IPP build-up

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In total 85 improvement initiatives are to be implemented. The transformation program is to be accomplished until 2026/27.

Outlook

The mid-term targets (for 2027) have changed slightly as a result

The IPP portfolio is projected to increase to around 1.1 GW. The target of 1.5 GW set by the previous management remains in place, but is now a long-term target. EBITDA is expected to increase to around EUR140m (previously: > EUR150m). The pipeline shall comprise around 10-15 GW (previously >20 GW). PNE has set a target of at least 20% for the equity ratio.

Outlook 2025

For FY 2025 PNE expects an EBITDA of EUR 70 - 110m. The company targets further project sales and milestone payments in 2025 in Germany, Poland and Romania. The IPP portfolio will be built-up further. Exits are targeted for Panama and Turkey.

Pipeline update

Adjusted for the sale of the US activities, the pipeline (onshore wind and PV) increased from 14.5 GW to 16.4 GW in 2024. Phase III and IV projects increased from 1.55 GW to 1.76 GW.

PNE's development pipeline (in MW, 31.12.2023)				
Technology / Country	Development phase			Total
	I - II (Exploration and development)	III (Planning)	IV (Construction until handover)	
Wind onshore				
Germany	1812	499	271	2582
France	330	198	11	539
UK	0	43	0	43
Italy	0	0	0	0
Poland	1221	0	0	1221
Romania	0	0	0	0
Sweden	300	0	0	300
Spain	198	0	0	198
Turkey	629	71	0	700
Canada	505	0	0	505
Panama	224	68	0	292
South Africa	2021	30	0	2051
Total Wind onshore	7240	909	282	8431
PV	I - II	III	IV	Total
Germany	712	119	0	831
France	156	10	0	166
Italy	340	48	0	388
Poland	394	125	0	519
Romania	756	49	0	805
Spain	1041	3	0	1044
Canada	405	0	0	405
South Africa	1895	0	0	1895
Total PV	5699	354	0	6053
TOTAL	12939	1263	282	14484

Source: PNE

PNE's development pipeline (in MW, 31.12.2024)				
Technology / Country	Development phase			Total
	I - II (Exploration and development)	III (Planning)	IV (Construction until handover)	
Wind onshore				
Germany	2378	690	164	3232
France	363	156	11	530
UK	0	0	0	0
Italy	0	0	0	0
Poland	2009	0	0	2009
Romania	0	0	0	0
Sweden	0	0	0	0
Spain	210	0	0	210
Turkey	629	72	0	701
Canada	308	0	0	308
Panama	0	68	0	68
South Africa	2767	40	0	2807
Total Wind onshore	8664	1026	175	9865
PV	I - II	III	IV	Total
Germany	689	215	0	904
France	199	23	0	222
Italy	534	136	0	670
Poland	448	135	0	583
Romania	695	49	0	744
Spain	1041	0	0	1041
Canada	402	0	0	402
South Africa	1920	0	0	1920
Total PV	5928	558	0	6486
TOTAL	14592	1584	175	16351

Source: PNE

Valuation

We value the project development business and the generation and services businesses separately.

We estimate an EBITDA 2026 of EUR 79m for the generation business and EUR 9.5m for the services business. Applying an average producer peer multiple of 8.4x EV / EBITDA 2026e, we derive a fair value of EUR 4.1 per share for these two activities.

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For the valuation of the developer business, we apply the pipeline approach. We believe that this approach is now well established in the market. It is also, in our opinion, entirely plausible, as pipelines have a high degree of fungibility, as project rights can be sold relatively easily and are also increasingly traded.

For the valuation of wind pipelines, we refer to four large pipeline sales in the last 3 years by Nordex (Metzler recommendation: BUY/ pt. EUR 16.4), BayWa (Metzler recommendation: under review), Vento Ludens/Wind2 and Siemens Gamesa/SSE. In all four cases, the buyers paid around EUR 150m per (pipeline) GW. We have taken into account the rise in interest rates since then and their estimated impact on project profitability by reducing this multiplier by 10%. We apply the transaction multiple to PNE's European onshore wind pipeline (6.7 GW).

For the PV-pipeline we apply a lower multiplier of EUR 40m per (pipeline) GW; the development process of PV projects is simpler compared to wind projects.

We reduce the pipelines by the capacities needed for the expansion of the IPP portfolio.

We calculate a value of EUR 10.9 per share for the developer business.

Sum-of-the-parts valuation reveals upside			
	Bloomberg Ric	Share price in local currency (27 March 2025)	EV/EBITDA 2026e
PNE Generation & Services - Peer group valuation			
Boralex Inc.	BLX CN	29	8.6
EDP Renovaveis	EDPR PL	8	7.5
Voltaia	VLTA FP	7	11.0
Oersted	ORSTED DC	313	6.4
Average			8.4
PNE Generation & Services			
EBITDA 2026e (EURm)	89		
Peer-Group Multiple	8.4		
Fair EV (EURm)	743		
Net debt 2026e (EURm; our assumption: Net debt allocation 2/3 to Generation / Services; 1/3 to Project Development)	430		
Fair value Generation & Services (EURm)	314	per share (EUR):	4.1
PNE Project Development - Pipeline valuation			
Wind-Pipeline (31.12.2024 in GW; Europe only)	6.7		
- wind-projects for own portfolio (IPP; in MW)	0.2		
Wind-Pipeline (net)	6.5		
Multiple (EURm/pipeline GW)	135		
Fair EV Wind (EURm)	875		
US Business (earn out)	25		
Fair EV PV pipeline (net) Europe (in EURm); GW-Multiple EUR 40m	163		
Net debt 2026e	231		
Fair value Project Development incl. (EURm)	831	per share (EUR):	10.9
TOTAL fair value	1145	per share (EUR)	15.0

Sources: Bloomberg, Metzler Research

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Key Data

Company profile

CEO: Heiko Wuttke

CFO: Harald Wilbert

Cuxhaven

PNE offers the entire value chain of development, project planning, realization, financing, operation, sales and repowering of onshore wind farms in Germany and abroad. Offshore, PNE develops wind farms until they are ready for construction.

Major shareholders

Morgan Stanley (50.06%), Active Ownership Fund (12.05%), Enkraft (4.96%), Samson Rock Capital (9.99%), JP Morgan Chase (4.98%)

Key figures

P&L (in EUR m)	2022	%	2023	%	2024	%	2025e	%	2026e	%	2027e	%
Sales	126	7.2	122	-3.7	343	181.9	370	7.9	424	14.7	479	13.0
EBITDA	35	8.5	40	12.7	69	72.6	85	23.2	101	18.9	130	28.8
EBITDA margin (%)	28.1	1.2	32.8	17.0	20.1	-38.8	23.0	14.2	23.8	3.7	27.2	14.0
EBIT	6	-33.1	6	-7.3	35	510.8	49	39.2	55	12.1	74	34.4
EBIT margin (%)	4.9	-37.6	4.7	-3.7	10.2	116.7	13.2	29.1	12.9	-2.3	15.4	18.9
Financial result	18	280.7	-14	-181.1	-38	-164.8	-15	60.8	-14	6.7	-14	-2.9
EBT	24	688.9	-9	-135.9	-3	67.3	34	n.m.	41	20.3	59	45.0
Taxes	10	145.1	-0	-104.3	10	n.m.	10	2.6	12	20.3	18	45.2
Tax rate (%)	40.9	n.a.	4.9	n.a.	-353.6	n.a.	29.9	n.a.	29.9	n.a.	29.9	n.a.
Net income	14	-42.9	-8	-158.2	-13	-55.0	24	286.7	29	20.3	41	45.2
Minority interests	-1	-74.7	1	270.3	1	-49.2	0	-100.0	0	n.a.	0	n.a.
Net Income after minorities	15	-40.7	-10	-164.3	-13	-40.0	24	276.9	29	20.3	41	45.2
Number of shares outstanding (m)	76	0.0	76	0.0	76	0.0	76	0.0	76	0.0	76	0.0
EPS adj. (EUR)	0.20	-40.7	-0.13	-164.3	-0.18	-40.0	0.31	276.9	0.37	20.3	0.54	45.2
DPS (EUR)	0.08	0.0	0.08	0.0	0.08	0.0	0.08	0.0	0.08	0.0	0.08	0.0
Dividend yield (%)	0.4	n.a.	0.6	n.a.	0.7	n.a.	0.6	n.a.	0.6	n.a.	0.6	n.a.
Cash Flow (in EUR m)	2022	%	2023	%	2024	%	2025e	%	2026e	%	2027e	%
Gross Cash Flow	25	4.2	78	216.7	66	-15.3	62	-5.4	75	19.6	98	31.0
Increase in working capital	34	n.a.	-241	n.a.	-148	n.a.	50	n.a.	35	n.a.	-20	n.a.
Capital expenditures	2	0.0	3	30.0	1	-53.8	1	-16.7	1	0.0	1	0.0
D+A/Capex (%)	1461.0	n.a.	1314.3	n.a.	2816.7	n.a.	3600.0	n.a.	4616.0	n.a.	5644.0	n.a.
Free cash flow (Metzler definition)	-11	-146.2	-166	n.m.	-83	50.2	111	234.8	109	-2.5	77	-29.3
Free cash flow yield (%)	-0.7	n.a.	-15.7	n.a.	-9.8	n.a.	10.3	n.a.	10.1	n.a.	7.1	n.a.
Dividend paid	6	100.0	6	0.0	6	0.0	6	0.0	6	0.0	6	0.0
Free cash flow (post dividend)	-115	-88.1	-198	-71.6	-124	37.5	85	169.1	63	-26.7	31	-50.9
Balance sheet (in EUR m)	2022	%	2023	%	2024	%	2025e	%	2026e	%	2027e	%
Assets	920	11.3	1,102	19.7	1,264	14.7	1,070	-15.3	1,034	-3.4	1,014	-1.9
Goodwill	64	1.8	64	0.0	64	0.0	63	-1.7	63	0.0	63	0.0
Shareholders' equity	232	4.7	208	-10.3	195	-6.4	209	7.3	234	12.0	259	10.7
Equity/total assets (%)	25.2	n.a.	18.9	n.a.	15.4	n.a.	19.5	n.a.	22.6	n.a.	25.6	n.a.
Net Debt incl. Provisions	451	22.3	685	51.8	809	18.1	724	-10.6	661	-8.6	630	-4.7
thereof pension provisions	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.	0	n.a.
Gearing (%)	194.3	n.a.	329.1	n.a.	415.3	n.a.	346.1	n.a.	282.4	n.a.	243.3	n.a.
Net debt/EBITDA	12.7	n.a.	17.2	n.a.	11.7	n.a.	8.5	n.a.	6.6	n.a.	4.8	n.a.

Structure

EBITDA by division 2024



Sources: Bloomberg, Metzler Research

ESG discussion

PNE's project portfolio offers clear benefits for the environment through its contribution to combating climate change and transitioning to a sustainable energy system. ISS attributes the somewhat below-average performance in the 'Social' score primarily to the lack of data on the company's health and safety management structures in its overseas projects. PNE intends to prepare additional data in this regard and make it available in the foreseeable future.

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Disclosures

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): BayWa (DE0005194062)					
16.07.2024	Buy	Not rated	16.24 EUR		Demeter, Nikolas
10.05.2024	Buy	Buy	23.65 EUR	38.00 EUR	Hoymann, Guido
02.04.2024	Buy	Buy	25.15 EUR	38.00 EUR	Hoymann, Guido
Issuer/Financial Instrument (ISIN): Nordex (DE000A0D6554)					
03.03.2025	Buy	Buy	13.05 EUR	16.40 EUR	Hoymann, Guido
27.02.2025	Buy	Buy	12.69 EUR	16.40 EUR	Hoymann, Guido
07.11.2024	Buy	Buy	12.12 EUR	16.40 EUR	Hoymann, Guido
25.07.2024	Buy	Buy	13.47 EUR	16.40 EUR	Hoymann, Guido
18.06.2024	Buy	Buy	12.50 EUR	16.40 EUR	Hoymann, Guido
14.05.2024	Buy	Buy	14.52 EUR	16.40 EUR	Hoymann, Guido
11.04.2024	Hold	Buy	12.74 EUR	14.90 EUR	Hoymann, Guido
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

BayWa

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Valuations are based on standard and acknowledged methods of fundamental and technical analysis (e.g. DCF model, peer-group analysis, sum-of-the-parts model, relative-value analysis). The valuation models are affected by macro-economic values such as interest rates, exchange rates, commodities prices and economic performance, as well as by market sentiments. Detailed information on the valuation principles and methods used by Metzler and the assumptions on which they are based is available at www.metzler.com/disclaimer-capital-markets-en.

Sensitivity of valuation parameters: risks

The figures on which the company valuations are based are date-specific estimates and thus carry inherent risks. They may be adjusted at any time without prior notice.

company note

Irrespective of the valuation principles and methods used and the assumptions on which they are based, there is always a risk that a particular price target is not achieved or that the assumptions and forecasts prove inaccurate. This can, for instance, be the result of unexpected changes in demand, management, technology, economic or political developments, interest rates, costs, the competitive situation, the legal situation and other factors. Investments in foreign markets and instruments are subject to additional risks, as a result of changes in exchange rates or in the economic, political or social situation, for instance. This outline of risks makes no claim to be exhaustive.

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The categories for investment recommendations in research publications by Metzler have the following meanings:

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BUY	The price of the analysed financial instrument is expected to rise in the next 12 months.
HOLD	The price of the analysed financial instrument is expected to largely remain stable in the next 12 months.
SELL	The price of the analysed financial instrument is expected to fall in the next 12 months.

Bonds:

BUY	The analysed financial instrument is expected to perform better than similar financial instruments.
HOLD	The analysed financial instrument is not expected to perform significantly better or worse than similar financial instruments.
SELL	The analysed financial instrument is expected to perform worse than similar financial instruments.

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The quarterly quotation of the number of all investment recommendations given as “buy”, “hold”, “sell” or similar for the past 12 months as a proportion of the total number of investment recommendations made by Metzler and the quotation of the proportion of these categories relating to issuers to whom Metzler has provided services within the meaning of Annex I sections A and B of Regulation 2014/65/EU within the past 12 months can be accessed and downloaded at www.metzler.com/disclaimer-capital-markets-en.

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